



Population growth drives demand for our products. It grows as economies develop, particularly as they urbanise.

### The cost structure of our products varies

Raw materials from quarries contribute relatively little to the cost of cement. This contrasts with ready-mix where cement represents 45% of the cost. Energy costs are a significant element in the cost of cement and of gypsum wallboard. Energy costs account for 32% of the cement cost structure and for one-quarter of the cost of gypsum wallboard. We intend to continue our efforts to use alternative fuels despite the recent drop in price of more traditional fossil fuels.

### Split of production cost\*



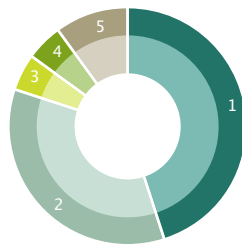
#### Cement

■ 1 - Energy	32%
■ 2 - Raw materials & consumables	29%
■ 3 - Production, labour & maintenance costs	28%
■ 4 - Depreciation	11%



#### Aggregates

■ 1 - Mineral costs	25%
■ 2 - Labour	16%
■ 3 - Energy	14%
■ 4 - Subcontracting	15%
■ 5 - Maintenance	19%
■ 6 - Other	11%



#### Ready-mix

■ 1 - Cement and cementitious materials	45%
■ 2 - Aggregates, sand, gravel	35%
■ 3 - Other raw materials	5%
■ 4 - Labor	5%
■ 5 - Other	10%



#### Gypsum wallboard

■ 1 - Paper	25%
■ 2 - Gypsum	10%
■ 3 - Energy	25%
■ 4 - Other variable costs	10%
■ 5 - Maintenance and other fixed costs	30%

Source: Lafarge

\* Production cost is calculated on a cash cost basis, which excludes depreciation, except in the case of cement. This is average data and does not reflect local variations.