

# Recent Results and Outlook

October 2018



- 
1. **9 MONTH SALES**
  2. **H1 2018 RESULTS**
  3. **OUTLOOK**

# ORGANIC GROWTH AT 4.3% FOR THE NINE-MONTH PERIOD



## WESTERN EUROPE

- » France: further good momentum
- » Other Western European countries: growth, despite uncertain environment in the UK



## NORTH AMERICA

- » Construction and industrial markets remain robust
- » High comparison basis in Q3

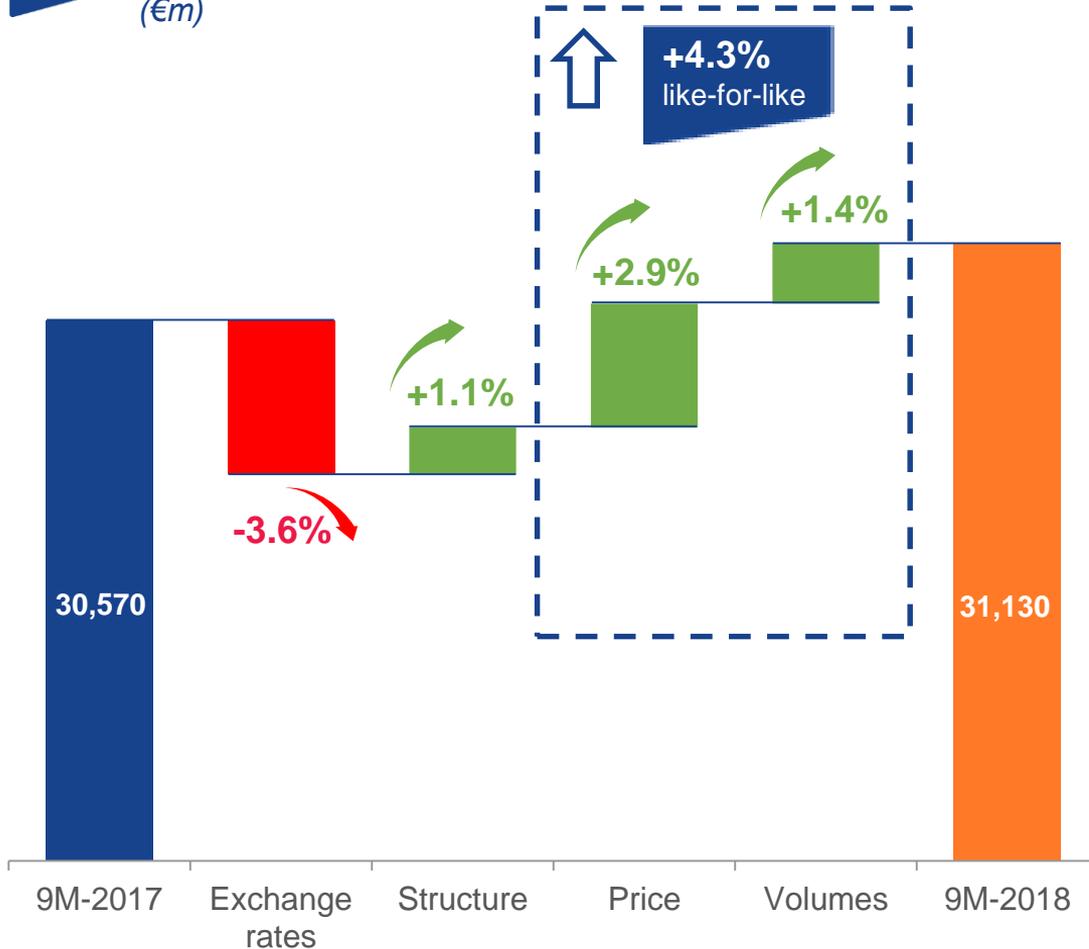


## ASIA & EMERGING COUNTRIES

- » Ongoing good momentum
- » Growth in all regions

# NINE-MONTH SALES

(€m)



**Group +1.8%**  
actual

- Depreciation against the euro of **US dollar** (but less than in H1) and of the **Brazilian real**, the **Nordic krona** and other Asia and emerging country currencies
- Impact of acquisitions made in **Asia and emerging countries**, in new **niche technologies** and services, and to **consolidate** our strong positions
- **Acceleration in pricing** amid continued cost inflation
- **Better volumes** in all Business Sectors and regions

