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2011 First Quarter Results

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Granulats et Béton - Afrique du Sud,
stade Moses Mabhida



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Highlights

- Strong volume and revenue growth in Q1 accelerated compared to positive trend already seen in Q4
 - Reflect improved economic conditions and better weather
 - Volume progressed in all cement regions and all product lines
- Egypt EBITDA down €30M due to recent events
- Results impacted by higher inflationary environment
- Cement prices slightly down compared to last year but moved higher between Q4 2010 and Q1 2011
- On-going cost reduction achieved €50M of structural cost savings for the quarter
- Strict Working capital improved 8 days versus Q1 2010



Key Figures

€m	1 st Quarter		Variation	lfl
	2010	2011		
Sales	3,276	3,557	9%	4%
EBITDA	516	514	-	-5%
Current Operating Income	236	224	-5%	-12%
Operating Margin	7.2%	6.3%	-90bp	
Net income Group share ^{(1) (2)}	64	(29)	<i>nm</i>	
Earnings per share (in €) ⁽²⁾	0.22	(0.10)	<i>nm</i>	
Free Cash flow	(86)	(322)	<i>nm</i>	
Net debt	14,582	14,240	-2%	

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

(2) Net income group share improved by €44 million and earnings per share improved by €0.16 per share when excluding the first quarter 2010 one time gain of €137 million for the sale of the investment in Cimpor.



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Brazil, cement plant, usine d'Arcos

Cement





Cement Highlights

Strong Volume and Revenue Growth Across All Regions in a Higher Inflationary Environment

MT	1 st quarter		Variation	IfI
	2010	2011		
Volumes	29.0	31.1	7%	4%
€m				
Sales ⁽¹⁾	2,137	2,300	8%	2%
EBITDA	485	469	-3%	-8%
Current Operating Income	299	270	-10%	-14%

- Improved market trends and more favourable weather conditions led volumes and sales to increase in both developed and emerging markets.
- Cost savings actions helped partially mitigate the impact of significantly higher cost inflation.
- Pricing slightly down due to declines in some markets in 2010, but moved higher between Q4 2010 and Q1 2011.
- Egypt EBITDA down €30M due to recent events

(1) Before elimination of inter divisional sales



Cement highlights

Contrasted trends between regions

By geographical zone	1st quarter	
	2010	2011
Current Operating Income (€m)	299	270
Western Europe	36	73
North America	(57)	(63)
Central and Eastern Europe	(17)	(20)
Middle East and Africa	217	195
Latin America	34	42
Asia	86	43

- Western Europe benefited from more favourable market and weather conditions in France and in the UK and higher carbon credit sales, while Greece was still impacted by the economic environment.
- North America relatively stable in a higher cost environment.
- Central and Eastern Europe experienced noticeable positive volumes in Russia and Poland and positive pricing, but was negatively impacted by lower carbon credit sales and higher input costs.
- MEA was impacted by Egypt, but experienced improvements in most other countries, particularly Algeria.
- LATAM benefited from strong market trends and new Brazilian assets, in a cost inflationary context.
- In Asia, higher volumes could not offset the increasing costs and the negative price base effect, despite price improvements observed between Q4 2010 and Q1 2011.



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Aggregates & Concrete



Aggregates & Concrete Highlights

Stronger Volumes in Europe and North America

Solid Cost Control and Favorable Prices

		1 st quarter		Variation	lfl
		2010	2011		
Volumes					
Pure Aggregates	MT	32.6	34.7	6%	7%
Ready-Mix Concrete	Mm ³	7.3	7.6	4%	4%
€m					
Sales ⁽¹⁾		918	1,026	12%	8%
EBITDA		(9)	1	nm	nm
Current Operating Income		(72)	(58)	19%	15%

- Good market and weather conditions in mature markets bolstered volumes and sales.
- Favorable price trends overall.
- Higher sales and continuous cost containment resulted in a lower loss.
- Ready-Mix sales of Value Added Products improved at comparable scope and significantly contributed to earnings.

