Press Release

Paris, July 25, 2014
NYSE, Euronext Paris : LG

RESULTS AS OF JUNE 30, 2014

Q2 EBITDA UP 9% LIKE FOR LIKE AND MARGINS UP
SOLID OPERATIONAL PERFORMANCE IN A CONTEXT OF ADVERSE EXCHANGE RATES
€165M DELIVERED IN Q2 THROUGH COST CUTTING AND INNOVATION MEASURES, ON TRACK TO ACHIEVE FULL YEAR OBJECTIVE
DELEVERAGING ACTIONS CONTINUE WITH €1.1 BILLION OF DIVESTMENTS PROCEEDS SECURED SINCE JANUARY 1
PLANNED MERGER WITH HOLCIM ON TRACK

As required by IFRS 11, applicable as of January 1, 2014, 2013 figures have been restated (more information p.4).

SECOND QUARTER KEY FIGURES

▪ Sales down 5% to €3,367m **(up 3% like for like)** ▪ EBITDA down 2% to €812m **(up 9% like for like)**	▪ Current operating income stable at €609m **(up 12% like for like)** ▪ Net result Group share up 2%, at €205m (€0.71 per share), vs. €201m in Q2 2013 (€0.70 per share)

FIRST-HALF KEY FIGURES*

▪ Sales down 4% to €6,000m **(up 6% like for like)** ▪ EBITDA down 1% to €1,155m **(up 13% like for like)**	▪ Current operating income up 2% to €755m **(up 20% like for like)** ▪ Net result group share at €70m (€0.24 per share), vs. €84m in H1 2013 (€0.29 per share)

** like for like variations are calculated excluding the impact of scope, exchange rates and a €20m one-time gain recorded in Q1 2013.*

Q2 GROUP HIGHLIGHTS

- Solid organic growth continued, underpinned by volumes and higher prices, as well as cost reduction and innovation measures. At constant scope and exchange rates, sales and EBITDA improved 3% and 9% respectively.
- As expected, adverse exchange rates continued to weigh on sales and EBITDA, with a -7% negative impact on both during the quarter (€-224 million on sales and €-56 million on EBITDA).
- EBITDA margin increased 90 basis points and 140 basis points at constant scope and exchange rates in Q2, bolstered by cost cutting and innovation measures which generated respectively €115[1] million and €50[1] million during the quarter. For the first half, these measures contributed €290 million, on track to deliver more than €600 million in 2014.
- Net income Group share in the second quarter was up 2% compared to 2013 as organic growth more than offset the adverse impact of foreign exchange. Net income in the first quarter 2013 was impacted by €45 million one-time gains on divestments. Excluding this impact, first-half 2014 net income Group share is improving by c. €30 million.
- Deleveraging actions continued with €1.1 billion of divestments proceeds secured since the beginning of the year, of which €0.4 billion were received in the first half. Net debt at the end of June 2014 decreased €1.1 billion compared to Q2 last year.
- We have announced a list of proposed asset disposals as part of our planned merger to create LafargeHolcim.

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

"We have experienced another quarter of solid organic growth. Our margin improvement reflects our success in reducing costs and promoting our innovative products and solutions.

We remain fully mobilized on achieving our 2014 objective to generate more than €600 million thanks to our cost cutting and innovation actions and aim at reducing our net debt below €9 billion by the end of the year.

We confirm our outlook of cement demand growth in our markets of between 2 to 5 percent in 2014: North America is improving, growth continues in emerging markets, and we see the first signs of recovery in Europe.

At the same time, our planned merger to create LafargeHolcim is well on track and we confirm our expectation to complete it in the first half of 2015."

[1] Total EBITDA figures before application of IFRS 11 on joint-ventures. After application of IFRS 11, these measures generated €140 million (€95 million for cost savings and €45 million for innovation) at EBITDA level.

OUTLOOK

Overall the Group continues to see cement demand increasing for the full year and estimates market growth of between 2 to 5 percent in 2014 versus 2013. Emerging markets continue to be the main driver of demand and Lafarge will benefit from its well-balanced geographic spread of high quality assets.

Cost inflation should continue at a similar pace as in 2013, which should result in higher prices overall.

As announced in 2013, the Group targets to reduce net debt to below €9 billion in 2014*.

CONSOLIDATED ACCOUNTS AS AT JUNE 30, 2014

The Board of Directors of Lafarge, chaired by Bruno Lafont, met on July 24, 2014 and approved the accounts for the period ended June 30, 2014. 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.

