

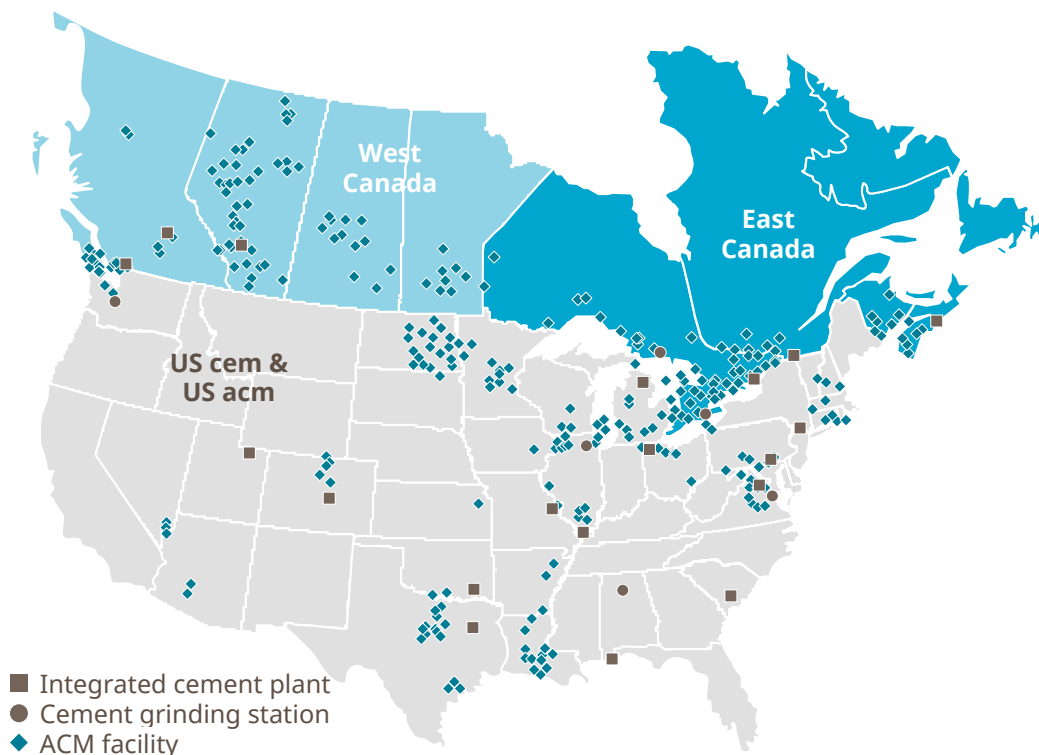


# LafargeHolcim Capital Markets 2015

## Regional Perspectives: North America

Alain Bourguignon | Member of the Executive Committee (North America) | December 1<sup>st</sup>, 2015

# North America – leading market position



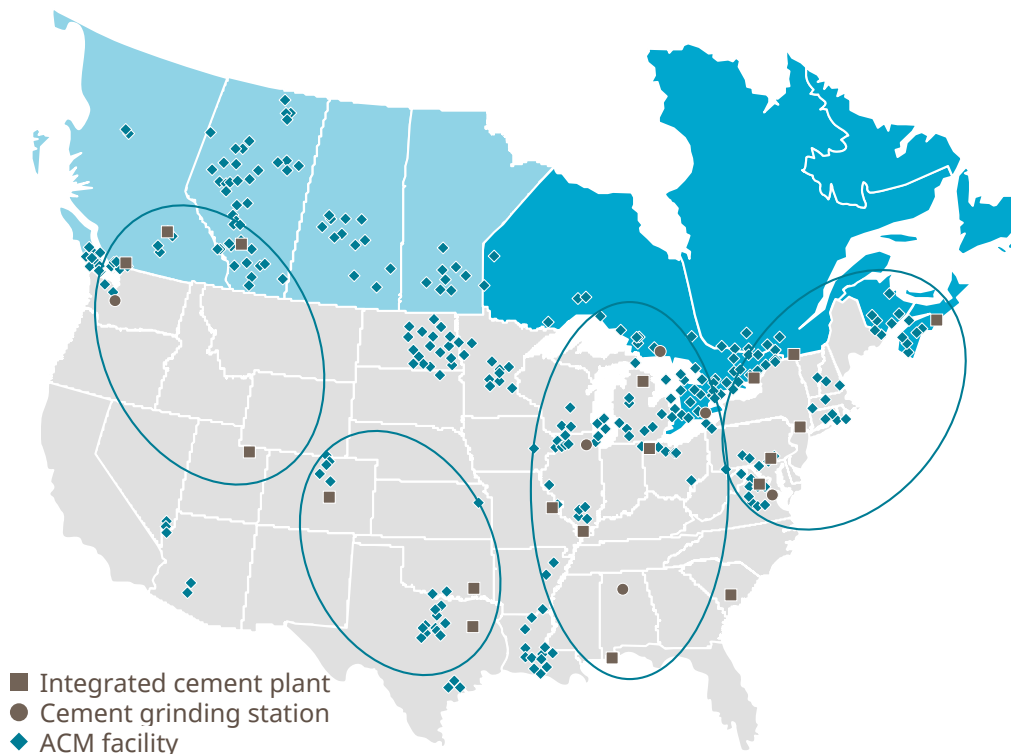
	LTM
Net sales (CHF bn)	5.7
Operating EBITDA adj. <sup>1</sup> (CHF bn)	1.2
Cement volume sold (mt)	21
Aggregates volume sold (mt )	115
RMX volume sold (mm <sup>3</sup> )	9
Cement capacity (mt)	34
FTE # (YE 2014)	11,740

