Media Release

Zurich, March 2, 2017

LafargeHolcim

Strong Q4 performance builds on accelerating 2016 earnings momentum

- **Pricing, synergies and disciplined cost management drive strong Q4 earnings and cashflow growth**
- **Improved margins underpin achievement of Adjusted Operating EBITDA full year target – up 8.7% like-for-like. Adjusted Operating EBITDA up 30.5% in Q4**
- **Recurring Earnings Per Share for 2016 doubled versus prior year**
- **Synergies of CHF 638m delivered in 2016, well ahead of target**
- **Operating Free Cash Flow more than doubled in Q4, up CHF 1.7bn for full year**
- **Net debt reduction of CHF 2.5bn in 2016**
- **Proposed dividend of CHF 2.0 per share**
- **Double-digit like-for-like Adjusted Operating EBITDA growth expected in 2017**

Q4

in million CHF	Q4 2016	Q4 2015	±%	±% like-for-like
Net sales	6,526	7,441	-12.3	-1.4
Operating EBITDA	1,296	988	+30.9	+51.5
Operating EBITDA adjusted[1]	1,611	1,395	+15.5	+30.5
Operating EBITDA margin adjusted[1] [%]	24.7	18.7		
Net income recurring	564	-78		
EPS recurring	0.79	-0.02		
Operating Free Cash Flow[2]	1,342	647		

12M

in million CHF	FY 2016	FY 2015	±%	±% like-for-like
Net sales	26,904	29,483	-8.7	-1.7
Operating EBITDA	5,242	4,645	+12.9	+22.0
Operating EBITDA adjusted[1]	5,825	5,751	+1.3	+8.7
Operating EBITDA margin adjusted[1] [%]	21.6	19.5		
Net income recurring	1,918	970		
EPS recurring	2.67	1.32		
Operating Free Cash Flow[2]	1,660	-51		
Net debt	14,724	17,266		

1 Operating EBITDA adjusted for merger, restructuring and other one-offs
2 Cash flow from operating activities less net maintenance and expansion capex

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Eric Olsen, CEO of LafargeHolcim said: “2016 was a year of accelerating earnings momentum. We delivered significant improvements in EBITDA, cash flow and earnings per share with outperformance on synergies and excellent progress on cost and pricing.

“Our strong execution was visible across our five regions which all grew earnings for the quarter and for the year. This performance underlines the strength of our diversified portfolio, which has a good balance of mature and developing markets. I am also pleased with the positive trajectory of markets such as the US, Nigeria, India and key countries in Europe which we have singled out as important drivers for growth in 2017 and beyond.

“We have demonstrated our earnings potential in 2016. Looking ahead, we expect to deliver top line improvement and strong growth in Adjusted Operating EBITDA, cash flow and earnings per share in 2017 and we are on track to reach our 2018 targets.

“This will support our commitments to a solid investment grade rating, an attractive dividend policy and returning excess cash to shareholders.”

2017 Outlook

In 2017, we will deliver sustainable, profitable growth through continued strong focus on lower Capex, structural cost savings, synergies and commercial differentiation of our products and building solutions. This will be particularly supported by the contribution of several markets such as the US, India, Nigeria and some countries in Europe while we forecast demand in our markets to increase by between 2 to 4 percent.

We expect to deliver strong growth in Adjusted Operating EBITDA and recurring EPS in 2017:

- Double-digit like-for-like growth in Adjusted Operating EBITDA over 2016
- Recurring EPS growth of more than 20 percent
- Targeted net debt to Adjusted Operating EBITDA ratio of around two times

In 2017, the Group will be returning cash to shareholders commensurate with a solid investment grade rating:

- Dividend of CHF 2.0 a share proposed at AGM in May
- Share buyback program of up to CHF 1 billion over 2017-2018

Annual General Meeting 2017

Bruno Lafont, Co-Chairman of the Board of Directors, has decided that he will not stand for re-election at the next Annual General Meeting. The Board of Directors wishes to express its warmest appreciation to Bruno Lafont for the many years of service and his invaluable contribution to the successful merger of Lafarge and Holcim in 2015.

Group performance

The strong growth came from across the Group's portfolio with all regions delivering increased Adjusted Operating EBITDA on a like-for-like basis for the quarter and full year. Continuing the trend seen over 2016, and highlighting the balanced nature of the portfolio, positive contributions were made by both mature and developing markets as the focus on pricing, synergies and cost discipline had a positive effect on earnings.

