



LafargeHolcim  
7 April 2014

**CREATING THE MOST ADVANCED GROUP  
IN THE BUILDING MATERIALS INDUSTRY**

# Disclaimer

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### **Important information**

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The transaction is notably subject to definitive execution of definitive documentation and obtaining of required regulatory and other customary authorisations. The exchange offer would only be filed after such and other conditions have been fulfilled.

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### **Side-by-Side and Combined Financials**

This communication contains side-by-side and combined financials (as published by Holcim and Lafarge, i.e. Pre-IFRS 11 for Lafarge) which are presented for illustration purposes only and have not been adjusted for accounting differences nor purchase accounting.

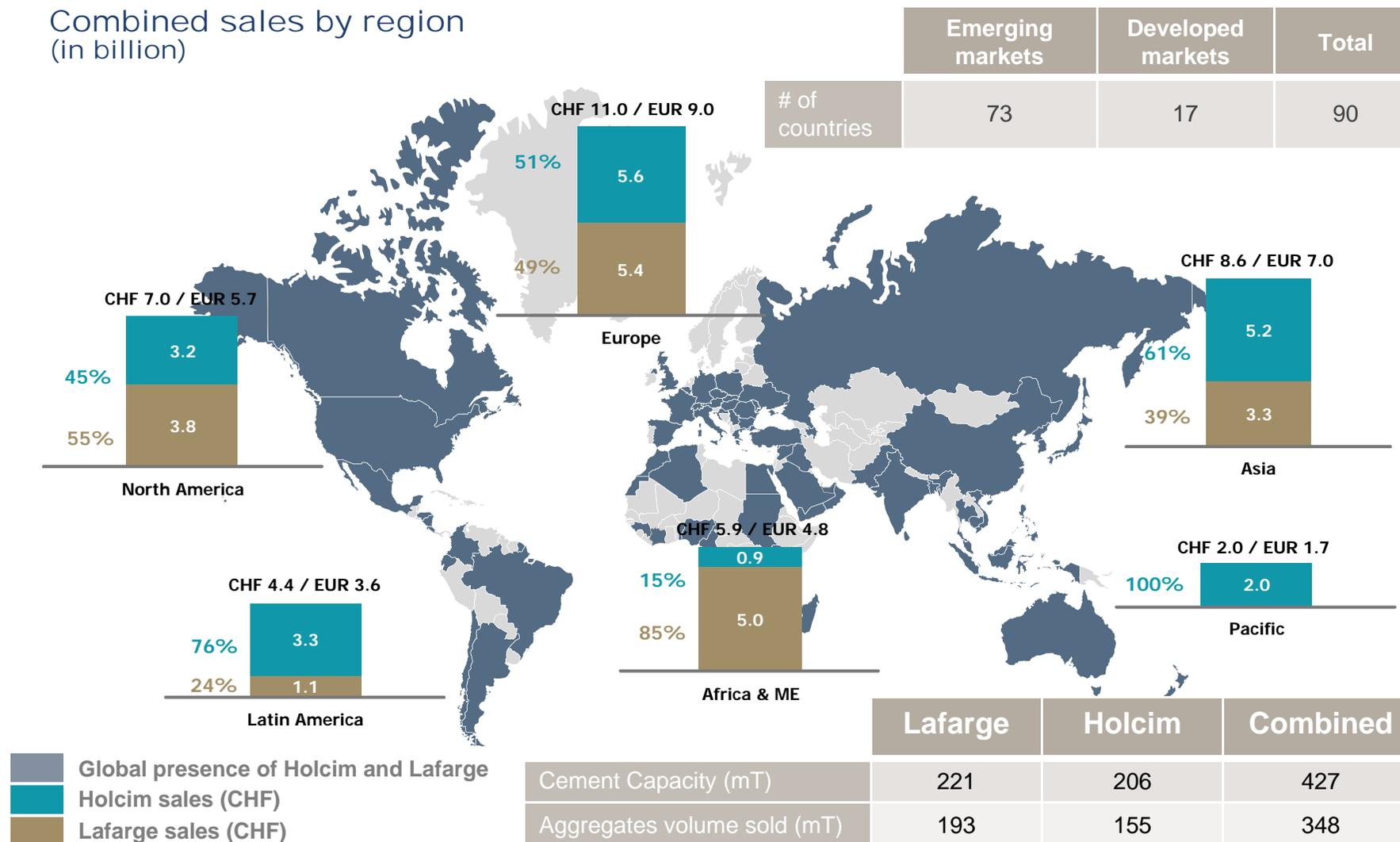
In this document, euro amounts have been translated into Swiss francs at the rate of 1.223 per euro, and Swiss franc amounts have been translated into euros as the rate of 0.818 per Swiss Franc. Certain numerical figures set out in this document have been subject to rounding adjustments and, as a result, this may vary slightly from the actual arithmetic totals.

