

Paris, May 5, 2011

Euronext Paris: LG

## RESULTS AS OF MARCH 31, 2011

### SIGNIFICANT VOLUME AND REVENUE GROWTH IN THE FIRST QUARTER

### GROUP POSITIONED FOR 2011 EARNINGS GROWTH AND SUBSTANTIAL DELEVERAGING

#### FIRST-QUARTER KEY FIGURES

<ul style="list-style-type: none"><li>▪ Sales up 9% to € 3,557m</li><li>▪ EBITDA stable at € 514m</li><li>▪ Current operating income down 5% to € 224m</li></ul>	<ul style="list-style-type: none"><li>▪ Net income group share up €44m when excluding disposal gain on Cimpor in 2010</li><li>▪ Net earnings per share up €0.16 when excluding disposal gain on Cimpor in 2010</li></ul>
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*Note that first quarter results reflect seasonality, traditionally leading to lower net results relative to other quarters in the year, and historically have not been indicative of activity for the full year.*

#### GROUP HIGHLIGHTS

- Sales increased for the quarter, driven by higher volumes in all product lines across both emerging and developed markets.
- Overall results impacted by inflation and events in Egypt.
- Net income group share and earnings per share improved when excluding the first quarter 2010 one time gain of €137 million for the sale of the investment in Cimpor.
- The Group is positioned for 2011 earnings growth and is on track to achieve more than €2 billion of deleveraging and €200 million of structural cost savings in 2011.

#### OUTLOOK

Overall the Group continues to see cement demand moving higher and estimates market growth of between 2 to 5 percent in 2011 versus 2010. Emerging markets continue to be the main driver of demand and Lafarge benefits from its well balanced geographic spread of high quality assets. For developed markets, the Group expects that demand will continue to recover.

Overall pricing is expected to move higher for the year in the context of a higher cost inflation environment, although levels of pricing movements will vary by market.



## CONSOLIDATED ACCOUNTS AS OF MARCH 31, 2011

The Board of Directors of Lafarge, chaired by Bruno Lafont, met on May 4, 2011 and approved the accounts for the period ended March 31, 2011.

(€m)	FIRST QUARTER			
	2010	2011	Variation	
			Gross	Like for like
Sales	3,276	3,557	9%	4%
EBITDA <sup>(1)</sup>	516	514	0%	-5%
Current operating income	236	224	-5%	-12%
Operating margin (%)	7.2%	6.3%	-90bps	
Net income group share <sup>(2)</sup>	64	(29)	na	
Earnings per share (€) <sup>(3)</sup>	€0.22	(€0.10)	na	
Free cash flow	(86)	(322)	na	
Group net debt	14,582	14,240	-2%	

<sup>(1)</sup> EBITDA is defined as the current operating income before depreciation and amortization on tangible and intangible assets and is a non-GAAP financial measure.

<sup>(2)</sup> Net income group share for Q1 2010 includes a one-time € 137 million net capital gain on the disposal of the Cimpor investment.

<sup>(3)</sup> Basic average number of shares outstanding of 286.1 million at the end of both March 2010 and March 2011. Earnings per share for 2010 includes a one-time €0.48 per share capital gain on the disposal of the Cimpor investment.

## CURRENT OPERATING INCOME AS OF MARCH 31, 2011

(€m)	FIRST QUARTER		
	2010	2011	Variation
Cement	299	270	-10%
Aggregates & Concrete	(72)	(58)	+19%
Gypsum	10	18	+80%
Other	(1)	(6)	
<b>TOTAL</b>	<b>236</b>	<b>224</b>	<b>-5%</b>



## HIGHLIGHTS BY BUSINESS

### CEMENT

- Sales were up 8%, reflecting solid volume improvements across most regions, new capacities in Brazil, and the benefit of foreign exchange.
- Volumes increased 7%, with growth seen in both developed and emerging markets.
- Pricing was slightly below first quarter 2010, but moved higher compared to fourth quarter 2010.
- Cost reduction program strongly benefited all regions.
- Middle East Africa cement operations outside of Egypt showed positive performance as current operating income increased 6% when excluding the €30 million decline experienced in Egypt from recent events.
- Current operating income was down 10%, impacted by the higher inflationary environment and events in Egypt.

### AGGREGATES & CONCRETE

- Sales moved up 12% due to volume growth and higher pricing for both aggregates and concrete.
- Current operating loss of €58 million reflected the large presence in developed markets where results are traditionally lower due to seasonality.
- Current operating income improved compared to last year thanks to a steady volume recovery in developed markets, improved pricing, and strong cost reduction.

### GYPSUM

- Sales were up 9% due to continued volume growth and higher pricing.
- Current operating income moved higher in the quarter as market activity improved and strong cost reduction increased margins.

## INVESTMENTS, DIVESTMENTS AND LIQUIDITY

- On February 18, 2011, the Group and Anglo American plc announced an agreement to combine their cement, aggregates, ready-mixed concrete, and asphalt & contracting businesses in the United Kingdom. The completion of this transaction, which will form a 50:50 joint venture, is conditional upon regulatory approvals.
- Investments totaled €302 million for the quarter, compared to €384 million in 2010.
  - Sustaining capital expenditures increased from €45 million in 2010 to €53 million in 2011.
  - Internal development capital expenditures declined from €317 million in 2010 to €195 million in 2011.
  - Acquisitions were €54 million in 2011 excluding a €51 million third-party put, already recorded as debt, that was exercised in the quarter.
- Lafarge received €11 million in cash for divestments.
- As of March 31, 2011, the Group had €3.9 billion in committed credit lines with an average maturity of around 3 years in addition to €2.3 billion of cash on hand. There are no financial covenants on debt at the Lafarge SA level.



## ADDITIONAL INFORMATION

### Practical information:

There will be an analyst conference call at 9:00 CET, on May 5, 2011 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](http://www.lafarge.com)).

The presentation may be followed via a live web cast on the Lafarge website as well as via teleconference:

- Dial in (France): +33 (0)1 70 99 42 86
- Dial in (UK or International): +44 (0)20 7138 0843
- Dial in (US): +1 212 444 0895

Please note that in addition to the web cast replay, a conference call playback will be available until the 13<sup>th</sup> of May 2011 midnight at the following numbers:

- France playback number: +33 (0)1 74 20 28 00 (pin code: 4241112#)
- UK or International playback number: +44 (0)20 7111 1244 (pin code: 4241112#)
- US playback number: +1 347 366 9565 (code: 4241112#)

**Lafarge's next financial publication – 2<sup>nd</sup> Quarter 2011 results – will be on July 28, 2011 (before the Euronext stock market opens).**

### 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 76,000 employees in 78 countries, Lafarge posted sales of Euros 16.2 billion in 2010.

Lafarge was ranked 6<sup>th</sup> in the "Carbon Disclosure Project" and entered the global "Dow Jones Sustainability Index" in 2010 in recognition of its sustainable development actions. 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](http://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](http://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](http://www.lafarge.com)), under Regulated Information.*

*This document does not constitute an offer to sell, or a solicitation of an offer to buy Lafarge shares.*

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