Notably, Europe performed well in the face of difficult economic conditions helped by cost management and restructuring. The UK, which continued to grow strongly despite uncertainty of the Brexit process, and France and Switzerland, resilient performers in soft markets, were among the highlights. A significant positive contribution from the US again underlined the importance of this market to LafargeHolcim. Among other countries to finish the year in positive territory were Egypt, Argentina, Algeria and Mexico.

India grew in 2016 despite the impact of the government's withdrawal of high denomination bank notes from circulation. In Nigeria, measures to improve fuel flexibility following interruption to gas supplies earlier in the year, allied to improved pricing, helped the country return to earnings growth in Q4.

LafargeHolcim was also faced with some challenging markets in 2016. Brazil's economic crisis further depressed the construction sector and decisive measures have been taken to reduce costs. In the Asia Pacific region, Indonesia and Malaysia continued to feel the effects of market overcapacity and tough competition through Q4. In response, we have implemented additional cost reduction measures to mitigate the earnings impact in both countries.

Cement volumes were down by 2.5 percent like-for-like over the full year. In the fourth quarter, volumes declined 5.8 percent on a like-for-like basis, due in part to demonetisation in India, tough trading conditions in Indonesia and unusually favourable weather conditions in the US during the same period in 2015.

Sequentially, cement prices improved by 1.1 percent on Q3 2016, due largely to Nigeria and China, and were 5 percent above Q4 2015 at constant exchange rates. The steady improvement in pricing over the year means that overall price levels are now higher than before the marked decline seen over the course of 2015.

Synergies contributed a total of CHF 638 million over the full year, well ahead of the 12-month target of CHF 550 million, which in November was increased from the initial objective of CHF 450 million.

For the full year, Adjusted Operating EBITDA was CHF 5.83 billion, up 8.7 percent on a like-for-like basis. Q4 earnings were up 30.5 percent on the same measure. Faster than expected delivery of synergies, reduced costs and improved pricing were reflected in higher margins, up around 210 basis points for the full year.

Recurring earnings per share reached CHF 2.67 – more than double the increase over CHF 1.32 for 2015 – reflecting improved business performance and reduced financial charges. Operating Free Cash Flow more than doubled in Q4 to CHF 1.34 billion on a like-for-like basis, pushing the full year cash flow figure to CHF 1.66 billion.

Net debt was down CHF 2.5 billion thanks to the proceeds of divestments received in 2016 as well as a strong free cash flow. It stood at CHF 14.7 billion at year end.

Group – Pro Forma information

		FY 2016	FY 2015	±%	±% like-for-like
Sales of cement	million t	233.2	255.7	-8.8	-2.5
Sales of aggregates	million t	282.7	292.2	-3.2	-1.7
Sales of ready-mix concrete	million m^3	55.0	56.8	-3.3	-1.8
Net sales	million CHF	26,904	29,483	-8.7	-1.7
Operating EBITDA	million CHF	5,242	4,645	+12.9	+22.0
Operating EBITDA adjusted[1]	million CHF	5,825	5,751	+1.3	+8.7
Operating EBITDA margin	%	19.5	15.8		
Operating EBITDA margin adjusted[1]	%	21.6	19.5		
Cash flow from operating activities	million CHF	3,295	2,550	+29.2	+46.2
Operating Free Cash Flow[2]	million CHF	1,660	-51	-	

Group – Pro Forma information

		Q4 2016	Q4 2015	±%	±% like-for-like
Sales of cement	million t	55.9	66.5	-15.9	-5.8
Sales of aggregates	million t	71.2	75.8	-6.1	-4.3
Sales of ready-mix concrete	million m^3	13.1	14.3	-8.4	-3.3
Net sales	million CHF	6,526	7,441	-12.3	-1.4
Operating EBITDA	million CHF	1,296	988	+31.1	+51.5
Operating EBITDA adjusted[1]	million CHF	1,611	1,395	+15.5	+30.5
Operating EBITDA margin	%	19.9	13.3		
Operating EBITDA margin adjusted[1]	%	24.7	18.8		
Cash flow from operating activities	million CHF	1,779	1,560	+14.0	+32.0
Operating Free Cash Flow[2]	million CHF	1,342	647	-	

1 Excluding merger, restructuring and other one-offs
2 Cash flow from operating activities less net maintenance and expansion capex

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Regional performance

Asia Pacific

The earnings contribution from Asia Pacific increased despite a mixed economic picture across the region. Overall, the construction market was relatively flat and more intense competition affected prices in some markets. LafargeHolcim's cement volumes were marginally down on the prior year but thanks to positive contributions from markets such as the Philippines, Vietnam and India and the benefits of tight cost management across the region, Adjusted Operating EBITDA on a like-for-like basis for Asia Pacific was 5.2 percent ahead of 2015.

