Press Release

Paris, February 18, 2015
NYSE, Euronext Paris : LG

RESULTS AS OF DECEMBER 31, 2014

SOLID OPERATING RESULTS WITH EBITDA UP 5% LIKE FOR LIKE FOR THE YEAR

COST REDUCTION AND INNOVATION OBJECTIVE ACHIEVED WITH €600M GENERATED IN 2014

REPORTED NET INCOME AFFECTED BY ONE-OFF ITEMS; ADJUSTED NET INCOME GROUP SHARE UP 10% COMPARED TO 2013

PLANNED LAFARGEHOLCIM MERGER ON TRACK; CLOSING EXPECTED IN H1 2015

FOURTH QUARTER KEY FIGURES[1]

▪ Sales up 2% to €3,207m **(up 1% like for like)** ▪ EBITDA down 4% to €679m **(down 1% like for like)**	▪ Current operating income down 8% to €450m **(down 3% like for like)** ▪ Net result Group share at €-145m, impacted by €385m non-cash impairment of assets

FULL YEAR KEY FIGURES[1]

▪ Sales down 2% to €12,843m **(up 3% like for like)** ▪ EBITDA down 3% to €2,721m **(up 5% like for like)**	▪ Current operating income down 3% to €1,881m **(up 7% like for like)** ▪ Net result Group share at €143m, impacted by €385m non-cash impairment of assets ▪ Dividend of €1 per share, subject to AGM approval and to possible adjustment for Lafarge-Holcim equalization[2]

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

"2015 will be an exceptional year for the Group.

Over the past years, we have undertaken a structural and fundamental transformation. We focused on our customers, promoted innovation and reshaped our portfolio to concentrate on fast growing market segments. We have also developed a culture of strict capital allocation discipline, reducing our cost base and optimizing our working capital and our investments.

In 2014, we completed our 2012-2015 cost reduction and innovation objectives a full year ahead of schedule, supporting our solid operating results.

Lafarge is today perfectly positioned to best benefit from upswings in any and all of its markets in an economic environment that, whilst remaining volatile, will be more favorable in 2015. We are committed to continue all our actions, including improving financial structure. With this in mind, I am confident that we will drive significant growth of our results and we do expect an EBITDA of between €3 billion and €3.2 billion in 2015.

2015 will also be the year of our planned merger to create LafargeHolcim which is now only four months away. We have accomplished major steps, including the announcement of the future executive committee. We are today all fully mobilized to launch the new Group from a running start on day one."

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[1] Like for like variations are calculated excluding the impact of scope, exchange rates, CO_2 sales, a €20m one-time gain recorded in Q1 2013 in North America and the loss of volumes in Iraq in H2 2014 in the current situation (€36m in H2 2014).

[2] Lafarge may decide to increase this dividend in order to equalize it with that to be announced by Holcim as per the Combination Agreement between Lafarge and Holcim signed on July 7, 2014. Payment date of the Lafarge dividend can be accelerated compared to past practices of Lafarge and will be communicated at a later stage.

GROUP HIGHLIGHTS

- Like for like, cement volumes are up 4% for the year thanks to continued growth in most emerging markets and the United States, the benefit from our innovation actions and the startup of our new plants in India and in Russia.
- The Group delivered its 2014 cost cutting and innovation target, generating €600 [1] million in the year (€370 million from cost cutting and €230 million from innovation). Cement prices were stable in the quarter and up 1.6% year on year.
- EBITDA and current operating income rose respectively 5% and 7% like for like for the year. Group EBITDA margin improved 40 bps like for like over the period driven by solid performance in most of our regions and despite strong inflation in Latin America and Asia. Exchange rates had a negative impact on EBITDA for the full year (€-92 million) although the negative impact experienced in the first nine months of 2014 was partially offset by a 2% positive impact in Q4 (€19 million).
- Reported Net income Group share is affected by one-off items, including €385 million non-cash impairment of assets and gains and losses on divestments. 2014 Net income Group share adjusted for one-off items is up 10% compared to 2013, supported by EBITDA organic growth, lower restructuring and financial charges and the steady improvement of joint ventures' net profit.
- Net debt was further reduced, at €9.3 billion as of December 31, 2014. €0.2 billion of additional cash proceeds from divestments secured in 2014 are expected to be received in 2015 and will contribute to further reduce net debt.
- Following the clearance provided by the European Commission in December 2014, Lafarge and Holcim have taken further major steps towards the completion of the merger project with the announced divestment of assets in February 2015 for a total enterprise value of €6.5 billion. On December 23, 2014, Lafarge and Holcim announced that they had selected the future Executive Committee to lead the combined company after closing.

