Media Release

Zurich, August 5, 2016

LafargeHolcim

LafargeHolcim reports Q2 2016 results

- **Pricing and synergies drive improvements in operating margins and earnings**
- **Adjusted operating EBITDA margin up 210bps to 23.4% in Q2**
- **Adjusted operating EBITDA up 6% like-for-like in Q2**
- **Net sales of CHF 7.28 billion in Q2, 2% lower on a like-for-like basis**
- **Solid operating Free Cash Flow improvement of 26% compared to H1 2015**
- **Net income increased CHF 318 million to CHF 452 million for the first half**
- **Divestment target of CHF 3.5 billion for 2016 exceeded**
- **Company outlook for 2016 confirmed**

2016 Q2

in million CHF	Apr-Jun 2016	Apr-Jun 2015	±%	±% like-for-like
Net sales	7'280	7'804	-6.7	-2.1
Operating EBITDA	1'579	1'429	10.5	14.6
Operating EBITDA adjusted[1]	1'705	1'662	2.6	6.0
Operating EBITDA margin adjusted[1] **[%]**	23.4	21.3		

2016 First half

in million CHF	Jan-Jun 2016	Jan-Jun 2015	±%	±% like-for-like
Net sales	13'342	14'217	-6.2	-1.1
Operating EBITDA	2'353	2'346	0.3	4.7
Operating EBITDA adjusted[1]	2'529	2'711	-6.7	-2.9
Operating Free Cash Flow[2]	-539	-726	25.8	26.4

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

Eric Olsen, CEO of LafargeHolcim said: "Our focus on pricing and synergies is delivering visible earnings momentum, driving a 210 basis points year-on-year improvement in operating margins and a 6% increase in like for like Adjusted Operating EBITDA in Q2.

"Without the effect of Nigeria, where our plants were affected by gas shortages, adjusted operating EBITDA would have increased by 13% in the quarter. Nigeria is a high growth market and we are adapting our plants to reduce our dependency on gas to restore supply and capture growth. We expect these measures to take effect by the end of the year.

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"With the recent divestments announced in India, Sri Lanka, China and Vietnam, we have exceeded our CHF 3.5 billion commitment for the whole of 2016 in a little over seven months. These transactions, all secured at good conditions, also help us to streamline and simplify our operations and allow us to maximize synergies in countries like Morocco, China and India. Following the successful execution of our divestment program to date, we are extending the program to CHF 5 billion. We expect to complete the remainder of this by the end of 2017.

"Macroeconomic risks continue to affect some of our markets, however, we are delivering on our commitments and we remain on track to achieve our 2016 targets."

2016 Outlook
2016 will be a year of progress towards our 2018 targets.

In light of developments in selected countries during the first half, we expect demand in our markets to grow at between 1-3% for the full year. Based on the trends we see in pricing and synergies our full year expectations remain unchanged.

For 2016 we expect:

- Capex to be below CHF 2 billion
- Incremental synergies of more than CHF 450 million of adjusted operating EBITDA,
- Our pricing recovery actions and commercial excellence initiatives will demonstrate tangible results in 2016
- Net debt to decrease to around CHF 13 billion at year end, including the effect of our planned divestment program
- CHF 3.5 billion divestment program to be completed
- At least a high single digit like for like increase in adjusted operating EBITDA

We are committed to maintaining a solid investment grade rating and commensurate to this rating, returning excess cash to shareholders, notably with a progressive dividend policy. We confirm our commitment to the 2018 targets announced in November 2015.

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Group performance

In the second quarter, a number of countries delivered good earnings growth, including the Philippines, Mexico, US, Algeria and Lebanon. In addition, China showed signs of recovery with cost control measures and targeted marketing strategies helping boost adjusted operating EBITDA in the quarter while, on the same measure, India made strong progress, through implementation of pricing and marketing strategies and delivery of synergies.

Challenging conditions in a few markets – most notably Nigeria where strikes and interruptions to gas supplies prevented us from serving a growing market – impacted Group results for the quarter. Nigeria alone accounted for a fall of CHF 96 million in adjusted operating EBITDA like-for-like in the quarter.

