



2017 Results and Outlook

February 23, 2018



- 
- A photograph of a modern office interior. The space features curved balconies with glass railings and large windows on the left side. The architecture is clean and minimalist, with white walls and floors. The lighting is bright, coming from the windows and recessed ceiling lights. The overall atmosphere is professional and contemporary.
- 1. 2017 HIGHLIGHTS**
 - 2. 2017 RESULTS**
 - 3. STRATEGY**
 - 4. OUTLOOK**

2017 KEY FIGURES

Sales
€40.8bn

Actual Like-for-like

+4.4%

+4.7%



Operating income
€3,028m

Actual Like-for-like

+7.5%

+9.6%



Operating margin: **7.4%**, +20bp

Recurring net income
€1,631m
EPS: **€2.96**, +17.0%

Actual

+16.7%



Free cash flow
€1,353m

+7.6%



Net debt
€5,955m

1.4x
EBITDA

=



Changes based on 2017 vs 2016

- » Saint-Gobain experienced an **important cyber-attack** on June 27, impacting the majority of our systems
- » Thanks to the rapid reaction of all Saint-Gobain teams:
 - » Limited impact on production and on customers
 - » Quick recovery despite the intensity of the attack
- » Impacts on FY 2017:
 - » **Operating income: -€80m**
 - » Areas particularly impacted:
 - » Western Europe (Nordic countries, Germany, France)
 - » Building Distribution and Construction Products
- » IT infrastructure rebuilt in record time and protection measures reinforced



WESTERN EUROPE

- » France confirmed its **recovery**, with dynamic new-build activity and progress in renovation
- » Other Western European countries delivered **further good growth**; continued lack of visibility in the UK; Germany remains hesitant



NORTH AMERICA

- » Construction volumes continued to **trend well**
- » **Good improvement** overall in industry



ASIA AND EMERGING COUNTRIES

- » **Robust organic growth** in all regions: Asia, Latin America, Eastern Europe, Africa & Middle East

HIGHLIGHTS

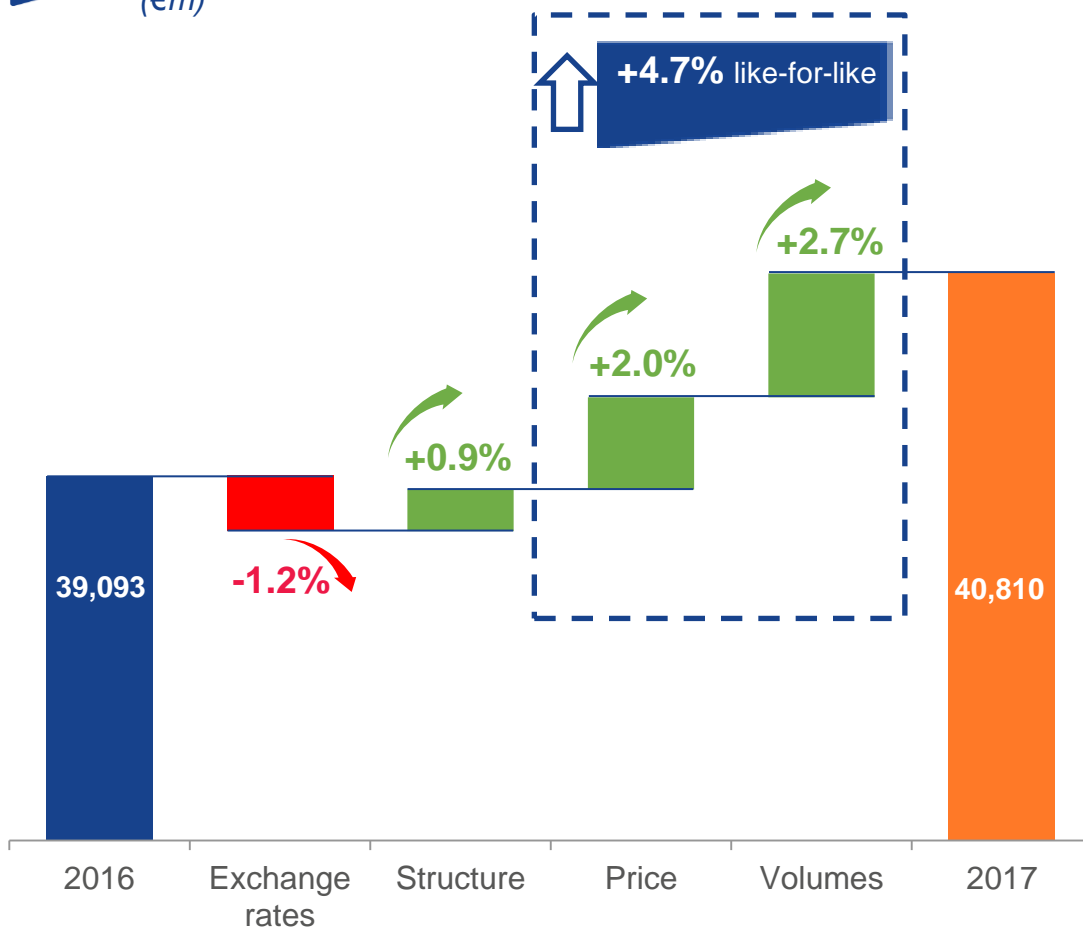
- » **Solid organic growth** in all Business Sectors and regions (**up 4.7%**); **acceleration in H2 (up 6.0%) and in Q4 (up 6.5%)**
- » **Positive trends in sales prices, up 2.0%**; **acceleration in H2 (up 2.3%) and in Q4 (up 2.7%)**
- » Further rise in **operating income, up 9.6%** like-for-like (up 12.4% in H2), and in **operating margin, up to 7.4% from 7.2%** with **€290m in cost savings** (versus 2016)
- » Further strong increase in **recurring net income, up 16.7%**
- » **12.3% rise in capex to €1,538m** and **7.6% increase in free cash flow to €1,353m**
- » **Acceleration in acquisitions: 28 acquisitions** of small and mid-sized companies for **€641 million**
- » **Further rise in ROI to 20.8% and in ROCE to 11.2%**
- » **Buyback of 8.3 million shares and dividend up at €1.30 per share**, to be paid wholly in cash

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1. HIGHLIGHTS
 2. 2017 RESULTS
 1. GROUP
 2. BUSINESSES
 3. REGIONS
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 4. OUTLOOK

SALES

(€m)

Group +4.4%
on an actual basis



- **Depreciation of pound sterling, US dollar and certain Asian and emerging country currencies** against the euro
- **Impact of acquisitions** carried out in **Asia and emerging countries**, in new **niche technologies** and services, and to consolidate our strong positions
- **Increase in prices** amid rising raw material and energy costs
- **Volume growth** in all Business Sectors and all regions

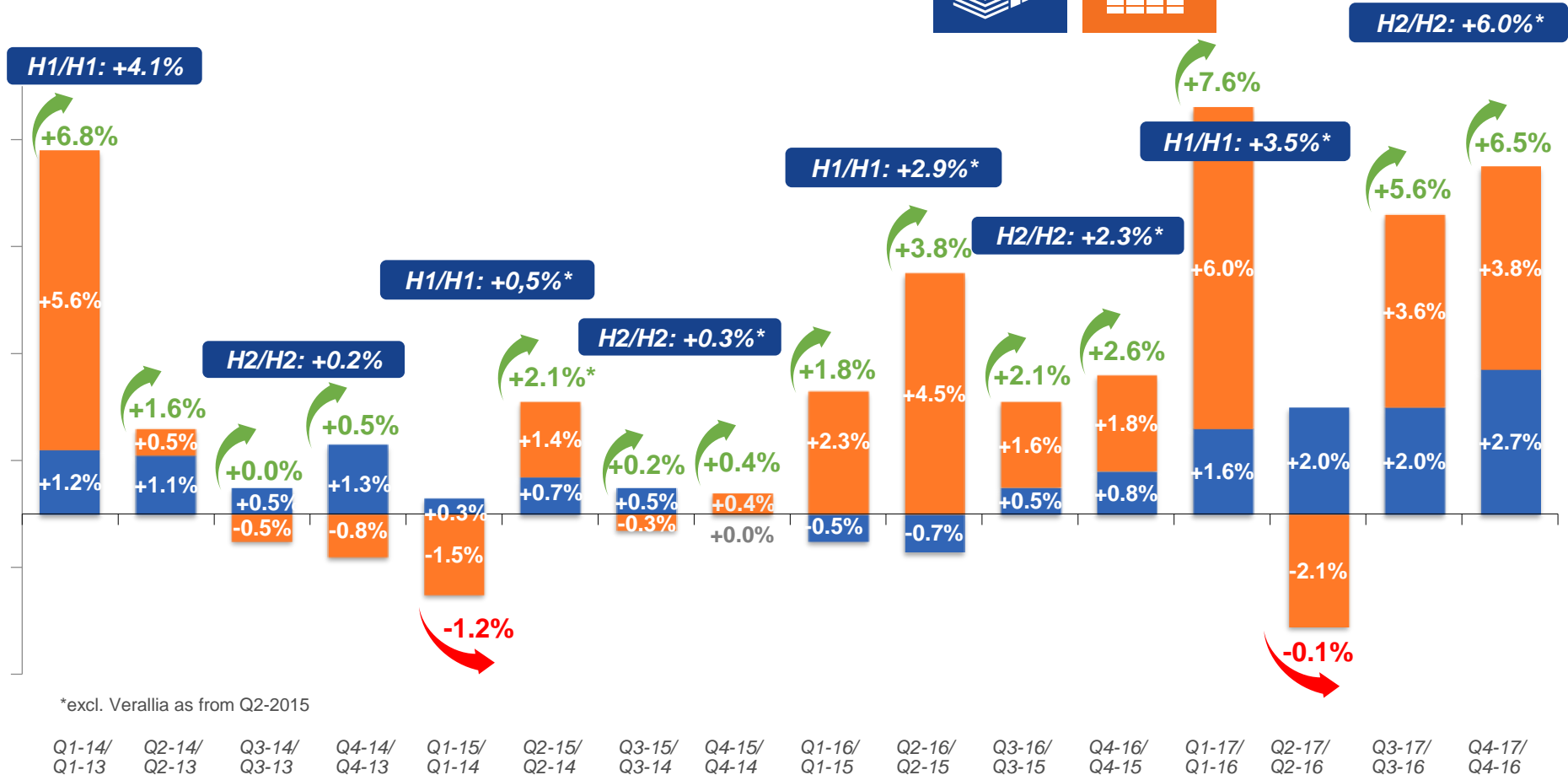
QUARTERLY ORGANIC GROWTH

(% change in like-for-like sales)

