



## Q1 2019 trading update

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May 15, 2019



LafargeHolcim

## Q1 2019 HIGHLIGHTS

# STRONG START OF THE YEAR



- Strong growth in Net Sales, up 6.4% LFL
- Over-proportional increase in Rec EBITDA, up 20.6% LFL<sup>1</sup>
- Profitability increase in all business segments
- Continuation of positive H2 2018 momentum
- Cost savings plan completed and on track to deliver the CHF 400 m on a run rate basis
- 4 bolt-on acquisitions in the quarter
- Divestments from South East Asia signed, significant debt reduction expected
- 2019 targets confirmed

<sup>1</sup> Pre-IFRS 16

# NEW LEVEL OF FINANCIAL STRENGTH VALUE ACCRETIVE DIVESTMENTS SIGNED



## Strong valuation achieved:

- Divestment of Indonesia closed; Malaysia, Singapore and the Philippines signed
- Total Enterprise Value of USD 4.9 bn
- Attractive 2018 EV / Rec EBITDA multiple above 21x

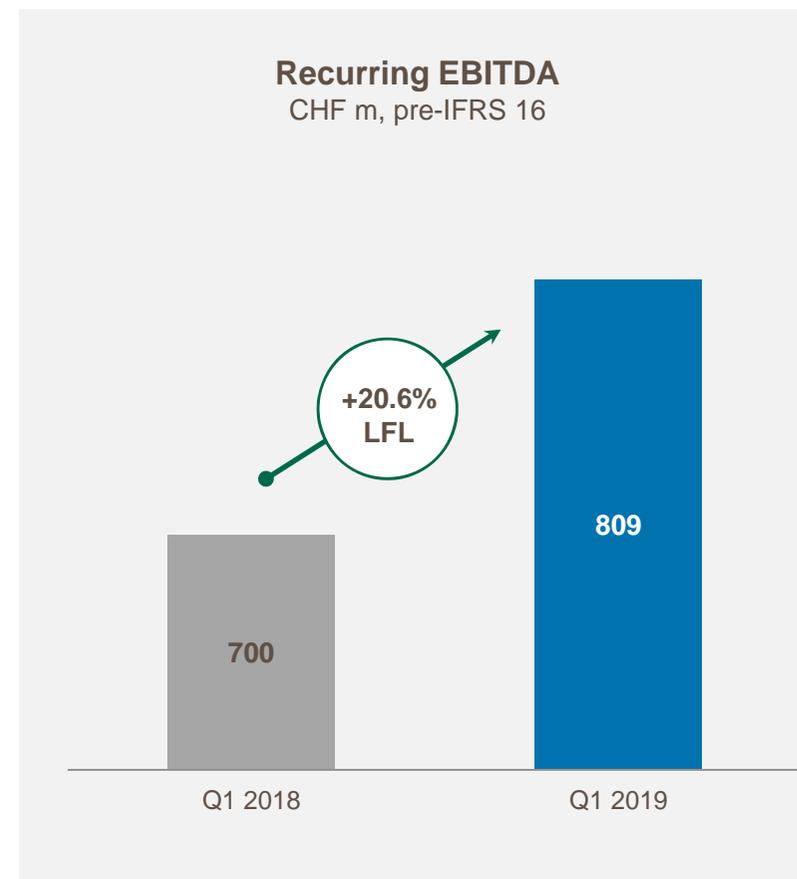
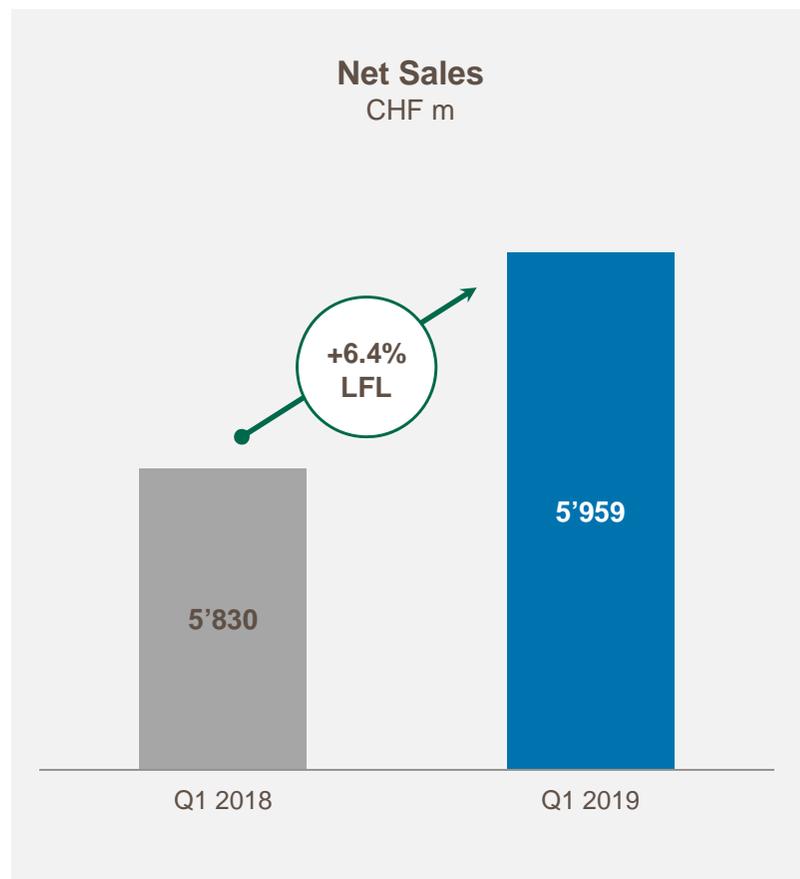
## Financial strength:

- Reduction of Net Debt to Rec EBITDA ratio by 0.6x
- Deleveraging target delivered
- Net Financial Debt expected around CHF 10 bn by end of 2019<sup>1</sup>

<sup>1</sup> Before IFRS 16, at constant 2018 FX and subject to closing of the divestment of Holcim Philippines in 2019

## Q1 2019 PERFORMANCE

# STRONG NET SALES & OVER-PROPORTIONAL REC EBITDA GROWTH

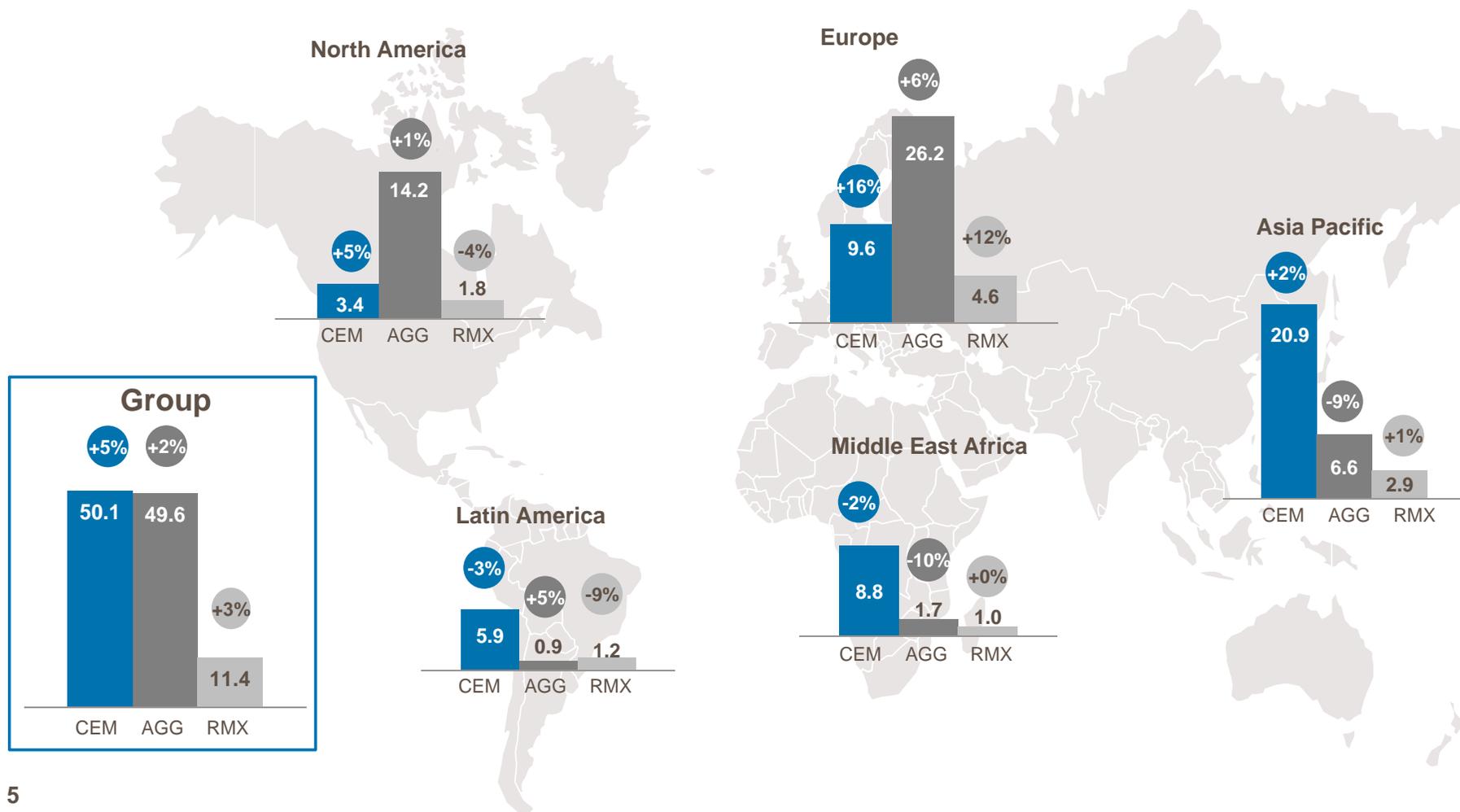


# Q1 2019 VOLUMES DEVELOPMENT

## VOLUME GROWTH IN ALL BUSINESS SEGMENTS

M ton  
