First Half 2018 Results

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LafargeHolcim

Agenda

Highlights and Key Developments

Half-year 2018 financial results

Outlook

01 Highlights and Key Developments

Half-year 2018 highlights

- Strong revenue growth of 6.2% LFL in Q2 and 4.8% LFL in the first half, supported by volume increase with accelerating momentum in Q2
- Recurring EBITDA improvement in Q2 with a LFL growth of 1.5%; first half recurring EBITDA of CHF 2’484 million, down 1.4% on a LFL basis
- Full year 2018 targets confirmed
- New Strategy 2022 – “Building for Growth”: On track, focus on execution and delivery

Strategy 2022 – “Building for Growth”

Execution on track

Growth

- ✓ Three bolt-on acquisitions in the UK, the US and France
- ✓ Capturing organic growth in key markets: +4.8% Net Sales growth in H1
- ✓ Winning of major infrastructure contracts (e.g. UK highway project)

Simplification & Performance

- ✓ Closure of regional headquarters in Singapore and Miami completed
- ✓ Closure of corporate offices in Paris and Zurich ongoing
- ✓ Simplification plan and country focused organization implemented, cost saving program underway

Financial Strength

- ✓ Committed to maintain our investment grade rating
- ✓ Ongoing review of asset portfolio and investment / divestment options; divestment plan of selected assets of at least CHF 2 billion

Vision & People

- ✓ Key leadership team established within new organizational set-up
- ✓ Start of LafargeHolcim Business School in autumn 2018

Half-year 2018 bolt-on acquisitions

First bolt-on acquisitions - Executing on our growth strategy

Tarrant Concrete, US (announced July 2018)

- Leading provider of ready-mix concrete in the Dallas/Fort Worth area in Texas
- Net Sales USD 40 million
- Will strengthen the Group's existing operations in one of the most attractive and largest ready-mix concrete and aggregates markets in the USA

Vritz, France (announced July 2018)

- Sand quarry in Western France
- Extraction rights until 2045
- Will strengthen the Group's current footprint in a fast growing area in Western France

Kendall Group, UK (announced February 2018)

- Leading aggregates and ready-mix concrete manufacturer in the South of England
- Net Sales CHF 33 million
- Expected to benefit from above average growth in the region, especially in the housing segment

02 Half-year 2018 financial results

Half-year 2018 performance highlights

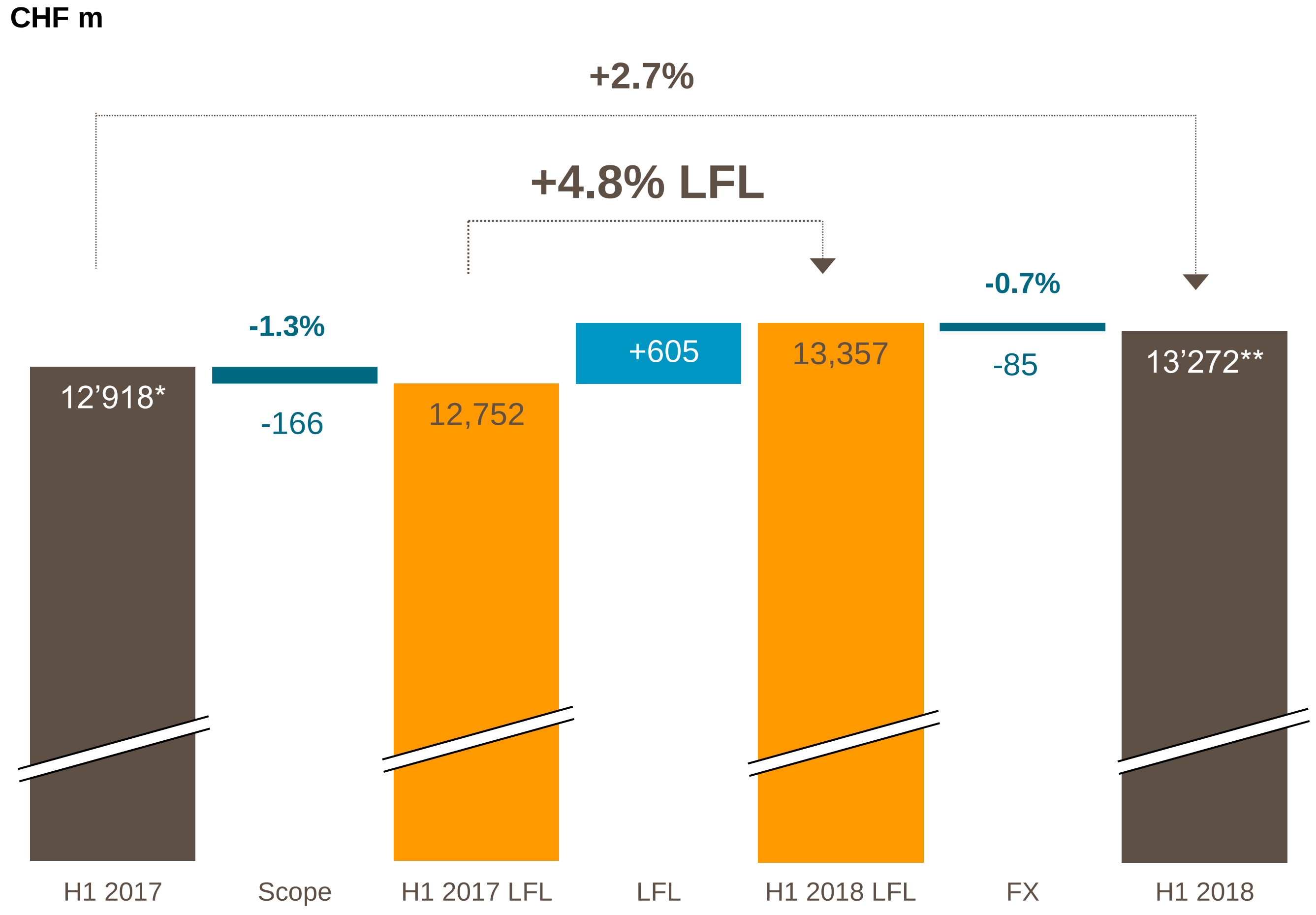
Solid progress on Net Sales and Free cash flow in half year

