

LETTER TO SHAREHOLDERS

2017 RESULTS FURTHER STRONG PROGRESS IN RESULTS

2017 SALES

€40.8bn

+4.7%

like-for-like

2017 OPERATING INCOME

€3.03bn

+9.6%

like-for-like

2017 RECURRING NET INCOME*

€1.63bn

+16.7%

* From continuing operations excluding capital gains and losses on disposals, asset write-downs and material non-recurring provisions.

DIVIDEND

Increased to

€1.30 per share

paid fully in cash

Amount to be recommended to the AGM on June 7, 2018.



FOCUS...

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FOCUS...

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MESSAGE

FROM PIERRE-ANDRÉ DE CHALENDAR

Saint-Gobain's robust growth and the acceleration in our performance over the course of the year illustrates the effectiveness of our strategy. All Business Sectors and regions contributed to this good set of results, especially France which confirmed its recovery. In line with our focus on pricing in an environment where inflation is increasing once again, sales prices rose significantly, particularly in the second half of the year. Cost savings, another priority for the Group, exceeded objectives at €290 million. The Group pursued its profitable growth strategy by stepping up both its financial investments, with 28 small and mid-sized acquisitions in the year, and its capital expenditure, with a focus on emerging countries, Industry 4.0, and digitalization, particularly in Building Distribution.

In 2018, we expect the economic climate to remain supportive. We will continue to implement our strategic objectives and are targeting a further like-for-like increase in operating income.

PIERRE-ANDRÉ DE CHALENDAR,
Chairman and Chief Executive Officer of Saint-Gobain

The Group's 2017 **sales** totaled **€40,810 million**, up 4.4% on a reported basis and **up 4.7% like-for-like**. Organic growth was driven both by higher volumes (up 2.7%) and higher prices (up 2.0%) in all Business Sectors and all regions, despite the adverse impact of the June 2017 cyber-attack. The price effect continued to grow (up 2.3% in the second half), against a backdrop of rising raw material and energy costs over the course of the year.

The **Group structure** impact added 0.9% to growth as the Group's stepped up its acquisitions with the consolidation of companies in Asia and emerging countries, in new niche technologies and services and to consolidate our strong positions.

However, overall growth was tempered by a negative 1.2% **currency effect** over the year (a negative 2.6% in the second half), mainly reflecting the depreciation of the pound sterling, US dollar and certain Asian and emerging country currencies against the euro.

The **Group's operating margin⁽¹⁾** widened to 7.4% from 7.2% in 2016, with 7.7% for the second half (versus 7.4% in second-half 2016). There was a further like-for-like increase in operating income, up 12.4% in the second half, bringing growth over the full year to 9.6%.

Capital expenditure increased to **€1.54 billion** in 2017 from €1.37 billion in 2016, and focused on growth capex outside Western Europe, Industry 4.0 and digitalization.

The Group achieved **€290 million in cost savings** compared to 2016, exceeding its objectives.

Free cash flow showed a clear improvement, up 7.6% to €1,353 million.

(1) Operating margin = Operating income expressed as a percentage of sales.



2018 OUTLOOK

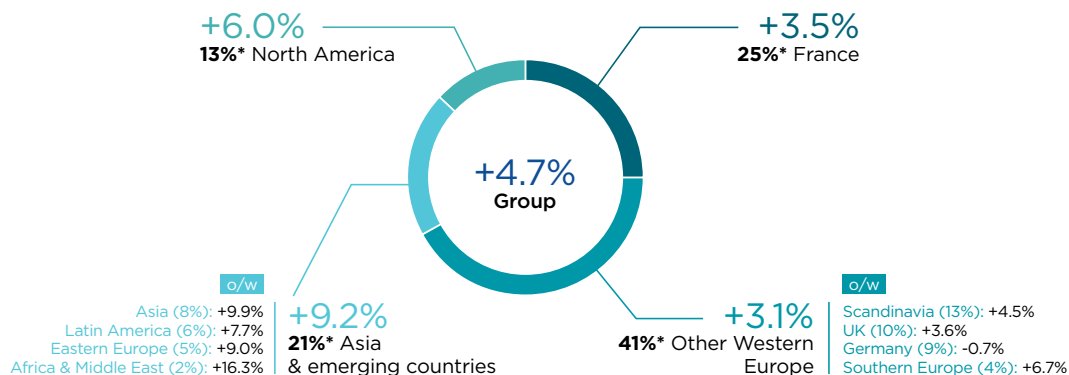
Saint-Gobain will continue its disciplined approach to cash management and financial strength. In particular, it will pursue:

- its **focus on sales prices** amid continued inflationary pressure on costs;
- its **cost savings program**, with the aim of unlocking additional savings of around €300 million (calculated on the 2017 cost base);
- its **capital expenditure program** of around €1.7 billion (representing around 4% of sales, in line with our objectives), with a focus on growth capex outside Western Europe and also on productivity (Industry 4.0) and digital transformation, particularly in Building Distribution;
- its **commitment to invest in R&D** to support its differentiated, high value-added strategy;
- its **focus on high levels of free cash flow generation**.

