



# 2016 Results and Outlook

February 24, 2017



- 
- A photograph of a modern, multi-level atrium. The space is characterized by curved balconies with glass railings and large, slanted windows on the left side. The architecture is clean and minimalist, with white walls and a polished floor. The lighting is bright and even, highlighting the architectural details.
- 1. 2016 HIGHLIGHTS**
  - 2. 2016 RESULTS**
  - 3. OUTLOOK**

# 2016 KEY FIGURES

Sales  
**€39.1bn**



Operating income  
**€2,818m**

Operating margin: 7.2%, +50bp



Recurring net income  
**€1,398m**  
EPS: €2.53, +21.1%



Free cash flow  
**€1,258m**



Net debt  
**€5,644m**

1.4x  
EBITDA



Changes based on 2016 vs 2015



## WESTERN EUROPE

- » France stabilizing, led by new-builds
- » Growth in all other main countries, including the UK



## NORTH AMERICA

- » Good momentum in construction markets
- » Favorable weather impact in Q2
- » Industrial markets down slightly



## ASIA & EMERGING COUNTRIES

- » Robust growth in all regions, despite the contraction in Brazil

- » **Organic growth of 2.6%** driven by **volumes; prices stable over the year** and **up 0.6%** in **H2**
- » **Significant 2.9% negative currency impact** and **1.0% negative Group structure impact**
- » Further rise in **operating income**, up **10.8%** like-for-like, and in the **operating margin**, up to **7.2%** from **6.7%**, with **€270m in cost savings** versus 2015
- » Further sharp rise in **recurring net income (up 20%)** and **free cash flow (up 29%)**
- » **Acquisitions** accelerated in **H2**, totaling **€362m** over the year

A modern office interior featuring a curved balcony with glass railings and large windows on the left side. The space is bright and airy, with a white ceiling and walls. The balcony has a glass railing and is illuminated by recessed lights. The large windows on the left provide a view of the outdoors.

1. 2016 HIGHLIGHTS

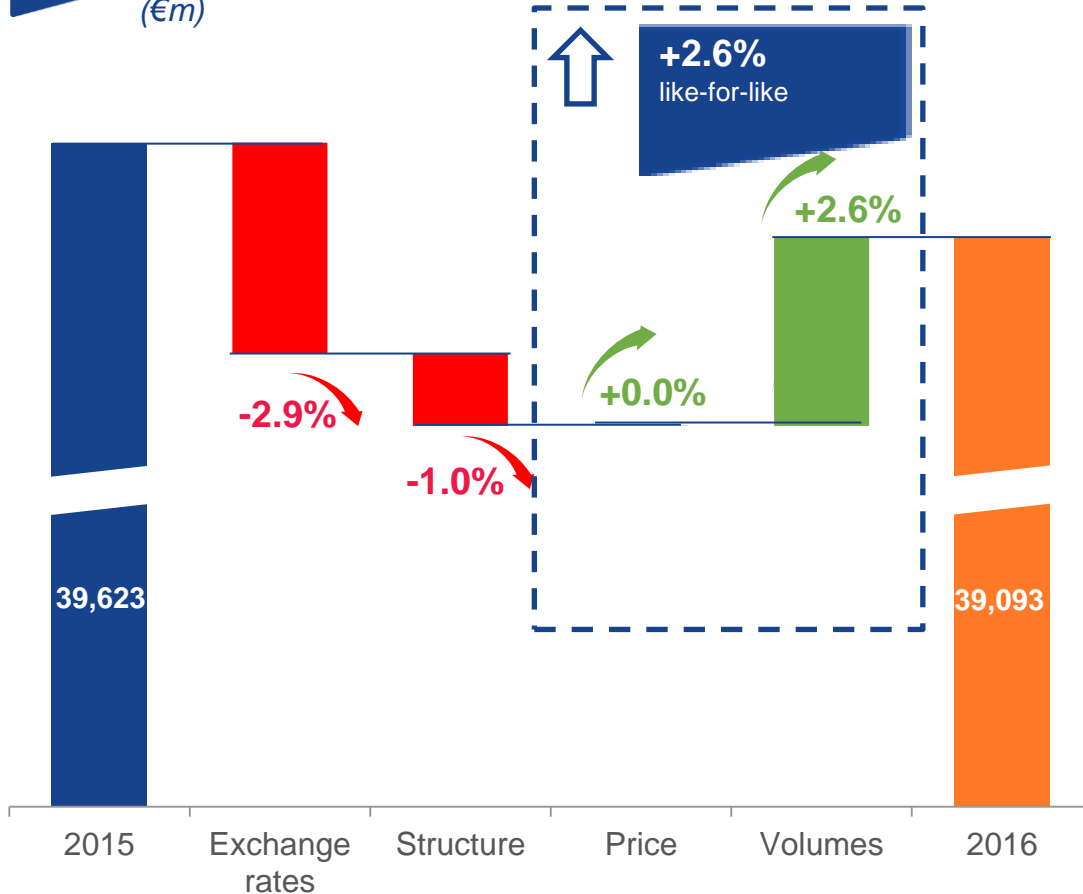
2. **2016 RESULTS**

1. **GROUP**
2. **BUSINESSES**
3. **REGIONS**

3. **OUTLOOK**

# SALES

(€m)



**Group -1.3%**  
on an actual basis

- Depreciation of **pound sterling** and **Latin American currencies** against the euro
- Impact of disposals in **Building Distribution**
- **Prices stable** over the year, gaining 0.6% in H2, amid an upturn in inflation
- Further **volume** growth in all Business Sectors and regions

# QUARTERLY ORGANIC GROWTH

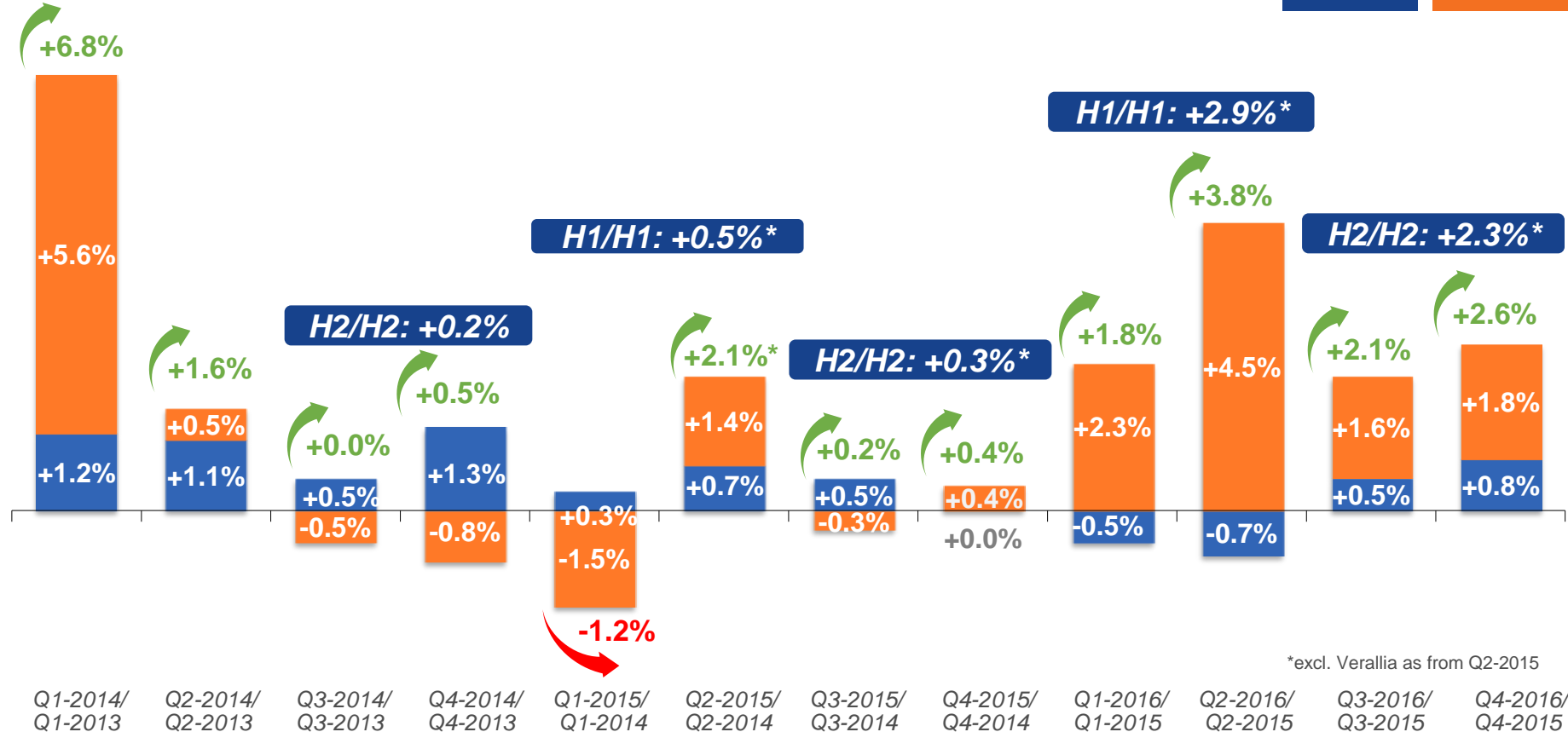
(% change in like-for-like sales)

