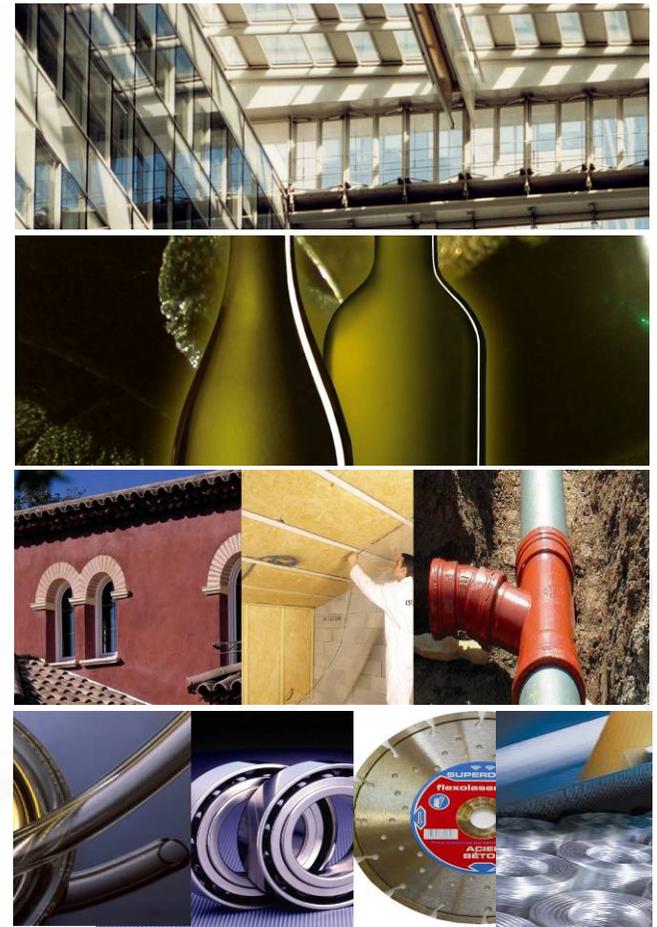


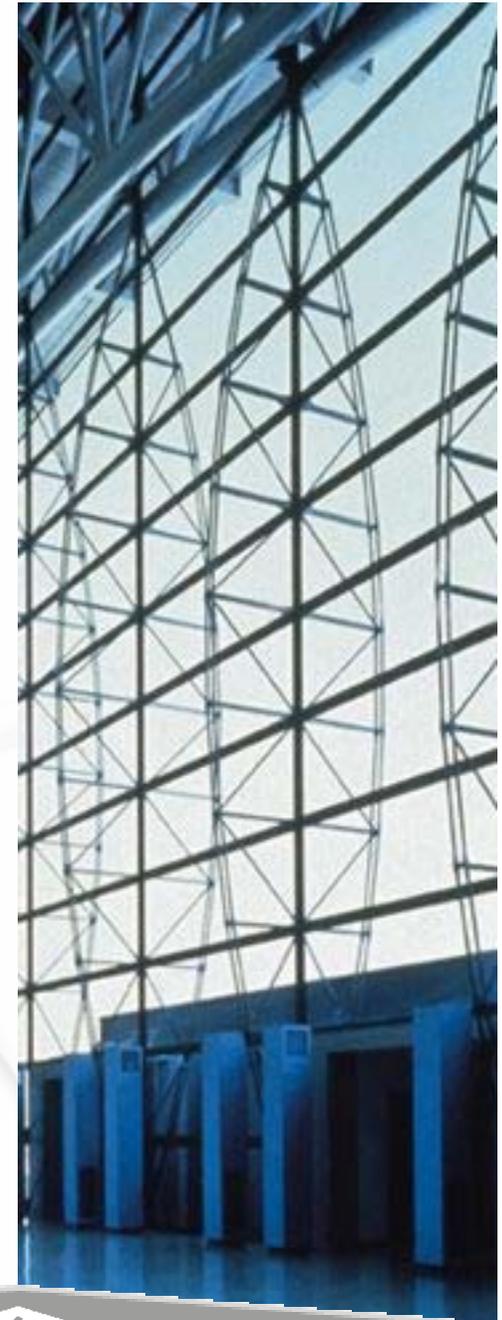
# 2007 Estimated Results and Outlook for 2008

Analyst – Investor meeting

January 2008

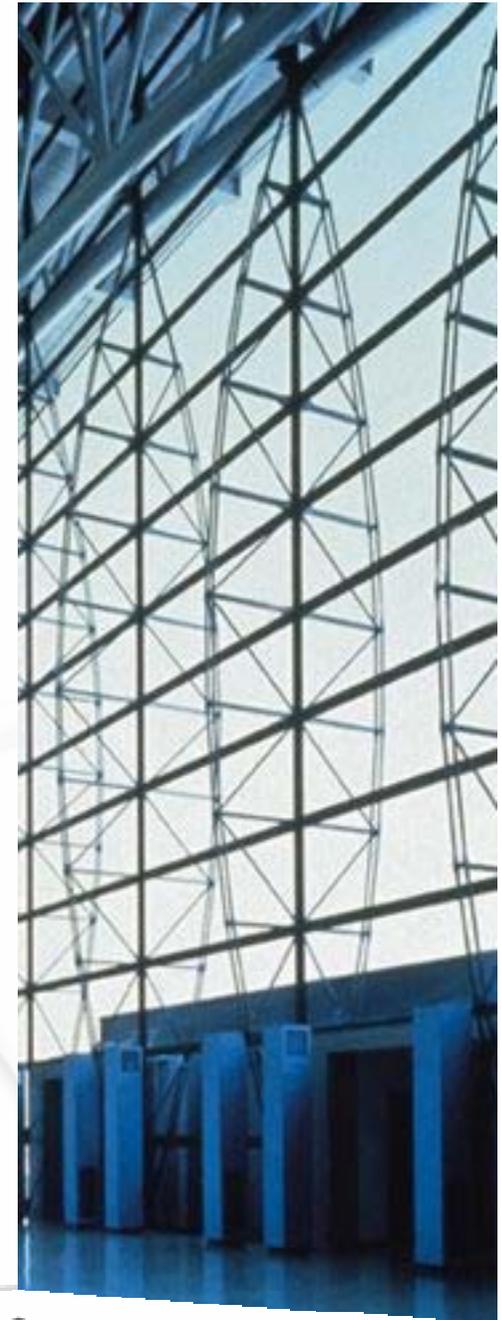


- 1** 2007 Highlights
- 2** 2007 Estimated Results
- 3** Operating Performance
- 4** Group Strategy
- 5** Outlook and Objectives for 2008



# 1

## 2007 Highlights



  
SAINT-GOBAIN

# Saint-Gobain in 2007: Targets exceeded

	2006	2007 estimated		
	Total	Total	Change 2007/2006	
	(€m)	(€m)	at actual exchange rates	at constant exchange rates**
Sales	41,596	43,421	+4.4%	+5.8%
Operating income	3,714	4,108	+10.6%	+11.4%
Recurring net income*	1,702	2,114	+24.2%	
Net income	1,637	1,487	-9.2%	

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

\*\* average exchange rates for 2006

# 2007: Sharply contrasting market conditions

## > In terms of geographical markets:

- **Robust trading** in **emerging countries**
- **Sharp downturn** in **housing starts** in the **US**
- Overall **healthy business environment** in **Europe**

## > During the year:

- **Seasonal trends:** - **exceptional Q1 2007** (weather conditions)
  - **high** basis for comparison in **H2**
- **End** of the **German recovery** in Q2
- **Weakening** of the **US dollar**

# Another strong growth performance for Saint-Gobain

- > Organic growth: **5.0%**
- > Rise in operating margin: **9.5%** (8.9% in 2006)
- > Strong contribution from activities linked to **energy efficiency in European construction** (Flat Glass, Insulation, Gypsum, Mortars, Building Distribution)
- > Good performance from **Packaging**
- > Sharp increase in **free cash flow\***: **+21.6%** (€1.4bn) and **solid financial structure**
- > Further improvement in **return on capital employed (ROCE)**

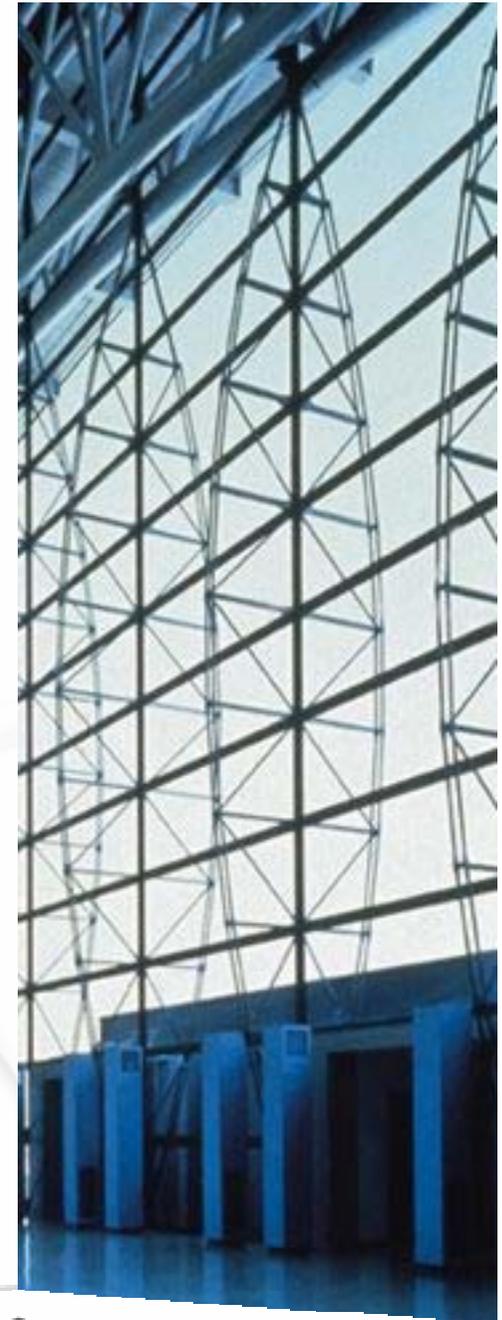
\* excluding the tax impact of capital gains and losses and exceptional asset write-downs

# Vigorous implementation of strategy

- > **64 acquisitions in the construction market** representing total full-year sales of **€1.6bn** (excluding **Maxit**)
- > **Disposal** of **Desjonquères** (March 31) and of the **Reinforcements & Composites business** (November 1)
- > **Fast-paced development in Asia and emerging countries:**
  - **Sales** **+17% (€6.9bn)**
  - **Operating income** **+49% (€799m)**
  - **Capital expenditure** **+13% (€671m)**
- > **Ongoing R&D efforts (+5.7%)**, of which **more than 90%** in **Innovative Materials**

# 2

## 2007 Estimated Results

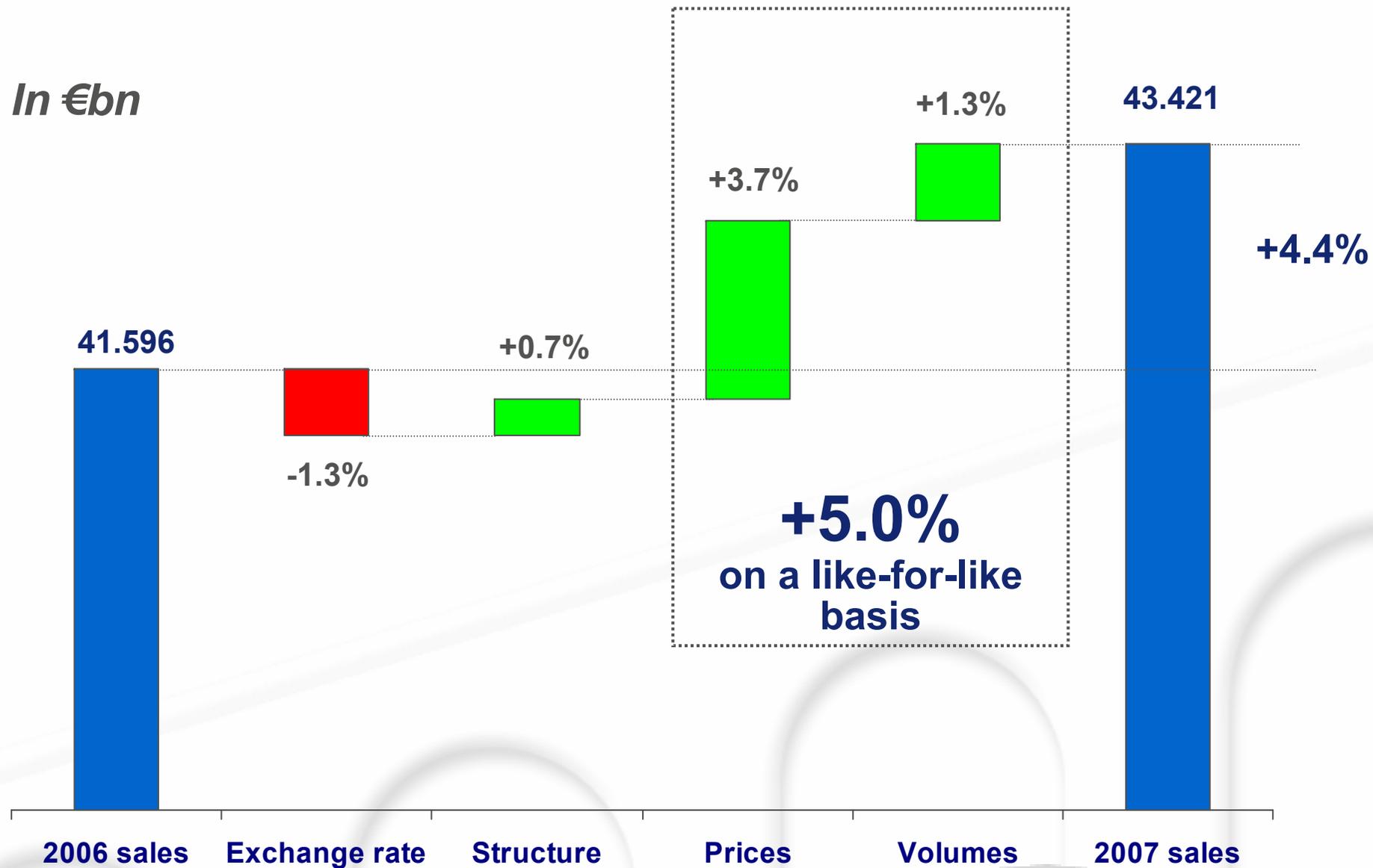


# Key figures (€m)

	2006	2007	% change
<b>Sales</b>	<b>41,596</b>	<b>43,421</b>	<b>+4.4%</b>
<b>Operating income</b>	<b>3,714</b>	<b>4,108</b>	<b>+10.6%</b>
Non-operating costs	(367)	(290)	
Provision for Flat Glass fines		(694)	
Capital gains and losses and exceptional asset write-downs	(25)	32	
<b>Business income</b>	<b>3,322</b>	<b>3,156</b>	
Net financial expense	(748)	(701)	
Income tax	(899)	(926)	
Minority interests	(45)	(56)	
<b>Recurring net income</b> (excluding capital gains and losses, exceptional asset write-downs and the provision for Flat Glass fines)	<b>1,702</b>	<b>2,114</b>	<b>+24.2%</b>
<b>Net income</b>	<b>1,637</b>	<b>1,487</b>	<b>-9.2%</b>
Depreciation and amortization	1,717	1,875	+9.2%
<b>Cash flow from operations</b> excl. tax impact of capital gains/losses and exceptional asset write-downs	<b>3,374</b>	<b>3,712</b>	<b>+10.0%</b>
<b>Capital expenditure</b>	<b>2,191</b>	<b>2,273</b>	<b>+3.7%</b>
<b>Net debt</b>	<b>11,599</b>	<b>9,928</b>	<b>-14.4%</b>

