

# PRESS release

Paris, October 25, 2011.

**Sales for the first nine months of 2011:** up 5.4% to €31.6 billion.

**Organic growth:** 5.8%, of which 4.1% in Q3 (after 4.4% in Q2).

**Third-quarter 2011 highlights:**

- Sales prices: **up 2.9% in Q3** and 2.6% over nine months (after a rise of 2.8% in Q2)
- Sales volumes: **up 1.2% in Q3** and 3.2% over nine months (after a rise of 1.6% in Q2)
- **Double-digit** organic growth on energy efficiency markets in France
- **Continuing vigorous growth** in Asia and emerging countries: **7.2% in Q3** and 10.4% over nine months
- **2011 targets** confirmed

**Pierre-André de Chalendar, Chairman and Chief Executive Officer of Saint-Gobain, commented:**

*“Overall, the Group’s trading performance in the third quarter was in line with the three months to June 30, thanks mainly to upbeat trends in sales prices and continuing robust momentum in Asia and emerging countries as well as in industrial markets. Residential construction and renovation markets in France, Germany and Scandinavia also continued to enjoy good growth in the third quarter, driven by energy-efficient Habitat solutions – particularly in France.*

*In the fourth quarter, we expect the underlying trends observed over the past three months to continue, although market conditions will be more challenging due to an increasingly uncertain economic climate and a tougher basis for comparison, compounded by fewer working days than in the same year-ago period.*

**Consequently, despite a more challenging environment in the last few months of this year, we confirm our full-year 2011 targets of robust organic growth and a double-digit rise in operating income\*.**

**We also confirm our free cash flow target of €1.3 billion, after a €500 million increase in our capital expenditure focused mainly on the Group’s key growth drivers (emerging countries and energy-efficient solutions for the Habitat market).”**

\* At constant exchange rates (average exchange rates for 2010).

Saint-Gobain delivered solid consolidated sales growth over the first nine months of 2011, up 5.4% year-on-year to **€31,629 million**, compared to €30,007 million in the nine months to September 30, 2010.

The **currency impact**, which had been positive in the first quarter, reversed in the three months to June 30 on the back of the decline in the US dollar against the euro. As a result, currency fluctuations over the first nine months had a **slightly negative (-0.5%) impact on sales**. **Changes in Group structure had a virtually neutral impact (+0.1%)**, with sales from acquisitions carried out over the past 12 months almost entirely offset in the nine-month period by the disposal of Advanced Ceramics at 31 December 2010.

**On a constant exchange rate basis\* and like-for-like** (constant Group structure and exchange rates), **sales growth** was virtually identical, at **5.7%** and **5.8%**, respectively. Volumes rose **3.2%** while **sales prices** moved up **2.6%**.

**In the third quarter**, consolidated sales came in **2.6% higher year-on-year**, at €10,754 million from €10,478 million a year earlier. This breaks down into a positive 0.2% Group structure impact, a negative 1.7% currency effect, and **organic growth of 4.1% (including a price impact of 2.9% and a volume effect of 1.2%)**.

Overall, **the Group's organic growth performance in third-quarter 2011 was close to the second quarter**, which had reported 4.4% organic growth, including a price impact of 2.8% and a volume effect of 1.6%. All business sectors and geographic areas once again made a positive contribution to the Group's performance. Sales prices in particular remained upbeat across all sectors and divisions (despite a tougher basis for comparison than in first-half 2011), particularly in businesses which saw the sharpest rise in raw material and energy costs.

As in the second quarter, growth in sales volumes over the three months to September 30 continued to be powered by vigorous advances in emerging countries and by industrial markets. Volume growth also reflects the one-off boost to US renovation resulting from severe storms early in the year, as well as healthy trading on residential construction and renovation markets in France, Germany and Scandinavia.

The Group's advances on construction markets in Western Europe continued to be spurred by high value-added solutions and particularly businesses involved in energy-efficient solutions for the Habitat market (Insulation, Reinforced Thermal Insulation Glass, etc.), which delivered further robust growth in the quarter (and double-digit growth in France) on the back of new energy regulations and especially Thermal Regulation "RT 2012" in France.

