



# First-Half 2015 Results Outlook

*July 30, 2015*



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**3** OUTLOOK AND ACTION PLAN FOR H2



# FIRST-HALF 2015 HIGHLIGHTS



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# FIRST-HALF 2015 KEY FIGURES

(Following the signature of the agreement with Apollo and in accordance with IFRS 5, 2014 and 2015 data for the Packaging business (including Verallia North America) was reclassified within “Net income from discontinued operations” in the income statement).

	H1-2014 <i>restated</i>	H1-2015	H1-2015/ H1-2014
<i>Amounts in €m</i>			
<b>Sales</b>	<b>18,946</b>	<b>19,860</b>	<b>+4.8%</b>
<b>EBITDA</b>	<b>1,767</b>	<b>1,886</b>	<b>+6.7%</b>
<b>Operating income</b>	<b>1,183</b>	<b>1,275</b>	<b>+7.8%</b>
<b>Recurring* net income</b>	<b>441</b>	<b>552</b>	<b>+25.2%</b>
<b>Net income**</b>	<b>671</b>	<b>558</b>	<b>-16.8%</b>
<b>Free cash flow***</b>	<b>647</b>	<b>728</b>	<b>+12.5%</b>
<b>Net debt</b>	<b>8,519</b>	<b>7,995</b>	<b>-6.2%</b>

\* recurring net income from continuing operations, excluding capital gains and losses on disposals, asset write-downs and material non-recurring provisions

\*\* consolidated net income attributable to the Group

\*\*\* free cash flow from continuing operations, excluding the tax impact of capital gains and losses on disposals, asset write-downs and material non-recurring provisions

# ORGANIC GROWTH HINDERED MAINLY BY FRANCE AND GERMANY



## WESTERN EUROPE

- » **Growth** driven by Scandinavia, the UK and Southern Europe
- » **Contraction** in Germany, still affected by the renovation market
- » Continued **tough** conditions in France



## NORTH AMERICA

- » **Advances** in construction markets, upturn in Roofing in Q2 (as expected)
- » **Moderate growth** in industrial markets (excluding ceramic proppants)



## ASIA & EMERGING COUNTRIES

- » **Growth** reported by all regions, particularly Latin America, despite the slowdown in Brazil

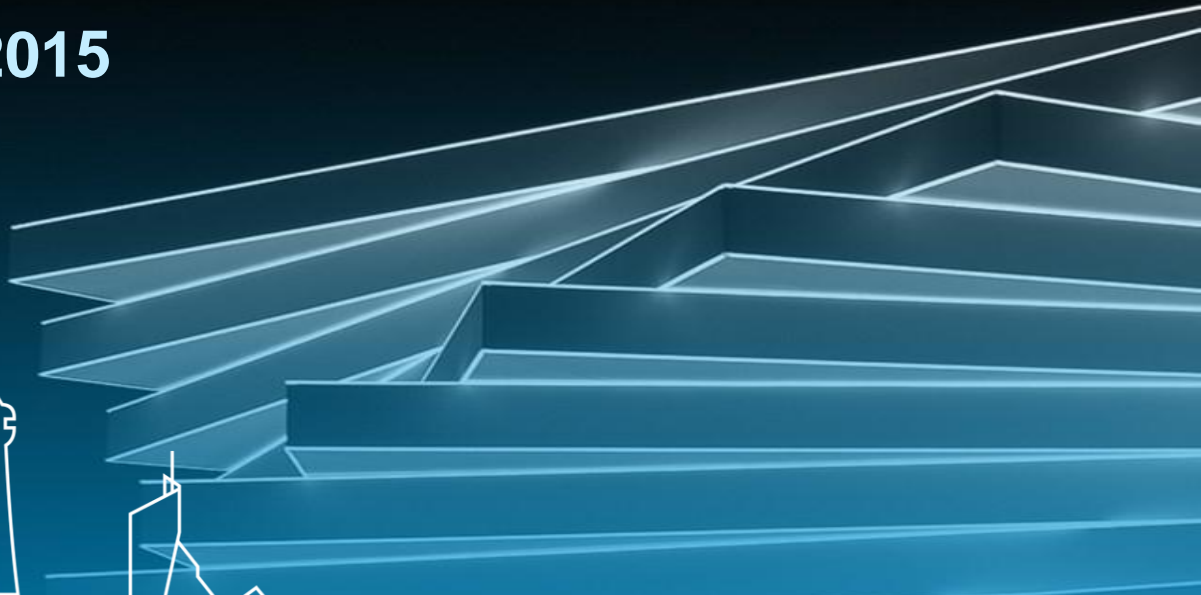
# HIGHLIGHTS

- » **Stable volumes** and **prices up 0.5%** in a very low-inflation environment
- » **Further cost savings** in line with our objective: an additional **€190m** compared to H1 2014 (excluding Verallia)
- » **Operating income up 7.8%** as reported and up **1.2%** like-for-like (before reclassification of the Packaging business)
- » Renewed rise in **recurring net income (up 25%)** and further reduction in **net debt**
- » Signature of **agreement with Apollo** to sell Verallia for an **enterprise value of €2,945m**
- » **Small and mid-scale acquisitions policy** continued (ZenPure, British Indústria, VTI, bolt-on acquisitions in Building Distribution)

# 2

## FIRST-HALF 2015 RESULTS

GROUP  
SECTORS  
REGIONS



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# INCOME STATEMENT IMPACT RESULTING FROM THE APPLICATION OF IFRS 5

(Following the signature of the agreement with Apollo and in accordance with IFRS 5, 2014 and 2015 data for the Packaging business (including Verallia North America) was reclassified within "Net income from discontinued operations" in the income statement).

	H1- 2014 <i>published</i>	<i>Restatements IFRS 5</i>	H1- 2014 <i>restated</i>	Impact Verallia H1- 2015	FY- 2014 <i>published</i>	<i>Restatements IFRS 5</i>	FY- 2014 <i>restated</i>
<i>Amounts in €m</i>							
Sales	20,446	(1,500)	18,946		41,054	(2,705)	38,349
EBITDA	1,997	(230)	1,767		4,151	(442)	3,709
Operating income	1,330	(147)	1,183		2,797	(275)	2,522
Recurring* net income	511	(70)	441		1,103	(130)	973
Net income from discontinued operations (Verallia)	0	+68	68	69	0	+125	125
Net income**	671	0	671		953	0	953
Free cash flow***	713	(66)	647		1,002	(86)	916

\* recurring net income from continuing operations, excluding capital gains and losses on disposals, asset write-downs and material non-recurring provisions

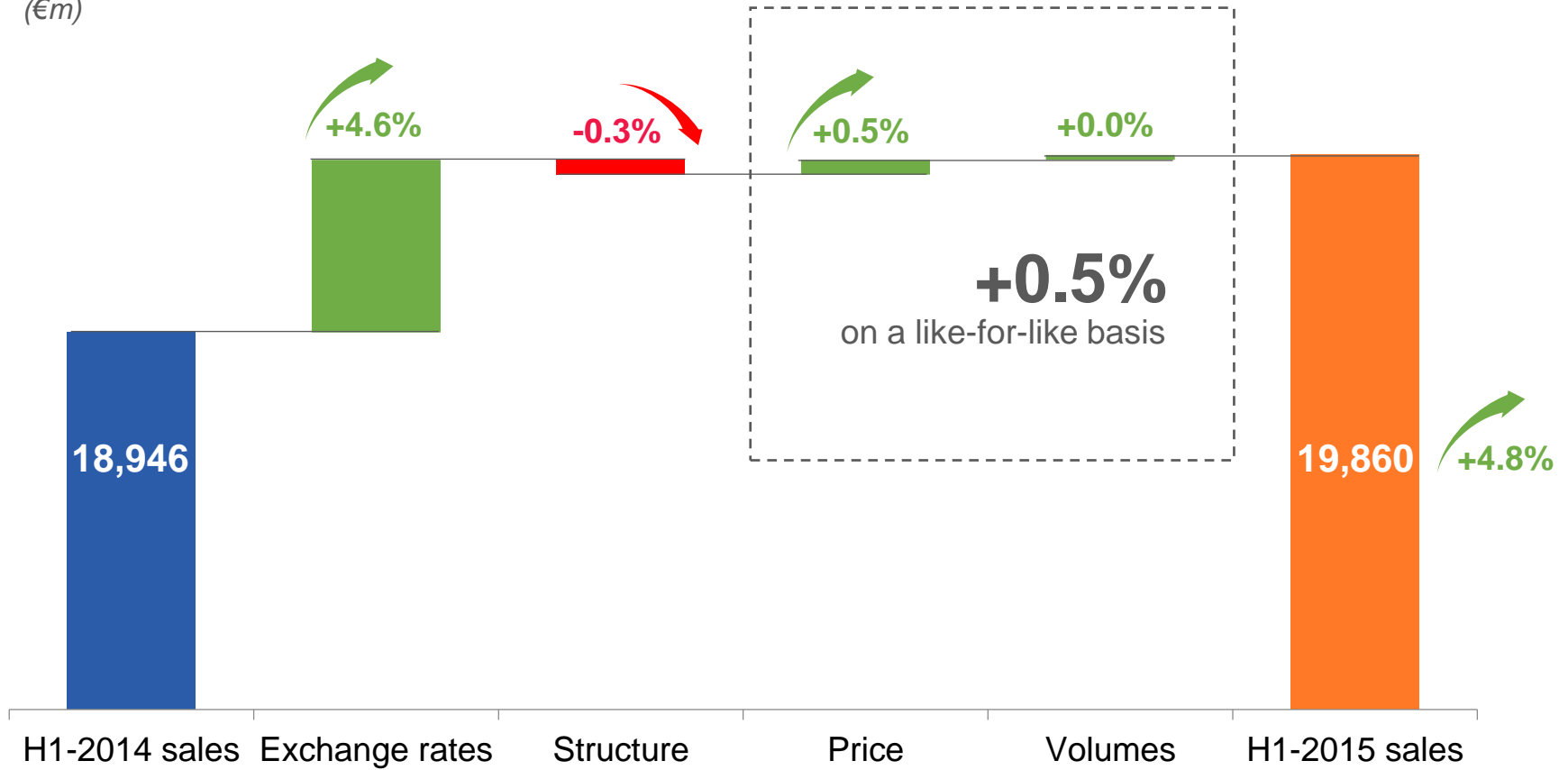
\*\* consolidated net income attributable to the Group

\*\*\* free cash flow from continuing operations, excluding the tax impact of capital gains and losses on disposals, asset write-downs and material non-recurring provisions



# SALES

(€m)

