Investor Day

Pierre-André de Chalendar

November 15, 2010

SAINT-GOBAIN

Conclusion

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1. The Group’s strategy in 2010-2015

2. 2015 objectives: robust profitable growth, creating value for shareholders

1. The Group’s strategy in 2010-2015

- Accelerate roll-out of the Habitat strategy
- Reinforce our global leadership on multi-regional markets
- Provide solutions for every stage of development
- Capitalize on fast-growing markets in both mature and emerging countries

Accelerate roll-out of the Habitat strategy (1/2)

- Complete the strategic refocus on the Habitat market, with exiting Packaging
- Bolster the Group’s positions in high added-value Habitat solutions
- Step up development in Asia and emerging countries

Accelerate roll-out of the Habitat strategy (2/2)

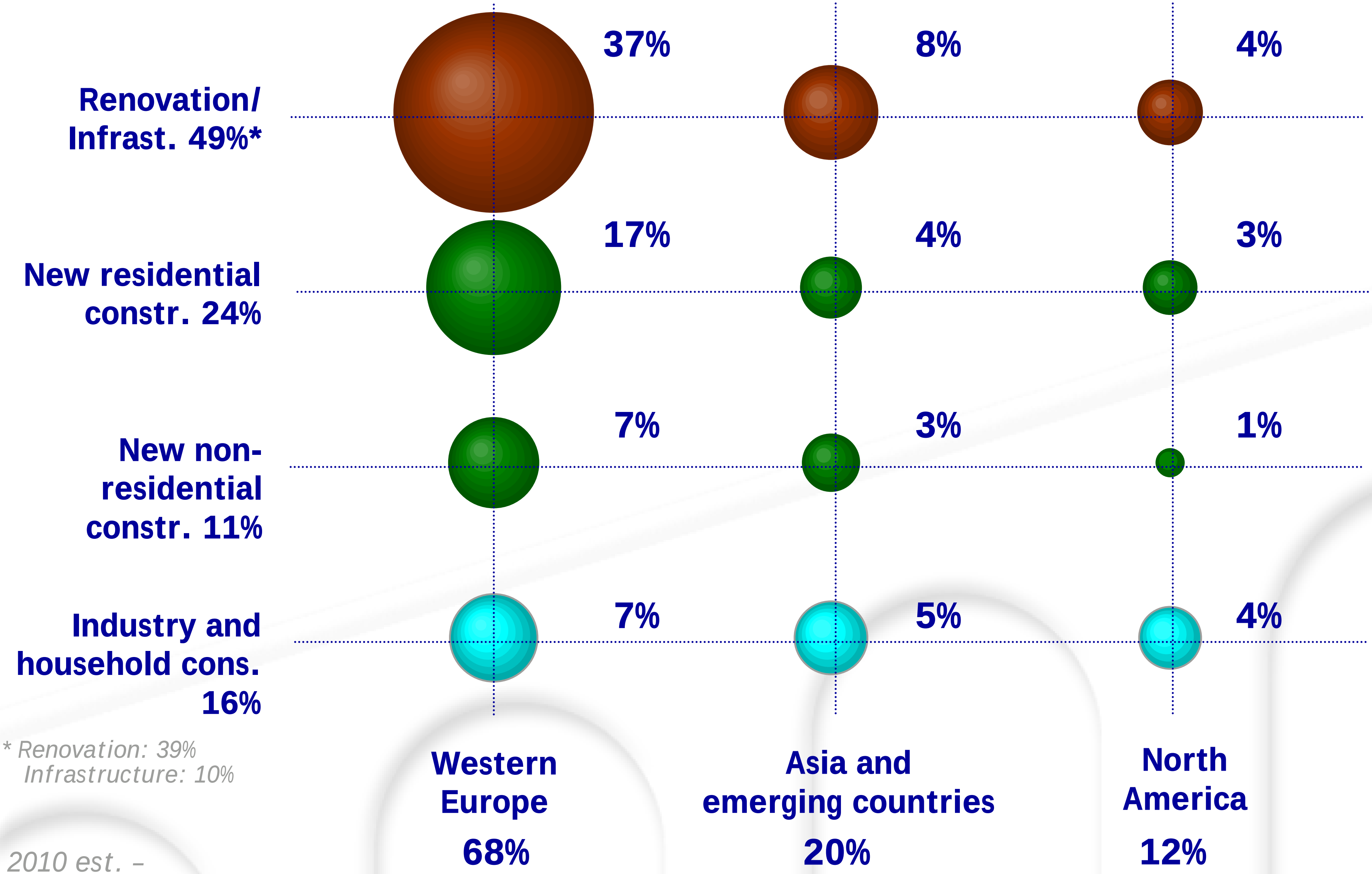
- Increase the contribution of Innovative Materials to the Habitat strategy (key driver of innovation)
- Develop leading positions / brands in the Construction Products Sector
- Benefit fully from the contribution of Building Distribution (strong presence on the fast-growing renovation market, proximity to end markets)