(1) Before elimination of inter divisional sales



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Plâtre- Afrique du Sud, immeuble de
Johannesburg

Gypsum



Gypsum

Higher Operating Income and Margins from Improved Market Trends and Positive Pricing

Mm ²	1 st quarter		Variation
	2010	2011	
Volumes	168	176	5%
€m			
Sales ⁽¹⁾	344	375	9%
EBITDA	31	39	26%
Current Operating Income	10	18	80%

- Favorable volumes in most of our major regions.
- Higher pricing overall.
- Improvement in construction market activity and cost-cutting measures resulted in higher current operating income and margins.

(1) Before elimination of inter divisional sales



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Net Income

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Net Income

€m	1st quarter	
	2010	2011
Current Operating Income	236	224
Other income (expenses)	(41)	(27)
Finance costs, net	(83) ⁽²⁾	(185)
Income from associates	3	(3)
Income taxes	(1)	(3)
Non-controlling interests	(50)	(35)
Net income Group Share ⁽¹⁾	64	(29)

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

(2) Including the gain on the disposal of Cimpor shares for €137m



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Cash Flow and Debt Highlights



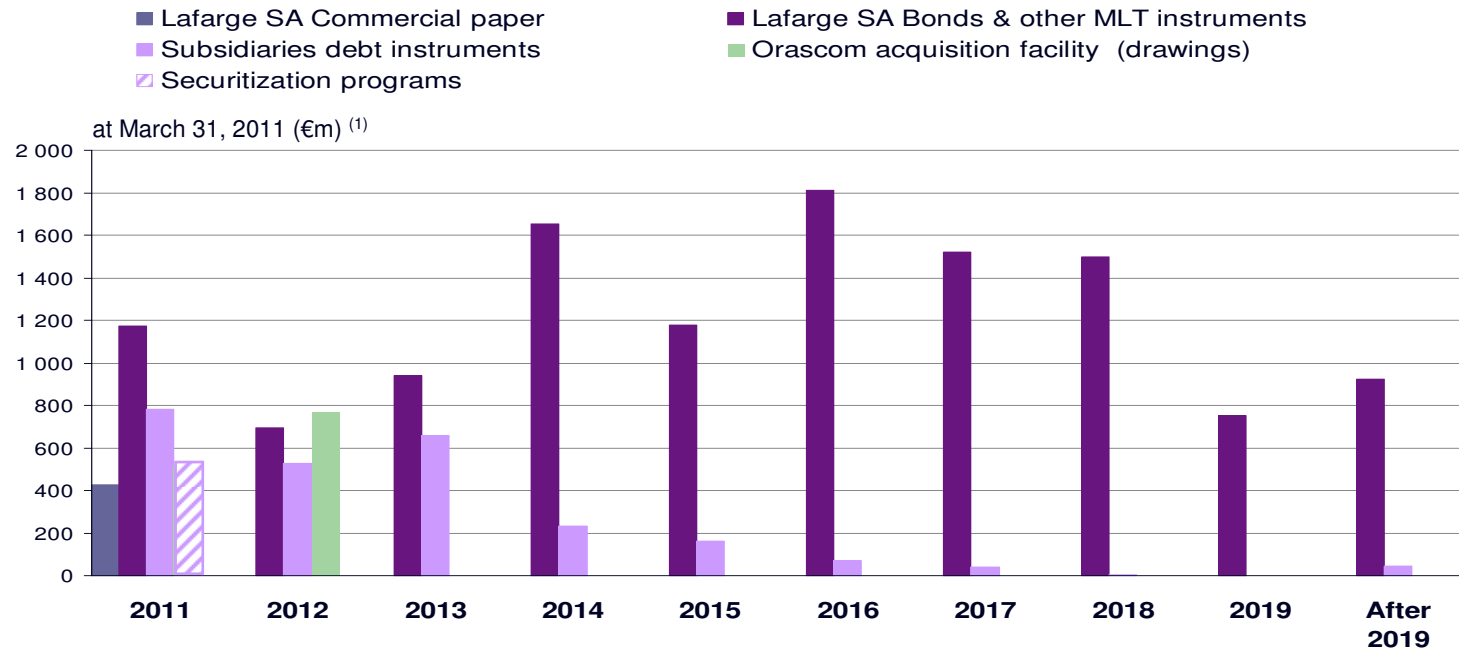
Cash Flow

€m	1 st quarter	
	2010	2011
Cash flow from operations	244	228
Change in working capital	(285)	(497)
Sustaining capex	(45)	(53)
Free cash flow	(86)	(322)
Development investments ⁽¹⁾	(339)	(249)
Divestments ⁽²⁾	36	11
Cash flow after investments	(389)	(560)
Dividends	(20)	(26)
Equity issuance (repurchase)	7	2
Currency fluctuation impact	(349)	280
Change in fair value	-	(8)
Others	(36)	65
Net debt reduction (increase)	(787)	(247)
Net debt at the beginning of period	13,795	13,993
Net debt at period end	14,582	14,240

- (1) Including debt acquired and the acquisitions of ownership interests with no gain of control.
In Q1 2011, the acquisitions of ownership interests with no gain of control represented €39m, excluding a €51 million put, already recorded as debt, that was exercised in the quarter
- (2) Including debt disposed of



Balanced Debt Maturity Schedule and Strong Liquidity



- Average maturity of gross debt is 4 years and 7 months
