

First-half 2007 results

Analyst-Investor meeting

July 2007

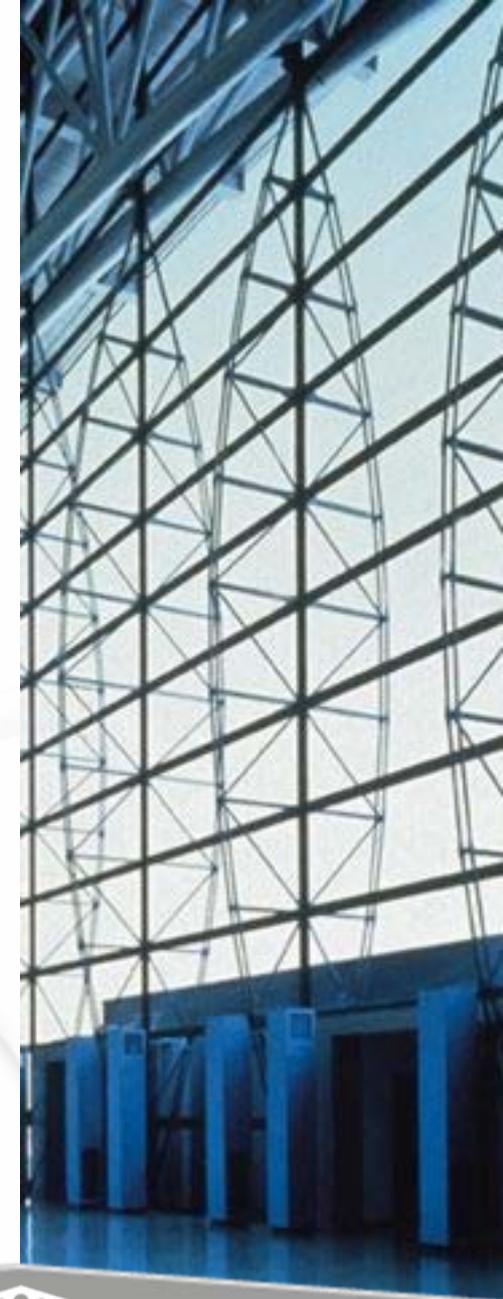


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- 5** Outlook and objectives for 2007

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Highlights



Saint-Gobain in first-half 2007: Key figures

	Amount in €m	Change H1-2007/H1-2006	
		Actual	At constant exchange rates**
Net sales	21,779	+6.0%	+7.4%
Operating income	2,093	+15.3%	+16.6%
Recurring net income*	1,067	+31.2%	

* 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%**)

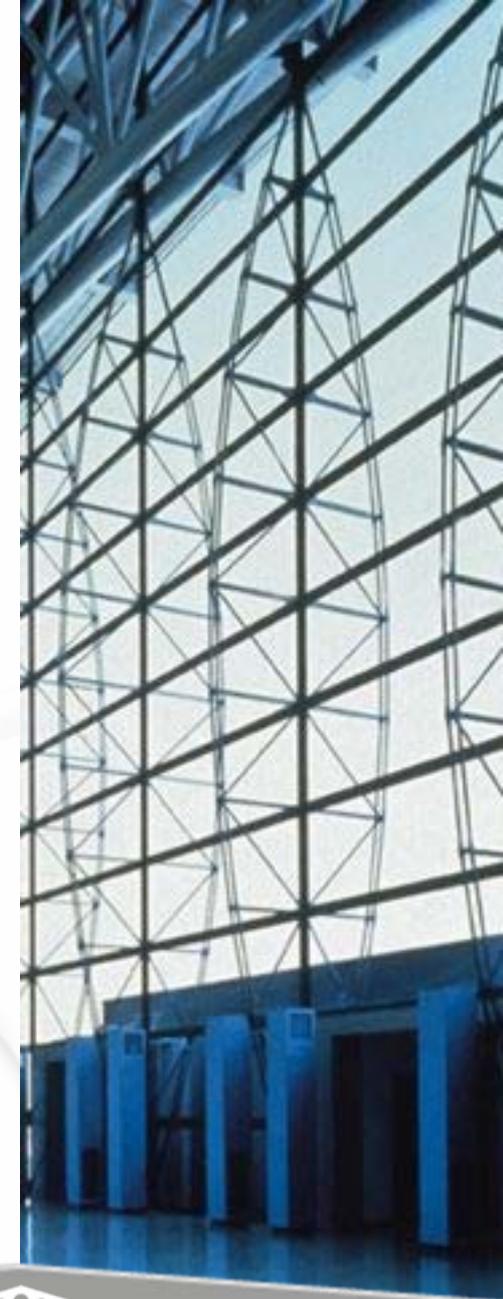
* excluding tax impact of capital gains and losses and exceptional asset write-downs