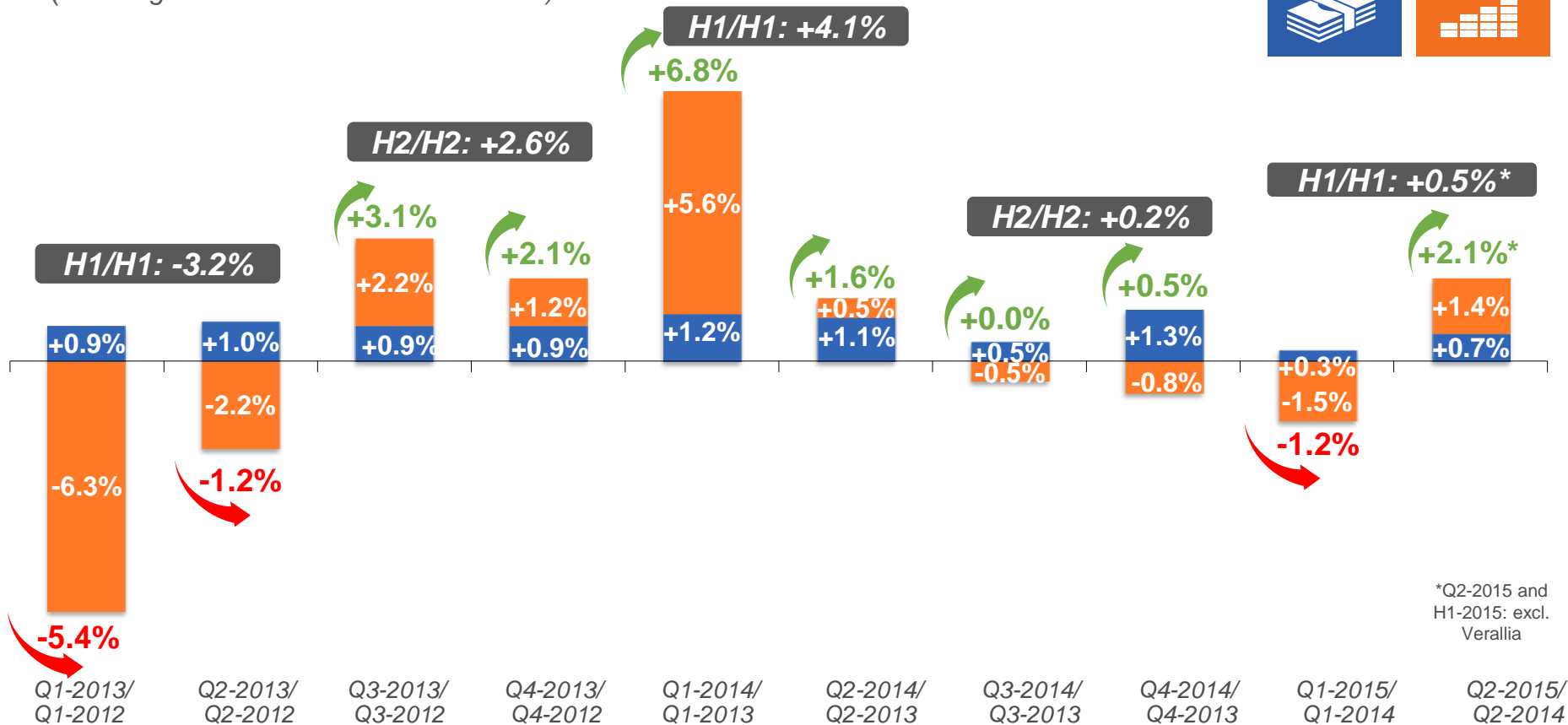


# QUARTERLY ORGANIC GROWTH

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

Price

Volumes



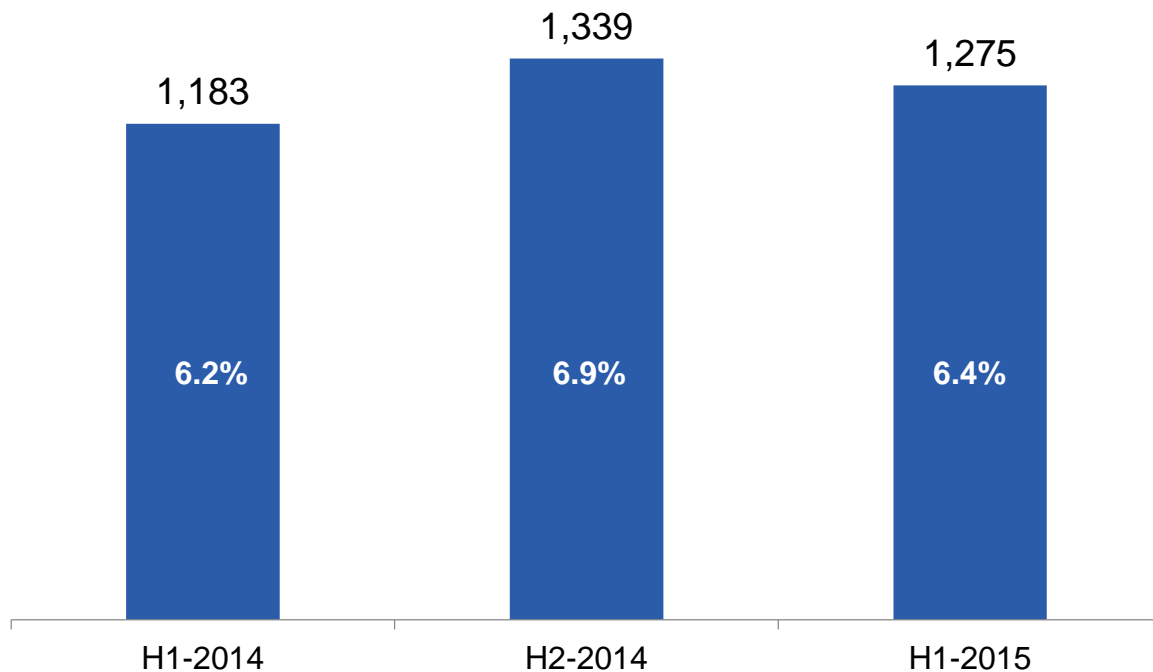
\*Q2-2015 and H1-2015: excl. Verallia

# OPERATING INCOME

(€m and % of sales)

H1-2015/H1-2014: **+7.8%**

Percent of sales:



# NON-OPERATING ITEMS

(€m)

	H1-2014	H1-2015	Change
<b>Operating income</b>	<b>1,183</b>	<b>1,275</b>	<b>+7.8%</b>
<b>Non-operating costs</b>	<b>(12)</b>	<b>(154)</b>	
<i>o/w:</i>			
<i>Provision for asbestos-related litigation</i>	<i>(45)</i>	<i>(45)</i>	
<i>Other expenses</i>	<i>+33</i>	<i>(109)</i>	
<b>Other operating expenses</b>	<b>(51)</b>	<b>(41)</b>	
<i>o/w:</i>			
<i>Disposal gains (losses)</i>	<i>+401</i>	<i>(17)</i>	
<i>Asset write-downs</i>	<i>(452)</i>	<i>(24)</i>	
<b>Business income</b>	<b>1,120</b>	<b>1,080</b>	<b>-3.6%</b>

# OUTSTANDING CLAIMS

## Asbestos-related claims in the US

- » **Around US\$ 71m** paid out over the 12 months to end-June 2015  
(US\$ 68m at end-2014)
- » **€45m** accrual to the provision in H1-2015, bringing the total balance sheet provision to US\$ 582m at end-June 2015 (US\$ 571m at end-2014)

	H1-2014	FY-2014	H1-2015*
New claims	2,000	4,000	2,000
Settled claims	3,000	6,500	2,000
Outstanding claims	38,000	37,000**	37,000

\* estimated

\*\* after the transfer of 3,500 claims to inactive dockets in 2014

# NET FINANCIAL EXPENSE, INCOME TAX AND NET INCOME FROM DISCONTINUED OPERATIONS

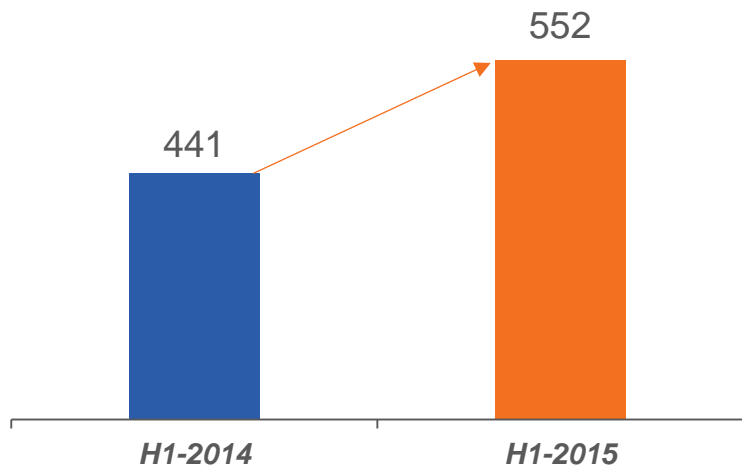
(€m)

	H1-2014	H1-2015
<p><b>Net financial expense</b></p> <p>Average cost of gross debt*</p>	<p><b>336</b></p> <p><b>4.4%</b></p>	<p><b>328</b></p> <p><b>3.7%</b></p>
<p><b>Income tax</b></p> <p>Tax rate on recurring net income</p>	<p><b>158</b></p> <p><b>30%</b></p>	<p><b>236</b></p> <p><b>30%</b></p>
<p><b>Net income from discontinued operations</b></p>	<p><b>68</b></p>	<p><b>69</b></p>

## RECURRING\* NET INCOME

(€m)

H1-2015/H1-2014: **+25.2%**

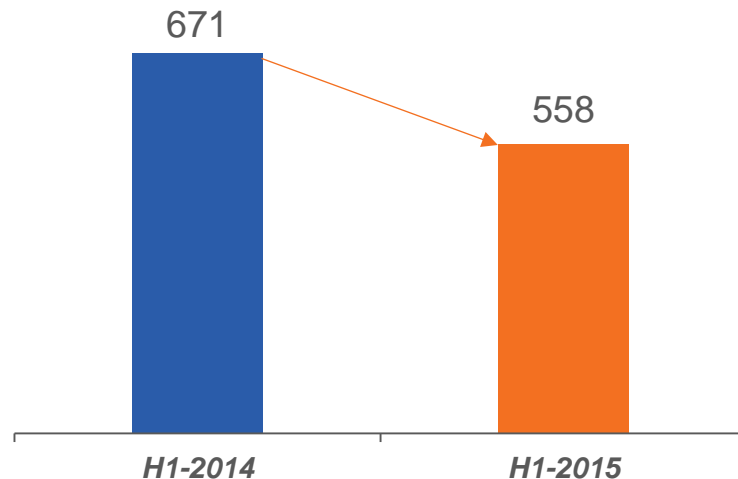


**Recurring\* EPS: €0.97 (+24.4%)**

## NET INCOME

(€m)