Reinforce our global leadership on multi-regional markets

- Leading positions on regional markets
- Local solutions adapted to the needs of both emerging and developed countries
- No or little risk of competition from low-cost countries (e.g. China)
- Margins fairly insensitive to changes in exchange rates and energy costs

~ 90% of Group sales excluding Packaging generated on local markets

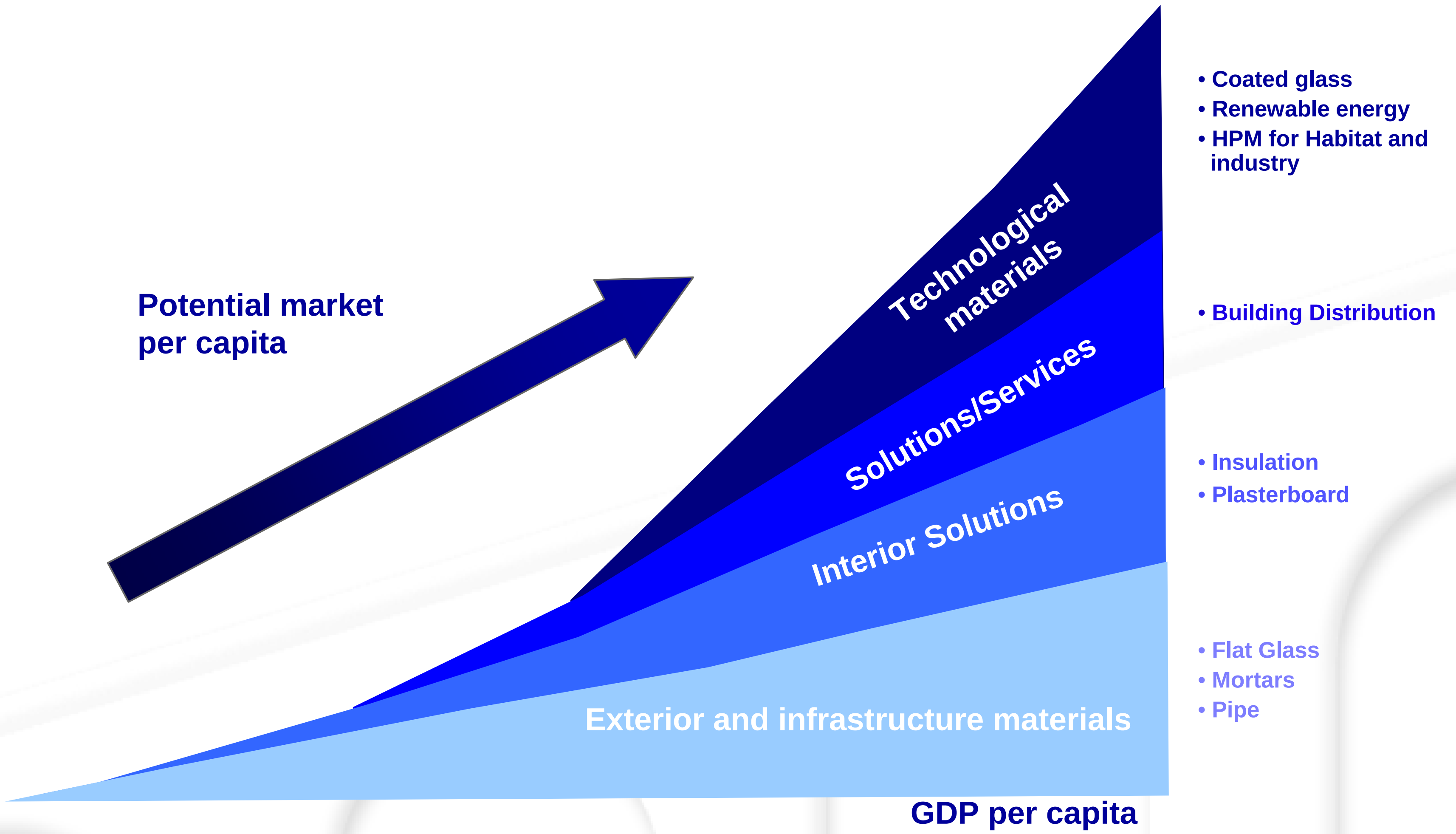
Significant exposure to renovation and residential housing markets



