

2006 Estimated Results and Outlook for 2007

Analysts – Investors Meeting

London, January 29, 2007



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- 2** 2006 Estimated Results
- 3** Operating Performance
- 4** Saint-Gobain's Strategy
- 5** Outlook and Objectives for 2007

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2006 Highlights



Saint-Gobain in 2006: Key figures

	2005	2006 estimated		
	Total	Total	Change 2006/2005	
	(€m)	(€m)	at actual exchange rates	at constant exchange rates*
Net sales	35,110	41,596	+18.5%	+18.2%
Operating income	2,860	3,714	+29.9%	+29.8%
Net income	1,264	1,637	+29.5%	
Net income excl. capital gains	1,284	1,702	+32.6%	

* average exchange rates for 2005

2006: A favorable economic climate

- > Robust **construction markets**
 - vigorous European markets with the start of a recovery in Germany
 - slowdown in US housing starts in the second half
- > High levels of **industrial output and capital expenditure**
- > Strong growth in **emerging countries**
- > Rise in **cost of energy** and **raw materials** in line with initial projections

2006: Further improvement in performance

- > **Organic growth of 6.7%** (3.5% price impact, 3.2% volume effect)
- > Rise in **operating margin: 8.9%** (versus **8.2%*** in 2005) and **10.9% excluding Building Distribution** (versus **10%*** in 2005)
- > **Sharp 24% increase in cash flow from operations****
- > Strong **contribution** from **CP** and **Building Distribution** sectors and **recovery** of **Flat Glass** and **Packaging** in the second half

* excl. BPB in December 2005

** excl. capital gains tax

Key achievements in 2006

- > Successful integration of **BPB** and **strong performance** of interior building solutions businesses (Gypsum and Insulation)
- > **Strategic reorganization of businesses:** Synflex, Calmar, Desjonquères, Reinforcements & Composites
- > **64** targeted **acquisitions** representing a total of €1bn in full-year sales
- > Increase in growth **capex** and ongoing **R&D** efforts (up 11% on 2005)
- > Solid financial structure and conversion of OCEANE bonds

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2006 Estimated Results



Key figures

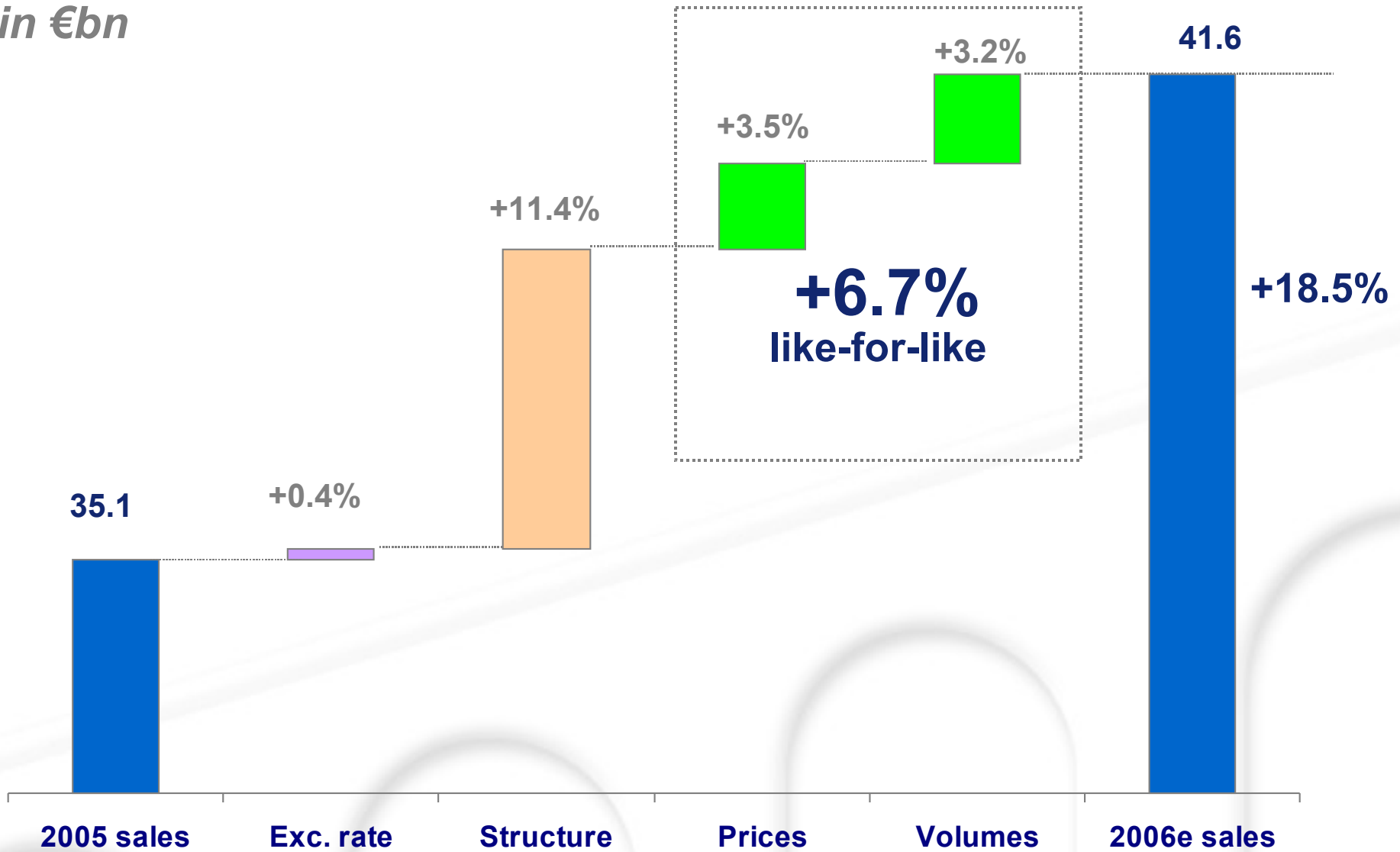
in €m

	2005	2006	% change
Net sales	35,110	41,596	+18.5%
Operating income	2,860	3,714	+29.9%
Non-operating costs*	(288)	(367)	
Other business income and expenses	(18)	(25)	
Business income	2,554	3,322	+30.1%
Net financial expense	(569)	(748)	
Income tax	(701)	(899)	
Minority interests	(30)	(45)	
Net income	1,264	1,637	+29.5%
Net income excl. capital gains	1,284	1,702	+32.6%
Depreciation and amortization	1,420	1,717	
Cash flow from operations excluding capital gains tax*	2,730	3,374	+23.6%
Capital expenditure	1,756	2,191	+24.8%
Net debt	12,850	11,599	-9.7%

* incl. pre-tax asbestos-related charge: €95m in 2006;
€100m in 2005

Net sales

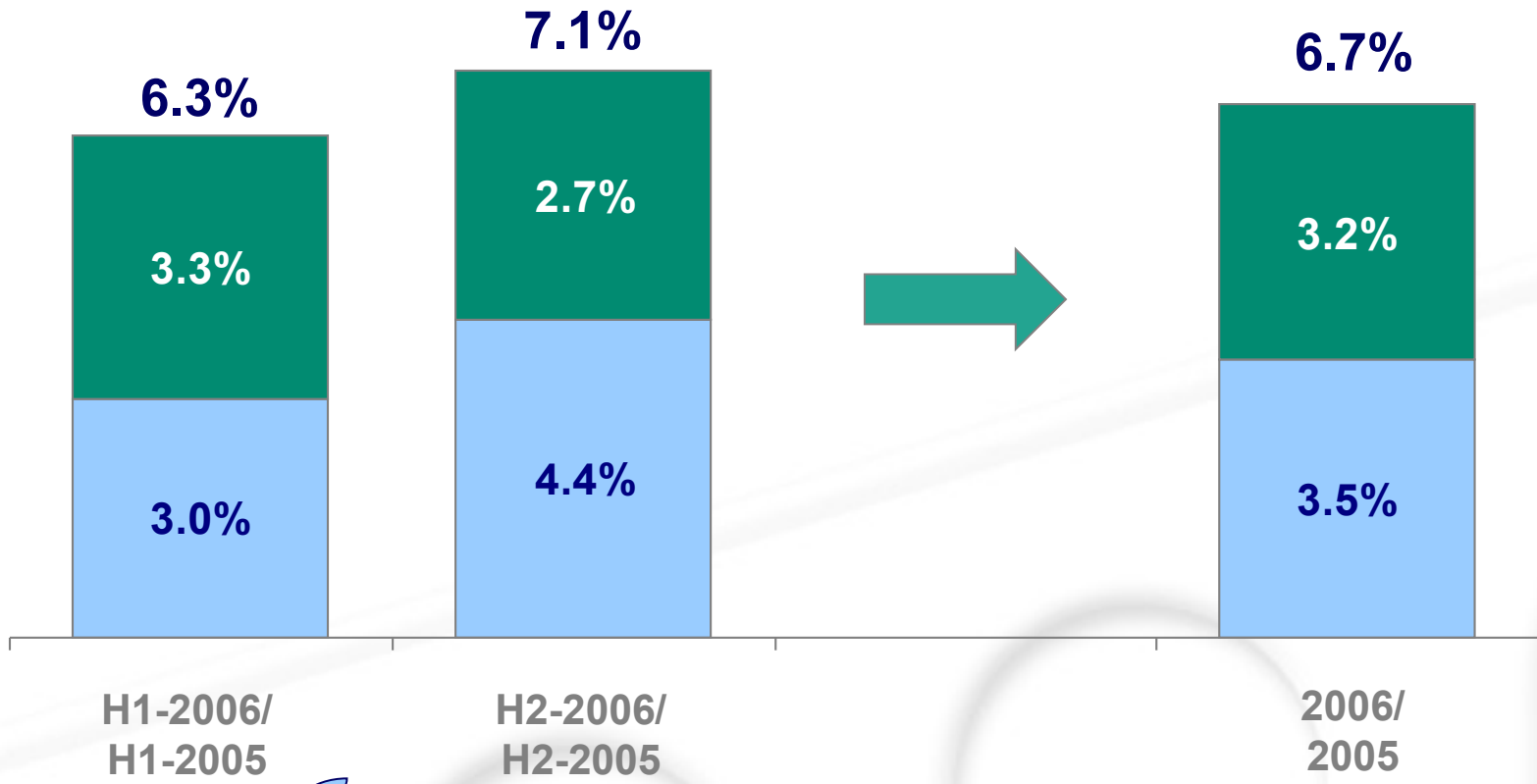
in €bn



Organic growth

% change in sales 2006e/2005
at comparable Group structure and exchange rates

 volumes
 prices



Increased momentum in H2

Non-operating costs

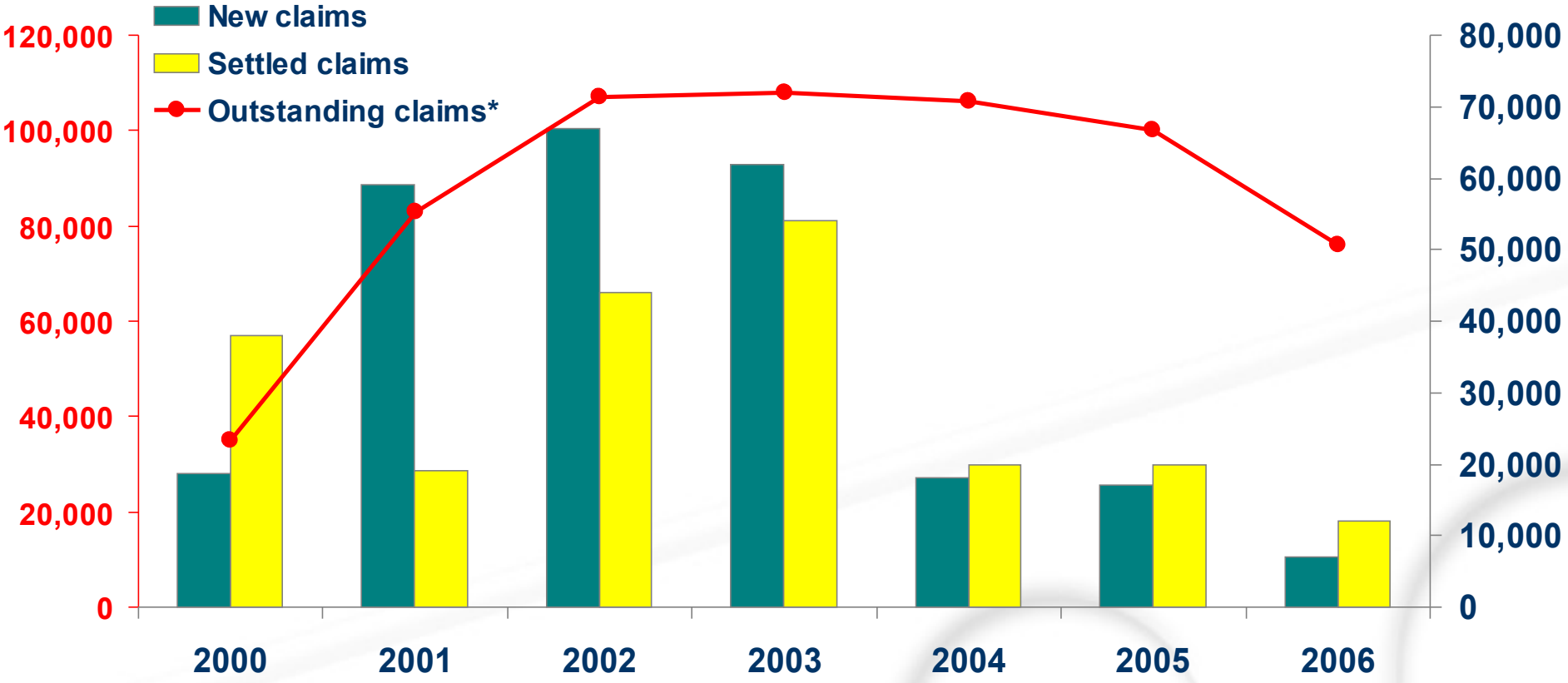
(in €m)

	2005	2006	change
Operating income	2,860	3,714	+29.9%
Provision for asbestos-related litigation	-100	-95	+5%
Restructuring costs	-188	-272	-45%
Non-operating costs	-288	-367	-27%
Other non-operating costs	-18	-25	-39%
Business income	2,554	3,322	+30.1%

Asbestos claims against CertainTeed in the US

Outstanding claims

New/settled claims



Total payouts (\$m)	2002	2003	2004	2005	2006
	103	153	140	88	83

* after transfer to "inactive dockets"



Outstanding claims

Asbestos claims against CertainTeed in the US

- > Approximately **\$83m paid out*** (\$88m in 2005 and \$140m in 2004) and a further **€95m set aside to the provision** in 2006 (€100m in 2005; *total coverage of \$451m at end-2006 versus \$422m at end-2005*)

	2005	2006*
New claims	17,000	7,000*
Settled claims	20,000	12,000*
Outstanding claims	100,000	76,000**
<i>Average cost per claim</i>	<i>\$2,800</i>	<i>\$3,000*</i>

