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2013 Fourth Quarter Results

Bruno Lafont and Jean-Jacques Gauthier

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France, Marseille – Mucem (Museum of European & Mediterranean Civilizations)

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Bruno Lafont

Chairman and CEO

France, Marseille – Mucem (Museum of European & Mediterranean Civilizations)

Operational Results Continued to Improve in Q4

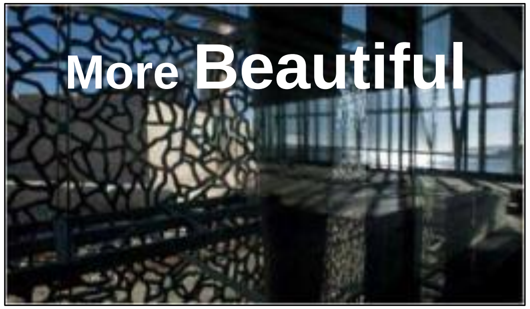
- **Improvement of operational trends in Q4**
  - Volumes growing and prices remaining firm
- **Cost reduction and innovation objectives achieved**
  - €670M delivered in 2013
  - >€600M objective for 2014
- **Net debt reduced by €1 bn in 2013**
  - Target to reduce net debt below €9 bn in 2014 is confirmed

Markets are expected to grow between 2 to 5 % in 2014

benefiting from the recovery in the United States,
continuing growth in emerging markets and stabilization in Europe

Differentiate through Innovation

Provide Solutions and Services to Contribute to…



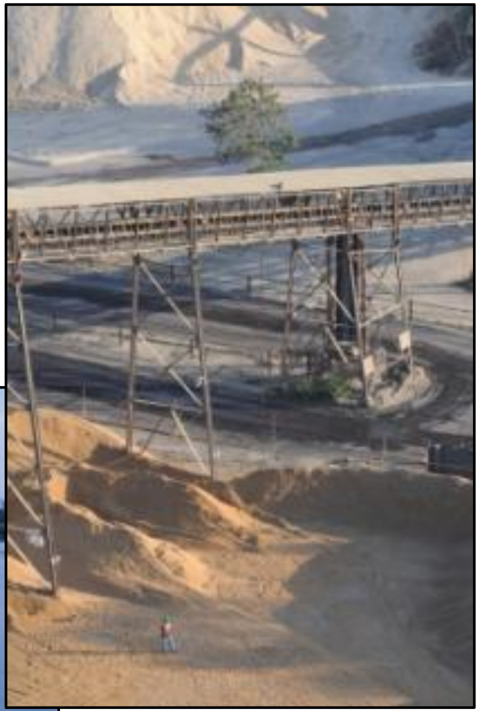
Innovation:
Additional EBITDA of €200 million in 2014
€500 million in 2015-2016

France, Marseille – Mucem (Museum of European & Mediterranean Civilizations)