### **Forward-Looking Statements**

This communication contains forward-looking information and statements about Holcim, Lafarge and their combined businesses after completion of the proposed transaction that have not been audited or independently verified. Forward-looking statements are statements that are not historical facts. These statements include financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future operations, products and services, and statements regarding future performance and synergies. Forward-looking statements are generally identified by the words "expect", "anticipates", "believes", "intends", "estimates" and similar expressions. Although the managements of Holcim and Lafarge believe that the expectations reflected in such forward-looking statements are reasonable, investors and holders of Holcim and Lafarge shares are cautioned that forward-looking information and statements are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond the control of Holcim and Lafarge, that could cause actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. The combined company may not realize the full benefits of the transaction, including the synergies, cost savings or growth opportunities that we expect within the anticipated time frame or at all.

# GEOGRAPHICAL COMPLEMENTARITY OF PORTFOLIOS

Combined sales by region  
(in billion)



Note: pre-disposals, pre-group elimination, post regional elimination

- 
- 1** | A MERGER OF EQUALS TO CREATE THE MOST ADVANCED GROUP IN THE BUILDING MATERIALS INDUSTRY
  - 2** | CREATING THE BEST GROWTH PLATFORM IN THE INDUSTRY
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  - 4** | A UNIQUE VALUE PROPOSITION
  - 5** | NEXT STEPS & CONCLUDING REMARKS

# VISION OF LafargeHolcim

CREATING THE MOST ADVANCED GROUP IN THE BUILDING MATERIALS INDUSTRY

## CREATING THE BEST GROWTH PLATFORM IN THE INDUSTRY

- » **Driving growth across a truly global and balanced footprint**
- » **Delivering best-in-class operating performance and returns enhanced by synergies**
- » **Fundamentally transforming the business**

## POSITIONING OUR BUSINESS TO MEET CHANGING MARKET NEEDS

- » **Enhancing the value proposition to meet changing customer demands**
- » **Addressing the challenges of urbanization**
- » **Setting the benchmark on Corporate Social Responsibility including sustainability and climate change mitigation**

# UNIQUE VALUE PROPOSITION FOR SHAREHOLDERS

NEW BEST-IN-CLASS GLOBAL PORTFOLIO

SUPERIOR GROWTH AND OPERATING  
PROFITABILITY

SIGNIFICANT SYNERGIES

STRICT CAPITAL ALLOCATION DISCIPLINE  
AND STRONG CAPITAL STRUCTURE

ATTRACTIVE RETURNS FOR SHAREHOLDERS

# KEY TRANSACTION HIGHLIGHTS

COMPANY NAME	» LafargeHolcim
DEAL STRUCTURE	» Merger of equals » Company domiciled in Switzerland
EXCHANGE RATIO	» Exchange ratio of 1 Holcim share for 1 Lafarge share
REBALANCED PORTFOLIO	» Capitalise on developed markets recovery » Divestments of assets representing CHF 6bn / EUR 5bn of sales » 60% exposure to emerging markets post divestments » No country above c. 10% of sales
VALUE PROPOSITION	» Best growth platform in the industry and superior operating profitability » CHF 1.7bn / EUR 1.4bn of run-rate synergies » Strict capital allocation discipline and strong financial structure: targeted solid Investment Grade credit ratings » Attractive dividend payout policy
BOARD & SHAREHOLDER SUPPORT	» Boards of both companies have unanimously approved the transaction » Thomas Schmidheiny, GBL and NNS fully support the transaction
TIMETABLE	» Transaction closing expected in H1 2015