Net Sales		Recurring EBITDA 2)		Free cash flow
H1 2018	Q2 2018	H1 2018	Q2 2018	H1 2018
+4.8% 1)	+6.2% 1)	-1.4% 1)	+1.5% 1)	+28%
CHF 13’272 m	CHF 7’442 m	CHF 2’484 m	CHF 1’784 m	CHF -473 m

1) Like-for-like
2) Variance calculated on 2017 Recurring EBITDA restated for the inclusion of the Group share of net income of Huaxin (CHF 46 million in H1 2017, CHF 39 million in Q2 2017)

Half-year 2018 Net Sales bridge

Acceleration in Net Sales momentum over the first half



- In Q2, Net Sales of CHF 7’442 m
  - LFL of CHF 430 m (+6.2%, vs +3.1% in Q1 2018)
  - Scope of CHF -76 m (-1.1%)
  - FX of CHF 3 m (neutral)

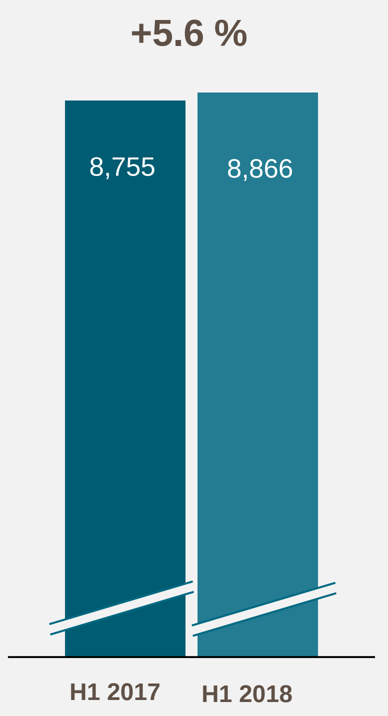
* Net Sales H1 2017 restated by CHF 438 million due to the reporting of gross sales from Trading activities, following the application of IFRS 15, effective January 1st 2018. No impact on Recurring EBITDA

** Of which CHF 363 million from Trading activities

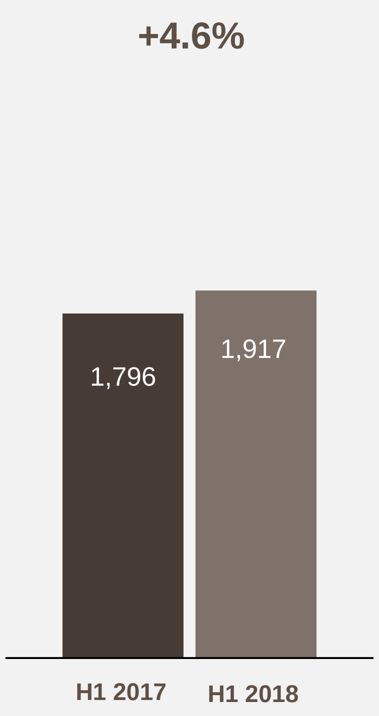
Half-year 2018 total Net Sales by segments

