

# ***press***

## **release**

### **STRONG GROWTH IN ESTIMATED RESULTS FOR 2006, OUTPERFORMING TARGETS**

- **SALES: UP 18.5%** to €41,596 million; **up 18.2%** at constant exchange rates\* and up **6.7%** like-for-like.
- **OPERATING INCOME: UP 29.9%** to €3,714 million; **up 29.8%** at constant exchange rates\*.
- **NET INCOME (EXCLUDING CAPITAL GAINS AND LOSSES ON SALES OF NON-CURRENT ASSETS): UP 32.6%** to €1,702 million.

\* average exchange rates for 2005

### **2007 TARGETS: ANOTHER YEAR OF GROWTH**

- Robust increase in **operating income** at constant exchange rates\*\*.
- Double-digit growth in **net income (excluding capital gains and losses on sales of non-current assets)**.

\*\* average exchange rates for 2006

## Performance of Group sectors

The Saint-Gobain Group enjoyed very buoyant business levels in 2006 and registered its best organic growth performance of the last 10 years, at 6.7%, including a 3.2% volume impact and a 3.5% price effect. The Group's five sectors contributed to this growth, delivering a robust increase in sales on a like-for-like basis (see Appendix 1). The trading environment observed in the first half of the year held firm throughout the six months to end-December 2006, with certain business sectors (Flat Glass, Building Distribution) reporting increased momentum in the last few months of the year.

Businesses related to construction markets (in particular Construction Products and Building Distribution) proved buoyant and drove the Group's growth. In Europe, vigorous construction markets, bolstered by the impact of new European regulations promoting energy efficiency in the construction industry, and in the second half of the year by the recovery of the German market, more than offset the impact of a slowdown in US housing starts. Businesses exposed to household consumption and industrial production markets remained on a growth track.

The Group reported ongoing expansion in Asia and emerging countries, delivering like-for-like growth of 12.7% (14.5% in the second half).

The Flat Glass sector notched up a significant 7.8% rise in sales over the year based on comparable Group structure and exchange rates (11.5% over the six months to December 31, 2006), thanks to the strong second-half recovery of volumes and sales prices on the European construction market, and particularly in Germany. Profitability for the sector improved, to 9.8% in the second half of 2006 (versus 9.4% in second-half 2005), but was slightly down over the full year, due to the first-half impact of the rise in energy and raw materials costs.

High-Performance Materials continued to report sustained like-for-like growth of 3.3% for the full year (2.8% for the second half), reflecting healthy industrial markets, particularly in the energy, environment and housing segments. Ceramics & Plastics and Abrasives scored further gains in profitability, which climbed to 13.0% (versus 12.9% in 2005). However, the operating margin of the Reinforcements business narrowed, hit by another retreat in sales prices, which explains the dip in profitability of the sector as a whole (10.1% of sales compared with 10.5% of sales in 2005).

The Construction Products sector (CP) delivered the Group's highest organic growth, at 8.7% over the full year (5.8% over the second half), including a 5.8% price impact and a 2.9% volume effect. All of the sector's businesses contributed to this performance, despite the slowdown in US housing starts in the six months to December 31, 2006. The interior building solutions businesses – Gypsum and Insulation – reported double-digit organic growth for the year (12.1% and 10.4%, respectively), with significant price rises thanks to strong demand on most markets, boosted by a raft of new measures to promote energy efficiency, particularly in Europe. The Pipe division posted 9.6% organic growth, reflecting a strong advance in distant exports and healthy business levels in Europe, mainly France and Spain. Despite the strong organic growth in Industrial Mortars in Europe and emerging countries, the Building Materials division was hit by the impact of a slowdown in US housing starts in the second half of the year, and delivered organic growth of 2.3%. Powered by profitability gains in each of its businesses (except Building Materials in the US), the Construction Products sector reported a sharp increase in profitability to 12.7%, compared with 9.2% in 2005 (or 11.1% proforma including BPB for full-year 2005).

The Building Distribution sector posted a strong increase in like-for-like sales, up 7.0% over the full-year (8.4% over the second half), on the back of a robust trading performance by the sector's main banners, particularly in France, Scandinavia, eastern Europe, and, for the first time this year, Germany. The sector's UK banners delivered moderate growth. The Building Distribution business continued with its policy of bolt-on acquisitions in major European countries where it has an operational base. During the year, it acquired 54 companies representing total annual sales of €630 million. Including the contribution to 2006 sales from companies acquired in 2005, the Building Distribution sector posted 6.6% external growth in 2006. Operating income for the sector surged past the symbolic billion-euros mark. Operating margin remained stable at

5.7%, due primarily to the increase in 2006 of development and start-up costs relating to innovative concepts.