# A MERGER OF EQUALS

## BALANCED GOVERNANCE AND LEADERSHIP

### BOARD OF DIRECTORS

- » Chairman: Wolfgang Reitzle<sup>1</sup>
- » Equally composed Board with 7 members from Holcim and 7 members from Lafarge

### MANAGEMENT

- » CEO: Bruno Lafont
- » CFO: Thomas Aebischer
- » CIO: Jean-Jacques Gauthier

### INTEGRATION COMMITTEE

- » Co-Chaired by Holcim and Lafarge

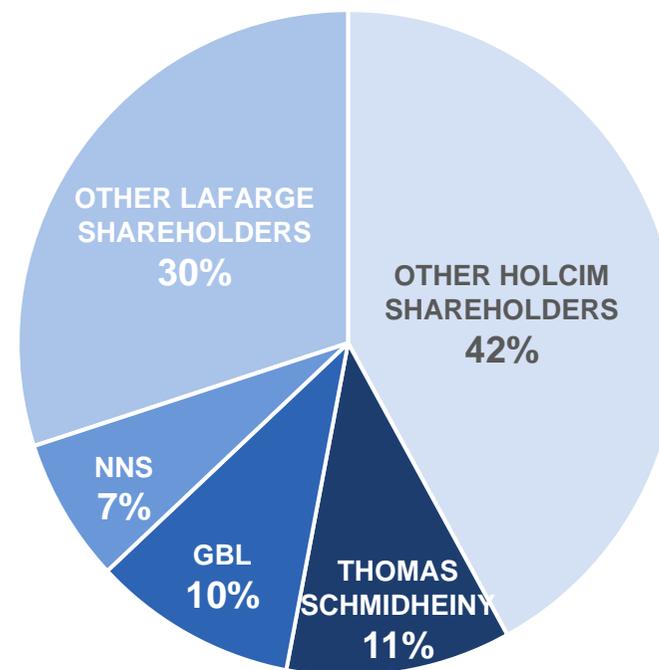
### SHARE LISTING

- » SIX (Zurich)
- » Euronext (Paris)

### CENTRAL CORPORATE FUNCTIONS

- » Balanced allocation across Zurich and Paris

## PRO FORMA SHAREHOLDING STRUCTURE



COMBINED MARKET CAP  
CHF 48.8 bn / EUR 39.9 bn <sup>2</sup>

1. To be proposed as new Chairman of Holcim at the 2014 AGM  
2. Combined market cap based on closing share prices on 4 April 2014

# A COMBINATION OF TWO SUCCESSFUL GROUPS

	ILLUSTRATIVE COMBINED	DISPOSALS	SYNERGIES <sup>1</sup>	ILLUSTRATIVE PRO FORMA <sup>2</sup>
COUNTRIES	90			90
2013 SALES (CHF / EUR bn)	CHF 38.6 / EUR 31.6	c. CHF (6) / EUR (5)	CHF 0.5 / EUR 0.4	c. CHF 33 / EUR 27
2013 EBITDA (CHF / EUR bn)	CHF 7.8 / EUR 6.4	c. CHF (1) / EUR (0.8)	CHF 1.2 / EUR 1.0	c. CHF 8 / EUR 6.6

Notes:

1. Full run-rate

2. Excluding implementation costs

# A TRANSACTION TO BENEFIT ALL STAKEHOLDERS

## CUSTOMERS

- » Value-added products & solutions best fitting customer needs
- » Integrated solutions to improve value chain efficiency
- » Innovation on a larger scale to improve the value proposition
- » New solutions to tackle the challenges of sustainable construction

## LOCAL COMMUNITIES

- » Combination of 2 companies with a history of contributing to local communities
- » Shared experience to further reduce our environmental impact
- » Shared best practices for engagement with local stakeholders

## EMPLOYEES

- » Opportunity to work for the most advanced group in building materials
- » Attractive career prospects in a wider group
- » Draw on experience from a larger pool of talent

## SHAREHOLDERS

- » Superior growth through rebalanced footprint and operational efficiency
- » Significant incremental value creation through synergies
- » Optimised capital allocation to drive improved ROCE
- » Strong cash flow generation and balance sheet providing financial strength

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# THE STRENGTHS OF THE NEW GROUP

