

# Combined General Meeting

May 7<sup>th</sup>, 2014

Report



## REPORT ON THE COMBINED SHAREHOLDERS' MEETING HELD ON MAY 7, 2014



Lafarge's Combined shareholders' meeting, which was held in Paris on May 7, 2014 under the chairmanship of Bruno Lafont, approved all resolutions submitted for their vote.

The shareholders' meeting approved a dividend of €1 per share and a loyalty dividend of €1.10 per share. The dividend will be paid on July 4, 2014 (with an ex-dividend date on July 1st, 2014).

The shareholders' meeting also approved the appointment of Ms Mina Gerowin and Christine Ramon to the Lafarge Board of Directors and renewed the term of office of Ms Véronique Weill.

The shareholders approved the resolution on the elements of compensation due or granted to Mr Bruno Lafont, Chairman and Chief Executive Officer, for the year ended December 31, 2013.

In addition, the shareholders' meeting approved the two proposed modifications of the Company's Articles of Association respectively aiming to:

- establish how the Directors representing the employees in the Company's Board will be appointed;
- adapt the rule concerning the age limit for Directors.

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### Contents

<a href="#"><u>Results of the votes at the General Meeting and Quorum</u></a>	Page 3
<a href="#"><u>Pre-AGM consultation : shareholders' areas of interest</u></a>	Page 4
<a href="#"><u>The General Meeting : snapshot</u></a>	Page 5
<a href="#"><u>Answers to shareholders' questions</u></a>	Page 6
<a href="#"><u>The Board of Directors after the General Meeting</u></a>	Page 7
<a href="#"><u>Key Figures at December 31, 2013</u></a>	Page 11

## 1. Results of the votes at the General Meeting and Quorum

**Number of shareholders present or represented, or having voted** by mail or internet: 13,210

**Quorum:** 208,786,918 shares, representing **72.65%** of the shares with voting rights

**Number of voting rights:** 322,510,239, representing 78.24% of the existing voting rights at the shareholders' meeting.

**All resolutions have been passed:**

Résolutions		For	Against	Abstain
<b>1<sup>st</sup> resolution</b>	Approval of the 2013 Company financial statements and transactions	322 179 835	171 286	159 118
		99.90 %	0.05 %	0.05 %
<b>2<sup>nd</sup> resolution</b>	Approval of the 2013 consolidated financial statements and transactions	322 192 676	171 890	145 673
		99.90 %	0.05 %	0.05 %
<b>3<sup>rd</sup> resolution</b>	Appropriation of earnings and setting of the dividend	322 162 037	216 582	131 620
		99.89 %	0.07 %	0.04 %
<b>4<sup>th</sup> resolution</b>	Related-party agreements ( <i>conventions réglementées</i> ) and commitments - Special report from the Auditors	320 599 431	1 758 078	152 730
		99.41 %	0.55 %	0.05 %
<b>5<sup>th</sup> resolution</b>	Renewal of the term of office of Ms. Véronique Weill as a Director	321 709 649	653 215	147 375
		99.75 %	0.20 %	0.05 %
<b>6<sup>th</sup> resolution</b>	Appointment of Ms. Mina Gerowin as a Director	321 901 895	457 618	150 726
		99.81 %	0.14 %	0.05 %
<b>7<sup>th</sup> resolution</b>	Appointment of Ms. Christine Ramon as a Director	321 908 301	441 101	160 837
		99.81 %	0.14 %	0.05 %
<b>8<sup>th</sup> resolution</b>	Adisory vote on the elements of compensation due or granted to the Chairman and Chief Executive Officer, Mr Bruno Lafont, for financial year 2013 of the term of office of Mr. Oscar Fanjul as a Director	314 728 058	7 605 331	176 850
		97.59 %	2.36 %	0.05 %
<b>9<sup>th</sup> resolution</b>	Authorization to the Company to buy and sell its own shares	321 891 623	476 845	141 771
		99.81 %	0.15 %	0.04 %
<b>10<sup>th</sup> resolution</b>	Amendment to the articles of association – Directors representing the employees	322 056 775	239 677	213 787
		99.86 %	0.07 %	0.07 %
<b>11<sup>th</sup> resolution</b>	Amendment to the articles of association – Age limit for Directors	319 957 459	2 387 580	165 200
		99.21 %	0.74 %	0.05 %
<b>12<sup>th</sup> resolution</b>	Powers to carry out corporate formalities	322 149 560	170 555	190 124
		99.89 %	0.05 %	0.06 %

## 2. Pre-AGM consultation : Shareholders' areas of interest



The General Meeting is an opportunity to answer precisely shareholders' questions. As every year, we organized a pre-meeting consultation on our website.

