

@by Feldman_1, Getty image

INVESTOR DAY

MAY 17, 2017





AGENDA



INVESTOR DAY / MAY 2017

- ▶ How has the Group changed since 2013?
- ▶ Is it time for a recovery in Saint-Gobain's end markets?
- ▶ Can Saint-Gobain grow faster than its markets?
- ▶ Is a more digitized world a threat or an opportunity?
- ▶ Is there more cost reduction potential beyond the existing savings plan?
- ▶ Will market recovery lead to operating leverage and free cash flow generation?
- ▶ Can Saint-Gobain create value through portfolio management?



2013-2017: A GROUP TRANSFORMED AND READY FOR GROWTH

Pierre-André de Chalendar
Chairman and Chief Executive Officer



On track to deliver most Investor Day 2013 targets

1 **STRENGTHEN THE GROUP'S PROFILE**

Reduce capital intensity in developed countries	✓
Refocus industrial assets outside Western Europe	✓
Complete the disposal of Verallia	✓
Accelerate value-enhancing acquisitions	✗
Focus Building Distribution Sector on leadership positions	✓

2 **INCREASE FOCUS ON DIFFERENTIATION**

Strengthen our innovation pipeline	✓
Enhance the Group's online offer	✗
Increase our brand awareness	✓

3 **WORK TOWARDS MANAGEMENT'S PRIORITIES**

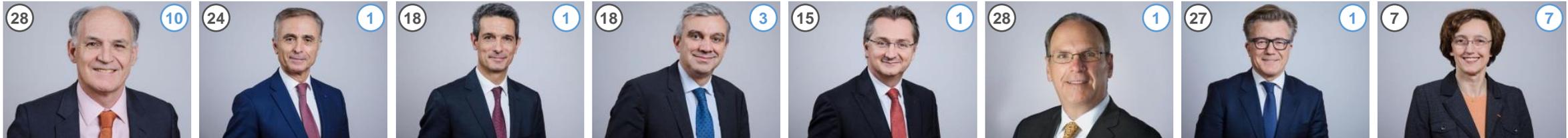
Push further our cost savings programs	✓
Become a CSR reference	✓
Target attractive returns for shareholders	✓
Maintain a solid financial structure	✓

 On track
  Further progress required

2013-2017: a Group transformed and ready for growth

- ▶ A renewed management team with broad international experience
- ▶ A coherent set of businesses aligned with a clear mission statement
- ▶ Robust positions in emerging countries
- ▶ A lighter and more disciplined Saint-Gobain
- ▶ Steady improvement of value creation ratios
- ▶ Progress on all CSR dimensions

A renewed management team with broad international experience



PIERRE-ANDRÉ DE CHALENDAR
Chairman and CEO



CLAUDE IMAUVEN
COO



BENOÎT BAZIN
Construction Products



PATRICK DUPIN
Flat Glass



LAURENT GUILLOT
High-Performance Materials



TOM KINISKY
North America



KÅRE O. MALO
Building Distribution



CLAIRE PEDINI
Human Resources



JEAN-FRANÇOIS PHÉLIZON
Internal Audit and Internal Control



GUILLAUME TEXIER
Finance



ANTOINE VIGNIAL
Corporate Secretary, CSR



FABRICE DIDIER
Marketing



DELPHINE GÉNY-STEPHANN
Corporate Planning & Strategy



BENOÎT D'IRIBARNE
Germany, Austria and Benelux - Industrial Excellence



DIDIER ROUX
R&D and Innovation



▲ Non Saint-Gobain business experience

● North America

● Asia & Emerging countries

● France

● Europe (excl. France)

■ Corporate

■ Building Distribution

■ Construction Products

■ Innovative Materials

① Seniority at Saint-Gobain

① Seniority since taking position



A coherent set of businesses, with strengths and opportunities in each Sector...

- ★ Breadth of clients
Depth of materials and solutions' selection
- 🏠 Consolidation
Renovation

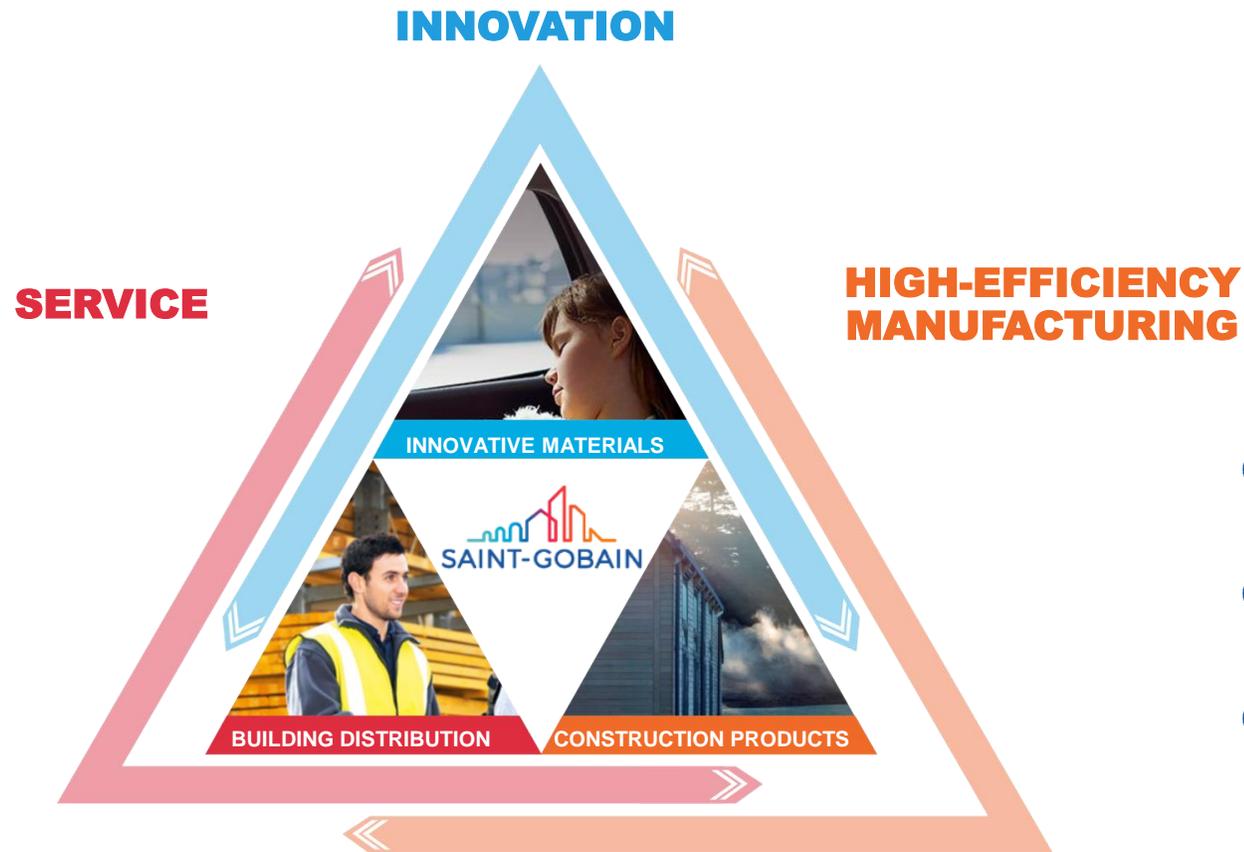


- ★ Technology
- 🏠 Innovation
Co development

- ★ Leading positions and brands
- 🏠 Emerging countries
Energy savings
Efficient materials

- ★ Strength
- 🏠 Growth opportunities

... and synergies creating a unique offer adapted to customers' needs



Mission statement

Saint-Gobain helps to create great living places and improve daily life by combining comfort and sustainability

- ▶ Customers request a **more complex** combination of **innovation, products and services: “solutions”**
- ▶ This trend is **accelerating** as end users gain influence in a **digital world**
- ▶ Saint-Gobain is **uniquely positioned** to answer this request

Examples of our ability to answer our customers' multi-criteria requirements

BEARINGS FOR AUTO



ACOUSTICAL SOLUTIONS



PREFAB



Customer

OEM*, part-maker

Home or business owner

Homebuilder, contractor

Unfulfilled needs

Vibration control, durability

Sound comfort

Productivity

Customer requirements

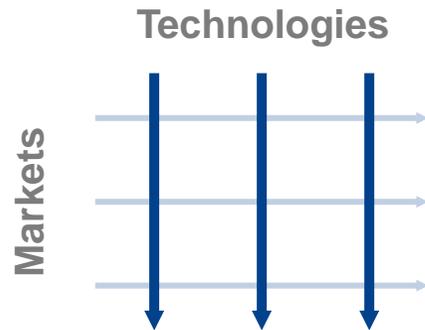
Customer requirements	OEM*, part-maker	Home or business owner	Homebuilder, contractor
innovation	+ ————— ● ——— ++	+ ————— ● ——— ++	+ ————— ● ——— ++
service	+ ————— ● ——— ++	+ ————— ● ——— ++	+ ————— ● ——— ++
high efficiency manufacturing	+ ————— ● ——— ++	+ ————— ● ——— ++	+ ————— ● ——— ++

* Original Equipment Manufacturer

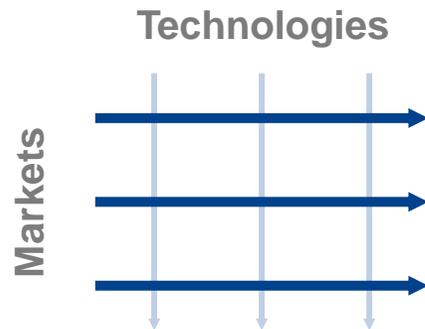


From a product-centric to a customer-centric organization

FROM



TO



LARGE COMMERCIAL BUILDINGS

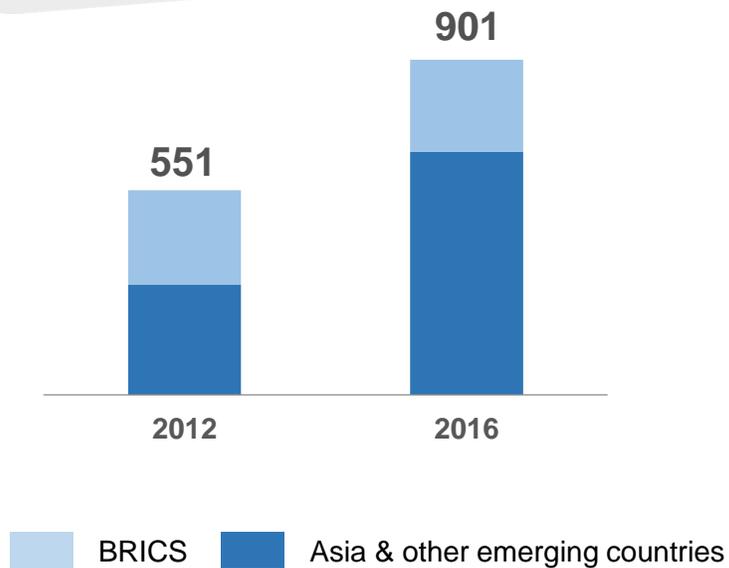


MARINE



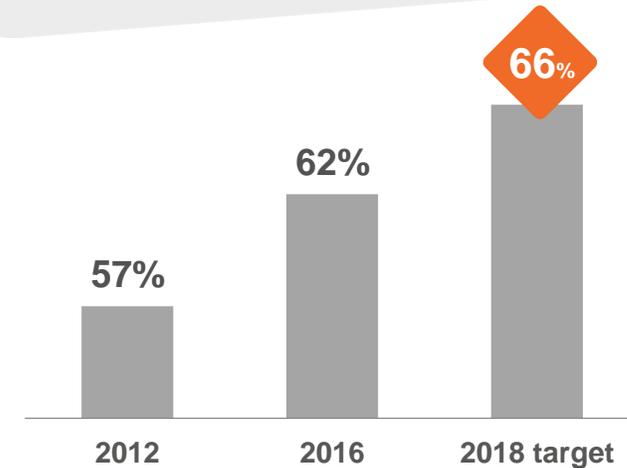
Robust positions in emerging countries

OPERATING PROFIT IN ASIA AND EMERGING COUNTRIES (€m)



INDUSTRIAL ASSETS OUTSIDE WESTERN EUROPE

Innovative Materials + Construction Products at constant exchange rate



Example: the journey to build a leader in India



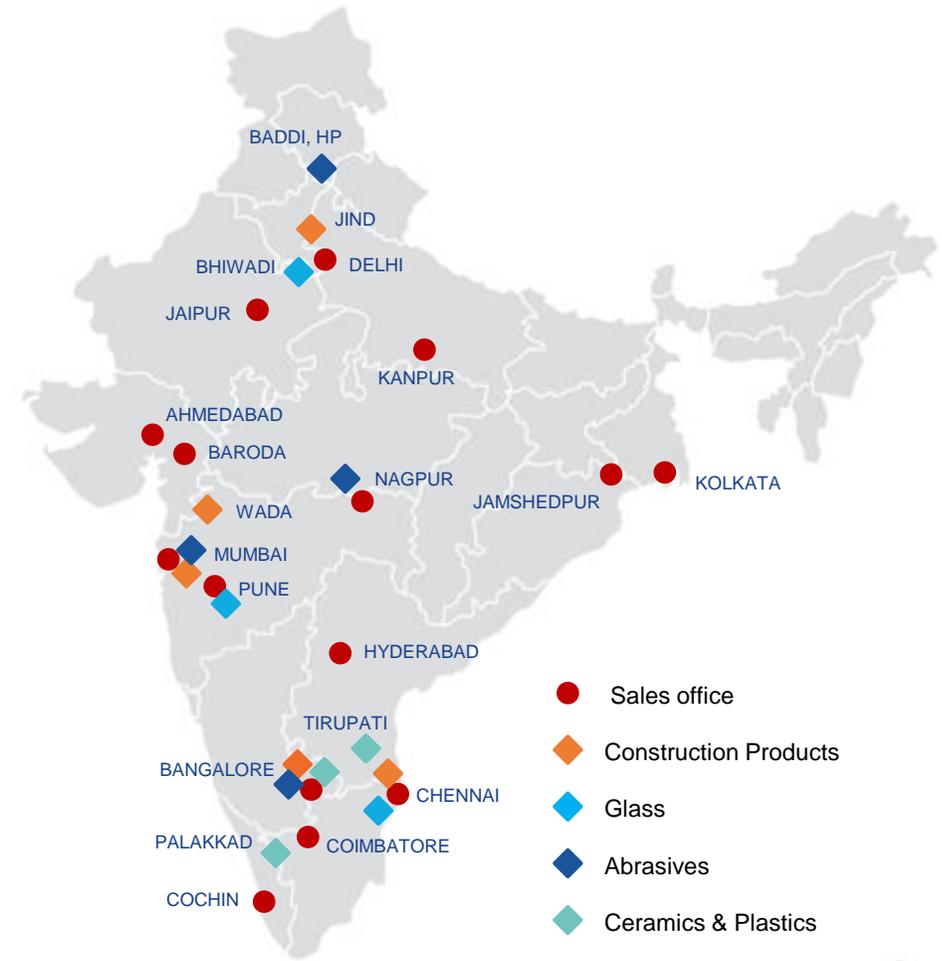
**Flat Glass
Abrasives
Plasterboards
Refractories**



Sales CAGR
since 1996



**Spontaneous
Saint-Gobain brand
awareness**



▶ Saint-Gobain contributed to shape the Indian market by:

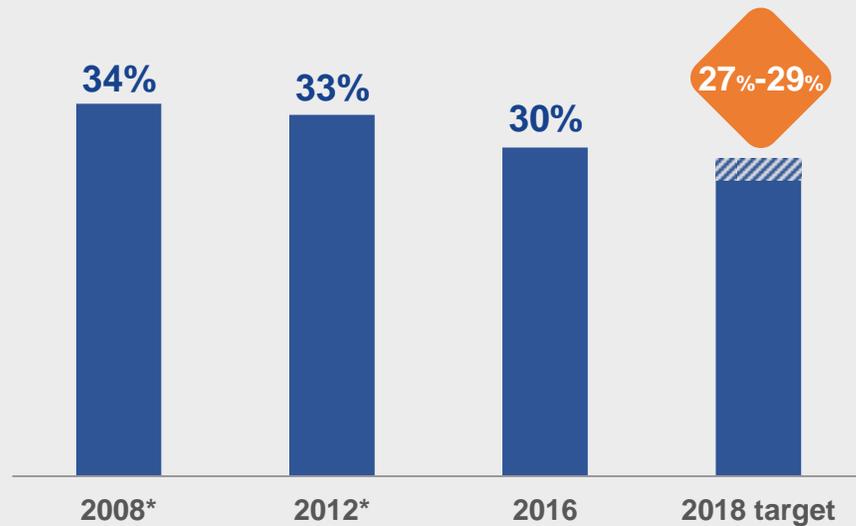
- Focusing on local market with 80% of sales dedicated to India
- Developing the glass HAVP* market
- Increasing plasterboard market penetration
- Creating an exclusive multi-channel distribution network in Abrasives through exclusive partnerships and product innovation

* High Added Value Product



A lighter Saint-Gobain

Capital intensity in developed countries



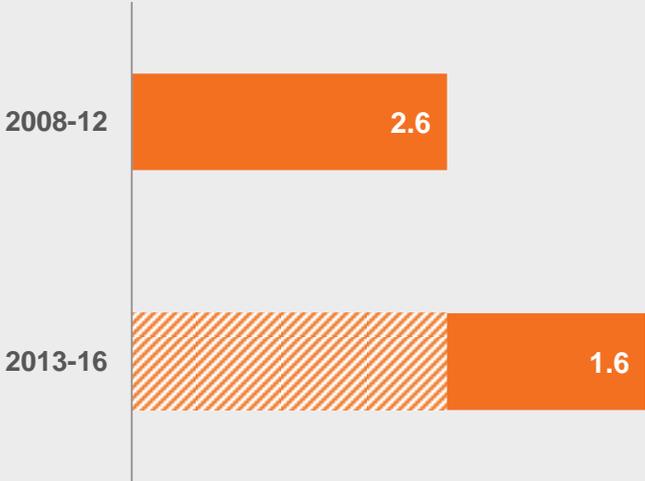
- ▶ Downstream investments in industrial activities
- ▶ Optimized use of capacity
- ▶ Lower capital intensity in Flat Glass

*including Verallia

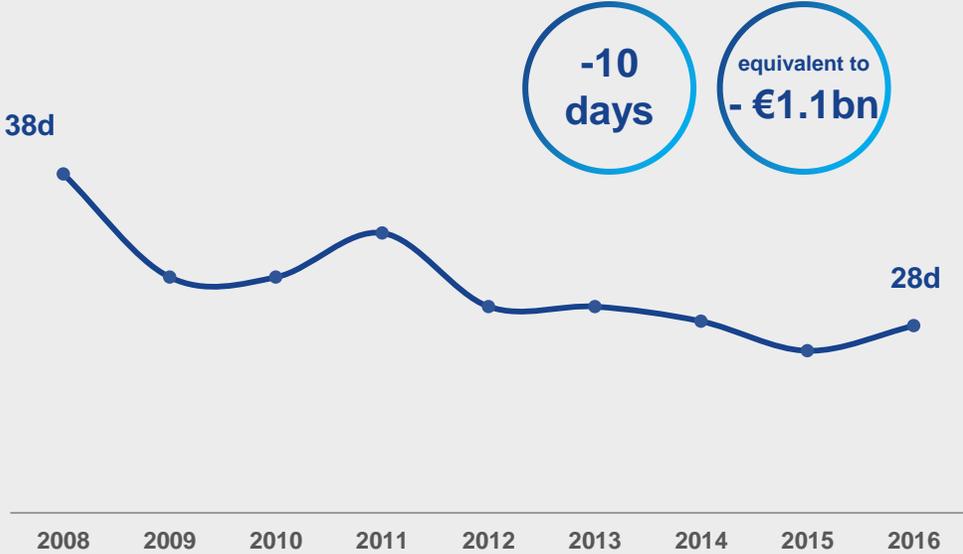


A disciplined Saint-Gobain

Cost reductions in excess of €4.2bn
between 2008 and 2016 (€bn)



Active operating WCR management
number of days, at the end of December*

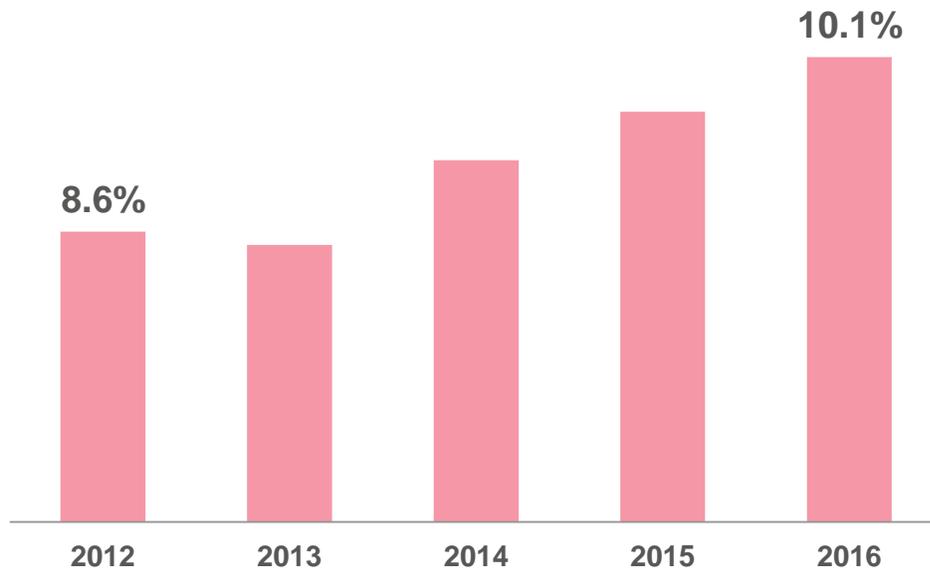


*including Verallia until 2014

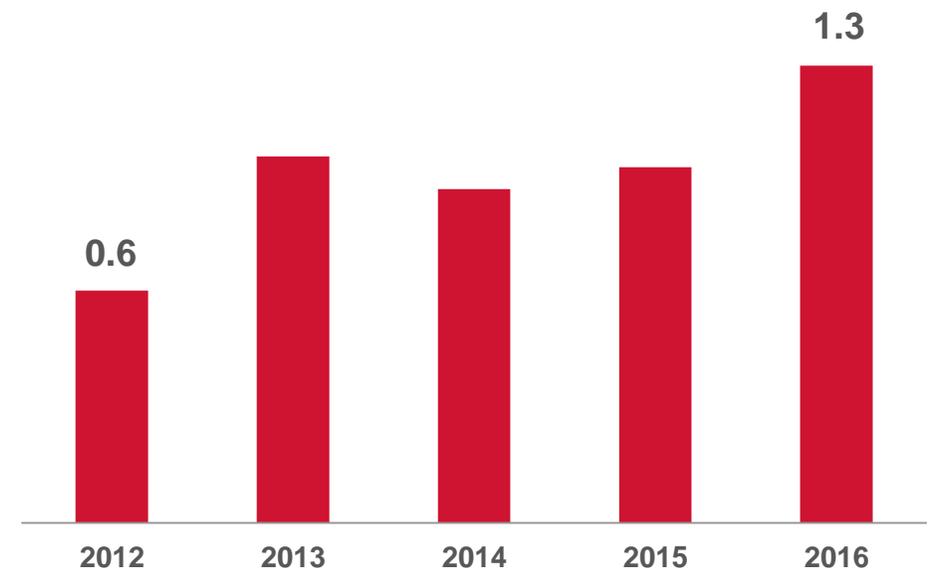


Steady improvement of value creation ratios

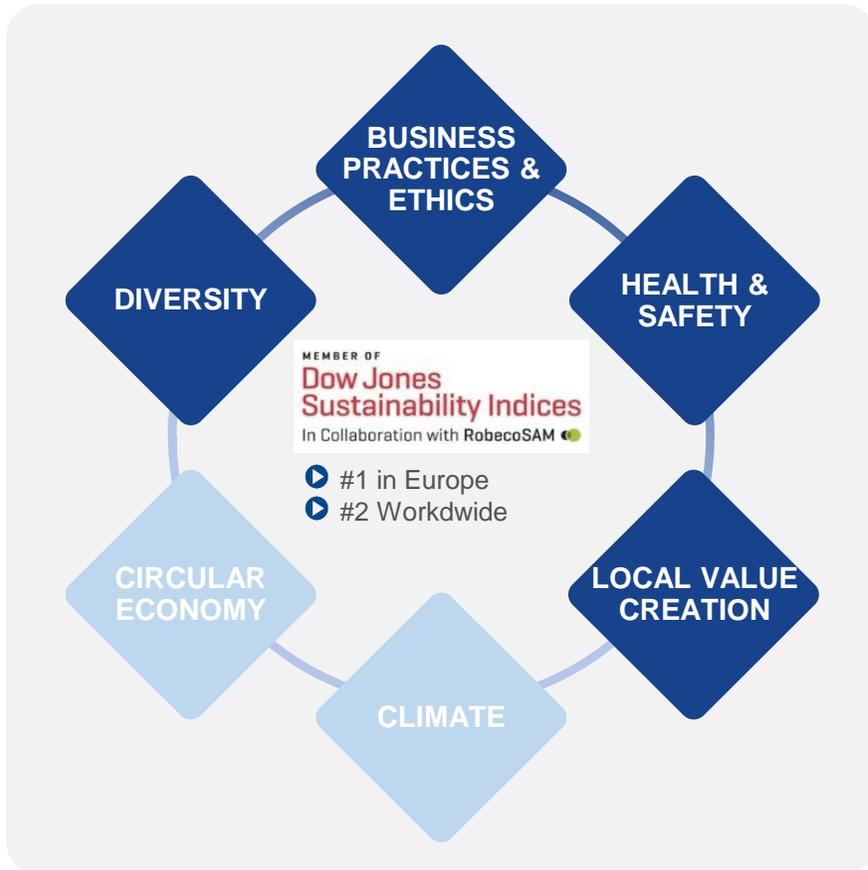
+1.5pt ROCE (pre-tax)
2012 - 2016



x2 FCF (€bn)
2012 - 2016

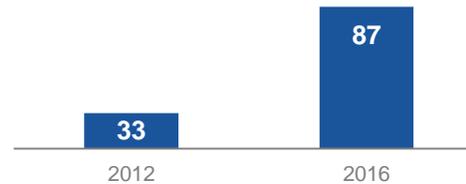


Progress on all CSR dimensions



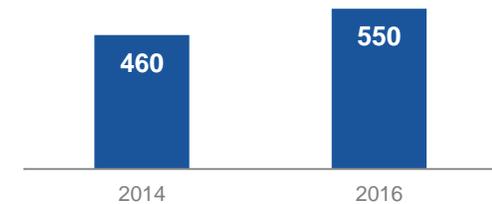
EXECUTIVES FOLLOWING THE COMPLIANCE PROGRAM

within the year following their integration (%)



