

## SAINT-GOBAIN

**1998 NET INCOME OF 7.2 BILLION FRENCH FRANCS  
OR 1.1 BILLION EUROS (+27.9%)**

The Board of Directors of Saint-Gobain met on March 25th, 1999 and approved the consolidated financial statements of the Group for 1998.

The final key consolidated figures of the Group confirm the estimates published in January and are as follows:

	<u>1998</u>		<u>1997</u>	
	M F.Francis	M euros	M F.Francis	M euros
<b><u>Sales</u></b>	116,901	17,821	107,078	16,324
<b><u>Operating income</u></b>	11,647	1,776	10,451	1,593
Dividend income	378	58	590	90
Financial charges, net	(1,959)	(299)	(1,887)	(288)
Reorganisation and other costs	(926)	(141)	(1,150)	(175)
<b><u>Income before tax and before results of</u></b>				
<b><u>Disposals of non-current assets</u></b>	9,140	1,393	8,004	1,220
Gains on disposals of non-current assets	2,585	394	2,014	307
Income taxes	(3,868)	(589)	(3,385)	(516)
Amortization of goodwill	(668)	(102)	(600)	(91)
Group's share in net results of associated companies	567	86	332	51
<b><u>Net income before minority interests</u></b>	7,756	1,182	6,365	970
Minority interests in consolidated companies	(560)	(85)	(737)	(112)
<b><u>Net income</u></b>	7,196	1,097	5,628	858
<b><u>EPS (in FF, in E)</u></b>	79.69	12.15	63.08	9.60
<b><u>Net income excluding capital gains</u></b>	5,184	790	4,300	656
<b><u>Cash flow from operations</u></b>	12,540	1,912	11,100	1,692
<b><u>Capital expenditure on plant and equipment</u></b>	8,450	1,288	8,875	1,353
<b><u>Acquisition of investments</u></b>	13,608	2,073	7,175	1,094
<b><u>Net indebtedness</u></b>	25,489	3,886	17,501	2,668

**Group sales** are up by 9.2% in real terms. On a comparable structure basis, sales show an increase of 3,1% in French Francs and of 3.6% in local currencies.

Sales are split: France 37.7%, other European countries 29.7%, America and Asia 32.6%.

**Operating income** is up 11.4% and represents 10% of sales, compared to 9.8% in 1997.

Profitability increased in all major geographical areas especially in Europe thanks to good activity in most of the Group's markets as well as productivity gains.

**Income before tax and before results of sales of non-current assets** is up 14.2% due to the improvement of operating income and the reduction of reorganisation costs (926 million French Francs against 1,150 in 1997, 141 million euros against 175 in 1997), despite the reduction in dividend income, which amounted to 378 million French Francs against 590 million French Francs in 1997 (58 million euros against 90 in 1997). Dividend income was indeed particularly high in 1997 because of the payment by Compagnie de Suez of an exceptional dividend of 253 million French Francs (38.6 million euros).

Financial charges amount to 1,959 million French Francs (299 million euros) and are stable compared to 1997.

**Gains on disposals of non-current assets** amount to 2,585 million French Francs (394 million euros), mainly due to the disposals of 1.2 million Vivendi shares and the remaining holdings in Suez-Lyonnaise des Eaux and AXA.

**Net income** amounts to 7,196 million French Francs (1,097 million euros), an increase of 27.9% compared to 1997. Earnings per share based on the total number of shares issued at December 31, 1998 (90,295,788 shares) are 79.69 French Francs (12.14 euros) against 63.08 French Francs (9.60 euros) at December 31, 1997 (89,226,813 shares).

**Excluding capital gains**, net income amounts to 5,184 million French Francs (790 million euros) against 4,300 million French Francs (656 million euros) in 1997, an increase of 20.6%. Earnings per share, excluding capital gains, based on the total number of shares issued at December 31, 1998 (90,295,788 shares), are 57.41 French Francs (8.73 euros), against 48.19 French Francs (7.35 euros) per share in 1997 (89,226,813 shares).

**Cash flow** amounts to 12,540 million French Francs (1,912 million euros), an increase of 13%. It represents 10.7% of sales against 10.4% in 1997. Before the tax charge on profits on disposals which amounts to 558 million French Francs (85 million euros), cash flow amounts to 13,098 million French Francs (1,997 million euros).

