First-Half 2012 Results and Outlook

Paris, July 27, 2012

SAINT-GOBAIN

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1. First-half 2012 results

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First-half 2012 key figures

Amounts in €m	H1-2012	H1-2012/ H1-2011
Sales	21,590	+3.4%
EBITDA	2,284	-7.9%
Operating income	1,512	-12.1%
Recurring* net income	651	-27.8%
Net income	506	-34.1%
Free cash flow*	670	-36.6%
Free cash flow* after operating WCR *(over 12 months)*	1,367	+21.1%
Net debt	9,828	+8.5%

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

H1-2012: Tougher economic climate than in H1-2011

- **North America**
  - Continued upbeat momentum in industrial markets
  - Gradual recovery in residential construction
- **Asia and emerging countries**
  - Slowdown in growth, particularly in China
- **Western Europe**
  - Automotive markets contracted as expected, while trading in other industrial sectors remained brisk
  - Construction markets softened, with persistently stark contrasts from one country to the next
- **Household consumption** markets held firm

Deterioration in the global economic climate since the beginning of the year

H1-2012: Tougher economic climate than in H1-2011

- **Tough basis for comparison** (H1-2011)
- **In Europe, negative calendar impact in Q2** (1 day less on average over the quarter, 3 days less in May for France) and poor weather conditions
- **Significant impact of rise** in raw material and energy **costs,** particularly in Flat Glass
- Combined impact of **several adverse factors in Flat Glass**, both in Europe and in emerging countries

Swift measures taken to address the economic climate

- Priority focus on **sales prices**
- First results of a **new cost cutting program**
- Launch of a **specific program** in **Flat Glass** Division
- Sharp reduction in **operating WCR** and improved **cash generation**

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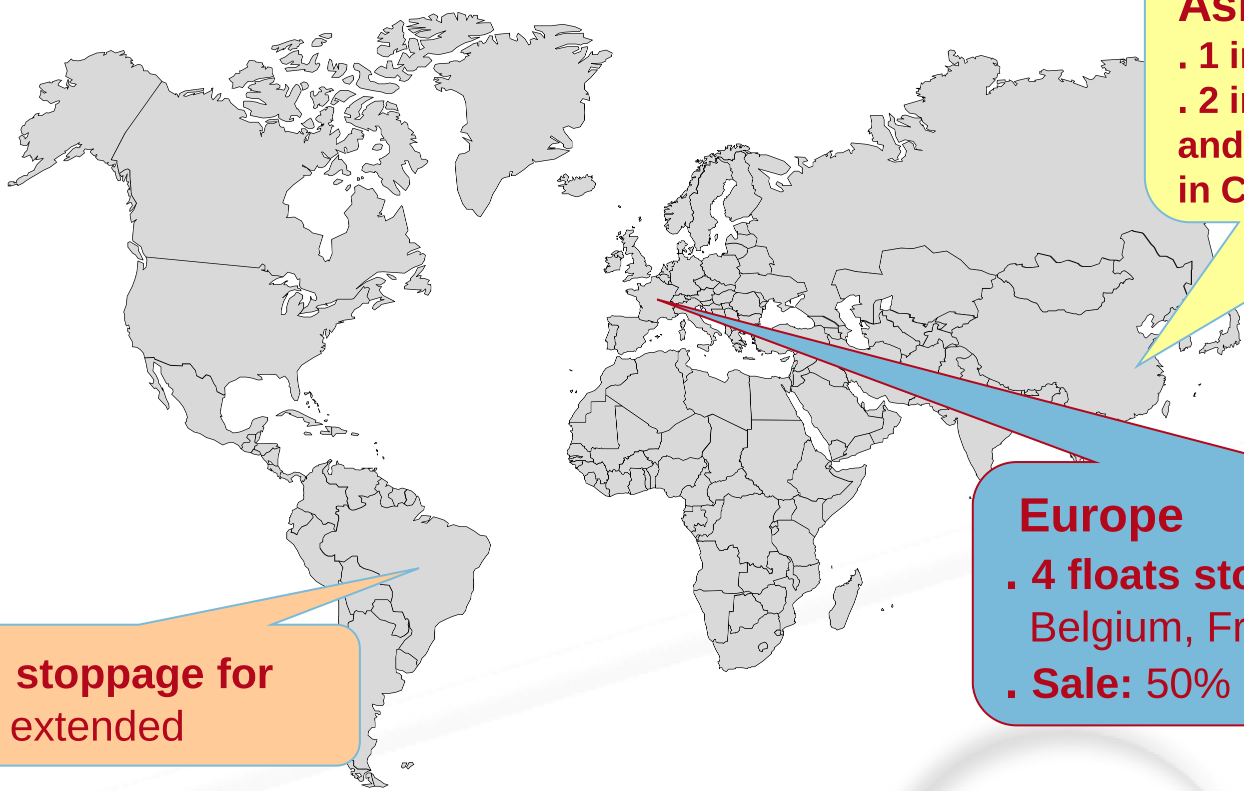
First results of a new cost cutting program

€170m cost savings in H1

- Roll-out of large-scale adjustments in Flat Glass, in Europe and in emerging countries
- Specific measures in each country and business

Large-scale adjustment program in Flat Glass

Float lines stopped and output reduced



Asia: 3 floats stopped
. 1 in China
. 2 in South Korea
and 1 patterned glass line in China

Europe

- **4 floats stopped**: Portugal, Belgium, France, Germany
- **Sale:** 50% Italy, 50% France

Brazil: stoppage for repairs extended

Capacity reductions:

- **Float lines in Europe: -19%**
- **Float lines outside Europe: -21%**

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Large-scale adjustment program in Flat Glass

- Production **capacity reduced** for **Sekurit in Europe (-15%)**:
  - 3 lines stopped in early 2012
  - One-off adjustments at all European facilities
- **Accelerated consolidation** of **Glass Solutions** networks:
  - H1-2012: 4 industrial sites and 4 regional facilities closed
- **Solar business restructured** and downsized
- 2012-2013: **freeze on new investments**
- Sharp **reduction** in inventories and **operating WCR**

Additional selective measures in H1-2012

Two examples

- **In Spain-Portugal:**
  - Flat Glass networks reorganized
  - Restructuring in CP (Mortars, Insulation, Gypsum, etc.)
  - 14 Building Distribution outlets shut (out of 96)

  → **Workforce reduced in line with trading downturn**

- **In Pipe**, and especially **in emerging countries**:
  - 1 blast furnace stopped in China (out of 3)
  - Production optimized in Europe
  - Fixed costs slashed

Improved cash generation

- **Reduction of 5.1 days in operating WCR,** over one year
- **€340m gain in operating WCR** over 12 months
- **Free cash flow after operating WCR up 21%**

Adapting swiftly to the changing economic climate

- **Gradual deterioration** in the economic climate in Europe and emerging countries
- Swift roll-out of **new measures to adapt** to the changing economic climate

2. First-half 2012 results

- Group
- Business Sectors
- Geographic Areas

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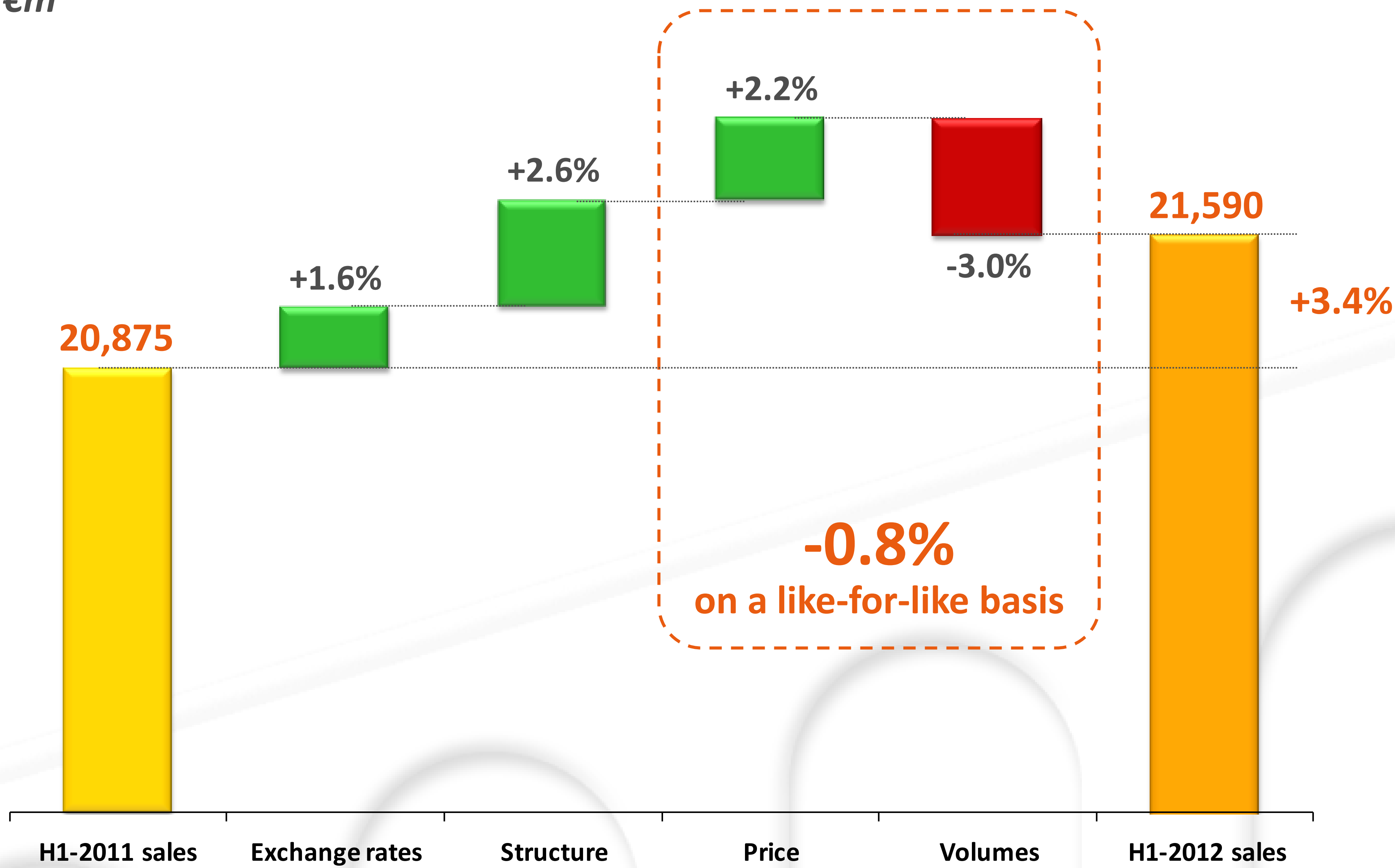
Sales

