



2018 Results and Outlook

February 22, 2019



- 
1. **2018 HIGHLIGHTS**
 2. 2018 RESULTS
 3. STRATEGY
 4. OUTLOOK

2018 KEY FIGURES

Sales
€41.8bn



Operating income
€3,122m

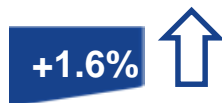
Operating margin: **7.5%**, +10bp



Recurring net income
€1,729m
EPS: **€3.18**, +7.4%



Cash flow from operations
€2,936m



Net debt
€8,193m



Changes based on 2018 vs 2017



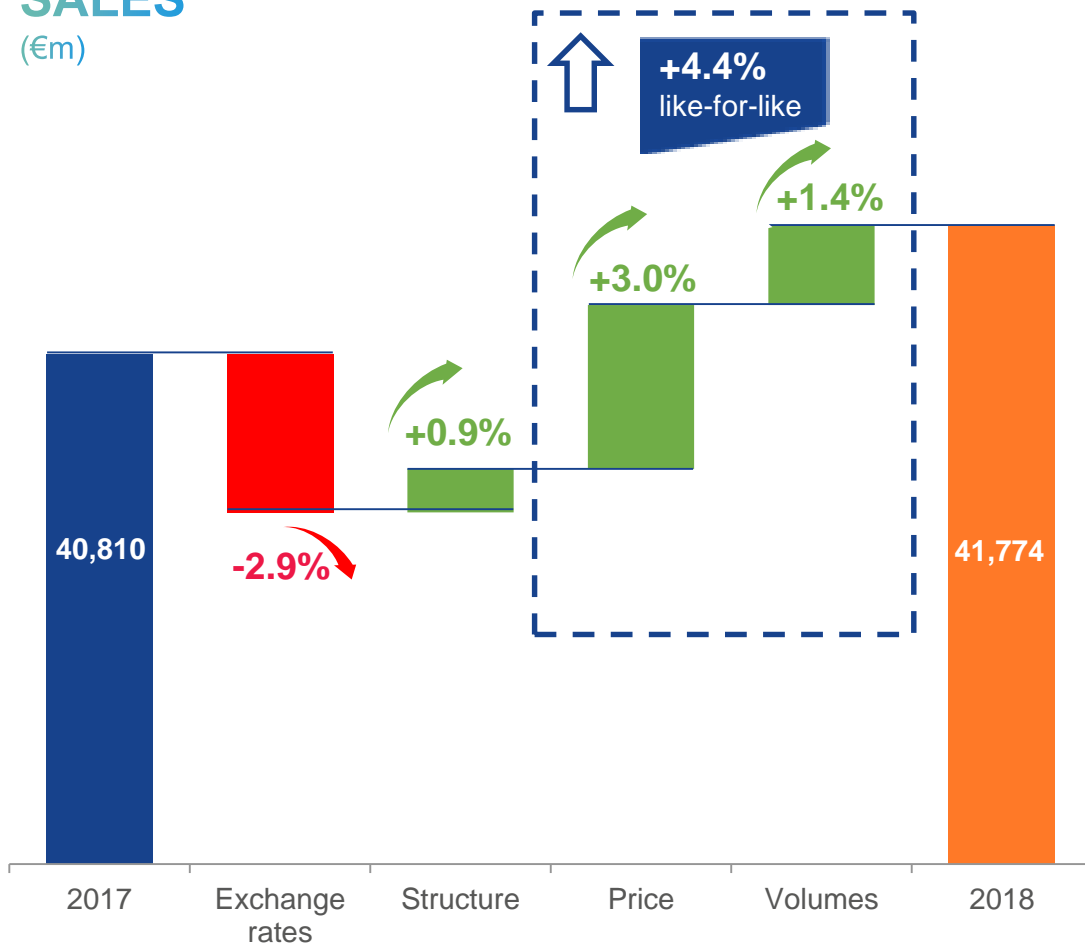
HIGHLIGHTS

- » **Solid organic growth at 4.4%**, driven by a strong pricing dynamic, up 3.0%
- » Like-for-like **increase in operating income of 7.2% in H2**, clearly above the level achieved in H1; increase of **4.5% over the full year**
- » **27 acquisitions** for **€768m** and **capex up 8.3%** led by growth projects in emerging countries
- » **Acceleration in the Group's transformation** with the launch of "Transform & Grow":
 - » **Significant divestments** completed or announced for a total of over **€2.4bn** in sales as part of the €3 billion target already announced
 - » **New organizational structure** generating **€250m** in **additional cost savings**, of which more than €50m in 2019
- » Further **increase** in **recurring net income**, **up 6.0%** and in **recurring EPS**, **up 7.4%**
- » Net income of €420m after **€2.0bn in asset impairment**
- » **2018 dividend to increase to €1.33 per share**, to be paid entirely in cash

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1. 2018 HIGHLIGHTS
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 2. BUSINESSES
 3. REGIONS
 3. STRATEGY
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SALES

(€m)



Group +2.4%
actual

- Depreciation of the **US dollar, Brazilian real**, Nordic krona and other Asian and emerging country currencies against the euro
- **Impact of acquisitions** and **the divestment program**
- **Sharp increase in prices**
- **Volume growth** in all regions

