

# LETTER TO Shareholders

No. 68  
MAY 2013

## RESULTS

P. 2

Sales for the first quarter of 2013	2
Sales by geographic area	2
Sales by Business Sector	3

## FEATURE

P. 4

The Multi-Comfort program



## NEWS ROUND-UP...

P. 6

Latest news	6
Launch of the Saint-Gobain Innovation Centre in London	7

## SHAREHOLDER'S NOTEBOOK

P. 8

## Heads-up with

# Pierre-André de Chalendar

Chairman and Chief Executive Officer of Saint-Gobain

**“We anticipate a gradual recovery in the Group’s trading over the next few quarters and confirm our target of a recovery in operating income in the second half.”**

**Saint-Gobain has just published its sales for first-quarter 2013. What key trends can be identified?**

Saint-Gobain posted **€9,674 million** in sales for the first quarter of 2013, down 4.8% on the same year-ago period.

These figures reflect the impact on Group trading of fewer working days than in first-quarter 2012 and the particularly harsh weather conditions in January and March, mainly in Europe. They also point to the continued economic slowdown in most European countries, which could not be fully offset by **brisk trading in North America and a return to growth in Asia and emerging countries.**

In line with the economic scenario announced in February, in **North America** the Group benefited from robust momentum in US residential construction and from resilient industrial output and household consumption. In **Asia and emerging countries**, trading moved back into positive territory, driven mainly by a recovery in Latin America. In **Western Europe**, the Group’s markets contracted amid a general slowdown in economies across the region. Lastly, **businesses related to household consumption (Packaging, Verallia)** held up well.

**Sales prices remained a key priority for the Group:** after a rise of 1.7% over 2012, they moved up 0.9% in the first quarter of 2013 in

a lower inflationary environment overall, particularly in regards to materials and energy.

**Now that the first quarter is over, can you confirm the outlook for the rest of 2013? How do you see the next few months?**

After a particularly tough first quarter, we **anticipate a gradual recovery in the Group’s trading over the next few quarters, particularly in North America and in Asia and emerging countries** (regions which together represented 44% of consolidated operating income and 46% of the Group’s fixed assets in 2012).

In **North America**, the gradual upturn in residential new-build and renovation markets should continue, while industrial output should remain at a good level.

In **Asia and emerging countries**, trading should continue to improve steadily, but stark contrasts will persist from one country to the next, with robust growth in Mexico, Argentina and Russia, moderate growth in Brazil and China, a slowdown in India, and stability in Eastern Europe.

In **Western Europe**, industrial markets (particularly automotive) should continue to contract, while construction market trends should remain challenging. Regulatory measures promoting energy efficiency in habitat should support demand, however, and will allow the Group to outperform its underlying markets.



**Sales for the first quarter of 2013**

**€9,674m** (↘ 4.8%)

Lastly, **household consumption** should hold firm overall.

Against this backdrop, we will continue to implement our action plan over the next few quarters, focusing particularly on increasing sales prices, pursuing our cost cutting program and keeping a close watch on cash management and financial strength. We are therefore **confirming our targets for full-year 2013, namely a recovery in operating income in the second half**, after having bottomed out between mid-2012 and mid-2013; **a high level of free cash flow; and a robust balance sheet, strengthened by the disposal of Verallia North America.**

