



Combined General Meeting

May 7, 2013

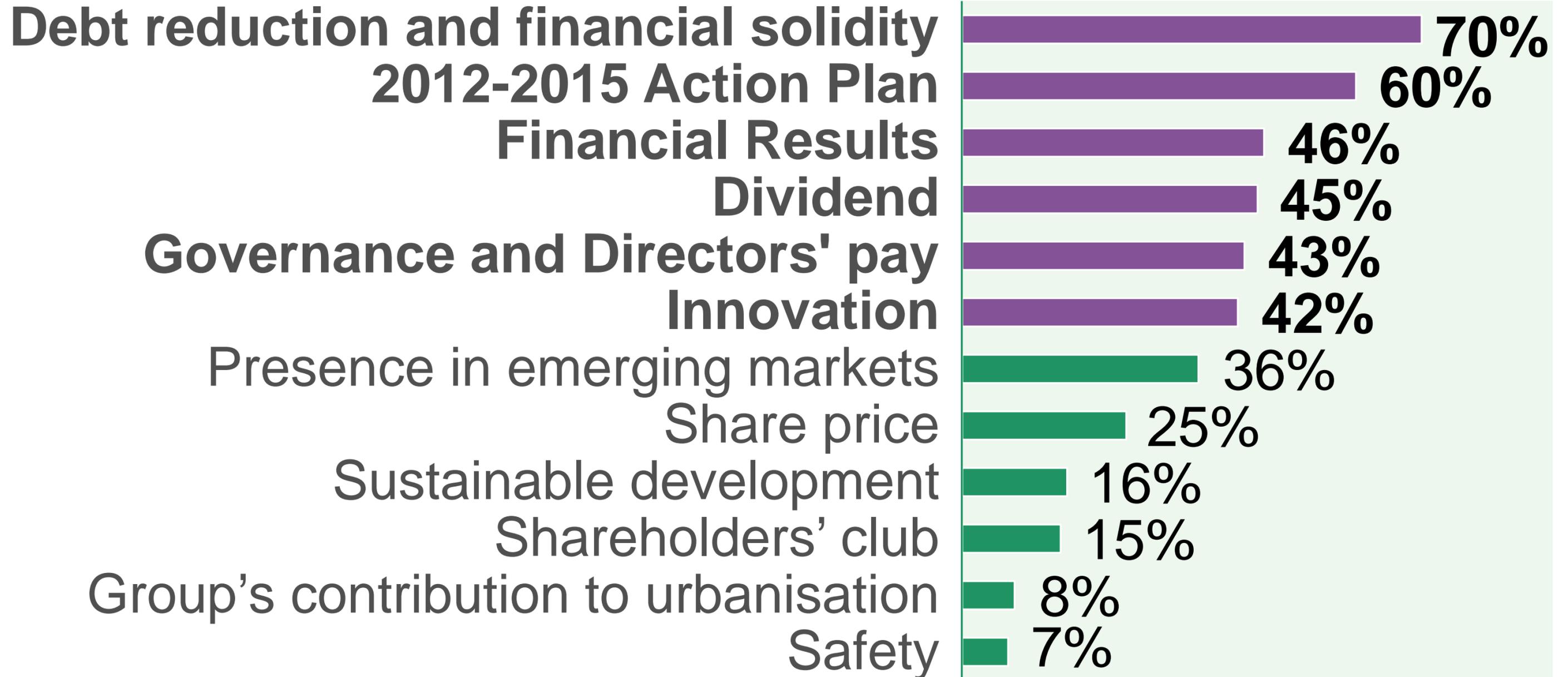


Shareholders' General Meeting

Bruno Lafont
Chairman and CEO

Pre-AGM consultation

Shareholders' areas of interest





2012 Results and Group's Financial Situation

Jean-Jacques Gauthier
Chief Financial Officer

Highlights

- § **Strong progression of operational performance**
- § **Cost reduction of €410M in 2012; Innovation generated €80M additional EBITDA**
- § **Net earnings improved excluding non-recurring items**
- § **Net debt decreased by €0.7bn in 2012**

Key Figures

	2012	2011	Var.
Sales (€m)	15,816	15,284	3%
EBITDA (€m)	3,450	3,217	7%
EBITDA margin¹	21.8%	21.0%	80bp
Net Income Group share² (€m)	432	593	-27%
Net Income Group share before non-recurring items³ (€m)	772	453	70%
Earnings per share (€)	1.50	2.07	-28%
Net dividend (€)⁴	1.00	0.50	100%
Free cash flow (€m)	884	1,208	-27%
Net debt (€m)	11,317	11,974	-5%

1. EBITDA/Sales 2. Net income attributable to the owners of the parent company 3. Excluding impairment of assets on assets in Greece in 2012 and in Western Europe and the Emirates in 2011, restructuring charges and the one-time gains in 2011 related to Gypsum divestments 4. Subject to the approval of the Annual General Meeting

Overview of EBITDA by Geographical Area

€m	2012	2011	Var.
North America	546	431	27%
Western Europe ¹	556	669	-17%
Central & Eastern Europe ¹	255	329	-22%
Middle East and Africa	1,235	1,131	9%
Latin America	296	246	20%
Asia	562	411	37%
EBITDA¹	3,450	3,217	7%

1. Impacted by sales of carbon credit (2012 vs 2011): Western Europe: €63 m lower proceeds; Central & Eastern Europe: €15m lower proceeds; Group: €78m lower proceeds

Cash Flow

€m	2012	2011
Cash flow from operations	1,580	1,577
Change in working capital	(304)	20
Sustaining capital expenditure	(392)	(389)
Free cash flow	884	1,208
Development and productivity investments ¹	(425)	(810)
Divestments ²	474	2,226
Net debt reduction	657	2,119
Net debt at period end	11,317	11,974

1. Including net debt acquired and the acquisition of ownership interests with no gain of control which represented €60m in 2012 and €49m in 2011, excluding third-party puts, already recorded as debt, exercised in the period (€51m put exercised in the first quarter 2011, €111m put exercised in the third quarter 2011, €28m put exercised in the second quarter 2012 and €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. »

Statement of Financial position¹

Assets

€m

Capital employed	28,657
Out of which	
Goodwill	12,184
Property, plant & equipment	14,992
Working Capital	391
Financial assets	698
Net assets held for sale	1,892
Total	31,247