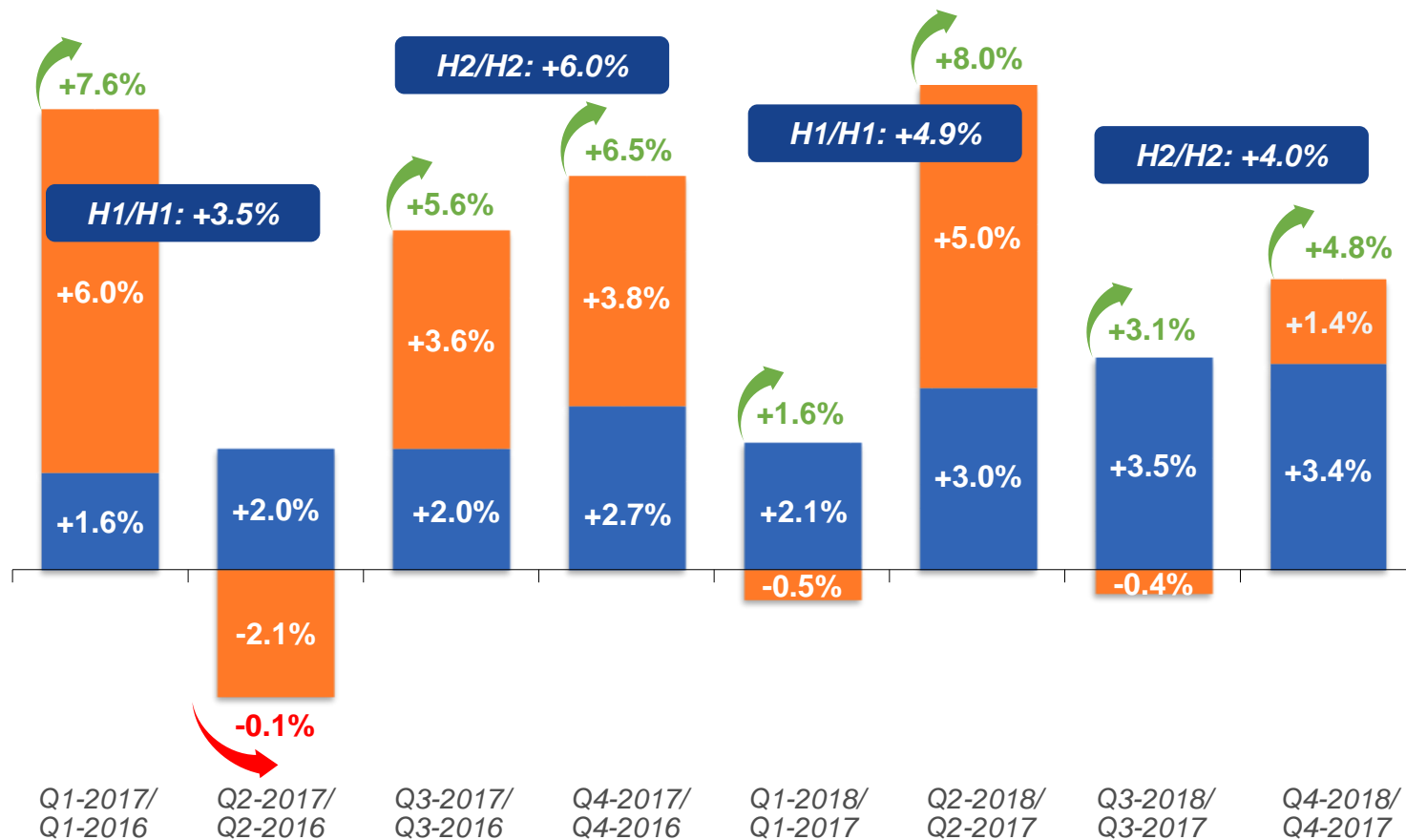
QUARTERLY ORGANIC GROWTH

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

Price

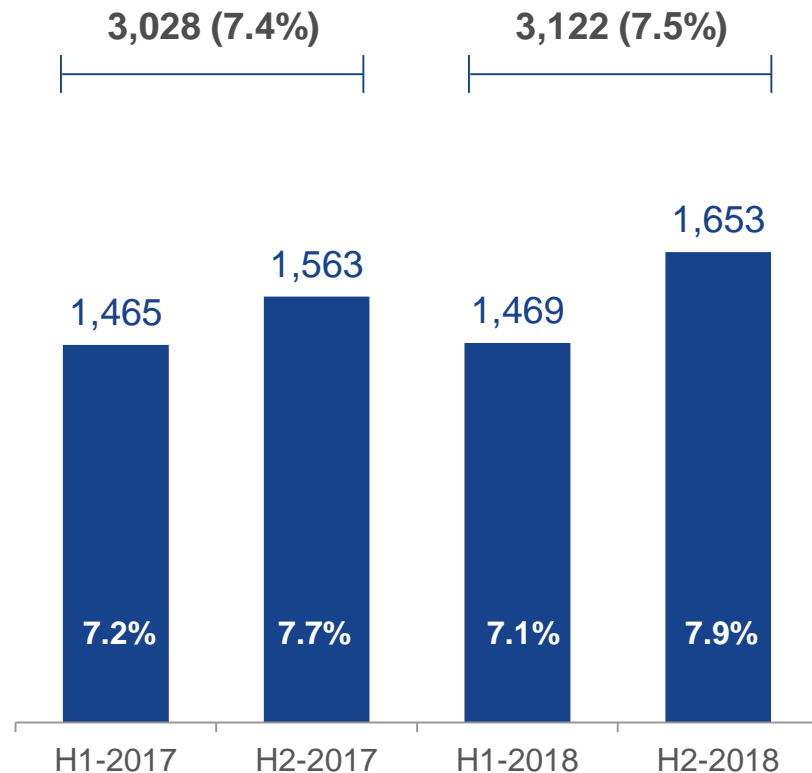


Volumes



OPERATING INCOME

(€m and % of sales)



2018/2017

+4.5%

like-for-like

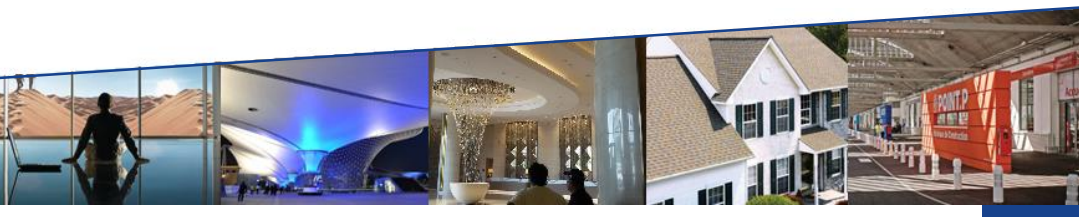
- Operating income up 3.1% on an actual basis
- Like-for-like change:
H1: up 1.7%
H2: up 7.2% (versus a 4.0% increase in sales)
- Improved Group margin at 7.5%



BUSINESS INCOME

(€m)

	2017	2018	2018/ 2017	Like-for-like change
Operating income	3,028	3,122	+3.1%	+4.5%
Non-operating costs	(337)	(284)		
<i>o/w provision for asbestos-related litigation</i>	(90)	(90)		
<i>o/w other expenses</i>	(247)	(194)		
Other operating expenses	(180)	(2,040)		
<i>o/w disposal gains (losses)</i>	57	(3)		
<i>o/w asset write-downs</i>	(237)	(2,037)		
Business income	2,511	798	-68.2%	



OUTSTANDING CLAIMS

Asbestos-related claims in the US

- **~US\$ 67m** paid out in 2018 (*versus US\$ 76m in 2017*)
- €90m accrual to the provision in 2018;
total balance sheet provision: US\$ 568m at end-2018 (*versus US\$ 555m at end-2017*)

	2016	2017	2018
New claims	3,200	3,100	2,600
Settled claims	3,700	3,900	4,300
Outstanding claims	35,100	34,300	32,600

NET INCOME

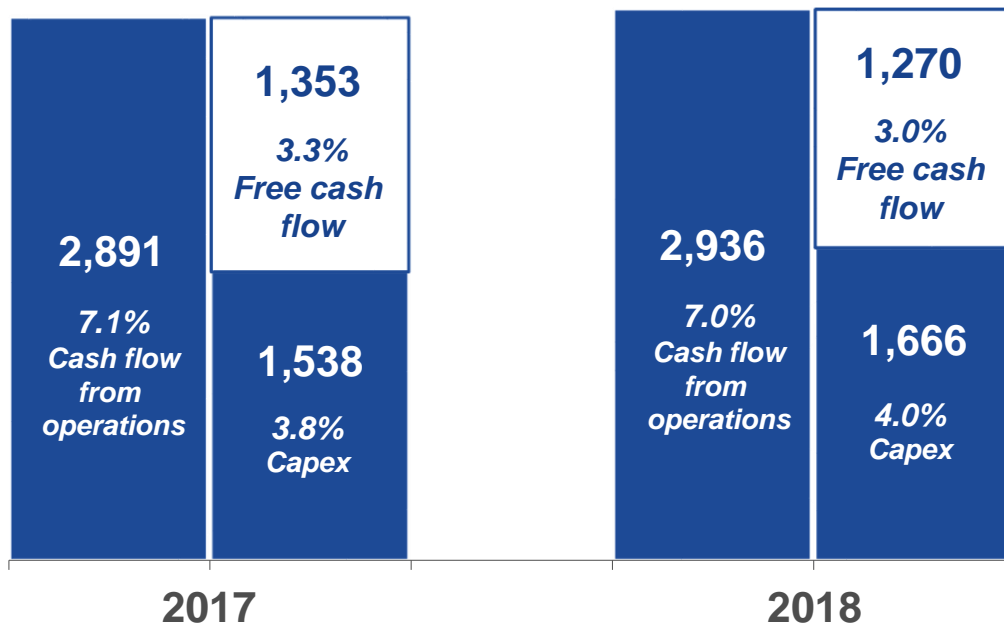
(€m)

	2017	2018	2018/ 2017
Business income	2,511	798	
Net financial income (expense)	(448)	189	
- o/w Sika		601	
- o/w finance costs	(448)	(412)	
Average cost of gross debt (at December 31)	2.8%	2.3%	
Income tax	(438)	(490)	
Tax rate on recurring net income	25%	24%	
Net attributable income	1,566	420	-73.2%
Recurring net income	1,631	1,729	+6.0%
Recurring EPS (€)	2.96	3.18	+7.4%



CASH FLOW FROM OPERATIONS* AND CAPEX

(€m and % of sales)

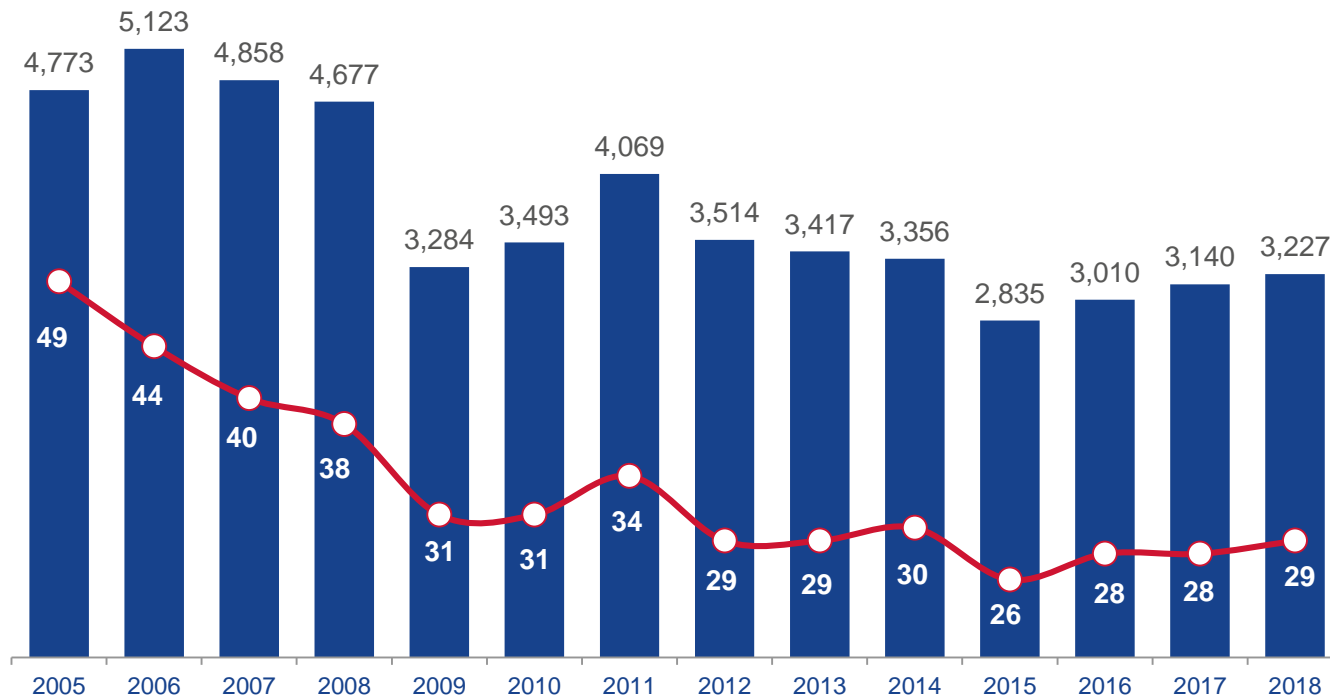


- Slight increase in cash flow from operations
- Capex driven by growth projects weighing on free cash flow

