

Investor Day

Growth in emerging countries

Jean-Claude Breffort
Anand Mahajan

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Saint-Gobain in emerging countries

1. *An established presence in emerging countries*

2. Outlook

3. Focus: Saint-Gobain in Brazil

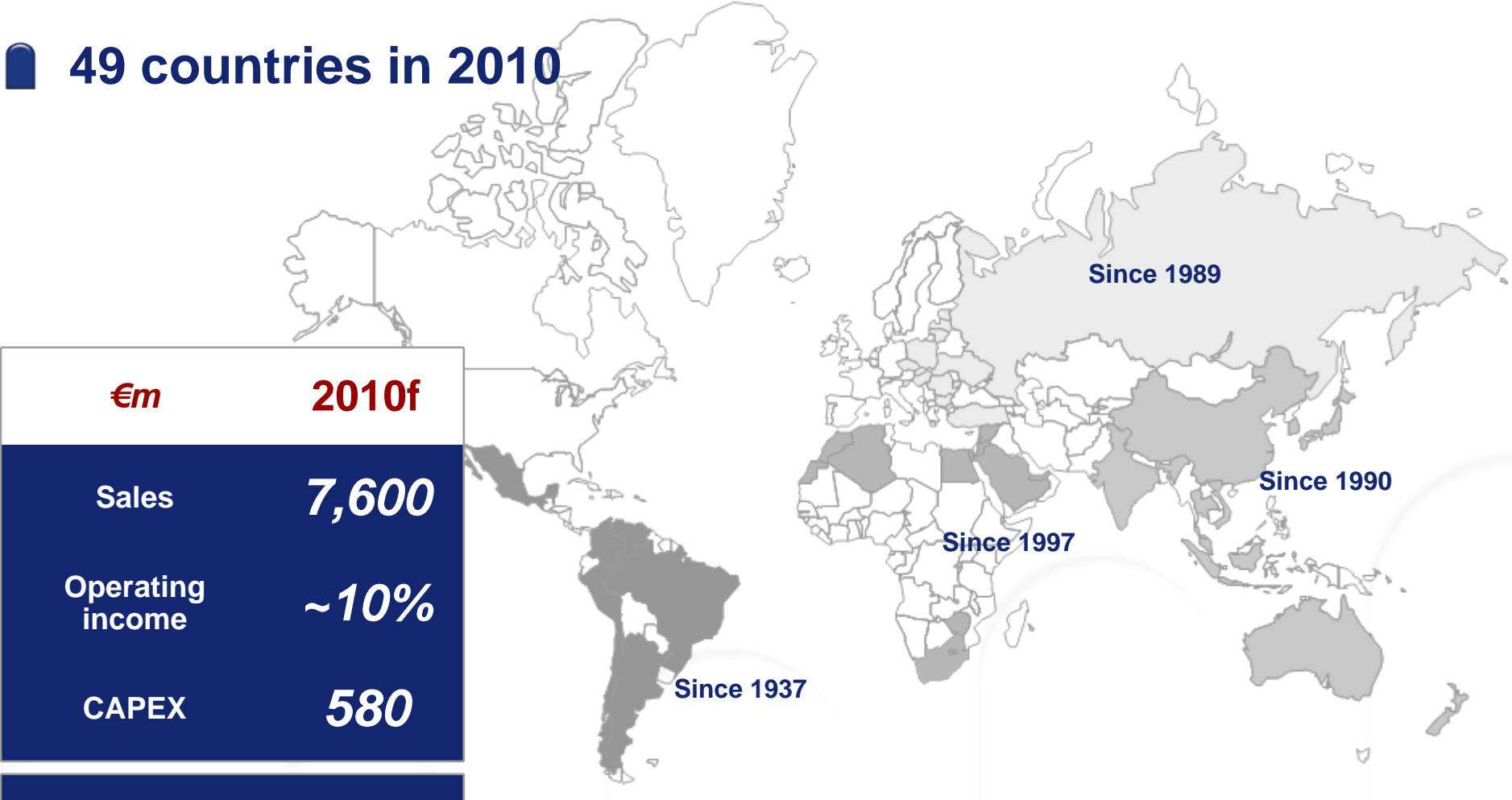
4. Focus: Saint-Gobain in India

Conclusion

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The Group's footprint in Asia and emerging countries

 49 countries in 2010



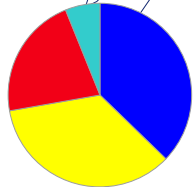
<i>€m</i>	2010f
Sales	7,600
Operating income	~10%
CAPEX	580
Headcount	57,600

Present in all emerging regions

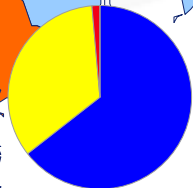
2010f Group sales

- IM
- CP
- BD
- Packaging

Eastern Europe	
Sales	~€2,200m



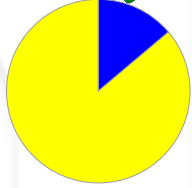
Asia/Pacific	
Sales	~€2,500m



Latin America	
Sales	~€3,000m



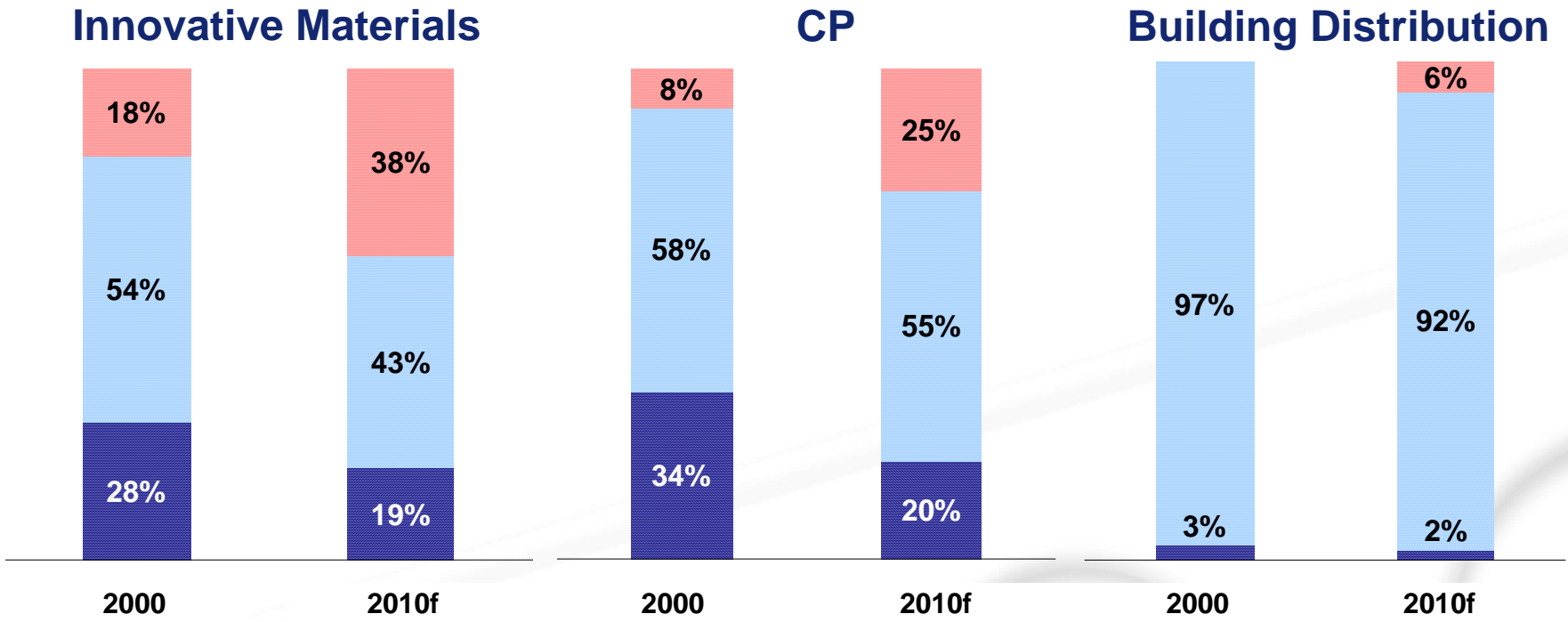
Rest of emerging world	
Sales	~€300m



NB: Before inter-regional eliminations

Growing presence in all Business Sectors

Change in sales breakdown by geographic area



- North America
- Western Europe
- Asia and emerging countries

Asia and emerging countries: 20% of Group sales in 2010f

Profitable positions in emerging countries

■ Priority focus on countries with:

- Strong market potential
- Good profitability performance

■ Strategy based on two key success factors:

- Leadership (actual or potential)
- Continuous adaptation in line with local developments

A key success factor: leadership

Position of the business in the region	India	Brazil	South Africa	Poland	China
CP					
Plasterboard	1	1	1		2 Shanghai area
Insulation		1	1	1	
Mortars		1	1		
Pipe		1			2
Flat Glass					
Building Glass	1	1		2	
Automotive Glass	2	1			3
HPM					
Non-glass refractories	1	1			3
Abrasives	2	1		1	3
Building Distribution		2			

A key success factor: adaptability

■ A range of bespoke products and tailored solutions

- Low-cost glass wool: Eastern Europe and Russia
- Pipe: solutions for wastewater treatment in hot countries
- Social housing (SG-HIS and Human Homes) in Brazil and South Africa



■ Specially adapted distribution networks

- Penetrate dispersed distribution networks
- Create specific distribution networks



■ Best in-class local teams

■ Training solutions for industry professionals



Be Brazilian in Brazil, Indian in India, Chinese in China, etc.

