

Letter to shareholders



FOCUS...

The "Future Sensations" pavilions arrive in Paris!

... PAGE 4

FOCUS...

Changes in our business portfolio

... PAGE 5



WHAT'S ON

Actionaria trade show

November 20-21, Palais des Congrès (Paris)

Come and meet Chairman and Chief Executive Officer Pierre-André de Chalendar and Chief Financial Officer Laurent Guillot at 5:00 p.m. on November 20

... PAGE 6

actionaria

LE SALON POUR INVESTIR EN ENTREPRISE



H1 2015 SALES

+4.8%

€19,860m

OPERATING INCOME

+7.8%

RECURRING NET INCOME*

+25.2%

* Recurring net income from continuing operations, excluding capital gains and losses on disposals, asset write-downs and material non-recurring provisions.

"After a first quarter marked by a tough basis for comparison, second-quarter sales returned to volume growth.

First-half operating income and our outlook for the rest of the year confirm our objective of a further like-for-like improvement in operating income in 2015 along with continuing high levels of free cash flow."

PIERRE-ANDRÉ DE CHALENDAR,

Chairman and Chief Executive Officer of Saint-Gobain

UPSWING IN RESULTS



"After a first quarter marked by a tough basis for comparison, second-quarter sales returned to volume growth, driven by the rebound in North America on the back of an upturn in Roofing and by good momentum in Asia, emerging countries and Western Europe except France and Germany.

First-half operating income and our outlook for the rest of the year confirm our objective of a further like-for-like improvement in operating income in 2015 along with continuing high levels of free cash flow."

PIERRE-ANDRÉ DE CHALENDAR,

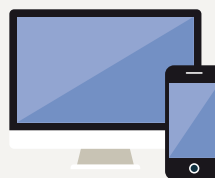
Chairman and Chief Executive Officer of Saint-Gobain

Consolidated sales advanced 4.8% on a reported basis. **Exchange rates** had a positive 4.6% impact on sales, mainly due to gains in the US dollar and pound sterling against the euro. **Changes in Group structure** had a negative 0.3% impact, primarily reflecting sales of small, non-core businesses. Like-for-like (comparable structure and exchange rates), **sales were up 0.5%**, lifted by the price effect.

Operating income climbed 7.8% on a reported basis, driven chiefly by the currency effect. The operating margin improved to 6.4% of sales versus 6.2% in first-half 2014, buoyed by an improved margin in Innovative Materials.

Recurring net income from continuing operations (excluding capital gains and losses on disposals, asset write-downs and material non-recurring provisions) jumped 25.2% to €552 million.

Net debt continues to improve gradually, down 6.2% year-on-year to €8.0 billion. Net debt represents 40% of consolidated equity, compared to 46% at June 30, 2014.



You can find the full press release and the webcast of the first-half 2015 results presentation on www.saint-gobain.com in the Finance section and on the **Saint-Gobain SHAREHOLDER** app.

H1 2015
SALES

€19.9bn

+4.8% on a reported basis

H1 2015
OPERATING INCOME

€1.28bn

+7.8% on a reported basis

H1 2015 RECURRING
NET INCOME*

€552m

+25.2%

NET DEBT

€8.0bn

-6.2%

* Recurring net income from continuing operations, excluding capital gains and losses on disposals, asset write-downs and material non-recurring provisions.

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.

2015 OUTLOOK AND ACTION PLAN PRIORITIES

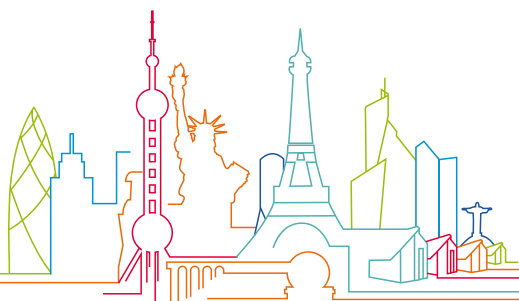
After a first half penalized by tough prior-year comparatives, the Group will benefit from a more favorable climate in the six months to December 31:

- **France** should gradually stabilize.
- Regarding **other Western European countries**, the outlook in Germany remains uncertain; the UK and Nordic countries should continue to deliver good growth in the second half, and Spain should continue to improve significantly.
- In **North America**, trading should improve in the second half.
- In **Asia and emerging countries**, our businesses should continue to post good organic growth over the full year, despite the slowdown in Brazil.

