



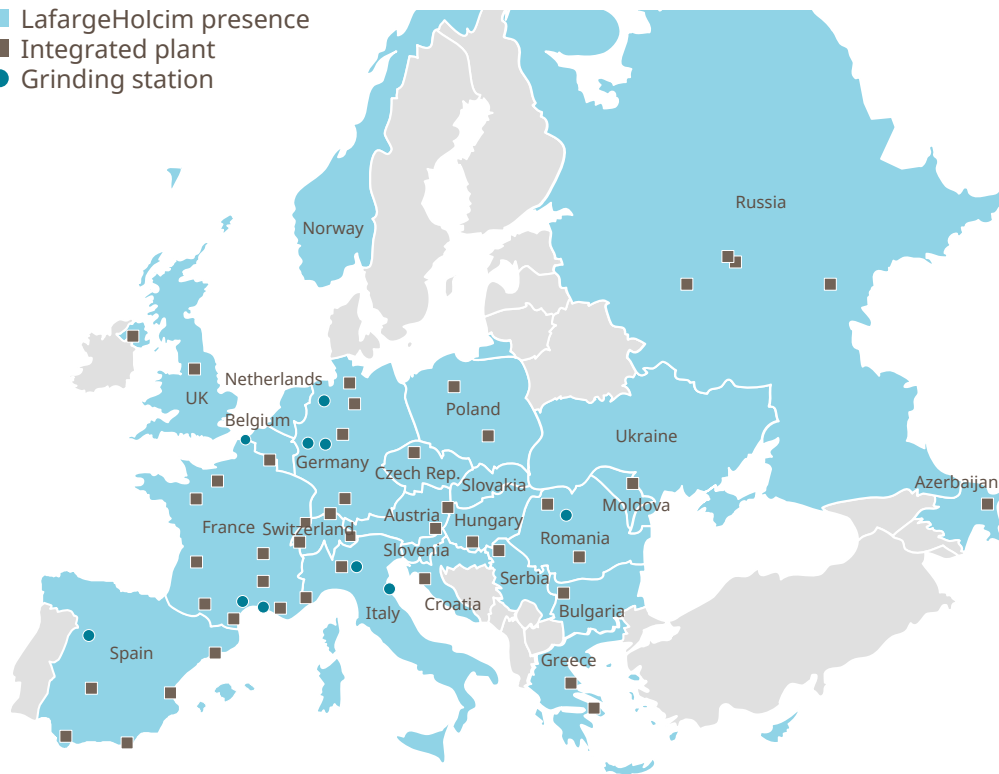
# LafargeHolcim Capital Markets Day 2015

## Regional Perspectives: Europe

Roland Köhler | Member of the Executive Committee (Europe) | December 1<sup>st</sup>, 2015

# Europe – extensive network across continent

- LafargeHolcim presence
- Integrated plant
- Grinding station



	LTM
Net sales (CHF bn)	7.6
Operating EBITDA adj. <sup>1</sup> (CHF bn)	1.4
Cement volume sold (mt)	42
Aggregates volume sold (mt)	123
RMX volume sold (mm <sup>3</sup> )	18
Cement capacity (mt)	78
FTE # (YE 2014)	24,660