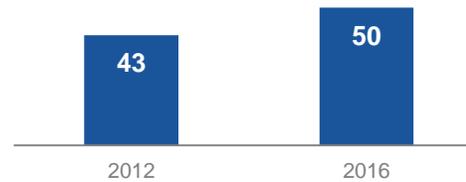
THOUSANDS OF INDIRECT JOBS

created in employment areas



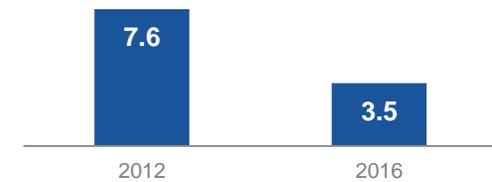
FOREIGN NATIONALS

within top management (%)



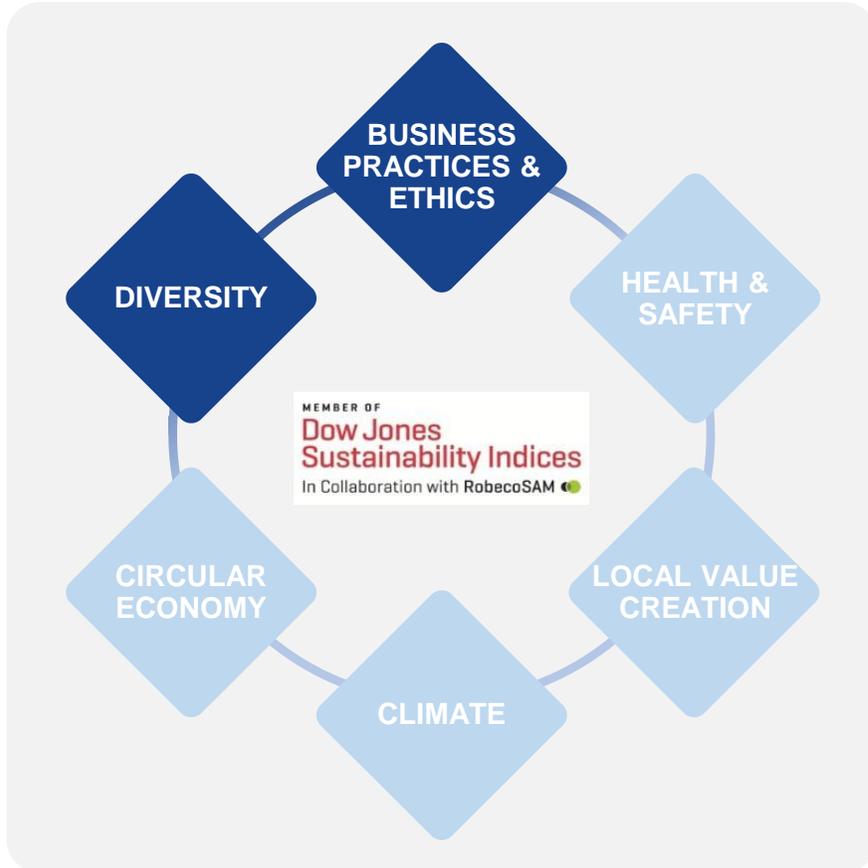
FREQUENCY OF LOST TIME AND NON-LOST TIME ACCIDENTS

(TF2*)



* number of lost time and non-lost time accidents per million of work hours

A strong governance with significant evolutions between 2012 and 2017



- ▶ **New committee:** strategy and CSR
- ▶ **Appointment of a lead independent director (*Administrateur Référent*)***

▶ # Board members

<u>16</u>	<u>14</u>
2012	2017*

▶ Independents

<u>44%</u>	<u>64%</u>
2012	2017*

▶ Gender diversity

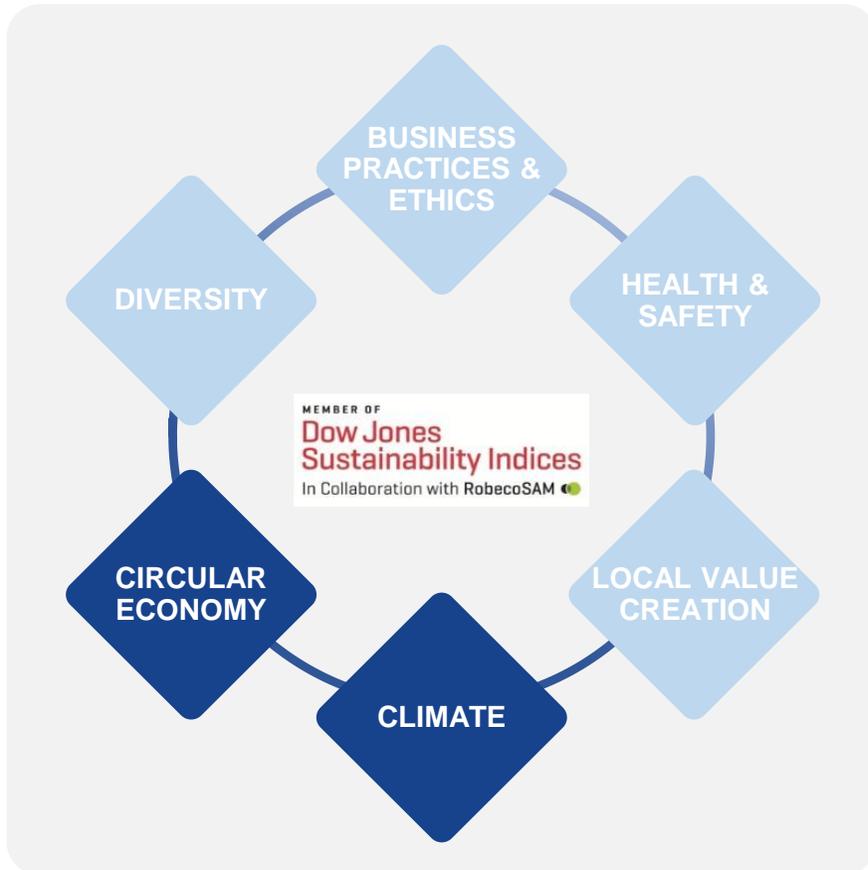
<u>25%</u>	<u>42%</u>
2012	2017*

▶ Non-French citizenship

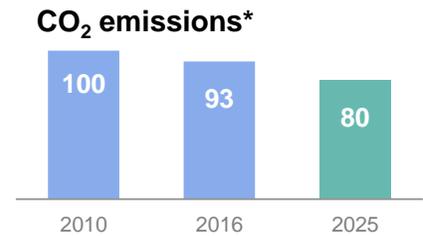
<u>19%</u>	<u>27%</u>
2012	2017*

* open for vote at 2017 Annual Shareholders' Meeting

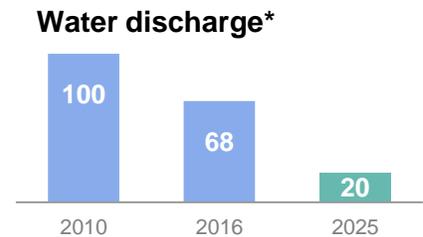
Saint-Gobain, engaged for sustainable growth...



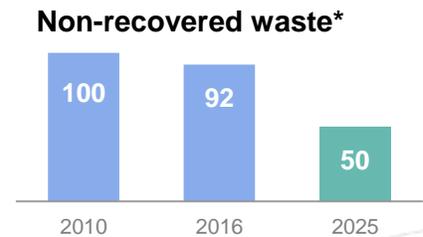
ENERGY, AIR EMISSIONS & CLIMATE CHANGE



WATER WITHDRAWAL & DISCHARGE



RAW MATERIALS & WASTE

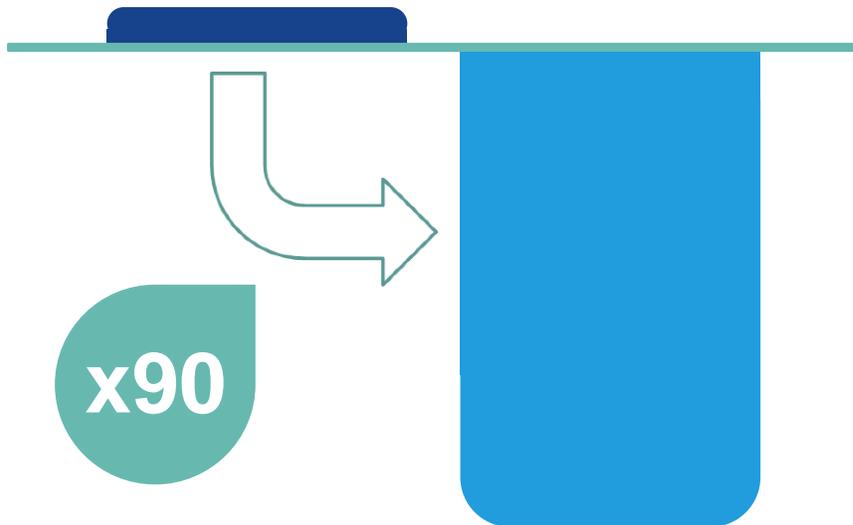


* 558 sites representing ~ 95% of Saint-Gobain's environmental impact, (2010=100)



... and acting against climate change

Greenhouse gases emitted by Saint-Gobain in a given year

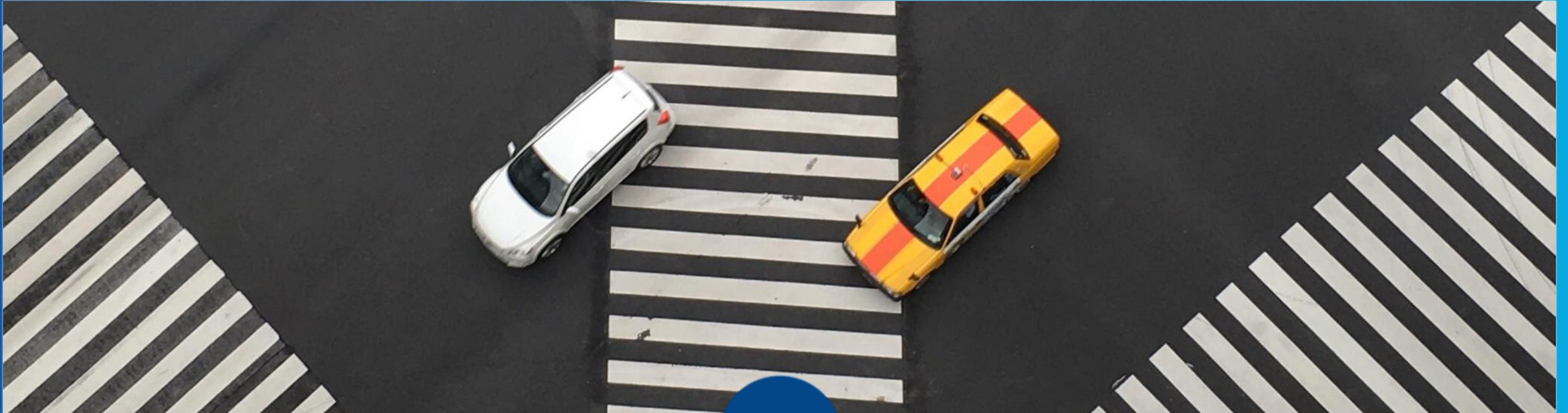


Emissions avoided with our insulation solutions produced and sold in the same year



**AN INTERNAL CARBON PRICE
INTRODUCED IN EARLY 2016**

- ▶ Step up the mobilization of our Businesses
- ▶ Encourage disruptive innovation



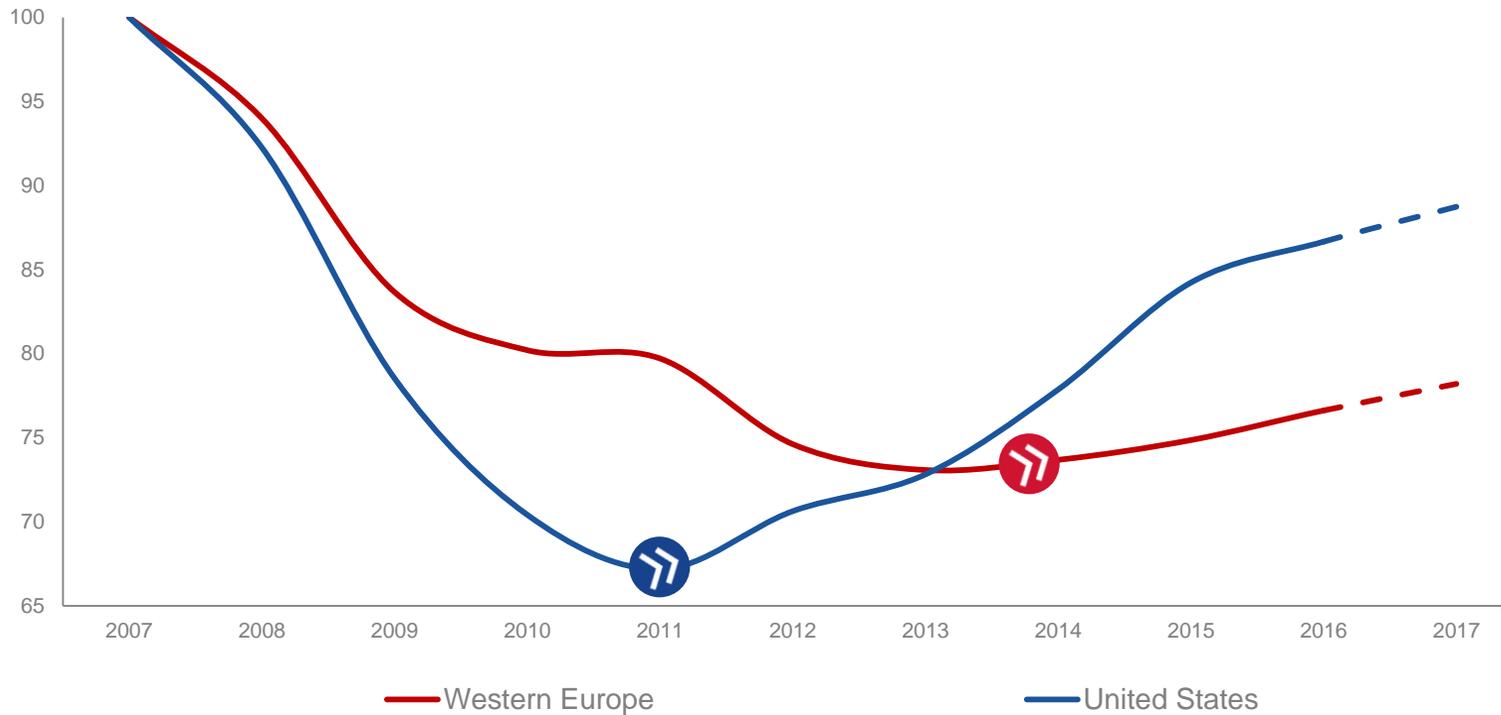
A MACROECONOMIC ENVIRONMENT TURNING MORE FAVORABLE

Guillaume Texier
Chief Financial Officer



Construction recovery is now underway in Western Europe

Construction markets
2007 = 100

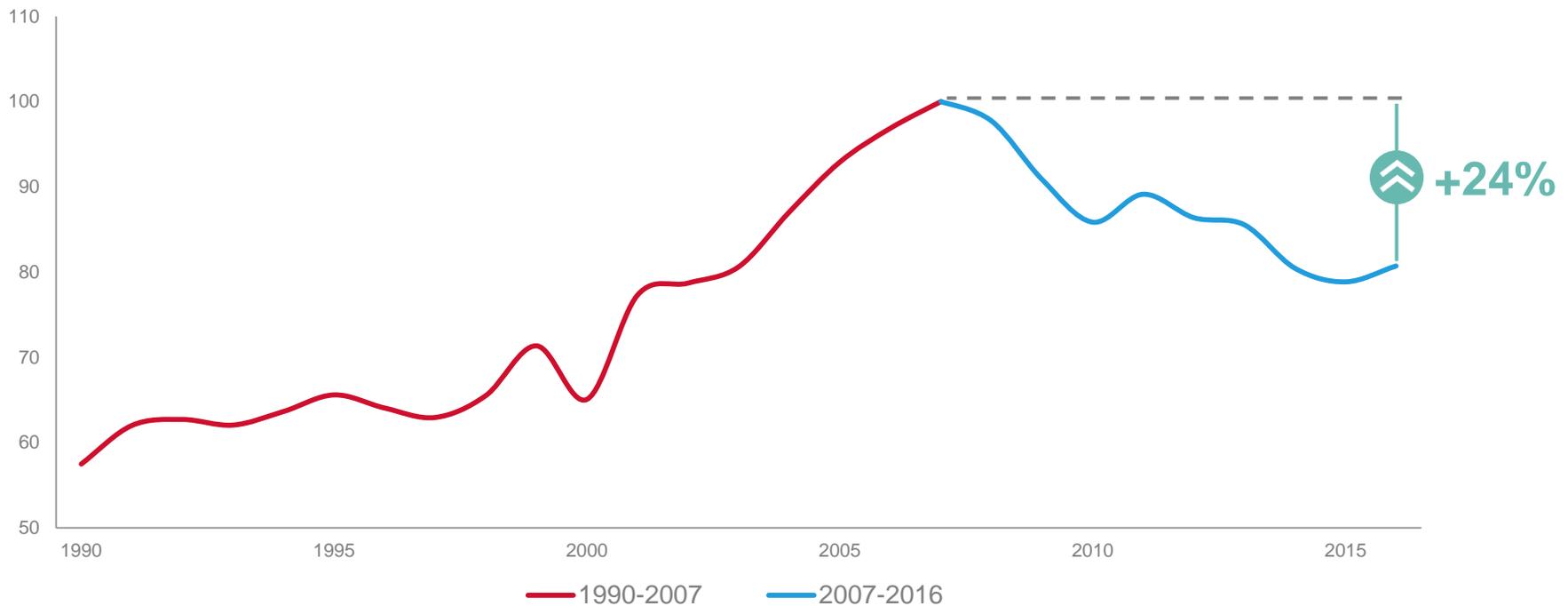


Source: Euroconstruct, IHS



France: considerable recovery potential

Construction market
2007 = 100



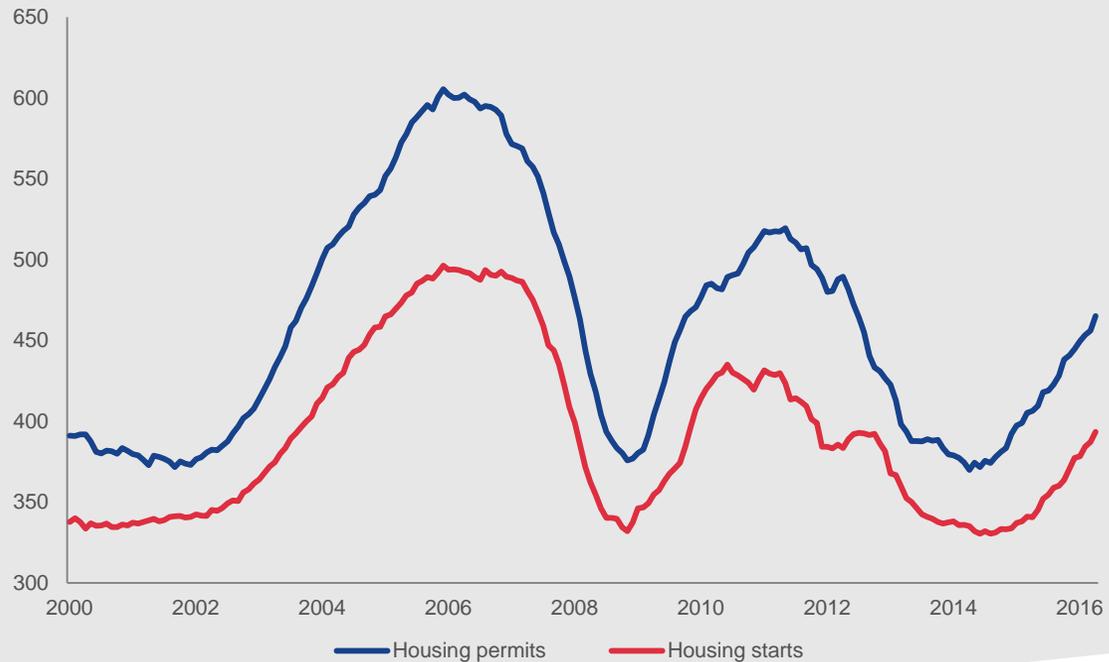
Source: Euroconstruct



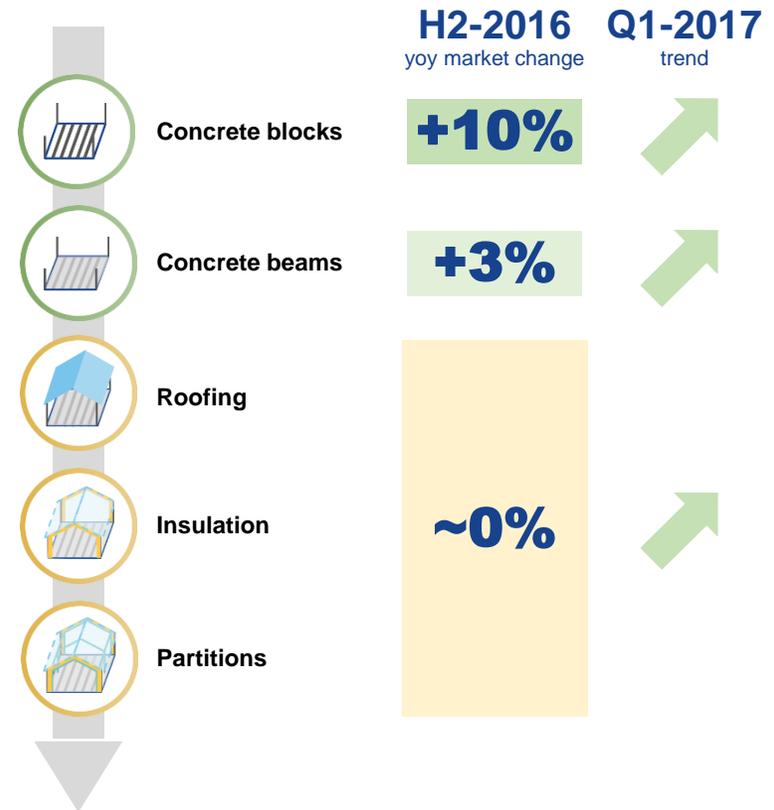
France: new construction has restarted

Housing permits and housing starts

Thousands of dwellings, 2000-2016

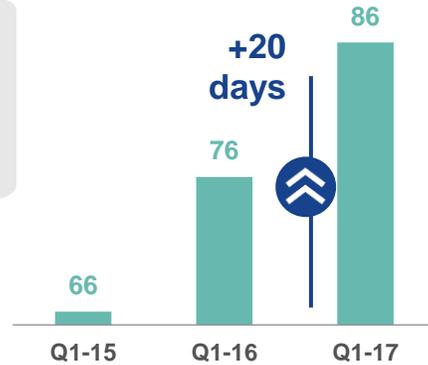


Source: INSEE

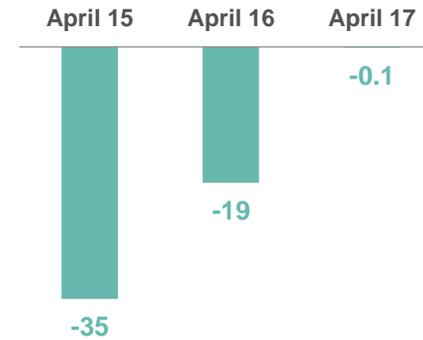


France: encouraging advanced indicators, limited by employment?

