



LafargeHolcim

LafargeHolcim Capital Markets Day 2015

Commercial excellence and transformation

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Commercial excellence: drive margin and growth

1. DELIVERING GROWTH/MARGIN SYNERGIES (CHF 220M)

2. ENHANCING GO-TO-MARKET MODELS AND DIFFERENTIATED OFFERINGS

~ share of total sales

RETAIL



i.e., bag market
Masons, Individual
Home Builders

~60%

BUILDING & SMALL/MID SIZE PROJECTS



e.g., bulk market
Building
Contractors

~20%

INFRASTRUCTURE



e.g., power plants
Large contractors,
Engineering firms

~15%

SPECIALTY SOLUTIONS



e.g., oil & gas
International
key accounts

<5%

3. DEVELOPING TOMORROW'S SOLUTIONS

4. DRIVING SALES AND PRICING PERFORMANCE

Decisive action underway for each of the priorities: CHF 30m already delivered

Synergy levers

- **Margin management best practices** and optimization
- Replication (cross-selling) of **proven segment solutions** between L&H countries

> **CHF 120m** value of customer action plans already defined

>**1,000** Sales and marketing team members working on synergy capture

>**20** countries touched through systematic synergy roll-out
100% of the target cascaded to the countries

One integrated synergy capture roadmap defined by lever and country

Pricing best practices and optimization with potential to contribute ~CHF 60m EBITDA by 2016 (run-rate)

PRIORITY PRICING LEVERS

Targeted pricing strategies by customer segments and micro markets

Consistent realization of price premiums for high value products

Customer needs driven product portfolio optimization

Customer portfolio optimization

Disciplined execution of price and margin management in the field



Wave 1 countries

- **Enhanced pricing capabilities for short term impact and sustainable approach**
- **>1,500 actions** identified
- **>300 sales reps** trained on pricing best practices



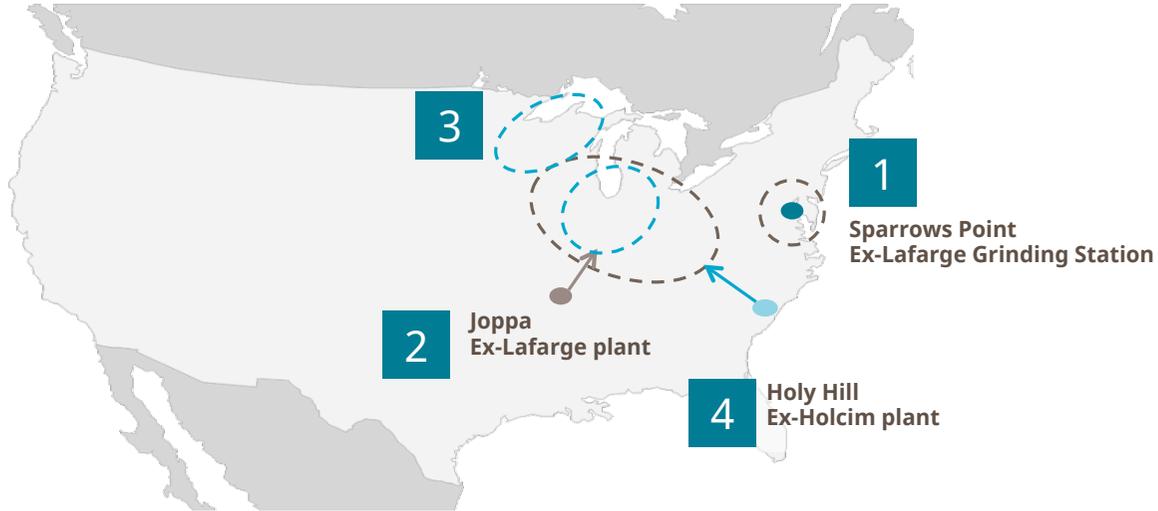
Wave 2 countries

- Selection of further countries in 2016 with high expected EBITDA potential

Action plans in place for cement cross-selling in first 13 countries with EBITDA of CHF 28m in 2016



UNITED STATES



- 1 Reaching markets where ex-Lafarge had presence with cementitious (East Chicago, Maryland) from ex-Holcim positions
- 2 Accelerate the rolling-out of **Portland Limestone cement** by reaching markets where ex-Holcim had presence from Joppa plant

- 3 Additional cementitious volumes by addressing markets where ex-Holcim had presence (Wisconsin, Illinois) from ex-Lafarge positions
- 4 Reaching markets where ex-Lafarge had presence by launching Custom Color **Masonry Cement**