Price

Volumes



**H1/H1: +4.1%**



\*excl. Verallia as from Q2-2015



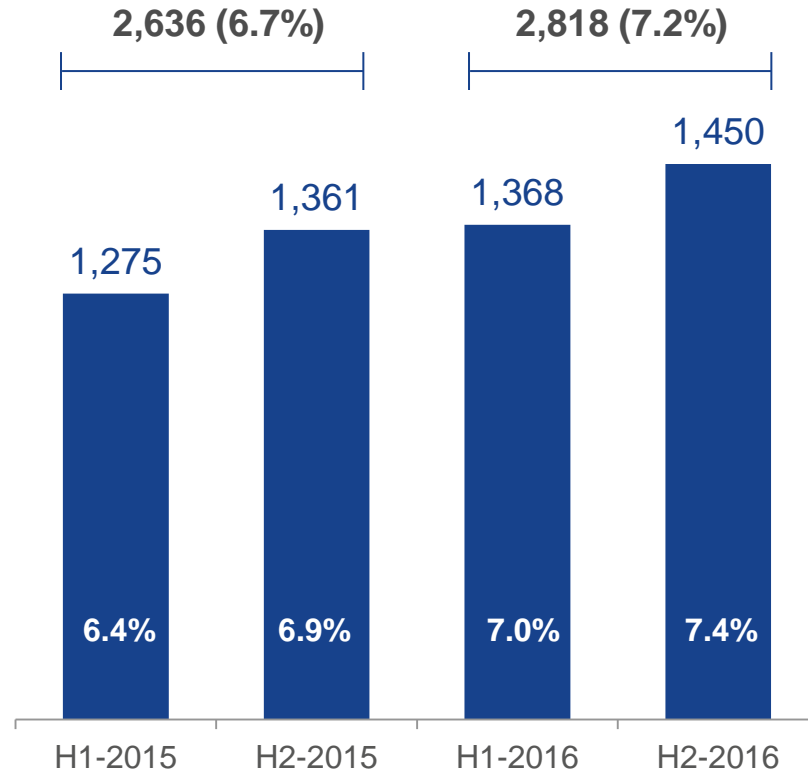
# OPERATING INCOME

(€m and % of sales)

2016/2015

+10.8 %

like-for-like



- **Operating income up 6.9%** on an actual basis
- **Improved Group margin** at 7.2%, up in all Business Sectors



# BUSINESS INCOME

(€m)

	2015	2016	2016/ 2015	Like-for-like change
<b>Operating income</b>	<b>2,636</b>	<b>2,818</b>	<b>+6.9%</b>	<b>+10.8%</b>
Non-operating costs	(344)	(312)		
<i>o/w provision for asbestos-related litigation</i>	(90)	(90)		
<i>o/w other expenses</i>	(254)	(222)		
Other operating expenses	(998)	(202)		
<i>o/w disposal gains (losses)</i>	(65)	(12)		
<i>o/w asset write-downs</i>	(933)	(190)		
<b>Business income</b>	<b>1,294</b>	<b>2,304</b>	<b>+78.1%</b>	



## Asbestos-related claims in the US

- ~**US\$ 97m** paid out in 2016 (*versus US\$ 65m in 2015*)
- US\$ 100m (€90m) accrual to the provision in 2016;  
total balance sheet provision: US\$ 562m at end-2016 (*versus US\$ 581m at end-2015*)

	2014	2015	2016
New claims	4,000	3,200	3,200
Settled claims	6,500	4,600	3,700
Outstanding claims	37,000*	35,600	35,100

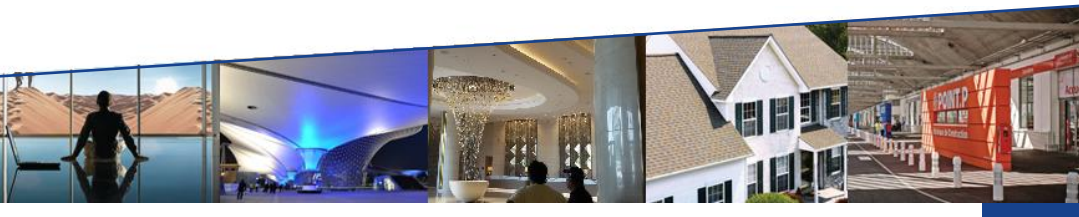
\* after the transfer of 3,500 claims to inactive dockets in 2014

# NET INCOME

(€m)

	2015	2016	2016/ 2015
<b>Net financial expense</b>	<b>629</b>	<b>541</b>	
<i>Average cost of gross debt</i>	3.9%	3.4%	
<b>Income tax</b>	<b>248</b>	<b>416</b>	
<i>Tax rate on recurring net income</i>	29%	27%	
<b>Net attributable income</b>	<b>1,295</b>	<b>1,311</b>	<b>+1.2%</b>
<i>EPS (€)</i>	2.32	2.36	+1.7%
<b>Recurring net income*</b>	<b>1,165</b>	<b>1,398</b>	<b>+20.0%</b>
<i>Recurring EPS (€)</i>	2.09	2.53	+21.1%

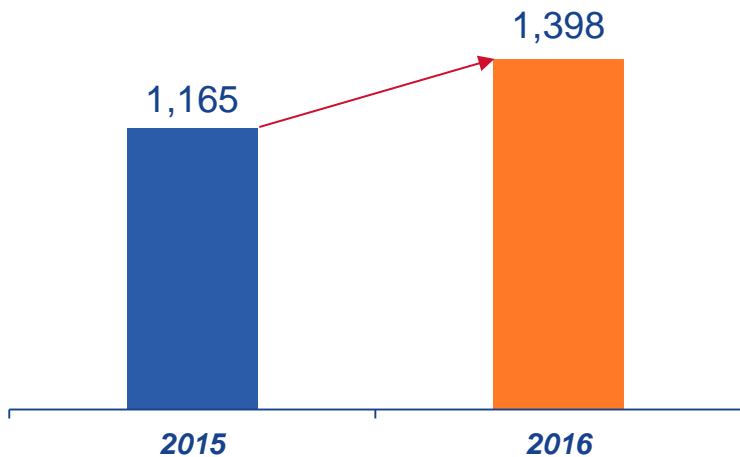
\* from continuing operations



# RECURRING NET INCOME\*

(€m)

2016/2015: +20.0%

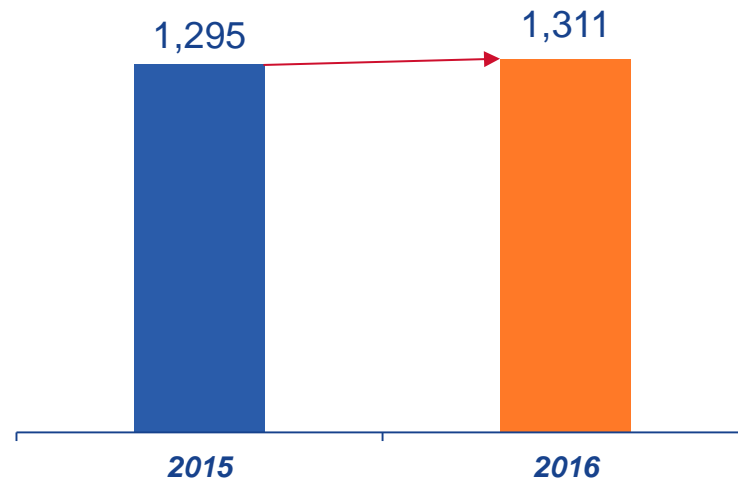


Recurring EPS\*: €2.53 (+21.1%)

# NET INCOME\*\*

(€m)

