

Letter to shareholders



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Q1 2014 Sales

€9,874_m

+6.8%

on a like-for-like basis

2013 Dividend*

Stable at

€1.24

per share

* Amount to be recommended to the AGM.

Sales prices remain upbeat:

+1.2%



HEADS-UP WITH

PIERRE-ANDRÉ DE CHALENDAR,

Chairman and Chief Executive Officer of Saint-Gobain

"Good first-quarter trading reflects favorable trends in our markets as well as the positive weather impact in Europe. In view of this and thanks to the roll-out of our action plan priorities, we can confirm our objective of 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 sales for first-quarter 2014. What key trends can be identified?

Consolidated sales came in at €9,874 million, up 2.6% powered by good economic growth, and up 6.8% like-for-like (constant exchange rates and Group structure).

Exchange rates continued to have a negative impact (-3.7%), especially in industrial Business Sectors, due to the depreciation of certain currencies (mainly in Latin America, the US and Scandinavia). Changes in Group structure had a slightly negative impact of -0.5%. Volumes climbed 5.6%, buoyed by upward trends on our markets and a very favorable basis for comparison in terms of weather conditions in Europe. Working days had a slightly positive impact of around 0.7%.

Thanks to the Group's priority focus on sales prices, the price effect was a positive 1.2%, including 1.8% for industrial Business Sectors amid low raw material and energy cost inflation.

Now that the first quarter is over, can you confirm the outlook for 2014?


The Group can indeed confirm its action plan priorities for 2014.

We plan to increase sales prices amid low raw material and energy cost inflation and will pursue cost cutting measures in order to unlock additional savings of €450 million (calculated on the 2013 cost base). We will also step up capital expenditure to around €1,500 million, the priority being growth capex outside Western Europe (around €550 million) and businesses with reduced capital intensity. Lastly, we intend to maintain our commitment to invest in R&D in order to support our strategy of differentiation and the roll-out of high value-added solutions.

Thanks to the deployment these measures and to the better trends in our various markets observed as from the second half of 2013, **we continue to expect a clear improvement in operating income on a comparable structure and currency basis.**

What do you think will be the main trends over the next few months?

The first quarter confirms that the uptrends first seen in the second half of 2013 should continue throughout 2014.

In Western Europe, after a first quarter boosted by very favorable weather conditions, our markets should continue to improve gradually, led by growth in the UK and Germany. In North America, after a first-quarter performance affected by harsh winter weather, the Group will benefit from good momentum in the construction market and improved industrial markets. In Asia and emerging countries, our businesses should deliver solid organic growth. Lastly, household consumption markets, more challenging in Southern Europe, could continue to be affected by competitive pressure on prices. 

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.

UPDATE ON ASBESTOS CLAIMS IN THE US AND ON THE AUTOMOTIVE GLASS FINE

Some 1,000 claims were filed against CertainTeed in the first quarter of 2014, on a par with the same period in 2013. At the same time, around 1,000 claims were settled, also in line with first-quarter 2013. As a result, the total number of outstanding claims is stable compared with end-2013, at 43,000.

Further to the decision of the General Court of the European Union to reduce the automotive glass fine from €880 million to €715 million, the Group decided it would pay the fine, leading to a write-back of the provision for €207 million.



The full press release for our first-quarter 2014 sales can be found on www.saint-gobain.com/Finance

Q1 2014 SALES BY GEOGRAPHIC AREA (comments based on like-for-like figures)

€m	Q1 2013 sales – restated*	Q1 2014 sales	Like-for-like change
France	2,790	2,872	+2.8%
Other Western European countries	3,798	4,150	+10.2%
North America	1,552	1,436	-1.4%
Emerging countries and Asia/Pacific	1,908	1,905	+14.5%
Internal sales	(426)	(489)	-
Group	9,622	9,874	+6.8%

* Figures restated to reflect the impacts of the amended IFRS 11.

In accordance with the scenario described in February:

In France (up 2.8% on a like-for-like basis), sales were lifted by improved renovation activity and by the favorable weather impact, but continued to suffer from a contraction in the market for new-builds.

In other Western European countries, sales climbed 10.2% on a like-for-like basis, with the rise amplified by better weather conditions. All countries reported gains, particularly Germany, the UK and to a lesser extent Scandinavia.

North America reported a 1.4% fall in sales on a like-for-like basis. Harsh winter weather hit Exterior Products and certain industrial businesses particularly hard. Interior Solutions continued to report vigorous trading in a buoyant market.

