

press release

ESTIMATED 2004 RESULTS:

> **STRONG GROWTH IN OPERATING PERFORMANCE:**

- Sales up 8.2% to EUR 32,025 million,
- Operating income up 7.8% to EUR 2,632 million, up 10.3% at constant exchange rates*.

On a like-for-like basis:

- Sales up 4.6%
- Operating income up 8.1%

> **NET INCOME EXCLUDING CAPITAL GAINS AND LOSSES UP BY 10.0%**, to EUR 1,122 million

> **FURTHER DECREASE IN NET DEBT**, to EUR 5.6 billion

2005 TARGETS:

> To achieve 6% growth in operating income at constant exchange rates (average rates for 2004) and based on comparable accounting standards.

> To maintain strong free cash flow levels.

* based on average 2003 exchange rates

Consolidated sales for the Saint-Gobain Group are estimated at EUR 32,025 million for 2004, representing an increase of 8.2% after a negative currency effect of 2.2%. The contribution of the Group's acquisitions to the growth figure, net of disposals, amounted to EUR 1,717 million during the year, accounting for a rise of 5.8% in net sales. **On a like-for-like basis, the Group's consolidated sales grew by 4.6% in 2004.**

Saint-Gobain Group **consolidated net income** is estimated at EUR 1,083 million, **up 4.2%** on the year-earlier figure. **Excluding capital gains and losses**, net income is expected to come in at EUR 1,122 million, **up 10.0%** on 2003. **This earnings growth was primarily fueled by an increase in operating income.**

This performance testifies to the **Group's robustness and the dynamics of its business model**, which became even more visible in 2004 as new businesses (Building Distribution and High-Performance Materials) developed and emerging markets picked up significantly in all sectors.

Organization and presentation of financial statements

In 2004, the Group modified its structure to bring it into line with its business model. As a result, the three existing business sectors (Glass, Housing Products and High-Performance Materials) have been reorganized into five new business sectors (two for new businesses, three for historic ones). The new structure stands as follows:

New businesses:

- **Building Distribution** sector
- **High-Performance Materials (HPM)** sector, which includes Ceramics, Plastics and Abrasives, and now also Reinforcements

Historic businesses:

- **Flat Glass** sector
- **Packaging** sector
- **Construction Products** sector, which includes Building Materials, Insulation and Pipe

Segment information (see appendix 1) and comments by business (see below) are now presented in accordance with this new structure, and the results of the Insulation and Reinforcements divisions are published separately (see appendices 2 and 3 for historic data).

Performance of Group Sectors and Divisions:

Overall, apart from the Pipe Division, all of the Group's divisions reported sales growth on a like-for-like basis in 2004. In line with the economic scenario anticipated at the beginning of the year and the trends observed in the first nine months, the **new businesses** (Building Distribution and High-Performance Materials), as well as **emerging countries** in general (**sales up 13.6% and operating income up 28.4%**), proved to be the Group's main growth and profitability drivers in 2004.

New businesses:

The Building Distribution sector achieved the largest contribution to consolidated sales growth and operating income, posting a 21% increase in sales and a 32% rise in operating income (respectively, 5% and 12% on a like-for-like basis). Thanks to further internal progress and the positive contribution from recent acquisitions (especially Dahl), **the sector's operating margin improved significantly to 5.4% from 5.0% in 2003.**

High-Performance Materials (including Reinforcements) **reported the Group's strongest like-for-like growth at 8.9%**, as well as a **significant increase in operating margin to 9.9% from 8.3% in 2003.** These performances reflect a strong increase in overall sales volumes for the sector (up 11.0%), and were achieved despite a contraction in sales prices and the resulting fall in the profitability of the Reinforcements division. The recovery in the manufacturing industry and capital spending took hold throughout the year, particularly in the United States, and benefits from the cost reduction programs carried out in recent years continued to filter through.

Historic businesses:

The Flat Glass sector continued on a growth track, posting a 2.9% increase in like-for-like sales. However, margins were eroded due to downward pressure on sales prices in the European construction market. Further advances have been achieved in both the European automotive sector and in emerging countries. Towards the end of the year, price trends improved in the European construction market.