Action plans in place for RMX cross-selling in first 8 countries with EBITDA of CHF 8m

> CHF 8M VALUE OF ACTION PLANS ALREADY DEFINED

SELECTED PRODUCTS WITH DISTINCT ADVANTAGES AND GLOBAL CROSS-SELLING OPPORTUNITY

<p>Ultra High Performance concrete</p> 	<p>Concrete flooring solutions for large joint spacing</p> 	<p>Fast setting concrete (time saver on jobsite)</p> 	<p>Insulating concrete (energy efficiency in building)</p> 
<p>First international brand for self compacting concrete</p> 	<p>Draining concrete (water management solution)</p> 	<p>Range of decorative concrete</p> 	<p>First international brand of ultra-fine cement</p> 

EXAMPLE: AGILIA DEVELOPMENT IN COLOMBIA





Ex-Lafarge product Agilia, self-consolidating concrete, cross-sold in Colombia – a ex-Holcim market. The total market of Bogota for Agilia alone is 100k m3 in Bogota per year with CHF 2m EBITDA potential.

Agilia is applicable in 40 countries

Ongoing actions of pricing optimization and cross-selling at the center of delivering CHF 220m of growth/margin synergies

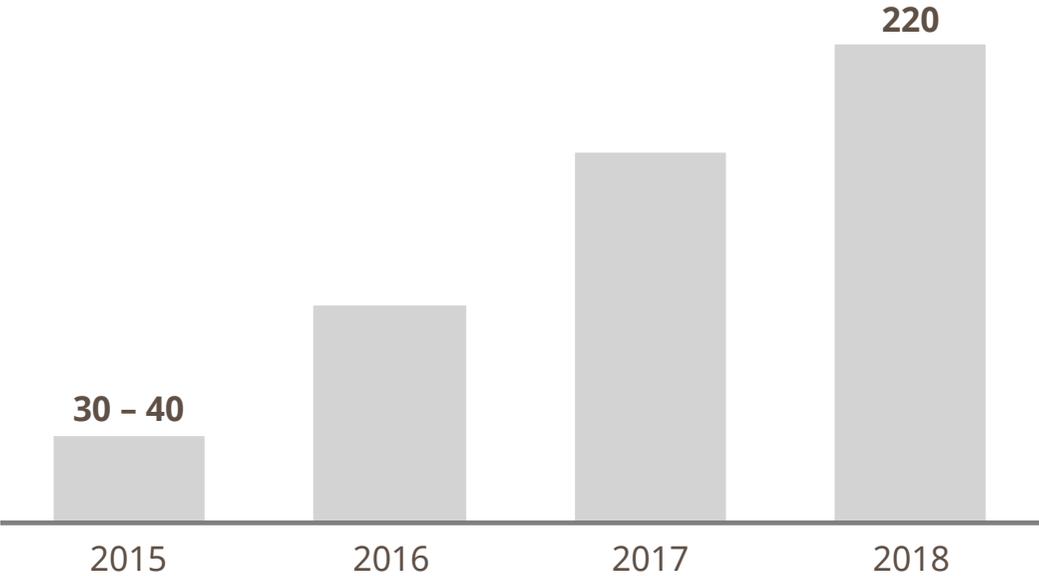
SYSTEMATIC TRACKING OF GROWTH SYNERGIES
with same rigor as cost synergies



