Holcim US Finance S.à r.l. & Cie S.C.S.

Annual report including the report of the Réviseur d'Entreprises Agréé

December 31, 2019

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General informations

Manager	Holcim US Finance S.à r.l. Rue Louvigny 21 1946 Luxembourg Luxembourg	
Registered office	Rue Louvigny 21 1946 Luxembourg Luxembourg	
Partners	Holcim US Finance S.à r.l. Rue Louvigny 21 1946 Luxembourg Luxembourg	99%
	Holdertrade Ltd & Cie S.N.C. Rue Louvigny 21 1946 Luxembourg Luxembourg	1%
Auditors	Mazars Luxembourg S.A. Rue Guillaume Kroll 5 1882 Luxembourg Luxembourg	
Trade Register	B112666	

MAZARS

To the Partners of
Holcim US Finance S.à r.l. & Cie S.C.S.

R.C.S Luxembourg B 112.666

21, rue de Louvigny
L-1946 Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Holcim US Finance S.à r.l. & Cie S.C.S.** (the "Company"), which comprise the statement of financial position as at December 31, 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with the EU Regulation N° 537/2014, the Law of July 23, 2016 on the audit profession ("Law of July 23, 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the EU regulation N° 537/2014, the Law of July 23, 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the « Responsibilities of the "Réviseur d'Entreprises Agréé" for the Audit of the Financial Statements » section of our report. We are also independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reason why the point has been identified as key audit matter	**Response**
Evaluation of recoverability of receivables owed by related parties	
As at December 31, 2019, the financial assets consisting of : - short-term receivables owed by related parties amounted to EUR 627 500 000 which represents 53 % of the Company's total assets - long-term receivables owed by related parties amounted to EUR 550 000 000 which represents 46 % of the Company's total assets . As detailed in the Note 3 of the financial statements, the financial assets are carried at amortized cost less impairment in accordance with the accounting policies disclosed in the notes to the financial statements.	We have performed the following procedures over the evaluation of the recoverability of receivables owed by related parties: - obtaining an understanding of the internal recoverability procedure put in place at the group level - evaluating the judgements and decisions made by the management for assessing the recoverability of the receivables - reconciling the data used for the assessment with the audited and unaudited financial information of the counterparties - obtaining an understanding and list of the unused credit lines available to the counterparties.

Other information

The Board of Managers is responsible for the other information. The other information comprises the information included in the management report and the Corporate Governance Statement but does not include the financial statements and our report of the "Réviseur d'Entreprises Agréé" thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Managers for the Financial Statements

The Board of Managers is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs as adopted by the European Union relating to the preparation and presentation of the financial statements, and for such internal control as the Board of Managers determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Managers is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Managers either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the "Réviseur d'Entreprises Agréé" for the Audit of the Financial Statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "Réviseur d'Entreprises Agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation N° 537/2014, the Law of July 23, 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the EU Regulation N° 537/2014, the Law of July 23, 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Managers.

- Conclude on the appropriateness of Board of Managers' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "Réviseur d'Entreprises Agréé" to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "Réviseur d'Entreprises Agréé". However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on Other Legal and Regulatory Requirements

We have been appointed as "Réviseur d'Entreprises Agréé" by the General Meeting of Partners on February 4, 2020 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 1 year.

The management report is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

The Corporate Governance Statement is included in the management report. The information required by Article 68ter paragraph (1) letter c) and d) of the law of December 19, 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

We confirm that the audit opinion is consistent with the additional report to the audit committee or equivalent.

We confirm that the prohibited non-audit services referred to in the EU Regulation No 537/2014 were not provided and that we remain independent of the Company in conducting the audit.

Luxembourg, February 25, 2020

For MAZARS LUXEMBOURG, Cabinet de révision agréé
5, rue Guillaume J. Kroll
L – 1882 LUXEMBOURG

Olivier BIREN
Réviseur d'entreprises agréé

HOLCIM US FINANCE S.à r.l. & Cie S.C.S.

(the „Company")

Société en Commandite Simple

Registered Office: 21, rue Louvigny, L-1946 Luxembourg

Trade Register Luxembourg B number 112.666

MANAGEMENT REPORT

We have the honor of reporting on the activity of the Company for the year ended December 31, 2019.

We hereby submit to you the financial statements for the same year.