Poland, Warsaw – Zlota 44 Tower

Operational excellence

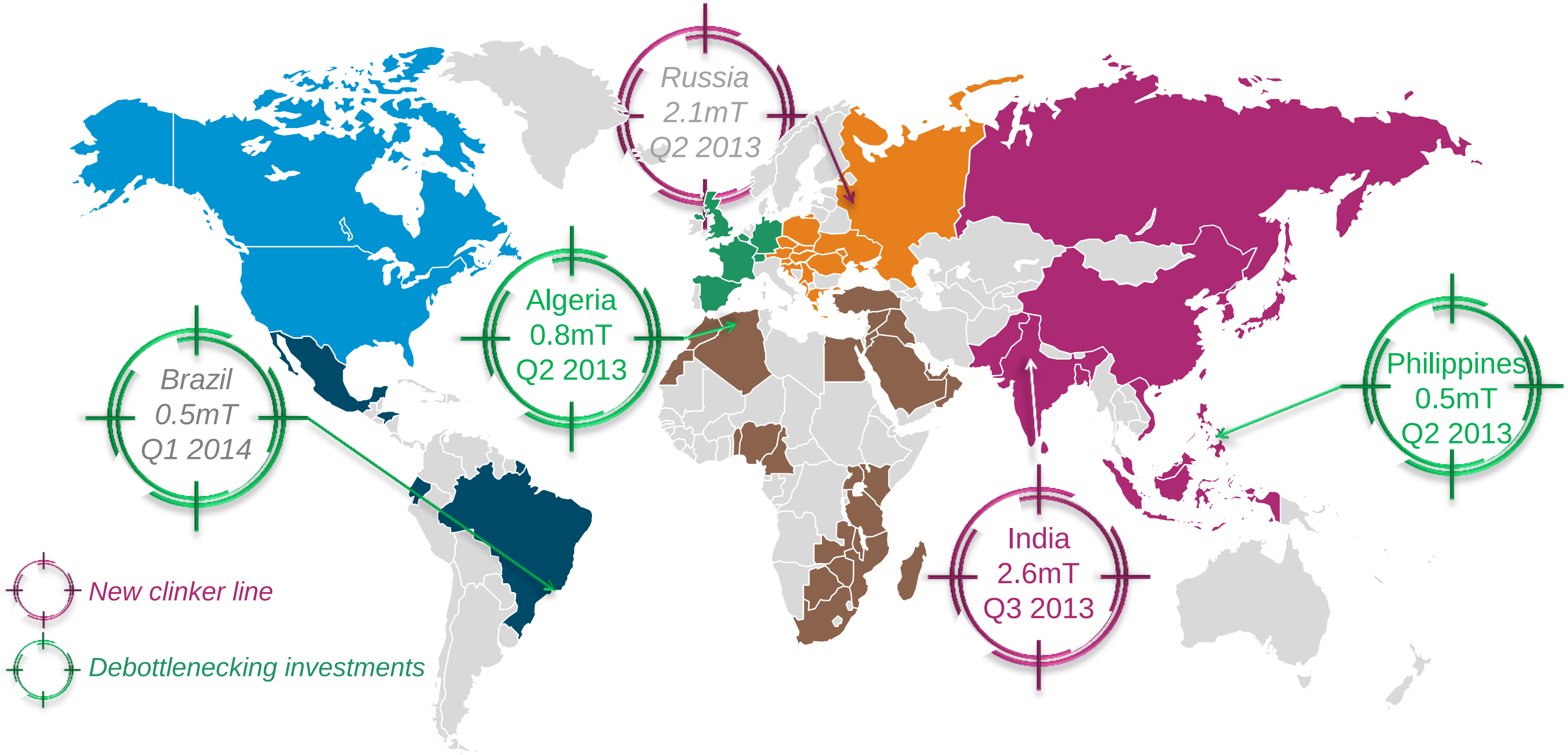
- **Cost savings**
- **Increase prices in line with inflation**
- **Optimize production**



Cost savings:
Additional EBITDA of more than €400 million in 2014
and €600 million in 2015-2016

Leverage our Portfolio

Diversified and Well Balanced Exposure



Selective organic growth investments

4 million tonnes started in 2013

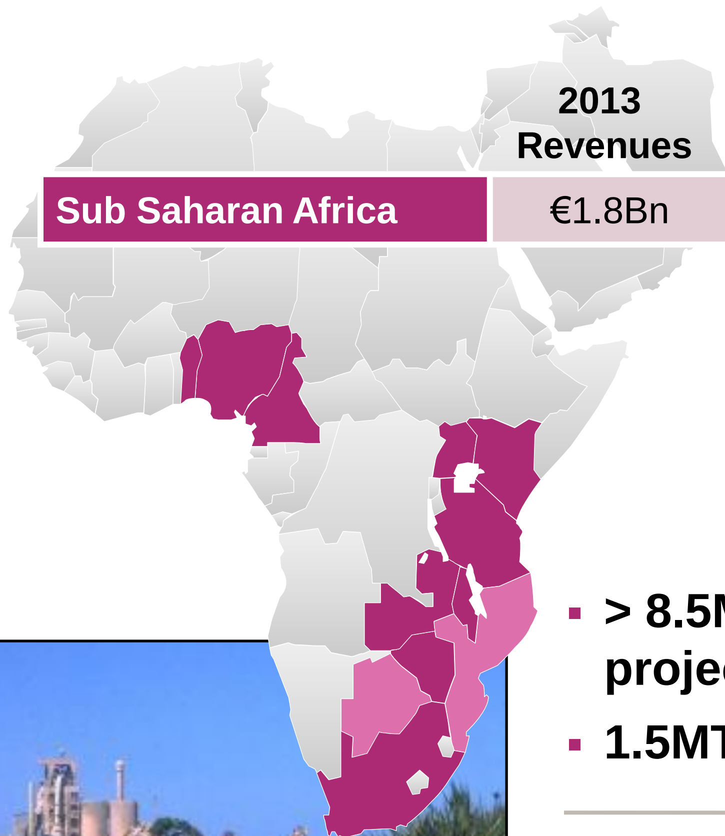
Additional 2.6 million tonnes to be launched early 2014

