Capital Markets Day 2016

Update on financials and capital allocation

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LafargeHolcim

2016: solid progress towards our 2018 targets

- ☑ Synergies delivery ahead of schedule
- ☑ Ongoing cost discipline
- ☑ Capex below CHF 2bn in 2016
- ☑ Significant improvement in Operating FCF in 2016
- ☑ Divestment targets exceeded, program extended
- ☑ Net debt expected to be around CHF 13.3bn[1] at year-end 2016
- ☑ Lowered cost of debt and lengthened maturity
- ☑ Strong improvement in net income and recurring net income

On track to maintain a solid investment grade rating and to deliver higher cash returns to shareholders

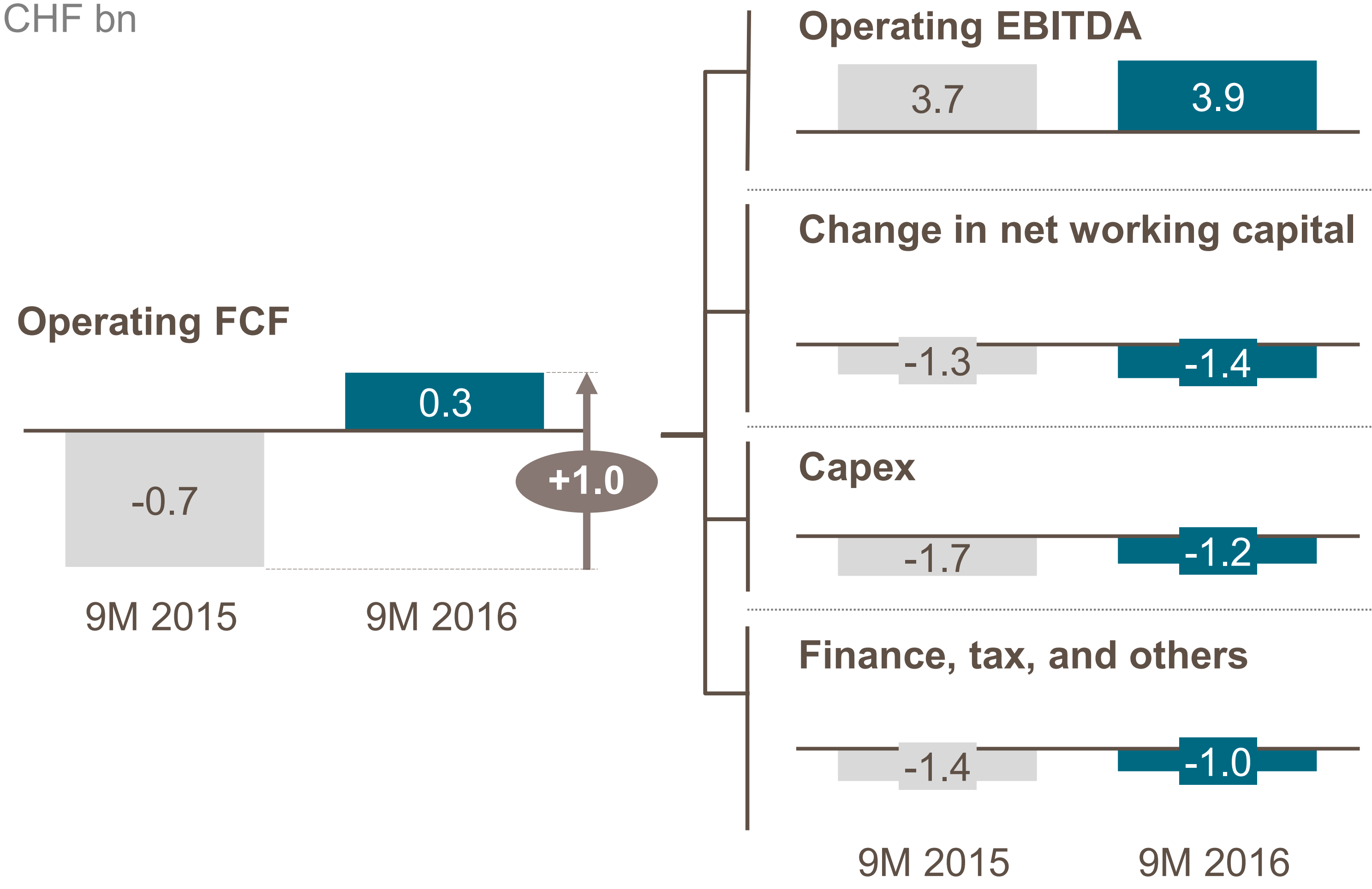
1) Including CHF 0.3bn share purchase in India announced on November 15, 2016 and taking into account CHF 3.5bn proceeds from the disposal program expected by YE 2016, of which Vietnam and China are expected to close in Q4

