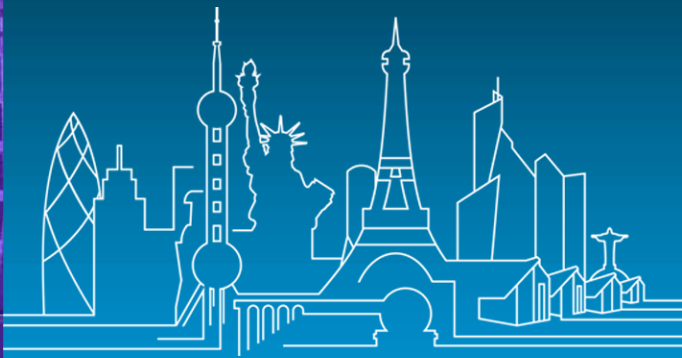




# Recent Results and Outlook

*April 2016*



# CONTENTS

1 FIRST-QUARTER 2016 SALES

2 2015 RESULTS

3 OUTLOOK



# FIRST-QUARTER 2016 SALES



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# FIRST-QUARTER 2016 HIGHLIGHTS



## FRANCE

- » Stabilization thanks to the recovery in the construction market, with pressure on prices in a more deflationary environment; sharp decline in Pipe business



## OTHER WESTERN EUROPEAN COUNTRIES

- » Good growth levels (up 2.0%) in all of the Group's major markets including Germany



## NORTH AMERICA

- » 3.2% growth, mainly powered by construction

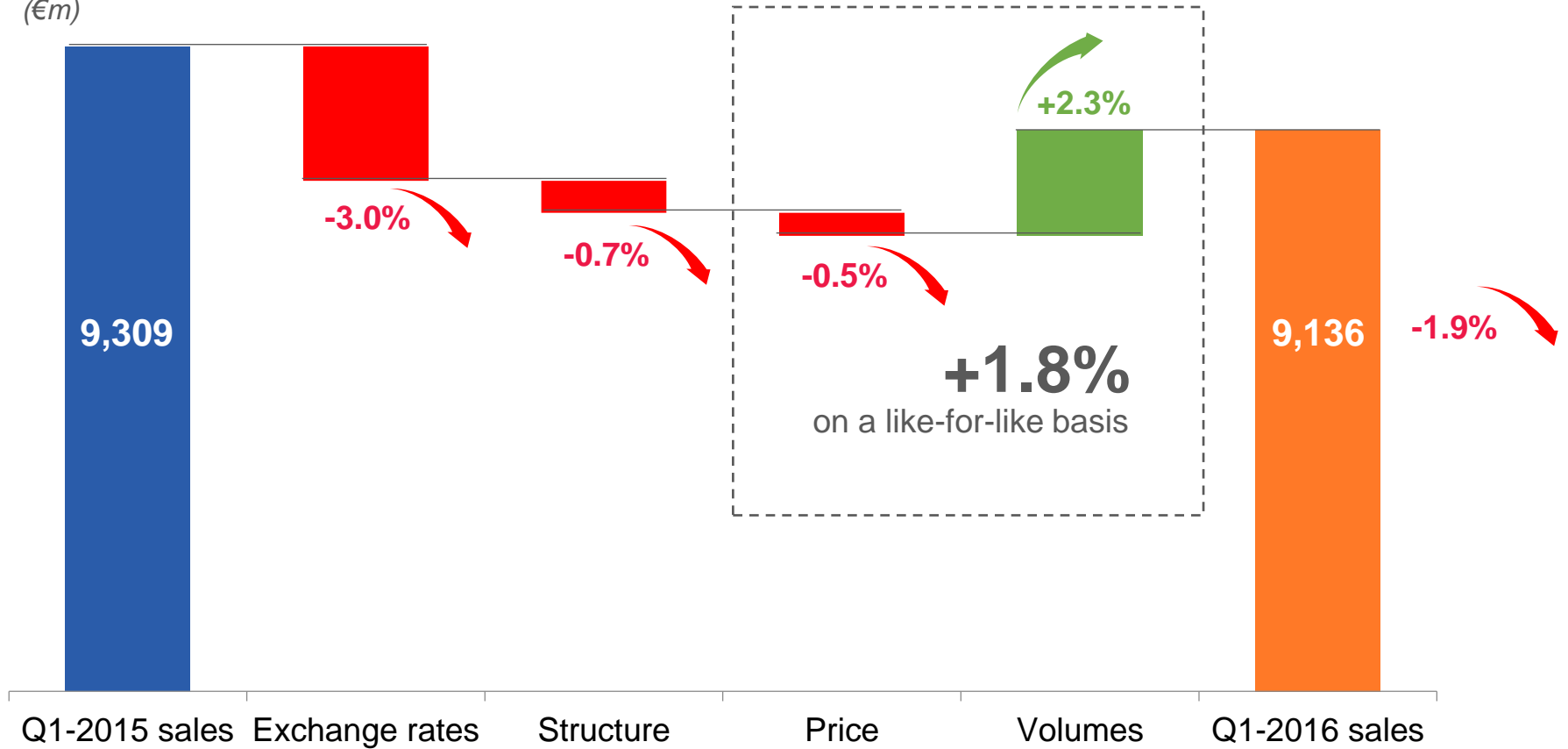


## ASIA AND EMERGING COUNTRIES

- » 4.5% growth, despite the expected deterioration in Brazil and a downturn in business in China

# SALES TRENDS AT END OF MARCH

(€m)

