

Paris, October 23, 2014

Sales for the first nine months of 2014

Organic growth at 2.7%; stable in the third quarter

- Volumes up +1.7% over the first nine months of the year but slipping -0.5% in Q3, hit by construction markets in France and Germany. Confirmation of the positive trends in the UK as well as in the US new-build and industrial markets.
- Sales prices up +1.0% over the nine-month period. More moderate price impact in Q3 (+0.5%) owing to a decrease in prices for Exterior Products in the US and lower inflation in Western Europe.
- Currency impact still significant over the nine-month period (-2.2%) but limited in Q3 (-0.3%).
- Group structure impact of -2.3% over the nine-month period and -3.0% in Q3, resulting chiefly from the disposal of Verallia North America.
- Buyback of around 3.8 million shares over the past three months.

Pierre-André de Chalendar, Chairman and Chief Executive Officer of Saint-Gobain, commented:

“The Group’s organic growth in the third quarter reflects the contraction in certain economies in Western Europe, milder growth in Asia and emerging countries, and a downturn in the Roofing business in the US. The positive trends in the UK and Scandinavia, and in US new-build and industrial markets, continued apace.

The Group has stepped up measures to address this uncertain macroeconomic environment, including the planned 2015 cost cutting program.

For full-year 2014, the Group continues to target a clear improvement in its operating income expected between 5% and 10% based on comparable Group structure and exchange rates and excluding Verallia North America, as well as a high level of free cash flow.”

The table below presents nine-month sales trends by Business Sector and major geographic area:

€m	9 months 2013 Sales Restated*	9 months 2014 Sales	Change on an actual structure basis	Change on a comparable structure basis	Like-for- like change	9 months 2013 Sales Published
<u>BUSINESS SECTOR</u>						
Innovative Materials¹	6,738	6,770	0.5%	0.4%	3.6%	6,865
<i>Flat Glass</i>	3,625	3,621	-0.1%	0.7%	3.0%	3,753
<i>High-Performance Materials</i>	3,121	3,156	1.1%	0.1%	4.2%	3,121
Construction Products¹	8,641	8,543	-1.1%	-0.1%	3.5%	8,717
<i>Interior Solutions</i>	4,385	4,505	2.7%	2.7%	5.8%	4,385
<i>Exterior Solutions</i>	4,300	4,085	-5.0%	-2.9%	1.1%	4,376
Building Distribution	13,977	14,084	0.8%	1.1%	1.7%	13,977
Packaging (Verallia)²	2,740	2,116	-22.8%	-1.4%	2.4%	2,740
<i>Including VNA</i>	920	314	---	---	---	920
<i>Internal sales and misc.</i>	(717)	(697)	---	---	---	(726)
<u>GEOGRAPHIC AREA</u>						
France	8,708	8,672	-0.4%	-0.5%	-0.5%	8,750
Other Western European countries	13,097	13,508	3.1%	3.3%	3.4%	13,136
North America ²	4,594	3,875	-15.7%	-0.8%	2.6%	4,609
Emerging countries and Asia	6,285	6,241	-0.7%	-0.2%	8.5%	6,402
<i>Internal sales</i>	(1,305)	(1,480)	---	---	---	(1,324)
GROUP	31,379	30,816	-1.8%	0.5%	2.7%	31,573

* 2013 figures restated to reflect the impacts of the amended IFRS 11.

¹ Including inter-division eliminations.

² Including Verallia North America (VNA) which was deconsolidated with effect from April 11, 2014.

Saint-Gobain's sales for the **first nine months** of 2014 came in at **€30,816 million, down 1.8%** from €31,379 million in the same period one year earlier.

The **currency impact** was a negative 2.2%, due to the depreciation against the euro of Latin American and Scandinavian currencies as well as the US dollar – chiefly in the first half.

The **Group structure impact** was a negative 2.3%, essentially reflecting the disposal of Verallia North America (VNA) with effect from April 11, as well as the sale of certain non-core Exterior Solutions and Building Distribution businesses.

Like-for-like (comparable structure and exchange rates), sales were up 2.7%. **Volumes** grew 1.7%, despite a negative third quarter. **Sales prices** gained 1.0% over the nine months to September 30, following a 1.2% rise in the first half.