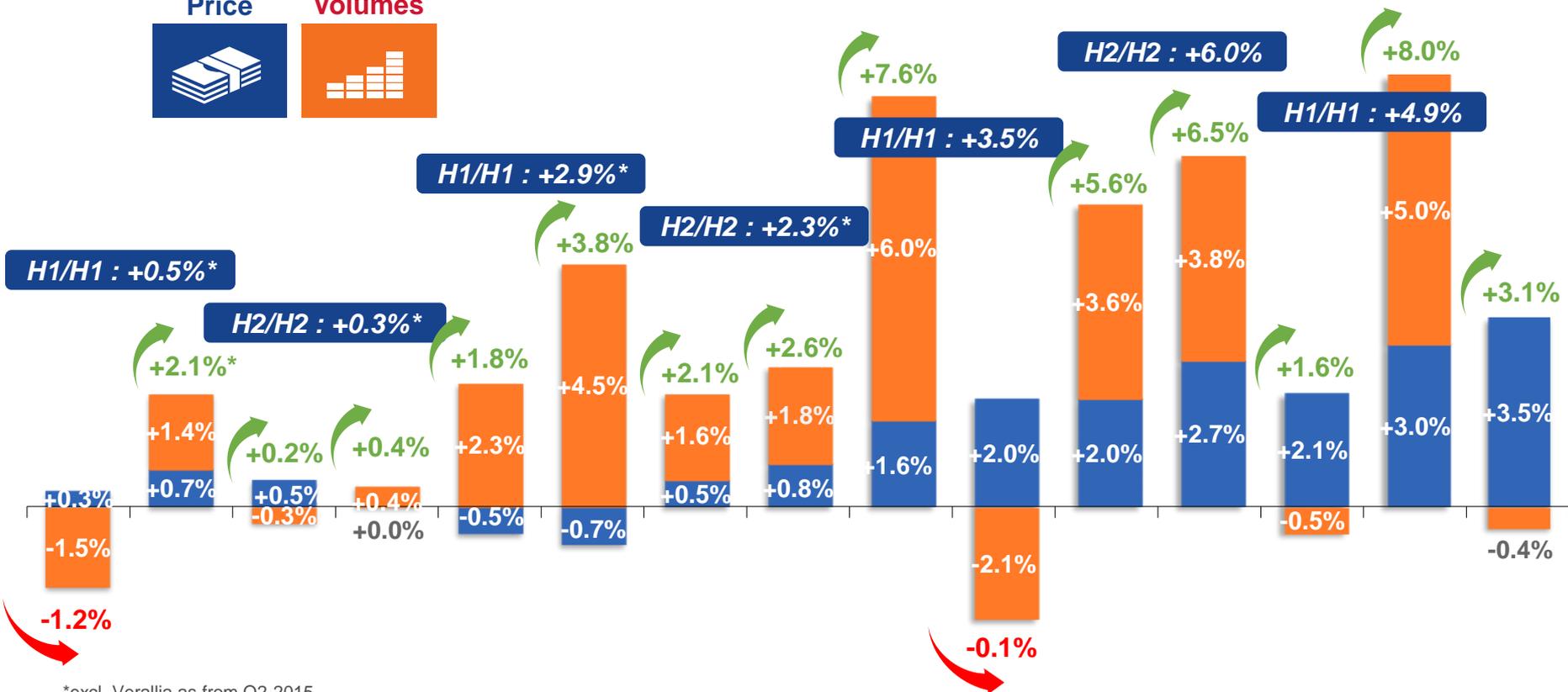
# QUARTERLY ORGANIC GROWTH

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

Price



Volumes



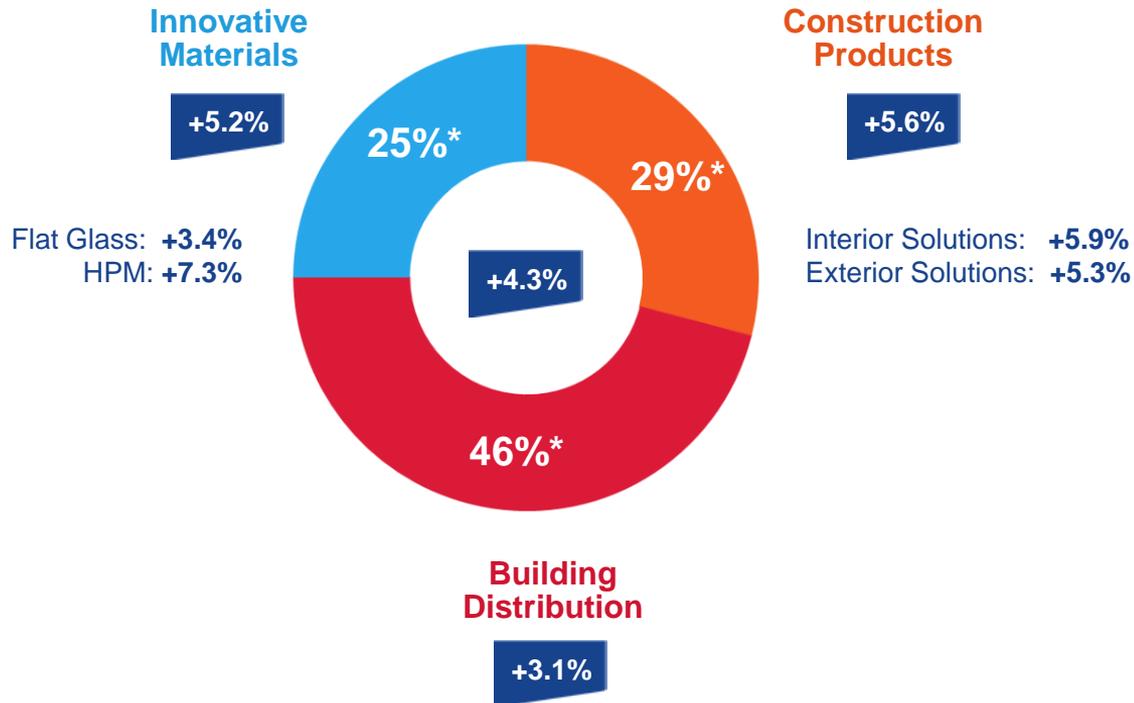
\*excl. Verallia as from Q2-2015

Q1-2015/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    Q3-2017/Q3-2016    Q4-2017/Q4-2016    