



# Capital Markets Day 2016

## US operations

John Stull, CEO US Cement



# United States

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**Favourable US market with steady forecast growth based on solid housing fundamentals and planned acceleration in infrastructure**

**#1 cement producer in the country**

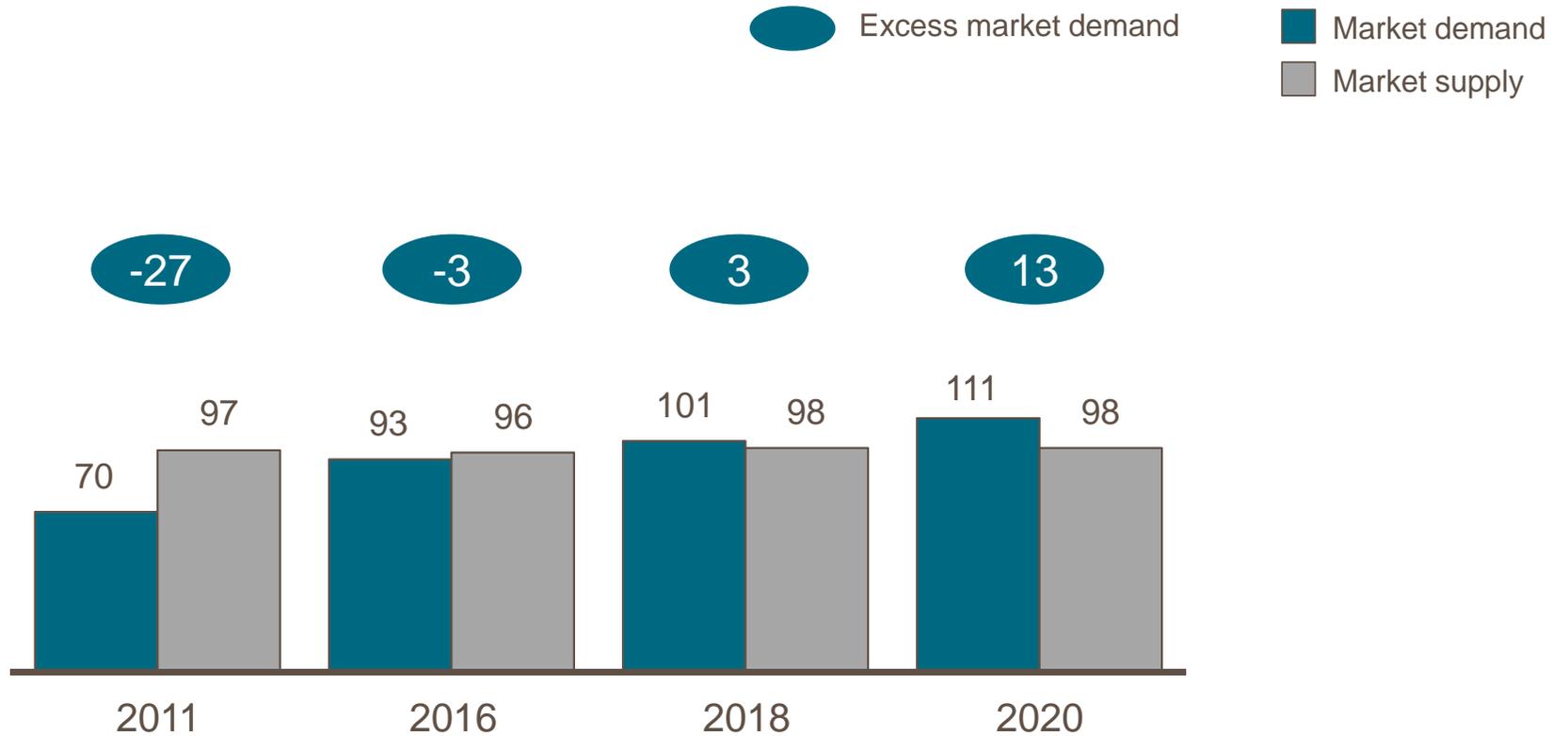
**Synergies implementation ahead of plan**

