

November 3, 2010

## INAUGURATION OF THE AIN EL SOKHNA FLOAT IN EGYPT

### SAINT-GOBAIN REINFORCES ITS POSITION IN EMERGING COUNTRIES



**On November 3, 2010, Pierre-André de Chalendar, Chairman and CEO of Compagnie de Saint-Gobain, officially opens the largest flat glass production plant in Egypt.**

Located along the banks of the Red Sea, at Ain el Sokhna, 120 kilometres East of Cairo and 40 kilometres South of Suez, this line started production in July 2010 after 28 months of construction work. With capital expenditure amounting to €130 million, this is the highest sum ever invested by Saint-Gobain in this region of the world. An investment conducted under the auspices of Saint-Gobain Glass Egypt, a joint-venture between Saint-Gobain Glass, majority shareholder (51 %), and three other partners: the Egyptian holding MMID (Mansour-Maghraby Investment and Development) associated with M. Ali Moussa (34 %), and Şişecam (15%).

Spanning a surface area of 75 hectares, with a capacity of 900 tons / day, the Ain el Sokhna float line is the largest in the Middle-East. With this plant and its leading-edge technology, Saint-Gobain has set its sights on becoming leader on the Egyptian market. This facility will essentially meet the domestic demand for flat glass which is growing in this country at a rate of 10% a year both in the building and automotive sector. The other half of its production will be exported, mainly towards the Middle-East (Lebanon, Syria, Jordan) and Africa.

With this float, a first for Saint-Gobain in the region, the Group has reached a new milestone in its growth strategy in emerging countries. The Flat Glass activity aims to achieve 46% of its sales in emerging countries by 2015, compared to 40 % in 2010, and intends to earmark to them 75% of its capital expenditure over the next five years.

## 1/ THE AIN EL SOKHNA FLOAT

**The Ain el Sokhna float line is a key element in Saint-Gobain's industrial footprint in this region of the world.**

### **A major plant**

- The 35<sup>th</sup> flat-glass manufacturing facility for Saint-Gobain Glass, its first in the Middle-East.
- A daily capacity of 900 tons making it the first float in the region.
- A €130 million investment, the highest by Saint-Gobain in this region of the world.
- An industrial plant boasting the best leading-edge technologies in the world.

### **An exceptional location**

- Ain el Sokhna is located 120 kilometres East of Cairo, and 40 kilometres South of Suez, on the banks of the Red Sea.
- At the heart of a large industrial zone, enjoying very good road infrastructures and well-connected to Egyptian natural gas and electricity networks.
- A highly pure raw material: sand from the Egyptian desert.

### **An achievement crowning 28 months of construction work**

- 28 months of work: begun in March 2008 with the excavation work, followed by civil engineering in July 2008.
- 2,000 people mobilized.
- No major accident to report during construction, which was conducted in compliance with environment, health and safety rules.

### **A strong commitment in the region**

- 300 people hired in two years, 80% of them coming from the Suez region.
- A considerable effort in terms of training: most of the employees (engineers, technicians and workers) were trained in Saint-Gobain Glass plants, in France, Romania, India, England and Brazil.

### **The Group's world-class manufacturing standards**

- The Ain el Sokhna float adopts the world-class manufacturing methods applied by the Group all over the world.
- It respects the same standards as the other sites in terms of quality and safety.

## 2/ LEADERSHIP ON THE EGYPTIAN MARKET

**With the Ain el Sokhna float line, Saint-Gobain Glass Egypt is aiming for leadership on the Egyptian flat glass market and a firm anchoring in the Middle-East and Africa.**

### **A comprehensive offer ....**

A wide range which includes:

- SGG PLANILUX clear glass for several applications (mirrors, building, automotive).
- SGG PARSOL tinted glass for buildings.
- SGG REFLECTASOL solar control reflective glass for architectural applications and domestic appliance (oven doors).

### **... To meet the demand of the Egyptian market ...**

- Flat glass demand in Egypt is rising 10% a year, at the same rate as the building market, pulled mainly by construction.
- Three main outlets: the building sector (80%) with the lion's share going to the residential segment; the automotive (10%) and domestic appliance sector, mainly oven doors (10%).

### **... And for exports.**

- Half of production on the Ain el Sokhna line is intended to be exported: Middle-East countries (Lebanon, Syria, Jordan, etc.) and Africa.
- Saint-Gobain Glass Egypt is supported by the export networks of Saint-Gobain and Şişecam.

