

## SAINT-GOBAIN

### 1999 NET INCOME Earnings per share up 15.64%

At its meeting of March 30, 2000, the Board of Directors of Saint-Gobain reviewed the Group's consolidated financial statements for 1999.

The Group's consolidated financial statements for the year ended December 31, 1999 reflect the full consolidation of Essilor and processing companies in the Flat Glass Division from January 1, 1999 for the first time. For added clarity, key consolidated figures for 1999 are also presented in Appendix 1 excluding the consolidation of Essilor and Flat Glass processing subsidiaries.

The key consolidated figures, which confirm the estimates published in January, are as follows:

In millions	Year ended Dec. 31, 1999		Year ended Dec. 31, 1998	
	FF	€	FF	€
<b><u>Sales</u></b>	150,555	22,952	116,901	17,821
<b><u>Operating income</u></b>	15,179	2,314	11,647	1,776
Dividend income	171	26	378	58
Interest and other financial charges, net	(2,152)	(328)	(1,959)	(300)
Non-operating costs	(1,253)	(191)	(926)	(141)
<b><u>Income before tax and before results of sales of non-current assets</u></b>	11,945	1,821	9,140	1,393
Results of sales of non-current assets	2,998	457	2,585	394
Income taxes	(5,084)	(775)	(3,868)	(589)
Amortization of goodwill	(932)	(142)	(668)	(102)
Share in net results of associated companies	184	28	567	86
<b><u>Net income before minority interests</u></b>	9,111	1,389	7,756	1,182
Minority interests	(1,069)	(163)	(560)	(85)
<b><u>Net income</u></b>	8,042	1,226	7,196	1,097
<b><u>Earnings per share (in French Francs and euros)</u></b>	92.16	14.05	79.69	12.15
<b><u>Net income excluding capital gains</u></b>	5,792	883	5,184	790
<b><u>Resources from operations (cash flow)</u></b>	15,481	2,360	12,540	1,912
<b><u>Capital expenditure on plant and equipment</u></b>	11,230	1,712	8,450	1,288
<b><u>Acquisition of investments</u></b>	16,274	2,481	13,608	2,075
<b><u>Net indebtedness</u></b>	41,365	6,306	25,489	3,886

These satisfactory performances, which are slightly higher than the Group's 1999 objectives, stem from the strategy of development and improved profitability implemented by the Group in its three operating sectors: Glass, High-Performance Materials and Housing Products (see Appendix 2).

The **Glass Sector** felt the benefits of both sustained demand in all its business lines and price increases in the Flat Glass and Insulation Divisions. Profitability shows a good improvement as a result of these factors as well as cost-reduction programs implemented in recent years.

The **High-Performance Materials and Plastics Sector** recorded a strong increase in sales and operating income on an actual structure basis, due to the full consolidation of Essilor and, to a lesser extent, to the acquisition of Furon. On a comparable structure basis, however, this sector is slightly behind 1998, as a result of the slowdown in the Industrial Ceramics Division.

In the **Housing Products Sector**, the Group's successful development policy and the buoyant building market in France and the United States more than offset the sharp drop in activity in the Pipe Division, leading to a significant rise in both sales and operating income.

**Group sales** increased by 28.8% on an actual structure basis. On a comparable structure basis, sales were up 1.5% in euro and 2.4% in local currencies. Excluding the consolidation of Essilor and Flat Glass processing subsidiaries, sales rose 11.5%. Selling prices rose slightly, driven by the recovery in the Flat Glass, Insulation and Building Materials Divisions throughout the year. Sales volumes, however, expanded only modestly on average in relation to 1998. In Europe, the fall-off in activity in Industrial Ceramics and Pipes had a negative impact on first-half sales, but the second half brought a recovery. The United States, on the other hand, led the Group's growth in the first half but volume dropped at the end of the year.

The breakdown of sales is as follows: France 33.5%; other European countries 33.7%; North America 25.5%; rest of the world 7.3%.

