First-half 2006 results

Analyst – Investor meeting
London, July 31, 2006
1 First-half 2006 highlights
## Saint-Gobain in H1-2006: key figures

<table>
<thead>
<tr>
<th></th>
<th>Amount in €m</th>
<th>Change H1-2006/H1-2005</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Actual</td>
</tr>
<tr>
<td>Net sales</td>
<td>20,551</td>
<td>+21.8%</td>
</tr>
<tr>
<td>Operating income</td>
<td>1,815</td>
<td>+32.3%</td>
</tr>
<tr>
<td>Net income excl. capital gains</td>
<td>813</td>
<td>+26.6%</td>
</tr>
</tbody>
</table>

*average exchange rates for H1-2005*
H1-2006: A robust economic environment

> Buoyant **construction** markets in the US and most European countries, with the first signs of an upturn in Germany

> Healthy levels of **corporate spending and industrial output**

> Further strong growth in **emerging countries**

> Continuing hike in the **cost of energy and certain raw materials**
H1-2006: Strong upswing in Group performances

> **6.3% organic growth** (5.6% excl. Gypsum), reflecting:
  - a **3.0% hike in sales prices**
  - a **3.3% upturn in sales volumes**

> Improved **operating margin**
  **(8.8% versus 8.1% in H1-2005)**

> Further increase in **cash flow from operations*** (+22.9%)

* excl. capital gains taxes
H1-2006: Growth powered by Construction Products and Building Distribution businesses

> **Vigorous growth** of CP and Building Distribution sectors

<table>
<thead>
<tr>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Building Distribution</td>
<td>+14%</td>
<td>+15%</td>
</tr>
<tr>
<td>Construction Products</td>
<td>+76%</td>
<td>+149%</td>
</tr>
<tr>
<td><em>Construction Products</em> pro forma including Gypsum in 2005</td>
<td>+12.9%</td>
<td>+37.5%</td>
</tr>
</tbody>
</table>

> **Business levels held firm** in HPM (except Reinforcements)

> Decrease in **profitability** for Flat Glass and Packaging businesses (unfavorable comparison basis), but first signs of an upturn in operating income versus H2-2005
H1 2006 milestones

> **BPB integration**: €20m in cost synergies in H1-2006, €50m expected over the full year

> **Divestments**: €715m (including **Calmar** and **Synflex**)

> **Continuing bolt-on acquisitions**: ~40 operations bringing onboard ~€500m of full-year sales

> 36% **growth-driven increase** in capital expenditure
  - Gypsum: 10.5% of sales
  - emerging countries and Asia: close to 30% of total Group capital expenditure
2
First-half 2006 Results
# H1-2006: Key figures

<table>
<thead>
<tr>
<th>In €m</th>
<th>H1-2005</th>
<th>H1-2006</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>16,877</td>
<td>20,551</td>
<td>+21.8%</td>
</tr>
<tr>
<td>Operating income</td>
<td>1,372</td>
<td>1,815</td>
<td>+32.3%</td>
</tr>
<tr>
<td>Non-operating expenses*</td>
<td>-108</td>
<td>-157</td>
<td>+45.4%</td>
</tr>
<tr>
<td>Capital gains and losses and exceptional write-offs</td>
<td>+4</td>
<td>+13</td>
<td>n.m.</td>
</tr>
<tr>
<td><strong>Business income</strong>*</td>
<td>1,268</td>
<td>1,671</td>
<td>+31.8%</td>
</tr>
<tr>
<td>Net financial expense</td>
<td>-266</td>
<td>-374</td>
<td>+40.6%</td>
</tr>
<tr>
<td>Income taxes</td>
<td>-359</td>
<td>-479</td>
<td>+33.4%</td>
</tr>
<tr>
<td>Minority interests</td>
<td>-16</td>
<td>-19</td>
<td>+18.7%</td>
</tr>
<tr>
<td>Net income*</td>
<td>632</td>
<td>797</td>
<td>+26.1%</td>
</tr>
<tr>
<td>Net income excl. capital gains*</td>
<td>642</td>
<td>813</td>
<td>+26.6%</td>
</tr>
<tr>
<td>Amortization and depreciation</td>
<td>689</td>
<td>887**</td>
<td>+28.7%</td>
</tr>
<tr>
<td><strong>Operating cash flow excl. cap. gains taxes</strong></td>
<td>1,360</td>
<td>1,672</td>
<td>+22.9%</td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>598</td>
<td>811</td>
<td>+35.6%</td>
</tr>
<tr>
<td>Net debt</td>
<td>7,463</td>
<td>13,738</td>
<td>+84.1%</td>
</tr>
</tbody>
</table>

