



Full-year 2018 Results

Jan Jenisch, CEO

Géraldine Picaud, CFO

March 7, 2019



LafargeHolcim

Agenda

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- 02** Full-year 2018 financial results
- 03** Outlook 2019



01 Highlights and Key Developments

Jan Jenisch, Chief Executive Officer

Highlights and Key Developments

Strong Sales growth and over-proportional profitability increase in Q4

- › Q4 Net Sales up 5.1% LFL, Recurring EBITDA up 6.5% LFL
- › 2018 Net Sales up 5.1% LFL, Recurring EBITDA up 3.6% LFL
- › Over-proportional increase of Net Income* (+10.8%) and EPS* (+11.9%)
- › CHF 400 m SG&A cost savings program delivering results ahead of target
- › Net Financial Debt improves to 2.2x Recurring EBITDA (from 2.4x in 2017)
- › Accelerating momentum in second half of 2018 expected to continue in 2019

* Before Impairment and Divestments, Group share

Strategy 2022 – “Building for Growth”

Successful strategy execution delivering results



- ✓ Strong growth in FY 2018 with Net Sales up 5.1% LFL
- ✓ All 4 business segments growing
- ✓ Bolt-on acquisitions accelerating with 8 transactions signed to date



- ✓ Closure of 4 corporate offices completed (Singapore, Miami, Zurich and Paris)
- ✓ CHF 400 m SG&A cost savings program delivering results ahead of target
- ✓ Strong progress towards closing the gap to best-in-class performance in AGG and RMX



- ✓ Divestment plan on track, sale of Holcim Indonesia closed
- ✓ Successful refinancing of CHF 1.5 billion debt on financial markets
- ✓ Successful de-leveraging with NFD / Recurring EBITDA at 2.2x (from 2.4x in 2017)



- ✓ New operating model and leadership team established
- ✓ New Performance Management systems fully implemented
- ✓ New Business School successfully rolled out

Bolt-on Acquisitions

Bolt-on acquisitions accelerating with 8 transactions signed to date

The Kendall Group, UK
AGG & RMX



Tarrant Concrete, US
RMX



Metro Mix, US
RMX



Vritz, France
AGG reserve



Donmix, Australia
RMX



Alfons Greten, Germany
Precast & RMX



Transit Mix, US
RMX



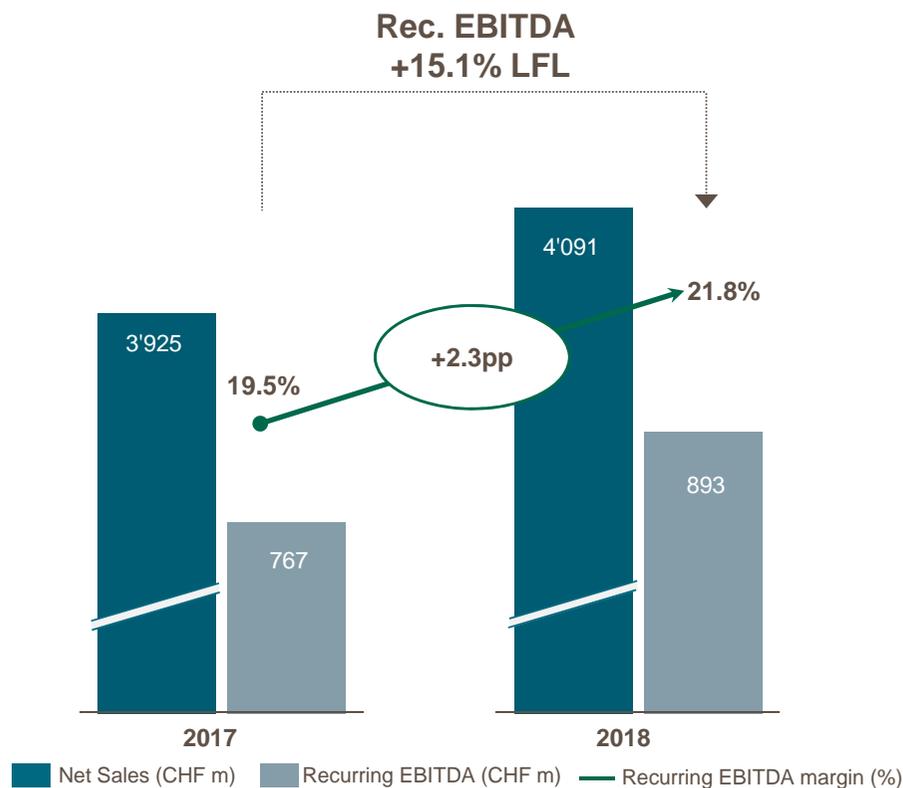
Colorado River Concrete, US
AGG & RMX



Close the gap to best-in-class performance in Aggregates

Significant progress made, Recurring EBITDA margin up 2.3pp

CHF m

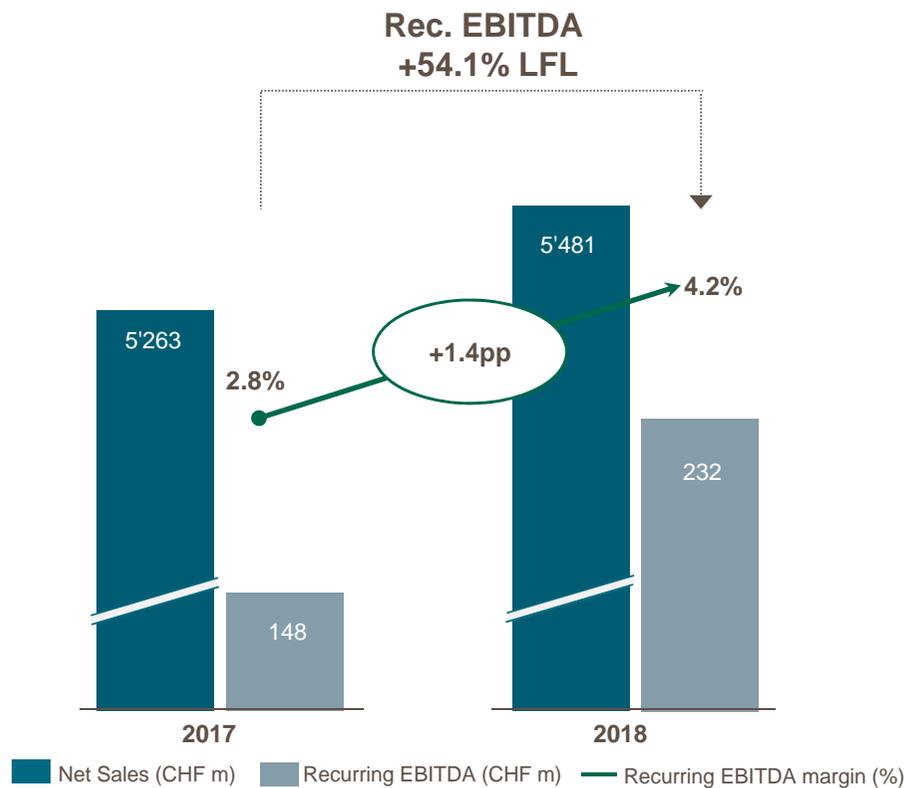


- › Net Sales growth of 4.5% LFL
- › Price improvement by +3.3% LFL
- › Over-proportional growth of 15.1% LFL in Recurring EBITDA
- › P&L leadership and accountability fully established
- › Substantial reserves of quality aggregates in key markets

Close the gap to best-in-class performance in RMX

Strong progress made, Recurring EBITDA margin up 1.4 pp

CHF m

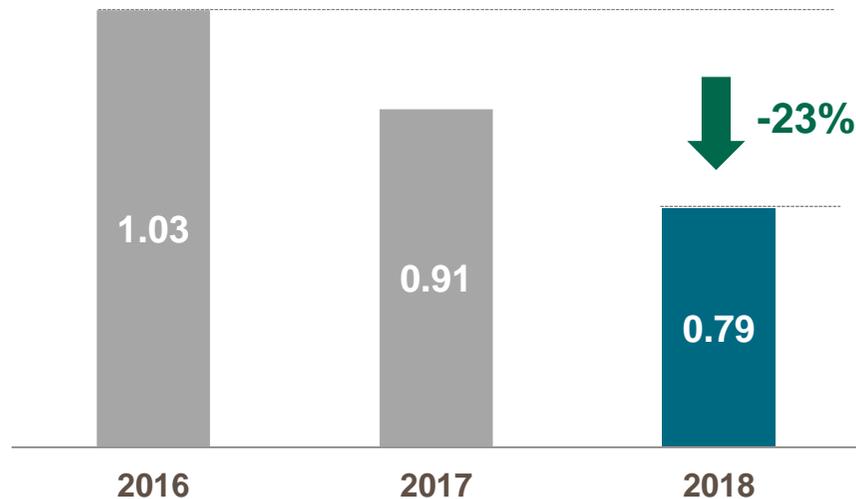


- › Net Sales growth of 3.8% LFL
- › Price improvement by +3.2% LFL
- › Over-proportional growth of 54.1% LFL in Recurring EBITDA
- › P&L leadership and accountability fully established
- › Bolt-on acquisitions to leverage scale and margins