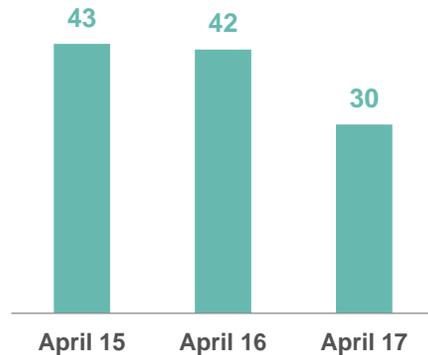
CONSTRUCTION COMPANIES ADVANCED INDICATORS



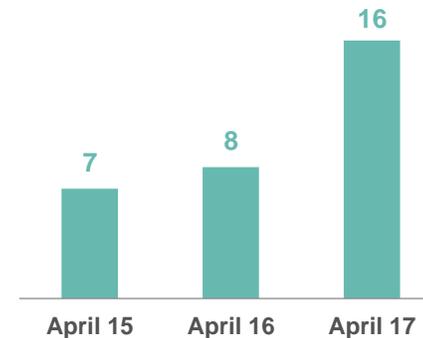
Order backlog in working days



Balance of opinion on employment in 3 months



% suffering from lack of demand



% suffering from labor shortage

Source: DG ECFIN, CAPEB

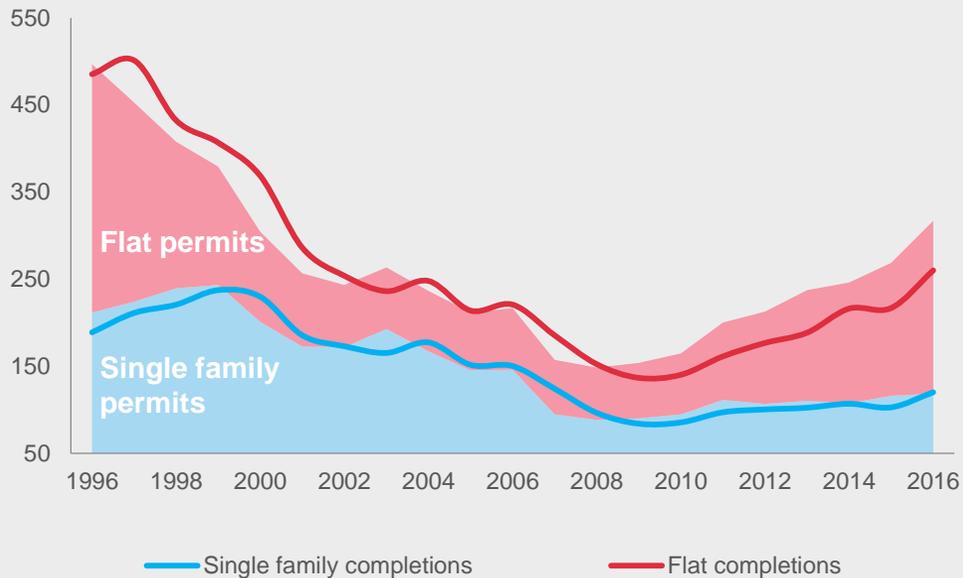


Germany & Nordics: encouraging outlook

GERMANY

Housing permits and housing completions

Thousands of dwellings, 1996-2016

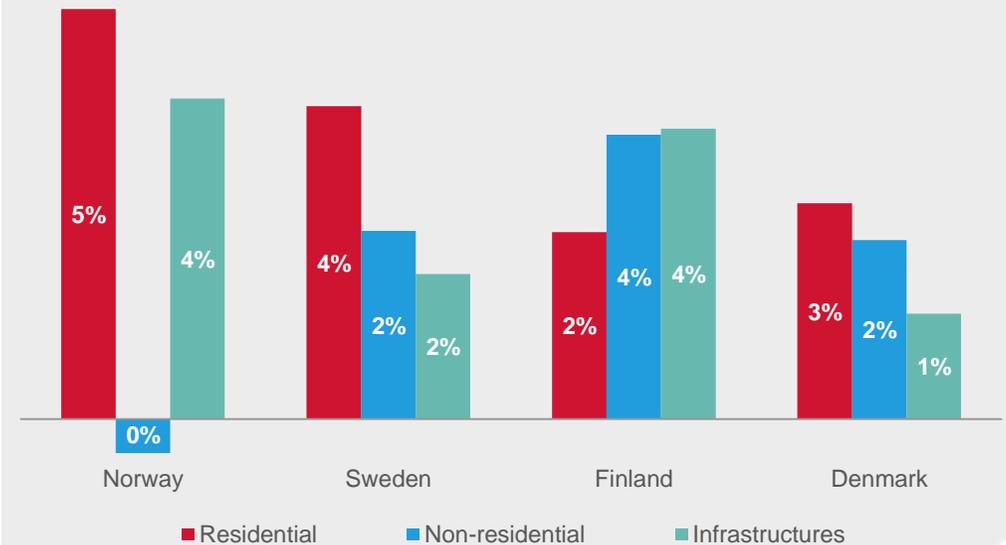


Source: Statistik der Baufertigstellungen, Euroconstruct

NORDICS

Construction markets

Volumes, 2017-2019 CAGR



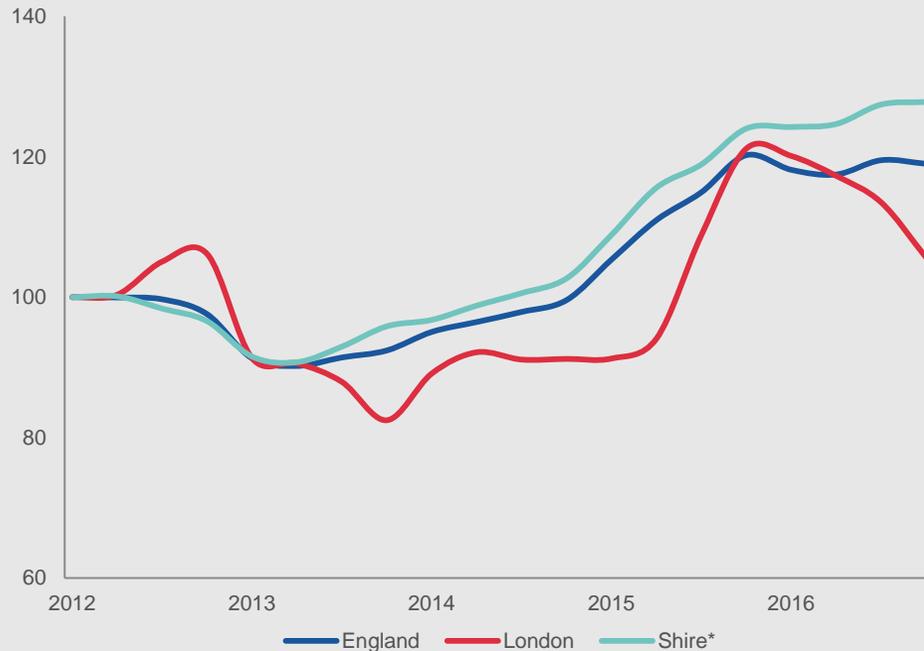
Source: Euroconstruct

United Kingdom: construction sector resisting well

CONSTRUCTION MARKETS SHOW NO SIGN OF WEAKNESS YET OUTSIDE LONDON

Residential construction permits

2012 = 100



*England excl. metropolitan areas
Source: UK DGLC

POSITIVE SHORT-TERM INDICATORS

CONFIDENCE



Average construction PMI in 2017

HOUSING PRICES



yoy % change

GOVERNMENT COMMITTING SUPPORT

RESIDENTIAL



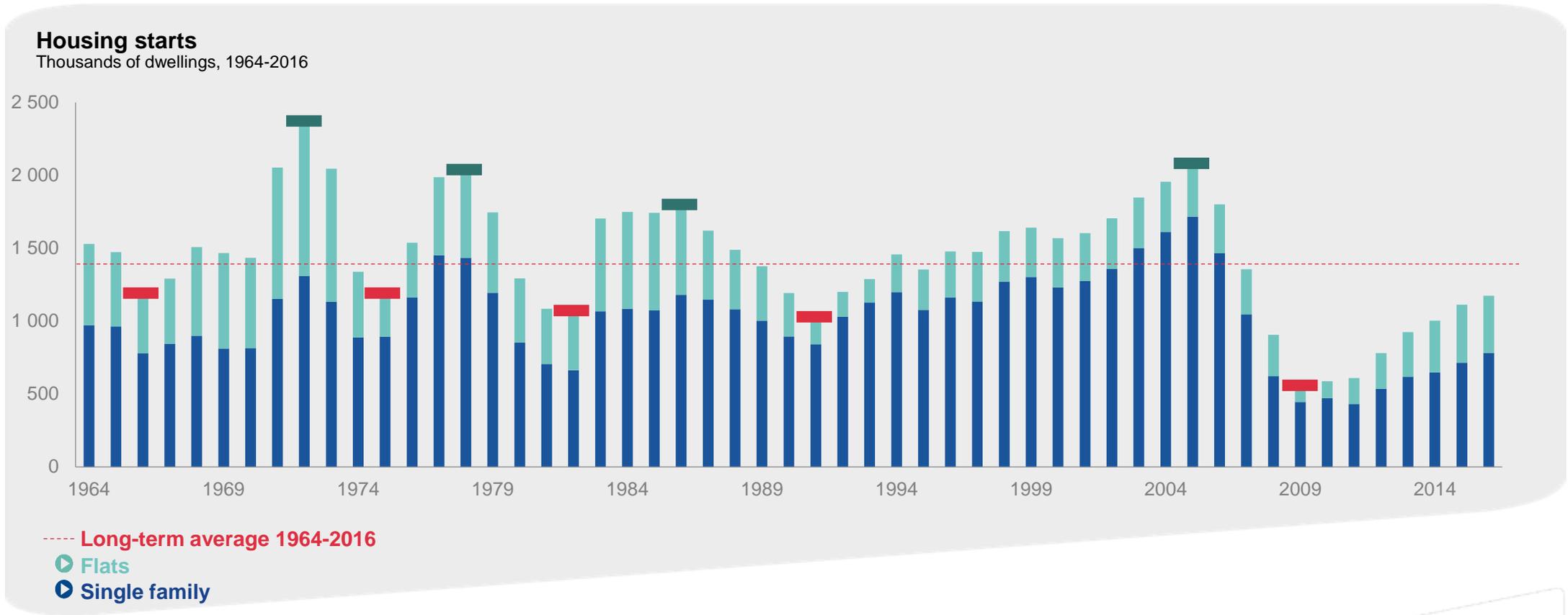
Housing white paper
Help-to-buy

INFRASTRUCTURES



Major public projects
Investment plan

United States: potential for further improvement in new residential



Our largest emerging countries demonstrate resilience...

Construction output

◆ Positive

◆ Negative

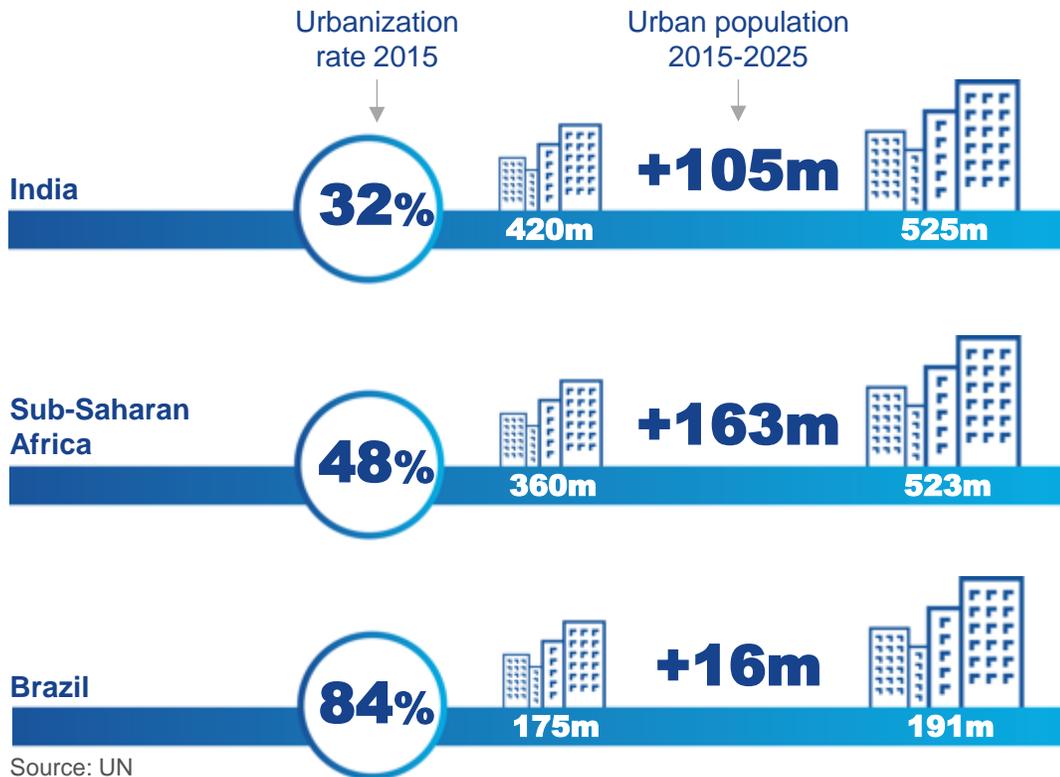
	2012	2013	2014	2015	2016
TOTAL*	◆	◆	◆	◆	◆
Brazil	◆	◆	◆	◆	◆
China	◆	◆	◆	◆	◆
Czech Republic	◆	◆	◆	◆	◆
India	◆	◆	◆	◆	◆
Korea	◆	◆	◆	◆	◆
Mexico	◆	◆	◆	◆	◆
Poland	◆	◆	◆	◆	◆
Thailand	◆	◆	◆	◆	◆

*Construction output weighted by Saint-Gobain's 2016 sales

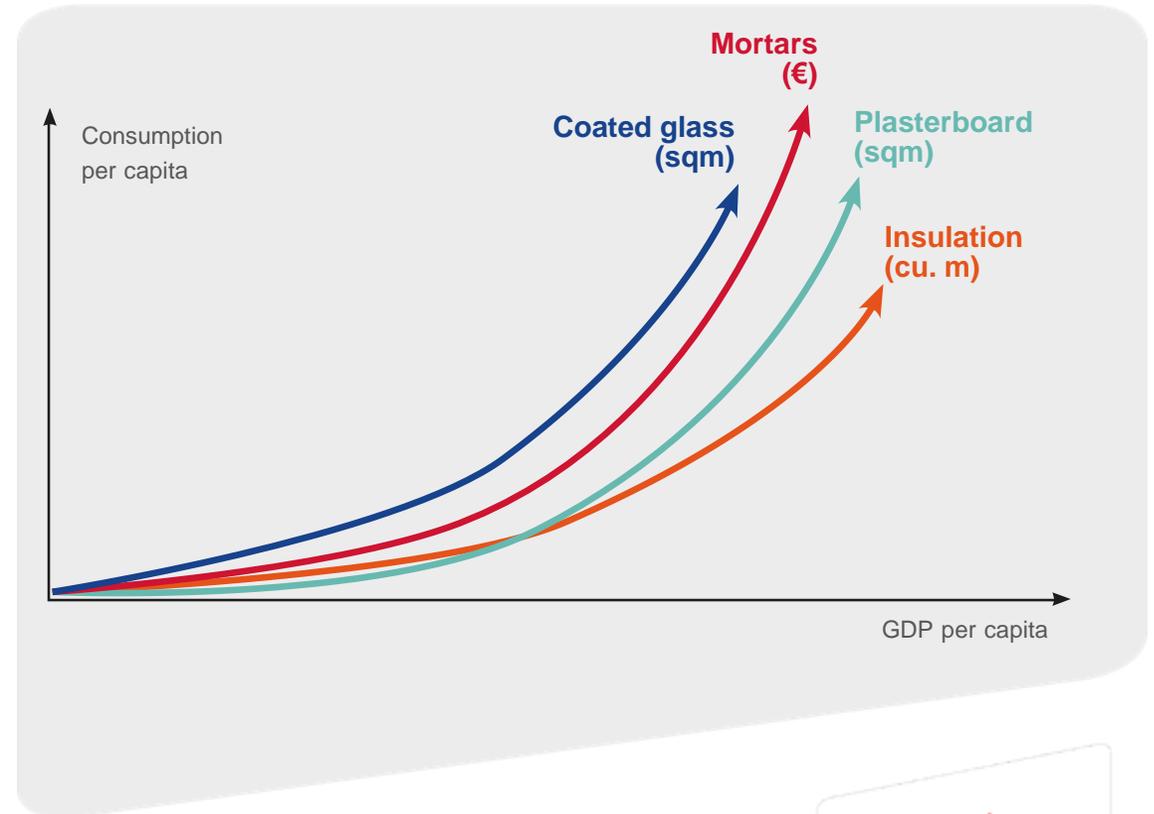


... and strong underlying dynamics

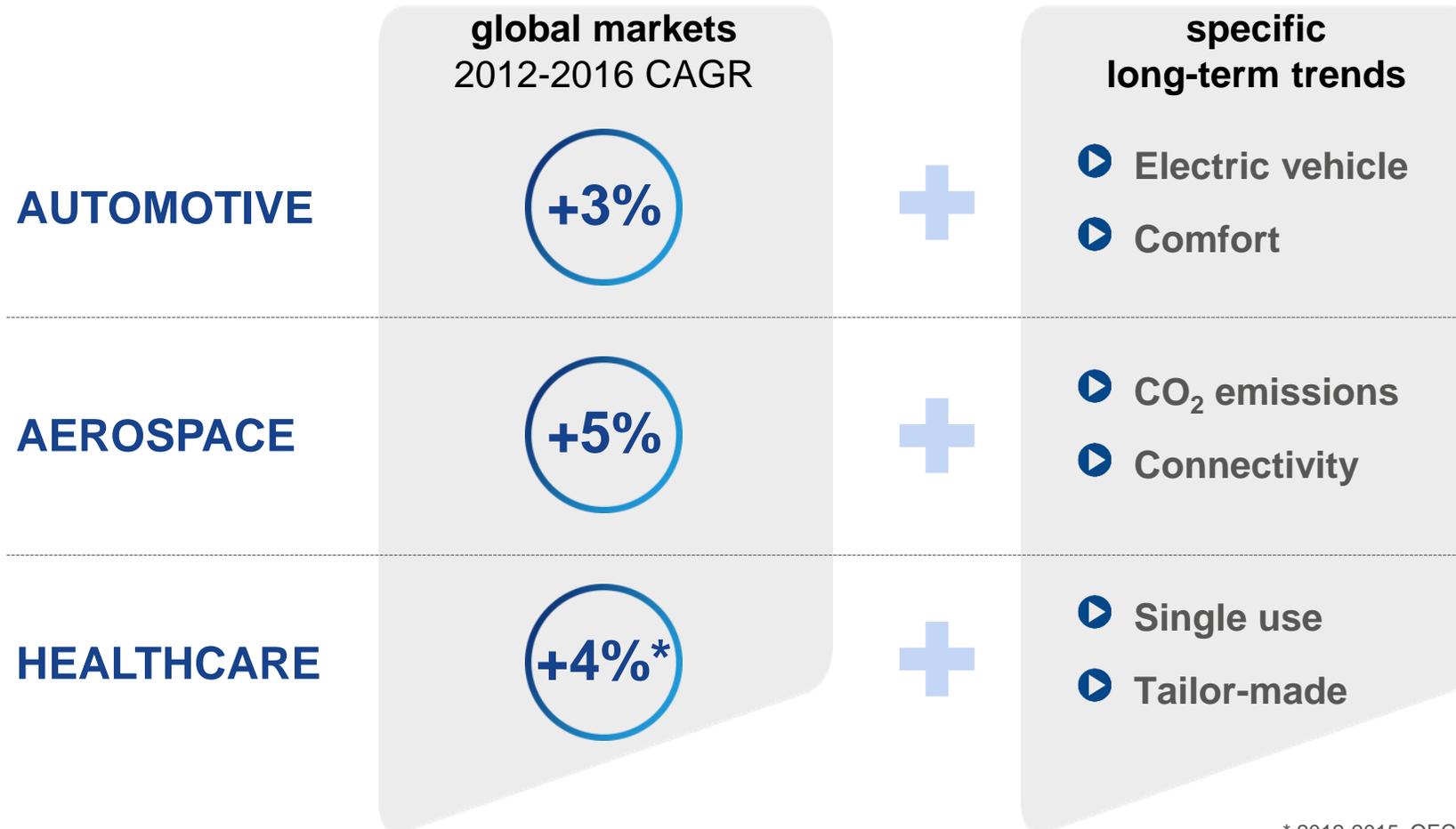
DYNAMIC URBANIZATION ON ALL CONTINENTS



RAPID RISE IN MIDDLE CLASSES, CONSUMERS OF OUR PRODUCTS



Some of our most important industrial markets benefit from strong momentum



* 2012-2015, OECD countries
Source: IHS, Airbus, Boeing, OECD





GROW FASTER THAN OUR UNDERLYING MARKETS

Thomas Kinisky
North America

Benoît Bazin
Construction Products

Laurent Guillot
Innovative Materials –
High-Performance Materials

Patrick Dupin
Innovative Materials –
Flat Glass

Long-term trends are positive for our businesses

FLAT GLASS

CONSTRUCTION PRODUCTS

HIGH-PERFORMANCE MATERIALS

BUILDING DISTRIBUTION



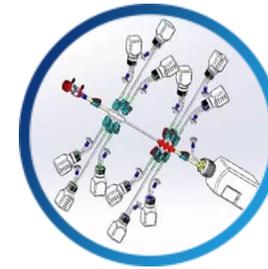
Critical needs of our core customer segments



MULTI-COMFORT
for the building end-user
(homeowner, commercial
building occupant)



PRODUCTIVITY
for the professional builder
(contractor, homebuilder)



**TAILOR-MADE
INNOVATION**
for the industrial company

Comfort in living spaces: hugely underestimated



EXTERIOR VIEW



Mental capacity and memory
improved by

10-25%



ACOUSTIC



Sound level
recommended to prevent
sleep problems

<35db



LIGHT



Employee
productivity
improved by

18%



VENTILATION



Productivity
improved
as a result of better
ventilation by

11%

Saint-Gobain's unique comfort offer



At work



At home



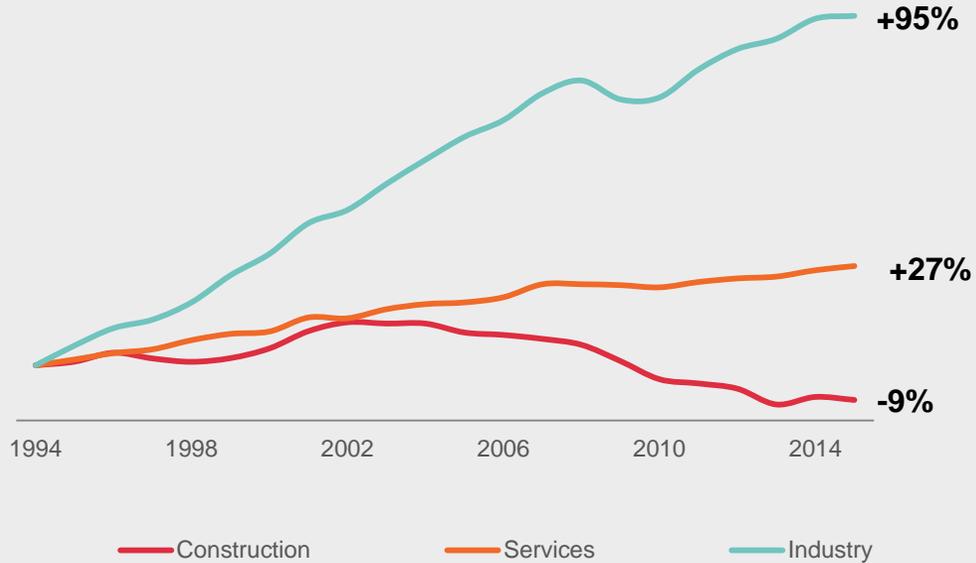
In all living places



Towards a productivity revolution in construction

Hourly productivity per branch in France

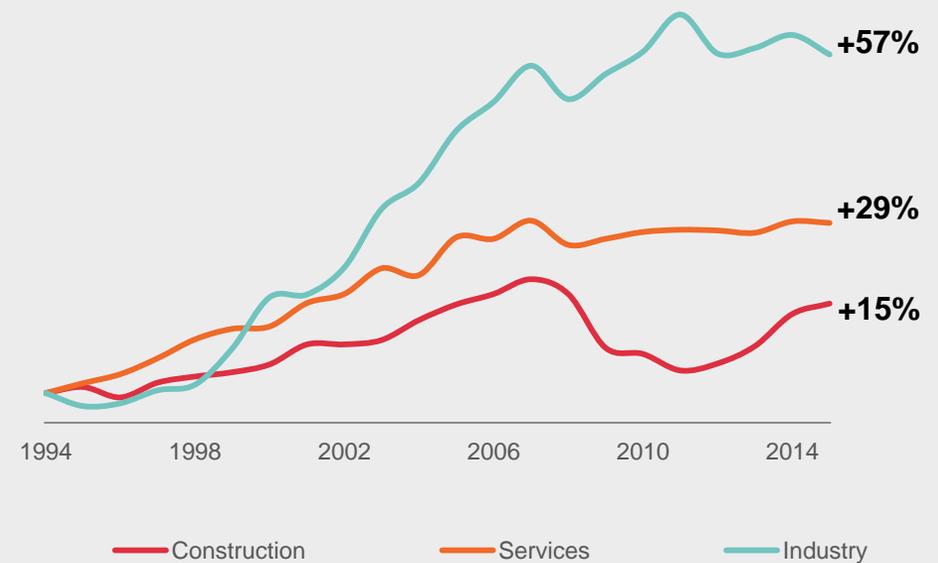
1994 = 100



Source: INSEE

Hourly productivity per branch in the UK

1994 = 100

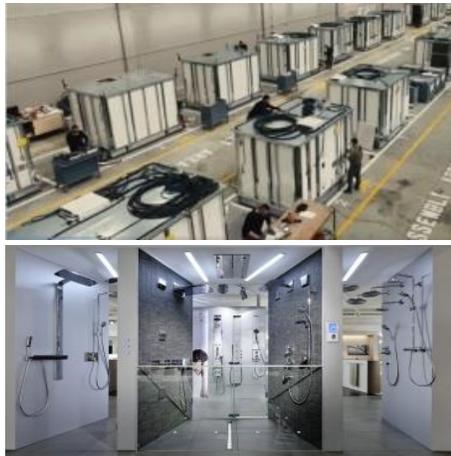


Source: ONS

Saint-Gobain's solutions to enhance efficiency



Prefab



- ▶ Bathroom cost -50%
- ▶ On-site work duration -99%



Light-weight materials



- ▶ -40% weight
- ▶ -20% drying time



Precut



- ▶ > -66% waste generation
- ▶ -20% laying time & arduousness

Industry: a growing need for tailor-made innovation



Refining & petrochemical

Unique process optimum



Diversity of reactions

▶ **Catalytic support**



Zero emission mobility

CO₂ emission restrictions



Reduced fuel capacity

▶ **Weight reduction solutions**
(thinner glass, plastic parts)



Biopharmaceutical manufacturing

Sterilization



Small batch

▶ **Single-use**

Saint-Gobain's open innovation approach in industrial markets

▶ 2016 R&D spend: ~€440m

▶ Top100 Global Innovators for 6 consecutive years

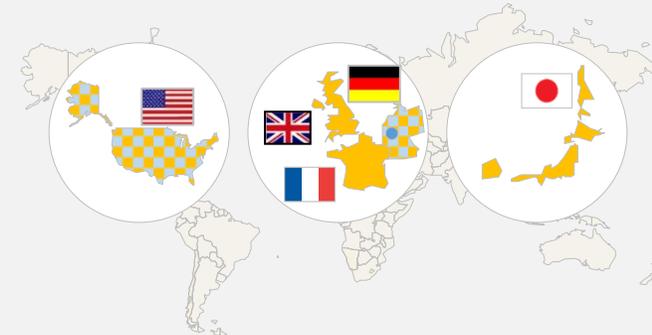
CO-DEVELOPMENT, A SOURCE OF OUR TECHNOLOGICAL LEADERSHIP...

