



2018 Capital Markets Day Close the Gap to Best-in-class Performance

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Business Segment Aggregates

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

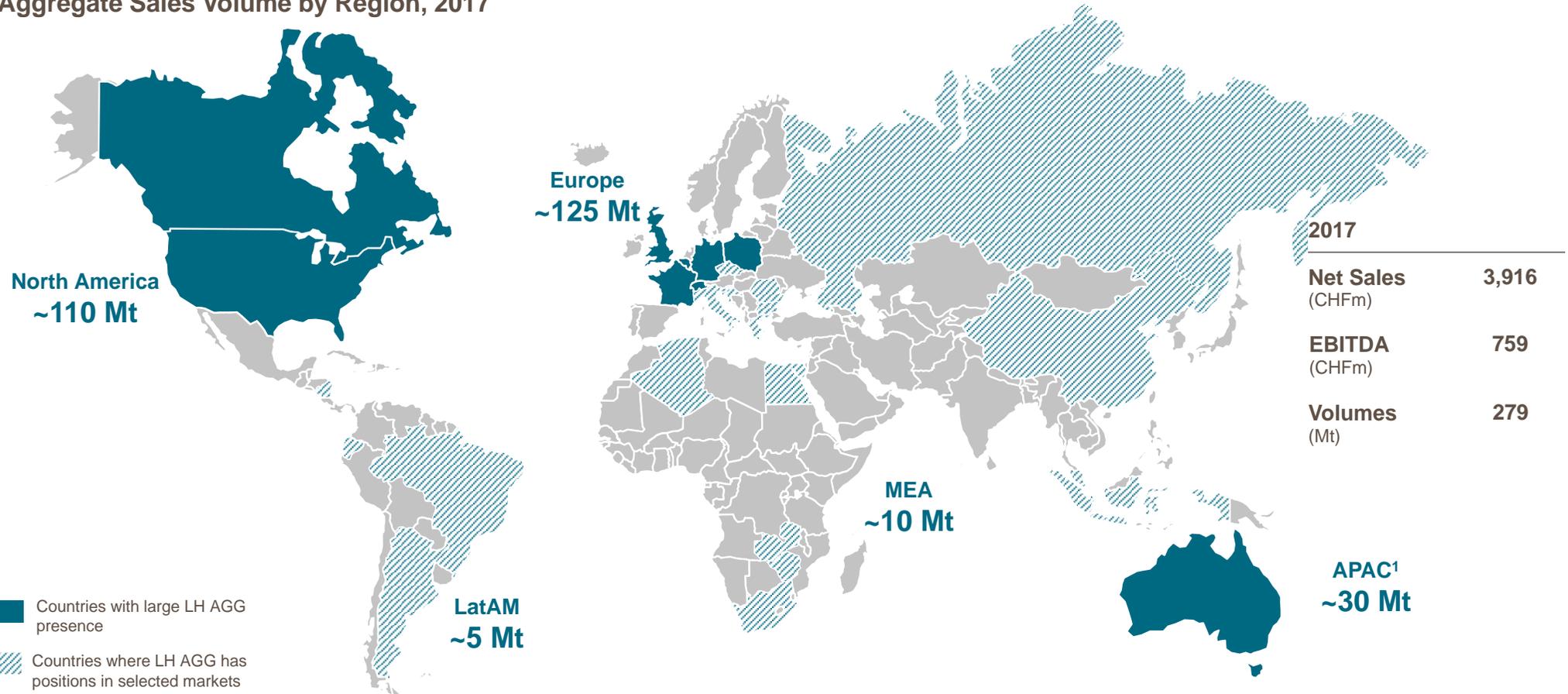


- › Excellent progress in volume and pricing improving topline by 6.0% in Q3 2018
- › Over-proportional growth in EBITDA
- › P&L leadership and accountability fully established beginning of 2018
- › Substantial reserves of quality aggregates in key markets
- › Demand growth driven by urbanization and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

