



H1 2017 Results

July 28, 2017



- 
1. **HIGHLIGHTS**
 2. H1 2017 RESULTS
 3. OUTLOOK AND ACTION PLAN FOR H2

H1 2017 KEY FIGURES

Sales
€20.4bn

Actual Like-for-like

+4.4%

+3.5%



Operating income
€1,465m

Actual Like-for-like

+7.1%

+6.6%



Operating margin: **7.2%**, +20 bp

Recurring net income
€751m

EPS: **€1.35**, +19.5%

Actual

+20.4%



Free cash flow
€983m

+19.4%



Net debt
€6,816m

1.7x
EBITDA

=



Changes based on H1-17 vs H1-16

JUNE 27, 2017 CYBER-ATTACK

- » 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 intensity of the attack
- » Nevertheless we experienced the following negative impacts:
 - » Estimated at **€220m on sales** and **€65m on operating income** for H1-2017, equivalent to 1.1% of organic sales growth and 4.4% of operating income
 - » Full-year 2017 estimate: **< €250m** on sales and **€80m** on operating income
 - » Areas particularly impacted:
 - » Western Europe (Nordics, Germany, France)
 - » Building Distribution and Construction Products
- » IT infrastructure rebuilt in record time with strong reinforcement of our protection measures



WESTERN EUROPE

- » France improving, led by new-builds
- » Further growth in all other main countries except Germany, down slightly
- » Margin growth



NORTH AMERICA

- » Growth led by construction markets
- » Industrial markets up slightly overall
- » Margin growth



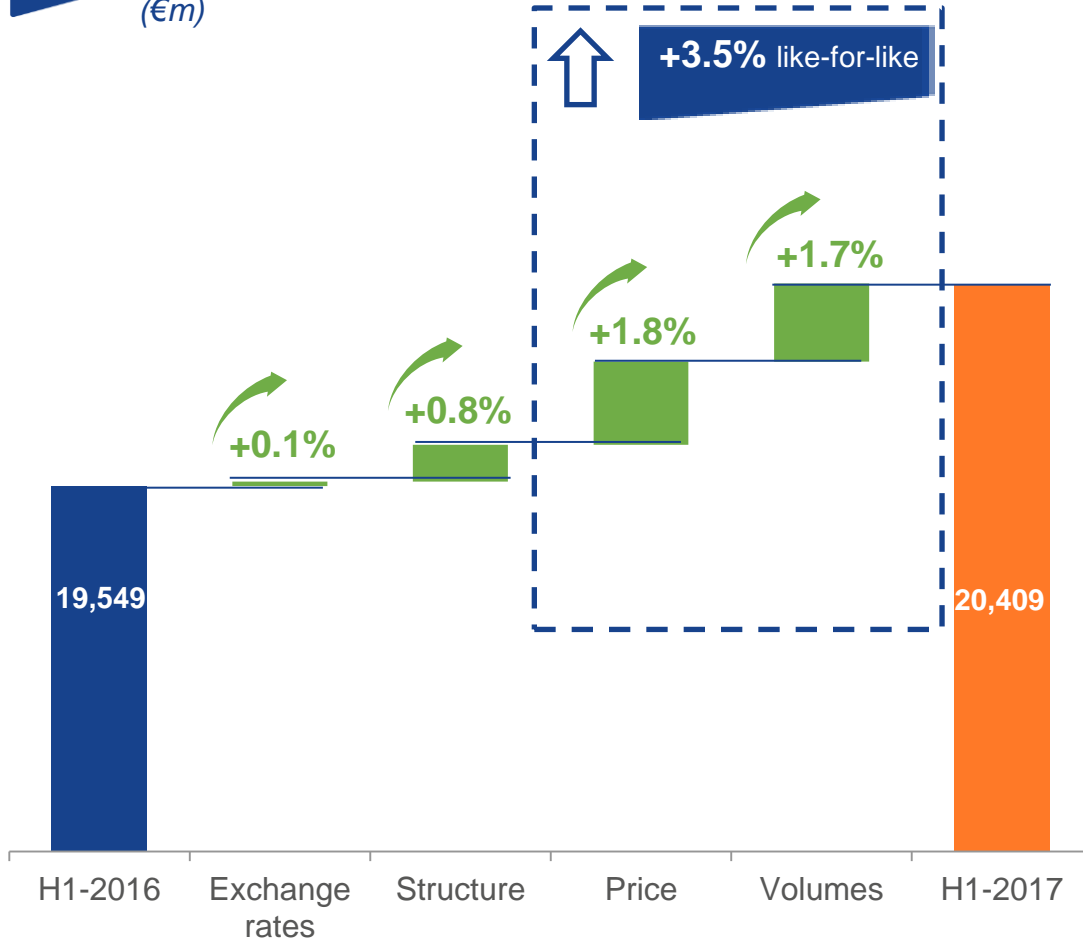
ASIA & EMERGING COUNTRIES

- » Robust growth in all regions, despite the ongoing slowdown in Brazil
- » Margin growth

- » **€170 million in additional cost savings** versus first-half 2016
- » **18 acquisitions in the first half** and **6 being finalized in July**, including Glava, Kirson and TekBond
- » **Buyback of 3.5 million shares** in the first half, in line with the Group's long-term objectives

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1. HIGHLIGHTS
 2. H1 2017 RESULTS
 1. GROUP
 2. BUSINESSES
 3. REGIONS
 3. OUTLOOK AND ACTION PLAN FOR H2

SALES (€m)



Group +4.4%
actual

- Depreciation of the euro against the **Brazilian real** and **US dollar**, offset by weakness in **pound sterling**
- Impact of acquisitions made in **Asia and emerging countries**, in new **niches technologies** and services, and in **Building Distribution**
- **Inflationary** environment for raw material and energy costs
- **Better volumes** in all Business Sectors and regions