- Cash and cash equivalents and committed unused credit lines fully cover short-term obligations.

(1) Excluding puts on shares and derivatives instruments: €0.2bn



Strong Liquidity Backed by Well Balanced Committed Credit Lines

€m, as at March 31, 2011	Line currency	Line size	Amount available	Expiry date	Financial covenant	MAC clause
Syndicated credit facility	EUR	1,764	1,764	28/07/13 ⁽¹⁾	No	No
Bilateral committed credit facilities	EUR	2,134	2,134	Various ⁽²⁾	No	No
Total Lafarge SA committed credit lines		3,898	3,898			

- Cash and cash equivalents of €2.3Bn
- Lafarge SA committed unused credit lines of €3.9Bn with average maturity of 2.6 years
 - Only €435m maturing by the end of 2012
 - 24 banks participating to the syndicated credit facility
- No financial covenants on any credit facility

(1) Except €110m, maturing on July 28, 2012.

(2) From April 2011 (€125m) to July 2015



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Outlook 2011



2011 Outlook – Market* Overview

	Volumes (%)	Price	Highlights
North America	1 to 4	+	Progressive recovery; prices improving in a challenging context
Western Europe	-5 to -2	=/+	Slowdown in Spain and Greece with modest improvement in France
Central and Eastern Europe	3 to 6	+	Solid market trends in Russia and Poland, with stabilization elsewhere; prices improving
Middle East and Africa	3 to 6	=/+(¹)	Solid market trends in most countries
Latin America	7 to 10	+	Solid market trends; prices improving
Asia	5 to 8	+	Solid market trends; prices improving
Overall	2 to 5	+	Solid market trends in most emerging countries and stabilization or slow recovery in mature markets

* Market growth forecast at national level

(1) Relative to year-end pricing; down at average pricing

2011 Outlook – Other Elements

- +10% energy cost increase (1.3 euro per tonne)
- Structural cost reduction of a further €200 m in 2011
- Cost of debt (gross): 6.0%
- Tax rate: 26% ⁽¹⁾
- Capital expenditures:
 - Sustaining: ~ €0.5 Bn
 - Development: ~ €0.5 Bn

(1) Impacted by country mix



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Appendices

I. Other Information

Cement – Regional information

Brazil, cementerie, usine d'Arcos

Cement: YTD Like for Like Sales Variance (1)



