

Investor Day

Pierre-André de Chalendar

November 15, 2010



Introduction

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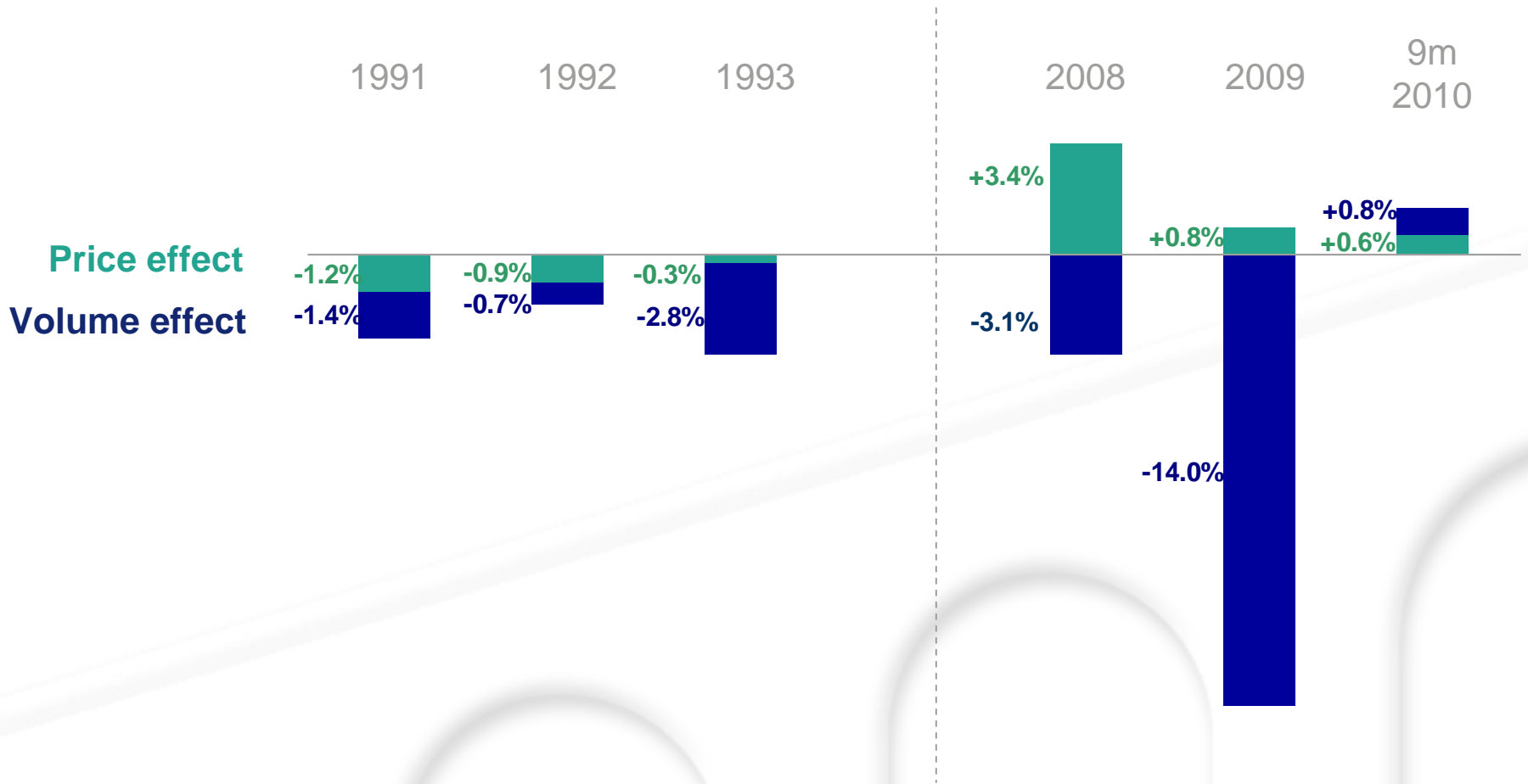
Saint-Gobain's strategy

- 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



Priority given to sales prices in all Business Sectors

■ Programs rolled out in every business

■ To capitalize on all measures identified:

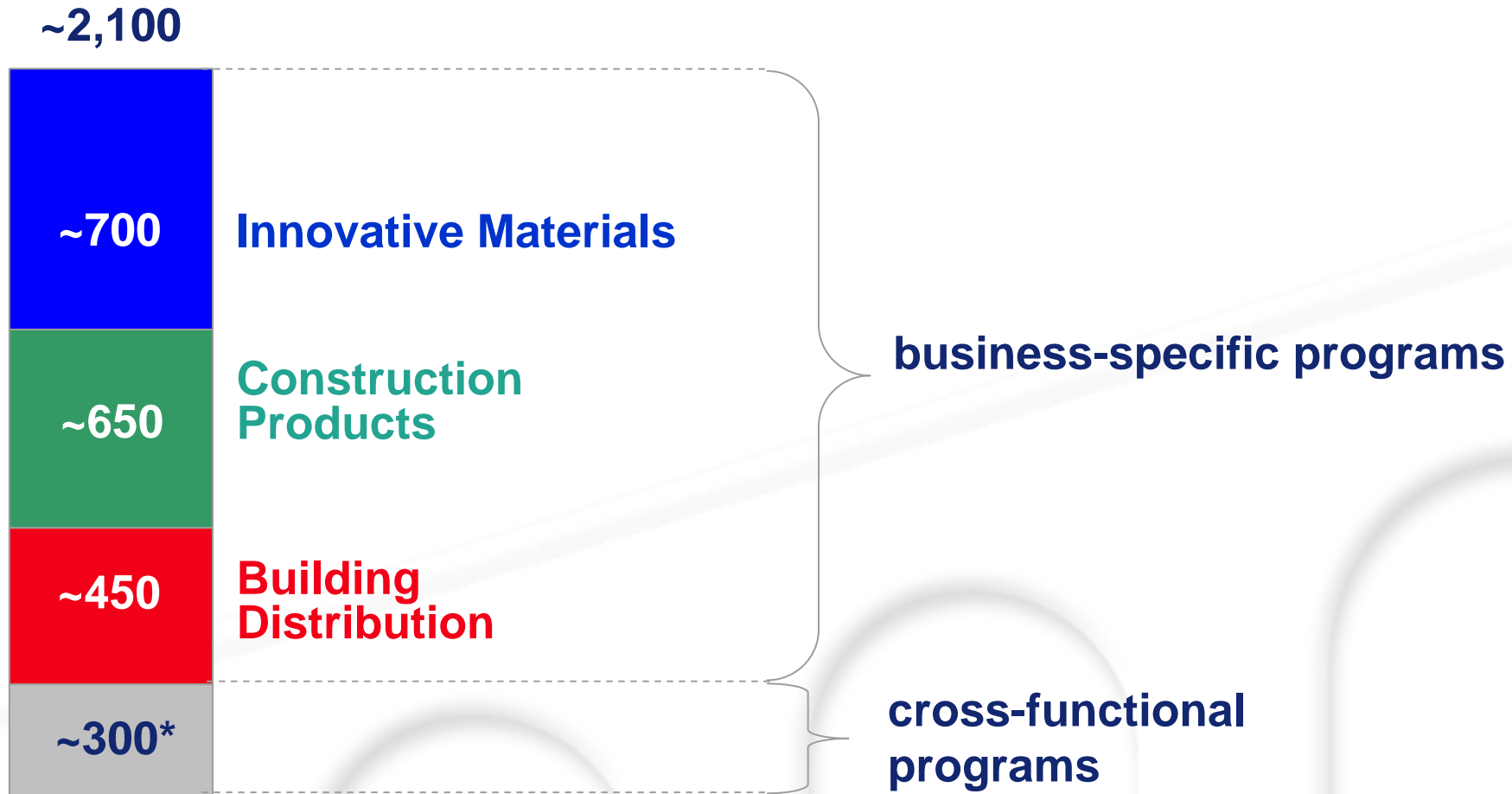
- Prices should reflect the Group's competitive edge (innovation, leadership)
- Tailored management of pricing policies (by client, market, product)
- Transfer of costs onto prices



Better placed to raise prices

€2.1bn in cost reductions (1/2)