H1 2006*	H2 2006*
4,000	3,000
8,000	4,000

** estimated*

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

Other information

- > **February 2005:** launch of an **antitrust enquiry** by the **European Commission** into the **construction and automotive glass** industries
- > Enquiry still in progress
- > The **'statements of objections'** may be issued in **first-half 2007**

Net financial expense (€m)	2005	2006
Cost of net debt	(413)	(625)
Pensions and other misc. costs	(156)	(123)
Net financial expense	(569)	(748)

**Average cost of gross debt:
4.5% (4.9% in 2005)**

Inc. taxes (€m)	2005	2006
Pre-tax income excl. cap. gains	2,015	2,616
Income taxes	706	873
Average tax rate	35.0%	33.4%
Total pre-tax inc.	1,995	2,581
Income taxes	701	899
Average tax rate	35.1%	34.8%

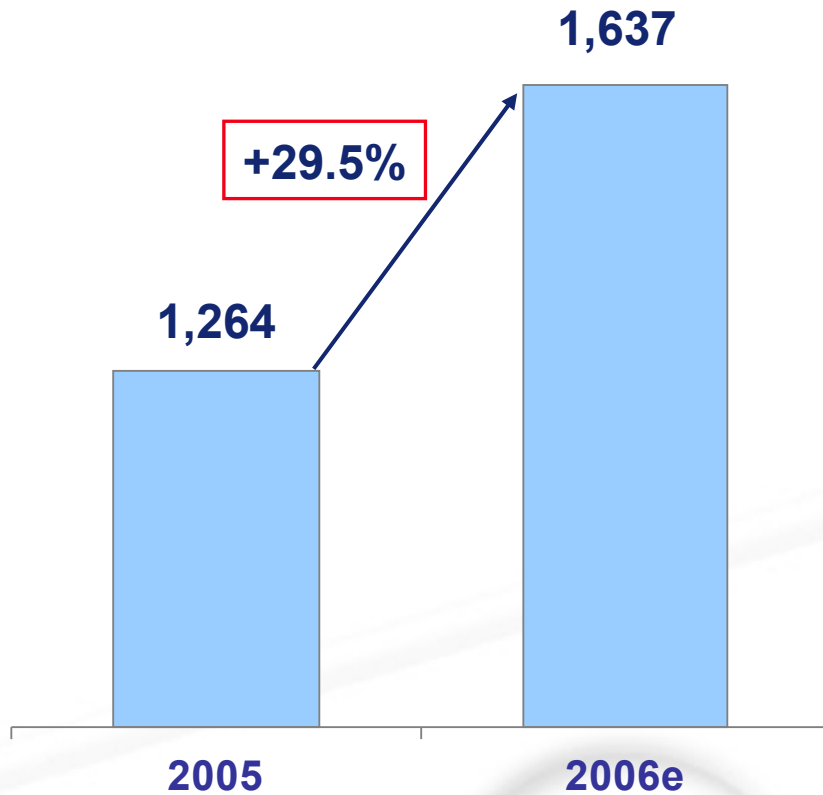
H1-06	H2-06
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35.1%	31.7%
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37.0%	32.7%
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Net income

(in €m)



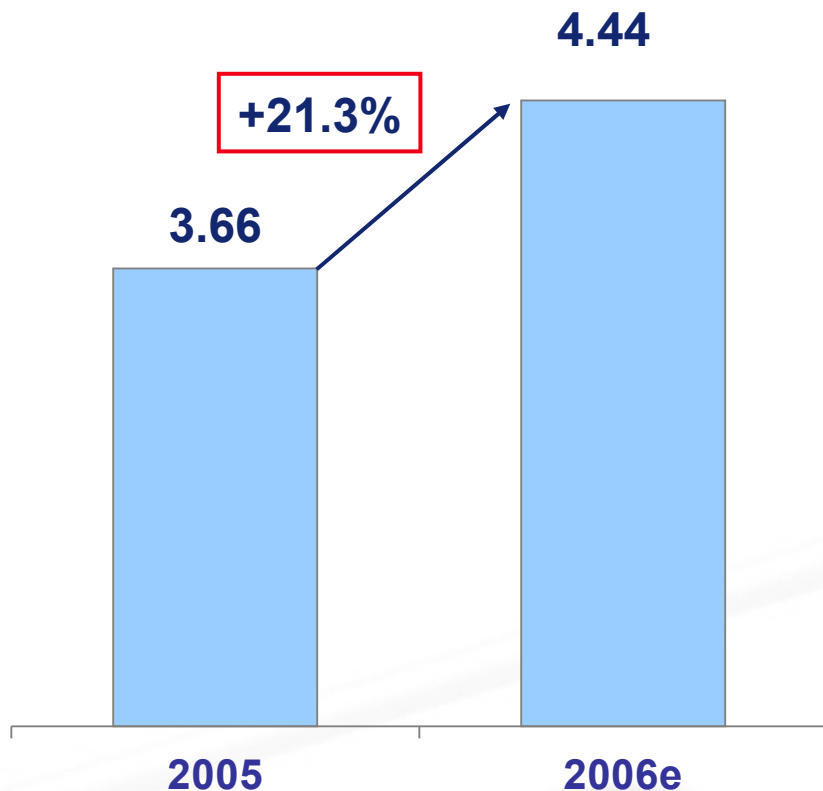
Net inc. exc. cap. gains

(in €m)



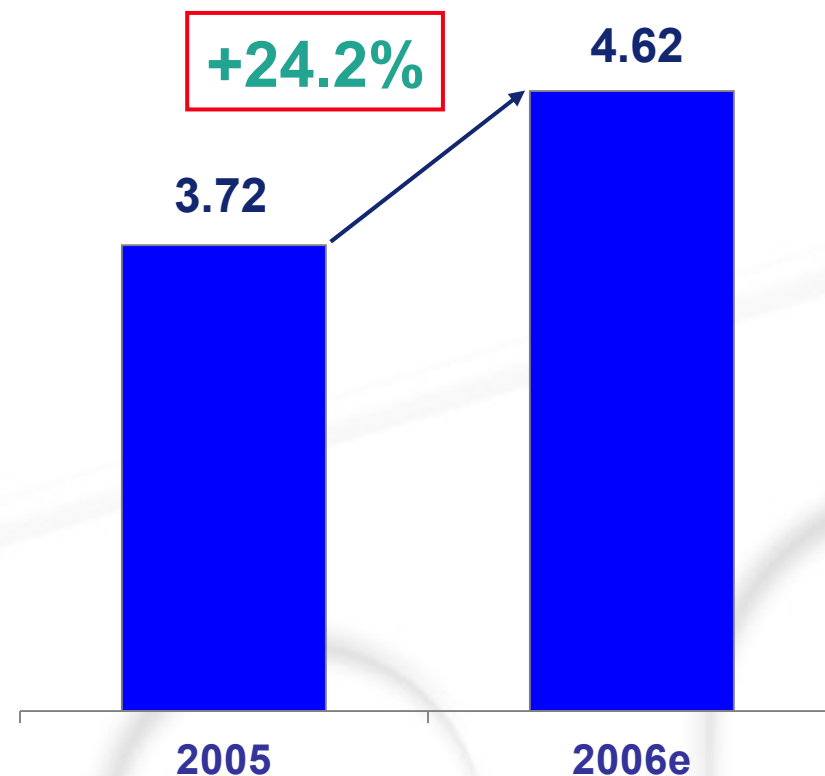
EPS

(in €)



EPS excl. cap. gains

(in €)



No. of
shares
at 12/31

345.3m

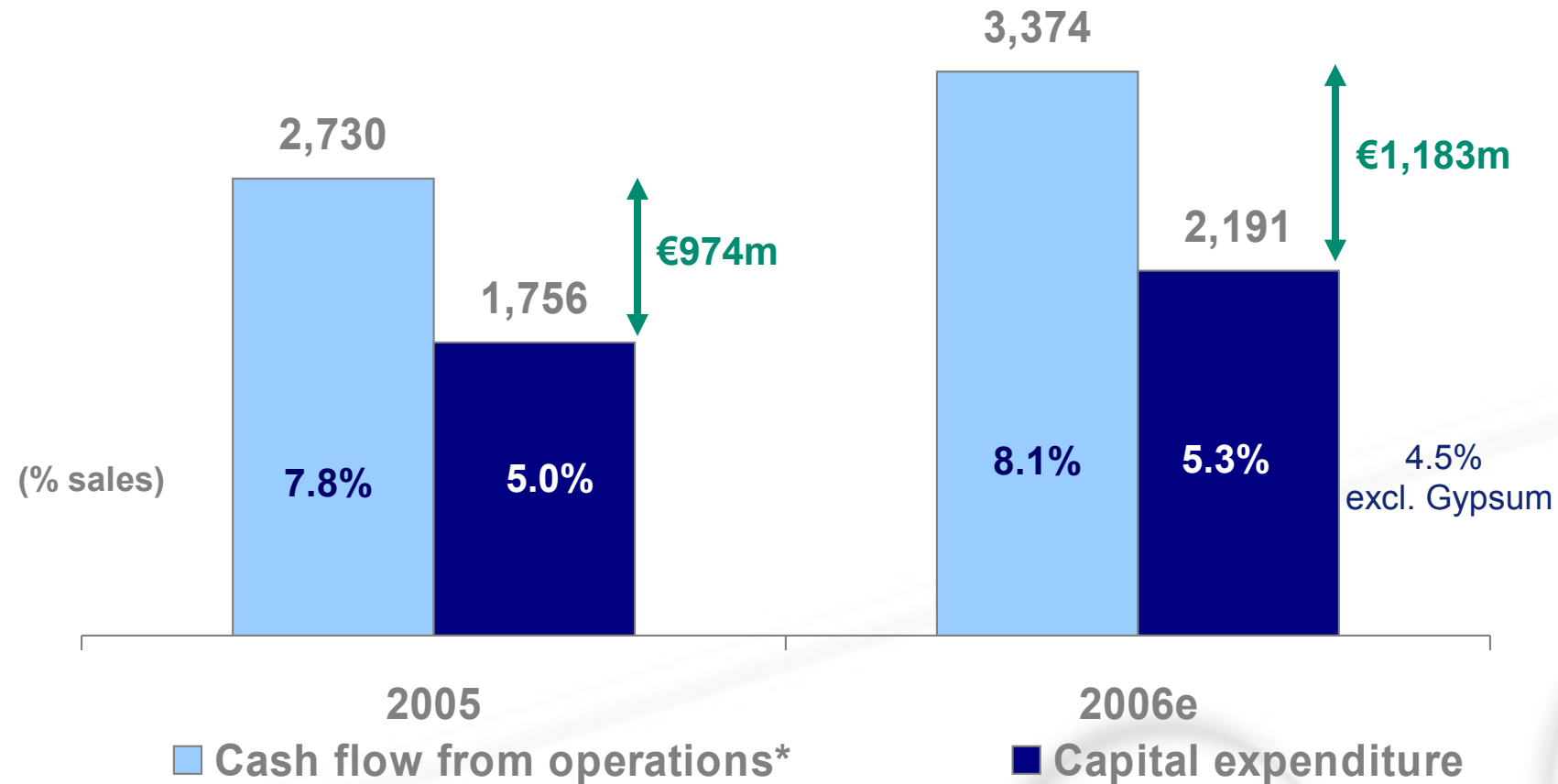
368.4m

345.3m

368.4m

Cash flow and capital expenditure

(in €m, excl. capital gains tax)

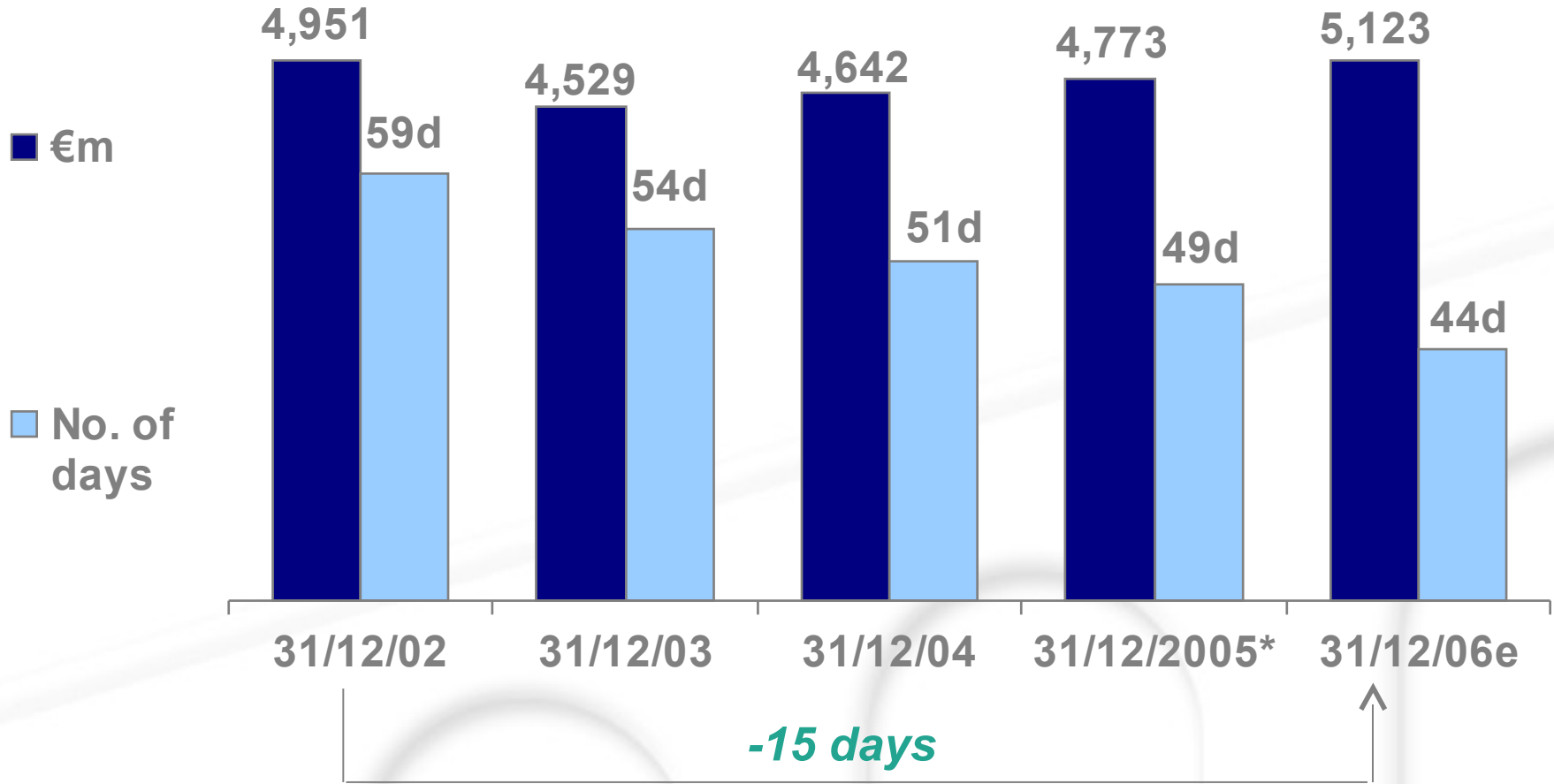


- Continuing high levels of cash flow from operations
- Large-scale investments in emerging countries and additional capacity for interior building solutions

