2013 Investor Meeting

Paris, November 27, 2013
Saint-Gobain’s strategy
Introduction

Pierre-André de Chalendar
Paris, November 27, 2013
Investor Meeting program

- 2:30 pm: Introduction
- 3:00 pm: Key priorities for sectors and geographic areas
- 4:15 pm: Break
- 4:30 pm: Conclusion
- 5:00 pm: Q&A
Introduction

- A vision for Saint-Gobain development
- The last few years in retrospect: steady progress on the implementation of our strategy
- Key priorities for the next five years
Introduction

- A **vision** for Saint-Gobain development

- The last few years in retrospect: **steady progress** on the implementation of our **strategy**

- Key priorities for the **next five years**
A vision for Saint-Gobain

- A world leader in habitat and high-performance materials...
  
  ... with a global presence, a unique portfolio of activities, unrivalled technological expertise, and a strong culture of innovation...
  
  ... bringing critical, high value-added solutions to meet today’s global challenges, including growth, energy and the environment

- Saint-Gobain creates and delivers innovative and high-performance solutions to enhance our habitat and our daily life
A world leadership based on complementary strategic positions in materials and construction technologies
Contribution to the Group’s mission: Innovative Materials

- The locomotive of innovation in the Group
  - Broad portfolio of materials and processes with a critical size for R&D
  - Importance of co-development and of niche markets
  - Early presence in cutting-edge applications

- Accelerating the move towards high value-added and co-developed solutions

- Ensuring technological leadership through access to diversified habitat and industrial end-markets

- Rebalancing from Flat Glass to High-Performance Materials
Contribution to the Group’s mission: Construction Products

- Developing a **wide range of habitat solutions** with faster-than-GDP growth
  - Energy savings, comfort in developed countries
  - Substitution effects in emerging economies
  - Focus on innovative, locally designed solutions, replicating High-Performance Materials approaches

- Benefiting from a strong portfolio of **major brands**
  - Facilitates prescription of solutions, standards and regulations
  - Key asset for developing innovative solutions and online sales

- Ensuring a **global geographic base** for the Group, with a large presence in high-growth markets
Contribution to the Group’s mission: Building Distribution

➡️ Accelerating the Habitat strategy

- Deep knowledge of local markets and ingrained culture of customer focus
- Continuous push for differentiated solutions through high brand visibility and network density in key areas, innovation, and craftsmen training
- Major efforts to expand over the internet and via multi-channel sales

➡️ Strongly contributing to the Group’s overall balance

- Strong European leadership
- Business focused on growing renovation markets
- Low capital intensity and resilient cash generation
A primary focus on habitat market solutions with the highest growth potential
Saint-Gobain industrial assets, excluding Verallia, 2012

High-growth markets in mature economies:
• Energy efficiency
• Tightening of new construction and renovation standards
• More demanding customers
• Increasing skills in the construction workforce through IT and improved training

Asian and emerging construction markets:
• Urbanization
• Higher wealth growth
• Emergence of middle classes
• Increasing labor costs

Fast-growing industrial markets (50% in Asia and emerging countries):
• Aerospace
• Energy
• Life sciences
• Automotive
• Various industrial niches, primarily in co-development

CP+IM 36%
BD 23%
26%
15%
A primary focus on habitat market solutions with the highest growth potential

Sources: IMF, Saint-Gobain
Introduction

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A 17% decrease in sales volume, yet to be recovered

- Real residential construction output (new construction and renovation)*, Saint-Gobain sales volumes (constant perimeter and foreign exchange) (lhs), 100=2007, and Group Operating Profit in millions of euros (rhs), 2007-2012

* Source: IHS Global Insight. Weighted by Saint-Gobain sales mix between new construction and renovation and by Saint-Gobain sales per country for the base year (2007)
Decisive actions to increase the operating leverage

- Demonstrated ability to increase prices and protect gross margins, with the exceptions of Flat Glass and of Interior Solutions in the USA

- €3.2bn cumulative savings since 2008, of which ~50% are structural

- Staffing reduction in line with volumes in Western Europe and North America, with minimized restructuring costs
Major adjustments launched in Flat Glass

**European Flat Glass** undergoing crisis of historic proportions

- ~3% average operating profit margin since 2010 vs. 7%-10% over the past 20 years*
- Around **25% reduction in capacity** vs. 20% on average**
- Strengthened focus on **high value-added solutions**: 27% of sales in 2012, +8 points since 2007

* For historical consistency reasons, European Flat Glass perimeter covers France, Germany, Italy, the Netherlands, Poland, Spain, Sweden and the United Kingdom which together account for 97% of Flat Glass sales in Europe in 2012

** Number of active floats in Europe in January 2008 vs. October 2013, excluding for Saint-Gobain the sales of 50% of Salaise and Flovetro. Saint-Gobain estimates

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* Range*** of Saint-Gobain’s European Flat Glass Annual Gross Margins, 2003-2012

*** From top to bottom, maximum, box (75% of observations) and minimum

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3 Reduced capital requirements

- **Capital expenditure** reduced by **20% in 2012** vs. 2006-2008 as a percent of sales

- **Typical reduction in investment unit costs** by approx. **10-30%**: civil works, standardization, low-cost sourcing

- **Operating working capital** reduced by **15 days** since 2006: efficiency gains in supply chain, strong reduction in debtors
4 Strengthened activity portfolio

- Disposal of Verallia North America in very favorable sale conditions (~€1.3bn)

- 30 significant additional disposals (€700m total since mid 2010)

- Highly selective acquisition policy (€1.3bn since mid 2010): emerging markets, high-end technologies, Building Distribution’s core positions
Increased growth potential

- Strengthened presence of industrial sectors in emerging countries

- Concentration on fast-growing market segments in mature economies

*Isover underlying market indicator: weighted average of renovation (60%, real output, yoy growth) and new construction (40%, yoy change in housing starts)
Sources: IHS Global Insight, Euroconstruct, Saint-Gobain
6 Stronger fundamental values

- **Innovation**
  - Among the world’s top 100 innovative companies*

- **Corporate Social Responsibility**
  - Strong improvements in safety: Group TF1 reduced from 5.9 to 2.4 since 2006
  - Multiple employer awards to HR policy
  - Sustainable development report: A+ Global Reporting Initiative application level in 2011 and 2012

- **Performance oriented organization**
  - ROCE incentives key for 200 top managers

7 Rigorous allocation of resources

Net Debt Bridge, 06/2010 - 06/2013 (in €m)

*Other includes: increase/decrease in loans and deposits, net effect of exchange rate changes on net debt; net effect from changes in fair value on net debt.
The last few years in retrospect: Key takeaways

**Strong response to market downturn**
- ✓ €3.2bn cumulated savings in 2013, significant staffing reductions, resilient prices, around €1.5bn saved in working capital
- ~ Secondary positions from Building Distribution showed relatively low profit resilience in cycle
- ✗ Cost reductions and restructuring in European Flat Glass could not absorb the full impact of a protracted market crisis

**Steady progress on strategic priorities**
- ✓ Concentration of the Group on habitat and innovative, high-performance solutions, and significant commercial synergies
- ✓ Strengthened growth potential, with high investment in emerging countries
- ~ Saint-Gobain brand not yet fully leveraged

**Rigorous allocation of resources**
Introduction

- A vision for Saint-Gobain development

- The last few years in retrospect: steady progress on the implementation of our strategy

- Key priorities for the next five years
Key priorities for the next five years

- Strengthen the **Group profile** to raise the potential for organic growth: reduce the Group’s capital intensity in developed countries; focus investments outside Western Europe; exit Verallia; and accelerate acquisitions and disposals.