H1-2015/H1-2014: **-16.8%**

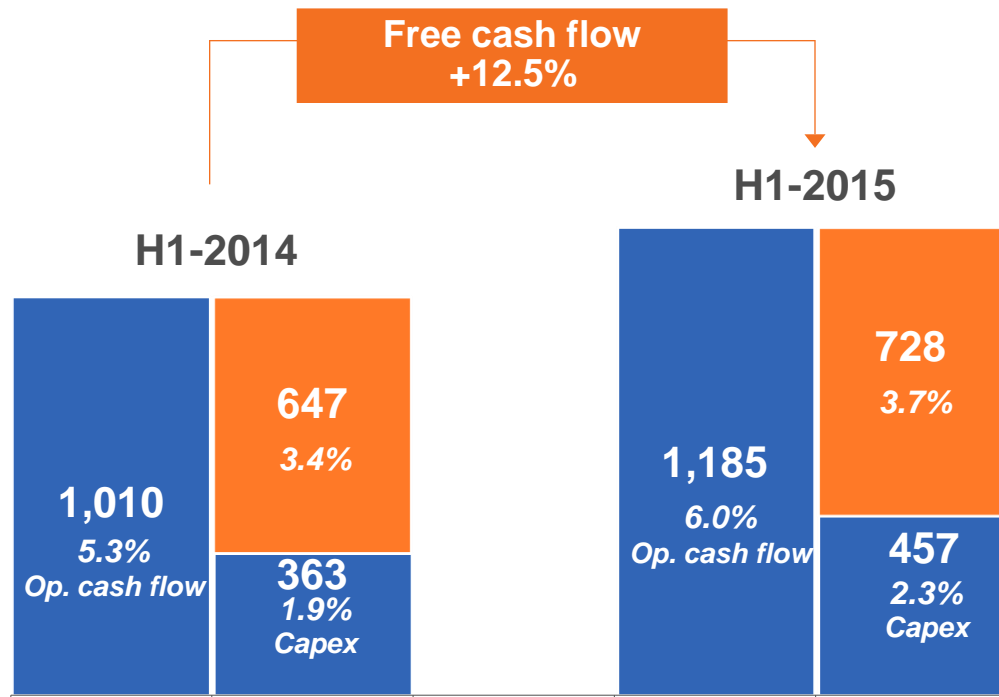


**EPS: €0.98 (-17.6%)**

\* recurring net income from continuing operations, excluding capital gains and losses on disposals, asset write-downs and material non-recurring provisions

# CASH FLOW FROM OPERATIONS & CAPEX (excl. tax impact of capital gains and losses)

(€m and % of sales)

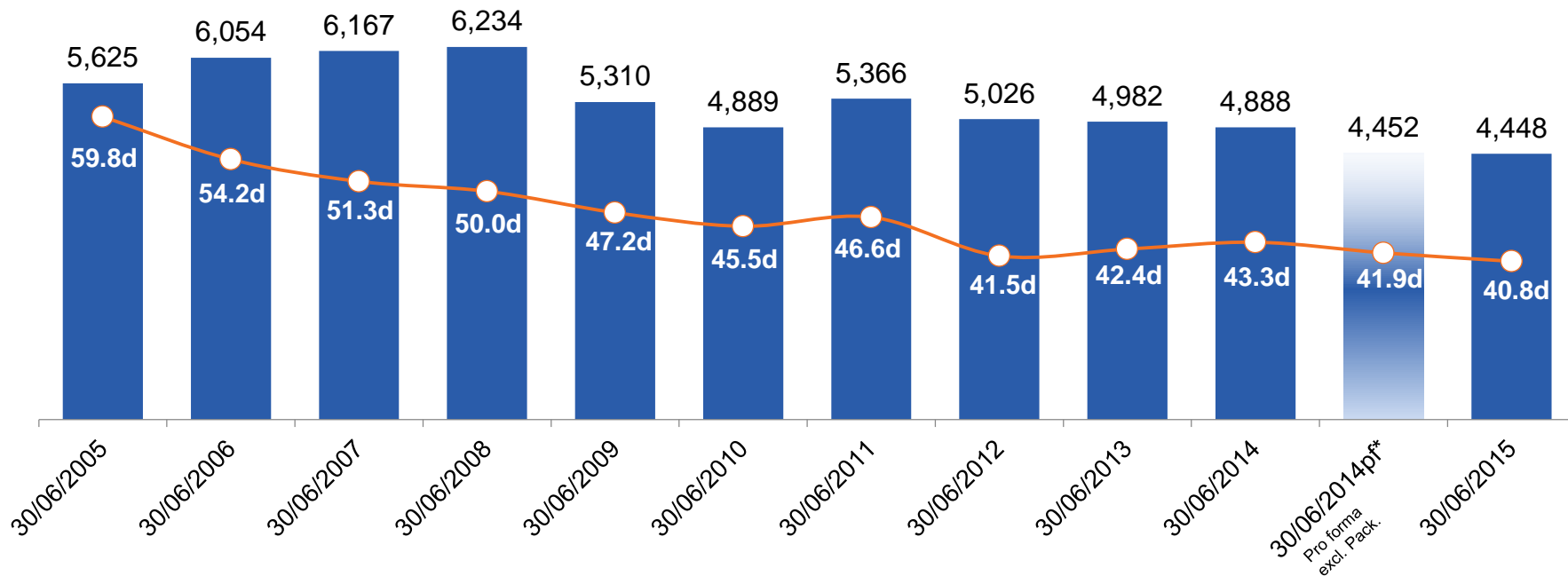




# TIGHT REIN ON OPERATING WCR

(at June 30, €m and no. of days)

**-2.5 days  
over 12 months**



**Ongoing tight rein on operating WCR**

# MAIN FINANCIAL TRANSACTIONS

## €92m in financial investments

- » Small and mid-scale acquisitions policy continued, in line with the Group's strategic objectives:
  - » **HPM**: ZenPure (US), British Indústria (Brazil)
  - » **CP**: VTI (Vietnam)
  - » **Building Distribution**: bolt-on acquisitions in Nordic countries

## ... and other transactions already in the pipeline for H2

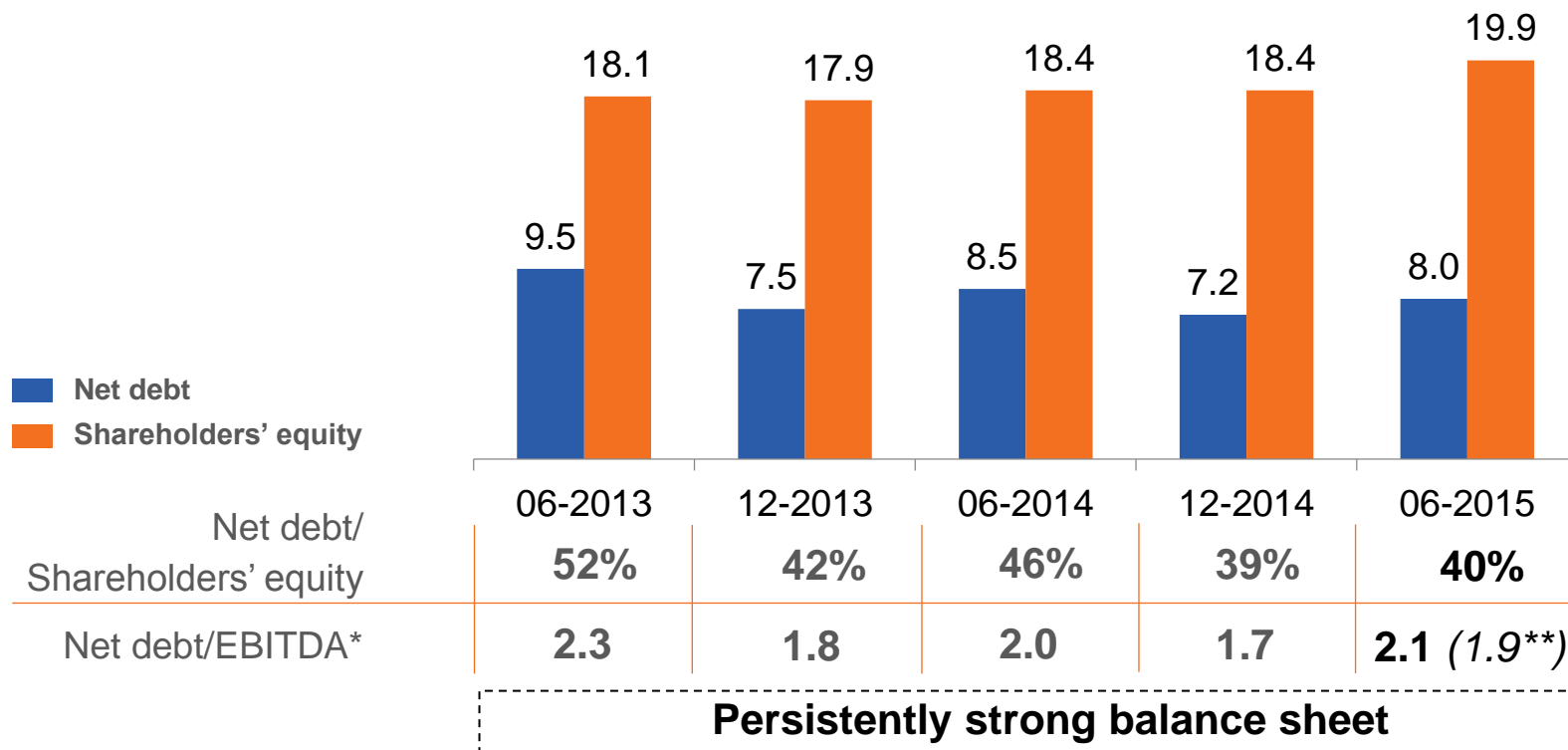
- » **CP**: Lodhia Gypsum Industries (Tanzania), joint venture in Ghana, PT Cipta Mortar Utama (Indonesia), Structus Building Technologies (US)

## €183m in share buybacks

- » In line with the Group's long-term objectives, **4.6 million shares** repurchased over the last three months at an average price of **€39.76**

# NET DEBT AND SHAREHOLDERS' EQUITY

(€bn)