* after asbestos-related charge

Operating working capital

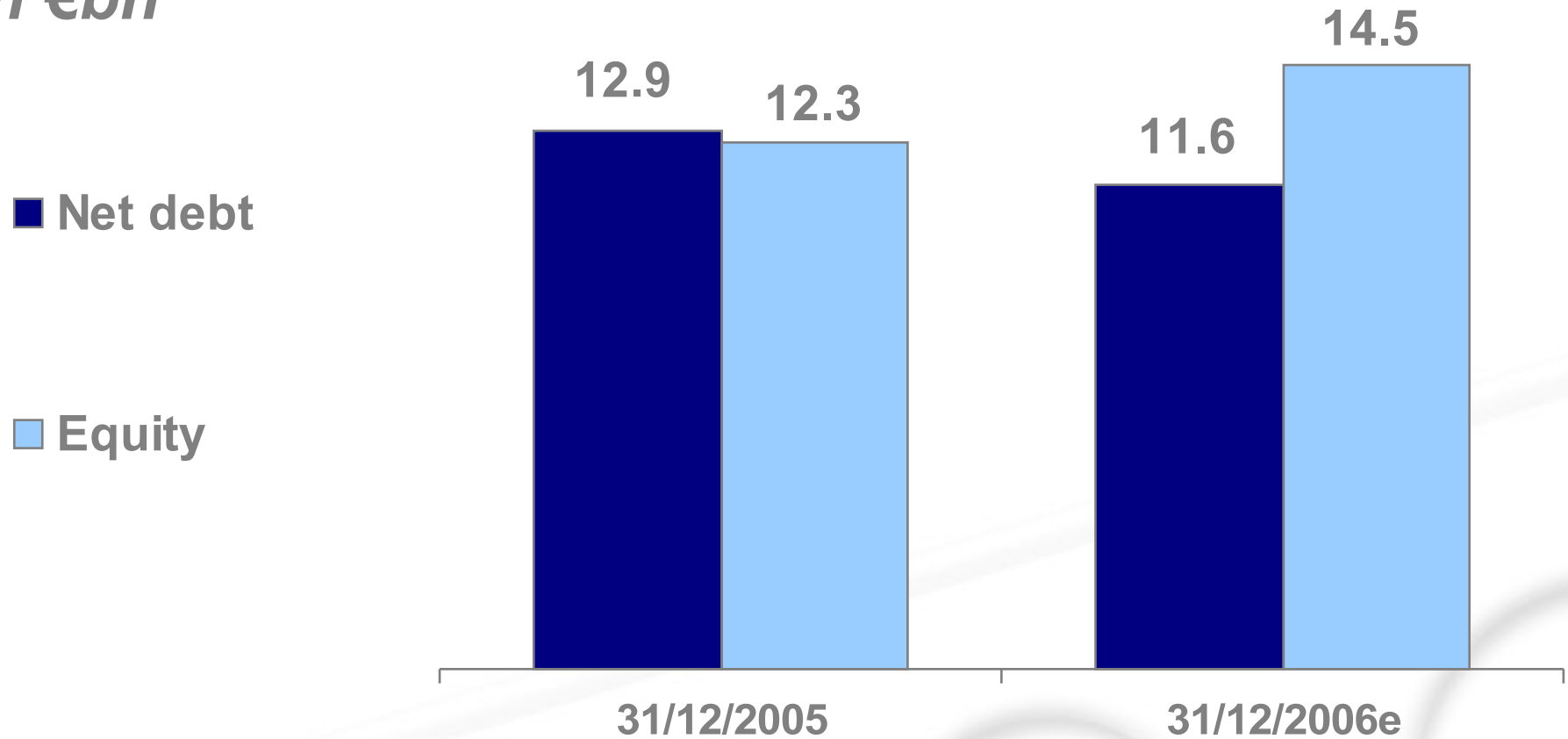
(in €m and number of days)



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

Net debt and equity

in €bn



Net debt/equity	104%	80%
Interest cover	4.2*	5.0
Net debt/EBITDA**	2.6*	2.2

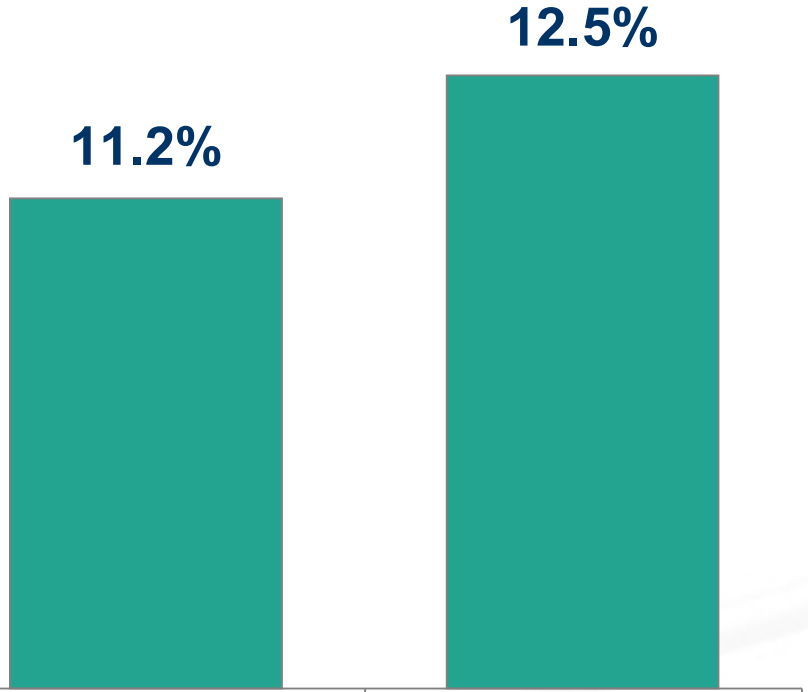
* 2005: proforma BPB

** EBITDA = Op.inc. +depr.

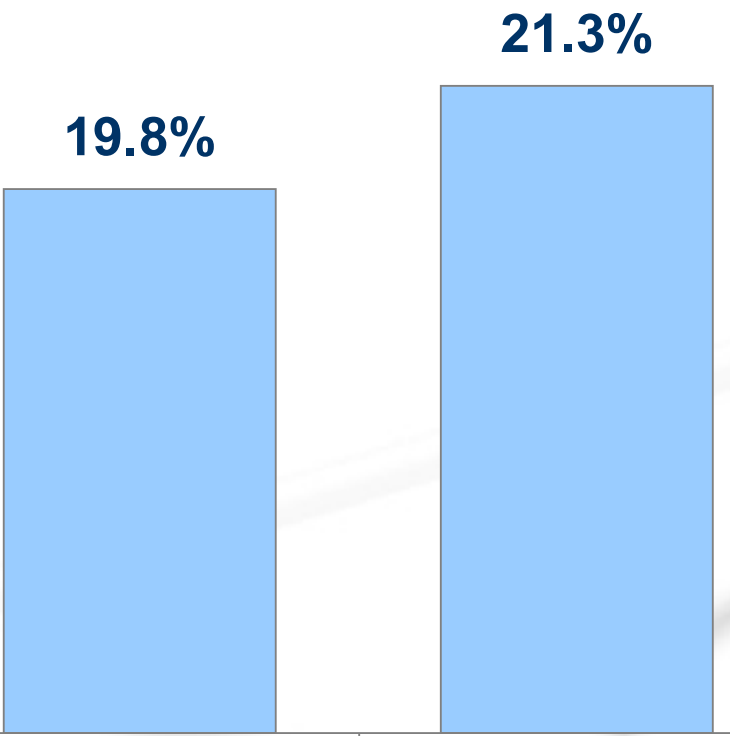
Return on capital

ROCE

before tax



ROI



2005

2006e

2005

2006e

Op. inc./Total capital employed
(inc. goodwill)

Op. inc./Op. capital

Weighted average cost of capital: 7%

Acquisitions and divestitures in 2006

> Acquisitions **€584m**

o/w Building Distribution €355m*

Construction Products €142m

Packaging €67m

> Divestitures **€891m***

** including:
sale of Calmar and Synflex for €670m
asset disposals for €208m*

3

Operating Performance

A. Results and developments by sector

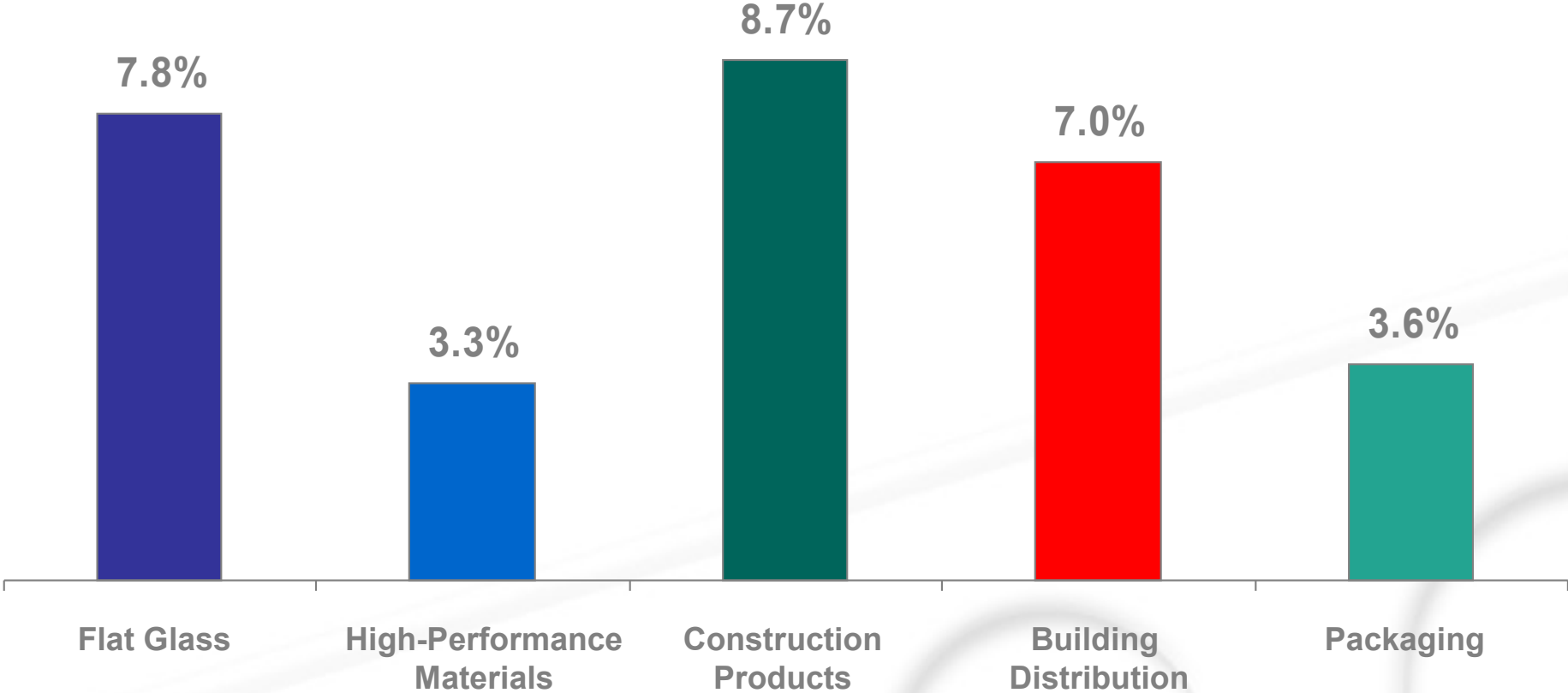
B. Results by geographic area



Organic growth

% change in sales 2006e/2005
at comparable Group structure and exchange rates

Group average: 6.7%

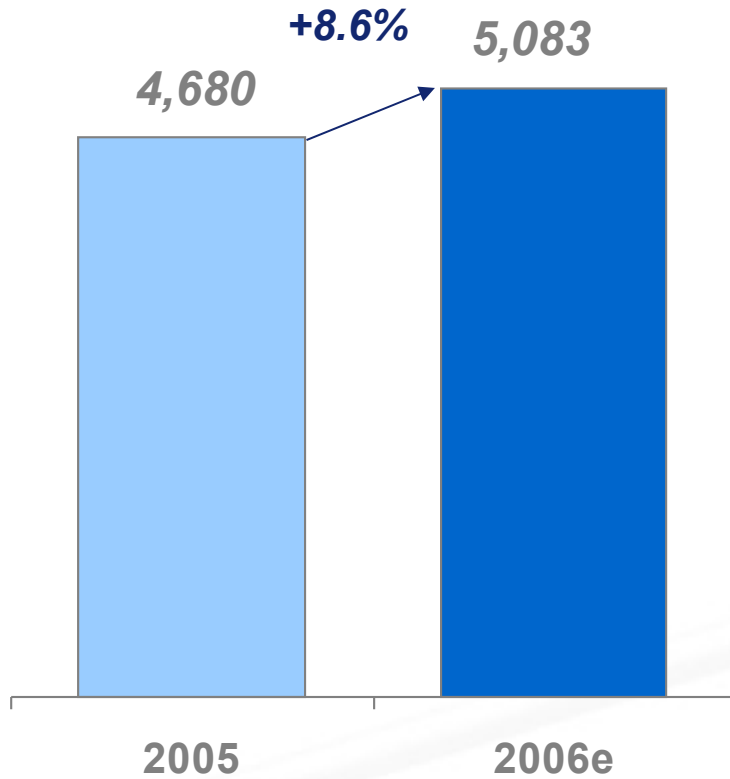


Ceramics, Plast. & Abrasives 3.3%
Reinf. 3.0%

Gypsum 12.1%
Insulation 10.4%
Building Mat. 2.3%
Pipe 9.6%

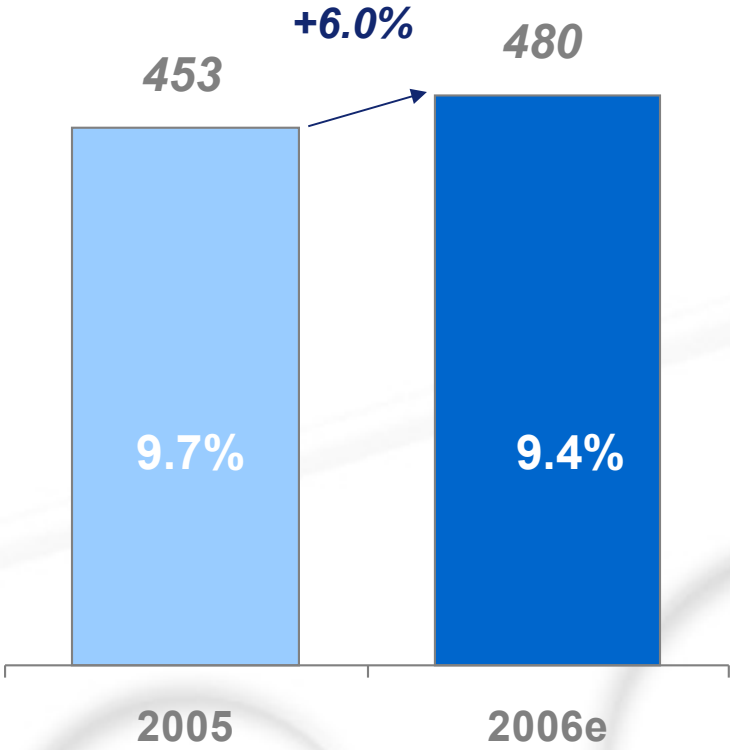
Flat Glass

Net sales (in €m)