- Increase the Group’s focus on **differentiation**: strengthen and focus R&D and marketing on local and co-developed innovations; accelerate developments on highly innovative industrial niches, sustainable construction, and over the internet.

- Ensure **solid Group management** with four key priorities: operational excellence; Corporate Social Responsibility; attractive returns for shareholders; and a solid financial structure.
Key priorities for sectors and geographic areas

- Strengthen the focus of Innovative Materials on high-performance and co-developed solutions
  
  Jean-Pierre Floris

- Build up Building Distribution’s leadership positions and expand multi-channel sales
  
  Benoît Bazin

- Lead mature markets’ shift to sustainable construction
  
  Peter Hindle

- Accelerate the development of Construction Products in high-growth countries
  
  Claude Imauven

- Strengthen our presence in North America
  
  John Crowe
Strengthen the focus of Innovative Materials on high-performance and co-developed solutions

Jean-Pierre Floris

Paris, November 27, 2013
Innovative materials: key figures

- **Sales (€m)**, 2006-2012
  - 2006: €9,485m
  - 2012: €9,485m

- **Operating Profit (€m)**, 2006-2012
  - 2006: €726m
  - 2012: €726m

- **OVER 500 Industrial facilities IN 48 countries**
- **60,000 EMPLOYEES**
- **Over 500 Industrial facilities in 48 countries**
- **60,000 Employees**

**Sales**
- **2006**: €9,485m
- **2012**: €9,485m

**Operating Result**
- **2006**: €726m
- **2012**: €726m

**Key Figures**
- **2012**
  - **Sales**: €9,485m
  - **Operating Result**: €726m

**Graphs**
- **Sales (€m), 2006-2012**
- **Operating Profit (€m), 2006-2012**

**Legend**
- **Flat Glass**
- **High-Performance Materials**
Innovative Materials Sector has multi-market and worldwide exposure

**Market diversity**

- **Sales split 2012**
  - Habitat, Energy, Environment: 49%
  - Transport: 29%
  - Other industries: 22%

**Worldwide presence**

- **Sales split 2012**
  - North America: 20%
  - Western Europe: 40%
  - Asia and emerging countries: 40%

**Flat Glass**

- 62%
- 38%

**HPM**

- 34%
- 18%
- 48%

**Flat Glass**

- 54%
- 45%

**HPM**

- 24%
- 34%
The Innovative Materials Business Model

- A unique and profitable portfolio of high-tech value-added solutions, with strong market opportunities in habitat

- Co-development, research and innovation powering differentiation and growth

- Global presence and growing in the emerging countries
Innovative Materials Strategic Roadmap

3 Core Strengths

Innovation
- Increase R&D effort driven by marketing
- Adaptation to local needs
- Leverage external incubators
- Reduce time-to-market

Co-development
- Strengthen co-development and application engineering

Competitive cost position
- Maintain competitive cost base and industrial leadership
- Keep fixed cost under strict control

4 Strategic Levers

Optimize asset base
- Optimize investments
- Adapt asset base on challenged markets
- Build partnerships, especially for key R&D programs

Increase our differentiation
- Increase mix of high value-added products / new products
- Offer new services valued by customers

Accelerate development in growing regional markets
- Consolidate / build strong local positions in emerging countries
- Pursue development of attractive niches in North America

Enter new niches
- Selectively target €750m-€1bn sales in new niches by 2018
- Supported by external growth and / or R&D programs
Strengthen the focus of Innovative Materials on high-performance and co-developed solutions

1. Turn around Flat Glass
   - Complete the restructuring of European operations
   - Strengthen focus on high value-added and downstream activities
   - Reduce capital intensity by 15 points by 2018

2. Strengthen Sekurit positions in emerging countries and on high-end markets

3. Accelerate the growth of High-Performance Materials
   - Overarching priority: high-potential industrial niches prone to co-developments
   - Key markets in North America
   - Key emerging countries
Turn around Flat Glass
Complete the restructuring of European operations

- European glass still near record-low levels
  - Demand for architectural glass still subdued
  - Decreasing automotive demand

- Decisive adjustments in float capacities: around 25% reduction in capacity vs. -20% average for total market*

- Unprecedented reduction in fixed costs

* Number of active floats in Europe in January 2008 vs. October 2013, excluding for Saint-Gobain the sales of 50% of Salaise and Flovetro. Saint-Gobain estimates

** Saint-Gobain estimates
Turn around Flat Glass

**Strengthen its focus on high value-added and downstream activities**

- **Clear priorities for differentiation** defined by local marketing teams with end-user surveys
  - Performance, aesthetics, environment-friendly solutions
  - Associated service: technical support, logistics, digital applications
  - Highly innovative solutions, e.g. electrochromic glass

- **Increase market segmentation** and develop specific solutions for key market segments (hospitals, schools...)

- **Push for higher brand and product recognition**, e.g. with glass marking
Turn around Flat Glass
Reduce Flat Glass capital intensity by 15 points by 2018

- Active management of production capacities

- Focus all activities on high value-added solutions, associated services, and downstream activities

Flat Glass capital intensity* 2012-2018

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2018</th>
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<tr>
<td>Value</td>
<td>74%</td>
<td>59%</td>
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* Industrial assets divided by consolidated annual sales, including within the Group.
2 Strengthen Sekurit positions in emerging countries and on high-end markets

- High investments in emerging markets
  - In association with major customers and/or to serve local carmakers
  - Projects in Argentina, Russia and ASEAN countries

- Strategic R&D programs to maintain technological leadership
  - Continue to differentiate Sekurit as the preferred choice for highly innovative solutions
  - Priority programs include light-weight solutions, connectivity (display, antennas...), and industrial efficiency
3 Accelerate the growth of High-Performance Materials

High-Performance Materials sales, 2012

**Plastics:**
- #1 Fluid-circuit components
- #1 Sliding fluoropolymer bearings
- #1 Architectural fabrics for large construction projects