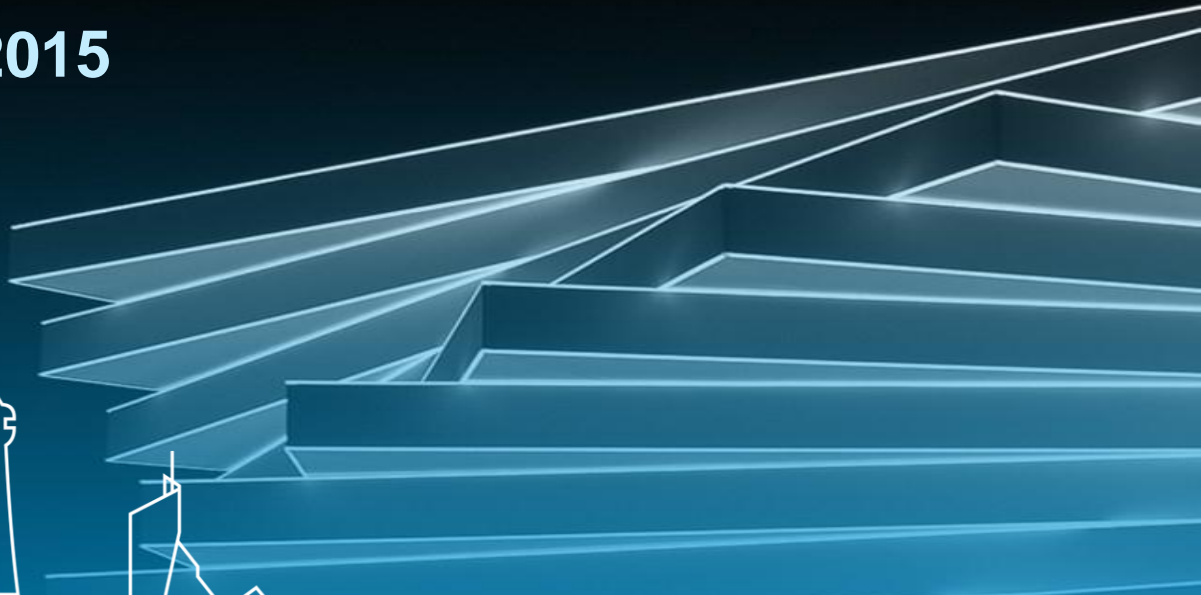
\* EBITDA = operating income + operating depreciation/amortization over a 12-month period

\*\* before reclassification of the Packaging business

# 2

## FIRST-HALF 2015 RESULTS

GROUP  
SECTORS  
REGIONS



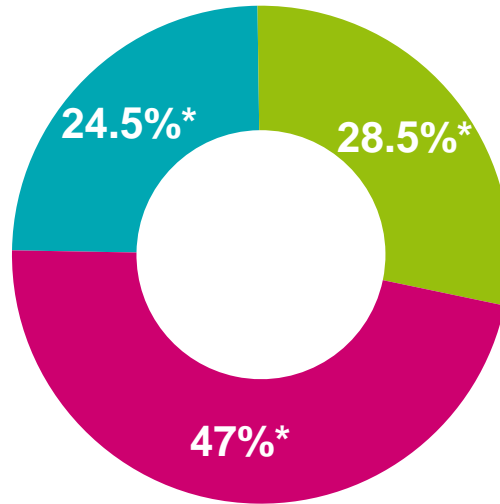
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# SALES TRENDS BY BUSINESS SECTOR

(% change in H1-2015/H1-2014 like-for-like sales)

**Group**  
➔ **+0.5%**

**Innovative Materials**  
**+2.6%**  
Flat Glass: **+5.6%**  
HPM: **-0.8%**



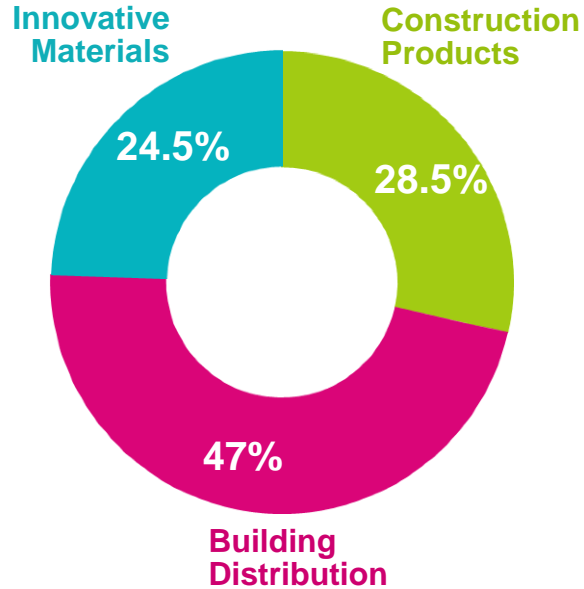
**Construction Products**  
**+0.9%**  
Interior Solutions: **+2.2%**  
Exterior Solutions: **-0.4%**

**Building Distribution**  
**-1.1%**

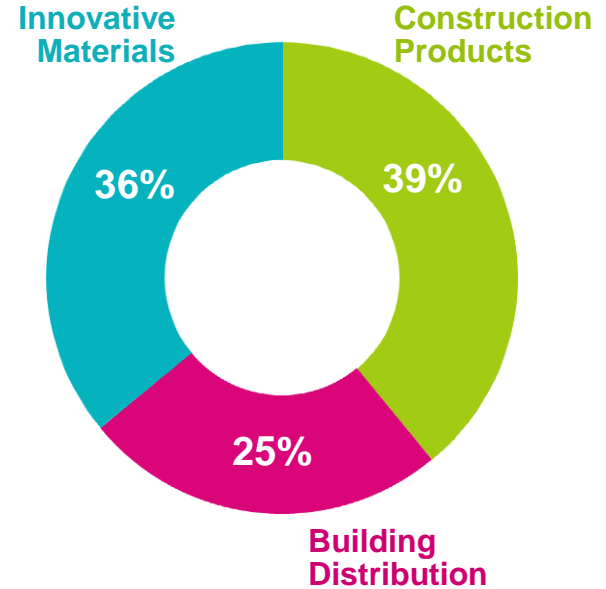
\* breakdown of H1-2015 sales

# BREAKDOWN OF SALES AND INDUSTRIAL ASSETS BY BUSINESS SECTOR

H1-2015 Sales

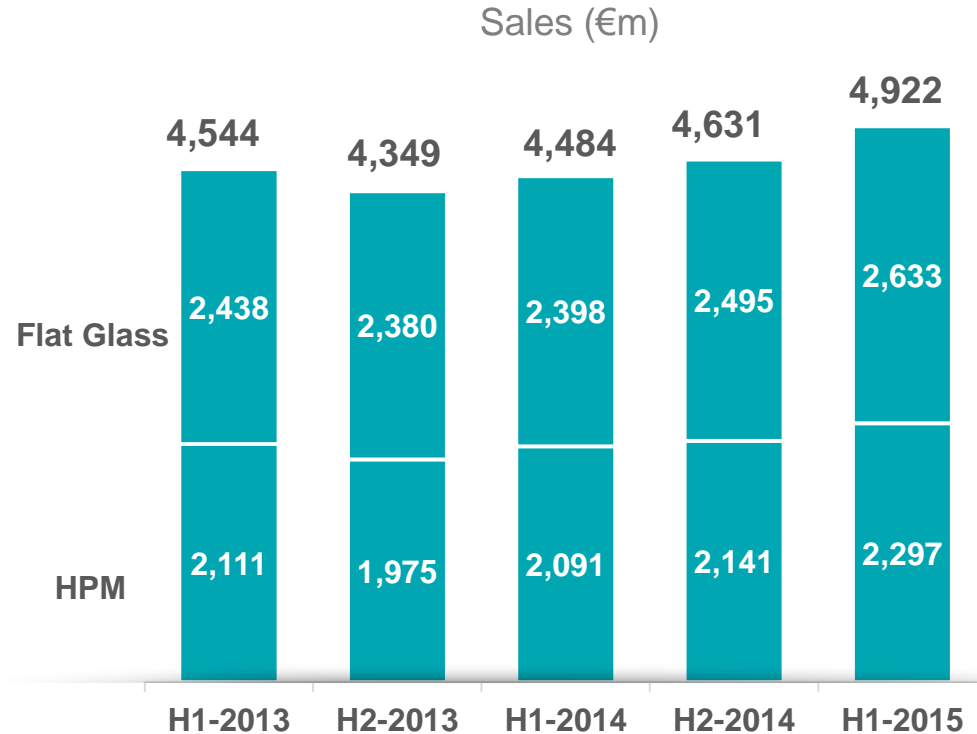


Industrial assets at June 30, 2015



# INNOVATIVE MATERIALS (FLAT GLASS – HPM)

H1-2015/H1-2014 organic growth (like-for-like)	
Innovative Materials	+2.6%
Flat Glass	+5.6%
HPM	-0.8%

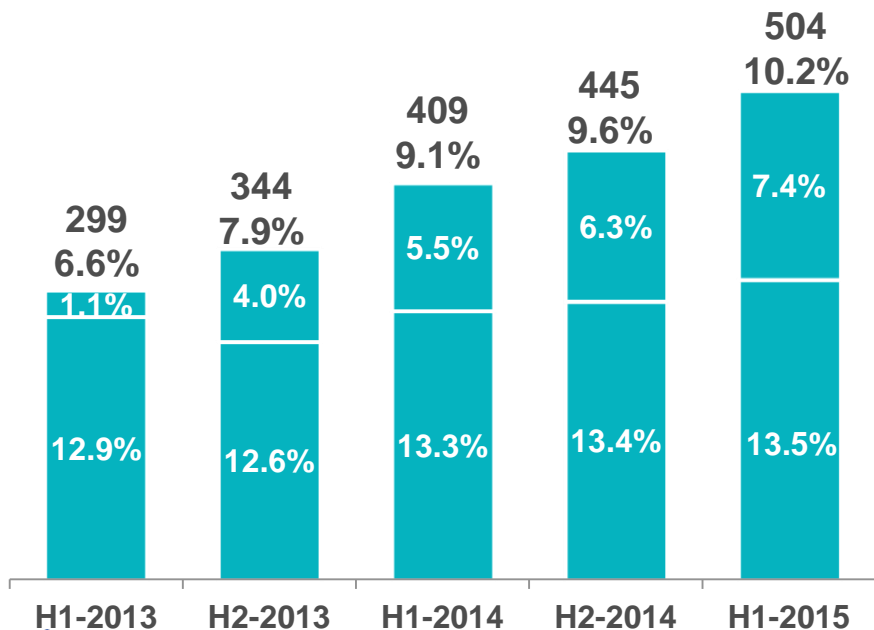


# INNOVATIVE MATERIALS (FLAT GLASS – HPM)

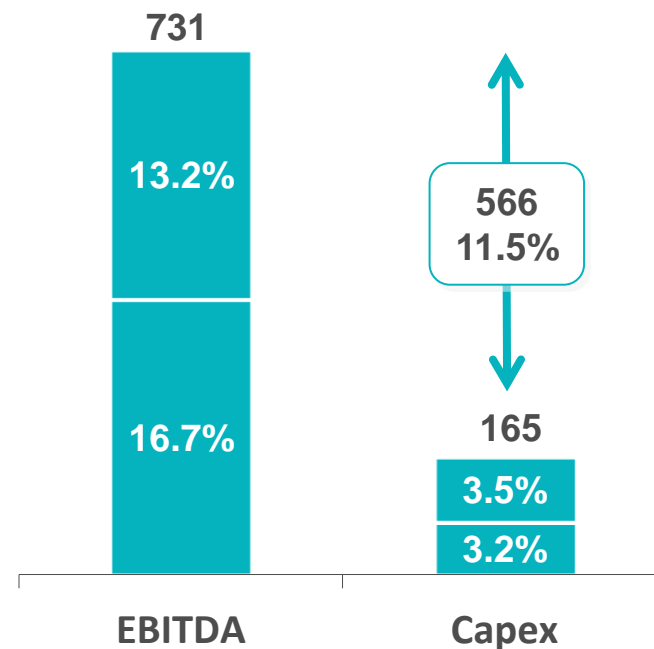
(€m and % of sales)