Q1-2018/Q1-2017    Q2-2018/Q2-2017    Q3-2018/Q3-2017

# SALES TRENDS BY BUSINESS SECTOR, at end-September

% 9M-2018/9M-2017 organic growth

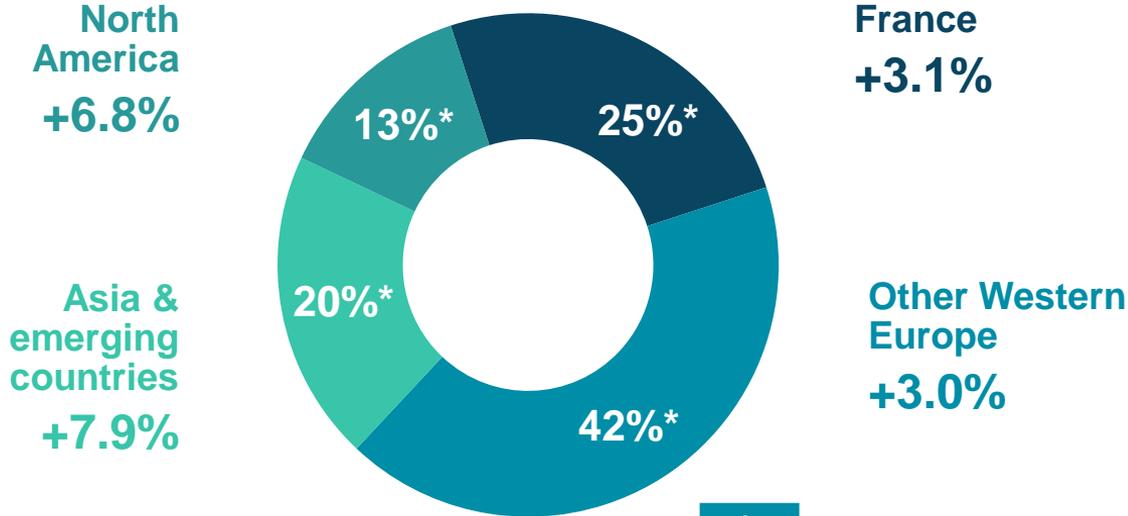
**+4.3%**  
like-for-like



# SALES TRENDS BY REGION, at end-September

% 9M-2018/9M-2017 organic growth

**+4.3%**  
like-for-like



o/w:

Asia (7%):	+3.3%
Latin America (6%):	+14.2%
Eastern Europe (5%):	+5.9%
Africa & Middle East (2%):	+12.9%

o/w:

Nordics (13%):	+3.7%
UK (10%):	+1.5%
Germany (9%):	+0.2%
Southern Europe (5%):	+7.6%

\* breakdown of 9m-2018 sales

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# H1 2018 KEY FIGURES

Sales  
**€20.8bn**

Actual

**+1.9%**

Like-for-like

**+4.9%**



Operating income  
**€1,469m**

Actual

**+0.3%**

Like-for-like

**+1.7%**



Operating margin: 7.1%, -10bp

Recurring net income  
**€802m**  
EPS: €1.47, +8.9%

Actual

**+6.8%**



Net attributable income  
**€1,219m**

**+61.7%**



Net debt  
**€9,294m**

**2.2x**  
EBITDA



Changes based on H1-18 vs H1-17



## WESTERN EUROPE

- » France: good growth, particularly in Q2
- » Other Western European countries: further growth driven by the uptick in Q2



## NORTH AMERICA

- » Strong momentum in industrial markets
- » Robust growth in construction businesses



## ASIA AND EMERGING COUNTRIES

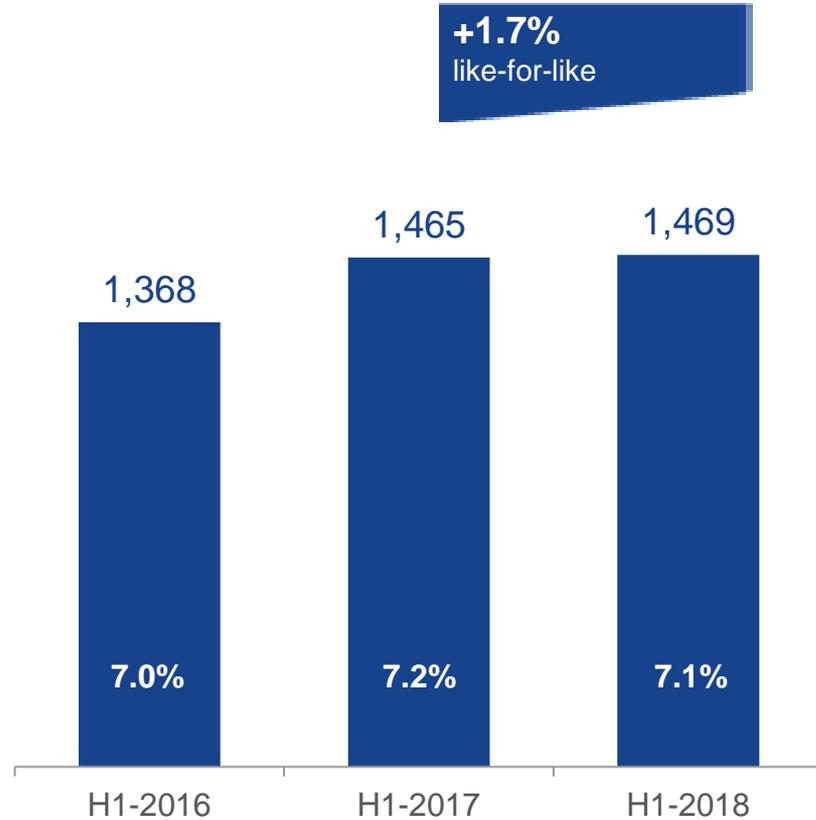
- » Acceleration in growth across all regions, including Latin America, despite the May strike in Brazil

## HIGHLIGHTS

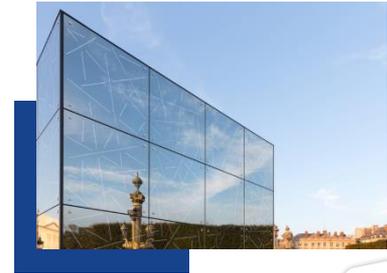
- » **Acquisition of 10.75% of Sika's capital on excellent financial terms (€781m in net income)**
- » **13 acquisitions in H1** and **3 being finalized** in July
- » **Capital expenditure** focused on growth capex **in emerging countries, productivity and digital transformation**
- » **€150m in cost savings** versus H1 2017
- » **8.8 million shares bought back** in H1, an acceleration versus 2017 (8.3 million shares bought back in 2017 as a whole)

# OPERATING INCOME

(€m and % of sales)

