

LETTER TO Shareholders

No. 66
NOVEMBER 2012

RESULTS

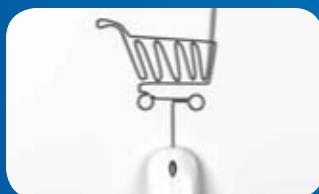
P. 2

Sales for the first nine months of 2012	2
Like-for-like analysis by geographic area	2
Performance of Group Business Sectors	3

FEATURE

P. 4

E-commerce winning over customers



NEWS ROUND-UP

P. 6

Latest news	6
NOVA, a catalyst for innovation	6
Biggest commercial center for the construction industry	7
 Sustainable development	7

SHAREHOLDER'S NOTEBOOK

P. 8

Heads-up with

Pierre-André de Chalendar

Chairman and Chief Executive Officer of Saint-Gobain

“Given the continuing slowdown in most of its markets in a highly uncertain macroeconomic environment, the Group is firmly rolling out its action plan.”

Saint-Gobain has just published its sales for the first nine months of 2012.

What main trends emerged?

Saint-Gobain delivered a **2.9% rise in sales over the first nine months of 2012, up to €32.5 billion.**

Trading in the third quarter confirms the slowdown observed in the three months to June 30. With the exception of Verallia, which delivered another resilient performance, all of the Group's Business Sectors and Divisions saw sales volumes decline, reflecting the gradual deterioration in the global economic environment since May. This situation was exacerbated by fewer trading days than in 2011, which chiefly affected Building Distribution sales and, to a lesser extent, sales for Interior Solutions.

Among the main geographic areas in which the Group operates, only North America remained upbeat, spurred by ongoing improvements in the construction market. Against this backdrop, **sales prices were up** in all of the Group's Business Sectors and Divisions.

What's your outlook for the end of the year?

We expect the slowdown observed over the past three months to continue into the fourth quarter, with the global economic cli-

mate remaining highly fragile and unsettled. Against this backdrop, fourth-quarter trading for the Group should remain subdued, despite a more favorable basis for comparison and number of trading days than in the third quarter.

Consequently, **we will continue to firmly implement our action plan.** Thanks to the strong commitment of our teams, **we are maintaining our objectives overall**, although we expect the sequential decline in our second-half operating income to be slightly more significant than anticipated at the end of July.

Can you tell us about the actions taken by the Group to address the economic slowdown?

We are **maintaining our priority focus on sales prices**, with the aim of achieving a moderate price increase over the year as a whole, in an effort to pass on the rise in raw material and energy costs. We are also firmly pursuing **new cost cutting measures**, in order to curtail the impact of a limited decline in volumes over the full year. This program will remain primarily focused on Europe.

Lastly, we are keeping a tight rein on **operating working capital** and pursuing our **strict cash management policy** in order to main-



Sales for the first nine months of 2012

€32.5bn

↗ 2.9% (on a reported basis)

tain a high level of free cash flow and a strong balance sheet. **Capital expenditure and financial investments in the second half will therefore be reduced** compared to the same year-ago period, by €200 million and €350 million, respectively.

