

## Q3 2018 Trading Update

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**LafargeHolcim**

## Q3 2018 highlights

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- › Accelerated growth momentum with Net Sales up 5.8% LFL
- › All four business segments contributing
- › Over-proportional increase in Recurring EBITDA of 8.1% LFL
- › Stabilization in Middle East Africa in August and September
- › SG&A cost savings program delivering results ahead of target
- › Execution of Strategy 2022 at full speed
- › Momentum expected to continue in Q4

# Strategy 2022 – “Building for Growth”

## Execution at full speed

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- ✓ Accelerated growth momentum with +5.8% LFL Net Sales growth in Q3
- ✓ All 4 business segments growing
- ✓ 3 bolt-on acquisitions in Q3 (Tarrant & Metro Mix in the US, Vritz quarry in France)



- ✓ Corporate offices in Singapore and Miami closed; Zurich and Paris offices will close in Q1 2019
- ✓ SG&A cost savings program delivering results ahead of target
- ✓ First progress towards closing the performance gap in aggregates and ready-mix concrete



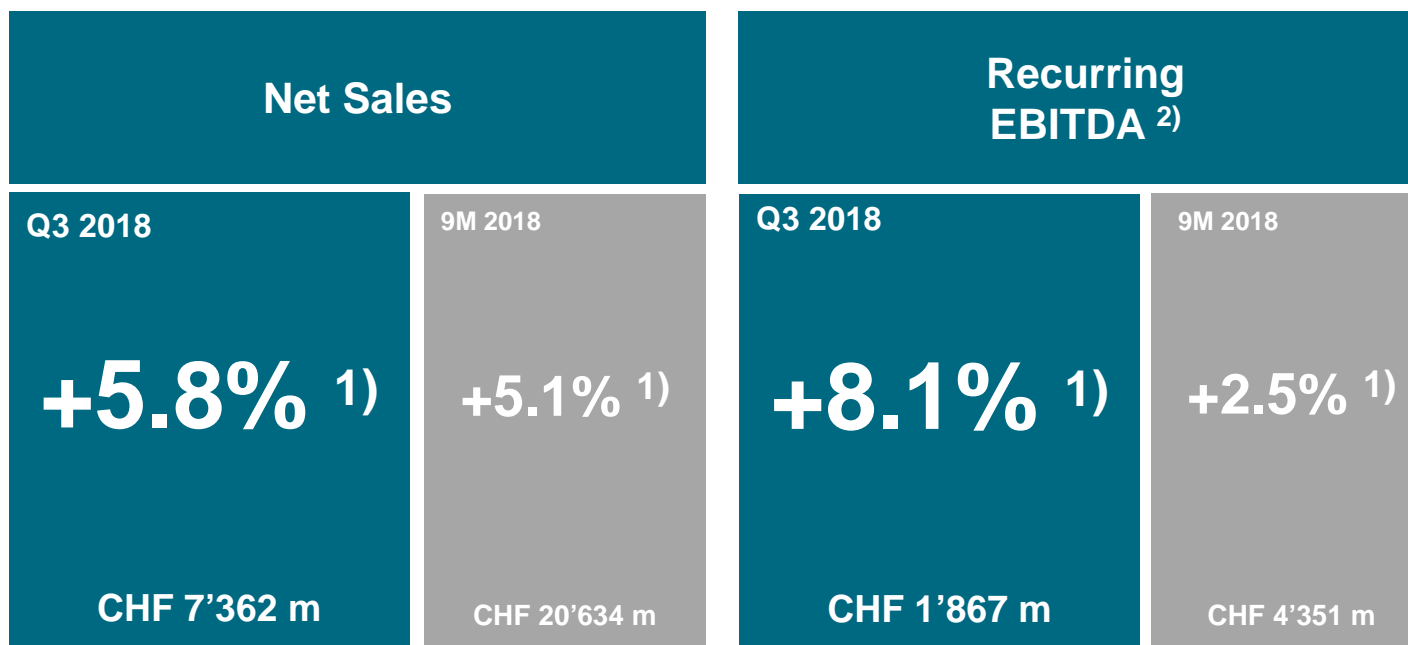
- ✓ Divestment plan of at least CHF 2 billion on track
- ✓ Successful refinancing of CHF 1.3 billion debt on financial markets
- ✓ Committed to maintain investment grade rating