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

OPERATING WCR

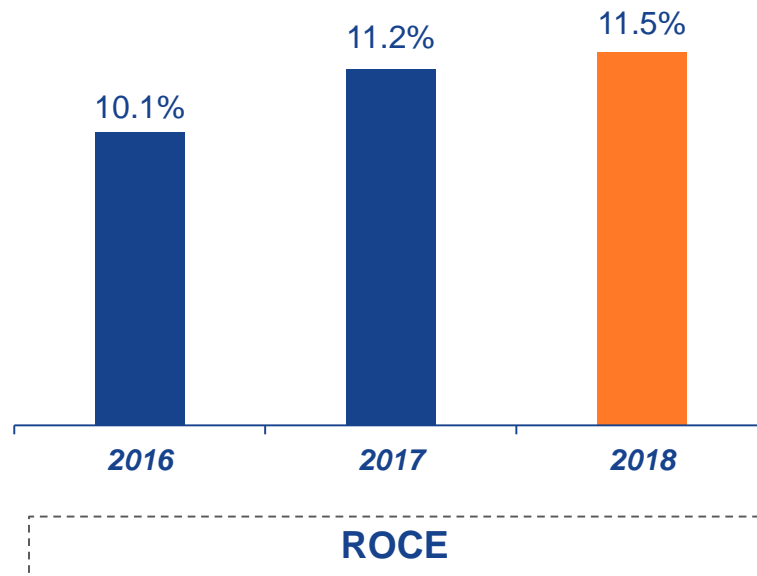
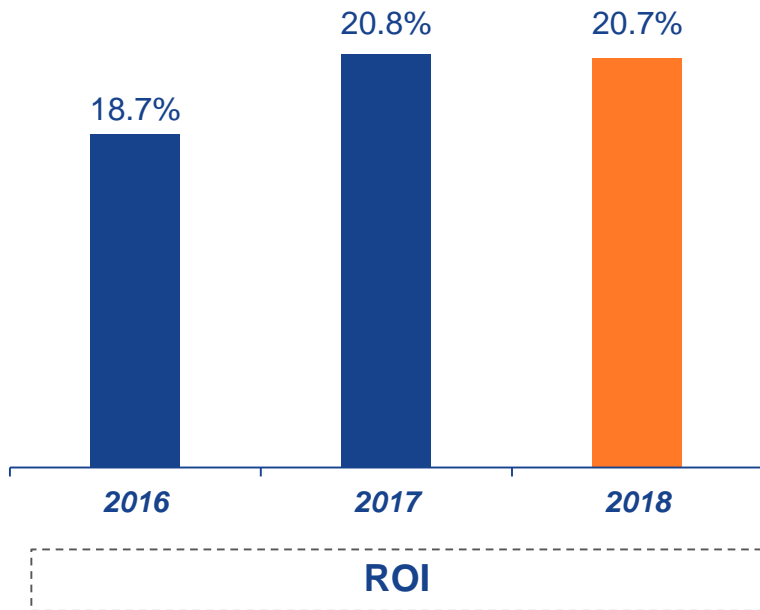
(at December 31, €m and no. of days)



Ongoing tight rein on operating WCR

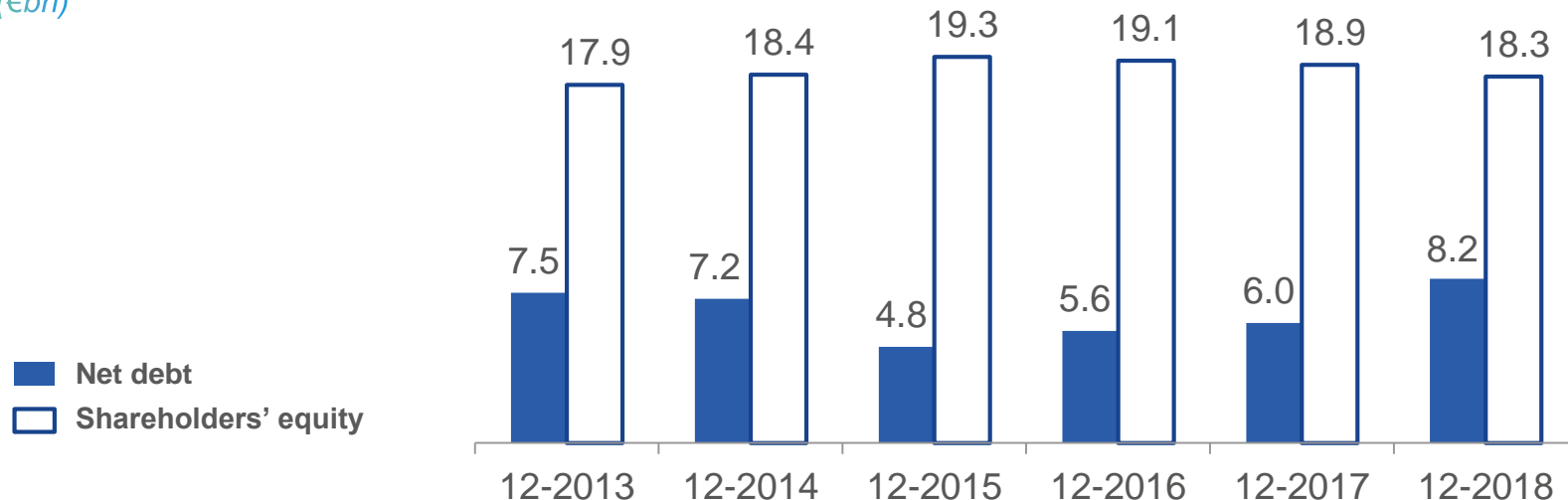
ROI and ROCE

(before tax)



NET DEBT AND SHAREHOLDERS' EQUITY

(€bn)



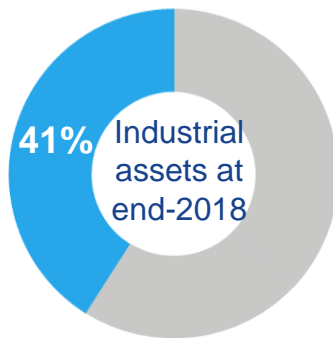
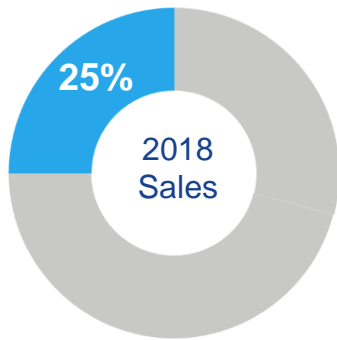
Net debt/shareholders' equity	42%	39%	25%	29%	32%	45%
Net debt/EBITDA*	1.8	1.8	1.2	1.4	1.4	1.9

Strong balance sheet maintained

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

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INNOVATIVE MATERIALS



Organic growth

+4.8%

vol.

prices

+1.9%

+2.9%



Operating income

€1,304m

margin

12.4%

=

Capex

€713m

2018 vs 2017

FLAT GLASS

Organic growth

+2.8%



vol.

prices

-0.9%

+3.7%

Operating income

€501m

margin

8.9%

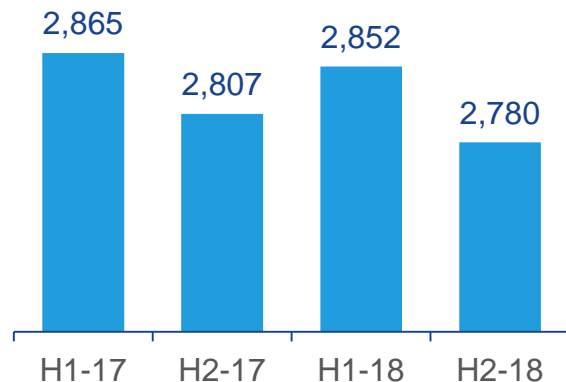


Capex

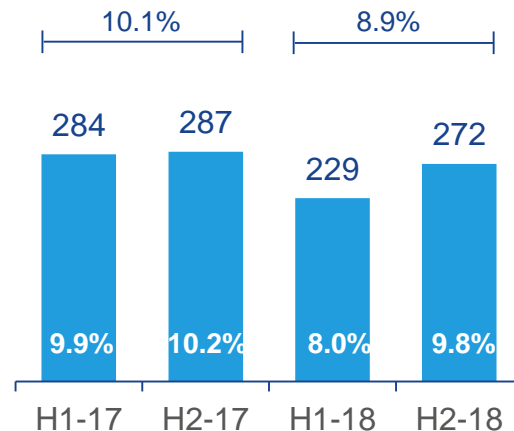
€486m

2018 vs 2017

Sales (€m)