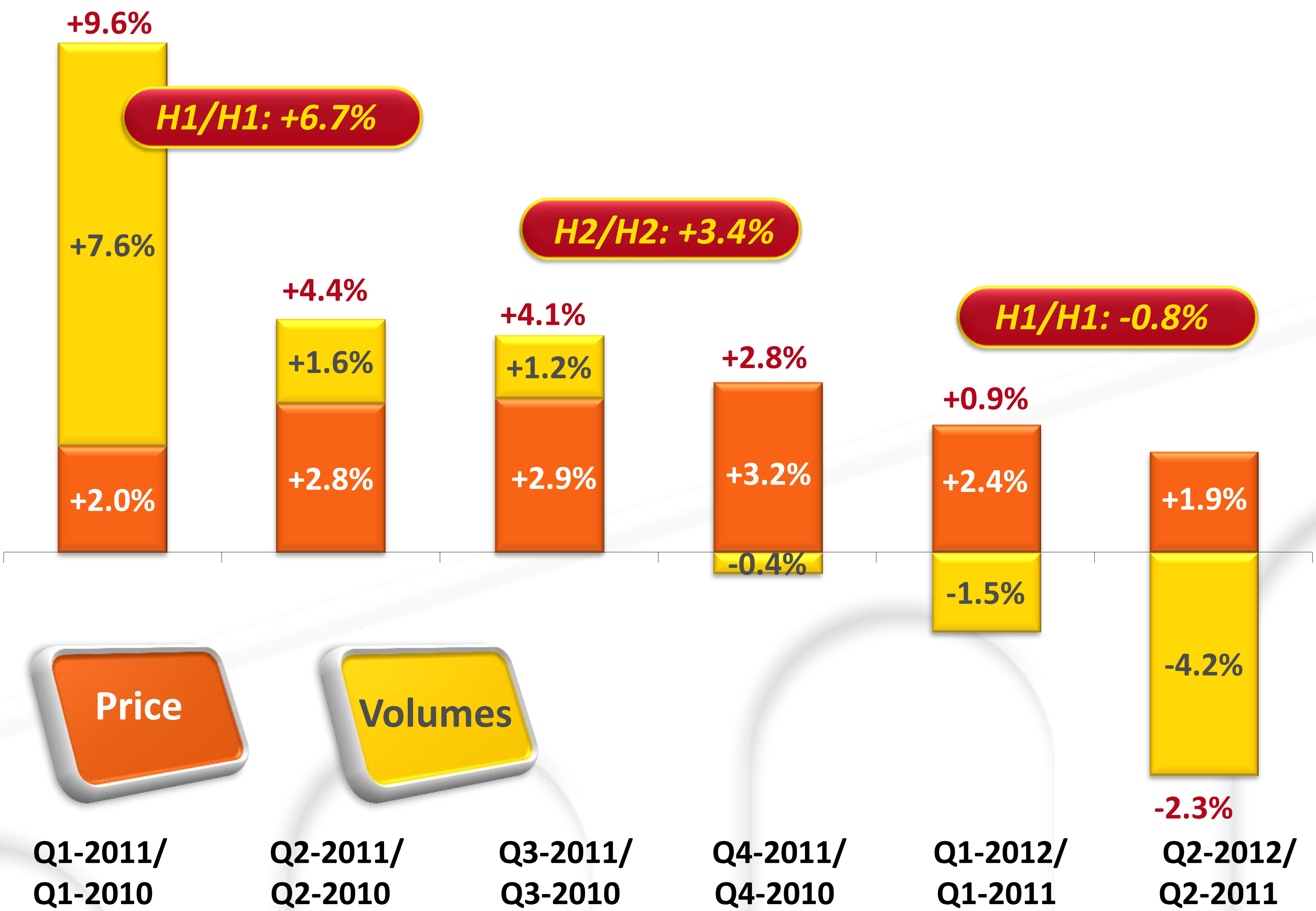
€m



20,875
+1.6%
+2.6%
+2.2%
-3.0%
21,590
+3.4%
-0.8%
on a like-for-like basis
H1-2011 sales
Exchange rates
Structure
Price
Volumes
H1-2012 sales

Quarterly organic growth

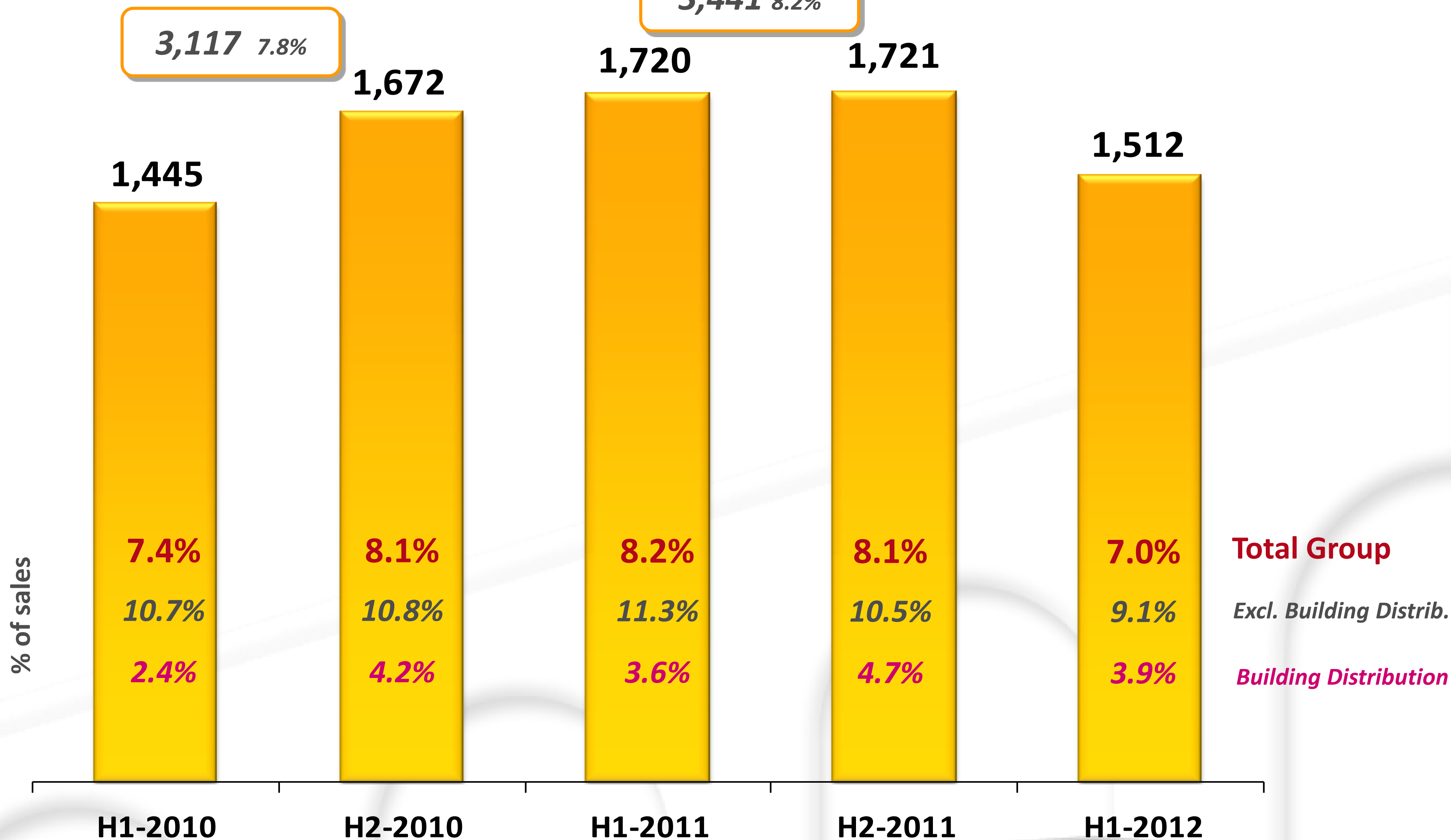
% change in sales on a like-for-like basis



Half-year operating income

(€m and % of sales)

H1-2012/H1-2011
-12.1%



Non-operating items

€m

	H1-11	H1-12	Change
Operating income	1,720	1,512	-12.1%
Non-operating costs	(150)	(224)	
o/w:			
Provision for asbestos-related litigation	(48)	(45)	
Other expenses	(102)	(179)	
Other operating expenses	(114)	(135)	
o/w:			
Disposal gains	21	66	
Asset write-downs	(128)	(193)*	
Business income	1,456	1,153	-20.8%

** o/w €116m for Flat Glass*

Outstanding claims

Asbestos-related claims in the US

- **Around US$ 70m** paid out over the 12 months to end-June 2012
  (US$ 82m at end-December 2011)

- **€45m** accrual to the provision in H1-2012, bringing the total balance sheet provision to US$ 533m at end-June 2012
  (US$ 504m at end-2011)

	H1-2011	H2-2011	H1-2012*
New claims	2,000	2,000	2,000
Settled claims	4,000	4,000	7,000
Outstanding claims	54,000	52,000	47,000

* *estimated*

Net financial expense and income tax

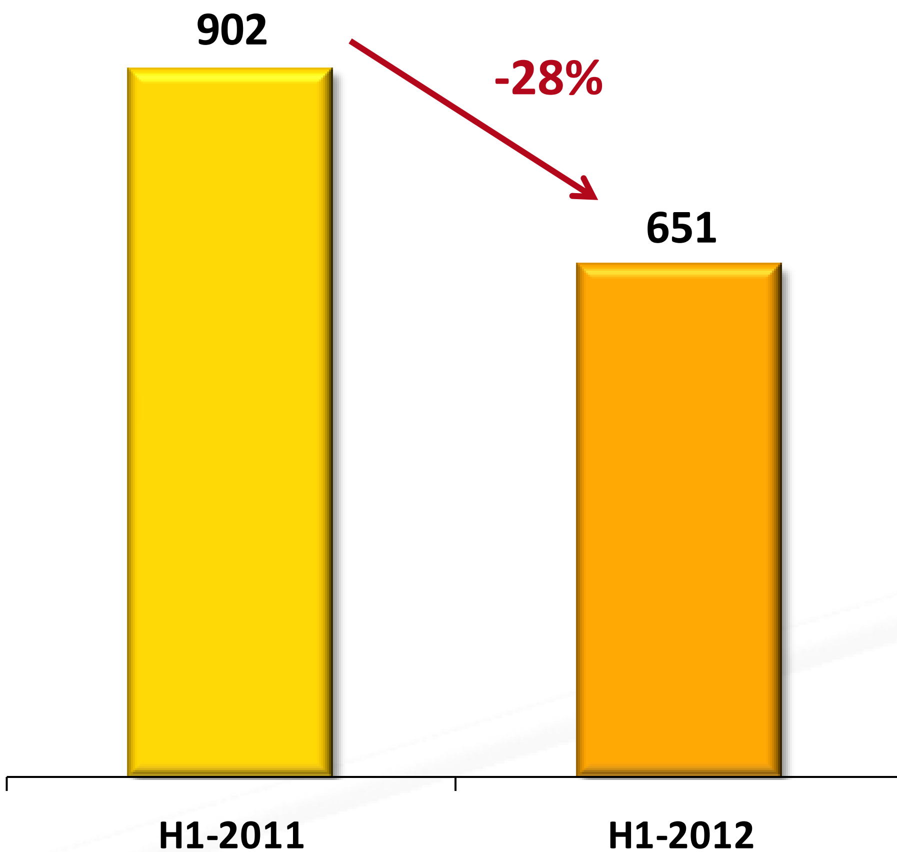
€m

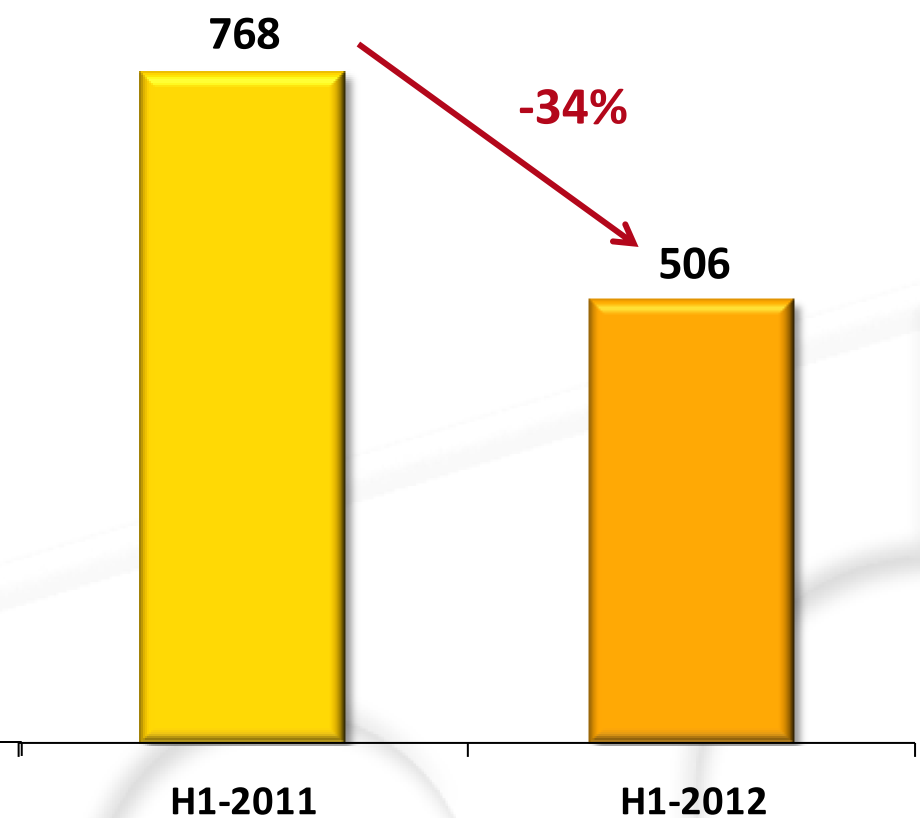
	H1-11	H1-12
Net financial expense	298	356
Average cost of net debt	*5.6%*	*5.5%*
Average cost of gross debt	*4.9%*	*4.9%*
Income tax	352	285
Tax rate on recurring net income	*28%*	*33%*

