



2018 Capital Markets Day Delivering Strategy 2022 – Building For Growth

Jan Jenisch, CEO

Birmingham, November 28, 2018



2018 Capital Markets Day

Delivering Strategy 2022

Agenda	Speakers
09:45 The Bardon Hill quarry <ul style="list-style-type: none">• Introduction to LafargeHolcim's UK business• Site visit	Francois Pétry / John Bowater
13:00 Lunch, The Belfry Hotel (Birmingham)	
13:45 Delivering Strategy 2022 – Building For Growth	Jan Jenisch, CEO
14:30 Break out sessions <ul style="list-style-type: none">• Shifting Gears to Growth• Close the Gap to best-in-class Performance• Simplification & Performance• Financial Strength• Vision & People• The Future Today – Digital Transformation	Miljan Gutovic / Jamie Gentoso Jan Hofmann / Neeraj Akhoury Marcel Cobuz / Marta Vlatchkova Géraldine Picaud / Eliana Nieto Feliciano Gonzalez / Magali Anderson Philipp Leutiger / Arnoud Volker / Frank Ernst
17:00 Q&A	Jan Jenisch, CEO
18:15 Departure from hotel	
19:00 Hampton Manor Apéro & Drinks Closing Dinner	

2018 Capital Markets Day

Break out sessions

Agenda

Speakers

Shifting Gears to Growth

Miljan Gutovic, Head Region Middle East Africa
Jamie Gentoso, Head US Cement

Close the Gap to best-in-class Performance

Jan Hofmann, Head Aggregates
Neeraj Akhoury, CEO ACC India

Simplification & Performance

Marcel Cobuz, Head Region Europe
Marta Vlatchkova, Head Corporate Controlling

Financial Strength

Géraldine Picaud, Group CFO
Eliana Nieto, CFO Holcim Ecuador

Vision & People

Feliciano Gonzalez, Head Corporate HR
Magali Anderson, Head Health & Safety

The Future Today – Digital Transformation

Philipp Leutiger, Chief Digital Officer
Arnoud Volker, Lead Retail
Frank Ernst, Connected Factory

2018 Capital Markets Day

Delivering Strategy 2022 – Building For Growth

- 01** Highlights and Key Developments 2018
- 02** Delivering Strategy 2022 – Building For Growth
- 03** Key Milestones & Outlook 2019

Highlights And Key Developments 2018

- › Accelerated growth momentum in Q3 with Net Sales up 5.8% LFL
- › All four business segments contributing
- › Over proportional increase in Recurring EBITDA of 8.1% LFL in Q3
- › CHF 400 million SG&A savings program delivering results ahead of target
- › Divestment of Indonesia signed for USD 1.75 billion (100% Enterprise value)
- › Continue deleveraging, target 2 times or less Net Debt to Recurring EBITDA ratio by end of 2019
- › **Execution of Strategy 2022 – Building For Growth at full speed**

Strategy 2022 – Building For Growth

Our four value drivers



Growth



**Simplification &
Performance**



**Financial
Strength**



**Vision
& People**

Strategy 2022 – Building For Growth

Our four value drivers



Growth



Simplification &
Performance



Financial
Strength



Vision
& People

Strategy 2022 – Building For Growth

Shifting gears to growth – top line & profitability



- › Accelerated growth in Q3 with +5.8% LFL Net Sales
- › Volume growth and improved pricing drive topline across all business segments
- › Over proportional increase in EBITDA
- › Execution of more aggressive market strategies for Aggregates and Ready-Mix Concrete
- › 4 bolt-on acquisitions completed in 2018
- › New investments in Growth Plus markets
- › Initiate growth plans for business segment Solutions & Products



Business Segment Cement

Strong growth and improving performance



- › Excellent progress in volume of 5.1% and topline of 6.5% for Q3 2018
- › Improving pricing trends
- › Better capacity utilization
- › Increasing benefit from alternative fuels and raw materials mitigating rising energy costs
- › First benefits on maintenance and efficiencies from digitalization of factories
- › Selected investments in Growth Plus markets