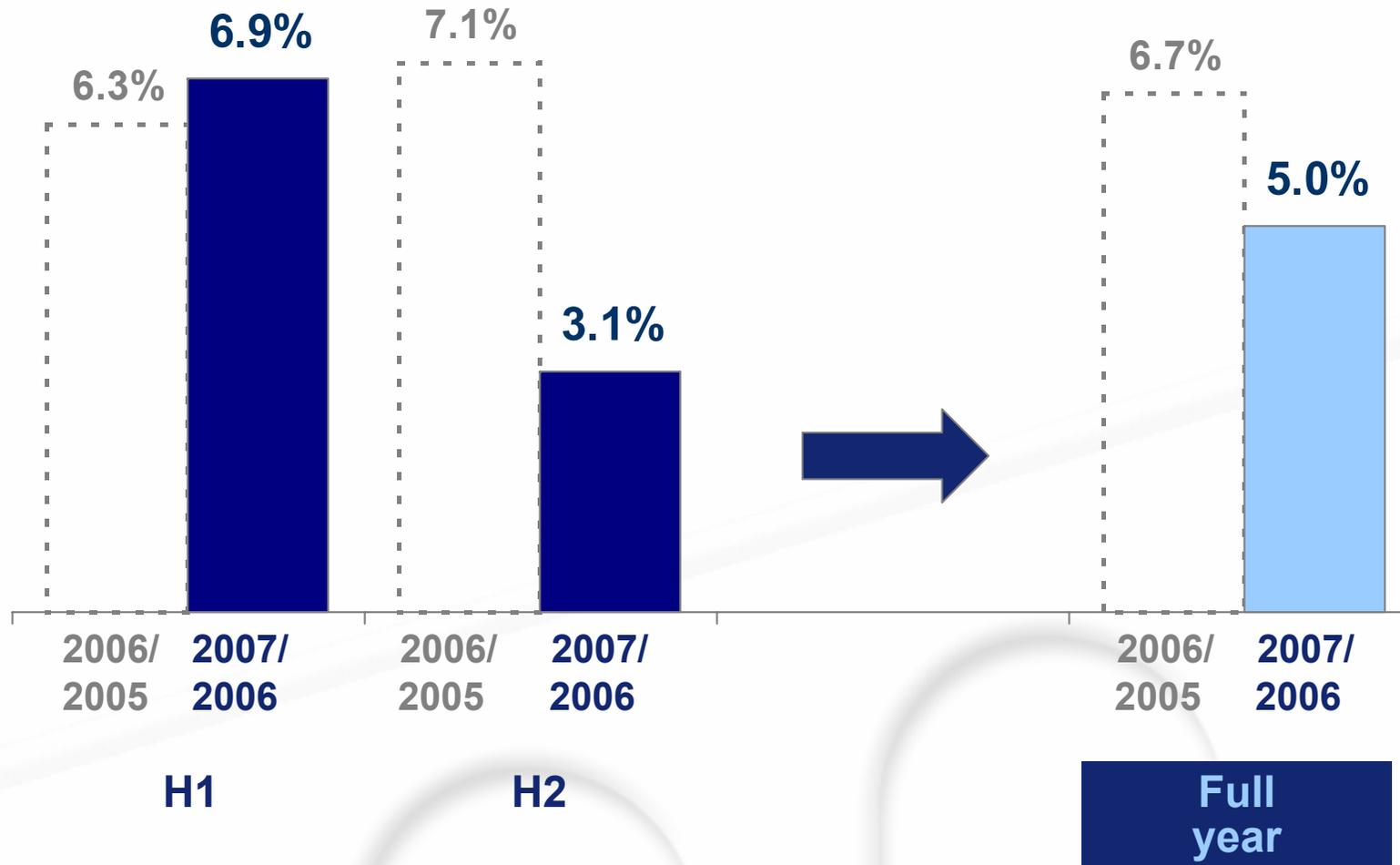
# Sales

*In €bn*



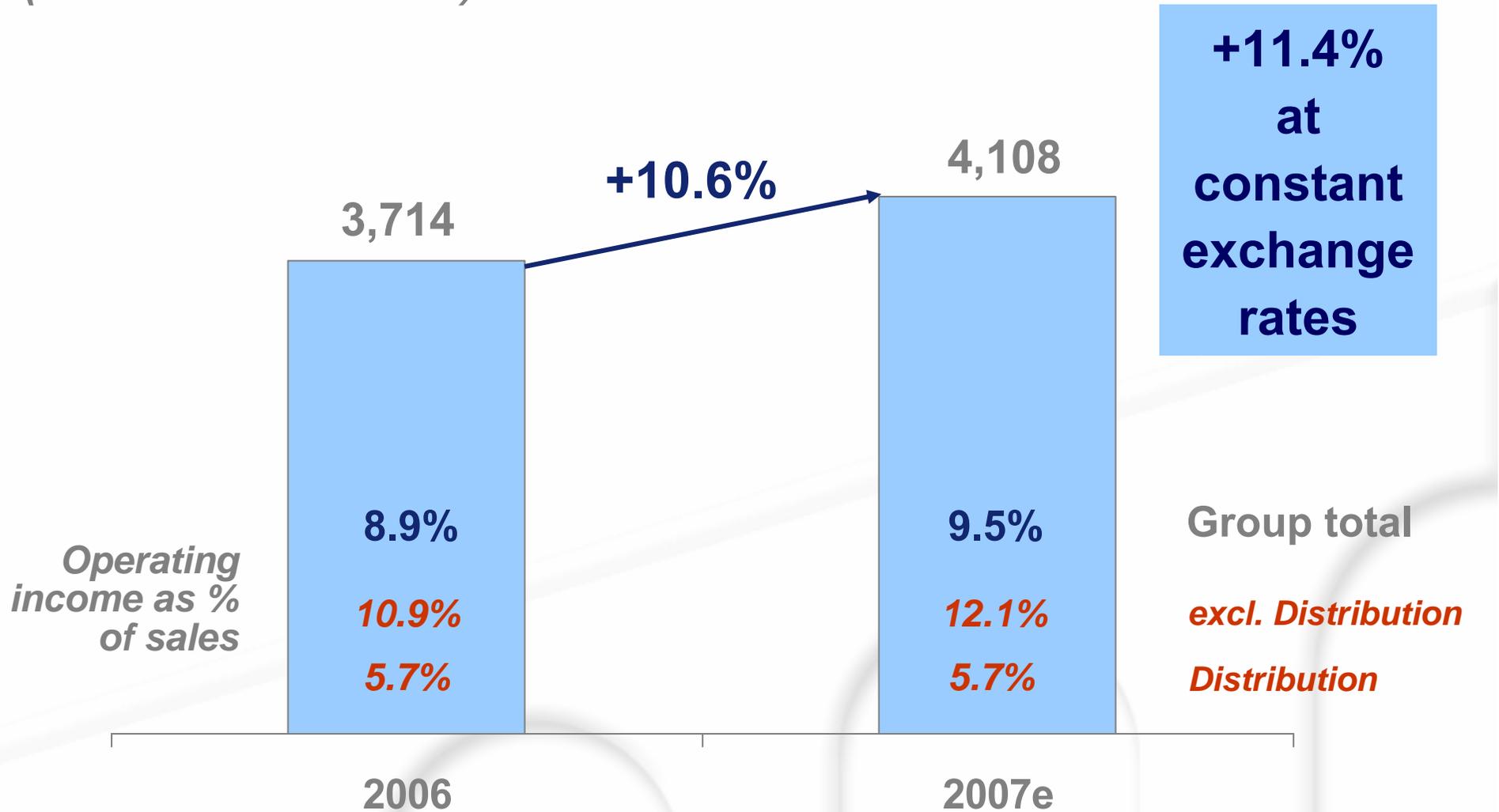
# Organic growth

*% change in sales  
on a like-for-like basis*



# Operating income

(€m and as % of sales)



# Half-year operating income

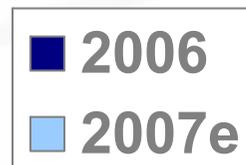
at constant exchange rates

(€m and as % of sales)

Operating  
income as %  
of sales



**+11.4%**  
over the full  
year



# Outstanding claims

## Asbestos claims against CertainTeed in the US

- > Approximately **\$73m\*** paid out (\$83m in 2006) and a further **€90m set aside to the provision in 2007** (€95m in 2006), bringing the total coverage to \$473m at end-2007 (versus \$451m at end-2006)

	2006	2007*
New claims	7,000	6,000
Settled claims	12,000	8,000
Outstanding claims	76,000**	74,000**

\* estimated

\*\* after the transfer of 19,000 claims to inactive dockets further to court decisions in 2006 (38,000 in total)

## Flat Glass

- > February 2005: **launch of an antitrust enquiry** by the European Commission (**glass for construction and automotive industries**)
- > **Construction glass business** fined **€134m** in November 2007
- > Proceedings **still in progress** regarding automotive glass
- > Provision of **€694m** (versus €650m at end-June 2007) for the **2 proceedings**

# Non-operating costs

(€m)

	2006	2007	% change
<b>Operating income</b>	<b>3,714</b>	<b>4,108</b>	<b>+10.6%</b>
Provision for asbestos-related litigation	(95)	(90)	
Provision for Flat Glass fines	-	(694)	
Restructuring costs	(272)	(200)	
<b>Non-operating costs</b>	<b>(367)</b>	<b>(984)</b>	
Gains/(losses) on sales of non-current assets	175	394	
Asset write-downs	(202)	(364)	
<b>Other items</b>	<b>(27)</b>	<b>30</b>	
<b>Business income</b>	<b>3,322</b>	<b>3,156</b>	<b>-5.0%</b>

# Net financial expense and income taxes

(€m)

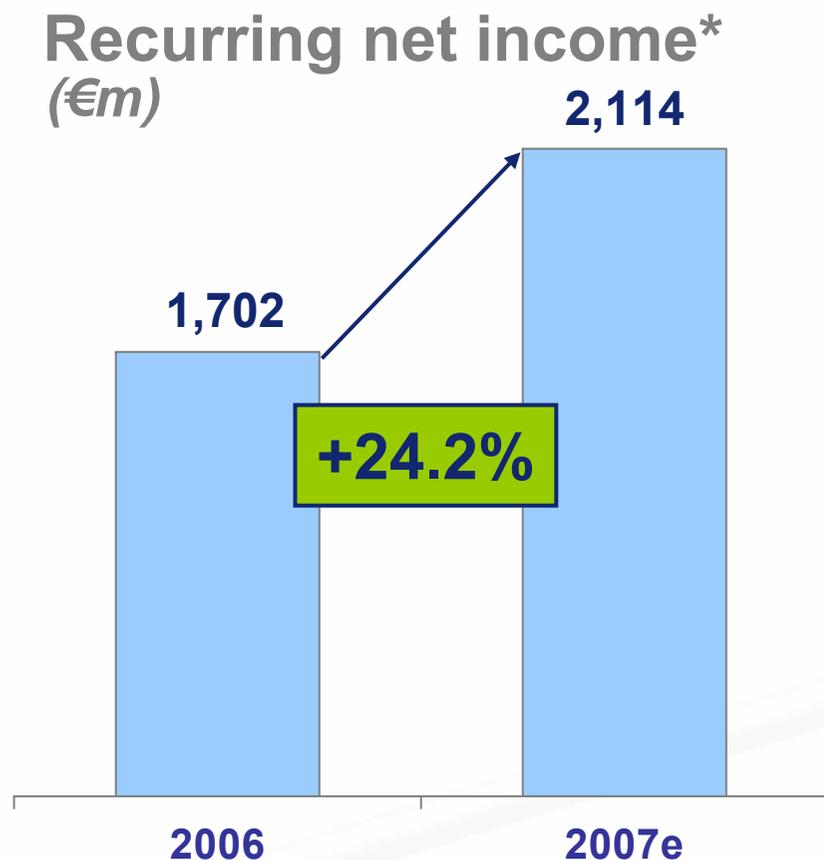
	2006	2007
<b>Net financial expense</b>	<b>(748)</b>	<b>(701)</b>

- > At December 31, 2007, **88%** of net debt is **at fixed rates**
- > Average maturity ~ **5 years**

	2006	2007
<b>Income taxes</b>	<b>(899)</b>	<b>(926)</b>
<i>Tax rate on recurring net income</i>	<b>35%</b>	<b>31%</b>

- > The exit from the consolidated tax regime had a **favorable impact on tax rates**

