

Letter to shareholders



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2013 RESULTS

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Investor meeting
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2013 Sales

€42bn

Stable at constant exchange rates

2013 Dividend*

Stable at
€1.24 per share

* Amount to be recommended to the AGM.

2013 Operating income

€2.8bn

+0.4% at constant exchange rates

2013 Recurring* net income

€1bn

+2.4% at constant exchange rates

* Excluding capital gains and losses on disposals, asset write-downs and material non-recurring provisions.



HEADS-UP WITH

PIERRE-ANDRÉ DE CHALENDAR,

Chairman and Chief Executive Officer of Saint-Gobain

"In 2014, trends for our different markets should improve even though the climate is likely to remain uncertain, and we expect a clear like-for-like improvement in operating income."

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HEADS-UP WITH

PIERRE-ANDRÉ DE CHALENDAR,

Chairman and Chief Executive Officer of Saint-Gobain


**Saint-Gobain has just published its results for 2013.
Any comments?**

After a tough first half penalized by fewer working days and poor weather conditions, the Group reported **organic growth of 2.6% for the six months to December 31, 2013**, with volumes up 1.5% and prices gaining 1.1%.

Sales stabilized over the year as a whole, **down 0.3% on a like-for-like basis** with a solid 1.0% increase in sales prices despite a less inflationary environment. On a reported basis, sales retreated 2.7% due to the negative 2.7% currency impact. Changes in Group structure had a slightly positive 0.3% impact.

All of the Group's Business Sectors and Divisions reported an improvement in second-half trading, driven by more upbeat trends in their Western European markets, as well as in Asia and emerging countries. The upturn in North America was held in check by the decline in businesses linked to capital spending and by volatility in Exterior Products.

Despite the decline in sales, **the Group's operating margin in 2013 held firm at 6.6%** and rose to 7.1% in the second half. The Group's focus on its action plan priorities in 2013 continues to pay off.

How do you see 2014 unfolding?

After bottoming out in first-half 2013 and rallying in the second half of the year, **operating income should see a clear improvement in 2014 on a comparable structure and currency basis**, even though the macroeconomic environment remains unsettled. The Group should benefit from the ongoing recovery in the US, satisfactory growth in emerging countries, and a more stable economic environment in Europe led by growth areas (UK and Germany). Household consumption markets should hold firm.

The Group will continue to apply strict cash discipline and main-

tain a strong balance sheet in 2014, along with targeting a continuing high level of free cash flow.

The Group has had to deal with a major crisis over these past few years. Has this had an impact on its strategy?

At our investor meeting last November, we defined **our strategic goals for the next five years**. We will continue to roll out our strategy, strengthening the Group's profile to raise its potential for organic growth and increasing the focus on differentiation in our solutions for the construction and industry markets. The Group will also be managed according to the four key priorities of continuously seeking operational excellence, making further progress in Corporate Social Responsibility, targeting attractive returns for shareholders and maintaining a solid financial structure. 

PRIORITIES IN 2014

- Maintain our **focus on increasing sales prices** amid a smaller rise in raw material and energy costs.
- Pursue **cost cutting measures** to unlock additional savings of **€450 million** (calculated on the 2013 cost base).
- Step up **capital expenditure to around €1,500 million**, the priority being growth capex outside Western Europe.
- Maintain our commitment to **invest in R&D** in order to support our differentiated, high value-added strategy.
- Finalize the **divestment of Verallia North America in the first half**.

2013 DIVIDEND

Stable at €1.24
50% payable in cash and 50% in cash or in shares, at shareholders' discretion

At its meeting of February 19, Compagnie de Saint-Gobain's Board of Directors decided to recommend to the June 5, 2014 Shareholders' Meeting a **dividend of €1.24 per share, 50% payable in cash and 50% in cash or in shares, at shareholders' discretion**.

For the payment of dividends in shares, the Board will recommend that the shareholders set the issue price for the new shares by applying a 10% discount to the average opening share price during the 20 trading days preceding the June 5, 2014 Shareholders' Meeting, after having deducted the dividend amount.