## Sales for the first quarter of 2013:

€9,674m

- ▼ -4.8% on a reported basis
- ▼ -5.4% like-for-like

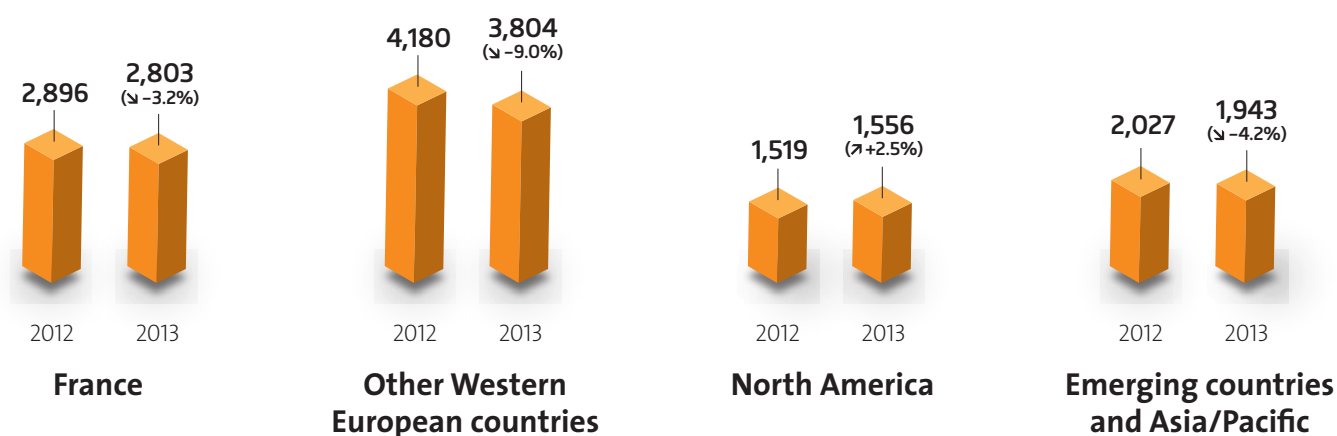
## Targets confirmed for 2013 as a whole:

- a recovery in operating income in the second half, after having bottomed out between mid-2012 and mid-2013;
- a high level of free cash flow, mainly as a result of a €200 million reduction in capital expenditure;
- a robust balance sheet, strengthened by the disposal of Verallia North America.

## Sales by geographic area

### Sales at March 31, 2013 (and % year-on-year change)

(€ millions)



## Comments on sales trends are based on like-for-like figures

In line with the economic scenario announced by the Group in February, an analysis of trading by geographic area reveals a sharp contrast between Western Europe – which continued on a downward trend – and other regions (North America and emerging countries) – which either reported further gains or returned to growth.

In **France** and **other Western European countries**, sales **declined by 8.8%** and **9.5%**, respectively, affected not only by the general slowdown in economies across Europe, but also, in most countries, by harsh winter weather (in January and March) and fewer working days than in first-quarter 2012. These factors adversely affected all of the Group's Business Sectors and Divisions (particularly Building Distribution), which all reported volume declines over the three months to March 31 as a result. In contrast, sales prices held up well.

**North America** delivered **3.1% organic growth**, buoyed by the ongoing recovery in businesses related to residential construction (CP Sector) and despite a tough basis for comparison. Moreover, amid resilient industrial markets and household consumption, all of the Group's businesses enjoyed positive trends in sales prices.

**Asia and emerging countries** got back on the growth track, with sales **up 1.5%**, driven by the sharp 5.4% upturn in Latin American markets which offset the contraction in Asia (particularly China and South Korea). Sales for Eastern Europe were broadly stable, with difficulties in Poland and the Czech Republic offset by a very bullish performance from Russia and the Baltics.

## Update on asbestos claims in the US

Some 1,000 claims were filed against CertainTeed in the first three months of 2013, on a par with the same period in 2012. Taking into account around 1,000 claims settled in the period (versus 2,000 in first-quarter 2012), the total number of outstanding claims remained stable compared to end-December 2012, at 43,000.



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

## Sales by Business Sector (comments based on like-for-like figures)



**Innovative Materials** sales fell **5.2%**, hit by declining sales volumes, while sales prices remained broadly stable over the quarter.