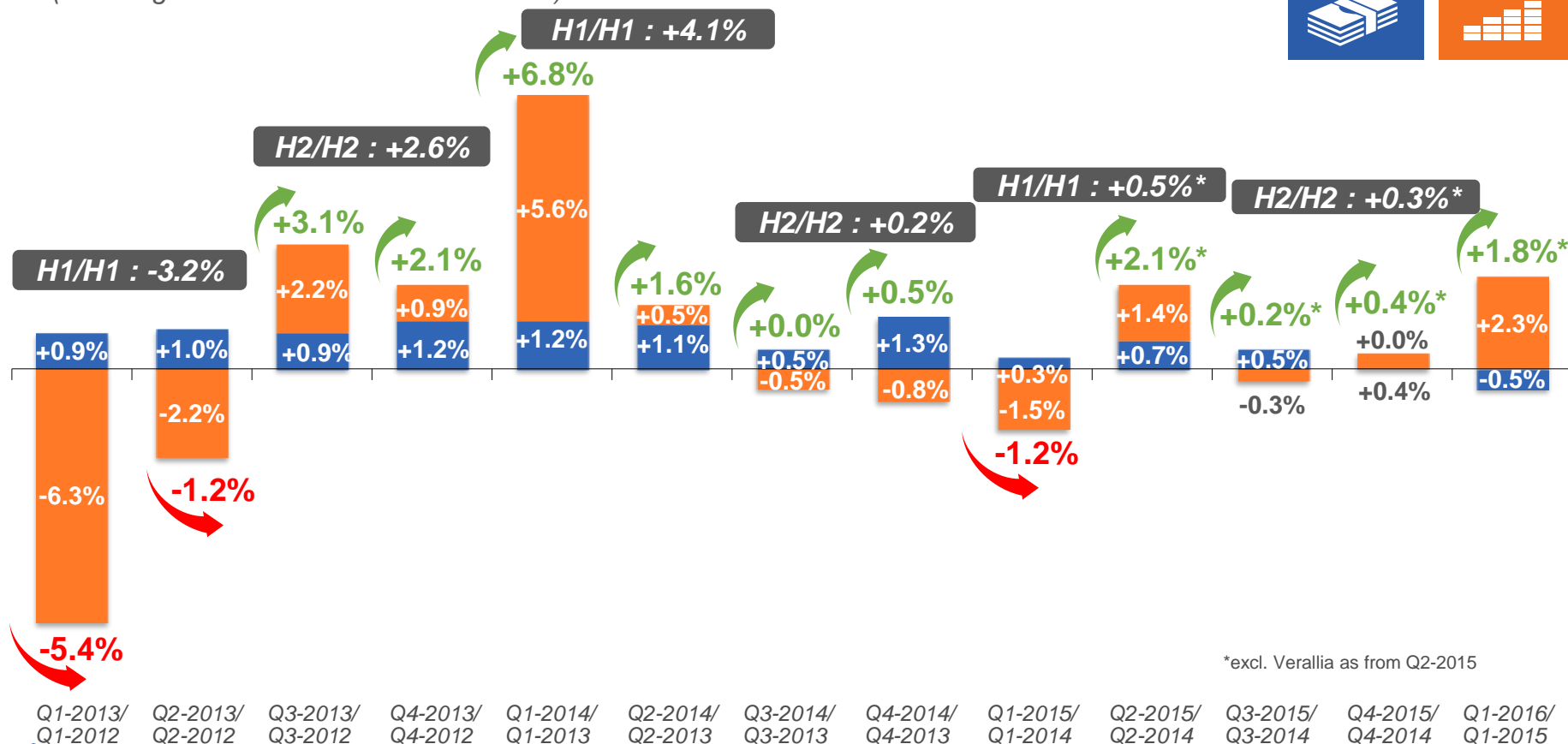


# QUARTERLY ORGANIC GROWTH

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

Price

Volumes



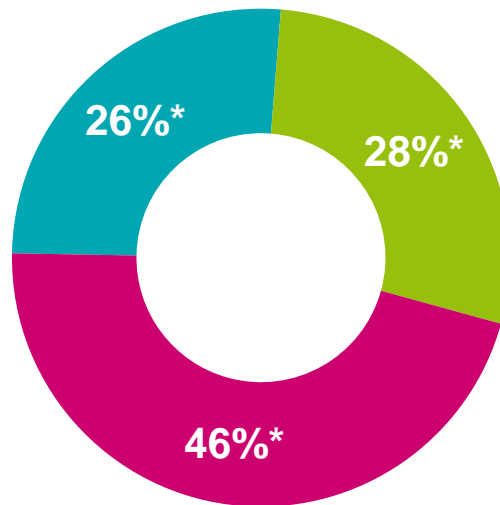
\*excl. Verallia as from Q2-2015

# NET SALES BY BUSINESS SECTOR, AT END OF MARCH

(% change in sales, actual and like-for-like)

**Group**  
➔ **+1.8%**

**Innovative  
Materials**  
**+4.3%**  
Flat Glass: **+4.9%**  
HPM: **+3.6%**



**Construction  
Products**  
**+0.9%**

Interior Solutions: **+5.8%**  
Exterior Solutions: **-4.4%**

**Building Distribution**  
**+1.4%**

\* breakdown of Q1-2016 sales

# NET SALES BY GEOGRAPHIC AREA, AT END OF MARCH

(% change in sales, actual and like-for-like)

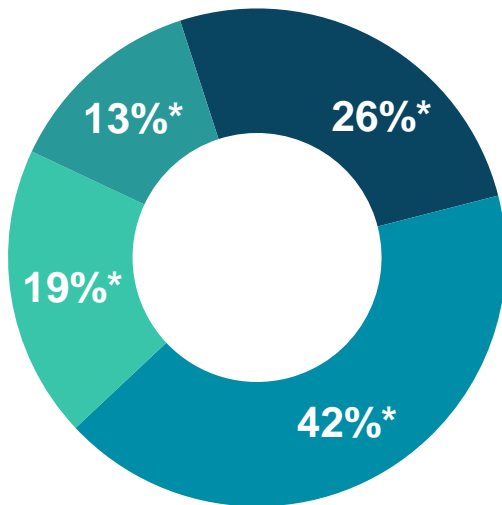
**Group**  
 **+1.8%**

**North America**  
**+3.2%**

**France**  
**-0.2%**

**Asia & emerging countries**  
**+4.5%**

**Other Western Europe**  
**+2.0%**



**OW:**

**OW:**

Asia (7%):	<b>+3.1%</b>
Latin America (6%):	<b>+3.9%</b>
Eastern Europe (4%):	<b>+5.9%</b>
Africa & Middle East (2%):	<b>+13.8%</b>