The dividend represents **67% of recurring earnings per share**, and a dividend yield of 3.1% based on the closing share price at December 31, 2013 (€39.975).

The ex-date, set at June 11, will be followed by an option period of 15 days, running from June 11 to June 25. Consequently, the dividend will be paid in cash or in shares on July 4, 2014.



The full press release and the webcast of our 2013 results presentation can be found on www.saint-gobain.com/Finance.

KEY CONSOLIDATED FIGURES

	2012 restated* (€m)	2013 (€m)	% change
Sales and ancillary revenue	43,198	42,025	-2.7%
Operating income	2,863	2,764	-3.5%
Business income	1,966	1,891	-3.8%
Recurring ¹ net income	1,053	1,027	-2.5%
Recurring ¹ earnings per share ² (in €)	2.00	1.86	-7.0%
Capital expenditure	1,773	1,354	-23.6%
Free cash flow (excluding capital gains tax) ³	822	1,157	+40.8%
Investments in securities	354	100	-71.8%
Net debt	8,490	7,521	-11.4%

* Restated to reflect the impacts of the amended IAS 19.

1. Excluding capital gains and losses on disposals, asset write-downs and material non-recurring provisions. 2. Calculated based on the number of shares outstanding (excluding treasury stock) at December 31 (551,417,617 shares in 2013 versus 526,434,577 in 2012).

3. Excluding the tax effect of capital gains and losses on disposals, asset write-downs and material non-recurring provisions.

Consolidated sales were down 2.7%. The **currency impact** was a negative 2.7%, resulting primarily from the fall against the euro

of the currencies of the main emerging markets where the Group operates (particularly Latin America) and of the US dollar and pound sterling. **Changes in Group structure** had a slightly positive 0.3% impact, chiefly reflecting the integration of Brossette in April 2012 and of Celotex in September 2012, as well as the sale of the PVC Pipe & Foundations business in May 2013 and of certain non-core businesses within Building Distribution. Like-for-like (comparable Group structure and exchange rates), sales were down 0.3%, with the 1.0% rise in **sales prices** virtually offsetting the 1.3% downturn in **volumes**.

Operating income fell 3.5%, squeezed by the negative currency impact and by tough trading in the first half, but rallied in the six months to December 31, up 9.9%. The operating margin remained stable at 6.6% of sales thanks to cost cutting measures and to the second-half improvement up to 7.1%. Excluding Building Distribution, the operating margin for the year climbed from 8.5% to 8.8%.

Recurring net income (excluding capital gains and losses, asset write-downs and material non-recurring provisions) retreated 2.5% to €1,027 million.

2013 RESULTS BY BUSINESS SECTOR (comments based on like-for-like figures)

INNOVATIVE MATERIALS

SALES

€9,070m

↘ -4.4% on a reported basis
↘ -0.7% like-for-like

OPERATING INCOME

€658m

↘ -9.4% on a reported basis

Innovative Materials sales were down just 0.7% in the year on a like-for-like basis, thanks to 1.5% growth in the second half.

The **operating margin was 7.3%**, and came in at 7.8% in the second half compared to 6.9% in second-half 2012 and 6.7% in first-half 2013, spurred by upbeat trends in Flat Glass.

CONSTRUCTION PRODUCTS

SALES

€11,525m

↘ -1.6% on a reported basis
↗ +1.9% like-for-like

OPERATING INCOME

€999m

↗ +2.8% on a reported basis

Like-for-like sales for the Construction Products (CP) Sector climbed 1.9%, rallying 5.6% in the second half.

The **operating margin widened to 8.7%** from 8.3% in 2012.

The operating margin for **Interior Solutions** stabilized at 8.1%, coming in at 8.6% for the second half, up sharply on the two previous six-month periods. The operating margin for **Exterior Solutions** rose to 9.1% of sales from 8.3% of sales in 2012, buoyed by a positive raw material and energy price-cost spread and by an upturn in Pipe volumes.

