



H1 2016 Results

July 29, 2016



- 
1. HIGHLIGHTS
 2. H1 2016 RESULTS
 3. OUTLOOK AND ACTION PLAN FOR H2

H1 2016 KEY FIGURES

Sales
€19.5bn



Operating income
€1,368m

Operating margin: **7.0%**, +60 bp



Recurring net income
€624m
EPS: **€1.13**, +16.5%



Free cash flow
€823m



Net debt
€6,624m
1.7x EBITDA



Changes based on H1-16 vs H1-15



WESTERN EUROPE

- » France **stabilizing**, despite the downturn in Pipe
- » **Growth** in all of the Group's main countries
- » **Improved** margin, with a slight decline in France



NORTH AMERICA

- » **Upbeat activity** in construction markets
- » **Uncertain** industrial markets
- » **Sharp rally** in the operating margin, powered by Roofing



ASIA & EMERGING COUNTRIES

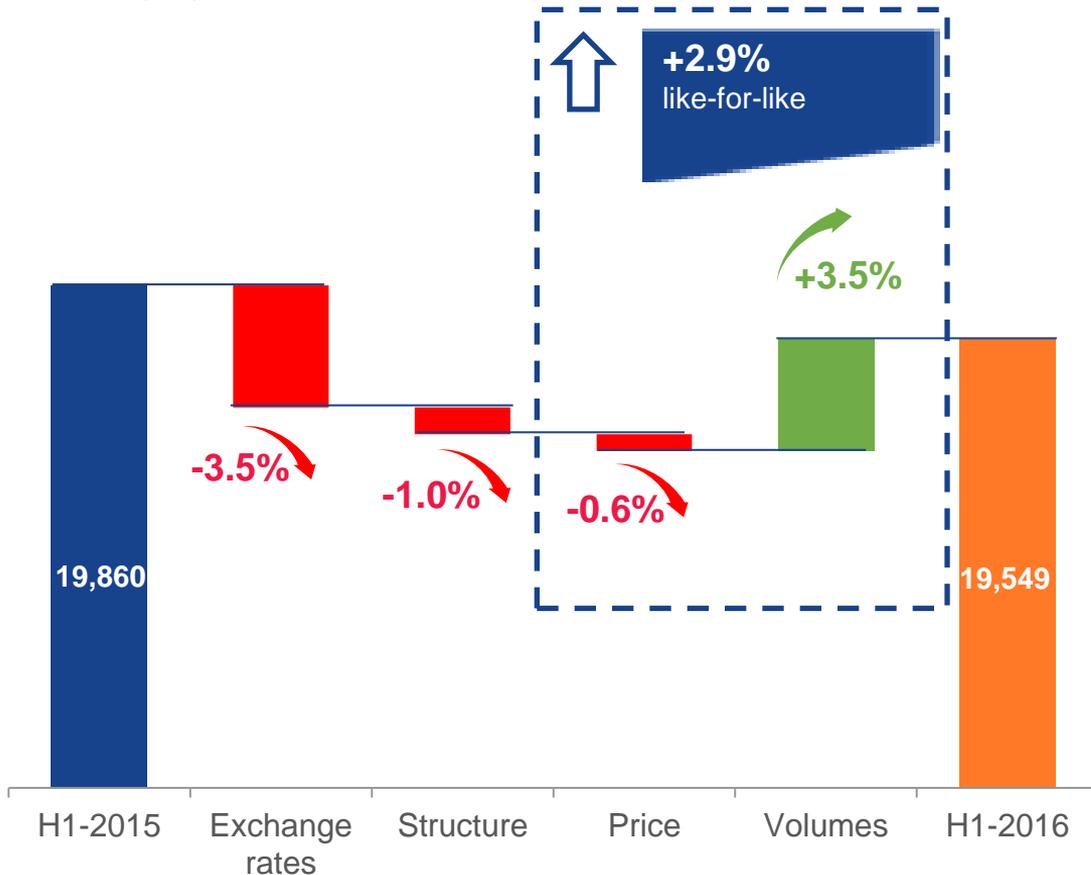
- » **Growth** in all regions: Eastern Europe, Latin America, Asia, Africa & Middle East, despite the downturn in Brazil and China
- » Continued **improvement** in the margin, to above 10%

- » **Sharp improvement in volumes** in all Business Sectors and regions **(+3.5%)**; **prices down 0.6%** in a deflationary environment
- » Growth dented by a **significant 3.5% negative currency impact**
- » **Operating income** up **7.3%** based on reported figures and **10.2%** like-for-like, with **€150 million cost savings** versus H1 2015
- » Significant rise in **net income** and **free cash flow**
- » **Buyback of 10.9 million shares** in H1 and **cancellation of 11 million shares**

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 3. OUTLOOK AND ACTION PLAN FOR H2

SALES (€m)

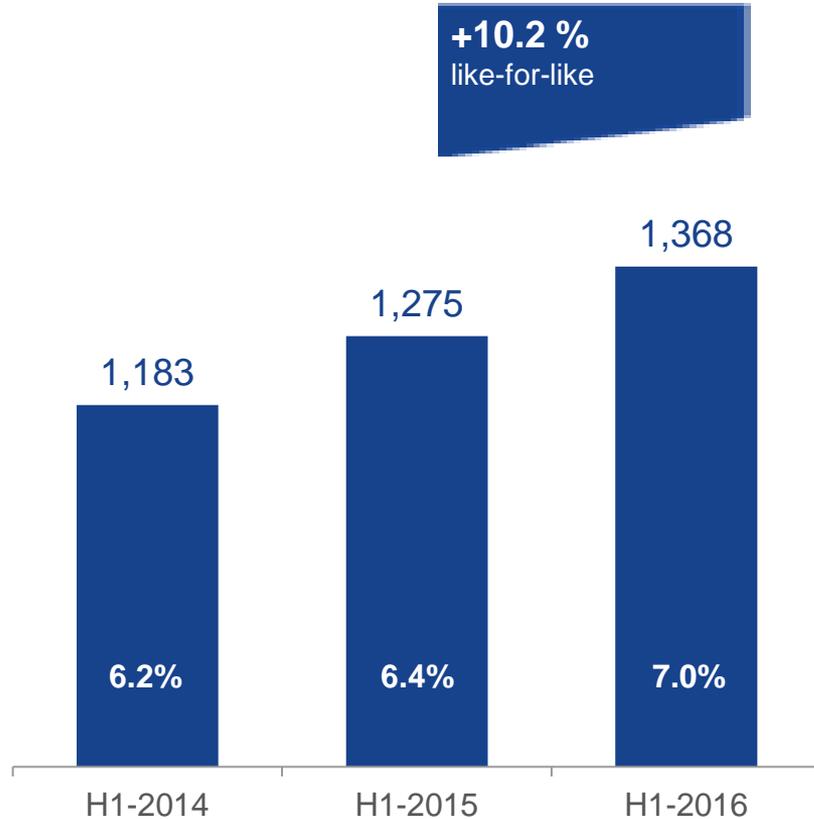
Group -1.6%
actual



- Depreciation of **Latin American currencies** and **pound sterling** against the euro
- Impact of the strategy to **optimize the Building Distribution portfolio**
- **Deflationary** environment for raw material and energy costs
- **Better volumes** in all Business Sectors and regions

OPERATING INCOME

(€m and % of sales)



- **Operating income up 7.3%** on an actual basis
- **Rally in the Group margin**, at 7.0%, up in **all Business Sectors**