**Ceramics:**
- #1 Refractories
- #1 Silicon Carbide
- #1 Abrasive grains
- #2 Proppants

**Abrasives:**
- #1 Bonded
carbons
- #2 Coated
carbons
- #1 Superabrasives

**Textile Solutions:**
- #1 External Insulation
- #1 Dry wall tape
- #2 Glass veil in Europe
- #1 Wall covering
Accelerate the growth of High-Performance Materials

**Priority to industrial niches prone to co-developments**

- **Co-developments** on diversified *industrial niches* bring *sustained superior profitability* and are critical for maintaining technological leadership over the long-term
  
  - ~25% of sales and increasing
  
  - 3,400 employees working in direct contact with customers
    (~13% of total headcount)

- **€750m-€1bn** targeted in additional sales in new niches by 2018
  
  - Priority to co-development opportunities and customized solutions with high switching costs
  
  - Strong intellectual property protection
3 Accelerate the growth of High-Performance Materials

Selected examples of current niches

- **Catalyst carriers** (ceramic) co-developed with catalyst companies for petrochemical and refinery plants

- SefPro **glass refractories** for the structure and lining of glassmaking furnaces

- High-performance refractories for non-glass sectors such as **internal lining tiles for gas turbine combustion chambers**

- Customized **bearings and tolerance rings**, primarily for the automotive sector
Accelerate the growth of High-Performance Materials

**Critical components for growing markets: high-performance Seals and Bearings for Energy, Aerospace and Automotive**

- **Global leadership** in high-performance polymer-based seals and components
  - **Co-development business model** with integrated technology from material formulation and component design to precision manufacturing
  - Focus on providing solutions for Energy and Aerospace markets

- **Global leadership** in bearings through development of custom-designed solutions:
  - Close work with customers through our **application experts** network
  - Design solutions (long life, noise-free,...) to serve various applications of the automotive markets
Accelerate the growth of High-Performance Materials

Critical components for growing markets: Ceramic Proppants for Oil & Gas

- Spherical beads used in the extraction of oil & gas
  - Increasing the production yield of the well
  - Able to withstand highest stress conditions

- Strongly benefit from the **shale gas revolution** in North America

- Greenfield plant in Arkansas started operations in 2013 and is the **world’s largest capacity ceramic proppant line**

![Proppants made from bauxite ore](image)

![Little Rock, Arkansas](image)

![Exploration & Production Capex per Barrel of Oil Produced](image)

*Source: IEA, Barclays Research*
Accelerate the growth of High-Performance Materials

Critical components for growing markets: applications for Biopharma

- **Customized plastics for single-use systems** in biopharmaceutical manufacturing
  
  - One of biopharma’s strongest markets as processes shift from stainless steel tanks and pipes to plastic disposable systems
  
  - High value-added through customized design and application expertise
Accelerate the growth of High-Performance Materials

Critical components for growing markets e.g. Specialty films and Coated fabrics for habitat

- Develop **unique value propositions** for habitat and industrial applications with metalized, coated, and laminated films, leveraging technical synergies with Flat Glass

- Advance window film technology to **improve performance and offer new functionalities**

Denver Airport, Sheerfill architectural membrane

6,500 sqm of Solar Gard Stainless Steel film installed on Hyatt Regency Century Plaza (CA)
Accelerate the growth of High-Performance Materials

Critical components for growing markets e.g. Radomes, Films, Polymer components for Aerospace

- Saint-Gobain is already a **well-recognized supplier** of critical solutions for aerospace applications, e.g. radomes

- **Rapid underlying market growth** with lightweight systems for fuel efficiency and unmanned aerial vehicles
3 Accelerate the growth of High-Performance Materials

Key emerging markets: Abrasives in Latin America

- **Strong presence** in the region, in particular in Brazil

- **Double digit annual growth since 2008**, with strong infrastructure markets

- Development through both **investments and acquisitions**, e.g. Nikkon, Difer (2010) and Doble A, Dancan (2011)
3 Accelerate the growth of High-Performance Materials

Key emerging markets: Performance Plastics in Emerging Asia

- **Aim at sustaining double-digit growth** over the medium term (15-20% annual growth since 2008)

- **Priority markets:**
  - Bearings, Specialty Films, Seals, Foams and Tapes to serve local industrial clusters (automotive, electronics, oil & gas...)
  - Life sciences
Accelerate the growth of High-Performance Materials
Key emerging markets: multi-activity strategy in India

- **Double-digit annual sales growth** in all activities over the past five years
- Coordinated plans to **increase commercial presence** and **expand local manufacturing footprint with maximum synergies**
  - **Ceramic Materials**: Develop specific consumables for the domestic metallurgy market, and leverage our plants to serve both domestic and exports markets for high-performance refractories
  - **Abrasives**: Significant capacity expansion planned in 2014
  - **Performance Plastics**: Expand range of product offering through a combination of local and global sourcing
  - **Textile Solutions**: Strengthen commercial presence to serve road infrastructures (geotextiles) and habitat markets (e.g. insect screens and wall coverings)
Conclusion: Strengthen the focus of Innovative Materials on high-performance and co-developed solutions

2018 Sector Objectives

1. Increase the share of assets and sales outside Western Europe from 65% to 70% and 61% to 69%, respectively

2. Increase the share of sales on high value-added or co-developed solutions, including for energy efficiency, (differentiation ratio) from 61% to 66%

3. Restructure Flat Glass and reduce its capital intensity by 15 points

4. Selectively target €750m–€1bn of additional sales for High-Performance Materials in new niches by 2018
Build up Building Distribution’s leadership positions and expand multi-channel sales

Benoît Bazin

Paris, November 27, 2013
Distribution: key figures

4,500 Branches
26 countries
67,000 EMPLOYEES

2012
Sales €19,233m
Operating result €761m

Sales (€m), 2006-2012
Operating Profit (€m), 2006-2012
Saint-Gobain Building Distribution: #1 Building Materials Distribution in Europe

National Market Share and # of Branches (2013)

- > 20%
- 10% to 20%
- < 10%

Regional leadership for Generalists

European leadership for Specialists

#1 Germany

#1 Nordic countries

#2 UK

#1 France
A multi-brand and multi-specialties portfolio to cover the needs of all customers

- Target specific **customers needs** across **all markets**
- Provide both **wide** (Generalists) and **deep offers** (Specialists)
- Leverage complementarities between **expertise** and **scale**

A key differentiating factor

Share of sales between generalist and specialist segments

Total 2012 Sales: €19bn

- **Generalists**
  - General contractors
  - House Builders

- **Specialist segments**
  - Plumbing Heating Sanitary
  - Exterior Solutions
  - Roofing
  - Interior Solutions
  - Timber
  - B2C Platform
  - Craftsmen B2C
  - Roofers
  - Dry Wall Installers
  - Carpenters
  - Public Work Companies
  - Lily's
  - Tile fixers
1 Strategy: Build up on strong profitable positions