Price

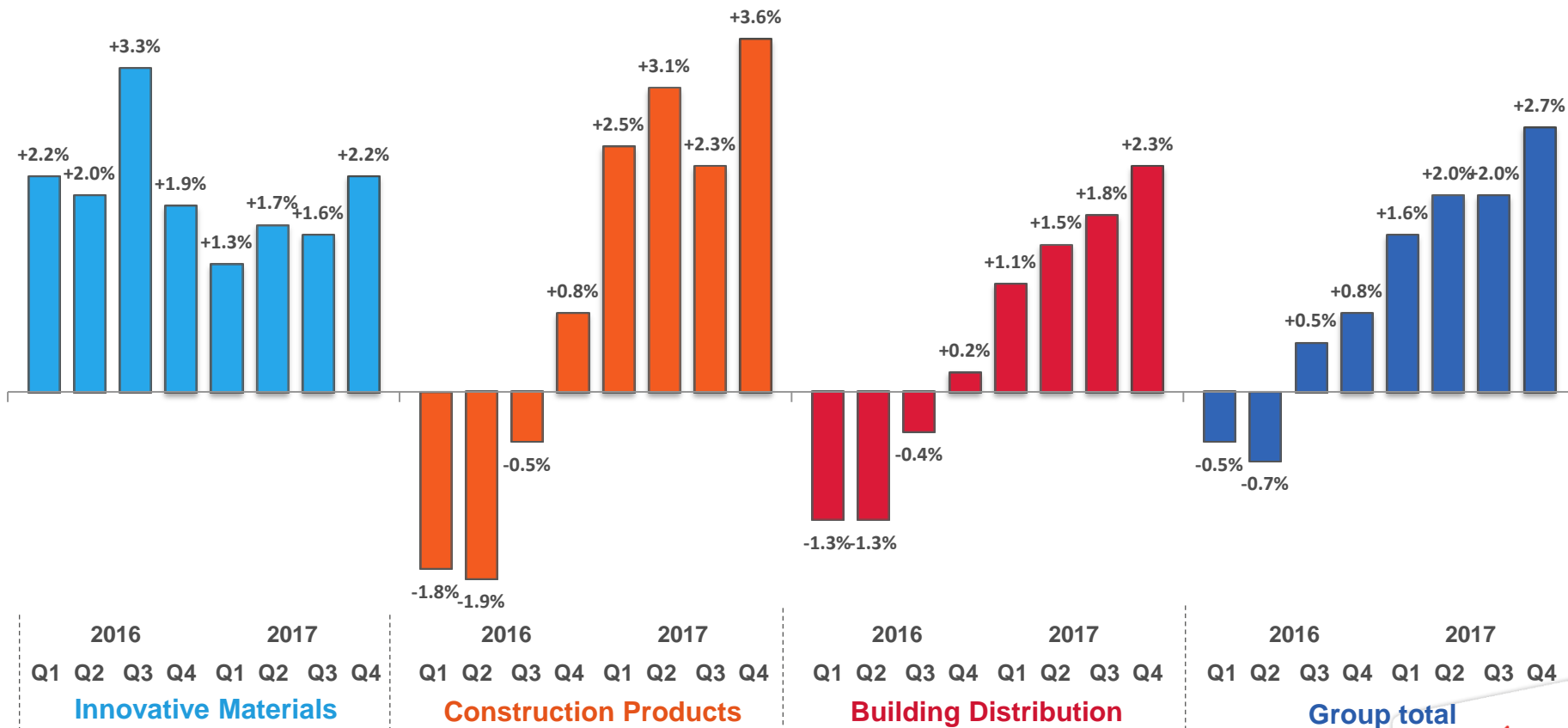


Volumes



*excl. Verallia as from Q2-2015

2016-2017 QUARTERLY PRICE EVOLUTION BY BUSINESS SECTOR

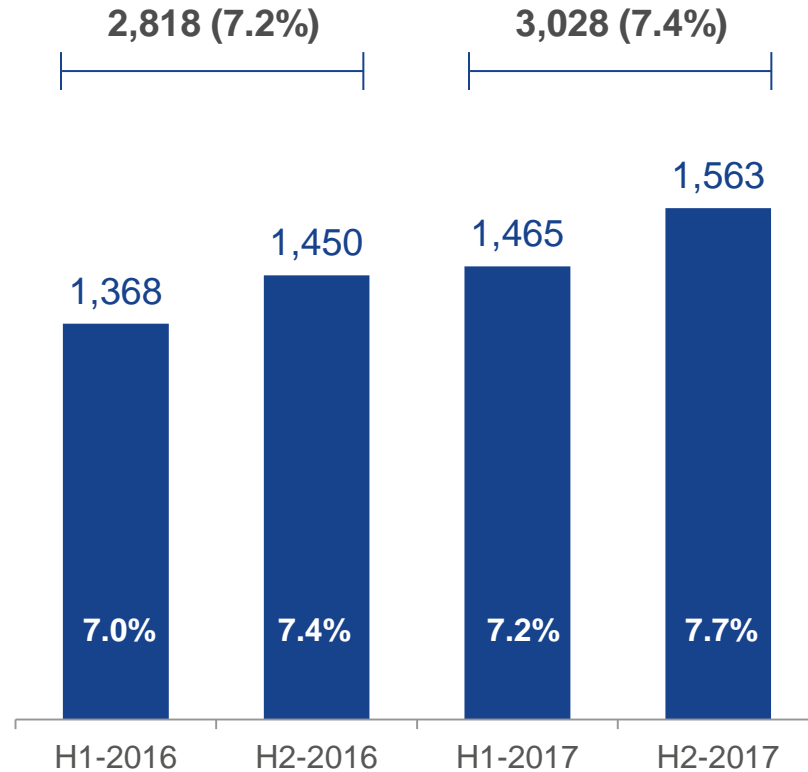


OPERATING INCOME

(€m and % of sales)

2017/2016

+9.6%
like-for-like



- Operating income up 7.5% on an actual basis
- Improved Group margin at 7.4%



BUSINESS INCOME

(€m)

	2016	2017	2017/ 2016	Like-for-like change
Operating income	2,818	3,028	+7.5%	+9.6%
Non-operating costs	(312)	(337)		
<i>o/w provision for asbestos-related litigation</i>	(90)	(90)		
<i>o/w other expenses</i>	(222)	(247)		
Other operating expenses	(202)	(180)		
<i>o/w disposal gains (losses)</i>	(12)	57		
<i>o/w asset write-downs</i>	(190)	(237)		
Business income	2,304	2,511	+9.0%	



Asbestos-related claims in the US

- **~US\$ 76m** paid out in 2017 (*versus US\$ 97m in 2016*)
- €90m accrual to the provision in 2017;
total balance sheet provision: US\$ 555m at end-2017 (*versus US\$ 562m at end-2016*)

	2015	2016	2017
New claims	3,200	3,200	3,100
Settled claims	4,600	3,700	3,900
Outstanding claims	35,600	35,100	34,300

NET INCOME

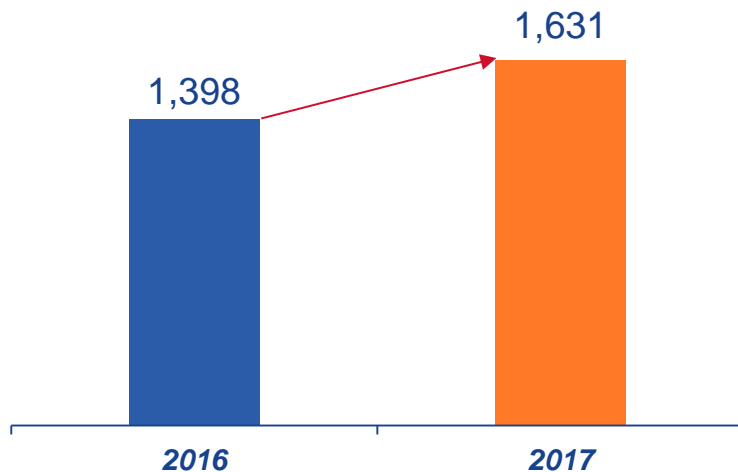
(€m)

	2016	2017	2017/ 2016
Net financial expense	541	448	
<i>Average cost of gross debt</i>	3.4%	2.8%	
Income tax	416	438	
<i>Tax rate on recurring net income</i>	27%	25%	
Net attributable income	1,311	1,566	+19.5%
<i>EPS (€)</i>	2.36	2.84	+20.3%
Recurring net income	1,398	1,631	+16.7%
<i>Recurring EPS (€)</i>	2.53	2.96	+17.0%



RECURRING NET INCOME (€m)