The Packaging sector registered a slight rise in like-for-like sales – with price rises implemented throughout the division more than offsetting a dip in sales volumes in the European wine market. Despite the increase in energy costs, the operating margin edged up to 11.6%, compared with 11.4% in 2003.

Organic growth posted by the **Construction Products sector** is consistent with the Group average, coming in at 4.3% on a like-for-like basis, despite the sharp drop in sales reported by the Pipe division (down 9.1% on a like-for-like basis) since the last deliveries under the Abu Dhabi contract at the end of the first quarter of 2004. Building Materials – which is smaller in size since the sale of Terréal and CertainTeed Ventilation in 2003 – and Insulation benefited from the buoyant residential construction market in the United States, both achieving very strong levels of organic growth of 9.6% and 8.1%, respectively, on a like-for-like basis. Meanwhile, operating income for the sector as a whole remained stable on a like-for-like basis, with higher raw materials costs negatively impacting the profitability of the Building Materials division (asphalt and resins) and, especially, the Pipe division (scrap metal, cast iron and coke).

* * *

□ **Analysis of the estimated 2004 consolidated financial statements:**

Based on the estimates presented at the Board of Directors' Meeting of January 27, 2005, unaudited key consolidated data for 2004 are set out in the table below. The final 2004 consolidated financial statements will be approved by the Board of Directors on March 24, 2005.

	2003	2004	% Change
	In EUR	(estimated)	
	millions	In EUR	
	(1)	(2)	(2)/(1)
Net sales	29,590	32,025	+8.2%
Operating income	2,442	2,632	+7.8%
Dividend income	12	3	-75.0%
Interest and other financial charges, net	(457)	(441)	-3.5%
Non-operating costs	(275)	(280)	+1.8%
Income before profit on sales of non-current assets and taxes	1,722	1,914	+11.1%
Profit (loss) on sales of non-current assets, net	86	(44)	n.m.
Provisions for income tax	(595)	(603)	+1.3%
Amortization of goodwill	(154)	(155)	+0.6%
Share in net results of equity investees	6	8	+33.3%
Net income before minority interests	1,065	1,120	+5.2%
Minority interests	(26)	(37)	+42.3%
Net income	1,039	1,083	+4.2%
Earnings per share (in EUR)	2.99	3.18	+6.4%
Earnings per share excluding treasury stock (in EUR)	3.09	3.23	+4.5%
Net income excluding profit on sales of non-current assets	1,020	1,122	+10.0%
Earnings per share excluding profit on sales of non-current assets (in EUR)	2.93	3.29	+12.3%
Earnings per share excluding profit on sales of non-current assets and treasury stock (in EUR)	3.03	3.35	+10.6%
Cash flow from operations	2,471	2,612	+5.7%
Cash flow excluding capital gains tax	2,540	2,608	+2.7%
Capital expenditure	1,351	1,537	+13.8%
Investments in securities	789	899	+13.9%
Net indebtedness	5,657	5,566	-1.6%

Group sales are up by 8.2%. **At constant exchange rates***, consolidated sales rose by 10.3% on an actual structure basis, and by 6.8% excluding Dahl. **On a like-for-like basis, sales growth stands at 4.6%**, with a 2.9% rise in sales volumes and a 1.7% rise in prices.

The breakdown of like-for-like sales by geographic area reveals very robust business levels in France - despite the drop in sales of the Pipe division - and especially in the United States, which posted an increase of 10.1%. Growth in other western European countries - also affected by the decline in the Pipe division - showed little growth. Delivering like-for-like sales growth of 13.9%, emerging countries remain the Group's biggest growth driver. By geographic area, France accounted for 31.7% of total sales, with other western European contributing 40.8%, North America 17%, and emerging countries and Asia 10.5%.

* based on average 2003 exchange rates

Operating income is up by 7.8%. **At constant exchange rates***, it rose 10.3% on an actual structure basis and 7.2% excluding Dahl, thus ahead of the 7% target. **Like-for-like growth in operating income stands at 8.1%**.