Operating income



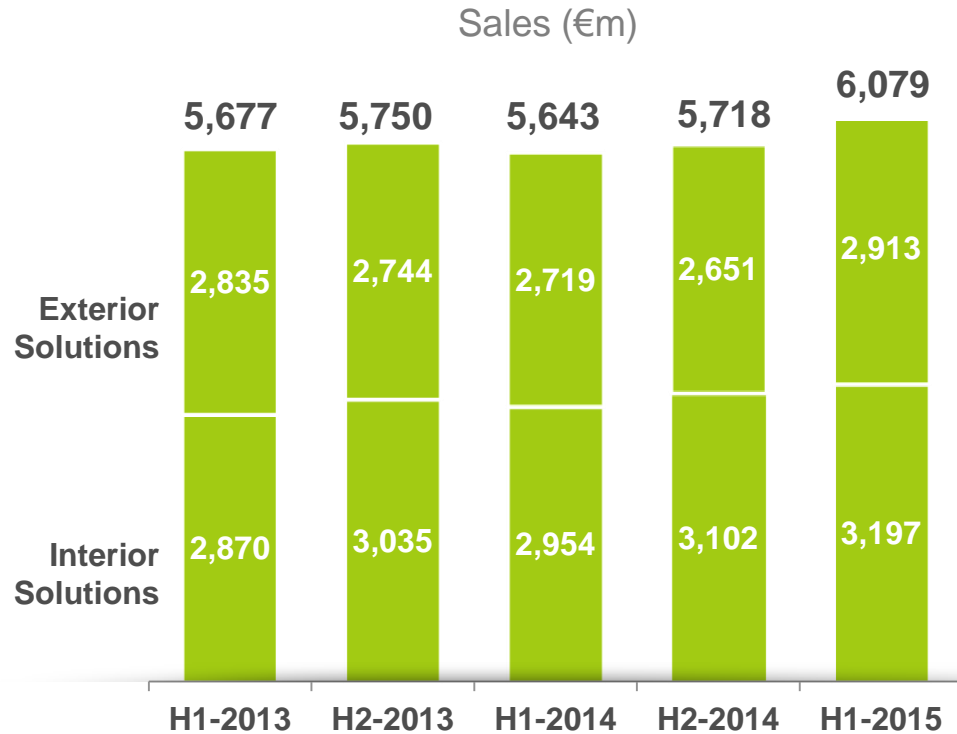
H1-2015 EBITDA & Capex





# CONSTRUCTION PRODUCTS

H1-2015/H1-2014 organic growth (like-for-like)	
<b>CP</b>	<b>+0.9%</b>
Exterior Solutions	-0.4%
Interior Solutions	+2.2%

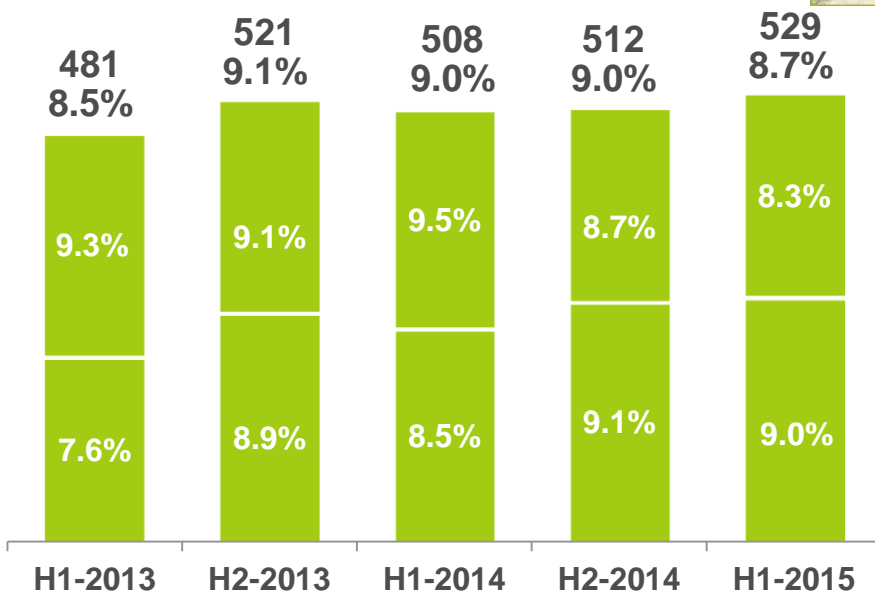


# CONSTRUCTION PRODUCTS

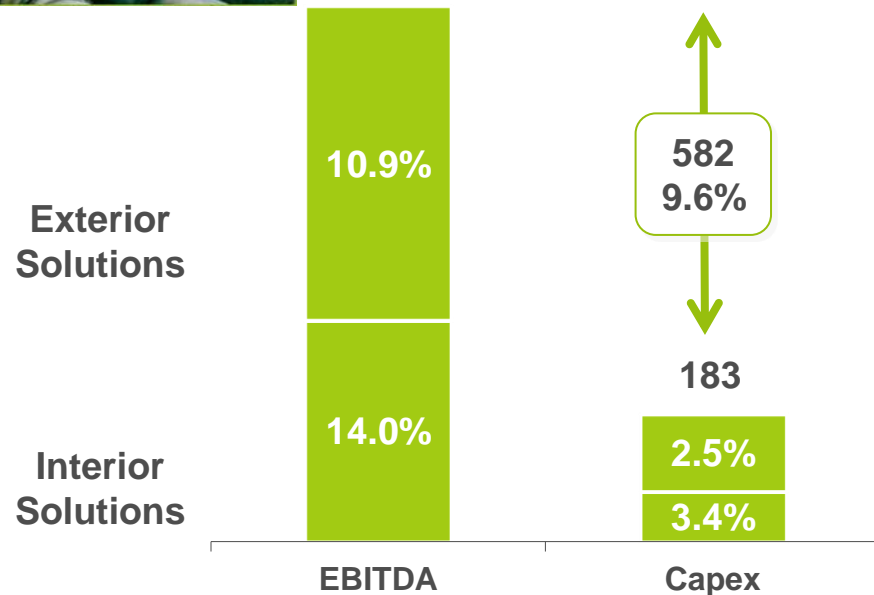
(€m and % of sales)



## Operating income



## H1-2015 EBITDA & Capex



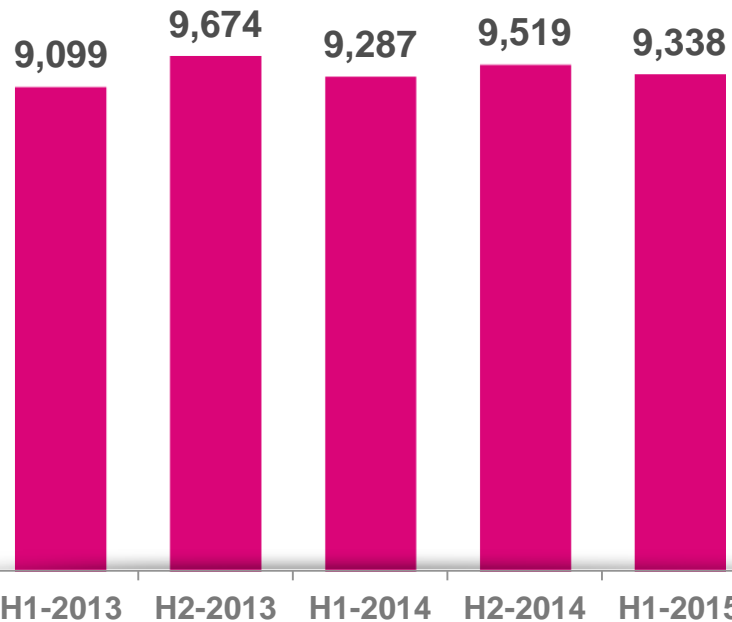
# BUILDING DISTRIBUTION

H1-2015/H1-2014 organic growth  
(like-for-like)

**Building  
Distribution**

**-1.1%**

Sales (€m)

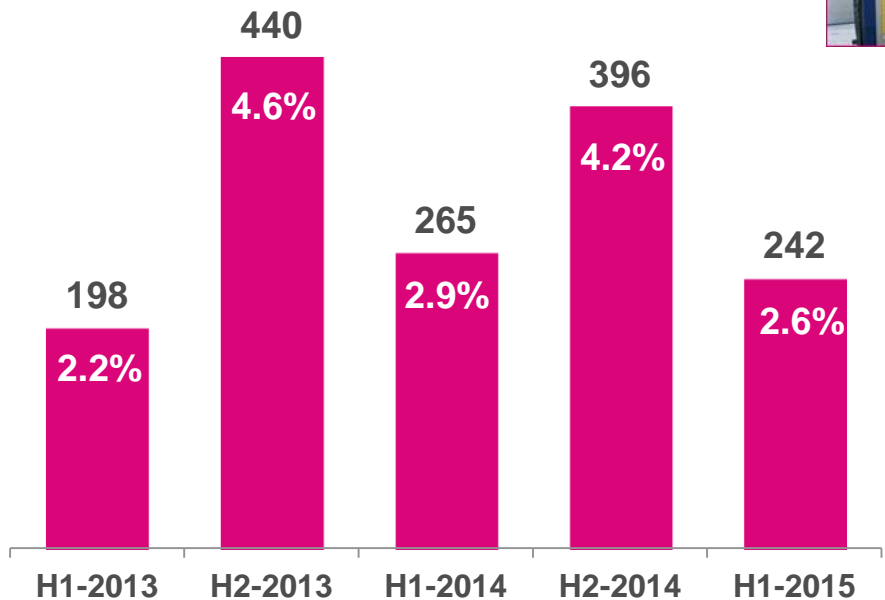


# BUILDING DISTRIBUTION

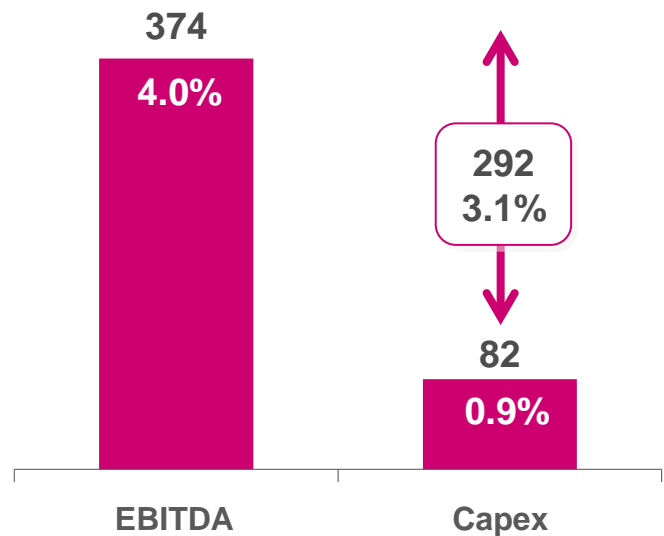
(€m and % of sales)