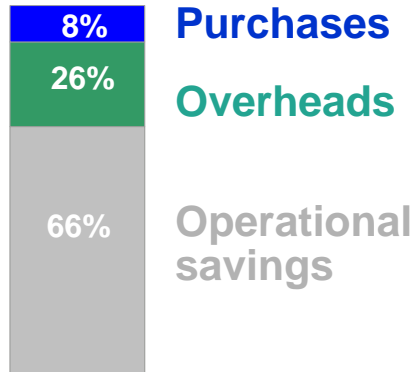
€m



* NB €300m target set in July 2007

€2.1bn in cost reductions (2/2)

~2,100

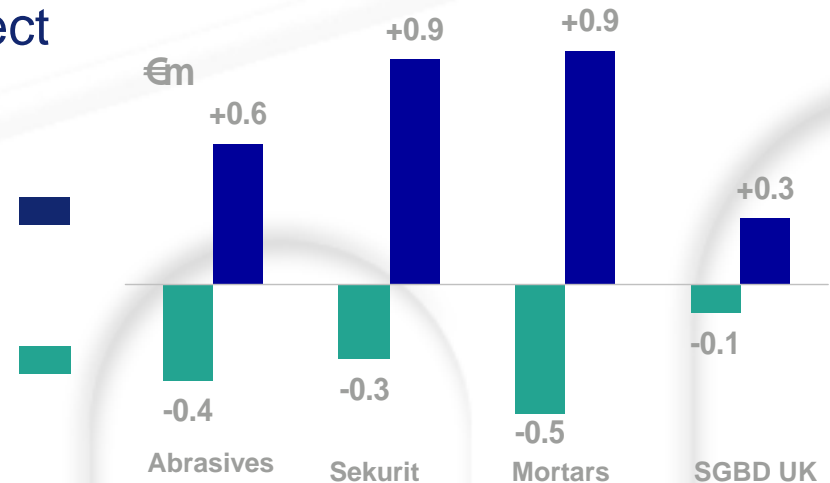


including around 50% of costs reduced on a long-term basis

Significant operating leverage effect

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

Change in operating income based on a €1m decrease in sales (2009 vs. 2008)

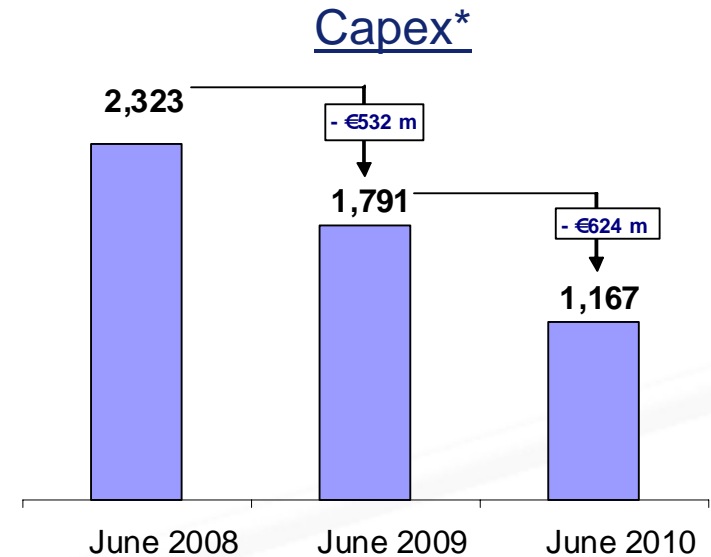


Strong leverage effect across the Group

Tight rein on cash (1/3)