**Like-for-like sales for the Packaging sector rose 3.6%** (over both the full year and over the six months to December 31, 2006), with rising energy and raw materials costs successfully passed on through sales prices in the Bottles & Jars business in the US and in Europe. The **sector's operating margin improved significantly in the second half of the year, to 8.8%** versus 8.1% in the second half of 2005, powered chiefly by price rises and improved manufacturing performance.

### Analysis of the 2006 consolidated financial statements

Based on the estimates presented at the Board of Directors' meeting of January 25, 2007, unaudited key consolidated data for 2006 are set out below. The final version of the 2006 consolidated financial statements will be authorized for issue by the Board of Directors at their meeting of March 22, 2007.

	2005 In € millions	2006 In € millions	% change
	(1)	(2)	(2)/(1)
<b>Sales*</b>	<b>35,110*</b>	<b>41,596*</b>	<b>+18.5%</b>
<b>Operating income</b>	<b>2,860</b>	<b>3,714</b>	<b>+29.9%</b>
Non-operating costs	(288)	(367)	+27.4%
Capital gains and losses and exceptional asset write-downs	(21)	(27)	-28.6%
Dividend income	3	2	-50.0%
<b>Business income</b>	<b>2,554</b>	<b>3,322</b>	<b>+30.1%</b>
Net financial expense	(569)	(748)	+31.5%
Income tax	(701)	(899)	+28.2%
Share in net income of equity investees	10	7	-30.0%
Income before minority interests	1,294	1,682	+30.0%
Minority interests	(30)	(45)	+50.0%
<b>Net income</b>	<b>1,264</b>	<b>1,637</b>	<b>+29.5%</b>
Earnings per share based on the number of shares at December 31 (in €)	3.66	4.44	+21.3%
<b>Net income excluding capital gains</b>	<b>1,284</b>	<b>1,702</b>	<b>+32.6%</b>
Earnings per share excluding capital gains based on the number of shares at December 31 (in €)	3.72	4.62	+24.2%
Cash flow from operations	2,735	3,347	+22.4%
<b>Cash flow from operations excluding capital gains tax</b>	<b>2,730</b>	<b>3,374</b>	<b>+23.6%</b>
Depreciation and amortization	1,420	1,717**	+20.9%
Capital expenditure	<b>1,756</b>	<b>2,191</b>	<b>+24.8%</b>
Investments in securities***	6,991	584	n.m.
<b>Net debt</b>	<b>12,850</b>	<b>11,599</b>	<b>-9.7%</b>

\* including ancillary revenue of €273 million in 2006, versus €250 million in 2005.

\*\* including additional amortization of €17 million in 2006 resulting from the allocation of BPB's acquisition cost to certain items of property, plant and equipment (gypsum quarries and industrial plants) and intangible assets such as patents.

\*\*\* excluding buy-backs and/or sales of own shares.

**Group sales** jumped 18.5% on an actual structure basis, and 18.2% at constant exchange rates\*. The contribution from acquisitions, net of disposals, represented 11.4% growth. **At constant Group structure and exchange rates\***, Group sales climbed to €2,519 million, representing like-for-like growth of 6.7% including Gypsum organic growth (12.1%), and of 6.3% excluding Gypsum.

**The breakdown of like-for-like sales by geographic area** reveals robust trading in France (up 5.7%) and other western European countries, with the recovery in Germany gathering momentum in the second half of the year (up 11.8%). North America posted moderate growth over the year (up

3.1%), reflecting a dip in housing starts in the six months to December 31, 2006 after a very good first half. Business in emerging countries and Asia remained vigorous, delivering organic growth of 12.7%. By geographic area, France accounted for 28.3% of sales, with other western European countries contributing 42.5%, North America 16%, and emerging countries and Asia/Pacific 13.2%.

**Operating income** jumped 29.9%, or **29.8% at constant exchange rates\***. The Group's operating margin increased significantly, to **8.9% (10.9% excluding Building Distribution)** of sales, versus respectively 8.2% (and 10.0%) in 2005 (excluding BPB), thanks, in particular, to the **contribution from the Gypsum business**, which reported operating income of **€649 million in 2006** (including €50 million in cost synergies), and represented **16.7% of sales**. Profitability improved across all geographic areas.

**Business income advanced** 30.1% due mainly to the increase in operating income. **Non-operating costs** rose to €367 million versus €288 million in 2005, on the back of further restructuring measures designed to maintain the Group's productivity and competitiveness at optimum levels. Non-operating costs also include a €95 million charge in respect of asbestos-related litigation concerning CertainTeed (€100 million in 2005). **Capital gains and losses and exceptional asset write-downs** came in at a negative €27 million, versus a negative €21 million in 2005: capital gains on sales of non-current assets in 2006 (€175 million, including €146 million generated on the sale of Calmar) were more than offset by exceptional asset write-downs (€202 million).

