



2018 Capital Markets Day Simplification & Performance

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



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

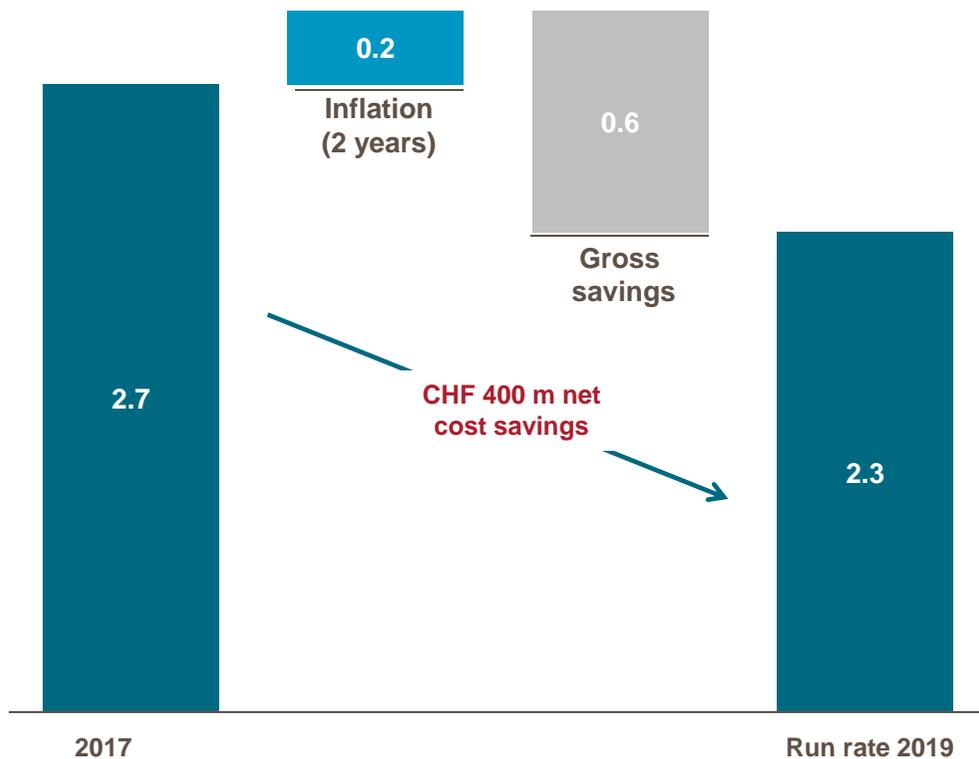
Simplification & Performance

CHF 400 million SG&A* savings on track to hit the bottom line



SG&A cost

CHF, bn



- › Reduction of Corporate footprint (offices, FTE)
- › Two Corporate business functions merged
- › Restructuring at countries
- › IT & Shared services restructuring
- › Strong cost discipline on 3rd Party spend

*SG&A = Fixed Costs included in the Rec. EBITDA , include Sales & Marketing , Administration, Corporate Manufacturing & Logistics

Simplification & Performance

Reduction of Corporate footprint



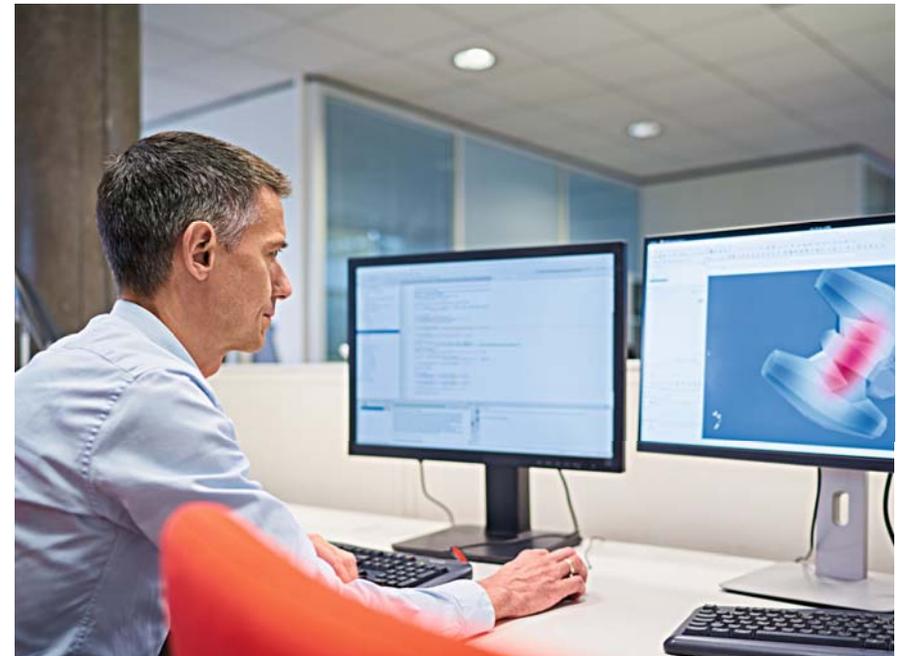
- ✓ Overall 25% reduction in FTE expected in Q1 2019
- ✓ Singapore & Miami sites closed
- ✓ Zurich and Paris offices to be closed in Q1 2019
- ✓ CHF 40 million cost reduction achieved in 9M 2018