### Operating income



### H1-2015 EBITDA & Capex



# 2

## FIRST-HALF 2015 RESULTS

GROUP  
SECTORS  
REGIONS



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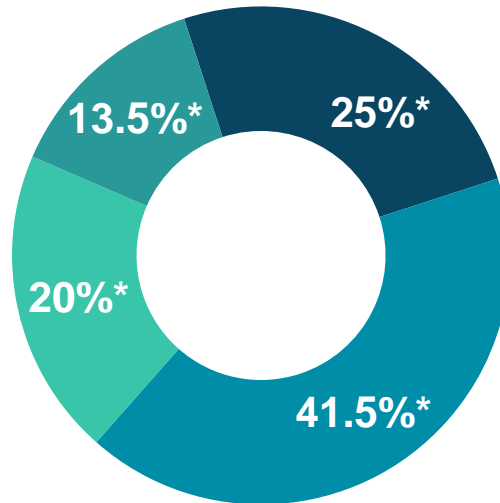
# SALES TRENDS BY REGION

(% change in H1-2015/H1-2014 like-for-like sales)

**Group**  
 **+0.5%**

**North America**  
**-2.2%**

**France**  
**-4.2%**



**Asia & emerging countries**  
**+4.8%**

**Other Western Europe**  
**+1.7%**

**OW:**

**OW:**

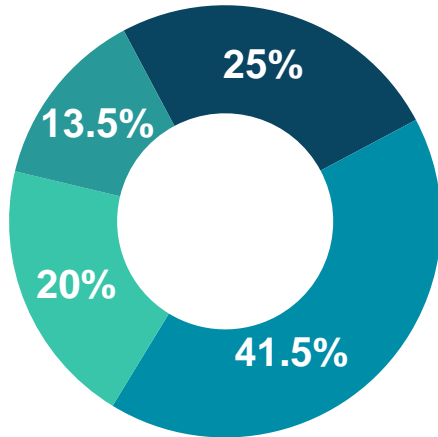
Asia (7%):	<b>+0.8%</b>
Latin America (7%):	<b>+8.2%</b>
Eastern Europe (4%):	<b>+4.3%</b>
Africa & Middle East (2%):	<b>+9.3%</b>

Scandinavia (12%):	<b>+4.4%</b>
UK (12%):	<b>+3.1%</b>
Germany (9%):	<b>-3.7%</b>
Spain/Portugal (3%):	<b>+9.9%</b>

\* breakdown of H1-2015 sales

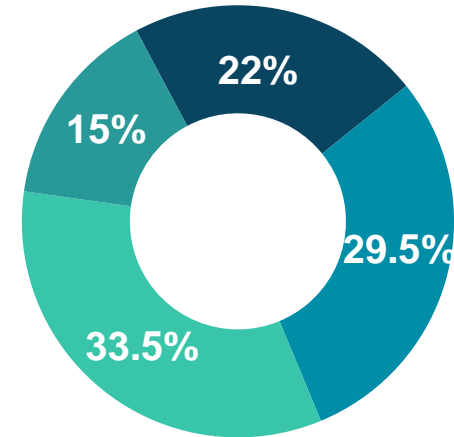
# BREAKDOWN OF SALES AND INDUSTRIAL ASSETS BY REGION

H1-2015 Sales



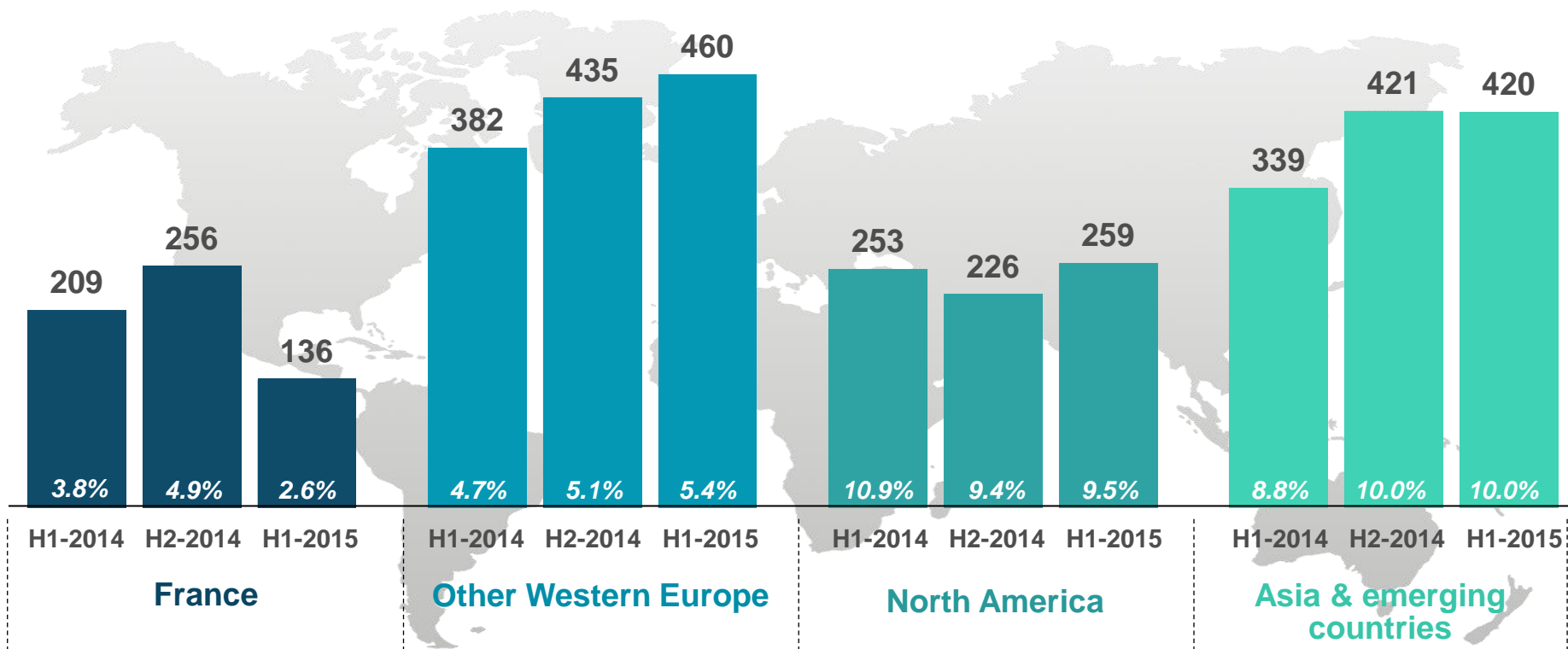
France  
Other Western Europe  
Asia & emerging countries  
North America

Industrial assets  
at June 30, 2015



# OPERATING INCOME BY REGION

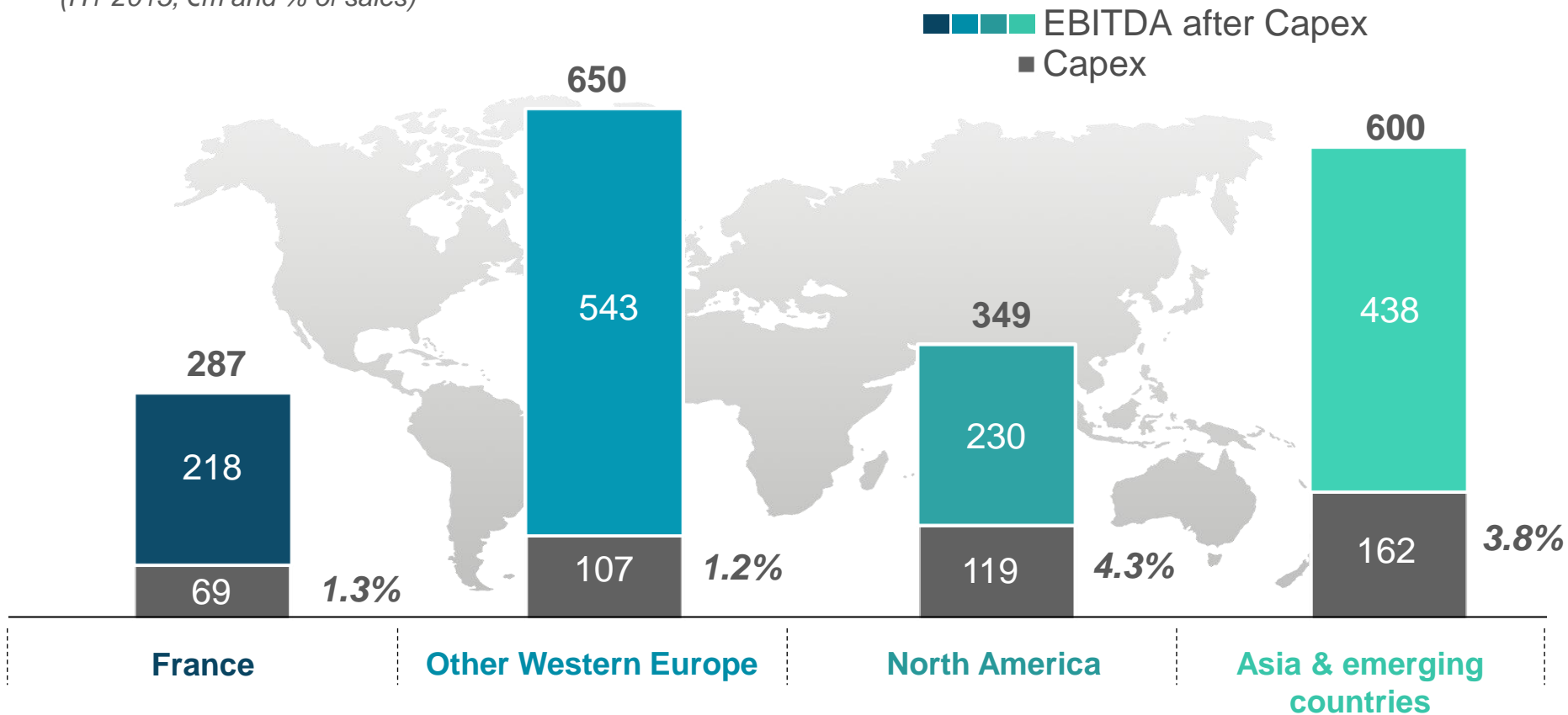
(€m and % of sales)





# EBITDA AND CAPEX BY REGION

(H1-2015, €m and % of sales)



# 3 OUTLOOK AND ACTION PLAN FOR H2



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# OUTLOOK FOR 2015

## ECONOMIC CLIMATE

- » Progressive stabilization in **France** in H2
- » Outlook for **Germany** still uncertain; good H2 growth in the **UK** and **Nordic countries**
- » **North America** should advance in H2
- » Continued good growth levels in **Asia & emerging countries**, despite the slowdown in Brazil