+7.8% like-for-like

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

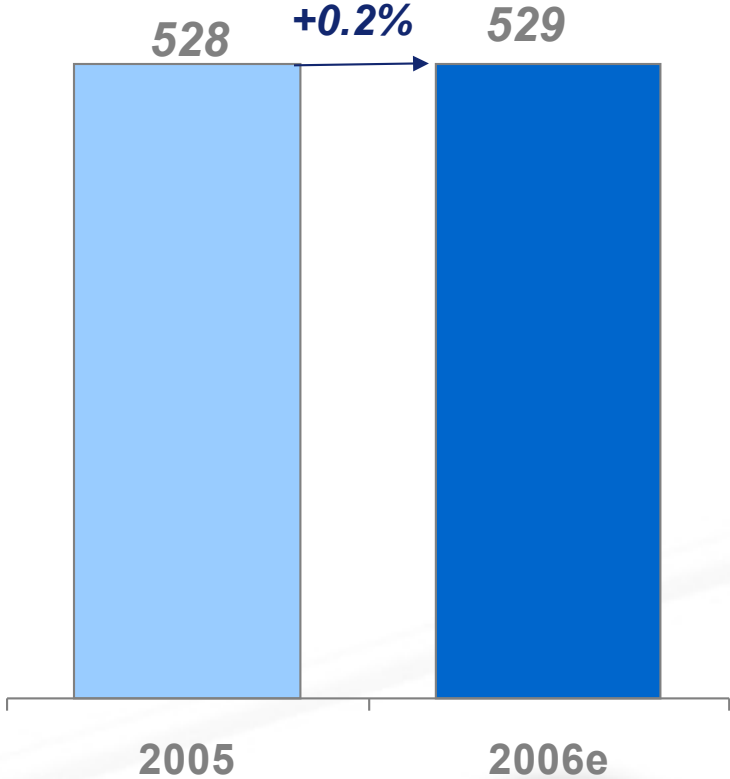


2005		2006e	
H1	H2	H1	H2
10.0%	9.4%	9.1%	9.8%

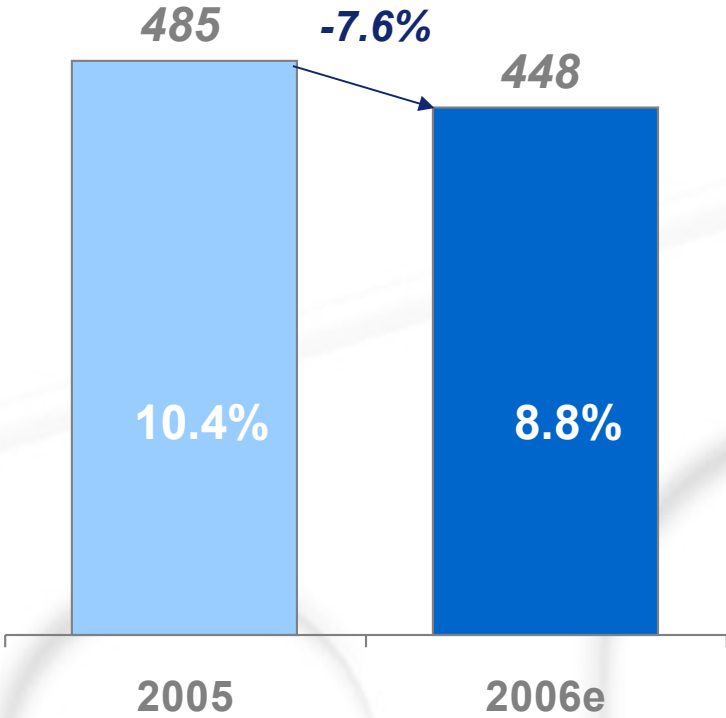
+15%

Flat Glass

*Cash flow from operations
(in €m)*



*Capital expenditure
(in €m and as % of sales)*



Flat Glass

- > Positive evolution of sales prices, particularly in Europe
- > Favorable sales structure trends
 - Coated glass: 19% market share and threefold increase in sales in five years
- > Ongoing expansion in emerging countries
 - 15% growth
 - 60% of capital expenditure
 - Start-up of a float-line in Romania, construction of a float-line in Mexico and Poland
- > Launch of a major innovative project: photovoltaic glass
 - Creation of a JV between Saint-Gobain and Shell
 - Objective: production of CIS photovoltaic cells as from the beginning of 2008



Ultra N Planitherm glass

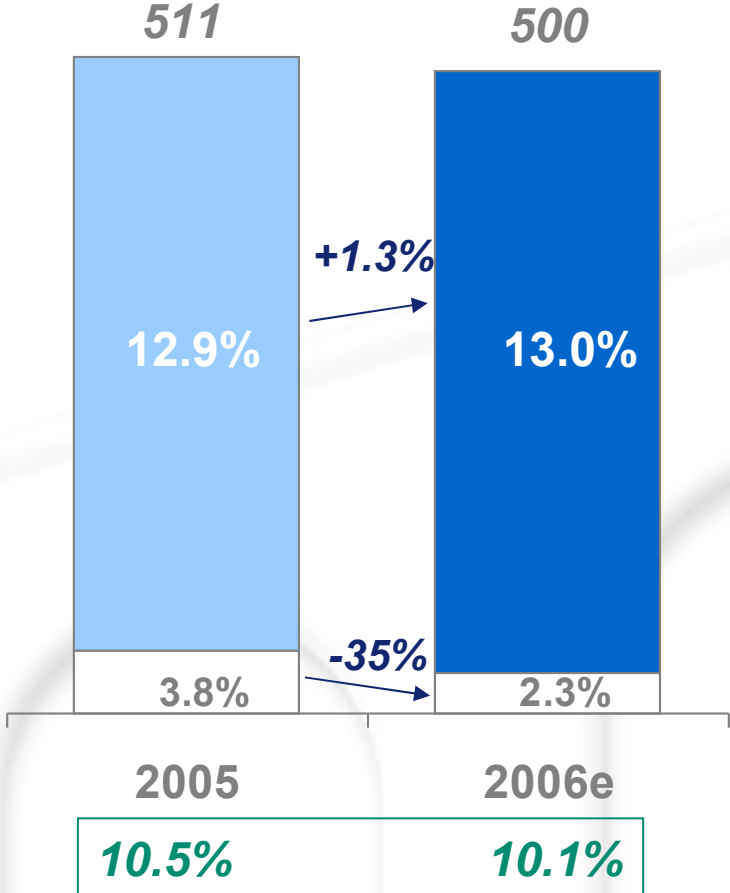
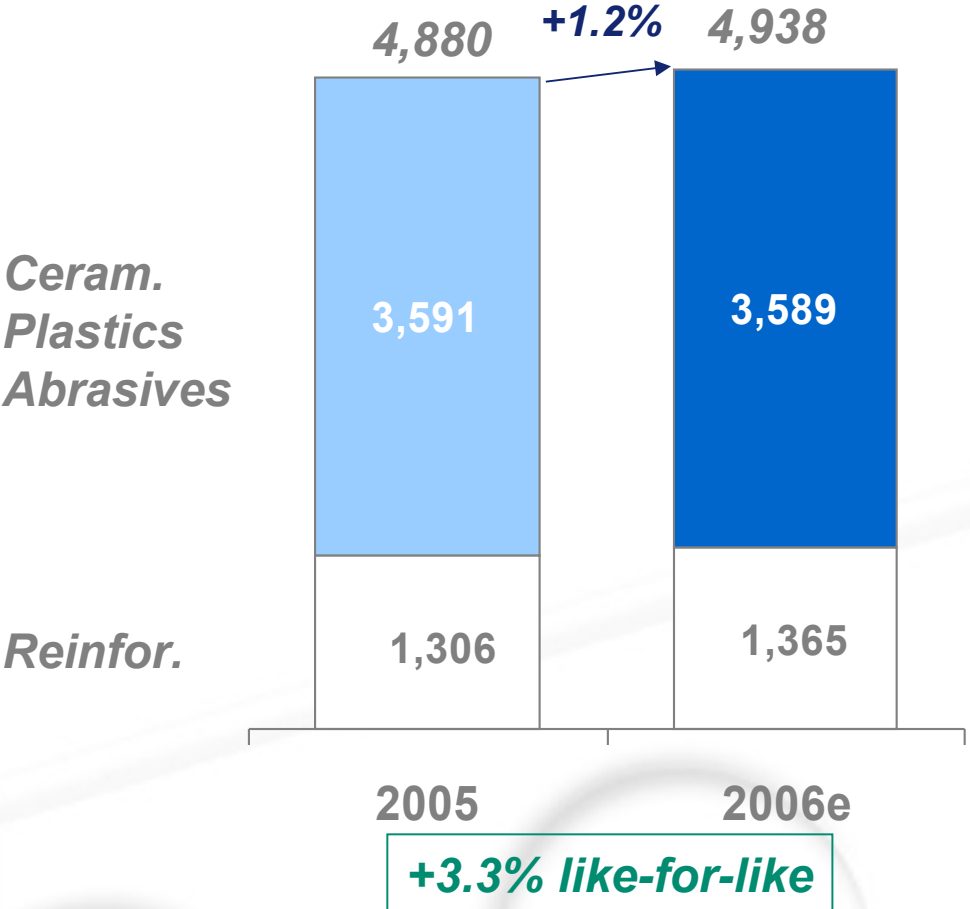


Calarasi float, Romania

High-Performance Materials

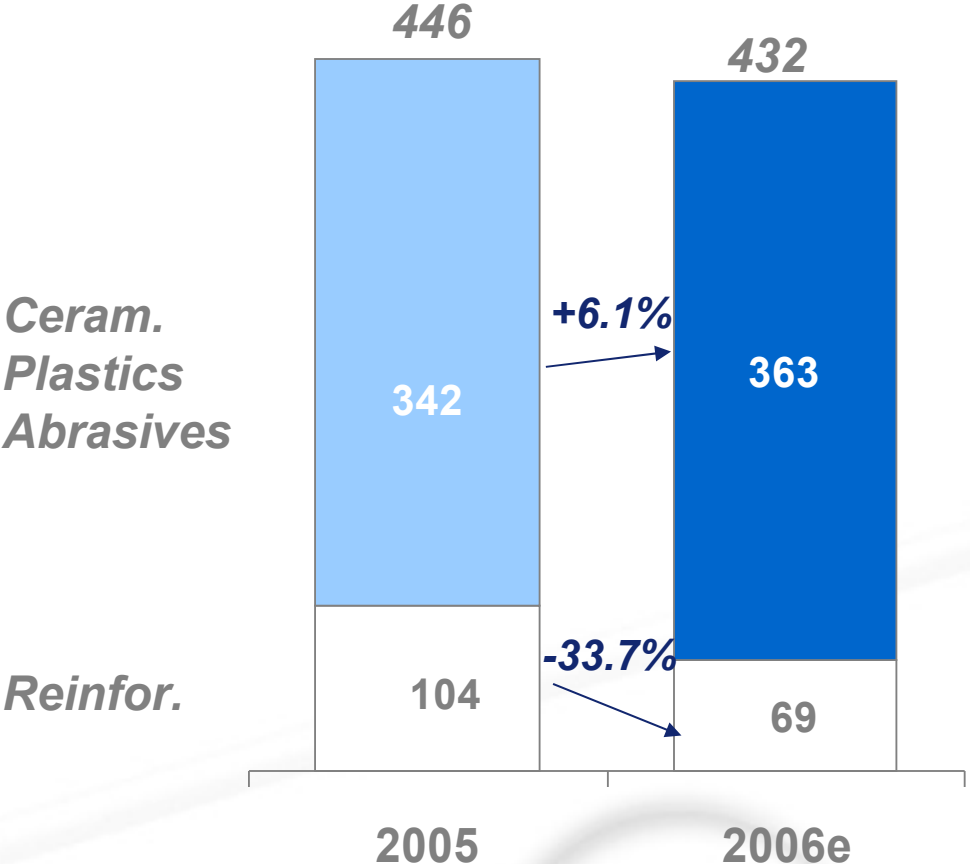
Net sales (in €m)

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

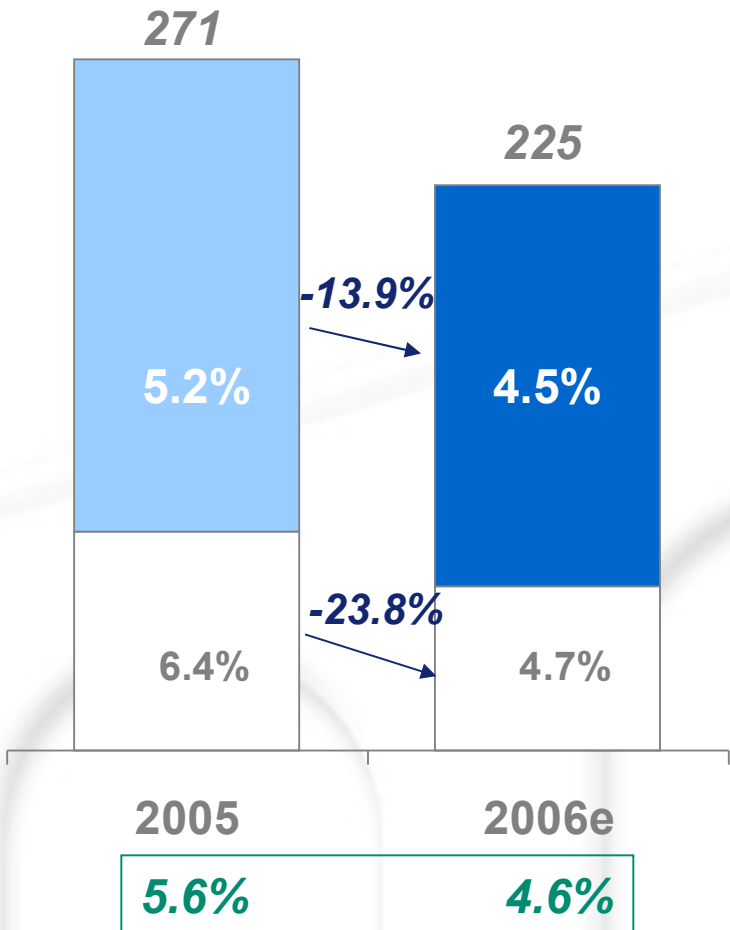


High-Performance Materials

*Cash flow from operations
(in €m)*

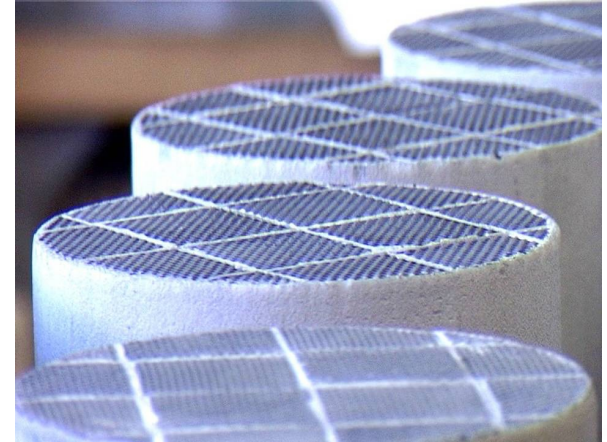


*Capital expenditure
(in €m and as % of sales)*

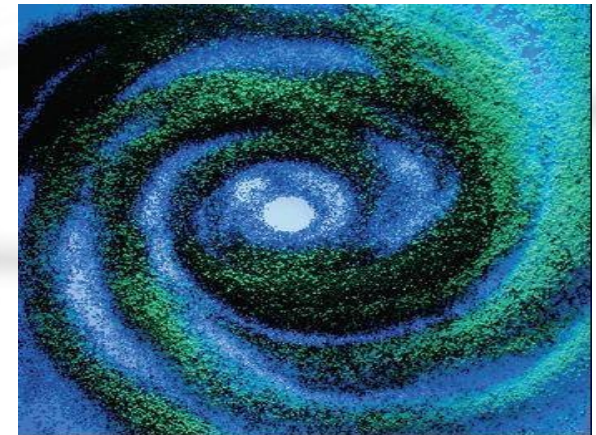


High-Performance Materials

- > Very good operating margin (13%) for Ceramics, Plastics & Abrasives, difficulties in Reinforcements
- > Fast-growing presence in businesses related to energy and the environment
 - Strong 8% growth: proppants, catalytic ceramics
 - Launch of new innovative products: diesel particulate filters
 - Large-scale R&D project: SOFC (solid oxide fuel cells) for home heating applications
- > Upturn in external growth:
 - Acquisition of CPT in the US (high-performance plastics) and Orient Abrasives in India