Overview of LH Aggregates

A world class aggregates business with leading market positions

Aggregate Sales Volume by Region, 2017

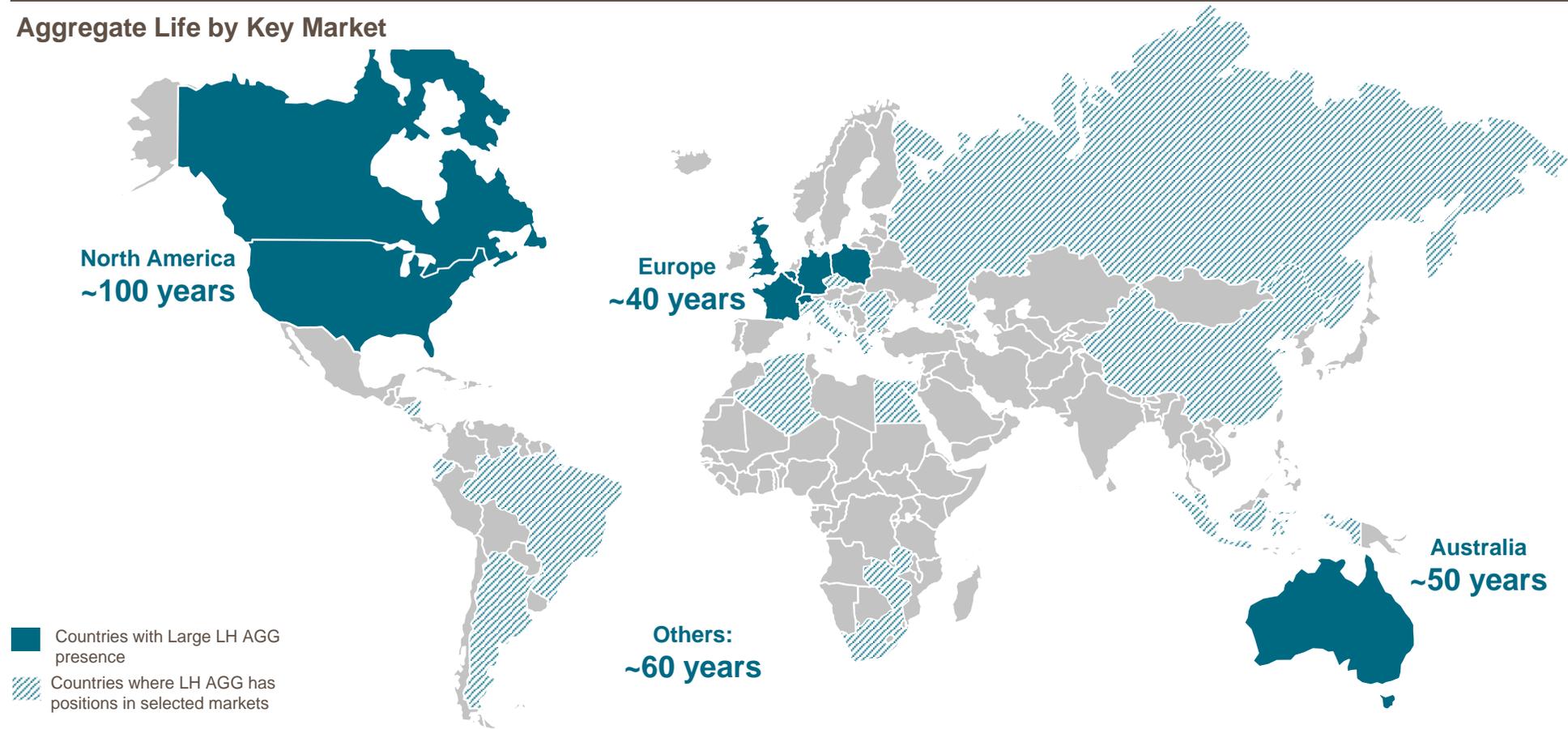


1) China not consolidated

Aggregates Life

Substantial life of quality aggregates in key markets

Aggregate Life by Key Market



Attractiveness of Aggregates

Attractive business with strong fundamentals



Growing Demand

- › Rising population and urbanization
- › Limited substitutes
- › Broad customer base and construction segments