## GROUP BUSINESSES

- » **Innovative Materials**: ongoing gradual profitability gains in Flat Glass and continued good margins in HPM
- » **Construction Products**: ongoing upbeat momentum in Interior Solutions; Roofing should stabilize
- » **Building Distribution**: organic growth hampered by France

# 2015 ACTION PRIORITIES

- » **Keep a priority focus on increasing sales prices** amid low raw material cost inflation and energy cost deflation
- » **Unlock additional cost savings of €360 million over the year excluding Verallia** (calculated on the 2014 cost base), of which **€190 million** in H1
- » **Pursue our capital expenditure program of around €1,500 million** excluding Verallia
- » **Renew our commitment to invest in R&D** to support our differentiated, high value-added strategy
- » **Finalize the divestment of Verallia**, which should be effective before the end of the year
- » **Pursue our plan to acquire a controlling interest in Sika**

# CONCLUSION

- » A **solid Group**, with three complementary Business Sectors positioned on fast-growing habitat and industrial markets
  
- » **In 2015:**
  - » **Further** like-for-like **improvement in operating income** and a continuing **high level of free cash flow**
  
  - » **Acceleration in the roll-out of the Group's strategy**

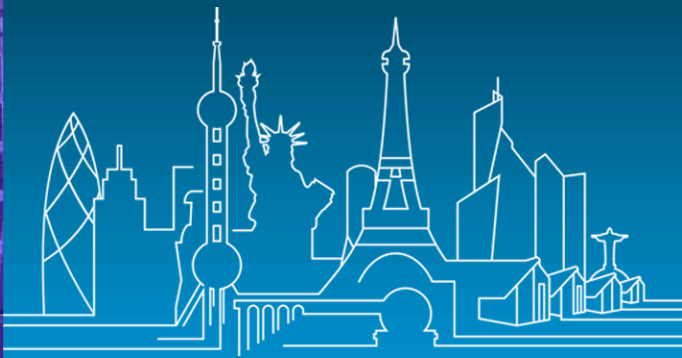
# IMPORTANT DISCLAIMER – FORWARD-LOOKING INFORMATION

*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](http://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 document. 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.*



# First-Half 2015 Results Outlook

*July 30, 2015*



# PURSUIT OF THE PLAN TO ACQUIRE A CONTROLLING INTEREST IN SIKA

- » Antitrust filings are proceeding as planned. **The European Commission has unconditionally authorized Saint-Gobain's acquisition of control over Sika:**

*“Sika and Saint-Gobain do not generally seem to be close competitors as their offerings are rather complementary in terms of quality and brand perception”* (item 42, page 10 of the Commission decision)

- » **Under no circumstances can Saint-Gobain be forced to purchase the shares of SWH** if the acquisition gives rise to the obligation to launch a mandatory offer on all the shares of Sika or if its stake in Sika does not represent the majority of voting rights:
  - » Regarding the validity of the opt-out clause challenged by Sika: 4 decisions were issued by the Swiss Takeover Board (TOB) and FINMA (Swiss Financial Markets Supervisory Authority) in favor of SWH. The final decision by the federal administrative court is expected in second-half 2015.
  - » Regarding the voting rights restriction: the first instance decision by the Zug court is expected in first-half 2016.
- » Saint-Gobain and the Burkard family have extended the **date of validity of their agreement** regarding the sale of Schenker-Winkler Holding (SWH) shares **until June 30, 2016. At this date, Saint-Gobain will have an option to further extend the agreement.**



# PACKAGING

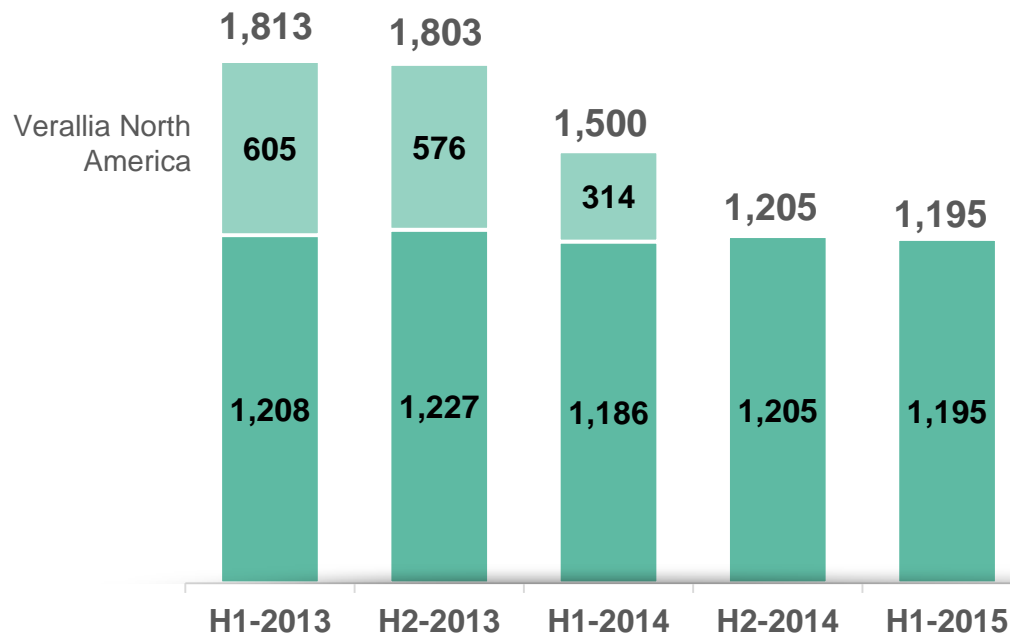
Organic growth  
H1-2015/H1-2014  
(like-for-like)

Verallia

+2.1%



Sales (€m)

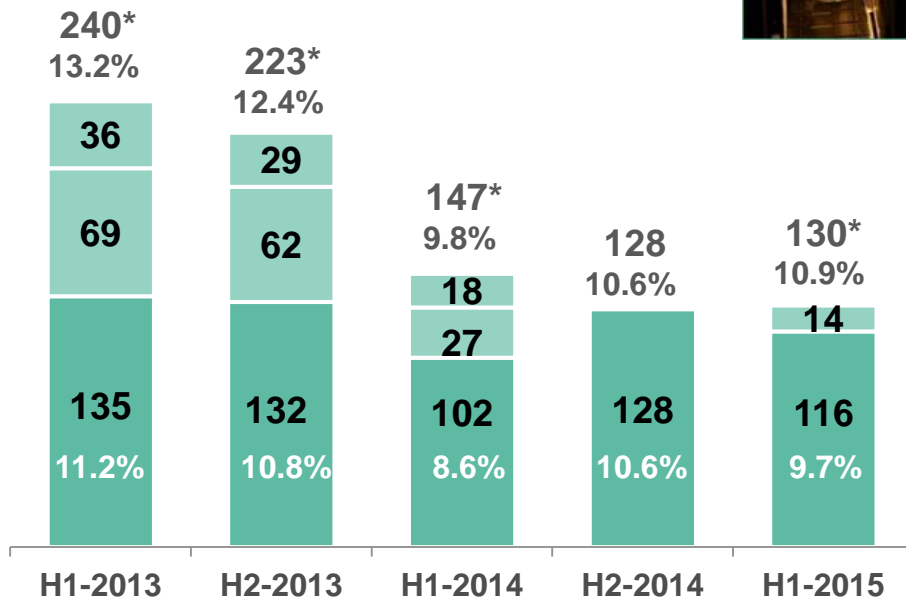


# PACKAGING

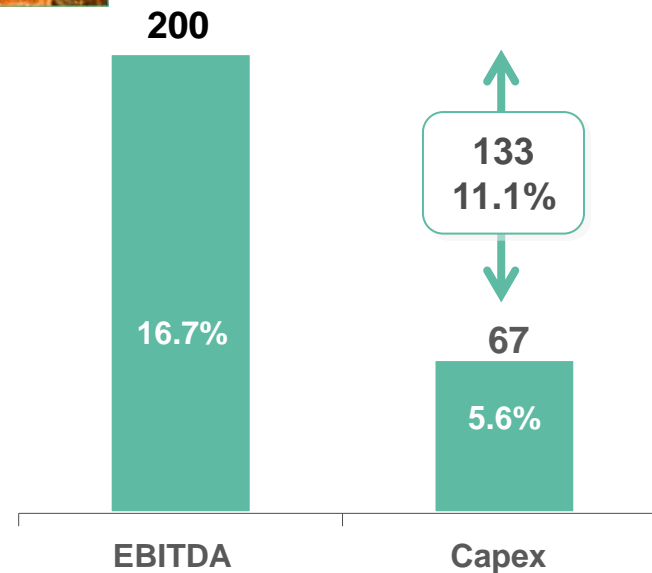
(€m and % of sales)



## Operating income



## H1-2015 EBITDA & Capex



\* after discontinuing depreciation of Verallia fixed assets (IFRS 5):  
 €36m in H1-2013, €29m in H2-2013, €18m in H1-2014 and €14m in H1-2015