Cement prices increased by 2.2% quarter-on-quarter, demonstrating the effectiveness of our broad-based pricing strategy. This followed the 1.2% increase seen in the first three months of the year.

Globally, cement sales volumes were down 3% year-on-year on a like-for-like basis. In some markets this is due to a blend of geopolitical or macroeconomic reasons. As anticipated, price increases implemented during Q1 also had an effect on volumes in a few markets. Synergies contributed CHF 170 million in the quarter, adding CHF 273 million for the first half and keeping us on track to achieve at least CHF 450 million of incremental synergies. In the quarter, significant value has been delivered as a result of synergies in the US and Brazil from reductions in fixed costs; commercial best practices in Latin America, notably in Mexico; and improved energy mix in China and India.

Adjusted Operating EBITDA of CHF 1.7 billion was up 6% on a like-for-like basis on the quarter. Synergies, ongoing cost containment, lower energy costs and pricing drove Adjusted Operating EBITDA margin improvement to 23.4% in Q2, up from 21.3% in the prior year period.

Operating free cash flow improved by 26.4% year-on-year. It stands at CHF -539 million at the end of the first half, impacted by the traditional seasonality of our working capital. Net debt stood at CHF 18.1 billion, a CHF 5.8 billion reduction on the total combined net debt at July 2015 before the cash received from the CRH transaction.

Group – Pro Forma information

		Apr–Jun 2016	Apr–Jun 2015	±%	±% like-for-like
Sales of cement	million t	62.8	68.1	-7.8	-3.0
Sales of aggregates	million t	78.6	77.3	1.8	3.0
Sales of ready-mix concrete	million m^3	14.9	14.9	0.3	0.3
Net sales	million CHF	7'280	7'804	-6.7	-2.1
Operating EBITDA	million CHF	1'579	1'429	10.5	14.6
Operating EBITDA adjusted[1]	million CHF	1'705	1'662	2.6	6.0
Operating EBITDA margin	%	21.7	18.3		
Operating EBITDA margin adjusted[1]	%	23.4	21.3		
Cash flow from operating activities	million CHF	525	655	-19.7	-12.7

1 Excluding merger, restructuring and other one-offs

Group – Pro Forma information

		Jan–Jun 2016	Jan–Jun 2015	±%	±% like-for-like
Sales of cement	million t	119.3	123.9	-3.7	-0.1
Sales of aggregates	million t	130.2	129.6	0.5	2.2
Sales of ready-mix concrete	million m^3	27.5	27.3	0.9	1.0
Net sales	million CHF	13'342	14'217	-6.2	-1.1
Operating EBITDA	million CHF	2'353	2'346	0.3	4.7
Operating EBITDA adjusted[1]	million CHF	2'529	2'711	-6.7	-2.9
Operating EBITDA margin	%	17.6	16.5		
Operating EBITDA margin adjusted[1]	%	19.0	19.1		
Cash flow from operating activities	million CHF	261	382	-31.6	-20.9

1 Excluding merger, restructuring and other one-offs

Regional Performance Highlights

Asia Pacific

LafargeHolcim delivered good Q2 performance in Asia Pacific, driven by volume growth and positive variable cost development, which helped deliver an 18.4% increase in Adjusted Operating EBITDA, on a like-for-like basis.

Volume increases were seen in growth markets – namely Philippines, Bangladesh, Vietnam and Sri Lanka. Progress in China was supported by segmented market strategy and in Australia by strong residential demand on the East Coast as well as road infrastructure projects. These countries reported an increase in Adjusted Operating EBITDA, further positively impacted by energy savings and benefits of lower clinker import costs.

India delivered strong earnings in the quarter, with adjusted operating EBITDA up 36.5% on a like-for-like basis. Growth in LafargeHolcim's operations in India came as a result of the roll out of pricing strategy and marketing activities plus synergies and tighter cost management – especially on fuel and logistics.

Markets in Indonesia and Malaysia experienced overcapacity, which led to pressure on prices, as well as slow government spending on infrastructure. The Westport plant in New Zealand was closed at the end of June and the market will be served in future by imported cement. The South Korea business was successfully divested in April 2016.