- Clear link between market share and profitability

- Ability to attract **best teams**

- Stronger purchasing leverage and ability to deliver **better pricing**

- Economies of scale on **IT, logistics, sourcing, etc.**

- Still some room for ad-hoc **bolt-on acquisitions**
1 **Strategy: Exit or restructure difficult businesses**

- **Keep restructuring** in difficult markets: 477 branches closed since 2009

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<th>Year</th>
<th>Spain</th>
<th>Baltics</th>
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<tr>
<td>2009</td>
<td>390 m€</td>
<td>70 m€</td>
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<tr>
<td>2014</td>
<td>260 m€</td>
<td>100 m€</td>
</tr>
<tr>
<td>2018</td>
<td>&gt;400 m€</td>
<td>&gt;150 m€</td>
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</table>

- **Dispose of Business Units with no leadership perspective**

  - Plateforme Italy (2009)
  - Lapeyre Belgium (2013)
  - La Maison in China (2011)
  - Tiles activities in Czech Rep. and Slovakia (2012)
  - Barugel in Argentina (2013)
  - Mpro in Belgium (2013/2014)
  - Raab Karcher in Poland (2013/2014)
1 **Strategy: Grow in Brazil**

- **Growth opportunities**
  - +35% organic growth since 2007
  - Still a very fragmented environment

- **Telhanorte is accelerating**
  - Good operational performance
  - Format well-adapted to local market

- **Ongoing growth projects**
  - New distribution center in Minas Gerais (2013)
  - New branches in 2014
  - Acquisitions opportunities
2 Operational excellence: Accelerate organic growth

➤ Accelerate organic growth **over the market**

➤ Through **customer focus, innovation and value-added services**

- 35% high value-added products and solutions by 2018 (30% in 2013)

➤ Merchandising and marketing

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**Point. P – Customer promise**

**Point. P – Energy efficiency**

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**Nordics example**

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**Point. P – Merchandising and marketing**
2 Operational excellence: Leverage scale synergies

- **Purchasing excellence**
  - Negotiations at European level
  - Suppliers rationalization

- **Private label** and low-cost sourcing
  - 15% of private label sales in 2018 (versus 11% in 2013)

- **Logistics**: share knowledge of most advanced Business Units
2 Operational excellence: Improve cost ratios

- **Personnel** costs

- **Transport** costs
  - Truck pools
  - Improved billing and service rates, with gains in on-time delivery service

- **Real estate** costs
  - Benchmark sales / m²
  - Share sites (shop-in-shop)
3 Multi-channel growth: Leverage the Sector’s strong assets

- **Expert teams** (solutions knowledge, 200 million customers contacts / year)

- **Strong partnerships** (suppliers & customers)

- **Brands** and physical **networks** (one-stop-shopping, drives, click & collect)

- **~ €100m capex per year on IT and logistics**
3 Multi-channel growth: Accelerate existing and new initiatives

Some successful initiatives

Netherlands – Plumbing Heating Sanitary

- E-business service pack

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<tr>
<th>Aspect</th>
<th>Supplier (B2B)</th>
<th>Content Provider Light (B2B)</th>
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Degree of customer integration / dependency

- 80% of relevant sales

Nordics - Plumbing Heating Sanitary

- Point P

- Outiz - Le Webstore PRO

Specific multi-channel strategies for each Business Unit: towards 15% online sales on a relevant perimeter by 2018 (from 5% / €400m today)

- Point P: goal of 10% of relevant sales by 2018
Conclusion for Saint-Gobain Building Distribution

- A strong business with **key assets**
  - Regional as well as European leadership positions: #1 or #2
  - Differentiated portfolio with both generalist and specialist brands

- A clear priority to **capitalize on strong positions** and to further **develop** them:
  - Organic growth above underlying markets
  - Operational excellence and synergies
  - Growth market segments in Europe and Brazil
  - Restructuring and divestments where appropriate

- **Accelerated** development of **multi-channel** offer to seize **new digital opportunities**
Build up Building Distribution’s leadership positions and expand multi-channel sales

2018 Sector Objectives

1. Focus on positions with #1 or #2 regional leadership and seek European leadership for specialists networks

2. Achieve organic sales growth over the market

3. Increase the share of high value-added products and solutions from 30% to 35% of total sales, and the share of private labels from 11% to 15%

4. Develop internet strategies for every market, and achieve 15% of sales through internet on a relevant perimeter (from 5% / €400m today)
Lead mature markets’ shift to sustainable construction

Peter Hindle

Paris, November 27, 2013
Lead mature markets’ shift to sustainable construction

- A powerful and global trend towards more comfort and sustainability

- We deliver multi-activity innovations

- And set standards for global solutions
Sustainability and comfort are becoming key criteria for construction choices

**Hearing**
- Noise
- Acoustics
- Airborne sound insulation
- Impact sound insulation
- Reverberation

**Thinking**
- Social
- Responsibility
- Maintenance
- Energy consumption
- Carbon footprint
- Running costs

**Touch**
- Temperature
- Texture
- Thermal insulation
- Airtightness
- Summer comfort

**Vision**
- Design
- Colors
- Light
- Day lighting
- Glare
- Luminance

**Smell**
- Air quality
- Clean and dry
- Fresh air supply
- Moisture management
- CO₂ & VOC levels
The movement towards energy efficiency is accelerating

- **Energy Efficiency Directive in the European Union** (October 25, 2012) and country-specific regulations

- **Renovation** now seen as #1 priority to meet overall energy reduction targets

- **Active stimulation of the United States market** by the Department of energy, and ongoing tightening of State building codes
Multiple cross-activity initiatives to promote innovations and sustainability

▶ Prescription tools

Klimacenter, Denmark

Saint-Gobain Innovation Centre, London, UK

▶ Eco-labels and other certifications
Lead mature markets’ shift to sustainable construction

▶ A powerful and global trend towards more comfort and sustainability

▶ We deliver multi-activity innovations

▶ And set standards for global solutions
Solutions for energy efficiency and thermal comfort

<table>
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<th></th>
<th>ISOVER</th>
<th>GYPSUM</th>
<th>WEBER</th>
<th>GLASS SOLUTIONS</th>
<th>Performance Plastics</th>
<th>ADFORS</th>
<th>SAGE</th>
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</tr>
<tr>
<td>Thermal Comfort</td>
<td>⬤</td>
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<td>⬤</td>
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</tr>
</tbody>
</table>

- Low lambda thermal insulation products and VARIO membranes
- ETICS, insulative mortars, Iso-blocks
- High perf. glazing Planitherm
- Solargard films
- Novelio Thermal
- Dedicated formats and expert advice
- Placo® Duo'Tech, Placotherm...
ETICS systems and iso-blocks

Sales of ETICS systems (€m)

- 2012: 400
- 2018: 600-700
Specialized energy efficiency services, dedicated formats and prescription tools in Building distribution

Greenworks Training Academy

The Greenworks Training Academy offers a multi-purpose training area with products and installations for training. Demonstrations are carried out in realistic environments, including a dedicated live-wiring area. The facility has three training rooms: a full-scale test area and a high-tech simulation laboratory. Two of the rooms have meeting walls to create a large training/education area.

