Media Release

Zurich, November 4, 2016

LafargeHolcim

Sustained earnings growth in third quarter

- **Strong earnings growth momentum sustained in Q3 driven by pricing strategy, synergies and disciplined cost management**
- **Adjusted Operating EBITDA up 10.5% like-for-like in Q3**
- **Margins continue to improve; up 290 bps in Q3 versus prior year**
- **Net sales of CHF 7 billion in Q3, 3.1% lower on a like-for-like basis**
- **Operating Free Cash Flow in Q3 improved by CHF 826 million versus prior year**
- **Net income CHF 1.1 billion in Q3**
- **Full year incremental synergies target of CHF 450 million achieved at the end of Q3; at least CHF 550 million of synergies expected to be delivered for 2016**
- **Net debt CHF 16.5 billion at end of Q3 compared to 18.3 billion for Q3 2015**
- **On track to achieve full year targets and 2018 objectives**

2016 Q3

in million CHF	Q3 2016	Q3 2015	±%	±% like-for-like
Net sales	7,036	7,824	-10.1	-3.1
Operating EBITDA	1,594	1,309	21.8	32.9
Operating EBITDA adjusted[1]	1,685	1,645	2.4	10.5
Operating EBITDA margin adjusted[1] **[%]**	23.9	21.0		
Recurring net income[2]	740	366	101.9	
Operating Free Cash Flow[3]	856	30	n/m	n/m

2016 9M

in million CHF	YTD 2016	YTD 2015	±%	±% like-for-like
Net sales	20,378	22,041	-7.5	-1.8
Operating EBITDA	3,947	3,655	8.0	14.5
Operating EBITDA adjusted[1]	4,214	4,356	-3.3	2.0
Operating EBITDA margin adjusted[1] **[%]**	20.7	19.8		
Recurring net income[2]	1,397	786	77.7	
Operating Free Cash Flow[3]	317	-697	n/m	n/m

1 Operating EBITDA adjusted for merger, restructuring and other one-offs
2 Refer to reconciliation table on page 17 of press release
3 Cash flow from operating activities less net maintenance and expansion capex

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Eric Olsen, CEO of LafargeHolcim said: “With these results, we are demonstrating that our focus on pricing, synergies and cash flow is delivering results. Our earnings momentum is accelerating and we are on track to achieve our commitments for 2016, resulting in a year of solid progress towards our 2018 objectives.

“These results demonstrate the strength of our balanced portfolio with solid contributions from both mature and emerging countries across our regions. As we anticipated, challenging conditions in Nigeria continued to impact our earnings, but we started to see the positive effects of higher prices and of our actions to diversify our fuel mix towards the end of the quarter.

“Beyond the benefits from the divestment program, we continue to focus on reducing net debt and driving strong cash flow generation.”

2016 Outlook

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

We expect demand in our markets to grow at between 1-3% for the full year. Our pricing recovery actions, commercial excellence initiatives and a continuing focus on growth will demonstrate tangible results in 2016.

Based on the trends we see, our full year expectations remain unchanged, except for synergies where we now expect to deliver at least CHF 550 million of incremental synergies in 2016.

For 2016 we therefore expect:

- Capex to be below CHF 2 billion
- Incremental synergies of at least CHF 550 million of adjusted operating EBITDA
- 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. Target extended to CHF 5 billion by end of 2017
- 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. We confirm our commitment to the 2018 targets announced in November 2015 and will provide an update at our Capital Markets Day presentation in London on 18 November 2016.

Group performance

Solid growth in the third quarter came from both emerging and mature markets with several countries delivering increased Adjusted Operating EBITDA. The Philippines, the US, Mexico, Argentina, Egypt and Algeria were among the significant contributors as cost discipline, synergies and widespread implementation of our pricing strategy continued to drive positive results. China showed further signs of the recovery seen in the second quarter while India grew Adjusted Operating EBITDA despite the slowing effect of a longer and more intense monsoon season compared to last year, which bodes well for coming quarters.