Operating margin stood at 8.2% compared with 8.3% in 2003. This slight contraction is solely attributable to the increased relative weight of Building Distribution within the Group. This sector's operating margin rose significantly, to 5.4% of sales in 2004, up from 5.0% in 2003. Excluding Building Distribution, the Group's operating margin remained stable at 10.1%.

Margins improved in all of the geographic areas where the Group operates except France, where the Pipe Division reported lower earnings as a result of significant increases in the cost of raw materials. **The strongest growth in operating income (28.5%) was generated by the emerging countries, which also saw their operating margin rise from 10.5% to 11.8%.**

Net interest and other financial charges decreased 3.5% to EUR 441 million from EUR 457 million in 2003, primarily thanks to the favorable impact of converting interest on dollar-denominated debt into euros.

Non-operating costs came in at EUR 280 million, up slightly in relation to 2003 (EUR 275 million). This figure includes a EUR 108 million charge for the cost of asbestos-related claims filed against CertainTeed, compared to EUR 100 million in 2003 (see below).

The Group has registered a EUR 44 million loss on **sales of non-current assets**, due to write-downs and disposal losses, and despite the capital gain realized on the sale of the Group's remaining interest in Vivendi Universal.

Goodwill amortization remained more or less stable at EUR 155 million.

Minority interests rose by 42.3% due to the increase in the contribution from the Group's Brazilian subsidiaries. It climbed from EUR 26 million in 2003 to EUR 37 million in 2004.

Consolidated net income is estimated at EUR 1,083 million, up 4.2% on the year-earlier figure. Based on the 340,988,000 shares outstanding at December 31, 2004, earnings per share totaled EUR 3.18, which represents a rise of 6.4% on 2003 (EUR 2.99 for 347,824,967 shares). **Based on the number of shares excluding treasury stock** outstanding at December 31, 2004 (335,127,590 shares compared with 336,185,581 shares at December 31, 2003), **earnings per share** amounts to **EUR 3.23, which denotes an increase of 4.5% on 2003 (EUR 3.09).**

Excluding profit and loss on sales of non-current assets, consolidated net income is estimated at EUR 1,122 million, **up 10.0% on the 2003 figure.** Based on the 340,988,000 shares outstanding at December 31, 2004, earnings per share excluding profit on sales of non-current assets amounted to EUR 3.29, compared with EUR 2.93 in 2003 (based on 347,824,967 shares), which represents an increase of 12.3%. **Based on the number of shares excluding treasury stock** outstanding at December 31, 2004 (335,127,590 shares compared with 336,185,581 shares at December 31, 2003), **earnings per share excluding profit on sales of non-current assets** amounts to **EUR 3.35, reflecting a rise of 10.6% on 2003 (EUR 3.03).**

Cash flow from operations came to EUR 2,612 million, an increase of 5.7% on the prior-year figure. Excluding the tax impact of capital gains and losses, cash flow from operations rose by 2.7% in relation to 2003, coming in at EUR 2,608 million, compared with EUR 2,540 million a year earlier.

Capital expenditure rose 13.8% to EUR 1,537 million, from EUR 1,351 million in 2003, and represented 4.8% of sales, compared to 4.6% in 2003. This rise was mainly fueled by the ramp-up of the capital expenditure program in emerging countries, particularly Asia.

* based on average 2003 exchange rates

Investments in securities totaled EUR 899 million, including EUR 658 million relating to acquisitions (value of shares acquired) – primarily concerning Building Distribution (EUR 529 million) – and EUR 241 million relating to share buyback programs.

Net indebtedness stood at EUR 5.6 billion at December 31, 2004, down slightly from EUR 5.7 billion one year earlier, despite the increase in the amount spent on acquisitions. The gearing ratio – based on consolidated shareholders' equity plus non-voting participating securities – stands at 47%.

Asbestos claims in the United States:

During 2004, around 18,000 new asbestos claims were filed against CertainTeed, including 2,000 in the state of Mississippi, representing a decline of approximately 70% in relation to 2003 (62,000 including 29,000 in Mississippi). Approximately 4,000 new claims were filed in the fourth quarter of 2004, which is more or less on a par with the number of claims filed in each of the first three quarters of the year. **The number of new claims seems to have stabilized at around 4,000 to 5,000 per quarter.**

Approximately 20,000 claims were resolved during the year, including 3,000 in the fourth quarter. At December 31, 2004, some 106,000 claims were outstanding, slightly down on the 108,000 claims in progress at December 31, 2003.