In China, cement volumes increased supported by a new regional sales strategy. Measures to take advantage of lower energy costs in particular contributed to a solid increase in Adjusted Operating EBITDA.

Cement volumes in India were affected by the government's demonetization program launched in the fourth quarter. The removal of certain banknotes from circulation had a particular impact on the retail business which relies to a large degree on cash transactions. However, savings in fuel and other variable costs, and the implementation of marketing strategies focusing on higher margin products, offset the adverse effects in price and volume to drive an increase in Adjusted Operating EBITDA on the previous year.

In the Philippines, strong construction demand drove up volumes in all three segments for the full year despite a softening in Q4. Higher volumes and prices supported by operating efficiencies drove improved Adjusted Operating EBITDA compared to the previous year.

In Indonesia, the entry of new manufacturers added to existing overcapacity in the market and exerted downward pressure on cement volumes and prices. Malaysia registered a drop in cement volumes and prices as the market declined, competitors added new capacity and exports reduced. Adjusted Operating EBITDA declined in both Indonesia and Malaysia for the year despite the positive effects of measures to improve competitiveness and performance in these challenging markets.

Australia saw flat aggregates volumes while ready-mix volumes grew. Adjusted Operating EBITDA declined, reflecting the completion of large infrastructure projects in the north west of the country and the end of the construction phase of the Gorgon gas project in Western Australia earlier in the year as well as the transition to the new Lynwood quarry which will serve the Sydney market. Measures to reduce the cost base were introduced during 2016.

Asia Pacific – Pro Forma information

		FY 2016	FY 2015	±%	±% like-for-like
Sales of cement	million t	113.7	123.1	-7.7	-1.0
Sales of aggregates	million t	32.2	34.8	-7.5	+5.2
Sales of ready-mix concrete	million m^3	15.4	15.9	-3.4	+0.6
Net sales	million CHF	8,226	9,048	-9.1	-2.0
Operating EBITDA	million CHF	1,444	1,486	-2.8	+4.4
Operating EBITDA adjusted[1]	million CHF	1,530	1,565	-2.2	+5.2
Operating EBITDA margin	%	17.6	16.4		
Operating EBITDA margin adjusted[1]	%	18.6	17.3		
Cash flow from operating activities	million CHF	1,054	1,058	-0.3	+16.6
Operating Free Cash Flow[2]	million CHF	690	409	+68.6	+129.4

Asia Pacific – Pro Forma information

		Q4 2016	Q4 2015	±%	±% like-for-like
Sales of cement	million t	27.3	33.0	-17.4	-4.7
Sales of aggregates	million t	8.5	9.4	-10.4	+2.2
Sales of ready-mix concrete	million m^3	3.5	4.1	-14.7	+1.6
Net sales	million CHF	1,990	2,363	-15.8	-3.6
Operating EBITDA	million CHF	361	357	+1.1	+10.9
Operating EBITDA adjusted[1]	million CHF	411	400	+2.7	+13.4
Operating EBITDA margin	%	18.1	15.1		
Operating EBITDA margin adjusted[1]	%	20.6	16.9		
Cash flow from operating activities	million CHF	483	495	-2.4	+24.4
Operating Free Cash Flow[2]	million CHF	364	241	+51.0	+123.9

1 Excluding merger, restructuring and other one-offs
2 Cash flow from operating activities less net maintenance and expansion capex

Europe

LafargeHolcim demonstrated the resilience of its business in Europe in a year characterized by slow economic growth, delayed infrastructure projects and widespread political uncertainty. Adjusted Operating EBITDA improved 8.2 percent on a like-for-like basis versus 2015 – chiefly as a result of disciplined cost management.

Steady demand in the UK market drove an upturn in cement and ready-mix volumes while delays in road projects affected aggregates volumes negatively and the weakened pound resulted in some cost increases. Despite the headwinds, Adjusted Operating EBITDA improved significantly due to full year impact of increased cement production, strong margin management, pricing and customer differentiation initiatives as well as particular focus on cost management.