OUTLOOK

Overall the Group sees cement demand increasing for the full year 2015 between 2 to 5 percent versus 2014 in its markets, predominantly driven by growth in emerging markets.

Cost inflation in 2015 should continue, at a slower pace than in 2014 given recent evolution of fuel oil prices. This should result in higher prices overall. The Group should also benefit from more favorable exchange rates.

The Group confirms its target to generate at least €1.1 billion of additional EBITDA from its cost reduction and innovation measures in 2015-2016. This represents a minimum objective of €550 million per annum.

In this context, the Group should drive significant growth of its results and expect an EBITDA of between €3 billion and €3.2 billion in 2015.

Capital expenditures in 2015 will be limited at €1.1 billion.

Net debt should be reduced to between €8.5 billion and €9 billion at year-end.

[1] Total EBITDA figure before application of IFRS 11 on joint-ventures. After application of IFRS 11, these measures generated €505 million at EBITDA level (€310 million from cost cutting and €195 million from innovation).

CONSOLIDATED ACCOUNTS AS AT DECEMBER 31, 2014

The Board of Directors of Lafarge, chaired by Bruno Lafont, met on February 17, 2015 and approved the accounts for the period ended December 31, 2014. The statutory auditors have completed their audit of the consolidated financial statements. Their report is in the process of being issued.

	Fourth Quarter				Full Year			
			Variation				Variation	
	2014	2013	Gross	Like for like[2]	2014	2013	Gross	Like for like[2]
Volumes								
Cement (million tons)	28.4	28.7	-1%	1%	116.4	114.4	2%	4%
Pure Aggregates (million tons)	41.1	41.8	-2%	-1%	161.4	165.0	-2%	-1%
Ready-Mix Concrete (million m^3)	6.5	6.5	-1%	-3%	26.4	26.7	-1%	-2%
Results (million euros)								
Sales	3,207	3,157	2%	1%	12,843	13,091	-2%	3%
EBITDA[1]	679	707	-4%	-1%	2,721	2,794	-3%	5%
EBITDA margin (%)	*21.2%*	*22.4%*	*-120bps*	*-30bps*	*21.2%*	*21.3%*	*-10bps*	*40bps*
Current Operating Income	450	488	-8%	-3%	1,881	1,937	-3%	7%
Reported Net income Group share	(145)	213	nm		143	601	nm	
Adjusted Net income Group share[3]	68	96	-29%		423	384	10%	
Adjusted Earnings per share (€)[4]	0.24	0.33	-27%		1.47	1.34	10%	
Free cash flow[1]	392	418	-6%		592	754	-21%	
Net debt					9,310	9,846	-5%	

EBITDA[1] RESULTS BY REGION

(€m)	Fourth Quarter				Full Year			
			Variation				Variation	
	2014	2013	Gross	Like for like [2]	2014	2013	Gross	Like for like [2]
North America	179	140	28%	32%	578	552	5%	19%
Western Europe	51	69	-26%	-16%	291	264	10%	4%
Central and Eastern Europe	50	50	-	-5%	226	201	12%	15%
Middle East and Africa	255	267	-4%	-2%	1,043	1,032	1%	8%
Latin America	29	55	-47%	-30%	150	240	-37%	-10%
Asia	115	126	-9%	-15%	433	505	-14%	-11%
TOTAL	**679**	**707**	**-4%**	**-1%**	**2,721**	**2,794**	**-3%**	**5%**

(1) EBITDA is defined as the current operating income before depreciation and amortization of 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) Calculation of the like-for-like variations: at constant scope and exchange rates, and excluding CO_2 sales, a €20m one-time gain recorded in Q1 2013 in North America and the loss of volumes in Iraq in H2 2014 in the current situation.

- *Western Europe: €29m of carbon credit sales in 2014 versus €11m in 2013*
- *Central and Eastern Europe: €8m of carbon credit sales in 2014 versus €3m in 2013*
- *Middle East and Africa: €-36m effect of the loss of volumes in Iraq in H2 2014*

(3) Adjusted for non-recurring items, net of tax: project of merger-related costs, gains and losses on divestments (including the gain on the sale of our Gypsum operations in the United States, presented in the 2013 net income from discontinued operations), non-cash impairments and one-time effects on the deferred tax positions to reflect the newly applicable tax rates in some countries.

