



# HALF-YEAR 2019 RESULTS

Jan Jenisch, CEO

Géraldine Picaud, CFO

July 31, 2019



LafargeHolcim



# 01 HIGHLIGHTS AND KEY DEVELOPMENTS

Jan Jenisch, Chief Executive Officer

# H1 2019 HIGHLIGHTS

## STRONG FIRST HALF OF THE YEAR



- Net Sales up 3.5%, Recurring EBITDA<sup>1</sup> up 10.8% LFL in H1
- Net Sales up 1.2%, Recurring EBITDA<sup>1</sup> up 7.1% LFL in Q2
- Fourth consecutive quarter of over-proportional growth of Recurring EBITDA<sup>1</sup> over Net Sales
- Profitability increase in all business segments in Q2 and H1
- SG&A cost savings program completed
- Strong Free cash flow and EPS improvement
- 2019 targets confirmed

<sup>1</sup> Pre-IFRS 16

# CONSISTENTLY DELIVERING ON STRATEGY 2022



- ✓ Strong growth in H1 2019 with Net Sales up 3.5% LFL
- ✓ All 4 business segments growing
- ✓ Bolt-on acquisitions accelerating with 6 transactions signed to date



- ✓ SG&A cost savings program completed and delivering the CHF 400 m on a run rate basis
- ✓ Strong progress towards closing the gap to best-in-class performance in AGG and RMX
- ✓ Digitalization initiatives gaining momentum



- ✓ South East Asia divested for a total EV of CHF 4.9 bn (21x rec EBITDA)
- ✓ Optimized financing costs by refinancing of EUR 500 m hybrid and expensive bonds buy back
- ✓ Deleveraging target delivered, new level of financial strength