* incl. a pre-tax asbestos-related charge of €50m at June 30, 2006, versus €54m at end-June 2005

** incl. €9m in additional amortization resulting from the allocation of the acquisition cost of BPB to certain assets (gypsum quarries, industrial facilities, etc.)
Net sales

In €bn

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales (€bn)</th>
<th>Change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>End-June 2005</td>
<td>16,877</td>
<td>+1.9%</td>
</tr>
<tr>
<td>End-June 2006</td>
<td>20,551</td>
<td>+13.6%</td>
</tr>
</tbody>
</table>

Strong organic and external growth
Trends in sales prices and volumes

**Prices**
- 2005/2004: +1.9%
- H1-06/H1-05: +3.0%

**Volumes**
- 2005/2004: +0.8%
- H1-06/H1-05: +3.3%

- Increased pace of sales price rises
- Strong upswing in sales volumes

- % annual change on a like-for-like basis
- Group composite index
- Current prices in local currencies
Operating income

In €m

Operating income

Operating income as % of sales

H1-2005

1,372

8.1%

10.4%

4.9%

H1-2006

1,815

+32.3%

8.8%

11.1%

5.0%

> up 29.8% at constant exchange rates
Accretive impact of BPB on net income for first-half 2006: ~ +18%
**Earnings per share excluding treasury stock**

**In €**

**EPS**

- **H1 2005**: 1.86
- **H1 2006**: 2.32
- **Change**: +24.7%

**EPS excl. cap. gains**

- **H1 2005**: 1.89
- **H1 2006**: 2.37
- **Change**: +25.4%

**Number of shares making up capital stock (excluding treasury stock):**

- 340,058,134 shares at June 30, 2005
- 343,262,396 shares at June 30, 2006
Net debt & shareholders’ equity (in €bn)

- **Net debt**
  - 06/30/2005: 7.5
  - 12/31/2005: 11.8*
  - 06/30/2006: 13.7**

- **Shareholders' equity**
  - 06/30/2005: 12.9*
  - 12/31/2005: 12.3*
  - 06/30/2006: 12.9*

### Net debt/equity
- 06/30/2005: 64%
- 12/31/2005: 104%
- 06/30/2006: 106%

### Net debt/Ebitda
- 06/30/2005: 1.8 (2xH1)
- 12/31/2005: 2.6 (pf)
- 06/30/2006: 2.5 (2xH1)

### Interest cover
- 06/30/2005: 5.2 (actual)
- 12/31/2005: 4.2 (pf)
- 06/30/2006: 4.8 (actual)

* **Equity (IAS 8 impact)**
  - Change of accounting method: restated actuarial gains and losses recognized in equity in accordance with IAS 19 (negative impact of €218m at end-December 2005, positive impact of €367m at end-June 2006)
  - Correction of errors (€66m)

** **Debt**
- Before payment for Calmar (€560m) on July 5, 2006
Operating working capital
(in €m and number of days)

Further improvement in operating working capital
Cash flow and capital expenditure

In €m (excl. capital gains taxes)

<table>
<thead>
<tr>
<th></th>
<th>H1 2005</th>
<th>H1 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flow from operations</td>
<td>1,360</td>
<td>1,672</td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>598</td>
<td>811</td>
</tr>
</tbody>
</table>

- Strong growth in cash flow from operations
- Growth-driven increase in capital expenditure
H1-2006 acquisitions and disposals

> Acquisitions €346m
  o/w Building Distribution €306m*
  Construction Products €33m

> Disposals €715m*

* o/w:
  acquisition of JP Corry paid in H2
  disposal of Calmar - payment received in July 2006 for €560m
  asset disposals of €43m
## Asbestos claims against CertainTeed in the US

