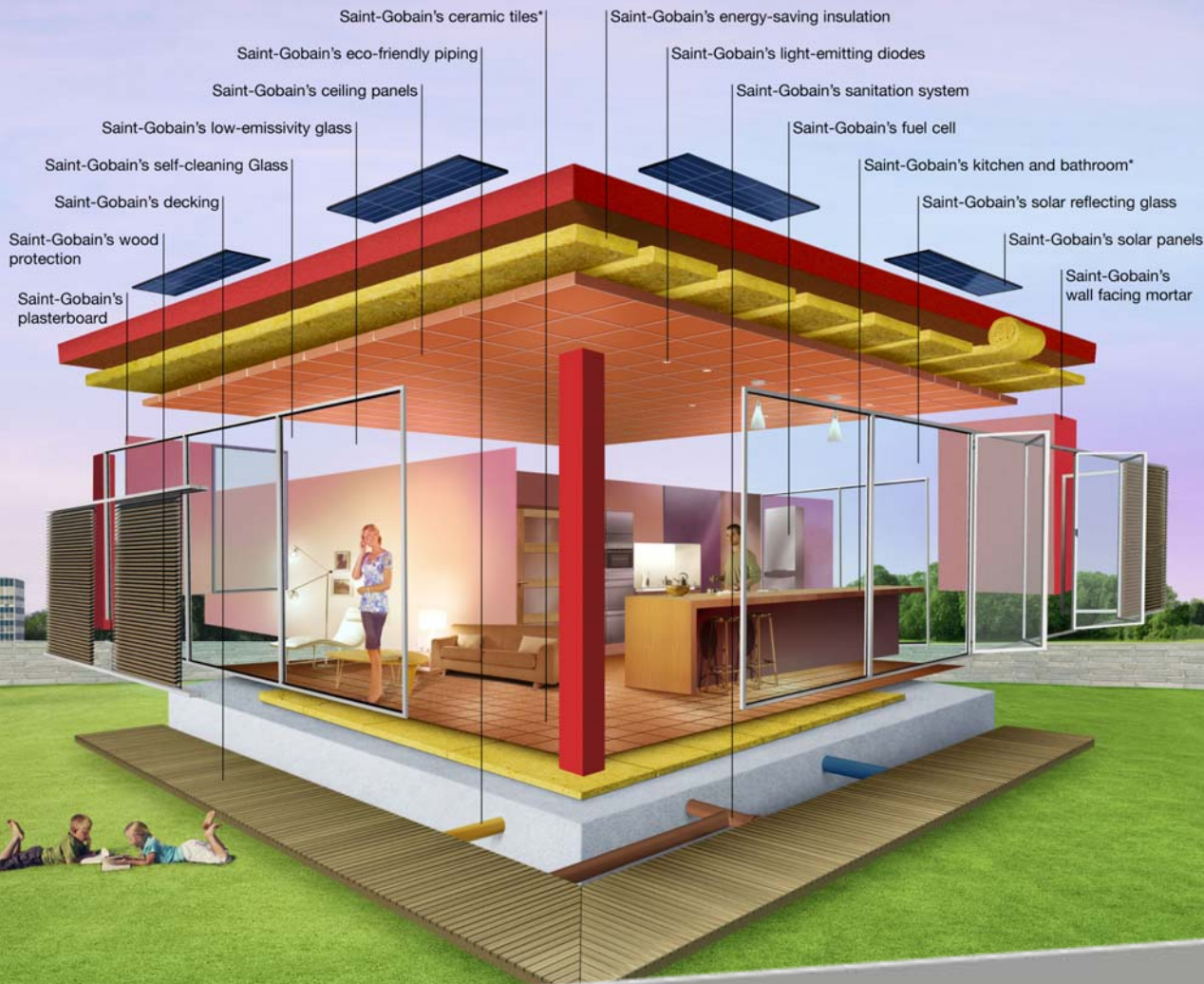


Energy-saving, innovation, environment-protecting.



# 2010 Results and Outlook for 2011

Analyst-Investor meeting

February 25, 2011

# Contents

**1** 2010 Highlights

**2** 2010 Results

**3** 2011-2015 Strategy

**4** Outlook and Objectives for 2011



# 1

## 2010 Highlights

# 2010 key figures

Amounts in €m	2009	2010	% change
<b>Net sales</b>	<b>37,786</b>	<b>40,119</b>	<b>+6.2%</b>
<b>Operating income</b>	<b>2,216</b>	<b>3,117</b>	<b>+41%</b>
<b>Recurring net income*</b>	<b>617</b>	<b>1,335</b>	<b>+116%</b>
<b>Net income</b>	<b>202</b>	<b>1,129</b>	<b>+459%</b>
<b>Free cash flow*</b>	<b>1,019</b>	<b>1,537</b>	<b>+51%</b>
<b>Net debt</b>	<b>8,554</b>	<b>7,168</b>	<b>-16%</b>

\* Excluding capital gains/losses on disposals, exceptional asset write-downs and material non-recurring provisions

# 2010: a global world economy still recovering from the crisis

- > **Ongoing buoyant growth** in **Asia** and **Latin America**
- > **In North America**
  - **sharp rebound** in markets related to **industrial output** and **capex**
  - **continuing weakness** in **Construction**
- > **In Europe**
  - **recovery** of **industrial markets**
  - **slow improvement** in **Construction**, with trends varying widely from one country to the next
- > **Ongoing significant volatility of input costs**

# 2010 targets exceeded

- > **Operating income:**  
**€3,117m, surging 41% year-on-year**  
(up 33.7% at constant exchange rates\*)
- > **Second-half operating income:**  
**€1,672m, up 16% on the first half (€1,445m)**  
(objective: H2 operating income slightly above the H1 figure)
- > **Free cash flow: €1.5bn** (versus target of €1.4bn)
- > **Ongoing robust financial structure, with net debt paid down a further €1.4bn and a gearing ratio of 39%**

\* Average exchange rates for 2009

# 2010 action plan: results at end-December

- > **Priority given to sales prices: up 0.8% over the year (up 1.4% in H2 2010)**
  
- > **Sharp reduction in cost base: €600m over the year, i.e. €2.1bn in cumulative cost savings at end-2010 versus 2007, in line with targets**

# 2010 action plan: results at end-December

- > **Tight rein on operating WCR amid recovery in trading:**  
**stabilized at 31 days' sales**
- > **Upturn in capex in emerging countries, solar power and energy efficiency**  
  
**€1,450m in 2010 (up 16% or €200m, o.w. €120m in emerging countries)**
- > **Ongoing R&D efforts:**  
**€400m in 2010 (stable compared to 2009)**