# Net income

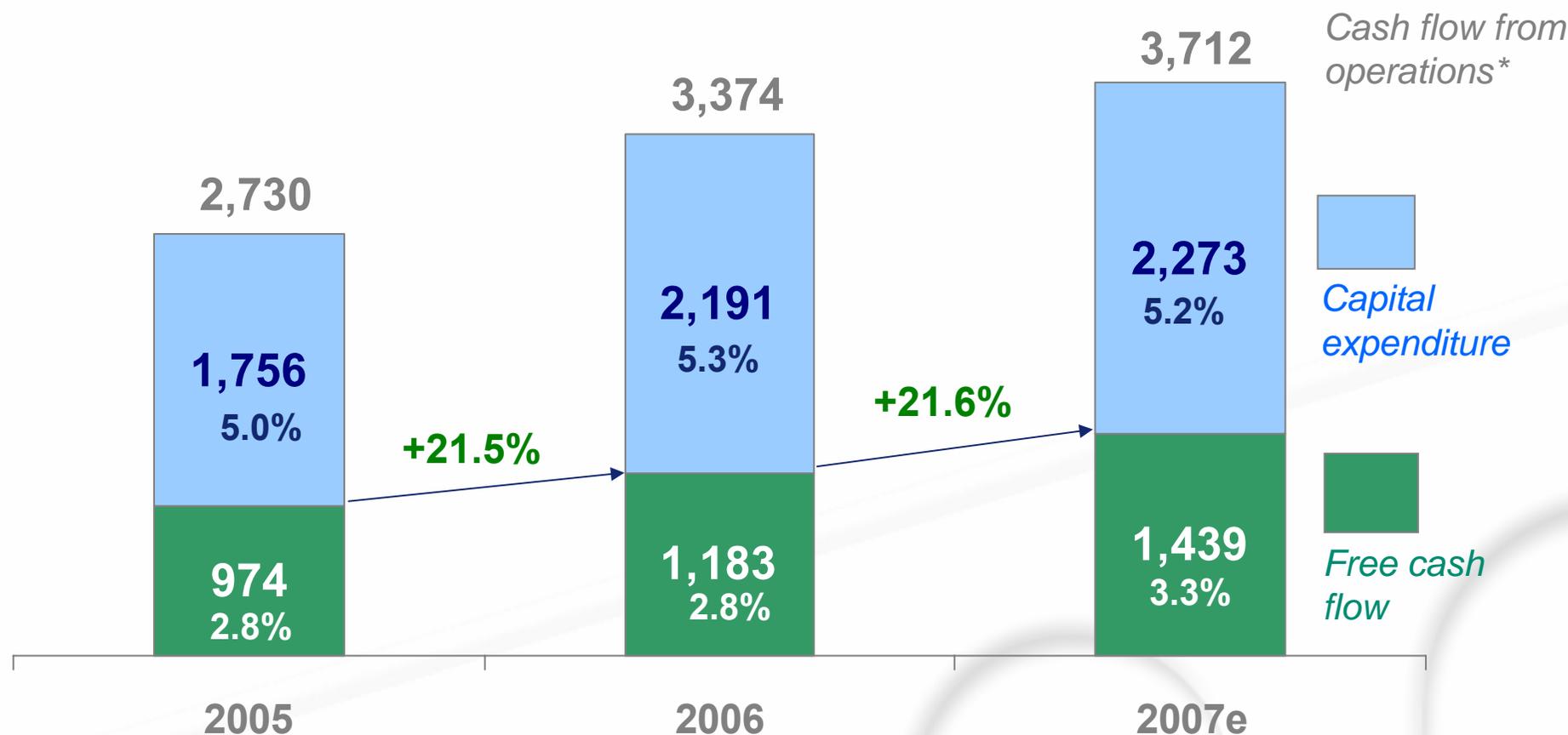


> Net income (€1,487m) down 9.2% and EPS (€3.97) down 10.6%

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

# Free cash flow

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

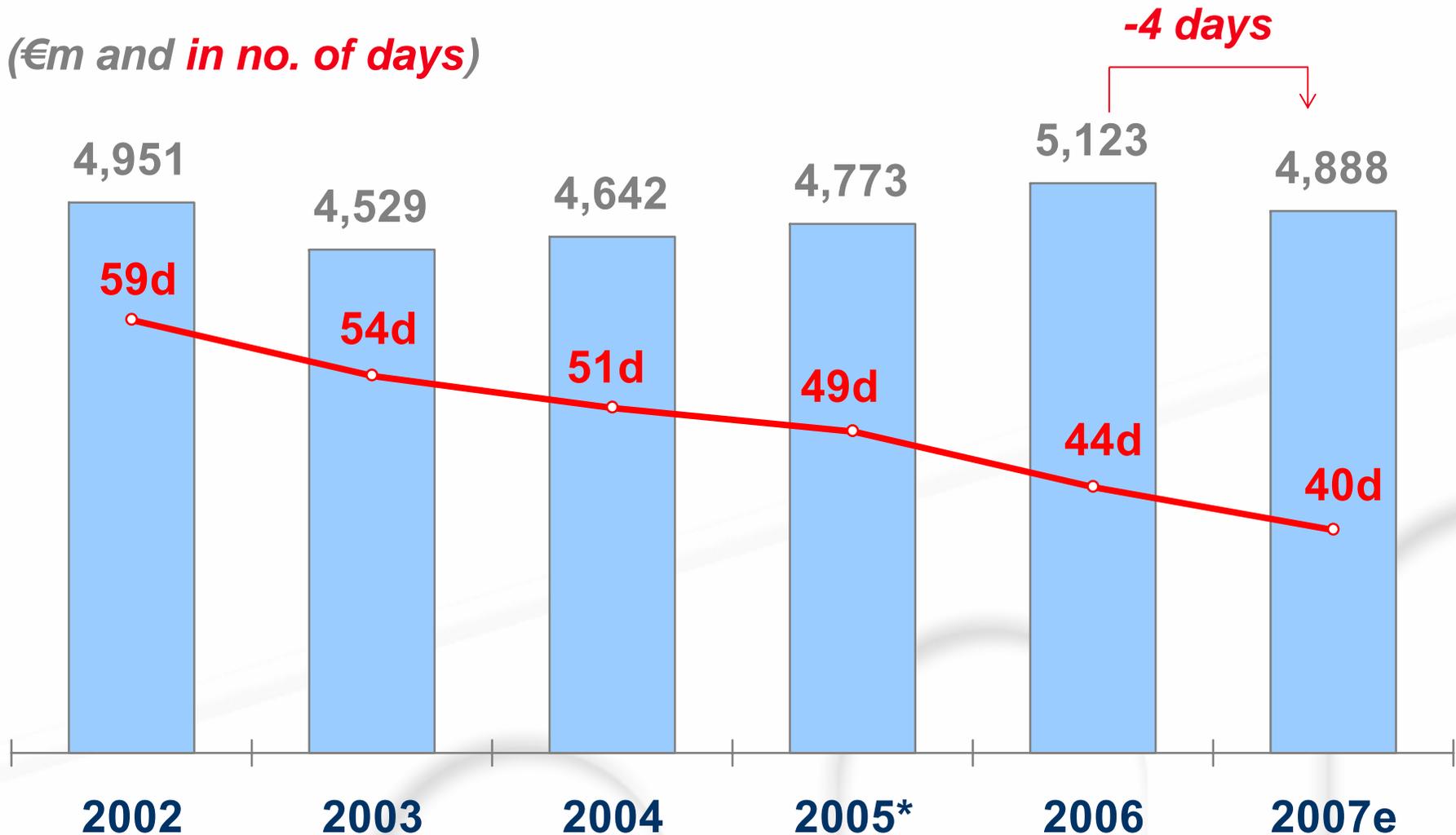


- Maintenance capex ~ 3.1% of sales
- Growth capex: 40% in emerging countries

\* after asbestos-related charge

# Working capital requirements (at December 31)

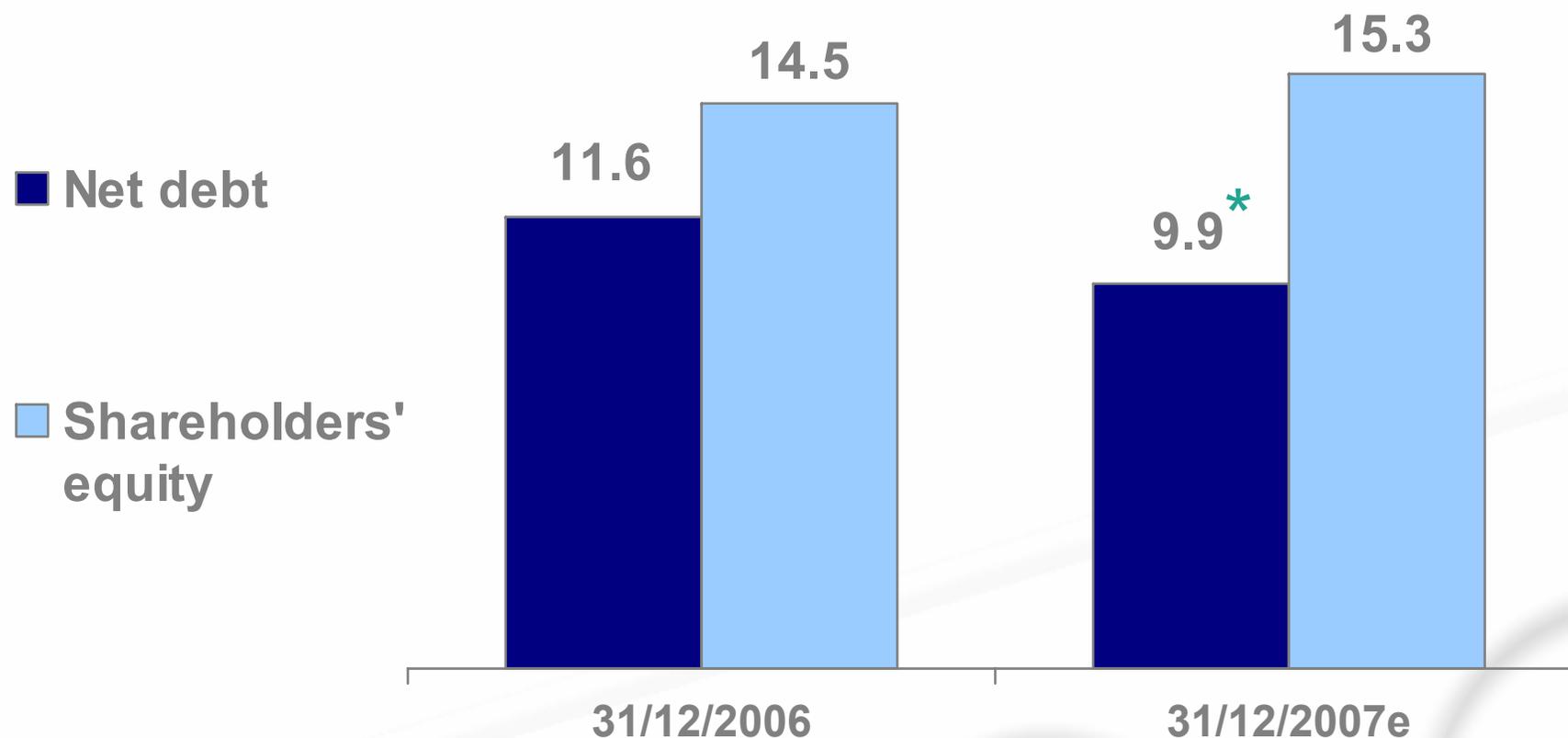
(€m and *in no. of days*)



2002 and 2003 under French GAAP  
2004 and 2005 under IFRS  
\* 2005 excl. Gypsum

# Net debt and shareholders' equity

€bn

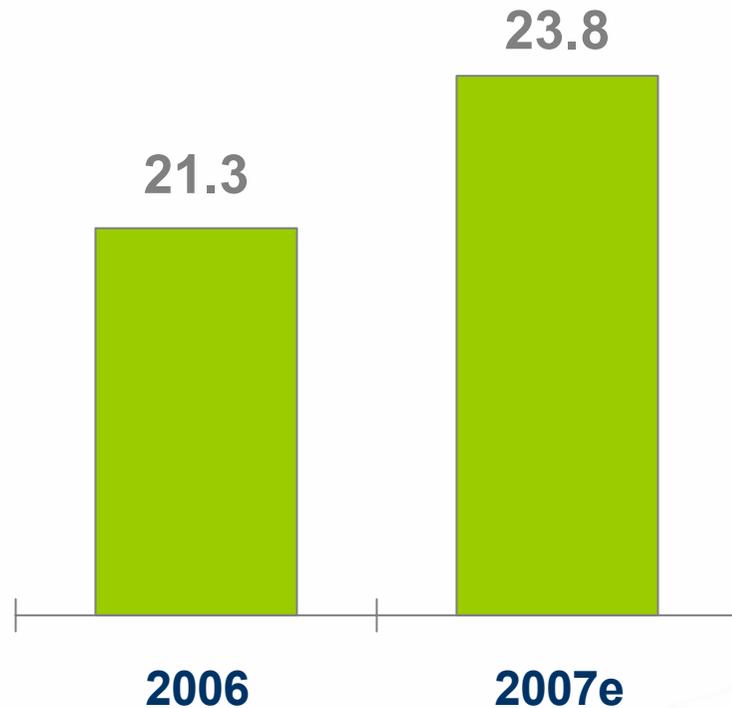


Net debt/equity	80%	65%
Interest cover	5.0	5.9
Net debt/EBIDTA**	2.2	1.7

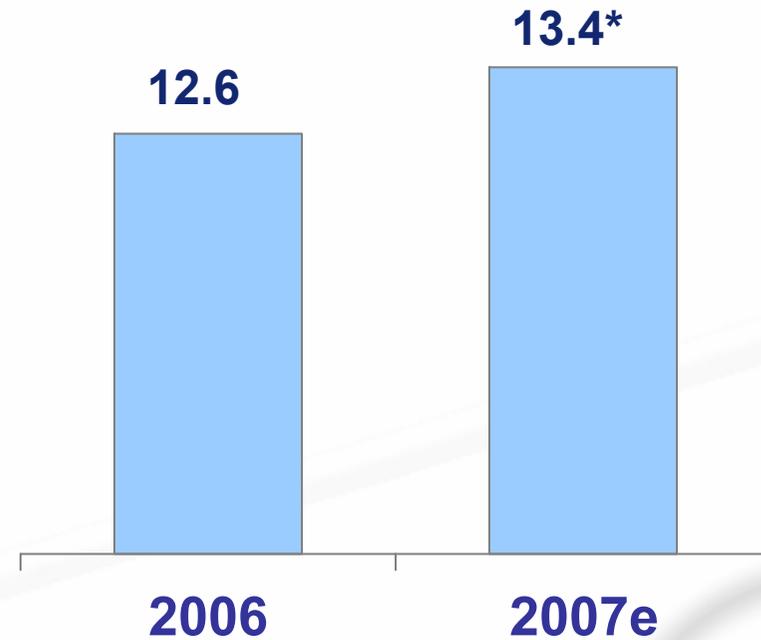
> \*€12bn after Maxit acquisition

\*\* EBITDA = Operating income + depr./amort.

# Return on capital employed



**ROI (%)**



**ROCE (%)**

*excl. Packaging*  
*\* after integration of Maxit*



**Value creation picking up pace**

# Acquisitions and divestments in 2007

*(share value)*

## > **Acquisitions** **€965m**

o/w	Building Distribution	€582m
	Construction Products	€226m
	Innovative Materials (Flat Glass and HPM)	€89m

## > **Divestments** **€1,253m**

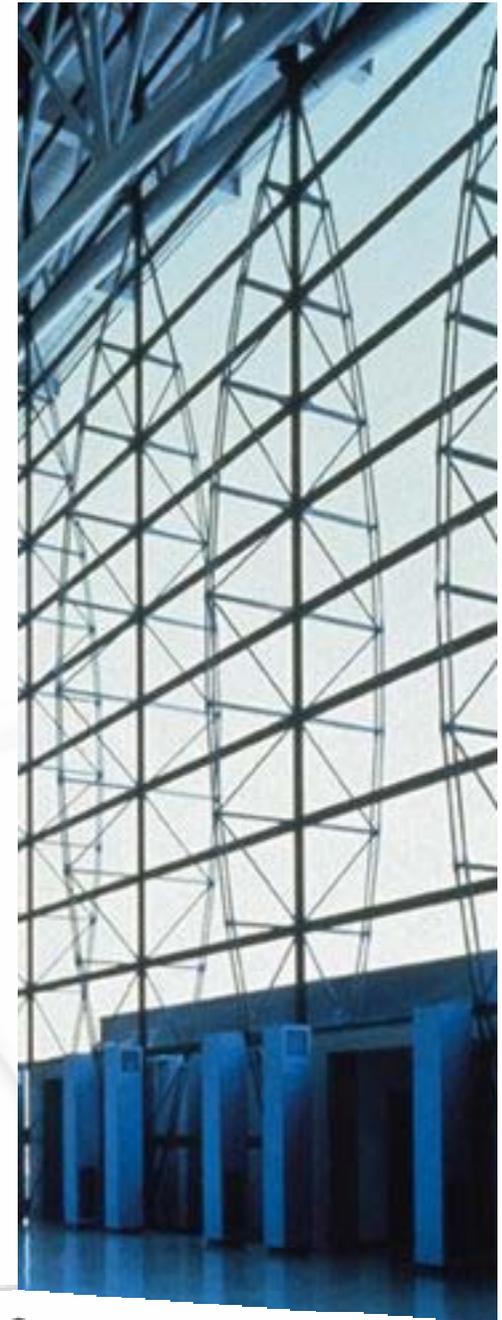
o/w	Saint-Gobain Desjonquères	€520m
	Reinf. & Composites	€365m
	Miscellaneous	€368m

# 3

## Operating Performance

A. Results by sector

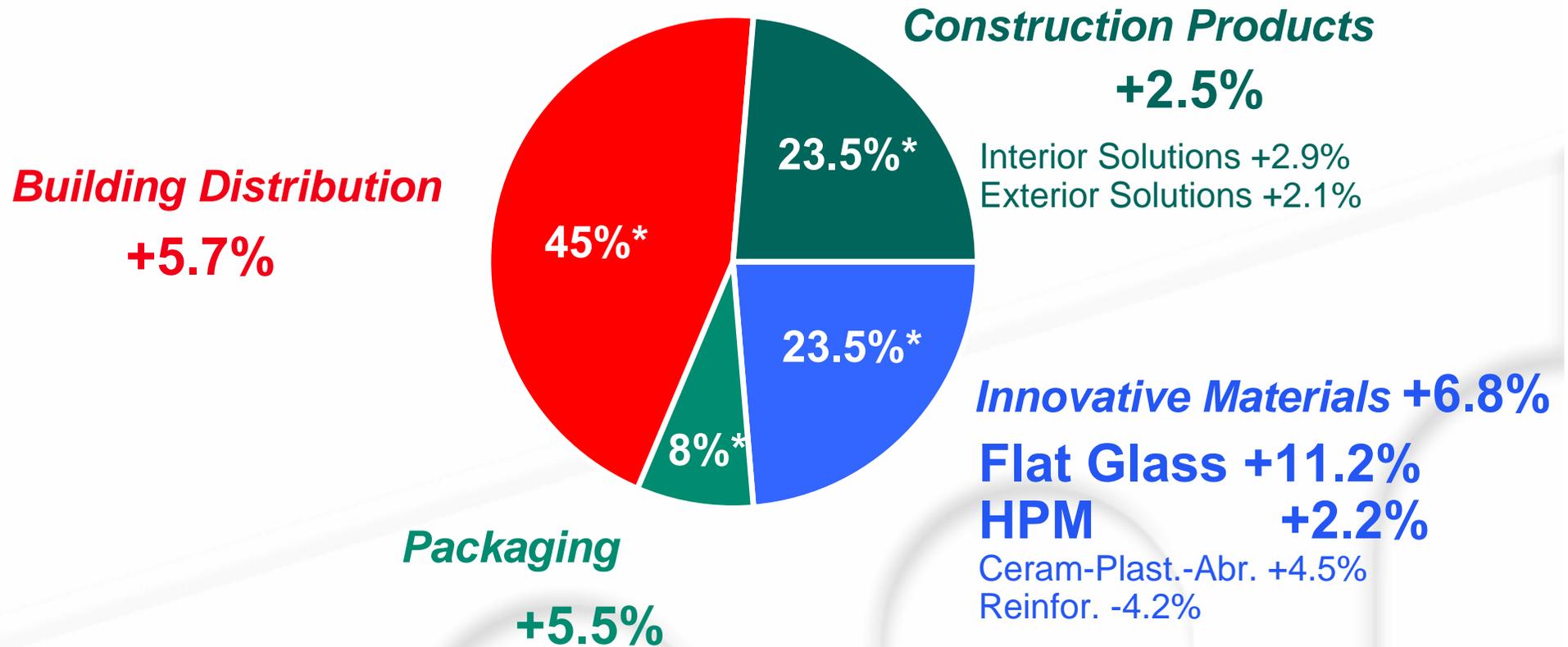
B. Results by geographic area



# Organic growth

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

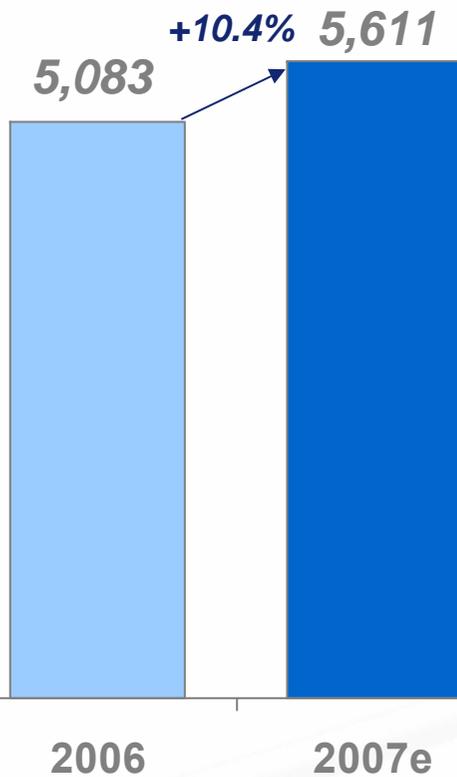
**Group : +5.0%**



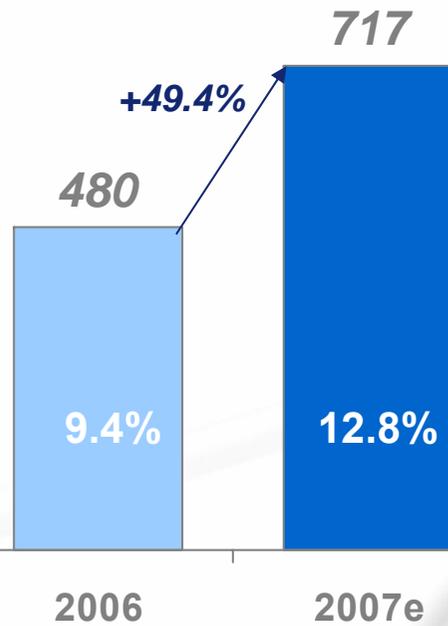
\* Breakdown of 2007 sales

# Flat Glass

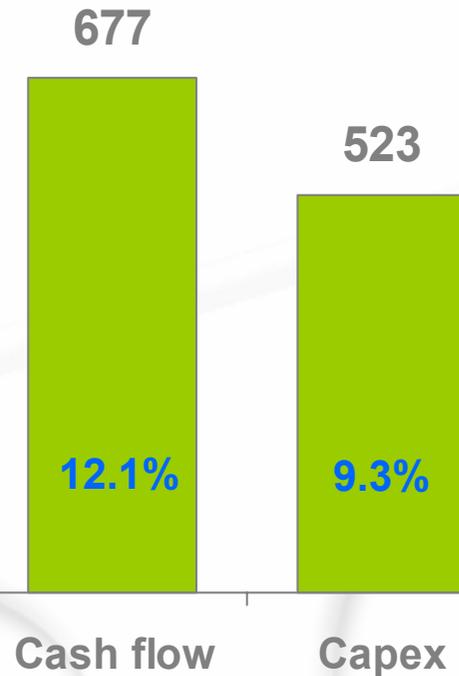
**Sales**  
(€m)



