



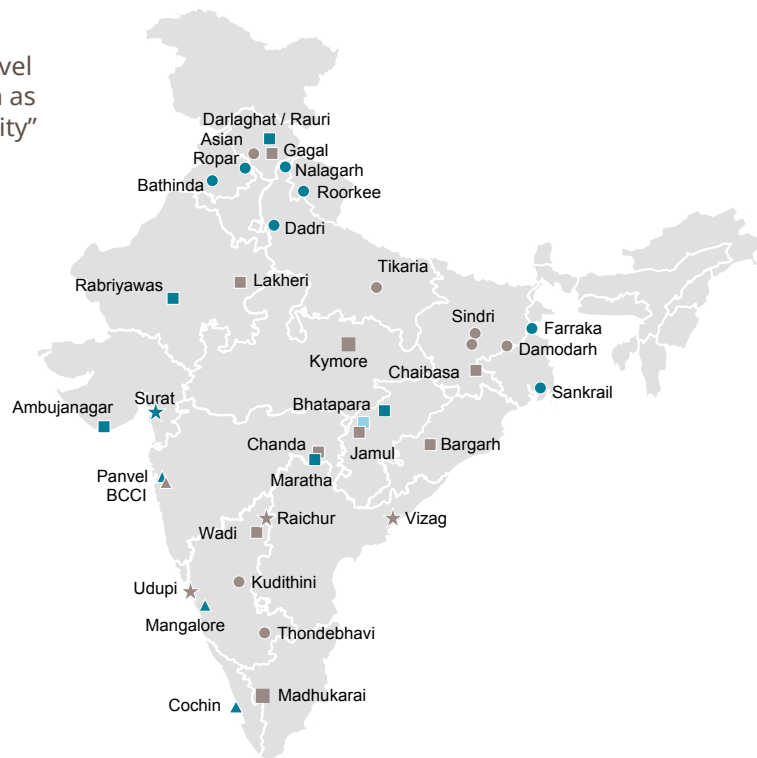
# LafargeHolcim Capital Markets Day 2015

## Regional Perspectives: India

Bernard Terver | Head of India | December 1<sup>st</sup>, 2015

# India – leading market position

Ownership in both companies is at 51% level enabling LH to be seen as a “Single Economic Entity” in India



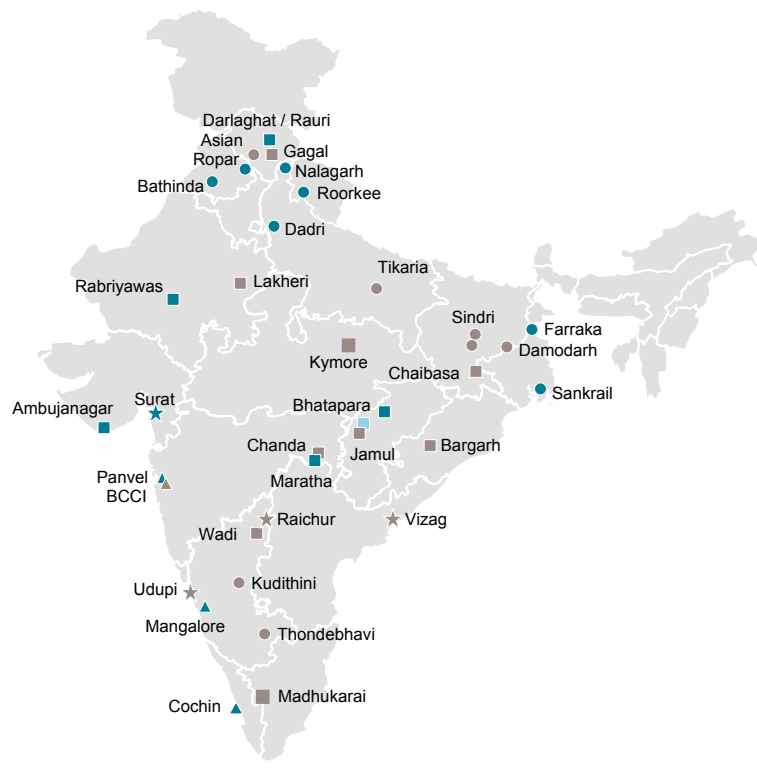
	LTM
Net sales (CHF bn)	3.1
Operating EBITDA adj. <sup>1</sup> (CHF bn)	0.5
Cement volume sold (mt)	45
RMX volume sold (mm <sup>3</sup> )	2
Cement capacity (mt)	62
FTE # (YE 2014)	14,700