(4) Basic average number of shares outstanding of 287.5 million and 287.3 million for fourth quarter 2014 and 2013, and 287.4 million and 287.3 million for the year 2014 and 2013, respectively.

SALES DEVELOPMENT AND FINANCIAL RESULTS

At constant scope, cement volumes increased 4% for the year when excluding the impact of the limited ability to transport cement in Iraq in the second half of the year. Volume increases are supported by solid growth in the United States, higher volumes in Egypt as we progressively implemented our fuel diversification strategy, the start-up of our new plants in Rajasthan (India) and in the Moscow region (Russia), as well as our innovation actions. The positive impact of these factors has been somewhat mitigated by declines in France, where the construction sector remains subdued. Our aggregates and ready-mix volumes were respectively down 1% and 2% like for like in the year. Strong aggregate volume growth in South Africa and the United States was offset by lower activity in France and Russia, as well as a decrease in Western Canada due to some large infrastructure projects which came to completion last year.

Consolidated sales were up 3% for the full year 2014 on a comparable basis, with the combination of higher volumes and increased prices across all of our product lines to address cost inflation. The negative trend of the impact of exchange rates in the first three quarters of 2014 reversed in Q4 as sales were positively impacted by 2% in the quarter (€76 million). The full year was negatively impacted by 3% (€-412 million).

Full year EBITDA was down 3% on a gross basis with an adverse impact from exchange rates of -4% (€-92 million). It is up 5% when excluding scope, exchange rates, CO2 sales, a €20 million one-time gain recorded in 2013 in North America and the loss of volumes in Iraq in the second half. There were CO_2 sales of €37 million in 2014 versus €14 million in 2013. Cement prices were flat in Q4 and up 1.6% in full year 2014 compared to 2013 in response to cost inflation. On a like for like basis, EBITDA margin was up 40 basis points in the full year, thanks to the contribution of our self-help measures, and positive trends in the United States and most markets in Middle East and Africa compensating the impact of lower volumes in Europe and Brazil.

Net results from our joint ventures and associates increased from flat in full year 2013 to €69 million in full year 2014, supported by the rebound of results in the UK where synergies are ramping up and the market is recovering.

Reported net income Group share, at €143 million for the year, has been affected by one-off items, including:

i. a €385 million non-cash impairment of assets, notably related to the current situation in Syria and to a revision of the discount rate used for Iraq impairment testing,
ii. €292 million cash gains and losses on divestments,
iii. merger-related costs (€126 million total pre-tax costs year-to-date; cash impact of €90 million net of tax),
iv. €49 million one-time non-cash adverse effects on the deferred tax positions to reflect the newly applicable tax rates in some countries.

Adjusted for one-off items, net income for the year is up 10%. It reflects organic growth, the improvement of the results of our joint-ventures, notably in the UK, and the reduction of financial expenses that more than offset the adverse impact of scope and exchange rates.

NET DEBT, DIVESTMENTS AND INVESTMENTS

Investments totaled €1.0 billion for the full year 2014:

- Sustaining capital expenditures amounted to €356 million;
- Development investments and acquisitions amounted to €669 million and mainly included the finalization of our plant in Kaluga (Russia), which produced its first cement in April 2014, 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.

Lafarge received €621 million in cash for divestments in the quarter, mainly reflecting the disposal of the Group’s operations in Ecuador, the stake in the joint venture with Elementia in Mexico and the Korkino plant in Ural (Russia). Since the beginning of 2014, the Group secured almost €1.4 billion of divestments. With the sale of Ecuador completed in the fourth quarter, €1.15 billion of cash was received in 2014 and a remaining €0.2 billion is to be received in 2015 (divestment of operations in Pakistan). The secured divestment proceeds still to be received will further contribute to debt reduction.

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 October 28, 2014, the two groups announced that they have completed all necessary notifications with regulatory authorities worldwide and on December 15, 2014, announced that the European Commission provided clearance for the proposed merger. On December 23, 2014, Lafarge and Holcim announced that they had selected the future Executive Committee to lead the combined company after closing.

