



Recent Results and Outlook

April 2018



- 
- A modern office interior featuring curved balconies with glass railings and large windows on the left side. The space is bright and airy, with a white ceiling and walls. The balconies are illuminated with warm lights. The overall design is clean and professional.
- 1. FIRST-QUARTER 2018 SALES**
 2. 2017 RESULTS
 3. STRATEGY
 4. OUTLOOK



WESTERN EUROPE

- » France improved excluding the calendar impact despite the harsh weather conditions, led by new-builds and renovation
- » In all other main countries: negative calendar impact and harsh weather conditions, but underlying trends remain well-oriented, with the exception of the UK



NORTH AMERICA

- » Construction markets continued to trend well
- » Ongoing good momentum in industrial markets



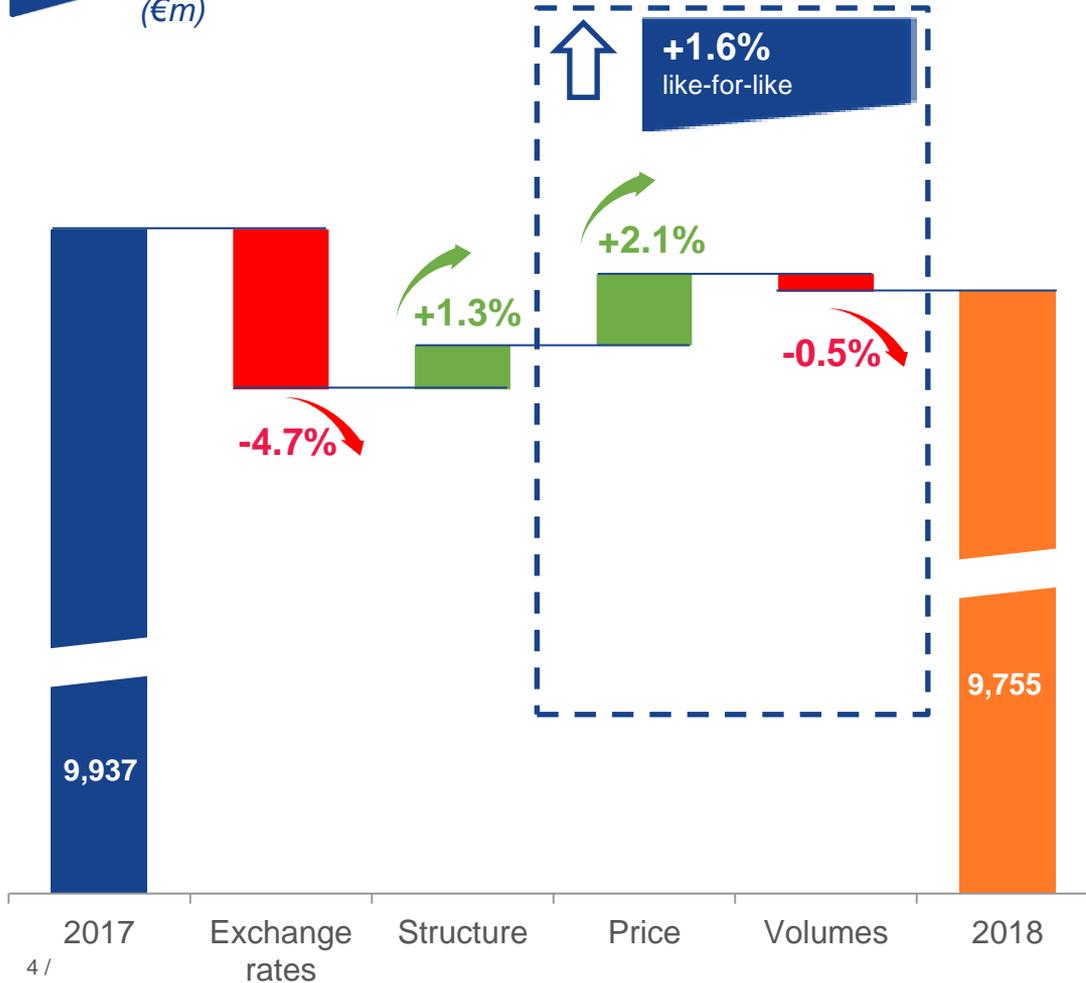
ASIA & EMERGING COUNTRIES

- » Robust growth in all regions, including Brazil which improved overall

FIRST-QUARTER SALES

(€m)

Group -1.8%
on an actual basis



- Depreciation of the **US dollar** and certain **Asian and emerging country currencies**
- Impact of **acquisitions**
- Continued **increase in prices: +2.1%**, against a higher comparison basis
- **Volumes declined 0.5%**, hit by a negative calendar impact of around 2% and by harsh weather conditions, especially in Europe