Equity and liabilities

€m

Equity	17,750
Provisions	2,180
Net debt	11,317
Total	31,247

1. Consolidated accounts as at December 31,2012

Strong Liquidity

At March 31, 2013

	€bn
Cash and cash equivalent	2.7
Confirmed credit lines	3.4
Total sources of liquidity	6.1
Credit lines drawn as of March 31, 2013 ¹	(0.2)
Short-term debt and short-term portion of long-term debt	(2.5)
Overnights debt and commercial paper ¹	(0.5)
Total available liquidity	2.9

1. Classified as long-term in the Group's Statement of Financial Position, as they can be refinanced on a medium and long-term basis through the committed credit lines

§ Lafarge holds **€2.7bn in cash** and has **€3.4bn of confirmed credit lines** with an average maturity of **2.5 years**

Drive net debt reduction in 2013

§ **Grow operational cash flows**

§ **Remain disciplined in capital allocation**

§ **Pursue targeted divestments**

**Reduce Net Debt below €10bn
as soon as possible in 2013**



Conclusion

Jean-Jacques Gauthier
Chief Financial Officer



Strategy and Outlook

Bruno Lafont
Chairman and CEO

2012 Results: objectives met

Cost reductions

€410m of savings made

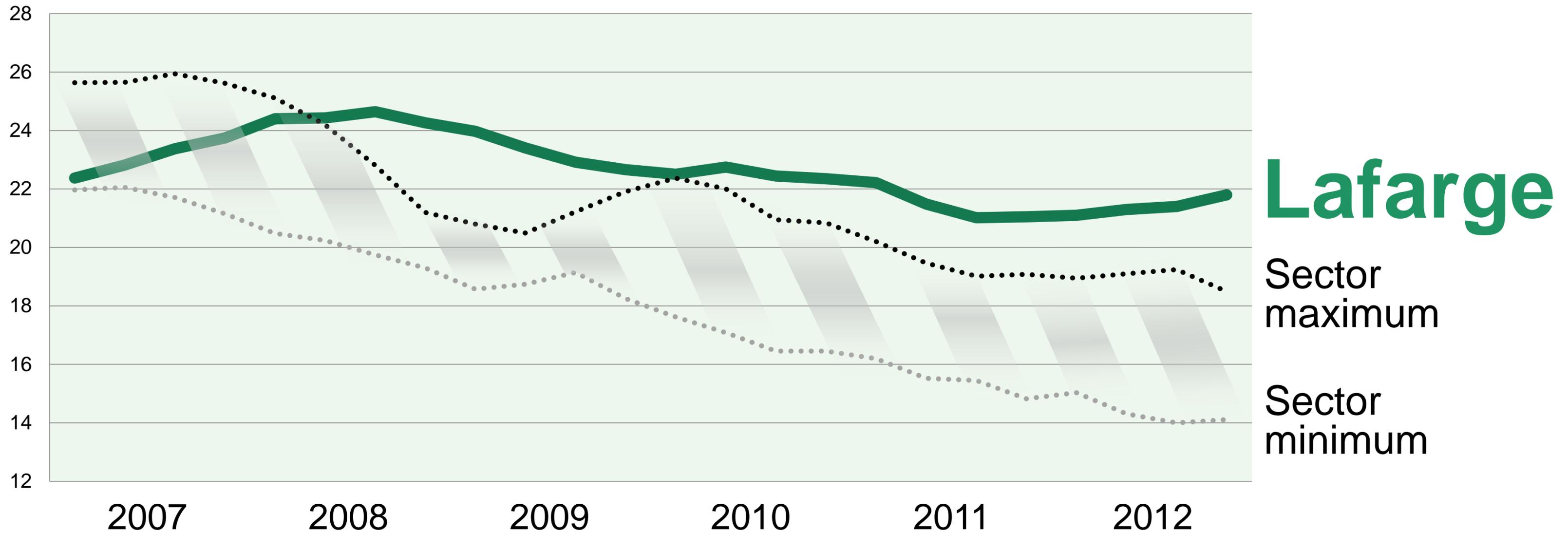
Growth through innovation

€80m in additional EBITDA

Net debt reduced by €700m

The highest EBITDA margin in the sector

EBITDA margin over moving 12 months

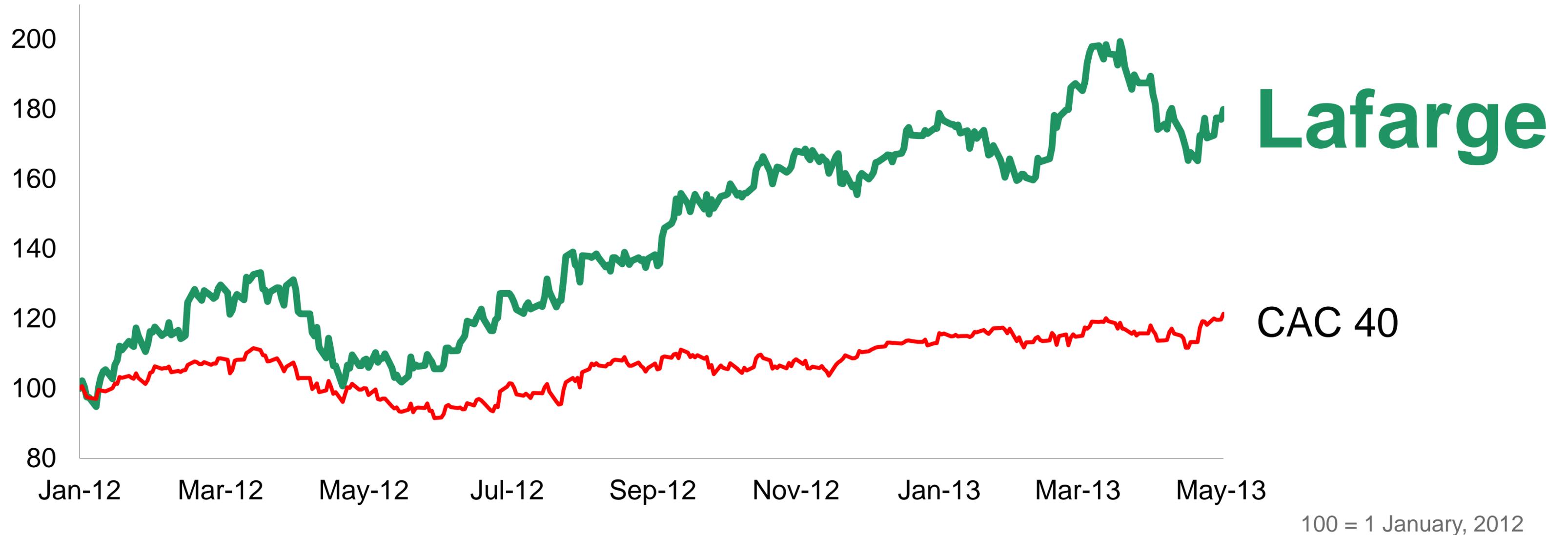


Source: Lafarge estimates based on quarterly reporting from sector companies



Share performance

since January 1st, 2012 relative to the CAC 40



100 = 1 January, 2012



Objectives

Under the 2012-2015 Action Plan

**Additional growth in
EBITDA of €1.75bn**

§ **€1.3bn** in cost reductions

§ **€450m** from our innovation programs

**This target should be met nearly
in full in 2014, a year in advance**

Generate an additional €650m in EBITDA

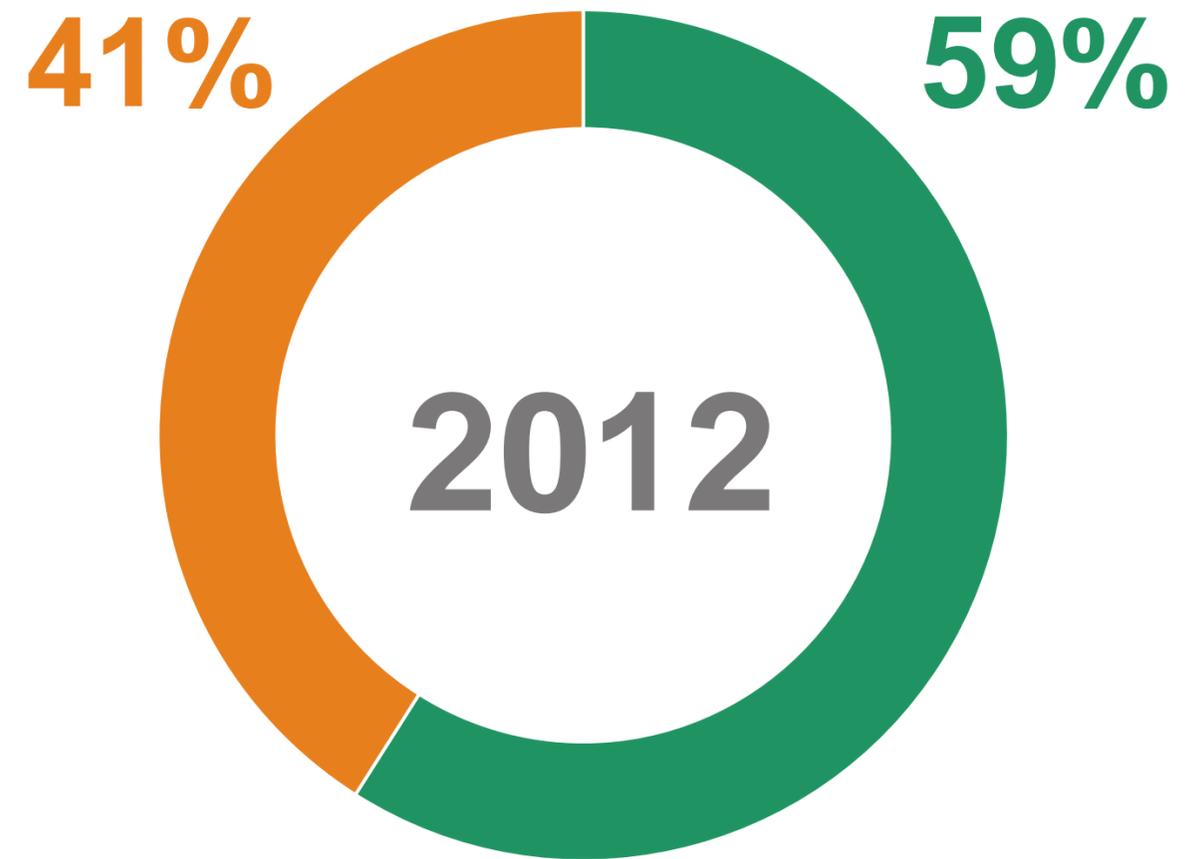
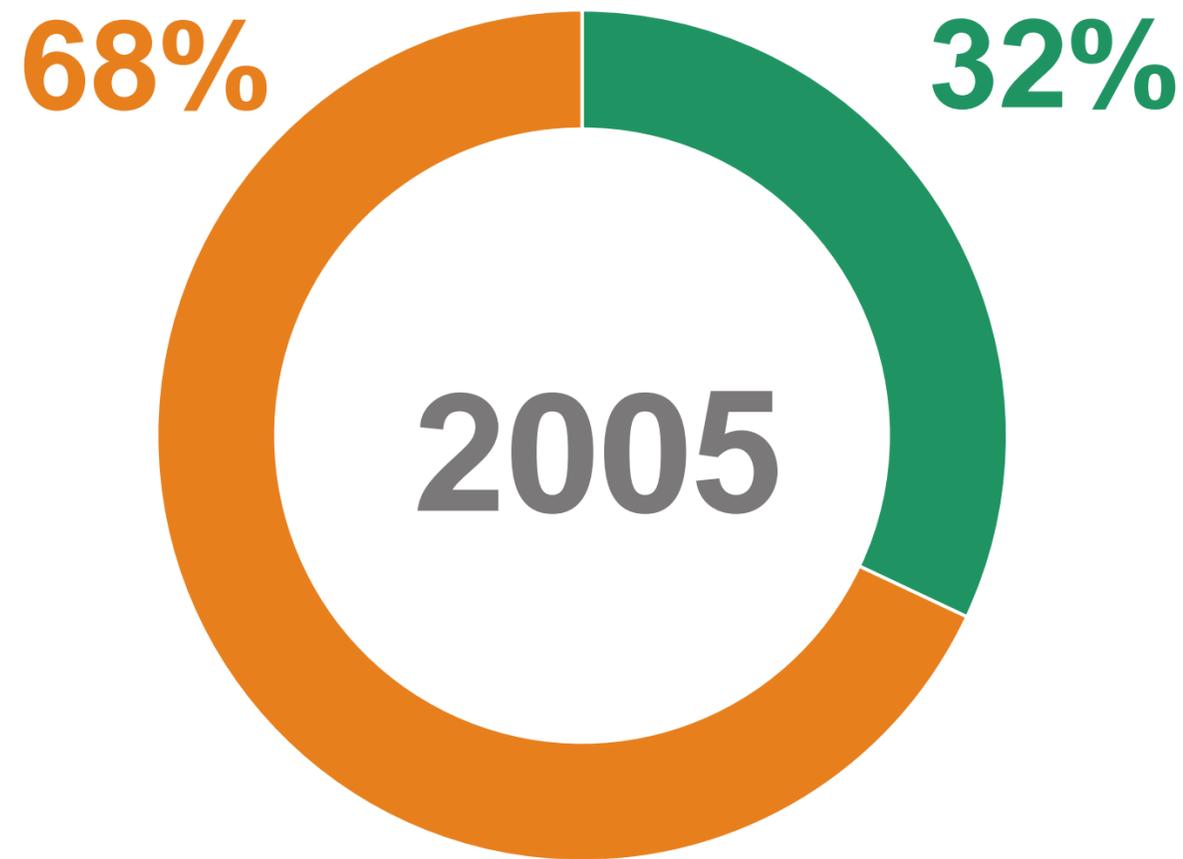
On innovation and performance