In France, volumes in the three segments remained relatively stable but revenues were impacted by pressure on prices. Adjusted Operating EBITDA improved as a result of the tight focus on energy costs in particular and additional income from recycled aggregates. Belgium delivered higher volumes of cement and aggregates while Adjusted Operating EBITDA benefited from substantial improvements in the manufacturing process, strong performance in aggregates and cost discipline.

In the Group’s operations in northern Germany, volumes of cement and ready-mix concrete remained stable while aggregates volumes increased slightly. In southern Germany cement and aggregates volumes improved, while ready-mix volumes declined. Adjusted Operating EBITDA for Germany improved significantly, despite pressure on prices, in part due to cost reduction actions.

In Switzerland, positive market dynamics and the Group’s strong positions in large construction projects led to increased cement sales volumes. Adjusted Operating EBITDA improved year-on-year thanks to strict cost management and positive momentum of cement volumes which more than compensated for price pressure in the market.

Spain saw a decrease in cement, ready-mix concrete and aggregates volumes though major restructuring and decisive action on costs resulted in an improved Adjusted Operating EBITDA. Poland increased cement volumes in a highly competitive market while a slowdown in infrastructure projects negatively impacted aggregates volumes. Significant cost reductions offset the effect of lower prices, and Adjusted Operating EBITDA was above the previous year’s level.

Russia saw cement volumes drop as the overall market declined, impacted by low oil prices and sanctions. Aggregates sales were higher as the government restricted some imports and new infrastructure projects were started. Price increases, a more focused commercial approach, and substantial cost reduction measures limited the downward pressure on Adjusted Operating EBITDA.

Europe – Pro Forma information

		FY 2016	FY 2015	±%	±% like-for-like
Sales of cement	million t	41.6	42.1	-1.4	-1.4
Sales of aggregates	million t	124.2	123.0	+1.0	+1.0
Sales of ready-mix concrete	million m^3	18.4	18.7	-1.6	-1.6
Net sales	million CHF	7,023	7,356	-4.5	-2.1
Operating EBITDA	million CHF	1,217	1,089	+11.8	+15.2
Operating EBITDA adjusted[1]	million CHF	1,329	1,264	+5.1	+8.2
Operating EBITDA margin	%	17.3	14.8		
Operating EBITDA margin adjusted[1]	%	18.9	17.2		
Cash flow from operating activities	million CHF	966	503	+91.9	+98.6
Operating Free Cash Flow[2]	million CHF	696	94	+638.1	+680.4

Europe – Pro Forma information

		Q4 2016	Q4 2015	±%	±% like-for-like
Sales of cement	million t	9.9	10.2	-2.5	+0.4
Sales of aggregates	million t	30.9	30.9	-0.1	-0.1
Sales of ready-mix concrete	million m^3	4.6	4.7	-1.6	-1.6
Net sales	million CHF	1,668	1,783	-6.5	-0.4
Operating EBITDA	million CHF	272	225	+20.5	+29.6
Operating EBITDA adjusted[1]	million CHF	337	304	+10.8	+17.7
Operating EBITDA margin	%	16.3	12.6		
Operating EBITDA margin adjusted[1]	%	20.2	17.0		
Cash flow from operating activities	million CHF	334	228	+46.3	+57.0
Operating Free Cash Flow[2]	million CHF	231	47	+388.5	+445.4

1 Excluding merger, restructuring and other one-offs
2 Cash flow from operating activities less net maintenance and expansion capex

Latin America

Latin America benefited from pricing and cost saving measures which helped offset the effect of the ongoing economic crisis in Brazil and more moderate economic slowdowns in other markets. Cement, aggregates and ready-mix concrete volumes declined for the region though improving margins drove Adjusted Operating EBITDA up 7.8 percent compared to the previous year.

In Mexico, a focus on more profitable segments and cost reduction resulted in strong Adjusted Operating EBITDA and margin growth. Cement volumes declined while ready-mix volumes increased as the residential and commercial construction market remained buoyant.

Cement and ready-mix volumes in Argentina decreased due mainly to a slowdown in the residential construction sector and a decrease in public investment in infrastructure and housing. Pricing and cost optimization initiatives resulted in a significant increase in Adjusted Operating EBITDA. In Chile, improved prices and lower production costs compensated for lower volumes of cement and ready-mix, resulting in a higher Adjusted Operating EBITDA versus previous year.

In El Salvador, disciplined cost management delivered an increase in Adjusted Operating EBITDA in spite of a fall in volumes due to political instability and security problems.

