

# Letter to shareholders



Pages 2 & 3

## RESULTS

Sales for the first nine months of 2014  
Analysis by geographic area  
Analysis by Business Sector



Pages 4 & 5

## FOCUS...

Shareholders' Club program  
Discover Domolab, the Innovation Center for habitat



Pages 4 & 5

## NEWS

**SAINT-GOBAIN AND SUSTAINABLE DEVELOPMENT**



Page 6

## SHAREHOLDER'S NOTEBOOK

Dates for your diary  
Share performance



**FOCUS...**

## Shareholders' Club program

\*\*\* PAGE 5

**FOCUS...**

Discover DomoLab, the Innovation Center for habitat

\*\*\* PAGE 5

9 Months sales

**€30.8 bn**

**+2.7%**  
on a like-for-like basis

**-1.8%** on a reported basis



HEADS-UP WITH

**PIERRE-ANDRÉ DE CHALENDAR,**

Chairman and Chief Executive Officer of Saint-Gobain

"For full-year 2014, the Group continues to target a clear improvement in its operating income expected between 5% and 10% based on comparable Group structure and exchange rates and excluding Verallia North America, as well as a high level of free cash flow."

... page 2

## HEADS-UP WITH

**PIERRE-ANDRÉ DE CHALENDAR,**

Chairman and Chief Executive Officer of Saint-Gobain

**Saint-Gobain has just published its sales for the first nine months of 2014. What main trends emerged?**

Consolidated sales came in at €30,816 million. Like-for-like (comparable structure and exchange rates), sales were up 2.7%. Volumes grew 1.7%, despite a negative third quarter. Sales prices gained 1.0% over the nine months to September 30, following a 1.2% rise in the first half.

The **currency impact** was a negative 2.2%, due to the depreciation against the euro of Latin American and Scandinavian currencies as well as the US dollar – chiefly in the first half.

The **Group structure impact** was a negative 2.3%, essentially reflecting the disposal of Verallia North America (VNA) with effect from April 11, as well as the sale of certain non-core Exterior Solutions and Building Distribution businesses.

On a like-for-like basis, **sales** remained stable in the third quarter. **Volumes slipped 0.5%**, hit by the downturn in construction markets in France and Germany, the decline in Exterior Solutions, and softer growth in Asia and emerging countries. **Prices** had a slight **0.5% positive impact**, with a decline in prices for US Exterior Products and lower inflation in Western Europe.

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

The Group expects the following trends for the fourth quarter:


In **Western Europe**, the upturn in our markets should continue in the UK and to a lesser extent in Scandinavia. The decline in the new-build market in France will continue to affect performance. The outlook in Germany remains uncertain.

In **North America**, construction should remain buoyant with the exception of Exterior Products markets. Industry should continue to advance.

In **Asia and emerging countries**, our businesses should maintain a satisfactory level of growth.

Lastly, **household consumption** should prove upbeat in volume terms but could continue to be affected by competitive pressure on prices.

**For full-year 2014**, Saint-Gobain continues to target:

- a clear improvement in its operating income expected between 5% and 10% based on comparable structure and exchange rates and excluding Verallia North America;
- a high level of free cash flow. 

**2014 ACTION PRIORITIES**

The Group is rolling out specific measures to address this uncertain macroeconomic environment:

- **keeping a priority focus on increasing sales prices** in order to maintain a positive spread versus raw material and energy costs;
- **implementing the cost-cutting program**, with the aim of unlocking €210 million in additional cost savings in the second half compared to the same period in 2013 (representing total cost savings of €450 million in 2014 versus 2013);
- **stepping up the cost cutting program already in place for 2015** in response to weaker markets;
- **maintaining a close watch on cash management and financial strength**, including adjusting capital expenditure to below the €1.5 billion initially planned;
- **pursuing a selective acquisitions and divestments policy.**

**UPDATE ON ASBESTOS CLAIMS IN THE UNITED STATES**

Some 3,000 new claims were filed against CertainTeed in the first nine months of 2014, in line with the same period in 2013. Taking into account around 4,000 claims settled in the period (versus 3,000 in the first nine months of 2013), and around 4,000 claims transferred to inactive dockets, some 38,000 claims were outstanding at September 30, 2014, compared with 43,000 at end-2013.