2016/2015: +1.2%



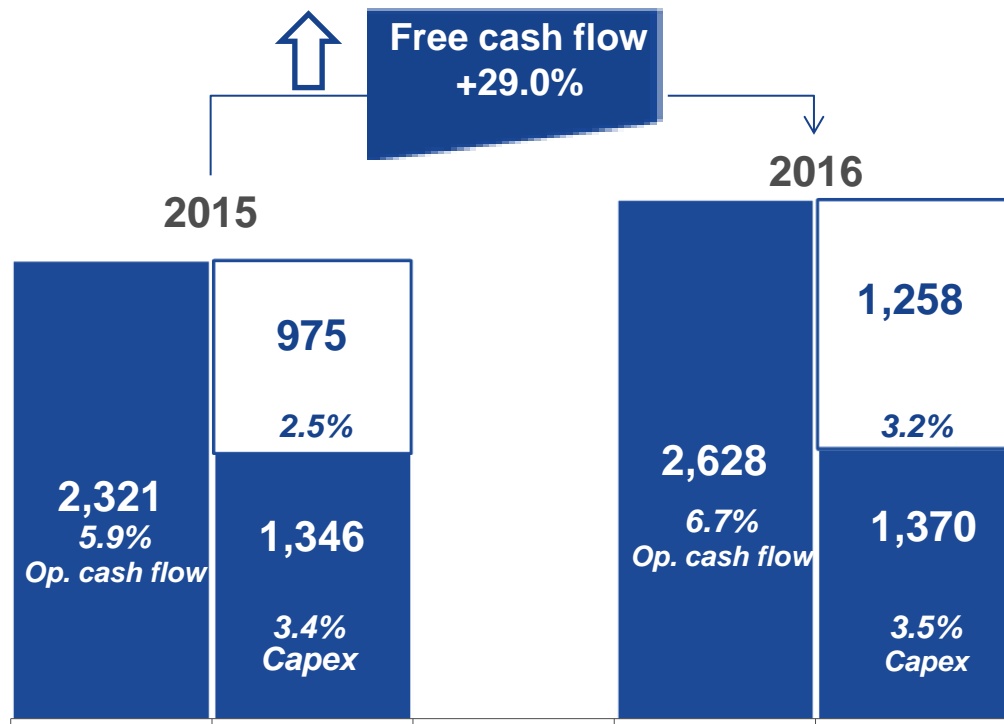
EPS: €2.36 (+1.7%)

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

\*\* net attributable income

# CASH FLOW FROM OPERATIONS\* AND CAPEX

(€m and % of sales)

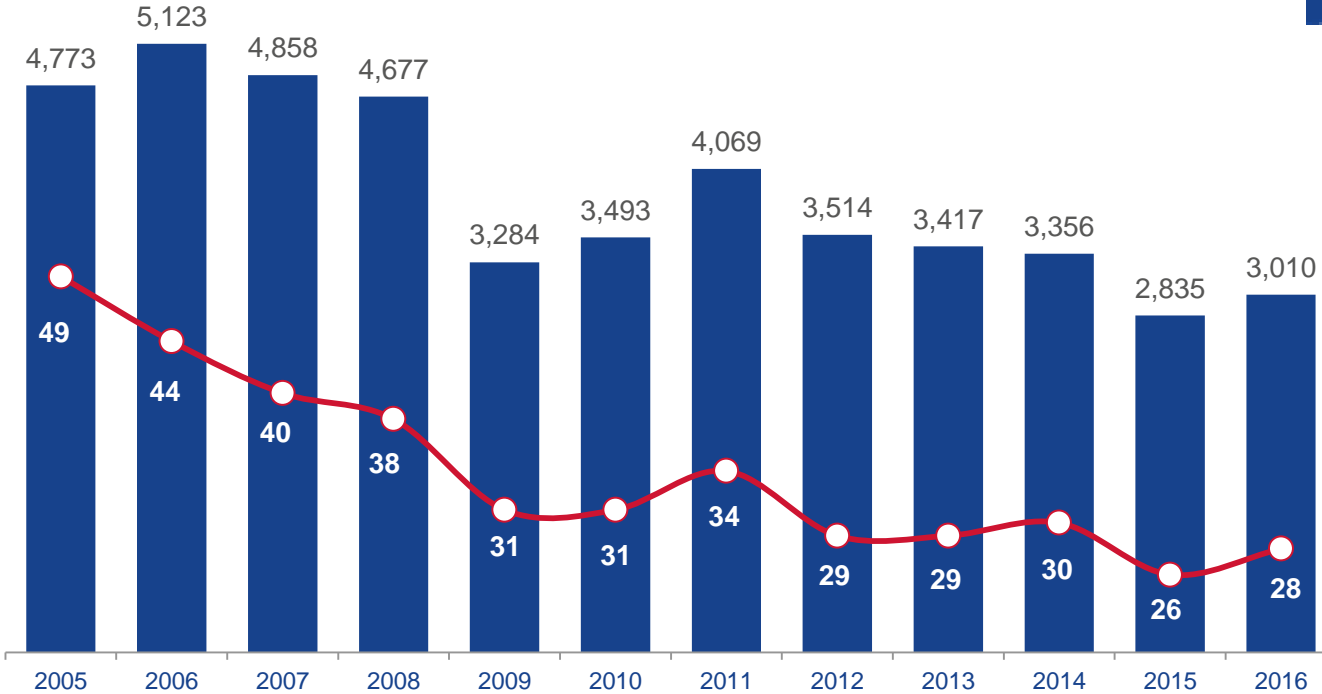


\* excluding the tax impact of capital gains and losses on disposals, asset write-downs and material non-recurring provisions

# OPERATING WCR

(at December 31, €m and no. of days)

+1.7 days over  
12 months



Ongoing tight rein on operating WCR

# MAJOR FINANCIAL TRANSACTIONS

## €362m in acquisitions, *over 30* (*up 59% on 2015*)

- » Acceleration of bolt-on acquisitions in line with the Group's strategic objectives:
  - » **Niche technologies and services**  
Plastics: H-Old in Italy  
Flat Glass: France Pare-Brise  
Insulation: Isonat in France
  - » **New growth regions**  
South-East Asia: Emix (Mortars)  
Latin America: Solcrom (Mortars - Chile), Archer (Ceramics - Paraguay)  
Africa: LPM (Gypsum - Morocco)
  - » **Reinforcement of strong positions**  
Building Distribution: 19 bolt-on acquisitions, especially in Nordic countries  
Flat Glass: Pietta in Romania

## Ongoing plan to acquire a controlling interest in Sika

- » The Group is confident that SWH's rights will be restored

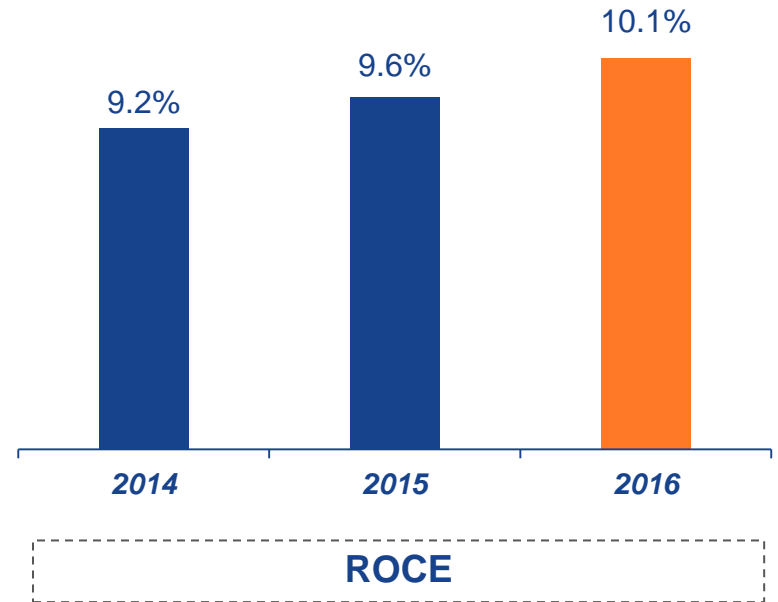
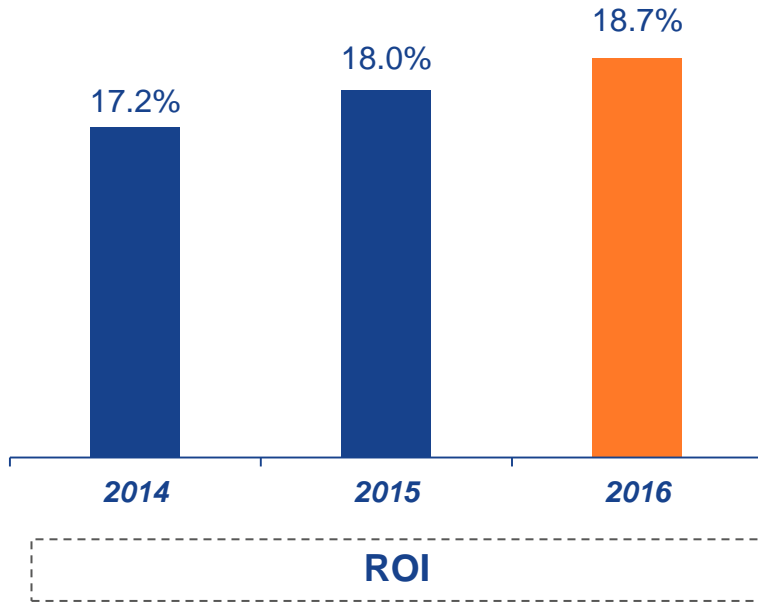
## €418m in share buybacks