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

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Group results



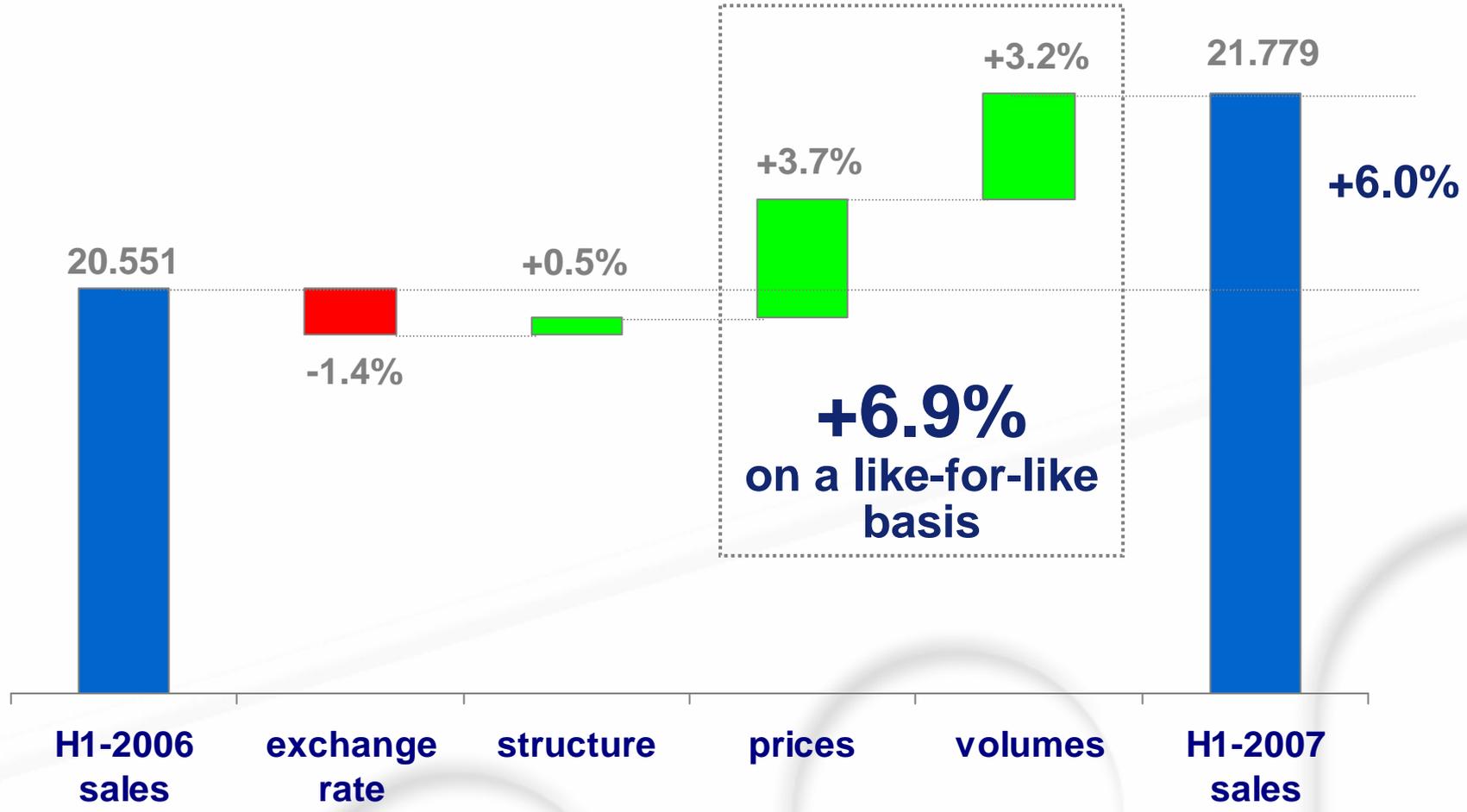
H1-2007: Key figures

In €m

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

Net sales

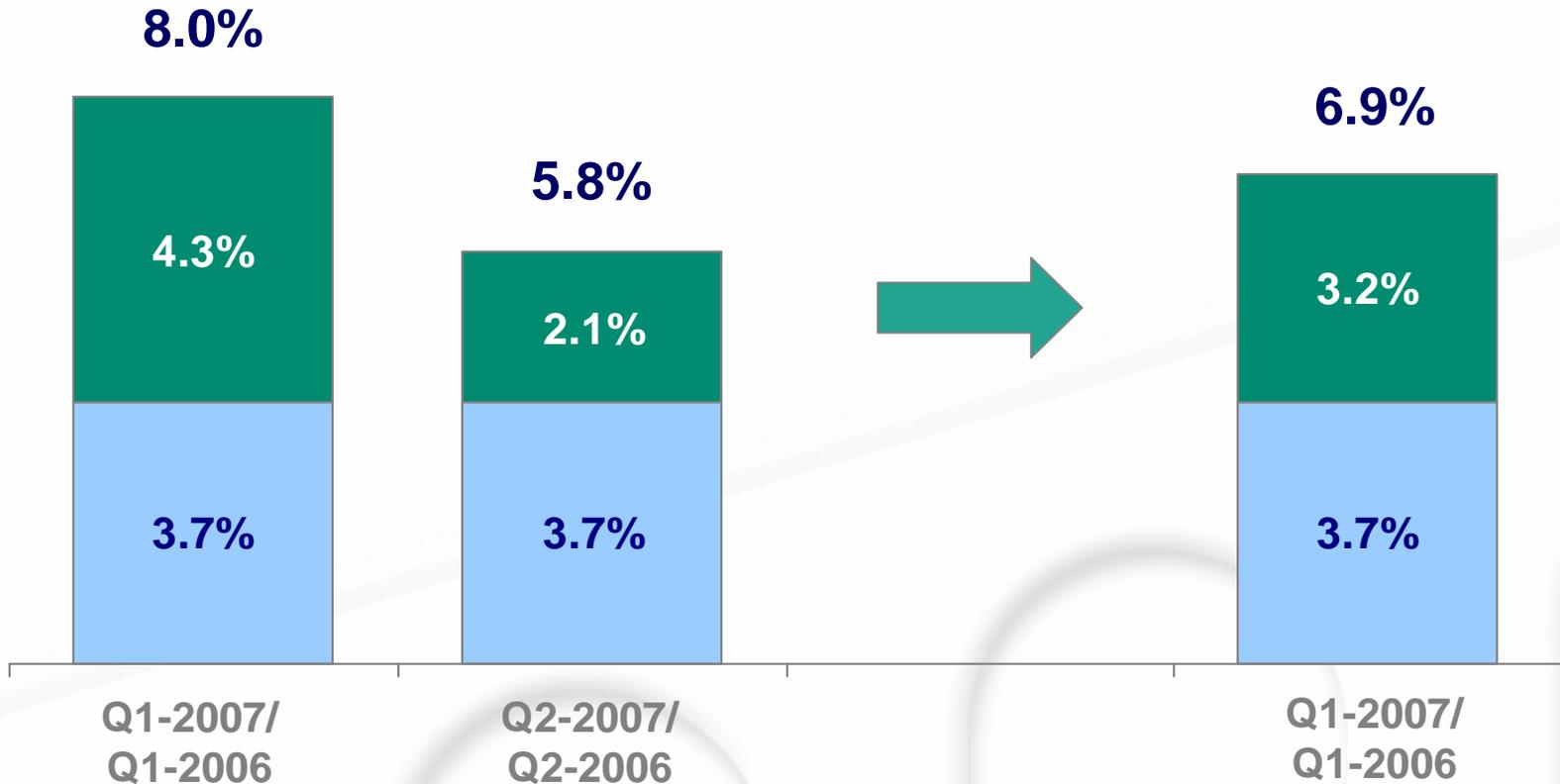
In €bn



Organic growth

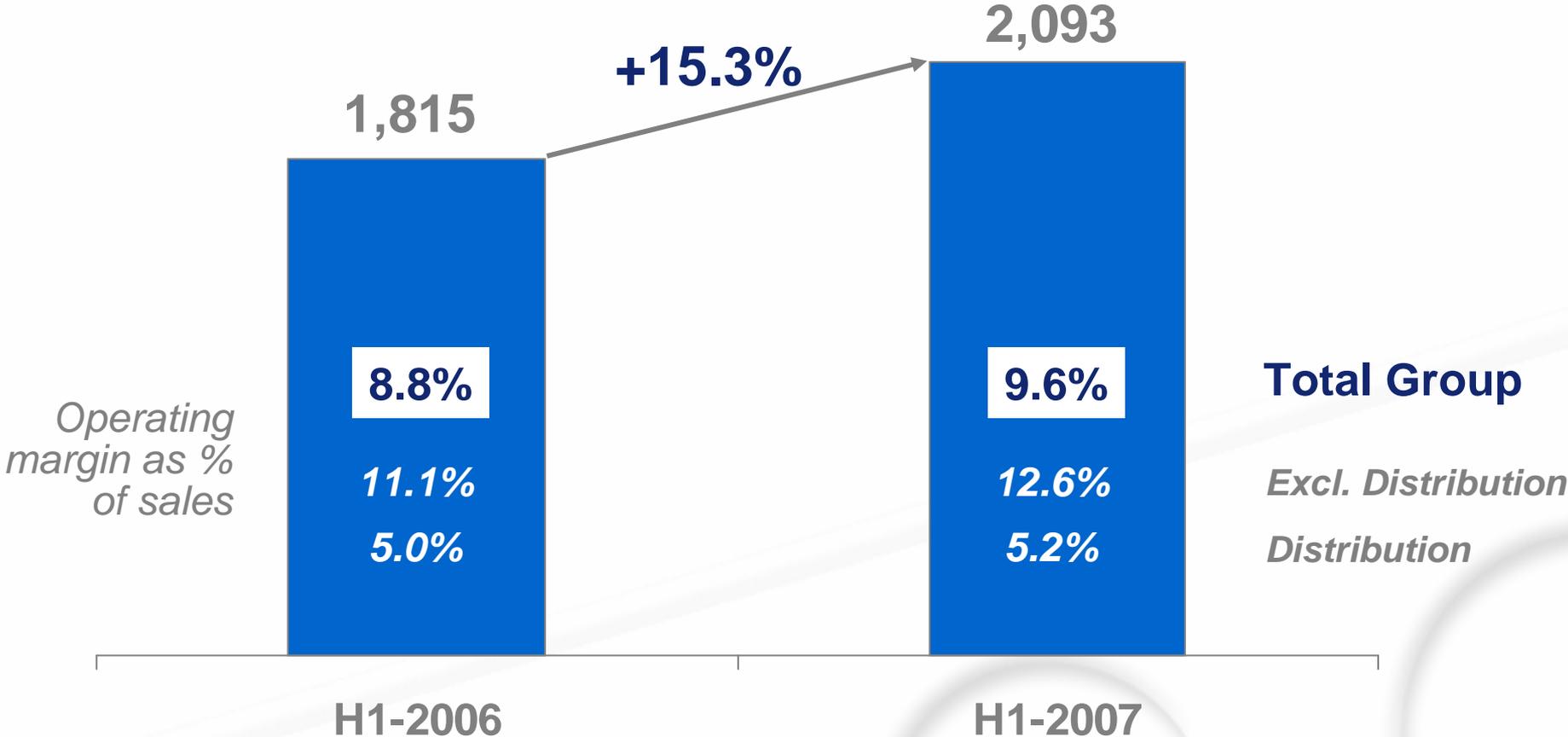
% change in 2007/2006 net sales on a like-for-like basis

 **volumes**
 **prices**



Operating income

In €m



> **+16.6%** at constant exchange rates*

* average exchange rates for H1-2006

Non-operating costs

(en M€)

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

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)

	2006	June 2007 (trailing 12-month basis)*	H1-2006	H1-2007*
New claims	7,000	7,000*	4,000	4,000
Claims settled	12,000	9,000*	8,000	5,000
<i>Average cost per claim</i>	<i>\$3,000</i>	<i>\$3,500*</i>		

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

Flat Glass

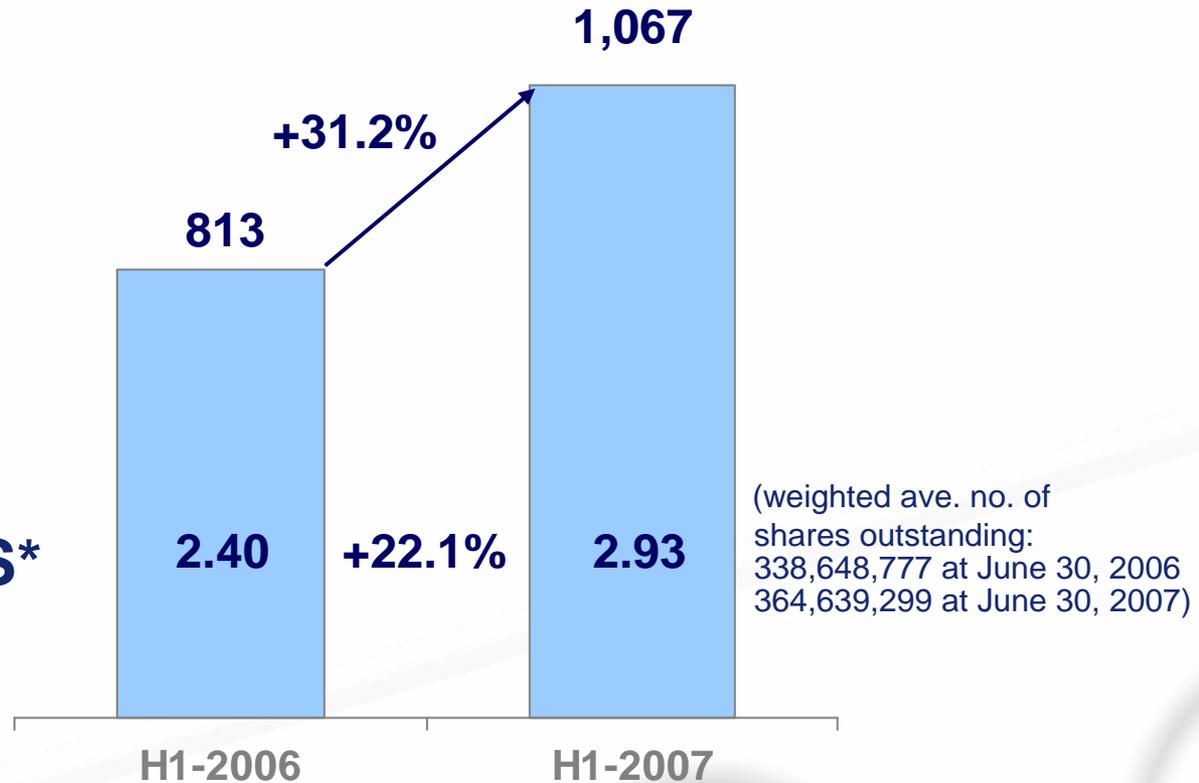
- > Statements of Objections received on March 12, 2007 (glass for the construction industry) and April 19, 2007 (automotive glass)
- > Provision of €650m at June 30, 2007 covering both proceedings
- > Commission decisions likely end-2007 or early-2008

Net income

In €m

> Recurring net income*

> Recurring EPS*
(€)