Ceramic particulate filters for diesel engines

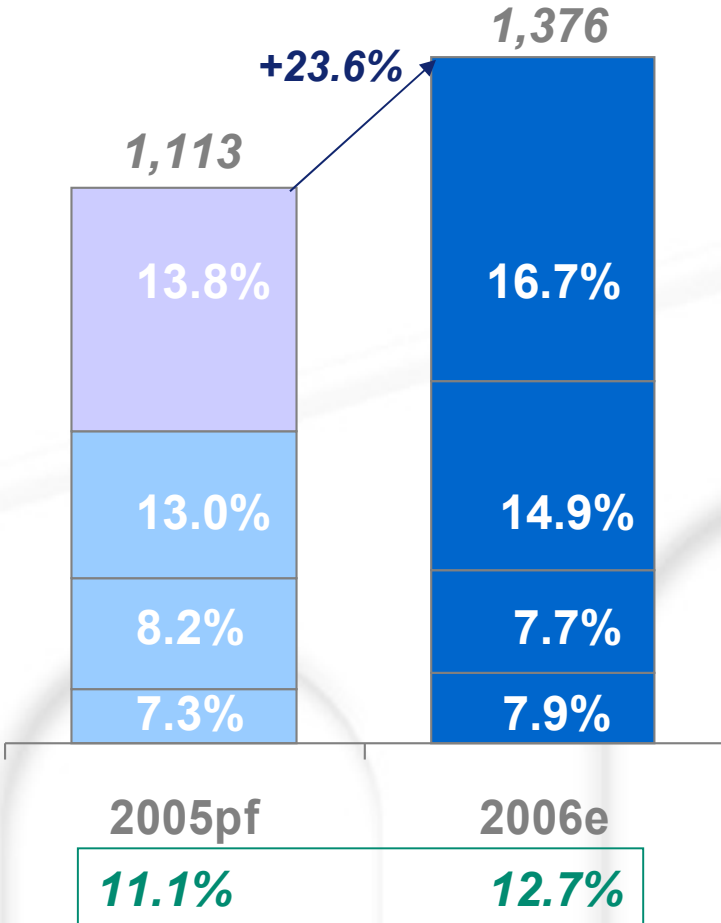
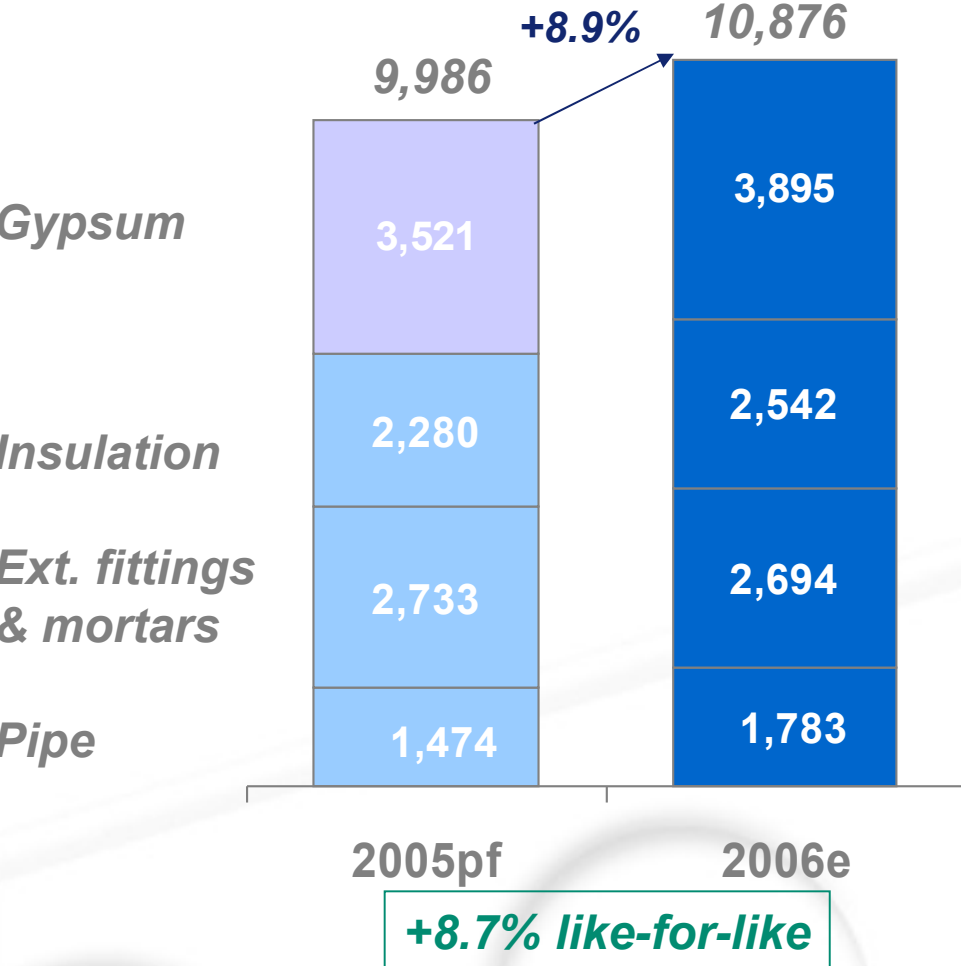


Proppants for oil extraction

Construction Products

Net sales (in €m)

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

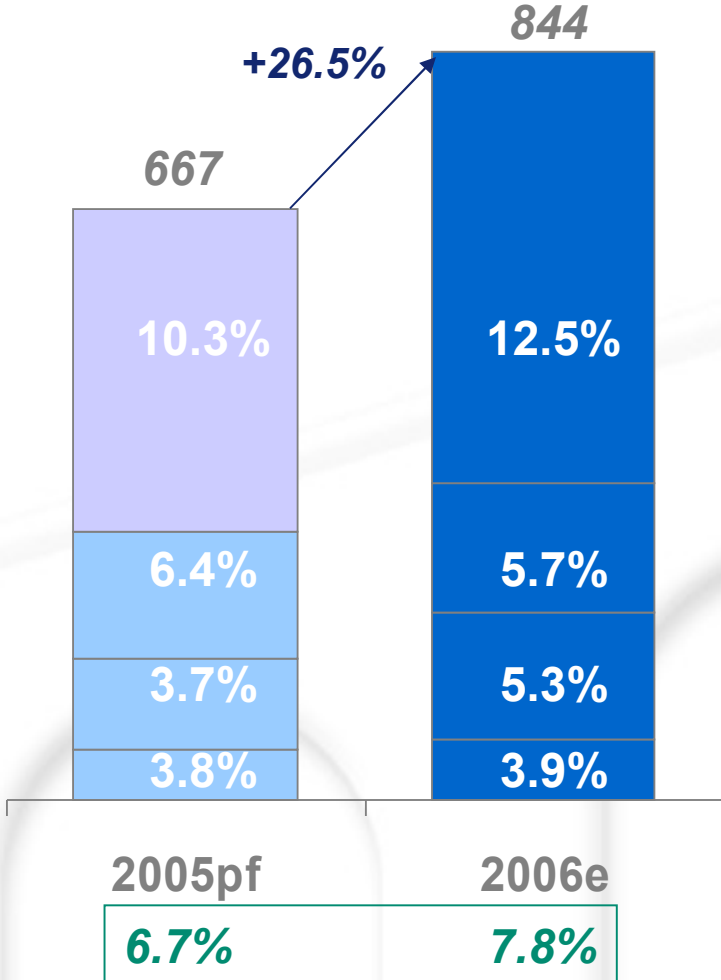
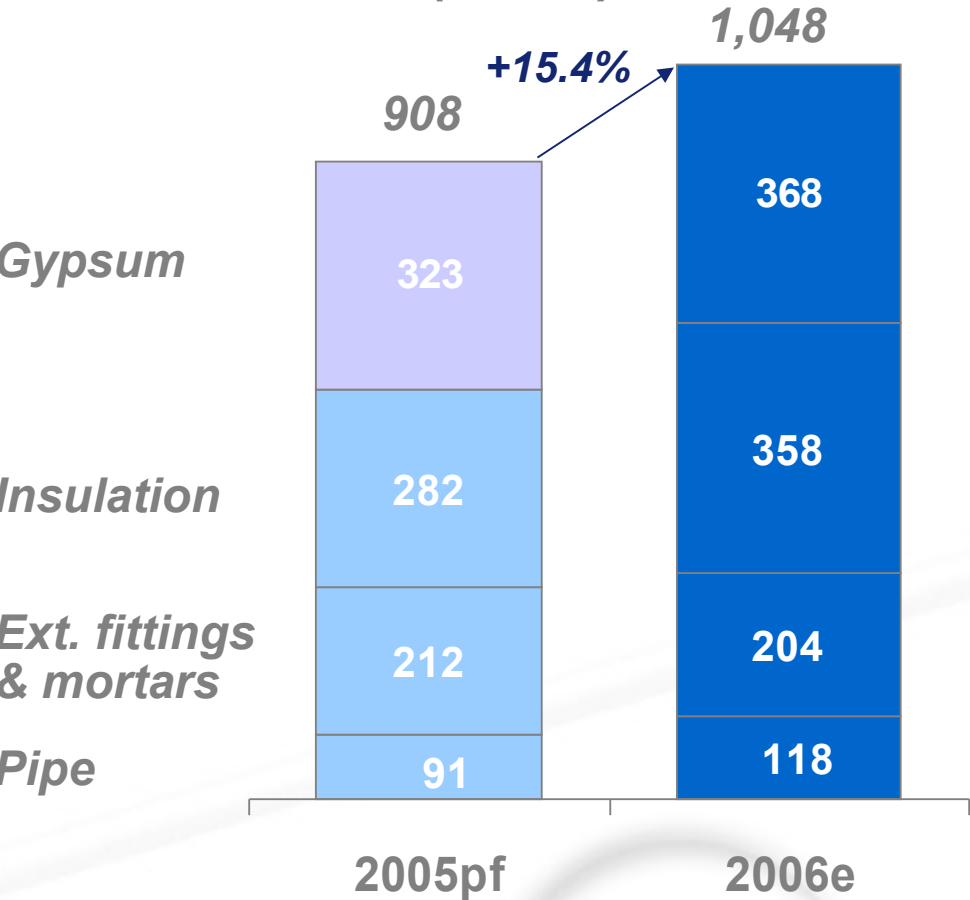


2005: proforma including Gypsum

Construction Products

*Cash flow from operations
(in €m)*

*Capital expenditure
(in €m and as % of sales)*



2005: proforma including Gypsum

Construction Products

- > Sustained organic growth in Europe and emerging countries
 - Western Europe: +10%
 - Emerging countries: +17%
- > A mixed situation in the **US**
 - Price mix: +11% over the year
 - Volumes: -8% over the year (H1: -1%, H2: -14%)
- > 52% of capital expenditure in 2006 earmarked for new capacity

Integration of the Gypsum business

Targets met

- > **Cost synergies:** > €50m in 2006, on track to generate €100m in cost synergies in 2007
- > **Growth synergies:** numerous local initiatives (sales, marketing, acquisitions)
- > **Geographical synergies:** higher than expected
- > Measured management of **capacity** in line with market trends
 - Projects to expand Gypsum capacity (2005-2011): 43% of existing capacities, representing an increase of 6% p.a.
 - 2nd US plant postponed

Examples of synergies

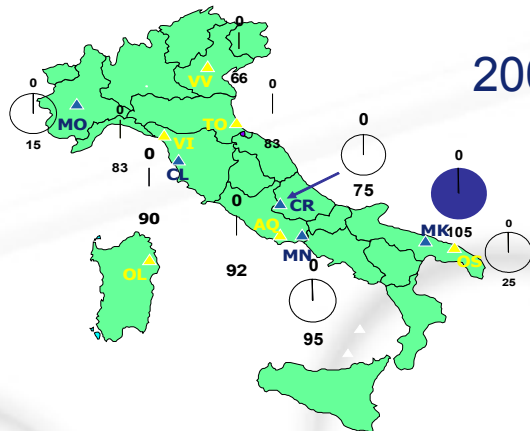
A comprehensive range of products in step with potential regulatory changes

- > Insulation: thermal and acoustic regulations as part of the fight against global warming
- > Plasterboard: regulations on fire resistance and acoustic insulation
- > A catalyst for growth

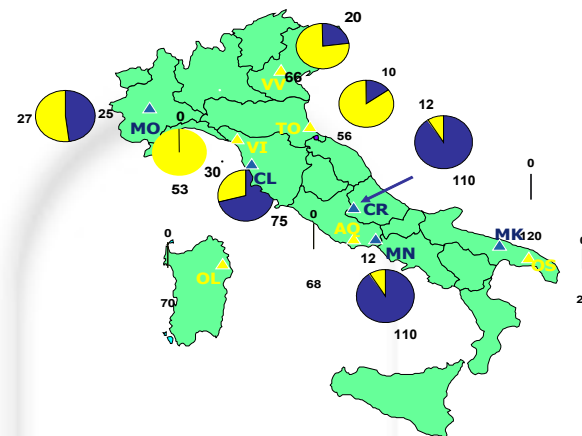


Gypsum: Headquarters of Crédit Agricole in Arras, France

Industrial and logistical optimization



Plaster and Mortar plants in Italy prior to merger



Post-merger: an optimum industrial organization

Gypsum business 2005 - 2006

> Better-than-expected results: (€m)

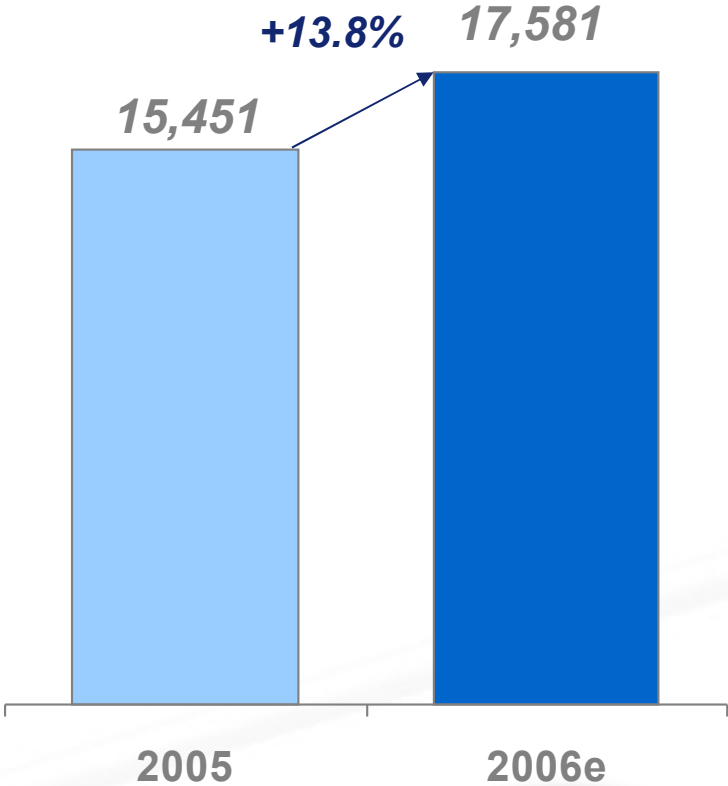
	2006 obj. Jan. 2006	2006 actual	Organic growth 2006/2005
Net sales	~3,850	3,895	+ 12%
Synergies	+40	+52	
Op. inc. after synergies	~550*	649*	+ 32%
Op. inc. as % of sales	>14%	16.7%	

> Accretive impact on net income: +15%

* after estimated additional amortization relating to the reassessment of certain BPB assets (reallocation of goodwill in accordance with IFRS 3).