Scandinavia (12%):	<b>+2.6%</b>
UK (12%):	<b>+1.9%</b>
Germany (9%):	<b>+3.1%</b>
Southern Europe (4%):	<b>+3.2%</b>

\* breakdown of Q1-2016 sales



# 2 2015 RESULTS



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## 2015 KEY FIGURES

(Following the sale of the Packaging business and in accordance with IFRS 5, Verallia – including Verallia North America – has been reclassified within “Net income from discontinued operations” in the 2014 and 2015 income statement)

	2014 <i>restated</i>	2015	2015/ 2014
<i>Amounts in €m</i>			
<b>Sales</b>	<b>38,349</b>	<b>39,623</b>	<b>+3.3%</b>
<b>EBITDA</b>	<b>3,709</b>	<b>3,844</b>	<b>+3.6%</b>
<b>Operating income</b>	<b>2,522</b>	<b>2,636</b>	<b>+4.5%</b>
<b>Recurring* net income</b>	<b>973</b>	<b>1,165</b>	<b>+19.7%</b>
<b>Net income**</b>	<b>953</b>	<b>1,295</b>	<b>+35.9%</b>
<b>Free cash flow***</b>	<b>916</b>	<b>975</b>	<b>+6.4%</b>
<b>Net debt</b>	<b>7,221</b>	<b>4,797</b>	<b>-33.6%</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

# SHARPLY CONTRASTING MACROECONOMIC ENVIRONMENT



## WESTERN EUROPE

- » **Growth** driven by Scandinavia, the UK and Southern Europe
- » Germany **better** in the second half, still affected in 2015 by the renovation market
- » **Sharp decline** in France



## NORTH AMERICA

- » **Slight growth** in construction markets, dented by Roofing prices
- » **Slack** industrial markets, **sharp contraction** in ceramic proppants



## ASIA AND EMERGING COUNTRIES

- » **Robust growth** across the region, excluding the slowdown in Brazil and in China in the second half

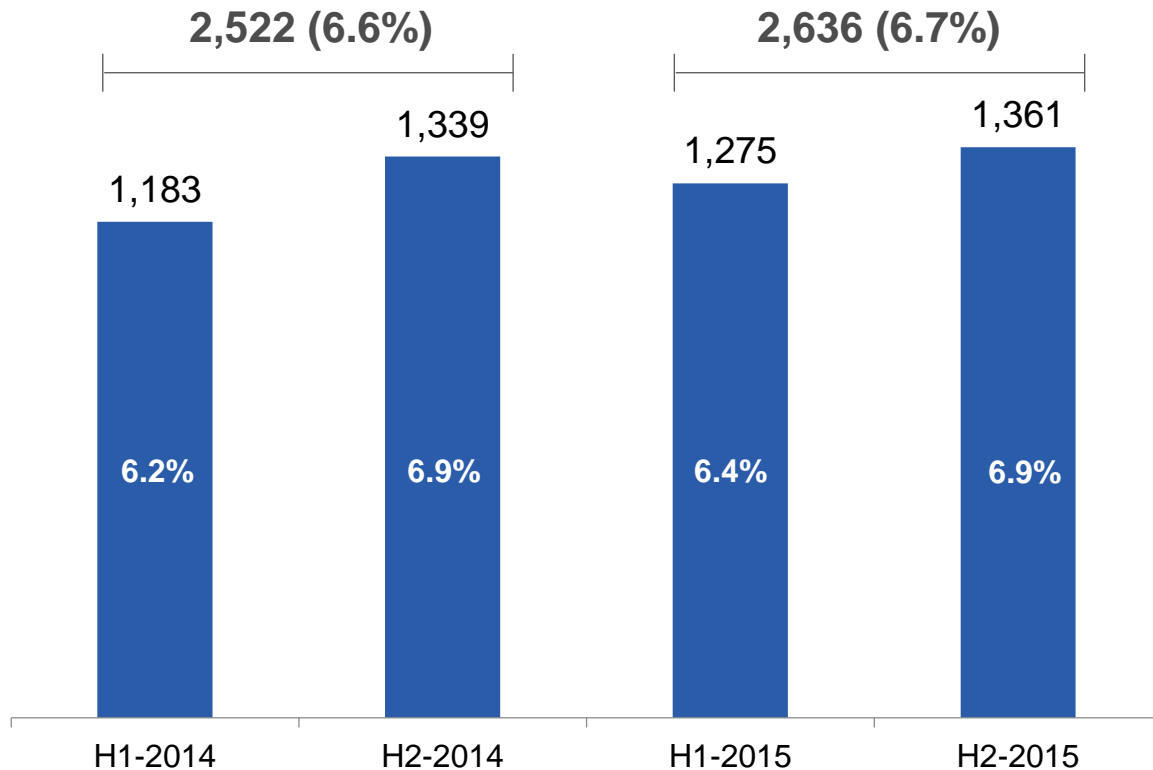
# HIGHLIGHTS

- » **Sluggish organic growth** with a **small increase in volumes**, due mainly to weak trading in France
- » **Positive 0.3% price impact** in a deflationary environment
- » **Operating income up 4.5%** as reported and up **2.2%** like-for-like, buoyed by **€360m in cost savings**
- » **Working capital requirements** down to a new record low of **26 days**, and **net debt** down sharply to **€4.8bn**
- » **Verallia sold** in October on very good financial terms
- » Continued goal of optimizing the business portfolio: **disposals** representing €700m in full-year sales and **acquisitions** representing €300m in full-year sales
- » Further improvement in **net income (up 35.9%)**

# OPERATING INCOME

(€m and % of sales)

