

Fitch Rates Lafarge's EUR750m Bond 'BBB-'

Fitch Ratings-London/Paris/Milan-17 June 2009: Fitch Ratings has today assigned Lafarge SA's (Lafarge) EUR750m 7.625% bond, maturing in November 2016 a senior unsecured rating of 'BBB-'. The bond has been issued under Lafarge's EUR9bn EMTN programme. The rating is in line with Lafarge's Long-term Issuer Default Rating (IDR) of 'BBB-', which has a Negative Outlook. Lafarge's senior unsecured rating is 'BBB-' and its Short-term IDR is 'F3'.

The net proceeds of the bond will be used for refinancing existing debt. The bond is unsecured and ranks equally with Lafarge's other existing and future unsecured and unsubordinated debt.

Lafarge's ratings continue to reflect its strong business profile, including its solid position in the international building materials industry and, notably, its leading global position in both the high-margin cement sector and its complementary product portfolio. The group's position is supported by its geographical diversification and established presence in mature markets, and its increased exposure to fast-growing emerging markets.

The company's Q109 financial results were negatively affected by difficult trading conditions in North America and eastern and western Europe, as well as adverse weather conditions. Revenue declined 9% y-o-y to EUR3.6bn, while the operating margin was down at 9.2% (12.8% in Q108). Free cash flow was negative with an outflow of EUR253m (outflow of EUR178m in Q108).

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