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



**Cash flow from operations & capex**  
(€m and as % of sales)

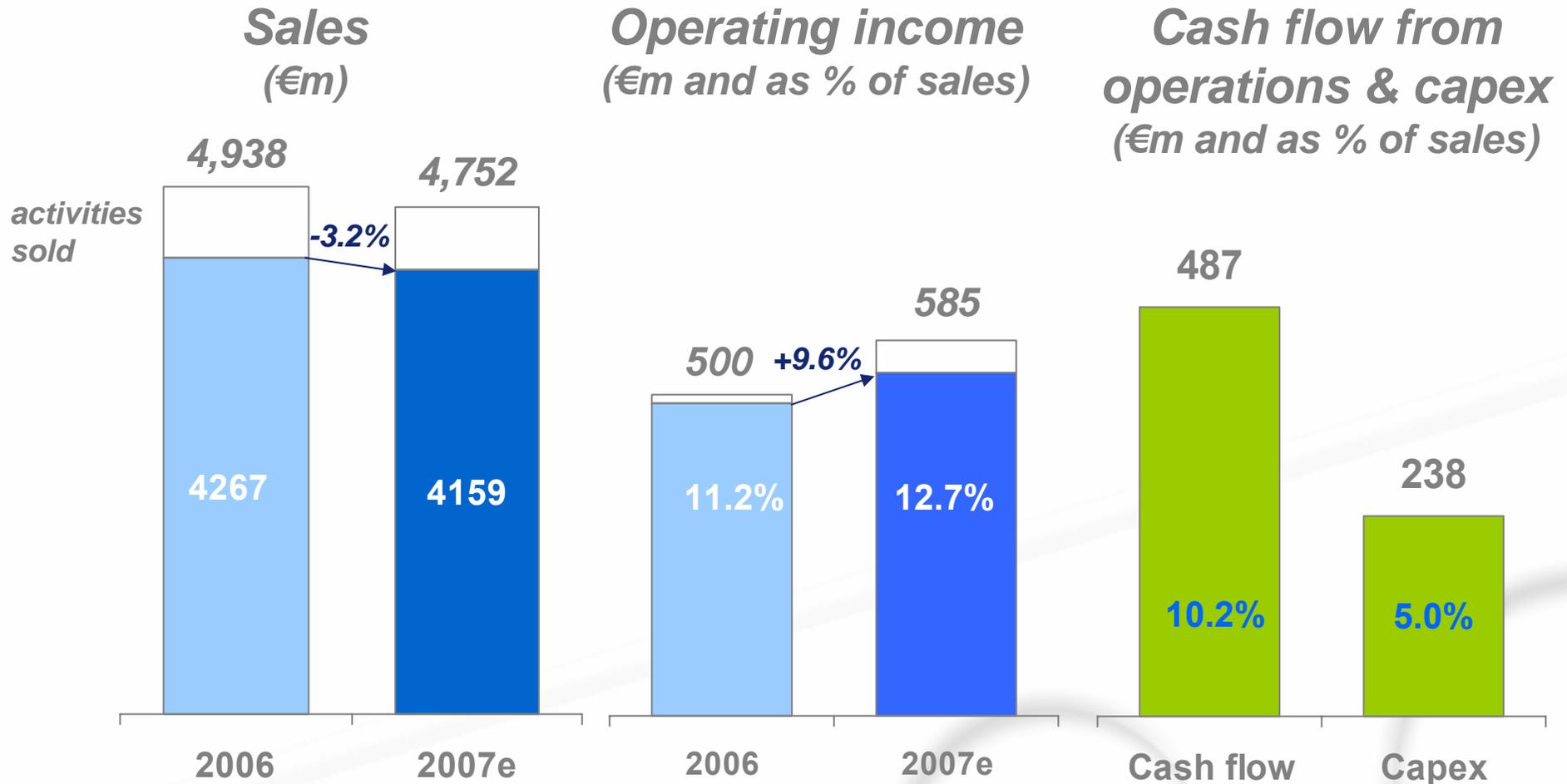


**+11.2%**  
*like-for-like*

# Flat Glass - Highlights

- > **Robust demand** (construction and automotive glass) both in Europe and emerging countries. **Strong rise in prices** on construction markets in Europe
- > **Evolving product mix** (particularly energy-saving products): **+26% in terms of volume** for value-added coated glass
- > **Growth in Asia and emerging countries:**
  - **35% of Flat Glass sales**, up **17%**
  - **53% of capital expenditure**
  - Start-up of a second float-line in **Mexico** in 2007

# High-Performance Materials



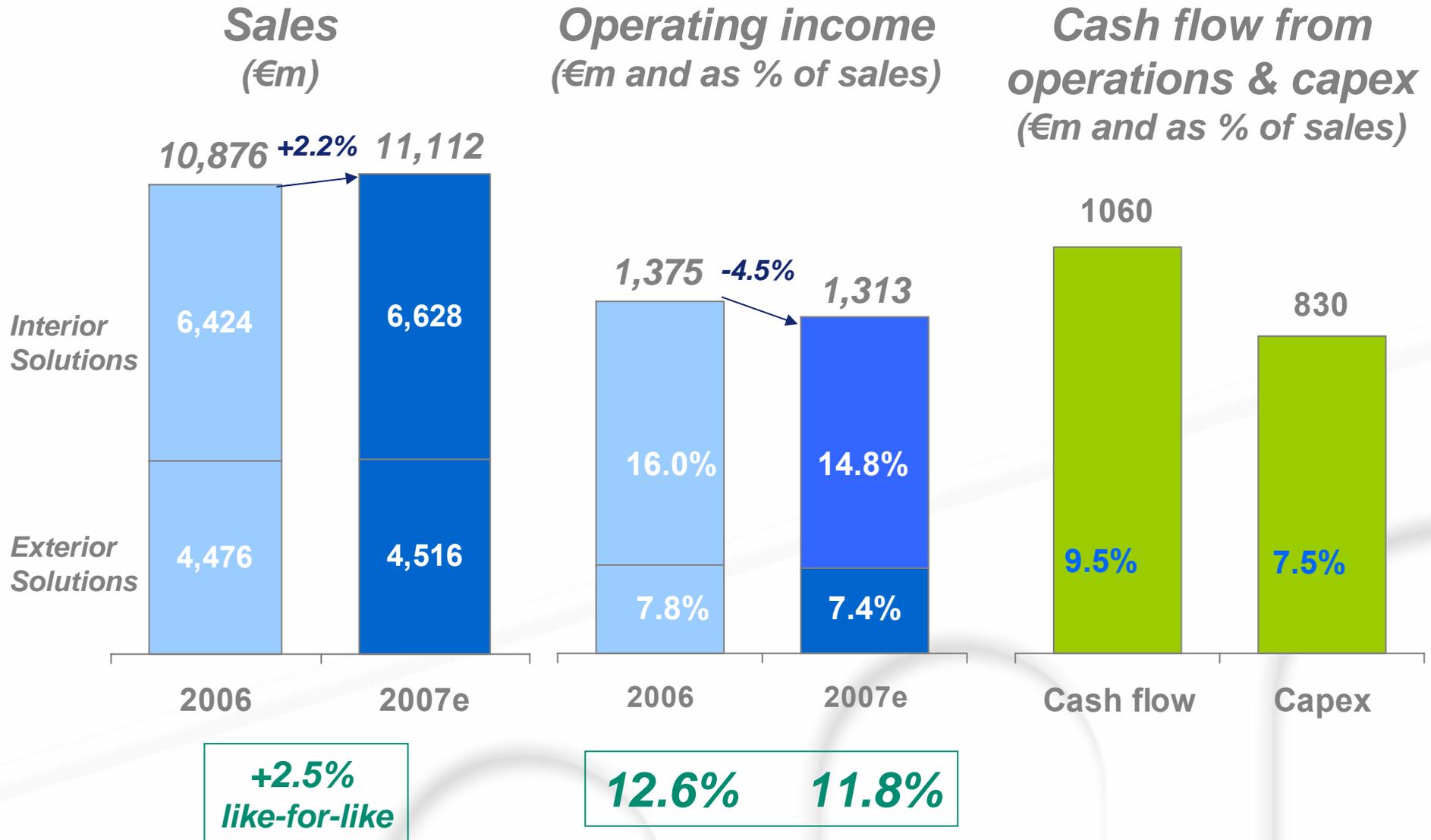
**Like-for-like  
+2.2%, o/w  
Ceramics, Plastics &  
Abrasives +4.5%**

**10.1%    12.3%**

# High-Performance Materials - Highlights

- > **Healthy worldwide industrial demand, particularly in Asia & emerging countries (30% of sales, up 16% in 2007)**
- > **Sustained organic growth in Ceramics, Plastics & Abrasives (+4.5%)**
- > **Further improvement in operating margin**
- > **Robust growth (+8%) in markets linked to construction, energy and the environment: ~30% of sector business**
- > **Increase in R&D investments (+5.7%) and innovation (~ 25% of sales generated by new products)**

# Construction Products

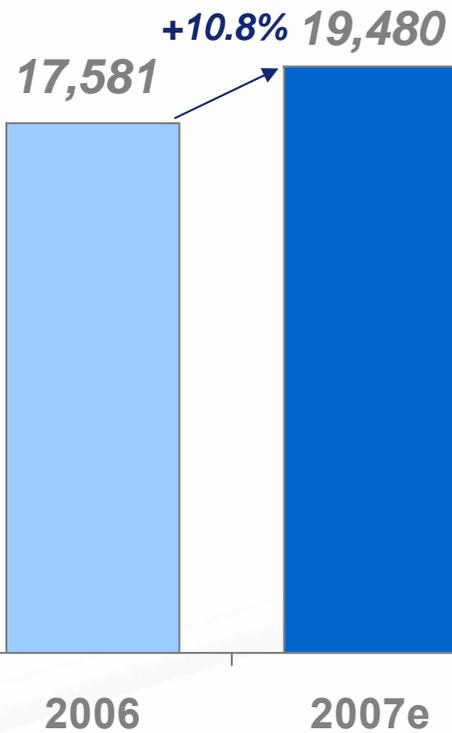


# Construction Products - Highlights

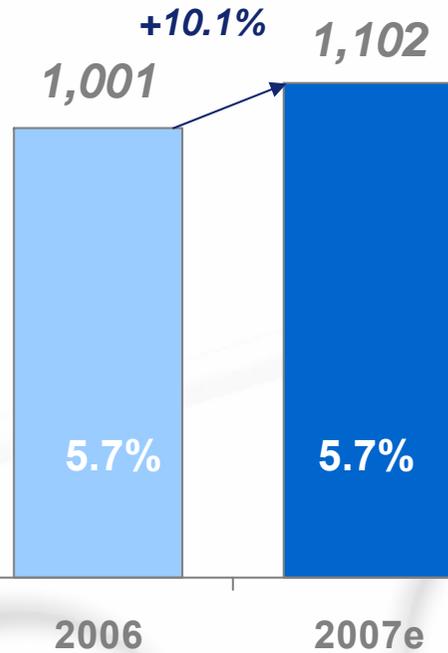
- > Sustained organic growth, powered mainly by the **energy efficiency drive** in western Europe (+6.4%), and Asia & emerging countries (+24%)
- > Sharp slowdown in the US (23% of sales): **-14%**
- > Capex: **53% growth investments**  
**27% in emerging countries**
- > → **7 new countries:** Gypsum: **Algeria, Vietnam** - Insulation: **South Africa, Colombia, Venezuela** - Mortars: **Serbia, Malaysia**
- > **Pipe: ~ 40%** of sales generated in **Asia & emerging countries**

# Building Distribution

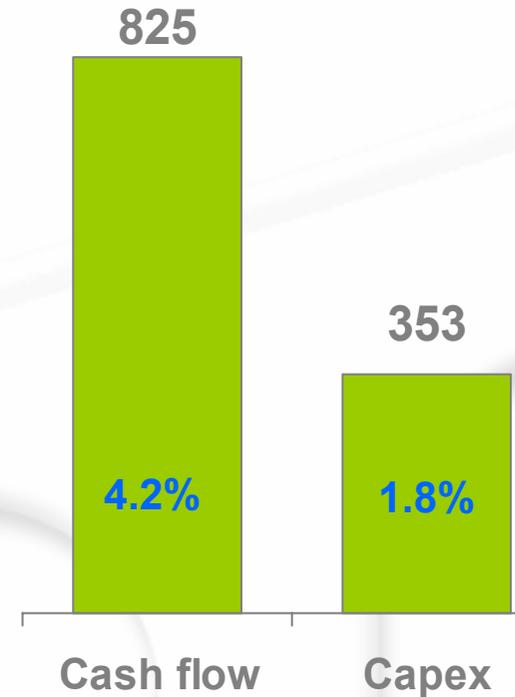
**Sales**  
(€m)



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



**Cash flow from operations & capex**  
(€m and as % of sales)



**+5.7%**  
**like-for-like**

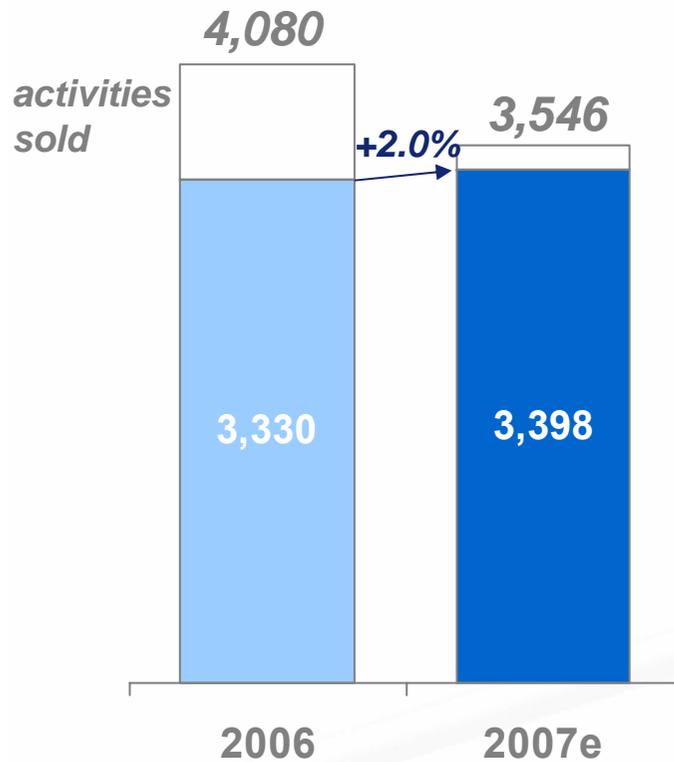
# Building Distribution - Highlights

- > **Strong organic growth in sales: +5.7%**
  - **Very strong first quarter** boosted by weather conditions
  - **Excellent performance (+20%) in emerging countries** (>€1bn in sales)
- > **Strong growth in operating income and stable operating margin**
- > **Ongoing European consolidation (52 acquisitions: €0.7bn in sales\*) and geographical expansion (US: Norandex, \$866m in sales\*; Denmark and Baltic countries: €367m in sales\*)**
- > **In total: 426 new outlets** (incl. 291 resulting from acquisitions)

