



# 2011 Results and Outlook

*Paris, February 17, 2012*



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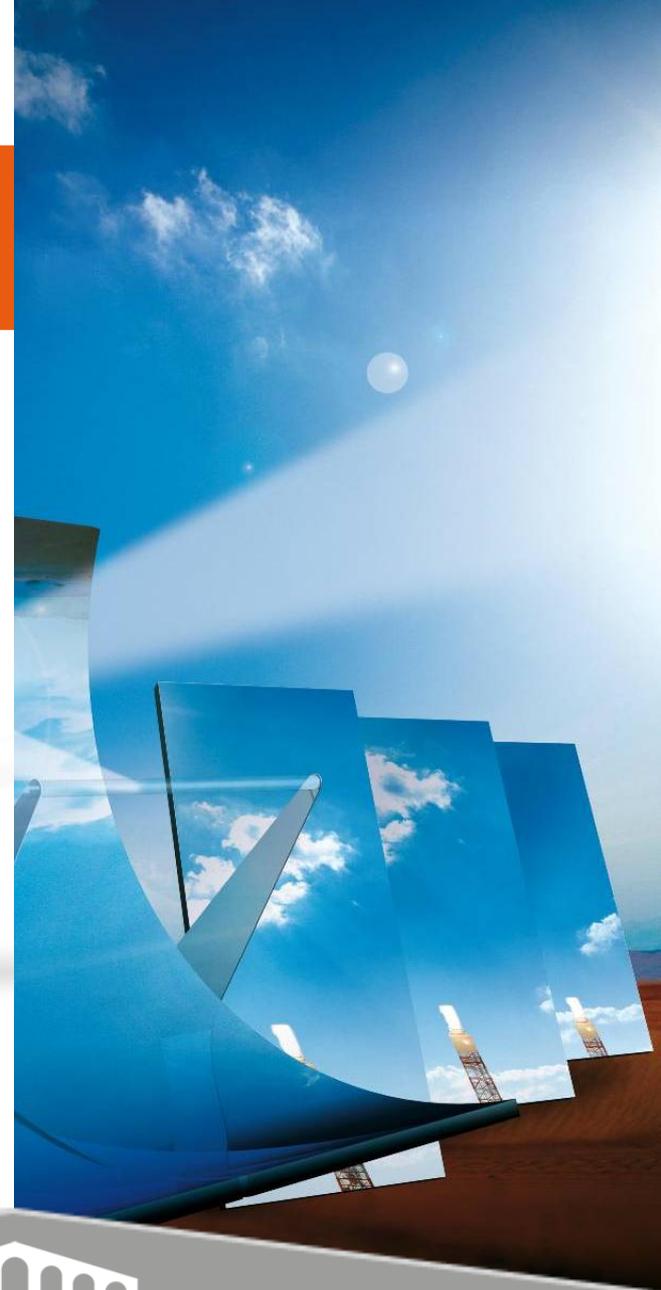
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The logo features a stylized white roofline above the text "SAINT-GOBAIN" in white capital letters, all contained within an orange house-shaped outline.

SAINT-GOBAIN



# 1. 2011 Highlights



# 2011 key figures

Amounts in €m

	2011	2011/ 2010
Sales	42,116	+5.0%
Operating income	3,441	+10.4%
Recurring* net income	1,736	+30.0%
Net income	1,284	+13.7%
Free cash flow*	1,413	-8.1%
Net debt	8,095	+12.9%

**Double-digit growth in operating income and net income  
driven by robust sales growth**

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

# 2011: Upturn observed in 2010 accelerates, but growth slows in the second half

- Vigorous growth in **Asia and emerging countries**
- Continuing upbeat momentum on **industrial markets** across **Western Europe** and **North America**, but downturn in markets related to capital spending in the second half
- In **Construction** markets across **Western Europe**, contrasts remained significant from one country to the next (ongoing robust growth in France, Scandinavia and Germany, but decline in the UK and especially in Southern Europe)
- **Construction** markets in **North America**
  - new-build segment remains lackluster
  - temporary rebound in renovation in second and third quarters following severe early-year storms

# 2011 Results: Objectives met

- **Robust 5.0%** organic growth, with a strong contribution from sales prices (**up 2.7%**)
- Impact of the **steep rise** in raw material and energy costs
- **Double-digit** growth in operating income: up 10% on a reported basis, **up 11% at constant exchange rates\***
- Free cash flow: **€1.4bn** (versus a target €1.3bn), after a **€486m** rise in capital expenditure
- Ongoing strong balance sheet:
  - net debt/equity: **44%**
  - net debt/EBITDA: **1.6**

\* average exchange rates for 2010

# 2011: Investment strategy resumed, focusing on the Group's key growth drivers

- **Total investment spend** (capex and financial investments) **up more than €1bn (+67%)** over the year, to **€2.6bn** (versus €1.6bn in 2010)
- **Investments focused on the Group's strategic priorities:**
  - High-growth countries: **~€1,100m**
  - Energy efficiency and energy markets (EEE): **~€900m**
  - Consolidating our strengths in CP and Building Distribution sectors: **~€300m**



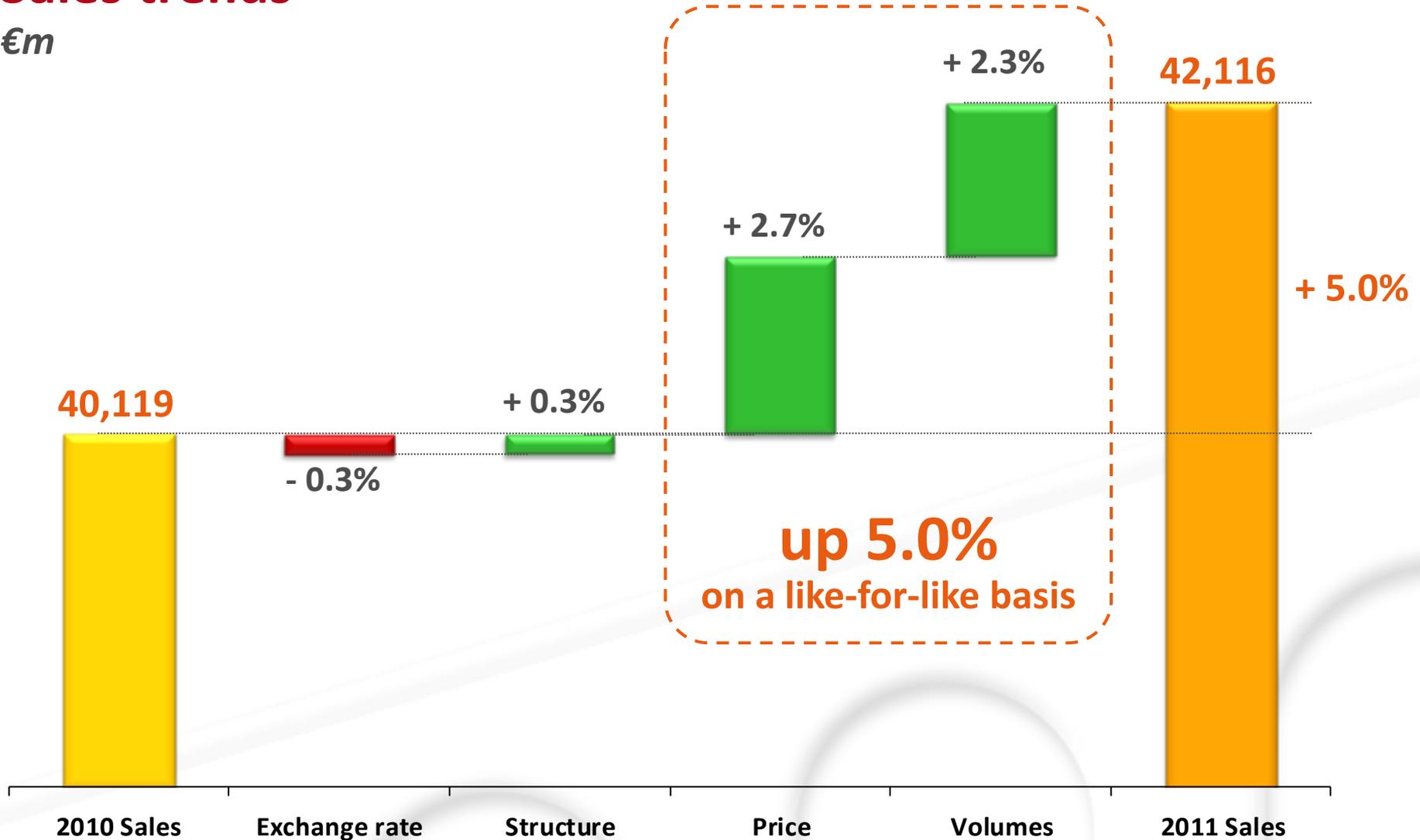
## 2. 2011 Results

- Group
- Business Sectors
- Geographic Areas



# Sales trends

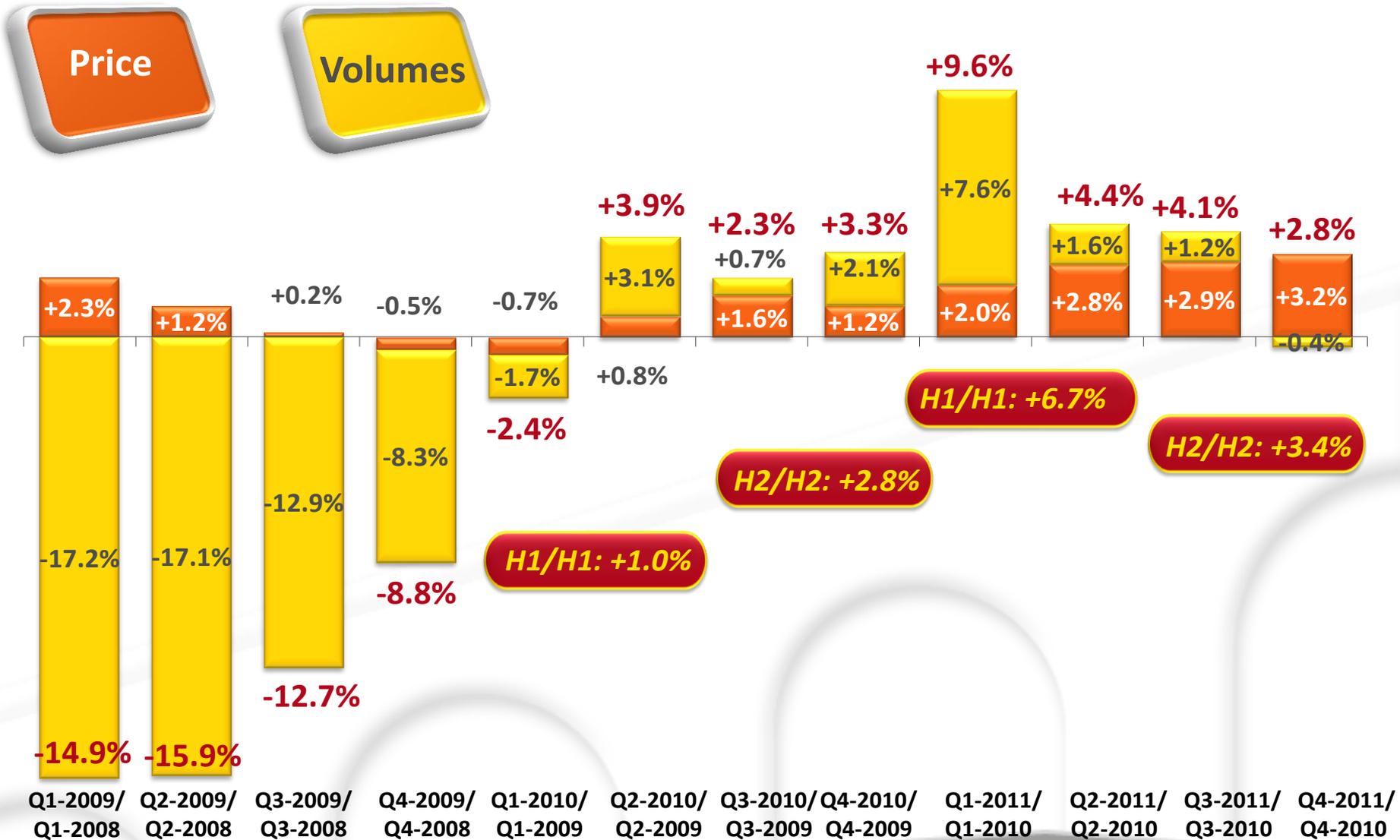
€m



**Robust organic growth in line with objectives**

# Quarterly organic growth

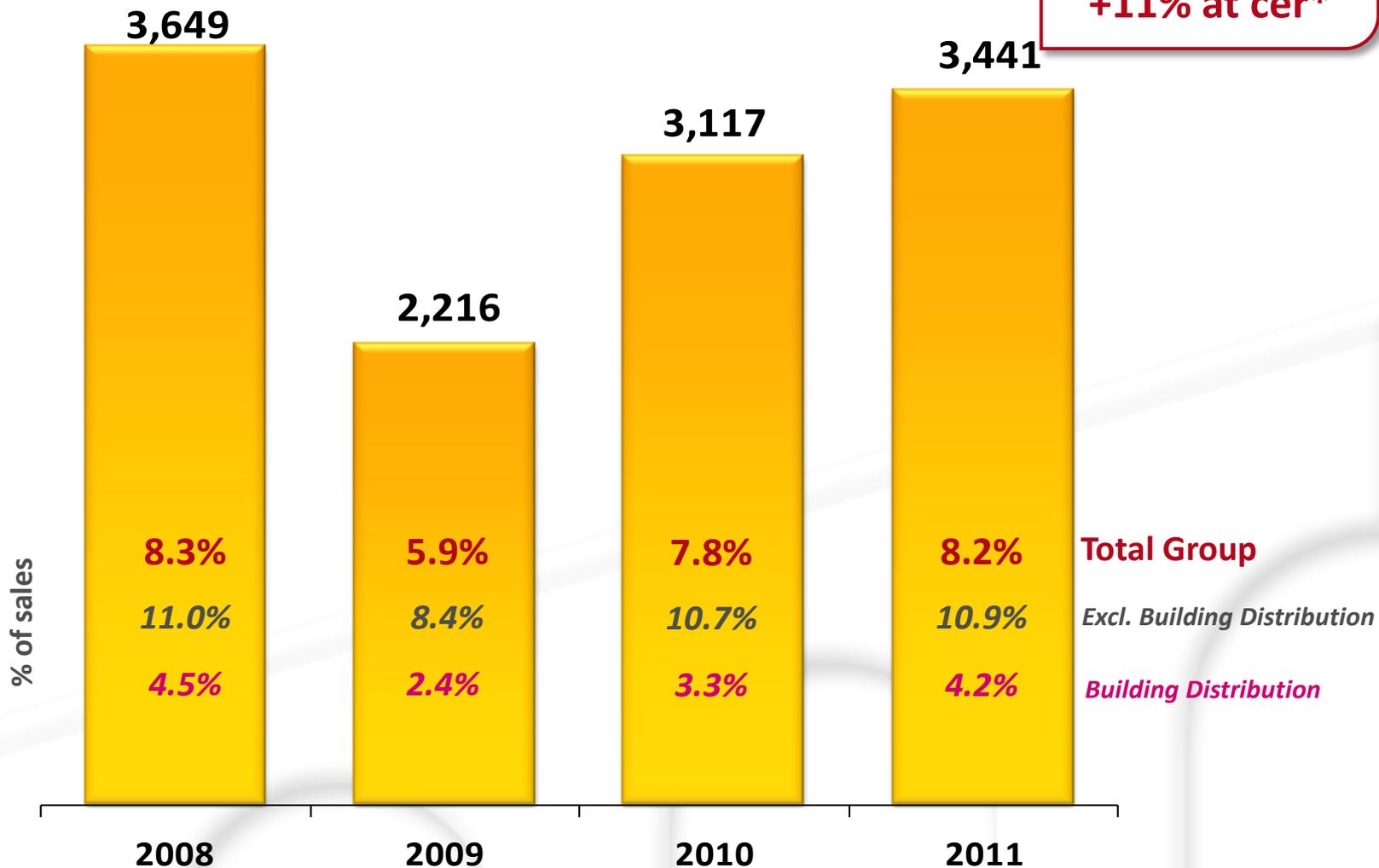
% change in sales on a like-for-like basis