Operating income and margin (€m - %)



Organic growth



Operating income

€803m

margin
16.3%

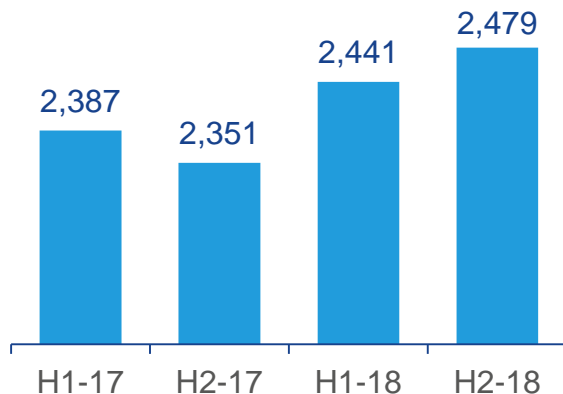


Capex

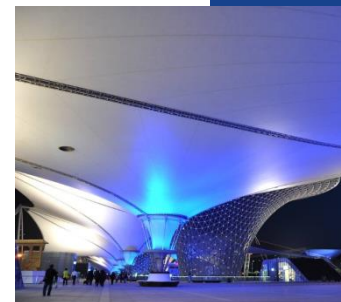
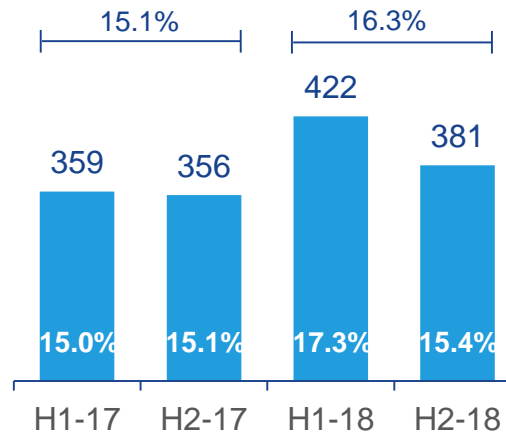
€227m

2018 vs 2017

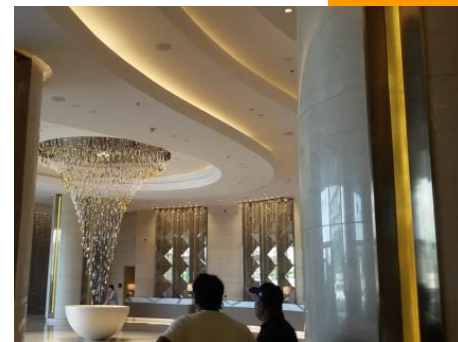
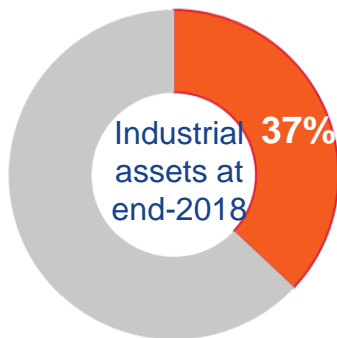
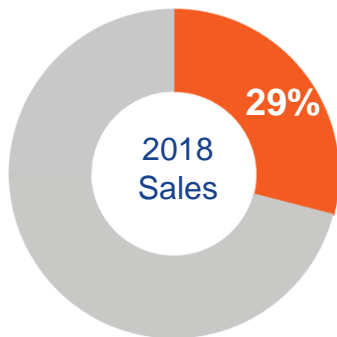
Sales (€m)



Operating income and margin (€m - %)



CONSTRUCTION PRODUCTS



Organic growth

+5.6%

vol.

prices

+1.4%

+4.2%



Operating income

€1,192m

margin

9.3%



Capex

€621m

2018 vs 2017

INTERIOR SOLUTIONS

Organic growth

+5.5%

vol.

prices

+0.8%

+4.7%



Operating income

€756m

margin

10.5%

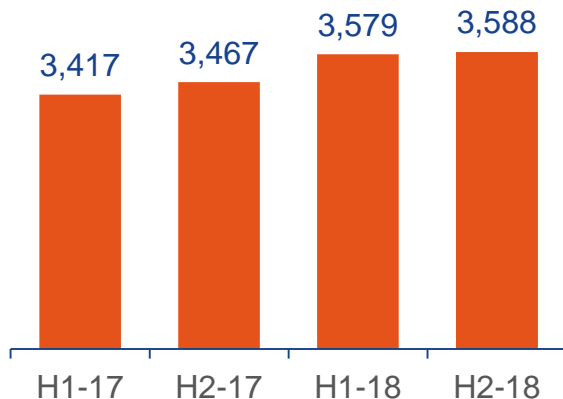


Capex

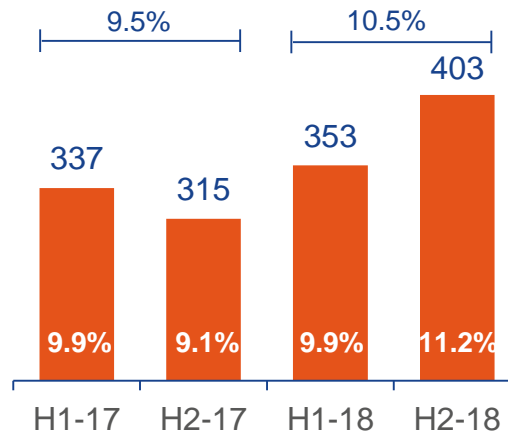
€402m

2018 vs 2017

Sales (€m)



Operating income and margin (€m - %)



EXTERIOR SOLUTIONS

Organic growth

+5.7%

vol.

prices

+2.1%

+3.6%



Operating income

€436m

margin

7.5%

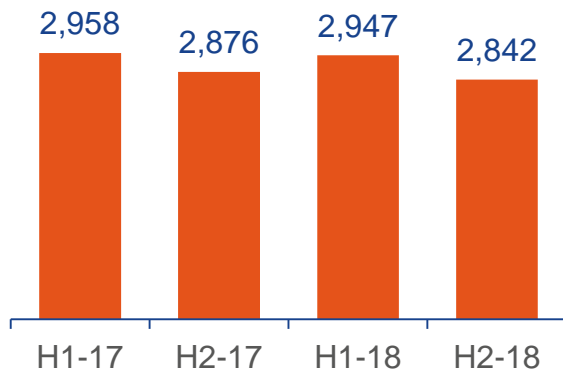


Capex

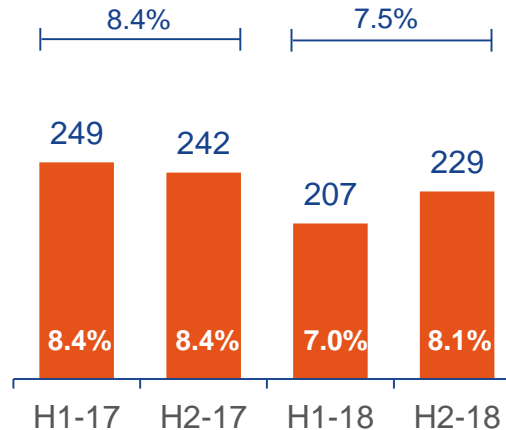
€219m

2018 vs 2017

Sales (€m)

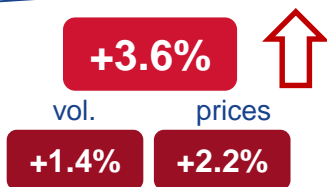


Operating income and margin (€m - %)



BUILDING DISTRIBUTION

Organic growth



Operating income

€634m

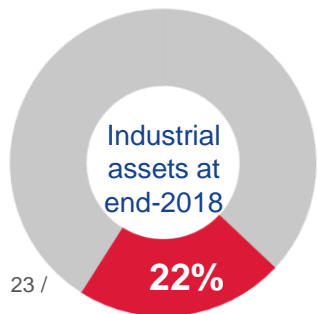
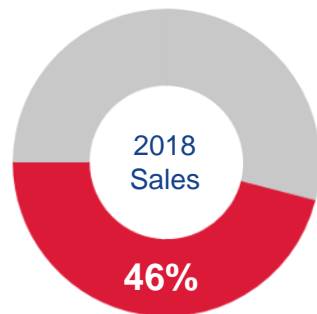
margin