Cement – Analysis by Region and in Major Markets as at March 31, 2011	Volume effect	Other effects (2)	Activity variation vs. 2010
North America	6.7% ⁽³⁾	-1.9% ⁽⁴⁾	4.8%
Western Europe	6.7%	-1.5%	5.2%
France	12.0%	-0.3%	11.7%
United Kingdom	14.0%	2.9%	16.9%
Spain	-2.9%	-3.2%	-6.1%
Greece	-28.7%	-3.5%	-32.2%
Central and Eastern Europe	25.2%	4.2%	29.4%
Poland	55.5%	-2.6%	52.9%
Romania	4.7%	-1.1%	3.6%
Russia	17.4%	30.9%(5)	48.3%
Serbia	-9.7%	1.6%	-8.1%
Middle East and Africa	-0.6%	0.3% ⁽⁶⁾	-0.3%
Algeria	29.3%	3.2%	32.5%
Egypt	-23.0%	-4.7%	-27.7%
Iraq	0.5%	-0.8%	-0.3%
Jordan	-25.7%	-1.7%	-27.4%
Kenya	8.0%	-0.7%	7.3%
Morocco	2.3%	1.3%	3.6%
Nigeria	15.4%	-5.2%	10.2%
South Africa	-11.4%	4.2%	-7.2%
Latin America	5.2%	4.4%	9.6%
Brazil	-0.7%	5.2%	4.5%
Ecuador	22.6%	2.2%	24.8%
Asia	3.1%	-4.2%	-1.1%
China	17.7%	-9.6%	8.1%
India	0.7%	-4.4%	-3.7%
Indonesia	9.7%	-0.6%	9.1%
Malaysia	0.3%	12.4%	12.7%
Philippines	-11.9%	-5.6%	-17.5%
South Korea	8.5%	-22.0%	-13.5%
Cement domestic markets	3.8%	-0.8%	3.0%

(1) Variance on like for like sales on domestic markets before elimination of sales between Divisions

(2) Other effects: including price effects, product and customer mix effects

(3) Volumes in the United States: 5.2%; in Canada: 10.5%

(4) Out of which Pure price in the United States: -5.5%; in Canada: -0.8%

(5) Pure price effect: 19.0%

(6) Out of which Pure price effect: -2.1%, and other effects (mostly country mix): 2.4%



Cement: North America

MT	1 st quarter		Variation	IfI
	2010	2011		
Volumes ⁽¹⁾	1.9	2.0	6%	6%
€m				
Sales ⁽²⁾	185	200	8%	5%
EBITDA	(25)	(31)	-24%	-25%
Current Operating Income	(57)	(63)	-11%	-8%

- Volumes improved with more favourable market and weather conditions.
- Prices were lower than Q1 2010 due to declines that occurred in the second half of 2010 in the United States. Prices solid in Canada.
- Tight cost control helped partly offset significant cost inflation.

(1) By destination

(2) Before elimination of inter divisional sales



Cement: Western Europe

MT	1 st quarter		Variation
	2010	2011	
Volumes ⁽¹⁾	4.3	4.6	7%
€m			
Sales ⁽²⁾	408	432	6%
EBITDA	73	107	47%
Current Operating Income	36	73	103%

- France and UK showed positive volume trends, reflecting improved market conditions and favorable weather. Rate of volume decline slowed in Spain, while Greece volumes were still impacted by the economic environment.
- Prices were slightly up as compared to Q4 2010, but were below Q1 2010, mostly due to Spain and Greece.
- Operating margins improved on the back of higher volumes, cost cutting measures and the higher contribution of carbon credits (+22 millions euros versus Q1 2010).

(1) By destination

(2) Before elimination of inter divisional sales



Cement: Central And Eastern Europe

MT	1 st quarter		Variation	IfI
	2010	2011		
Volumes ⁽¹⁾	1.3	1.7	31%	25%
€m				
Sales ⁽²⁾	87	115	32%	30%
EBITDA	(5)	(7)	-40%	-7%
Current Operating Income	(17)	(20)	-18%	-4%

- Volumes benefited from improved market trends in Poland and Russia and favorable comparables due to tough weather conditions in Q1 2010.
- Prices improved overall, notably in Russia.
- Current operating income improved 28% like for like when restating the different phasing of carbon credit sales in Q1 (7 million euros fewer CO2 sales in Q1 2011 versus Q1 2010).