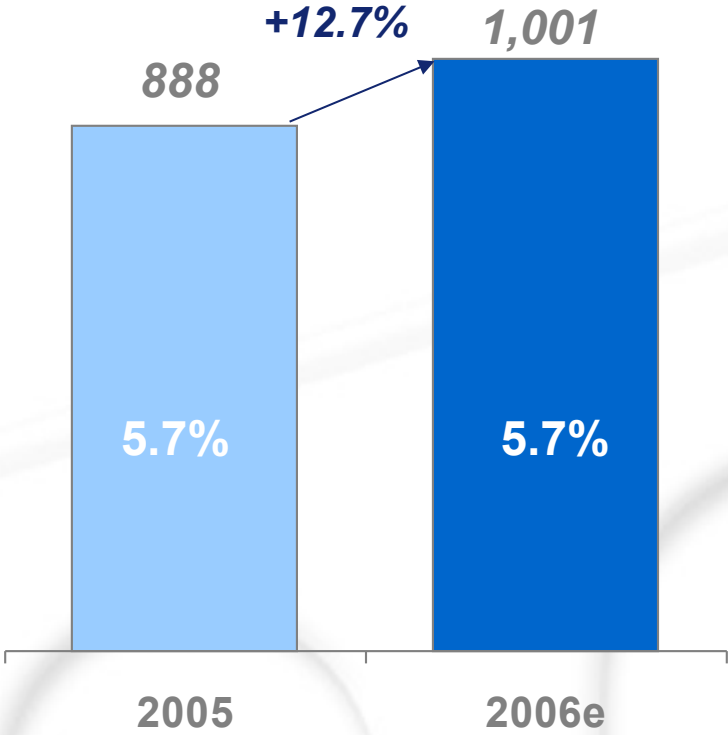
Building Distribution

Net sales (in €m)



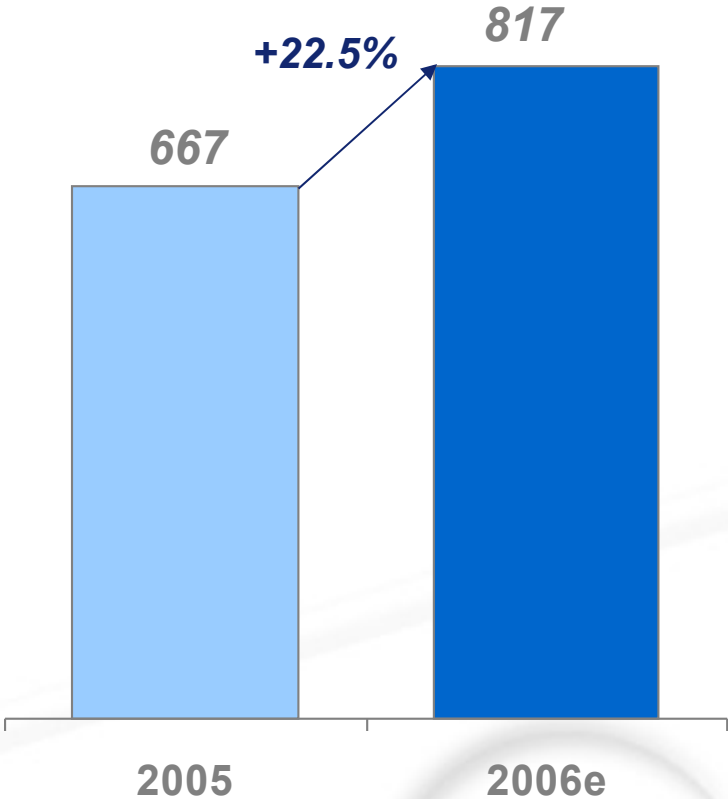
+7.0% like-for-like

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

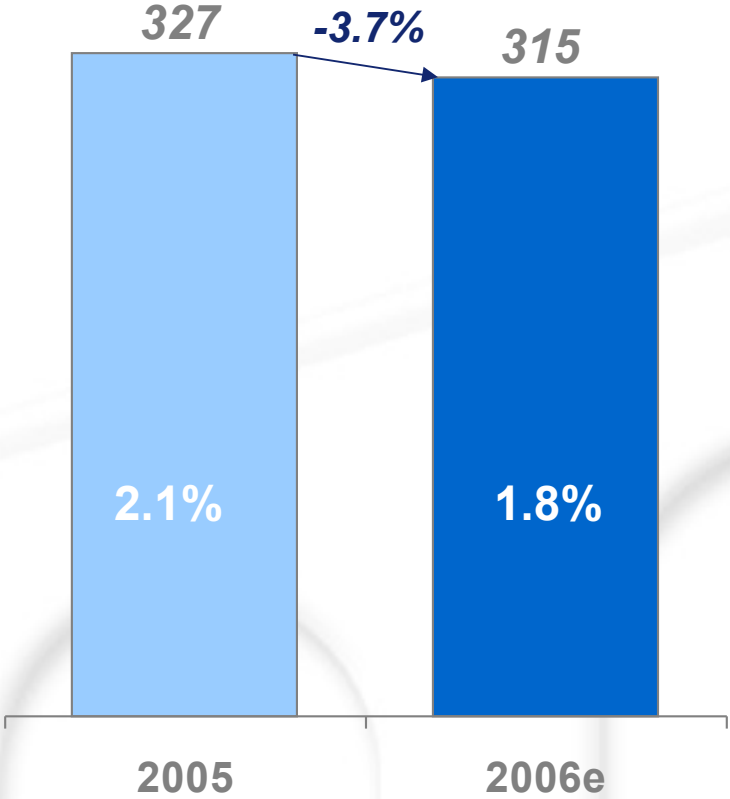


Building Distribution

*Cash flow from operations
(in €m)*



*Capital expenditure
(in €m and as % of sales)*



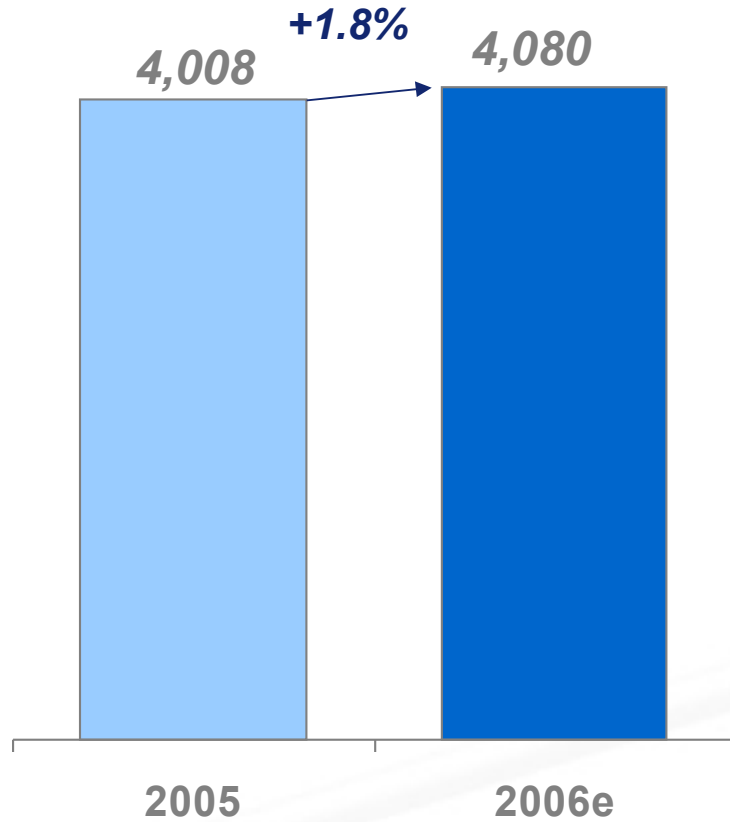
Building Distribution

- > Ongoing consolidation in Europe:
53 acquisitions adding €601m
(incl. 10 in Nordic countries, €174m in sales)
- > New avenues for growth:
 - Acquisition of **JP Corry** in Ireland: 2006 sales €151m
 - 4 acquisitions of regional-based general retailers in **Spain**: 2006 sales €78m
 - Acquisition of **Barugel Azoulay** in Argentina: 2006 sales €29m
 - New store formats: 2 **Aquamondo** + 9 **Plateformes**
- > Markets in western Europe held firm, recovery in Germany



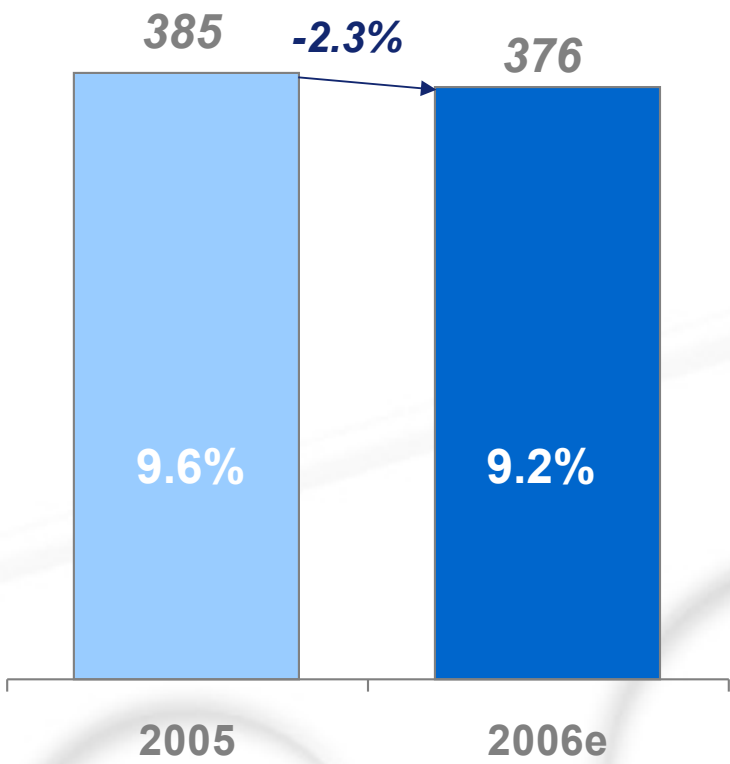
Packaging

Net sales (in €m)



+3.6% like-for-like

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

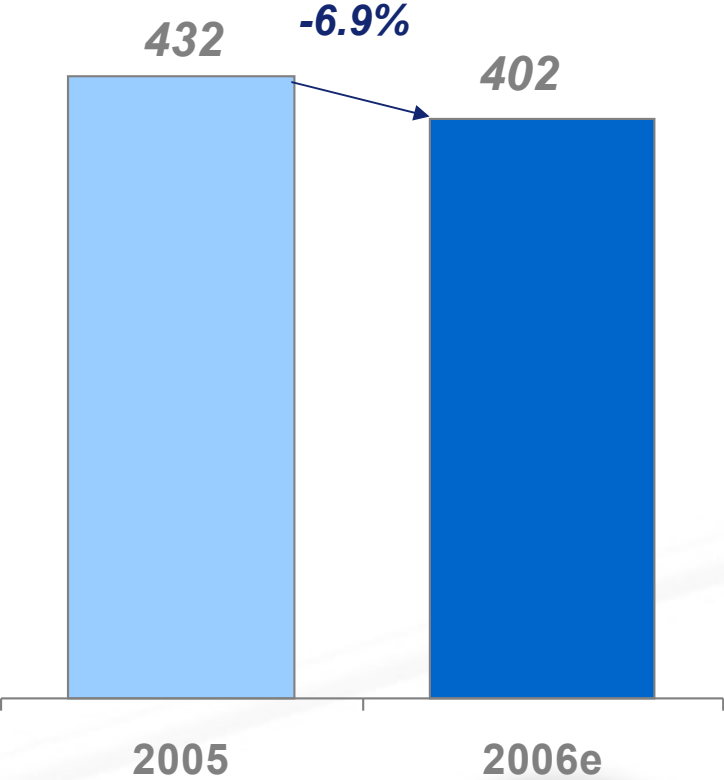


2005		2006e	
H1	H2	H1	H2
11.2%	8.1%	9.6%	8.8%

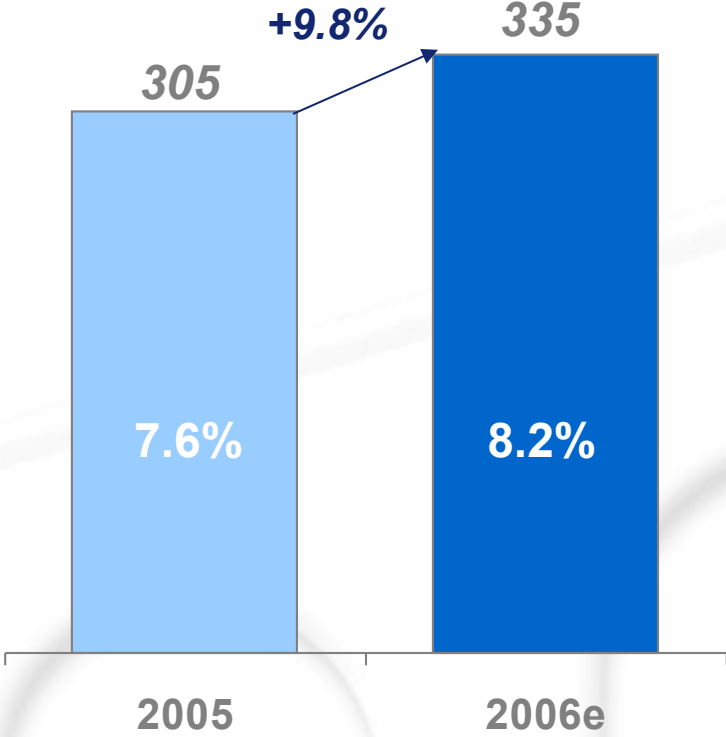
+4.3%
(+20% excl. Calmar)

