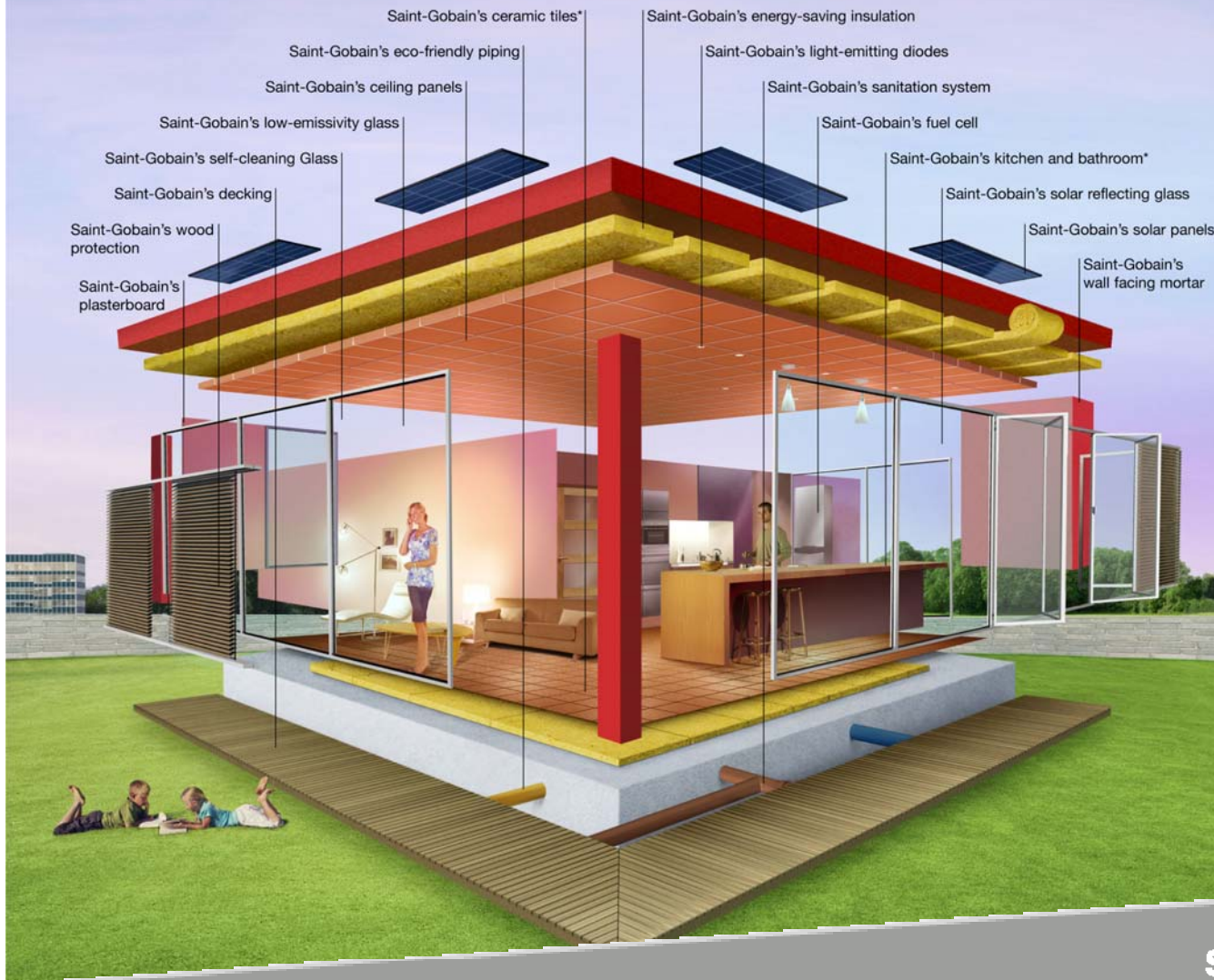


Energy-saving, innovation, environment-protecting.



1st Half 2008 Results

Analysts-Investors
Meeting

July 2008

Contents

- 1** Highlights
- 2** Group Results
- 3** Priorities for Action
- 4** 2008 Outlook and Objectives



1

Highlights



First-half 2008 key figures

	Amount in €m	Change H1-2008/H1-2007	
		Actual	At constant exchange rates**
Sales	22,141	+1.7%	+4.9%
Operating income	2,005	-4.2%	-2.3%
Recurring net income*	1,101	+3.2%	



A solid performance despite a high comparison basis

* excluding capital gains on disposals and asset write-downs

** average exchange rates for first-half 2007

Challenging economic conditions

- > Continued **downturn** in **residual construction** in the **US**
- > **Slowdown** in **Europe** in the **2nd quarter**, amplified by a high comparison basis (H1 2007)
- > Ongoing **strong growth momentum** in **Asia** and **emerging countries**
- > **Good level** of **industrial activity** worldwide
- > **Volatile and difficult macro-economic climate**: inflation (energy, commodities), financial crisis, weak dollar

Results hold firm in first-half 2008

Despite a high comparison basis (first-half 2007)

- > **Organic growth of 2.2%** and fresh increases in sales prices **(up 3.1%)**
- > **Operating income** at constant exchange rates* **close to the high level achieved in first-half 2007 (down 2.3%)**
- > **Moderate growth in recurring net income** (up 3.2%)**
- > **High level of cash flow (€1.9bn), and further improvement in working capital**
- > **Solid financial structure**

* based on average exchange rates for H1-2007

** excluding capital gains and losses, exceptional asset write-downs and Flat Glass fines

Priorities for action

1. Strong capacity to adapt to economic climate

- **Accelerated roll-out of structural cost savings programs** as announced in 2007 (€85m in 2008)
- **Enhanced competitiveness drive** (€215m of cost savings in 2008 - €350m on a full-year basis)
- **Management of prices, capacity and financing**

2. Search for growth opportunities stepped up

- **Increasingly fast-paced development in emerging countries**
- **Ongoing innovation efforts**, particularly in the areas of energy and environmental protection
- **Targeted acquisitions in Construction markets** (swift integration of Maxit, almost €600m in bolt-on acquisitions)