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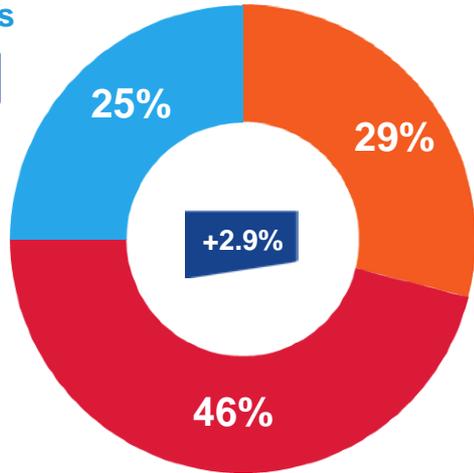
BREAKDOWN OF SALES AND INDUSTRIAL ASSETS BY BUSINESS SECTOR

H1-2016 Sales

% organic growth and
% Business Sector sales vs Group sales

**Innovative
Materials**

+4.4%



**Building
Distribution**

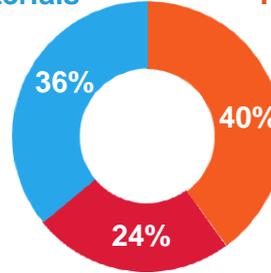
+3.1%

**Construction
Products**

+1.6%

Industrial assets at June 30, 2016

**Innovative
Materials**



**Construction
Products**

**Building
Distribution**

FLAT GLASS

Organic growth

+6.5%

vol. prices

+3.6%

+2.9%



Operating income

€234m

margin

8.8%

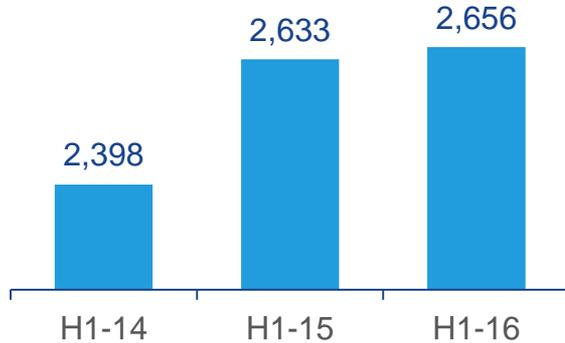


Capex

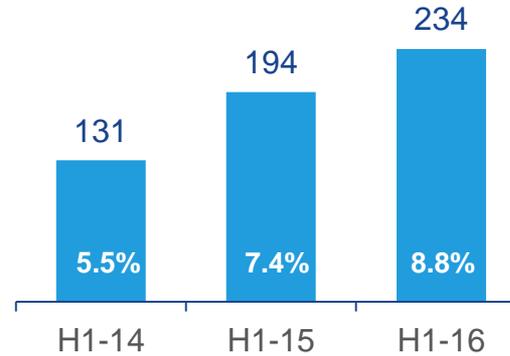
€102m

H1-16 vs H1-15

Sales (€m)



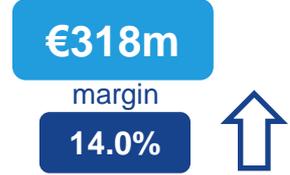
Operating income and margin (€m - %)



Organic growth



Operating income

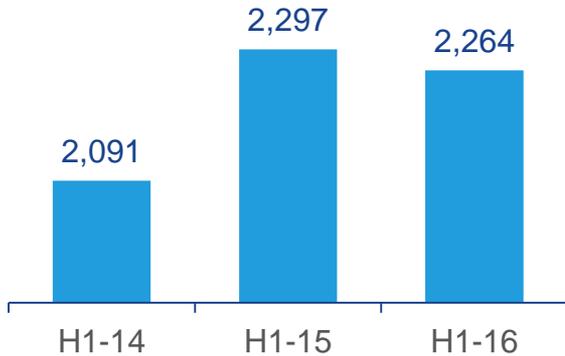


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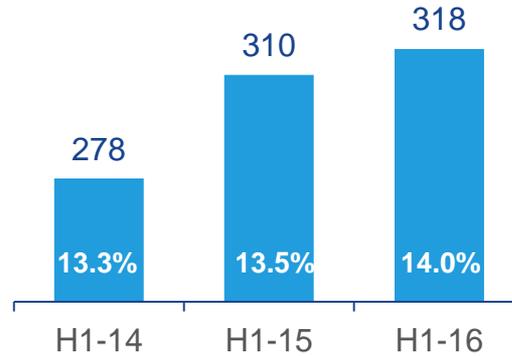


H1-16 vs H1-15

Sales (€m)



Operating income and margin (€m - %)



INTERIOR SOLUTIONS

Organic growth

+5.2%

vol. prices

+6.1%

-0.9%



Operating income

€335m

margin

10.2%

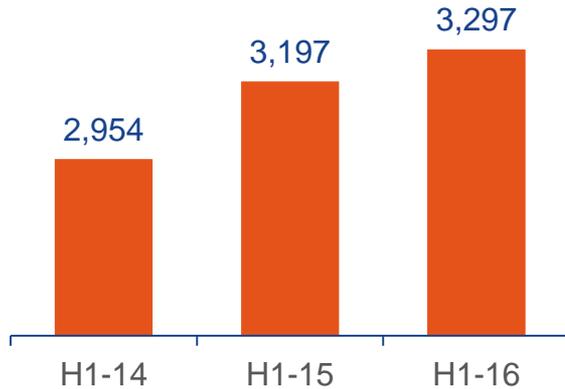


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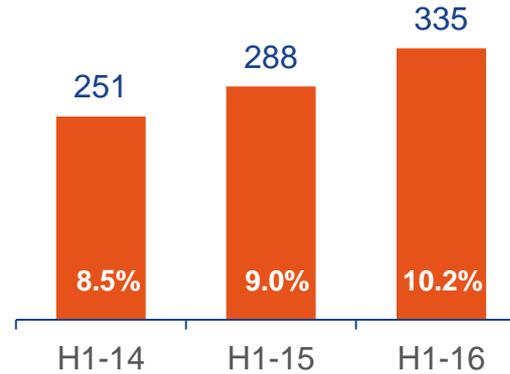
€111m

H1-16 vs H1-15

Sales (€m)



Operating income and margin (€m - %)



EXTERIOR SOLUTIONS

Organic growth



Operating income

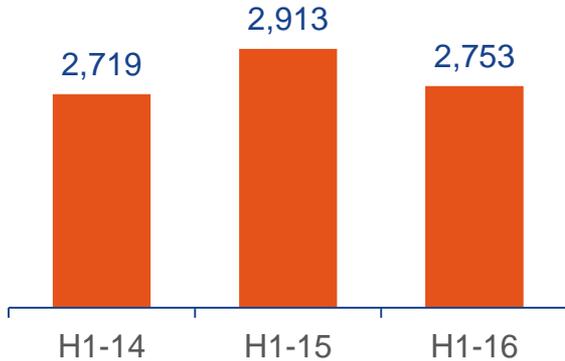


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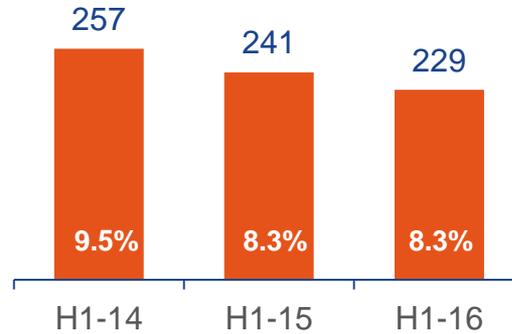


H1-16 vs H1-15

Sales (€m)



Operating income and margin (€m - %)