**Gradual price increases throughout the year**

# Operating income

(€m and % of sales)



**Double-digit growth in operating income, despite the steep rise in raw material and energy costs**

\* average exchange rates for 2010

# Non-operating items

€m

	2010	2011	Change
<b>Operating income</b>	3,117	3,441	+10.4%
<b>Non-operating costs</b>	(446)	(395)	
<i>o/w:</i>			
Provision for asbestos-related litigation	(97)	(90)	
Other expenses	(349)	(305)	
<b>Other operating expenses</b>	(147)	(400)*	
<b>Business income</b>	2,524	2,646	+4.8%

\* o/w asset write-downs: €383m versus €232m in 2010

# Outstanding claims

## *Asbestos claims in the US*

- ➔ Around **US\$ 82m** paid in 2011 (versus US\$ 103m in 2010)
- ➔ **€90m** accrual to the provision in 2011 (€97m in 2010), bringing the total balance sheet provision to US\$ 504m at end-2011 (US\$ 501m at end-2010)

	<b>2009</b>	<b>2010</b>	<b>2011*</b>
<b>New claims</b>	<b>4,000</b>	<b>5,000</b>	<b>4,000</b>
<b>Settled claims</b>	<b>8,000</b>	<b>13,000</b>	<b>8,000</b>
<b>Outstanding claims</b>	<b>64,000</b>	<b>56,000</b>	<b>52,000</b>

\* estimated

# Net financial expense and income tax

en M€

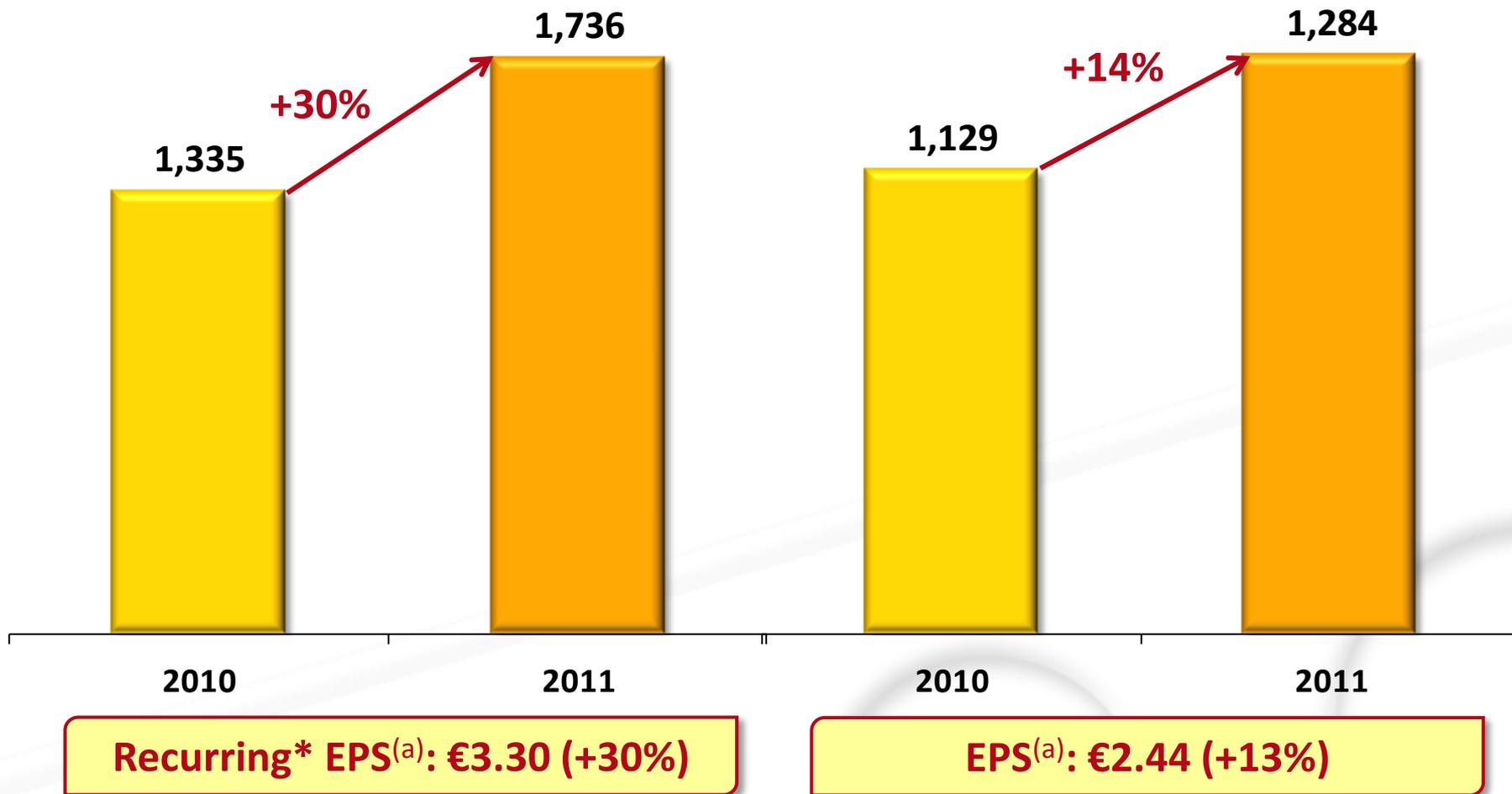
	2010	2011
<b>Net financial expense</b>	739	638
Average cost of gross debt	4.8%	4.8%
<b>Income tax</b>	577	656
Tax rate on recurring net income	29%	29%

Sharp 14% fall in net financial expense

# Recurring\* net income

# Net income

€m

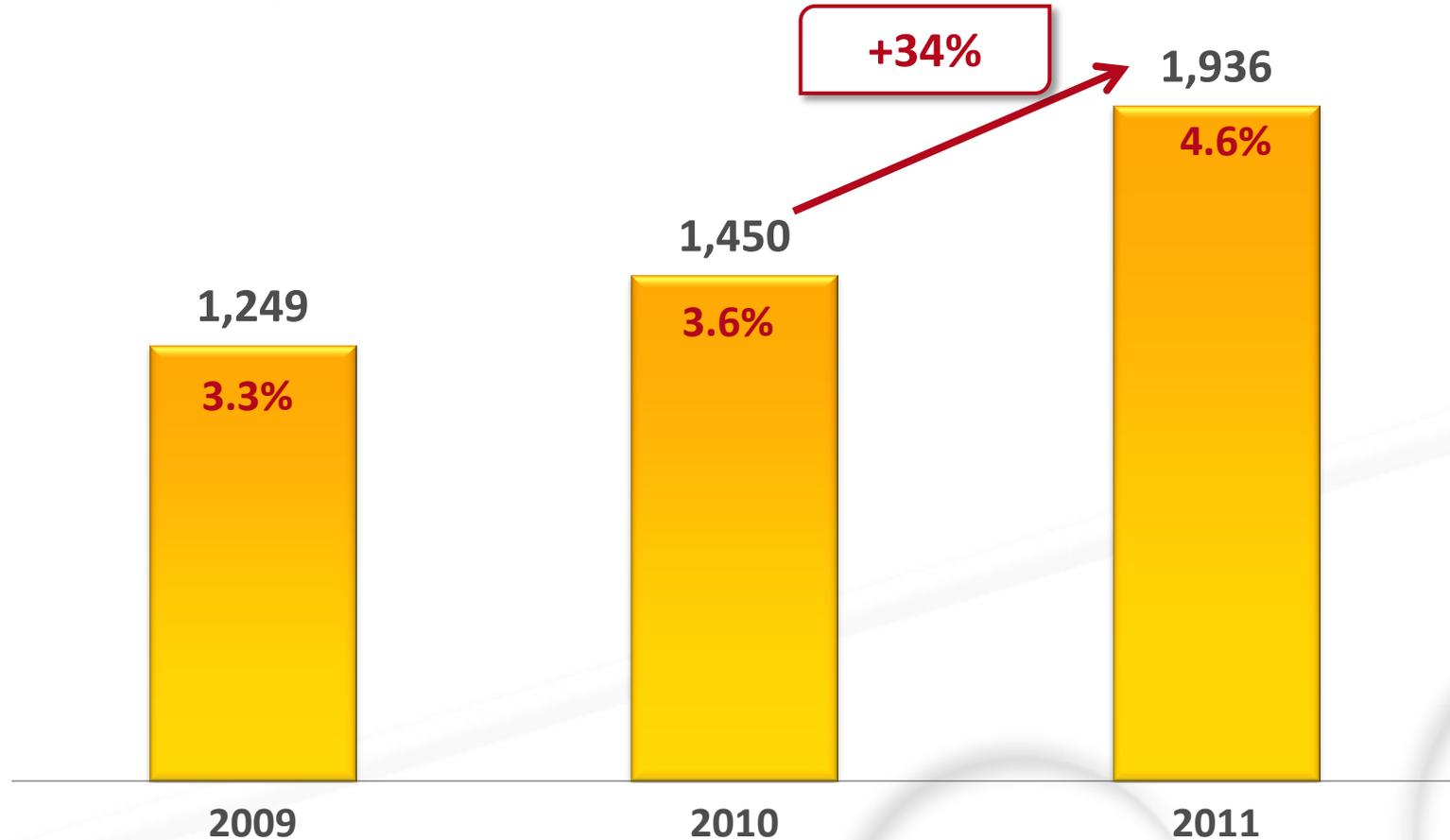


**Sharp rise in recurring EPS**

\* excluding capital gains on disposals and asset write-downs  
(a) excluding treasury stock

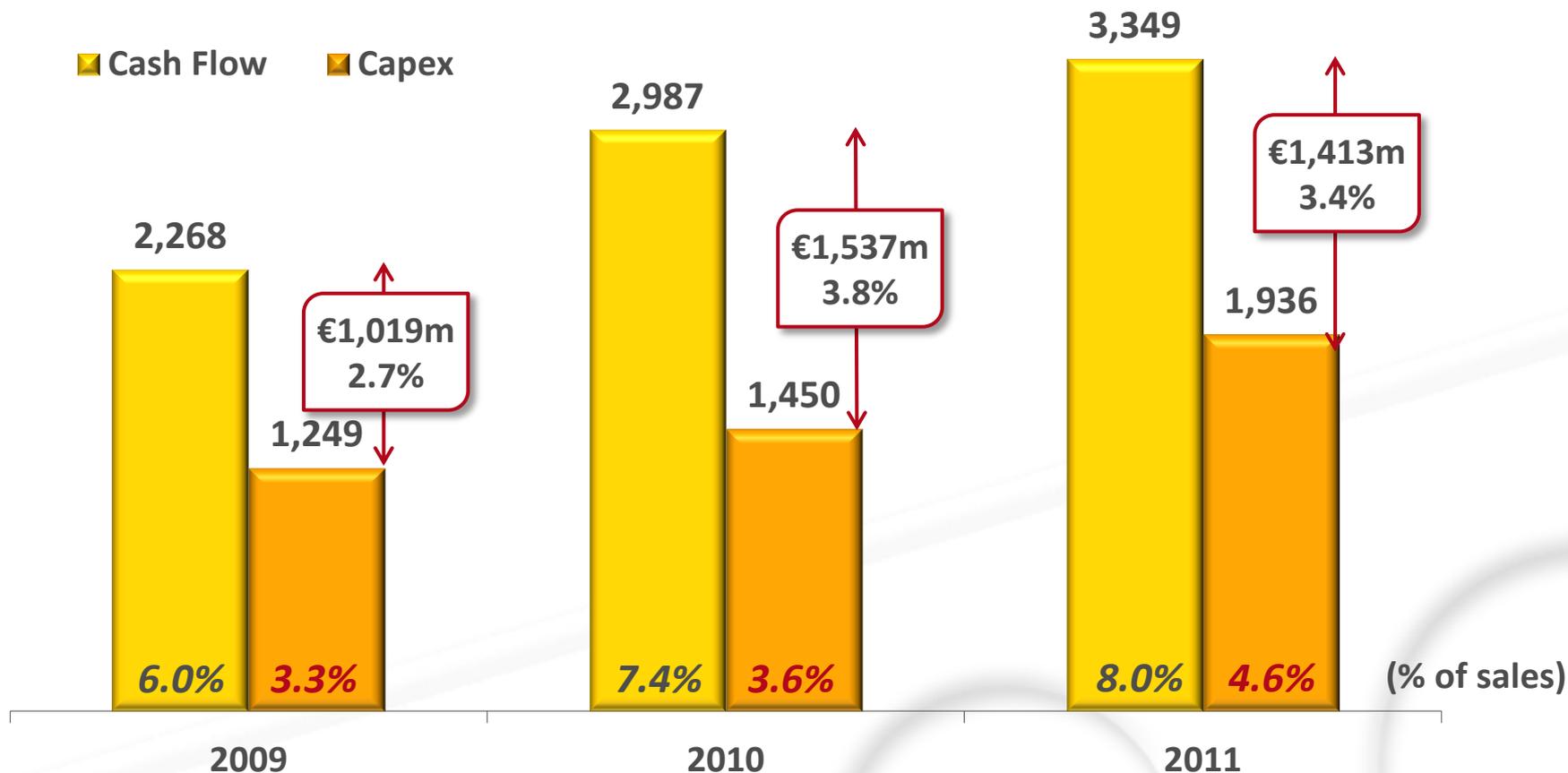
# Sharp increase in capital expenditure

(€m and % of sales)