Strengthening of Group financials

CHF m

	Q3 2016	Q3 2015	+/-	Like-for-like	9M 2016	9M 2015	+/-	Like-for-like
Net Sales	7,036	7,824	-10.1%	-3.1%	20,378	22,041	-7.5%	-1.8%
Operating EBITDA adj.	1,685	1,645	2.4%	10.5%	4,214	4,356	-3.3%	2.0%
Operating EBITDA margin adj.	23.9%	21.0%	293bp	295bp	20.7%	19.8%	91bp	78bp
Recurring Net Income	740	366	101.9%		1,397	786	77.7%	
Operating Free Cash Flow	856	30			317	-697		
Capex Net	-399	-577	-30.9%		-1,199	-1,684	-28.8%	
Earnings per share (in CHF)	1.72	1.23	57.3%		2.21	1.18	111.0%	

Delivering significant improvement in operating free cash flow



- Pricing discipline, cost management and synergy delivery

- Usual effect of seasonality
- Continued tight management of net working capital

- Focus on leveraging existing capacity
- Maintenance capex under control

- Reduction of financial charges linked to synergies and refinancing
- Efforts on tax leading to improved underlying tax rate

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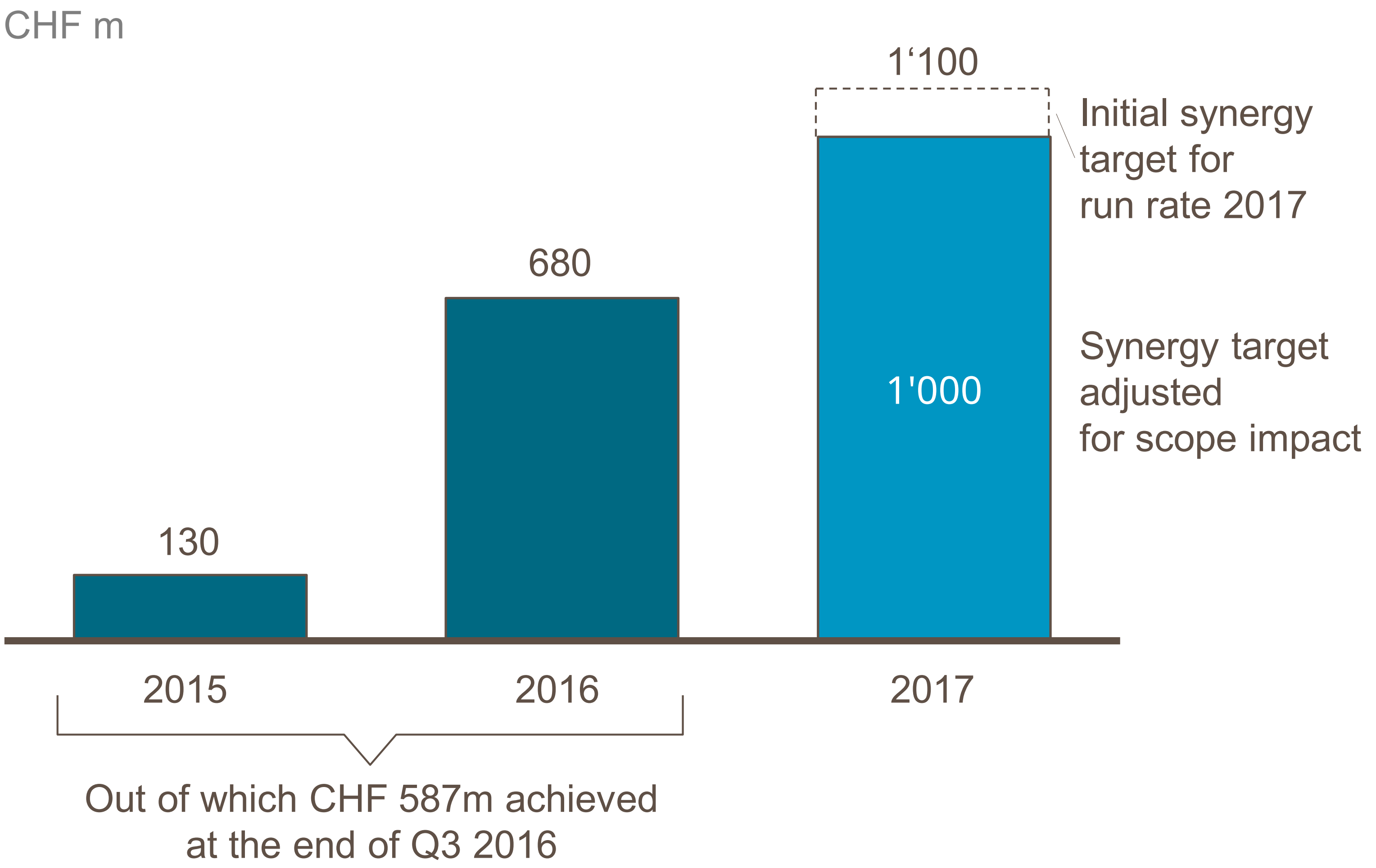
EBITDA synergies ramp up ahead of schedule