- » 10.9 million shares bought back in line with the Group's long-term objectives
- » Cancellation of 11 million shares



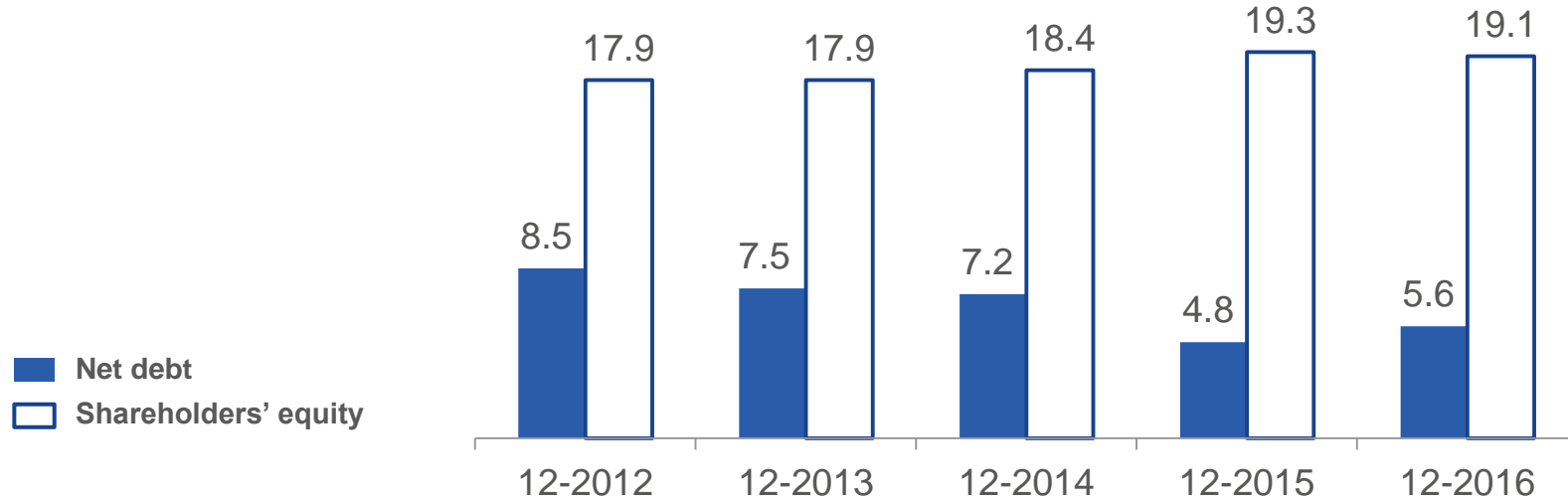
# CONTINUED IMPROVEMENT IN ROI AND ROCE

*(excluding Verallia, before tax)*



# NET DEBT AND SHAREHOLDERS' EQUITY

(€bn)



Net debt/shareholders' equity	<b>47%</b>	<b>42%</b>	<b>39%</b>	<b>25%</b>	<b>29%</b>
Net debt/EBITDA*	<b>1.9</b>	<b>1.8</b>	<b>1.8</b>	<b>1.2</b>	<b>1.4</b>

**Persistently strong balance sheet**

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

A modern office interior featuring curved balconies with glass railings and large windows on the left side. The space is bright and airy, with a white ceiling and walls. The balconies are illuminated with warm lights. The overall design is clean and professional.

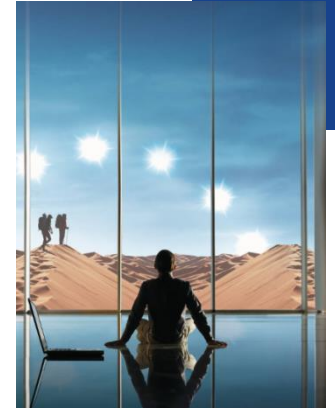
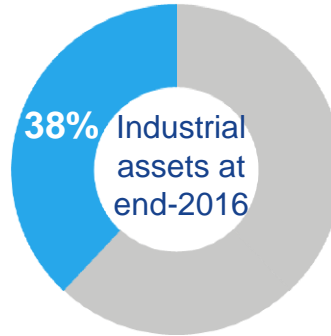
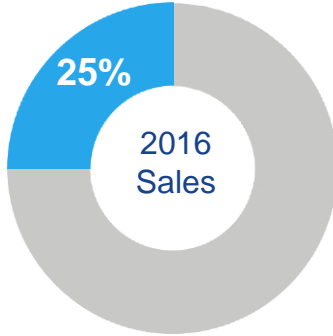
1. 2016 HIGHLIGHTS

2. **2016 RESULTS**

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# INNOVATIVE MATERIALS



Organic growth

+4.5%

vol. prices

+2.2%

+2.3%



Operating income

€1,106m

margin

11.2%



Capex

€573m

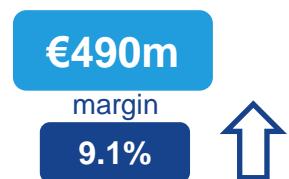
2016 vs 2015

# FLAT GLASS

Organic growth



Operating income

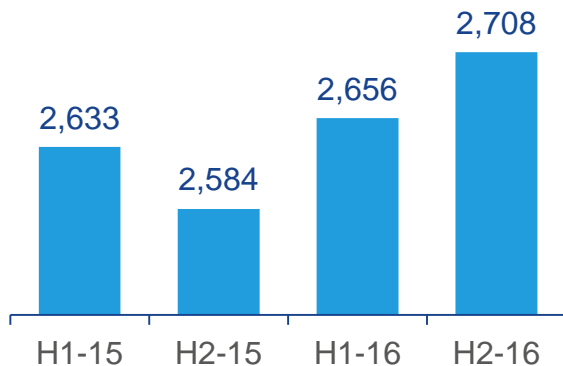


Capex

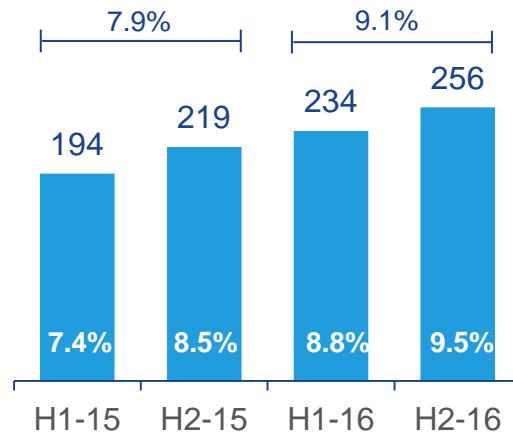


2016 vs 2015

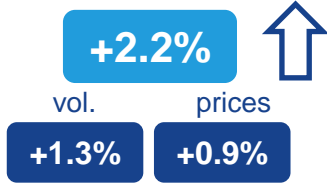
Sales (€m)



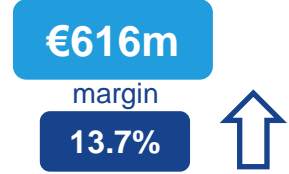
Operating income and margin (€m - %)