## Strengths

- Well positioned for long-term growth potential
- Balanced footprint
- Extensive dealer & retailer network
- Two strong brands

“Due to ongoing divestment process, the presentation only includes LH’s subsidiaries in India, ACC and ACL”

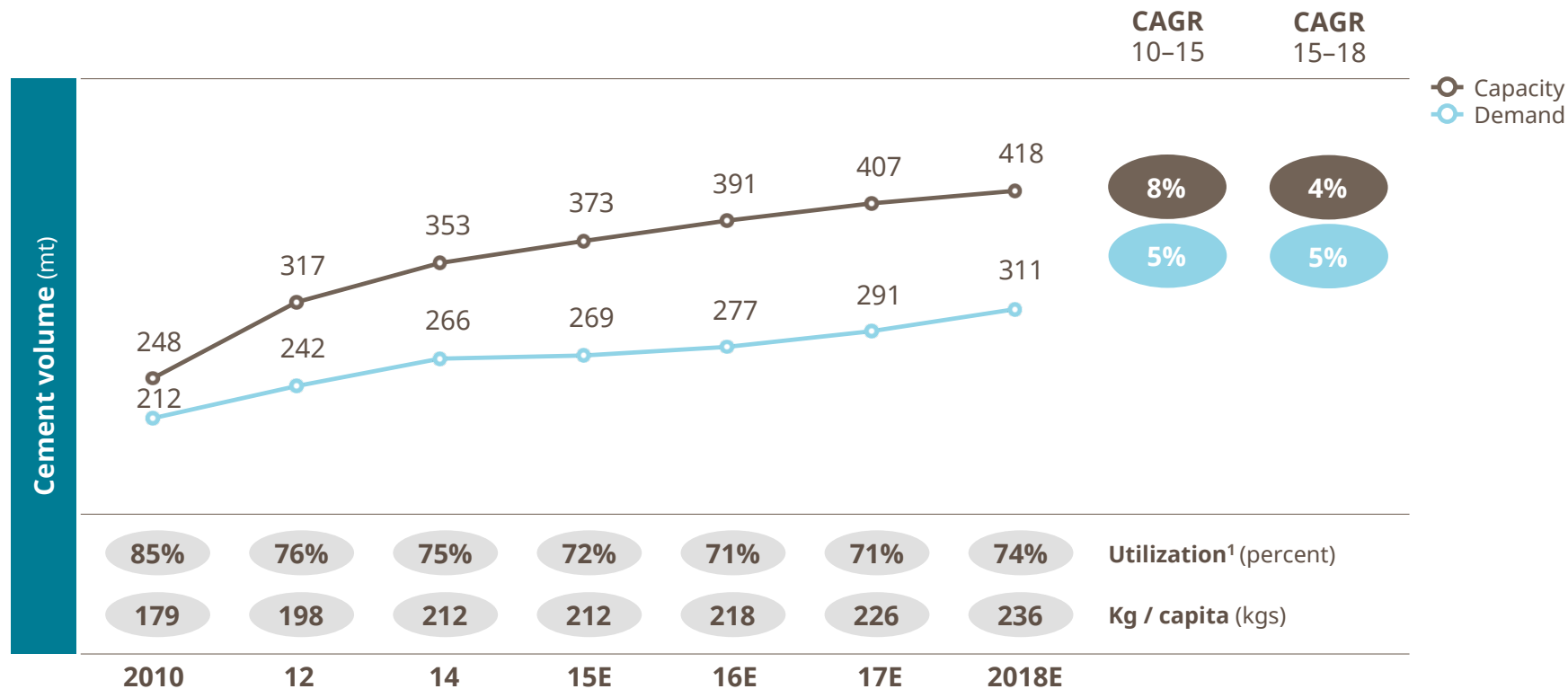
# India – strong market momentum



- **Strong growth fundamentals (5% p.a.),** albeit some headwind short-term
- **Supporting government initiatives** for infrastructure and housing
- **Positive pricing dynamics** in most markets except in a few pockets where there are new entrants
- **Opportunities** for premium product offering