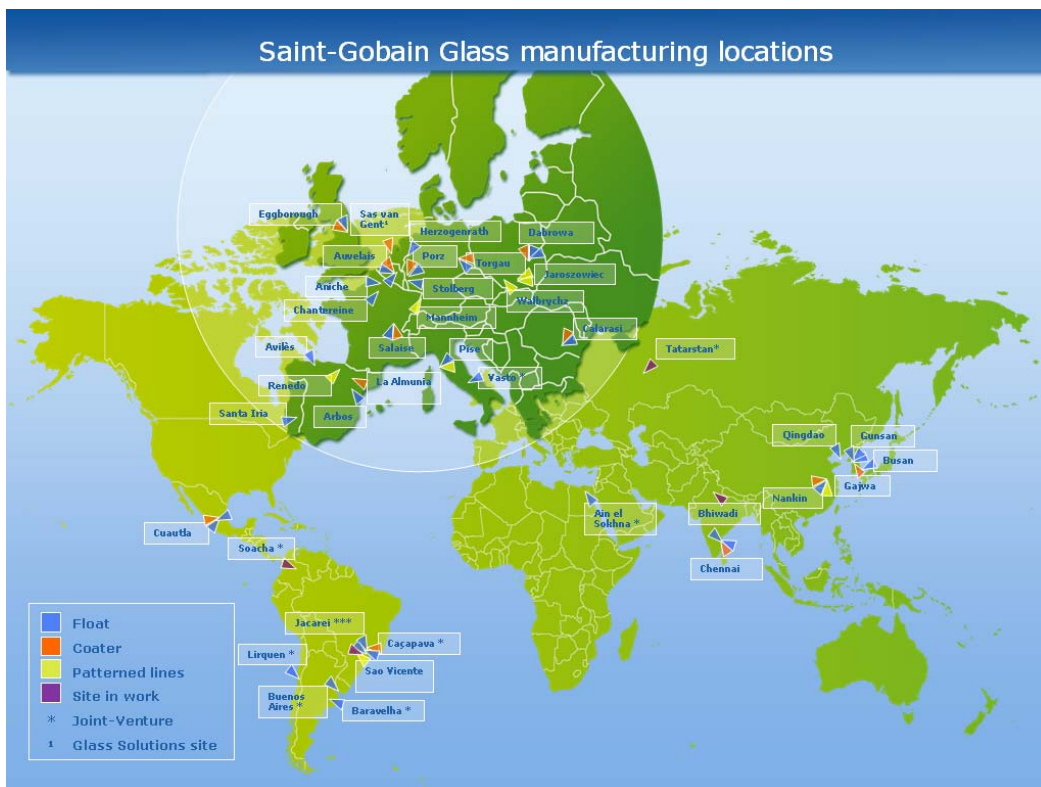
### 3/ AN INVESTMENT AT THE HEART OF THE FLAT GLASS STRATEGY

With the Ain el Sokhna float, Saint-Gobain's Flat Glass activity reaches a new milestone in its growth strategy in emerging countries.

#### A contribution which is constantly rising

- Flat Glass sales in 2009: €4,572 million
- Flat Glass sales in H1, 2010: €2,537 million
  - Flat Glass sales in emerging countries: 40% in 2010  
46% in 2015
- Flat Glass capital expenditure in 2009: €339 million
  - Flat Glass capital expenditure in emerging countries (2010-2015): 75%
- Flat Glass workforce in 2009: over 33,600 employees
  - Flat Glass workforce in emerging countries: 42% in 2010  
45% in 2015

#### A network built-up over time



With the Ain el Sokhna float, **Saint-Gobain Glass**, specialized in flat glass production, complements its growth footprint in emerging countries: it has recently announced new manufacturing facilities in Columbia, India, Brazil, and Russia in association with Şişecam.