**Operating income** increased 30.3% and represented 10.1% of sales, against 10% in 1998. Excluding the consolidation of Essilor and Flat Glass processing subsidiaries, operating income rose 12.3% and represented 10% of sales. Profitability improved in France and in the Americas and Asia, but declined slightly in other European countries.

**Income before tax and before profit on sales of non-current assets** rose 30.7%, due to the improvement in operating income. Dividend income fell 55% as a result of the disposal of cross-shareholdings, while net interest charges and non-operating costs both increased.

**Profit on sales of non-current assets** amounted to €457 million FF (2,998 million), mainly from the sale on April 30, 1999 of 4.7 million Vivendi shares.

**Net income** amounts to € 1,226 million (FF 8,042 million), up 11.8% relative to 1998. Based on the total number of shares outstanding at December 31, 1999 (87,236,750 shares), **earnings per share amounted to €14.05 (FF 92.16) against € 12.15 (FF 79.69) for 1998** (90,295,788 shares).

**Excluding net profit on sales of non-current assets**, net income totaled € 883 million (FF 5,792 million), against € 790 million (FF 5,184 million) in 1998, an increase of 11.8%. Based on the total number of shares outstanding at December 31, 1999 (87,236,750 shares), earnings per share amounted to € 10.12 (FF 66.38) against € 8.75 (FF 57.40) for 1998 (90,295,788 shares), an increase of 15.66%.

**Cash flow from operations** was € 2,360 million (FF 15,481 million), up 23.4%. This represents 10.3% of sales against 10.7% in 1998. Before the tax charge of € 122 million (FF 800 million) on profit from sales of non-current assets, cash flow from operations amounts to € 2,482 million (FF 16,281 million).

**Capital expenditure** totaled € 1,712 million (FF 11,230 million) against € 1,288 million (FF 8,450 million) for 1998. It represented 7.5% of sales against 7.2% in 1998.

**Investments in securities** amounts to € 2,481 million (FF 16.3 billion).

**Net indebtedness** amounts to € 6.3 billion (FF 41.3 billion) at December 31, 1999, representing 54.6% of shareholders' equity, including non-voting participating securities.

### **General Meeting**

The Board of Directors also reviewed the accounts of Compagnie de Saint-Gobain, the parent (holding) company. Net income amounts to € 574 million (FF 3,764 million) for the year ended December 31, 1999, against € 594 million (FF 3,896 million) for 1998.

At the General Meeting of the Company's shareholders, called for June 29, 2000, the Board will recommend the distribution of € 304.8 million, against € 268.4 million last year. The dividend per share would therefore amount to € 3.6, an 12.5% increase over last year. To this would be added a tax credit of € 1.80 per share, giving a total of € 5.4 per share. The dividend will be paid entirely in cash as from July 3, 2000.

In addition, the Board has decided to recommend that the Shareholders appoint Daniel Bernard, Chairman and Chief Executive Officer of Carrefour, as Director.

### **Outlook:**

The Board has noted a satisfactory success of the Public Offer on Meyer International.

The Group has observed a satisfactory trend since the beginning of the year in all of its businesses.

The Group therefore confirms its objective for the year 2000 of an increase of 15% of its net income per share, excluding capital gains.

March 30, 2000

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**APPENDIX 1:****KEY CONSOLIDATED FIGURES FOR THE YEAR 1999****BEFORE THE CONSOLIDATION OF ESSILOR AND THE FLAT GLASS PROCESSING SUBSIDIARIES**