Industry Development

- › Increasing legislation & controls
- › Customer sophistication
- › Integrated models



Price Development

- › Local market business
- › Limited import threats
- › Long-term, above-inflation price increases



New Revenue Growth

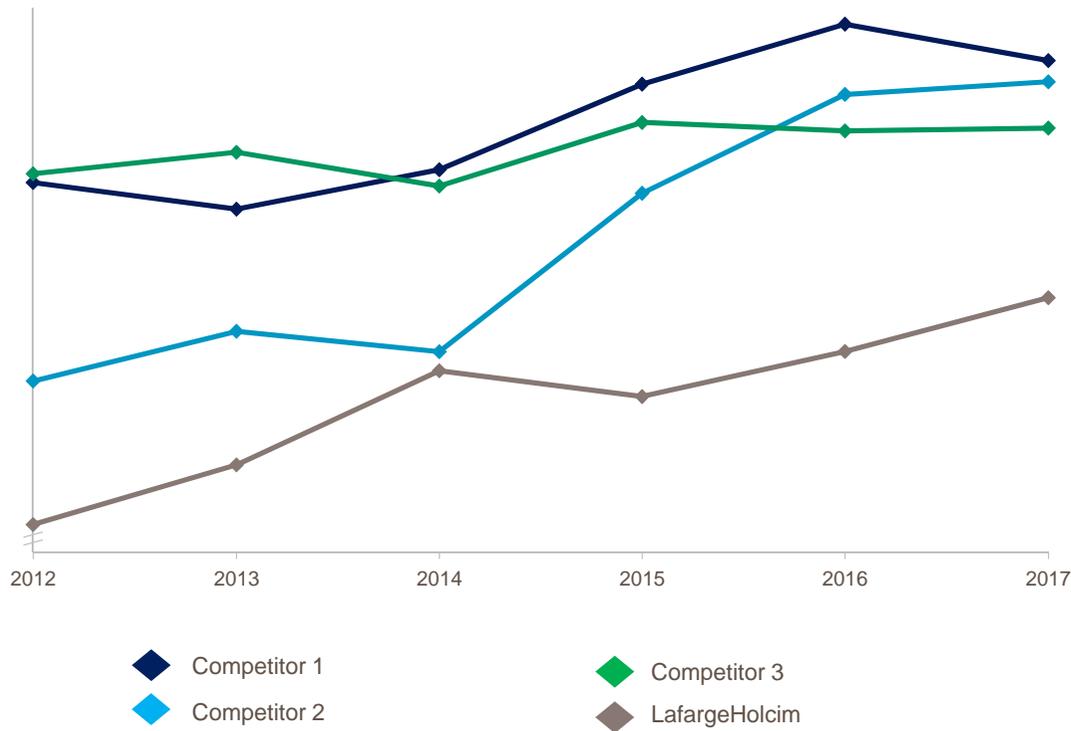
- › Sustainable Solutions / Circular Economy
- › Integrated offerings
- › Distribution services & networks

Global Benchmarking with Key Competitors

Significant potential in closing the gap to best-in-class performance

Aggregates performance

EBITDA margin, %



Source: LH figures from internal reporting; Competitor AGG EBITDA margin estimated from Annual reports and 2017 Q4/Full Year earnings announcements

Attractiveness of Aggregates

Levers for sustained growth and closing the margin gap



1. Growth

Grow Net Sales by >5% p.a.