	Second Quarter				First Half			
			Variation				Variation	
	2014	2013	Gross	Like for like[2]	2014	2013	Gross	Like for like[2]
Volumes								
Cement (million tons)	31.1	30.6	2%	4%	57.0	54.5	5%	7%
Pure Aggregates (million tons)	43.0	44.3	-3%	-1%	69.9	70.7	-1%	1%
Ready-Mix Concrete (million m^3)	7.1	7.2	-2%	-4%	12.8	13.0	-1%	-2%
Results (million euros)								
Sales	3,367	3,559	-5%	3%	6,000	6,234	-4%	6%
EBITDA[1]	812	825	-2%	9%	1,155	1,167	-1%	13%
EBITDA margin (%)	*24.1%*	*23.2%*	*90bps*	*140bps*	*19.3%*	*18.7%*	*60bps*	*130bps*
Current Operating Income	609	611	-	12%	755	739	2%	20%
Net income Group share	205	201	2%		70	84	-17%	
Earnings per share (€)	0.71	0.70	2%		0.24	0.29	-17%	
Free cash flow[1]	(37)	151	nm		(160)	(114)	nm	
Net debt					10,104	11,243	-10%	

EBITDA [1] RESULTS BY REGION

(€m)	Second Quarter				First Half			
			Variation				Variation	
	2014	2013	Gross	Like for like [2]	2014	2013	Gross	Like for like [2]
North America	177	139	27%	48%	115	126	-9%	30%
Western Europe	107	112	-4%	-4%	146	119	23%	23%
Central and Eastern Europe	88	80	10%	18%	71	45	58%	57%
Middle East and Africa	279	270	3%	10%	529	487	9%	15%
Latin America	35	71	-51%	-24%	73	122	-40%	-5%
Asia	126	153	-18%	-10%	221	268	-18%	-8%
TOTAL	**812**	**825**	**-2%**	**9%**	**1,155**	**1,167**	**-1%**	**13%**

(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) At constant scope and exchange rates and excluding a €20m one-time gain recorded in Q1 2013 in North America.

* This objective, announced in 2013, was based on figures as reported, before application of IFRS 11 on joint-ventures from January 1, 2014.

Sales Development and Financial Results

Cement volumes increased 4% at constant scope in the quarter, notably supported by export sales, our innovation actions, solid growth in the United States after a first quarter hampered by harsh weather, higher volumes in Egypt as we progressively implement our fuel diversification strategy and the startup of our new plant in Rajasthan. The positive impact of these factors has been somewhat mitigated by declines in France where the construction sector remains subdued and in Brazil, due to a lower number of trading days. In Iraq, limited ability to transport cement across the country in June due to the current situation offset the solid growth at the beginning of the quarter supported by a strong underlying demand. Our aggregates and ready-mix volumes were respectively down 1% and 4% like for like in the quarter, mainly reflecting lower activity in France.

Consolidated sales were up 3% in the second quarter at constant scope and exchange rates, with the combination of higher volumes and increased prices across all of our product lines to address cost inflation. As expected, exchange rates impacted negatively our sales by -7% in the second quarter (€-224 million), reflecting the appreciation of the Euro against several emerging currencies starting August 2013 as well as against the Canadian dollar.

Q2 EBITDA improved 9% on a like for like basis and was down 2% on a gross basis with an adverse impact from exchange rates of -7% (€-56 million). EBITDA margin were strongly up, bolstered by our measures to reduce costs and promote innovation. Cement prices were up 2.2% compared to Q2 2013 and increased 1.4% compared to Q1 2014, in response to cost inflation.

Net result from our joint ventures and associates increased in the quarter from €14 million to €41 million, supported by the rebound of our results in the UK where operations are now stabilized (the JV was formed in January 2013), synergies are ramping up and the market is recovering from the recent low levels.

Net income Group Share in the quarter, at €205 million, improved 2% as improved operating results on an organic basis more than offset the impact of adverse exchange rates.

Net debt, Divestments and Investments

Lafarge received €75 million in cash for divestments in the quarter.

Investments totaled €205 million for the quarter.

- Sustaining capital expenditures remained stable at €67 million.
- Development investments amounted to €138 million in the second quarter of 2014. It mainly included the finalization of our plant in Kaluga (Russia) which produced its first cement in April and investments in our projects in North America (Exshaw – Canada and Ravena – United States) as well as a range of debottlenecking projects, notably in sub-Saharan Africa.

Net debt declined by €1.1 billion relative to Q2 last year. It moved slightly higher compared to year-end 2013 due to normal seasonal working capital needs. Since the beginning of the year, we have secured €1.1 billion of divestments. €423 million have been received in the first half. The secured divestments that will contribute to debt reduction in the second half of the year notably include the divestment of our operations in Ecuador and in Pakistan.

Merger of Equals to Create LafargeHolcim

On April 7, 2014, Lafarge and Holcim announced their project to combine the two companies through a merger of equals, to create LafargeHolcim, the most advanced and innovative group in the building materials industry, operating in 90 countries and creating superior value for its stakeholders.