The Group confirms its action plan priorities:

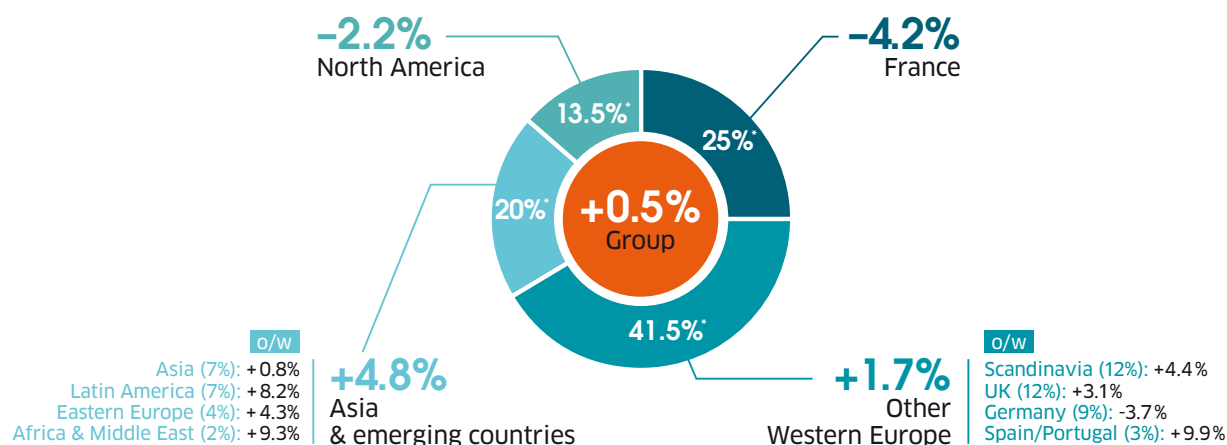
- keep its **priority focus on increasing sales prices** amid low raw material cost inflation and energy cost deflation;
- unlock **additional cost savings of €360 million** excluding Verallia (calculated on the 2014 cost base), of which €190 million in the first half;
- pursue a **capital expenditure program** of around €1,500 million excluding Verallia;
- **renew its commitment to invest in R&D** in order to support its differentiated, high value-added strategy;
- **finalize the divestment of Verallia**, which should be effective before the end of the year;
- **pursue its plan to acquire a controlling interest in Sika.**

Lastly, Saint-Gobain confirms its objectives and expects a **further like-for-like improvement in operating income** for 2015 and a continuing high level of free cash flow.



SALES TRENDS BY GEOGRAPHIC AREA

(% change in H1 2015/H1 2014 like-for-like sales)



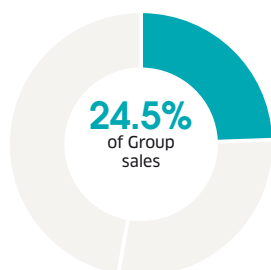
* Breakdown of H1 2015 sales.

RESULTS BY BUSINESS SECTOR

INNOVATIVE MATERIALS

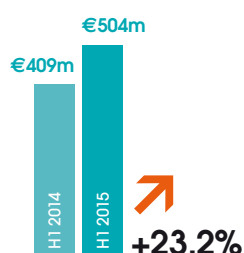
H1 2015 SALES

€4,922m



Innovative Materials like-for-like **sales** continued to improve, up 2.6% thanks to Flat Glass. The Business Sector's **operating margin** moved up to 10.2% versus 9.1% in first-half 2014.