### Trends 2004-2006

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2005</th>
<th>H1 2006*</th>
<th>Trailing 12-month basis to end-June 2006*</th>
</tr>
</thead>
<tbody>
<tr>
<td>New claims</td>
<td>18,000</td>
<td>17,000</td>
<td>4,000</td>
<td>11,000</td>
</tr>
<tr>
<td>Claims resolved</td>
<td>20,000</td>
<td>20,000</td>
<td>8,000</td>
<td>15,000</td>
</tr>
<tr>
<td>Claims pending</td>
<td>106,000</td>
<td>100,000</td>
<td>86,000**</td>
<td></td>
</tr>
</tbody>
</table>

> **Average cost of settlement at end-June 2006:** USD 2,200*

> **Payouts:** ~USD 75m* (trailing 12-month basis) (2005: USD 88m; 2004: USD 140m)

> **Additional charge of €50m to the provision in H1 2006***

* estimated  
** after the transfer of 10,000 claims to an “inactive docket” in H1-2006 further to court rulings  
*** end-June: 50% of the 2005 charge
Asbestos claims against CertainTeed in the US

Legislation reform update

Federal reforms

> May 26, 2005: bipartisan vote by the Senate Judiciary Committee on the Asbestos Trust Fund bill

> February 2006: failure to obtain a majority of votes in the Senate to waive a technical budgetary requirement

> May 2006: amended bill debated by the Senate Judiciary Committee but likelihood of reform in 2006 is remote

State reforms

> Favorable developments in several States (OH, MS, TX, GA, FL, KS, SC)

> Similar initiatives undertaken in many other States (MI, NY, PA, TN, VA, AR, LA)

> Positive impact on new claims and pending claims transferred to an “inactive docket”
Operating performance in first-half 2006

A. Performance by sector
B. Performance by geographic area
C. BPB integration
Organic growth (at end-June 2006)

% change in H1-2006/H1-2005 net sales on a like-for-like basis

Group average: +6.3%

Building Distribution: +5.4%
High-Performance Materials: +3.4%
Flat Glass: +4.2%
Packaging: +3.3%
Construction Products: +11.5%

- Ceramics, Plastics & Abrasives +1.8%
- Reinforcements +7.0%
- Building Mat. +5.2%
- Insulation +12.2%
- Gypsum +13.7%
- Pipe +17.0%
Flat Glass

Net sales (in €m)

- H1-2005: 2,329
- H1-2006: 2,498
  - Increase: +7.3%

Operating income (in €m and as % of sales)

- H1-2005: 233, 10.0%
- H1-2006: 228, 9.1%
  - Decrease: -2.1%

Cash flow & Capex (in €m and as % of sales)

- Cash flow: 261, 10.4%
- Capex: 166, 6.6%
  - Cash flow increase: +4.2%
  - Like-for-like
Packaging

Net sales (in €m)

<table>
<thead>
<tr>
<th></th>
<th>H1-2005</th>
<th>H1-2006</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,977</td>
<td>2,129</td>
<td>+7.7%</td>
</tr>
</tbody>
</table>

Operating income (in €m and as % of sales)

<table>
<thead>
<tr>
<th></th>
<th>H1-2005</th>
<th>H1-2006</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>221</td>
<td>205</td>
<td>-7.2%</td>
</tr>
</tbody>
</table>

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td></td>
<td>11.2%</td>
<td>9.6%</td>
<td></td>
</tr>
</tbody>
</table>

Cash flow & Capex (in €m and as % of sales)

<table>
<thead>
<tr>
<th></th>
<th>Cash flow</th>
<th>Capex</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>225</td>
<td>119</td>
<td>9.6%</td>
</tr>
</tbody>
</table>

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>10.6%</td>
<td>5.6%</td>
<td></td>
</tr>
</tbody>
</table>

+3.3% like-for-like
Construction Products

**Net sales**
(in €m)

<table>
<thead>
<tr>
<th>Product</th>
<th>H1-2005pf*</th>
<th>H1-2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gypsum</td>
<td>1,724</td>
<td>1,963</td>
</tr>
<tr>
<td>Insulation</td>
<td>1,064</td>
<td>1,224</td>
</tr>
<tr>
<td>Building Mat.</td>
<td>1,361</td>
<td>1,383</td>
</tr>
<tr>
<td>Pipe</td>
<td>700</td>
<td>905</td>
</tr>
</tbody>
</table>

Net sales increased by 12.9% y/y like-for-like.

