SAINT-GOBAIN 350

PRESS release

Paris, April 28, 2015

First-quarter 2015 sales

Sales stable at €9,859 million

- Organic growth at a negative 1.2% against a high-volume comparison basis; positive 0.3% price effect in a low-inflation environment
- Significant 4.2% positive currency impact; negative 3.2% Group structure impact related chiefly to the disposal of Verallia North America
- Continued upbeat trends in Asia and emerging countries
- Business in Western Europe dampened by the downturn in the French market and a tough basis for comparison, particularly in Germany; good growth in the UK, Scandinavia and Spain
- Robust construction markets in North America, but Roofing volumes down due to the absence of stockpiling typically seen at the beginning of the year

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

"Our figures for the first quarter are in line with our forecasts, given the tough basis for comparison. Over the rest of the year, we expect to see a gradual improvement, particularly in Germany and in Roofing in the US. Construction markets in France will remain challenging in 2015. In this setting and thanks to our ongoing cost cutting program, we can confirm our objective of a further like-for-like improvement in operating income."

Consolidated sales were stable at **€9,859 million**. Like-for-like (constant Group structure and exchange rates) sales slipped 1.2%.
Changes in Group structure had a negative 3.2% impact, essentially reflecting the disposal of Verallia North America (VNA).
The fall in the value of the euro against certain currencies – particularly the US dollar and Pound sterling – resulted in a significant 4.2% positive **currency impact**.
Volumes were down 1.5% on first-quarter 2014, which had been boosted by particularly mild winter weather in Europe.
Prices had a positive 0.3% impact amid a small rise in raw material costs and energy deflation.

€m	Sales Q1 2014	**Sales Q1 2015**	Change on an actual structure basis	Change on a comparable structure basis	**Like-for-like change**
BUSINESS SECTOR					
Innovative Materials[1]	**2,175**	**2,385**	**9.7%**	**9.8%**	**2.0%**
Flat Glass	*1,159*	*1,285*	*10.9%*	*10.8%*	*5.8%*
High-Performance Materials	*1,018*	*1,104*	*8.4%*	*8.8%*	*(2.2%)*
Construction Products[1]	**2,757**	**2,833**	**2.8%**	**3.1%**	**(3.0%)**
Interior Solutions	*1,452*	*1,541*	*6.1%*	*6.1%*	*0.9%*
Exterior Solutions	*1,318*	*1,307*	*(0.8%)*	*(0.1%)*	*(7.2%)*
Building Distribution	**4,361**	**4,315**	**(1.1%)**	**(0.8%)**	**(2.6%)**
Packaging (Verallia)	**822**	**550**	**(33.1%)**	**0.9%**	**2.5%**
Internal sales and misc.	*(241)*	*(224)*	---	---	---
GEOGRAPHIC AREA					
France	2,872	2,731	(4.9%)	(4.7%)	(4.7%)
Other Western European countries	4,150	4,275	3.0%	3.2%	0.9%
North America	1,436	1,245	(13.3%)	9.0%	(9.7%)
Emerging countries and Asia	1,905	2,087	9.6%	9.4%	4.0%
Internal sales	*(489)*	*(479)*	---	---	---
GROUP	**9,874**	**9,859**	**(0.2%)**	**3.0%**	**(1.2%)**

[1] Including inter-division eliminations.

Like-for-like performance of Group Business Sectors

Innovative Materials sales advanced 2.0%.

- **Flat Glass** continued to rally, up 5.8%. Automotive glass reported robust growth in all geographic areas except Brazil. The construction market remains bullish in Asia and emerging countries, but contracted in Western Europe where prices remained stable.
- **High-Performance Materials (HPM)** sales declined 2.2%. Asia and emerging countries reported growth against a tough basis for comparison. The decline in Ceramics dented performance mainly in North America, which was hard hit by the collapse in sales of proppants linked to the shale oil market crisis in the US.

Construction Products (CP) sales were down 3.0%, hurt by Exterior Products in the US and Interior Solutions in France and Germany.

- **Interior Solutions** saw sales edge up 0.9%. Volumes held firm in Western Europe despite a sharp contraction in the construction market in France and the base effect in Germany; there was further downward pressure on prices in a deflationary environment. Asia and emerging countries confirmed their good performance, except in Japan. Construction markets remained upbeat in the US.
- **Exterior Solutions** sales fell 7.2%, hard hit by Exterior Products in the US. The lack of the usual promotional campaign in Roofing dragged down volumes but enabled prices to hold firm. Growth in Mortars was curbed by a tough basis for comparison in Europe. Pipe continued to rally, buoyed by export contracts.

Building Distribution sales were down 2.6% against a strong first-quarter 2014, when sales had risen 8.1% on the same prior-year period. France continued to suffer from a sharp contraction in new-builds and a sluggish renovation market. Germany retreated mainly due to a very unfavorable base effect. The UK, Nordic countries and Brazil posted good growth.

Packaging (Verallia) reported 2.5% organic growth. In Europe, the 3.4% rise in volumes confirmed the recovery in a competitive pricing environment. Latin America reported further good sales growth thanks solely to price trends reflecting the impact of inflation.

Like-for-like analysis by geographic area

In accordance with the scenario outlined in February:

- **France** saw sales decline 4.7% as it continued to suffer from a deteriorating construction market.
- **Other Western European countries** reported 0.9% sales growth, affected by a 6.1% decline in Germany against an extremely tough basis for comparison; the UK, Scandinavia and Spain reported good growth.
- **North America** was down 9.7% due to the Roofing and Ceramics businesses, despite continued good momentum in Interior Solutions.
- **Asia and emerging countries** saw sales increase 4.0%: Latin America and Eastern Europe continued to perform well, while Asia was down slightly due to Japan.

2015 outlook

After a first quarter characterized by tough 2014 comparatives, the Group maintains its outlook for 2015 as a whole:

- **Western Europe** should recover gradually, hampered by the decline in France and a continuing uncertain outlook in Germany.
- **North America** should advance despite a first quarter down on 2014, buoyed by upbeat trends in construction markets; the Roofing business should gradually improve.
- Our businesses in **Asia and emerging countries** should deliver good organic growth.
- **Household consumption markets** should see a slight uptick in Europe.

The Group confirms its **action plan priorities**:

- **keep its priority focus on increasing sales prices** amid a small rise in raw material costs and energy deflation;
- unlock additional savings of **€400 million** (calculated on the 2014 cost base) thanks to its ongoing **cost cutting program**;
- **pursue a capital expenditure program of under €1,600 million**;
- **renew its commitment to invest in R&D** in order to support its differentiated, high value-added strategy;
- **pursue the divestment of Verallia**, which is continuing as planned with offers expected in second-quarter 2015
- pursue its plan to **acquire a controlling interest in Sika**.

In this context, Saint-Gobain expects a further like-for-like improvement in operating income for 2015 and a continuing high level of free cash flow.

Financial calendar

First-half 2015 results: *July 29, 2015*, after close of trading on the Paris Bourse.

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