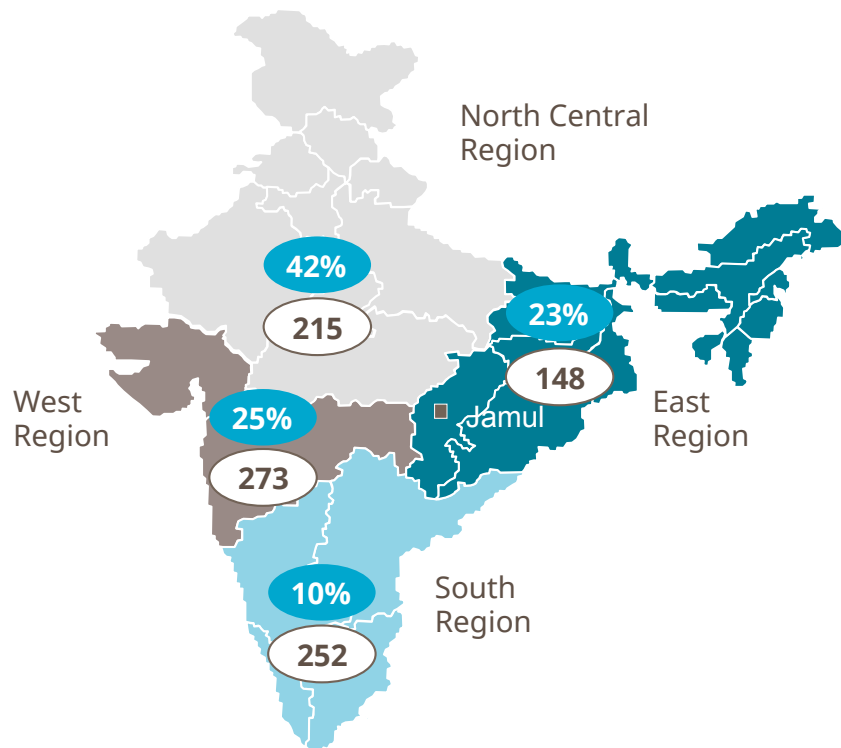
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# Continuous growth expected with improving utilization rates



<sup>1</sup> Total demand / Total capacity  
Source: Research analysts reports; LafargeHolcim

# LafargeHolcim India well positioned in higher growth sub-regions



## North Central Region

- Utilization approx. 90% in 2015
- Strong growth prospects

## East Region

- Utilization approx. 80% in 2015
- Very low cement per capita base of 150kg
- New Jamul plant well positioned to capture strong growth

## West Region

- Utilization approx. 65% in 2015
- Moderate growth prospects

## South Region

- Utilization approx. 60% in 2015
- Low to moderate growth prospects

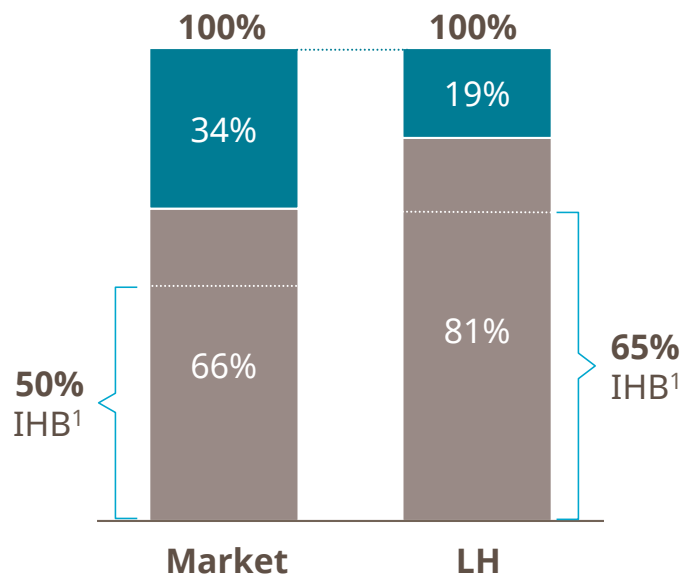
**X%** Percent of cement volume sold: 45mt = 100%