High-Performance Materials sales include:

- ▶ ~60% of customized products
- ▶ of which ~2/3 co-developed



... REINFORCED BY FABLABS, PILOT LINES AND SHOWROOMS DEPLOYMENT



■ 5 existing fablabs

■ 2 additional planned in 2017 - 2018

Design thinking, embedded researchers at GreenTown Labs, rapid prototyping, virtual and collaborative design technologies



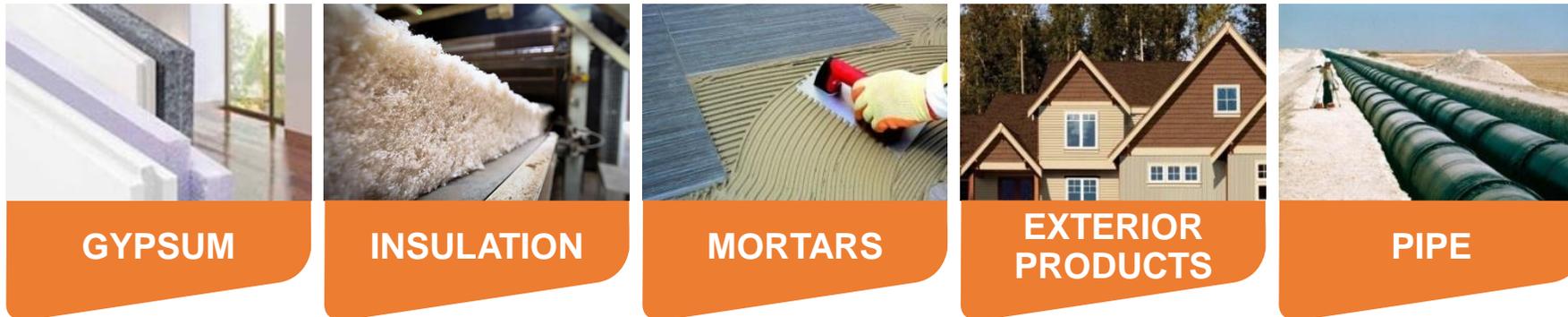
Growth acceleration in Construction Products

Benoît Bazin

Senior Vice-President in charge of the Construction Products
Sector

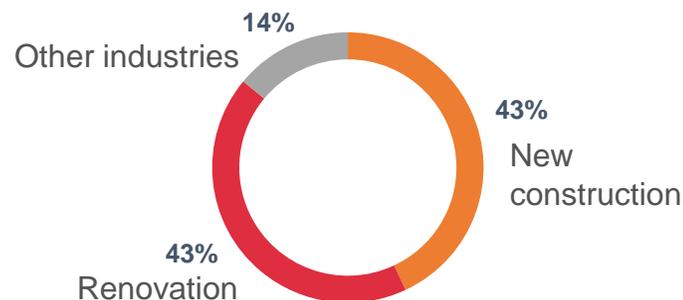
Construction Products Sector

2016 sales: **€11.9bn**
 13-16 CAGR*: **+1.6%**
 2016 OP margin: **9.3%**

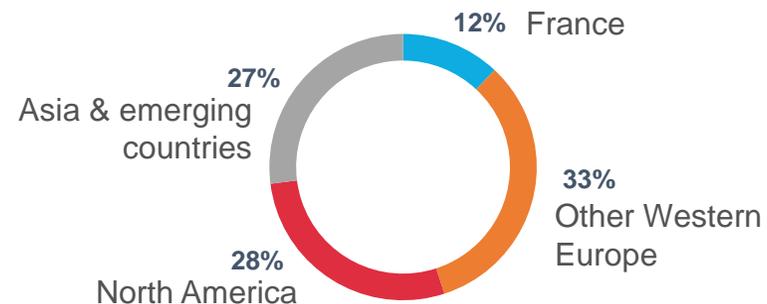


- ▶ Industrial presence in **62 countries**
- ▶ Sales presence in **74 countries**
- ▶ **8 to 10 new plants** per year

END-MARKETS 2016



SALES SPLIT 2016



*organic sales growth



How can Construction Products outperform its markets?

Unlock unique customer-centric assets and accelerate growth

- 1 A **market-driven organization** supported by a unique portfolio of brands and strong **customer intimacy**
- 2 Setting the tone in **innovation** and offering **integrated solutions** to capture full potential from attractive building markets
- 3 Expanding further in **emerging countries** and strengthening our **leading local** positions

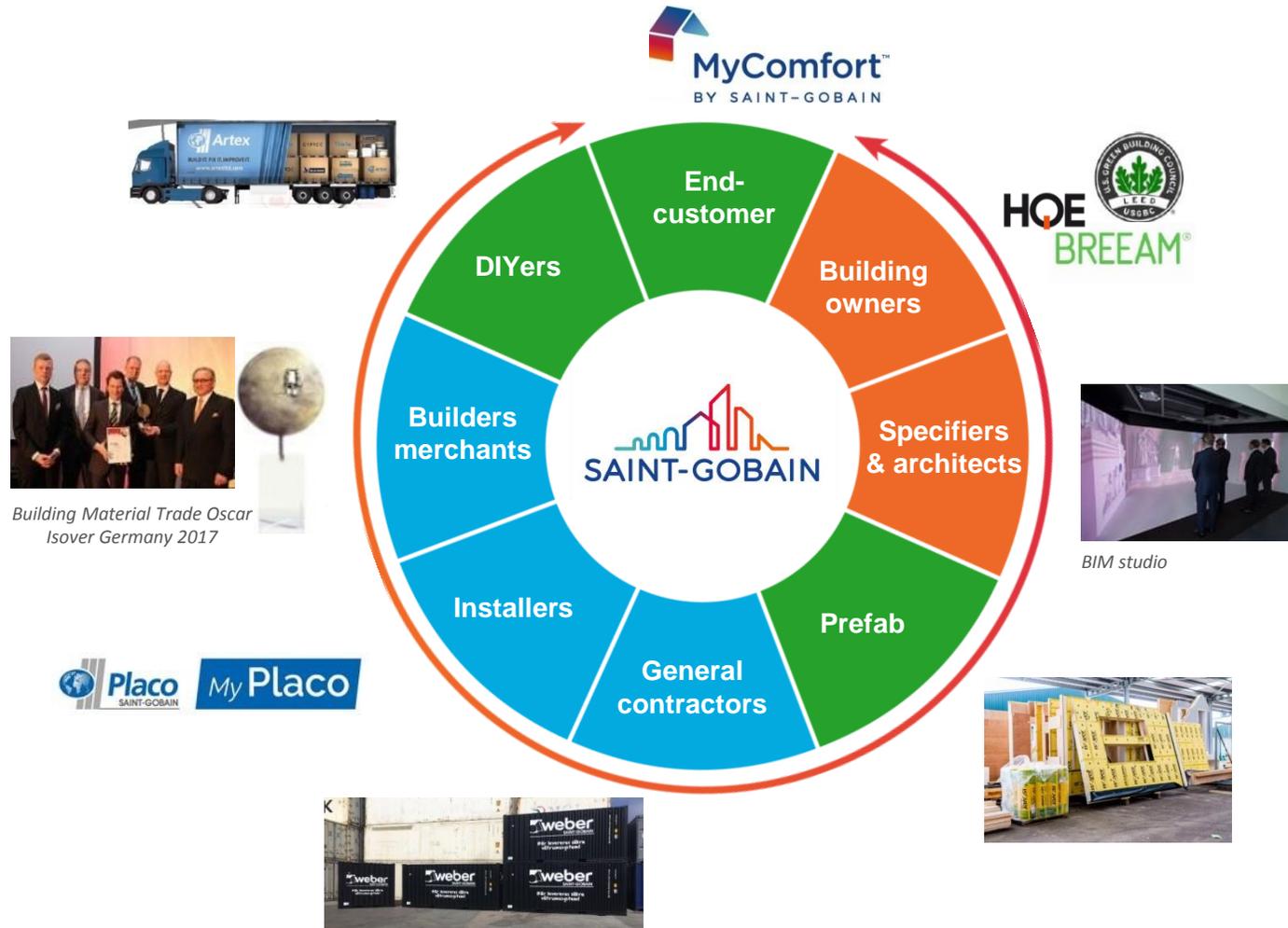
Unlock unique customer-centric assets A market-driven organization

- ▶ **Regional organization:** P&L and Sales & Marketing across brands to capture **local growth** and leverage **local synergies**
- ▶ Acceleration of **Key Account Management**
- ▶ Coverage and **joint commercial excellence** programs for more efficiency
- ▶ **Common voice** for advocacy in regulation and trends



Unlock unique customer-centric assets

Customer intimacy at each step of the value chain



- ▶ Preferred supplier of our trade customers and installers with more services and digital
- ▶ Wide technical know-how for further prescription sales
- ▶ Development in new channels with broad portfolio



Accelerate growth Setting the tone in innovation

COMPREHENSIVE PORTFOLIO



HIGH-VALUE PRODUCTS



SUSTAINABLE SOLUTIONS



SERVICES



Accelerate growth

Capturing full potential from attractive building markets

Ceiling

#2 global player



Flooring

Installation services to all end-markets



Facade

Innovative systems



High-performance applications



Acoustic partitions



Ventilation



Technical insulation

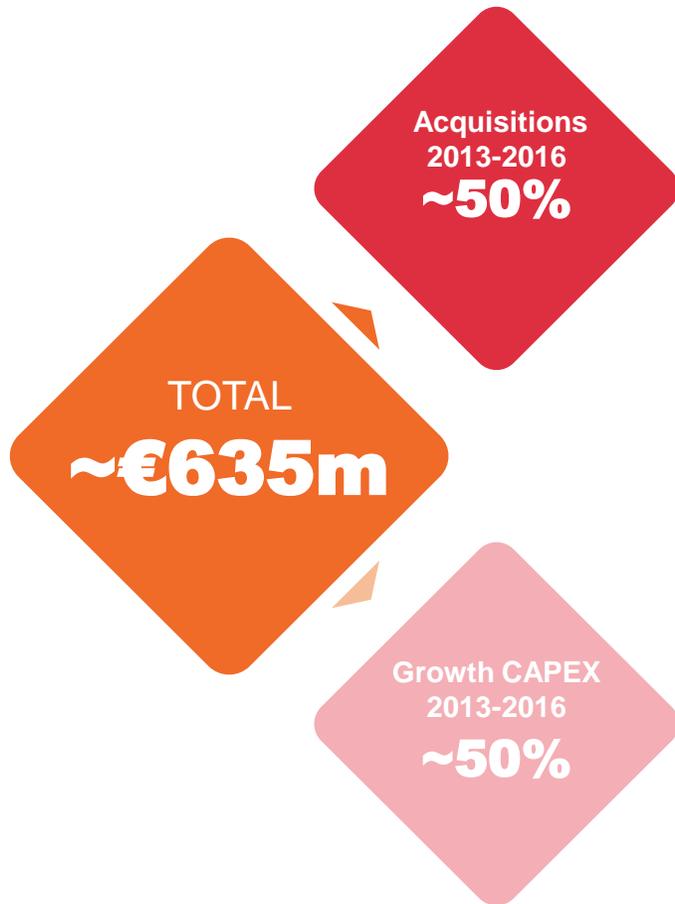


Heat exchangers
Soil & drain systems

Accelerate growth Expanding further in emerging countries



Accelerate growth Expanding further in emerging countries



Russia, mineral wool



Vietnam, plasterboard and fibercement



Albania, premix



JV in Morocco, gypsum plasters



Slovenia, premix



JV in Chile, premix



Brazil, premix



Tanzania, plasterboards



South East Asia, premix

China 中国 | Hong Kong 香港 | Malaysia 马来西亚 | Singapore 新加坡



Accelerate growth

Strengthening our leading local positions

26 business clusters > €100m

MATURE POSITIONS CONSOLIDATION

UK: British Gypsum, Isover, Celotex, Weber

France: Weber, Isover, Placo, Eurocoustic, Isonat, CF2

USA: CertainTeed, Structus

★ New businesses

NEW BUSINESS CLUSTERS

- > €100m sales
- > 10% CAGR*

Argentina  India  Vietnam 

RISING STARS

Indonesia  > 30% CAGR*

Qatar  > 15% CAGR*

UAE 

*Sales CAGR : 2010-2016 period, in euros





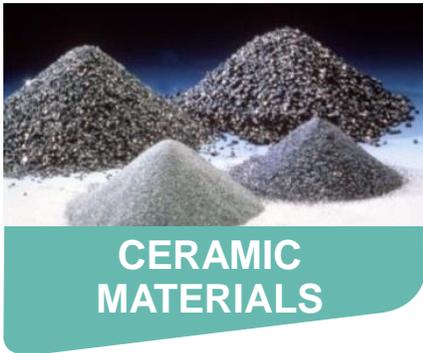
Growth acceleration in High-Performance Materials

Laurent Guillot

Senior Vice-President in charge of the High-Performance
Materials Activity (HPM)

High-Performance Materials

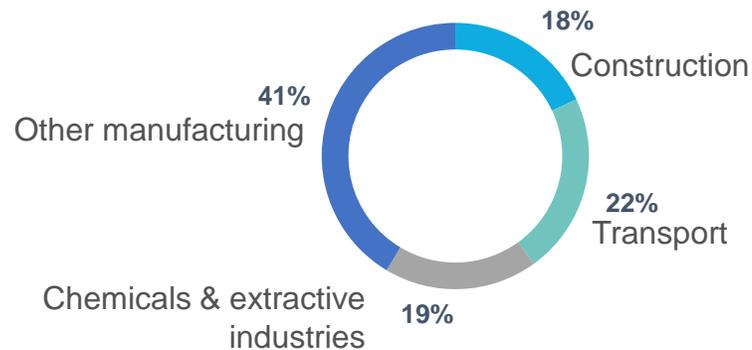
A key component of our customers' performance



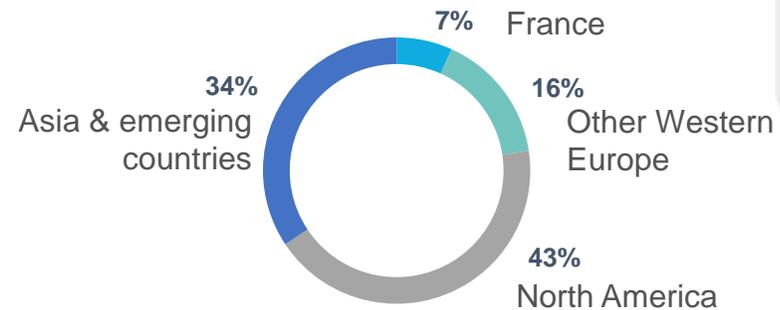
2016 sales: **€4.5bn**
 13-16 CAGR*: **+1.9%**
 2016 OP margin: **13.7%**

- ▶ Zirconia beads for iPhones' surface treatment
- ▶ Complete solutions for car refinishing & paint protection
- ▶ 80% cars worldwide equipped with our Bearings

END-MARKETS 2016



SALES SPLIT 2016



*organic sales growth



How can we accelerate HPM growth?

- 1 **Increase share of wallet** through expansion of product & service portfolio
- 2 **Develop new applications and markets** thanks to our innovations
- 3 **Gain market shares** by leveraging digital
- 4 Invest more in **fast-growing markets**

Increase share of wallet through expansion of product & service portfolio

FULL PRODUCT RANGE OFFERING



Automotive aftermarket
Beyond Abrasives, an integrated products and services network

EXPANDED SERVICES PORTFOLIO



"We make the difference"

Develop new applications and markets thanks to our innovations

INNOVATION & CO-DEVELOPMENT FOR OUR CUSTOMERS

Examples of 2016 launches

New products

New markets

New applications



Coated veil exterior



Refractories wool product line



“Sandwich” radomes



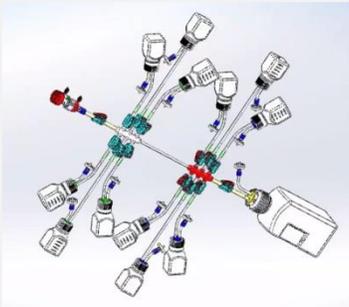
Ceramic liquid filtration membranes

- ▶ New products: >1/3 of our sales
- ▶ R&D: ~4% of our sales
- ▶ ~700 first patent filings in the last 5 years

54

Gain market shares by leveraging digital

EASE OF DOING BUSINESS WITH US



New tools for an optimized co-development process

DIGITAL SERVICES FOR OUR CUSTOMERS



NEW SALES CHANNELS THROUGH E-COMMERCE

+55%

2015-16 indirect e-commerce sales growth for Adfors



Invest more in fast-growing markets (1/3)

HPM current focus (about **2/3** of its investments*)

METAL FABRICATION



GENERAL MANUFACTURING



TRANSPORTATION



Organic growth:

~6%

Total growth:

~7%

CONSTRUCTION



Organic growth:

~3%

Total growth:

~3%

HEALTHCARE



Organic growth:

~11%

Total growth:

~14%

AEROSPACE



Organic growth:

~8%

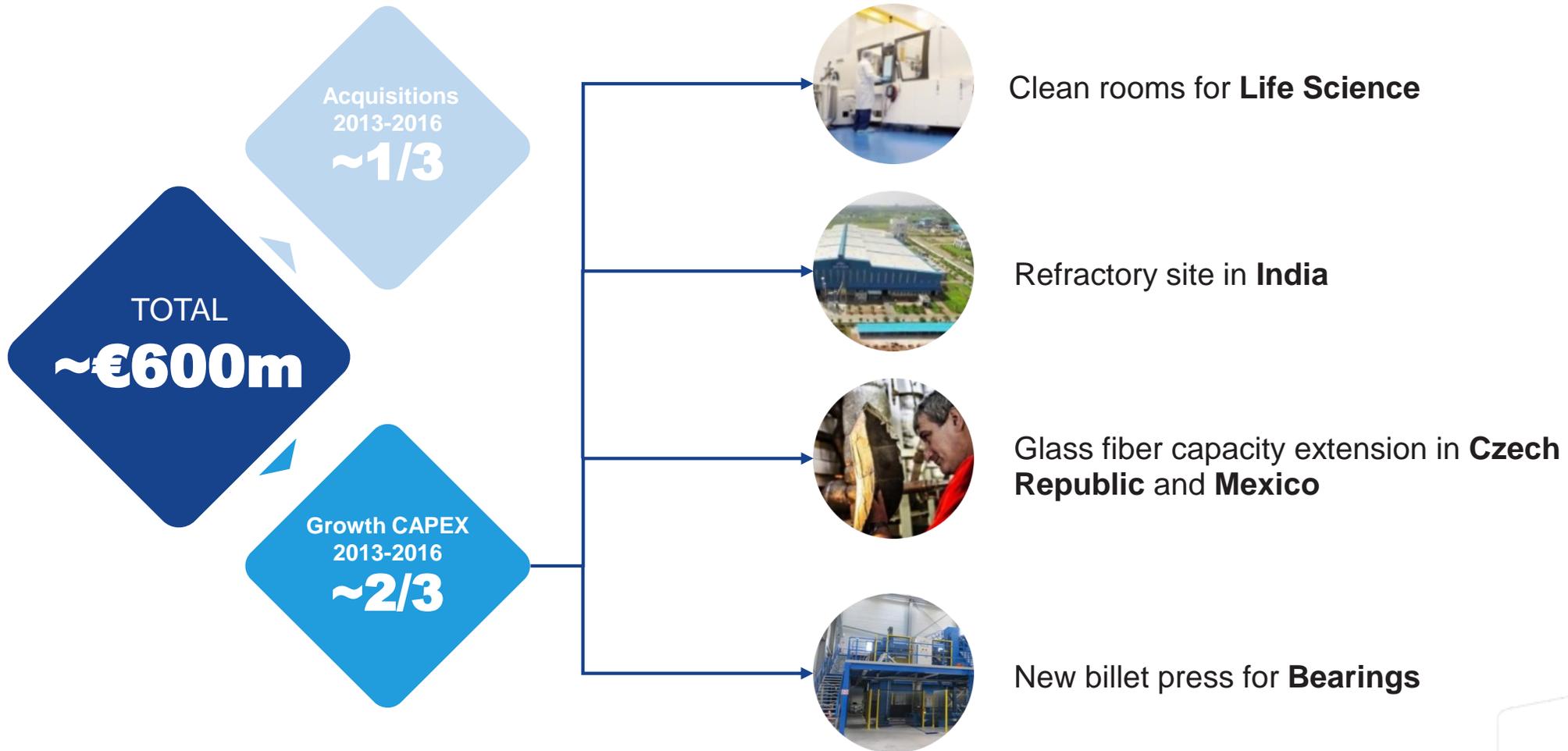
Total growth:

~10%

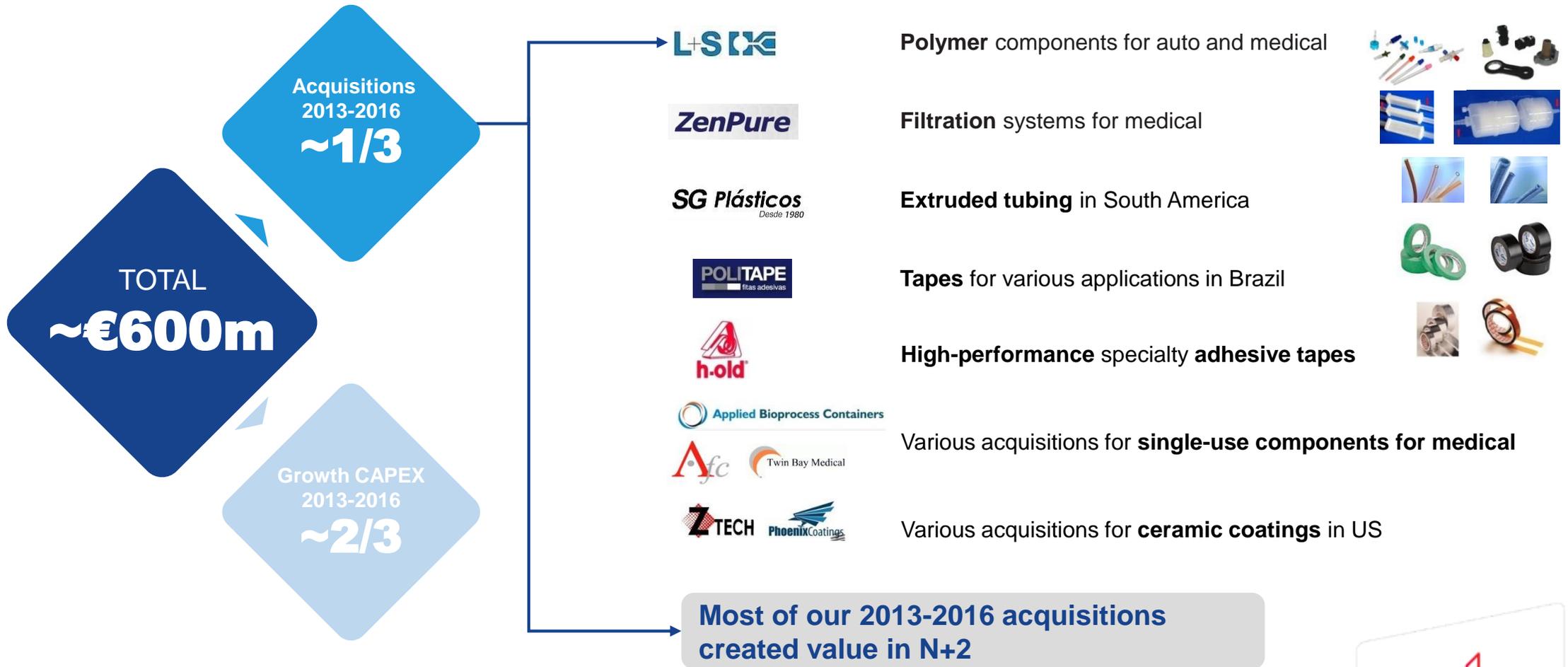
*2013-2016



Invest more in fast-growing markets (2/3)



Invest more in fast-growing markets (3/3)





Growth acceleration in Flat Glass

Patrick Dupin

Senior Vice-President in charge of the Flat Glass Activity

Flat Glass



AUTO GLASS

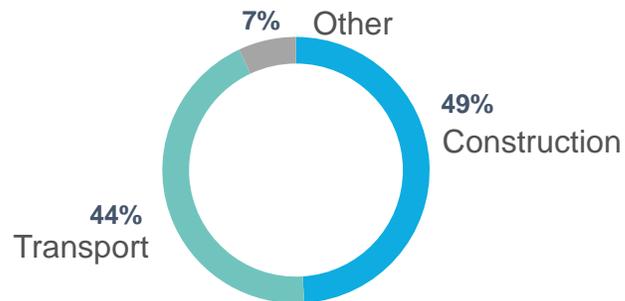


BUILDING GLASS

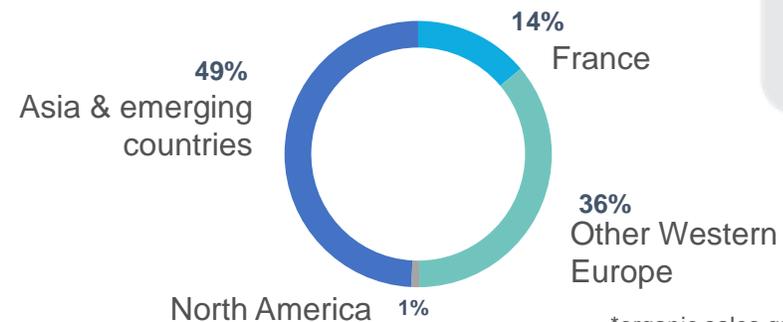


SPECIALTY SOLUTIONS

END-MARKETS 2016



SALES SPLIT 2016



2016 sales: **€5.4bn**
 13-16 CAGR*: **+5.0%**
 2016 OP margin: **9.1%**

- ▶ 1 out of 2 European cars equipped with Sekurit glazing
- ▶ The world's leading supplier of glazing for electric vehicles
- ▶ Saint-Gobain Vetrotech solutions withstand fire for up to 180 min



*organic sales growth

How can Flat Glass grow faster than its markets?