# 2

## 2010 Results

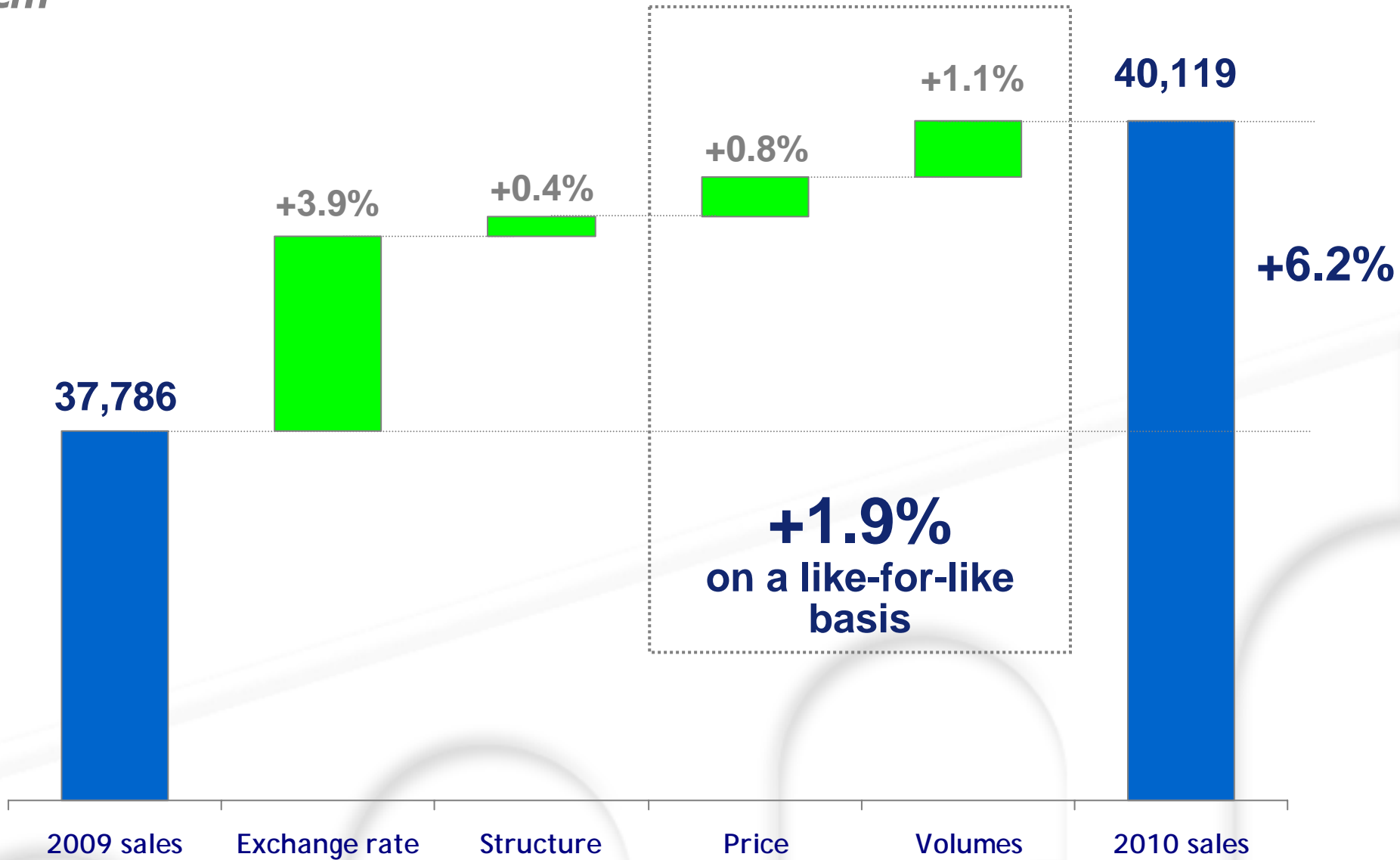
Group

Business Sectors

Geographic Areas

# Net sales

€m

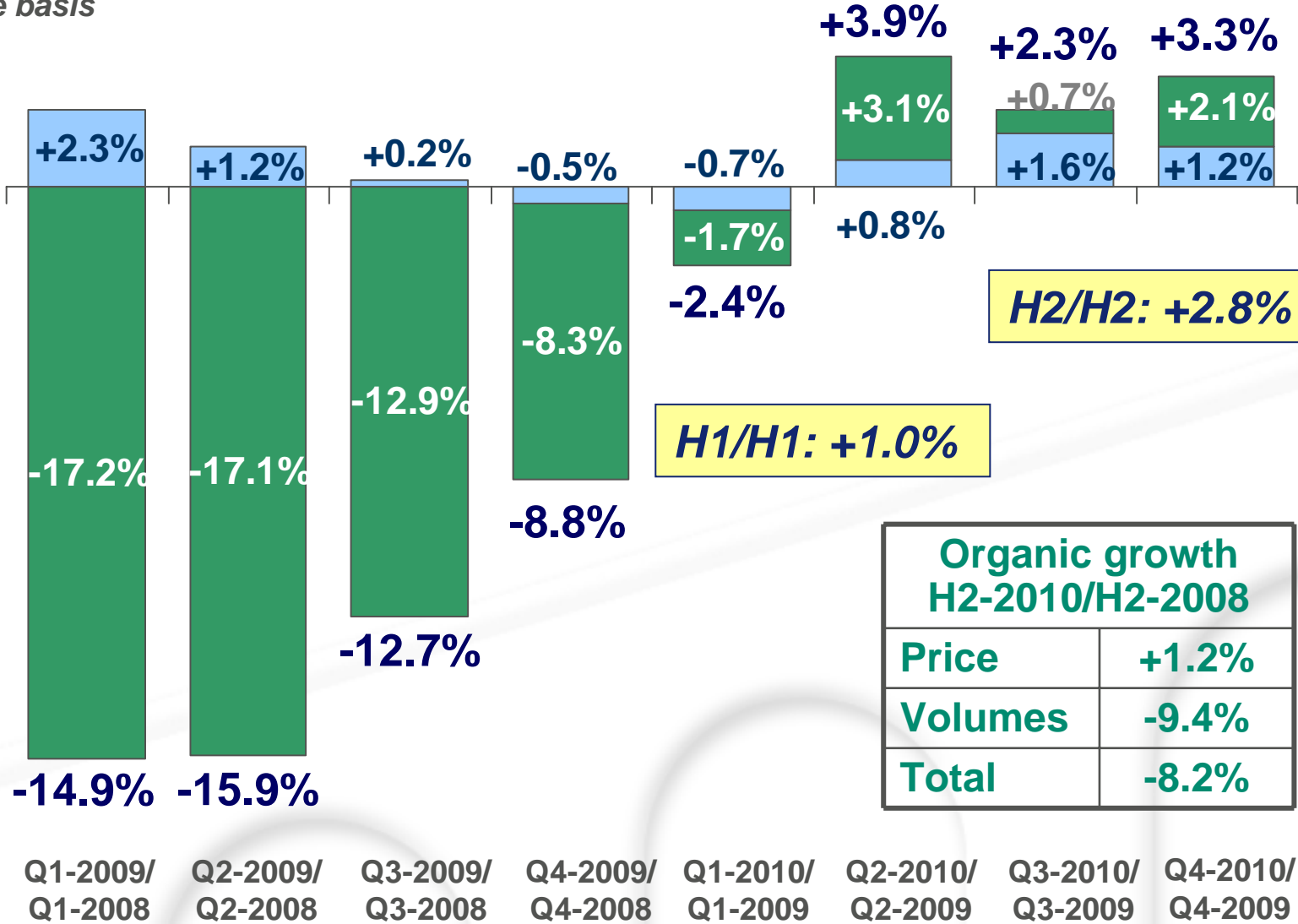


# Quarterly organic growth

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

price

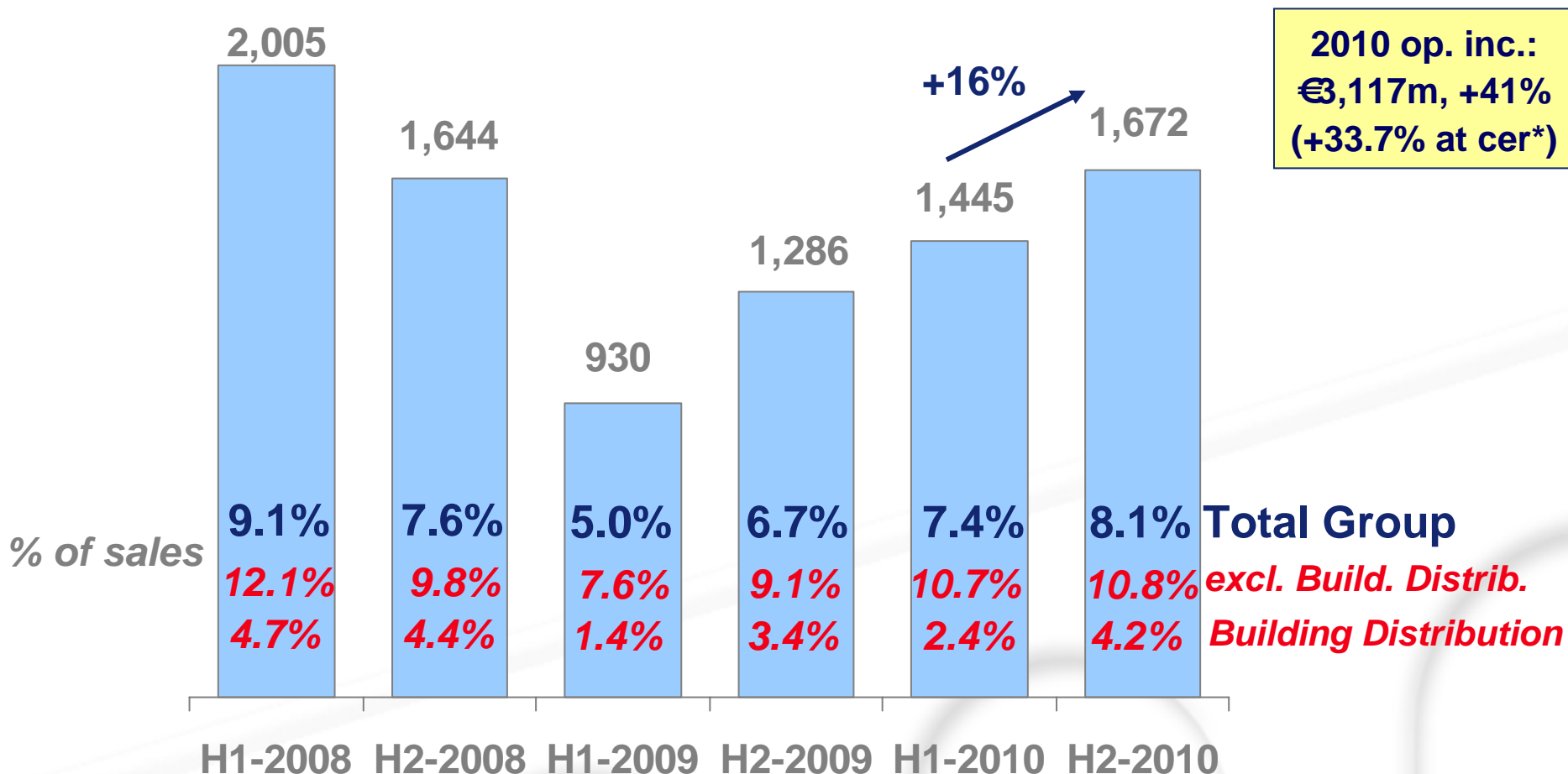
volumes



Organic growth H2-2010/H2-2008	
Price	+1.2%
Volumes	-9.4%
Total	-8.2%

# Half-year operating income

(€m and % of sales)



<b>FY 2010</b>	<b>7.8%</b>	<b>Total Group</b>
	<b>10.7%</b>	<b>excl. Build. Distrib.</b>
	<b>3.3%</b>	<b>Building Distribution</b>

\* Average exchange rates for 2009

# Non-operating items

(€m)

	2009	2010	Change
<b>Operating income</b>	<b>2,216</b>	<b>3,117</b>	<b>+41%</b>
<b><i>Non-operating costs</i></b>	<b>(596)</b>	<b>(446)</b>	
o/w:			
Provision for asbestos-related litigation	(75)	(97)	
Restructuring costs	(435)	(242)	
<b><i>Other items</i></b>	<b>(380)</b>	<b>(147)</b>	
o/w:			
Gains (losses) on disposals	(32)	87	
Asset write-downs	(348)	(232)	
<b>Business income</b>	<b>1,240</b>	<b>2,524</b>	<b>+104%</b>

# Outstanding claims

## Asbestos claims against CertainTeed in the US

- > Approximately **US\$103m** paid out (US\$77m in 2009) and a further **€97m** accrual to the provision in 2010 (€75m in 2009), bringing the total coverage to US\$501m at end-2010 (versus US\$500m at end-2009)

	2008	2009	2010*
New claims	5,000	4,000	5,000
Settled claims	8,000	8,000	13,000
Outstanding claims	68,000	64,000	56,000

\* estimated

# Net financial expense and income tax

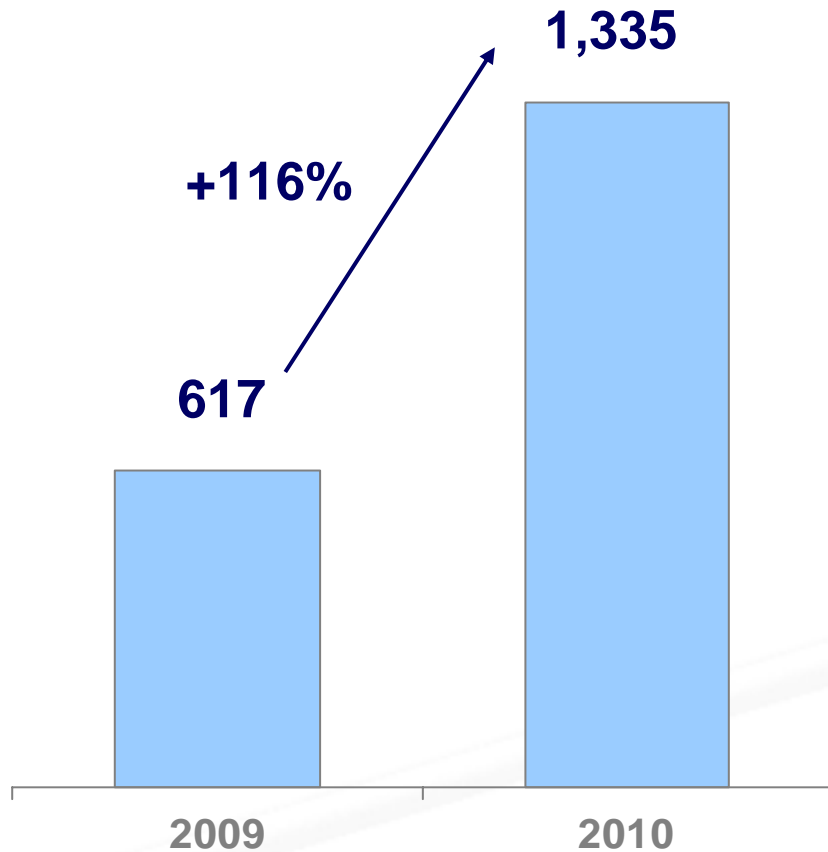
(€m)

	2009	2010
<b>Net financial expense</b>	<b>(805)</b>	<b>(739)</b>
<i>Cost of net debt</i>	<b>5.5%</b>	<b>5.6%</b>

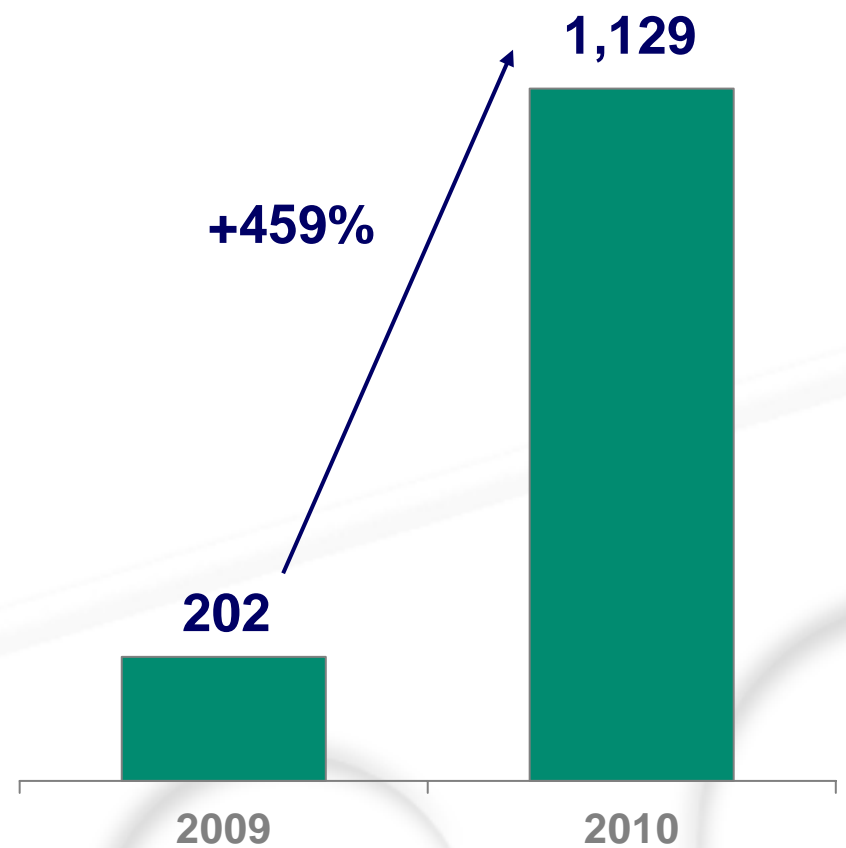
	2009	2010
<b>Income tax</b>	<b>(196)</b>	<b>(577)</b>
<i>Tax rate on recurring net income</i>	<b>26%</b>	<b>29%</b>

# Recurring net income\*

€m



# Net income



> **Recurring EPS\*: €2.51 (+109%)**

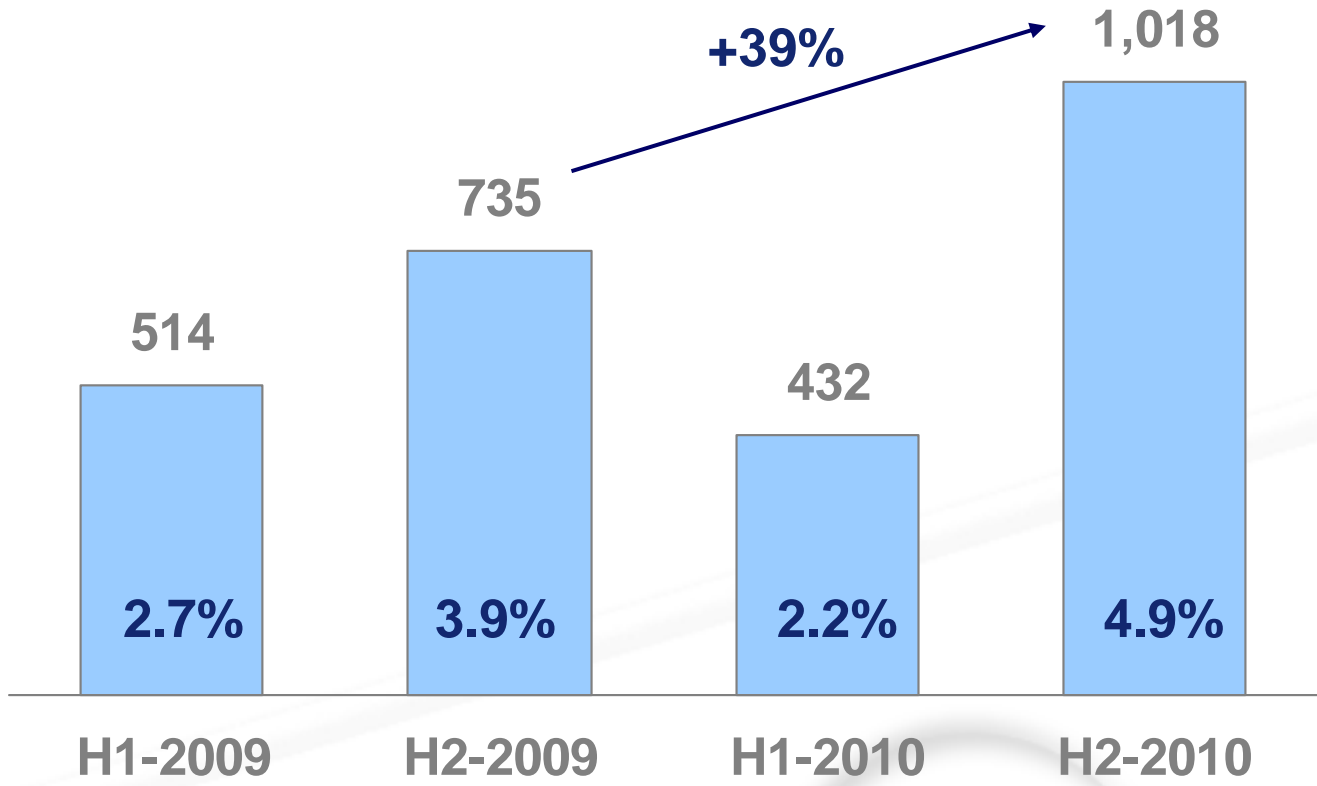
**EPS: €2.13 (+446%)**

\* *excluding capital gains on disposals, asset write-downs and provision for Flat Glass fines*



# Upturn in capex in the second half

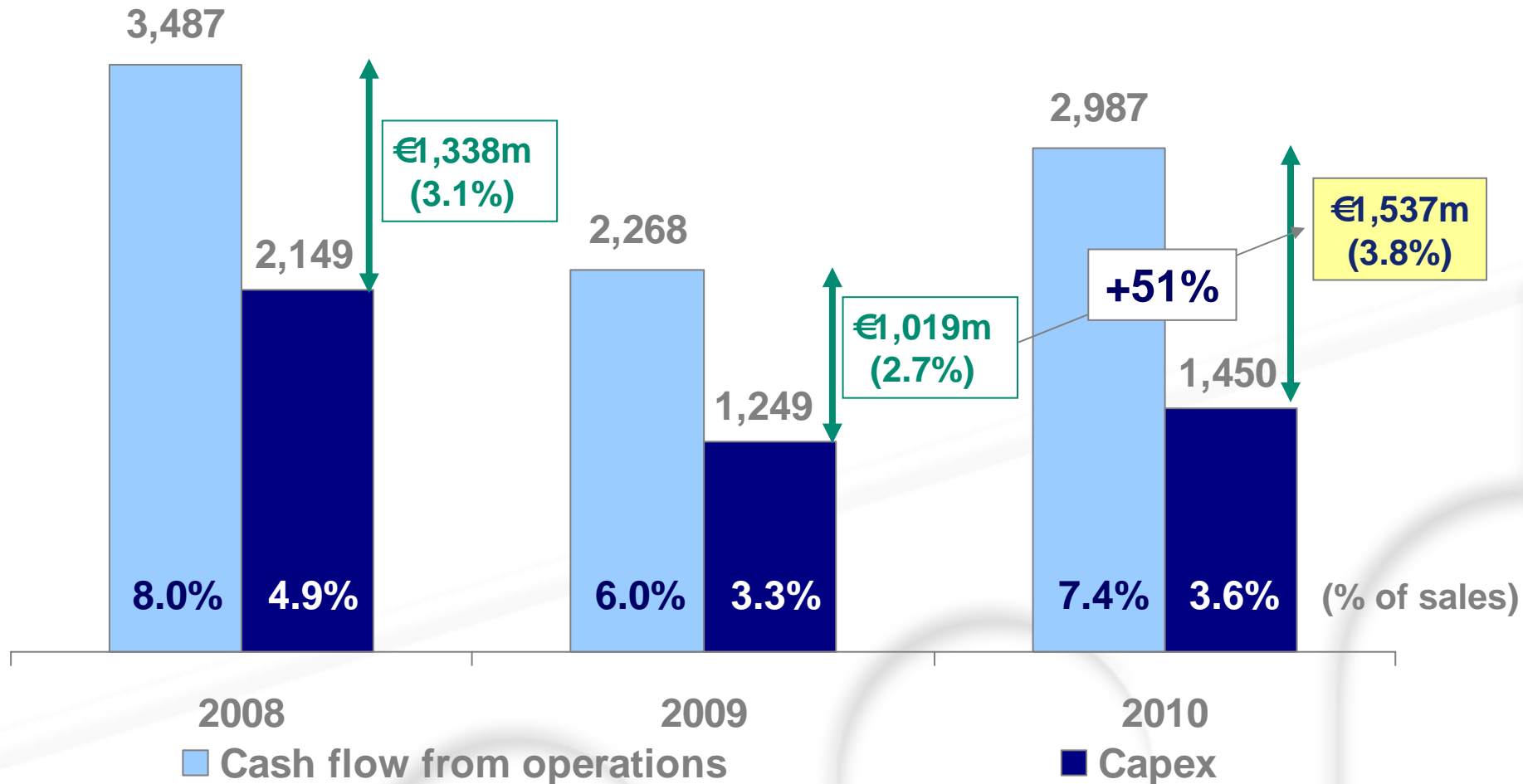
(€m and % of sales)



