



PRESS release

Paris, October 28, 2015

Sales for the first nine months of 2015*

€29.8bn; organic growth at 0.4%

- Sluggish volumes over the first 9 months of 2015 (down 0.1%) and in Q3 (down 0.3%), hit by construction markets in France. In Q3, the US contracted slightly, Germany stabilized and the UK and Scandinavia reported growth. Emerging countries held firm.
- Sales prices up 0.5% over the 9-month period, in line with Q3.
- Significant 3.6% positive currency impact over the 9-month period, but more limited in Q3 (+1.8%).
- Minimal Group structure impact after the reclassification of the Packaging business.
- Buyback of around 12.6 million shares since May 2015.

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

“The third quarter reflects a disappointing economic climate versus our expectations, with a contraction in France – which is not yet showing any signs of improvement – as well as moderate growth in other Western European countries. Plunging sales in the oil and gas industry put the brakes on the US, while emerging markets continued to deliver good organic growth despite the economic slowdown in certain countries including Brazil.

In this tougher-than-expected, highly uncertain macroeconomic environment, for full-year 2015 the Group expects to at least maintain operating income on a like-for-like basis and expects a continuing high level of free cash flow.”

* Following the signature of the agreement with Apollo and in accordance with IFRS 5, the Packaging business (including Verallia North America) was reclassified within “Net income from discontinued operations” in the 2014 and 2015 income statement.

The table below presents nine-month sales trends by Business Sector and region:

€m	9-month 2014 sales (restated)*	9-month 2015 sales	Change on an actual structure basis	Change on a comparable structure basis	Like-for-like change	9-month 2014 sales (published)
<u>BUSINESS SECTOR</u>						
Innovative Materials¹	6,770	7,300	7.8%	7.7%	2.5%	6,770
<i>Flat Glass</i>	3,621	3,911	8.0%	8.2%	5.6%	3,621
<i>High-Performance Materials</i>	3,156	3,399	7.7%	7.1%	-0.9%	3,156
Construction Products¹	8,543	9,116	6.7%	6.5%	0.8%	8,543
<i>Interior Solutions</i>	4,505	4,834	7.3%	6.8%	1.9%	4,505
<i>Exterior Solutions</i>	4,085	4,333	6.1%	6.2%	-0.4%	4,085
Building Distribution	14,084	14,124	0.3%	0.5%	-1.1%	14,084
Packaging (Verallia)²						2,116
<i>Including VNA</i>						314
<i>Internal sales and misc.</i>	(696)	(714)	---			(697)
<u>REGION</u>						
France	8,095	7,711	-4.7%	-4.4%	-4.4%	8,672
Other Western European countries	12,541	13,062	4.2%	4.2%	1.6%	13,508
North America ²	3,561	4,152	16.6%	18.0%	-2.0%	3,875
Emerging countries and Asia	5,954	6,316	6.1%	5.2%	4.9%	6,241
<i>Internal sales</i>	(1,450)	(1,415)	---	---	---	(1,480)
GROUP	28,701	29,826	3.9%	4.0%	0.4%	30,816

* 2014 figures restated to reflect the impacts of IFRS 5.

¹ Including inter-division eliminations.

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

Saint-Gobain's sales for the **first nine months** of 2015 came in at **€29,826 million, up 3.9%** from €28,701 million in the same period one year earlier. After reclassification of the Packaging business, the Group structure impact was minimal (-0.1%).

Currency fluctuations had a positive 3.6% impact resulting from gains in the US dollar and the pound sterling against the euro – mainly in the first half.

Like-for-like (comparable structure and exchange rates), sales were up 0.4% with no **volume** growth (-0.1%). **Sales prices** gained 0.5% over the nine months to September 30 in a slightly deflationary environment for raw material and energy costs.

The table below presents third-quarter sales trends by Business Sector and region:

€m	Q3 2014 sales (restated)*	Q3 2015 sales	Change on an actual structure basis	Change on a comparable structure basis	Like-for-like change	Q3 2014 sales (published)
<u>BUSINESS SECTOR</u>						
Innovative Materials¹	2,286	2,378	4.0%	3.8%	2.3%	2,286
<i>Flat Glass</i>	1,223	1,278	4.5%	4.6%	5.5%	1,223
<i>High-Performance Materials</i>	1,065	1,102	3.5%	2.9%	-1.3%	1,065
Construction Products¹	2,900	3,037	4.7%	3.9%	0.4%	2,900
<i>Interior Solutions</i>	1,551	1,637	5.5%	4.5%	1.3%	1,551
<i>Exterior Solutions</i>	1,366	1,420	4.0%	3.4%	-0.6%	1,366
Building Distribution	4,797	4,786	-0.2%	-0.1%	-1.0%	4,797
Packaging (Verallia)²						616
<i>Internal sales and misc.</i>	(228)	(235)	---	---	---	(229)
<u>REGION</u>						
France	2,548	2,429	-4.7%	-4.8%	-4.8%	2,724
Other Western European countries	4,336	4,488	3.5%	3.5%	1.4%	4,673
North America ²	1,234	1,414	14.6%	16.0%	-1.5%	1,234
Emerging countries and Asia	2,103	2,097	-0.3%	-1.8%	4.9%	2,217
<i>Internal sales</i>	(466)	(462)	---	---	---	(478)
GROUP	9,755	9,966	2.2%	2.0%	0.2%	10,370

* 2014 figures restated to reflect the impacts of IFRS 5.