BUILDING DISTRIBUTION

SALES

€18,773m

↘ -2.4% on a reported basis
↘ -1.4% like-for-like

OPERATING INCOME

€638m

↘ -16.3% on a reported basis

After particularly poor weather conditions took their toll on its first-half performance, **Building Distribution** was down 1.4% on a like-for-like basis, despite recovering 1.7% in the second half, reflecting improved trading in all regions.

The **operating margin rallied in the second half, up to 4.4%** from 4.0% in second-half 2012, and came out at 3.4% for 2013 as a whole.

PACKAGING (VERALLIA)

SALES

€3,616m

↘ -4.6% on a reported basis
↘ -1.8% like-for-like

OPERATING INCOME

€462m

↗ +11.6% on a reported basis

Packaging (Verallia) sales retreated 1.8% on a like-for-like basis, despite a 1.9% rise in sales prices.

Operating income includes €65 million as a result of applying IFRS 5 (assets and liabilities held for sale) to Verallia North America (VNA) as of January 1, 2013, since depreciation of VNA's fixed assets is no longer charged to operating income. Adjusted for this one-off item, the **operating margin was in line** with the previous year, at 11.0%, thereby confirming the resilience of this business.

2013 INVESTOR MEETING

On November 27, 2013, Saint-Gobain held a meeting for investors and financial analysts to discuss its medium-term strategy.

Saint Gobain designs and distributes **innovative and high-performance solutions** that improve our habitat and day-to-day life. The Group's priority is to **focus on high-growth, high value-added markets in habitat and industry.**

THREE PILLARS HELP DRIVE THE GROUP'S STRATEGY

- **Innovative Materials** are the Group's locomotive of innovation.
- **Construction Products** spearhead the Group's drive into newly emerging markets.
- **Building Distribution** provides an accelerator for the Group's strategy.



The investor meeting press release is available at www.saint-gobain.com

THREE STRATEGIC GOALS

Pierre-André de Chalendar presented the Group's three strategic goals over the next five years:

Improving the Group's growth potential by:

- focusing more sharply on high value-added, asset-light activities;
- expanding its footprint in emerging countries;
- further strengthening its business portfolio, particularly through the disposal of Verallia.

Creating a stronger presence in differentiated products and solutions by:

- focusing R&D efforts on local projects co-developed with its customers and on the fast-growing markets of sustainable habitat and industrial

al applications;

- stepping up marketing initiatives with an ambitious digital strategy and developing ever stronger brands.

Manage the Group according to four key priorities:

- continuously seek operational excellence, buoyed by an additional cost savings plan for 2014-2015;
- make further progress in Corporate Social Responsibility;
- target attractive returns for shareholders;
- maintain a solid financial structure.

This vision for Saint-Gobain's development going forward is based on strategic leadership positions that will allow the Group to create value for its shareholders and be one of the strongest and best-positioned companies in materials and construction technologies. 



LAPEYRE

NEW GENERATION LAPEYRE OUTLETS

Lapeyre (Building Distribution) has inaugurated a new outlet in Mérignac on the outskirts of Bordeaux in Southwest France. In order to better respond to changing consumer habits, this new space has two purchasing circuits. The "counter side" is designed for customers who have a precise request, while the "project side" targets people who want to work on a complete project and are seeking advice from the brand's sales consultants. Orders can be collected without getting out of your car at the outlet's drive-thru service.



LITTLE ROCK PLANT OPENS

The kiln at the new ceramic proppant production site (Innovative Materials) near Little Rock, Arkansas, was recently fired up. Producing nearly 150 million kilograms a year, this state-of-the-art plant is the world's largest-capacity proppant line. Proppants are used by the oil and gas industry. They are injected into underground wells to prop fractures open in order to increase their conductivity and so the overall recovery rate.



BLUTOP TRANSPORTS WATER IN THE CEARÁ

Saint-Gobain Canalização (Construction Products) will deliver 77 km of Blutop pipe for the first phase of the Ceará Water Belt, in Fortaleza, Brazil. This government project will boost water supply to the driest regions in Ceará state, in Brazil's northeast. The project involves the construction of a 1,300-kilometer water supply network. The water is drawn from a derivation of the São Francisco River and delivered to 12 reservoirs in the state. The aim of the project is to ensure the region's water supply until 2040.

