



First-Half 2013 Results and Outlook

Paris, July 25, 2013



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SAINT-GOBAIN



1. First-Half 2013 Highlights



First-half 2013 key figures

Amounts in €m

	H1-2012*	H1-2013	H1-2013/ H1-2012*
Sales	21,590	20,771	-3.8%
EBITDA	2,266	1,983	-12.5%
Operating income	1,494	1,260	-15.7%
Recurring** net income	608	422	-30.6%
Net income	463	332	-28.3%
Free cash flow***	627	646	+3.0%
Net debt	9,828	9,497	-3.4%

* H1-2012: restated in line with IAS 19

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

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

H1-2013: Market conditions tough on the whole with stark contrasts from one country and business to the next

➔ Overall

- Negative calendar impact in H1 (-1.8 days, -1.4%)
- Poor weather conditions

➔ North America

- Residential construction continues to rally
- Industrial output holds firm

➔ Asia and emerging countries

- Gradual recovery, especially in Flat Glass

➔ Western Europe

- Flat Glass markets remain extremely tough
- Slowdown in industry and construction
- Start of a recovery in the UK at the end of H1

H1-2013: Highlights

- **Agreement signed** for the sale of **Verallia North America; disposal** of the PVC **Pipe & Foundations** business
- **Further increase in sales price** (up 1.0% over H1)
- **Ongoing close watch on cash:**
 - Capex down by over €200 million
 - Acquisitions limited to just €40 million
- **Ongoing development in key growth areas for the Group:**
 - Emerging countries & Asia
 - Energy efficiency, Energy, Environment (EEE)
 - Consolidation in CP and Building Distribution Sectors

H1-2013: Swift measures taken to address the changing economic climate

- Roll-out of **cost cutting program targeting €580 million in cost savings over the full year**

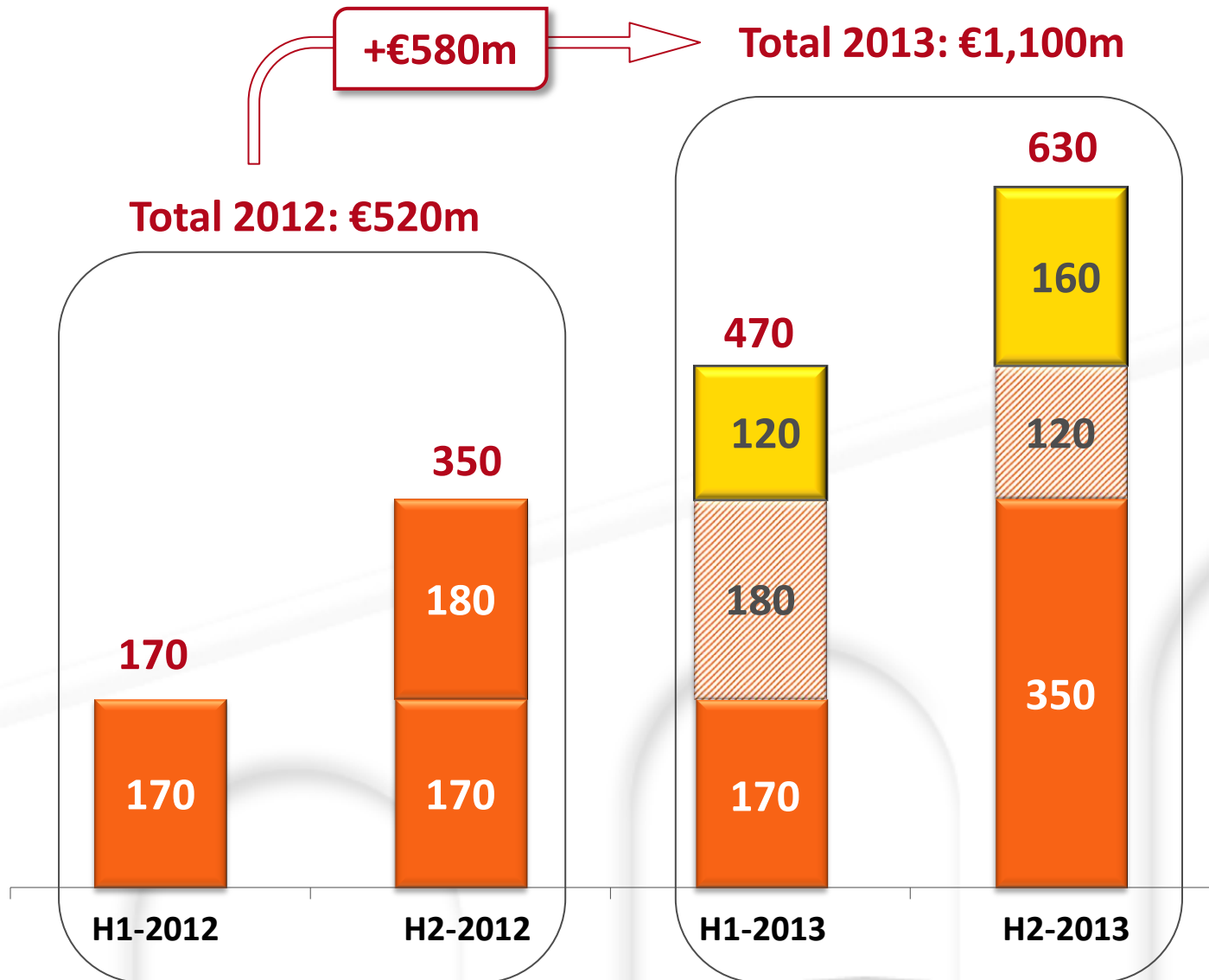
H1-2013 impacts:

- +€300 million as compared to H1-2012
- +€120 million as compared to H2-2012

- **Vigorous measures** continue apace in **Flat Glass in Western Europe**

Results of the new cost cutting program: €120m in additional cost savings in H1, in line with the full-year target of €580m

Cost base at
end-2011



Large-scale adjustments in Flat Glass

- ➔ **Float: 4 lines** (19%) stopped in Europe and **3 lines** stopped outside Europe
- ➔ Production **capacity reduced** at **Sekurit in Western Europe (-17%)**
 - 4 lines stopped, including Auvelais (Belgium)
 - Temporary adjustments on all lines in Europe
- ➔ **Consolidation** of **Glass Solutions** networks **stepped up**:
 - Major downsizing programs in some countries (Spain, Netherlands)
- ➔ **Deep restructuring** and gradual exit from **solar businesses**
- ➔ **Capacity investments put on hold except in Automotive**