\* full-year sales

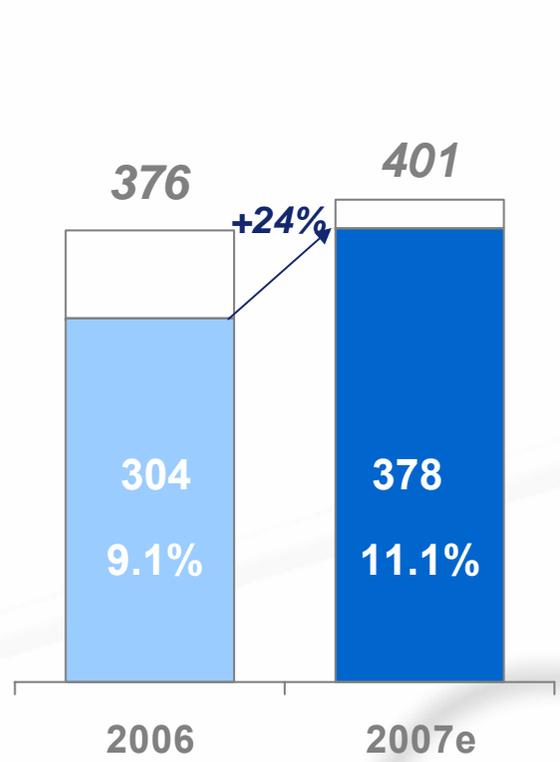
# Packaging

**Sales**  
(€m)



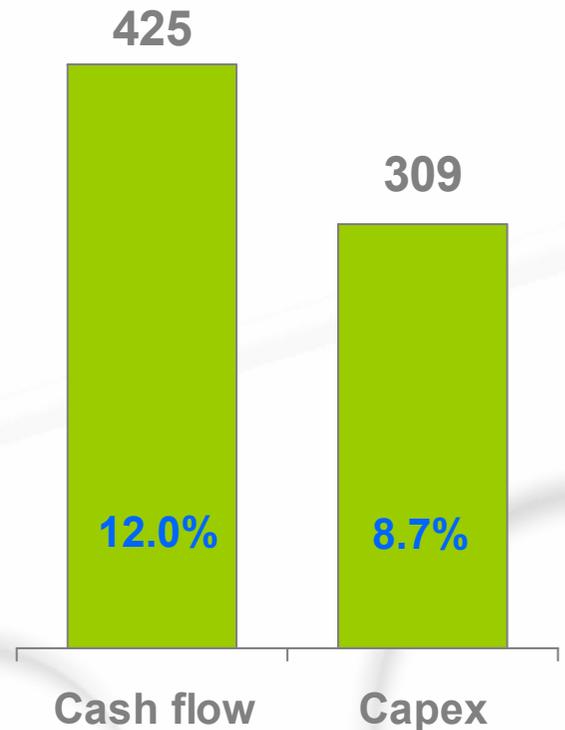
**+5.5%**  
*like-for-like*

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



2006		2007e	
H1	H2	H1	H2
9.2%	9.1%	11.0%	11.3%

**Cash flow from operations & capex**  
(€m and as % of sales)



# Packaging - Highlights

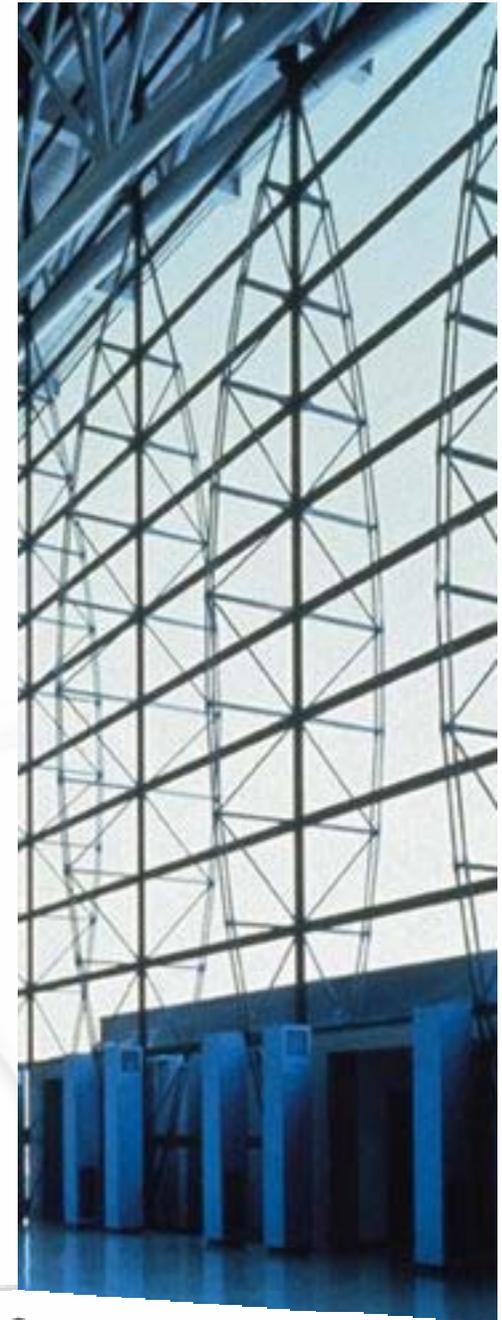
- > **Excellent year** in terms of volumes and prices, particularly in Europe
- > **Sharp rise in profitability:**
  - operating income: **+29%** like-for-like
  - operating margin: **+2 points (as % of sales)**
- > **Sale of Desjonquères on March 31, 2007** under very good conditions (€690m, or 14x EBIT 2006).

# 3

## Operating Performance

A. Results by sector

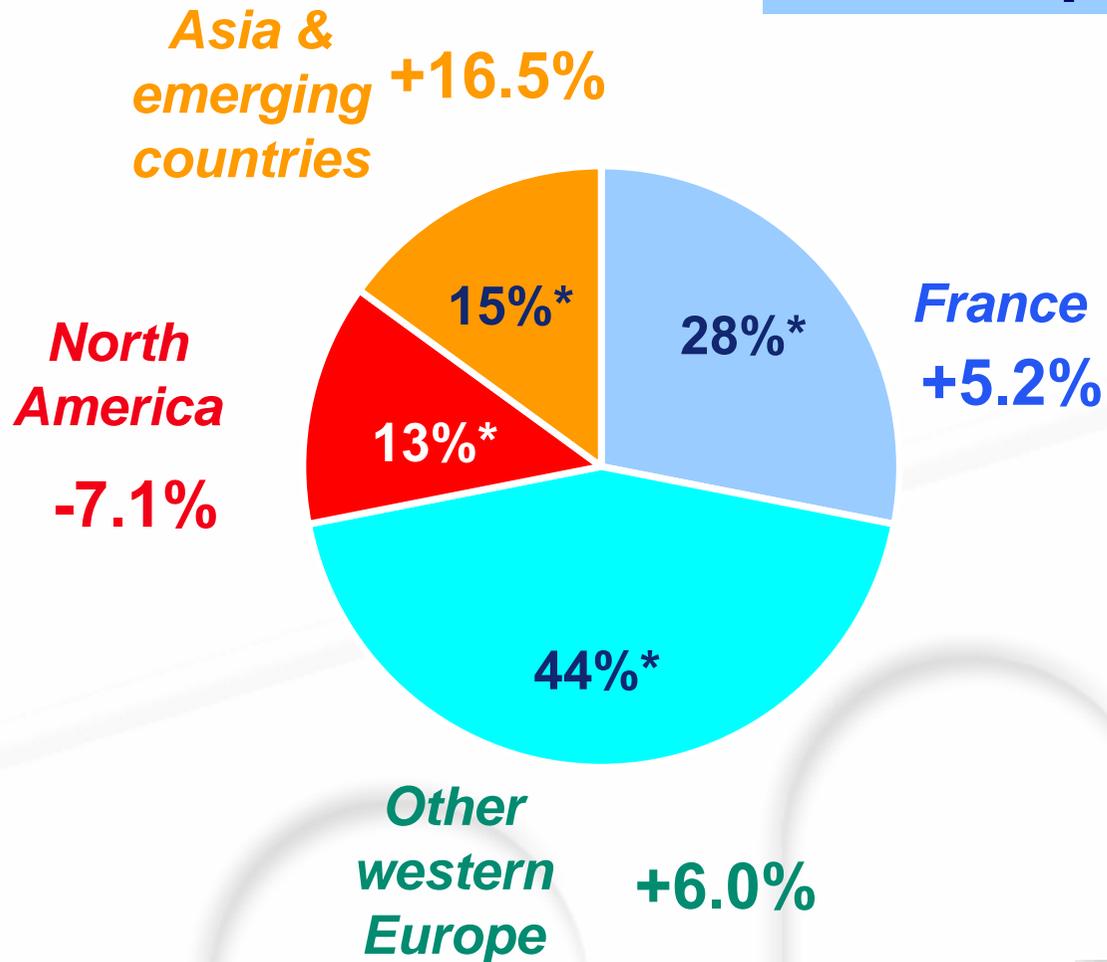
B. Results by geographic area



# Organic growth by geographic area

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

**Group: +5.0%**

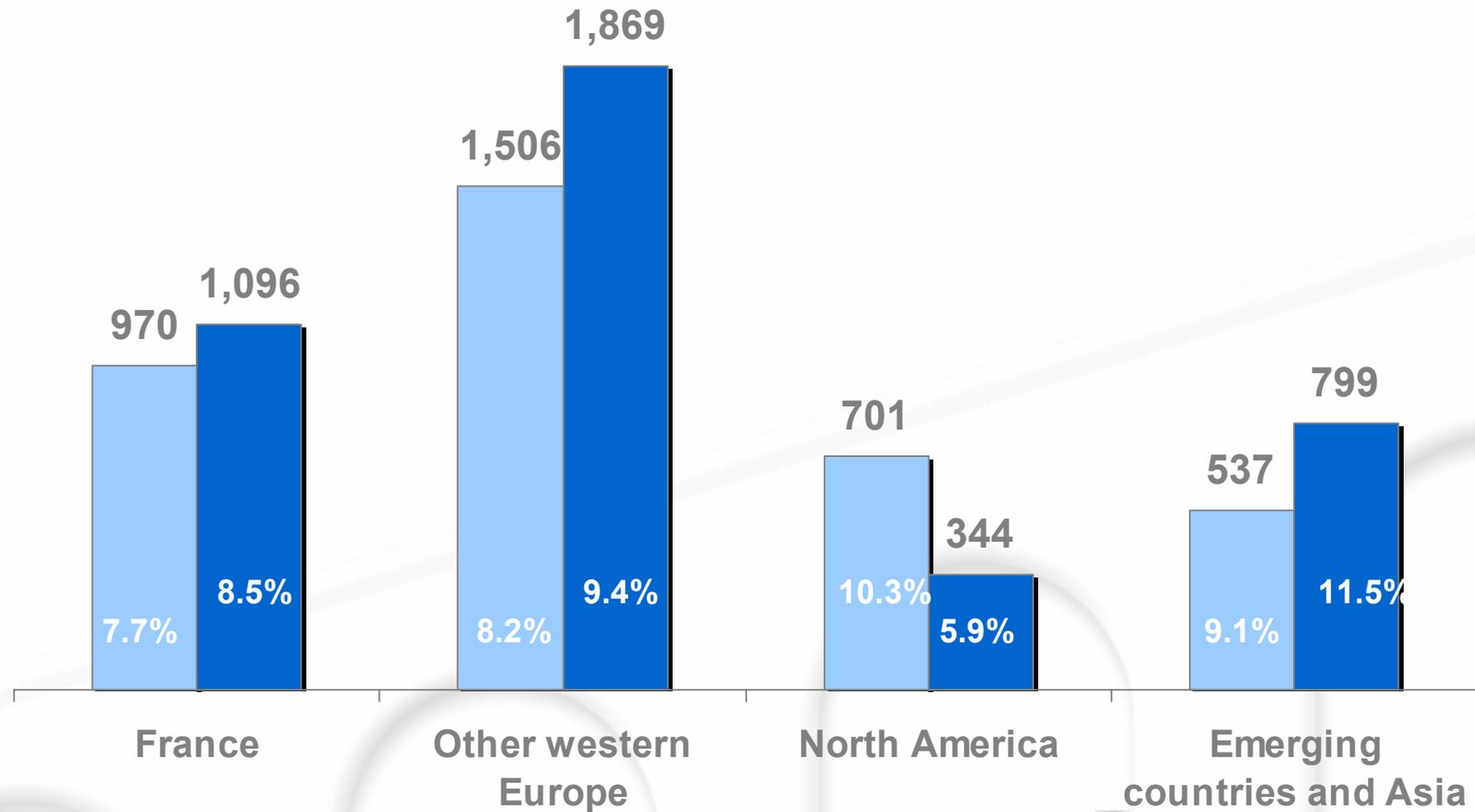


\* Breakdown of 2007 sales

# Operating income by geographic area

(€m and as % of sales)

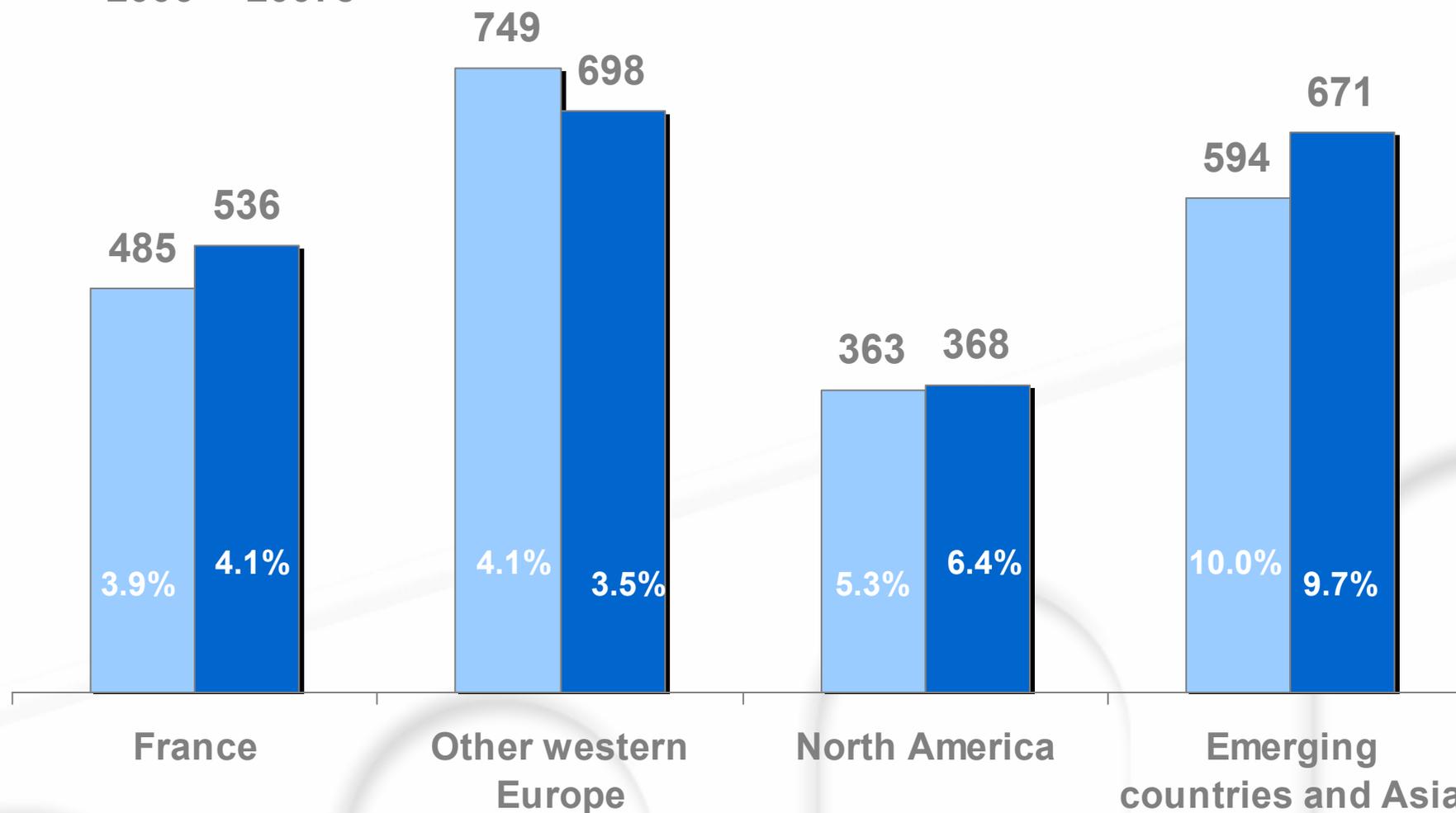
■ 2006 ■ 2007e



# Capital expenditure by geographic area

(€m and as % of sales)

