



Q3 2020

TRADING UPDATE

October 30, 2020

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LafargeHolcim

RECURRING EBIT MARGIN SIGNIFICANTLY UP



Resilient demand, Net Sales decrease of **2.6% LFL**

Action plan “**HEALTH, COST & CASH**” delivering well ahead of targets

Costs decline over-proportional compared to volumes in Q3, recurring EBIT margin up **250bps**

Recurring EBIT up by **10.0% LFL**

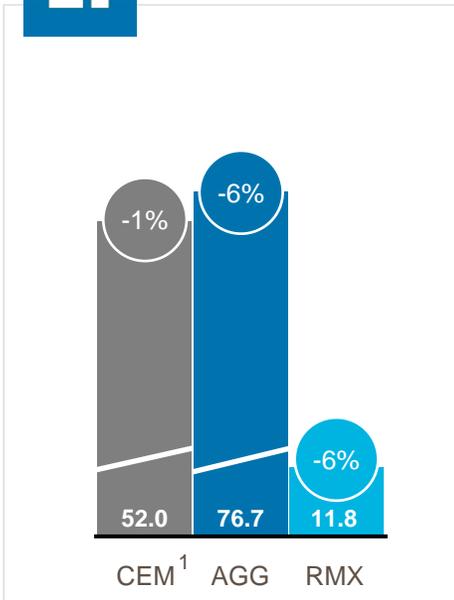
Partnership with **SBTi**¹ to support development of 1.5°C cement roadmap with **approved 2030 targets**

