



# H1 2017 Results

July 28, 2017



- 
1. HIGHLIGHTS
  2. H1 2017 RESULTS
  3. OUTLOOK AND ACTION PLAN FOR H2

# H1 2017 KEY FIGURES

Sales  
**€20.4bn**

Actual    Like-for-like

**+4.4%**

**+3.5%**



Operating income  
**€1,465m**

Actual    Like-for-like

**+7.1%**

**+6.6%**



Operating margin: 7.2%, +20 bp

Recurring net income  
**€751m**  
EPS: €1.35, +19.5%

Actual

**+20.4%**



Free cash flow  
**€983m**

**+19.4%**



Net debt  
**€6,816m**

**1.7x**  
EBITDA

=



Changes based on H1-17 vs H1-16

## JUNE 27, 2017 CYBER-ATTACK

- » Saint-Gobain experienced an **important cyber-attack** on June 27, impacting the majority of our systems
- » Thanks to the rapid reaction of all Saint-Gobain teams:
  - » Limited impact on production and on customers
  - » Quick recovery despite intensity of the attack
- » Nevertheless we experienced the following negative impacts:
  - » Estimated at **€220m on sales** and **€65m on operating income** for H1-2017, equivalent to 1.1% of organic sales growth and 4.4% of operating income
  - » Full-year 2017 estimate: **< €250m** on sales and **€80m** on operating income
  - » Areas particularly impacted:
    - » Western Europe (Nordics, Germany, France)
    - » Building Distribution and Construction Products
- » IT infrastructure rebuilt in record time with strong reinforcement of our protection measures



## WESTERN EUROPE

- » France improving, led by new-builds
- » Further growth in all other main countries except Germany, down slightly
- » Margin growth



## NORTH AMERICA

- » Growth led by construction markets
- » Industrial markets up slightly overall
- » Margin growth



## ASIA & EMERGING COUNTRIES

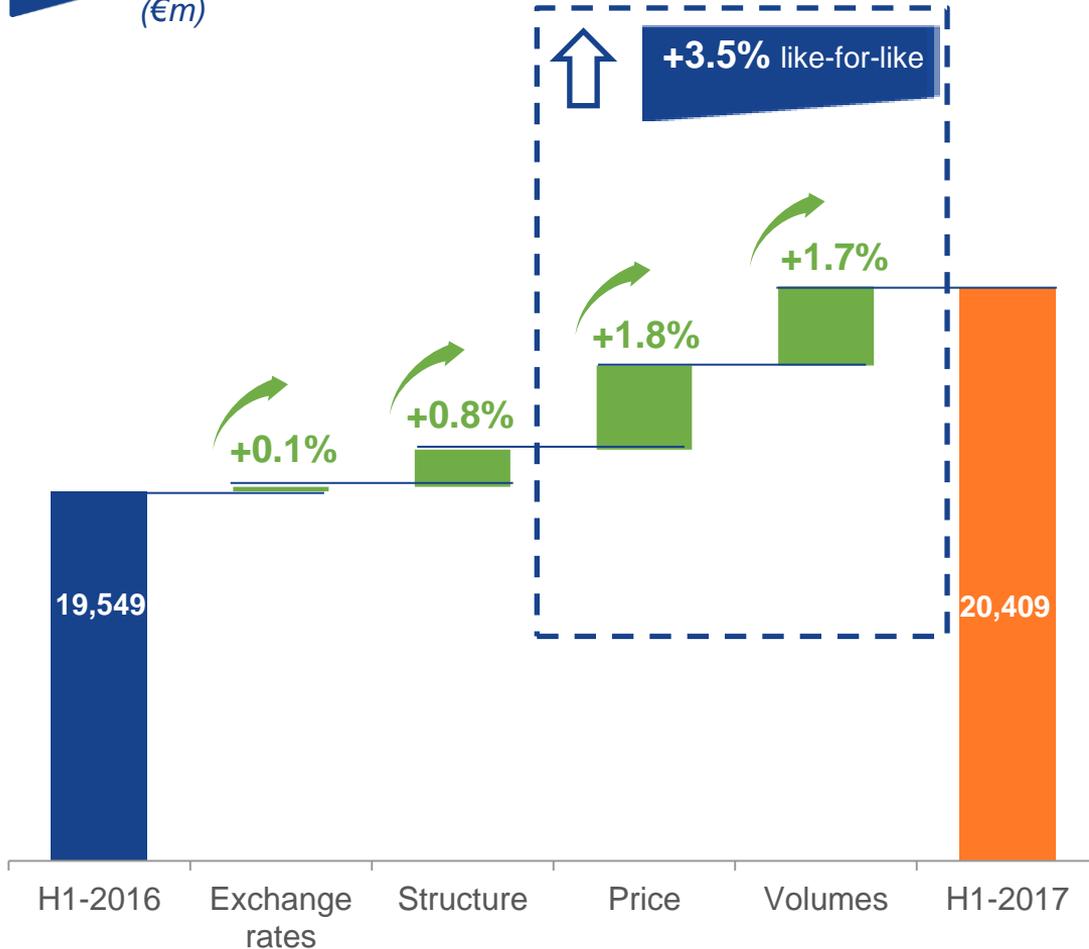
- » Robust growth in all regions, despite the ongoing slowdown in Brazil
- » Margin growth

- » **€170 million in additional cost savings** versus first-half 2016
- » **18 acquisitions in the first half** and **6 being finalized in July**, including Glava, Kirson and TekBond
- » **Buyback of 3.5 million shares** in the first half, in line with the Group's long-term objectives

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1. HIGHLIGHTS
  2. H1 2017 RESULTS
    1. GROUP
    2. BUSINESSES
    3. REGIONS
  3. OUTLOOK AND ACTION PLAN FOR H2

# SALES

(€m)



- Depreciation of the euro against the **Brazilian real** and **US dollar**, offset by weakness in **pound sterling**
- Impact of acquisitions made in **Asia and emerging countries**, in new **niches technologies** and services, and in **Building Distribution**
- **Inflationary** environment for raw material and energy costs
- **Better volumes** in all Business Sectors and regions