** Renovation: 39%*
Infrastructure: 10%

2010 est. – excluding Packaging

Provide solutions for every stage of the development cycle



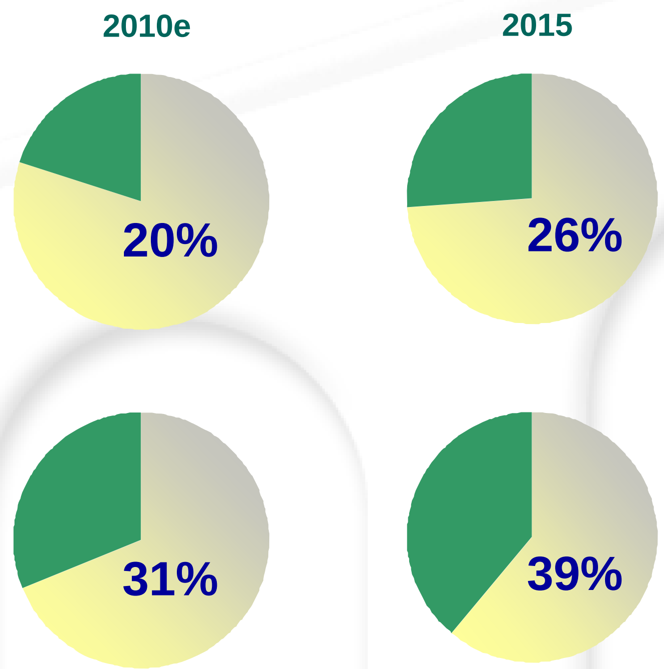
Profitable growth in emerging countries

- Focus on profitability
- Priority development of Innovative Materials and Construction Products Sectors