M m3

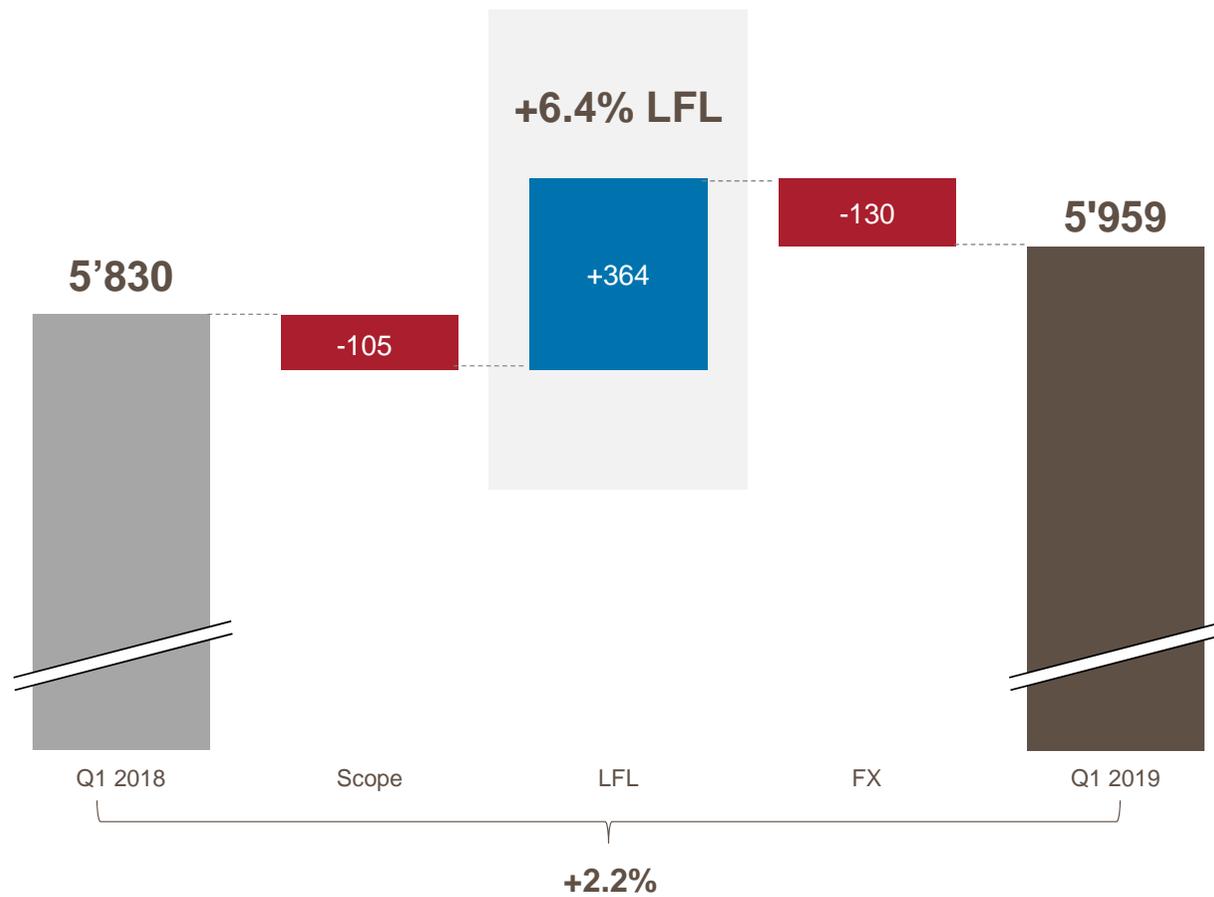
LFL



# Q1 2019 NET SALES BRIDGE

## NET SALES UP 6.4% LFL

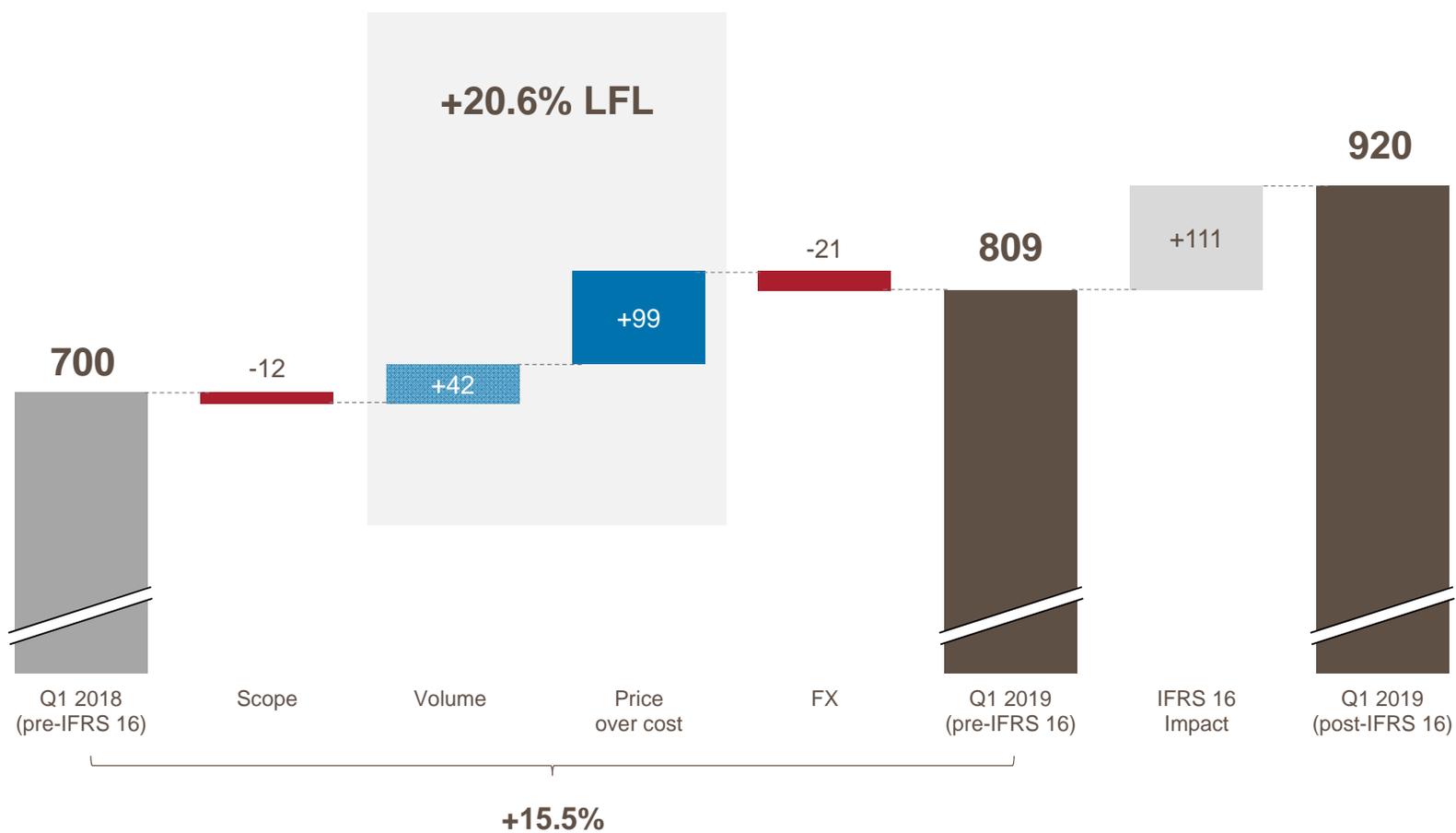
CHF m



# Q1 2019 RECURRING EBITDA BRIDGE

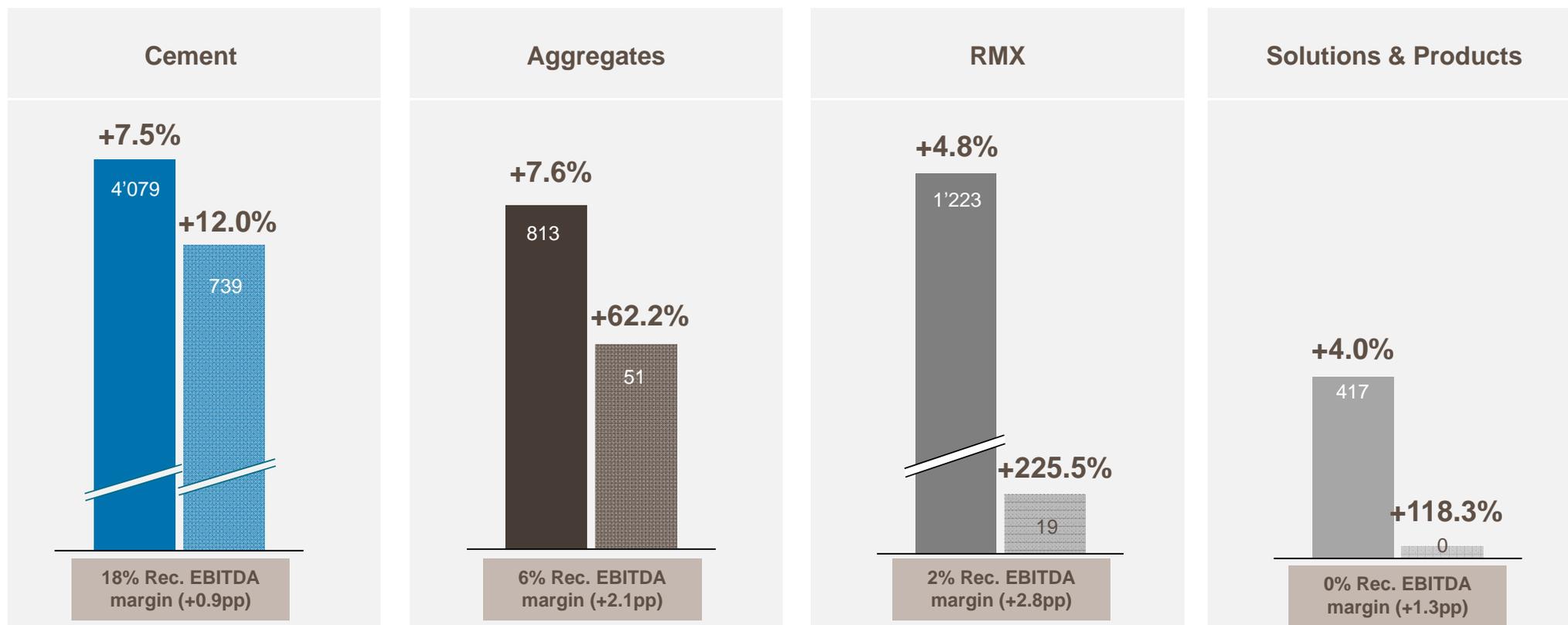