(1) By destination

(2) Before elimination of inter divisional sales



Cement: Middle East and Africa

MT	1 st quarter		Variation	lfl
	2010	2011		
Volumes ⁽¹⁾	9.9	10.3	4%	-1%
€m				
Sales ⁽²⁾	850	858	1%	-2%
EBITDA	282	265	-6%	-5%
Current Operating Income	217	195	-10%	-8%

- Solid market trends in most countries, with double digit volume growth in Algeria and Nigeria, due to solid industrial performance and good markets. Egyptian volumes were impacted by political events earlier in the year.
- Prices stable versus Q4 2010 levels, but lower than Q1 2010.
- EBITDA margin maintained above a strong 30%.
- Higher volumes and cost cutting significantly mitigated the impact of higher cost inflation and Egypt, which recorded 30 million euros lower current operating income than last year.

(1) By destination

(2) Before elimination of inter divisional sales



Cement: Latin America

MT	1 st quarter		Variation	IfI
	2010	2011		
Volumes ⁽¹⁾	1.8	2.4	33%	5%
€m				
Sales ⁽²⁾	136	207	52%	10%
EBITDA	41	53	29%	-12%
Current Operating Income	34	42	24%	-15%

- Positive market trends in the region and new capacities in Brazil drove the significant increase in volumes.
- Positive pricing overall.
- Higher sales and strict cost control partially mitigated higher cost inflation and slightly lower production levels in Brazil.

(1) By destination

(2) Before elimination of inter divisional sales



Cement: Asia

MT	1 st quarter		Variation	lfl
	2010	2011		
Volumes ⁽¹⁾	9.8	10.1	3%	3%
€m				
Sales ⁽²⁾	471	488	4%	-1%
EBITDA	119	82	-31%	-35%
Current Operating Income	86	43	-50%	-53%

- Volumes were up 3%, with solid market trends in China, Indonesia, Malaysia and India, partially offset by delayed governmental projects in the Philippines.
- Earnings were strongly impacted by cost inflation and lower pricing compared to Q1 2010, although pricing did move higher between Q4 2010 and Q1 2011.

(1) By destination

(2) Before elimination of inter divisional sales



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II. Other information

Aggregates & Concrete Division
by Product Line and Geographical zone

Pure Aggregates

MT	1 st quarter		Variation	lfl
	2010	2011		
Volumes	32.6	34.7	6%	7%
€m				
Sales ⁽¹⁾	339	401	18%	13%
EBITDA	2	7	250%	91%
Current Operating Income	(34)	(26)	24%	13%

- Volumes were up 7% lfl, with improved market trends and weather.
- Overall, prices were well-oriented.
- Higher sales and continued strict cost control more than offset the impact of cost inflation.

(1) Before elimination of inter divisional sales



Ready-Mix Concrete

Mm ³	1 st quarter		Variation	lfl
	2010	2011		
Volumes	7.3	7.6	4%	4%
€m				
Sales ⁽¹⁾	585	635	9%	6%
EBITDA	3	8	166%	332%
Current Operating Income	(19)	(13)	32%	28%

- Volumes were up 4% lfl, with improved market trends and weather.
- Solid prices overall.
- Innovation: sales of Value Added Products improving at comparable scope and significantly contributed to earnings

(1) Before elimination of inter divisional sales



YTD Sales at March 31, 2011

Like for Like Sales Variance Analysis by Region and in Major Markets

Aggregates & Concrete	Volume effect	Other effects*	Activity variation vs. 2010
Pure Aggregates	7.0%	5.9%	12.9%
France	16.7%	3.0%	19.7%
United Kingdom	11.7%	-3.3%	8.4%
North America	4.8%	1.7%	6.5%
South Africa	-29.0%	3.6%	-25.4%
Ready-mix Concrete	3.9%	1.9%	5.8%
France	20.4%	0.5%	20.9%
United Kingdom	7.9%	4.7%	12.6%
North America	5.2%	-3.2%	2.0%
South Africa	-19.1%	2.0%	-17.1%
India	15.0%	9.7%	24.7%

