

LETTER TO Shareholders

No. 70

NOVEMBER 2013

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Heads-up with

Pierre-André de Chalendar

Chairman and Chief Executive Officer of Saint-Gobain

“In a still unsettled macroeconomic environment and despite a significant currency impact, we are confirming our objective of a recovery in operating income in the second half of 2013.”

Saint-Gobain has just published its sales for the first nine months of 2013. What main trends emerged?

Third-quarter trends confirm the improvement across all Group businesses, which delivered organic growth compared to the third-quarter 2012. Sales were up 3.1% on a like-for-like basis, although reported figures were hit by a strong 4.3% negative currency impact.

In terms of organic growth, Construction Products (CP) sales rallied sharply (up 5.4%) after having been hit by destocking in the US Exterior Products business in the second quarter. Innovative Materials and Building Distribution enjoyed an uptick in trading, with sales advancing 2.2% for both Business Sectors. Packaging (Verallia) posted negative organic growth (-1.4%) over the first nine months of the year but delivered 1.8% organic growth in the third quarter. **All of the Group's geographic areas contributed to this upturn in organic growth.**

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

In the fourth quarter, we expect confirmation of the trends observed in the three months to September 30. In **Western Europe**, industrial

markets (particularly automotive) and residential construction (new-build and renovation) should further stabilize. Construction should continue to rally in the UK and Germany.

In **North America**, residential construction should also remain on a steady upward trend, while industrial output should continue at a good level.

In **Asia and emerging countries**, our businesses should continue to deliver robust organic growth.

Lastly, **household consumption** should remain satisfactory overall.

In the fourth quarter, we will press ahead with our action plan, focusing particularly on **increasing our sales prices** in a context of a slower rise in raw material and energy costs. We will also **pursue our cost cutting program** and keep a **close watch on cash management and financial strength**.

Despite the strong currency impact, we are therefore confirming our objectives for full-year 2013, with operating income to recover in the second half after having bottomed out in first-half 2013; we therefore expect operating income in this period to be above second-half 2012.



Sales for the first nine months of 2013

€31,573m

- -3.0% on a reported basis
- -1.1% like-for-like

Third-quarter 2013 sales

- -1.4% on a reported basis
- +3.1% like-for-like

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

In line with second-quarter trends, trading continued to improve across all regions, and particularly Asia and emerging countries:

In France, organic growth improved but remained slightly negative (-1.5% over the quarter and -4.8% over the nine months to September 30). **Other Western European countries** reported 2.8% growth over the quarter and negative growth (-2.2%) over the first nine months of the year. This upturn reflects solid trading in the UK which began in the second quarter, as well as a good performance from Germany.

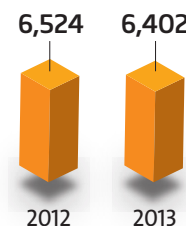
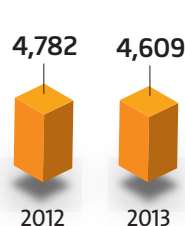
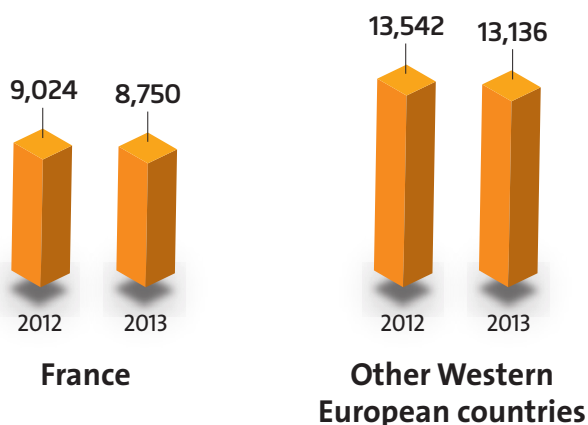
In North America, organic growth came in at a negative 0.3% for the first nine months of the year, lifted by 3.2% growth in the third quarter. This quarterly improvement is chiefly attributable to Exterior Products, which – despite September figures being down – was

bolstered by a weaker basis for comparison (third-quarter 2012) as well as by the end of the destocking that had affected its second-quarter performance. The ongoing rally in the construction market in the US continued to benefit Interior Solutions, where prices remained upbeat.