On February 2, 2015, Lafarge and Holcim announced that they entered into exclusive negotiations further to a binding commitment made by CRH regarding the sale of several assets. The two Groups will continue to consider whether additional divestments will be necessary where there might be overlaps or depending on regulatory requirements.

The closing of the planned merger is expected in the first half of 2015. Updates on the process will be provided as and when relevant. Information on the project is available on the Lafarge website: http://lafargeholcim.projet-fusion.com/en.

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 corresponding 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.

Fourth 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)	28.4	28.7	34.2	34.9
Pure Aggregates (million tons)	41.1	41.8	48.5	49.2
Ready-Mix Concrete (million m^3)	6.5	6.5	7.5	7.5
Results (million euros)				
Sales	3,207	3,157	3,834	3,714
EBITDA[(1)]	679	707	771	793
EBITDA margin (%)	*21.2%*	*22.4%*	*20.1%*	*21.4%*
Current Operating Income	450	488	495	529
Net income Group share	(145)	213	(145)	213
Free cash flow[(1)]	392	418	505	504

Full Year Key Figures	**As published - after application of IFRS 11**		**Pro forma - before application of IFRS 11**	
	2014	**2013**	**2014**	**2013**
Volumes				
Cement (million tons)	116.4	114.4	139.0	136.8
Pure Aggregates (million tons)	161.4	165.0	190.8	192.8
Ready-Mix Concrete (million m^3)	26.4	26.7	30.6	30.7
Results (million euros)				
Sales	12,843	13,091	15,167	15,198
EBITDA[(1)]	2,721	2,794	3,091	3,102
EBITDA margin (%)	*21.2%*	*21.3%*	*20.4%*	*20.4%*
Current Operating Income	1,881	1,937	2,084	2,075
Net income Group share	143	601	143	601
Free cash flow[(1)]	592	754	684	864
Net debt	9,310	9,846	9,805	10,330

[(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.

Paris, February 18, 2015

ADDITIONAL INFORMATION

The analyst presentation of results and the financial report for the fourth quarter ended December 31, 2014, including the management report and the consolidated financial statements (with the exception of the notes) are available on the Lafarge Website: www.lafarge.com

Practical information:
The annual results presentations will be hosted by Bruno Lafont, Chairman and CEO, and Jean-Jacques Gauthier, Chief Financial Officer.
There will be **an analyst presentation at 9:00 a.m. 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 an audiocast on the Lafarge website as well as via teleconference:
- Dial in (France): +33(0)1 76 77 22 20
- Dial in (UK or International): +44(0)20 3427 1904
- Dial in (US): +1 646 254 3367

Please note that in addition to the web cast replay, a conference call playback will be available until February 25, 2015 midnight CET on the following numbers:
- France playback number: +33 (0)1 74 20 28 00 (pin code: 3871875#)
- UK or International playback number: +44 (0)20 3427 0598 (pin code: 3871875#)
- US playback number: +1 347 366 9565 (pin code: 3871875#)

A press conference will be held at 11:00 a.m. 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 (0)1 76 77 22 24
- From UK: +44 (0)20 3427 1910

In addition, a conference call playback will be available until February 25, 2015 midnight:
- France playback number: +33 (0)1 74 20 28 00 (pin code: 2298058#)
- UK playback number: +44 (0)20 3427 0598 (pin code: 5251920#)

Lafarge's next financial publication – 1st Quarter 2015 results – will be on May 7, 2015 (before the NYSE Euronext Paris stock market opens).

NOTES TO EDITORS

A world leader in building materials, Lafarge employs 63,000 people in 61 countries, and posted sales of €12.8 billion in 2014. 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

CONTACTS

PRESS RELATIONS

Lafarge.press@lafarge.com

Christel des Royeries: +33 (0)1 44 34 19 47

Sabine Wacquez: +33 (0)1 44 34 96 83

Mélanie Coviaux: +33 (0)1 44 34 18 18

Elodie Woillez: +33 (0)1 44 34 11 70

INVESTOR RELATIONS

Stéphanie Billet: +33 (0)1 44 34 93 71
Stephanie.billet@lafarge.com

Michael Bennett: +33 (0)1 44 34 11 51
Michael.bennett@lafarge.com

Laurence Le Gouguec: +33 (0)1 44 34 94 59
Laurence.legouguec@lafarge.com