**Net financial expense** advanced 31.5% to €748 million compared with €569 million in 2005, attributable to higher borrowing costs due to the increase in debt following the BPB acquisition.

**Net income** came in at €1,637 million, up 29.5% on 2005. Based on the number of shares making up the capital stock at December 31, 2006 (368,419,723 shares after the creation of 5,399,291 shares for the purposes of the Group Savings Plan, 342,550 shares on the exercise of share subscription options, and 17,421,612 shares further to the conversion of Oceane bonds\*\*), **earnings per share jumped 21.3% to €4.44**, versus €3.66 in 2005 (based on 345,256,270 shares). Based on the average number of shares (341,048,210 shares in 2006 versus 336,330,568 shares in 2005), earnings per share came in at €4.80 up 27.7% on 2005 (€3.76).

**Excluding capital gains and losses, net income surged 32.6% to €1,702 million**, compared with €1,284 million in 2005. Based on the number of shares making up the capital stock at December 31, 2006 (368,419,723 shares), **earnings per share amounted to €4.62 compared with €3.72 in 2005, a rise of 24.2%**. Based on the average number of shares, earnings per share came in at €4.99, up 30.6% on 2005 (€3.82).

**Cash flow from operations** stands at €3,347 million, up 22.4% year-on-year. Excluding the tax impact of capital gains and losses, cash flow from operations increased 23.6% to €3,374 million, versus €2,730 million in 2005.

**Capital expenditure** advanced 24.8% to €2,191 million (5.3% of sales, or 4.5% excluding BPB), against €1,756 million in 2005 (5.0% of sales). This rise was mainly fuelled by the integration of BPB – where higher year-on-year capital expenditure (proforma) represented 12.5% of sales. Saint-Gobain continues to invest heavily in emerging countries and Asia, which accounted for 27.1% of the Group's total capital expenditure.

**Investments in securities** amounted to €584 million, including €355 million relating to Building Distribution and €142 million relating to Construction Products.

**Net debt** after the dividend payout, collection of the proceeds from the Calmar sale (€568 million) and conversion of the Oceane bonds\*\* (€915 million), stood at €11,599 million at December 31, 2006, down 9.7% on the year-earlier figure (€12,850 million). Net debt also includes an exceptional payment of €672 million to fund pension schemes, of which €18 million in Germany. Net debt represents 80% of consolidated shareholders' equity, versus 104.4% at December 31, 2005.

\* based on average exchange rates for 2005

\*\* bonds convertible and/or exchangeable into new or existing shares

## Update on asbestos claims in the United States

Some 7,000 claims were filed against CertainTeed in 2006, down 59% on 2005 (17,000 claims). At the same time, around 12,000 claims were resolved (compared with 20,000 in 2005), and 19,000 claims were transferred to “inactive dockets” further to a number of court rulings in the States of Ohio and Texas. The number of **outstanding claims** therefore continued on a downward trend, falling to around **76,000** at end-December 2006 versus 100,000 at December 31, 2005. **Total damages paid** in 2006 amounted to **USD 83 million** (compared with USD 88 million in 2005). The average cost per claim settled in the past 12 months or in the process of settlement at December 31, 2006 was around USD 3,000 per claim, up slightly on the year-earlier figure (around USD 2,800 per claim), due to the lower proportion of mass actions settled over the last 12 months as a proportion of total claims settled.

In light of these trends, an additional provision of **€95 million** was recorded in 2006 (versus €100 million in 2005), increasing the total coverage for CertainTeed’s asbestos-related claims to approximately USD 451 million at December 31, 2006, compared with USD 422 million at end-December 2005.

On the legislative front, the likelihood of a vote on federal reform in the short or medium term now appears to be almost nil. However, numerous States continue to consider tort reform measures in order to adopt medical criteria requirements and reduce abuses of the system.

\* \* \*

## Strategy

The Group’s strong results in 2006 highlight the efficiency of its business model and the high-quality acquisition of BPB, which posted better-than-expected operating results, was integrated successfully within the Group, and unlocked cost synergies ahead of term. The BPB acquisition is strongly accretive (impact of 15% on net income excluding capital gains and losses).

The Group intends to focus its strategy on:

- prioritizing development of construction, housing, and energy-related businesses, in particular through bolt-on acquisitions in Building Distribution and Construction Products sectors;
- pushing ahead with R&D and innovation initiatives, particularly in Flat Glass and High-Performance Materials sectors;
- stepping up expansion efforts in emerging countries.

