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: +4.4%
Like-for-like: +3.5%

Operating income
€1,465m
Actual: +7.1%
Like-for-like: +6.6%
Operating margin: 7.2%, +20 bp

Recurring net income
€751m
Actual: +20.4%

Free cash flow
€983m
+19.4%

Net debt
€6,816m
1.7x EBITDA

Changes based on H1-17 vs H1-16
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.
ORGANIC GROWTH AT 3.5%

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
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)

<table>
<thead>
<tr>
<th>Period</th>
<th>Price</th>
<th>Volumes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1-2013</td>
<td>+5.6%</td>
<td>+6.8%</td>
</tr>
<tr>
<td>Q2-2013</td>
<td>+1.1%</td>
<td>+1.6%</td>
</tr>
<tr>
<td>Q3-2013</td>
<td>+1.3%</td>
<td>+0.5%</td>
</tr>
<tr>
<td>Q4-2013</td>
<td>+0.5%</td>
<td>-1.5%</td>
</tr>
<tr>
<td>Q1-2014</td>
<td>+6.8%</td>
<td>+0.0%</td>
</tr>
<tr>
<td>Q2-2014</td>
<td>+1.6%</td>
<td>+0.5%</td>
</tr>
<tr>
<td>Q3-2014</td>
<td>+1.3%</td>
<td>+2.1%*</td>
</tr>
<tr>
<td>Q4-2014</td>
<td>+0.3%</td>
<td>+2.3%</td>
</tr>
<tr>
<td>Q1-2015</td>
<td>+0.2%</td>
<td>+1.4%</td>
</tr>
<tr>
<td>Q2-2015</td>
<td>+0.2%</td>
<td>+0.2%</td>
</tr>
<tr>
<td>Q3-2015</td>
<td>+0.4%</td>
<td>+0.4%</td>
</tr>
<tr>
<td>Q4-2015</td>
<td>+0.0%</td>
<td>-0.5%</td>
</tr>
<tr>
<td>Q1-2016</td>
<td>+1.8%</td>
<td>+3.8%</td>
</tr>
<tr>
<td>Q2-2016</td>
<td>+2.1%</td>
<td>+4.5%</td>
</tr>
<tr>
<td>Q3-2016</td>
<td>+1.6%</td>
<td>+2.6%</td>
</tr>
<tr>
<td>Q4-2016</td>
<td>+1.8%</td>
<td>-1.2%</td>
</tr>
<tr>
<td>Q1-2017</td>
<td>+7.6%</td>
<td>+6.0%</td>
</tr>
<tr>
<td>Q2-2017</td>
<td>+1.6%</td>
<td>+2.0%</td>
</tr>
<tr>
<td>Q3-2017</td>
<td>+1.3%</td>
<td>-0.1%</td>
</tr>
<tr>
<td>Q4-2017</td>
<td>+6.0%</td>
<td>+1.6%</td>
</tr>
<tr>
<td>Q1-2018</td>
<td>+7.6%</td>
<td>+6.0%</td>
</tr>
</tbody>
</table>

*excl. Verallia as from Q2-2015
OPERATING INCOME
(€m and % of sales)

+6.6%
like-for-like

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

1,275
1,368
1,465

6.4%
7.0%
7.2%

H1-2015
H1-2016
H1-2017
## BUSINESS INCOME

(€m)

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

#### 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)*

<table>
<thead>
<tr>
<th></th>
<th>H1-2016</th>
<th>FY-2016</th>
<th>H1-2017*</th>
</tr>
</thead>
<tbody>
<tr>
<td>New claims</td>
<td>1,700</td>
<td>3,200</td>
<td>1,600</td>
</tr>
<tr>
<td>Settled claims</td>
<td>2,100</td>
<td>3,700</td>
<td>2,300</td>
</tr>
<tr>
<td>Outstanding claims</td>
<td>35,200</td>
<td>35,100</td>
<td>34,400</td>
</tr>
</tbody>
</table>

*estimated
### NET INCOME (€m)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net financial expense</strong></td>
<td>287</td>
<td>231</td>
<td></td>
</tr>
<tr>
<td><strong>Average cost of gross debt (at June 30)</strong></td>
<td>3.9%</td>
<td>2.7%</td>
<td></td>
</tr>
<tr>
<td><strong>Income tax</strong></td>
<td>261</td>
<td>297</td>
<td></td>
</tr>
<tr>
<td><strong>Tax rate on recurring net income</strong></td>
<td>30%</td>
<td>27%</td>
<td></td>
</tr>
<tr>
<td><strong>Net attributable income</strong></td>
<td>596</td>
<td>754</td>
<td>+26.5%</td>
</tr>
<tr>
<td><strong>EPS (€)</strong></td>
<td>1.08</td>
<td>1.36</td>
<td>+25.9%</td>
</tr>
<tr>
<td><strong>Recurring net income</strong></td>
<td>624</td>
<td>751</td>
<td>+20.4%</td>
</tr>
<tr>
<td><strong>Recurring EPS (€)</strong></td>
<td>1.13</td>
<td>1.35</td>
<td>+19.5%</td>
</tr>
</tbody>
</table>
CASH FLOW FROM OPERATIONS * AND CAPEX
(€m and % of sales)

