Press release

Paris, February 17, 2012

NYSE Euronext Paris : LG

RESULTS AS OF DECEMBER 31, 2011

POSITIVE TRENDS IN FOURTH QUARTER

SUCCESSFULLY ACHIEVED NET DEBT REDUCTION TARGET OF 2 BILLION EUROS

€500 MILLION COST SAVINGS PROGRAM UNDERWAY

FOURTH QUARTER KEY FIGURES

▪ Sales up 5% to € 3,813m (+7% like for like) ▪ Current operating income up 3% to € 538m (+1% like for like)	▪ Net income group share declined to (€ 3m) ▪ Net earnings per share declined to (€ 0.01)

FULL YEAR KEY FIGURES

▪ Sales up 3% to € 15,284m (+5% like for like) ▪ Current operating income down 9% to € 2,179m (-9% like for like)	▪ Net income group share down 28% to € 593m ▪ Net earnings per share down 28% to € 2.07 ▪ Dividend of € 0.50 per share, subject to AGM approval

Note*: Sales and Current operating income are restated for 2011 and 2010 to reflect the reclassification of the Gypsum activities to discontinued operations.*

GROUP HIGHLIGHTS

- Current operating income grew in the fourth quarter from higher sales volumes, higher pricing, and cost cutting measures. For the year, higher cost inflation and the negative impact of foreign exchange lowered overall results.
- The Group successfully achieved its €2 billion net debt reduction target and strengthened its already solid liquidity. The strategic divestment of Gypsum assets generated a net gain of €466 million.
- Cost savings accelerated at the end of 2011, with €100 million delivered in the fourth quarter achieving €250 million for the full year, well above the €200 million target. As part of the announced program to reduce costs by €500 million, the Group plans to reach at least €400 million of savings in 2012.
- Net earnings were impacted by a non-cash goodwill write-off of €285 million, mainly in Greece
- The Group will implement in 2012 its new country-based organization project to accelerate organic growth and innovation and reinforce efficiency.

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

“In 2011 the Group met its debt reduction target of 2 billion euros despite a very challenging environment. Additional debt reduction will come in 2012 as the Group maximizes its operational cash flows. We will drive a €500 million cost reduction program, implement price actions as a response to cost inflation, further reduce capital expenditures to €800 million, execute strategic divestments of more than €1 billion, and propose a reduction of the dividend to 50 cents per share.

Further to the divestment of a majority of the gypsum assets and the fundamental changes to the management structure, the Group has fully refocused on its core businesses of cement, aggregates and concrete. This strategic shift will accelerate growth and innovation.”

OUTLOOK

Overall the Group sees cement demand moving higher and estimates market growth of between 1 to 4 percent in 2012 versus 2011. Emerging markets are the main driver of demand growth and Lafarge benefits from its well balanced geographic spread of high quality assets.

We expect higher pricing for the year and that cost inflation will increase at a lower rate than in 2011.

CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors of Lafarge, chaired by Bruno Lafont, met on February 16, 2012 and approved the accounts for the period ended December 31, 2011. The auditors have completed their audit on the consolidated financial statements. Their report is in the process of being issued.

(€m)	FOURTH QUARTER				YEAR-TO-DATE			
			Variation				Variation	
	2011	2010	Gross	Like for like	2011	2010	Gross	Like for like
Sales	3,813	3,632	5%	7%	15,284	14,834	3%	5%
EBITDA [1]	798	798	-	1%	3,217	3,488	-8%	-6%
Current operating income	538	522	3%	1%	2,179	2,393	-9%	-9%
Operating margin (%)	*14.1%*	*14.4%*	*-30bps*		*14.3%*	*16.1%*	*-180bps*	
Net income Group share	(3)	62			593	827	-28%	
Earnings per share (€) [2]	(€0.01)	€0.22			€2.07	€2.89	-28%	
Free cash flow [3]	701	826	-15%		1,208	1,761	-31%	
Group net debt					11,974	13,993	-14%	

Note: *Sales, EBITDA, Current operating income and Free Cash Flow are restated for 2011 and 2010 to reflect the reclassification of the Gypsum activities to discontinued operations.*

(1) EBITDA is defined as the current operating income before depreciation and amortization on tangible and intangible assets and is a non-GAAP financial measure.
(2) Basic average number of shares outstanding of 286.5 million and 286.1 million for 2011 and 2010, respectively, and 287.0 million and 286.1 million for the fourth quarter 2011 and 2010, respectively.
(3) Free Cash Flow for the full year includes the €338 million one-time payment for the Gypsum competition fine paid in the third quarter 2010.

