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

   On track ✅  Further progress required ❌

2. **INCREASE FOCUS ON DIFFERENTIATION**
   - Strengthen our innovation pipeline
   - Enhance the Group’s *online offer*
   - Increase our *brand awareness*

   On track ✅  Further progress required ❌

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 ✅

---

INVESTOR DAY / MAY 2017

- 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 Imavuen
COO
Benoît Bazin
Construction Products
Patrick Dupin
Flat Glass
Laurent Guillot
High-Performance Materials
Tom Kinisky
North America
Kâre 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
Seniority at Saint-Gobain
Seniority since taking position
A coherent set of businesses, with strengths and opportunities in each Sector…

- Strength
- Growth opportunities

- 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
... 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

<table>
<thead>
<tr>
<th>Customer</th>
<th>OEM*, part-maker</th>
<th>Home or business owner</th>
<th>Homebuilder, contractor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unfulfilled needs</td>
<td>Vibration control, durability</td>
<td>Sound comfort</td>
<td>Productivity</td>
</tr>
<tr>
<td>innovation</td>
<td>++ ● + +</td>
<td>+ ● + +</td>
<td>+ ● + +</td>
</tr>
<tr>
<td>service</td>
<td>+ ● + +</td>
<td>+ ● + +</td>
<td>+ ● + +</td>
</tr>
<tr>
<td>high efficiency manufacturing</td>
<td>+ ● + +</td>
<td>+ ● + +</td>
<td>+ ● + +</td>
</tr>
</tbody>
</table>

* Original Equipment Manufacturer
From a product-centric to a customer-centric organization

FROM

Technologies

Markets

TO

Technologies

Markets

LARGE COMMERCIAL BUILDINGS

MARINE

SAINT-GOBAIN GLASS

SageGlass

Placo
Robust positions in emerging countries

**OPERATING PROFIT IN ASIA AND EMERGING COUNTRIES**

(€m)

```
<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>BRICS</td>
<td>551</td>
<td></td>
</tr>
<tr>
<td>Asia &amp; other emerging countries</td>
<td>901</td>
<td></td>
</tr>
</tbody>
</table>
```

