LAFARGE Building better cities™

Press Release

Paris, April 30, 2015
NYSE, Euronext Paris : LG

RESULTS AS OF MARCH 31, 2015

SALES UP 6% AND EBITDA UP 17% - SOLID Q1 PERFORMANCE

COST REDUCTION AND INNOVATION ON TRACK - €125M GENERATED IN THE FIRST QUARTER

ALL 2015 TARGETS CONFIRMED

PLANNED MERGER TO CREATE LAFARGEHOLCIM ENTERING ITS FINAL PHASE

FIRST QUARTER KEY FIGURES[1]

▪ Sales up 6% to €2,779m **(stable like for like)** ▪ EBITDA up 17% to €403m **(up 14% like for like)**	▪ Current operating income up 40% to €205m **(up 41% like for like)** ▪ Net result Group share at €-96m (€-0.33 per share) vs. €-135m in Q1 2014 (€-0.47 per share)

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

“The strong start this year confirms that our teams are fully focused on achieving our objectives.

Our markets are developing in line with our expectations and growth shall accelerate gradually in the coming quarters. We reaffirm our expectation of cement volume growth of 2 to 5 percent in our markets in 2015. We also confirm our target to significantly grow our operational results with an expected underlying EBITDA, excluding the impact of the planned merger with Holcim, of between 3 and 3.2 billion euros in 2015.

These perspectives underline the strength of our asset portfolio, the quality of our teams, our rigorous action plans to maximize cash flows and the relevance of a strategy focused on self-help measures.

In regards to our planned merger to create LafargeHolcim, we have successfully completed many significant steps and our teams can be proud of what has been achieved. We are now entering the final stage of this transaction which is on track with our announced ambitious timeline, thanks to our unique and proactive approach to making it happen. This project is a once-in-a-generation opportunity to transform our industry. The new group will have the most diversified footprint in the sector, limiting the traditional volatility of our activities. Building a new business model, we will promote innovation as a primary differentiating factor, be less capital-intensive and maximize free cash flow through an optimized cost base, the melding of best practices from the two groups and a very disciplined capital allocation. LafargeHolcim is designed to deliver superior returns to shareholders and we are committed to deliver on this objective.”

[1] Like for like variations are calculated excluding the impact of scope and exchange rates.

Q1 RESULTS - GROUP HIGHLIGHTS

- Like for like, domestic cement volumes are up 1% in Q1, comparing to a strong first quarter 2014, notably in Europe. Solid trends in many emerging markets and in Canada added to the impact of our new plants in Russia and India. These positive trends more than offset the impact of a mild market and high comparables in France and Brazil, adverse weather conditions in the United States and in Algeria and on-going transportation limitations in Iraq.
- EBITDA in the first quarter rose 17% with a 14% like for like increase supported by cost reduction and innovation actions. The Group generated €125 million (€85 million from cost cutting and €40 million from innovation). Cement prices are up 0.6% year on year and are sequentially up 2.7% quarter on quarter with price improvement in most countries.
- Group EBITDA margin improved 180 basis points like for like for the quarter, with improvements in all regions but Latin America.
- As usual first quarter results reflect seasonality and are always lower relative to the other quarters. The resulting net loss in the quarter has however been significantly reduced thanks to solid operational performance and lower net financial costs. This was achieved despite pre-tax €38 million of merger-related costs and €33 million one-off costs related to a plant mothballing in Slovenia.
- Cash flow from operations excluding merger costs significantly increased compared to Q1 2014, bolstered by higher EBITDA and lower cash tax. At €9.8 billion, net debt was affected by the usual seasonality of our working capital in the first quarter amplified by a particularly strong growth in March sales and by a €184 million adverse impact of exchange rates versus the year-end net debt level. €0.2 billion of additional cash proceeds from divestments secured in 2014 were received in April 2015 and will contribute to further reduce net debt.

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 2015 versus 2014, primarily driven by growth in emerging markets.