Proactive growth strategy

■ More than €1bn invested over the period 2009-2010

■ Concentration of industrial growth capex in emerging countries

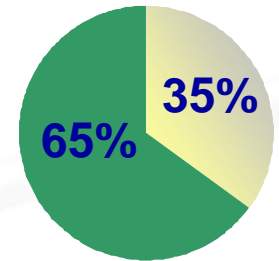
- To bolster existing capacity
- To penetrate new markets

■ Acquisition projects in all Business Sectors

■ Other forms of development

- Joint ventures
- Commercial penetration, particularly in Pipe

Breakdown of growth capex from 2011 to 2015



■ Developed countries
■ Asia and emerging markets

Major projects in all Business Sectors

Some examples

Innovative Materials

- Joint venture with Sisecam in **Russia** – Float + Automotive
- Float lines in Brazil, Colombia and **India** - Coaters in Brazil and Korea
- PV panels plant in **Korea**
- Abrasives in **Brazil, Argentina, Poland** and **China**

Construction Products

- Mortars plants in **Eastern Europe, Brazil, Turkey, Saudi Arabia**
- Gypsum plants in **China, Russia, Egypt** and **Algeria**

Building Distribution

- Aim to achieve critical mass in **Eastern Europe**
- Development in **Latin America**

Acquisition projects

- Around 100 target companies identified, of various sizes
 - Potential ~€7bn in additional sales
 - Completion will depend on development of many family-run companies

- Selective criteria for identifying targets, focusing on companies with:
 - Attractive growth prospects
 - Strong competitive positions
 - Significant potential for generating synergies

Other forms of development: partnerships

■ Flat Glass

4 float lines in construction in emerging countries, of which 3 under partnership arrangements in **Brazil, Russia, and Egypt** (already operational)

■ Mortars

Joint venture with Sodamco in the **Middle East**

■ Solar – Avancis

Partnership with Hyundai Heavy Industries in **South Korea**

■ Insulation

Technological licenses in **Kuwait, India and Turkey**

Saint-Gobain in emerging countries

1. An established presence in emerging countries

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3. Focus: Saint-Gobain in Brazil

4. Focus: Saint-Gobain in India

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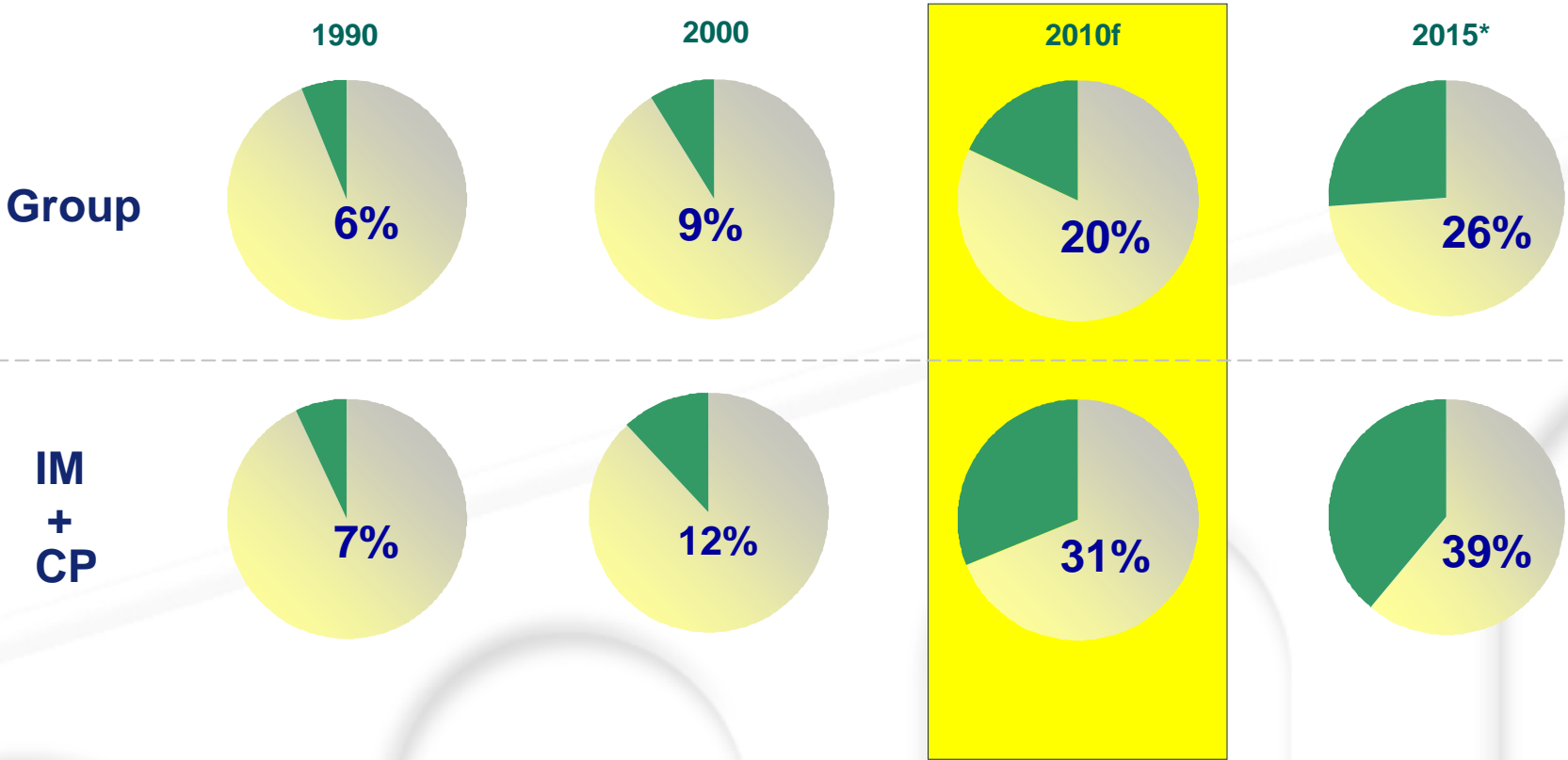
Our growth targets

- Robust organic growth:
+10% per annum between 2010 and 2015,
up to €11.5bn of sales in 2015
- Consolidate our strong position in Latin America
- Focus investments primarily on emerging Asia and Russia
- A return to sales growth in Eastern Europe without having to increase our capacity in the short term

Group increasingly focused on Asia and emerging countries

% sales generated in Asia and emerging countries

■ Developed countries
■ Asia and emerging countries



* Aggregate growth

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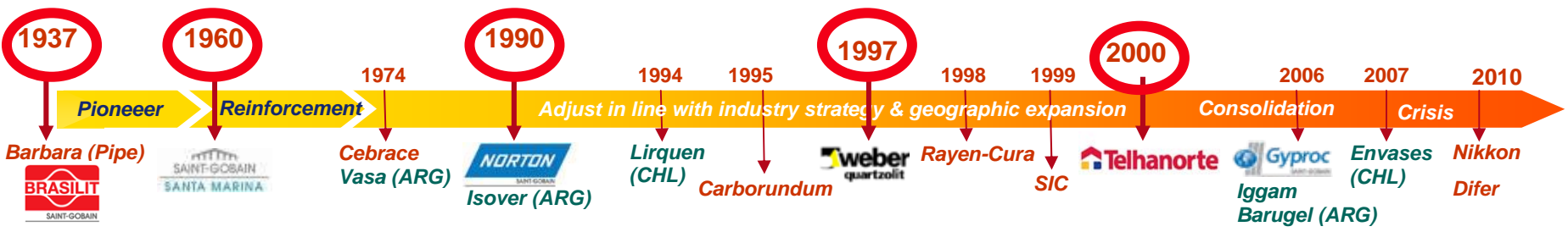
Saint-Gobain in Brazil