Recurring* net income

Net income

€m





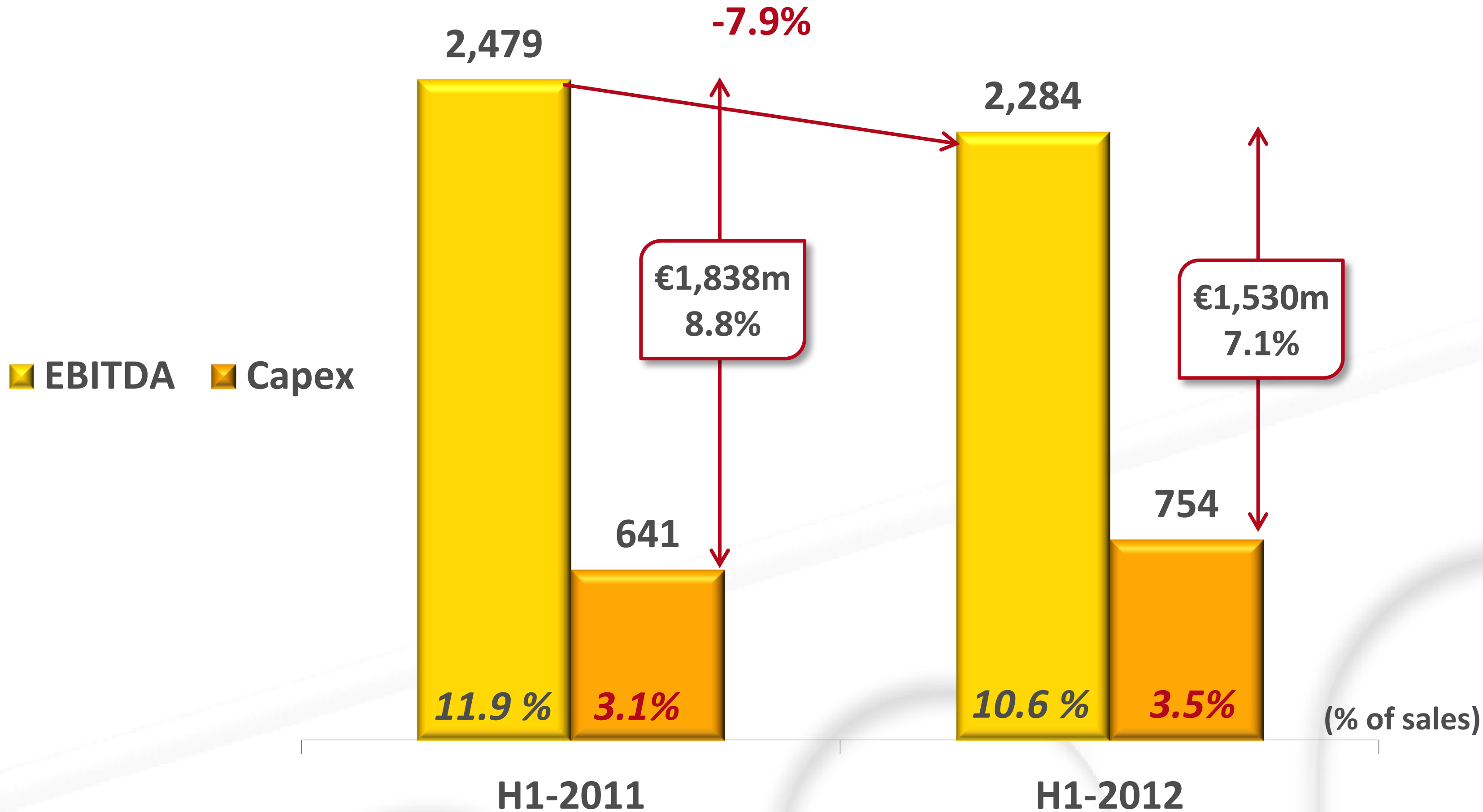
Recurring* EPS: €1.23 (-27%)

EPS: €0.95 (-34%)

* Excluding capital gains on disposals and asset write-downs

EBITDA* and Capex

(€m and % of sales)



Capex: close to 50% in Asia and emerging countries
Growth capex: ~80% in EEE and in Asia & emerging countries

** Operating income + operating depreciation/amortization*

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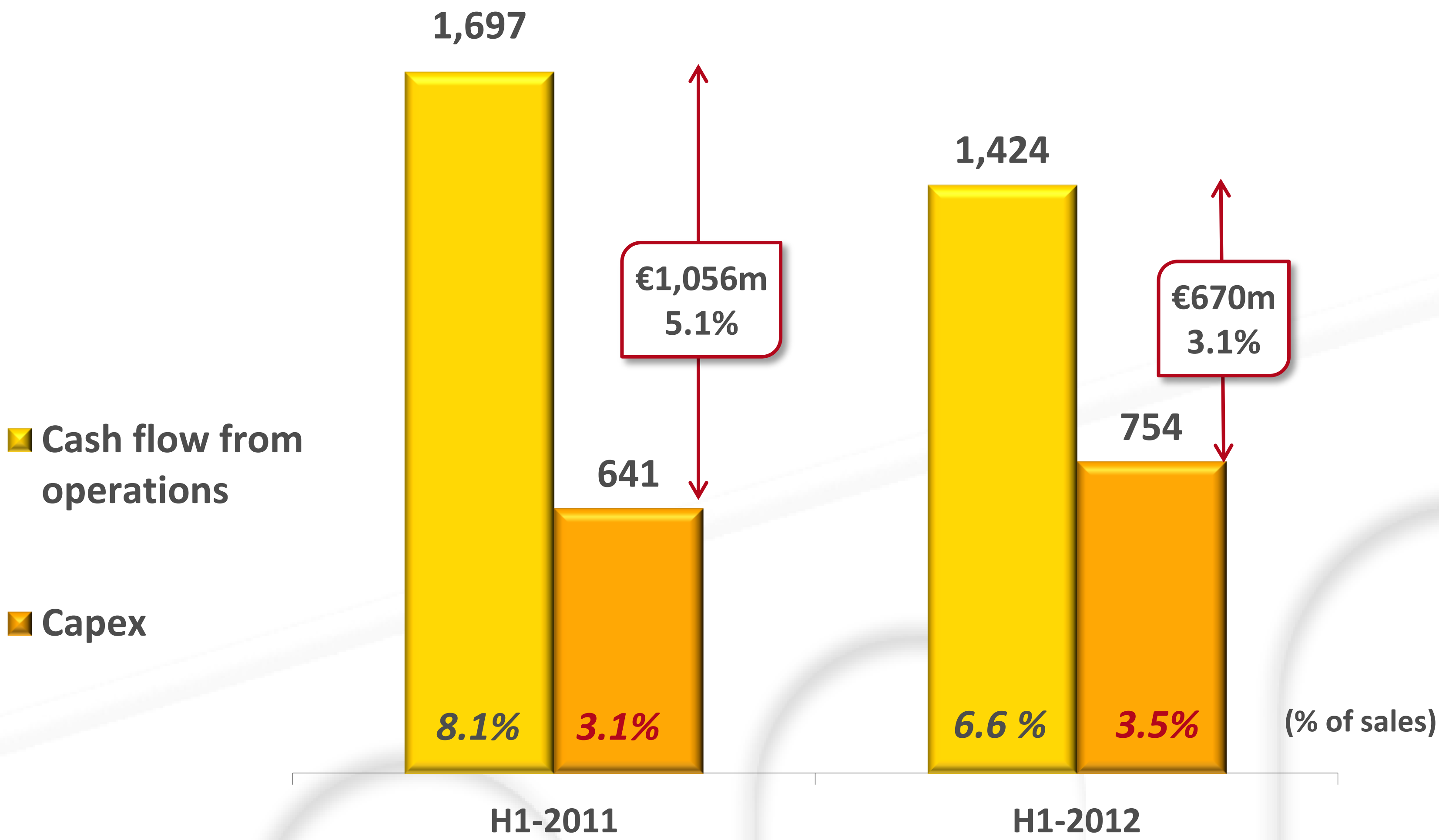
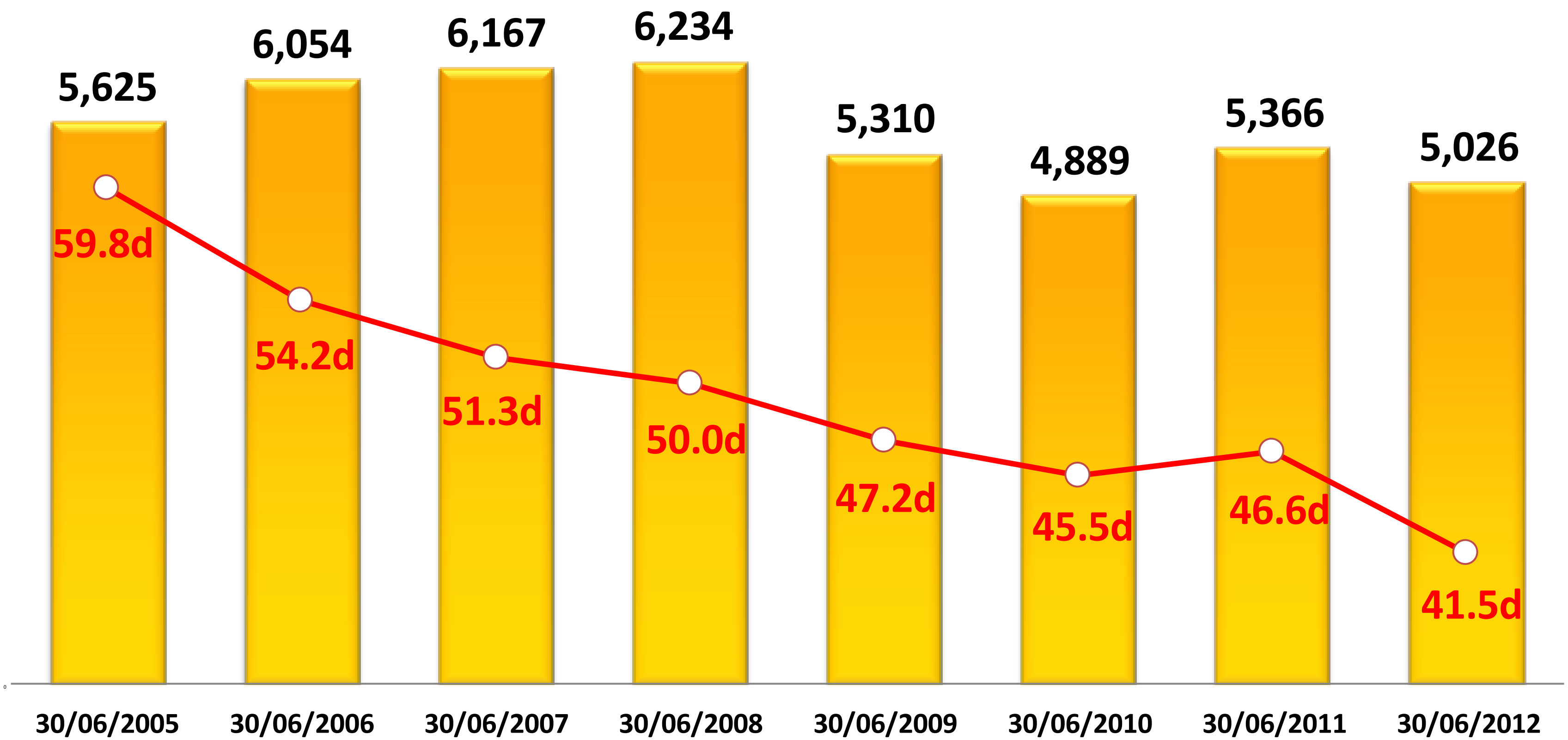
Cash flow from operations *(excl. tax impact of capital gains/losses)* and Capex *(€m and % of sales)*



Tight rein on operating WCR

(at June 30, in €m and in no. of days)