**Capital expenditure** amounts to 8,450 million French Francs (1,288 million euros) against 8,875 million French Francs (1,353 million euros) in 1997 and represents 7.2% of sales against 8.3% in 1997.

**Acquisition of investments** amounts to 13,6 billion French Francs (2.1 billion euros), including 2.3 billion French Francs (351 million euros), for the acquisition of 2.3 million Saint-Gobain shares and 2.5 billion French Francs (381 million euros) for the acquisition of 17% of Poliet's equity in July 1998.

**Net indebtedness** is 25.5 billion French Francs (3.9 billion euros) at December 31, 1998, giving a gearing of 37.7%, including non-voting participating securities.

The Board of Directors has approved the statutory accounts of Compagnie de Saint-Gobain, parent company (holding) of the Group. It recorded a profit of 3,896 million French Francs (594 million euros) in 1998 against 2,949 million French Francs (449,6 million euros) in 1997.

The Board of Directors will propose to the Annual General Meeting of the Shareholders of Compagnie de Saint-Gobain, which has been convened for June 24th, 1999, to distribute dividends of 282 million euros (1,847 million French Francs) against 252 million euros (1,650 million French Francs) last year. The dividend per share would be 3.20 euros (20.99 French Francs), an increase of 13.5% compared to last year. A tax credit of 1.60 euro (10.5 French Francs) per share should be added, giving a total of 4.80 euros (31.49 French Francs) per share.

The dividend will be paid fully in cash from June 28th, 1999, on.

### **Outlook :**

The situation of the Group during the first two months of 1999 is satisfactory, notably due to good markets in North America.

As a result, the Group maintains its 15 % growth target in net earnings per share, excluding capital gains and after the 5% reduction of the share capital, which will be proposed to the next Annual General Meeting.

March 25, 1999.

### **Investor Relations Department**

**Tel. : Florence TRIOU      01 47 62 45 19**

**Tel. : Lounis BEKKAT      01 47 62 32 36**

**Fax :                      01 47 62 50 62**

## APPENDIX : RESULTS BY BUSINESS SECTOR AND BY GEOGRAPHIC AREA

(in millions of French Francs )

<u>I. SALES</u>	1997	1998	Evolution on a real structure & in FF	Evolution on a comp. struct. & currency basis
<b>GLASS(1)</b>	<b>50,463</b>	<b>53,595</b>	<b>+6.21%</b>	<b>+2.30%</b>
Flat Glass	13,731	14,891	+8.45%	+5.40%
Insulation & Reinforcements	15,275	16,318	+6.83%	+3.30%
Containers	21,474	22,407	+4.34%	-0.50%
<b>HIGH PERFORMANCE MATERIALS(1)</b>	<b>18,016</b>	<b>18,119</b>	<b>+0.57%</b>	<b>-2.10%</b>
Ceramics & High perf. Plastics & Abrasives	18,016	18,119	+0.57%	-2.10%
<b>HOUSING PRODUCTS(1)</b>	<b>39,343</b>	<b>45,923</b>	<b>+16.72%</b>	<b>+7.20%</b>
Building Materials	13,102	14,648	+11.80%	+6.10%
Specialised Distribution	18,903	21,810	+15.38%	+9.90%
Pipe	8,109	10,316	+27.22%	+6.10%
<b>INTERNAL SALES</b>	<b>-743</b>	<b>-736</b>	<b>-1.08%</b>	<b>n.s.</b>
<b>GROUP</b>	<b>107,078</b>	<b>116,901</b>	<b>+9.17%</b>	<b>+3.60%</b>
<b>GEOGRAPHIC AREAS</b>				
France	41,883	45,608	+8.89%	+4.80%
Others European countries	32,081	36,035	+12.33%	+4.20%
América/ Asia	36,352	39,517	+8.71%	+4.00%
<b>INTERNAL SALES</b>	<b>-3,238</b>	<b>-4,259</b>	<b>+31.53%</b>	<b>n.s.</b>
<b>GROUP</b>	<b>107,078</b>	<b>116,901</b>	<b>+9.17%</b>	<b>+3.50%</b>