In Asia and emerging countries, trading continued to pick up pace (up 6.1% over the nine months to September 30 and 10.5% in the third quarter) across all regions. Latin America (and especially Brazil) continued to drive this growth momentum, while our businesses in Eastern Europe and Asia saw organic growth improve.

Sales at September 30, 2013

(€ million)



2012/2013 change

(%)

	Reported	Like-for-like
France	-3.0	-4.8
Other Western European countries	-3.0	-2.2
North America	-3.6	-0.3
Emerging countries and Asia/Pacific	-1.9	+6.1

Update on asbestos claims in the United States

Some 3,000 claims were filed against CertainTeed in the first nine months of 2013, in line with the same period in 2012. Taking into account around 3,000 claims settled in the period (versus 8,000 in the first nine months of 2012), **the number of outstanding claims remained stable** compared to December 31, 2012, at around **43,000**.



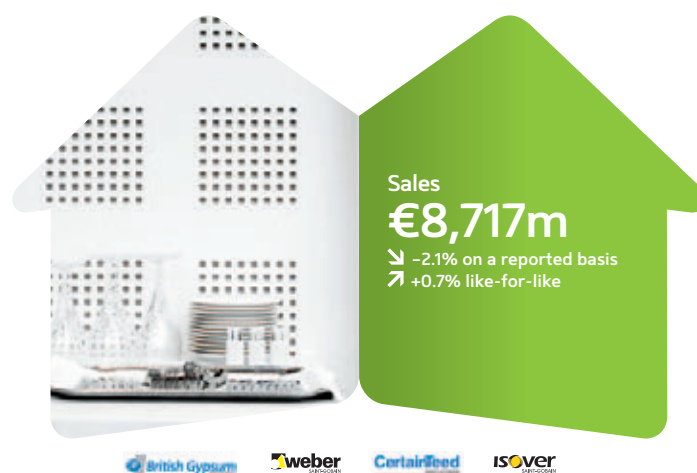
Details of the consolidated financial statements are available on the Group's website (www.saint-gobain.com), or on request from the Shareholder Relations Department.
(See contact details on the back page).

Analysis by Business Sector (comments based on like-for-like figures for the first nine months)



Innovative Materials sales stemmed their decline to 1.2% over the nine months to September 30 thanks to 2.2% growth in the third quarter, with both of its businesses reporting gains.

Flat Glass sales increased 3.1% in the third quarter to stabilize over the nine-month period (up 0.2%). **High-Performance Materials (HPM)** reported 1.3% organic growth in the third quarter, after negative organic growth of 5.1% in the six months to June 30. Prices for the HPM business held up well in a deflationary environment. Organic growth remained in the doldrums for Ceramics, while Abrasives and Plastics both recorded gains, particularly in Asia and in emerging countries.



Construction Products (CP) sales leveled off, gaining 0.7% over the first nine months of 2013 thanks to 5.4% growth in the third quarter, driven by upbeat volumes in North America and in Asia and emerging countries.

The momentum enjoyed by **Interior Solutions** in the second quarter continued, with organic growth at 6.3% for the three months to September 30 and 2.7% over the first nine months of the year. After a worse-than-expected second quarter due to temporary destocking in Exterior Products in the US, **Exterior Solutions** reported a significant 4.7% rise in like-for-like third-quarter sales, stemming the nine-month decline to 1.2%.