- Long-standing presence (1937)
- Strong market positions
- Habitat markets, a growth driver
- Excellent opportunities for both organic growth and acquisition-led expansion





Strong presence in South America derived from continuous development since 1937



- South America: ~ €2.7bn in sales in 2010
incl. ~90% in Brazil

- ~15,000 employees

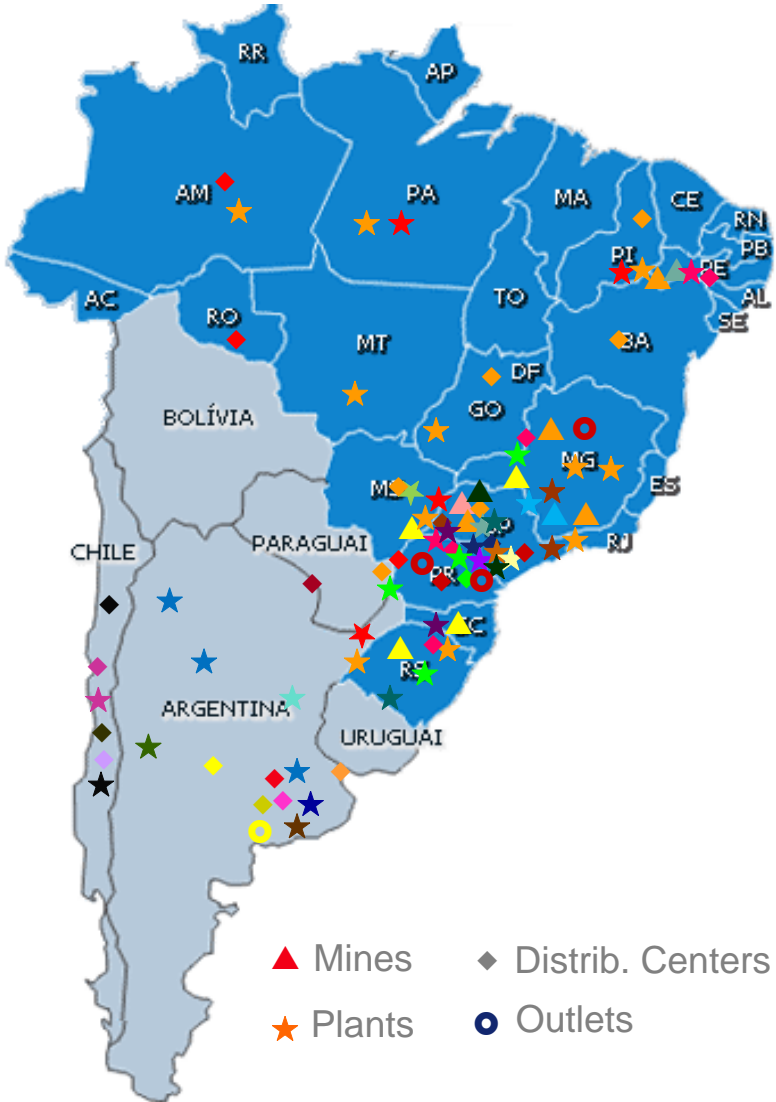
- 62 plants and 15 quarries

- 53 Distribution outlets

- All Group businesses present and almost all are market leaders

% Group sales generated in the region (excl. Packaging)	
2004	2010f
3%	7%

Saint-Gobain's footprint in the South America



- 62 plants
 - 15 mines
 - 53 outlets
- Multi-regional presence**

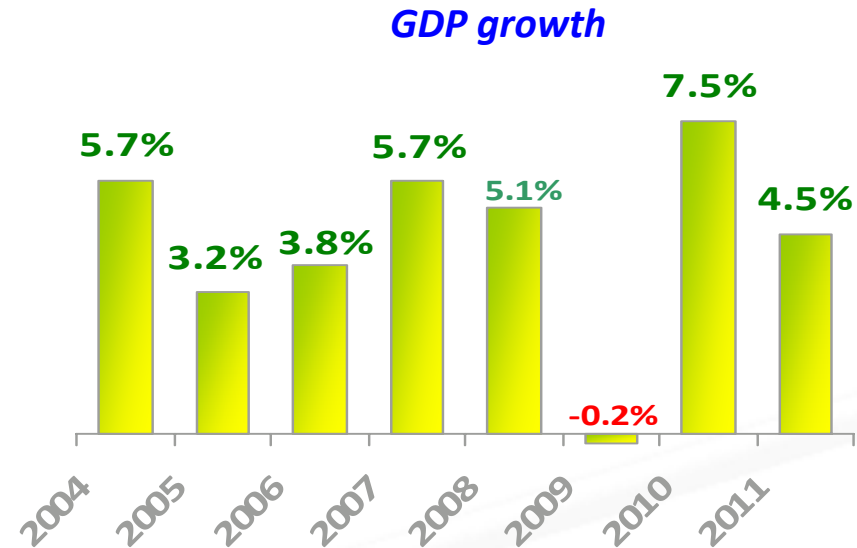
- ### Leading positions
- #1** Plasterboard, Insulation, Mortars, Pipe, Construction and Automotive Flat Glass, Glass Refractories, Abrasives
 - #2** Building Distribution



Ideally positioned for Brazil's arrival on the world stage

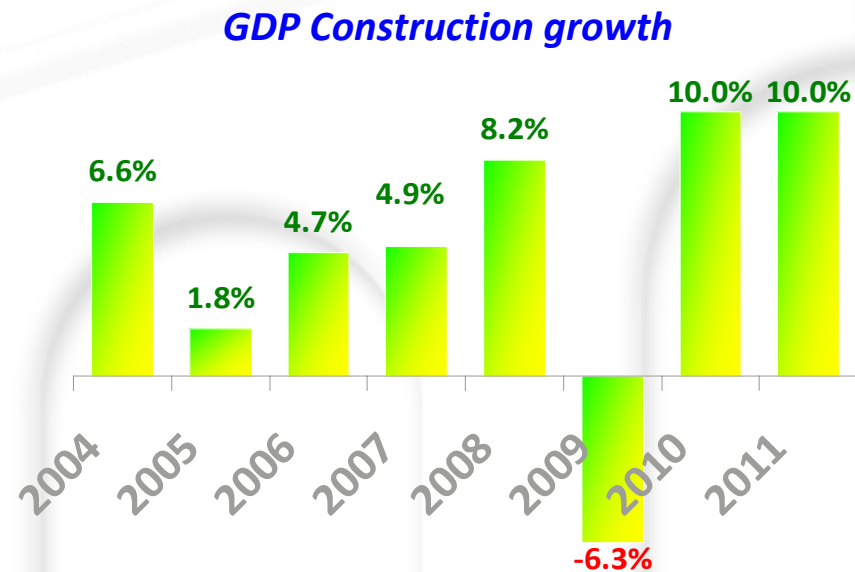
Robust GDP growth

- Emergence of a middle class (+20 million people in 7 years)
- Huge infrastructure needs through 2015 (World Cup, Olympic Games, Pre-Salt, etc.)
- Increasing use of national resources (oil, agriculture)



Vigorous growth in construction

- Fast-growing industry meeting huge, real needs
- Subsidized by government (*Minha casa, minha Vida* housing initiative)



