

Paris, October 24, 2013

Sales for the first nine months of 2013

Trading upswing in the third quarter with 3.1% organic growth, giving 1.1% negative organic growth for the nine-month period

- Organic growth reported by all businesses in Q3
- Sales prices remain upbeat: up 0.9% in Q3 and over nine months
- Sales volumes recover: up 2.2% in Q3 (including one additional working day), down 2.0% over nine months
- Acceleration in organic growth in Asia and emerging countries in Q3, rebound in North America, and fledgling improvement in Western Europe
- Strong negative currency impact of 4.3% in Q3; negative impact of 2.3% since the beginning of the year
- 2013 objectives confirmed

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

“The Group’s trading performance in the third quarter confirms the recovery that began in the three months to June 30, with ongoing robust organic growth in Asia and emerging countries, confirmation of the upturn in residential construction in the US and gradually more stable trading in Western Europe. We maintained our focus on increasing prices amid a slower rise in raw material and energy costs, and also continued to roll out our cost cutting program. In a still unsettled macroeconomic environment and despite a significant currency impact, we are confirming our objective of a recovery in operating income in the second half of the year.”

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

	Sales for Q3 2012 (€m)	Sales for Q3 2013 (€m)	% change on an actual structure basis	% change on a comparable structure basis	% change on a like-for-like basis
<u>BUSINESS SECTOR</u>					
Innovative Materials (1)	2,329	2,242	-3.7%	-3.7%	+2.2%
Flat Glass	1,263	1,234	-2.3%	-2.2%	+3.1%
High-Performance Materials	1,068	1,010	-5.4%	-5.5%	+1.3%
Construction Products (1)	3,001	2,993	-0.3%	-0.3%	+5.4%
Interior Solutions	1,488	1,515	+1.8%	+0.6%	+6.3%
Exterior Solutions	1,526	1,494	-2.1%	-1.0%	+4.7%
Building Distribution	4,923	4,878	-0.9%	-0.5%	+2.2%
Packaging (Verallia)	947	927	-2.1%	-2.1%	+1.8%
Internal sales and other	(249)	(238)	-----	-----	-----
GROUP	10,951	10,802	-1.4%	-1.2%	+3.1%
<u>GEOGRAPHIC AREA</u>					
France	2,876	2,831	-1.6%	-1.5%	-1.5%
Other Western Europe	4,641	4,659	+0.4%	+0.1%	+2.8%
North America	1,590	1,531	-3.7%	-2.7%	+3.2%
Emerging countries and Asia	2,261	2,220	-1.8%	-1.2%	+10.5%
Internal sales	(417)	(439)	-----	-----	-----
GROUP	10,951	10,802	-1.4%	-1.2%	+3.1%

(1) Including inter-division eliminations.

Consolidated sales **for the third quarter** came in at **€10,802 million, down 1.4%** on third-quarter 2012 (€10,951 million). This reflects a **strong negative currency impact (-4.3%)**, a slightly negative Group structure impact (-0.2%) and **organic growth of 3.1%**, with volumes up 2.2% and prices gaining 0.9%. The additional working day had a positive impact of around 1.5%. Volumes for the third quarter were therefore back on an upward trend, including at a constant number of working days.

Overall, **third-quarter trends confirm the improvement across all Group businesses, which delivered organic growth.** Construction Products (CP) sales rallied sharply (up 5.4%) after having been hit by destocking in the US Exterior Products business in the previous quarter. Innovative Materials and Building Distribution enjoyed an uptick in trading, with sales advancing 2.2% for both Business Sectors.

All of the Group's geographic areas contributed to this upturn in organic growth.