**Operating income**
(in €m and as % of sales)

<table>
<thead>
<tr>
<th>Product</th>
<th>H1-2005pf*</th>
<th>H1-2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gypsum</td>
<td>512</td>
<td>704</td>
</tr>
<tr>
<td>Insulation</td>
<td>13.2%</td>
<td>13.8%</td>
</tr>
<tr>
<td>Building Mat.</td>
<td>11.6%</td>
<td>8.7%</td>
</tr>
<tr>
<td>Pipe</td>
<td>8.4%</td>
<td>9.0%</td>
</tr>
</tbody>
</table>

Operating income increased by 37.5% y/y like-for-like.

**Cash flow & Capex**
(in €m and as % of sales)

<table>
<thead>
<tr>
<th></th>
<th>Cash flow</th>
<th>Capex</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1-2005pf*</td>
<td>552</td>
<td>306 **</td>
</tr>
<tr>
<td>H1-2006</td>
<td>1,383</td>
<td>1,064</td>
</tr>
</tbody>
</table>

Cash flow increased by 5.6% y/y, Capex increased by 10.1% y/y.

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* H1-2005: pro forma including Gypsum
** o/w Gypsum: €207m, 10.5% of sales
## High-Performance Materials

<table>
<thead>
<tr>
<th></th>
<th>Net sales (in €m)</th>
<th>Operating income (in €m and as % of sales)</th>
<th>Cash flow &amp; Capex (in €m and as % of sales)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>H1-2005</strong></td>
<td>2,415</td>
<td>271</td>
<td>211</td>
</tr>
<tr>
<td><strong>H1-2006</strong></td>
<td>2,544</td>
<td>276</td>
<td>76</td>
</tr>
<tr>
<td><strong>Ceram.</strong></td>
<td>1,788</td>
<td>13.4%</td>
<td>8.3%</td>
</tr>
<tr>
<td><strong>Plastics</strong></td>
<td>1,833</td>
<td>4.9%</td>
<td>3.2%</td>
</tr>
<tr>
<td><strong>Abrasives</strong></td>
<td>638</td>
<td>11.2%</td>
<td>+3.4% like-for-like</td>
</tr>
<tr>
<td><strong>Reinforcements</strong></td>
<td>718</td>
<td>13.8%</td>
<td>3.0%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>+1.8%</td>
<td></td>
</tr>
</tbody>
</table>

**Notes:**
- Cash flow & Capex include like-for-like comparisons.
- Operating income in H1-2006 includes a +3.4% increase compared to H1-2005.
Building Distribution

**Net sales (in €m)**

- H1-2005: 7,364
- H1-2006: 8,401
  - Increase: +14.1%

**Operating income (in €m and as % of sales)**

- H1-2005: 363
  - % of sales: 4.9%
- H1-2006: 418
  - % of sales: 5.0%
  - Increase: +15.2%

**Cash flow & Capex (in €m and as % of sales)**

- Cash flow: 310
  - % of sales: 3.7%
- Capex: 134
  - % of sales: 1.6%
  - Increase: +5.4%

*like-for-like*
Operating performance in first-half 2006

A. Performance by sector
B. Performance by geographic area
C. BPB integration
Organic growth by geographic area (end-June 2006)

% change in like-for-like sales: H1-2006-H1-2005

Group average: +6.3%

France: +4.9%
Other Western European countries: +5.8%
North America: +7.4%
Emerging countries and Asia: +10.9%
Operating income by geographic area
(in €m and as % of sales)

<table>
<thead>
<tr>
<th>Region</th>
<th>H1-05</th>
<th>H1-06</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>440</td>
<td>491</td>
</tr>
<tr>
<td>Other Western European countries</td>
<td>490</td>
<td>695</td>
</tr>
<tr>
<td>North America</td>
<td>269</td>
<td>407</td>
</tr>
<tr>
<td>Emerging countries and Asia</td>
<td>173</td>
<td>222</td>
</tr>
</tbody>
</table>

France: 7.6% (H1-05) 7.7% (H1-06)
Other Western European countries: 6.9% (H1-05) 7.8% (H1-06)
North America: 9.4% (H1-05) 11.2% (H1-06)
Emerging countries and Asia: 8.7% (H1-05) 8.0% (H1-06)
Free cash flow = Cash flow – Capital expenditure
Operating performance in first-half 2006