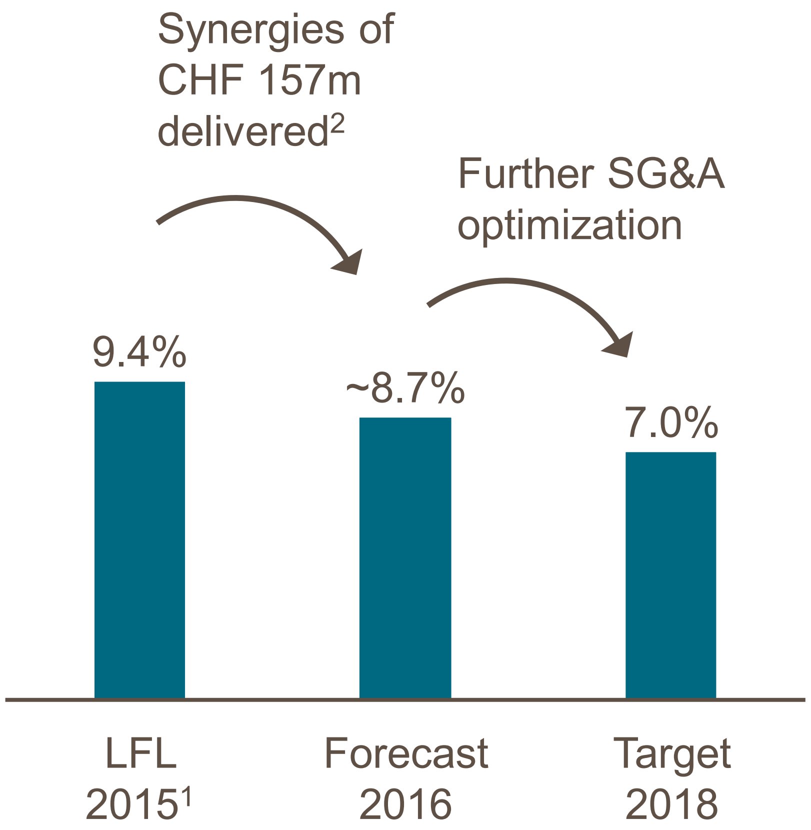


- Ramp up ahead of schedule
- Overall synergies adjusted for scope to CHF 1bn
- Full synergies of CHF 1bn expected to be already achieved at the end of 2017

- Total synergies in equity accounted companies of CHF 110m over the period

On track to reach our target of 7% SG&A as % of Net Sales

Percentage of net sales



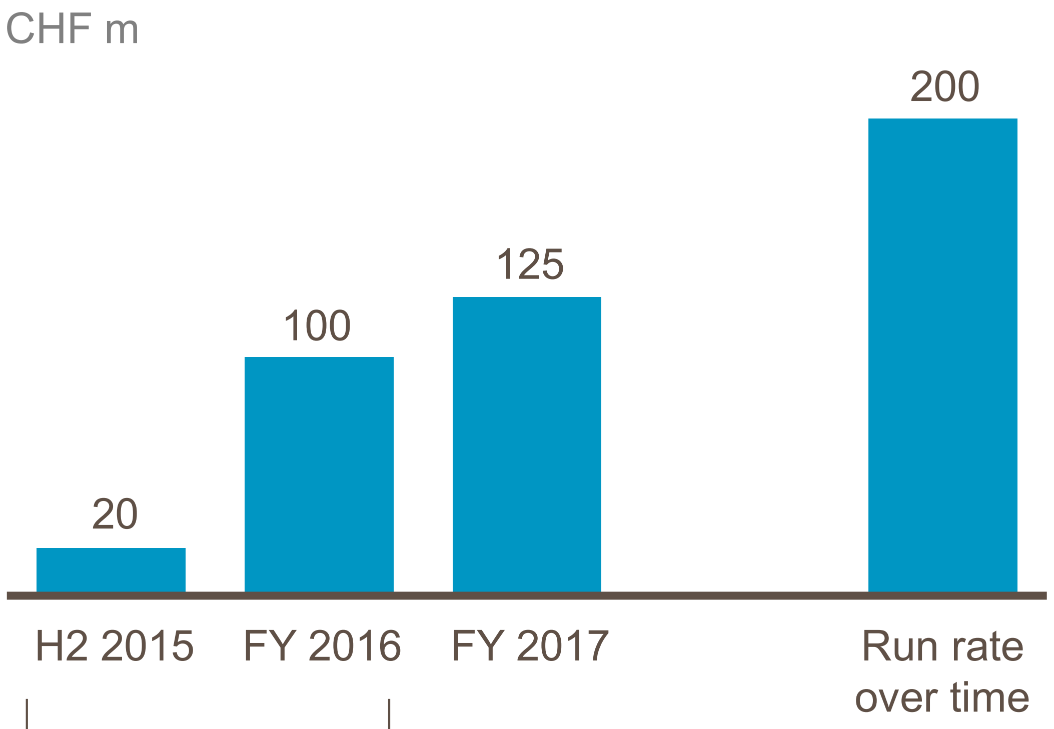
Selected actions

- Group headquarter and central functions right-sizing
- Site consolidation in overlapping countries (e.g., US)
- Integration of management also happening in non-overlapping countries
- Detailed benchmarking internally and externally
- Business and IT shared service centers roll-out
- Strong synergy delivery