## BEST-IN-CLASS PORTFOLIO OF ASSETS

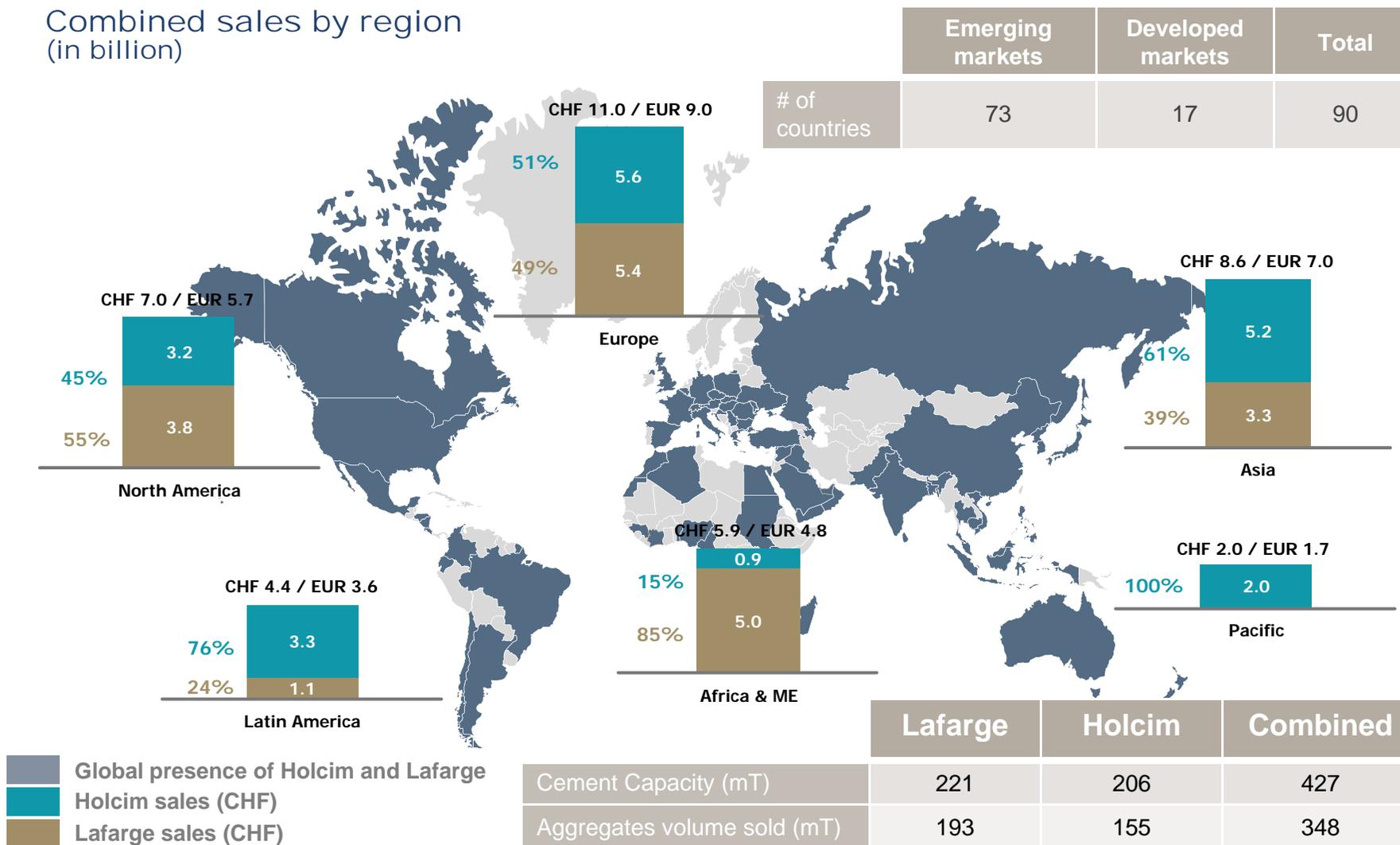
- » The best product offering globally across cement, concrete and aggregates
- » Most balanced and diversified geographies
- » Portfolio optimisation due to divestments
- » Better positioned to seize long-term growth in emerging markets and recovery in developed markets