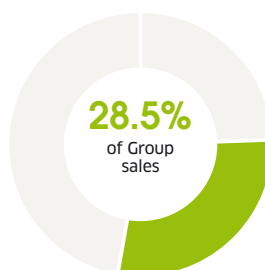
OPERATING INCOME



CONSTRUCTION PRODUCTS

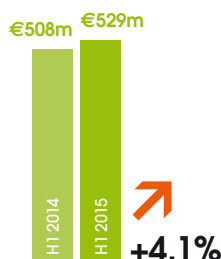
H1 2015 SALES

€6,079m



Construction Products (CP) like-for-like **sales** advanced 0.9% over the first half. The **operating margin** narrowed to 8.7% versus 9.0% in first-half 2014, affected by Exterior Solutions.

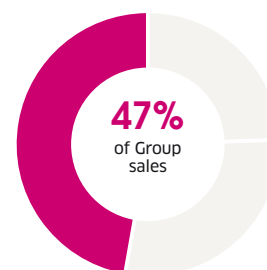
OPERATING INCOME



BUILDING DISTRIBUTION

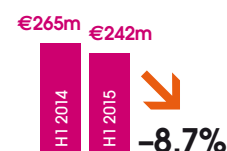
H1 2015 SALES

€9,338m



Building Distribution like-for-like **sales** stabilized in the second quarter, up 0.1%, limiting the decline over the six-month period to 1.1%. Overall, despite the downturn in France and Germany which together account for around half of the Business Sector's sales, the **operating margin** proved resilient, at 2.6% versus 2.9% in first-half 2014, thanks to the advances reported in all other regions.

OPERATING INCOME





Come and visit the "Future Sensations" pavilions from October 15 to 31 at Place de la Concorde in Paris.

Designed by Bruno Tric for FC2 Events.

"FUTURE SENSATIONS"

PAVILIONS WORLD TOUR

HEADING TO PARIS FROM OCTOBER 15 TO 31

In 2015, Saint-Gobain is celebrating its 350th anniversary. For this occasion, the oldest company in the French stock market index (CAC 40) set itself a challenge: to provide the general public with a sensory and artistic experience in four of the world's great cities. The Group designed

four "Future Sensations" pavilions which showcase its innovation prowess and its exceptional expertise in materials, and especially building materials.

After Shanghai (January), São Paulo (April), and Philadelphia (May), the pavilions will be at **Place de la Concorde in**

Paris from October 15 to 31. They will be open to the public free-of-charge every day from 10:00 am. The Look, Listen, Color and Create pavilions have already been a huge success, attracting almost 150,000 visitors in both Philadelphia and São Paulo.

LATEST NEWS



DEVELOPMENT IN AFRICA

Saint-Gobain has finalized the acquisition of 50% of the capital of Lodhia Gypsum Industries, a company based in Arusha, Tanzania, on the border with Kenya. Lodhia Gypsum Industries manufactures and sells plasterboard for Tanzanian, Kenyan and neighboring markets. This acquisition allows Saint-Gobain to consolidate its leadership on the plasterboard market in East Africa.

Through its Mortars Division (Saint-Gobain Weber), Saint-Gobain has created a joint venture in Ghana with local partners, in which it will initially hold a minority interest. This transaction provides Saint-Gobain with a foothold in West Africa, a region that has experienced fast-paced growth over the last few years, especially in the construction market. The acquisition also strengthens Saint-Gobain's industrial presence in sub-Saharan Africa, where Saint-Gobain Weber is already active in South Africa.

ZenPure



ACQUISITION OF FILTRATION PRODUCT SPECIALIST ZENPURE

Saint-Gobain has acquired ZenPure, a company specializing in the development and manufacture of filtration products, mainly for the life sciences sector. Created in 2002, ZenPure designs custom filters manufactured in a state-of-the-art plant in Hangzhou, China. The products are marketed and sold across the globe and will bolster the range of fluid systems made by Saint-Gobain's Plastics business. This acquisition is fully in line with the Group's strategy of strengthening its positions in high-performance solutions on fast-growing markets.

