



Press release

Paris, February 14, 2008

Euronext Paris: LG

ANOTHER YEAR OF STRONG EARNINGS GROWTH, WITH EARNINGS PER SHARE UP 41% CONTINUED STRONG PROGRESSION IN FOURTH QUARTER 2010 TARGETS CONFIRMED

The Board of Directors of Lafarge, chaired by Bruno Lafont, met on February 13, 2008 to approve the accounts for the financial year to December 31, 2007.

VERY STRONG EARNINGS GROWTH OVER THE YEAR

<ul style="list-style-type: none"> ▪ Sales up 4% to €17,614 million Organic growth: up 7% ▪ Current operating income up 17% to €3,242 million ▪ Operating margin up sharply to 18.4% from 16.4% in 2006 ▪ Free cash flow: up 23% to €1.7 billion 	<ul style="list-style-type: none"> ▪ Net income Group share up 39% to €1,909 million ▪ Earnings per share up 41% to €11.05 ▪ Dividend per share up 33% to €4, subject to AGM approval ▪ Improvement in Return on capital employed to 11% from 9.4% in 2006
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CONTINUED STRONG PROGRESSION IN 4TH QUARTER

<ul style="list-style-type: none"> ▪ Sales up 3% to €4,335 million Organic growth: up 6% ▪ Current operating income up 15% to €800 million 	<ul style="list-style-type: none"> ▪ Net income Group share up 36% to €375 million ▪ Earnings per share up 39% to €2.19
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BRUNO LAFONT, CHAIRMAN AND CHIEF EXECUTIVE OFFICER OF LAFARGE, DECLARED:

"In 2007, Lafarge demonstrated its ability to accelerate. The Excellence 2008 objectives for growth in earnings per share and return on capital employed were exceeded in 2007, a year early. The cost reduction target for 2008 will also be exceeded substantially.

Cement demand worldwide has experienced uninterrupted growth over nearly twenty years, regardless of economic fluctuations. By building new capacity in fast growing markets and thanks to the acquisition of Orascom Cement, Lafarge is ideally positioned to benefit fully from this growth. We are therefore confirming the high targets we have set ourselves for 2010. In 2008, we will make an important step towards achieving these targets. In this context, at the next AGM, the Board will propose a 33% increase in the dividend, to €4 per share."

POSITIVE OUTLOOK FOR 2008

- The fundamentals of our sector remain sound, and Lafarge is well armed to make the difference in 2008. There are still considerable construction needs in emerging markets. We anticipate further growth in world demand in spite of weak demand in the US and the slowdown in Spain.
- We foresee another year of growth in our Aggregates & Concrete business, with a strong increase in emerging markets in particular.
- We anticipate further increases in energy and transportation costs.
- The cost reduction program will continue to generate substantial savings in 2008. The target will be exceeded and should reach €400 million by the end of 2008, instead of €340 million.
- We expect another increase in our earnings in 2008.
- **We confirm our 2010 targets of earnings per share of more than €15, return on capital employed after tax of more than 12% and free cash flow of more than €3.5 billion.**



GROUP HIGHLIGHTS OF 2007

- Accelerated achievement of the Excellence 2008 strategic plan, with most 2008 objectives exceeded a year early. In two years, earnings per share have increased by 32% a year on average, operating margin has improved from 15.5% to 18.4%, return on capital employed has increased by 250 basis points to 11% and free cash flow has doubled to reach €1,726 million.
- Cost reduction program 70% completed, i.e. €240 million at the end of 2007. Cost reduction target will be exceeded and is expected to reach €400 million by the end of 2008 instead of €340 million.
- Announcement of the acquisition of Orascom Cement on December 10, 2007, finalized on January 23, 2008. Successful start-up of new plants in northern Iraq and Algeria.
- Continuation of the program to build 45 million tonnes of new cement capacity by 2010. With the 5 million tonnes of Orascom, 14 million tonnes in total are planned to start in 2008.
- Improvement in safety performance, with the frequency of lost-time incidents halved between the end of 2005 and the end of 2007.
- Excellent performance of our Cement and Aggregates & Concrete operations in North America, in spite of the slowdown in the US residential market: current operating income was up 24% in US\$ in these two activities over the year, in spite of lower volumes.
- Launch of two new value-added concrete products, Extensia and Chronolia, in France, the UK, and North America.
- Announcement of « Sustainability Ambitions 2012 », our plan made up of new objectives which are precise, dated and measured each year. With this plan, Lafarge renews its commitment to feature among the best-performing international industrial groups in terms of employee health and safety, environmental protection, social responsibility and corporate governance.
- Completion of €500 million share buyback program.
- Divestment of the Roofing business and of our assets in Central Anatolia, Turkey.

CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2007

€ m	FULL YEAR		
	2006	2007	Change
Sales	16,909	17,614	+4%
Current operating income	2,772	3,242	+ 17%
Operating margin in %	16.4%	18.4%	+ 200bp
Net income Group share	1,372	1,909	+ 39%
Earnings per share (€)	7.86	11.05	+ 41%
Free cash flow	1,404	1,726	+ 23%
Group net debt	9,845	8,685	- 12%
ROCE (in %)	9.4%	11%	+160bp

4 TH QUARTER		
2006	2007	Change
4,199	4,335	+3%
697	800	+ 15%
16.6%	18.5%	+ 190bp
276	375	+ 36%
1.58	2.19	+ 39%
626	864	+ 38%
-	-	-
-	-	-



CURRENT OPERATING INCOME AS AT DECEMBER 31, 2007

€ m	FULL YEAR			4 TH QUARTER		
	2006	2007	Change	2006	2007	Change
Cement	2,103	2,481	+ 18%	557	621	+ 11%
Aggregates & Concrete	564	721	+ 28%	141	190	+ 35%
Gypsum	198	116	- 41%	40	19	- 53%
Other	(93)	(76)		(41)	(30)	
TOTAL	2,772	3,242	+ 17%	697	800	+ 15%

HIGHLIGHTS BY BUSINESS

CEMENT: SOLID GROWTH IN EMERGING MARKETS AND VISIBLE COST CUTTING

- Sales up: +7% to €10,280 million over the year; +7% to €2,536 million in the 4th quarter.
- Current operating income up: +18% to €2,481 million over the year; +11% to 621 million in the 4th quarter.
- Strong impact of the cost reduction program across all regions.
- Operating margin up very sharply: 24.1% vs. 21.8% in 2006.
- Return on capital employed up to 12.1% from 10.3% in 2006.
- Positive volume and pricing trends across most of our markets, particularly in emerging markets, which accounted for 53% of the Cement business's sales and current operating income over the year.
- Our operations in North America are resisting well: despite lower volumes, our earnings increased by 12.2% during the year in local currency, while the operating margin moved up 250 basis points, thanks to solid pricing, cost reductions, and lower import volumes.

AGGREGATES & CONCRETE: OUTSTANDING RESULTS THANKS TO STRONG PRICING, COST CUTTING AND INCREASED PENETRATION OF VALUE-ADDED PRODUCTS

- Sales up: +2% to €6,597 million over the year; +1% to €1,631 million in the 4th quarter.
- Current operating income up: +28% to €721 million over the year; +35% to €190 million in the 4th quarter.
- Steep increase in operating margin to 10.9% from 8.7% in 2006, thanks to good price management and the cost reduction program.
- Return on capital employed up 200 basis points to 11.7% from 9.7% in 2006.
- Excellent performance in North America in spite of lower volumes: current operating income increased 39% in local currency over the year.
- Current operating income in emerging markets increased by 45%.
- Further growth in the contribution from value-added concrete products, which accounted for over 20% of volumes, compared to 16% in 2006.

GYPSUM: IMPACT OF RESIDENTIAL MARKET IN THE US BUT STRONG IMPROVEMENT ELSEWHERE

- Sales down: -3% to €1,581 million over the year; -7% to €373 million in the 4th quarter.
- Current operating income down: -41% to €116 million over the year; -53% to €19 million in the 4th quarter.
- Operating margin down to 7.3% from 12.1% in 2006, owing to the slowdown in the US residential market.
- Return on capital employed at 7.1%, close to cost of capital.
- Firm increase in other markets, particularly in Western and Eastern Europe.