2 Group Results and Operating Performance

A. Group

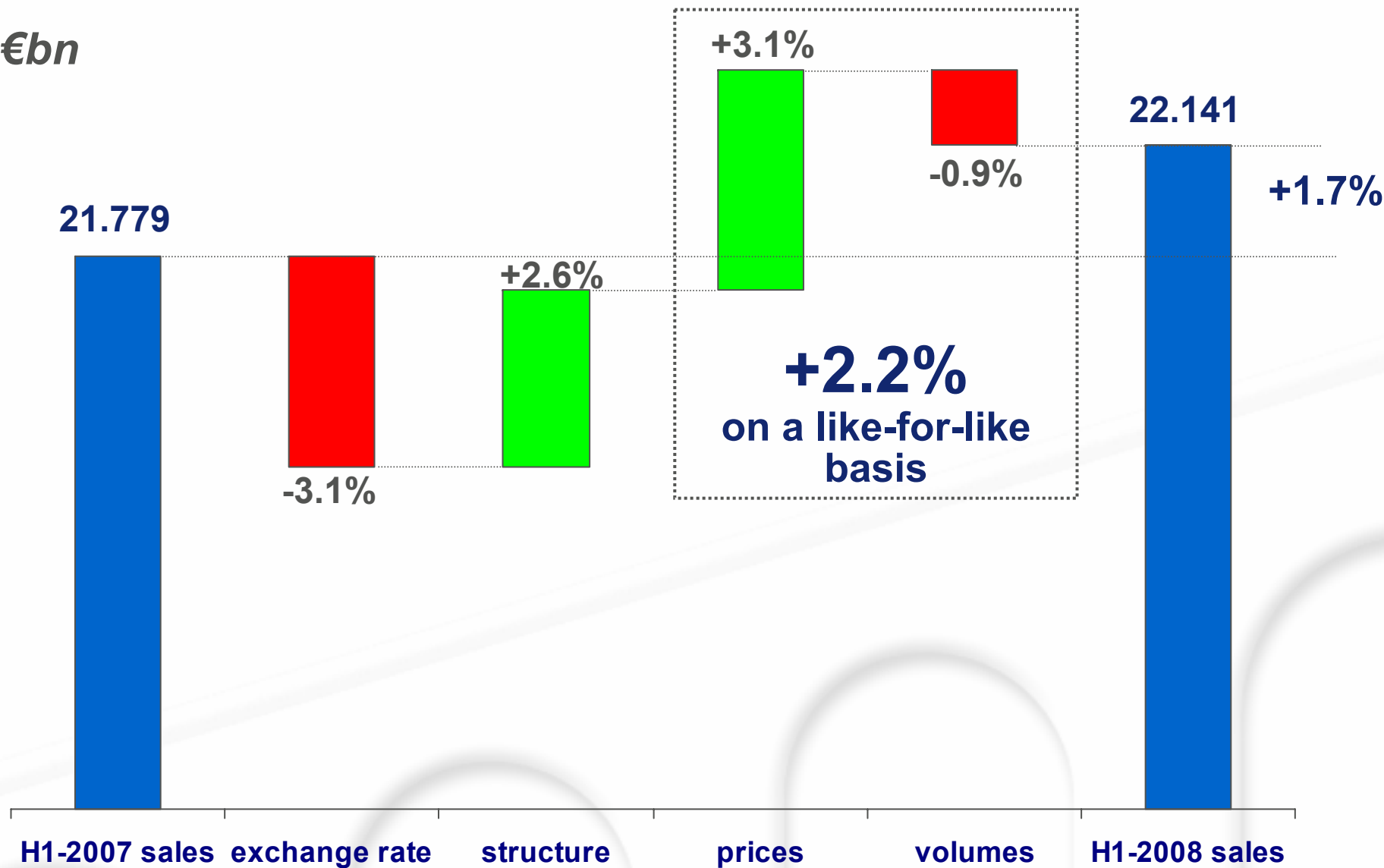
B. Sectors

C. Geographic areas



Sales

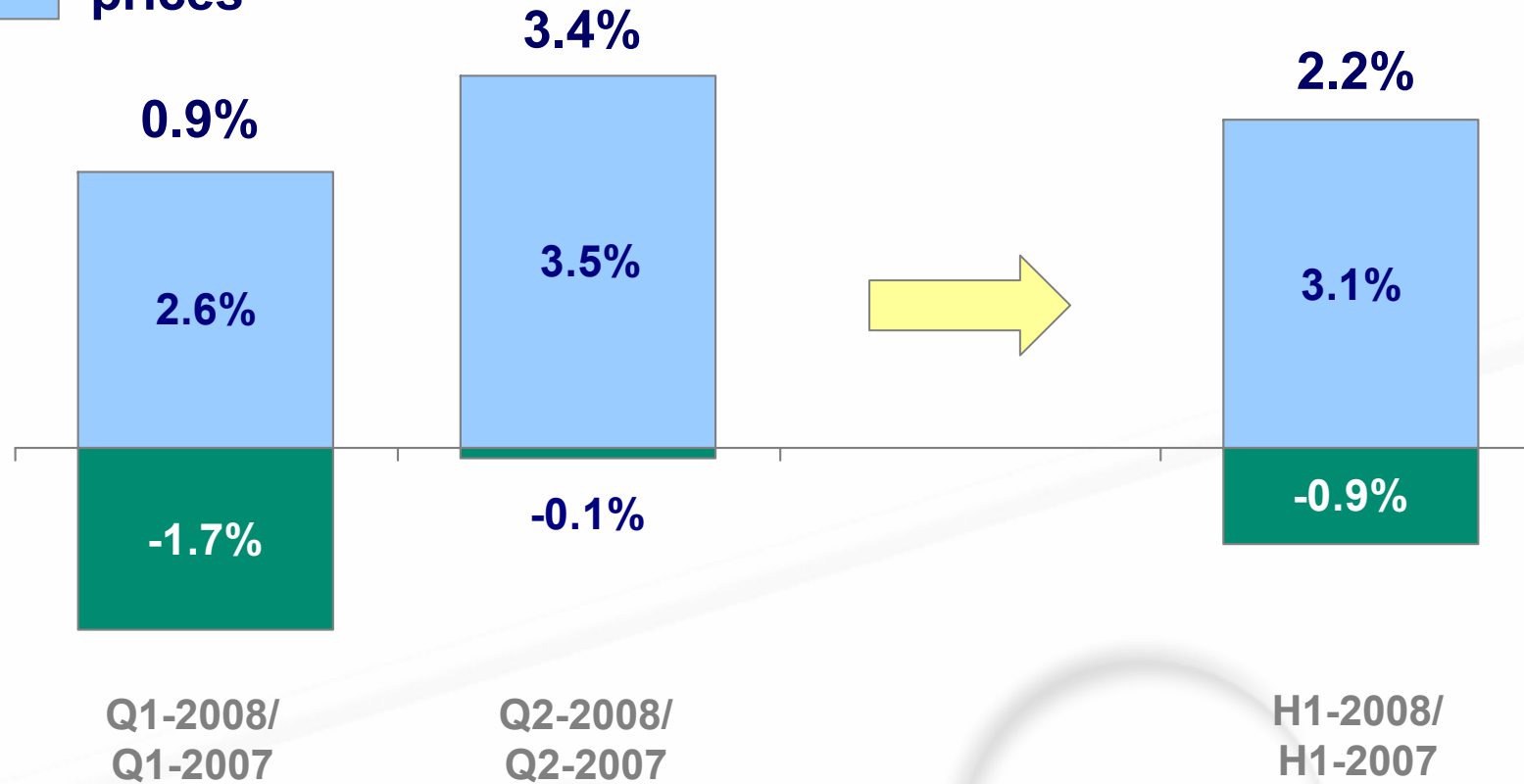
€bn



Organic growth

% change in 2008/2007 sales
on a like-for-like basis

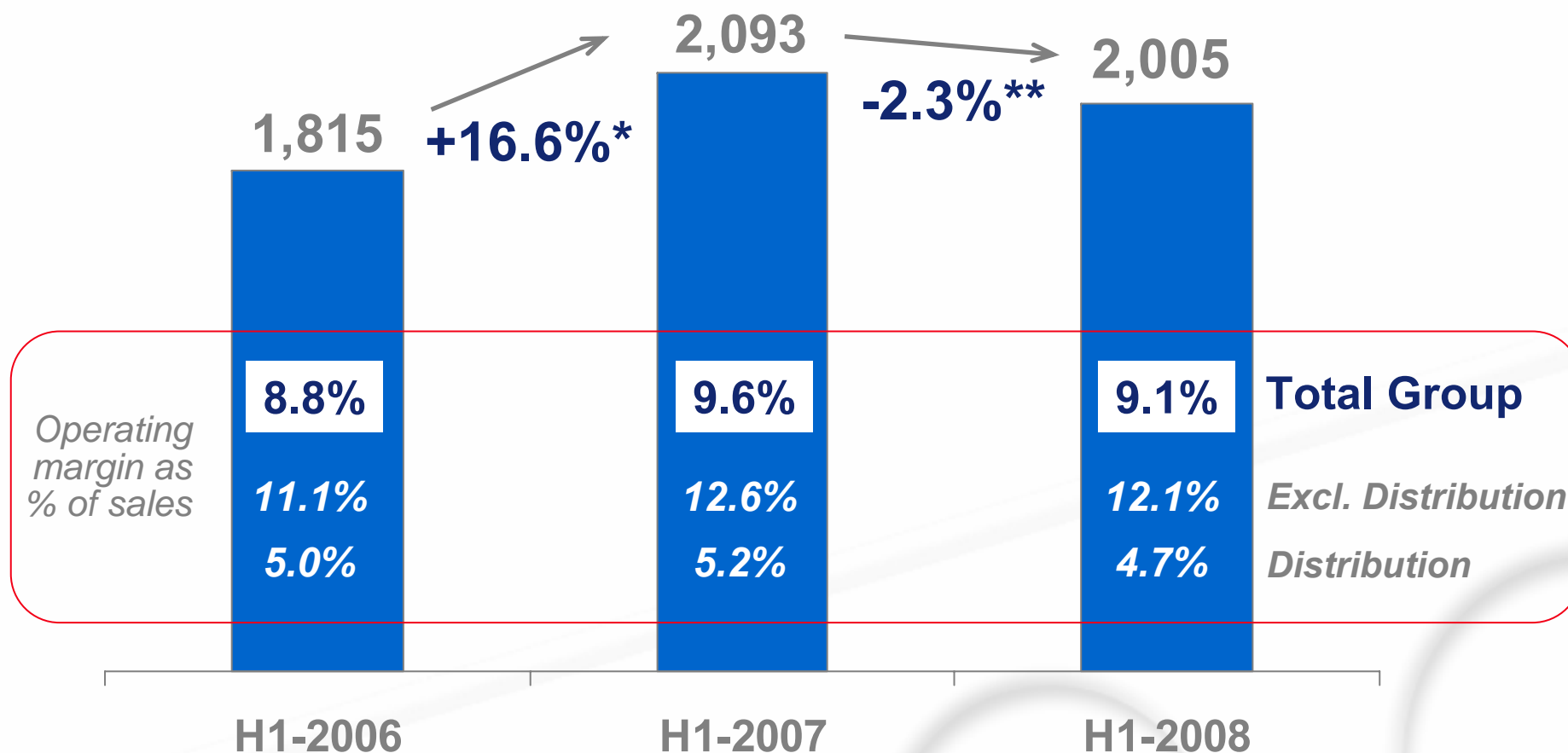
 volumes
 prices



Further price increases in Q2

Operating income

€m



* at constant exchange rates (H1-2006 average)

** at constant exchange rates (H1-2007 average)

Outstanding claims

Asbestos claims against CertainTeed in the US

- > Approximately **\$70m*** paid out (trailing 12-month basis) (\$73m in 2007 and \$83m in 2006) and a further **€37.5m** set aside to the **provision** (\$489m provision at end-June 2008 versus \$473m at end-December 2007)

<i>* estimates</i>	2007	June 2008 (trailing 12-month basis)*	H1 2007	H1 2008*
New claims	6,000	5,000*	4,000	3,000*
Claims settled	8,000	7,000*	5,000	4,000*

- > **Outstanding claims at June 30, 2008: 73,000*** (74,000 at end-2007)

Flat Glass

- > February 2005: **anti-trust enquiry** launched by the European Commission (**construction and automotive glass**)
- > March 2008: **€134m** fine paid for **construction glass** (further to European Commission's ruling of November 2007)
- > Proceedings still in progress for **automotive glass: provision of €560m** at 12/31/07

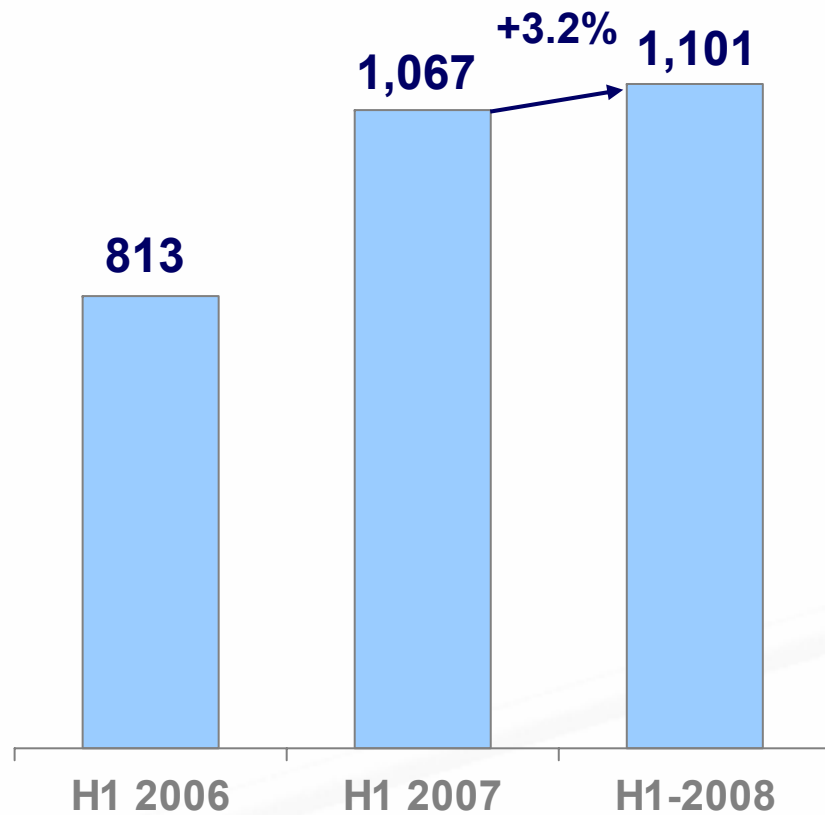
Non-operating items

€m

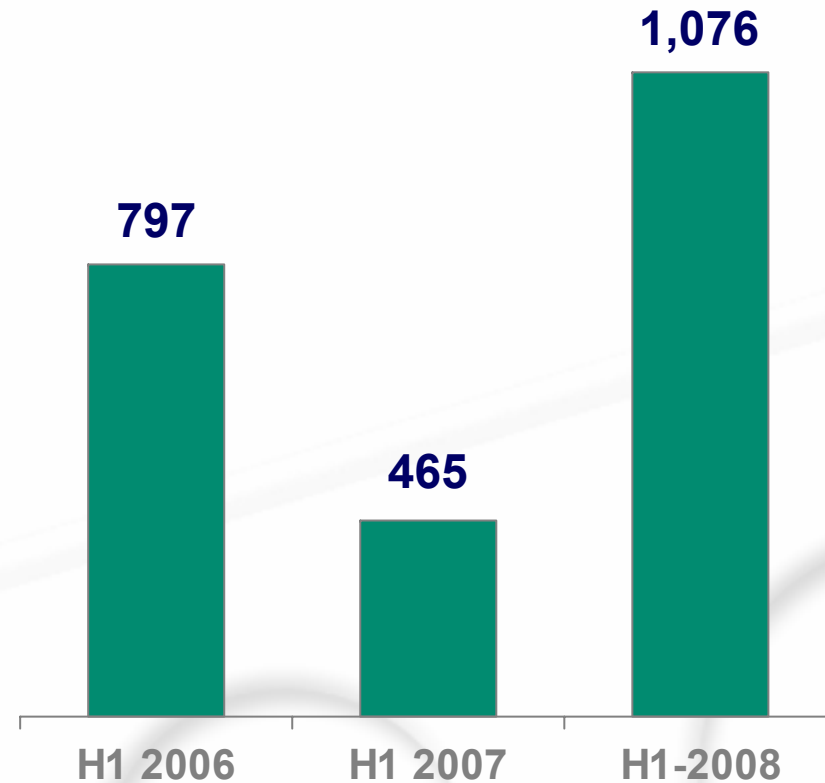
	H1-07	H1-08	Change
Operating income	2,093	2,005	-4.2%
Non-operating costs	(776)*	(79)	
Other operating costs	+3	(31)	
Business income	1,321*	1,897	+43.6%
* after €650 provision for Flat Glass fines at 06/30/07			
Net financial expense	(351)	(352)	
Income taxes	(491)	(444)	
Tax rate on recurring net income	33%	29%	

Recurring net income*

€m



Net income



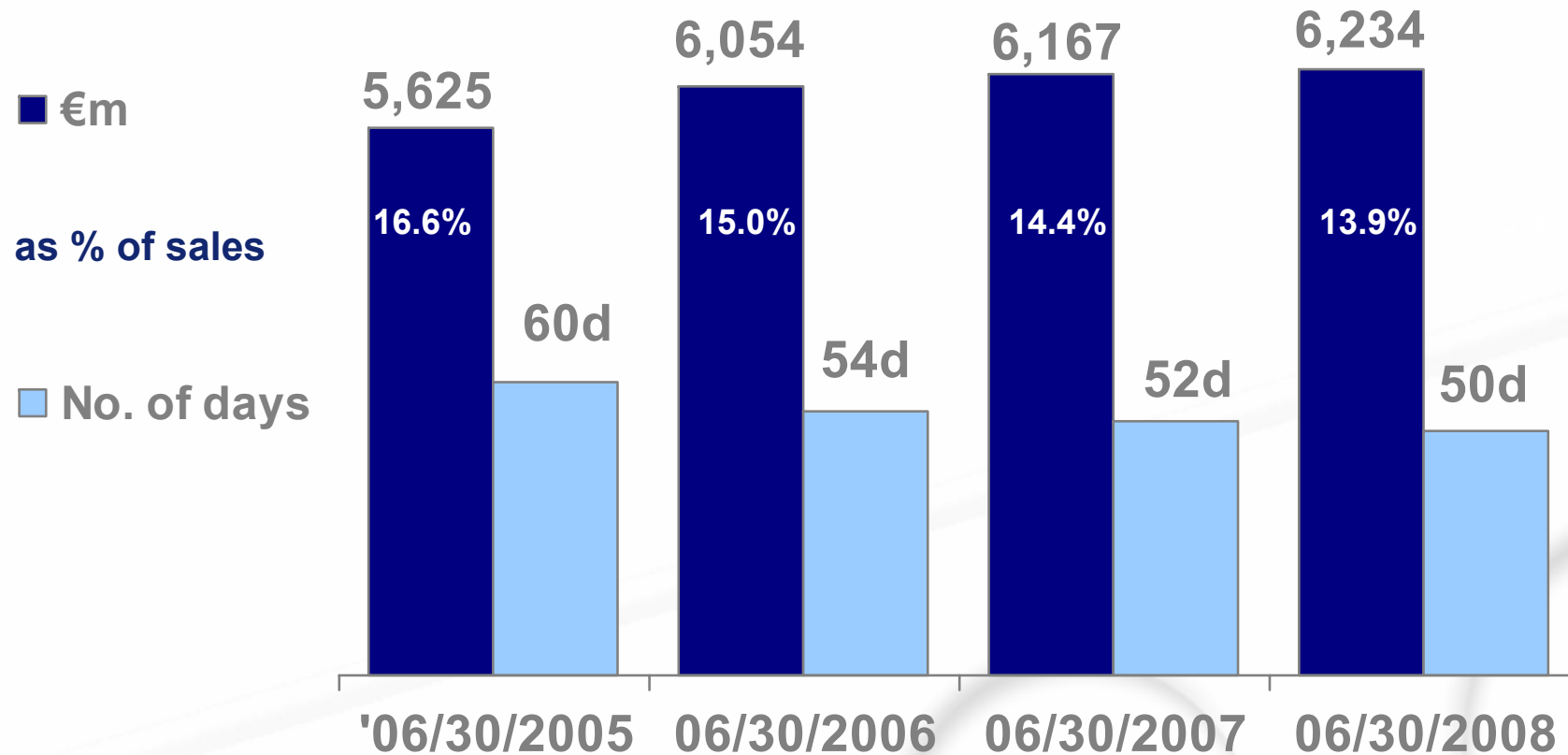
> **Recurring EPS*: €2.88 (+1.0%)**

EPS: €2.81 (+127%)