Simplification & Performance

SG&A program at Regions and Countries on track



- ✓ Savings plans for countries under execution and on track
- ✓ Optimization of 6 Regional Shared Service centers footprint and creation of 1 Global hub
- ✓ New IT organization and governance to be implemented
 - IT footprint at Corporate and 5 IT service centers
 - Define clear IT applications, system governance and ownership
 - Define clear and unique purchase approval process



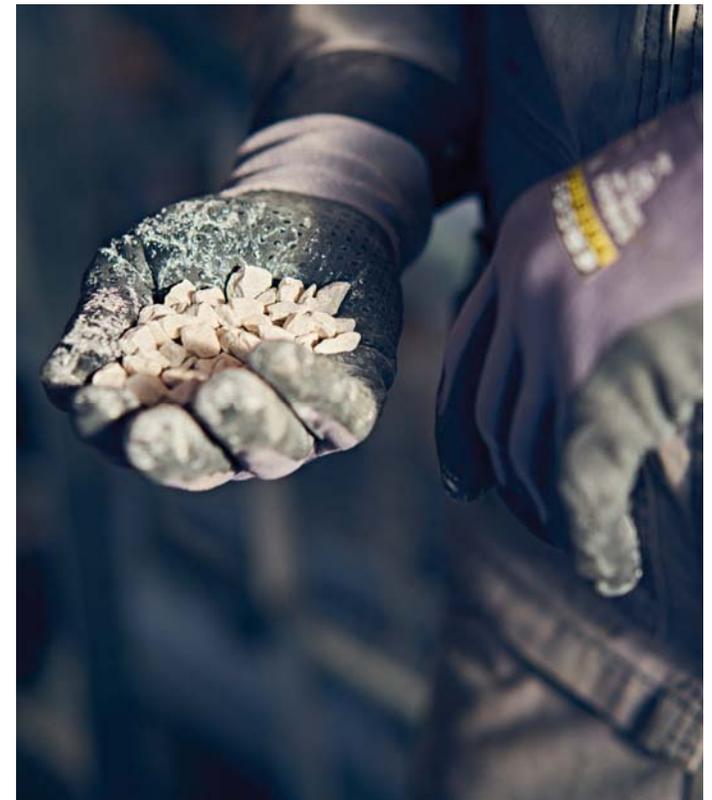
Internal Benchmarking

Creating competition to foster performance culture

Internal Performance ranking of country segments

Example of internal RMX performance ranking

Rank	Company	Net Sales	Net Sales Growth		EBITDA Growth		Return & Capital Efficiency	
			Absolute (mCHF)	Relative (%)	Absolute (mCHF)	Relative (%)	EBITDA margin	ROIC
	Weightage							
1	Country A							
2	Country B							
3	...							
4	...							
5	...							
6							