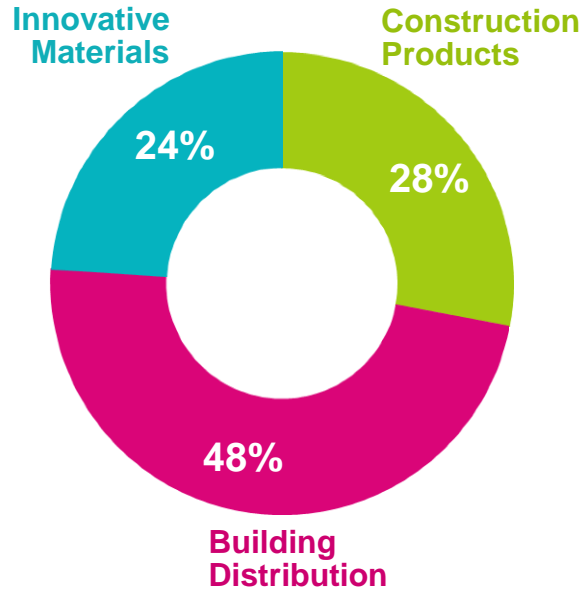
2015/2014: **+4.5%**  
**+2.2%** like-for-like



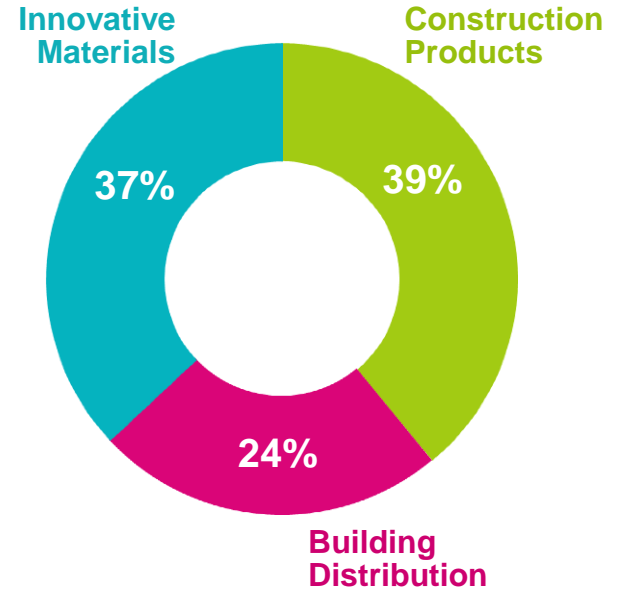
Percent of sales:

# BREAKDOWN OF SALES AND INDUSTRIAL ASSETS BY BUSINESS SECTOR

2015 Sales

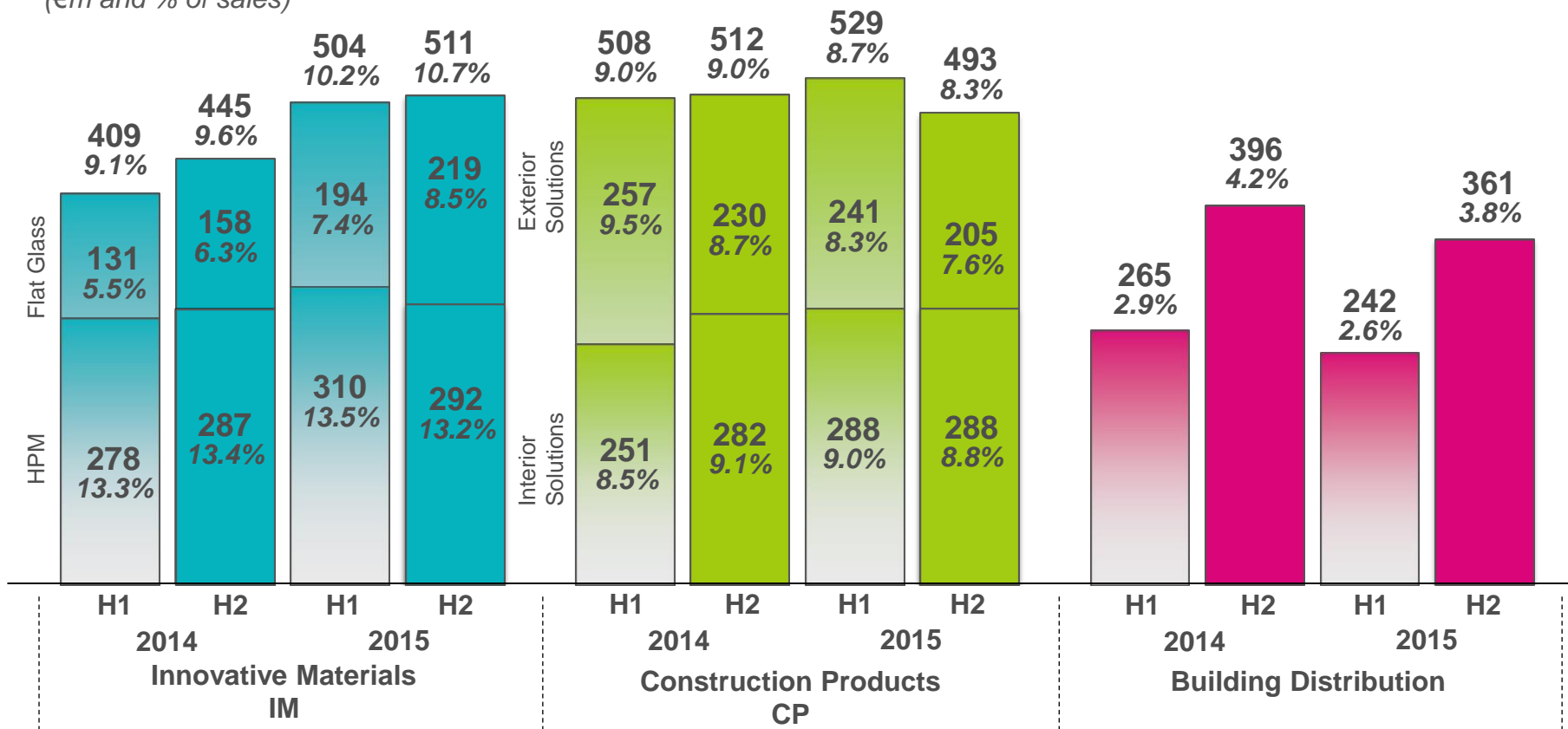


Industrial assets at Dec. 31, 2015



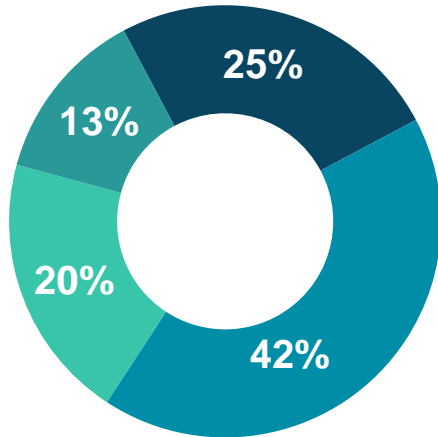
# OPERATING INCOME BY SECTOR

(€m and % of sales)