Improving top line in most segments

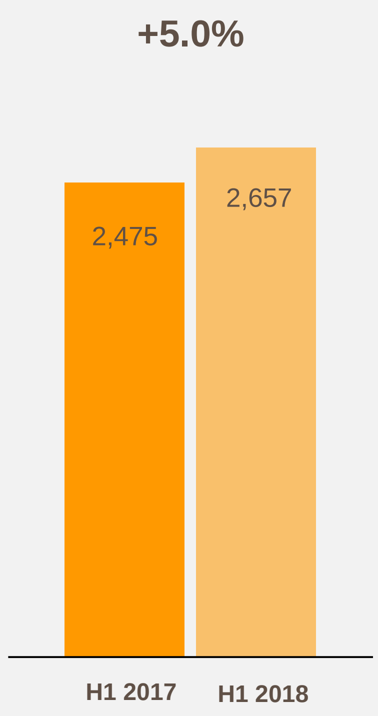
Cement



Aggregates

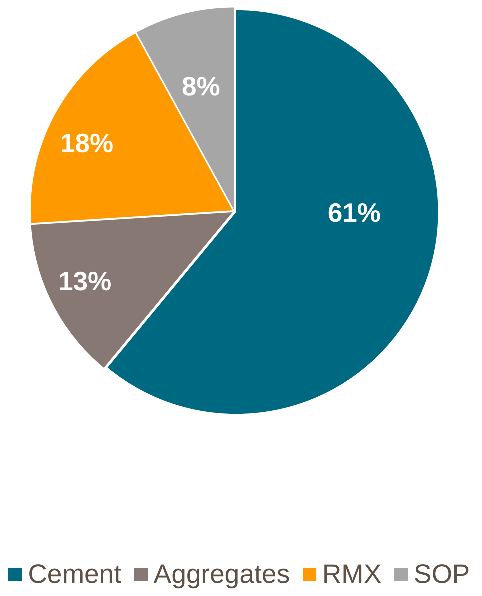


RMX



Solutions & Products

Group Net Sales split by segments

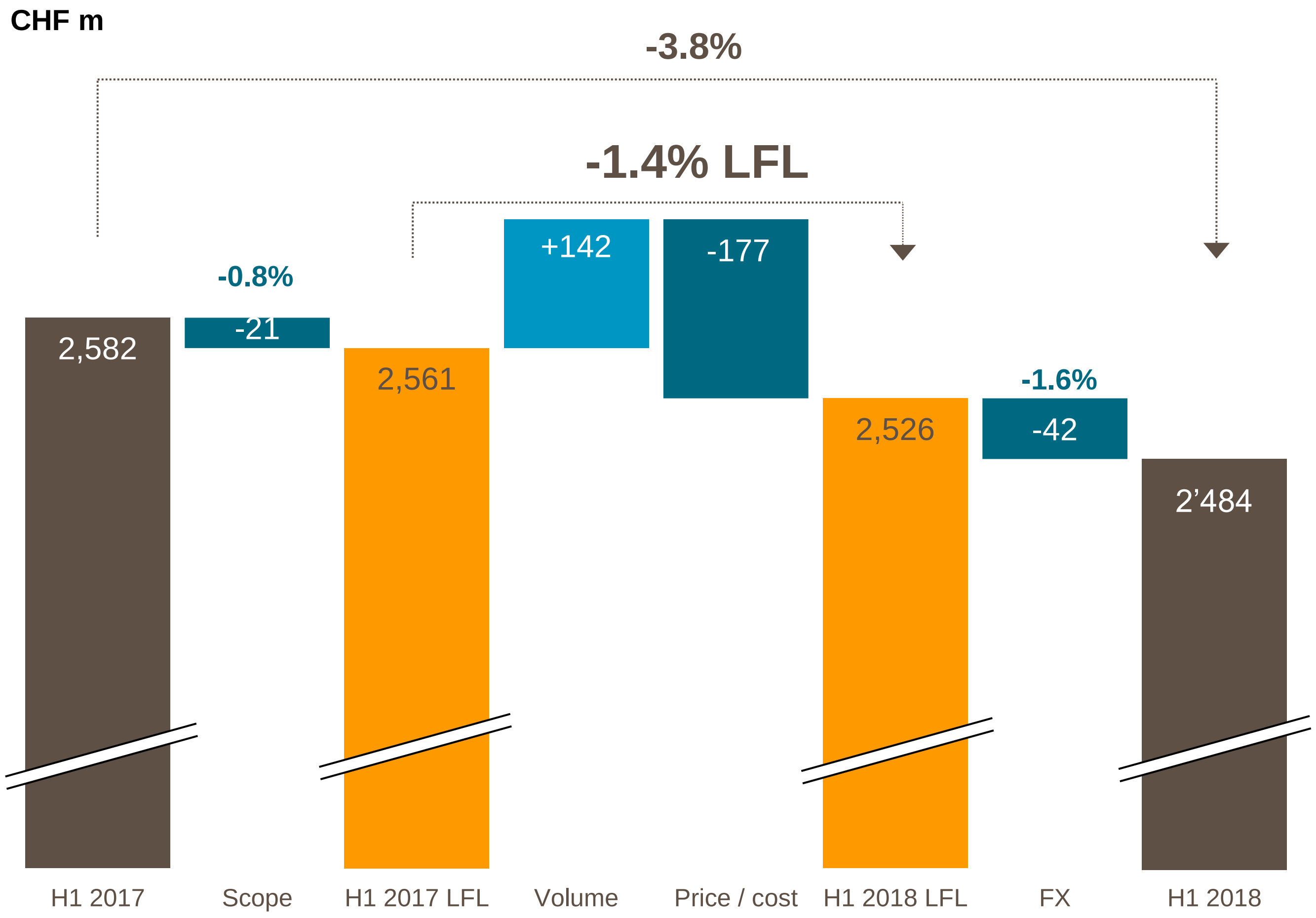


Net Sales in CHF m

% LFL growth / decline

Half-year 2018 Recurring EBITDA bridge

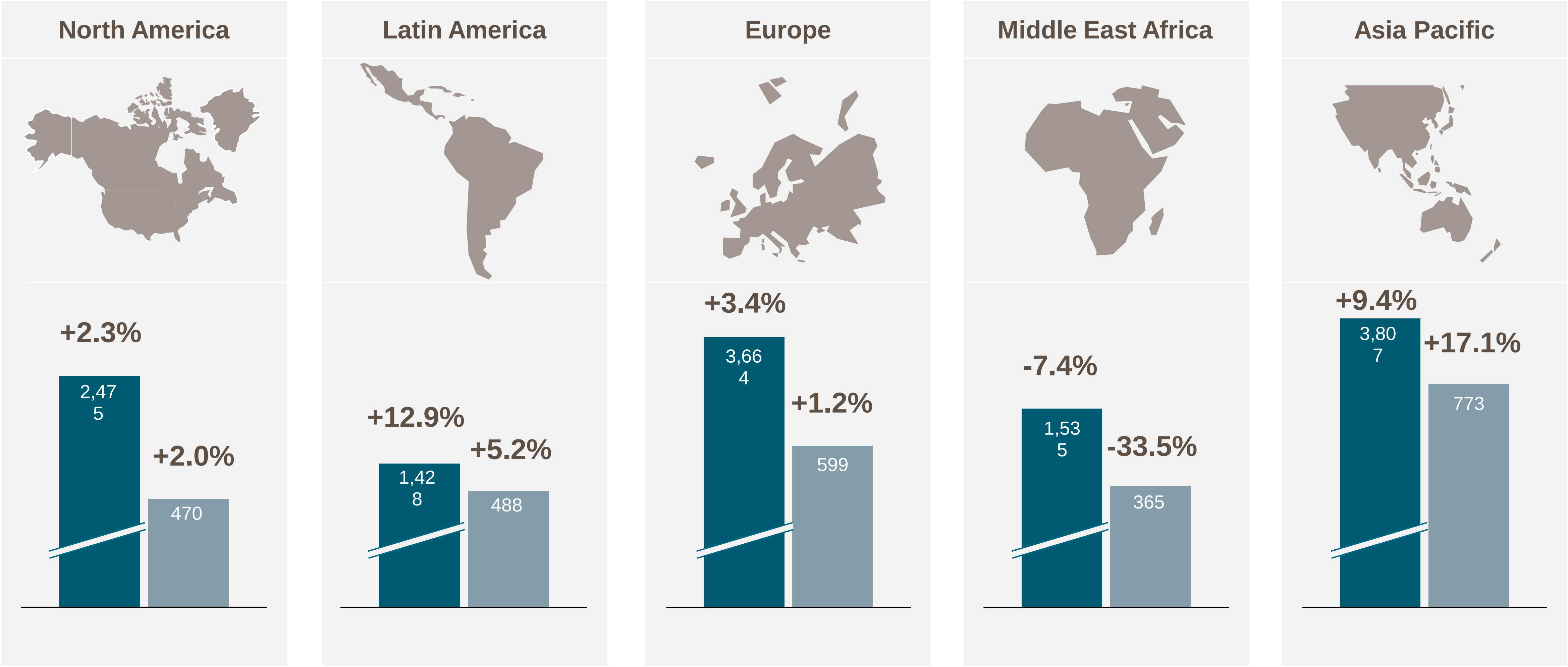
Growth in Q2 largely offsets soft Q1



- In Q2, Recurring EBITDA of CHF 1'784 m
  - LFL of CHF 26 m (+1.5%, vs -7.7% in Q1 2018)
  - Scope of CHF -7 m (-0.4%)
  - FX of CHF -8 m (-0.5%)

* Recurring EBITDA H1 2017 restated by CHF 46 million due to the reclassification of the Group share of net income of Huaxin to JVs

Half-year 2018 regional performance
Growth in Net Sales and Recurring EBITDA in 4 regions out of 5



Net Sales to external customers (CHF m)   Recurring EBITDA (CHF m)   **% LFL growth / decline**

North America

Continued earnings progression, acceleration in volume growth throughout the first half

CHF m	H1 2018	Q2 2018
Net Sales[1)]	**2'475**	**1'608**
LFL growth	+2.3%	+5.5%
Reported growth	+3.0%	+7.4%
Recurring EBITDA	**470**	**462**
LFL growth	+2.0%	+1.6%

- Further solid contribution of the region