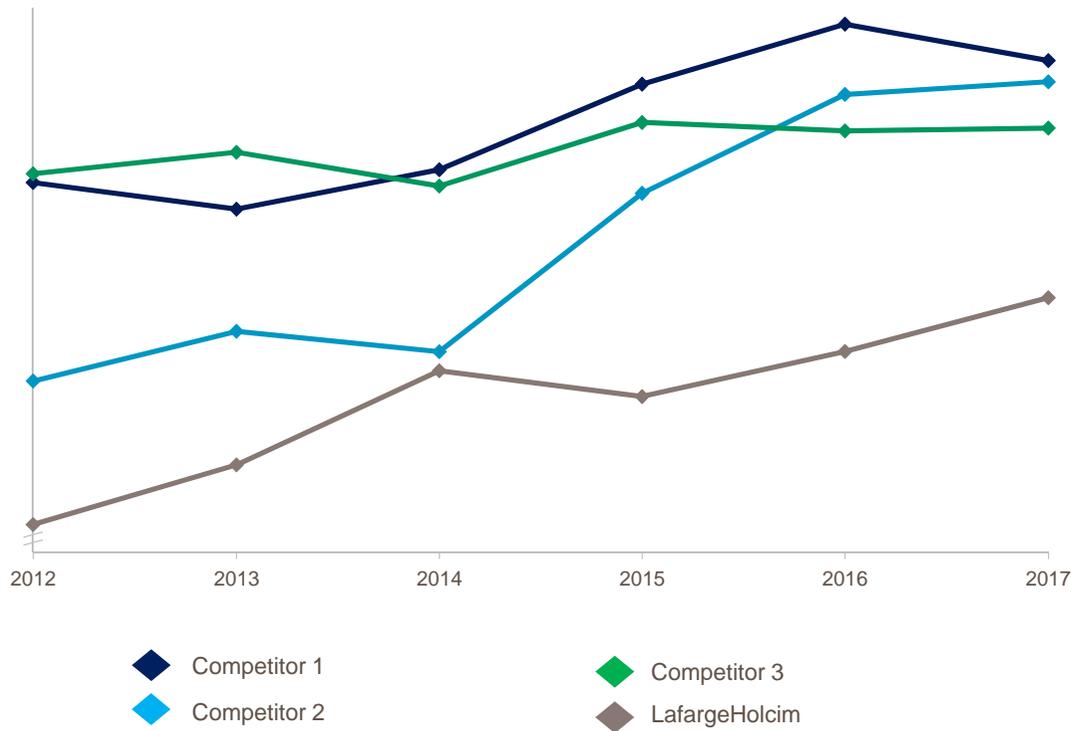


Global Benchmarking with Key Competitors

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

Aggregates performance

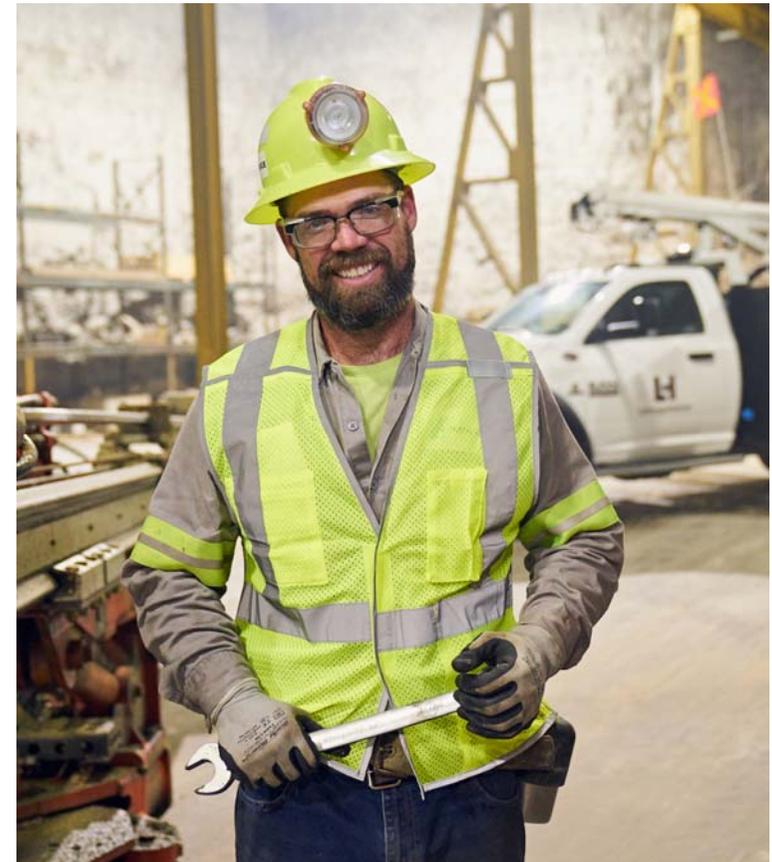
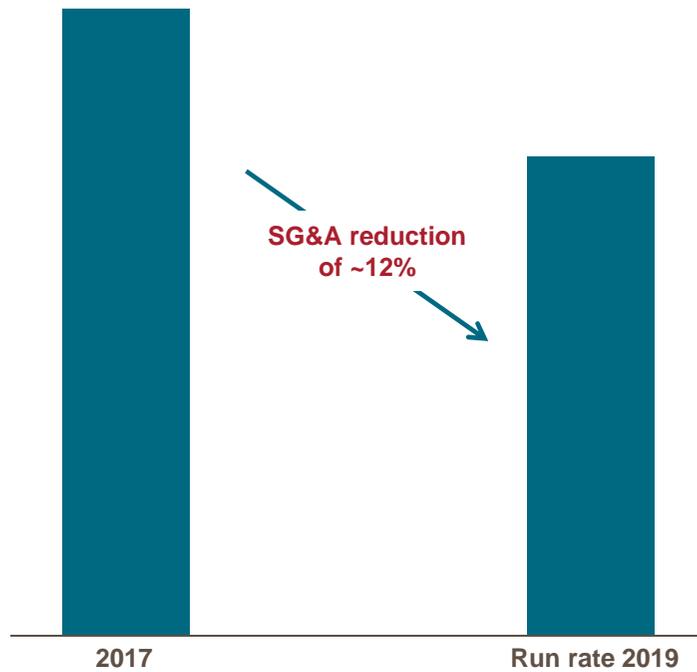
EBITDA margin, %