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

# BOLT-ON ACQUISITIONS FURTHER PROGRESS AND MORE IN THE PIPELINE

**Donmix, Australia (Q1)**  
RMX



**Alfons Greten, Germany (Q1)**  
Precast & RMX



**Transit Mix, US (Q1)**  
RMX



**Colorado River Concrete, US (Q1)**  
AGG & RMX



**Bedrock Redi-Mix, Canada (Q2)**  
RMX



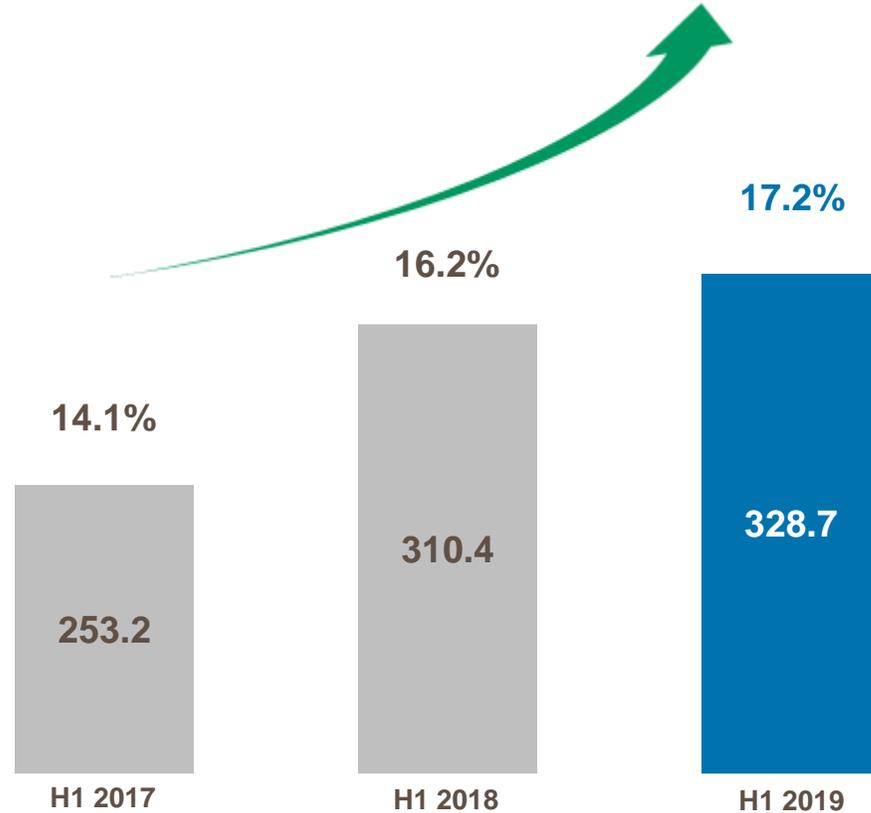
**Somaco, Romania (Q2)**  
Precast



# CLOSE THE GAP TO BEST-IN-CLASS PERFORMANCE IN AGGREGATES SIGNIFICANT PROGRESS