- **Flat Glass** sales were **down 4.9%**. Conditions on the Division's main markets (construction, automotive and solar) in Western Europe remained very tough (double-digit declines), and are not as yet conducive to an increase in sales prices – particularly float glass – despite significant capacity reductions. In contrast, business in Asia and emerging countries (particularly Latin America) rallied, both in construction and automotive markets.
- **High-Performance Materials (HPM)** sales retreated **6.4%**, reflecting the decline in businesses related to capital spending (Ceramics) in both mature and fast-growing markets. However, HPM's other activities (Abrasives, Plastics, Textile Solutions) held up well, particularly in the US and in Asia and emerging countries.



**Construction products (CP)** sales fell **1.9%**, owing to the downturn in sales volumes in Western Europe. Sales prices remained upbeat across the Business Sector.

- **Interior Solutions** reported a **4.4% drop** in sales, chiefly due to the drop in volumes in Western Europe that was not fully offset by the sharp **8.8%** rebound in Asia and emerging countries. Sales prices remained upbeat, buoyed by the significant increases implemented in the US early in the year, particularly in Gypsum.
- **Exterior Solutions** reported a **very slight 0.7% rise in sales**, which conceals a very mixed performance from its different businesses. Exterior Products delivered double-digit growth fuelled by the ongoing recovery in US residential construction. Pipe continued to suffer from the impact of austerity measures in Europe which the start of an upturn in exports could not offset. Industrial Mortars continued to enjoy strong growth in Asia and emerging countries, but were hit in Europe by the economic slowdown and harsh weather conditions. Sales prices for the Division remained upbeat.



**Building Distribution**, which was hit by very harsh weather conditions in the first three months of 2013 and by fewer working days than in the same year-ago period (2.6 days less over the quarter, accounting for a **negative 3.9% impact on volumes for the Business Sector**), saw sales **drop 8.6%**. Volumes were down in all of the countries where the Group operates, while sales prices went up. Trading in France proved fairly resilient, as a result of further market share gains in a tough economic environment.



**Packaging (Verallia)** saw sales **fall 2.6%** over the quarter, despite a rise in its sales prices in all of the countries where it operates (up 2.5% on average). Volumes were down in the US and in most European countries, but advanced in Russia and Latin America.




# The Multi-Comfort program

Saint-Gobain does not construct buildings, **but equips them with differentiating, high value-added solutions** notably to enhance comfort. To encourage the construction and renovation of buildings that combine comfortable living and energy performance and further develop research and innovation, numerous Saint-Gobain businesses joined forces to **promote the Multi-Comfort concept** in 15 countries.

Through this concept, Saint-Gobain is proposing a new way of making buildings and is launching the Multi-Comfort program to support the Group's sustainable habitat strategy.

stakeholders are also encouraged alongside Saint-Gobain's products and services, especially in the areas of electricity installation, heating and even air conditioning. Reference projects will provide

the means by which Saint-Gobain can learn about and assess the impact of its products and solutions under actual conditions, and draw lessons in order to sharpen its expertise. 

## COMFORT IN ALL ITS FORMS

To encourage such projects, Saint-Gobain has created a shared frame of reference while respecting local differences and anticipating new regulations. This shared approach is based on a "Multi-Comfort" benchmark, which identifies all the aspects that help improve living comfort and provides indications about a building's energy performance level and its overall impact on the environment.

While the framework is shared by the companies and countries where the Group operates, each project is initiated and run in accordance with local economic, social and technical conditions. Partnerships with building industry

### THERMAL COMFORT AND ENERGY PERFORMANCE

Bioclimatic design, thermal insulation, contribution from solar gain and renewable energy.

### THERMAL COMFORT

### HEALTH COMFORT

### HEALTH COMFORT AND INDOOR AIR QUALITY

Carefully considered building choices (low-emission or active materials), airtightness, ventilation and monitoring of indoor air quality.

### VISUAL COMFORT

### VISUAL COMFORT

Large windows to take maximum advantage of light and sunlight; esthetic quality and harmonious building envelope.

### MODULAR COMFORT

### MODULAR COMFORT

An evolving house: modularity and accessibility of spaces.

### ACOUSTIC COMFORT

### ACOUSTIC COMFORT

Effective acoustic insulation and correction.