1) Like for like basis for 2016
2) 2) SG&A synergies delivered until Q3 2016

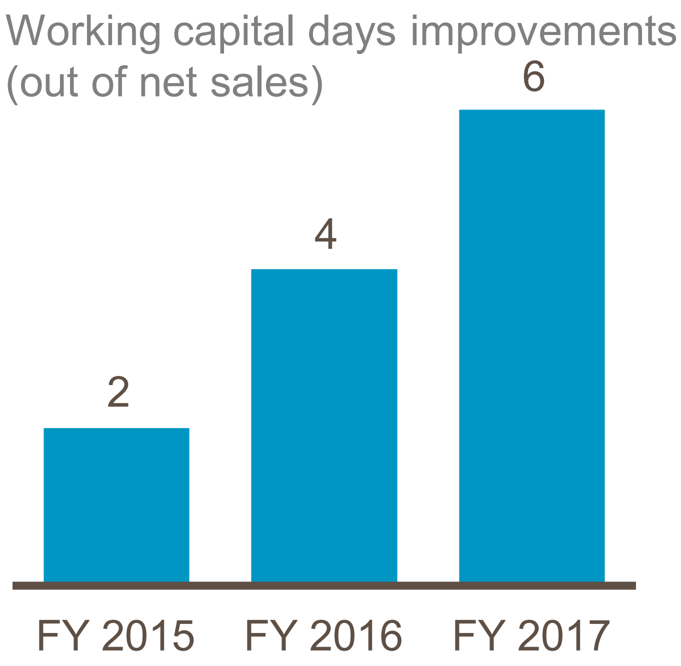
On track for financing and working capital synergies