Building Distribution sales dropped 2.3% on a like-for-like basis over the first nine months of 2013, but resumed their advance in the third quarter (up 2.2%). The Business Sector's performance during the third quarter saw a clear improvement, as the recovery took hold in the UK, Germany got back on the growth track and stability reigned in Scandinavia thanks to Norway and Sweden. Although organic growth in France is still slightly negative, it continued to improve and confirmed market share gains. In emerging countries, Brazil enjoyed strong momentum, but Eastern Europe continued to see negative growth. Conditions in Southern Europe remained challenging.



Packaging (Verallia) posted negative organic growth (-1.4%) over the first nine months of the year but delivered 1.8% organic growth in the third quarter. Sales prices for the Business Sector remained upbeat, with volumes stabilizing in Western Europe and the US. After a tough first half, Latin America once again saw solid trading during the quarter in terms of both prices and volumes.

A modern office interior with large windows and a green arrow graphic pointing right. The arrow is green and has a white tulip on its stem. The office has a dark floor and white walls. A potted plant is on the windowsill. The text 'Energy performance' is overlaid on the image.

Energy performance

The energy efficiency of buildings is a **major sustainable development issue** for Saint-Gobain, and the Group has made it a key component of its sustainable habitat strategy. We take a detailed look at the Group's approach to **efficient, energy-saving and environmentally-friendly buildings.**

Structural envelopes

The energy efficiency of buildings applies to both new and renovated stock. In developed countries, efforts must primarily focus on the renovation market given the low replacement rate for existing building stock. For individual dwellings, the main issue is to reduce the use of heating, which is the biggest single consumer of energy: on average, 75% of the energy consumed in an existing dwelling is for heating. Energy savings can also be made in other areas such as lighting and hot water. Reducing energy bills first means designing a highly efficient building envelope that both reduces heat loss and successfully manages air renewal, with the absence of thermal bridges, high-performance insulation of opaque and glass walls, insulating woodwork, and structural air tightness, all combined with efficient ventilation.

Saint-Gobain offers numerous solutions to improve the energy performance of various types of buildings, including interior and exterior thermal insulation solutions, enhanced thermal performance glazing, earth-air heat exchangers, im-

proved natural lighting and optimum management of solar heat.

When combined, these solutions yield high energy efficiency. They also meet – and sometimes exceed – regulatory requirements, such as with positive-energy houses or low-energy buildings. The full scope of Saint-Gobain's solutions is in evidence in the Group's Multi-Comfort housing projects, which are perfect showcases for its expertise.

EXAMPLES

1 Saint-Gobain's ETICS systems (External Thermal Insulation Composite Systems) are used to dress a façade and improve its thermal performance. The systems use materials supplied by several Group companies and are sold by Weber (Construction Products).

2 The use of high-performance solar control glass SGG Cool-Lite Xtreme (Innovative Materials) in the renovation of the Montbéliard (France) court house halved the amount of solar gain that used to cause overheating in the offices, without reducing the amount of natural light let in. The building has been certified HQE (high environmental quality).



Educating and training professionals

Saint-Gobain works actively to inform and educate building industry professionals (industry leaders, architects, contractors, trades people, etc.). The habitat innovation centers in France, Italy and the UK, for example, present the full range of the Group's energy efficiency solutions.

Training professionals is another aspect of the challenge. Working with them as they learn how to use our solutions is key to ensuring the Group's competitiveness. Trades people actually installing the materials play a particularly central role in the energy performance of buildings. The Group's brands have set up numerous such initiatives and these generally have a local focus in order to better match the market's needs.

EXAMPLES

1 The mobile training center launched in October 2011 by the Brasilit, Isover, Placo®, Weber (Construction Products) and Norton (Innovative Materials) brands has traveled to meet more than 5,000 building industry professionals.

2 The Greenworks Training Academy in Birmingham (UK), with the support of Saint-Gobain's brands in the country, is the first training facility in the UK to offer the newly launched Green Deal Installer Business Support session. Green Deal is a government-led incentive designed to enable organizations to offer renewable energy improvements to homes and businesses.

3 Point.P joined forces with the French association of craftsmen builders and small construction firms (CAPEB) to improve small building contractors' expertise in energy performance (see page 7 of this Shareholders' Letter for more details).