## OUTSTANDING PLATFORM TO SCALE UP

- » Scale up both companies' operational excellence across the value chain
- » Scale up unique innovation capabilities to develop innovative and sustainable solutions and products
- » R&D expertise
- » Shared experience in developing value-added products and solutions for customers

# GEOGRAPHICAL COMPLEMENTARITY OF PORTFOLIOS

Combined sales by region  
(in billion)



Note: pre-disposals, pre-group elimination, post regional elimination

# STRATEGIC PORTFOLIO OPTIMISATION

## DEVELOPED MARKETS



### Selected divestments in Developed markets

- c. CHF 4 bn / EUR 3 bn Revenues
- c. CHF 0.5 bn / EUR 0.4 bn EBITDA

## EMERGING MARKETS



### Limited divestments in Emerging markets

- c. CHF 2 bn / EUR 1.5 bn Revenues
- c. CHF 0.4 bn / EUR 0.3 bn EBITDA

10% to 15%  
of combined  
EBITDA

STRATEGIC PORTFOLIO OPTIMISATION WHILST ANTICIPATING REGULATORY REQUIREMENTS  
STRONG CAPITAL STRUCTURE AFTER DIVESTMENTS  
DIVESTMENT COMMITTEE IS BEING FORMED

# BEST-IN-CLASS PORTFOLIO FOR GROWTH

## EMERGING MARKETS

- » 60% of pro forma sales
- » 13 countries out of our Top 20 with strong infrastructure needs<sup>2</sup>
- » 6% CAGR for construction outputs expected until 2025<sup>3</sup>

## DEVELOPED MARKETS

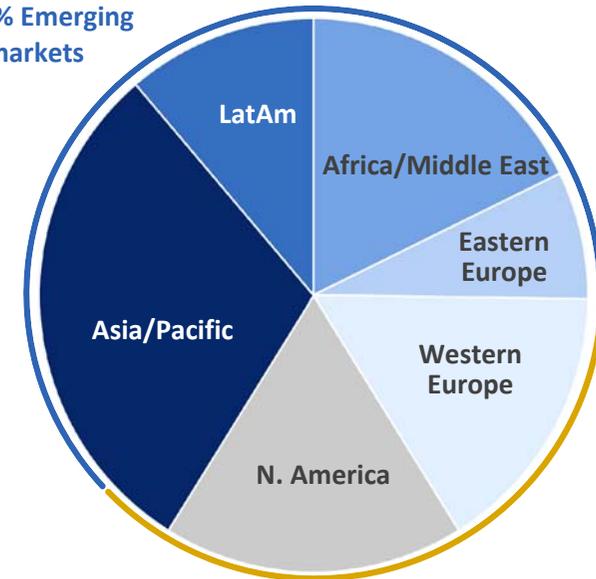
- » 40% of pro forma sales
- » Significant recovery potential

## DIVERSIFICATION AND BALANCE

- » Present in 90 countries
- » No single country representing more than c. 10% of sales

### PORTFOLIO BREAKDOWN (2013 SALES)<sup>1</sup>

c. 60% Emerging markets



c. 40% Developed markets

**CAPTURING THE RECOVERY IN DEVELOPED MARKETS  
WHILE ENSURING LONG-TERM SUSTAINABLE GROWTH IN EMERGING MARKETS**

<sup>1</sup> Pro forma of divestments

<sup>2</sup> Ranked below 50 in the World Economic Forum Global Competitiveness index for quality of overall infrastructure 2012-2013

<sup>3</sup> Global Construction 2025 - A global forecast for the construction industry to 2025

# OUTSTANDING PLATFORM TO LEVERAGE OPERATIONAL EXCELLENCE

## OPERATIONAL EXCELLENCE

- » Best-in-class professional teams
- » State-of-the-art assets and technologies
- » Shift to eco-friendly plants
- » Cross benefit from each company best practices

## ABILITY TO DEVELOP THE ENTIRE VALUE CHAIN

- » From cement and aggregates to ready-mix concrete
- » From products to value-added solutions & services

## INCREASED OPERATING LEVERAGE

- » Roll out innovative solutions for customers on a larger scale
- » Leverage on existing platform to reduce capital intensity

