LAFARGE

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Press release

Paris, July 27, 2012 NYSE Euronext Paris: LG

RESULTS AS OF JUNE 30, 2012

POSITIVE TRENDS CONFIRMED: SALES UP 5% AND CURRENT OPERATING INCOME UP 11% IN THE SECOND QUARTER

STRONG CASH GENERATION AND COST SAVINGS MEASURES ON TRACK

SECOND QUARTER KEY FIGURES

▪ Sales up 5% to € 4,261m ▪ EBITDA up 8% to € 1,007m ▪ Current operating income up 11% to € 755m	▪ Excluding asset impairment and restructuring charges, net income group share was stable at € 294m (€ 1.03 per share)

FIRST-HALF KEY FIGURES

▪ Sales up 5% to € 7,614m ▪ EBITDA up 8% to € 1,523m ▪ Current operating income up 15% to € 1,022m	▪ Excluding asset impairment and restructuring charges, net income group share improved 15% to € 312m (€ 1.09 per share)

GROUP HIGHLIGHTS

- Sales increased for the quarter and year-to-date, driven by successful price actions across all product lines to respond to cost inflation.
- The Group achieved €170 million of cost savings in the first-half, €100 million in the second quarter, and is on track to reach at least €400 million for the year.
- EBITDA and current operating income rose in the quarter and year-to-date, driven by double digit growth in Middle East and Africa, Asia, Latin America, and North America. Margins also improved both in the quarter and the first-half, up 130 basis points when excluding carbon credit sales.
- The Group recorded a non-recurring charge of €200 million in the second quarter for the impairment of Greek assets and recorded €148 million of restructuring charges in the first-half to implement its cost savings initiatives.
- Net income Group share decline impacted by asset impairment and restructuring charges. Excluding these charges, net income group share and earnings per share improved 15% year-to-date.
- Net debt of €12.5 billion reduced by €1.7 billion from June 30, 2011, and strong liquidity further improved through the issuance in July of €675 million mid-term bonds with no financial covenants and interest rates below 6 percent.

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

“Economic conditions remain challenging for many parts of the world and we remain prudent on our outlook. But even in a lower growth volume environment, our actions to generate sales growth and cash, and to improve returns, led to a third consecutive quarter of positive trends.

These actions will continue as we implement cost savings of at least €400 million in 2012, drive sales growth and higher margin products and services through innovation, and extract more out of our assets with strict capital discipline. We confirm our objective to secure at least €1 billion of divestments this year as part of improving returns and reducing net debt to less than €10 billion as soon as possible in 2013.”

OUTLOOK

Overall the Group continues to see cement demand moving higher and maintains its estimated market growth of between 1 to 4 percent in 2012 versus 2011. Emerging markets continue to be the main driver of demand 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 ACCOUNTS AS OF JUNE 30, 2012

The Board of Directors of Lafarge, chaired by Bruno Lafont, met on July 26, 2012 and approved the accounts for the period ended June 30, 2012. Further to their limited review of the interim condensed 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			
			Variation				Variation	
	2012	2011[4]	Gross	Like for like[5]	2012	2011[4]	Gross	Like for like[5]
Volumes								
Cement (million tons)	38.4	39.5	-3%	-2%	69.7	70.6	-1%	-
Aggregates (million tons)	51.0	51.4	-1%	-2%	84.2	86.1	-2%	-3%
RMX Concrete (million m3)	8.6	9.2	-7%	-	15.7	16.8	-7%	-2%
Results (million euros)								
Sales	4,261	4,054	5%	3%	7,614	7,260	5%	4%
EBITDA [1]	1,007	934	8%	4%	1,523	1,413	8%	5%
EBITDA margin (%)	*23.6%*	*23.0%*	*60bps*		*20.0%*	*19.5%*	*50bps*	
Current operating income	755	683	11%	7%	1,022	891	15%	9%
Net income Group share [2]	57	289	-80%		13	260	-95%	
Net income before restructuring and impairment[2]	*294*	*294*	*0%*		*312*	*271*	*15%*	
Earnings per share (€) [3]	€0.20	€1.01	-80%		€0.05	€0.91	-95%	
Free cash flow	122	142	-14%		(312)	(133)	nm	
Group net debt					12,550	14,260	-12%	

[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] Net income group share includes pre-tax asset impairment and restructuring charges of € 254m and € 7m for second quarter 2012 and 2011, respectively, and impairment and restructuring charges of € 348m and € 16m for first-half 2012 and 2011, respectively.
[3] Basic average number of shares outstanding of 287.1 million and 286.2 million for second quarter 2012 and 2011, respectively, and 287.1 million and 286.1 million year-to-date 2012 and 2011, respectively
[4] Figures for 2011, excluding net debt, are restated to reflect the reclassification of the Gypsum activities as discontinued operations.
[5] At constant scope and exchange rates.