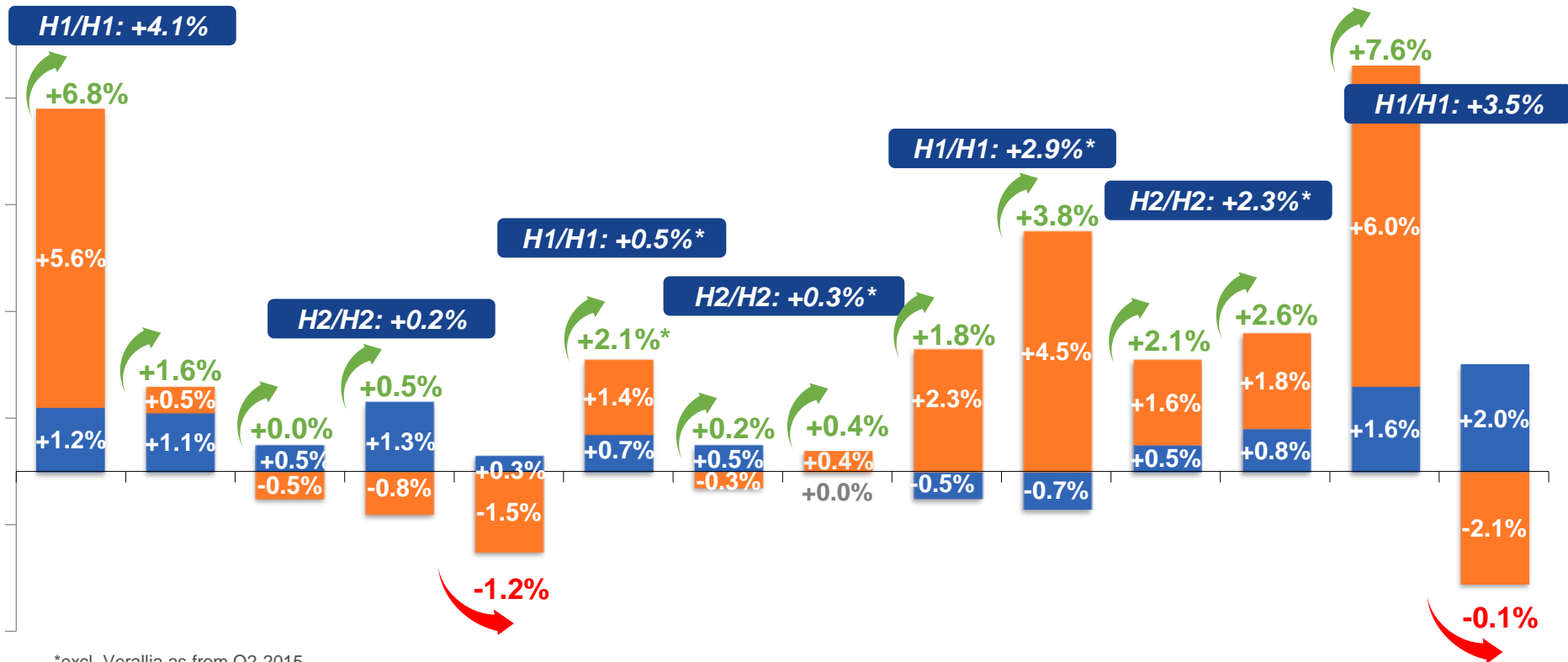
QUARTERLY ORGANIC GROWTH

(% change in sales on a like-for-like basis)

Price



Volumes

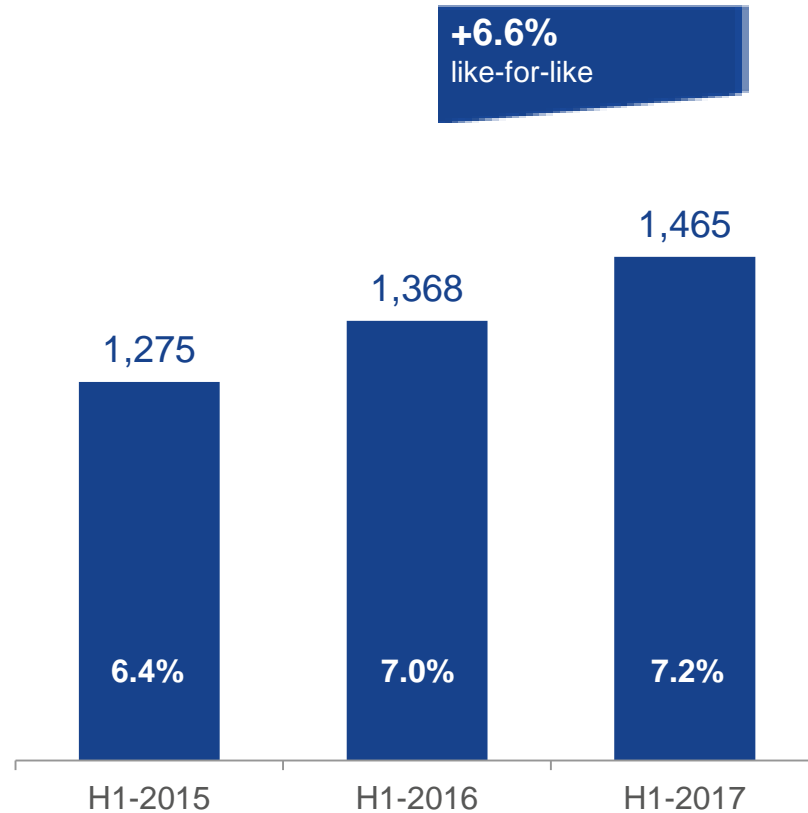


*excl. Verallia as from Q2-2015

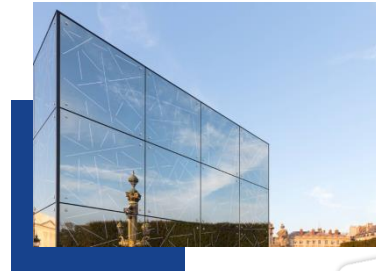
Q1-2014/
Q1-2013 Q2-2014/
Q2-2013 Q3-2014/
Q3-2013 Q4-2014/
Q4-2013 Q1-2015/
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Q2-2014 Q3-2015/
Q3-2014 Q4-2015/
Q4-2014 Q1-2016/
Q1-2015 Q2-2016/
Q2-2015 Q3-2016/
Q3-2015 Q4-2016/
Q4-2015 Q1-2017/
Q1-2016 Q2-2017/
Q2-2016

OPERATING INCOME

(€m and % of sales)



- **Operating income up 7.1% on a reported basis**
- **Further growth in Group margin**



BUSINESS INCOME

(€m)

	H1-2016	H1-2017	H1-2017/ H1-2016	Like-for-like change
Operating income	1,368	1,465	+7.1%	+6.6%
Non-operating costs	(180)	(166)		
<i>o/w provision for asbestos-related litigation</i>	(45)	(45)		
<i>o/w other expenses</i>	(135)	(121)		
Other operating income (expenses)	(32)	7		
<i>o/w disposal gains (losses)</i>	(9)	7		
<i>o/w asset write-downs and other</i>	(23)	0		
Business income	1,156	1,306	+13.0%	



Asbestos-related claims in the US

- Around **US\$ 71m** paid out over the 12 months to end-June 2017 (*versus US\$ 97m at end-2016*)
- **€45m** accrual to the provision in H1-2017, bringing the total balance sheet provision to US\$ 572m at end-June 2017 (*US\$ 562m at end-2016*)

	H1-2016	FY-2016	H1-2017*
New claims	1,700	3,200	1,600
Settled claims	2,100	3,700	2,300
Outstanding claims	35,200	35,100	34,400