The layout of the complex covers 12,000 sq ft of training and education space. A total of 30 students can be trained at the same time.

Courses at the new Greenworks Training Academy are scheduled to include customer-oriented and hands-on training for product sales and installation. Facilities are equipped with video surveillance systems and computerized training programs.

Greenworks Academy, Raab Karcher, NL

120 Point P Energy efficiency outlets by 2014

Customers education centers:
Klimacenter, DK
Solutions for visual comfort

<table>
<thead>
<tr>
<th>GYPSUM</th>
<th>WEBER</th>
<th>GLASS SOLUTIONS</th>
<th>ECOPHON EUROCOUSTIC</th>
<th>CertainTeed</th>
<th>Performance Plastics</th>
<th>ADFORS</th>
<th>SAGE</th>
<th>Building Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>✔</td>
<td>✔</td>
<td>✔</td>
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</tr>
</tbody>
</table>

Visual Comfort

![Image of visual comfort solutions](image-url)
Solutions for acoustic comfort

<table>
<thead>
<tr>
<th>ISOVER</th>
<th>GYPSUM</th>
<th>WEBER</th>
<th>GLASS GLASSOLUTIONS</th>
<th>Performance Plastics</th>
<th>ECOPHON EUROCOUSTIC</th>
<th>Building Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acoustic Comfort</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Acoustic plasterboards
- Insulation for partition walls
- Impact sound insulation (floors)
- Fabrasorb architectural membranes
Acoustic plasterboards, partition walls, noise reducing floors

- Acoustic comfort
- Modular comfort
- Easy to install and to dismantle

**Weber comfort floor**
- Floor heating and levelling system for water-based heating
- Very even heat distribution
- Impact sound insulation 25-27 dB
- Only 60 mm total thickness
- Fast and easy application

**Weber dB floor**
- Impact sound reduction floor levelling system
- Only 28 mm total thickness
- Impact sound insulation 19 dB (long-lasting performance)
- Fast and easy application
## Solutions for improved air quality

<table>
<thead>
<tr>
<th>ISOVER</th>
<th>GYPSUM</th>
<th>WEBER</th>
<th>ECOPHON EUROCOUSTIC</th>
<th>ADFORS</th>
<th>Building Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>✔</td>
<td>✔</td>
<td></td>
<td>✔</td>
<td></td>
</tr>
</tbody>
</table>

- **Activ’air products**
- **Low emission glass wool**
- **Novelio® CleanAir**
- **Ventilation**

Low emission glass wool

Novelio® CleanAir

Activ’air products

Ventilation
### Beyond the use phase...

<table>
<thead>
<tr>
<th>Comfort</th>
<th>Manufacturing</th>
<th>Logistics</th>
<th>Installation</th>
<th>Use</th>
<th>Dismantling</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Easy to handle</td>
<td>Easy to install</td>
<td>Easy to dismantle</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health</td>
<td>Safe to handle</td>
<td>Safe to install</td>
<td>Safe to dismantle</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**WEBER:**
- Low dust / light weight products

**GYPSUM:**
- Light weight boards (ERGOLITE)

**ISOVER / GYPSUM:**
- Dry construction systems (F4, partition walls...)

**BUILDING DISTRIBUTION**
Reducing environmental impacts

LCA / EPD
Measuring, benchmarking, improving and communicating the environmental impact of our solutions

Eco-Innovation
Developing and distributing new products, with increased added value and reduced environmental impacts

Construction & Demolition waste management
Boosting the implementation of solutions to collect, sort and treat waste
Reducing water usage and construction time: dry construction systems

1. Platine F4
2. Profilé F4
3. Maxi PB Fix
4. Isofaçade 32
5. Pare pluie 14
6. Profilé Interface bardage
7. Bardage
8. Placoplatre BA13
9. Profilé Svil Mob
10. Membrane Vario Duplex
11. Fourrure + Éclisse Optima + Appui Optima2
12. Isoconfort 32
13. Fourrure Optima
14. Lisse-Clip’ Optima

Court of Auditors, State of Ceará, Brazil
Minha Casa Minha Vida, Ponta Grossa, State of Paraná, Brazil
Eco Mall Center, Arapongas, State of Paraná, Brazil
Eco-friendly and recycled solutions

- **Waste decrease.** E.g. Over 60% decrease of waste to landfill (in tonnes per £m sales) for SGBD UK between 2008 and 2012

- **Major effort to increase recycling.**
  Broad range of materials: asphalt shingles, plasterboards, glasswool, packaging

- **Larger distribution and industrial players have a comparative advantage**
More efficient logistics

- Reduction of environmental impact and gains in product availability

- Multi-brand, combined warehouses and transport systems in Germany and the Nordics (Construction Products)

- New and expanded logistics centers in France and the Nordics (Distribution)

- Evoluvert launched by Point.P
Lead mature markets’ shift to sustainable construction

- A powerful and global trend towards more comfort and sustainability

- We deliver multi-activity innovations

- And set standards for global solutions
The Multi-Comfort concept defines well-being in various building segments, climates and cultures.
New construction - residential, Germany
New construction - residential - Net Zero Energy house, Philadelphia, PA, USA

More than 20 CertainTeed products were used on this project.
New construction, non-residential: Cowboys Stadium, Arlington, TX

Saint-Gobain solutions

- **CertainTeed® Ecophon® Focus™ Ds ceiling panels**

- **Performance Plastics**: Thermalbond® structural glazing spacers

- **Performance Plastics**: Sheerfill® architectural membrane with EverClean™ photocatalytic top coat
New construction, non-residential: Vancouver convention center

Saint-Gobain solutions

Glass: ClimaPlus® glass

CertainTeed® Decouistics Metallo™ wall finish

CertainTeed® Vinylrock™ ceiling panels

Performance Plastics: Sheerfill® architectural roofing membrane

Performance Plastics: Thermalbond® structural glazing spacers
New construction, non-residential: Glasgow Riverside Museum

Saint-Gobain solutions

- **British Gypsum:**
  Rigitone, ShaftWall, Gyproc CoreBoard, Rigidur H, GypLyner Universal, CasoLine MF, GypLyner IWL

- **Saint-Gobain Glass:**
  SGG Parsol, SGG Planitherm Ultra N, SGG Cool-Lite SKN 154, SGG Seralit screen print

- **Saint-Gobain Isover:**
  Acoustic Partition Roll
New construction, residential and non-residential: The Shard, London, Europe’s tallest building

- **Saint-Gobain solutions**
  - **Glassolutions**: high-performance façade glazing, low-iron, heat-strengthened laminated safety glass
  - **Saint-Gobain Abrasives**: Ultimax wet core drilling and VMAX wall Saw diamond blades
  - **PAM**: cast iron systems
  - **British Gypsum**: first project meeting EN Standard fire rating with fire protection boards and metal partition systems; partitioning packages
Renovation, non-residential building, Italy