Innovation: €200m

Cost reductions: €450m

A stronger presence in emerging markets

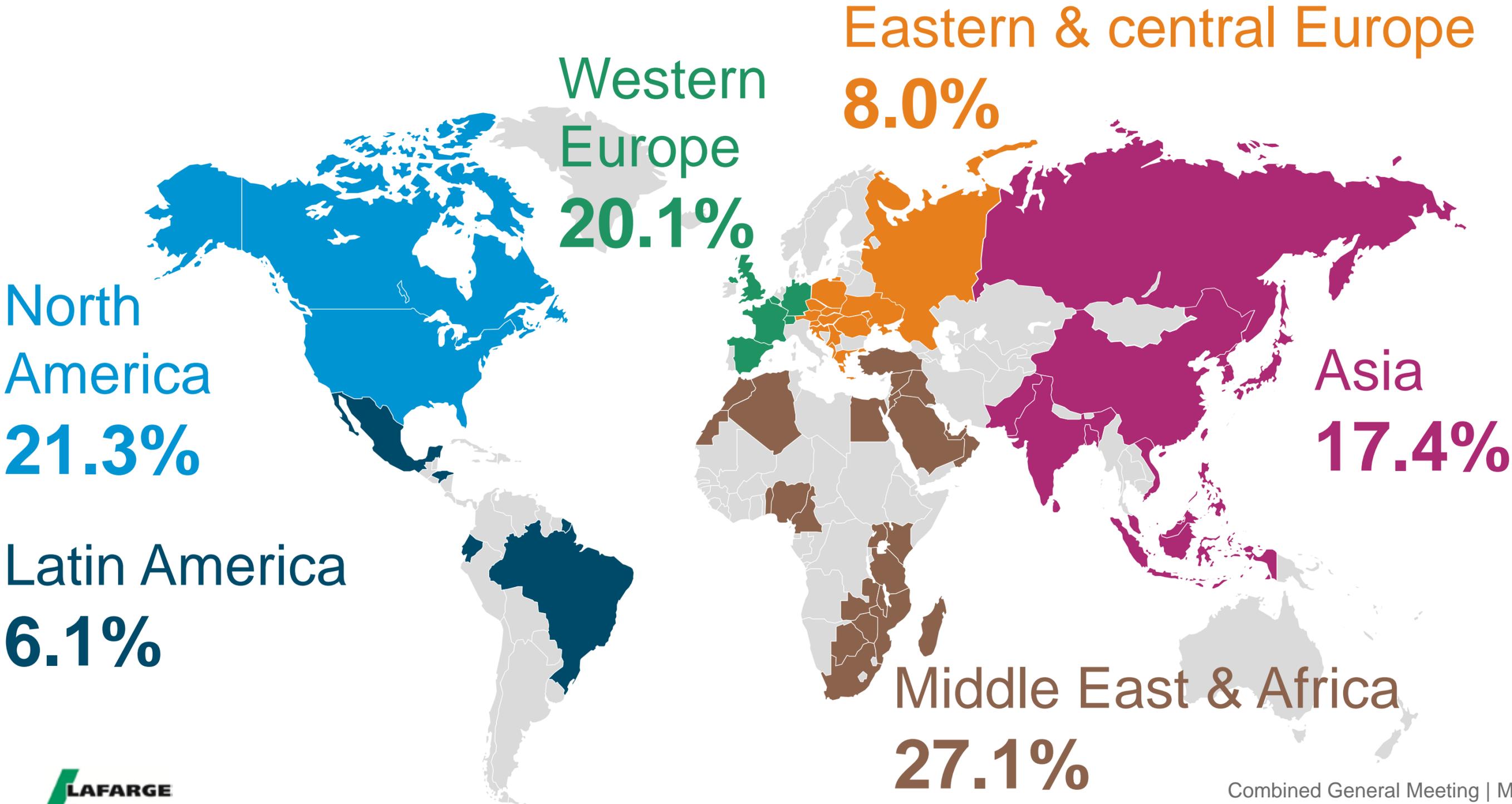
Breakdown of revenue by markets 2005 and 2012



