
PRESS RELEASE

Paris, October 27, 2016

Sales for the first nine months of 2016

Continued good organic growth, at 2.6% for the nine-month period

- Further volume growth in Q3 (+1.6%) in all Business Sectors and all regions despite the slight negative impact of fewer working days (as opposed to a positive calendar impact in H1); volumes +2.8% over nine months
- Improved price effect in Q3, at +0.5%; -0.2% over nine months
- Negative currency impact of -3.2% over nine months and of -2.6% in Q3
- Negative -1.1% Group structure impact over nine months following disposals carried out to optimize the Building Distribution portfolio

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

“The third quarter confirmed the upturn in volumes in Western Europe. France benefited from the steady improvement in new-builds; the UK showed no sign of weakness. Volumes continued to grow in US construction despite the lack of positive weather impacts for Roofing in the quarter. Our businesses in Asia and emerging countries remained strong, delivering further robust growth. The price effect moved back into positive territory over the quarter, reflecting Saint-Gobain’s strong positioning on its markets.

In line with the 2016 goals, these results allow the Group to confirm its objective of like-for-like growth in operating income in the second half versus second-half 2015.”

Saint-Gobain's sales for the first nine months of 2016 came in at **€29,306 million**, compared to €29,826 million in the same period one year earlier.

The negative 1.1% **Group structure effect** reflects the impact of disposals carried out in 2015 aimed at optimizing the Building Distribution portfolio.

The negative 3.2% **currency impact** results primarily from decreases in the currencies of Latin American countries and the pound sterling against the euro. The negative currency impact narrowed to 2.6% in the third quarter, due mainly to gains in the Brazilian real.

On a like-for-like basis, sales were up 2.6% over nine months and 2.1% in the three months to September 30. The third quarter confirmed the improvement in volumes which rose by 1.6%, and by 2.8% over the nine-month period, buoyed partly by the positive impact of more working days in the second quarter.

Prices edged up 0.5% in the third quarter, leveling off in Western Europe but remaining slightly down in the US, albeit in a less deflationary environment.

€m	9-month 2015 sales	9-month 2016 sales	Change on an actual structure basis	Change on a comparable structure basis	Like-for-like change
<u>BUSINESS SECTOR</u>					
Innovative Materials^a	7,300	7,351	0.7%	0.5%	4.3%
<i>Flat Glass</i>	3,911	3,987	1.9%	1.8%	6.3%
<i>High-Performance Materials</i>	3,399	3,375	-0.7%	-1.0%	2.1%
Construction Products^a	9,116	9,035	-0.9%	-1.6%	1.6%
<i>Interior Solutions</i>	4,834	4,937	2.1%	1.2%	4.3%
<i>Exterior Solutions</i>	4,333	4,160	-4.0%	-4.5%	-1.1%
Building Distribution	14,124	13,623	-3.5%	-0.1%	2.6%
<i>Internal sales and misc.</i>	(714)	(703)	---	---	---
<u>REGION</u>					
France	7,711	7,660	-0.7%	0.2%	0.2%
Other Western European countries	13,062	13,052	-0.1%	0.5%	3.9%
North America	4,152	3,974	-4.3%	1.6%	2.1%
Emerging countries and Asia	6,316	6,091	-3.6%	-3.4%	5.4%
<i>Internal sales</i>	(1,415)	(1,471)	---	---	---
GROUP	29,826	29,306	-1.7%	-0.6%	2.6%

€m	Q3 2015 sales	Q3 2016 sales	Change on an actual structure basis	Change on a comparable structure basis	Like-for-like change
<u>BUSINESS SECTOR</u>					
Innovative Materials^a	2,378	2,439	2.6%	2.3%	4.2%
<i>Flat Glass</i>	1,278	1,331	4.1%	3.9%	5.9%
<i>High-Performance Materials</i>	1,102	1,111	0.8%	0.5%	2.2%
Construction Products^a	3,037	3,027	-0.3%	-0.7%	1.6%
<i>Interior Solutions</i>	1,637	1,640	0.2%	-0.3%	2.5%
<i>Exterior Solutions</i>	1,420	1,407	-0.9%	-1.1%	0.6%
Building Distribution	4,786	4,519	-5.6%	-1.6%	1.6%
<i>Internal sales and misc.</i>	(235)	(228)	---	---	---
<u>REGION</u>					
France	2,429	2,390	-1.6%	-0.5%	-0.5%
Other Western European countries	4,488	4,392	-2.1%	-1.6%	3.2%
North America	1,414	1,300	-8.1%	-1.4%	-1.0%
Emerging countries and Asia	2,097	2,135	1.8%	3.0%	6.1%
<i>Internal sales</i>	(462)	(460)	---	---	---
GROUP	9,966	9,757	-2.1%	-0.5%	2.1%

^a Including inter-division eliminations.