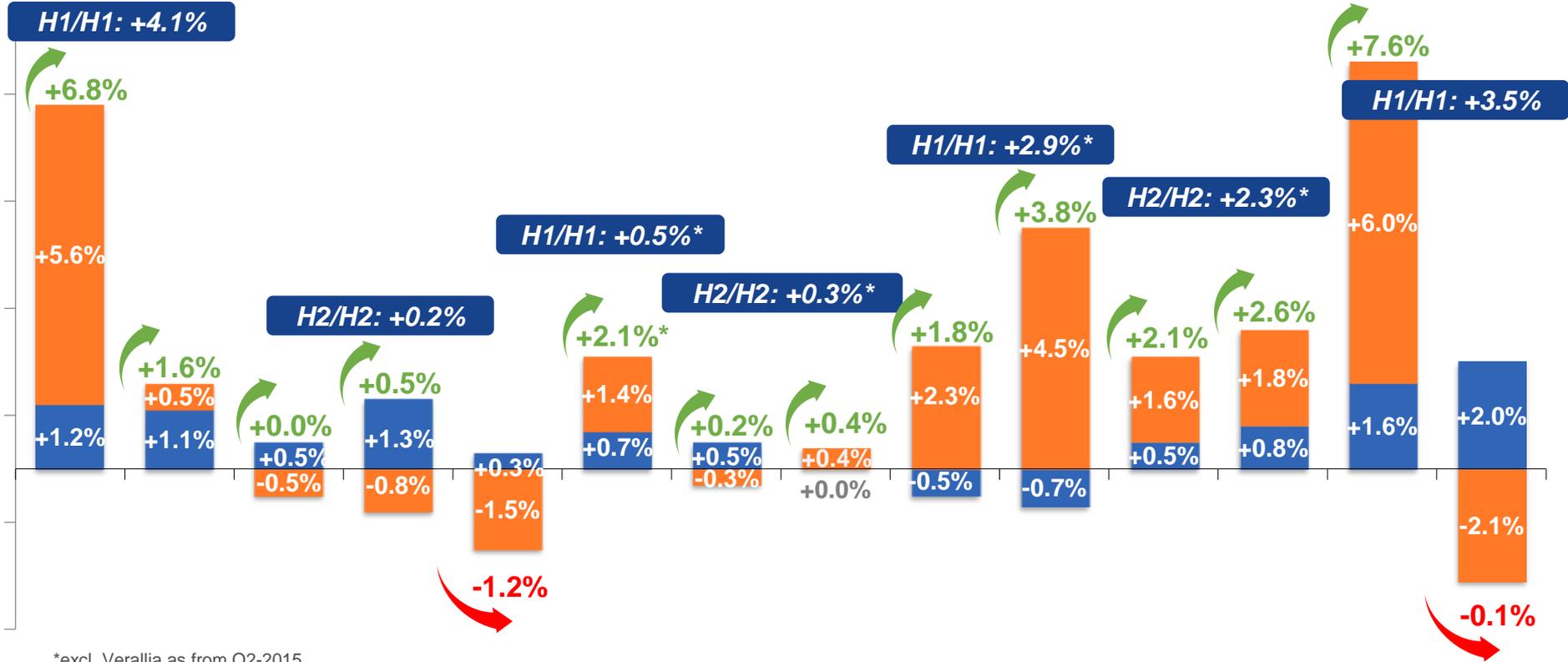
# QUARTERLY ORGANIC GROWTH

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

Price



Volumes



\*excl. Verallia as from Q2-2015

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

Q3-2016/  
Q3-2015

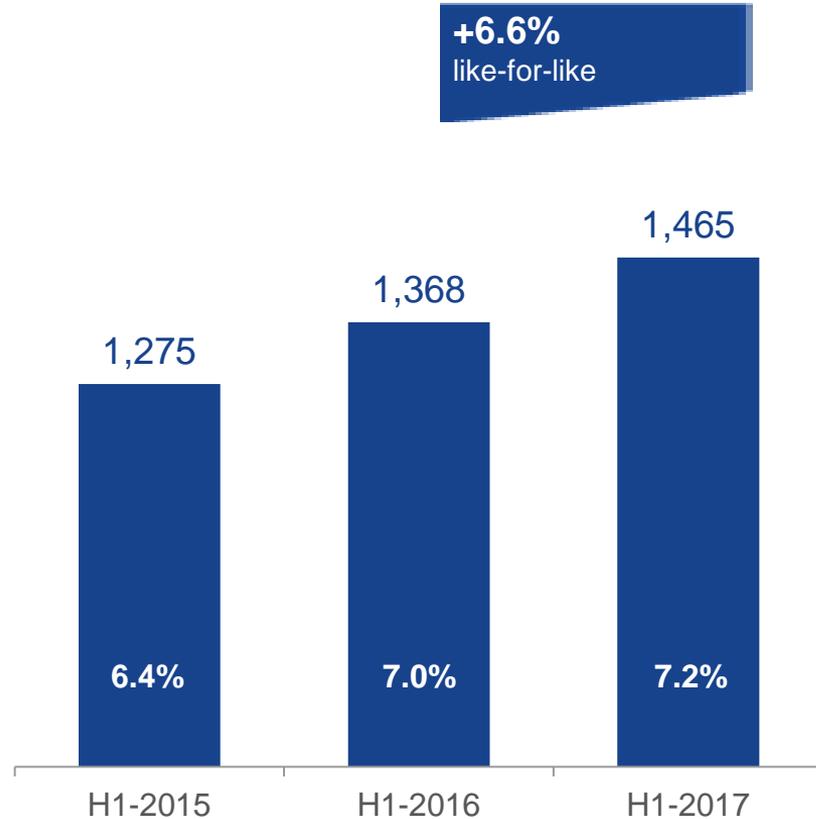
Q4-2016/  
Q4-2015

Q1-2017/  
Q1-2016

Q2-2017/  
Q2-2016

# OPERATING INCOME

(€m and % of sales)



- Operating income up 7.1% on a reported basis
- Further growth in Group margin



# BUSINESS INCOME

(€m)

	H1-2016	H1-2017	H1-2017/ H1-2016	Like-for-like change
<b>Operating income</b>	<b>1,368</b>	<b>1,465</b>	<b>+7.1%</b>	<b>+6.6%</b>
Non-operating costs	(180)	(166)		
<i>o/w provision for asbestos-related litigation</i>	(45)	(45)		
<i>o/w other expenses</i>	(135)	(121)		
Other operating income (expenses)	(32)	7		
<i>o/w disposal gains (losses)</i>	(9)	7		
<i>o/w asset write-downs and other</i>	(23)	0		
<b>Business income</b>	<b>1,156</b>	<b>1,306</b>	<b>+13.0%</b>	



## Asbestos-related claims in the US

- Around **US\$ 71m** paid out over the 12 months to end-June 2017 (*versus US\$ 97m at end-2016*)
- **€45m** accrual to the provision in H1-2017, bringing the total balance sheet provision to US\$ 572m at end-June 2017 (*US\$ 562m at end-2016*)

	H1-2016	FY-2016	H1-2017*
New claims	1,700	3,200	1,600
Settled claims	2,100	3,700	2,300
Outstanding claims	35,200	35,100	34,400