QUARTERLY ORGANIC GROWTH

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

Price



Volumes



H1/H1: +4.1%

H2/H2: +6.0%*



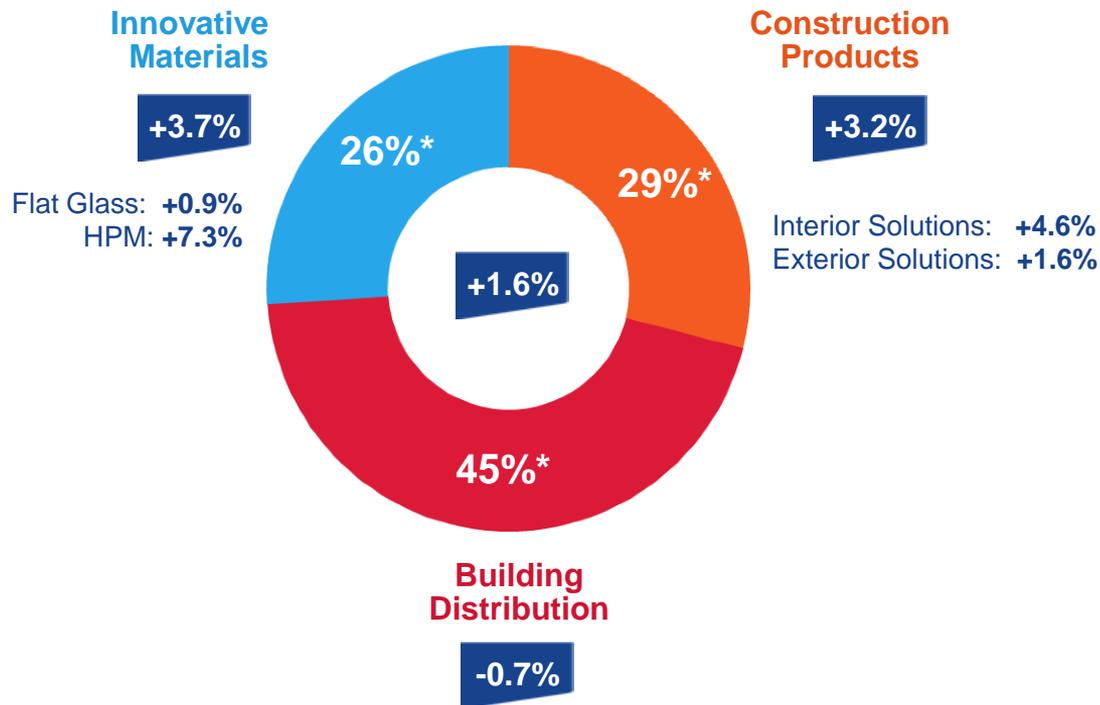
*excl. Verallia as from Q2-2015

Q1-14/ Q1-13 Q2-14/ Q2-13 Q3-14/ Q3-13 Q4-14/ Q4-13 Q1-15/ Q1-14 Q2-15/ Q2-14 Q3-15/ Q3-14 Q4-15/ Q4-14 Q1-16/ Q1-15 Q2-16/ Q2-15 Q3-16/ Q3-15 Q4-16/ Q4-15 Q1-17/ Q1-16 Q2-17/ Q2-16 Q3-17/ Q3-16 Q4-17/ Q4-16 Q1-18/ Q1-17

NET SALES BY BUSINESS SECTOR, at end of March

(% change in 2018/2017 like-for-like sales)

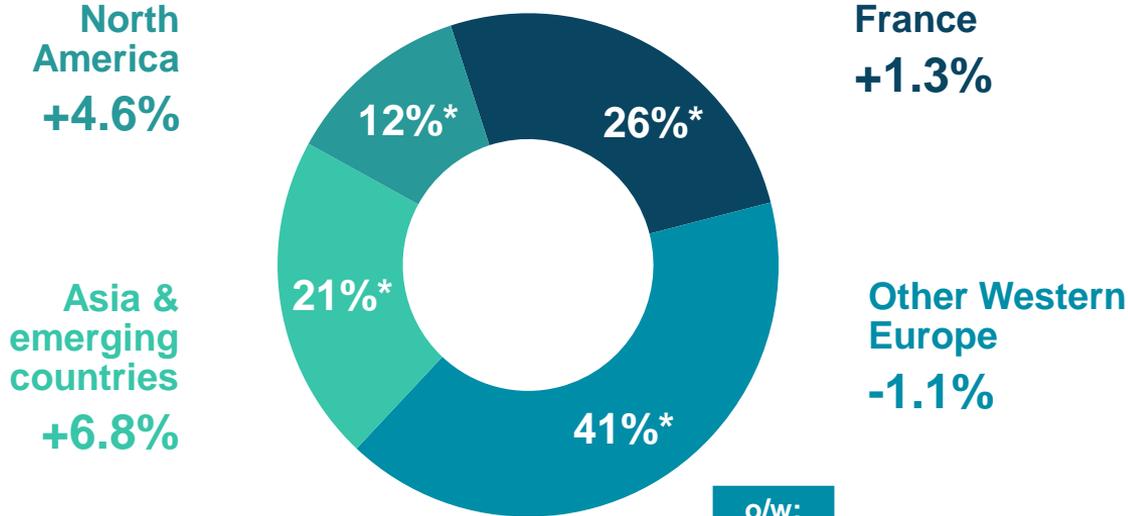
+1.6%
like-for-like



NET SALES BY REGION, at end of March

(% change in 2018/2017 like-for-like sales)

+1.6%
like-for-like



o/w:

Asia (8%):	+5.6%
Latin America (6%):	+7.8%
Eastern Europe (5%):	+3.9%
Africa & Middle-East (2%):	+20.6%

o/w:

Nordics (12%):	-2.1%
UK (10%):	-2.9%
Germany (8%):	-3.4%
Southern Europe (5%):	+5.6%

- 
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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

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 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