ACCELERATED SCALE-UP OF PROVEN END-USER CONCEPTS
across LH countries



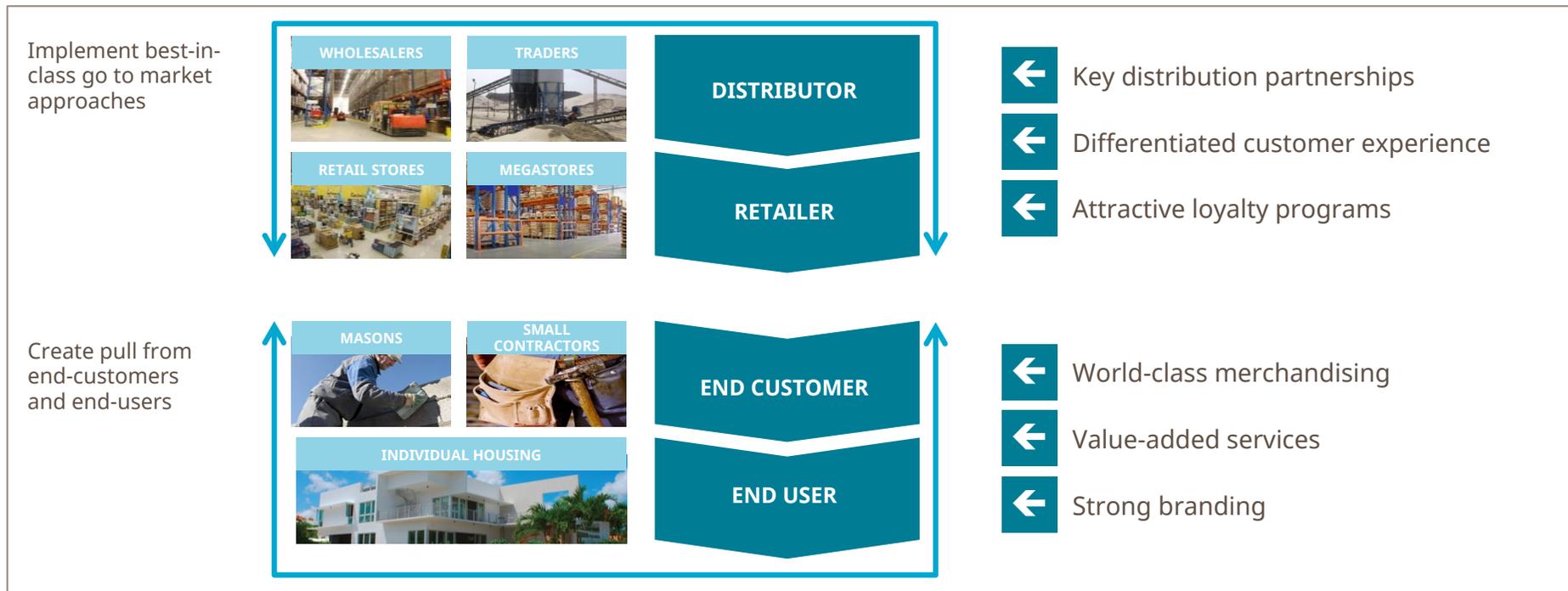
EXPECTED P&L IMPACT
CHF¹ million



¹ FX exchange rate EUR - CHF of 1.1 applied

In Retail, potential identified to transfer proven concepts to about 40 countries by 2018

APPLYING "FMCG" MINDSET AND METHODOLOGY



Retail – differentiated initiatives creating end-user pull, delivering volume growth and price premium

COMMERCIAL BRANDING

 INDIA

Differentiated product with **premium branding** consistently perceived as “best-in-class” and ahead of competition




PRICE PREMIUM 

INNOVATIVE PACKAGING

 FRANCE

Unique bag more resistant to rain and humidity. Successful commercial launch in France



PRICE PREMIUM 

LOYALTY PROGRAMS

 MEXICO

Loyalty program implemented with ~15,500 end-users (masons, contractors, retailers) who benefit through rewards & preferential service. Creates customer intimacy and increases buying cycle



HIGHER SALES FOR PARTICIPATING DISTRIBUTORS 

Retail – new retail store concepts and disintermediation increasing customer loyalty and creating new revenue streams

BATISTORE
 ALGERIA

New concept of one **stop store for small & mid-size contractors** in a fragmented, non-organized distribution market. Strong banner to gain new customer, consolidate margin, secure sales and generate franchise fees. Strong growth since launch with target of 100 stores by 2018 in Algeria alone




NEW GROWING REVENUE STREAMS 

BATIPRO
 MOROCCO

First **network in distribution of building materials** in Morocco. Franchisees buy all building products from Batipro. Comprehensive set of services is provided to develop skills and sales of 200 franchisees

BATIPRO
 DISTRIBUTION 




SIGNIFICANT EBITDA IMPACT FROM 200 STORES 

Infrastructure – creating and capturing additional value through early project involvement and integrated offerings



Infrastructure – executing systematically new go-to-market approach allowing for a significant premium

ROADS

 S8 POLISH PROJECT WITH SPANISH CONTRACTOR

Systematic execution of Road Integrated Offering (design, mobile plants, testing services, logistics & International Key Account Management), enables to engage the project design upfront and across borders



CHF 5BN IN ROAD PROJECTS GLOBALLY OVER IN NEXT 3 YEARS 

TRANSPORT (EG. RAILWAYS)

 WORKING WITH CHINESE CONTRACTOR IN KENYA

Major railway projects in emerging countries often financed & designed by major Asian players. **Broad footprint** enables understanding and meeting Asian standards coupled with full local support to create a competitive edge