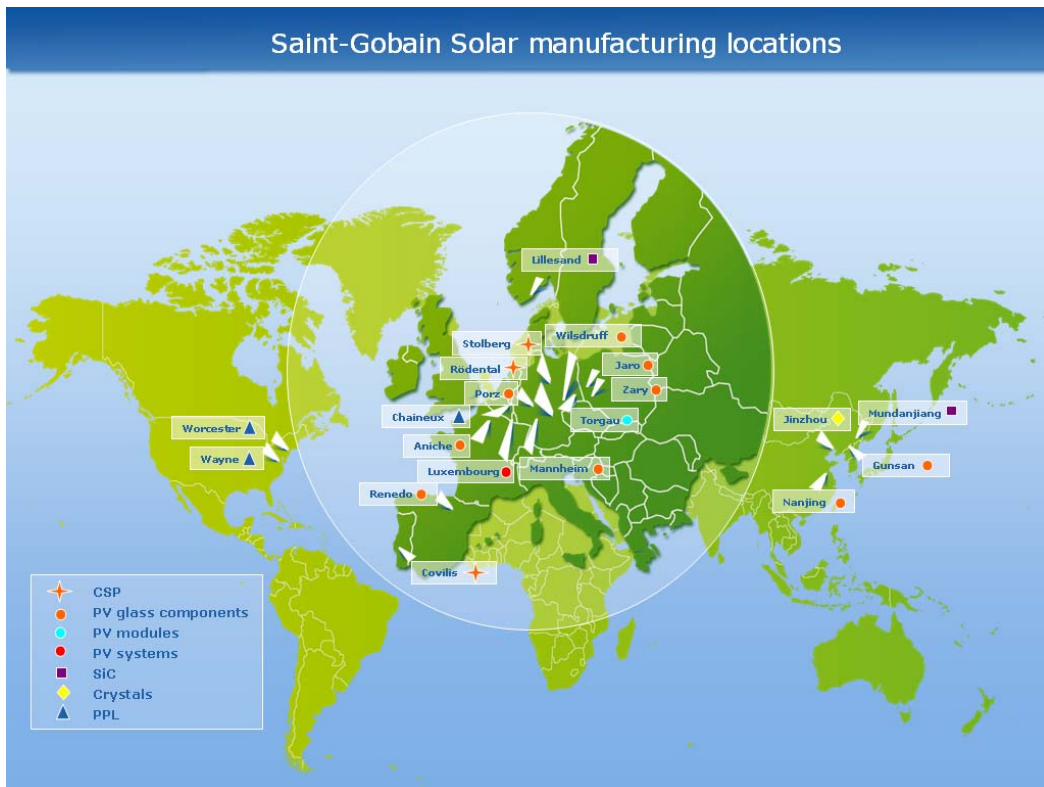


**Saint-Gobain Sekurit**, specialized in glass processing for transport and the automotive sector, has manufacturing ambitions in Morocco and Russia. Significant capacity increases are also planned over time in the Czech Republic, India, Korea, Mexico, China and Brazil.



**Saint-Gobain Glass Solutions**, specialized in glass processing for buildings and domestic appliances, has begun developing, outside Europe, special applications: fire-protection glazing in India and façade glazing in India and China.





**Saint-Gobain Solar**, which combines Saint-Gobain’s solar businesses, already makes high energy-transmitting special glass in Europe and Korea. This Business Unit plans to establish new production capabilities in Asia, particularly in the field of anti-reflective glass. Its subsidiary Avancis has just announced the founding of a joint-venture with HHI (Hyundai Heavy Industries), to build a high-efficiency photovoltaic modules facility in Korea.

### A strategy with bright prospects

- Development in emerging countries is one of the Saint-Gobain Group’s priorities given the promising growth prospects offered by the habitat markets in these countries, especially in terms of value-added products.
- This strategy is aligned with the Flat Glass business’s investments in high value-added products. Although Europe remains the preferred outlet for coated glass, a market where Saint-Gobain is world leader with 17% market share, the emerging countries are not outdone. The Flat Glass business is regularly increasing its production capacities in these countries: recently in China, Brazil, Korea, India and one day perhaps in Egypt.
- The Flat Glass business’s growth strategy may fit into a partnership framework. An agreement with a local player, like MMID in Egypt, is one way of better understanding the market and setting up business quickly. Saint-Gobain has also signed an agreement with Şişecam aimed at targeting two markets, Egypt and Russia, to jointly develop their flat glass activities. In this way, the two groups recently announced the founding of a joint-venture in Russia, held 70% by Trakya Cam – subsidiary of Şişecam – and 30% by Saint-Gobain, and designed to take advantage of the local market dynamics. For Saint-Gobain, driving strategic and growth potential projects within a partnership makes for faster implementation and offers the chance to launch a greater number of operations at the same time.

About Saint-Gobain

*Saint-Gobain, world leader on the habitat markets, designs, produces and distributes building materials providing innovative solutions on the growing markets of the emerging countries, energy efficiency and the environment. With a turnover of €37.8 billion in 2009, Saint-Gobain is located in 64 countries and employs over 190,000 people.*

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