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

Operating working capital

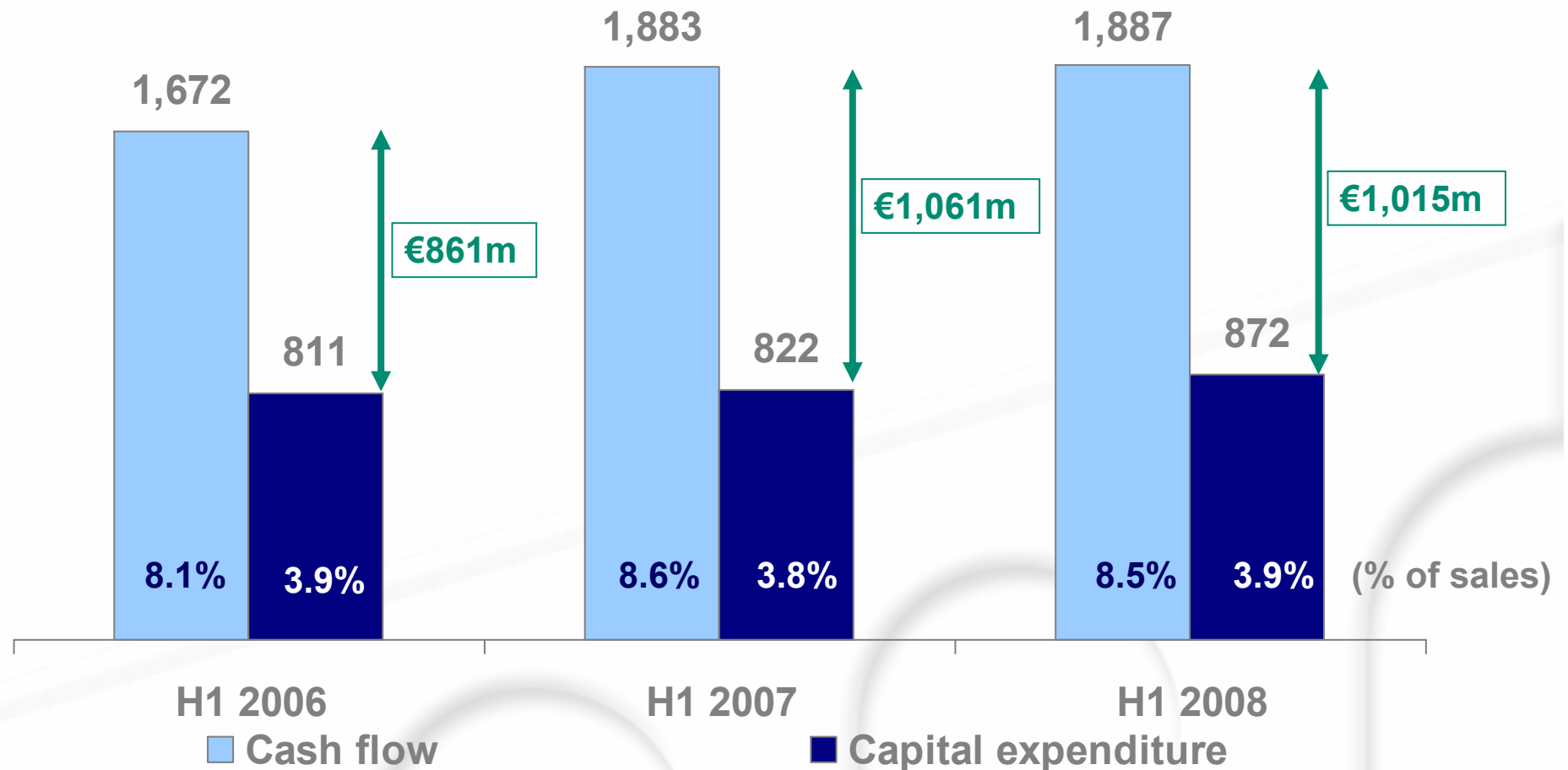
(€m, as % of sales and in no. of days)



Further advances: -10 days in 3 years

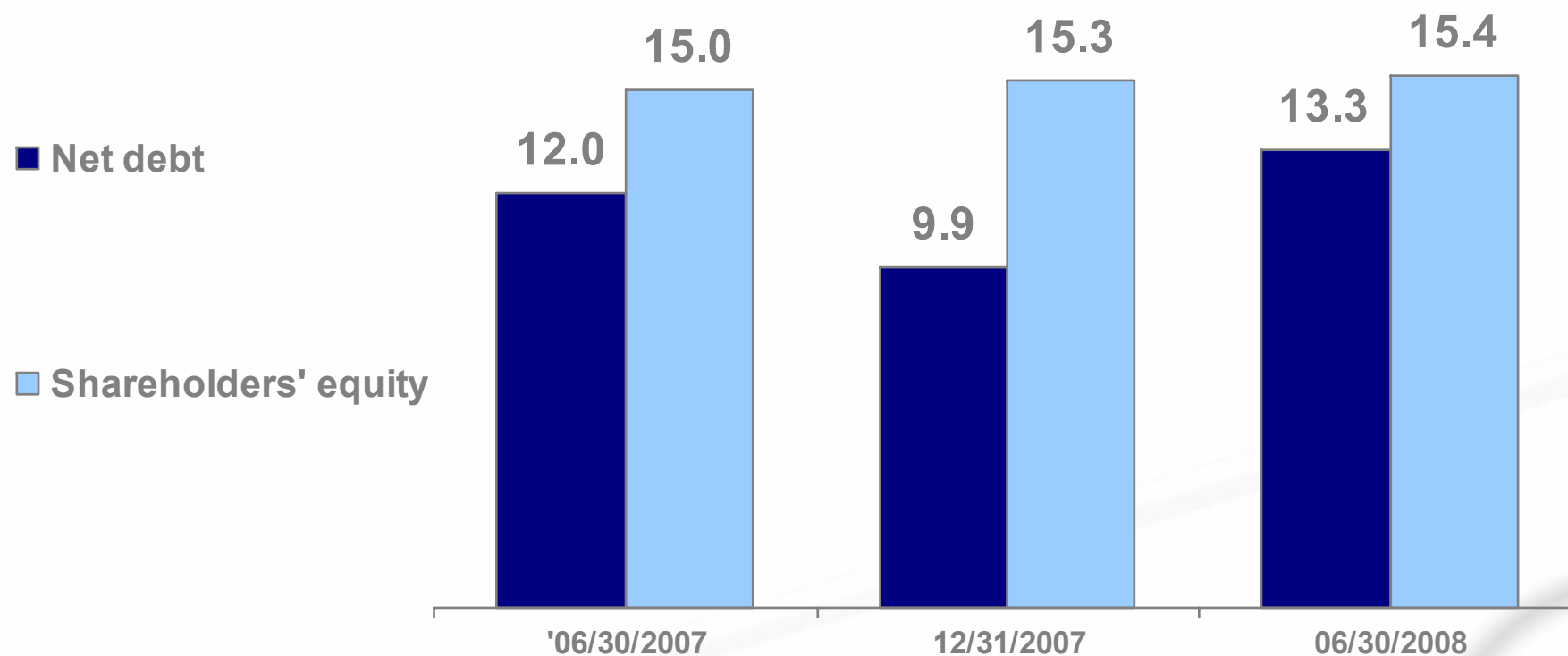
Cash flow from operations and Capital expenditure (excluding capital gains tax)

€m



Net debt and shareholders' equity

(€bn)



> Net debt/equity	80%	65%	86%
> Net debt/EBITDA	2.2	1.7	2.4
> Interest cover	6.0	5.9	5.7

Acquisitions and disposals in first-half 2008

> Acquisitions **€2,178m**

o/w: Construction Products*	€1,567m
Building Distribution	€503m
Innovative Materials	€55m
Packaging	€53m

> Disposals** **€77m**

* including Maxit for €1,526m

** including sales of non-current assets for €32m

2 Group Results and Operating Performance

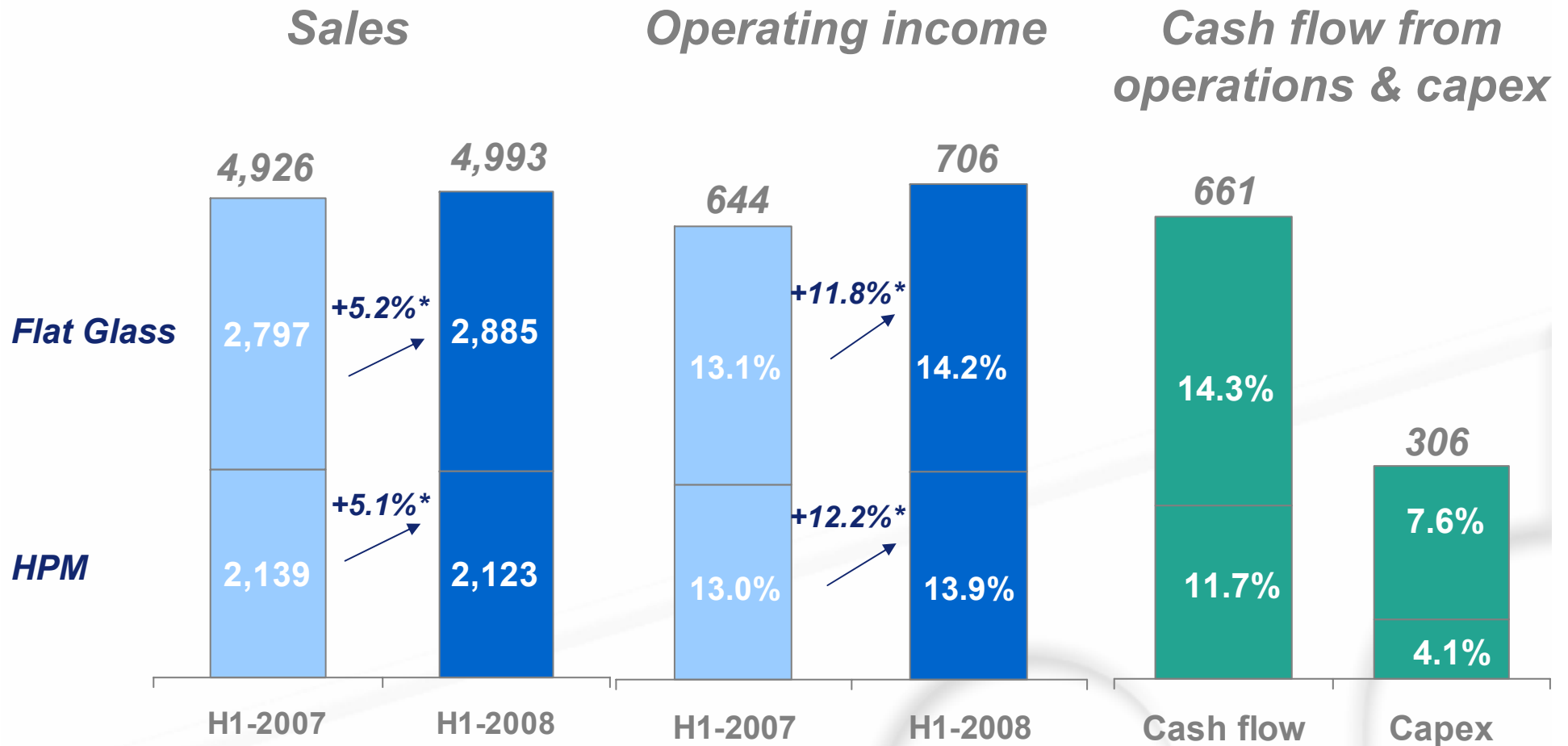
A. Group

B. Sectors

C. Geographic areas



Innovative Materials (Flat Glass-HPM) (€m and as % of sales) excluding divested businesses