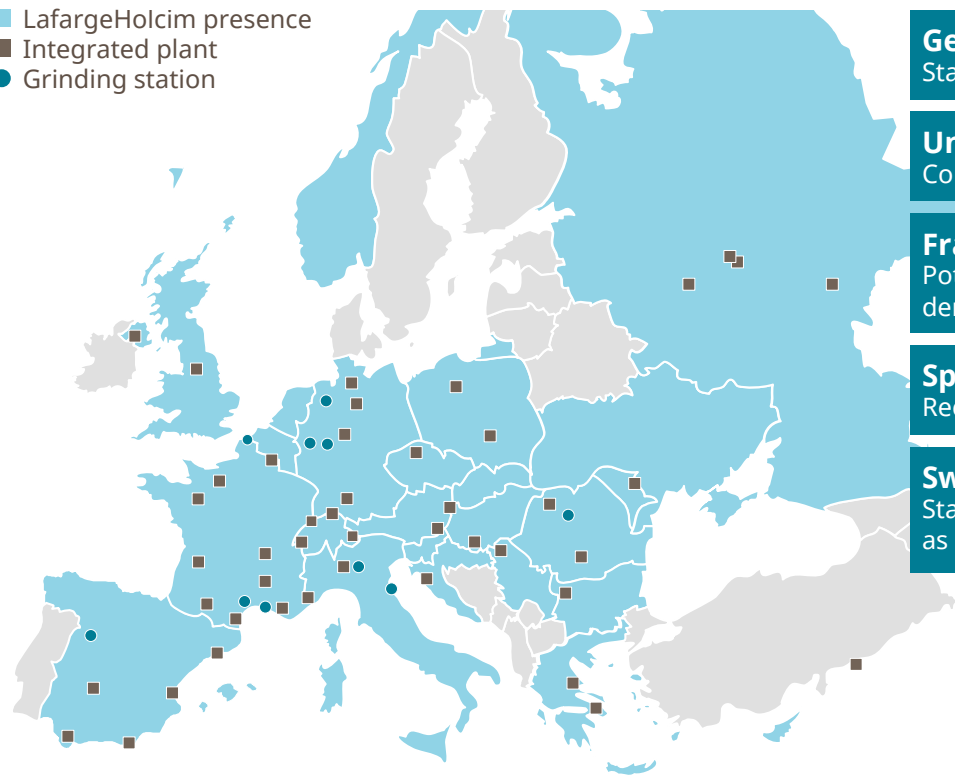
## Strengths

- Established leading positions
- Extensive network, with optimization potential
- Advanced capabilities in infrastructure

<sup>1</sup> Operating EBITDA adjusted excludes all merger related and restructuring costs  
 Note: Pro forma figures post divestments and pre Corporate / Eliminations

# Europe – markets expected to remain stable with some areas of modest growth

- LafargeHolcim presence
- Integrated plant
- Grinding station



## Germany

Stable market

## United Kingdom

Continued strong economy

## France

Potential stabilization of demand towards mid 2016

## Spain

Recovery from low levels

## Switzerland

Stabilization of the market as a result of the new FX equilibrium

## Central Eastern Europe

Continued stable / moderately growing markets. Important infrastructure projects in some markets