A few markets continue to be challenging. The economy in Brazil remains difficult for the construction sector while Indonesia and Malaysia were affected by market overcapacity and tough competitive environments. Decisive steps have been taken to reduce costs in Brazil while in Indonesia and Malaysia actions to improve competitiveness and performance are being implemented. Measures to increase fuel flexibility in Nigeria following disruptions to gas supplies in the first half, combined with actions to reduce costs, are beginning to have a beneficial effect. However, Nigeria again had a significant impact on Group earnings in the quarter; excluding Nigeria, growth in Adjusted Operating EBITDA for the Group would have been 15%.

Globally, cement sales volumes in Q3 reduced by 4% year-on-year on a like-for-like basis. Notably, this was impacted by short term declines in Nigeria, as a result of gas supply interruptions, and India, affected by the extended monsoon period. Excluding Nigeria and India, volumes were down 2% on the back of lower demand in the US, non-recurring volume gains in Mexico in the prior year and continuing challenging conditions in Brazil and Indonesia.

Cement prices were slightly higher on a sequential basis in the third quarter and were up for Q3 at constant exchange rates compared to the same period last year.

Synergies contributed CHF 183 million in Q3. As a result, at the end of the third quarter the 2016 synergies target of CHF 450 million had been achieved. The Group now expects to deliver full year incremental synergies of at least CHF 550 million.

Adjusted Operating EBITDA was CHF 1.69 billion for the quarter, a year-on-year improvement of 10.5% on a like-for-like basis. Margins showed the benefits of synergies, reduced costs and increased prices; Adjusted Operating EBITDA margin rose to 23.9% in Q3, a 290 basis points increase on the figure for the prior year period.

On a like-for-like basis, Operating Free Cash Flow improved by CHF 1 billion year-on-year. It stands at CHF 317 million after nine months, impacted by the traditional seasonality of our working capital. The closing of divestments in Sri Lanka and Saudi

Arabia and the deconsolidation of Morocco and Ivory Coast contributed CHF 795 million in cash proceeds in Q3.

Net debt stood at CHF 16.5 billion, down from CHF 17.3 billion at the end of the fourth quarter 2015.

Group – Pro Forma information

		Q3 2016	Q3 2015	±%	±% like-for-like
Sales of cement	million t	57.9	65.5	-11.6	-4.2
Sales of aggregates	million t	83.4	86.8	-3.9	-2.8
Sales of ready-mix concrete	million m^3	14.4	15.3	-5.9	-5.5
Net sales	million CHF	7,036	7,824	-10.1	-3.1
Operating EBITDA	million CHF	1,594	1,309	21.8	32.9
Operating EBITDA adjusted[1]	million CHF	1,685	1,645	2.4	10.5
Operating EBITDA margin	%	22.7	16.7		
Operating EBITDA margin adjusted[1]	%	23.9	21.0		
Cash flow from operating activities	million CHF	1,255	608		
Operating Free Cash Flow[2]	million CHF	856	30		

1 Excluding merger, restructuring and other one-offs

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

Group – Pro Forma information

		YTD 2016	YTD 2015	±%	±% like-for-like
Sales of cement	million t	177.2	189.4	-6.4	-1.5
Sales of aggregates	million t	213.6	216.3	-1.3	0.2
Sales of ready-mix concrete	million m^3	41.9	42.6	-1.5	-1.4
Net sales	million CHF	20,378	22,041	-7.5	-1.8
Operating EBITDA	million CHF	3,947	3,655	8.0	14.5
Operating EBITDA adjusted[1]	million CHF	4,214	4,356	-3.3	2.0
Operating EBITDA margin	%	19.4	16.6		
Operating EBITDA margin adjusted[1]	%	20.7	19.8		
Cash flow from operating activities	million CHF	1,516	990		
Operating Free Cash Flow[2]	million CHF	317	-697		

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 Highlights

Asia Pacific

LafargeHolcim's Asia Pacific region delivered a solid improvement in margins in Q3 and a 6.7% growth in Adjusted Operating EBITDA on a like-for-like basis.

