# Press release

LAFARGE
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Paris, November 9, 2012 NYSE Euronext Paris: LG

RESULTS AS OF SEPTEMBER 30, 2012

## POSITIVE TRENDS CONTINUE WITH THIRD QUARTER SALES UP 4% AND CURRENT OPERATING INCOME UP 9%

### THIRD QUARTER KEY FIGURES

| | |
|---|---|
| ▪ Sales up 4% to € 4,393m<br>▪ EBITDA up 6% to € 1,071m<br>▪ Current operating income up 9% to € 815m | ▪ Excluding restructuring charges and one-time gain in 2011, net income group share improved 13% to € 330m (€ 1.15 per share) |

### YEAR-TO-DATE KEY FIGURES

| | |
|---|---|
| ▪ Sales up 5% to € 12,007m<br>▪ EBITDA up 7% to € 2,594m<br>▪ Current operating income up 12% to € 1,837m | ▪ Excluding asset impairment, restructuring charges, and one-time gain in 2011, net income group share improved 14% to € 642m (€ 2.24 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 and by growth in many emerging markets.
- EBITDA and current operating income rose substantially for both periods presented despite a slowdown in Europe. Operations outside of Europe generated three-quarters of the Group's EBITDA and rose 16% in the quarter and 20% year-to-date.
- EBITDA margins improved 50 basis points in both periods presented to 24.4% for the quarter and 21.6% year-to-date, up 130 basis points year-to-date and 140 in the quarter when excluding carbon credit sales.
- The Group achieved €290 million of cost savings through end of September, €120 million in the third quarter, and is on track to reach at least €400 million for the full year.
- Net income Group share declined due to restructuring charges, an impairment recorded in second quarter 2012, and a higher base comparison due to a one-off gain in the third quarter 2011. Excluding these items, net income Group share improved 14% year-to-date.
- Net debt declined €2.1 billion from September 30, 2011 and €350 million in the quarter. Close to €500 million of divestments have been secured to date[1] and the Group remains committed to securing €1 billion of divestments before year-end.

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

"Our actions to generate sales growth and cash, reduce debt, and improve returns, led to a fourth consecutive quarter of positive trends even in a lower growth volume environment. These actions will accelerate as we implement €550 million of innovation and cost savings initiatives in 2013 of our four year, €1.75 billion additional EBITDA plan. We will also extract more out of the potential of our assets with strict capital discipline.

Economic conditions are still challenging. We continue to be prudent on our market outlook and we remain committed to reducing debt below €10 billion as soon as possible in 2013.

Looking ahead, the fundamentals of our business are strong, helped by the positive trends of global urbanization. The Group, fully focused on its core businesses, foresees sustainable cash generating growth led by high quality positions, a unique exposure to emerging markets, and a well balanced portfolio of operating assets across the globe."

[1] *Of which €117miilion have been received in cash at the end of September, with remaining proceeds being expected before year-end.*

## 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.

The Group maintains its target of reducing net debt to below €10 billion as soon as possible for 2013. Capital expenditures will be limited initially to €800 million in 2013. Additional divestments beyond the current €1 billion 2012 target may lead to an increase of this expenditures level.

## CONSOLIDATED ACCOUNTS AS OF SEPTEMBER 30, 2012

The Board of Directors of Lafarge, chaired by Bruno Lafont, met on November 8, 2012 and approved the accounts for the period ended September 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 interim financial report.

| (€m) | THIRD QUARTER | | | | YEAR-TO-DATE | | | |
|---|---|---|---|---|---|---|---|---|
| | | | Variation | | | | Variation | |
| | 2012 | 2011 | Gross | Like for like[4] | 2012 | 2011 | Gross | Like for like[4] |
| *Volumes* | | | | | | | | |
| Cement (million tons) | 36.6 | 38.2 | -4% | -3% | 106.3 | 108.8 | -2% | -1% |
| Aggregates (million tons) | 57.0 | 57.5 | -1% | - | 141.2 | 143.6 | -2% | -2% |
| RMX Concrete (million m3) | 8.3 | 8.7 | -5% | - | 24.0 | 25.5 | -6% | -1% |
| *Results (million euros)* | | | | | | | | |
| Sales | 4,393 | 4,211 | 4% | 1% | 12,007 | 11,471 | 5% | 3% |
| EBITDA [1] | 1,071 | 1,006 | 6% | 2% | 2,594 | 2,419 | 7% | 4% |
| *EBITDA margin (%)* | *24.4%* | *23.9%* | *+50bps* | | *21.6%* | *21.1%* | *+50bps* | |
| Current operating income | 815 | 750 | 9% | 4% | 1,837 | 1,641 | 12% | 7% |
| Net income Group share [2] | 319 | 336 | -5% | | 332 | 596 | -44% | |
| *Net income before non-recurring items*[2] | *330* | *291* | *13%* | | *642* | *562* | *14%* | |
| Earnings per share (€) [3] | €1.11 | € 1.17 | -5% | | €1.16 | € 2.08 | -44% | |
| Free cash flow [1] | 523 | 640 | -18% | | 211 | 507 | -58% | |
| Group net debt | | | | | 12,202 | 14,262 | -14% | |

