

Letter to shareholders

Q1 2016

Sales

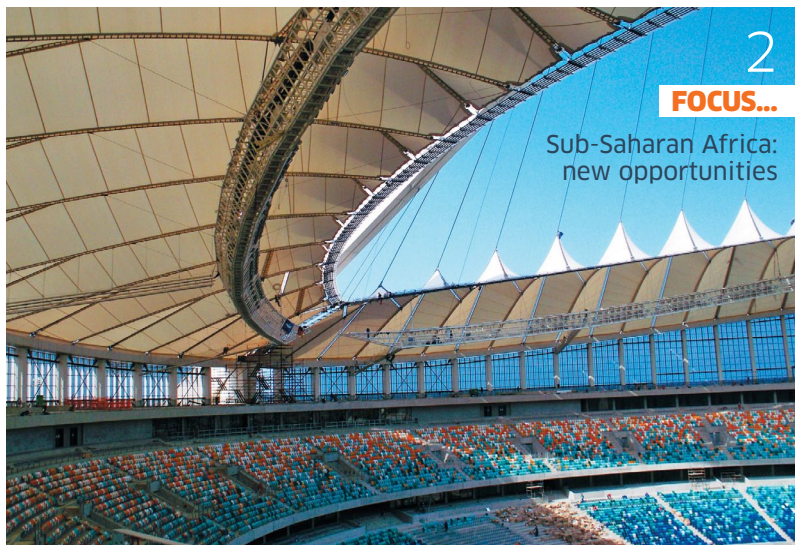
€9,136_m

+ 1.8%

like-for-like

"Volumes improved in all regions in the first quarter. Trading in France advanced with the exception of Pipe. Other Western European countries reported further growth. Trading in North America bounced back despite lackluster industrial markets. Emerging markets continued to perform well. Prices dipped slightly as expected, particularly in Western Europe and the US. In this setting, we are continuing to pursue our operational excellence program and confirm our objective of a further like-for-like improvement in operating income."

PIERRE-ANDRE DE CHALENDAR,
Chairman and Chief Executive Officer
of Saint-Gobain



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FOCUS...

Sub-Saharan Africa:
new opportunities



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FOCUS...

Improving customer service via digital technology

Optimizing our environmental performance:

Energy efficiency is
a key aspect of our sites'
environmental and financial
performance.

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2016 Annual General Meeting

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Shareholder's agenda for second-half 2016

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The offices of the South African Environment Ministry

SUB-SAHARAN AFRICA:

NEW OPPORTUNITIES

In the past 10 years, sub-Saharan Africa has seen significant, fast-paced growth. Saint-Gobain is moving into this region with the support of local partners, and is discovering new opportunities as well as new challenges to overcome.

The emergence of a middle class can be seen throughout sub-Saharan Africa, attached to international brands and potentially interested in the Group's products.

The Group's experts present on the continent are already seeing early signs of booming construction activity linked to the region's fast-paced economic growth.

Anticipating infrastructure needs

The Group's aim is to anticipate the explosion in demand for infrastructure (water supply networks, hospitals, schools and service-sector buildings) and for housing, in a bid to respond to the strong demographic growth in these countries with a young population.

South Africa as a springboard for Saint-Gobain

The Group's worldwide acquisition of British Plaster Board in 2005 gave it a strong position in the South African market and cemented its industrial presence which had first been established a few years earlier. This base helped Saint-Gobain acquire sound knowledge of the African market. However, Saint-Gobain's presence on the continent is still limited and concentrated in the north (North Africa and Egypt) and in the south.

Our strategy is therefore to round out our presence by gaining a foothold in sub-Saharan Africa from two hubs, one in the west and the other in the east. Along these lines, two commercial offices were opened in 2014, in Nairobi (Kenya) with a satellite branch in Addis Abeba (Ethiopia), and in Accra (Ghana) with a representative in Angola. These sites are Saint-Gobain's "advanced HQ" from which we will gradually expand our scope of action.

Alongside these commercial developments, Saint-Gobain has also entered into industrial alliances with local companies. Two joint ventures were formed in July 2015: one in Ghana for mortars and the other in Tanzania for plasterboard.