The full press release detailing the Group's results for the first nine months of 2014 can be found on **www.saint-gobain.com**, in the Finance section and on the **Saint-Gobain SHAREHOLDER app**.

## Q3 2014 SALES BY GEOGRAPHIC AREA (comments based on like-for-like figures)

€m	Q3 2013 Sales restated*	Q3 2014 Sales	Like-for-like change
France	2,816	2,724	-3.3%
Other Western European countries	4,641	4,673	0.0%
North America <sup>1</sup>	1,526	1,234	3.6%
Emerging countries and Asia	2,178	2,217	4.6%
Internal sales	-433	-478	
<b>Group</b>	<b>10,728</b>	<b>10,370</b>	<b>0.0%</b>

\* Figures restated to reflect the impacts of the amended IFRS 11. **1.** Including Verallia North America (VNA) which was deconsolidated with effect from April 11, 2014.

Organic growth slowed in the third quarter.

In **France**, the trading downturn gained ground (down 3.3% over the quarter and down 0.5% over the nine-month period), hit by the contraction in the new-build market.

Trading in **other Western European countries**, which remained stable over the quarter, was still up over the first nine months of the year, at +3.4%. The slowdown in trading reflects the decline in Germany. The UK continued to grow and Nordic countries advanced slightly.

Organic growth in **North America** came in at 2.6% for the first nine months of the year, including 3.6% in the third quarter. Interior Solutions continued to benefit from good momentum in US construction in terms of both volumes and prices, despite Exterior Products taking some shine off the region's performance. Industrial markets continued to improve.

**Asia and emerging countries** posted 8.5% growth over the nine-month period and 4.6% in the third quarter. Trading slowed across all regions compared to the first half of the year.

## Q3 2014 SALES BY BUSINESS SECTOR (comments based on like-for-like figures)

### INNOVATIVE MATERIALS

#### SALES

€2,286m

↗ +4.2% on a reported basis

↗ +3.4% on a like-for-like basis

**Innovative Materials sales climbed 3.4%**, powered by High-Performance Materials.

**Flat Glass** reported 2.2% organic growth. Trading remained upbeat in Asia and emerging countries, with the exception of Brazil and particularly the automotive sector. In Europe, construction markets remained under pressure.

**High-Performance Materials** sales were up 4.8%. As the upswing in North American industrial markets took hold, Plastics sales picked up pace, Abrasives continued to grow and Ceramics improved gradually, thanks to a favorable basis for comparison.

### BUILDING DISTRIBUTION

#### SALES

€4,797m

↘ -1.7% on a reported basis

↘ -1.8% on a like-for-like basis

**Building Distribution** sales lost 1.8% in the third quarter. The downturn in France worsened, due to the sharp contraction in the new-build market. Germany has been declining fairly significantly since the second quarter. However, the upbeat momentum was confirmed in the UK and Scandinavia posted slight growth. Brazil saw small growth gains, despite the cyclical downturn.

### CONSTRUCTION PRODUCTS

#### SALES

€2,900m

↘ -2.2% on a reported basis

↘ -0.4% on a like-for-like basis

**Construction Products** sales slipped 0.4% in the third quarter due to Exterior Solutions.

**Interior Solutions** delivered 3.3% growth along the lines of the three months to June 30, spurred by upbeat construction markets in the US. In Western Europe, prices decreased while volumes continued to grow, buoyed by our businesses' positioning in the energy efficiency market.

**Exterior Solutions** retreated 4.1%, with both volumes and prices down in the third quarter. The decline stems chiefly from the impact of prices for Exterior Products in the US, which continued to struggle from the lack of additional weather-related demand.

### PACKAGING - VERALLIA

#### SALES

€616m

↘ -33.5% on a reported basis

↗ +4.0% on a like-for-like basis

**Packaging (Verallia)** reported 4.0% organic growth in the third quarter. Sales prices for the Business Sector remained under pressure in Western Europe, while volumes increased slightly. Latin America once again reported good growth, driven by inflation-related price trends.

## SAINT-GOBAIN SHAREHOLDERS' CLUB

# PROGRAM FOR THE FIRST HALF OF 2015

Starting in March 2015, the Saint-Gobain Shareholders' Club will be offering you a new program of events. Further details can be found below.