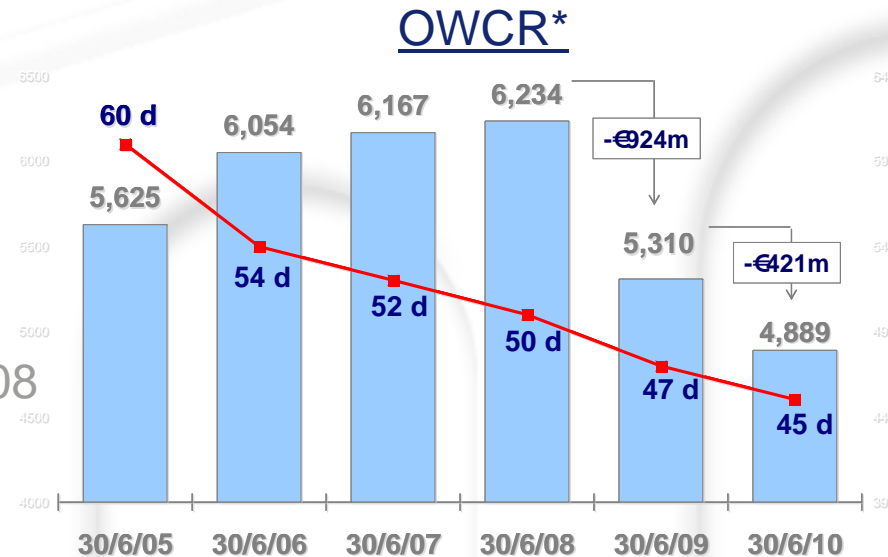
Strong Capex management

- 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



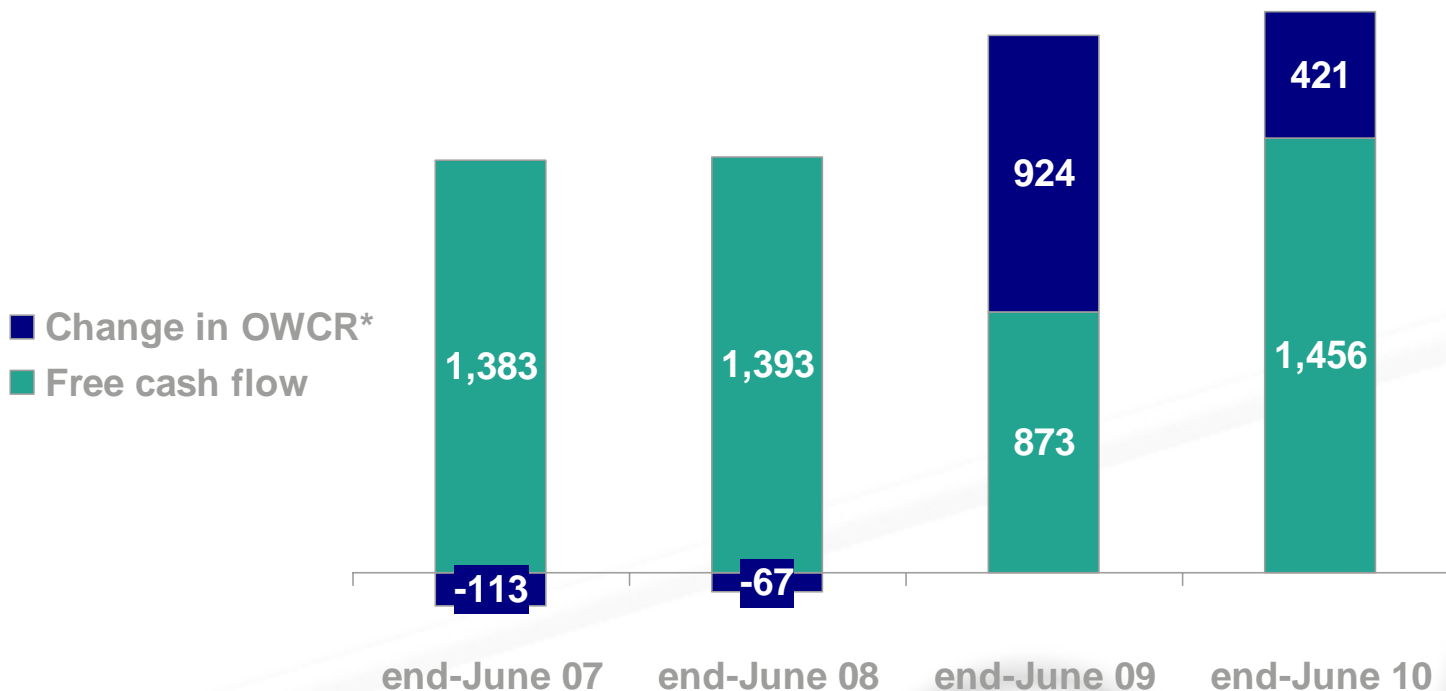
Reduction in operating WCR: ongoing improvement program

