First-half 2007 results

Analyst-Investor meeting

July 2007
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2 Group results
3 Operating performance
4 Strategy
5 Outlook and objectives for 2007
1 Highlights
## Saint-Gobain in first-half 2007: Key figures

<table>
<thead>
<tr>
<th></th>
<th>Amount in €m</th>
<th>Change H1-2007/H1-2006</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Actual</td>
</tr>
<tr>
<td><strong>Net sales</strong></td>
<td>21,779</td>
<td>+6.0%</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td>2,093</td>
<td>+15.3%</td>
</tr>
<tr>
<td><strong>Recurring net income</strong>*</td>
<td>1,067</td>
<td>+31.2%</td>
</tr>
</tbody>
</table>

* excluding capital gains, asset write-downs and provision for Flat Glass fines
** average exchange rates for H1-2006
A mixed economic climate

> Robust trading in Europe boosted by favorable weather conditions in the first quarter

> Sharp downturn in residential construction in the United States

> Vigorous growth in emerging countries, particularly Eastern Europe

> Good level of industrial activity across the globe
Solid upswing in Group performance

> **Organic growth of 6.9% (+3.7% price impact, +3.2% volume effect)**, powered by Flat Glass (up 12.9%) and Building Distribution (up 8.7%)

> **Strong growth in operating margin to 9.6%** (versus 8.8% in H1-2006), driven by industrial businesses (**12.6%** versus 11.1% in H1-2006)

> **Further increase in cash flow from operations*** (up 12.6%)

* excluding tax impact of capital gains and losses and exceptional asset write-downs
Roll-out of strategy picking up pace

> **34 bolt-on acquisitions** targeting construction markets, bringing in around **€560m** in full-year sales + **Norandex** (specialist distribution and siding in the United States, $860m in sales)

> **Sale** of **Desjonquères** (€690m, March 31, 2007) and planned sale of **Reinforcements & Composites** before the end of 2007

> **Capital expenditure: €822m**, including around 30% in emerging countries and around 40% in new capacity
2 Group results
## H1-2007: Key figures

### In €m

<table>
<thead>
<tr>
<th></th>
<th>H1-2006</th>
<th>H1-2007</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>20,551</td>
<td>21,779</td>
<td>+6.0%</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td>1,815</td>
<td>2,093</td>
<td>+15.3%</td>
</tr>
<tr>
<td>Non-operating costs</td>
<td>(157)</td>
<td>(126)</td>
<td>-19.7%</td>
</tr>
<tr>
<td>Provision for Flat Glass fines</td>
<td>(650)</td>
<td>(650)</td>
<td></td>
</tr>
<tr>
<td>Capital gains and losses and exceptional asset write-downs</td>
<td>+13</td>
<td>+3</td>
<td></td>
</tr>
<tr>
<td><strong>Business income</strong></td>
<td>1,671</td>
<td>1,321</td>
<td>-25.6%</td>
</tr>
<tr>
<td>Net financial expense</td>
<td>(374)</td>
<td>(351)</td>
<td>-6.1%</td>
</tr>
<tr>
<td>Income taxes</td>
<td>(479)</td>
<td>(491)</td>
<td>+2.5%</td>
</tr>
<tr>
<td>Minority interests</td>
<td>(19)</td>
<td>(22)</td>
<td>+15.8%</td>
</tr>
<tr>
<td><strong>Recurring net income</strong></td>
<td>813</td>
<td>1,067</td>
<td>+31.2%</td>
</tr>
<tr>
<td>(excl. capital gains, exceptional asset write-downs and provision for Flat Glass fines)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>797</td>
<td>465</td>
<td>-41.7%</td>
</tr>
<tr>
<td><strong>Cash flow from operations</strong></td>
<td>1,672</td>
<td>1,883</td>
<td>+12.6%</td>
</tr>
<tr>
<td>excl. tax impact of capital gains and losses and exceptional asset write-downs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Capital expenditure</strong></td>
<td>811</td>
<td>822</td>
<td>+1.4%</td>
</tr>
<tr>
<td><strong>Net debt</strong></td>
<td>13,738</td>
<td>12,007</td>
<td>-12.6%</td>
</tr>
</tbody>
</table>
Net sales