Cost inflation in 2015 should continue albeit at a slower pace than in 2014 given the 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, on a stand-alone basis.

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.

CONSOLIDATED ACCOUNTS AS AT MARCH 31, 2015

The Board of Directors of Lafarge, chaired by Bruno Lafont, met on April 29, 2015 and approved the accounts for the period ended March 31, 2015. 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 statements.

	First Quarter			
			Variation	
	2015	2014	Gross	Like for like[(2)]
Volumes				
Cement (million tons)	25.0	25.9	-4%	-3%
Pure Aggregates (million tons)	26.5	26.9	-2%	-
Ready-Mix Concrete (million m^3)	5.5	5.7	-5%	-5%
Results (million euros)				
Sales	2,779	2,633	6%	-1%
EBITDA[(1)]	403	343	17%	14%
EBITDA margin (%)	*14.5%*	*13.0%*	*150bps*	*180bps*
Current Operating Income	205	146	*40%*	41%
Net income Group share	(96)	(135)	29%	
Earnings per share (€)[(3)]	(0.33)	(0.47)	29%	
Net debt	9,803	9,951	-1%	

EBITDA[(1)] RESULTS BY REGION

(€m)	First Quarter			
	2015	2014	Variation	
			Gross	Like for like [(2)]
North America	(44)	(62)	nm	nm
Western Europe	57	39	46%	4%
Central and Eastern Europe	(10)	(17)	nm	nm
Middle East and Africa	259	250	4%	3%
Latin America	20	38	-47%	-19%
Asia	121	95	27%	8%
TOTAL	**403**	**343**	**17%**	**14%**

[(1)] EBITDA is defined as the current operating income before depreciation and amortization of tangible and intangible assets and is a non-GAAP financial measure.

[(2)] Calculation of the like-for-like variations:

At Group level: at constant scope and exchange rates

At regional level: variations like-for-like are at constant scope and exchange rates and exclude carbon credit sales (€15m of credits sold in Q1 2015 versus none in Q1 2014 in Western Europe) and a €15m adverse impact from the loss in volumes in Iraq due to transport limitations.

[(3)] Basic average number of shares outstanding of 287.6 million and 287.4 million for the first quarter 2015 and 2014, respectively.

SALES DEVELOPMENT AND FINANCIAL RESULTS

At constant scope, total cement volumes in the quarter decreased 3% due to lower exports. Domestic cement volumes were up 1% despite a difficult comparison base in Europe and the Middle East and Africa in the first quarter 2014. The impact of the limited ability to transport cement in Iraq and subdued markets in France and Brazil was more than offset by higher volumes in Egypt as we progressively implemented our fuel diversification strategy, the ramp-up of our new plants in Rajasthan (India) and in the Moscow region (Russia), improved market conditions in the Philippines and in Nigeria, as well as our actions to promote innovation. It is worth highlighting that Q1 is traditionally a lower quarter in our sector due to the seasonality effect in the Northern hemisphere. Our aggregates and ready-mix volumes were respectively flat and down 5% like for like in the quarter, with ready-mix volumes negatively impacted by the subdued markets in Western Europe and Brazil.

On a comparable basis, consolidated sales were down 1% in the quarter as higher cement prices to address cost inflation partially offset the impact of lower volumes. Consolidated sales on a gross basis were up 6% in the quarter as exchange rates positively impacted our sales (€214 million).

EBITDA in the quarter was up 17% on a gross basis. As expected, there was a positive impact in the quarter from exchange rate movements, representing €24 million. One should note that due to the seasonal loss of our activities in North America in the first quarter, the positive evolution of the US and Canadian dollars vs. the euro had a negative impact on Q1 EBITDA (€12 million) while it is expected to be positive for the year. At constant scope and exchange rates, EBITDA was up 14%, reflecting higher prices and the result of our cost cutting and innovation actions. The quarter also benefited from CO_2 sales of €15 million (€0 million in the first quarter 2014). On a like for like basis, the EBITDA margin was up 180 basis points in the quarter, thanks to the contribution of our self-help measures, with positive trends in Europe and most markets in Middle East and Africa and Asia compensating the impact of lower volumes in specific markets such as Iraq, France and Brazil.