Organic Growth

- › Leverage existing assets & selected brownfield investments
- › New revenue streams (Circular Economy offers, manufactured sands)

Bolt-ons

- › Multiple high-synergy opportunities in pipeline
- › Quick integration executed at local level



2. Profitability

Close margin gap to peers

Performance

- › Accountable, local P&L leadership
- › Improve pricing
- › Improve operational efficiency

Portfolio

- › Potential asset optimization
- › Focus development on key markets

LH Aggregates in the US

Well positioned for growth, driving performance at local market level

US AGG footprint

LH US AGG Volume ~60 Mt



Case Study: Mid-Atlantic Region



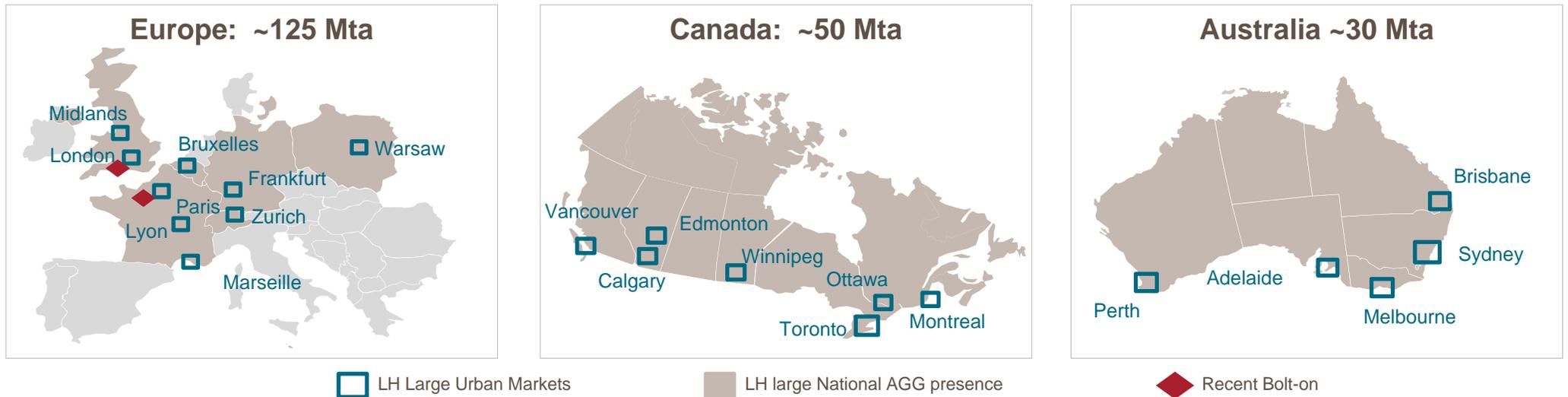
Rec EBITDA: ~+10% CAGR

Rec EBITDA margin: +2pp margin / year

- › Fast growing region
- › Position continuously improved over time through bolt-on and brownfield projects
- › Comprehensive offering enables LH to achieve premium pricing

LH Aggregates across the World

Extension of the US model to attractive markets worldwide



Markets with increasing regulatory environments
Urbanization trends drive construction materials demand growth

Success Story – Ready Mix Concrete in India

Ambition to be the best player in the industry

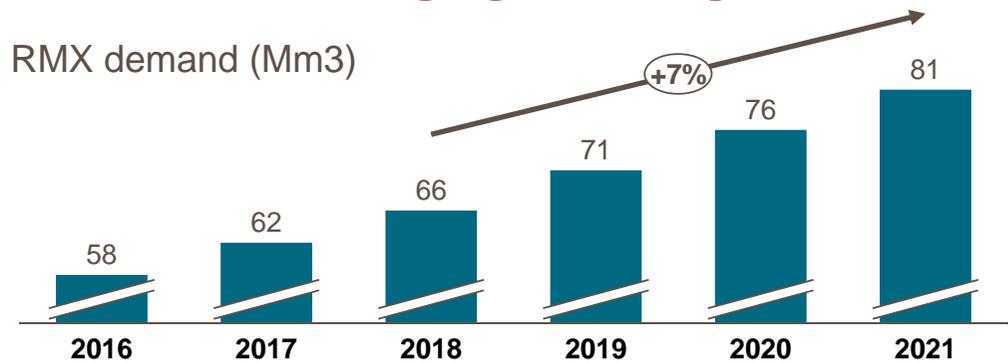
RMX demand expected to grow to 81 million m³ by 2020-21