On July 7, the two Groups have taken a further step towards the completion of the planned merger with the announcement of a list of proposed asset disposals in anticipation of potential competition authorities' requirements. This list has been drawn up by a Divestment Committee set up by both companies. The two Groups will continue to consider whether additional divestments would be necessary where there might be overlaps or depending on regulatory requirements. The proposed divestments are subject to review and further discussions with the regulatory authorities and to the agreement of our business partners when relevant.

The closing of the planned merger is expected in the first half of 2015. Update on the process will be provided as and when relevant.

Information on the project is available on Lafarge Website: http://lafargeholcim.projet-fusion.com/fr.

SUBSEQUENT EVENTS

Linked to the announcement on July 7th of a list of proposed assets for disposal in the context of its planned merger with Holcim, Lafarge has signed on July 24 an agreement with Anglo American Plc for the acquisition by Lafarge of their 50% interest in Lafarge Tarmac. A condition of the acquisition is completion of the merger between Lafarge and Holcim.

IMPACT OF IFRS 11

In compliance with the IFRS accounting standards, the Group has applied the new standard IFRS 11 from January 1st, 2014. IFRS requires restating the comparable period of 2013 to have comparable information from one year to the other.

The main impact resulting from the application of IFRS 11 is that joint ventures held by the Group that were previously consolidated using proportionate consolidation method, are now accounted for under the equity method. It results in a reclassification from their contribution on a separate line in the profit and loss statement and the balance sheet with no impact on Net income – Group share and Equity – Group share.

You will find hereafter the Group's key figures as (i) now published in accordance with IFRS 11 and (ii) pro-forma as if we have continued to apply the previous standard.

Second quarter Key Figures	As published - after application of IFRS 11		Pro forma - before application of IFRS 11	
	2014	2013	2014	2013
Volumes				
Cement (million tons)	31.1	30.6	37.3	36.5
Pure Aggregates (million tons)	43.0	44.3	50.5	50.9
Ready-Mix Concrete (million m^3)	7.1	7.2	8.2	8.3
Results (million euros)				
Sales	3,367	3,559	3,961	4,112
EBITDA[(1)]	812	825	930	922
EBITDA margin (%)	*24.1%*	*23.2%*	*23.5%*	*22.4%*
Current Operating Income	609	611	689	667
Net income Group share	205	201	205	201
Earnings per share (€)	0.71	0.70	0.71	0.70
Free cash flow[(1)]	(37)	151	(39)	165

First Half Key Figures	As published - after application of IFRS 11		Pro forma - before application of IFRS 11	
	2014	2013	2014	2013
Volumes				
Cement (million tons)	57.0	54.5	68.3	65.2
Pure Aggregates (million tons)	69.9	70.7	83.8	83.8
Ready-Mix Concrete (million m^3)	12.8	13.0	14.8	15.0
Results (million euros)				
Sales	6,000	6,234	7,084	7,248
EBITDA[(1)]	1,155	1,167	1,328	1,302
EBITDA margin (%)	*19.3%*	*18.7%*	*18.7%*	*18.0%*
Current Operating Income	755	739	850	791
Net income Group share	70	84	70	84
Earnings per share (€)	0.24	0.29	0.24	0.29
Free cash flow[(1)]	(160)	(114)	(239)	(132)
Net debt	10,104	11,243	10,666	11,881

[(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.

ADDITIONAL INFORMATION

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

Practical information:
There will be an analyst conference call at 9:00 CET, on July 25, 2014 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 be followed via an audiocast on the Lafarge website as well as via teleconference:
- Dial in (France): +33(0)1 76 77 22 23
- Dial in (UK or International): +44(0)20 3427 0503
- Dial in (US): +1 646 254 3360

Please note that in addition to the web cast replay, a conference call playback will be available until August 1, 2014 midnight CET at the following numbers:
- France playback number: +33 (0)1 74 20 28 00 (pin code: 8556892#)
- UK or International playback number: +44 (0)20 3427 0598 (pin code: 8556892#)
- US playback number: +1 347 366 9565 (pin code: 8556892#)

Lafarge's next financial publication – 3rd Quarter 2014 results – will be on November 5, 2014 (before the NYSE Euronext Paris stock market opens).

NOTES TO EDITORS

A world leader in building materials, Lafarge employs 64,000 people in 62 countries, and posted sales of €15.2 billion in 2013. As a top-ranking player in its Cement, Aggregates and Concrete businesses, it contributes to the construction of cities around the world, through its innovative solutions providing them with more housing and making them more compact, more durable, more beautiful, and better connected. With the world's leading building materials research facility, Lafarge places innovation at the heart of its priorities in order to contribute to more sustainable construction and to better serve architectural creativity.
More information is available on Lafarge's website: www.lafarge.com

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