- 1 Build upon our **leadership in innovation** for the glass industry
- 2 Focus building segment on **high-performance glazing** and **glazing systems**
- 3 Develop **innovative systems** and **solutions in glazing** for automotive & transport
- 4 Strengthen our positioning in **emerging countries**
- 5 Develop **sustainability-enhancing** solutions

Saint-Gobain, the innovation leader in the glass industry

R&D COSTS

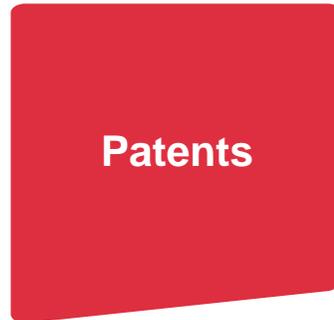
% sales, 2016



including those invoiced to our clients



R&D



Patents

PATENTS

#/year



% HAVP*

Float products



27%
2012

33%
2016



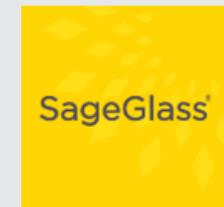
High Added Value Products



Operational excellence

INDUSTRY 4.0

NEW DEVELOPMENT PROJECTS



*HAVP: High Added Value Products



Focus building segment on high-performance glazing and glazing systems

PERFORMANCE GLAZING: FIRE RESISTANT AND BURGLAR-PROOF



- Saint-Gobain Contraflam withstanding fire **up to 180 minutes**
- Used for doors, partition walls, staircases, façades or skylights

New line in India (2015)

New products: Contraflam Mega and Ekoflam

ADVANCED FACADES



- From **extra large** glass panes to **color changing** facades
- **Glare minimization & energy efficiency** improvement

2020 target: 130,000 m² – 25% market share

Develop innovative systems and solutions in glazing for automotive & transport

AUTOMOTIVE SUNROOFS



- #1 player in high-performance glazing for roofing
- Major properties: optical clarity, weight and mechanical strength

x2

Our sales grew 2x faster than the sunroof market between 2013 and 2016

SMART WINDSHIELD



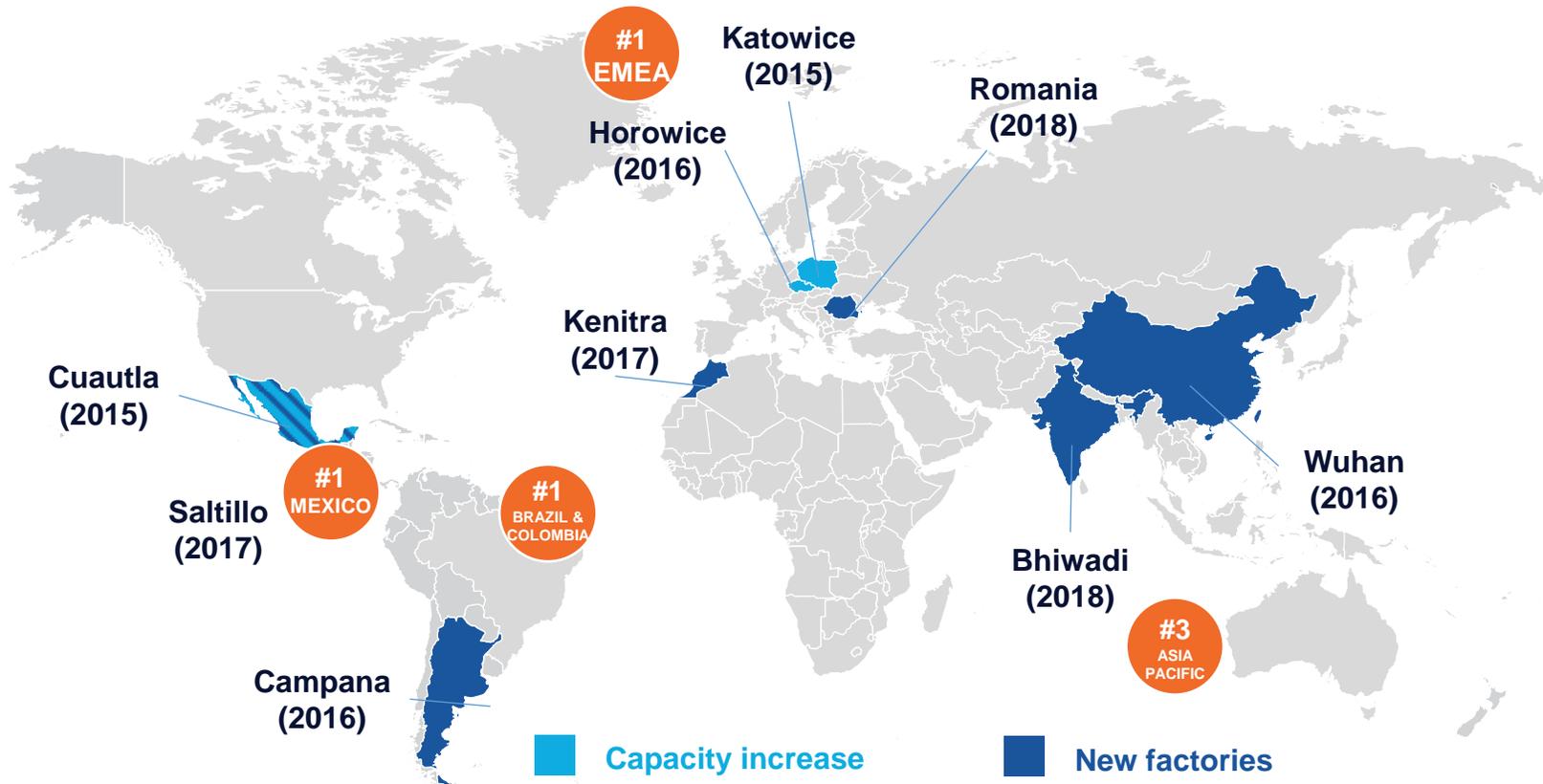
- Smart windshields developed by Sekurit
- Major features: OLED displays, HUDs*, rain and light sensors, cameras, antennas and other active systems

On-going co-developments with 3 major OEMs

* HUD: Head-Up Display



Strengthen our positioning in emerging countries – automotive glazing



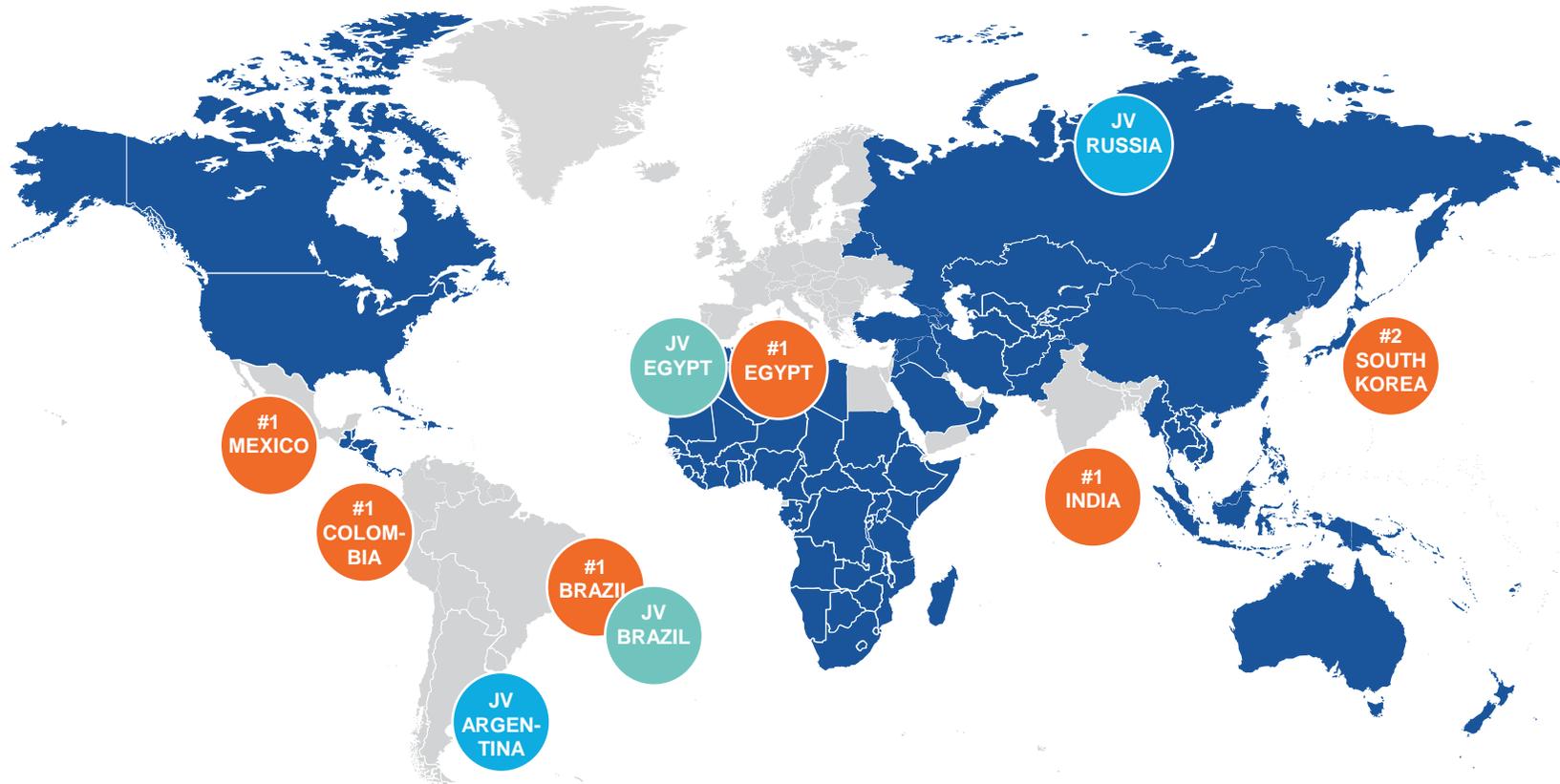
+23 new lines in emerging countries
+2 new lines / -5 lines closed in developed countries

STRONG POSITIONS IN AUTOMOTIVE GLAZING

- ▶ Targeted investments in emerging markets and low cost countries
- ▶ Further growth in China
- ▶ NAFTA diversification
- ▶ Morocco hub / Romania plant



Strengthen our positioning in emerging countries and North America – building glass



 Joint Venture (*minority*)
 Joint Venture (*majority*)

 Facades glazing through export

LEADERSHIP IN OUR KEY TARGET MARKETS

- ▶ Full reflective & interior glass offer
- ▶ Facades glazing for Middle East, ASEAN, India and Korea
- ▶ Advanced coated glass in India, Mexico and Korea
- ▶ Distribution, adjacencies & proximity services

Develop sustainability-enhancing solutions

AUTOMOTIVE WINDSHIELDS



- Thin glazing reduces overall vehicle weight, hence reducing fuel consumption and increasing vehicle range

30%

30% weight saved thanks to thin glazing

ELECTROCHROMIC GLAZING



- By reducing sunlight transmission while maintaining transparency, electrochromic glazing saves energy and enhances well-being for inhabitants

20%

up to 20% of energy savings in buildings equipped with SageGlass



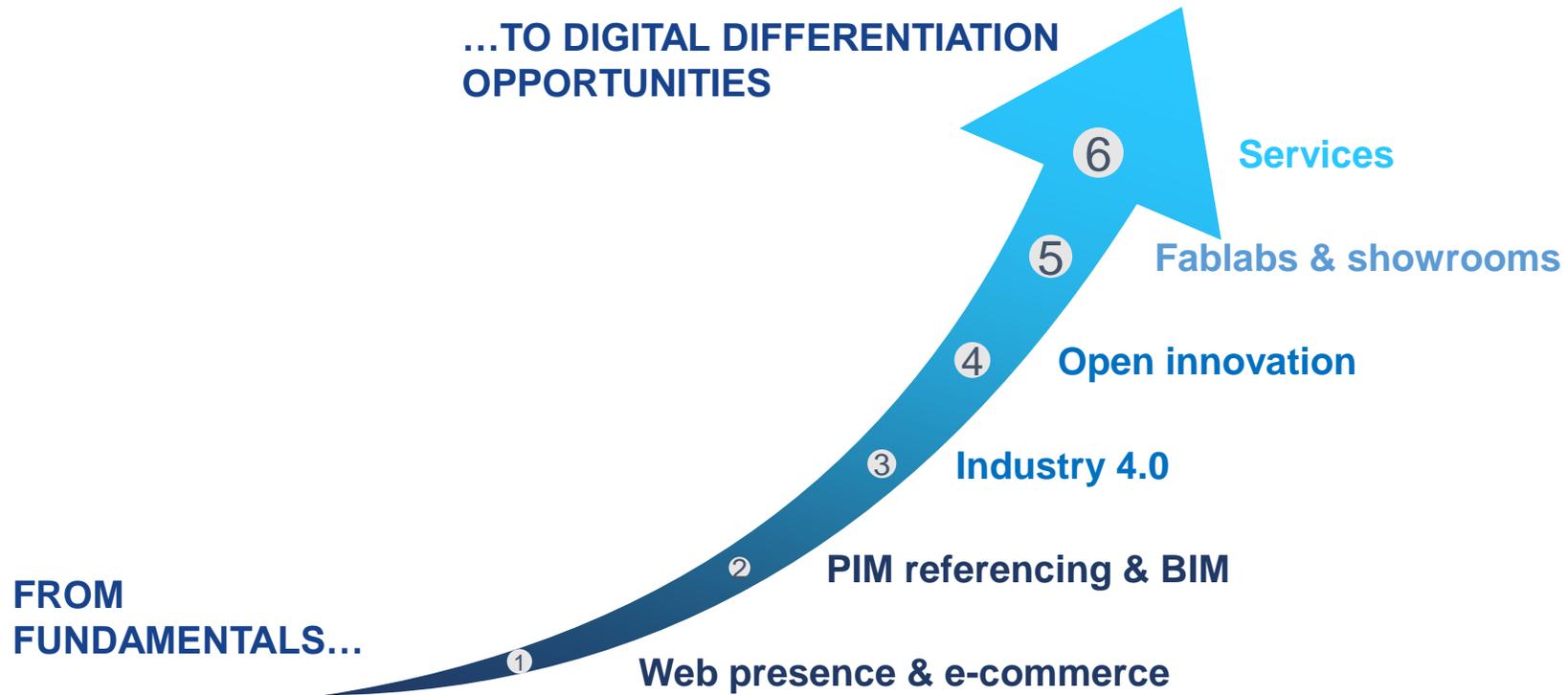
OPPORTUNITIES TO SEIZE IN A DIGITAL WORLD

Fabrice Didier
Vice-President, Marketing

Kåre O. Malo
Senior Vice-President in charge of the
Building Distribution Sector



Digital ambition for Saint-Gobain



Very advanced

Strong position

Starting

Digital offers new ways to address our customers' needs



Web presence

PERFORMANCE IN 2016



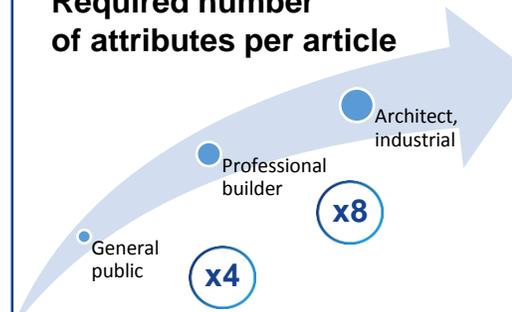
- ▶ 115m sessions on our websites (+15% yoy)
- ▶ 2m followers on social networks
- ▶ 210 apps created
- ▶ +17% yoy e-sales in Building Distribution



PIM*

DETAILED INFO DEDICATED TO PROFESSIONAL PUBLICS

Required number of attributes per article



% of sales covered by PIM



BIM**

EARLY SPECIFICATION OF OUR SOLUTIONS



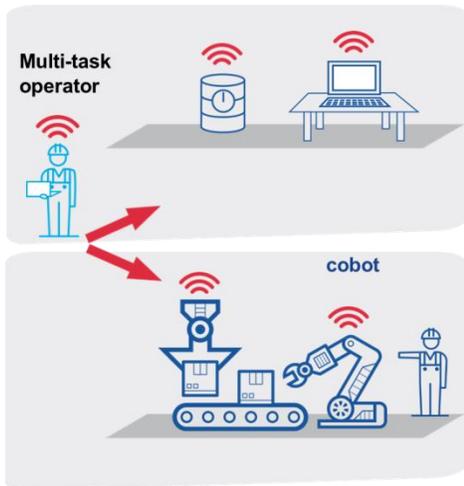
- ▶ Faster and more economical design
- ▶ Better quality
- ▶ Becoming compulsory

*Product Information Management ** Building Information Modeling

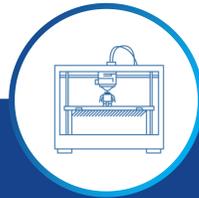
Digital transformation of our operations and innovation processes



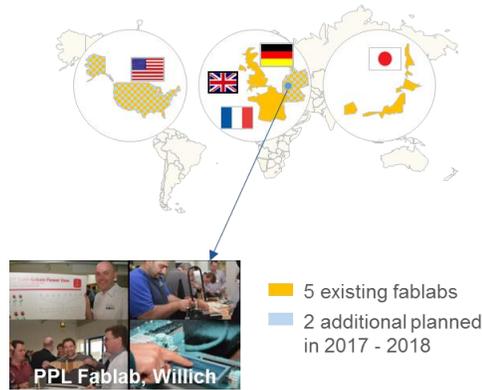
Industry 4.0



To be further developed by Benoit d'Iribarne



Fablabs & Showrooms



Relation with start-ups

- ▶ A dedicated start-up scouting team: NOVA
- ▶ >80 strategic deals signed over 10 years
- ▶ 3 partnerships with incubators (7 expected in 2017)
- ▶ 3 business challenges in 2016



Growth by services beyond our current playing field

SAINT-GOBAIN'S CORE MARKET



Maintenance, optimization, disposal and recycling service for refractories

SERVICE ADJACENCIES



Glazing simulation for building facades

Business partners club

Services for private individuals throughout build process

NON CUSTOMERS BUSINESS MODEL INNOVATION



Comfort diagnosis service for restaurants

Non-invasive existing pipe quality assessment

Inventory management for car body shops

Intermediation service for private individuals with a renovation project and building professionals

Leverage synergies to support the Group's digital transformation



Data analysis capabilities



- ▶ Central team of data scientists specialized in **big data analytics**, located in the Paris R&D center



Software development competencies

- ▶ Competence hub dedicated to **apps development and augmented reality**



Saint-Gobain tower



Increased visibility with end-customers



- ▶ **A new corporate identity** to foster awareness and reach end-customers early in their journey thanks to digital



Digital transformation for Building Distribution

Kåre O. Malo

Senior Vice-President in charge of the Building Distribution Sector

Building Distribution



GENERALISTS



SPECIALISTS

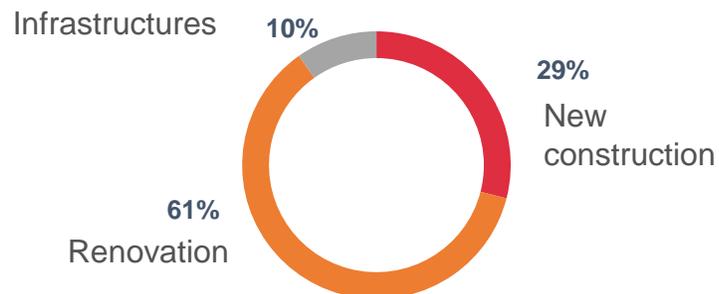


SPECIALISTS FOR INDIVIDUALS

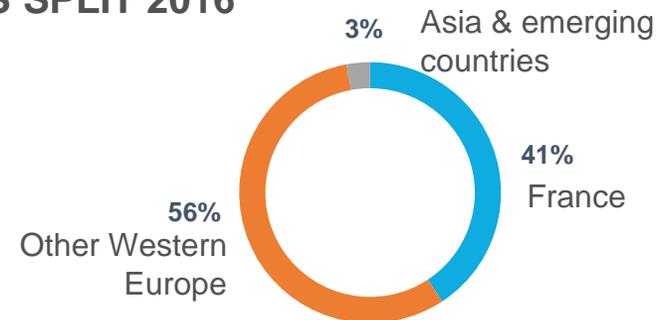
2016 sales: **€18.2bn**
 13-16 CAGR*: **+1.0%**
 2016 OP margin: **3.4%**

- ▶ 4,100 sales outlets
- ▶ Close to 100m visits/year on our brands' websites
- ▶ More than 7m customers served each year

END-MARKETS 2016



SALES SPLIT 2016



*organic sales growth



Digital transformation for Building Distribution

Offer a seamless omnichannel experience

- 1 **Engage customers** throughout their journey
- 2 Generate **rich** and **relevant content**
- 3 Deploy **omnichannel** capabilities
- 4 **Services & solutions** for professionals and end-customers
- 5 **Logistics & IT**: fundamental enablers

Engage customers throughout their journey



Pre-sales

Post-sales

...THROUGH DIFFERENTIATING VALUE PROPOSITION BASED ON

- 1 PRODUCTS**
- 2 INFORMATION**
- 3 SERVICES**



Offer a seamless omnichannel experience



**GENERATE RICH
AND RELEVANT
CONTENT**



**DEPLOY
OMNICHANNEL
CAPABILITIES**



**BROADEN
SERVICES OFFER**



REINFORCE LOGISTICS, THE KEY ENABLER

Be the reference by providing the richest and most relevant on-line content

POINT.P
Matériaux de Construction

CHOOSE AGENCY | MON CARTONNIER

GROS OEUVRE | COUVERTURE | PLÂTRE ISOLATION ITE | MENUISERIES INTÉRIEURES | MENUISERIES EXTÉRIEURES | BOIS ET PANNEAUX | DÉCORATION INTÉRIEURE | DÉCORATION EXTÉRIEURE | OUTILLAGE QUINCAILLERIE

Plaque de plâtre standard Placoplatre BA13 - 2,5x1,2 m - ép. 13 mm

PLACO

Ref. Point.P : 1830140
Ref. PLACO : P01302500
Code EAN : 3496250048324
Unité : Mètre carré

Labels & logos

Store availability

Prix(€) et disponibilité variables selon agence
Prix et disponibilité à proximité

Caractéristiques techniques

Poids	28.5 kg/Panneau plaque
Longueur	2.5 m
Largeur	1.2 m
Hauteur	13 mm
Volume	39 dm3

Documents

FICHE PRODUIT AVEC PRIX | FICHE PRODUIT SANS PRIX

RÉGLEMENTAIRE - DOP

Rich technical attributes

DOP*

Related products

PLACO // U01302500
Plaque de plâtre Gyproc A BA 13 - 2,5x1,2 m ép. 13 mm
Ref. Point.P : 1684739
Prix(€) et disponibilité variables selon agence
Prix et disponibilité à proximité