■ Developed markets

■ Emerging markets

Geographic split of sales



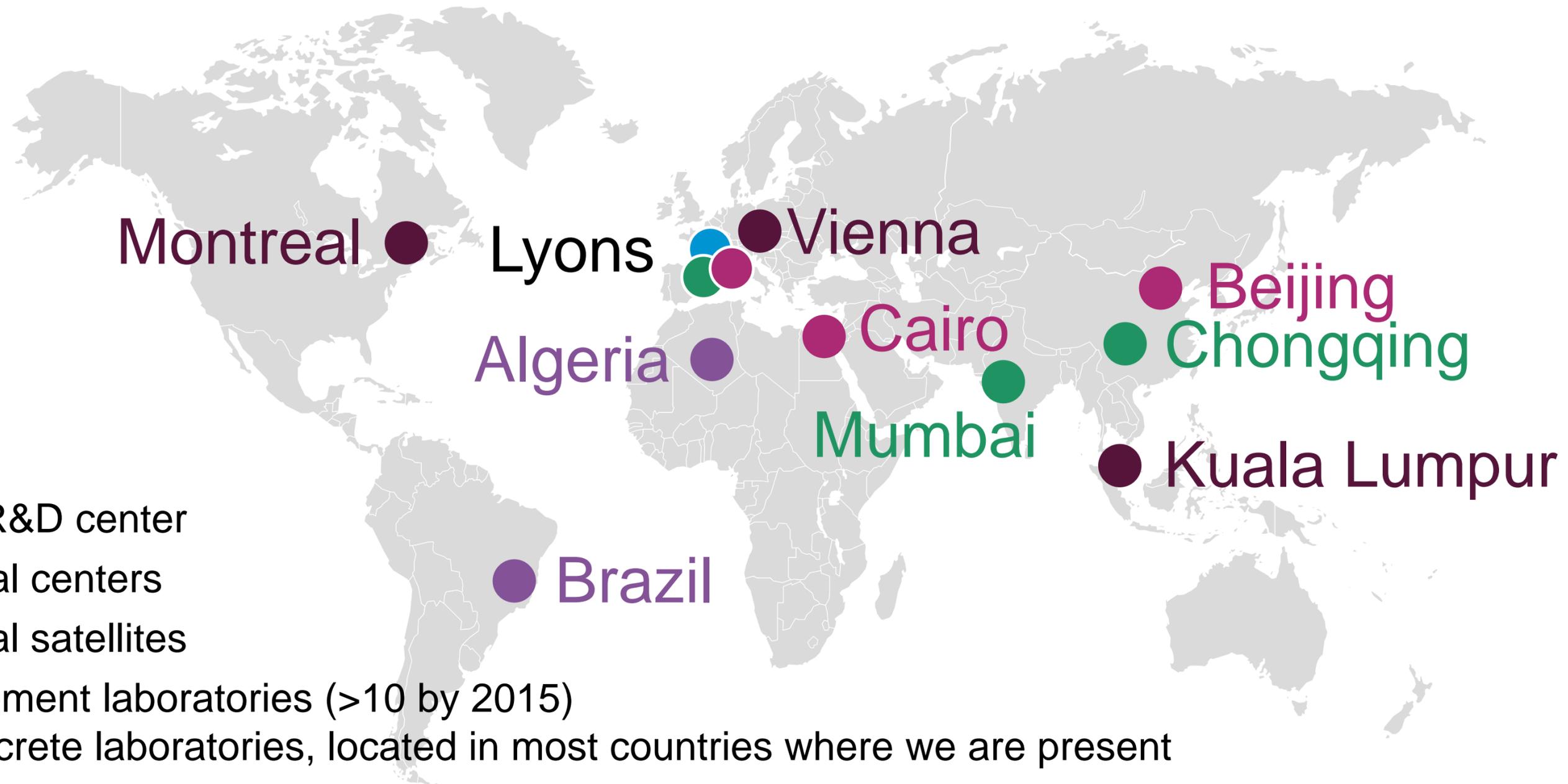
A strong global R&D network with a focus on product innovation

§ **Number one research center worldwide
for construction materials; soon to add
5 local development centers**

§ **A network with more than 1,000 employees**



A strong global R&D network with a focus on product innovation



● 1 global R&D center

● 3 technical centers

● 3 technical satellites

● 3 development laboratories (>10 by 2015)