## OVER-PROPORTIONAL RECURRING EBITDA GROWTH OF 20.6% LFL

CHF m



# Q1 2019 NET SALES AND RECURRING EBITDA BY SEGMENT

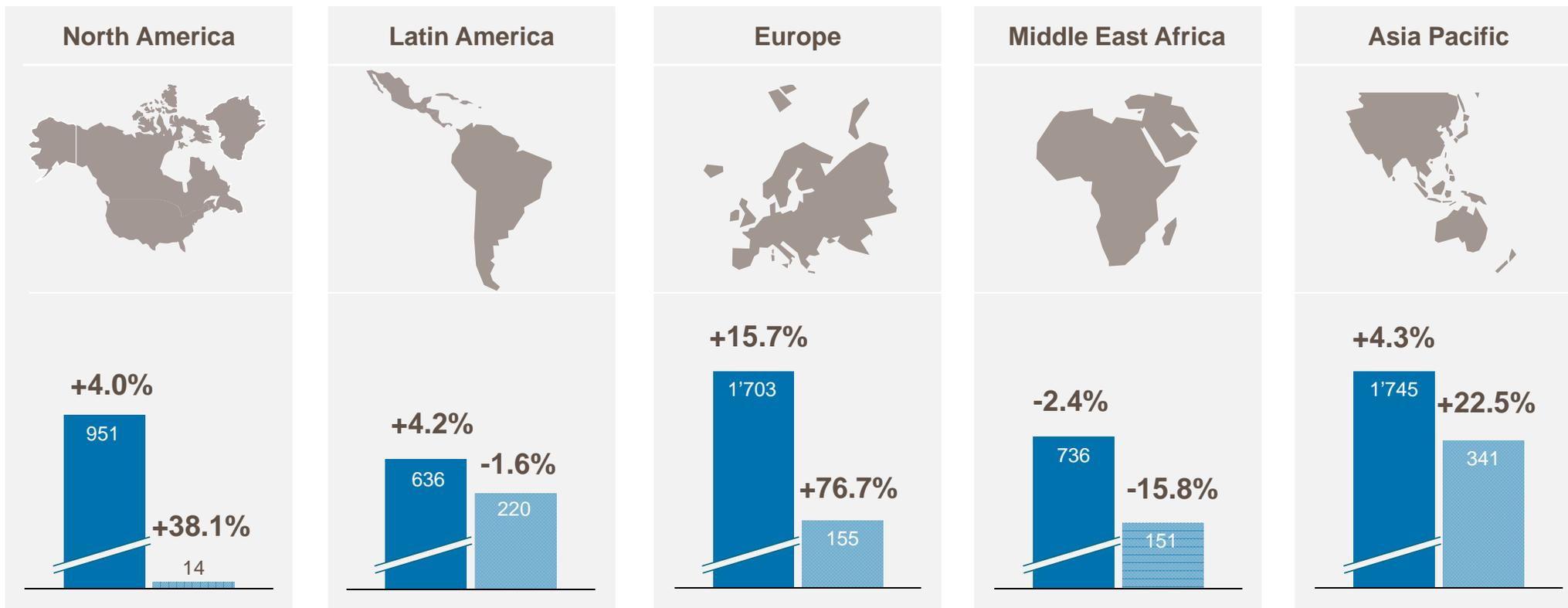
## RECURRING EBITDA INCREASE IN ALL BUSINESS SEGMENTS



■ Net Sales (CHF m)    % LFL growth / decline  
■ Recurring EBITDA pre-IFRS16 (CHF m)

# Q1 2019 REGIONAL PERFORMANCE

## STRONG GLOBAL MOMENTUM



■ Net Sales (CHF m) ■ Recurring EBITDA pre-IFRS 16 (CHF m)