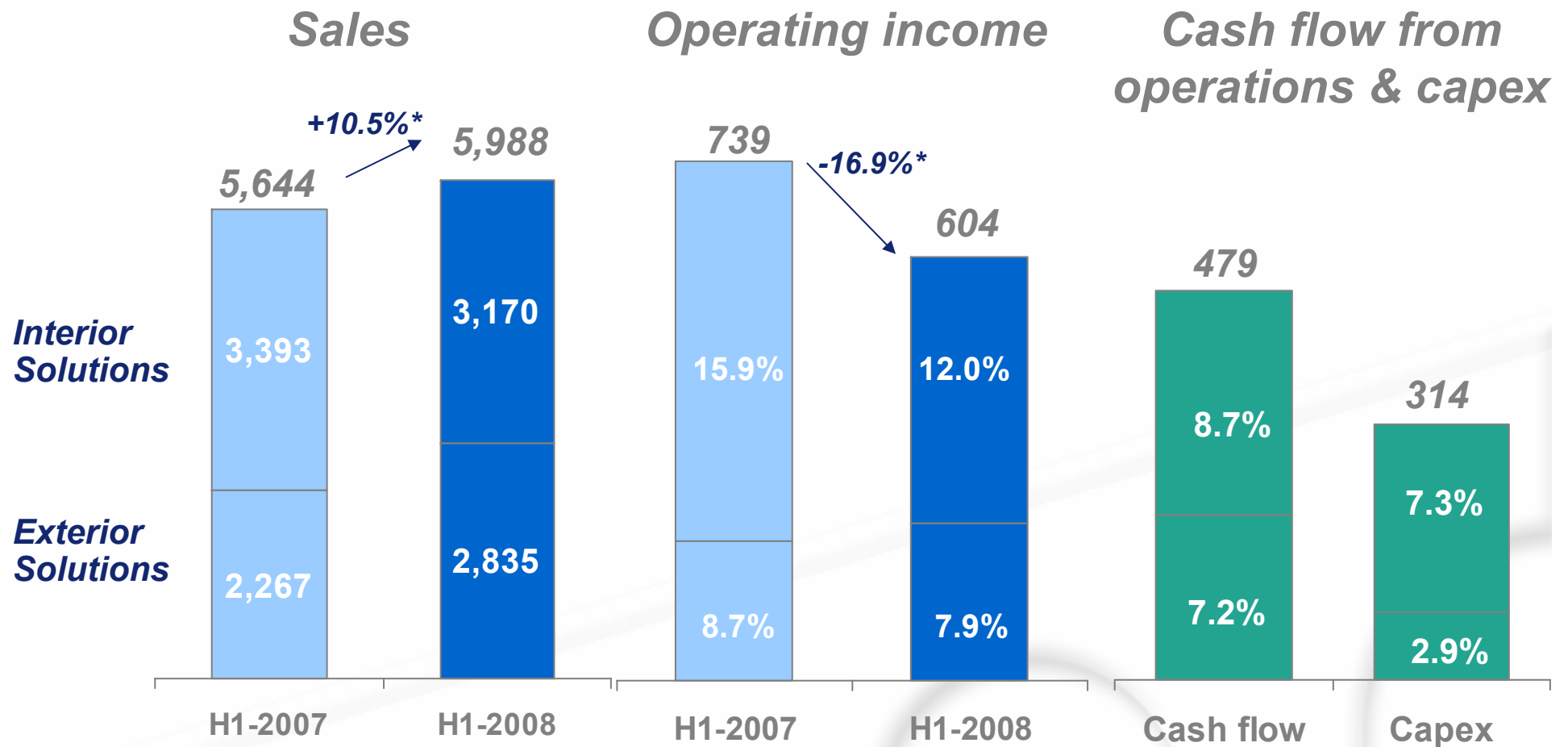


Like-for-like +3.9%
Flat Glass +4.7%
High-Performance Materials +3.0%

13.1% **14.1%**

* at constant exchange rates

Construction Products (€m and as % of sales)



Like-for-like +1.5%
Interior Solutions -3.4%
Exterior Solutions +8.9%

13.1% **10.1%**

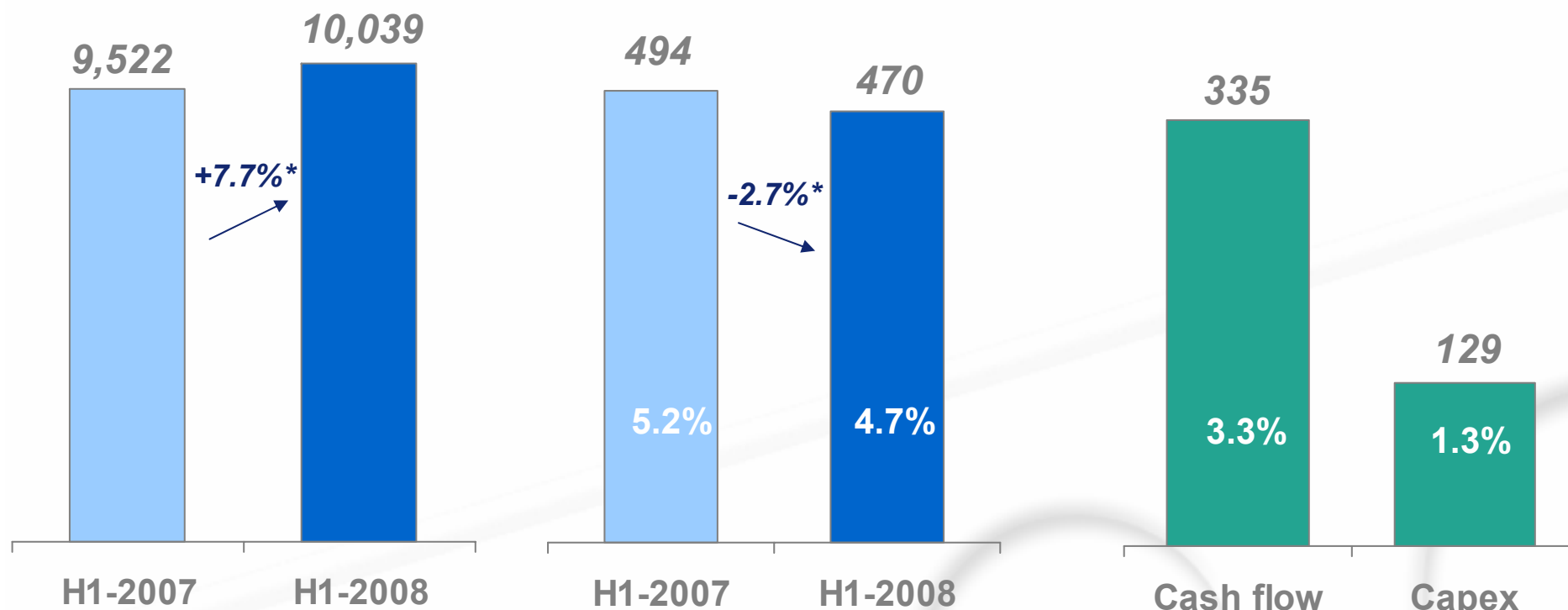
* at constant exchange rates

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

Sales

Operating income

Cash flow from operations & capex



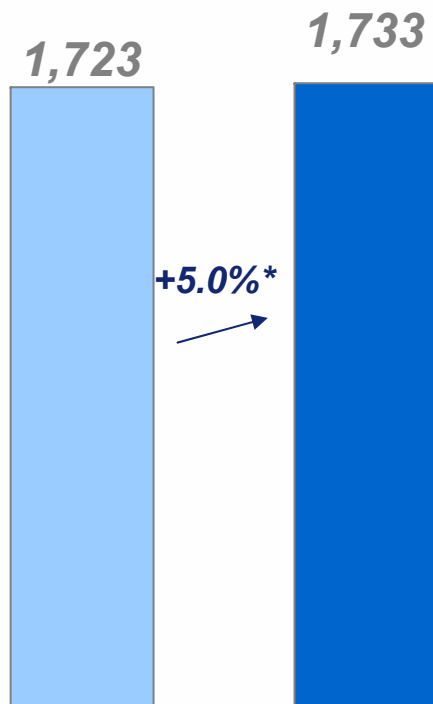
**+1.2%
like-for-like**

* at constant exchange rates

Packaging (€m and as % of sales)

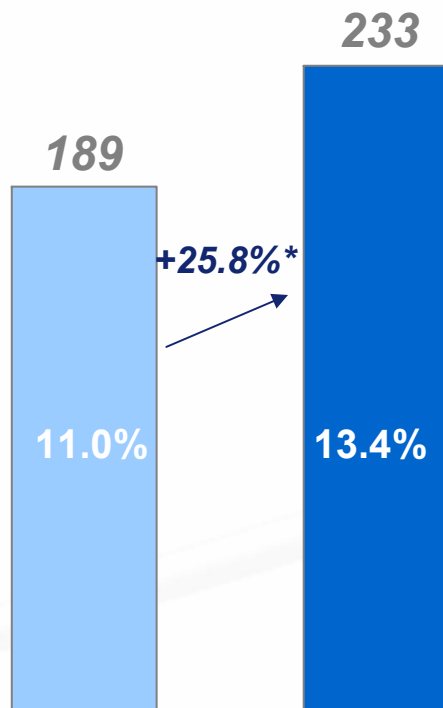
excluding divested businesses

Sales



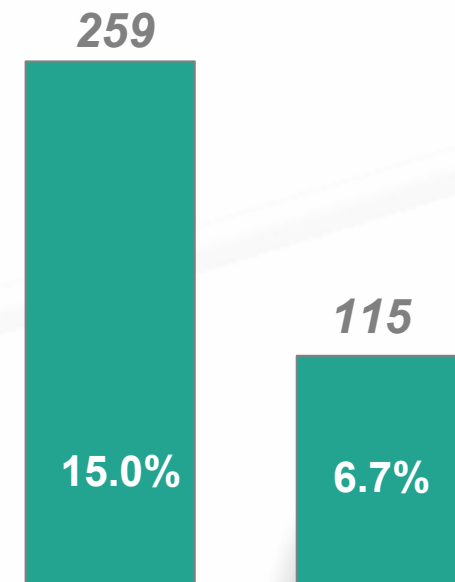
+5.0%*

Operating income



+25.8%*

Cash flow from operations & capex



+6.5%
like-for-like

* at constant exchange rates

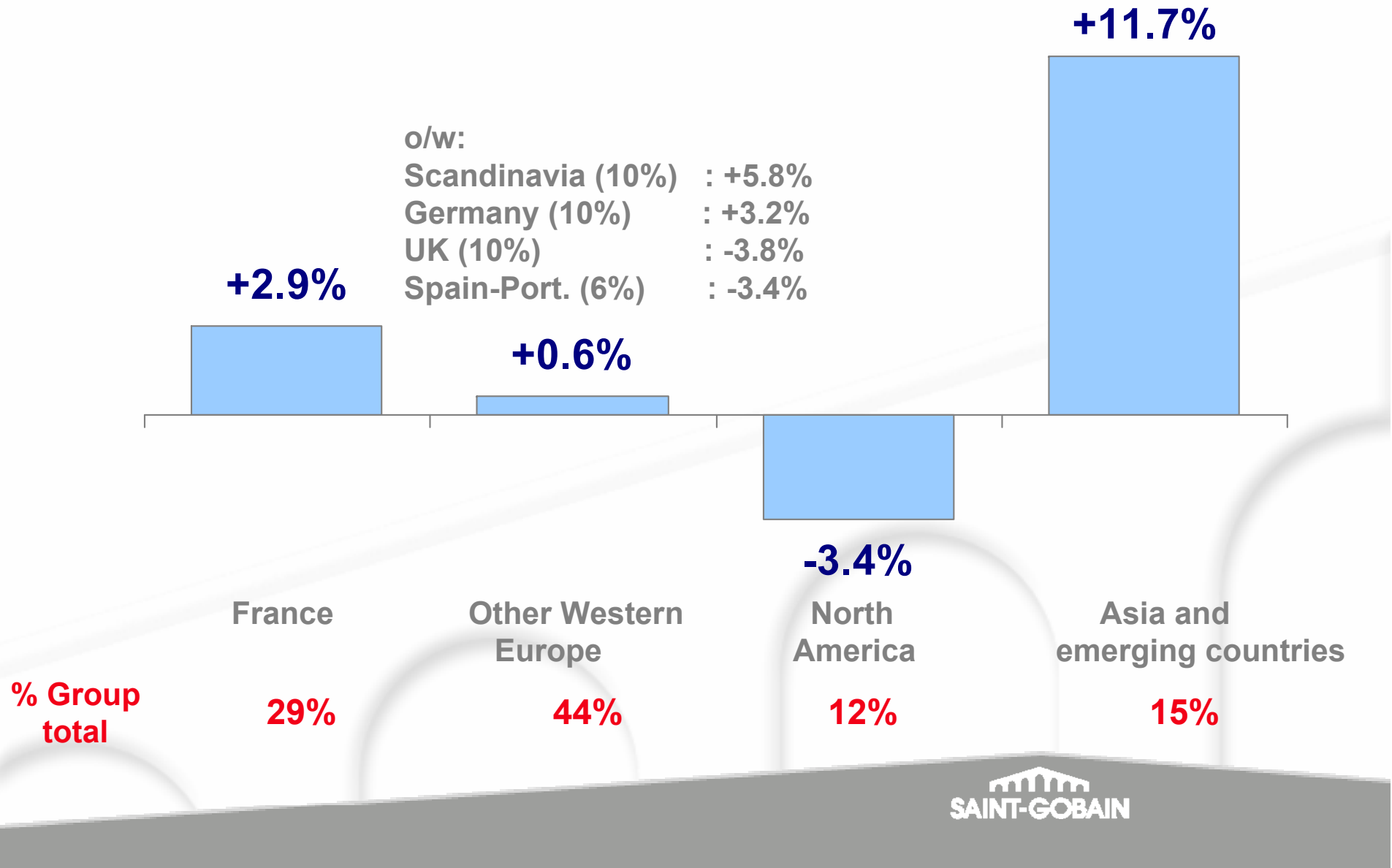
2 Group Results and Operating Performance