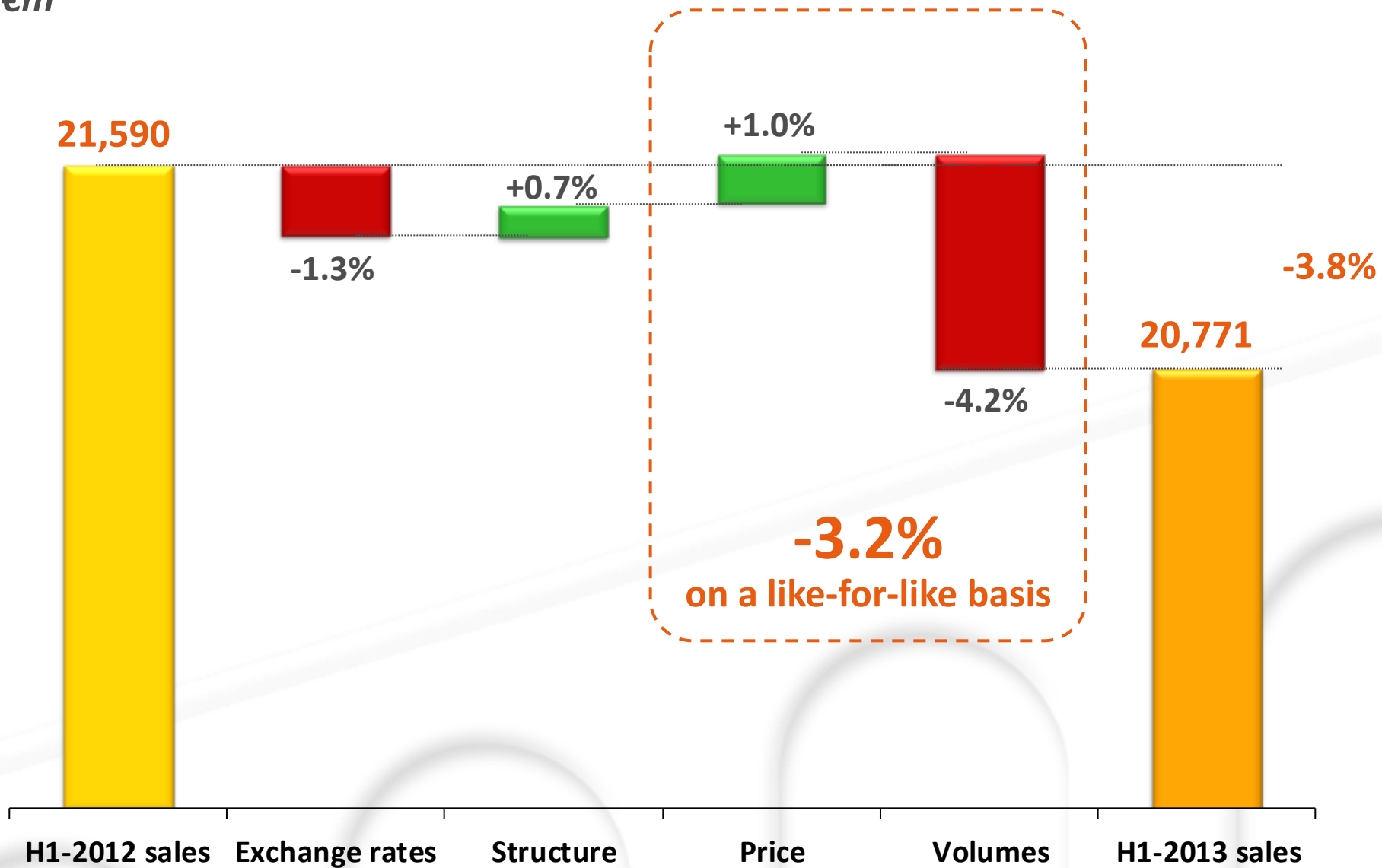


2. First-Half 2013 Results

- Group
- Business Sectors
- Geographic Areas

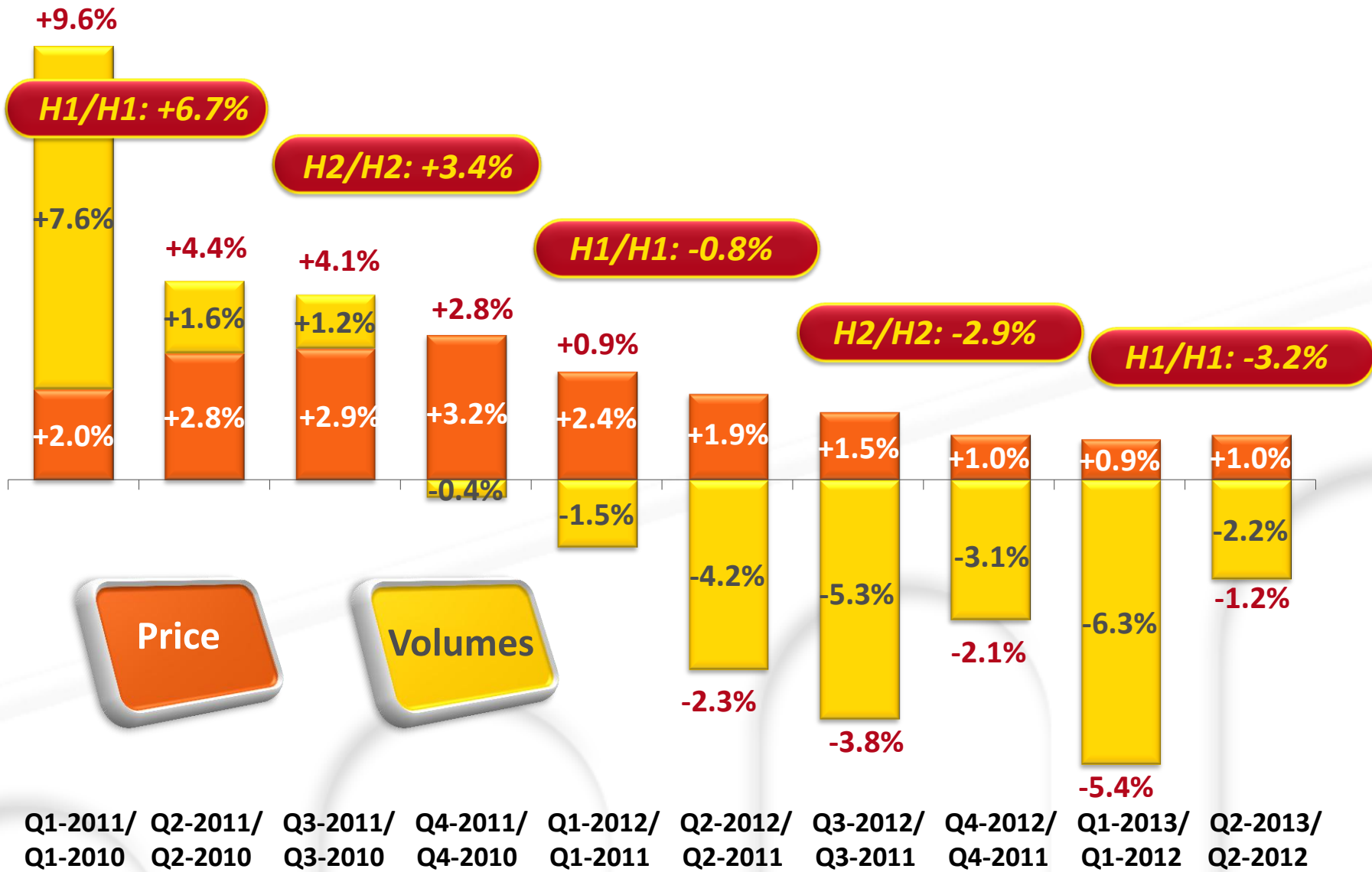
Sales

€m



Quarterly organic growth

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



Impact of changes in accounting for employee benefits (IAS 19) on the 2012 income statement

Amounts in €m	H1-2012			Full-year 2012		
	publish.	impact	restated	publish.	impact	restated
Sales	21,590	-	21,590	43,198	-	43,198
Operating income	1,512	-18	1,494	2,881	-18	2,863
Net financial expense	(356)	-44	(400)	(724)	-88	(812)
Income tax	(285)	+19	(266)	(476)	+32	(444)
Recurring* net income	651	-43	608	1,126	-74	1,052
Net income	506	-43	463	766	-74	692
Free cash flow**	670	-43	627	895	-74	821

- Increase in operating expenses due to the impacts of plan amendments
- Increase in financial expenses as a result of applying a rate of return on plan assets equal to the discount rate used for employee benefit obligations and no longer the rate of return estimated based on past performance

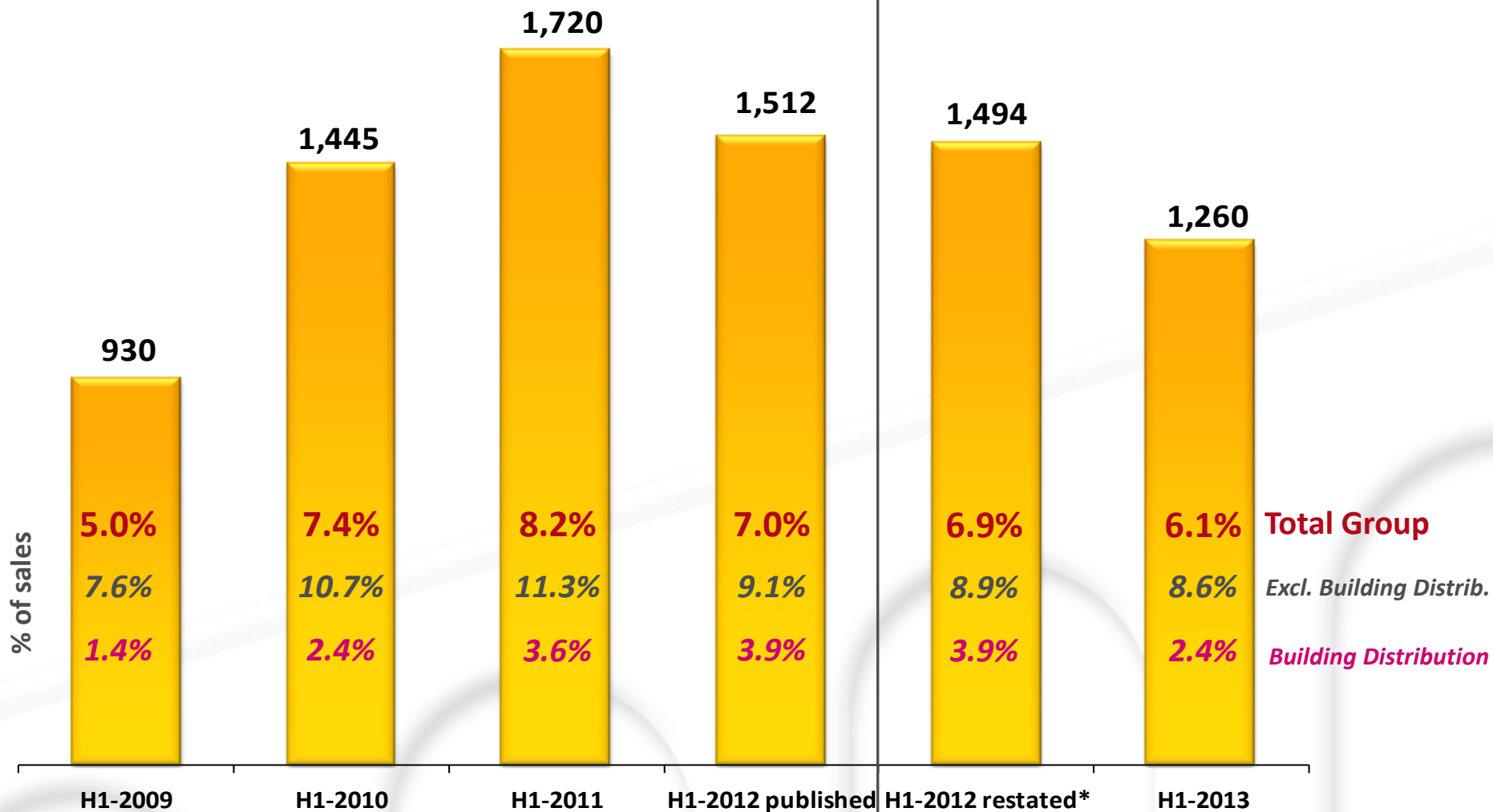
* excluding capital gains and losses on disposals, exceptional asset write-downs and material non-recurring provisions

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

Half-year operating income

(€m and % of sales)

H1-2013/H1-2012*
-15.7%



* IAS 19: H1-2012 impact -€18m

Non-operating items

€m

	H1-12	H1-13	Change
Operating income	1,494*	1,260	-15.7%
Non-operating costs	(224)	(260)	
<i>o/w:</i>			
Provision for asbestos-related litigation	(45)	(45)	
Other expenses	(179)	(215)	
Other operating expenses	(135)	(26)	
<i>o/w:</i>			
Disposal gains	+66	+85	
Asset write-downs	(193)**	(109)**	
Business income	1,135*	974	-14.2%

* IAS 19 restatement: -€18m

** o/w Flat Glass: €116m in H1-2012, €87m in H1-2013

Outstanding claims

Asbestos-related claims in the US

- **Around US\$87m** paid out over the 12 months to end-June 2013 (US\$ 67m at end-December 2012)
- **€45m** accrual to the provision in H1-2013, bringing the total balance sheet provision to US\$ 553m at end-June 2013 (US\$ 550m at end-2012)

	H2-2011	H1-2012	H1-2013*
New claims	2,000	2,000	2,000
Settled claims	4,000	7,000	2,000
Outstanding claims	52,000	47,000	43,000

* estimated

Net financial expense and Income tax

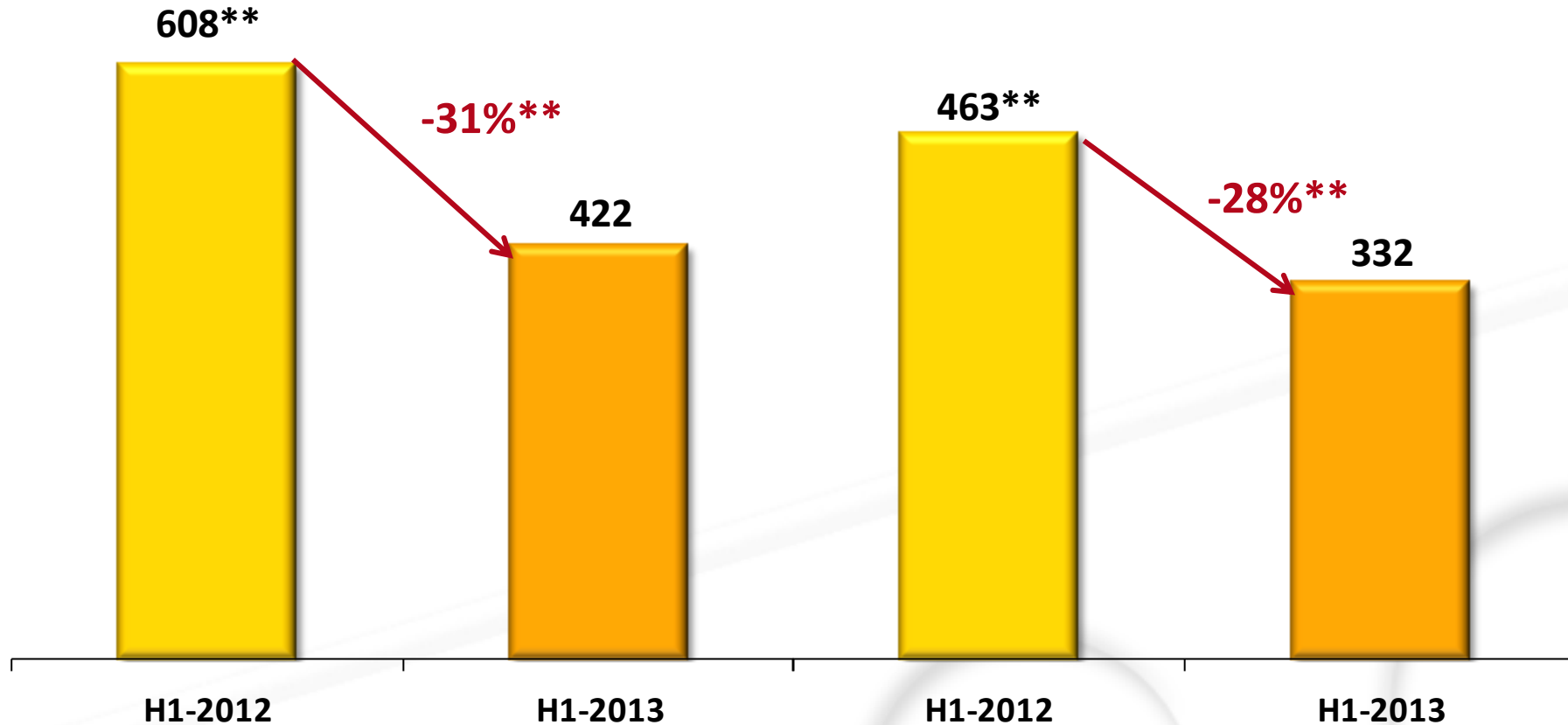
€m

	H1-12 <i>proforma*</i>	H1-13
Net financial expense	400	403
Average cost of gross debt	4.9%	4.7%
Income tax	266	231
Tax rate on recurring net income	33%	33%

* including the impact of IAS 19 on H1-2012:
- net financial income (expense): +€44m
- income tax: -€19m