Sales for the first nine months of 2012

€32,541m

↗ +2.9% on a reported basis

↘ -1.8% like-for-like

Third-quarter 2012 sales

↗ +1.8% on a reported basis

↘ -3.8% like-for-like

2012 objectives maintained

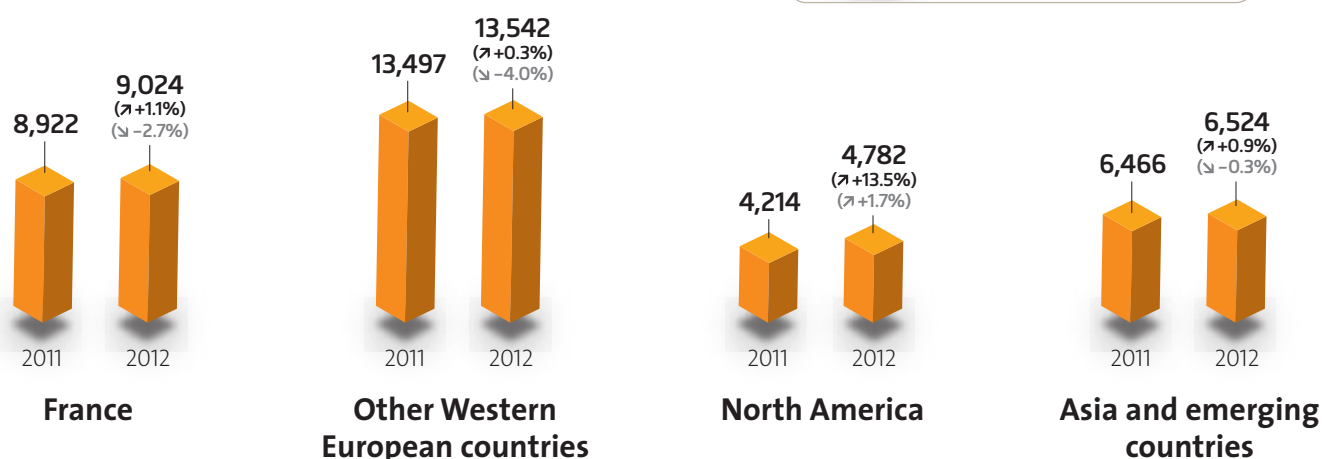
Thanks to the strong commitment of our teams, we are maintaining our objectives overall, although we expect the sequential decline in our second-half operating income to be slightly more significant than anticipated at the end of July.

Like-for-like analysis by geographic area (comments based on like-for-like figures)

In line with first-half 2012 trends, trading in Western Europe and in Asia and emerging countries slowed further in the third quarter, while North American operations continued to benefit from the ongoing recovery in the construction market.

Sales at September 30, 2012 (and % change on a reported and like-for-like basis)

(€ millions)



In **France** and **other Western European countries**, like-for-like organic growth came in at a **negative 2.7% and 4.0%, respectively, over the nine months to September 30** (negative organic growth of **2.4% and 5.7%, respectively, in the third quarter**). This downturn resulted chiefly from difficulties in Flat Glass and Pipe, but also reflects softening industrial and construction markets in most European countries, particularly over the past three months.

North America posted **1.7% like-for-like organic growth over the nine months to September 30**, following a **4.1% drop in sales in the third quarter**. This was essentially due to exceptionally strong trading by US Exterior Products in the comparative third-quarter 2011 period – boosted by severe storms early in 2011 – which offset the benefits of the ongoing improvement in the construction market over the three months to September 30.

Like-for-like trading in **Asia and emerging countries** continued on a downward trend, shrinking **0.3% over the nine months to September 30 and 2.8%** in the third quarter, and is not as yet showing any tangible signs of improvement.

Performance of Group Business Sectors (comments based on like-for-like figures)



Innovative Materials sales were down 4.5% over the nine-month period after declining 7.2% in the third quarter. Trading conditions in Flat Glass remained challenging, while High-Performance Materials (HPM) also saw business stall over the third quarter, prompted by a slowdown in industrial production and capital spending, especially in Western Europe. On a more positive note, sales prices for the Business Sector continued to climb in the three months to September 30, despite the strong basis for comparison.



Construction Products (CP) sales fell 1.7% over the nine months to September 30 and 4.3% in the third quarter, owing to a drop in sales volumes in Western Europe and – in the third quarter – the impact of very tough year-on-year comparatives (third-quarter 2011 had been boosted by severe storms in the US). Sales prices remained upbeat for all businesses and geographic areas.



Building Distribution sales were down 1.4% over the first nine months of 2012 (and 3.0% in the third quarter). Germany, Scandinavia and the US continued to grow over the nine-month period but stabilized in the third quarter, while France held up well and gained market share in a slacker trading environment. The Business Sector's other countries reported softer trading over the nine months to September 30 and especially in the third quarter, due chiefly to fewer trading days than in 2011. Based on a constant number of trading days, the Business Sector would have delivered negative organic growth of 1.8% for the third quarter.