The liquidity crisis in Ecuador, and the consequent challenging economic environment, continued to delay construction projects. Volumes of cement decreased markedly, though aggregates and concrete volumes remained stable. Our involvement in major projects such as the Quito metro and implementation of a contingency plan improved margins and limited the decrease in Adjusted Operating EBITDA for the year.

In Colombia, softer demand and a national transport strike lasting several weeks, negatively impacted cement and ready-mix volumes. Major projects, such as Bogota El Dorado International Airport helped to partly offset the volume declines. Despite price increases during the first half of the year, and a decisive cost savings plan, Adjusted Operating EBITDA was down on 2015.

In Brazil, the continuing challenging operating environment hit volumes of cement, aggregates and ready-mix. Coupled with an increased pressure on prices, this contributed to a significant fall in Adjusted Operating EBITDA over the year. Reductions in fixed costs, and divestments or mothballing of assets, partially offset the decrease.

Latin America – Pro Forma information

		FY 2016	FY 2015	±%	±% like-for-like
Sales of cement	million t	24.1	27.9	-13.5	-13.5
Sales of aggregates	million t	6.0	7.9	-24.4	-23.2
Sales of ready-mix concrete	million m^3	6.5	7.3	-10.6	-10.1
Net sales	million CHF	2,773	3,241	-14.4	-4.1
Operating EBITDA	million CHF	835	876	-4.7	+5.4
Operating EBITDA adjusted[1]	million CHF	885	907	-2.4	+7.8
Operating EBITDA margin	%	30.1	27.0		
Operating EBITDA margin adjusted[1]	%	31.9	28.0		
Cash flow from operating activities	million CHF	358	298	+20.3	+29.0
Operating Free Cash Flow[2]	million CHF	259	5	n.m.	n.m.

Latin America – Pro Forma information

		Q4 2016	Q4 2015	±%	±% like-for-like
Sales of cement	million t	6.0	6.7	-12.3	-12.3
Sales of aggregates	million t	1.0	2.0	-49.5	-46.2
Sales of ready-mix concrete	million m^3	1.5	1.8	-15.8	-13.9
Net sales	million CHF	691	784	-11.8	-2.2
Operating EBITDA	million CHF	211	197	+6.8	+21.1
Operating EBITDA adjusted[1]	million CHF	230	217	+6.5	+20.0
Operating EBITDA margin	%	30.5	25.2		
Operating EBITDA margin adjusted[1]	%	33.3	27.6		
Cash flow from operating activities	million CHF	216	96	+125.9	+160.7
Operating Free Cash Flow[2]	million CHF	191	26	+626.6	+739.8

1 Excluding merger, restructuring and other one-offs
2 Cash flow from operating activities less net maintenance and expansion capex

Middle East Africa

The Middle East Africa region overcame challenges in Nigeria and the effect of continued low oil and commodity prices on many African economies to deliver solid growth in like-for-like Adjusted Operating EBITDA in 2016. Strong contributions from Algeria, Egypt and Lebanon – supported by positive pricing and volume increases – offset declines in markets such as South Africa.

In Egypt, overall cement volumes declined as sales slowed during the last quarter, while aggregates and ready-mix concrete volumes increased thanks to projects in the power plant and airport segments. Adjusted Operating EBITDA improved significantly due to cost savings from changes in the fuel mix, better pricing and sales from large-scale projects.

Algeria reported increases in cement and aggregates volumes over the year while ready-mix volumes declined slightly. Price increases were implemented at the beginning of the year, which in conjunction with higher cement volumes delivered higher adjusted operating EBITDA compared to 2015. In Morocco, Adjusted Operating EBITDA was slightly up on 2015 due to positive pricing and cost control. In July 2016, Holcim operations in Morocco were merged with the former Lafarge operations in the country to create LafargeHolcim Morocco. Income from LafargeHolcim Morocco is included in the contribution from joint ventures.

Affected by the interruption of gas supplies following militant group attacks on pipelines as well as logistics challenges, Nigeria suffered a sharp decline in cement volumes and in Adjusted Operating EBITDA over the year. Measures to increase fuel flexibility combined with price increases drove a strong recovery in volumes and EBITDA in the fourth quarter.

Lebanon saw an increase in cement volumes following implementation of a new commercial strategy and improvements in production performance while ready-mix volumes declined as competition intensified. Tight cost control led to a significant increase in Adjusted Operating EBITDA.

Cement volumes declined in South Africa and Adjusted Operating EBITDA was down on 2015. Kenya saw a slight decline in cement volumes mainly due to intense price competition in the distribution segment. Ready-mix volumes increased, and Adjusted Operating EBITDA improved year-on-year.