Summary of activities:

The principal activity of the Company is to raise funds on the capital market and to provide intercompany financing in USD to other LafargeHolcim group companies.

During the year under review, the structure of the loans provided to Holdertrade Ltd & Cie S.N.C. has been reviewed.

The 750 M. USD bond issued in 2009 matured in December 2019 and has been repaid. There was no new issuance of third party debt.

Summary of the financial activities:

Financial Income/Expenses

The financial income decreased by USD 12,5 million compared to 2018 due to the changes in the loans provided to Holdertrade Ltd & Cie S.N.C.

The financial expenses decreased by USD 12,5 million compared to 2018, explained by a decrease in guarantee fee with the ultimate parent Company of USD 6 million compare to 2018 and a decrease of third party financial expenses of USD 6,5 million compared to 2018.

Derivatives and Risk:

Derivative Instruments

The company holds derivative instrument entered into during previous periods to either hedge its foreign exchange exposure related to the issuances of debt instruments denominated in another currency (usually EUR) than its functional currency (USD) and/or to hedge the fair value of debt instruments issued at fixed rate.

As at the balance sheet date, the company holds the following derivative instruments:

SWAPs with Australia and New Zealand Banking Group Ltd, Banco Santander S.A., Banco Bilbao Vizcaya Argentaria S.A., ING Belgium S.A., Mitsubishi UFJ Securities International plc and HypoVereinsbank AG.

On September 07, 2012 the Company, issued Bonds in the amount of EUR 500.000.000, bearing a fixed rate of interest of 2,625 %, payable on an annual basis and maturing on September 07, 2020.

By issuing fixed rate liabilities in EUR, The Company is exposed to forex risks due to its USD functional currency and fair value risk due to a fix rate coupon.

In order to mitigate the said risks, the Company has entered into six cross-currency swaps with the banks listed above. The hedge is designated as a fair value hedge as defined in IFRS 9.

Liquidity Risk

The third party financial debt of the Company is guaranteed by LafargeHolcim Ltd towards the debtholders.

The Company monitors its liquidity risk by using a recurring liquidity management process and maintaining sufficient reserves of cash and unused credit lines to meet liquidity requirements at all times.

Credit Risk

The Company is exposed to the credit risk of the borrower on its intercompany financing and monitors this risk continuously.

Interest rate risk

The Company manages its interest rate risks actively. The Company's sensitivity analysis has been determined based on the interest rate exposure as at December 31, 2019. A 1% point change is used when the interest rate risk is reported internally and represents management's assessment of a reasonably possible change in interest rates.

At December 31, a +/- 1% point shift in interest rates, with all other variables held constant, would result in approximately USD 3,9 million of additional/lower interest expenses before tax.

Foreign currency risk

The Company manages its foreign currency risk continuously. As December 31, 2019 the Company was not exposed to material currency risk as most transactions as well as most receivables and payables were denominated in its functional currency (USD) or were effectively hedged.

Uncertainties:

The main uncertainties of the Company are the future development of the liquidity of the financial markets, the evolution of reference interest rates and exchange rates in the view of refinancing its maturing debt or the potential issuance of new securities in the capital markets.

Key Performance Indicators:

The Company is committed to enhance its performance through continuous improvement; it reports its financial result on a monthly basis and evaluates the performance mainly based on the maximization of the income, minimization of financial expenses and the assessment of liquidity, interest rate and foreign exchange risks.

Subsequent event:

No material subsequent events occurred after December 31, 2019.

Result Allocation:

The financial year ended as at December 31, 2019 has been closed with a profit of USD 6.777,37. Total assets of the Company amounted to USD 1.185.518.655,82.

The Partners note that as at December 31, 2019 the Company's own equity consists of the following items:

- Share Capital	USD	20.000,00
- Capital Surplus	USD	2.990.000,00
- Retained earnings prior year	USD	601.987,09
- Result of the year	USD	6.777,37

We suggest the following allocation of the result:

- To be carried forward:	USD	6.777,37

Outlook:

The Company does not expect any major changes in its activity in the foreseeable future and expects to continue its financing operations in a comparable manner. If deemed appropriate by the Company, a part of the financial liabilities could be refinanced by the issuance of new debt instruments or bank facilities.
The Company will have to repay, on September 7, 2020, the EUR 500 million bond and the six swaps issued in 2009.