A. Performance by sector
B. Performance by geographic area
C. BPB integration
Update on the BPB integration

> Better-than-expected **performances**

> **Cost synergies** implemented ahead of schedule

> Retooled operational **organization** since early-March 2006 and excellent **integration of teams**

> High potential for **commercial synergies**

> Attractive **growth** prospects
## Better-than-expected results for Gypsum in H1-2006

<table>
<thead>
<tr>
<th>In €m</th>
<th>H1-2005 pro forma</th>
<th>H1-2006</th>
<th>Change H1-2006 /H1-2005pf</th>
<th>2006 target**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>1,724</td>
<td>1,963</td>
<td>+13.9%</td>
<td>+8%</td>
</tr>
<tr>
<td>Operating income</td>
<td>227</td>
<td>334*</td>
<td>+47.1%</td>
<td>+20%</td>
</tr>
<tr>
<td>Operating margin</td>
<td>13.2%</td>
<td>17.0%</td>
<td></td>
<td>14%</td>
</tr>
</tbody>
</table>

* Including €20m in cost synergies
** as published in January 2006

Initial sales and operating income targets for the year significantly exceeded
Vigorous growth in the Gypsum business

- **+13.7% organic growth** in H1-2006, including:
  - an 8.2% price impact
  - a 5.5% volume effect

- **€207m of capital spending** in H1-2006 (10.5% of sales) of which:
  - €88m new capacity in the UK and Spain
  - €18m new capacity in Asia (China, India)

- Capital spending over the second half of 2006 should be in line with the six months to June 30, 2006 (capacity investments in France and the US)
Cost synergies implemented ahead of schedule

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>H1-06/H1-05</td>
<td>H2-06/H2-05</td>
</tr>
<tr>
<td>Impact of cost</td>
<td>+20</td>
<td>+30</td>
</tr>
<tr>
<td>synergies on op. inc.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* versus initial target of €40m

- Confirmation of synergies worth €100m in 2007
- Estimated synergies for 2006 raised to €50m from €40m
Attractive growth prospects for interior building solutions

> Creation of a **joint strategic marketing department** with the Insulation business in April 2006

> Accelerated expansion in **emerging countries**

**Some examples:**

- **Gypsum/Industrial mortars synergies**
  - Turkey: investment by the mortars business in Gypsum’s new plant near Ankara
  - Acquisition projects in emerging countries

- **Gypsum/Insulation synergies**
  - Russia: set-up of a plasterboard plant at Insulation’s Yegorievsk site
    ➔ start-up in 2008
Attractive growth prospects for interior building solutions

> **Expanded range** of products and solutions

> Regulatory measures in Europe promoting **energy efficiency**

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**Insulation: an example**

- EnVG, EID
- New 2006 standard
- RT 2005, energy savings certificates

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> **United States**: no significant additional capacity expected before end-2007
Overview of first-half 2006

> Sharp increase in sales prices offsetting spiraling raw materials and energy costs

> Marked upturn in sales volumes

> Highly satisfactory performances reported by the Construction Products and Building Distribution sectors

> Improved profitability and strong contribution from BPB
Strategic avenues for development
Saint-Gobain: H1-2006
(after the sale of Calmar)

Sales
- Building Distribution: 40%
- Construction Products: 26%
- High-Performance Materials: 12%
- Flat Glass: 10%
- Packaging: 15%

Operating income
- Building Distribution: 39%
- Construction Products: 23%
- High-Performance Materials: 15%
- Flat Glass: 13%
- Packaging: 10%
Strategy: 3 major avenues for development

- Prioritizing development of **construction** and **housing** related businesses
  - > 80% of Group sales

- Fast-paced expansion in **emerging countries**
  - ~ 30% of Group sales (excl. Distribution)

- Ongoing **R&D and innovation** initiatives, particularly in High-Performance Materials and Flat Glass