## THE PROGRAM IN ACTION:

### Examples of new builds and renovations from some of our current projects.

#### Construction: two projects inaugurated and adopted



#### The Saint-Gobain Multi-Comfort House in France

Almost two years after the inauguration of the Saint-Gobain Multi-Comfort House in Beaucouzé, near Angers in France, it is time to look back. Since July 2011, almost 2,500 people have visited the house, almost half of whom were professionals from outside the Group. Visitors were eager to learn more about this innovative concept and multi-brand offer.

Engineering schools regularly use the house for practical work on summer comfort. Technical centers come on site to validate calculation models. Studies of the indoor air quality and energy performance are used to monitor the building's behavior over time. Builders use Saint-Gobain's product lines as a basis for defining their portfolio of stand-alone dwellings. Local authorities have taken this house as an example to set up a reference program for the construction of new buildings with local subsidies. Also workshops are held internally to encourage cross-functional cooperation and meet the market's requirements.

The Saint-Gobain Multi-Comfort House is an excellent specification tool for the Group's solutions and, as an effective showcase of the Group's strategy, has featured in cross-functional communication initiatives carried out by the 15 companies involved in the project.



#### The Corsico in Italy

The Corsico, a habitat training center based on the "Saint-Gobain Multi-Comfort" concept, was opened in May 2012 in Milan province. The nine Group brands present in Italy<sup>(1)</sup> pooled their expertise and technology to build this center that already produces more energy than it consumes. The center will be open for use by customers and will be used for training courses, meetings with universities and building trade colleges, and internal meetings.

(1) Saint-Gobain Abrasives, Saint-Gobain Glass, QUANTUM GLASS™, (Innovative Materials), Ecophon, Eurocoustic, Weber, ISOVER, Gyproc, PAM (Construction Products).

The Saint-Gobain Multi-Comfort House has also created a buzz outside the Group. Regional conferences provide an opportunity for specifiers to raise professional organizations' awareness of the quality of Saint-Gobain's products and services.



## Renovation

### A complete house makeover

In Antwerp (Belgium), a house renovation project is now in progress in cooperation with the municipality and in accordance with the Multi-Comfort concept criteria. The aim is to give a tangible illustration of the Group's strategy and encourage customers to perform renovations to comply with upcoming regulations, in partnership with Saint-Gobain. This house will be on loan from the Municipality for two to three years, before being handed back to the city. Saint-Gobain Glass, Saint-Gobain Solar, Glassolutions (Innovative Materials), Gyproc, ISOVER and Weber (Construction Products) are involved in the project. To find out more, visit [www.futurfantastic.be](http://www.futurfantastic.be)



## Other projects

### 1 ROMANIA

In Bucharest, Saint-Gobain Glass (Innovative Materials) and Saint-Gobain Construction Products Romania (Construction Products) with the Rigips, Weber and ISOVER brands built the country's first Multi-Comfort House.

### 2 AUSTRIA

Glassolutions (Innovative Materials), Saint-Gobain Rigips Austria, Saint-Gobain Weber Terranova and ISOVER Austria (Construction Products) renovated an apartment in Vienna for less than €10,000 based on the model of the Multi-Comfort House.



### CHINA

Saint-Gobain contributed to the construction of China's first passive house, in Changzhou.

### 3 LITHUANIA

#### First passive building

ISOVER and Gyproc products were used in the construction of Lithuania's first passive building – a healthcare facility in the Varėna region.