* estimated

NET INCOME

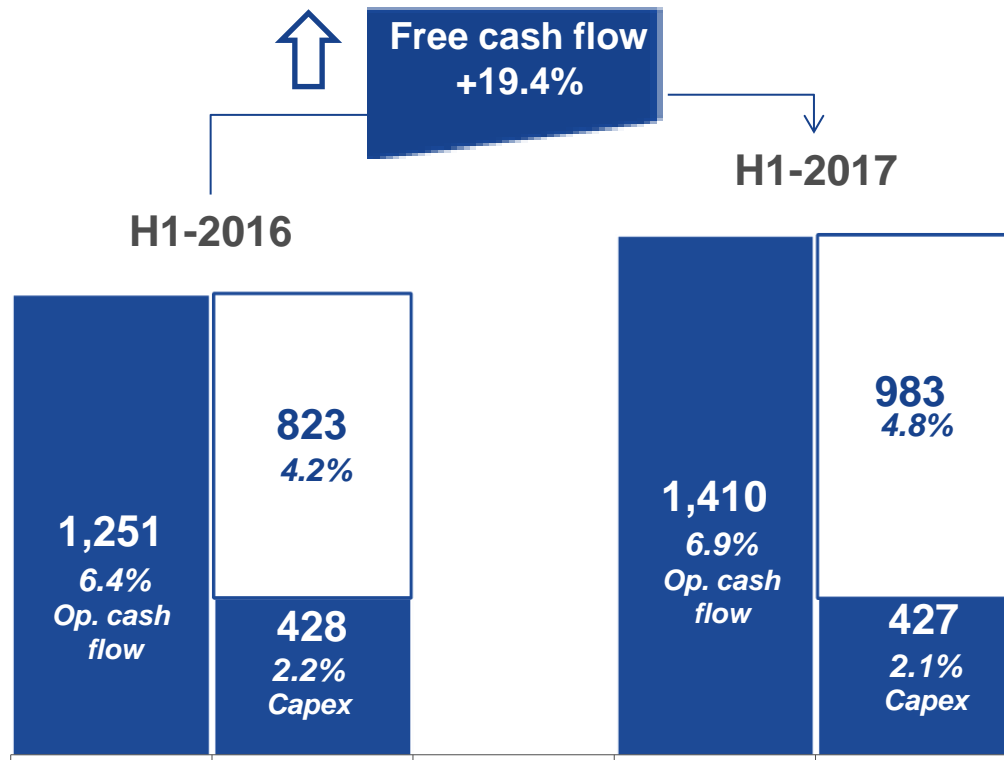
(€m)

	H1-2016	H1-2017	H1-2017/ H1-2016
Net financial expense	287	231	
<i>Average cost of gross debt (at June 30)</i>	<i>3.9%</i>	<i>2.7%</i>	
Income tax	261	297	
<i>Tax rate on recurring net income</i>	<i>30%</i>	<i>27%</i>	
Net attributable income	596	754	+26.5%
<i>EPS (€)</i>	<i>1.08</i>	<i>1.36</i>	+25.9%
Recurring net income	624	751	+20.4%
<i>Recurring EPS (€)</i>	<i>1.13</i>	<i>1.35</i>	+19.5%



CASH FLOW FROM OPERATIONS* AND CAPEX

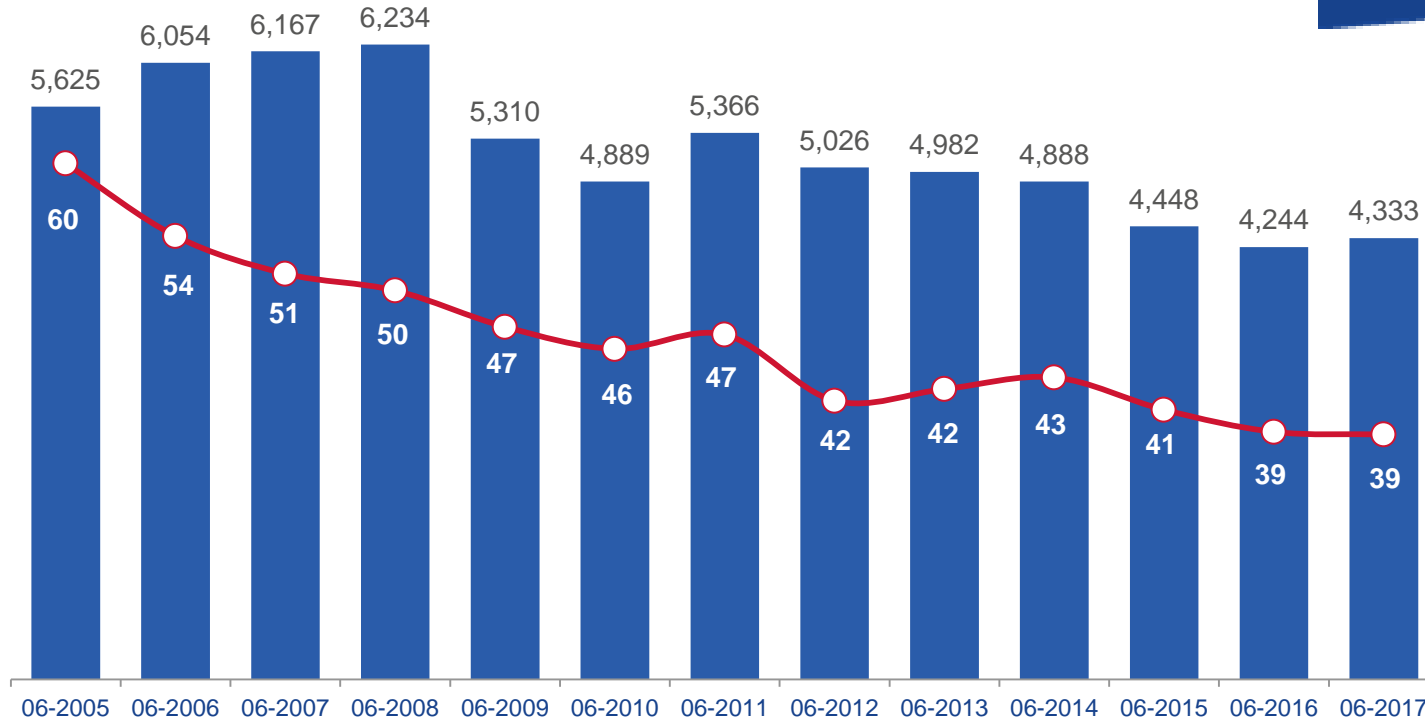
(€m and % of sales)



TIGHT REIN ON OPERATING WCR

(at June 30, €m and no. of days)

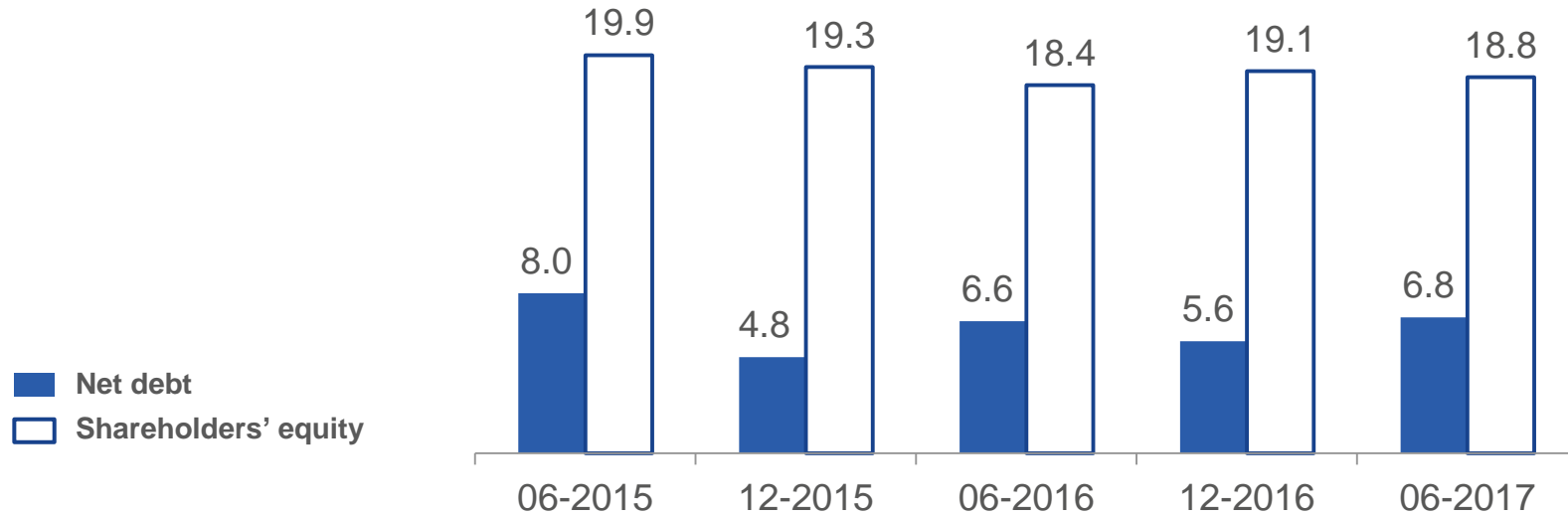
Stable in days vs
end-June 2016



Ongoing tight rein on operating WCR

NET DEBT AND SHAREHOLDERS' EQUITY

(€bn)