Business Segment Aggregates

Started to close the gap to best-in-class performance



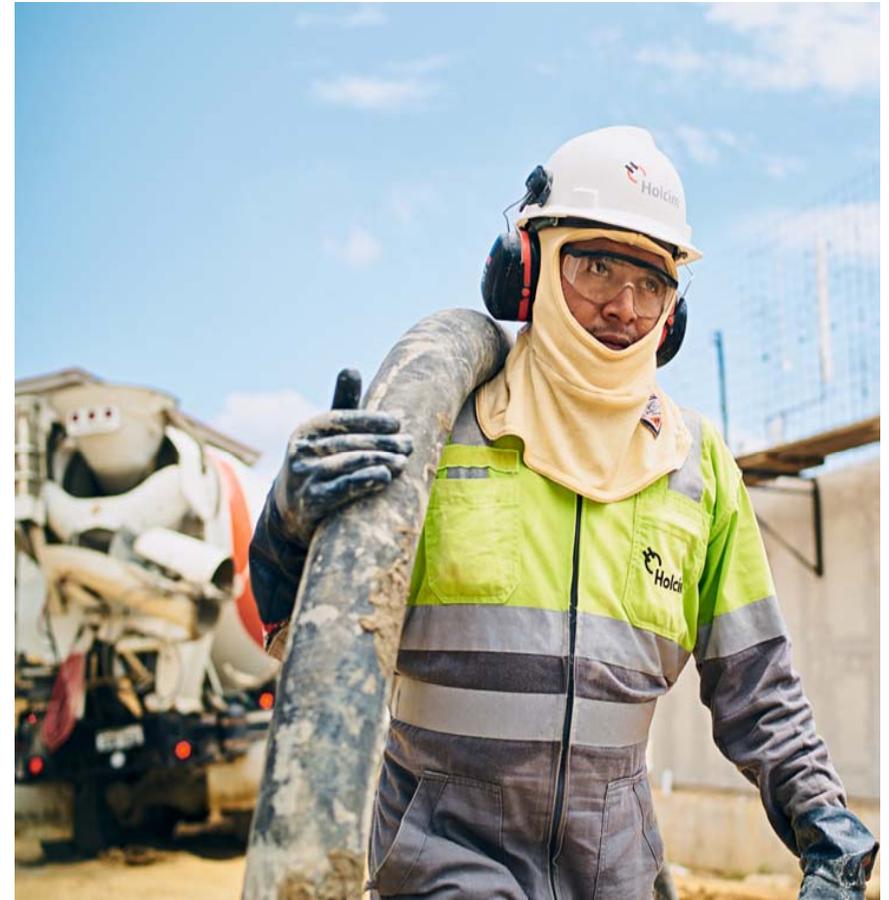
- › Excellent progress in volume and pricing improving topline by 6.0% in Q3 2018
- › Over-proportional growth in EBITDA
- › P&L leadership and accountability fully established beginning of 2018
- › Substantial reserves of quality aggregates in key markets
- › Demand growth driven by urbanization and population needs across a broad customer base
- › Growth potential through brownfield and greenfield expansions, bolt-on acquisitions, new products and circular economy

Business Segment Ready Mix Concrete

Started to close the gap to best-in-class performance



- › Excellent progress in volume and pricing driving topline by 3.8% in Q3 2018
- › Over-proportional growth in EBITDA
- › P&L leadership and accountability fully established beginning of 2018
- › Continued product and service differentiation and innovation
- › Digital transformation of the business to attract, retain and grow customers
- › Concrete can be an increasingly important differentiator in terms of performance and quality