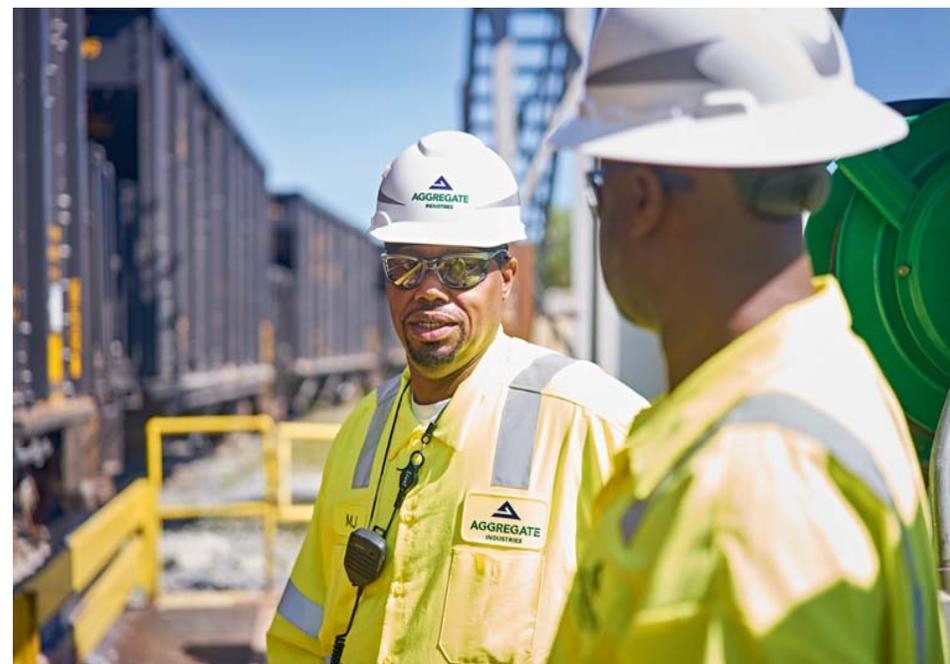
% LFL growth / decline

# NORTH AMERICA GOOD START OF THE YEAR

CHF m	Q1 2019	%	LFL
<b>Net Sales<sup>1</sup></b>	<b>951</b>	+9.7%	<b>+4.0%</b>
<b>Recurring EBITDA</b> pre-IFRS 16	<b>14</b>	+76.1%	<b>+38.1%</b>
Recurring EBITDA post-IFRS 16	46		

- Good cement volumes
- Strong order book, several multi-year construction contracts awarded
- Further progressing on cost savings program

<sup>1</sup> Net Sales to external customers

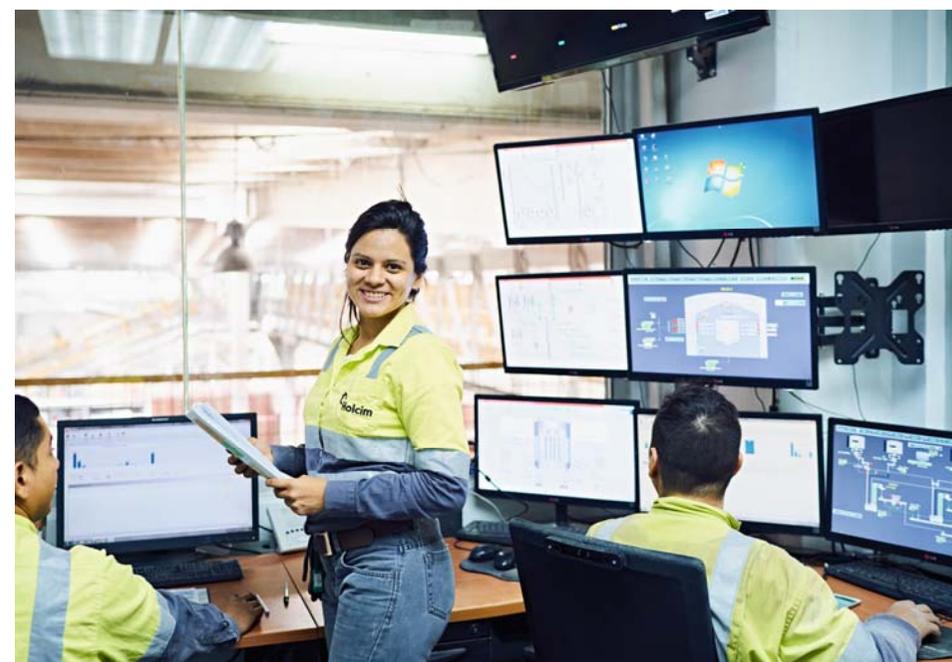


Aggregate Industries, United States

# LATIN AMERICA RESILIENT PERFORMANCE IN A SOFTER MARKET ENVIRONMENT

CHF m	Q1 2019	%	LFL
<b>Net Sales<sup>1</sup></b>	<b>636</b>	-7.4%	<b>+4.2%</b>
<b>Recurring EBITDA</b> pre-IFRS 16	<b>220</b>	-6.7%	<b>-1.6%</b>
Recurring EBITDA post-IFRS 16	227		