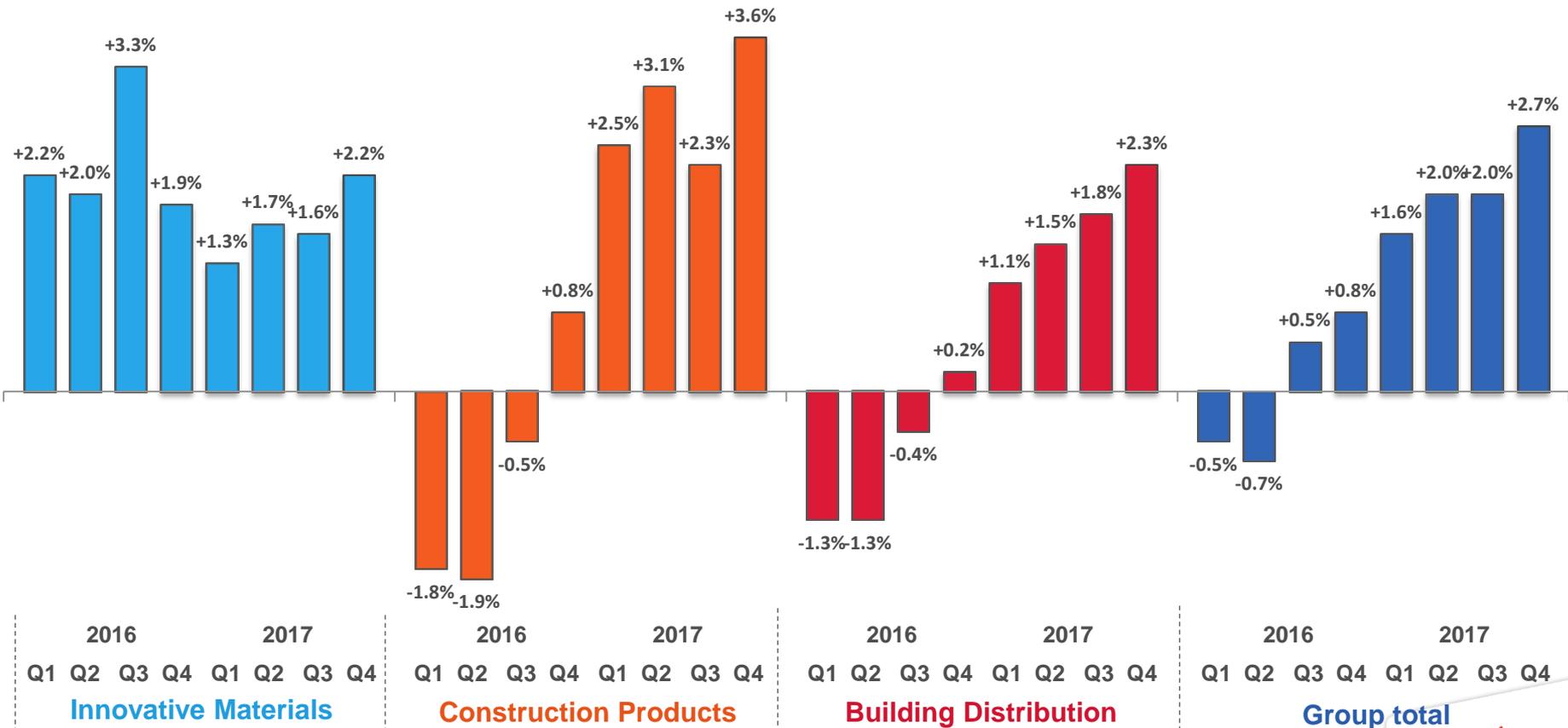
ASIA AND EMERGING COUNTRIES

- » **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

2016-2017 QUARTERLY PRICE EVOLUTION BY BUSINESS SECTOR

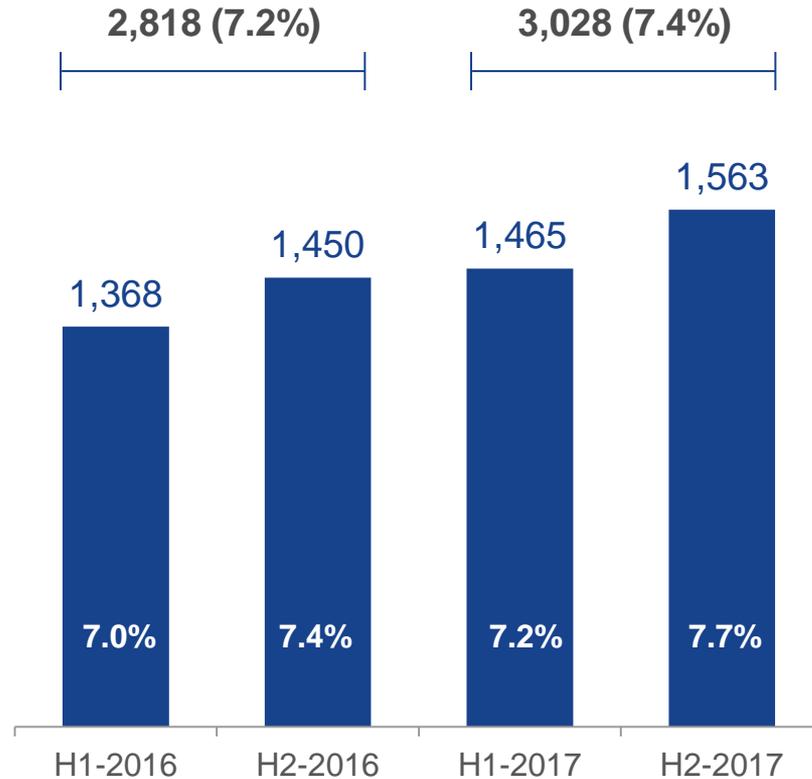


OPERATING INCOME

(€m and % of sales)