Recurring* net income €m

Net income €m



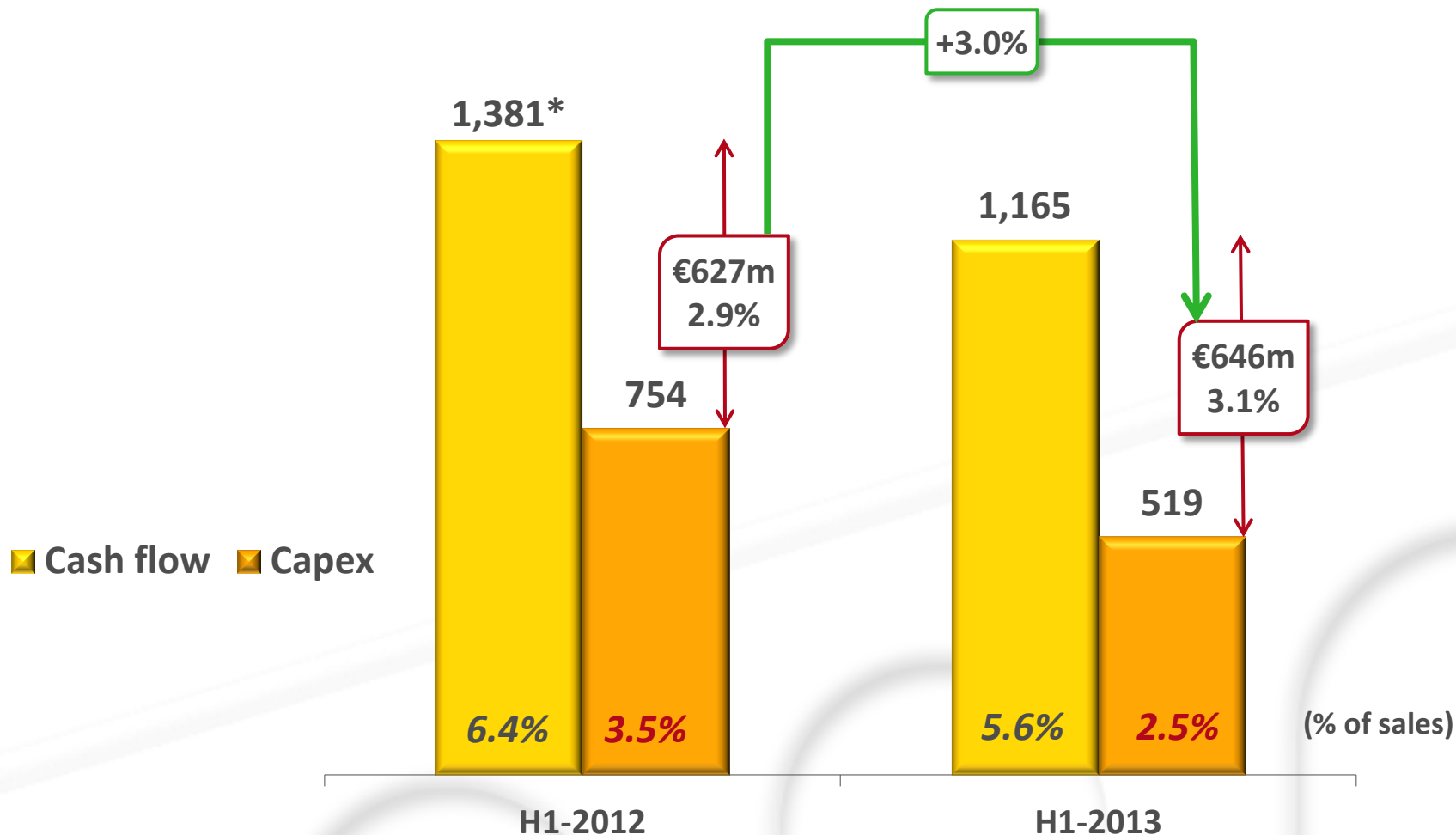
Recurring* EPS: €0.76 (-33%)

EPS: €0.60 (-31%)

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

*** including the impact of IAS 19 on H1-2012: -€43m*

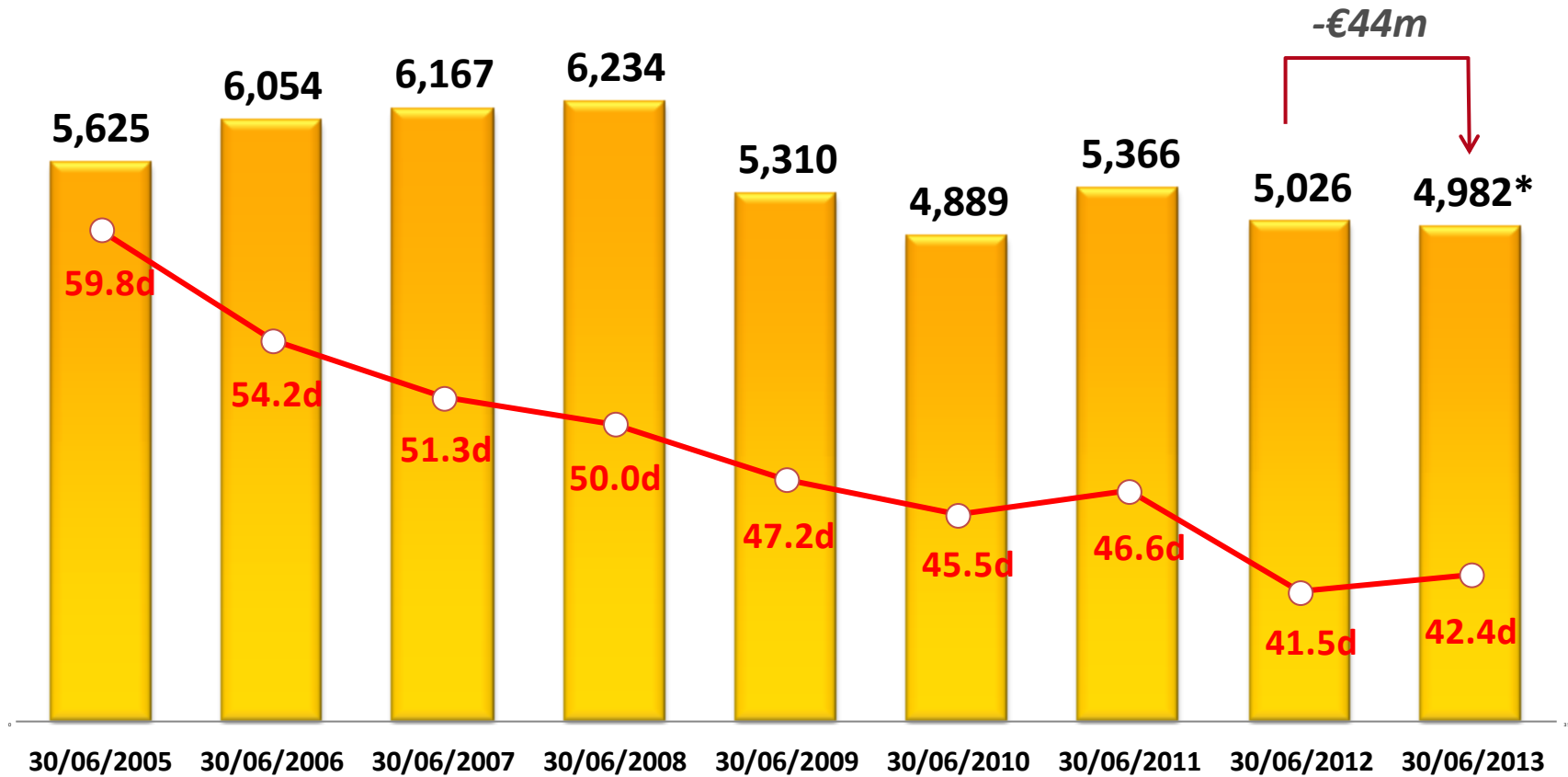
Cash flow from operations (excl. tax impact of capital gains/losses) and Capex (€m and % of sales)