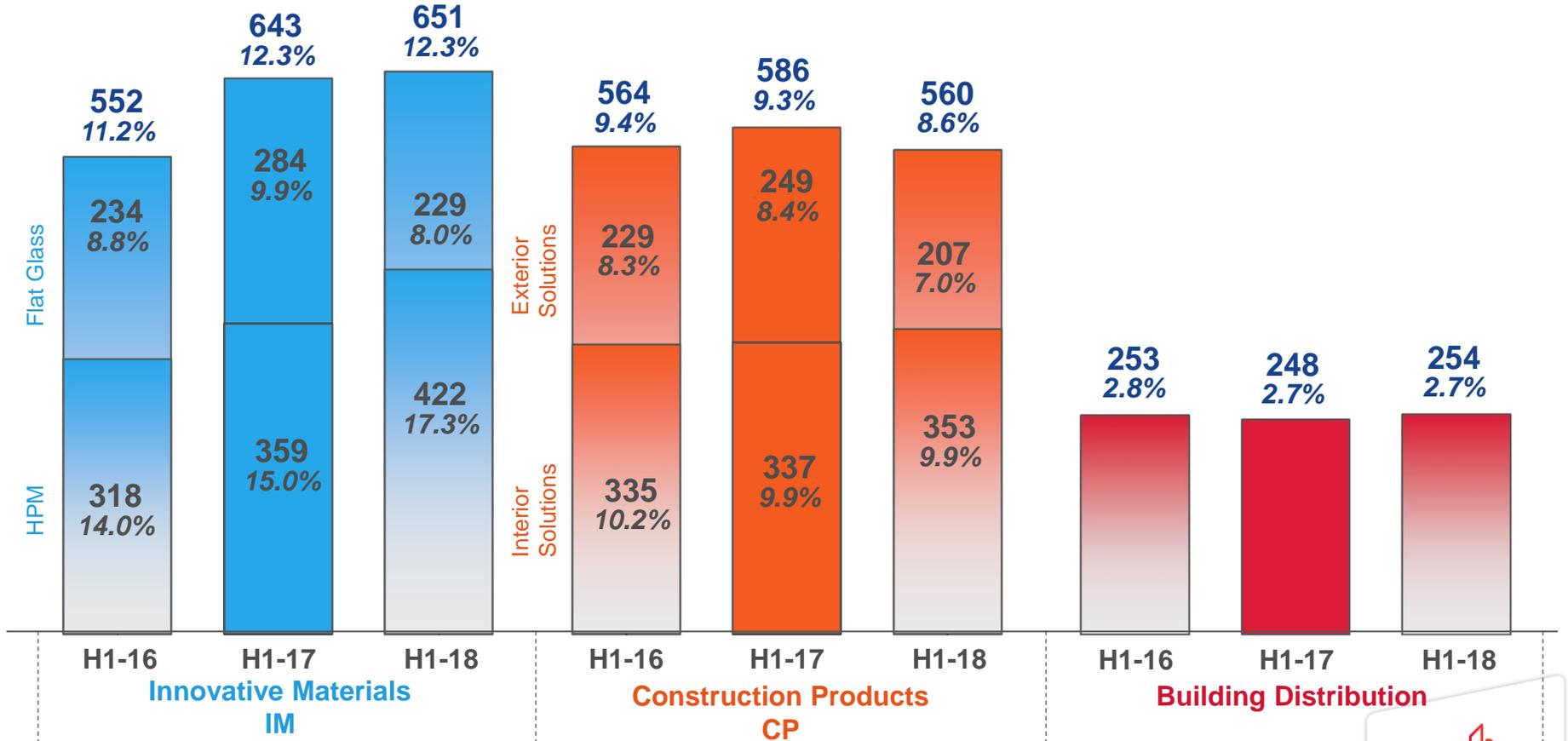


- **+0.3%** on a reported basis
- Group **margin: 7.1%**



# OPERATING INCOME BY BUSINESS SECTOR

(€m and % of sales)



# OPERATING INCOME BY REGION

(€m and % of sales)