2020 Free Cash Flow guidance increased to above CHF 2.75 bn based on strong Q3 performance

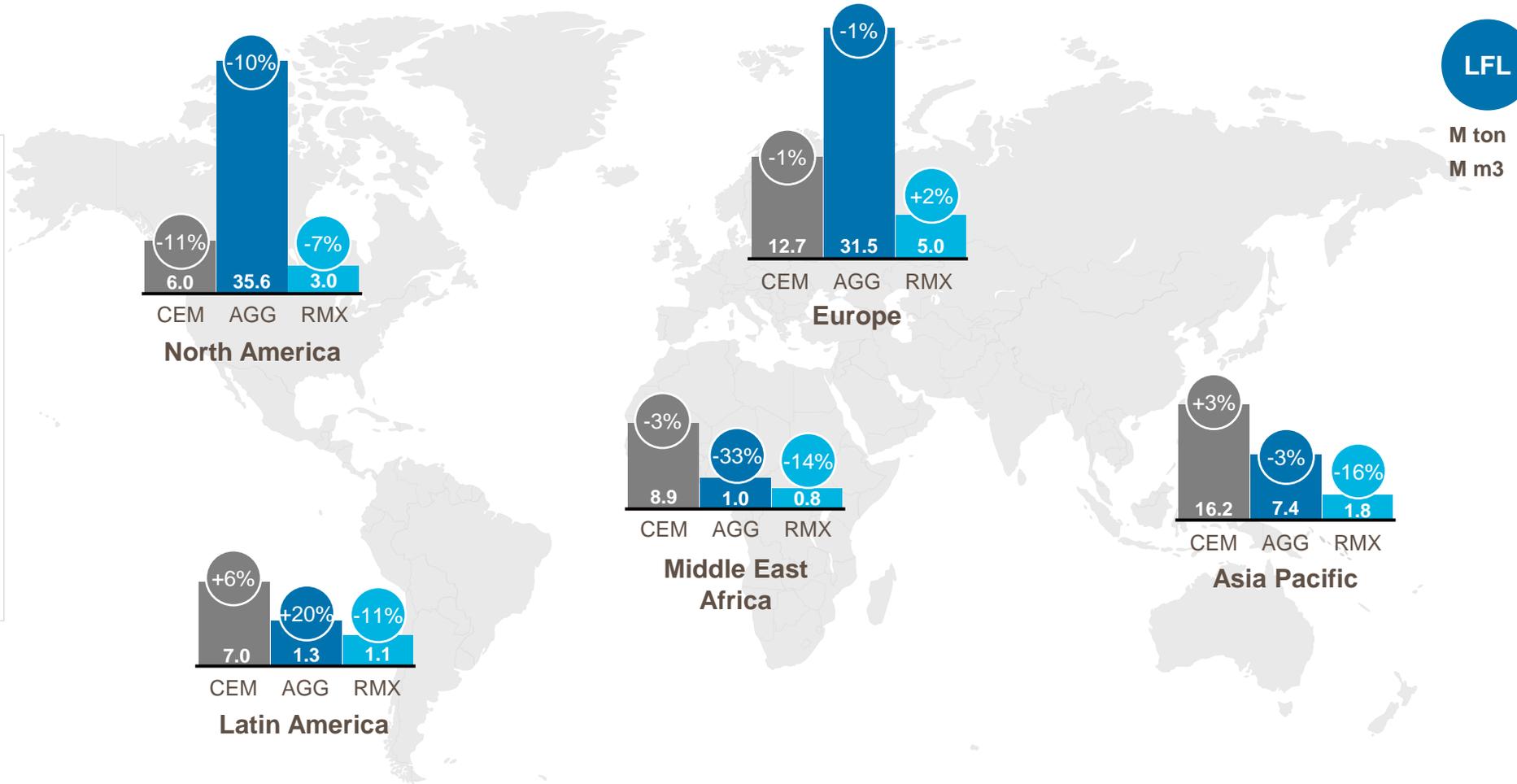
¹ Science-Based Targets initiative

FAST VOLUME RECOVERY IN MOST MARKETS, RESILIENT DEMAND

LH GROUP



¹ Includes volumes from Trading activities





HEALTH

Safeguard the **Health and Safety** of our staff, partners and communities

Early establishment of **Business Resilience teams**
Projects to **support communities** in all our markets

on track



COST

Reduction in fixed costs by CHF

300 million¹

In 2020

9M 2020
-396 m

Review of all **3rd party products and services**
Realization of **reduction in energy prices¹**

9M 2020
-124 m

Costs decline over-proportional compared to volumes in Q3



CASH

Reduction of CAPEX by at least CHF

400 million

Compared to 2019

above target

Reduction of **Net Working Capital** at least in line with level of activity

above target

FURTHER STRENGTHENING OUR LEADERSHIP IN SUSTAINABILITY BY 2030 LAFARGEHOLCIM WILL...



Accelerate the use of **green building solutions**, with the launch of **EcoLabel** and the global roll-out of **green concrete ECOPact**



Double the **recycling of materials** across its businesses to reach **100 m tons**



Scale up the use of **calcined clay** and develop novel cements with new binders



Reach **475** kg net CO₂ per ton of cementitious material (net CO₂/t. cem)