### MARCH 2015

Tuesday, March 3

📍 **Placoplatre plant, Le Meux (60)**  
Registration opens on February 10, 2015

Tuesday, March 10

📍 **Shareholders' meeting - Bordeaux (33)**



Thursday, March 26

📍 **Saint-Gobain PAM, Pont-à-Mousson (54)**  
Registration opens on March 5, 2015



Ductile iron pipe manufactured at the Pont-à-Mousson plant.

### MAY 2015

Tuesday, May 19

📍 **DomoLab Innovation Center, Aubervilliers (93)**  
Registration opens on April 28, 2015

### JUNE 2015

Thursday, June 4

📍 **Saint-Gobain Isover plant, Orange (84)**  
Registration opens on May 14, 2015

Thursday, June 18

📍 **Savoie Réfractaires plant, Vénissieux (69)**  
Registration opens on May 28, 2015

Thursday, June 25

📍 **Shareholders' meeting - Lille (59)**



To register, please visit our website or call

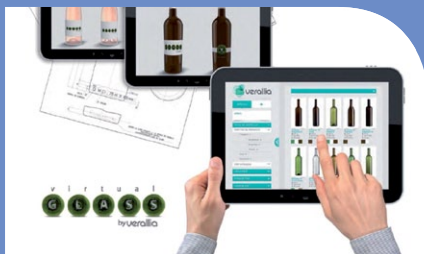
▶ **N° Vert 0 800 32 33 33**

from France (calls free of charge from landlines).



**BECOME A MEMBER AS SOON AS YOU BUY YOUR FIRST SHARE**

- If you hold **registered shares**, you are automatically a member of the Saint-Gobain Shareholders' Club.
- If you hold **bearer shares**, all you need to do is apply to the Saint-Gobain Shareholder Relations Department for Club membership online at [www.saint-gobain.com/Finance/Individual Shareholders](http://www.saint-gobain.com/Finance/Individual Shareholders). You will need to provide an e-mail address.



### LAUNCH OF A 3D APPLICATION FOR VERALLIA CUSTOMERS

Verallia (Packaging) in Spain has launched "Virtual Glass," a downloadable 3D app for tablets, to create bottles using augmented reality. Customers can choose the packaging for their wine from a range of bottle models, colors, labels and caps. Once the virtual bottle has been created, customers can then view it from all angles. The app can also be used to compare bottles created virtually with existing products, e-mail photos or share images on social networks.

### ACQUISITION FOR CERAMIC MATERIALS

Saint-Gobain has completed the acquisition of Z-Tech LLC, located in Bow, New Hampshire (United States). The company specializes in the production of zirconia powders used for their mechanical and thermal properties in a range of applications, such as pigments for ceramic tiles or thermal coatings for the aeronautics industry. Z-Tech will be integrated into the Ceramic Materials business (Innovative Materials). This acquisition will enable Saint-Gobain to enhance its offer in the zirconia market. It ties in perfectly with the Group's strategy of strengthening its position in high performance solutions for growing markets.



### DRESSING UP THE EIFFEL TOWER

Saint-Gobain has supplied the first level of the Eiffel Tower in Paris (France), with a floor made of anti-slip glass tiles. Located 57 meters above the ground, this space provides visitors with a double attraction: an exceptional view of the city and of the Tower itself. This technical exploit involved detailed studies for the glass characteristics and anti-slip coating used. The tiles were manufactured by Glassolutions at its Eckelt Glas plant in Austria. This site specializes in transforming glass for large architectural projects all over the world.

FOCUS ON A FIRST-HALF VISIT:

# DOMOLAB, THE INNOVATION CENTER FOR HABITAT



**A habitat laboratory serving the Group's strategy**

DomoLab emerged out of a common wish by Saint-Gobain's marketing and research teams to create an interactive, multi-disciplinary facility that would provide a forum for creative and prospective discussion between Group companies involved in habitat and influential players in the construction sector. DomoLab also gives Saint-Gobain the opportunity to showcase

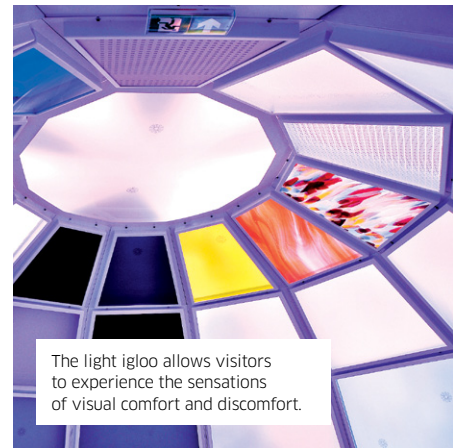
its comprehensive range of products and services, highlighting the complementary nature of its companies and their capacity to work together.