* including the impact of IAS 19 on H1-2012: -€43m

Tight rein on working capital

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

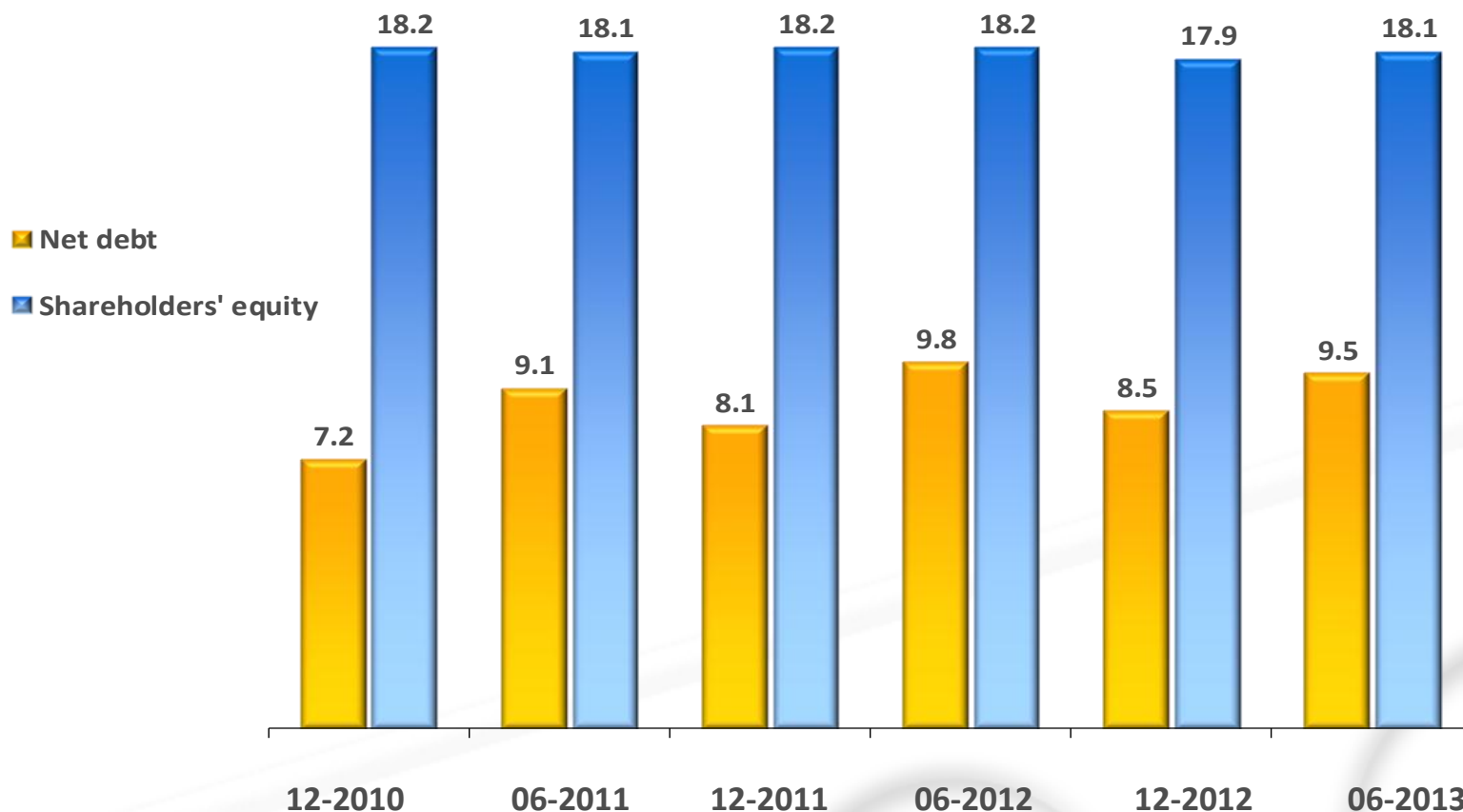


Ongoing effective management of working capital

* proforma including Verallia North America

Net debt and Shareholders' equity

€bn



Net debt/
Shareholders' equity

39%

50%

44%

54%

47%

52%

Net debt/
EBITDA*

1.5

1.8

1.6

2.1

1.9

2.3

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



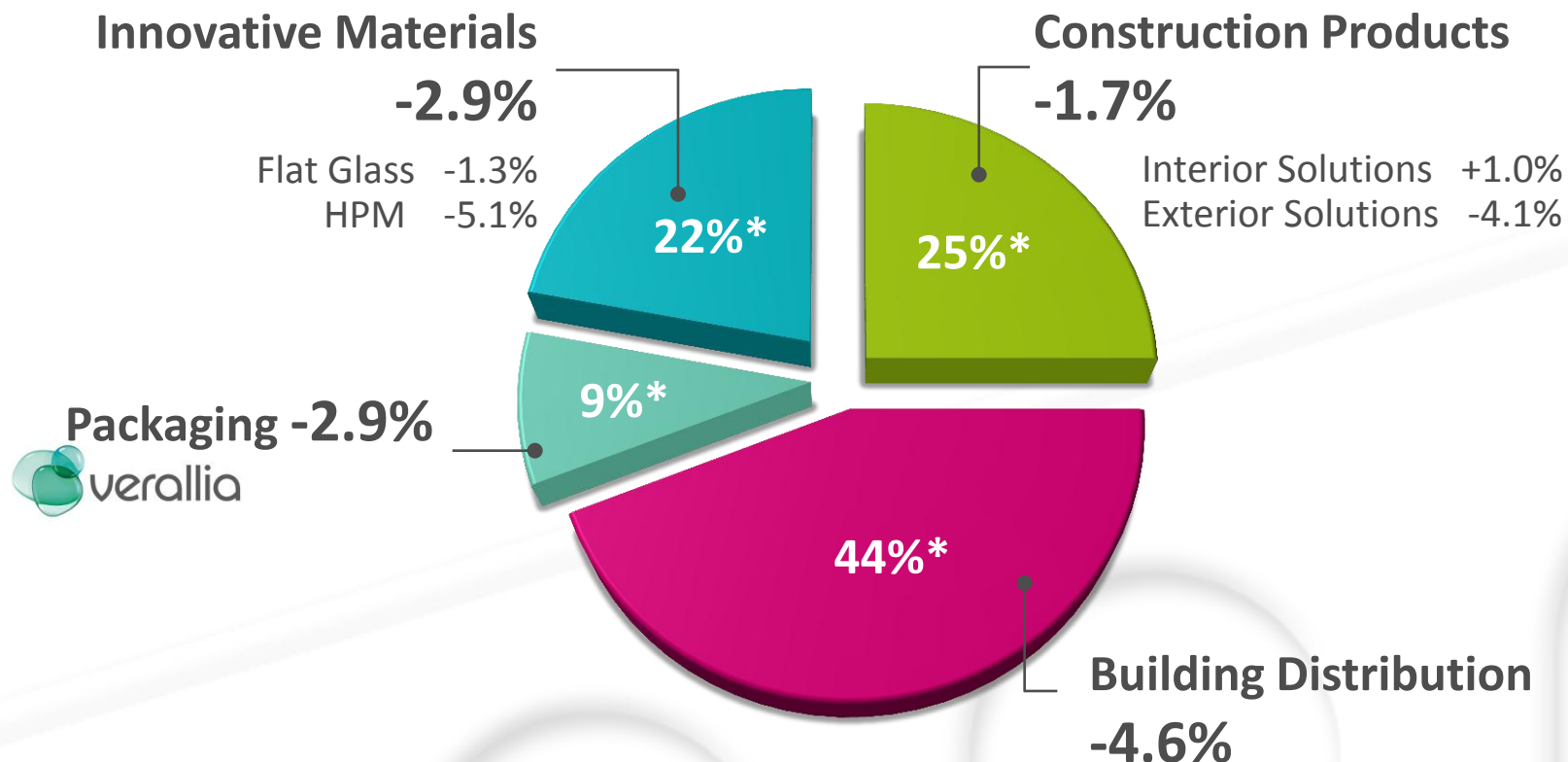
2. First-Half 2013 Results

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Sales trends by Business Sector

% change in H1-2013/H1-2012 like-for-like sales

Group: -3.2%

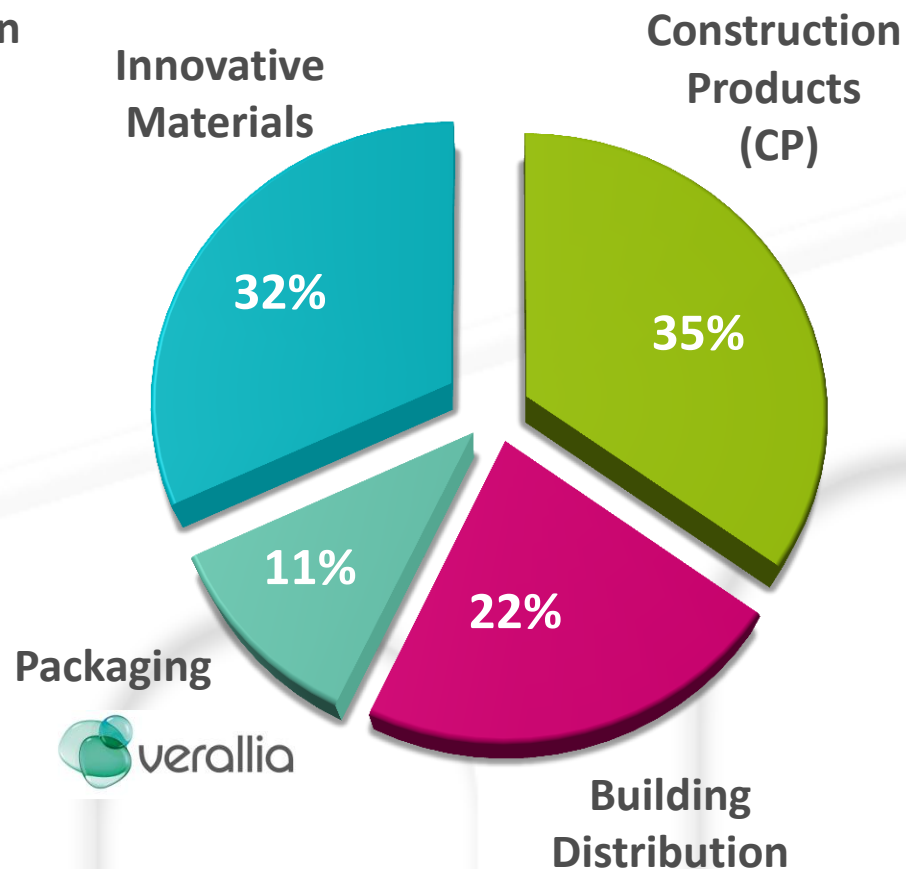
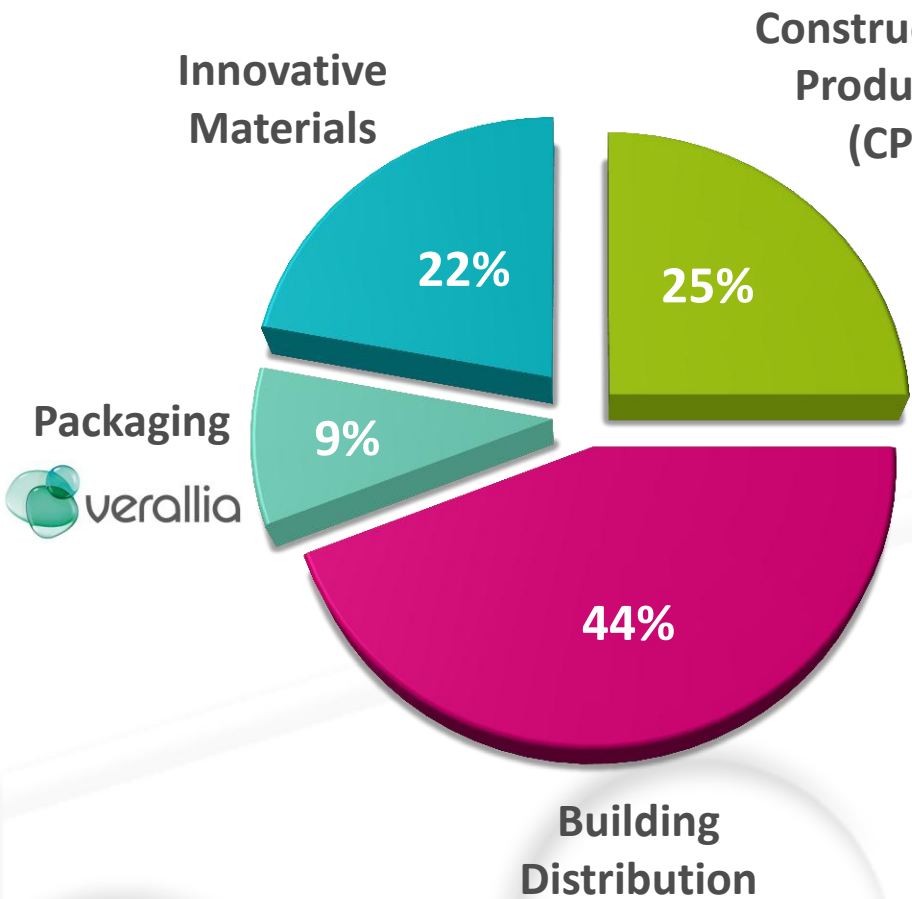


* breakdown of H1-2013 sales

Breakdown of sales and industrial assets by Business Sector

H1-2013 sales

Industrial assets at June 30, 2013



Innovative Materials (*Flat Glass - HPM*)

Sales (€m)

Organic growth
(like-for-like)