## A SHARED COMMITMENT TO EMPLOYEES



BEST LOCAL TEAMS  
INTEGRATED GLOBALLY

HIGHEST GLOBAL EXPERTISE  
AND INNOVATION SKILLS

COMMITTED TO HEALTH  
& SAFETY

WORLD-CLASS LEARNING  
DEVELOPMENT



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## ENHANCING THE VALUE PROPOSITION TO MEET CHANGING CUSTOMER DEMANDS



» Increased quality and depth of choice across the construction value chain

» Ability to address the needs of large building companies as they become more global

# ADDRESSING THE CHALLENGES OF URBANISATION...

## INNOVATION NEEDED FOR

**HOUSING FOR ALL**  
e.g. solutions for affordable housing



**BEAUTY**  
e.g. focus on performance



**LIMITED URBAN SPRAWL**  
e.g. solutions for vertical buildings



**DURABILITY**  
e.g. focus on quality



**CONNECTIVITY**  
e.g. an offer for roads, airport, stations



# BEST-IN-CLASS R&D AND INNOVATION



**Worldwide leading platform with more than 1,000 dedicated people**

- » Central Research Centre based in Lyon
- » Network of Regional Development Labs



● Lafarge Technical Centres, Satellite locations and Construction Development Laboratories

● Holcim Regional Support Locations

# SETTING THE BENCHMARK FOR SUSTAINABILITY

**Focus on efficient use of water, energy and resources**

**Capturing new opportunities in waste management**

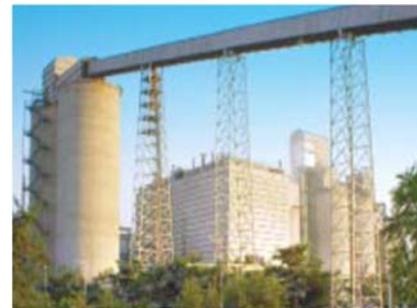
**Best practice in CO<sub>2</sub> reduction  
Eco-friendly plants**

**Commitment to local communities and CSR policy**

**Dow Jones Sustainability index**



**Co-founders of the Cement Sustainability Initiative**



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# POSITIONED FOR SUSTAINABLE AND PROFITABLE GROWTH

**BEST-IN-CLASS  
PORTFOLIO:  
GROWTH,  
DIVERSIFICATION  
& BALANCE**

**LEVERAGE  
BEST PRACTICES**

**INNOVATION  
ON AN EXPANDED  
SCALE**

**STRONG FIT  
FOR SUCCESSFUL  
INTEGRATION**

**DELIVER ON SYNERGIES**

**[ SUPERIOR REVENUE GROWTH  
& SIGNIFICANT OPERATIONAL  
SYNERGIES**

- » Cross-fertilisation of products & services portfolios
- » Optimisation of operations / best practices
- » Cost efficiency and economies of scale

**[ ENHANCED CASH FLOW  
GENERATION & OPTIMISED  
CAPITAL ALLOCATION**

- » Attractive financing costs and capital structure
- » Optimised capital expenditures to extract the full value of the new portfolio
- » Continuous portfolio optimisation
- » Focus on return on capital
- » Attractive returns for shareholders

# OPERATIONAL SYNERGIES

## SOURCE

- » **Operational optimisation / best practices**
  - E.g. logistics, distribution, IT, energy consumption

## ESTIMATED EBITDA RUN-RATE SYNERGIES

→ CHF 240 m / EUR 200 m

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### » Procurement

- Savings in overlapping countries
- Economies of scale in centralized procurement for selected categories

→ CHF 410 m / EUR 340 m

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### » Selling, General and Administrative

→ CHF 300 m / EUR 250 m

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### » Innovation deployed on a larger scale

- Cross-fertilization of value-added product portfolios

→ CHF 240 m / EUR 200 m

**TOTAL SYNERGIES AT EBITDA LEVEL**

**CHF 1.2 bn / EUR 1.0 bn**

# FINANCING & CASH-FLOW SYNERGIES

## SOURCE

## ESTIMATED RUN-RATE SYNERGIES

» **Financing savings**



CHF 120 m / EUR 100 m (from end of year 1)  
Up to CHF 240 m / EUR 200 m (over time)