Health & Safety

Significant improvement of safety performance

Lost Time Incidents Frequency Rate

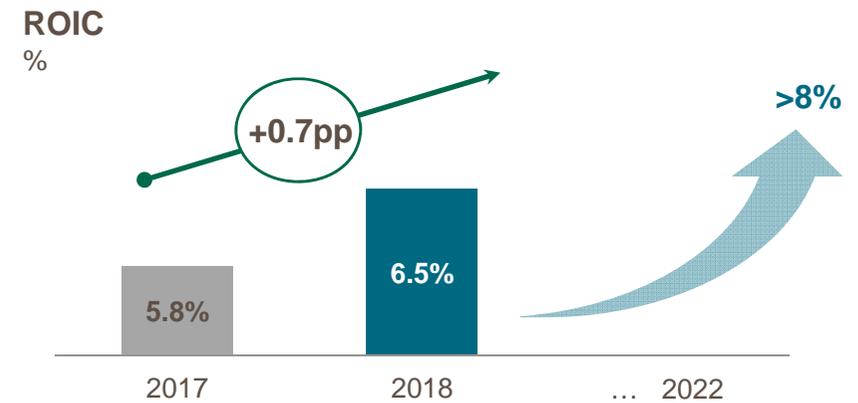
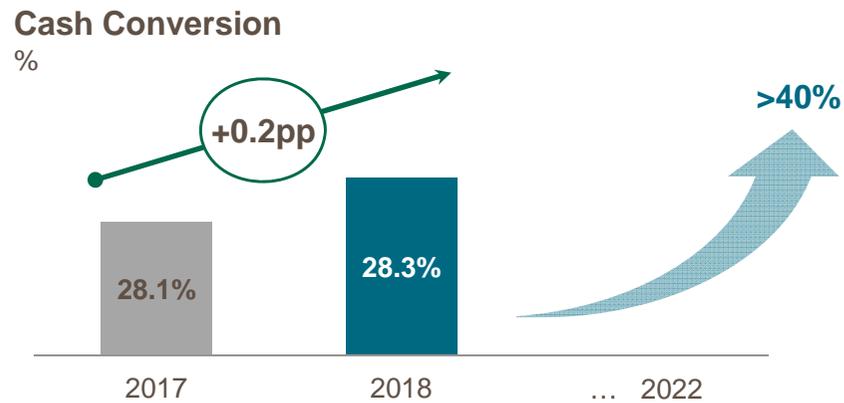
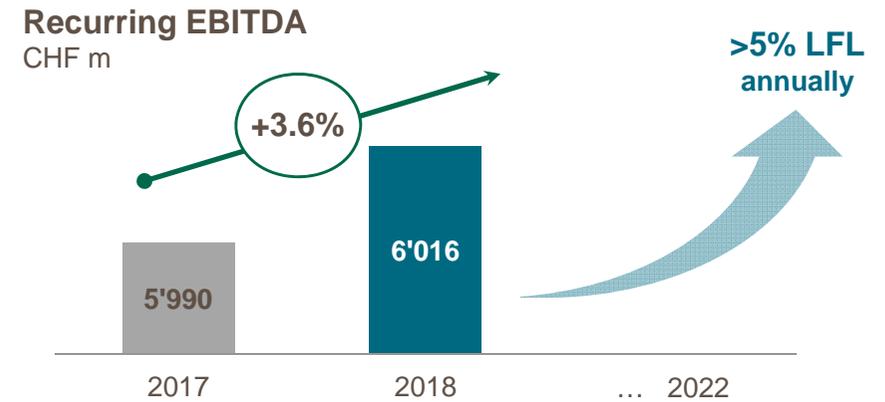
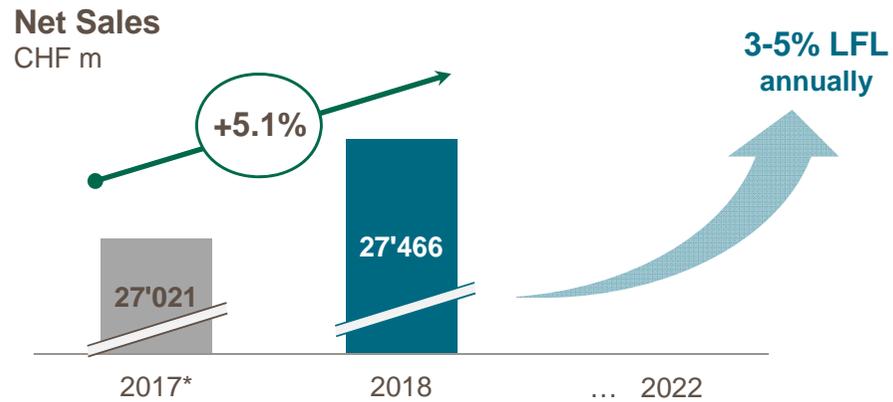


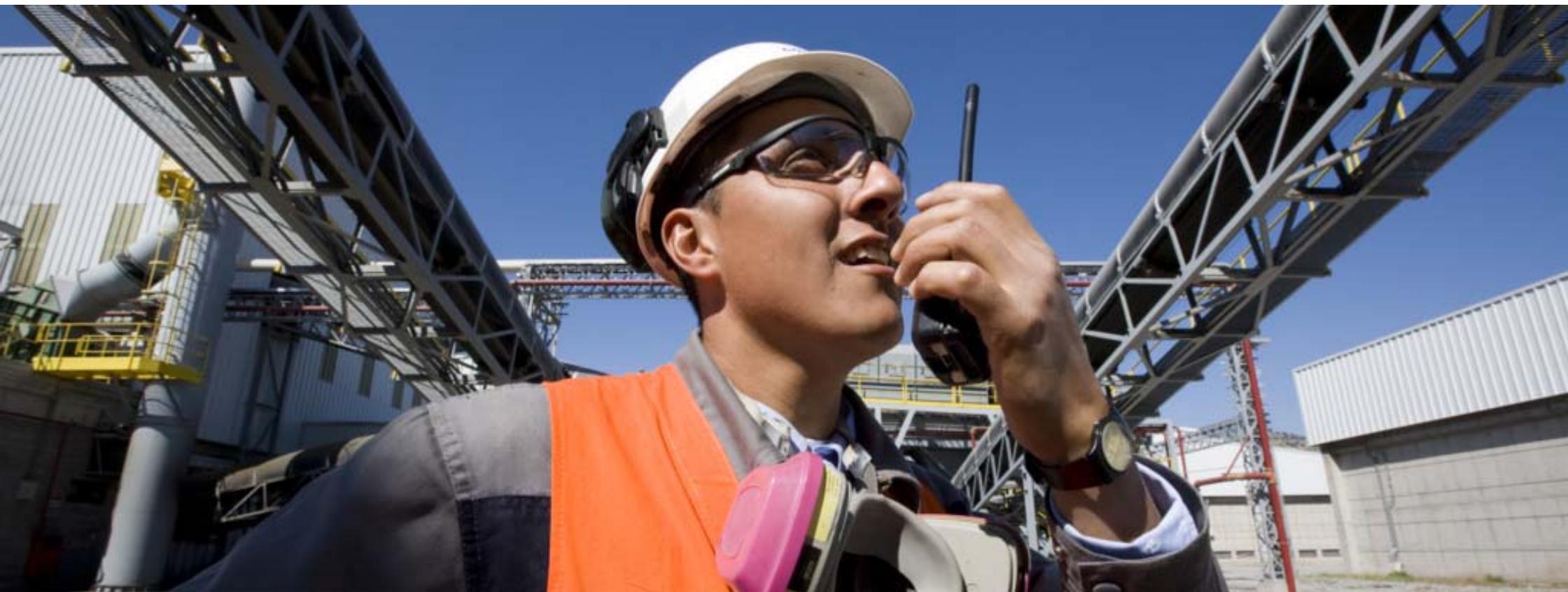
Key initiatives 2018:

- › “One Team, One Program” - a leaner Health & Safety structure established to support Ambition “0” strategy, focused on implementation at country level
- › Launched 17 revamped & simplified Health & Safety Standards
- › Sharing of Key Lessons and Standards in formats accessible to all workers

Performance Highlights

Progressing towards our Strategy 2022 targets



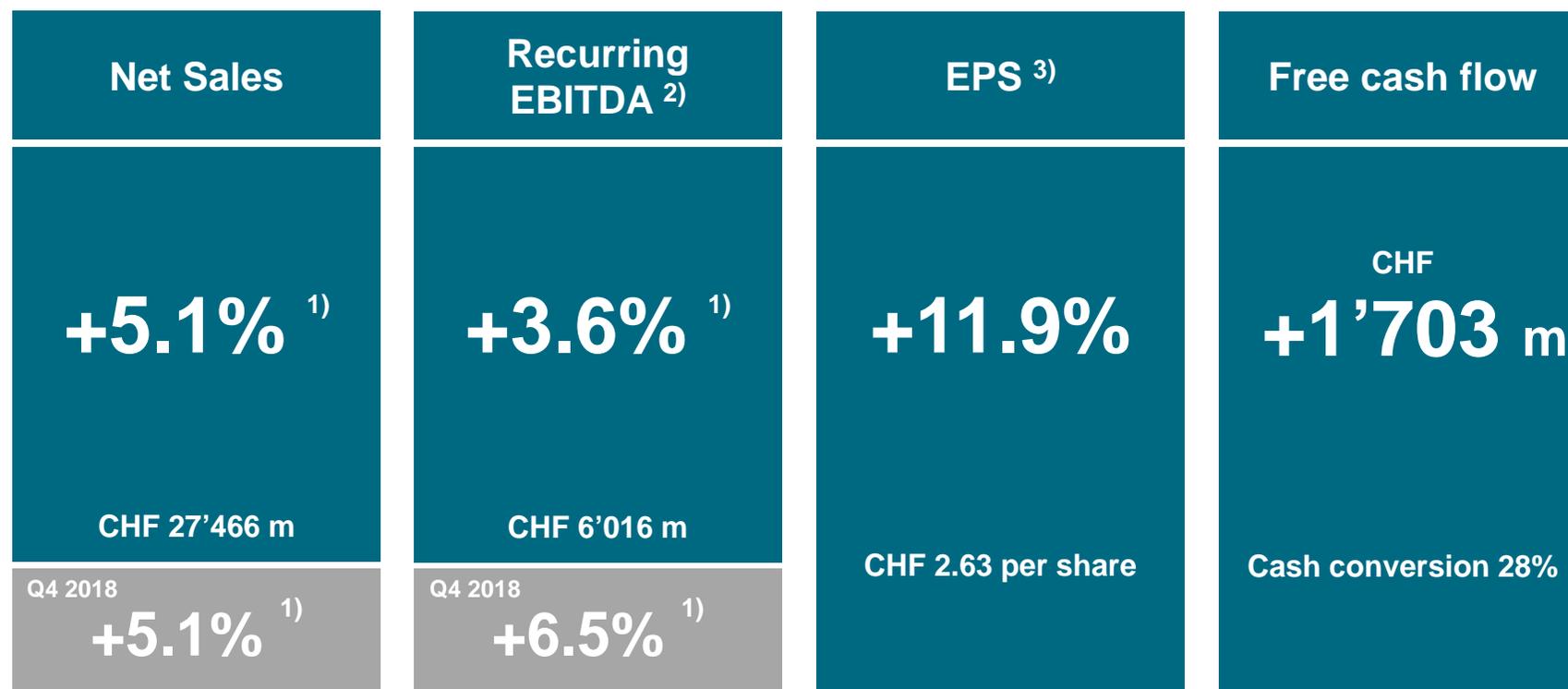


02 Full-year 2018 financial results

Géraldine Picaud, Chief Financial Officer

2018 Performance

Progressing towards Strategy 2022 targets



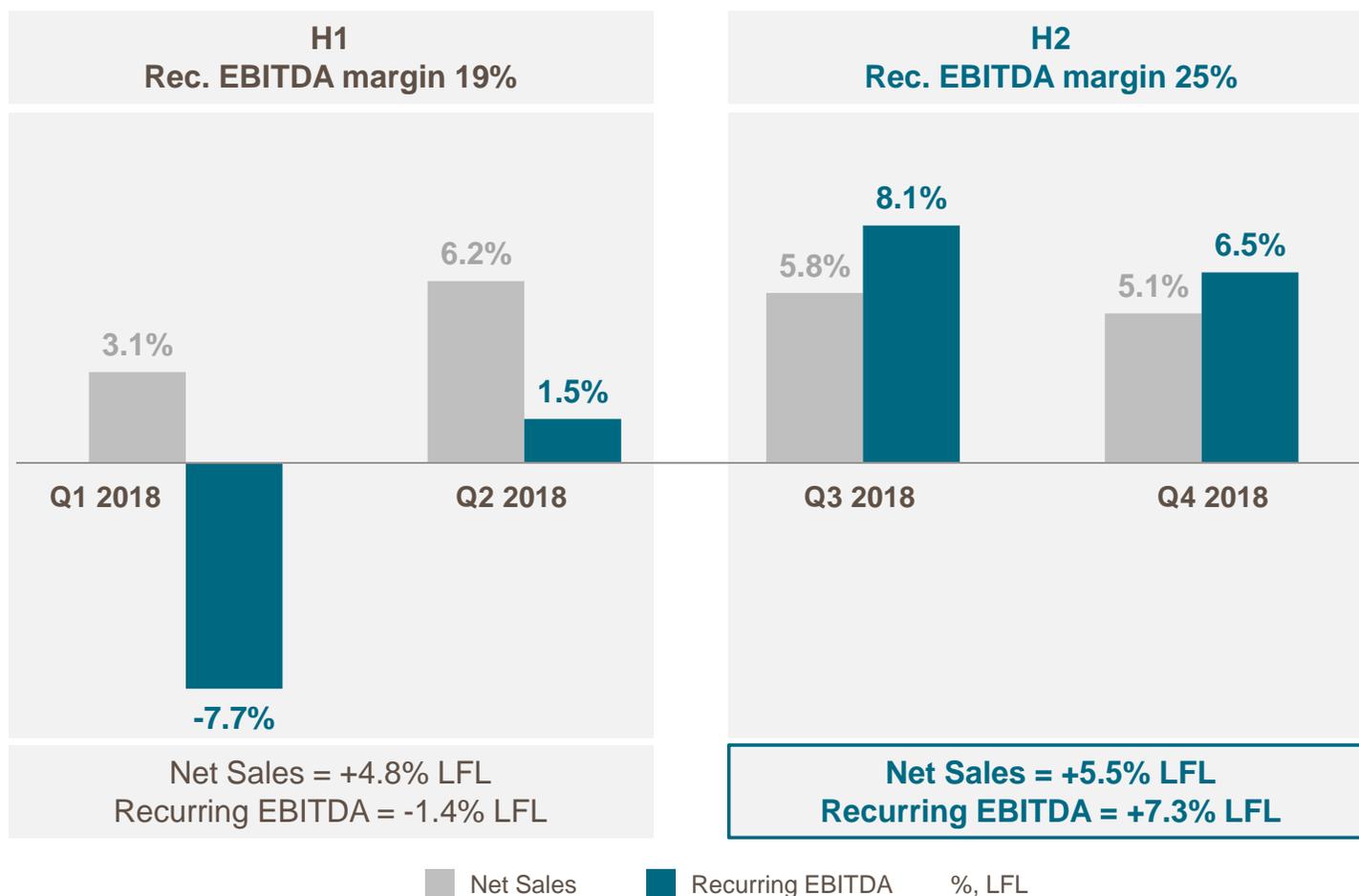
1) Variance on a Like for like basis

2) Variance calculated on 2017 Recurring EBITDA restated for the inclusion of the Group share of net income of Huaxin (CHF 126 million in FY 2017, CHF 56 million in Q4 2017)