Three Organic Growth Drivers

- **Accelerating growth through innovation**
- **Continuing growth in emerging countries**
- **Progressive recovery in developed economies, especially in North America**

Sub-Saharan Africa, a strong potential

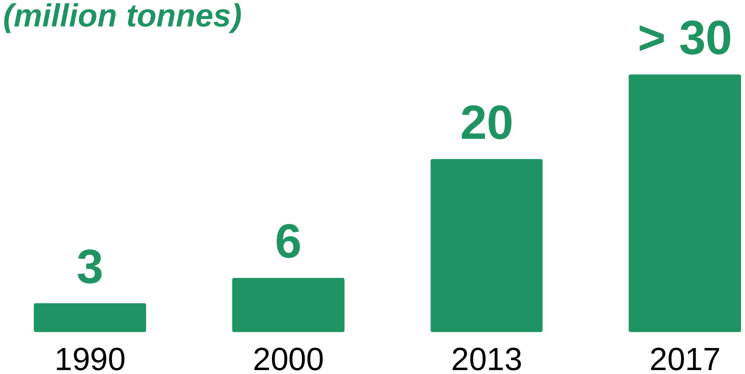
> A Proven Track Record



	2013 Revenues
Sub Saharan Africa	€1.8Bn

Lafarge Capacity & development plan

(million tonnes)



- **> 8.5MT of new capacity from mostly brownfield projects** (Nigeria, Tanzania and Zambia)
- **1.5MT of debottlenecking in all countries**

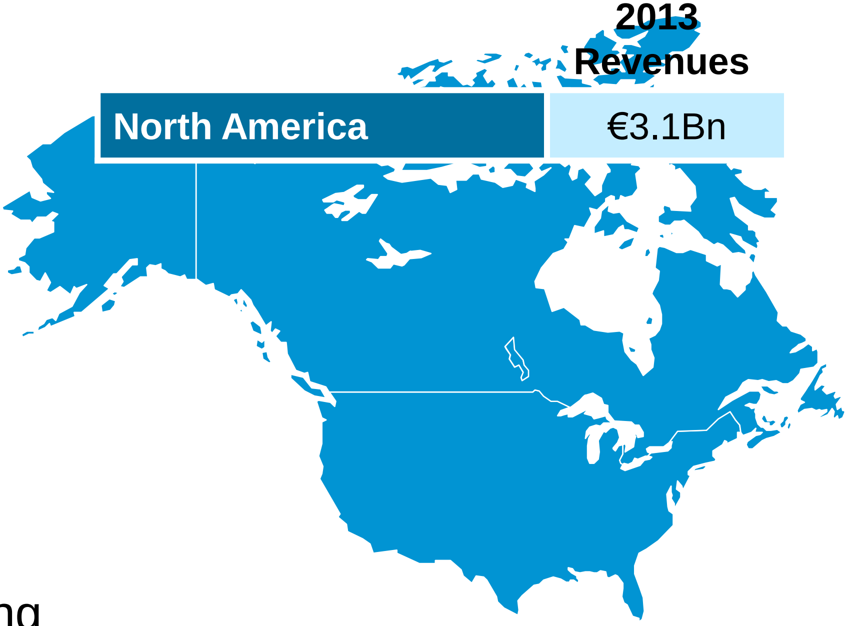
Over 10 MT of additional cement production capacity planned within 4 years

A Significant Exposure to the North American Rebound

US and Canada : an Integrated Network

- **United States:** strategic focus in the Northeast, the Great Lakes and along the Mississippi river
- **Capacities allowing us to benefit from the rebound**
  - **United States : 11MT**
  - **Canada : 6 MT**
  - **75% utilization rate**; significant operating leverage
  - **Modernisation of Ravena** (US) and **capacities augmentation in Exshaw** (Canada) to reinforce our growth potential

	2013 Revenues
North America	€3.1Bn



Driving Growth and Value Creation

- **Objectives 2014**
  - More than €600 million additional EBITDA related to cost reduction and innovation
  - Reduce net debt to less than €9 billion and return to an investment grade profile