	1999		1998		Evolution (%)
	M. Euros	M. Francs	M. Euros	M. Francs	
<b>Net Sales</b>	<b>19,878</b>	<b>130,391</b>	<b>17,821</b>	<b>116,901</b>	<b>11.5%</b>
<b>Operating Income</b>	<b>1,995</b>	<b>13,086</b>	<b>1,776</b>	<b>11,647</b>	<b>12.3%</b>
Dividend Income	38	249	58	378	-34.5%
Interest and other financial charges, net	-280	-1,836	-300	-1,959	-6.7%
Non-operating costs	-180	-1,181	-141	-926	27.7%
<b>Income before tax and before capital gains</b>	<b>1,573</b>	<b>10,318</b>	<b>1,393</b>	<b>9,140</b>	<b>12.9%</b>
Capital gains	458	3,004	394	2,585	16.2%
Income taxes	-694	-4,552	-589	-3,868	17.8%
Amortization of goodwill	-114	-747	-102	-668	11.8%
Group's share in net results of associated companies	95	623	86	567	10.5%
<b>Net income before minority interests</b>	<b>1,318</b>	<b>8,646</b>	<b>1,182</b>	<b>7,756</b>	<b>11.5%</b>
Minority interests in consolidated companies	-76	-499	-85	-560	-10.6%
<b>Net income</b>	<b>1,242</b>	<b>8,147</b>	<b>1,097</b>	<b>7,196</b>	<b>13.2%</b>
<b>Earnings per share (in €E. and FF)</b>	<b>14.24</b>	<b>93.41</b>	<b>12.15</b>	<b>79.69</b>	<b>17.2%</b>
<b>Net income excluding capital gains</b>	<b>900</b>	<b>5,904</b>	<b>790</b>	<b>5,184</b>	<b>13.9%</b>
<b>EPS excluding capital gains (in E. and FF)</b>	<b>10.32</b>	<b>67.69</b>	<b>8.75</b>	<b>57.40</b>	<b>17.9%</b>
Cash flow from operations	2,052	13,460	1,912	12,540	7.3%
Capital expenditure on plant and equipment	1,472	9,656	1,288	8,450	14.3%
Investments in securities	2,481	16,274	2,075	13,608	19.6%
Net indebtedness	5,789	37,973	3,886	25,489	49.0%

**APPENDIX 2:**  
**RESULTS BY BUSINESS SECTOR, DIVISION AND MAIN GEOGRAPHIC AREA**  
(in millions of euros)

<b><u>I. SALES</u></b>	<b>1999</b>	<b>1998</b>	<b>Evolution on a real structure basis</b>	<b>Evolution on a comp. structure &amp; currency basis</b>
<b>GLASS(1)</b>	<b>10,217</b>	<b>8,171</b>	<b>25.0%</b>	<b>+2,90%</b>
Flat Glass	3,718	2,270	63.8%	+0,70%
Insulation & Reinforcements	2,864	2,488	15.1%	+6,80%
Containers	3,640	3,416	6.6%	+1,30%
<b>HIGH PERFORMANCE MATERIALS(1)</b>	<b>4,726</b>	<b>2,762</b>	<b>71.1%</b>	<b>-1,70%</b>
Ceramics & High Performance Plastics & Abrasives	3,006	2,762	11.0%	-1,70%
Essilor	1,662	-		
<b>HOUSING PRODUCTS(1)</b>	<b>8,157</b>	<b>7,001</b>	<b>16.5%</b>	<b>+1,30%</b>
Building Materials	2,625	2,233	17.6%	+4,80%
Building Distribution	4,078	3,325	22.6%	+8,40%
Pipe	1,605	1,573	2.1%	-19,90%
<b>INTERNAL SALES</b>	<b>-148</b>	<b>-113</b>	<b>31.0%</b>	
<b>GROUP</b>	<b>22,952</b>	<b>17,821</b>	<b>28.8%</b>	<b>+1,50%</b>
<b>MAIN GEOGRAPHIC AREAS</b>				
France	7,966	6,953	14.6%	-1,10%
Other European countries	8,021	5,494	46.0%	+4,20%
North America	6,058	4,512	34.3%	+8,10%
Rest of the world	1,729	1,547	11.8%	-19,50%
<b>INTERNAL SALES</b>	<b>-822</b>	<b>-685</b>	<b>20.0%</b>	
<b>GROUP</b>	<b>22,952</b>	<b>17,821</b>	<b>28.8%</b>	<b>+1,50%</b>