**2011 growth capex: ~€900m, of which more than two-thirds in high-growth markets, energy efficiency and solar power**

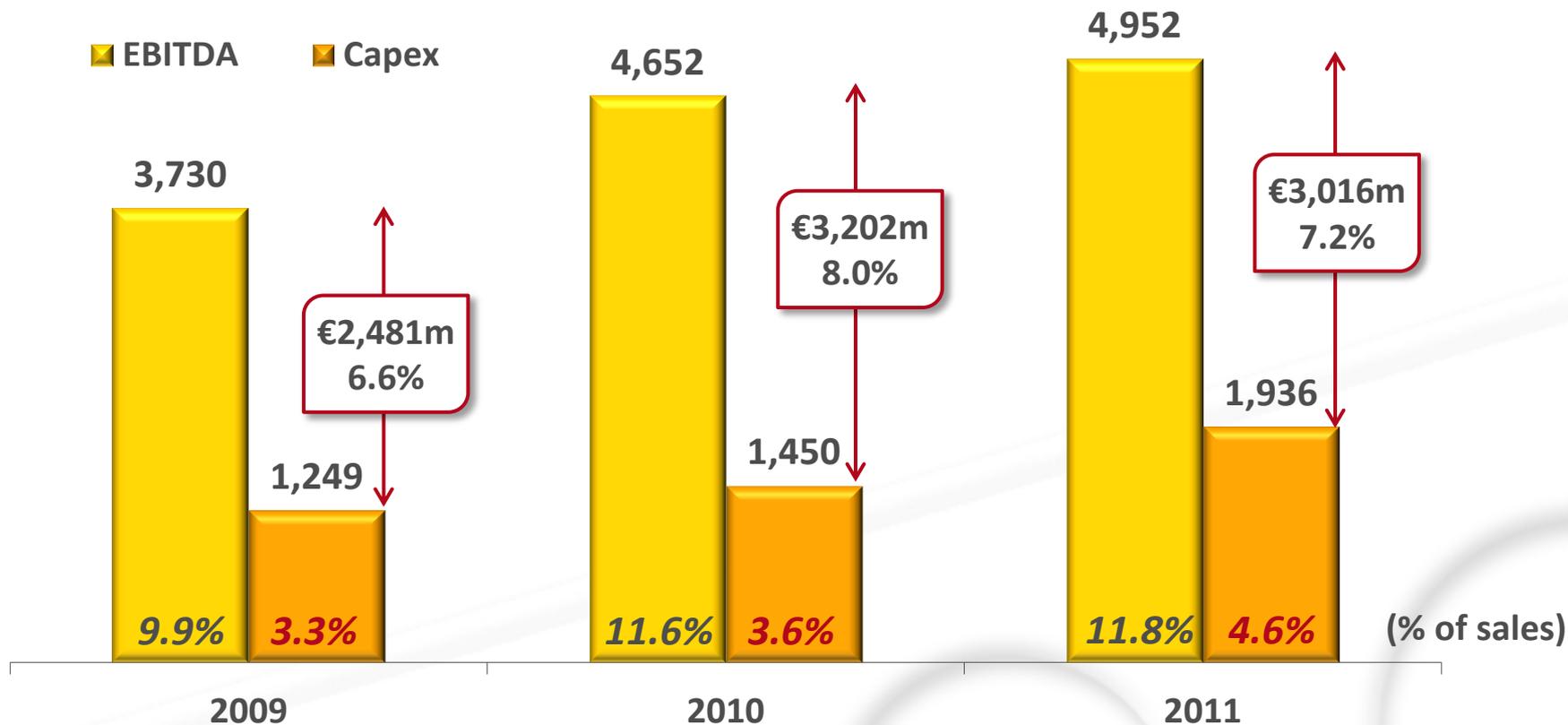
# Cash flow from operations (excl. tax impact of capital gains/losses) and Capex (€m and % of sales)



**€1.4bn in free cash flow,  
ahead of the €1.3bn target**

# EBITDA\* and Capex

(€m and % of sales)

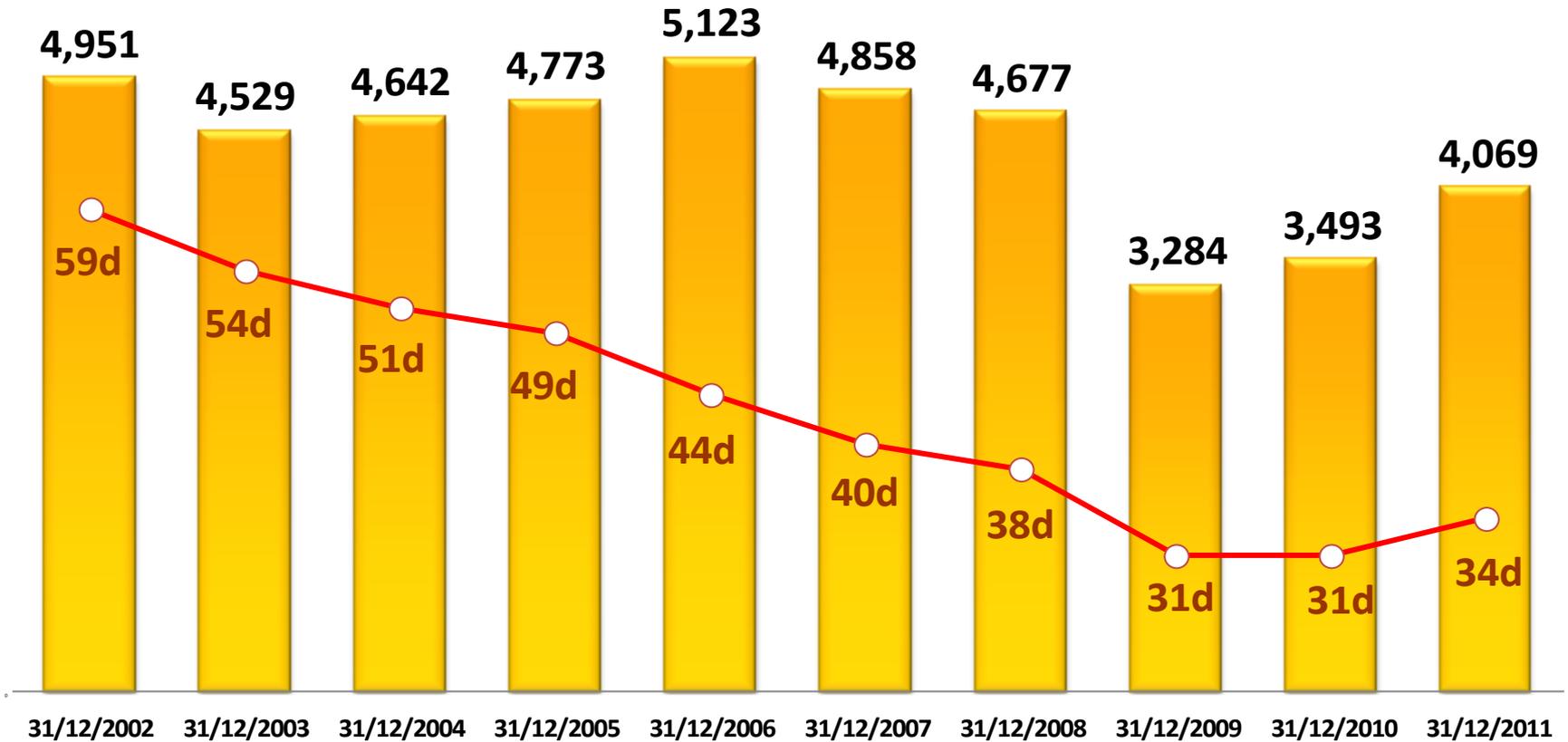


Over €3bn in EBITDA after capex

\* operating income + operating depreciation/amortization

# Tight rein on operating WCR

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



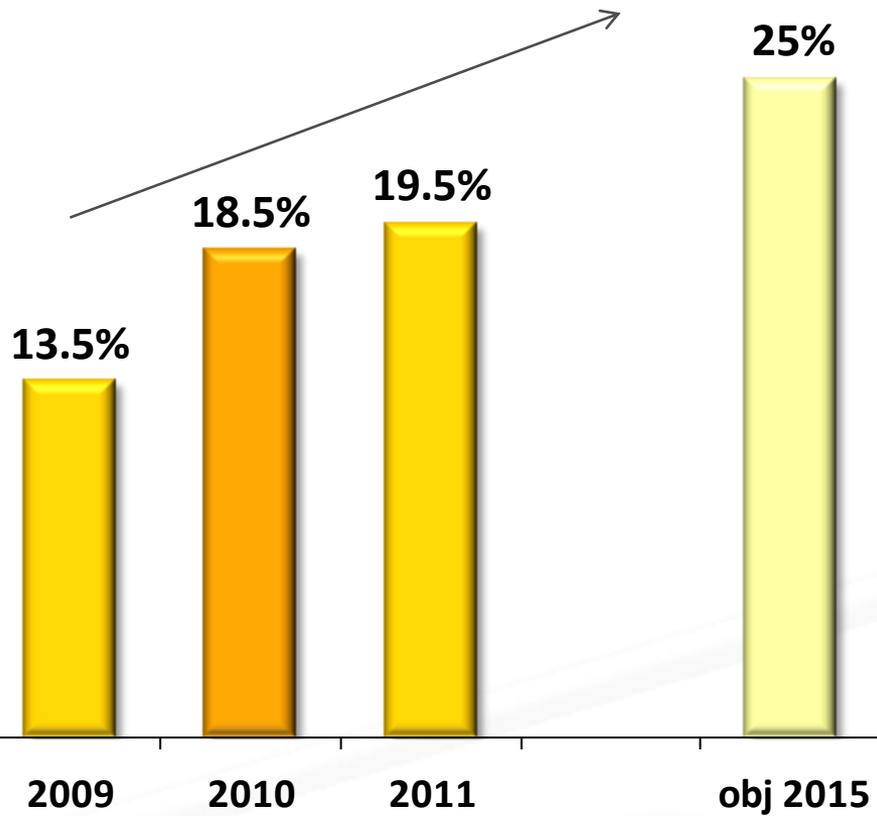
**Tight rein on operating WCR, despite the rise in sales**

# Selective and quickly value-enhancing acquisitions, up sharply on 2010

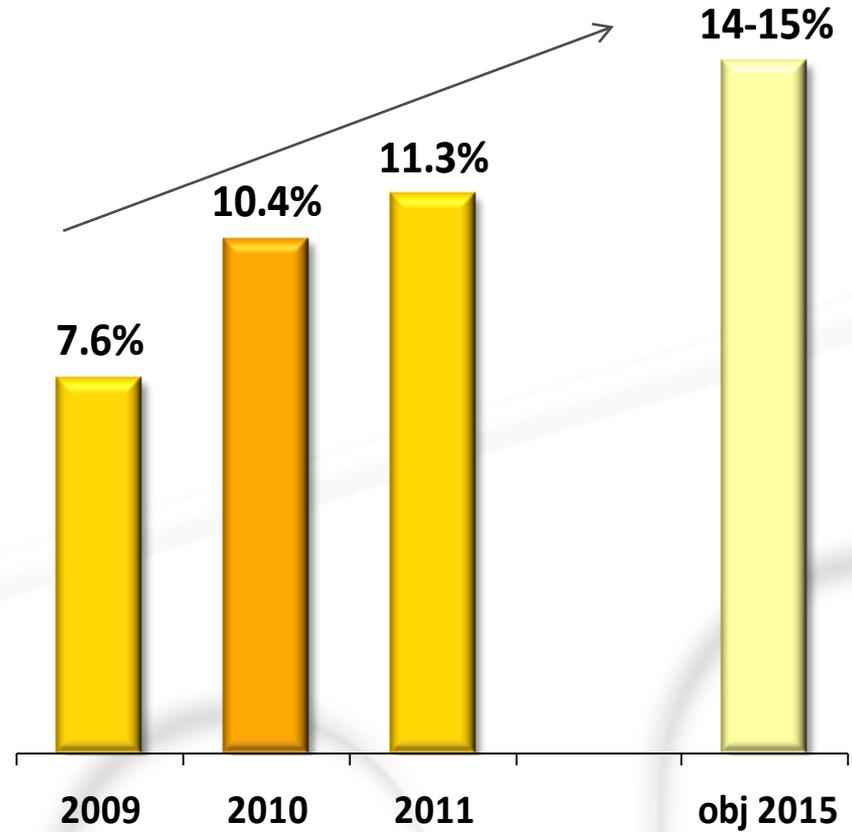
- Investments in securities **up more than five-fold in 2011 versus 2010 (€702m versus €129m)**
  
- Acquisitions focused on the Group's key growth drivers:
  - **Asia and emerging countries: €292m\*** versus €27m in 2010 (x11)
  - **Energy efficiency, energy and environment** (*excluding Asia and emerging countries*):  
**€138m** versus €78m in 2010 (+77%)
  - **Consolidation**, especially **in Building Distribution: €266m** versus €10m in 2010
    - Build Center
    - 15 other bolt-on acquisitions (Scandinavia, France, etc.)