3.3% 

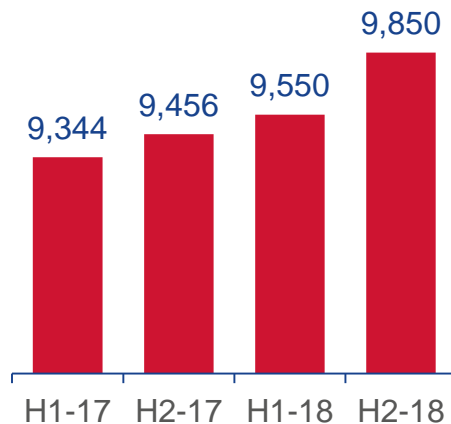
Capex

€263m

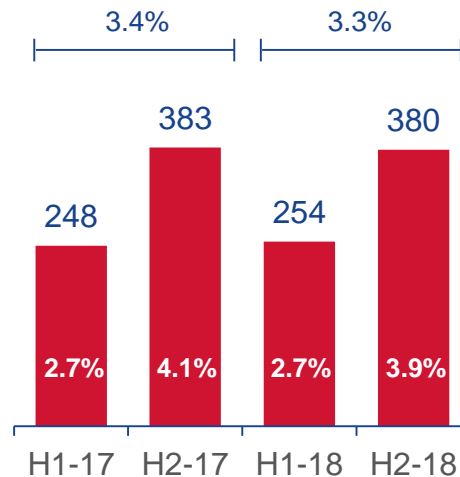
2018 vs 2017



Sales (€m)



Operating income and margin (€m - %)



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SALES TRENDS BY REGION

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

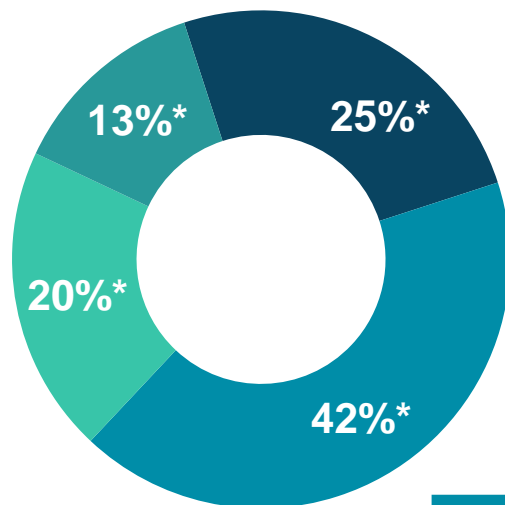
+4.4% like-for-like

North America
+6.2%

France
+3.0%

Asia & emerging countries
+7.4%

Other Western Europe
+3.5%



o/w:

Asia (7%):	+3.8%
Latin America (6%):	+14.1%
Eastern Europe (5%):	+5.1%
Africa & Middle East (2%):	+7.7%

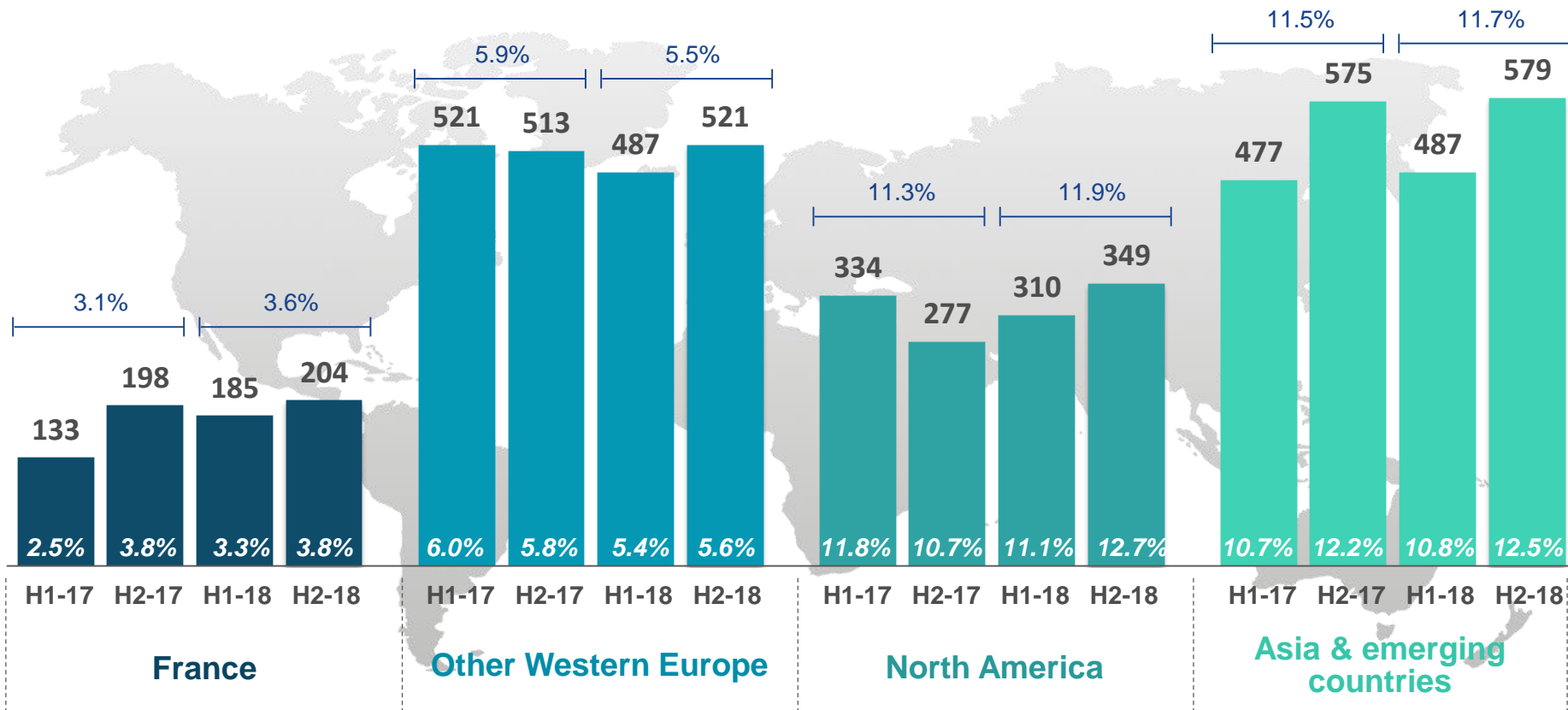
o/w:

Nordics (13%):	+4.8%
UK (10%):	+1.9%
Germany (9%):	+0.8%
Southern Europe (5%):	+7.2%

* Breakdown of 2018 sales

OPERATING INCOME BY REGION

(€m and % of sales)



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- 
1. 2018 HIGHLIGHTS
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A PLAN STRUCTURED AROUND TWO PILLARS

A customer-oriented, lean and agile organization

An active and value creating portfolio management

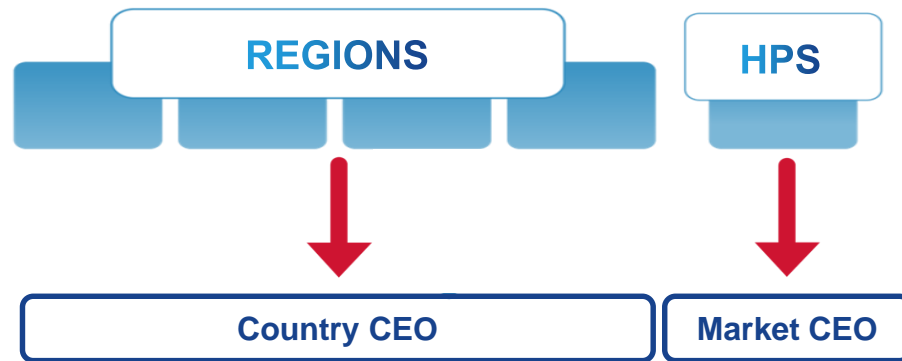
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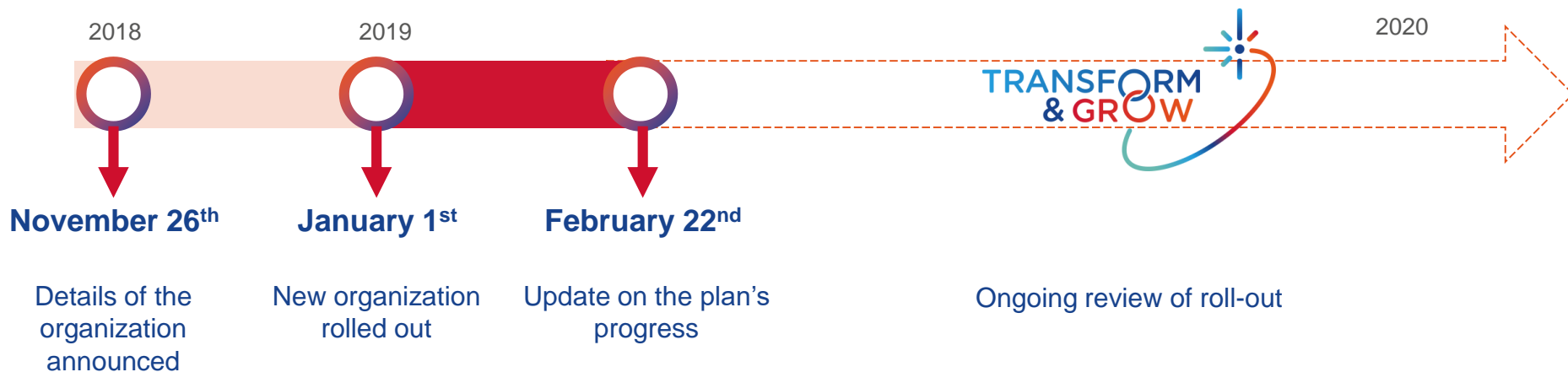
A PROFOUND TRANSFORMATION OF THE GROUP