Delivering financing synergies



Out of which CHF 95m achieved at the end of Q3 2016

Delivering working capital improvements

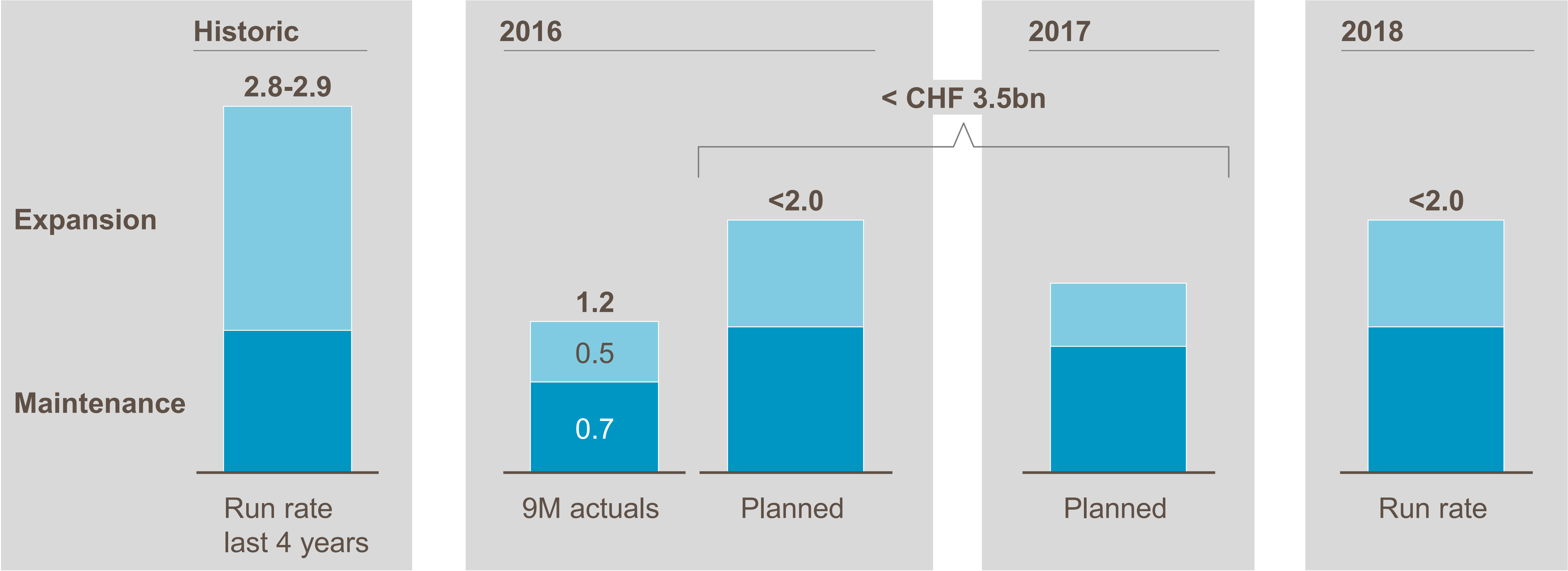


Totaling CHF 400m[1] cumulative run rate 2017

1) Corresponding to net working capital synergies of CHF 450m adjusted for scope

Strong CAPEX discipline; 2016 below CHF 2bn

CHF bn



CHF 3.5bn divestment program exceeded

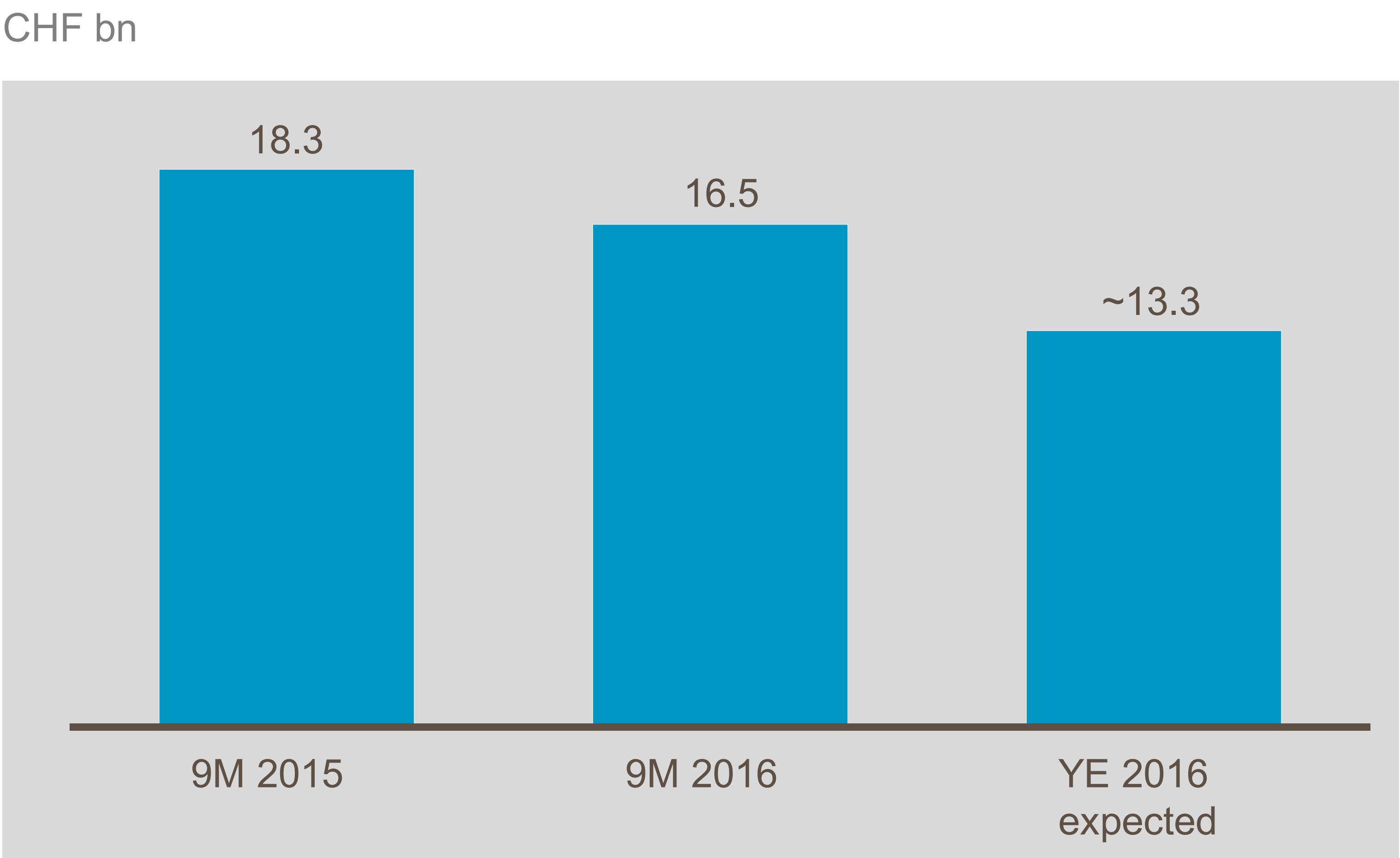
	Scope Impact (closing to Dec)[1]		Scope Impact (full year)[1]		EV
	Net Sales	Op EBITDA adj	Net Sales	Op EBITDA adj	@ 100%
Announced divestments (closing dates) • South Korea (Q2) • Saudi Arabia (Q2, equity accounted) • Sri Lanka (Q3) • Lafarge India (Q4) • Vietnam (expected in Q4) • Chile (expected in 2017)	CHF 495m	CHF 79m	~CHF1.4bn	~CHF 230m	CHF 3.5bn
• Lafarge India (discontinued in 2015)			~CHF 0.3bn	~CHF 100m	
Restructuring in Sub-Saharan Africa • Morocco (Q3) • Ivory Coast (Q3) • Cameroon (Q4) • Guinea (expected in Q4) • Benin (Q4, equity accounted) **Restructuring in China**	CHF 383m	CHF 65m	~CHF 1.4bn	~CHF 310m	