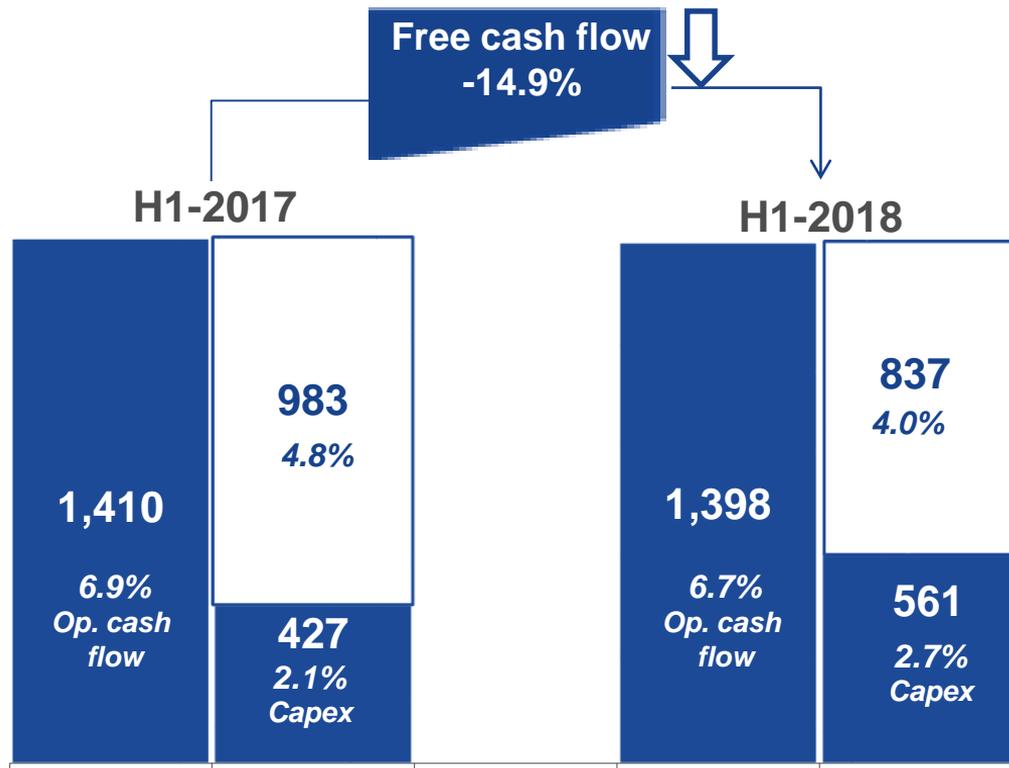
# INCOME STATEMENT

(€m)

	H1-2017	H1-2018	H1-2018/ H1-2017
<b>Operating income</b>	<b>1,465</b>	<b>1,469</b>	<b>+0.3%</b>
Non-operating costs	(166)	(54)	
<i>o/w provision for asbestos-related litigation</i>	(45)	(45)	
Other business income (expenses)	7	(296)	
<b>Business income</b>	<b>1,306</b>	<b>1,119</b>	<b>-14.3%</b>
Net financial income (expense)	(231)	392	
- <i>o/w Sika</i>		601	
- <i>o/w finance costs</i>	(231)	(209)	
<i>Average cost of gross debt (at June 30)</i>	2.7%	2.5%	
Income tax	(297)	(265)	
<i>Tax rate on recurring net income</i>	27%	25%	
<b>Net attributable income</b>	<b>754</b>	<b>1,219</b>	<b>+61.7%</b>
<i>EPS (€)</i>	1.36	2.23	+64.0%
<b>Recurring net income</b>	<b>751</b>	<b>802</b>	<b>+6.8%</b>
<i>Recurring EPS (€)</i>	1.35	1.47	+8.9%