\* o/w €238m in energy efficiency, energy and environment

# ROI and ROCE



**ROI\***

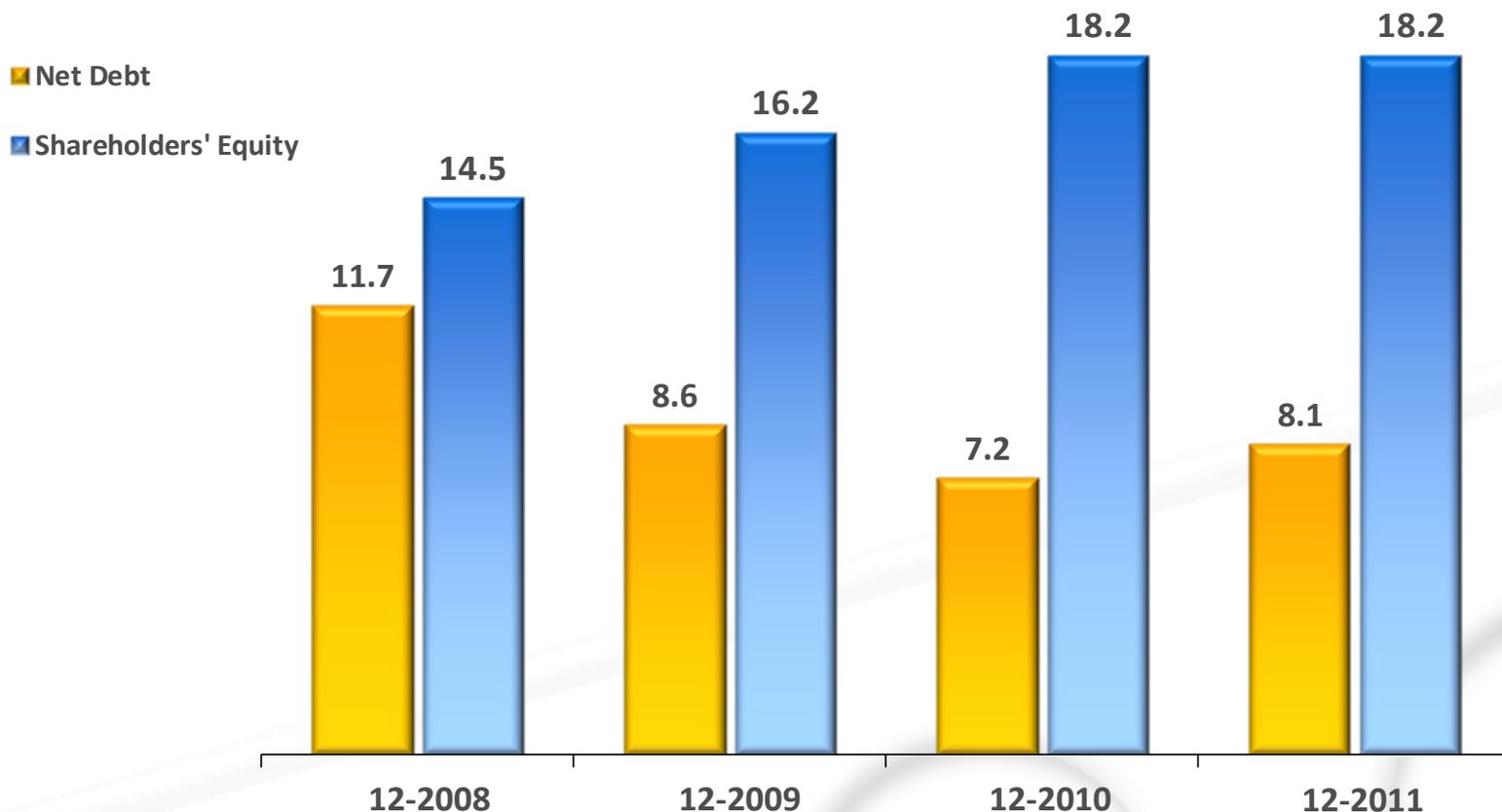


**ROCE\***

\* before taxes, 2015 objectives excluding Packaging

# Net debt & Shareholders' equity

€bn



Net debt/Shareholders' equity

80%

53%

39%

44%

Net debt/EBITDA\*

2.3

2.3

1.5

1.6

**Ongoing strong balance sheet**

\* EBITDA = Operating income + depreciation/amortization over 12-month period



## 2. 2011 Results

- Group
- Business Sectors
- Geographic Areas



# Organic growth by Business Sector

% change in 2011/2010 sales on a like-for-like basis

**Group: +5.0%**

## Innovative Materials (IM)

**+5.8%**

Flat Glass +4.7%  
HPM +7.2%

22%\*

## Construction Products (CP)

**+4.4%**

Interior Solutions +5.6%  
Exterior Solutions +3.5%

25%\*

## Packaging +3.0%



9%\*

44%\*

## Building Distribution **+5.5%**

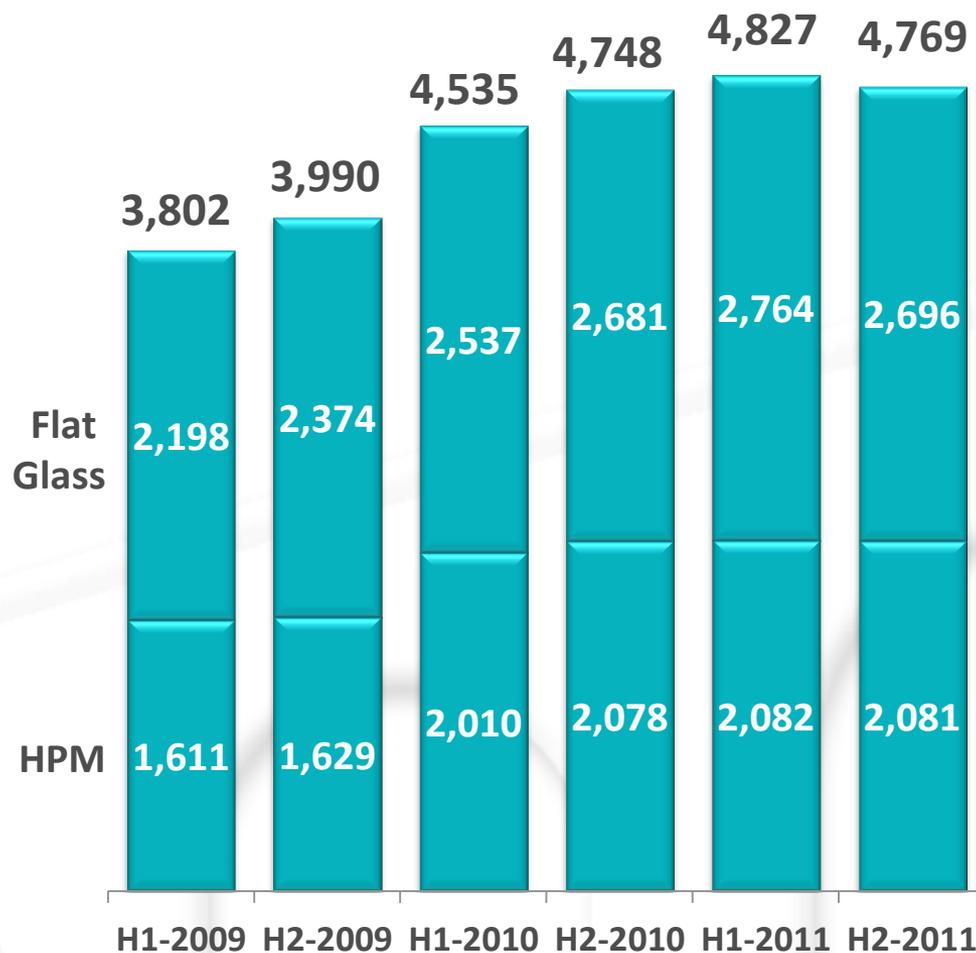
\* breakdown of 2011 sales

# Innovative Materials (Flat Glass - HPM)

Sales (€m)

## 2011/2010 Organic growth (like-for-like)

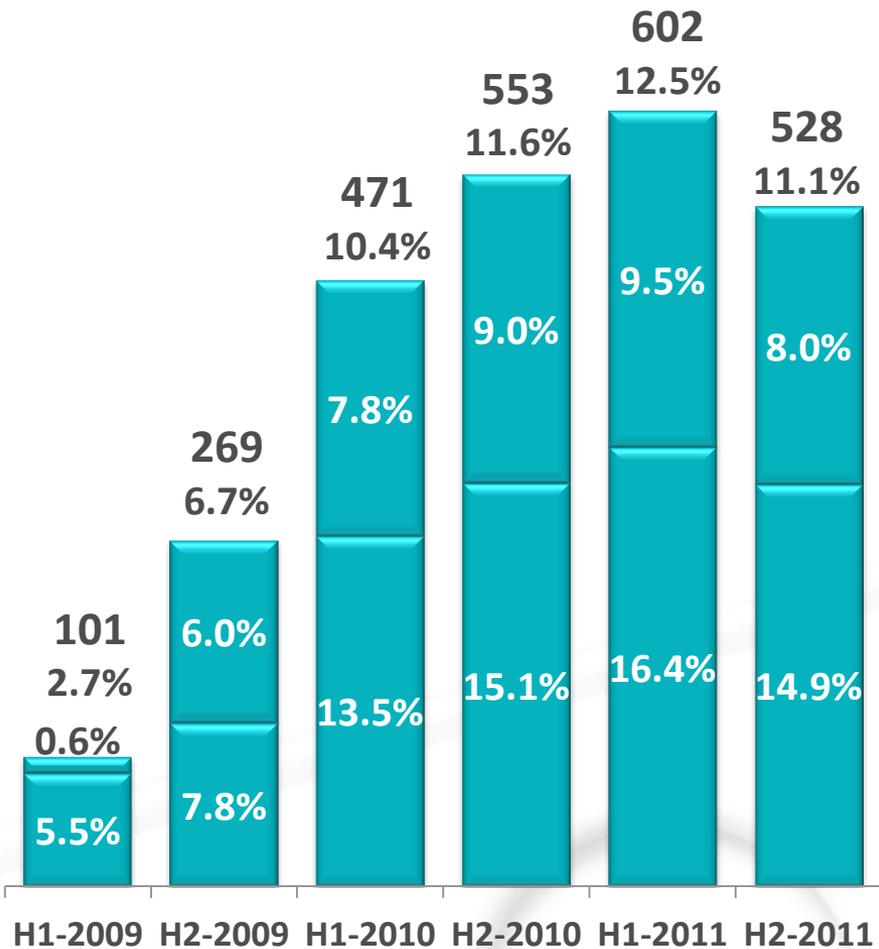
	2011 / 2010	H1/H1	H2/H2
<b>Innovative Materials</b>	<b>+5.8%</b>	<b>+8.5%</b>	<b>+3.1%</b>
<b>Flat Glass</b>	<b>+4.7%</b>	<b>+8.2%</b>	<b>+1.4%</b>
<b>HPM</b>	<b>+7.2%</b>	<b>+9.3%</b>	<b>+5.2%</b>



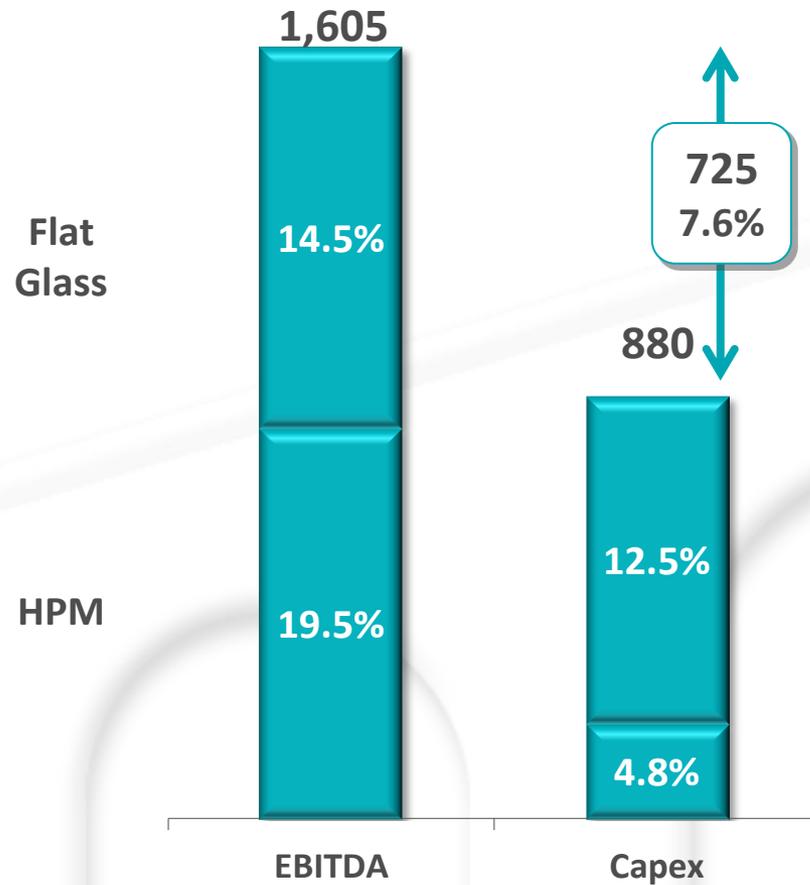
# Innovative Materials (*Flat Glass - HPM*)

(€m and % of sales)

## Operating income



## EBITDA & Capex 2011

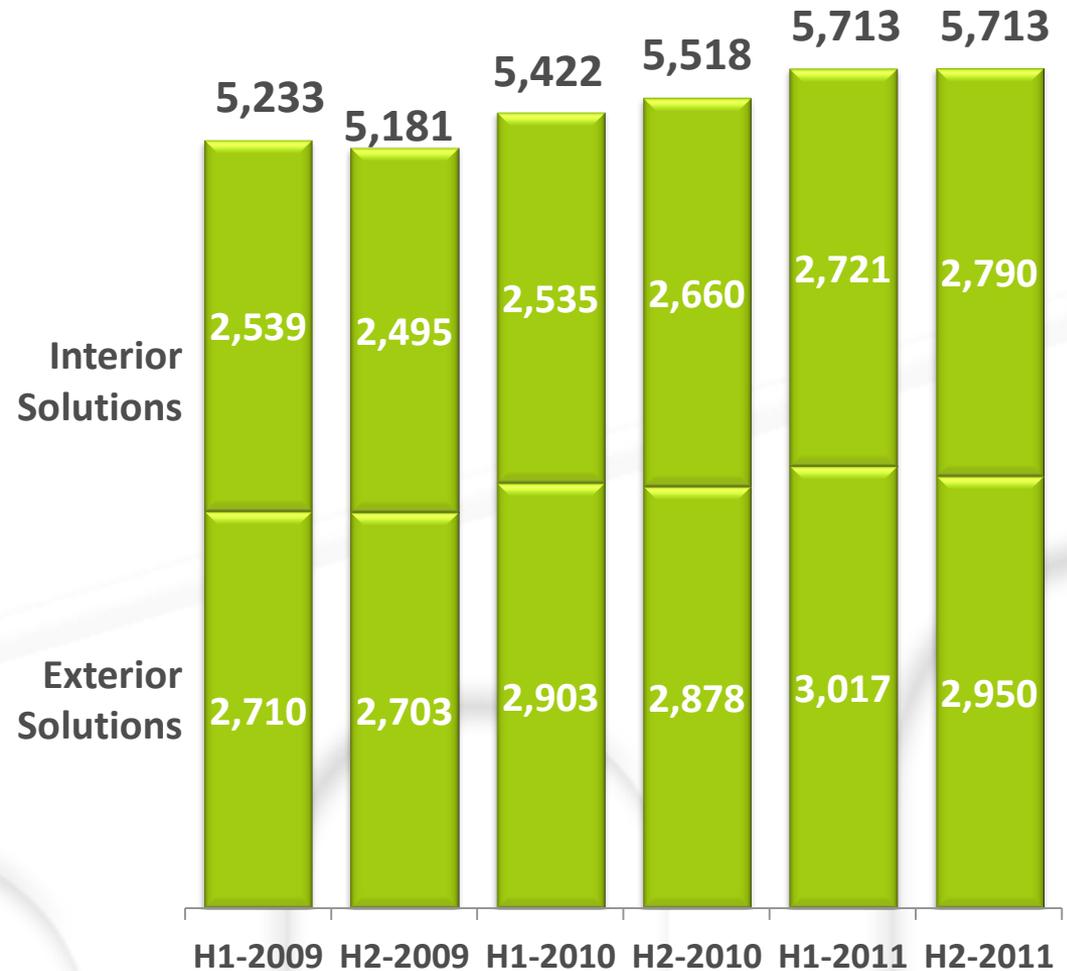


# Construction Products

Sales (€m)

