

PRESS
release

**Sharp 12.2% rise in first-quarter 2011 sales to €9.8 billion.
Organic growth: 9.6%.**

Paris, April 28, 2011.

- Sales prices: **up 2.0%**
- Sales volumes: **up 7.6%**
- **Double-digit** organic growth in Innovative Materials and Building Distribution
- **Faster-paced growth** in Asia and emerging countries thanks to the recovery across Eastern Europe
- **Sharp rebound** in residential construction and renovation markets across Western Europe
- Robust organic growth in Packaging (Verallia): **up 7.2%**
- **2011 targets** confirmed

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

“Saint-Gobain’s strong first-quarter organic sales growth confirmed the recovery in sales volumes observed in 2010. The volume upturn is now also driven by the rebound in residential construction and renovation markets in Europe, amplified by much better weather conditions than in first-quarter 2010. Thanks to our strategic positioning in high value-added Habitat solutions, we achieved higher growth than our underlying markets and have been able to successfully pursue our pricing policy, with sales prices up 2% over the quarter.”

*Building on this encouraging first-quarter performance, and despite a tougher comparison basis over the next few quarters, **we confirm our 2011 targets of robust organic growth and double-digit growth in operating income**.*”*

* at constant exchange rates (average exchange rates for 2010).

Saint-Gobain posted a strong rise in its consolidated sales for first-quarter 2011, **up 12.2%** to **€9,799 million** from €8,737 million in first-quarter 2010.

Exchange rates accounted for a 2.6% increase in sales, mainly attributable to sharp gains in Scandinavian currencies and most emerging country currencies (particularly the Brazilian real) against the euro. **Changes in Group structure had a neutral impact overall**, with sales contributions from acquisitions carried out over the past 12 months fully offset in the first quarter by the impact of the Advanced Ceramics divestment at December 31, 2010.

Sales trends at both constant exchange rates* and like-for-like (comparable Group structure and exchange rates) were therefore identical, **up 9.6%**. Volumes climbed **7.6%** while sales prices moved up **2.0%** (versus a rise of 1.4% in second-half 2010).

Overall, and in line with the Group's economic assumptions as presented at the end of February, Saint-Gobain benefited in the first quarter of 2011 from a **combination of favorable trends** on most of its main markets, as well as an additional working day compared to 2010:

- **Emerging countries and Asia** continued to enjoy vigorous trading, bolstered by a clear return to growth across Eastern European countries.
- **Industrial markets** remained vibrant, with further double-digit growth.
- **Residential construction and renovation markets in Western Europe** continued the recovery begun in 2010, with sales up sharply compared to the same period in 2010, helped by much better weather conditions, particularly in the first two months of the year.

Saint-Gobain's growth on these markets was driven chiefly by high value-added solutions, and particularly businesses related to energy efficiency in the Habitat market (Insulation, Reinforced Thermal Insulation Glass, Industrial Mortars, etc.). These businesses delivered double-digit growth over the quarter, buoyed by new regulations in force, and in particular Thermal Regulation "RT 2012" in France. In addition, growth in the Group's biggest markets (France, Germany, UK, Scandinavia) picked up pace.

- **Businesses related to household consumption (Packaging – Verallia)** also reported growth gains in both Europe and the US, on the back of an improved economic environment.

In contrast, **construction markets in North America** are not yet showing any tangible signs of improvement. Trading in these markets remained very slack but did not decline any further.

** based on average exchange rates for first-quarter 2010.*

Sales trends by Business Sector and major geographic area are as follows:

| | Q1 2010 sales (€m) | Q1 2011 sales (€m) | % change on an actual structure basis | % change on a comparable structure basis | % change like-for-like |
|-------------------------------------|--------------------------|--------------------------|---|--|---------------------------|
| <u>BY BUSINESS SECTOR</u> | | | | | |
| Innovative Materials (1) | 2,106 | 2,386 | +13.3% | +15.0% | +11.8% |
| Flat Glass | 1,193 | 1,359 | +13.9% | +13.8% | +10.8% |
| High-Performance Materials | 921 | 1,040 | +12.9% | +17.0% | +13.5% |
| Construction Products (1) | 2,413 | 2,658 | +10.2% | +9.0% | +6.4% |
| Interior Solutions | 1,191 | 1,346 | +13.0% | +10.8% | +8.4% |
| Exterior Solutions | 1,229 | 1,323 | +7.6% | +7.4% | +4.7% |
| Building Distribution | 3,663 | 4,151 | +13.3% | +13.1% | +10.8% |
| Packaging (Verallia) | 787 | 852 | +8.3% | +8.3% | +7.2% |
| Internal sales and misc. | (232) | (248) | ----- | ----- | ----- |
| GROUP | 8,737 | 9,799 | +12.2% | +12.2% | +9.6% |
| <u>BY GEOGRAPHIC AREA</u> | | | | | |
| France | 2,678 | 2,910 | +8.7% | +8.8% | +8.8% |
| Other Western European countries | 3,622 | 4,096 | +13.1% | +13.1% | +10.2% |
| North America | 1,249 | 1,301 | +4.2% | +6.1% | +4.4% |
| Emerging countries and Asia/Pacific | 1,609 | 1,979 | +23.0% | +21.9% | +15.6% |
| Internal sales | (421) | (487) | ----- | ----- | ----- |
| GROUP | 8,737 | 9,799 | +12.2% | +12.2% | +9.6% |

(1) including inter-division eliminations.

Performance of Group Business Sectors (like-for-like)

All of the Group's Business Sectors reported robust growth for the quarter, with Innovative Materials and Building Distribution delivering double-digit gains.