- A. Group
- B. Sectors
- C. Geographic areas



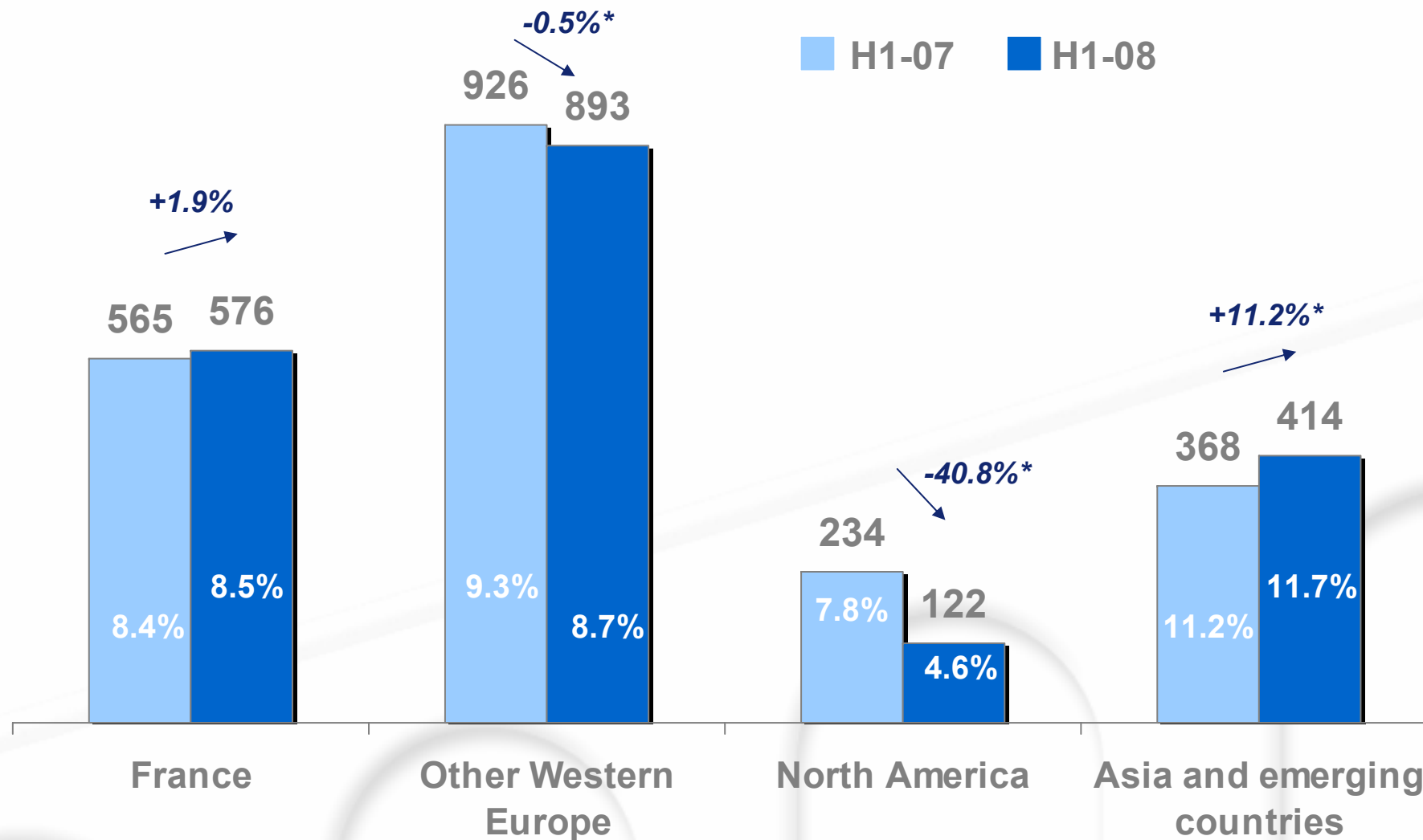
Organic growth by geographic area

% change in H1-2008/H1-2007 sales
on a like-for-like basis



Operating income by geographic area

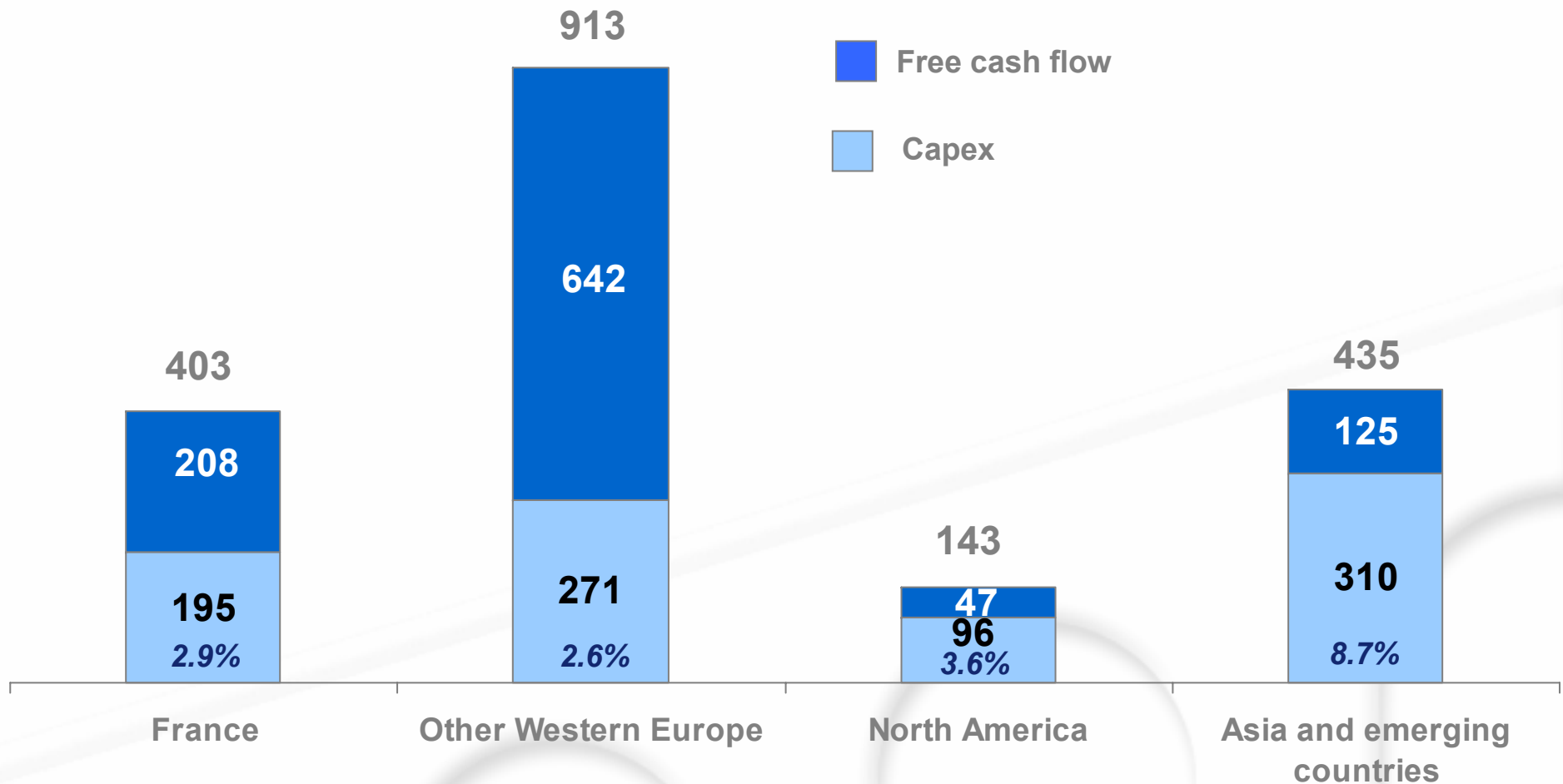
(€m and as % of sales)



* at constant exchange rates

Cash flow and Capex by geographic area

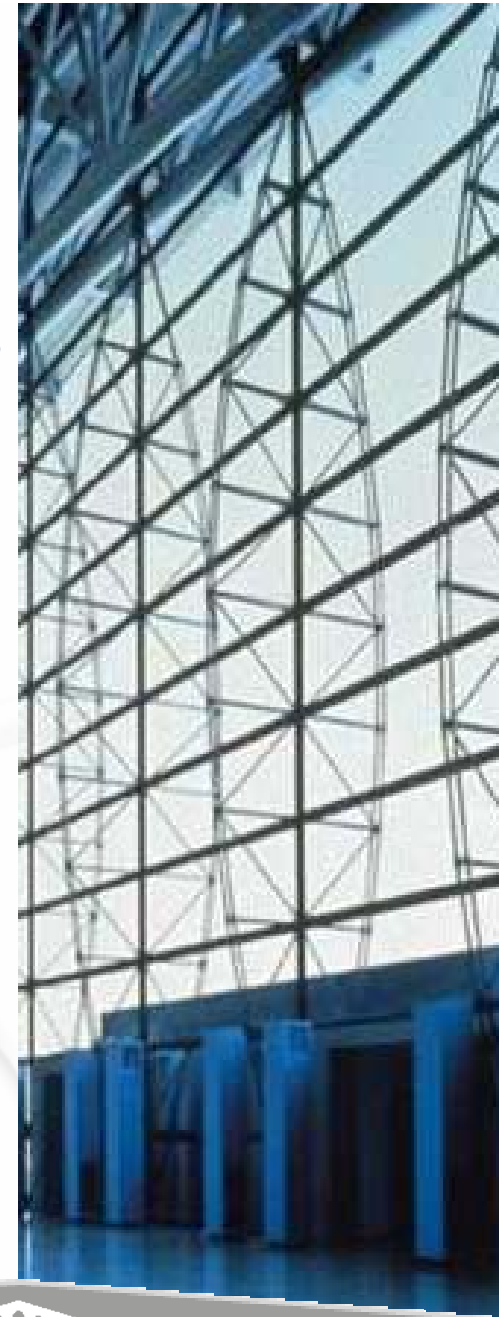
(€m and as % of sales)



Free cash flow = Cash flow – Capex

3

Priorities for Action



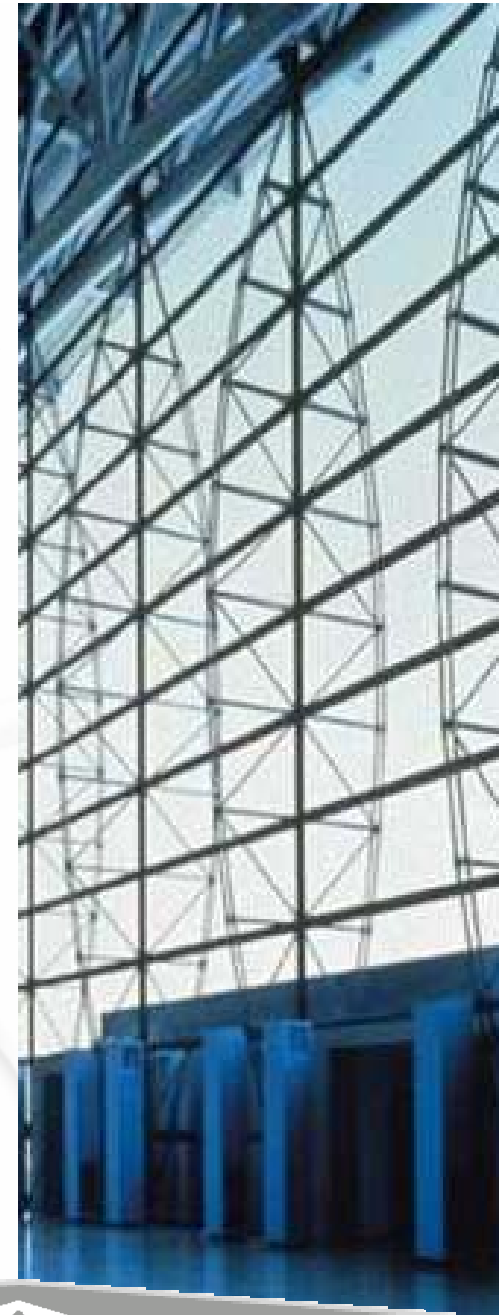
Significant downturn in global economic climate

- > Subprime crisis followed by **financial crisis** → **squeeze on credit** and gradual rise in **interest rates**
- > Upward spiral in **energy** and **commodity prices** → significant impact on **inflation**
- > Continued **decline** in outlook for **US Construction market**
- > Gradual **slowdown** in growth **across Europe**
 - Abrupt downturn in Construction in the UK and Spain
 - Slowdown in the rest of Europe over the last few months

3

Priorities for Action

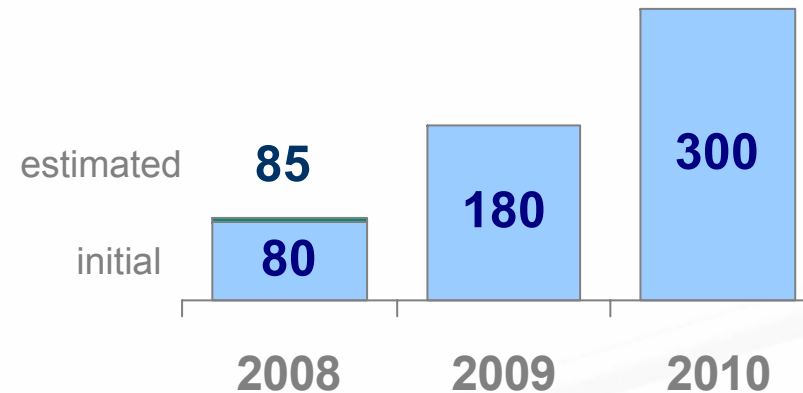
- A. Strong capacity to adapt to changes in the economic climate
- B. Search for growth opportunities stepped up



Roll-out of structural programs related to new Group strategy

Ahead of schedule

> Summary of objectives



> Savings in H1-2008 and projects for H2-2008

- More than **230 projects** launched
- **Finance-HR: launch of shared services** in all major countries
- **IT: optimization of Group infrastructure** and **ERP skills centers**
- **€50m in additional purchase savings** in full-year 2008 (ongoing centralization drive)