\* estimated

# NET INCOME

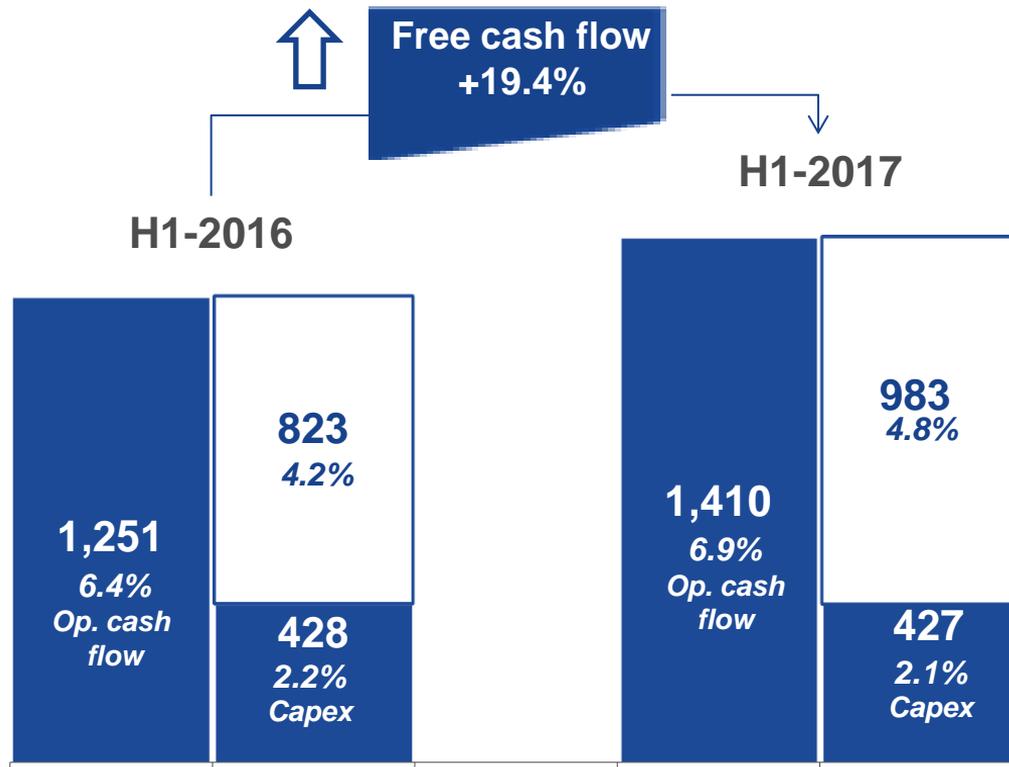
(€m)

	H1-2016	H1-2017	H1-2017/ H1-2016
<b>Net financial expense</b>	<b>287</b>	<b>231</b>	
<i>Average cost of gross debt (at June 30)</i>	<i>3.9%</i>	<i>2.7%</i>	
<b>Income tax</b>	<b>261</b>	<b>297</b>	
<i>Tax rate on recurring net income</i>	<i>30%</i>	<i>27%</i>	
<b>Net attributable income</b>	<b>596</b>	<b>754</b>	<b>+26.5%</b>
<i>EPS (€)</i>	<i>1.08</i>	<i>1.36</i>	<b>+25.9%</b>
<b>Recurring net income</b>	<b>624</b>	<b>751</b>	<b>+20.4%</b>
<i>Recurring EPS (€)</i>	<i>1.13</i>	<i>1.35</i>	<b>+19.5%</b>



# CASH FLOW FROM OPERATIONS\* AND CAPEX

(€m and % of sales)

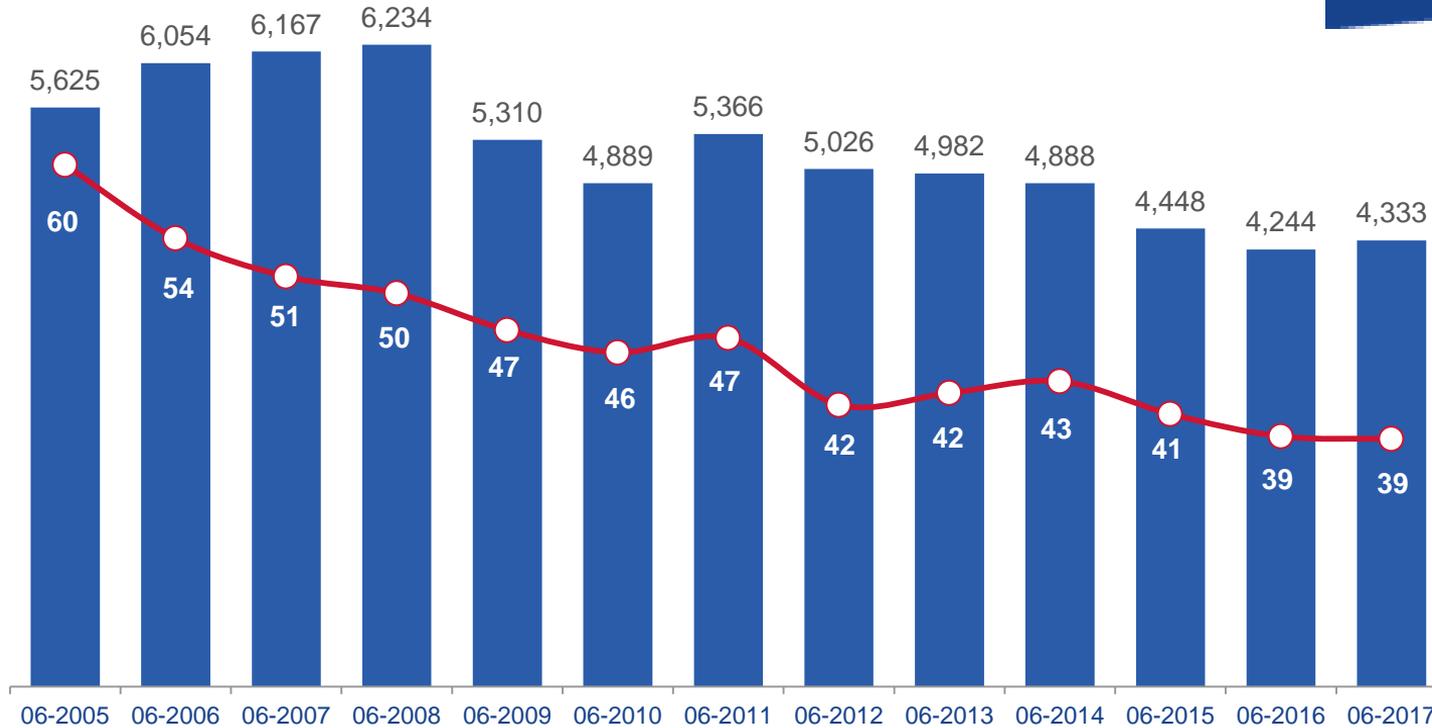


\* excluding the tax impact of capital gains and losses on disposals, asset write-downs and material non-recurring provisions

# TIGHT REIN ON OPERATING WCR

(at June 30, €m and no. of days)