In €bn

<table>
<thead>
<tr>
<th></th>
<th>H1-2006 sales</th>
<th>exchange rate</th>
<th>structure</th>
<th>prices</th>
<th>volumes</th>
<th>H1-2007 sales</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>20.551</td>
<td>-1.4%</td>
<td>+0.5%</td>
<td>+3.7%</td>
<td>+3.2%</td>
<td>21.779</td>
</tr>
</tbody>
</table>

+6.9% on a like-for-like basis

+6.0%
Organic growth

% change in 2007/2006 net sales on a like-for-like basis

- **Volumes**
- **Prices**

<table>
<thead>
<tr>
<th>Period</th>
<th>Volumes</th>
<th>Prices</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1-2007/ Q1-2006</td>
<td>4.3%</td>
<td>3.7%</td>
</tr>
<tr>
<td>Q2-2007/ Q2-2006</td>
<td>2.1%</td>
<td>3.7%</td>
</tr>
<tr>
<td>Q1-2007/ Q1-2006</td>
<td>3.2%</td>
<td>3.7%</td>
</tr>
</tbody>
</table>
Operating income

In €m

<table>
<thead>
<tr>
<th></th>
<th>H1-2006</th>
<th>H1-2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Group</td>
<td>1,815</td>
<td>2,093</td>
</tr>
<tr>
<td>Operating margin as % of sales</td>
<td>8.8% 11.1% 5.0%</td>
<td>9.6% 12.6% 5.2%</td>
</tr>
</tbody>
</table>

> +16.6% at constant exchange rates*

* average exchange rates for H1-2006
## Non-operating costs

(€ million)

<table>
<thead>
<tr>
<th></th>
<th>H1-06</th>
<th>H1-07</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating income</strong></td>
<td>1,815</td>
<td>2,093</td>
<td>+15.3%</td>
</tr>
<tr>
<td><strong>Provision for asbestos litigation</strong></td>
<td>(50)</td>
<td>(47.5)</td>
<td></td>
</tr>
<tr>
<td><strong>Restructuring costs</strong></td>
<td>(107)</td>
<td>(78.5)</td>
<td></td>
</tr>
<tr>
<td><strong>Provision for Flat Glass fines</strong></td>
<td>(650)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Non-operating costs</strong></td>
<td>(157)</td>
<td>(776)</td>
<td></td>
</tr>
<tr>
<td><strong>Gain/(loss) on sales of non-current assets</strong></td>
<td>+141</td>
<td>+252</td>
<td></td>
</tr>
<tr>
<td><strong>Asset write-downs</strong></td>
<td>(128)</td>
<td>(249)</td>
<td></td>
</tr>
<tr>
<td><strong>Other operating expenses</strong></td>
<td>+13</td>
<td>+3</td>
<td></td>
</tr>
<tr>
<td><strong>Business income</strong></td>
<td>1,671</td>
<td>1,321</td>
<td></td>
</tr>
<tr>
<td><strong>Recurring business income excl. Flat Glass fines</strong></td>
<td>1,671</td>
<td>1,971</td>
<td>+18.0%</td>
</tr>
</tbody>
</table>
Outstanding claims

Asbestos claims against CertainTeed in the US

> Approximately $78m* paid out (trailing 12-month basis) ($83m in 2006 and $88m in 2005) and a further €47.5m set aside to the provision (50% of the provision for full-year 2006)

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>June 2007 (trailing 12-month basis)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>New claims</td>
<td>7,000</td>
<td>7,000*</td>
</tr>
<tr>
<td>Claims settled</td>
<td>12,000</td>
<td>9,000*</td>
</tr>
<tr>
<td>Average cost per claim</td>
<td>$3,000</td>
<td>$3,500*</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>H1-2006</th>
<th>H1-2007*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4,000</td>
<td>4,000</td>
</tr>
<tr>
<td></td>
<td>8,000</td>
<td>5,000</td>
</tr>
</tbody>
</table>

> Outstanding claims at 06/30/07: 75,000* (76,000 at end-2006) *estimated

Flat Glass

> Statements of Objections received on March 12, 2007 (glass for the construction industry) and April 19, 2007 (automotive glass)
> Provision of €650m at June 30, 2007 covering both proceedings
> Commission decisions likely end-2007 or early-2008
## Net income