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

	Sales for the first nine months of 2012 (€m)	Sales for the first nine months of 2013 (€m)	% change on an actual structure basis	% change on a comparable structure basis	% change on a like-for-like basis
BUSINESS SECTOR					
Innovative Materials (1)	7,182	6,865	-4.4%	-4.5%	-1.2%
Flat Glass	3,860	3,753	-2.8%	-2.7%	+0.2%
High-Performance Materials	3,340	3,121	-6.6%	-6.8%	-3.1%
Construction Products (1)	8,904	8,717	-2.1%	-2.6%	+0.7%
Interior Solutions	4,334	4,385	+1.2%	-0.4%	+2.7%
Exterior Solutions	4,609	4,376	-5.1%	-4.5%	-1.2%
Building Distribution	14,379	13,977	-2.8%	-3.6%	-2.3%
Packaging (Verallia)	2,855	2,740	-4.0%	-3.5%	-1.4%
Internal sales and other	(779)	(726)	-----	-----	-----
GROUP	32,541	31,573	-3.0%	-3.4%	-1.1%
GEOGRAPHIC AREA					
France	9,024	8,750	-3.0%	-4.8%	-4.8%
Other Western Europe	13,542	13,136	-3.0%	-3.3%	-2.2%
North America	4,782	4,609	-3.6%	-3.1%	-0.3%
Emerging countries and Asia	6,524	6,402	-1.9%	-1.3%	+6.1%
Internal sales	(1,331)	(1,324)	-----	-----	-----
GROUP	32,541	31,573	-3.0%	-3.4%	-1.1%

(1) Including inter-division eliminations.

Saint-Gobain's sales for the **first nine months** of 2013 came in at **€31,573 million**, down **3.0%** from €32,541 million in the first nine months of 2012.

The **currency impact** was a negative 2.3%, mainly reflecting the fall against the euro of the key emerging market currencies (chiefly the Brazilian real) along with the pound sterling and US dollar.

Changes in Group structure had a slightly positive impact (+0.4%), mainly owing to sales resulting from the Brossette acquisition in April 2012.

Like-for-like (comparable Group structure and exchange rates), sales retreated 1.1%. **Volumes** were down 2.0%, while **sales prices** remained on an upward trend, gaining 0.9%.

Like-for-like performance of Group Business Sectors

Innovative Materials sales stemmed their decline to 1.2% over the nine months to September 30 thanks to 2.2% growth in the third quarter, with both of its businesses reporting gains.

- **Flat Glass** sales stabilized over the first nine months of the year (up 0.2%). The third quarter (up 3.1%) confirmed price increases in Europe, with float glass prices remaining on the uptrend that emerged in the second quarter. Construction markets are gradually stabilizing in Western Europe and are picking up pace in Asia and emerging countries. The automotive market enjoyed further vigorous organic growth along the lines of the second quarter, powered by a strong performance from Asia and emerging countries and ongoing stability in Europe.
- **High-Performance Materials (HPM)** reported 1.3% organic growth in the third quarter, after negative organic growth of 5.1% in the six months to June 30. Prices for the HPM business held up well in a deflationary environment. Organic growth remained in the doldrums for Ceramics, despite a weaker basis for comparison. Abrasives and Plastics both recorded gains, particularly in Asia and in emerging countries.

Construction Products (CP) sales leveled off, gaining 0.7% over the first nine months of 2013, thanks to 5.4% growth in the third quarter driven by upbeat volumes in North America and in Asia and emerging countries.

- The momentum enjoyed by **Interior Solutions** in the second quarter continued, with organic growth at 2.7% over the nine-month period and 6.3% for the three months to September 30. The US played its part in this performance, in terms of both prices (particularly plasterboard at the start of the year) and volumes, thanks to the rebound in residential construction. Volumes are close to stabilizing in Western Europe, and continued to rally sharply in Asia and emerging countries.
- After a worse-than-expected second quarter due to temporary destocking in Exterior Products in the US, **Exterior Solutions** reported a significant 4.7% rise in like-for-like third-quarter sales, stemming the nine-month decline to 1.2%. Pipe saw a recovery in the third quarter thanks to the export business. Industrial Mortars enjoyed further buoyant organic growth in Asia and emerging countries, but continued to feel the pinch of the economic crisis in Western Europe.