Packaging (Verallia) delivered 3.1% organic growth over the first nine months of the year (3.2% in the third quarter). This performance was chiefly fuelled by sales price increases resulting – particularly in the third quarter – from the mechanisms adopted to pass on energy costs to prices. Sales volumes remained upbeat in France, the US and Brazil, but were down in most other countries, and particularly in Southern and Eastern Europe.

Update on asbestos claims in the United States

Some 3,000 claims were filed against CertainTeed in the first nine months of 2012, in line with the same period one year earlier. Taking into account around 8,000 claims settled or transferred to inactive dockets in the nine-month period (versus 7,000 in the first nine months of 2011), the total number of outstanding claims continued to fall, down to 47,000 at September 30, 2012 versus 52,000 at December 31, 2011.



Details of the consolidated financial statements are available on the Group's website (www.saint-gobain.com), or on request from the Shareholder Relations Department. (see contact details on the back page).

E-commerce winning over customers

E-commerce sites are thriving in all of Saint-Gobain's businesses. They are changing commercial relations to meet the growing demand for online purchasing.

What is e-commerce?

E-commerce, or online commerce, refers to the sale of goods and services over the Internet. It has been growing rapidly in the past few years, powered by the rise in new information and communication technologies (NICT) and by the growing demand from customers.

What are the advantages of e-commerce?

E-commerce reduces management costs, expands the range of products and services on offer, and boosts customer loyalty by forging new customer relationships.



MY@UTOVER

Saint-Gobain Autover, the European leader for automotive window distribution on the independent after-market, has created My@utover, an online order service also available as a smartphone app. "For each vehicle on the market, there are at least 10 different windshields. Our customers can access a search engine to find the right window reference", explains Jacques Chaumette, Manager of the Sector's Transportation Department and of Saint-Gobain Autover. Some customers also have online access to information about product availability and installation instructions. www.autover.com



ABRASIVE CONNECTION

Abrasive Connection is the e-commerce site operated by Saint-Gobain Abrasives North America (Innovative Materials). The site was chiefly created to meet customers' information needs. www.abrasiveconnection.com

Interview with...

Nicolas Godet

Manager Corporate Planning,
Building Distribution Sector



What does e-commerce represent for the Building Distribution Sector?

Though the Sector has developed numerous websites, not all of them sell products online. The brands primarily provide practical information and product catalogs. Basic services aside, some brands stand out for their well-developed documentation. Presenting advice or explaining regulations generates considerable traffic, and hence awareness. Point.P Matériaux de Construction is a good example, with 500,000 visitors a month. So is Jewson in the UK with its "Ask Jack" app. Other brands provide sales and administrative support. For example, Galvano in the Netherlands helps professionals create their own website. Lastly, the most advanced brands allow customers to buy products online. But to be successful, a website must have solid logistics and an efficient IT system.

What is the outlook for e-commerce?

This is a key topic for the Sector along with the development of all "multi-channel" sales. We have already enjoyed a string of successes. In some segments, Nordic-based Dahl generates 40% of its sales on its e-commerce site. La Plateforme du Bâtiment has developed a successful merchant site translated into 50 languages and available as a smartphone app. And 60% of Lapeyre customers visit its website before going to its stores. Our aim going forward is to develop more e-commerce sites and improve the visibility of our brands on social networks.



LAPEYRE

Lapeyre has developed a website designed to provide the same level of advice as it provides in-store. Customers can design their interior decoration project in 3D and see what it will look like before it is built.
www.lapeyre.fr



SOLAR GARD / QUANTUM

In China, Solar Gard and Quantum (Innovative Materials) have launched online sites to sell automotive window films directly to end users.
<http://solargard.tmall.com>
<http://quantum.tmall.com>



POINT.P

Point.P has developed a smartphone app allowing customers to easily locate Point.P outlets, see products and rapidly access all of the information they need (new products, special offers, etc.).