<table>
<thead>
<tr>
<th></th>
<th>H1-2006</th>
<th>H1-2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income</td>
<td>813</td>
<td>1,067</td>
</tr>
<tr>
<td>Recurring net income*</td>
<td>2.40</td>
<td>2.93</td>
</tr>
<tr>
<td>Recurring EPS* (€)</td>
<td>813 (+31.2%)</td>
<td>1,067 (+22.1%)</td>
</tr>
</tbody>
</table>

*excluding capital gains, asset write-downs and provision for Flat Glass fines

> Recurring net income*

> Recurring EPS* (€)

> Net income (€465m) down 41.7% due to the provision for Flat Glass fines

(weighted ave. no. of shares outstanding: 338,648,777 at June 30, 2006, 364,639,299 at June 30, 2007)
Operating working capital

(in €m, as % of sales and in no. of days)

<table>
<thead>
<tr>
<th>Date</th>
<th>€m</th>
<th>% of Sales</th>
<th>No. of Days</th>
</tr>
</thead>
<tbody>
<tr>
<td>06/30/2005</td>
<td>5,625</td>
<td>16.6%</td>
<td>60d</td>
</tr>
<tr>
<td>06/30/2006</td>
<td>6,054</td>
<td>15.0%</td>
<td>54d</td>
</tr>
<tr>
<td>06/30/2007</td>
<td>6,167</td>
<td>14.4%</td>
<td>52d</td>
</tr>
</tbody>
</table>
Cash flow and capital expenditure

In €m
(excluding the tax impact of capital gains and losses and exceptional asset write-downs)

<table>
<thead>
<tr>
<th></th>
<th>H1-2006</th>
<th>H1-2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flow (%)</td>
<td>8.1%</td>
<td>8.6%</td>
</tr>
<tr>
<td>Capital expenditure (%)</td>
<td>3.9%</td>
<td>3.8%</td>
</tr>
<tr>
<td>Cash flow (€m)</td>
<td>€1,672</td>
<td>€1,883</td>
</tr>
<tr>
<td>Capital expenditure (€m)</td>
<td>€861m</td>
<td>€1,061m</td>
</tr>
<tr>
<td>Increase (%)</td>
<td>+23.2%</td>
<td></td>
</tr>
</tbody>
</table>

(€1,061m - €861m)
Net debt and shareholders’ equity (in €bn)

- **06/30/2006**
  - Net debt: 13.7
  - Shareholders' equity: 12.9

- **12/31/06**
  - Net debt: 11.6
  - Shareholders' equity: 14.5

- **06/30/2007**
  - Net debt: 12.0
  - Shareholders' equity: 15.0

- Net debt/equity:
  - 06/30/2006: 106%
  - 12/31/06: 80%
  - 06/30/2007: 80%

- Net debt/Ebitda:
  - 06/30/2006: 2.5 (2xH1)
  - 12/31/06: 2.2
  - 06/30/2007: 2.2

- Interest cover:
  - 06/30/2006: 4.8
  - 12/31/06: 5.0
  - 06/30/2007: 6.0
Acquisitions and disposals

H1-2007

> Acquisitions €432m
  o/w Building Distribution €285m
  Construction Products €72m
  High-Performance Materials €15m

> Disposals €542m*

* including:
  sale of Saint-Gobain Desjonquères for €482m
  sale of non-current assets for €53m
3 Operating performance

A. Sectors

B. Geographic areas
Organic growth (at end-June 2007)

% change in H1-2007/H1-2006 sales on a like-for-like basis

Group average: 6.9%

- Flat Glass: +12.9%
- High-Performance Materials: +2.4%
- Construction Products: +4.1%
- Building Distribution: +8.7%
- Packaging: +6.5%

- Ceramics, Plast. & Abrasives: +5.1% (Reinf. -4.5%)
- Interior Solutions: +6.6%
- Exterior Solutions: +0.8%
Flat Glass – Highlights

- **Buoyant market conditions** for all activities (automotive and construction) in Europe and emerging countries

- **Sharp rise in prices** on building markets in Europe

- Fast-paced growth of **energy-efficient products**: anti-reflective and low-emission glass (+20%)

- Ongoing investments in **emerging countries** (55% of total capex), including a second float-line in Mexico and Poland
Flat Glass (in €m and as % of sales)