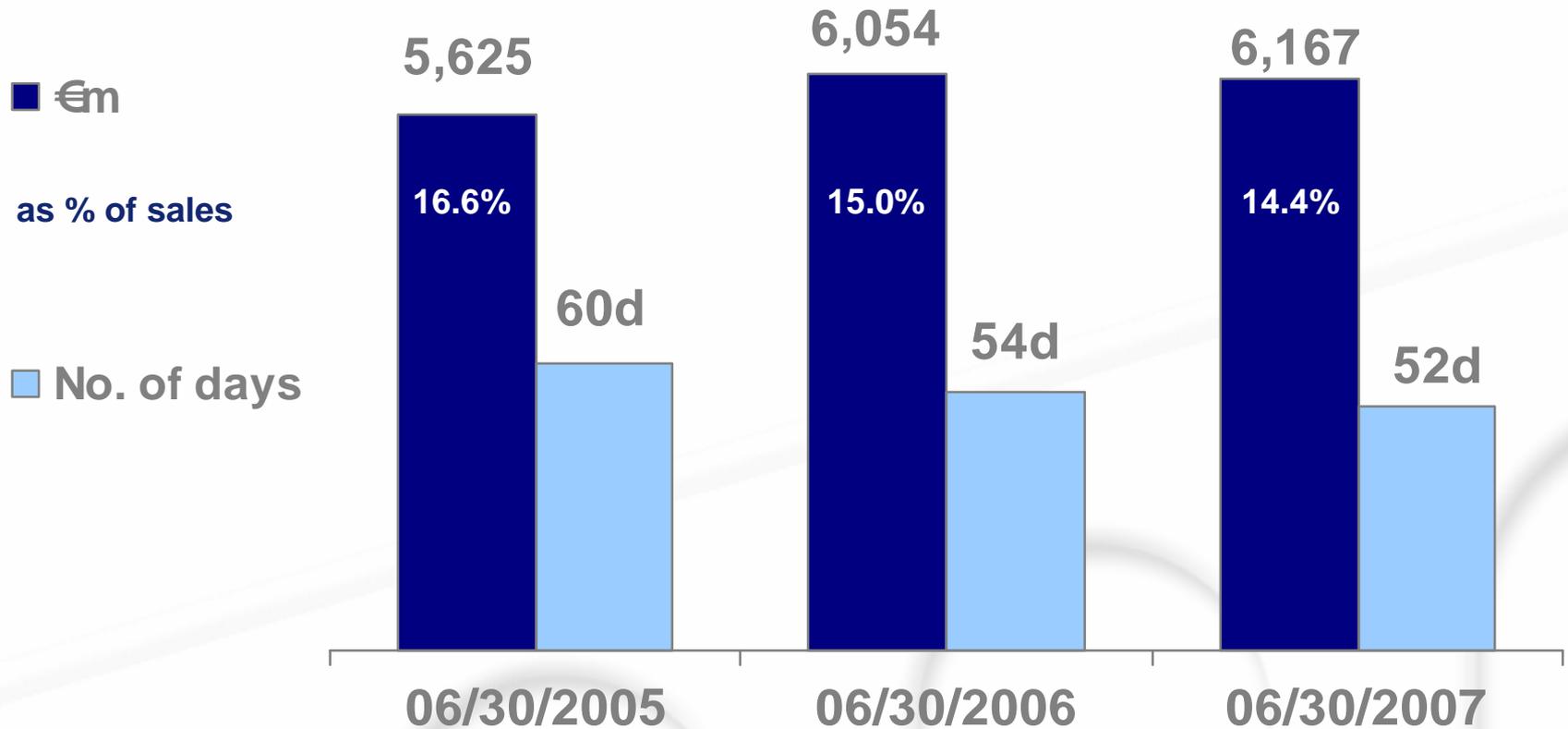


> Net income (€465m) down 41.7% due to the provision for Flat Glass fines

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

Operating working capital

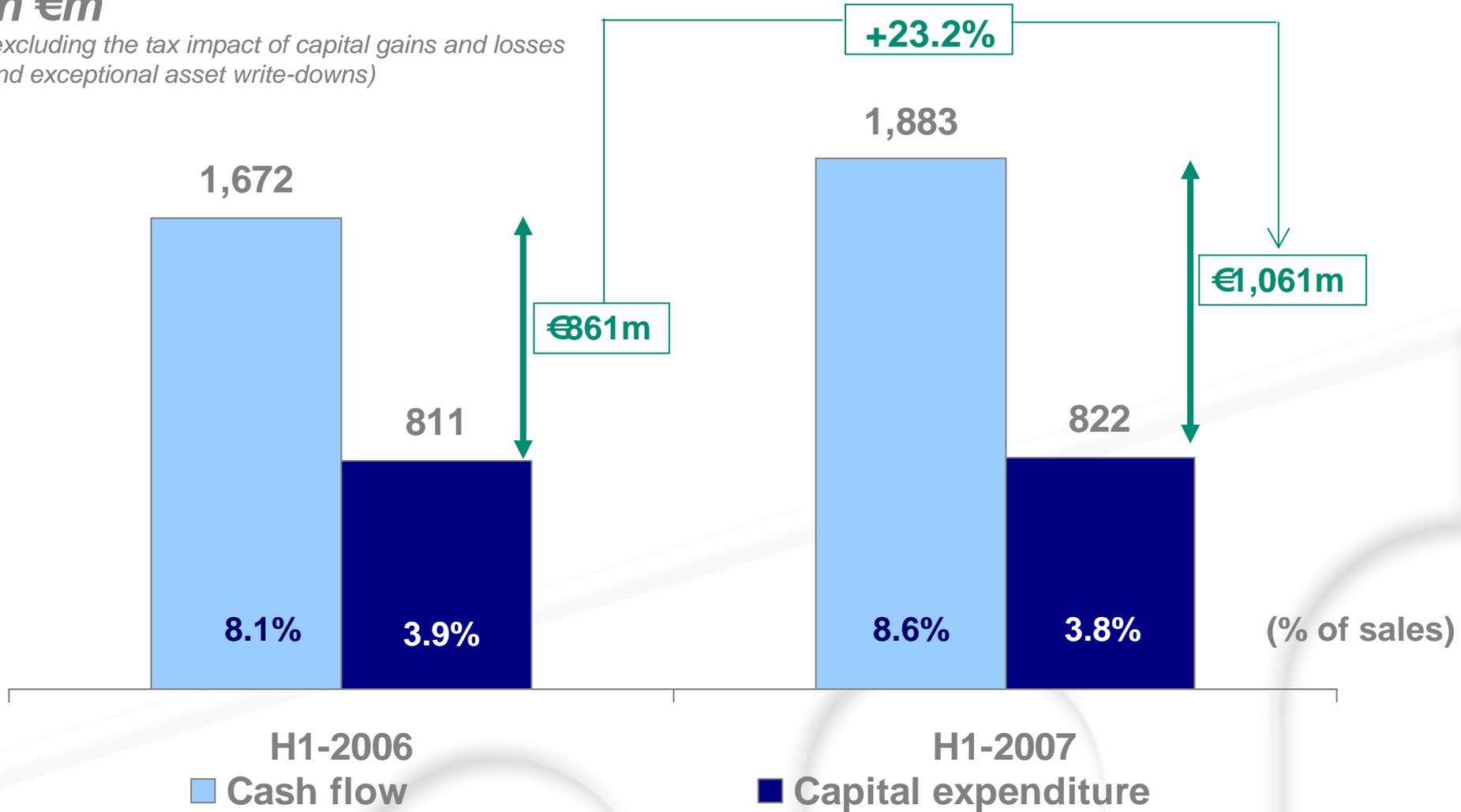
(in €m, as % of sales and in no. of days)



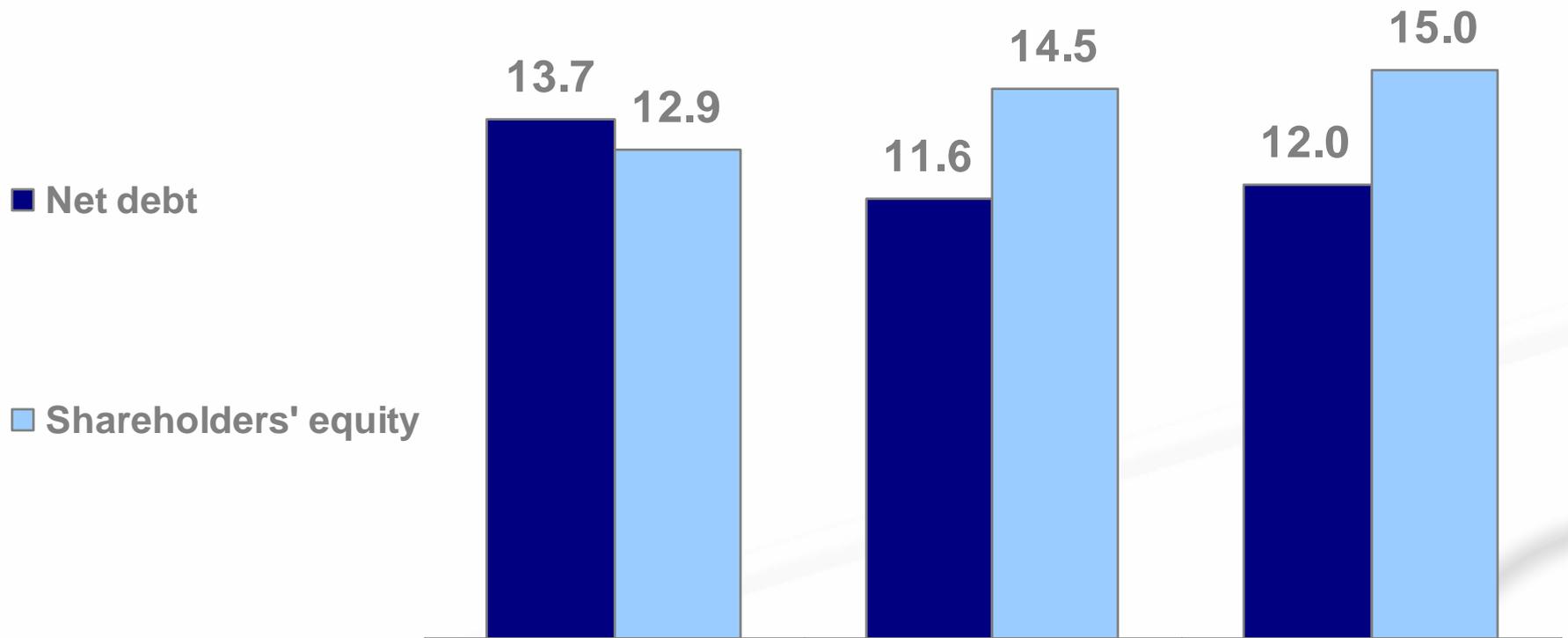
Cash flow and capital expenditure

In €m

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



Net debt and shareholders' equity *(in €bn)*



	06/30/2006	12/31/06	06/30/2007
> Net debt/equity	106%	80%	80%
> Net debt/Ebitda	2.5 <i>(2xH1)</i>	2.2	2.2
> Interest cover	4.8	5.0	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*