Research and Development:

As the principal activity of the Company is to raise funds and to provide intercompany financing, it has no R&D activity.

Own Shares:

The Company does not hold any treasury shares.

Branch of the Company:

The Company doesn't have any branch as at December 31, 2019.

Responsibility statement:

To the best of our knowledge, the financial statements prepared in accordance with the applicable set of accounting standards give a true and fair view of the assets, liabilities, financial position and profit or loss.

The management report includes a fair review of the development and performance of the business together with a description of the principal risks and uncertainties.

Corporate governance statement:

The Company has high standards of corporate governance, ensuring responsible and transparent company leadership and management that are geared to ensure full compliance and set the basis for a sustainable long term performance.

The Company considers the 10 principles recommended by the Luxembourg Stock Exchange as guidance for its own corporate governance.

Corporate governance puts the focus not only on business risks and the company's reputation, but also on corporate social responsibility towards all our stakeholders. As a responsible business, we recognize the significance of effective corporate governance. We show respect for society and the environment, communicate in an open and transparent manner, and act in accordance with legal, corporate and ethical guidelines. To underline this, a Code of Conduct binding for the entire Group has been added to the mission statement.

Organization and management:

Board of Partners:
The company is managed by its Associé Gérant Holcim US Finance S.à r.l. supported by a General Manager. The Associé Gérant reports to the Board of Partners.

Management:

The daily business of the Company is under the responsibility of the Management. The Management consists of a member with high qualifications, which is appointed by and report to the Board of Partners.

Independent auditors:

As part of their auditing activity, the independent auditors inform the Managers about their findings. The Company uses the audit committee as established at Group level. At Group level, the Audit Committee assesses the external auditors and monitors the results of the audit.
Mazars Luxembourg S.A. was approved as independent auditor for a one-year term until the Annual General Meeting of 2020.

Code of conduct:

Since 2004, the Code of Conduct, binding for the entire Group, has been part of the mission statement.

This code of conduct is available under this link:http://www.lafargeholcim.com/corporate-governance

Information and control instruments of the Partner:

The Partner determines in which manner it is to be informed about the course of business. The Partner may demand information on all issues relating to the Company. At the Partner's meetings, all participants have a duty to contribute actively to the discussion and to provide information, as do any members of the Management in attendance.

Internal control:

The Company has implemented a control system and procedures.
Complementary information concerning the corporate governance of the Group can be found under this link: http://www.lafargeholcim.com/corporate-governance

Holcim US Finance S.à r.l. (Manager of the Company)

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Statement of profit or loss

(all amounts in USD thousands)		Year ended December 31	
	Notes	2019	2018
Incomes			
Financial income	8	122,943	135,478
		122,943	**135,478**
Expenses			
Financial expenses	8	-122,837	-135,429
Administration expenses		-18	-33
Foreign exchange (losses)/gains net	9	-81	2
		-122,936	**-135,460**
Net income before taxes		**7**	**18**
Income taxes	17	0	-3
Net income		**7**	**15**

The notes to the financial statements form an Integral part of the financial statements

Statement of comprehensive earnings

(all amounts in USD thousands)	Year ended December 31	
	2019	2018
Net income	**7**	**15**
Other comprehensive income		
Items that will be reclassified to the statement of profit and loss in future periods		
Cash flow hedges		
- Change in fair value	0	0
- Realized through statement of profit and loss	0	0
- Tax effect	0	0
Deferral of cost of hedging		
- Change in fair value	0	0
- Realized through statement of profit and loss	0	0
- Tax effect	0	0
Net investment hedges in subsidiaries		
- Change in fair value	0	0
- Realized through statement of profit and loss	0	0
- Tax effect	0	0
Total other comprehensive earnings, net of tax	**0**	**0**
Total comprehensive earnings	**7**	**15**

The notes to the financial statements form an integral part of the financial statements