MADE, REC EBITDA MARGIN UP 1.0 PP

## AGG Recurring EBITDA<sup>1</sup> / Recurring EBITDA margin

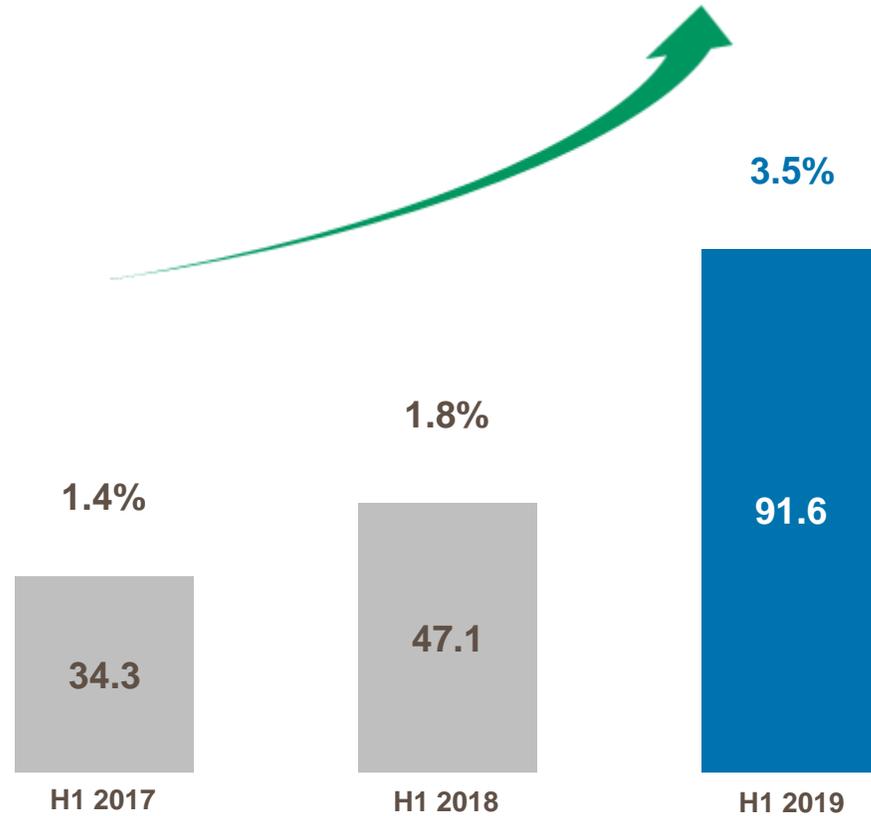
CHF m



# CLOSE THE GAP TO BEST-IN-CLASS PERFORMANCE IN RMX STRONG PROGRESS MADE, REC EBITDA MARGIN UP 1.7 PP

## RMX Recurring EBITDA<sup>1</sup> / Recurring EBITDA margin

CHF m



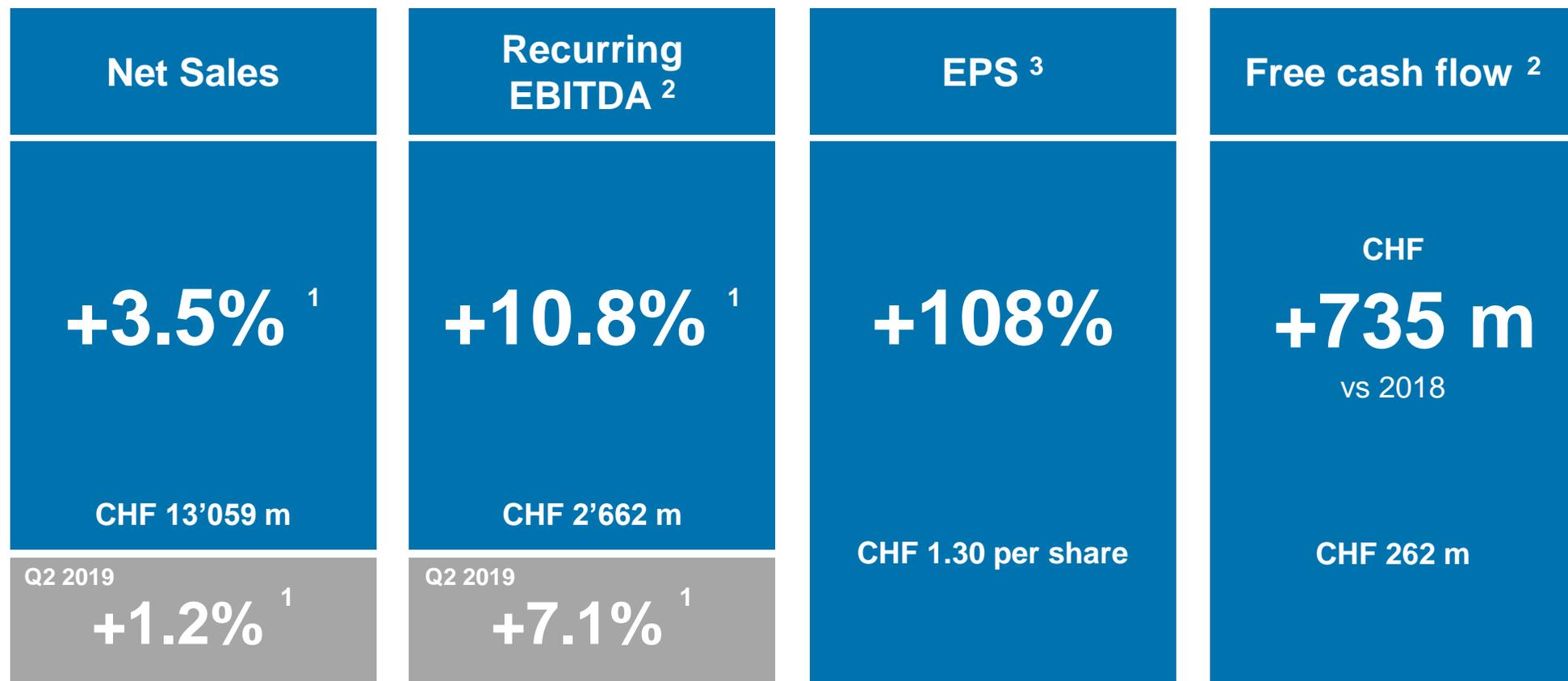


## 02 HALF-YEAR 2019 FINANCIAL RESULTS

Géraldine Picaud, Chief Financial Officer