- An **agile organization**
- A **customer-oriented** organization
- The **Group's expertise** to support business performance



A RAPID ROLL-OUT OF THE NEW ORGANIZATION

- **Main appointments made at end-November**
- **Operational teams** in place since January 1st



AN EMPOWERING ORGANIZATION FOR OUR TEAMS



**> 80% of CEOs
native to their country**

Incentives aligned (70% based on P&L, 30% on qualitative criteria)

Reputed managers



**Marketing and
Development Director**



Nationality:



1 year at Saint-Gobain



**Vietnam CEO,
VTI acquisition**



Nationality:



3 years at Saint-Gobain



Life Sciences CEO

Nationality:



7 years at Saint-Gobain



**Germany CEO,
former Adfors president**



Nationality:



25 years at Saint-Gobain



BOOST OUR COMMERCIAL EFFICIENCY



United States

Better customer coverage

Merger of siding and roofing commercial teams

CertainTeed
SAINT-GOBAIN



Brazil

Optimization of sales channels

Sales force reorganization by channel
(distribution, projects, digital)

Placo
SAINT-GOBAIN

weber
SAINT-GOBAIN

ISOVER
SAINT-GOBAIN

BRASILIT
SAINT-GOBAIN



France

Customer training

More than **15,000** companies trained every year

Placo
SAINT-GOBAIN

weber
SAINT-GOBAIN

**LA PLATEFORME
DU BATIMENT**

PUM
PLASTIQUES

ISOVER
SAINT-GOBAIN

DISPANO
SAINT-GOBAIN

CEDEO
SAINT-GOBAIN

SAINT-GOBAIN

SFIC
SAINT-GOBAIN

POINT.P
Matériaux de Construction



Italy

Customer experience

Common supply chain, logistics and customer service

Gyproc
SAINT-GOBAIN

weber
SAINT-GOBAIN

ISOVER
SAINT-GOBAIN

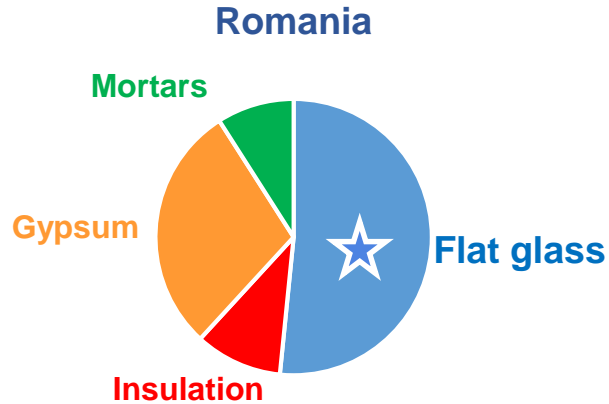


COUNTRY OR MARKET CEO

SAINT-GOBAIN

ENHANCE OUR OFFER BY COUNTRY AND BY MARKET

By country



- **Local leadership allowing a move upmarket**
- **Common project teams** with a Saint-Gobain solution and a good knowledge of **sales channels**

By market

- Alignment of High Performance Solutions activities for **aerospace glazing, radomes and composite products**



- Sharing of **technical expertise**
- Development of **commercial synergies** and **greater customer intimacy**

CONTINUE OUR INVESTMENTS TO SUPPORT GROWTH

~65%

CAPEX in our industrial activities
outside Western Europe
in 2018

High-growth countries



Promising markets



TAKE ADVANTAGE OF THE DIGITAL TRANSFORMATION

Data-driven construction process

Architect

Manufacturer

Distributor

Contractor

End
user

Changing value chain



Digitalization of the customer journey

Product information

>80%

Share of revenue covered by
Product Information
Management (PIM)

Omni-channel offer

33%

Share of customers using digital
in their purchasing journey



Digital services

+50%

Growth in the number
of uses in 2018



ACCELERATE INNOVATION

Cross-business Group programs



A global presence



8

Cross-business
R&D centers

~€450m

R&D expenses



INNOVATION AND R&D DEPARTMENT



EXTEND OUR MULTI-SOLUTIONS OFFER

Off-Site Manufacturing

- **Dedicated BU in the United Kingdom** harnessing all of our **distribution** and **industry** expertise



- **Accelerated growth** thanks to dedicated resources



By application

Façades



Partitions

Ceilings

Flooring

Technical products

Exterior products



MARKETING AND DEVELOPMENT DEPARTMENT



STRENGTHEN OUR INDUSTRIAL EXCELLENCE PROGRAMS

- Increasing cost savings
- An **accelerated** roll-out of **common operational excellence programs**

€270m

€290m

€300m

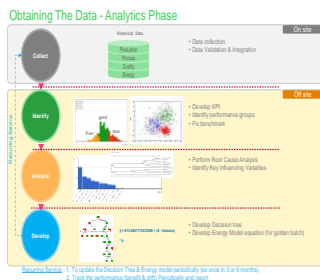
2016

2017

2018



Deployment of the WCM Operational Excellence Program



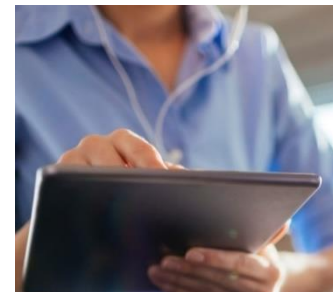
Artificial intelligence applied to processes



Autonomous vehicles and cobots



Operator connected in real-time



Digitalization of the Purchasing function



TECHNOLOGY AND INDUSTRIAL PERFORMANCE DEPARTMENT

SAVINGS PLAN CONFIRMED



More than 700 operational levers...

- **Savings targets communicated** in December, main **roadmaps** defined by country / BU
- **Sharing of local initiatives and best practices**

Streamlining of organizations

~50%

Leaner central organizations and support functions

~35%

Synergies and optimization within countries and markets

~15%

...confirmed by experience

Integration of Gypsum, Ceilings and Insulation activities



Canada
CEO

(2016/2018)

Integration of Gypsum and Mortars activities



Indonesia
CEO

(2016/2018)



SAVINGS

> €50m in 2019
€250m by 2021



A PLAN STRUCTURED AROUND TWO PILLARS

A customer-oriented, lean and agile organization

An active and value creating portfolio management

AN ACTIVE REVIEW OF THE PORTFOLIO AS PART OF THE NEW ORGANIZATION



Assessment of the Group's strengths and growth prospects in each of the new country / market entities



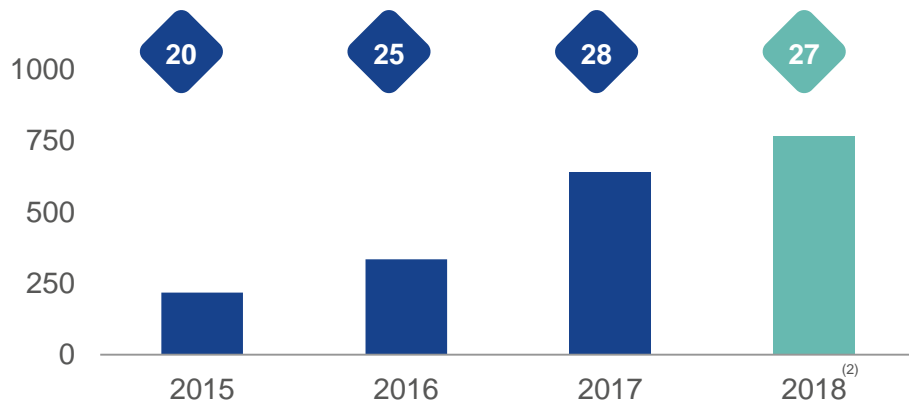
CONTINUATION OF OUR PORTFOLIO REVIEW

A DYNAMIC AND VALUE CREATING ACQUISITION STRATEGY

Small and mid-sized acquisitions

Financial investments, €m

Number of acquisitions⁽¹⁾



Continuation of our acquisition strategy

- **> €500m per year between 2017-2020**
- **Strict value creation threshold**
 - ROCE > WACC in year N+3
- **Excellent track record in recent years**
 - 100 acquisitions between 2015-2018
 - < 6 x EBITDA including synergies

VALUE CREATING ACQUISITIONS

Local leadership



Emerging countries



Technologies



ACCELERATION OF OUR DIVESTMENT STRATEGY

Confirmed objective of **> €3bn in sales** divested by the end of 2019 for €1bn and **~40 bps** impact on operating margin