## Strengths

- #1 market position
- 80% market access in US
- Well positioned to capture strong market momentum

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

# North America – good mid-term potential across markets



## West Canada

- Strong market positions in Cement / Agg / RMX
- Weaker currency supports exports to US
- Revamp of Exshaw
- Reduced oil-related investments

## East Canada

- Strong market positions in Cement / Agg / RMX especially in Greater Toronto area
- Stable volume demand and solid EBITDA
- Weaker currency supports exports to US
- Expected competition from new capacity

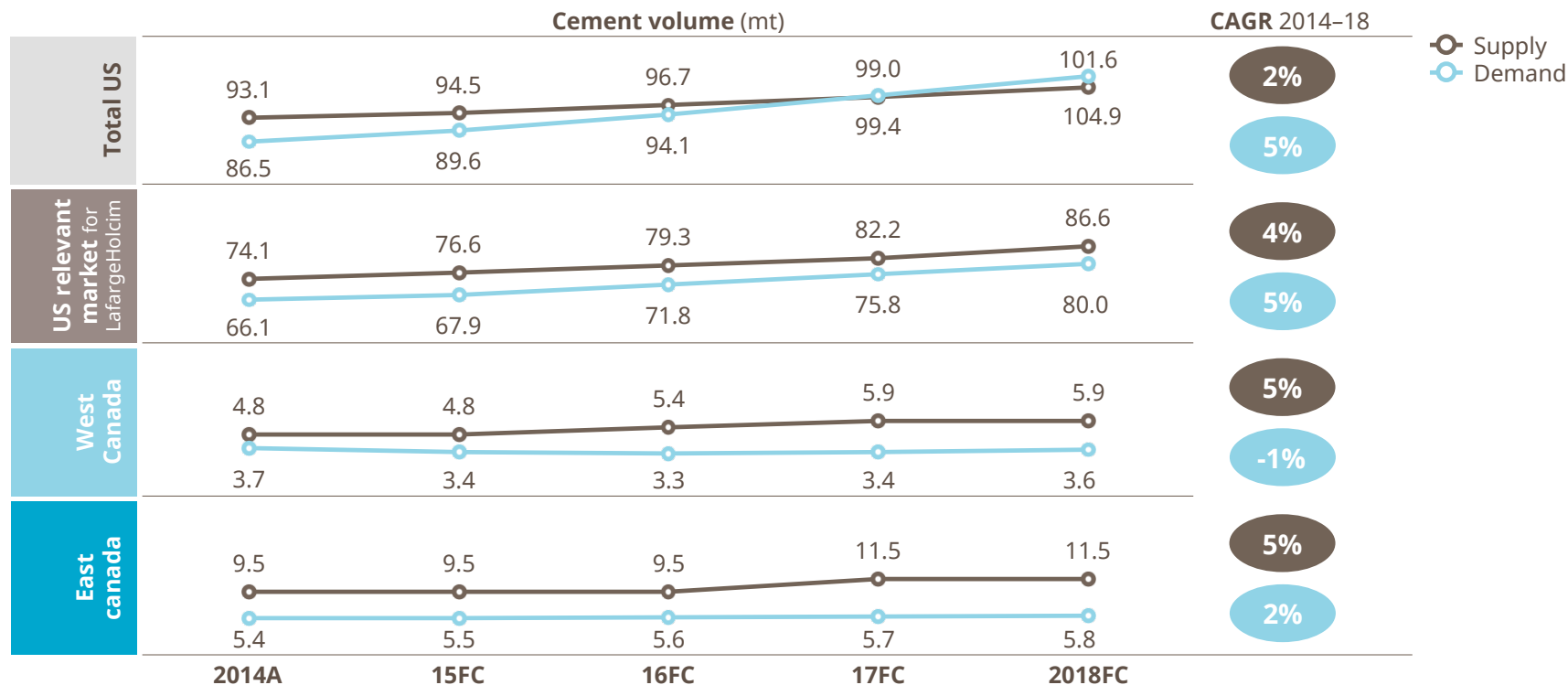
## North America

- Supply chain synergies
- Free capacities to capture market growth
- Leadership position across markets
- Innovation & services enabling price differentiation

## US CEM & US ACM

- Economic recovery and growth to drive demand
- Strong clusters (esp. along the river & East coast)
- Revamp 3 cement plants
- Reduced oil-related investments

# North America – positive cement market momentum in the US, stable demand in East Canada, slowdown in West Canada



Source: Portland Cement Association, Cement Association of Canada



# North America – our plan to significantly improve returns

- 1 Deliver on synergies** and reach target of CHF 161m<sup>1</sup> by 2018, with early delivery
- 2 Bring online 4.3mt of modern clinker capacity by late 2016** to capture increased demand and run plants at full capacity
- 3 Optimize cost to market** through re-assessment of asset footprint and maximizing production efficiency and supply 'chain synergies of combined footprint
- 4 Unique value proposition for major infrastructure project** through elements of differentiation and value added solutions
- 5 Double Alternative Fuel use** in the 5 coming years (new regional organization setup in place)