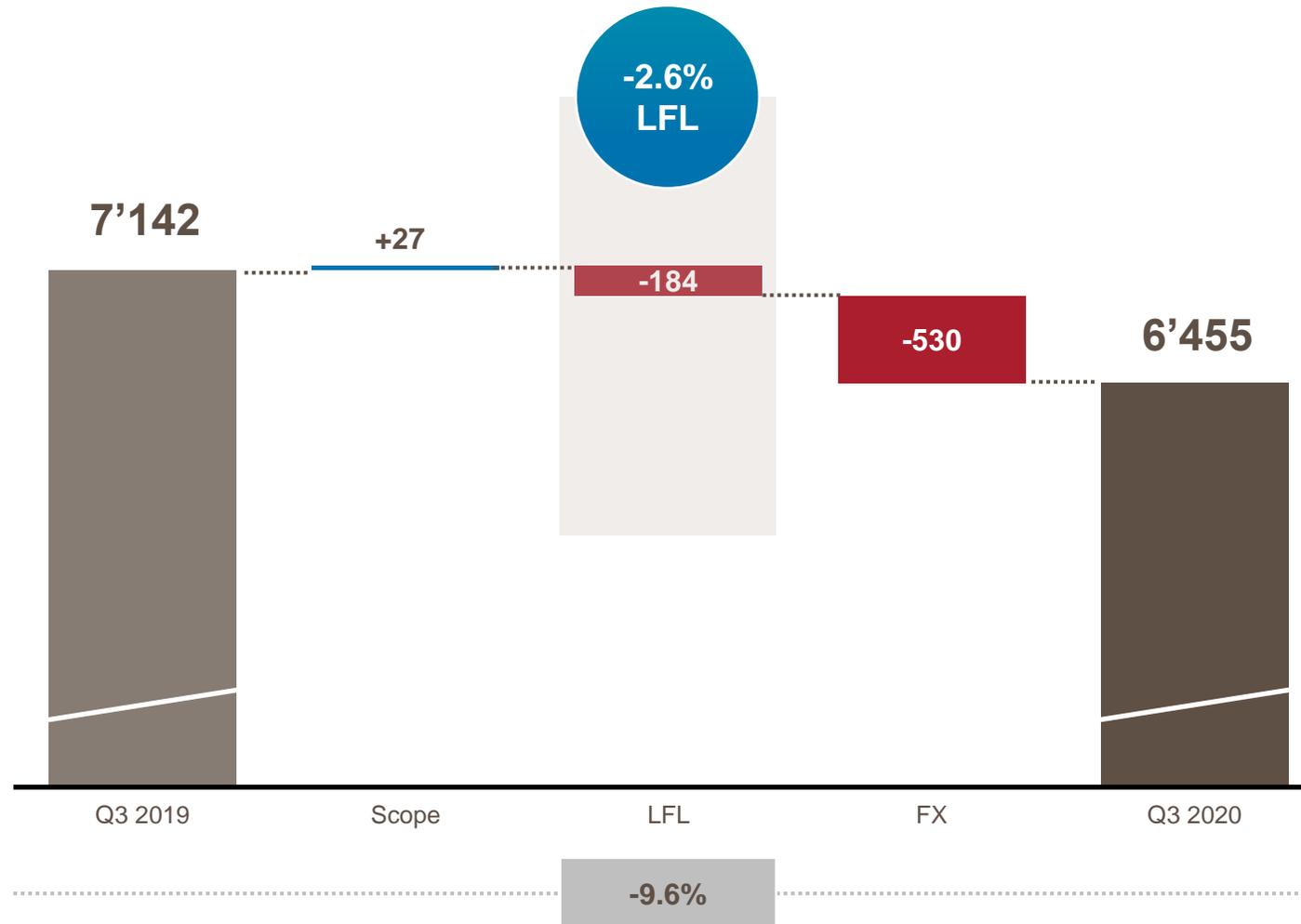


Operate its **first net-zero** carbon cement **production** facility



Q3 2020 NET SALES BRIDGE

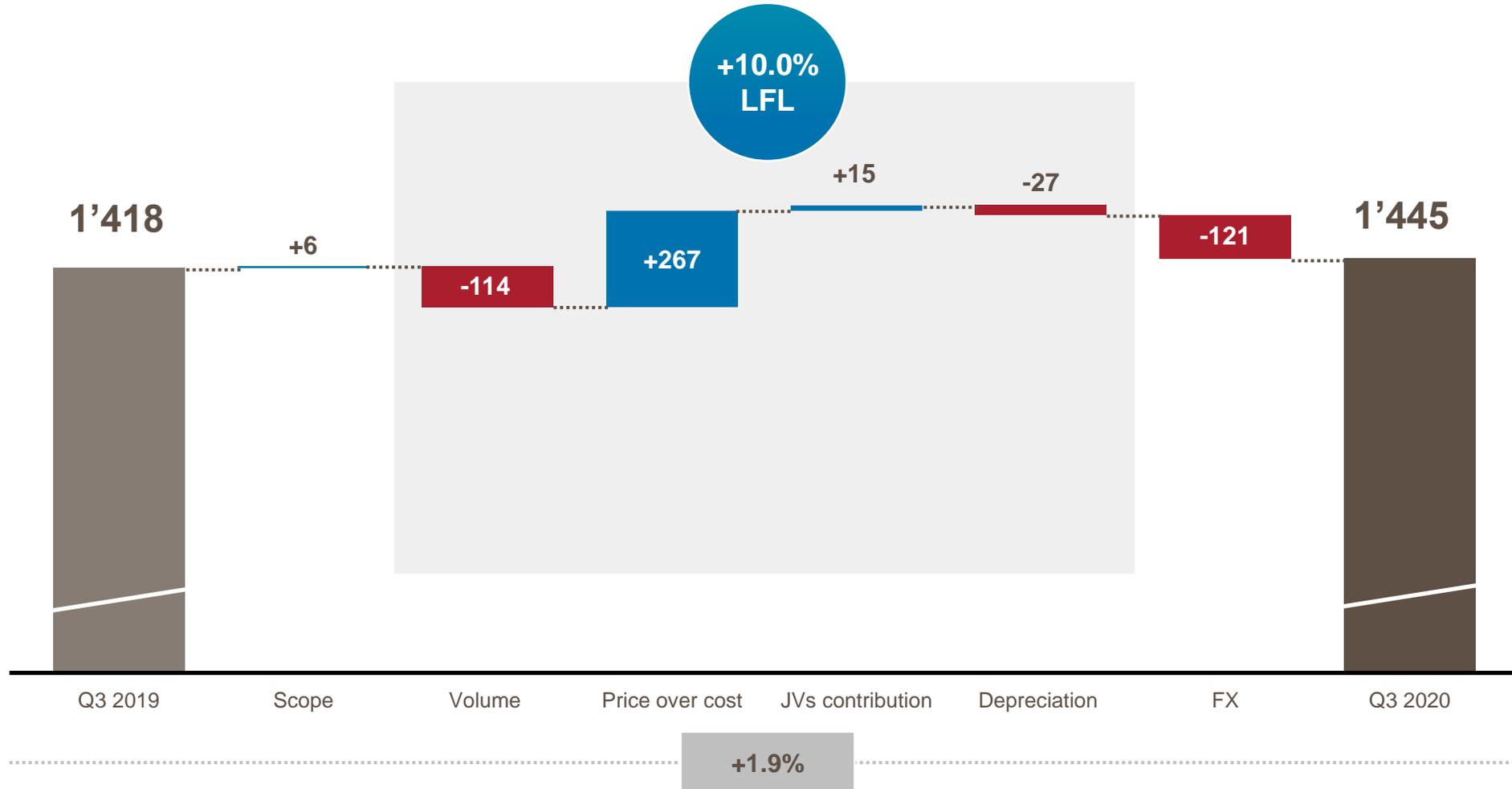
NET SALES DECREASE OF 2.6% LFL



CHF M

Q3 2020 RECURRING EBIT BRIDGE

RECURRING EBIT GROWTH OF 10.0% LFL



CHF M

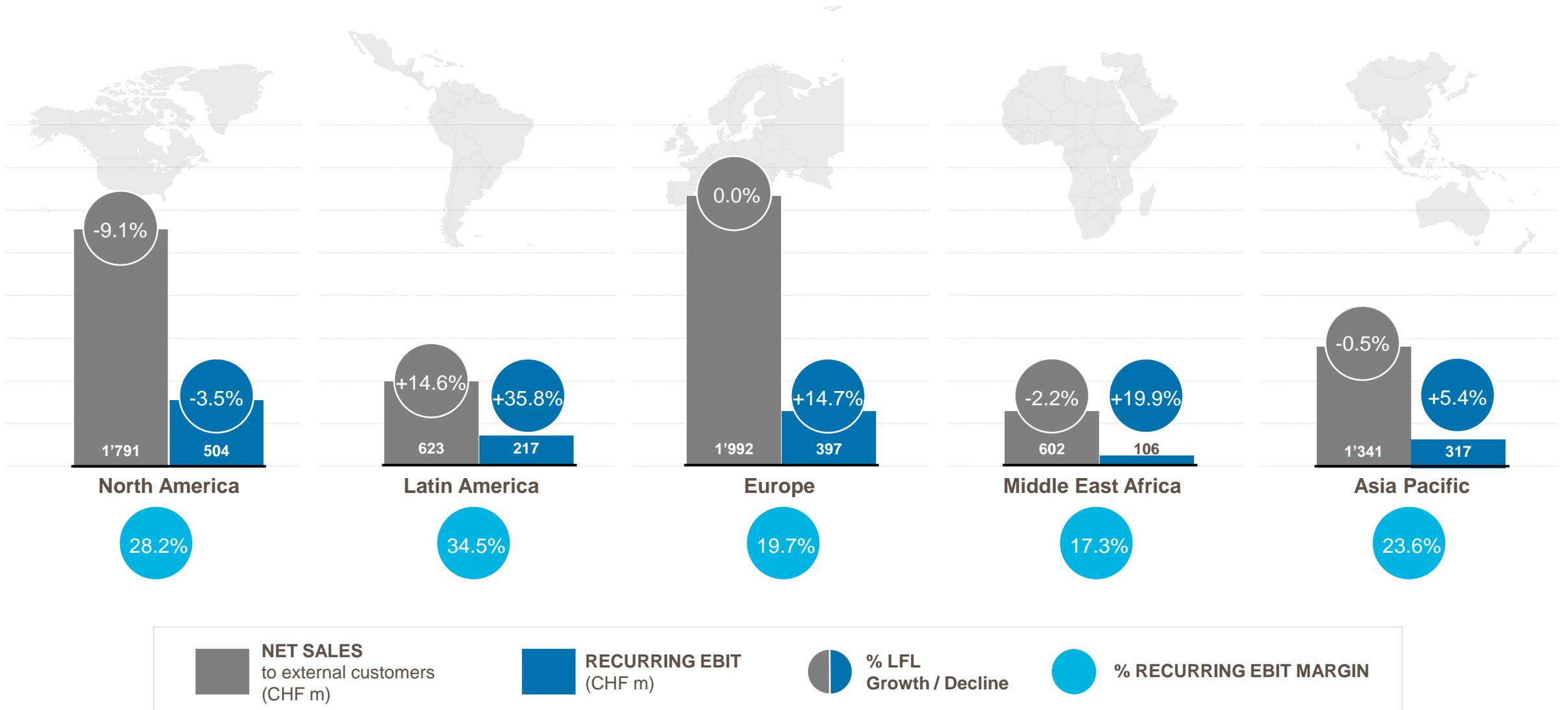
Q3 2020 NET SALES AND RECURRING EBIT BY SEGMENT

STRONG MARGIN INCREASE IN CEMENT, RESILIENT DOWNSTREAM

	 CEMENT	 AGGREGATES	 RMX	 SOLUTIONS & PRODUCTS
<i>CHF M</i>				
Net Sales	4'106 <i>+0.3% LFL</i>	1'081 <i>-6.2% LFL</i>	1'288 <i>-3.5% LFL</i>	599 <i>-13.6% LFL</i>
Recurring EBITDA after leases	1'450 <i>+14.3% LFL</i>	302 <i>-3.4% LFL</i>	79 <i>-2.7% LFL</i>	82 <i>-10.5% LFL</i>
