1st Half 2009 Results

Analyst-Investor meeting

July 24, 2009

SAINT-GOBAIN

Contents

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1 Highlights

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First-half 2009 key figures: impact of an unprecedented crisis

	Amount in €m	Change H1-2009/H1-2008
Sales	18,715	-15.5%
Operating income	930	-53.6%
Net income	128	-88.1%
Recurring net income*	210	-80.9%

* *excluding capital gains on disposals and asset write-downs*

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Dismal economic environment

> **Global financial and economic crisis**, affecting virtually every country and business sector

> **Fierce recession** in most Western countries (US, Germany, France, UK, Spain)

> Continued **strong decline** in **Construction** markets

> **Slump** in all **industrial markets** since Q4 2008 (particularly automotive)

> **Steep volatility** in energy/raw material prices and exchange rates

Subdued trading throughout the first half in all of the Group's businesses

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Swift, vigorous roll-out of action plan announced

> Priority given to **sales prices**

> Extension of **cost cutting** programs

> Significant reduction in **capital expenditure**

> Tight rein on **operating working capital requirement (WCR)**

> **Acquisition projects** put on hold

> **Balance sheet strengthened**

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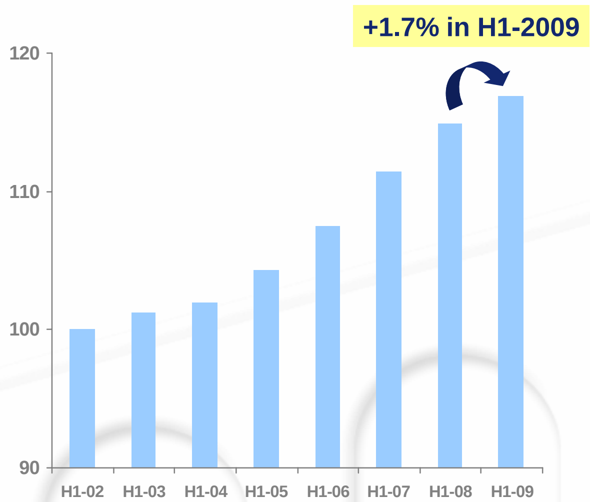
Priority given to sales prices

Like-for-like price trends based on 100 at end-June 2002



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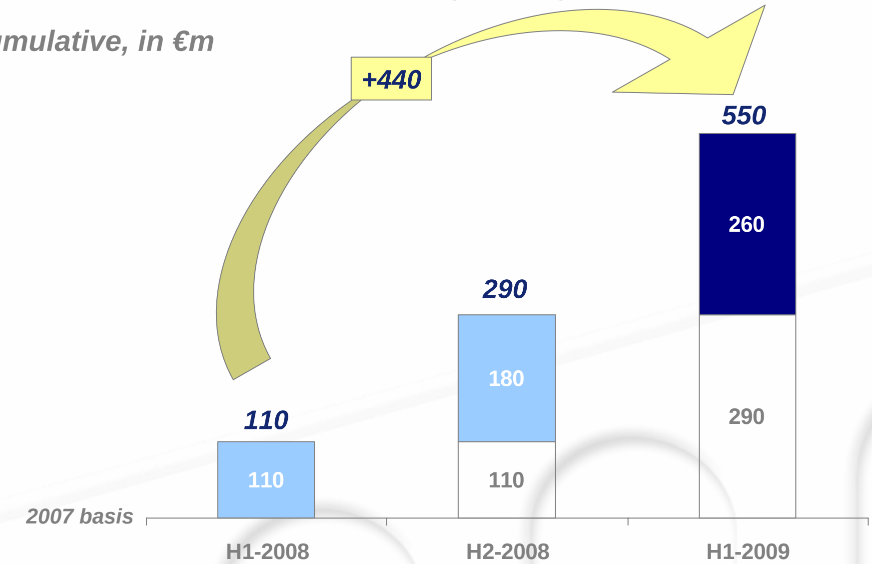
Extension of cost cutting programs

cumulative, in €m



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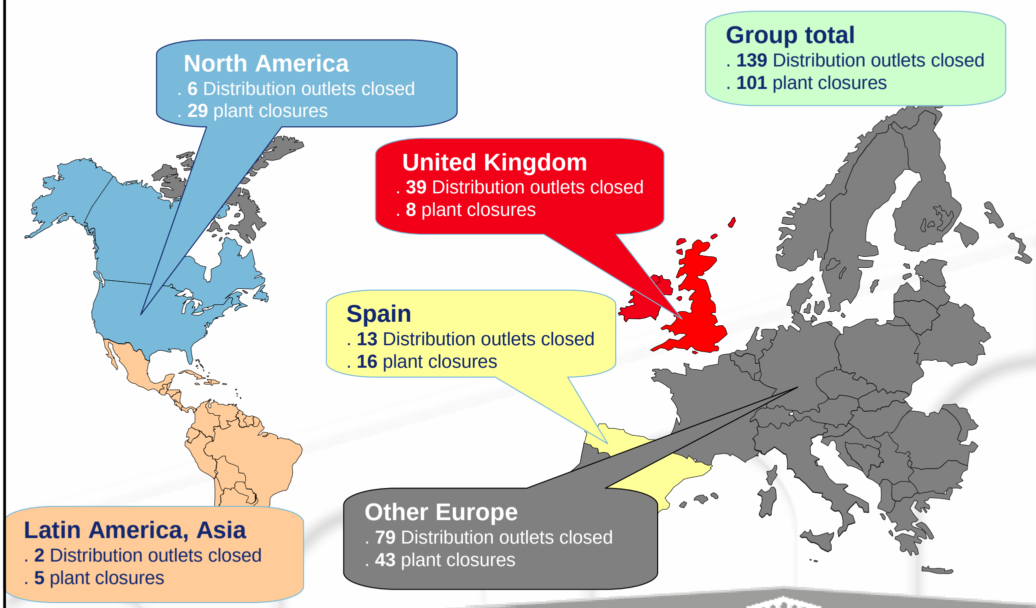
Action on costs: capacity adjustments