CHANGES IN THE BUSINESS PORTFOLIO

On June 8, 2015, Saint-Gobain entered into exclusive talks with Apollo to sell Verallia, its glass packaging subsidiary, after having received a purchase offer from Apollo for €2,945 million (enterprise value). This firm and binding offer is not subject to any financing conditions.

Apollo is also currently in talks with Banque Publique d'Investissement (BPI) in connection with BPI's potential acquisition of a minority stake in Verallia. Saint-Gobain chose Apollo **for the quality of its offer, its support for the industrial project and for Verallia's employees.**

The agreement between Saint-Gobain and the funds managed by affiliates of Apollo will be able to be finalized following the customary information and consultation procedures with the Group's representative bodies. The com-

pletion of the transaction is subject to the approval of certain competition authorities, including the European Commission, and should be effective before the end of the year.

Pierre-André de Chalendar, Chairman and Chief Executive Officer of Saint-Gobain, said: *"The sale of Verallia would complete Saint-Gobain's strategic re-focus on the design, manufacture and distribution of innovative, high-performance solutions for the habitat and industrial markets, on which the Group continues to develop."*

Once the sale of Verallia is complete, the **Group's strategy will continue to be based on three complementary Business Sectors** positioned on fast-growing habitat and industrial markets.

BUILDING DISTRIBUTION



Saint-Gobain Building Distribution is Europe's leading distributor of building materials. Its 4,400 sales outlets and 63,000 employees in 27 countries serve the new-build, renovation and home improvement markets, providing the Group with an in-depth knowledge of the needs of its customers, including building-industry professionals, large companies and individuals pursuing specific projects.

CONSTRUCTION PRODUCTS



The Construction Products Sector has almost 47,000 employees in 55 countries, and is the world's leading supplier of interior and exterior solutions. It designs and develops innovative products to improve the quality of our living space, including plasterboard, acoustic and thermal insulation, wall cladding, roofing and piping.

INNOVATIVE MATERIALS



The Innovative Materials Sector comprises two main Divisions: Flat Glass and High-Performance Materials. These global businesses have plants in 42 countries and employ over 32,000 and 26,000 people, respectively. Innovation is the watchword for marketing teams, application engineers and R&D centers in Europe, the US, China and India.

SAINT-GOBAIN BOLSTERS ITS PRESENCE IN INDONESIA

Saint-Gobain is strengthening its presence in Indonesia by increasing its interest from 51% to 100% in PT Cipta Mortar Utama, which specializes in plastering mortars, masonry mortars, tile fixing and façade renders. The company is Indonesia's leading manufacturer of industrial mortars with estimated sales of over €50 million in 2015. This acquisition bolsters Saint-Gobain's position in Indonesia, where it is also present in abrasives, plastics and plasterboard.



ACQUISITION IN THE US GYPSUM SECTOR

Saint-Gobain has signed an agreement to acquire Structus Building Technologies, Inc. (SBTI) of Bend, Oregon (US). Founded in 1996,

Structus designs and manufactures high-performance drywall corner solutions. These highly innovative products offer real benefits in terms of building techniques. Saint-Gobain has been distributing Structus products in Europe and North America for a number of years, highlighting the perfect fit of the two businesses.



SHAREHOLDER'S NOTEBOOK

DATES FOR YOUR DIARY

SITE VISITS

Tuesday October 13

Visit of the Placoplatre plant in Vaujours (93)

Tuesday November 24

Visit of the Saint-Gobain Glass Chanteraine plant (60)

UPCOMING SHAREHOLDER MEETINGS

Tuesday October 6, Cannes

Thursday December 17, Strasbourg

ACTIONARIA TRADE SHOW



Friday November 20 and Saturday November 21 at the Palais des Congrès (Paris)
Shareholder meeting at 5:00 p.m. on Friday November 20. **For a free invitation**, visit the Actionaria website, click on "Inscription gratuite" and enter the code **COM 204**.