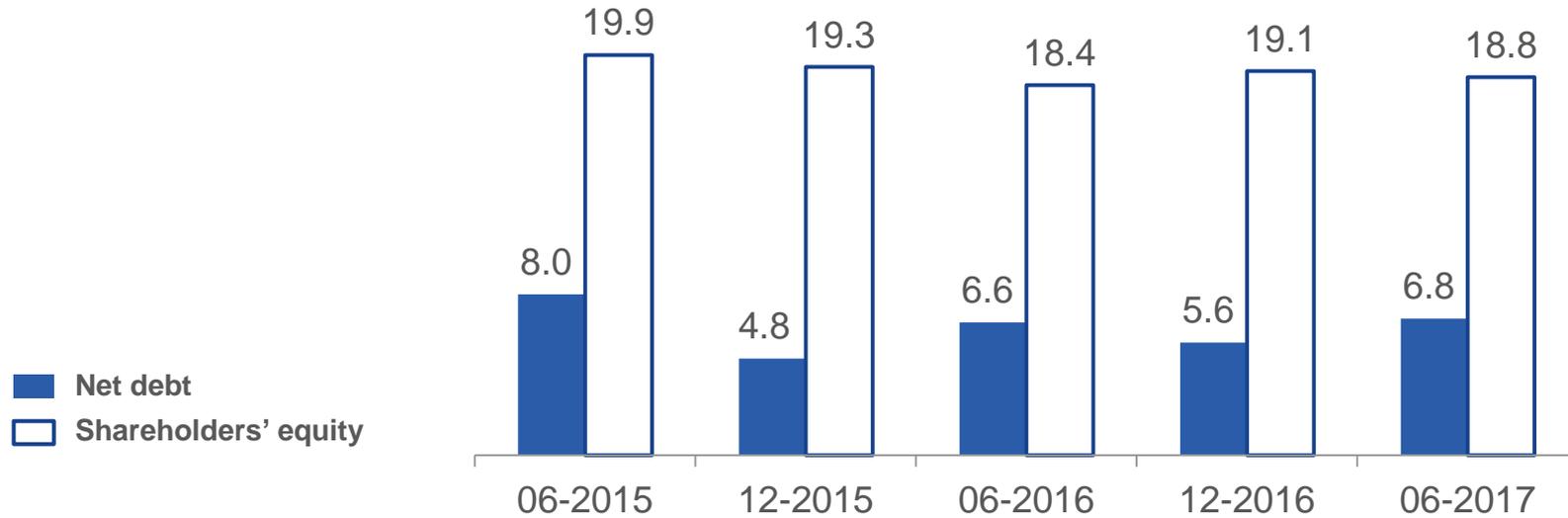
Stable in days vs  
end-June 2016



Ongoing tight rein on operating WCR

# NET DEBT AND SHAREHOLDERS' EQUITY

(€bn)



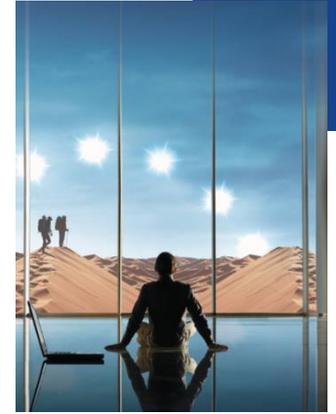
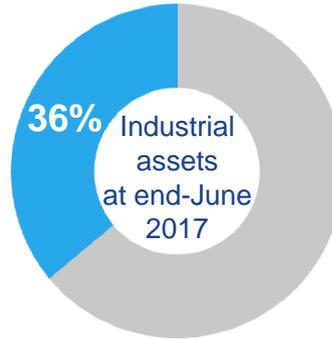
Net debt/shareholders' equity	<b>40%</b>	25%	<b>36%</b>	29%	<b>36%</b>
Net debt/EBITDA*	<b>2.1</b>	1.2	<b>1.7</b>	1.4	<b>1.7</b>

**Persistently strong balance sheet**

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

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1. HIGHLIGHTS
  2. H1 2017 RESULTS
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# INNOVATIVE MATERIALS



Organic  
growth

**+4.1%**

vol. prices

**+2.6%**

**+1.5%**



Operating  
income

**€643m**

margin

**12.3%**



Capex

**€161m**

H1-17 vs H1-16

# FLAT GLASS

Organic growth

+5.6%

vol. prices

+2.7%

+2.9%



Operating income

€284m

margin

9.9%

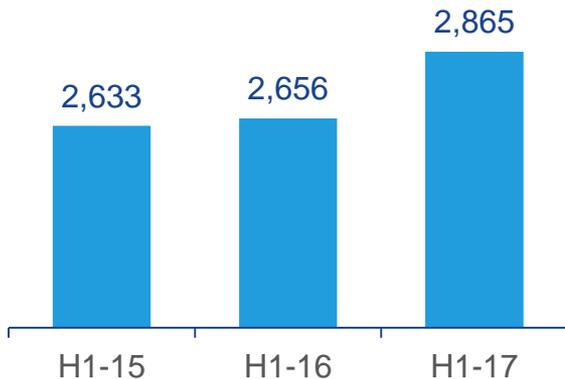


Capex

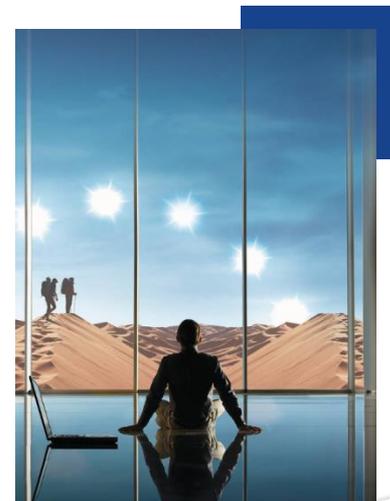
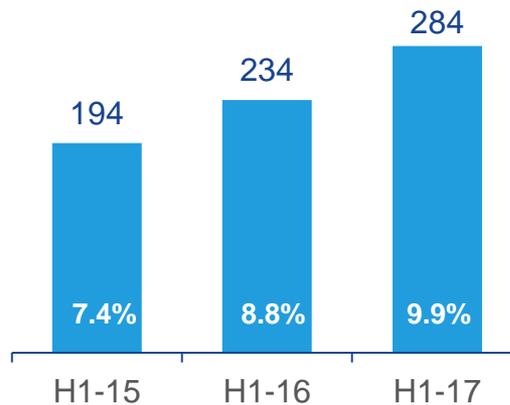
€102m

H1-17 vs H1-16

Sales (€m)



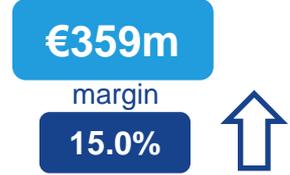
Operating income and margin (€m - %)



Organic growth



Operating income

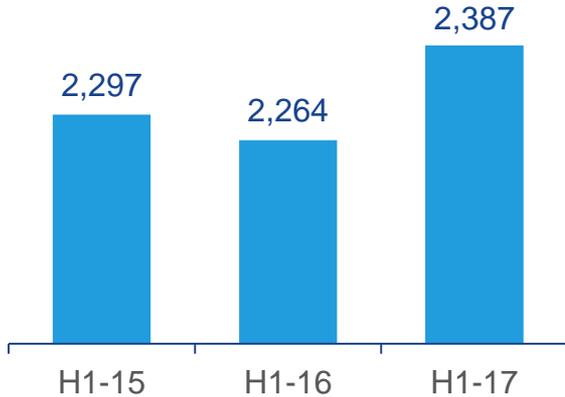


Capex

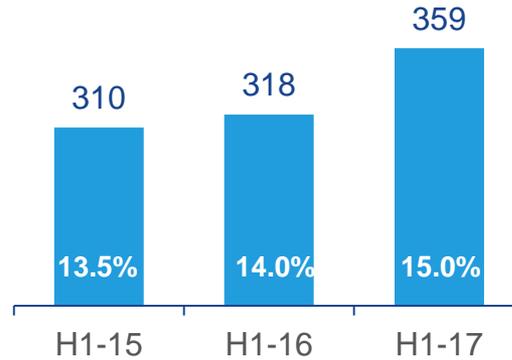


H1-17 vs H1-16

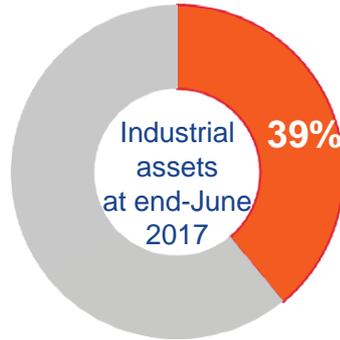
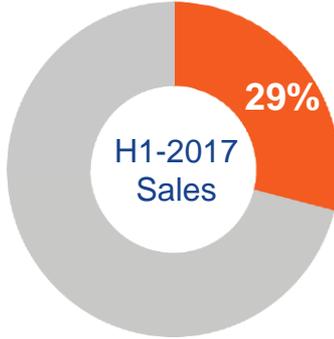
Sales (€m)