- **Divestment of more than €500m in sales completed**

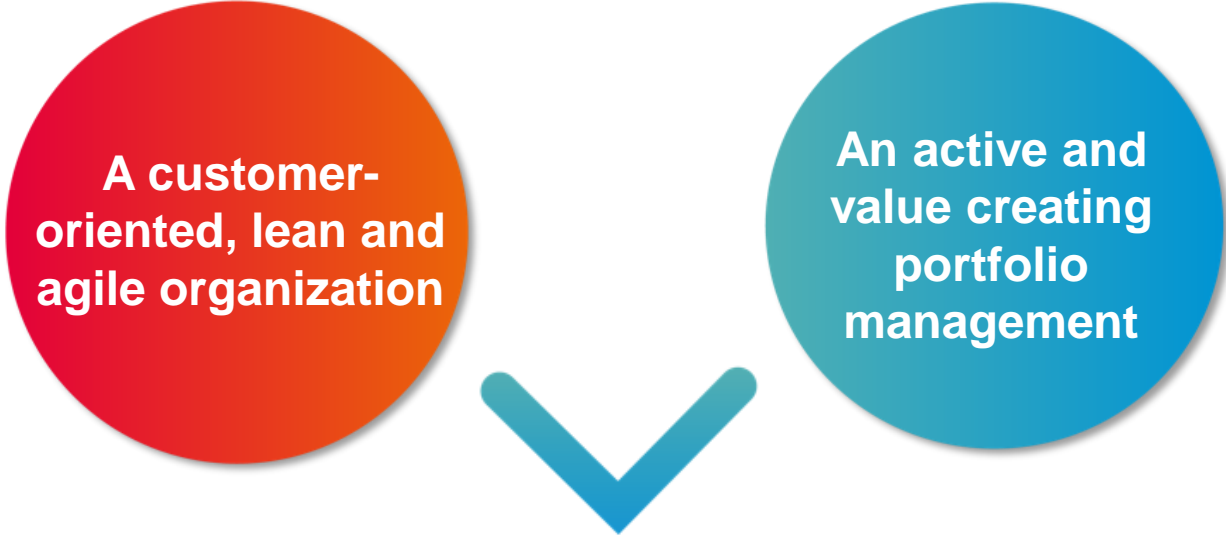
- ✓ EPS Germany
- ✓ Glazing installation operations United Kingdom
- ✓ Glassolutions Norway and Sweden
- ✓ Pipe China (Xuzhou plant)
- ✓ Silicon Carbide business⁽¹⁾

- **Divestment of €1.9bn in sales currently in progress**

- ✓ Distribution Germany

Strategic review under way in the context of the new organization to lead to additional divestments

THE TRANSFORMATION WILL ALLOW US TO ACCELERATE OUR PATH TO OUR FINANCIAL TARGETS



**A customer-
oriented, lean and
agile organization**

**An active and
value creating
portfolio
management**

SUBSTANTIAL GROWTH ACCELERATION

>100 BPS OF ADDITIONAL OPERATING MARGIN BY 2021

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SHAREHOLDER RETURNS

2018 DIVIDEND *(Board's recommendation to the June 6, 2019 AGM)*

€1.33 PER SHARE *(vs dividend of €1.30 per share in 2017)*

- » Dividend yield at Dec. 31, 2018: **4.6%**
- » Payout ratio based on recurring net income: **42%**

PAYMENT

- » **In cash**

CALENDAR

- » **June 6, 2019:** AGM
- » **June 10, 2019:** ex-dividend date
- » **June 12, 2019:** payment date

€532m in SHARE BUYBACKS

- » In line with the Group's objectives, buyback of 12.8 million shares (8.3 million in 2017)
- » Cancellation of 12.5 million shares
- » Reduction in the number of shares outstanding to 543.9 million at end-Dec. 2018 (versus 550.8 million at end-Dec. 2017)

OUTLOOK

- **High Performance Solutions:** industrial markets should remain supportive, particularly in the US, despite uncertainties on the automotive market in Europe and China
- **Northern Europe:** should progress despite uncertainties in the UK with the increased risk of a no-deal Brexit
- **Southern Europe, Middle East and Africa:** overall growth expected in the Region, with a construction market in France which should be supported by renovation while new construction could be down from the second half
- **Americas:** market growth in both North and Latin America
- **Asia:** further growth

2019 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 2018 cost base, as well as **more than €50m in 2019** as part of the “Transform & Grow” program
- **Capital expenditure program** close to the 2018 level, with a focus on growth capex outside Western Europe and also on productivity and continued digital transformation
- **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 2019

IMPORTANT DISCLAIMER – FORWARD-LOOKING INFORMATION

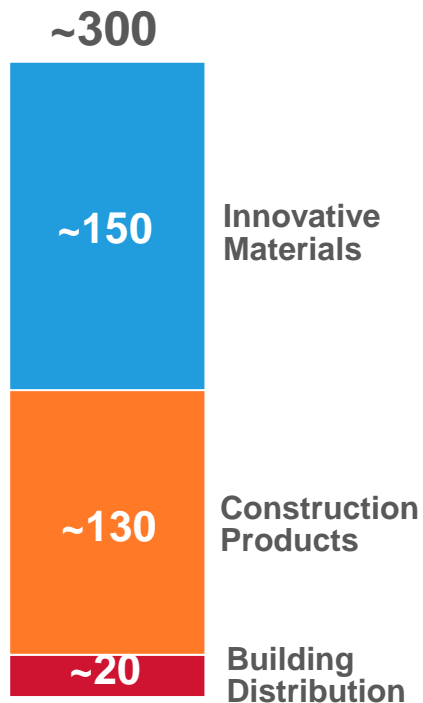
This presentation contains forward-looking statements with respect to Saint-Gobain's financial condition, results, business, strategy, plans and outlook. Forward-looking statements are generally identified by the use of the words "expect", "anticipate", "believe", "intend", "estimate", "plan" and similar 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.