Volumes increased in a number of markets including the Philippines, China and Vietnam. China, which delivered improved Adjusted Operating EBITDA growth, continued to benefit from our segmented market strategy in key regions. Costs were also lower as the business benefited from favorable energy price trends, optimizing raw material consumption and more effective procurement management.

In the Philippines, like-for-like Adjusted Operating EBITDA growth was supported by cost discipline and improved pricing in a market that is enjoying healthy demand in housing and infrastructure.

India continued the turnaround in business performance, though a more intense and extended monsoon season, which is positive for demand going forward, had a softening effect on volumes in Q3. More widely, good cost performance, combined with our focus on price and margin improvement had a positive effect on like-for-like Adjusted Operating EBITDA growth.

Australia saw lower aggregate volumes and reduced Adjusted Operating EBITDA following the completion earlier this year of the construction phase of the Gorgon gas project in Western Australia. Indonesia and Malaysia were affected by overcapacity and a difficult competitive environment. LafargeHolcim is taking specific measures in both countries to improve competitiveness and performance in light of challenging market conditions.

Asia Pacific – Pro Forma information

		Q3 2016	Q3 2015	±%	±% like-for-like
Sales of cement	million t	25.8	29.5	-12.7	-4.9
Sales of aggregates	million t	7.8	9.5	-17.5	-9.4
Sales of ready-mix concrete	million m^3	3.9	4.1	-6.0	-6.0
Net sales	million CHF	1,894	2,136	-11.3	-5.9
Operating EBITDA	million CHF	323	345	-6.2	3.6
Operating EBITDA adjusted[1]	million CHF	338	350	-3.4	6.7
Operating EBITDA margin	%	17.1	16.1		
Operating EBITDA margin adjusted[1]	%	17.8	16.4		
Cash flow from operating activities	million CHF	152	204	-25.6	-19.9
Operating Free Cash Flow[2]	million CHF	73	70	4.7	22.7

1 Excluding merger, restructuring and other one-offs

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

Asia Pacific – Pro Forma information

		YTD 2016	YTD 2015	±%	±% like-for-like
Sales of cement	million t	86.4	90.1	-4.1	0.3
Sales of aggregates	million t	23.8	25.4	-6.4	6.3
Sales of ready-mix concrete	million m^3	11.9	11.9	0.4	0.4
Net sales	million CHF	6,236	6,685	-6.7	-1.5
Operating EBITDA	million CHF	1,083	1,129	-4.1	2.5
Operating EBITDA adjusted[1]	million CHF	1,120	1,165	-3.9	2.6
Operating EBITDA margin	%	17.4	16.9		
Operating EBITDA margin adjusted[1]	%	18.0	17.4		
Cash flow from operating activities	million CHF	571	562	1.4	10.7
Operating Free Cash Flow[2]	million CHF	327	169	93.8	135.8

1 Excluding merger, restructuring and other one-offs

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

Europe

Disciplined cost management and continued delivery of synergies helped drive strong margin improvement and a 16.3% rise in Adjusted Operating EBITDA on a like-for-like basis despite a slight fall in net sales.

Most countries reported resilient performance with the positive effects of favorable weather in September visible in improved overall cement and aggregate volumes.

France experienced flat volumes in what remains a stable market. The UK contributed to growth in Adjusted Operating EBITDA helped by disciplined cost management.

Russia, which has suffered from low oil and gas prices, showed some signs of stabilisation in the quarter with a better than expected upturn in activity and pricing during the important summer construction period.

Belgium returned solid Adjusted Operating EBITDA on the back of a positive product mix effect in aggregates. Switzerland delivered an increase in Adjusted Operating EBITDA through decisive cost reduction actions while growing volumes.