**2010 growth capex:  
~80% in Asia and emerging countries, focused on energy efficiency and solar power**

# Cash flow from operations and Capex (excl. tax impact of cap. gains/losses)

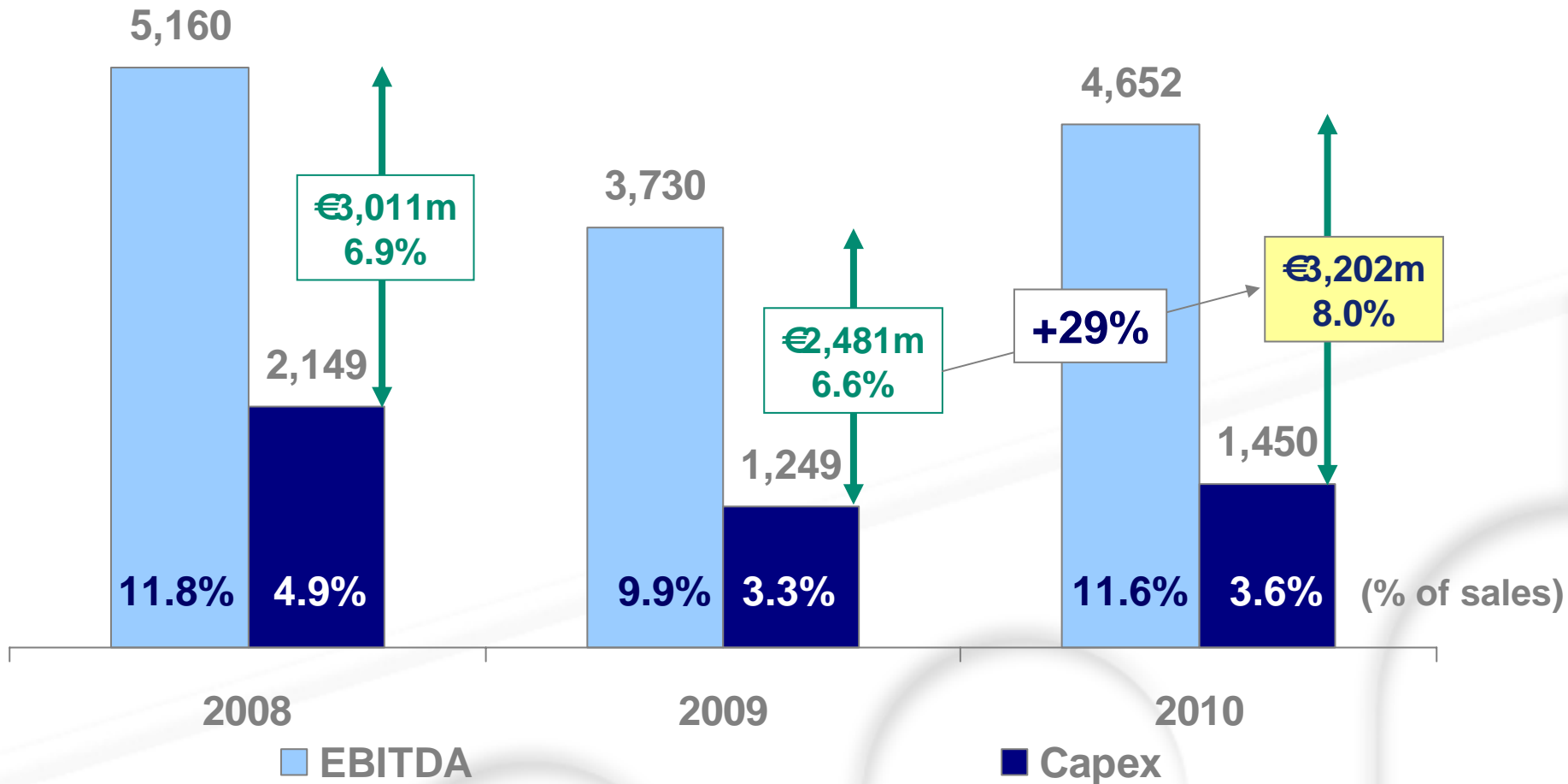
(€m and % of sales)



**Cash flow from operations above €1.5bn,  
ahead of the revised €1.4bn target**

# EBITDA and Capex

(€m and % of sales)



**Sharp rise in EBITDA after capex**

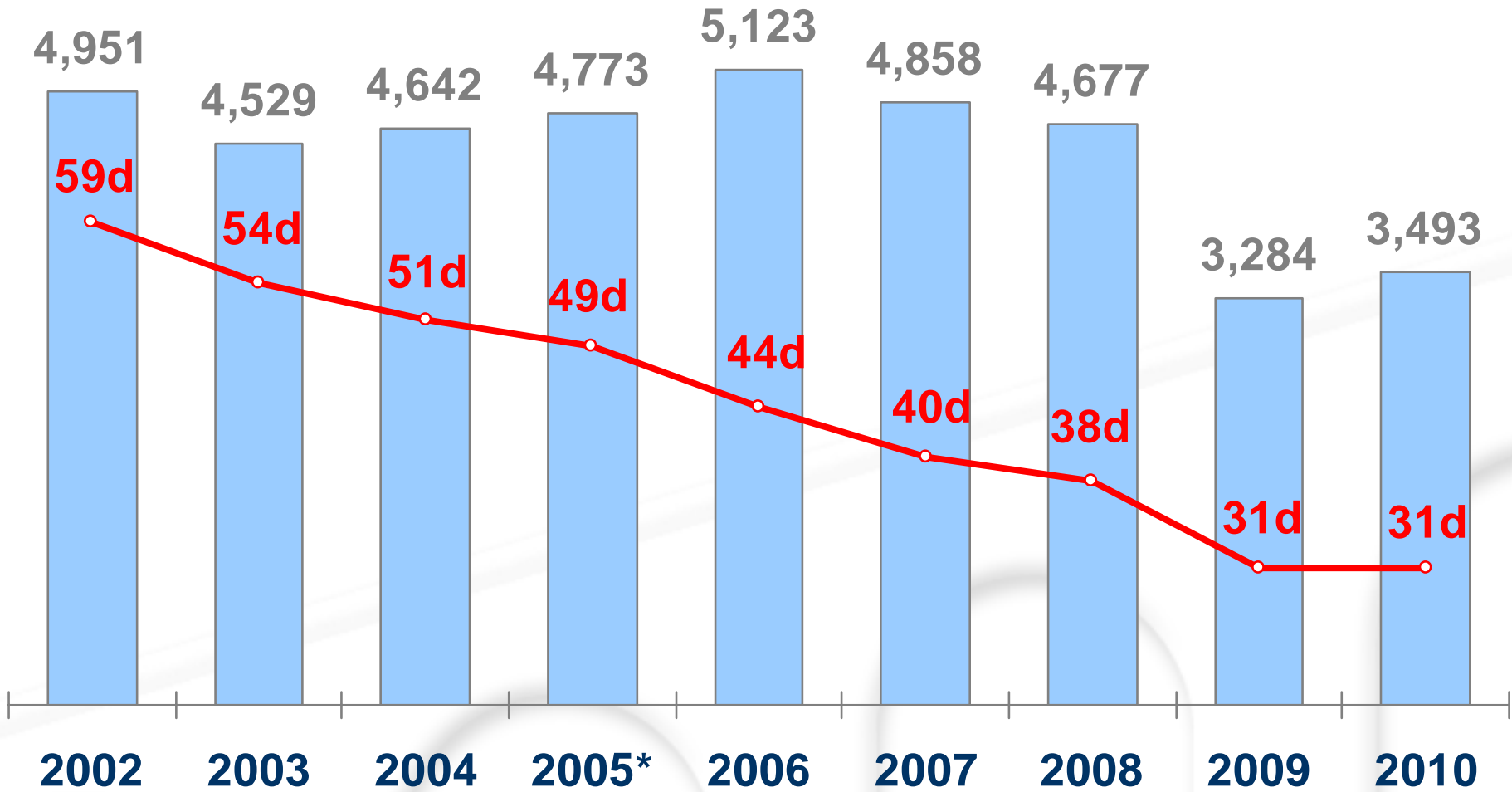
\* EBITDA = Operating income + depr./amort. of operating items

# Selective disposals and acquisitions

- > **Optimization of HPM portfolio:**
  - disposal of **'Advanced Ceramics'**:  
on excellent financial terms:
    - selling price: **US\$245m (€185m)**
    - sales multiple: **1.5 x 2009 sales**
    - gross capital gain: **~€100m**
  - acquisition of **NY Wire** (production transferred to Mexico)
- > **Acquisitions mainly focused on solar power, energy efficiency and the Asia & emerging countries region:**
  - **SAGE** (electrochromic glass, US)
  - **MAG** (Insulation, Japan)
  - **Solarwood** (PV tiles)
  - **Nikkon, Difer** (Abrasives, Brazil)
  - **KBS** (Mortars, Switzerland)

# Operating WCR stable at 31 days (+€0.2m)

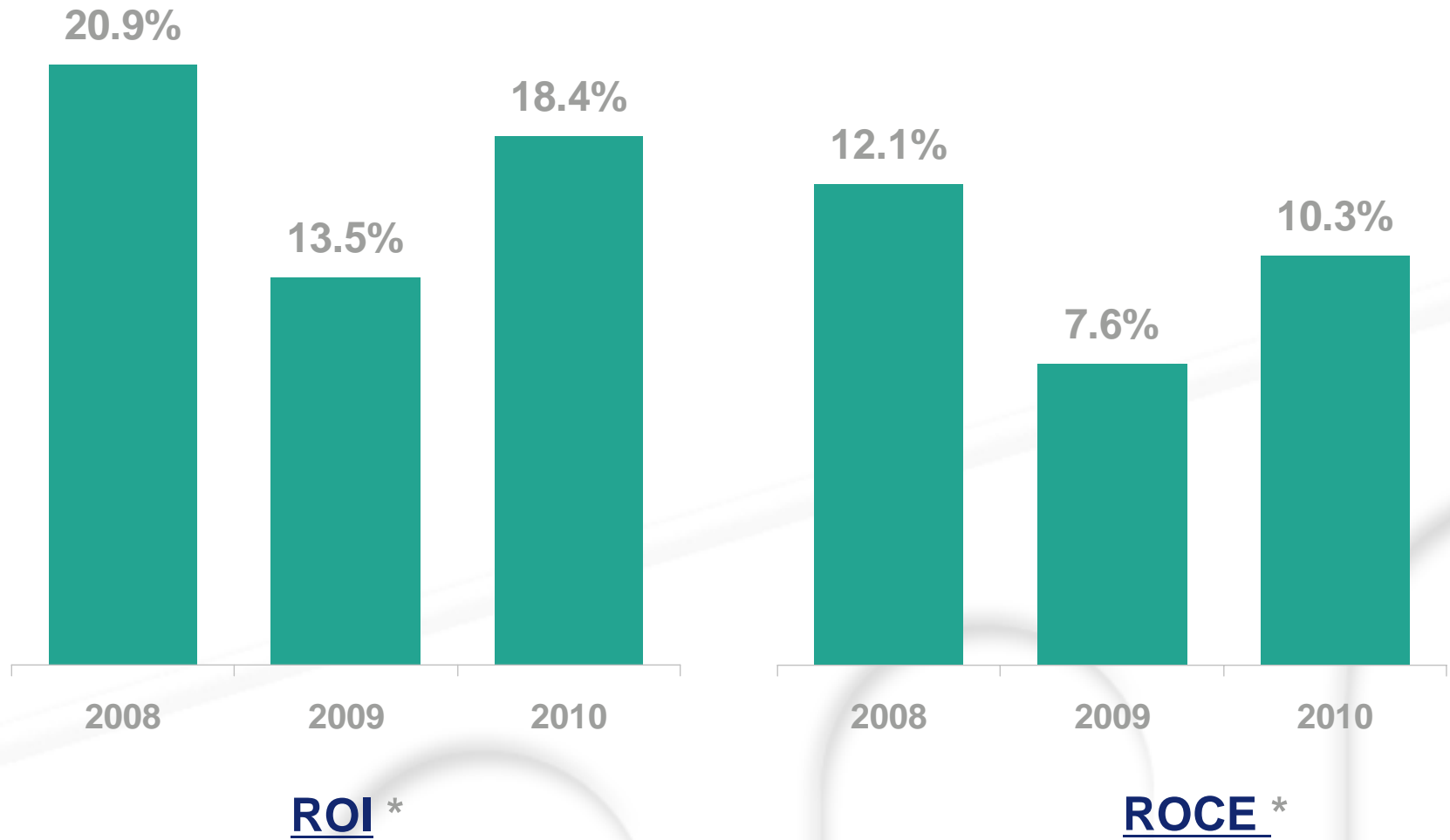
(at December 31, €m and *no. of days*)



**End-2010: Op. WCR = 31 days, despite the LME law**

2002 and 2003 under French GAAP  
2004 and 2005 under IFRS  
\* 2005 excluding Gypsum

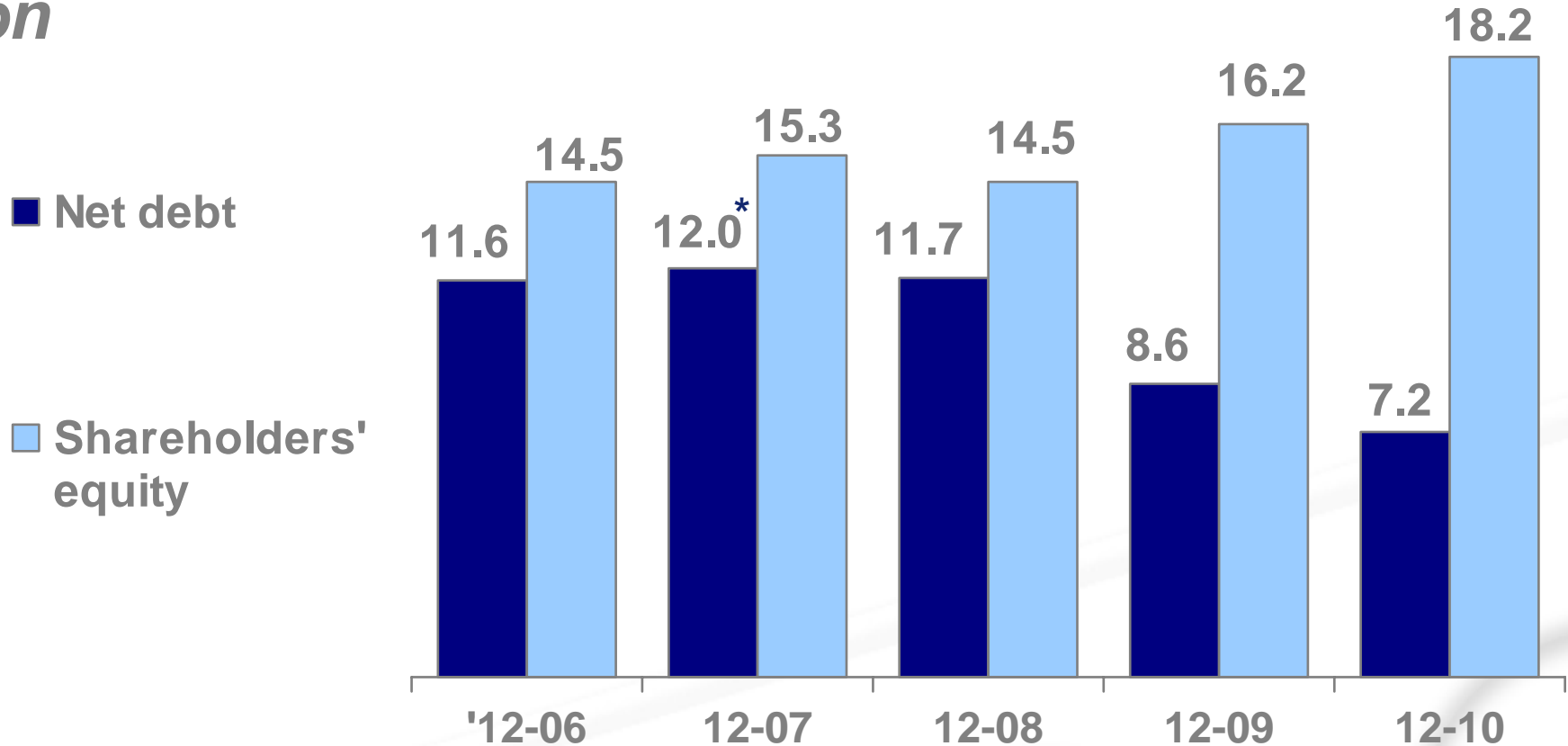
# ROI and ROCE



\* before tax

# Net debt and Shareholders' equity

€bn



Net debt/Shareholders' equity	<b>80%</b>	<b>78%*</b>	<b>80%</b>	<b>53%</b>	<b>39%</b>
Net debt/EBITDA**	<b>2.2</b>	<b>2.1*</b>	<b>2.3</b>	<b>2.3</b>	<b>1.5</b>

\* after Maxit acquisition

\*\* EBITDA = operating income + depr./amort.