The Group has also mobilized experts in its different brands to step up discussions and synergies and establish a cross-business strategy specific to sub-Saharan Africa. ■



Sub-Saharan Africa includes

48 countries



In 2050, it is predicted that this region will have a population of

1.5 billion

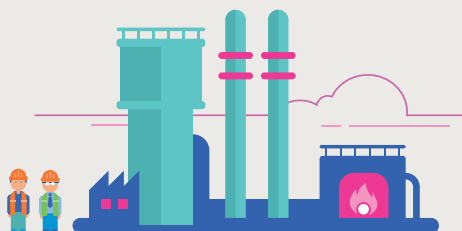


5.5%

The average GDP growth rate for the past 10 years



OPTIMIZING OUR ENVIRONMENTAL PERFORMANCE



Energy efficiency is a key aspect of our sites' environmental and financial performance.

Saint-Gobain measures energy consumption and atmospheric emissions at each of its sites. The energy, atmospheric emissions and climate change policy adopted in 2014 sets out the Group's environmental vision.

Substantial progress in reducing CO₂ emissions

We are committed to improving energy efficiency and reducing atmospheric emissions internally, particularly at our plants, through more eco-friendly production processes. Targets are defined for each relevant site based on its activity. Our direct CO₂ emissions are mostly linked to our industrial activities and result from fossil fuel combustion and chemical reactions occurring in the production process. Optimizing existing equipment, improving combustion processes, maximizing furnace heat recovery and using more energy-efficient

equipment have led to substantial progress.

CARE:4® program

Launched in 2008, the **CARE:4® program** is designed to slash the greenhouse gas emissions of Saint-Gobain's service-sector buildings by 75% by 2040. Initially applied to new buildings, its performance objective is aligned with best local energy standards. A total of 28 buildings have been certified to CARE:4® since the start of the program. The five buildings certified in 2015 allow the Group to save 6,200 MWh each year and reduce annual CO₂ emissions by 2,100 tonnes. The program is now being extended to the renovation of the existing building stock.

Environmental Emerald awards

Saint-Gobain's annual **Environmental Emerald** awards pay trib-



Saint-Gobain's glass complex
at Sriperumbudur, near Chennai (India)

ute to Group projects that help reduce the environmental impact of our sites. In 2015, Saint-Gobain Sekurit's automotive glazing production facility in Sriperumbudur, Chennai (India) was honored for its exemplary project in the energy efficiency and climate change category. Between 2013 and 2014, the winning project allowed total CO₂ emissions to be cut by 18% thanks to optimized energy consumption at each step in the production process.

2010-2025 targets
at a constant
production scope:

-15%
energy consumption

-20%
total CO₂ emissions



Watch the video about
Saint-Gobain's **EHS policy**.





IMPROVING CUSTOMER SERVICE VIA DIGITAL TECHNOLOGY

Group brands have developed digital strategies to optimize the customer journey and better meet – or even exceed – customers' expectations through anticipation.



nals, façade specialists, specifiers and architect customers.

The development of mobile devices, their virtually unlimited data storage capacity, ultrafast transfer speeds and so on have made digital technology a ubiquitous presence throughout the Group.

Information is available in real time to a vast number of people who interact with each other and with our brands. To meet the needs of their connected customers, companies are constantly developing new, improved content and features. In all, the Group's Building Distribution brand websites receive more than 80 million customer visits per year. Thanks to its extensive offer and its positioning targeting both homeowners and building professionals, Lapeyre is the Business Sector's most visited website, registering more than 23 million visits per year.



Digital technology has revolutionized customer relations. The huge number of channels – websites, social media pages, email campaigns, forums, chats, etc. – has led companies to diversify the ways in which they target customers and foster customer loyalty.

The Building Distribution Business Sector is a leader in this field. Several years ago, it began to roll out an “omni-channel” strategy to provide its customers with the same product infor-

mation, services and online purchasing opportunities regardless of whether the customers are physically present in an outlet, surfing the web on their mobile devices, contacted by a call center or visited by an external salesperson.

Digitalization is also winning over our manufacturing companies as they adopt a more customer service oriented approach, with tools designed to foster the loyalty of trade and application profes-

Saint-Gobain Glass France (Innovative Materials) is also very active with its www.vitrage-fenetre.com website, which explains in a clear, instructive manner the properties of the various types of glazing, or with its decision-making apps such as *Glass dB Station*.

The digital environment also helps brands **raise their profile** and **enhance their reputation**.