Net financial debt impact

- For full year 2016: CHF 3.5bn based on expected closing date for transactions, including China and Vietnam expected to be closed in Q4
- From divestments closed in 9M and Lafarge India: CHF 2.4bn
- For all announced transactions: CHF 4.1bn

1) Scope impact 2016 is the best estimate based on 2015 contribution of announced divestments expected to be closed in 2016

Net debt expected to be reduced to around CHF 13.3bn by the end of 2016



Taking into account

- CHF 3.5bn proceeds from the disposal program expected by YE 2016
- Divestments of Vietnam and China are expected to close in Q4
- CHF 0.3bn share purchase in India announced on November 15, 2016

Securing sustainably lower financing costs

Optimizing credit facilities portfolio:

Lafarge and Holcim credit facilities replaced by new LafargeHolcim facilities, with lower fees

Step-down coupon on Lafarge SA bonds:

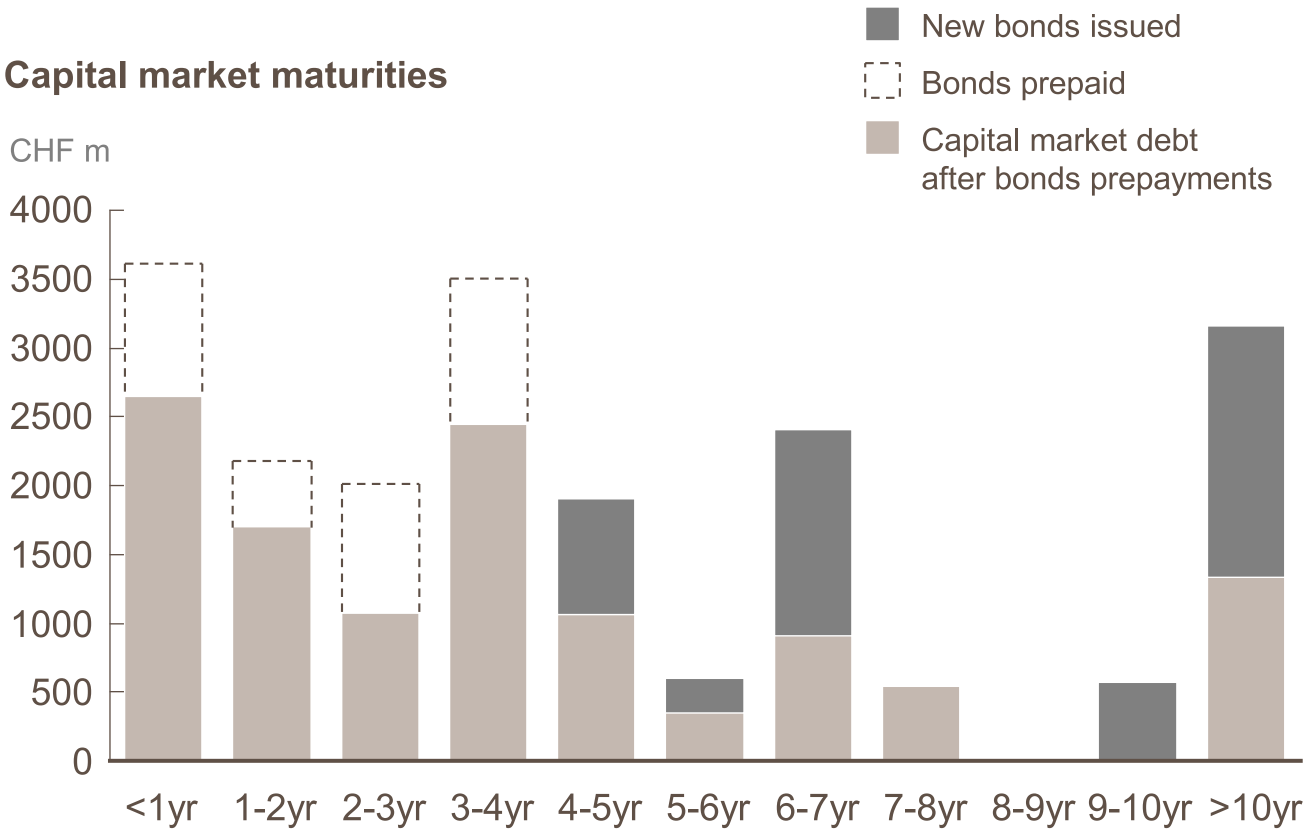
Interest rate decrease by 1.25% on Lafarge bonds after merger and upgrade to investment grade rating

Buying back Lafarge SA bonds and issuing new long-term financings at attractive terms:

CHF 3.7bn nominal amount repurchased since merger, with average cost of 6.4%