Middle East Africa – Pro Forma information

		FY 2016	FY 2015	±%	±% like-for-like
Sales of cement	million t	40.3	43.4	-6.9	-1.5
Sales of aggregates	million t	12.2	11.2	+8.7	+11.2
Sales of ready-mix concrete	million m^3	6.0	5.6	+7.7	+10.0
Net sales	million CHF	3,900	4,536	-14.0	-1.5
Operating EBITDA	million CHF	1,127	1,276	-11.7	+1.7
Operating EBITDA adjusted[1]	million CHF	1,196	1,362	-12.2	+1.3
Operating EBITDA margin	%	28.9	28.1		
Operating EBITDA margin adjusted[1]	%	30.7	30.0		
Cash flow from operating activities	million CHF	837	964	-13.3	-1.7
Operating Free Cash Flow[2]	million CHF	462	378	+22.3	+44.4

Middle East Africa – Pro Forma information

		Q4 2016	Q4 2015	±%	±% like-for-like
Sales of cement	million t	9.1	11.3	-19.4	-9.3
Sales of aggregates	million t	3.3	2.8	+18.7	+23.6
Sales of ready-mix concrete	million m^3	1.4	1.4	-0.2	+4.0
Net sales	million CHF	888	1,077	-17.5	+6.1
Operating EBITDA	million CHF	319	210	+50.9	+117.5
Operating EBITDA adjusted[1]	million CHF	370	271	+36.5	+87.8
Operating EBITDA margin	%	35.9	19.5		
Operating EBITDA margin adjusted[1]	%	41.7	25.2		
Cash flow from operating activities	million CHF	318	320	-0.5	+24.4
Operating Free Cash Flow[2]	million CHF	211	127	+65.9	+144.0

1 Excluding merger, restructuring and other one-offs
2 Cash flow from operating activities less net maintenance and expansion capex

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North America

LafargeHolcim posted solid results in the North America region, supported by a strong performance in the US and despite challenging conditions in the Canadian market. Volumes of cement, aggregates and ready-mix concrete decreased, mainly due to the economic downturn in Western Canada and tough comparisons with exceptionally mild weather in the fourth quarter of 2015 in the US and Canada. Adjusted Operating EBITDA improved markedly for the region – up 10.8 percent – thanks largely to pricing, synergies and cost reduction measures.

In the US, cement volumes in 2016 were down slightly, impacted by lower construction growth in LafargeHolcim-specific markets versus the national average, as well as comparatively unfavorable weather conditions for construction in the third and fourth quarters. Aggregates and ready-mix concrete demand remained stable over 2016.

Despite slightly lower volumes, the US reported strong financial performance. An uplift in Adjusted Operating EBITDA was driven by a continued improvement in pricing and cost control. The US succeeded in accelerating the capture of synergies through supply chain, plant network optimization, manufacturing and procurement with renegotiating of post-merger purchasing contracts. Organic cost savings measures were also implemented.

In Canada, LafargeHolcim saw a drop in cement sales volumes, largely due to the effect of lower energy prices in the oil dependent provinces in the west of the country.

The volumes of aggregates and ready-mix also declined due to the economic downturn as well as lower levels of construction activity in Western Canada. In Eastern Canada, Montreal’s New Champlain bridge project had a positive effect on volume and profitability, but the completion of other major infrastructure projects during 2016 led to an overall decline in aggregates volumes year-on-year. In ready-mix, the positive developments in the residential sector were not enough to compensate for the lack of large infrastructure projects. Adjusted Operating EBITDA in Canada was lower than 2015, despite measures on pricing and costs, due to the geographical sales mix.

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North America – Pro Forma information

		FY 2016	FY 2015	±%	±% like-for-like
Sales of cement	million t	19.5	21.8	-10.9	-2.3
Sales of aggregates	million t	108.2	115.3	-6.2	-6.2
Sales of ready-mix concrete	million m^3	8.7	9.3	-7.1	-6.9
Net sales	million CHF	5,584	5,678	-1.7	-2.7
Operating EBITDA	million CHF	1,294	1,121	+15.4	+13.8
Operating EBITDA adjusted[1]	million CHF	1,329	1,183	+12.3	+10.8
Operating EBITDA margin	%	23.2	19.7		
Operating EBITDA margin adjusted[1]	%	23.8	20.8		
Cash flow from operating activities	million CHF	718	651	+10.3	+9.8
Operating Free Cash Flow[2]	million CHF	200	46	+337.0	+384.5