## 2011/2010 Organic growth (like-for-like)

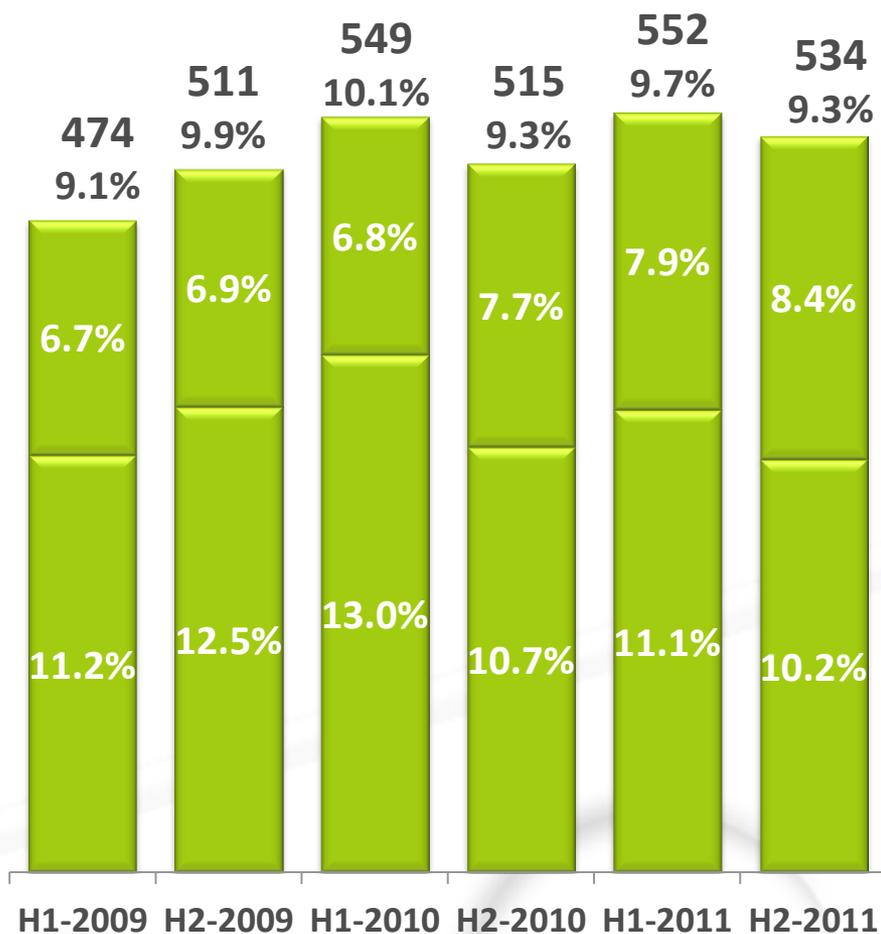
	2011 / 2010	H1/H1	H2/H2
<b>CP</b>	<b>+4.4%</b>	+4.9%	+3.9%
<b>Interior Solutions</b>	<b>+5.6%</b>	+6.0%	+5.2%
<b>Exterior Solutions</b>	<b>+3.5%</b>	+4.1%	+2.9%



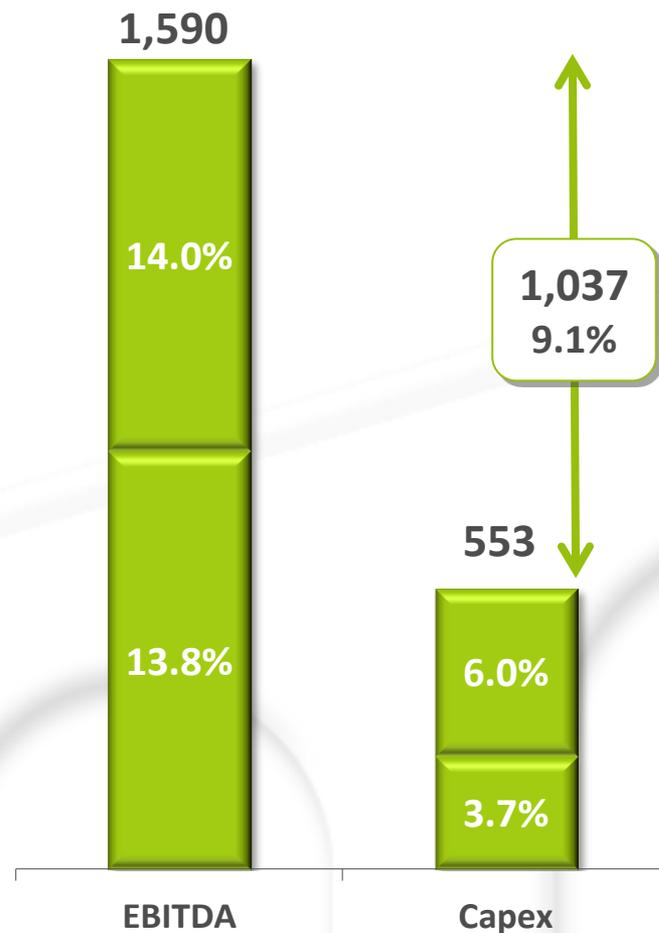
# Construction Products

(€m and % of sales)

## Operating income

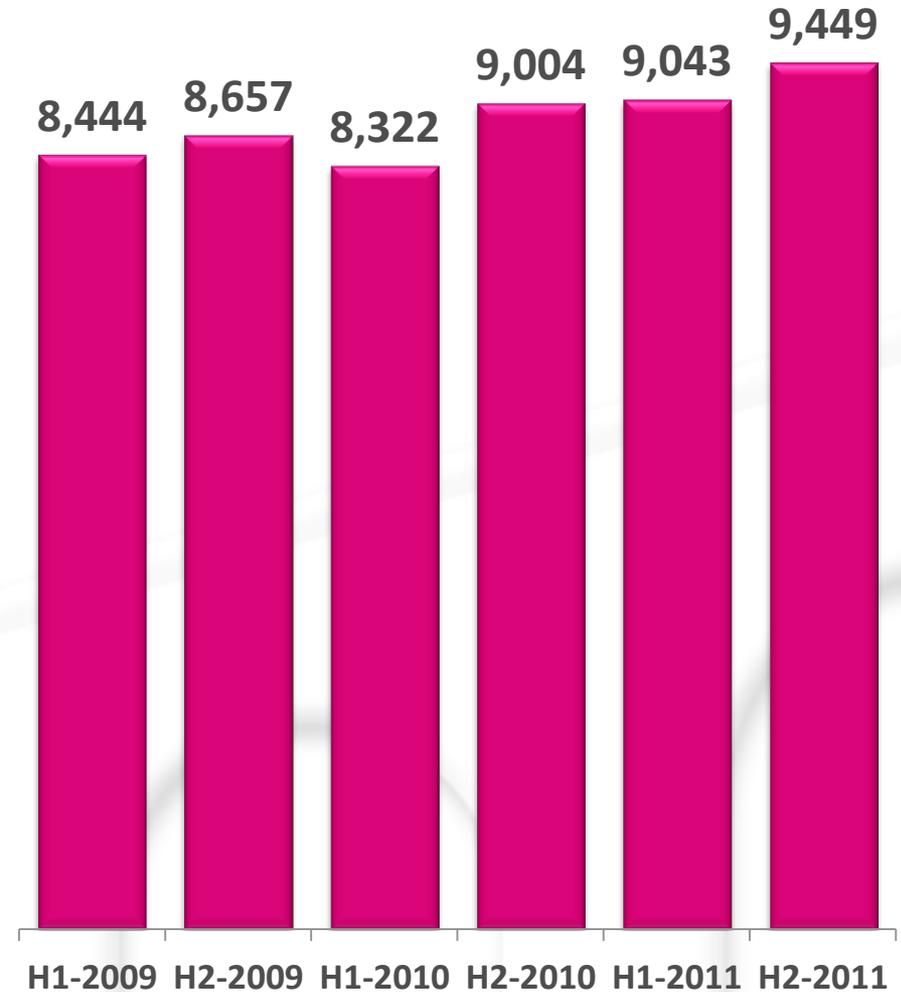


## EBITDA & Capex 2011



# Building Distribution

Sales (€m)



**2011/2010 Organic growth**  
(like-for-like)

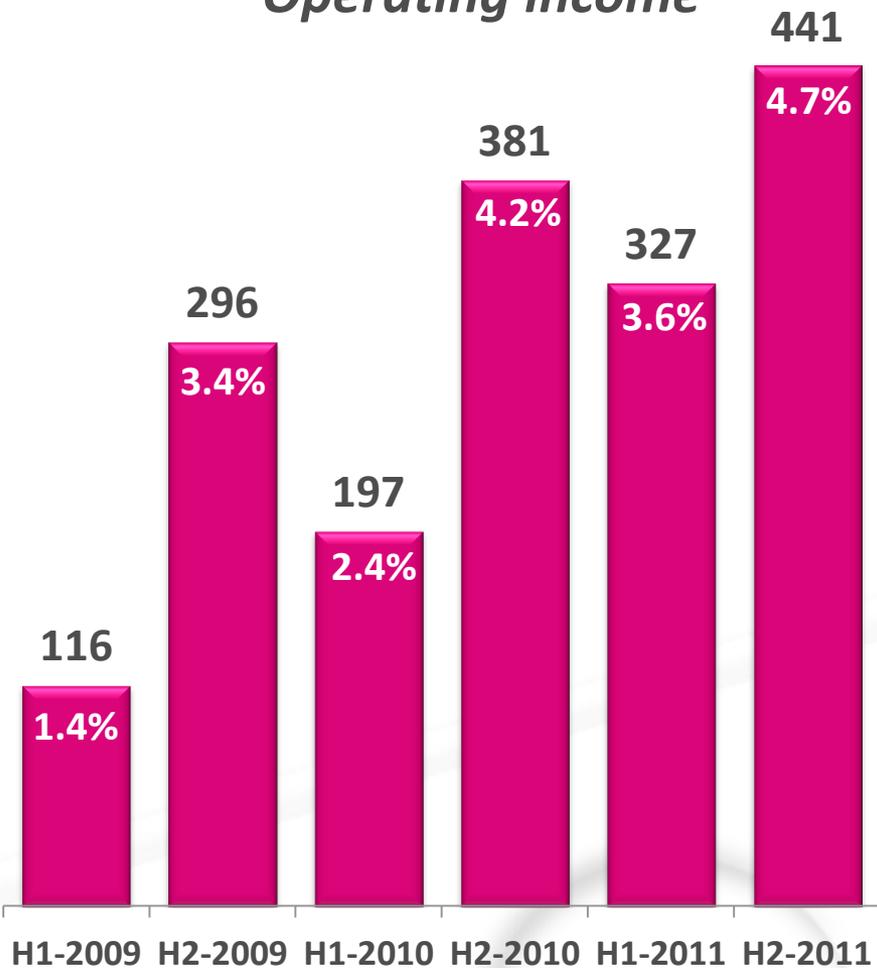
	2011/ 2010	H1/H1	H2/H2
<b>Building Distribution</b>	<b>+5.5%</b>	<b>+7.3%</b>	<b>+3.9%</b>



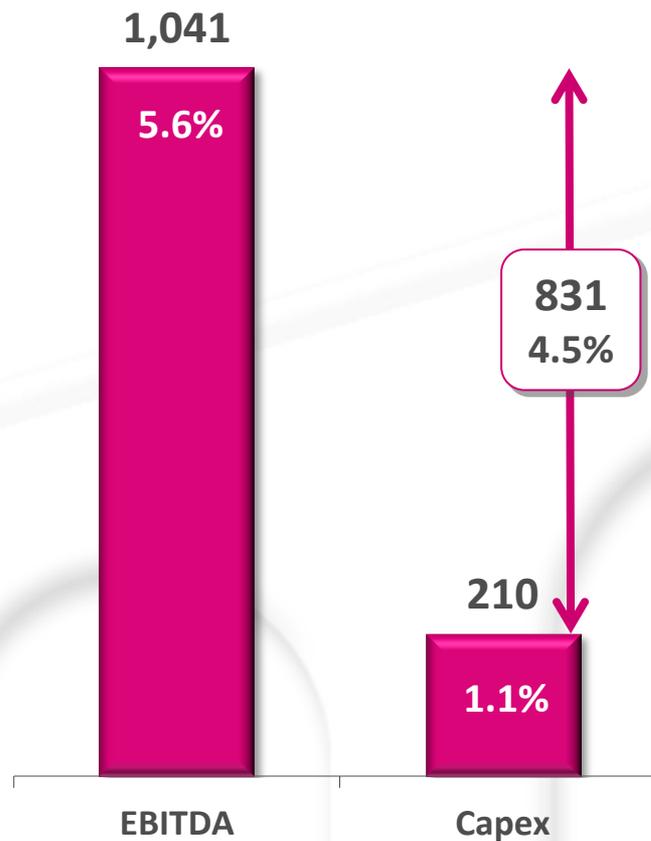
# Building Distribution

(€m and % of sales)

## Operating income

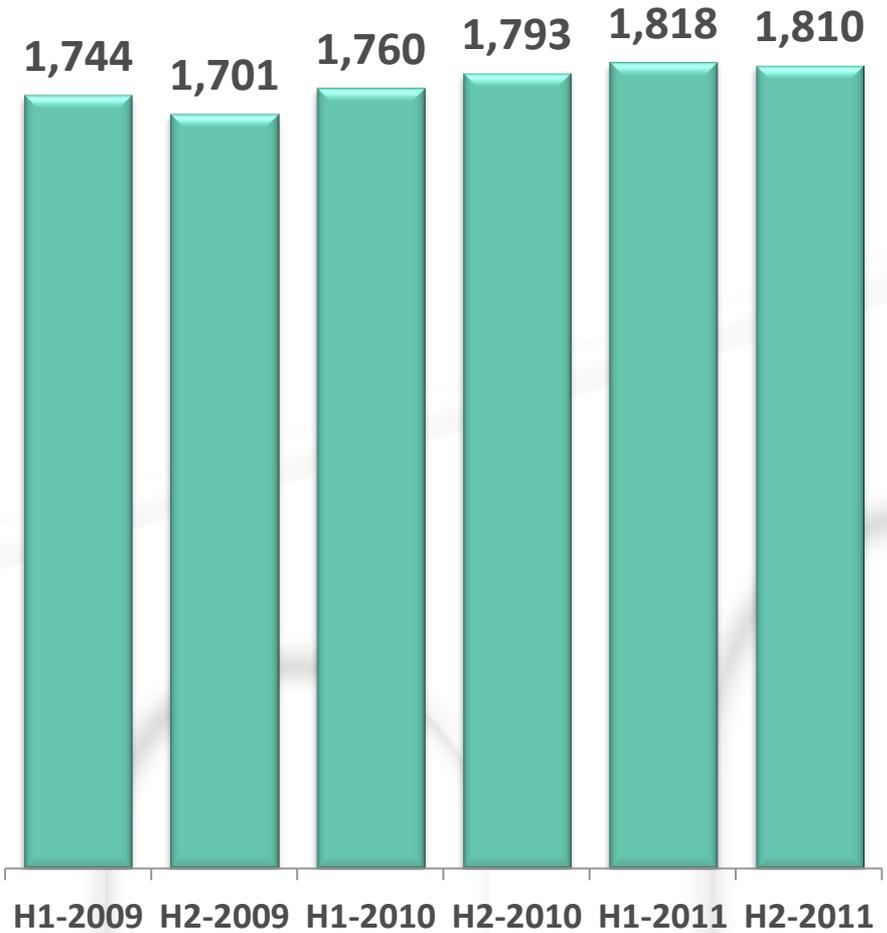


## EBITDA & Capex 2011



# Packaging

Sales (€m)