2017/2016: +16.7%

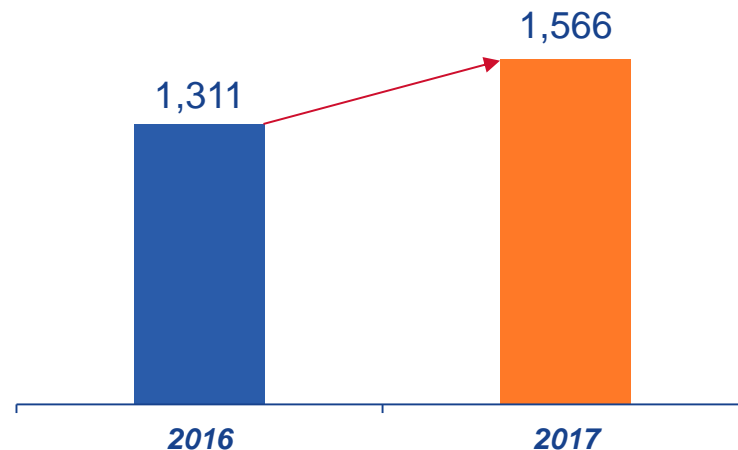


Recurring EPS: €2.96 (+17.0%)

Net attributable income excluding capital gains and losses on disposals, asset write-downs and material non-recurring provisions

NET INCOME (€m)

2017/2016: +19.5%

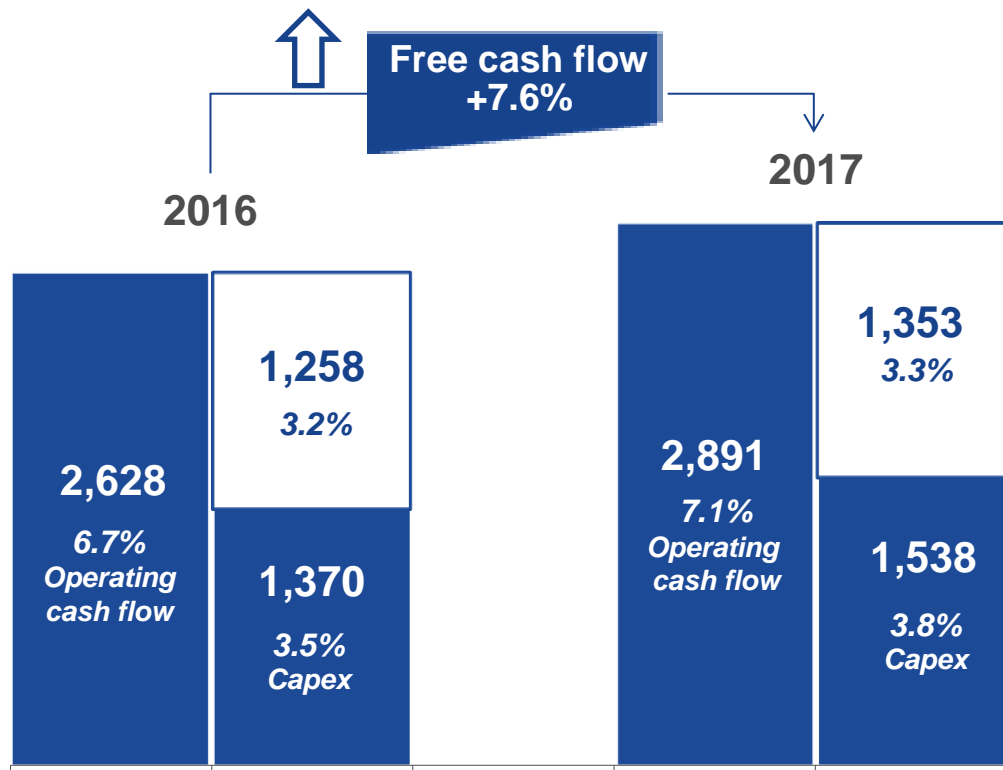


EPS: €2.84 (+20.3%)

Net attributable income

CASH FLOW FROM OPERATIONS* AND CAPEX

(€m and % of sales)



* Excluding the tax impact of capital gains and losses on disposals, asset write-downs and material non-recurring provisions

OPERATING WCR

(at December 31, €m and no. of days)

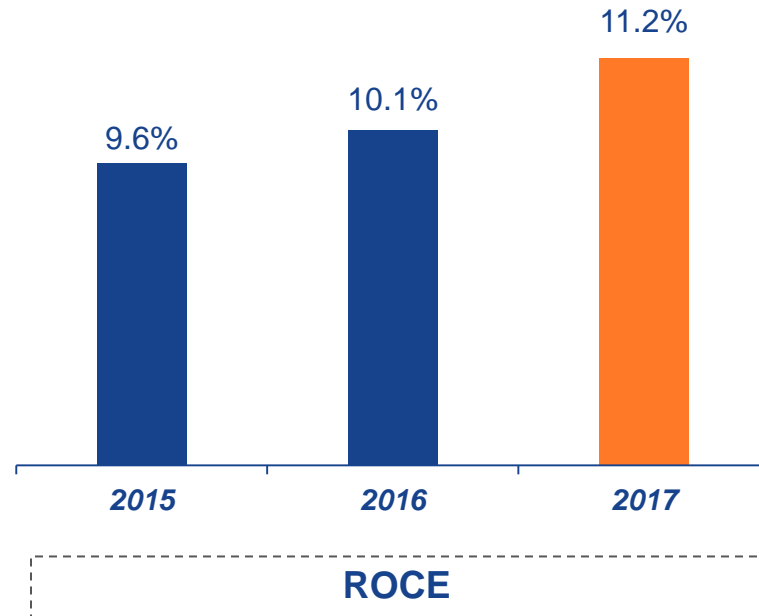
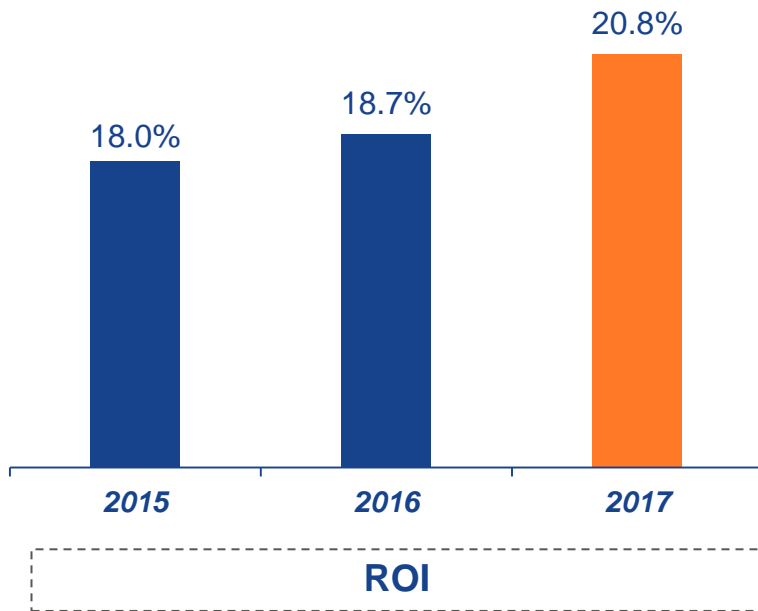
Stable in no.
of days over
12 months



Ongoing tight rein on operating WCR

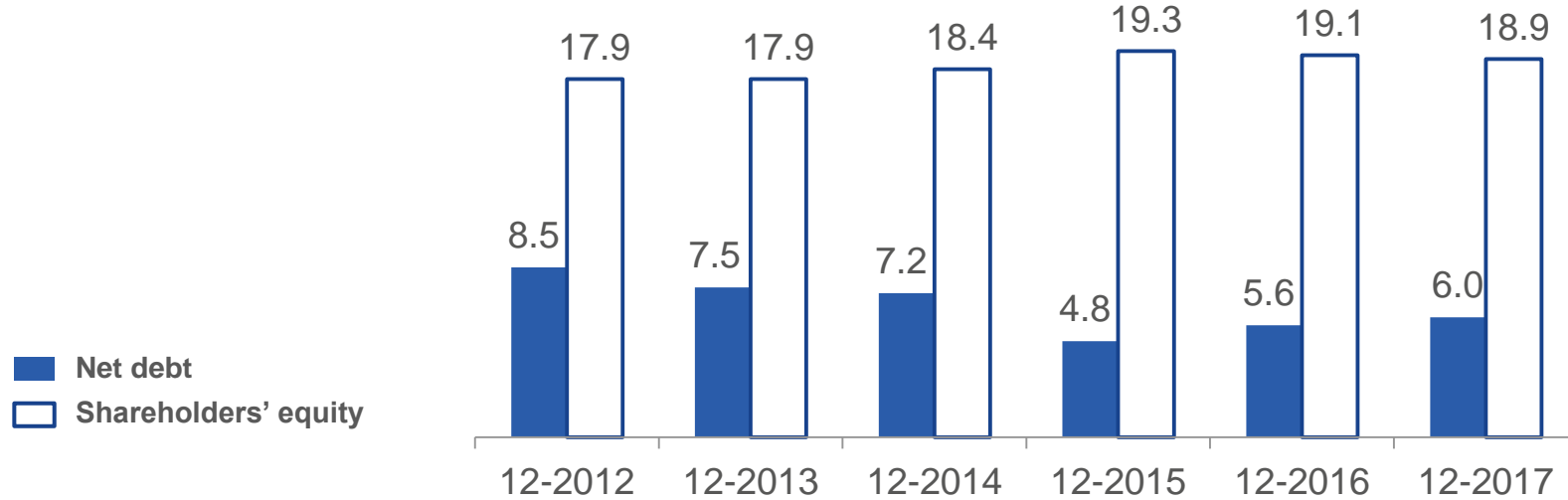
FURTHER IMPROVEMENT IN ROI AND ROCE

(before tax)



NET DEBT AND SHAREHOLDERS' EQUITY

(€bn)