**INDUSTRIAL ASSETS OUTSIDE WESTERN EUROPE**

Innovative Materials + Construction Products at constant exchange rate

```
<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2016</th>
<th>2018 target</th>
</tr>
</thead>
<tbody>
<tr>
<td>BRICS</td>
<td>57%</td>
<td>62%</td>
<td>66%</td>
</tr>
<tr>
<td>Asia &amp; other emerging countries</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Example: the journey to build a leader in India

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

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

Capital intensity in developed countries

<table>
<thead>
<tr>
<th>Year</th>
<th>Capital Intensity</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008*</td>
<td>34%</td>
</tr>
<tr>
<td>2012*</td>
<td>33%</td>
</tr>
<tr>
<td>2016</td>
<td>30%</td>
</tr>
<tr>
<td>2018 target</td>
<td>27%-29%</td>
</tr>
</tbody>
</table>

*Including Verallia
A disciplined Saint-Gobain

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

- 2008-12: 2.6
- 2013-16: 1.6

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

- 2008: 38d
- 2016: 28d

Cost reductions in excess of €4.2bn between 2008 and 2016 (€bn)
equivalent to €1.1bn

*including Verallia until 2014
Steady improvement of value creation ratios

<table>
<thead>
<tr>
<th>Year</th>
<th>ROCE (pre-tax)</th>
<th>FCF (€bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>8.6%</td>
<td>0.6</td>
</tr>
<tr>
<td>2013</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>10.1%</td>
<td>1.3</td>
</tr>
</tbody>
</table>

+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 (%)
  - 2012: 33%
  - 2016: 87%

- Thousands of indirect jobs created in employment areas
  - 2014: 460 thousand
  - 2016: 550 thousand

- Foreign Nationals within top management (%)
  - 2012: 43%
  - 2016: 50%

- Frequency of lost time and non-lost time accidents (TF2*)
  - 2012: 7.6
  - 2016: 3.5

* 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*)

<table>
<thead>
<tr>
<th># Board members</th>
<th>Independents</th>
</tr>
</thead>
<tbody>
<tr>
<td>16 (2012)</td>
<td>44% (2012)</td>
</tr>
<tr>
<td>14 (2017*)</td>
<td>64% (2017*)</td>
</tr>
</tbody>
</table>

- **Independents**

<table>
<thead>
<tr>
<th>Gender diversity</th>
<th>Non-French citizenship</th>
</tr>
</thead>
<tbody>
<tr>
<td>25% (2012)</td>
<td>19% (2012)</td>
</tr>
<tr>
<td>42% (2017*)</td>
<td>27% (2017*)</td>
</tr>
</tbody>
</table>

- *open for vote at 2017 Annual Shareholders’ Meeting*
Saint-Gobain, engaged for sustainable growth...

- **Energy, Air Emissions & Climate Change**
  - CO₂ emissions:
    - 2010: 100
    - 2016: 93
    - 2025: 80

- **Water Withdrawal & Discharge**
  - Water discharge:
    - 2010: 100
    - 2016: 68
    - 2025: 20

- **Raw Materials & Waste**
  - Non-recovered waste:
    - 2010: 100
    - 2016: 92
    - 2025: 50

* 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

\( \times 90 \)

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

Source: Euroconstruct, IHS
France: considerable recovery potential

Construction market
2007 = 100

Source: Euroconstruct

+24%
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

% suffering from lack of demand

Balance of opinion on employment in 3 months

% suffering from labor shortage

Source: DG ECFIN, CAPEB
Germany & Nordics: encouraging outlook

**GERMANY**

Housing permits and housing completions
Thousands of dwellings, 1996-2016

- Flat permits
- Single family permits

Source: Statistik der Bautätigstellungen, Euroconstruct

**NORDICS**

Construction markets
Volumes, 2017-2019 CAGR

- Norway
- Sweden
- Finland
- Denmark

Source: Euroconstruct
United Kingdom: construction sector resisting well

CONSTRUCTION MARKETS SHOW NO SIGN OF WEAKNESS YET OUTSIDE LONDON

POSITIVE SHORT-TERM INDICATORS

CONFIDENCE

Average construction PMI in 2017

HOUSING PRICES

+3.8%

yoy % change

GOVERNMENT COMMITTING SUPPORT

RESIDENTIAL

Housing white paper Help-to-buy

INFRuctURES

Major public projects Investment plan

*England excl. metropolitan areas
Source: UK DGLC
United States: potential for further improvement in new residential

Housing starts
Thousands of dwellings, 1964-2016
Our largest emerging countries demonstrate resilience...

<table>
<thead>
<tr>
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<tbody>
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<td>🔵</td>
<td>🔵</td>
<td>🔵</td>
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</tr>
<tr>
<td>Brazil</td>
<td>🔵</td>
<td>🔵</td>
<td>🔵</td>
<td>🔵</td>
<td>🔴</td>
</tr>
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<td>China</td>
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<td>🔵</td>
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<tr>
<td>India</td>
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<tr>
<td>Thailand</td>
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<td>🔵</td>