3) EPS LH Group share before impairment and divestments

2018 Net Sales and Recurring EBITDA growth

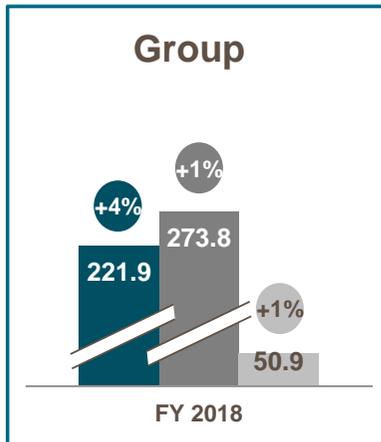
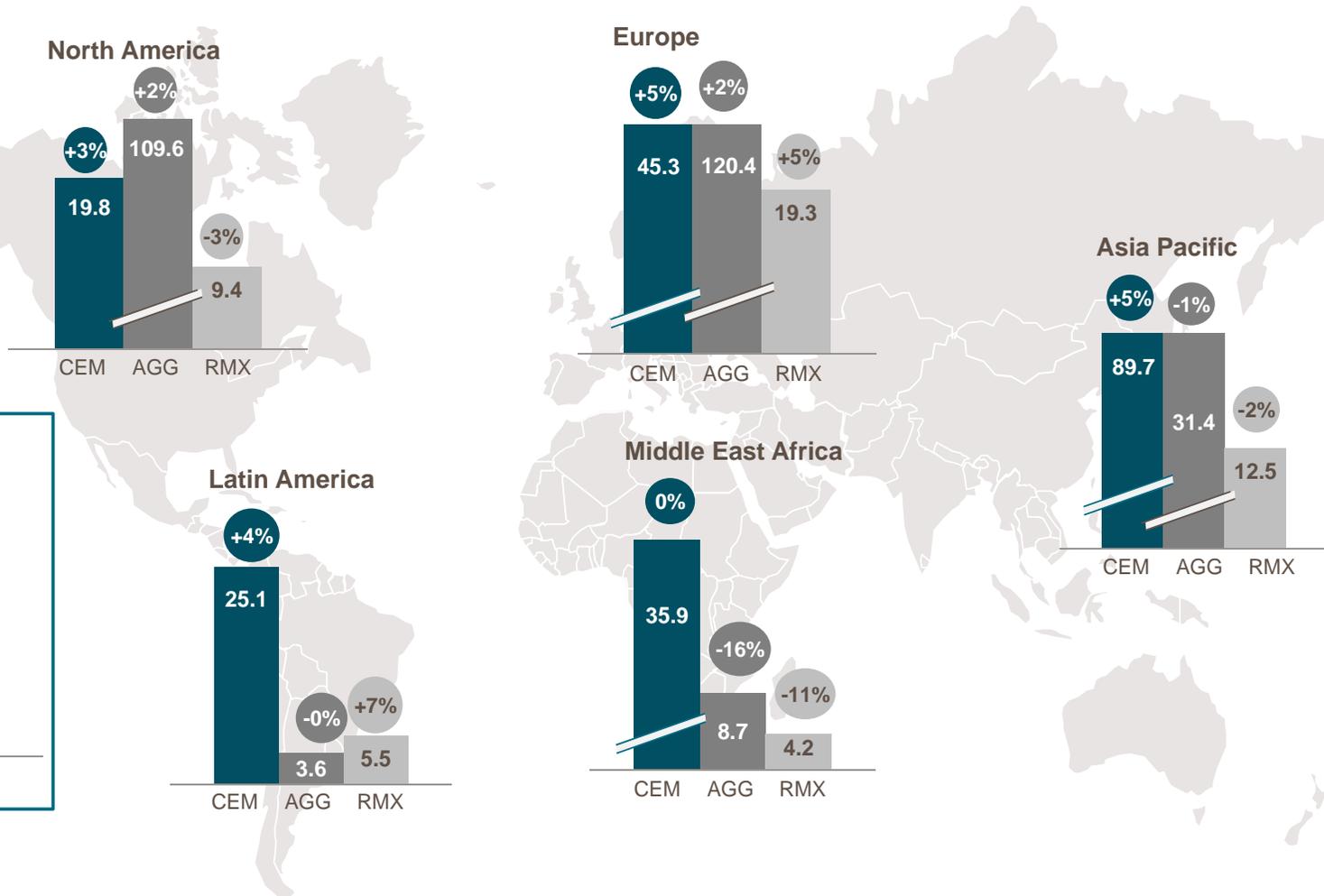
Over-proportional growth of Recurring EBITDA in second half of 2018



2018 Volumes development

Volumes growth across all business segments

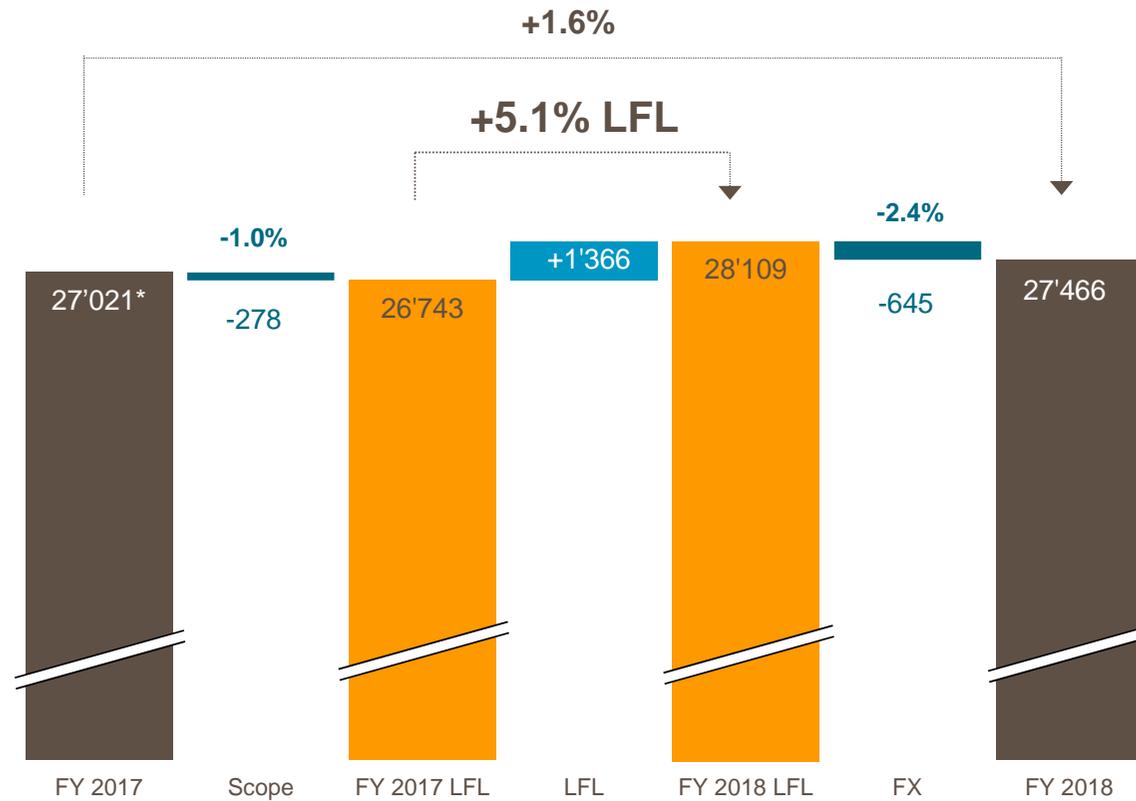
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2018 Net Sales bridge