Packaging

*Cash flow from operations
(in €m)*



*Capital expenditure
(in €m and as % of sales)*



Packaging

- > **Development in emerging countries:**
 - new furnace in Ukraine (110 kt in a full year)
 - additional capacity in Russia (115 kt in a full year)
 - construction of a plant in Chile (target capacity: 95 kt)
- > **Rising costs passed on** with a time-lag effect in the second half, particularly in the US
- > **Increase in growth investments targeting emerging countries** (€77m) and the environment (€18m)
- > **Sale of Calmar** (2005: sales €313m; op. inc. €35m) and process underway to source partners for the **Flasks** business (2006: sales €607m; op. inc. €50m)

3

Operating Performance

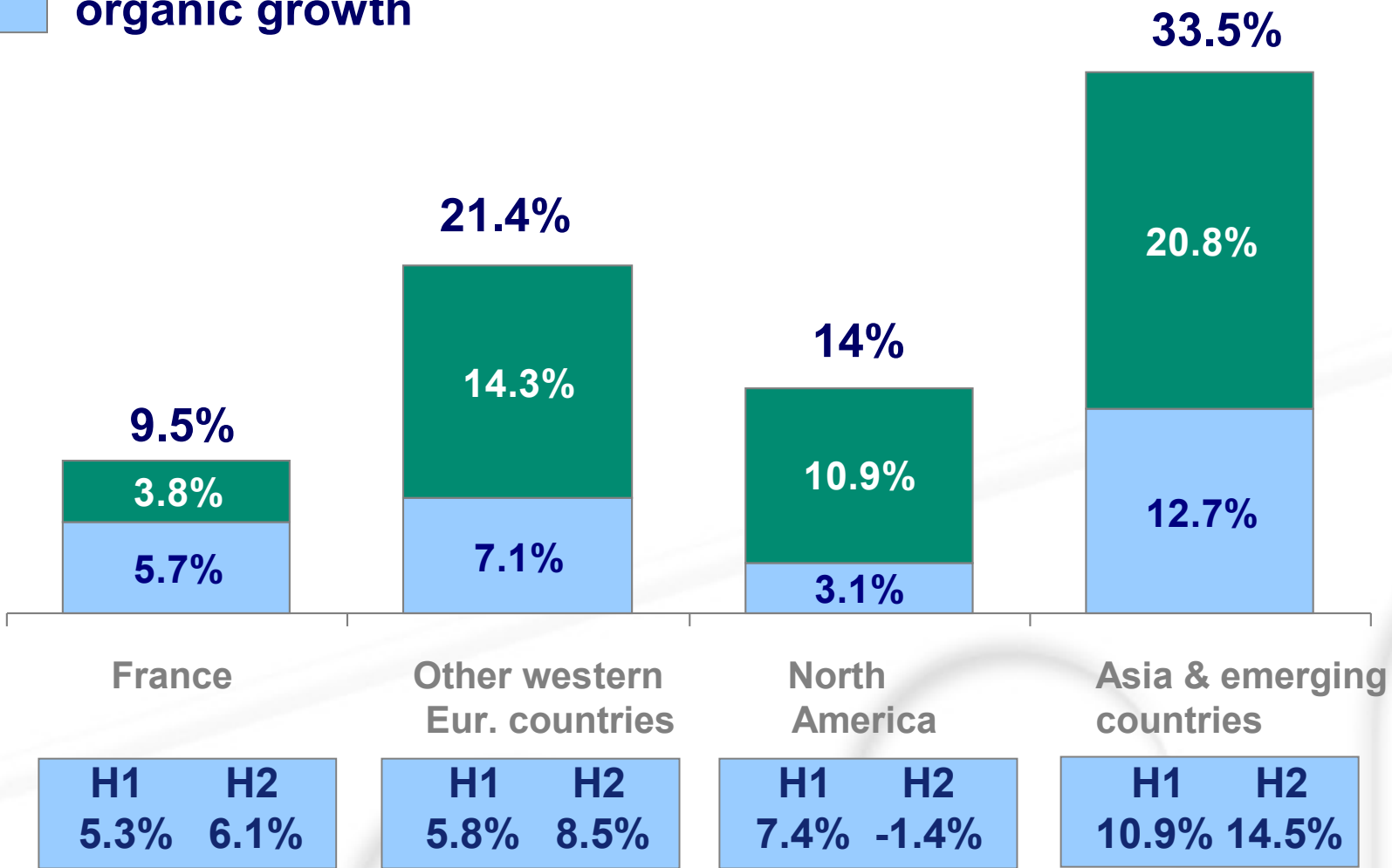
A. Results and developments by sector

B. Results by geographic area



Sales growth by geographic area

■ external growth
■ organic growth

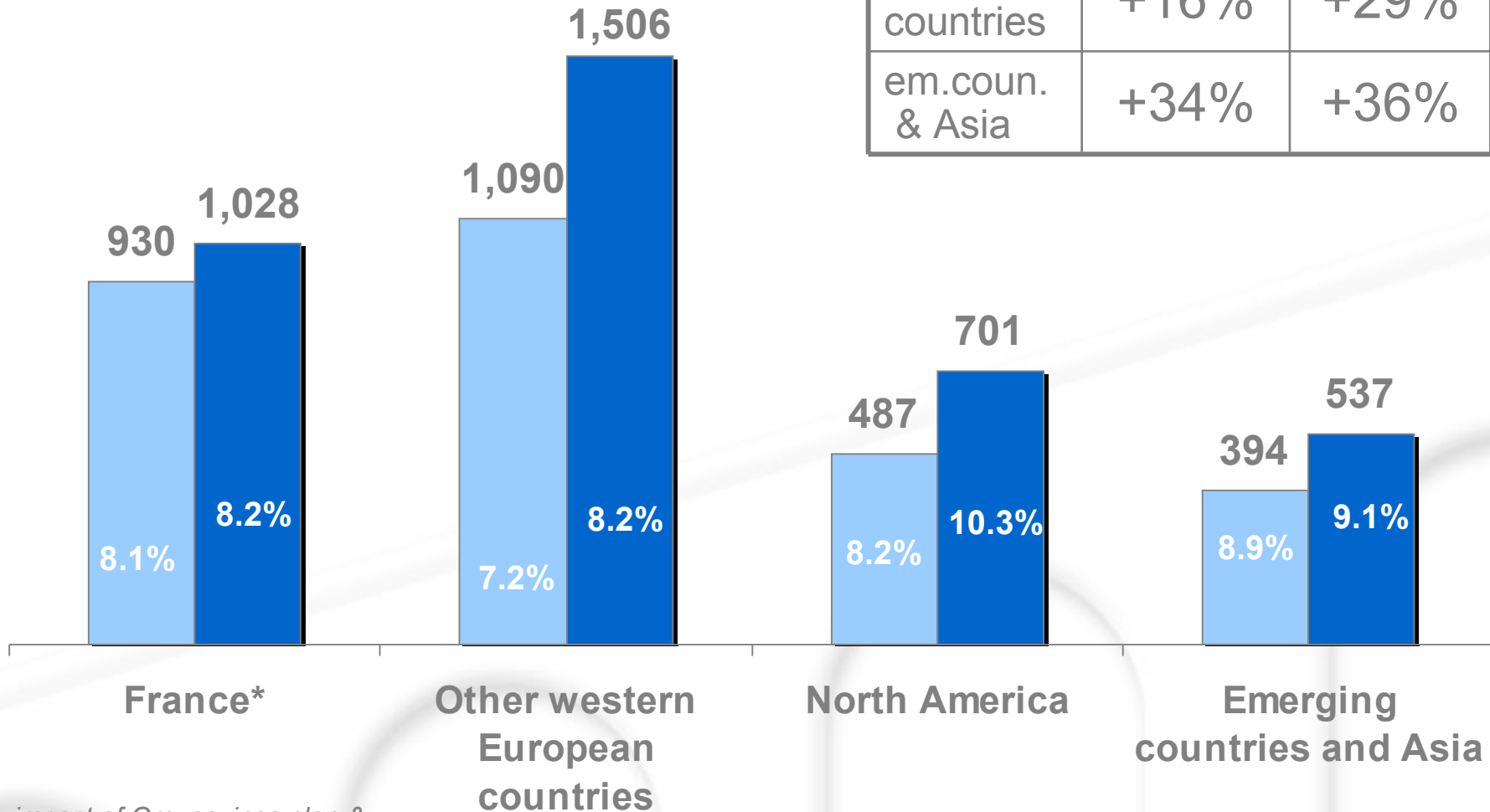


Operating income by geographic area

(in €m and as % of sales)

■ 2005 ■ 2006e

	Sales	Op.inc
dev. countries	+16%	+29%
em.coun. & Asia	+34%	+36%

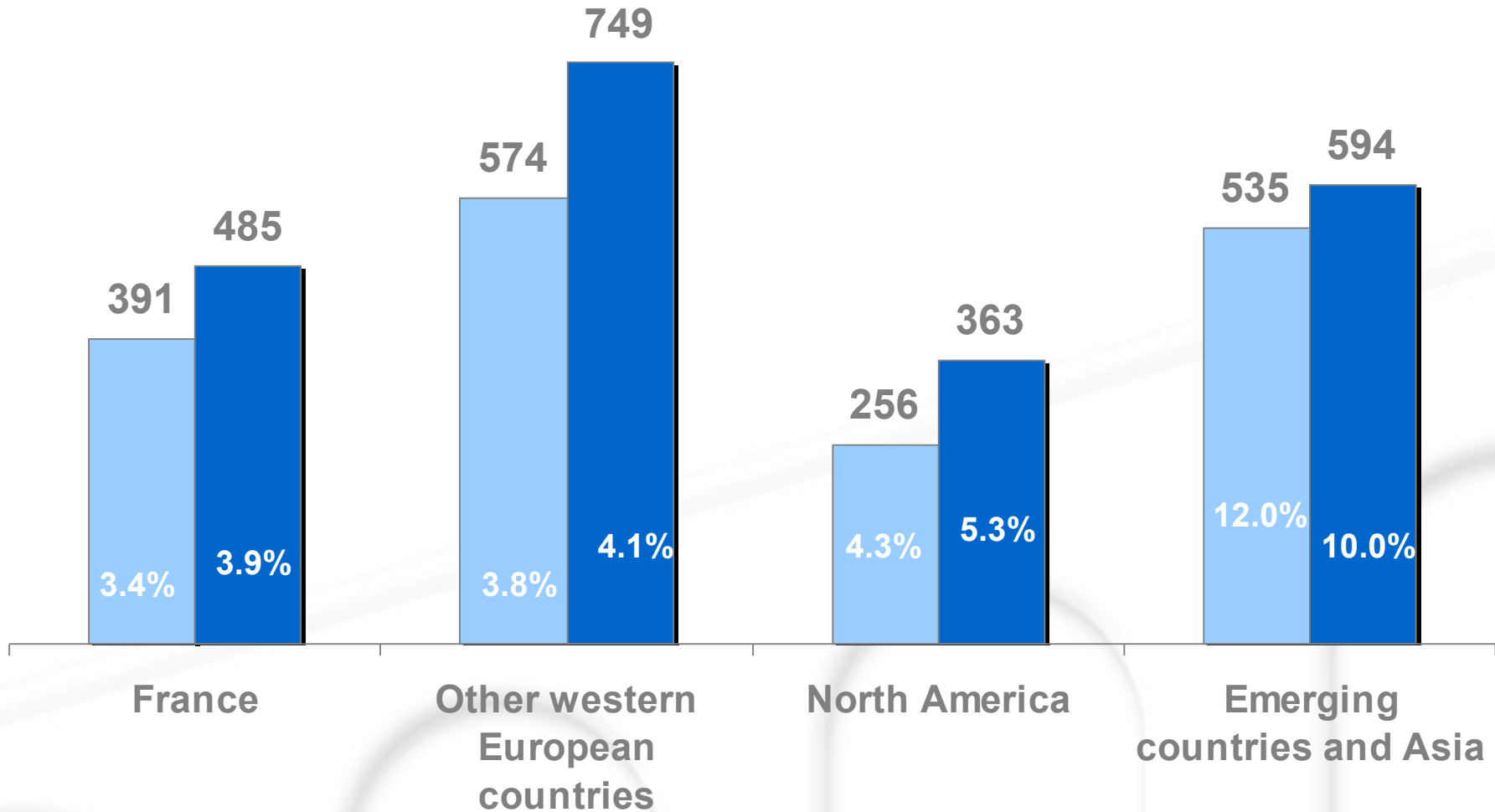


* excl. impact of Grp. savings plan & stock option plan: €58m in 2006, €41m in 2005

Capital expenditure by geographic area

(in €m and as % of sales)

■ 2005 ■ 2006e



2006 Estimated results in a nutshell

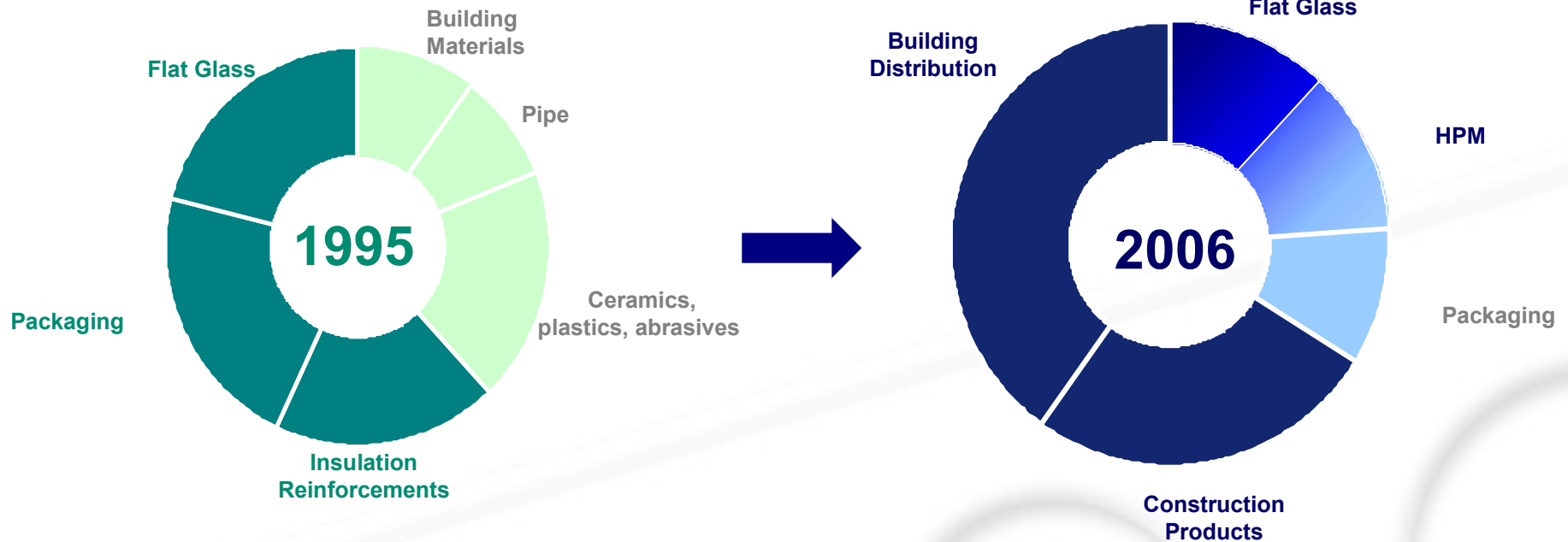
- > **Strong organic growth**
- > Results driven by:
 - **Building Distribution: operating income up 12.6%**
 - **Construction Products: operating income up 124% (up 24% on 2005 proforma)**
- > **Improvement in performance** of Packaging and Flat Glass sectors in the second half, after a first six months hit by rising energy costs