Romania and Poland experienced tougher conditions in Q3, negatively affecting year-on-year growth in earnings. Both countries were impacted by delayed infrastructure projects financed from European Union funds. Spain showed little sign of improvement in Q3 as political uncertainty continued to depress levels of investment and the overall economy.

Europe – Pro Forma information

		Q3 2016	Q3 2015	±%	±% like-for-like
Sales of cement	million t	12.0	12.1	-0.8	-0.8
Sales of aggregates	million t	34.3	33.4	2.8	2.8
Sales of ready-mix concrete	million m^3	4.8	4.9	-3.4	-3.4
Net sales	million CHF	1,890	1,999	-5.5	-1.6
Operating EBITDA	million CHF	400	360	11.2	16.3
Operating EBITDA adjusted[1]	million CHF	418	376	11.3	16.3
Operating EBITDA margin	%	21.2	18.0		
Operating EBITDA margin adjusted[1]	%	22.1	18.8		
Cash flow from operating activities	million CHF	431	238	80.8	85.3
Operating Free Cash Flow[2]	million CHF	371	151	146.2	152.4

1 Excluding merger, restructuring and other one-offs

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

Europe – Pro Forma information

		YTD 2016	YTD 2015	±%	±% like-for-like
Sales of cement	million t	31.6	32.2	-2.0	-2.0
Sales of aggregates	million t	93.3	92.1	1.4	1.4
Sales of ready-mix concrete	million m^3	13.8	14.0	-1.6	-1.6
Net sales	million CHF	5,355	5,573	-3.9	-2.7
Operating EBITDA	million CHF	945	863	9.5	11.5
Operating EBITDA adjusted[1]	million CHF	993	960	3.4	5.2
Operating EBITDA margin	%	17.6	15.5		
Operating EBITDA margin adjusted[1]	%	18.5	17.2		
Cash flow from operating activities	million CHF	632	275	129.7	133.1
Operating Free Cash Flow[2]	million CHF	465	47	889.0	918.0

1 Excluding merger, restructuring and other one-offs

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

Latin America

Adjusted Operating EBITDA in the Latin America region benefited from continued margin expansion, which grew by 420 basis points in the quarter despite the significant slowdown experienced in Brazil. Adjusted Operating EBITDA improved 7.5% on a like-for-like basis in Q3 with pricing and cost measures more than offsetting reduced volumes.

Mexico again saw robust improvement in earnings, boosted by the effect of the rollout of a segmented customer strategy and favorable pricing. Consolidation of offices is also helping to reduce costs. Volumes were lower than in Q3 2015, in part due to non-recurring gains in the prior year.

Argentina, El Salvador and Ecuador also made positive contributions to year-on-year Adjusted Operating EBITDA growth. Performance in Argentina was helped by reduced industrial costs, the delivery of synergies and price increases. In Ecuador, which continues to see the impact of low oil prices and the after effects of April's earthquake, the company continued to reduce costs and benefited from higher volumes for ready-mix concrete products, driven by new metro and tramway infrastructure projects.

Colombia was negatively impacted in Q3 by a national transport strike that disrupted logistics across the industry for several weeks. Costa Rica was adversely affected by increased foreign imports.

Brazil again had a negative impact on the region with challenging conditions depressing economic activity across the country. As in previous quarters, reduced volumes and downward pricing pressure contributed to a decline in Q3 Adjusted Operating EBITDA. This impact was partly mitigated by decisive cost reduction actions.