Net Sales growth of 5.1% LFL

CHF m

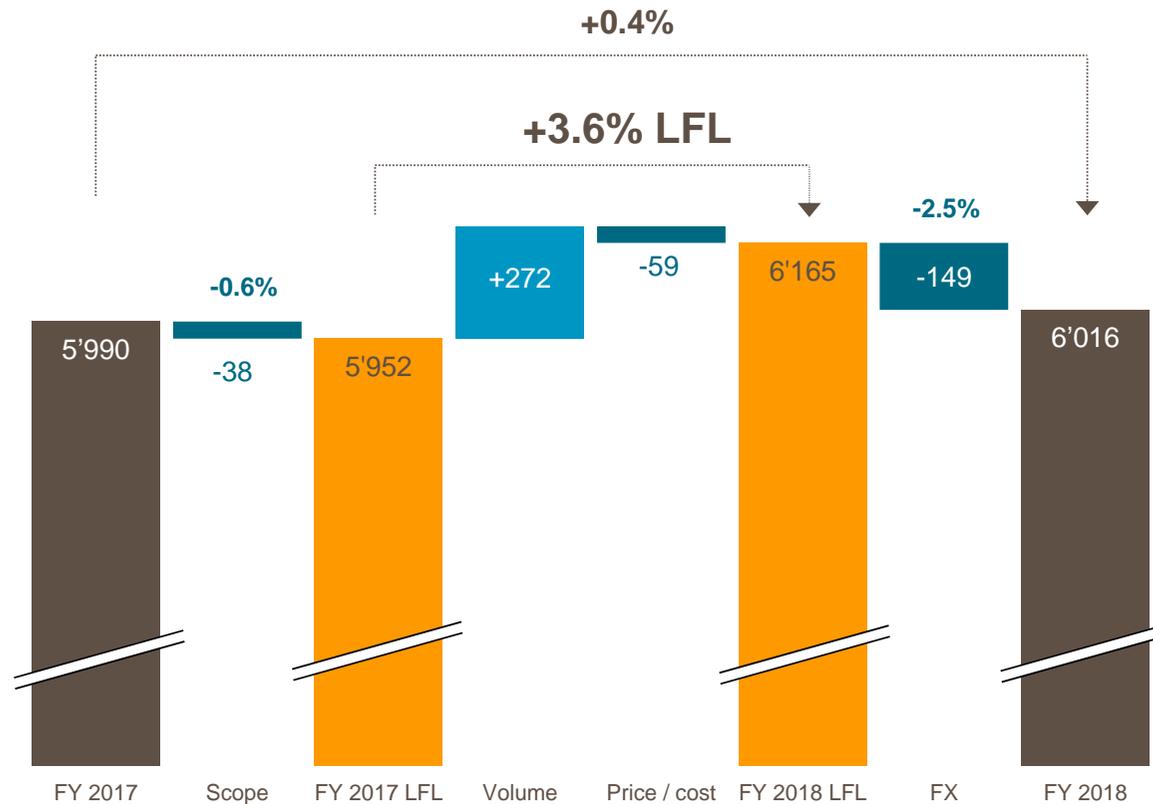


* Net Sales FY 2017 restated by CHF 893 million due to the reporting of gross sales from Trading activities, following the application of IFRS 15, effective 1 January 2018. No impact on Recurring EBITDA

2018 Recurring EBITDA bridge

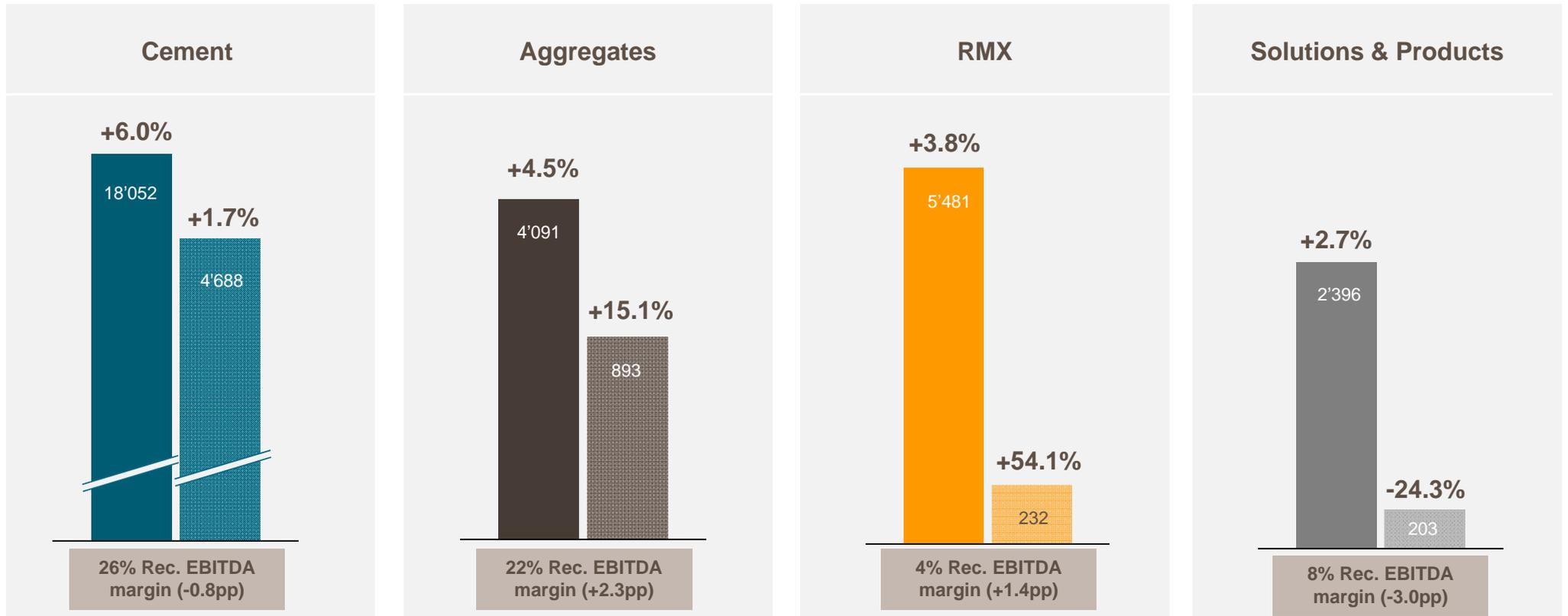
Solid Recurring EBITDA growth, in line with guidance

CHF m



2018 Net Sales and Recurring EBITDA by segment

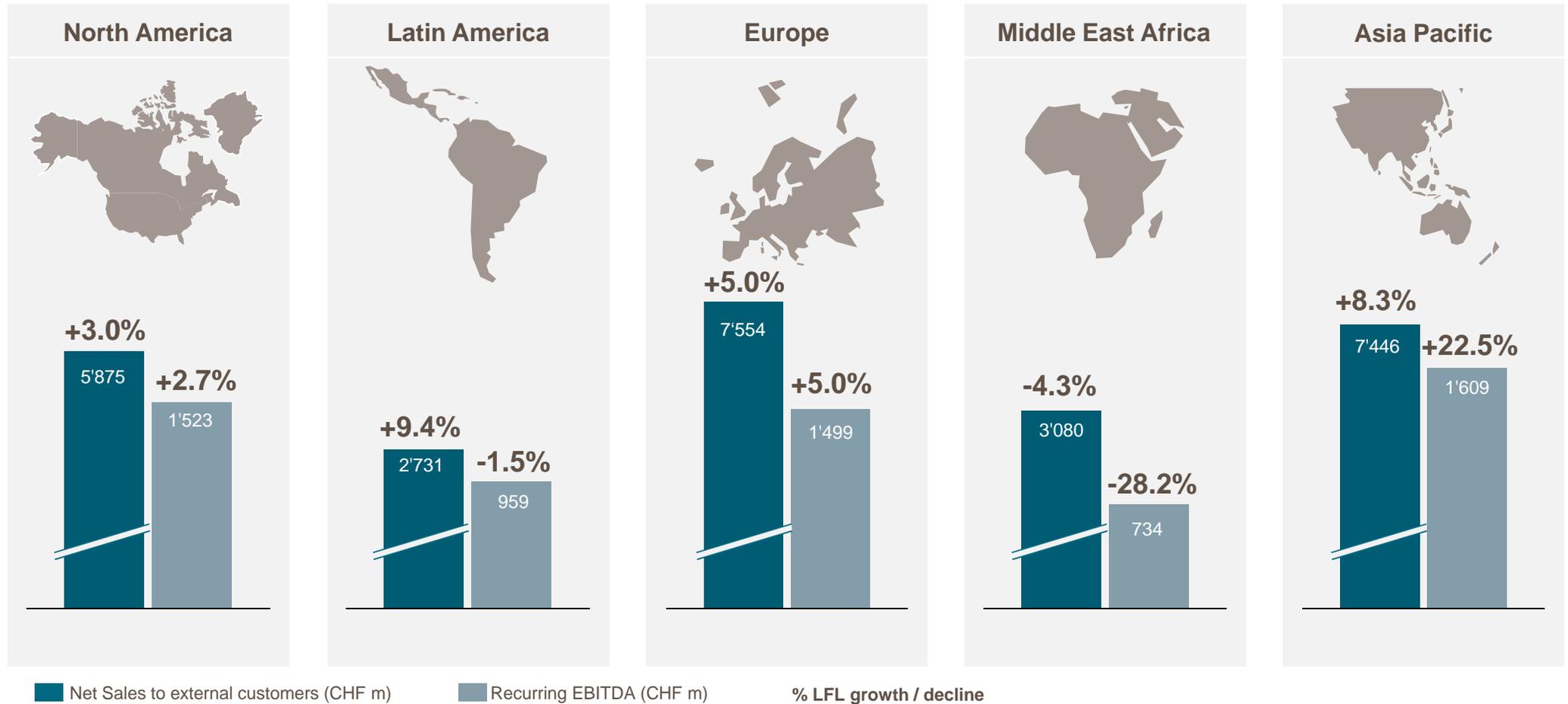
Net Sales growth across all business segments