# H1 2019 PERFORMANCE HIGHLIGHTS

## STRONG SET OF RESULTS

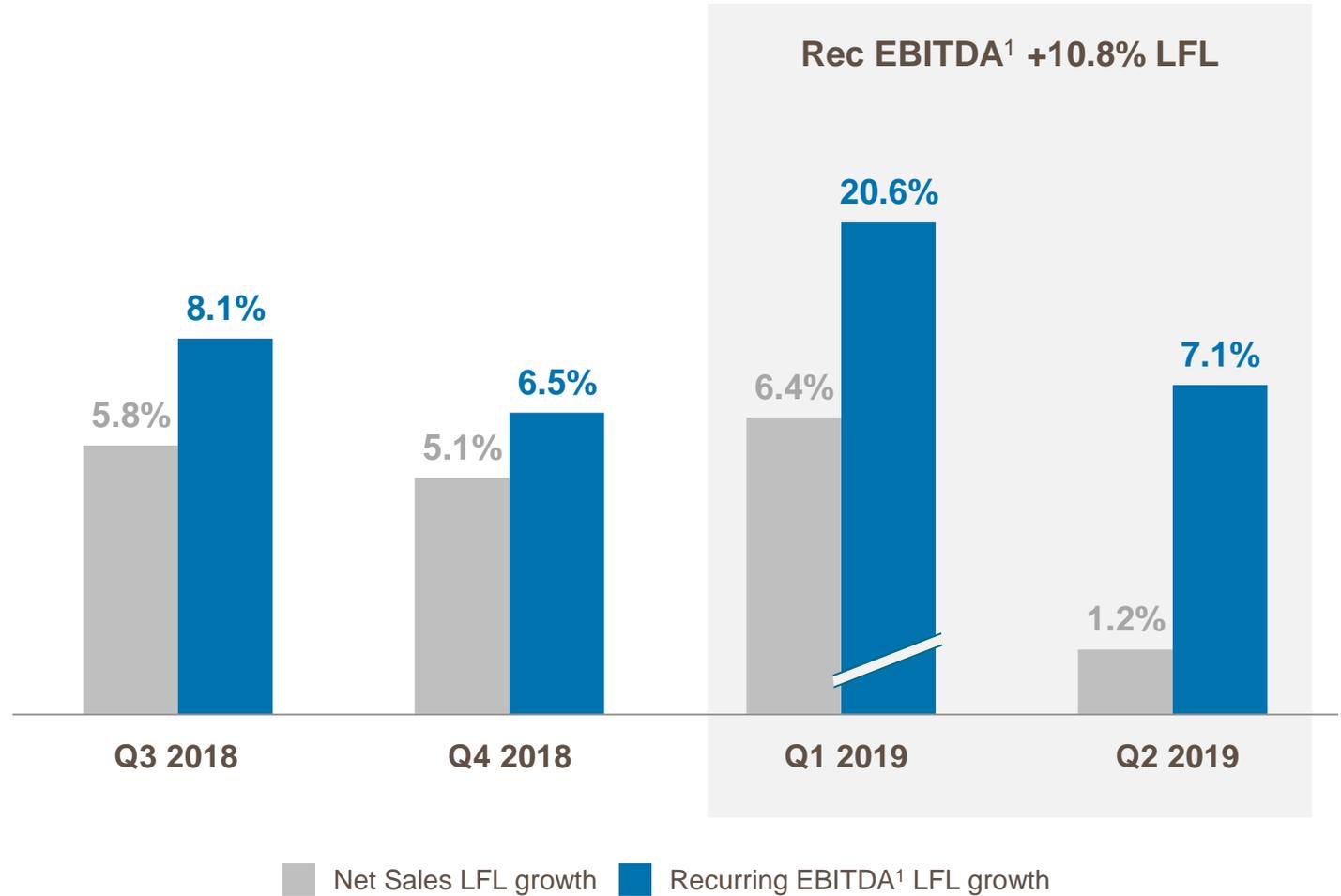


<sup>1</sup> Variance on a Like for like basis

<sup>2</sup> Pre-IFRS 16

<sup>3</sup> Before impairment and divestments and pre- IFRS 16

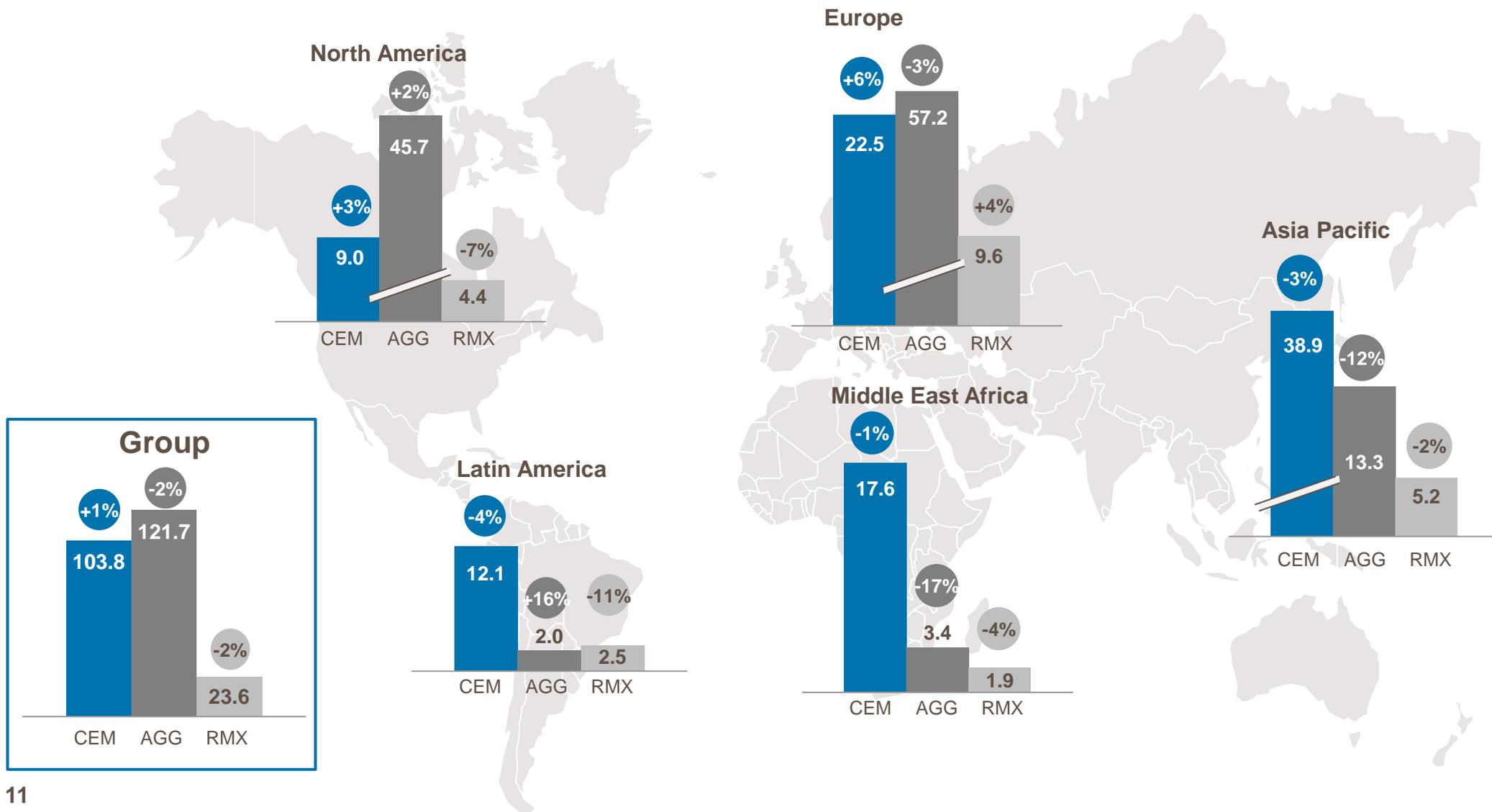
## FOUR CONSECUTIVE QUARTERS OF OVER-PROPORTIONAL GROWTH



<sup>1</sup> Pre-IFRS 16

## GOOD CEMENT VOLUME GROWTH IN MATURE MARKETS

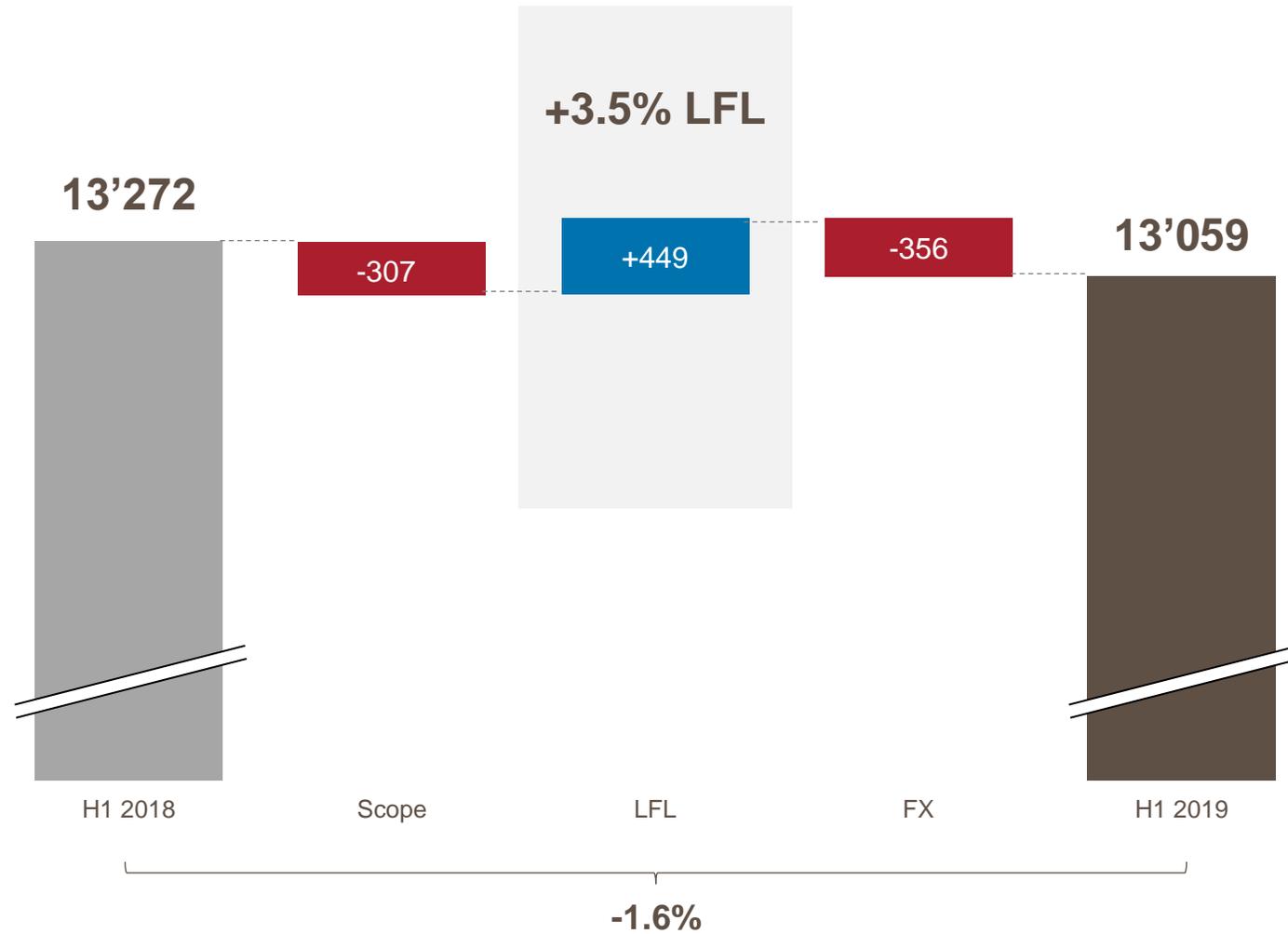
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# H1 2019 NET SALES BRIDGE