Accordingly, after the 2006 sales of Calmar and Synflex, the Group began a strategic review of the Reinforcements & Composites business (with a plan to create a joint venture with Owens Corning) and of Saint-Gobain Desjonquères, for which it is currently looking to find partners. Positive developments suggest that a deal could be reached in the next few weeks, based on an enterprise value of around €690 million. Part of this amount will be used by Saint-Gobain to take a 20% stake in the capital of the new company. The transaction is subject to discussions with the corresponding employee representative bodies.

In 2007, the Group will consider further measures aimed at reorganizing its businesses in line with its business model, and growth and profitability potential.

\* \* \*

## 2007 outlook and targets

The Group expects the economic climate to remain favorable in most markets (with the exception of new residential construction in the US), and for 2007 is targeting:

- **robust growth in operating income** at constant exchange rates (based on average exchange rates for 2006);
- **double-digit growth in net income**, excluding capital gains and losses on sales of non-current assets.

These objectives are based on the assumption that both Saint-Gobain Desjonquères and the Reinforcements & Composites business will be deconsolidated in first-half 2007, but do not reflect any other major scope adjustments that may occur in 2007.

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## **Forthcoming results announcement**

- final results for 2006: March 22, 2007, after close of trading on the Paris Bourse
- sales for the first quarter of 2007: April 26, 2007, after close of trading on the Paris Bourse.

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## Appendix 1 : (Estimated) Results by Business Sector, Division and Geographic Area

<b>I. SALES</b>	2005 (in EUR m)	2006E (in EUR m)	Change on an actual structure basis	Change on a comparable structure basis	Change on a comparable structure and currency basis
<b><u>By sector and division :</u></b>					
<b>Flat Glass</b>	<b>4,680</b>	<b>5,083</b>	<b>+8.6%</b>	<b>+9.0%</b>	<b>+7.8%</b>
<b>High-Performance Materials (1)</b>	<b>4,880</b>	<b>4,938</b>	<b>+1.2%</b>	<b>+3.5%</b>	<b>+3.3%</b>
<i>Ceramics &amp; Plastics and Abrasives</i>	3,591	3,589	-0.1%	+3.4%	+3.3%
<i>Reinforcements</i>	1,306	1,365	+4.5%	+3.6%	+3.0%
<b>Construction Products (1)</b>	<b>6,694</b>	<b>10,876</b>	<b>+62.5%</b>	<b>+8.9%</b>	<b>+8.7%</b>
<i>Building Materials</i>	2,733	2,694	-1.4%	+2.5%	+2.3%
<i>Insulation</i>	2,244	2,542	+13.3%	+10.7%	+10.4%
<i>Gypsum</i>	263	3,895	<i>n.m.</i>	+12.2%	+12.1%
<i>Pipe</i>	1,474	1,783	+21.0%	+10.1%	+9.6%
<b>Building Distribution</b>	<b>15,451</b>	<b>17,581</b>	<b>+13.8%</b>	<b>+7.2%</b>	<b>+7.0%</b>
<b>Packaging (2)</b>	<b>4,008</b>	<b>4,080</b>	<b>+1.8%</b>	<b>+4.0%</b>	<b>+3.6%</b>
<i>Internal sales and misc.</i>	-603	-962	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>
<b>GROUP TOTAL</b>	<b>35,110</b>	<b>41,596</b>	<b>+18.5%</b>	<b>+7.1%</b>	<b>+6.7%</b>
<b>2005 BPB pro forma*</b>					
<b>Construction Products (1)</b>	<b>9,986</b>	<b>10,876</b>	<b>+8.9%</b>	<b>+8.9%</b>	<b>+8.7%</b>
<i>Insulation</i>	2,280	2,542	+11.5%	+10.7%	+10.4%
<i>Gypsum</i>	3,521	3,895	+10.6%	+12.2%	+12.1%
<b>Building Distribution</b>	<b>15,593</b>	<b>17,581</b>	<b>+12.7%</b>	<b>+7.2%</b>	<b>+7.0%</b>
<i>Internal sales and misc.</i>	-979	-962	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>
<b>Group total based on 2005 BPB pro forma</b>	<b>38,168</b>	<b>41,596</b>	<b>+9.0%</b>	<b>+7.1%</b>	<b>+6.7%</b>

<b><u>By geographic area :</u></b>					
France	11,438	12,528	+9.5%	+5.7%	+5.7%
Other western European countries	15,193	18,448	+21.4%	+7.1%	+7.1%
North America	5,956	6,790	+14.0%	+2.6%	+3.1%
Emerging countries and Asia	4,443	5,933	+33.5%	+16.4%	+12.7%
<i>Internal sales</i>	-1,920	-2,103	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>
<b>GROUP TOTAL</b>	<b>35,110</b>	<b>41,596</b>	<b>+18.5%</b>	<b>+7.1%</b>	<b>+6.7%</b>
<b>2005 BPB pro forma*</b>					
France	11,892	12,528	+5.3%	+5.7%	+5.7%
Other western European countries	16,576	18,448	+11.3%	+7.1%	+7.1%
North America	6,836	6,790	-0.7%	+2.6%	+3.1%
Emerging countries and Asia	4,842	5,933	+22.5%	+16.4%	+12.7%
<i>Internal sales</i>	-1,978	-2,103	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>
<b>Group total based on 2005 BPB pro forma</b>	<b>38,168</b>	<b>41,596</b>	<b>+9.0%</b>	<b>+7.1%</b>	<b>+6.7%</b>