# CASH FLOW FROM OPERATIONS\* AND CAPEX

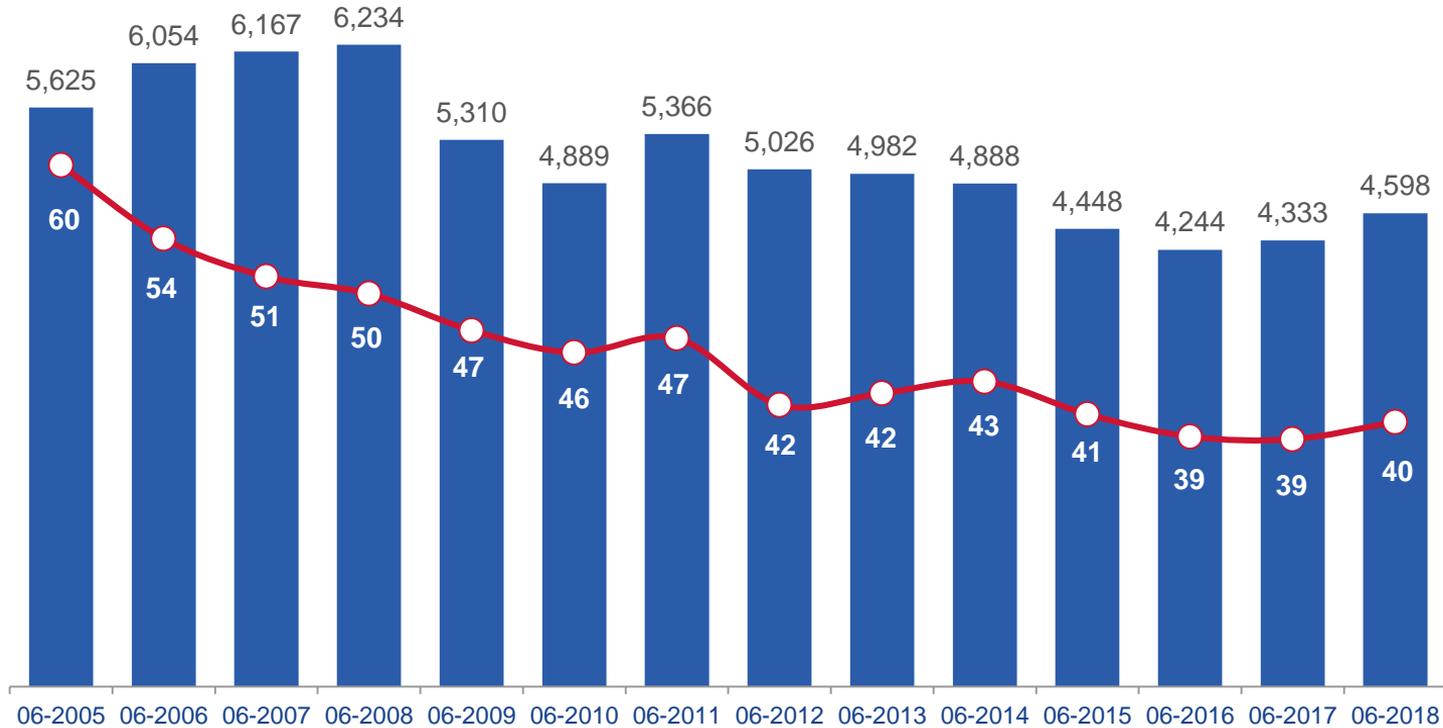
(€m and % of sales)



\* 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)



Ongoing tight rein on operating WCR

## Sika transaction on excellent financial terms

- » Acquisition of 10.75% of Sika for a total cash amount of €0.93bn (market value at 26/7/2018: €1.87bn)
- » Changes in the value of the Sika share price after May 11, 2018 are recorded in equity
- » Saint-Gobain now Sika's top shareholder
- » Impact on 2018 financial statements: increase of €781m in net income

## €356m in investments in securities excluding Sika

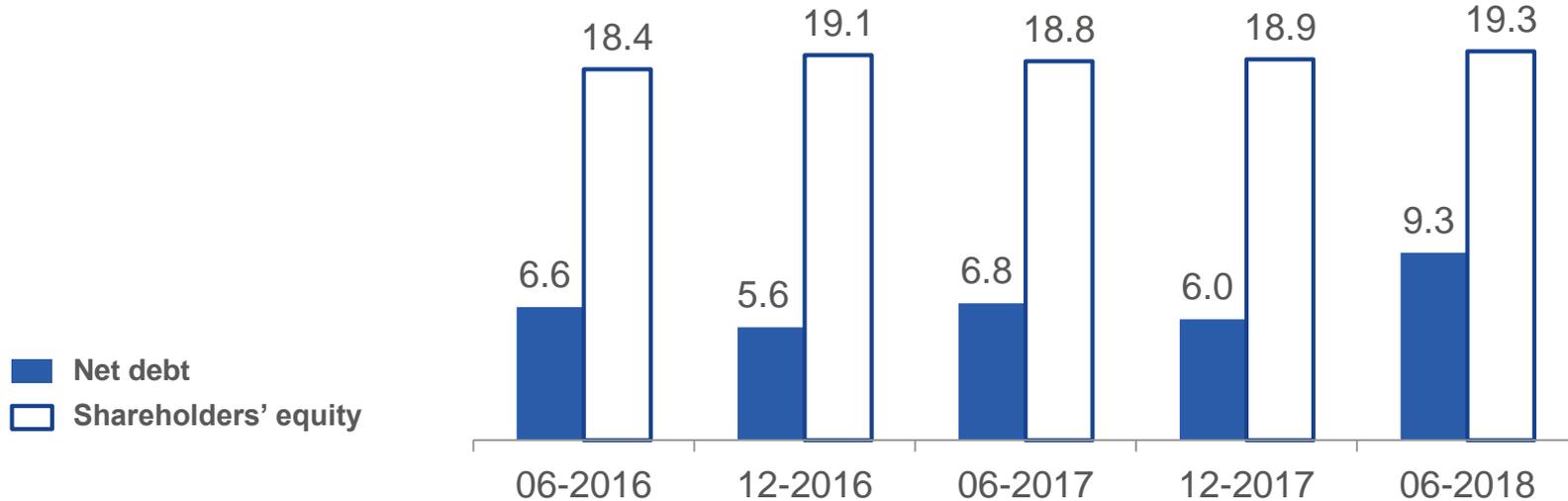
- » +162% on H1 2017
- » 13 acquisitions