- **A more positive environment in which the Group will benefit from three growth drivers:**
  - Continuing growth in emerging markets
  - Accelerating organic growth through innovation
  - Progressive recovery of advanced economies

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Jean-Jacques Gauthier

Chief Financial Officer

France, Marseille – Mucem (Museum of European & Mediterranean Civilizations)

Q4 Highlights

- **Like for like(1) EBITDA growth in all regions, with solid performance in North America and Middle East and Africa**
  - Volumes continued to improve overall and prices were firm, sequentially stable from Q3 to Q4 and up 2.6% vs. Q4 2012
  - EBITDA up 14% on a like for like basis despite a €20M impact of destocking
- **Adverse non cash impact of foreign exchange rates**
  - -8% on Sales and EBITDA in Q4
- **Cost reduction and innovation measures objectives achieved, with €670M delivered in 2013; €200M generated in Q4**
  - EBITDA margin up 170 basis points in Q4 on a like for like basis
- **Strong net debt reduction achieved**
  - Net debt reduced by €1 billion compared to end December 2012 and by €0.6 billion in the quarter

(1) At constant scope and exchange rates, excluding CO_2 and one-time gains (North America: €24m in Q4 12 and €20m in Q1 13 and LATAM: €15m in Q4 12)

Key Figures

Volumes	12 Months 2013	12 Months 2012	Variation	lfl (2)	4th Quarter 2013	4th Quarter 2012	Variation	lfl (2)
Cement (MT)	136.8	141.1	-3%	-	34.9	34.8	-	3%
Pure aggregates (MT)	192.8	188.3	2%	-	49.2	47.1	4%	2%
Ready-Mix Concrete (Mm^3)	30.7	31.8	-3%	-1%	7.5	7.8	-4%	-2%
Sales	**15,198**	**15,816**	**-4%**	**2%**	**3,714**	**3,809**	**-2%**	**5%**
EBITDA	3,102	3,423	-9%	2%	793	844	-6%	14%
EBITDA Margin	20.4%	21.6%	-120bps	10bps	21.4%	22.2%	-80bps	170bps
Current Operating Income	**2,075**	**2,413**	**-14%**	**3%**	**529**	**591**	**-10%**	**20%**
Net income Group share	601	365	65%		213	83	nm	
Earnings per share (in €)	**2.09**	**1.27**	**65%**		**0.74**	**0.29**	nm	
Net dividend (in €) (1)	**1.00**	**1.00**						
Free cash flow	**864**	**884**	**-2%**		**504**	**673**	**-25%**	
Net debt	10,330	11,317	-9%					

(1) Subject to the approval of Annual General Meeting
(2) At constant scope and exchange rates, excluding CO_2 and one-time gains (North America: €24m in Q4 12 and €20m in Q1 13 and LATAM: €15m in Q4 12)

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Operational Review

Everyday life in Brazil - urban planning and street atmosphere in Rio de Janeiro, footing along the length of the port.

Overview of EBITDA by Geographical Area

€m	12 Months 2013	12 Months 2012	Variation	lfl [2]	4th Quarter 2013	4th Quarter 2012	Variation	lfl [2]
North America	560	558	-	18%	*143*	*160*	*-11%*	*26%*
Western Europe [1]	354	507	-30%	-16%	*94*	*106*	*-11%*	*8%*
Central & Eastern Europe [1]	201	256	-21%	-14%	*50*	*42*	*19%*	*65%*
Middle East and Africa	1,153	1,242	-7%	-	*297*	*295*	*1%*	*10%*
Latin America	240	296	-19%	-1%	*55*	*85*	*-35%*	*2%*
Asia	594	564	5%	13%	*154*	*156*	*-1%*	*11%*
EBITDA [1]	**3,102**	**3,423**	**-9%**	**2%**	***793***	***844***	***-6%***	***14%***

(1) Impacted by lower sales of carbon credits in 2013:

	12M 2013 versus 12M 2012	**Q4 2013 versus Q4 2012**
Western Europe:	*€11m vs €73m (-€62m lower proceeds)*	*€11m vs €17m (-€6m lower proceeds)*
Central and Eastern Europe:	*€3m vs €26m (-€23m lower proceeds)*	*€3m vs €13m (-€10m lower proceeds)*
Group:	*€14m vs €99m (-€85m lower proceeds)*	*€14m vs €30m (-€16m lower proceeds)*