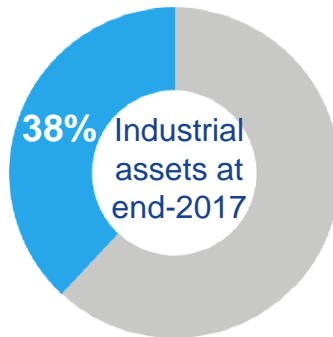
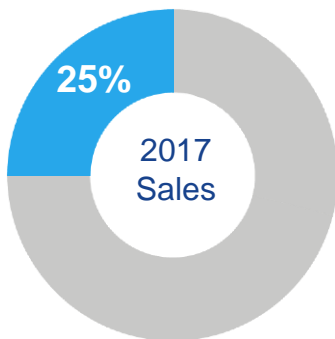
Net debt/shareholders' equity	47%	42%	39%	25%	29%	32%
Net debt/EBITDA*	1.9	1.8	1.8	1.2	1.4	1.4

Strong balance sheet maintained

* EBITDA = operating income + operating depreciation/amortization over a 12-month period

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INNOVATIVE MATERIALS



Organic growth

+5.3%

vol.

prices

+3.6%

+1.7%



Operating income

€1,286m

margin

11.2% → 12.4%



Capex

€660m

2017 vs 2016

FLAT GLASS

Organic
growth

+5.2%

vol.

prices

+2.5%

+2.7%



Operating
income

€571m

margin

10.1%

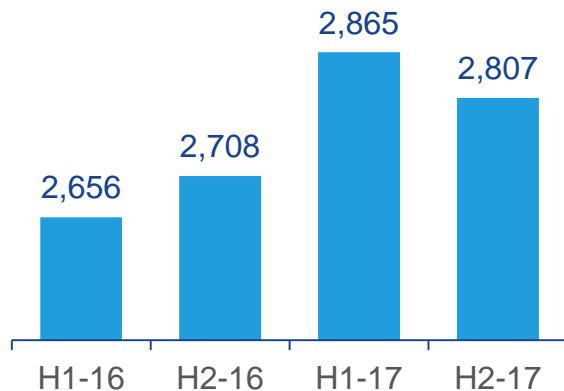


Capex

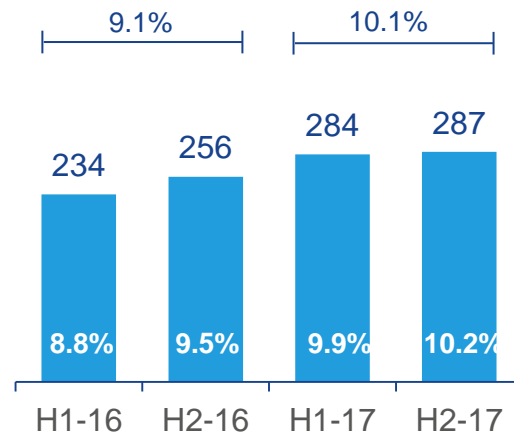
€468m

2017 vs 2016

Sales (€m)



**Operating income and
margin (€m - %)**



Organic growth

+5.8%

vol.

prices

+5.4%

+0.4%



Operating income

€715m

margin

15.1%

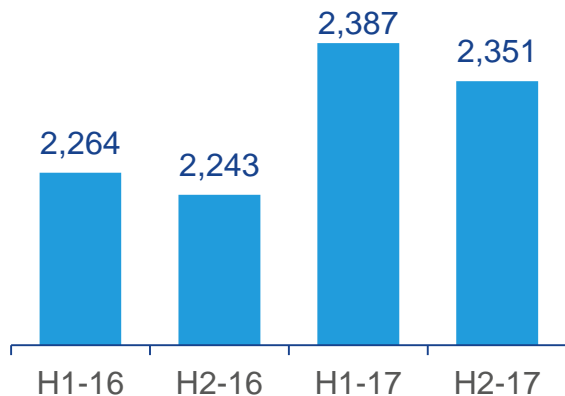


Capex

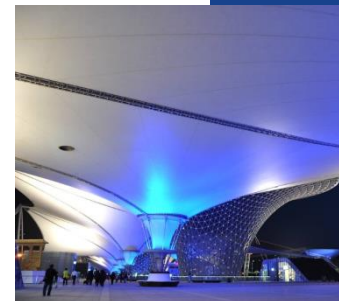
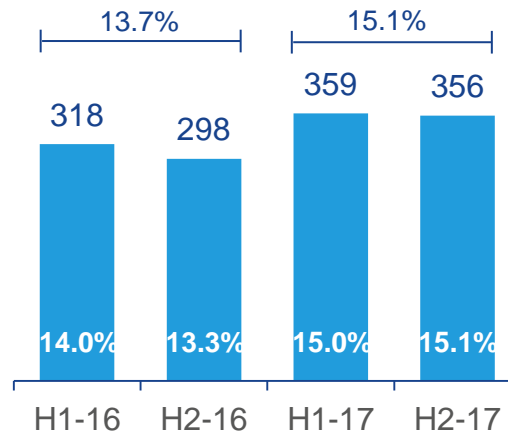
€192m

2017 vs 2016

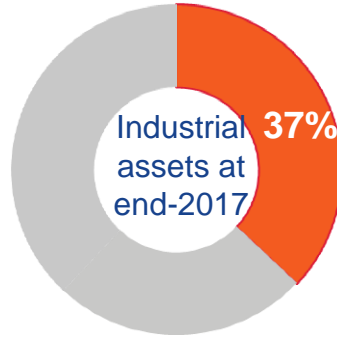
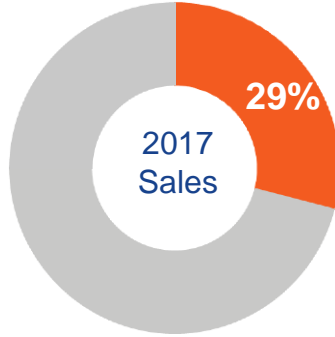
Sales (€m)



Operating income and margin (€m - %)



CONSTRUCTION PRODUCTS



Organic growth

+6.2%

vol. prices

+3.4%

+2.8%



Operating income

€1,143m

margin

9.3% → 9.1%



Industrial assets

€582m

2017 vs 2016

INTERIOR SOLUTIONS

Organic growth

+5.9%

vol.

+2.8%

prices

+3.1%



Operating income

€652m

margin

9.5%

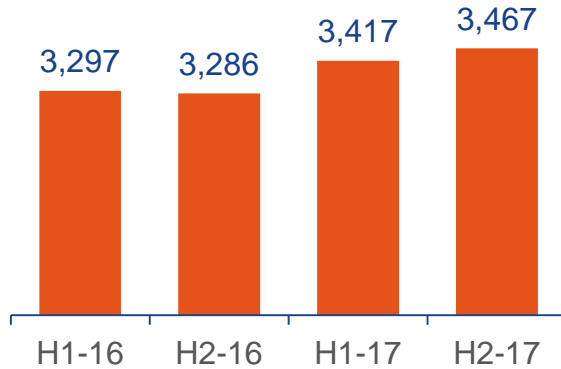


Capex

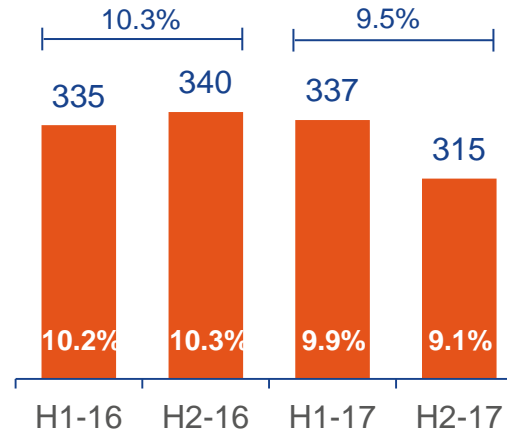
€374m

2017 vs 2016

Sales (€m)



Operating income and margin (€m - %)



EXTERIOR SOLUTIONS

Organic
growth

+6.7%

vol.

prices

+4.2%

+2.5%



Operating
income

€491m

margin

8.4%

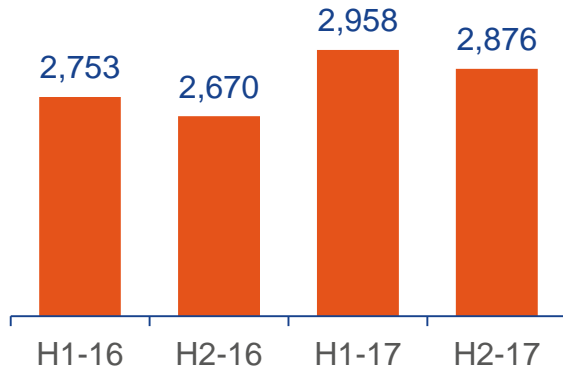


Capex

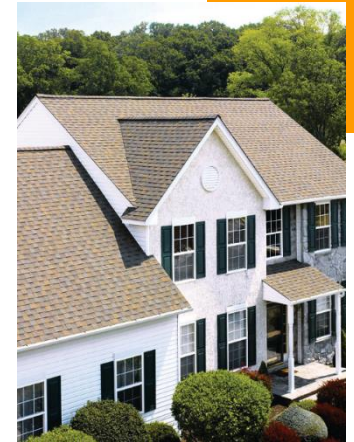
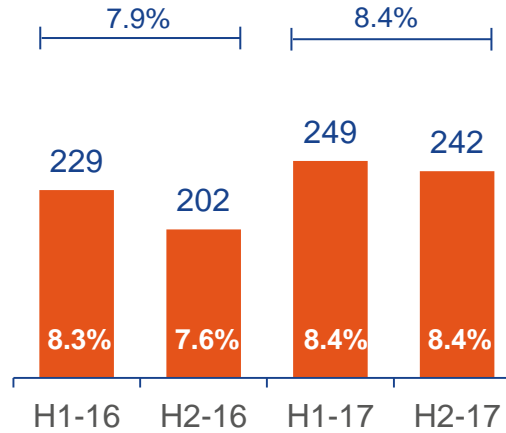
€208m