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Operating performance

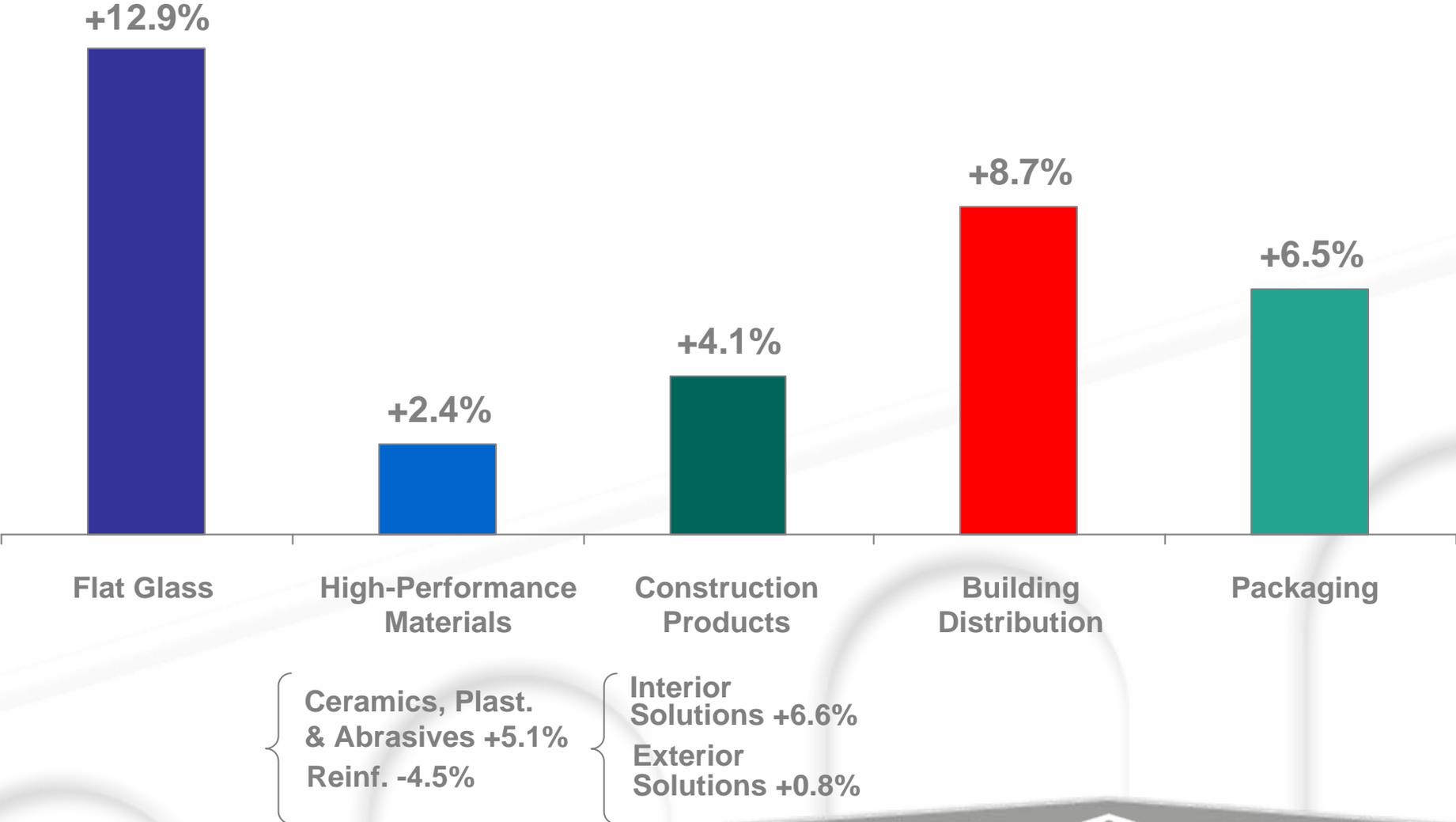
A. Sectors

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%

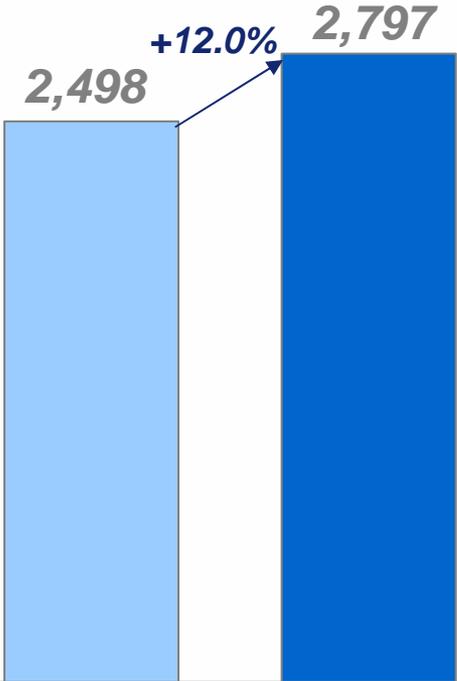


Flat Glass – Highlights

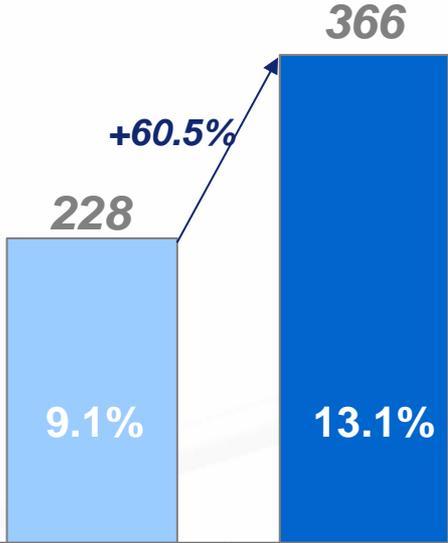
- **Buoyant market conditions** for all activities (automotive and construction) **in Europe and emerging countries**
- **Sharp rise in prices** on building markets in **Europe**
- Fast-paced growth of **energy-efficient products**: anti-reflective and low-emission glass (+20%)
- Ongoing investments **in emerging countries** (55% of total capex), including a second float-line in Mexico and Poland

Flat Glass *(in €m and as % of sales)*

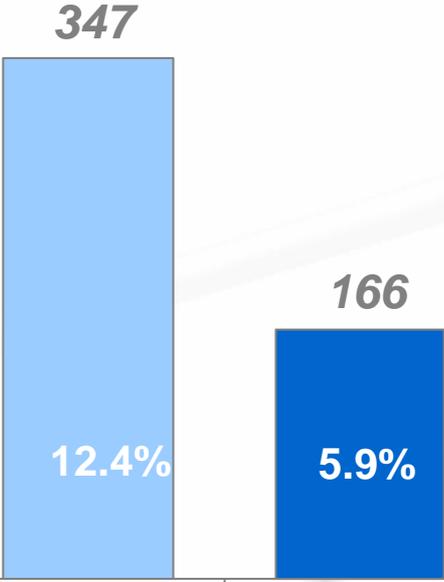
Sales



Operating income



Cash flow & Capex



H1-2006

H1-2007

H1-2006

H1-2007

Cash flow

Capex

12.9%
on a like-for-like basis

High-Performance Materials – Highlights

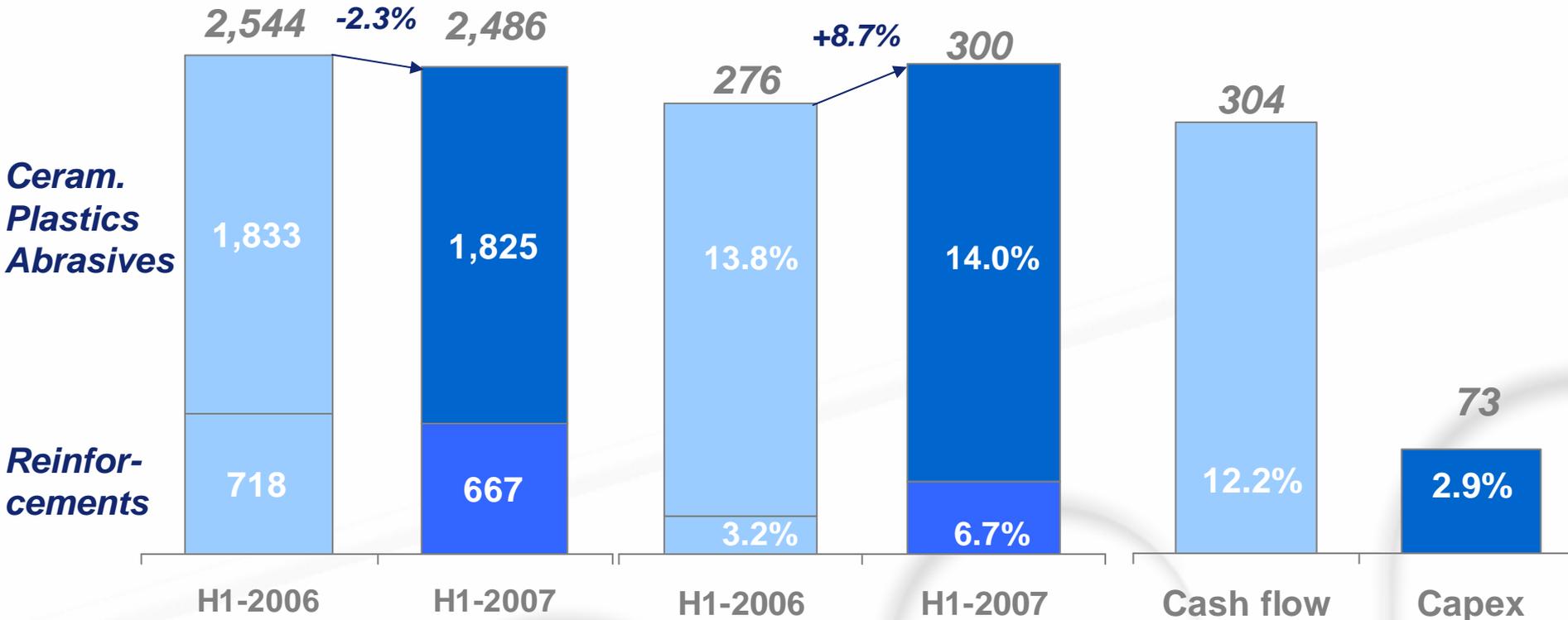
- **Satisfactory industrial markets** in Europe, North America and emerging countries
- Solid **+5.1%** organic growth for **Ceramics, Plastics & Abrasives**
- Further improvement in margins
- **R&D efforts** stepped up: **+10%** in H1-2007

High-Performance Materials *(in €m and as % of sales)*

Sales

Operating income

Cash flow & Capex



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

10.8% **12.1%**

Construction Products – Highlights

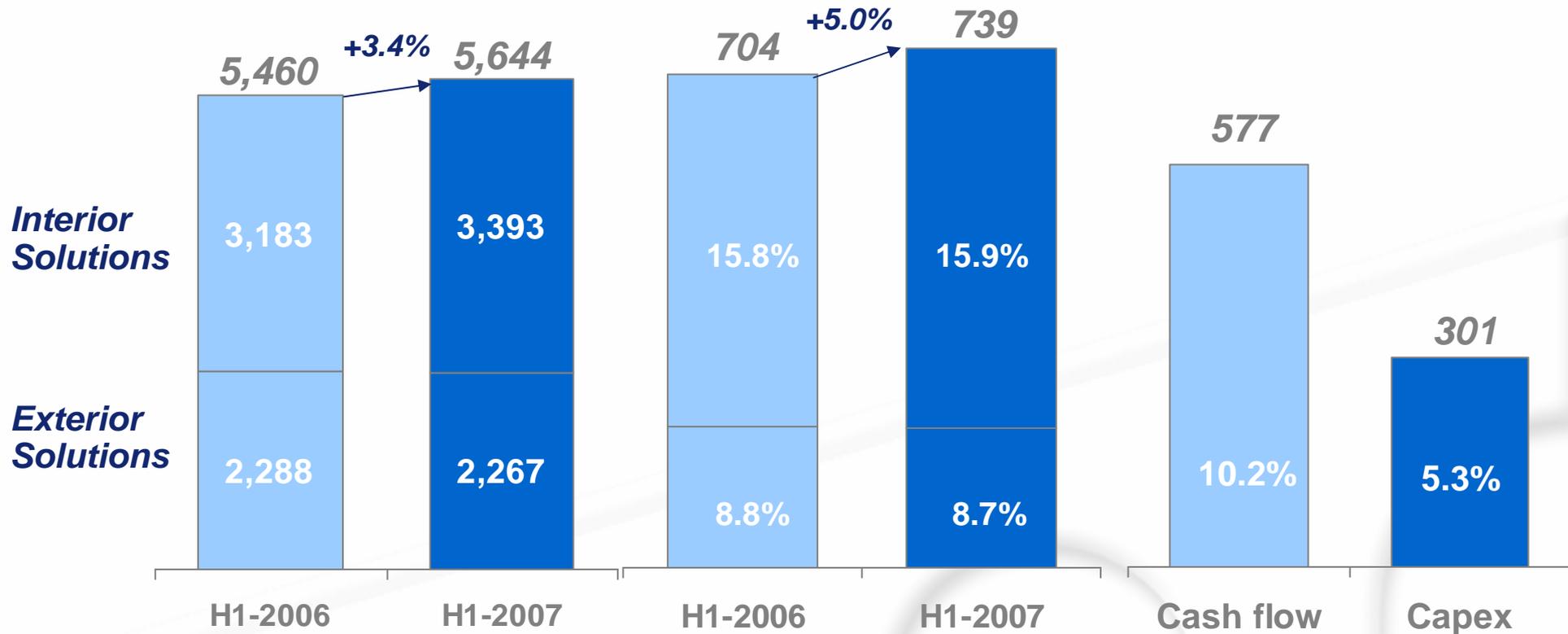
- **Excellent performances in Europe**, boosted by favorable weather conditions in the first quarter
- **Marked downturn in the US** (24% of the sector) as predicted, in terms of both volumes and prices
- **Sustained high margins**
- Large-scale **growth investments (around 60% of total capex)** in **Interior Solutions** businesses