Be a part of the discussion

Saint-Gobain is involved in discussions and debates about sustainable buildings together with other industry and public partners. The Group encourages and supports the introduction of standardized approaches based on life cycle analyses to assess the environmental performance of buildings and construction products. It is a member of international professional associations, such as the World Green Building Council European network and the Coalition for Energy Savings in Brussels (Belgium), as well as the Alliance to Save Energy in the United States. It participates in the Sustainable Building Alliance which aims to establish a set of key indicators for assessing the environmental quality of buildings based

on shared methods adapted to specific local social, economic, cultural and climatic conditions.

The Group is also involved in several initiatives at local level. For example, it is a member of the Council of NAIMA (North American Insulation Manufacturers Association) in the United States and also chaired the company contact group for the energy transition debate in France. More recently, the French government appointed Jacques Pestre, Senior Vice-President of the Point.P group, as co-chair of its "building retrofit" program. These movements work with governments to bring about change in the regulatory landscape in order to promote energy-efficient buildings.

EXAMPLE

Committed to renovation in Europe

Renovate Europe is a campaign launched by EuroACE to encourage a Europe-wide policy for the extensive renovation of existing building stock, with the aim of tripling the annual average rate of renovation from 1% to 3% by 2020, and to reduce the energy consumed by buildings by 80% from the 2010 levels by 2050: www.renovate-europe.eu

In April 2011, several companies including Saint-Gobain Isover (Construction Products) and Saint-Gobain Glass (Innovative Materials), along with associations working for an energy-efficient construction sector, sent the European Commissioner for Energy and the 27 European Energy Ministers an open letter urging them to place building renovation at the heart of Europe's energy policy. This document was published in the newspapers *European Voice*, *Berlingske Tidende*, *Handelsblatt*, *Le Monde*, and the *Financial Times*.

Commitments and action plans

Saint-Gobain uses its own buildings to demonstrate its commitment to energy efficiency. In 2008, the Group launched

the CARE:4® (Company Actions for the Reduction of Energy by 4) program with the aim of achieving a fourfold decrease in the energy consumption and greenhouse gas emissions of Saint-Gobain's commercial building stock by 2040. CARE:4® concerns all administrative and commercial buildings owned by Saint-Gobain and equipped with heating or air conditioning, such as offices, sales outlets, training and product demonstration centers, and research facilities. The program initially targeted new builds starting in 2008, setting a performance objective aligned on the best local energy consumption practice. In 2011, the program was extended to encompass the renovation of existing building stock.

CARE:4
Company Actions for the Reduction of Energy by 4



Habitat Lab in the Milan province, the Group's first Multi-Comfort training center.

At a glance

- Aim: achieve a **fourfold decrease** in the energy consumption and greenhouse gas emissions of Saint-Gobain's commercial buildings by 2040
- **8,000** existing buildings identified
- **16** buildings certified CARE:4® at mid-2013

LATEST NEWS

TOP-FLIGHT
CONTRACT WITH
HONDA AIRCRAFT

EXTENSION
OF THE SHANGHAI
RESEARCH AND
DEVELOPMENT
CENTER

Saint-Gobain Performance Plastics has signed a long-term contract with Honda Aircraft based in Greensboro, North Carolina (US) to supply quartz radomes for the new HondaJet business aircraft. These nose radomes will be made with Quartzel®

composites (Saint-Gobain Ceramic Materials) that provide superior radar transparency and in-flight durability. They will also use Norton Armor™ technology, which reduces maintenance costs and extends service life for plane components.

Pierre-André de Chalendar, Chairman and Chief Executive Officer of Saint-Gobain, officially opened the extension to the Group's Research and Development Center in Shanghai on September 27. The two buildings will house up to 400 researchers in total. The new 8,300 sq.m. extension will further increase

Saint-Gobain's innovation capacity for the Asia-Pacific markets to develop new technology in China and hence support the Group's businesses in the region. The R&D center was designed to meet the Chinese GBDL (Green Building Design Label) and CARE:4® standards, and has been awarded gold status under the US LEED standard.