PRICES & STOCKS 24/7



HOW-TO GUIDES & VIDEOS



PRODUCT GUIDES

Deploy omnichannel capabilities

BUILDING QUICKLY OUR E-COMMERCE CAPABILITIES

- ▶ 78% of Building Distribution sales are covered by online transactional capabilities
- ▶ Recent achievements: +17 points vs. 2014

ROBUST E-SALES GROWTH



OMNICHANNEL OFFERS ROLL-OUT



Better match professional customers' needs



Digital services to improve customer efficiency

Simulators & configurator tools



Intermediation



Value-added solutions & services

Advanced logistic services (track & trace, jobsite logistics)



Prefab solutions



Relationships & customer orientation

Loyalty clubs



Customer experience center



Target empowered end-customers



Tools & formats to allow inspiration

Digital showrooms



Virtual reality



Intermediation services to capture renovation needs



Logistics: a fundamental enabler

▶ FIRST CLASS PRODUCT RANGE AND AVAILABILITY:

example of Plumbing, Heating and Sanitary in France

- **Day+1 delivery** achieved for 25,000 SKUs
- **SKU availability** increased by **+20%** in 2 years

▶ BACKBONE OF OUR BIG-CITY STRATEGY:

example of London



▶ ADVANCED LOGISTIC SERVICES



- ▶ 123 distribution centers & warehouses
- ▶ 1.2m m²
- ▶ ~ €100m invested in surface extension & automation since 2013



Kallhäll in Sweden

IT: a fundamental enabler

▶ SUPPORT CORE BUSINESS & IMPROVE PRODUCTIVITY

- **Significant ERP programs** in most of our geographies
- Strong impact on **salesforce efficiency**, and **in-branch & back office productivity**

▶ SUPPORT E-BUSINESS AND PREPARE DIGITAL DEVELOPMENT

- **e-commerce** platforms
- **PIM** systems
- **CRM*** tools
- **3rd-party services** integration

▶ ~ **€320m** invested in Information Systems since 2013

▶ Major ERP projects in Nordics, UK, Germany, and France

*Customer Relationship Management

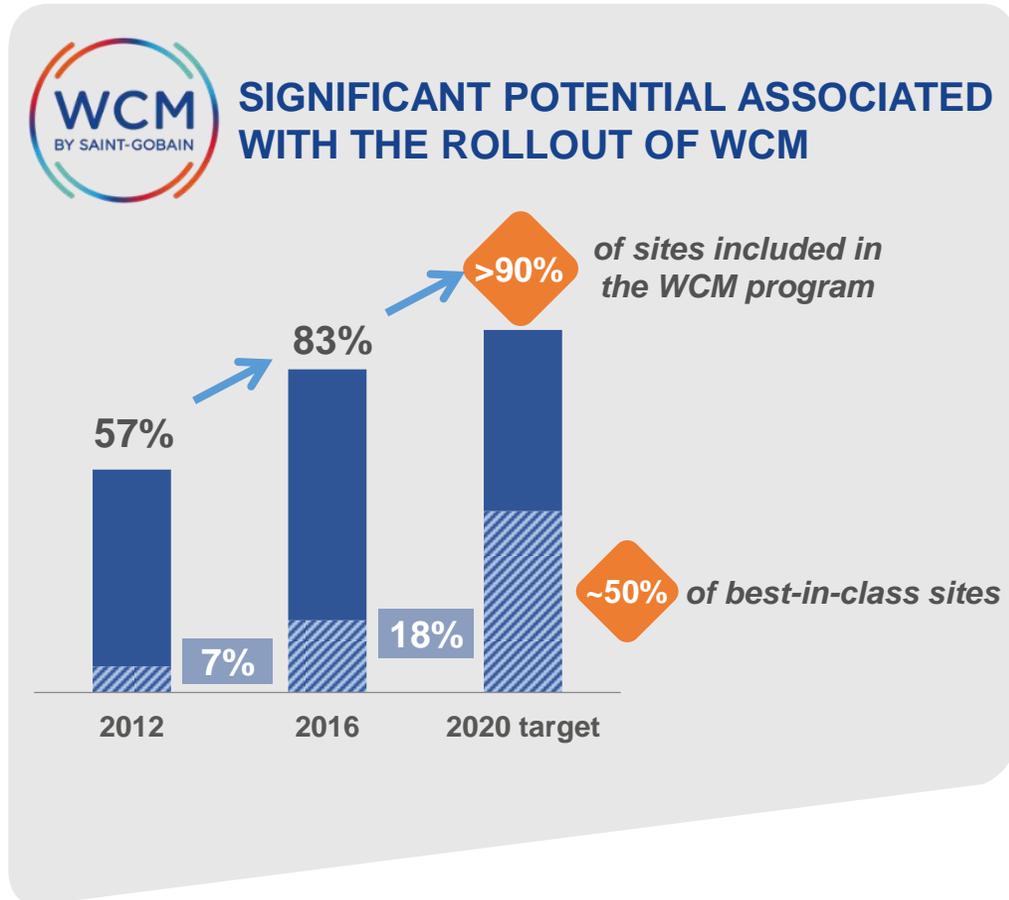




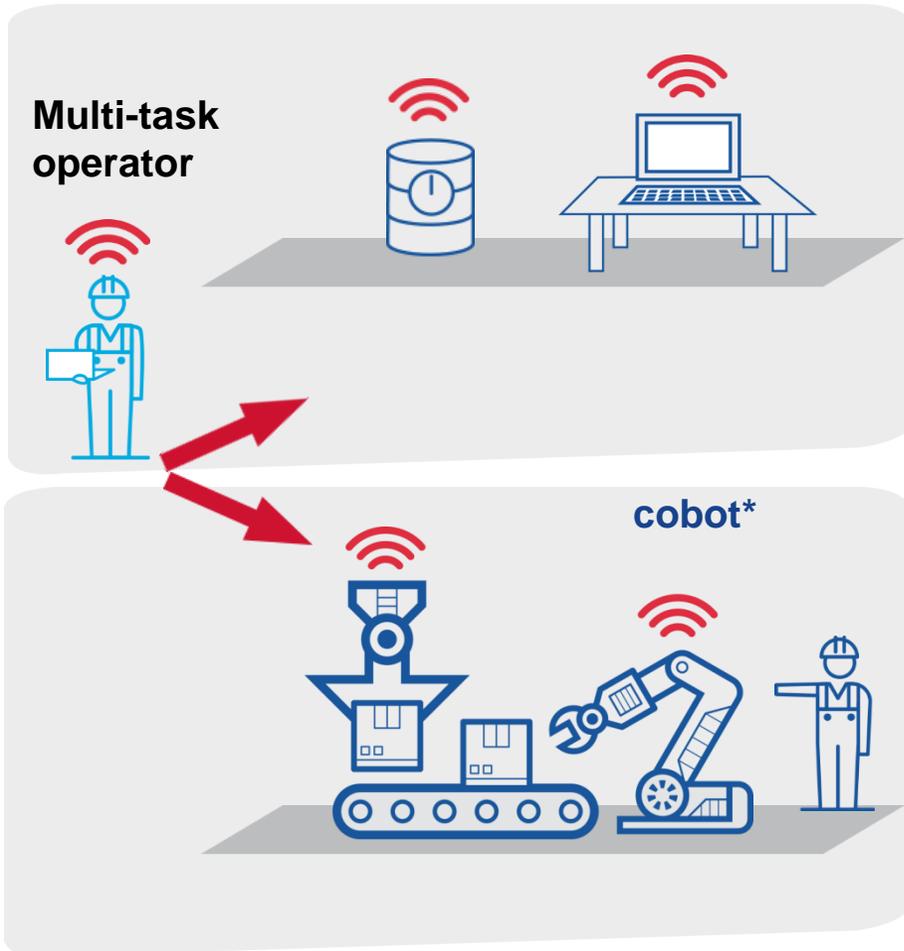
A RENEWED COST SAVINGS POTENTIAL

Benoît d'Iribarne
Industrial Excellence

Push further our excellence programs



Industry 4.0: why today?



Cost reduction over the last 10 years



1 **SENSORS: /3 + INTEGRATED SYSTEMS**

> data availability and automatically coordinated machines



2 **PROCESSING: /60**

> real time data analysis



3 **ROBOTS: /2**

> Automated guided vehicles and cobots



4 **BANDWIDTH: /40 + AUGMENTED REALITY**

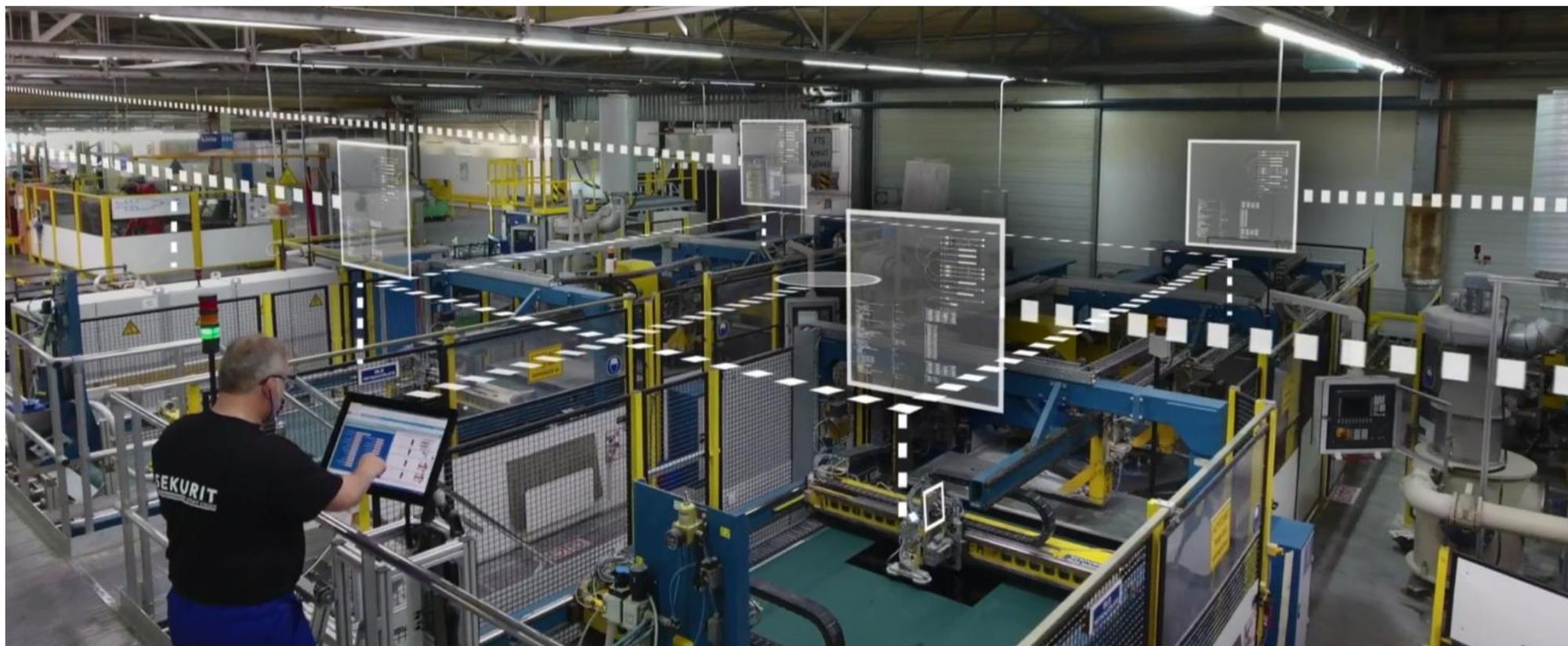
> augmented workers made experts

* collaborative robots



1 DATA AVAILABILITY AND AUTOMATICALLY COORDINATED MACHINES

Advanced infrastructures deployment





2 REAL TIME DATA ANALYSIS

Smart analytics to improve OEE*, quality, logistic flows, resource usage, predictive maintenance



*Overall Equipment Effectiveness





3 AUTOMATED GUIDED VEHICLES AND ROBOTS

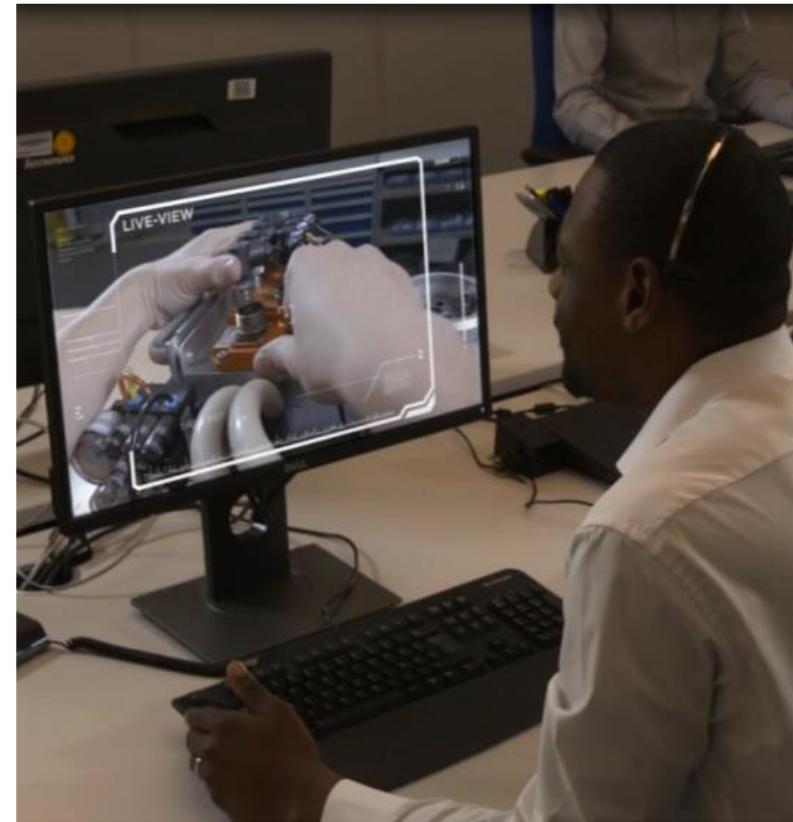
Number of robots to increase to 3,500 in 2020





4 AUGMENTED WORKERS MADE EXPERTS

Remote instructions, training, technical teams management



Industry 4.0



Industry 4.0 brings us closer to our customers



- ▶ **Real-time interaction** with the customer
- ▶ **Made-to-order**
- ▶ **Service**
- ▶ **Co-development**

New savings target: €300m/year over 2017-2020

Average yearly cost savings
€m



Two main sources of additional savings

- ▶ Further roll out of existing cost savings programs in Purchasing and Operations
- ▶ Progressive benefit from **new digital manufacturing initiatives**



PROFIT IMPROVEMENT AND CASH FLOW ACCELERATION

Guillaume Texier
Chief Financial Officer

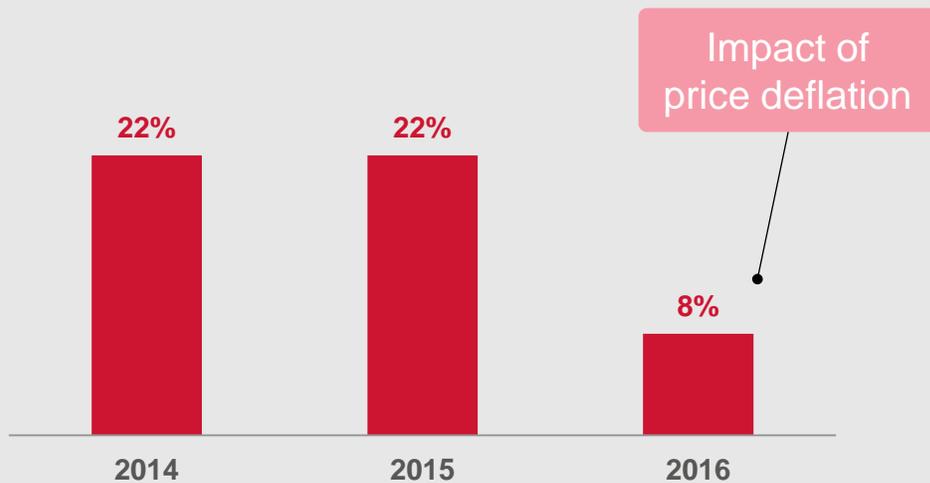


Operating leverage theory...

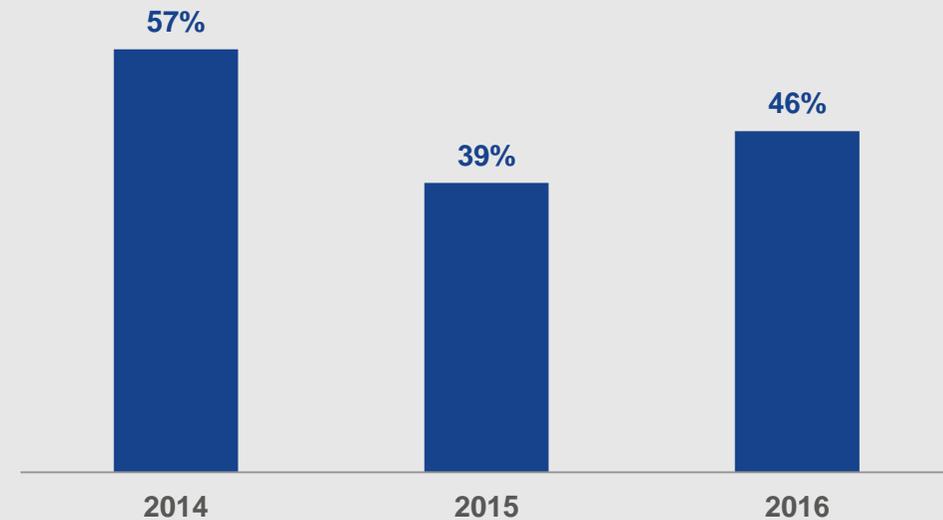


...confirmed by experience

OPERATING LEVERAGE ON POSITIVE VOLUME*, DISTRIBUTION ACTIVITIES

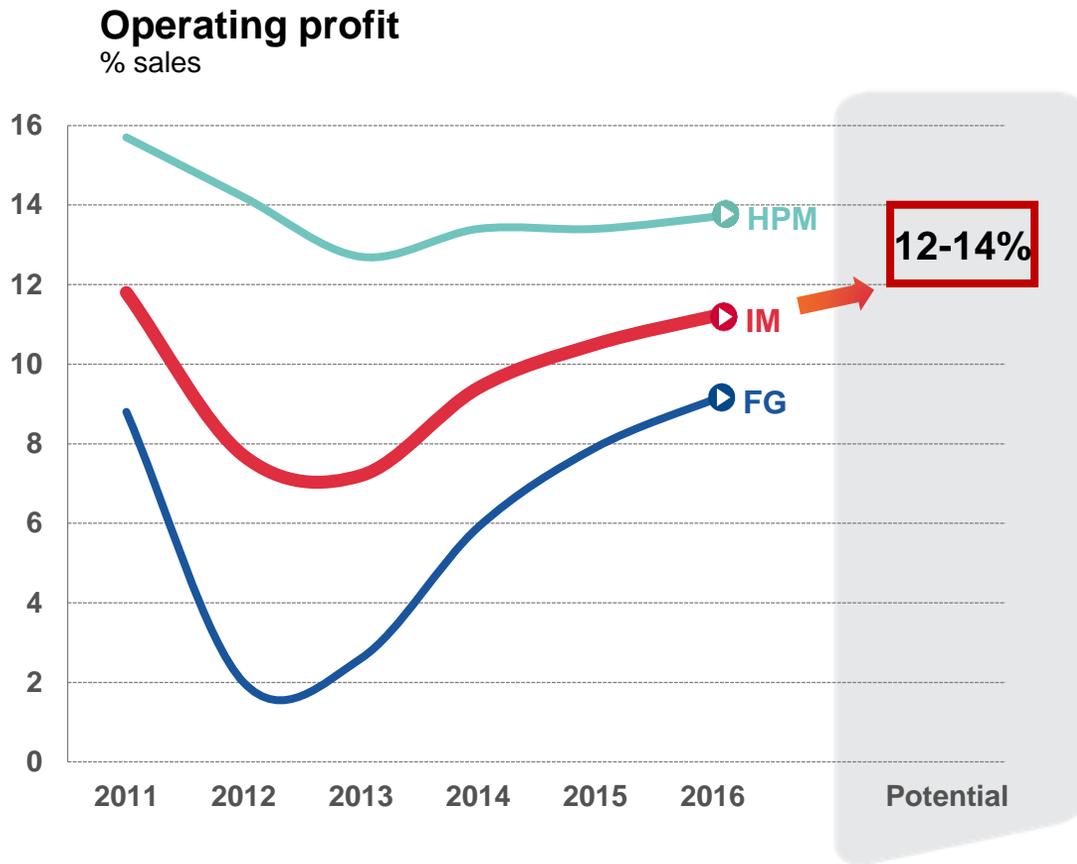


OPERATING LEVERAGE ON POSITIVE VOLUME*, INDUSTRIAL ACTIVITIES



*LFL change in €m operating profit / LFL change in €m sales volumes, calculated on activities delivering positive volume

Potential margin improvement in Innovative Materials



Margin improvement drivers in Flat Glass:

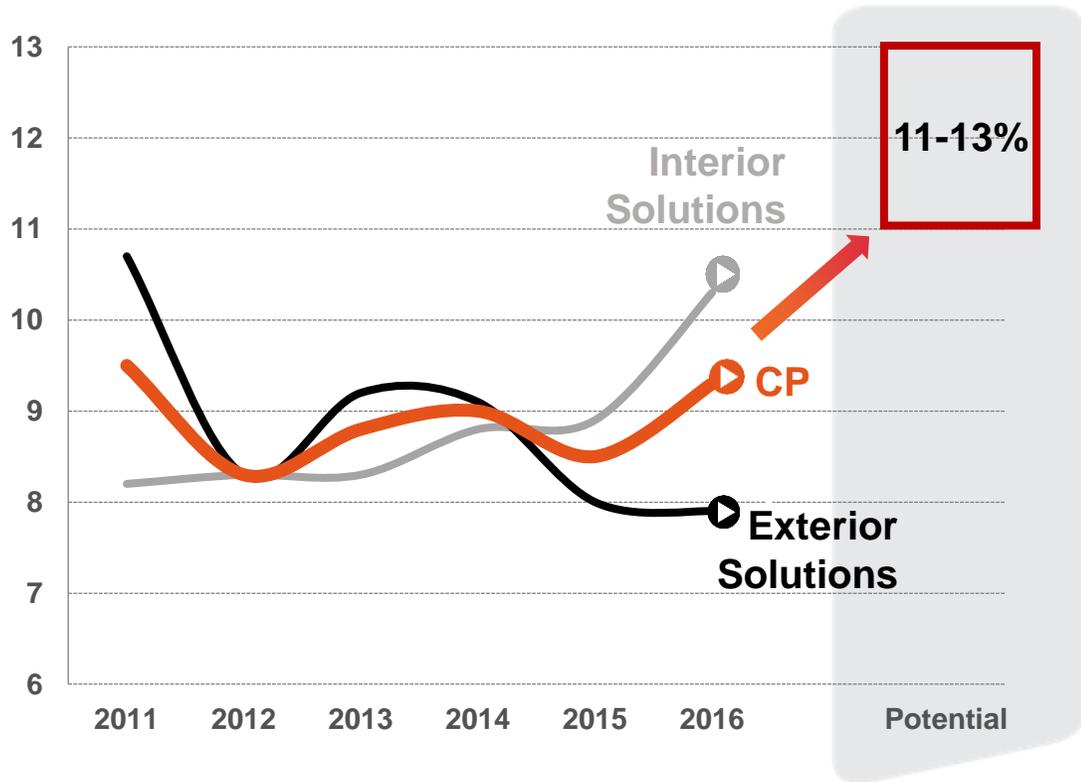
- ▶ Price
- ▶ Value added products
- ▶ Emerging countries
- ▶ Industry 4.0

Margin improvement drivers in HPM:

- ▶ Differentiated solutions
- ▶ Industry 4.0
- ▶ Focus on growth and operating leverage