*[1] EBITDA is defined as the current operating income before depreciation and amortization on tangible and intangible assets and free cash flow is the net cash generated or used in continuing operating activities less sustaining capital expenditures. They are both non-GAAP financial measures.*
*[2] Net income group share includes pre-tax restructuring charges of €16m and €4m for third quarter 2012 and 2011, respectively, and impairment of Greek assets and restructuring charges of €364m and €20m for year-to-date 2012 and 2011, respectively, and one time gain in third quarter 2011 of €48m.*
*[3] Basic average number of shares outstanding of 287.1 million and 286.8 million for third quarter 2012 and 2011, respectively, and 287.1 million and 286.3 million year-to-date 2012 and 2011, respectively*
*[4] At constant scope and exchange rates.*

### EBITDA [1] RESULTS BY REGION

| (€m) | Third Quarter | | | Year-to-Date | | |
|---|---|---|---|---|---|---|
| | 2012 | 2011 | Variation | 2012 | 2011 | Variation |
| North America | 264 | 233 | 13% | 383 | 291 | 32% |
| Western Europe | 159 | 177 | -10% | 438 | 522 | -16% |
| Central & Eastern Europe | 128 | 155 | -17% | 214 | 273 | -22% |
| Middle East & Africa | 299 | 293 | 2% | 942 | 865 | 9% |
| Latin America | 82 | 65 | 26% | 211 | 180 | 17% |
| Asia | 139 | 83 | 67% | 406 | 288 | 41% |
| **TOTAL** | **1,071** | **1,006** | **6%** | **2,594** | **2,419** | **7%** |

*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.*

### SALES DEVELOPMENT AND FINANCIAL RESULTS

Sales volumes for cement, aggregates and concrete declined in the quarter and year-to-date, affected by the construction slowdown in Europe and unfavorable third quarter weather conditions in the central United States.

Despite volume declines, consolidated sales moved higher, up 4% in the quarter and up 5% year-to-date, supported by successful price actions to respond to cost inflation across all of our product lines, higher cement volumes in Latin America and Asia, and favorable foreign exchange.

EBITDA improved 6% for the quarter and 7% year-to-date. EBITDA increases in Middle East & Africa, Latin America, Asia, and North America supported this growth and were helped by favorable foreign exchange. Declines occurred in Western and Central & Eastern Europe due to the impact of poor weather conditions in the early part of the year, €88 million of lower proceeds from the sale of carbon credits year-to-date compared to last year, and a challenging economic environment. Overall, cost reduction actions contributed €290 million to the year-to-date results.

Net income Group share declined due to restructuring charges, an impairment recorded in second quarter 2012, and a higher base comparison due to a one-off gain in the third quarter 2011. Excluding these items, net income Group share improved 14% year-to-date.

Net debt declined by €2.1 billion relative to September 2011, down €350 million in the quarter, and moved slightly higher compared to year-end 2011 due to normal seasonal working capital needs.

### INVESTMENTS, DIVESTMENTS AND LIQUIDITY

Investments totaled €490 million for year-to-date 2012, down from €892 million in the same period 2011.

- Sustaining capital expenditures declined to €182 million versus €216 million in 2011.
- Internal development capital expenditures and acquisitions declined to €308 million year-to-date 2012 from €676 million in the same period 2011.

Lafarge received €117 million in cash for divestments through September 2012, including sales of minority stakes. Close to €500 million of divestments have been secured to date.

As of September 30, 2012, the Group had €3.4 billion in undrawn committed credit lines, with an average maturity of 2.3 years, in addition to € 3.4 billion of cash on hand. Liquidity was further improved in July through the issuance of €675 million mid-term bonds with no financial covenants and rates below 6 percent.

## ADDITIONAL INFORMATION

The analyst presentation of results and the interim 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 9:00 CET, on November 9, 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 an audiocast on the Lafarge website or via teleconference:
- French dial in number: +33(0)1 70 99 43 01
- International dial in number: +44(0)20 3450 9987
- US dial in number: +1212 444 0896

Please note that in addition to the audiocast replay, a conference call playback will be available from November 9th, 2012 at 12:00 noon Paris time, to November 17th, 2012 at midnight Paris time at the following numbers:
- Playback France: +33 (0)1 74 20 28 00 (pin code: 5354759)
- Playback International: +44 (0)20 3427 0598 (pin code: 5354759)
- Playback US: +1 347 366 9565 (pin code: 5354759)

**Lafarge's next financial publication – Full Year 2012 results – will be on February 20th, 2013 (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.

Since 2010, the Lafarge Group has been part of the Dow Jones Sustainability World Index, the first global sustainability benchmark, 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 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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