Below are the main shareholders' areas of interest:

## Pre-AGM consultation

### Shareholders' areas of interest



### 3. The General Meeting : snapshot

#### Objectives achieved in 2013 and ambitions for 2014!

The 2014 Lafarge General Meeting was an opportunity to review the year 2013. Last year, we achieved our goals with:

- **€450M cost reduction;**
- **Over 220M€ additional EBITDA through our innovation actions;**
- **A reduction of our debt to €10.3Bn**, through targeted divestment actions (cash flow optimization, control of our investments and our ongoing divestments).

As a result, **the Lafarge share price has increased by 13 % in 2013.**

With these strong fundamentals, we reaffirmed our goals for 2014:

- **Reduce our debt below €9M.**
- **Generate additional €600M EBITDA through our innovation and cost reduction programs.**
- **Return to a financial structure in line with an "investment grade" profile in 2014.**

Our results for the first quarter of 2014 confirm that we are in line with these objectives.

#### Mature countries, emerging markets, differentiation through innovation: our new paths of growth

During the General Meeting, we also presented our shareholders the Group's growth strategy. It is taking place in a **more favorable economic environment** than in the previous years: our markets should register **an overall growth of between 2 and 5% in 2014.**

To seize these opportunities, our strategy is based on three pillars:

- **our strong presence in emerging markets** (58% of our sales) that have significant construction needs. Sub-Saharan Africa is a key region for Lafarge, where we will invest in 10 million tonnes of cement capacity, with a focus on Nigeria, Africa's largest economy, where our activities are expanding.
- **our ability to capture the progressive recovery in developed economies**, starting with North America, particularly the United States.
- **growth acceleration through the implementation of a differentiation and innovation strategy** to provide solutions that contribute to build better cities

*"We will continue our efforts in 2014 with two principles in mind: moving forward on new paths of growth in a world undergoing profound change and creating value for our shareholders, our customers, our employees and all our stakeholders", concludes Bruno Lafont, Group Chairman and CEO.*

#### The Lafarge-Holcim merger - project

The Combined shareholders meeting was also an opportunity to present and answer to the questions of the shareholders on the project of merger of equals announced on April 7th, 2014 by Lafarge and Holcim, unanimously approved by their respective Boards of Directors and fully supported by the core shareholders of both companies.

Information on this project are available on Lafarge Website: <http://lafargeholcim.projet-fusion.com/en>.

*This does not constitute an offer to purchase or exchange or the solicitation of an offer to sell or exchange any securities of Lafarge.*



#### 4. Answers to shareholders' questions

You may listen to the questions and answers session in English by viewing the broadcast of the General Meeting on our website: [www.lafarge.com](http://www.lafarge.com).



## 5. The Board of Directors after the General Meeting

### REELECTION AND APPOINTMENT OF DIRECTORS

The Combined Meeting of May 7, 2014 approved the appointment of Ms Mina Gerowin and Christine Ramon as Directors and renewed the term of office of Ms Véronique Weill.

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**Mina Gerowin**, born on May 27, 1951, American citizen

#### Experience and Expertise

Mina Gerowin is a Director of CNH Industrial NV (Netherlands) and of EXOR SpA (Italy).

Born in New York, Ms Gerowin has an A.B. from Smith College in Political Economy, a J.D. from the University of Virginia School of Law, an M.B.A. from Harvard Business School where she was a Baker Scholar and a D.H.L. h.c. from the University of New Haven. She practiced law in Switzerland and New York then worked as Investment Banker in International Mergers and Acquisitions at Lazard Frères in New York and Paris. Ms Gerowin formed her own consulting and investing company, completing five LBO transactions and participated in their direction as an officer and director. After their sale she consulted internationally. Ms Gerowin joined Paulson & Co. in 2004 where she was Managing Director of Paulson Europe LLP in London until 2012.

Ms Gerowin would bring to the Board of Directors her expertise in finance and in management of equity investments as well as her experience as a director of an international industrial group.

The Board of Directors has indicated that Ms Gerowin would be classified as independent Director should the General Meeting of May 7, 2014 approve her nomination.