Sharp reduction in operating WCR:
down 5.1 days over the year to June 30, 2012

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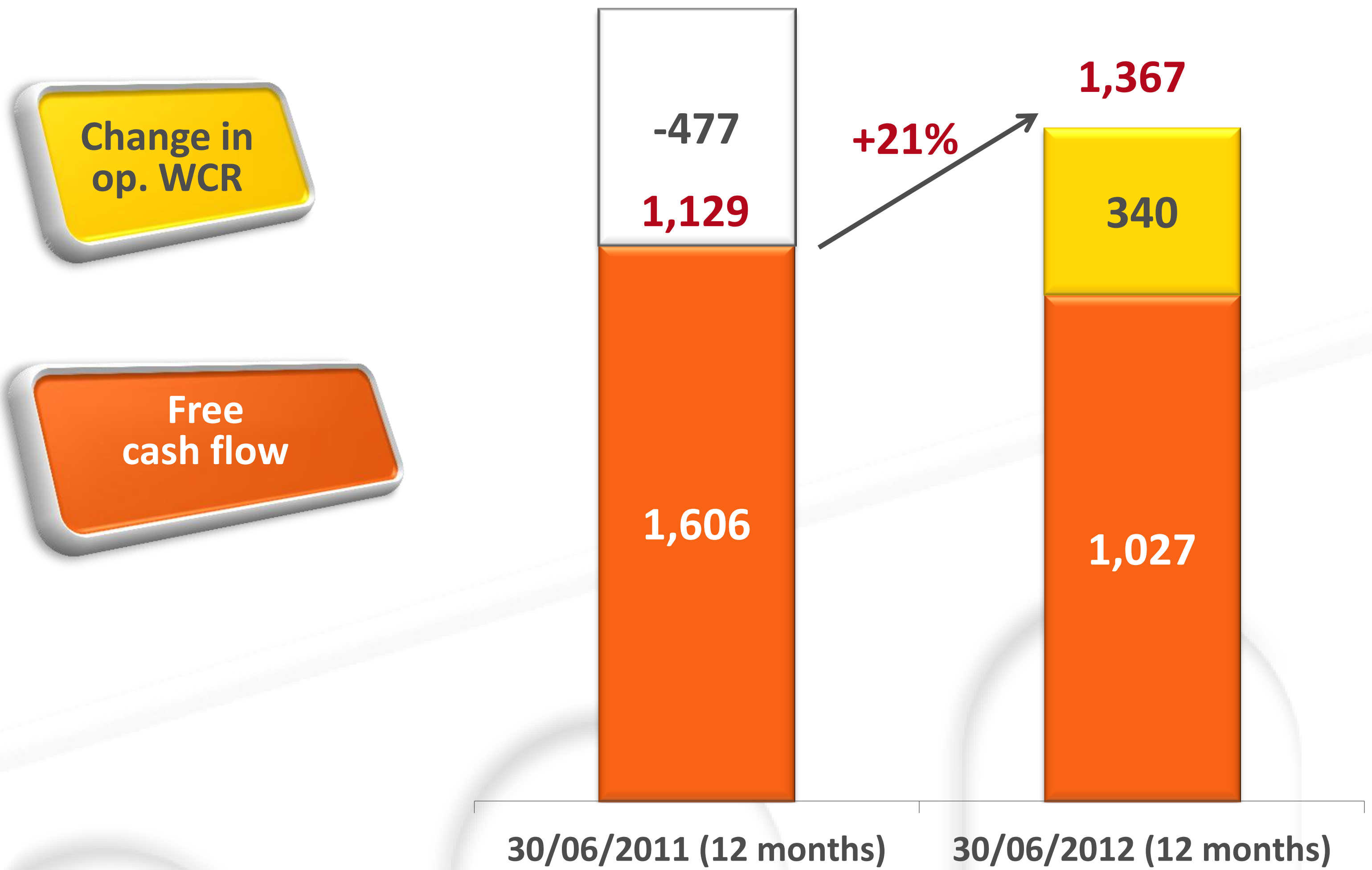
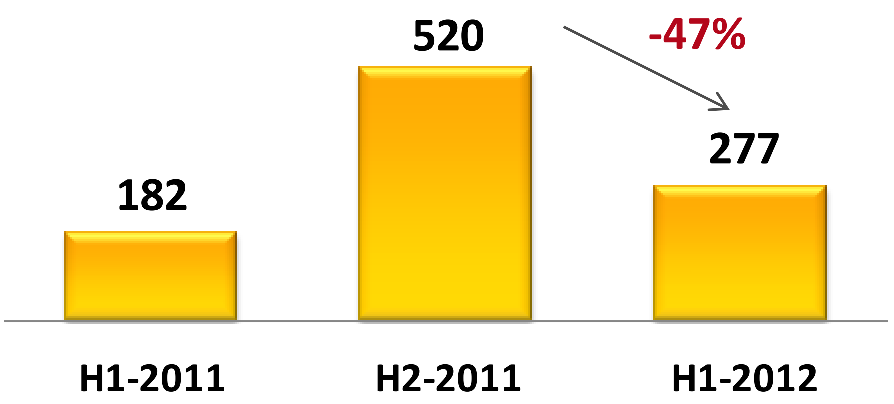
Improved cash generation

(at June 30, over 12 months, in €m)



Selective and quickly value-enhancing acquisitions

- Resulting mainly from commitments taken in 2011
- Focused on our key growth priorities:
  - Energy efficiency: **SAGE**
  - Consolidation in Building Distribution : **Brossette, bolt-on acquisitions in Nordic countries**
- New acquisition projects put on hold

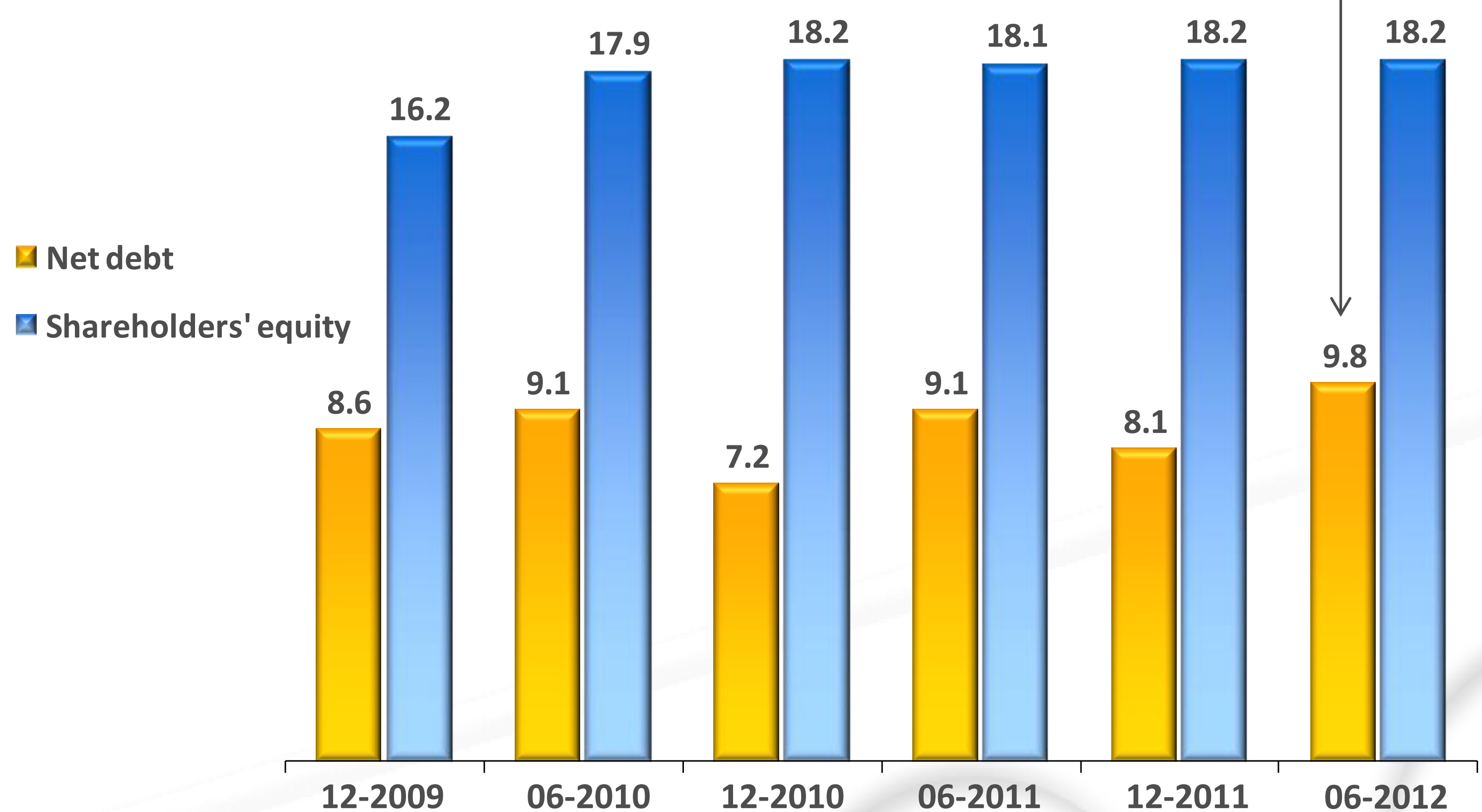


(€m)

Net debt & Shareholders' equity

€bn

Over 12 months:
. Acquisitions
. Dividends
. Share buybacks



	12-2009	06-2010	12-2010	06-2011	12-2011	06-2012
Net debt/ Shareholders' equity	53%	51%	39%	50%	44%	54%
Net debt/ EBITDA*	2.3	2.1	1.5	1.8	1.6	2.1

* EBITDA = Operating income + depreciation/amortization, over 12 months

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2. First-half 2012 results

- Group
- **Business Sectors**
- Geographic Areas

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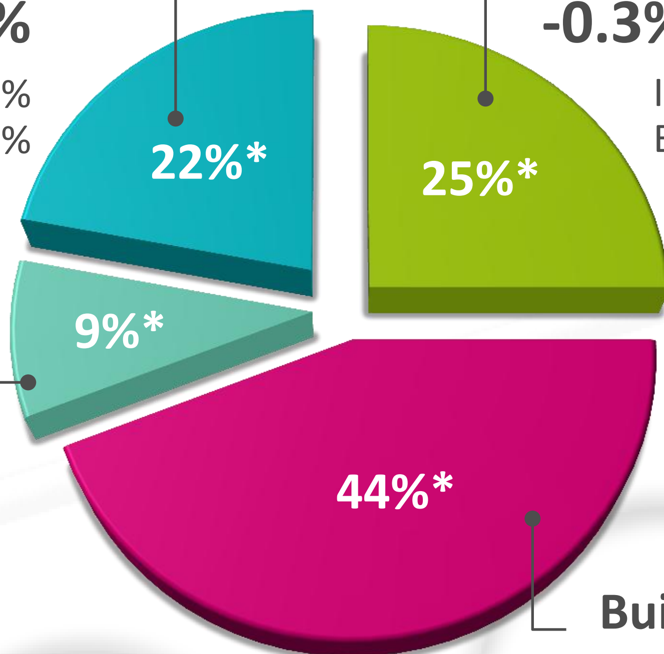
Sales trends by Business Sector