+ 50 concrete laboratories, located in most countries where we are present

● 2 new centers of construction development in Algeria and Brazil

Ever more innovative products

Global brands

§ **Cement:** more than 100 products launched in 2012



**Easier
to use**



**Time
saving**



**Water
permeable**



**More
energy
efficient**



**Ultra strong
and long-
lasting**

§ **Concrete:** 1/3 of volumes in special concrete

2015 target: 45% special concrete by volume

Solutions for more housing



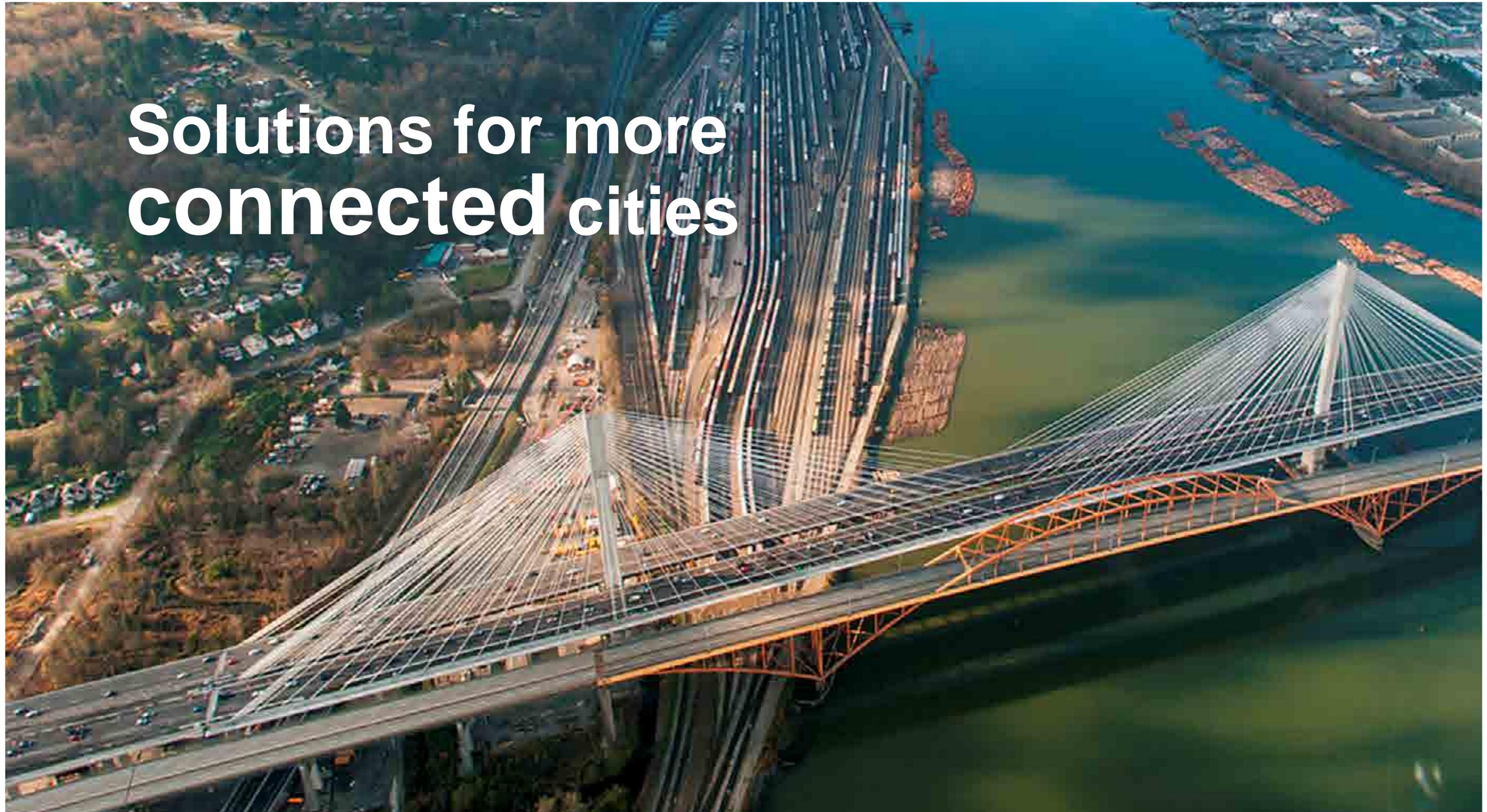
Solutions for more compact cities



Solutions for more durable cities



Solutions for more connected cities



Solutions for more beautiful cities





SUSTAINABILITY
our ambitions
for 2020

Sustainability Ambitions 2020

Reach

0

fatalities

and eliminate
lost-time incidents
for our employees
and contractors

Have

35

%

of senior
management
positions held by

women

Give

1

million

volunteer hours
every year

Develop

a local job creation plan

75

%

of our **country**
operations

Sustainability Ambitions 2020

Ensure access
to housing that is
2 **affordable and sustainable**
for **million**
people

Reduce by
33 **%**
emissions
of CO₂ per tonne
of **cement**
relative to 1990
levels

Generate sales of
3 **€Bn**
per year
from sustainable
products and
services

Use
50 **%**
of **alternative fuels in**
our cement plants

Produce
20 **%**
of our concrete containing
reused & recycled material



**Corporate
governance**
Bruno Lafont
Chairman and CEO

Corporate governance

§ An international and diverse Board of Directors¹:

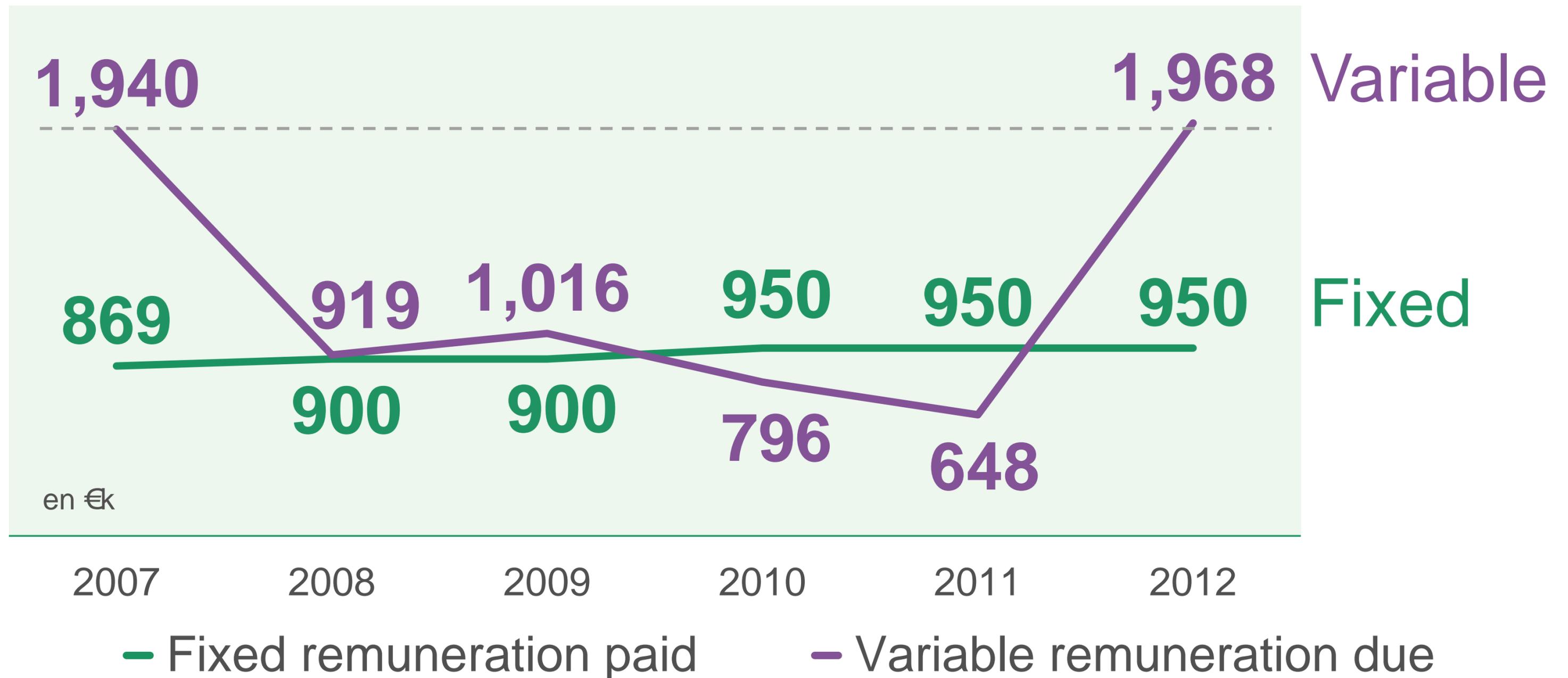
15 directors	60% of independent
7 nationalities represented	20% of women

§ A committed and active Board of Directors:

2012	Number of meetings	Number of members	Average attendance rate	Average independence rate
Board of Directors	7	16	94%	60%¹
Audit Committee	5	7	97%	71%
Governance Committee	4	7	96%	71%
Remuneration Committee	3	6	89%	67%
Strategy Committee	7	7	94%	71%