BUILDING DISTRIBUTION

Organic growth



Operating income

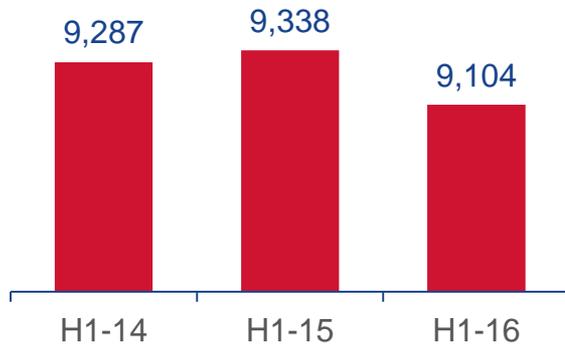


Capex

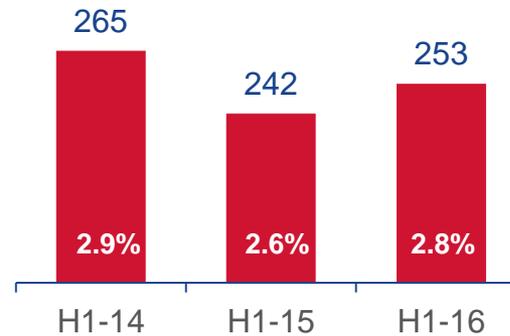


H1-16 vs H1-15

Sales (€m)



Operating income and margin (€m - %)



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SALES TRENDS BY REGION

(% change in H1-2016/H1-2015 like-for-like sales)

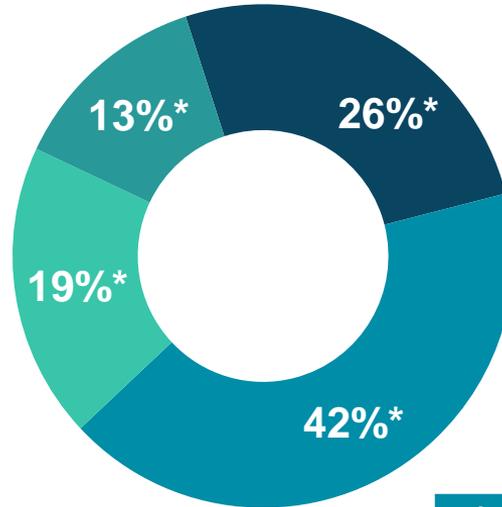
North America
+3.6%

Asia & emerging countries
+4.9%

France
+0.6%

Other Western Europe
+4.3%

+2.9%
like-for-like



o/w:

Asia (7%):	+2.0%
Latin America (6%):	+7.6%
Eastern Europe (4%):	+5.4%
Africa & Middle East (2%):	+7.2%

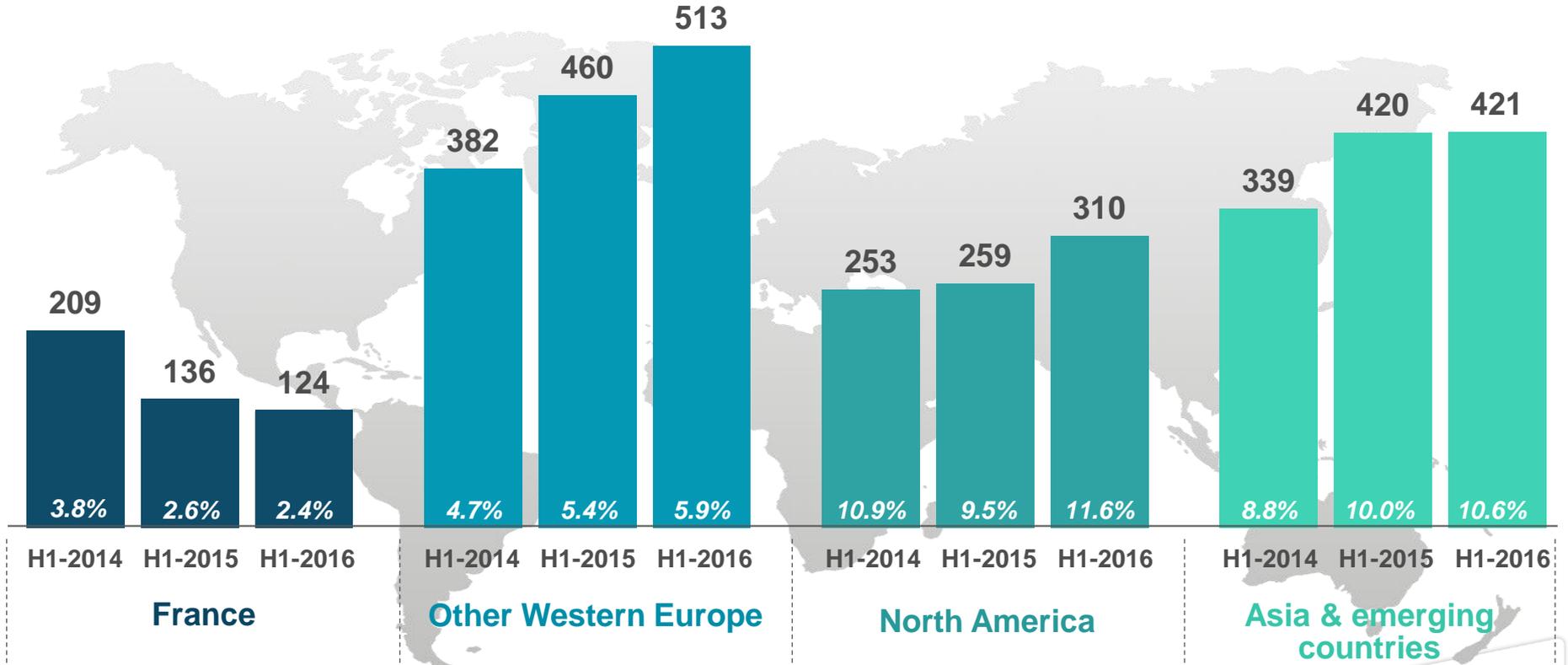
o/w:

Scandinavia (12%):	+6.2%
UK (12%):	+3.3%
Germany (9%):	+4.7%
Southern Europe (4%):	+4.3%