2017 vs 2016

Sales (€m)



**Operating income and
margin (€m - %)**



BUILDING DISTRIBUTION

Organic growth

+3.6%

vol.

prices

+1.9%

+1.7%



Operating income

€631m

margin

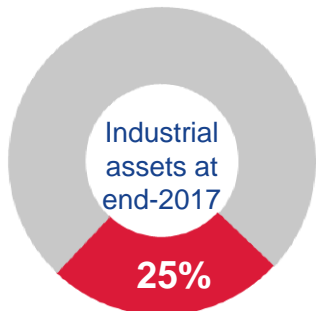
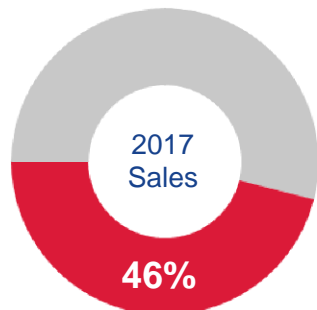
3.4%

=

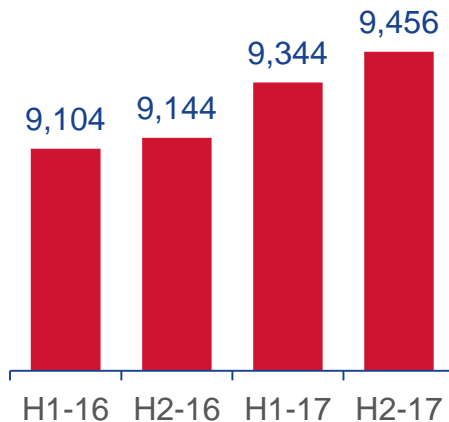
Capex

€251m

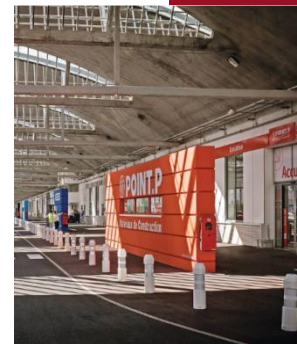
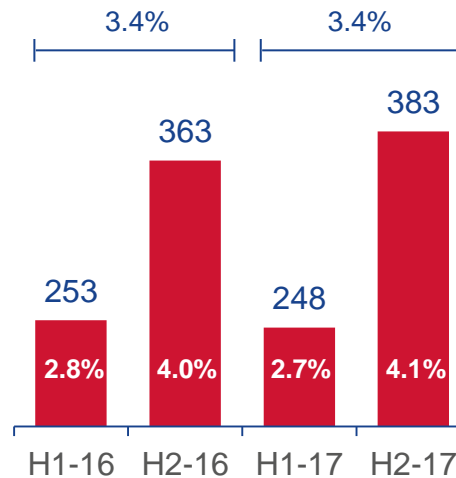
2017 vs 2016



Sales (€m)



Operating income and margin (€m - %)



- 
1. HIGHLIGHTS
 2. **2017 RESULTS**
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 3. **REGIONS**
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SALES TRENDS BY REGION

(% change in 2017/2016 like-for-like sales)

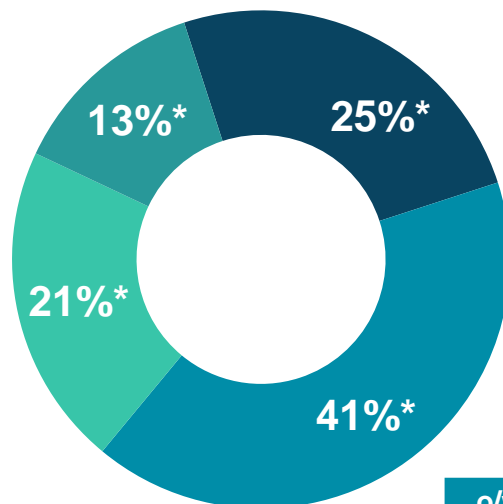
+4.7% like-for-like

**North
America
+6.0%**

**France
+3.5%**

**Asia &
emerging
countries
+9.2%**

**Other Western
Europe
+3.1%**



o/w:

o/w:

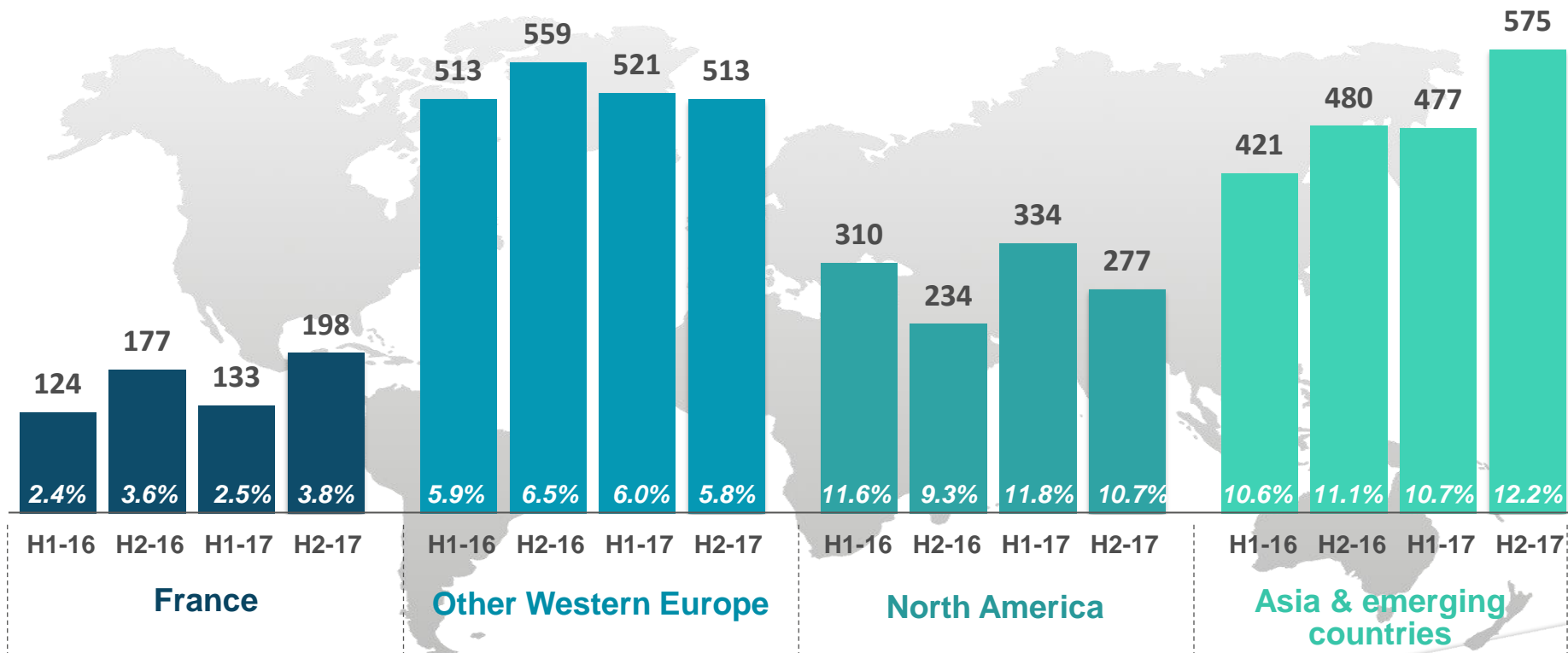
Asia (8%):	+9.9%
Latin America (6%):	+7.7%
Eastern Europe (5%):	+9.0%
Africa & Middle East (2%):	+16.3%

Nordics (13%):	+4.5%
UK (10%):	+3.6%
Germany (9%):	-0.7%
Southern Europe (4%):	+6.7%