Innovative Materials continued to enjoy very buoyant trading along the lines of 2010 and once again delivered the Group's best organic growth performance, at **11.8%**. Markets related to industrial output and capital expenditure continued to benefit from robust momentum across all regions, particularly emerging countries and Asia. The Business Sector was also buoyed by the upturn in construction markets across Western Europe, amplified by the highly favorable basis for comparison provided by first-quarter 2010 figures.

- **Flat Glass** reported **10.8%** organic growth, powered mainly by volume gains. The strong recovery of the global automotive market and bullish economic conditions in Asia and emerging countries have now been joined by the gradual pick-up in construction markets in Western Europe. Against this backdrop, sales prices increased over the period, for both commodity products (float glass) in Europe and processed products.
- **High-Performance Materials (HPM)** posted a further **13.5%** rise in sales, following its already strong showing in first-quarter 2010 (up 11.9%). Industrial output and capital expenditure remained very upbeat across all regions, and especially Asia and emerging countries.

Construction Products (CP) sales moved up **6.4%**, reflecting improved market conditions and sales price advances in most Western and Eastern European countries, as well as ongoing robust momentum in Asia and emerging countries. In contrast, persistent weakness in the construction market continued to affect trading in the US.

- **Interior Solutions** reported strong **8.4%** organic growth. This performance results chiefly from an upturn in sales in Western Europe, driven by much better weather conditions than in 2010 and by stricter energy-efficient housing regulations (which led Insulation to report double-digit growth over the period, including growth of 13.6% in France). Sales prices were up sharply across the business, particularly in Europe.
- **Exterior Solutions** posted moderate **4.7%** organic growth, reflecting starkly contrasting performances from each of its businesses. Industrial Mortars delivered very good growth figures, but Pipe was hit both by budgetary tightening in most European countries and reduced export sales, triggering a decline in sales volumes. Exterior Products stabilized at a low level, as US construction markets failed to recover. Sales prices remained upbeat, but could not fully offset the steep rise in raw material costs.

Building Distribution rallied sharply, reporting double-digit organic growth of **10.8%**. Besides the positive impact of weather conditions, the Business Sector's main markets (France, UK, Germany and Scandinavia) enjoyed a significant acceleration in growth over the quarter, especially Germany. Sales prices remained upbeat, in line with the Group average.

Packaging (Verallia) also benefited from the improvement in the global economic environment, posting a **7.2%** jump in sales. Sales volumes were up across all geographic regions (particularly Europe and Latin America), while prices remained upbeat, reflecting the rise in the cost of energy and raw materials.

Analysis by geographic area (like-for-like)

For the first time in three years, all of the Group's main geographic areas reported robust organic growth in the first quarter, particularly Western Europe (helped by favorable weather conditions) and to a lesser extent, North America.

- In **France**, organic growth came in at **8.8%**, powered by the sharp rebound in construction-related businesses and ongoing robust trading for businesses related to industrial markets.
- The sales performance in **other Western European countries** was even better, up **10.2%**, on the back of vigorous growth in Germany and to a lesser extent Scandinavia. Furthermore, for the first time in three years, all countries in this region reported growth for the quarter, including Spain and Italy. As in France, a return to growth in construction markets came on top of further double-digit gains in industrial markets.

- **North America** delivered **4.4%** organic growth, thanks chiefly to continued brisk trading for High-Performance Materials and sales increases for Packaging (Verallia).
- **Asia and emerging countries** continued to post double-digit growth, at **15.6%**. On top of persistently bullish economic conditions in Latin America and Asia, Eastern Europe rebounded sharply.

Update on asbestos claims in the US

Some 1,000 claims were filed against CertainTeed in the first quarter of 2011, in line with the same period in 2010. Taking into account the number of claims settled in the period (around 3,000, versus 1,000 in first-quarter 2010), the total number of outstanding claims continued to fall, down to 54,000 at March 31, 2011 from 56,000 at end-December 2010.

Update on the planned minority IPO of the Packaging business (Verallia)

Following on the procedure launched by Compagnie de Saint-Gobain in October 2010, Verallia (Packaging Business Sector) filed its registration document (*document de base*) with the French financial markets authority (AMF) on April 18, 2011. This is the first stage in the initial public offering of Verallia's shares on the regulated market NYSE Euronext in Paris.

Subject to market conditions and to the grant by the AMF of its visa on the prospectus relating to the offering, the Group is planning the listing of a minority stake in Verallia as from the second quarter of 2011.

Outlook and objectives for 2011

After a very encouraging first quarter, boosted nevertheless by particularly mild winter weather – especially compared to first-quarter 2010, the Group expects the underlying trends observed in the past three months to continue over the next few quarters, although the basis for comparison will be much tougher than for the three months to March 31. In particular:

- **Asia and emerging countries** should see ongoing vigorous growth, bolstered by a strong contribution from Eastern European countries.
- **In Western Europe**, there should be confirmation of the overall economic recovery, particularly in new construction and renovation markets. High value-added Habitat solutions, particularly in terms of energy efficiency (Insulation, Insulating Glass, Mortars, etc.), should deliver a superior growth performance. Industrial markets should also remain upbeat in the short term.
- **In North America**, industrial markets should continue to see brisk trading, while conditions in the construction market will remain challenging. However, some signs of improvement should emerge by the end of the year.
- **Household consumption markets** should hold firm in all geographic areas.

The Group therefore confirms its targets for full-year 2011:

- **robust organic growth;**
- **double-digit growth in operating income** (at constant exchange rates*), despite the rise in energy and raw material costs;
- **free cash flow of €1.3 billion**, after the €500 million increase in capital expenditure;
- **a persistently robust financial structure.**

* average exchange rates for 2010.

Forthcoming results announcement

First-half 2011 sales: July 28, 2011, after close of trading on the Paris Bourse.

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