

RESULTS AS OF SEPTEMBER 30, 2014

## Q3 EBITDA UP 2% LIKE FOR LIKE

**€135M FROM COST CUTTING AND INNOVATION MEASURES ACHIEVED IN Q3,  
ON TRACK TO REACH FULL YEAR OBJECTIVE**

**PLANNED LAFARGE HOLCIM MERGER ON TRACK, ALL REGULATORY AUTHORITY NOTIFICATIONS  
COMPLETED AND DIVESTMENT PROCESS PROCEEDING ACCORDING TO PLAN**

As required by IFRS 11, applicable as of January 1, 2014, 2013 figures have been restated (more information p.4).

### THIRD QUARTER KEY FIGURES\*

<ul style="list-style-type: none"> <li>▪ Sales down 2% to €3,636m <b>(up 2% like for like)</b></li> <li>▪ EBITDA down 4% to €887m <b>(up 2% like for like)</b></li> </ul>	<ul style="list-style-type: none"> <li>▪ Current operating income down 5% to €676m <b>(up 2% like for like)</b></li> <li>▪ Net result Group share at €218m (€0.76 per share)</li> </ul>
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### NINE MONTHS KEY FIGURES\*

<ul style="list-style-type: none"> <li>▪ Sales down 3% to €9,636m <b>(up 4% like for like)</b></li> <li>▪ EBITDA down 2% to €2,042m <b>(up 8% like for like)</b></li> </ul>	<ul style="list-style-type: none"> <li>▪ Current operating income down 1% to €1,431m <b>(up 11% like for like)</b></li> <li>▪ Net result Group share at €288m (€1.00 per share)</li> </ul>
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\* like for like variations are calculated excluding the impact of scope, exchange rates and a €20m one-time gain recorded in Q1 2013

### Q3 GROUP HIGHLIGHTS

- After a solid growth in the first half, volume trends eased in Q3 with a more challenging comparable in Europe, mostly in France, and lower volumes in Iraq. Growth in most emerging markets and in the United States continued and we benefited from the startup of our new plants in India and in Russia. At constant scope and excluding the loss of volumes in Q3 in Iraq, cement volumes are up 6% year-to-date and up 3% in the third quarter.
- Adverse impact of exchange rates reduced during the quarter, with a negative 2% and 3% impact respectively on sales and EBITDA (€-69 million on sales and €-26million on EBITDA).
- Cost cutting and innovation measures generated respectively €75<sup>1</sup> million and €60<sup>1</sup> million during the quarter. In the first nine months, these measures contributed €425 million, putting us on track to deliver €600million in 2014. Cement prices were stable quarter on quarter and up 2.2% year on year, underpinned by price increases in a context of cost inflation.
- Net income Group share is down 28%. Adjusted for one-time gains on divestments and merger-related costs, net income is stable. The improving contributions of joint ventures, notably in the United Kingdom, and the reduction of financial interests offset the impact of scope and adverse exchange rates.
- €1.4 billion of divestment proceeds have been secured since the beginning of the year. €0.9 billion are to be received, mostly in Q4 and will contribute entirely to net debt reduction.
- With the recent formal filing in the European Union, all necessary notifications with regulatory authorities in relation to the planned merger with Holcim are now completed.

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

“In a quarter marked by more moderate growth, we continued to progress on implementing our actions to reduce debt, cut costs and promote innovation.

Our management is fully focused on our day to day business and on achieving our objectives. We shall meet our 2014 600 million euros cost cutting and innovation target, and confirm our 2015 550 million euros objective.

We are making swift progress on our planned merger with Holcim with a dedicated project team. We have taken decisive steps towards the completion of this transformational move. Given the headway made on the divestment, regulatory and integration processes, we are confident, as announced, that we will complete the merger in the first half of 2015.”

<sup>1</sup> Total EBITDA figures before application of IFRS 11 on joint-ventures. After application of IFRS 11, these measures generated €115 million (€65 million for cost savings and €50 million for innovation) at EBITDA level.