Sales

- H1-2006: 2,498
- H1-2007: 2,797

Operating income

- H1-2006: 228
- H1-2007: 366

Cash flow & Capex

- Cash flow: 347
- Capex: 166

12.9% on a like-for-like basis
High-Performance Materials – Highlights

- **Satisfactory industrial markets** in Europe, North America and emerging countries

- Solid **+5.1%** organic growth for **Ceramics, Plastics & Abrasives**

- Further improvement in margins

- **R&D efforts** stepped up: **+10%** in H1-2007
High-Performance Materials (in €m and as % of sales)

Sales

- Ceram.
  - H1-2006: 1,833
  - H1-2007: 1,825
  - Change: -2.3%

- Plastics
  - H1-2006: 718
  - H1-2007: 667
  - Change: -8.1%

- Abrasives
  - H1-2006: 2,544
  - H1-2007: 2,486
  - Change: -2.3%

Operating income

- H1-2006: 276
- H1-2007: 300
- Change: +8.7%

Cash flow & Capex

- Cash flow: 304
- Capex: 73
- Change: -2.9%

+5.1% on a like-for-like basis excl. Reinforcements

10.8% for H1-2006
12.1% for H1-2007
Construction Products – Highlights

- Excellent performances in Europe, boosted by favorable weather conditions in the first quarter

- Marked downturn in the US (24% of the sector) as predicted, in terms of both volumes and prices

- Sustained high margins

- Large-scale growth investments (around 60% of total capex) in Interior Solutions businesses
Construction Products (in €m and as % of sales)

<table>
<thead>
<tr>
<th></th>
<th>Sales</th>
<th>Operating income</th>
<th>Cash flow &amp; Capex</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interior Solutions</td>
<td>5,460</td>
<td>5,644</td>
<td>704</td>
</tr>
<tr>
<td>Exterior Solutions</td>
<td>2,288</td>
<td>2,267</td>
<td>15.8%</td>
</tr>
</tbody>
</table>

+3.4% +5.0%

+4.1% on a like-for-like basis

12.9% 13.1%
Building Distribution – Highlights

- Robust trading environment in all European countries and upturn in margins for the sector

- 29 acquisitions in 7 countries representing 91 outlets and €514m in full-year sales (excluding Norandex)

- Acquisition of a merchant trader in Italy (Vemac), following the opening of Plateforme du Bâtiment in Milan (end-2006)

- 74 new outlets opened
Building Distribution (in €m and as % of sales)

Sales
- H1-2006: 8,401
- H1-2007: 9,522
  +13.3%

Operating income
- H1-2006: 418
  5.0%
- H1-2007: 494
  5.2%
  +18.2%

Cash flow & Capex
- Cash flow: 380
  4.0%
- Capex: 147
  1.5%

+8.7% on a like-for-like basis
Packaging – Highlights

- **Strong upswing in business** over the first half of the year, in terms of both volumes and prices

- **Saturation of production capacity** and **sharp improvement in margins**

- **Sale of Desjonquères** at March 31, 2007 on highly favorable terms (€690m, i.e. 14x 2006 EBIT) to the Sagard and Cognetas funds
Packaging (in €m and as % of sales)

Sales

<table>
<thead>
<tr>
<th>Flasks &amp; Plast.</th>
<th>Bottles &amp; Jars</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1-2006</td>
<td>H1-2006</td>
</tr>
<tr>
<td>2,129</td>
<td>1,661</td>
</tr>
<tr>
<td>-12.1%</td>
<td>-12.1%</td>
</tr>
<tr>
<td>468</td>
<td>468</td>
</tr>
<tr>
<td>1,871</td>
<td>1,722</td>
</tr>
</tbody>
</table>

Operating income

<table>
<thead>
<tr>
<th>Flasks &amp; Plast.</th>
<th>Bottles &amp; Jars</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1-2006</td>
<td>H1-2006</td>
</tr>
<tr>
<td>205</td>
<td>9.2%</td>
</tr>
<tr>
<td>24</td>
<td>11.0%</td>
</tr>
<tr>
<td>212</td>
<td>11.3%</td>
</tr>
</tbody>
</table>