Asia and emerging countries posted 14.5% sales growth on a like-for-like basis and continued to deliver an excellent performance in all regions, despite fears of a slowdown in certain countries.

Q1 2014 SALES BY BUSINESS SECTOR (comments based on like-for-like figures)

INNOVATIVE MATERIALS

SALES

€2,175m

➔ +0.0% on a reported basis

➔ -0.5% on a comparable structure basis

Innovative Materials sales advanced 4.9%.

Flat Glass confirmed its recovery (up 4.5%), driven by brisk automotive markets in all regions.

High-Performance Materials (HPM) delivered 5.4% organic growth, powered by Asia and emerging countries as well as Western Europe, across all of its businesses.

CONSTRUCTION PRODUCTS

SALES

€2,757m

➔ +0.8% on a reported basis

➔ +2.1% on a comparable structure basis

Construction Products (CP) sales rose 7.4%, buoyed by Europe and by Asia and emerging countries.

Interior Solutions reported a 10.9% rise in sales and had a very good quarter in all of its regions.

Exterior Solutions posted a 3.9% increase in sales, bolstered by strong growth in Industrial Mortars in all of its regions and healthy trading in Pipe.

BUILDING DISTRIBUTION

SALES

€4,361m

➔ +6.1% on a reported basis

➔ +6.6% on a comparable structure basis

Building Distribution sales rallied strongly, up 8.1%, boosted by much better weather than in first-quarter 2013 and by the gradual improvement in most construction markets in Europe. The UK, Germany, Nordic countries and Eastern Europe delivered a strong first-quarter performance. France was up only slightly against weak first-quarter 2013 comparatives: solid renovation activity offset the sharp contraction in new-builds. Brazil contributed to the Business Sector's good growth.

PACKAGING (VERALLIA)

SALES

€822m

➔ -1.6% on a reported basis

➔ -1.6% on a comparable structure basis

Packaging (Verallia) delivered 2.2% organic growth, driven mainly by volumes both in Europe and in Latin America. Sales prices are upbeat in Latin America in a highly inflationary environment but fell slightly in some European countries due to competitive pressure. The Group's North American business – whose sale was finalized on April 11, 2014 and which will be deconsolidated with effect from that date – performed in line with first-quarter 2013.

BUILDING LABELS

From fact files to online calculators, the tools launched by Saint-Gobain companies help customers with their certification projects.

As the benchmark for sustainable habitat, Saint-Gobain supports voluntary certification projects for buildings based on labels such as HQE™, LEED® and BREEAM. The aim is to promote more environmentally-friendly housing and service-sector buildings offering increased comfort and cost efficiency, thanks in particular to an improved energy performance.

Certifications meet the growing demand for guarantees with regard to building performance. Labels also help to raise property sale and rental values. Supporting the build-

ing certification process is an important means of underscoring the value of Saint-Gobain's solutions.

Several companies have developed practical tools to assist their clients with their design and certification processes

In November 2013, **CertainTeed** (Construction Products) published a Sustainable Products and Systems Guide⁽¹⁾ in conjunction with the official launch of LEED®4V. This guide details the number of certifica-

tion points that can be obtained by using the company's products. CertainTeed has integrated its entire gypsum (insulation and ceilings) product line into the ecoScore-card™ online calculation tool to help architects and designers measure the environmental impact of products and materials.

For its part, **Saint-Gobain ISOVER** (Construction Products) has published a brochure in France about how mineral wools contribute to the HQE™ approach.

In Sweden, the **Weber, Gyproc, Ecophon ISOVER (Construction Products) and GI-assolutions (Innovative Materials)** brands have unveiled an online tool⁽²⁾ for the environmental certification of buildings. The website provides architects, builders and other industry stakeholders with information about using Saint-Gobain products as part of their drive to obtain certification from the three main labels used in the country (LEED®, BREEAM and the Swedish Miljöbyggnad certification). 

(1) www.certainteeds.com/buildingresponsibly
(2) hallbartbyggande.se/

Saint-Gobain also supports the certification process for its own buildings. Habitat Lab, the Saint-Gobain habitat training center in Corsico, Milan province (Italy) has been awarded LEED® Platinum certification, the highest level under this system.



KEY

BREEAM: Building Research Establishment Environmental Assessment, originating in the UK and now the oldest (1990) and most widely used label worldwide.

LEED®: Leadership in Energy and Environmental Design, launched in 2000 by the US Green Building Council.