Corsico (Milano - ITALY)
Le soluzioni di Habitat Lab

**Involucro: superfici esterne verticali trasparenti**
- CLIMATOP® SOLAR CONTROL SILENCE realizzato con vetro COOL-LITE® SKN 154 II e STADIP® SILENCE

SageGlass® (vetro elettrochromico)

**Involucro: superfici esterne verticali opache**
- Cappotto webertherm comfort
- Lastre strutturali a secco: Aquaron Rigidur H
- Habito 1.3 ActivAir
- Isolame minerale XL G3 touch
- Pitture: webercote mineral I, webertec flex I

**Pareti: divisorì interni**
- Habito Tecnica con tecnologia ActivAir
- STADIP® SILENCE Priva-lite

Gyproc QUANTUM

**Coperture**
- Pittura riflettente California P Monoflex 4 mm P Tex
- Barriera al vapore Aluvapor Tender
- Isolante minerale Superbac Roofline G3 (spessore 39 cm)
- Moduli fotovoltaici Sunstyle®, Powerfix®, Suneka®
- Lucernari: CLIMATOP® SOLAR CONTROL SILENCE realizzato con vetro COOL-LITE® SKN 154 II e STADIP® SILENCE

Isolame XPS BT

**Pavimenti**
- weberfug 875 F
- weberxerm 850
- weberplan NR81
- weberfloor 4610 industry top

**Controsoffiti**
- Per un perfetto controllo dell'acustica degli ambienti

Epams® per acque pluviali e SMU® per lo scarico di acque reflue

Impianto a pompa di calore ad alta efficienza. Domotica di controllo per il comfort interno e i consumi energetici.
Renovation - Youthbuild home, Philadelphia, PA, USA

**Saint-Gobain solutions**: CertainTeed® roofing, siding, housewrap, fence, railing, insulation and wallboard; Green Glue noiseproofing compound; Grenite® engineered stone LEED® Platinum
Accelerate the development of Construction Products in high-growth countries

Claude Imauven

Paris, November 27, 2013
Construction products: key figures

Sales €11,709m
Operating result €974m

OVER 400 Industrial facilities IN 55 countries
47,000 EMPLOYEES

Sales (€m), 2006-2012
Operating Profit (€m), 2006-2012

Interior Solutions
Exterior Solutions
Reinforce the Sector’s already strong presence in high-growth countries

- Increase the share of assets and sales outside Western Europe from 50% to 63% and 49% to 63%* in 2018, respectively

  1. Take advantage of construction market recovery in the United States
     - Recovery of new construction and renovation markets
     - Higher long-term growth potential than other mature economies
     - Mature market with strong demand for higher value-added solutions

  2. Strengthen the Sector’s positions in emerging countries
     - High long-term growth driven by strong fundamentals: demographics, urbanization, rising middle-classes and increasing labor costs

  3. Enter new emerging countries

* Including sales to Building Distribution Sector
Take advantage of the recovery of the construction market in the United States

- **Growth investments** to capture market growth with maximum profitability
  - Roxboro new plasterboard plant started in 2012
  - New Roofing plant in Missouri: $100m investment between 2013 and 2016

- **Strengthened differentiation and cross-activity synergies**
  - Share of new products and solutions in CertainTeed portfolio to increase from 17% of total sales to 22% in 2018
  - Many projects under Habitat strategy (services, digital tools)

- **Screening of market consolidation and external growth opportunities**
2

Strengthen the Sector’s positions in emerging countries

An early and fast-growing presence in emerging countries (7% sales CAGR since 2007)

- An early presence in emerging countries
  - Gypsum plant in South Africa in 1929
  - Barra Mansa pipe plant in Brazil in 1937
  - Brasilit tiles production in 1940

- The number of emerging countries with Sector industrial presence has doubled since 2005
Strengthen the Sector’s positions in emerging countries

Emerging countries are a clear priority for investments and acquisitions

- Close to €700m in industrial growth capex and 11 acquisitions between 2007-2012
  - New plasterboard plant in Russia (2013)
  - New plasterboard capacity in Huludao, Northern China (2013)
  - 4 new Industrial Mortar plants in Brazil since 2008, diversification in admixtures with Anchortec acquisition (2011)

- €1,000m growth capex planned in emerging countries between 2013-2018

- Acquisition targets identified in all emerging regions
2 Strengthen the Sector’s positions in emerging countries
A strong focus on adapting solutions to local markets

- **Low-cost** offer in **Brazil**: Habitat projects; strong development of Brasilit roofing systems

- Investment in **stonewool technology** in **Russia**, well-adapted to local needs: acquisition in 2011 (Linerock), JV in 2012 (Isoroc)

- Diversification in **autoclaved aerated concrete blocks**, a fast-growing solution in **South-East Asia**: acquisitions in 2011 (Mortar Utama, CSR Malaysia)

- Development of locally adapted **pipe solutions**: PAMBoo in China or specific solutions for hot countries
Strengthen the Sector’s positions in emerging countries
A constant priority for local leadership positions

<table>
<thead>
<tr>
<th>Activity competitive position (2012)</th>
<th>Gypsum</th>
<th>Insulation</th>
<th>Ind. Mortars</th>
<th>Pipe</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brazil</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>China</td>
<td></td>
<td></td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>India</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Thailand</td>
<td>2</td>
<td></td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>South Africa</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Czech Rep.</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Russia</td>
<td></td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Turkey</td>
<td>3</td>
<td>1</td>
<td>3</td>
<td></td>
</tr>
</tbody>
</table>
Strengthen the Sector’s positions in emerging countries

Strict investment discipline to mitigate risks and ensure profitability

- **Mitigating country-specific risks**
  - Balanced geographical presence
  - Local partnerships (industrials, R&D, academics, institutionals, banks)

- **Mitigating activity-specific risks**
  - Balance between external and internal solutions
  - Promotion of cross-activity solutions

Geographical breakdown of the Sector’s 2013e sales in emerging regions (€m)
3 Enter new emerging countries

Key recent developments

- Sodamco acquisition: a strong position in the Middle-East
- Gypsum Joint-Venture in Morocco (2013)
- Construction of the Sector’s first plasterboard plant in Indonesia (€35m) started in 2013

Many acquisition targets in new countries within a cross-sector, cross-activity approach

- Leverage Sector positions to expand other Activities
Enter new emerging countries

A new commercial strategy in Africa

- Sector’s solutions are developing quickly
- Specific strategy to develop the Sector’s presence in Sub-Saharan Africa
  - Priority countries identified: Ghana, Nigeria, Kenya, Tanzania, Angola
  - Build local partnerships or acquisitions to develop the Sector’s positions and brands
  - Build local teams in the fastest growing markets