(1) Including inter-division sales

<u>II OPERATING INCOME</u>	1997	1998	Evolution on a real structure
<b>GLASS</b>	<b>4,559</b>	<b>5,309</b>	<b>+16.45%</b>
Flat Glass	1,074	1,340	+24.77%
Insulation & Reinforcements	1,506	1,788	+18.73%
Containers	1,979	2,181	+10.21%
<b>HIGH PERFORMANCE MATERIALS</b>	<b>2,239</b>	<b>2,134</b>	<b>-4.69%</b>
Ceramics & High perf. Plastics & Abrasives	2,239	2,134	-4.69%
<b>HOUSING PRODUCTS(1)</b>	<b>3,659</b>	<b>4,190</b>	<b>+14.51%</b>
Building Materials	1,467	1,637	+11.59%
Specialised Distribution	1,104	1,263	+14.40%
Pipe	1,088	1,290	+18.57%
<b>OTHER</b>	<b>-6</b>	<b>14</b>	<b>n.s.</b>
<b>GROUP</b>	<b>10,451</b>	<b>11,647</b>	<b>+11.44%</b>
<b>GEOGRAPHIC AREAS</b>			
France	3,646	4,021	+10.29%
Others European countries	2,938	3,359	+14.33%
América/ Asia	3,867	4,267	+10.34%
<b>GROUP</b>	<b>10,451</b>	<b>11,647</b>	<b>+11.44%</b>

**III. CASH FLOW**

	1997	1998	Evolution on a real structure
<b>GLASS</b>	<b>6,162</b>	<b>6,747</b>	<b>+9.49%</b>
Flat Glass	1,702	1,831	+7.58%
Insulation & Reinforcements	1,869	2,117	+13.27%
Containers	2,591	2,799	+8.03%
<b>HIGH PERFORMANCE MATERIALS</b>	<b>1,917</b>	<b>1,892</b>	<b>-1.30%</b>
Ceramics & High perf. Plastics & Abrasives	1,917	1,892	-1.30%
<b>HOUSING PRODUCTS</b>	<b>3,354</b>	<b>4,381</b>	<b>+30.62%</b>
Building Materials	1,280	1,752	+36.88%
Specialised Distribution	1,020	1,324	+29.80%
Pipe	1,054	1,305	+23.81%
<b>OTHER</b>	<b>-333</b>	<b>-480</b>	<b>n.s.</b>
<b>GROUP</b>	<b>11,100</b>	<b>12,540</b>	<b>+12.97%</b>
<b>GEOGRAPHIC AREAS</b>			
France	3,171	3,691	+16.40%
Others European countries	3,713	4,257	+14.65%
América/ Asia	4,216	4,592	+8.92%
<b>GROUP</b>	<b>11,100</b>	<b>12,540</b>	<b>+12.97%</b>

**IV. CAPITAL EXPENDITURE**

	1997	1998	Evolution on a real structure
<b>GLASS</b>	<b>5,291</b>	<b>5,490</b>	<b>+3.76%</b>
Flat Glass	1,352	1,334	-1.33%
Insulation & Reinforcements	1,472	1,735	+17.87%
Containers	2,467	2,421	-1.86%
<b>HIGH PERFORMANCE MATERIALS</b>	<b>987</b>	<b>859</b>	<b>-12.97%</b>
Ceramics & High perf. Plastics & Abrasives	987	859	-12.97%
<b>HOUSING PRODUCTS</b>	<b>2,051</b>	<b>2,090</b>	<b>+1.91%</b>
Building Materials	1,174	886	-24.53%
Specialised Distribution	597	705	+18.09%
Pipe	280	499	+78.21%
<b>OTHER</b>	<b>546</b>	<b>11</b>	<b>n.s.</b>
<b>GROUP</b>	<b>8,875</b>	<b>8,450</b>	<b>-4.79%</b>
<b>GEOGRAPHIC AREAS</b>			
France	2,591	2,073	-19.99%
Others European countries	2,613	2,970	+13.66%
América/ Asia	3,671	3,407	-7.19%
<b>GROUP</b>	<b>8,875</b>	<b>8,450</b>	<b>-4.79%</b>