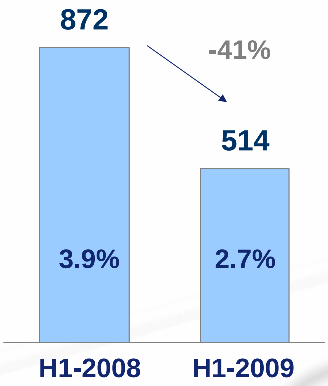


Adjustment of capacity to economic climate

Sector/Division	Capacity adjustments	
Flat Glass:		
- Float (Europe)	-23%	4 lines stopped
- Float (non-Europe)	-19%	3 lines stopped
- Sekurit	-24%	5 lines shut down
- Glass processing for the Construction industry	-15%	9 plants closed and 6 lines stopped
HPM:	-25%	35 sites closed
CP:		
- Gypsum	-27%	7 plants closed and 4 lines stopped
- Insulation	-24%	3 plants closed and 4 lines stopped
- Mortars	-14%	36 plants closed
Building Distribution:		139 outlets closed (incl. 53 in H1-2009)

Significant reduction in capital expenditure

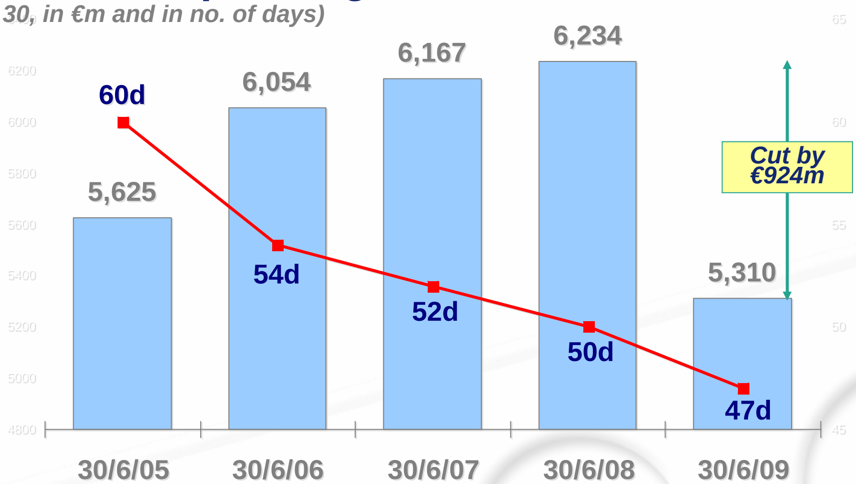
(in €m and as % of sales)



Capital expenditure scaled back €358m

Tight rein on operating WCR

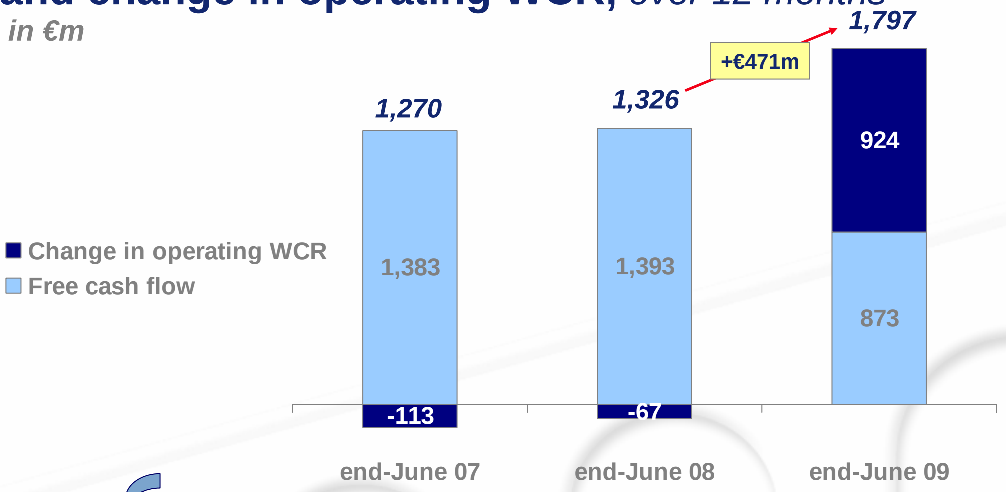
(at June 30, in €m and in no. of days)



- Reduction of €924m over 12 months
- Strict management of operating WCR

Free cash flow *(excl. tax impact of capital gains and losses)* and change in operating WCR, *over 12 months*

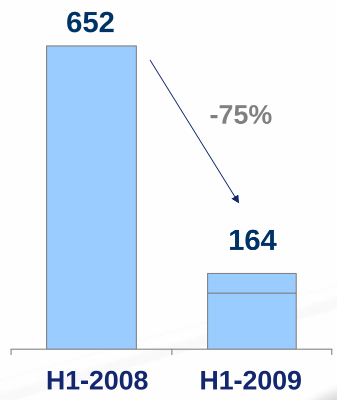
in €m



The Group generated €1.8bn in free cash flow after operating WCR over 12 months (June 30, 2008-June 30, 2009)

Acquisition projects put on hold

(investments in securities, excl. Maxit, in €m)*



Investments in securities in H1-2009 relate to acquisitions launched in 2008:
- CP €120m
- Building Distribution €42m

Investments in securities down €488m

** acquisition of Maxit signed in 2007, completed in early 2008*

Balance sheet strengthened

> €2.4bn **of net debt paid down** (end-June 2009/end-June 2008):
- February 2009 **rights issue**: €1.5bn
- 65% **of 2008 dividend** paid in stock
- **focus on cash management**

> **All maturing debt refinanced** until Q1-2011**:**
- **bond issues (**€1bn **in January 2009 and** €0.75bn **in May 2009)**
- **new syndicated loan for** €2.5bn

Results of action plan at end-June

> Priority given to **sales prices:** up 1.7% in H1-2009 vs. H1-2008

> Extension of **cost cutting** programs**:** €440m in H1-2009 vs. H1-2008

> Significant reduction in **capital expenditure:** scaled back €358m in H1-2009 vs. H1-2008

> Tight rein on **operating WCR:** reduced by €924m or 3 days at end-June 2009 vs. end-June 2008

> **Acquisition projects** put on hold: **€164m in H1-2009** (down 75%)