- › ~7% of the total cement consumption is by RMX¹
- › Huge grow potential fueled by infrastructure and commercial real estate
- › Metro projects in several cities with penetration level as high as ~65%
- › We have grown from 46 to 70 plants

¹ Against 70-75% in developed nations

Focus on high growth segments

RMX demand (Mm3)



Key Segments of ACC RMX



High Rise segments



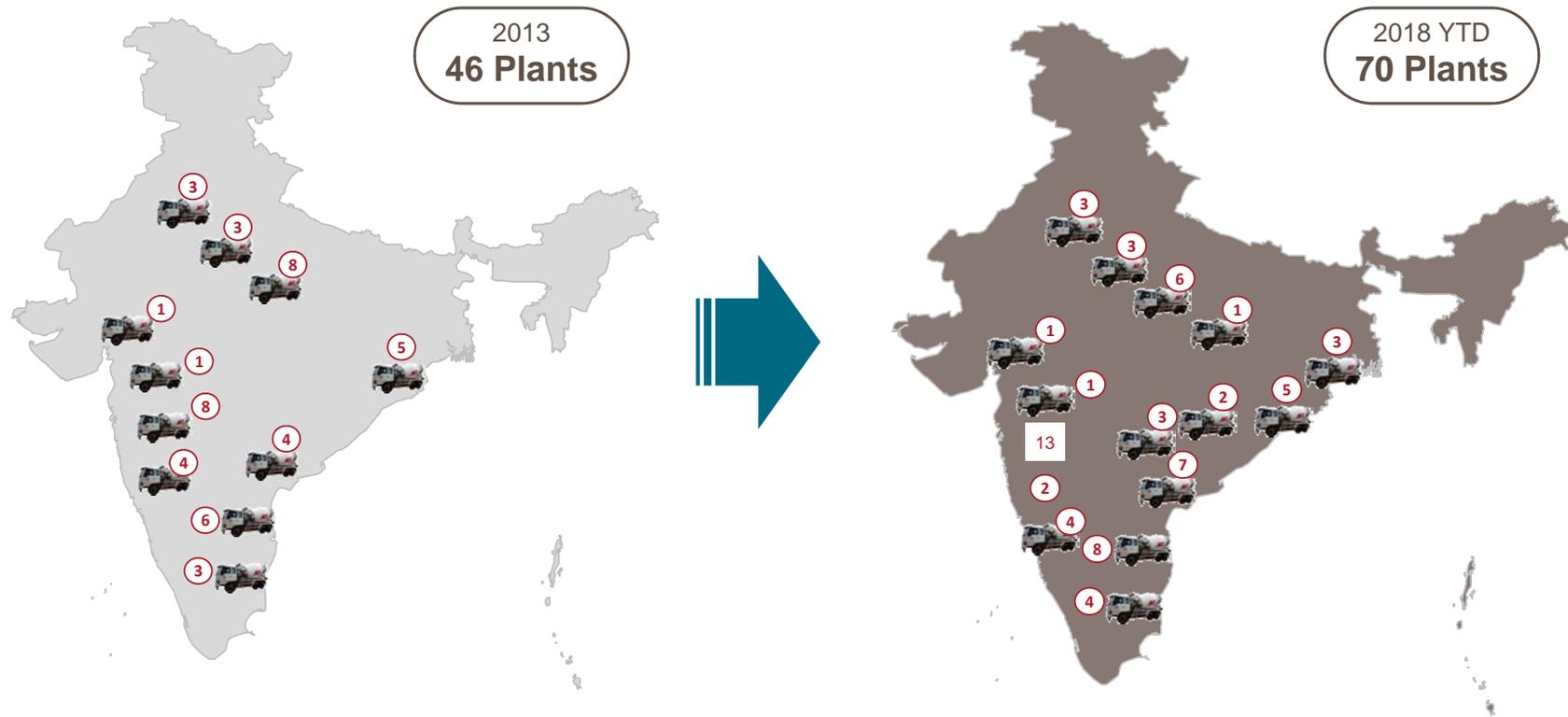
Metro Projects



Mass Housing Projects

Success Story – Ready Mix Concrete in India

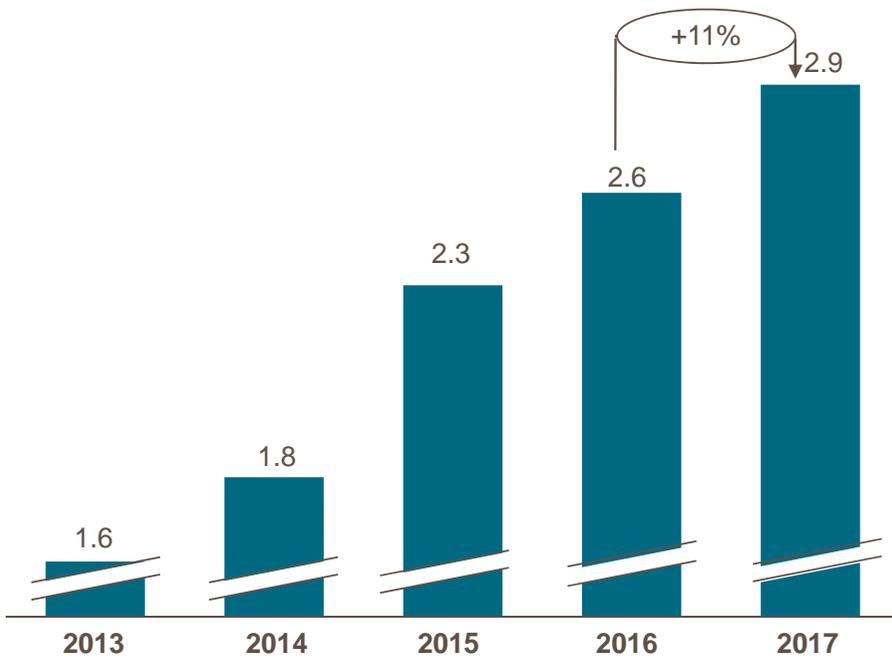
Fast expansion of operating footprint



Success Story – Ready Mix Concrete in India

Growth in top line and profitability

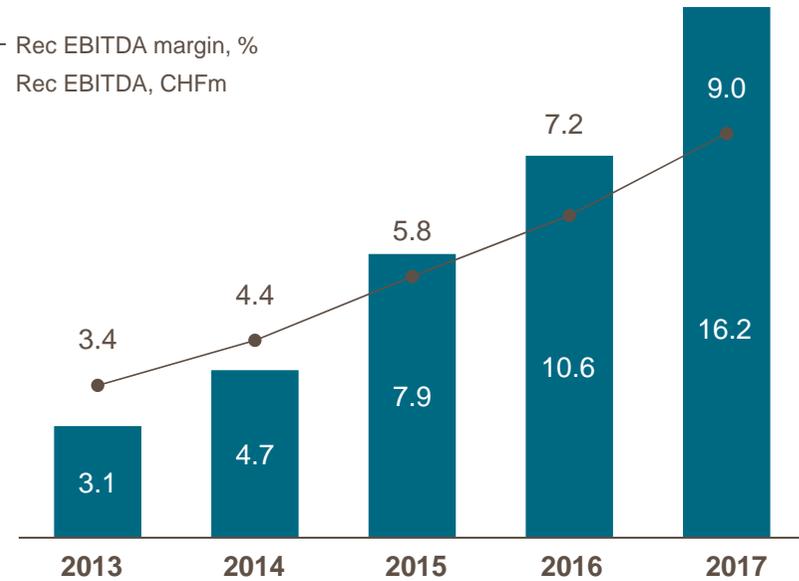
Volume sold (million m³)