2017/2016

+9.6%
like-for-like

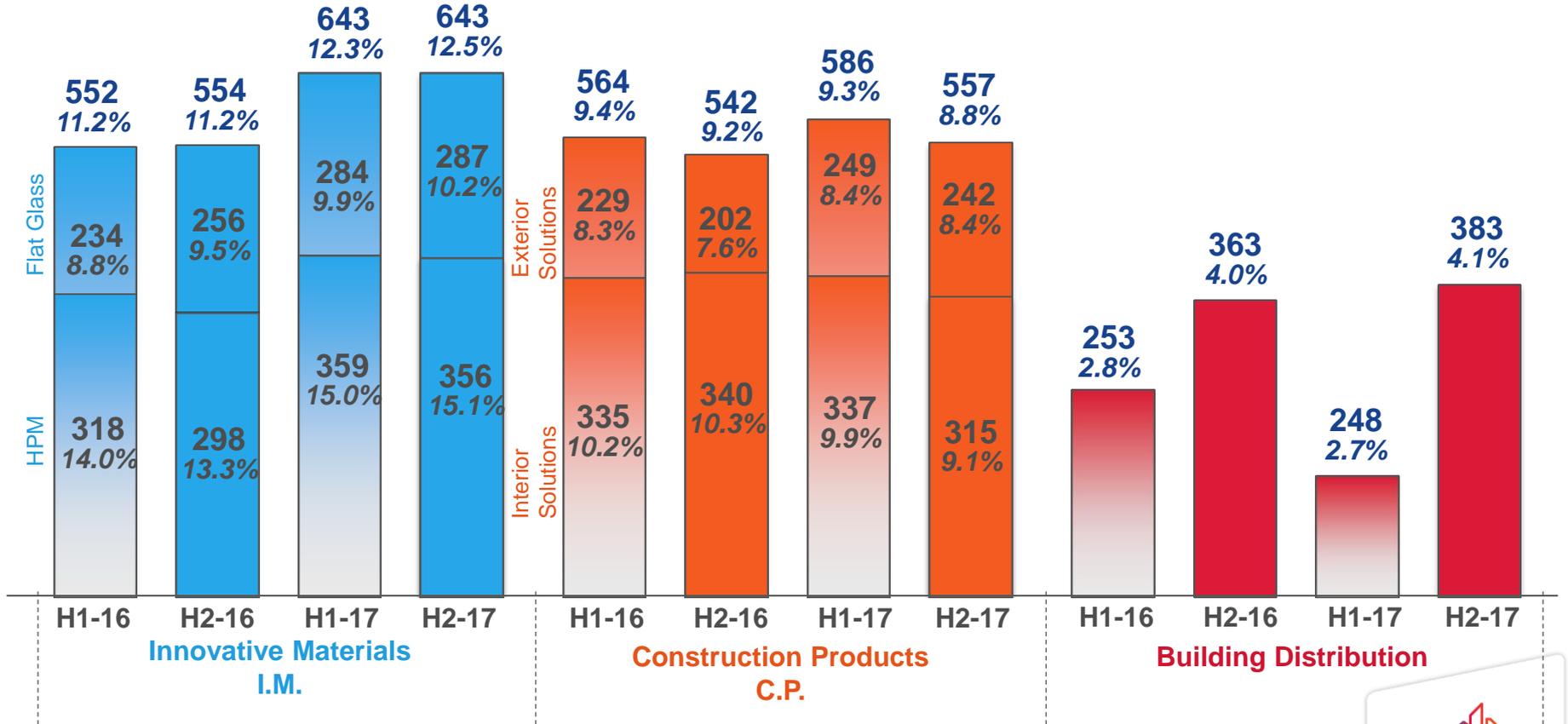


- Operating income up 7.5% on an actual basis
- Improved Group margin at 7.4%



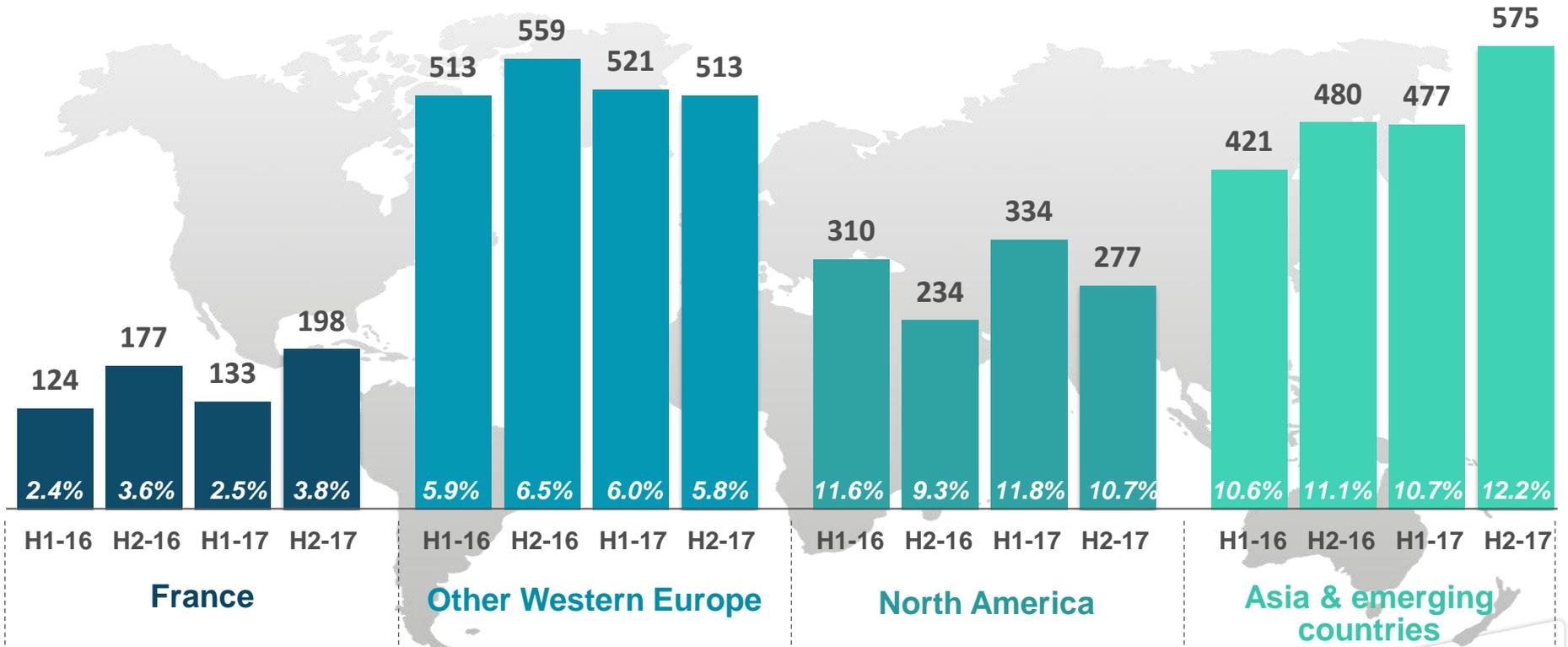
OPERATING INCOME BY BUSINESS SECTOR AND DIVISION

(€m and % of sales)