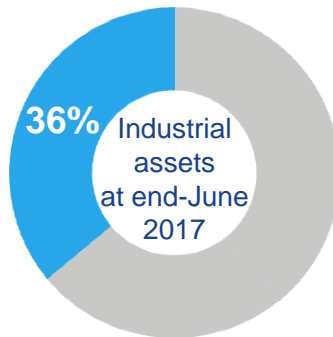
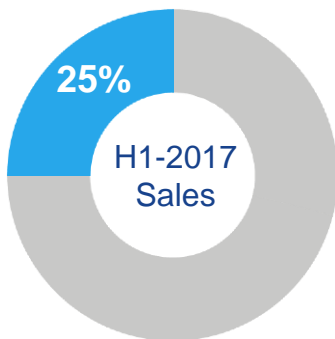


Net debt/shareholders' equity	40%	25%	36%	29%	36%
Net debt/EBITDA*	2.1	1.2	1.7	1.4	1.7

Persistently strong balance sheet

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

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Organic
growth

+4.1%

vol.

prices

+2.6%

+1.5%



Operating
income

€643m

margin

12.3%



Capex

€161m

H1-17 vs H1-16

FLAT GLASS

Organic
growth

+5.6%

vol.

prices

+2.7%

+2.9%



Operating
income

€284m

margin

9.9%

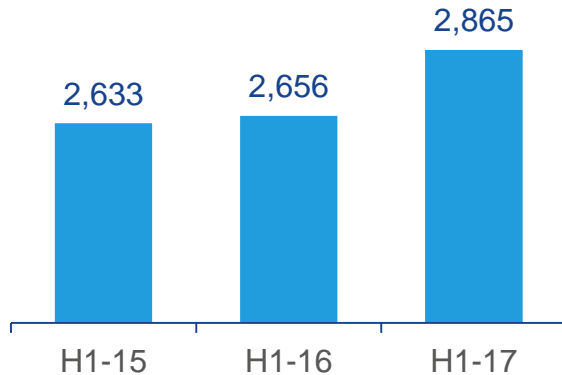


Capex

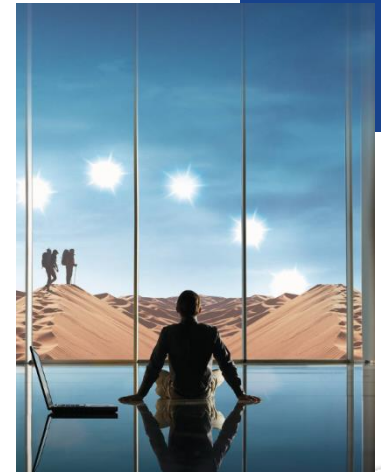
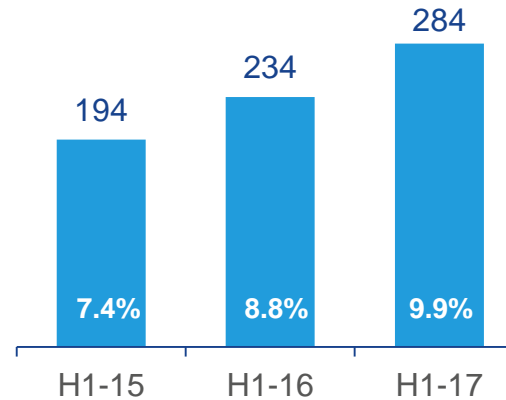
€102m

H1-17 vs H1-16

Sales (€m)



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



Organic growth

+2.5%

vol.

prices

+2.6%

-0.1%



Operating income

€359m

margin

15.0%

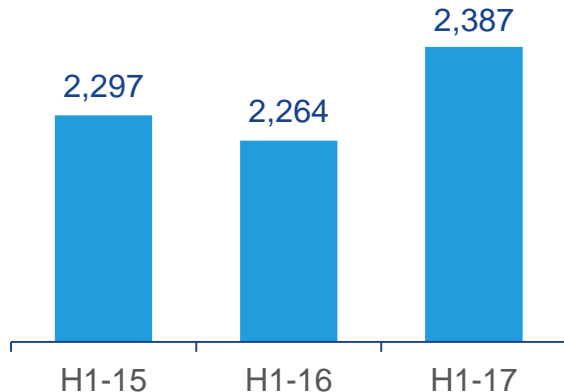


Capex

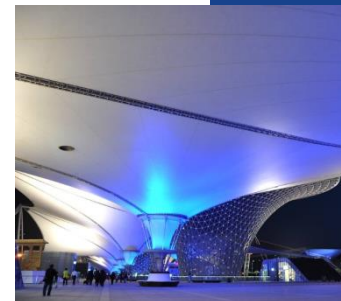
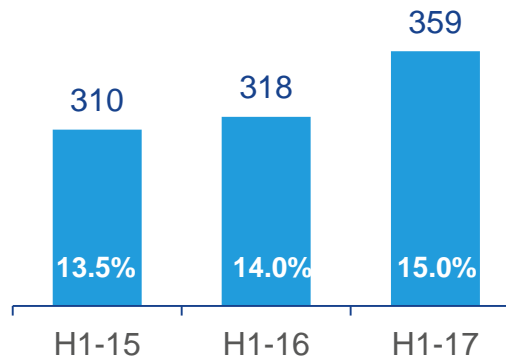
€59m

H1-17 vs H1-16

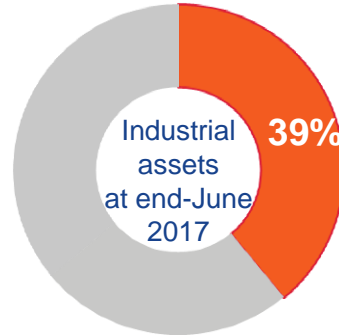
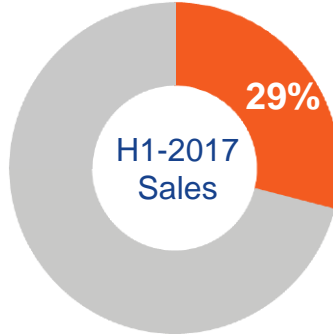
Sales (€m)



Operating income and margin (€m - %)



CONSTRUCTION PRODUCTS



Organic growth

+3.7%

vol. prices

+0.9%

+2.8%



Operating income

€586m

margin

9.3%



Capex

€157m

H1-17 vs H1-16

INTERIOR SOLUTIONS

Organic
growth

+4.1%

vol.