NEWS ROUND-UP

The global innovation pool is huge. With NOVA External Venturing, Saint-Gobain looks at innovative ideas nurtured by start-ups and on 15 November 2012 at San Francisco's Greenbuild Expo in the US will reward three innovative start-ups in the field of green technologies as part of the NOVA Innovation Competition.

NOVA, a catalyst for innovation

After having been held twice in France and once in Germany, this year's NOVA Innovation Competition is taking place in the United States for the first time. The competition rewards start-ups around the world that have innovated new products in the area of sustainable habitat (construction materials or solutions improving energy efficiency and environmental sustainability).


The top three winners will be awarded cash prizes of \$50,000 (about €38,000), \$25,000 (about €19,000) and \$10,000 (about €7,600), respectively. The bigger prize is the opportunity for all participants to partner with Saint-Gobain's NOVA External Venturing organization in

exploring joint development, licensing or other collaboration agreements with Group businesses. These partnerships combine Saint-Gobain's marketing, manufacturing and R&D resources with the freshest ideas in construction and advanced materials.

"Saint-Gobain is recognized as one of the 100 most innovative companies in the world," said Rakesh Kapoor, Director of NOVA External Venturing and the Northboro R&D Center (Saint-Gobain's largest R&D Center in North America). *"This year's NOVA Innovation Competition has attracted our largest field of entrants yet. And it's no wonder: word has finally gotten out that Saint-Gobain offers start-ups tremendous value in providing access to a global market along with the support, resources and expertise that comes from the building materials industry leader."*

Since 2006, the organization has partnered with dozens of promising start-ups worldwide, with some being discovered through the bi-annual NOVA Innovation Competition.

"Saint-Gobain invests in innovation through its different businesses in order to improve construction, sustainability and comfort in the habitat industry," explains Didier Roux, Director of Research and Innovation at Saint-Gobain and a member of the NOVA committee. 

To learn more about the NOVA Innovation Competition and the NOVA External Venturing organization, visit www.saint-gobain.com/innovationcompetition2012 

IN A NUTSHELL

2,000 start-up projects have been evaluated by Nova since it was created in 2006, representing an average of 350 projects every year.

55 partnership agreements have been signed.



LATEST NEWS

ACQUISITION OF ZAO ISOROC

Saint-Gobain is continuing to grow its Insulation business in Russia, with the acquisition of 25.1% of Zao Isoroc. Based in Tambov, Isoroc is leader in Central Russia for rock wool products, the most common insulating material in the Commonwealth of Independent States (CIS). The company reported

revenues of €46 million in 2011. This acquisition allows Isover to strengthen its position in the Russian insulation market and extend its product range. It is also consistent with Saint-Gobain's growth strategy focusing on fast-growing, high-potential markets and energy efficiency.

SAINT-GOBAIN LANDS ON MARS

The NASA rover Curiosity, which landed on Mars last August, and the rocket which launched it from Earth, are both equipped with products from the Innovative Materials Sector. Saint-Gobain Performance Plastics' Seals Business Unit supplied over 60 OmniSeal® spring-energized seals for the Atlas V rocket engine which launched Curiosity in November 2011. These components

are made from Fluoroloy®, a material developed by the business. The rover itself is equipped with several Innovative Materials solutions. Rulon® material, produced by Saint-Gobain Performance Plastics, is used in all ball bearings. And Curiosity's radiation detector uses a special scintillation plastic which detects and characterizes neutrons supplied by Saint-Gobain Crystals.

Building work begins on France's biggest commercial center for the construction industry



The Point.P group has launched an unprecedented distribution model for professionals in the building and renovation trades, with the biggest building materials commercial center in France. Located on the outskirts of Paris at Pantin, the center will stock six complementary Group brands: **Asturienne, Cedee, Dispano, La Plateforme du Bâtiment, Point. P Matériaux de Construction and PUM Plastiques.**

The center is a comprehensive and time-efficient solution for all professionals of the building trade based in big cities, regardless of their specific activity or the size of their business.