#### Positions held in France and abroad over the last five years

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##### *Current positions*

In France	N/A
Abroad	Director of CNH Industrial NV (Netherlands) (listed company) Director of EXOR SpA (Italy) (listed company)

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##### *Over the last five years that have ended, in France and abroad*

In France	N/A
Abroad	Managing Director and Partner of Paulson Europe LLP until 2012

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**Christine Ramon**, born on April 16, 1967, South African citizen



### Experience and Expertise

Christine Ramon was an Executive Director and the Chief Financial Officer of Sasol Limited, an international integrated energy and chemical company listed in South Africa and New York, from 2006 to 2013. Previously she served as Chief Executive and Financial Director of Johnnic Holdings Limited (South Africa) and Non-Executive Director of Transnet Limited (South Africa).

Ms Ramon is a Chartered Accountant and completed the Senior Executive Programme at Harvard Business School (United States). She currently serves as Deputy Chair of the Financial Reporting Standards Council in South Africa and also serves as a member of the Financial Reporting Investigations Panel in South Africa. Ms Ramon served as chairman of the CFO Forum of the Top 40 listed companies in South Africa from 2011 until 2013. She was a previous member of the Standing Advisory Committee to the International Accounting Standards Board.

Ms Ramon would bring to the Board of Directors her experience as a director and executive officer of an international industrial group, her expertise in finance and in the extraction sector as well as her knowledge of Africa.

The Board of Directors has indicated that Ms Ramon would be classified as independent Director should the General Meeting of May 7, 2014 approve her nomination.

### Positions held in France and abroad over the last five years

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<i>Current positions</i>	
In France	N/A
Abroad	N/A

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<i>Over the last five years that have ended, in France and abroad</i>	
In France	N/A
Abroad	Director of Sasol Limited (South Africa) (listed company) until 2013 Positions in various subsidiaries of the Sasol group until 2013 Director of Transnet Limited (South Africa) until 2010

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A complete biography of each director already in office on May 7, 2014 can be found in the Annual report 2013, available on [www.lafarge.com](http://www.lafarge.com).



## BOARD COMPOSITION

Following the General Meeting, the Board of Directors is composed of the following **16 directors**, out of which **10 have been classified as independents**:

Mr. Bruno Lafont (Chairman and Chief Executive Officer)	Mr. Jérôme Guiraud
Mr. Oscar Fanjul ( <i>independent</i> ) (Vice-Chairman of the Board of Directors – Lead Independent Director)	Mr. Gérard Lamarche
Mr. Philippe Charrier ( <i>independent</i> )	Ms Hélène Ploix ( <i>independent</i> )
Mr. Philippe Dauman ( <i>independent</i> )	Mr. Baudouin Prot ( <i>independent</i> )
Mr. Paul Desmarais Jr.	Ms. Christine Ramon ( <i>independent</i> )
Mr. Juan Gallardo ( <i>independent</i> )	Mr. Michel Rollier ( <i>independent</i> )
Mr. Ian Gallienne	Mr. Nassef Sawiris
Ms. Mina Gerowin ( <i>independent</i> )	Ms Véronique Weill ( <i>independent</i> )

**The percentage of independent Directors on the Board corresponds to 62.5 %**, while maintaining and ensuring representation on the Board of the principal shareholders.

As a reminder, Directors are classified as independent by the Board of Directors using mainly the rules and criteria proposed in the Code of Corporate Governance for listed companies published by Afep-Medef and by carrying out materiality tests on business relationships between the Company and its Directors.

The Board of Directors is **international and diverse**, made up of individuals with different backgrounds and experience.

**The proportion of women elected to the Board (four women out of 16) stands at 25%.**

## COMPOSITION OF THE COMMITTEES

In addition, following the General Meeting the four Committees of the Board of Directors are composed as follows, with a percentage of independent Directors as indicated below:

<b><u>Audit Committee :</u></b>	<b><u>Corporate Governance and Nominations Committee :</u></b>
Mr. Michel Rollier ( <i>independent</i> ) ( <i>Chairman of the Committee</i> )	Mr. Oscar Fanjul ( <i>independent</i> ) ( <i>Chairman of the Committee</i> )
Mr. Oscar Fanjul ( <i>independent</i> )	Mr. Philippe Dauman ( <i>independent</i> )
Mr. Juan Gallardo ( <i>independent</i> )	Mr. Juan Gallardo ( <i>independent</i> )
Mr. Jérôme Guiraud	Mr. Ian Gallienne
Mr. Gérard Lamarche	Mr. Baudouin Prot ( <i>independent</i> )
Ms. Christine Ramon ( <i>independent</i> )	Mr. Michel Rollier ( <i>independent</i> )
Ms Véronique Weill ( <i>independent</i> )	Mr. Nassef Sawiris
<b>Percentage of independents : 71%</b>	<b>Percentage of independents : 71%</b>

<b><u>Remunerations Committee :</u></b>	<b><u>Strategy, Investment and Sustainable Development Committee :</u></b>
Mr. Oscar Fanjul ( <i>independent</i> ) ( <i>Chairman of the Committee</i> )	Mr. Philippe Dauman ( <i>independent</i> ) ( <i>Chairman of the Committee</i> )
Mr. Philippe Charrier ( <i>independent</i> )	Mr. Philippe Charrier ( <i>independent</i> )
Mr. Juan Gallardo ( <i>independent</i> )	Mr. Paul Desmarais Jr.
Mr. Ian Gallienne	Ms. Mina Gerowin ( <i>independent</i> )
Mr. Nassef Sawiris	Ms Hélène Ploix ( <i>independent</i> )
Ms Véronique Weill ( <i>independent</i> )	Mr. Baudouin Prot ( <i>independent</i> )
	Mr. Nassef Sawiris
<b>Percentage of independents : 67%</b>	<b>Percentage of independents : 71%</b>



## 6. Key figures at December 31, 2013

A world leader in building materials, Lafarge employs 64,000 people in 62 countries, and posted sales of 15.2 billion euros in 2013. As a top-ranking player in its Cement, Aggregates & 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.

### REVENUE (in M€)

2013		15,198
2012		15,816
2011		15,284

Revenue was impacted by a negative effect of the foreign exchange variations. At constant scope and exchange rates, sales grew 2%, supported by growth in all regions but Europe.

### EBITDA <sup>(2)</sup> (in M€)

2013		3,102
2012		3,423 <sup>(3)</sup>
2011		3,217 <sup>(4)</sup>

Resilient Group Ebitda margin, at 20.4%, supported by 670 million euros of additional Ebitda from cost savings and innovation measures for the year. Significant negative impact of variations in scope and exchange rates.

### OPERATING INCOME BEFORE CAPITAL GAINS, IMPAIRMENTS, RESTRUCTURING AND OTHERS (in M€)

2013		2,075
2012		2,413 <sup>(3)</sup>
2011		2,179 <sup>(4)</sup>

Current Operating Income was up 3% like-for-like<sup>(1)</sup> for the year. Improving trends in the second half of the year, with a visible operating leverage in North America and a robust performance in Middle East and Africa.

### FREE CASH-FLOW <sup>(2)</sup> (in M€)

2013		864
2012		884
2011		1,208

The Group pursued its actions to maximize the free cash flow, with notable improvements in the level of the working capital requirements.

### GROUP NET DEBT <sup>(2)</sup> (in M€)

2013		10,330
2012		11,317
2011		11,974

Significant reduction of Group net debt by 1 billion euros. Lafarge has the objective to reduce its net debt below 9 billion euros in 2014.

### NET INCOME GROUP SHARE (in M€)

2013		601
2012		365 <sup>(3)</sup>
2011		593 <sup>(4)</sup>

Strong improvement of the net income, notably helped by significant gains on disposals.

### NET EARNING PER SHARE (in €)

2013		2.09
2012		1.27 <sup>(3)</sup>
2011		2.07 <sup>(4)</sup>

Net earnings per share increased 65%.

### DIVIDEND PER SHARE (in €)

2013		1.00
2012		1.00
2011		0.50

Dividend of 1.00 euro per share, proposed at the General Meeting of Shareholders on May 7, 2014.