Strong sales force & focus on day to day sales

Recurring EBITDA and margin

● Rec EBITDA margin, %
■ Rec EBITDA, CHFm



Cost control measures & tracking EBITDA @ each plant

Success Story – Ready Mix Concrete in India

Key success factors

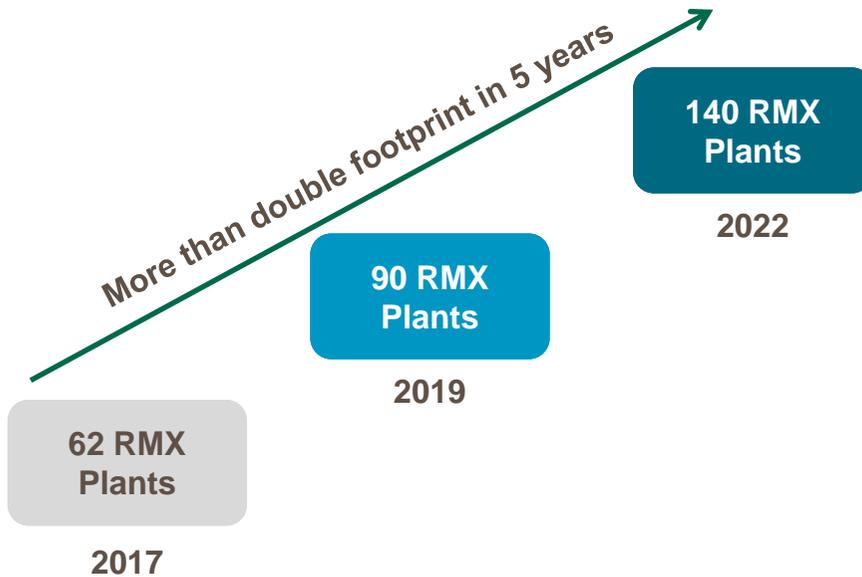
- › Motivated, competent, passionate teams
- › Accountable leadership
- › Expanding the footprint with new sites and mobile plants
- › Best in class technical capabilities
- › Continuous innovation
- › Logistics efficiency, GPS tracking
- › Control on SG&A (~ 3%)



The Way Forward

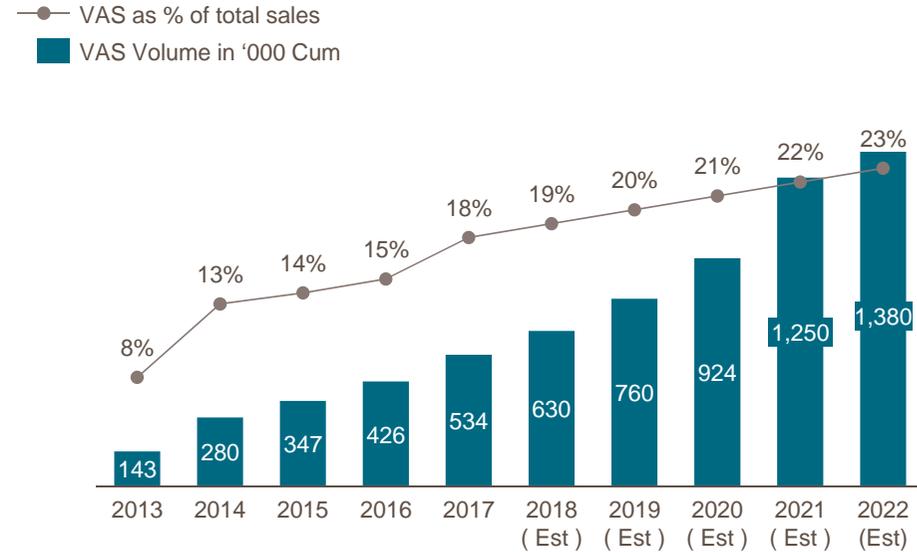
Double the number of plants and increase sales of Value Added Products

Volume ramp up by adding new plants



Enter potential markets with new products and special applications

Growing Value Added Products (VAS)



Value Added Products have ~25 % higher margins over normal products

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