Business Segment Solutions & Products

Initiate growth plans



- › Current Solutions & Products segment includes precast, concrete products, asphalt, mortars, contracting & services
- › Net Sales of CHF 737 million and topline growth of 5.6% in Q3 2018
- › Many attractive market segments with high growth potential
- › Synergies in logistics, sites and sales channel with other business segments
- › Initiate global expansion through agile local growth strategies and acquisitions



Bolt-on Acquisitions

Fast kick start with 4 acquisitions completed in 2018



The Kendall Group
(UK)



AGG & RMX

Tarrant Concrete
(Dallas)



RMX

Metro Mix
(Denver)



RMX

Vritz
(France)



AGG reserve

- ✓ Fast kick start of bolt-on acquisition strategy
- ✓ 4 companies in highly attractive markets
- ✓ Fast integration and synergies delivery
- ✓ Significant value creation, EPS accretive from Year 1

Strategy 2022 – Building For Growth

Our four value drivers



Growth



Simplification &
Performance



Financial
Strength



Vision
& People

Simplification & Performance

Cost disciplined operating model and corporate light structure



Established P&L leadership and accountability for all four business segments

Implementation of a simpler and country-focused operating model

- Eliminated one layer of management - country focused organization with 35 markets (up from 20) reporting directly to Group management
- Two corporate business functions have been merged, Group management reduced to 8 members
- SG&A cost saving program of CHF 400 million on track
- Corporate offices Singapore and Miami are closed, Paris and Zurich offices closing in Q1 2019

Create a performance culture

- Simplified KPIs and incentives aligned to Group goals
- Started to close the gap to best-in-class performance in Aggregates and Ready-Mix Concrete

Strategy 2022 – Building For Growth

Our four value drivers



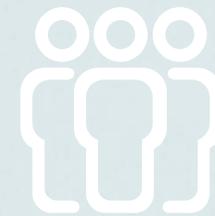
Growth



Simplification &
Performance



Financial
Strength



Vision
& People

Financial Strength

Strengthen balance sheet, accelerate deleveraging



- › Divestment of Indonesia signed for USD 1.75 billion (100% Enterprise value)
- › On track for reaching the CHF 2 billion plus divestment target
- › Accelerate deleveraging, improve debt ratios with the target of 2 times or less Net Debt to Recurring EBITDA ratio by end of 2019
- › Reduction of financing costs driven by deleveraging and opportunistic refinancing (CHF 1.3 billion debt refinanced in 2018)
- › Disciplined selection of value creating investments with short payback and ROIC of above 10%
- › Limiting restructuring costs post 2018
- › Achieve sustainably improved financial performance

Strategy 2022 – Building For Growth

Our four value drivers



Growth



Simplification &
Performance



Financial
Strength



Vision
& People

Vision & People

Creating a performance oriented organization



- › **New operating model and leadership team established**
 - › Country focused, corporate light operating model in place
 - › Countries empowered and accountable
- › **Performance management culture**
 - › New performance management system rolled out globally
 - › Aligned incentive system from CEO to local business segment leader
- › **Developing talents**
 - › Completed first course of new business school “Building For Growth” for top 200 Senior Leaders
 - › Greater emphasis on empowering local talents



Strategy 2022 – Building for Growth

One Team. One Strategy.