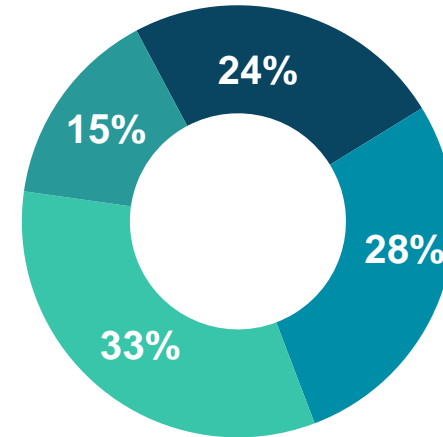
# BREAKDOWN OF SALES AND INDUSTRIAL ASSETS BY REGION

2015 Sales



France  
Other Western Europe  
Asia & emerging countries  
North America

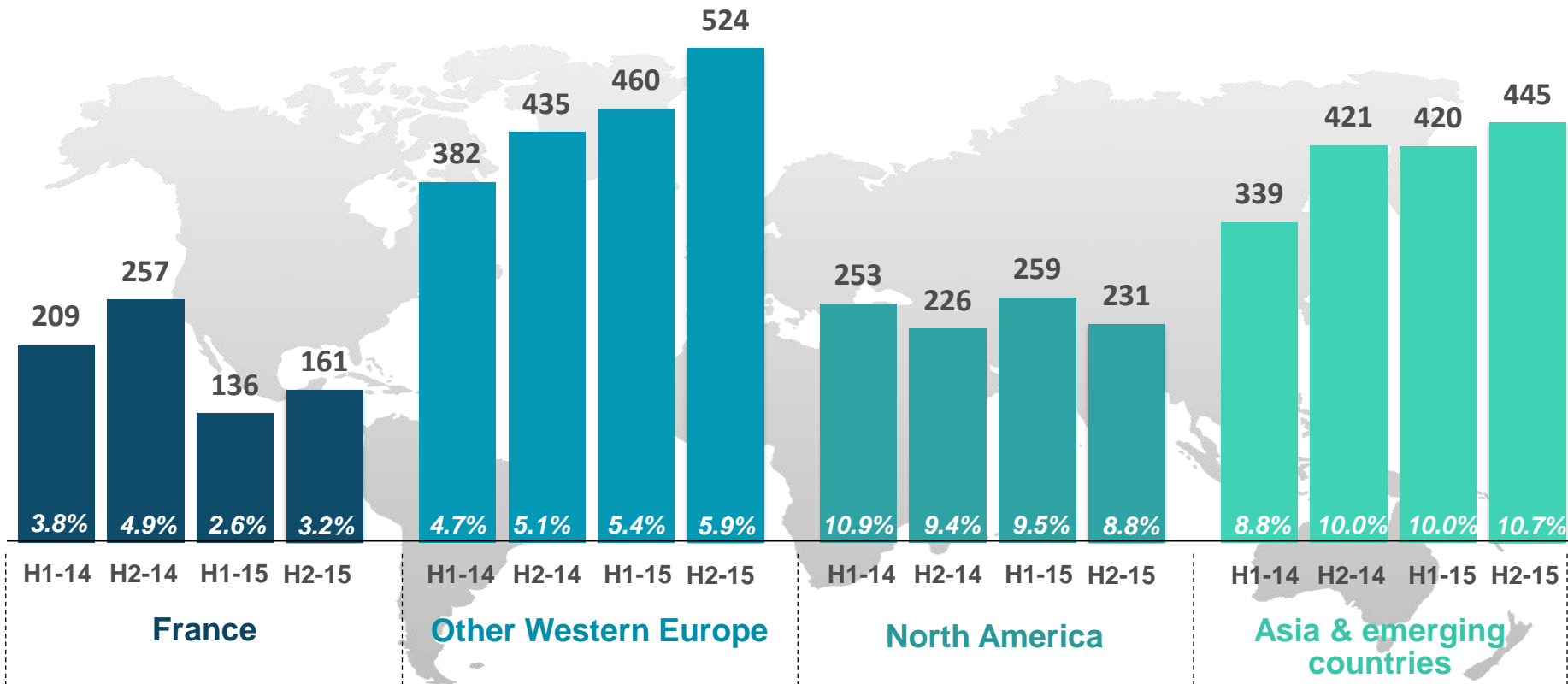
Industrial assets  
at Dec. 31, 2015





# OPERATING INCOME BY REGION

(€m and % of sales)



# INCOME STATEMENT

(€m)

	2014	2015	Change
<b>Operating Income</b>	<b>2,522</b>	<b>2,636</b>	<b>+4.5%</b>
<b>Non-operating costs</b>	<b>(183)</b>	<b>(344)</b>	
<i>o/w: provision for asbestos-related litigation</i>	<i>(90)</i>	<i>(90)</i>	
<b>Other operating expenses</b>	<b>(759)</b>	<b>(998)</b>	
<b>Business Income</b>	<b>1,580</b>	<b>1,294</b>	<b>-18.1%</b>
<b>Net financial expense</b>	<b>(663)</b>	<b>(629)</b>	
<i>Average cost of gross debt (at December 31)</i>	<i>4,2%</i>	<i>3,9%</i>	
<b>Income tax</b>	<b>(398)</b>	<b>(248)</b>	
<i>Tax rate on recurring net income</i>	<i>32%</i>	<i>29%</i>	
<b>Recurring Net Income*</b>	<b>973</b>	<b>1,165</b>	<b>+19.7%</b>
<b>Net Income**</b>	<b>953</b>	<b>1,295</b>	<b>+35.9%</b>