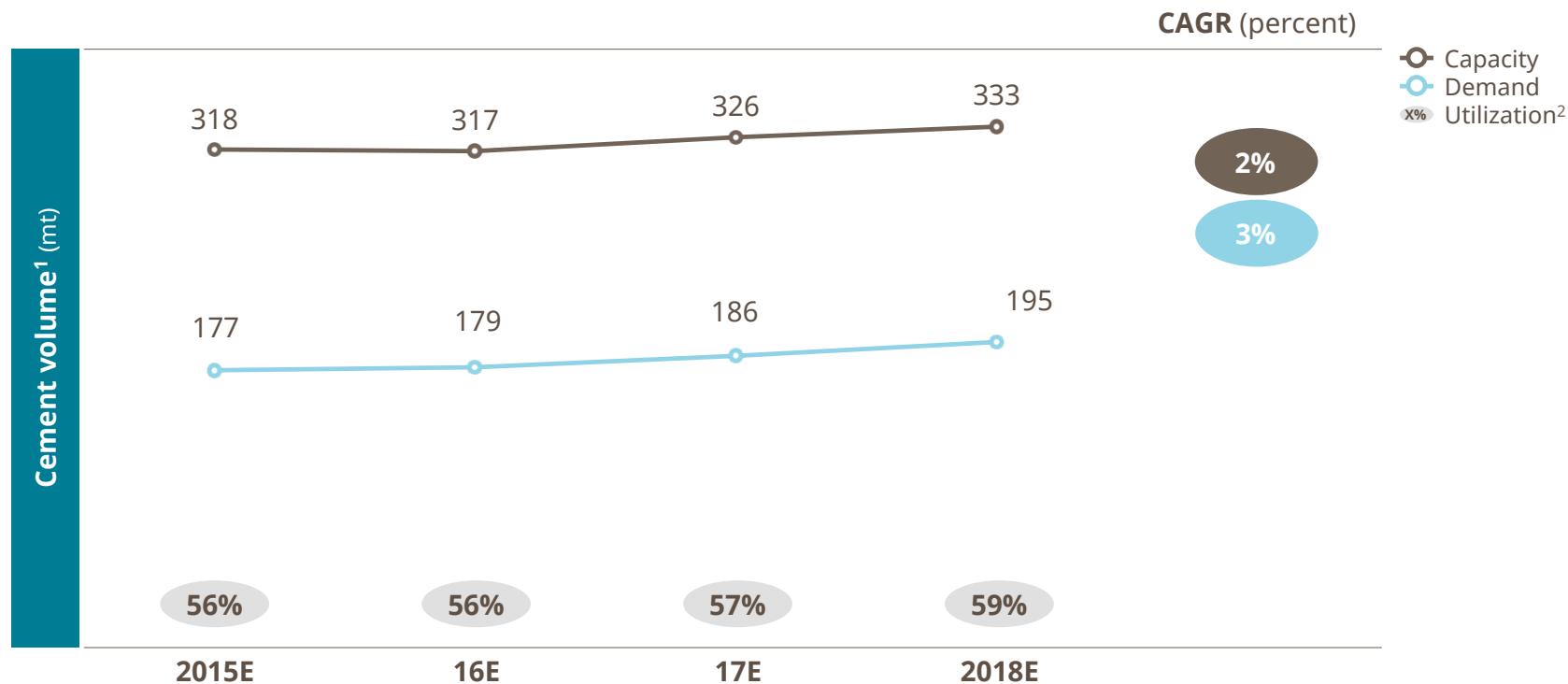
## Russia and Azerbaijan

Stabilization of market strongly dependent on oil & gas price developments

## Romania

Continued growth, supported by private investments and increased EU funding

# Europe – dealing with significant overcapacity



<sup>1</sup> Incl.: France, Germany, Greece, Italy, Poland, Romania, Russia, Spain, UK; <sup>2</sup> Total demand / total capacity  
Source: Research analysts reports; LafargeHolcim



# Europe – our plan to enhance value

- 1** **Deliver on synergies and reach target of CHF 226m<sup>1</sup> by 2018**
- 2** **Adapt production capacities/assets** to the continued low demand, and increase asset utilization
- 3** **Implement regional shared service centers and common IT platforms** to reduce costs, improve process efficiency and serve customers better
- 4** **Optimize logistics** leveraging the newly combined footprint
- 5** **Increase operational performance further** by sharing best practices from both ex-Lafarge and ex-Holcim and ensuring comprehensive implementation
- 6** **Increase value creation through enhanced customer understanding and strong solution orientation,** particularly in the complex infrastructure segment, leading to higher margins
- 7** **Assess different RMX positions** and take decisive actions to address underperforming areas

# Increased efficiency and reduced costs through shared service centers and common IT platform

## IT service center

- One IT Service Center for Europe in Madrid, Spain
- Single IT platform for 14,000 users
- Rollout to all countries in LH Europe to be completed in 2018



**22% reduction  
in IT costs by 2018**

## Business shared service center

- One Business Service Center in Slovakia
- Operations include invoicing, payments, accounting, HR admin and master data managements
- Rollout to all countries in LH Europe to be completed in 2018