% change in H1-2012/H1-2011 like-for-like sales

Group: -0.8%

Innovative Materials
-3.1%
Flat Glass -6.5%
HPM +1.4%

Construction Products
-0.3%
Interior Solutions +0.7%
Exterior Solutions -1.2%



Packaging
verallia **+3.0%**

Building Distribution
-0.6%

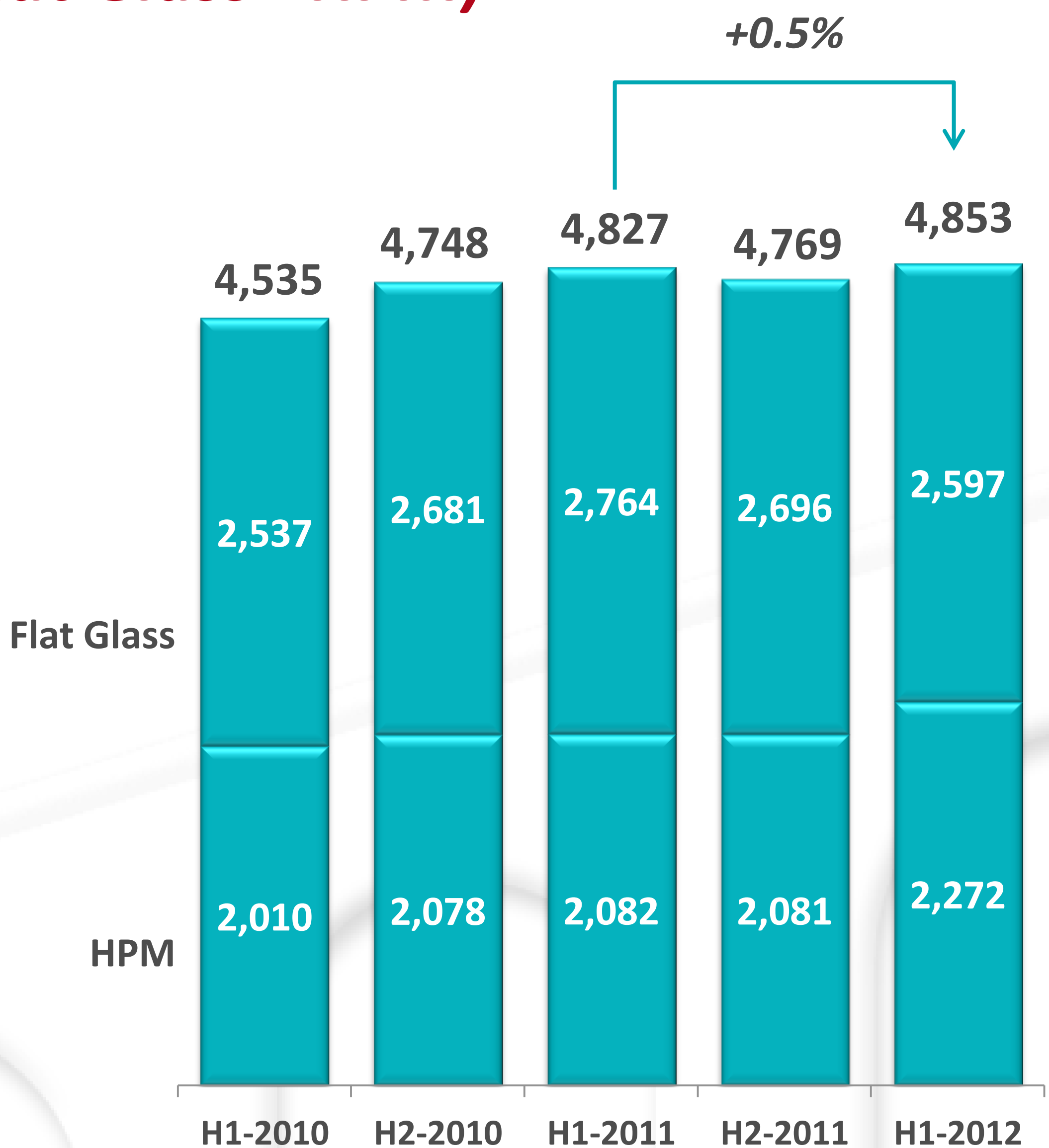
** Breakdown of H1-2012 sales*

Innovative Materials *(Flat Glass - HPM)*

Sales (€m)

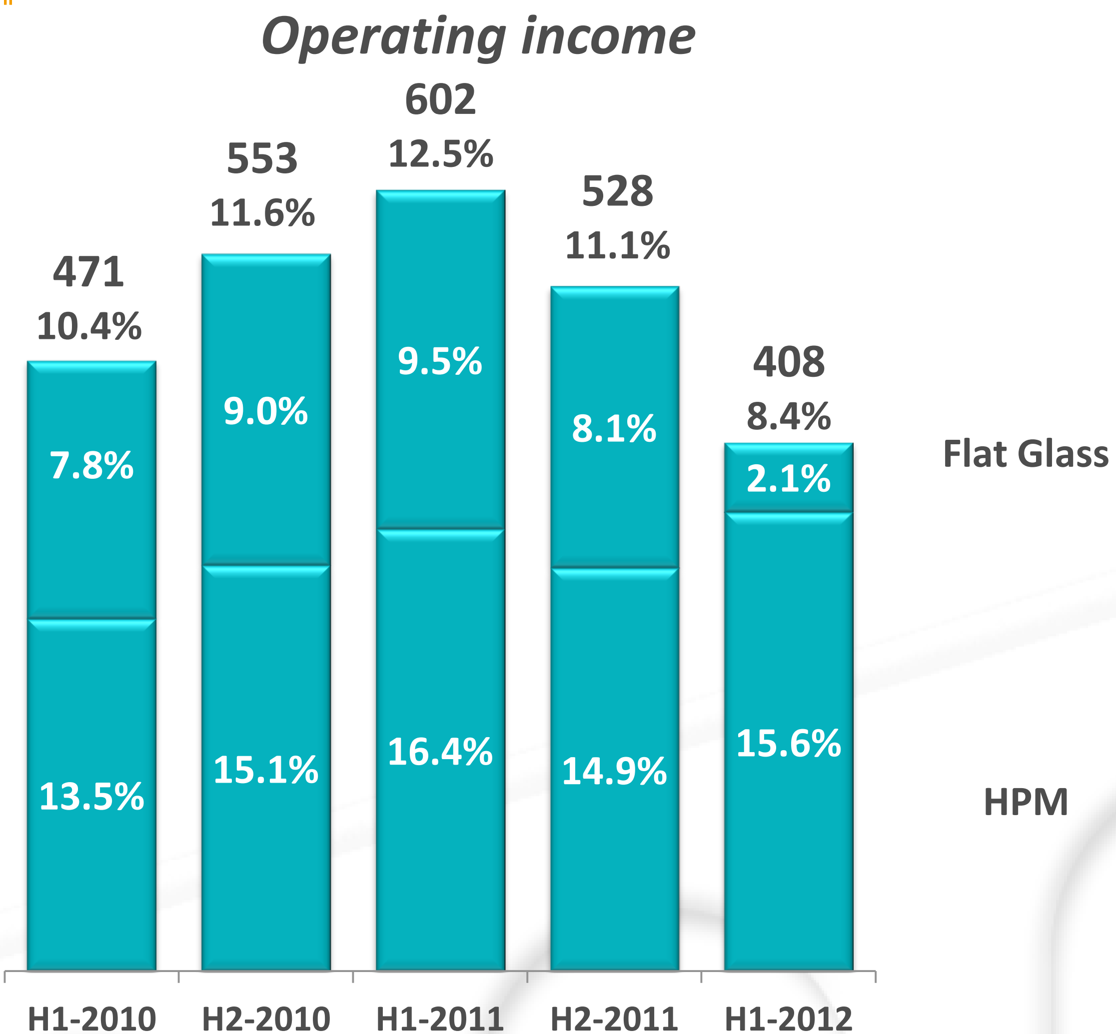
Organic growth
(like-for-like)

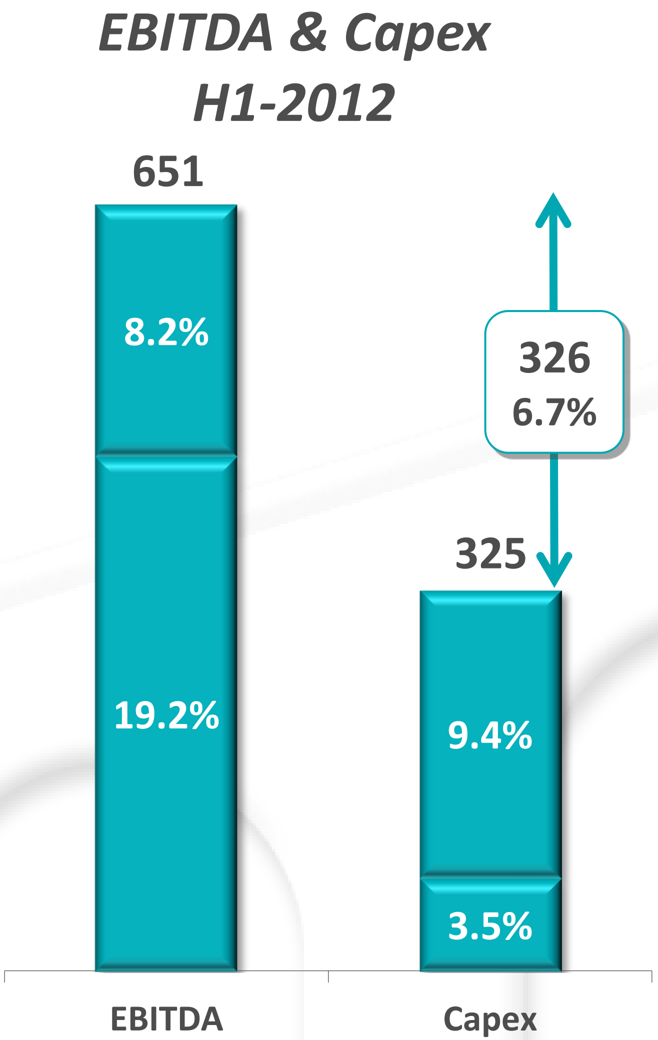
	H1-2012/H1-2011
Innovative Materials	**-3.1%**
Flat Glass	**-6.5%**
HPM	**+1.4%**



Innovative Materials *(Flat Glass - HPM)*

(€m and % of sales)

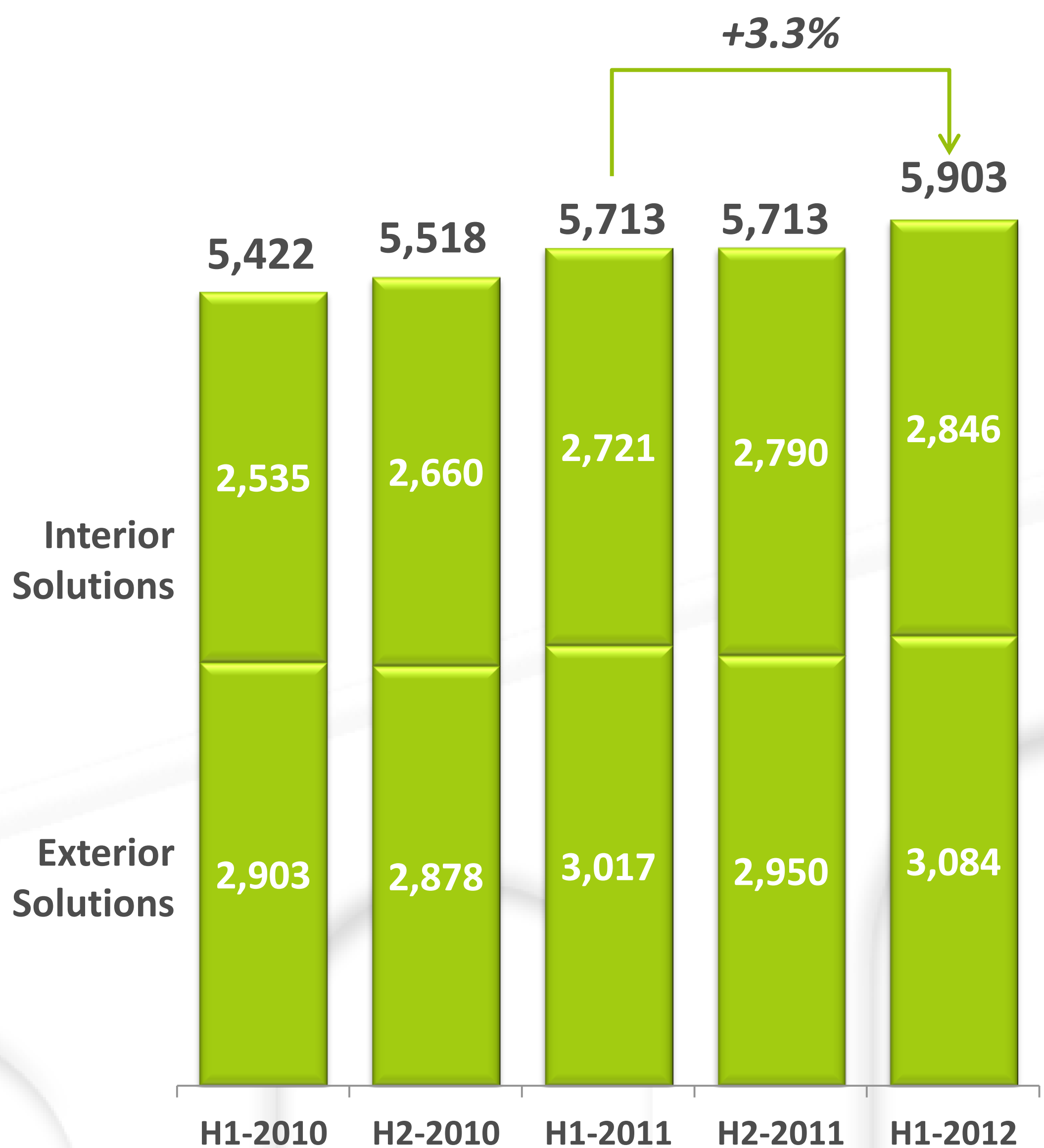




Construction Products

Sales (€m)