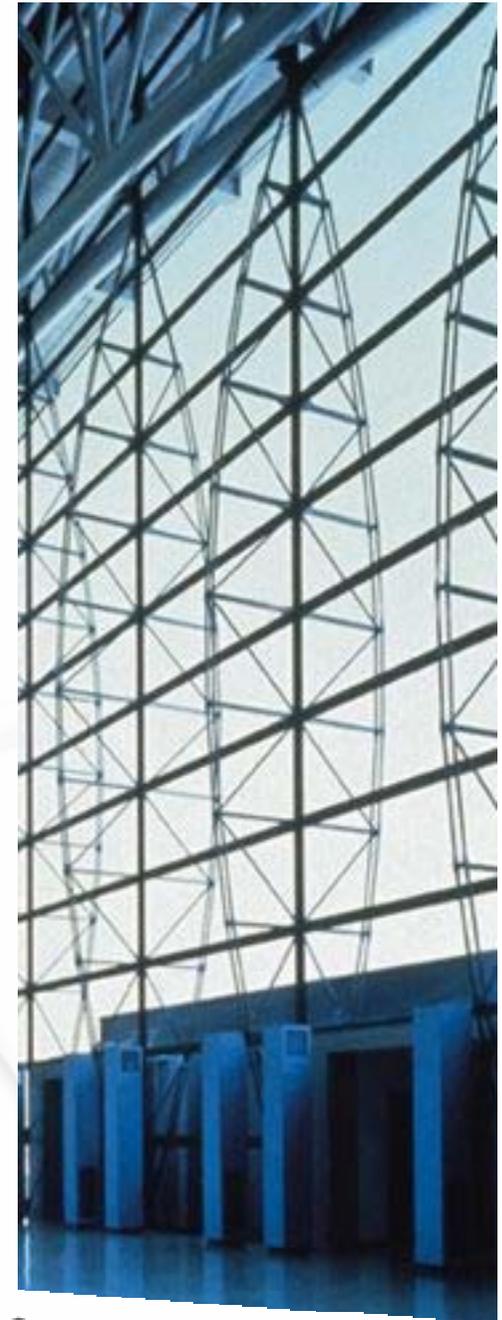
■ 2006 ■ 2007e



# 4

## Group Strategy

- A. A Group focused on construction
- B. Fast-paced development in emerging countries
- C. Innovation, Environment and Energy efficiency
- D. Operational excellence

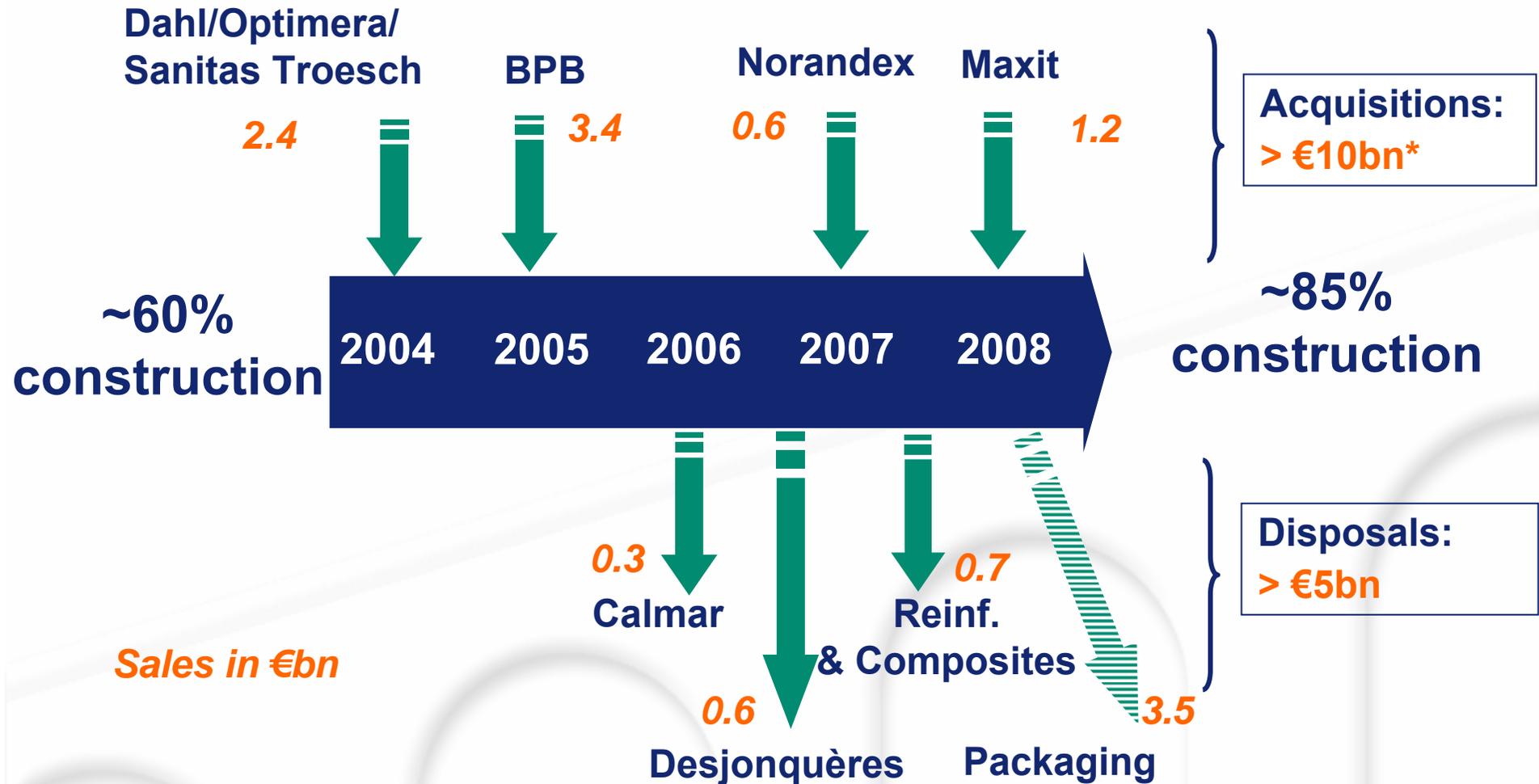


# Saint-Gobain's ambition

***Worldwide leadership in construction markets, offering innovative solutions to meet the fundamental challenges of our era: growth, energy, 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 the needs of construction markets***

# Refocus on construction markets



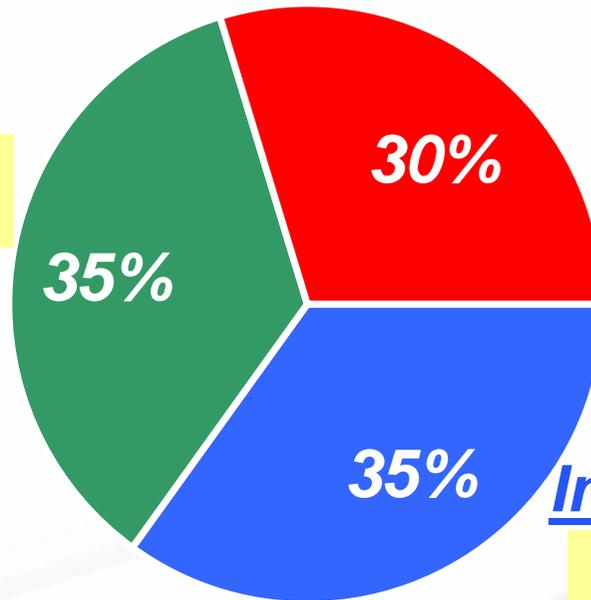
\* o/w €2.5bn in bolt-on acquisitions

# A business model generating vigorous, balanced growth

## Construction Products

Organic growth in sales 05-07: 5.4%

- ★ Leadership/Brands
- Emerging countries
- Energy efficiency



Breakdown of 2007 operating income

## Building Distribution

Organic growth in sales 05-07: 6.3%

- ★ Customer/market knowledge
- New store formats
- New countries

## Innovative Materials

Organic growth in 05-07 sales: 6.2%

- ★ Technology
- Emerging countries
- Innovation

- ★ key assets
- key growth drivers

# The success of Interior Solutions: Successful creation of the world leader

Since 2006, 10 acquisitions totaling €240m  
and implantation in 5 new countries

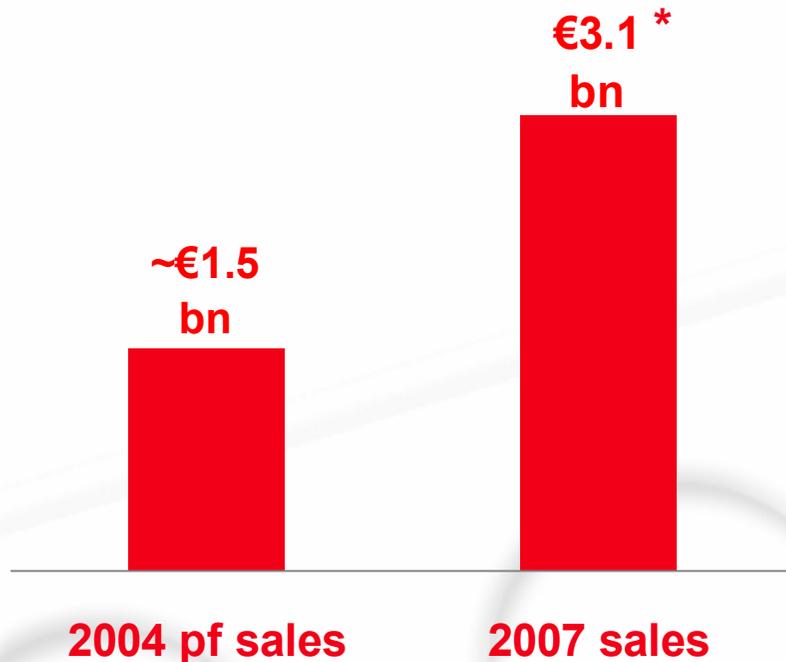


\* Operating income

■ Objectives set at time of BPB acquisition

# The success of Distribution in Scandinavia: Profitable acquisitions

- 4 structural acquisitions  
(Dahl, Optimera, and DLH and Famar Desi in 2008)
- 33 bolt-on acquisitions in 3 years
- More than 400 points-of-sale



\* Excluding DLH and Famar Desi

## 2004-2007 growth:

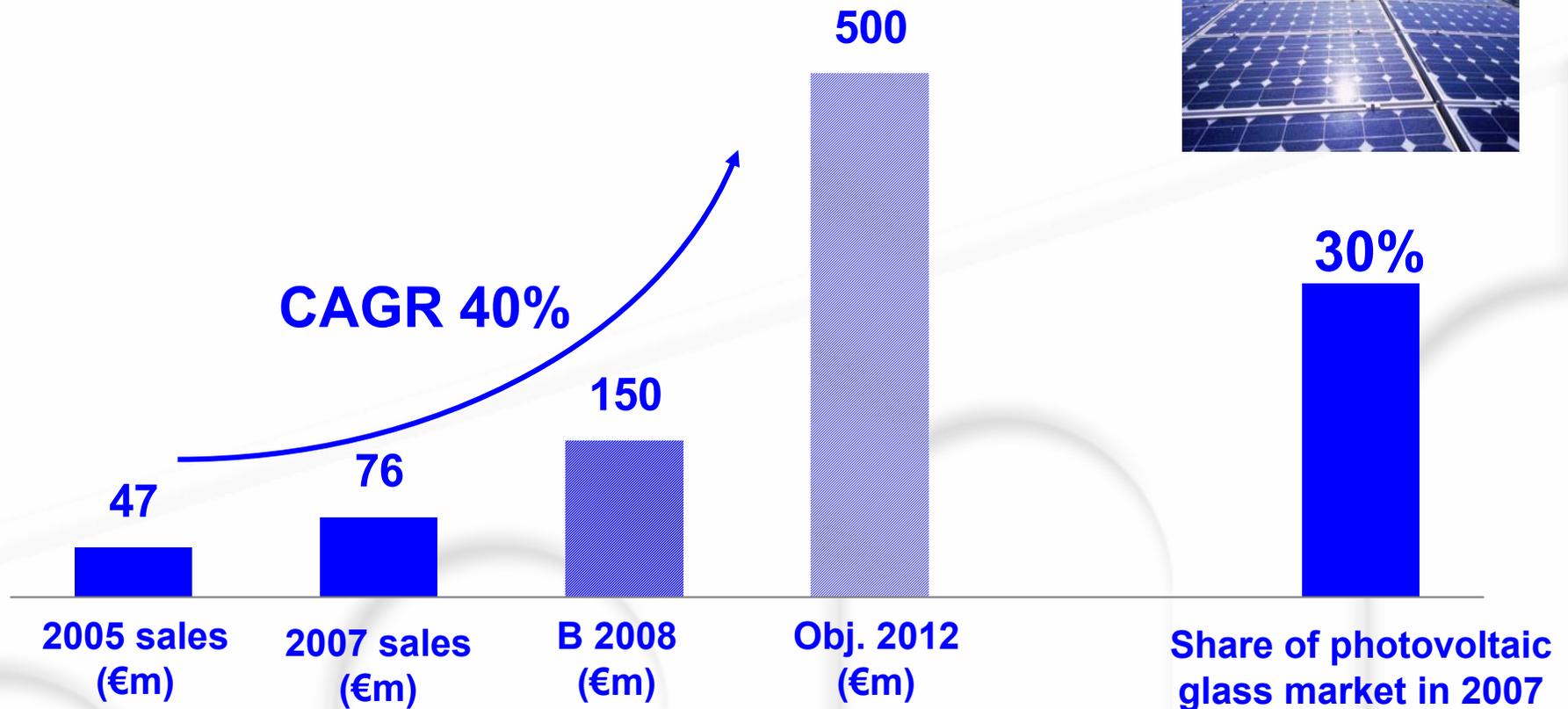
**Sales CAGR 27% p.a.**  
o/w 10% organic growth

**Op. inc. CAGR 30% p.a.**

## 2007 ROCE: 17%

# The success of solar technology: A front-ranking player in photovoltaic glass

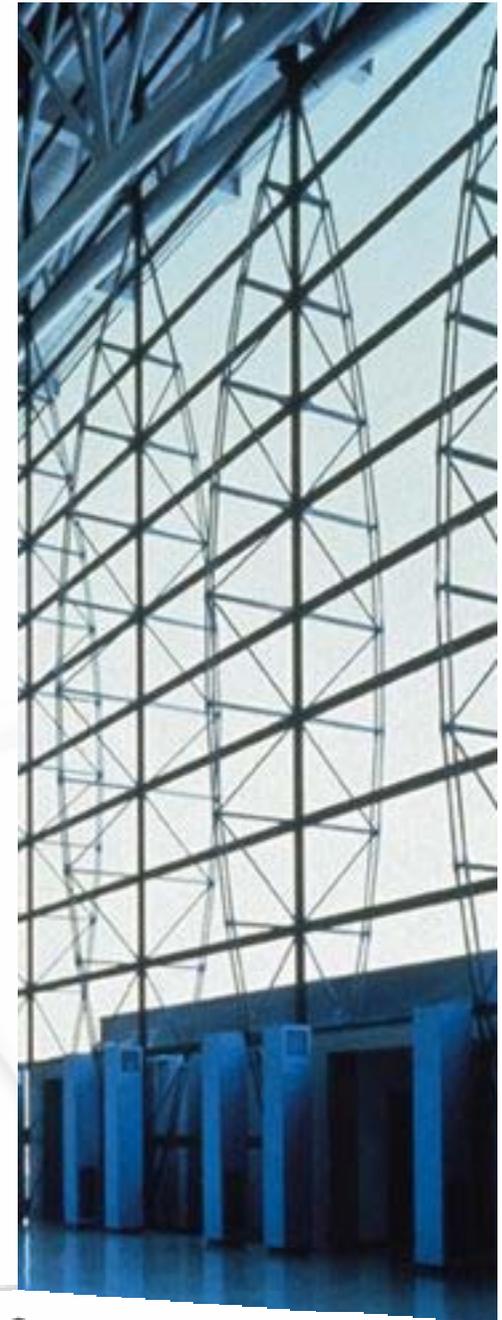
- Active in all **photovoltaic glass** technologies (crystalline silicon, coated glass, organic)
- **Glass for thermal solar energy:** hot water production
- **Mirrors** for solar concentration