# 2

## 2010 Results

Group

Business Sectors

Geographic Areas



# Sales trends by Business Sector

% change in 2010/2009 sales  
on a like-for-like basis

**Group: +1.9%**

## *Innovative Materials*

**+12.3%**

Flat Glass +8.4%  
HPM +17.9%

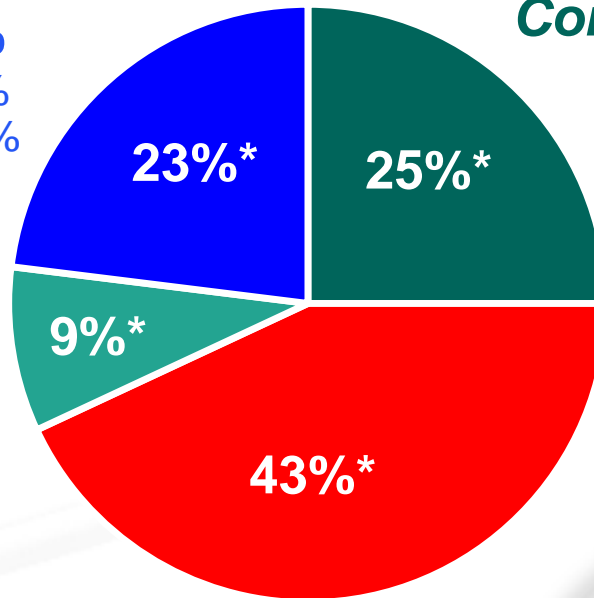
## *Construction Products*

**+0.0%**

Interior Solutions -1.8%  
Exterior Solutions +1.7%

## *Packaging*

**+0.2%**



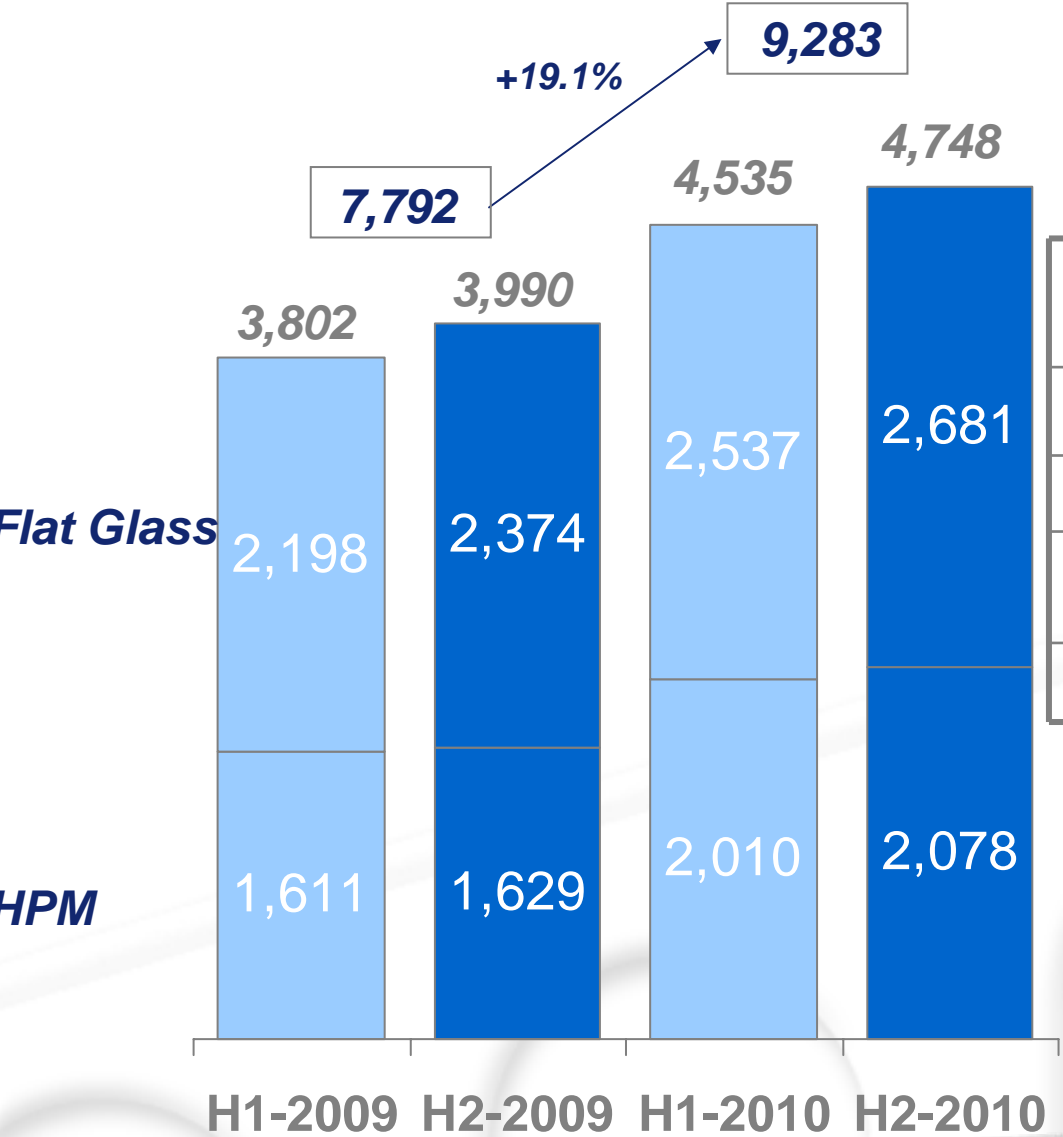
## *Building Distribution*

**-1.5%**

\* Breakdown of 2010 sales

# Innovative Materials (Flat Glass - HPM) (€m)

Sales

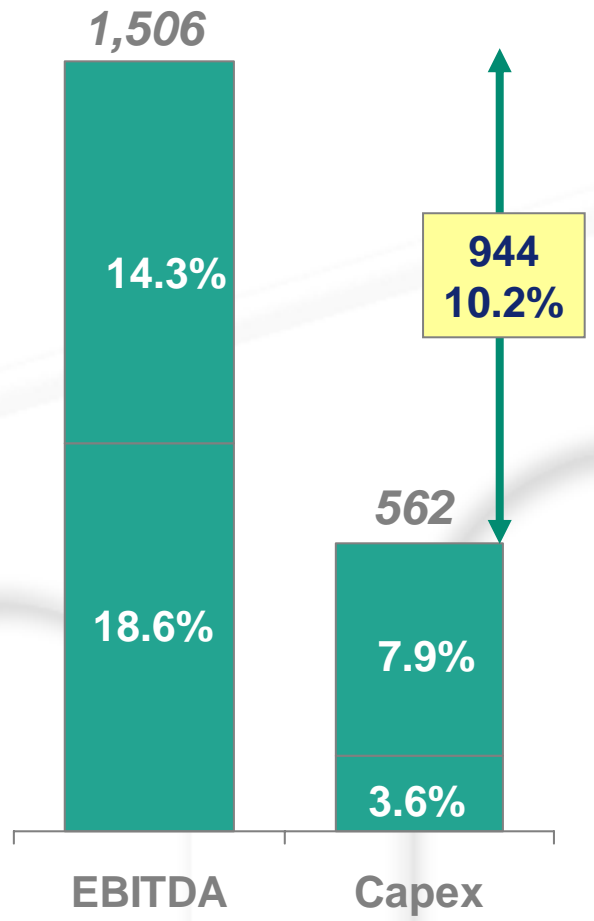
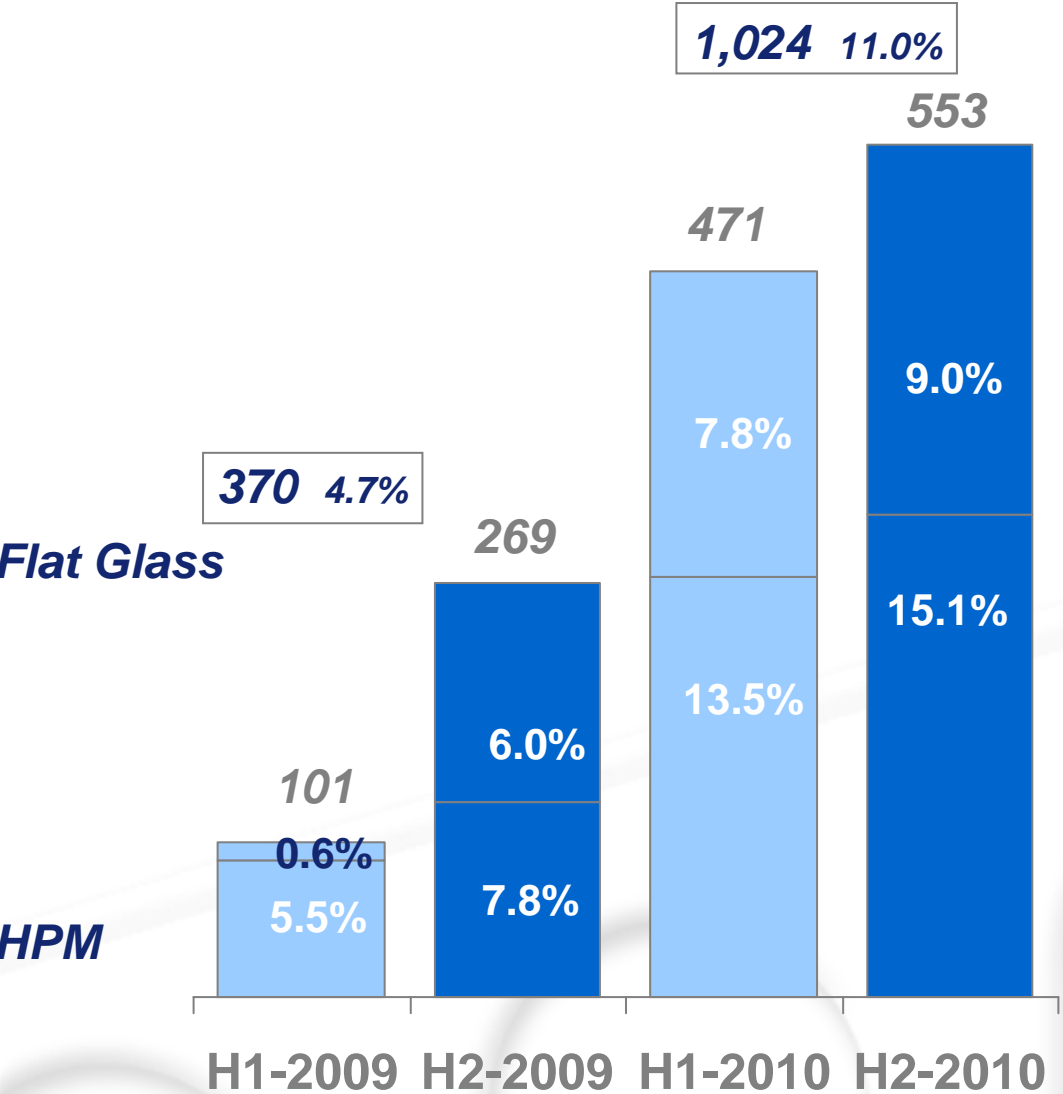


Organic growth (like-for-like)			
	H1/H1	H2/H2	10/09
<b>IM</b>	<b>+13.8%</b>	<b>+10.9%</b>	<b>+12.3%</b>
Flat Glass	+10.1%	+6.7%	+8.4%
HPM	+19.1%	+16.8%	+17.9%