> **Balance sheet strengthened:**
- reduction in net debt: -€2.4bn at end-June 2009 vs. end-June 2008
- maturing debt refinanced up to Q1-2011

2 Group Results

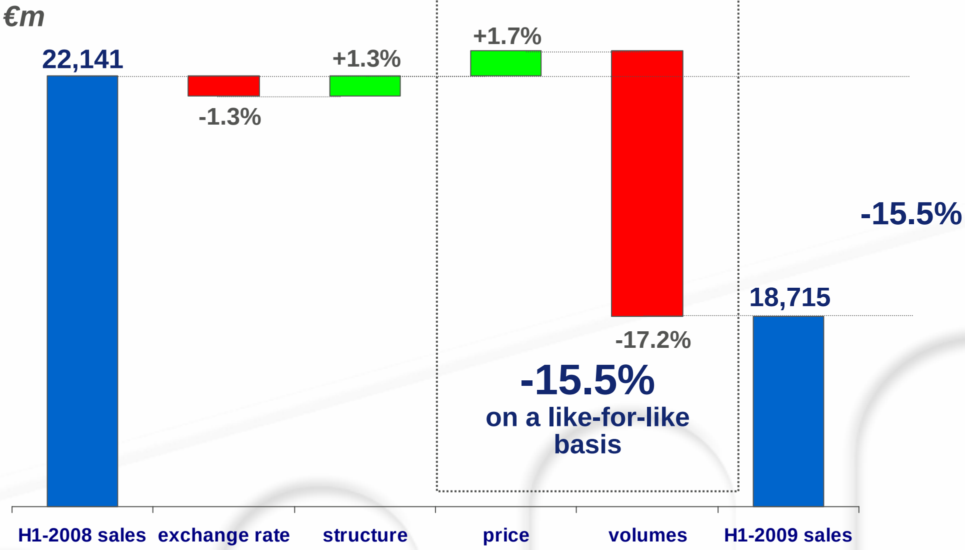
A. Group

B. Sectors

C. Geographic areas

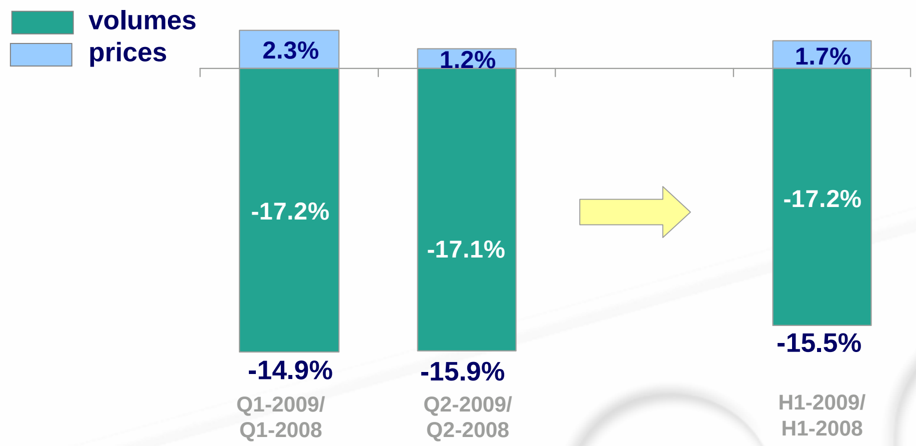
Sales trends

in €m



Quarterly organic growth

% change in 2009/2008 sales on a like-for-like basis



- Sharp drop in sales volumes
- Sales prices held up well

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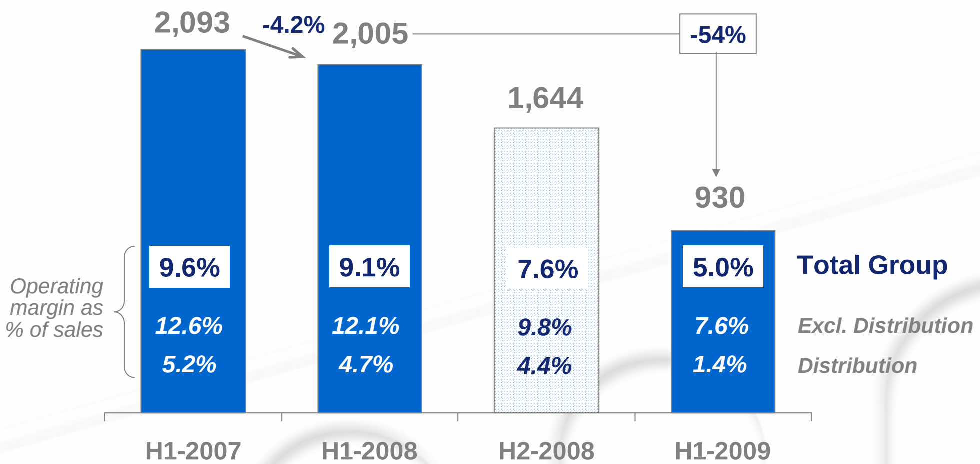
Operating income

in €m



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Non-operating items

in €m

	H1-08	H1-09	Change
Operating income	2,005	930	-54%
Provision for asbestos-related litigation	(37)	(37)	
Non-operating costs	(42)	(227)	
Other operating costs	(31)	(65)	
Business income	1,897	601	-68%
Net borrowing costs	(326)	(332)	
Cost of net debt in %	*5.3%*	*5.4%*	
Other financial income and expenses	(26)	(80)	
Net financial expense	(352)	(412)	
Income taxes	(444)	(53)	-88%