Construction Products *(in €m and as % of sales)*

Sales

Operating income

Cash flow & Capex



+4.1%
on a like-for-like basis

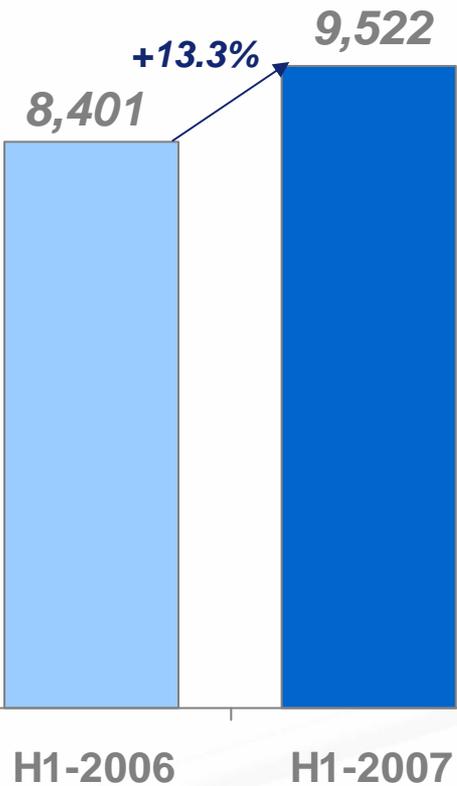
12.9% **13.1%**

Building Distribution – Highlights

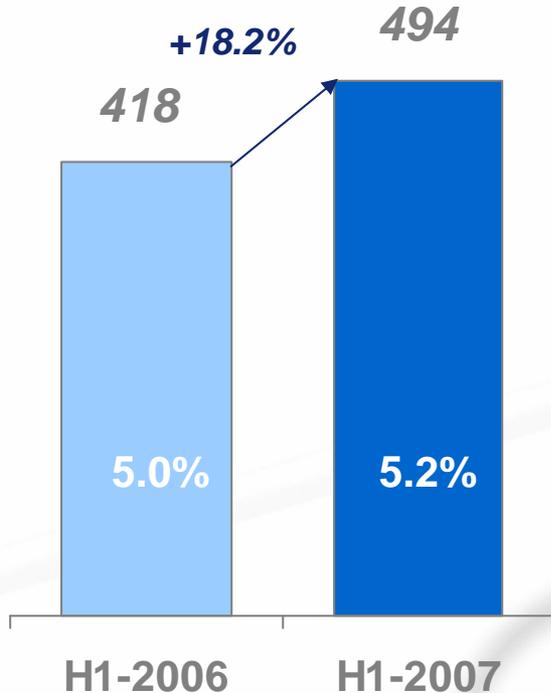
- **Robust trading environment** in all **European countries** and **upturn in margins for the sector**
- **29 acquisitions** in **7 countries** representing **91 outlets** and **€514m** in full-year **sales** (excluding Norandex)
- Acquisition of a merchant trader in **Italy** (Vemac), following the opening of **Plateforme du Bâtiment** in Milan (end-2006)
- **74 new outlets opened**

Building Distribution *(in €m and as % of sales)*

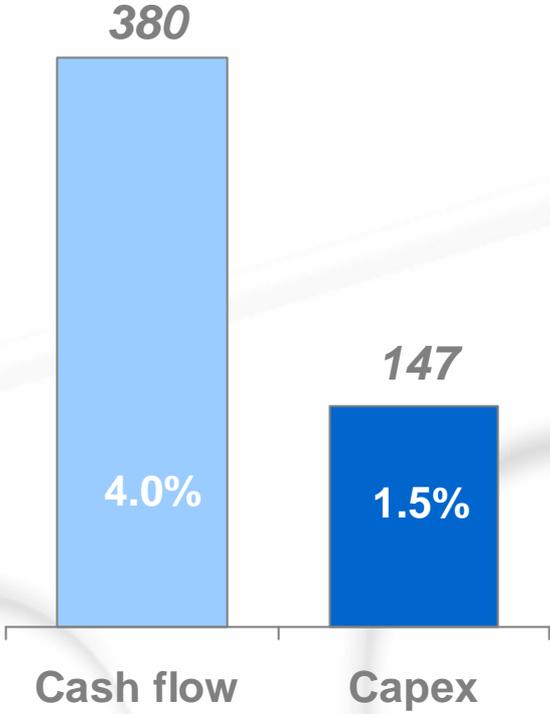
Sales



Operating income



Cash flow & Capex



+8.7%
on a like-for-like basis

Packaging – Highlights

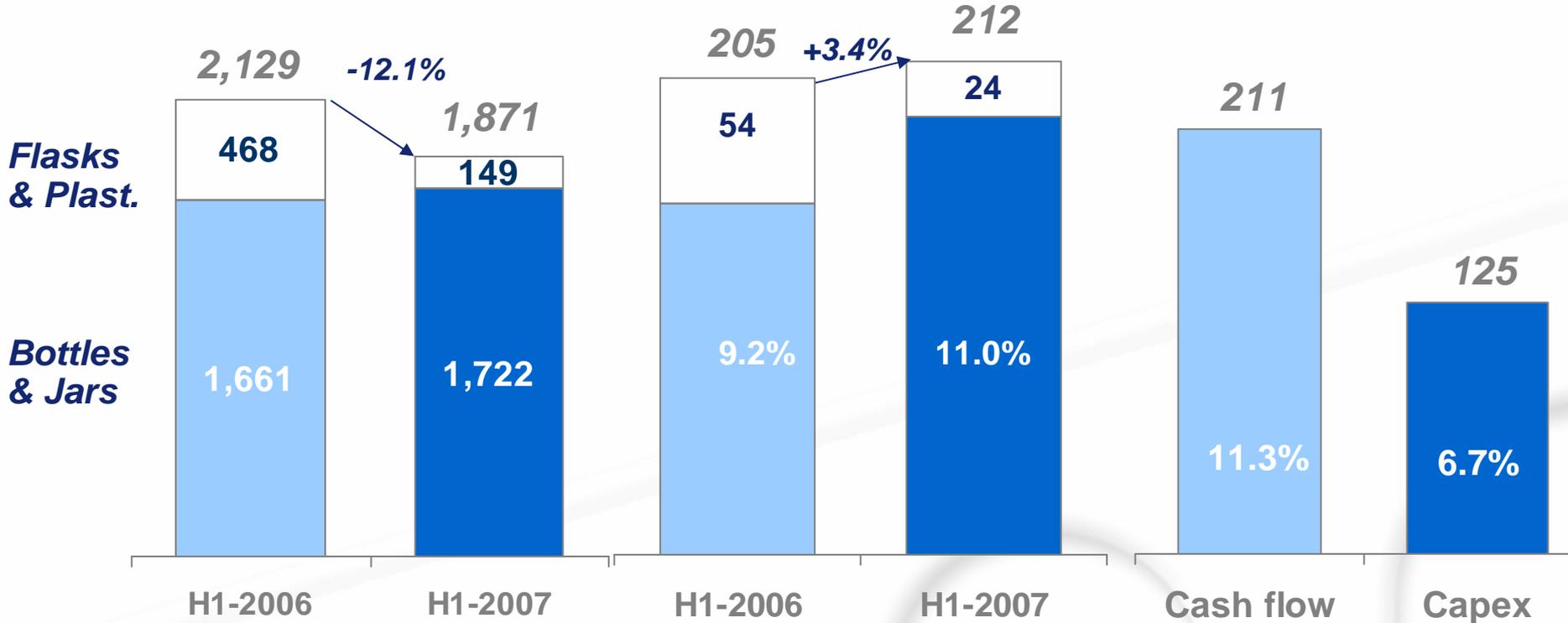
- **Strong upswing in business** over the first half of the year, in terms of both volumes and prices
- **Saturation of production capacity** and **sharp improvement in margins**
- **Sale of Desjonquères** at March 31, 2007 on highly favorable terms (€690m, i.e. 14x 2006 EBIT) to the Sagard and Cognetas funds

Packaging *(in €m and as % of sales)*

Sales

Operating income

Cash flow & Capex



+6.5%
on a like-for-like basis

9.6% **11.3%**

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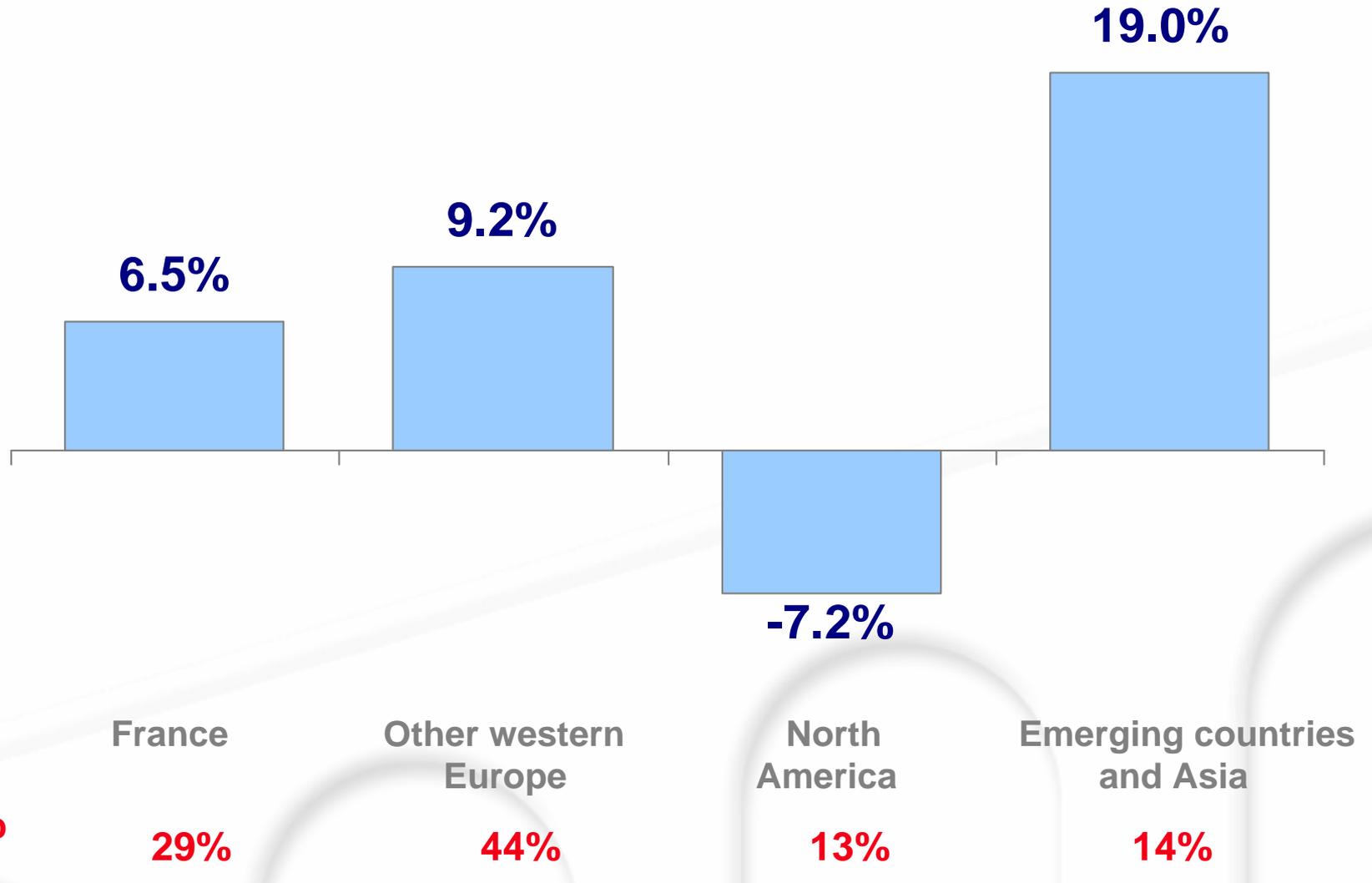
Operating performance