Operating income and margin (€m - %)



# CONSTRUCTION PRODUCTS



Organic growth

**+3.7%**

vol. prices

**+0.9%**

**+2.8%**



Operating income

**€586m**

margin

**9.3%**



Capex

**€157m**

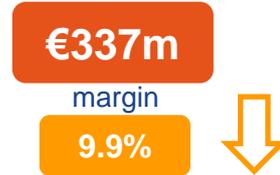
H1-17 vs H1-16

# INTERIOR SOLUTIONS

Organic growth



Operating income

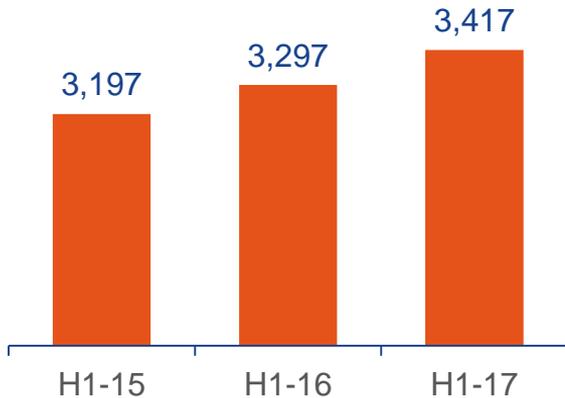


Capex

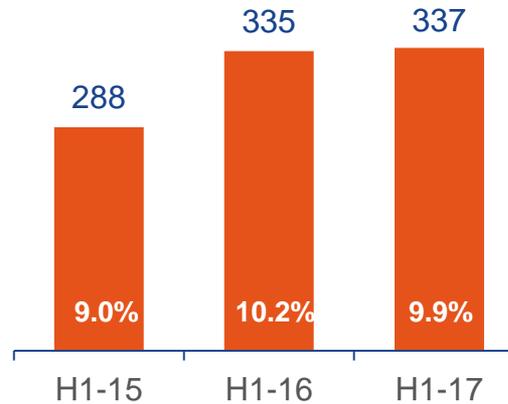


H1-17 vs H1-16

Sales (€m)



Operating income and margin (€m - %)



# EXTERIOR SOLUTIONS

Organic growth



Operating income

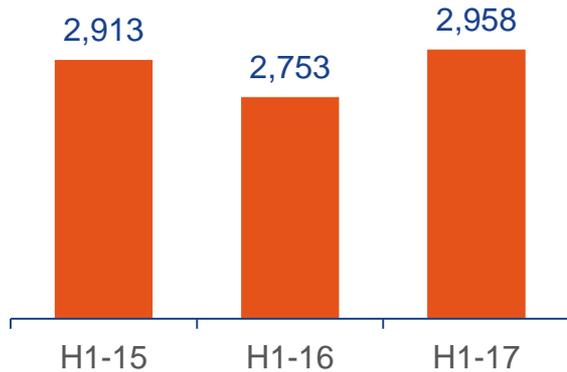


Capex

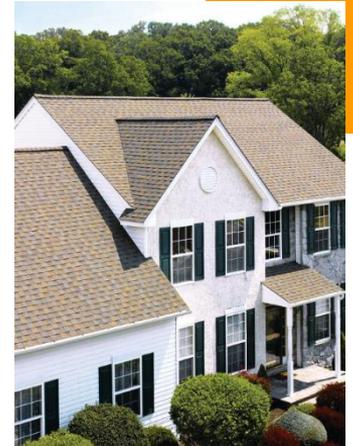
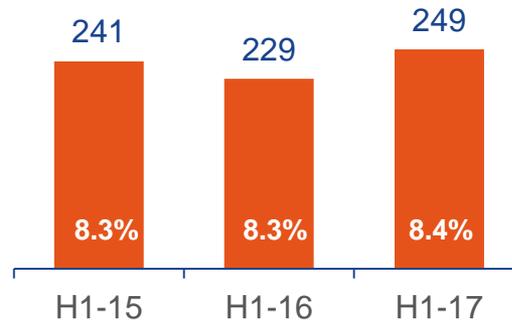


H1-17 vs H1-16

Sales (€m)



Operating income and margin (€m - %)



# BUILDING DISTRIBUTION

Organic growth



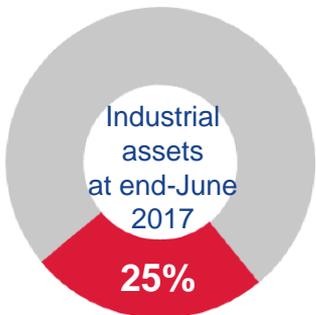
Operating income



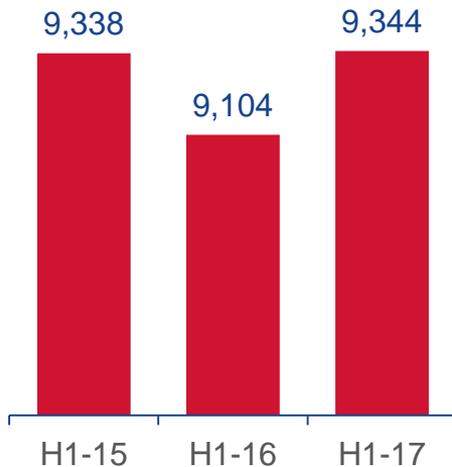
Capex



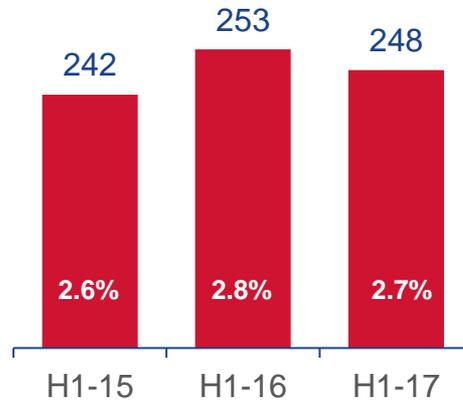
H1-17 vs H1-16



Sales (€m)



Operating income and margin (€m - %)