## 2011/2010 Organic growth (like-for-like)

	2011/ 2010	H1/H1	H2/H2
Verallia	+3.0%	+4.2%	+1.7%

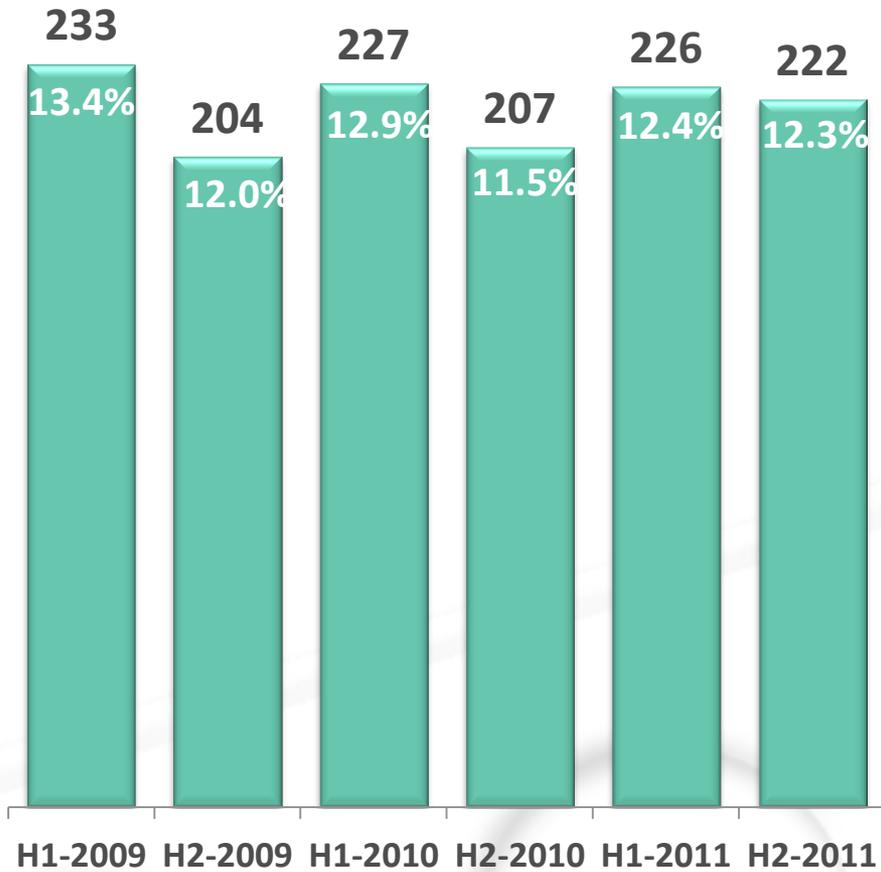


# Packaging

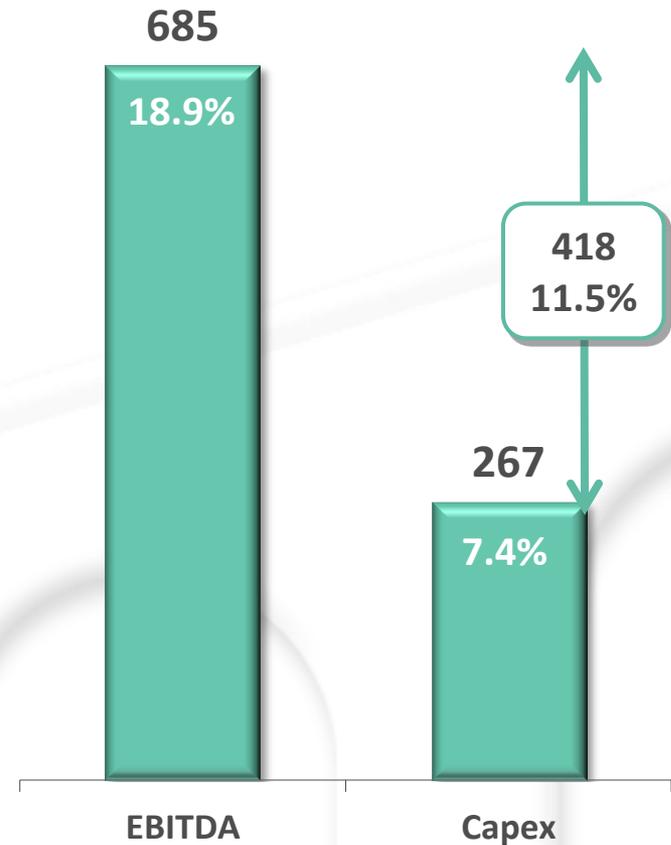
(€m and % of sales)



## Operating income



## EBITDA & Capex 2011





## 2. 2011 Results

- Group
- Business Sectors
- Geographic Areas



# Organic growth by geographic area

% change in 2011/2010 sales  
on a like-for-like basis

**Group: +5.0%**

North America +5.5%

France  
+3.6%

13%\*

27%\*

Asia & emerging  
countries +8.5%

19%\*

41%\*

Other Western Europe  
+4.1%

***o/w:***

Latin Am. (8%):	+10%
Asia (6%):	+7%
Eastern Eur. (5%):	+8%
RoW (1%):	+13%

***o/w:***

Scandinavia (11%)	: +7%
Germany (11%)	: +7%
UK (8%)	: +2.1%
Spain-Port. (4%)	: -6.5%