Industry growth

- Automotive, Steel, Energy

Construction markets, a new growth driver for Saint-Gobain in Brazil



Construction markets, a new growth driver for Saint-Gobain in Brazil



**Minha Casa
Minha Vida**



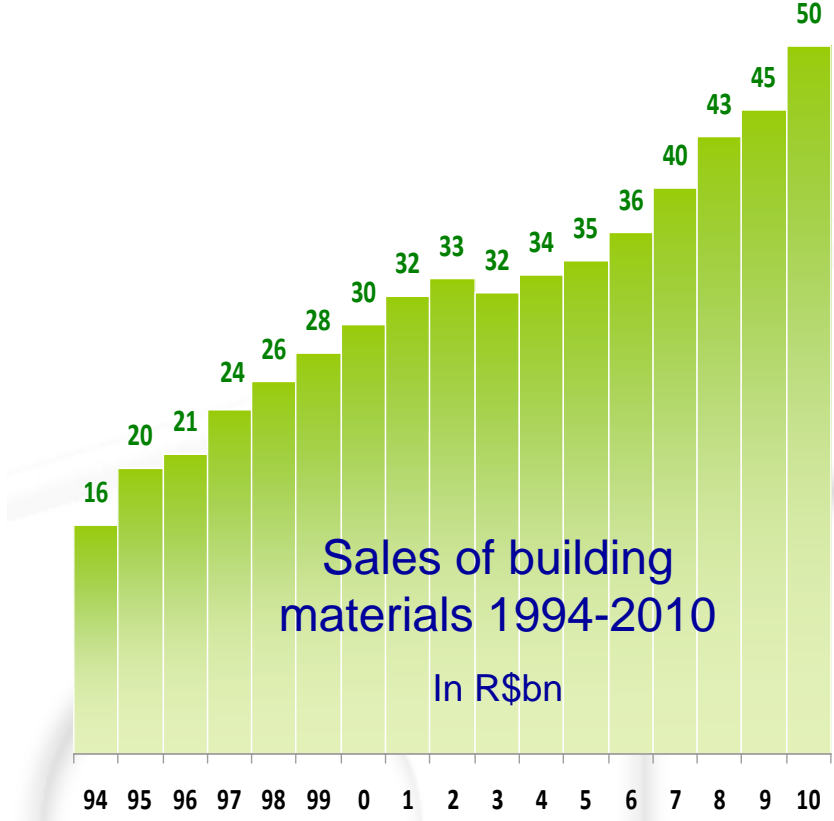
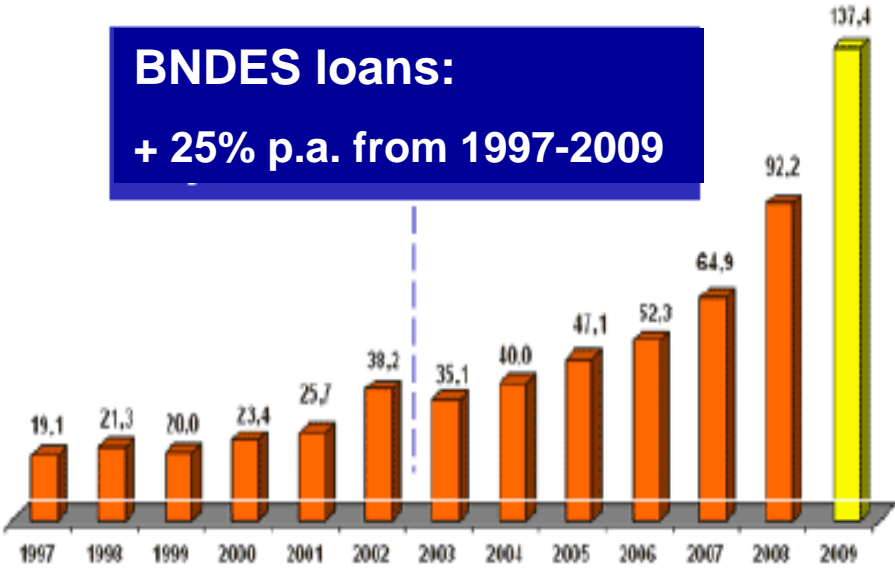
One solution from Saint-Gobain



Construction markets, a new growth driver for Saint-Gobain in Brazil



R\$ bilhões



Source: ANAMACO



Construction markets, a new growth driver for Saint-Gobain in Brazil

■ Our strengths:

- Strong, recognized brands
- High-quality local management

■ Growth opportunities

For our Industrial businesses

1. Markets powered by the country's growth (construction, automotive)
2. New regional opportunities (Nordeste, i.e. North-East region)
3. New products (drywall, flooring, CertainTeed, etc.)

For Building Distribution

1. Consolidate our positions in SP
2. Expand beyond São Paulo
3. Grow our market share



Our immediate priorities for development

Organic growth projects

■ On a national level, increase capacity to meet strong demand in construction and automotive sectors

- Float C5 under construction (start-up in Q4-2011)
- Sekurit development in Brazil and/or Argentina
- Placo extension of current facility (+60%) and 2nd plant < 2015
- Weber national network – North (Porto Velho) and Parana

■ Focus on Nordeste, enjoying fast-growing economic expansion

- Extension of Weber's regional network (Salvador, Fortaleza)
- Redeployment of Brasilit's production capacities

■ Capture new markets

- HPM: Development of refractories for steel industry
- CP: 7 Placo-centers opened in 2010 and 8 to open in 2011 → 32 by end-2011



Our immediate priorities for development

Organic growth projects

- **Industrial targets offering new market openings, including**
 - CP: flooring, sealing
 - HPM: plastics

- **Building Distribution, particularly beyond the São Paulo region**

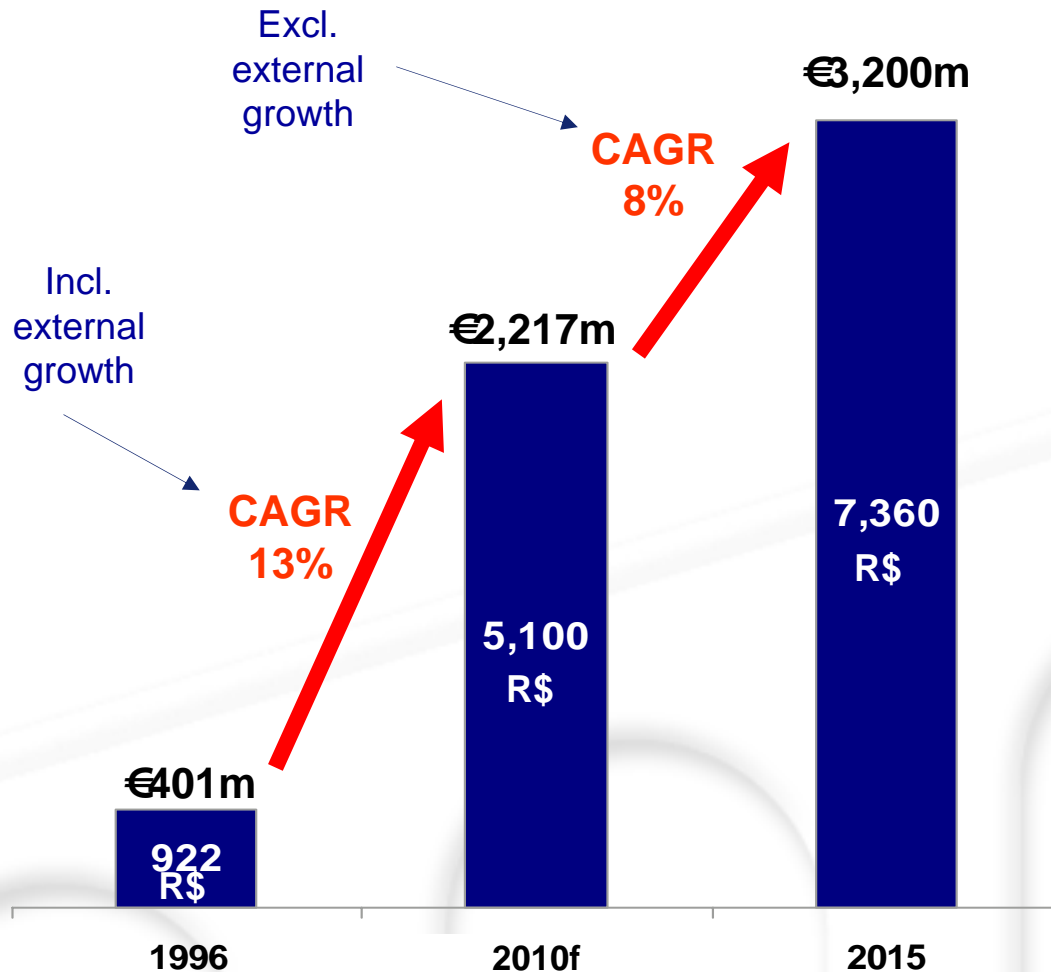
- **Expand our leadership to Argentina and Chile**
 - Abrasives, CP
 - Building Distribution