A first in the professional distribution sector, this center fits seamlessly into the urban landscape, delivering superior energy performance and promoting responsible social and environmental practices.

Eco-friendly urban regeneration

The origin, design and operation of the center give a physical illustration of the Point.P group and Saint-Gobain's strategic market positioning. Along the lines of La Plateforme du Bâtiment's exemplary energie-efficient site in Aubervilliers (certified HQE and BBC-Effinergie), the Pantin site was designed to be:

> Energy efficient:

- Certified BBC Effinergie for energy efficiency (twice as energy-efficient as the 2005 French Thermal Regulations requirements for businesses commercial buildings).
- Unrivalled energy performance of the commercial center: 77 KW primary energy/sq.m./year.
- Industry-leading airtightness: three times under the regulatory threshold.
- Use of eco-friendly materials: the center's eco-design optimizes its lifecycle over a period of 40 years.

> Environmentally friendly:

- NGV trucks used for customer deliveries.
- Zero wastewater.
- Phytoremediation of green spaces.

> Sustainable and comfortable:

- Heating and plumbing installations designed to meet the highest HQE standards.
- Ergonomic workstations designed with the help of CRAMIF (the health insurance authority for the Ile-de-France region) and the French Labor Inspection Authority.



SAINT-GOBAIN AND SUSTAINABLE DEVELOPMENT New section on the Saint-Gobain website

The Saint-Gobain website now includes a "sustainable development" page. This new space provides an overview of the Group's environmental, economic and social commitments. It also details the latest Group news about the companies' initiatives to reduce their environmental footprint or develop sponsorship activities.

To find out more, visit www.saint-gobain.com



Saint-Gobain among the top companies in the Carbon Disclosure Project

For the third year running, Saint-Gobain has been included in the Carbon Disclosure Leadership Index of the 51 best companies in the Global 500 (the 500 largest companies in the world) for the quality of the information provided about its greenhouse gas emission management in the Carbon Disclosure Project* (CDP).

The CDP awarded Saint-Gobain a transparency score of 95/100 in 2012. Visit www.cdproject.net

*Each year, the CDP, a group of 655 institutional investors, asks companies to describe in precise detail their climate change management strategy. It encourages the development of a common greenhouse gas emission measurement method and facilitates its inclusion in a more general analysis of financial investment.

Dates for your diary in 2013

RESULTS FOR 2012

February 20, 2013, after close of trading on the Paris Bourse

FIRST-QUARTER 2013 SALES

April 25, 2013, after close of trading on the Paris Bourse

ANNUAL GENERAL MEETING

3:00p.m. on June 6, 2013, at the Palais des Congrès, Paris (Porte Maillot)

RESULTS FOR FIRST-HALF 2013

July 24, 2013, after close of trading on the Paris Bourse

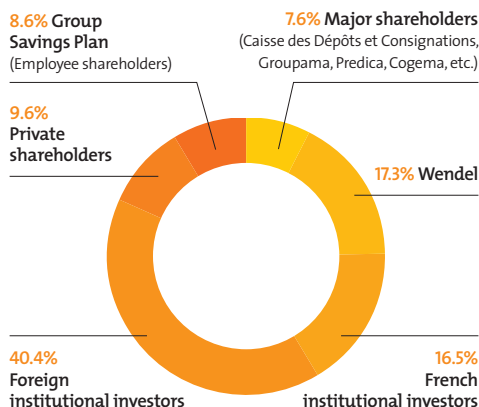
SALES FOR THE FIRST NINE MONTHS OF 2013

October 24, 2013, after close of trading on the Paris Bourse

TOTAL NUMBER OF SHARES AT SEPTEMBER 30, 2012:

531,064,942

ESTIMATED OWNERSHIP STRUCTURE AT SEPTEMBER 30, 2012 (%)