North America – Pro Forma information

		Q4 2016	Q4 2015	±%	±% like-for-like
Sales of cement	million t	4.8	5.8	-19.2	-10.9
Sales of aggregates	million t	27.5	30.7	-10.2	-10.2
Sales of ready-mix concrete	million m^3	2.1	2.4	-10.4	-10.4
Net sales	million CHF	1,380	1,501	-8.0	-8.8
Operating EBITDA	million CHF	338	282	+19.9	+18.9
Operating EBITDA adjusted[1]	million CHF	359	326	+10.2	+9.3
Operating EBITDA margin	%	24.5	18.8		
Operating EBITDA margin adjusted[1]	%	26.0	21.7		
Cash flow from operating activities	million CHF	547	555	-1.3	-2.2
Operating Free Cash Flow[2]	million CHF	469	351	+33.8	+32.5

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2 Cash flow from operating activities less net maintenance and expansion capex

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Merger, restructuring and other one-offs
Total one-off costs amounted to CHF 582 million for 2016. Of that, CHF 242 million were implementation costs related to synergies. A total of CHF 170 million of non-merger-related restructuring provisions were recorded as we implement our plan to reduce SG&A expenses to below 7 percent of sales by 2018. Notably, this included the provision in relation to the reorganization of central functions that we announced in September 2016.

Share of profits from Joint Ventures and Associates
The share of profits from associates and joint ventures increased from CHF 189 million to CHF 205 million. The legacy Holcim operations in Morocco were fully consolidated in 2015 and for the first six months in 2016 distorting the comparative. The three significant associates and joint ventures: Morocco, the cement operations in Australia and Huaxin Cement, China all delivered a positive contribution to this increase.

Financial expenses
Net financial expenses of CHF 917 million are CHF 422 million below the pro forma twelve months 2015 results reflecting synergy benefits arising from the merger and lower levels of net financial debt in 2016. The reduction of net financial expenses has been achieved despite CHF 90 million one-off premiums recorded on liability management transactions.

Tax
The effective tax rate for 2016 is 29.0 percent. Excluding the impact of divestments and impairments, the effective tax rate for the year was 27.6 percent.

Net income
Net income Group share of CHF 1.79 billion compares with a pro forma twelve months loss of CHF 2.12 billion for 2015. The improvement in net income includes a contribution from lower merger and restructuring costs in 2016 and a one-off non-cash charge of CHF 3.0 billion related to assets impairments and other charges in 2015.

Viewed on a recurring basis, net income Group share for 2016 was CHF 1.61 billion, up CHF 0.8 billion compared with pro forma 2015.

Divestments and capital allocation
Net of tax, the proceeds of the deals completed during 2016 resulted in a net debt reduction of around CHF 2.5 billion. An additional CHF 1 billion from announced deals in China and Vietnam is expected in 2017. CHF 450 million of that figure was received in cash on March 1, 2017 following the completion of the Vietnam divestment. The balance will be received when local restrictions in China are lifted. We expect to complete the remainder of the CHF 5 billion divestment program by the end of 2017.

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Net capital expenditure for Q4 was CHF 437 million of which CHF 155 million was expansion Capex. In 2017, we are commissioning or upgrading capacity in some of our key markets such as Algeria, the US, Nigeria and India and we expect to see further benefits of this expansion as production ramps up.

With divestments closing and our cash generation from synergies and reduced capex gaining momentum, our credit ratios will significantly strengthen, consistent with our commitment to maintain a solid investment grade rating throughout the cycle. We will continue to return excess cash to shareholders through share buybacks or special dividends commensurate with a solid investment grade credit rating.

Cash flow & net financial debt
Operating free cash flow for 2016 improved by CHF 1.7 billion compared to the prior year benefiting from a tight control of Capex, lower financial expenses, management of Working Capital and lower income tax paid.

Net debt stands at CHF 14.7 billion (CHF 17.3 billion as per December 31, 2015). This reflects the divestment of Lafarge India and deconsolidation of Cameroon in Q4, the deconsolidation of Holcim Morocco and Ivory Coast in Q3, the divestments of Sri Lanka and Saudi Arabia in Q3 and the divestment of South Korea in Q2 for a total amount of CHF 2.5 billion. Operating Free Cash Flow benefited further from Capex maintained at CHF 1.7 billion. The dividend of CHF 909 million was paid out to LafargeHolcim shareholders in May 2016.