Take the example of *GlassPro*, a program developed by Saint-Gobain Glass (Innovative Materials) that presents architects and façade specialists with part of its glazing product range using digital imaging: some 3,500 images, generated from modeling more than 70 products in 3D, allow the company to recreate the colors and physical properties of the glass products.

Some brands direct their communication at the general public. Certain sites and apps offer DIY tools to encourage prospective customers to perform simulations.

All digital tools developed by Saint-Gobain brands are designed to provide a better understanding of customers as well as to make customers' decision-making processes easier and enable the Group to respond more readily and directly to their needs

Users react very positively to e-

commerce sites that offer order tracking, data storage, product details and video demonstration features for example.

In Building Distribution, the runaway initial success of the La Plateforme du Bâtiment and Outiz websites in France are examples worth noting.

In the Construction Products Business Sector, the *MyPlaco Suivi de commande* app created by Placoplatre in France provides real-time order tracking from placement to delivery.

The brands provide services tailored to each step in the customer journey

Point.P Matériaux de Construction (Building Distribution) has developed *Pack Avantages Pro* for computers, tablets and smartphones, providing tradespeople with a host of innovative services unique on the market. These in-

clude *Solu +*, a worksite configurator used to examine and compare costed solutions; *Cap Renov +*, a simulator providing an immediate calculation of a solution's energy efficiency and the tax incentives potentially available to the end customer; and *Business +*, an intermediation service that puts professionals in contact with homeowners wishing to carry out work in their home.

Saint-Gobain Isover (Construction Products) in the Czech Republic has introduced online training sessions for Isover products and an app that can calculate a building's insulation requirements.

In order to extend the customer experience, Saint-Gobain Weber (Construction Products) uses a mix of virtual and augmented reality in its *Weber applistation* app, which is designed to train professionals and apprentices in project techniques for façade renders. ■

Saint-Gobain, Top Employer Global 2016

Saint-Gobain has recently obtained "Top Employer Global 2016" certification. It is one of eight companies worldwide to receive this certification from the Top Employers Institute, an independent body that looks at corporate HR practices. Saint-Gobain stood out for its particular focus on talent management and skills development. Another decisive factor was its corporate culture, rooted in strong values that form the pillar of its Corporate Social Responsibility policy.

A total of 600 practices and indicators regarding working conditions were audited for each of the 21 countries certified in which Saint-Gobain is present. This certification illustrates the strength and cohesion of the Group's HR policy at an international level. The policy has four key priorities: professional mobility, team diversity, employee commitment and talent development.

David Plink, CEO of Top Employers Institute: "Saint-Gobain is a perfect example of a company which has harmonized its operations in a way which has not only benefited its employees but also its operational efficiency on a global scale."

This is also the third year in a row that Saint-Gobain has been certified for Europe and the first year that it has been awarded the labels for North America and Asia-Pacific.



Multi-Comfort

Inauguration of the first Saint-Gobain "Multi-Comfort Serenity" home

In France, Saint-Gobain unveiled its new comfort concept on February 16, 2016 when it inaugurated its "Multi-Comfort Serenity" home in Angers. A key new stage in the Multi-Comfort concept, "Multi-Comfort Serenity" is designed to allow occupants to stay in their home with the highest level of comfort, regardless of age or potential health issues. The innovations from Group brands under the "Multi-Comfort Serenity" concept were presented during the guided tour of the home. Other "Multi-Comfort Serenity" projects are now under construction, in partnership with Atelier Rolland & Associés and the social housing authority Podeliha (a 3F subsidiary) in Angers.



ANNUAL GENERAL MEETING



What will be on the agenda?

The Annual General Meeting is a key opportunity for Saint-Gobain shareholders and management to exchange information. Pierre-André de Chalendar, Chairman and Chief Executive Officer, will take a look back over the main events of the past year and discuss the Group's outlook for 2016. He will also answer any questions shareholders will have submitted in writing or which are asked during the meeting.

A total of 15 resolutions will be put to the vote, regarding the approval of the dividend, the re-election of three directors and the appointment of a new director, and delegations of authori-

ty to be granted to the Board of Directors.