- Acceleration of volumes throughout the first half in the US supported by positive market conditions and successful commercial initiatives
- Volumes up in Canada, stable earnings contribution
- Increase in profits constrained by higher logistic costs and maintenance activities to cope with demand growth

1) Net Sales to external customers

Latin America
Strong growth in top line and earnings

CHF m	H1 2018	Q2 2018
Net Sales[1)]	**1'428**	**742**
LFL growth	+12.9%	+11.7%
Reported growth	-2.1%	-3.2%
Recurring EBITDA	**488**	**253**
LFL growth	+5.2%	+3.0%

- Continued strong contribution from the region
- Further solid trends in Mexico supported by RMX activities
- Good performance from Argentina despite higher costs to fulfill demand and volatility in currency
- Activity impacted by transporters strike in Brazil in overall encouraging environment

1) Net Sales to external customers

Europe

Acceleration in top line and profit growth in the first half

CHF m	H1 2018	Q2 2018
Net Sales[1)]	**3'664**	**2'147**
LFL growth	+3.4%	+7.2%
Reported growth	+10.2%	+14.1%
Recurring EBITDA	**599**	**509**
LFL growth	+1.2%	+9.3%

- Strong market trends in most countries leading to acceleration in volumes in main segments throughout H1
- Acceleration in Net Sales growth in Germany and France although production constraints temporarily affected earnings growth