OPERATING INCOME BY REGION

(€m and % of sales)



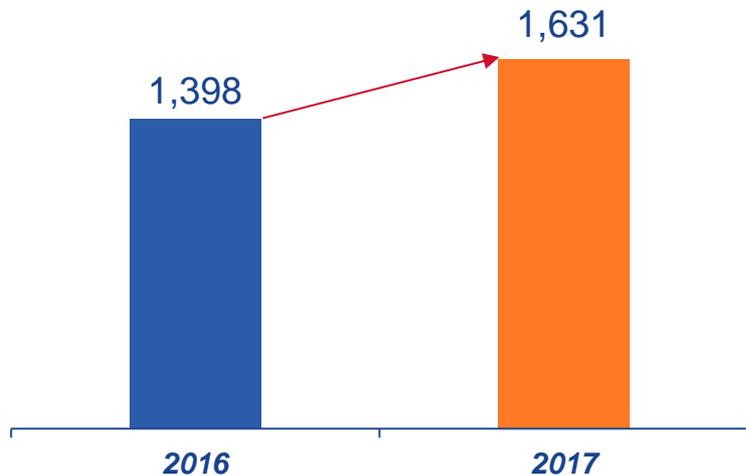
INCOME STATEMENT

(€m)

	2016	2017	2017/ 2016
Operating income	2,818	3,028	+7.5%
Non-operating costs	(312)	(337)	
<i>o/w provision for asbestos-related litigation</i>	<i>(90)</i>	<i>(90)</i>	
Other operating expenses	(202)	(180)	
Business income	2,304	2,511	+9.0%
Net financial expense	(541)	(448)	
<i>Average cost of gross debt</i>	<i>3.4%</i>	<i>2.8%</i>	
Income tax	(416)	(438)	
<i>Tax rate on recurring net income</i>	<i>27%</i>	<i>25%</i>	
Net attributable income	1,311	1,566	+19.5%
<i>EPS (€)</i>	<i>2.36</i>	<i>2.84</i>	<i>+20.3%</i>
Recurring net income	1,398	1,631	+16.7%
<i>Recurring EPS (€)</i>	<i>2.53</i>	<i>2.96</i>	<i>+17.0%</i>

RECURRING NET INCOME (€m)

2017/2016: +16.7%

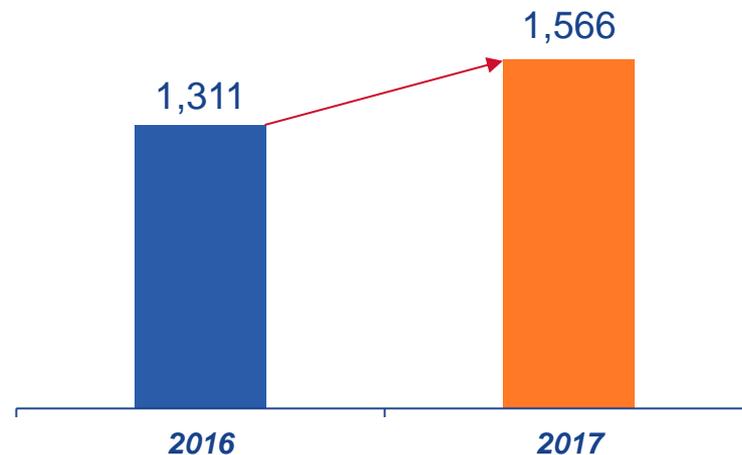


Recurring EPS: €2.96 (+17.0%)

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%

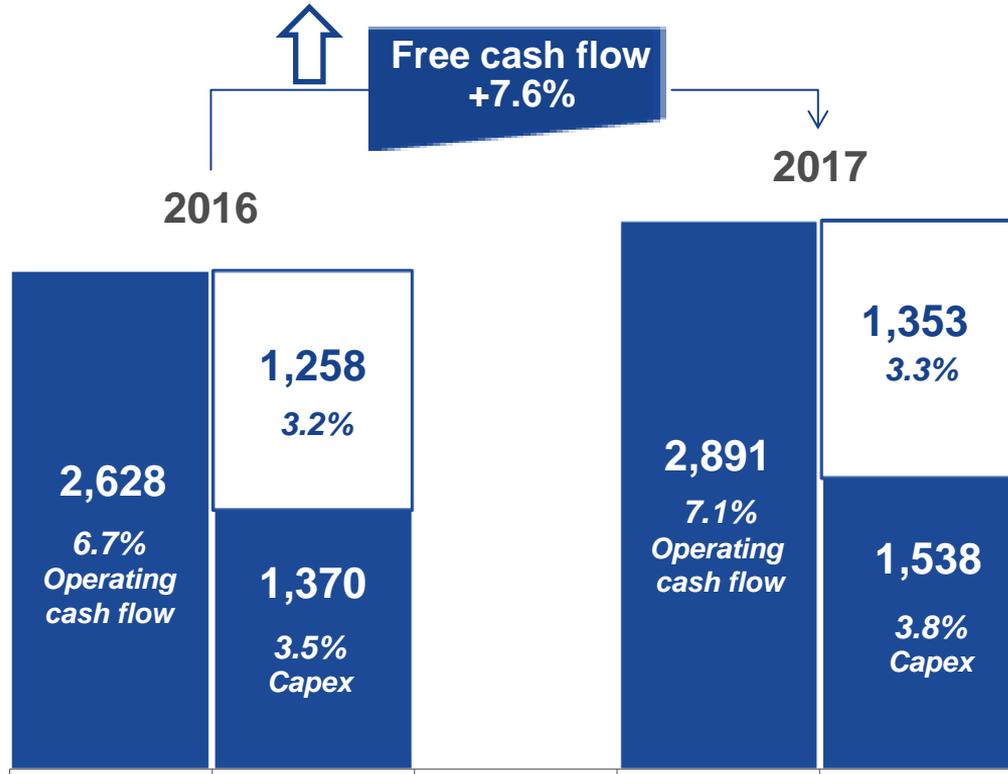


EPS: €2.84 (+20.3%)