* Other effects: including price effects, product and customer mix effects



Aggregates & Concrete

Additional Information by Geographical Zone

		1 st quarter		Var like f/ like
		2010	2011	
Volumes ⁽¹⁾				
Pure Aggregates (millions of tonnes)		32.6	34.7	7%
<i>Of which</i>	Western Europe	13.8	14.9	
	North America	12.5	12.8	
	Other countries	6.3	7.0	
Ready-mix (millions of m ³)		7.3	7.6	4%
<i>Of which</i>	Western Europe	2.9	3.1	
	North America	1.1	1.2	
	Other countries	3.3	3.3	
Sales ⁽²⁾ (millions of €)				
Total Aggregates & Concrete		918	1,026	8%
<i>Of which Pure Aggregates</i>	Total	339	401	13%
	Western Europe	175	203	
	North America	111	123	
	Other countries	53	75	
<i>Of which Ready-mix</i>	Total	585	635	6%
	Western Europe	267	297	
	North America	125	134	
	Other countries	193	204	
Current Operating Income (millions of €)				
Total Aggregates & Concrete		(72)	(58)	15%
<i>Of which</i>	Western Europe	(3)	13	
	North America	(76)	(73)	
	Other countries	7	2	

(1) By destination

(2) Before elimination of inter divisional sales by origin



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III. Other information

Gypsum division
by Geographical zone



Gypsum

Additional Information by Geographical Zone

		1 st quarter		
		2010	2011	Var like f/ like
Volumes				
Total Boards (millions of m ²)		168	176	5%
Sales ⁽¹⁾ (millions of €)				
Total Gypsum		344	375	6%
<i>Of which</i>	Western Europe	192	207	
	North America	44	43	
	Other countries	108	125	
Current Operating Income (millions of €)				
Total Gypsum		10	18	65%
<i>Of which</i>	Western Europe	14	22	
	North America	(12)	(12)	
	Other countries	8	8	

(1) Before elimination of inter divisional sales by origin



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IV. Other Information

Income statement



Other Income (Expenses)

€m	1 st quarter	
	2010	2011
Net gains (losses) on disposals	20	5
Impairment of assets	(21)	(12)
Restructuring	(19)	(9)
Others	(21)	(11)
Total	(41)	(27)

Finance Costs and average interest rate

Finance Costs in €m	1 st quarter	
	2010	2011
Financial charges on net debt	(178)	(206)
Foreign exchange	(21)	34
Others	116 ⁽¹⁾	(13)
Total	(83)	(185)

Average interest rate	December 31, 2010		March 31, 2011			
	€15.7 Bn	Interest rate		€16.3 Bn	Interest rate	
		Spot	Average		Spot	Average
Total gross debt ⁽²⁾	€15.7 Bn	5.3%	5.1%	€16.3 Bn	5.6%	5.6%
<i>Of which: Fixed rate</i>	68%	6.3%		67%	6.8%	
<i>Floating rate</i>	32%	2.9%		33%	3.1%	

(1) Including gain on disposal of Cimpor for €137 million

(2) Excluding puts: € 0.2 Bn as at March 31, 2011 and € 0.3 Bn as at December 31, 2010



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V. Other Information

Statement of Financial Position ⁽¹⁾ & Cash Flow Statement

(1) Former Balance sheet



Statement of Financial position

€m	Dec. 31, 2010	March 31, 2011	€m	Dec. 31, 2010	March 31, 2011
Capital Employed	33,762	31,370	Equity	18,224	17,130
<i>Out of which:</i>			<i>Out of which:</i>		
<i>Goodwill</i>	14,327	13,161	<i>Shareholders' equity</i>	16,144	15,284
<i>Prop, plant & equip.</i>	17,912	16,418	<i>Non controlling interests</i>	2,080	1,846
<i>Working Capital</i>	440	774			
<i>Other</i>	1,083	1,017			
Financial assets	863	741	Net debt	13,993	14,240
Net assets held for sale ⁽¹⁾	-	1,404	Provisions	2,408	2,145
Total	34,625	33,515	Total	34,625	33,515

- (1) Following the announcement of the agreement between Lafarge and Anglo American plc to combine their cement, aggregates, ready-mixed concrete, and asphalt & contracting businesses in the United Kingdom, and in accordance with IFRS 5, Lafarge UK's assets and liabilities that will contribute to this joint venture have been grouped since February 18, 2011 in the consolidated statement of financial position on the lines "Assets held for sale" and "Liabilities directly associated with assets held for sale", respectively. The completion of this transaction is conditional upon regulatory approvals.