**Worldwide leader in housing**
Expanding presence in construction markets

% 2006 pro forma sales

<table>
<thead>
<tr>
<th>Category</th>
<th>Region</th>
<th>2006 Pro Forma Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Household consumption</td>
<td>Western Europe</td>
<td>27%</td>
</tr>
<tr>
<td></td>
<td>North America</td>
<td>7%</td>
</tr>
<tr>
<td></td>
<td>Asia and emerging countries</td>
<td>3%</td>
</tr>
<tr>
<td>Industry</td>
<td>Western Europe</td>
<td>6%</td>
</tr>
<tr>
<td></td>
<td>North America</td>
<td>4%</td>
</tr>
<tr>
<td></td>
<td>Asia and emerging countries</td>
<td>1%</td>
</tr>
<tr>
<td>Construction</td>
<td>Western Europe</td>
<td>29%</td>
</tr>
<tr>
<td></td>
<td>North America</td>
<td>4%</td>
</tr>
<tr>
<td></td>
<td>Asia and emerging countries</td>
<td>3%</td>
</tr>
<tr>
<td></td>
<td>New construction</td>
<td>7%</td>
</tr>
<tr>
<td></td>
<td>Renovation</td>
<td>3%</td>
</tr>
</tbody>
</table>

Expanding presence in construction markets

Industry (14%)

Construction (75%)

Household consumption (11%)
Active portfolio management

> Significant divestments through to mid-2007, in line with the Group’s business model and its growth and profitability prospects

> Process already started with the completion of the sale of Calmar (USD 745m, >10xEbitda) and Synflex

> Other projects in progress, namely a joint venture with Owens Corning (Reinforcements & Composites)

> Continued financial flexibility allowing scope for acquisition program

A leaner business portfolio presenting better growth and profitability prospects
Saint-Gobain’s Reinforcements: two different businesses

Reinforcements & Composites
2005 sales ~ €850m

UPSTREAM (2/3 OF SALES): PLASTICS

DOWNSTREAM (1/3 of sales): COMP. & INDUSTRY

Textile Solutions
2005 sales ~ €550m

UPSTREAM (1/3 of sales): TEXTILES

DOWNSTREAM (2/3 OF SALES): CONSTRUCTION

> Competitive positioning of Reinforcements & Composites

Capacity in kT.

<table>
<thead>
<tr>
<th>Year</th>
<th>Manufacturers: emerging countries</th>
<th>Manufacturers: other developing countries</th>
<th>Saint-Gobain Reinforcements &amp; Composites</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>12%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td>23%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Alliance project with Owens Corning

Agreement between Saint-Gobain and Owens Corning to form a joint venture in order to maximize the value of the Reinforcements & Composites business:

- Estimated sales of USD 1.8bn (€1.5bn)
- Owens Corning to take majority stake and assume management powers (JV 60/40)
- Saint-Gobain may exercise a put option (and Owens Corning a call option) at the end of Year 4

Joint venture accounted for by the equity method in Saint-Gobain’s accounts

Target timetable: 1Q 2007 (following approval of the competent authorities)

The Textile Solutions business remains outside the scope of the transaction
Outlook and targets

A. Outlook for second-half 2006
B. Targets for 2006
A generally satisfactory macro-economic environment

Construction

- Booming market in France, Scandinavia and Spain. Upturn in the UK and Germany
- Slowdown (in terms of volumes) in residential construction in the US (as forecast), but uptrend in the non-residential market
- Vigorous demand in emerging countries

Industry: Worldwide industrial activity remains at satisfactory levels

Household consumption: solid performance in the US, slight upswing in Europe

Uncertainties remain regarding energy prices, interest and dollar rates
H2-2006 outlook for Saint-Gobain’s businesses

> **Building Distribution** expected to continue expansion and improve profitability

> **Construction Products (CP):**
  - robust growth in interior building solutions (BPB and Insulation), despite an unfavorable comparison basis versus H1-2006
  - strong business levels for the Pipe division
  - continuing good results for Building Materials

> **High-Performance Materials (HPM):** performance expected to level out

> **Flat Glass and Packaging:** improved profitability (rise in sales prices)
H2-2006 outlook: continued roll-out of the business model

> Ongoing implementation of synergies related to the BPB integration

> **Price effect** to remain favorable, offsetting rise in raw materials and energy costs

> Further **bolt-on acquisitions** (Building Distribution and Construction Products)

> Continuing large-scale **growth-driven capital spending**

> Ongoing **divestment plan**
2006 targets raised*

> 27%-28% growth in operating income at constant exchange rates**

> 25%-26% growth in net income excluding profit/(loss) on sales of non-current assets

> Strong organic growth momentum versus 2005

> Sustained high levels of free cash flow and strong balance sheet structure

* after the sale of Calmar on June 30, 2006
** average exchange rates for 2005
First-half 2006 results

Analyst – Investor meeting
London, July 31, 2006