(1) Y including inter-division sales

(2) excluding currency effect on a comparable basis =+3,9%)

<b><u>II OPERATING INCOME</u></b>	<b>1999</b>	<b>1998</b>	<b>Evolution on a real structure basis</b>
<b>GLASS</b>	<b>1,053</b>	<b>809</b>	<b>30.2%</b>
Flat Glass	328	204	60.8%
Insulation & Reinforcements	358	273	31.1%
Containers	367	332	10.5%
<b>HIGH PERFORMANCE MATERIALS</b>	<b>594</b>	<b>325</b>	<b>82.8%</b>
Ceramics & High Performance Plastics & Abrasives	365	325	12.3%
Essilor	229	-	
<b>HOUSING PRODUCTS</b>	<b>664</b>	<b>640</b>	<b>3.8%</b>
Building Materials	283	250	13.2%
Building Distribution	252	193	30.6%
Pipe	129	197	-34.5%
<b>OTHER</b>	<b>3</b>	<b>2</b>	<b>50.0%</b>
<b>GROUP</b>	<b>2,314</b>	<b>1,776</b>	<b>30.3%</b>
<b>MAIN GEOGRAPHIC AREAS</b>			
France	767	614	24.9%
Other European countries	668	512	30.5%
North America	686	459	49.5%
Rest of the world	193	191	1.0%
<b>GROUP</b>	<b>2,314</b>	<b>1,776</b>	<b>30.3%</b>

**III. CASH FLOW**

	1999	1998	Evolution on a real structure basis
<b>GLASS</b>	<b>1,273</b>	<b>1,029</b>	<b>23.7%</b>
Flat Glass	408	279	46.2%
Insulation & Reinforcements	389	323	20.4%
Containers	476	427	11.5%
<b>HIGH PERFORMANCE MATERIALS</b>	<b>554</b>	<b>288</b>	<b>92.4%</b>
Ceramics & High Performance Plastics & Abrasives	315	288	9.4%
Essilor	239	-	
<b>HOUSING PRODUCTS</b>	<b>690</b>	<b>668</b>	<b>3.3%</b>
Building Materials	306	267	14.6%
Building Distribution	241	202	19.3%
Pipe	143	199	-28.1%
<b>OTHER</b>	<b>-157</b>	<b>-73</b>	<b>115.1%</b>
<b>GROUP</b>	<b>2,360</b>	<b>1,912</b>	<b>23.4%</b>
<b>MAIN GEOGRAPHIC AREAS</b>			
France	598	563	6.2%
Other European countries	819	649	26.2%
North America	644	447	44.1%
Rest of the world	299	253	18.2%
<b>GROUP</b>	<b>2,360</b>	<b>1,912</b>	<b>23.4%</b>

**IV. CAPITAL EXPENDITURE**

	1999	1998	Evolution on a real structure basis
<b>GLASS</b>	<b>995</b>	<b>837</b>	<b>18.9%</b>
Flat Glass	389	203	91.6%
Insulation & Reinforcements	345	264	30.7%
Containers	261	370	-29.5%
<b>HIGH PERFORMANCE MATERIALS</b>	<b>266</b>	<b>131</b>	<b>103.1%</b>
Ceramics & High Performance Plastics & Abrasives	137	131	4.6%
Essilor	129	-	
<b>HOUSING PRODUCTS</b>	<b>393</b>	<b>318</b>	<b>23.6%</b>
Building Materials	159	135	17.8%
Building Distribution	145	107	35.5%
Pipe	89	76	17.1%
<b>OTHER</b>	<b>58</b>	<b>2</b>	
<b>GROUP</b>	<b>1,712</b>	<b>1,288</b>	<b>32.9%</b>
<b>MAIN GEOGRAPHIC AREAS</b>			
France	439	316	38.9%
Other European countries	667	453	47.2%
North America	378	366	3.3%
Rest of the world	228	153	49.0%
<b>GROUP</b>	<b>1,712</b>	<b>1,288</b>	<b>32.9%</b>