- Further strong contribution from Eastern and Central Europe
- Broadly stable volumes in the UK but lower profits on the back of higher input costs

1) Net Sales to external customers

Middle East Africa

Challenging conditions in several countries

CHF m	H1 2018	Q2 2018
Net Sales[1)]	**1'535**	**785**
LFL growth	-7.4%	-6.3%
Reported growth	-11.7%	-9.2%
Recurring EBITDA [2)]	**365**	**189**
LFL growth	-33.5%	-36.4%

- Difficult H1 and challenging market conditions in several countries, notably reflecting shift in supply and demand in Algeria and demand decline in Iraq
- Improving top line trends in Nigeria, supported by higher market demand and commercial initiatives
- Solid performance in Egypt despite increasingly volatile environment
- Turnaround in progress in South Africa to address current operational issues

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1) Net Sales to external customers
2) Contribution from share of net income from JVs: CHF 33m in half year 2018 vs. CHF 33m in half year 2017

Asia Pacific
Strong Net Sales and earnings growth

CHF m	H1 2018	Q2 2018
Net Sales[1)]	**3’807**	**1’971**
LFL growth	+9.4%	+9.3%
Reported growth	+3.6%	+4.0%
Recurring EBITDA[2)]	**773**	**475**
LFL growth	+17.1%	+20.9%

