



Recent Results and Outlook

November 2016



- 
1. **NINE-MONTH 2016 SALES**
 2. **H1 2016 RESULTS**
 3. **OUTLOOK AND ACTION PLAN**

CONTINUED GOOD ORGANIC GROWTH AT 2.6% FOR THE NINE-MONTH PERIOD



WESTERN EUROPE

- » France **stabilizing**, despite the downturn in Pipe
- » **Growth** in all of the Group's main countries, including the UK which showed no sign of weakness



NORTH AMERICA

- » **Upbeat activity** in construction markets
- » **Uncertain** industrial markets



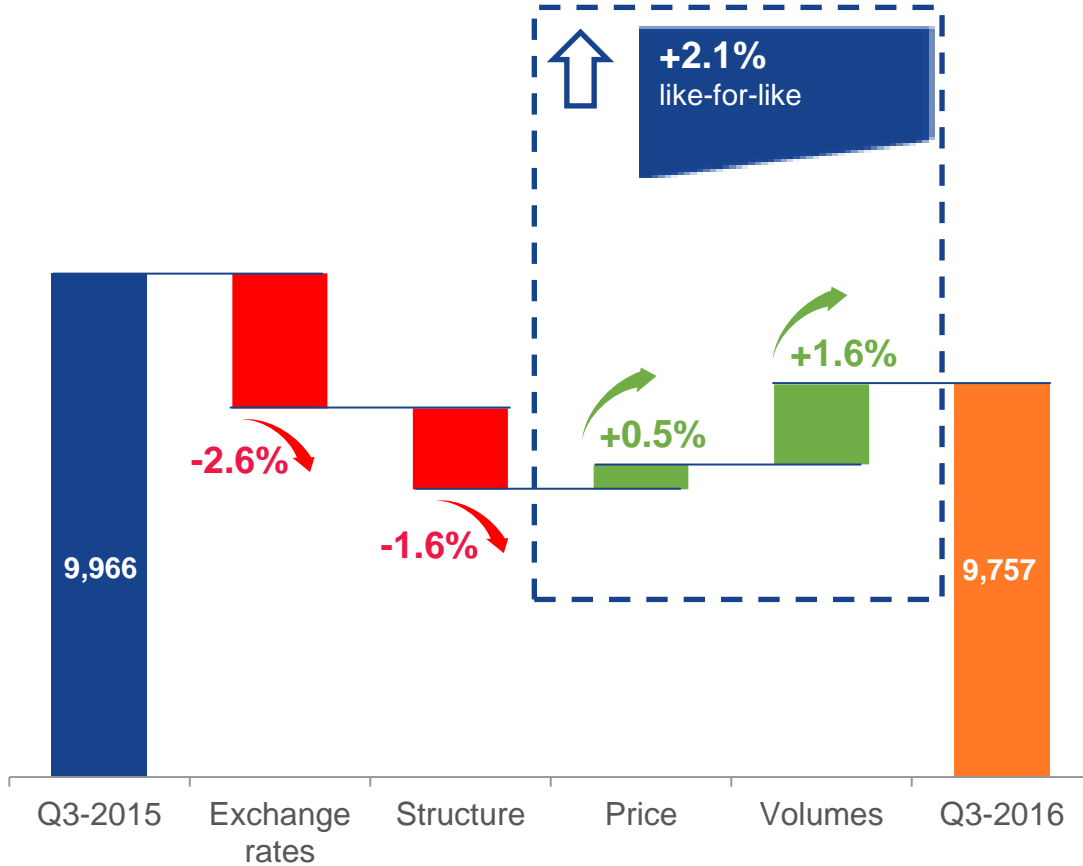
ASIA & EMERGING COUNTRIES

- » **Growth** in all regions: Asia, Latin America, Eastern Europe, Africa & Middle East; Brazil remained down but China improved

THIRD-QUARTER SALES

(€m)

Group -2.1%
actual



- Depreciation of **pound sterling** against the euro and gains in the **Brazilian real**
- Impact of the strategy to **optimize the Building Distribution portfolio**
- Improved **price effect**
- Further **volume** growth