Sales generated in emerging countries

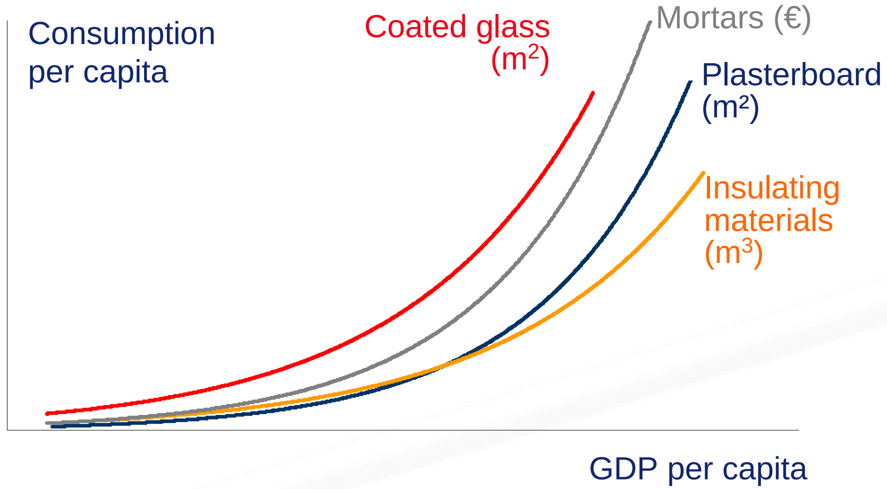
Group

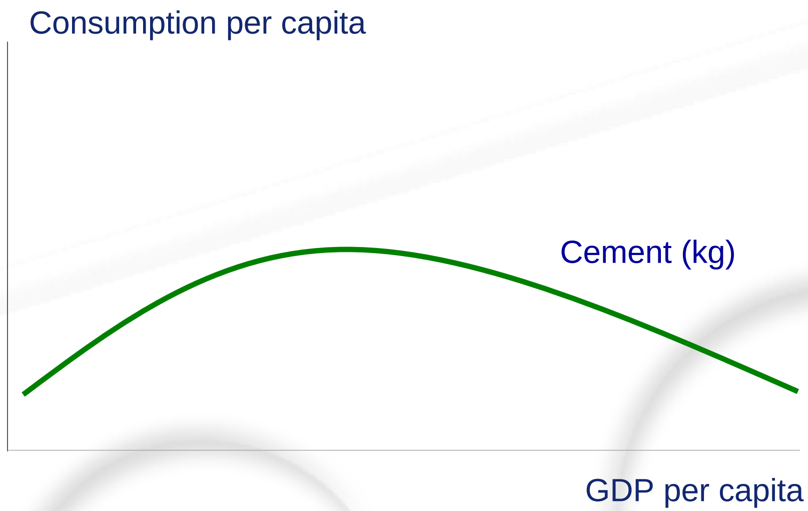
IM + CP



Capitalize on fast-growing markets in both mature and emerging countries

Consumption per capita based on wealth





Strong growth potential for high added-value solutions for Habitat markets

Stronger Group focus on high added-value Habitat solutions

2015 objectives, as % of Group sales

- 25% of sales from new products
- 38% of sales from sectors directly related to energy efficiency and to the environment
- 60% of sales from high added-value solutions for Habitat markets

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Our scenario for Group markets

- Western Europe
  - gradual pick-up in new construction between 2010 and 2015
  - more robust growth in renovation: ageing housing to be adapted to new requirements

- Emerging countries: vigorous growth in all regions, with an increasingly strong upturn in Eastern Europe

- US
  - stabilized at a historic low in 2010
  - recovery to pick up pace as from end-2011 through to 2015
  - residential construction to return to average 1997-2007 levels by 2015

Strong organic growth …

… powered by:

- emerging countries
- high added-value products and solutions in mature countries (energy efficiency, solar power)

ORGANIC GROWTH*

* excl. Packaging

Organic growth drivers:

- Innovation close to markets

Identify local market need → Validate with marketing division of the business → Leverage R&D capability of business and Group → Serve local markets → Roll out solutions

- Targeted increased in industrial capex
  - 65% of 2011-2015 growth capex in emerging countries

Selective acquisition-led expansion

- Emerging countries
- High added-value products and solutions in mature countries (energy efficiency, solar energy, etc.)
- Bolt-on and consolidating acquisitions in Building Distribution and Construction Products

Between 2011 and 2015, the Group is targeting an average*:
→ 3%-4% external growth per annum
→ 9%-10% total sales growth per annum