H1-2013/H1-2012

Innovative Materials

-2.9%

Flat Glass

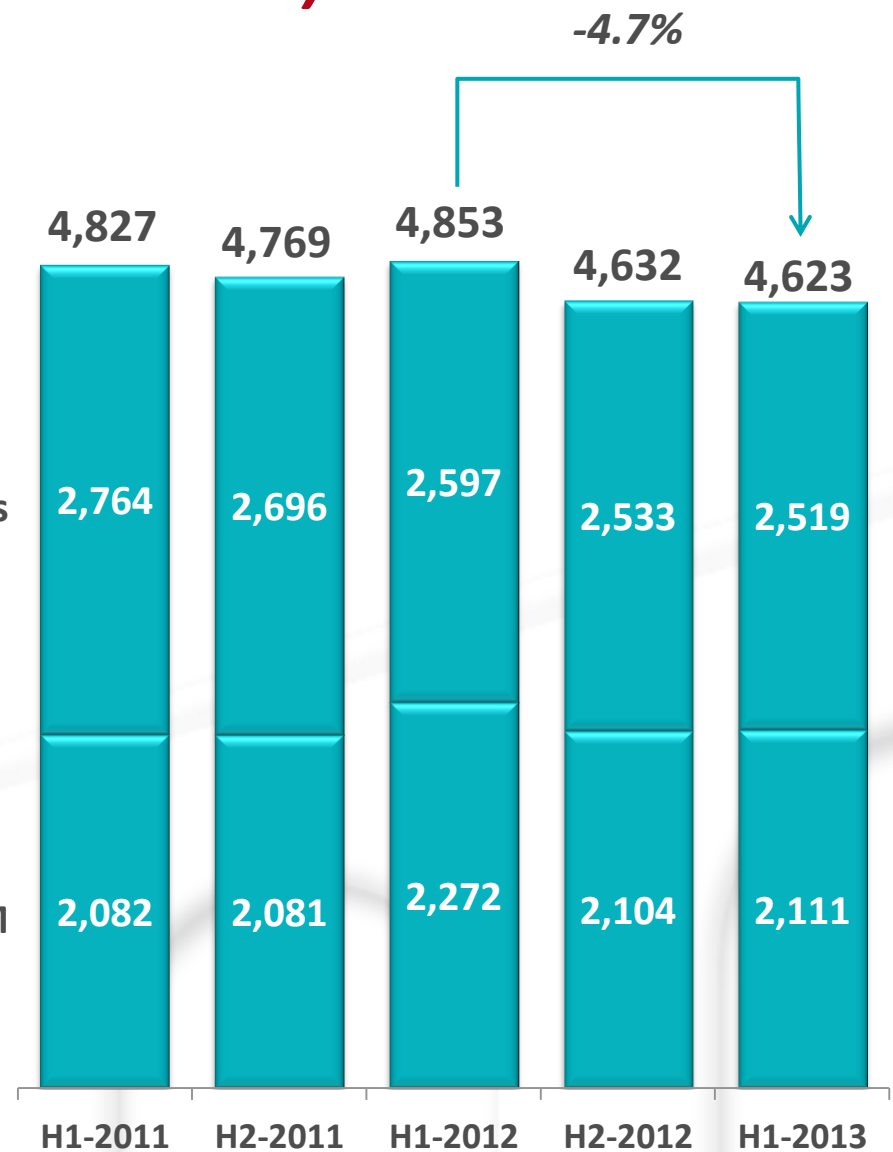
-1.3%

HPM

-5.1%

Flat Glass

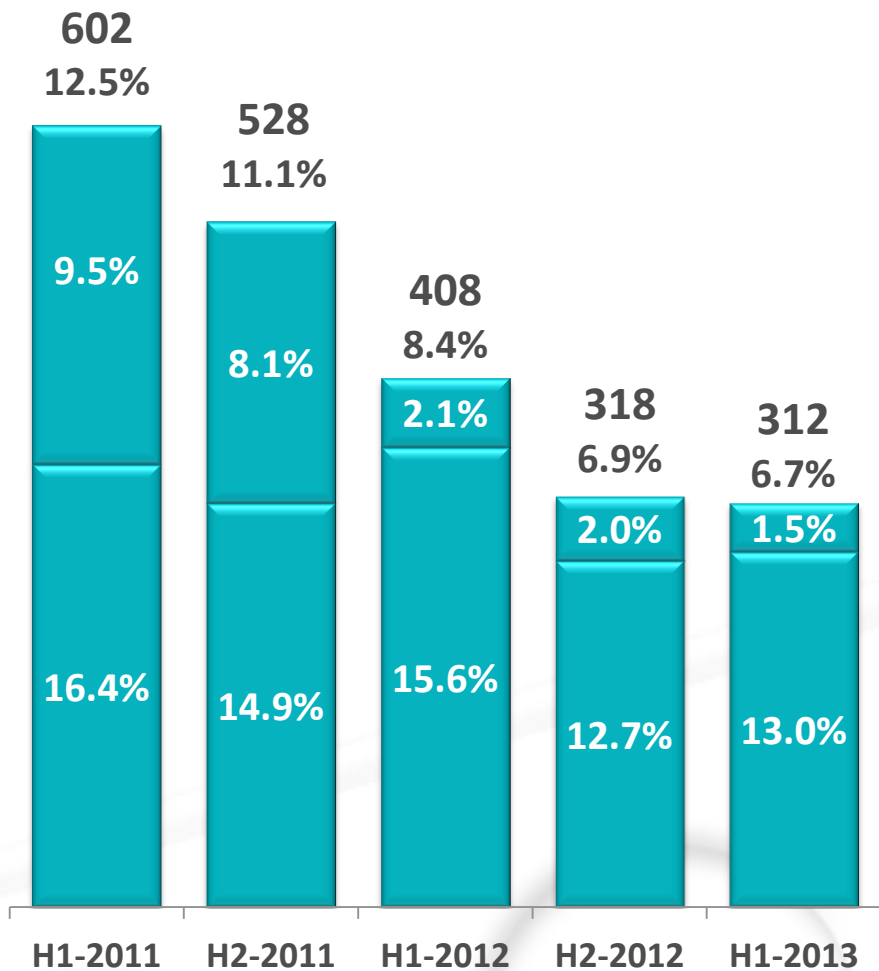
HPM



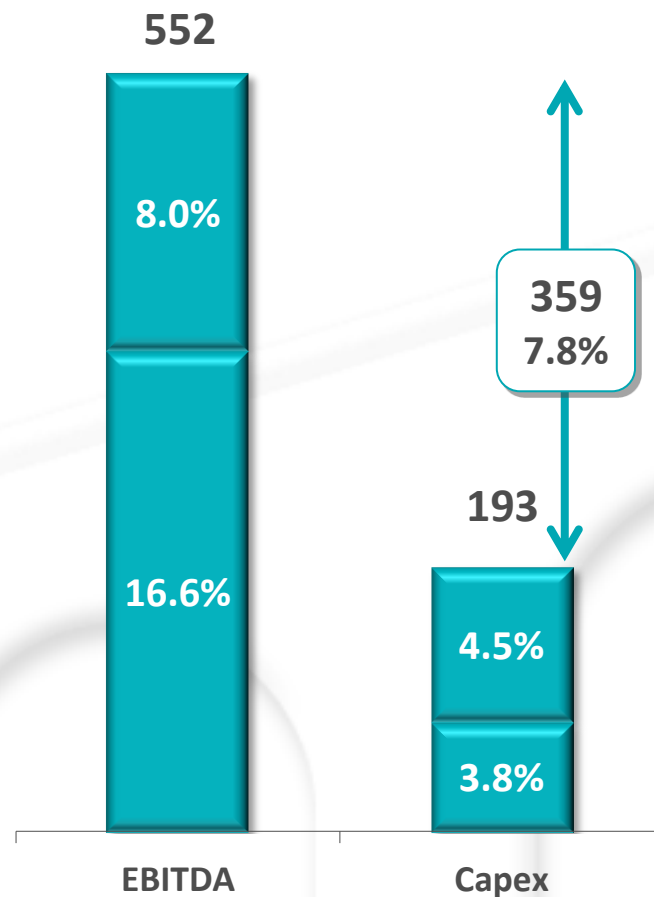
Innovative Materials (*Flat Glass - HPM*)

(€m and % of sales)

Operating income



EBITDA & Capex H1-2013



Construction Products

Sales (€m)

Organic growth
(like-for-like)

H1-2013/H1-2012

Construction Products

-1.7%

Interior Solutions

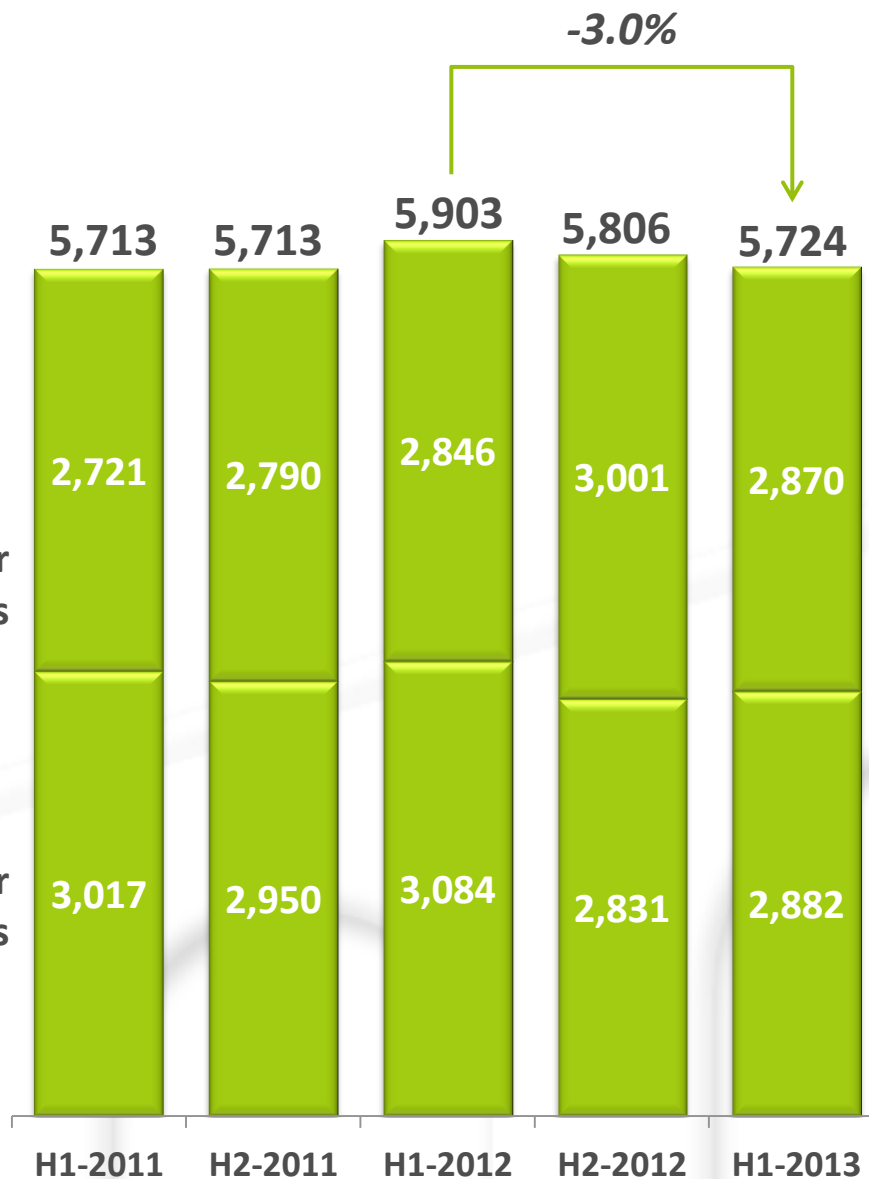
+1.0%

Exterior Solutions

-4.1%

Interior Solutions

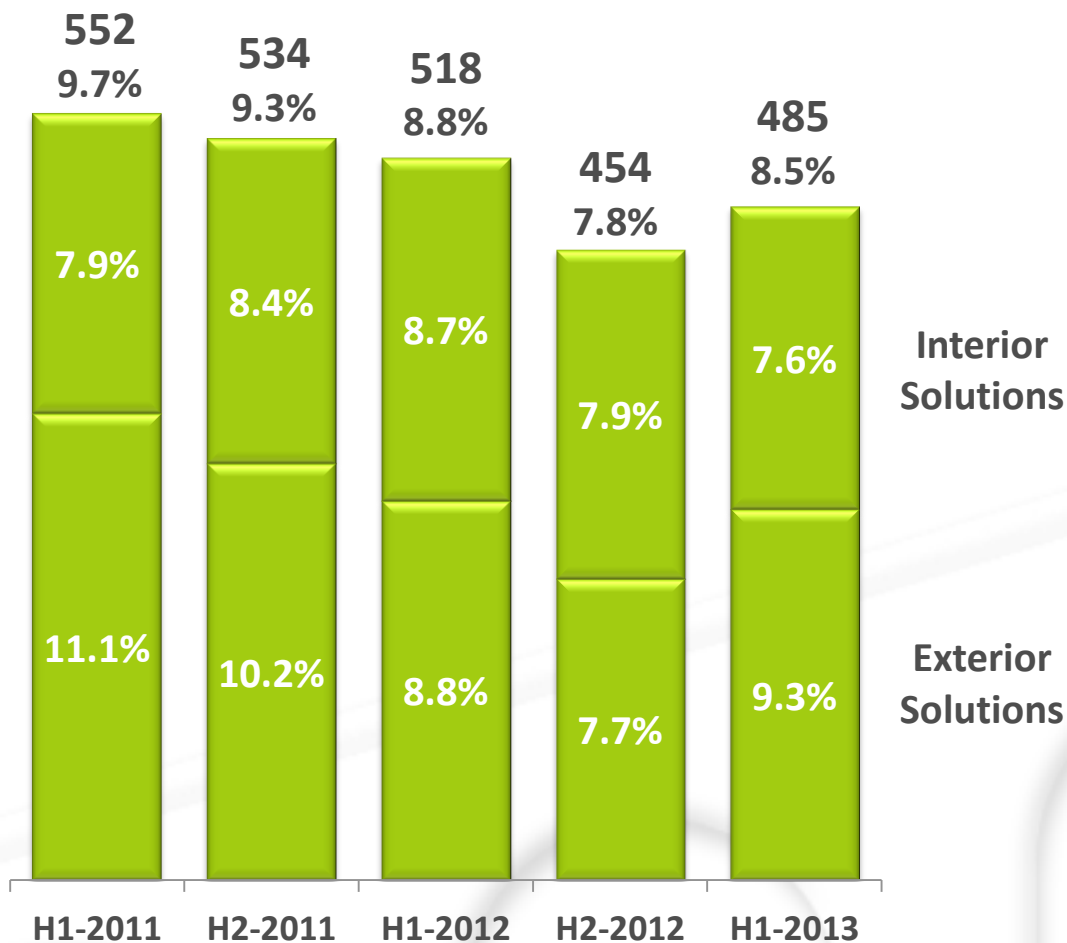
Exterior Solutions



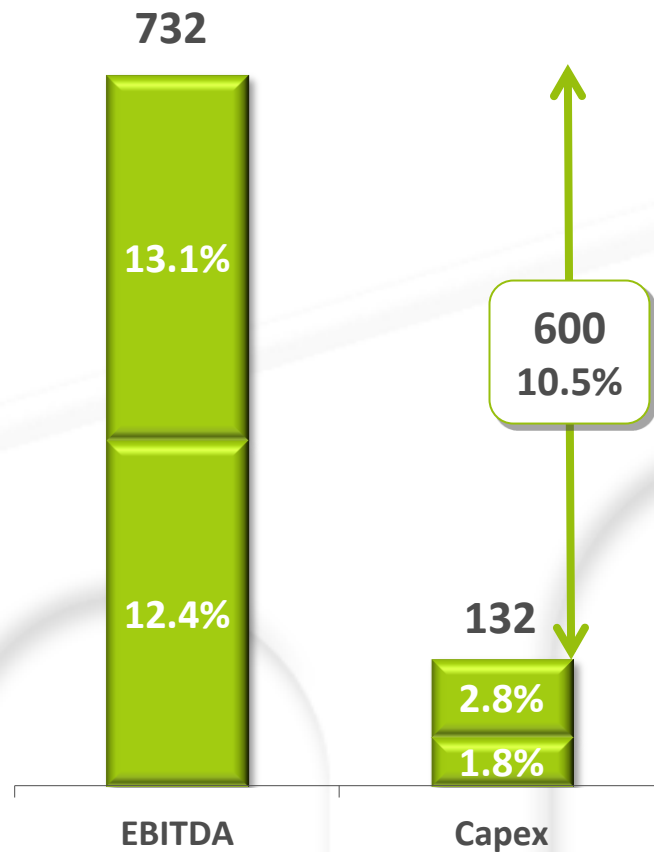
Construction Products

(€m and % of sales)