Net attributable income

CASH FLOW FROM OPERATIONS* AND CAPEX

(€m and % of sales)

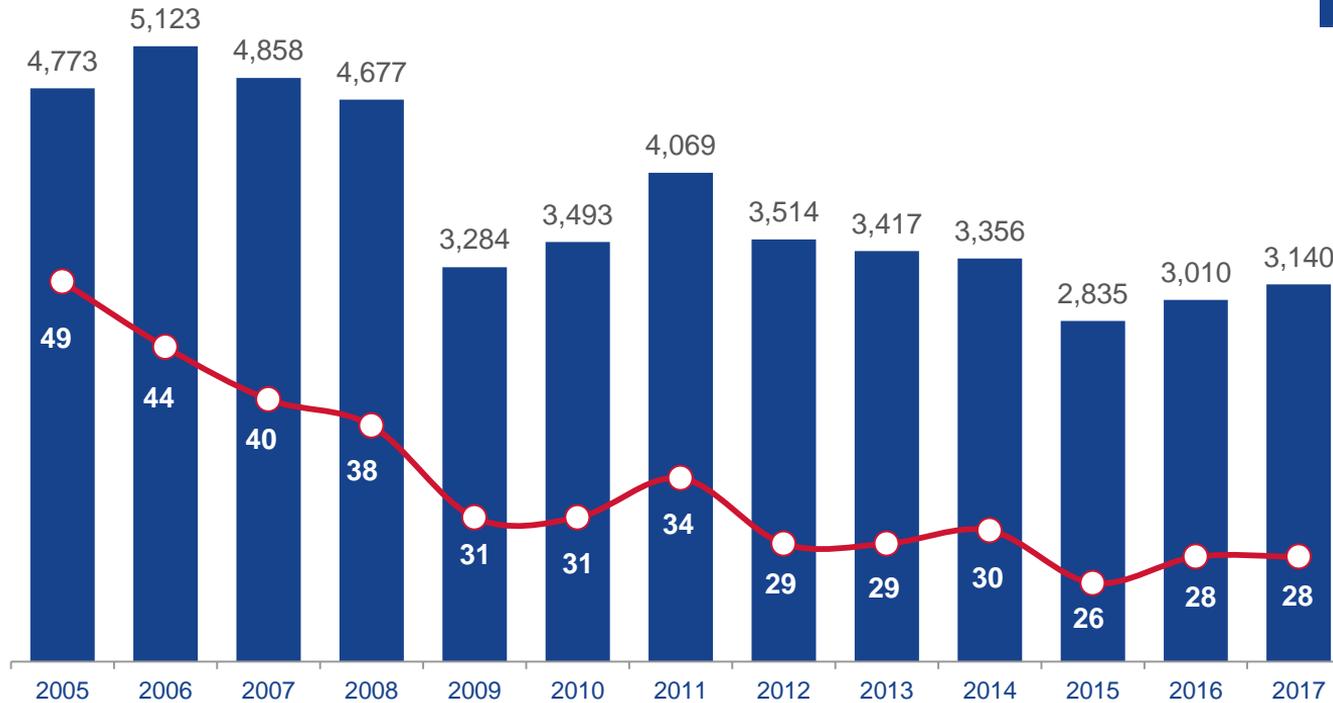


* Excluding the tax impact of capital gains and losses on disposals, asset write-downs and material non-recurring provisions

OPERATING WCR

(at December 31, €m and no. of days)

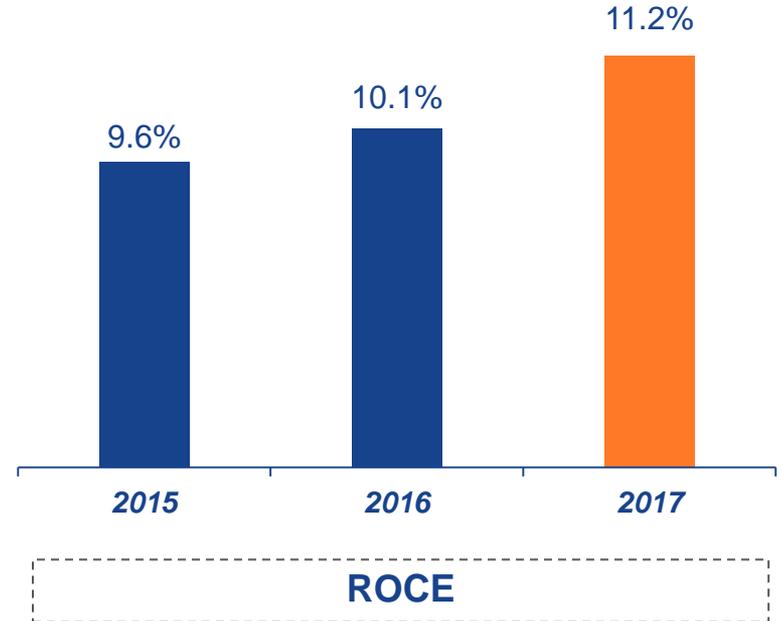
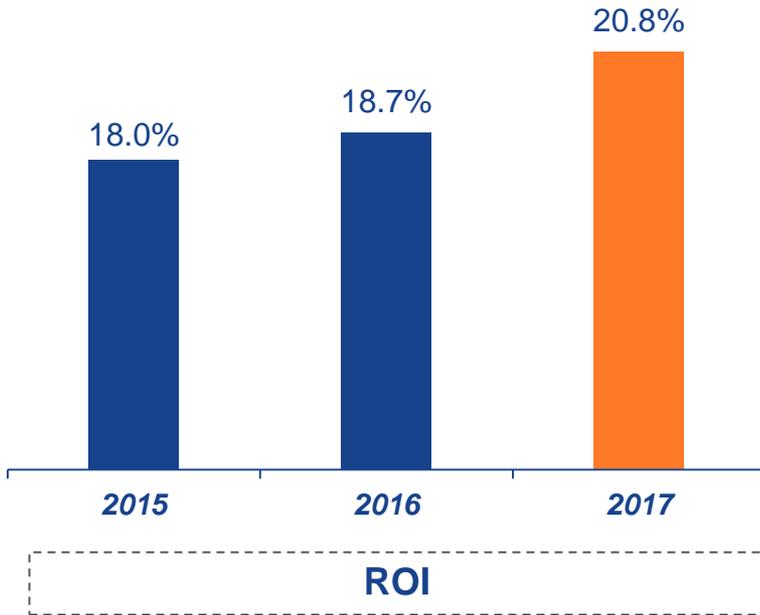
Stable in no.
of days over
12 months