- In China, continued increase in profits supported by pricing momentum and benefit from vertically-integrated waste recycling business
- In India, growth in net sales and profits driven by solid volumes, supported by sustained market demand and higher sales of premium products
- South East Asia recorded lower profits; encouraging top line trends were observed in the Philippines and in Indonesia

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1) Net Sales to external customers
2) Contribution from share of net income from JVs: CHF 178m in half year 2018 (of which CHF 145m for Huaxin) vs. CHF 78m in half year 2017 (restated for Huaxin CHF 46m)

On track: Update on CHF 400 m fixed cost savings program

2018	Q1 2019	Q2 2019 onwards
✓ Major SG&A restructuring plans committed and announced ✓ Streamlining of regional & top management organization ✓ Miami and Singapore regional headquarters closed ✓ Closing of Paris and Zurich corporate offices ongoing ✓ Largest countries savings plans initiated in H1	✓ All measures implemented by end Q1 2019	**CHF 400 m** **cost savings full year run rate 1)** Run rate on new SG&A basis effective by Q2 2019

1) measured at 2017 currency exchange rates

Half-year 2018 financial performance

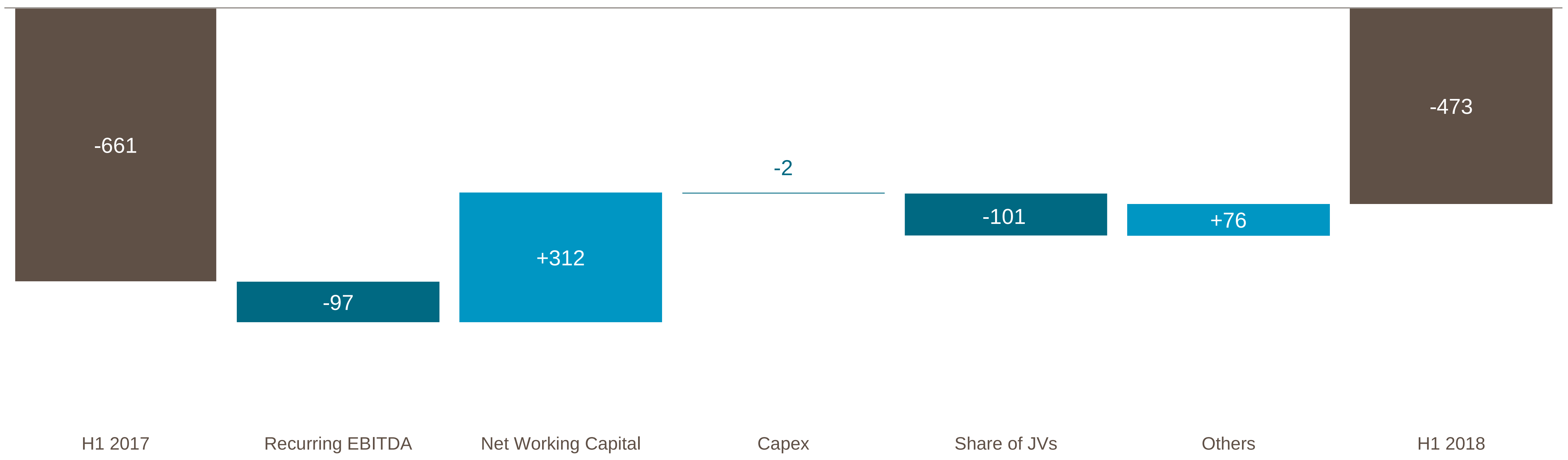
CHF m	H1 2018	H1 2018 before impair. & divest.	H1 2017 before impair. & divest.	Variation
Net Sales [1]	**13'272**	**13'272**	**12'918**	**354**
Recurring EBITDA [2]	**2'484**	**2'484**	**2'582**	**-97**
Impairment, Depreciation & Amortization	-1'106	-1'104	-1'125	21
Restructuring and others [3]	-300	-300	-38	-262
Operating Profit	**1'078**	**1'080**	**1'418**	**-338**
Profit/loss on disposals and other non-op. items	-52	-4	41	-45
Share of profit of associates	9	9	20	-11
Net financial expenses	-449	-455	-398	-57
Income Taxes	-191	-186	-306	120
ETR	*32.7%*	*29.5%*	*28.3%*	
Net Income	**394**	**444**	**774**	**-331**
Net income - Group share	318	371	651	-281
EPS (CHF)	0.53	0.62	1.07	-0.45