- Effective price management and cost savings nearly offsetting challenges in key countries
- Ongoing recovery in Brazil and Colombia
- Lower cement demand in Mexico and Argentina



Control room at cement plant in Guayaquil, Ecuador

<sup>1</sup> Net Sales to external customers

# EUROPE VERY GOOD RESULTS

CHF m	Q1 2019	%	LFL
Net Sales <sup>1</sup>	1'703	+12.2%	+15.7%
Recurring EBITDA pre-IFRS 16	155	+72.9%	+76.7%
Recurring EBITDA post-IFRS 16	188		

- Early start of construction season
- Strong volume growth in all business segments and good pricing
- Margin growth further supported by improved operational efficiency



Alcobendas RMX plant, Almeria, Spain

<sup>1</sup> Net Sales to external customers

# MIDDLE EAST AFRICA CHALLENGING BUT STABILIZING MARKET CONDITIONS

CHF m	Q1 2019	%	LFL
<b>Net Sales<sup>1</sup></b>	<b>736</b>	-1.9%	<b>-2.4%</b>
<b>Recurring EBITDA<sup>2</sup></b> pre-IFRS 16	<b>151</b>	-14.5%	<b>-15.8%</b>
Recurring EBITDA post-IFRS 16	171		

- Stabilizing markets in the region
- Turnaround plans in several countries delivering visible results
- Change in supply & demand balance in key countries still impacting prices



Grinding plant, Nairobi, Kenya

<sup>1</sup> Net Sales to external customers

<sup>2</sup> Contribution from share of net income from JVs: CHF 18 m in Q1 2019 vs. CHF 18 m in Q1 2018

# ASIA PACIFIC CONTINUATION OF STRONG MOMENTUM

CHF m	Q1 2019	%	LFL
<b>Net Sales<sup>1</sup></b>	<b>1'745</b>	-5.0%	<b>+4.3%</b>
<b>Recurring EBITDA<sup>2</sup></b> pre-IFRS 16	<b>341</b>	+14.0%	<b>+22.5%</b>
Recurring EBITDA post-IFRS 16	356		

- Strong cement demand in India, progressive price improvement in most markets
- Higher profitability in Australia and the Philippines
- Continuation of solid contribution from China



Truck driver, India

<sup>1</sup> Net Sales to external customers

<sup>2</sup> Contribution from share of net income from JVs: CHF 78 m in Q1 2019 (of which CHF 62 m from Huaxin) vs. CHF 48 m in Q1 2018 (of which CHF 34 m from Huaxin)

OUTLOOK 2019

# SOLID GLOBAL MARKET DEMAND EXPECTED TO CONTINUE



## **NORTH AMERICA**

➤ Continued market growth



## **LATIN AMERICA**

➤ Softer but stabilizing cement demand



## **EUROPE**

➤ Continued demand growth across most countries



## **MIDDLE EAST AFRICA**

➤ Challenging but stabilizing market conditions



## **ASIA PACIFIC**

➤ Continued demand growth

## TARGETS 2019

# TARGETS 2019 CONFIRMED

- Net Sales growth of 3% to 5% LFL, delivering target of Strategy 2022
- Recurring EBITDA growth<sup>1</sup> of at least 5% LFL, delivering target of Strategy 2022
- Accelerate deleveraging, achieve 2 times or less Net Debt to Recurring EBITDA ratio by end of 2019<sup>2</sup>
- Continue improving cash conversion
- Capex and Bolt-on acquisitions less than CHF 2 bn



*Puerto de Manta, Ecuador*

<sup>1</sup> Pre-IFRS 16

<sup>2</sup> Before application of IFRS 16, at constant FX

## UPCOMING EVENTS 2019

- **May 15, 2019:** Annual General Meeting
- **June 25, 2019:** Payment of the dividend and delivery of the new shares
- **July 31, 2019:** Earnings release half year 2019
- **October 25, 2019:** Q3 2019 trading update

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