EBITDA RESULTS BY REGION [1]

(€m)	Second Quarter			First Half		
	2012	2011[2]	Variation	2012	2011[2]	Variation
North America	165	133	24%	119	58	105%
Western Europe	185	194	-5%	279	345	-19%
Central & Eastern Europe	100	127	-21%	86	118	-27%
Middle East & Africa	328	298	10%	643	572	12%
Latin America	70	62	13%	129	115	12%
Asia	159	120	33%	267	205	30%
TOTAL	**1,007**	**934**	**8%**	**1,523**	**1,413**	**8%**

[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] Figures for 2011 are restated to reflect the reclassification of the Gypsum activities as discontinued operations.

SALES DEVELOPMENT AND FINANCIAL RESULTS

Sales volumes for cement, aggregates and concrete slightly declined in the quarter and year-to-date. For cement, sales volumes decreased 3% in the quarter and 1% year-to-date, reflecting divestments and volume declines primarily in Western and Central and Eastern Europe that were partially offset by improvements in North America and Asia. Aggregates sales volumes declined by 1% in the quarter and 2% year-to-date, reflecting lower construction activity in Western Europe. Concrete volumes declined by 7% for both periods due to the sale of US readymix assets in the third quarter 2011, creating a higher base comparison. On a like-for-like basis, readymix concrete sales volumes were stable.

Consolidated sales moved higher, up 5% for both periods, supported by successful price actions to respond to cost inflation across all of our product lines, higher cement volumes in North America and Asia, and favorable foreign exchange.

EBITDA improved for the quarter and year-to-date, up 8%. Double digit EBITDA increases in Middle East and Africa, Latin America, Asia, and North America supported this growth. Declines occurred in Western and Central & Eastern Europe due to the impact of poor weather conditions in the early part of the year, €51 million of lower proceeds from the sale of carbon credits in the first-half compared to last year, and a challenging economic environment. Overall, cost reduction actions contributed €170 million to the results for the first-half.

Net Income Group Share declined to €57 million in the quarter and to €13 million for the first-half. The decrease was primarily due to a €200 million second quarter pre-tax impairment charge on Greek assets resulting from the sustained downturn in economic conditions. In addition, the Group recorded €54 million of pre-tax restructuring charges in the quarter (€148 million in the first-half) as part of the implementation of the Group's cost savings program.

Net debt declined by €1.7 billion relative to June 2011 and moved higher compared to year-end 2011 due to normal seasonal working capital needs and exchange rates.

INVESTMENTS, DIVESTMENTS AND LIQUIDITY

Investments totaled €298 million for the first-half 2012, down from €566 million in the first half 2011.

- Sustaining capital expenditures remained stable at €110 million versus €122 million in 2011.
- Internal development capital expenditures and acquisitions declined from €444 million in the first-half 2011 to €188 million in the first-half 2012.

Lafarge received €72 million in cash for divestments in the first-half 2012, including sales of minority stakes, and plans to divest more than €1 billion in 2012.

As of June 30, 2012, Lafarge SA had €3.4 billion in undrawn committed credit lines, with an average maturity of about 3 years, in addition to €2.6 billion of cash on hand.

ADDITIONAL INFORMATION

The analyst presentation of results and the half-year financial report, including the interim management report, the interim condensed consolidated financial statements and the notes are available on the Lafarge Website: www.lafarge.com

Practical information:
There will be an analyst conference call at 11:00 CET, on July 27, 2012. 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 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 7136 2055
- Dial in (US): +1212 444 0412

Please note that in addition to the web cast replay, a conference call playback will be available until the 3rd of August 2012 midnight at the following numbers:
- France playback number: +33 (0)1 74 20 28 00 (pin code: 8415877)
- UK or International playback number: +44 (0)20 3427 0598 (pin code: 8415877)
- US playback number: +1 347 366 9565 (pin code: 8415877)

Lafarge's next financial publication – 3rd Quarter 2012 results – will be on November 9th, 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 Website at **www.lafarge.com**

Important disclaimer - forward-looking statements:
This document contains forward-looking statements. Such forward-looking statements do not constitute forecasts regarding results or any other performance indicator, but rather trends or targets, as the case may be, including with respect to plans, initiatives, events, products, solutions and services, their development and potential. Although Lafarge believes that the expectations reflected in such forward-looking statements are based on reasonable assumptions as at the time of publishing this document, investors are cautioned that these statements are not guarantees of future performance. Actual results may differ materially from the forward-looking statements as a result of a number of risks and uncertainties, many of which are difficult to predict and generally beyond the control of Lafarge, including but not limited to the risks described in the Lafarge's annual report available on its Internet website (www.lafarge.com) and uncertainties related to the market conditions and the implementation of our plans. Accordingly, we caution you against relying on forward looking statements. Lafarge does not undertake to provide updates of these forward-looking statements.
More comprehensive information about Lafarge may be obtained on its Internet website (www.lafarge.com), including under "Regulated Information" section.
This document does not constitute an offer to sell, or a solicitation of an offer to buy Lafarge shares.

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