QUARTERLY ORGANIC GROWTH

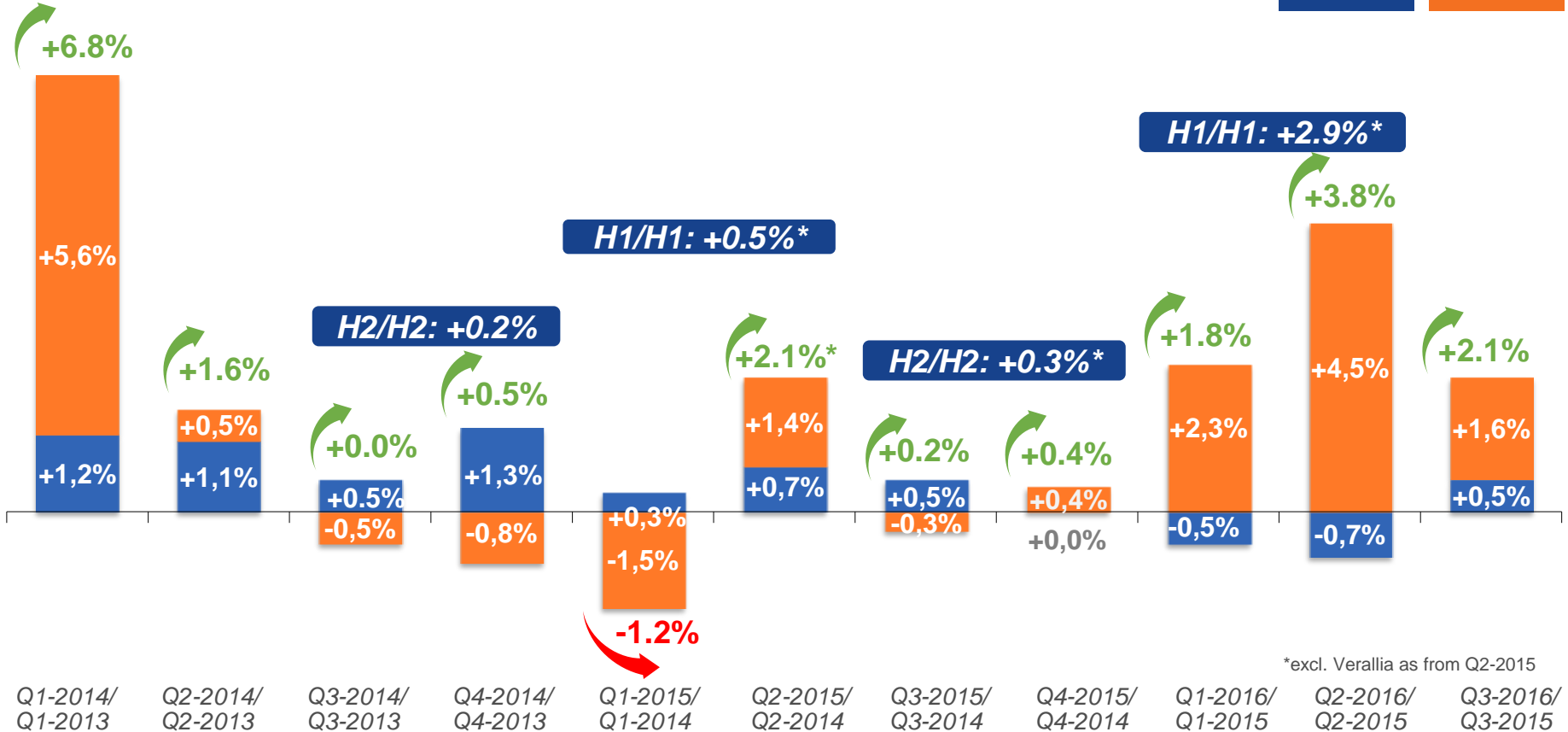
(% change in sales on a like-for-like basis)