## OUTLOOK

Overall the Group sees cement demand increasing for the full year and confirms its estimate of market growth of between 2 to 5 percent in 2014 versus 2013. Emerging markets continue to be the main driver of demand and Lafarge will benefit from its well-balanced geographic spread of high quality assets.

Cost inflation should continue at a similar pace as in 2013, which should result in higher prices overall.

The Group has decided to pause its stand-alone divestments pending completion of the planned merger.

## CONSOLIDATED ACCOUNTS AS AT SEPTEMBER 30, 2014

The Board of Directors of Lafarge, chaired by Bruno Lafont, met on November 4, 2014 and approved the accounts for the period ended September 30, 2014. 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 report.

	Third Quarter				Nine Months			
	2014	2013	Variation		2014	2013	Variation	
			Gross	Like for like <sup>(2)</sup>			Gross	Like for like <sup>(2)</sup>
<i>Volumes</i>								
Cement (million tons)	31.0	31.2	-1%	1%	88.0	85.7	3%	5%
Pure Aggregates (million tons)	50.4	52.5	-4%	-4%	120.3	123.2	-2%	-1%
Ready-Mix Concrete (million m <sup>3</sup> )	7.1	7.2	-1%	-2%	19.9	20.2	-1%	-2%
<i>Results (million euros)</i>								
Sales	3,636	3,700	-2%	2%	9,636	9,934	-3%	4%
EBITDA <sup>(1)</sup>	887	920	-4%	2%	2,042	2,087	-2%	8%
EBITDA margin (%)	24.4%	24.9%	-50bps	20bps	21.2%	21.0%	20bps	70bps
Current Operating Income	676	710	-5%	2%	1,431	1,449	-1%	11%
Net income Group share	218	304	-28%		288	388	-26%	
Earnings per share (€)	0.76	1.06	-28%		1.00	1.35	-26%	
Free cash flow <sup>(1)</sup>	360	450	-20%		200	336	-40%	
Net debt					10,271	10,357	-1%	

## EBITDA<sup>(1)</sup> RESULTS BY REGION

(€m)	Third Quarter				Nine Months			
	2014	2013	Variation		2014	2013	Variation	
			Gross	Like for like <sup>(2)</sup>			Gross	Like for like <sup>(2)</sup>
North America	284	286	-1%	9%	399	412	-3%	14%
Western Europe	94	76	24%	-10%	240	195	23%	10%
Central and Eastern Europe	105	106	-1%	5%	176	151	17%	22%
Middle East and Africa	259	278	-7%	4%	788	765	3%	11%
Latin America	48	63	-24%	-1%	121	185	-35%	-4%
Asia	97	111	-13%	-15%	318	379	-16%	-10%
<b>TOTAL</b>	<b>887</b>	<b>920</b>	<b>-4%</b>	<b>2%</b>	<b>2,042</b>	<b>2,087</b>	<b>-2%</b>	<b>8%</b>

<sup>(1)</sup> 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

<sup>(2)</sup> Calculation of the like-for-like variations:

Group level and product line: at constant scope and exchange rates, and excluding a €20m one-time gain recorded in Q1 2013 in North America

Regional level: at constant scope and exchange rates, and in order to show the regional underlying performances, restated for:

- Western Europe: €26m of carbon credit sales in Q3 2014
- Central and Eastern Europe: €2m of carbon credit sales in Q3 2014
- Middle East and Africa: €-24m of effect of the loss in volumes in Iraq in Q3.



## SALES DEVELOPMENT AND FINANCIAL RESULTS

Cement volumes increased 1% at constant scope in the quarter. They are supported by solid growth in the United States, higher volumes in Egypt as we progressively implement 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 and in Iraq where the ability to transport cement across the country was limited in the quarter. Excluding the volume impact due to the specific situation in Iraq, cement volumes increased 3% at constant scope in the quarter. Our aggregates and ready-mix volumes were respectively down 4% and 2% like for like in the quarter, mainly reflecting lower activity in France and a decrease in Western Canada due to some large infrastructure projects which came to completion last year.