**Free cash flow +19.4%**

<table>
<thead>
<tr>
<th></th>
<th>H1-2016</th>
<th></th>
<th>H1-2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1,251</strong></td>
<td>428</td>
<td><strong>1,410</strong></td>
<td>427</td>
</tr>
<tr>
<td><strong>6.4%</strong> Op. cash flow</td>
<td>2.2% Capex</td>
<td><strong>6.9%</strong> Op. cash flow</td>
<td>2.1% Capex</td>
</tr>
<tr>
<td><strong>823</strong></td>
<td></td>
<td><strong>983</strong></td>
<td></td>
</tr>
<tr>
<td><strong>4.2%</strong></td>
<td></td>
<td><strong>4.8%</strong></td>
<td></td>
</tr>
</tbody>
</table>

* excluding the tax impact of capital gains and losses on disposals, asset write-downs and material non-recurring provisions
TIGHT REIN ON OPERATING WCR
(at June 30, €m and no. of days)

Ongoing tight rein on operating WCR

Stable in days vs end-June 2016
NET DEBT AND SHAREHOLDERS’ EQUITY

(€bn)

<table>
<thead>
<tr>
<th>Year</th>
<th>Net debt (€bn)</th>
<th>Shareholders’ equity (€bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>06-2015</td>
<td>8.0</td>
<td>19.9</td>
</tr>
<tr>
<td>12-2015</td>
<td>4.8</td>
<td>19.3</td>
</tr>
<tr>
<td>06-2016</td>
<td>6.6</td>
<td>18.4</td>
</tr>
<tr>
<td>12-2016</td>
<td>5.6</td>
<td>19.1</td>
</tr>
<tr>
<td>06-2017</td>
<td>6.8</td>
<td>18.8</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Net debt/shareholders’ equity</th>
<th>Net debt/EBITDA*</th>
</tr>
</thead>
<tbody>
<tr>
<td>06-2015</td>
<td>40%</td>
<td>2.1</td>
</tr>
<tr>
<td>12-2015</td>
<td>25%</td>
<td>1.2</td>
</tr>
<tr>
<td>06-2016</td>
<td>36%</td>
<td>1.7</td>
</tr>
<tr>
<td>12-2016</td>
<td>29%</td>
<td>1.4</td>
</tr>
<tr>
<td>06-2017</td>
<td>36%</td>
<td>1.7</td>
</tr>
</tbody>
</table>

Persistently strong balance sheet

*EBITDA = operating income + operating depreciation and amortization over a 12-month period
1. HIGHLIGHTS
2. H1 2017 RESULTS
   1. GROUP
   2. BUSINESSES
   3. REGIONS
3. OUTLOOK AND ACTION PLAN FOR H2
INNOVATIVE MATERIALS

- Organic growth: 25% H1-2017 Sales
- Industrial assets at end-June 2017: 36%

**Organic growth**
- Vol: +2.6%
- Prices: +1.5%

**Operating income**
- Margin: 12.3%
- Capex: €643m

**Capex**
- €161m

H1-17 vs H1-16
Organic growth

- +5.6% (vol.)
- +2.7% (prices)

Operating income

- €284m
- 9.9% margin

Capex

- €102m

Sales (€m)

- H1-15: 2,633
- H1-16: 2,656
- H1-17: 2,865

Operating income and margin (€m - %)

- H1-15: 194, 7.4%
- H1-16: 234, 8.8%
- H1-17: 284, 9.9%

H1-17 vs H1-16
Organic growth

+2.5%

Capex

€59m

Operating income

€359m

15.0%

Sales (€m)

2,297
2,264
2,387

H1-15
H1-16
H1-17

Operating income and margin (€m - %)

310
318
359

H1-15
H1-16
H1-17

13.5%
14.0%
15.0%
CONSTRUCTION PRODUCTS

Organic growth:
- +3.7% (vol.
- +0.9%)
- +2.8% (prices)

Operating income:
- €586m (margin 9.3%)

Capex:
- €157m

H1-17 vs H1-16
Organic growth
+4.1%
vol.
+1.3%
prices
+2.8%

Operating income
€337m
margin 9.9%

Capex
€99m

Sales (€m)

<table>
<thead>
<tr>
<th>H1-15</th>
<th>H1-16</th>
<th>H1-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>3,197</td>
<td>3,297</td>
<td>3,417</td>
</tr>
</tbody>
</table>

Operating income and margin (€m - %)

<table>
<thead>
<tr>
<th>H1-15</th>
<th>H1-16</th>
<th>H1-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>288</td>
<td>335</td>
<td>337</td>
</tr>
<tr>
<td>9.0%</td>
<td>10.2%</td>
<td>9.9%</td>
</tr>
</tbody>
</table>