» **Capital expenditures**

- Best practice on maintenance capex
- Higher efficiency on expansion capex



CHF 250 m / EUR 200 m

**TOTAL SYNERGIES**

**CHF 1.7 bn / EUR 1.4 bn**

» **Working capital savings**

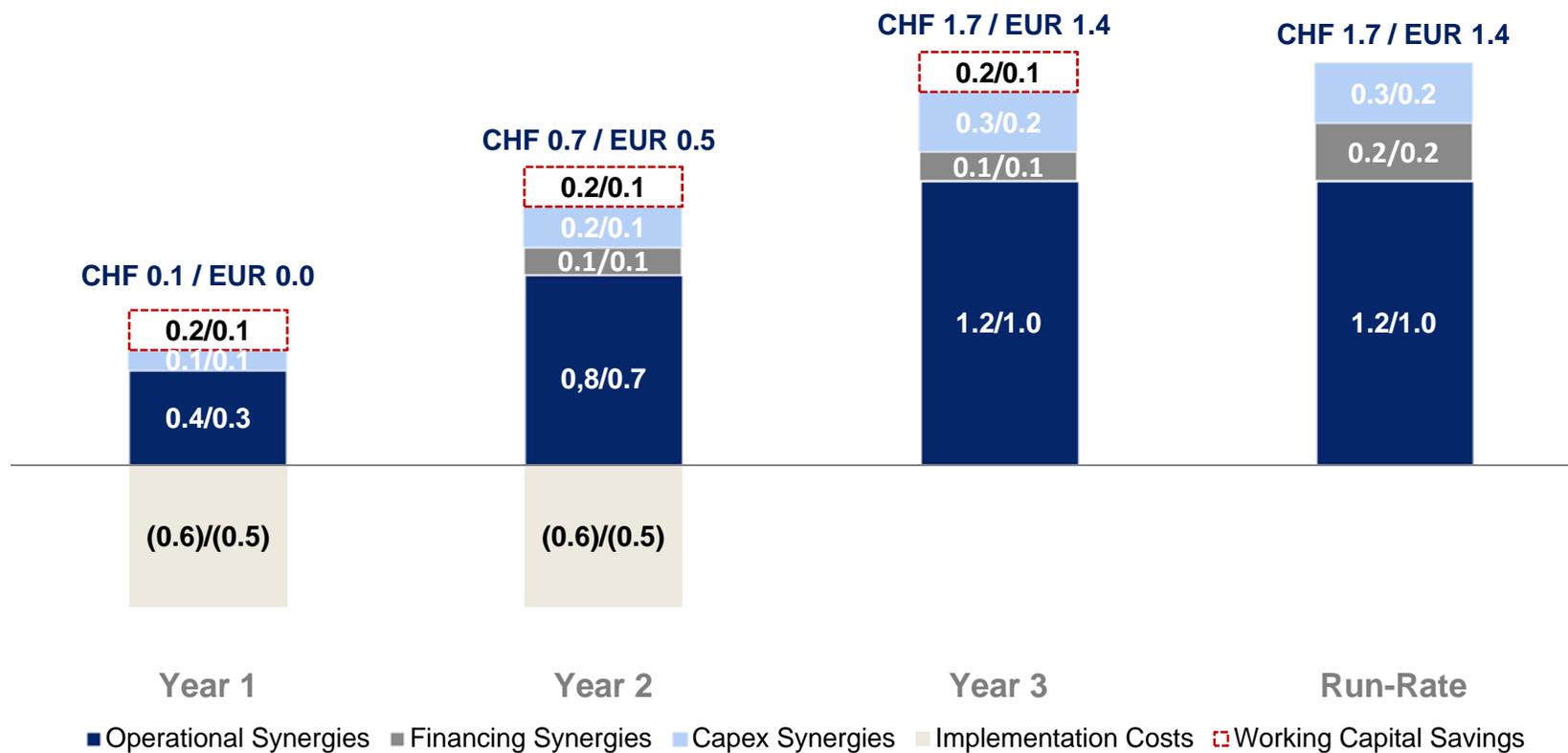
- Sharing of best practices



CHF 500 m / EUR 410 m (over 3 years)