A. Sectors

B. Geographic areas

Organic growth by geographic area

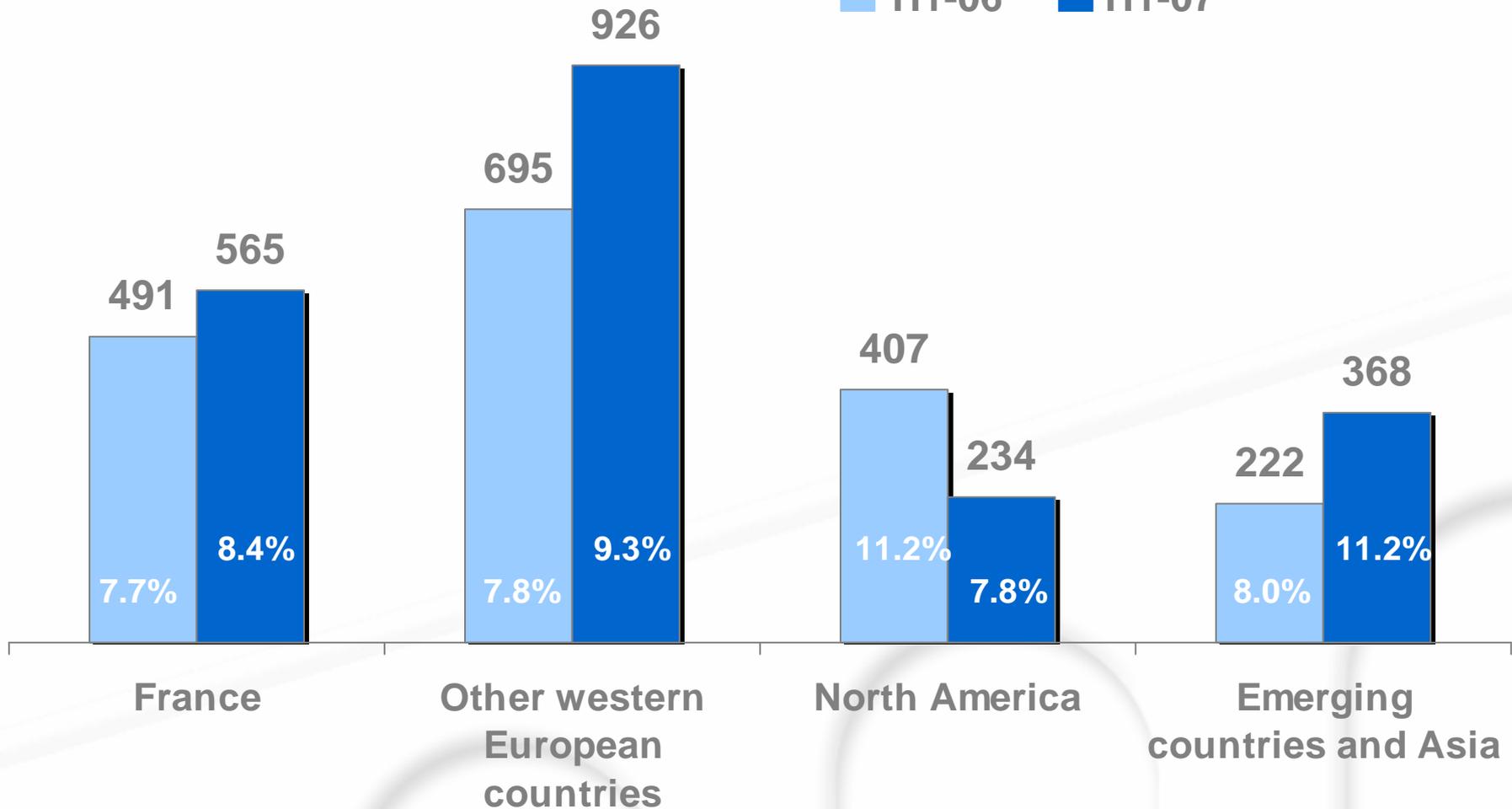
*% change in sales H1-2007/H1-2006
on a like-for-like basis*



Operating income by geographic area

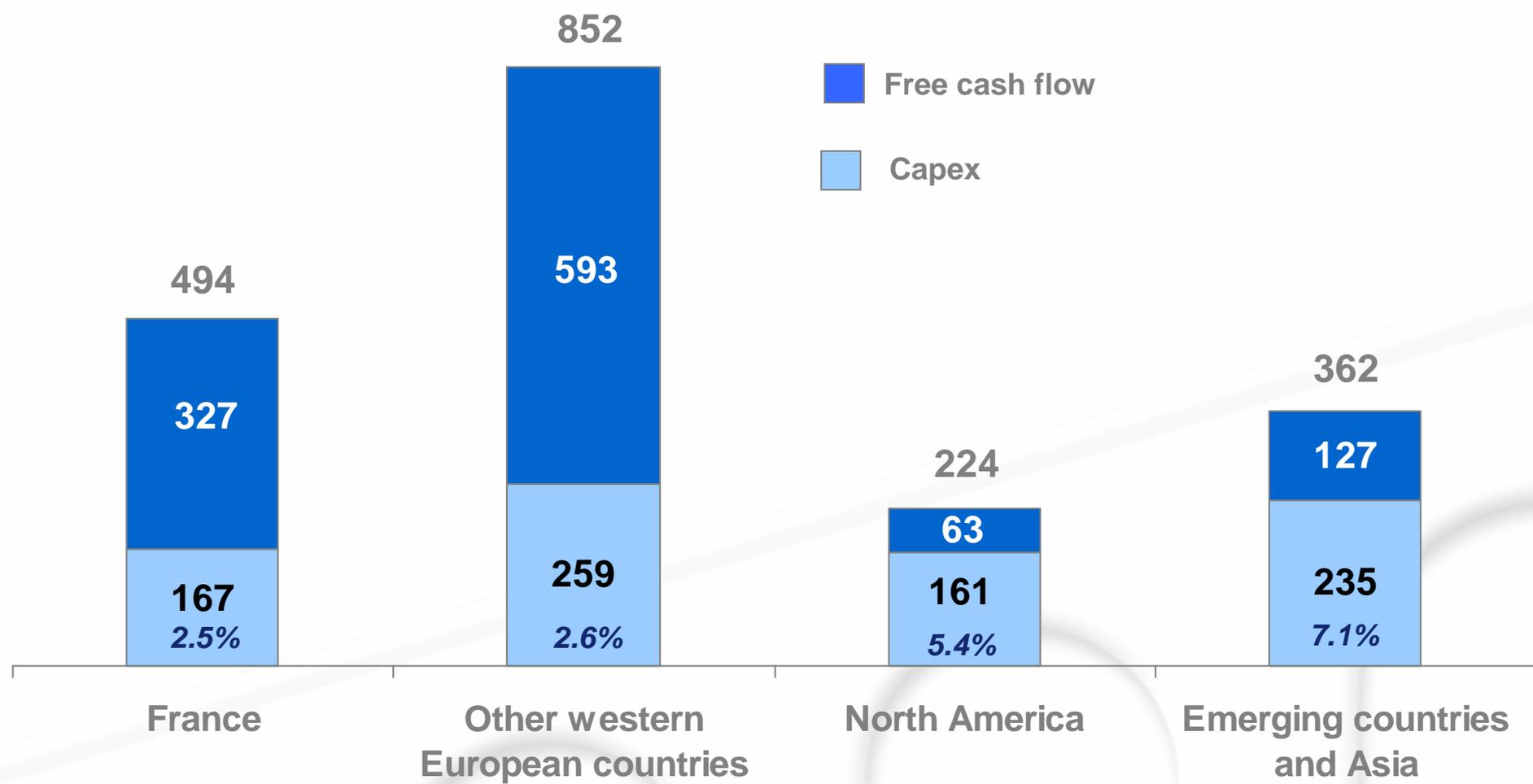
(in €m and as % of sales)

■ H1-06 ■ H1-07



Cash flow and capex by geographic area

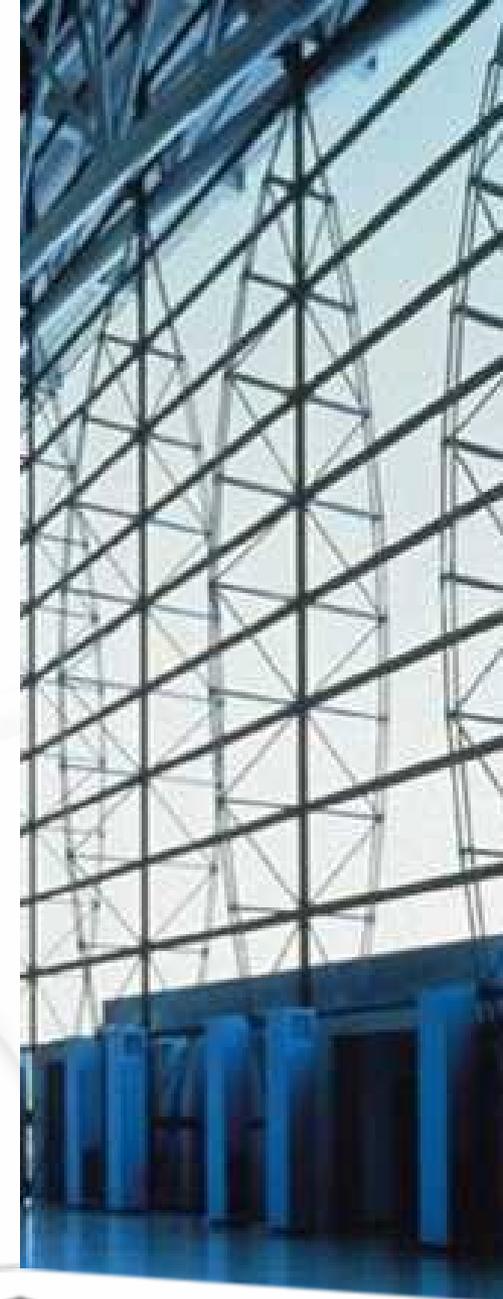
(in €m and as % of sales)



Free cash flow = Cash flow – Capex

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Saint-Gobain's strategy



Dynamic changes in Saint-Gobain's portfolio

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

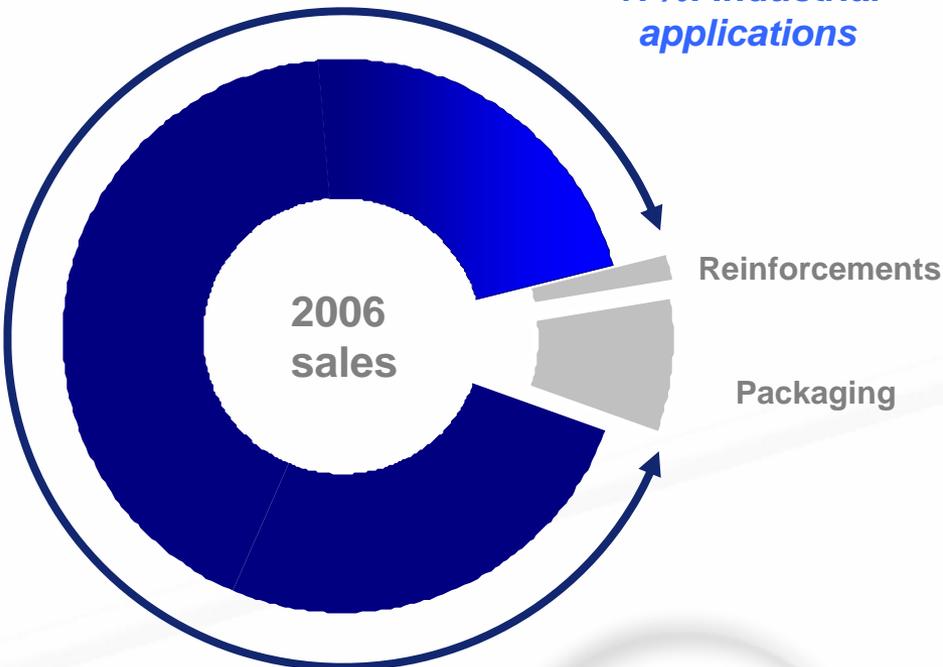
Acquisitions

- 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
 - €90m
- H2-07: sale of Reinforcements and Composites
 - \$640m
- Planned sale of Packaging