H1-17 vs H1-16
**EXTERIOR SOLUTIONS**

**Organic growth**
- Vol.: +0.6%
- Prices: +2.8%

**Operating income**
- €249m
- Margin: 8.4%

**Capex**
- €58m

**Sales (€m)**
- H1-15: 2,913
- H1-16: 2,753
- H1-17: 2,958

**Operating income and margin (€m - %)**
- H1-15: 241, 8.3%
- H1-16: 229, 8.3%
- H1-17: 249, 8.4%

H1-17 vs H1-16
Organic growth

+3.2% (vol.)
+1.9% (prices)

Operating income

€248m
2.7% (margin)

Capex

€92m

Sales (€m)

<table>
<thead>
<tr>
<th></th>
<th>H1-15</th>
<th>H1-16</th>
<th>H1-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>9,338</td>
<td>9,104</td>
<td>9,344</td>
</tr>
</tbody>
</table>

Operating income and margin (€m - %)

<table>
<thead>
<tr>
<th></th>
<th>H1-15</th>
<th>H1-16</th>
<th>H1-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Margin</td>
<td>2.6%</td>
<td>2.8%</td>
<td>2.7%</td>
</tr>
</tbody>
</table>

Industrial assets at end-June 2017

46% (H1-2017 sales)

25% (Industrial assets at end-June 2017)

H1-17 vs H1-16
1. HIGHLIGHTS
2. H1 2017 RESULTS
   1. GROUP
   2. BUSINESSES
   3. REGIONS
3. OUTLOOK AND ACTION PLAN FOR H2
SALES TRENDS BY REGION
(% change in H1-2017/H1-2016 like-for-like sales)

North America
+2.5%

Asia & emerging countries
+6.7%

France
+2.2%

Other Western Europe
+2.7%

o/w:

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

o/w:

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)

<table>
<thead>
<tr>
<th>Region</th>
<th>H1-2015</th>
<th>H1-2016</th>
<th>H1-2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>136</td>
<td>124</td>
<td>133</td>
</tr>
<tr>
<td>Other Western Europe</td>
<td>460</td>
<td>513</td>
<td>521</td>
</tr>
<tr>
<td>North America</td>
<td>259</td>
<td>310</td>
<td>334</td>
</tr>
<tr>
<td>Asia &amp; emerging</td>
<td>420</td>
<td>421</td>
<td>477</td>
</tr>
</tbody>
</table>

H1-2015 - H1-2017

- France: 2.6% to 2.5%
- Other Western Europe: 5.4% to 6.0%
- North America: 9.5% to 11.8%
- Asia & emerging countries: 10.0% to 10.7%
EBITDA AND CAPEX BY REGION
(H1-2017, €m and % of sales)

<table>
<thead>
<tr>
<th>Region</th>
<th>EBITDA after Capex</th>
<th>Capex</th>
<th>France</th>
<th>Other Western Europe</th>
<th>North America</th>
<th>Asia &amp; emerging countries</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€m</td>
<td>%</td>
<td>€m</td>
<td>€m</td>
<td>€m</td>
<td>€m</td>
</tr>
<tr>
<td></td>
<td>279</td>
<td>1.7%</td>
<td>189</td>
<td>586</td>
<td>420</td>
<td>514</td>
</tr>
<tr>
<td></td>
<td>90</td>
<td></td>
<td>118</td>
<td>1.4%</td>
<td>65</td>
<td>154</td>
</tr>
<tr>
<td></td>
<td>154</td>
<td>3.5%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
1. HIGHLIGHTS
2. H1 2017 RESULTS
3. OUTLOOK AND ACTION PLAN FOR H2
2017 OUTLOOK

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.
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.
COST CUTTING PROGRAM

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

Breakdown by Business Sector

~270

- Innovative Materials ~150
- Construction Products ~95
- Building Distribution ~25

Breakdown by type

~270

- Purchases
- Operational savings
  - Regional pooling arrangements
  - Further sourcing in low-cost countries
  - Substitution products
  - WCM (rolled out to all Group businesses, audits, etc.)
  - Measures to address the economic climate
  - Overheads: ongoing cost savings in support functions (IT, HR, Finance)
2016-2020 COST CUTTING PROGRAMS

+€270m est.

+€930m est.

H1-2016  H2-2016
20 100
130 20

H1-2017  H2-2017e
70 100
30 70

2018-2020e

COST CUTTING PROGRAMS
ATTRACTIVE POSITIONING FOCUSED ON RESIDENTIAL CONSTRUCTION AND RENOVATION*

NEW RESIDENTIAL CONSTRUCTION 21%
NEW NON-RESIDENTIAL CONSTRUCTION 12%
RENOVATION / INFRAST. 51%**
AUTOMOTIVE 8%
OTHER IND. 8%

FRANCE 25%
WESTERN EUROPE EXCL. FRANCE 41%
NORTH AMERICA 13%
ASIA & EMERGING COUNTRIES 21%

*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