Statement of financial position

(all amounts in USD thousands)		As at December 31	
		2019	2018
Cash and cash equivalents	10	7,679	423
Short-term financial assets	11	627,500	227,700
Prepaid expenses and other current assets	12	340	3,833
Total current assets		**635,519**	**231,956**
Long-term financial assets	13	550,000	1,695,172
Total Long-term assets		**550,000**	**1,695,172**
Total assets		**1,185,519**	**1,927,128**
Current financial liabilities	14	622,660	748,198
Other current liabilities		11,716	6,182
Total short-term liabilities		**634,376**	**754,380**
Long-term financial liabilities	15	547,524	1,169,136
Total long-term liabilities		**547,524**	**1,169,136**
Total liabilities		**1,181,900**	**1,923,516**
Share capital		20	20
Share premium		2,990	2,990
Reserves		609	602
Total shareholder's equity		**3,619**	**3,612**
Total liabilities and shareholder's equity		**1,185,519**	**1,927,128**

The notes to the financial statements form an integral part of the financial statements

Statement of changes in equity

(all amounts in USD thousands)	Share capital	Share premium	Retained earnings	Total reserve	**Total partners' equity**
Equity as at January 1, 2018	**20**	**2,990**	**587**	**587**	**3,597**
Net income			15	15	15
Other comprehensive income			0	0	0
Total comprehensive income	0	0	15	15	15
Share premium increase	0	0	0	0	0
Share capital paid-in	0	0	0	0	0
Equity as at December 31, 2018	**20**	**2,990**	**602**	**602**	**3,612**
Equity as at January 1, 2019	**20**	**2,990**	**602**	**602**	**3,612**
Net income			7	7	7
Other comprehensive income			0	0	0
Total comprehensive income	0	0	7	7	7
Share premium increase	0	0	0	0	0
Share capital paid-in	0	0	0	0	0
Equity as at December 31, 2019	**20**	**2,990**	**609**	**609**	**3,619**

The notes to the financial statements form an integral part of the financial statements

Statement of cash flows

(all amounts in USD thousands)	Year ended December 31	
	2019	2018
Interest and financial income received	126,452	135,487
Interest and financial expenses paid	-114,434	-159,320
Income taxes paid	0	-3
Other expenses	-18	-33
Cash flow from operating activities (A)	**12,000**	**-23,869**
Increase short-term financial assets	0	-82,824
Decrease short-term financial assets	116,920	158,724
Increase long-term financial assets	0	-78,107
Decrease long-term financial assets	628,452	211,493
Cash flow from investing activities (B)	**745,372**	**209,286**
Repayment of current financial liabilities	0	-200,000
Repayment of long-term financial liabilities	-750,000	0
Cash flow used in financing activities (C)	**-750,000**	**-200,000**
(De)Increase in cash and cash equivalents (A + B + C)	**7,372**	**-14,583**
Cash and cash equivalents as at January 1 (net)	**423**	**14,989**
(De)Increase in cash and cash equivalents	7,372	-14,583
Net foreign exchange difference	-116	17
Cash and cash equivalents as at December 31 (net)	**7,679**	**423**

The notes to the financial statements form an integral part of the financial statements

Notes to the financial statements

1. Company information

Holcim US Finance S. à r.l. & Cie S.C.S. (the "Company") is a "Société en Commandite Simple" incorporated in Luxembourg. The date of incorporation was on November 28, 2005. The principal activity of the Company is intercompany financing in USD.

The shares of the Company are held by Holcim US Finance S. à r.l. with 99% and Holdertrade Ltd & Cie S.N.C. with 1% and its ultimate parent company is LafargeHolcim Ltd.

The Company's share capital comprises 200 (200 in the previous year) authorized, issued and fully paid ordinary, non-preference shares with a nominal value of USD 100.00 each.

These financial statements are the Company's separate financial statements in accordance with IAS 27.

2. Adoption of revised and new International Financial Reporting Standards and Interpretations

In 2019 the company adopted no new and will until 2020 not adopt new or revised standards or interpretations relevant to the Company. The improvements to IFRSs relate largely to clarification issues only. Therefore, the adoption of these amendments has not materially impacted the Company's financial statements.

In the current year, a number of amendments to IFRS Standards and Interpretations issued by the IASB have become effective. Their adoption are not deemed relevant and do not have a material impact on the Company and the disclosures or on the amounts reported in these financial statements:

- Amendments to IFRS 9 Prepayment Features with Negative Compensation
- Annual Improvements to IFRS Standards 2015-2017 Cycle Amendments to IAS 12 Income Taxes and IAS 23 Borrowing Costs
- Amendments to IAS 19 Employee Benefits Plan Amendment, Curtailment or Settlement
- IFRIC 23 Uncertainty over Income Tax Treatments

3. Summary of significant accounting policies

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by European Union.