The average cost of claims settled in 2004 was approximately USD 2,900 per claim, compared with USD 2,100 in 2003. This increase was due to the lower number of mass claims as a proportion of overall claims settled and claims currently in the process of being settled.

Based on all these trends, an additional accrual of USD 134 million (EUR 108 million) was recorded in 2004, increasing the total coverage for CertainTeed's asbestos-related claims to USD 402 million for the period ended December 31, 2004. CertainTeed's risk concerning asbestos-related claims is now exclusively covered by way of provisions as insurance coverage was exhausted in 2004.

Driven by the new Chairman of the US Senate Judiciary Committee, further active negotiations have taken place during the last few weeks concerning the proposed legislation to create a National Asbestos Trust Fund in the United States. A new bill is expected to be put before the Senate in February.

* * *

□ 2005 Outlook and targets:

2004 confirmed the efficiency of the business model implemented by the Group, which is based on three strategic drivers: a strong increase in Building Materials Distribution, growth dynamics in High Performance Materials and development of all businesses in emerging countries. Based on the same dynamics, and in an environment of moderate economic growth, the Group's target for 2005 is **to achieve 6% growth** in operating income at constant exchange rates (average rates for 2004) and based on comparable accounting standards. The group also aims to maintain strong free cash flow levels.

Forthcoming results announcements:

- Final results for 2004: March 24, 2005, after close of trading on the Paris bourse.
- Full results for 2004 under IFRS: March 29, 2005, after close of trading on the Paris bourse.
- Information meeting on the transition to IFRS: at 8.30 a.m. on March 30, 2005, at the Group head office (Les Miroirs, 18, avenue d'Alsace, 92400 Courbevoie, France).
- Sales for the first quarter of 2005 (under IFRS): April 26, 2005, after close of trading on the Paris bourse.

Investor Relations Department

Mme. Florence TRIOU-TEIXEIRA	Tel. : +33 1 47 62 45 19
M. Alexandre ETUY	Tel. : +33 1 47 62 37 15
	Fax : +33 1 47 62 50 62

Appendix 1

Results by Business Sector, Division and Geographic Area

(In millions of euros)

I. SALES	2003	2004e	Change on an actual structure basis	Change on a comparable structure basis	Change on a comparable structure and currency basis
1°) By sector and division:					
Building Distribution (1)	11 305	13 679	+21,0%	+5,3%	+5,0%
High-Performance Materials (1)	4 452	4 717	+6,0%	+3,7%	+8,9%
Ceramics and Plastics & Abrasives	3 256	3 473	+6,7%	+5,3%	+10,8%
Reinforcements	1 212	1 264	+4,3%	-0,2%	+4,0%
Flat Glass (1)	4 298	4 394	+2,2%	+1,4%	+2,9%
Packaging (1)	3 869	3 779	-2,3%	-2,8%	+0,8%
Construction Products (1)	6 233	6 004	-3,7%	+0,5%	+4,3%
Building Materials	2 824*	2 625	-7,0%	+3,1%	+9,6%
Insulation	1 909	2 018	+5,7%	+5,0%	+8,1%
Pipe	1 516	1 381	-8,9%	-9,3%	-9,1%
Internal sales and misc.	-567	-548	n.m.	n.m.	n.m.
GROUP TOTAL	29 590	32 025	+8,2%	+2,4%	+4,6%
2°) By geographic area:					
France	9 926	10 704	+7,8%	+4,1%	+4,1%
Other western European countries	12 225	13 743	+12,4%	+1,7%	+1,2%
North America	5 735	5 727	-0,1%	+0,3%	+10,1%
Emerging countries and Asia	3 127	3 553	+13,6%	+8,9%	+13,9%
Internal sales	-1 423	-1 702	n.m.	n.m.	n.m.
GROUP TOTAL	29 590	32 025	+8,2%	+2,4%	+4,6%