Asia Pacific – Pro Forma information

		Apr–Jun 2016	Apr–Jun 2015	±%	±% like-for-like
Sales of cement	million t	30.6	32.4	-5.6	-0.9
Sales of aggregates	million t	8.6	8.1	5.7	18.5
Sales of ready-mix concrete	million m^3	4.2	4.0	4.8	4.8
Net sales	million CHF	2'194	2'334	-6.0	-0.1
Operating EBITDA	million CHF	420	363	15.6	22.7
Operating EBITDA adjusted[1]	million CHF	438	392	11.8	18.4
Operating EBITDA margin	%	19.2	15.6		
Operating EBITDA margin adjusted[1]	%	20.0	16.8		
Cash flow from operating activities	million CHF	368	398	-7.4	0.5

1 Excluding merger, restructuring and other one-offs

Asia Pacific – Pro Forma information

		Jan–Jun 2016	Jan–Jun 2015	±%	±% like-for-like
Sales of cement	million t	60.7	60.6	0.1	2.6
Sales of aggregates	million t	15.9	15.9	0.2	14.0
Sales of ready-mix concrete	million m^3	8.0	7.7	3.8	3.8
Net sales	million CHF	4'341	4'549	-4.6	0.4
Operating EBITDA	million CHF	760	785	-3.2	1.9
Operating EBITDA adjusted[1]	million CHF	782	816	-4.2	0.8
Operating EBITDA margin	%	17.5	17.3		
Operating EBITDA margin adjusted[1]	%	18.0	17.9		
Cash flow from operating activities	million CHF	419	359	16.8	26.3

1 Excluding merger, restructuring and other one-offs

Europe

Despite a decline in net sales on a like-for-like basis in Q2, LafargeHolcim delivered solid performance in Europe with decisive action on cost management and ongoing focus on synergies across the region contributing to an 8.3% growth in like-for-like Adjusted Operating EBITDA.

In France, resilient demand for ready-mix concrete and aggregates, combined with more stable prices mitigated the impact of severe floods and social disturbances. Belgium, Switzerland and Germany improved earnings, the latter mitigating the impact of pricing pressures through effective management of fixed and variable costs. The UK delivered healthy earnings for Q2 though there was a slowdown in growth rates in the lead up to the 23 June EU referendum.

Though prices held up in Azerbaijan and Russia, overall earnings declined in the quarter versus the prior year as the countries continued to face tough economic conditions caused by low global demand for oil. Poland saw volume growth but a challenging price environment had an effect on Adjusted Operating EBITDA. After many quarters of healthy growth, earnings for Romania slowed somewhat in Q2.

In Spain, our business had to deal with the effects of ongoing political uncertainty following national elections which led to a slowdown in government investment. Cost reduction measures have been accelerated in Spain.

Europe – Pro Forma information

		Apr–Jun 2016	Apr–Jun 2015	±%	±% like-for-like
Sales of cement	million t	11.9	12.1	-2.4	-2.4
Sales of aggregates	million t	33.7	33.0	2.4	2.4
Sales of ready-mix concrete	million m^3	5.0	5.1	-1.3	-1.3
Net sales	million CHF	1'968	2'022	-2.7	-3.1
Operating EBITDA	million CHF	442	372	18.9	19.2
Operating EBITDA adjusted[1]	million CHF	458	423	8.1	8.3
Operating EBITDA margin	%	22.4	18.4		
Operating EBITDA margin adjusted[1]	%	23.2	20.9		
Cash flow from operating activities	million CHF	337	234	43.6	43.8

1 Excluding merger, restructuring and other one-offs

Europe – Pro Forma information

		Jan–Jun 2016	Jan–Jun 2015	±%	±% like-for-like
Sales of cement	million t	19.6	20.1	-2.7	-2.7
Sales of aggregates	million t	59.0	58.7	0.5	0.5
Sales of ready-mix concrete	million m^3	9.1	9.1	-0.6	-0.6
Net sales	million CHF	3'465	3'574	-3.1	-3.3
Operating EBITDA	million CHF	547	503	8.6	8.3
Operating EBITDA adjusted[1]	million CHF	576	584	-1.4	-1.7
Operating EBITDA margin	%	15.8	14.1		
Operating EBITDA margin adjusted[1]	%	16.6	16.4		
Cash flow from operating activities	million CHF	202	37	444.4	434.7

1 Excluding merger, restructuring and other one-offs

Latin America

Earnings in Latin America (Adjusted Operating EBITDA up 16.6% on a like-for-like basis) were boosted in Q2 by a mix of more favorable pricing and cost reductions, despite lower volumes. Performance was strong in Mexico driven by price increases and customer strategy.