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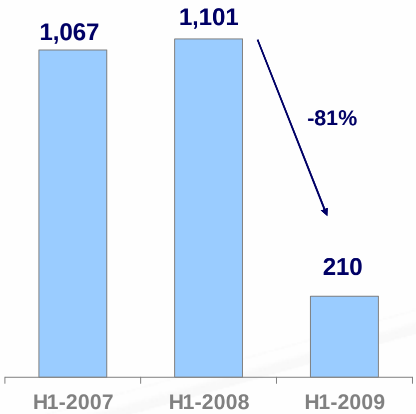
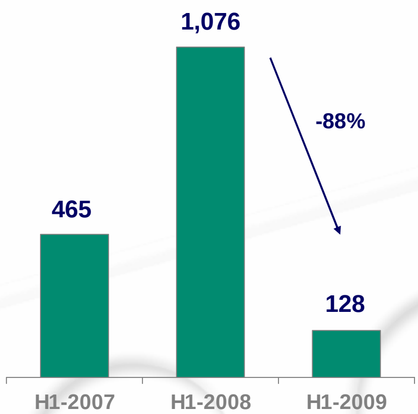
Recurring net income*

in €m



Net income



> **Recurring EPS*: €0.41 (-86%)**

EPS: €0.25 (-91%)

* *excl. capital gains on disposals, asset write-downs and provision for Flat Glass fines*

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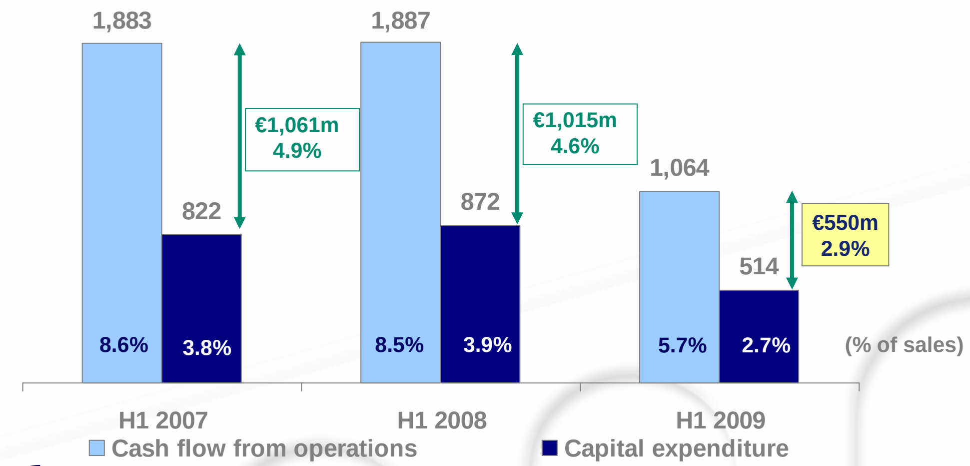
Cash flow from operations *(excl. tax impact of cap. gains and losses)* and Capital expenditure

in €m



Free cash flow represents around 3% of sales

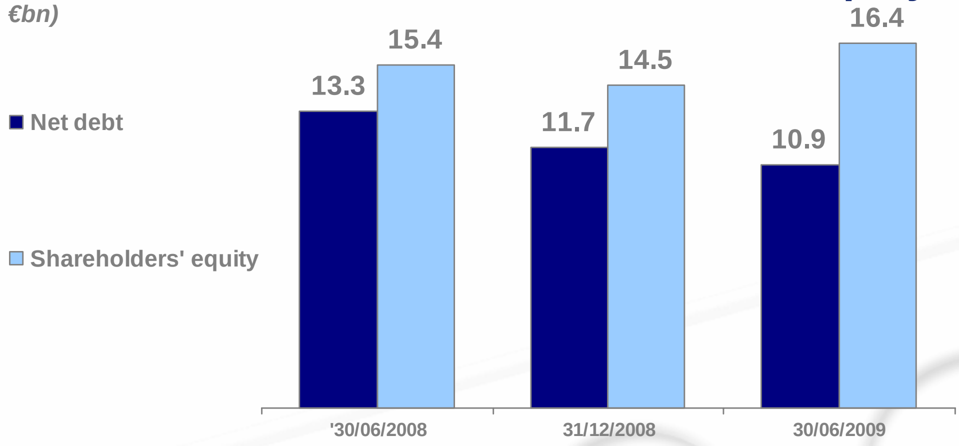
Free cash flow *(excl. tax impact of capital gains and losses)* and change in operating WCR, *over 12 months*

in €m

The Group generated €1.8bn in free cash flow after operating WCR over 12 months (June 30, 2008-June 30, 2009)

Balance sheet: Net debt & Shareholders' equity

(in €bn)



> Net debt/Shareholders' equity	86%	80%	67%
> Net debt/EBITDA*	2.4	2.3	2.7

** over 12 months*

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Very healthy financial position