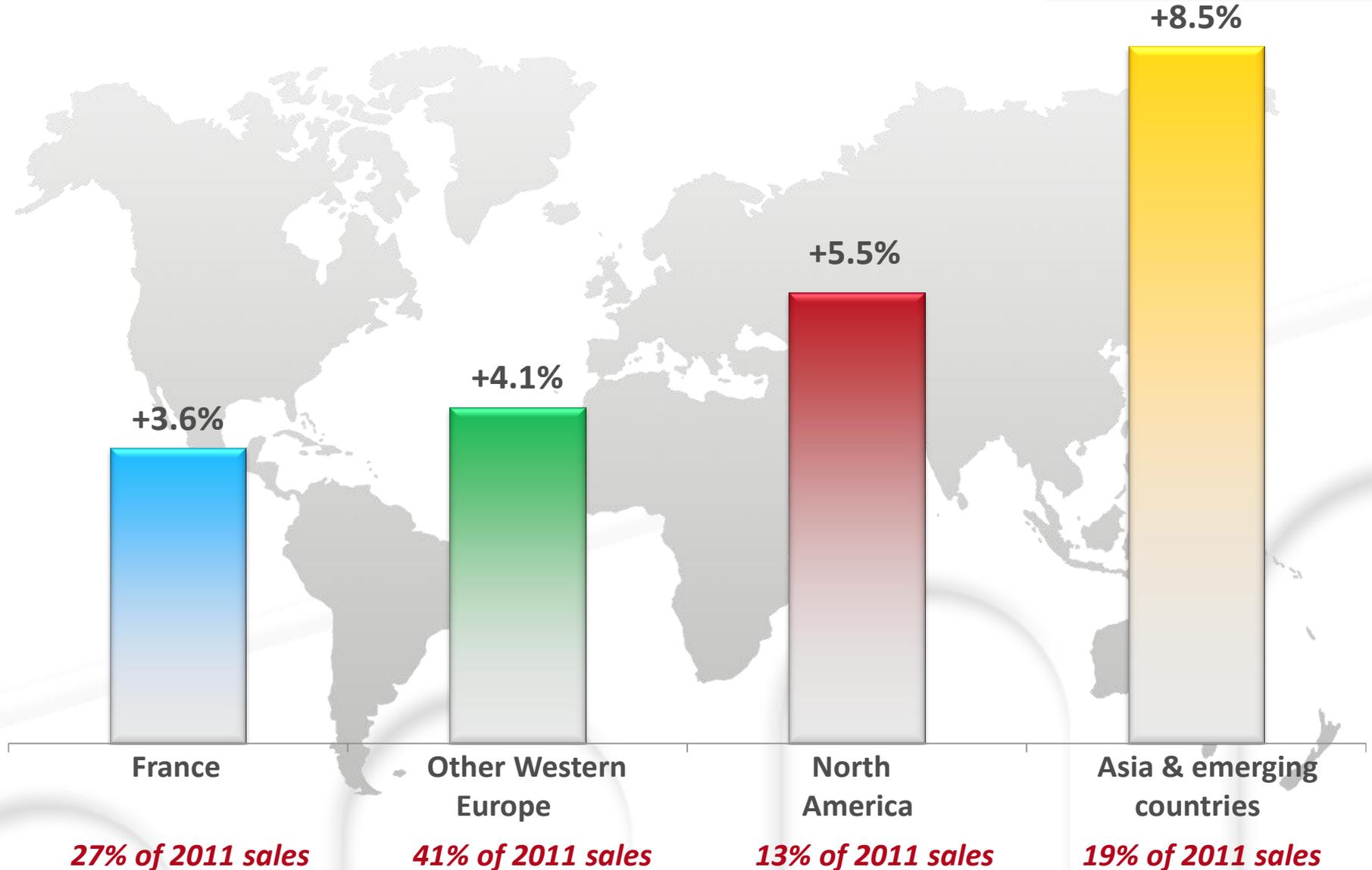
\* breakdown of 2011 sales

# Organic growth by geographic area

*(organic growth as %)*

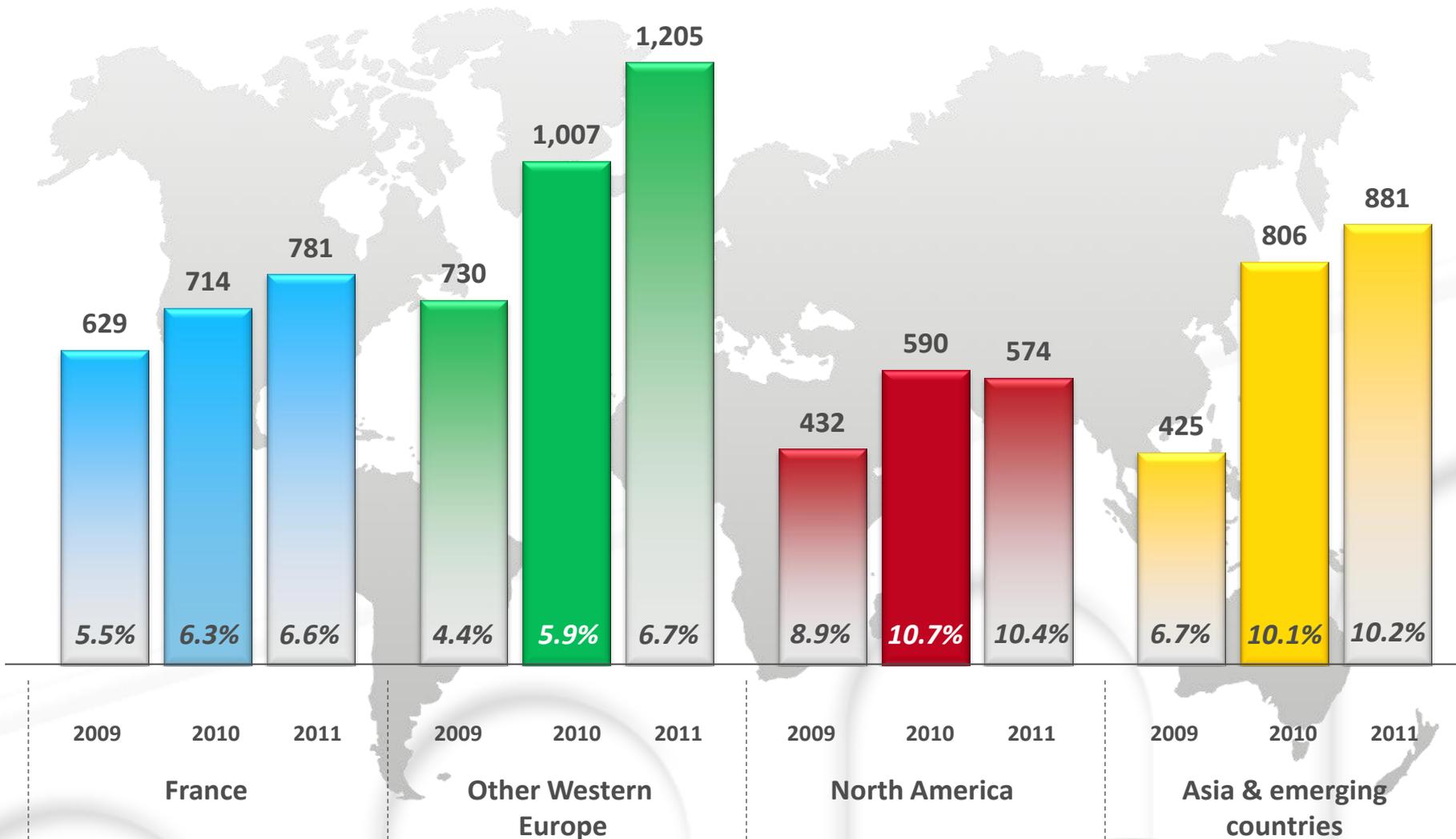
Group average

+5.0%



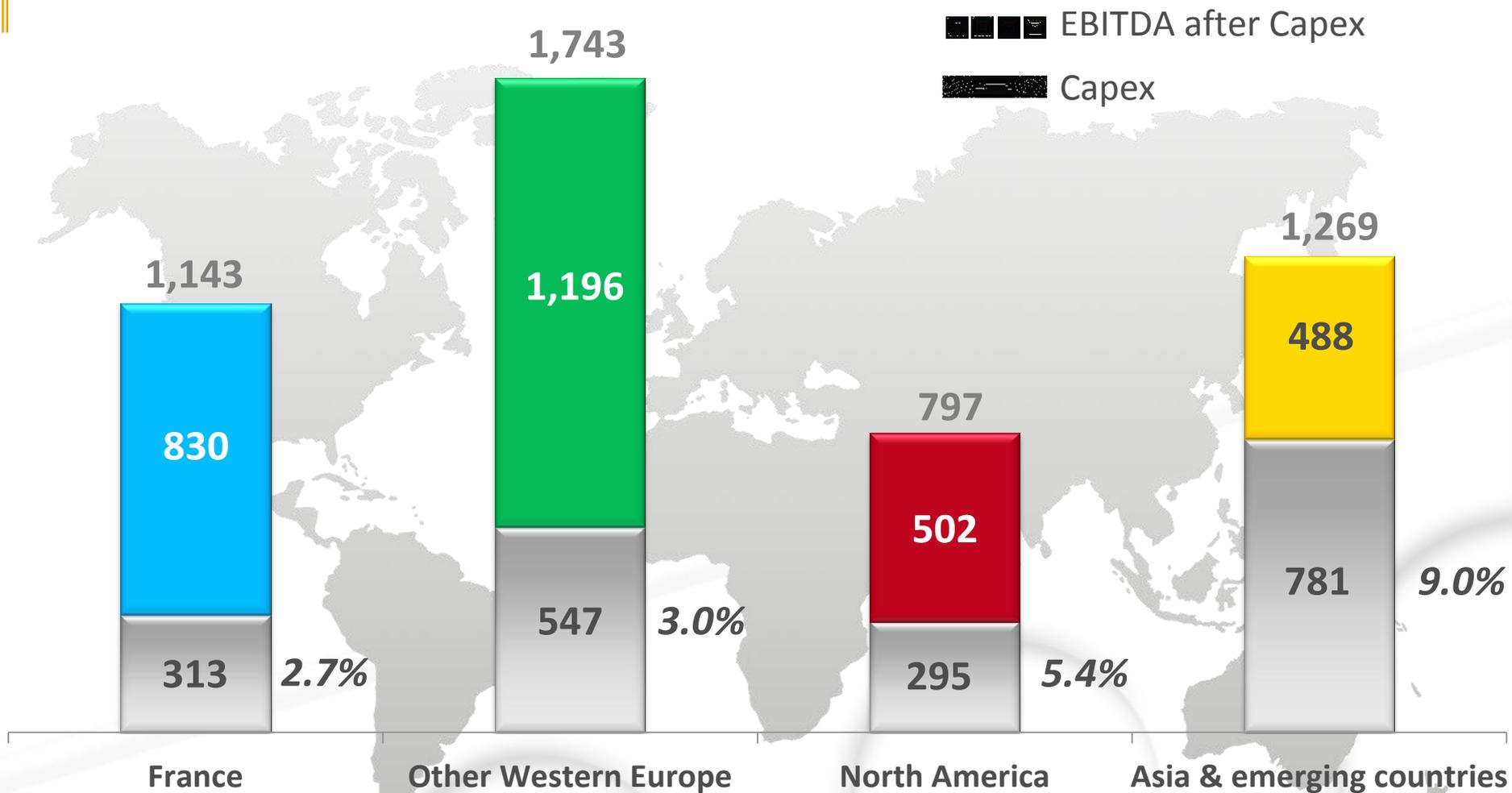
# Operating income by geographic area

(€m and % of sales)



# ETBIDA and Capex by geographic area

(2011, €m and % of sales)





### 3. Strategy



# Strategy focused on profitable growth and market expansion

- I. Unique, attractive positioning
- II. Fast-paced, profitable development in high-growth countries
- III. Enhancing our high value-added Habitat solutions, particularly for energy efficiency, energy and environment markets
- IV. Consolidating our strengths by leveraging growth opportunities
- V. Continuing our R&D efforts

# I. Unique, attractive positioning

*A vision of Saint-Gobain*



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



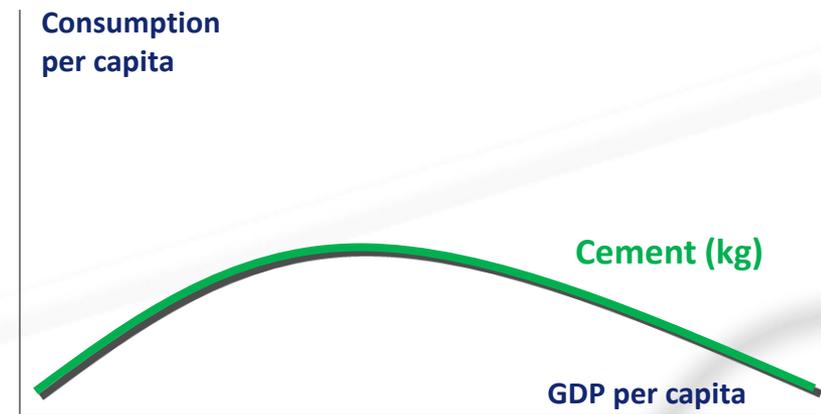
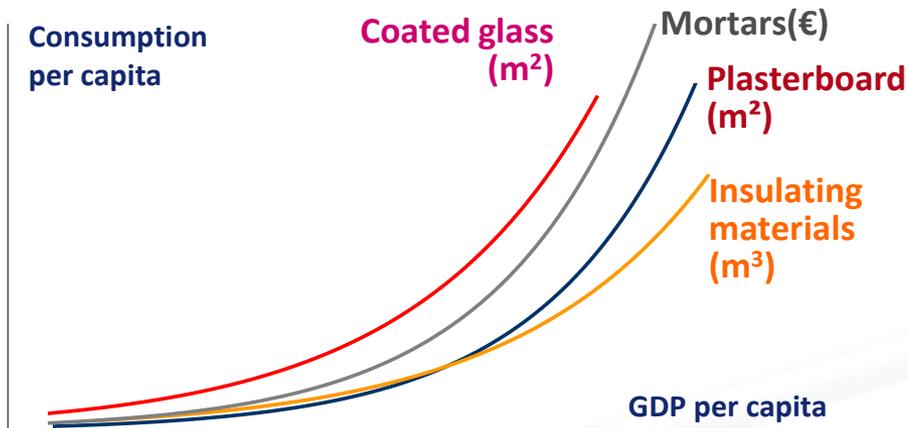
**THE reference in sustainable Habitat**

# I. Unique, attractive positioning

## *Fast-growing markets*

### ➔ Technical solutions for tomorrow's homes

- Consumption per capita based on wealth



### ➔ Solutions promoting the energy efficiency of buildings

- Thermal renovation in France: **up 8.7% per year over 2006-2008 and up 5.5% in 2011**

# I. Unique, attractive positioning

## *A solid Group*

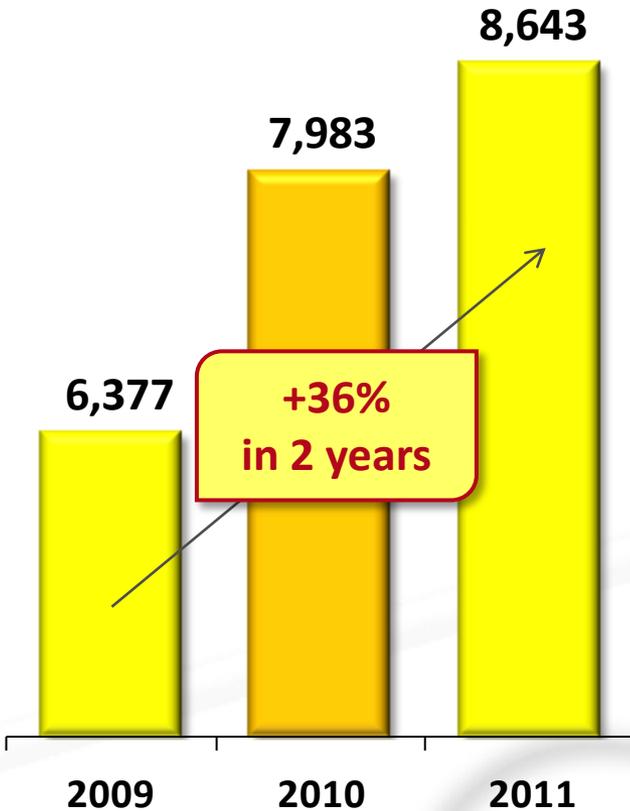
- **Ability to pass on the rise** in raw material and energy costs to sales prices
- **Strong operating cash flow generation**  
➔ **€3.4bn** in operating cash flow before capex and **€1.4bn** after capex
- A much leaner cost base, resulting in **strong operating leverage** ➔ **€2.1bn** in cost savings between 2008 and 2010
- **Very strong balance sheet** ➔ net debt/EBITDA ratio of **1.6** and net debt/equity ratio of **44%**

**Very strong balance sheet allowing the Group to pursue a dynamic growth strategy**

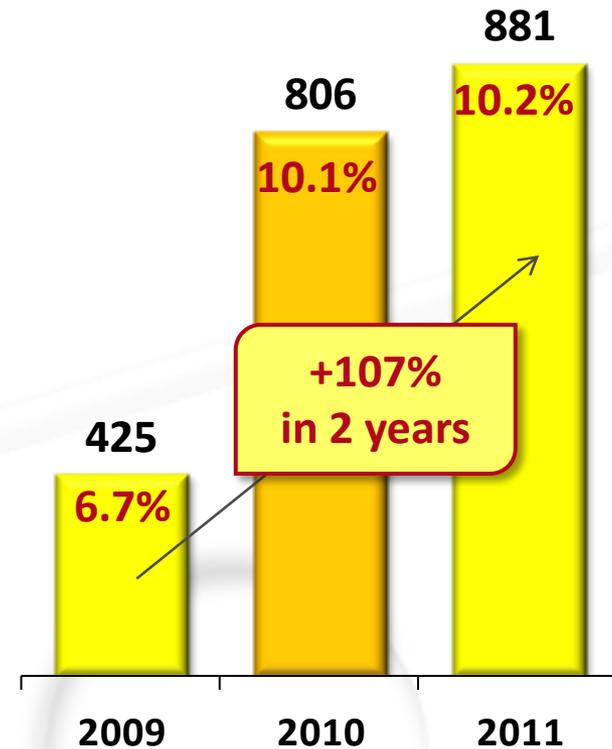
## II. Fast-paced profitable development in high-growth countries

*Sales and op. inc. trends in Asia & emerging countries since 2009*

Sales (€m)



Operating income (€m)

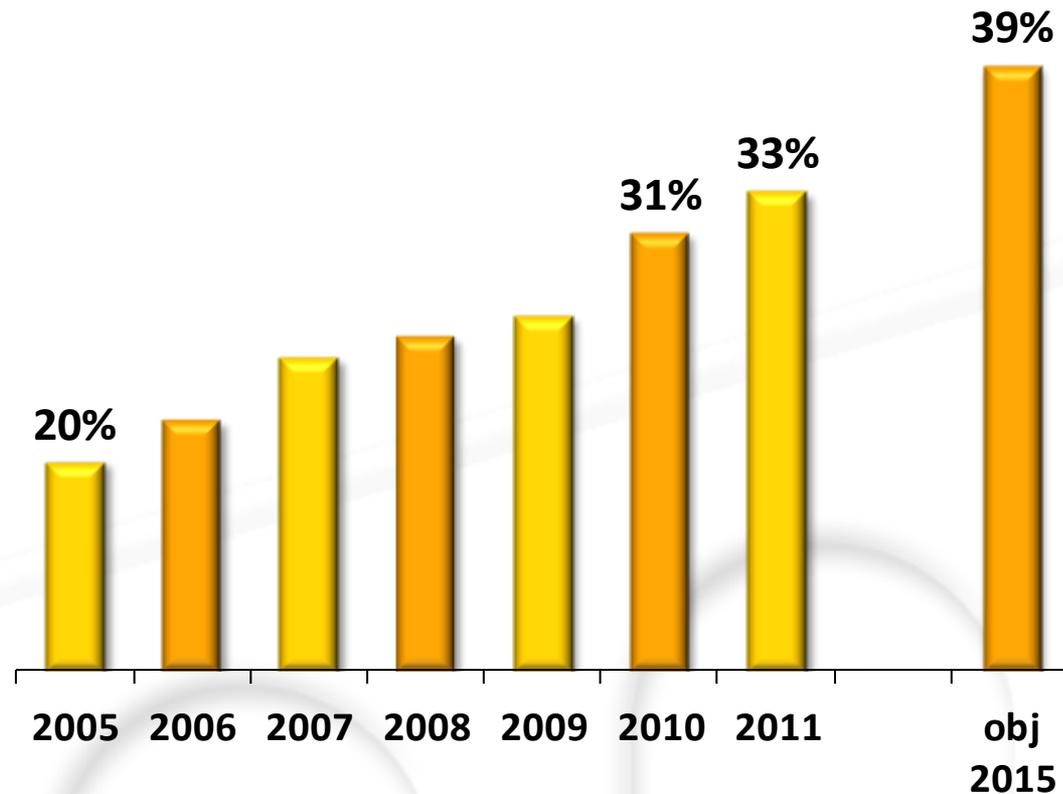


Sharp rise in sales and operating income

## II. Fast-paced profitable development in high-growth countries

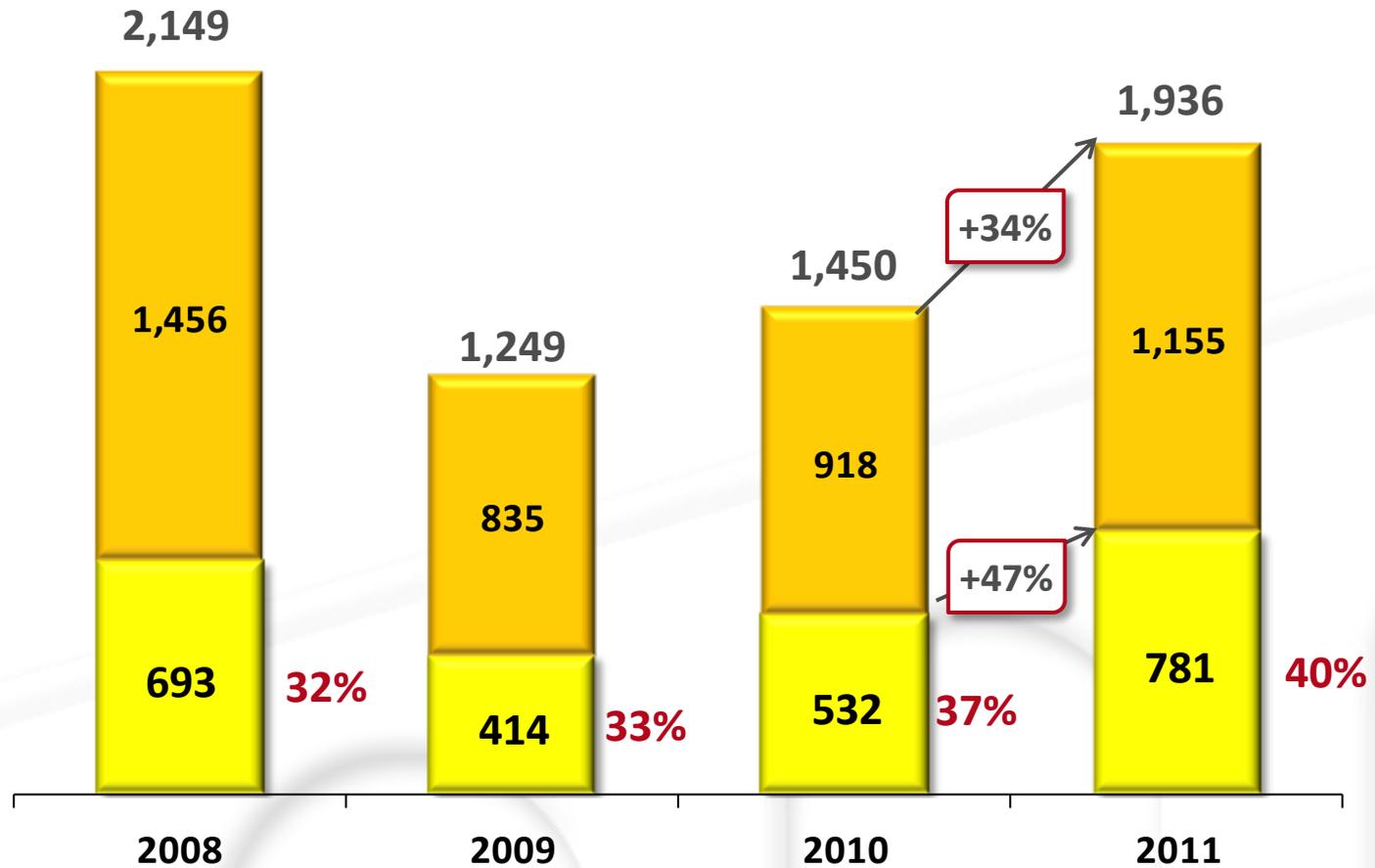
*Development focused on IM and CP Business Sectors*