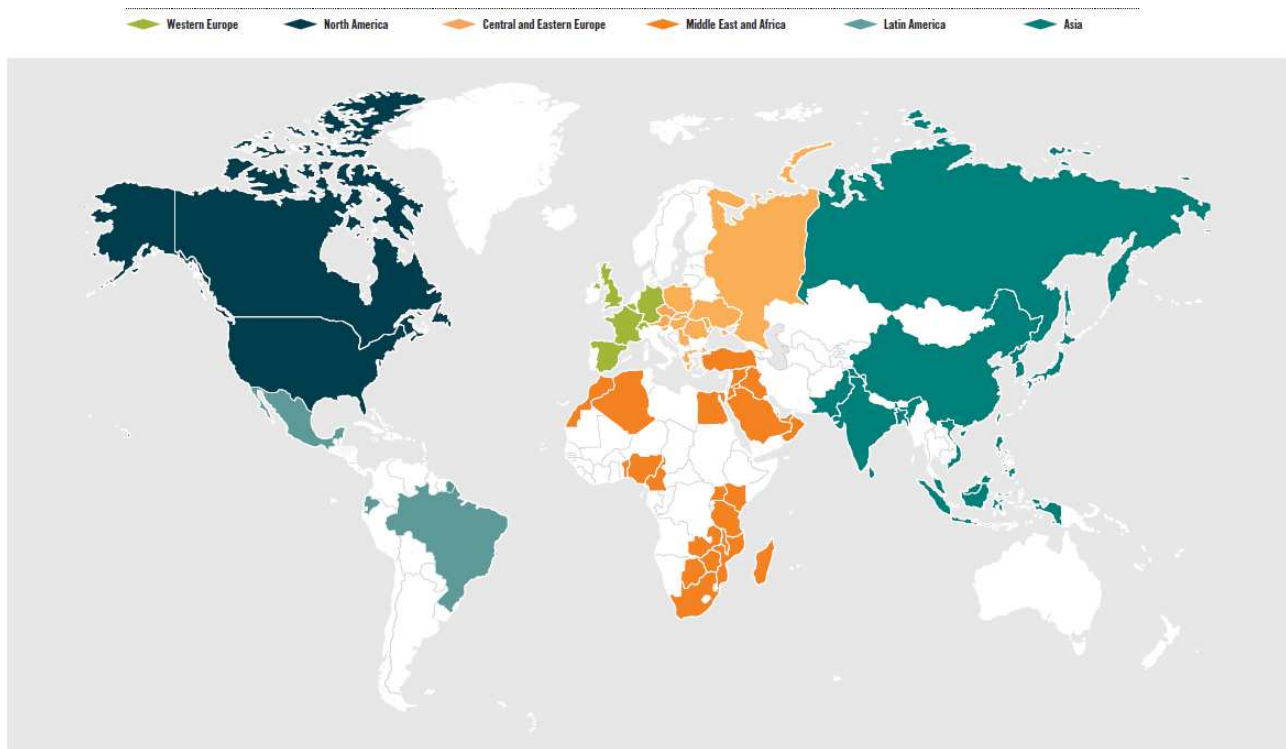
(1) Like for like variations are calculated excluding the impact of scope, exchange rates, carbon credit sales and one-time gains (39 million euros in 2012 and 20 million euros in 2013).

(2) See Section 2.2 (Accounting policies and definitions).

(3) 2012 figures have been restated following the application of IAS 19 amended.

(4) Data published in 2012 for 2011 and not restated for the amendments of IAS 19.

## LAFARGE WORLDWIDE (DECEMBER 31, 2013)



World map of Lafarge's presence as of December 31, 2013 (plants and sales offices).

## A WORLD LEADER IN CEMENT (AT DECEMBER 31, 2013)

**9 657**  
revenue  
million euros

**38 000**  
employees

**56**  
countries

**155**  
production sites

## AGGREGATES & CONCRETE NO. 2 & NO. 4 WORLDWIDE (DECEMBER 31, 2013)

**5 451**  
revenue  
million euros

**25 000**  
employees

**37**  
countries

**1 481**  
production sites



# WHAT WAS THE GROUP'S PERFORMANCE IN 2013?

## CONSOLIDATED KEY FIGURES AT DECEMBER 31, 2013

(in millions of euros unless otherwise indication)	2013	2012	Variation	Variation like-for-like <sup>(5)</sup>
Sales	15,198	15,816	-4%	2%
Ebitda <sup>(1)</sup>	3,102	3,423	-9%	2%
<i>Ebitda Margin (%)</i>	<b>20.4%</b>	21.6%	-120bps	10bps
COI	2,075	2,413	-14%	3%
Net income – Group share <sup>(2)</sup>	601	365	65%	
Earnings per share (euros) <sup>(3)</sup>	2.09	1.27	65%	
Free Cash Flow <sup>(4)</sup>	864	884	-2%	
Net Debt	10,330	11,317	-9%	

(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.