> Reduction of €2.4bn in net debt

> All maturing debt refinanced up to Q1 2011

> Even bond redemption profile of below €1.5bn per year

> Average debt maturity extended to 4.5 years

> Average cost of debt 5.4% in H1, with more than 90% at fixed rates

> Gearing ratio around 67% of shareholders' equity

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2 Group Results

A. Group

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Organic growth

% change in H1-2009/H1-2008 sales on a like-for-like basis

Group: -15.5%

Innovative Materials

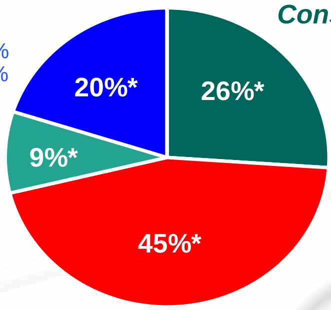
-22.1%

Flat Glass -20%

HPM -25%

Packaging

-3.5%



Construction Products

-15.3%

Interior Solutions -20%

Exterior Solutions -10%

Building Distribution

-14.5%

** Breakdown of H1-2009 sales*

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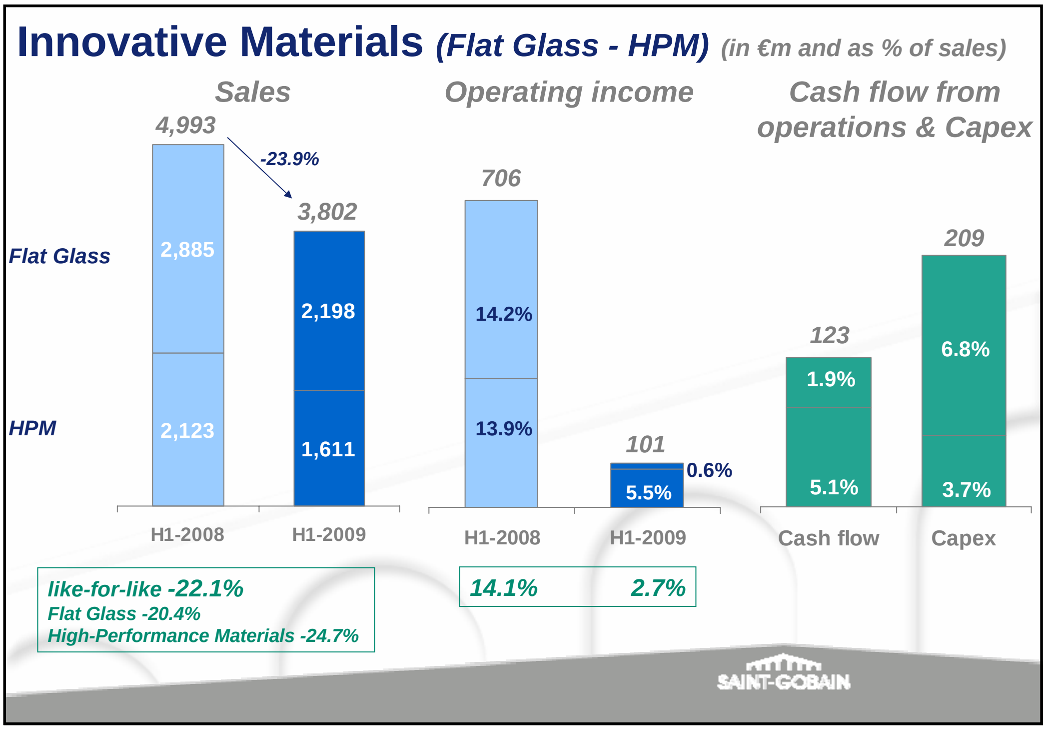
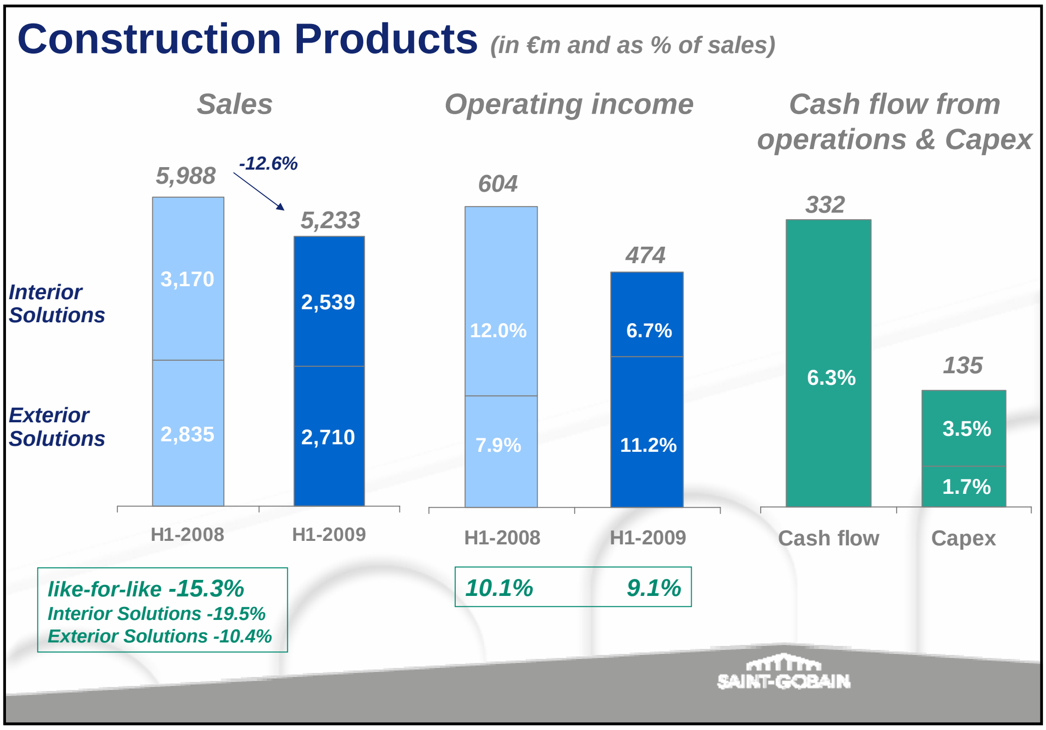
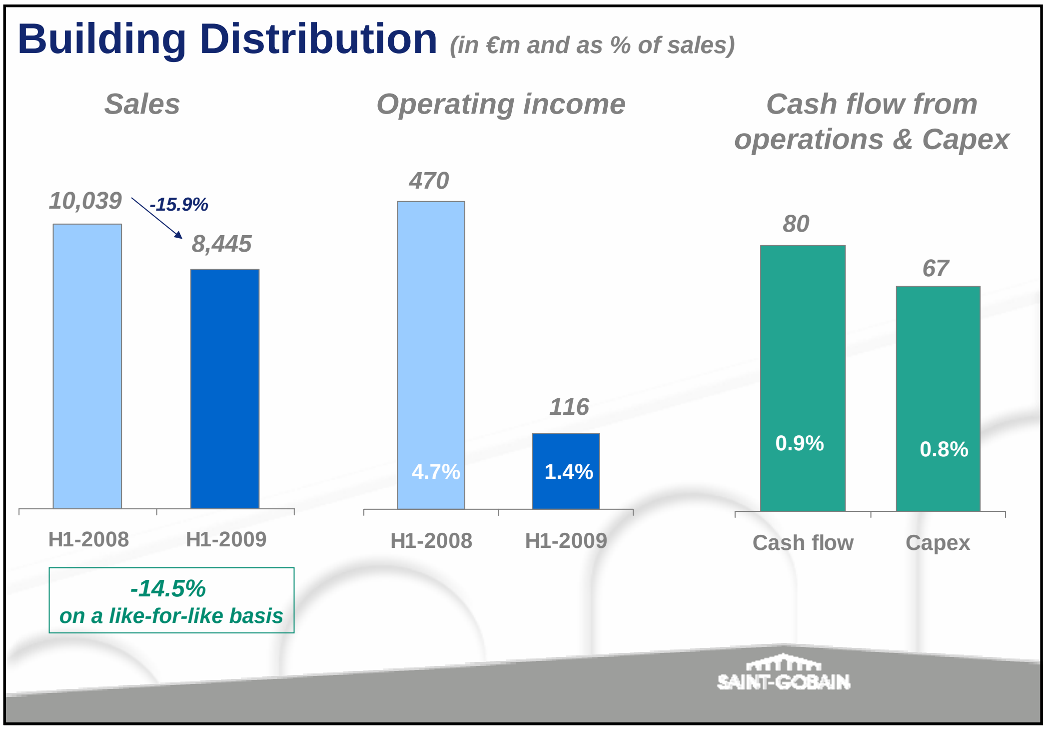


