

PRESS
release

Paris, April 29, 2014

First-quarter 2014 sales

Sales at €9,874 million
powered by good organic growth

- Organic growth at 6.8%, driven partly by favorable weather conditions in Europe
- Sales prices remain upbeat, gaining 1.2%
- Negative currency impact of 3.7%
- Ongoing gradual improvement in our Western European markets except in France; continued vigorous momentum in Asia and emerging countries
- Markets in North America robust, but affected by harsh winter weather

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

“Good first-quarter trading reflects favorable trends in our markets as well as the positive weather impact in Europe. In view of this and thanks to the roll-out of our action plan priorities, we can confirm our objective of a clear like-for-like improvement in operating income.”

Consolidated sales came in at **€9,874 million, up 2.6%**, or 6.8% like-for-like (constant exchange rates and Group structure).

Exchange rates continued to have a negative impact (-3.7%), especially in industrial Business Sectors, due to the depreciation of certain currencies (mainly in Latin America, the US and Scandinavia).

Changes in Group structure had a slightly negative impact of -0.5%.

Volumes climbed 5.6%, buoyed by upward trends on our markets and a very favorable basis for comparison in terms of weather conditions in Europe. Working days had a slightly positive impact of around 0.7%.

Thanks to the Group's priority focus on sales prices, the **price effect** was a positive 1.2%, including 1.8% for industrial Business Sectors amid low raw material and energy cost inflation.

€m	Sales Q1 2013 Restated*	Sales Q1 2014	Change on an actual structure basis	Change on a comparable structure basis	Like-for-like change	Sales Q1 2013 Published
<u>BUSINESS SECTOR</u>						
Innovative Materials¹	2,175	2,175	0.0%	(0.5%)	4.9%	2,211
<i>Flat Glass</i>	1,163	1,159	(0.3%)	(0.3%)	4.5%	1,200
<i>High-Performance Materials</i>	1,014	1,018	0.4%	(0.6%)	5.4%	1,014
Construction Products¹	2,736	2,757	0.8%	2.1%	7.4%	2,754
<i>Interior Solutions</i>	1,367	1,452	6.2%	6.2%	10.9%	1,367
<i>Exterior Solutions</i>	1,381	1,318	(4.6%)	(2.1%)	3.9%	1,399
Building Distribution	4,110	4,361	6.1%	6.6%	8.1%	4,110
Packaging (Verallia)²	835	822	(1.6%)	(1.6%)	2.2%	835
<i>Internal sales and misc.</i>	(234)	(241)	---	---	---	(236)
<u>GEOGRAPHIC AREA</u>						
France	2,790	2,872	2.9%	2.8%	2.8%	2,803
Other Western European countries	3,798	4,150	9.3%	9.2%	10.2%	3,804
North America	1,552	1,436	(7.5%)	(5.4%)	(1.4%)	1,556
Emerging countries and Asia	1,908	1,905	(0.2%)	0.6%	14.5%	1,943
<i>Internal sales</i>	(426)	(489)	---	---	---	(432)
GROUP	9,622	9,874	2.6%	3.1%	6.8%	9,674

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

¹ Including inter-division eliminations.

² Including Verallia North America, which will be deconsolidated with effect from April 11, 2014.

Like-for-like performance of Group Business Sectors

Innovative Materials sales advanced 4.9%.

- **Flat Glass** confirmed its recovery (up 4.5%), driven by brisk automotive markets in all regions. The construction market in Western Europe improved slightly in volume terms, although sales prices do not yet reflect the increases currently being implemented. Asia and emerging countries continued to enjoy very strong momentum.
- **High-Performance Materials (HPM)** delivered 5.4% organic growth powered by Asia and emerging countries as well as Western Europe, across all of its businesses. North America was down slightly due to the decline in Ceramics and the negative impact of harsh winter weather.

Construction Products (CP) sales rose 7.4%, buoyed by Europe and by Asia and emerging countries.