■ Net Sales in CHF m % LFL growth / decline
■ Rec. EBITDA in CHF m

2018 Regional Performance

Strong momentum overall, challenges in Middle East Africa



North America

Strong contribution, good progress on strategy execution

CHF m	Q4 2018	FY 2018
Net Sales¹⁾	1'509	5'875
LFL growth	+2.1%	+3.0%
Reported growth	+2.7%	+3.7%
Recurring EBITDA	410	1'523
LFL growth	+3.1%	+2.7%

- › Continuation of positive market growth
- › Strong contribution driven by growth strategy and effective price management
- › Growth strategy further supported by two bolt-on acquisitions and several construction contract awards
- › Fuel and energy cost inflation compensated by good cost management, including SG&A cost savings program



Galena Park terminal, Houston, United States

Latin America

Resilient performance despite softening cement demand

CHF m	Q4 2018	FY 2018
Net Sales¹⁾	605	2'731
LFL growth	+4.5%	+9.4%
Reported growth	-17.9%	-7.2%
Recurring EBITDA	220	959
LFL growth	-9.2%	-1.5%

- › Cement demand recovery in Brazil and Colombia
- › Challenging market conditions in Mexico post-election, economic turmoil in Argentina, weaker demand in Ecuador
- › Resilient performance through effective price management
- › SG&A cost savings partly compensating for higher cost inflation across the region



Santana loft, Guayaquil, Ecuador

Europe

Strong performance in positive market environment

CHF m	Q4 2018	FY 2018
Net Sales¹⁾	1'862	7'554
LFL growth	+6.2%	+5.0%
Reported growth	+3.5%	+7.8%
Recurring EBITDA	420	1'499
LFL growth	+11.0%	+5.0%

- › Strong demand in most key markets driven by construction and residential sector as well as increase of public infrastructure spending
- › Significant improvement of RMX performance across the region, double digit LFL Recurring EBITDA growth
- › Price increases in most key markets
- › SG&A cost savings program started to deliver results



LH customer - Jesus Coso, Spain

Middle East Africa

Challenging market conditions in several countries

CHF m	Q4 2018	FY 2018
Net Sales¹⁾	774	3'080
LFL growth	-0.5%	-4.3%
Reported growth	-4.7%	-8.1%
Recurring EBITDA²⁾	169	734
LFL growth	-32.4%	-28.2%

- › Shift in supply & demand balance in Algeria and Egypt
- › Overall, stable cement volumes in the region
- › Rise in energy and distribution cost impacting profitability
- › Operational performance in South Africa and countries in East Africa improving thanks to targeted industrial actions



Mombasa Cement Plant , Kenya

Asia Pacific

Strong Net Sales and Recurring EBITDA growth

CHF m	Q4 2018	FY 2018
Net Sales¹⁾	1'870	7'446
LFL growth	+7.3%	+8.3%
Reported growth	-3.6%	+0.6%
Recurring EBITDA²⁾	457	1'609
LFL growth	+22.4%	+22.5%

- › Favorable market conditions in most countries
- › China contribution driven by pricing and operational efficiencies
- › Strong cement demand in India, cost inflation a headwind
- › Good contribution from Australia, on-going recovery in the Philippines
- › Pricing and efficiencies increase across all segments offsetting energy cost inflation

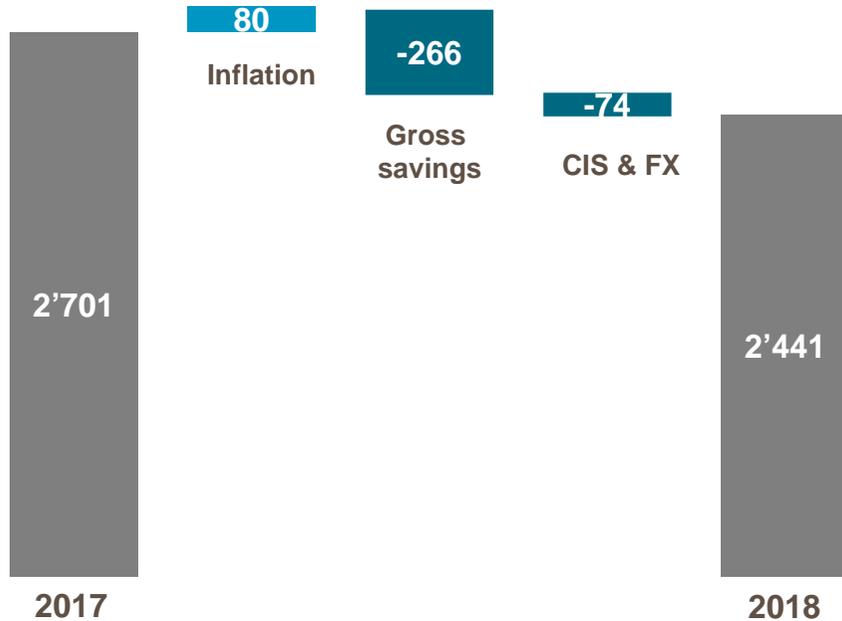


Geocycle facility, Bulacan, Philippines

SG&A cost savings program

CHF 400 m SG&A cost savings program delivering results ahead of target

Recurring SG&A* Costs (CHF m)



Key initiatives 2018:

- › Cost reduction at corporate and countries
- › Restructuring of IT & Shared Service Centers
- › Optimization of 3rd party spend
- › New run rate effective by Q2 2019

* Recurring SG&A = Fixed Costs related to Administrative, Marketing & Sales, Corporate Manufacturing and Corporate Logistics costs included in Recurring EBITDA
Savings expressed at constant 2017 FX rate and constant scope