**An exemplary building**

DomoLab is also an eloquent illustration of the Group's expertise in sustainable renovation. Located in Aubervilliers, DomoLab has been transformed from a fairly energy-heavy facility to a low-energy building thanks to the use of complementary high-performance materials made by Saint-Gobain.

**A three-step visit**

- 1. FEEL:** the tour begins with sensorial experiences. Four sensory modules are used to test thermal, acoustic, visual and aesthetic comfort and discomfort.
- 2. UNDERSTAND:** educational tools open up the possibilities of cooperation between the building industry and Saint-Gobain company teams.
- 3. INNOVATE:** Domolab has designed cooperative work spaces for professionals to discuss trends and changes in habitat.



The light igloo allows visitors to experience the sensations of visual comfort and discomfort.



The inspiration wall takes a look at past and present expertise and innovations of Saint-Gobain companies.



**SAINT-GOBAIN PAM WINS TWO CONTRACTS IN QATAR**

Saint-Gobain PAM signed two contracts in Qatar with AlJaber Engineering LLC worth a total of about €200 million. These contracts involve the supply of large-diameter pipes, fittings and valves. The products will be mainly manufactured in France. The contracts are part of the "Security Mega Reservoirs" project managed by Qatar General Electricity and Water Corporation (Kahramaa), which aims to provide the country with a seven-day emergency supply of drinking water.



**LAPEYRE PUBLISHES ITS FIRST "ACCESSIBLE HOUSE GUIDE"**

Since 2011, Lapeyre (Building Distribution) has been developing in France its ISA® range designed to meet the needs of seniors' self-sufficiency and accessibility, and ensure that modern solutions are available to everyone. The brand is now stepping up its efforts with the publication of its first "Accessible House Guide" designed for the general public. This document includes a range of solutions, advice, services and information about the assistance available to improve people's autonomy, well-being, safety and ability to access all rooms in their home. This approach goes hand-in-hand with the "Concept'care by Lapeyre," a new bathroom cabinet developed jointly with an engineering college in France: École des Ponts, which provides a high level of ease and comfort. Through this innovative approach, Lapeyre is seeking to raise the awareness of all generations about the importance of accessibility and improving everyone's comfort taking seniors' needs as the starting point.



SAINT-GOBAIN  
AND SUSTAINABLE DEVELOPMENT

**NEW WEBER SOLUTION FOR WATER FILTRATION**

Saint-Gobain Weber (Construction Products) has created Filtralite® in response to the need for access to healthy water. This system uses expanded clay that has been specially developed for its filtering properties and which eliminates up to 90 percent of the organisms present in water. The Bedrichov Water Treatment Plant (Czech Republic) and Thames Water (United Kingdom) have already launched programs to replace the sand in their filters with Filtralite®. This sustainable process doubles the production capacity of water treatment plants and cuts maintenance energy costs by 75 percent.

# SHAREHOLDER'S NOTEBOOK

## ↑ DATES FOR YOUR DIARY

### UPCOMING SHAREHOLDER MEETINGS

**Thursday November 13, 2014,**  
Lyon, with Pierre-André de Chalendar,  
Chairman and Chief Executive Officer

**Friday November 21, 2014,**  
Paris (Actionaria trade show) with Pierre-André  
de Chalendar, Chairman and Chief Executive Officer,  
and Laurent Guillot, Chief Financial Officer

**Tuesday March 10, 2015,**  
Bordeaux with Laurent Guillot,  
Chief Financial Officer

### SAINT-GOBAIN AT ACTIONARIA

Friday November 21 and Saturday November 22, 2014  
Palais des Congrès, Porte Maillot, Paris

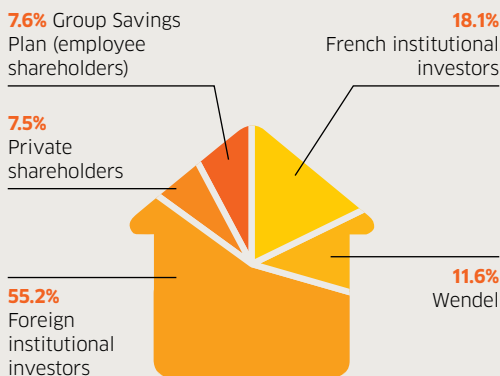
### UPCOMING PUBLICATIONS

Thursday February 25, 2015 after close of trading  
on the Paris Bourse  
Results for 2014