Improvements in financial performance were seen across most markets including Argentina, El Salvador, Chile and Costa Rica. In Argentina, a decline in volumes due to structural adjustments and bad weather in April, was more than offset by cost savings and favorable pricing. Earnings in Ecuador advanced in the quarter despite a drop in volumes caused by the impact of low oil prices, national liquidity problems and heavy rains. The economy of Ecuador also continues to be impacted by the effects of April's earthquake. In response to the natural disaster, the local LafargeHolcim business has developed affordable housing solutions for people whose homes were destroyed or damaged by the quake.

Regional performance was negatively impacted by difficult market conditions in Brazil. Falling cement volumes and downward pricing pressure contributed to a decline in earnings in Brazil during Q2. Brazil will remain a challenging market in 2016 and our business has taken a number of management measures to adapt to the rapidly changing landscape.

Latin America – Pro Forma information

		Apr–Jun 2016	Apr–Jun 2015	±%	±% like-for-like
Sales of cement	million t	5.8	6.9	-15.6	-15.6
Sales of aggregates	million t	1.6	1.9	-17.1	-21.9
Sales of ready-mix concrete	million m^3	1.7	1.8	-7.3	-7.3
Net sales	million CHF	684	807	-15.3	-5.0
Operating EBITDA	million CHF	205	193	5.9	15.0
Operating EBITDA adjusted[1]	million CHF	211	196	7.5	16.6
Operating EBITDA margin	%	29.9	23.9		
Operating EBITDA margin adjusted[1]	%	30.8	24.3		
Cash flow from operating activities	million CHF	8	51	-85.2	-90.3

1 Excluding merger, restructuring and other one-offs

Latin America – Pro Forma information

		Jan–Jun 2016	Jan–Jun 2015	±%	±% like-for-like
Sales of cement	million t	11.8	13.6	-13.2	-13.2
Sales of aggregates	million t	3.3	3.8	-10.9	-10.9
Sales of ready-mix concrete	million m^3	3.4	3.6	-6.7	-6.7
Net sales	million CHF	1'366	1'616	-15.5	-3.3
Operating EBITDA	million CHF	410	446	-8.1	0.4
Operating EBITDA adjusted[1]	million CHF	421	451	-6.7	2.0
Operating EBITDA margin	%	30.0	27.6		
Operating EBITDA margin adjusted[1]	%	30.8	27.9		
Cash flow from operating activities	million CHF	22	102	-78.9	-104.1

1 Excluding merger, restructuring and other one-offs

Middle East Africa

Earnings in the Middle East Africa region for Q2 were down 17.6% (Adjusted Operating EBITDA on like-for-like basis). Excluding Nigeria, regional earnings on the same measure would have been up 7.9%.

Strong contributions from Algeria, Egypt, Lebanon and Morocco in the quarter – which saw earnings growth supported, in part, by positive pricing and product mix evolution and volume increases in some markets – more than offset declines in markets like South Africa and Zambia.

The negative effect in the region was attributable to Nigeria. Despite a growing market, lower prices versus last year and severe gas shortages caused by attacks on pipelines drove the decline in adjusted operating EBITDA in the quarter. The devaluation of the naira in June added to the cost base for LafargeHolcim operations in the country. We are adapting our equipment to use sources of fuel other than gas, such as petcoke, coal and alternative fuels. These changes should take effect by the end of the year. Combined with the effect of a new kiln, due to come on line later this year, these measures are expected to improve the trend in EBITDA going forward.