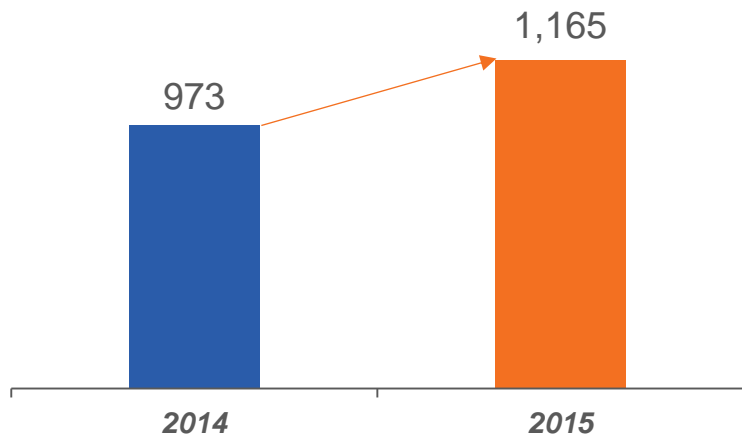
\* recurring net income from continuing operations, excluding capital gains and losses on disposals, asset write-downs and material non-recurring provisions

\*\* consolidated net income attributable to the Group

## RECURRING\* NET INCOME

(€m)

2015/2014: **+19.7%**

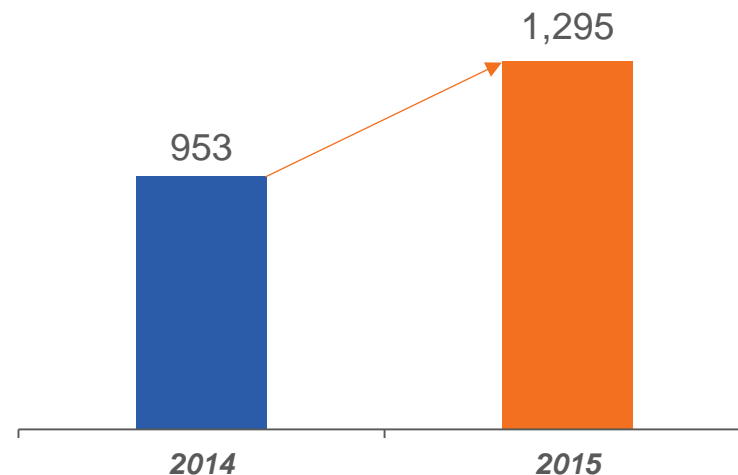


**Recurring\* EPS: €2.09 (+20.1%)**

## NET INCOME

(€m)

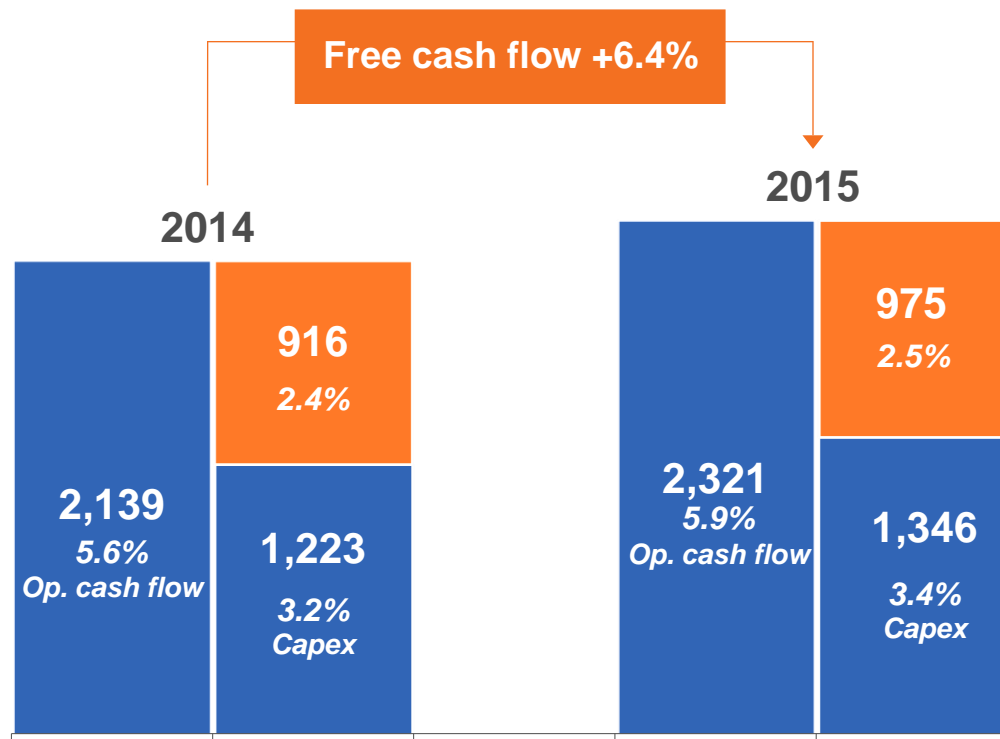
2015/2014: **+35.9%**



**EPS: €2.32 (+36.5%)**

\* 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 (excl. tax impact\*) AND CAPEX (€m and % of sales)