Consolidated sales were up 2% in the third quarter at constant scope and exchange rates, with the combination of higher volumes and increased prices across all of our product lines to address cost inflation. Impact of exchange rates eased in Q3, negatively impacted our sales by a limited -2% in the quarter (€-69 million), mainly reflecting the appreciation of the Euro against the Canadian dollar, as well as several emerging currencies.

Q3 EBITDA was down 4% on a gross basis with an adverse impact from exchange rates of -3% (€-26 million). It is up 2% when excluding scope and exchange rates. There were CO<sub>2</sub> sales of €28 million in Q3 2014 versus €0 in Q3 2013. Cement prices were up (+2.2%) compared to Q3 2013 in response to cost inflation. The Group has actively increased prices throughout 2014, although there were a limited number of price adjustments in a small number of countries. At constant scope and exchange rates, the EBITDA margin was up 20 basis points in the quarter, thanks to the contribution of our self-help measures, positive trends in the United States and most markets in Middle East and Africa, as well as CO<sub>2</sub> sales, compensating the impact of lower volumes in Europe and Iraq.

Net results from our joint ventures and associates increased in the quarter from €14 million to €33 million, supported by the rebound of results in the UK where synergies are ramping up and the market is recovering.

Net income Group share in the quarter, at €218 million, decreased 28%. It was stable in the quarter when restated for the post tax impact of one-time gains (including the gain on the sale of our gypsum operations in the United States, classified in discontinued operations) and merger-related costs (€30 million total pre-tax costs in the third quarter and €47 million year-to-date). For the first nine months, net income Group share is down 26%. Adjusted for net gains on disposals and merger-related costs, net income is up 18%. 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

Lafarge received €101 million in cash for divestments in the quarter.

Investments totaled €334 million in the quarter:

- Sustaining capital expenditures amounted to €98 million.
- Development investments and acquisitions amounted to €236 million. Development investments in the quarter mainly included 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.

Net debt declined 1% relative to Q3 last year. It is slightly higher than the year-end 2013 figure due to normal seasonal working capital needs. Since the beginning of the year, we have secured €1.4 billion of divestments. €524 million of cash has been received in the first nine months of 2014 and the remainder (€0.9 billion) is to be mostly received in the fourth quarter. The secured divestments proceeds still to be received will further contribute to debt reduction and notably include the divestment of our operations in Ecuador, Pakistan and Mexico.

## 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 July 7, 2014, the two Groups announced a list of proposed asset disposals in anticipation of potential competition authorities' requirements. This list has been drawn up by a Divestment Committee set up by both companies.

On October 28, 2014, Lafarge and Holcim took a further step towards the successful completion of the merger, announcing they have formally notified the European Commission of their proposed merger in order to obtain regulatory approval. With this notification, Holcim and Lafarge have completed all necessary notifications with



regulatory authorities worldwide. During the constructive pre-notification discussions which Lafarge and Holcim have had with the relevant authorities, the list of proposed assets for divestment has been slightly amended.

The two Groups will continue to consider whether additional divestments will be necessary where there might be overlaps or depending on regulatory requirements. The proposed divestments are subject to review and further discussions with the regulatory authorities and to the agreement of our business partners where relevant.

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 1<sup>st</sup>, 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.

Third Quarter Key Figures	As published - <u>after</u> application of IFRS 11		Pro forma - <u>before</u> application of IFRS 11	
	2014	2013	2014	2013
<i>Volumes</i>				
Cement (million tons)	31.0	31.2	36.5	36.7
Pure Aggregates (million tons)	50.4	52.5	58.5	59.8
Ready-Mix Concrete (million m <sup>3</sup> )	7.1	7.2	8.3	8.2
<i>Results (million euros)</i>				
Sales	3,636	3,700	4,248	4,236
EBITDA <sup>(1)</sup>	887	920	992	1,007
EBITDA margin (%)	24.4%	24.9%	23.4%	23.8%
Current Operating Income	676	710	739	755
Net income Group share	218	304	218	304
Earnings per share (€)	0.76	1.06	0.76	1.06
Free cash flow <sup>(1)</sup>	360	450	418	492