Recurring EBIT	1'118 <i>+16.8% LFL</i>	221 <i>-6.9% LFL</i>	47 <i>+0.4% LFL</i>	65 <i>-14.5% LFL</i>
Recurring EBIT margin	27.2% <i>+4.1pp</i>	20.4% <i>-0.3pp</i>	3.7% <i>+0.1pp</i>	10.8% <i>+0.0pp</i>



REC EBIT MARGIN EXPANSION ACROSS ALL REGIONS



NORTH AMERICA REC EBIT MARGIN IMPROVEMENT AMID COVID-19

CHF M	Q3 2020	9M 2020
Net Sales ¹	1'791 <i>-9.1% LFL</i>	4'357 <i>-3.6% LFL</i>
Recurring EBITDA after leases	639 <i>-3.0% LFL</i>	1'163 <i>+1.7% LFL</i>
Recurring EBIT	504 <i>-3.5% LFL</i>	764 <i>+3.2% LFL</i>

¹ Net Sales to external customers

- Volumes in all business segments impacted by Covid-19 and unfavorable comparison base
- Costs decline over-proportional compared to volumes and effective price management
- Strong recurring EBIT margin improvement in the region
- Canada West affected by slowdown in oil & gas industry



LATIN AMERICA OUTSTANDING PERFORMANCE

CHF M	Q3 2020	9M 2020
Net Sales ¹	623 <i>+14.6% LFL</i>	1'603 <i>-3.4% LFL</i>
Recurring EBITDA after leases	252 <i>+29.0% LFL</i>	604 <i>+3.6% LFL</i>
Recurring EBIT	217 <i>+35.8% LFL</i>	492 <i>+4.2% LFL</i>

¹ Net Sales to external customers

- Strong markets in Mexico and Brazil
- Excellent cost savings initiatives across the region
- Efficient price management overall
- Significant over-proportional recurring EBIT growth over Net Sales



MARKETS RECOVERED, REC EBIT MARGIN STRONGLY UP IN Q3

CHF M	Q3 2020	9M 2020
Net Sales ¹	1'992 <i>0.0% LFL</i>	5'265 <i>-6.1% LFL</i>
Recurring EBITDA after leases	543 <i>+14.3% LFL</i>	1'098 <i>-2.4% LFL</i>
Recurring EBIT	397 <i>+14.7% LFL</i>	685 <i>-7.0% LFL</i>