# Innovative Materials (Flat Glass - HPM) (€m and % of sales)

## Operating income

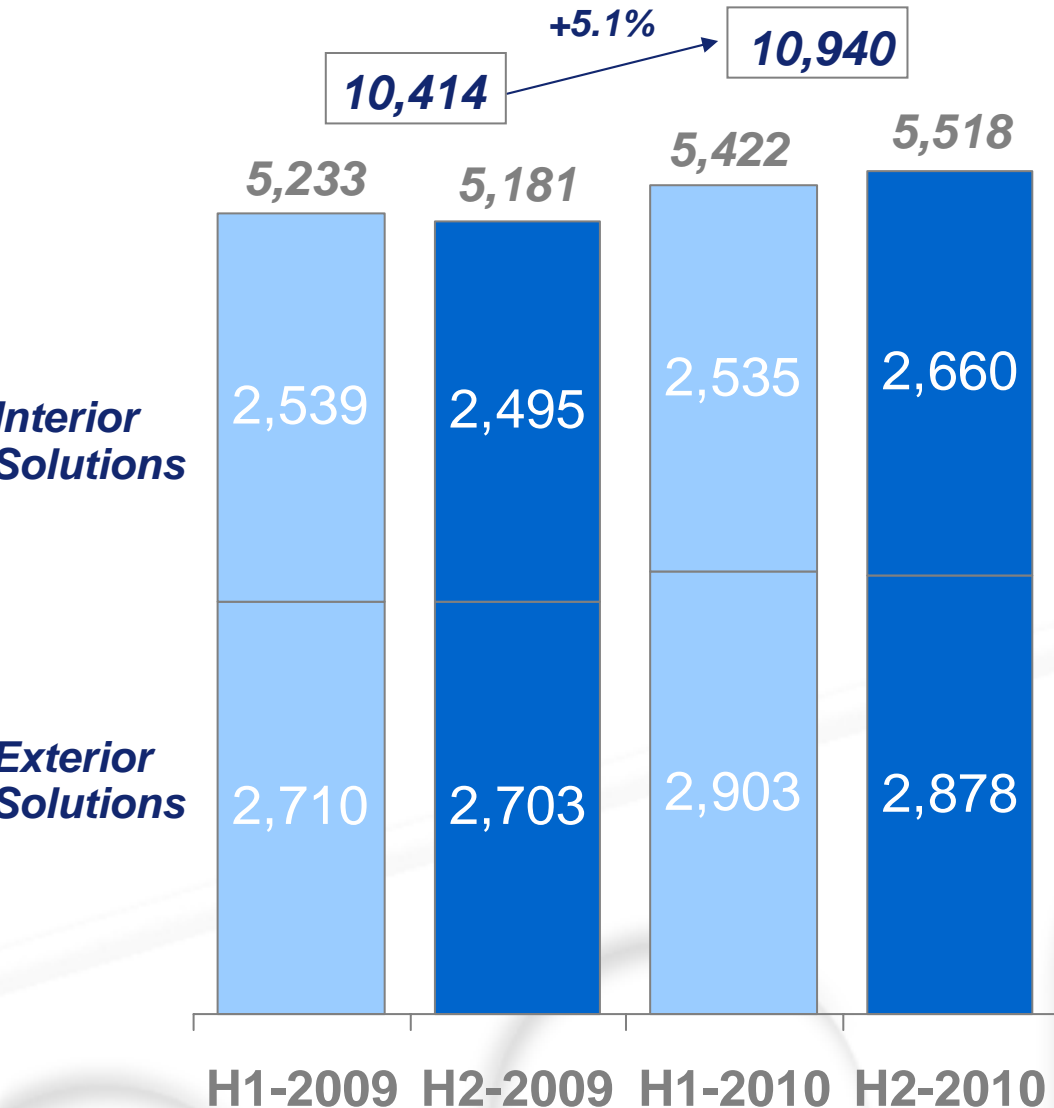
## EBITDA & Capex



2010

# Construction Products (€m)

## Sales

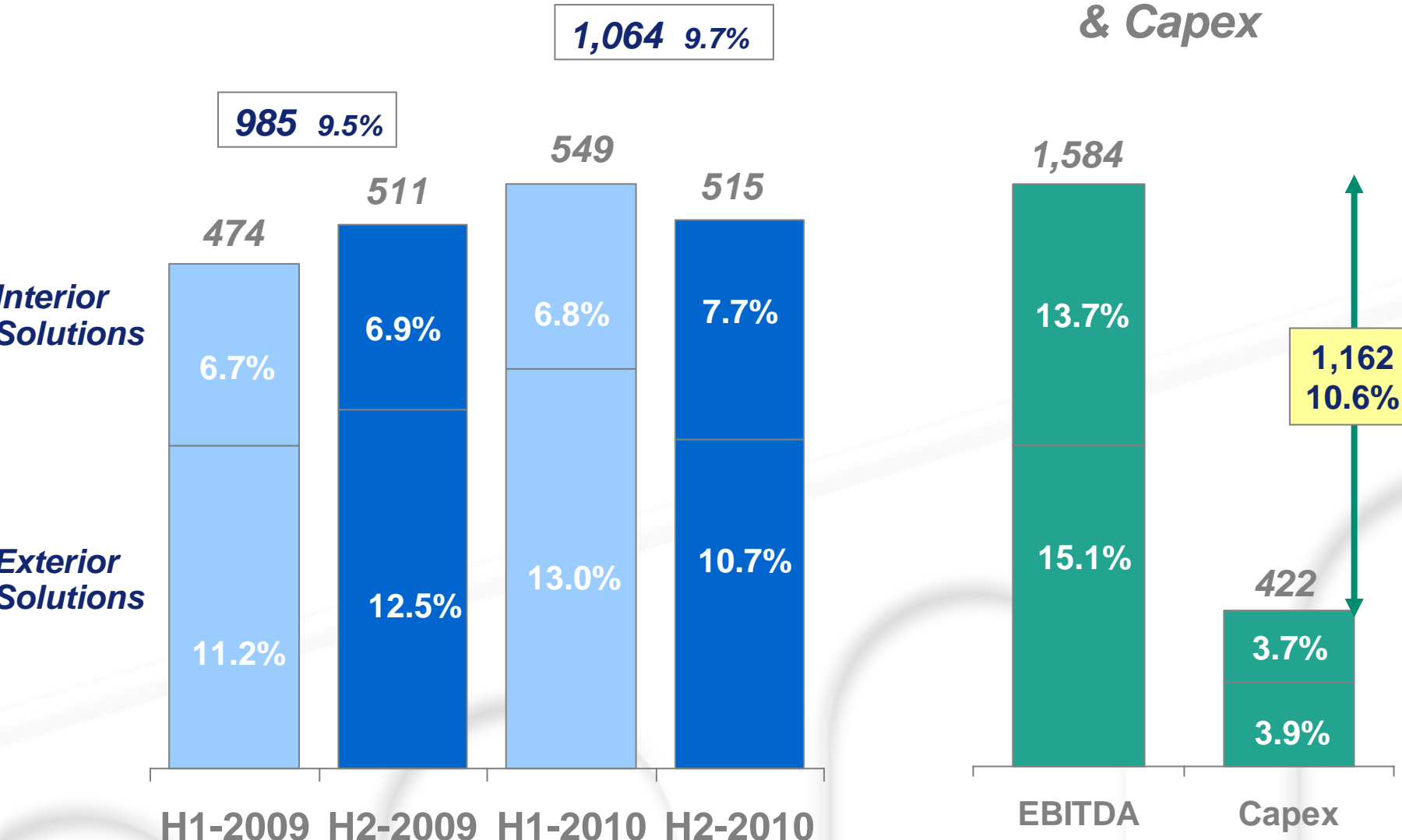


	H1/H1	H2/H2	10/09
<b>CP</b>	<b>+0.0%</b>	<b>+0.2%</b>	<b>+0.0%</b>
Int. Sol.	-3.6%	+0.1%	-1.8%
Ext. Sol.	+3.4%	+0.4%	+1.7%

# Construction Products (€m and % of sales)

## Operating income

## EBITDA & Capex



**985 9.5%**

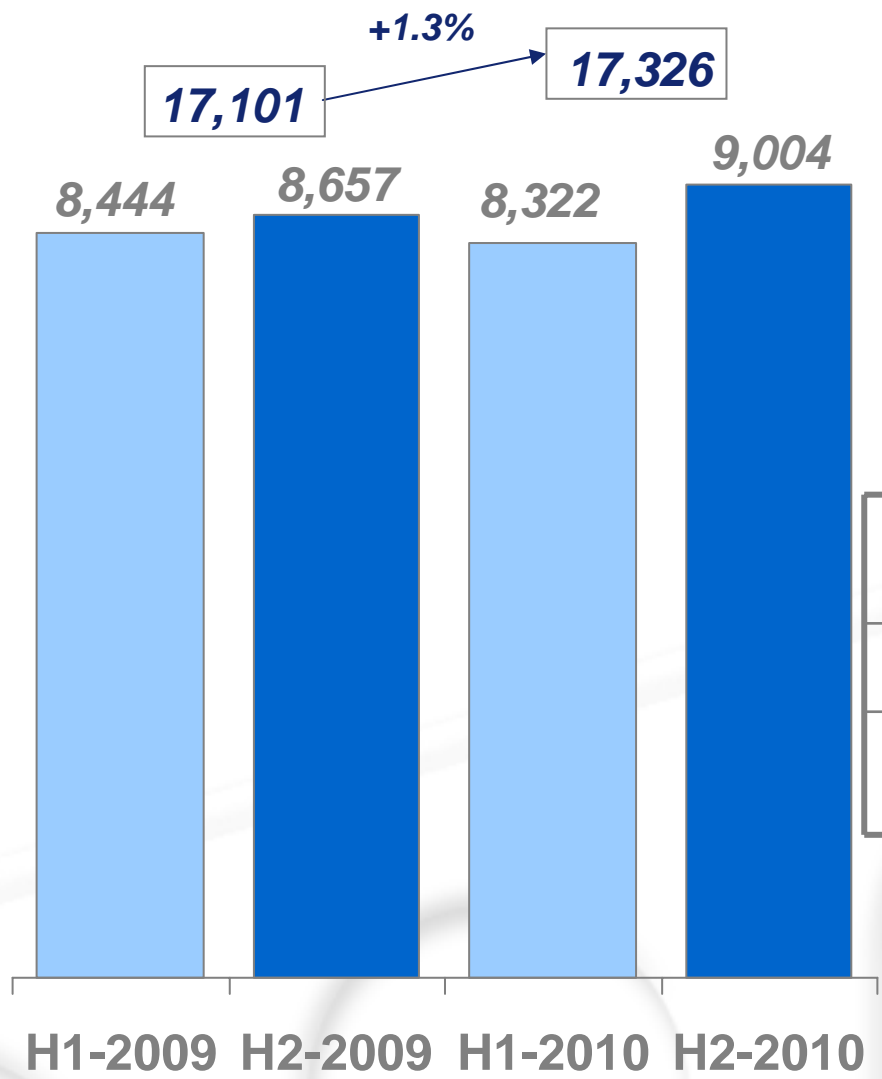
**1,064 9.7%**

**1,162 10.6%**

2010

# Building Distribution (€m)

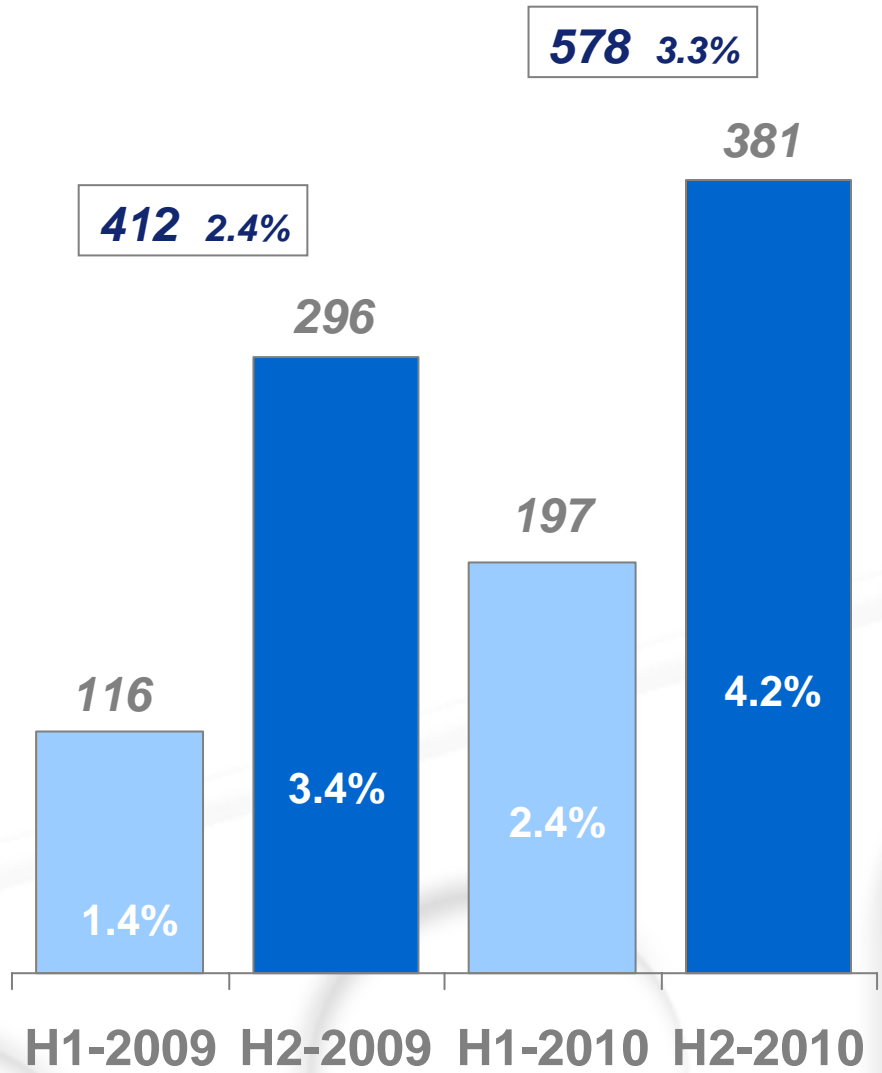
Sales



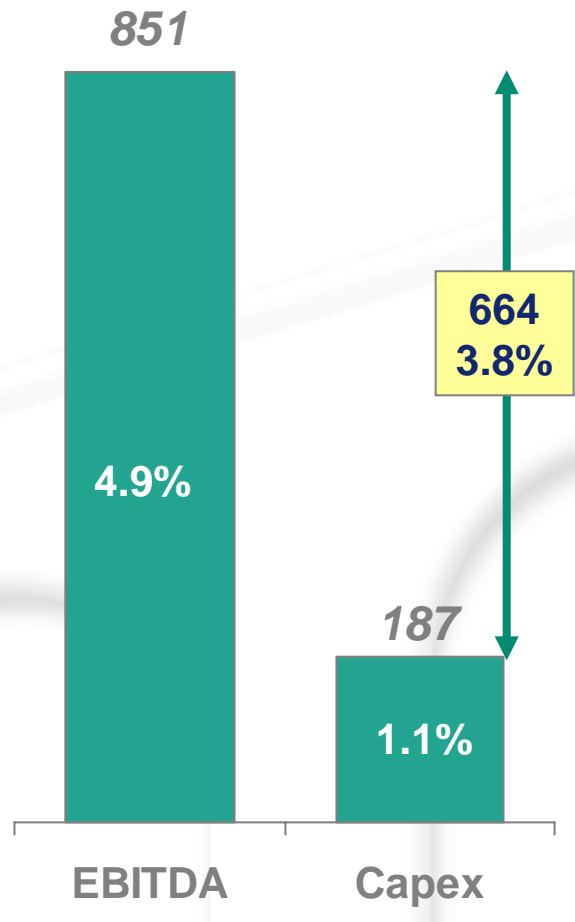
<b>Organic growth</b> <i>(like-for-like)</i>			
	H1/H1	H2/H2	10/09
<b>Building Distrib.</b>	-4.1%	+1.0%	-1.5%