(1) including intra-sector eliminations

(2) o/w Calmar (sold in July 2006) : 313 M€ in 2005 ; 183 M€ in 2006

\* BPB pro forma information is disclosed solely for those business sectors affected by the BPB acquisition. Figures for BPB's building merchants' business are included within the Building Distribution sector.

<b>II. OPERATING INCOME</b>	2005 (in EUR m)	2006E (in EUR m)	Change on an actual structure basis	2005 (in % of sales)	2006E (in % of sales)
<b><u>By sector and division :</u></b>					
<b>Flat Glass</b>	<b>453</b>	<b>480</b>	<b>+6.0%</b>	<b>9.7%</b>	<b>9.4%</b>
<b>High-Performance Materials</b>	<b>511</b>	<b>500</b>	<b>-2.2%</b>	<b>10.5%</b>	<b>10.1%</b>

<i>Ceramics &amp; Plastics and Abrasives</i>	462	468	+1.3%	12.9%	13.0%
<i>Reinforcements</i>	49	32	-34.7%	3.8%	2.3%
<b>Construction Products</b>	<b>614</b>	<b>1,376</b>	<b>+124.1%</b>	<b>9.2%</b>	<b>12.7%</b>
<i>Building Materials</i>	223	208	-6.7%	8.2%	7.7%
<i>Insulation</i>	292	379	+29.8%	13.0%	14.9%
<i>Gypsum</i>	-8	649	<i>n.m.</i>	<i>n.m.</i>	16.7%
<i>Pipe</i>	107	140	+30.8%	7.3%	7.9%
<b>Building Distribution</b>	<b>888</b>	<b>1,001</b>	<b>+12.7%</b>	<b>5.7%</b>	<b>5.7%</b>
<b>Packaging (2)</b>	<b>385</b>	<b>376</b>	<b>-2.3%</b>	<b>9.6%</b>	<b>9.2%</b>
<i>Miscellaneous</i>	9	-19	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>
<b>GROUP TOTAL</b>	<b>2,860</b>	<b>3,714</b>	<b>+29.9%</b>	<b>8.1%</b>	<b>8.9%</b>
<b>2005 BPB pro forma*</b>					
<b>Construction Products (1)</b>	<b>1,113</b>	<b>1,376</b>	<b>+23.6%</b>	<b>11.1%</b>	<b>12.7%</b>
<i>Insulation</i>	296	379	+28.0%	13.0%	14.9%
<i>Gypsum</i>	487	649	+33.3%	13.8%	16.7%
<b>Building Distribution</b>	<b>893</b>	<b>1,001</b>	<b>+12.1%</b>	<b>5.7%</b>	<b>5.7%</b>
<b>Group total based on 2005 BPB pro forma</b>	<b>3,364</b>	<b>3,714</b>	<b>+10.4%</b>	<b>8.8%</b>	<b>8.9%</b>

<b><u>By geographic area :</u></b>					
France	889	970	+9.1%	7.8%	7.7%
Other western European countries	1,090	1,506	+38.2%	7.2%	8.2%
North America	487	701	+43.9%	8.2%	10.3%
Emerging countries and Asia	394	537	+36.3%	8.9%	9.1%
<b>GROUP TOTAL</b>	<b>2,860</b>	<b>3,714</b>	<b>+29.9%</b>	<b>8.1%</b>	<b>8.9%</b>
<b>2005 BPB pro forma*</b>					
France	965	970	+0.5%	8.1%	7.7%
Other western European countries	1,335	1,506	+12.8%	8.1%	8.2%
North America	627	701	+11.8%	9.2%	10.3%
Emerging countries and Asia	437	537	+22.9%	9.0%	9.1%
<b>Group total based on 2005 BPB pro forma</b>	<b>3,364</b>	<b>3,714</b>	<b>+10.4%</b>	<b>8.8%</b>	<b>8.9%</b>

\* BPB pro forma information is disclosed solely for those business sectors affected by the BPB acquisition. Figures for BPB's building merchants' business are included within the Building Distribution sector.