- €400m sales in Africa by 2018 in Construction Products (vs. €200m in 2012)
Conclusion

- The Sector is well positioned to take advantage of fast-growing construction markets in the coming years
  - Strong presence in the United States
  - Strong and balanced presence in all emerging regions
  - Market dynamics boosting the Sector’s solutions in emerging regions

- High-growth countries are a key priority for the Sector
  - Priority for capex, acquisitions, partnerships, HR, etc.
  - Leading the Group in newly emerging countries
Accelerate the development of Construction Products in high-growth countries

2018 Sector Objectives

1. Increase the share of assets and sales outside Western Europe from 50% to 63% and 49% to 63%*, respectively

2. Increase the share of sales on high value-added or co-developed solutions, including for energy efficiency (differentiation ratio) from 53% to 65%

3. Achieve €400m sales in Africa

* Including sales to Building Distribution Sector
Strengthen our presence in North America

John Crowe

Paris, November 27, 2013
Strengthen our presence in North America

1. **Solid positions established in Construction Products and High-Performance Materials**

2. **Dynamic underlying markets**

3. **Key priorities for growth**
   - In Construction Products
   - In High-Performance Materials
1 Solid positions in Construction products and High-Performance Materials

- **$7.9bn sales**, 11% operating profit margin, 19,000 employees (2012)

- More than **250 locations** across the U.S. and Canada

- A **balanced portfolio of activities**, primarily in Construction Products and High-Performance Materials

- Important **innovation capabilities** and culture of **co-development**
Solid positions in Construction Products and High-Performance Materials

Saint-Gobain sales in North America, current $, 1990-2012, and key milestones of Group development
Solid positions in Construction Products and High-Performance Materials

A well-recognized leader, regularly selected for reference projects

- One World Trade Center, NY
  Saint-Gobain, CertainTeed

- Statue of Liberty
  Saint-Gobain, Vetrotex

- Navy Pier, Chicago, IL
  Saint-Gobain, Sheerfill
Solid positions in Construction Products

$3.3 Billion Sales
2012

Leader in US and Canada

<table>
<thead>
<tr>
<th>Product</th>
<th>Plants</th>
<th>People</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roofing</td>
<td>13</td>
<td>1,500</td>
</tr>
<tr>
<td>Siding</td>
<td>7</td>
<td>1,000</td>
</tr>
<tr>
<td>Fiber Cement</td>
<td>3</td>
<td>250</td>
</tr>
<tr>
<td>Insulation</td>
<td>7</td>
<td>900</td>
</tr>
<tr>
<td>Gypsum</td>
<td>26</td>
<td>1,300</td>
</tr>
<tr>
<td>Ceilings</td>
<td>4</td>
<td>400</td>
</tr>
</tbody>
</table>
1 Solid positions in High-Performance Materials

$2.7 Billion Sales* 2012

#1 or #2 in most activities

Abrasives
15 plants
3,500 people

Performance Plastics
22 plants
2,500 people

Ceramics
23 plants
2,200 people

Textile solutions
5 plants
400 people

* Total Innovative Materials sales in North America, the vast majority of which are from HPM.
2 Dynamic underlying markets

**United States, 1999-2013**

- **Real Personal Consumption Expenditures:** Durable Goods (Billions of chained 2009 Dollars)
  - **Housing Starts:** New Privately Owned Housing Units Started (thousands of units)

- **Light Weight Vehicle Sales:** Autos & Light Trucks (millions of units)
  - **Value of Manufacturers’ New Orders for Mining, Oil Field, and Gas Field Machinery** (Billions of chained 2009 Dollars)

* Monthly, Seasonally Adjusted Annual Rate, HP filtered (lambda = 100)
** Deflated by the Domestic Producer Prices Index - Manufacturing for the United States
Sources: St. Louis Fed., Bureau of Economic Analysis
Key priorities for growth: Construction Products

Reopen and expand capacities in the United States with the housing recovery

- **Robust demand expected in coming years**
  - In residential and non-residential markets
  - For new housing and renovation, with increasing housing prices
  - Strong attention paid to regional dynamics

- **Proactive expansion / reopening of capacities**
  to meet growing demand and strengthen positions for the medium-term.
  - Reopening of lines mothballed during the crisis: gypsum (Seattle, WA), ceilings (Meridian, MS), insulation
  - New $160m Roxboro plasterboard plant commissioned in 2012
  - Ceiling Grid Joint-Venture with Bailey Metal Products
Key priorities for growth: Construction Products

Boost margins with premium solutions and excellent operations

- Strong brand positioning of CertainTeed as North America’s Leading Brand of Sustainable Building Products

- Focus on innovation and premium solutions
  - Energy efficient, Lightweight, Moisture and Mold resistance, Acoustic boards
  - Recycling, LEED
  - Online and mobile applications

- Operational efficiency
  - Common SAP System
Key priorities for growth: Construction Products

Expand Construction Products on priority markets

- Coastal areas, selected mid-western and southern states

- Activities with strong differentiation and superior margins
  - $100m investment in the new Roofing plant in Jonesburg, Missouri, between 2013 and 2016
  - First greenfield roofing plant in 25 years
  - Key investment to meet demand in Midwest
Key priorities for growth: High-Performance Materials
Strong positions on habitat and industrial niches

- **High value component to serve dynamic markets, including**

  - **Energy efficiency**: High-end SolarGard window films (sites in San Diego, Belgium, China)
  - **Aerospace**: High-performance seals (16% CAGR in 2010-2012); strong growth of radomes
  - **Energy**: Proppants strongly benefitting from shale gas revolution; High-performance seals (18% CAGR in 2010-2012)
  - **Life Sciences**: leadership in critical fluid management in biopharmaceutical single-use systems
Key priorities for growth: High-Performance Materials
Strong positions on habitat and industrial niches

- New ceramic proppant plant in Little Rock, Arkansas
  - World’s largest capacity line
  - Superior technology: enhanced proppants productivity allow reduced drilling and preparation time and longer wells

- In Glass, Electrochromic technology bringing differentiation in architectural glass
  - Used in building windows, skylights, curtain walls
  - Reducing the need for air-conditioning and lighting
Strengthen our presence in North America

- A well-established presence in North America as a leader for sustainable building products and high-end solutions for niche industrial markets, with a strong portfolio of reference projects

- Strong organic growth drivers

- €1.3bn investments planned over 2013-2018

- Active screening of acquisition opportunities
Saint-Gobain’s strategy
Conclusion

Pierre-André de Chalendar
Paris, November 27, 2013
Conclusion

- Strengthen the **Group profile** to raise the potential for organic growth

- Increase the Group’s focus on **differentiation**

- Manage the Group with **four key priorities**
Conclusion

- Strengthen the **Group profile** to raise the potential for organic growth
  1. Reduce the Group’s **capital intensity** in developed countries
  2. Focus investments **outside Western Europe**
  3. **Exit Verallia** and accelerate **acquisitions and disposals**