# Building Distribution (€m and % of sales)

## Operating income

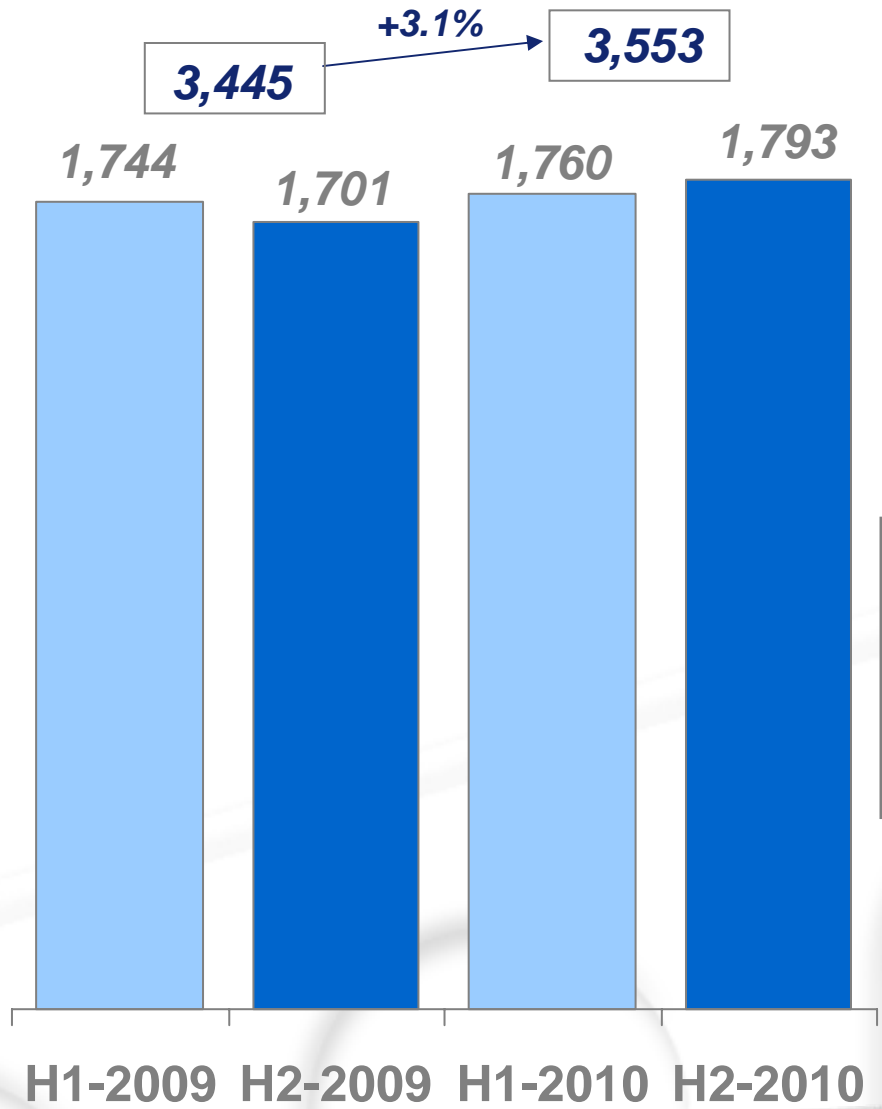


## EBITDA & Capex



2010

# Packaging Sales (€m)



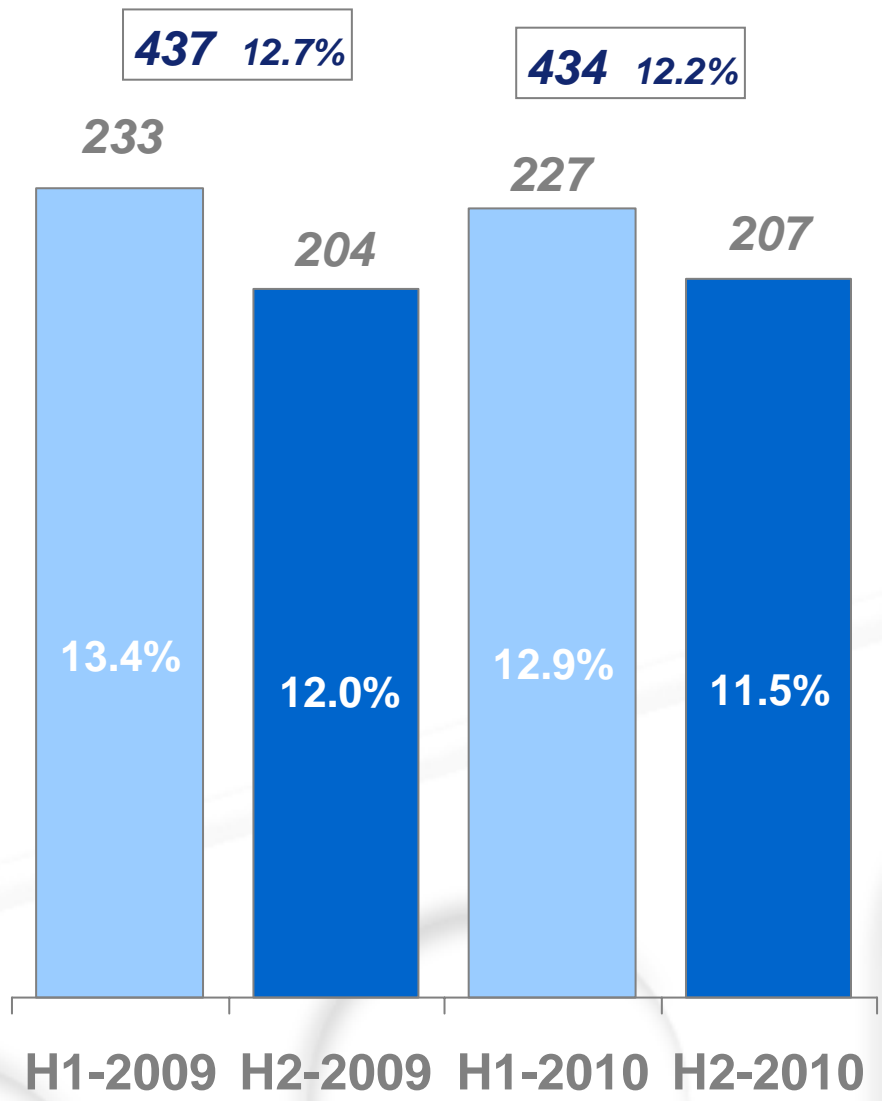
<b>Organic growth (like-for-like)</b>			
	H1/H1	H2/H2	10/09
<b>Packg.</b>	<b>-0.2%</b>	<b>+0.7%</b>	<b>+0.2%</b>



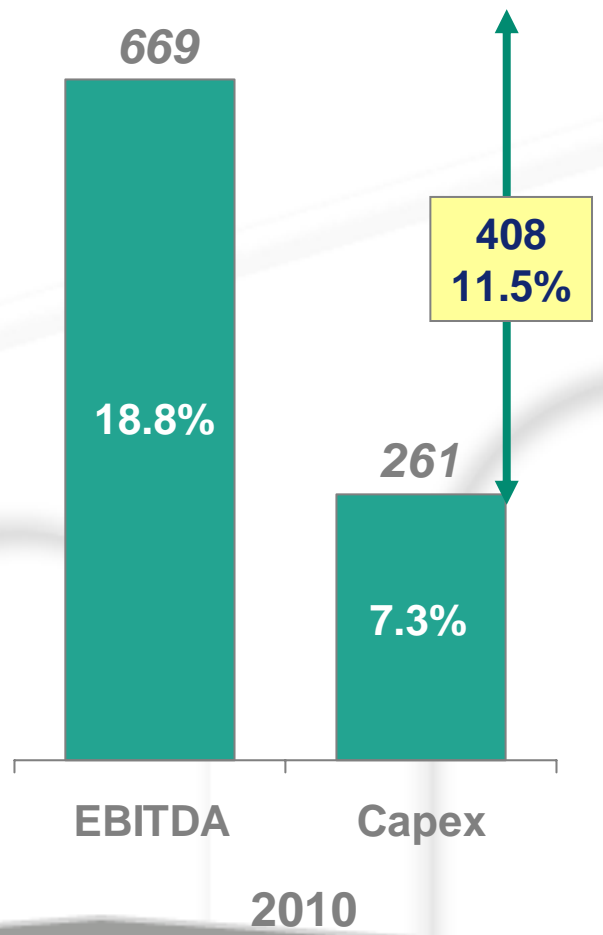
# Packaging (€m and % of sales)



## Operating income



## EBITDA & Capex



# 2

## 2010 Results

Group

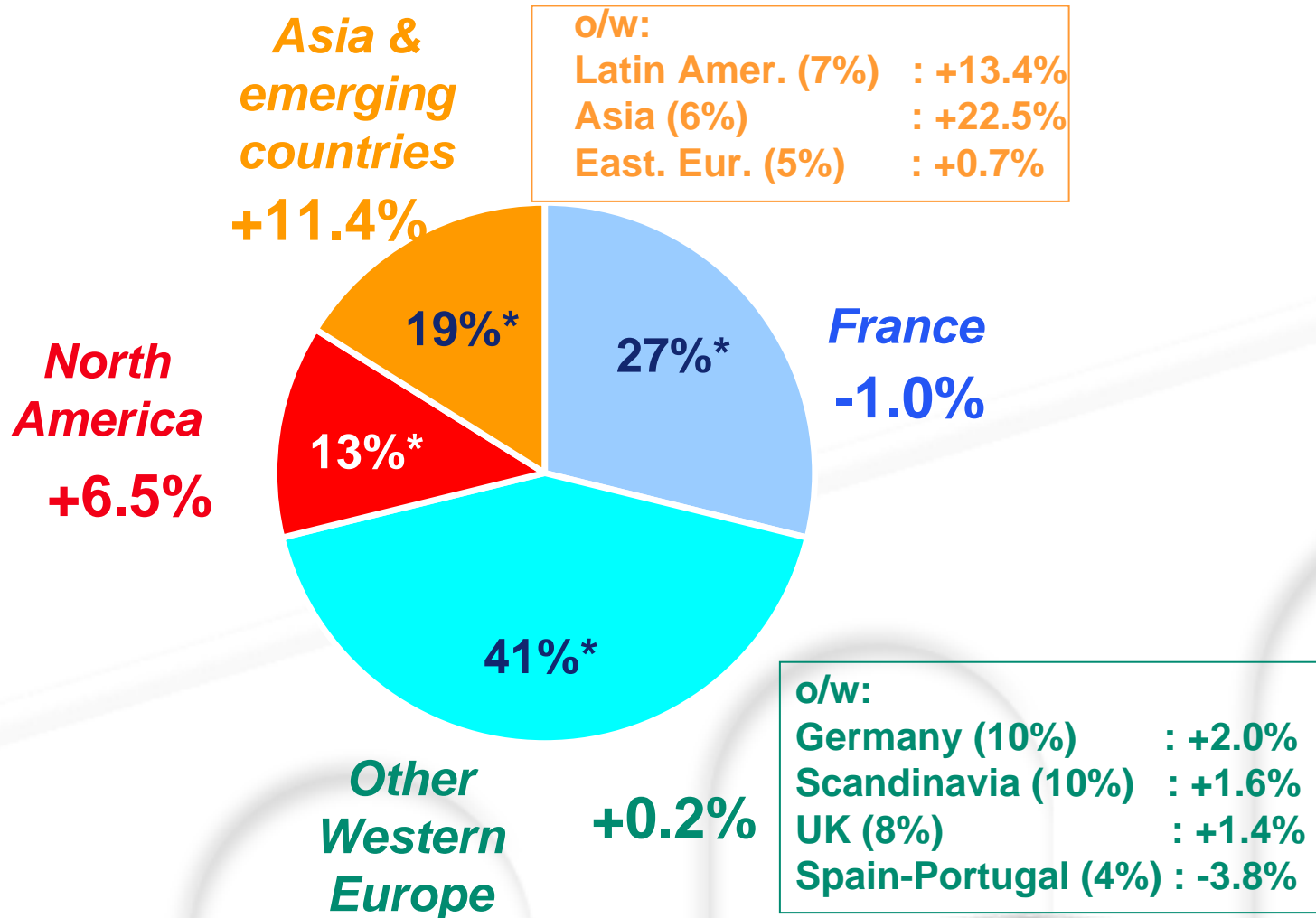
Business Sectors

Geographic Areas

# Sales trends by geographic area

% change in 2010/2009 sales  
on a like-for-like basis

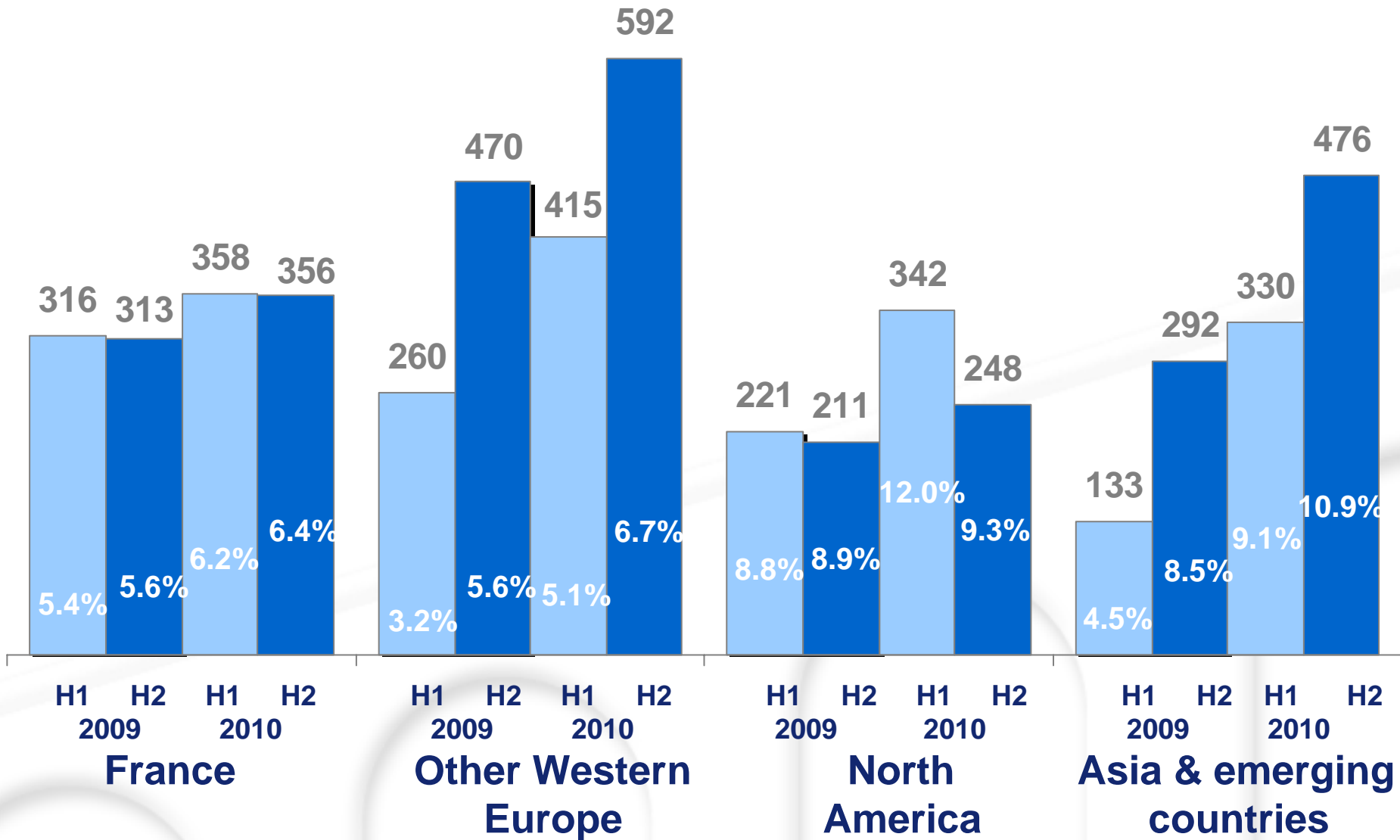
**Group: +1.9%**



\* Breakdown of 2010 sales

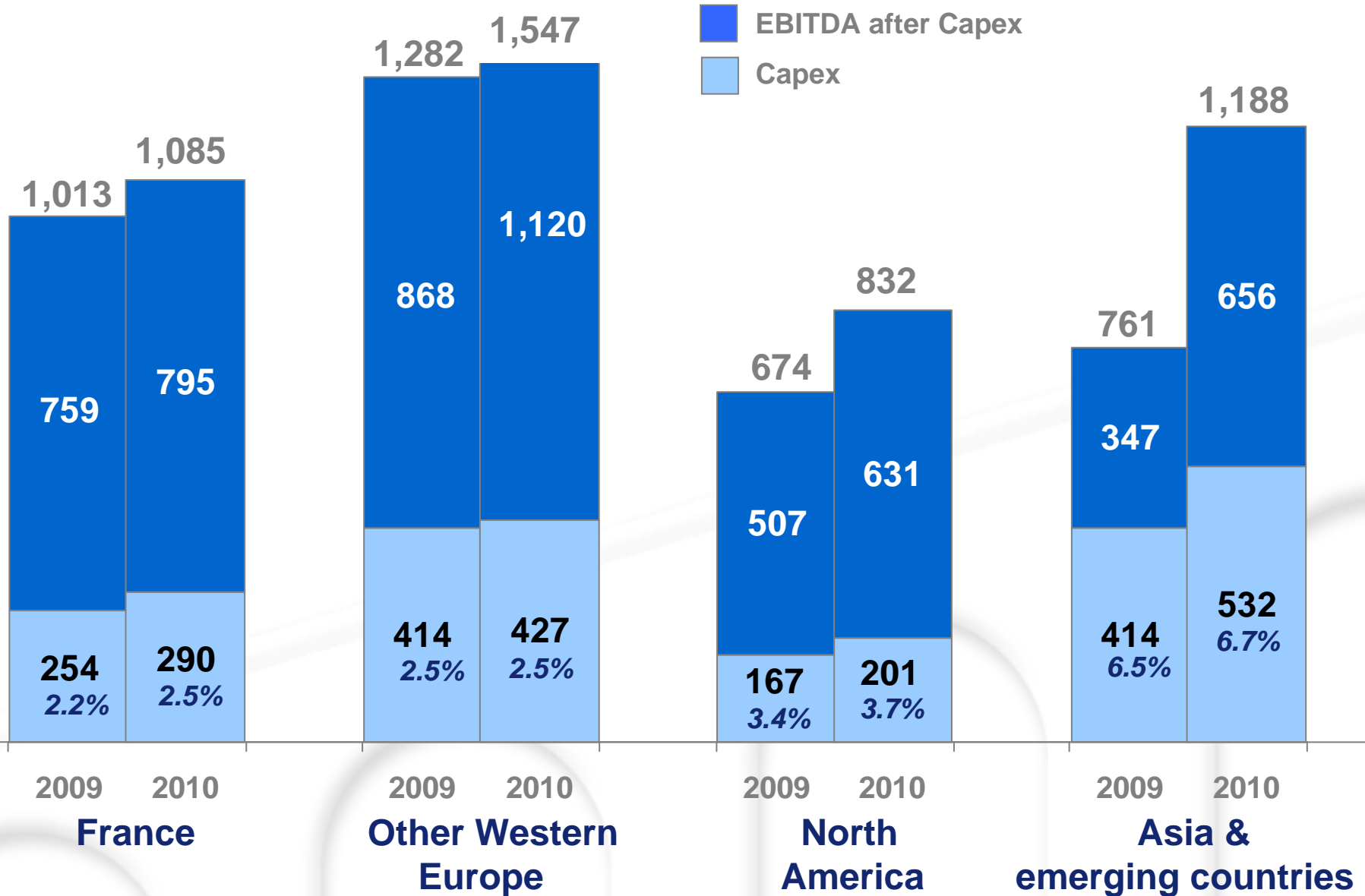
# Operating income by geographic area

(€m and % of sales)