Operating income



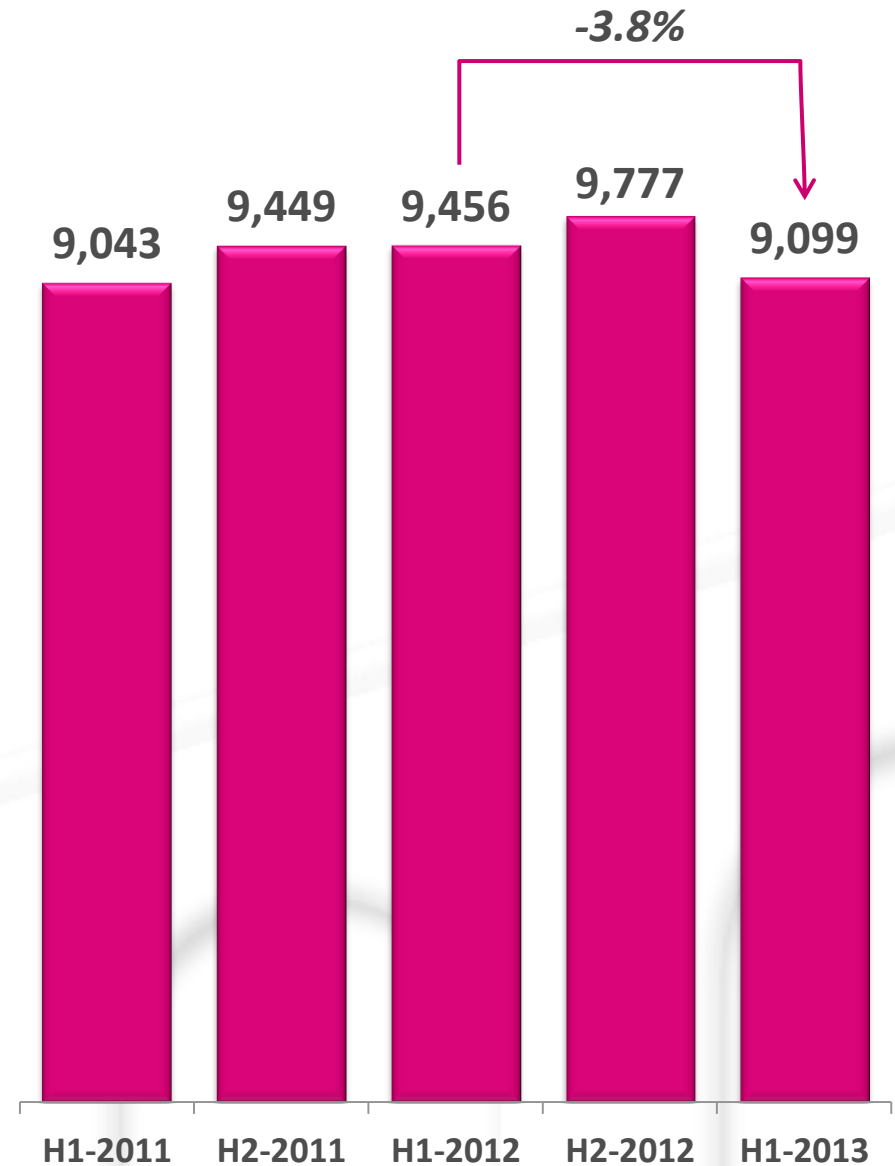
EBITDA & Capex H1-2013



Building Distribution

Sales (€m)

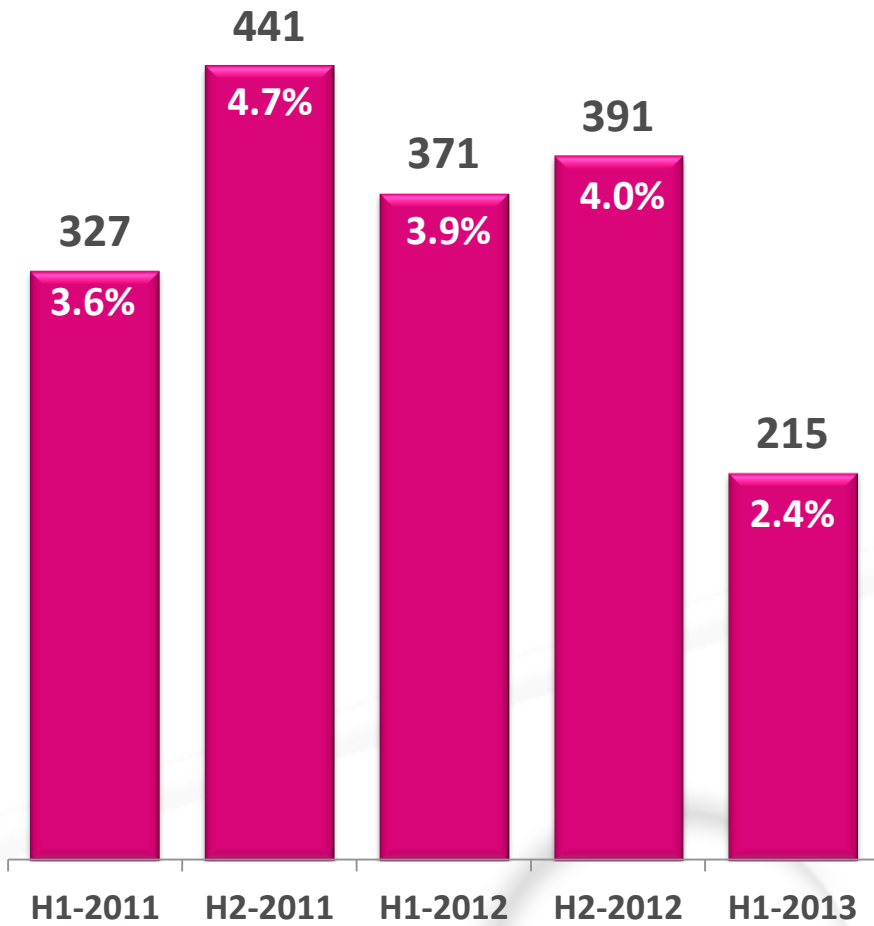
Organic growth (like-for-like)	
	H1-2013/H1-2012
Building Distribution	-4.6%



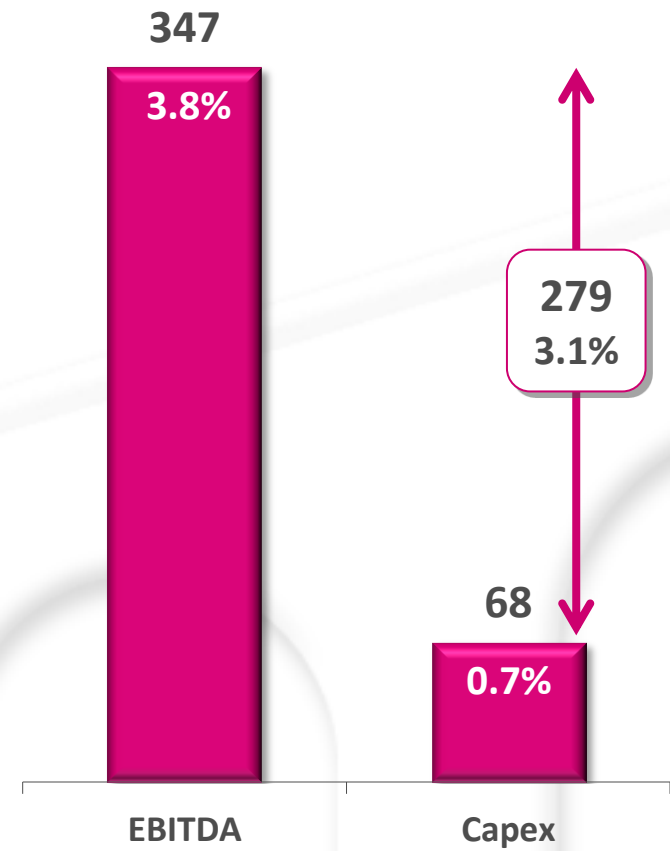
Building Distribution

(€m and % of sales)

Operating income



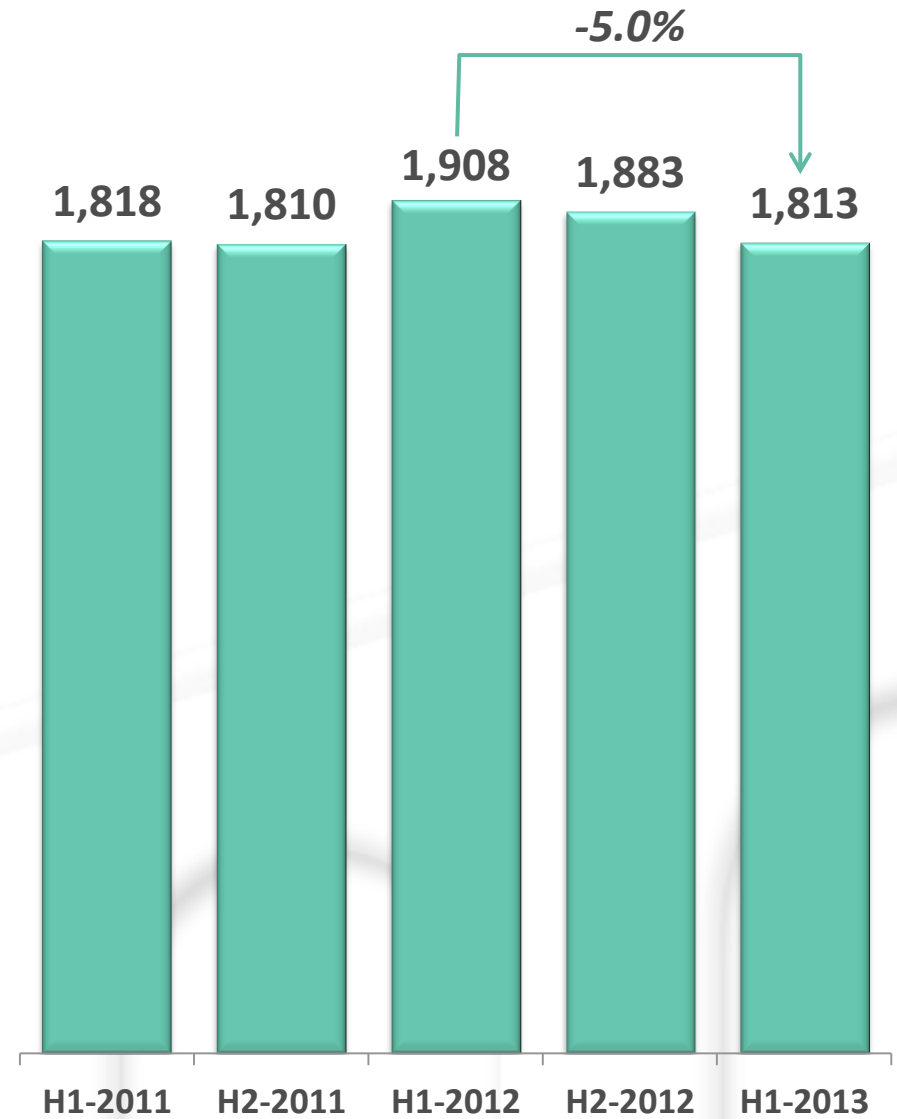
EBITDA & Capex H1-2013



Packaging

Sales (€m)