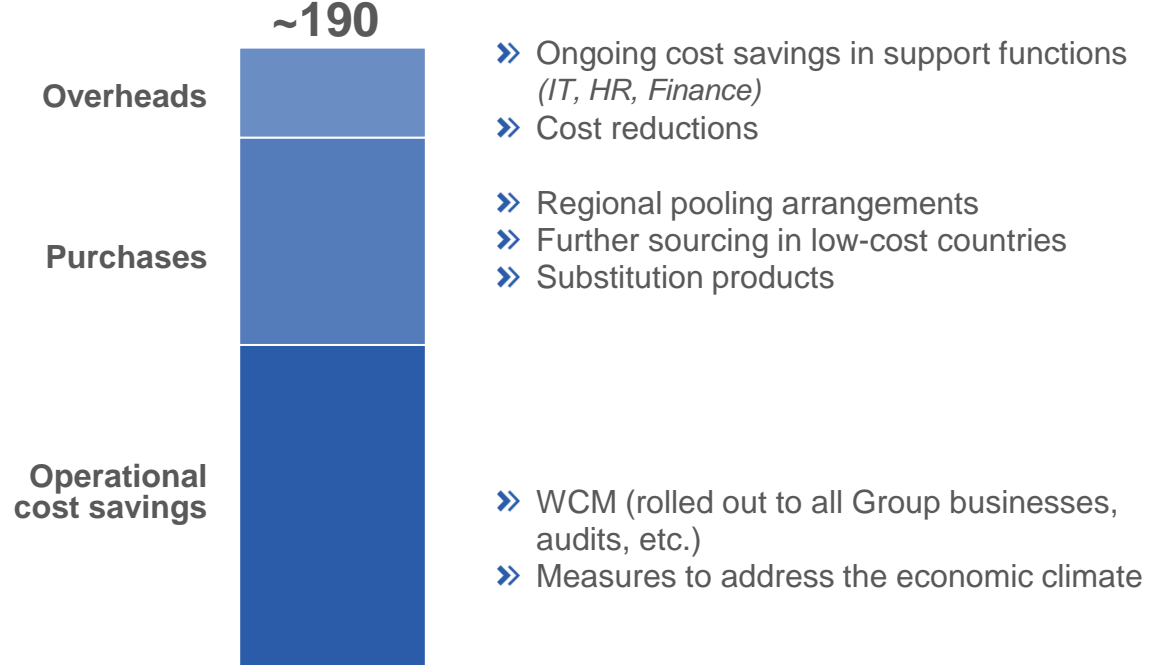
# ADAPTING SWIFTLY TO THE CHANGING ECONOMIC CLIMATE NEW COST CUTTING PROGRAM

**€190m cost savings in H1-2015** (calculated on the 2014 cost base)

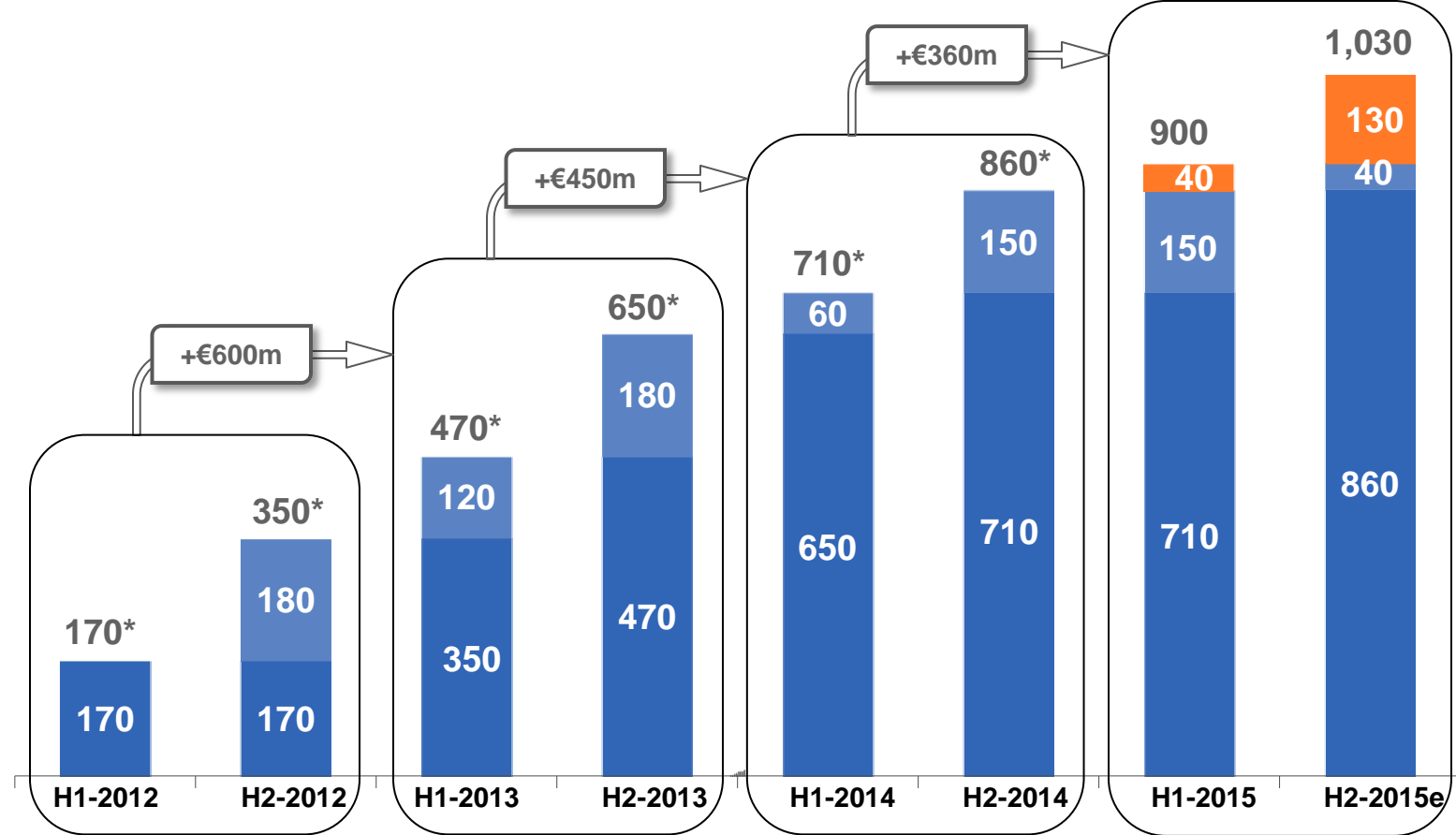
*Breakdown by Business Sector*



*Breakdown by type*



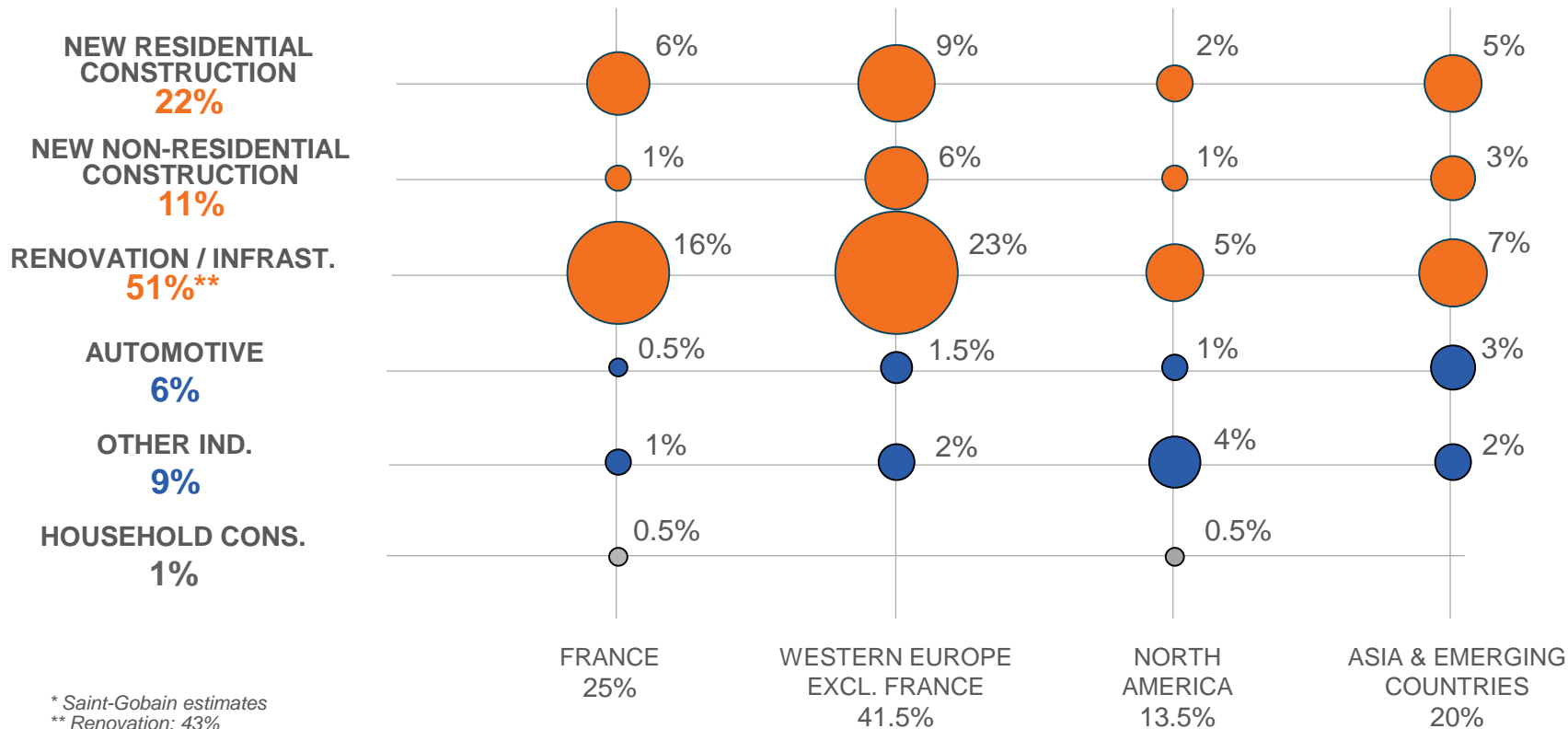
# RESULTS OF THE NEW COST CUTTING PROGRAM: €360M IN ADDITIONAL COST SAVINGS IN 2015



Cost base at  
end-2011

\* including the Packaging business

# ATTRACTIVE POSITIONING FOCUSED ON RESIDENTIAL CONSTRUCTION AND RENOVATION\*



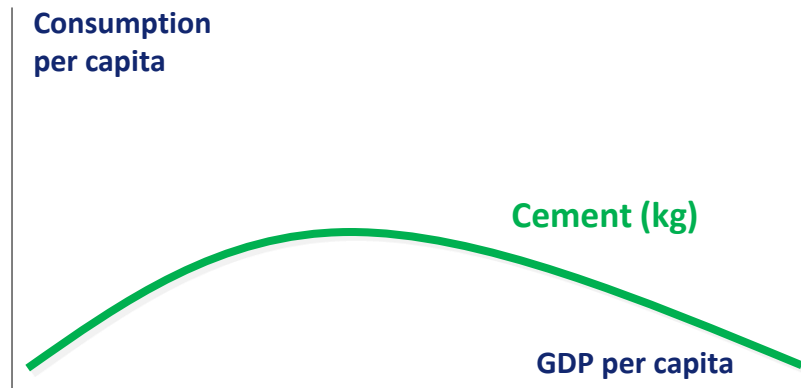
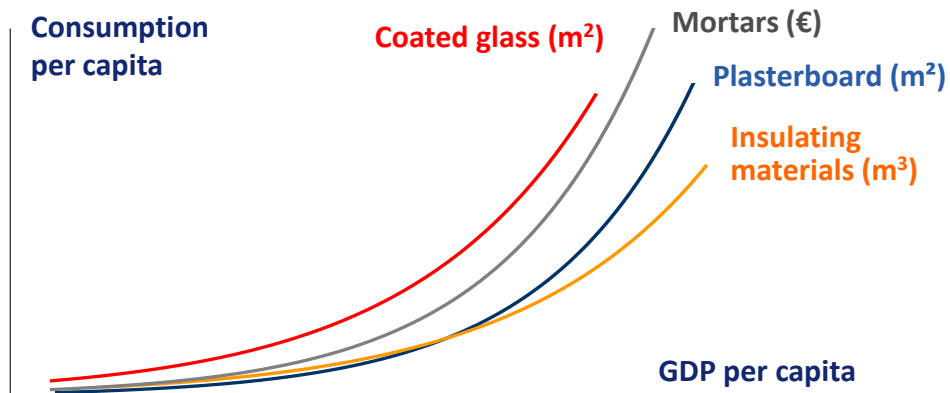
\* Saint-Gobain estimates

\*\* 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 in buildings