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

Simplification & Performance

SG&A* savings on track in the USA



*SG&A = Fixed Costs included in the Rec. EBITDA, include Sales & Marketing , Administration, Corporate Manufacturing & Logistics

Simplification & Performance

SG&A savings on track in the USA



SG&A key cost reduction initiatives

Headcount reduction

Significant headcount reduction

- Transfer of administrative activities to Shared Service Center
- Streamlining of shared functional teams
- Task optimization

Other expenses

Plan to reduce 3rd party spend by ~50%

- Activities transferred to Shared Service Center
- Right sizing of HQ & consolidation of regional offices
- Reduction of 3rd party costs (consultancy, etc.)
- Review of employee pension & benefit plans
- Focus on travel and other personnel expenses
- Review of all contracts & agreements

Supported by:

- Stronger cost & cash culture promoted by Senior Management
- Fast execution and sense of urgency
- Realignment of bonus structure & sales incentive plan

Disclaimer

These materials are being provided to you on a confidential basis, may not be distributed to the press or to any other persons, may not be redistributed or passed on, directly or indirectly, to any person, or published or reproduced, in whole or in part, by any medium or for any purpose.

This document does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities of LafargeHolcim or any subsidiary or affiliate of LafargeHolcim nor should it or any part of it form the basis of, or be relied on in connection with, any purchase, sale or subscription for any securities of LafargeHolcim or any subsidiary or affiliate of LafargeHolcim or be relied on in connection with any contract or commitment whatsoever.

The information contained herein has been obtained from sources believed by LafargeHolcim to be reliable. Whilst all reasonable care has been taken to ensure that the facts stated herein are accurate and that the opinions and expectations contained herein are fair and reasonable, it has not been independently verified and no representation or warranty, expressed or implied, is made by LafargeHolcim or any subsidiary or affiliate of LafargeHolcim with respect to the fairness, completeness, correctness, reasonableness or accuracy of any information and opinions contained herein. In particular, certain of the financial information contained herein has been derived from sources such as accounts maintained by management of LafargeHolcim in the ordinary course of business, which have not been independently verified or audited and may differ from the results of operations presented in the historical audited financial statements of LafargeHolcim and its subsidiaries. Neither LafargeHolcim nor any of its respective affiliates, advisers or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss or damage howsoever arising from any use of this presentation or its contents, or any action taken by you or any of your officers, employees, agents or associates on the basis of the this presentation or its contents or otherwise arising in connection therewith.

The information contained in this presentation has not been subject to any independent audit or review and may contain forward-looking statements, estimates and projections. Statements herein, other than statements of historical fact, regarding future events or prospects, are forward-looking statements, including forward-looking statements regarding the group's business and earnings performance, which are based on management's current plans, estimates, forecasts and expectations. These statements are subject to a number of assumptions and entail known and unknown risks and uncertainties, as there are a variety of factors that may cause actual results and developments to differ materially from any future results and developments expressed or implied by such forward-looking statements. Forward-looking statements contained in this presentation regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Although LafargeHolcim believes that the estimates and projections reflected in the forward-looking statements are reasonable, they may prove materially incorrect, and actual results may materially differ. As a result, you should not rely on these forward-looking statements. LafargeHolcim undertakes no obligation to update or revise any forward-looking statements in the future or to adjust them in line with future events or developments, except to the extent required by law.



LafargeHolcim