SAINT-GOBAIN SHAREHOLDERS' CLUB

The Saint-Gobain Shareholders' Club aims to build and strengthen relations between Saint-Gobain and its shareholders, while helping you to better understand the Group and its businesses. Every six months, the Club organizes a rich and varied program of events, including site visits, cultural outings, stock market initiation courses and informal meetings with Group management.

SHAREHOLDERS' PROGRAM FOR FIRST-HALF 2014

FEBRUARY 2014

Tuesday, February 11

🏠 **Saint-Gobain**

Pont-à-Mousson plant

Registration on Monday, January 27

Monday, February 17

🏠 **Art Déco exhibition - Paris**

Registration on Tuesday, January 28

Wednesday, February 19

🏠 **2013 Results**

MARCH 2014

Thursday, March 13

🏠 **Point.P logistics platform -**

Brie-Comte-Robert

Registration on Thursday, February 20

Thursday, March 27

🏠 **Isover Plant - Chemillé**

Registration on Thursday, March 6

APRIL 2014

Tuesday, April 15

🏠 **Abrasives plant -**

Conflans-Ste-Honorine

Registration on Tuesday, March 25

Tuesday, April 29

🏠 **First-quarter 2014 sales**



BECOME A MEMBER AS SOON AS YOU BUY YOUR FIRST SHARE

• If you **hold registered shares**, you will automatically benefit from all of the advantages offered by the Saint-Gobain Shareholders' Club.

• If you hold **bearer shares**, all you need to do is ask the Saint-Gobain Shareholder Relations Department for Club membership:

- **by dialing**

📞 **N° Vert 0 800 32 33 33**

from France (calls free of charge from landlines),

- **online, at www.saint-gobain.com/en/finance/individual-shareholders.**

MAY 2014

Tuesday, May 6

🏠 **Shareholders' meeting - Reims**

Tuesday, May 20

🏠 **Domolab Innovation Center -**

Aubervilliers

Registration on Wednesday, April 30

JUNE 2014

Thursday, June 12

🏠 **Château de Versailles**

Registration on Thursday, May 22

Monday, June 16

🏠 **Shareholders' meeting - Nantes**

JULY 2014

Wednesday, July 30

🏠 **First-half 2014 results**



The shareholders' program is available online (in French) at www.saint-gobain.com/en/finance/individual-shareholders.



SAINT-GOBAIN
SEKURIT

SUCCESS FOR SAINT-GOBAIN SEKURIT

Holden, the Australian carmaker and subsidiary of General Motors, has launched a new version of its emblematic model, the Commodore. It is equipped with a head-up display windshield manufactured by Saint-Gobain Sekurit (Innovative Materials).

This product was developed over three years by Saint-Gobain Sekurit's teams in Thailand, France and Germany, and co-developed with the customer in Australia.

For the past two months, the Commodore has been the fourth most popular car sold in Australia, largely due to the HUD available in 40 percent of the models sold.

Telhanorte

TELHANORTE LAUNCHES NEW DISTRIBUTION CHANNEL

Telhanorte (Building Distribution) has branched out into e-commerce. Professionals and homeowners can now visit www.telhanorte.com.br to explore the extensive range of products sold by the brand and complete their purchases easily and comfortably. This new channel is especially ideal for customers who have a precise idea of what they want and for products that do not require any technical specifications



SAINT-GOBAIN
AND SUSTAINABLE DEVELOPMENT

ISOVER
SAINT-GOBAIN

ISOVER: IMPROVING AIR QUALITY

The new Isover G3 Touch insulation has received the highly prestigious "Indoor Air Comfort Gold®" certificate from Eurofins.

The GOLD standard pools all European Union rules and voluntary labels used to measure the impact of products on indoor air quality under the one label. Combining European Union countries' most stringent criteria, the Air Comfort GOLD standard is currently seen as the most ambitious emissions control system in Europe.