North America*
R. Thibault



Latin America*
O. Osswald



Europe*
M. Cobuz



MEA*
M. Gutovic



CEO*
J. Jenisch



Asia*
M. Kriegner



CFO*
G. Picaud



Growth & Performance*
U. Bleisch



China
M. Lo



Trading
X. Blondot



Health & Safety
M. Anderson



Sustainability
J. Diebold



Communication
B. Eitel



Digital
P. Leutiger



Legal
K. Carr



HR
F. Gonzalez

* Group Executive Committee

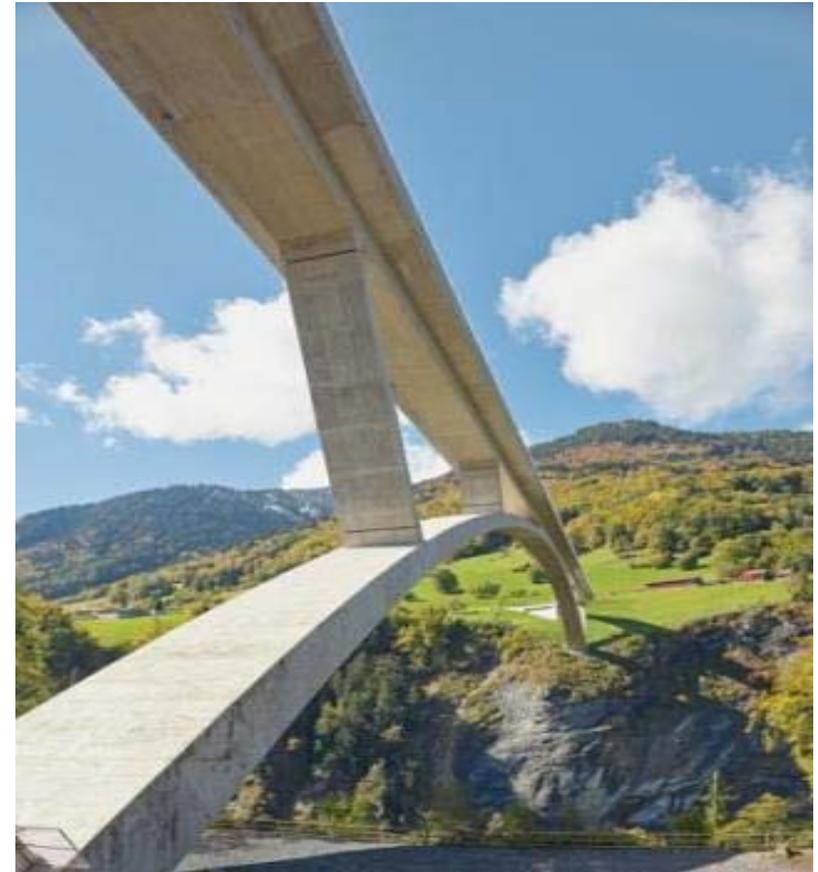
03 Key Milestones & Outlook 2019



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Guidance and outlook 2018

- › Positive momentum expected to continue in Q4 with following underlying market trends
 - › Continued growth in North America
 - › Softer cement demand in Latin America
 - › Strong markets in Europe
 - › Challenging but stabilizing conditions in Middle East Africa
 - › Continued demand growth in Asia
- › 2018 full year targets
 - › Net Sales growth of 4 to 6% LFL
 - › Recurring EBITDA growth of 3 to 5% LFL



Tamina bridge - Switzerland

Strategy 2022 – Building For Growth

Outlook 2019

- › Solid global market demand expected to continue
- › Full year targets 2019
 - › Net Sales growth of 3% to 5% LFL, delivering target of Strategy 2022
 - › Recurring EBITDA growth of minimum 5% LFL, delivering target of Strategy 2022
 - › Accelerate deleveraging, achieve 2 times or less Net Debt to Recurring EBITDA ratio by end of 2019*



*Before application of IFRS 16, at constant 2017 FX

Strategy 2022 – Building For Growth

Key milestones & initiatives 2019

- › Complete closure of Paris and Zurich offices in Q1
- › Complete CHF 400 million savings program in Q1
- › New run rates on costs and margins realized in Q2
- › Optimize pricing, capacity utilization and cost in cement
- › Selected investments in Growth Plus markets
- › Continue to close the gap to best-in-class performance in Aggregates and Ready-Mix Concrete
- › Continue bolt-on acquisitions
- › Initiate growth plans for Solutions & Products
- › Continue portfolio development with investment and divestment options
- › Accelerate deleveraging



2019

Upcoming Events 2019

- › **March 7, 2019:** Full Year 2018 Results
- › **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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