Organic growth



Operating income

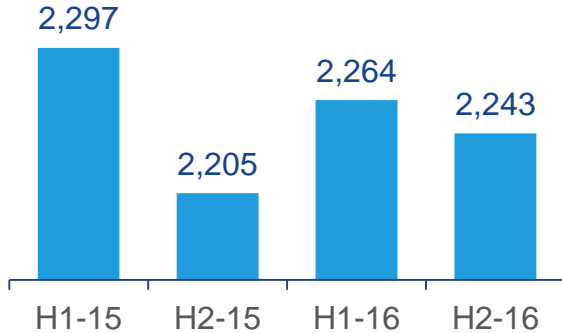


Capex

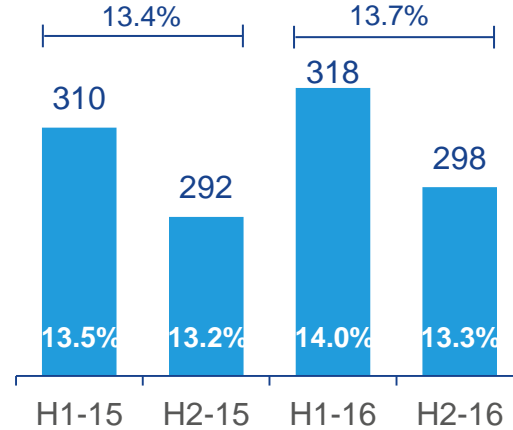


2016 vs 2015

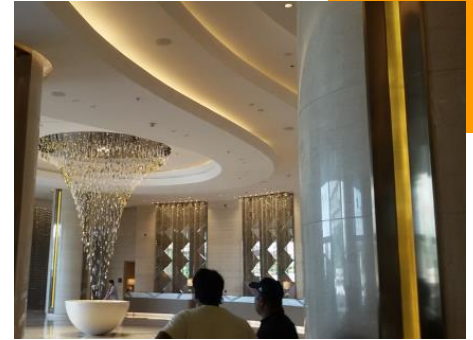
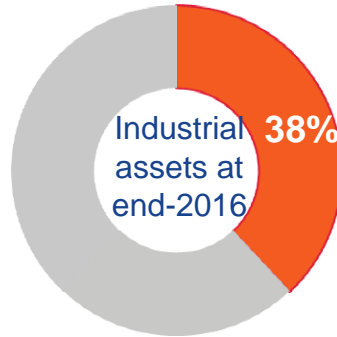
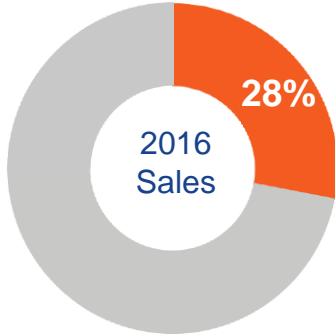
Sales (€m)



Operating income and margin (€m - %)



# CONSTRUCTION PRODUCTS



Organic growth

+1.4%

vol. prices

+2.3%

-0.9%



Operating income

€1,106m

margin

9.3%



Capex

€515m

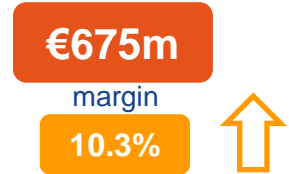
2016 vs 2015

# INTERIOR SOLUTIONS

Organic growth



Operating income

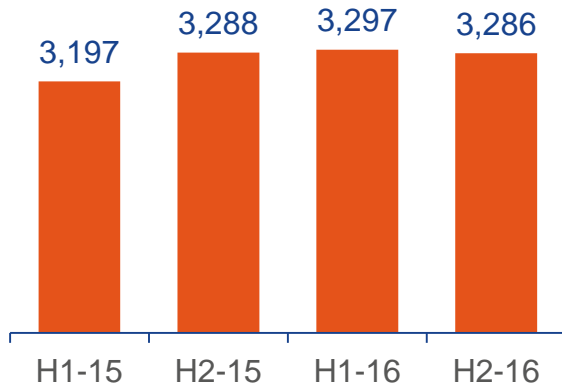


Capex

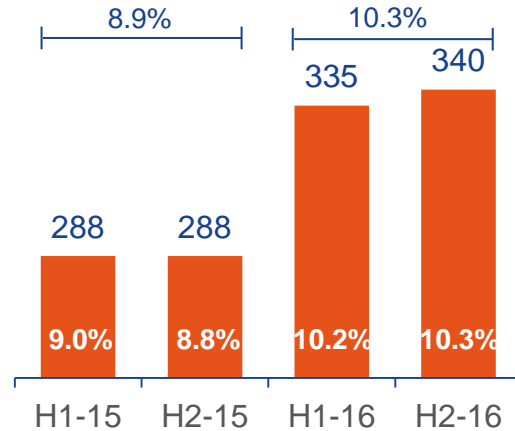


2016 vs 2015

Sales (€m)



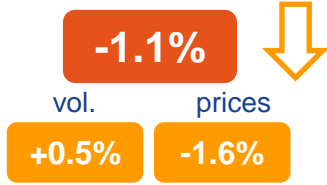
Operating income and margin (€m - %)



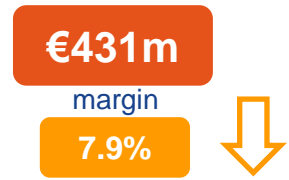


# EXTERIOR SOLUTIONS

Organic growth



Operating income

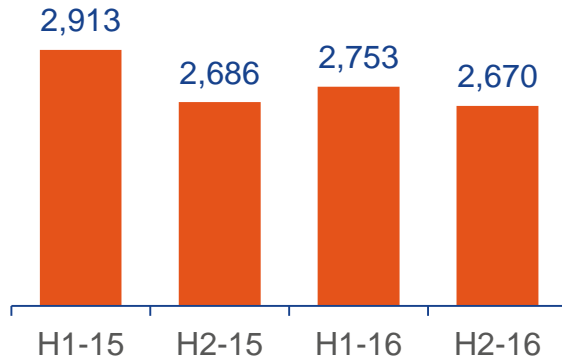


Capex

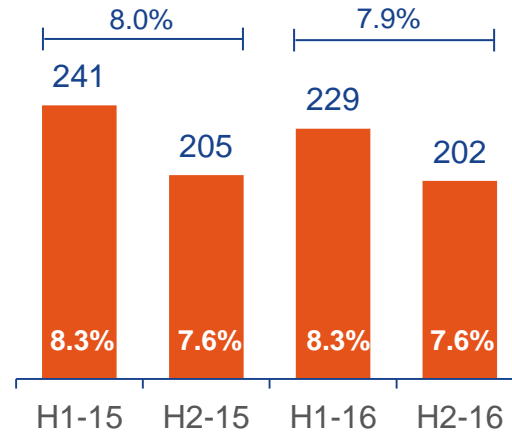


2016 vs 2015

Sales (€m)

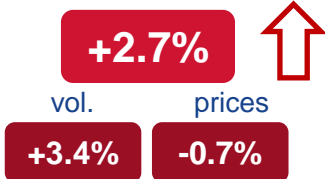


Operating income and margin (€m - %)



# BUILDING DISTRIBUTION

Organic growth



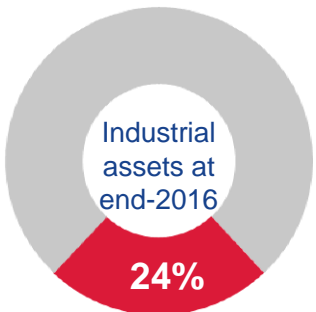
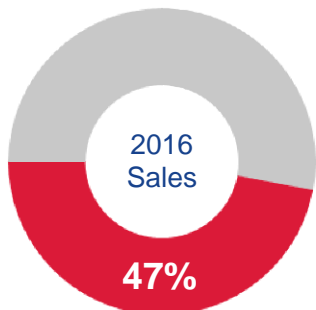
Operating income



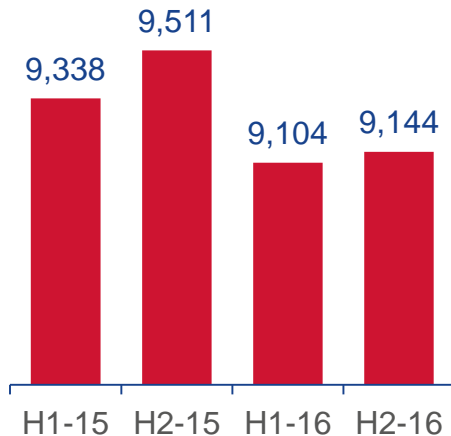
Capex



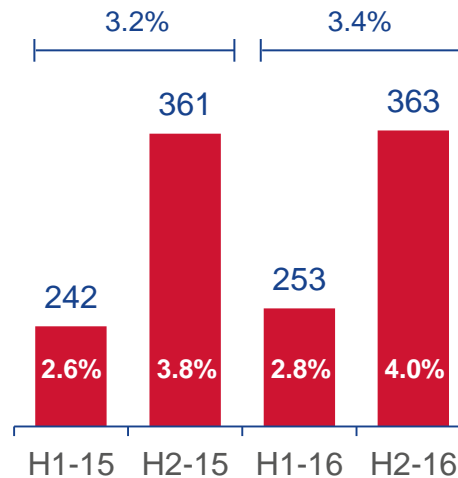
2016 vs 2015



Sales (€m)



Operating income and margin (€m - %)



A modern office interior featuring curved balconies with glass railings and large windows on the left side. The space is bright and airy, with a white ceiling and walls. The balconies are illuminated from below, creating a warm glow. The large windows offer a view of the outdoors.