¹ Net Sales to external customers

- Net Sales back to last year's level
- Stronger cement demand in Western and Central Europe
- Softer volumes in Eastern Europe
- Recurring EBIT margin improvement of 230bps in Q3, driven by execution of the cost action plan and effective price management



MIDDLE EAST AFRICA SUCCESSFUL TURNAROUND DRIVING STRONG PERFORMANCE

CHF M	Q3 2020	9M 2020
Net Sales ¹	602 <i>-2.2% LFL</i>	1'780 <i>-10.7% LFL</i>
Recurring EBITDA after leases	160 <i>+10.4% LFL</i>	426 <i>-6.7% LFL</i>
Recurring EBIT ²	106 <i>+19.9% LFL</i>	243 <i>-11.0% LFL</i>

¹ Net Sales to external customers

² Contribution from share of net income from JVs: CHF 34 m in 9M 2020 vs. CHF 46 m in 9M 2019

- Resilient demand in the region
- Strong volumes growth in Nigeria
- Strict cost discipline and successful turnaround initiatives
- Recurring EBIT margin expansion of 350bps in Q3



CHF M	Q3 2020	9M 2020
Net Sales ¹	1'341 <i>-0.5% LFL</i>	3'754 <i>-12.5% LFL</i>
Recurring EBITDA after leases	394 <i>+8.1% LFL</i>	1'018 <i>-10.9% LFL</i>
Recurring EBIT ²	317 <i>+5.4% LFL</i>	754 <i>-18.2% LFL</i>

¹ Net Sales to external customers

² Contribution from share of net income from JVs: CHF 276 m in 9M 2020 (of which CHF 218 m from Huaxin) vs. CHF 340 m in 9M 2019 (of which CHF 284 m from Huaxin)

- Resilient volumes and strong operational efficiency in India
- Volumes above last year in China
- Softer markets in the Philippines and Australia
- Recurring EBIT margin expansion supported by effective cost management



FINANCIAL STRENGTH

CREDIT RATINGS CONFIRMED, STRONG BALANCE SHEET & LIQUIDITY



STRONG LIQUIDITY

- More than CHF **8 billion** of cash and unused **committed** credit lines
- All credit lines **without financial covenants** and material adverse change clauses



STRONG BALANCE SHEET

- **Debt maturities 2020-2021** well covered with available liquidity



CREDIT RATINGS

Credit ratings confirmed

MOODY'S

Baa2, outlook stable, confirmed on **Sept 28, 2020**

S&P

BBB, outlook stable, confirmed on **Sept 7, 2020**



SUCCESSFUL RE-FINANCING

- **2 year CHF 250 million** 1.05% bond
- **5 year EUR 500 million** 2.375% bond issued in April 2020

SUSTAINABLE FINANCING & LIQUIDITY MANAGEMENT

DEMONSTRATING OUR COMMITMENTS TOWARDS SUSTAINABILITY



COMMERCIAL PAPER PROGRAM

- EUR 3billion commercial paper program for **issuance of ESG notes** established



COMMITTED BILATERAL LINES

- All committed Corporate bilateral facilities amended to **link cost with our ESG performance**



DEPOSITS

- First **sustainable deposit** concluded to help finance activities supporting the UN Sustainable Development Group's Goals