The table below presents third-quarter sales trends by Business Sector and major geographic area:

€m	Q3 2013 Sales Restated*	Q3 2014 Sales	Change on an actual structure basis	Change on a comparable structure basis	Like-for- like change	Q3 2013 Sales Published
<u>BUSINESS SECTOR</u>						
Innovative Materials¹	2,194	2,286	4.2%	3.4%	3.4%	2,242
<i>Flat Glass</i>	1,187	1,223	3.0%	2.9%	2.2%	1,234
<i>High-Performance Materials</i>	1,010	1,065	5.4%	3.8%	4.8%	1,010
Construction Products¹	2,964	2,900	-2.2%	-1.4%	-0.4%	2,993
<i>Interior Solutions</i>	1,515	1,551	2.4%	2.3%	3.3%	1,515
<i>Exterior Solutions</i>	1,465	1,366	-6.8%	-5.2%	-4.1%	1,494
Building Distribution	4,878	4,797	-1.7%	-1.3%	-1.8%	4,878
Packaging (Verallia)²	927	616	-33.5%	0.6%	4.0%	927
<i>Including VNA</i>	315	0	---	---	---	315
<i>Internal sales and misc.</i>	(235)	(229)	---	---	---	(238)
<u>GEOGRAPHIC AREA</u>						
France	2,816	2,724	-3.3%	-3.3%	-3.3%	2,831
Other Western European countries	4,641	4,673	0.7%	0.9%	0.0%	4,659
North America ²	1,526	1,234	-19.1%	3.2%	3.6%	1,531
Emerging countries and Asia	2,178	2,217	1.8%	1.6%	4.6%	2,220
<i>Internal sales</i>	(433)	(478)	---	---	---	(439)
GROUP	10,728	10,370	-3.3%	-0.3%	0.0%	10,802

* 2013 figures restated to reflect the impacts of the amended IFRS 11.

¹ Including inter-division eliminations.

² Including Verallia North America (VNA) which was deconsolidated with effect from April 11, 2014.

Consolidated sales for the **third quarter** came in at **€10,370 million**, down 3.3% on the same period one year earlier (€10,728 million). This reflects a **negative Group structure impact** of **3.0%** and a milder **negative currency impact** of **0.3%** thanks to the appreciation of the Group's main currencies against the euro over the past few months.

On a like-for-like basis, **sales** remained stable over the quarter. **Volumes slipped 0.5%**, hit by the downturn in construction markets in France and Germany, the decline in Exterior Solutions, and softer growth in Asia and emerging countries.

Prices had a slight **0.5%** positive impact, with a decline in prices for US Exterior Products and lower inflation in Western Europe.

Like-for-like performance of Group Business Sectors

Innovative Materials sales climbed 3.6% over the nine-month period, including 3.4% in the third quarter powered by High-Performance Materials.

- **Flat Glass** reported 3.0% organic growth over the first nine months of the year. In the third quarter (+2.2%), trading remained upbeat in Asia and emerging countries, with the exception of Brazil and particularly the automotive sector. In Europe, the construction markets remained under pressure. Prices continued to progress slightly overall in Flat Glass, amid stable prices for commodity products (float glass) in Europe.
- **High-Performance Materials** sales were up 4.2% over the nine months to September 30. Third-quarter trading (up 4.8%) continued along the lines of the first half, but with a smaller price impact. As the upswing in North American industrial markets took hold, Plastics sales picked up pace, Abrasives continued to grow and Ceramics improved gradually, thanks to a favorable basis for comparison.

Construction Products (CP) sales advanced 3.5% over the nine months despite slipping 0.4% in the third quarter due to Exterior Solutions.

- **Interior Solutions** delivered 5.8% growth over the nine-month period, helped by mild winter weather in the first quarter. Third-quarter trading (up 3.3%) continued along the lines of the three months to June 30, spurred by upbeat construction markets in the US. In Western Europe prices decreased, while volumes continued to grow, buoyed by our businesses' positioning in the energy efficiency market. Sales growth in Asia and emerging countries slowed on the back of the downturn in trading in Japan and Latin America.
- **Exterior Solutions** retreated 4.1%, with both volumes and prices down in the third quarter, reducing organic growth over the nine-month period to 1.1%. The decline stems chiefly from the impact of prices for Exterior Products in the US, which continued to struggle from the lack of additional weather-related demand. Pipe posted good organic growth for the first nine months of the year driven by the ramp-up in export contracts, despite third-quarter trading being hit by a reduction in cast iron production capacity in China. The economic situation in Western Europe continued to take its toll on Industrial Mortars, although the business reported further good organic growth in Asia and emerging countries despite the decrease in volumes in Latin America.

Building Distribution posted 1.7% organic growth over the nine-month period, with sales losing 1.8% in the three months to September 30 after slipping 0.2% in the second quarter.

The downturn in France worsened, due to the sharp contraction in the new-build market. After a first quarter buoyed by mild winter weather, Germany has been declining fairly significantly since the second quarter. However, the upbeat momentum was confirmed in the UK and Scandinavia posted slight growth over the third quarter. Brazil saw small growth gains, despite the cyclical downturn.