1. 2016 HIGHLIGHTS

2. **2016 RESULTS**

1. GROUP
2. BUSINESSES
3. **REGIONS**

3. OUTLOOK

# SALES TRENDS BY REGION

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

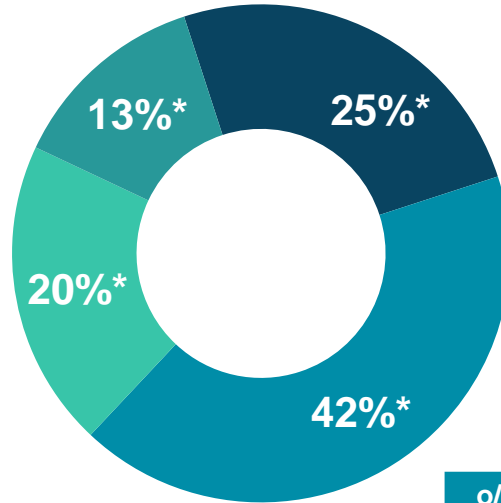
North America  
**+2.0%**

Asia & emerging countries  
**+6.1%**

France  
**-0.1%**

Other Western Europe  
**+3.6%**

**+2.6%**  
like-for-like



o/w:

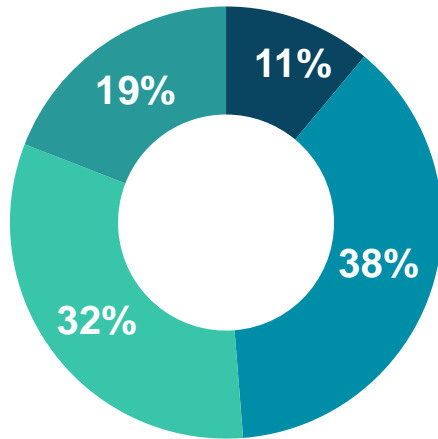
Asia (8%):	<b>+4.5%</b>
Latin America (6%):	<b>+8.8%</b>
Eastern Europe (4%):	<b>+5.2%</b>
Africa & Middle East (2%):	<b>+8.3%</b>

o/w:

Scandinavia (13%):	<b>+5.7%</b>
UK (11%):	<b>+3.4%</b>
Germany (10%):	<b>+2.5%</b>
Southern Europe (4%):	<b>+3.7%</b>

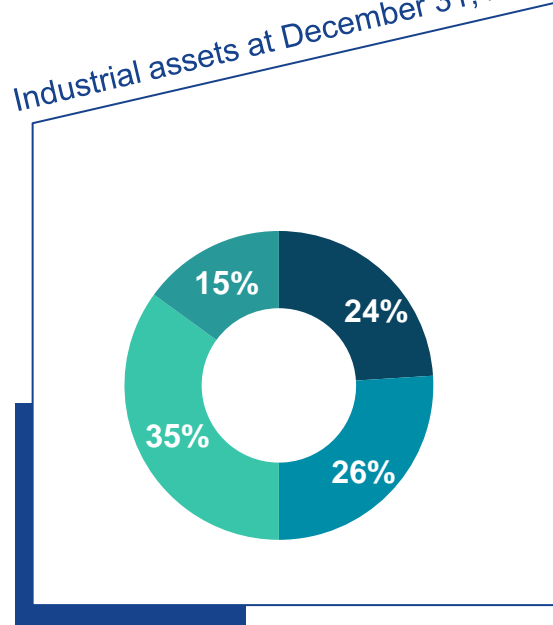
# OPERATING INCOME AND INDUSTRIAL ASSETS BY REGION

2016 Operating income



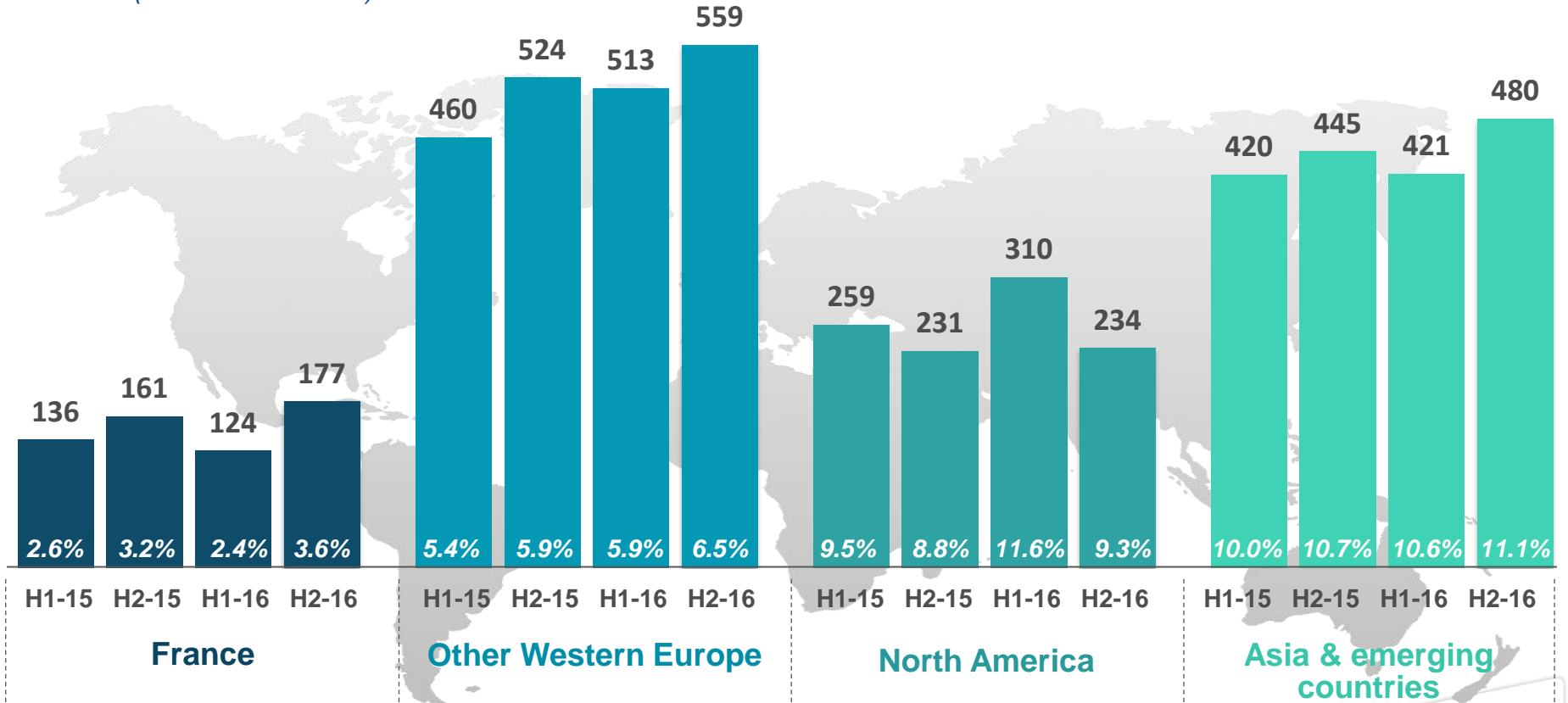
France  
Other Western Europe  
Asia & emerging countries  
North America