Saint-Gobain in Brazil

Our aim: more than €3 billion in sales in 2015



Group growth in Brazil excl. Packaging



Robust external growth 1996-2010

Mortars, Ceramics, SiC, Building Distribution

Leadership

1 in most Group activities

Profitability

higher than other emerging countries

* 2010 rates: €1 = R\$ 2.30

Saint-Gobain in emerging countries

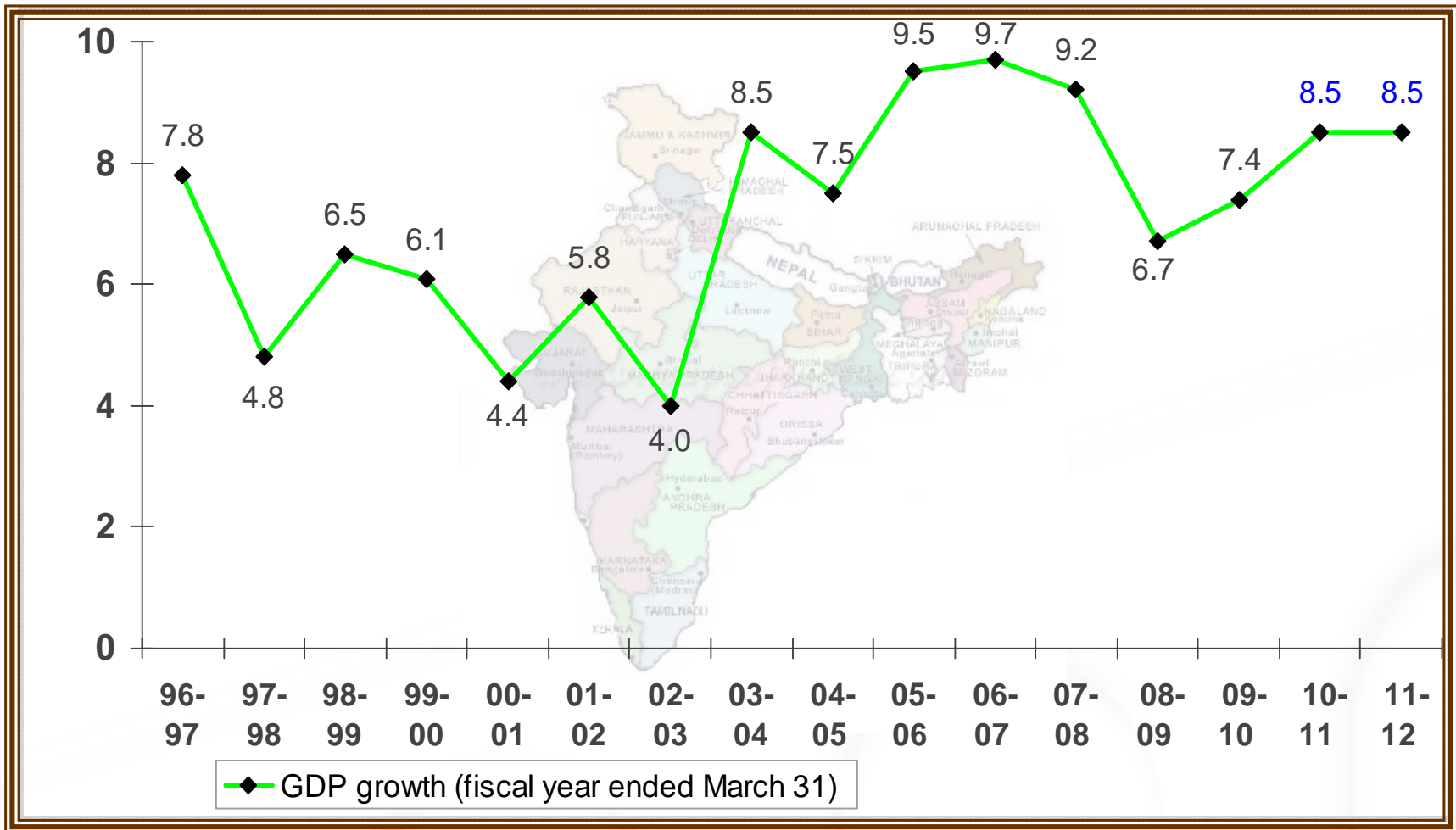
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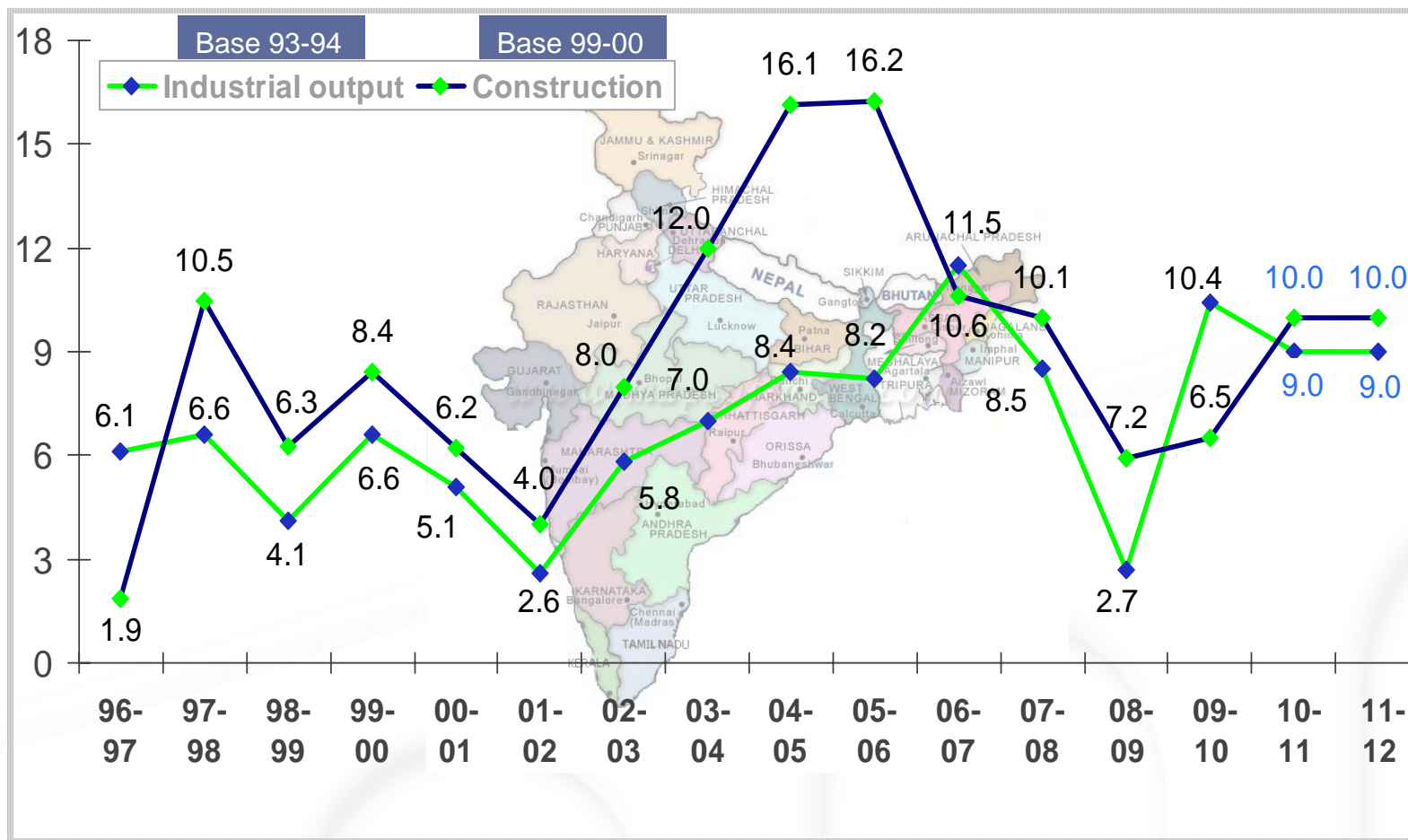
India: GDP growth (%)



Source: CMIE (up to 2009-10); Saint-Gobain India Delegation: 2010-2012



India: Industrial output and construction growth (%)