+1.3%

prices

+2.8%



Operating
income

€337m

margin

9.9%

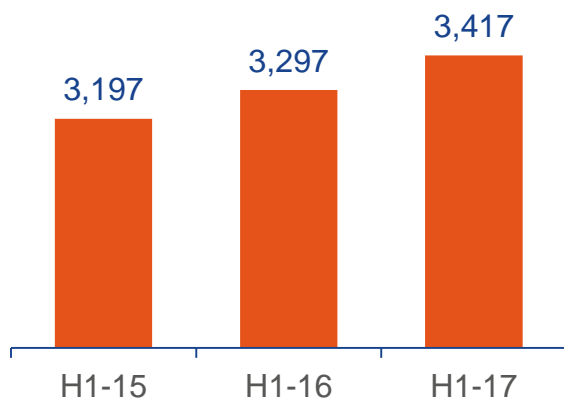


Capex

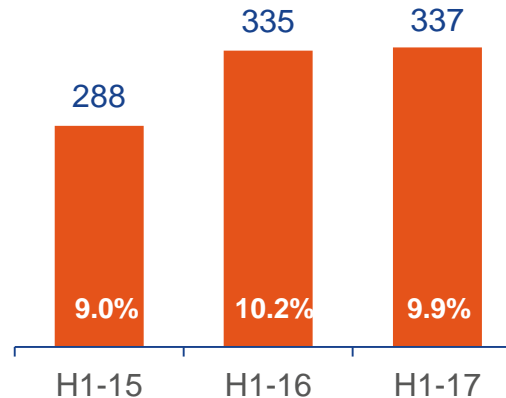
€99m

H1-17 vs H1-16

Sales (€m)



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



EXTERIOR SOLUTIONS

Organic
growth

+3.4%

vol.

prices

+0.6%

+2.8%



Operating
income

€249m

margin

8.4%

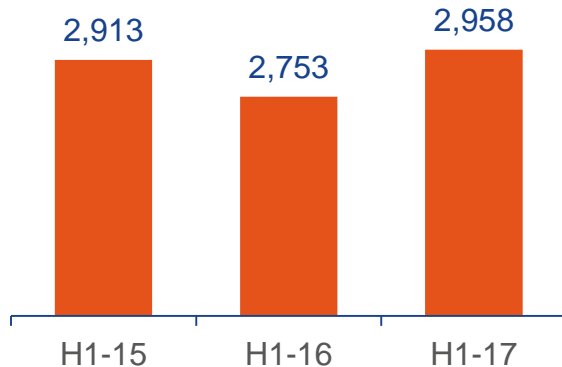


Capex

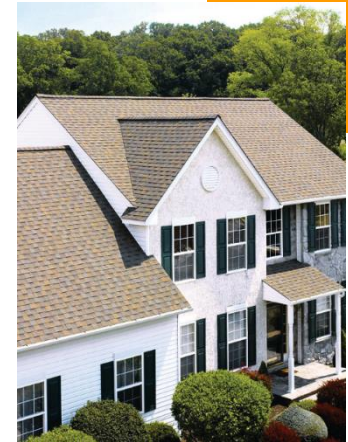
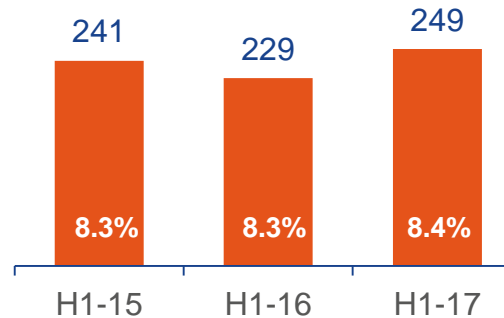
€58m

H1-17 vs H1-16

Sales (€m)



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



BUILDING DISTRIBUTION

Organic growth

+3.2%

vol.

prices

+1.9%

+1.3%



Operating income

€248m

margin

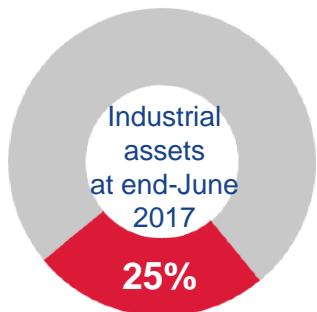
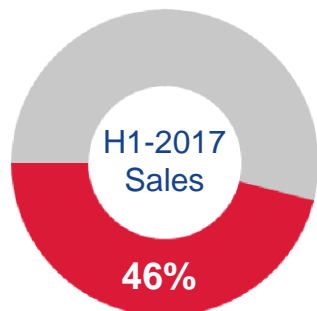
2.7%



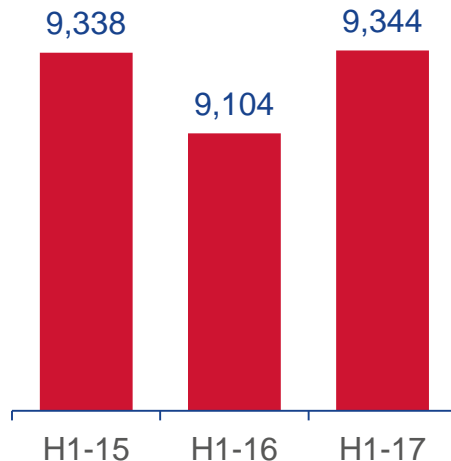
Capex

€92m

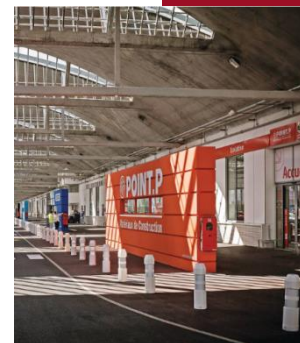
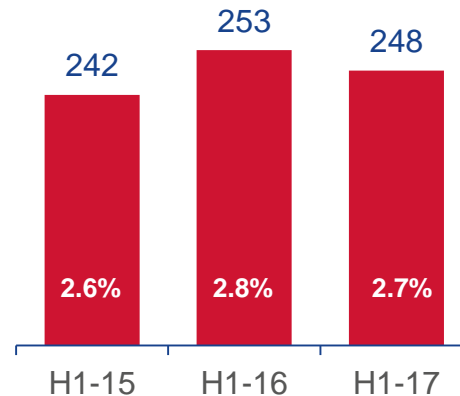
H1-17 vs H1-16



Sales (€m)



Operating income and margin (€m - %)



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SALES TRENDS BY REGION

(% change in H1-2017/H1-2016 like-for-like sales)

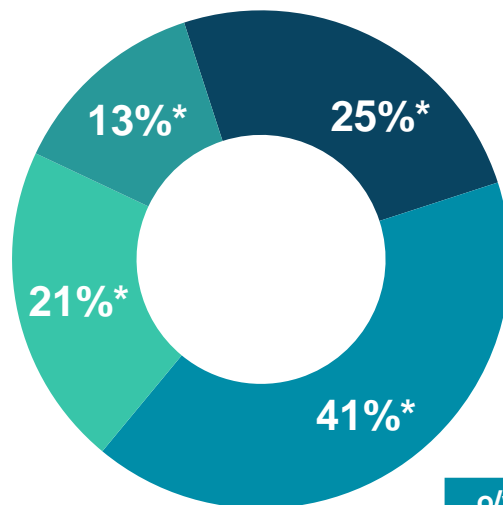
+3.5%
like-for-like

North America
+2.5%

France
+2.2%

Asia & emerging countries
+6.7%

Other Western Europe
+2.7%



o/w:

o/w:

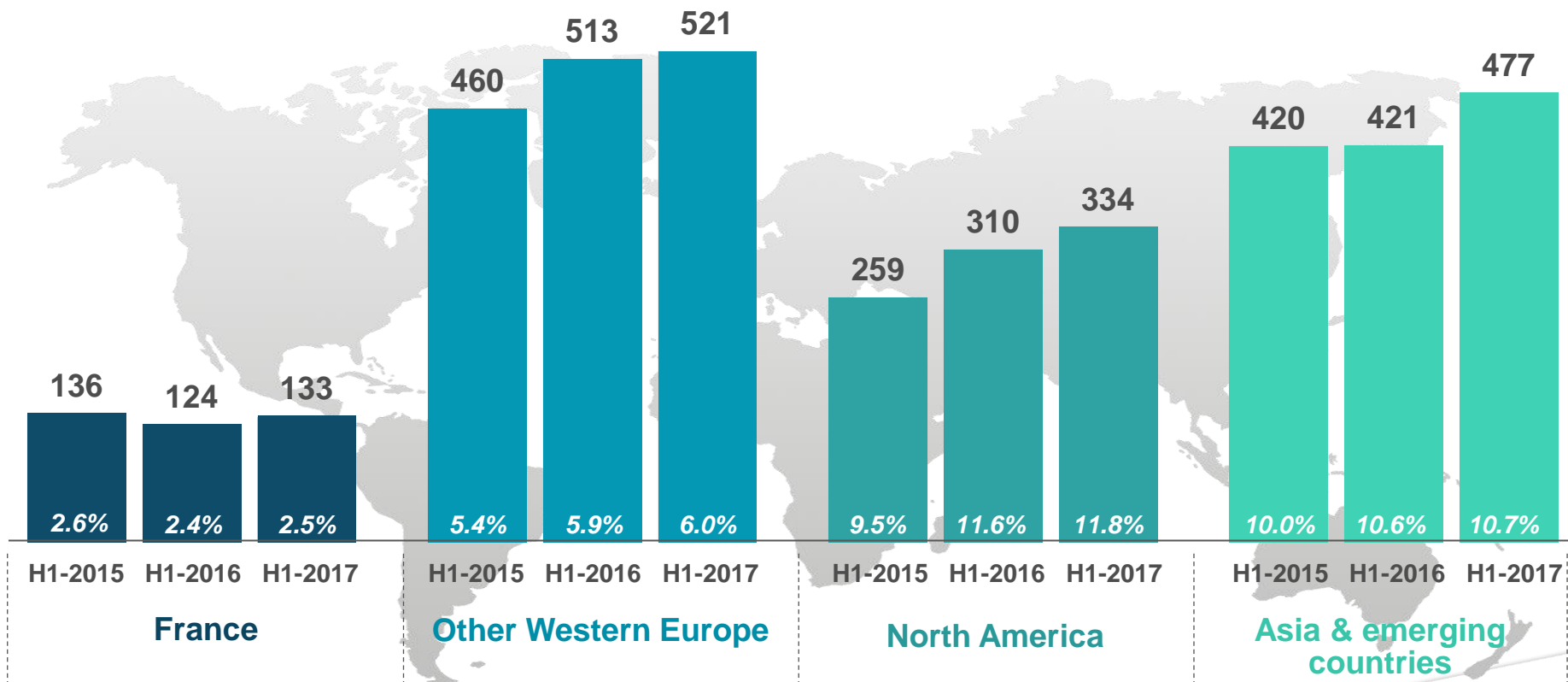
Asia (8%):	+7.6%
Latin America (6%):	+4.5%
Eastern Europe (5%):	+7.8%
Africa & Middle East (2%):	+10.8%

Scandinavia (12%):	+4.8%
UK (11%):	+4.0%
Germany (9%):	-1.1%
Southern Europe (4%):	+5.2%

* breakdown of H1-2017 sales

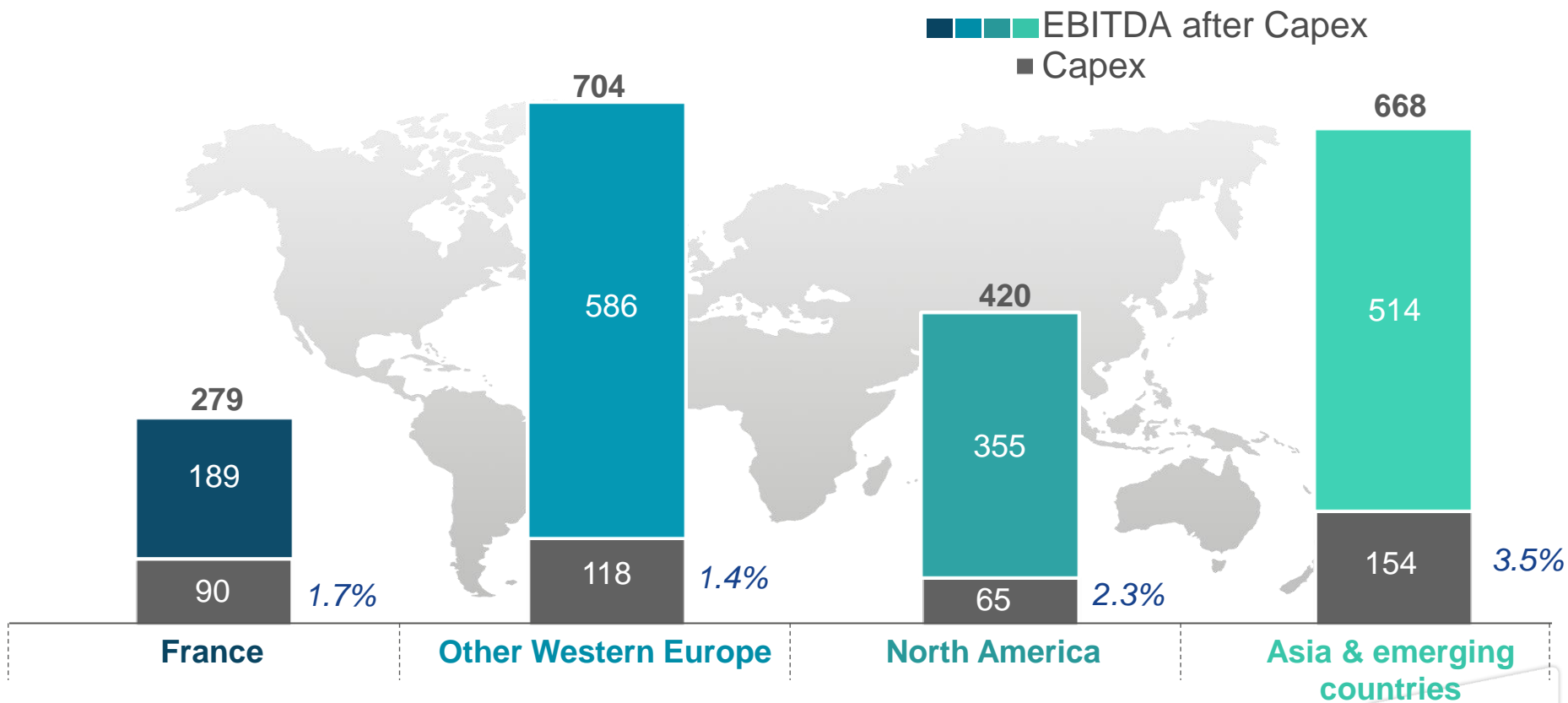
OPERATING INCOME BY REGION

(€m and % of sales)