## NET SALES UP 3.5% LFL

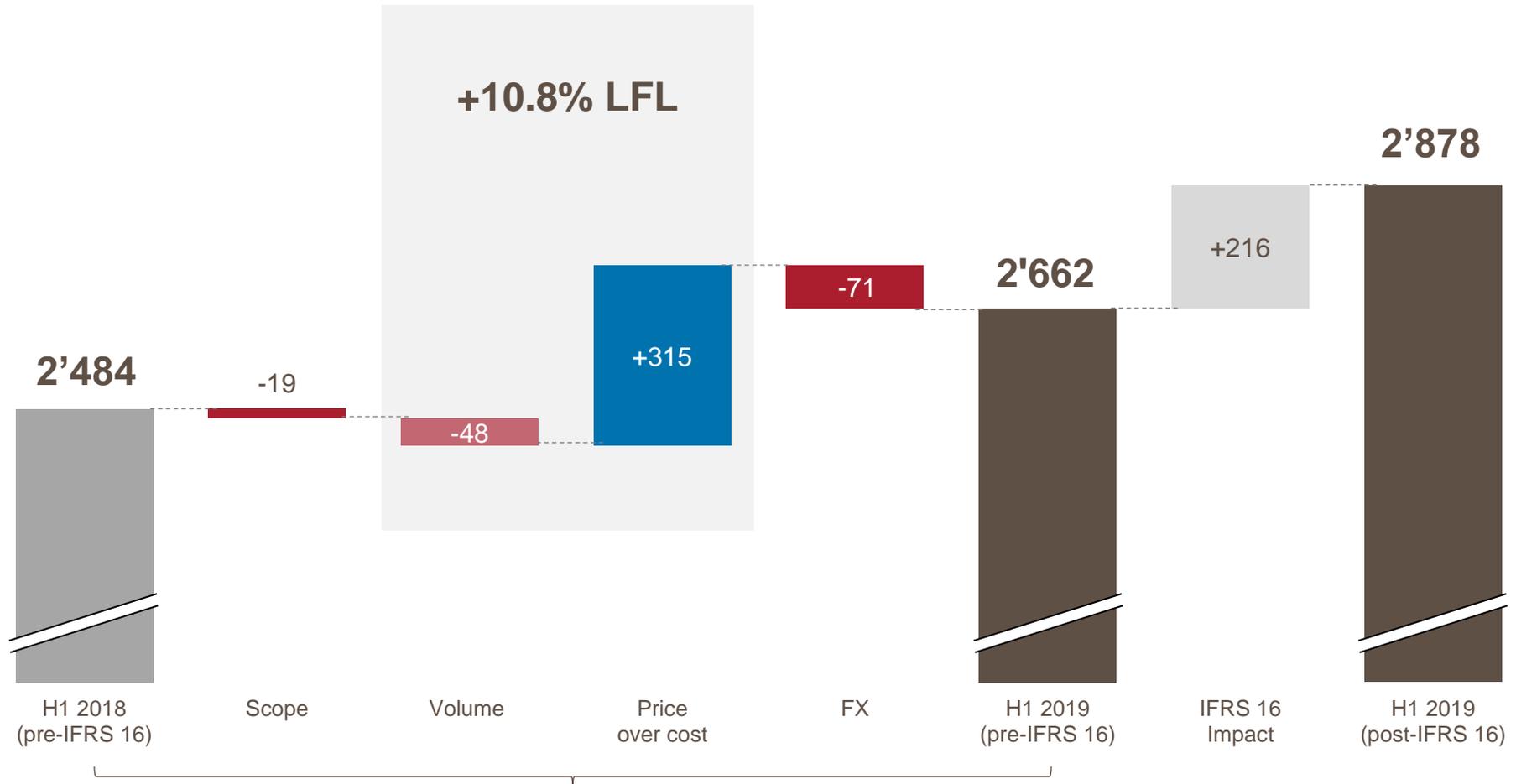
CHF m



# H1 2019 RECURRING EBITDA BRIDGE

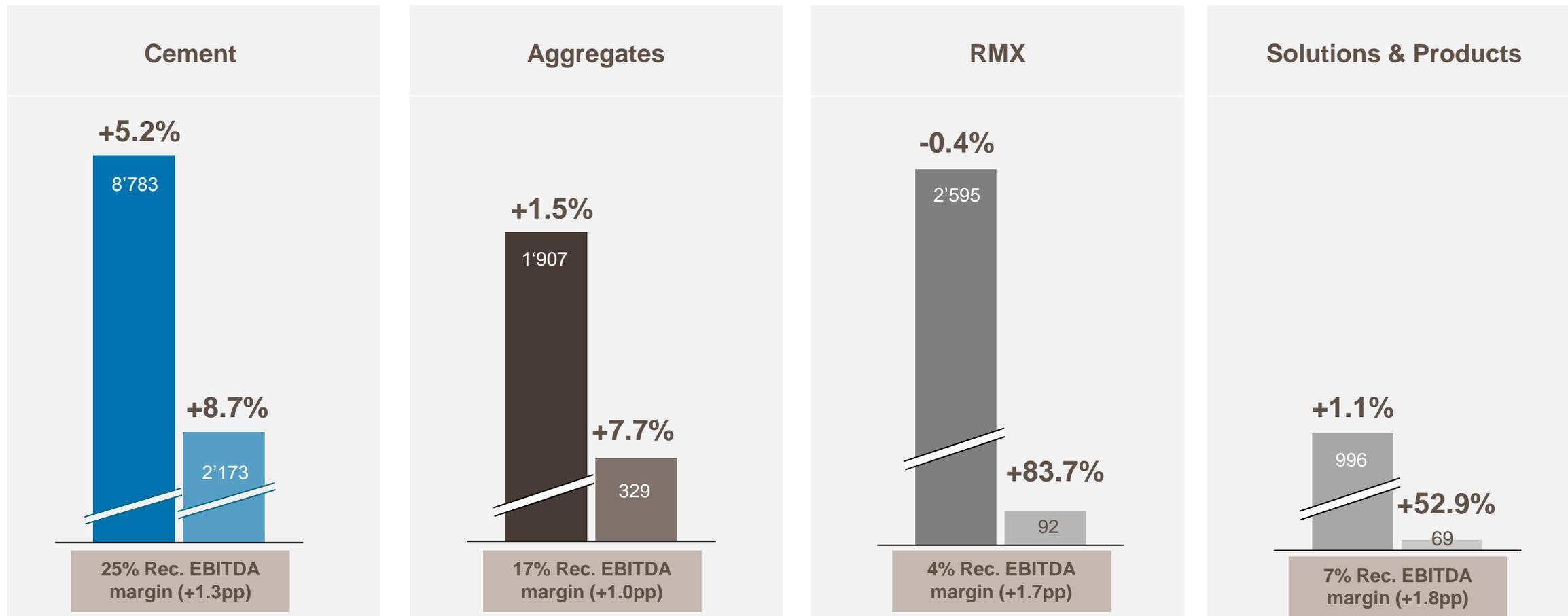
## OVER-PROPORTIONAL RECURRING EBITDA GROWTH OF 10.8% LFL

CHF m



# H1 2019 NET SALES AND RECURRING EBITDA BY SEGMENT

## PROFITABILITY INCREASE IN ALL BUSINESS SEGMENTS

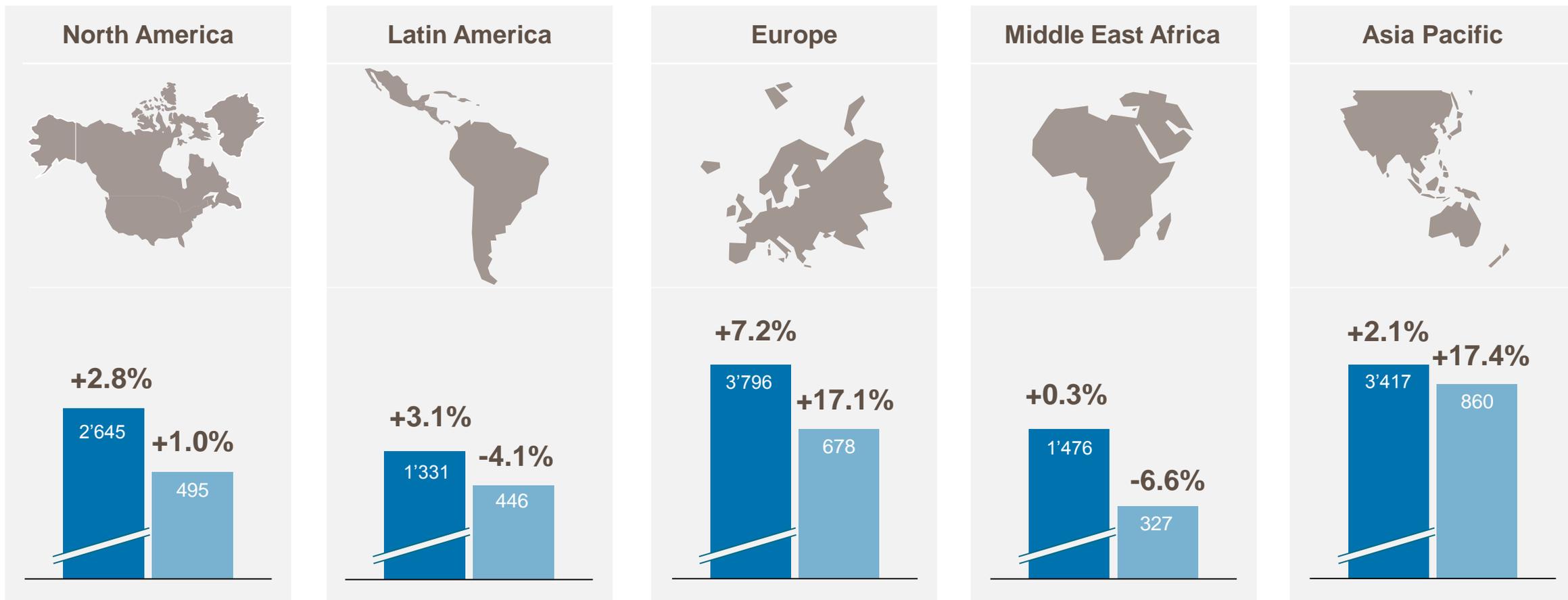


■ Net Sales (CHF m) ■ Recurring EBITDA pre-IFRS 16 (CHF m)

% LFL growth / decline

# H1 2019 REGIONAL PERFORMANCE

## NET SALES GROWTH IN ALL REGIONS



■ Net Sales (CHF m) ■ Recurring EBITDA pre-IFRS 16 (CHF m)

% LFL growth / decline

# NORTH AMERICA RESILIENT QUARTER

CHF m	Q2 2019	H1 2019
<b>Net Sales<sup>1</sup></b>	<b>1'694</b>	<b>2'645</b>
LFL Growth	+2.1%	+2.8%
<b>Recurring EBITDA</b> pre-IFRS 16	<b>480</b>	<b>495</b>
LFL Growth	+0.3%	+1.0%
Recurring EBITDA post-IFRS 16	515	560