(2) o/w Calmar : 35 M€ in 2005; 28 M€ in 2006

<b>III. BUSINESS INCOME</b>	<b>2005</b>	<b>2006E</b>	<b>Change on</b>	<b>2005</b>	<b>2006E</b>
	<b>(in EUR m)</b>	<b>(in EUR m)</b>	<b>an actual</b>	<b>(in % of sales)</b>	<b>(in % of sales)</b>
			<b>structure</b>		
			<b>basis</b>		
<b><u>By sector and division :</u></b>					
<b>Flat Glass</b>	<b>443</b>	<b>455</b>	<b>+2.7%</b>	<b>9.5%</b>	<b>9.0%</b>
<b>High-Performance Materials</b>	<b>411</b>	<b>416</b>	<b>+1.2%</b>	<b>8.4%</b>	<b>8.4%</b>
<i>Ceramics &amp; Plastics and Abrasives</i>	378	411	+8.7%	10.5%	11.5%
<i>Reinforcements</i>	33	5	-84.8%	2.5%	0.4%
<b>Construction Products</b>	<b>559</b>	<b>1,229</b>	<b>+119.9%</b>	<b>8.4%</b>	<b>11.3%</b>
<i>Building Materials</i>	247	170	-31.2%	9.0%	6.3%
<i>Insulation</i>	278	341	+22.7%	12.4%	13.4%
<i>Gypsum</i>	-57	648	<i>n.m.</i>	<i>n.m.</i>	16.6%
<i>Pipe</i>	91	70	-23.1%	6.2%	3.9%
<b>Building Distribution</b>	<b>874</b>	<b>979</b>	<b>+12.0%</b>	<b>5.7%</b>	<b>5.6%</b>
<b>Packaging (2)</b>	<b>375</b>	<b>379</b>	<b>+1.1%</b>	<b>9.4%</b>	<b>9.3%</b>
<i>Miscellaneous**</i>	-108	-136	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>
<b>GROUP TOTAL</b>	<b>2,554</b>	<b>3,322</b>	<b>+30.1%</b>	<b>7.3%</b>	<b>8.0%</b>
<b>2005 BPB pro forma*</b>					
<b>Construction Products (1)</b>	<b>1,079</b>	<b>1,229</b>	<b>+13.9%</b>	<b>10.8%</b>	<b>11.3%</b>
<i>Insulation</i>	282	341	+20.9%	12.4%	13.4%
<i>Gypsum</i>	459	648	+41.2%	13.0%	16.6%
<b>Building Distribution</b>	<b>879</b>	<b>979</b>	<b>+11.4%</b>	<b>5.6%</b>	<b>5.6%</b>



<b>Group total based on 2005 BPB pro forma</b>	<b>3,079</b>	<b>3,322</b>	<b>+7.9%</b>	<b>8.1%</b>	<b>8.0%</b>
<b><u>By geographic area :</u></b>					
France	856	883	+3.2%	7.5%	7.0%
Other western European countries	1,012	1,457	+44.0%	6.7%	7.9%
North America **	302	481	+59.3%	5.1%	7.1%
Emerging countries and Asia	384	501	+30.5%	8.6%	8.4%
<b>GROUP TOTAL</b>	<b>2,554</b>	<b>3,322</b>	<b>+30.1%</b>	<b>7.3%</b>	<b>8.0%</b>
<b>2005 BPB pro forma*</b>					
France	924	883	-4.4%	7.8%	7.0%
Other western European countries	1,287	1,457	+13.2%	7.8%	7.9%
North America	441	481	+9.1%	6.5%	7.1%
Emerging countries and Asia	427	501	+17.3%	8.8%	8.4%
<b>Group total based on 2005 BPB pro forma</b>	<b>3,079</b>	<b>3,322</b>	<b>+7.9%</b>	<b>8.1%</b>	<b>8.0%</b>

\* BPB pro forma information is disclosed solely for those business sectors affected by the BPB acquisition. Figures for BPB's building merchants' business are included within the Building Distribution sector.

\*\* after asbestos-related charge (before tax) of € 95 million in 2006, versus € 100 million in 2005.