EBITDA AND CAPEX BY REGION

(H1-2017, €m and % of sales)



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1. HIGHLIGHTS
 2. H1 2017 RESULTS
 3. **OUTLOOK AND ACTION PLAN FOR H2**

ECONOMIC CLIMATE

- Gradual improvement of construction markets in **France**
- Continued upbeat trends in other **Western European countries**, despite less visibility in the UK
- Positive market conditions in **North American** construction
- Further good organic growth in **Asia and emerging countries**, despite ongoing difficulties in Brazil

GROUP BUSINESSES

- **Innovative Materials:** further growth and improved profitability
- **Construction Products:** volume growth and continued focus on the price-cost spread
- **Building Distribution:** should benefit from volume growth in Western Europe

2017 PRIORITIES

- **Focus on sales prices** amid a stronger uptick in inflation
- **Additional cost savings of more than €270m over the year** (calculated on the 2016 cost base), including **€170m** in H1
- **Capital expenditure program of around €1,600m**, with a focus on growth capex outside Western Europe and also on productivity and digital transformation
- **Ongoing commitment to invest in R&D** to support our differentiated, high value-added strategy
- **Focus on high free cash flow generation**

Saint-Gobain confirms with confidence its 2017 objective of a like-for-like increase in operating income.

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H1 2017 RESULTS

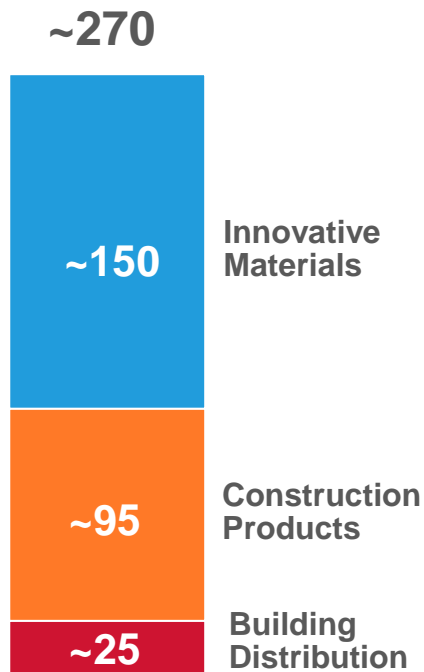
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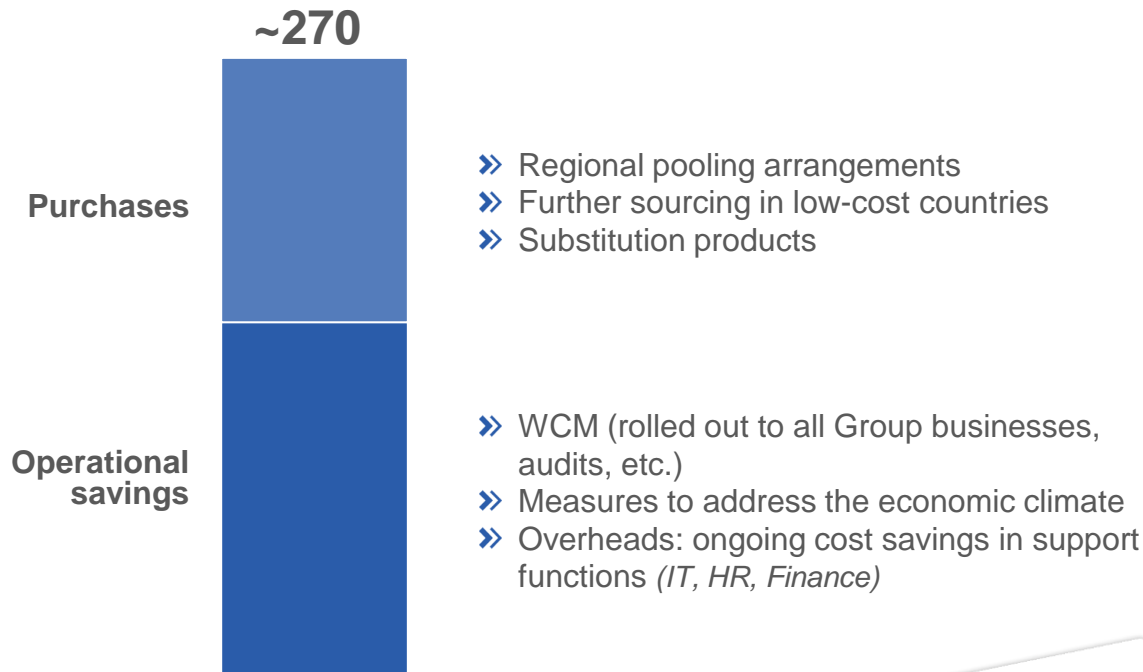
COST CUTTING PROGRAM