Packaging (Verallia) sales moved up 2.4% over the nine months to September 30, powered by a 4.0% rise in the third quarter.

Sales prices for the Business Sector remained under pressure in Western Europe, while volumes increased slightly. Latin America once again reported good growth, driven by inflation-related price trends.

Like-for-like analysis by geographic area

Organic growth slowed in the third quarter:

- In **France**, the trading downturn gained ground (down 3.3% over the quarter and 0.5% over the nine-month period), hit by the contraction in the new-build market.
- Trading in **other Western European countries**, which remained stable over the quarter, was still up over the first nine months of the year, at +3.4%. The slowdown in trading reflects the decline in Germany. The UK continued to grow and Nordic countries advanced slightly.
- Organic growth in **North America** came in at 2.6% for the first nine months of the year, including 3.6% in the third quarter. Interior Solutions continued to benefit from good momentum in US construction in terms of both volumes and prices, despite Exterior Products taking some shine off the region's performance. Industrial markets continued to improve.

- **Asia and emerging countries** posted 8.5% growth over the nine-month period and 4.6% in the third quarter. Trading slowed across all regions compared to the first half of the year.

Update on asbestos claims in the United States

Some 3,000 new claims were filed against CertainTeed in the first nine months of 2014, in line with the same period in 2013. Taking into account around 4,000 claims settled in the period (versus 3,000 in the first nine months of 2013), and around 4,000 claims transferred to inactive dockets, some 38,000 claims were outstanding at September 30, 2014, compared with 43,000 at end- 2013.

Update on the share buyback

Over the past three months Saint-Gobain has bought back 3,786,095 of its own shares at an average price of €35.35.

Outlook and objectives for full-year 2014

The Group expects the following trends for the fourth quarter:

- In **Western Europe**, the upturn in our markets should continue in the UK and to a lesser extent in Scandinavia. The decline in the new-build market in France will continue to affect performance. The outlook in Germany remains uncertain.
- In **North America**, construction should remain buoyant with the exception of Exterior Products markets. Industry should continue to advance.
- In **Asia and emerging countries**, our businesses should maintain a satisfactory level of growth.
- Lastly, **household consumption** should prove upbeat in volume terms but could continue to be affected by competitive pressure on prices.

The Group is rolling out specific measures to address this uncertain macroeconomic environment:

- keeping a priority focus on **increasing sales prices** in order to maintain a positive spread versus raw material and energy costs;
- **implementing the cost-cutting program**, with the aim of unlocking €210 million in additional cost savings in the second half compared to the same period in 2013 (representing total cost savings of €450 million in 2014 versus 2013);
- **stepping up the cost cutting program already in place for 2015** in response to weaker markets;
- maintaining a **close watch on cash management and financial strength**, including adjusting capital expenditure to below the €1.5 billion initially planned;
- pursuing a **selective acquisitions and divestments policy**.

For full-year 2014, Saint-Gobain continues to target:

- a clear improvement in its operating income expected between 5% and 10% based on comparable structure and exchange rates and excluding Verallia North America;
- a high level of free cash flow.

Financial calendar

Results for 2014: *February 25, 2015*, after close of trading on the Paris Bourse.

Analyst/Investor relations	Press relations
Gaetano Terrasini +33 1 47 62 32 52 Vivien Dardel +33 1 47 62 44 29 Marine Huet +33 1 47 62 30 93	Sophie Chevallon +33 1 47 62 30 48 Susanne Trabitzsch +33 1 47 62 43 25

Important disclaimer - forward-looking statements:

This press release contains forward-looking statements with respect to Saint-Gobain's financial condition, results, business, strategy, plans and outlook. Forward-looking statements are generally identified by the use of the words "expect", "anticipate", "believe", "intend", "estimate", "plan" and similar expressions. Although Saint-Gobain believes that the expectations reflected in such forward-looking statements are based on reasonable assumptions as at the time of publishing this document, investors are cautioned that these statements are not guarantees of its future performance. Actual results may differ materially from the forward-looking statements as a result of a number of known and unknown risks, uncertainties and other factors, many of which are difficult to predict and are generally beyond the control of Saint-Gobain, including but not limited to the risks described in Saint-Gobain's registration document available on its website (www.saint-gobain.com). Accordingly, readers of this document are cautioned against relying on these forward-looking statements. These forward-looking statements are made as of the date of this document. Saint-Gobain disclaims any intention or obligation to complete, update or revise these forward-looking statements, whether as a result of new information, future events or otherwise.

This press release does not constitute any offer to purchase or exchange, nor any solicitation of an offer to sell or exchange securities of Saint-Gobain.

For any further information, please visit www.saint-gobain.com.