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</tr>
</tbody>
</table>

*Construction output weighted by Saint-Gobain’s 2016 sales
... and strong underlying dynamics

**DYNAMIC URBANIZATION ON ALL CONTINENTS**

<table>
<thead>
<tr>
<th>Country</th>
<th>Urbanization rate 2015</th>
<th>Urban population 2015-2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>32%</td>
<td>+105m - 420m - 525m</td>
</tr>
<tr>
<td>Sub-Saharan Africa</td>
<td>48%</td>
<td>+163m - 360m - 523m</td>
</tr>
<tr>
<td>Brazil</td>
<td>84%</td>
<td>+16m - 175m - 191m</td>
</tr>
</tbody>
</table>

Source: UN

**RAPID RISE IN MIDDLE CLASSES, CONSUMERS OF OUR PRODUCTS**

- Coated glass (sqm)
- Mortars (€)
- Insulation (cu. m)
- Plasterboard (sqm)

- Consumption per capita
- GDP per capita

India:

- Urbanization rate 2015: 32%
- Urban population 2015-2025: +105m

Sub-Saharan Africa:

- Urbanization rate 2015: 48%
- Urban population 2015-2025: +163m

Brazil:

- Urbanization rate 2015: 84%
- Urban population 2015-2025: +16m
Some of our most important industrial markets benefit from strong momentum

**AUTOMOTIVE**
- Global markets: +3% 2012-2016 CAGR
- Specific long-term trends: Electric vehicle, Comfort

**AEROSPACE**
- Global markets: +5% 2012-2016 CAGR
- Specific long-term trends: CO₂ emissions, Connectivity

**HEALTHCARE**
- Global markets: +4%* 2012-2016 CAGR
- Specific long-term trends: Single use, Tailor-made

* 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**
- Autonomous cars
- Air transport growth
- 3D printing

**HIGH-PERFORMANCE MATERIALS**
- Healthtech

**CONSTRUCTION PRODUCTS**
- Middle classes in emerging countries
- Ageing population
- Water stress
- Healthy housing

**BUILDING DISTRIBUTION**
- Industry 4.0
- Climate change
- Resource scarcity
- Urbanization
- m-commerce
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
SageGlass

At home
my comfort by Saint-Gobain

In all living places
Solargard automotive sunroof
Ecophon ceiling
Towards a productivity revolution in construction

**Hourly productivity per branch in France**

- Construction
- Services
- Industry

1994 = 100

-9% to +95%

**Hourly productivity per branch in the UK**

- Construction
- Services
- Industry

1994 = 100

+15% to +57%

Source: INSEE

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

**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**

- 2016 R&D spend: ~€440m
- Top100 Global Innovators for 6 consecutive years

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

- 5 existing fablabs
- 2 additional planned in 2017 - 2018
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**

- Other industries: 14%
- New construction: 43%
- Renovation: 43%

**SALES SPLIT 2016**

- France: 12%
- Asia & emerging countries: 27%
- Other Western Europe: 33%
- North America: 28%

*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

SUSTAINABLE SOLUTIONS

HIGH-VALUE PRODUCTS

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

Acquisitions 2013-2016
~50%

TOTAL
~€635m

Growth CAPEX 2013-2016
~50%

- Plasterboard capacities in China, Russia, Brazil & Indonesia
- Insulation plant in Saudi Arabia
- 10 premix plants

Major 2017 projects
• Plasterboard plants construction in Vietnam & India;
• New premix & plasters plants in China, South East Asia, Middle East and Central America
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
Accelerate growth
Strengthening our leading local positions

26 business clusters > €100m

MATURE POSITIONS
CONSOLIDATION

NEW BUSINESS CLUSTERS
• > €100m sales
• > 10% CAGR*

RISING STARS

*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

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

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

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

Coated veil exterior
Refractories wool product line
“Sandwich” radomes
Ceramic liquid filtration membranes
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*)

<table>
<thead>
<tr>
<th>Industry</th>
<th>Organic growth</th>
<th>Total growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metal Fabrication</td>
<td>~6%</td>
<td>~7%</td>
</tr>
<tr>
<td>General Manufacturing</td>
<td>~11%</td>
<td>~14%</td>
</tr>
<tr>
<td>Transportation</td>
<td>~3%</td>
<td>~3%</td>
</tr>
<tr>
<td>Construction</td>
<td>~3%</td>
<td>~3%</td>
</tr>
<tr>
<td>Healthcare</td>
<td>~8%</td>
<td>~10%</td>
</tr>
<tr>
<td>Aerospace</td>
<td>~10%</td>
<td>~10%</td>
</tr>
</tbody>
</table>

*2013-2016
Invest more in fast-growing markets (2/3)

- Acquisitions 2013-2016 ~1/3
- Clean rooms for Life Science
- Growth CAPEX 2013-2016 ~2/3
- Refractory site in India
- Glass fiber capacity extension in Czech Republic and Mexico
- New billet press for Bearings

TOTAL ~€600m
Invest more in fast-growing markets (3/3)

- **Polymer** components for auto and medical
- **Filtration** systems for medical