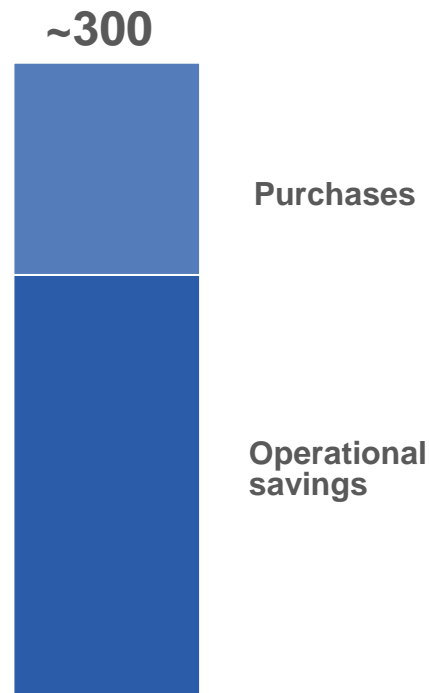
COST CUTTING PROGRAM

€300m in cost savings in 2018 *(calculated on the 2017 cost base)*

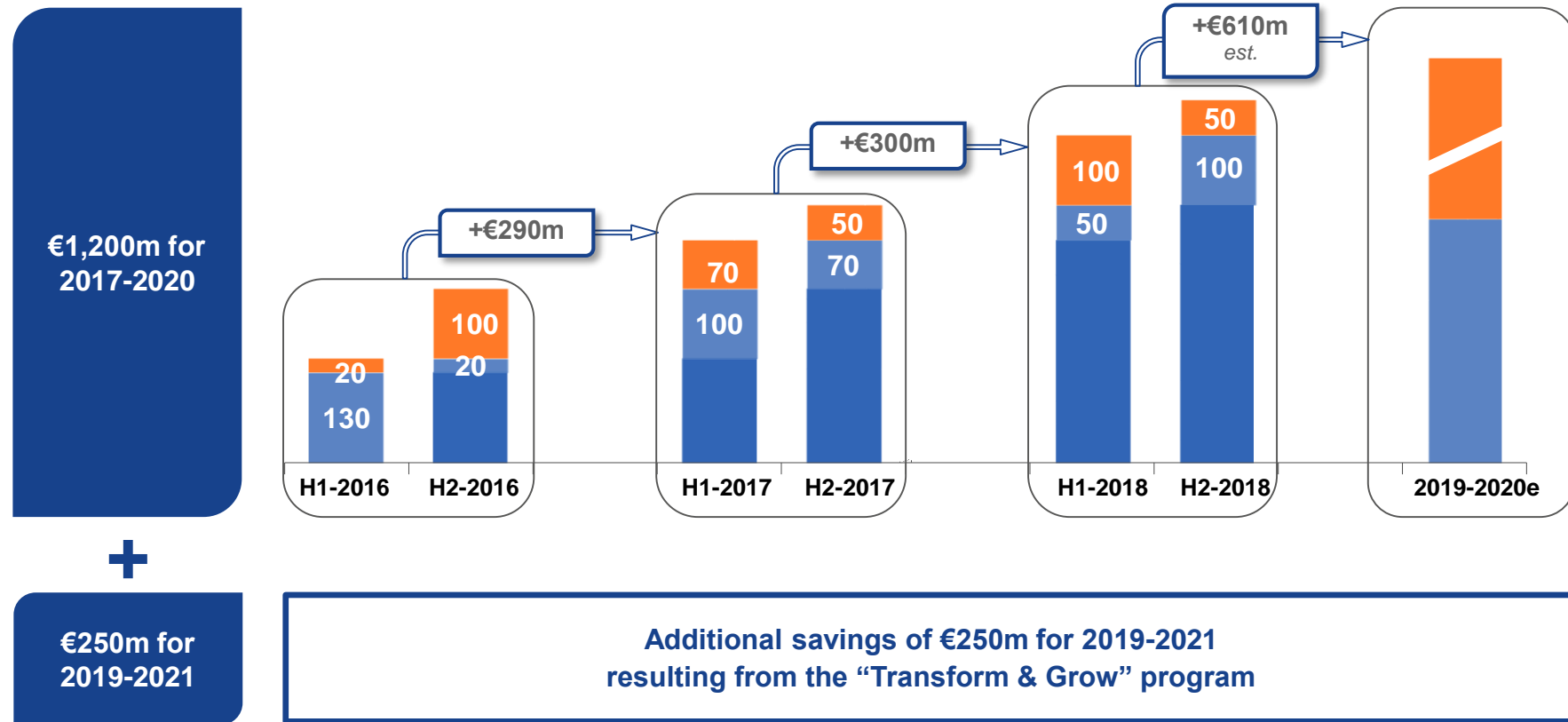
Breakdown by Business Sector



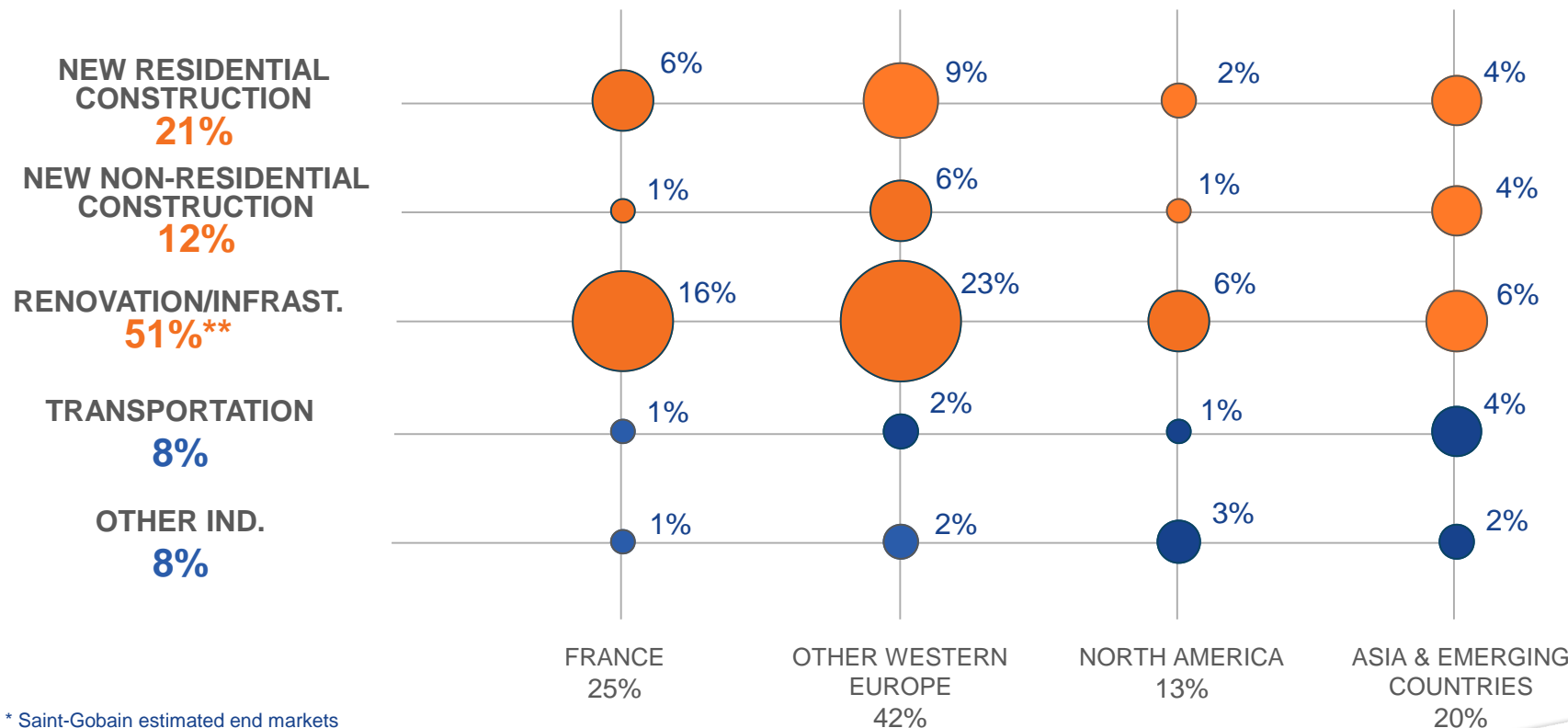
Breakdown by type



COST CUTTING PROGRAMS



END MARKETS*

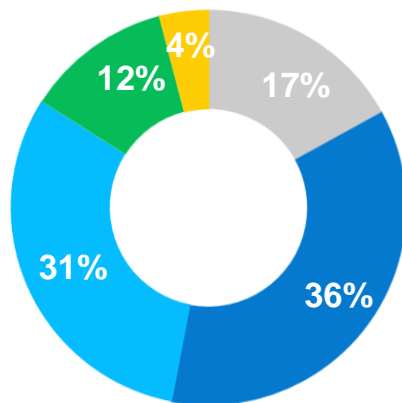


* Saint-Gobain estimated end markets

** Renovation: 44%
Infrastructure: 7%

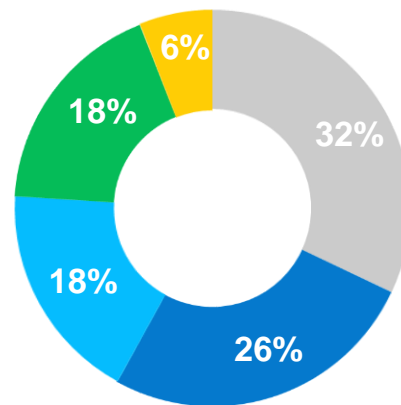
2018: SALES AND OPERATING INCOME BREAKDOWN

Sales by business



High Performance Solutions
Northern Europe Region
Southern Europe – MEA Region
Americas Region
Asia-Pacific Region

Operating income by business

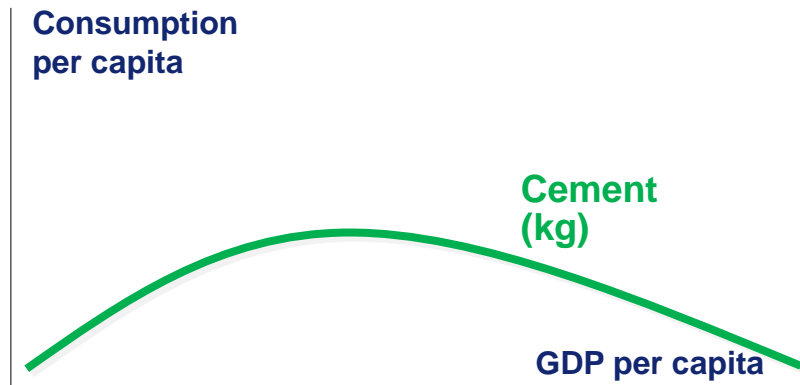
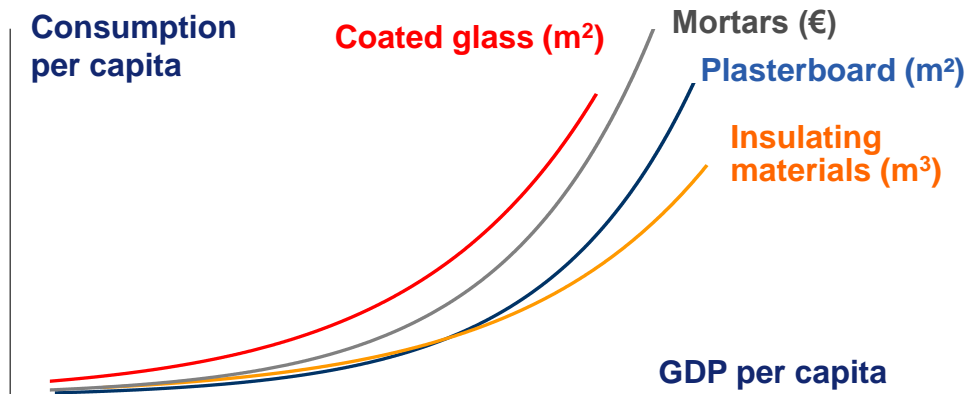


High Performance Solutions
Northern Europe Region
Southern Europe – MEA Region
Americas Region
Asia-Pacific Region

UNIQUE, ATTRACTIVE POSITIONING GROWING MARKETS

- Technical solutions for tomorrow's homes

CONSUMPTION PER CAPITA BASED ON WEALTH



- Solutions promising energy efficiency for buildings