¹ Including inter-division eliminations.

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

Consolidated sales for the **third quarter** came in at **€9,966 million**, up 2.2% from €9,755 million in third-quarter 2014, including a **positive Group structure impact of 0.2%**.

Currency fluctuations continued to have a positive impact (**+1.8%**), although less than in the first half due chiefly to the sharp slide in the value of the Brazilian real against the euro. This trend was more pronounced in September, with the currency impact turning negative.

As a result, organic growth came in at 0.2% for the quarter. **Volumes slipped 0.3%**, hit by the decline in construction markets in France. In line with the first nine months of the year, **prices** had a positive impact of **0.5%**.

Like-for-like performance of Group Business Sectors

Innovative Materials sales climbed 2.5% over the nine-month period (up 2.3% over the third quarter), powered once again by Flat Glass.

- **Flat Glass** delivered further robust organic growth over the quarter, at 5.5% (5.6% for the nine-month period). Automotive glass continued to advance strongly in all regions except Brazil and China. Construction markets remained upbeat in Asia and emerging countries including Brazil; in Europe, prices were stable versus the second quarter amid still shaky markets.
- **High-Performance Materials (HPM)** sales edged down 0.9% over the nine months to September 30. They retreated 1.3% in the third quarter, still affected by the decline in ceramic proppants. Other HPM businesses continued to deliver organic growth, but at a slower pace.

Construction Products (CP) sales climbed 0.8% over the nine months and inched up 0.4% over the third quarter, affected by Pipe.

- **Interior Solutions** reported 1.9% growth over the nine-month period. In the third quarter, sales rose 1.3%, confirming the solid momentum in Asia and emerging countries. Trading in North America was dented by the shrinking Canadian market. Growth remained weak in Western Europe, hard hit once again by the decline in the French market along with slight downward pressure on prices.
- **Exterior Solutions**, down 0.6% over the third quarter, remained on track with their year-to-date performance at September 30 (-0.4%). Over the last three months, Roofing continued to recover, posting volume-driven growth despite prices remaining down on 2014 but virtually stable quarter-on-quarter. In contrast, Pipe fell sharply in Brazil, and saw a slowdown in Western Europe and in export sales. Mortars continued to be affected by the economic climate in Western Europe, but delivered further good organic growth in Asia and emerging countries despite exposure to the Brazilian market.

Building Distribution sales for the third quarter slipped 1.0%, along the lines of the first half (down 1.1%), affected once again by the sharp contraction in construction markets in France. Trading got back on a par with prior-year levels in Germany after retreating in the first half. The UK reported weaker-than-expected demand after a good first half. Scandinavia and particularly Norway and Sweden continued to report firm trading. The Netherlands and Spain saw further strong gains. Brazil showed good growth although the wider economic slowdown began to make inroads.

Like-for-like analysis by region

Growth in the third quarter continues to be affected by weakness in certain regions:

- In **France**, trading was down again, falling 4.8% over the quarter (down 4.4% over the nine-month period), hit by the ongoing contraction in construction markets.
- Trading in **other Western European countries** continued to increase slightly, up 1.4% (up 1.6% over the nine-month period). After declining in the first half, Germany saw trading stabilize, while the UK and Nordic countries reported growth.
- **North America** retreated 1.5% (2.0% over the nine-month period), hit chiefly by the decline in the proppants market, as well as by lackluster industrial markets and a downturn in construction in Canada.
- **Asia and emerging countries** reported further good growth, at 4.9% after 4.8% in the first half. Latin America gained 11.7%, with Brazil proving resilient amid a sharp economic slowdown. Eastern Europe continued to benefit from solid momentum in the Czech Republic and Poland. Asia was affected by the slowdown in China but was helped by ongoing good growth in India. Africa and the Middle East enjoyed further good momentum driven by volumes.

Update on share buybacks

In line with its objectives, the Group has bought back 12,645,601 shares since May 2015. This exceeds the number of shares created in 2015 in connection with the Group Savings Plan, stock option plans, bonus share plans and the stock dividend payment.

Outlook for 2015

In a tougher-than-expected macroeconomic environment, the Group expects the following trends for the fourth quarter:

- Trading in **France** should remain difficult.
- **Other Western European countries** should see growth in line with nine-month trends, on the back of stabilizing sales in Germany and good trading in Scandinavia, and despite less growth in the UK.
- **North America** should advance except in proppants.
- **Asia and emerging countries** should continue to report satisfactory organic growth despite the slowdown in Brazil.

Saint-Gobain confirms its action plan priorities for the full-year:

- keep its priority focus on **increasing sales prices** to maintain a positive spread with regard to raw material and energy costs;
- **roll out the cost cutting plan** in order to unlock additional cost savings of €170 million in second-half 2015 versus second-half 2014 (representing total cost savings of €360 million in 2015 compared to 2014);
- pursue a **capital expenditure** program reduced to around €1,400 million given the current economic trends;
- **renew its commitment to invest in R&D** in order to support its differentiated, high value-added strategy;
- finalize the **divestment of Verallia** shortly;
- pursue its **plan to acquire a controlling interest in Sika** pending the decision in first instance of the Zug court expected during first-half 2016.

In this tougher-than-expected, highly uncertain macroeconomic environment, **for full-year 2015 the Group expects to at least maintain operating income on a like-for-like basis and expects a continuing high level of free cash flow.**

Financial calendar

Results for 2015: *February 25, 2016*, after close of trading on the Paris Bourse.

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

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