Latin America – Pro Forma information

		Q3 2016	Q3 2015	±%	±% like-for-like
Sales of cement	million t	6.3	7.4	-15.2	-15.2
Sales of aggregates	million t	1.6	2.1	-24.0	-24.0
Sales of ready-mix concrete	million m^3	1.6	1.9	-13.0	-13.0
Net sales	million CHF	716	842	-14.9	-7.4
Operating EBITDA	million CHF	215	233	-8.0	1.9
Operating EBITDA adjusted[1]	million CHF	234	240	-2.4	7.5
Operating EBITDA margin	%	30.0	27.7		
Operating EBITDA margin adjusted[1]	%	32.7	28.5		
Cash flow from operating activities	million CHF	120	100	20.7	37.9
Operating Free Cash Flow[2]	million CHF	92	50	86.0	122.3

1 Excluding merger, restructuring and other one-offs

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

Latin America – Pro Forma information

		YTD 2016	YTD 2015	±%	±% like-for-like
Sales of cement	million t	18.1	21.0	-13.9	-13.9
Sales of aggregates	million t	4.9	5.8	-15.6	-15.6
Sales of ready-mix concrete	million m^3	5.0	5.5	-8.9	-8.9
Net sales	million CHF	2,083	2,458	-15.3	-4.7
Operating EBITDA	million CHF	625	679	-8.0	0.9
Operating EBITDA adjusted[1]	million CHF	655	691	-5.2	4.0
Operating EBITDA margin	%	30.0	27.6		
Operating EBITDA margin adjusted[1]	%	31.5	28.1		
Cash flow from operating activities	million CHF	142	202	-29.7	-34.0
Operating Free Cash Flow[2]	million CHF	69	-22	418.2	332.7

1 Excluding merger, restructuring and other one-offs

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

Middle East Africa

During Q3, Adjusted Operating EBITDA in the Middle East Africa region continued to be negatively impacted by challenging conditions in Nigeria. Adjusted Operating EBITDA on a like-for-like basis was down 5.1% on slightly increased net sales. For the region, Adjusted Operating EBITDA would have been up by 28% on a like-for-like basis in Q3 without the effect of Nigeria.

Countries across the Middle East, North Africa and sub-Saharan Africa made positive earnings contributions with Algeria, Egypt, Iraq, Lebanon and Uganda all adding to Adjusted Operating EBITDA growth.

Algeria saw volumes hold up well through the Eid festival period with social housing and infrastructure projects continuing to be drivers of demand. Earnings in Egypt were buoyed by a supportive market, good contracts and the effective implementation of the company’s pricing strategy. In Iraq, more favorable market conditions helped to drive improved performance compared to last year.

For a second quarter, Nigeria had a negative impact on Adjusted Operating EBITDA. Conditions continue to be difficult though pricing has improved, especially during September. Measures to increase fuel flexibility following gas supply interruptions earlier in the year enabled production levels to recover at the end of the quarter. Plans are now in place to address logistical problems with the objective to ensure full supply levels to customers.

Middle East Africa – Pro Forma information

		Q3 2016	Q3 2015	±%	±% like-for-like
Sales of cement	million t	9.5	10.4	-8.3	2.8
Sales of aggregates	million t	2.9	3.0	-3.1	1.5
Sales of ready-mix concrete	million m^3	1.4	1.3	7.2	12.3
Net sales	million CHF	882	1,065	-17.2	1.4
Operating EBITDA	million CHF	232	298	-22.3	-4.5
Operating EBITDA adjusted[1]	million CHF	240	309	-22.6	-5.1
Operating EBITDA margin	%	26.3	28.0		
Operating EBITDA margin adjusted[1]	%	27.2	29.1		
Cash flow from operating activities	million CHF	163	190	-14.6	0.9
Operating Free Cash Flow[2]	million CHF	85	41	106.3	257.6

1 Excluding merger, restructuring and other one-offs

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

Middle East Africa – Pro Forma information

		YTD 2016	YTD 2015	±%	±% like-for-like
Sales of cement	million t	31.2	32.0	-2.5	1.0
Sales of aggregates	million t	8.9	8.5	5.4	7.2
Sales of ready-mix concrete	million m^3	4.6	4.1	10.4	12.1
Net sales	million CHF	3,012	3,455	-12.8	-3.7
Operating EBITDA	million CHF	808	1,065	-24.2	-16.9
Operating EBITDA adjusted[1]	million CHF	826	1,090	-24.2	-17.0
Operating EBITDA margin	%	26.8	30.8		
Operating EBITDA margin adjusted[1]	%	27.4	31.5		
Cash flow from operating activities	million CHF	518	643	-19.3	-14.1
Operating Free Cash Flow[2]	million CHF	251	251	0.1	1.6