*\* Based on average exchange rates for the first nine months of 2010.*

The table below presents sales trends by business sector and major geographic area:

	Sales for the first nine months of 2010 (€m)	Sales for the first nine months of 2011 (€m)	% change on an actual structure basis	% change on a comparable structure basis	% change on a like-for-like basis
<b><u>BUSINESS SECTOR</u></b>					
<b>Innovative Materials (1)</b>	<b>6,918</b>	<b>7,230</b>	<b>+4.5%</b>	<b>+6.3%</b>	<b>+7.3%</b>
Flat Glass	3,854	4,121	+6.9%	+6.6%	+6.6%
High-Performance Materials	3,078	3,133	+1.8%	+6.2%	+8.5%
<b>Construction Products (1)</b>	<b>8,269</b>	<b>8,703</b>	<b>+5.3%</b>	<b>+4.4%</b>	<b>+5.5%</b>
Interior Solutions	3,872	4,122	+6.5%	+5.4%	+6.0%
Exterior Solutions	4,424	4,620	+4.4%	+3.7%	+5.3%
<b>Building Distribution</b>	<b>12,892</b>	<b>13,763</b>	<b>+6.8%</b>	<b>+6.4%</b>	<b>+5.8%</b>
<b>Packaging (Verallia)</b>	<b>2,683</b>	<b>2,718</b>	<b>+1.3%</b>	<b>+0.4%</b>	<b>+2.8%</b>
Internal sales and misc.	(755)	(785)	-----	-----	-----
<b>GROUP</b>	<b>30,007</b>	<b>31,629</b>	<b>+5.4%</b>	<b>+5.3%</b>	<b>+5.8%</b>
<b><u>GEOGRAPHIC AREA</u></b>					
France	8,520	8,922	+4.7%	+4.7%	+4.7%
Other Western Europe	12,724	13,497	+6.1%	+5.9%	+4.7%
North America	4,287	4,214	-1.7%	-0.3%	+6.2%
Emerging countries and Asia/Pacific	5,831	6,466	+10.9%	+10.1%	+10.4%
Internal sales	(1,355)	(1,470)	-----	-----	-----
<b>GROUP</b>	<b>30,007</b>	<b>31,629</b>	<b>+5.4%</b>	<b>+5.3%</b>	<b>+5.8%</b>

(1) Including inter-division eliminations.

### Like-for-like performance of Group business sectors

**Innovative Materials** continued to report robust growth, **over both the nine months to September 30 (7.3%) and the third quarter (4.9%)**, after 5.5% in the second quarter). Emerging countries and markets related to industrial output continued to perform well. Sales prices continued to advance across all divisions.

- **Flat Glass** posted **6.6% organic growth over the first nine months of the year (3.4% in the third quarter)**, after 5.8% in the second). Sales growth over the three months to September 30 was chiefly powered by sales volumes in Asia and emerging countries in both Construction and Automotive Glass markets, while sales volumes in Western Europe remained stable. Compared to last year, sales prices increased for both commodity products (float glass) and processed products, albeit at a slower pace than in the first half.

- **High-Performance Materials (HPM)** delivered the **Group's strongest organic growth**, over the **nine months to September 30 (8.5%)** as well as in the **third quarter (7.1%)**, after 5.5% in the three months to June 30), with the rise in sales prices picking up pace over the past three months to curb the impact of spiraling raw material and energy costs. Sales volumes remained upbeat across all geographic areas (especially Asia and emerging countries), in particular in markets linked to industrial output. In contrast, markets related to capital spending stalled right at the end of the quarter, after having steadily improved since 2010.

**Sales for the Construction Products (CP) sector** rose **5.5% over the nine-month period** and **6.9% in the third quarter** (after 3.7% in the three months to June 30). The sharp organic growth in sales over the three months to September 30 chiefly reflects the surge in sales volumes in US Interior Solutions and Exterior Solutions compared to the same period in 2010 (the year-earlier period provides a particularly weak basis for comparison, with volumes down 24%). Trading remained bullish in Asia and emerging countries but more uneven in Western Europe. Sales prices remained upbeat in all divisions and geographic areas.

