LAFARGE

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Press release

Paris, July 30, 2010

Euronext Paris: LG

RESULTS AS OF JUNE 30, 2010

CURRENT OPERATING INCOME UP 5% FOR THE QUARTER

STRICT COST CONTROL AND OPERATING PERFORMANCE SUPPORT MARGIN

DEBT REDUCTION MEASURES CONTINUE WITH €350 M OF DIVESTMENTS SECURED

SECOND-QUARTER KEY FIGURES

▪ Sales up 2% to € 4,436m (-2% like for like) ▪ Current operating income up 5% to € 836m (stable like for like) ▪ Current operating income margin up 60 basis points to 18.8%	▪ Net income Group share declined € 38m to € 306m excluding one-off items ▪ Net earnings per share declined to € 1.07 excluding one-off items

FIRST-HALF KEY FIGURES

▪ Sales down 3% to € 7,712m (-4% like for like) ▪ Current operating income down 5% to € 1,072m (-9% like for like) ▪ Current operating income margin down 30 basis points to 13.9%	▪ Net income Group share declined € 94m to € 233m excluding one-off items ▪ Net earnings per share declined to € 0.81 excluding one-off items

GROUP HIGHLIGHTS

- Increase in current operating income in the second quarter.
- Slower cement volumes decline between the first and second quarter.
- Growth of EBITDA margin for the Cement division of 110 basis points to 32.7% in the second quarter, stable year-to-date, despite lower volumes.
- Strong EBITDA margins in Middle East Africa region at 34.7% in second quarter, although operating results impacted by lower volumes in some markets.
- Achievement of €200 million total cost savings year-to-date, of which €120 million are structural.
- Impact of higher restructuring charges in 2010 on net income.
- Foreign exchange translation raising net debt by €1Bn compared to year-end.
- Strong cash and recent refinancing enhancing liquidity position.

BRUNO LAFONT, CHAIRMAN AND CHIEF EXECUTIVE OFFICER OF LAFARGE, SAID:

"*In a second quarter marked by a mixed economic environment, with volume decreases in a number of markets but with early signs of improvement in some developed countries, Lafarge achieved a solid operational performance and firm margins. Divestments of non-strategic assets continued and we should exceed €500 million in 2010, going beyond our initial target.*

Halfway through the year, given the uncertain pace of economic recovery and the contrasted situation from one country to another, we have readjusted our 2010 full year market outlook. In this context, the Group is limiting 2011 investments to 1 billion euros to further reduce debt and enhance its flexibility.

Despite this caution due to the current context, we confirm our confidence in the underlying fundamentals of cement demand, driven by urbanisation, demographics and infrastructure needs, which represents the platform of future growth of the Group. Our portfolio, supported by the significant capacities we have added to emerging markets over the past years, is well positioned to capture this growth."

Outlook

Based on demand trends seen through the second quarter, the Group has reduced its growth estimates in its markets and expects cement demand to be between -1 to +3 percent in 2010 as compared to 2009.

Based on second quarter activity, we have lowered our full year volume estimates for Western and Eastern Europe and increased our volume estimates for North America.
Continued market growth is expected in the Asia, Latin America and Middle East Africa regions.
Due to supply-demand evolution in some countries, volume trends for the Group may temporarily be impacted and we are taking action to mitigate the impact of these situations.

Structural 2010 cost savings should exceed our target of €200 million for the year.
Pricing is expected to remain solid through the year, despite lower prices in some markets.

The Group takes additional actions for 2011 to further reduce its debt level, including a new target of more than €200 million structural cost savings and the reduction of capital expenditures to no more than 1 billion euros.

Consolidated accounts

The Board of Directors of Lafarge, chaired by Bruno Lafont, met on July 29, 2010 and approved the accounts at June 30, 2010. Further to their limited review of the condensed half-year consolidated financial statements of Lafarge, the auditors have established a report which is included in the half-year financial report.

(€m)	Second quarter			First half		
	2009	**2010**	**Variation**	**2009**	**2010**	**Variation**
Sales	4,362	4,436	2%[3]	7,991	7,712	-3%[3]
Current operating income	796	836	5%[3]	1,131	1,072	-5%[3]
Operating margin (%)	18.2%	18.8%	60 bps	14.2%	13.9%	-30 bps
Net income Group share	387	329	-15%	370	393	6%
Excluding one-off items[1]	344	306	-11%	327	233	-29%
Earnings per share (€) [2]	€1.45	€1.15	-21%	€1.51	€1.37	-9%
Excluding one-off items [1][2]	*€1.29*	*€1.07*	*-17 %*	*€1.33*	*€0.81*	*-39 %*
Free cash flow	1,128	577	-49%	875	491	-44%
Group net debt				15,388	15,160	-1%

[1] Excluding net capital gains on sale of Cimpor investment in 2010 and adjustment of legal provision for the German cement case in Q2 2009.
[2]Basic average number of shares increased in April 2009 due to the rights issue completed by the Group. Basic number of shares outstanding of 266.9M and 245.7M for the second quarter and first half ended June 2009, respectively, compared to 286.1M for both the second quarter and first half ended June 2010.
[3]On a like for like basis, sales decreased 2% for the quarter and 4% year-to-date and current operating income was stable for the quarter and decreased 9% year-to-date.