(1) including inter-division eliminations

* including companies sold in 2003: 304 million euros

II. OPERATING INCOME	2003	2004e	Change on an actual structure basis
1°) By sector and division:			
Building Distribution	560	737	+31,6%
High-Performance Materials	370	466	+25,9%
Ceramics and Plastics & Abrasives	273	392	+43,6%
Reinforcements	97	74	-23,7%
Flat Glass	471	440	-6,6%
Packaging	442	440	-0,5%
Construction Products	584	507	-13,2%
Building materials	265*	195	-26,4%
Insulation	168	242	+44,0%
Pipe	151	70	-53,6%
Miscellaneous	15	42	+180,0%
GROUP TOTAL	2 442	2 632	+7,8%
2°) By geographical area:			
France	884	825	-6,7%
Other western European countries	779	906	+16,3%
North America	452	481	+6,4%
Emerging countries and Asia	327	420	+28,4%
GROUP TOTAL	2 442	2 632	+7,8%

* including companies sold in 2003: 61 million euros

III. CASH FLOW	2003	2004e	Change on an actual structure basis
1°) By sector and division:			
Building Distribution	398	515	+29,4%
High-Performance Materials	435	490	+12,6%
Ceramics and Plastics & Abrasives	291	356	+22,3%
Reinforcements	144	134	-6,9%
Flat Glass	548	508	-7,3%
Packaging	504	490	-2,8%
Construction Products	526	538	+2,3%
Building Materials	172*	203	+18,0%
Insulation	210	267	+27,1%
Pipe	144	68	-52,8%
Miscellaneous	60**	71**	+18,3%
GROUP TOTAL	2 471	2 612	+5,7%

2°) By geographic area:			
France	832	827	-0,6%
Other western European countries	800	878	+9,8%
North America	450**	441**	-2,0%
Emerging countries and Asia	389	466	+19,8%
GROUP TOTAL	2 471	2 612	+5,7%

* including companies sold in 2003: 56 million euros

** after asbestos-related charge (net of tax) of _66m in 2003 and _72m in 2004.

IV. CAPITAL EXPENDITURE	2003	2004e	Change on an actual structure basis
1°) By sector and division:			
Building Distribution	213	249	+16,9%
High-Performance Materials	251	239	-4,8%
Ceramics and Plastics & Abrasives	108	132	+22,2%
Reinforcements	143	107	-25,2%
Flat Glass	364	448	+23,1%
Packaging	265	302	+14,0%
Construction Products	257	294	+14,4%
Building Materials	117*	102	-0,1%
Insulation	90	145	+61,1%
Pipe	50	47	-6,0%
Miscellaneous	1	5	n.m.
GROUP TOTAL	1 351	1 537	+13,8%

2°) By geographic area:			
France	305	361	+18,4%
Other western European countries	459	483	+5,2%
North America	233	274	+17,6%
Emerging countries and Asia	354	419	+18,4%
GROUP TOTAL	1 351	1 537	+13,8%

* including companies sold in 2003:14 million euros

Appendix 2:**2004 quarterly sales and half-yearly results for the Insulation and Reinforcements Divisions**

(in millions of euros)

I. SALES

Q1 2004	2003	2004e	Change on an actual structure basis	Change on a comparable structure basis	Change on a comparable structure and currency basis
Insulation	462	473	+2,4%	+1,7%	+6,7%
Reinforcements	315	301	-4,4%	-6,1%	+0,7%

H1 2004	2003	2004e	Change on an actual structure basis	Change on a comparable structure basis	Change on a comparable structure and currency basis
Insulation	908	958	+5,5%	+4,7%	+8,2%
Reinforcements	630	641	+1,7%	-0,9%	+3,9%

9 months to September 30, 2004	2003	2004e	Change on an actual structure basis	Change on a comparable structure basis	Change on a comparable structure and currency basis
Insulation	1 401	1 482	+5,8%	+5,0%	+8,3%
Reinforcements	933	962	+3,1%	-0,1%	+4,4%

II. OPERATING INCOME (H1 2004)

	2003	2004e	Change on an actual structure basis
Insulation	72	103	+43,1%
Reinforcements	62	37	-40,3%

III. CASH FLOW (H1 2004)

	2003	2004e	Change on an actual structure basis
Insulation	99	115	+16,2%
Reinforcements	80	68	-15,0%

IV. CAPITAL EXPENDITURE (H1 2004)

	2003	2004e	Change on an actual structure basis
Insulation	32	48	+50,0%
Reinforcements	54	45	-16,7%

Appendix 3.a

Insulation Division : historical data.