## €389m in share buybacks

- » In line with the Group's objectives, buyback of 8.8 million shares
- » Cancellation of 6 million shares
- » Reduction in the number of outstanding shares to 546.9 million at June 30, 2018 (versus 554.4 million at June 30, 2017)

# NET DEBT AND SHAREHOLDERS' EQUITY

(€bn)



Net debt/shareholders' equity	<b>36%</b>	29%	<b>36%</b>	32%	<b>48%</b>
Net debt/EBITDA*	<b>1.7</b>	1.4	<b>1.7</b>	1.4	<b>2.2</b>

**Strong balance sheet maintained**

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

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## ECONOMIC CLIMATE

- **France** to continue to enjoy robust momentum in construction markets
- Progression in **other Western European countries**, despite continued uncertainty in the UK
- Growth in **North America** in both construction markets and industry
- Good momentum in **Asia and emerging countries**

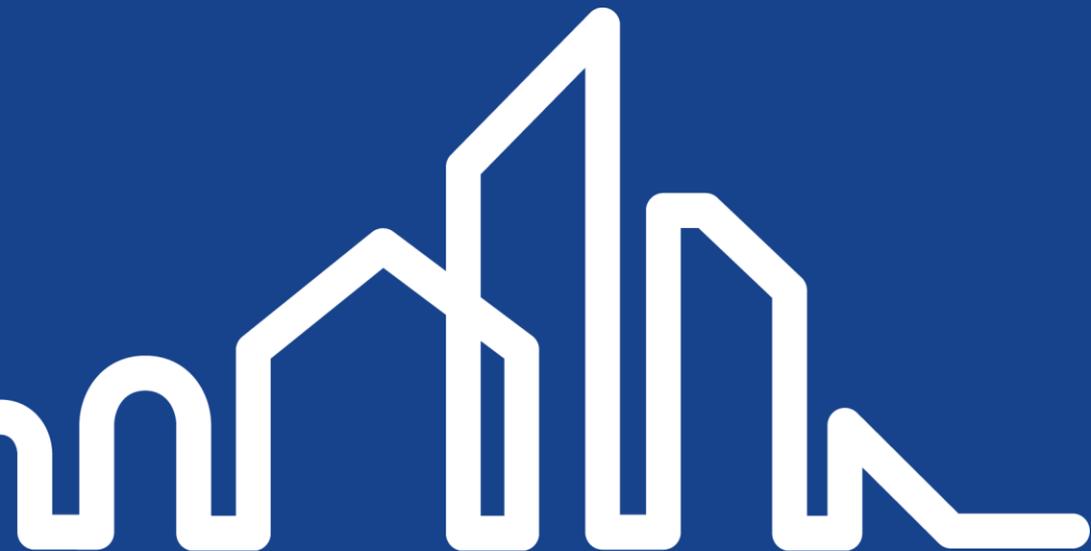
## GROUP BUSINESSES

- **Innovative Materials:** continued growth and good margin level
- **Construction Products:** better volumes and prices; focus on the price-cost spread
- **Building Distribution:** should benefit from volume growth in Western Europe

**Saint-Gobain confirms its objective for full-year 2018 of a like-for-like increase in operating income and for the second half expects the like-for-like increase to be clearly above the level achieved in the first half**

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