€270m in cost savings in 2016 *(calculated on the 2015 cost base)*

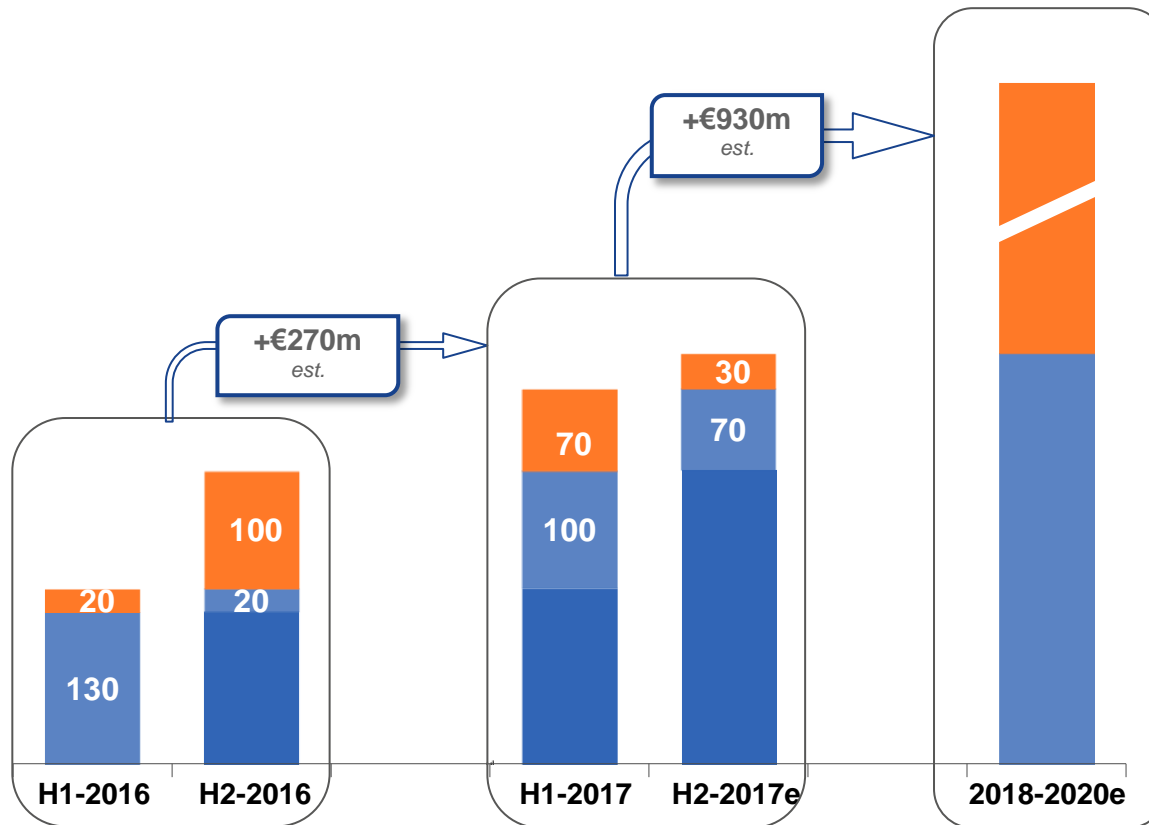
Breakdown by Business Sector



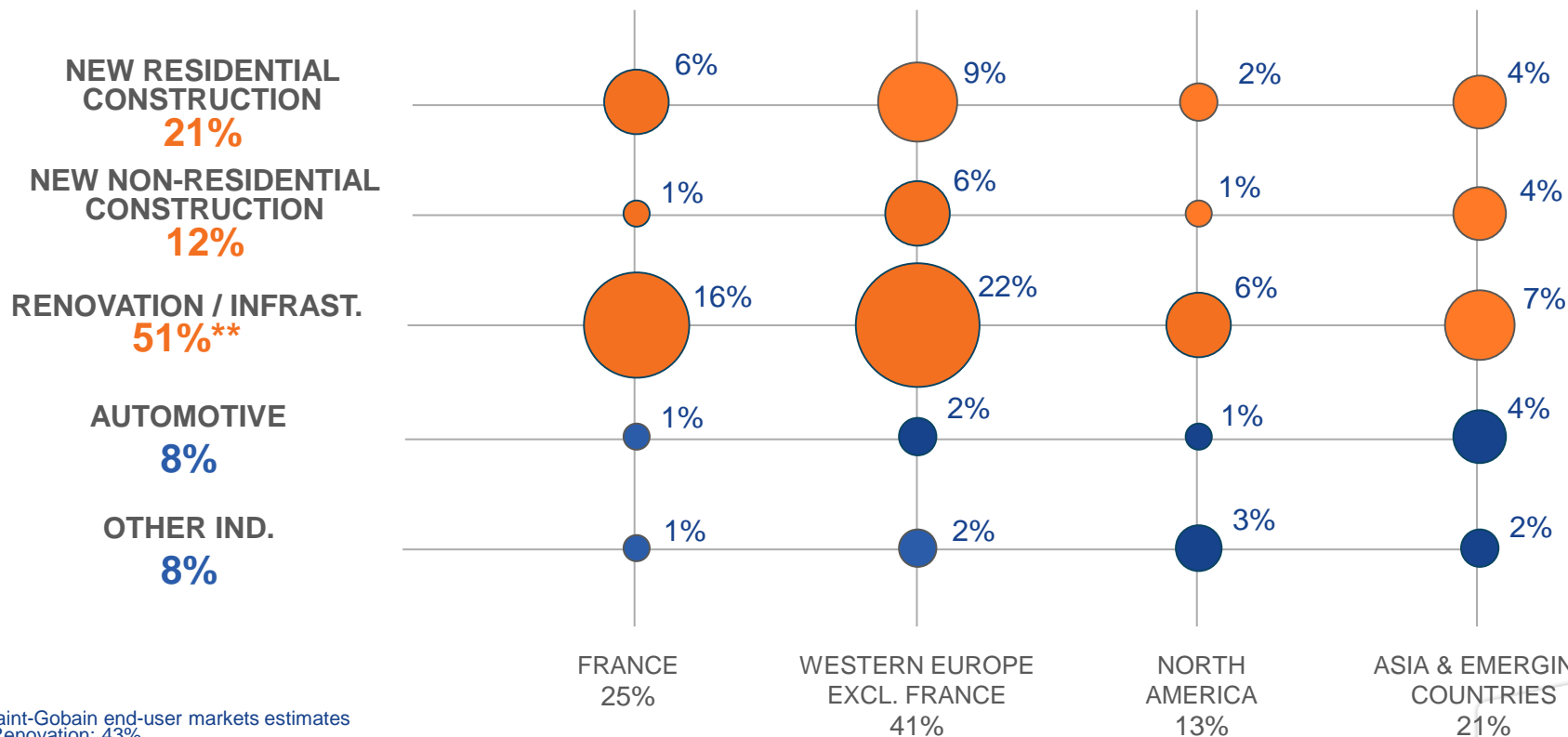
Breakdown by type



2016-2020 COST CUTTING PROGRAMS



ATTRACTIVE POSITIONING FOCUSED ON RESIDENTIAL CONSTRUCTION AND RENOVATION*



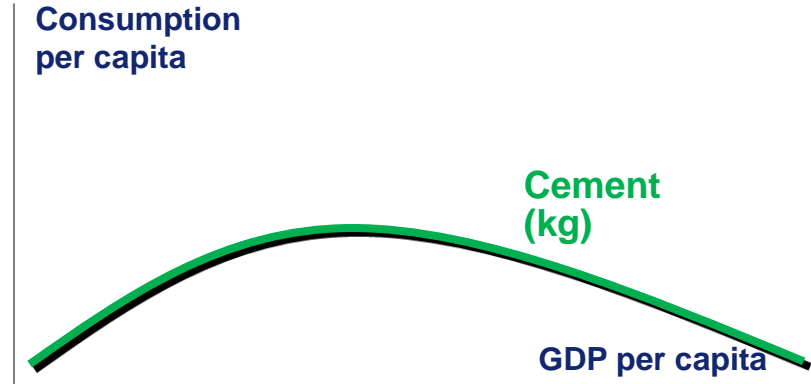
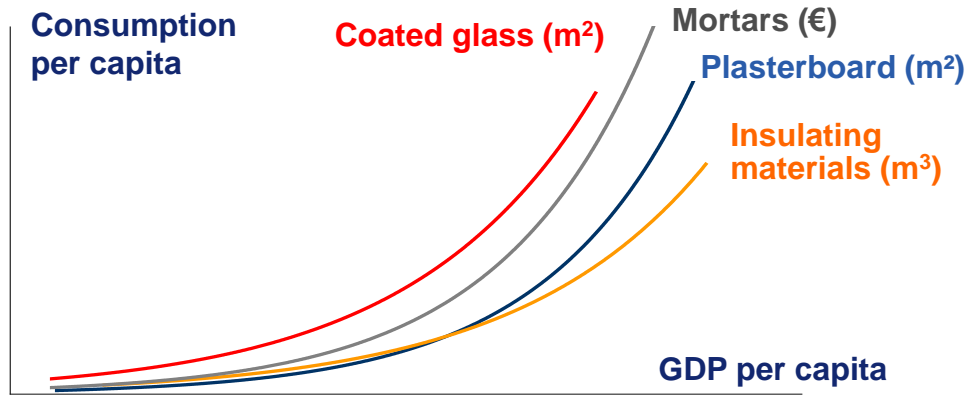
* Saint-Gobain end-user markets estimates

** Renovation: 43%
Infrastructure: 8%

UNIQUE, ATTRACTIVE POSITIONING GROWING MARKETS

- Technical solutions for tomorrow's homes

CONSUMPTION PER CAPITA BASED ON WEALTH



- Solutions promoting energy efficiency for buildings