- ✓ New operating model and leadership team established
- ✓ New Performance Management systems rolled out globally
- ✓ New Business School has successfully started

# Performance highlights

## Strong acceleration in Q3



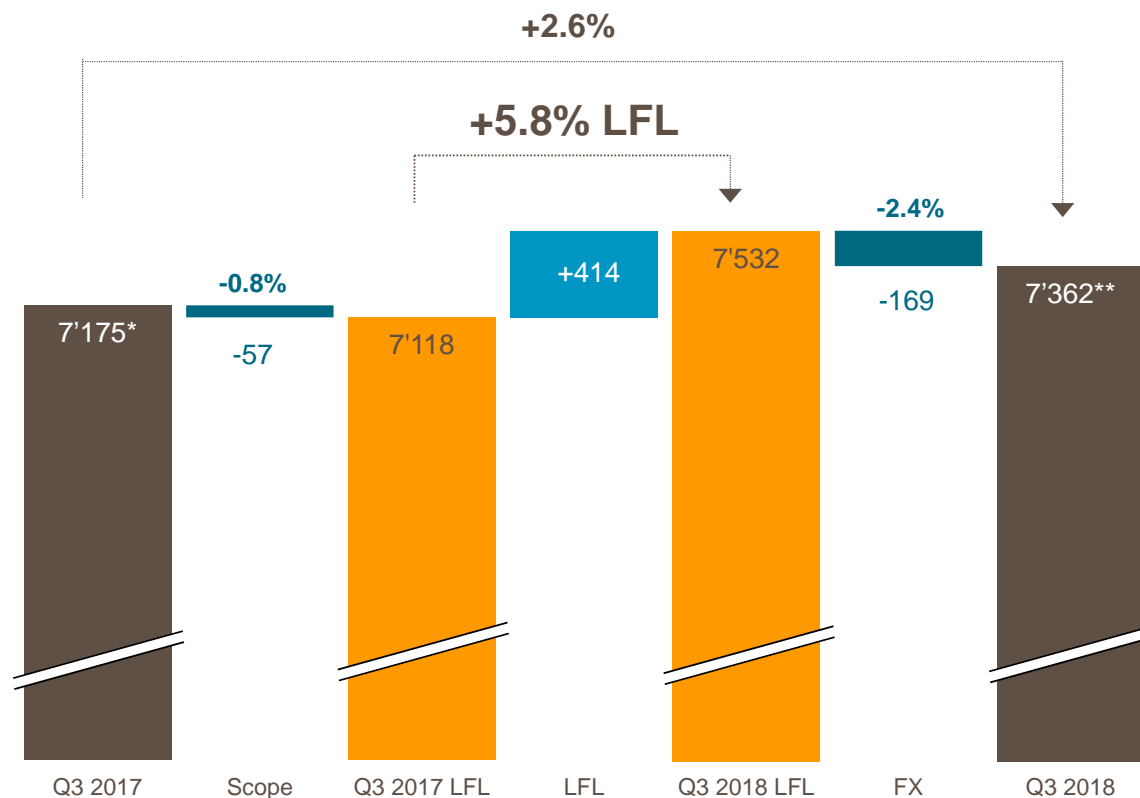
1) Like-for-like

2) Variance calculated on 2017 Recurring EBITDA restated for the inclusion of the Group share of net income of Huaxin (CHF 71 million in 9M 2017, CHF 24 million in Q3 2017)

