Introduction

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November 15, 2010
Saint-Gobain’s strategy

I. Saint-Gobain’s reaction during the crisis

II. A dynamic vision for Saint-Gobain and its shareholders

III. Key areas for development and Investor Day program
Vigorous action plan has paid off

- Priority given to sales prices
- Cut-back in costs
- Tight rein on cash
Clear priority given to sales prices

Price effect:
-1.2%  -0.9%  -0.3%

Volume effect:
-1.4%  -0.7%  -2.8%


+3.4%  +0.8%  +0.6%

-3.1%  -14.0%

-14.0%
Priority given to sales prices in all Business Sectors

- Programs rolled out in every business

- To capitalize on all measures identified:
  - Prices should reflect the Group’s competitive edge (innovation, leadership)
  - Tailored management of pricing policies (by client, market, product)
  - Transfer of costs onto prices

Better placed to raise prices
€2.1bn in cost reductions (1/2)

~2,100

~700  Innovative Materials

~650  Construction Products

~450  Building Distribution

~300*  cross-functional programs

* NB €300m target set in July 2007
€2.1bn in cost reductions (2/2)

~2,100

8%

26%

66%

Purchases

Overheads

Operational savings

including around 50% of costs reduced on a long-term basis

Significant operating leverage effect

Change in operating income based on a €1m increase in sales (2010 vs. 2009)

-0.4

-0.3

-0.5

+0.6

+0.9

+0.9

+0.3

Abrasives

Sekurit

Mortars

SGBD UK

Strong leverage effect across the Group
Tight rein on cash (1/3)

- **Strong Capex management**
  - Fall of 50% in industrial capex between June 2008 and June 2010…
  - …without compromising on investments in emerging countries
  - Optimization of unit costs: civil engineering, standardization, purchases in low-cost countries

- **Reduction in operating WCR**:
  - Ongoing improvement program
  - Reduced by 7 days between June 2007 and June 2010
  - Gain of €1,345m between June 2008 and June 2010

*Capex*
- 2,323
- 1,791
- 1,167

*OWCR*
- 60 d
- 54 d
- 52 d
- 50 d
- 47 d
- 45 d

* 12-month rolling basis
Free cash flow after changes in operating WCR totaling €3.7bn over 24 months, from end-June 2008 to end-June 2010.
Tight rein on cash (3/3)

Balance sheet: Net debt & Shareholders’ equity

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<tbody>
<tr>
<td>Net debt</td>
<td>13.3</td>
<td>11.7</td>
<td>10.9</td>
<td>8.6</td>
<td>9.1</td>
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<tr>
<td>Shareholders’ equity</td>
<td>15.4</td>
<td>14.5</td>
<td>16.4</td>
<td>16.2</td>
<td>17.9</td>
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> Net debt/Equity  | 86%        | 80%        | 67%        | 53%        | 51%        |
> Net debt/EBITDA* | 2.4        | 2.3        | 2.7        | 2.3        | 2.1        |

* over 12 months

Solid financial structure
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Defined in relation to one market: Habitat
Three complementary Business Sectors

**Construction Products**
- Leadership/Brands
- Emerging countries
- Energy savings and added-value solutions

**Building Distribution**
- Customer/market knowledge
- Consolidation
- Renovation

**Innovative Materials**
- Technology
- Emerging countries
- Innovation

*Breakdown of assets by Business Sector (excl. Packaging, 2009)*
Contribution of Building Distribution to the Habitat market leadership strategy

- Key contribution to the Group’s overall balance
  - Business focused on the growing renovation market
  - A low-capital intensive business

- Significant benefits for Group businesses
  - Market proximity and customer-driven culture
  - Training for small contractors and accelerated introduction of new solutions
Contribution of Innovative Materials to the Habitat market leadership strategy

- Among the Group’s most profitable activities, with
  - Significant potential for improvement
  - Strong foothold in Asia and emerging countries and in technological niche markets in the US

- The Group’s innovation driver
  - Varied portfolio of materials and processes with critical mass to optimize R&D efficiency
  - Very early involvement in new applications: lighting, renewable energies
  - Importance of joint development initiatives
Contribution of Construction Products to the Habitat market leadership strategy

- Broad range of value added products in Habitat markets
  - Product substitution
  - Energy savings, improved comfort, etc.

- Well-established brands and a strong power to influence practices

- Extensive global footprint: platform for growth for the Group’s other businesses
Packaging Sector

- Very significant contributor to the Group’s results

- Announcement on October 13, 2010 of the possible flotation of a minority stake
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
THE reference in sustainable Habitat

“Saint-Gobain develops solutions to help professionals across the globe…

…to construct and renovate comfortable, healthy, economical and sustainable buildings

… as part of a collective effort to help preserve natural resources by limiting the environmental impact of what we build”
Sustainable development: a commitment day after day

Values at the core of our strategy

- Principles of Conduct and Action

- “Sustainable” relations with all of the Group’s stakeholders
  - Shareholders
  - Customers
  - Employees
  - Local society

- Environmental protection
Be exemplary in environmental protection

- Long-term commitment to achieve improved competitiveness
  - Optimized processes to preserve natural resources
  - Ground-breaking innovations: designing the plant for the future
  - Ambitious targets (6% drop in CO₂, water, waste in 2013 vs 2010)

- Unique strengths to become the point of reference
  - Wide range of environmentally-friendly solutions
  - Strong R&D capabilities and technological synergies between businesses
  - Legitimate player in public initiatives promoting strict standards

Along with quality and security, sustainability is one of our key values
A brand that encapsulates our values

- Embodied in our main businesses
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Growth through innovation

- R&D helps to:
  - Boost our sales and margins through added-value products in mature markets
  - Develop bespoke solutions in emerging markets

- A strong organizational structure based on strategic and cross-functional programs with increased resources

- Aim: new products to represent 25% of sales in 2015
Ambitious development in Solar energy

- Present at every stage of the value chain:
  - Thermal and photovoltaic solar components
  - Modules (Avancis)
  - BiPV (CP US)
  - Marketing & sales (SGSS)
  - Building Distrib.

- Organization already well in place

- Aim: €2bn in sales in 2015
Markets powered by energy efficiency

- 32% of Group sales excl. Packaging
- Faster growth than other products
- In 2015: 38% of Group sales excl. Packaging

*Energy efficiency, energy, environment
Building Distribution’s return to growth

- **Robust response** to the crisis, network maintained
  - €450m in cost reductions over 3 years (2008-2010)
  - Strong free cash flow generation

- **Return to growth from Q3 2010**, significant operating leverage effect

- **Average sales annual growth >8% through 2015**
Proactive growth strategy in emerging countries

Leadership strategy serving local markets. A strong and profitable growth.
Investor Day program

09:00am Introduction: the Group’s key strategic priorities
09:30am Innovation in the service of the Habitat strategy
10:30am Development in the Solar industry
11:45am Energy efficiency: a growth engine
1:45pm Building Distribution: a return to growth
2:45pm Development in emerging countries
3:45pm Conclusion. Saint-Gobain 2015
4:45pm Departure to Quantum Glass showroom
   Tour at 5:15pm