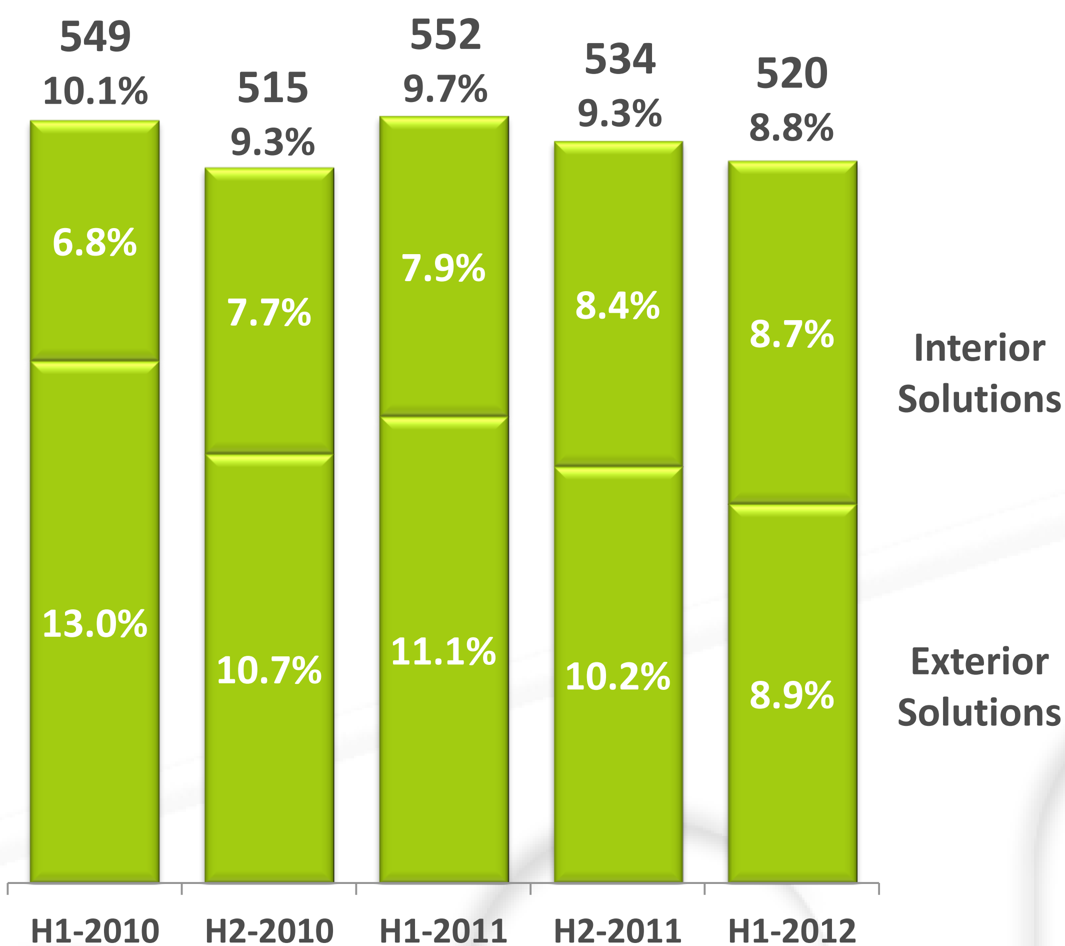
Organic growth *(like-for-like)*	H1-2012/H1-2011
Construction Products	-0.3%
Interior Solutions	+0.7%
Exterior Solutions	-1.2%



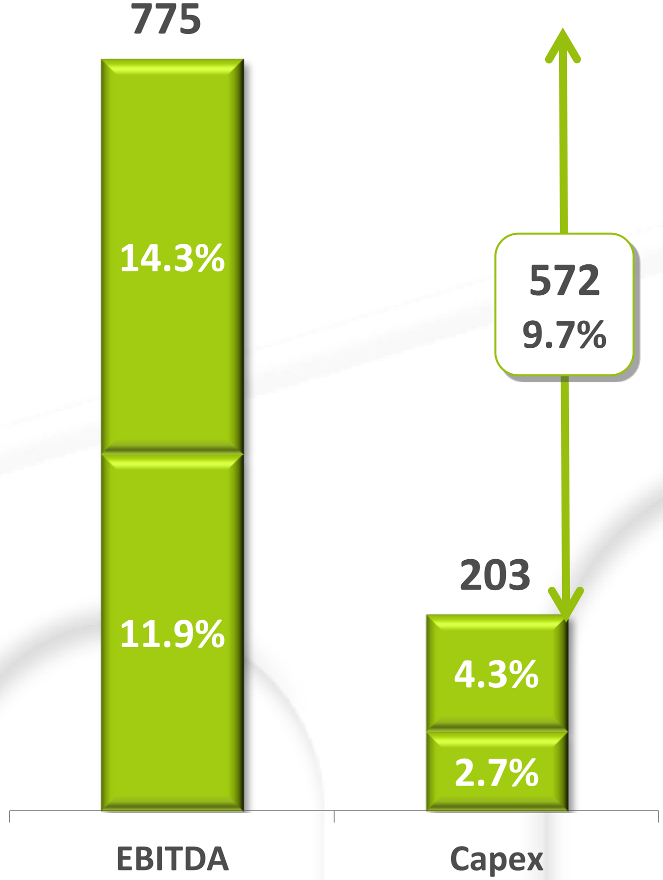
Construction Products

(€m and % of sales)

Operating income

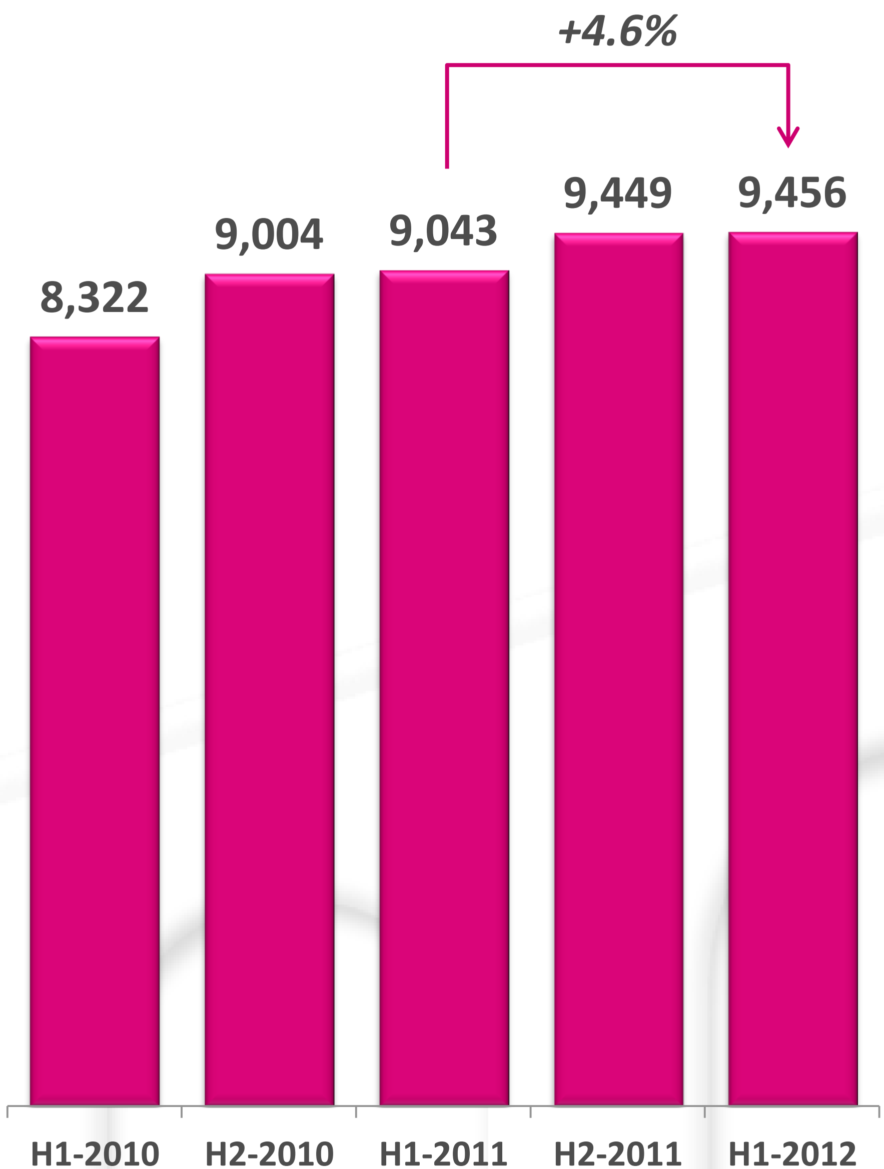


EBITDA & Capex H1-2012



Building Distribution

Sales (€m)



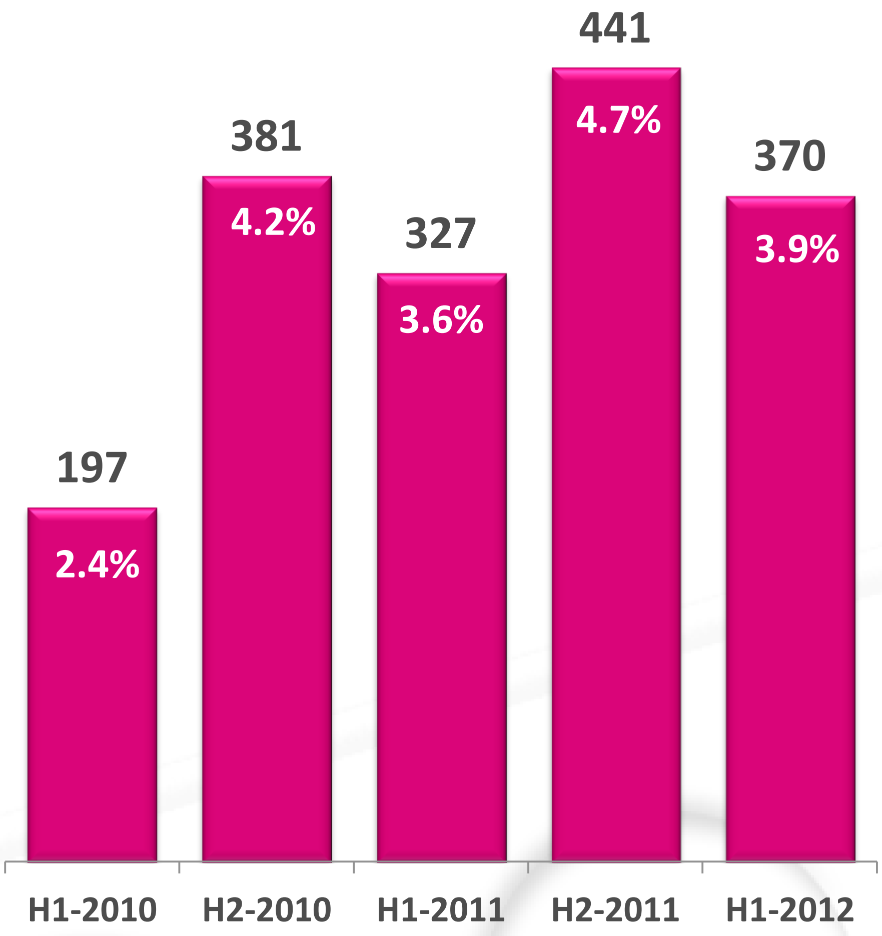
Organic growth
(like-for-like)

	H1-2012/H1-2011
Building Distribution	-0.6%

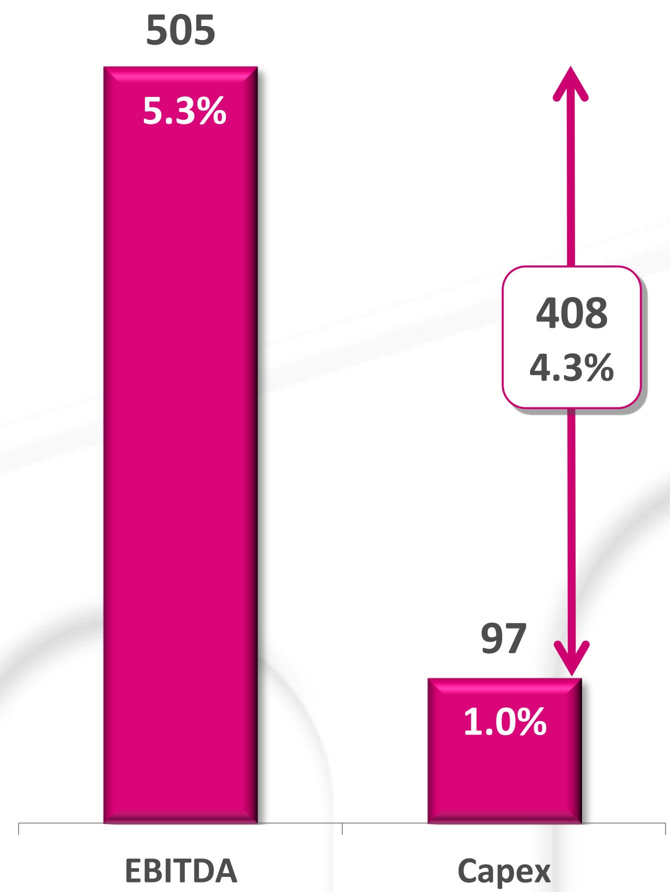
Building Distribution

(€m and % of sales)