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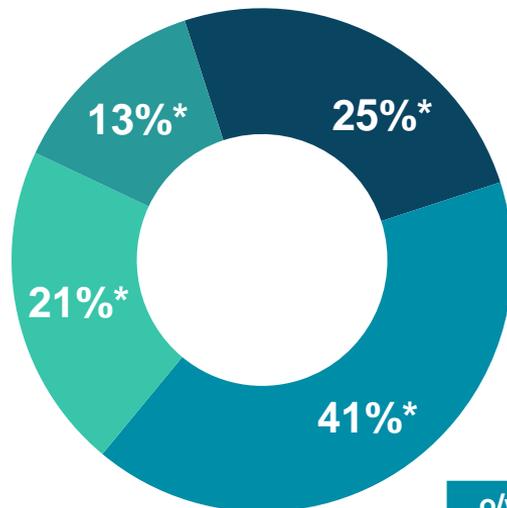
# SALES TRENDS BY REGION

(% change in H1-2017/H1-2016 like-for-like sales)

**+3.5%**  
like-for-like

**North America**  
**+2.5%**

**France**  
**+2.2%**



**Asia & emerging countries**  
**+6.7%**

**Other Western Europe**  
**+2.7%**

**o/w:**

**o/w:**

Asia (8%):	<b>+7.6%</b>
Latin America (6%):	<b>+4.5%</b>
Eastern Europe (5%):	<b>+7.8%</b>
Africa & Middle East (2%):	<b>+10.8%</b>

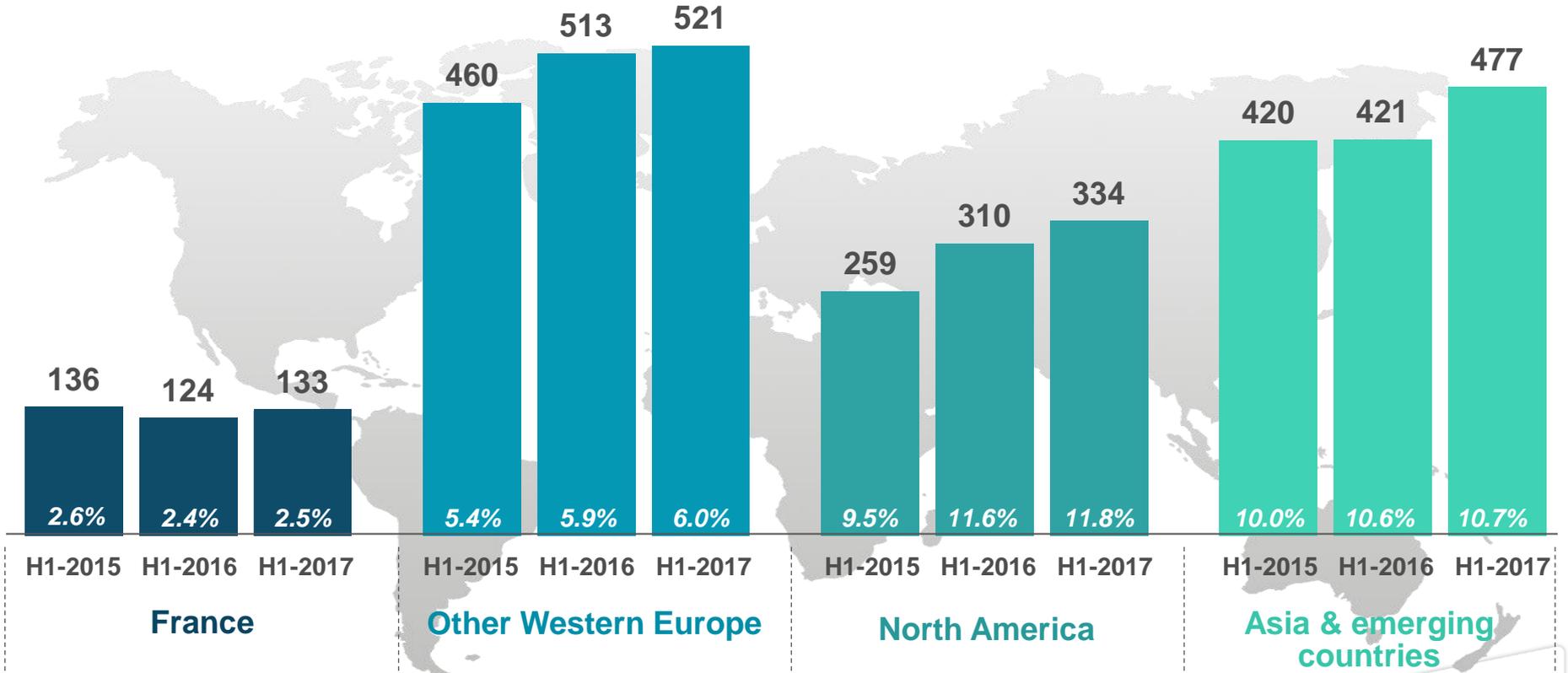
Scandinavia (12%):	<b>+4.8%</b>
UK (11%):	<b>+4.0%</b>
Germany (9%):	<b>-1.1%</b>
Southern Europe (4%):	<b>+5.2%</b>