Cash flow & Capex

<table>
<thead>
<tr>
<th>Flasks &amp; Plast.</th>
<th>Bottles &amp; Jars</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1-2006</td>
<td>H1-2006</td>
</tr>
<tr>
<td>211</td>
<td>11.3%</td>
</tr>
<tr>
<td>125</td>
<td>6.7%</td>
</tr>
</tbody>
</table>

+6.5% on a like-for-like basis

9.6% 11.3%
3 Operating performance

A. Sectors

B. Geographic areas
Organic growth by geographic area

% change in sales H1-2007/H1-2006
on a like-for-like basis

France: 6.5%
Other western Europe: 9.2%
North America: -7.2%
Emerging countries and Asia: 19.0%

% Group total: 29% France, 44% Other western Europe, 13% North America, 14% Emerging countries and Asia
Operating income by geographic area
(in €m and as % of sales)

<table>
<thead>
<tr>
<th>Region</th>
<th>H1-06</th>
<th>H1-07</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>491</td>
<td>565</td>
<td>8.4%</td>
</tr>
<tr>
<td>Other western European countries</td>
<td>695</td>
<td>926</td>
<td>9.3%</td>
</tr>
<tr>
<td>North America</td>
<td>407</td>
<td>234</td>
<td>7.8%</td>
</tr>
<tr>
<td>Emerging countries and Asia</td>
<td>222</td>
<td>368</td>
<td>11.2%</td>
</tr>
</tbody>
</table>

H1-06 compared to H1-07.
Cash flow and capex by geographic area
(in €m and as % of sales)

Free cash flow = Cash flow – Capex
4 Saint-Gobain’s strategy
Dynamic changes in Saint-Gobain’s portfolio

Over the past two years, Saint-Gobain has increasingly focused on construction markets.

**Acquisitions**
- 12/05: Acquisition of BPB
  - €6,500m (enterprise value)
- Since 07/2005: 115 acquisitions in Construction businesses
  - €1,450m
- H2-07: Acquisition of Norandex
  - $343m

**Sales**
- 04/06: sale of Calmar
  - €600m
- 03/07: sale of Desjonquères
  - €690m
- H2-07: sale of Reinforcements and Composites
  - $640m
- Planned sale of Packaging
Planned sale of Saint-Gobain’s Reinforcements & Composites business (excluding US activities) to Owens Corning (rather than joint venture as provided for in the agreement dated February 20, 2007)

Transaction expected to be finalised at the end of 2007

<table>
<thead>
<tr>
<th>Textile Solutions</th>
<th>Mainly construction markets</th>
</tr>
</thead>
<tbody>
<tr>
<td>520</td>
<td></td>
</tr>
<tr>
<td>US Reinforcements &amp; Composites</td>
<td>Separate sale agreement</td>
</tr>
<tr>
<td>business (Wichita Falls)</td>
<td></td>
</tr>
<tr>
<td>~180</td>
<td></td>
</tr>
<tr>
<td>Reinforcements &amp; Composites</td>
<td>Planned sale to Owens Corning</td>
</tr>
<tr>
<td>excluding US business</td>
<td>$640m</td>
</tr>
<tr>
<td>~715</td>
<td></td>
</tr>
</tbody>
</table>

* before elimination of internal sales
Saint-Gobain’s ambition

Worldwide leadership in construction markets, offering innovative solutions to meet the fundamental global challenges of growth, energy and the environment.

Worldwide leadership: local solutions tailored to the needs of both emerging and developed countries.

Solutions: association of products and services.

Innovation: broad-ranging skills in materials, thanks to the Group’s industrial expertise.

Energy-Environment: unrivalled product portfolio uniquely positioned to meet emerging needs of construction markets.
Construction markets: essential needs growing fast …

**In developed countries**
- Renovation of old buildings
- **New building attributes** (thermal insulation, acoustic comfort, etc.)
- User-friendly, easy to install

**In emerging countries**
- Demographic growth and urbanization
  - Infrastructures, housing
- **Development of economic activity**
  - Non-residential construction
… heightened by the search for energy-saving solutions…

Homes built before 1975

60% of European homes

€1,700

Current European standards

€800

2010 European standards

€300

“Zero-emission” houses

€100

Annual cost of heating 100 m²*

*Saint-Gobain estimate based on $65/barrel
... and the challenge of reducing CO₂ emissions

Optimising insulation in buildings: the most cost-effective measure for reducing greenhouse gas emissions