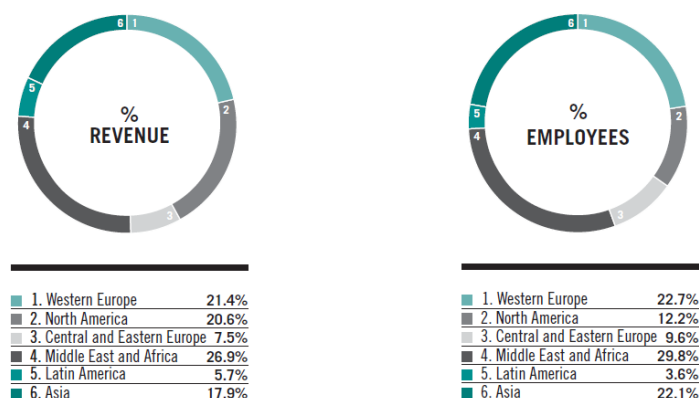
(2) Net income attributable to the owners of the parent of the Group.

(3) Based on an average number of shares outstanding of 287.3 million for 2013 and 287.1 million for 2012; 287.3 million for the fourth quarter 2013 and 287.1 million for the fourth quarter 2012.

(4) Defined as the net cash generated or used in continuing operating activities less sustaining capital expenditures.

(5) Like-for-like variations are calculated at constant scope and exchange rates, and neutralize the impact of carbon credit sales and one-time gains. The impact of the depreciation of the UK assets that was stopped from March 1st, 2011 in accordance with IFRS, and restarted after the formation of the joint-venture with Tarmac on January 7th, 2013 is included in the scope effect (80 million euros of additional depreciation in 2013).

## Key figures by Division and by geographic area (AT DECEMBER 31, 2013)



## GROUP HIGHLIGHTS

After a first semester marked by a low volume environment, notably due to adverse weather, the second half of the year 2013 experienced more positive trends versus last year in most countries, benefitting from continuing recovery in the residential market in the United States, sustained growth in Middle East and Africa and in Asia and stabilizing volumes in Europe.

Sales and Ebitda were impacted by the unfavorable impact of changes in scope and foreign exchange rates. However, the underlying operational performance was solid, with sales and Ebitda up like for like <sup>(1)</sup>.

Sales, at 15.2 billion euros, contracted 4% versus 2012, impacted by unfavorable currency variations. At constant scope and exchange rates, sales grew 2%, supported by pricing gains to address cost inflation across all product lines, while volumes sold were overall stable.

Ebitda was also affected by the adverse effect of foreign exchange fluctuations, as well as lower carbon credit sales. Like-for-like<sup>(1)</sup>, Ebitda improved 2% versus 2012, thanks to the combined effect of our performance and innovation measures and price increases that more than offset cost inflation and adverse impact of a reduction of our inventories.

Net income Group share <sup>(2)</sup> was 601 million euros in 2013 compared to 365 million euros in 2012, benefitting from the net gain on the divestment of our operations in Honduras (172 million euros after tax), and considering the 200 million euros impairment charge on Greek assets recorded in 2012.

The Group successfully implemented targeted actions to promote innovation and reduce costs and debt:

- With a total of 670 million euros generated (450 million euros from cost savings and 220 million euros from innovation measures), the Group has reached its 2013 objective (originally targeting 650 million euros, with 200 million euros from innovation and 450 million euros from cost reduction).
- The net consolidated debt was reduced by a further 1 billion euros reflecting the forceful deleveraging actions taken throughout the year. Net debt stood at 10,330 million euros at year-end. Adjusted for the 380 million euros (total enterprise value) of secured divestments announced around the year end and closed mid February 2014, the year-end Group net debt would stand below 10 billion euros.

<sup>(1)</sup> At constant scope and exchange rates, and excluding carbon credit sales (14 million euros in 2013 versus 99 million euros in 2012) and one-time gains (20 million euros in 2013 and 39 million euros in 2012)

<sup>(1)</sup> At constant scope and exchange rates, and excluding carbon credit sales (14 million euros in 2013 versus 99 million euros in 2012) and one-time gains (20 million euros in 2013 and 39 million euros in 2012)

<sup>(2)</sup> Net income/loss attributable to the owners of the parent company.