INVESTMENTS AND DIVESTMENTS

- Investments totaled €3,170 million in 2007, compared to €4,814 million in 2006.
 - Sustaining capital expenditure was stable at €976 million in 2007.
 - Development capital expenditure to increase production capacity totaled €991 million in 2007 (€549 million in 2006). These investments were related in particular to the construction of new cement capacity in Morocco, China, Zambia, Indonesia, India, Ecuador, the US, South Africa, Chile, Egypt and Poland. They also included the construction of new plasterboard production lines at Silver Grove (US), in the UK and in Ukraine, as well as several debottlenecking projects at our cement operations in Western Europe and Africa.
 - Acquisitions amounted to €1,203 million. In particular, these included the acquisition of minority stakes in Heracles, Greece, for €417 million, bringing our shareholding to 86.7%; a 35% investment in the new Lafarge Roofing entity for €217 million; and the acquisition of a 4.6% stake in Cimpor for €219 million, bringing our shareholding to 17.3%.
 - Disposals of non-core businesses amounted to €2,492 million in 2007, mainly made up of the sale of the Roofing business to PAI Partners for €2.1 billion and of our Cement, Aggregates & Concrete operations in Central Anatolia (Turkey) for €250 million.

- On February 8, 2008, Lafarge, which acquired a 50% stake in GLA in Spain following the acquisition of Orascom Cement (subject to the approval of the Spanish competition authorities), acquired the remaining 50% of the capital. GLA is comprised of aggregates quarries, two clinker grinding plants, cement terminals, situated along the Spanish coast and over 50 concrete plants. Lafarge, which already has Cement, Aggregates and Concrete businesses in Spain grouped together within its subsidiary Lafarge Cementos, is thus consolidating its position in this country, particularly in Aggregates, where it is acquiring a leading market position in the Madrid region. The transaction is subject to competition authority's approval.

NOTES TO EDITORS

Lafarge is the world leader in building materials, with top-ranking positions in all of its businesses: Cement, Aggregates & Concrete and Gypsum. With 88,000 employees in 80 countries, Lafarge posted sales of Euros 17.6 billion and net income of Euros 1.9 billion in 2007.

Lafarge is the only company in the construction materials sector to be listed in the 2008 '100 Global Most Sustainable Corporations in the World'. Lafarge has been committed to sustainable development for many years, pursuing a strategy that combines industrial know-how with performance, value creation, respect for employees and local cultures, environmental protection and the conservation of natural resources and energy. To make advances in building materials, Lafarge places the customer at the heart of its concerns. It offers the construction industry and the general public innovative solutions bringing greater safety, comfort and quality to their everyday surroundings.

Additional information is available on the web site at www.lafarge.com.



Practical information: Analyst meeting and Press Conference

For the analyst meeting

There will be **an analyst presentation at 9:30 CET** at the Pavillon Gabriel, 5 avenue Gabriel, 75008 Paris. The presentation will be made in English with simultaneous French translation based on slides that can be downloaded from the Lafarge website (www.lafarge.com).

The presentation may be followed via a live web cast on the Lafarge website as well as via teleconference:

- Dial in (France): 33 (0) 1 70 99 43 03
- Dial in (UK or International): +44 (0)20 7806 1967
- Dial in (US): +1 718 354 1387

Please note that in addition to the web cast replay, a conference call playback will be until the 21st of February 2008 midnight at the following numbers:

- France playback number: +33 (0)1 71 23 02 48 (pin code: 6354583#)
- Dial in (UK or International): 44 (0)20 7806 1970 (pin code : 5288149#)
- Dial in (US): +1 718 354 1112 (code : 5288149#)

For the press conference

A press conference will be held at 11.30 AM CET at the Pavillon Gabriel, 5 avenue Gabriel, 75008 Paris.

The press conference will be hosted by Bruno Lafont, Chairman and CEO and Jean-Jacques Gauthier, Chief Financial Officer. The slides from the presentation will be available on the Lafarge website.

This release may contain forward-looking statements. Such forward-looking statements do not constitute forecasts regarding the Company's results or any other performance indicator, but rather trends or targets, as the case may be. These statements are by their nature subject to risks and uncertainties as described in the Company's annual report available on its Internet website (www.lafarge.com). These statements do not reflect future performance of the Company, which may materially differ. The Company does not undertake to provide updates of these statements.

More comprehensive information about Lafarge may be obtained on its Internet website (www.lafarge.com), under Regulated Information.

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