



PRESS release

Paris, April 27, 2016

First-quarter 2016 sales*

€9,136 million; 1.8% organic growth

- Volumes up 2.3%, improving in all our Business Sectors and major countries except Brazil
- Negative 0.5% price impact amid a more deflationary environment in terms of prices and raw material and energy costs, particularly in construction markets in Europe and the US
- Significant 3.0% negative currency impact, due chiefly to the strong depreciation in Latin American currencies
- Negative 0.7% Group structure impact of disposals carried out to optimize the Building Distribution portfolio

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

“Volumes improved in all regions in the first quarter. Trading in France advanced with the exception of Pipe. Other Western European countries reported further growth. Trading in North America bounced back despite lackluster industrial markets. Emerging markets continued to perform well. Prices dipped slightly as expected, particularly in Western Europe and the US. In this setting, we are continuing to pursue our operational excellence program and confirm our objective of a further like-for-like improvement in operating income.”

* Following the sale of the Packaging business (Verallia) and in accordance with IFRS 5, the business was reclassified within “Net income from discontinued operations” in the 2015 income statement.

Like-for-like (constant Group structure and exchange rates), consolidated sales rose 1.8%, lifted by improved **volumes** (up 2.3%) in all Business Sectors and regions, despite the slight dip in **prices** (down 0.5%) in a more deflationary environment. This price effect concerned Building Distribution in particular, especially in France, reflecting a lower cost of goods sold. It also concerned Interior Solutions in France and Germany along with construction in the US, which benefited from the drop in certain raw material and energy prices.

On a reported basis, **sales** came in at **€9,136 million**, with a significant 3.0% negative **currency impact** due mainly to the sharp depreciation in Latin American currencies against the euro, and to a lesser extent in pound sterling and Norwegian krone.

Changes in Group structure had a negative 0.7% impact, essentially reflecting disposals carried out to optimize the Building Distribution portfolio that were not offset by small acquisitions within the Group.

€m	Sales Q1 2015 <i>Restated</i>	Sales Q1 2016	Change on an actual structure basis	Change on a comparable structure basis	Like-for-like change	Sales Q1 2015 <i>Published</i>
<u>BUSINESS SECTOR</u>						
Innovative Materials¹	2,385	2,396	0.5%	0.1%	4.3%	2,385
<i>Flat Glass</i>	1,285	1,276	-0.7%	-0.7%	4.9%	1,285
<i>High-Performance Materials</i>	1,104	1,123	1.7%	1.1%	3.6%	1,104
Construction Products¹	2,833	2,797	-1.3%	-2.3%	0.9%	2,833
<i>Interior Solutions</i>	1,541	1,609	4.4%	3.2%	5.8%	1,541
<i>Exterior Solutions</i>	1,307	1,208	-7.6%	-8.3%	-4.4%	1,307
Building Distribution	4,315	4,170	-3.4%	-0.7%	1.4%	4,315
Packaging (Verallia)	---	---	---	---	---	550
<i>Internal sales and misc.</i>	(224)	(227)	---	---	---	(224)
<u>REGION</u>						
France	2,539	2,514	-1.0%	-0.2%	-0.2%	2,731
Other Western European countries	3,990	3,976	-0.3%	0.2%	2.0%	4,275
North America	1,245	1,245	0.0%	4.7%	3.2%	1,245
Emerging countries and Asia	2,004	1,884	-6.0%	-6.9%	4.5%	2,087
<i>Internal sales</i>	(469)	(483)	---	---	---	(479)
GROUP	9,309	9,136	-1.9%	-1.2%	1.8%	9,859

¹ Including inter-division eliminations.

Like-for-like performance of Group Business Sectors

Innovative Materials sales climbed 4.3%.

- **Flat Glass** continued to report brisk growth, at 4.9%. Automotive glass enjoyed strong gains in all regions despite Brazil. Construction activity returned to positive volumes in Western Europe and also benefited from a rise in float prices; it remained bullish in Asia and emerging countries excluding Brazil.
- **High-Performance Materials (HPM)** returned to a good level of growth, at 3.6%, in the absence of the strong negative impact of proppants that had affected the whole of 2015. All HPM businesses advanced.

Construction Products (CP) sales edged up 0.9%, hampered as expected by the ongoing sharp decline in Pipe.

- **Interior Solutions** advanced 5.8% on the back of strong volume growth in all regions. Trading in Western Europe was lifted by a recovery in volumes, including in France and Germany, amid a more deflationary economic environment. In North America, bullish construction markets drove volume growth, while prices remained under pressure. Asia and emerging countries confirmed their very strong performance.

- **Exterior Solutions** sales fell 4.4%, hard hit by the contraction in Pipe in line with fourth-quarter 2015. The business was down in all regions, particularly due to the lack of major export contracts. Exterior Product volumes in the US advanced despite the absence of a winter promotional campaign as in 2015, while prices for the business were down with asphalt prices declining sharply. Mortars reported good growth led by Asia and emerging countries and by an improved performance in France.

Building Distribution was up 1.4%, lifted as expected by the volume upturn in France and ongoing positive trends in Nordic countries, the UK and Germany. The price effect was less, due to a fall in the costs of goods sold. The wider economic slowdown in Brazil continued to take its toll on trading.

Like-for-like analysis by region

Business in **France** stabilized (down 0.2%), hampered by the sharp decline in Pipe. Our sales performance reflects the recovery in construction market indicators despite the pressure on prices in a more deflationary environment.

In line with 2015 trends, **other Western European countries** confirmed their good growth levels (up 2.0%) in all of the Group's major markets including Germany.

North America moved up 3.2%, powered mainly by construction, as industrial markets remained uncertain.

Asia and emerging countries delivered further sales growth, at 4.5%, despite the expected deterioration in Brazil and a downturn in business in China.

2016 outlook

The first quarter was in line with our expectations at the beginning of the year and confirms our outlook for 2016 as a whole:

- **Western Europe** should be more vibrant with France stabilizing and despite pressure on sales prices.
- **North America** should deliver gains led by volumes in construction markets and despite declining prices, while industrial market activity should hold firm in a climate that nevertheless remains uncertain.
- **Asia and emerging countries** should deliver satisfactory organic growth overall, albeit dampened by the slowdown in Brazil.

The Group reiterates the **action priorities** it defined in February:

- keep a **priority focus on sales prices** in a still deflationary environment;
- unlock additional savings of around **€250 million** (calculated on the 2015 cost base) thanks to its ongoing **cost-cutting program**;
- pursue a **capital expenditure program** (around €1,400 million) focused primarily on growth capex outside Western Europe;
- renew its **commitment to investment in R&D** in order to support its strategy of differentiated, high value-added solutions;
- **keep its priority focus on high free cash flow generation**;
- pursue its plan to **acquire a controlling interest in Sika**.

In line with our February guidance, **we are targeting a further like-for-like improvement in operating income in 2016**.

Financial calendar

First-half 2016 results: *July 28, 2016*, after close of trading on the Paris Bourse.

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A conference call will be held at 6:30 pm (Paris time) on April 27, 2016.

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.

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