* excl. Packaging

Our profitability and value creation targets

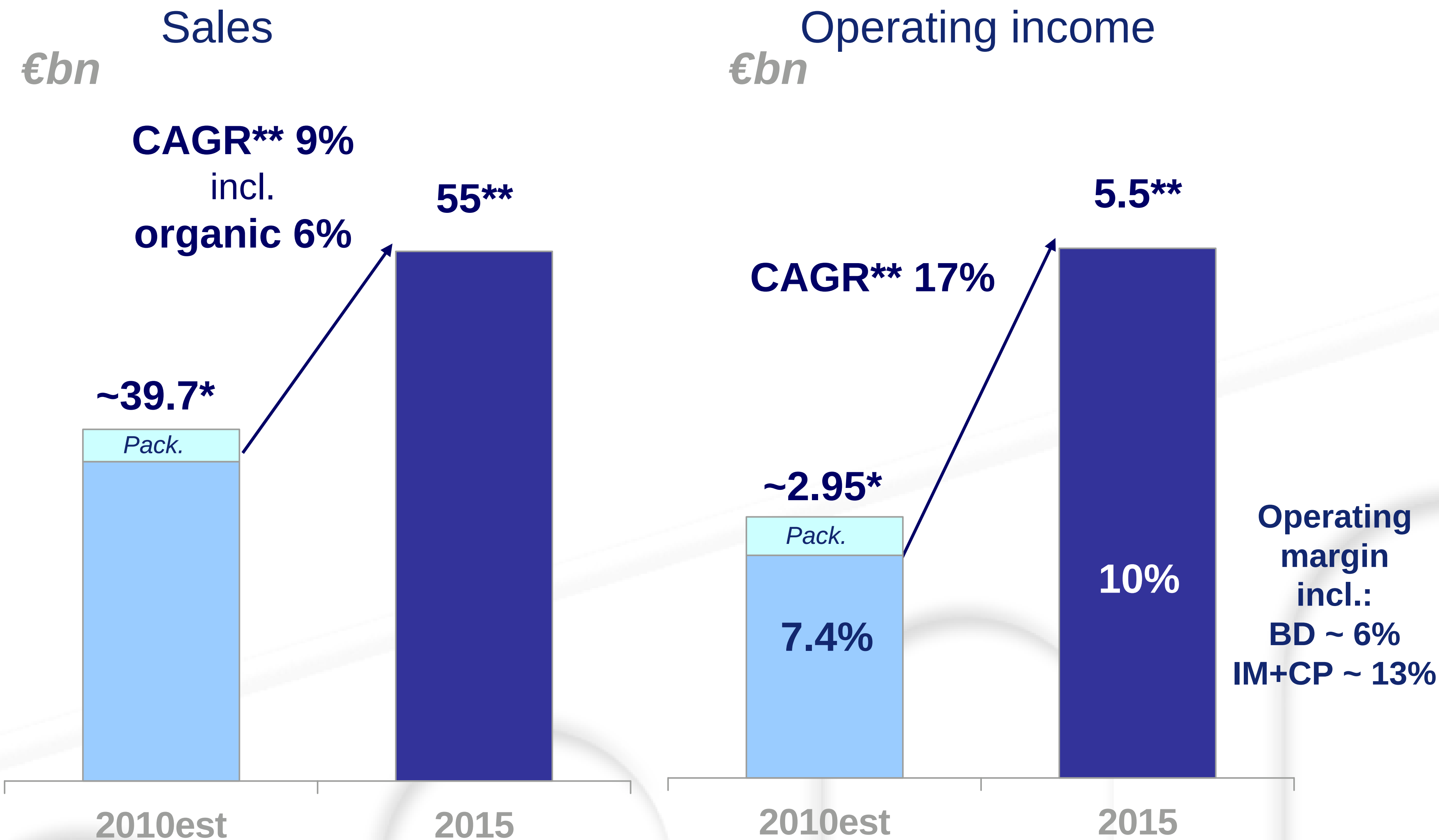
- Reinforcement of our pricing policy

- Maintenance of at least 50% of cost savings achieved

➔ Significant operating leverage effect in all of our businesses