# 4

## Group Strategy

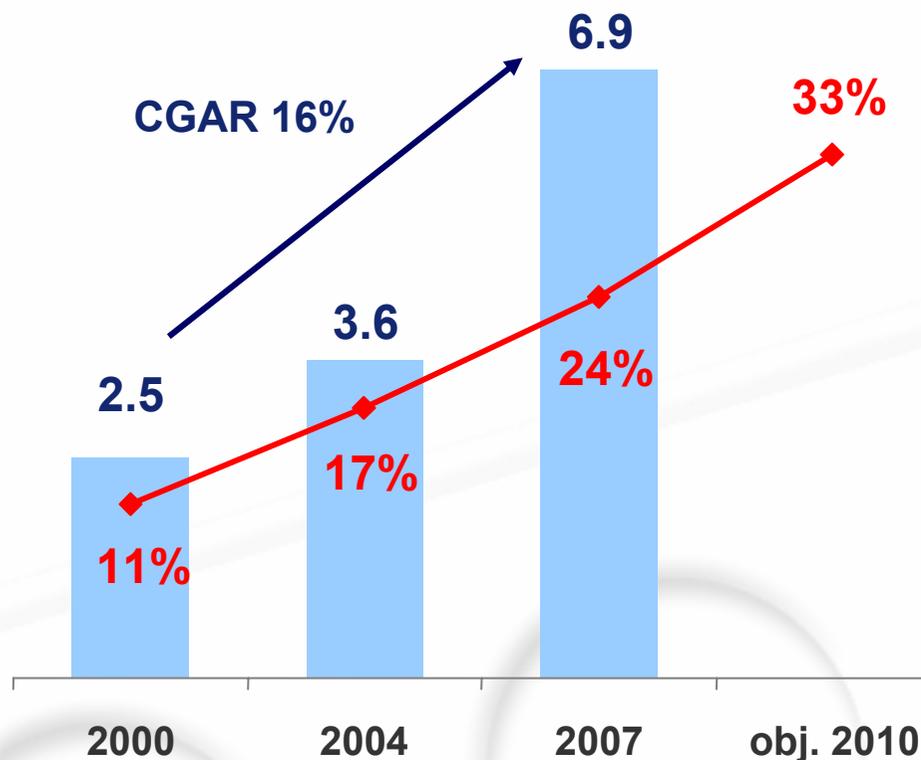
- A. A Group focused on construction
- B. Fast-paced development in emerging countries
- C. Innovation, Environment and Energy efficiency
- D. Operational excellence



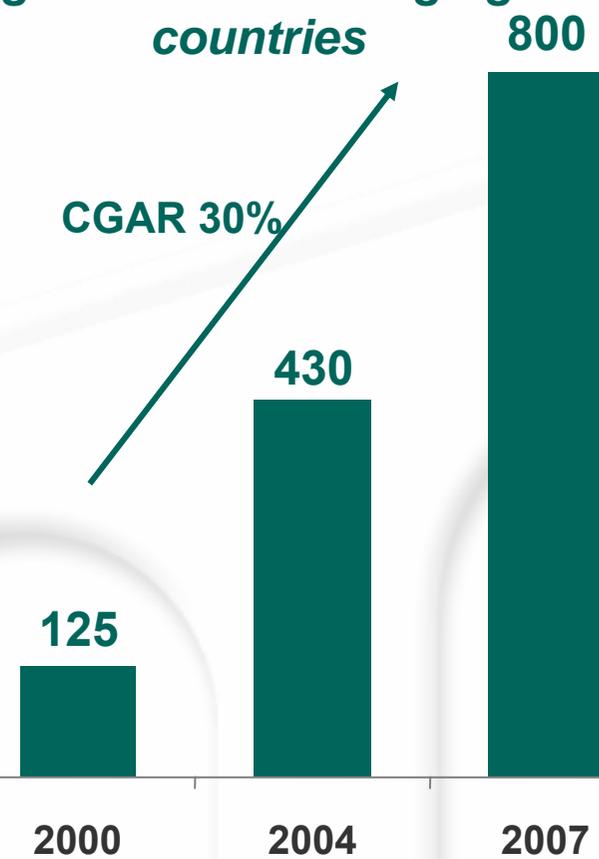
# Fast-paced development in emerging countries

*In 2010, one-third of sales will be generated in emerging countries (excluding Building Distribution)*

**Sales (€bn)  
generated in  
emerging countries**



**Operating income (€m)  
generated in emerging  
countries**



*- proportion of sales in emerging countries (excl. Distribution)*

# Emerging countries: significant contribution to Saint-Gobain's growth

■ Contribution to organic growth (2005 – 2007)



36%

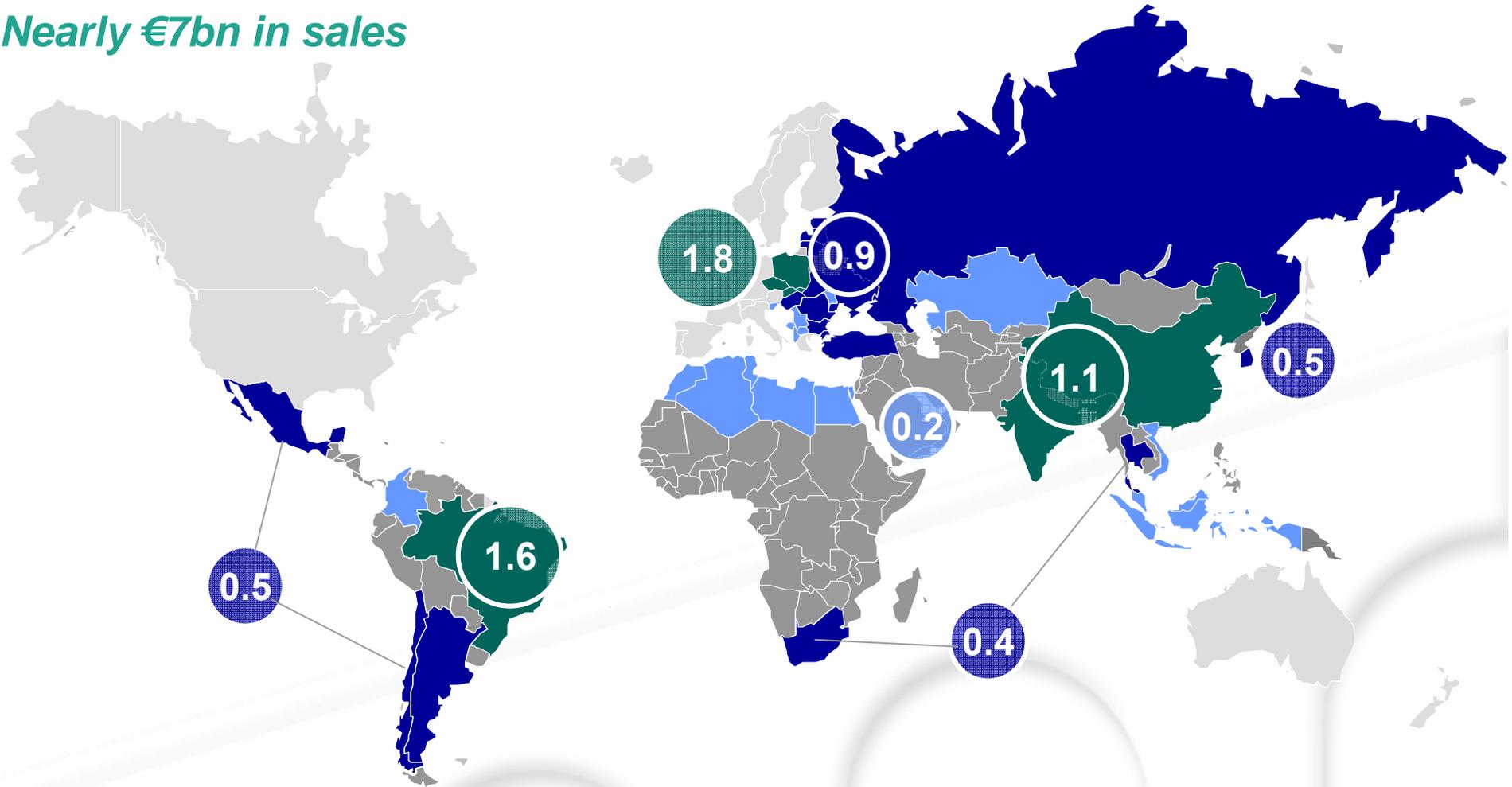
■ Contribution to growth in operating income (2005 – 2007)



47%

# Saint-Gobain's strategy in emerging countries

Nearly €7bn in sales



- Cement our leadership
- Become a leader in all of our businesses
- Establish our businesses from local platforms

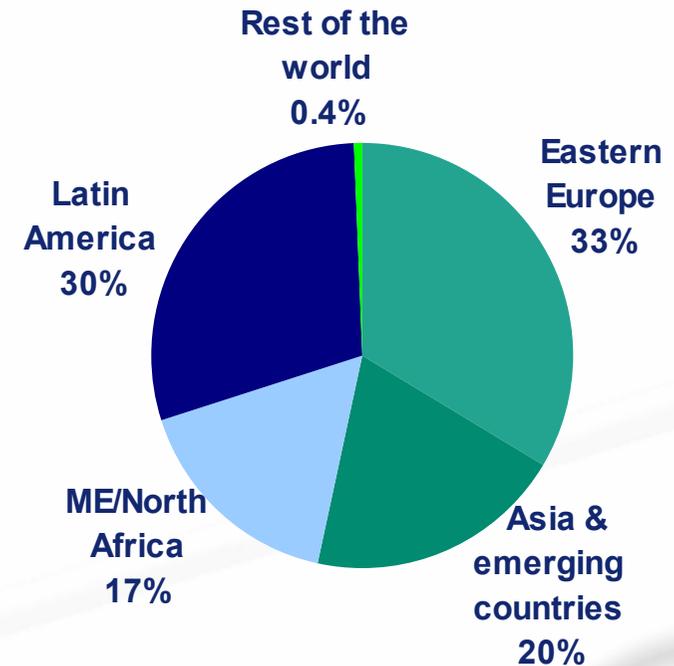
# Emerging countries: a priority for investments

■ **€1.1bn of capital employed** dedicated to growth of emerging countries in 2006-2007, i.e. **nearly 50% of total capital employed** (excl. Building Distribution)

■ **24 new plants** launched in 2007

■ **Numerous major projects in progress**

- Plasterboard: 3 plants in Abu Dhabi, Russia and Hungary
- Insulation: new facility in Poland
- Flat Glass: 2 plants in Colombia and Egypt
- High-Performance Materials: 5 plants in Mexico, Venezuela, India, China and Poland

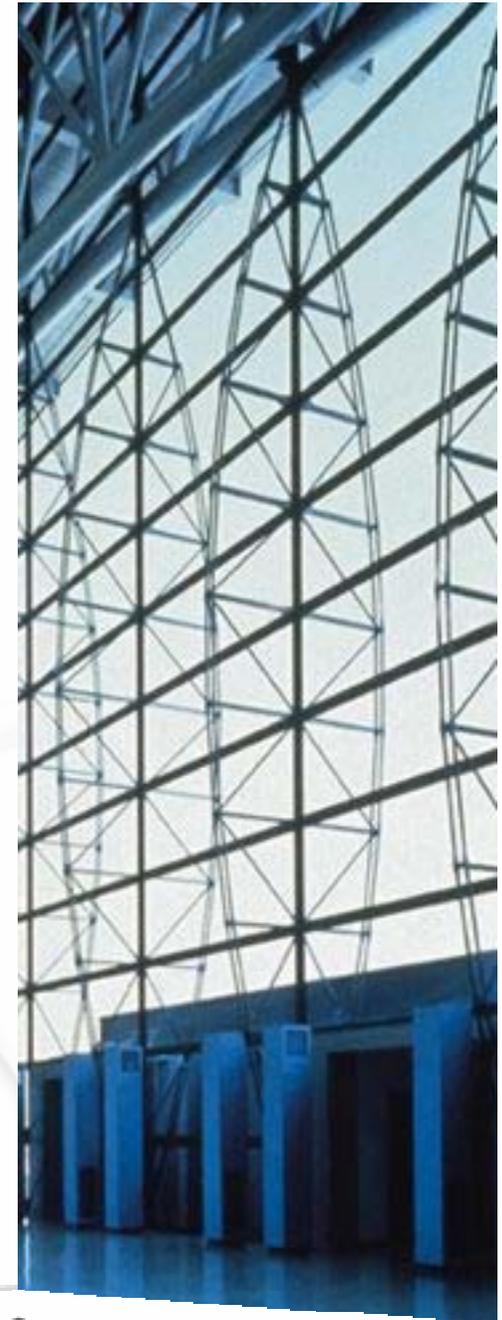


*2007 geographic breakdown*

# 4

## Group Strategy

- A. A Group focused on construction
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- C. Innovation, Environment and Energy efficiency
- D. Operational excellence



# Environment, energy efficiency and innovation

 **The building industry is at the dawn of a green revolution**

 **Saint-Gobain has three outstanding assets**



● **Leadership** in construction markets



● **Building Distribution**, to partner customers during the green revolution



● **Capacity for innovation**, offering new state-of-the-art building solutions

 **Around 30% of Group sales and 40% of operating income** are related to energy efficiency

# Flat Glass: An insulation solution to meet present and future needs

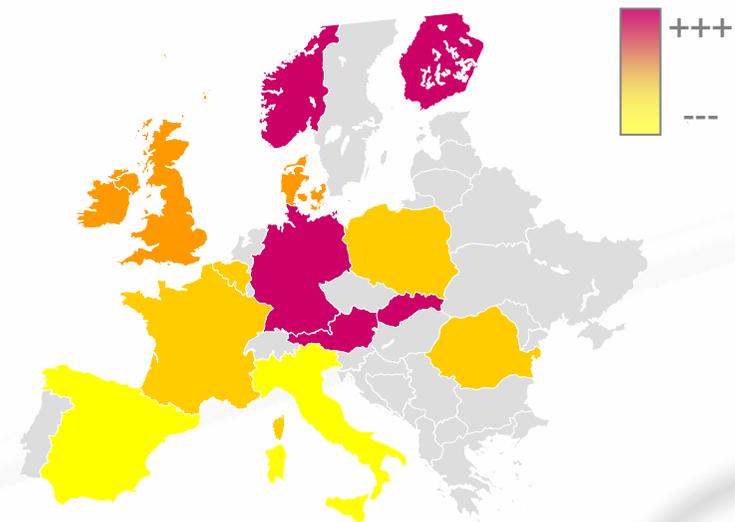
## Low-emissivity glass

- 2007 sales >€200m
- Annual growth >30%

## Double-skin glass façades in renovated office buildings

## Glass dome enveloping old buildings

*Thermal regulations in Europe  
(Flat Glass)*



*Strasbourg station*

# Saint-Gobain, innovative solutions for every kind of home comfort

## Thermal comfort

**ETICS mortars** (sales +15%)

**Isover**

**Placomur**: adhesive wall systems  
(Gypsum)

**Planitherm** (SG Glass)



## Aesthetic comfort

**Numadecor**, decorative colored mortars  
(sales +8%)

**LED and OLED** new-generation lighting  
**Privalite** (active glass)



## Acoustic comfort

**Ecophon** (sales +14%)

**Soundbloc** plasterboard

**Stadip Silence** glass

**Pamacoustique** (Pipe)

**Acoustiver** (SG Technical Fabrics)

## Fireproofing

**Ultimate glass wool** (sales +45%)

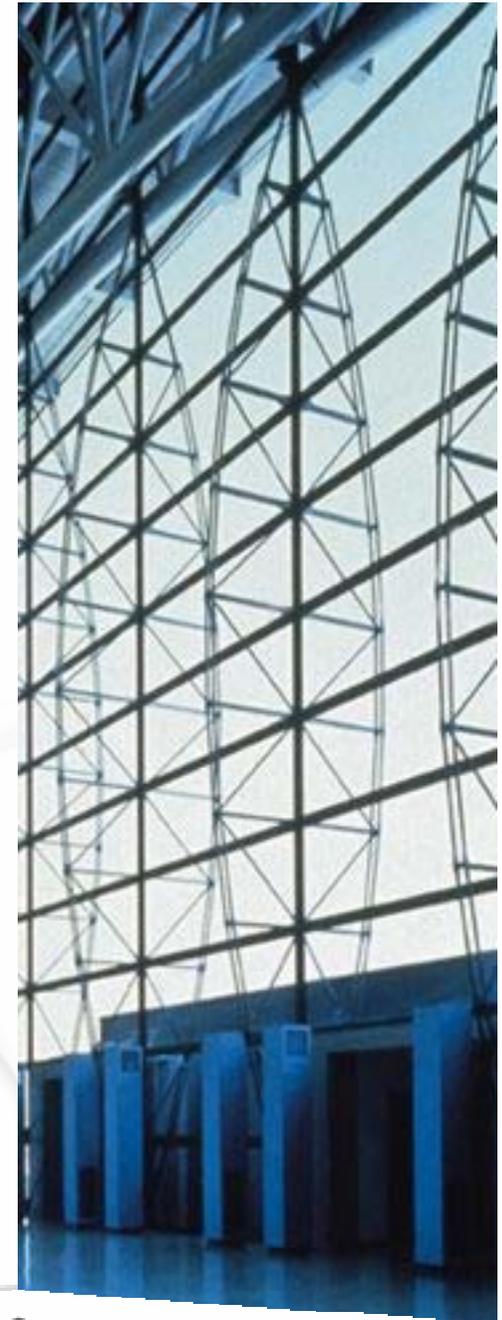
**Megaplac**: fire-resistant plasterboard