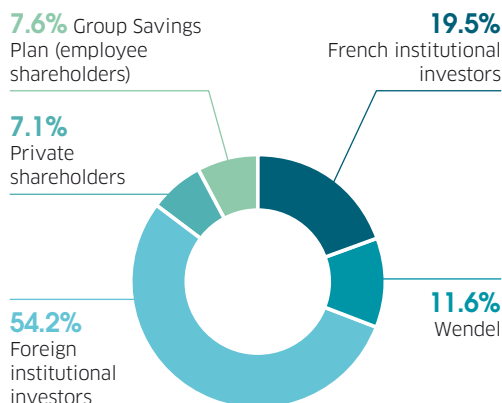
TOTAL NUMBER OF SHARES

(at June 30, 2015)

566,891,611

OWNERSHIP STRUCTURE

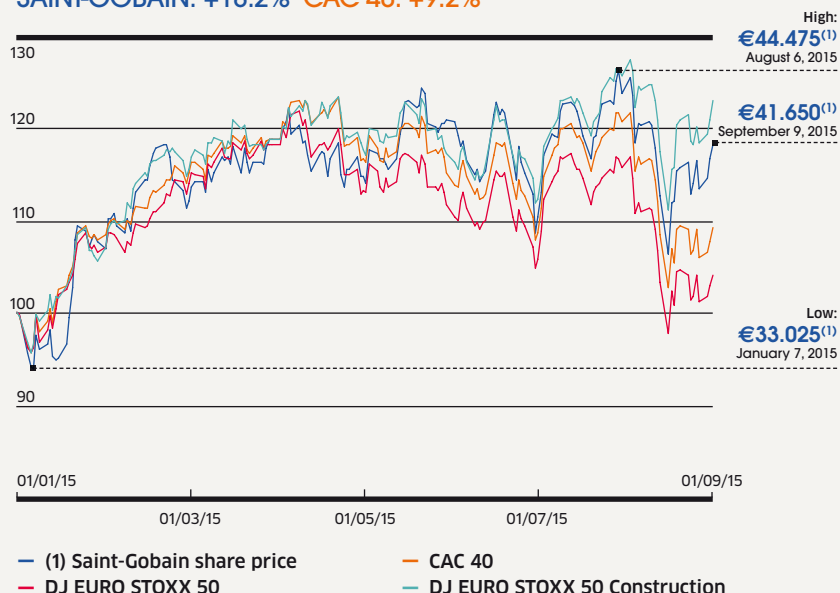
(at June 30, 2015) (%)



SAINT-GOBAIN SHARE PERFORMANCE JANUARY 1, 2015 - SEPTEMBER 9, 2015

PERFORMANCE OVER THE PERIOD:

SAINT-GOBAIN: +18.2% **CAC 40: +9.2%**



RECENT PERFORMANCE OF THE SAINT-GOBAIN SHARE

Recent performance at September 9, 2015 (€41.650) in %	Saint-Gobain share price	CAC 40	DJ Euro Stoxx 50	DJ Euro Stoxx 50 Construction
Trailing month	-4.4%	-9.5%	-10.1%	-2.3%
Trailing 3 months	-2.1%	-4.0%	-5.7%	5.7%
Trailing 6 months	3.5%	-6.0%	-9.6%	4.4%
Since January 1, 2015	18.2%	9.2%	3.9%	22.8%
Trailing 12 months	7.0%	4.2%	0.1%	20.5%

SIGN UP FOR THE E-LETTER TO SHAREHOLDERS

To receive your quarterly copy of the Letter to Shareholders and keep abreast of all the latest Saint-Gobain news just days after results publications, sign up for the e-Letter to Shareholders in the Shareholders section of www.saint-gobain.com or send an e-mail to actionnaires@saint-gobain.com



YOUR CONTACTS

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• **Online,** at

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• **Via the Saint-Gobain Shareholder App**



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