



LafargeHolcim

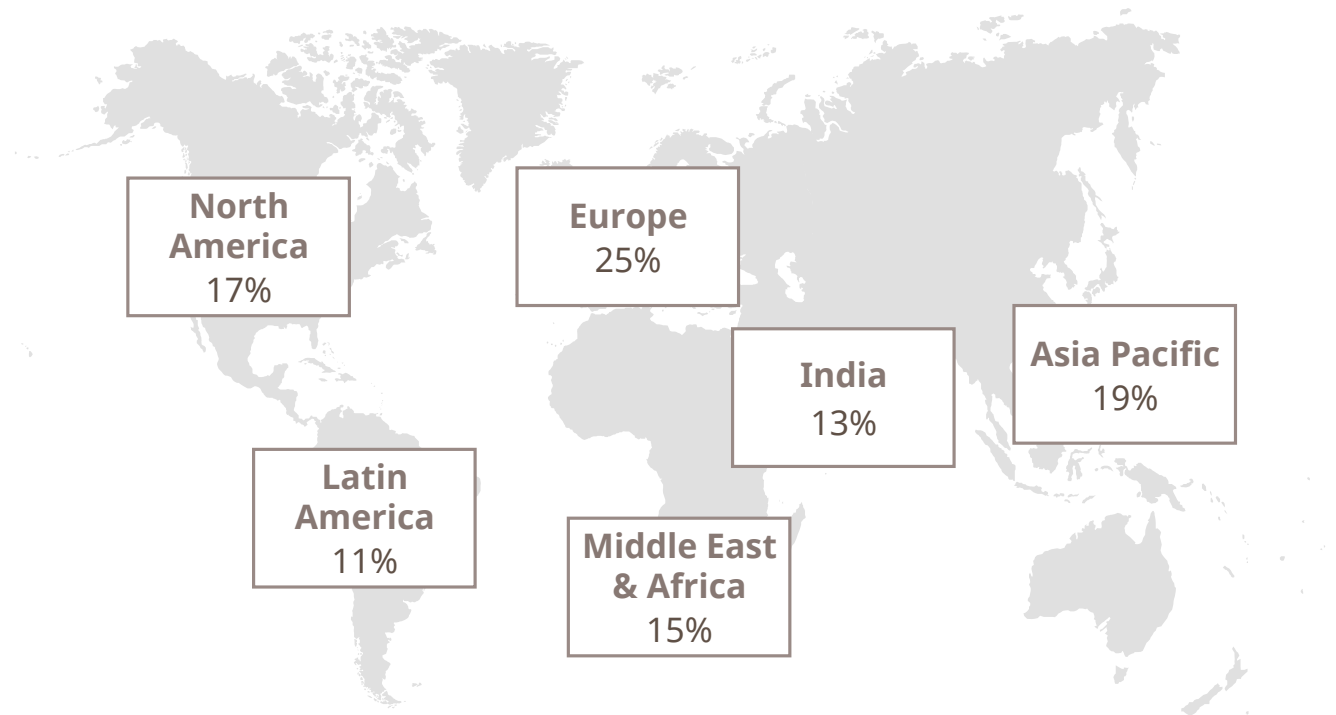
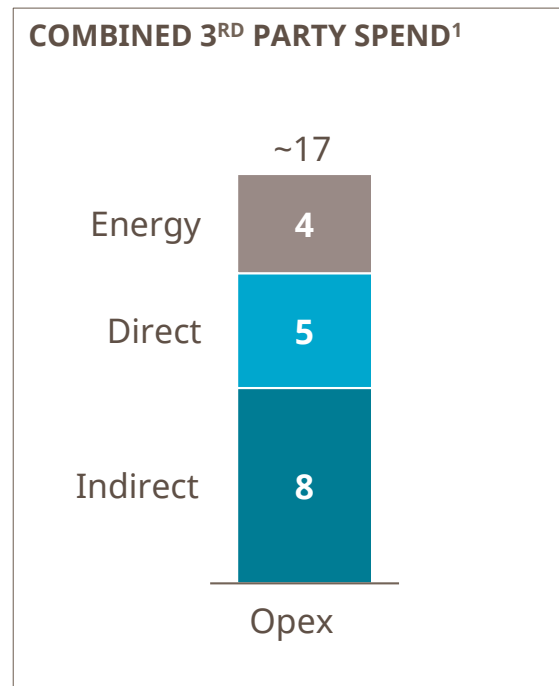
LafargeHolcim Capital Markets Day 2015

