Conclusion

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/Infrast. 49%***
  - Western Europe: 68%
  - Asia and emerging countries: 20%
  - North America: 12%

- **New residential constr. 24%
  - Western Europe: 37%
  - Asia and emerging countries: 4%
  - North America: 4%

- **New non-residential constr. 11%
  - Western Europe: 7%
  - Asia and emerging countries: 3%
  - North America: 1%

- **Industry and household cons. 16%
  - Western Europe: 7%
  - Asia and emerging countries: 5%
  - North America: 4%

* Renovation: 39%
  Infrastructure: 10%

2010 est. - excluding Packaging
Provide solutions for every stage of the development cycle

Potential market per capita

Technological materials
- Coated glass
- Renewable energy
- HPM for Habitat and industry

Solutions/Services
- Building Distribution

Interior Solutions
- Insulation
- Plasterboard

Exterior and infrastructure materials
- Flat Glass
- Mortars
- Pipe

GDP per capita
Profitable growth in emerging countries

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

Sales generated in emerging countries

- **Group**
  - 2010e: 20%
  - 2015: 26%

- **IM + CP**
  - 2010e: 31%
  - 2015: 39%
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
Conclusion

1. The Group’s strategy in 2010-2015

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

<table>
<thead>
<tr>
<th>Group</th>
<th>Organic Growth*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emerging countries</td>
<td>&gt; 10%</td>
</tr>
<tr>
<td>Developed countries</td>
<td>&gt; 5%</td>
</tr>
</tbody>
</table>

* excl. Packaging
Organic growth drivers:

- Innovation close to markets
- 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**

Sales

€bn

Operating income

€bn

CAGR** 9%

incl.

organic 6%

~39.7*

55**

CAGR** 17%

~2.95*

7.4%

5.5**

10%

2010est 2015

Operating margin incl.: BD ~ 6%

IM+CP ~ 13%

* source: financial analyst consensus at 10/29/2010

** excl. Packaging
Our profitability and value creation targets
> An even stronger leverage on Net Income

Recurring net income

€m

2010 est 2015

CAGR**
22% p.a.

~1,291*

3,000

Recurring EPS

€m

2010 est 2015

CAGR**
22% p.a.

~2.39*

5.5

* 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

**ROI**
- 2008: 20.9%
- 2009: 13.5%
- 2015*: 25%

**ROCE**
- 2008: 12.1%
- 2009: 7.6%
- 2015*: 14-15%

*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%

![Portfolio Matrix](image)
Strict financial criteria in terms of ROCE (2/2)

- **Restructuring operations:**
  - return to pre-crisis levels
  - pay back of around 1 year on average

- **Acquisitions:**
  - 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)

<table>
<thead>
<tr>
<th>Metric</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>€55bn</td>
</tr>
<tr>
<td>Operating income</td>
<td>€5.5bn</td>
</tr>
<tr>
<td></td>
<td>10% of sales</td>
</tr>
<tr>
<td>Recurring net income</td>
<td>€3bn</td>
</tr>
<tr>
<td>ROI</td>
<td>25%</td>
</tr>
<tr>
<td>ROCE (before tax)</td>
<td>14-15%</td>
</tr>
</tbody>
</table>

One of the sector’s strongest and most attractive stocks
Conclusion

Pierre-André de Chalendar
November 15, 2010