* Breakdown of 2017 sales

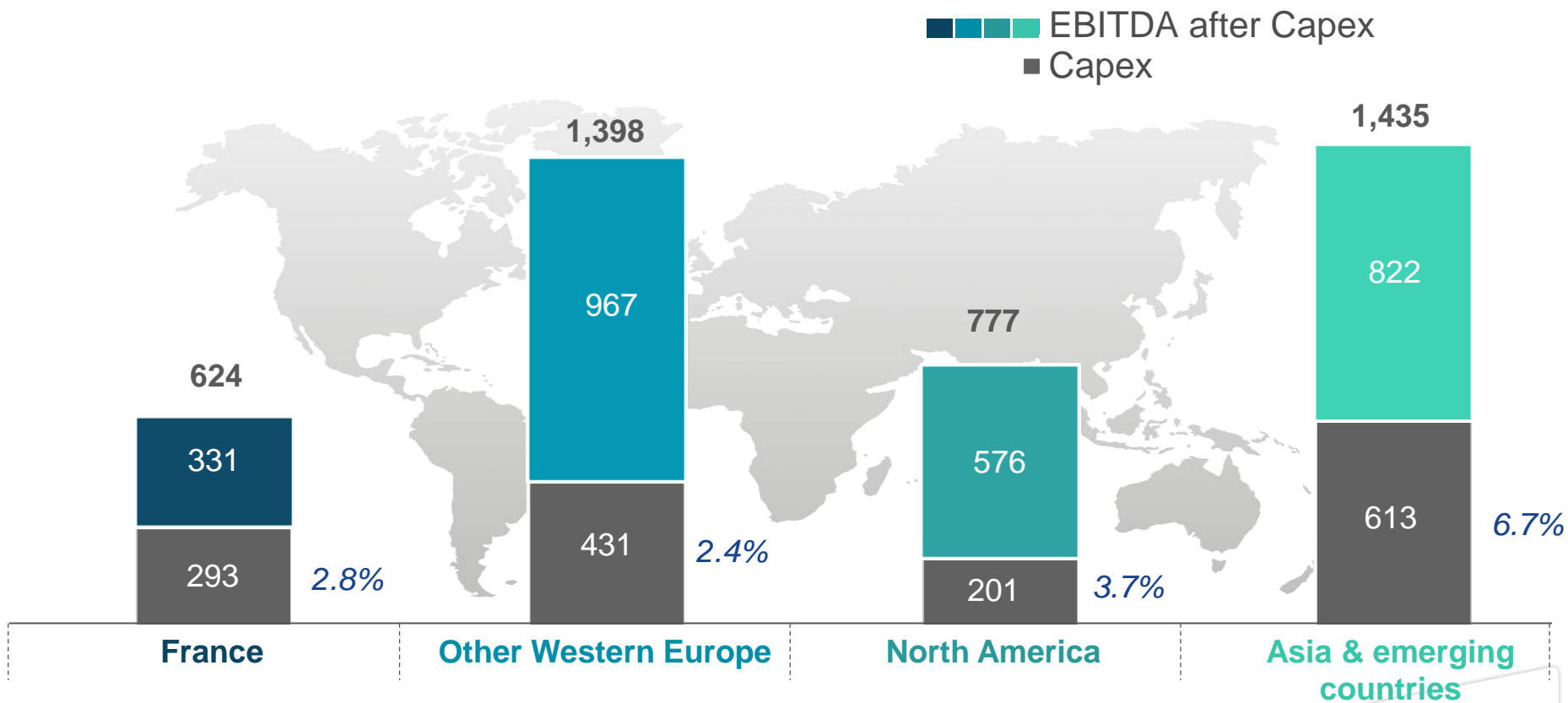
OPERATING INCOME BY REGION

(€m and % of sales)



EBITDA AND CAPEX BY REGION

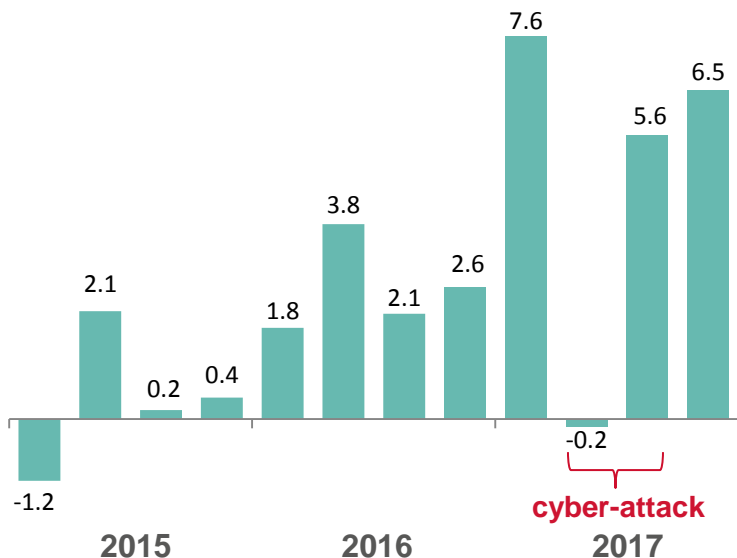
(2017, €m and % of sales)



- 
- A photograph of a modern, multi-level interior space, likely a corporate headquarters or a public building. The architecture features curved balconies with glass railings and large, angled windows on the left side. The lighting is bright and even, highlighting the clean lines and materials of the building.
1. 2017 HIGHLIGHTS
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1. Growth 
2. Cost savings
3. Digital transformation
4. Acquisitions

Quarterly organic growth



» Growth driven by a recovery in our markets

- » France: up 3.5% in 2017 versus 1.9% GDP growth
- » North America up 6.0% in 2017 versus 2.3% GDP growth

» Growth driven by innovation

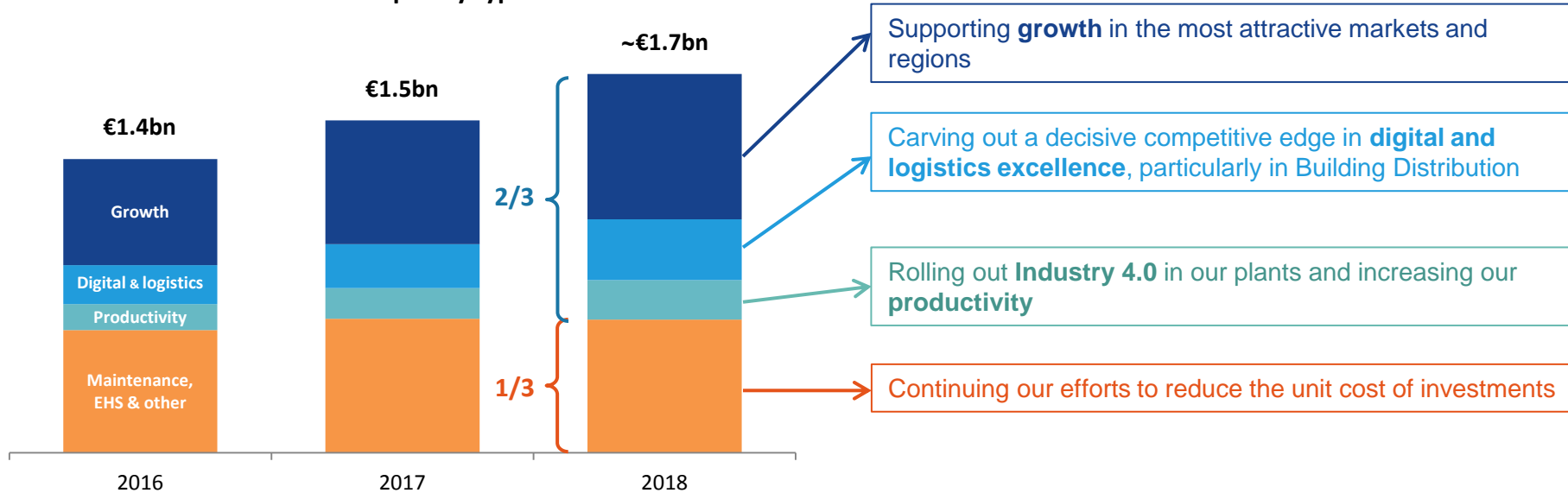
- » More resistant Habito board: up ~100% (m²) in 2017
- » SageGlass electrochromic glass: up ~75% (m²) in 2017

» Growth driven by greater penetration of our solutions in Asia & emerging countries

- » Organic growth:
 - up 9.2% in 2017
 - up 11.4% in H2, with an improvement in Brazil
- » Major and growing contribution to the Group's operating income:
 - 21% in 2012 → 35% in 2017

CAPEX FOCUSED ON PROFITABLE GROWTH

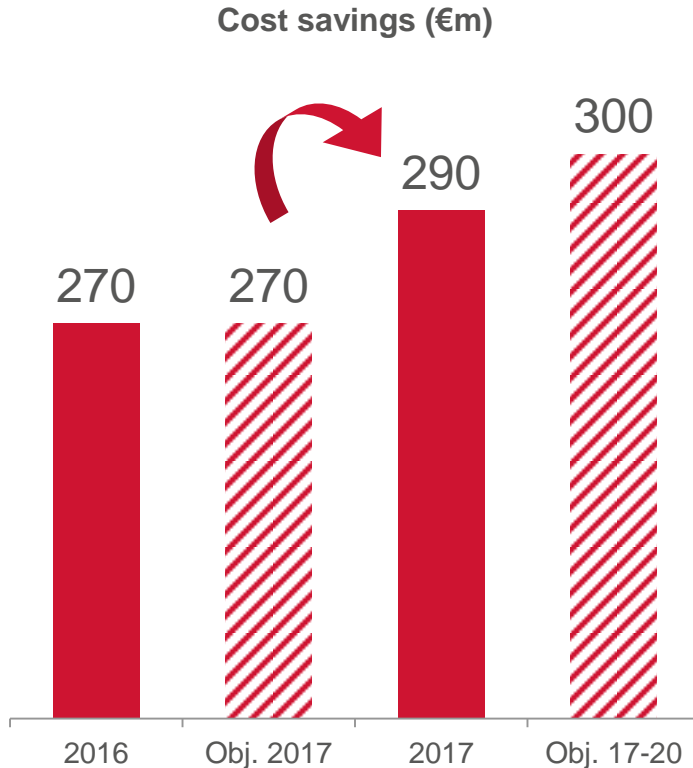
Growth in Capex by type



Capex yielding good returns,
remaining within the range announced (3.5% - 4.5%)

1. Growth ✓
2. Cost savings ✓
3. Digital transformation
4. Acquisitions

NEW COST CUTTING INITIATIVES ARE STARTING TO BEAR FRUIT



- » **Number of plants accredited “Bronze” and “Silver” for operational excellence**
 - » up ~20% in 2017
- » **Number of robots in our plants**
 - » up ~10% in 2017
- » **Number of sites running big data/smart data projects**
 - » up ~100% in 2017
- » **Productivity investments (industry)**
 - » up ~70% between 2016 and 2018