Industrial assets at December 31, 2016



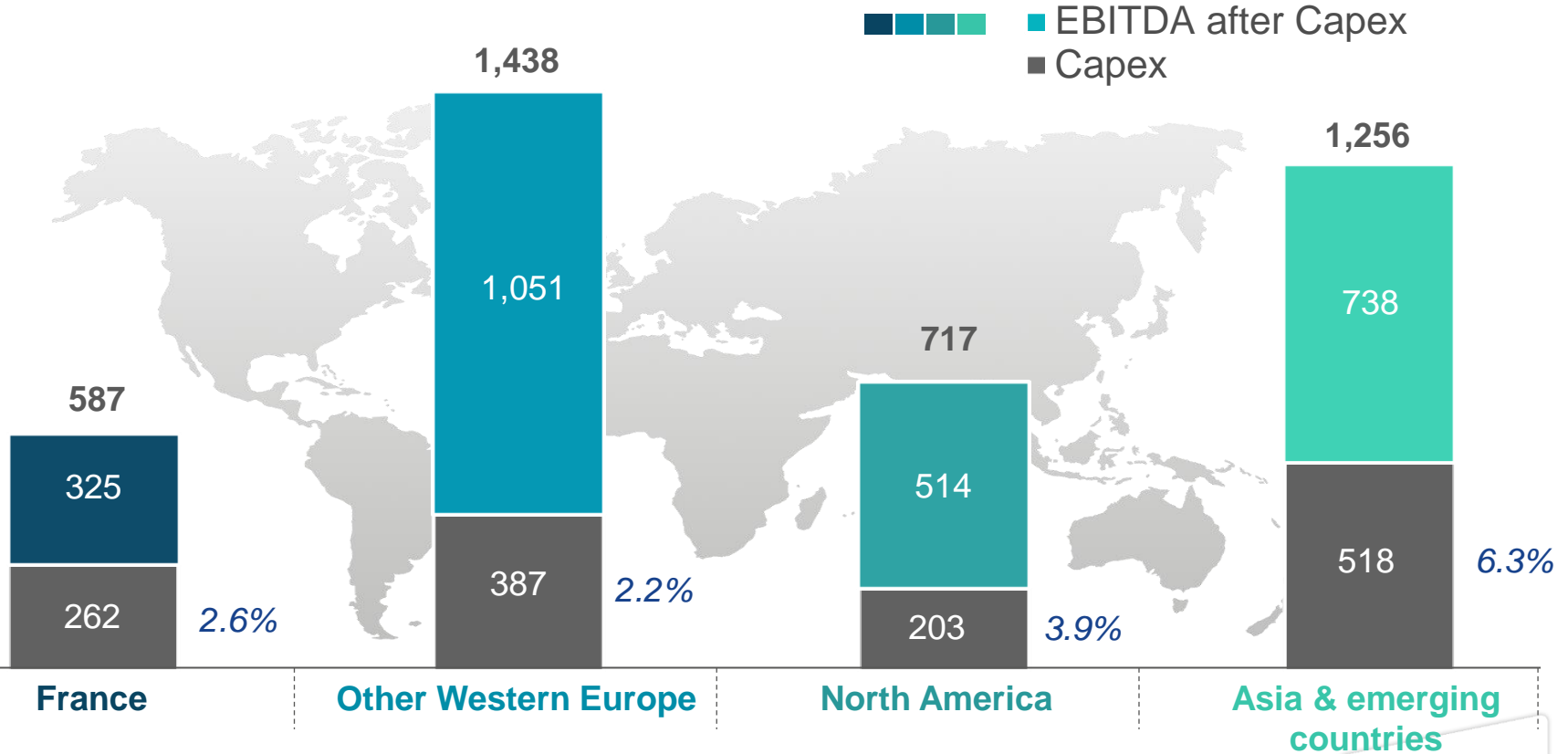
# OPERATING INCOME BY REGION

(€m and % of sales)



# EBITDA AND CAPEX BY REGION

(2016, €m and % of sales)



- 
- A photograph of a modern, multi-level atrium. The space is characterized by curved balconies with glass railings and large, slanted windows on the left side. The architecture is clean and contemporary, with white walls and a polished floor. The lighting is bright, highlighting the architectural details.
1. 2016 HIGHLIGHTS
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# 2016 DIVIDEND

*(Board's recommendation to the June 8, 2017 AGM)*

## €1.26 PER SHARE

*(vs 1.24 for 2015 dividend)*

- » Dividend yield at Dec. 30, 2016: **2.85%**
- » Payout ratio based on recurring net income: **50%**

## PAYMENT:

- » **In cash**

## CALENDAR:

- » **June 8, 2017:** AGM
- » **June 12, 2017:** Ex-dividend date
- » **June 14, 2017:** Payment date

## ECONOMIC CLIMATE

- Gradual improvement in **France**, despite a still uncertain renovation market
- Further growth in **other Western European countries**, despite less visibility in the UK
- Growth in construction markets in **North America**, uncertain industrial markets
- Ongoing good organic growth levels in **Asia & emerging countries**

## GROUP BUSINESSES

- **Innovative Materials:** further growth; improved profitability for Flat Glass and continued good margins for HPM
- **Construction Products:** better volumes and further cost savings should more than offset the exceptional weather impacts in Roofing in 2016
- **Building Distribution:** should benefit from volume growth in Western Europe

## 2017 PRIORITIES

- **Focus on sales prices** amid an uptick in inflation
- **Additional cost savings of around €270m over the year** (calculated on the 2016 cost base)
- **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**

**The Group is targeting a further like-for-like increase in operating income in 2017**

*Saint-Gobain will hold an Investor Day to discuss its strategy on May 17, 2017.*

## 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. No representation or warranty, express or implied, is made by Saint-Gobain or its managers, corporate officers, employees, contractors, representatives or advisors as to the accuracy or completeness of the information or opinions contained in this presentation.*