* breakdown of H1-2016 sales

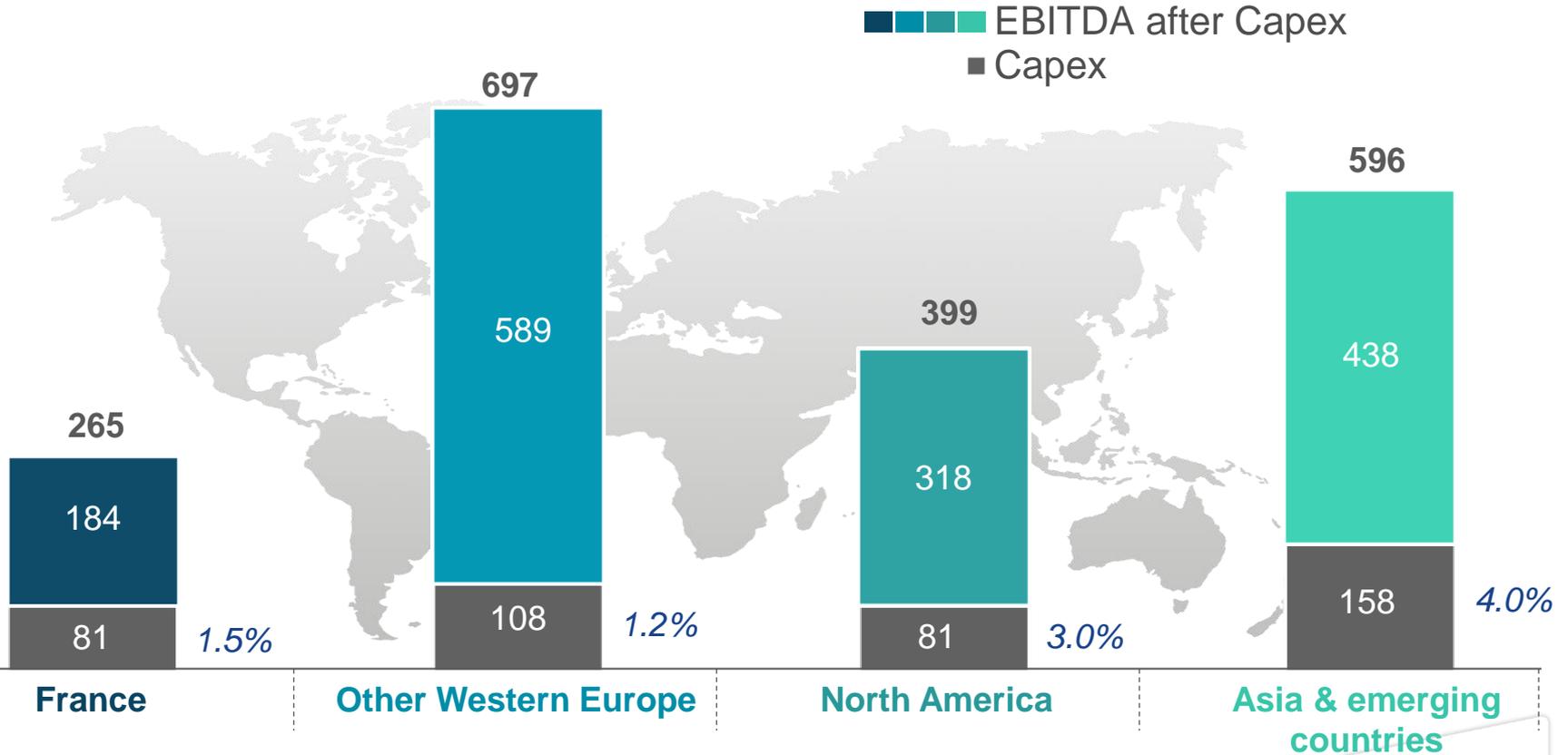
OPERATING INCOME BY REGION

(€m and % of sales)



EBITDA AND CAPEX BY REGION

(H1-2016, €m and % of sales)



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BUSINESS INCOME

(€m)

	H1-2015	H1-2016	H1-2016/ H1-2015	Like-for-like change
Operating income	1,275	1,368	+7.3%	+10.2%
Non-operating costs	(154)	(180)		
<i>o/w provision for asbestos-related litigation</i>	(45)	(45)		
<i>o/w other expenses</i>	(109)	(135)		
Other operating expenses	(41)	(32)		
<i>o/w disposal gains (losses)</i>	(17)	(13)		
<i>o/w asset write-downs</i>	(24)	(19)		
Business income	1,080	1,156	+7.0%	



Asbestos-related claims in the US

- Around **US\$ 89m** paid out over the 12 months to end-June 2016 (*US\$ 65m at end-2015*)
- **US\$ 50m** (€45m) accrual to the provision in H1-2016, bringing the total balance sheet provision to US\$ 567m at end-June 2016 (*US\$ 581m at end-2015*)

	H1-2015	FY-2015	H1-2016*
New claims	2,000	3,200	1,700
Settled claims	2,000	4,600	2,100
Outstanding claims	37,000	35,600	35,200

* estimated

NET INCOME

(€m)

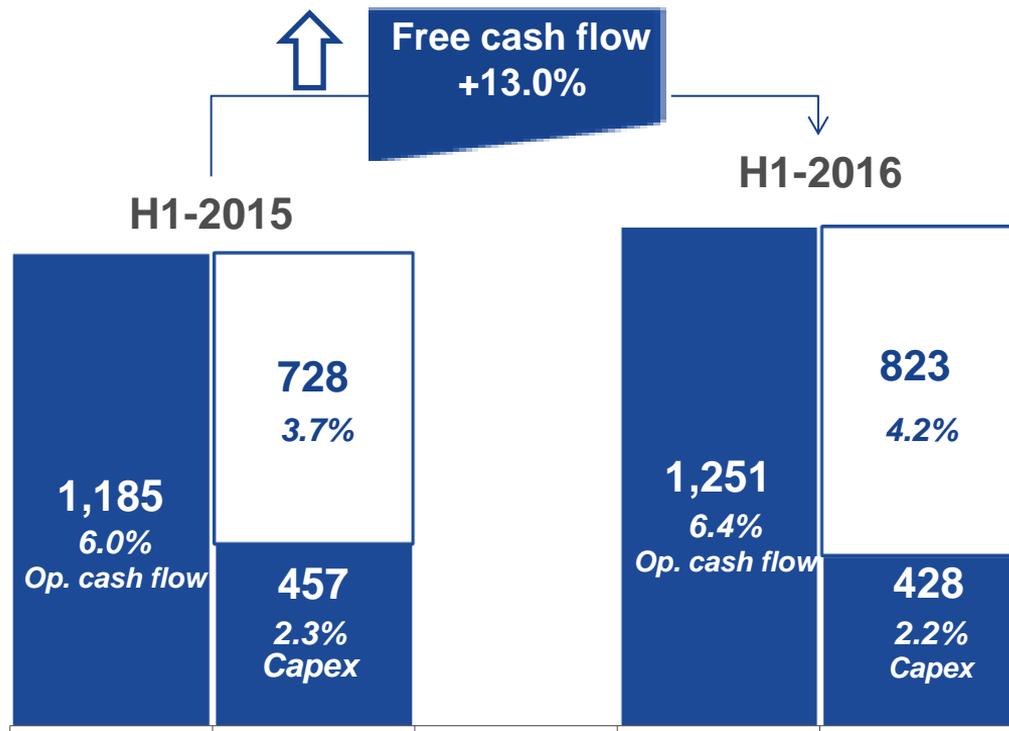
	H1-2015	H1-2016	H1-2016/ H1-2015
Net financial expense	328	287	
<i>Average cost of gross debt (at June 30)</i>	3.7%	3.9%	
Income tax	236	261	
<i>Tax rate on recurring net income</i>	30%	30%	
Net income from discontinued oper.	69	0	
Net income	558	596	+6.8%
<i>EPS (€)</i>	0.98	1.08	+10.2%
Recurring net income*	552	624	+13.0%
<i>Recurring EPS (€)</i>	0.97	1.13	+16.5%

* from continuing operations



CASH FLOW FROM OPERATIONS * AND CAPEX

(€m and % of sales)