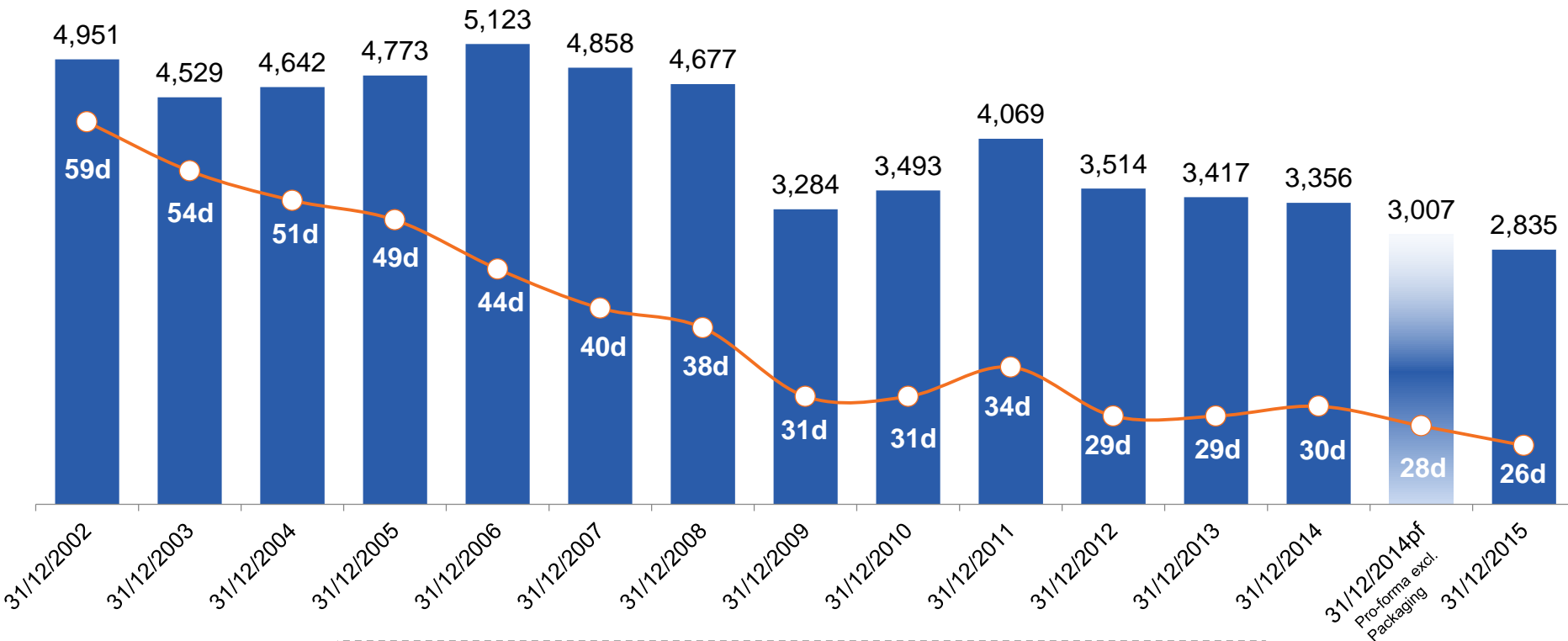


\* excluding the tax impact of capital gains and losses on disposals, asset write-downs and material non-recurring provisions

# TIGHT REIN ON OPERATING WCR

(at December 31, €m and no. of days)

**-2 days  
over 12 months**



**Ongoing tight rein on operating WCR,  
down to a record low**

# MAIN FINANCIAL TRANSACTIONS

## €227m 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), Lodhia Gypsum Industries (Tanzania), joint venture in Ghana, PT Cipta Mortar Utama (Indonesia), Structus Building Technologies (US), Fortcola (Brazil), Isoroc (Russia)
  - » **Building Distribution**: bolt-on acquisitions in Nordic countries

## ... and continued optimization of the business portfolio

- » Disposals representing ~€700m in full-year sales, mainly in Building Distribution

## Sale of Verallia for €2,945m

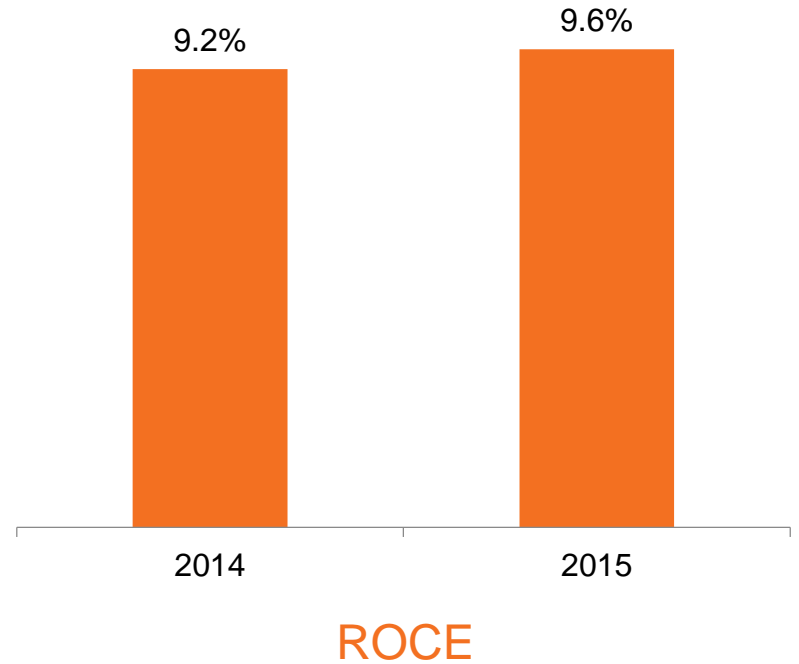
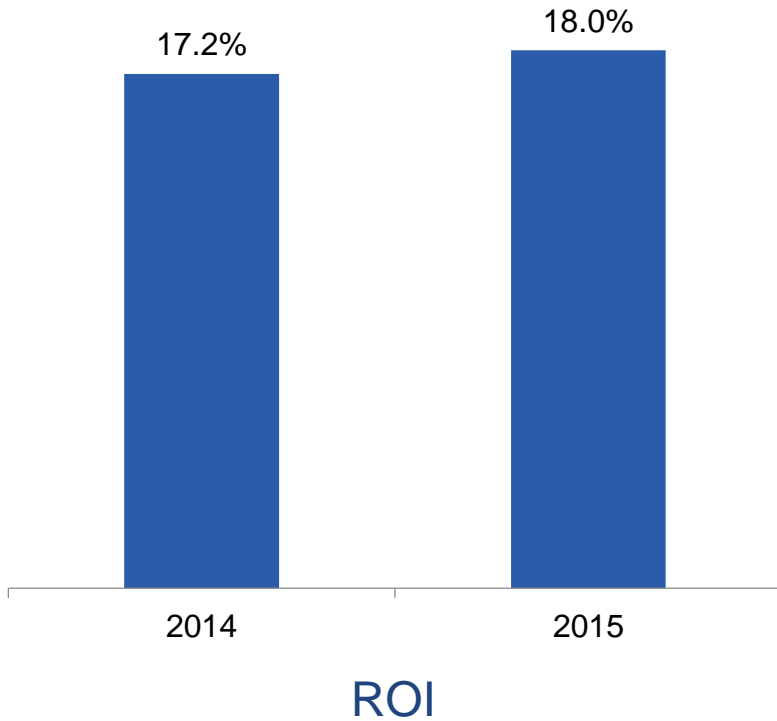
- » Capital gain of €777m net of tax and disposal costs