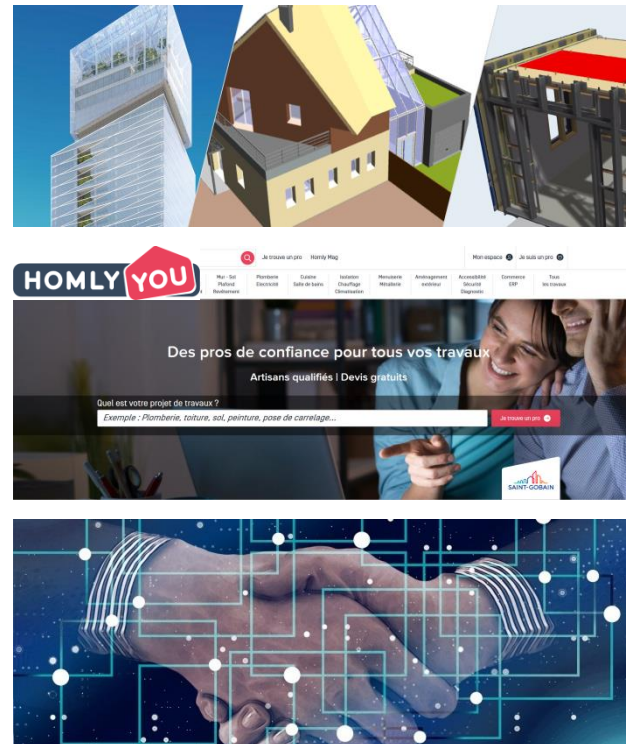
1. Growth ✓
2. Cost savings ✓
3. Digital transformation ✓
4. Acquisitions

PROGRESS IN ALL OUR DIGITAL INITIATIVES

- » **Number of products covered by PIM***
 - » up 140% in 2017
- » **Roll-out of BIM****
 - » 38 BIM projects in progress at end-2017
- » **Intermediation leads**
 - » x 5 in 2017
- » **IT expenditure (Capex and Opex) in Building Distribution**
 - » up 12% in 2017
- » **Expenditure related to cyber-security**
 - » up 30% between 2016 and 2018

* Product Information Management

** Building Information Modeling



Dahl Norway: Expanded and automated warehouse in Langhus - Oslo

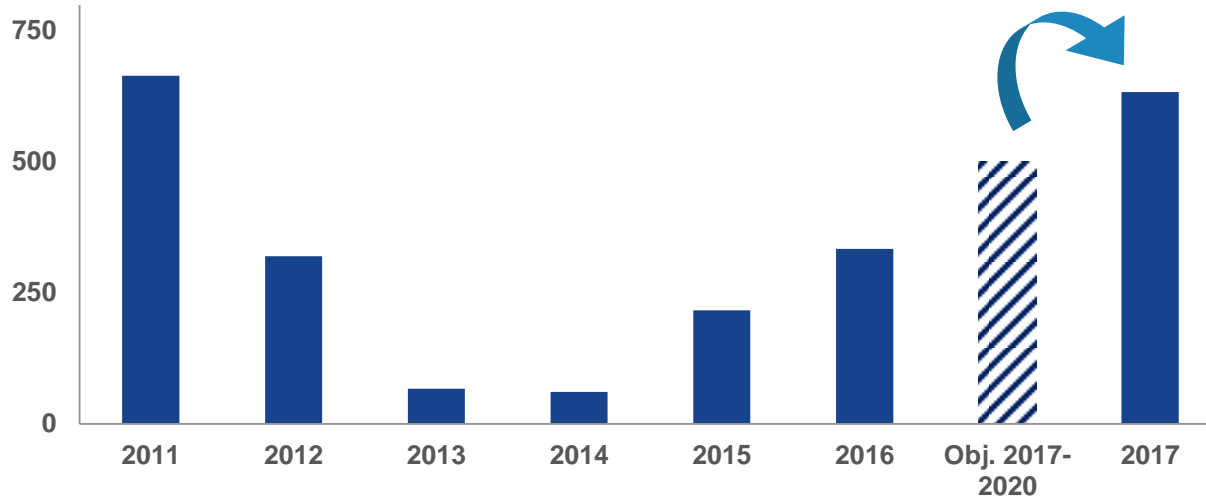


1. Growth ✓
2. Cost savings ✓
3. Digital transformation ✓
4. Acquisitions ✓

SIGNIFICANT ACCELERATION IN SMALL AND MID-SIZED ACQUISITIONS

Small and mid-sized acquisitions

Financial investments, €m



≤ 7 x EBITDA including full-year synergies*

* 2017 acquisitions

THREE COMPLEMENTARY STRATEGIC AXES

Bolt-on acquisitions



Swiftly unlock
cost synergies



Acquisition of SimTek in the US
(Siding)

Also: Glava, Kirson, Biolink, etc.

New geographies



Accelerate penetration of high
value-added solutions in
emerging markets



Acquisition of Megaflex in Argentina
(Waterproofing)

Also: Isoroc, KIMMCO, Tumelero, etc.*

Technological niches



Break new ground thanks to new
technologies or business models



Acquisition of Tekbond in Brazil
(Adhesives)

Also: Maris, Scotframe, etc.

- 
- A photograph of a modern, multi-level interior space, likely a corporate headquarters or a public building. The architecture features curved balconies with glass railings and large, angled windows on the left side. The lighting is bright and even, highlighting the clean lines and materials of the building. The overall atmosphere is professional and contemporary.
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2017 DIVIDEND *(Board's recommendation to the June 7, 2018 AGM)*

€1.30 PER SHARE *(vs dividend of €1.26 per share in 2016)*

- » Dividend yield at Dec. 29, 2017: **2.8%**
- » Payout ratio based on recurring net income: **44%**

PAYMENT

- » **in cash**

CALENDAR

- » **June 7, 2018:** AGM
- » **June 11, 2018:** Ex-dividend date
- » **June 13, 2018:** Payment date

€403m in SHARE BUYBACKS

- » In line with the Group's long-term objectives, buyback of 8.3 million shares
- » Cancellation of 7 million shares

ECONOMIC CLIMATE

- Further growth in **France**, led by the new-build market and by progress in renovation
- Progression in **other Western European countries**, despite continued uncertainty in the UK
- Growth in **North America** in both construction markets and industry
- Good momentum in **Asia and emerging countries**

GROUP BUSINESSES

- **Innovative Materials:** continued growth and good margin level
- **Construction Products:** better volumes and prices, focus on the price-cost spread
- **Building Distribution:** should benefit from volume growth in Western Europe

2018 PRIORITIES

- **Focus on sales prices** amid continued inflationary pressure on costs
- **Continuation of the cost cutting program, targeting cost savings of around €300m over the year** (calculated on the 2017 cost base)
- **Capital expenditure program of around €1.7bn** (representing around 4% of sales), with a focus on growth capex outside Western Europe and also on productivity (Industry 4.0) and digital transformation, particularly in Building Distribution
- **Ongoing commitment to invest in R&D** to support our differentiated, high value-added strategy
- **Focus on high free cash flow generation**

The Group is targeting a further like-for-like increase in operating income in 2018

IMPORTANT DISCLAIMER – FORWARD-LOOKING INFORMATION

This presentation contains forward-looking statements with respect to Saint-Gobain's financial condition, results, business, strategy, plans and outlook. Forward-looking statements are generally identified by the use of the words "expect", "anticipate", "believe", "intend", "estimate", "plan" and similar expressions. Although Saint-Gobain believes that the expectations reflected in such forward-looking statements are based on reasonable assumptions as at the time of publishing this document, investors are cautioned that these statements are not guarantees of its future performance. Actual results may differ materially from the forward-looking statements as a result of a number of known and unknown risks, uncertainties and other factors, many of which are difficult to predict and are generally beyond the control of Saint-Gobain, including but not limited to the risks described in Saint-Gobain's registration document available on its website (www.saint-gobain.com). Accordingly, readers of this document are cautioned against relying on these forward-looking statements. These forward-looking statements are made as of the date of this document. Saint-Gobain disclaims any intention or obligation to complete, update or revise these forward-looking statements, whether as a result of new information, future events or otherwise. This presentation does not constitute any offer to purchase or exchange, nor any solicitation of an offer to sell or exchange securities of Saint-Gobain. No representation or warranty, express or implied, is made by Saint-Gobain or its managers, corporate officers, employees, contractors, representatives or advisors as to the accuracy or completeness of the information or opinions contained in this presentation.



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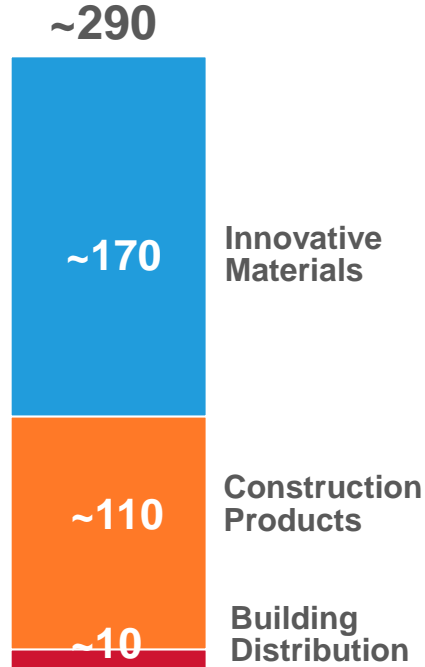
February 23, 2018