How to participate in the AGM

- **If you hold registered shares,** you will have received a notice of meeting. This contains a form to be completed and returned to BNP Paribas Securities Services in order to receive your admission card by post. You can also go to one of the counters reserved for registered shareholders on the day of the AGM with your ID.
- **If you hold more than 1,000 bearer shares,** you will also have received a notice of meeting. Return the enclosed form to your financial intermediary in

order to receive your admission card by post.

- **If you hold less than 1,000 bearer shares,** you will need to ask your financial intermediary for an attendance certificate. On the day of the AGM, present this certificate at the "Shareholders with no admission card" counter.

How to vote without attending the AGM

You can vote electronically using the form enclosed with your notice of meeting (please ask your financial intermediary if you have not received this). You can also use this form to give proxy to the Chairman or another designated person.

SIMPLIFY THE PROCEDURE BY OPTING FOR VOTACCESS ONLINE SERVICES

Votaccess is a secure website which allows all shareholders to request an admission card, vote electronically before the meeting or select/de-select a proxy. Holders of registered shares can access the platform from the Planetshares website (<https://planetshares.bnpparibas.com>). Holders of bearer shares can access Votaccess from their secure shareholder space on their financial intermediary's website.

RECOMMENDED DIVIDEND

€1.24 per share (stable versus 2015), payable entirely in cash.

DIVIDEND CALENDAR

Ex-date: June 6, 2016
Payment date: June 8, 2016

Shareholder's AGENDA

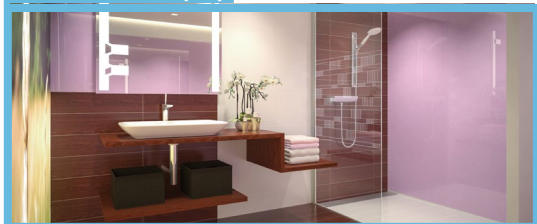


Two ways to sign up:

- log on to your **shareholder's space**
- call freephone **0 800 32 33 33** Service & appel gratuits (France only)

Tuesday September 13, 2016 – 2:00pm/4:30pm

GLASSOLUTIONS AURYS PLANT IN CARENTAN (50)



Glassolutions processes and markets a wide range of glass and glazing solutions for the new-build and renovation industries as well as for interior and exterior applications.

Leveraging their expertise, Glassolutions teams offer efficient products and high-quality service. The current network comprises around 60 entities across France.

The Aurys glass plant is one of Europe's leading producers of decorative flat glass products for the furniture industry and transforms and distributes glass and mirrors for the lounge, bedroom and bathroom as well as for interior decoration.

- **Sign up from: August 23, 2016**
- **Maximum number of participants: 35**

Tuesday September 20, 2016 – 6:00pm

WEBCONFERENCE IN PARTNERSHIP WITH ÉCOLE DE LA BOURSE (IN FRENCH ONLY)



A webconference will be broadcast live on the Shareholder's space focusing on three or four issues. You can find these issues in the Shareholder's Notebook section overleaf.

Thursday September 22, 2016 – From 6:00pm

SHAREHOLDER MEETING – METZ (57)

Saint-Gobain has teamed up with EDF to organize this shareholder meeting, to be held at Metz Congrès - Rue de la Grange aux Bois - 57070 Metz (France).

Tuesday October 18, 2016 – 2:00pm/4:00pm

LA HALLE DE PANTIN VISIT (93)



A first in the professional distribution industry, La Halle de Pantin – opened in September 2015 – brings together eight of Saint-Gobain Distribution Bâtiment France's complementary brands.

- **Sign up from: September 19, 2016**
- **Maximum number of participants: 25**

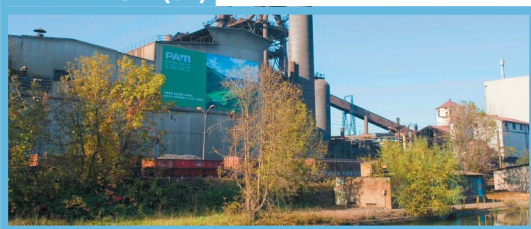
Monday November 14, 2016 – From 6:00pm

SHAREHOLDER MEETING – TOULOUSE (31)

Saint-Gobain has teamed up with Orange to organize this shareholder meeting, to be held at Hôtel Palladia - 271, avenue de Grande-Bretagne - 31300 Toulouse (France).