1 Excluding merger, restructuring and other one-offs

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

North America

In the third quarter, the North America region delivered a 450 basis point improvement in margins (Adjusted Operating EBITDA margin) through successful implementation of pricing strategy, synergies and cost reduction measures. Adjusted Operating EBITDA on a like-for-like basis for Q3 was up 9.2% despite softened demand.

The US reported a strong performance despite lower cement volumes impacted by delays to infrastructure projects and the effect of unfavorable weather conditions for construction. Ongoing cost measures had a positive effect on margins and Adjusted Operating EBITDA. In addition to the beneficial impact of lower energy prices, which persisted into the quarter, the US succeeded in accelerating the capture of synergies and cost savings in areas such as distribution and plant networks.

Adjusted Operating EBITDA on a like-for-like basis was down for both Eastern and Western Canada in the quarter. Western Canada continued to be negatively affected by lower investment activity as a result of the ongoing oil price-driven economic downturn in Alberta and Saskatchewan.

North America – Pro Forma information

		Q3 2016	Q3 2015	±%	±% like-for-like
Sales of cement	million t	6.0	7.0	-14.6	-6.0
Sales of aggregates	million t	36.7	38.8	-5.3	-5.3
Sales of ready-mix concrete	million m^3	2.6	3.0	-11.4	-11.4
Net sales	million CHF	1,801	1,892	-4.8	-6.0
Operating EBITDA	million CHF	565	507	11.5	10.1
Operating EBITDA adjusted[1]	million CHF	574	519	10.6	9.2
Operating EBITDA margin	%	31.4	26.8		
Operating EBITDA margin adjusted[1]	%	31.9	27.4		
Cash flow from operating activities	million CHF	354	353	0.3	-1.5
Operating Free Cash Flow[2]	million CHF	200	209	-4.1	-5.7

1 Excluding merger, restructuring and other one-offs

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

North America – Pro Forma information

		YTD 2016	YTD 2015	±%	±% like-for-like
Sales of cement	million t	14.7	16.0	-7.9	0.9
Sales of aggregates	million t	82.7	84.6	-2.3	-2.3
Sales of ready-mix concrete	million m^3	6.6	7.0	-5.9	-5.7
Net sales	million CHF	4,204	4,179	0.6	-0.6
Operating EBITDA	million CHF	955	839	13.9	12.0
Operating EBITDA adjusted[1]	million CHF	970	857	13.2	11.4
Operating EBITDA margin	%	22.7	20.1		
Operating EBITDA margin adjusted[1]	%	23.1	20.5		
Cash flow from operating activities	million CHF	171	97	76.6	82.3
Operating Free Cash Flow[2]	million CHF	-269	-305	11.8	13.6

1 Excluding merger, restructuring and other one-offs

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

Divestments and capital allocation

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 expected in 2016. These proceeds, which we expect to have received by the end of the year, will contribute to the achievement of our target to reduce net debt to around CHF 13 billion by the end of 2016.

Following the extension of the program to CHF 5 billion, we expect to complete the remainder 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.

Capital expenditure for Q3 was CHF 399 million of which CHF 110 million was expansion capex. This year, 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.

Cash flow & net financial debt

Operating free cash flow year-to-date improved by CHF 1.0 billion compared with nine months 2015 benefiting from a tight control of Capex and working capital, lower financial expenses paid and income tax paid. Change in working capital in the nine months resulted in a cash outflow mainly due to the seasonality in the northern hemisphere.