Price

Volumes



H1/H1: +4.1%

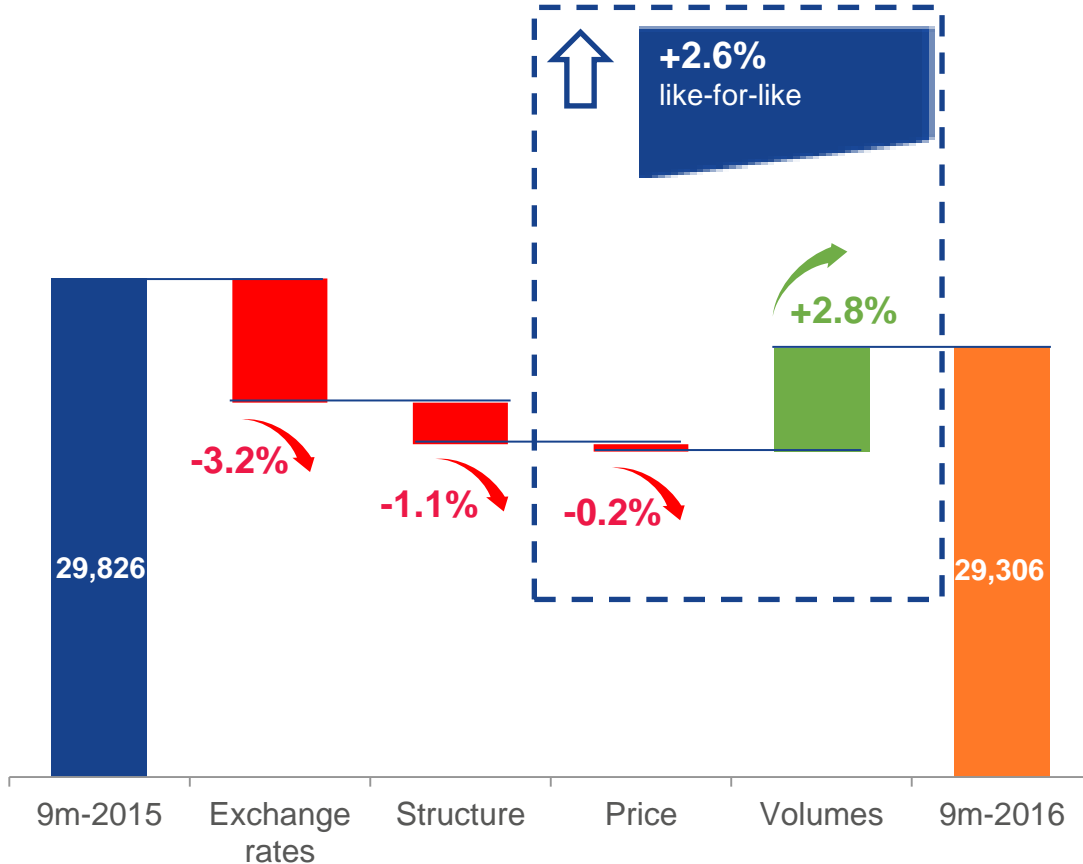


*excl. Verallia as from Q2-2015

NINE-MONTH SALES

(€m)

Group -1.7%
actual



- Depreciation of **Latin American currencies** and **pound sterling** against the euro
- Impact of the strategy to **optimize the Building Distribution portfolio**
- **Deflationary** environment for raw material and energy costs, although less in Q3
- **Better volumes** in all Business Sectors and regions

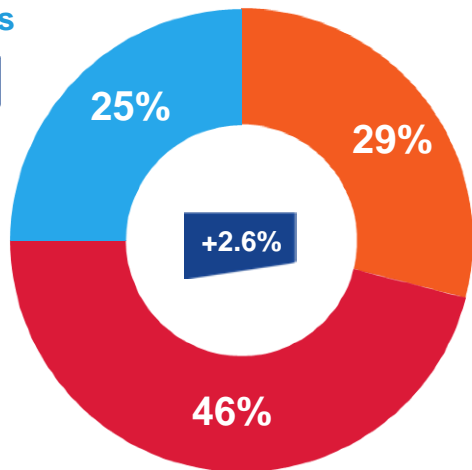
BREAKDOWN OF SALES AND INDUSTRIAL ASSETS BY BUSINESS SECTOR, at end of September

9M-2016 Sales

% organic growth and
% Business Sector sales vs Group sales

**Innovative
Materials**

+4.3%



**Building
Distribution**

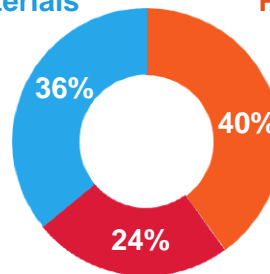
+2.6%

**Construction
Products**

+1.6%

Industrial assets at June 30, 2016

**Innovative
Materials**



**Building
Distribution**

SALES TRENDS BY REGION

(% change in 9m-2016/9m-2015 like-for-like sales)

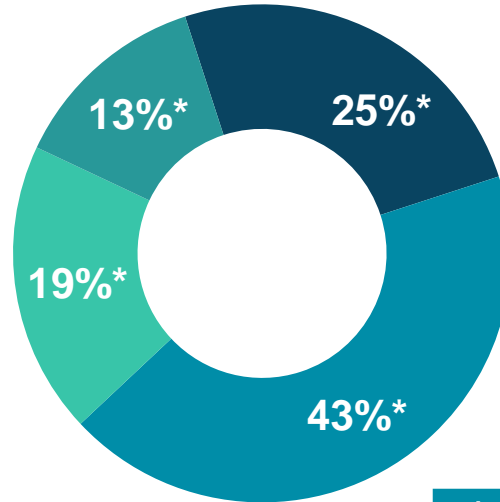
North America
+2.1%

Asia & emerging countries
+5.4%

France
+0.2%

Other Western Europe
+3.9%

+2.6%
like-for-like



o/w:

Asia (7%):	+3.2%
Latin America (6%):	+8.5%
Eastern Europe (4%):	+4.8%
Africa & Middle East (2%):	+7.1%

* breakdown of 9m-2016 sales

o/w:

Scandinavia (12%):	+6.1%
UK (11%):	+3.1%
Germany (10%):	+3.8%
Southern Europe (4%):	+4.4%

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1. NINE-MONTH 2016 SALES
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H1 2016 KEY FIGURES

Sales
€19.5bn



Operating income
€1,368m

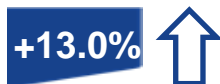
Operating margin: **7.0%**, +60 bp



Recurring net income
€624m
EPS: **€1.13**, +16.5%



Free cash flow
€823m



Net debt
€6,624m
1.7x EBITDA



Changes based on H1-16 vs H1-15



WESTERN EUROPE

- » France **stabilizing**, despite the downturn in Pipe
- » **Growth** in all of the Group's main countries
- » **Improved** margin, with a slight decline in France



NORTH AMERICA

- » **Upbeat activity** in construction markets
- » **Uncertain** industrial markets
- » **Sharp rally** in the operating margin, powered by Roofing



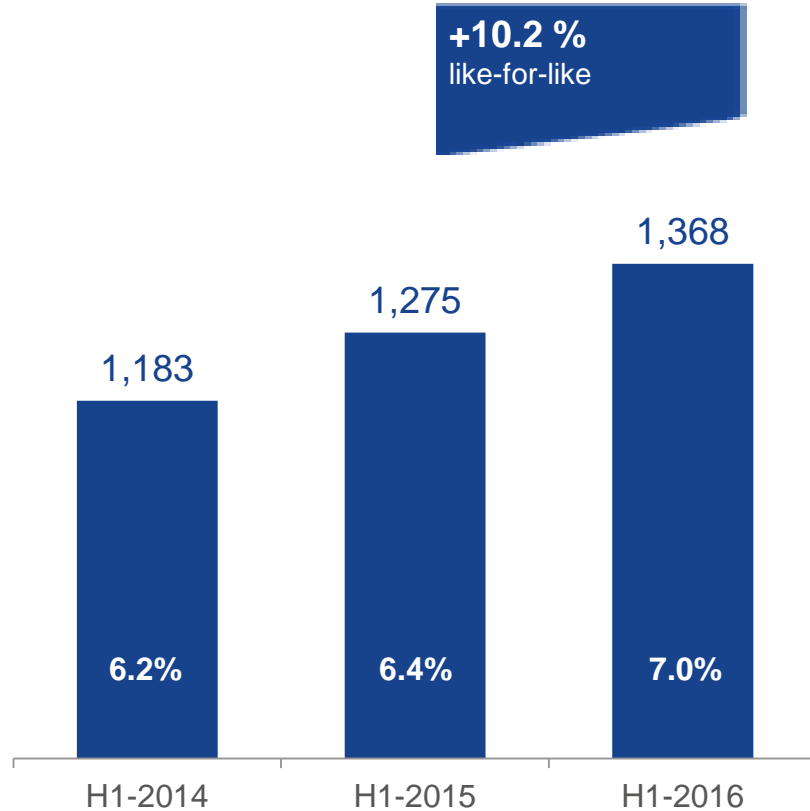
ASIA & EMERGING COUNTRIES

- » **Growth** in all regions: Eastern Europe, Latin America, Asia, Africa & Middle East, despite the downturn in Brazil and China
- » Continued **improvement** in the margin, to above 10%

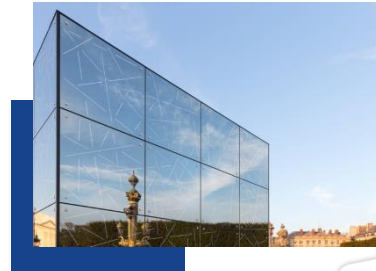
- » **Sharp improvement in volumes** in all Business Sectors and regions **(+3.5%)**; **prices down 0.6%** in a deflationary environment
- » Growth dented by a **significant 3.5% negative currency impact**
- » **Operating income** up **7.3%** based on reported figures and **10.2%** like-for-like, with **€150 million cost savings** versus H1 2015
- » Significant rise in **net income** and **free cash flow**
- » **Buyback of 10.9 million shares** in H1 and **cancellation of 11 million shares**