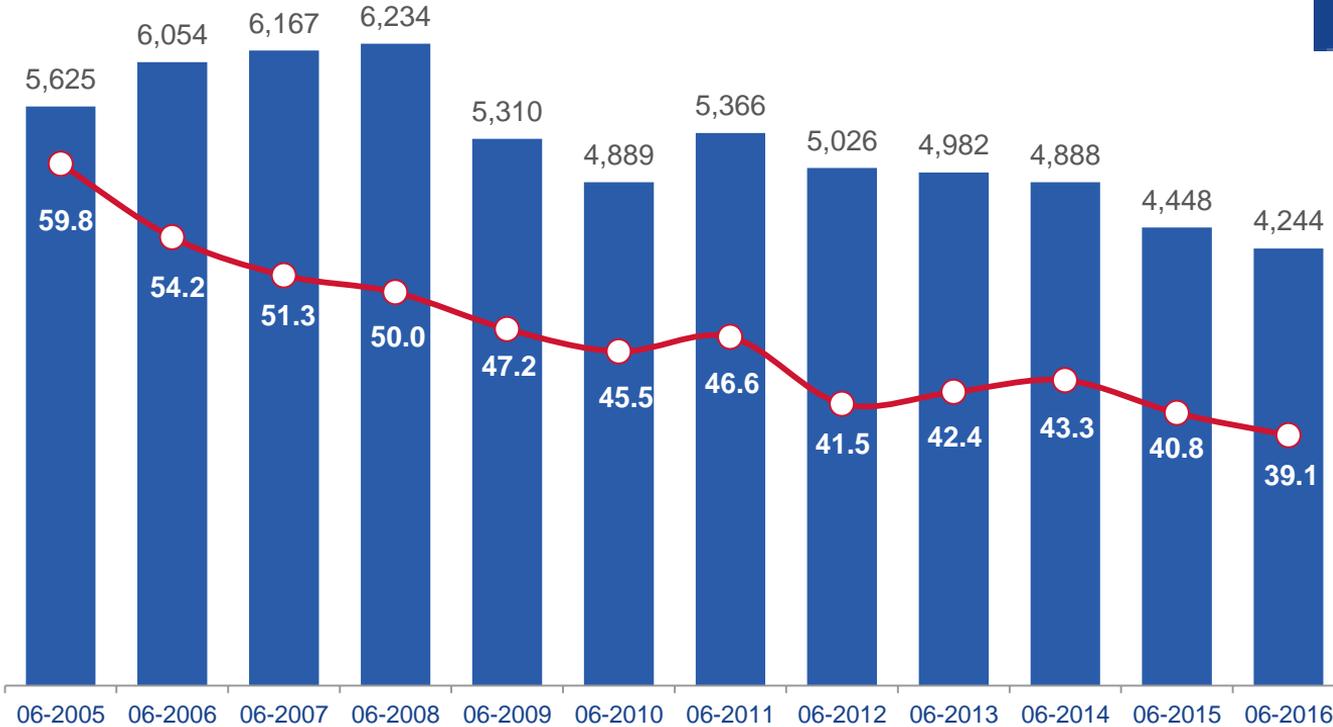


* excluding the tax impact of capital gains and losses on disposals, asset write-downs and material non-recurring provisions

TIGHT REIN ON OPERATING WCR

(at June 30, €m and no. of days)

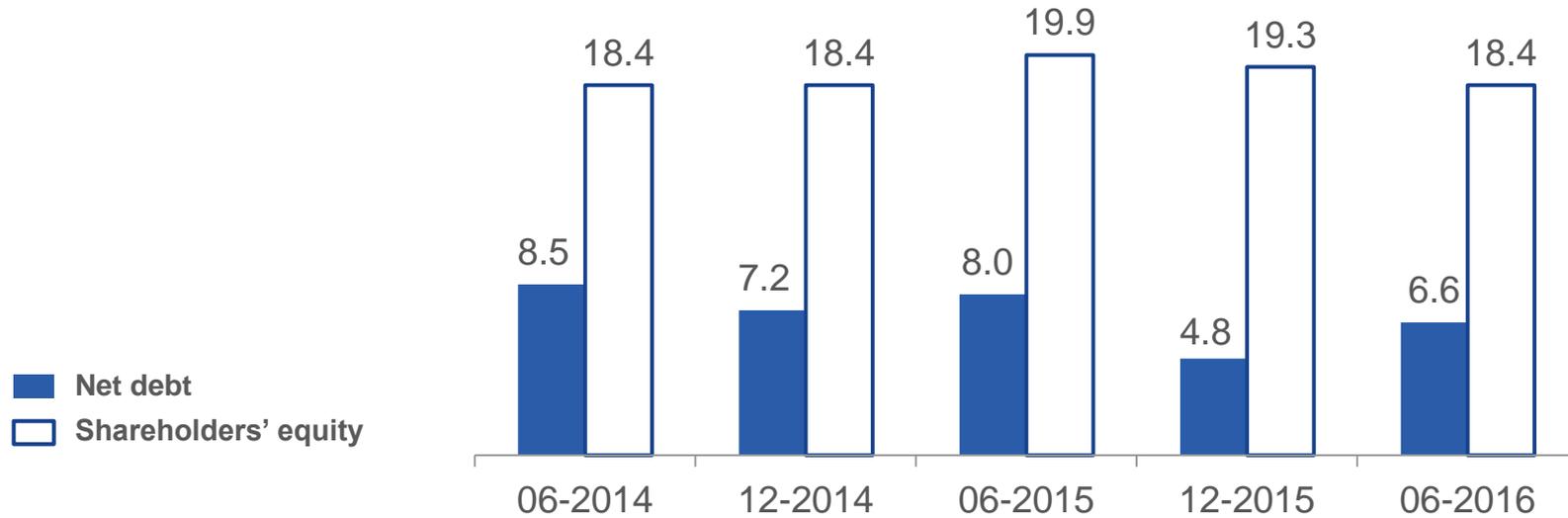
**-1.7 days over
12 months**



Ongoing tight rein on operating WCR

NET DEBT AND SHAREHOLDERS' EQUITY

(€bn)



Net debt/shareholders' equity	46%	39%	40%	25%	36%
Net debt/EBITDA*	2.0	1.8	2.1	1.2	1.7

Persistently strong balance sheet

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

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1. HIGHLIGHTS
 2. H1 2016 RESULTS
 3. **OUTLOOK AND ACTION PLAN FOR H2**

ECONOMIC CLIMATE

- Stabilizing trends in **France**, which should gradually benefit from the recovery in new-builds
- Further growth in **other Western European countries**, even though the UK could be hit by uncertainties following the June 23 Brexit vote
- Advances in construction markets in **North America**
- Ongoing good growth levels in **Asia and emerging countries**

GROUP BUSINESSES

- **Innovative Materials:** further profitability gains for Flat Glass in H2 and continued good margins for HPM
- **Construction Products:** improved profitability despite the downturn in Pipe
- Margin growth in **Building Distribution**

2016 ACTION PRIORITIES

- **Priority focus on sales prices** in a deflationary environment
- **Additional cost savings of around €250m over the year** (calculated on the 2015 cost base), of which **€150m** in H1
- **Capital expenditure program of around €1,400m**
- **Renewed commitment to invest in R&D** to support our differentiated, high value-added strategy
- **Priority focus on high free cash flow generation**
- **Ongoing plan to acquire a controlling interest in Sika**

The Group confirms its objectives for 2016 and expects a like-for-like improvement in operating income in H2 versus H2 2015