Middle East Africa – Pro Forma information

		Apr–Jun 2016	Apr–Jun 2015	±%	±% like-for-like
Sales of cement	million t	10.9	11.2	-2.3	-2.3
Sales of aggregates	million t	2.4	3.0	-19.1	-19.1
Sales of ready-mix concrete	million m^3	1.7	1.5	13.6	13.6
Net sales	million CHF	1'081	1'226	-11.8	-7.0
Operating EBITDA	million CHF	322	413	-21.9	-18.5
Operating EBITDA adjusted[1]	million CHF	329	416	-21.0	-17.6
Operating EBITDA margin	%	29.8	33.7		
Operating EBITDA margin adjusted[1]	%	30.4	33.9		
Cash flow from operating activities	million CHF	153	203	-24.8	-22.5

1 Excluding merger, restructuring and other one-offs

Middle East Africa – Pro Forma information

		Jan–Jun 2016	Jan–Jun 2015	±%	±% like-for-like
Sales of cement	million t	21.7	21.7	0.3	0.3
Sales of aggregates	million t	6.0	5.4	10.2	10.2
Sales of ready-mix concrete	million m^3	3.1	2.8	12.0	12.0
Net sales	million CHF	2'130	2'390	-10.9	-5.7
Operating EBITDA	million CHF	574	767	-25.1	-21.3
Operating EBITDA adjusted[1]	million CHF	584	780	-25.1	-21.3
Operating EBITDA margin	%	27.0	32.1		
Operating EBITDA margin adjusted[1]	%	27.4	32.6		
Cash flow from operating activities	million CHF	352	452	-22.2	-20.5

1 Excluding merger, restructuring and other one-offs

North America

LafargeHolcim posted earnings growth in North America in Q2 driven by pricing combined with synergy benefits. Adjusted Operating EBITDA on a like-for-like basis for Q2 was up 6.6%. The quarter saw a normalization of demand patterns after strong growth in Q1 helped by favorable weather conditions versus the prior year. This is reflected in the year-to-date performance for North America which delivered a 14.8% increase in Adjusted Operating EBITDA on a like-for-like basis.

In the US, increased confidence continued to fuel demand in the construction market, particularly in the residential and non-residential sectors. Aggregate and cement volumes for LafargeHolcim increased during the quarter though ready-mix concrete volumes declined. Eastern Canada was slightly ahead for the quarter on Adjusted Operating EBITDA. Despite demand growth in British Columbia, Western Canada continued to feel the effects of lower investments as a result of the oil-price driven economic downturn in Alberta and Saskatchewan and the North Dakota export market. The fires in Fort McMurray, which is home to many oil sand companies, also had an impact on demand.

North America – Pro Forma information

		Apr–Jun 2016	Apr–Jun 2015	±%	±% like-for-like
Sales of cement	million t	5.3	6.1	-12.8	-0.4
Sales of aggregates	million t	32.3	31.3	3.3	3.3
Sales of ready-mix concrete	million m^3	2.4	2.5	-6.0	-6.0
Net sales	million CHF	1'538	1'512	1.7	0.7
Operating EBITDA	million CHF	390	357	9.3	7.8
Operating EBITDA adjusted[1]	million CHF	393	364	8.0	6.6
Operating EBITDA margin	%	25.4	23.6		
Operating EBITDA margin adjusted[1]	%	25.6	24.1		
Cash flow from operating activities	million CHF	52	-42	223.6	215.2

1 Excluding merger, restructuring and other one-offs

North America – Pro Forma information

		Jan–Jun 2016	Jan–Jun 2015	±%	±% like-for-like
Sales of cement	million t	8.8	9.0	-2.7	5.8
Sales of aggregates	million t	46.0	45.8	0.3	0.3
Sales of ready-mix concrete	million m^3	3.9	4.0	-1.9	-1.5
Net sales	million CHF	2'404	2'287	5.1	3.9
Operating EBITDA	million CHF	390	332	17.5	15.1
Operating EBITDA adjusted[1]	million CHF	396	338	17.1	14.8
Operating EBITDA margin	%	16.2	14.5		
Operating EBITDA margin adjusted[1]	%	16.5	14.8		
Cash flow from operating activities	million CHF	-183	-256	28.7	31.6

1 Excluding merger, restructuring and other one-offs

Divestments and capital allocation

Following the signature of recent agreements to divest assets in India, Sri Lanka, China and Vietnam, we have now secured more than our original objective of CHF 3.5 billion for 2016. Net of tax, the proceeds of the deals announced since the beginning of the year will result in a total net debt reduction of around CHF 3.5 billion. These proceeds will contribute to the achievement of our target to reduce net debt to around CHF 13 billion by the end of 2016.