Like-for-like performance of Group Business Sectors

Innovative Materials sales climbed 4.3% over the nine-month period and 4.2% in the third quarter, powered once again by Flat Glass.

- **Flat Glass** delivered further good organic growth over the quarter, at 5.9% (6.3% for the nine-month period), driven by an improved mix and higher sales prices in construction in Western Europe. In Asia and emerging countries, construction and automotive sectors continued to enjoy good momentum.
- **High-Performance Materials (HPM)** sales continued to rise in the third quarter, up 2.2% after a 2.0% increase in the first half. All divisions made gains in the three months to September 30, led mainly by Ceramics and Textile Solutions.

Construction Products (CP) sales advanced 1.6% over the nine-month period as in the third quarter.

- **Interior Solutions** sales climbed 4.3% in the nine-month period. Sales continued to advance in all regions in the third quarter (up 2.5%), despite the negative impact of fewer working days (positive impact in the second quarter, slightly negative in the three months to September 30). In a still deflationary environment, prices remained slightly under pressure in developed economies although less than previously.
- The decline in **Exterior Solutions** sales narrowed to 1.1% over nine months thanks to a 0.6% increase in the third quarter. The downturn in Pipe has now eased somewhat, as third-quarter 2015 had already been hit by a very tough environment. Exterior Products in the US reported volume growth in the three months to September 30 although did not benefit from the same positive weather impacts of the second quarter. Prices remained slightly down but improved quarter-on-quarter in line with asphalt costs. Mortars performed well during the quarter, spurred in particular by Asia and emerging countries; the business managed to stabilize its trading in Brazil despite challenging economic conditions.

Building Distribution sales rose 2.6% over the nine-month period. After a first half buoyed by a greater number of working days, volumes continued to advance in the quarter with sales up 1.6%. Trading in France confirmed the rally in the new-build market while renovation remained sluggish. Good momentum in volumes continued, especially in Nordic countries, Spain and the Netherlands, as well as in Germany and the UK which is showing no sign of weakness. Pressure on sales prices eased in a less deflationary cost-of-sales environment. The market downturn continued to take its toll on Brazil.

Like-for-like analysis by region

- **France** was lifted by the rally in new-builds, while renovation remains sluggish for the time being. Organic growth came in at a negative 0.5% for the quarter, affected by the slight negative impact of fewer working days and prices that remained down.
- **Other Western European countries** delivered further good growth, at 3.2% (3.9% over the nine-month period), reflecting good market conditions in all of our main countries, including the UK.
- In **North America**, construction volumes remained upbeat over the quarter, even though Roofing no longer benefited from a favorable weather impact as in the three months to June 30; volumes retreated slightly in industry. Prices continued to have a negative impact on sales in a still deflationary environment. Organic growth was therefore a negative 1.0% for the quarter, but a positive 2.1% for the nine months to September 30.
- **Asia and emerging countries** continued to report good growth in the third quarter, at 6.1%, confirming first-half trends (up 4.9%). Brazil remained down but China improved.

Outlook for 2016

The Group expects the following trends for the fourth quarter:

- Trading in **France** will continue to benefit from the rally in new-builds, while renovation is not yet showing any signs of improvement.
- **Other Western European countries** should deliver further growth.
- In **North America**, construction should advance while industrial markets remain cautious.
- **Asia and emerging countries** should continue to see good levels of organic growth.

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

- **keep its priority focus on sales prices** in a still deflationary environment;
- **unlock additional cost savings of around €250 million** (calculated on the 2015 cost base), including €150 million in the first half;
- pursue a **capital expenditure program of around €1,400 million**;
- **renew its commitment to invest in R&D** to support its differentiated, high value-added strategy;
- **prioritize high levels of free cash flow generation**;
- pursue its plan to **acquire a controlling interest in Sika**.

The Group confirms its objectives for full-year 2016 and expects a like-for-like improvement in operating income in the second half compared to second-half 2015.

Glossary:

Organic growth and like-for-like changes in sales and operating income reflect the Group's underlying performance excluding the impact of:

- changes in Group structure: indicators for the period concerned are calculated based on the scope of consolidation for the previous period (Group structure impact);
- changes in exchange rates: indicators for the period concerned and those for the previous period are calculated using exchange rates for the previous period (currency impact);
- changes in applicable accounting policies.

Operating income: see Note 3 to the financial statements in the interim financial report, available by clicking here: <https://www.saint-gobain.com/en/finance/regulated-information/half-yearly-financial-report>

Free cash flow: cash flow from continuing operations excluding the tax impact of capital gains and losses on disposals, asset write-downs and material non-recurring provisions, less capital expenditure.

Capital expenditure: investments in property, plant and equipment.

Financial calendar

2016 results: *February 23, 2017*, 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 October 27, 2016: + 33 1 70 77 09 47

Important disclaimer - forward-looking information:

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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