Sales, Operating Income, Cash Flow, Capital expenditure

	Sales			Operating Income		
	Amount In millions of euros	Change on an actual structure basis	on a comparable structure basis	on a comparable structure and currency basis	Amount In millions of euros	Change on an actual structure basis
1993	1410	-1,7%			135	+6,3%
1994	1512	+7,2%			167	+23,7%
1995	1500	-0,8%	-0,8%	+1,9%	154	-7,8%
1996	1473	-1,8%	-2,1%	-2,6%	140	-9,1%
1997	1555	+5,6%	+5,6%	+2,6%	143	+2,1%
1998	1655	+6,4%	+3,2%	+3,6%	161	+12,6%
1999	1871	+13,1%	+7,6%	+6,6%	225	+39,8%
2000	1975	+5,6%	+6,4%	+0,9%	217	-3,6%
2001	1982	+0,4%	-0,8%	-0,9%	195	-10,1%
2002	1971	-0,6%	-3,0%	-0,8%	184	-5,6%
2003	1909	-3,1%	-3,1%	+3,1%	168	-8,7%
2004e	2018	+5,7%	+5,0%	+8,1%	242	+44,0%

	Cash Flow		Capital Expenditure	
	Amount In millions of euros	Change on an actual structure basis	Amount In millions of euros	Change on an actual structure basis
1993	154	+0,0%	79	-12,2%
1994	173	+12,3%	76	-3,8%
1995	183	+5,8%	86	+13,2%
1996	174	-4,9%	94	+9,3%
1997	182	+4,6%	164	+74,5%
1998	190	+4,4%	183	+11,6%
1999	239	+25,8%	206	+12,6%
2000	255	+6,7%	131	-36,4%
2001	233	-8,6%	90	-31,3%
2002	231	-0,9%	78	-13,3%
2003	210	-9,1%	89	+14,1%
2004e	267	+27,1%	145	+62,9%

Appendix 3.b

Reinforcements Division: historical data.

Sales, Operating Income, Cash Flow, Capital expenditure

	Sales			Operating Income		
	Amount In millions of euros	Change on an actual structure basis	on a comparable structure basis	on a comparable structure and currency basis	Amount In millions of euros	Change on an actual structure basis
1993	470	-0,8%			-48	-108,7%
1994	577	+22,8%			9	-118,8%
1995	681	+18,0%	+15,3%	+23,5%	91	+911,1%
1996	687	+0,9%	+0,9%	-0,6%	100	+9,9%
1997	780	+13,5%	+12,3%	+5,6%	87	-13,0%
1998	835	+7,1%	+2,2%	+2,3%	112	+28,7%
1999	995	+19,2%	+5,1%	+3,1%	133	+18,8%
2000	1291	+29,7%	+21,1%	+12,4%	206	+54,9%
2001	1303	+0,9%	-6,2%	-6,3%	207	+0,5%
2002	1370	+5,1%	+2,5%	+5,1%	167	-19,3%
2003	1212	-11,5%	-14,5%	-6,1%	97	-41,9%
2004e	1264	+4,3%	-0,2%	+4,0%	74	-23,7%

	Cash Flow		Capital Expenditure	
	Amount In millions of euros	Change on an actual structure basis	Amount In millions of euros	Change on an actual structure basis
1993	-21	-210,5%	23	-76,5%
1994	47	-323,8%	29	+26,1%
1995	126	+168,1%	62	+113,8%
1996	118	-6,3%	75	+21,0%
1997	103	-12,7%	60	-20,0%
1998	133	+29,1%	81	+35,0%
1999	150	+12,8%	139	+71,6%
2000	196	+30,7%	127	-8,6%
2001	214	+9,2%	139	+9,4%
2002	205	-4,2%	120	-13,7%
2003	144	-29,8%	143	+19,2%
2004e	134	-6,9%	107	-25,2%