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Appendices

July 29, 2016



QUARTERLY ORGANIC GROWTH

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

Price

Volumes



H1/H1: +4.1%

+6.8%



H1/H1: +2.9%*

H1/H1: +0.5%*

H2/H2: +0.2%

H2/H2: +0.3%*

Q1-2014/
Q1-2013

Q2-2014/
Q2-2013

Q3-2014/
Q3-2013

Q4-2014/
Q4-2013

Q1-2015/
Q1-2014

Q2-2015/
Q2-2014

Q3-2015/
Q3-2014

Q4-2015/
Q4-2014

Q1-2016/
Q1-2015

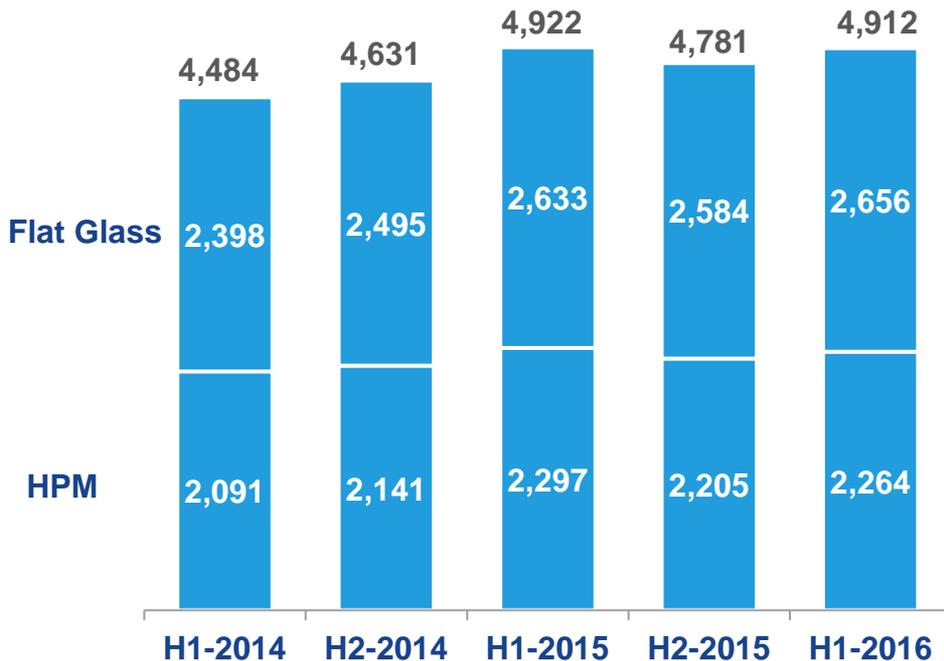
Q2-2016/
Q2-2015

*excl. Verallia as from Q2-2015

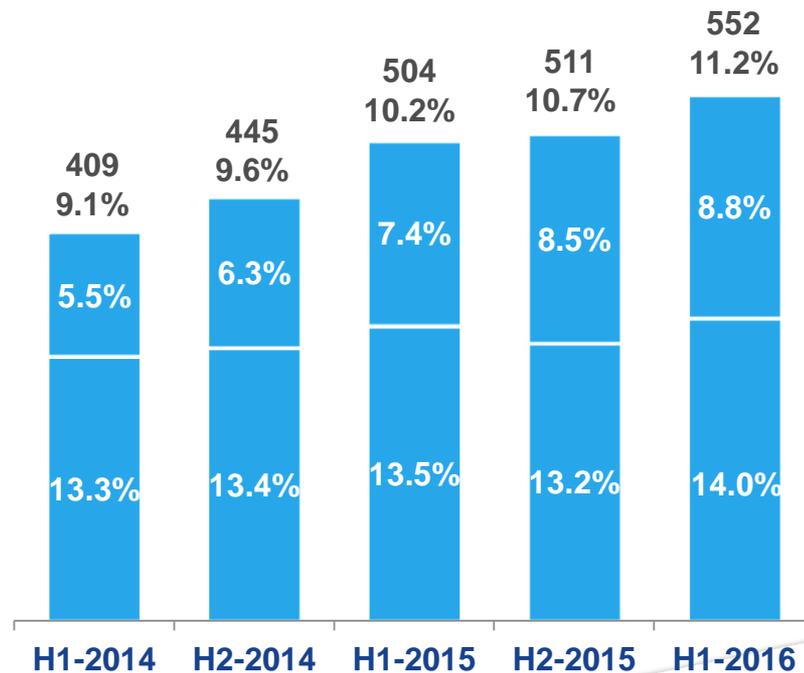
INNOVATIVE MATERIALS (FLAT GLASS - HPM)



Sales in €m



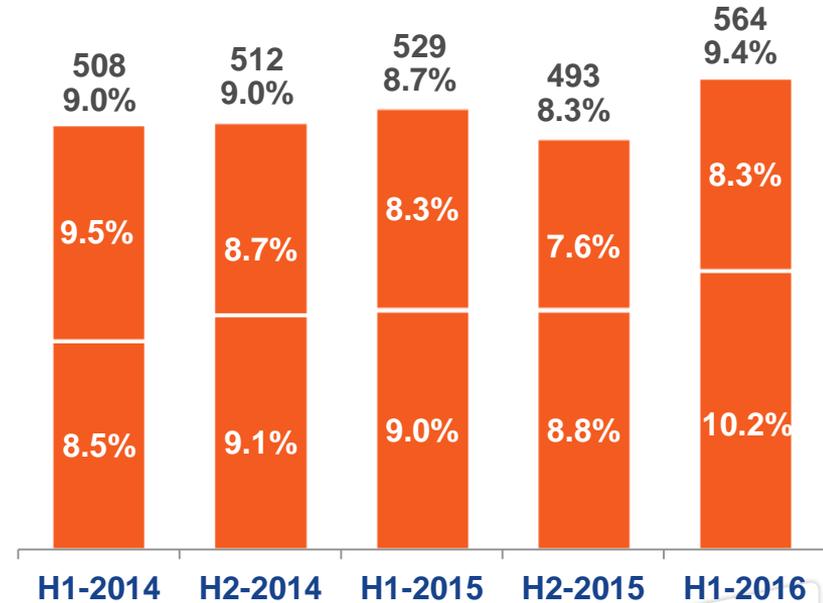
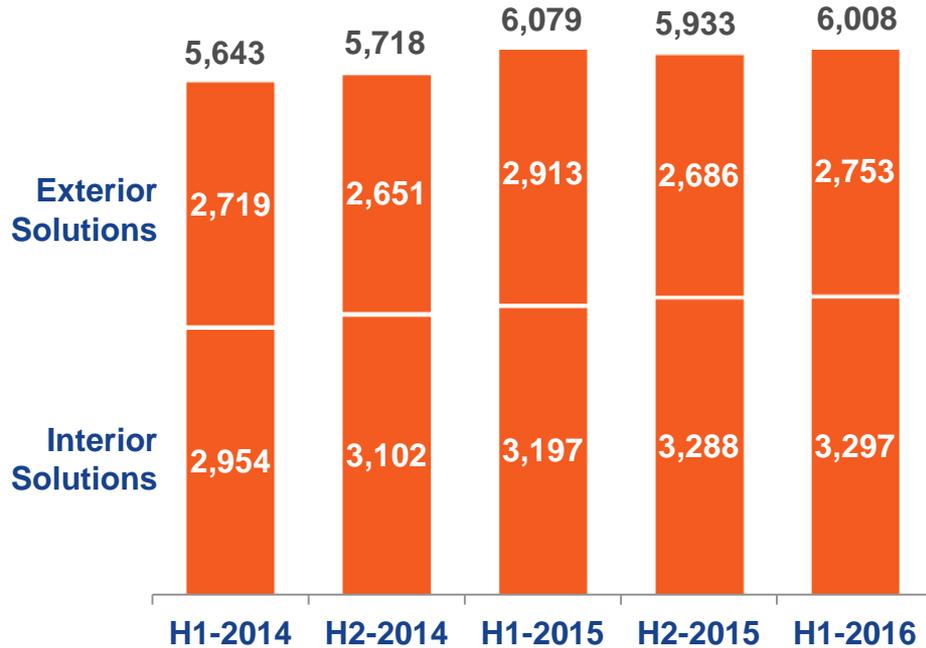
Operating income





