

PRESS release

SALES FOR THE FIRST NINE MONTHS OF 2009:

- ▶ **-15.0% on a reported basis;**
-14.5% like-for-like

SALES FOR THIRD-QUARTER 2009:

- ▶ **-13.9% on a reported basis;**
-12.7% like-for-like

Saint-Gobain's consolidated sales for the first nine months of 2009 came in at **€28,435 million** versus €33,435 million for the year-earlier period. This represents **a decline of 15.0% on a reported basis and of 14.5% like-for-like (constant Group structure and exchange rates).**

Changes in Group structure over the first nine months of the year resulted in a 1.0% increase in sales. This was more than offset by the 1.5% negative currency effect resulting chiefly from the slide in the pound sterling and Brazilian real.

On a like-for-like basis, consolidated sales contracted by 14.5% over the nine months to September 30, 2009. Sales prices continued to prove resilient (up 1.2%) despite a 15.7% drop in volumes.

In the third quarter, consolidated sales came in at **€9,720 million** versus €11,294 million for the year-earlier period, representing **a decline of 13.9%. Organic growth stood at -12.7%** (reflecting a 0.2% price increase and a negative 12.9% volume effect), following negative organic growth of 15.9% in the second quarter and 14.9% in the three months to March 31, 2009.

After extremely tough conditions in all of the Group's markets and geographic areas over the first half of the year, **third-quarter figures show a relative improvement.** However, although the overall climate is no longer deteriorating, economic conditions remain very depressed in most of the Group's markets and signs of recovery are weak for the time being. **Only Latin America and Asia reported a significant pick-up in trading** (delivering organic growth of close to 9% between the second and third quarters) and appear to have put the crisis behind them. In contrast, while business appears to be broadly stabilizing in both western and eastern Europe as well as North America (with improvements in some industrial sectors such as automotive), trading remains at a low level in both housing and industrial markets. Household consumption continued to hold firm in all areas where the Group has operations.

All of the Group's Business Sectors and divisions except Packaging continued to report sharp declines in sales volumes over the nine-month period, although the pace of decline slowed compared with the first half. With the exception of Flat Glass, sales prices remained upbeat across all Sectors and divisions. The Group therefore continued to benefit from a positive spread with respect to raw materials and energy costs. As expected, the increase in prices was smaller than in first-half 2009, due mainly to the high basis for comparison (3.8% price increase in third-quarter 2008).

The table below presents sales trends by Sector and major geographic area over the first nine months of 2009. Figures for the same period in 2008 are provided for comparison purposes.

	Sales for the first nine months of 2008 (€ million)	Sales for the first nine months of 2009 (€ million)	% change on a reported basis	% change on a comparable structure basis	% change on a like-for-like basis
<u>BY SECTOR</u>					
Innovative Materials (1)	7,449	5,755	-22.7%	-21.6%	-20.6%
Flat Glass	4,278	3,358	-21.5%	-21.5%	-18.1%
High-Performance Materials	3,193	2,412	-24.5%	-21.9%	-24.1%
Construction Products (1)	9,211	7,987	-13.3%	-15.3%	-14.9%
Interior Solutions	4,724	3,809	-19.4%	-20.3%	-18.7%
Exterior Solutions	4,512	4,204	-6.8%	-9.9%	-10.9%
Building Distribution	15,051	12,816	-14.8%	-16.3%	-13.5%
Packaging	2,628	2,620	-0.3%	-1.6%	-3.4%
Internal sales and other	(904)	(743)	-----	-----	-----
GROUP	33,435	28,435	-15.0%	-16.0%	-14.5%
<u>BY GEOGRAPHIC AREA</u>					
France	9,910	8,622	-13.0%	-13.1%	-13.1%
Other western European countries	15,364	12,446	-19.0%	-20.4%	-17.3%
North America	4,179	3,808	-8.9%	-7.0%	-15.9%
Emerging countries and Asia-Pacific	5,611	4,672	-16.7%	-19.7%	-12.9%
Internal sales	(1,629)	(1,113)	-----	-----	-----
GROUP	33,435	28,435	-15.0%	-16.0%	-14.5%

(1) Including inter-division eliminations.