High-growth countries as share of total sales for IM and CP Business Sectors



## II. Fast-paced profitable development in high-growth countries

*Sharp rise in capital expenditure*



- Developed markets
- High-growth markets

## II. Fast-paced profitable development in high-growth countries

➔ Sharp rise in **capex** in Asia and emerging countries (up 47% to €781m).  
*Main investments completed or in progress:*

- Innovative Materials: Brazil, India, Mexico, China, Colombia
- Construction Products: Russia, China
- Verallia: Argentina

➔ **Selective, quickly value-creating acquisitions (€292m\*)**

- Innovative Materials: - Sezal Glass float line in India  
- Abrasives in Argentina
- CP: - Mortars in Indonesia, Brazil and Turkey  
- Gypsum in Turkey  
- Insulation in Russia (Linerock)
- Packaging (Verallia): Alver in Algeria

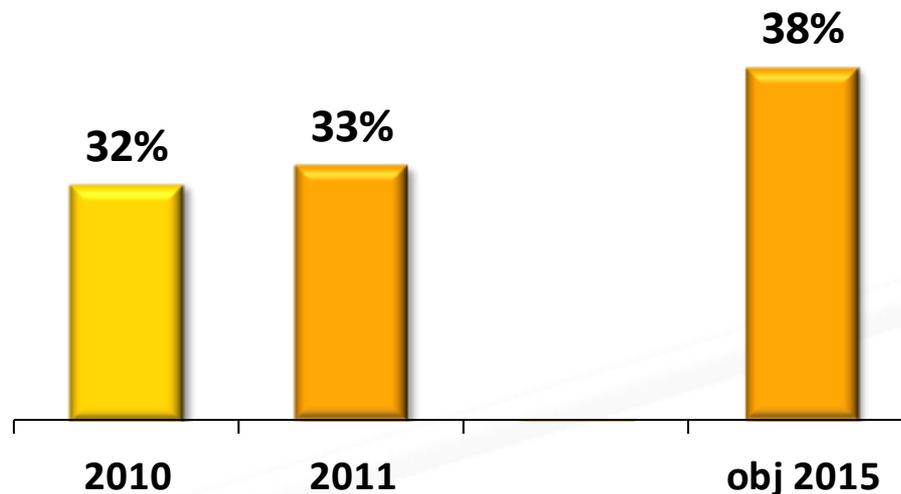
**A total of €1,073m (+92%) invested in high-growth countries in 2011**

\* o/w €238m in energy efficiency, energy and environment

### III. Enhancing high value-added Habitat solutions

*Energy efficiency, energy and environment (EEE)*

➔ Increasing share of Group sales:



➔ Significant impact on Group businesses of thermal regulation “RT 2012” in France:

- Isover France 2011 sales: **up 12.5%** like-for-like
- Weber France 2011 sales: **up 9.6%** like-for-like

# III. Enhancing high value-added Habitat solutions

## *Energy efficiency, energy and environment (EEE)*

### ➔ Steep rise in **capex\***:

- Innovative Materials: - Two new Avancis plants in Germany and South Korea  
- Electrochromic glass
- CP: Chemillé plant capacity doubled (Insulation - France)

### ➔ Four-fold rise in **acquisitions** in energy efficiency (€376m\*\* versus €95m in 2010):

- Innovative Materials: - Solar Gard in the US
- CP: - Mortars in Italy

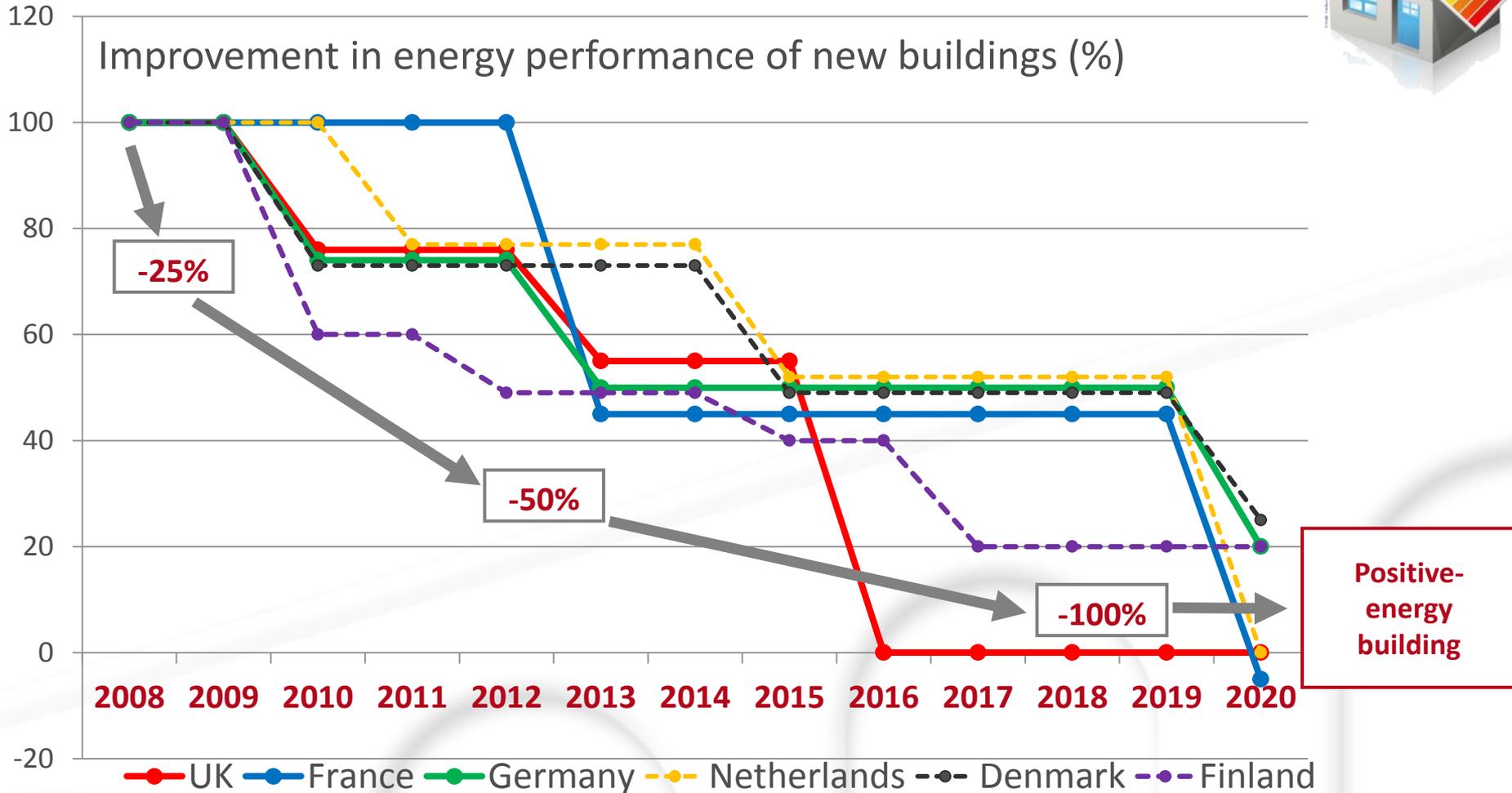
**Investments in EEE products and solutions almost doubled**

\* o/w almost half in high-growth countries

\*\* o/w €238m in Asia and emerging countries

# III. Enhancing high value-added Habitat solutions

*New-build markets powered by energy efficiency requirements in Western Europe*



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

## IV. Consolidating our strengths by leveraging growth opportunities

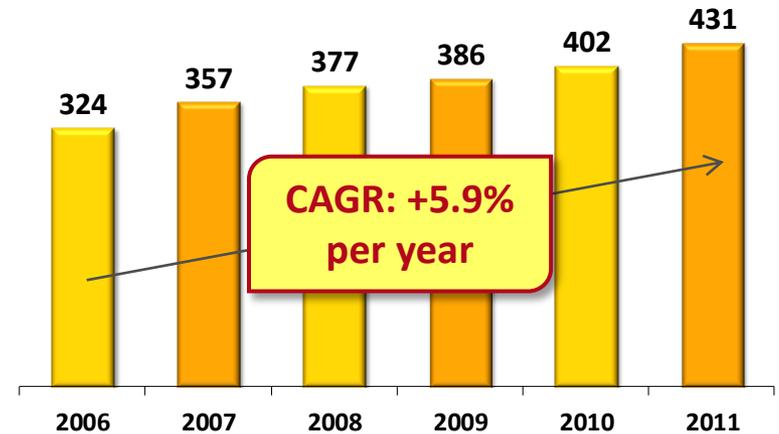
➔ Particularly in Building Distribution in 2011:

- Acquisition of **Build Center** and **Brossette**: over **€1bn in full-year sales\***
  - **Build Center**:
    - consolidated since November 1 (“hold separate”)
    - OFT decision obtained
    - scope of divestments in line with our expectations
  - **Brossette**:
    - anti-trust authorities formally notified at end-January and decision expected at end-March
- **Bolt-on** acquisitions in Scandinavia, France and the UK: 15 operations, representing **€94m in full-year sales**

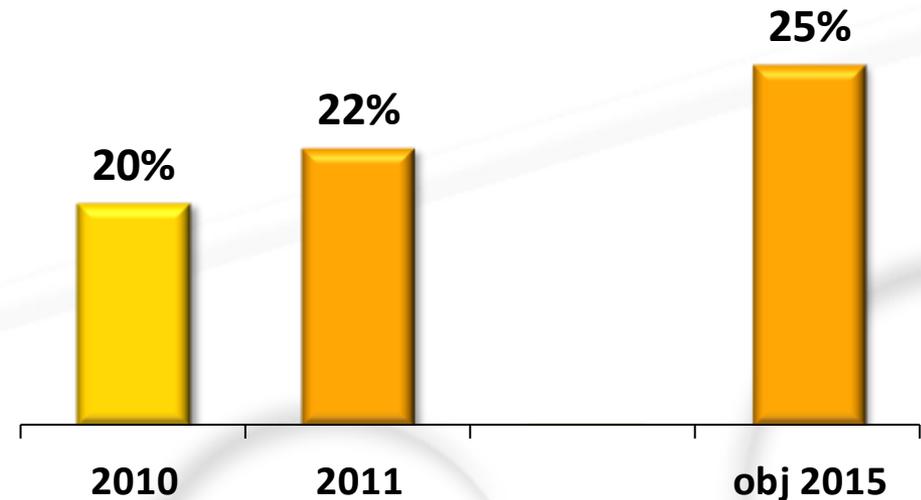
\* before disposals

## V. Continuing our R&D efforts

➔ Gradual increase in R&D expenses



➔ New products: growing percentage of Group sales



➔ Examples of successful launches in 2011:

- Climacoat (Sekurit)
- Light plasterboard



## 4. Outlook and Objectives for 2012



# Economic outlook for 2012

## Economic climate

*Assuming no further escalation in economic and financial crisis*

- Asia and emerging countries:
  - Growth to **slow** in H1 but **pick up** in H2
- North America:
  - Continuing **upbeat momentum in industrial markets**
  - **Moderate recovery in Construction market**
- Western Europe
  - Automotive to **retreat**, but **trading in other industrial sectors to remain healthy**
  - **Construction:** continuing **slight improvement in the residential segment**, although **contrasts to remain significant** from one country to the next (further **growth gains**, especially in H1, in **France, Germany, Benelux and Scandinavia**; situation **more challenging in other countries**)
- Ongoing **rise in energy costs** and, to a lesser extent, in raw material costs

# Outlook for Group businesses

## ➤ Innovative Materials:

- Moderate sales growth, with more challenging conditions for Flat Glass in Europe
- Operating margin to remain robust in HPM, but decline in Flat Glass

## ➤ Construction Products:

- Continued strong momentum in high-growth countries and in energy efficiency markets in Europe
- Impact of negative price/cost spread on CP profitability

## ➤ Building Distribution:

- Confirmation of recovery in main European markets (except UK), though at slower pace than in 2011
- Further improvement in operating income

## ➤ Packaging (Verallia):

- Acceleration of organic growth
- Continuing good level of profitability

**Trading should remain satisfactory overall**

# Priorities for 2012: Adapt swiftly to market trends and continue to develop the Group's key growth drivers

- **Price-focused policy**, aimed at passing on the rise in raw material and energy costs
- Maintain **close watch on costs**. More adjustments will be made in the event of a further deterioration in the economic climate
- Keep a **tight rein on cash management and financial strength**
- Continue **to develop the Group's key growth drivers** (emerging countries, energy efficiency/energy/environment), by adopting a selective policy of capital spending and financial investments
- Pursue **R&D efforts**

**Selective development strategy while adapting to the economic climate**

# Objectives for 2012

- Moderate organic growth, driven chiefly by sales prices
- Operating income and profitability to prove resilient
- High levels of free cash flow; capex to stabilize at its 2011 level (~€2bn)
- Continuing strong balance sheet

# 2011 dividend

➔ **€1.24 per share**, up **8%** on 2010

- Dividend yield at January 31, 2012: 3.65%
- Recurring EPS payout rate: 37.5%

➔ Dividend paid in cash

➔ Timetable:

- June 7, 2012: AGM
- June 11, 2012: ex-coupon date
- June 13, 2012: record date
- June 14, 2012: payment date

# Conclusion: a solid, resilient Group

- ➔ Strong strategic positioning with attractive opportunities for growth
- ➔ Proven capacity to pass on rising raw material and energy costs to sales prices
- ➔ Leaner cost basis and strong balance sheet
- ➔ Proven capacity to adapt to changes in the economic climate



# 2011 Results and Outlook

*Paris, February 17, 2012*