Increasingly stringent regulations, in both developed and emerging countries

Aim of the EPBD Directive*: reduction of 22% in the energy consumed by buildings between 2003 and 2010

Saint-Gobain: products and services designed to meet energy and environmental challenges

<table>
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<tr>
<th>Today</th>
<th>Tomorrow</th>
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<td>Interior solutions</td>
<td>New distribution formats</td>
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<td>Flat glass</td>
<td>Ultimate glass wool</td>
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<td>Building distribution</td>
<td>Particulate filters</td>
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<td>Ceramics for energy-related applications</td>
<td>Photovoltaic glass</td>
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</table>
Saint-Gobain: local solutions tailored to each stage of development

- Coated glass
- Renewable energy sources
- High-performance materials for construction and industrial applications
- Building Distribution
- Insulation
- Plasterboard
- Flat Glass
- Mortars
- Pipe

Potential market per inhabitant

Emerging countries
- Countries in transition
- Developed countries

GDP/inhabitant
A refocused Group to achieve stronger growth

**Building Distribution**
- Consolidation
- New countries, new store formats

**Construction Products**
- Energy and environmental performance
- Emerging countries

**Innovative materials**
- R&D in energy/environment
- Emerging countries

Breakdown of operating income 2006 pf

* Flat Glass & High-Performance Materials
Construction Products: accelerated growth momentum

Revision of standards in developed and emerging countries

- Estimated impact on growth for Insulation: > +4%/p.a.
- Positive impact on Gypsum and Mortars
- Standards on acoustic comfort

Fast-paced growth of emerging countries

- 14% of sales for the sector (2006)
- Growth: around 20%/p.a.

Total organic growth

- 2006-2010: ~ 5% – 6%/p.a.
Construction Products: numerous development opportunities

**Interior Solutions**

- > 20 major new facilities between 2007 and 2010
  - Gypsum: India, France, Hungary, Abu Dhabi, US, etc.
  - Insulation: Spain, Denmark, France, Poland, Russia, etc.

- New projects expected to generate significant contribution
  - 2010 sales: > €1bn
  - ROI: > 25%

*Chemillé plant (France) 2009*  
*East Leake plant (UK) 2007*
Innovative materials: accelerated growth momentum

- Numerous innovative projects being developed
  - New glass offering enhanced thermal insulation
  - Particulate filters
  - Ceramic substrates for new energy technologies
  - Photovoltaic glass

- Rapid growth of emerging countries
  - Currently 26% of sales
  - 35% in 2010
Innovative materials

*Coated glass*

### Fundamentals
- Helps reduce greenhouse gas emissions
- Renewable energy sources
- Comfort, active glass

### Saint-Gobain, market leader
- No. 1 in Europe, joint no. 1 worldwide
- Significant technological advance

### Substantial contribution to growth
- > 20% of glass sales
- Growth 07-10 > 15%/p.a.
- High resistance factor to cycles

**SGG PLANITHERM®**
Enhanced Thermal Insulation

**SGG PLANISTAR®**
Enhanced Thermal Insulation and solar control
Year-round comfort
Innovative materials

High-performance plastics

- High value-added plastics
  - 2006 sales: €690m
  - Organic growth of 6% p.a. since 2003
- Applications in industrial niche markets
- Joint development initiatives with clients

- Developments focused on construction, energy and environment
  - Numerous potential applications
  - 15% of 2006 sales
  - Several R&D projects in progress

Sheerfill® architectural membrane
Fabrasorb® acoustical membrane
Translucent, versatile membrane resistant to temperatures of between -70°C to 230°C + acoustical membrane reducing interior noise levels (Millennium Dome, London)

Covisil® glass joints
UV-resistant and no loss of elasticity between -60°C and 160°C
A new approach to innovation

- Combine ideas stemming from innovative SMEs with the industrial strengths of Saint-Gobain
- Variety of working methods: licenses, partnerships, financial investments
- A dedicated team in place for over a year: Nova
- Around 300 potential start-ups analyzed
- 3 partnerships signed, more than 20 being reviewed, in particular in the areas of construction, energy and the environment

LED glass
Photovoltaic plating
Synthetic stone
Phonic insulation
Building Distribution: continuing strong growth

Organic growth: +5% p.a.
- Market growth +2.7%
- Sector outperforming market growth by 2.3%

Acquisition potential: +5% p.a.
- Expertise in integration
- €514m of acquisitions (full-year sales) in H1 2007
Building Distribution

New countries, new store formats

Recent geographic development
- Spain, Italy, Ireland, Eastern Europe, South America
- Acquisition of Norandex in the US

New store formats
- Le Forum Point.P
- L’Expo Point.P
- Montér Optimera concept
- Minster UK
- La Maîson China
- AquaMondo

Accelerated geographic expansion
(Sp, It, Ir, Eastern Eur., South Am.)