## LATEST NEWS

### FIRST PLASTER-BOARD PLANT IN INDONESIA

*Gypsum (Construction Products) has announced that it will soon be starting construction on a plasterboard plant close to Jakarta, enabling it to improve its capacity to meet local demand and continue its expansion on the fast-growing Indonesian plasterboard market. This investment will see Saint-Gobain Gypsum consolidate its*

*presence in South-East Asia, where it already has four plants – in Malaysia, Thailand and Vietnam. Indonesia plays a key role in the Group's strategic development in the region thanks to its strong growth potential and the size and vibrancy of its construction market.*

### A MODEL CLASSROOM IN THE NETHERLANDS

*The ISOVER, Gyproc, Weber Beamix, Ecophan (Construction Products) and Glassolutions (Innovative Materials) brands have joined forces to improve quality of life in schools with the creation of a test classroom in Rotterdam. The space uses solutions*

*from the Multi-Comfort program to improve energy efficiency, thermal comfort, indoor air quality, exposure to natural light and acoustics. The classroom will mainly be used to train architects and entrepreneurs.*



# Launch of the Saint-Gobain Innovation Centre in London



Saint-Gobain opened its new Innovation Centre in the heart of London on March 13, 2013. This venue is designed to inspire visitors, building industry professionals, architects and designers. Its Innovation Wall, which resembles the Domolab innovation wall near Paris, its library and its meeting rooms make it a unique space where people can work together to create new projects. Speaking at the opening ceremony, Pierre-André de Chalendar, Chairman and Chief Executive Officer of Saint-Gobain, said: *"Through this new Innovation Centre, Saint-Gobain is offering professionals its global vision of the market to help develop and stimulate research".*

- 1 The Centre's 312 sq. m. space showcases the sustainable habitat solutions available from Saint-Gobain Glass (Innovative Materials), Saint-Gobain Artex, British Gypsum, Ecophon, Saint-Gobain ISOVER, Saint-Gobain PAM, Saint-Gobain Weber (Construction Products) and Pasquill (Building Distribution).
- 2 Cutting the ribbon at the Centre's launch are (left to right) Bernard Emié, French Ambassador to the United Kingdom, Pierre-André de Chalendar, Chairman and Chief Executive Officer of Saint-Gobain, and Peter Hindle MBE\*, General Delegate for the United Kingdom, Ireland and South Africa.  
\*Member of the British Empire.
- 3 Visitors are inspired by their surroundings from the moment they enter the reception area.



## ONLINE VOTING AT THE ANNUAL GENERAL MEETING

**This year Saint-Gobain has decided to use the secure electronic platform VOTACCESS.**

This year shareholders may request an admission card, vote electronically or give or revoke proxy, **online:**

- Holders of registered shares can connect to the PlanetShares website at (<https://planetshares.bnpparibas.com>).
- **Holders of at least 170 bearer shares** can access the VOTACCESS platform via the website of their financial intermediary\*.

\* On condition that the financial intermediary is connected to the VOTACCESS platform.



# SHAREHOLDER'S NOTEBOOK

SHARE PRICES USED FOR  
THE 2012 ISF WEALTH TAX  
DECLARATION IN FRANCE

Saint-Gobain share price  
at December 31, 2012: **€32.22**  
Average share price over  
the last 30 trading days  
of 2012: **€30.93**

## Dates for your diary

### SHAREHOLDER MEETINGS

- **October 1<sup>st</sup>**, Nancy  
with Laurent Guillot, Chief Financial Officer
- **October 2<sup>nd</sup>**, Bordeaux  
with Jacques Durand,  
Deputy Head of Investor Relations
- **November 7<sup>th</sup>**, Marseilles  
with Pierre-André Chalendar,  
Chairman and Chief Executive Officer
- **November 22<sup>nd</sup>**, Paris (Actionaria trade fair)  
with Pierre-André Chalendar,  
Chairman and Chief Executive Officer  
and Laurent Guillot, Chief Financial Officer

### ANNUAL GENERAL MEETING

- **June 6<sup>th</sup> at 3:00 p.m.**  
at the Palais des Congrès, Porte Maillot, Paris

### UPCOMING RESULTS PUBLICATIONS

- **Final results for first-half 2013**  
July 24<sup>th</sup>, after close of trading on the Paris Bourse
- **Sales for the first nine months of 2013**  
October 24<sup>th</sup>, after close of trading on the  
Paris Bourse