Like-for-like performance of Business Sectors

- **Innovative Materials** sales declined 20.6% over the first nine months of the year and 17.4% in the third quarter (versus -22.8% in the second quarter). The relative quarter-on-quarter improvement is mainly attributable to Flat Glass.
 - **Flat Glass sales fell 18.1% over the nine-month period** and 13.1% in the third quarter (versus a 20.0% drop in the three months to June 30). The relative improvement in the third quarter was driven by a smaller decline in sales volumes across all divisions in Asia and Latin America as well as for automotive glass in Europe. Despite a sharp 44% recovery since the beginning of June, average prices for commodity products (float glass) in the first nine months of the year and in the third quarter were respectively 37% and 29% down compared with the same prior-year periods. Prices for construction glass and for the Flat Glass Sector as a whole also remained weaker than in 2008.
 - **High-Performance Materials (HPM) sales contracted by 24.1% over the nine months to September 30, 2009**, in line with the 24.7% fall over the first six months of the year. **Trading stabilized at a subdued level during the third quarter**, with sales retreating 22.9%. The downward momentum in Industrial Ceramics picked up pace, particularly in the Refractories division linked to the investment cycle. However, this was offset in the same quarter by a relative improvement in Abrasives and High-Performance Plastics businesses, which are more directly related to industrial production.
- **Construction Products (CP) sales dropped 14.9% over the first nine months of the year and 14.3% in the third quarter. The pace of decline slowed slightly compared with the 16.2% drop in the three months to June 30.** In the third quarter, the decline in sales volumes slowed across the entire Sector, while sales price increases narrowed slightly versus third-quarter 2008, which represents a very high basis for comparison (sales prices up 7.2%).
 - **Interior Solutions posted an 18.7% fall in like-for-like sales over the nine-month period. The relative improvement** (mainly in volumes) **in third-quarter figures compared with the three months to June 30, 2009 (down 16.9% versus 21.0% in the second quarter)** reflects the start of a more favorable basis for comparison – particularly in the US and UK – as well as growth gains in Brazil. Sales prices edged down slightly during the quarter.
 - **Exterior Solutions sales retreated 10.9% over the first nine months of the year**, a slightly lower drop than the 11.6% decline reported in the second quarter. This reflects the **smaller drop in sales volumes in the three months to September 30** in Western Europe as well as the US and Asia. However, the upward trend in sales prices lost momentum, in light of the very high comparative third-quarter 2008 period.
- **Building Distribution** posted a 13.5% drop in sales over the nine months to September 30, 2009 although **there was a relative improvement in the third quarter, with sales declining 11.5% versus 14.9% in the three months to June 30.** Despite being still sharply down on 2008 figures, the UK and Spain began to benefit from a more favorable basis for comparison in the third quarter, while sales in Germany stabilized at a low level. The pace of decline in the United States and most other European countries flagged slightly. In contrast, trading remained sluggish in Eastern Europe.
- **Packaging continued to report upbeat trading conditions**, with reported sales almost stable compared with the first nine months of 2008. However, like-for-like sales edged down 3.4%, as the robust momentum in sales prices failed to fully offset the 5.7% drop in volumes.

Like-for-like analysis by geographic area

Most of the geographic areas where the Group operates were strongly affected by the economic crisis throughout the first nine months of 2009. However, **the downward trend in sales slowed during the third quarter in Asia and Latin America as well as in most western European countries.**

Like-for-like trends for the third quarter are described below.