\* breakdown of H1-2017 sales



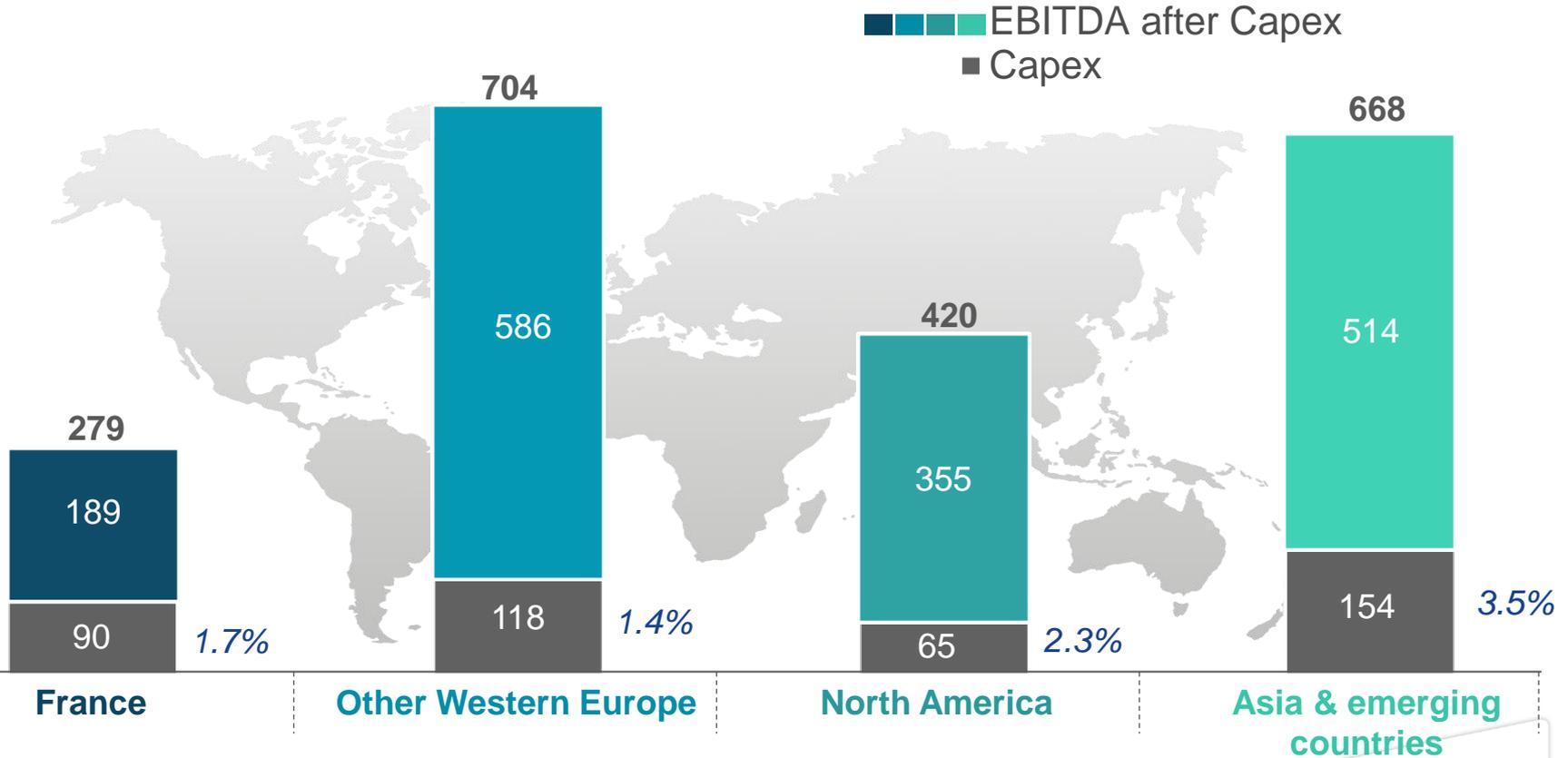
# OPERATING INCOME BY REGION

(€m and % of sales)



# EBITDA AND CAPEX BY REGION

(H1-2017, €m and % of sales)



- 
1. HIGHLIGHTS
  2. H1 2017 RESULTS
  3. **OUTLOOK AND ACTION PLAN FOR H2**

## ECONOMIC CLIMATE

- Gradual improvement of construction markets in **France**
- Continued upbeat trends in other **Western European countries**, despite less visibility in the UK
- Positive market conditions in **North American** construction
- Further good organic growth in **Asia and emerging countries**, despite ongoing difficulties in Brazil

## GROUP BUSINESSES

- **Innovative Materials:** further growth and improved profitability
- **Construction Products:** volume growth and continued focus on the price-cost spread
- **Building Distribution:** should benefit from volume growth in Western Europe

## 2017 PRIORITIES

- **Focus on sales prices** amid a stronger uptick in inflation
- **Additional cost savings of more than €270m over the year** (calculated on the 2016 cost base), including **€170m** in H1
- **Capital expenditure program of around €1,600m**, with a focus on growth capex outside Western Europe and also on productivity and digital transformation
- **Ongoing commitment to invest in R&D** to support our differentiated, high value-added strategy
- **Focus on high free cash flow generation**