Nine Months Key Figures	As published - <u>after</u> application of IFRS 11		Pro forma - <u>before</u> application of IFRS 11	
	2014	2013	2014	2013
<i>Volumes</i>				
Cement (million tons)	88.0	85.7	104.8	101.9
Pure Aggregates (million tons)	120.3	123.2	142.3	143.6
Ready-Mix Concrete (million m <sup>3</sup> )	19.9	20.2	23.1	23.2
<i>Results (million euros)</i>				
Sales	9,636	9,934	11,332	11,484
EBITDA <sup>(1)</sup>	2,042	2,087	2,320	2,309
EBITDA margin (%)	21.2%	21.0%	20.5%	20.1%
Current Operating Income	1,431	1,449	1,589	1,546
Net income Group share	288	388	288	388
Earnings per share (€)	1.00	1.35	1.00	1.35
Free cash flow <sup>(1)</sup>	200	336	179	360
Net debt	10,271	10,357	10,854	10,944

<sup>(1)</sup> 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.



## DESIGNATION OF DIRECTORS REPRESENTING EMPLOYEES

At its meeting on November 4, 2014, the Board of Directors of Lafarge welcomed Mr. Luc Jeanneney and Mr. Ewald Simandl designated as Directors respectively by the Works Council of Lafarge SA and the European Works Council. These directorships took effect from this meeting for a term of four years. In accordance with the law, these designations occurred following the amendment of the Articles of Association aiming to establish how the Directors representing the employees will be appointed. The amendment was approved at the General Meeting held on May 7, 2014. More information is available on the Lafarge Website: [www.lafarge.com](http://www.lafarge.com) ("Corporate Governance" section).

## ADDITIONAL INFORMATION

The analyst presentation of results and the interim financial report, including the interim management report and the interim condensed consolidated financial statements are available on the Lafarge Website: [www.lafarge.com](http://www.lafarge.com)

### **Practical information:**

There will be an analyst conference call at 9:00 CET, on November 5, 2014. The presentation will be made in English with slides that can be downloaded from the Lafarge website ([www.lafarge.com](http://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 1918
- Dial in (US): +1 212 444 0412

Please note that in addition to the web cast replay, a conference call playback will be available until November 12, 2014 midnight CET at the following numbers:

- France playback number: +33 (0)1 74 20 28 00 (pin code: 8909825#)
- UK or International playback number: +44 (0)20 3427 0598 (pin code: 8909825#)
- US playback number: +1 347 366 9565 (pin code: 8909825#)

**Lafarge's next financial publication – 4<sup>th</sup> Quarter 2014 results – will be on February 18, 2015 (before the NYSE Euronext Paris stock market opens).**

## NOTES TO EDITORS

A world leader in building materials, Lafarge employs 64,000 people in 62 countries, and posted sales of €15.2 billion in 2013. 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](http://www.lafarge.com)

### **Important disclaimer - forward-looking statements:**

*This document contains forward-looking statements. Such forward-looking statements do not constitute forecasts regarding results or any other performance indicator, but rather trends or targets, as the case may be, including with respect to plans, initiatives, events, products, solutions and services, their development and potential. Although Lafarge believes that the expectations reflected in such forward-looking statements are based on reasonable assumptions as at the time of publishing this document, investors are cautioned that these statements are not guarantees of future performance. Actual results may differ materially from the forward-looking statements as a result of a number of risks and uncertainties, many of which are difficult to predict and generally beyond the control of Lafarge, including but not limited to the risks described in the Lafarge's annual report available on its Internet website ([www.lafarge.com](http://www.lafarge.com)) and uncertainties related to the market conditions and the implementation of our plans. Nothing contained herein is, or shall be relied on as, a promise or representation as to the future performance of Lafarge. Accordingly, we caution you against relying on forward looking statements. Lafarge does not undertake to provide updates of these forward-looking statements.*

*More comprehensive information about Lafarge may be obtained on its Internet website ([www.lafarge.com](http://www.lafarge.com)), including under "Regulated Information" section.*

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

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