Following the successful execution of our divestment program to date, we are extending the program to CHF 5 billion. We expect to complete the remainder of this (CHF 1.5 billion) by the end of 2017.

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 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 improved by 26% compared with half year 2015 benefiting from a tight control of Capex. Change in working capital in the first half resulted in a cash outflow mainly due to the seasonality in the Northern hemisphere.

Net debt stands at CHF 18.1 billion (CHF 17.3 billion in Q4 2015) reflecting the dividend payout of CHF 900 million in May and a tight Capex maintained at CHF 800 million partially offset by the divestment of South Korea of CHF 400 million.

As a result of our liability management transactions and refinancing activities in the first half of 2016, the average debt maturity has increased from 4.2 years at the end of 2015 to 4.9 years at the end of Q2. In addition, the average cost of debt has been further reduced to 4.7% at the end of June compared to 5.1% at the end of December 2015.

Merger, restructuring and other one-offs

Total one-off costs amounted to CHF 176 million in the first half and included CHF 116 million of implementation costs related to synergies.

Financial expenses

Net financial expenses of CHF 424 million are CHF 245 million below the pro forma half year 2015 results reflecting lower debt level, synergy benefits arising from the merger and lower levels of net financial debt in 2016 as well as negative foreign exchange results in 2015 notably related to the Brazilian Real.

Tax

Tax for the first half of 2016 is mainly impacted by the non-recognition of tax losses notably in Brazil, China and Nigeria and the tax effect of the divestment of South Korea. The full year effective tax rate is expected to be approximately 32% before the tax impact of divestments.

Net income

Net income of CHF 452 million, up CHF 318 million compared with pro forma half-year 2015 results. This improvement includes a contribution from lower merger, restructuring and other one-off items and lower impairment charges partly offset by the profit on disposal of Siam City Cement in 2015 and various purchase price accounting adjustments. Excluding these items net income increased by CHF 92 million.

Definition of Non-GAAP Measures used in this release

Measures	Definition
Pro forma information	The Pro Forma Financial Information for the period ended June 30, 2015 reflects the merger of Holcim and Lafarge as if the Merger had occurred on January 1, 2015. The Pro Forma Financial Information is derived from: – the unaudited financial information of Holcim for the period ended June 30, 2015; – Lafarge interim financial information for the six month period ended June 30, 2015 translated into Swiss Francs; and The Pro Forma Financial Information also reflects the following effects: – the impacts of the fair value adjustments for the six month period ended June 30, 2015. They mainly relate to long-term financial debt and depreciation and amortization of property, plant and equipment; – the change of scope resulting from the Merger (mainly the full consolidation of operations in China and Nigeria); and – the divestments carried out as part of a rebalancing of the Group global portfolio and completed in the second semester of 2015 mainly to CRH for operations in Europe, North America, Brazil and the Philippines.
Like-for-like	Like-for-like, i.e. factoring out changes in the scope of consolidation occurring in 2016 (such as South Korea divestment occurring end of April 2016) and currency translation effects (2016 figures are converted with 2015 exchange rates in order to calculate the currency effects). The changes in scope in connection with the merger with Lafarge were already taken into account in the Pro Forma information.
Operating EBITDA	Operating profit minus depreciation, amortization and impairment of operating assets
Operating EBITDA adjusted	Operating EBITDA excluding merger, restructuring and other one-offs
Operating EBITDA margin adjusted	Operating EBITDA margin excluding merger, restructuring and other one-offs
Merger, restructuring and other one-offs	Costs directly related to the merger such as legal, banking fees and advisory costs related to the merger, employee costs related to redundancy plans directly related to the merger. Restructuring costs and other non-recurring costs such as employee costs related to other redundancy plans.
Free cash flow	+/- Cash flow from operating activities +/- Cash flow from investing activities +/- Movements of treasury shares +/- De(in)crease in participation in existing Group companies
Operating Free cash flow	+/- Cash flow from operating activities - Net maintenance and expansion Capex
Net Maintenance and expansion Capex	Expenditure to increase existing or create additional capacity to produce, distribute or provide services for existing products (expansion) or to diversify into new products or markets (diversification) + Expenditure to sustain the functional capacity of a particular component, assembly, equipment, production line or the whole plant, which may or may not generate a change of the resulting cash flow - Proceeds from sale of PPE (Property, Plant and Equipment)
Capex	Purchase of property, plant and equipment + Acquisition of participation in Group companies + Purchase of financial assets, intangible and other assets + Increase in participation in existing Group companies - Capitalized merger and implementation costs
Capitalized merger and implementation costs	Capitalized costs directly related to the merger
Net debt	Financial liabilities (long-term & short-term) including derivative liabilities - Cash and cash equivalents - Derivative assets