**Saint-Gobain confirms with confidence its 2017 objective of a like-for-like increase in operating income.**

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# H1 2017 RESULTS

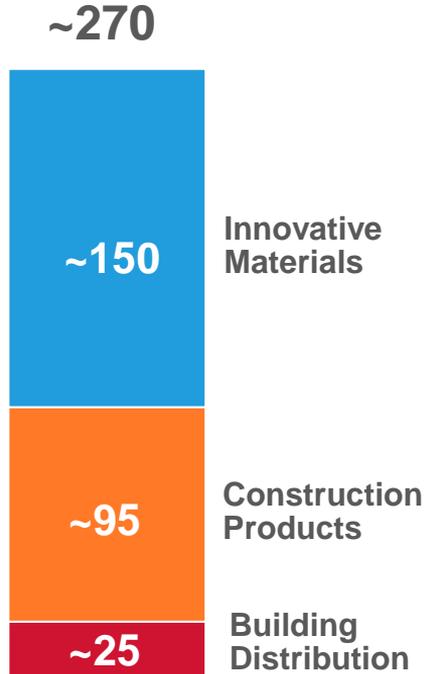
July 28, 2017



# COST CUTTING PROGRAM

€270m in cost savings in 2016 *(calculated on the 2015 cost base)*

## Breakdown by Business Sector

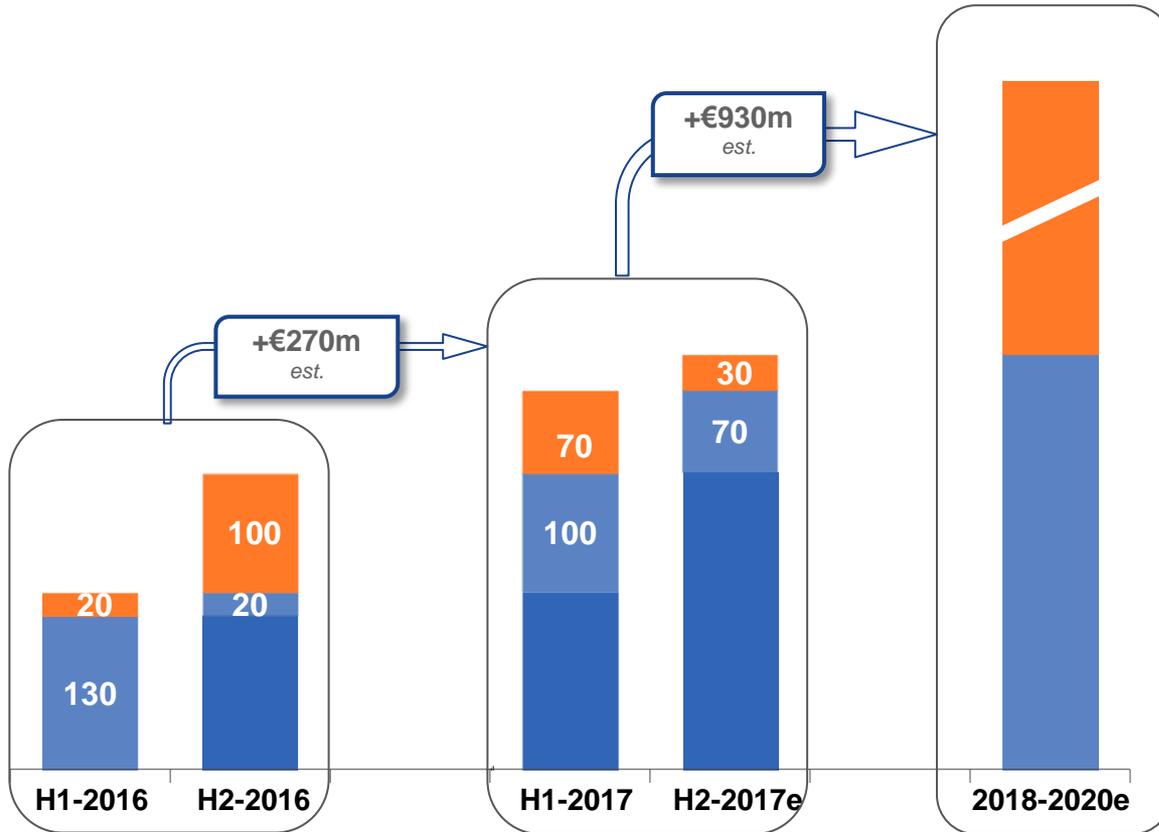


## Breakdown by type

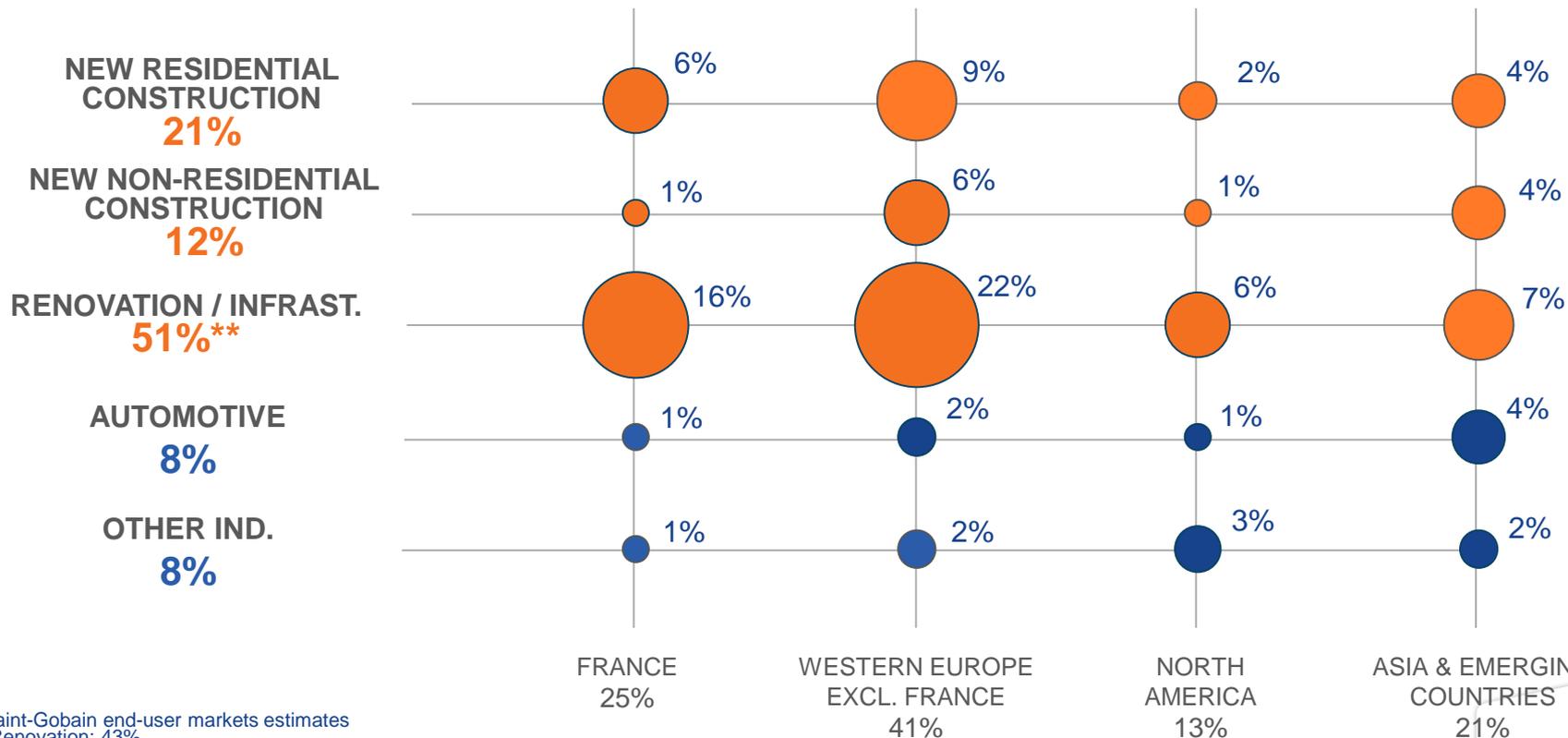


- » Regional pooling arrangements
- » Further sourcing in low-cost countries
- » Substitution products
  
- » WCM (rolled out to all Group businesses, audits, etc.)
- » Measures to address the economic climate
- » Overheads: ongoing cost savings in support functions (*IT, HR, Finance*)

# 2016-2020 COST CUTTING PROGRAMS



# ATTRACTIVE POSITIONING FOCUSED ON RESIDENTIAL CONSTRUCTION AND RENOVATION\*



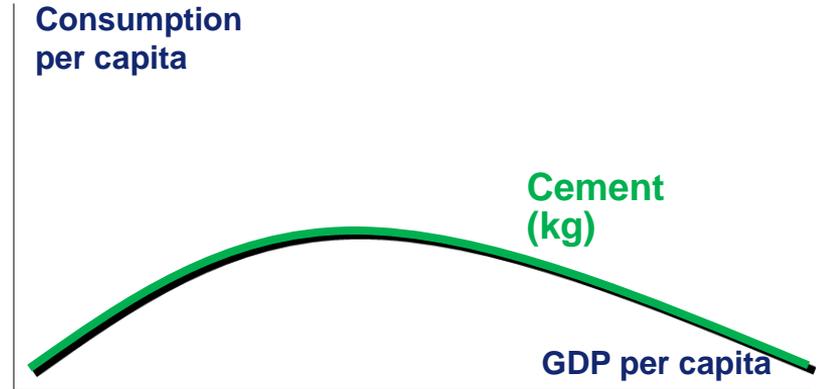
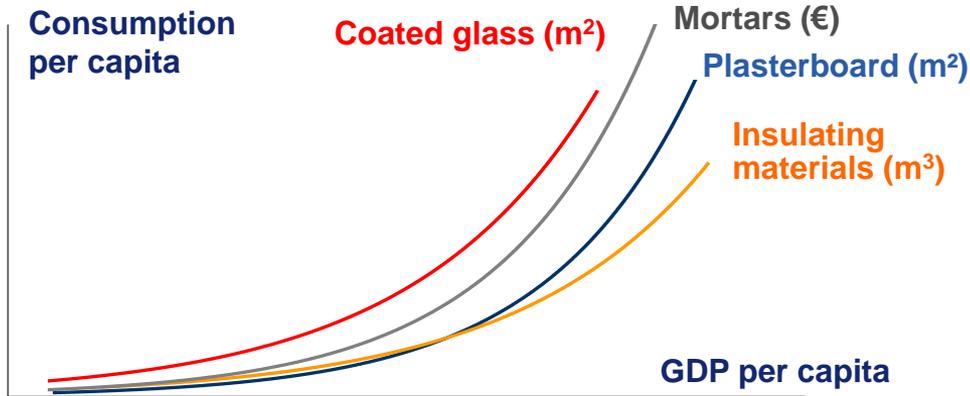
\* Saint-Gobain end-user markets estimates

\*\* 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