HQE™: Haute Qualité Environnementale, a French label created in 2005 and used internationally since 2013.

DGNB: Deutsche Gesellschaft für Nachhaltiges, developed in Germany in 2008.

CASBEE: Comprehensive Assessment System for Built Environment Efficiency, a Japanese label introduced in 2001.



HIGHEST CUSTOMER SATISFACTION SCORE

Raab Karcher (Building Distribution) has achieved the highest score in a customer satisfaction survey of the Dutch building industry conducted by research company Bouwkennis. The brand scored highest in the areas of innovation, clear documentation, customer advice, customer focus, price and service. This result confirms Raab Karcher's positioning and its strategy based on efficiency and service.

Saint-Gobain Weber (Construction Products) has won the largest contract in the brand's history in Sweden. The company is to supply 140,000 sq.m. of Weber self-leveling screed for the floors in the *Mall of Scandinavia* shopping center currently under construction in Stockholm. Saint-Gobain Weber will also supply other products in connection with this project, chiefly to fit out the office buildings and apartments to be built nearby.



MAJOR OPERATION



A GREEN BUILDING SITE FOR PIPE

Saint-Gobain PAM (Construction Products) is involved in the project to build the new Vienne Center Parcs holiday village located in the communes of Trois Moutiers and Morton in France. Sustainable development concerns are a top priority in the project, which is being carried out as part of an HQE approach governed by a "Green building" charter. The Blutop and Natural ranges of ductile cast-iron pipes readily meet all of the technical, economic and environmental demands of the Pierre et Vacances group, the project owners.

TAKING PART IN THE 2014 AGM

Every year, all Saint-Gobain shareholders are invited to take part in the Annual General Meeting, a key event in the Group's corporate life. The AGM provides shareholders with the perfect opportunity to find out about the Group's strategy and performance, talk with Saint-Gobain management and participate in decisions.

To take part, you can apply either **online** or by conventional mail.

Since 2013, Saint-Gobain has used the secure electronic platform called **VOTACCESS**, which allows shareholders to request an admission card, vote electronically or select/de-select online the Chairman or any other person of their choice as proxy.



ONLINE

- Holders of registered or administered registered shares can access the platform from the Planetshares website <https://planetshares.bnpparibas.com>
Shareholders who no longer have their user name and/or password can call:
- **N° Vert 0 800 03 33 33** from France (calls free of charge from landlines) or
- +00 33 1 40 14 80 12 from outside France (local call rates apply).
- Holders of bearer shares can access the platform from their bank or broker's site*.

* Providing that the site includes VOTACCESS functionalities.



Dividend to be recommended to the shareholders by the Board of Directors:

€1.24 per share

(stable versus 2013)
50% payable in cash and 50% in shares, at shareholders' discretion.

Dividend calendar

Ex-date: June 11, 2014
Option period: June 11-25, 2014
Payment date: July 4, 2014



ONLINE

Holders of registered shares can facilitate the dividend payment process by filling in or updating their bank details and their e-mail address on Planetshares.
<http://planetshares.bnpparibas.com>

SAINT-GOBAIN
GLASS

INNOVATION: A NEW GLASS SGG VIEWCLEAR® II

Saint-Gobain Glass (Innovative Materials) has launched SGG VIEWCLEAR® II in Europe, which is designed to significantly reduce external condensation in glazing units by up to 95%, while preserving their energy balance. SGG VIEWCLEAR® II coated glass maintains visibility, even in extreme conditions. It is particularly suitable for residential and service-sector buildings.

INNOVATION: SAINT-GOBAIN GLASS INTRODUCES THE SGG MIRALITE PURE ECOLOGICAL MIRROR

Saint-Gobain Glass (Innovative Materials) has introduced SGG MIRALITE PURE, a healthy and environmentally friendly mirror, onto the European market. Jointly developed by the R&D and Marketing teams, it combines an unparalleled level of quality with unique environmental performance through the use of water-based protective paint* and a composition containing no added lead. This technical breakthrough improves working conditions and user comfort since it presents an almost undetectable VOC** emission rate. The manufacturing process has also been optimized to reduce CO₂ emissions. With such quality and exceptional durability, SGG MIRALITE PURE helps accent interior spaces (enhanced luminosity and original designs) in a variety of shapes and forms.



* 70% less solvent in the paint used in production, i.e., less than 130 g/l in compliance with the Decopaint Directive, and zero aromatic solvent (xylene).