(2) o/w Calmar : 34 M€ in 2005; 31 M€ in 2006

<b>IV. CASH FLOW</b>	<b>2005</b>	<b>2006E</b>	<b>Change on</b>	<b>2005</b>	<b>2006E</b>
	<b>(in EUR m)</b>	<b>(in EUR m)</b>	<b>an actual</b>	<b>(in % of sales)</b>	<b>(in % of sales)</b>
			<b>structure</b>		
			<b>basis</b>		
<b><u>By sector and division :</u></b>					
<b>Flat Glass</b>	<b>528</b>	<b>529</b>	<b>+0.2%</b>	<b>11.3%</b>	<b>10.4%</b>
<b>High-Performance Materials</b>	<b>446</b>	<b>432</b>	<b>-3.1%</b>	<b>9.1%</b>	<b>8.7%</b>
<i>Ceramics &amp; Plastics and Abrasives</i>	342	363	+6.1%	9.5%	10.1%
<i>Reinforcements</i>	104	69	-33.7%	8.0%	5.1%
<b>Construction Products</b>	<b>559</b>	<b>1,048</b>	<b>+87.5%</b>	<b>8.4%</b>	<b>9.6%</b>
<i>Building Materials</i>	212	204	-3.8%	7.8%	7.6%
<i>Insulation</i>	287	358	+24.7%	12.8%	14.1%
<i>Gypsum</i>	-31	368	n.m.	n.m.	9.4%
<i>Pipe</i>	91	118	+29.7%	6.2%	6.6%
<b>Building Distribution</b>	<b>667</b>	<b>817</b>	<b>+22.5%</b>	<b>4.3%</b>	<b>4.6%</b>
<b>Packaging (2)</b>	<b>432</b>	<b>402</b>	<b>-6.9%</b>	<b>10.8%</b>	<b>9.9%</b>
<i>Miscellaneous**</i>	103	119	n.m.		
<b>GROUP TOTAL</b>	<b>2,735</b>	<b>3,347</b>	<b>+22.4%</b>	<b>7.8%</b>	<b>8.0%</b>
<b>2005 BPB pro forma*</b>					
<b>Construction Products</b>	<b>908</b>	<b>1,048</b>	<b>+15.4%</b>	<b>9.1%</b>	<b>9.6%</b>
<i>Insulation</i>	282	358	+27.0%	12.4%	14.1%
<i>Gypsum</i>	323	368	+13.9%	9.2%	9.4%
<b>Building Distribution</b>	<b>672</b>	<b>817</b>	<b>+21.6%</b>	<b>4.3%</b>	<b>4.6%</b>
<i>Miscellaneous</i>	109	119	n.m.	n.m.	n.m.
<b>Group total based on 2005 BPB pro forma</b>	<b>3,095</b>	<b>3,347</b>	<b>+8.1%</b>	<b>8.1%</b>	<b>8.0%</b>

<b><u>By geographic area :</u></b>					
France	903	733	-18.8%	7.9%	5.9%
Other western European countries	969	1,446	+49.2%	6.4%	7.8%
North America**	410	573	+39.8%	6.9%	8.4%
Emerging countries and Asia	453	595	+31.3%	10.2%	10.0%
<b>GROUP TOTAL</b>	<b>2,735</b>	<b>3,347</b>	<b>+22.4%</b>	<b>7.8%</b>	<b>8.0%</b>
<b>2005 BPB pro forma*</b>					
France	830	733	-11.7%	7.0%	5.9%
Other western European countries	1,252	1,446	+15.5%	7.6%	7.8%
North America	513	573	+11.7%	7.5%	8.4%
Emerging countries and Asia	500	595	+19.0%	10.3%	10.0%
<b>Group total based on 2005 BPB pro forma</b>	<b>3,095</b>	<b>3,347</b>	<b>+8.1%</b>	<b>8.1%</b>	<b>8.0%</b>

\* BPB pro forma information is disclosed solely for those business sectors affected by the BPB acquisition. Figures for BPB's building merchants' business are included within the Building Distribution sector.

\*\* after asbestos-related charge (before tax) of €64 million in 2006, versus €68 million in 2005.