CURRENT OPERATING INCOME

(€m)	SECOND QUARTER			FIRST HALF		
	2009	2010	Variation	2009	2010	Variation
Cement	706	726	3%	1,090	1,025	-6%
Aggregates & Concrete	95	95	0%	31	23	-26%
Gypsum	15	24	60%	32	34	6%
Other	(20)	(9)		(22)	(10)	
TOTAL	**796**	**836**	**5%**	**1,131**	**1,072**	**-5%**

HIGHLIGHTS BY BUSINESS

CEMENT

- Sales were up 1% in the quarter and down 4% year-to-date, reflecting the impact of lower volumes partially offset by the stronger benefit of foreign exchange in the second quarter.
- Volume declines slowed from -5% in Q1 to -4% in Q2 on a like for like basis, reflecting a return to volume growth of 10% for North America in the second quarter.
- Volumes in emerging markets were -6% for the quarter and -5% for first-half on a like for like basis due to market downturn in Eastern Europe and some new capacities in Middle East Africa.
- Pricing remained stable overall.
- Cost reduction program strongly benefited all regions.
- EBITDA margin grew 110 basis points to 32.7% in the quarter and was stable year-to-date.
- Current operating income up 3% in the quarter thanks to developed markets returning to income growth and favorable foreign exchange, but down 6% year-to-date due to lower overall volumes.

AGGREGATES & CONCRETE

- Sales moved up 1% in the quarter due to volume growth for aggregates and slower rates of volume decline in the ready mix concrete business and were down 6% year-to-date.
- EBITDA margin was stable both year-to-date and in the quarter.
- Current operating income was stable in the quarter, reflecting the impact of strong cost reduction measures.

GYPSUM

- Sales were up 10% in the quarter and up 4% year-to-date as volume growth compensated for lower pricing.
- Current operating income was slightly higher for the quarter and first half, benefiting from higher volumes and the strong impact of cost reduction in all regions.

INVESTMENTS, DIVESTMENTS AND LIQUIDITY

- Investments totaled €718 million in first half 2010, compared to €884 million in first half 2009.
  - Sustaining capital expenditures decreased by 14% to €116 million in 2010.
  - Internal development capital expenditures were down 19% to €550 million in 2010.
  - Acquisitions were €52 million in H1 2010, slightly below last year.
- In the first half, Lafarge received €105 million in cash for divestments and in total has secured €350 million to date.
- As of June 30, 2010, the Group had €3.8Bn in committed credit lines with an average maturity of 2.5 years in addition to €2.8Bn of cash on hand. All Lafarge SA long-term debt obligations due in 2010 have been refinanced and extended for three to eight years as of July 30, 2010. There are no financial covenants on debt at the Lafarge SA level.

ADDITIONAL INFORMATION

Practical information:

There will be **an analyst conference call at 11:30 CEST, on July 30, 2010** hosted by Jean-Jacques Gauthier, Chief Financial Officer. The presentation will be made in English with slides that can be downloaded from the Lafarge website (**www.lafarge.com**).

The presentation may followed be via teleconference:
- Dial in number (France): +33 (0)1 70 99 42 72
- US dial in number: +1 212 444 0481
- International dial in number: +44 (0)20 7138 0825

Please note that a conference call playback will be available from July 30, 2010 to August 9, 2010 online through **www.lafarge.com** or at the following numbers:
- France playback number: +33 (0)1 74 20 28 00 (code: 4987425#)
- US playback number: +1 347 366 9565 (code: 4987425#)
- International playback number: +44 (0)20 7111 1244 (code: 4987425#)

NOTES TO EDITORS

Lafarge is the world leader in building materials, with top-ranking positions in all of its businesses: Cement, Aggregates & Concrete and Gypsum. With more than 78,000 employees in 78 countries, Lafarge posted sales of Euros 15.9 billion in 2009.
In 2010 and for the sixth year in a row, Lafarge was listed in the 'Global 100 Most Sustainable Corporations in the World'. With the world's leading building materials research facility, Lafarge places innovation at the heart of its priorities, working for sustainable construction and architectural creativity.
Additional information is available on the web site at www.lafarge.com

This release may contain forward-looking statements. Such forward-looking statements do not constitute forecasts regarding the Company's results or any other performance indicator, but rather trends or targets, as the case may be. These statements are by their nature subject to risks and uncertainties as described in the Company's annual report available on its Internet website (www.lafarge.com). These statements do not reflect future performance of the Company, which may materially differ. The Company does not undertake to provide updates of these statements.
More comprehensive information about Lafarge may be obtained on its Internet website (www.lafarge.com), under Regulated Information.

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