- Volumes growth in cement and aggregates
- Weather impact in the US offset by improvement in Canada and further progress on cost savings
- Strong order book and positive price momentum in the US to support improvement in H2

<sup>1</sup> Net Sales to external customers



Holly Hill cement plant, United States

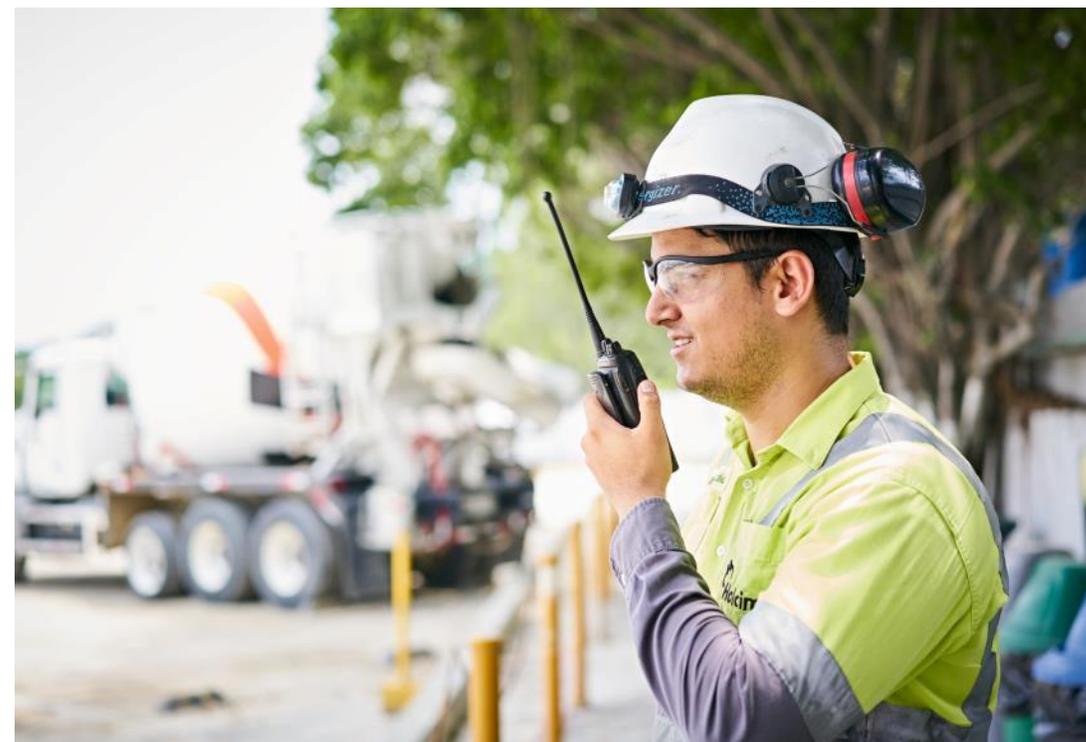
# LATIN AMERICA

## SOFTER MARKET ENVIRONMENT

CHF m	Q2 2019	H1 2019
<b>Net Sales<sup>1</sup></b>	<b>695</b>	<b>1'331</b>
LFL Growth	+2.5%	+3.1%
<b>Recurring EBITDA pre-IFRS 16</b>	<b>226</b>	<b>446</b>
LFL Growth	-6.4%	-4.1%
Recurring EBITDA post-IFRS 16	234	461

- Softer cement demand in Mexico and Ecuador
- Good performance in Colombia
- Effective cost and price management partially mitigates challenges in key markets
- Good volume trend in Brazil

<sup>1</sup> Net Sales to external customers



RMX plant Guayaquil, Holcim Ecuador

# EUROPE ANOTHER STRONG QUARTER

CHF m	Q2 2019	H1 2019
<b>Net Sales<sup>1</sup></b>	<b>2'093</b>	<b>3'796</b>
LFL Growth	+1.2%	+7.2%
<b>Recurring EBITDA pre-IFRS 16</b>	<b>523</b>	<b>678</b>
LFL Growth	+6.6%	+17.1%
Recurring EBITDA post-IFRS 16	554	742

- Good markets across the region
- Volumes impacted by fewer working days
- Margin growth further supported by improved operational efficiency



Equilibrium project, Romania

<sup>1</sup> Net Sales to external customers

# MIDDLE EAST AFRICA TURNAROUND ACHIEVED, POSITIVE Q2

CHF m	Q2 2019	H1 2019
<b>Net Sales<sup>1</sup></b>	<b>741</b>	<b>1'476</b>
LFL Growth	+2.9%	+0.3%
<b>Recurring EBITDA<sup>2</sup> pre-IFRS 16</b>	<b>177</b>	<b>327</b>
LFL Growth	+1.9%	-6.6%
Recurring EBITDA <sup>2</sup> post-IFRS 16	197	367

- Turnaround plans delivering visible results
- Stabilizing Algeria
- Good market dynamics in Nigeria
- Further recovery in Iraq

<sup>1</sup> Net Sales to external customers

<sup>2</sup> Contribution from share of net income from JVs: CHF 33 m in H1 2019 vs. CHF 33 m in H1 2018



Ewekoro cement plant, Nigeria

# ASIA PACIFIC STRONG RECURRING EBITDA GROWTH

CHF m	Q2 2019	H1 2019
<b>Net Sales<sup>1</sup></b>	<b>1'672</b>	<b>3'417</b>
LFL Growth	-0.3%	+2.1%
<b>Recurring EBITDA<sup>2</sup> pre-IFRS 16</b>	<b>520</b>	<b>860</b>
LFL Growth	+14.3%	+17.4%
Recurring EBITDA <sup>2</sup> post-IFRS 16	529	885

- Strong price improvement and restructuring driving margin improvement in India
- Higher profitability in Australia supported by cost savings initiatives
- Continuation of solid contribution from China

<sup>1</sup> Net Sales to external customers

<sup>2</sup> Contribution from share of net income from JVs: CHF 228 m in H1 2019 (of which CHF 192 m from Huaxin) vs. CHF 178 m in H1 2018 (of which CHF 145 m from Huaxin)