# 2016 Results and Outlook

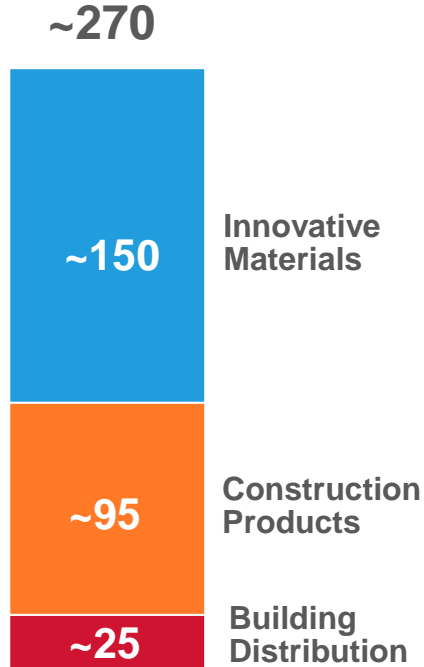
February 24, 2017



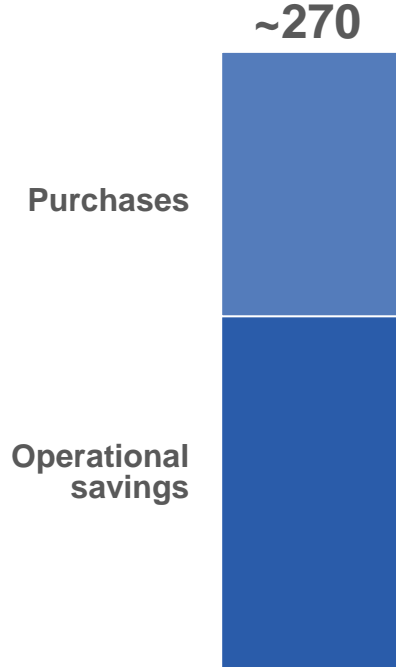
# COST CUTTING PROGRAM

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

## Breakdown by Business Sector

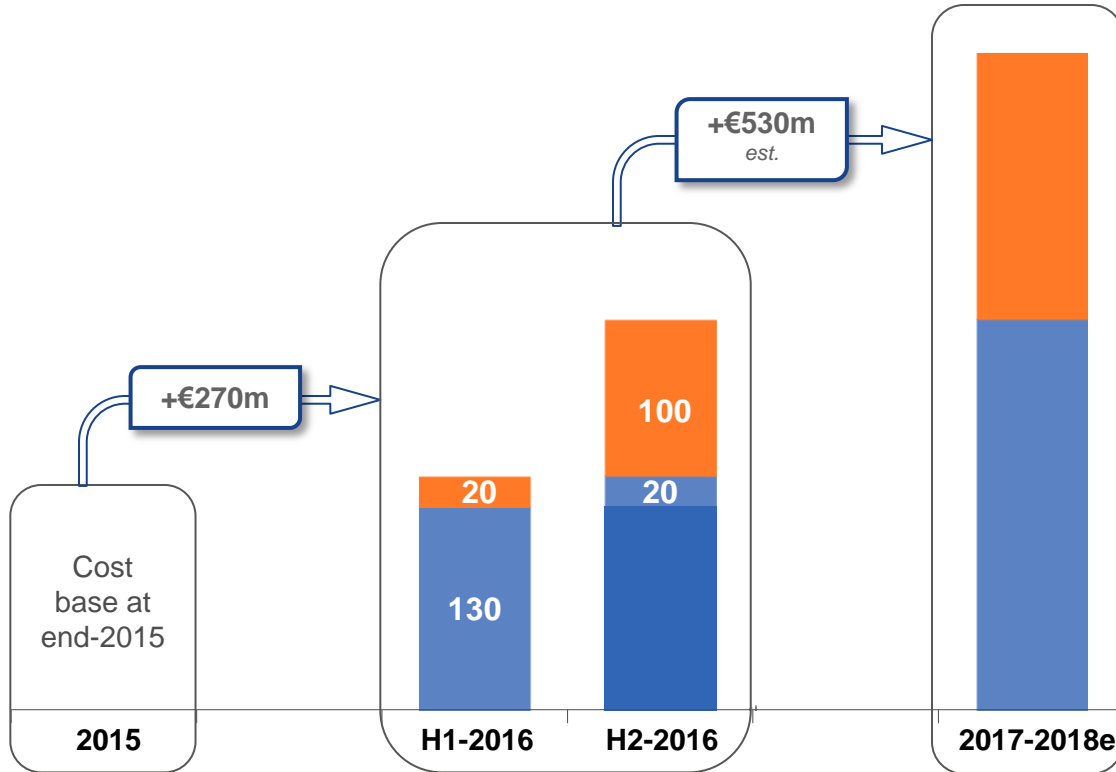


## Breakdown by type

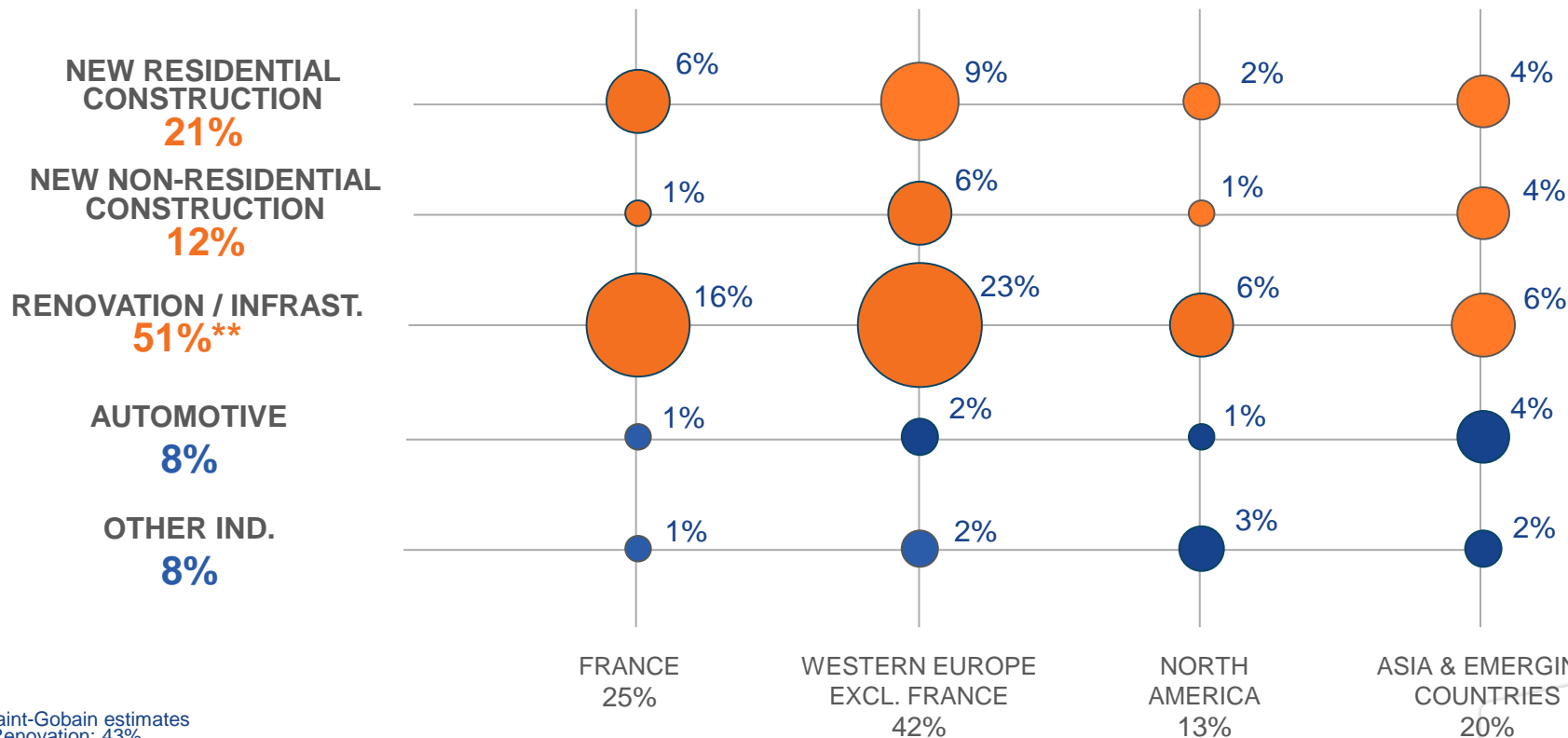


- » Regional pooling arrangements
- » Further sourcing in low-cost countries
- » Substitution products
  
- » WCM (rolled out to all Group businesses, audits, etc.)
- » Measures to address the economic climate
- » Overheads: ongoing cost savings in support functions (*IT, HR, Finance*)

# 2016-2018 COST CUTTING PROGRAMS



# ATTRACTIVE POSITIONING FOCUSED ON RESIDENTIAL CONSTRUCTION AND RENOVATION\*



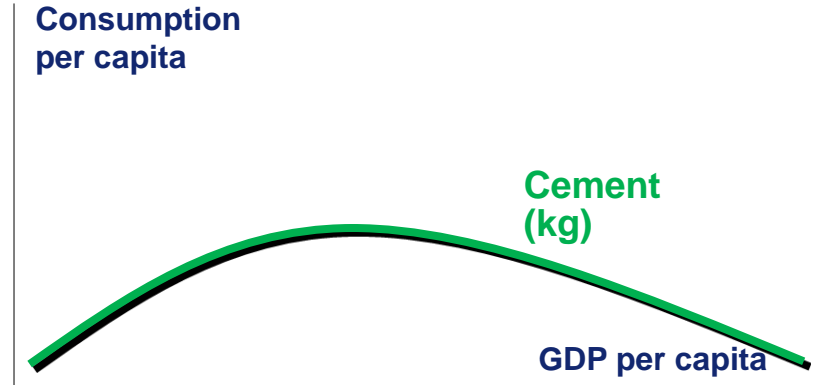
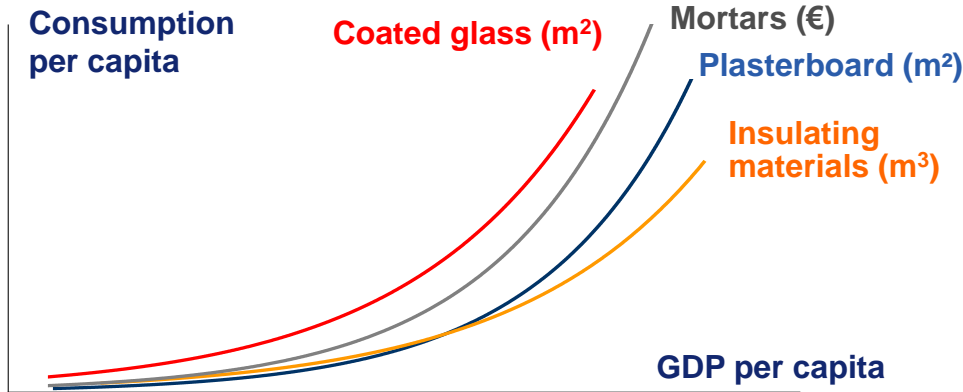
\* Saint-Gobain estimates  
 \*\* Renovation: 43%  
 Infrastructure: 8%



# UNIQUE, ATTRACTIVE POSITIONING GROWING MARKETS

- Technical solutions for tomorrow's homes

## CONSUMPTION PER CAPITA BASED ON WEALTH



- Solutions promoting energy efficiency for buildings