- Increase the Group’s focus on **differentiation**

- Manage the Group with **four key priorities**
1 Focus on asset-light activities in developed countries

- Reduce the **Group’s capital intensity in developed countries to 27-29%** by 2018
  - Focus industrial sectors on downstream, asset-light solutions
  - Further develop Building Distribution

- Reduce **Flat Glass’s capital intensity by 15 points** by 2018
  - Active management of production capacities
  - Focus on high value-added products and improved marketing

*Industrial assets divided by consolidated annual sales, including within the Group.*
Focus investments outside Western Europe

- More than €3bn of growth capex outside Western Europe over 2013-2018
  - €1.3bn in North America as both construction and renovation pick up
  - Newly emerging countries - in particular, Group Sales to Africa to double over 2013-2018, to €500m

- Two thirds of Innovative Materials and Construction Products industrial assets outside Western Europe in 2018

2/3rds of IM and CP industrial assets outside Western Europe in 2018
3. Accelerate acquisitions and disposals to support strategic objectives

- After the disposal of Verallia North America, **Verallia will exit the Group as soon as market conditions permit**

- **Additional divestment program** of non-core assets in place

- **Acquisition targets identified** for around **€4bn** of portfolio reallocation over 2014-2018, in addition to Verallia North America

### Acquisitions priorities over 2014-2018

- **Accelerate the Group’s expansion in North America and emerging countries**  
  - **[€2-3bn]**

- **Accelerate the development of High-Performance Materials**  
  - **[€1-1.5bn]**

- **Strengthen Building Distribution’s core positions**  
  - **[€0.5-1bn]**
Conclusion

- Strengthen the **Group profile** to raise the potential for organic growth

- Increase the Group’s focus on **differentiation**
  1. Focus R&D and marketing on **local and co-developed innovations**
  2. Accelerate developments on highly innovative **industrial niches**
  3. Boost market demand for higher value-added solutions by supporting **sustainable construction**
  4. Differentiate the Group’s offer over the **internet** and capture digital opportunities
  5. Better associate the Group’s **brands** with innovation

- Manage the Group with **four key priorities**
Focus R&D and marketing on local and co-developed innovations

- **Customer focus**
  - Including with 50% more new co-developments with customers

- **Local innovations**
  - R&D staffing in emerging countries: 10-15% of total in 2018

- **R&D efficiency**
  - 50% more co-developments and partnerships with industrial partners and startups
  - Lower time-to-market, faster prototyping and testing, optimized resource allocation
2 Accelerate developments on highly innovative industrial niches

- Sekurit
  - Investments in **all major emerging areas**
  - Multi-pronged program to ensure continuous **technological leadership**

- **High-Performance Materials**: €750m-1bn of additional sales targeted by 2018 through additional investments and acquisitions, primarily
  - In **Plastics**
  - In **fast-growing industrial niches**
3 Boost market demand for higher value-added solutions by supporting sustainable construction

- Actively promote market demand for higher value-added solutions in terms of comfort and sustainability
  - Prescription tools, training
  - Market regulations and standards

- Lead the drive to sustainability through multi-activity innovations
  - All dimensions of sustainability and comfort prone to differentiation, e.g. thermal efficiency, acoustics and recycling

- Reinforce Saint-Gobain’s position of leader for sustainable solutions
  - Multi-Comfort program and other demonstrators
  - Residential and non-residential markets
Differentiate the Group’s offer over the internet and capture digital opportunities

- All activities rolling out **digital strategies**
  - Integrated, customer-focused approach
  - Efficient websites, mobile applications...
  - Over €300m invested over 5 years

- In Building Distribution, **a multi-channel strategy in core markets**: 15% online sales on a relevant perimeter by 2018 (from 5% / €400m today)

Over €300m invested to expand digital presence; 15% online sales in Building Distribution, on a relevant perimeter, by 2018
Better associate the Group’s brands with innovation

- Better leverage the Group’s brands to increase margins

- Increase the awareness of key brands by +5 pts on average in their core markets by 2018

- Associate Saint-Gobain’s brand image more clearly with innovation and market leadership, and double its online visibility by 2018

Key brand awareness: +5 points on average in 2018
Increase the Group’s focus on differentiation

Differentiation ratio*

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>44%</td>
<td>53%</td>
</tr>
</tbody>
</table>

New solutions ratio (IM+CP)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2018</th>
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<tbody>
<tr>
<td>Value</td>
<td>24%</td>
<td>30%</td>
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* Differentiation ratio: share of sales of solutions with high value-added, in co-development with customers, or related to energy efficiency

** Share of sales related to products and solutions of less than five years and considered as new by our customers
Conclusion

- Strengthen the Group profile to raise the potential for organic growth

- Increase the Group’s focus on differentiation

- Manage the Group with four key priorities
  1. Continuously seek operational excellence
  2. Make further progress in the Corporate Social Responsibility area
  3. Target attractive returns for shareholders
  4. Maintain a solid financial structure
1. Operational excellence

- **€800m** in additional **cost savings** in 2014-2015, continued efforts to increase prices

- Expand WCM approach to new areas (logistics, sales)

- Keep a decentralized organization with **increased geographical focus** and reduce administrative costs
2 Make further progress in the Corporate Social Responsibility area

- Embed Corporate Social Responsibility into the core of Saint-Gobain’s business model

- Continue to develop our Compliance Program and ensure full respect of our values and guidelines: our principles of conduct and action

- **Safety:** our number one priority

- Further improve the ability of the Group to attract and retain talents: diversity, mobility, stronger employer brand

- Exemplarity as regards our actions on the value chain, our environmental impacts, our social practices, and our engagement to support local communities
Target attractive returns to shareholders

- Two priorities: maintain dividend; payment in cash

- Three objectives to balance
  - Grow dividend
  - Normalized payout of 35 to 40%
  - Contain dilution by gradually reducing number of shares to 2010 level (530 million shares)

- This policy will reflect and take into account the Group’s financial situation
4 Maintain a solid financial structure

- **Continuing high levels of free cash flow**: > €1.5bn per year on average over 2014-2018

- Operating WCR: around **30 days** (at year-end)

- Industrial capex: **Capex < 5% of sales**; Capex in Western Europe < 3% of sales; value creation in Year Y+2; IRR > 20%

- **Acquisitions**: value creation in Year Y+2; priority focus on North America and emerging countries, High-Performance Materials and consolidation of Building Distribution's core positions
Conclusion

- A solid Group, with three complementary sectors positioned on fast-growing habitat and industrial markets
- Strong assets to benefit from the U.S. housing recovery and from the amelioration of the European economic environment
- Continuous progress on strategic priorities, in particular innovation, technology and emerging countries
- Strict financial discipline

One of the strongest and best-positioned companies in materials and construction technologies
Saint-Gobain creates and delivers innovative and high-performance solutions to enhance our habitat and our daily life.