- **Interior Solutions** reported strong organic growth, over both the **nine months to September 30 (6.0%)** and in the **third quarter (5.9%)**, after 3.9% in the second quarter). Sales volumes were up across all geographic areas, particularly North America and Asia and emerging countries. In Western Europe and France in particular, trading continued to be buoyed by the introduction of stricter energy performance regulations in the Habitat market. Insulation in France continued to deliver double-digit growth, at 15.1% in the first nine months of 2011 and 16.1% in the third quarter.
- **Exterior Solutions** also posted strong organic growth **over both the nine months to September 30 (5.3%)** and in the **third quarter (7.9%)**, after 3.9% in the second quarter). Growth gathered pace over the last three months due mainly to a one-off improvement in sales volumes on the renovation market in the US (Exterior Products) following severe storms early in the year, as well as fairly weak third-quarter 2010 comparatives. In contrast, sales volumes for Pipe continued to decline, hit by a combination of budgetary austerity in Europe, economic tightening in China and a fall in export sales to Middle Eastern countries. Industrial Mortars reported moderate organic growth in the third quarter, driven by robust momentum in emerging countries and particularly Latin America and Eastern Europe. Sales prices remained upbeat, although the business was unable to fully pass on the sharp rise in raw material costs.

**Building Distribution** kept up its good momentum, reporting organic growth of **5.8% over the nine months to September 30** and **3.0% in the third quarter**. Over the past three months, growth continued to be powered by France, Germany and Scandinavia, although its pace slowed slightly compared to the second quarter (4.5%), due to a tougher basis for comparison as well as the continuing slowdown in the UK and Southern Europe. Sales prices remained upbeat throughout the nine-month period.

**Packaging (Verallia)** reported **2.8% organic growth for the nine-month period (0.0% in the third quarter)**, buoyed by favorable trends in sales prices, which gained 2.6% over the nine months to September 30 as well as in the third quarter. In contrast, sales volumes were broadly stable over the period (but edged down slightly in the three months to September 30), with the slowdown in the US and to a lesser extent in Europe fully offset by strong growth in Latin America over the first nine months of the year.

## Like-for-like analysis by geographic area

The quarter-on-quarter analysis of organic growth by key geographic area at September 30, 2011 shows continued vigorous trading in Asia and emerging countries, a strong upturn in North America, and more moderate growth in France and other Western European countries.

- In **France and other Western European countries**, organic growth came in at **4.7% for the nine months to September 30 (1.6% and 1.8%, respectively, in the third quarter)**, driven chiefly by further advances in businesses related to industrial markets and overall by upbeat sales prices. The improvement in residential construction markets in France, Germany and Scandinavia during the first half continued into the third quarter, but at a slower pace. However, conditions on residential construction markets remained challenging in the UK and Southern Europe.
- **North America** reported organic growth of **6.2% over the first nine months of the year and 11.0% in the three months to September 30**. This was chiefly powered by ongoing solid trading in High-Performance Materials and to an increase in Construction Products sales due to the one-off boost in renovation demand following the severe storms in the US early in the year.
- **Asia and emerging countries** turned in another bumper growth performance, at **10.4% over the nine-month period and 7.2% in the third quarter**, despite a slowdown in the Pipe business, particularly in China and the Middle East.

## Update on asbestos claims in the United States

Some 3,000 claims were filed against CertainTeed in the first nine months of 2011, compared with 4,000 claims in the same period in 2010. Taking into account around 7,000 claims settled or transferred to inactive dockets in the nine-month period (versus 13,000 in the first nine months of 2010), **the total number of outstanding claims continued to fall**, down to **52,000** at September 30, 2011, versus 54,000 at June 30, 2011 and 56,000 at December 31, 2010.

## Outlook and objectives for full-year 2011

After a third-quarter performance broadly in line with the previous quarter, albeit with markedly uneven results from one business and region to the next, the Group expects the underlying trends observed over the past quarter to continue in the three months to December 31. However, taking into account firstly, the impact on the Group's markets of the deep uncertainties plaguing the global economy and secondly, a tougher basis for comparison (especially in Construction Products), compounded by fewer working days than in 2010 (one day less), the Group's organic growth could be lower in the fourth quarter.

In particular,

- growth should remain vigorous in **Asia and emerging countries**, despite a tougher basis for comparison and a slight fall-off in growth.
- sales in **Western Europe** should remain healthy, with industrial markets holding firm and very moderate advances overall in residential construction, thanks to the ongoing development of high value-added solutions in the Habitat market and particularly those related to energy efficiency (Insulation, Insulating Glass, etc.). However, trends should remain highly uneven from one country to the next, with fresh advances in France, Scandinavia and Germany, the slowdown in the UK taking hold, and a further decline in Southern Europe.

