

**SAINT-GOBAIN**  
**NET INCOME EXCLUDING CAPITAL GAINS OF**  
**2.8 BILLION FRENCH FRANCS (+22%)**  
**FOR THE FIRST HALF YEAR 1998**

The consolidated net income of the SAINT-GOBAIN Group for the first half year is estimated at 3,440 million French Francs, against 3,356 million French Francs for the 1997 first half.

Excluding capital gains, net income amounts to 2,760 million French Francs, up an 22.1% over the 1997 first half. This increase reflects the on-going good level of activity in North and South America, as well as the confirmation of an economic recovery in Europe.

The estimated consolidated figures for the half year, which were examined by the Board of Directors of SAINT-GOBAIN at the meeting on July 23rd, 1998 and are as follows:

<u>Millions of French Francs</u>	<u>Estimated 1998</u>	<u>1997</u>
Sales	57,690	52,846
Operating income	5,760	5,059
Financial charges, net	(930)	(896)
Reorganisation and other costs	(370)	(388)
Income before tax and before results of sales of non-current assets	4,780	4,237
Results of sales of non-current assets	900	1,558
Income taxes	(1,880)	(1,968)
Net income before minority interests	3,750	3,695
Net income	3,440	3,356
Net income excluding net results of sales of non-current assets	2,760	2,259
Resources from operations (cash flow)	6,460	5,495
Capital expenditure on plant and equipment	3,700	3,886
Acquisition of investments	3,800	1,015
Net indebtedness	21,320	14,459

**Group sales** are up 9.2% on a real structure basis. On a comparable structure basis, sales increase by 5.2% in French Francs and 3.7% in local currencies. Selling prices (current) are slightly up, in the semester, due to the upward movement in most divisions since the beginning of 1998.

Sales are split as follows: France 38.2%; other European countries: 29.2%; America and Asia: 32.6%.

**Operating income** is up 13.9% and represents 10% of sales, against 9.6% for the 1997 first half.

In a an economic climate, which remains favourable, America keeps a good level of profitability, while Europe, and particularly France, benefiting from the economic recovery, notably in the building sector, improves its performances.

**Income before tax and before results of sales of non-current assets** increases by 12.8%, despite the increase in financial charges and the drop in dividends received from non consolidated companies (320 million French Francs against 462 million French Francs for the 1997 first half). These dividends were particularly high last year due to the payment, by Compagnie de Suez, of an exceptional dividend of 253 million French Francs.

Reorganisation and other costs amount to 370 million French Francs, and are stable compared to the 1997 first half (388 million French Francs).

Capital gains are 900 million French Francs, and are essentially from the disposal during the first quarter of 1,2 million Vivendi (ex-Compagnie Générale des Eaux) shares and the remaining holding in AXA-UAP.

**Net income** amounts to 3,440 million French Francs, slightly up over the 1997 first half. Excluding capital gains, it reaches 2,760 million French Francs against 2,259 million French Francs for the 1997 first half, an increase of 22.1%.

**Cash flow** amounts to 6,460 million French Francs, up by 17.6%. It represents 11.2% of sales against 10.4% for the 1997 first half.

**Net indebtedness** is 21.3 billion French Francs at June 30th, 1998, giving a gearing of 30%.

**By activity**, most of the divisions contributed to the improvement of the Group's results and particularly the Flat Glass, Pipe and Specialised Distribution Divisions.

The review by **geographical area** shows on-going good performances in North and South America, as well as an improvement in Europe, except in the United Kingdom. The crisis currently affecting Asian countries did not have a significant incidence on results, because of the positions of the Group in this area.

Compagnie de SAINT-GOBAIN, the parent company, recorded a trading profit of 1,436 million French Francs, against 1,299 million French Francs for the first half year 1997.

July 23rd, 1998.

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