17%: Industrial applications



83%: Construction markets

Planned sale of Reinforcements & Composites business

- 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**

Reinforcements
2006 sales* (€m)

Textile Solutions

~520



Mainly construction markets

US Reinforcements
& Composites
business (Wichita
Falls)

~180



Separate sale agreement

Reinforcements &
Composites
excluding US
business

~715



Planned sale to Owens Corning
\$640m

* 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



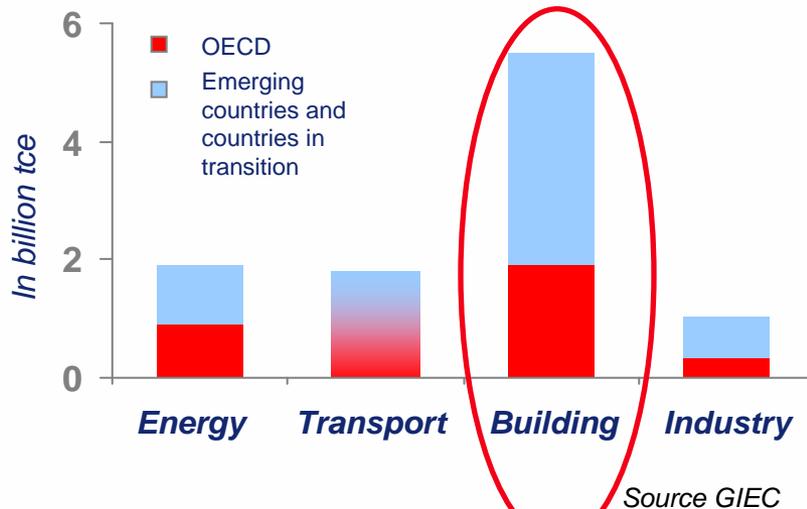
€100

Annual cost of heating 100 m²*

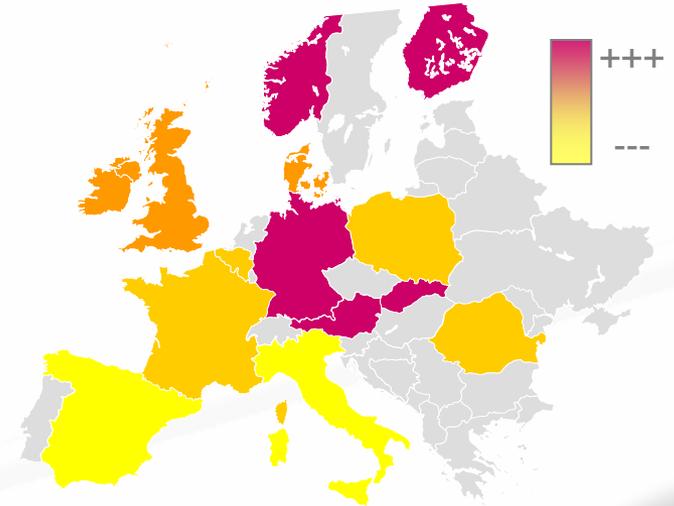
*Saint-Gobain estimate based on \$65/barrel

... and the challenge of reducing CO₂ emissions

Potential CO₂ reductions



Thermal regulations in Europe (flat glass)



- **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

Today

Interior solutions



Flat glass



Building distribution



Ceramics for energy-related applications



Tomorrow

New distribution formats



Ultimate glass wool



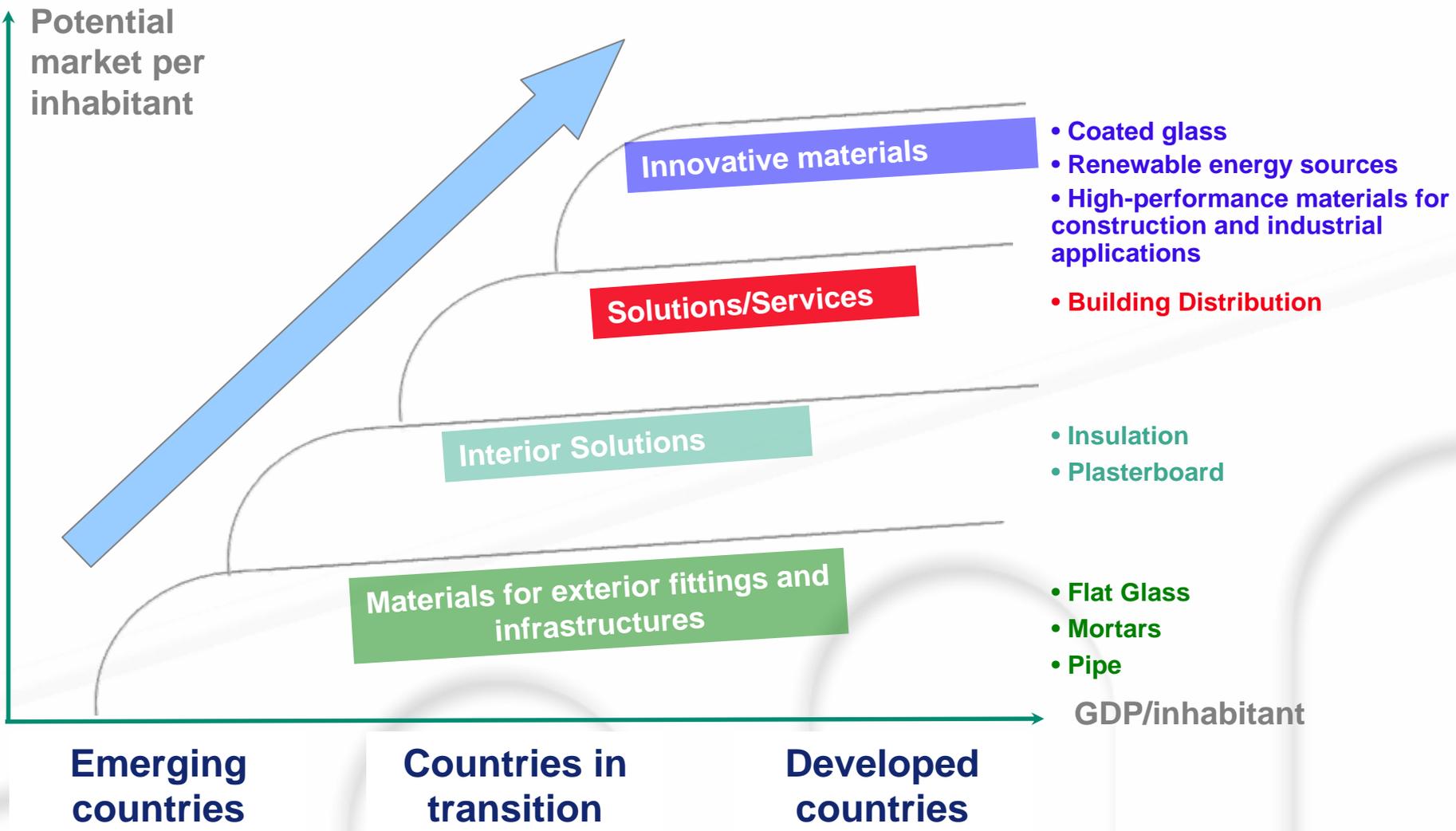
Particulate filters



Photovoltaic glass



Saint-Gobain: local solutions tailored to each stage of development



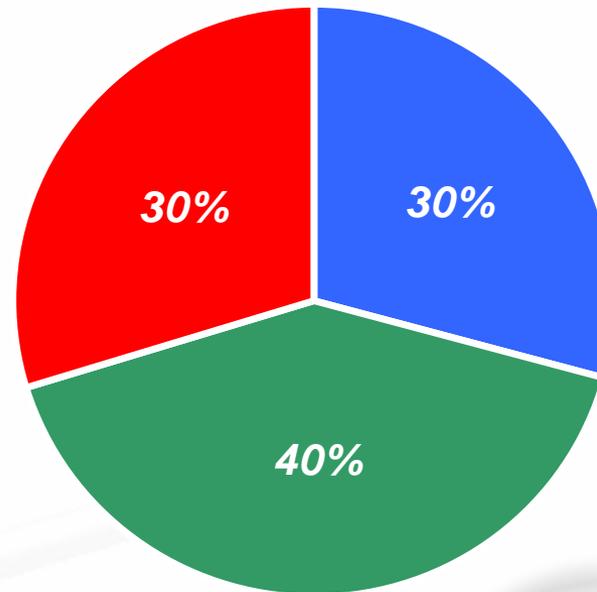
A refocused Group to achieve stronger growth

Building Distribution

- Consolidation
- New countries, new store formats

Innovative materials*

- R&D in energy/environment
- Emerging countries



Breakdown of operating income
2006 pf

Construction Products

- Energy and environmental performance
- Emerging countries

* Flat Glass & High-Performance Materials

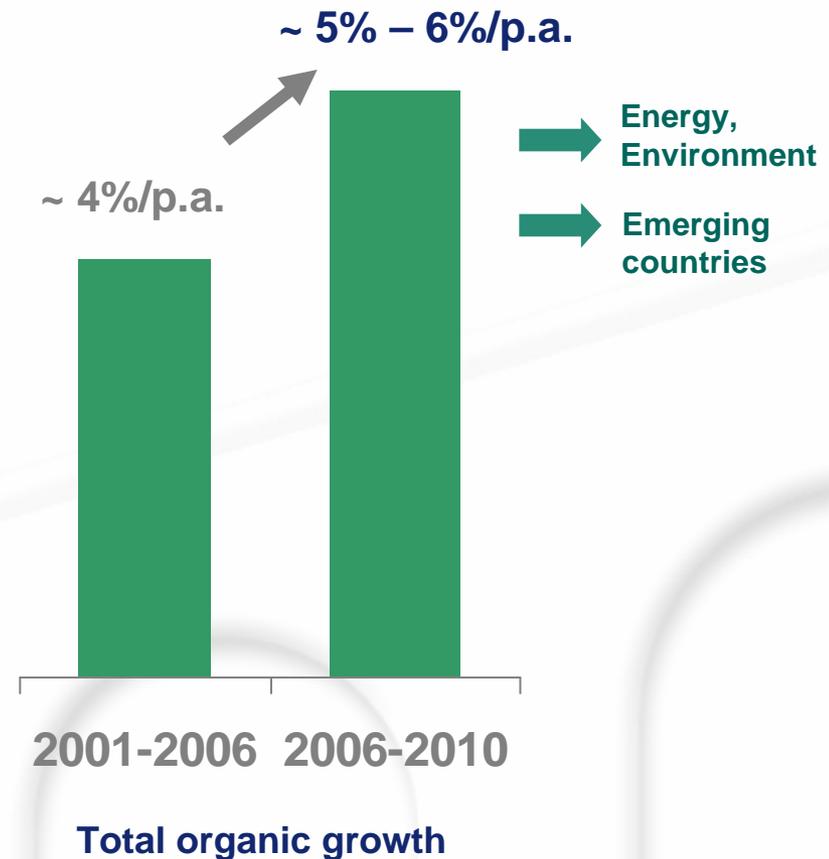
Construction Products: accelerated growth momentum