# Q3 2018 Net Sales bridge

## Solid growth above 5% LFL

CHF m

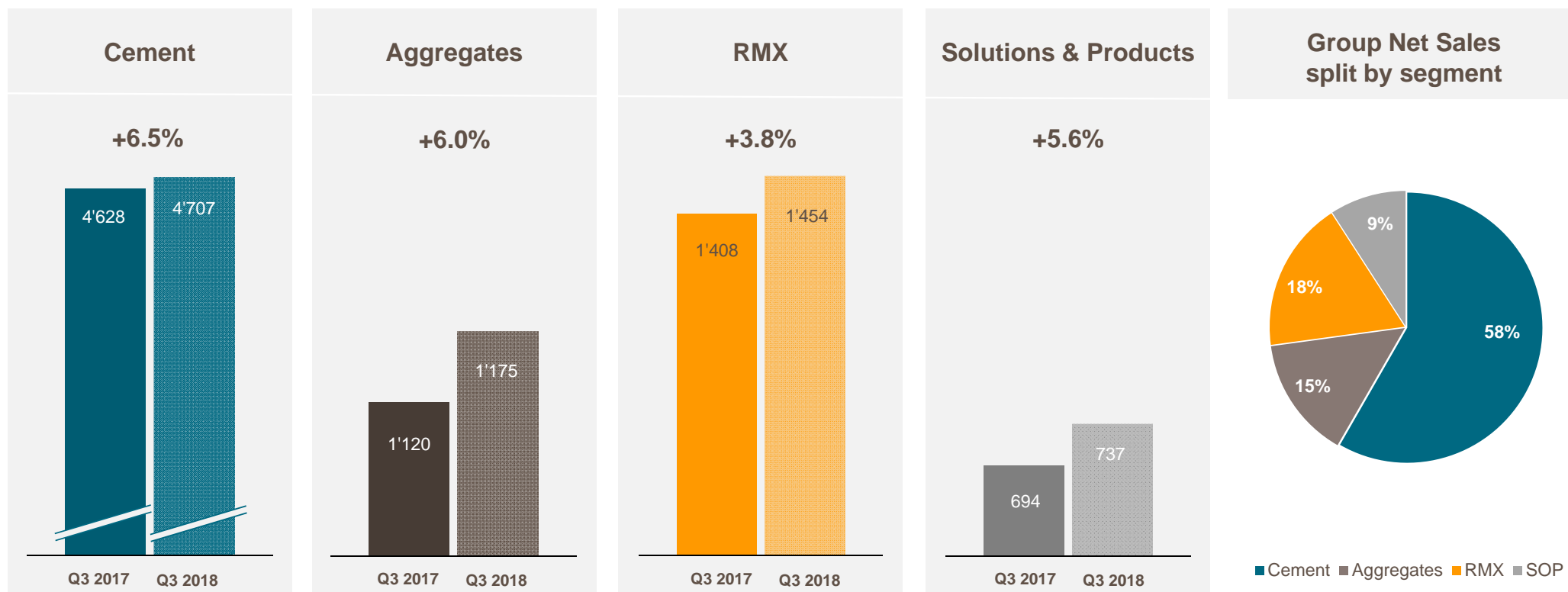


\* Net Sales Q3 2017 restated by CHF 231 million due to the reporting of gross sales from Trading activities, following the application of IFRS 15, effective 1 January 2018. No impact on Recurring EBITDA