The financial statements have been prepared on a historical cost basis, except for the measurement at fair value of derivative financial instruments and for financial assets and financial liabilities at fair value through profit and loss (FVTPL). The carrying values of recognized assets and liabilities that are hedged are adjusted to record changes in the fair values attributable to the risks that are being hedged.

Related companies refer to group companies consolidated in the LafargeHolcim Ltd financial statements (available on https://www.lafargeholcim.com/)

Presentation currency

The assets and liabilities of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The Company's presentation and functional currency is USD.

Foreign currency translation

Foreign currency transactions translated into the functional currency are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of income, except when deferred outside the statement of profit and loss as qualifying cash flow hedges or net investment hedges. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Cash and cash equivalents

Cash and cash equivalents are financial assets. Cash equivalents are readily convertible into a known amount of cash with original maturity of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at banks and in hand, deposits held on call with banks and other short-term, highly liquid investments, net of bank overdrafts.

Short-term financial assets

Short-term financial receivables are recognized at their fair value and are subsequently measured depending on their classification based on the business model and contractual cash flows test.

Any short-term derivatives are regarded as hedging instruments under hedge accounting relationships unless they do not meet the hedge accounting criteria stipulated under IFRS 9 Financial Instruments, in which case they will be classified through profit and loss.

Long-term financial assets

Long-term financial assets consist of (a) long-term receivables - related companies and (b) long-term receivables - third parties. Long-term receivables are measured at amortized cost using the effective interest method.

Any long-term derivatives are regarded as hedging instruments under hedge accounting relationships unless they do not meet the hedge accounting criteria stipulated under IFRS 9 Financial Instruments, in which case they will be classified through profit and loss.

Impairment of financial assets

IFRS 9 requires the Company to measure and record the expected credit loss ("ECL"), which means that anticipated as opposed to incurred credit losses are recognised resulting in earlier recognition of impairments. A loss allowance for expected credit losses is determined for all financial assets, other than those at FVTPL, at the end of each reporting period. The expected credit loss recognised represents a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Long-term financing liabilities

Long-term financing liabilities from related companies are measured at amortized cost using the effective interest method.

Bank loans acquired and non-convertible bonds issued are recognized initially at the proceeds received, net of transaction costs incurred. Subsequently, bank loans and non-convertible bonds are stated at amortized cost using the effective interest method with any difference between the proceeds (net of transaction costs) and the redemption value being recognized in the statement of profit and loss over the term of the borrowings.

Any long-term derivatives are regarded as hedging instruments under hedge accounting relationships unless they do not meet the hedge accounting criteria stipulated under IFRS 9 Financial Instruments, in which case they will be classified through profit and loss.

Financial liabilities that are due within 12 months after the end of the reporting period are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability until more than 12 months after the reporting period.

Provisions

A provision is recognized when a legal or constructive obligation arising from past events exists, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of this amount.

Contingent liabilities

Contingent liabilities arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. They are accordingly only disclosed in the notes to the financial statements.

4. Critical accounting judgements and key sources of estimation uncertainty

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of incomes, expenses, assets, liabilities and related disclosures at the date of the financial statements. These estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future. However, actual results could differ from those estimates.

Quoted financial liabilities are valued according to their quoted market value per December 31, 2019; non-quoted financial liabilities were valued based on a discounted cash flow model.

Critical accounting estimates and assumptions

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

5. Risk management

Financial risk management

The Company's activities expose it to a variety of financial risks, including the effect of changes in debt structure and equity market liquidity, interest rate, foreign exchange and credit risk. The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company. The Company may use derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain exposures. The Company does not enter into derivative or other financial transactions which are unrelated to its operating business. Financial risk management within the Company is governed by policies approved by LafargeHolcim Group key management personnel. It provides principles for overall risk management, as well as policies covering specific areas such as interest rate risk, foreign exchange risk, credit risk, use of derivative financial instruments and investing of excess cash.

Liquidity risk

The Company needs liquidity to meet its obligations. As an individual company, it is responsible for its own cash balances and the raising of internal and external credit lines to cover the liquidity needs, subject to guidance by the Group and, in certain cases, approval at Group level. The Group monitors its liquidity risk by using a recurring liquidity planning tool and maintains cash, readily realizable marketable securities and unused committed credit lines to meet its liquidity requirements. In addition, the strong creditworthiness of the Group allows it to access international financial markets for financing purposes.

