

Press release

FIRST QUARTER 2006 SALES:

- ▶ **UP 27.7% ON A REPORTED BASIS**
- ▶ **UP 9.1% LIKE-FOR-LIKE**

Consolidated sales for the Saint-Gobain Group in the first quarter of 2006 came in at **€9,745 million**, compared with **€7,633 million** for the same period in 2005, representing a **rise of 27.7% on an actual structure basis**, and 24.1% at constant exchange rates^(*).

The contribution of the Group's acquisitions, net of disposals, accounts for a rise of **15.2%** in Group sales. British Plaster Board (BPB), which has been included in the Group's scope of consolidation since December 1, 2005, recorded sales of €956 million over the first quarter.

Like-for-like sales advanced by **€754 million, i.e. 9.1%**, including **BPB's organic growth of 13.7%**. Excluding BPB, the Group's organic growth stood at 8.6%. Sales **volumes** rose by **6.5%**, and sales **prices** by **2.6%**.

Overall, all of the Group's sectors and businesses saw significant advances in sales on a like-for-like basis. Growth is particularly strong in construction-related businesses (especially the Construction Products and Building Distribution sectors), which continued to reap the rewards of buoyant demand in the United States and Europe (except Germany). The Gypsum (BPB) and Insulation divisions posted organic growth of 13.7% and 14.6%, respectively, whilst sales in the Pipe Sector advanced 23.6% like-for-like, on the back of a significant upturn in export sales volumes.

The Group also benefited from its continued expansion in emerging countries, with a further 12.4% increase in like-for-like sales. In addition, most of its industrial end-user markets remained relatively robust.

These sales figures also confirm the Group's ability to step up its price increases, against a background of higher cost of energy and certain raw materials. Prices are up significantly in most of the Group's divisions, thanks to the increases pushed through during the second half of 2005 and the first quarter of 2006.

Finally, first quarter 2006 sales were favored by a higher number of working days than in the same period in 2005. The benefit of this will be fully offset at the end of the first half 2006.

(*) based on average exchange rates for the first quarter of 2005.

Sales trends by Business sector and major geographic area are as follows:

| | Q1 2006 sales (in € millions) | Q1 2005 sales (in € millions) | % change on an actual structure basis | % change on a comparable structure basis | % change like-for-like (comparable structure and currency) |
|---|-------------------------------------|-------------------------------------|---|--|---|
| <u>BY BUSINESS SECTOR & DIVISION</u> | | | | | |
| Building Distribution | 3,810 | 3,227 | +18.1% | +9.1% | +8.3% |
| High-Performance Materials (1) | 1,301 | 1,166 | +11.6% | +12.5% | +6.0% |
| <i>Ceramics & Plastics and Abrasives</i> | 948 | 867 | +9.3% | +11.6% | +5.0% |
| <i>Reinforcements</i> | 356 | 305 | +16.7% | +13.8% | +7.7% |
| Flat Glass | 1,218 | 1,081 | +12.7% | +10.8% | +6.6% |
| Packaging | 1,011 | 901 | +12.2% | +10.5% | +6.0% |
| Construction Products (1) | 2,630 | 1,394 | +88.7% | +18.8% | +14.2% |
| <i>Building Materials</i> | 635 | 581 | +9.3% | +18.0% | +9.2% |
| <i>Insulation</i> | 600 | 496 | +21% | +17.9% | +14.6% |
| <i>Gypsum</i> | 956 | 0 | n.m. | +17.3% | +13.7% |
| <i>Pipe</i> | 446 | 322 | +38.5% | +25.8% | +23.6% |
| Internal sales and other | -225 | -136 | ----- | ----- | ----- |
| GROUP TOTAL | 9,745** | 7,633** | +27.7% | +12.5% | +9.1% |
| <u>BY GEOGRAPHICAL AREA</u> | | | | | |
| France | 3,024 | 2,679 | +12.9% | +8.5% | +8.5% |
| Other Western European countries | 4,113 | 3,179 | +29.4% | +9.0% | +8.8% |
| North America | 1,819 | 1,358 | +33.9% | +18.8% | +8.8% |
| Emerging countries and Asia-Pacific | 1,307 | 870 | +50.2% | +26.6% | +12.4% |
| Internal sales | -519 | -454 | ----- | ----- | ----- |
| GROUP SALES | 9,745** | 7,633** | +27.7% | +12.5% | +9.1% |

** including €63 million of side income (€52 million in first quarter 2005)

(1) Including inter-division eliminations.