Innovative Materials (Flat Glass - HPM) (in €m and as % of sales)
Sales
Operating income
Cash flow from operations & Capex
4,993
-23.9%
3,802
Flat Glass
HPM
2,885
2,123
2,198
1,611
H1-2008
H1-2009
706
14.2%
13.9%
101
0.6%
5.5%
H1-2008
H1-2009
123
1.9%
5.1%
209
6.8%
3.7%
Cash flow
Capex
like-for-like -22.1%
Flat Glass -20.4%
High-Performance Materials -24.7%
14.1%
2.7%



Construction Products (in €m and as % of sales)
Sales
Operating income
Cash flow from operations & Capex
5,988
-12.6%
5,233
Interior Solutions
Exterior Solutions
3,170
2,835
2,539
2,710
H1-2008
H1-2009
604
12.0%
7.9%
474
6.7%
11.2%
H1-2008
H1-2009
332
6.3%
135
3.5%
1.7%
Cash flow
Capex
like-for-like -15.3%
Interior Solutions -19.5%
Exterior Solutions -10.4%
10.1%
9.1%


Building Distribution (in €m and as % of sales)
Sales
10,039
-15.9%
8,445
H1-2008
H1-2009
-14.5%
on a like-for-like basis
Operating income
470
4.7%
116
1.4%
H1-2008
H1-2009
Cash flow from operations & Capex
80
0.9%
67
0.8%
Cash flow
Capex
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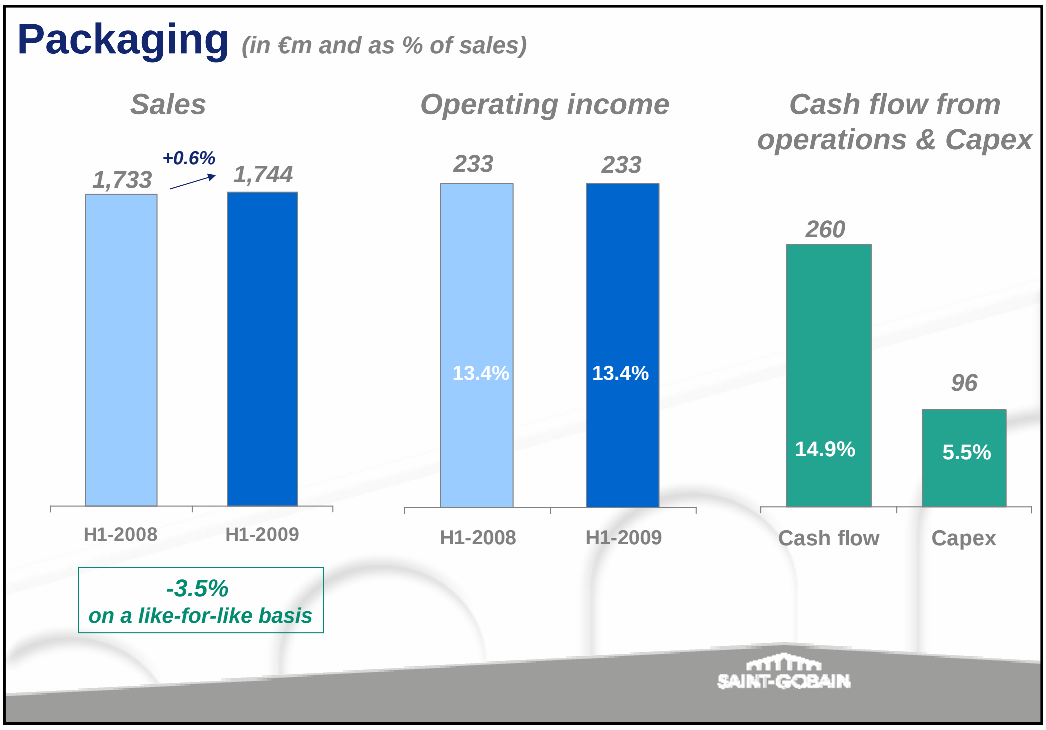
Packaging (in €m and as % of sales)
Sales
1,733
+0.6%
1,744
H1-2008
H1-2009
-3.5%
on a like-for-like basis
Operating income
233
13.4%
233
13.4%
H1-2008
H1-2009
Cash flow from operations & Capex
260
14.9%
96
5.5%
Cash flow
Capex
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2 Group Results

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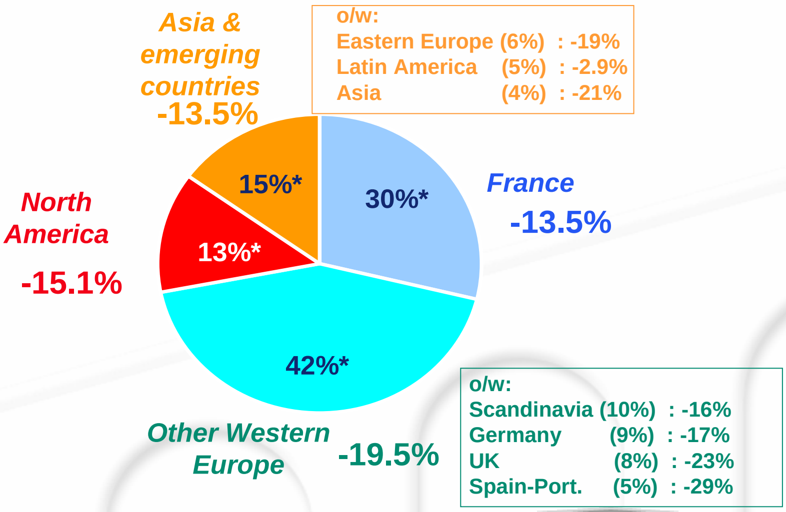
Organic growth by geographic area