- 6 Streamlining the organization** and reducing SG&A costs

# Bring online 4.3mt of modern capacity in 2016 in good local markets

Total clinker  
capacity construction

## Exshaw

- 1.3mt
- Expected completion: late 2016

## Ada

- 0.6mt
- Expected completion: mid 2016

## Ravena

- 1.7 mt
- Expected completion: late 2016

## Hagerstown

- 0.7mt
- Expected completion: mid 2016

- Integrated cement plant
- Cement grinding station



# Unique value proposition for major infrastructure projects

## Example

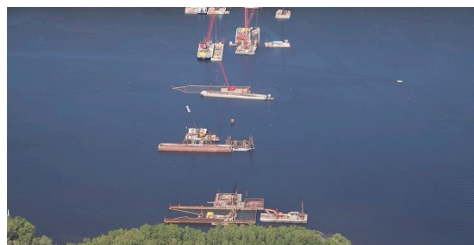
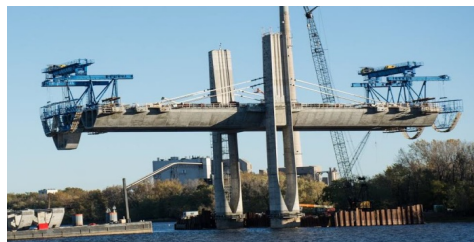
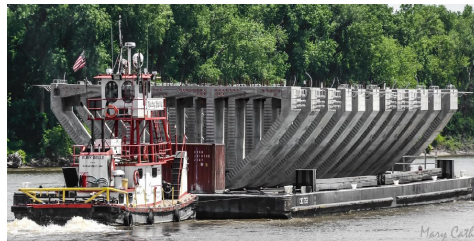
St. Croix Crossing in Minneapolis

### Project details

- 24 months project
- 650 precast box girders making up the bridge deck

### LafargeHolcim providing integrated solution

- Supply of materials:  
17,500 tons cement and slag,  
150,000 tons sand gravel and stone,  
60,000 yards ready mix
- Provision of land lease for casting building /  
yard with river access
- On site dedicated batch plant
- Quality control services



# Systematic streamlining of the organization and reduction of SG&A costs

## SG&A

- One single regional support organization for the entire region
- One single operational support per country (HR, legal, CFO, etc.)
- Closure of four offices
- Optimizing compensation structure

## Processes

- One IT and business shared service center for the region operated out of Toronto



# North America – concluding remarks



Clear leadership position in North America with broadest market access

Extremely well positioned to participate in market growth potential

Able to get back to 2007 pre-crisis margins with 20% less volume

EBITDA in ACM multiplied by 3 over last three years and now getting close to benchmark

Decisive focus on capturing synergies and improving costs

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