Ongoing tight rein on operating WCR

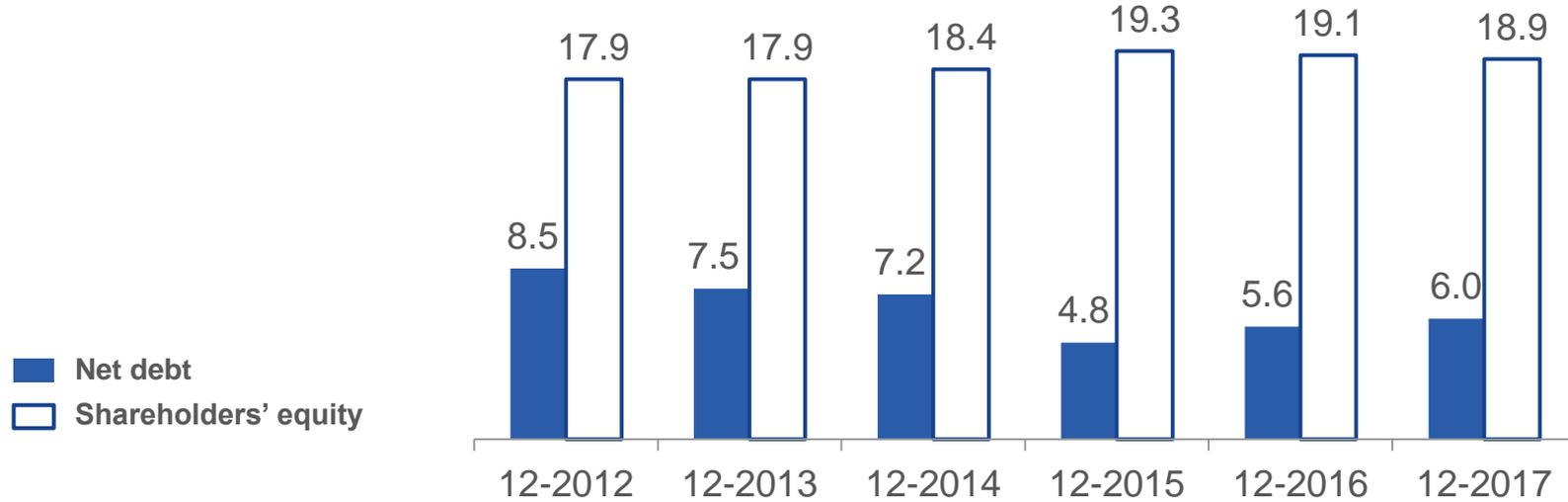
FURTHER IMPROVEMENT IN ROI AND ROCE

(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

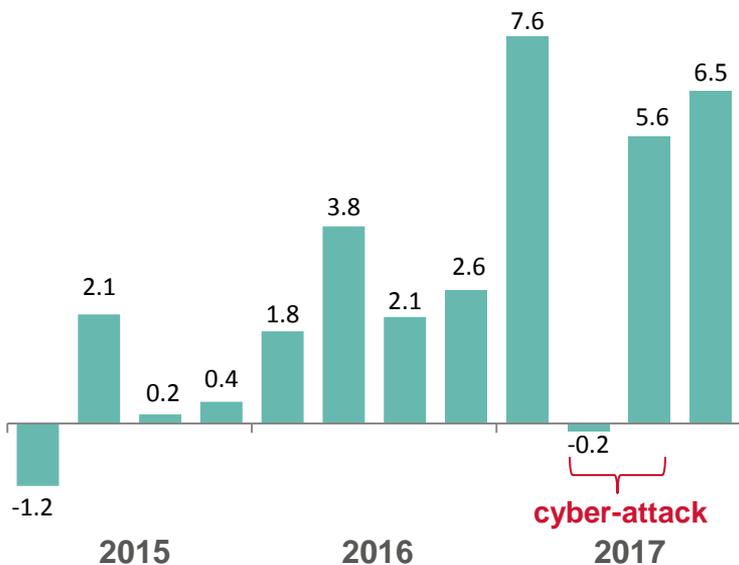
* EBITDA = operating income + operating depreciation/amortization over a 12-month period