- **Extruded tubing** in South America
- **Tapes** for various applications in Brazil
- **High-performance** specialty adhesive tapes
- Various acquisitions for **single-use components** for medical
- Various acquisitions for **ceramic coatings** in US

Most of our 2013-2016 acquisitions created value in N+2
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**
- Transport: 44%
- Construction: 49%
- Other: 7%

**Sales Split 2016**
- France: 14%
- Asia & Emerging Countries: 49%
- North America: 1%
- Other Western Europe: 36%

- 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

>4%
including those invoiced to our clients

% HAVP*
Float products

+22%
27%  33%  
2012  2016

Patents

>150

High Added Value Products

Operational excellence

INDUSTRY 4.0

NEW DEVELOPMENT PROJECTS

PATENTS #/year

R&D

*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

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

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

+23 new lines in emerging countries
+2 new lines / -5 lines closed in developed countries
Strengthen our positioning in emerging countries and North America – building glass

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

Joint Venture (minority)
Joint Venture (majority)
Facades glazing through export
Develop sustainability-enhancing solutions

AUTOMOTIVE WINDSHIELDS

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

30% weight saved thanks to thin glazing

ELECTROCHROMIC GLAZING

• By reducing sunlight transmission while maintaining transparence, 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

FROM FUNDAMENTALS...

...TO DIGITAL DIFFERENTIATION OPPORTUNITIES

Web presence & e-commerce

PIM referencing & BIM

Industry 4.0

Open innovation

Fablabs & showrooms

Services

Very advanced

Strong position

Starting
Digital offers new ways to address our customers’ needs

**Web presence**

**PERFORMANCE IN 2016**

- 155m 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

  - General public: x4
  - Professional builder: x8
  - Architect, industrial: 60%

**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

- Multi-task operator
- cobot

To be further developed by Benoit d'Iribarne

Fablabs & Showrooms

- 5 existing fablabs
- 2 additional planned in 2017 - 2018

Relation with start-ups

- A dedicated start-up scooting 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**
- Business partners club
- Glazing simulation for building facades
- Services for private individuals throughout build process

**NON CUSTOMERS BUSINESS MODEL INNOVATION**
- Non-invasive existing pipe quality assessment
- Inventory management for car body shops
- Intermediation service for private individuals with a renovation project and building professionals
- Comfort diagnosis service for restaurants
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**

**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

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

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

GENERALISTS

SPECIALISTS

SPECIALISTS FOR INDIVIDUALS

END-MARKETS 2016
- Infrastructures: 10%
- Renovation: 61%
- New construction: 29%

SALES SPLIT 2016
- France: 41%
- Other Western Europe: 56%
- Asia & emerging countries: 3%

*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

I train & get information  
I look for worksites  
I provide quotes  
My client chooses the product  
I buy the product

Post-sales

I want to transform the product  
I collect & arrange delivery  
I handle administrative matters  
I share with my community

I get ideas  
I design & visualize the project  
I calculate my budget  
I look for a trade professional  
I buy or get the product to buy

I need help during the work  
I share with others  
I rate my trade professional  
I have a dispute about the work

...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

- Labels & logos
- Store availability
- Documents
- Rich technical attributes
- Related products

PRICES & STOCKS 24/7
HOW-TO GUIDES & VIDEOS
PRODUCT GUIDES

*D Declaration Of Performance
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**

+15% 2013-16 CAGR

**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

*Customer Relationship Management

~ €320m invested in Information Systems since 2013

Major ERP projects in Nordics, UK, Germany, and France
A RENEWED COST SAVINGS POTENTIAL

Benoît d'Iribarne
Industrial Excellence
Push further our excellence programs

**Significant potential associated with the rollout of WCM**

- 57% of sites included in the WCM program
- 83% of best-in-class sites
- >90% of sites included in the WCM program
- ~50% of best-in-class sites

**Extending our purchasing action plan since 2012**

**Centralization & Expertise**
- +46% Professional purchasers

**Digital**
- x5 E-auctions & e-tenders