Source: CMIE (up to 2009-10); Saint-Gobain India Delegation: 2010-2012



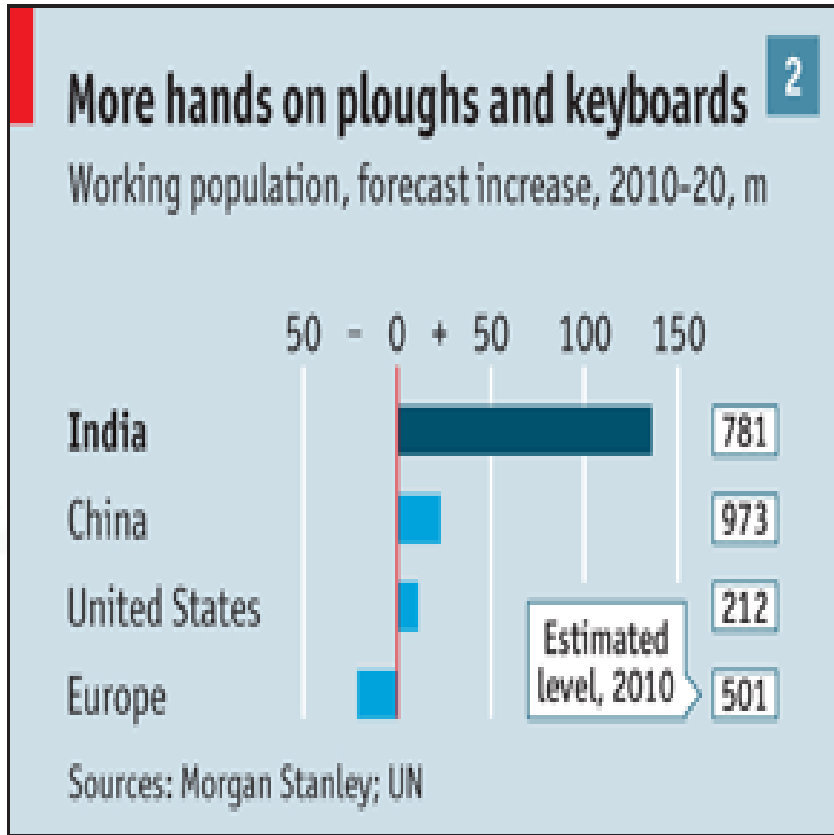
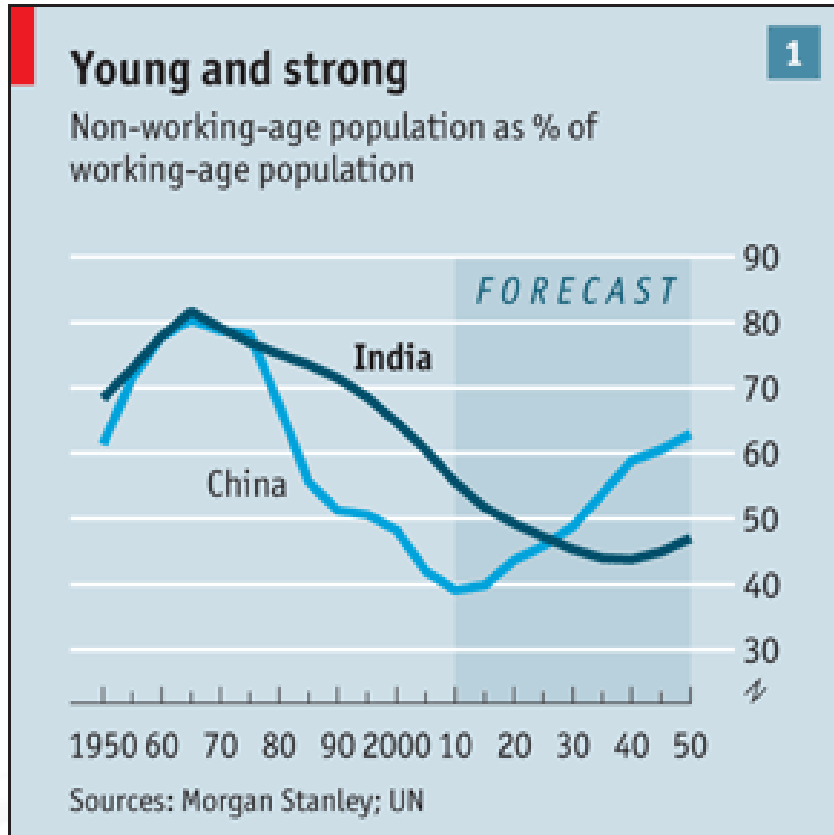
The Economist

September 30, 2010: *India's surprising economic miracle*



India like the Indian Elephant will purposefully move forward.....







Saint-Gobain

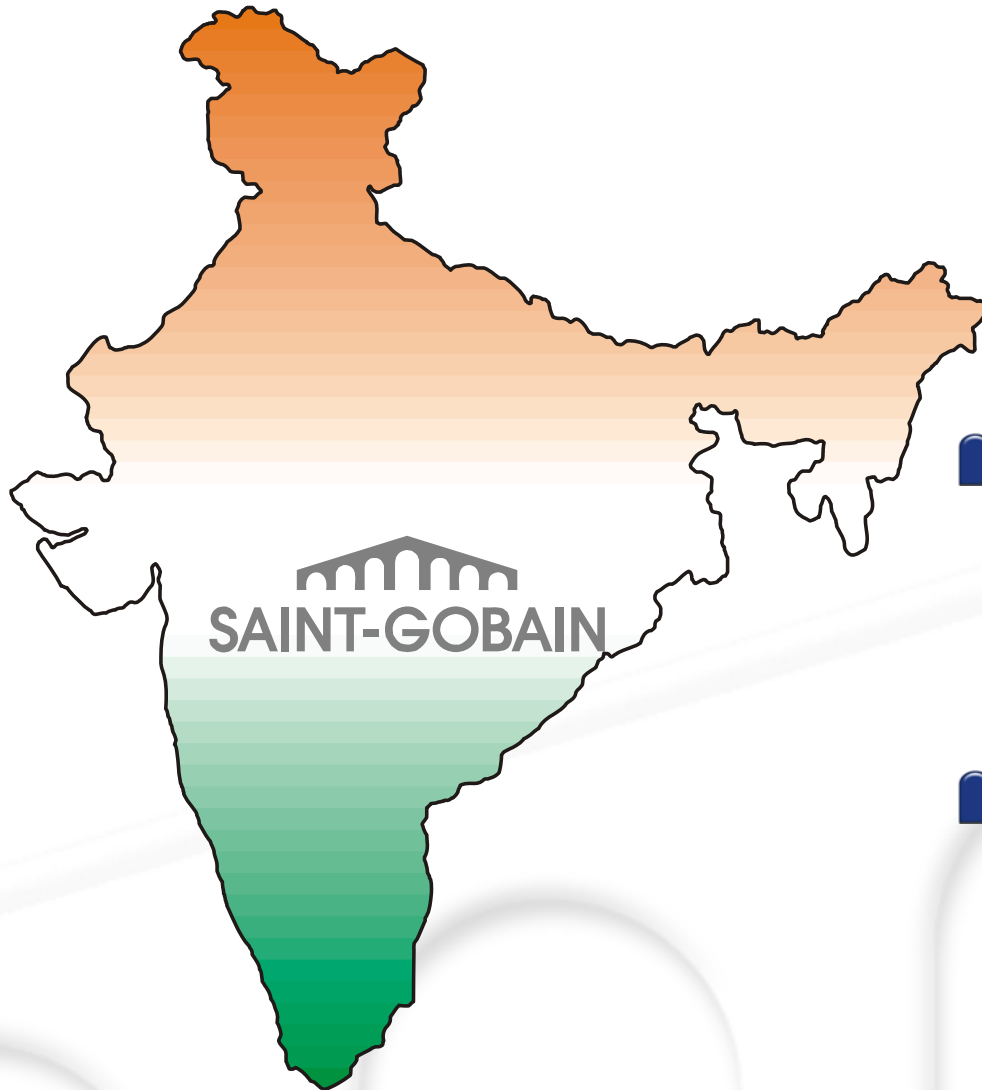
The India story



The early days, with Grindwell (from 1941)



Our establishment in 1996



- We acquired 51% of Grindwell Norton (GNO) and set up a Delegation Office
- GNO was the only majority or wholly-owned company



SGO India businesses in 2010

Innovative Materials

HPM



No.1
Silicon carbide

No.2
Abrasives

No.1
Fused refractories

- Grindwell Norton
- Saint-Gobain Crystals & Detectors
- SEPR Refractories India
- Saint-Gobain Ceramic Materials Bhutan