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

GROWTH ACCELERATING

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

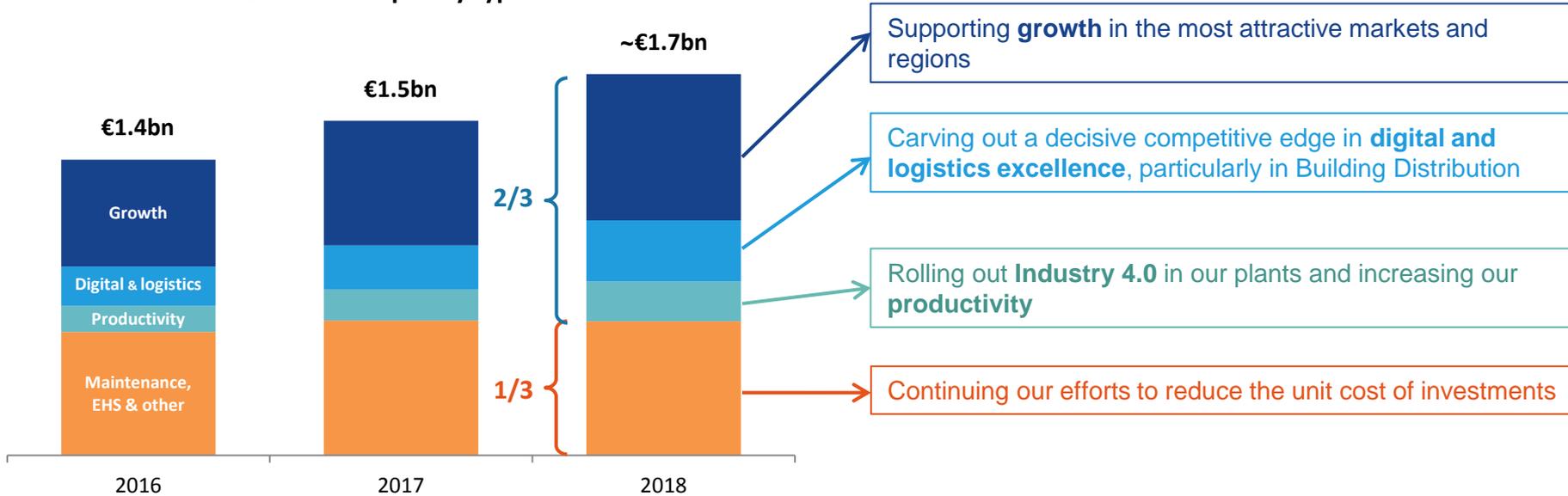
- » More resistant Habito board: up ~100% (m²) in 2017
- » SageGlass electrochromic glass: up ~75% (m²) in 2017

» 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

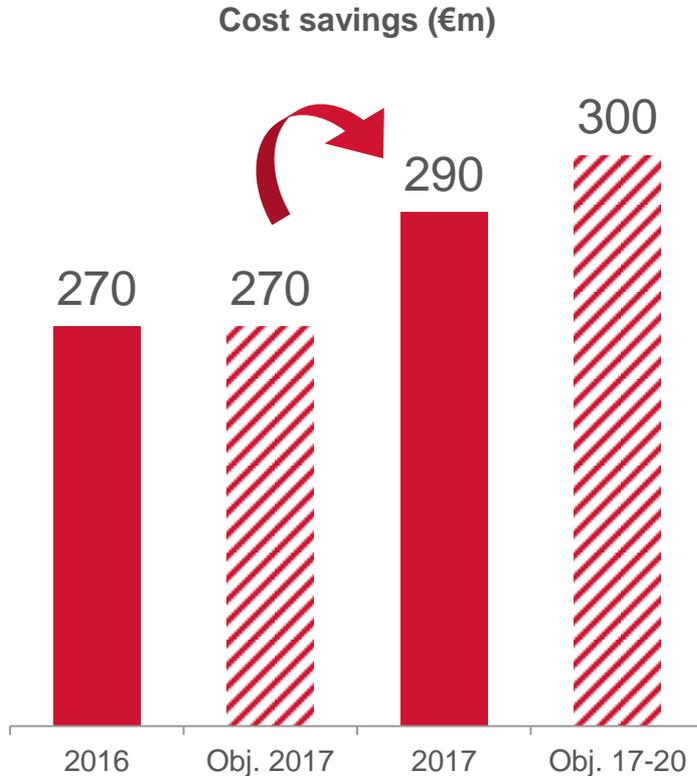


Capex yielding good returns,
remaining within the range announced (3.5% - 4.5%)

IN LINE WITH THE GROUP'S STRATEGIC ROADMAP

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

IN LINE WITH THE GROUP'S STRATEGIC ROADMAP

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



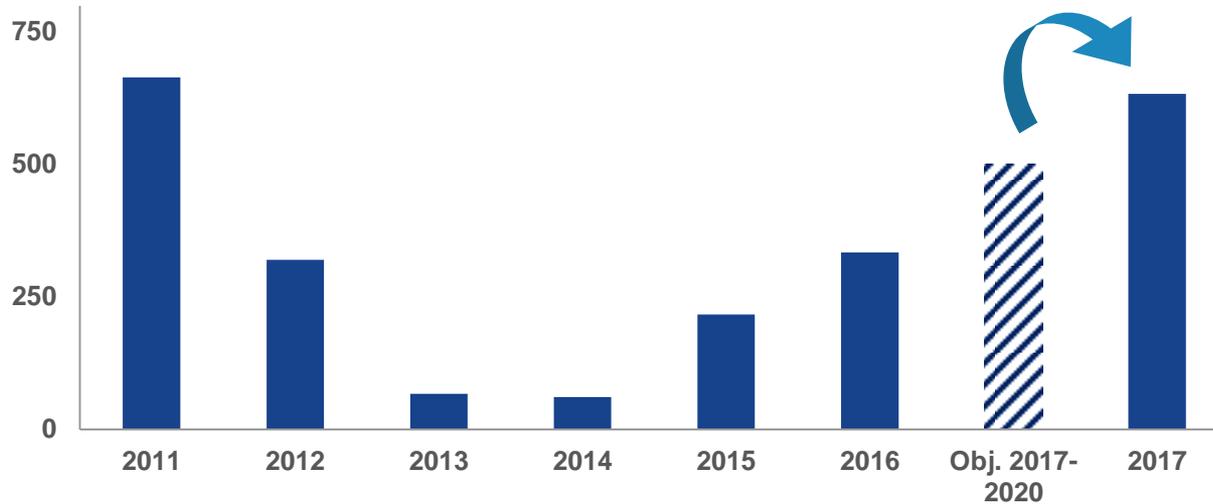
IN LINE WITH THE GROUP'S STRATEGIC ROADMAP

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.

- 
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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

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