## €545m in share buybacks

- » In line with the Group's long-term objectives, 13.9m shares repurchased
- » Reduction of 1.8m in the number of shares outstanding

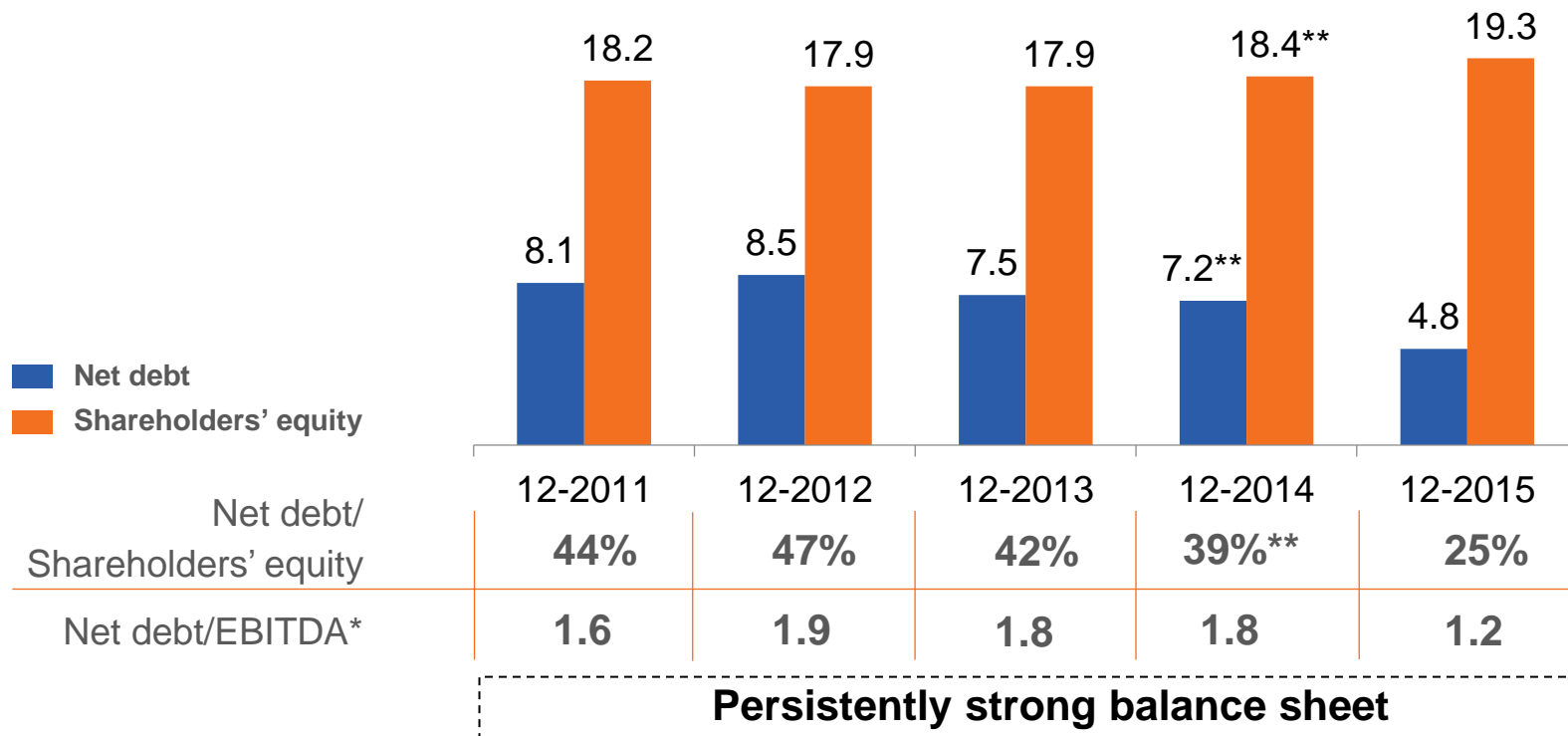
# STEADY IMPROVEMENT IN ROI AND ROCE

(excl. Verallia, before tax)



# NET DEBT AND SHAREHOLDERS' EQUITY

(€bn)



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

\*\* including Verallia



# 3 OUTLOOK



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# 2015 DIVIDEND

(Board's recommendation to the June 2, 2016 AGM)

**€1.24 PER SHARE,**  
stable compared to 2014

- » Dividend yield  
at Dec. 31, 2015: **3.1%**
- » Payout ratio based on  
recurring net income: **59%**

## PAYMENT:

- » **In cash**

## TIMETABLE:

- » **June 2, 2016:** AGM
- » **June 6, 2016:** Ex-date
- » **June 8, 2016:** Payment date

# OUTLOOK FOR 2016

## ECONOMIC CLIMATE

- » Good momentum in **Western Europe**, with **France** stabilizing
- » Slight growth in construction markets in **North America**, uncertainty in industry
- » Continued growth in **Asia & emerging countries**, despite the slowdown in Brazil

## GROUP BUSINESSES

- » **Innovative Materials**: further annual profitability gains for Flat Glass and continued good margins for HPM
- » **Construction Products**: improved profitability despite a first half affected by the downturn in Pipe
- » **Building Distribution**: organic growth benefiting from a change in the trend in France

## 2016 ACTION PRIORITIES

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

**The Group is targeting a further like-for-like improvement  
in operating income**

# 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, nor any solicitation of an offer to sell or exchange securities of Saint-Gobain.*



## Recent Results and Outlook

*April 2016*