- **in North America**, trading should remain brisk in industrial markets. However, conditions in the construction market should toughen once again, with no further boost to renovation resulting from early-year storms and no longer the benefit of a weak comparison basis.

- overall, household consumption markets should hold up fairly well, with bullish growth in emerging countries offsetting the mild slowdown in mature markets.

Against this backdrop, and following price increases of 2.8% and 2.9%, respectively, in the second and third quarters, **the Group will continue to leverage its price-focused policy** and endeavor to stem the impact of spiraling raw material and energy costs over the full year.

Given the deep uncertainties currently plaguing the global economy, Saint-Gobain will also:

- **continue to maintain a very tight rein on costs and adopt a highly disciplined and selective approach in implementing its development strategy**, focused on emerging countries and businesses linked to energy-efficient solutions for the Habitat market.

- continue to keep a **close watch on cash management and on maintaining a strong balance sheet**.

Consequently, despite a tougher and more uncertain trading environment, the Group **is confirming its targets for full-year 2011:**

- **robust organic growth;**

- **double-digit growth in operating income** (at constant exchange rates\*), despite the rise in raw material and energy costs;

- **€1.3 billion in free cash flow**, after a €500 million increase in capital expenditure;

- **a persistently strong balance sheet.**

\* average exchange rates for 2010.

**Forthcoming results announcement:**

Results for 2011: February 16, 2012, after close of trading on the Paris Bourse.

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## Appendix : Sales by business sector and geographic area - Third Quarter

<b>SALES</b>	<b>Q3 2010 (in EUR m)</b>	<b>Q3 2011 (in EUR m)</b>	<b>Change on an actual structure basis</b>	<b>Change on a comparable structure basis</b>	<b>Change on a comparable structure and currency basis</b>
<b>By sector and division:</b>					
<b>Innovative Materials (1)</b>	<b>2,383</b>	<b>2,402</b>	<b>+0.8%</b>	<b>+2.4%</b>	<b>+4.9%</b>
Flat Glass	1,317	1,356	+3.0%	+2.1%	+3.4%
High-Performance Materials	1,068	1,051	-1.6%	+2.9%	+7.1%
<b>Construction Products (1)</b>	<b>2,847</b>	<b>2,990</b>	<b>+5.0%</b>	<b>+4.0%</b>	<b>+6.9%</b>
Interior Solutions	1,337	1,401	+4.8%	+3.8%	+5.9%
Exterior Solutions	1,521	1,603	+5.4%	+4.4%	+7.9%
<b>Building Distribution</b>	<b>4,570</b>	<b>4,720</b>	<b>+3.3%</b>	<b>+2.8%</b>	<b>+3.0%</b>
<b>Packaging (Verallia)</b>	<b>923</b>	<b>900</b>	<b>-2.5%</b>	<b>-3.4%</b>	<b>+0.0%</b>
<i>Internal sales and misc.</i>	-245	-258	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>
<b>Group Total</b>	<b>10,478</b>	<b>10,754</b>	<b>+2.6%</b>	<b>+2.4%</b>	<b>+4.1%</b>

(1) including intra-sector eliminations

<b>By geographic area:</b>					
<b>France</b>	<b>2,734</b>	<b>2,784</b>	<b>+1.8%</b>	<b>+1.6%</b>	<b>+1.6%</b>
<b>Other Western European countries</b>	<b>4,563</b>	<b>4,669</b>	<b>+2.3%</b>	<b>+2.1%</b>	<b>+1.8%</b>
<b>North America</b>	<b>1,441</b>	<b>1,441</b>	<b>+0.0%</b>	<b>+1.8%</b>	<b>+11.0%</b>
<b>Emerging countries and Asia</b>	<b>2,200</b>	<b>2,318</b>	<b>+5.4%</b>	<b>+4.2%</b>	<b>+7.2%</b>
<i>Internal sales</i>	-460	-458	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>
<b>Group Total</b>	<b>10,478</b>	<b>10,754</b>	<b>+2.6%</b>	<b>+2.4%</b>	<b>+4.1%</b>