- Reduced by 7 days between June 2007 and June 2010
- Gain of €1,345m between June 2008 and June 2010



* 12-month rolling basis

Tight rein on cash (2/3)



€m

* excl. tax impact of capital gains and losses

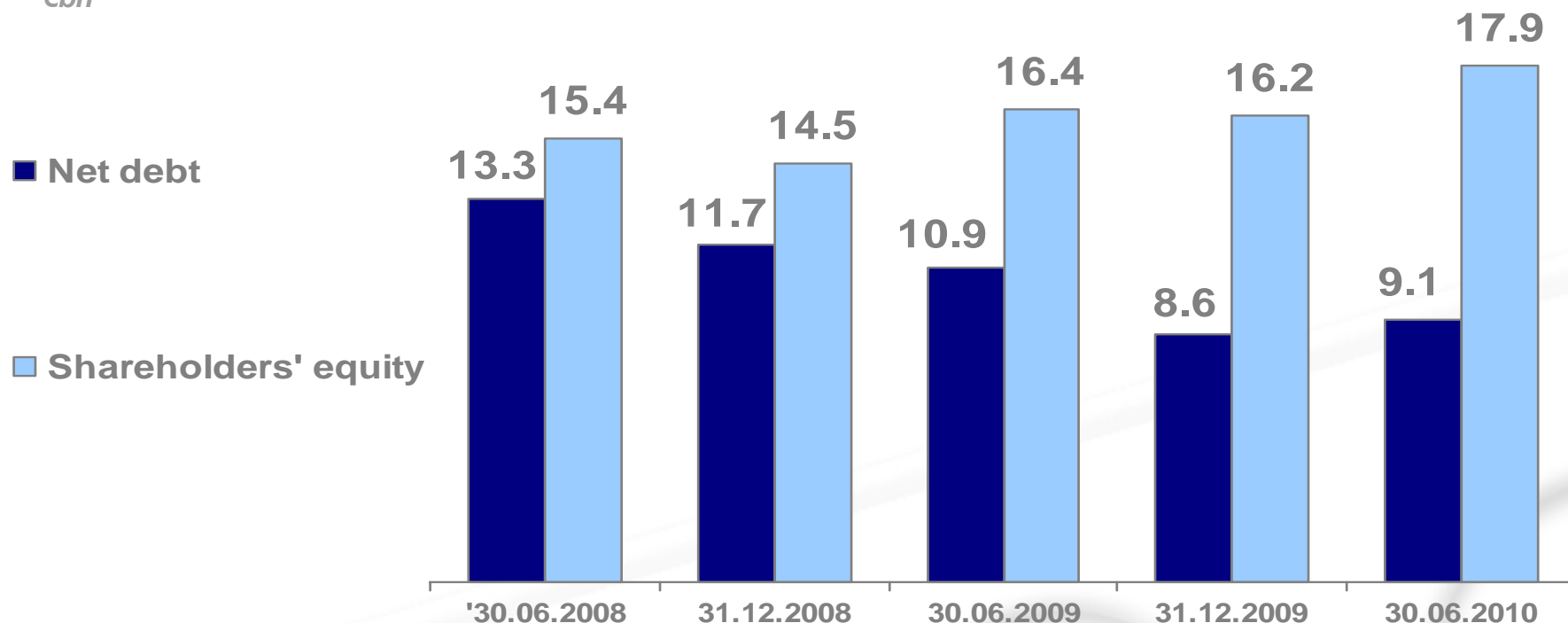


Free cash flow after changes in operating WCR totaling €3.7bn over 24 months, from end-June 2008 to end-June 2010

Tight rein on cash (3/3)