\*\* Of which CHF 204 million from Trading activities

# Q3 2018 total Net Sales by segment

## Net Sales growth across all business segments

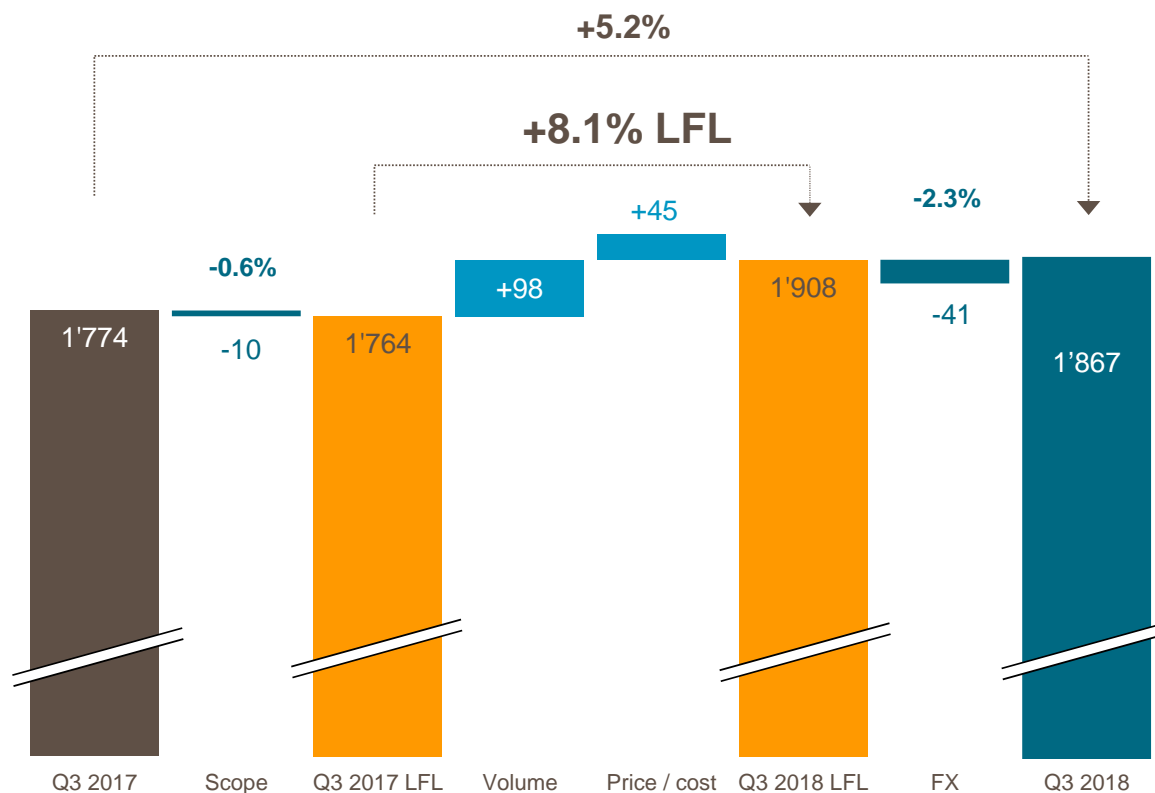


Net Sales in CHF m  
% LFL growth / decline

# Q3 2018 Recurring EBITDA bridge

## Recurring EBITDA growth further accelerating in Q3

CHF m

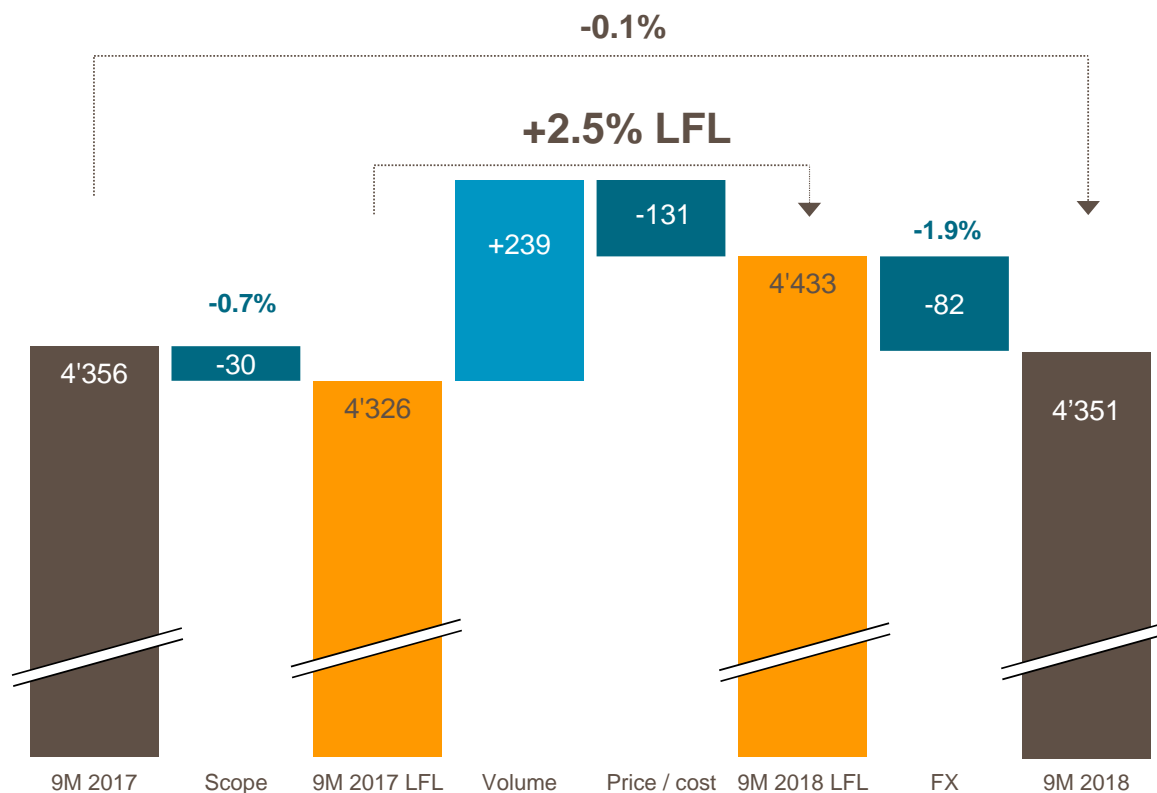


\* Recurring EBITDA Q3 2017 restated by CHF 24 million due to the reclassification of the Group share of net income of Huaxin to JVs