% change in H1-2009/H1-2008 sales on a like-for-like basis

Group: -15.5%



** Breakdown of H1-2009 sales*

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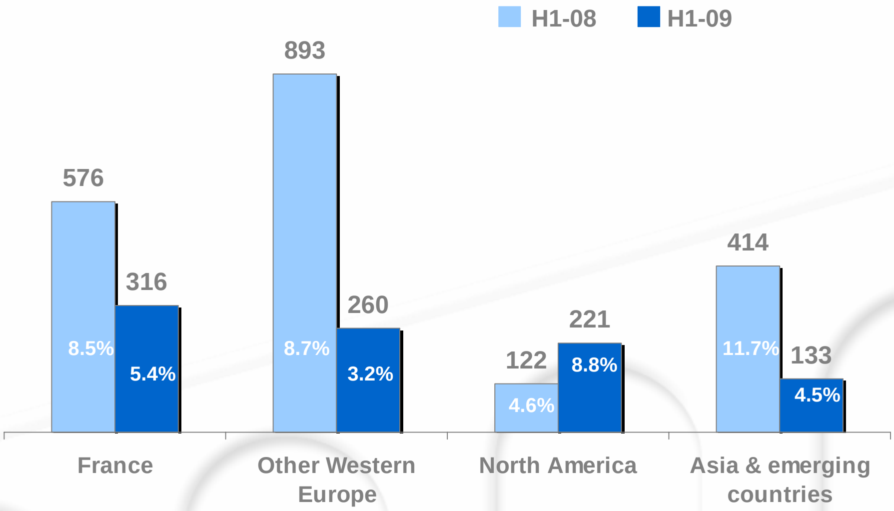
Operating income by geographic area

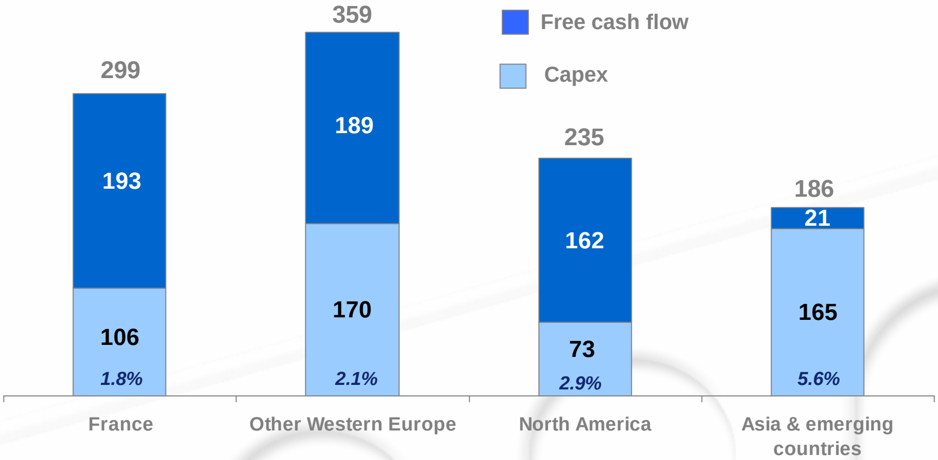
(in €m and as % of sales)



** at constant exchange rates*

Cash flow and Capex by geographic area

(in €m and as % of sales)



Free cash flow = Cash flow from operations – Capex

3 Outlook and Action Plan for Second-Half 2009

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Economic outlook for second-half 2009

Economic environment

> **Economic environment should remain in the doldrums,** though no further overall deterioration is expected compared with first-half 2009

> **So far only limited benefits from economic stimulus packages**

> **Financial crisis should gradually run out of steam,** heralding a return to "normal" financing conditions

> **Ongoing steep volatility** in energy/raw material prices and exchange rates

- **Crisis probably bottomed out in H1-2009**
- **Timing of recovery still uncertain**

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Economic outlook for second-half 2009

Group businesses

> **Trading** to remain **sluggish in most Group businesses**

> **Lower basis for comparison than in first-half 2009, especially in Q4**

> **Favorable impact of fall in the cost of raw materials and energy**

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Vigorous roll-out of action plan continued in second-half 2009

> Priority given to **sales prices**

> Extension of **cost cutting** programs

> Constant close **monitoring of cash management**

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Priority given to sales prices

- **Sales prices to remain a priority focus,** despite downward price pressure in certain businesses (particularly Insulation) and slowing momentum compared with the first half
- **The Group will seek to maintain a positive price/cost spread:** energy and raw material costs much more favorable in the second half

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Extension of cost cutting programs

Amounts in €m

	2008/2007	2009/2008		
		Initial target	*Revised April 2009*	*Revised July 2009*
Cost savings	***400***	*600*	*700*	***1,100***
Restructuring costs	*190*	*>300*	*>300*	*~500*