Balance sheet: Net debt & Shareholders' equity

€bn



> Net debt/Equity	86%	80%	67%	53%	51%
> Net debt/EBITDA*	2.4	2.3	2.7	2.3	2.1

* over 12 months



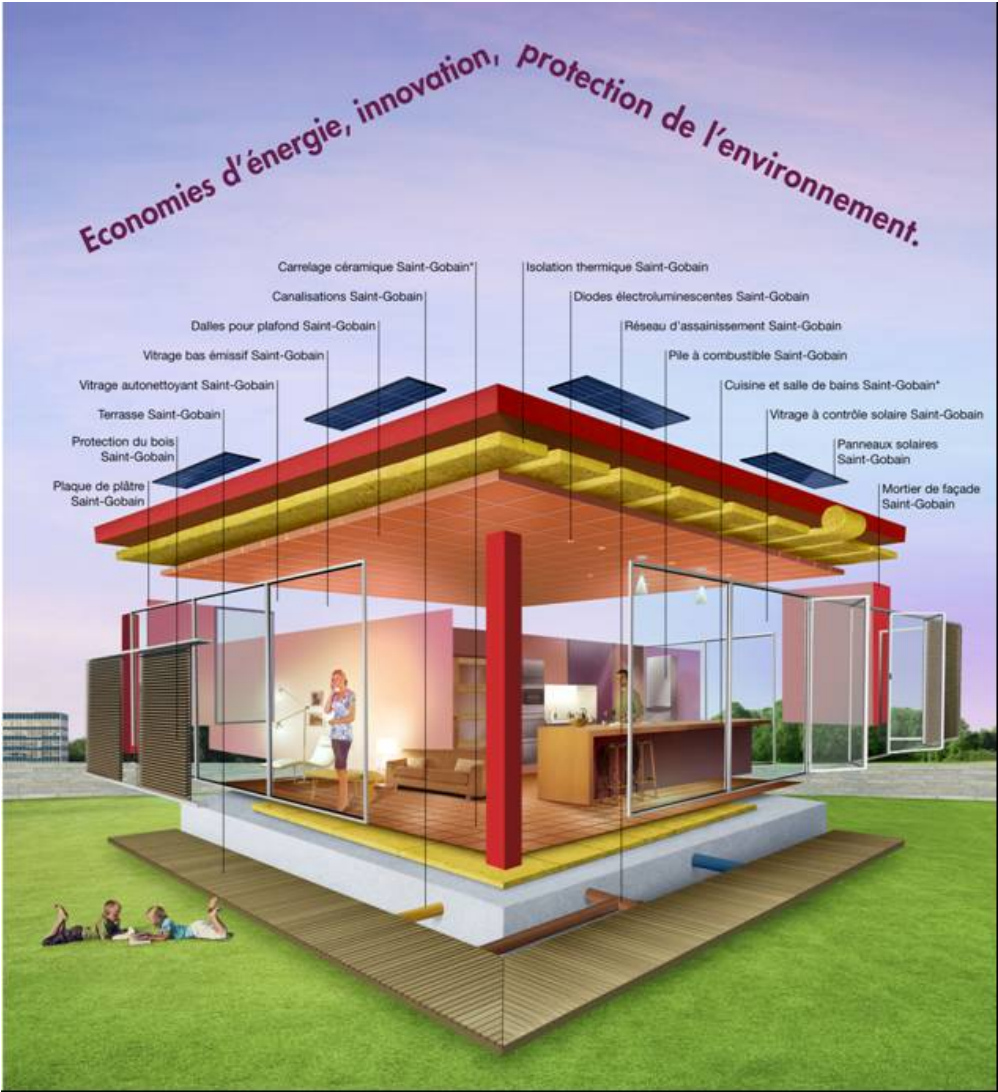
Solid financial structure

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CONTENTS

Defined in relation to one market: Habitat

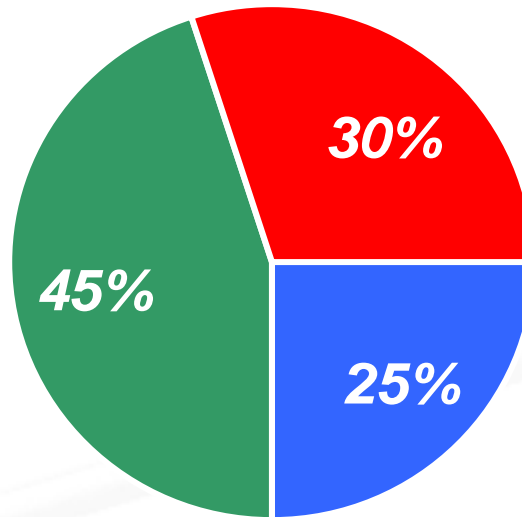


Three complementary Business Sectors

Construction Products

- ★ Leadership/Brands
- Emerging countries
- Energy savings and added-value solutions