Net debt stands at CHF 16.5 billion (CHF 17.3 billion in Q4 2015). This reflects the deconsolidation of Morocco and Ivory Coast in Q3, the divestments in Sri Lanka and Saudi Arabia in Q3 and the divestment of South Korea in Q2 for a total amount of CHF 1.4 billion as well as the improvement in the operating free cash flow benefiting from Capex maintained at CHF 1.2 billion. The dividend of CHF 909 million was paid out in May.

As a result of our liability management transactions and refinancing activities in the first three quarters of 2016, the average debt maturity has increased from 4.2 years at the end of 2015 to 5.6 years at the end of Q3 2016. Finance synergies are well on track and supported a reduction in the cost of debt from 5.4% post-merger to 4.8% at the end of the quarter.

Merger, restructuring and other one-offs
Total one-off costs amounted to CHF 267 million for the nine months 2016 and included CHF 174 million of implementation costs related to synergies.

Financial expenses
Net financial expenses of CHF 607 million are CHF 383 million below the pro forma nine 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 operations, of which CHF 22 million occurred in Q3.

Tax
Tax for the nine months 2016 is mainly impacted by the non-recognition of tax losses notably in Brazil and Nigeria partially offset by the tax effect of the divestments. Our underlying normative tax rate stands at around 29%.

Net income
Net income Group share of CHF 1.34 billion is up CHF 704 million compared with pro forma nine months 2015 results. The improvement in net income includes a contribution from lower merger and restructuring costs and gains on disposals, partly offset by the impact in 2015 of the one-off re-evaluation gains on the previously held equity interest of Lafarge Cement Egypt and of Unicem Nigeria.

Viewed on a recurring basis, net income Group share for the first nine months was CHF 1.18 billion, up CHF 627 million compared with pro forma nine months 2015. In the third quarter, recurring net income Group share was CHF 680 million, up CHF 387 million on the prior year period.

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

Million CHF	Q3 2016	Q3 2015	YTD 2016	YTD 2015
Operating profit	**1 060**	**550**	**2 274**	**1 377**
Depreciation, amortization and impairment of operating assets	534	650	1 673	1 294
Operating EBITDA	**1 594**	**1 200**	**3 947**	**2 671**
Pro Forma Adjustments (Lafarge H1 2015, Scope effect & Divestments)		110		984
Operating EBITDA Pro forma	**1 594**	**1 310**	**3 947**	**3 655**
Merger, restructuring and other one offs	(91)	335	(267)	701
Operating EBITDA Pro forma adjusted	**1 685**	**1 645**	**4 214**	**4 356**

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

Million CHF	Q3 2016	Q3 2015	YTD 2016	YTD 2015
Net income	**1 103**	**812**	**1 555**	**1 502**
Pro Forma Adjustments (Lafarge H1 2015, Scope effect & Divestments)		8		(549)
Net income Pro forma	**1 103**	**820**	**1 555**	**953**
Merger related one off costs	35	220	138	414
Gains on disposals	(420)	(674)	(386)	(581)
Early repayment premiums	22		90	
Recurring Net income	**740**	**366**	**1 397**	**786**
of which Recurring Net income Group share	**680**	**293**	**1 177**	**550**

Adjustments disclosed net of taxation

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

Million CHF	Q3 2016	Q3 2015	YTD 2016	YTD 2015
Cash flow from operating activities	**1 255**	**711**	**1 516**	**931**
Purchase of property, plant and equipment	(429)	(611)	(1 279)	(1 225)
Disposal of property, plant and equipment	30	36	80	75
Operating Free Cash flow	**856**	**136**	**317**	**(219)**
Pro Forma Adjustments (Lafarge H1 2015, Scope effect & Divestments)		(106)		(478)
Operating Free Cash flow Pro forma	**856**	**30**	**317**	**(697)**

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.

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.*

Additional information

The analyst presentation of the results and the Interim Report on Q3 2016 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.

We will be holding a Capital Markets Day on 18 November 2016 in London. Details are on the Group web site.

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Analyst Call: 11.00am CET
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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.