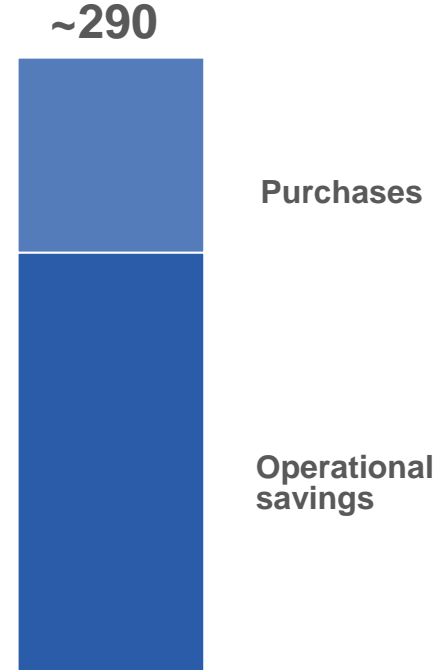
COST CUTTING PROGRAM

€290m in cost savings in 2017 *(calculated on the 2016 cost base)*

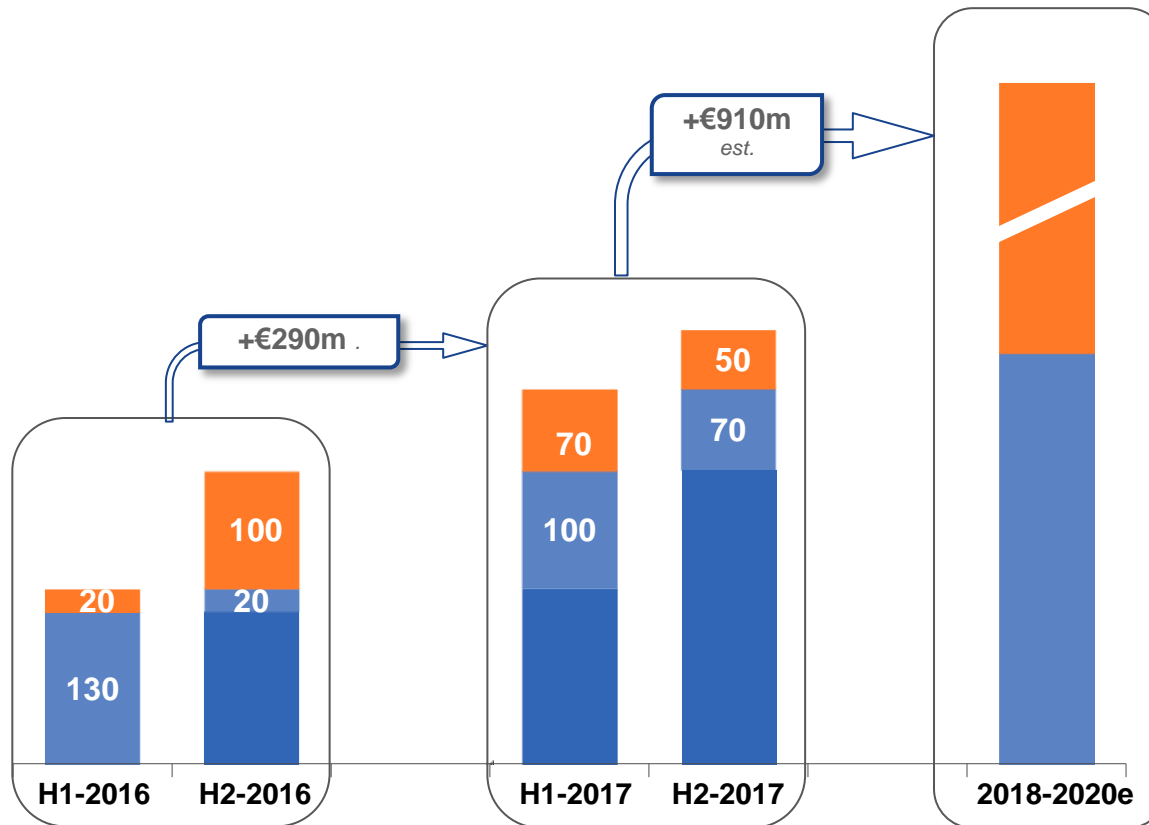
Breakdown by Business Sector



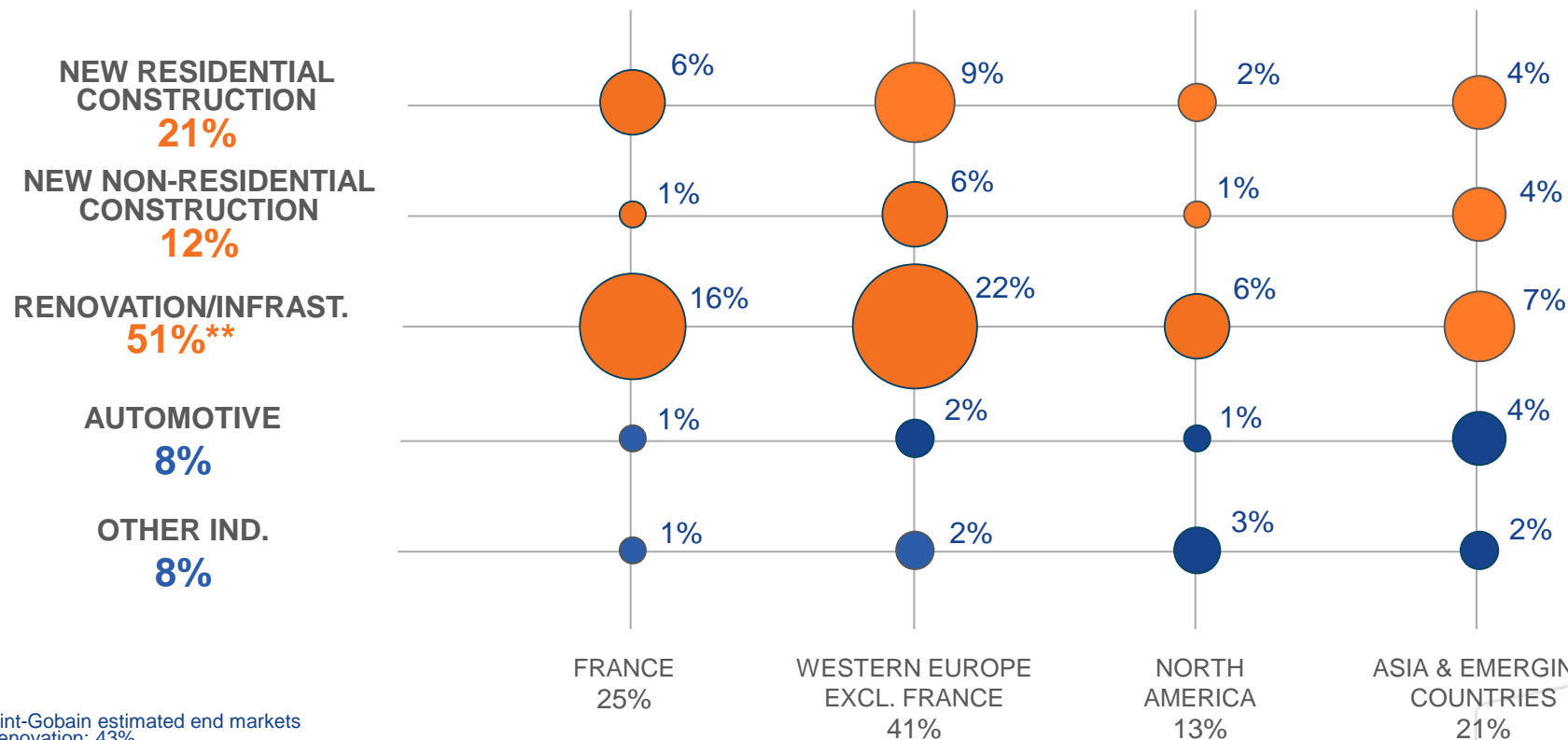
Breakdown by type



2016-2020 COST CUTTING PROGRAMS



END MARKETS*



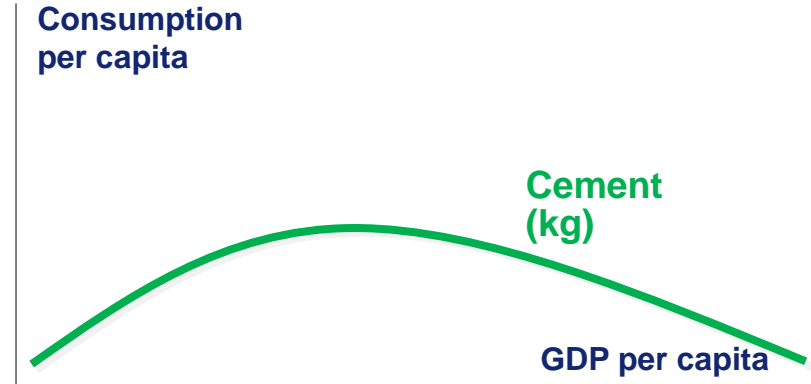
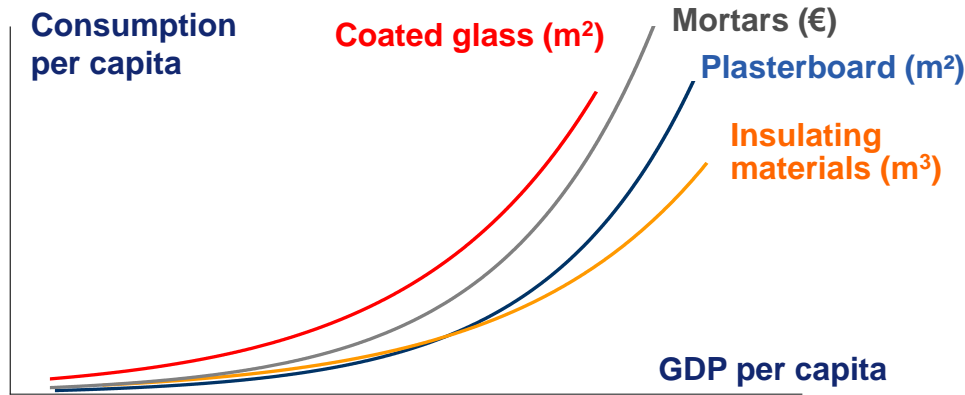
* Saint-Gobain estimated end markets

** Renovation: 43%
Infrastructure: 8%

UNIQUE, ATTRACTIVE POSITIONING GROWING MARKETS

- Technical solutions for tomorrow's homes

CONSUMPTION PER CAPITA BASED ON WEALTH



- Solutions promising energy efficiency for buildings