Potential margin improvement in Construction Products

Operating profit
% sales

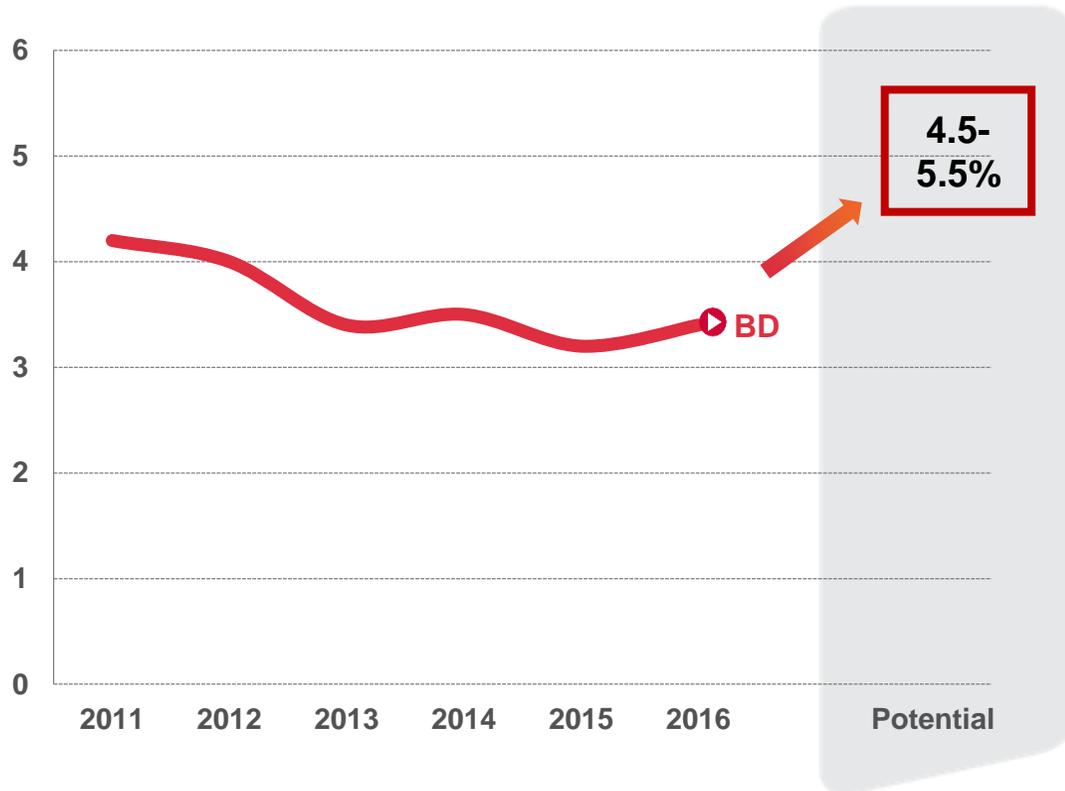


Margin improvement drivers in Construction Products:

- ▶ Volume and operating leverage
- ▶ Emerging countries
- ▶ Value added solutions
- ▶ Industry 4.0
- ▶ Pipe recovery

Potential margin improvement in Building Distribution

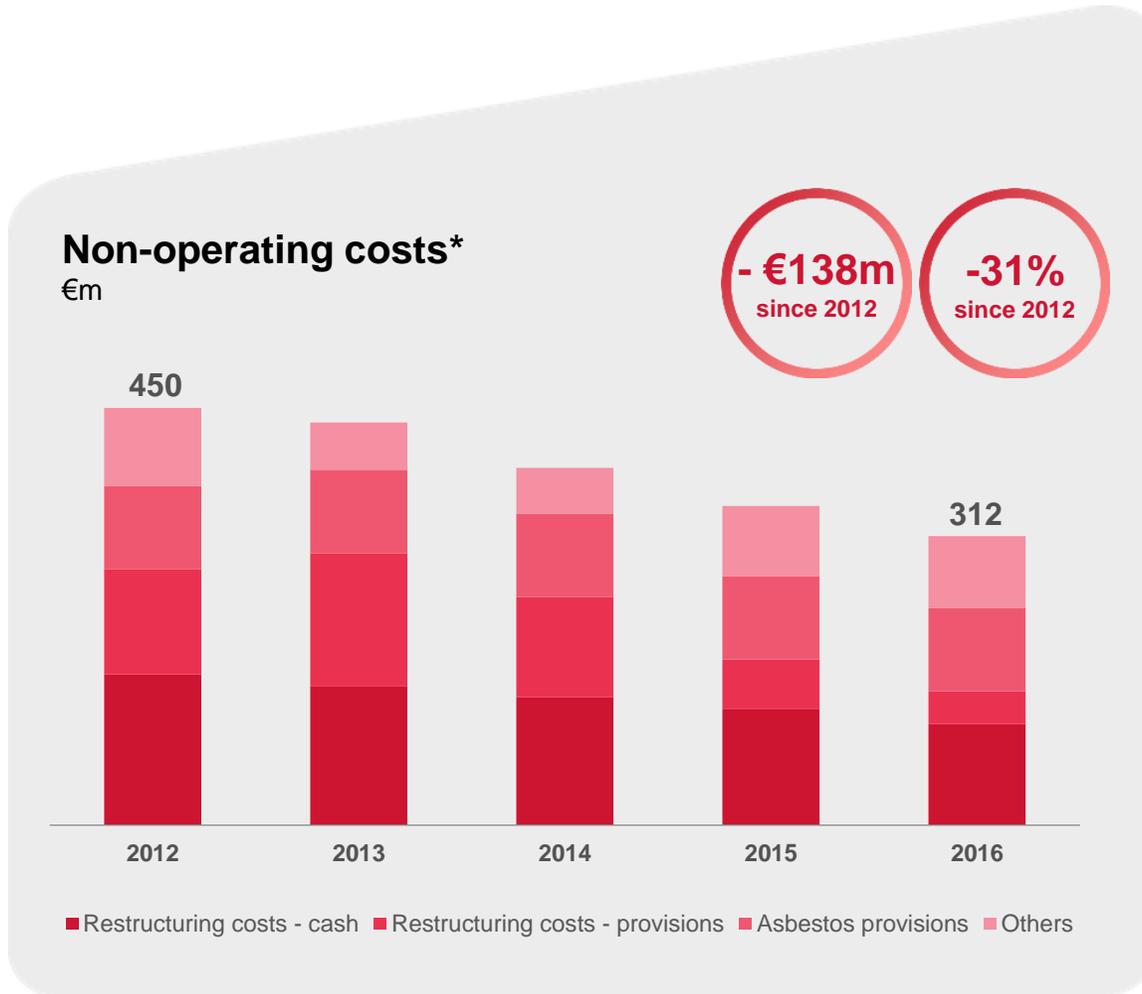
Operating profit
% sales



Margin improvement drivers in Building Distribution:

- ▶ Volume recovery and operating leverage
- ▶ New and digitized formats
- ▶ Logistics efficiency

Non-operating costs trending down



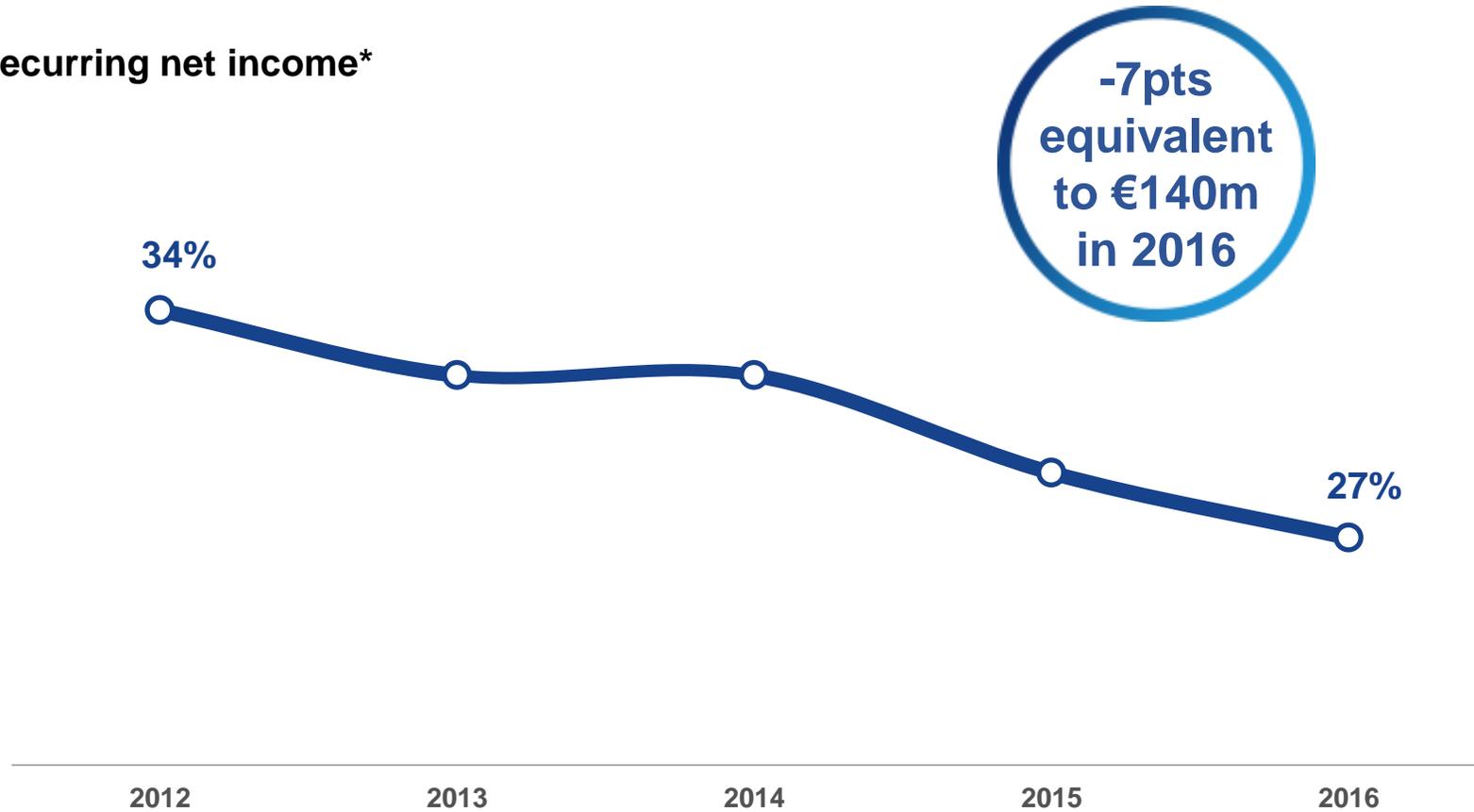
- ▶ **Asbestos:** stable, but too early to point to a reduction
- ▶ **Restructuring costs:** less necessary in a better volume environment but industry 4.0 may require some restructuring
- ▶ **Others:** litigation costs highly variable, despite numerous prevention programs in place

*Excluding Flat Glass competition litigation



Tax rate trending down

Tax rate on recurring net income*
In %

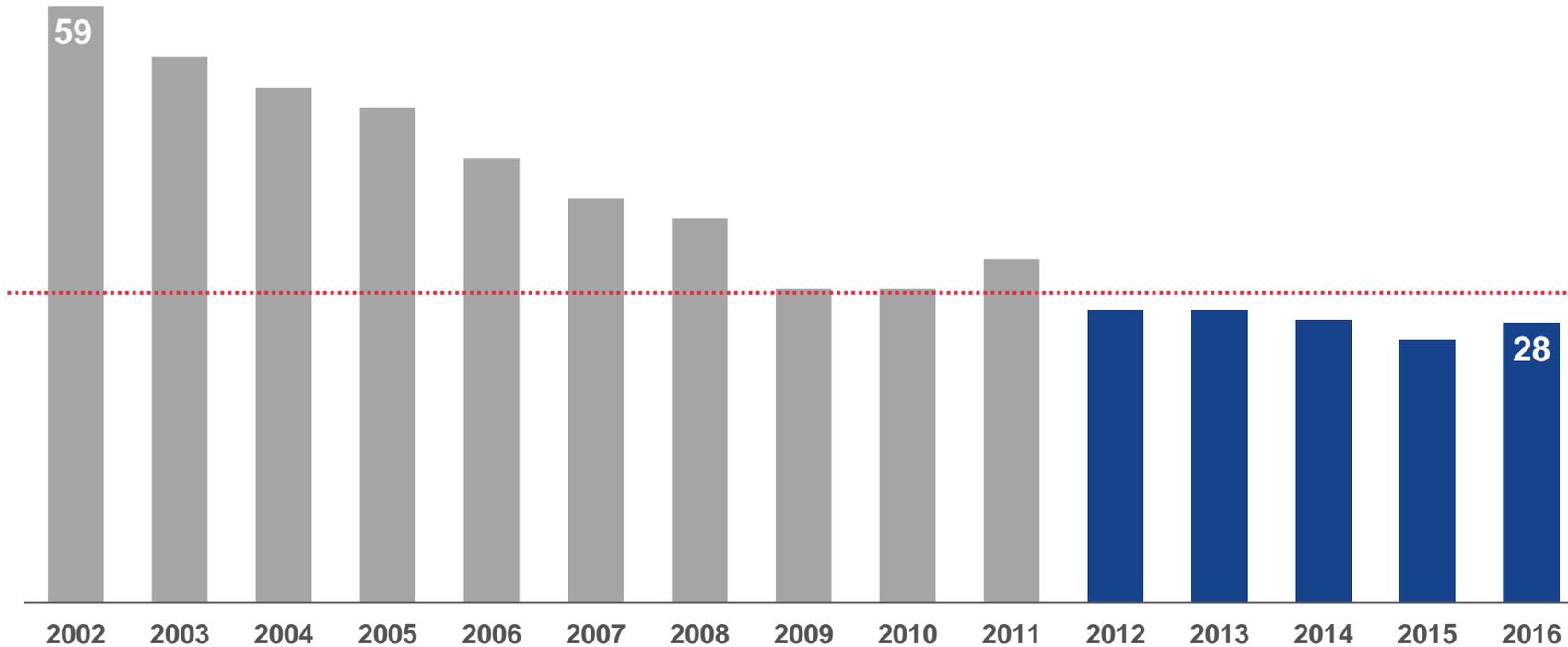


*including Verallia until 2013



Operating WCR: now durably under 30 days

Operating working capital*
Days of sales at the end of December

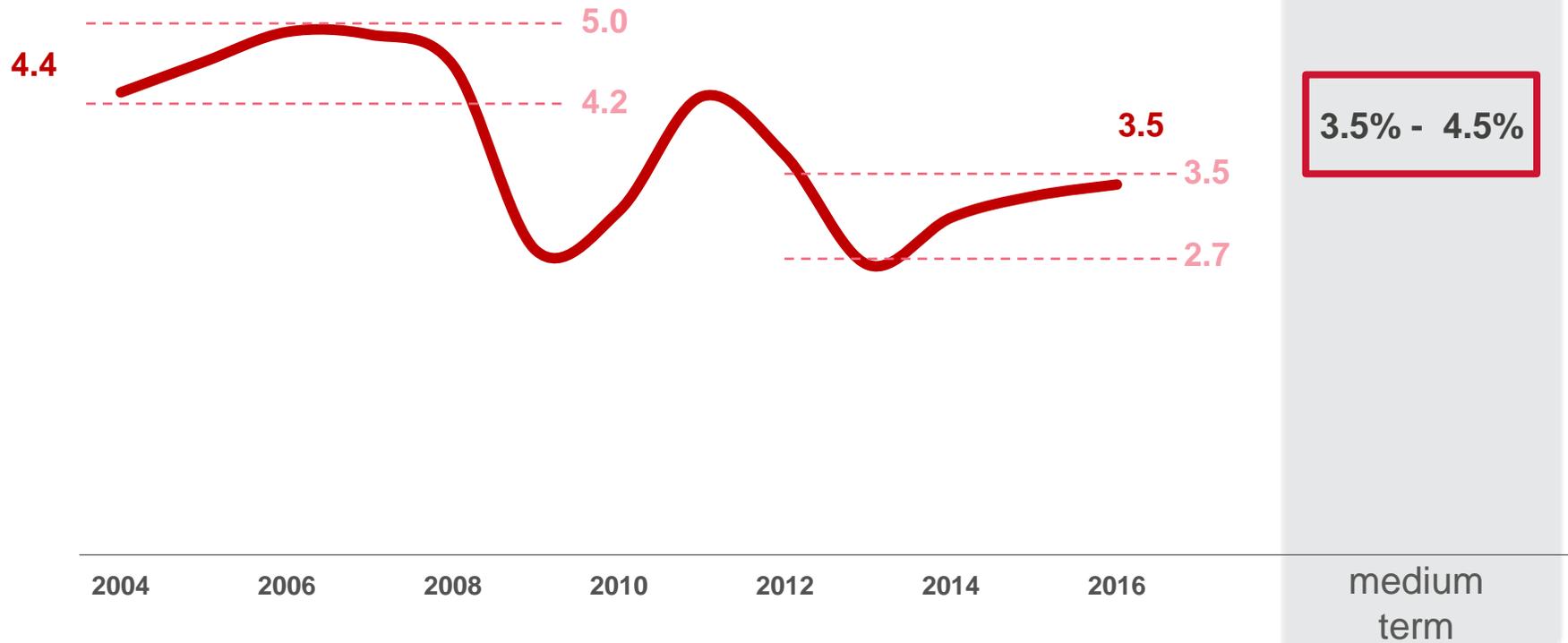


*including Verallia until 2013



CAPEX: normative level lowered to ~ 4%

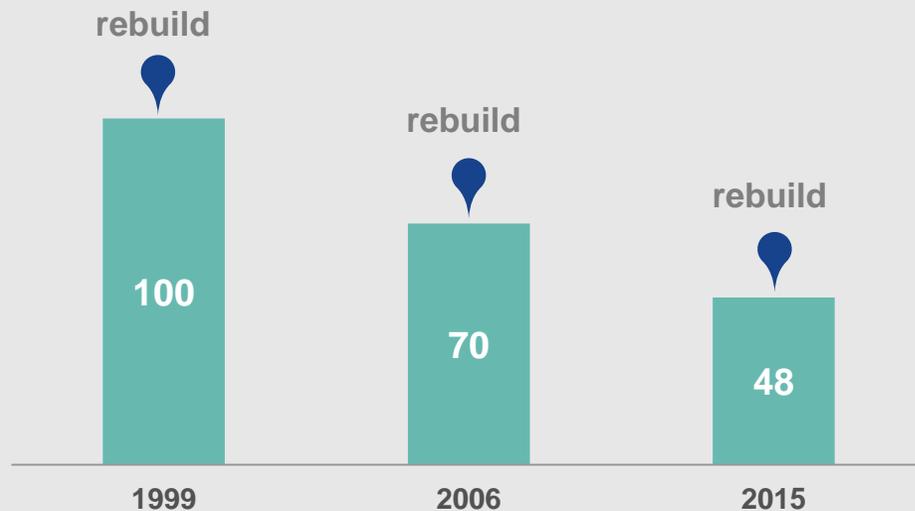
CAPEX
% of sales



A constant push to optimize CAPEX...

Bergish furnace (Insulation)

Cost of CAPEX per unit output, 1999 = 100



Chennai coaters (Flat Glass)

Cost of CAPEX per unit output, 2007 = 100



... as well as defined focus areas for development CAPEX



Growth in emerging countries



Logistics & digital



Industry 4.0



Industrialization of innovations



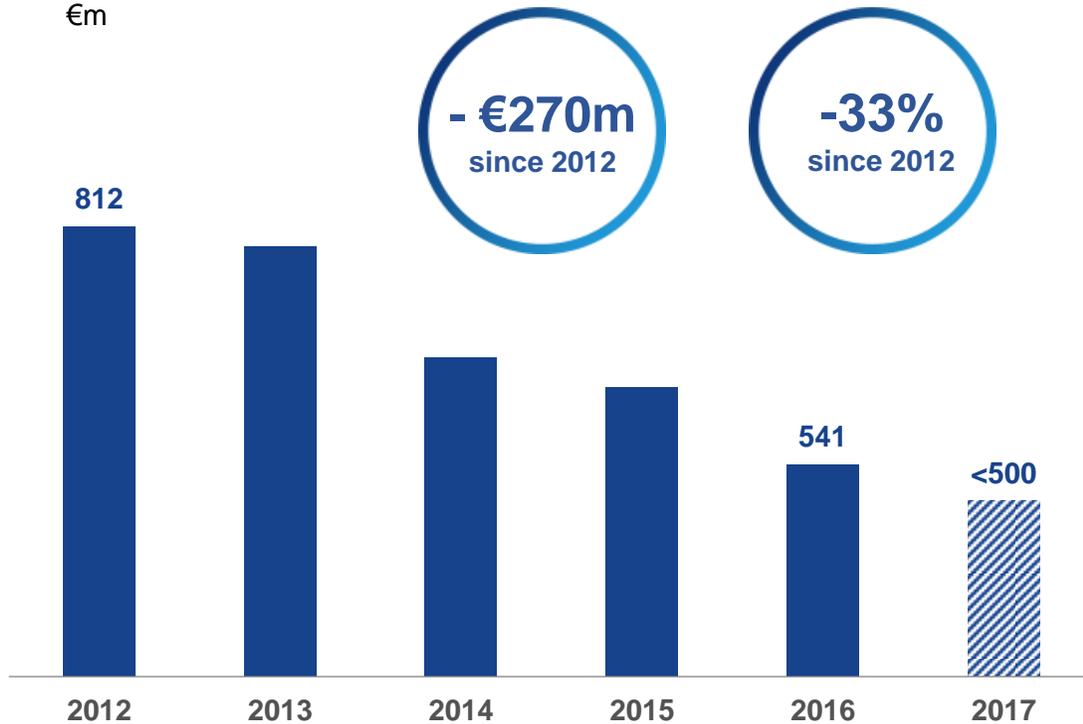
IRR* > 20%

*Internal Rate of Return

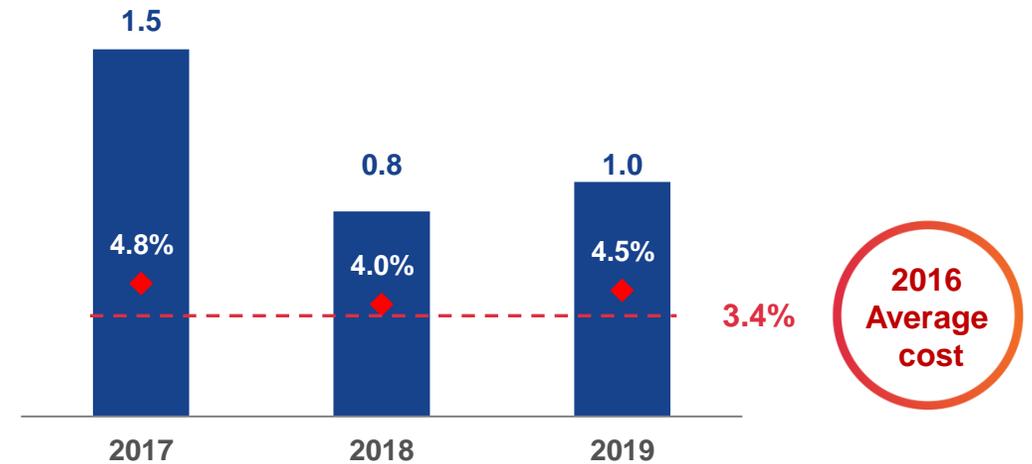


Net financial expense

Net financial expense*
€m



Bond debt maturities (€bn)
Cost of repaid gross debt (%)



*including Verallia until 2013

Attractive value creation for shareholders

Priorities for **dividend**:

- ▶ Payment in cash
- ▶ Move towards normalized payout ratio of 35-40%
- ▶ Grow dividend

Continue to **reduce number of shares to 530m** (2010 level)

- ▶ A decrease of ~20m shares vs. current 553m shares outstanding
- ▶ Opportunistic in terms of timing, taking into account the Group's financial position and outlook



A DYNAMIC AND VALUE-CREATING PORTFOLIO MANAGEMENT

Pierre-André de Chalendar
Chairman and Chief Executive Officer

Creating value through an efficient portfolio management

FINANCIAL INVESTMENTS

€0.9bn

between 2013 and 2016

DISPOSALS

€0.9bn

between 2013 and 2016
(excluding Verallia)

Value creation

on average from year 1

Three complementary focus areas for small and medium-sized acquisitions



**BOLT-ON
ACQUISITIONS**



**NEW
GEOGRAPHIES**

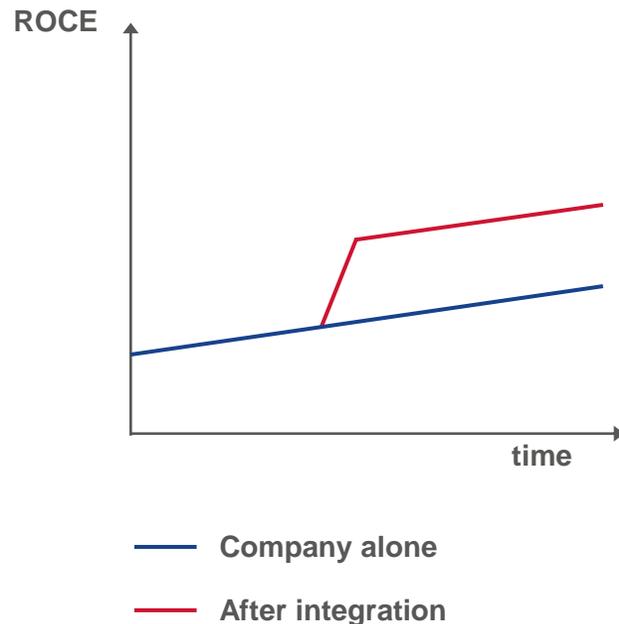


**TECHNOLOGICAL
NICHES**



Bolt-on acquisitions: fast materialization of cost synergies

BOLT-ON ACQUISITIONS



SYNERGIES

- ▶ **Cost** (purchasing, SG&A, operations) mostly achieved **in the first year**