Measures swiftly put in place to address a challenging economic climate

- > **United States:** continuation of **restructuring measures** implemented since the onset of the Construction crisis
 - Production stopped at **19 sites**/lines (14 in 2007, 5 in H1-2008)
 - New measures planned for upcoming months

- > **UK and Spain:** **swift reaction** to downturn
 - Halt to imports and reduction of factory teams
 - **25** Distribution outlets and **8** plants closed
 - Additional action plans to be launched by the end of 2008

- > **Other European countries:** departure of **temporary staff**, **hiring freeze**

Substantial cost savings

> Around **40%** of measures **already launched** at end-June 2008

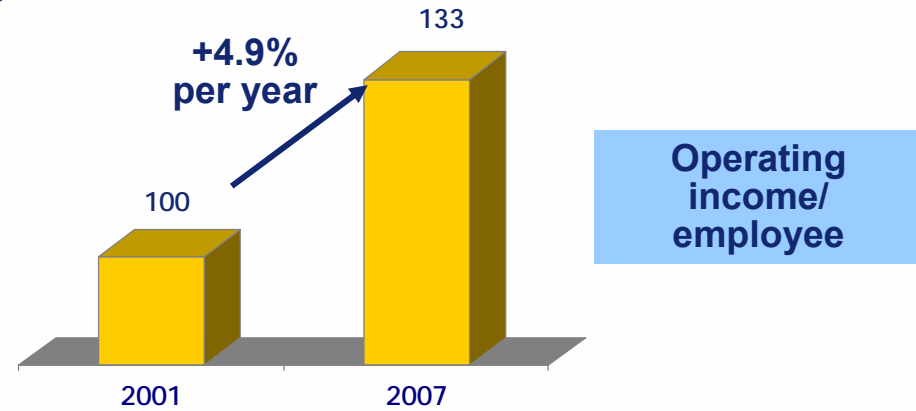
	2008 impact	Full-year impact
Workforce reductions* <i>(estimated)</i>	4,000	6,000
o/w		
▪ <i>US</i>	1,550	2,200
▪ <i>UK</i>	1,100	1,500
▪ <i>Spain</i>	270	560

	300	435
Cost savings (€m) <i>(estimated)</i>		
o/w		
▪ <i>Adjustments/Productivity</i>	215	350
▪ <i>Structural programs</i>	85	85

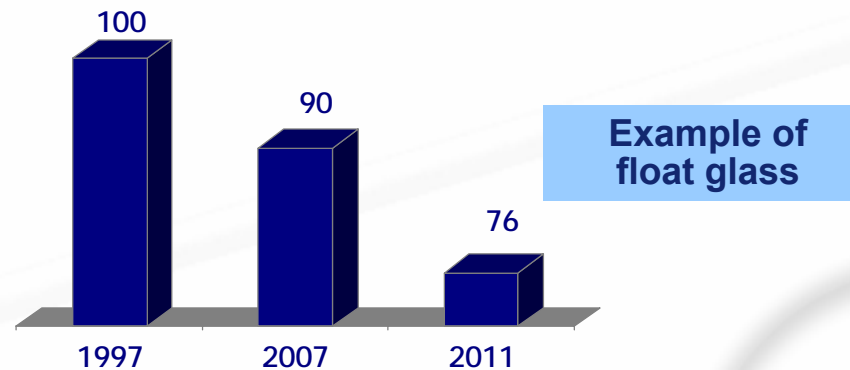
> **Implementation costs lower** than in the past, since global businesses have already been heavily restructured (Pipe, High-Performance Materials)

Continued productivity efforts

- > Average productivity **gains** of around **4% per year** for the past 15 years
(volumes/workforce, on a comparable structure basis)

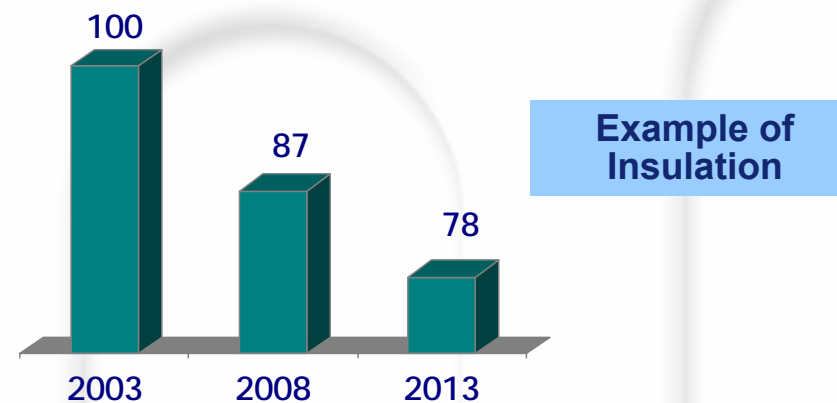


- > Efficiency measures regarding **energy consumption**



- > Efficiency measures regarding **use of materials:**

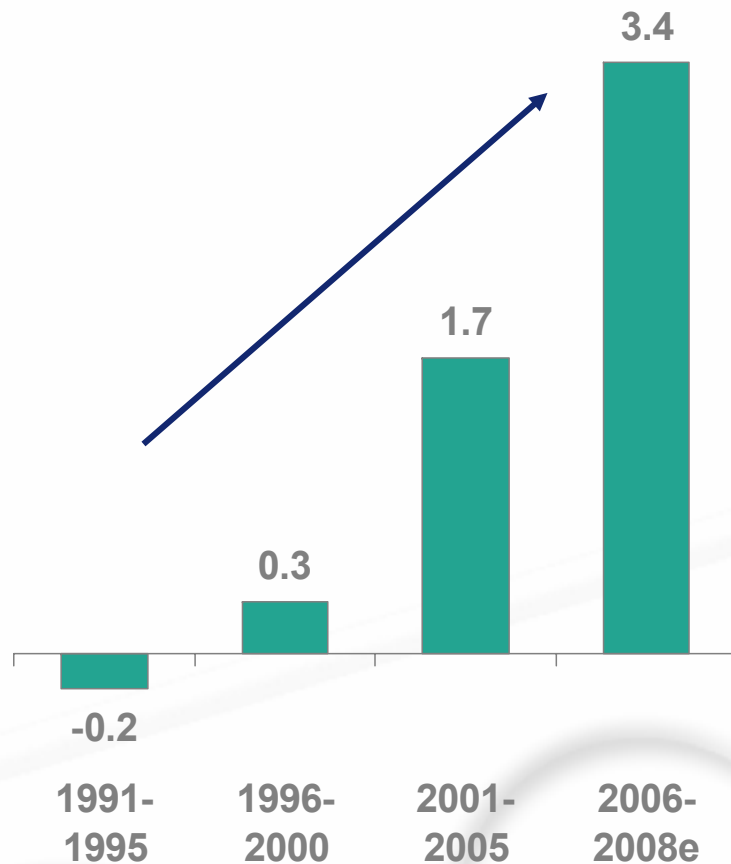
- Insulation: 22% in 10 years
- Pipe (*Natural* range): 12% gain in materials



Price management

A stronger operating priority

Average yearly price increase (%)



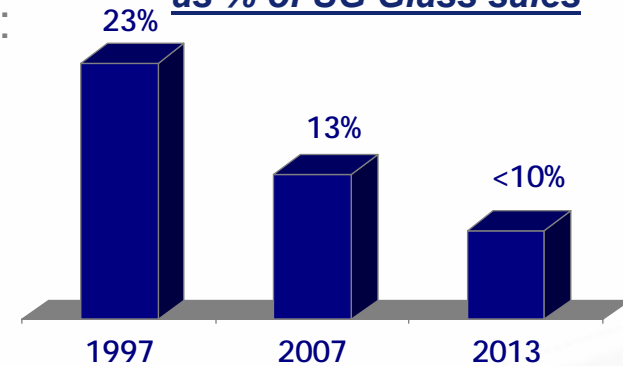
- > **Further price increases** in the **2nd quarter** (+3.5%) compared with **1st quarter** (+2.6%)
- > **Fresh initiatives** planned for H2
- > **Numerous projects** for optimizing pricing policy

Improved product mix and added value

> Flat Glass

- Enhanced product mix (value-added products: >2/3 of business sector sales)

4mm glass in Europe as % of SG Glass sales



> HPM

- Gain of 5 pts in gross margin (2003-2008)
- PPL: 30% new products each year

> Gypsum

- Systems and solutions multiply added value by 1.5 in Europe



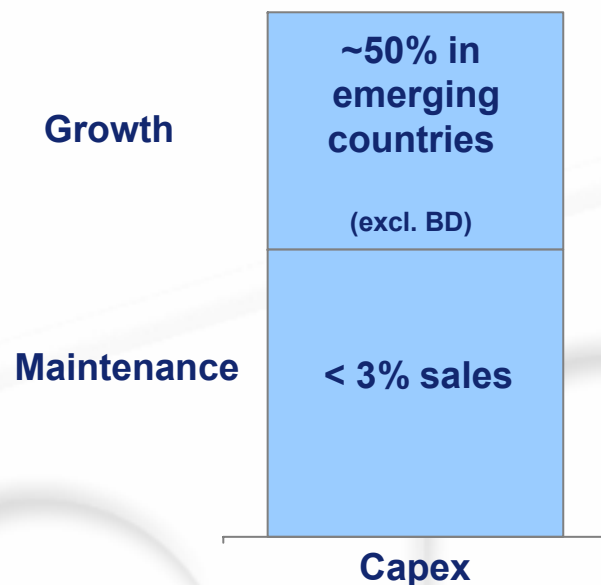
> Distribution Filières

- 25% growth in distributor brand sales in Plumbing-Heating business (H1-08 vs H1-07)
- Specialist Filières: >40% of sector outlets and sales



Capacity management

- > **Selective** capital expenditure and acquisitions
- > Capacity **optimization**:
 - . 100% of new Flat Glass capacity in emerging countries
 - . Saturation of Pipe capacity (Brazil, France, China)
 - . Capacity streamlining in the US



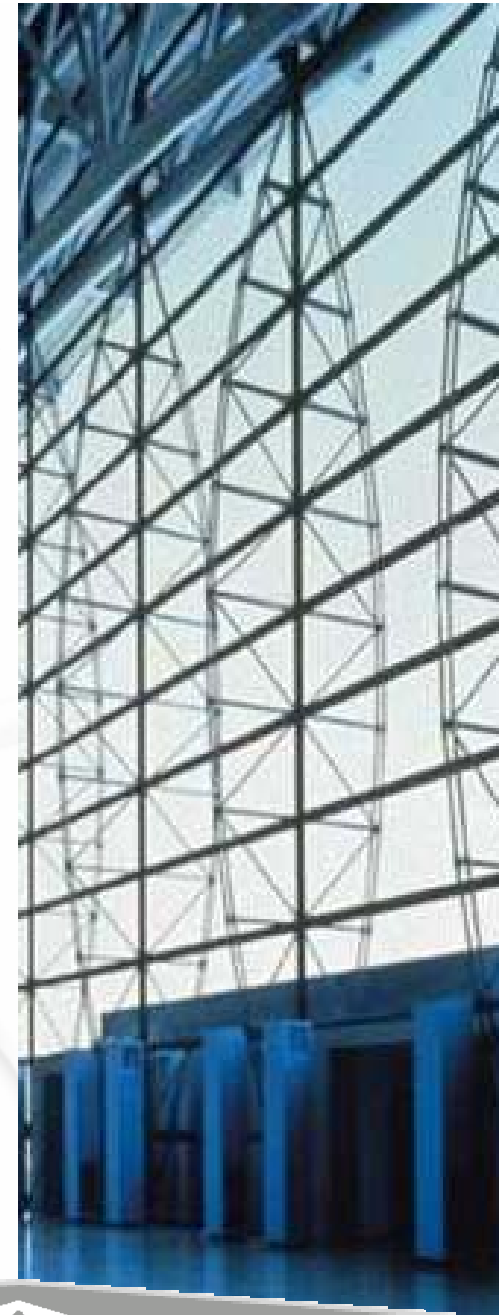
Cash management

- > Continuing high level of **free cash flow**
- > **Working capital** gains
- > Solid **financial structure** (gearing ratio ~80% and BBB+ / Baa1 rating)
- > Consistent **dividend** policy

3

Priorities for Action

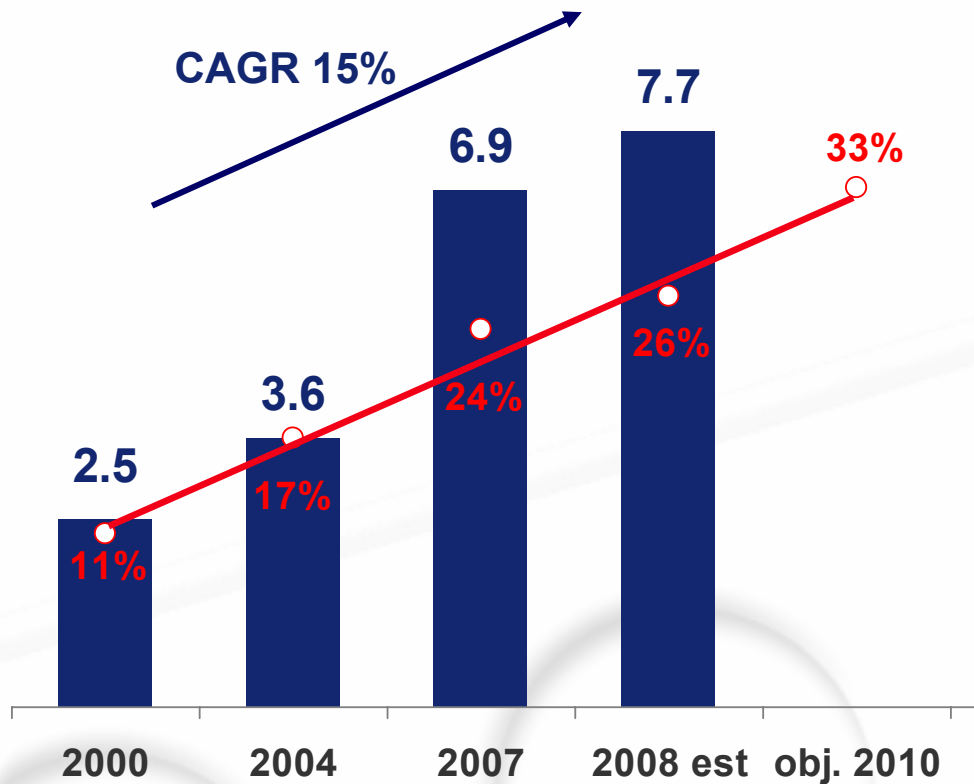
- A. Strong capacity to adapt to changes in the economic climate
- B. Search for growth opportunities stepped up