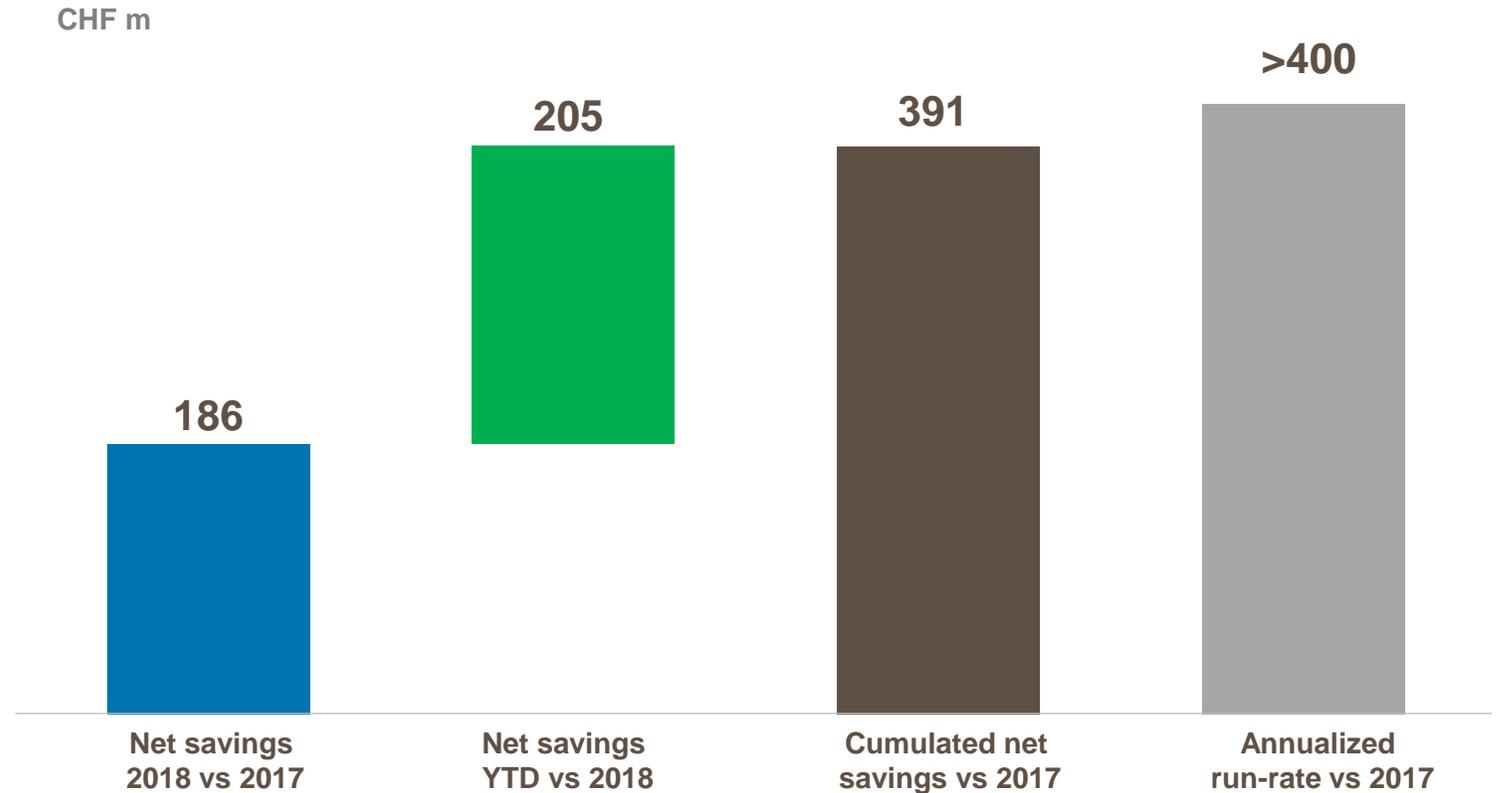


ACC employee, India

# CHF 400 M SG&A SAVINGS PROGRAM COMPLETED AND RUN RATE OF CHF 400 M ACHIEVED



## Recurring SG&A<sup>1</sup> Costs



<sup>1</sup> Recurring SG&A = Fixed Costs related to Administrative, Marketing & Sales, Corporate Manufacturing and Corporate Logistics incl in Rec EBITDA. Pre-IFRS16 savings expressed at constant 2017 FX rate and constant scope

# H1 2019 FINANCIAL PERFORMANCE

## EARNINGS PER SHARE<sup>1</sup> UP 108% TO CHF 1.30

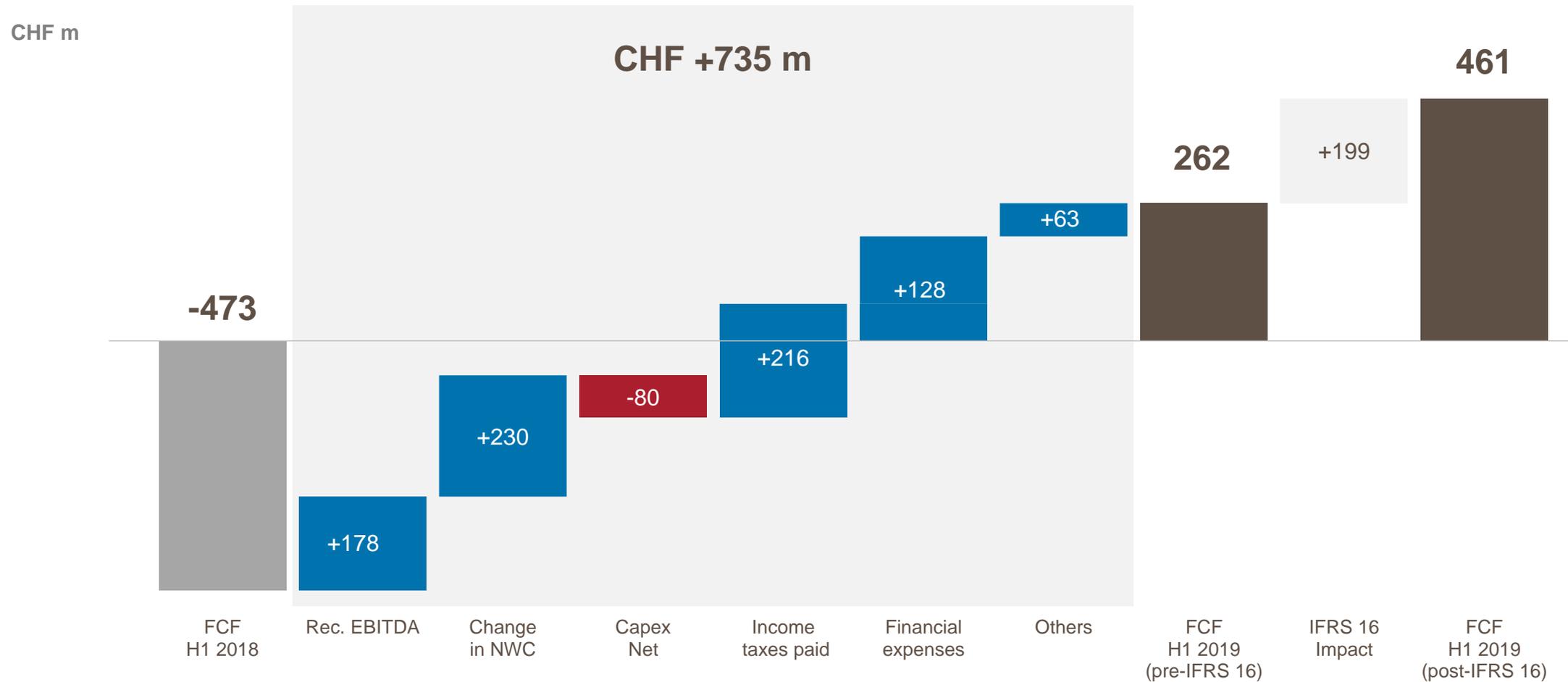
CHF m	H1 2019 before impairment & divestm. and IFRS 16	H1 2018 before impairment & divestm.	Variation	
Net Sales	13'059	13'272	-214	
<b>Recurring EBITDA</b>	<b>2'662</b>	<b>2'484</b>	<b>178 +7%</b>	↑
Depreciation & Amortization	-1'018	-1'104	86	
Restructuring, litigation and others <sup>2</sup>	-71	-300	229	
<b>Operating Profit (EBIT)</b>	<b>1'573</b>	<b>1'080</b>	<b>493 +46%</b>	↑
Profit/loss on disposals and other non-operating items	-21	-4	-17	
Share of profit of associates	7	9	-2	
Net financial expenses	-329	-455	126	
<b>Net Income Before Taxes</b>	<b>1'230</b>	<b>630</b>	<b>600</b>	
Income Taxes	-332	-186	-146	
ETR	27.0%	29.5%		
<b>Net Income</b>	<b>898</b>	<b>444</b>	<b>454</b>	
Net income - Non controlling interests	118	73	44	
Net income - Group share	780	371	409	
<b>EPS (CHF per share)</b>	<b>1.30</b>	<b>0.62</b>	<b>0.67 +108%</b>	↑