**X** Cement per capita consumption 2015 in kg

Note: Figures exclude Ex-Lafarge India

# Well positioned in the more attractive retail segment

Percent of cement  
Volume sold, 2014



## Retail segment

- LH is very well positioned with 2 strong brands (ACC & Ambuja) and an extensive network with over 100,000 dealers and retailers
- Large potential for market differentiation

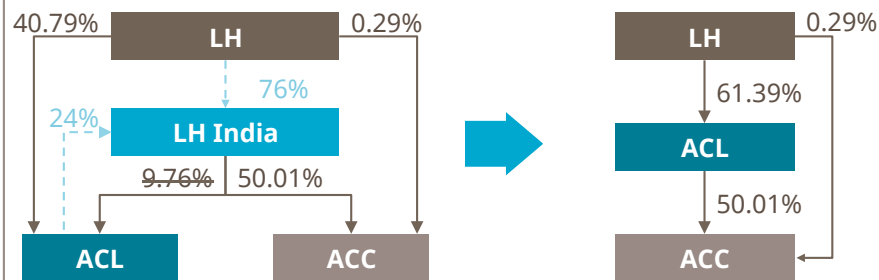
## Commercial / Infrastructure segment

- Significant growth projected in the more competitive commercial and infrastructure segment
- Robust project pipeline driven by the government's master plans and growing trends of urbanization
- LH can leverage its vast global expertise and knowledge in construction technologies to become supplier of choice in this space

<sup>1</sup> Individual House Builders

# Corporate restructuring (Alaska) still pending approval, however able to capture improvement objectives in current structure

## Streamlining of governance structure



- ACL acquires LH's 50.01% equity stake in ACC
- Two step transaction to be taken to achieve new target structure:
  - Step I: ACL acquires 24% of LH India for USD 600 million
  - Step II: ACL issues equity shares to LH post cancellation of LH India's 9.76% stake in ACL upon merger

## Transaction Update

Event	Completion date
Approval by the Ambuja & LH India Boards	24 / 07 / 2013
BSE and NSE "No Objection" letter	18 / 09 / 2013
Ambuja minority shareholder approval (68.5% in favor) – SEBI vote	21 / 11 / 2013
Ambuja EGM approval (90.4% in favor)	23 / 11 / 2013
High Courts and other approvals	26 / 03 / 2014
FIPB <sup>1</sup> clearance (filed on October 3, 2013)	PENDING
Decision by CCEA <sup>2</sup> / FIPB is pending	

## Governance update

To move forward despite delay in approvals an internal governance and management structure is in place to manage ACC & Ambuja effectively as single economic entity and deliver the synergy target.

<sup>1</sup> FIPB – Foreign Investors Promotion Board

<sup>2</sup> CCEA – Cabinet Committee of Economic Affairs

# India – our plan to enhance value

## Commercial transformation

**1** **Continue to strengthen dealer network** to maximize premiums, investing in our 2 strong brands, strengthening technical support and providing end user support

**2** **Increase premium product and service offering** through product portfolio leverage in Commercial / Infrastructure segment

## Logistics optimization

**3** **Swap clinker and cement** volumes between ACC and ACL

**4** **Margin maximization using Transaction Price Management (TPM) tool**, which minimizes distribution costs through maximizing volumes in proximity to LH plants

## Organization & operational efficiency

**5** **Changing manufacturing mindset** to maintain our leadership in cost competitiveness

**6** **Increase usage of low cost petcoke** in both companies

**7** **Increase use of alternative fuels**

**8** **Implement Business Shared Service (BSC)** to integrate backend processes (Finance, HR, Commercial) and Common Procurement organization

Improvement  
objective  
CHF 150m<sup>1</sup> EBITDA

<sup>1</sup> FX rate USD / CHF = 1.0



# India – concluding remarks



Well positioned to capture growth in North Central and Eastern markets of India, especially with new Jamul expansion project

Maintain strong retail presence by capitalizing on 2 strong brands and extensive network. Participating in Government's large infrastructure projects

Governance and management structure in place to manage ACC & Ambuja effectively as a "single economic entity"

CHF 150m improvement plan now fully launched across all streams

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