RESILIENT DEMAND EXPECTED, FCF GUIDANCE INCREASED



Resilient demand expected for Q4 2020¹

Execution of action plan “HEALTH, COST & CASH”
to continue ahead of targets

2020 Free Cash Flow guidance increased to **above CHF 2.75 bn** based on strong Q3 performance

Strong balance sheet, debt leverage **below 1.8x**

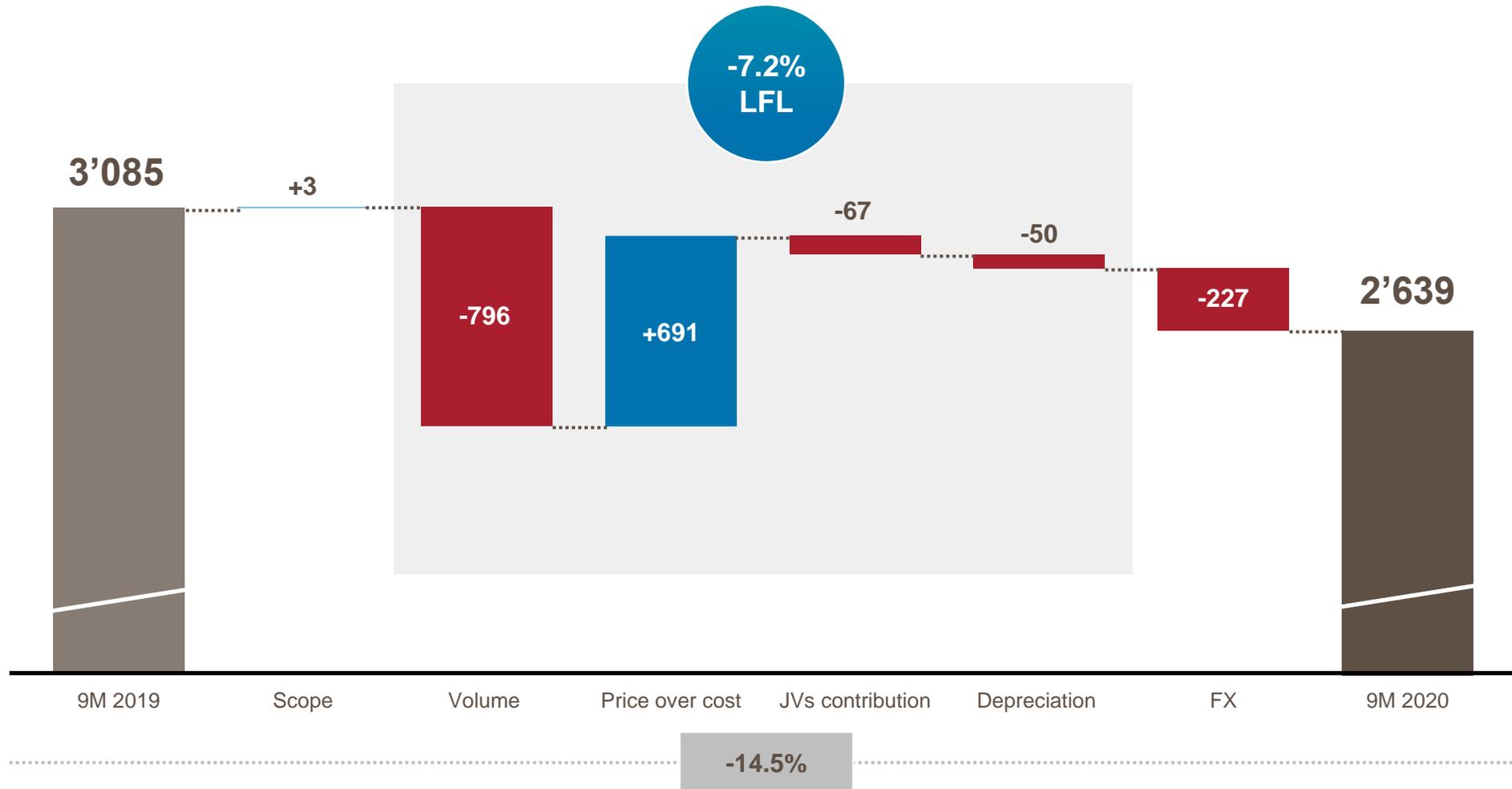
¹ Subject to pandemic-related uncertainties

APPENDIX



9M 2020 RECURRING EBIT BRIDGE

RECURRING EBIT DECREASE OF 7.2% LFL



CHF M

Q3 2019 RECURRING EBIT BY REGION

<i>CHF M</i>	Asia Pacific	Europe	Latin America	Middle East Africa	North America	Corporate & Trading	Group
RECURRING EBITDA	404	522	232	177	736	-85	1'985
Depreciaton of right of use assets	-11	-30	-7	-11	-36	-2	-98
RECURRING EBITDA after leases	393	492	225	165	700	-88	1'888
D&A PPE, intangible and long-term assets	-69	-133	-41	-65	-147	-15	-470
RECURRING EBIT	324	359	184	100	553	-102	1'418

UPCOMING EVENTS

FEBRUARY 26, 2021

Full year 2020 earnings release

APRIL 23, 2021

Q1 2021 Trading Update

JULY 30, 2021

Half-year 2021 results

OCTOBER 29, 2021

Q3 2021 Trading Update

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