Building Distribution sales dropped 2.3% on a like-for-like basis over the first nine months of 2013, but resumed their advance in the third quarter (up 2.2%). The Business Sector's performance during the third quarter saw a clear improvement, as the recovery took hold in the UK, Germany got back on the growth track and stability reigned in Scandinavia thanks to Norway and Sweden. Although organic growth in France is still slightly negative, it continued to improve and confirmed market share gains. In emerging countries, Brazil enjoyed strong momentum, but Eastern Europe continued to see negative growth. Conditions in Southern Europe remained challenging.

Packaging (Verallia) posted **negative organic growth** (-1.4%) over the first nine months of the year but delivered 1.8% organic growth in the third quarter. Sales prices for the Business Sector remained upbeat, with volumes stabilizing in Western Europe and the US. After a tough first half, Latin America once again saw solid trading during the quarter in terms of both prices and volumes.

Like-for-like analysis by geographic area

In line with second-quarter trends, trading continued to improve across all regions, and particularly Asia and emerging countries:

- In **France**, organic growth remained slightly negative (-1.5% over the quarter and -4.8% over the nine months to September 30). **Other Western European countries** reported 2.8% growth over the quarter and negative growth (-2.2%) over the first nine months of the year. This upturn reflects solid trading in the UK which began in the second quarter, as well as a good performance from Germany.

- In **North America**, organic growth came in at a negative 0.3% for the first nine months of the year, lifted by 3.2% growth in the third quarter. This quarterly improvement is chiefly attributable to Exterior Products, which – despite September figures being down – was bolstered by a weaker basis for comparison (third-quarter 2012) as well as by the end of the destocking that had affected its second-quarter performance. The ongoing rally in the construction market in the US continued to benefit Interior Solutions, where prices remained upbeat.
- In **Asia and emerging countries**, trading continued to pick up pace (up 6.1% over the nine months to September 30 and 10.5% in the third quarter) across all regions. Latin America (and especially Brazil) continued to drive this growth momentum, while our businesses in Eastern Europe and Asia saw organic growth improve.

Update on asbestos claims in the United States

Some 3,000 claims were filed against CertainTeed in the first nine months of 2013, in line with the same period in 2012. Taking into account around 3,000 claims settled in the period (versus 8,000 in the first nine months of 2012), the number of outstanding claims remained stable compared to December 31, 2012, at around 43,000.

Outlook and objectives for full-year 2013

In the fourth quarter, the Group expects confirmation of the trends observed in the three months to September 30:

- **in Western Europe**, industrial markets (particularly automotive) and residential construction (new-build and renovation) should further stabilize. Construction should continue to rally in the UK and Germany;
- **in North America**, residential construction should remain on a steady upward trend, while industrial output should continue at a good level;
- **in Asia and emerging countries**, our businesses should continue to deliver robust organic growth;
- lastly, **household consumption** should remain satisfactory overall.

Against this backdrop, Saint-Gobain will press ahead with its action plan in the **fourth quarter**, focusing particularly on:

- **increasing its sales prices**, in a context of a slower rise in raw material and energy costs;
- **pursuing its cost cutting program**, in order to achieve additional cost savings of €160 million in the second half compared to the first six months of the year (**or €280 million** compared to second-half 2012). This will represent €580 million in cost savings in 2013 as a whole compared to 2012 and €1,100 million in cumulative cost savings calculated on the 2011 cost base;
- keeping a **close watch** on **cash management** and **financial strength**.

Despite the strong currency impact, the Group is therefore **confirming its objectives for full-year 2013:**

- **a recovery in operating income in the second half, after having bottomed out in first-half 2013**; we therefore expect operating income in this period to be above second-half 2012;
- **a high level of free cash flow**, thanks mainly to a €200 million reduction in capital expenditure;
- **a robust balance sheet, further strengthened by the disposal of Verallia North America.**

As mentioned in February, a meeting to discuss the Group's strategy and businesses will be held on **November 27, 2013**.

Dates for your diary

Investor meeting: November 27, 2013.

Results for 2013: February 19, 2014, after close of trading on the Paris Bourse.

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