SHAREHOLDER'S NOTEBOOK

DATES FOR YOUR DIARY

UPCOMING SHAREHOLDER MEETINGS

Tuesday, May 6,
Reims, with Gaetano Terrasini,
Head of Investor Relations

Monday, June 16,
Nantes, with Laurent Guillot,
Chief Financial Officer

UPCOMING RESULTS PUBLICATIONS

Tuesday, April 29,
after close of trading on the Paris Bourse
Sales for the first quarter of 2014

Wednesday, July 30,
after close of trading on the Paris Bourse
Results for the first half of 2014

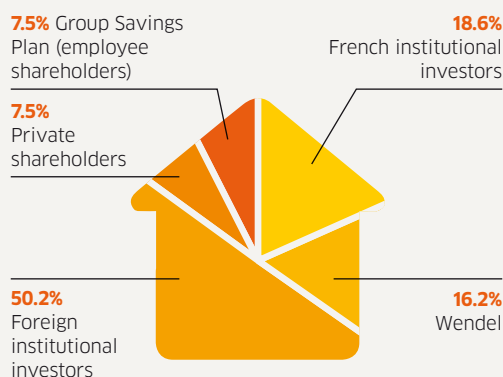
DIVIDEND

Payment date: July 4, 2014

TOTAL NUMBER OF SHARES (at December 31, 2013)

555,176,790

OWNERSHIP STRUCTURE (at December 31, 2013) (%)

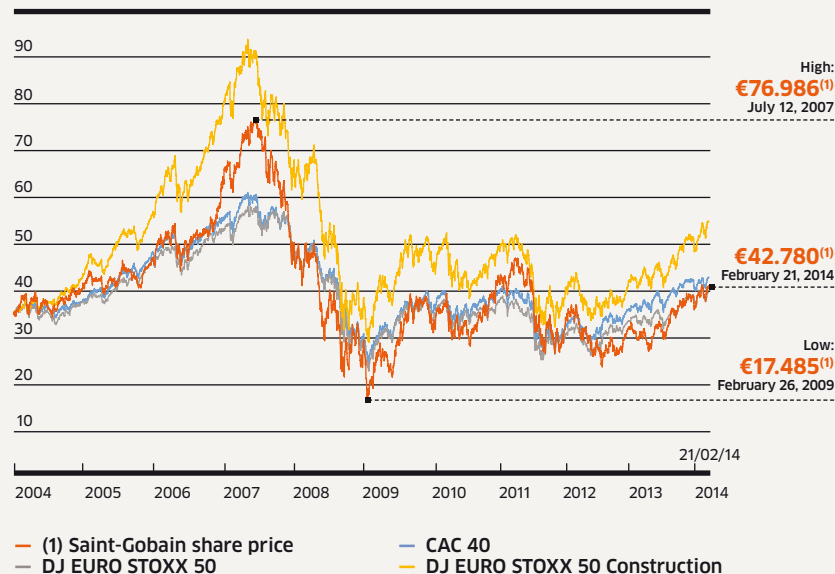


SAINT-GOBAIN SHARE PERFORMANCE 2004-2013

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

On February 19, Saint-Gobain published its 2013 results, which confirmed expectations of a recovery in operating income in the second half, powered by the upturn in certain Western European countries, particularly the UK and Germany, along with a brighter picture in Asia and emerging countries. The Group is expecting a clear improvement in operating income in 2014 on a comparable structure and currency basis. The Saint-Gobain share closed at €42.780, on February 21, up 7.02% since the start of 2014.

Performance over the period: Saint-Gobain: +21.3% CAC 40: +23.1%



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

RECENT PERFORMANCE OF THE SAINT-GOBAIN SHARE

Recent performance at February 21, 2014 (€42.780) in %	Saint-Gobain share price	CAC 40	DJ Euro Stoxx 50	DJ Euro Stoxx 50 Construction
Trailing 12 months	+39.8%	+20.9%	+21.4%	+34.1%
Trailing 6 months	+21.5%	+9.1%	+12.9%	+21.5%
Trailing 3 months	+11.7%	+3.0%	+2.9%	+9.2%
Trailing month	+4.9%	+1.3%	-0.7%	+3.2%

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

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

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SAINT-GOBAIN