OPERATING INCOME

(€m and % of sales)

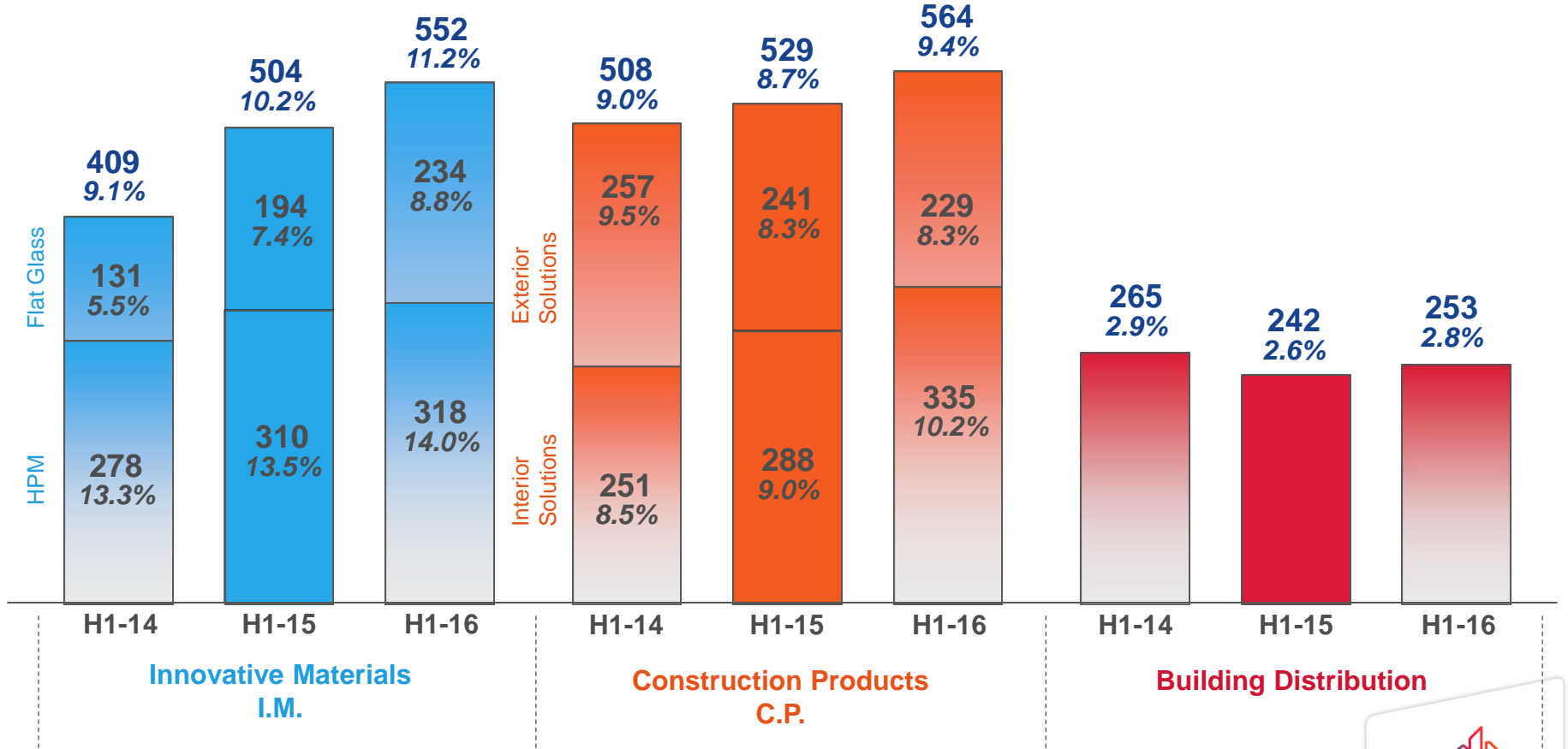


- **Operating income up 7.3%** on an actual basis
- **Rally in the Group margin**, at 7.0%, up in **all Business Sectors**