# CHF 1.7 bn / EUR 1.4 bn RUN-RATE SYNERGIES

## PRE-TAX SYNERGIES (CHF bn / EUR bn) – PHASED IN OVER 3 YEARS



# BUILDING BLOCKS IN PLACE FOR A SUCCESSFUL INTEGRATION

## CLEARLY DEFINED LEADERSHIP

- » CEO, CFO and CIO already designated
- » Integration committee to prepare the integration plan

## SHARED VISION

- » Strong focus on innovation
- » From product supplier to solution provider
- » Same vision of the business model: global standards – local execution

## COST OPTIMISATION

- » LafargeHolcim to leverage on proven capabilities in cost efficiency
  - Holcim Leadership Journey
  - Lafarge Cost Reduction and Innovation plan

## SHARED VALUES

- » Entrepreneurial spirit
- » Performance focus
- » European roots – international culture

# STRONG EARNINGS AND CAPITAL STRUCTURE

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2013 EBITDA MARGIN				c. 24%
2013 NET DEBT / EBITDA				< 2.0x

↓

**SYNERGIES & PORTFOLIO OPTIMISATION** →

**STRONG FOCUS ON RETURN ON CAPITAL EMPLOYED AFTER TAX**

Notes:

1. Full run-rate

2. Excluding implementation costs

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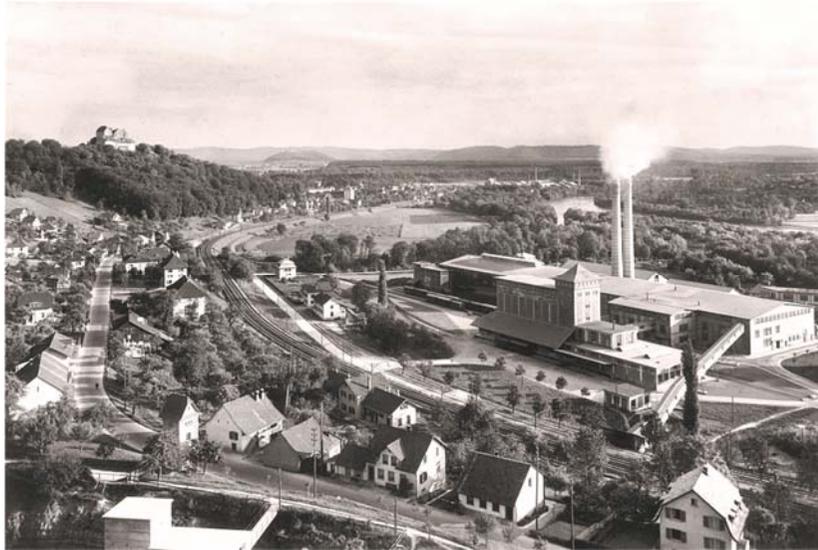
## KEY STEPS TO CLOSING

MAJOR STEPS	DESCRIPTION
WORKS COUNCIL CONSULTATIONS	» Lafarge and Holcim Works Council consultations initiated immediately
DIVESTMENTS	» Process to start immediately
INTEGRATION PREPARATION	» Prepare an integration plan for implementation straight after closing of the transaction
REGULATORY APPROVALS	» Regulatory proceedings initiated in all relevant jurisdictions shortly
SHAREHOLDER APPROVAL AND ACCEPTANCES	» After regulatory approvals: <ul style="list-style-type: none"><li>▪ Holcim EGM approvals</li><li>▪ Launch public exchange offer</li></ul>

**TRANSACTION CLOSING EXPECTED IN H1 2015**

## CREATING MOST ADVANCED GROUP IN BUILDING MATERIALS

- [ MERGER OF EQUALS REFLECTED  
IN TRANSACTION STRUCTURE AND BALANCED  
CORPORATE GOVERNANCE
- [ CREATION OF AN OUTSTANDING GROWTH  
PLATFORM BEST ADAPTED TO FUTURE  
INDUSTRY CHALLENGES
- [ MORE INNOVATIVE SOLUTIONS  
FOR CUSTOMERS - MORE SUSTAINABLE  
ALTERNATIVES FOR COMMUNITIES
- [ STRONG CULTURAL FIT ENSURING  
A SUCCESSFUL INTEGRATION
- [ UNIQUE VALUE PROPOSITION FOR ALL  
STAKEHOLDERS



**Oigny Sainte Benoit**



**Le Teil**



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