**Unrivalled distribution network providing uninterrupted supply**

**Successful pricing strategy driven by customer excellence**

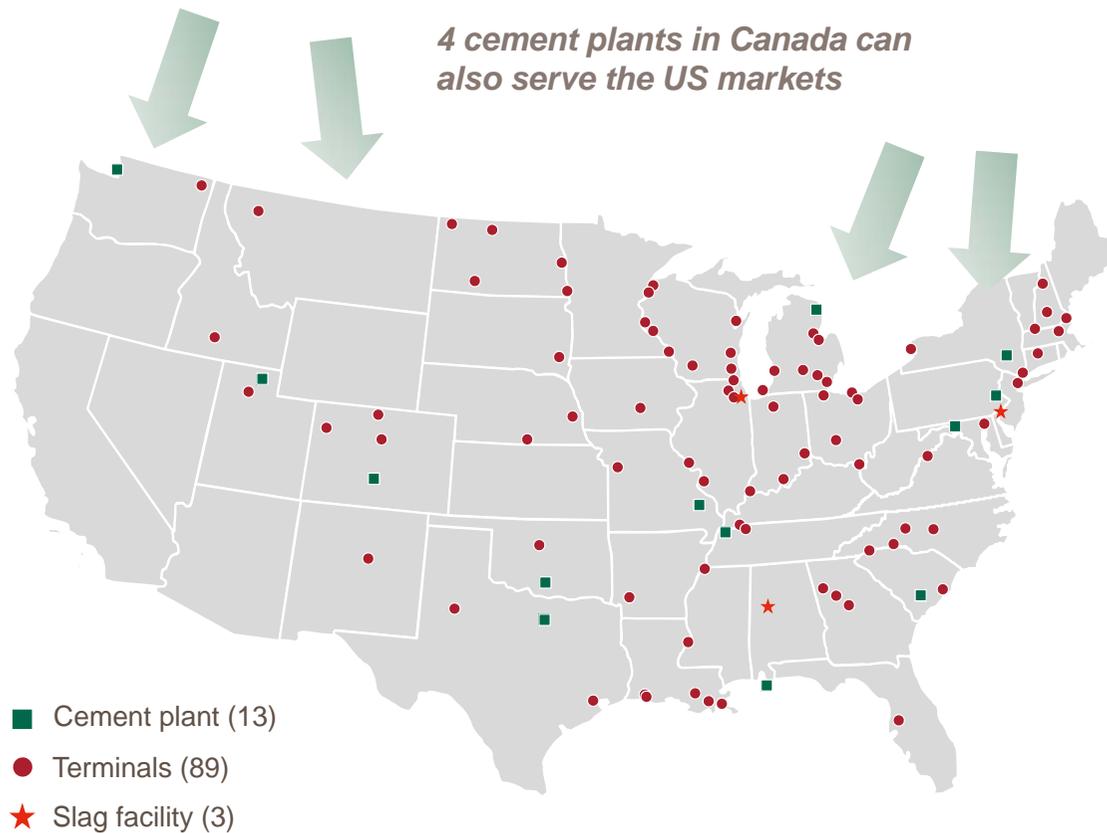
# Market demand expected to exceed supply going forward

Cement volumes, Mt



Sources: Portland Cement Association, September 2016 for market demand; internal assumptions for market supply

# Largest cement producer in the US Market



## Strengths

- #1 Cement Producer with 6Mt available capacity
- Unrivalled distribution network to provide uninterrupted supply to all key market, including 2Mt additional free capacity from Canada
- A unique range of product offer

	<u>LTM</u>
Cement capacity (Mt)	22
<hr style="border-top: 1px dotted black;"/>	
FTE # (2016)	2,800

## Commercial Transformation – Uniquely positioned to address increased domestic demand

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### Differentiation through product and service portfolio management

- Extensive cement, blended cement, Aggregates, Asphalt, RMX, slag and fly ash product portfolio
- Unrivalled distribution network to provide uninterrupted and alternative supply plans for all key markets

### Infrastructure

- integrated road offer and portable RMX deployment pulling together our cement, aggregates, asphalt and RMX offers
- New way of working with engagement at the pre-tender and design phase of projects