➔ €1.5bn in cost savings over 2008-2009

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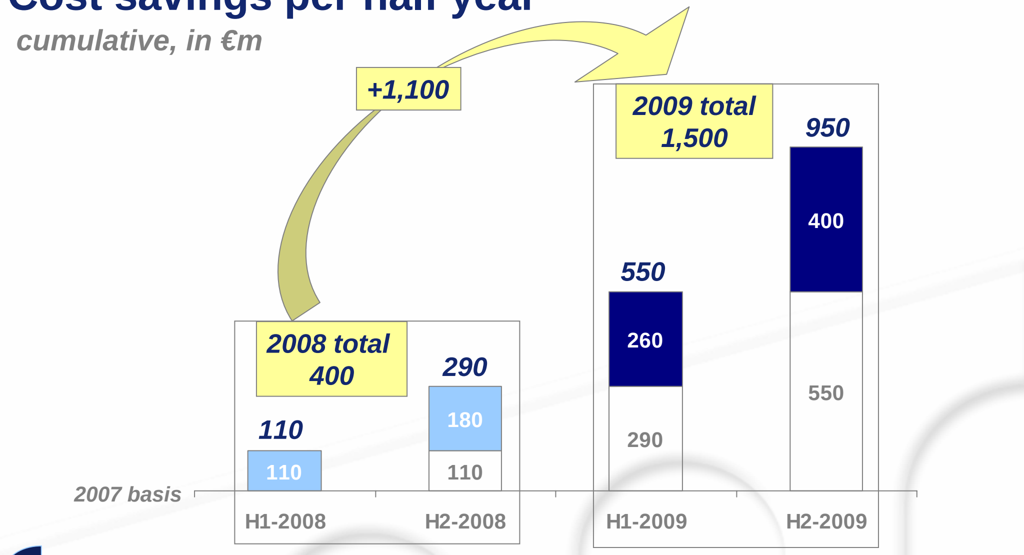
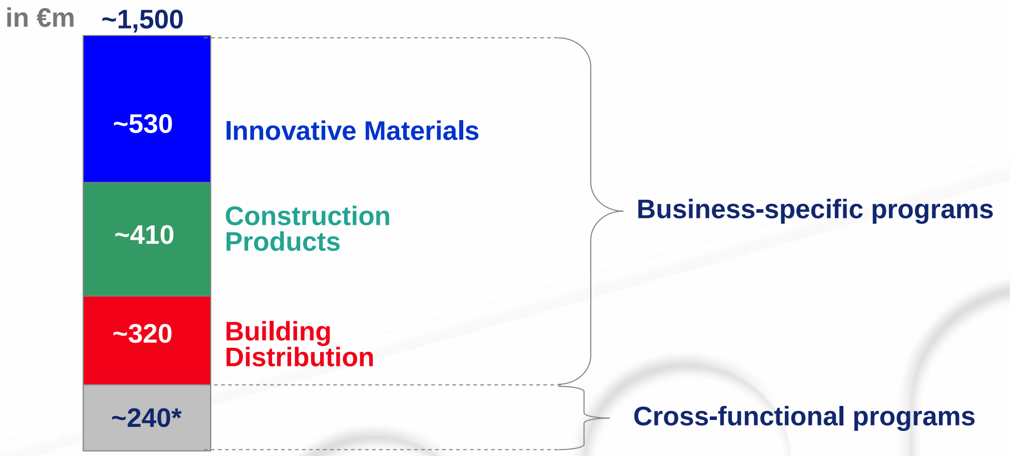
Cost savings per half year

cumulative, in €m



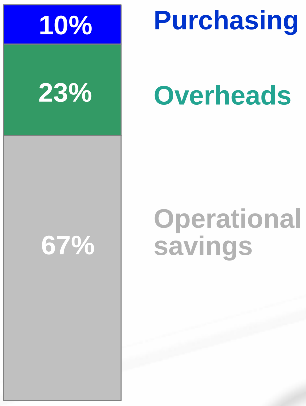
€400m of additional cost savings in second-half 2009 compared with the first half

€1.5 billion of cost savings in 2008-2009: breakdown by sector



* ahead of targets (€180m at end-2009 to €300m at end-2010)

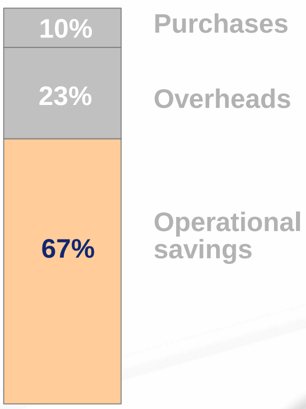
€1.5 billion of cost savings in 2008-2009: breakdown by type



<u>Purchasing</u>:
- pooling
- low-cost countries

<u>Overheads</u>:
- administrative functions pooled (cross-functional savings): more than 80 shared service centers set up in 2008-2009
- additional cost savings realized in each sector

€1.5 billion of cost savings in 2008-2009: breakdown by type



<u>Operational savings</u>:
- roll-out of WCM: 50% of plants covered by end-2009
- operational savings:
  . renegotiation of commercial leases in Building Distribution
  . non-renewal of outsourcing contracts: tasks taken on internally
  . capacity and headcount adjustments to tackle economic crisis

Structural improvement in industrial and commercial infrastructure

- **Economic crisis: opportunity to accelerate renewal/upgrade of industrial facilities**
- **Highly selective approach in Building Distribution**
  - core network preserved: strategic locations maintained; closure of structurally less profitable outlets
  - network optimization (back offices merged)

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Constant close monitoring of cash management

- **Sharp reduction in capital expenditure: down €700m over the year** (versus initial target of €500m)
- **Free cash flow generation and ongoing tight rein on operating WCR**
- **Acquisitions freeze**

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Summary of outlook for second-half 2009

> Aim of maintaining positive spread between sales prices and energy/raw material costs

> Extension of cost cutting program

> Close monitoring of cash management

Barring a further deterioration in the economic environment, operating income and recurring net income should outperform first-half 2009 figures

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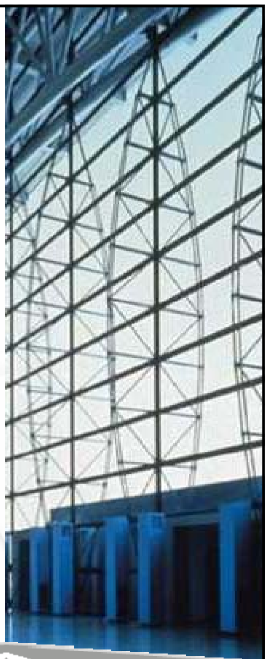
4 Conclusion



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Core assets for emerging from the crisis as a stronger player

> Cost base significantly reduced and structural improvement in industrial and commercial infrastructure

> Ongoing expansion in emerging countries

> Continued R&D efforts

> Worldwide leadership on fast-growing energy efficiency markets, key to governments' economic stimulus packages

> Strong balance sheet in order to leverage any growth opportunities going forward

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Conclusion

> The Group will be one of the main beneficiaries of economic recovery

> Based on comparable activity levels, margins could rebound sharply in 2010

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1st Half 2009 Results

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July 24, 2009

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