The Group is targeting a further like-for-like increase in operating income in 2018.

SALES TRENDS BY GEOGRAPHIC AREA

(% change in 2017/2016 like-for-like sales)



*Breakdown of 2017 sales.

RESULTS BY BUSINESS SECTOR



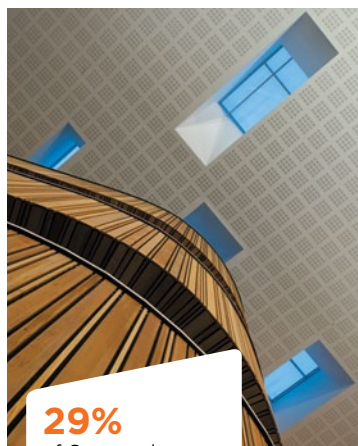
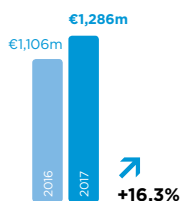
INNOVATIVE MATERIALS

2017 SALES

€10,383m

2017 OPERATING INCOME

€1,286m



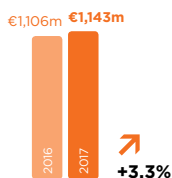
CONSTRUCTION PRODUCTS

2017 SALES

€12,624m

2017 OPERATING INCOME

€1,143m



BUILDING DISTRIBUTION

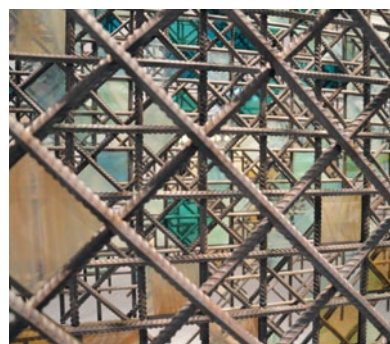
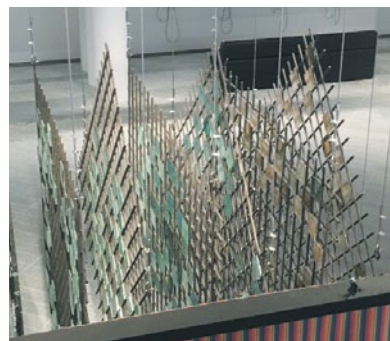
2017 SALES

€18,800m

2017 OPERATING INCOME

€631m





SAINT-GOBAIN GOES ON DISPLAY AT THE LOUVRE ABU DHABI

Saint-Gobain is taking part in *Co-Lab: Contemporary Art and Savoir Faire*, a temporary exhibition that opened at the Louvre Abu Dhabi in December 2017. The exhibition is part of the Emirati-French cultural program, an initiative established by the Department of Culture of the United Arab Emirates and the Tourism and Culture Authority of Abu Dhabi, and the Ministry for Europe and Foreign Affairs, the Ministry of Culture and Communication, and the *Institut Français*, in France.

The exhibition features works by four artists living in the United Arab Emirates, produced in collaboration with four renowned French manufacturers, including Saint-Gobain's Verrerie de Saint-Just glassworks.

Through her work with the **Saint-Just art-glass plant**, Emirati artist **Zeinab Alhashemi** discovered the material of glass and glasswork. This collaboration with glassmakers led to the creation of *Meta-*

Morphic, an abstract representation of the duality of man and nature that symbolically simulates the speed at which our planet is changing. Zeinab Alhashemi: "A lot of major French artists have worked with Saint-Just. It's a fantastic accomplishment for me to be the first artist from the Emirates to work with the institution".

This creation is part of Verrerie de Saint-Just glassworks' long artistic history, which is an integral part

of its DNA. Today, it works on the international stage with artists such as Alessandro de Santillana, who uses glass in original and novel ways to create astonishing artworks, as well as with world-renowned architects and designers such as Philippe Starck and Peter Merino.