(2) At constant scope and exchange rates, and excluding CO_2 and one-time gains (North America: €24m in Q4 12 and €20m in Q1 13 and LATAM: €15m in Q4 12)

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Net Income

France – Villa in La Baule – Rocheteau-Saillard Architects

Net Income

€m	12 Months 2013	12 Months 2012	*4th Quarter 2013*	*4th Quarter 2012*
EBITDA	**3,102**	**3,423**	***793***	***844***
Depreciation	(1,027)	(1,010)	*(264)*	*(253)*
Current Operating Income	**2,075**	**2,413**	***529***	***591***
Other income (expenses)	(55)	(493)	*48*	*(106)*
Net financial costs	(1,041)	(1,095)	*(249)*	*(289)*
Income from associates	19	5	*14*	*(6)*
Income taxes	(262)	(292)	*(74)*	*(76)*
Income from discontinued operations	46	16	*(1)*	*8*
Non-controlling interests	(181)	(189)	*(54)*	*(39)*
Net income Group Share (1)	**601**	**365**	***213***	***83***

LAFARGE (1) Net income attributable to the owners of the parent company

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Cash Flow and Debt Highlights

France, Jean Bouin Stadium in Paris, a Ductal project designed by Rudy Ricciotti, architect

Cash Flow

€m	12 Months 2013	12 Months 2012	4th Quarter 2013	4th Quarter 2012
Cash flow from operations	1,291	1,580	*221*	*257*
Change in working capital	(36)	(304)	*455*	*626*
Sustaining capex	(391)	(392)	*(172)*	*(210)*
Free cash flow	**864**	**884**	***504***	***673***
Development investments (1)	(678) (3)	(425)	*(134)*	*(117)*
Divestments (2)	1,283 (3)	474	*235*	*357*
Cash flow after investments	**1,469**	**933**	***605***	***913***
Dividends	(507)	(299)	*(26)*	*(30)*
Equity issuance (repurchase)	3	9	*-*	*-*
Currency fluctuation impact	4	24	*29*	*59*
Change in fair value	25	(9)	*33*	*(23)*
Others	(7)	(1)	*(27)*	*(34)*
Net debt reduction (increase)	**987**	**657**	***614***	***885***
Net debt at the beginning of period	11,317	11,974	*10,944*	*12,202*
Net debt at period end	**10,330**	**11,317**	***10,330***	***11,317***

(1) Including net debt acquired and the acquisitions of ownership interests with no gain of control. The acquisitions of ownership interests with no gain of control represented €2m in FY 2013 and €60m in FY 2012, excluding puts, already recorded as debt, exercised in the period (excluding a €28m put exercised in the second quarter 2012, and a €59m put exercised in the fourth quarter 2012).

(2) Including net debt disposed of, and the disposals of ownership interests with no loss of control

(3) The 0.2 billion euros of capital injection in 2013 of our new partner in India to finance new projects is included in the divestments, and the "development investments" include the related CAPEX

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Outlook 2014

Canada - Port Mann Bridge with ten lanes of traffic, a cable-stay bridge spanning the Fraser River and connecting the towns of Coquitlam and Surrey

2014 Outlook – Market* Overview

Cement

	Volumes (%)	Price	Highlights
North America	4 to 7	+	Market growth, notably supported by positive trends in the US residential and commercial sectors
Western Europe	-2 to 1	=/+	Overall stabilization at a low level. Growth expected in the UK, supported by the residential sector; slight decrease in France
Central and Eastern Europe	2 to 5	+	Market growth in Poland and Russia
Middle East and Africa	4 to 7	+	Solid market trends across the region
Latin America	2 to 5	+	Moderate growth in Brazil
Asia	2 to 5	+	Market growth expected in most markets
Overall	**2 to 5**	**+**	**Growth in all regions but Western Europe that should stabilize at low levels.**

LAFARGE * Market growth forecast at national level – Lafarge volumes trends can differ from this outlook

2014 Outlook – Other Elements

- 2% energy cost inflation (0.3 euro per tonne)
- Continuous Focus on our Cost reduction and Innovation plan:
  - Cost reduction: > €400M
  - Innovation: > €200M
- Cost of debt (gross): ~6%
- Tax rate: 31%
- Capital expenditures: €1.1Bn
- We will continue to pursue further value creative divestments

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Conclusion

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