- **Interior Solutions** reported a 10.9% rise in sales and had a very good quarter in all of its regions. The US remained on an upward trend in terms of both prices (particularly for plasterboard) and volumes, spurred by good momentum in construction markets. Asia and emerging countries put in another very good performance. Volumes were up in all Western European countries, aided by favorable weather conditions.
- **Exterior Solutions** posted a 3.9% increase in sales, bolstered by strong growth in Industrial Mortars in all of its regions and healthy trading in Pipe. US Exterior Products reported gains in March, after a very tough start to the year caused by the harsh winter weather.

Building Distribution sales rallied strongly, up 8.1%, boosted by much better weather than in first-quarter 2013 and by the gradual improvement in most construction markets in Europe. The UK, Germany, Nordic countries and Eastern Europe delivered a strong first-quarter performance. France was up only slightly against weak first-quarter 2013 comparatives. Solid renovation activity offset the sharp contraction in new-builds. Brazil contributed to the Business Sector's good growth.

Packaging (Verallia) delivered 2.2% organic growth, driven mainly by volumes both in Europe and in Latin America. Sales prices are upbeat in Latin America in a highly inflationary environment but fell slightly in some European countries due to competitive pressure. The Group's North American business – whose sale was finalized on April 11, 2014 and which will be deconsolidated with effect from that date – performed in line with first-quarter 2013.

Like-for-like analysis by geographic area

In accordance with the scenario described in February:

- In **France** (up 2.8%), sales were lifted by improved renovation activity and by the favorable weather impact, but continued to suffer from a contraction in the market for new-builds.
- In **other Western European countries**, sales climbed 10.2%, with the rise amplified by better weather conditions. All countries reported gains, particularly Germany, the UK and to a lesser extent Scandinavia.
- **North America** reported a 1.4% fall in sales. Harsh winter weather hit Exterior Products and certain industrial businesses particularly hard. Interior Solutions continued to report vigorous trading in a buoyant market.
- **Asia and emerging countries** posted 14.5% sales growth and continued to deliver an excellent performance in all regions, despite fears of a slowdown in certain countries.

Update on asbestos claims in the US and on the automotive glass fine

Some 1,000 claims were filed against CertainTeed in the first quarter of 2014, on a par with the same period in 2013. At the same time, around 1,000 claims were settled, also in line with 2013. As a result, the total number of outstanding claims is stable compared with end-2013, at 43,000.

Further to the decision of the General Court of the European Union to reduce the automotive glass fine from €880 million to €715 million, the Group decided it would pay the fine, leading to a write-back of the provision for €207 million.

2014 outlook

The first quarter confirms that the uptrends first seen in the second half of 2013 should continue throughout 2014:

- In **Western Europe**, after a first quarter boosted by very favorable weather conditions, our markets should continue to improve gradually, led by growth in the UK and Germany.
- In **North America**, after a first-quarter performance affected by harsh winter weather, the Group will benefit from good momentum in the construction market and improved industrial markets.
- In **Asia and emerging countries**, our businesses should deliver solid organic growth.
- Lastly, **household consumption markets**, more challenging in Southern Europe, could continue to be affected by competitive pressure on prices.

The Group is therefore confirming its **action plan priorities** for the year:

- increasing sales prices amid low raw material and energy cost inflation;
- pursuing cost cutting measures in order to unlock additional savings of €450 million (calculated on the 2013 cost base);
- stepping up capital expenditure to around €1,500 million, the priority being growth capex outside Western Europe (around €550 million) and businesses with reduced capital intensity;
- maintaining its commitment to invest in R&D in order to support its strategy of differentiation and the roll-out of high value-added solutions.

Thanks to the roll-out of these measures and to the better trends in our various markets observed as from the second half of 2013, **we continue to expect a clear improvement in operating income on a comparable structure and currency basis.**

Financial calendar

First-half 2014 results: *July 30, 2014*, after close of trading on the Paris Bourse.

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