Platforme Building Materials celebrates 15 years of innovation

Since it opened its first outlet in France in 1998, Platform Building Materials has successfully adapted to changes in the business and in building professionals' expectations.



Members of the Shareholders' Club were invited to visit Platform Building Materials' HQE-certified building in the Paris region on October 10, 2013.

Platform Building Materials was established in 1998. The uniqueness of this building materials distributor – catering to trade professionals only – lies in its self-service model, extended opening hours and ability to provide its customers with a comprehensive range of building materials and numerous services (tool hire, wood cutting shop, delivery and online services, etc.) under one roof.

“Save time and money”

True to its “Save time and money” slogan, Platform Building Materials displays net prices guaranteed for one year to all of its customers, mainly general building firms and trades contractors employing fewer than five people and working on renovation projects in large towns or cities.

The company permanently stocks up to 20,000 products at its self-service outlets in order to meet customers' needs as closely as possible. The “Save time and money” promise has led to numerous outlets being opened across France in a bid to bring the network closer to its contractor customers' work sites. **The creation of the City store concept in 2010 brought Platform Building Materials' products, services and expertise into the heart of city centers.** These smaller outlets are integrated into the cityscape, offering immediate availability of 3,500 items and delivery of any product from the entire range within three hours.

Along with expansion, the network has pursued an effective multi-channel strategy. In 2012, Platform Building Materials **launched its e-commerce site and a mobile app.** Wherever they are, customers can now access the product catalog and availability, check prices, place an order and pay online, and locate the outlet nearest to them. These tools help build a closer relationship with customers, representing an additional source of information alongside advice provided on the telephone and directly in the outlets.

Inventing new Platforms

The dynamism of Platform Building Materials is evident in its numerous initiatives.

In 2010, it opened its first HQE- and CARE:4®-certified outlet in Aubervilliers in the Paris region. This outlet is testimony to the brand's commitment to environmental concerns driven by Saint-Gobain's policy, its customers' expectations and the need to adapt to changing urban policies. Other projects are also underway, such as a new partnership with Veolia for treating customer waste at 80% of Platform Building Materials' sites.

Another example of Platform's dynamic approach is the opening in the Paris region of the first specialist outlet exclusively for electrical products in 2011. And that's not the end of the story: the company continues to develop new concepts in a drive to achieve ever greater customer satisfaction.

At a glance

- Founded in **1998**
- **55 outlets** serving more than 140,000 industry professionals
- **2,200** employees
- A self-service area of up to **3,000 sq.m.** and 20,000 products permanently in stock
- **Platform Building Materials is present in 6 countries besides France:** Czech Republic, Germany, Hungary, Poland, Spain, and Brazil



SAINT-GOBAIN AND SUSTAINABLE DEVELOPMENT Training craftsmen in energy efficiency

Point.P (Building Distribution) has joined forces with the French association of craftsmen builders and small construction firms to improve small building contractors' expertise in energy performance. Through this partnership, Point.P will promote the ECO Artisan® label among its trade contractor customers.

This label is issued by the specialist building organization Qualibat to professionals committed to improving energy performance. Point.P's energy efficiency counters in the brand's 120 specialist sales outlets will help guide builders to the appropriate training.