CHF 1.5BN ADDRESSABLE MARKET 

MINING OPERATIONS

 FROM CANADA TO NEWER MARKETS IN AFRICA & ASIA

Global scale and footprint gives the critical mass to create expert mining teams, develop & transfer profitably mining operation solutions such as backfill & enter newer markets, serving international mining corporations globally



ADDRESSABLE MARKET OF >300 MINES GLOBALLY 

MAJOR ENERGY PROJECTS

 WORKING WITH KOREAN COMPANY IN MOROCCO

Large energy **project experience and relationship** with major international contractors in LNG Renewables, Thermal & Nuclear. Major opportunities in Asia, Africa & Middle East



CHF 1.5BN ADDRESSABLE MARKET 

Long term innovation pipeline with sizeable EBITDA potential

AMBITIOUS INNOVATION PIPELINE ...

Major R&D projects	Description	Fast & affordable construction			Environmental engineering			Design for end-users		
		Site Management	Cost Efficiency	Time Efficiency	Renovation	Strength, Durability	Environment, Resource	Energy	Comfort & Health	Style & Aesthetics
Smart	...	✓	✓	✓	✓	✓	✓	✓	✓	✓
Smart and Green	...	✓	✓	✓	✓	✓	✓	✓	✓	✓
Renov	...	✓	✓	✓	✓	✓	✓	✓	✓	✓
Smart Ren	...	✓	✓	✓	✓	✓	✓	✓	✓	✓
Process	...	✓	✓	✓	✓	✓	✓	✓	✓	✓
Construction	...	✓	✓	✓	✓	✓	✓	✓	✓	✓
Extension of products	...	✓	✓	✓	✓	✓	✓	✓	✓	✓
Efficient housing	...	✓	✓	✓	✓	✓	✓	✓	✓	✓
Smart	...	✓	✓	✓	✓	✓	✓	✓	✓	✓
Smart and Green	...	✓	✓	✓	✓	✓	✓	✓	✓	✓
Smart	...	✓	✓	✓	✓	✓	✓	✓	✓	✓
Smart	...	✓	✓	✓	✓	✓	✓	✓	✓	✓
Smart	...	✓	✓	✓	✓	✓	✓	✓	✓	✓
Smart	...	✓	✓	✓	✓	✓	✓	✓	✓	✓



... POWERED BY DISTINCTIVE PRODUCT DEVELOPMENTS

Solidia Cement™

IP protected and consumer tested **technology** that step changes economics of CO₂ emissions and energy use

➔ INITIAL EBITDA POTENTIAL OF **CHF 35M** IDENTIFIED IN ~15 COUNTRIES

Earth & Cement

Integrated offer to use cement-based products for **affordable housing**; launched in multiple countries

➔ INITIAL EBITDA POTENTIAL OF **CHF 20M** IDENTIFIED IN 20 COUNTRIES

Mineral Foam

Thermal Insulating solutions with mineral foam targeted at multiple applications in a building

➔ EBITDA POTENTIAL OF **CHF 30M** IDENTIFIED BY 2020

Business plan in place and implementation in progress

Next level pricing and salesforce excellence as a key lever to deliver EBITDA improvement

WHAT WE ARE DOING ON PRICING ...



Pricing manager in each country



Rigorous pricing improvement targets



Combined pricing best practices toolkit



Training of sales force (5,000 people) on pricing



Pricing tracking dashboard



... AND SALESFORCE EXCELLENCE



Sales people assessment



Sales training on best-practice approach and joint portfolio



New sales process in all markets (retail, bulk, large projects)



Systematic sales incentives



New sales performance dashboard

In summary – delivery of growth/margin synergies with upside through commercial excellence at scale



ON TRACK TO DELIVER GROWTH/MARGIN SYNERGIES

CHF 220m by end 2017 through margin management and replication (cross-selling) of proven segment solutions across L&H countries



NUMEROUS HIGH IMPACT LOCAL CASES

Identified numerous best practice cases with substantial impact, applicable across our different market segments and footprint, way beyond current use



NEW APPROACH FOR MORE EFFECTIVE GLOBAL SCALE UP

Building on past experience of both companies, opportunity to shape a substantially more effective approach for systematic execution at scale



SIGNIFICANT FURTHER UPSIDE OVER TIME

Strong combined innovation pipeline with a sizeable EBITDA potential by 2018 and many products already piloted and commercially proven

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