**~5% SG&A savings**

# Significant logistics optimization opportunities combining both companies' cement plant networks

■ LafargeHolcim presence

□ Integrated plant

○ Grinding station

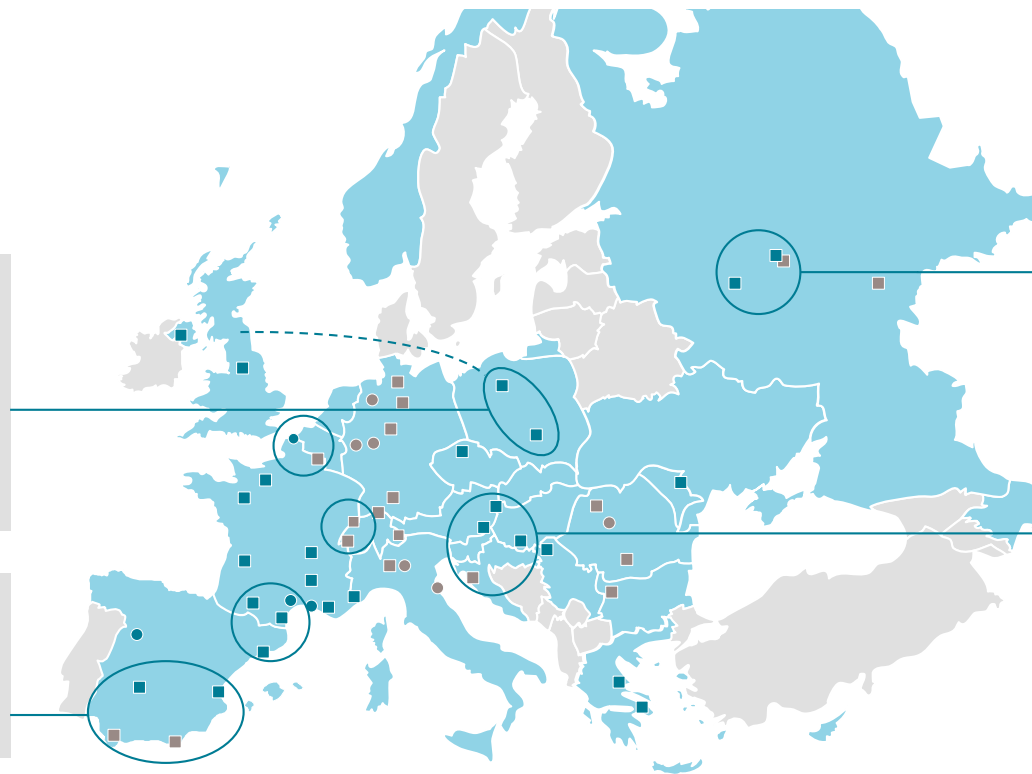
■ Ex-Lafarge

■ Ex-Holcim

○ Already identified network optimization opportunities

- Combining complementary aggregates product offering of Aggregate Industries UK (Ex-Holcim) and Lafarge Poland
- Leveraging the sales and distribution network of both companies

- Reorganization of cement flows across overlapping markets
- Reduction of logistics costs



- Reorganization of cement flows from plants to customer
- Reduction of logistics costs

- Reorganization of cement flows between Croatia and Slovenia
- Optimization of flows within Austria
- Improved utilization in Hungary

# Continued EU support for infrastructure investments



- EU is creating conditions and tools to increase investments in infrastructure
- Among the initiatives, EUR 21bn of direct investment, combined with up to EUR 294bn of private investment

- Positive GDP growth, increasing disposable incomes and favorable financing conditions in Europe
- Construction spending expected to increase by 2.4% and 3.7% in the EU in 2016 and 2017 respectively

**Strategic Infrastructure, including digital, transport & energy**

**Expansion of renewable energy and resource efficiency**

**Environment, urban development and social projects**



# Solution offerings and customization to win large projects like the Hamburg to Bordesholm highway in Germany

## Project needs

- High quality product that will support road use for 30 years
- Cement customization to meet customer specific requirements
- Just-in-time delivery of up to 3,000t per day
- Ability to supply cement for soil stabilization and road surface



## LH solution

- Lägerdorf one of only 3 plants in Germany that can produce low alkali cement
- Plant location enables LH to meet just-in-time delivery requirements
- Product customization
- Packaging of two different types of cement into single solution



# Unique products and superior quality to supply projects such as the Semmering Tunnel in Austria

## Project needs

- Products with proven track record in similar conditions
- Reliable partner for continuous supply of large cement volume, 335kt over 3 year period



## LH solution

- LH's "Blau SB" cement for shotcrete applications minimizes costly blockages in tunnel drainage systems throughout the life of the tunnel
- Extensive track record of the product being used in tunnels across the region over the past 7 years



# LH very well positioned to participate in the upcoming projects for the Football World Cup in Russia in 2018

## Project needs

- 292 facilities to be built including 12 stadiums (EUR 8bn), 62 hotels and 11 airports
- Associated rail, road, IT, electricity and communications infrastructure
- EUR 20bn of investment



## LH solution

- LafargeHolcim's cement plants competitively positioned to supply host cities
- LH Russia with extensive experience, and long track record, of delivering comprehensive range of solutions for all types of infrastructure required to host the World Cup



# Europe – concluding remarks



Market expected to stabilize and slowly begin recovery

Further adjustment of the asset base to this new reality required (cement and RMX)

New opportunities through the merger to leverage the numerous ongoing efficiency initiatives

Combined capabilities and scale allow LH to be the best provider of solutions to the construction industry in Europe

Good progress on integration, strong cultural affinity



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