For these artists, Verrerie de Saint-Just is an outstanding studio that produces glass of exquisite quality. ■

LAUNCH OF A NEW BRAND: *ENVIE DE SALLE DE BAIN*



You'll find a list of the 200 partner outlets by entering the address in your Internet browser or by clicking on the link below:
<https://magasins.enviedesalledesbain.fr/>



With 4 million hashtags shared on social media, the bathroom is proving the new focus of our homes. Driven by the current enthusiasm for beauty, well-being, interior design and lifestyle, the bathroom – like the kitchen – has become a place for self-expression for all inhabitants.

Cozy yet convivial, personal yet family-oriented, the bathroom is constantly changing and reinventing itself. As both a private space and a place for relaxation, this room needs to meet all needs at every stage of life.

A NEW CONCEPT

Envie de salle de bain brings together a wide range of products applauded by industry professionals for their quality and high degree of originality. These have been selected from among the sector's flagship brands in terms of style and design. More than 1,500

products are displayed either in different environments, to help customers envisage how the products go together, or in special purpose-built areas (taps, furnishings, shower, toilet, etc.) designed to guide customers in their choices. Other solutions are also available in-store.

In planning a bathroom, customers can obtain assistance either directly with our salespeople, or online. The five styles (Cozy, Industrial, Graphic, Retro Chic, Eclectic) and four layouts (Family, Large-Format, Space-Savers, Special) allow all customers to create a space suited to their needs. The brand offers customized support at the design stage, and can put customers in contact with tried and tested bathroom fitters through the *Homly You* website.

Saint-Gobain Building Distribution opened its first *Envie de Salle de*

Bain store in Paris on October 4, 2017. The concept aims to “*Be inspiring, while meeting customers' functional needs*”. Now with more than 200 partner outlets throughout France, and enhanced by Saint-Gobain Group brands and partner outlets *Cedeo la salle de bain* and *Brossette ma salle de bain*, this bathroom offering is available nationwide and can meet customers' every need. ■

The Shareholders' Club is organizing a guided tour of *Envie de Salle de Bain* at 10:00am on March 12, 2018.

SAINT-GOBAIN NEWS



INNOVATION SOLAR GARD PRESENTS ITS LATEST INNOVATIONS AT THE AUTOMOTIVE PRODUCT FAIR

In the United States, Saint-Gobain brand Solar Gard unveiled its body-work protection film *Clearshield® Pro Hydro* at the SEMA (Specialty Equipment Market Association) Show in Las Vegas. Virtually undetectable, and resistant to scruffs and impacts, it also has self-healing properties and advanced hydrophobic coating. The Tesla Model S presented at the Solar Gard booth was also equipped with the *LX Series* window film, which enhances interior comfort for drivers and passengers.

The SEMA Show is the world's largest showcase for specialty automotive products and is held in the Las Vegas Convention Center every year in early November.

PRODUCT SAIL SAFELY WITH SAINT-GOBAIN VETROTECH

Drawing on over 30 years' experience in the production of fire-resistant and security glass, Saint-Gobain Vetrotech has created *THERMOVIT® PRO AO*, an electrically-heated, fire-resistant glass for ships' wheelhouses.

This heated, laminated 60-minute fire-protection glass includes a conductive coating that provides an electric heating function to ensure the crew's safety and visual comfort. *THERMOVIT® PRO AO* withstands humidity and the extreme temperatures encountered in polar regions by heating the entire surface of the glass, thus keeping it condensation free.

PRODUCT IN THAILAND, SAINT-GOBAIN PLACOPLATRE UNVEILS ITS NEW WATER- RESISTANT SOLUTIONS

In Thailand, Saint-Gobain Placoplatre has launched *Glasroc® H Ocean*, a range of plasterboard with a highly-repellent coating, which resists moisture and humidity in even the wettest environments. *Glasroc® H Ocean* is designed for the manufacture of partitions in single and multi-unit dwellings, offices, hospitals and hotels. It provides outstanding performance as a tile backing and wet area board in environments where there is frequent exposure to moisture, such as shower enclosures, bathrooms, swimming pool halls with ventilation systems, and in other areas where there is likely to be moisture or high humidity.

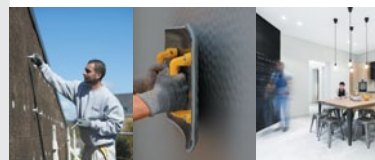
For the launch, Saint-Gobain Placoplatre organized an event attended by employees and architects, which included workshops to test the new solution's water resistance. This product is perfectly suited to the weather conditions in this part of the world.