Dates for your diary in 2014

2013 RESULTS

February 19, 2014, after close of trading on the Paris Bourse

FIRST-QUARTER 2014 SALES

April 29, 2014, after close of trading on the Paris Bourse

ANNUAL GENERAL MEETING

3:00p.m. on June 5, 2014, at the Palais des Congrès (Porte Maillot), Paris

FIRST-HALF 2014 RESULTS

July 30, 2014, after close of trading on the Paris Bourse

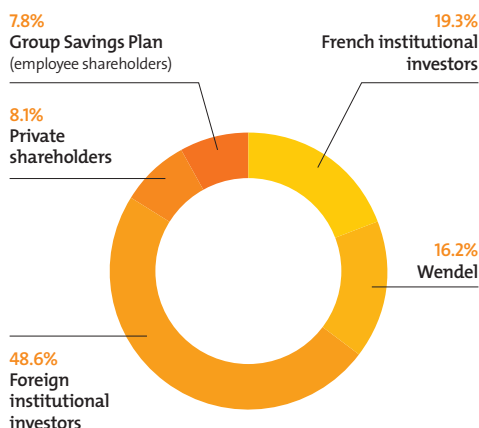
SALES FOR THE FIRST NINE MONTHS OF 2014

October 23, 2014, after close of trading on the Paris Bourse

TOTAL NUMBER OF SHARES AT SEPTEMBER 30, 2013:

553,766,215

ESTIMATED OWNERSHIP STRUCTURE AT SEPTEMBER 30, 2013 (%)



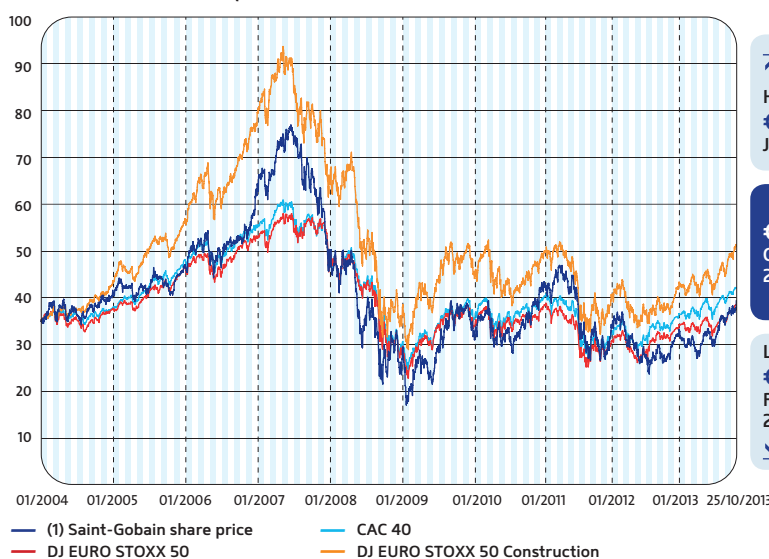
Saint-gobain share price

SHARE PERFORMANCE 2004-2012

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

Saint-Gobain published its nine-month sales on October 24. Trading for the Group improved in the third quarter and it reported organic growth of 3.1% over the period (-1.1% over the nine months to September 30, 2013). Saint-Gobain is therefore confirming its objectives for the full year, with operating income to recover in the second half after having bottomed out in first-half 2013; the Group therefore expects operating income in this period to be above second-half 2012. The Saint-Gobain's share reacted well to the earnings announcement, closing 4.9% higher on October 25 at 39.685. Overall, the share gained 15.7% in the third quarter and 48.1% over the past 12 months.

Performance over the period: Saint-Gobain: +12.6% CAC 40: +20.1%



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

RECENT PERFORMANCE OF THE SAINT-GOBAIN SHARE

Recent performance at October 25, 2013 (€39.685) in %	Saint-Gobain share price	CAC 40	DJ Euro Stoxx 50	DJ Euro Stoxx 50 Construction
Trailing 12 months	+48.1%	+25.2%	+22.2%	+36.3%
Trailing 6 months	+29.9%	+11.2%	+12.2%	+19.3%
Trailing 3 months	+15.7%	+8.0%	+10.7%	+13.6%
Trailing month	+6.5%	+1.8%	+3.7%	+4.4%

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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Online, at www.saint-gobain.com

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

- By post, to Compagnie de Saint-Gobain Service Actionnaires Les Miroirs 92096 La Défense Cedex
- Reuters: SGOB.PA

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