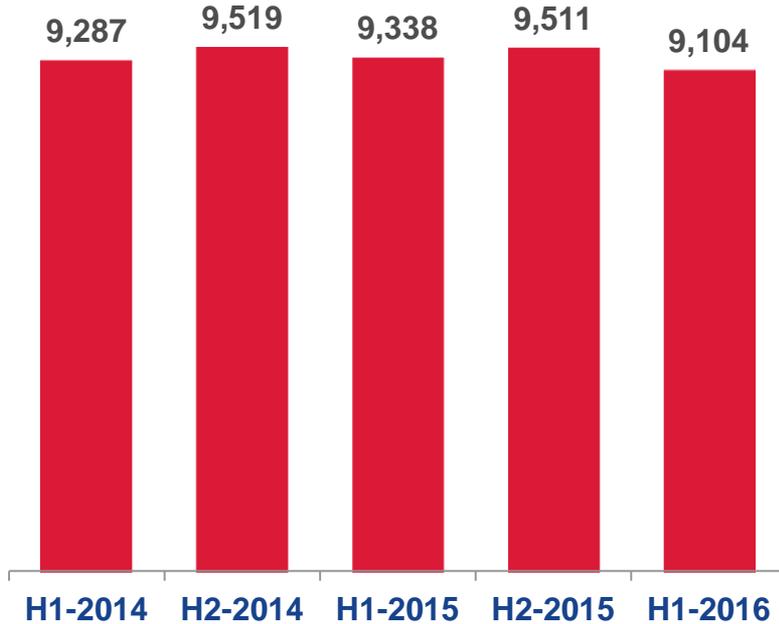
Sales in €m

Operating income

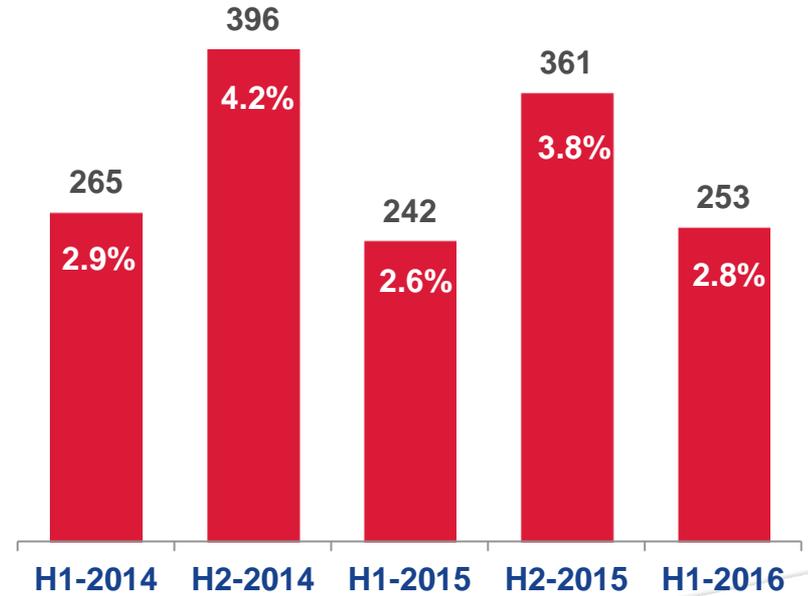




Sales in €m

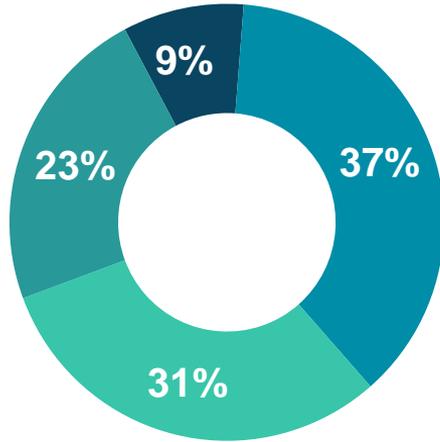


Operating income



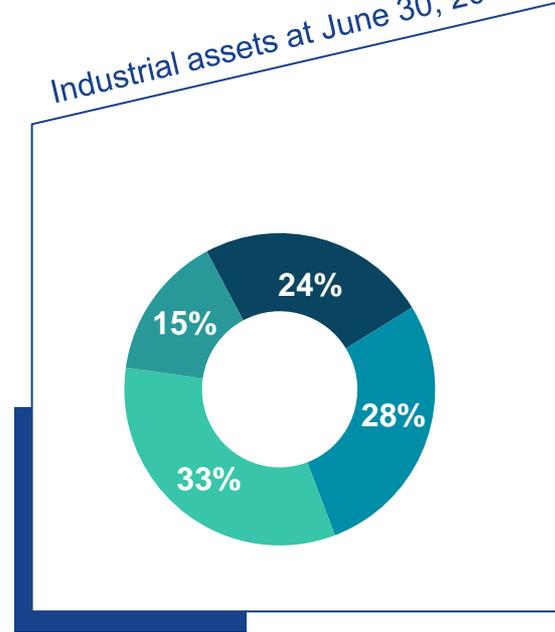
BREAKDOWN OF OPERATING INCOME AND INDUSTRIAL ASSETS BY REGION

H1-2016 Operating income



France
Other Western Europe
Asia & emerging countries
North America

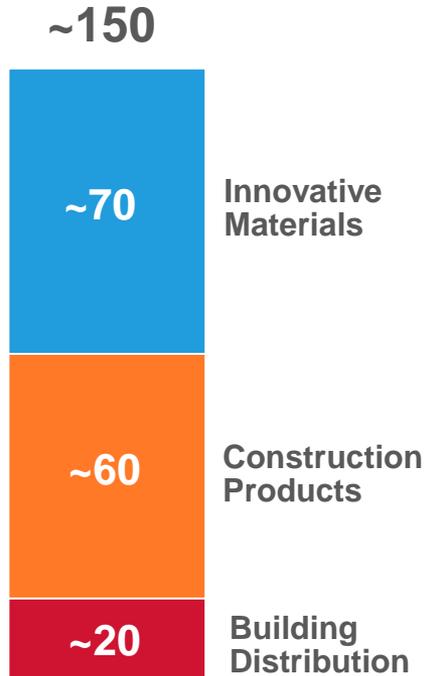
Industrial assets at June 30, 2016



COST CUTTING PROGRAM

€150m in cost savings in H1 2016 *(calculated on the 2015 cost base)*

Breakdown by Business Sector

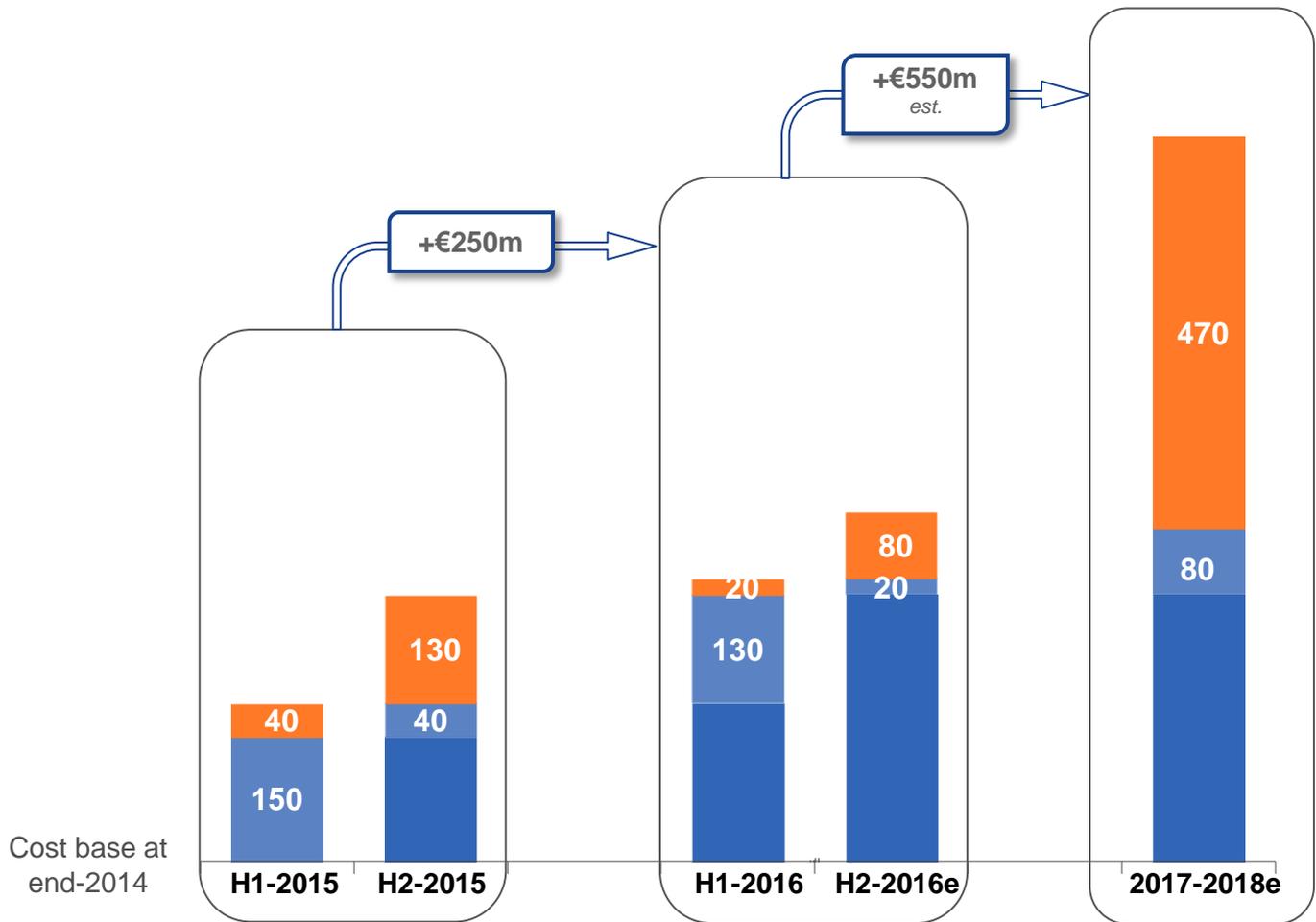


Breakdown by type

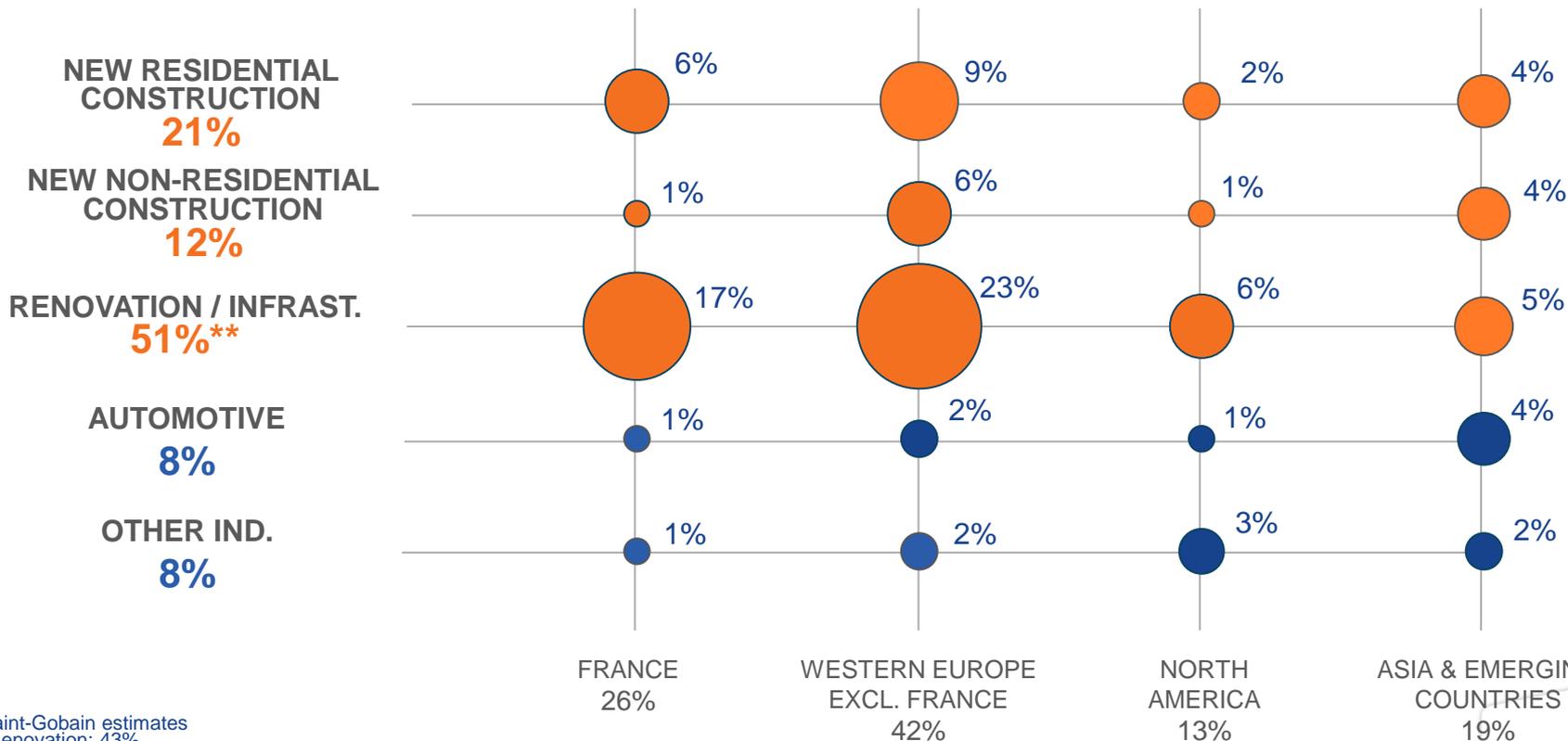