1) Net Sales H1 2017 restated by CHF 438 million due to the change in accounting policies for trading activities
2) Recurring EBITDA H1 2017 restated by CHF 46 million due to the reclassification of the Group share of net income of Huaxin to JVs
3) Others include litigation, implementation and other non-recurring costs

Half-year Free Cash Flow bridge

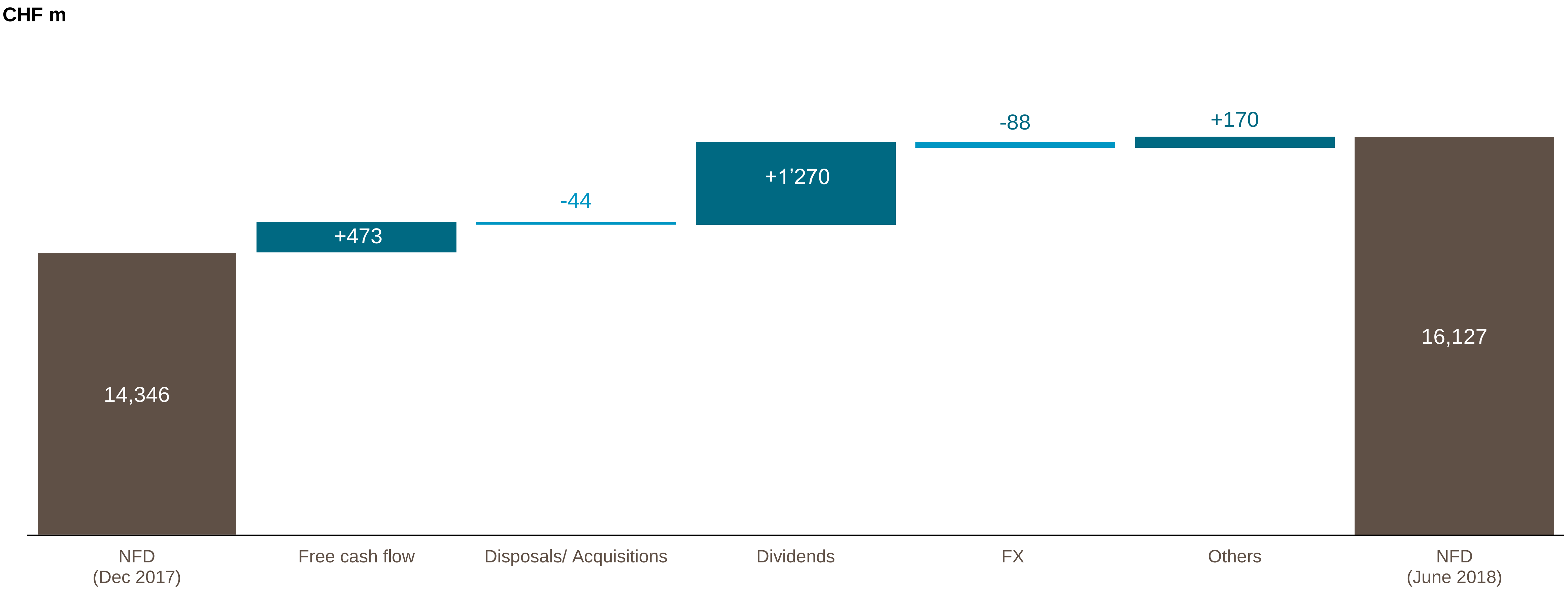
Good progress on Free Cash Flow driven by Net Working Capital improvement