# 9M 2018 Recurring EBITDA bridge

## Recurring EBITDA growth further accelerating in Q3

CHF m

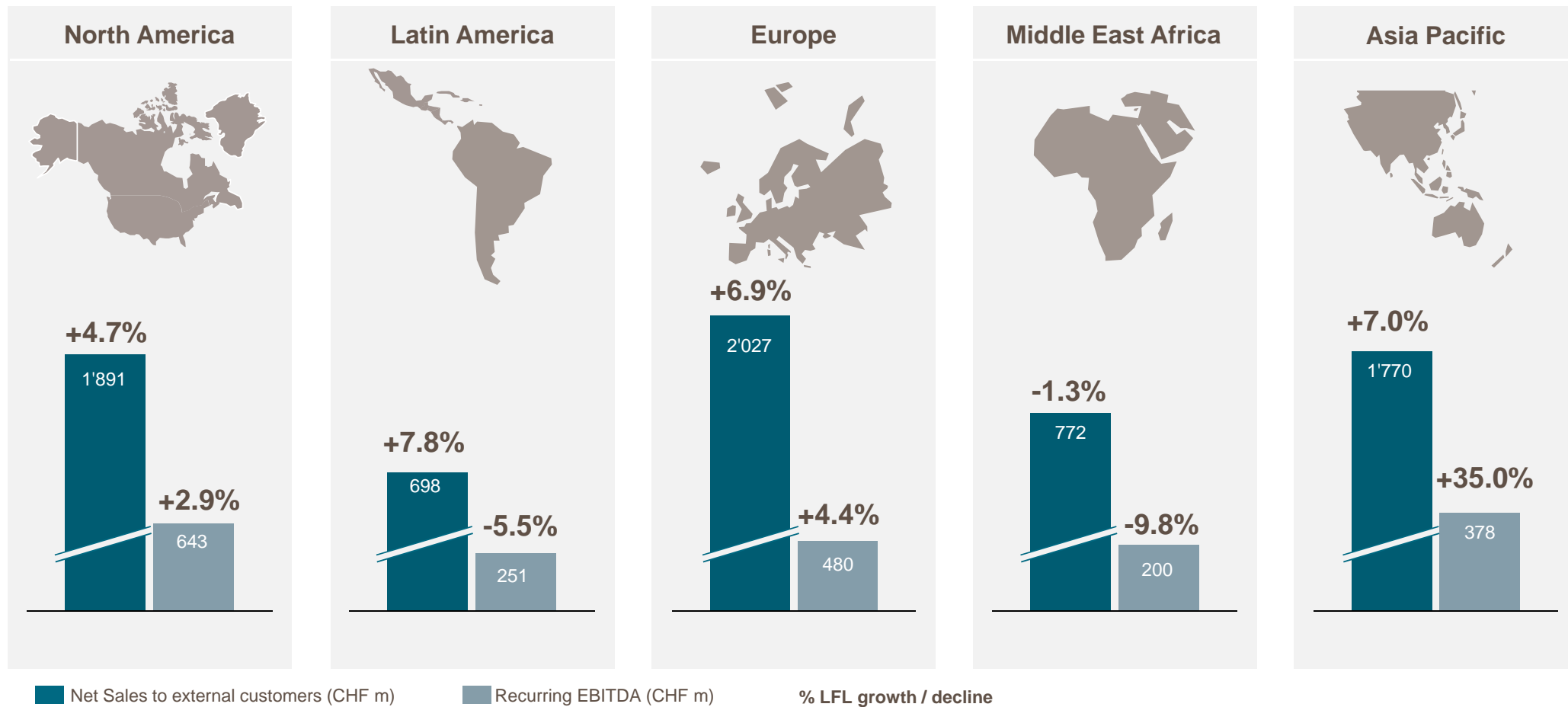


\* Recurring EBITDA 9M 2017 restated by CHF 71 million due to the reclassification of the Group share of net income of Huaxin to JVs