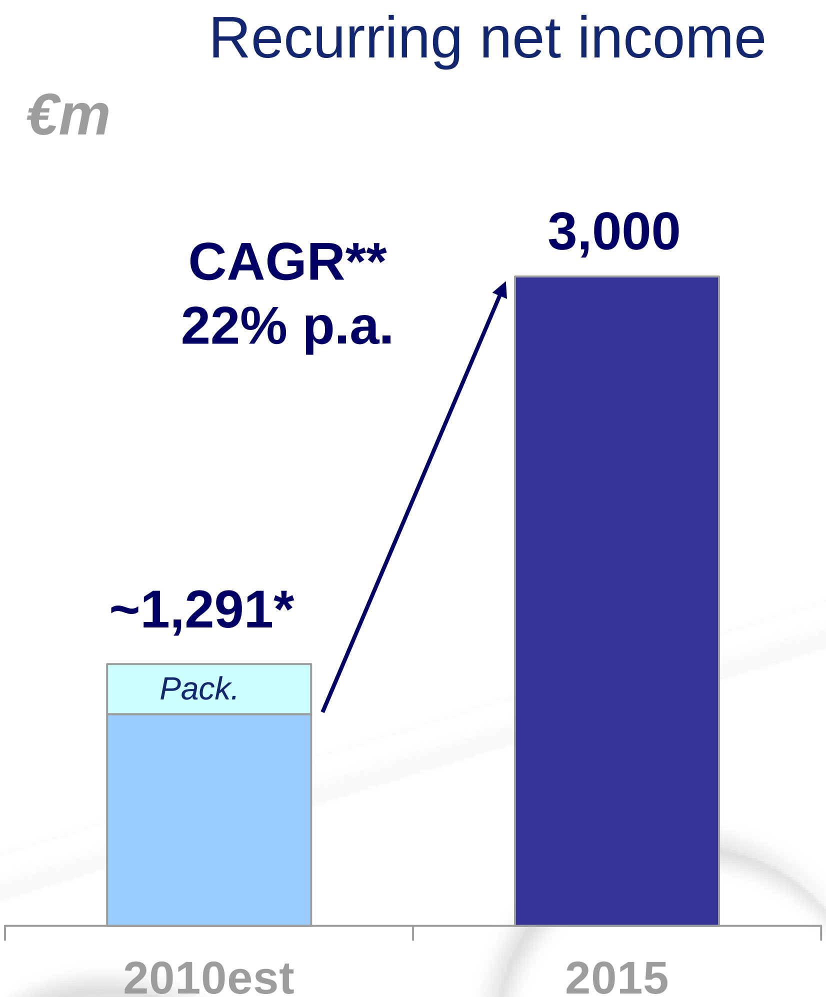
- Strong capacity to adapt to changes in the Group's different markets

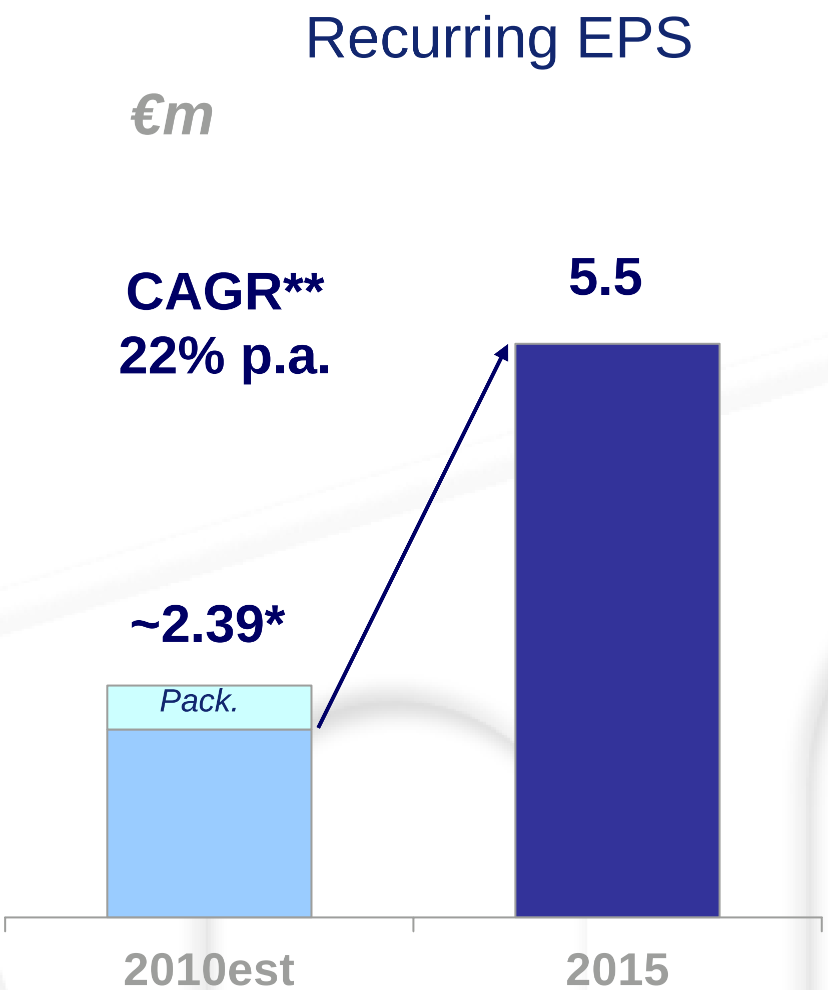
Our profitability and value creation targets
> *Strong operating leverage*