- **In France, business contracted at a slightly slower pace** over the three months to September 30, 2009 (down 12.5% compared with 13.6% in the second quarter), due chiefly to the relative improvement in Flat Glass sales.
- **This improving trend was even more noticeable in other western European countries**, where sales fell 12.9% in the third quarter versus 19.8% in the second. The slowing pace of decline was observed across all regions and particularly the United Kingdom and Spain, which began to benefit from a more favorable basis for comparison. Germany continued to show greater resilience.
- **In North America, the pace of the downturn steadied**, with sales retreating 17.2% in the third quarter versus 17.3% in the three months to June 30. The relative improvement in sales volumes was offset by smaller sales price increases, which compared unfavorably with third-quarter 2008 (prices up 10.5%).
- **In emerging countries and Asia, the decline slowed markedly**, with sales down 11.7% compared with 13.3% in the second quarter. This improved performance was fuelled mainly by a sharp pick-up in trading between the second and third quarters in Asia and Latin America (organic growth of close to 9%). The trading environment in eastern European economies remained in the doldrums.

Update on asbestos claims in the United States

Some 3,000 claims were filed against CertainTeed in the first nine months of 2009, compared with 4,000 claims in the year-earlier period. Taking into account around 5,000 claims settled or transferred to inactive dockets in the nine-month period, the total number of outstanding claims continued to fall, to around 66,000 at September 30, 2009 compared with 68,000 at December 31, 2008.

Outlook

Although third-quarter figures were still significantly below the same period in 2008 (down 12.7% like-for-like), the downward spiral has slowed compared with the second quarter of 2009, when the like-for-like decline came in at 15.9%.

This relative improvement should gain momentum in the fourth quarter, thanks mainly to a much more favorable basis for comparison.

The Group will also benefit throughout the second half of the year from an acceleration in the cost cutting program introduced and extended since the onset of the crisis. It will also continue to enjoy a positive price/cost spread, with a slightly greater fall in the cost of raw materials and energy than in the first half.

The Group can therefore confirm that **operating income and recurring net income for second-half 2009 will outperform first-half figures.**

Amid a persistently challenging economic backdrop, the Group **continues to optimize cash flow generation** on the back of strong free cash flow, a €700 million reduction in capital expenditure, a freeze on acquisitions and a tight rein on working capital requirements (WCR).

Forthcoming results announcements

- Results for 2009: February 25, 2010 after close of trading on the Paris Bourse.

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Appendix: Sales by business sector and geographic area - Third Quarter 2009

	Q3 2008 (in EUR m)	Q3 2009 (in EUR m)	Change on an actual structure basis	Change on a comparable structure basis	Change on a comparable structure and currency basis
<u>By sector and division:</u>					
Innovative Materials (1)	2,456	1,953	-20.5%	-19.2%	-17.4%
Flat Glass	1,393	1,160	-16.7%	-16.7%	-13.1%
High-Performance Materials	1,070	801	-25.1%	-22.4%	-22.9%
Construction Products (1)	3,223	2,754	-14.6%	-15.2%	-14.3%
Interior Solutions	1,554	1,270	-18.3%	-18.6%	-16.9%
Exterior Solutions	1,677	1,494	-10.9%	-11.8%	-11.7%
Building Distribution	5,012	4,371	-12.8%	-14.0%	-11.5%
Packaging	895	876	-2.1%	-3.6%	-3.1%
<i>Internal sales and misc.</i>	-292	-234	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>
Group Total	11,294	9,720	-13.9%	-14.4%	-12.7%

(1) including intra-sector eliminations

<u>By geographic area:</u>					
France	3,104	2,727	-12.1%	-12.5%	-12.5%
Other Western European countries	5,120	4,347	-15.1%	-15.4%	-12.9%
North America	1,530	1,307	-14.6%	-13.0%	-17.2%
Emerging countries and Asia	2,059	1,724	-16.3%	-18.8%	-11.7%
<i>Internal sales</i>	-519	-385	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>
Group Total	11,294	9,720	-13.9%	-14.4%	-12.7%