

October 26, 2004.

# Press release

**SALES FOR THE FIRST NINE MONTHS OF 2004: UP 7.8%**

**UP 10.0% AT CONSTANT EXCHANGE RATES**

**UP 5.1% LIKE-FOR-LIKE**

Consolidated sales for the Saint-Gobain Group came to €23,969 million for the first nine months of 2004, representing an increase of 7.8%. **At constant exchange rates** (based on average rates for the first nine months of 2003), **sales were up 10.0% on an actual structure basis\* and 5.1% on a comparable structure basis.** Volumes expanded by 4.0%, while prices increased by 1.1%.

**In the third quarter alone,** like-for-like sales rose **4.0%** (including a 2.6% volume effect and a 1.4% price impact) compared with the third quarter of 2003, which proved to be a high basis for comparison.

In line with the economic scenario anticipated at the end of July, and the trends observed in the first half of the year, the new businesses (High-Performance Materials and Building Distribution), as well as emerging markets in general, continued to drive the Group's overall growth in the third quarter and during the first nine months of 2004.

\* up 7.2% excluding Dahl

Sales trends by business sector, division and geographic area are as follows:

	2004 sales 9 months (in € millions)	2003 sales 9 months (in € millions)	Change based on actual structure	Change based on comparable structure in euros	Change based on comparable structure and local currencies
<b><u>SECTORS &amp; DIVISIONS</u></b>					
<b>GLASS (1)</b>	<b>8,590</b>	<b>8,460</b>	<b>+1.5%</b>	<b>+0.6%</b>	<b>+3.7%</b>
Flat Glass	3,269	3,188	+2.5%	+1.7%	+3.6%
Insulation and Reinforcements	2,435	2,326	+4.7%	+3.0%	+6.7%
Containers	2,895	2,954	-2.0%	-2.4%	+1.4%
<b>HIGH-PERFORMANCE MATERIALS (1)</b>	<b>2,629</b>	<b>2,447</b>	<b>+7.4%</b>	<b>+5.6%</b>	<b>+11.3%</b>
Ceramics & Plastics and Abrasives	2,629	2,447	+7.4%	+5.6%	+11.3%
<b>HOUSING PRODUCTS (1)</b>	<b>12,990</b>	<b>11,548</b>	<b>+12.5%</b>	<b>+4.0%</b>	<b>+4.9%</b>
Building Materials	2,022	2,228*	-9.2%	+2.6%	+9.3%
Building Distribution	10,098	8,400	+20.2%	+6.0%	+5.6%
Pipe	1,056	1,141	-7.4%	-8.1%	-7.9%
<b>INTERNAL SALES AND MISC. GROUP</b>	<b>(240)</b> <b>23,969</b>	<b>(219)</b> <b>22,236</b>	<b>----</b> <b>+7.8%</b>	<b>----</b> <b>+2.8%</b>	<b>----</b> <b>+5.1%</b>
<b><u>GEOGRAPHIC AREAS</u></b>					
France	8,028	7,415	+8.3%	+4.9%	+4.9%
Other western European countries	10,204	9,196	+11.0%	+2.1%	+1.5%
North America	4,393	4,410	-0.4%	+0.1%	+10.3%
Emerging countries and Asia-Pacific	2,596	2,283	+13.7%	+9.2%	+15.1%
<b>INTERNAL SALES GROUP</b>	<b>(1,252)</b> <b>23,969</b>	<b>(1,068)</b> <b>22,236</b>	<b>----</b> <b>+7.8%</b>	<b>----</b> <b>+2.8%</b>	<b>----</b> <b>+5.1%</b>

(1) including inter-division eliminations

\* including €268 million from companies divested during 2003.

With the exception of two divisions – Pipe, which saw the completion of its Abu-Dhabi contract in March, and Containers, which remained stable, – all of the Group’s divisions reported increased like-for-like sales for third-quarter 2004 and the first nine months of the year. Sales of Ceramics & Plastics, Abrasives and Reinforcements picked up pace in the third quarter, on the back of an upturn in production and capital spending, particularly in North America and Asia.

**The Glass Sector** achieved satisfactory organic growth for the first nine months of 2004, with like-for-like sales up 3.7%, in line with first-half growth of 4.0%. In third-quarter 2004, Reinforcements pushed up its sales prices compared with the levels achieved in the second quarter of the year. Demand in Insulation held firm, while Containers reported moderate growth due to a high basis for comparison provided by third-quarter 2003 performance. Flat Glass continued on the growth track, particularly in emerging countries and the European automobile market, but continued to be hit by the downward pressure on sales prices in the European construction market.

**The High-Performance Materials Sector** reported the Group’s strongest like-for-like growth for the 9-month period (up to 11.3%). The recovery in the manufacturing industry and capital spending, which began in the first half of the year, picked up pace over the last three months.

Like-for-like sales for the **Housing Products Sector** continued to be in line with the Group average, despite the sharp contraction reported by Pipe since the last delivery under the Abu Dhabi contract, at the end of first quarter 2004. Building Materials – which is smaller in size since the sale of Terreal and Certain Teed Ventilation in 2003 – continued to benefit from the buoyant residential construction market in the United States and to a lesser extent, in Europe. Meanwhile, Building Distribution pursued its expansion drive, both through organic growth (5.6%) and acquisitions (including the consolidation of the company Dahl International from May 1, 2004).

**By geographic area**, like-for-like sales remained robust in France (despite the contraction in sales reported by the Pipe Division) and particularly in the United States. Other western European countries, also affected by the fall-back in Pipe sales, posted moderate growth. Demand remained high in emerging countries, which continue to drive growth for the Group as a whole.

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**Asbestos claims in the United States:** some 5,000 new claims were filed against Certain Teed during third-quarter 2004 (less than 200 in the State of Mississippi), representing practically the same number of claims as were filed in each of the first two quarters of the year. The number of new claims filed during the first nine months of 2004 came to 14,000, almost four times less than the 54,000 new claims in the comparable period of 2003.

At the same time, 6,000 claims were resolved during third-quarter 2004, on a par with the second quarter of the year. In the first nine months of 2004, 17,000 claims were resolved, compared with 40,000 in the comparable period of 2003.

The number of outstanding claims at September 30, 2004 (approximately 105,000) was slightly lower than at end-June 2004.

The average cost of claims settled over the last twelve months has risen to US\$ 3,100 per claim, in line with the trend observed since the beginning of the year. This increase was due to the lower number of non-serious cases as a proportion of overall claims settled and claims currently in the process of being settled.

On September 15, 2004, the Democratic Leader in the United States Senate agreed with the Republican Majority Leader that the compensation fund for asbestos victims should amount to US\$ 140 billion. The Democrats, however, included in their response a counter proposal setting out, among other things, a new method for processing outstanding claims and higher claims values for certain disease categories. Discussions are still going on, but negotiations regarding the bill are unlikely to resume until November, as the Senate is in recess until after the US presidential elections.

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**Outlook and targets:** For full-year 2004, the Group confirms its target of 7% growth in operating income at constant exchange rates (based on average exchange rates for 2003), and excluding the positive impact of the Dahl acquisition.

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### **Next results announcement:**

>> **Estimated 2004 results:** Thursday January 27, 2005, after close of trading on the Paris Bourse.

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