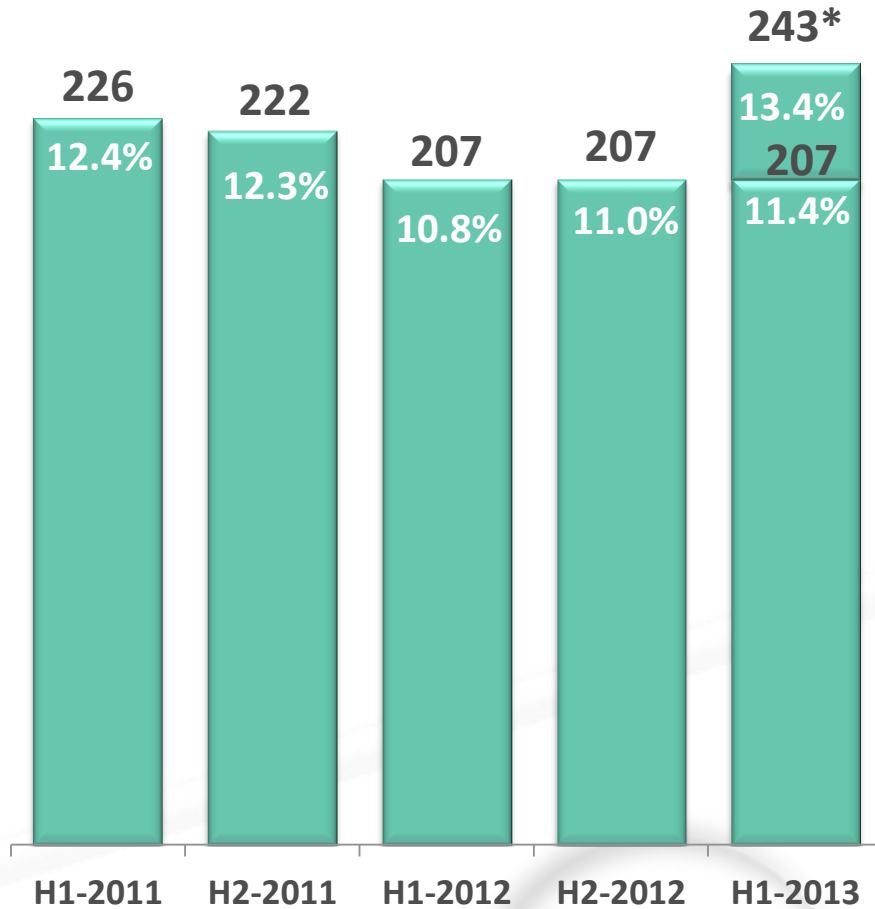
<i>Organic growth (like-for-like)</i>	
	H1-2013/H1-2012
Packaging	-2.9%



Packaging

(€m and % of sales)

Operating income

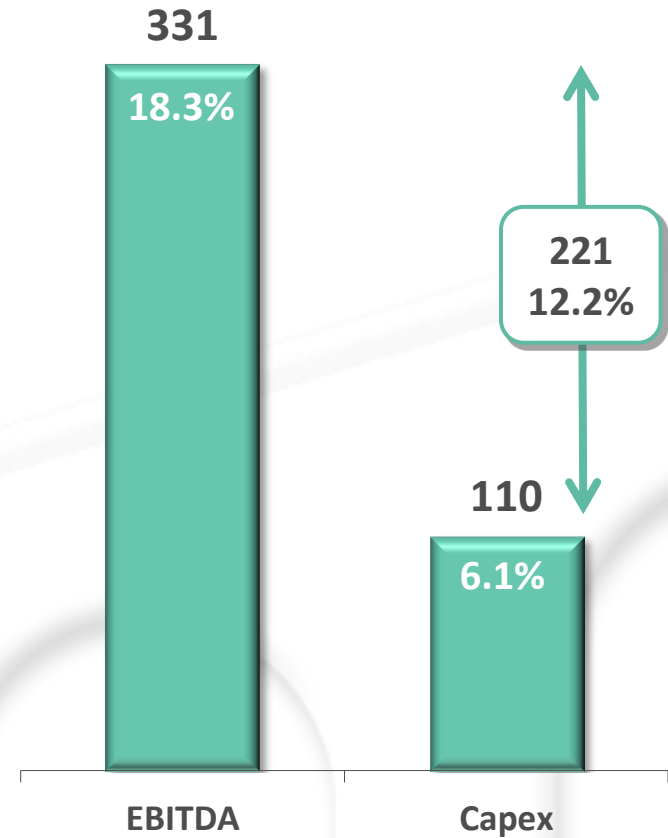


* after discontinuing depreciation of VNA's fixed assets as of Jan. 1, 2013 (IFRS 5): €36m



EBITDA & Capex

H1-2013





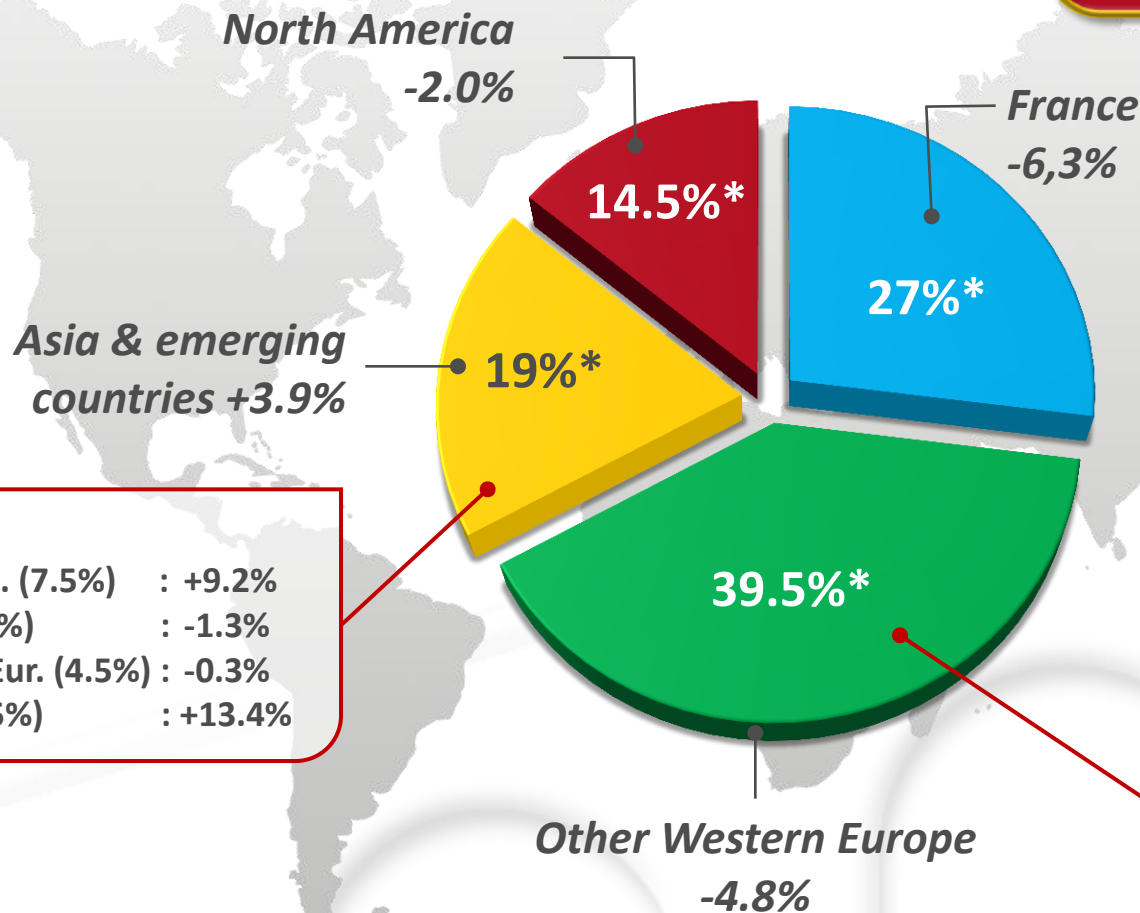
2. First-Half 2013 Results

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Sales trends by geographic area

% change in H1-2013/H1-2012 like-for-like sales

Group: -3.2%



o/w:

Latin Am. (7.5%) : +9.2%
Asia (5.5%) : -1.3%
Eastern Eur. (4.5%) : -0.3%
RoW (1.5%) : +13.4%

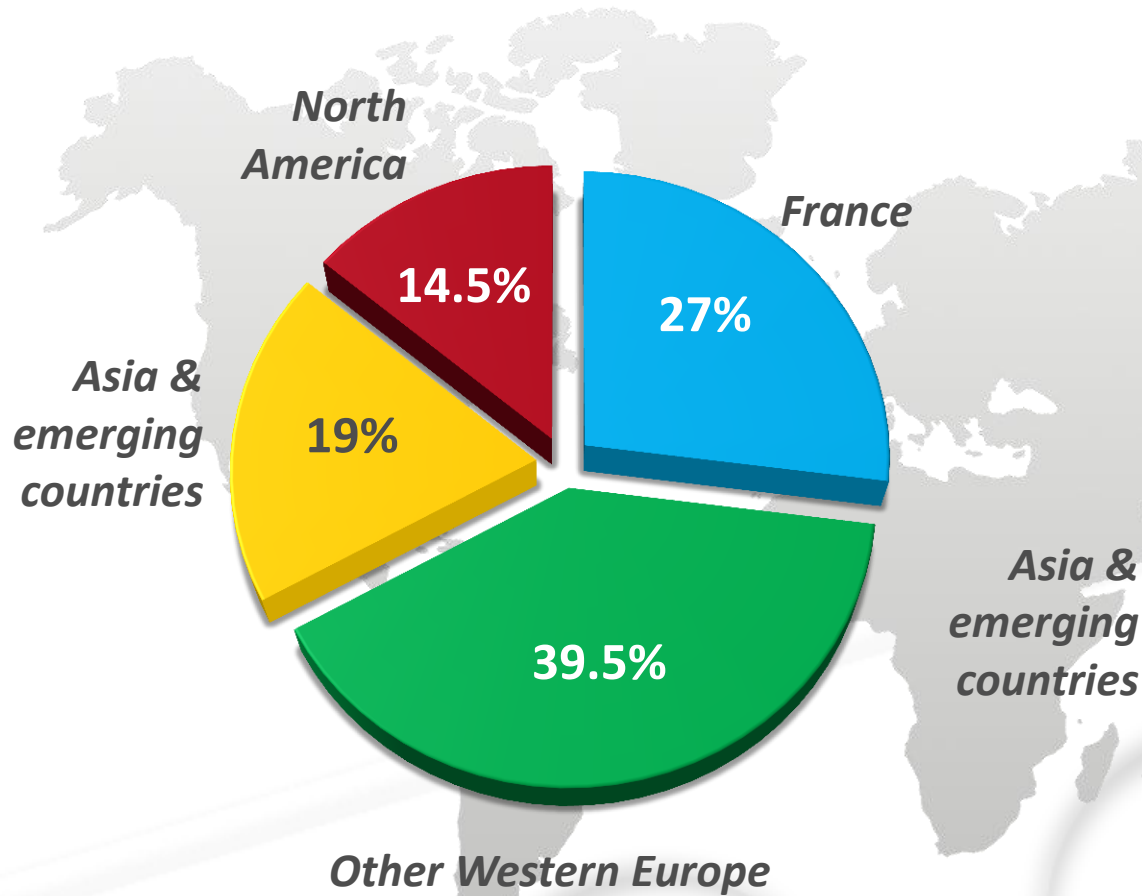
o/w:

Scandinavia (11%) : -4.4%
Germany (9.5%) : -5.3%
UK (8.5%) : -0.4%
Spain-Port. (3%) : -9.6%