Performances of Group business sectors

Building Distribution experienced an 18.1% surge in sales, which, in addition to the favorable impact of the higher number of working days, is a result of the contribution of recent acquisitions to first quarter revenues, in particular Optimera and Sanitas-Troësch, and the strong organic growth posted by the sector's main banners, namely in France and Scandinavia. Our British banners achieved moderate growth, whereas the German market has still not shown any sign of recovery.

High-Performance Materials reported sustained like-for-like growth of 6.0%, thanks to the substantial increase in sales volumes for Ceramics & Abrasives – which are still enjoying vigorous market conditions in manufacturing and capital spending in the US – and Reinforcements. However, the Reinforcements business is still suffering from the impact of low sales prices.

Flat Glass posted 6.6% like-for-like sales growth, thanks to a sharp increase in volumes, in particular on the construction market in both Europe and emerging countries. Due to the energy surcharge, sales prices for flat glass used in the building industry rose slightly on average compared with first quarter 2005. Like-for-like sales of automotive glass edged up slightly, thanks namely to solid growth in emerging countries.

Packaging experienced organic growth of 6.0%, thanks to a strong price effect (+5.3%), which reflects the successive increases implemented in the US and Europe during the second half 2005 and the first quarter 2006.

The Construction Products Sector, which now includes the Gypsum Division (BPB) over the full period, posted the Group's highest growth, on both a reported basis (+88.7%) and a **like-for-like basis (+14.2%, of which 5.5% from prices and 8.7% from volumes)**. All the sector's businesses contributed to this performance, in particular interior building solutions - Gypsum and Insulation -, which both posted organic growth in line with the sector average, with very significant price increases. In addition to upbeat construction markets in the US and Europe (except Germany), these businesses have benefited from tax incentives and regulatory measures that favor the improvement of thermal insulation in homes (in the UK and France, for example). Pipe sales continued to feel the effects of the sharp turnaround that kicked off in fourth quarter 2005, in particular as regards export sales.

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Sales analysis by geographical area

The breakdown of sales by geographic area reveals, on a like-for-like basis, a very strong growth in France (+8.5%) and in the United States (8.8%). Other Western European countries also experienced an upswing (8.8% growth on average), with double-digit growth in Scandinavia and Southern Europe and moderate growth in Germany, which remains Europe's worst performer. Emerging countries – particularly Asia and Latin America – remained buoyant, with organic growth of 12.4%, higher than the Group average.

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Update on asbestos claims in the United States

Some 2,000 new claims were filed against CertainTeed during the first quarter 2006 (against 6,000 in the first quarter 2005). Approximately 4,000 claims were resolved (against 7,000 in the first quarter 2005). Therefore, the number of outstanding claims at March 31, 2006 continued on a downward trend, standing at around 98,000, compared with 100,000 at December 31, 2005. The average cost of claims settled fell to approximately US\$ 2,400 per claim over the last 12 months (against US\$ 2,800 per claim for the twelve months ending December 31, 2005), due to a more favorable claim settlement mix.

Regarding the legislative effort to create a Federal asbestos trust fund, a Senate vote held in mid-February to waive a technical budgetary requirement failed to obtain the 60 votes needed to proceed to a debate and ultimate vote on the merits of the Bill. Although there are some continuing efforts to revive the Bill, the probability of success seems to be remote.

In the meantime, the publicity surrounding the broken asbestos tort system in the U.S. continues to prompt a number of States to consider and adopt medical criteria requirements and tort reform measures designed to reduce abuses of the system.

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Outlook

Although helped by a low comparison basis, the high growth experienced in the first quarter shows that the Group is well placed to achieve its objectives for 2006. These include **operating income growth of between 23% and 25% at constant exchange rates (based on average exchange rates for 2005), as well as an 18% to 20% increase in net income excluding gains and losses on sales of non-current assets**. The Group also aims to maintain strong free cash flow levels.

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