# EBITDA and Capex by geographic area

(2009 and 2010, €m and % of sales)



# 3

## 2011-2015 Strategy

# A vision of Saint-Gobain



***World leader of the Habitat market, offering innovative solutions to today's critical challenges of growth, energy and the environment***



***THE reference in sustainable Habitat***

# Strategy focused on profitable growth and new market expansion

- > **Complete the Group's refocus on the Habitat market with the gradual divestment of Packaging**

**Target minority listing as from Q2-2011**



- > **Bolster the Group's positioning in high value-added Habitat solutions**
- > **Step up development in Asia and emerging countries**



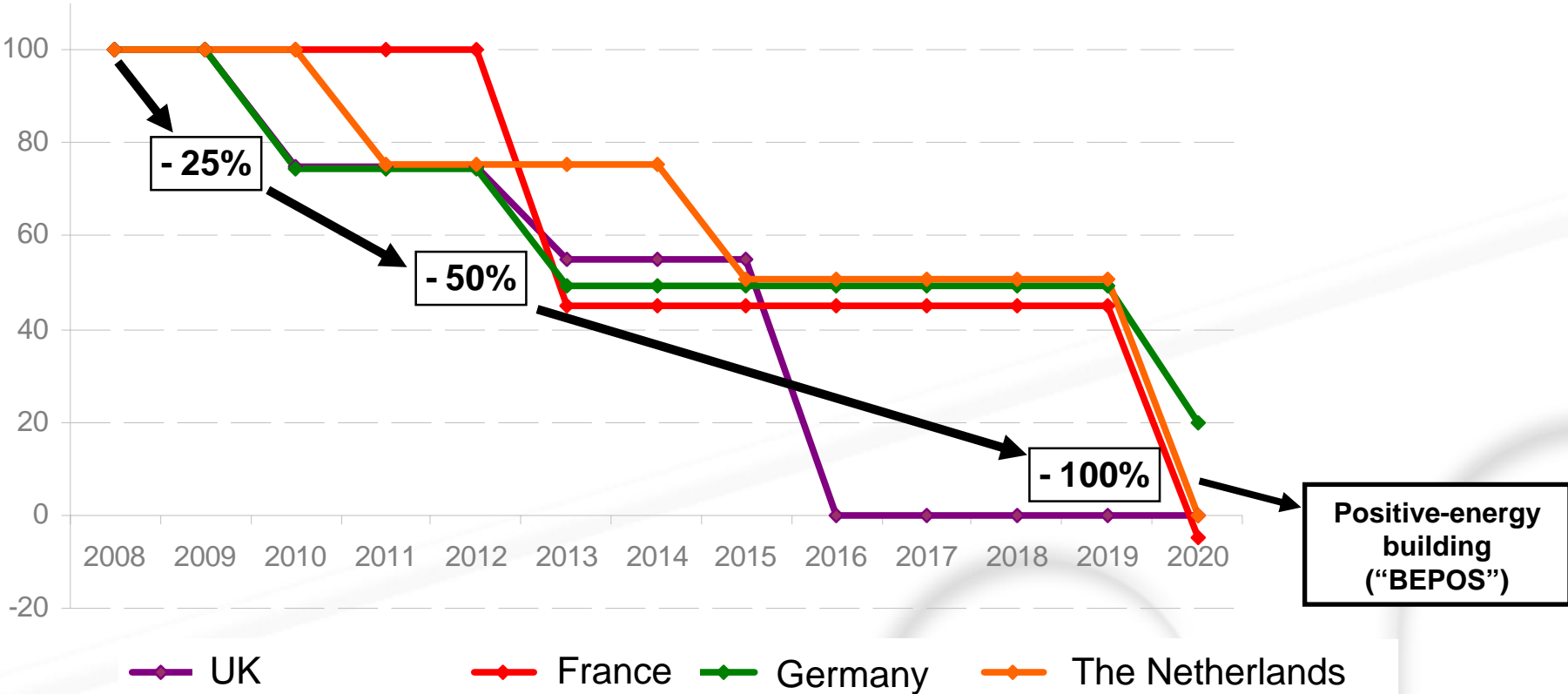
# Bolster the Group's positioning in high value-added Habitat solutions

<b>% of Group sales</b>	<b>2010</b>	<b>2015</b>
New products	~20%	25%
EEE*	32%	38%
High value-added solutions	51%	60%

\* Energy efficiency, Energy, Environment

# New-build markets driven by demands for energy efficiency in Western Europe

Improvement in energy efficiency in new buildings (%)



**Energy consumption of new buildings cut by 50% on average over five years (2008-2013)**

# Impact of the “RT 12” thermal regulation in France

- > **Aim: reduction of over 50%** in energy consumption of new buildings
- > All new buildings must now respect low-energy building criteria (“**BBC**”\*)
- > **Effective dates:**
  - **October 28, 2011** for commercial buildings
  - **January 1, 2013** for residential buildings
- > **Significant impact on the Group’s activities in France as of 2010:**
  - Isover France sales (in T): **+8%**
  - ITR France Flat Glass sales (Planitherm One, m<sup>2</sup>): **+7%**



G3 Isover range



Planitherm One SG Glass

\* < 50 Kwh EP/m<sup>2</sup>/p.a. on average

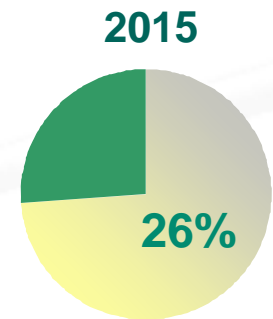
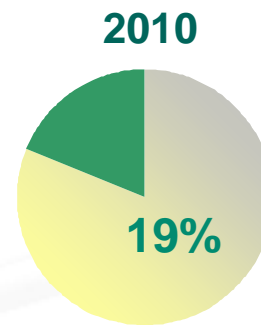
# Profitable growth in emerging countries

> Profitability is key

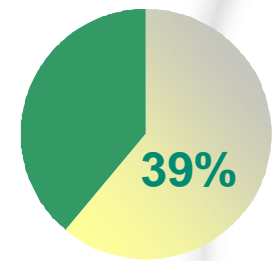
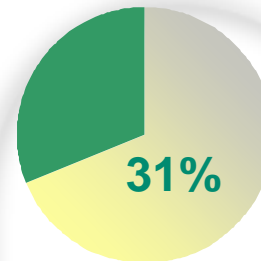
> Priority focus on developing Innovative Materials and Construction Products sectors

Sales in Asia and emerging countries:

Group



IM + CP



# Increase the Group's organic growth potential

## > 2011-2015 organic sales growth (excluding Packaging)



- > Targeted increase in capex, up to 5% of sales
  - 65% of 2011-2015 growth capex in emerging countries
  - 80% of 2011-2015 growth capex in EEE and emerging countries

# Targeted acquisitions policy quick to create value

## Priorities:

- emerging countries
- high value-added products and solutions in mature markets
- consolidation (Building Distribution and CP)



**External sales growth: 3% to 4% p.a. on average**

# Ambitious targets through to 2015

<b>Sales</b>	<b>€5bn</b>
<b>Operating income</b>	<b>€5.5bn</b> <i>(10% of sales)</i>
<b>Recurring net income</b>	<b>€3bn</b>
<b>ROI*</b> (return on investment)	<b>25%</b>
<b>ROCE*</b> (return on capital employed)	<b>14-15%</b>
<b>Ongoing strong financial structure</b>	

\* before tax

# 4

## Outlook and Objectives for 2011



# Economic outlook for 2011

## Economic environment

### > **Asia and emerging countries:**

- ongoing vigorous growth, with the recovery picking up pace in Eastern Europe (especially Poland)

### > **North America:**

- industry to remain upbeat
- continuing weakness in construction but start of recovery during the year

### > **Western Europe:**

- ongoing robust momentum in industry
- further overall improvement in construction (residential new-builds and renovation), although trends should continue to vary widely from one country to the next, with the recovery gathering pace in the Group's key markets (France, Germany, UK, Scandinavia)



**Overall, the uptrend observed in 2010 should gather momentum**

# Economic outlook for 2011

## Group businesses

### > **Innovative Materials:**

- continuing robust momentum in all regions
- further improvement in margins

### > **Construction Products:**

- vigorous growth in Asia and emerging countries
- continuing steady improvement in mature markets
- significant impact of higher raw material and energy costs in Exterior Solutions

### > **Building Distribution:**

- gradual improvement to continue in both Western and Eastern Europe
- further growth in margins

### > **Packaging (Verallia):**

- ongoing healthy trading and profitability



**All of the Group's Business Sectors should continue to improve performance**

# Economic outlook for 2011

## Group as a whole

- > Upswing in sales volumes should gather pace
- > Consolidation of upward trend in sales prices, enabling the Group to maintain a positive price/cost spread
- > Impact of rising raw material and energy costs



**Overall, operating performance should continue to recover on the back of accelerated sales growth**

# **Our priorities in 2011: a new growth momentum underpinned by strict financial discipline**

- > Confirmation of priority focus on sales prices**
- > Ongoing tight rein on costs**
- > Strict discipline in terms of cash management and financial strength**
- > Dynamic investment policy to resume (capex and financial investments), focused on the Group's growth drivers**
- > Ongoing R&D efforts**



**Dynamic, tempered growth policy**

# 2011 objectives

- > **Robust organic growth**
- > **Double-digit growth in operating income\***
- > **Free cash flow of €1.3bn**  
*(following a €500m rise in capex)*
- > **Ongoing strong financial structure**

\* at constant exchange rates

# 2010 dividend\*

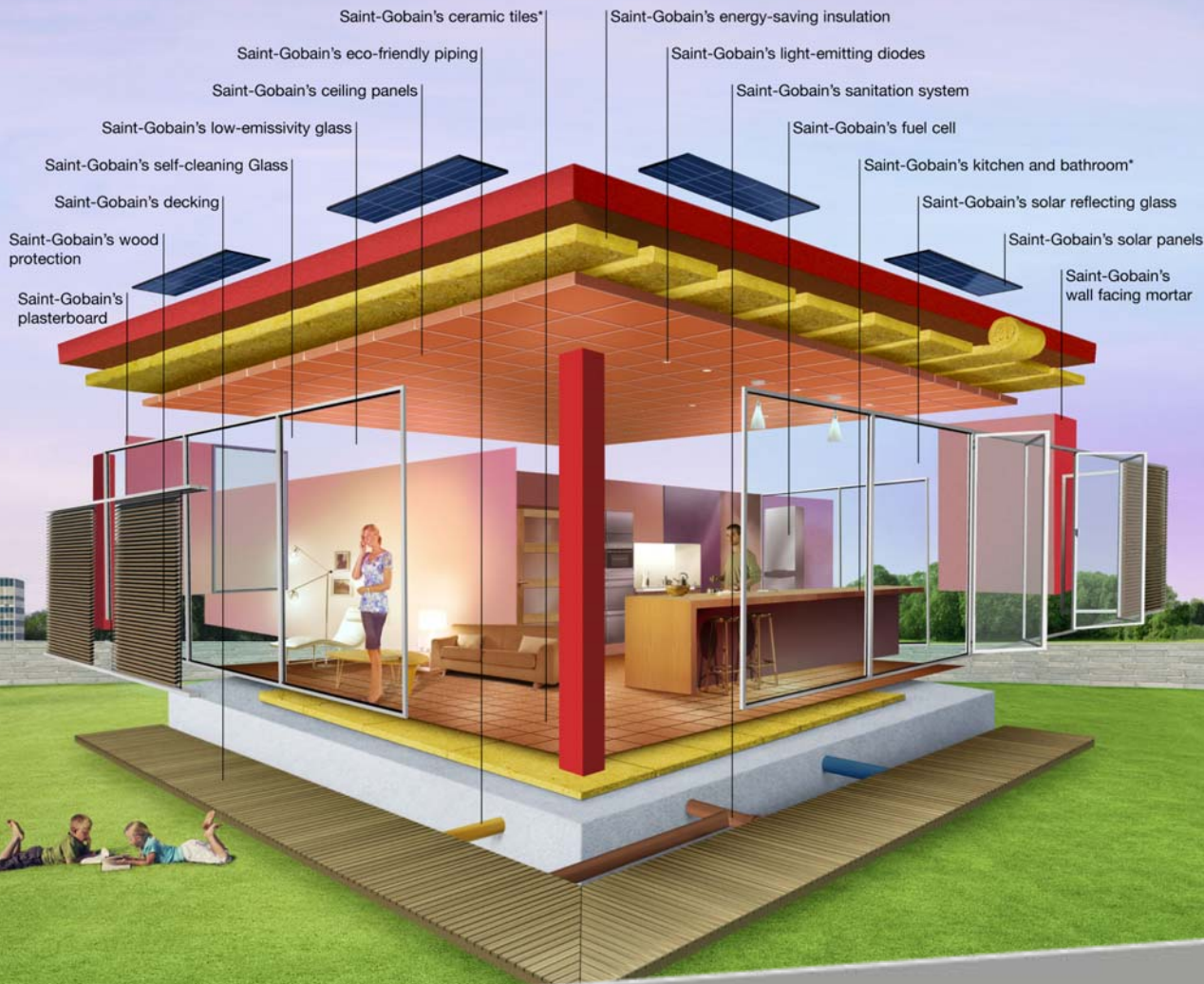
- > Significant increase **(+15%)** on 2009:  
**€1.15 per share**  
→ Dividend yield at December 31, 2010 = 3.0%
- > Dividend paid in cash
- > Timetable:
  - **June 9, 2011: AGM**
  - **June 13, 2011: ex-coupon date**
  - June 15, 2011: record date
  - **June 16, 2011: payment date**

*\* proposal of the Board of Directors to the AGM of June 9, 2011*

# **Conclusion: a solid Group poised to benefit fully from the return to growth**

- > Attractive strategic positioning in both emerging and mature markets**
- > A much leaner cost base, providing the Group with significant operating leverage, tempered by rising raw material and energy costs**
- > Robust financial structure allowing the Group to resolutely pursue its development policy and capitalize on growth opportunities**

Energy-saving, innovation, environment-protecting.