Flat Glass



No.1
Glass

No.2
Automotive glass

- Saint-Gobain Glass India
- Saint-Gobain Sekurit India

Construction Products



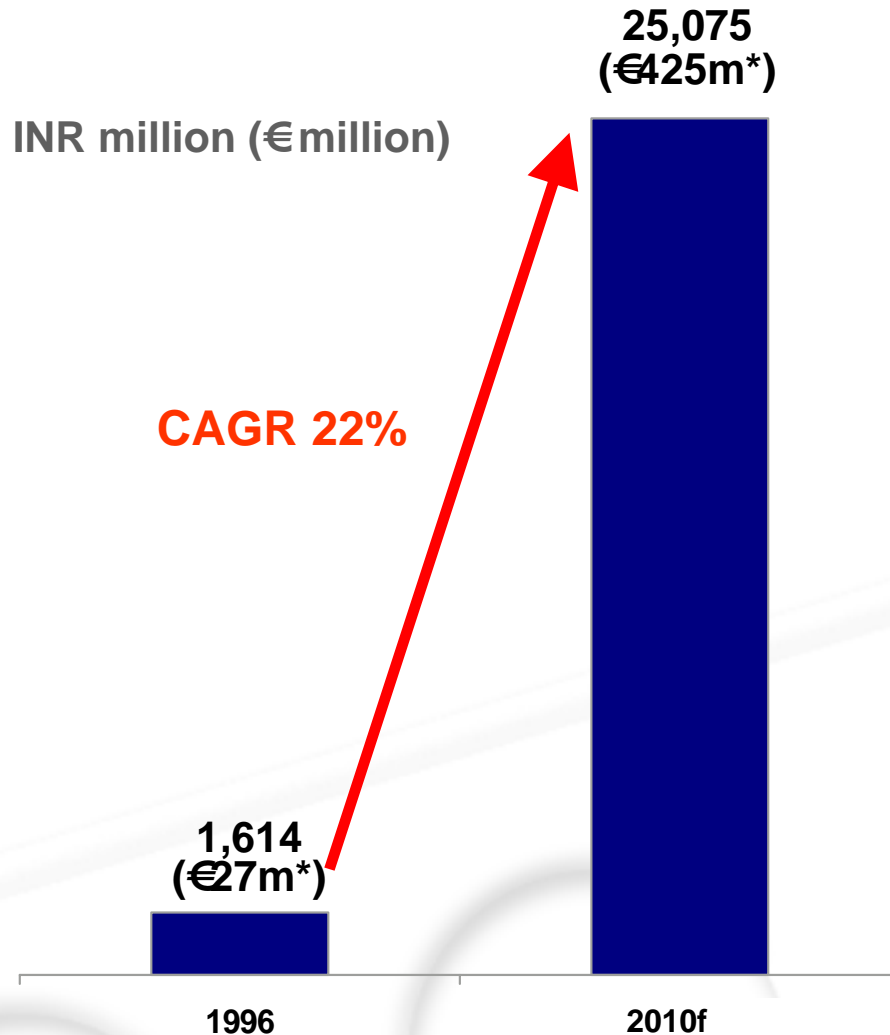
No.1
Plasterboard

- Saint-Gobain Weber India
- Saint-Gobain Gyproc India
- Saint-Gobain Seva India

We have established a strong position in the Indian market in most businesses

Saint-Gobain India: the story up to now...

Strong, profitable growth

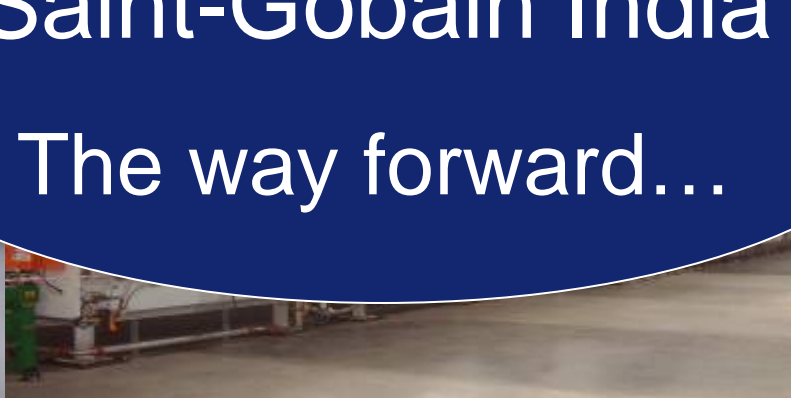


- Leadership:**
1 or # 2 in most businesses
- 2010 sales:**
90% domestic
10% exports
- Profitability:**
higher than other emerging countries

* Based on current rate of €1 = INR 59

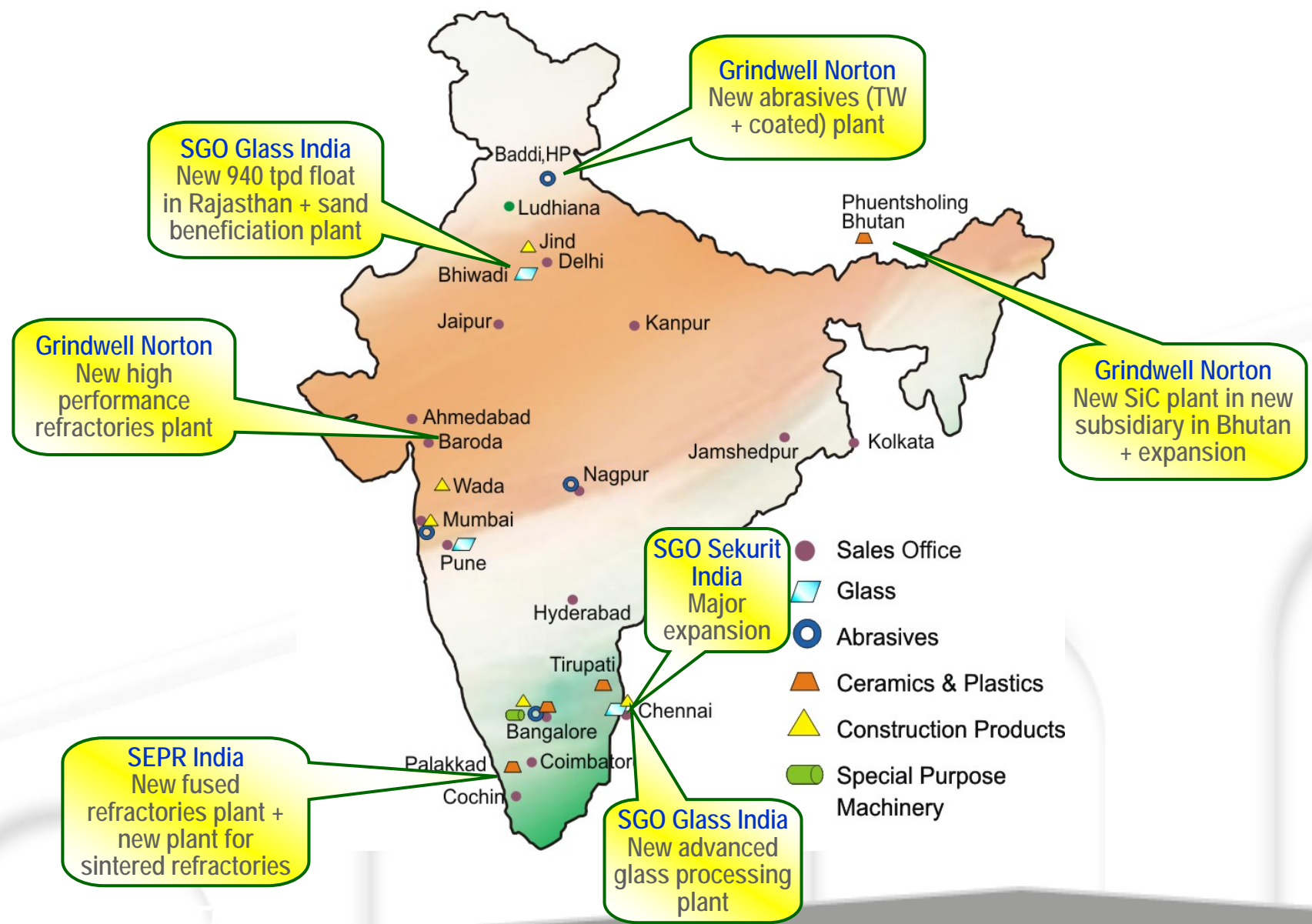


Saint-Gobain India
The way forward...