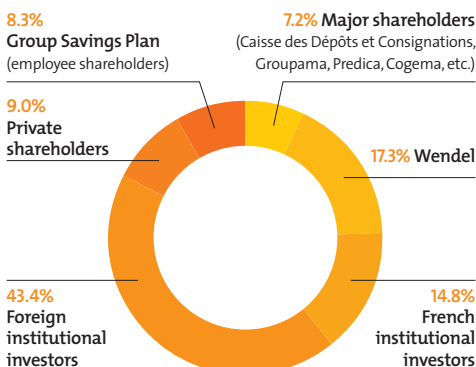
### 2012 DIVIDEND PAID IN CASH OR SHARES, AT THE SHAREHOLDER'S DISCRETION

- **Record date:** June 11<sup>th</sup>, 2013
- **Ex-date:** June 12<sup>th</sup>, 2013
- **Option period:** June 12<sup>th</sup>-26<sup>th</sup>, 2013
- **Payment date:** July 5<sup>th</sup>, 2013

## TOTAL NUMBER OF SHARES AT MARCH 31, 2013:

# 531,337,775

## ESTIMATED OWNERSHIP STRUCTURE AT MARCH 31, 2013 (%)



## Saint-gobain share price

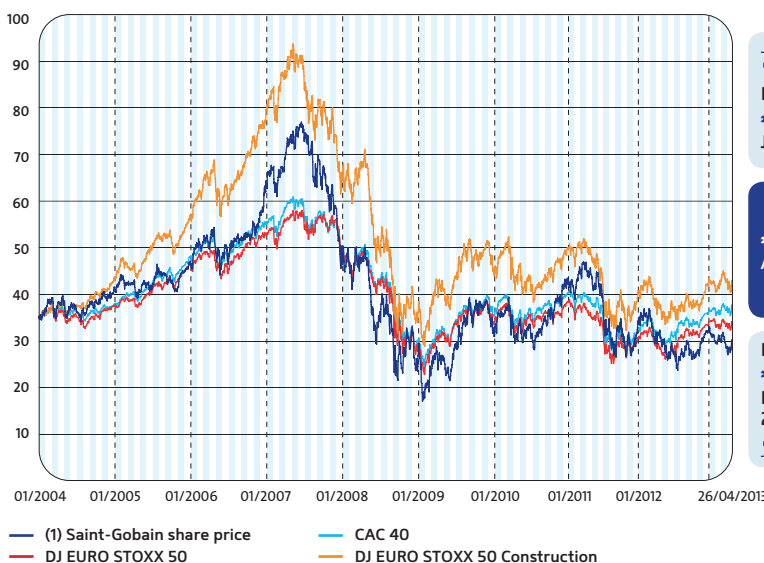
### SHARE PERFORMANCE 2004-2013

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

On the day after publication of first-quarter sales figures, the Saint-Gobain share closed at €30.225, an increase of 12.7% over the past half-year and 2.5% over the past month.

The Group confirmed its targets for 2013 as a whole (see page 2) and is reassured about its outlook and expects trading to gradually improve over the next few quarters.

Performance over the period: Saint-Gobain: **-10.9%** CAC 40: **+4.3%**



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

## RECENT PERFORMANCE OF THE SAINT-GOBAIN SHARE

Recent performance  
at April 26, 2013 (€30.225)  
in %

	Saint-Gobain share price	CAC 40	DJ Euro Stoxx 50	DJ Euro Stoxx 50 Construction
Trailing 12 months	-1.7%	+20.2%	+17.5%	+16.5%
Trailing 6 months	+12.6%	+11.2%	+7.7%	+13.9%
Trailing 3 months	-4.4%	+0.8%	-2.2%	0.0%
Trailing month	+2.1%	+1.6%	+1.6%	-1.0%
Since January 1, 2013	-6.2%	+4.6%	+1.8%	+2.1%

## Your contacts

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

- By dialling

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