<sup>1</sup> Before impairment & divestments and IFRS 16

<sup>2</sup> Others include implementation and other non-recurring costs

# H1 2019 FREE CASH FLOW

## CHF 262 M OF FREE CASH FLOW<sup>1</sup> GENERATION

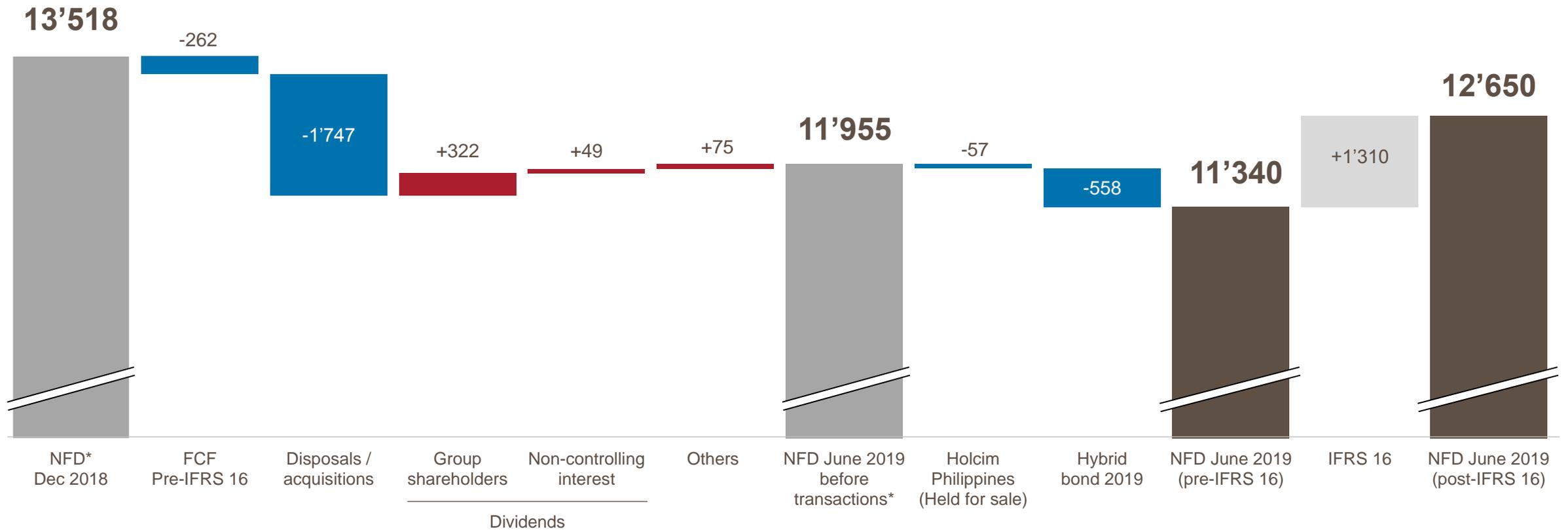


<sup>1</sup> Pre-IFRS 16

# H1 2019 NET FINANCIAL DEBT

## SIGNIFICANT REDUCTION OF NET FINANCIAL DEBT

CHF m





## 03 **OUTLOOK AND TARGETS 2019**

Jan Jenisch, Chief Executive Officer

# SOLID GLOBAL MARKET DEMAND EXPECTED TO CONTINUE



## **NORTH AMERICA**

➤ Continued market growth



## **LATIN AMERICA**

➤ Softer but stabilizing cement demand



## **EUROPE**

➤ Continued demand growth across most countries



## **MIDDLE EAST AFRICA**

➤ Stabilizing market conditions



## **ASIA PACIFIC**

➤ Continued demand growth

# TARGETS 2019 CONFIRMED

- Net Sales growth of 3% to 5% LFL, delivering target of Strategy 2022
- Recurring EBITDA growth<sup>1</sup> 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<sup>2</sup>
- Continue improving cash conversion
- Capex and Bolt-on acquisitions less than CHF 2 bn



*Puerto de Manta, Ecuador*

<sup>1</sup> Pre-IFRS 16

<sup>2</sup> Before application of IFRS 16, at constant FX

# UPCOMING EVENTS 2019

- **October 25, 2019:** Q3 2019 trading update
- **February 27, 2020:** Full year 2019 earnings release

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# RECONCILIATION OF NON-GAAP MEASURES

CHF m	H1 2019 Reported	IFRS 16 impact	Impairments and divestments	H1 2019 pre-IFRS 16, impairment and divestments
<b>Recurring EBITDA</b>	<b>2'878</b>	<b>216</b>	<b>-</b>	<b>2'662</b>
Depreciation, Amortization & Impairment	-1'225	-193	-14	-1'018
Restructuring, litigation and others <sup>1</sup>	-71	-	-	-71
<b>Operating Profit (EBIT)</b>	<b>1'581</b>	<b>22</b>	<b>-14</b>	<b>1'573</b>
Profit (loss) on disposal and other non-op. items	248	1	269	-21
Net financial expenses	-378	-39	-9	-329
Share of profit of associates	7	-	-	7
Income Taxes	-330	4	-3	-332
<b>Net Income</b>	<b>1'128</b>	<b>-12</b>	<b>242</b>	<b>898</b>
<b>Free cash flow</b>	<b>461</b>	<b>199</b>	<b>n.a.</b>	<b>n.a.</b>
<b>Net Financial Debt</b>	<b>12'650</b>	<b>1'310</b>	<b>n.a.</b>	<b>n.a.</b>

<sup>1</sup> Others include implementation and other non-recurring costs