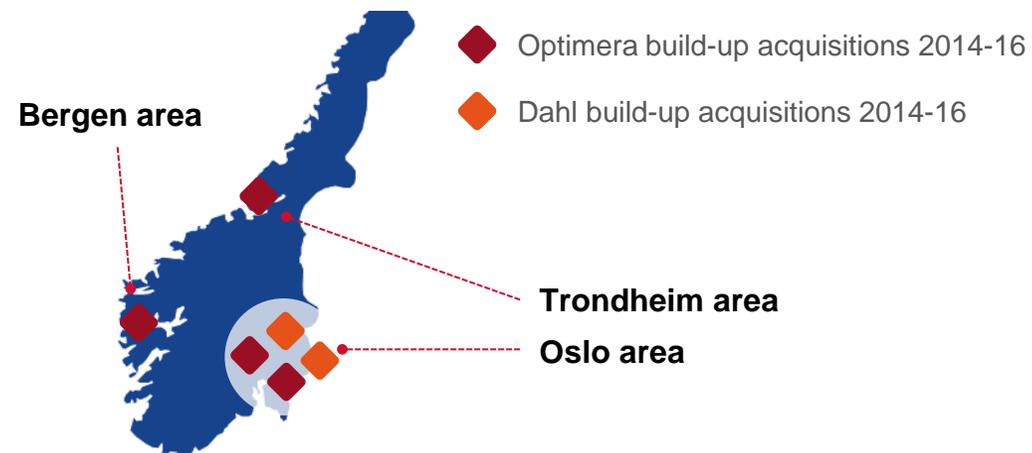
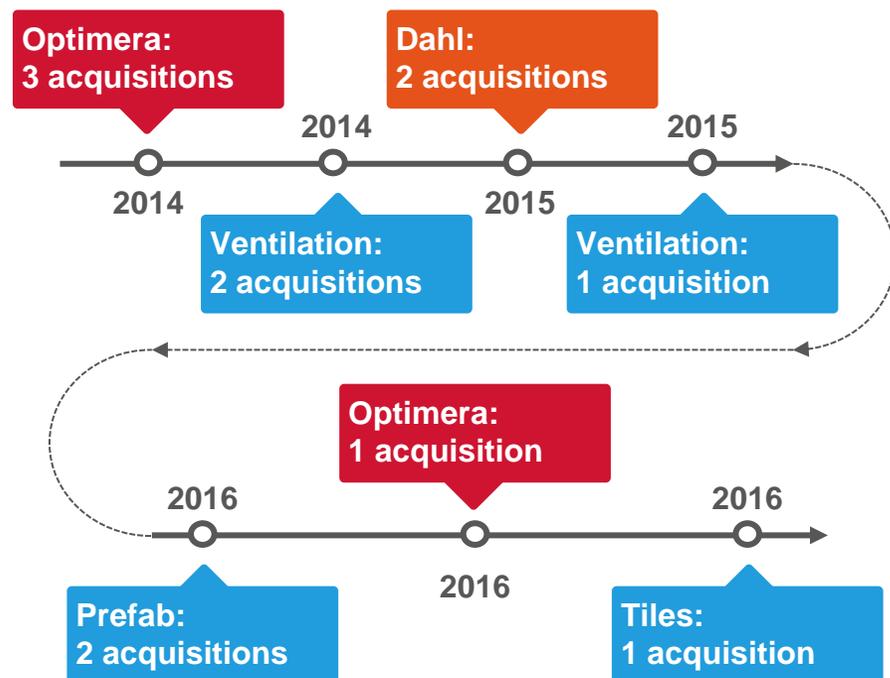


EXAMPLES

- ▶ **Building Distribution** in Europe and Brazil
- ▶ **Construction Products** in countries where we have a large presence



Example of bolt-on acquisition: Building Distribution in Norway



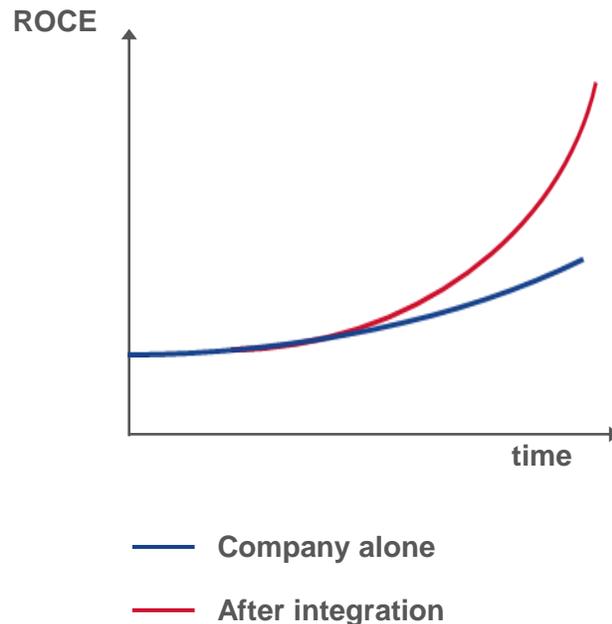
ROCE > WACC

on average from **year 1** for companies acquired since 2014



New geographies: accelerate penetration of high value-added solutions in emerging markets

NEW GEOGRAPHIES



SYNERGIES

- ▶ Cost (operations) within two years
- ▶ Commercial (sales network capillarity, ability to serve global customers)
- ▶ Innovation through accelerated penetration of differentiating solutions

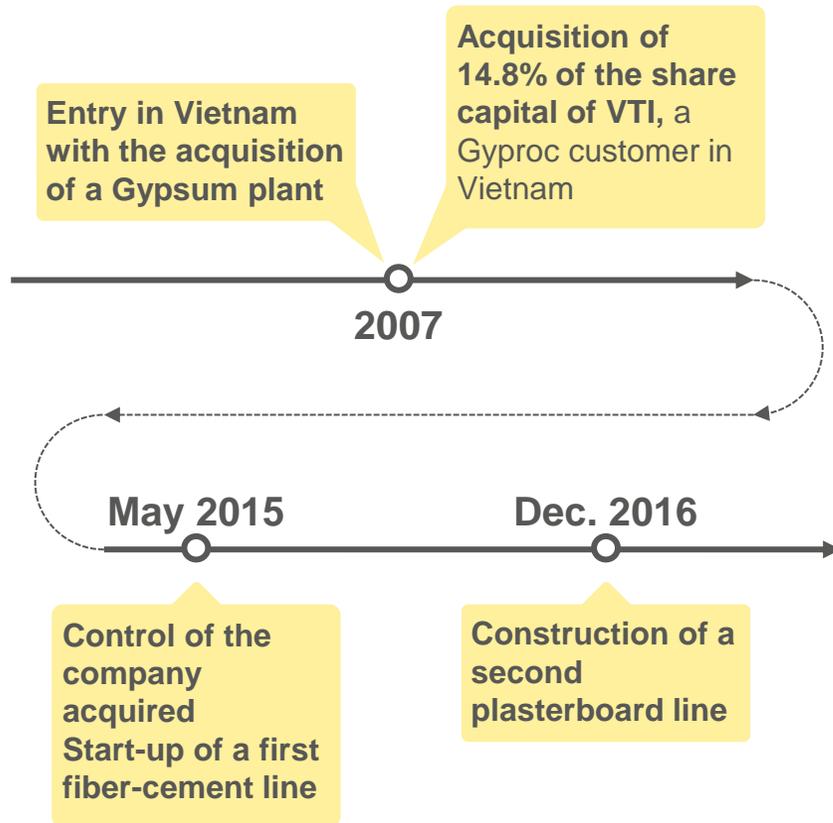


EXAMPLES

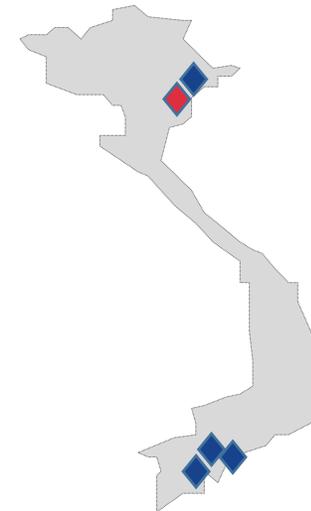
- ▶ Construction Products and Innovative Materials in emerging countries



Example of new geographies: entry strategy in Vietnam



ROCE > WACC
from year 1

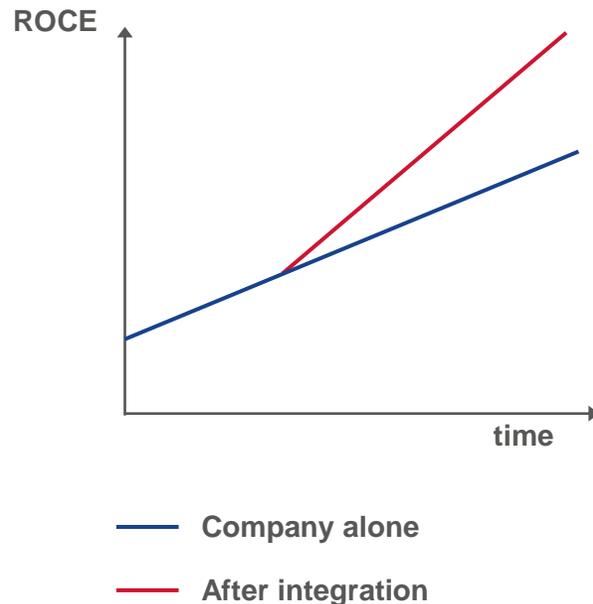


- ◆ Gyproc plant
- ◆ Project for 2nd plasterboard plant



Technological niches: go beyond current frontiers with techno bricks

TECHNOLOGICAL NICHES



SYNERGIES

- ▶ **New techno bricks:** expand in new markets or new geographies
- ▶ **Digital & services:** address non customers (end-users) with business model innovation

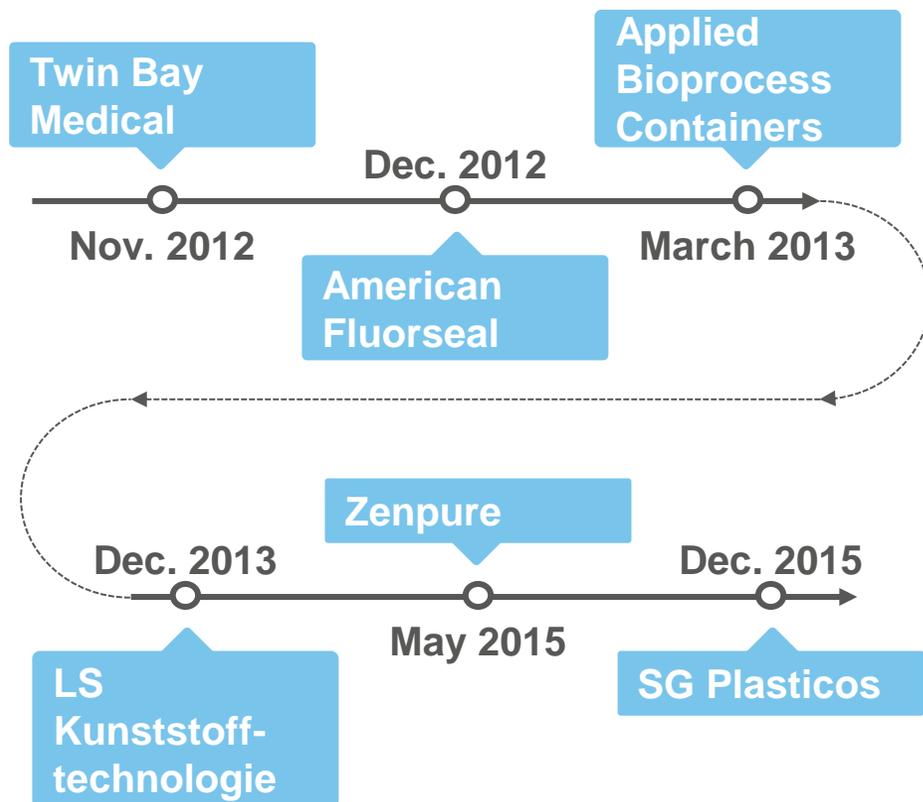


EXAMPLES

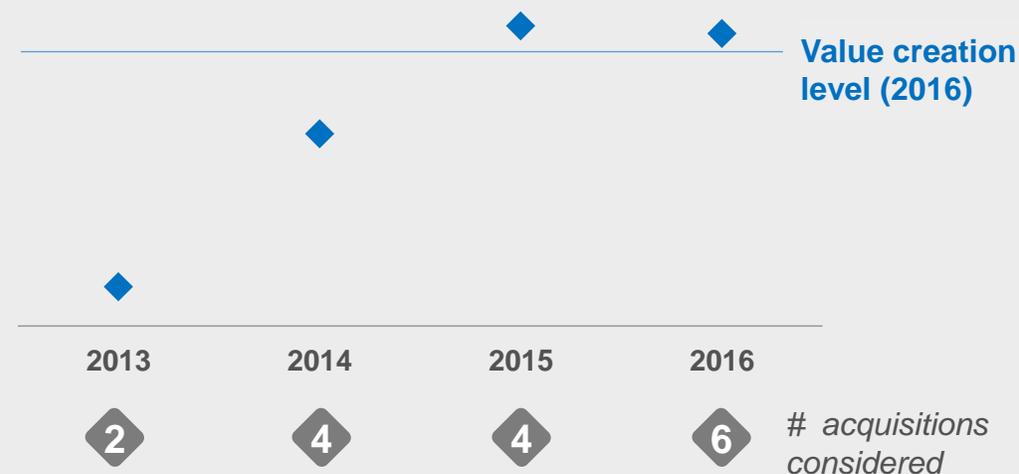
- ▶ **High-Performance Materials**
- ▶ **Digital and Services for all Sectors**



Example of technological niche: medical segment strategy of Performance Plastics (PPL)



PPL acquisitions in medical segment since 2012 (ROCE pre-tax*)

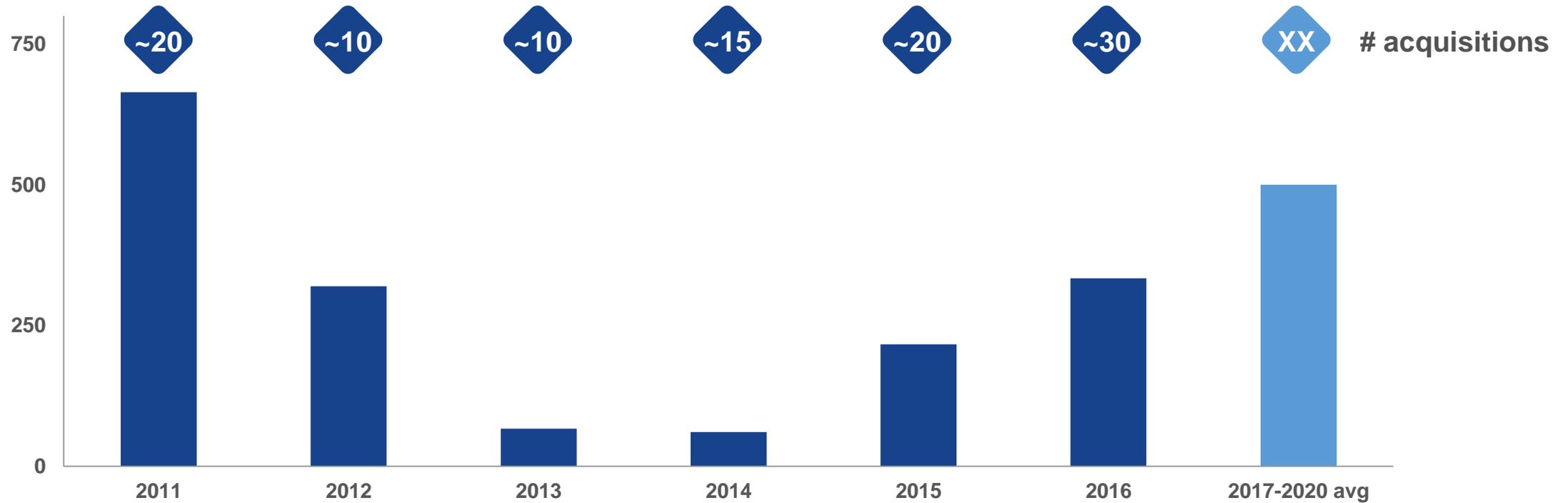


* Average cumulative ROCE from first year after acquisition

Boost leadership strategy with an active stream of acquisitions

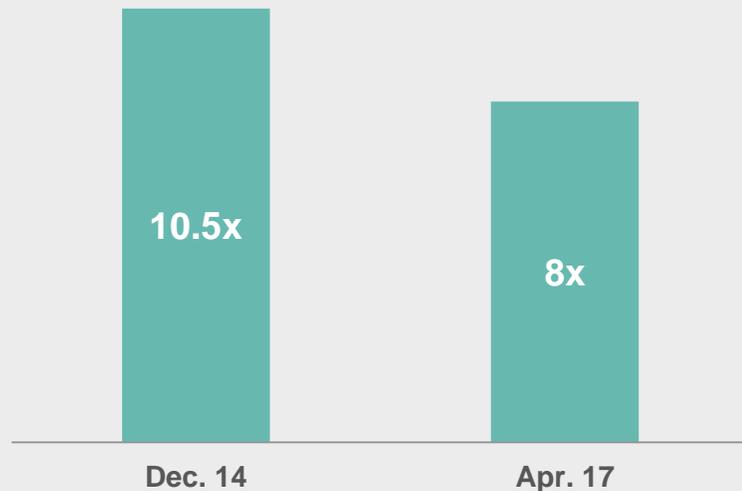
Small and medium size acquisitions

Financial investments, €m



Value creation through the Sika transaction

EBITDA multiple including proforma synergies



- ▶ **A successful company:** facts have proven us right
- ▶ **A great strategic fit:** beneficial for Saint-Gobain and for Sika
- ▶ **A constructive project,** aiming at building rather than restructuring
- ▶ **Patience, determination and full alignment** on both Saint-Gobain and SWH sides
- ▶ **Creating value** from year 3



CONCLUSION

Pierre-André de Chalendar
Chairman and Chief Executive Officer





@by Feldman_1, Getty image

QUESTIONS WE ANSWERED TODAY



- ▶ How has the Group changed since 2013?
- ▶ Is it time for a recovery in Saint-Gobain's end markets?
- ▶ Can Saint-Gobain grow faster than its markets?
- ▶ Is a more digitized world a threat or an opportunity?
- ▶ Is there more cost reduction potential beyond the existing savings plan?
- ▶ Will market recovery lead to operating leverage and free cash flow generation?
- ▶ Can Saint-Gobain create value through portfolio management?

Our strategy positions us ideally to benefit from several growth drivers, short term and long term

- 1 Good macroeconomic prospects in our main markets**
 - ▶ France, Western Europe, US
- 2 Continued focus on fast growing geographies and markets**
 - ▶ Reinforcing already strong positions in emerging countries
 - ▶ High tech industrial markets
- 3 Long term accelerating trends**
 - ▶ Comfort, productivity, co-innovation
- 4 Credible growth acceleration action plans by sector**
 - ▶ Differentiation
 - ▶ Concentrating our resources on growing areas

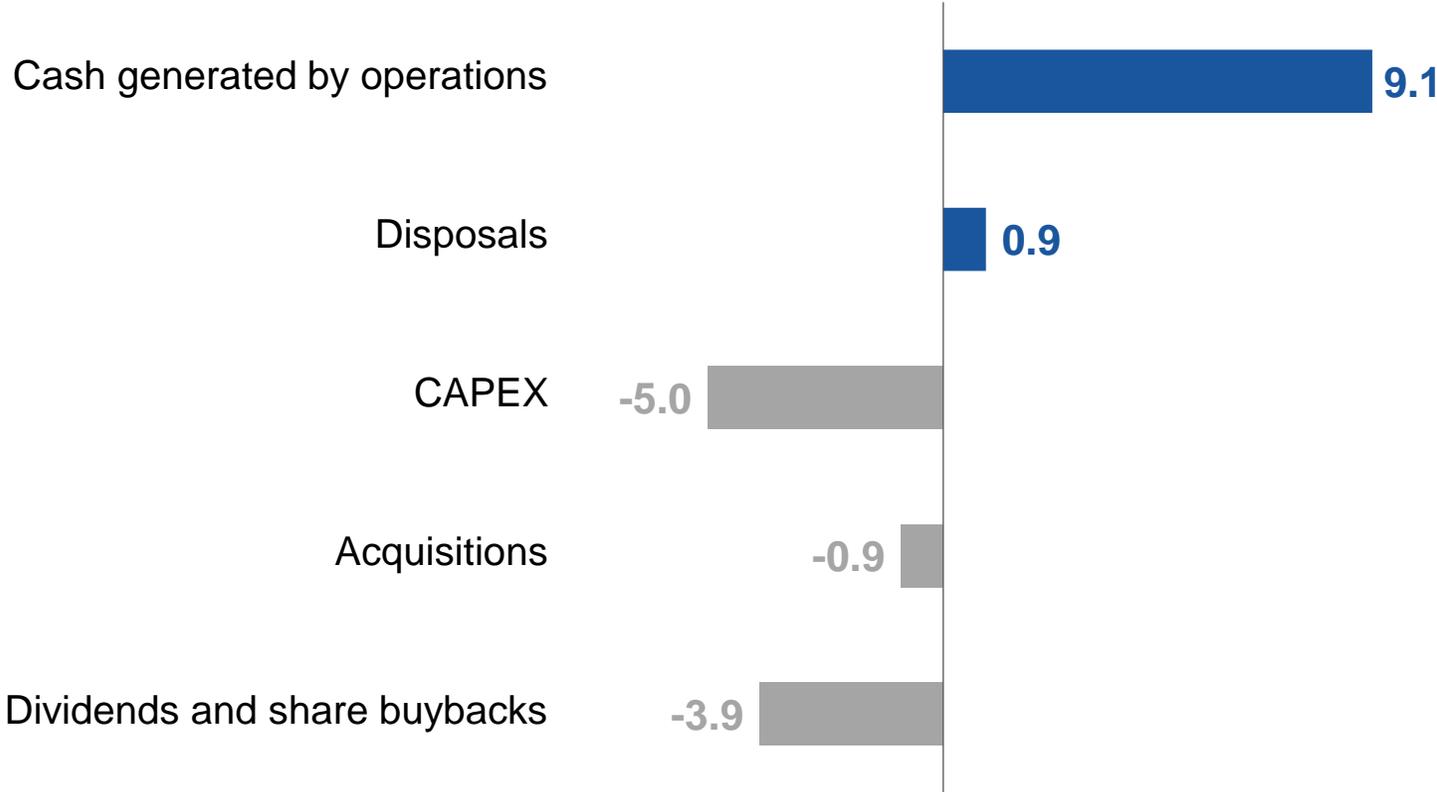
We have credible action plans in place on all value creation levers

- 1 **New cost savings program fully exploiting the opportunities of Industry 4.0**
 - ▶ €1.2bn over the next 4 years
- 2 **Strong focus on operating profit leverage as volumes recover**
- 3 **Optimization of all P&L and cash lines**
 - ▶ Non-operating costs, net financial expense, tax rate, working capital
- 4 **Active portfolio strategy creating value**
 - ▶ Confident and determined to close the Sika transaction
 - ▶ ~€2bn in small and mid-size acquisitions from 2017 to 2020
 - ▶ Over €1bn in non-strategic assets disposals from 2017 to 2020

Potential for significant value creation

Cash allocation 2013 – 2016

Excluding Verallia



2017-2020 TREND



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INVESTOR DAY

MAY 17, 2017



Disclaimer

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 presentation. 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.

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Glossary

- **Organic growth and like-for-like changes in sales and operating income** reflect the Group's underlying performance excluding the impact of:
 - changes in Group structure: indicators for the period concerned are calculated based on the scope of consolidation for the previous period (Group structure impact);
 - changes in exchange rates: indicators for the period concerned and those for the previous period are calculated using exchange rates for the previous period (currency impact);
 - changes in applicable accounting policies.
- **Operating income, operating profit:** see Note 3 within chapter 9 of the financial statements in the 2016 registration document, available by clicking here: https://www.saint-gobain.com/sites/sgcom.master/files/ddr_2016_va.pdf
- **Operating margin:** operating income expressed as a percentage of sales.
- **Non-operating costs:** see Note 3 within chapter 9 of the financial statements in the 2016 registration document, available by clicking here: https://www.saint-gobain.com/sites/sgcom.master/files/ddr_2016_va.pdf
- **Net financial expense:** see Note 8 within chapter 9 of the financial statements in the 2016 registration document, available by clicking here: https://www.saint-gobain.com/sites/sgcom.master/files/ddr_2016_va.pdf
- **Recurring net income:** net attributable income from continuing operations excluding capital gains and losses on disposals, asset write-downs and material non-recurring provisions; see Note 3 within chapter 9 of the financial statements in the 2016 registration document, available by clicking here: https://www.saint-gobain.com/sites/sgcom.master/files/ddr_2016_va.pdf
- **Capital expenditure:** investments in property, plant and equipment; see Note 3 within chapter 9 of the financial statements in the 2016 registration document, available by clicking here: https://www.saint-gobain.com/sites/sgcom.master/files/ddr_2016_va.pdf
- **Operating cash flow:** see Note 3 within chapter 9 of the financial statements in the 2016 registration document, available by clicking here: https://www.saint-gobain.com/sites/sgcom.master/files/ddr_2016_va.pdf
- **Free cash flow:** cash flow from continuing operations excluding the tax impact of capital gains and losses on disposals, asset write-downs and material non-recurring provisions, less capital expenditure; see Note 3 within chapter 9 of the financial statements in the 2016 registration document, available by clicking here: https://www.saint-gobain.com/sites/sgcom.master/files/ddr_2016_va.pdf
- **Industrial assets:** see Note 3 within chapter 9 of the financial statements in the 2016 registration document (segment assets and liabilities) available by clicking here: https://www.saint-gobain.com/sites/sgcom.master/files/ddr_2016_va.pdf
- **ROCE:** see Note 3 within chapter 9 of the financial statements in the 2016 registration document, available by clicking here: https://www.saint-gobain.com/sites/sgcom.master/files/ddr_2016_va.pdf
- **WACC:** see Note 5 within chapter 9 of the financial statements in the 2016 registration document, available by clicking here: https://www.saint-gobain.com/sites/sgcom.master/files/ddr_2016_va.pdf
- **Capital intensity:** industrial assets divided by consolidated annual sales
- **EV:** enterprise value