** Volatile Organic Compounds.



SAINT-GOBAIN
AND SUSTAINABLE DEVELOPMENT

FSC-CERTIFIED ABRASIVES

Saint-Gobain Abrasives (Innovative Materials) is the first abrasives manufacturer to sell FSC1-certified products. FSC certification promotes responsible forest management worldwide and guarantees that the timber-based products used – particularly paper – are sourced from sustainably managed forests.

FSC certification was awarded to the Conflans (France), Wesseling (Germany) and Koto (Poland) sites.

SHAREHOLDER'S NOTEBOOK

DATES FOR YOUR DIARY

UPCOMING SHAREHOLDER MEETINGS

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

UPCOMING RESULTS PUBLICATIONS

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

Thursday, October 23, after close of trading
on the Paris Bourse
Sales for the first nine months of 2014

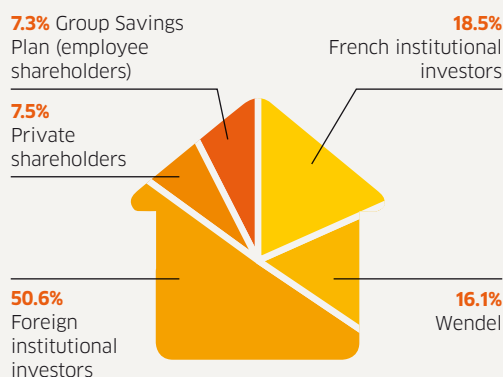
DIVIDEND

Payment date: Friday, July 4

TOTAL NUMBER OF SHARES (at December 31, 2013)

555,176,790

OWNERSHIP STRUCTURE (at March 31, 2014, in %)

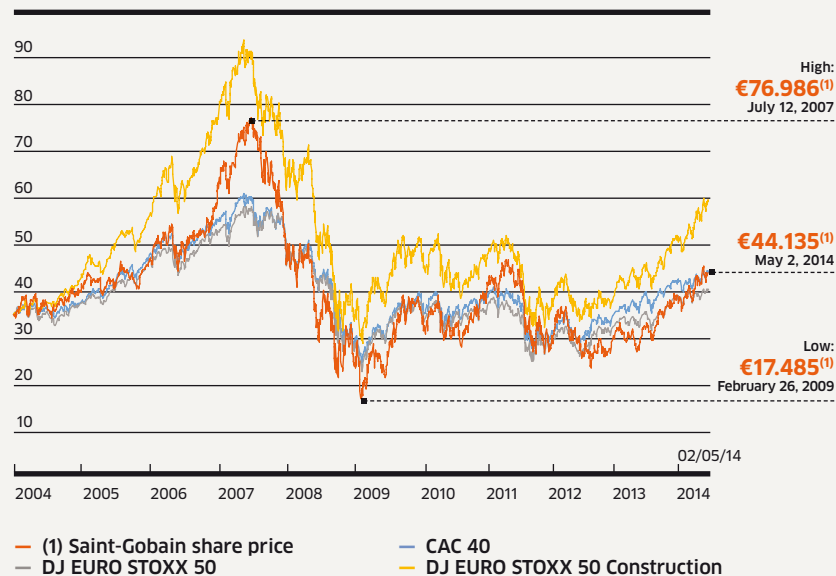


SHARE PERFORMANCE 2004-2014

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

On April 29, Saint-Gobain published its first-quarter 2014 sales, confirming that the better trends observed as from the second half of 2013 should continue for the rest of the year. The Group also confirmed its full-year 2014 objective of a clear improvement in operating income on a comparable structure and currency basis. On May 2, the Saint-Gobain share closed at €44.135, having gained 10.41% since the start of 2014.

Performance over the period: **Saint-Gobain: +25.2%** **CAC 40: +25.3%**



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

RECENT PERFORMANCE OF THE SAINT-GOBAIN SHARE

Recent performance at May 2, 2014 (€44.135) in %	Saint-Gobain share price	CAC 40	DJ Euro Stoxx 50	DJ Euro Stoxx 50 Construction
Trailing 12 months	+44.7%	+15.5%	+16.9%	+37.9%
Trailing 6 months	+15.2%	+4.3%	+4.1%	+16.3%
Trailing 3 months	+16.2%	+8.5%	+7.2%	+15.5%
Trailing month	-1.8%	+0.6%	-0.3%	+1.7%

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

• **Online,** at www.saint-gobain.com

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

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SAINT-GOBAIN