Market risk

LafargeHolcim Group is exposed to market risk, primarily relating to foreign exchange and interest rate risk. To manage the volatility relating to these exposures, the Group may enter into a variety of derivative financial instruments. The Group's objective is to reduce fluctuations in earnings and cash flows associated with changes in foreign exchange and interest rate risk.

Interest rate risk

Interest rate risk arises from movements in interest rates which could affect the Company's financial results and market values of its financial instruments. The Company is primarily exposed to fluctuations in interest rates on its financial liabilities at floating rates which may cause variations in the Company's financial results. The exposure is mainly addressed through the management of the fixed/floating ratio of financial liabilities. To manage this mix, the Company may enter into interest rate swap agreements, in which it exchanges periodic payments based on notional amounts and agreed-upon fixed and floating interest rates. The Company is also exposed to the evolution of interest rates and credit markets for its future refinancing, which may result in a lower or higher cost of financing. The Company constantly monitors credit markets and the aim of its financing strategy is to achieve a well-balanced maturity profile to reduce both the risk of refinancing and of large fluctuations of its financing cost.

Foreign exchange risk

The Group's global footprint exposes it to foreign exchange risks. The principal activity of the Company is intercompany financing in USD. It usually borrows funds from third parties or related parties in the same currency. Any remaining foreign currency exposure may be hedged by entering in derivative contracts.

Capital Structure

The Company's objectives when managing capital are to secure the Company's financial needs as a going concern. The Company manages the capital structure by ensuring an adequate cash flow from operating activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to the partners, return capital to the partners, issue new shares, or sell assets to reduce debt.

Credit risk

Credit risks, or the risk of counterparties defaulting, are constantly monitored on a Group level. In general, the Company only enters into financial transactions with related counterparties, as well as with non-related counterparties with high credit ratings. The Group does not expect any counterparty to be unable to fulfill their obligations under their respective financing agreements.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the statement of financial position.

Accounting for derivative financial instruments and hedging activities

The Company mainly uses derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain exposures relating to debt.

The fair values of various derivative instruments are disclosed in note 14.

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognizing the resulting gain or loss is dependent on the nature of the item being hedged. On the date a derivative contract is entered into, the Company designates certain derivatives as either (a) a hedge of the fair value of a recognized asset or liability (a fair value hedge) or (b) a hedge of a particular risk associated with a recognized asset or liability, such as future interest payments on floating rate debt (cash flow hedge) or (c) a hedge of a foreign currency risk of a commitment (cash flow hedge).

Changes in the fair value of derivatives that are designated and qualify as fair value hedges and that are highly effective are recorded in the statement of profit and loss, along with any changes in fair value of the hedged asset or liability that is attributable to the hedged risk.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other income (expense).

The Company documents at the inception of hedging transactions the economic relationship between hedging instruments and hedged items, including whether the hedging instrument is expected to offset changes in cash flows of hedged items, and its risk management objective and strategy.

The Company may also hold derivatives for economic hedging but does not apply hedge accounting. When hedge accounting is not applied, derivatives are accounted for at fair value with change through income statements.

Fair value estimation

The fair value of publicly traded financial instruments is generally based on quoted (unadjusted) market prices at the end of the reporting period.

For non-publicly traded financial instruments, the fair value is determined by using a variety of methods, such as the discounted cash flow method and option pricing models. The valuation methods seek to maximize the use of observable market data existing at the end of the reporting period.

The fair value of current financial assets and liabilities at amortized cost are assumed to approximate their carrying amounts due to the current nature of these financial instruments.

The levels of fair value hierarchy used are defined as follows:

Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities. The types of assets carried at level 1 fair value are equity and debt securities listed in active markets.

Level 2 fair value measurements are those derived from valuation techniques using inputs for the asset or liability that are observable market data, either directly or indirectly. Such valuation techniques include the discounted cash flow method and option pricing models. For example, the fair value of interest rates and currency swaps is determined by discounting estimated future cash flows, and the fair value of forward foreign exchange contracts is determined using the forward exchange market at the end of the reporting period.