Saint-Gobain India

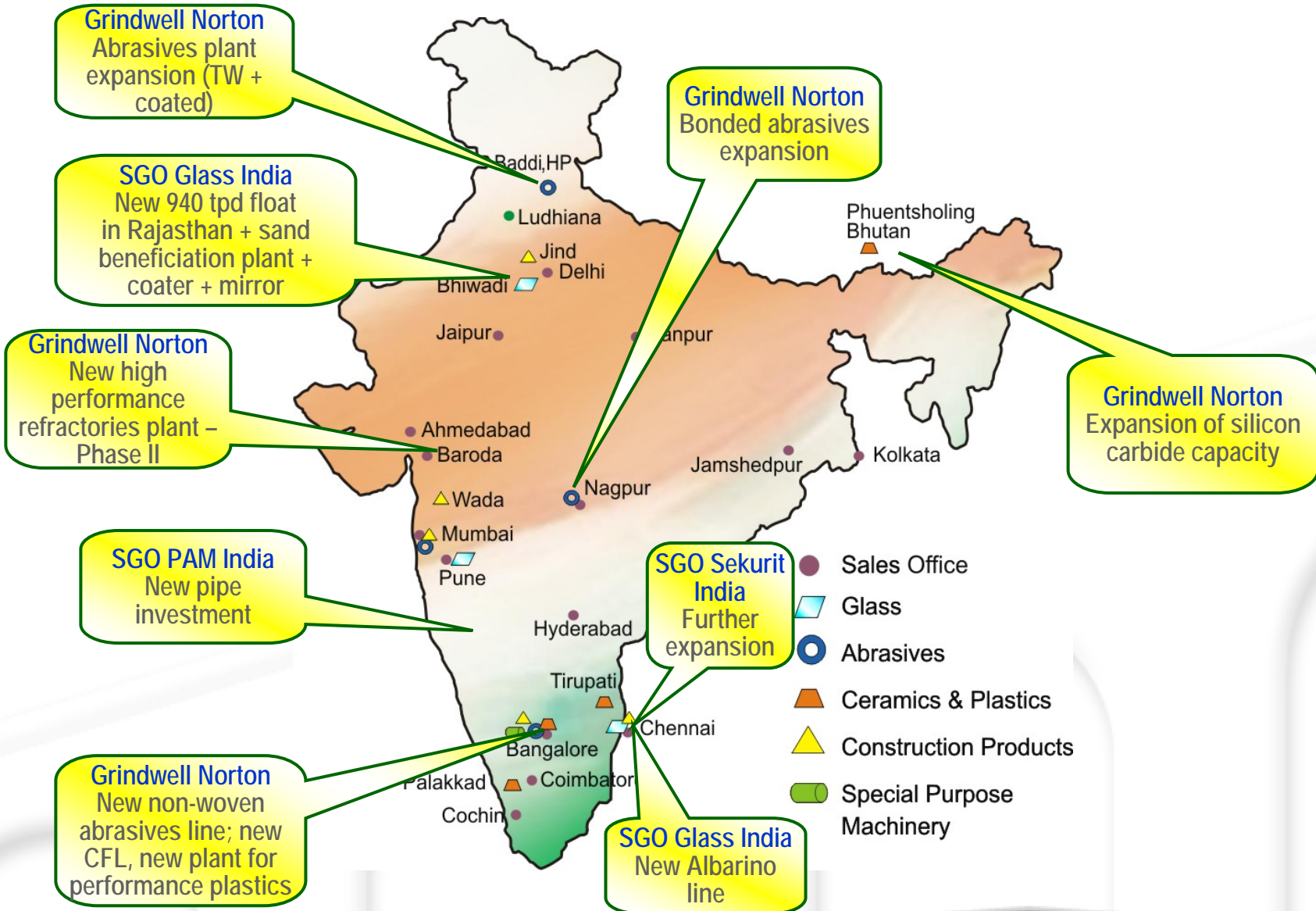
2009-10: investing for growth





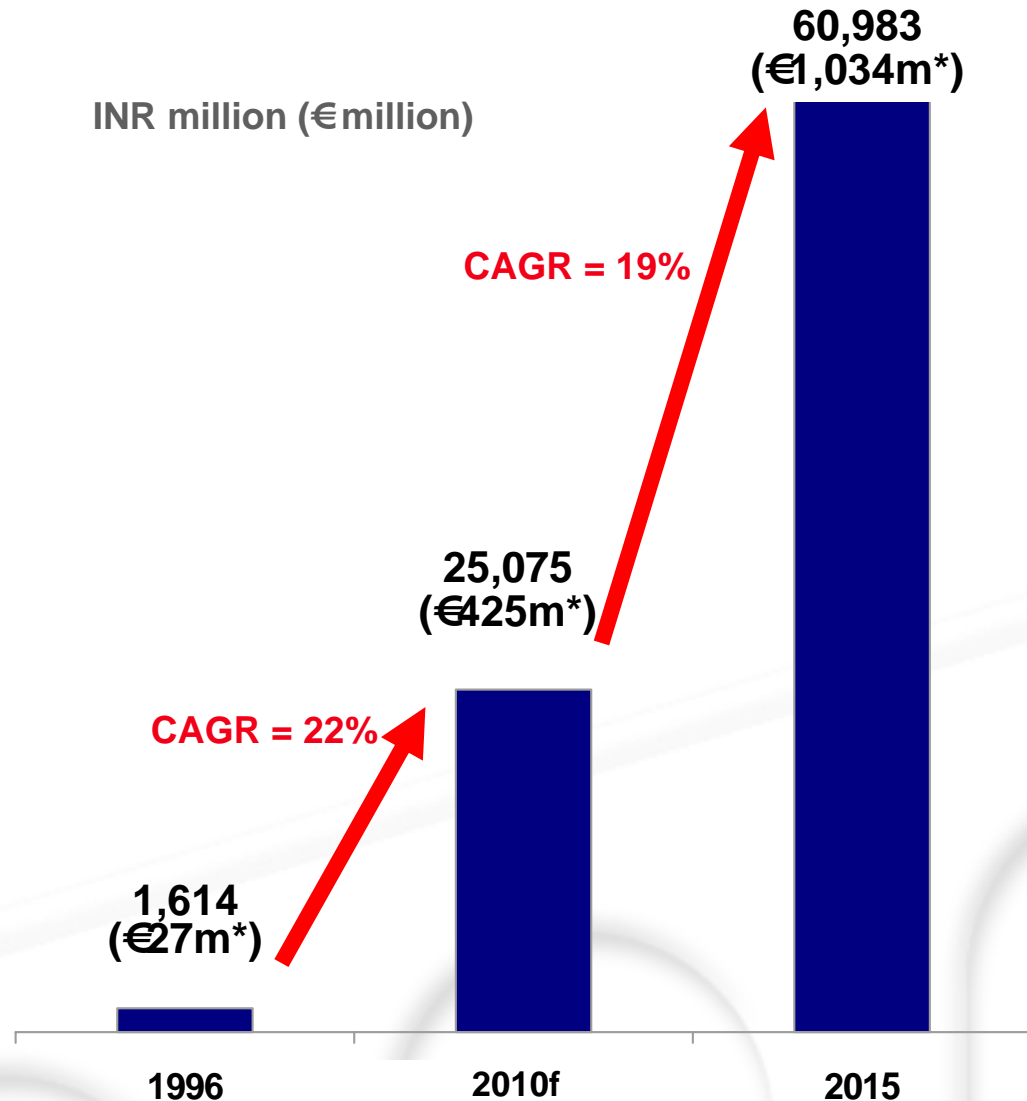
Saint-Gobain India

2011-12: active projects



Saint-Gobain India

Our aim: a €1 billion Group in 2015



2015

- Leadership:**
1 or # 2 in most businesses
- Growth:**
CAGR of 19% per annum for the next 5 years in existing businesses plus the addition of at least two new businesses (e.g. Pipe, Solar, Insulation)
- Profitability:**
higher than other emerging countries

* Based on current rate of €1 = INR 59

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Conclusion

- Strong positions in emerging countries
- A priority for the development of the Group: a strategic development area for all Business Sectors
- Significant growth potential
 - (CAGR 2010-15 > 10% organic growth)
 - A priority for our acquisitions
- Profitable growth

Investor Day

Growth in emerging countries

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November 15, 2010