CURRENT OPERATING INCOME

(€m)	FOURTH QUARTER			YEAR-TO-DATE		
	2011	2010	Variation	2011	2010	Variation
Cement	461	503	-8%	1,968	2,230	-12%
Aggregates & Concrete	72	53	36%	237	216	10%
Other	5	(34)		(26)	(53)	
TOTAL	**538**	**522**	**3%**	**2,179**	**2,393**	**-9%**

Note: *Current operating income has been restated for 2011 and 2010 to reflect the reclassification of the Gypsum activities to discontinued operations.*

HIGHLIGHTS BY BUSINESS

CEMENT

- Sales increased 6% in the quarter (up 7% like for like) and increased 3% for the year (up 4% like for like), reflecting volume improvements in emerging markets and favorable weather in the last quarter, partially offset by the negative impact of foreign exchange.
- Volumes increased 6% in the quarter (up 5% like for like) and 7% for the year (up 5% like for like), with growth driven by emerging markets.
- Pricing moved 1% higher in the quarter versus last year and was stable for the year.
- Despite the Group's cost reduction measures, higher cost inflation and foreign exchange weighed on results and margins.
- Excluding the impact of the Egyptian clay tax provision reversal in 2010, fourth quarter current operating income grew 5%.

AGGREGATES & CONCRETE

- Sales moved up 4% in the quarter (up 7% like for like) and were up 3% for the year (up 5% like for like) driven by higher aggregates volumes and overall higher pricing.
- Current operating income increased 36% in the quarter (up 23% like for like) and increased 10% for the year (up 2% like for like) as volumes and pricing fully compensated for higher cost inflation and foreign exchange.

INVESTMENTS, DIVESTMENTS AND LIQUIDITY

- Investments totaled €1.2 billion in 2011, compared to €1.3 billion in 2010.
  - Sustaining capital expenditures increased from €337 million in 2010 to €389 million in 2011.
  - Internal development capital expenditures declined from €914 million in 2010 to €665 million in 2011.
  - Acquisitions were €145 million in 2011 excluding a €51 million and €111 million third-party put, already recorded as debt, that were exercised in the first and third quarter, respectively.
- Capital expenditures for 2012 are planned to be no more than €800 million for the year.
- Lafarge received €2.2 billion in cash for divestments in the year, including sales of minority stakes, and expects to divest more than €1 billion in 2012.
- As of December 31, 2011, the Group had €4 billion in committed credit lines, of which none was drawn, with an average maturity of 2.2 years in addition to €3.2 billion of cash on hand. There are no financial covenants on debt at the Lafarge SA level.

ADDITIONAL INFORMATION

Practical information:
The annual results presentations will be hosted by Bruno Lafont, Chairman and CEO and Jean-Jacques Gauthier, Chief Financial Officer.

A **press conference will be held at 9:00 AM CET** at the Pavillon Gabriel, 5 avenue Gabriel, 75008 Paris.
The presentation will be made in French with simultaneous English translation, available on-site or by phone:
- From France: +33 (1) 70 99 42 70
- From UK: +44 (0) 20 3364 5381

In addition, a conference call playback will be available until the 24th of February 2012 midnight:
- France playback number: +33 (0)1 74 20 28 00 (pin code: 4317568#)
- UK playback number: +44 (0)20 7111 1244 (pin code: 2262241#)

There will be **an analyst presentation at 11:15 CET** at the Pavillon Gabriel, 5 avenue Gabriel, 75008 Paris. The presentation will be made in English with slides that can be downloaded from the Lafarge website (**www.lafarge.com**).

The presentation may be followed via a live audio cast on the Lafarge website as well as via teleconference:
- Dial in (France): +33 (0)1 70 80 17 65
- Dial in (UK or International): +44 (0)20 7136 2054
- Dial in (US): +1 646 254 3362

Please note that in addition to the web cast replay, a conference call playback will be available until the 24th of February 2012 midnight at the following numbers:
- France playback number: +33 (0)1 74 20 28 00 (pin code: **1400359#**)
- UK or International playback number: +44 (0)20 7111 1244 (pin code: **5774708#**)
- US playback number: +1 347 366 9565 (code: **5774708#**)

Lafarge's next financial publication – 1st Quarter 2012 results – will be on May 4, 2012 (before the NYSE Euronext Paris stock market opens).

NOTES TO EDITORS

Located in 64 countries with 68,000 employees, **Lafarge** is a world leader in building materials, with top-ranking positions in its Cement, Aggregates & Concrete businesses. In 2011, Lafarge posted sales of 15.3 billion euros.
For the second year in a row, Lafarge ranked amongst the top-10 of 500 companies evaluated by the "Carbon Disclosure Project" in recognition of their strategy and actions against global warming. 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**

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