2006 8% of sales
Obj. 2010 16% of sales
Norandex: a targeted acquisition in the US

- $866m of 2006 sales, 2,200 employees
- Enterprise value: $343m
- Specialized distributor of sidings: 153 outlets
- No. 3 US manufacturer of vinyl sidings
- CertainTeed’s leadership reinforced in the manufacture of sidings
- Acquisition targeting distribution capabilities and production synergies
At a glance: three major avenues for the Group’s development

*Strengthening worldwide leadership*

- **Geographic expansion:** growth capex in emerging countries
  
  25% of the Group’s sales in 2010

- **Acquisitions** to consolidate businesses related to construction markets

- **Innovation** and increased R&D initiatives to drive organic growth
An integrated Group

*Optimizing operational performance*

- Synergies between businesses to step up the pace of growth

- Streamlining, cost savings and industrial optimization
  (€300m of cost savings by 2010)
Synergies between businesses

*Interior Solutions*

- **Products and systems**
  - Epsitoit: product in Placoplâtre plants, but sold under the Isover brand
  - Exterior insulation (ETICS): insulation, mortars, glass fabrics

- **Marketing**
  - Joint training school for Insulation /Gypsum/Mortars in Italy

- **Improved customer service**
  - Logistics: joint Gypsum/Insulation deliveries in Spain
  - Optimization of Mortars/Gypsum plants in Italy
Cost savings and industrial optimization

Objective: €300m in cost savings in 2010

Operational synergies

- Reduce administrative expenses
- Scale back transport and energy consumption
- Pursue centralized procurement policy

Ongoing industrial optimization

- Roll-out the “World Class Manufacturing” approach to the entire organization
Strict rein on capital employed

- **Capital expenditure**
  - Gain of around €500m

- **Working capital**
  - More than 2,000 managers offered attractive financial incentives to improve return on capital employed
Objectives for 2010

**Accelerate growth**
- Sales growth: +5% p.a. excluding acquisitions
- EPS: >10% p.a.

**Increase profitability**
- ROI: 22-25%
- ROCE: 13-14%
5 Outlook and objectives for 2007

A. Outlook for second-half 2007
B. 2007 objectives
Macro-economic environment

**Construction**

> Residential and commercial **building** markets in **Europe** **should remain healthy**, for both renovation and new construction projects

> No upturn in residential construction in the **United States**; **German market** losing momentum

> Demand in **emerging countries** should remain strong

**Industry**: Worldwide **industrial activity** to remain satisfactory

**Uncertainties** (energy costs, interest rates and US dollar)
H2-2007 outlook for Saint-Gobain’s businesses

> **Building Distribution**: continued expansion and rise in profitability

> **Construction Products (CP)**:
  - **Interior Solutions**: globally stable with robust markets in Europe offsetting the downturn in the US
  - **Exterior Solutions**: uptrend in Mortars and Pipe should offset sluggish US activities

> **High-Performance Materials (HPM)**: favorable climate for capital spending and industrial output

> **Flat Glass** and **Packaging**: increase in profitability compared with H2-2006
2007 objectives raised*

> Strong organic growth momentum versus 2006

> Double-digit growth in operating income* at constant exchange rates**

> At least 20% growth in recurring net income*

> Continued high levels of free cash flow and a solid balance sheet structure

* These objectives are based on the assumption that Saint-Gobain Desjonquères and the Reinforcements & Composites business are deconsolidated at March 31, 2007 and end-2007, respectively, but do not reflect any other material change in the consolidated group that may occur in 2007.

Recurring net income = net income excluding capital gains and losses, asset write-downs and the Flat Glass fines

** average exchange rates for 2006
First-half 2007 results

Analyst-Investor meeting
July 2007