This set of definitions can be found on our website: please follow the link

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

Million CHF	January–June 2016	January–June 2015
Operating profit	**1 214**	**827**
Depreciation, amortization and impairment of operating assets	1 138	644
Operating EBITDA	**2 353**	**1 471**
Pro Forma Adjustments (Lafarge H1 2015, Scope effect & Divestments)		875
Operating EBITDA Pro forma	**2 353**	**2 346**
Merger, restructuring and other one offs	(176)	371
Operating EBITDA Pro forma adjusted	**2 529**	**2 717**

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

Million CHF	January–June 2016	January–June 2015
Cash flow from operating activities	**261**	**220**
Purchase of property, plant and equipment	(850)	(614)
Disposal of property, plant and equipment	51	38
Operating Free Cash flow	**(539)**	**(356)**
Pro Forma Adjustments (Lafarge H1 2015, Scope effect & Divestments)		(369)
Operating Free Cash Flow Pro forma	**(539)**	**(726)**

For the purpose of the proposed merger, the 2014 pro forma information that was included in the Registration Document registered on May 11, 2015 reflected only the effect of the merger Lafarge/Holcim and its direct consequences (notably the divestments to CRH) as known at that time. Now with the merger completed, the pro forma financial information included in this report's Shareholders' Letter, in addition to the merger and the latest changes in the scope of the divestments achieved in the context of the merger Lafarge/Holcim, also reflects the impact of the reclassification of merger related and restructuring costs, the deconsolidation of the Australian business operated under a joint-venture and the effect of the divestments achieved over the course of 2014 and 2015 initiated or completed by Lafarge. These figures do not take into consideration any purchase price accounting impact on operating EBITDA which will mainly come from inventory valuation.

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Additional information

The analyst presentation of the results and the Interim Report on the first half 2016 are available on the website of LafargeHolcim at www.lafargeholcim.com

The financial statements based on IFRS can be found at:
http://reports.lafargeholcim.com/2016/ir2

Practical information

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About LafargeHolcim

With a well-balanced presence in 90 countries and a focus on Cement, Aggregates and Concrete, LafargeHolcim (SIX Swiss Exchange, Euronext Paris: LHN) is the world leader in the building materials industry. The Group has 100,000 employees around the world and combined net sales of CHF 29.5 billion in 2015. LafargeHolcim is the industry benchmark in R&D and serves from the individual homebuilder to the largest and most complex project with the widest range of value-adding products, innovative services and comprehensive building solutions. With a commitment to drive sustainable solutions for better building and infrastructure and to contribute to a higher quality of life, the Group is best positioned to meet the challenges of increasing urbanization.

More information is available on www.lafargeholcim.com

Important disclaimer - forward-looking statements:

This document contains forward-looking statements. Such forward-looking statements do not constitute forecasts regarding results or any other performance indicator, but rather trends or targets, as the case may be, including with respect to plans, initiatives, events, products, solutions and services, their development and potential. Although LafargeHolcim believes that the expectations reflected in such forward-looking statements are based on reasonable assumptions as at the time of publishing this document, investors are cautioned that these statements are not guarantees of future performance. Actual results may differ materially from the forward-looking statements as a result of a number of risks and uncertainties, many of which are difficult to predict and generally beyond the control of LafargeHolcim, including but not limited to the risks described in the LafargeHolcim's annual report available on its Internet website (www.lafargeholcim.com) and uncertainties related to the market conditions and the implementation of our plans. Accordingly, we caution you against relying on forward looking statements. LafargeHolcim does not undertake to provide updates of these forward-looking statements.

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