SPONSORSHIP THE SAINT-GOBAIN FOUNDATION HELPS A PROFESSIONAL REINTEGRATION ORGANIZATION IN THE GREATER PARIS REGION

The Saint-Gobain Foundation helped *Ateliers Sans Frontières (ASF)* – a non-profit organization that works to promote professional reintegration through the circular economy – to move premises. Its employees now enjoy a space that can accommodate a greater number of people in an appropriate professional environment.

Located in Bonneuil, near Paris (France), the new workshop-warehouse has had its official opening and now has enough capacity to store archives for all of the brands that it distributes (events, activities, success stories, projects, innovations, etc.). It also houses the recycling stations for electronic equipment that goes on to be sold in Africa to enable ASF's economic independence. *Ateliers Sans Frontières* is a subsidiary of the *ARES* Group (association for economic and social integration), which Saint-Gobain has helped in the past, namely through the *Halle de Pantin* project.

INNOVATION WEBER LAUNCHES THREE INNOVATIVE NEW PRODUCTS TO SUSTAINABLY ENVELOP, PROTECT AND EMBELLISH THE HOME



Webertherm XM Natura is the first external thermal insulation composite system (ETICS) to use a 100% bio-sourced insulation material: cork, which is FDES*-certified and saves energy while protecting the environment. For façade decoration, the *Weber Graphic* range of relief renders and tools are used to create a deeply-imprinted, personalized pattern on the render surface, without scratching. This ergonomic and environmentally-friendly innovation creates less waste and is less sensitive to pollution than other current solutions. Finally, *Weberfloor Style* offers a collection of 12 decorative, self-tinted, ready-to-use screeds with a wide range of potential finishes. Strong and durable, they are highly wear-resistant and easy to clean.

PRODUCT SAINT-GOBAIN SEKURIT FITS OUT THE LINCOLN CONTINENTAL

For its first head-up display windshields, the US-based Ford Group has chosen Saint-Gobain Sekurit to fit out its new luxury-brand Lincoln Continental sedan. This technology, which projects key dashboard information onto the glass in the driver's field of vision, ensures optimum driver comfort. The *SGS ClimaCoat* windshield is also heated in winter to remove any trace of ice, snow or mist, and reflects heat in the summer.

It thus guarantees pleasant thermal conditions while limiting fuel consumption and consequently CO₂ emissions compared to a standard solution. It should be noted that head-up display windshields are nothing new for certain shareholders, who were introduced to them at the Saint-Gobain stand during the Salon Actionaria trade show on November 23 and 24, 2017.

* FDES: Fiche de Déclaration Environnementale et Sanitaire (Environmental & Health Declaration).

SHAREHOLDER'S AGENDA

Monday March 12, 2018 - 10:00am - 11:00am

ENVIE DE SALLE DE BAIN (75)

Envie de salle de bain stores allow customers to explore up to 12 different bathroom environments in a single space. Each of these environments combines a specific bathroom style with a bespoke layout designed to meet special uses and requirements. The stores, built around five major styles (*Cozy, Industrial, Graphic, Classic Chic and Eclectic*) embrace the very latest trends in decoration.

Envie de salle de bain stores place inspiration at the heart of their experience, offering customers more than 1,500 product listings and accessories along with every kind of service to guarantee a successful project, in a 500sq.m. showroom space.

- Sign up from: February 19, 2018
- Maximum number of participants: 20

Tuesday May 20, 2018 - from 6:00pm

SHAREHOLDER MEETING - BORDEAUX (33)

Saint-Gobain has teamed up with Total to organize this shareholder meeting, to be held at **La Cité Mondiale, Centre des Congrès, 18 parvis des Chartrons, 33000 Bordeaux.**

Wednesday April 11, 2018 - 2:00pm - 4:00pm

SAINT-GOBAIN GLASS FRANCE ANICHE (59)

On May 23, 2017, Saint-Gobain inaugurated its new float line at Aniche-Emerchicourt. At the leading edge of glass technologies in France, the manufacturing equipment has been completely renovated and modernized for a total investment of €30 million. With an annual output of 20 million square meters, this float is now also better positioned in terms of market opportunities, as it now produces glass for both the construction and automotive markets. The result of Saint-Gobain's expertise and R&D efforts, the renovated furnace also offers superior technical and environmental performance, with a rise of around 10% in plant productivity, 25% lower energy consumption and 20% fewer CO₂ emissions compared to the previous facility.