Level 3 fair value measurements are those derived from valuation techniques using inputs for the asset or liability that are not based on observable market data. In 2019 and 2018, there were no financial assets and liabilities allocated to level 3.

There have been no transfers between the different hierarchy levels in 2019 and 2018.

6. Additional disclosures to the financial instruments

(all amounts in USD thousands)	Carrying amount 2019	Net gains / (losses)[2] 2019
Loans and receivables at fair value through profit and loss[1]	1,185,519	0
	1,185,519	**0**
Financial liabilities measured at amortized cost	1,122,957	5,609
Derivative liabilities held for hedging	58,943	-5,609
	1,181,900	**0**

[1] Derivatives used for hedging qualify as Level 2 in the fair value hierarchy.

[2] The net gains and losses do not include the forex component part of the instrument.

(all amounts in USD thousands)	Carrying amount 2018	Net gains / (losses)[2] 2018
Loans and receivables at fair value through profit and loss[1]	1,927,128	0
	1,927,128	**0**
Financial liabilities measured at amortized cost	1,881,976	4,975
Derivative liabilities held for hedging	41,540	-4,975
	1,923,516	**0**

[1] Derivatives used for hedging qualify as Level 2 in the fair value hierarchy.

[2] The net Gains and losses do not include the forex component part of the instrument.

7 Contractual maturity analysis

	Contractual undiscounted cash flows						
(all amounts in USD thousands)	Within 1 year	Within 2 years	Within 3 years	Within 4 years	Within 5 years	Thereafter	**Total**
2019							
Non-derivative financial liabilities	602,720	27,850	27,850	527,850	2,100	68,900	**1,257,270**
Derivative financial liabilities held for hedging	-68,269	0	0	0	0	0	**-68,269**
Total	**534,451**	**27,850**	**27,850**	**527,850**	**2,100**	**68,900**	**1,189,001**
2018							
Non-derivative financial liabilities	837,865	614,865	27,850	27,850	520,125	71,000	**2,099,555**
Derivative financial liabilities held for hedging	-14,421	-60,727	0	0	0	0	**-75,148**
Total	**823,444**	**554,138**	**27,850**	**27,850**	**520,125**	**71,000**	**2,024,407**

The contractual cash flows are based on the earliest date on which the Company can be required to pay.
Contractual interest cash flows relating to a variable interest rate are calculated based on the rates prevailing as of December 31.

8. Financial income and financial expenses

(all amounts in USD thousands)	2019	2018
Financial income - parent	122,877	135,450
Financial income - third party	66	28
Total financial income	**122,943**	**135,478**
Of which:		
Interest income	121,577	131,656
Other financial income	1,366	3,822

(all amounts in USD thousands)	2019	2018
Financial expenses - other related companies	-20,209	-26,223
Financial expenses - third parties	-102,628	-109,206
Total financial expenses	**-122,837**	**-135,429**
Of which:		
Interest expense	-99,813	-106,494
Other financial expense	-23,024	-28,935
Fair value hedge adjustments - hedging instrument	-5,609	-4,975
Fair value hedge adjustments - hedged items	5,609	4,975

The position of financial expenses - third parties relates primarily to financial liabilities measured at amortized cost.

Interest rate sensitivity

The Company's sensitivity analysis has been determined based on the interest rate exposure relating to the Company's financial liabilities at variable rate on a post hedge basis as at December 31. A 1 percentage point change is used when the interest rate risk is reported internally to key management personnel and represents management's assessment of a reasonably possible change in interest rates.

On December 31, a 1 percentage point shift in interest rates, with all other assumptions held constant, would result in an immaterial amount of annual additional/lower financial expenses before tax on a post hedge basis. This is mainly attributable to the Company's short term Liabilities bearing floating.

9. Foreign exchange gains/(losses) net

(all amounts in USD thousands)	2019	2018
The foreign exchange gains/(losses) net arose from :		
Other current liabilities	-81	2
Total	**-81**	**2**

Foreign currency sensitivity

The Company's sensitivity analysis has been determined based on the Company's net transaction exposure that arises on monetary financial assets and liabilities at December 31 that are denominated in a foreign currency other than the functional currency in which they are measured.

A 5 percent change is used when the net foreign currency transaction risk is reported internally to key management personnel and represents management's assessment of a reasonably possible change in foreign currency rates.