Friday November 25, 2016 – 10:00am/1:00pm

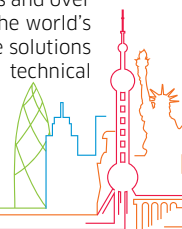
PAM SAINT-GOBAIN PONT-À-MOUSSON PLANT VISIT (54)



Saint-Gobain PAM has been designing, producing and marketing comprehensive cast iron pipe solutions for water and wastewater treatment for over 150 years.

Saint-Gobain PAM enjoys a local presence in over 30 countries and each year fits out more than 100 capitals and over 1,000 towns and cities across the globe. PAM is the world's premier supplier of comprehensive cast iron pipe solutions thanks to its innovations and the quality of its technical solutions.

- **Sign up from: November 4, 2016**
- **Maximum number of participants: 30**



SHAREHOLDER'S NOTEBOOK

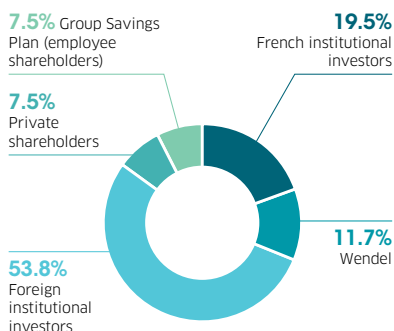
TOTAL NUMBER OF SHARES

(at March 31, 2016)

561,148,047

OWNERSHIP STRUCTURE

(at March 31, 2016 - in %)



SIGN UP FOR THE E-LETTER TO SHAREHOLDERS



To receive your copy of the Letter to Shareholders and keep abreast of all the latest Saint-Gobain news, sign up for the e-Letter to Shareholders in the Shareholders' section of www.saint-gobain.com or send an e-mail to actionnaires@saint-gobain.com

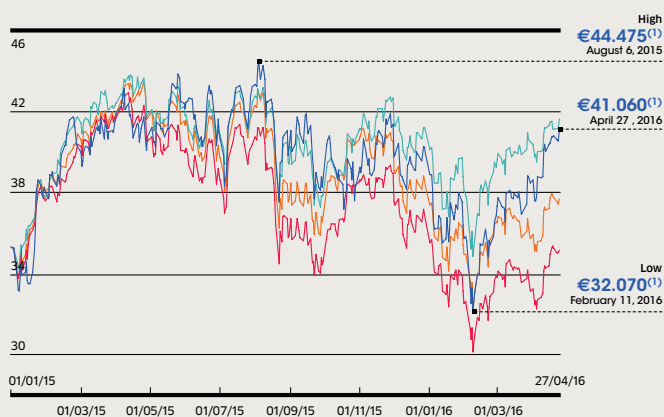
YOUR OPINION COUNTS!

A live webconference will be held on the Shareholders' Space on September 20, 2016, focusing on three or four issues. Your opinion is important to us. We would be grateful if you could e-mail or call us before July 15, 2016 with the four issues among the ten listed below that most interest you:

1. Taxation of shares
2. Succession - gifts
3. The stock market in 2016
4. Stock market ratios
5. Getting to grips with economic news: the ideal scorecard
6. Managing a portfolio
7. The attitude to adopt in times of market volatility
8. Stock ownership plan: a guide
9. Dividends: a guide
10. Better understanding a company's financial performance

SAINT-GOBAIN SHARE PERFORMANCE 01/01/2015 - 27/04/2016

Performance over the period: Saint-Gobain: +16.5% CAC 40: +6.7%



— (1) Saint-Gobain share — CAC 40 — DJ EURO STOXX 50 — DJ EURO STOXX 600 Construction

Recent performance at 27/04/16 (€41.060) in %	Saint-Gobain share	CAC 40	DJ Euro Stoxx 50	DJ Euro Stoxx 600 Construction
Trailing month	11.5%	5.3%	4.8%	4.4%
Trailing 3 months	10.0%	4.1%	2.9%	5.9%
Trailing 6 months	6.5%	-5.9%	-7.4%	4.2%
Trailing 12 months	1.4%	-11.9%	-15.7%	-2.7%

YOUR CONTACTS

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

• By dialing,

0 800 32 33 33 Service & appel gratuits

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

• Via the Saint-Gobain Shareholder App



• By post, Compagnie de Saint-Gobain Service Actionnaires Les Miroirs 18 avenue d'Alsace 92096 La Défense Cedex

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