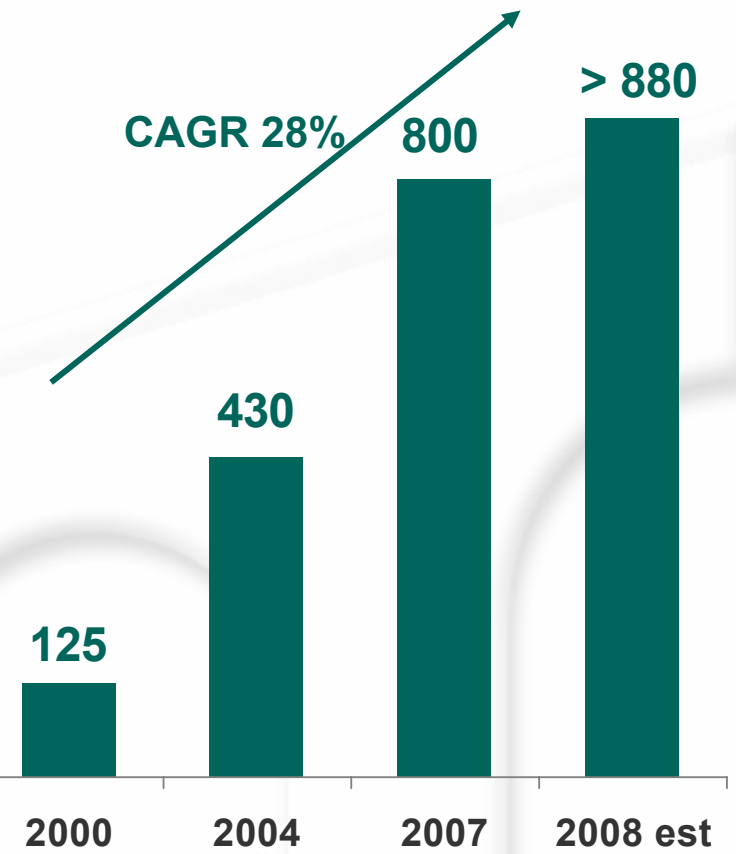
Accelerated development in emerging countries

Almost 50% of growth capex in H1-2008

Sales (€bn)
in emerging countries



Operating income (€m)
in emerging countries



% in emerging countries (excl. Building Distribution)

Emerging countries: Highlights (first-half 2008)

Eastern Europe

Slight growth due to high comparison basis

- > **Poland** (CAGR: 25% since 1997)
 - . Start-up of **2nd float line**
- > **Romania**
 - . Construction of **coated glass** facility
- > **Baltic countries**
 - . Acquisition of **Famar Desi**, no. 1 builder's merchant in Estonia
- > **Russia** (CAGR > 40% since 2004)
 - . Acquisition of **gypsum** reserves
 - . Acquisition of **bottles & jars** specialist

Latin America

*Very strong momentum
+17% like-for-like*

- > **Mexico**
 - . New multi-functional **high-performance plastics** plant
- > **Colombia**
 - . Launch of **float line (Flat Glass)**
 - . Acquisition of **Insulation** company
- > **Brazil** (CAGR > 30% since 1996)
 - . Acquisitions in **Mortars** and **Building Distribution**



Emerging countries: Highlights (first-half 2008)

Asia

*Vigorous growth
+22% like-for-like*

- > **India** (CAGR: 25% for the past 10 years)
 - . Flat Glass: launch of a **3rd float line**
 - . **4th Abrasives** plant
- > **China**
 - . **Pipe**: (CAGR ~ 40% since 2002), new capacity
 - . New **solar glass** line
 - . Start-up of new **Abrasives** plant and investments in **plastic films**
- > **Vietnam**
 - . Leader in **plasterboard**

Africa and Middle-East

*New regional bases for
Group businesses*

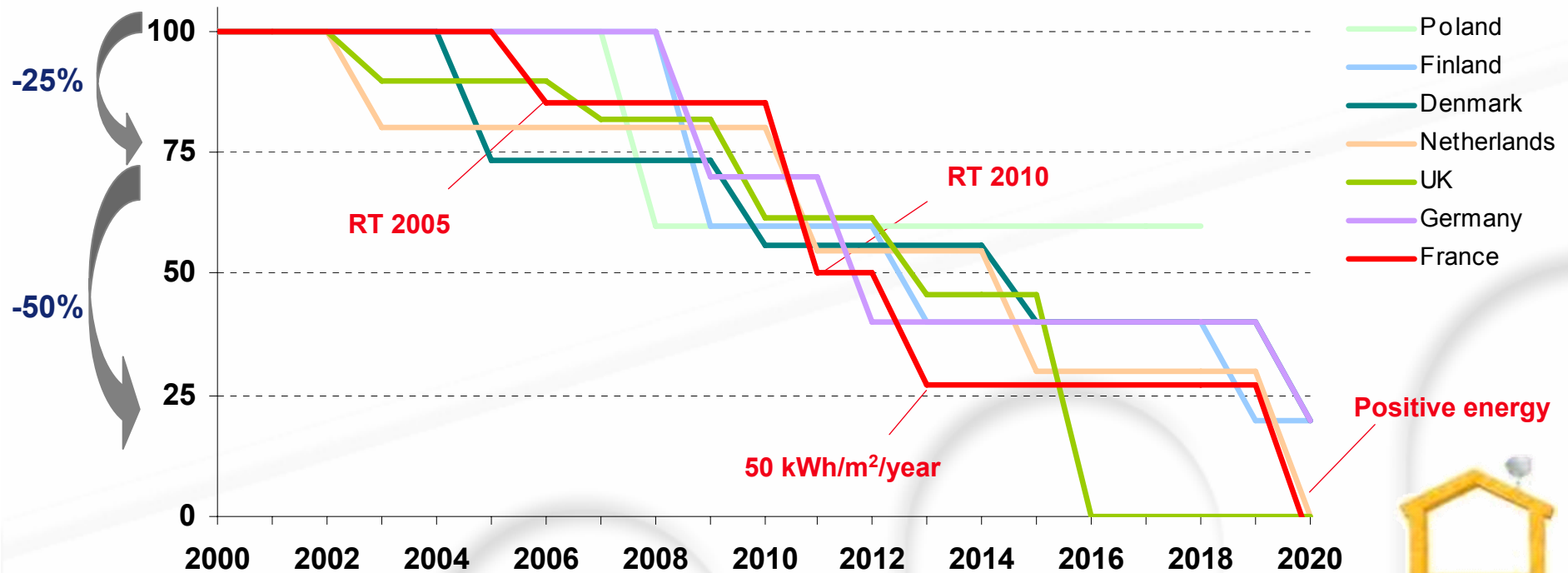
- > **Egypt**: construction of new **float line**
- > **Algeria**: acquisitions in **plaster industry**
- > **Abu Dhabi**: construction of **plasterboard** plant
- > **Mauritania**: supply of **pipe** systems (170 km)



European regulations to be significantly reinforced by 2020



Relative trends in thermal regulations (2000-2020)
basis of 100 in 2000

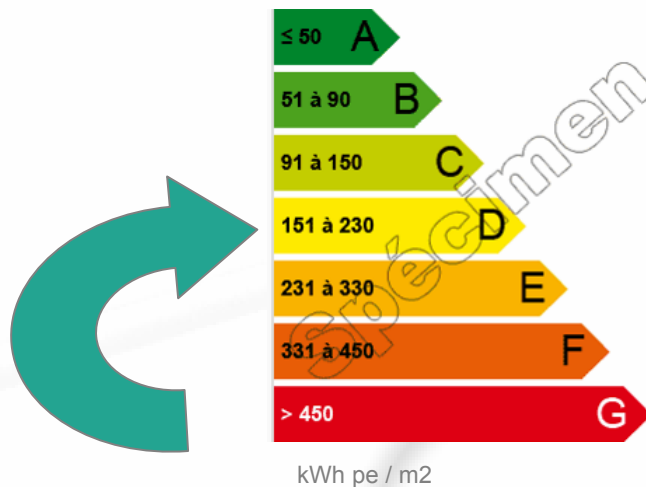


Growing profitability of energy-driven renovation projects

Individual house

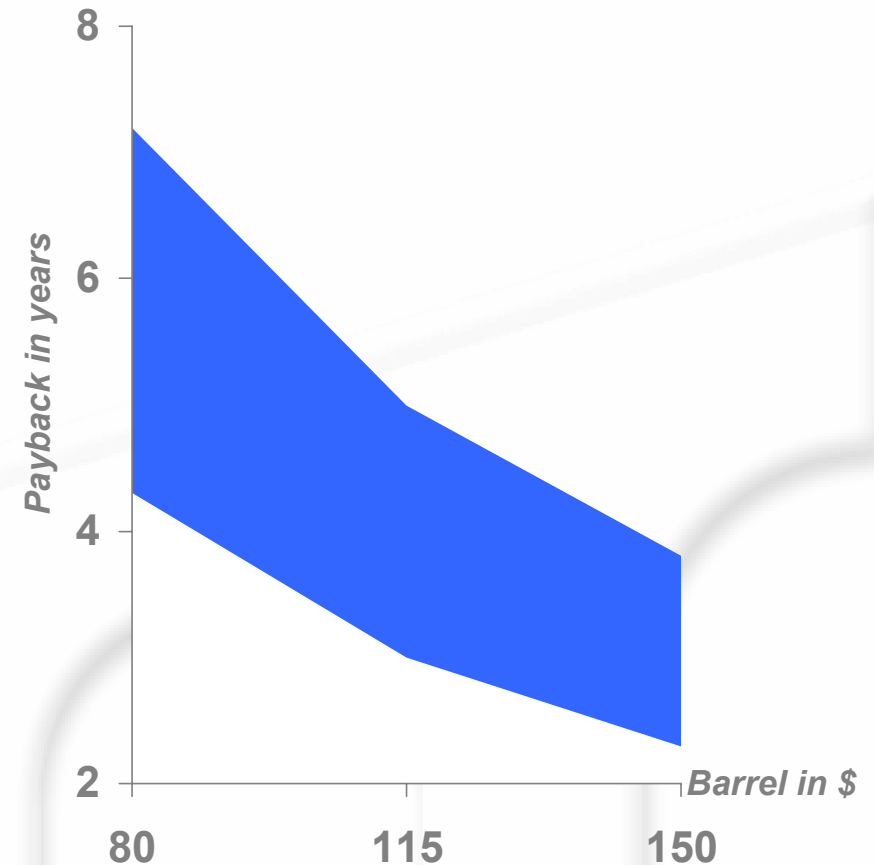


- 100 m², fuel heating
- Built before 1975
- Renovation work: €5,000 - €15,000



Improvement: G → D

Profitability of insulation solutions based on energy costs



Source: PROMODUL calculation

All Group business sectors actively partnering market trends

> Regulations

- Direct presence in public institutions and professional associations
- Institutional partners: *Fraunhofer Institute, CSTB, ADEME, CAH*

> Research

> Training

- Training for sales teams: 30,000 employees trained across Europe in 2008
- Training for customers and business referral agents: France, Germany, Sweden, US, etc.