* source: financial analyst consensus at 10/29/2010
** excl. Packaging

Our profitability and value creation targets
> An even stronger leverage on Net Income

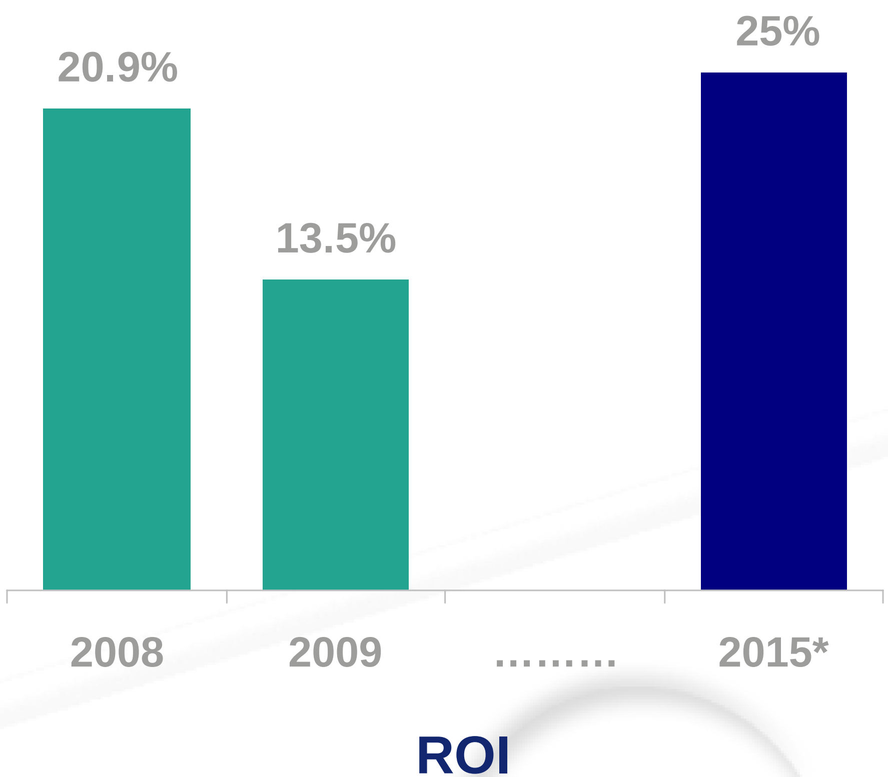


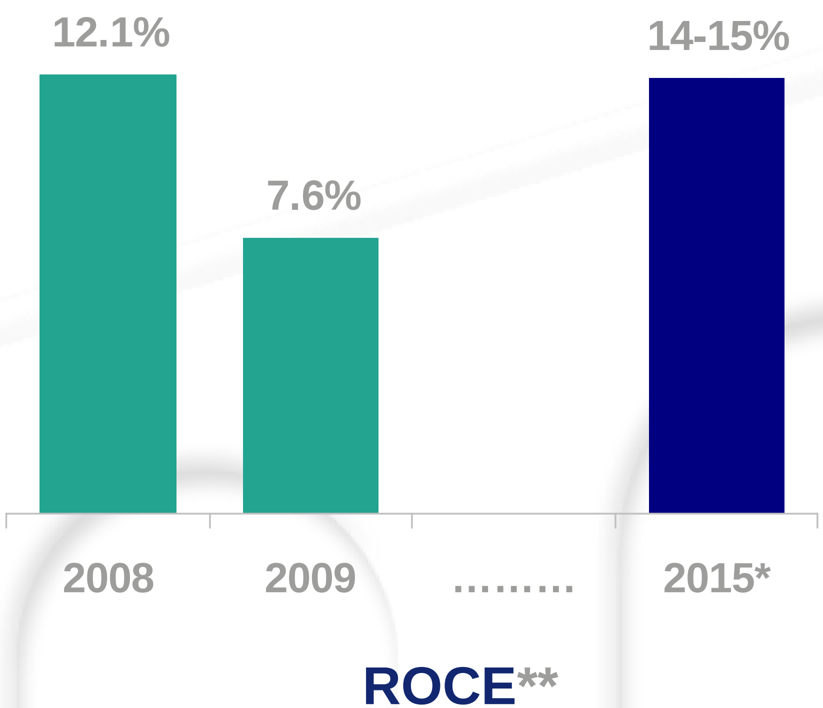


* source: financial analyst consensus at 10/29/2010
** excl. Packaging

Our profitability and value creation targets

> Swift return to high levels of ROI and ROCE





*excl. Packaging
** before tax

Strict financial discipline

- Further moves to strengthen financial structure
- Strict financial criteria in terms of ROCE
- A clear policy of return to shareholders