# Q3 2018 regional performance

## Growth in Net Sales and Recurring EBITDA in most regions



# North America

## Robust contribution of the region

CHF m	Q3 2018	9M 2018
<b>Net Sales<sup>1)</sup></b>	<b>1'891</b>	<b>4'366</b>
LFL growth	+4.7%	+3.3%
Reported growth	+5.6%	+4.1%
<b>Recurring EBITDA</b>	<b>643</b>	<b>1'113</b>
LFL growth	+2.9%	+2.5%

- › Solid underlying market trends in the US and Canada West
- › Strong growth in aggregates volumes; profitability impacted by bad weather in September and on-going cost inflation in the US
- › LFL recurring EBITDA growth further hampered by challenging market dynamics in Canada East



Aggregate Industries – United States

# Latin America

## Performance impacted by weakening volumes and cost inflation

CHF m	Q3 2018	9M 2018
<b>Net Sales<sup>1)</sup></b>	<b>698</b>	<b>2'126</b>
LFL growth	+7.8%	+11.1%
Reported growth	-6.5%	-3.6%
<b>Recurring EBITDA</b>	<b>251</b>	<b>739</b>
LFL growth	-5.5%	+1.2%

- › Softening cement demand post elections in Mexico
- › Weaker cement volumes in Ecuador and selected countries in Central America (Nicaragua, Costa Rica)
- › Positive contribution from Argentina, margin under pressure in a context of high currency devaluation
- › Cost inflation across the region



RMX operation - Mexico

# Europe

## Further growth in Q3

CHF m	Q3 2018	9M 2018
<b>Net Sales<sup>1)</sup></b>	<b>2'027</b>	<b>5'692</b>
LFL growth	+6.9%	+4.6%
Reported growth	+7.7%	+9.3%
<b>Recurring EBITDA</b>	<b>480</b>	<b>1'079</b>
LFL growth	+4.4%	+2.7%

- › Positive underlying market trends across the region
- › Momentum continues in Eastern Europe with further growth in e.g. Romania, Poland, Hungary and Serbia
- › Favorable pricing environment
- › Profitability in France impacted by higher logistics and energy costs



LafargeHolcim's Lyon R&D Center- France



## Middle East Africa

### Signs of stabilization in some markets in the region

CHF m	Q3 2018	9M 2018
<b>Net Sales<sup>1)</sup></b>	<b>772</b>	<b>2'306</b>
LFL growth	-1.3%	-5.5%
Reported growth	-3.8%	-9.2%
<b>Recurring EBITDA<sup>2)</sup></b>	<b>200</b>	<b>566</b>
LFL growth	-9.8%	-26.9%

- › Turnaround initiatives delivering first results
- › Signs of stabilization in Algeria
- › Strong contribution from Nigeria, supported by higher market demand and commercial initiatives
- › Changes in supply & demand balance and energy cost inflation impacting performance in Egypt



Ewekoro cement plant - Nigeria

# Asia Pacific

## Another strong quarter for the region

CHF m	Q3 2018	9M 2018
<b>Net Sales<sup>1)</sup></b>	<b>1'770</b>	<b>5'576</b>
LFL growth	+7.0%	+8.6%
Reported growth	-0.9%	+2.1%
<b>Recurring EBITDA<sup>2)</sup></b>	<b>378</b>	<b>1'151</b>
LFL growth	+35.0%	+22.6%

- › Continuous momentum in China supported by prices and industrial performance
- › Strong Net Sales growth in India driven by volumes
- › Improvements in Indonesia and the Philippines on the back of stronger cement demand
- › Still challenging conditions in Malaysia



Wadi cement plant - India

## 2018 guidance and outlook

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- › Positive momentum expected to continue in Q4 with following underlying market trends
  - › Continued growth in North America
  - › Softer cement demand in Latin America
  - › Strong markets in Europe
  - › Challenging but stabilizing conditions in Middle East Africa
  - › Continued demand growth in Asia
- › 2018 full year targets
  - › Net Sales growth adjusted upwards to 4 to 6% LFL
  - › Recurring EBITDA growth adjusted to 3 to 5% LFL



Tamina bridge - Switzerland

## Upcoming Events

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- › **November 28, 2018:** Capital Markets Day
- › **March 7, 2019:** Full-year 2018 earnings release



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