- » Ongoing cost savings in support functions (IT, HR, Finance)
- » Cost reductions
- » Regional pooling arrangements
- » Further sourcing in low-cost countries
- » Substitution products
- » WCM (rolled out to all Group businesses, audits, etc.)
- » Measures to address the economic climate

2015-2018 COST CUTTING PROGRAMS



ATTRACTIVE POSITIONING FOCUSED ON RESIDENTIAL CONSTRUCTION AND RENOVATION*

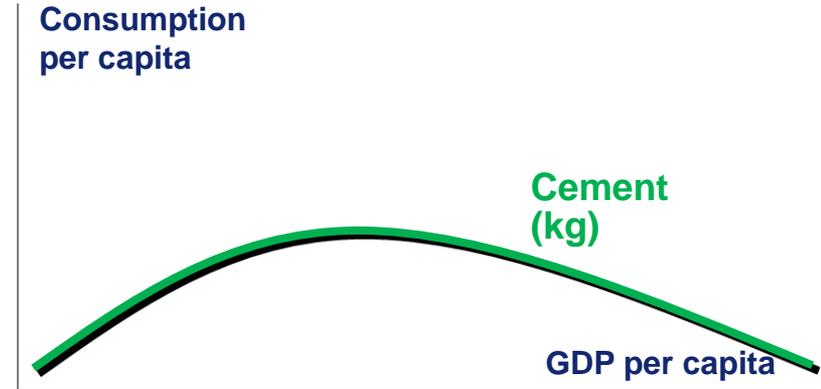
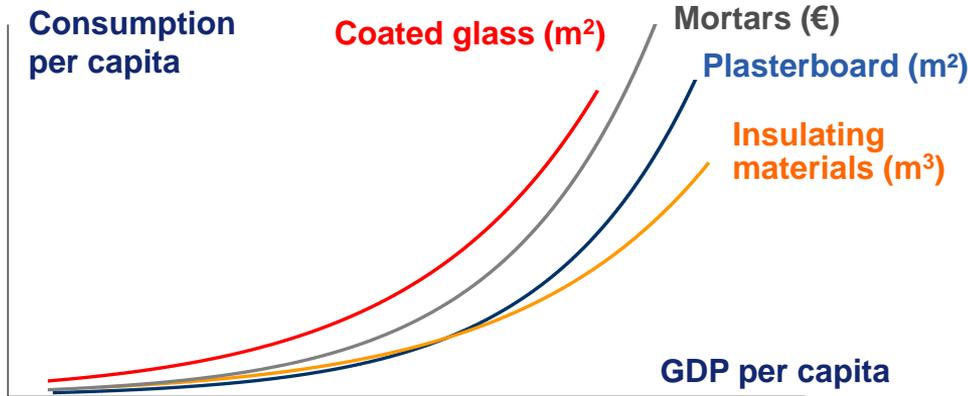


* Saint-Gobain estimates
 ** Renovation: 43%
 Infrastructure: 8%

UNIQUE, ATTRACTIVE POSITIONING GROWING MARKETS

- Technical solutions for tomorrow's homes

CONSUMPTION PER CAPITA BASED ON WEALTH



- Solutions promoting energy efficiency for buildings