1. Data post General Meeting 2013

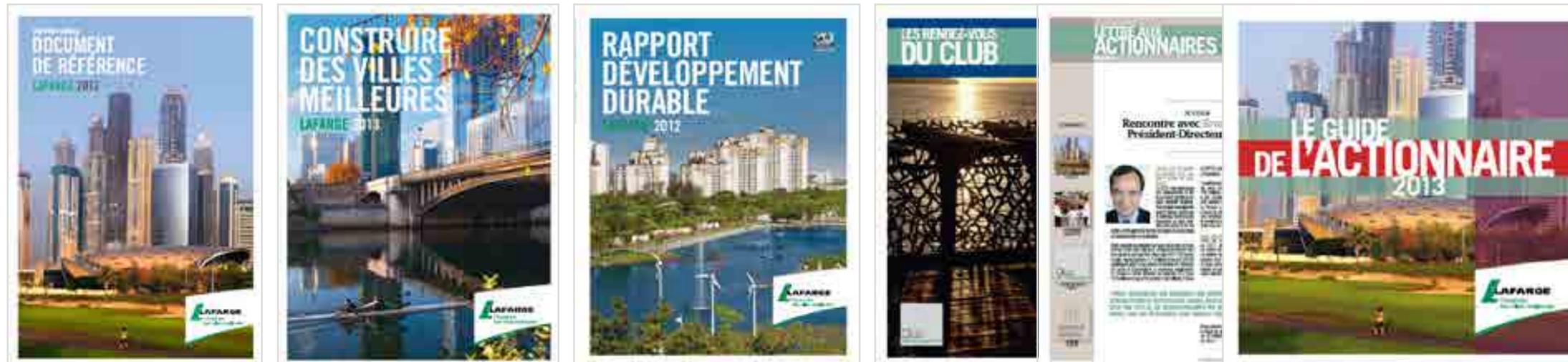
Fixed and variable remuneration paid to Chairman & CEO (2007-2012)



Lafarge - closer to you

§ An Individual Shareholders' Consultative Committee to represent you

§ A full range of information



Lafarge - closer to you

§ Meetings throughout France

- § Information roadshow in French regions with Bruno Lafont and Jean-Jacques Gauthier
- § Presence at Actionaria investment show in Paris
- § Shareholders' club visits

§ Shareholder relations department available on

 **N° Vert 0 800 235 235**





Presentation of Statutory Auditors' Reports

Frédéric Gourd

Statutory auditors' reports

§ Ordinary general meeting

§ General report on company's financial statements
Resolution (1)

§ General report on consolidated financial statements
Resolution (2)

§ Report on internal control

§ Special report on regulated agreements and commitments
Resolution (4) et (5)

General meeting Ordinary part

Reports on consolidated and parent-company accounts

§ **Objective of our work and audit methodology**

§ Obtain reasonable assurance on the fairness and regularity of the accounts and financial information

§ Intervention by Board of Statutory Auditors at all the group's significant entities

§ Specific characteristics of the group taken into account: activities, organisation, internal control system, accounting rules

Reports on annual parent company accounts and consolidated accounts – Resolution (1) and (2)

§ Annual accounts of the Lafarge company (page F-77)

§ Unqualified certification

§ Items brought to your attention in the justification of our assessments

§ Valuation of financial assets based on estimates that take into account the context of economic crisis or political instability affecting some of its markets

Reports on annual parent company accounts and consolidated accounts – Resolution (1) and (2)

§ Consolidated accounts of the Lafarge group (page F-3)

§ Unqualified certification

§ Items brought to your attention in the justification of our assessments

§ Valuation of goodwill based on estimates that take into account the context of economic crisis or political instability affecting some of its markets

Ordinary general meeting

Reports on consolidated & parent-company accounts

§ **Report on Chairman's report on internal control procedures (page 162)**

§ No comment

§ **Special report on regulated agreements and commitments (page F-100 to F-103)**

§ Approval of new regulated agreement: transaction between Orascom Construction Industries S.A.E. and the company

§ Approval of commitments made to Mr Bruno Lafont in anticipation of the renewal of his mandate as Chairman and CEO

Extraordinary general meeting

§ Seven reports on potential corporate actions and the issue of securities entitling their holders to the allocation of debt instruments under resolutions 13 to 18 and 20 to 24.



Summary of resolutions

Ordinary Part

12 resolutions

§ **Approval of the Company financial statements** (1)

§ Net income amounting to **€102.8m**

§ **Approval of the consolidated financial statements** (2)

§ Net income amounting to **€432m**

§ **Appropriation of earnings and setting of the dividend** (3)

§ Dividend set at €1 per share (loyalty dividend at €1.1)

§ Payment date: 5 July 2013 (shares traded ex-dividend as from 2nd July)

Ordinary Part (continued)

§ **Related-party agreements and commitments** (4-5)

§ Detailed in the notice of meeting and in the Auditors' Special report

§ **Transaction between Orascom Construction Industries SAE and Lafarge (payment of €73m to Lafarge)** (4)

§ NNS Holding, which has an indirect interest in the transaction, will not take part in the vote – impacting the quorum

Ordinary Part (continued)

§ **Commitments made to the benefit of the Chairman and Chief Executive Officer** (5)

§ Reiteration of the approval of the **contractual severance compensation** included in his suspended employment agreement (already presented to the General Meeting in 2009 and 2012 – no changes since)

§ Commitment to **maintain his rights under Long Term Incentive programs in case of death, disability and retirement** (as is the case for other beneficiaries)

Ordinary Part (continued)

§ **Composition of the Board of Directors** (6-10)

§ **Renewal of the term of office of 5 Directors**

§ **Bruno Lafont:** Chairman and CEO (6)

§ **Philippe Charrier:** Independent (7)

§ **Oscar Fanjul:** Independent - Vice-Chairman of the Board (8)

§ **Juan Gallardo:** Independent (9)

§ **Hélène Ploix:** Independent - Chairman of the Audit Committee (10)

§ **Expiry of the term of office of Michel Bon**

Ordinary Part (continued)

§ **Autorisation to buy back shares** (11)

§ Maximum unit purchase price: **€100**

§ Maximum total amount of the program: **€500m**

§ Maximum percentage of capital authorized for buyback: **5%**

§ No buy back during periods of public offering

§ Duration: **18 months**

§ No buy backs actually made during 2012

Ordinary Part (continued)

Extraordinary Part

§ **Bond issuances**

(12-13)

§ Maximum total amount: €8bn (in nominal value)