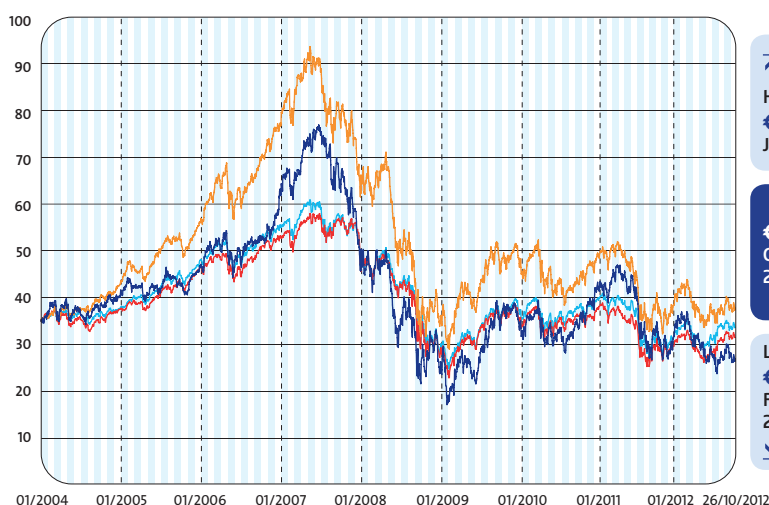
Saint-Gobain share price

On October 25, Saint-Gobain published its nine-month sales, which were up 2.9% on the same period in 2011. The Group maintained its objectives overall, although the sequential decline in its second-half operating income is now expected to be slightly more significant than anticipated at the end of July. The Saint-Gobain share reacted well to this earnings release, edging up 1.85% at the close of trading on October 26. Over the three months to September 30, the Saint-Gobain share staged a recovery compared to its second-quarter performance. The majority of financial analysts are aware of the share's potential and are recommending "buy" positions on the stock, with price targets above the share's current price.

SHARE PERFORMANCE 2004-2012

Saint-Gobain share price* in euros, indexes rebased at January 1, 2004

Performance over the period: Saint-Gobain: -22.6% CAC 40: -3.5%



(1) Saint-Gobain share price CAC 40
DJ EURO STOXX 50 DJ EURO STOXX 50 Construction

* Data adjusted for the impact of the February 2009 rights issue.

RECENT PERFORMANCE OF THE SAINT-GOBAIN SHARE

Recent performance at October 26, 2012 (€27,295) in %

	Saint-Gobain share price	CAC 40	DJ Euro Stoxx 50	DJ Euro Stoxx 50 Construction
Trailing 12 months	-17.9%	+8.4%	+6.9%	-3.0%
Trailing 6 months	-14.0%	+6.4%	+7.5%	+1.1%
Trailing 3 months	-0.7%	+7.1%	+10.9%	+5.2%
Trailing month	-4.4%	+0.6%	-0.1%	-0.1%

Your contacts

Saint-Gobain's Shareholder Relations Department will be pleased to answer any enquiries. Please feel free to contact them:

• By dialing,

N° Vert 0 800 32 33 33

APPEL GRATUIT DEPUIS UN POSTE FIXE

from France (calls free of charge from landlines) or 0033 (0)1 47 62 33 33 from outside France

• Online, at www.saint-gobain.com

• By e-mail, at actionnaires@saint-gobain.com

• By post, at
Compagnie de Saint-Gobain
Service Actionnaires
Les Miroirs
92096 La Défense Cedex

• Reuters: SGOB.PA

Managing Editor: Laurent GUILLOT
N°ISSN 1245-3978
Design: *t a m a t a*

Photo credits: Hamilton/Rea (p.1), P. Chédal, DR/Placo®, Bruno Arnold/Sanitas Troesch, DR/Verallia (p.3), Fotolia, DR (p.4-5), DR (p.6-7).

Printed by: Imprimerie Nouvelle – Jouve certified Imprim'Vert and FSC on FSC-certified paper, using recycled paper and pulp from sustainably managed forests.

