

Press release

SALES FOR THE FIRST NINE MONTHS OF 2003:

- UP 3.8% AT CONSTANT EXCHANGE RATES
- UP 2.2% LIKE-FOR-LIKE

Consolidated sales for the Saint-Gobain Group came to €22,236 million for the first nine months of 2003, representing a contraction of 3.0% on an actual structure basis and 4.6% on a comparable structure basis. As for the first six months of the year, the decline in sales is entirely due to currency effects – which had a 6.6% negative impact during the period – and especially the sharp falls in the value of the US dollar, pound sterling and Brazilian real against the euro. **At constant exchange rates** (based on average rates for the first nine months of 2002), **sales for the first nine months of 2003 were up 3.8% on an actual structure basis and 2.2% on a comparable structure basis.**

The like-for-like increase was due to a 1.1% rise both in prices and sales volumes.

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

	2003 sales (Nine months) (in € millions)	2002 sales (Nine months) (in € millions)	Change based on actual structure	Change based on comparable structure in euros	Change based on comparable structure and local currencies
<u>SECTORS & DIVISIONS</u>					
GLASS (1)	8,460	8,946	-5.4%	-6.2%	+1.0%
Flat Glass	3,188	3,308	-3.6%	-4.3%	+1.8%
Insulation and Reinforcements	2,326	2,505	-7.1%	-8.9%	-1.4%
Containers	2,954	3,141	-6.0%	-6.0%	+2.3%
HIGH-PERFORMANCE MATERIALS (1)	2,447	2,770	-11.7%	-11.1%	+0.7%
Ceramics & High. Perf. Plastics and Abrasives	2,447	2,770	-11.7%	-11.1%	+0.7%
HOUSING PRODUCTS (1)	11,548	11,426	+1.1%	-1.8%	+3.5%
Building Materials	2,228	2,427	-8.2%	-8.3%	+4.0%
Building Materials Distribution	8,400	8,196	+2.5%	-1.3%	+1.9%
Pipe	1,141	1,013	+12.6%	+11.5%	+15.7%
INTERNAL SALES (INTER-SECTOR)	(219)	(215)	----	----	----
GROUP	22,236	22,927	-3.0%	-4.6%	+2.2%
<u>GEOGRAPHIC AREAS</u>					
France	7,415	7,085	+4.7%	+2.0%	+2.0%
Other European countries	9,724	9,817	-0.9%	-2.9%	+0.2%
North America	4,410	5,289	-16.6%	-15.1%	+1.7%
Rest of the world	1,623	1,654	-1.9%	-6.4%	+20.4%
INTERNAL SALES	(936)	(918)	----	----	----
GROUP	22,236	22,927	-3.0%	-4.6%	+2.2%

(1) including inter-division eliminations

The overall like-for-like trends seen in first-half 2003 continued into the third quarter of the year, with the divisions serving the new construction, renovation and consumer markets enjoying vigorous demand both in the United States and Europe (excluding Germany). High Performance Materials sales held firm during the period and the Pipe Division continued along the growth track, spurred by major distant export contracts. Overall, prices held up well in all divisions, with the sole exception of Insulation and Reinforcements.

The Glass Sector reported moderate like-for-like growth for the period, as the robust performance turned in by Flat Glass and Containers was partly offset by a contraction in volumes and prices for the Reinforcements Division. Momentum was strong in volume terms in most of the Insulation Division's markets for the third quarter, although sales prices were eroded during the period.

In line with its first-half performance, sales for **the High-Performance Materials sector** held firm during the third quarter compared with the same period in 2002. The Sector is still not seeing any significant sign of a recovery in corporate capital spending, either in the United States or in Europe.

For the second quarter in a row **the Housing Products Sector** recorded the Group's highest level of organic growth thanks to a 15.7% sales surge from the Pipe Division, driven by major distant export contracts. The Building Materials Division saw a significant upturn in sales volumes in the United States and Europe during the third quarter.

Meanwhile, fueled by both organic growth and acquisitions, the Building Materials Distribution Division continued to expand despite a downturn in the German and Dutch markets.

By geographic area, sales remained strong in France during third-quarter 2003 and held relatively firm in other European countries. In the United States, volumes increased for the Insulation and Building Materials Divisions thanks to the buoyant construction market. For the other Divisions, the first-half trends observed in the United States continued into the third quarter. Demand remained high in emerging countries with double digit sales growth once again reported during the quarter.

Asbestos claims in the United States: some 6,000 new claims were received by Certain Teed during third-quarter 2003, including less than 1,000 in the State of Mississippi. The surge in litigation in Mississippi observed during the latter part of 2002 and the first half of 2003 has clearly come to an end, and the monthly number of new claims received in the other States during the quarter was less than half the number recorded in the second quarter of the year.

At the same time, 15,000 claims were settled, representing practically the same number as in the second quarter of the year.

These developments resulted in a decrease in the number of outstanding claims compared with end-June 2003, to 114,000 at September 30, 2003.

The average individual cost of settlement has remained flat since the beginning of the year, at about US\$ 2,100.

The fall-off in new claims filed during the 3rd quarter provides a clear indication that the favorable trend observed in the first half of the year is set to continue. It is encouraging to note that no exceptional surge in claims has occurred to date in the States that are considering legislation or rules that would make them less plaintiff-friendly venues for asbestos cases (Texas, Ohio and Michigan).

In addition, on July 11, 2003, the US Senate Judiciary Committee approved a bill sponsored by Senator Hatch to set up a federal trust fund to compensate asbestos victims, providing a possible national solution, at some point in the future, for all current and future asbestos claims.

Outlook: in light of the sharp rise in the euro against most other currencies observed since the beginning of the year, operating income and net income for the full year will be down on 2002. At constant exchange rates (i.e. based on average 2002 exchange rates), the Group is still aiming for a modest increase in operating income.

October 28, 2003.

Next results announcement

> **Estimated 2003 results**: Thursday, January 29, 2004 after the close of trading.

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