Synergy break-out: Procurement

Uwe Wehnes | Chief Procurement Officer | December 1st, 2015

Procurement at LafargeHolcim – CHF ~17 bn of spend across the globe

CHF bn, 2014



CHF ~380 m synergies fully confirmed

Category clusters		Average savings (Percent)
Energy 	Power and Gas	1 – 4%
	Fuels	
Direct 	Equipment & Consumables ¹	
	Packaging	
	Raw Materials	
	Mining	
Indirect 	Production Services ¹	
	Logistic Services	
	Corporate Services	
	General Services	
	Facility Services	
Total		~2%



- Average target of ~2% spend reduction across categories over 3 years
- Total recurring EBITDA synergies in net savings of CHF ~380 m
- Further ongoing improvements of performance

Our teams started capturing synergies as of Day 1

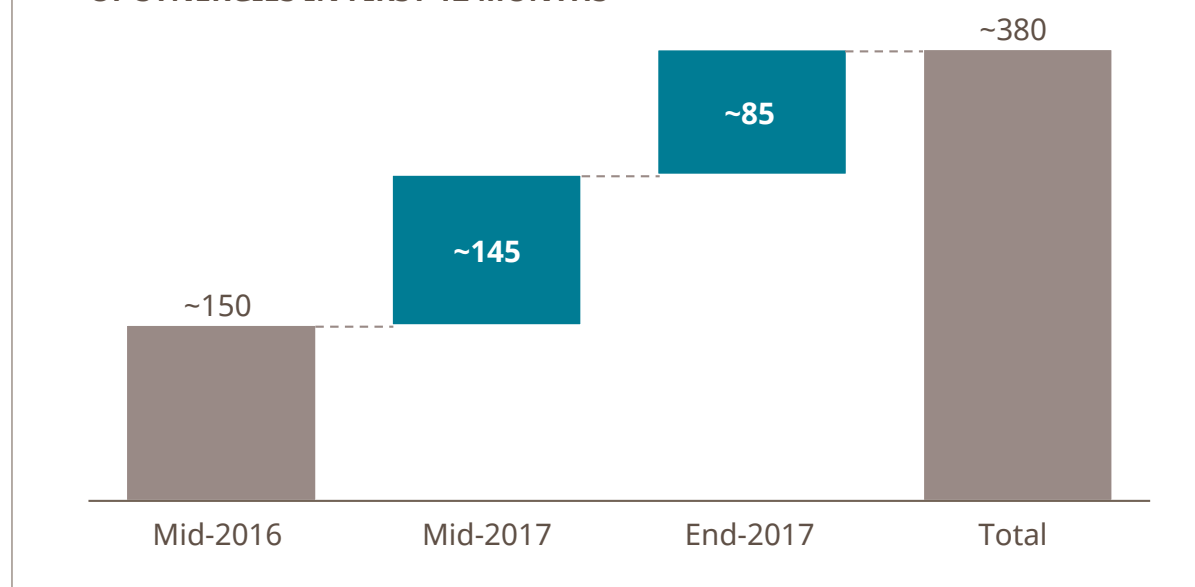
SYNERGIES, CHF m

WHAT HAS BEEN DONE SINCE DAY 1

- Dedicated teams ("tandems") to tackle suppliers in a focused manner
- Contacted 500 suppliers by the end of October with concrete expectations
- ~70% of top contracts renegotiated by the end of October
- Launched structured progress for monitoring the initiatives through a global performance tracking tool



EARLY IMPLEMENTATION TO CAPTURE ~40% OF SYNERGIES IN FIRST 12 MONTHS



Addressing synergies systematically – case examples

PETCOKE AND FUEL MIX OPTIMIZATION



Key synergy lever:

- Best practice sharing

Opportunity:

- Switch from coal to high sulfur petcoke, taking advantage of market excess and ability to use petcoke safely and eco-friendly, and increased critical mass with refineries

Expected outcome:

- Savings of 5-7%
- Sustainable benefit (overall trend to heavier crude oil; barriers for other industries)

GLOBAL TENDER IN EXPLOSIVES



Key synergy lever:

- Volume pooling

Opportunity:

- Volume bundling scope for explosives and blasting services: all cement and aggregates quarries in 60 countries

Expected outcome:

- Reduction in explosives cost by 6-8%

GLOBAL FACILITY MANAGEMENT



Key synergy lever:

- Supplier consolidation

Opportunity:

- Integration of several services across facilities and consolidation of suppliers

Expected outcome:

- On average 10% reduction in facility services costs

Addressing all opportunities beyond synergies – case examples

RAIL TRANSPORTATION RENEGOTIATION IN CANADA



Opportunity:

- Conduct a combined rail renegotiation for both East and West companies in Canada
- Objective to improve efficiencies, volumes, and compliance using
- New contract to begin in April, 2016

Expected outcome:

- Current savings forecast for 2016 is 6-8%

POLYPROPYLENE RESIN FOR BAGS IN INDIA



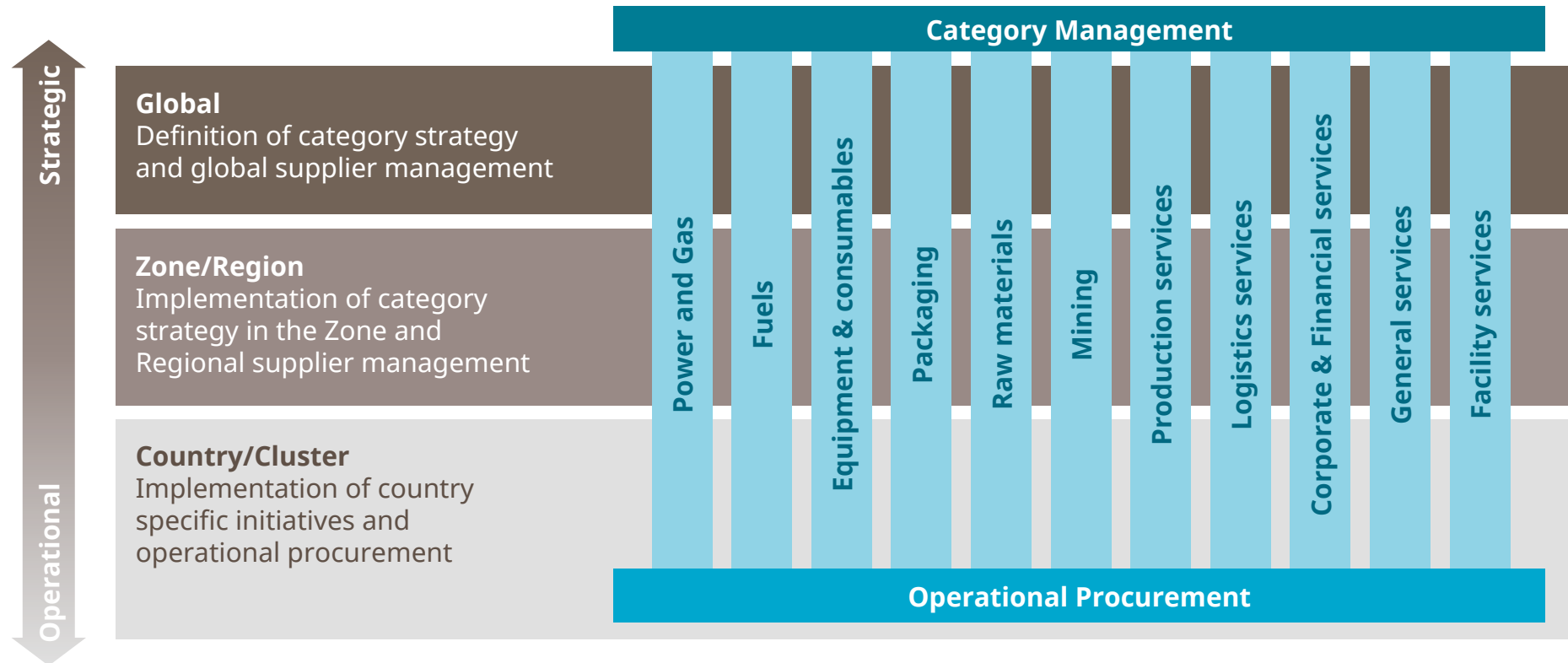
Opportunity:

- Leverage volume and market conditions in India to take advantage of falling crude oil prices (key driver in polypropylene prices)
- Negotiated a formula-based pricing contract to deliver savings based on crude prices for >1bn bags

Expected outcome:

- Current forecast for 2015 is 15-18%
- Continued savings based on market conditions

New Group procurement organized around category management to capture opportunities at scale



LafargeHolcim procurement – five main changes to capitalize on going forward



Enhanced procurement transparency across the organization



Further supplier consolidation (largest spender in the industry)



Leverage best cost sourcing locations through critical mass



Dedicated organization with a focus on high capabilities empowered to manage 100% of spend



Enhanced energy sourcing through a dedicated platform and reinforced capabilities

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