Investments and Divestments

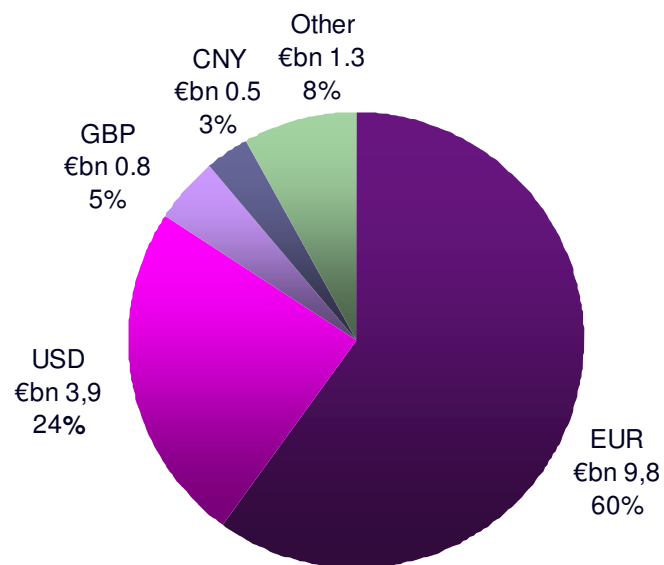
€m	1st quarter	
	2010	2011
Sustaining capital expenditures	45	53
Development capital expenditures	317	195
Acquisitions ⁽¹⁾	22	54
Capital expenditure	384	302
Divestments ⁽²⁾	36	11

- (1) Including debt acquired and the acquisitions of ownership interests with no gain of control.
In Q1 2011, the acquisitions of ownership interests with no gain of control represented €39m, excluding a €51 million put, already recorded as debt, that was exercised in the quarter
- (2) Including debt disposed of

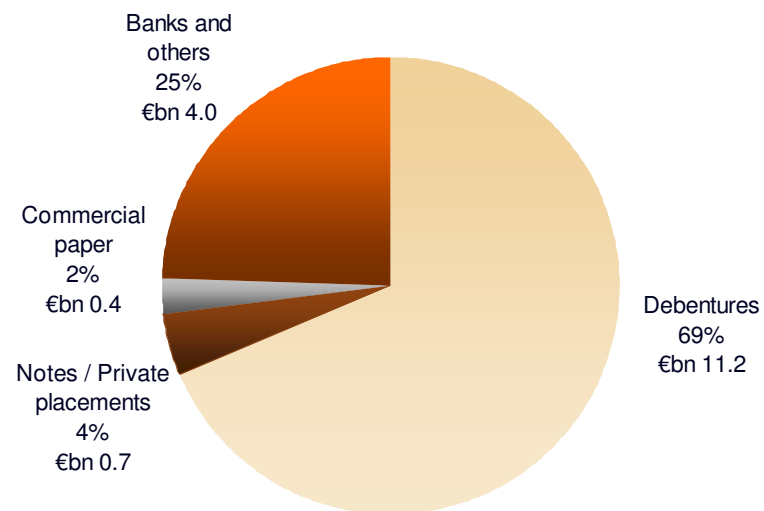


Gross Debt ⁽¹⁾ by Currency and by Source of Financing as at March 31, 2011

Split by currency



Split by source of financing



Total Gross Debt ⁽¹⁾: **€16.3Bn**

(1) Excluding puts: € 0.2 Bn



Key definitions

Volumes	Volumes are shown by destination
Sales by Division	Sales by Division are disclosed by origin, and before elimination of inter divisional sales
EBITDA	Current Operating Income before depreciation and amortization
Current Operating Income	Operating Income before “capital gains, impairment, restructuring and other”
Operating margin	Current Operating Income / Sales
Free Cash Flow	Net operating cash flow generated by continuing operations less sustaining capital expenditures
Like for Like variation	Like for Like variation corresponds to the variation at constant scope and exchange rates
Strict Working Capital	Trade receivables plus inventories less trade payables
Strict Working Capital in days sales	$\frac{\text{Strict Working Capital end of N * 90 days}}{\text{Sales of the last quarter}}$