As at December 31, the Company has no material foreign currency exposures.

10. Cash and cash equivalents

(all amounts in USD thousands)	2019	2018
Cash at banks and in hand	7,680	423
Total	**7,680**	**423**
Of which pledged / restricted	0	0

11. Short-term financial assets

(all amounts in USD thousands)	2019	2018
Short-term financial receivables - parent	627,500	227,700
Total	**627,500**	**227,700**
Of which pledged / restricted	0	0

The fair values of short-term financial assets amount to USD 628 million (previous year: USD 237 million) and are classified as level 2 in the fair value hierarchy.

12. Prepaid expenses and other current assets

(all amounts in USD thousands)	2019	2018
Accrued interest receivable	340	3,833
Total	**340**	**3,833**

13. Long-term financial assets

(all amounts in USD thousands)	2019	2018
Long-term financial receivables - parent	550,000	1,695,172
Total	**550,000**	**1,695,172**
Of which pledged / restricted	0	0

Interest rate structure of non-current financial receivables

(all amounts in USD thousands)	2019	2018
Financial receivables at fixed rates	550,000	450,000
Financial receivables at variable rates	0	1,245,172
Total	**550,000**	**1,695,172**

The fair values of non-current financial assets amount to USD 643 (previous year 1,873 million) and are classified in the level 1 in the fair value hierarchy.

14. Current financial liabilities

(all amounts in USD thousands)	2019	2018
Current portion of long-term financial liabilities - third parties	563,717	748,198
Current derivative liabilities	58,943	0
Total	**622,660**	**748,198**
Of which secured by the ultimate parent company	563,717	748,198

The fair values of the current portion of long-term financial liabilities amount to USD 623 million and are classified as level 1 in the fair value hierarchy.

15. Long-term financial liabilities

(all amounts in USD thousands)	2019	2018
Long-term financial liabilities - third parties	547,524	1,127,596
Long-term derivative liabilities (note 16)	0	41,540
Total	**547,524**	**1,169,136**
Of which guaranteed by the ultimate parent company	547,524	1,127,596

Interest rate structure of non-current financial liabilities

(all amounts in USD thousands)	2019	2018
Financial liabilities at fixed rates	547,524	588,474
Financial liabilities at variable rates	0	580,662
Total	**547,524**	**1,169,136**

The fair values of long-term financial liabilities amount to USD 594 million (previous year USD 1,194) and are classified as level 1 in the fair value hierarchy.

(all amounts in USD thousands)					Net book value[1]	Net book value[1]
Currency / nominal value	Nominal interest rate	Effective interest rate	Term	Description	2019	2018
USD/750'000	6.00%		2009 - 2019	Bond Guaranteed by LafargeHolcim Ltd	0	748,198
EUR/500'000	2.63%	3.66%	2012 - 2020	Bond guaranteed by LafargeHolcim Ltd, swapped into USD and floating interest rates at inception	563,717	580,662
USD/500'000	5.15%	5.30%	2013 - 2023	Bond Guaranteed by LafargeHolcim Ltd	497,524	496,934
USD/50'000	4.20%	4.20%	2013 - 2033	Bond Guaranteed by LafargeHolcim Ltd	50,000	50,000
Total					**1,111,241**	**1,875,794**
Of which current portion					563,717	748,198

16. Derivative Liabilities

Included in 'Long-term financial liabilities' note 14 are the following derivative liabilities

(all amounts in USD thousands)	2019	2018
Current derivative liabilities		
Fair value hedges	58,943	0
Non-current derivative liabilities		
Fair value hedges	0	41,540
Total	**58,943**	**41,540**

All derivative liabilities are either interest rate or cross-currency swaps: The current derivatives, designated as fair value hedges, are used to hedge the exposure to changes in fair value of some of the current financial liabilities - third parties (note 14).

17. Income Taxes

The Company is subject to all taxes applicable for Luxembourg commercial companies.

18. Operating Segments

The Company is not an operating entity and has therefore not identified any operating segment.

19. Events after the reporting period

There were no significant events after the reporting period.

20. Authorization of the financial statements for issue

The financial statements were authorized for issuance by the Board of Directors of Holcim US Finance S.à r.l. & Cie S.C.S. on February 25, 2020 and cannot be amended after issuance.