4

Saint-Gobain's Strategy



A decade of transformation



*A Group mainly focused on
glass manufacturing
(60% of sales)*

*A Group focused on
construction markets
(more than 75% of sales)*

Further repositioning in 2006

Around €2bn assets involved so far

- > Sale of **Calmar** and **Synflex** completed
- > Process underway to source partners for the **Flasks** business
- > Completion of the **JV with Owens-Corning** (Reinforcements & Composites) expected H1 2007

Strategic momentum set in motion

- > In line with the business model
- > Appropriate timing to optimize financial conditions

Three major avenues for development

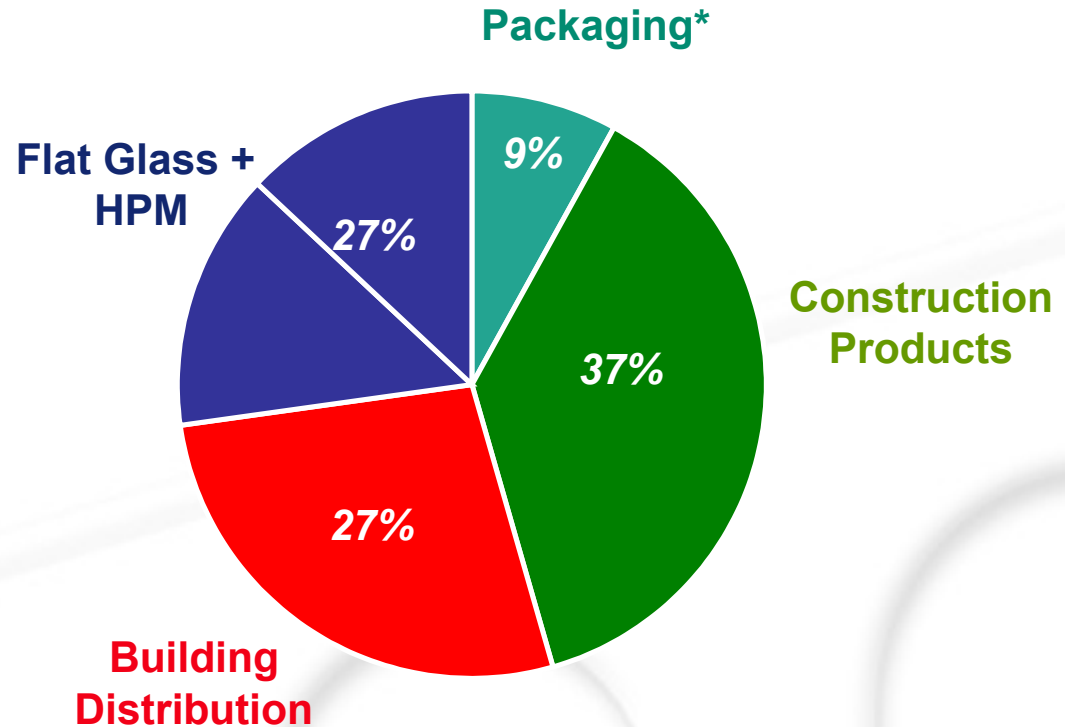
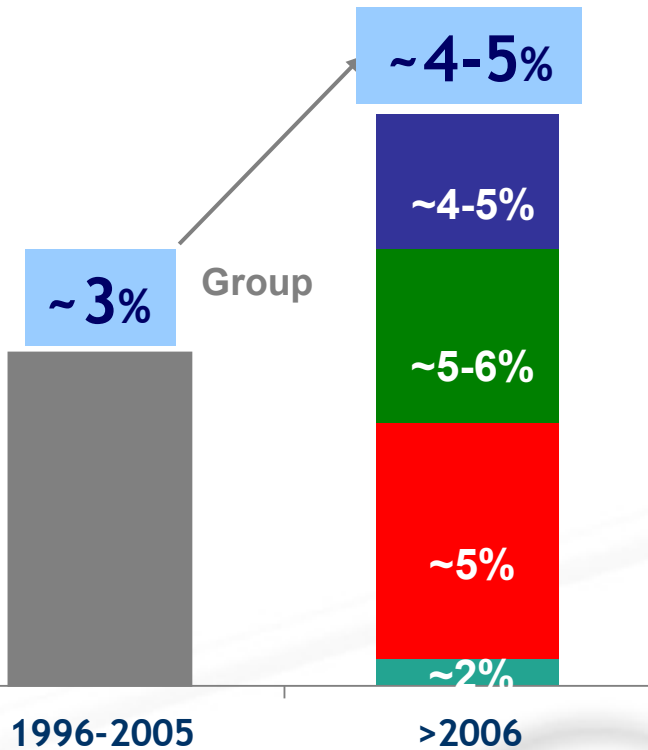
Strengthening worldwide leadership

- > **Geographic expansion:** growth capex in **emerging countries**
→ *25%-30% of the Group's sales (excl. Distribution)*
- > **Acquisitions** to consolidate businesses related to **construction** and **housing** markets
→ *> 80% of the Group's sales*
- > **Innovation** and increased **R&D** initiatives to drive organic growth
→ *High-Performance Materials and Flat Glass*

High-potential businesses

Sales growth

2006 operating income



Acceleration of organic growth

Balanced contributions to operating income

* excl. Calmar

Geographic expansion in emerging countries and Asia

Organic growth

- > 34% growth in sales in 2006
- > Significant capital expenditure: 10% of sales
- > Recent milestones
 - Flat Glass: float-lines in Romania and India
 - CP: plasterboard plant in Malaysia, Insulation facility in Romania, acquisition of a controlling interest in Xuzouh
 - Packaging: new plant in Chile

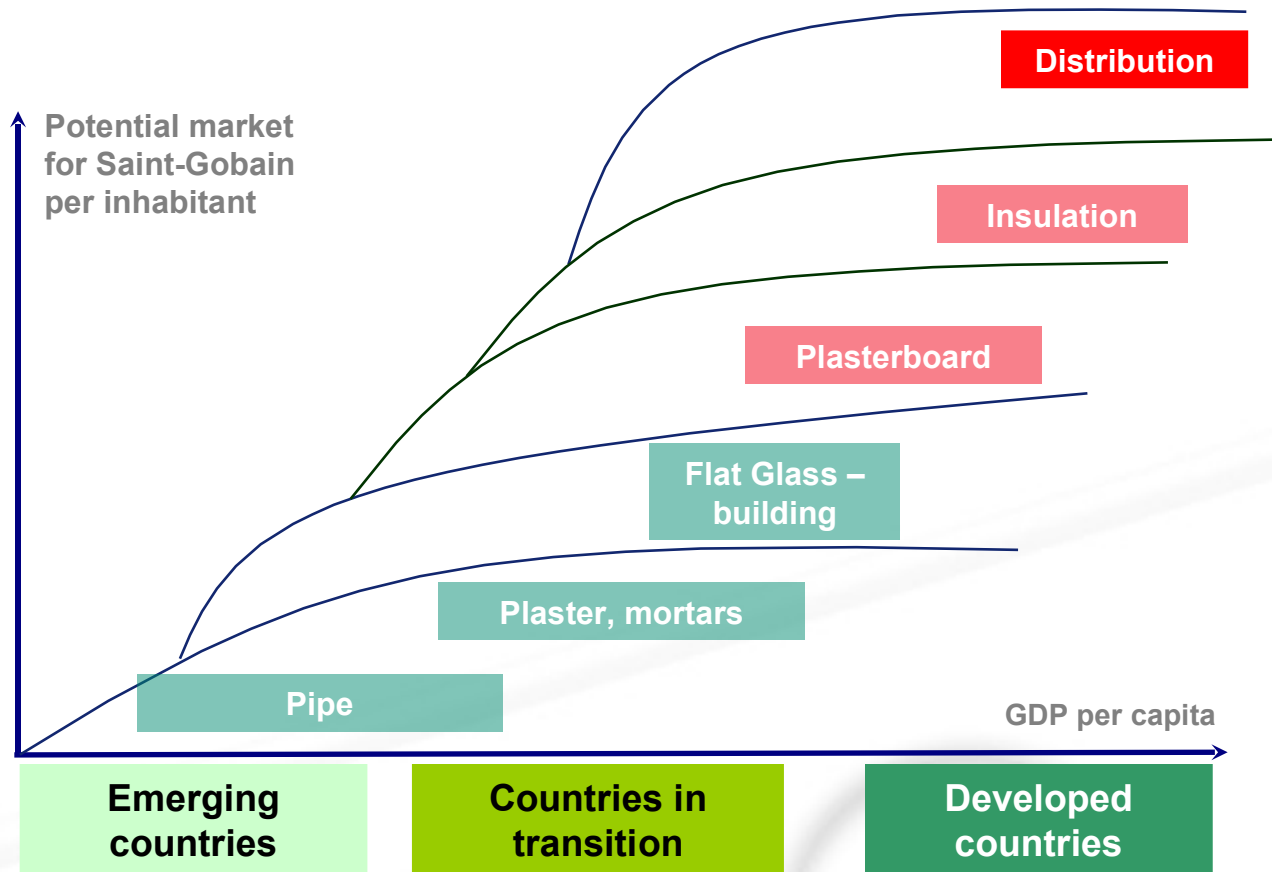


Plasterboard plant in Malaysia



Ultimately around 25%-30% of sales of industrial businesses in emerging countries

Increased pace of geographic expansion



A product and service offering tailored for each stage of development

Strong growth through acquisitions

Building Distribution

- > Building Distribution has proved its **ability to grow rapidly**
 - 1997-2006 CAGR: **+22%** (organic and external growth)
 - Scandinavia: **34%** annual growth since 2004 (Dahl)
 - Poland: **32%** annual growth since 2001
 - Spain: **59%** annual growth since 2001
- > 2006 saw acquisitions in **3 new countries: Ireland, Argentina and Italy**

Strong potential for consolidation

Strong growth through acquisitions

Construction Products

- > Acquisitions in all businesses
 - Insulation: acquisition of **Izocam** in Turkey
 - Mortars: acquisitions in **South Africa, Italy, Argentina, Slovakia**
 - Gypsum: acquisitions in **Algeria and Argentina**
- > The addition of the Gypsum business has helped accelerate the external growth momentum
 - e.g. **South Africa – Tylon**: mortars, leveraging the expertise of BPB's teams
 - e.g. **Argentina – Iggam**: plaster and mortar

Acquisitions: fast-paced development of Construction Products (€250m in full-year sales)

Organic growth through innovation

> Innovation initiatives focused on **High-Performance Materials and Flat Glass**

- R&D costs: **up 11%** in 2006
- Construction of a research center in Shanghai and extension of the Aubervilliers center

> **Three major target markets**

- Housing
- Environment
- Energy

Promising results

Examples

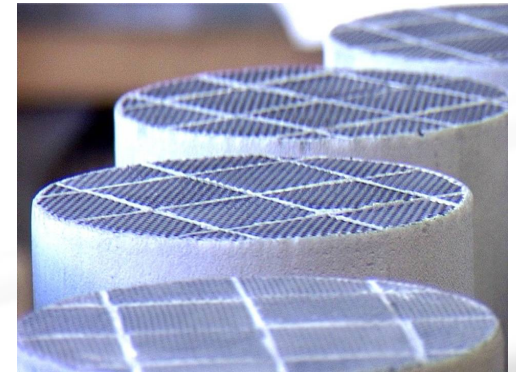
> Photovoltaic glass

- JV with Avancis/Shell to produce solar captors at reduced cost

> Particulate filters for diesel engines

> New functional products for building applications

- **Woodprotect** – Lapeyre: “revolutionary” hydrophobe treated wood
- **Ultimate**: fire-resistant glass wool
- **Glasroc**: glass-fiber plasterboard
- **Privalite**: electrically-operated clear or transparent glass



Particulate filters



A dynamic strategy

- > **Evolving Group businesses**
- > **Enhanced synergies on construction markets**
- > **Fast-paced geographical expansion, particularly in emerging countries**
- > **A powerful technological platform to drive growth**



Clear growth and profitability levers

5

Outlook and Objectives for 2007



Economic assumptions for 2007: economic climate to remain favorable

Construction (residential, commercial and renovation):

- > Buoyant demand in Europe with the recovery in Germany taking hold
- > Slowdown in housing starts in the US, but the trend in commercial construction and renovation markets should remain positive
- > Strong growth in emerging countries

Capital expenditure and industrial output should remain satisfactory in both Europe and the US

Household consumption should see moderate growth in Europe and the US, and strong growth in emerging countries

2007: Continuing uncertainties

In particular:

- > Developments in the **US economy**
- > Cost of **energy**, transport and raw materials
- > US **dollar** and Asian currency trends
- > Political instability and/or uncertainty as regards energy policies

Outlook for Saint-Gobain businesses in 2007

- > **Building Distribution:** sustained growth and further improvement in profitability
- > **Construction Products (CP):**
 - vigorous growth in interior building solutions (BPB and Insulation)
 - continuing improvement in Pipe
 - soft landing for Building Materials in the US
- > **High-Performance Materials (HPM):** slight upswing in performance
- > **Flat Glass:** recovery observed in H2 (volumes and sales prices) set to continue
- > **Packaging:** recovery in the US and modest growth in Europe



Another year of growth

2007 Objectives: ongoing roll-out of the business model

In particular:

- Pursuing the disposal program
- Completing the BPB integration: €50m of additional cost synergies
- Stepping up acquisitions (CP and Building Distribution)
- Continuing to invest heavily in interior building solutions and emerging countries
- Exercising continued tight control over costs, productivity, operating working capital, etc.

2007 Objectives

- > Sustained good level of **organic growth**
- > Robust increase in **operating income** at constant exchange rates*
- > Double-digit growth in **net income** excluding capital gains and losses on sales of non-current assets
- > Ongoing high level of free cash flow and strong balance sheet structure

These objectives are based on the assumption that both Saint-Gobain Desjonquères and the Reinforcements & Composites business will be deconsolidated in first-half 2007, but do not reflect any other major scope adjustments that may occur in 2007

** average exchange rates for 2006*

2006 Estimated Results and Outlook for 2007

Analysts – Investors Meeting

January 29, 2007