Operating income



EBITDA & Capex H1-2012

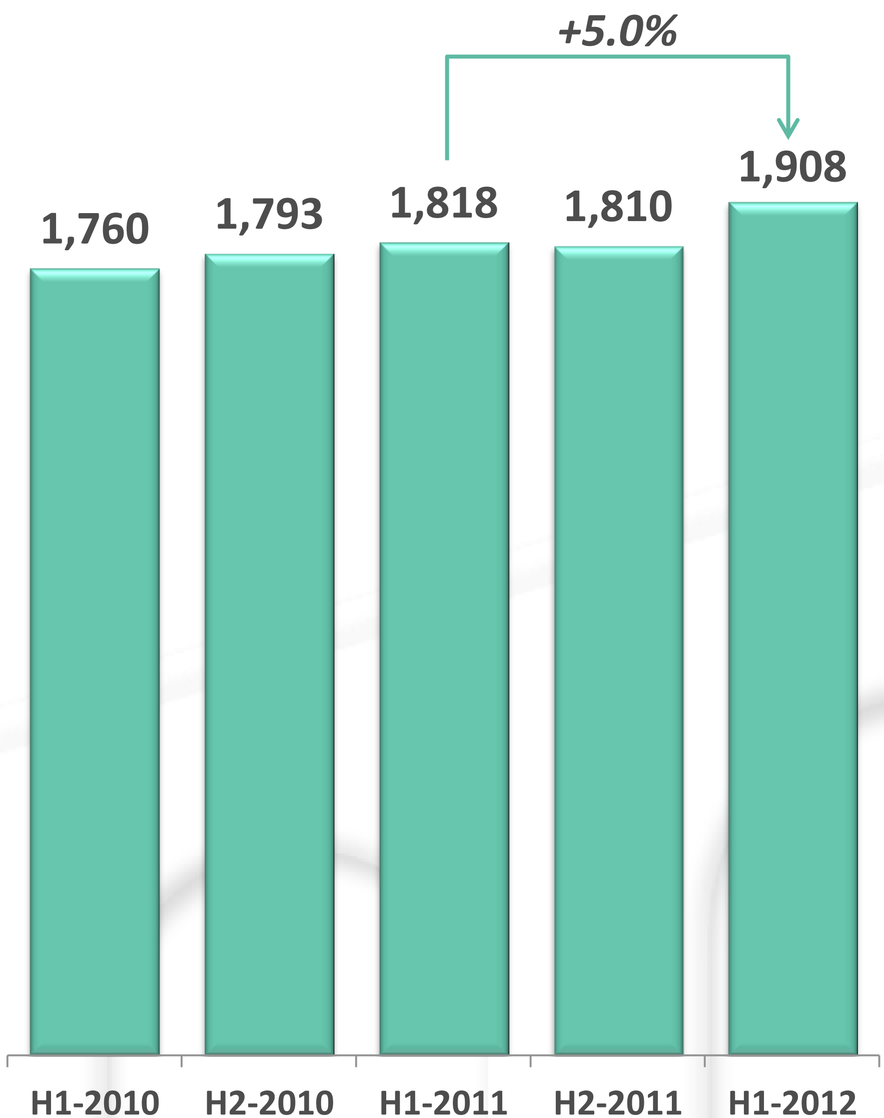


Packaging

Sales (€m)

Organic growth
(like-for-like)

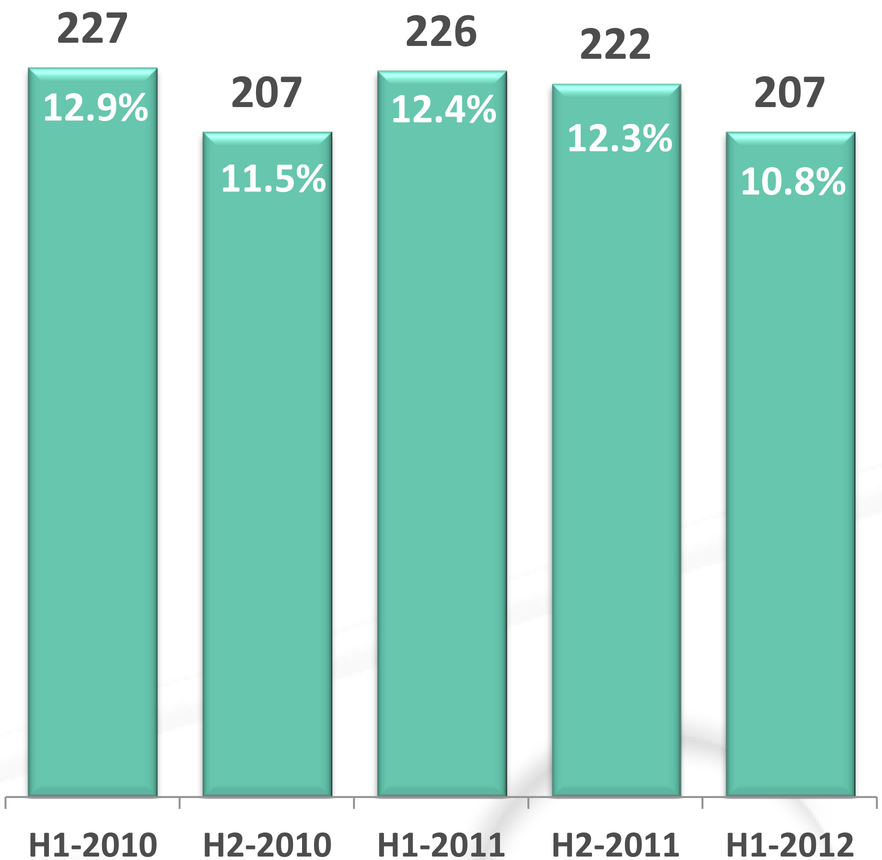
	H1-2012/H1-2011
Packaging	**+3.0%**



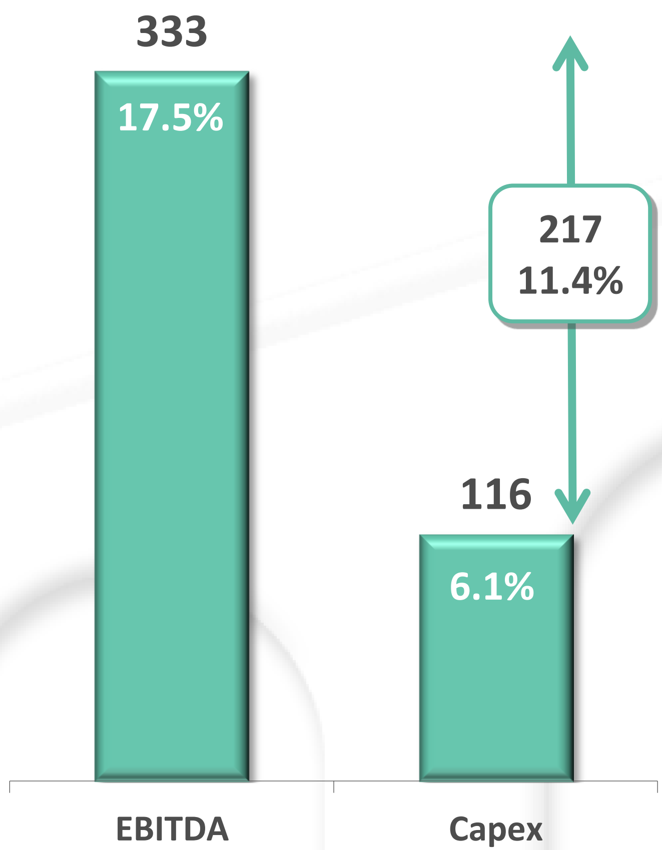
Packaging

(€m and % of sales)

Operating income



EBITDA & Capex H1-2012



2. First-half 2012 results

- Group

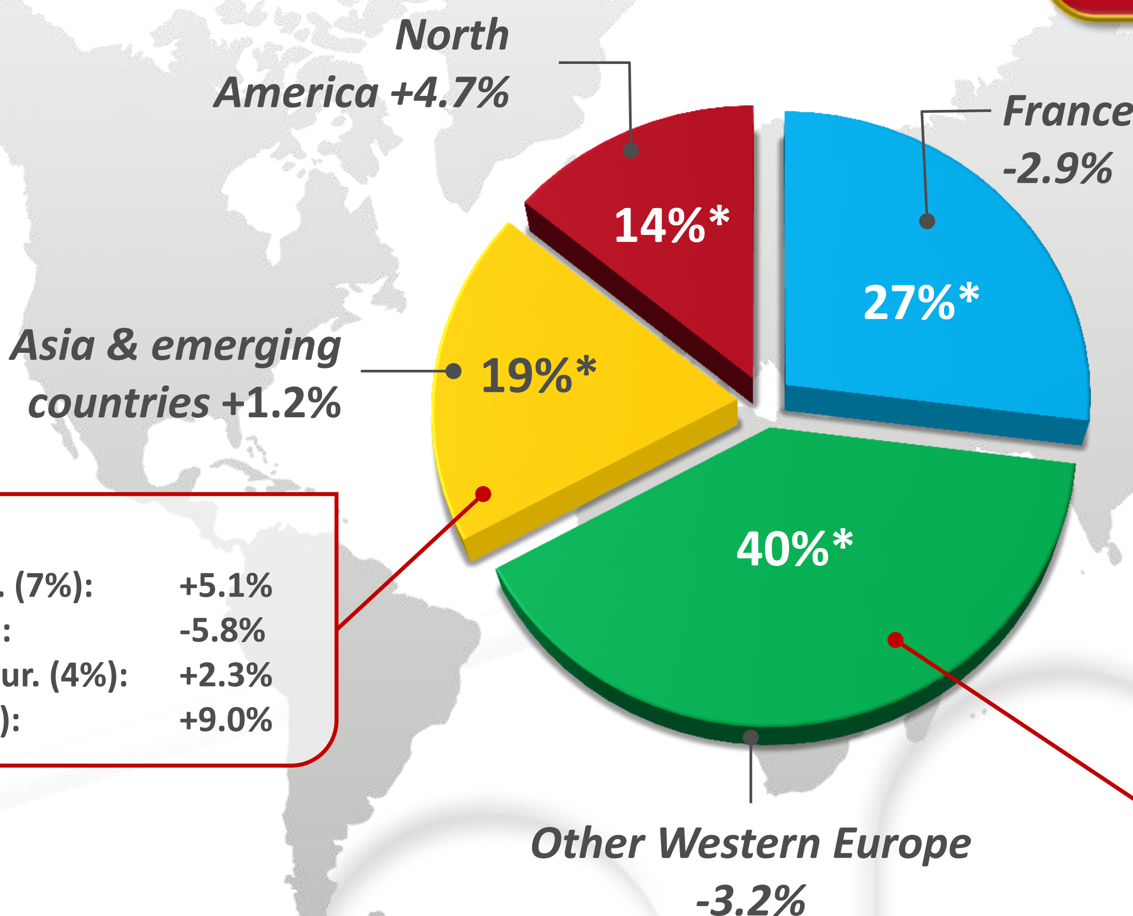
- Business Sectors

- **Geographic Areas**

Sales trends by geographic area

% change in H1-2012/H1-2011 sales on a like-for-like basis

Group: -0.8%



o/w:

Latin Am. (7%):	+5.1%
Asia (6%):	-5.8%
Eastern Eur. (4%):	+2.3%
RoW (1%):	+9.0%

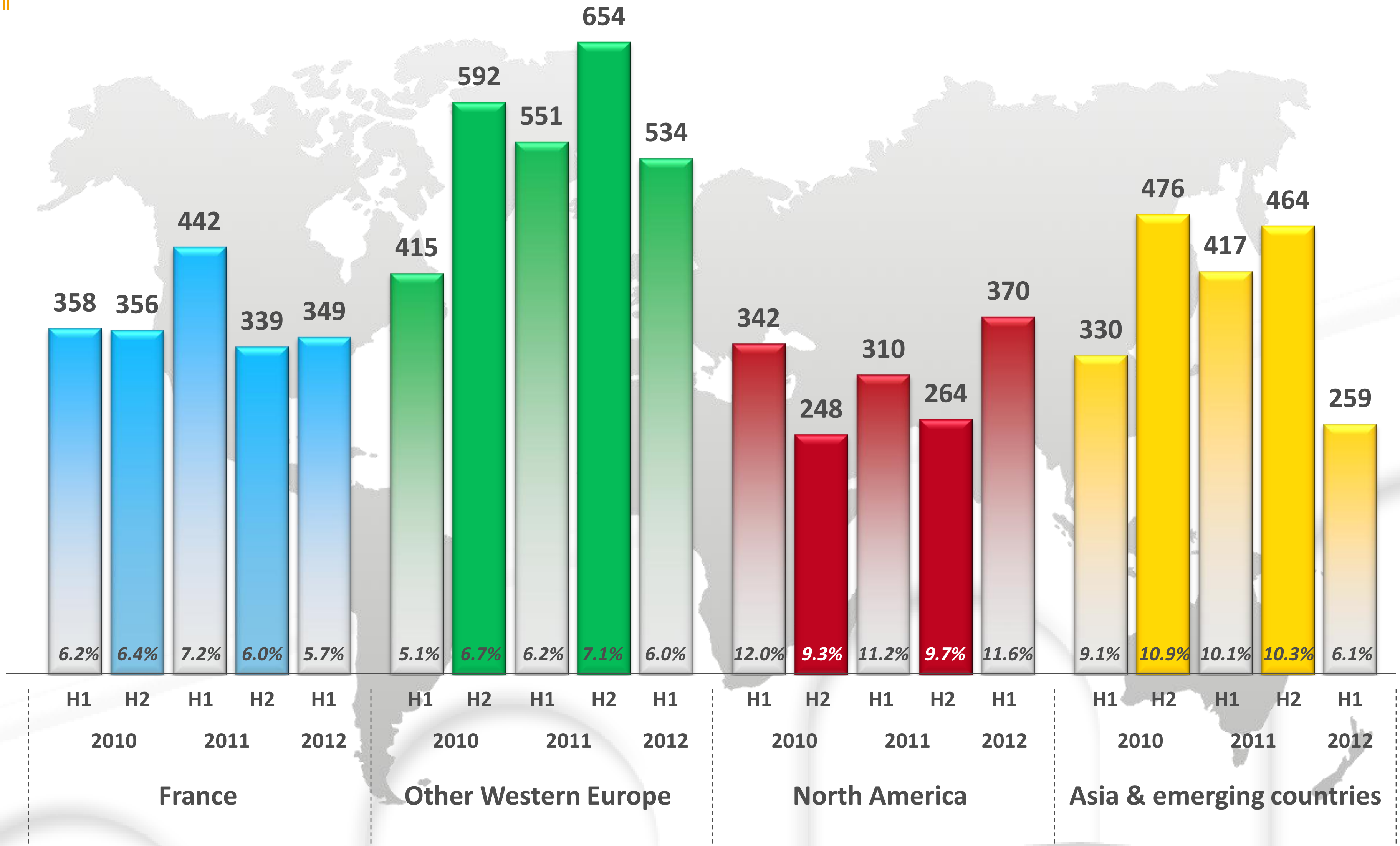
o/w:

Scandinavia (11%)	:	+3.2%
Germany (10%)	:	-1.5%
UK (8%)	:	-4.0%
Spain-Port. (3%)	:	-14.6%

** Breakdown of H1-2012 sales*

Operating income by geographic area

(€m and % of sales)



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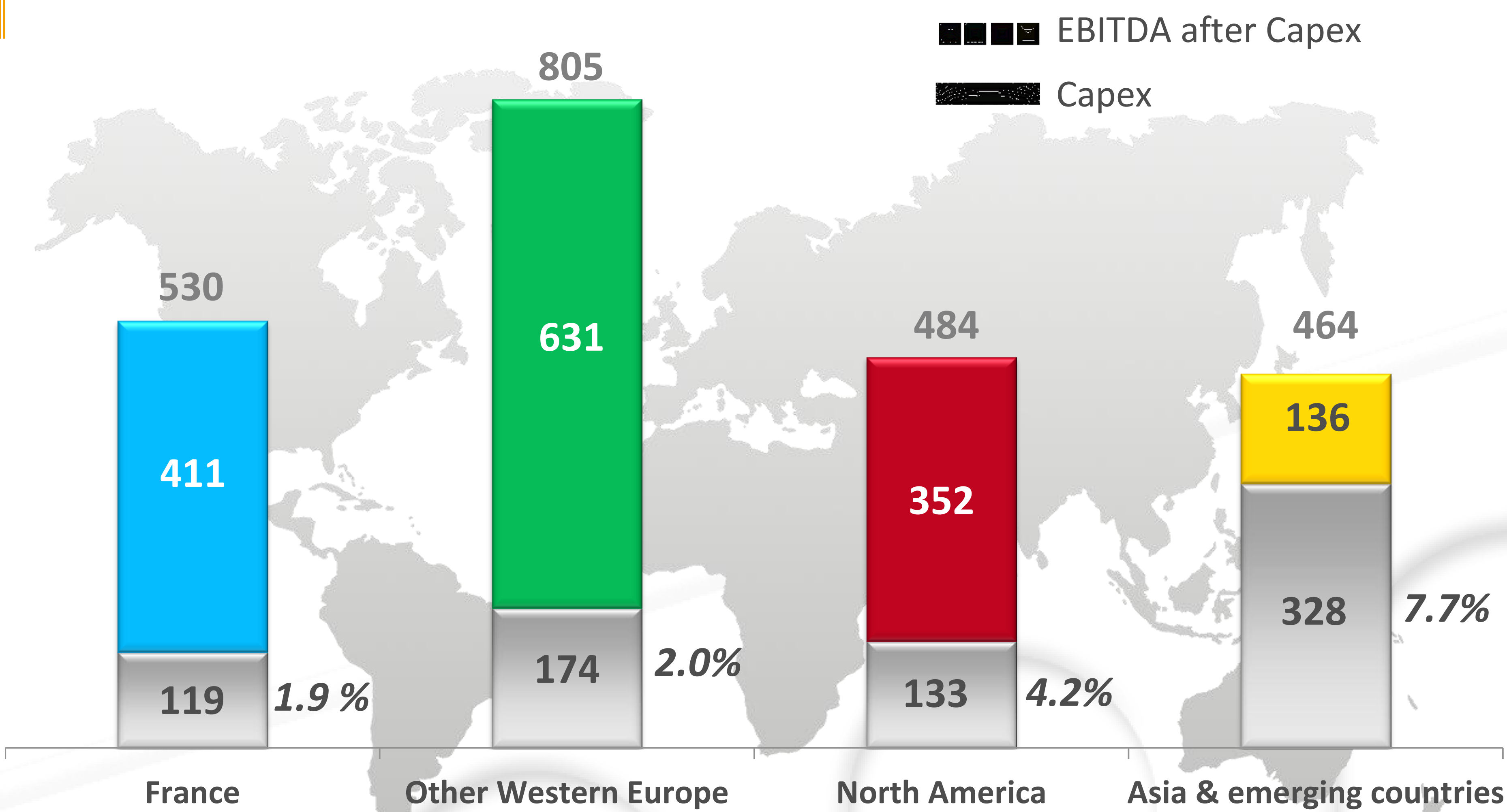
EBITDA and Capex by geographic area

(H1-2012, €m and % of sales)



3. Outlook and action plan for H2-2012

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Economic outlook for H2-2012
Economic climate

- Western Europe:
  - **Conditions to remain challenging** in **automotive,** while **other industrial markets should hold firm**
  - **Slowdown** in **construction**, with **stark contrasts from one country to the next**
- North America:
  - Continued **upbeat momentum in industrial markets**
  - Ongoing **moderate recovery in construction market**
- Asia and emerging countries:
  - **Timid recovery**
- **Household consumption markets** to remain **upbeat**

H2-2012: action plan reinforced

- Continued priority focus on **sales prices** amid **more favorable trends in raw material and energy costs** in H2, particularly compared to H2-2011
- **New cost cutting measures** stepped up
- Close watch on **cash**

Cost cutting measures

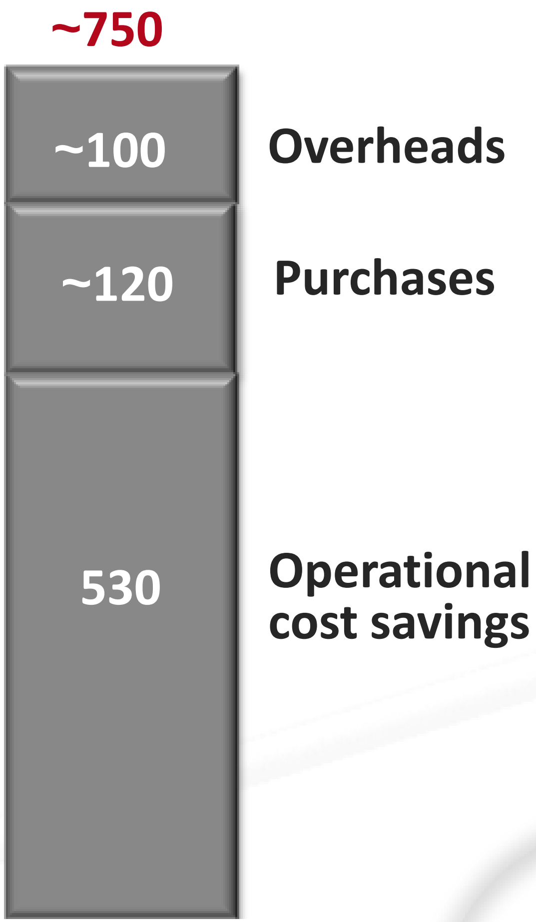
- **Cost cutting measures** focused primarily on Europe:

  - **€750m** full-year impact (calculated on the 2011 cost base), of which:
    - **€500m** in 2012 (€170m in H1)
    - **€250m** in 2013 (versus 2012)

  - Estimated **restructuring costs** of **around €350m** in 2012

€750m cost savings in 2013 *(calculated on the 2011 cost base)*
(plans launched in 2012)
Breakdown by Business Sector

€750m in cost savings in 2013 *(calculated on the 2011 cost base)*
(plans launched in 2012)
Breakdown by type



- **Overheads (~€100m)**
  - Ongoing cost savings in support functions (IT, HR, Finance)
  - Cost cuts in businesses
- **Purchases (~€120m)**
  - New phase in pooling
  - Regional pooling arrangements
  - Further sourcing in low-cost countries
- **Operational cost savings (~€530m)**
  - WCM (roll-out in all Group businesses, audits, etc.)
  - Measures to address the economic climate (large-scale adjustments, particularly in Flat Glass and Pipe)

Continued close watch on cash

- Reduction in capital expenditure:
  - **Down €200m in H2-2012** versus H2-2011
  - **Down €150m over the year** versus initial target
  - Maintaining focus on **growth capex** in emerging countries and EEE (**80%** of total annual growth capex)

- New acquisitions put on hold
  - Financial investments **down more than €350m in H2-2012** versus H2-2011

- Continued tight rein on operating WCR

Economic outlook for H2-2012
Group businesses

- **Innovative Materials (IM):**
  - Flat Glass: conditions to remain challenging
  - HPM: remaining upbeat with healthy margins
- **Construction Products (CP):**
  - Ongoing robust growth in Asia and emerging countries
  - Upturn in North America to take hold (volumes and prices)
  - More uncertain and uneven situation in Western Europe
  - Favorable impact of cost cutting measures and lower energy and raw material costs
- **Building Distribution:**
  - Continuing stark contrasts from one European country to the next: further upbeat trends in Scandinavia, Germany and the US, softening in France and the UK, difficulties in Southern and Eastern Europe
  - Margins to remain healthy over the year
- **Packaging (Verallia):**
  - Trading and profitability to hold firm

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Objectives for full-year 2012

In view of the deterioration in the economic climate since the beginning of the year

- Measured rise in **sales prices**
- Limited decline in **sales volumes**
- **H2 operating income** moderately down on H1-2012
- Continuing **high levels of free cash flow** and a **strong financial structure**

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Conclusion: a strong Group

- A **well-balanced** business portfolio and geographic base
- **Top-ranking positions** in all businesses
- **Strong resilience** in the face of a deteriorating economic climate
- **Proven capacity to react**, with selective measures to address the economic climate swiftly implemented
- **Strong financial structure**

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First-Half 2012 Results and Outlook

Paris, July 27, 2012

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