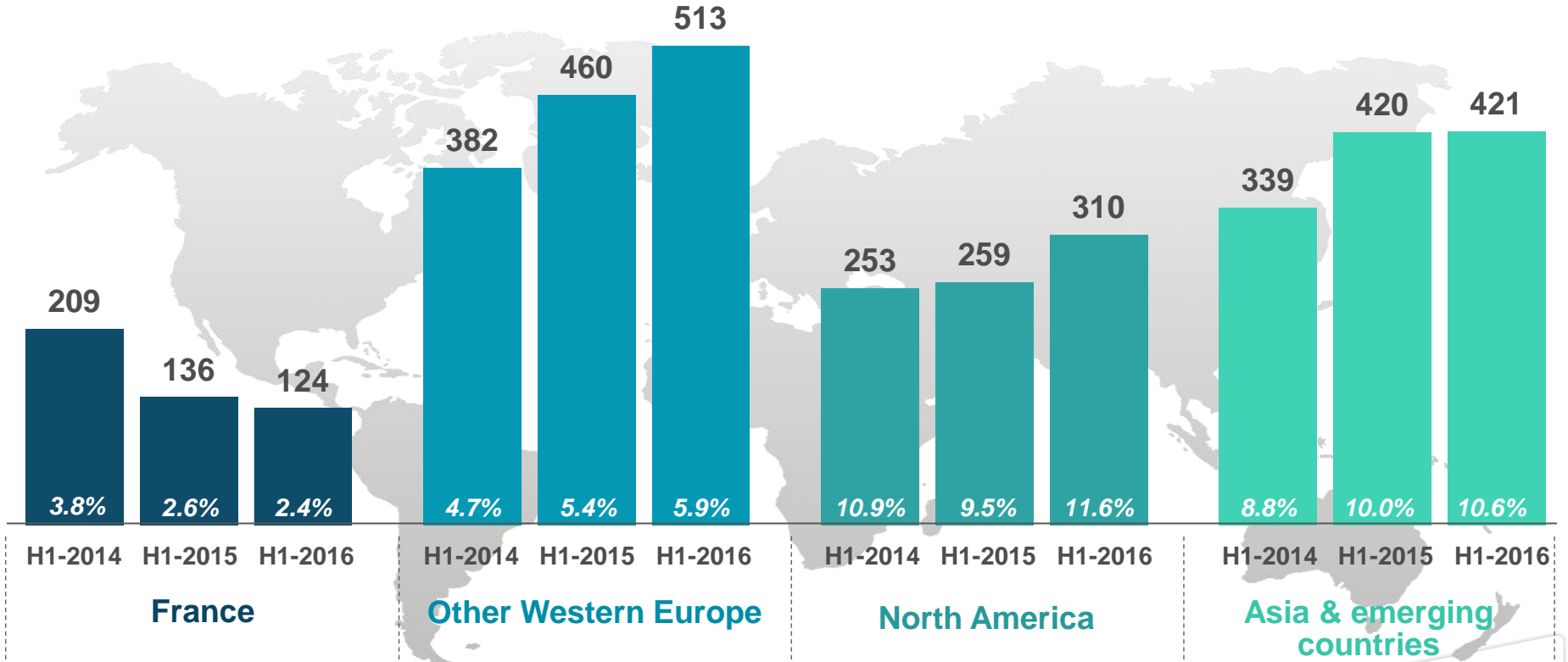
OPERATING INCOME BY BUSINESS SECTOR

(€m and % of sales)



OPERATING INCOME BY REGION

(€m and % of sales)



INCOME STATEMENT

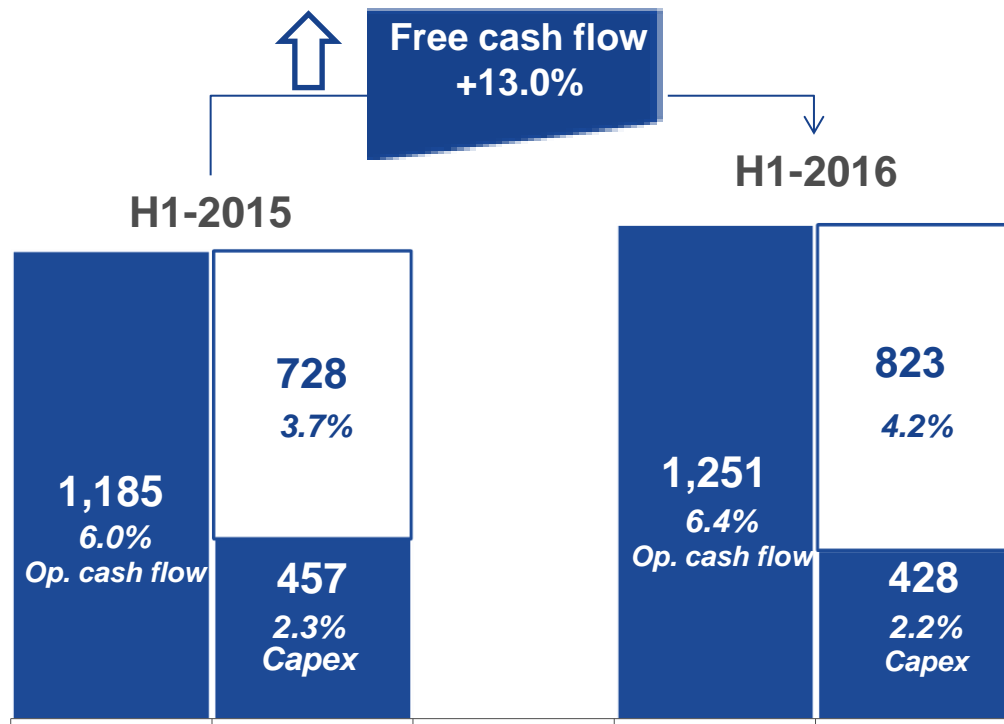
(€m)