- Sign up from: March 21, 2018
- Maximum number of participants: 20

Tuesday May 15, 2018 - 2:00pm - 4:00pm

STAC AT SATOLAS (38)

STAC (STock Agencies Client in French) is a logistics platform that aims to offer product availability to Building Distribution customers. There are seven STAC facilities in France, serving around 500 plumbing and heating specialists and outlets across the country. The facilities are chiefly designed to offer customers a broad line-up of products, guaranteed prompt delivery and enhanced proximity. Saint-Gobain Shareholder's Club invites you to discover STAC Rhône-Alpes Satolas, a 20,000 sq.m. facility conveniently located near the A43 and with over 13,000 product listings.

- Sign up from: April 16, 2018
- Maximum number of participants: 20

Monday June 18, 2018 - from 6:00pm

SHAREHOLDER MEETING - ANNECY (74)

Saint-Gobain has teamed up with Axa to organize this shareholder meeting, to be held at the **Imperial Palace Hotel, Spa & Casino, Centre de Congrès, Allée de l'Impérial, 74000 Annecy.**

TWO WAYS TO SIGN UP

- log onto your **shareholders' space**
- call freephone 0800 32 33 33 (France only)



SHAREHOLDER'S NOTEBOOK

SIGN UP FOR THE E-LETTER TO SHAREHOLDERS

To receive your copy of the Letter to Shareholders and keep abreast of all the latest Saint-Gobain news, sign up for the e-Letter to Shareholders in the Shareholders section of www.saint-gobain.com or send an e-mail to actionnaires@saint-gobain.com



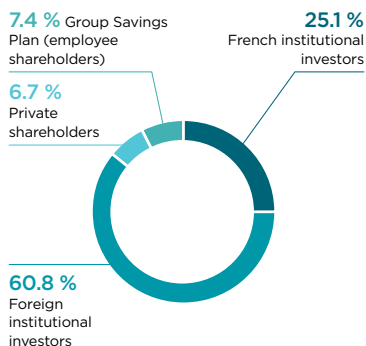
TOTAL NUMBER OF SHARES

(at December 31, 2017)

553,557,091

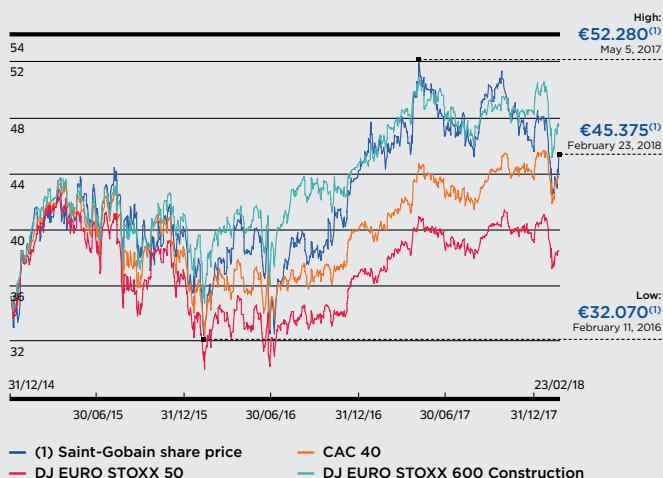
OWNERSHIP STRUCTURE

(at December 31, 2017) (%)



SAINT-GOBAIN SHARE PERFORMANCE 31/12/2014 - 23/02/2018

Performance over the period: Saint-Gobain: +28.8% CAC 40: +24.4%



Recent performance at February 23, 2018 (€45.375)	Saint-Gobain share price	CAC 40	DJ Euro Stoxx 50	DJ Euro Stoxx 600 Construction
Trailing month	-5.4%	-3.9%	-6.3%	-6.1%
Trailing 3 months	-7.6%	-1.2%	-3.7%	-2.6%
Trailing 6 months	-1.6%	3.9%	0.1%	1.5%
Trailing 12 months	0.2%	8.7%	3.2%	2.4%

YOUR CONTACTS

Saint-Gobain's Shareholder Relations Department will be pleased to answer any enquiries. Please feel free to contact them:

• By dialing:

0 800 32 33 33  from France (calls free of charge from landlines)

or 0033 (0)1 47 62 33 33 from outside France

• Online, at www.saint-gobain.com

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