(2) o/w Calmar : 36 M€ in 2005; 19 M€ in 2006

<b>V. CAPITAL EXPENDITURE</b>	<b>2005</b>	<b>2006E</b>	<b>Change on</b>	<b>2005</b>	<b>2006E</b>
	<b>(in EUR m)</b>	<b>(in EUR m)</b>	<b>an actual</b>	<b>(in % of sales)</b>	<b>(in % of sales)</b>
			<b>structure</b>		
			<b>basis</b>		
<b><u>By sector and division :</u></b>					
<b>Flat Glass</b>	<b>485</b>	<b>448</b>	<b>-7.6%</b>	<b>10.4%</b>	<b>8.8%</b>
<b>High-Performance Materials</b>	<b>271</b>	<b>225</b>	<b>-17.0%</b>	<b>5.6%</b>	<b>4.6%</b>
<i>Ceramics &amp; Plastics and Abrasives</i>	187	161	-13.9%	5.2%	4.5%
<i>Reinforcements</i>	84	64	-23.8%	6.4%	4.7%
<b>Construction Products</b>	<b>355</b>	<b>844</b>	<b>+137.7%</b>	<b>5.3%</b>	<b>7.8%</b>
<i>Building Materials</i>	102	142	+39.2%	3.7%	5.3%
<i>Insulation</i>	145	145	+0.0%	6.5%	5.7%
<i>Gypsum</i>	52	487	<i>n.m.</i>	<i>n.m.</i>	12.5%
<i>Pipe</i>	56	70	+25.0%	3.8%	3.9%
<b>Building Distribution</b>	<b>327</b>	<b>315</b>	<b>-3.7%</b>	<b>2.1%</b>	<b>1.8%</b>
<b>Packaging (2)</b>	<b>305</b>	<b>335</b>	<b>+9.8%</b>	<b>7.6%</b>	<b>8.2%</b>
<i>Miscellaneous</i>	13	24	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>
<b>GROUP TOTAL</b>	<b>1,756</b>	<b>2,191</b>	<b>+24.8%</b>	<b>5.0%</b>	<b>5.3%</b>
<b>2005 BPB pro forma*</b>					
<b>Construction Products</b>	<b>667</b>	<b>844</b>	<b>+26.5%</b>	<b>6.7%</b>	<b>7.8%</b>
<i>Gypsum</i>	364	487	+33.8%	10.3%	12.5%
<b>Building Distribution</b>	<b>328</b>	<b>315</b>	<b>-4.0%</b>	<b>2.1%</b>	<b>1.8%</b>
<b>Group total based on 2005 BPB pro forma</b>	<b>2,069</b>	<b>2,191</b>	<b>+5.9%</b>	<b>5.4%</b>	<b>5.3%</b>
<b><u>By geographic area :</u></b>					
France	391	485	+24.0%	3.4%	3.9%
Other western European countries	574	749	+30.5%	3.8%	4.1%
North America	256	363	+41.8%	4.3%	5.3%
Emerging countries and Asia	535	594	+11.0%	12.0%	10.0%
<b>GROUP TOTAL</b>	<b>1,756</b>	<b>2,191</b>	<b>+24.8%</b>	<b>5.0%</b>	<b>5.3%</b>
<b>2005 BPB pro forma*</b>					
France	432	485	+12.3%	3.6%	3.9%
Other western European countries	697	749	+7.5%	4.2%	4.1%
North America	298	363	+21.8%	4.4%	5.3%
Emerging countries and Asia	642	594	-7.5%	13.3%	10.0%
<b>Group total based on 2005 BPB pro forma</b>	<b>2,069</b>	<b>2,191</b>	<b>+5.9%</b>	<b>5.4%</b>	<b>5.3%</b>

\* BPB pro forma information is disclosed solely for those business sectors affected by the BPB acquisition. Figures for BPB's building merchants' business are included within the Building Distribution sector.

(2) o/w Calmar : 26 M€ in 2005; 9 M€ in 2006

**Appendix 2: (Estimated) Consolidated Balance Sheet at December 31 , 2006**

in EUR millions	Dec 31, 2006E	Dec 31, 2005 restated <sup>(*)</sup>
<b>Assets</b>		
Goodwill	9,327	9,718
Other intangible Assets	3,202	3,196
Property, plant and equipment	12,769	12,832
Investments in associates	238	139
Deferred tax assets	348	447
Other non-current assets	390	431
<b>Non-current assets</b>	<b>26,274</b>	<b>26,763</b>
Inventories	5,629	5,535
Trade accounts receivable	6,301	5,813
Current tax receivable	66	82
Other accounts receivable	1,390	939
Assets held for sale	548	0
Cash and cash equivalents	1,468	2,080
<b>Currents assets</b>	<b>15,402</b>	<b>14,449</b>
<b>Total assets</b>	<b>41,676</b>	<b>41,212</b>
<b>Liabilities and Shareholders' equity</b>		
<b>Shareholders' equity</b>	<b>14,165</b>	<b>11,991</b>
Minority interests	322	327
<b>Total equity</b>	<b>14,487</b>	<b>12,318</b>
Long-term debt	9,877	11,315
Provisions for pensions and other employee benefits	2,203	3,430
Deferred tax liabilities	1,222	1,149
Provisions for other liabilities and charges	936	875
<b>Non-current liabilities</b>	<b>14,238</b>	<b>16,769</b>
Current portion of long-term debt	993	922
Current portion of provisions for other liabilities and charges	467	680
Trade accounts payable	5,519	4,779
Current tax liabilities	190	216
Other accounts payable	3,336	2,835
Liabilities held for sale	249	0
Short-term debt and bank overdrafts	2,197	2,693
<b>Current liabilities</b>	<b>12,951</b>	<b>12,125</b>
<b>Total equity and liabilities</b>	<b>41,676</b>	<b>41,212</b>

(\*) In accordance with IAS 8, at January 1, 2006 shareholders' equity was restated by €274 million. Of this amount, €208 million relates to the restatement at December 31, 2005 of actuarial gains and losses of the deferred tax effect. These actuarial differences relate to pension obligations and are recognized against equity with effect from January 1, 2006, in accordance with the option available under the revised IAS 19.