CHF m



Net Financial Debt December 2017 to June 2018

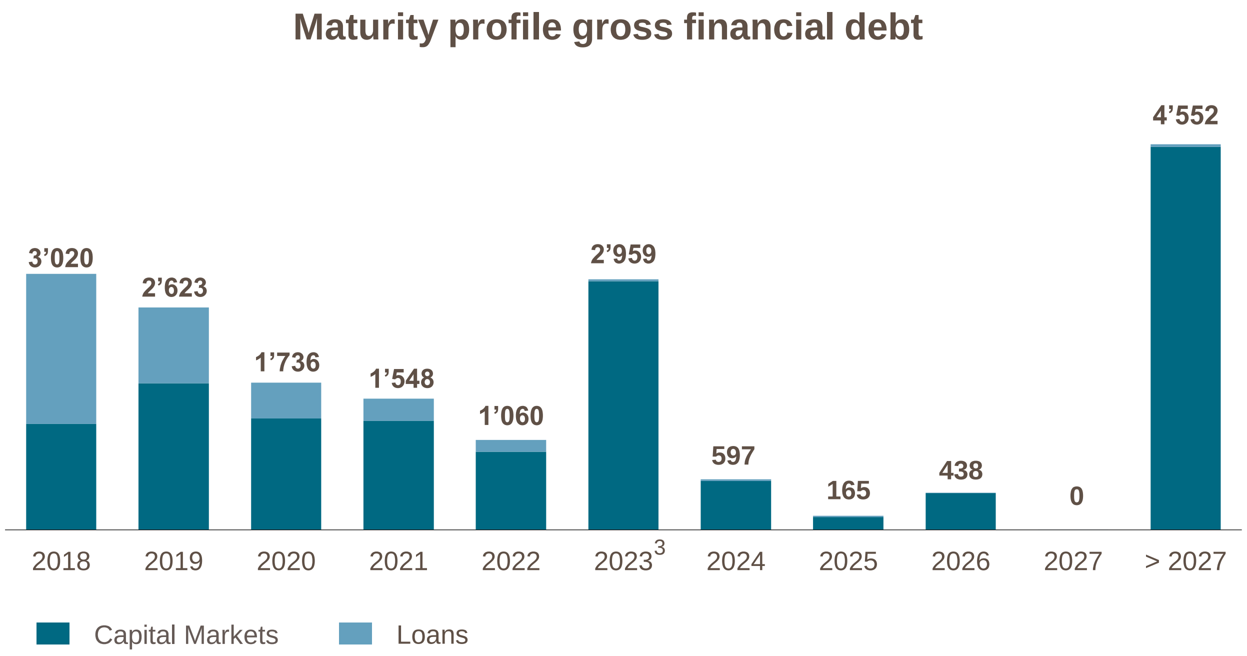
Net debt of CHF 16.1 billion at end of June



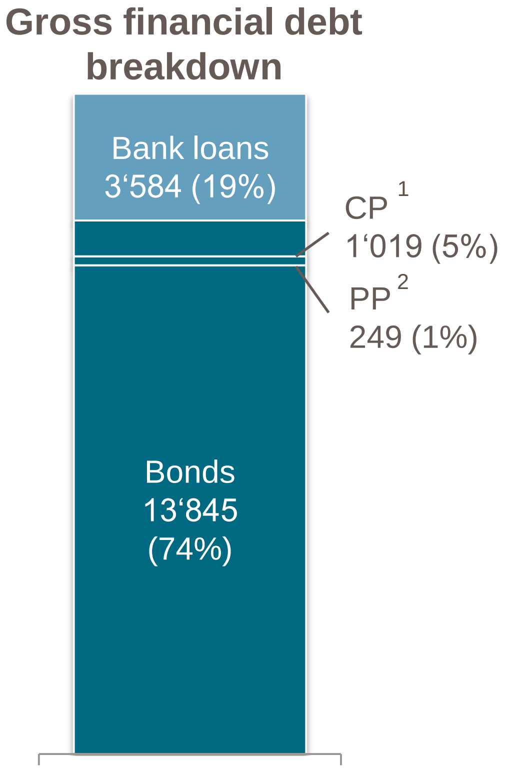
Debt Overview as at 30.06.18

Well balanced maturity profile, liquidity remains strong

CHF m



Av. maturity of fin. debt	6.0 years
Av. nominal interest rate	4.3%
Unused committed credit lines	CHF 6.2 bn
Cash & cash equivalents	CHF 2.5 bn



Total gross debt: 18‘698

1) CP = Commercial Papers
2) PP = Private Placements
3) After risk-related adjustment of CHF 924 m (committed credit lines and back-up credit line for Commercial Papers)

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03 Outlook 2018

2018 Outlook and targets confirmed

- Positive prospects for demand in 2018
  - Strong market trends in Europe
  - Continued solid growth in North America
  - Good growth prospects in most countries in Latin America
  - China and India to remain supportive; South East Asia to stabilize
  - Challenging outlook in a number of countries in Middle East Africa

- 2018 full year targets confirmed
  - Net Sales growth of 3-5% on a like for like basis
  - Recurring EBITDA growth of at least 5% on a like-for-like basis
  - Acceleration of Recurring EBITDA growth in the second half 2018

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