	H1-2015	H1-2016	H1-2016/ H1-2015
Operating income	1,275	1,368	+7.3%
Non-operating costs	(154)	(180)	
<i>o/w provision for asbestos-related litigation</i>	(45)	(45)	
Other operating expenses	(41)	(32)	
Business income	1,080	1,156	+7.0%
Net financial expense	(328)	(287)	
<i>Average cost of gross debt (at June 30)</i>	3.7%	3.9%	
Income tax	(236)	(261)	
<i>Tax rate on recurring net income</i>	30%	30%	
Net income	558	596	+6.8%
<i>EPS (€)</i>	<i>0.98</i>	<i>1.08</i>	<i>+10.2%</i>
Recurring net income*	552	624	+13.0%
<i>Recurring EPS (€)</i>	<i>0.97</i>	<i>1.13</i>	<i>+16.5%</i>

* from continuing operations

CASH FLOW FROM OPERATIONS * AND CAPEX

(€m and % of sales)

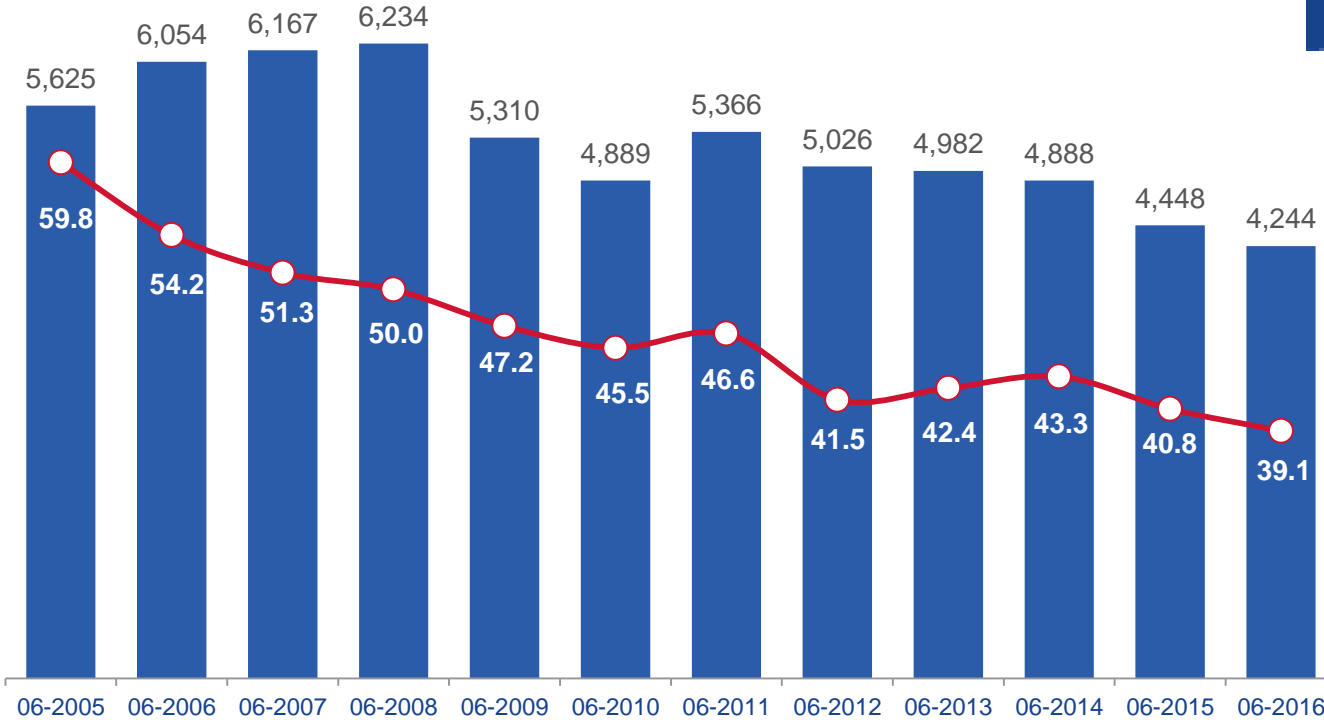


* excluding the tax impact of capital gains and losses on disposals, asset write-downs and material non-recurring provisions