## ↑ TOTAL NUMBER OF SHARES (at September 30, 2014)

# 567,980,904

## ↑ OWNERSHIP STRUCTURE (at September 30, 2014 - in %, est.)



## ↑ INFORMATION FOR FRENCH TAX RESIDENTS

### Exemption from the mandatory deduction on dividends collected in 2015

If your reference taxable income for the year before last is less than €50,000 (for single, divorced or widower tax payers) or less than €75,000 (for taxpayers subject to joint taxation), then you may apply for an exemption from the mandatory income tax levy introduced by the 2013 Finance Act in France.

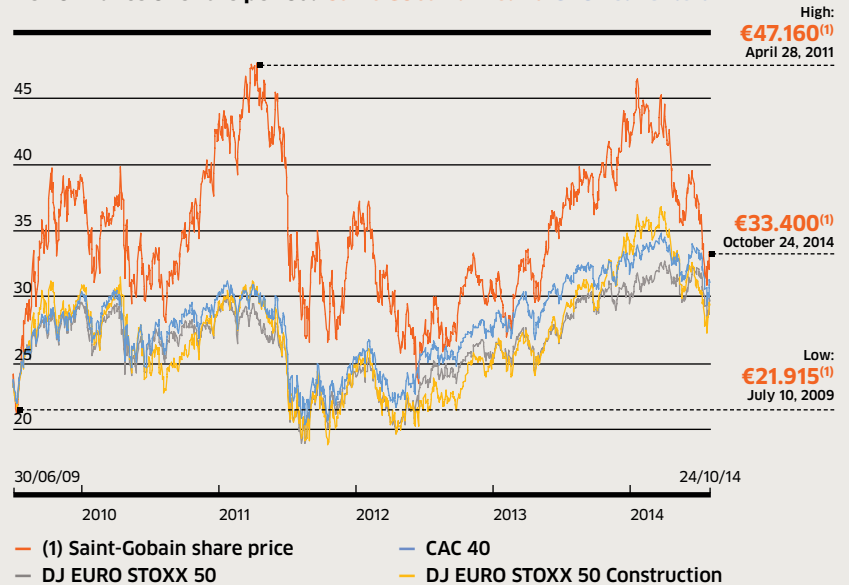
To apply, you will need to fill out your application by **November 30, 2014** at the latest for dividends that you will collect in 2015. You should send the paying institution a sworn statement indicating that your reference taxable income (for the year preceding the year in which the aforementioned dividends are paid) is lower than the thresholds specified above.

Registered shareholders can find more information and apply online at BNP Paribas' Planetshares website.

## ↑ SHARE PERFORMANCE 2009-2014

Saint-Gobain share price in euros, indexes rebased at June 30, 2009

Performance over the period: **Saint-Gobain: +40.2%** **CAC 40: +31.5%**



## ↑ RECENT PERFORMANCE OF THE SAINT-GOBAIN SHARE

Recent performance at October 24, 2014 (€33.400), in %	Saint-Gobain share	CAC 40	DJ Euro Stoxx 50	DJ Euro Stoxx 50 Construction
Trailing 12 months	-11.7%	-3.4%	-0.3%	-3.8%

## ↑ 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](http://www.saint-gobain.com)

• By e-mail, at [actionnaires@saint-gobain.com](mailto:actionnaires@saint-gobain.com)

• Through the Saint-Gobain Shareholder App



• By post, Compagnie de Saint-Gobain Service Actionnaires Les Miroirs 92096 La Défense Cedex

• Reuters : SGOB.PA

Managing Editor: Laurent GUILLOT

ISSN No. 1245-3978

Design: *tamata*

Photo credits: Fotolia, DR, Saint-Gobain PAM, Franck Dunouau, Hamilton/Rea (p.1-2), Fotolia, Saint-Gobain PAM, Thierry Mercier, DR (p. 4-5).

Printed by: Gilbert Clarey Imprimeurs certified Imprim'Vert and FSC on FSC-certified paper, using recycled paper and pulp from sustainably managed forests.