Vaujours training center



Solar technology: Saint-Gobain present across all ranges

Involved in each stage of the value chain

> Photovoltaic



- Upstream components: quartz crucibles, abrasive grains, special refractories
- Components: front glass and films, back glass and other materials
- Modules: thin film CIS technology
- Systems: photovoltaic tiles
- Distribution

SIKA
SUPERSLICE

CMP
pv10

AVANCIS
ADVANCED SOLAR POWER

SRS
Building Energy

> Concentrated solar power

- Parabolic mirrors
- Ceramic wedges

> Thermal solar

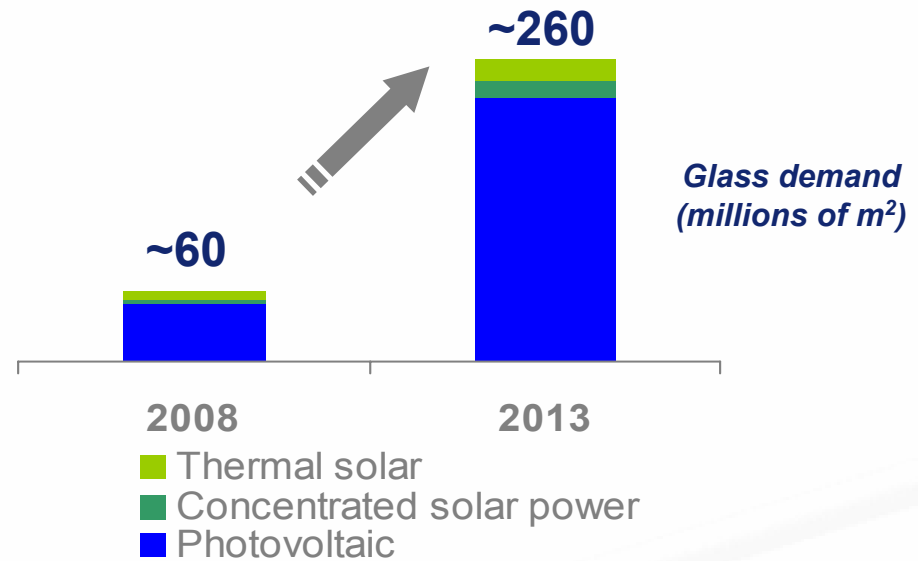
- Extra-clear glass



Solar technology: ambitious growth plan for an attractive market

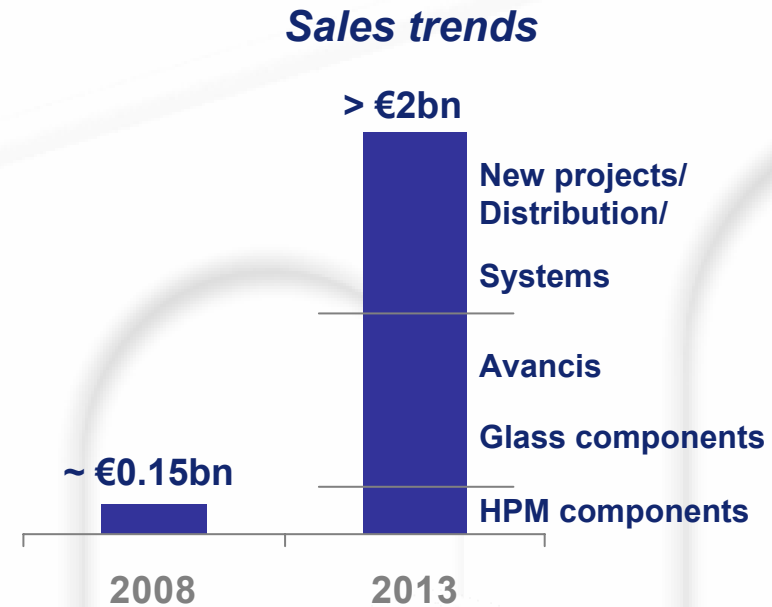
> Sharp rise in demand for glass

- across all technologies
- CAGR 08-13: 35%



> Saint-Gobain's target: more than €2bn by 2013

> Creation of Saint-Gobain SOLAR

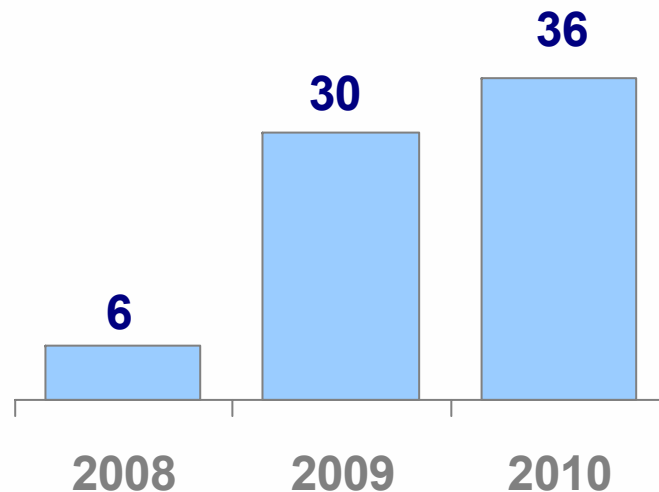


S O L A R

Targeted acquisitions in “*Habitat*” market

> **Maxit: successful integration**

- Cost synergies in excess of targets



**Cost synergies:
€36m,
versus initial forecast
of €30m**

- **New organization** of Mortars in each country since **end-March 2008**
- **Merger of 50 legal structures** (countries) in 2008-2009 and **80 specific action plans**

> **Close to €600m in bolt-on acquisitions** (54 acquisitions, €930m in full-year sales)

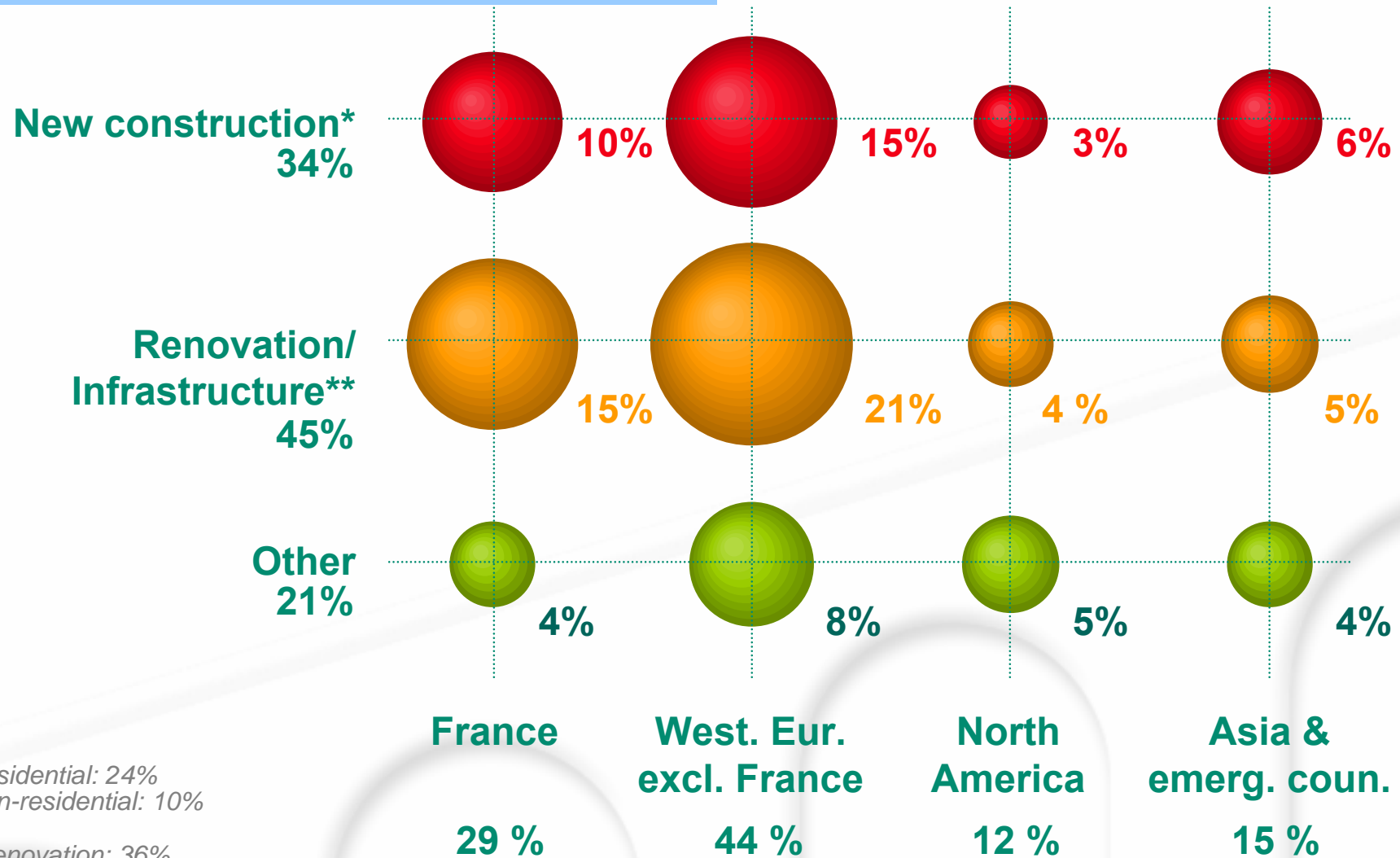
4

2008 Outlook and Objectives



Ability to stand firm in challenging climate

Saint-Gobain's end markets



* Residential: 24%
Non-residential: 10%

** Renovation: 36%
Infrastructure: 9%

H2-2008 outlook

I. Construction markets (Europe + US)

Western Europe: moderate decrease

Slowdown in France, Germany and Scandinavia
Significant downturn in Spain and the UK

North America: no improvement in sight

II. Other markets (Europe + US)

Industry & Household consumption:

Satisfactory in Europe and the US

III. Asia & emerging countries

Continued strong momentum

H2-2008 outlook for Saint-Gobain's business sectors

> Flat Glass:

- market should hold firm, thanks chiefly to emerging countries
- rise in energy, transport and commodity prices should have greater impact on operating margin

> High-Performance Materials (HPM):

- ongoing profitable growth
- healthy order book

> Construction Products (CP):

- moderate decrease in Europe, strong growth in emerging countries
- continued difficulties in the US
- further advances in Pipe and Mortars

> Building Distribution:

- slowdown in organic growth
- slight fall in operating margin (H2-08/H2-07)

> Packaging:

- fresh advances in sales and profitability

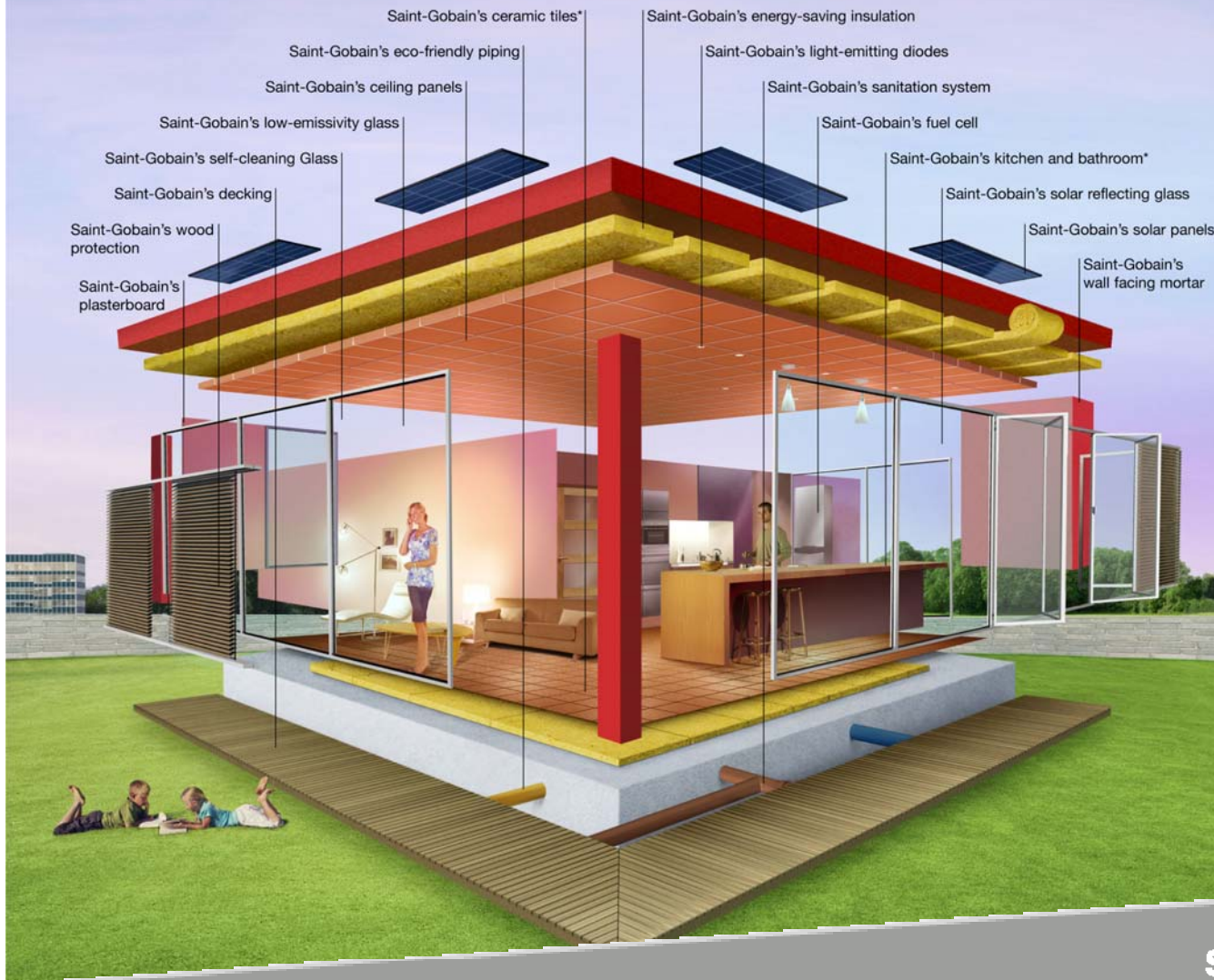
2008 objectives

- > **Recurring net income*** and operating income (at constant exchange rates**) **close to 2007 figures**
- > Ongoing **high level of free cash flow** and **solid financial structure**

* excluding capital gains and losses on disposals, asset write-downs and Flat Glass fines

** average exchange rates for 2007

Energy-saving, innovation, environment-protecting.



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