TIGHT REIN ON OPERATING WCR

(at June 30, €m and no. of days)

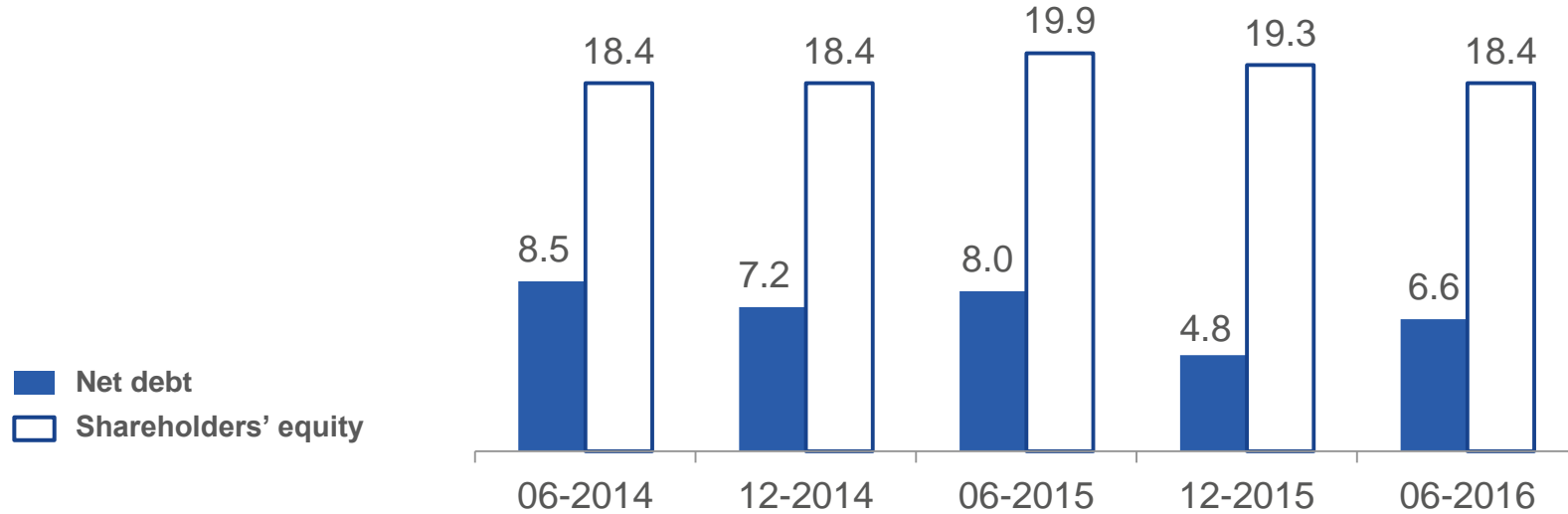
-1.7 days over
12 months



Ongoing tight rein on operating WCR

NET DEBT AND SHAREHOLDERS' EQUITY

(€bn)



Net debt/shareholders' equity	46%	39%	40%	25%	36%
Net debt/EBITDA*	2.0	1.8	2.1	1.2	1.7

Persistently strong balance sheet

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

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ECONOMIC CLIMATE FOR THE FOURTH QUARTER

- Stabilizing trends in **France**, which should gradually benefit from the recovery in new-builds
- Further growth in **other Western European countries**
- Advances in construction markets in **North America**, industrial markets cautious
- Ongoing good growth levels in **Asia and emerging countries**

GROUP BUSINESSES IN 2016

- **Innovative Materials:** further profitability gains for Flat Glass in H2 and continued good margins for HPM
- **Construction Products:** improved profitability despite the downturn in Pipe
- Margin growth in **Building Distribution**

2016 ACTION PRIORITIES

- **Priority focus on sales prices** in a deflationary environment
- **Additional cost savings of around €250m over the year** (calculated on the 2015 cost base), of which **€150m** in H1
- **Capital expenditure program of around €1,400m**
- **Renewed commitment to invest in R&D** to support our differentiated, high value-added strategy
- **Priority focus on high free cash flow generation**
- **Ongoing plan to acquire a controlling interest in Sika**

The Group confirms its objectives for 2016 and expects a like-for-like improvement in operating income in H2 versus H2 2015

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