As a result of our liability management transactions and refinancing activities throughout the year, the average debt maturity has increased from 4.2 years at the end of 2015 to 5.9 years at the end of 2016. Finance synergies are well on track and supported a reduction in the cost of debt from 5.1 percent post-merger to 4.8 percent at the end of 2016.

Change in presentation for Joint Ventures
From January 1, 2017, management decided to include the Group's share of profit of joint ventures within operating profit as such a presentation will provide more relevant information regarding the Group's financial performance, considering that the underlying operational activities of joint ventures are jointly controlled and reflect the core business activities of LafargeHolcim. Based on 2016 figures, this change in presentation would increase operating profit by CHF 125 million.

Reconciliation of Operating EBITDA with Operating Profit as disclosed in Financial Statements

Million CHF	Q4 2016	Q4 2015	FY 2016	FY 2015
Operating profit	**563**	**(2,115)**	**2,837**	**(739)**
Depreciation, amortization and impairment of operating assets	733	3,127	2,405	4,421
Operating EBITDA	**1,296**	**1,011**	**5,242**	**3,682**
Pro Forma Adjustments (Lafarge H1 2015, Scope effect & Divestments)	0	(23)	0	963
Operating EBITDA Pro forma	**1,296**	**988**	**5,242**	**4,645**
Merger, restructuring and other one offs	315	407	583	1,106
Operating EBITDA Pro forma adjusted	**1,611**	**1,395**	**5,825**	**5,751**

Reconciliation of Recurring Net Income with Net Income as disclosed in Financial Statements

Million CHF	Q4 2016	Q4 2015	FY 2016	FY 2015
Net income	**535**	**(2,863)**	**2,090**	**(1,361)**
Pro Forma Adjustments (Lafarge H1 2015, Scope effect & Divestments)	0	(46)	0	(597)
Net income	**535**	**(2,909)**	**2,090**	**(1,958)**
Merger related one-off costs	51	134	189	550
Other one-off costs above CHF 50 million	64	181	64	242
Gains on disposals	(86)	2,515	(515)	2,135
Early repayment premiums	0	0	90	0
Recurring Net income	**564**	**(78)**	**1,918**	**970**
of which Recurring Net income Group share	**480**	**(15)**	**1,615**	**798**

Adjustments disclosed net of taxation

Reconciling measures of Operating Free Cash Flow to consolidated cash flow Statement

Million CHF	Q4 2016	Q4 2015	FY 2016	FY 2015
Cash flow from operating activities	**1,779**	**1,534**	**3,295**	**2,465**
Purchase of property, plant and equipment	(494)	(881)	(1,773)	(2,106)
Disposal of property, plant and equipment	57	43	137	118
Operating Free Cash flow	**1,342**	**696**	**1,660**	**477**
Pro Forma Adjustments (Lafarge H1 2015, Scope effect & Divestments)	0	(49)	0	(528)
Operating Free Cash flow Pro forma	**1,342**	**647**	**1,660**	**(51)**

The 2015 pro forma financial information included in this media release reflects the changes in the scope of the divestments achieved in connection with the merger between Holcim and Lafarge, the impact of merger, restructuring and other one-offs, and the effect of the divestments achieved over the course of 2015. These figures do not take into consideration any purchase price accounting impact on Operating EBITDA which mainly relates to inventory valuation.

Some non-GAAP measures are used in this release to help describe the performance of LafargeHolcim. A set of these non-GAAP definitions can be found on our *web site.*

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Additional information

The analyst presentation of the results and our annual report are available on the website of LafargeHolcim at www.lafargeholcim.com

The financial statements based on IFRS can be found on the LafargeHolcim Group web site.

Media conference: 10.00am CET
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English: 1405864
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Analyst meeting and webcast: 13:00 CET
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The analyst webcast can be accessed with the following link:
http://edge.media-server.com/m/p/y8x38nn9

About LafargeHolcim

LafargeHolcim is the leading global building materials and solutions company serving masons, builders, architects and engineers all over the world. Group operations produce cement, aggregates and ready-mix concrete which are used in building projects ranging from affordable housing and small, local projects to the biggest, most technically and architecturally challenging infrastructure projects. As urbanisation increasingly impacts people and the planet, the Group provides innovative products and building solutions with a clear commitment to social and environmental sustainability. With leading positions in all regions, LafargeHolcim employs around 90,000 employees in more than 80 countries and has a portfolio that is equally balanced between developing and mature markets.

More information is available on www.lafargeholcim.com