- +57% In productivity (# actions/year)
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
DATA AVAILABILITY AND AUTOMATICALLY COORDINATED MACHINES

Advanced infrastructures deployment
REAL TIME DATA ANALYSIS

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

*Overall Equipment Effectiveness
Number of robots to increase to 3,500 in 2020
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

<table>
<thead>
<tr>
<th>Year</th>
<th>Old Plan</th>
<th>New Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014-15</td>
<td>383</td>
<td></td>
</tr>
<tr>
<td>2016-18</td>
<td>267</td>
<td></td>
</tr>
<tr>
<td>2017-20</td>
<td>300</td>
<td></td>
</tr>
</tbody>
</table>

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...

VOLUME GROWTH

OPERATING PROFIT MARGIN
Building Distribution: 3.4%
Other activities: 10.2%

IDEAL OPERATING LEVERAGE:
VARIABLE MARGIN
Building Distribution: 20-30%
Other activities: 35-55%

3 STRONG ASSUMPTIONS
- No fixed costs or SG&A added
- Constant price/cost spread
- Constant mix
…confirmed by experience

**OPERATING LEVERAGE ON POSITIVE VOLUME**, DISTRIBUTION ACTIVITIES

2014: 22%
2015: 22%
2016: 8%

Impact of price deflation

**OPERATING LEVERAGE ON POSITIVE VOLUME**, INDUSTRIAL ACTIVITIES

2014: 57%
2015: 39%
2016: 46%

*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

4.5-5.5%
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*

*including Verallia until 2013

-7pts equivalent to €140m in 2016
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%
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***

<table>
<thead>
<tr>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>812</td>
<td></td>
<td></td>
<td></td>
<td>541</td>
<td>&lt;500</td>
</tr>
</tbody>
</table>

- **€270m since 2012**
- **-33% since 2012**

**Bond debt maturities (€bn)**

<table>
<thead>
<tr>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.5</td>
<td>0.8</td>
<td>1.0</td>
</tr>
</tbody>
</table>

**Cost of repaid gross debt (%)**

- **2017**: 4.8%
- **2018**: 4.0%
- **2019**: 4.5%

**2016 Average cost**: 3.4%

*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

**Graph:**
- ROCE vs. time
- Blue line: Company alone
- Red line: After integration
Example of bolt-on acquisition: Building Distribution in Norway

Optimera: 3 acquisitions  
Dahl: 2 acquisitions  
Ventilation: 2 acquisitions  
Ventilation: 1 acquisition  
Optimera: 1 acquisition  
Prefab: 2 acquisitions  
Tiles: 1 acquisition  

Bergen area
Trondheim area
Oslo area

ROCE > WACC on average from year 1 for companies acquired since 2014

Optimera build-up acquisitions 2014-16
Dahl build-up acquisitions 2014-16
New geographies: accelerate penetration of high value-added solutions in emerging markets

NEW GEOGRAPHIES

ROCE

- Company alone
- After integration

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

VĨNH TƯỜNG
SAINT-GOBAIN
GIẢI PHÁP TOÀN DIỆN TRẦN & VẠCH NGÂN

Entry in Vietnam with the acquisition of a Gypsum plant

2007

Acquisition of 14.8% of the share capital of VTI, a Gyproc customer in Vietnam

May 2015

Control of the company acquired
Start-up of a first fiber-cement line


Construction of a second plasterboard line

ROCE > WACC
from year 1

Gyproc plant
Project for 2nd plasterboard plant
Technological niches: go beyond current frontiers with techno bricks

**TECHNOLOGICAL NICHES**

**ROCE**

- Company alone
- After integration

**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*)

<table>
<thead>
<tr>
<th>Year</th>
<th># acquisitions</th>
<th>Value creation level (2016)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>6</td>
<td></td>
</tr>
</tbody>
</table>

* Average cumulative ROCE from first year after acquisition

Value creation level (2016)
Boost leadership strategy with an active stream of acquisitions

Small and medium size acquisitions
Financial investments, €m

- 2011: ~20
- 2012: ~10
- 2013: ~10
- 2014: ~15
- 2015: ~20
- 2016: ~30
- 2017-2020 avg: XX

# acquisitions
Value creation through the Sika transaction

- **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
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

<table>
<thead>
<tr>
<th>Category</th>
<th>2017-2020 Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash generated by operations</td>
<td>9.1</td>
</tr>
<tr>
<td>Disposals</td>
<td>0.9</td>
</tr>
<tr>
<td>CAPEX</td>
<td>-5.0</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>-0.9</td>
</tr>
<tr>
<td>Dividends and share buybacks</td>
<td>-3.9</td>
</tr>
</tbody>
</table>
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 margin**: operating income expressed as a percentage of sales.


- **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


- **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


- **Capital intensity**: industrial assets divided by consolidated annual sales

- **EV**: enterprise value