Further moves to strengthen financial structure

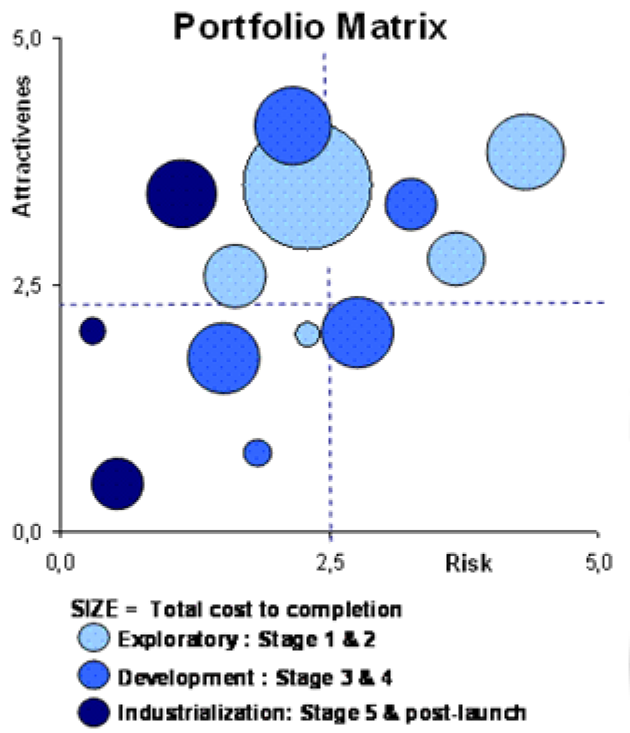
- Ratings target:
  Gradual rise to BBB+ (Baa1)

- Continuing high levels of free cash flow*:
  > €1.5bn per annum on average, despite an increase in industrial capex over the period

* excl. changes in operating WCR

Strict financial criteria in terms of ROCE (1/2)

- R&D expenses:
  - Strict financial supervision at the different development phases of each project (SIRIUS)



- Operating WCR: kept at around 30 days (year-end) through to 2015

- Industrial capex:
  - Capex < 5% of sales
  - Capex in mature countries (excluding solar) < 3.5% of total sales in mature countries
  - Value creation in Year Y+2
  - IRR > 20%

Strict financial criteria in terms of ROCE (2/2)

- <u>Restructuring operations</u>:
  - return to pre-crisis levels
  - pay back of around 1 year on average

- <u>Acquisitions</u>:
  - value creation in Year Y+2
  - priority focus on small and mid-sized acquisitions
  - priority focus on emerging countries, solar power, energy efficiency and consolidation of our markets

A clear policy of return to shareholders

- Pre-crisis dividend policy to resume gradually:
  - stable or rising dividend year-on-year
  - payment in cash (only)
  - normalized payout ratio equal to 35%-40% of recurring net income

- Number of shares to gradually stabilize at close to today's level

Conclusion

- A clear Habitat strategy offering a strong potential for profitable growth in both emerging and mature countries, from its position as leader in high added-value Habitat solutions
- Ongoing monitoring of execution (sales prices, cash generation, strict acquisition criteria, tracking of industrial and financial investments)
- One of the industry's strongest balance sheets, allowing the Group to leverage growth opportunities
- Outlook for strong earnings growth, thanks chiefly to the sharp reduction in the cost base

One of the sector's strongest and most attractive stocks

Saint-Gobain in 2015 (objectives)

Sales	€55bn
Operating income	€5.5bn 10% of sales
Recurring net income	€3bn
ROI	25%
ROCE (before tax)	14-15%

One of the sector's strongest and most attractive stocks

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