Financial Performance 2018

EPS before impairment and divestments up 11.9%, to CHF 2.63

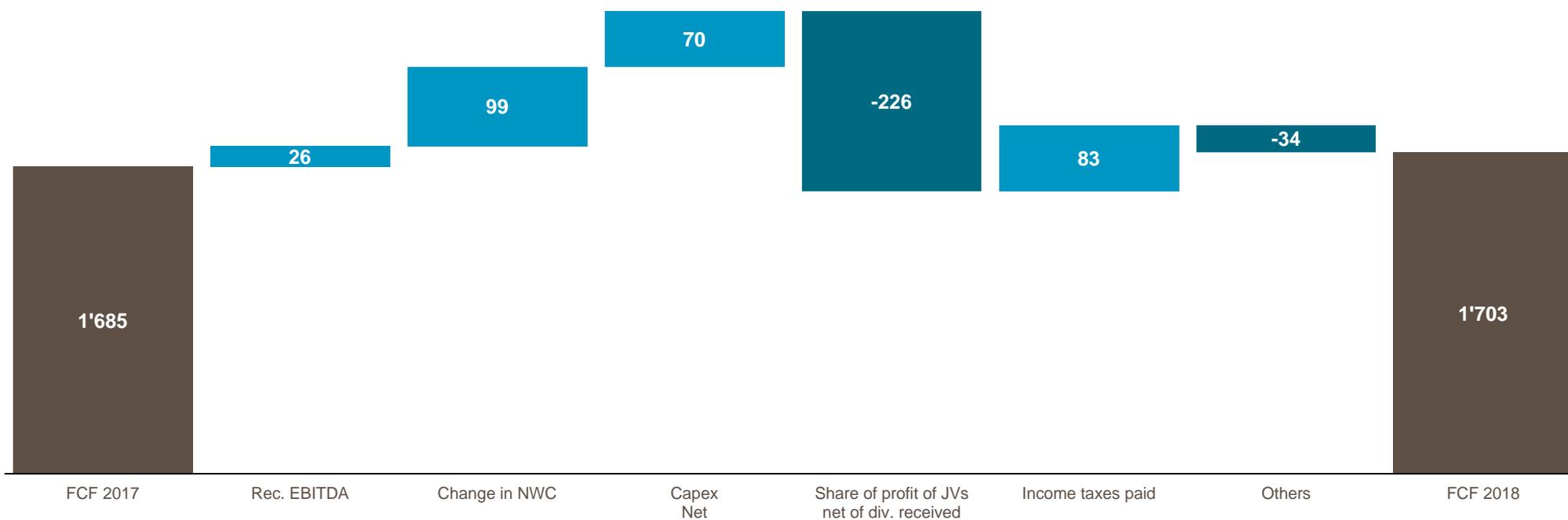
CHF m	2018 before impairment & divestments	2017 before impairment & divestments	Variation
Net Sales	27'466	27'021	445
Recurring EBITDA	6'016	5'990	26
Depreciation & Amortization	-2'235	-2'300	65
Restructuring, litigation and others ¹⁾	-476	-461	-15
Operating Profit	3'306	3'229	77 +2.4% ↑
Profit/loss on disposals and other non-operating items	1	-55	56
Share of profit of associates	22	51	-29
Net financial expenses	-878	-981	103
Net Income Before Taxes	2'451	2'244	207
Income Taxes	-680	-685	5
ETR	27.7%	30.5%	
Net Income	1'772	1'560	212
Net income - Non controlling interests	202	143	59
Net income - Group share	1'569	1'417	152 +10.8% ↑
EPS (CHF per share)	2.63	2.35	0.28 +11.9% ↑

1) Others include implementation and other non-recurring costs

Free Cash Flow

CHF 1'703 million of Free Cash flow generation

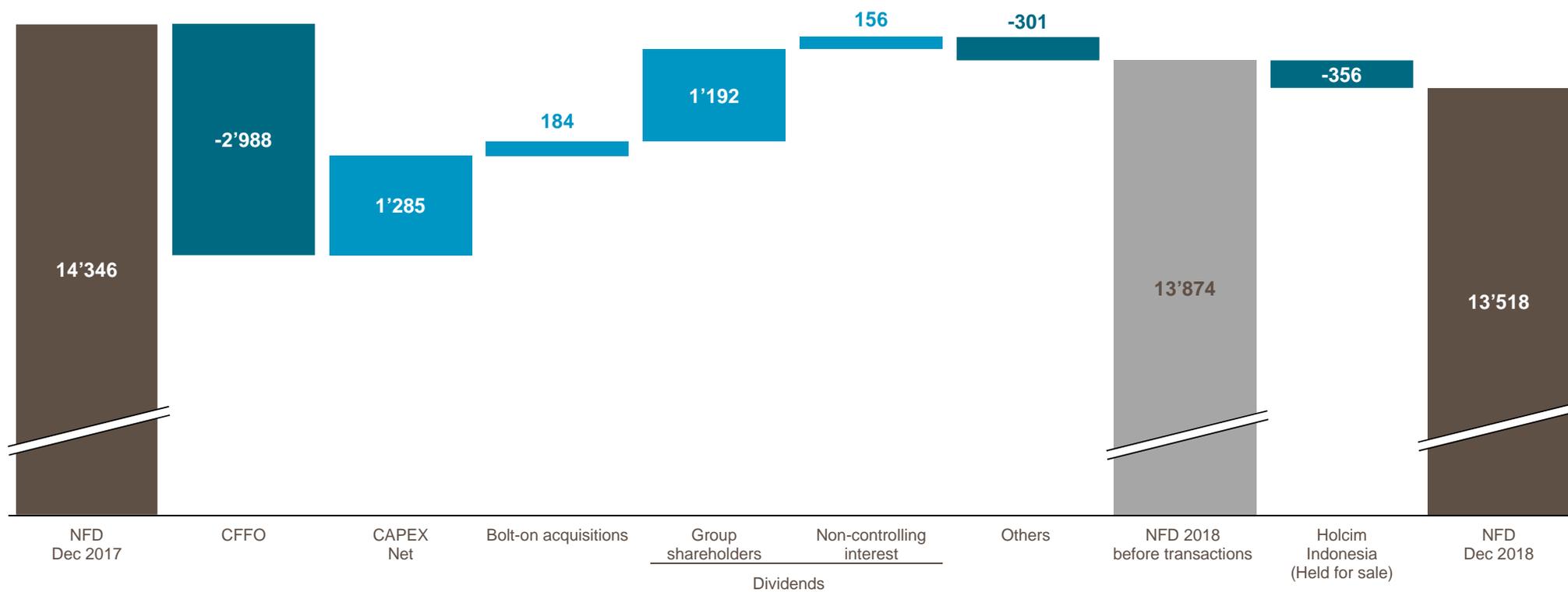
CHF m



Net Financial Debt Dec 2017 to Dec 2018

Successful de-leveraging with NFD / Recurring EBITDA at 2.2x

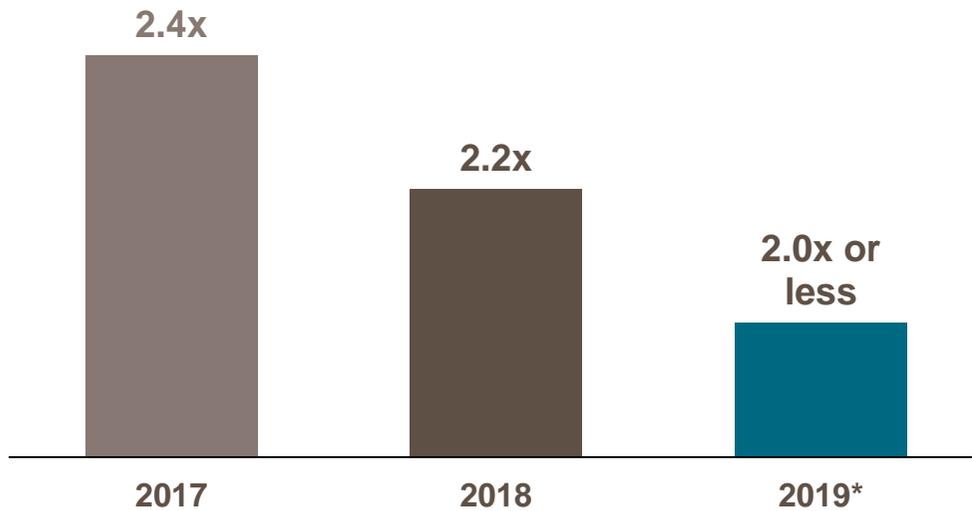
CHF m



Leverage improvement

On track to reach 2019 objective

NFD / Recurring EBITDA

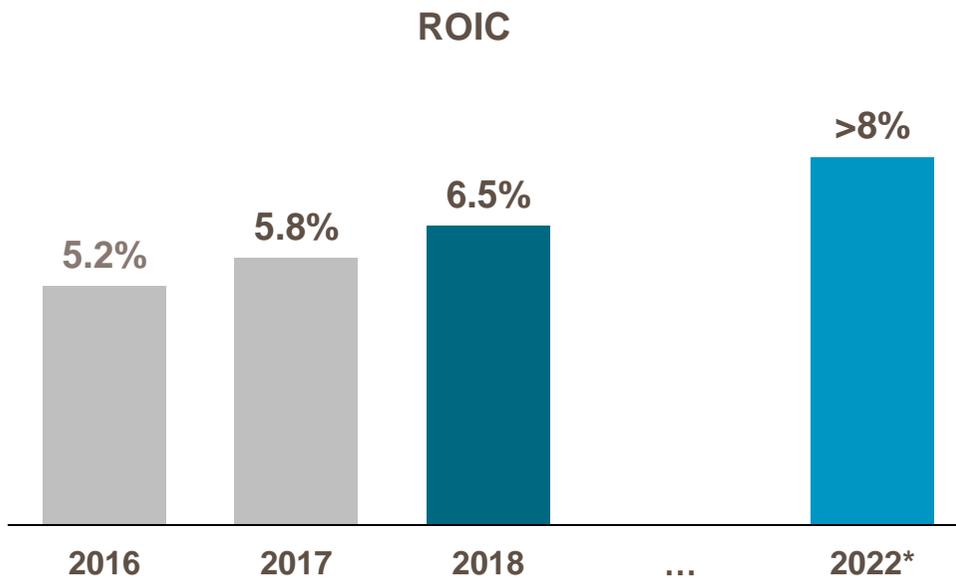


- › Close debt monitoring and discontinuation of the share buy-back program in 2018
- › Divestment of Holcim Indonesia closed in January 2019 further reducing NFD / Recurring EBITDA ratio
- › Continue portfolio development with investment and divestment options