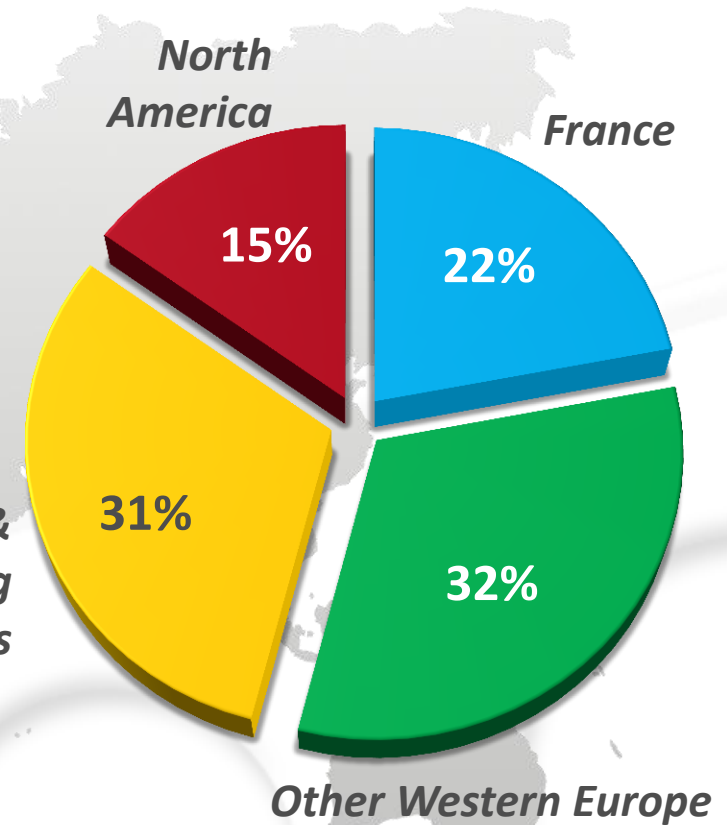
* breakdown of H1-2013 sales

Breakdown of sales and industrial assets by geographic area

H1-2013 sales

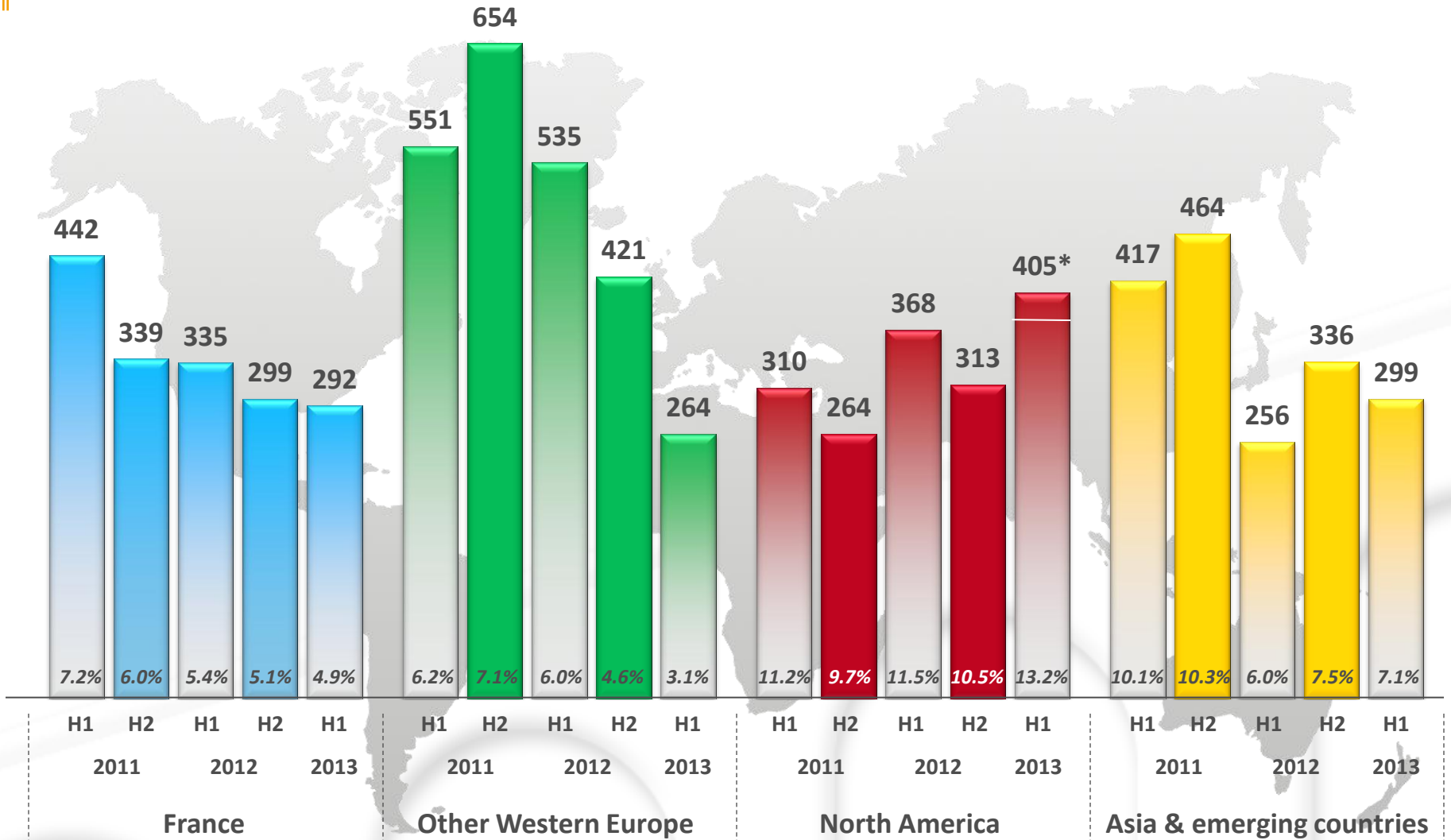


Industrial assets at June 30, 2013



Operating income by geographic area

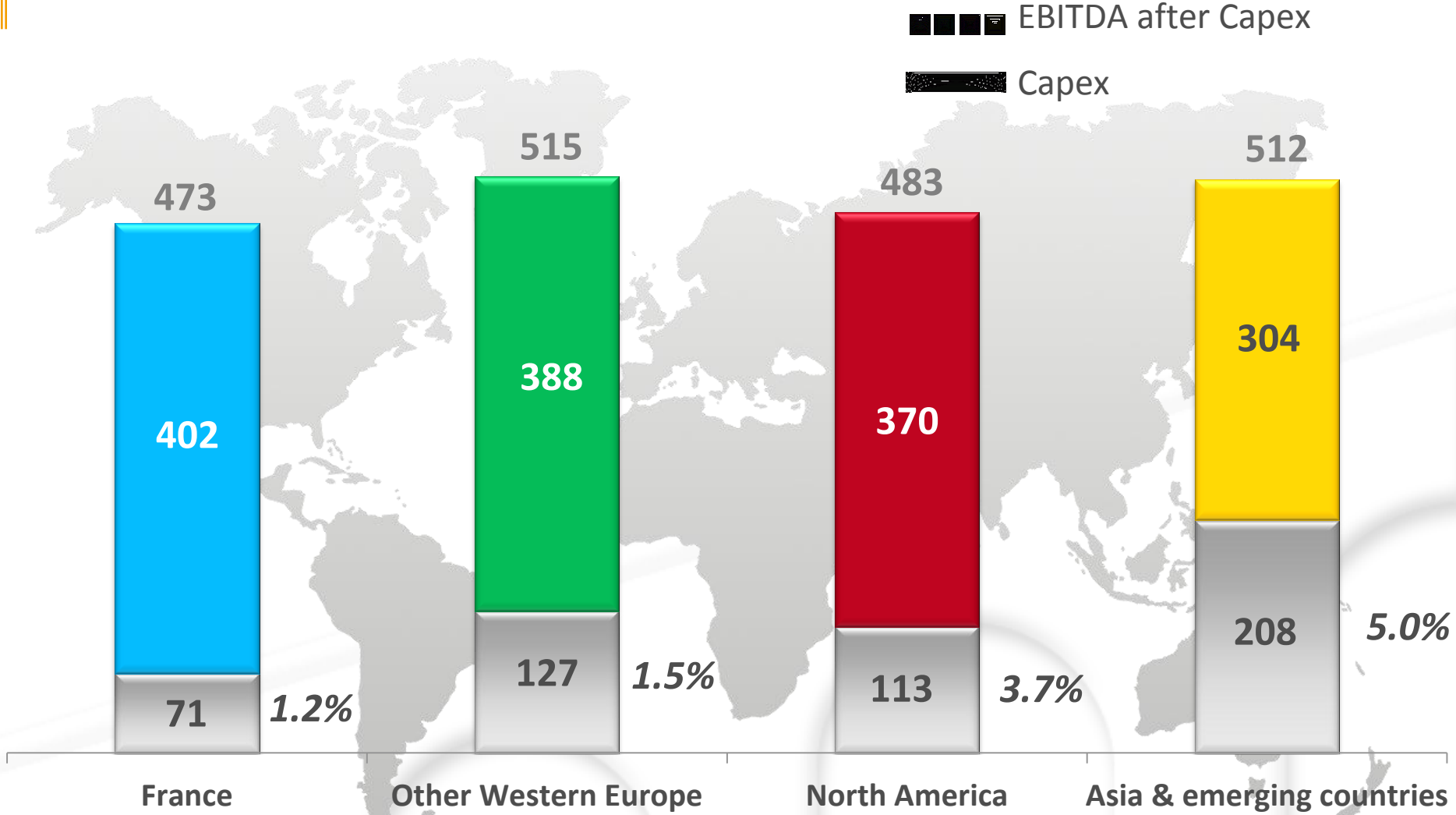
(€m and % of sales)



* after discontinuing depreciation of VNA's fixed assets as of Jan. 1, 2013 (IFRS 5): €36m

EBITDA and Capex by geographic area

(H1-2013, €m and % of sales)





3. Outlook and Action Plan for H2-2013



Outlook for H2-2013: Economic climate

▶ North America:

- **Residential construction** to continue **improving gradually**
- **Industrial output** to hold firm

▶ Asia & emerging countries: **gradual recovery to continue**, but stark contrasts to remain from one country to the next:

- **Robust growth in Latin America**
- **Conditions to stabilize in Eastern Europe**
- **Moderate growth in India and China**

▶ Western Europe:

- **Industrial markets to stabilize**, particularly Automotive
- **Ongoing difficulties in construction**
- **Energy retrofits should shore up trading**
- **Upturn in the UK and Germany to take hold**

**H2 should outperform H1 in North America
and in Asia & emerging countries**

Priorities for H2-2013: Continue and step up action plan

- **Priority focus on sales prices**
- **Cost cutting measures: €580m in cost savings over the full year,** with additional cost savings of **€160m** in H2-2013 versus H1-2013
- **Close watch on cash management and financial strength:** investments to be kept in check, net debt reduced and net debt/EBITDA ratio improved
- Ongoing **selective development in strategic areas:**
 - Energy efficiency
 - Asia & emerging countries
 - Consolidation in CP and Building Distribution
- Sustained **R&D efforts**

Outlook for H2-2013: Group businesses

➔ Innovative Materials:

- Flat Glass: profitability should gradually improve
- HPM: trading and operating margin to remain at a good level

➔ Construction Products:

- Good momentum in both North and South America
- Poor visibility in both Western and Eastern Europe, but energy efficiency should shore up market
- Gradual improvement in Asia (particularly in Pipe)
- Price/cost spread to improve on 2012

➔ Building Distribution (versus H2-2012):

- Trading levels to stabilize on the whole, but with sharply contrasting trends from one country to the next
- Operating margin to improve

➔ Packaging (Verallia):

- Impact of the Verallia North America disposal
- Continued moderate organic growth and solid profitability

2013 targets confirmed

- ➔ **Operating income to recover** in H2, after bottoming out in H1 2013
- ➔ **High level of free cash flow**, chiefly as a result of a **€200m reduction** in **capital expenditure**
- ➔ **Robust balance sheet, further strengthened** by the disposal of Verallia North America

Conclusion: A robust Group

- ➔ A **well-balanced** business portfolio and geographical mix
- ➔ **Top-ranking positions** in all of its businesses
- ➔ **Proven capacity to react**, with selective measures swiftly implemented to address the downturn
- ➔ **Stronger balance sheet** and **strict financial discipline**



First-Half 2013 Results and Outlook

Paris, July 25, 2013