**Contraflam**: Vetrotech glass

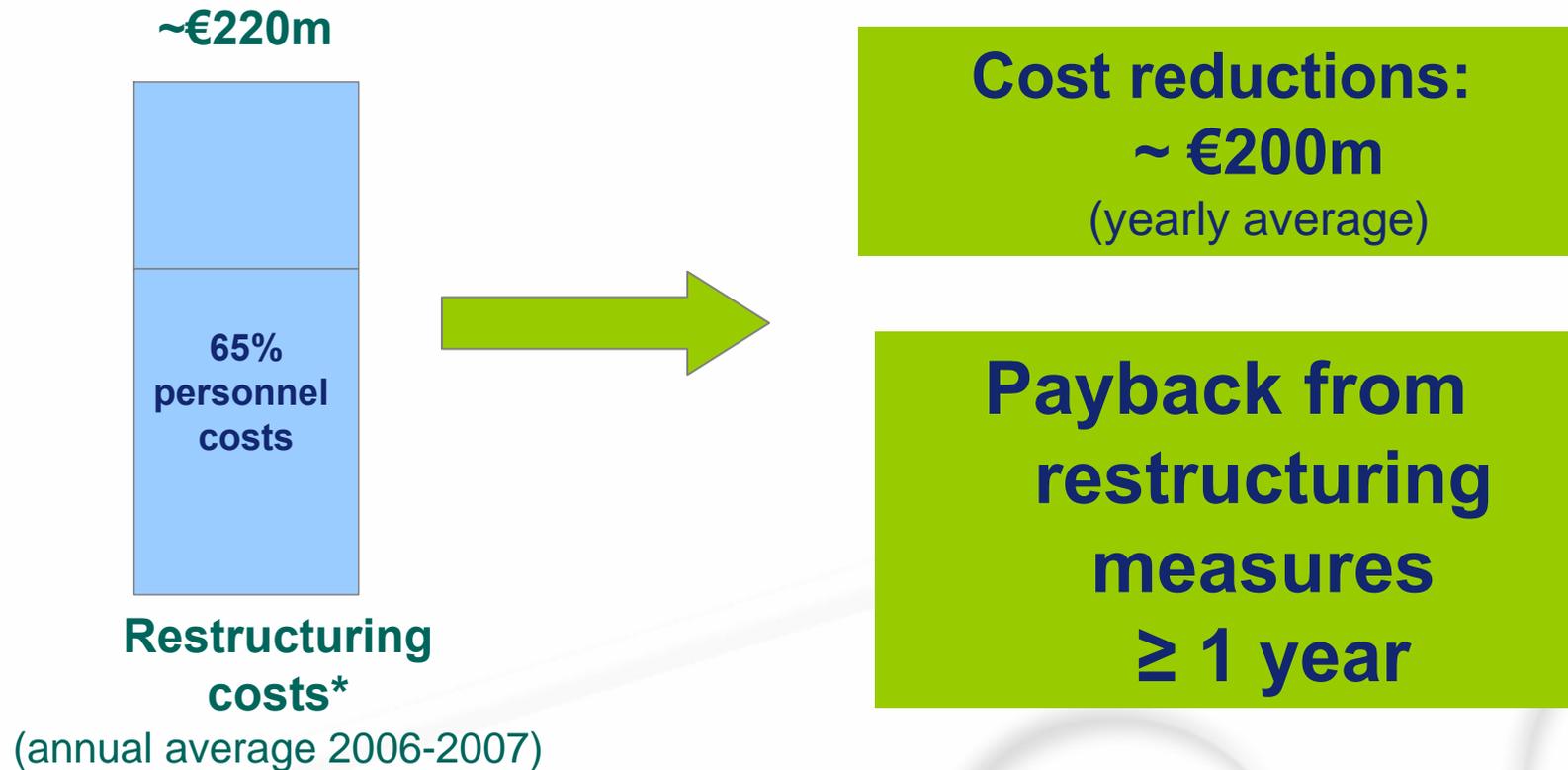
# 4

## Group Strategy

- A. A Group focused on construction
- B. Fast-paced development in emerging countries
- C. Innovation, Environment and Energy efficiency
- D. Operational excellence



# Ongoing efforts to achieve operational excellence in our businesses



- In 2006+2007:**
- Closure of 35 plants/facilities, including 16 in the US
  - Headcount: -6,600 approx., including 1,700 in the US

\* *excl. provisions for litigation*

# Update on current programs

## ■ Reduction in overheads (*Symphonie*)

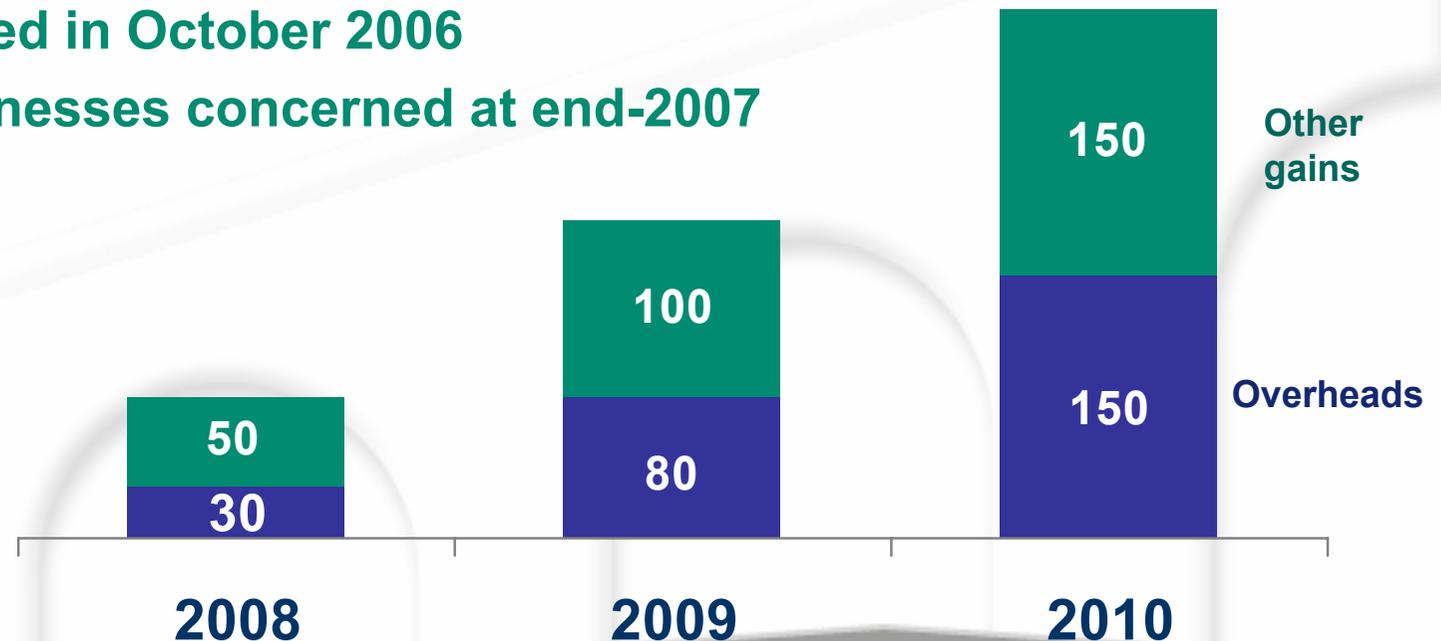
- Scope of costs concerned ~€2bn
- Obj. 2010: €150m
- Launch of 230 projects

## ■ Purchasing (*Procure*)

- Ongoing centralization (already 50% in 2007)

## ■ *World Class Manufacturing*

- Launched in October 2006
- All businesses concerned at end-2007



# 2010 roadmap

## Vigorous roll-out of strategy

- **Geographical expansion:** organic growth investments in emerging countries
- **Acquisitions** to develop business in emerging countries, increase potential for innovation and reinforce Distribution
- **Innovation** and **R&D** efforts stepped up, particularly in the field of energy and the environment

## Confirmation of 2010 objectives

*For 2007-2010:*

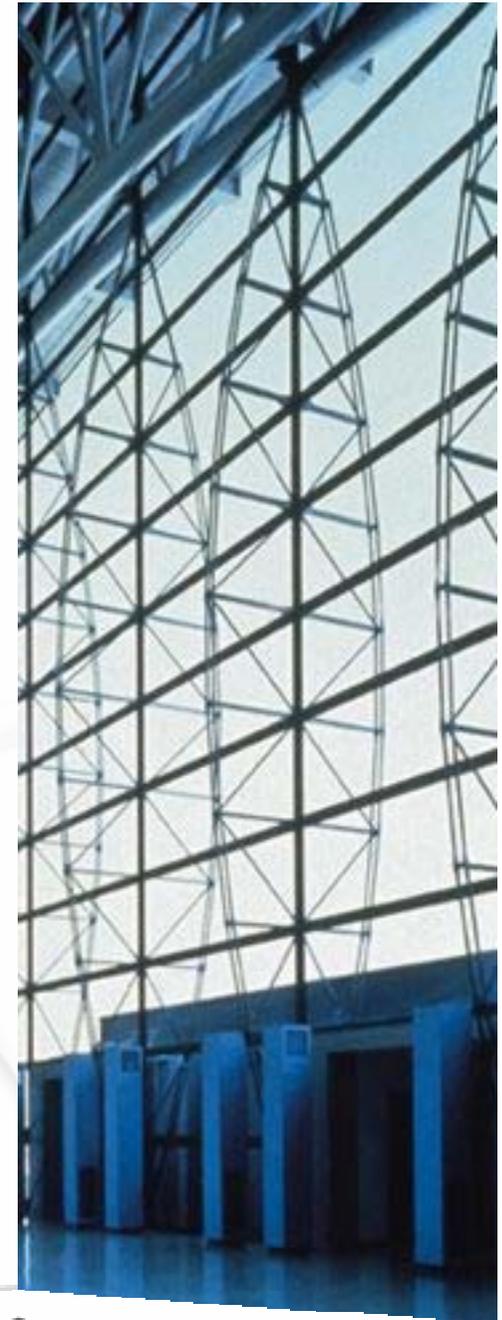
- **5% average annual organic growth**
- **10% average annual growth in recurring EPS**

*For 2010:*

- **ROI: 22%-25%**
- **ROCE: 13%-14%**

# 5

## Outlook and Objectives for 2008

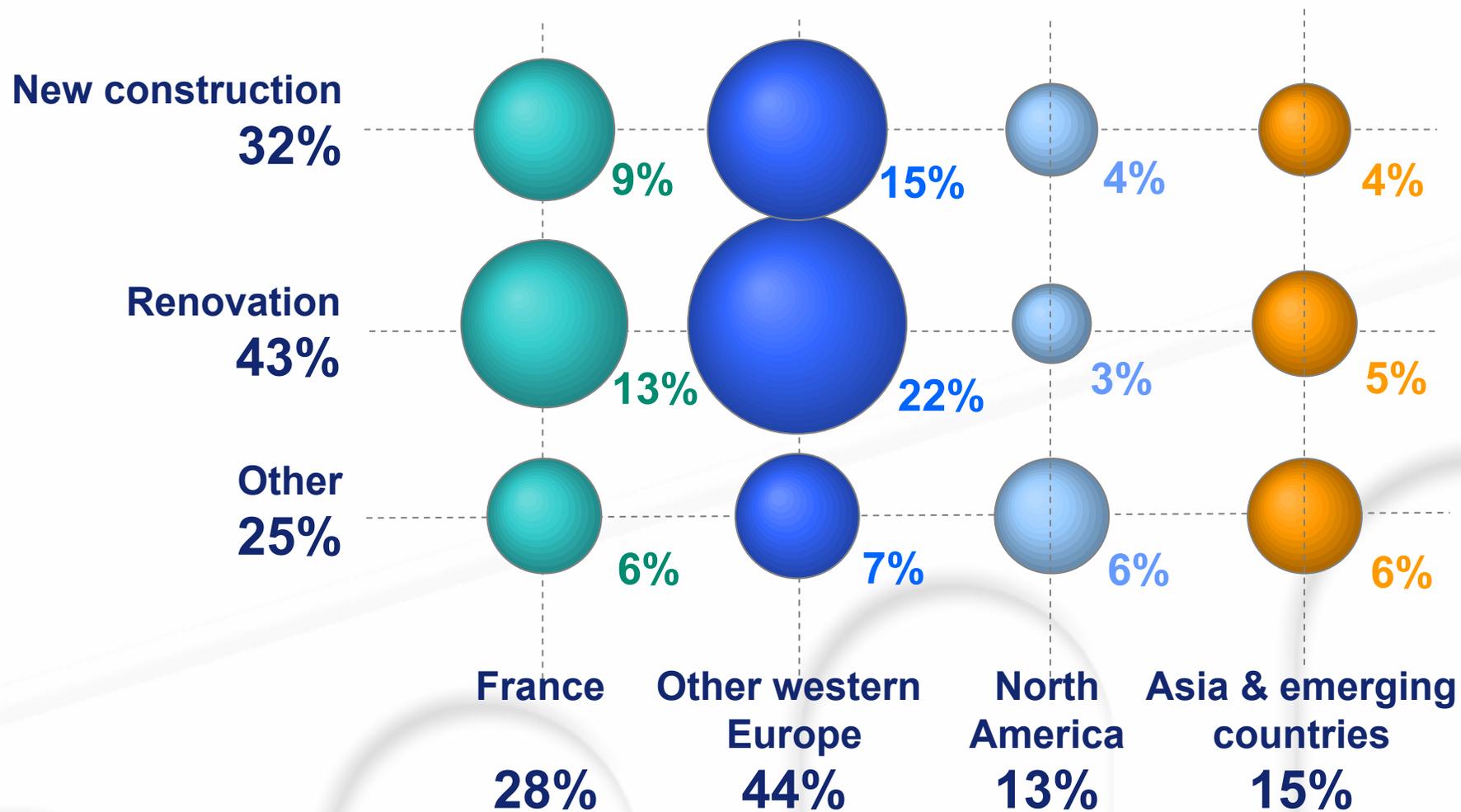


## 2008: Macro-economic uncertainties

- > Evolution of the **US economy** and duration of the property crisis
- > Reaction of **developed economies** to the situation in the US and the credit crunch
- > Volatility of **energy, transport and commodity** prices
- > Value of **US dollar** and Asian currencies

# Saint-Gobain's end markets

2007 sales



# 2008 outlook

## I. Construction markets (Europe + US)

Western Europe (~55% of operating income): trading should be healthy overall, but growth expected to slow versus 2007

- > Positive outlook in France
- > Stability in Germany; downturn in Spain
- > Unfavorable basis for comparison in Q1 (2007 weather conditions)
- > Renovation holding firm

North America (~5% of operating income): no upturn in sight

## II. Other markets (Europe + US)

Industry (~10% of operating income): upbeat in Europe, more subdued in the US

Household consumption (~10% of operating income): healthy

## III. Asia & emerging countries (~20% of operating income):

Strong momentum

# Saint-Gobain's key assets in 2008

- Strong exposure to markets related to energy efficiency in European construction (~30% of sales)
- Strong exposure to renovation market in Europe (~35% of sales) via Building Distribution
- Emerging countries: ~20% of Group operating income
- Limited exposure to US: ~10% of Group operating income
- Positive contribution of acquisitions to growth
- Solid financial structure

# 2008 outlook for Saint-Gobain's businesses

- > **Flat Glass:** energy-efficient solutions in Europe should boost trading; emerging countries expected to remain robust
- > **High-Performance Materials (HPM):** favorable outlook
- > **Construction Products (CP):**
  - Growth in Europe and emerging countries
  - Persistent difficulties in the US
  - Further advances in Pipe
- > **Building Distribution:** continued organic growth momentum (renovation in particular) and full-year impact of acquisitions
- > **Packaging:** further gains amid good market conditions



**Another year of growth**

# 2008 objectives

- > **Modest increase in Operating Income**  
(at constant exchange rates\*) and **recurring Net Income\*\***
- > Continuing **high levels of free cash flow**  
and **solid financial structure**

\* average exchange rates for 2007

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

# 2008 objectives: Vigorous roll-out of business model

## In particular:

- > Completion of strategic repositioning on construction markets with the sale of the Packaging business
- > Continuing investments in emerging countries
- > Targeted acquisitions, potentially in our three sectors (Construction Products, Building Distribution, Innovative Materials)
- > Ongoing tight rein on costs, productivity, working capital, etc.
- > High level of responsiveness in the event of a further decline in economic conditions

# 2007 Estimated Results and Outlook for 2008

Analyst – Investor meeting

January 2008



  
**SAINT-GOBAIN**