Net result from our joint ventures and associates improved from €-11 million to €-8 million.

Net loss Group share in the quarter, at €-96 million, reflects the seasonality of our volumes. It reduced significantly compared to last year, resulting mostly from the improvement in EBITDA and lower financial expenses which more than offset €38 million of merger related costs and a total €33 million cost related to a plant mothballing in Slovenia.

NET DEBT, DIVESTMENTS AND INVESTMENTS

Investments totaled €0.3 billion the first quarter of 2015:

- Sustaining capital expenditures amounted to €59 million (€54 million in the first quarter of 2014);
- Development investments and acquisitions amounted to €235 million and mainly included investments in our projects in North America (Exshaw – Canada and Ravena – United States) and in Algeria (Biskra), as well as a range of debottlenecking projects, notably in sub-Saharan Africa. It also included €45 million for the buy-out of an additional stake in an equity affiliate operating in Nigeria (Unicem).

Lafarge received €37 million in cash for divestments in the quarter. A remaining €0.2 billion was received in April 2015 (divestment of operations in Pakistan) and 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.

Subsequently, the two groups made the following announcements:

- On October 28, 2014, 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, that they entered into exclusive negotiations further to a binding commitment made by CRH regarding the sale of several assets;
- On March 20, 2015, that they reached an agreement to amend certain terms of the project of merger of equals between both companies, including:
    - A new exchange ratio,
    - Wolfgang Reitzle and Bruno Lafont to be non-executive Co-Chairmen of the Board, and
    - A new Chief Executive Officer for the combined Group to be proposed by the Lafarge Board of Directors and accepted by the Holcim Board of Directors;
- On April 9, 2015 that, in respect of the amended agreement, Eric Olsen, EVP Operations of Lafarge was appointed as the future CEO of LafargeHolcim;
- On April 14, 2015 the proposed nominations for the future Board of Directors of LafargeHolcim; and
- In April 2015 the two groups announced a package of asset divestments in India, in the United States and that they have received the European Commission's approval for CRH as a suitable buyer for the assets in the EU.

Full information on the project, including next steps, is available on the Lafarge website: www.lafarge.com/en/merger-project

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

IMPACT OF IFRS 11

In compliance with the IFRS accounting standards, the Group has applied the new standard IFRS 11 from January 1st, 2014.

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.

First Quarter Key Figures	As published - after application of IFRS 11		Pro forma - before application of IFRS 11	
	2015	2014	2015	2014
Volumes				
Cement (million tons)	25.0	25.9	29.8	31.0
Pure Aggregates (million tons)	26.5	26.9	33.5	33.3
Ready-Mix Concrete (million m^3)	5.5	5.7	6.5	6.6
Results (million euros)				
Sales	2,779	2,633	3,395	3,123
EBITDA(1)	403	343	482	398
EBITDA margin (%)	*14.5%*	*13.0%*	*14.2%*	*12.7%*
Current Operating Income	205	146	238	162
Net income Group share	(96)	(135)	(96)	(135)

(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.

ADDITIONAL INFORMATION

The analyst presentation of results and the quarterly financial report for the first quarter ended March 31, 2015, 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 a.m. CET on April 30, 2015 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 29
- Dial in (UK or International): +44 (0) 20 3427 1919
- Dial in (US): +1 646 254 3366

Please note that in addition to the web cast replay, a conference call playback will be available until May 7, 2015 midnight CET on the following numbers:
- France playback number: +33 (0) 1 74 20 28 00 (pin code: 8960109#)
- UK or International playback number: +44 (0) 20 3427 0598 (pin code: 8960109#)
- US playback number: +1 347 366 9565 (pin code: 8960109#)

Lafarge's next financial publication – 2nd Quarter 2015 results – will be on July 29th, 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

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