* Before application of IFRS 16, at constant FX

Return on Invested Capital

Continuous improvement of performance



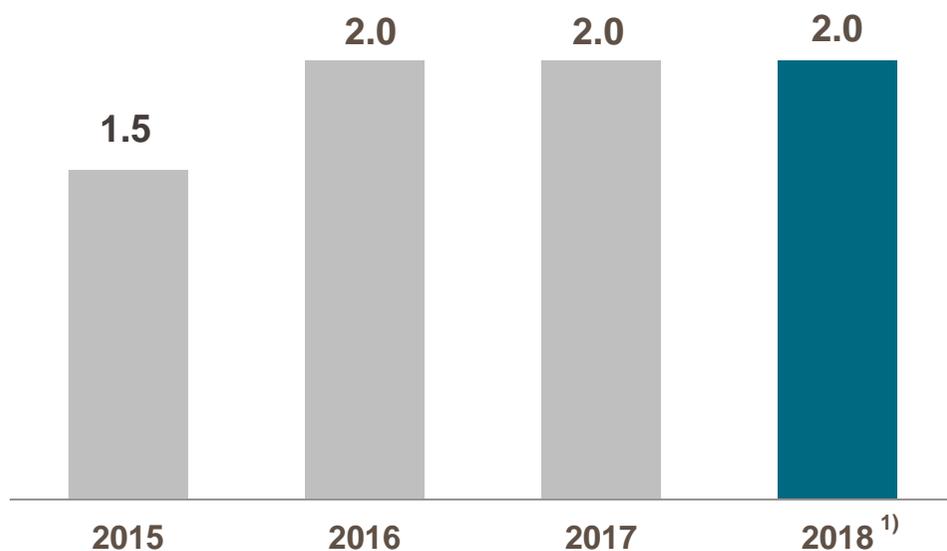
- › Improvement of operational performance through cost savings and manufacturing performance
- › CAPEX at optimized cost
- › Bolt-ons with significant synergies

* Before application of IFRS 16, at constant FX

Continue with attractive dividend per share

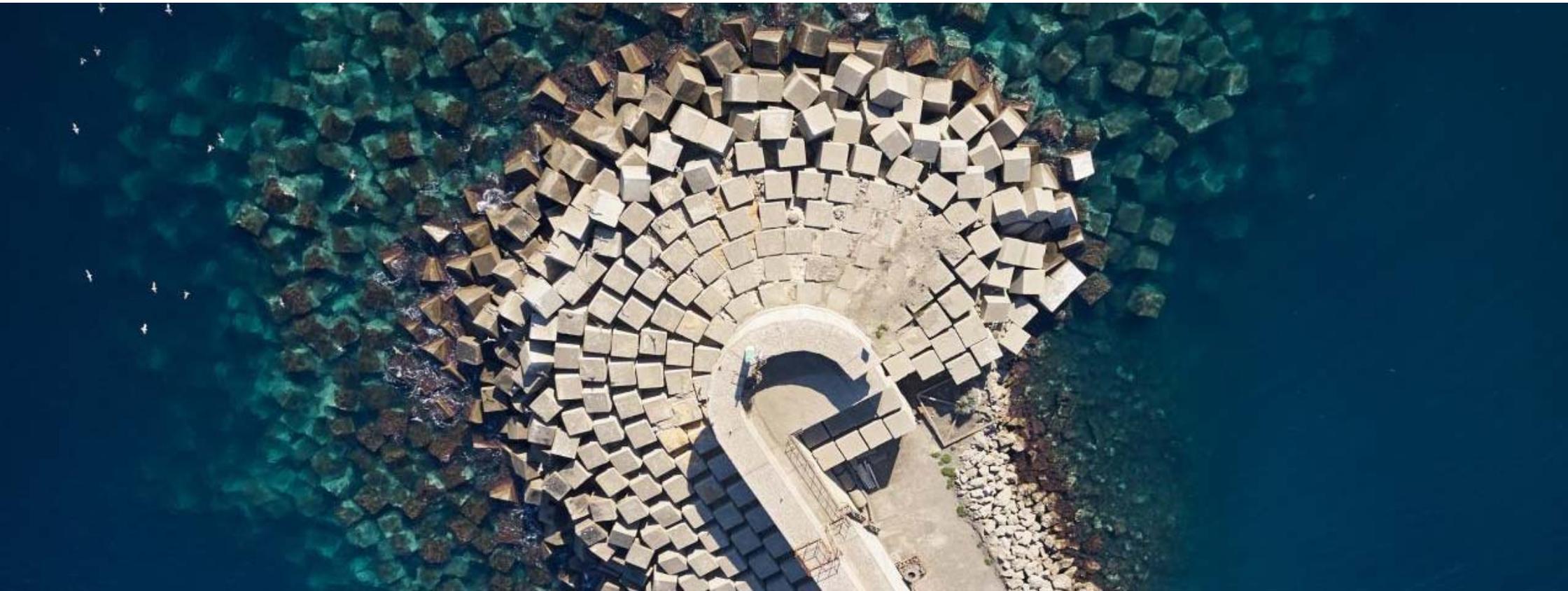
CHF 2.0 dividend per share proposal

Dividend per share (CHF)



1) Proposed at next AGM

- › 2018 dividend of CHF 2.0 per share proposed at AGM on May 15th, 2019
- › For the first time, option for the shareholders to receive a scrip dividend:
 - Choice of getting the dividend paid in cash, in new shares or a combination thereof
 - New shares issued at a discount



03 Outlook 2019

Jan Jenisch, Chief Executive Officer

Outlook 2019

Solid global market demand expected to continue in 2019



NORTH AMERICA

› Continued market growth



LATIN AMERICA

› Softer but stabilizing cement demand



EUROPE

› Continued demand growth across most countries



MIDDLE EAST AFRICA

› Challenging but stabilizing market conditions



ASIA PACIFIC

› Continued demand growth

Targets 2019

Positive momentum to continue in 2019

- › Net Sales growth of 3% to 5% LFL, delivering target of Strategy 2022
- › Recurring EBITDA growth of at least 5% LFL, delivering target of Strategy 2022
- › Accelerate deleveraging, achieve 2 times or less Net Debt to Recurring EBITDA ratio by end of 2019*
- › Continue improving cash conversion
- › Capex and Bolt-on acquisitions less than CHF 2 bn



Puerto de Manta, Ecuador

*Before application of IFRS 16, at constant FX

Upcoming Events 2019

- › **May 15, 2019:** Annual General Meeting and Q1 2019 trading update
- › **July 31, 2019:** Earnings release half year 2019
- › **October 25, 2019:** Trading update Q3 2019

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Net income reconciliation

GAAP to non-GAAP

CHF m	2018	Impairment & Divestments	2018 before impairment & divestments
Net Sales	27'466		27'466
Recurring EBITDA	6'016		6'016
Depreciation & Amortization	-2'235		-2'235
Impairments	6	-6	
Restructuring, litigation and others ¹⁾	-476		-476
Operating Profit	3'312	-6	3'306
Profit/loss on disposals and other non-operating items	-73	75	1
Share of profit of associates	22		22
Net financial expenses	-886	8	-878
Net Income Before Taxes	2'375	77	2'451
Income Taxes	-656	-24	-680
ETR	27.6%		27.7%
Net Income	1'719	52	1'772
Net income - Non controlling interests	217	-16	202
Net income - Group share	1'502	67	1'569
EPS (CHF per share)	2.52		2.63

1) Others include implementation and other non-recurring costs