- ★ main strengths
- main growth drivers



Breakdown of assets by Business Sector
(excl. Packaging, 2009)

Building Distribution

- ★ Customer/market knowledge
- Consolidation
- Renovation

Innovative Materials

- ★ Technology
- Emerging countries
- Innovation

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:



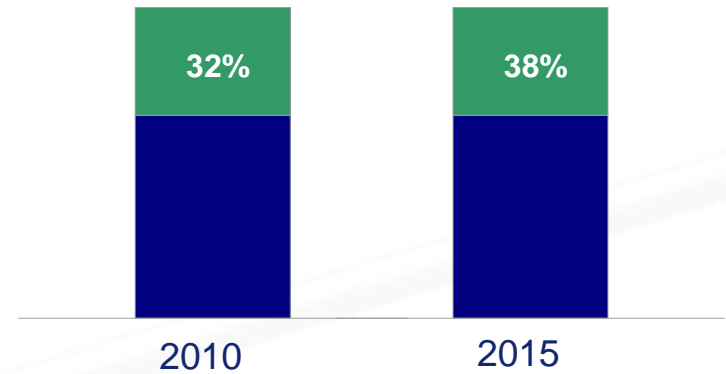
■ Organization already well in place

■ 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

% sales excl.
Packaging derived
from EEE* businesses



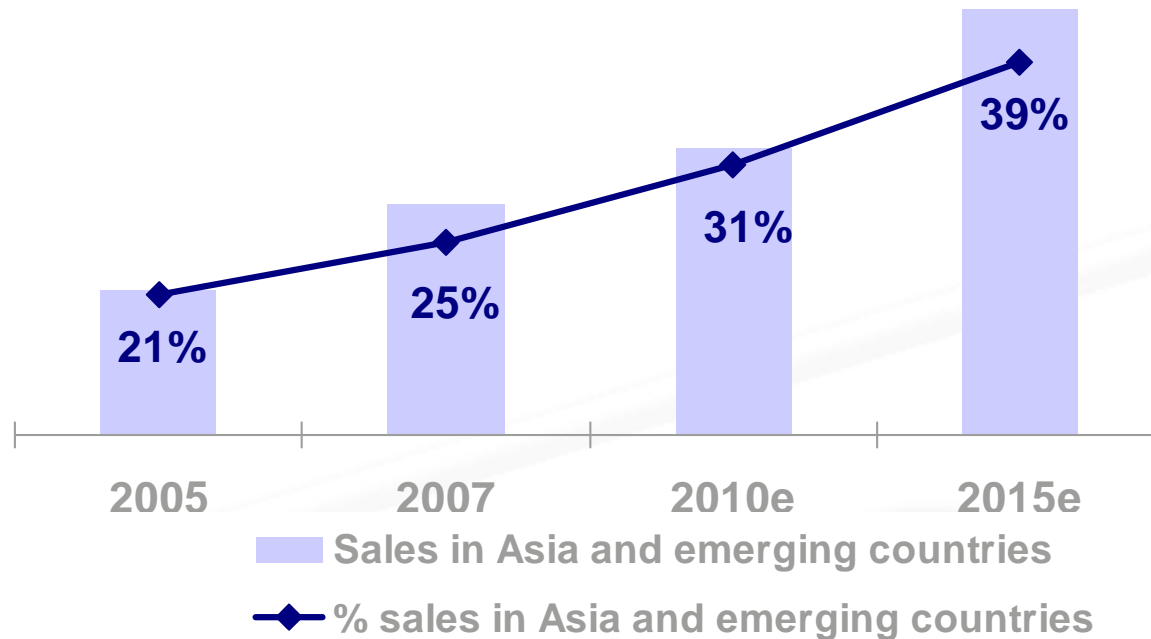
* Energy efficiency, energy, environment

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

IM + CP sales in Asia and 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