§ **Simple bonds** (Ordinary part)

(12)

§ « **Complexe** » **bonds** (Extraordinary part)

(13)

§ Does not allow share capital increases

§ Duration: **26 months**

Extraordinary Part (continued)

12 resolutions (+ powers)

§ **Delegation to increase capital with preferential subscription rights** (14)

§ Ceiling: 140 million shares = €560m (in nominal value)
worth of share capital increase* (ie: less than 50% of the capital)

§ Permits the issuance of securities giving access to share capital
(shares or convertible bonds such as Oceane)

** In the event of issuance of securities providing entitlement to debt securities, the maximum nominal amount for the allotment of debt securities will be €8bn and use of the delegation will count towards the maximum ceiling authorised for bonds in resolution (12)*

Extraordinary Part (continued)

§ Delegation to increase capital with cancellation of preferential subscription rights (15)

§ Sub-ceiling: 28 million shares = €112m (in nominal value) worth of share capital increase* (ie: less than 10% of the capital)

§ Use of this delegation will count towards the 140 million shares ceiling of resolution (14)

** In the event of issuance of securities providing entitlement to debt securities, the maximum nominal amount for the allotment of debt securities will be €8bn and use of the delegation will count towards the maximum ceiling authorised for bonds in resolution (12)*

Extraordinary Part (continued)

- § **Within the limit of and counting towards the ceiling (14) and sub-ceiling (15)** (16-18)
- § **Share capital increase by « private placement »** (16)
 - § Permits facilitating access to markets by benefiting from the flexibility to rapidly approach qualified investors buyers
- § **Share capital increase through contribution in kind** (17)

Extraordinary Part (continued)

§ **Extension clause (in the event of a share capital increase)** (18)

§ Allows an increase in the number of securities to be issued in case of oversubscription of a share capital increase

§ Specific ceiling: **15%** of the amount of the initial issuance / at the same price

§ **Share capital increase by incorporation of reserves** (19)

§ Specific ceiling: **€100m** in nominal value

Extraordinary Part (continued)

§ **Share capital reduction** (20)

- § Through cancellation of treasury shares previously acquired (buy back program)
- § Ceiling: **10%** of the share capital in any **24-month** period

§ **Authorisation to grant performance shares for free** (21)

- § Ceiling: **1.5%** of the share capital
- § For the CEO:
 - § The grant must be subject to performance conditions
 - § Must not represent more than **10%** of the total grant
 - § Minimum acquisition and holding periods: **2+2** years or **4+0** years

Extraordinary Part (continued)

§ **Authorisation to grant stock options** (22)

§ Ceiling: **1.5%** of the share capital

§ For the CEO: same rules as for the performance shares

§ No discount on the exercise price

§ **Duration: 26 months for resolutions (14) to (22)**

Extraordinary Part (continued)

- § **Authorisation for capital increases reserved for employees participating to an employee savings plan (23) or in case of alternate offers to employees (24)**
- § Common ceiling: **€50m** in nominal value
- § Maximum discount of **20%**
- § Duration: **26 months** (for employees participating to an employee savings plan) / **18 months** (for alternate offers)
- § **Powers to carry out formalities (25)**



Voting on resolutions

1st resolution

§ Approval of the 2012 Company financial statements and transactions



2nd resolution

§ Approval of the 2012 consolidated financial statements and transactions



3rd resolution

§ Appropriation of earnings and setting of the dividend



4th resolution

§ **Approval of a new related-party agreement (convention réglementée): transaction between Orascom Construction Industries S.A.E. and the Company**



5th resolution

§ Approval of benefits covered by article L.225-42-1 of the French Commercial Code to the benefit of Mr. Bruno Lafont



6th resolution

§ **Renewal of the term of office of Mr. Bruno Lafont as a Director**



7th resolution

§ Renewal of the term of office of Mr. Philippe Charrier as a Director



8th resolution

§ **Renewal of the term of office of Mr. Oscar Fanjul as a Director**



9th resolution

§ Renewal of the term of office of Mr. Juan Gallardo as a Director



10th resolution

§ **Renewal of the term of office of Ms. Hélène Ploix as a Director**



11th resolution

§ **Authorization to the Company to buy
and sell its own shares**



12th resolution

§ Authorization to the Board of Directors to issue bonds not giving rise to the allotment of securities of the same nature or to a capital increase



13th resolution

§ Delegation of authority to the Board of Directors to issue securities other than shares giving rise to entitlement to the allotment of debt securities and not giving rise to an increase of the Company's share capital



14th resolution

§ **Delegation of authority to the Board of Directors to issue shares and securities giving access to the capital of the Company, with preferential subscription rights**



15th resolution

§ **Delegation of authority to the Board of Directors to issue shares and securities giving access to the share capital of the Company, with cancellation of the preferential subscription right of the shareholders**



16th resolution

§ **Delegation of authority to the Board of Directors to issue shares and securities giving access to the capital of the Company in an offer covered by article L.411-2 II of the French Monetary and Financial Code, with cancellation of the preferential subscription right of the shareholders**



17th resolution

§ **Delegation of authority to the Board of Directors to issue shares and securities giving access to the capital of the Company as payment for contributions in kind**



18th resolution

§ **Delegation of authority to the Board of Directors to increase the number of securities to be issued in case of a capital increase with or without preferential subscription rights**



19th resolution

§ **Delegation of authority to the Board of Directors to increase the capital by incorporation of premiums, reserves, profits or other items**



20th resolution

§ **Authorization to the Board of Directors
to reduce the share capital through
cancellation of treasury shares**



21st resolution

§ Authorization to the Board of Directors to allot free existing or new shares, with cancellation of the preferential subscription right of the shareholders



22nd resolution

§ Authorization to the Board of Directors to grant options to subscribe for or purchase shares, with cancellation of the preferential subscription right of the shareholders



23rd resolution

§ **Delegation of power to the Board of Directors to issue shares and/or securities giving access to the capital of the Company reserved for members of employee savings plans, with cancellation of the preferential subscription right of the shareholders**



24th resolution

§ **Delegation of power to the Board of Directors to issue shares and/or securities giving rights to the capital to a certain category of beneficiaries in connection with a transaction reserved for employees, with cancellation of the preferential subscription right of the shareholders**



25th resolution

§ Powers to carry out corporate formalities





Next Annual General Meeting

May 7, 2014

Carrousel du Louvre