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.**



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

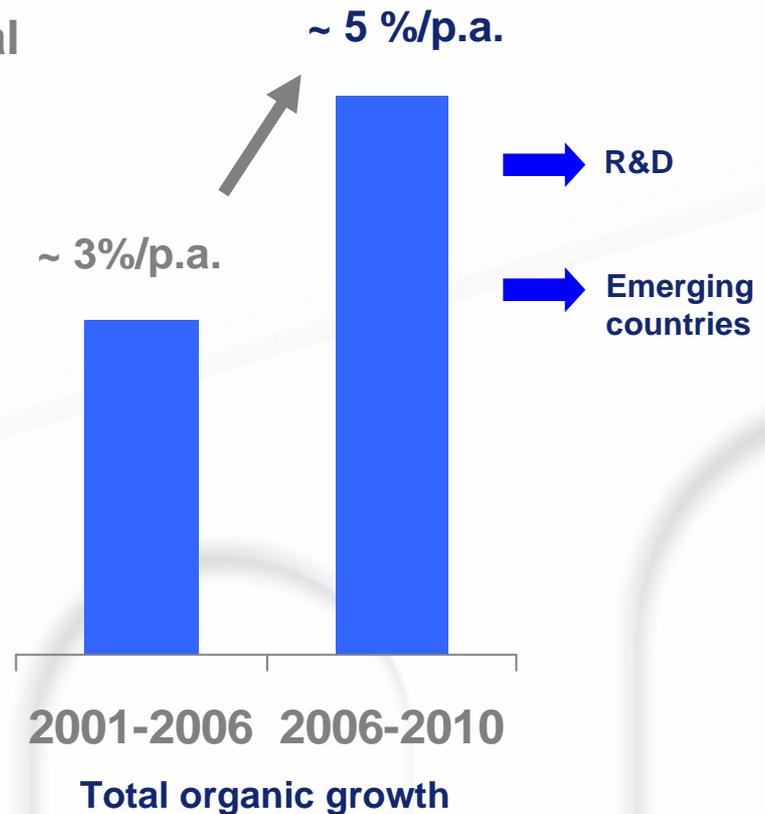
Innovative materials: accelerated growth momentum

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

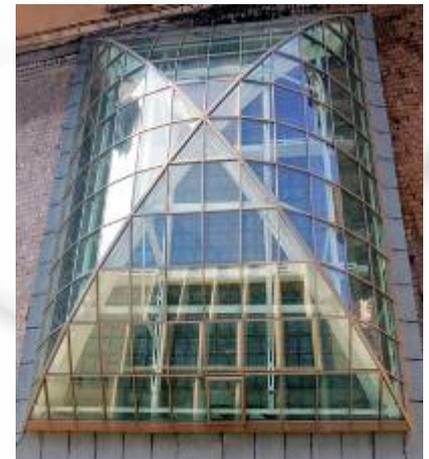
- No. 1 in Europe, joint no. 1 worldwide
- Significant technological advance

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

Translucid, 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

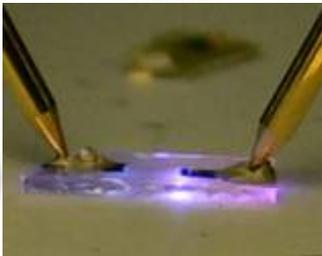
A new approach to innovation



- 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



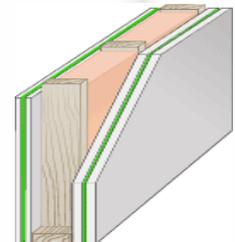
Photovoltaic plating



Synthetic stone



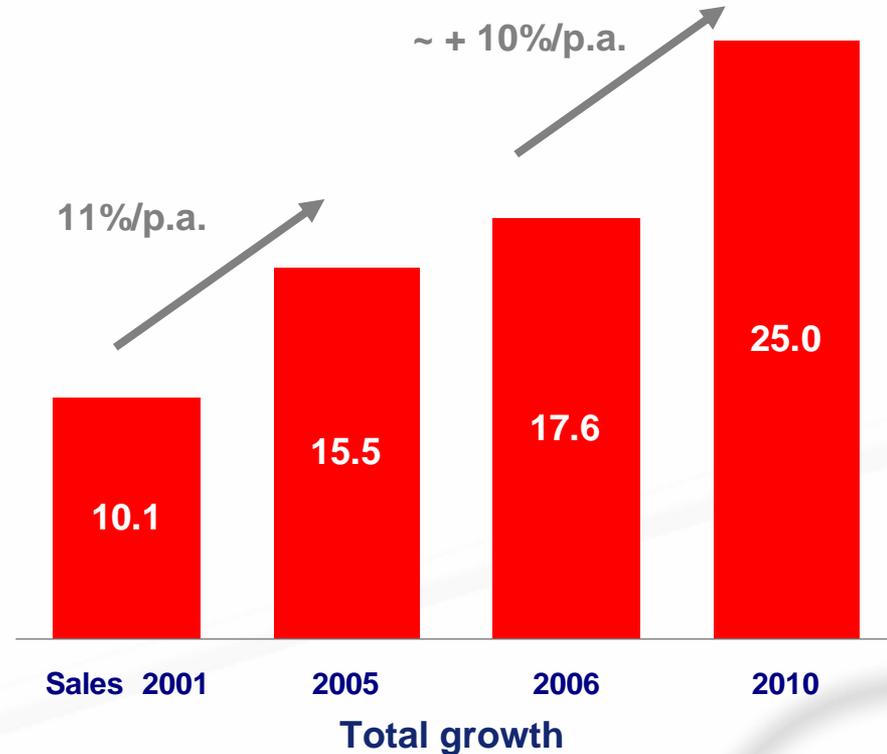
Phonic insulation



Building Distribution: continuing strong growth

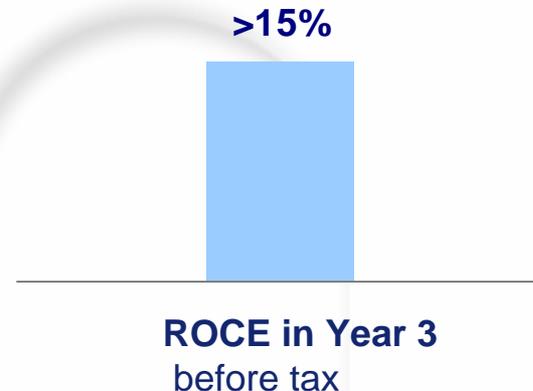
Organic growth: +5% p.a.

- Market growth +2.7%
- Sector outperforming market growth by 2.3%



Acquisition potential: +5% p.a.

- Expertise in integration
- €14m of acquisitions (full-year sales) in H1 2007



Building Distribution

New countries, new store formats

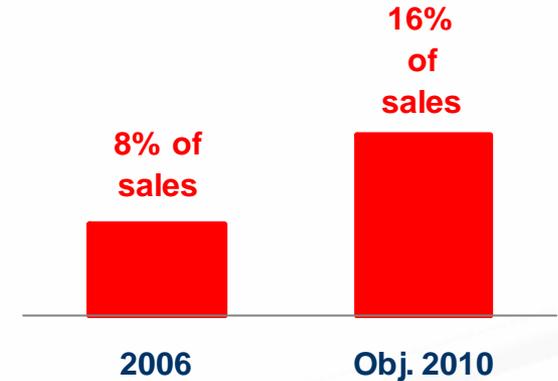
Recent geographic development

- 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 Maison China
- AquaMondo

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



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**

Norandex sales outlets in the US



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

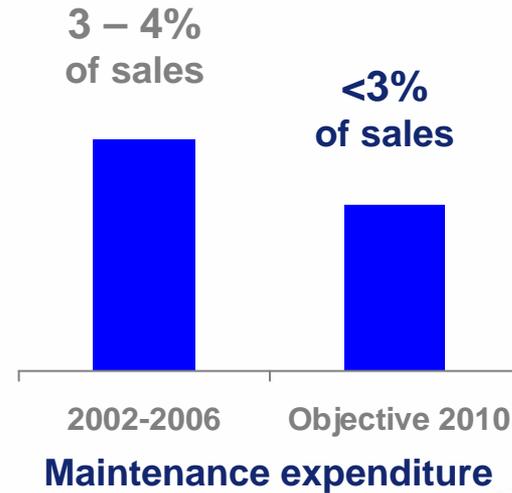
- Reduce administrative expenses
- Scale back transport and energy consumption
- Pursue centralized procurement policy

Ongoing industrial optimization

- Roll-out the “World Class Manufacturing” approach to the entire organization

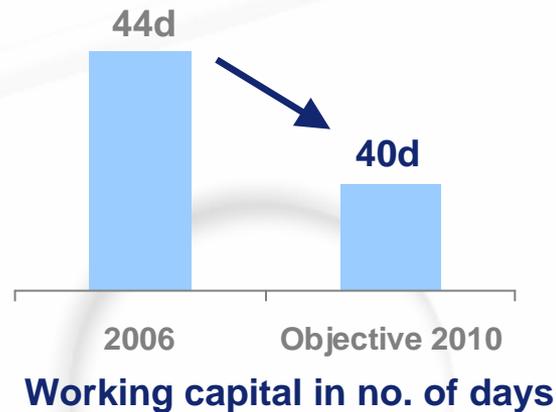
Strict rein on capital employed

Capital expenditure



Working capital

- Gain of around €500m



More than 2,000 managers offered attractive financial incentives to improve return on capital employed

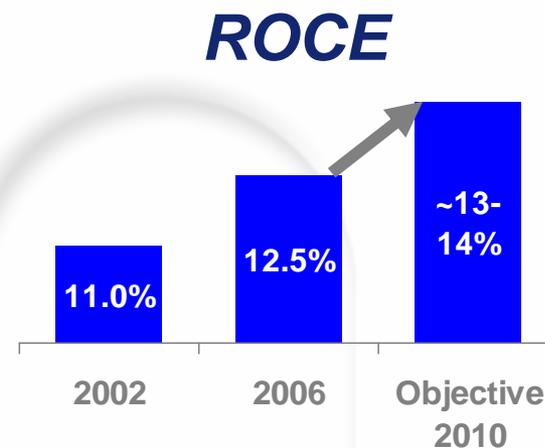
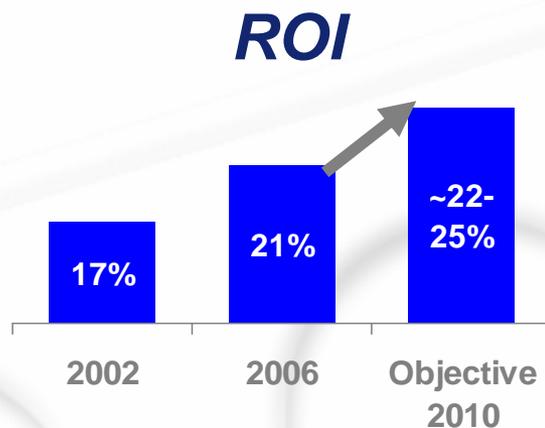
Objectives for 2010

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




SAINT-GOBAIN