### State-of-the-art commercial tools used for price and margin analysis

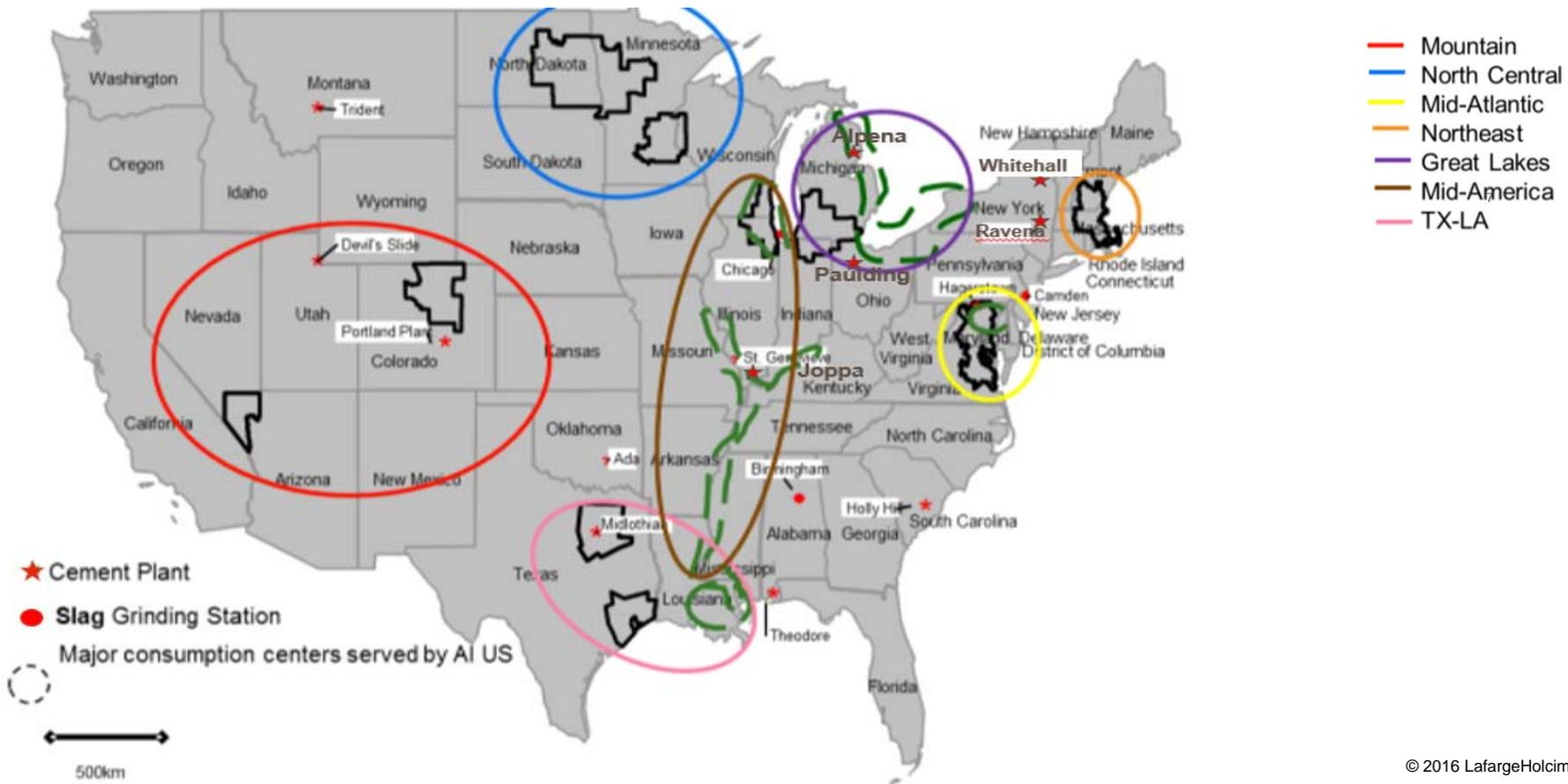
- Integrated systems allow for detailed forecasting and modeling to occur with use of current financial information; blending historical and forecast data

# Creating value through targeted Infrastructure projects



# Integrated solutions offered across our unique network

US ACM: Strategic positions to deliver integrated offers with additional margin



# Cost Leadership - Actively optimize networks to support growing North America capacity

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## Synergy delivery

### **Deliver synergy targets** through existing pipeline of initiatives in 2016

- Accelerated synergy delivery with 90% expected by end of 2016
- Supply chain synergies on track and delivering \$30m

### **Optimize alternative fuels and material networks** post merger

- Haz waste network; sharing and implementing best practices for non-haz materials sourcing and processing

### **Active portfolio management**

- Mothball kilns to optimize utilization rates (Joppa / Whitehall) to be potentially re-started
- Optimize sales network in the US and across the borders with our neighbors in Canada and Mexico

## Ongoing cost management

### **Further footprint improvement**

- Investment in modernizing capacities in Hagerstown (2016) and Ravenna, St Genevieve and Ada plants (2017) representing increased capacity of approximately 1.8 Mt
- Selected kiln mothballing (2016) in Joppa and Whitehall for about 0.9 Mt

### **Drive cost leadership**

- Increase of usage of alternative fuels and materials
- Replace uncertainty of traditional fuel pricing

# US Marketplace – Concluding Remarks

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- **Steady growth** based on housing and expected acceleration in Infrastructure
- **Integration completed** with teams now focused on commercial transformation
- **Extensive product portfolio and expert resources** to driver commercial transformation from direct customer to end user segments
- **Optimized network** of plants, with 6Mt available capacity, and distribution terminals fully integrated and well positioned to capture new market opportunities – cost leadership
- **Cost leadership**
  - On track to achieve cost synergies for 2016
  - Completed modernization of Hagerstown plant October 2016
- **Continuation of margin improvement** and outperforming cost inflation: strong EBITDA margin growth since the beginning of the year