# 2010 Results and Outlook for 2011

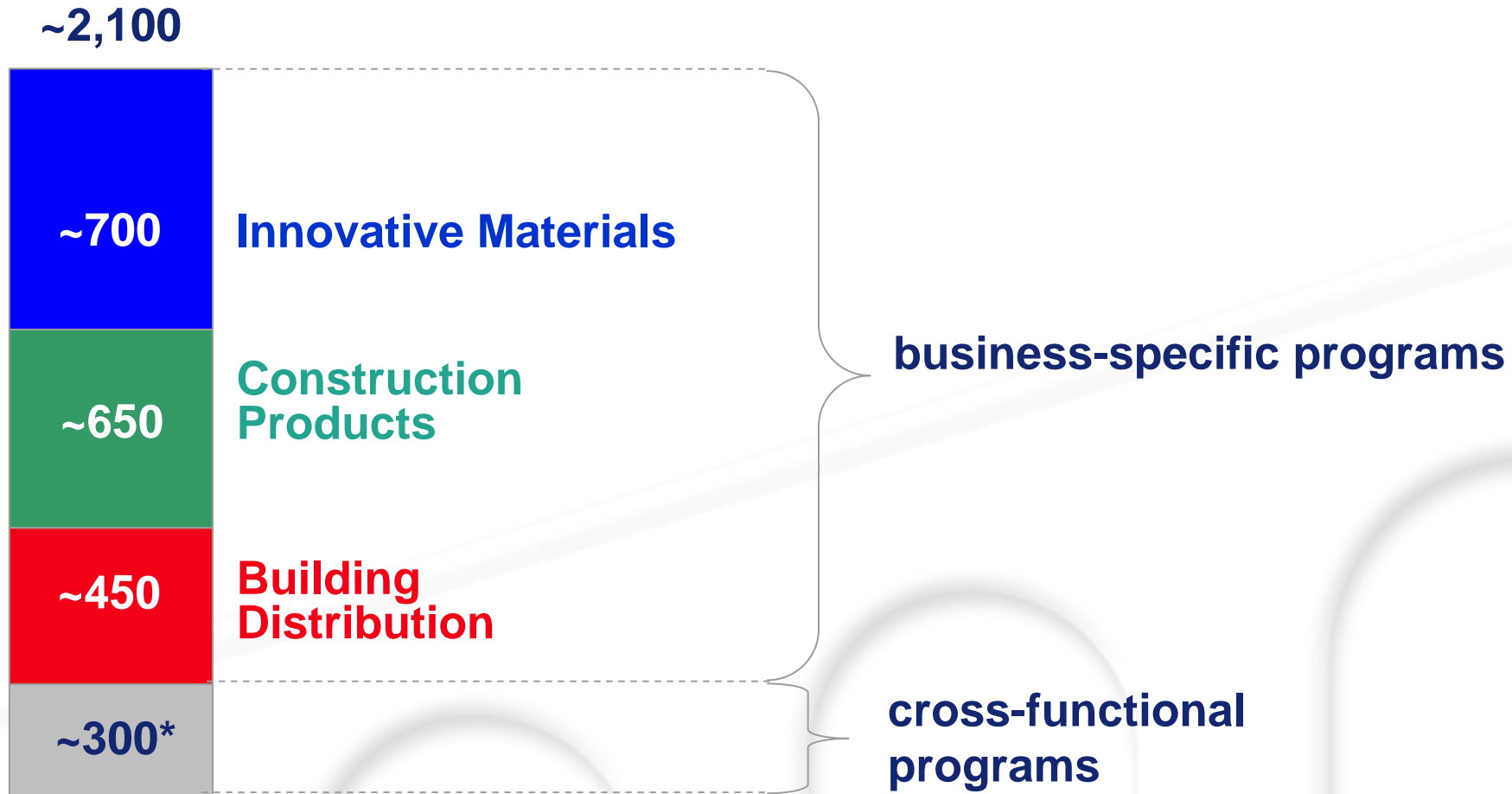
Analyst-Investor  
meeting

February 25, 2011



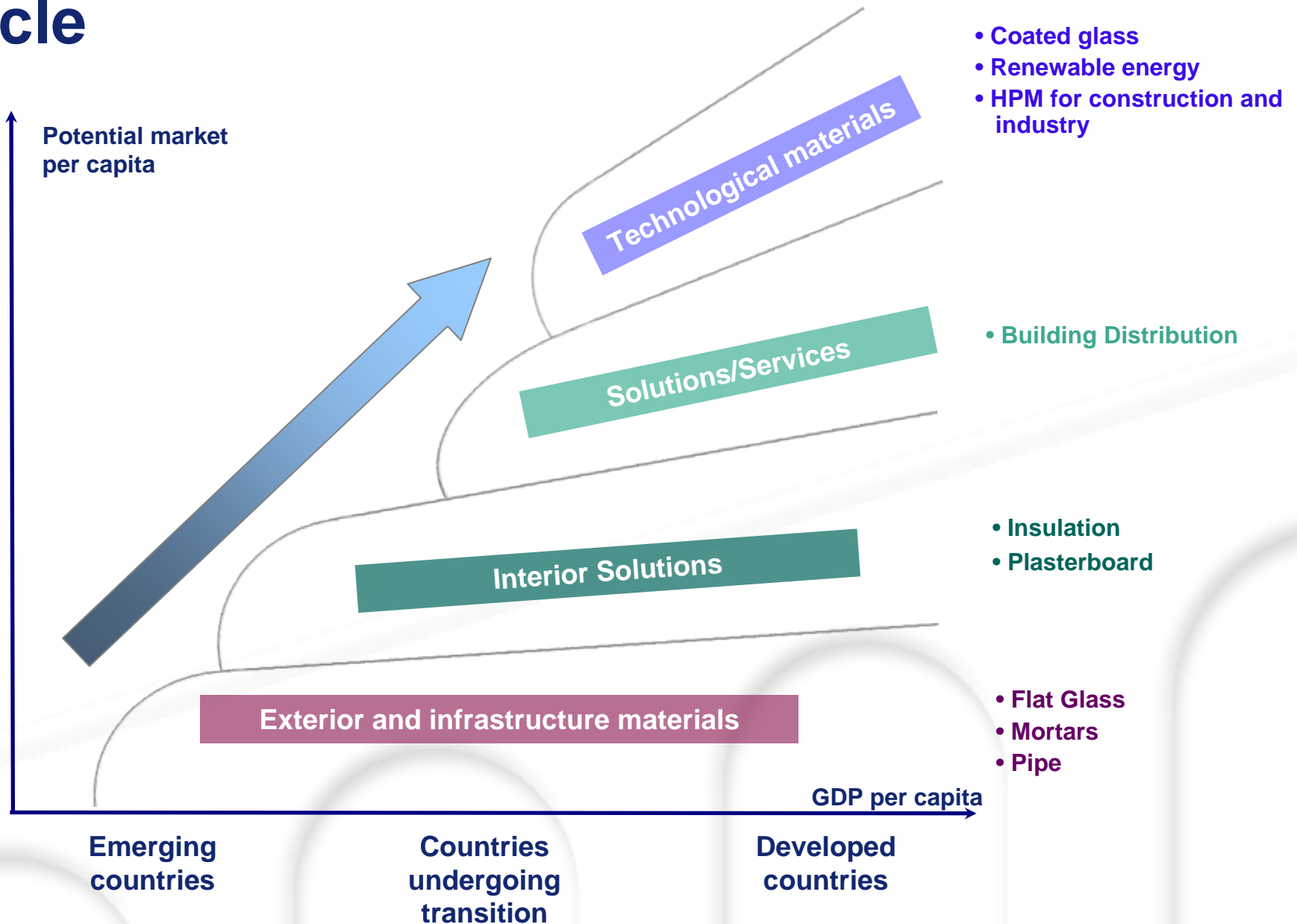
# €2.1bn in cost reductions

€m



\* NB €300m target set in July 2007

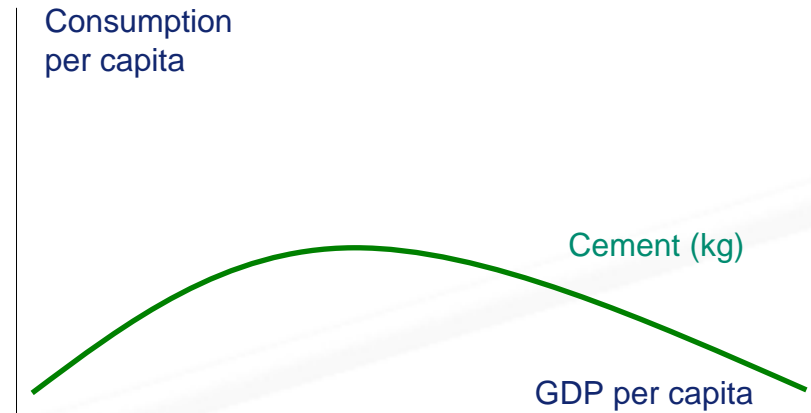
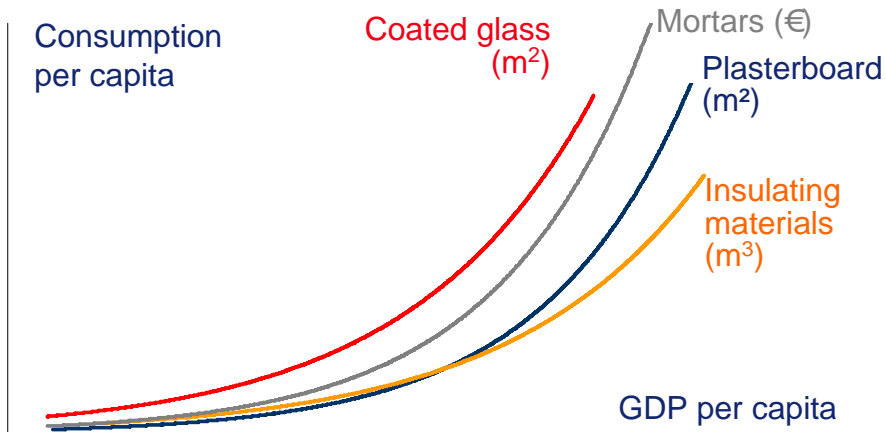
# Solutions for every stage of the development cycle



# Growing markets in mature countries...

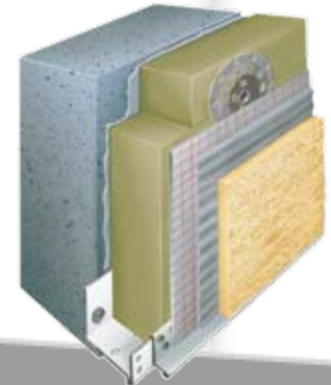
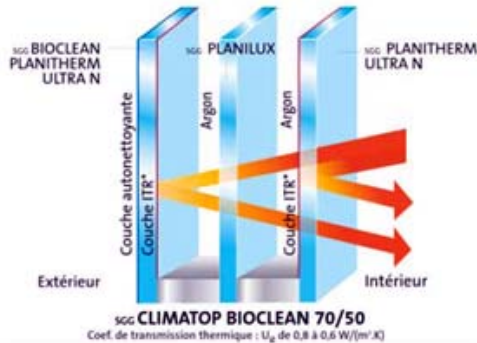
## > Technical solutions for tomorrow's homes

Consumption per capita based on wealth

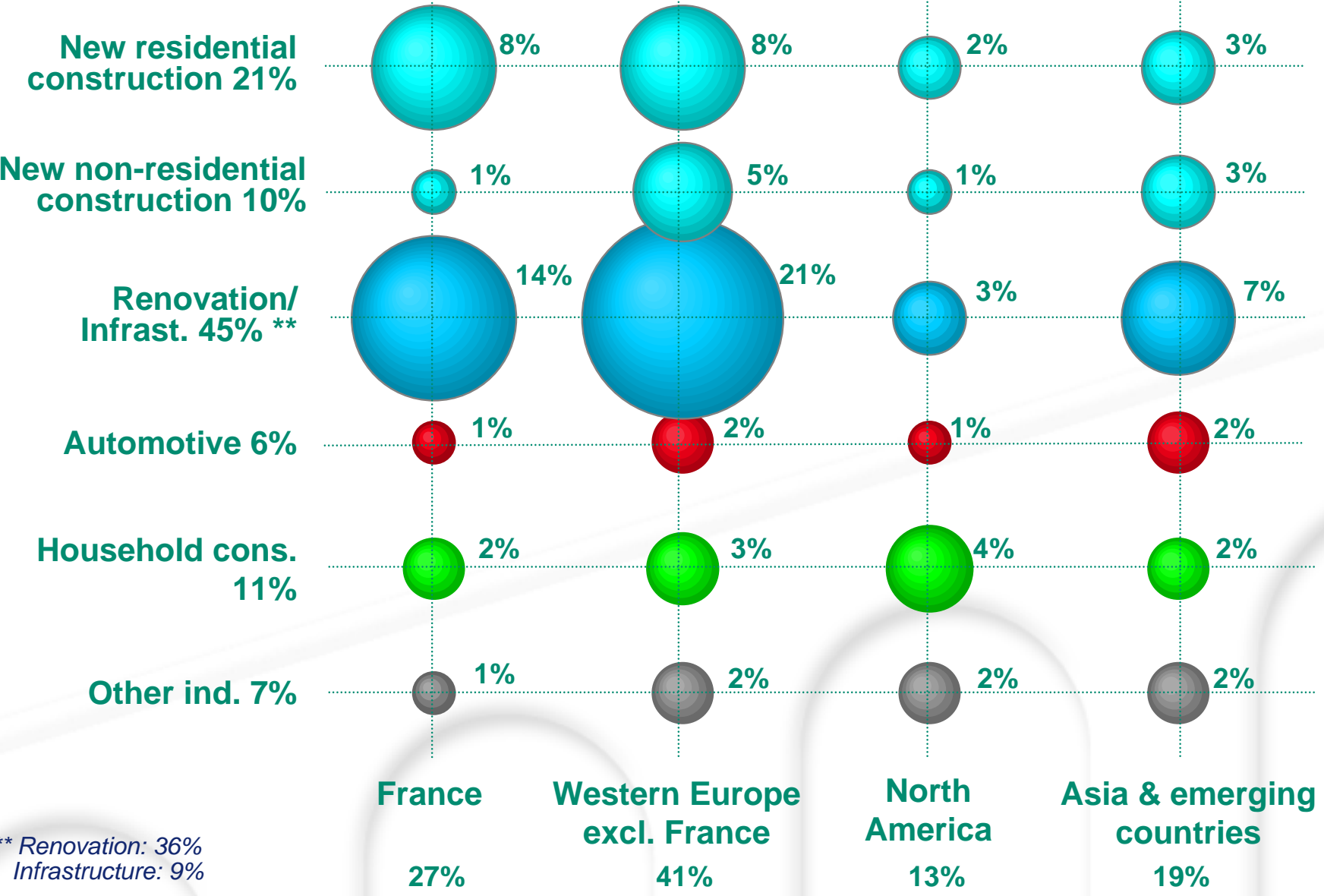


## > Solutions promoting the energy efficiency of buildings

Thermal renovation: up 8.7%/year in France over 2006-2008



# Attractive positioning focused on residential construction and renovation



\*\* Renovation: 36%  
Infrastructure: 9%