CHF 5.0bn bonds and Schuldschein issued since merger, with average cost of 2.1%

Capital market maturities



Average debt maturity increased from 4.2 years to 5.6 years
Average cost of debt decreased from 5.4% to 4.8%

Updated mid term Group targets[1]

Free Cash Flow
- CHF 2.8bn-3.3bn run rate by 2018
- CHF 5.0 per share run rate by 2018
- CHF 7.5bn cumulative 2016-2018

Capex
- Below CHF 2.0bn for 2016
- Below CHF 3.5bn for 2016-2017
- Below CHF 2.0bn run rate by 2018

ROIC
- 300bps improvement from 2015 level by 2018 from operational improvement

Adjusted Operating EBITDA
- CHF 7.0bn in 2018

Credit Rating
- Committed to a solid investment grade rating

Cash Returns to Shareholders
- DPS of CHF 2 per share
- Return excess cash to share-holders commensurate with a solid investment grade credit rating
  - Up to CHF 1bn share buyback over the next two years
  - Potential for special dividends[2]

1) Targets assume current scope adjusted for the entire CHF 5.0bn disposal program and FX @ November 1, 2016. Operating FCF after maintenance and expansion capex.
2) As improvement of operating performance crystallizes, the group would continue to return additional excess cash to shareholders notably through special dividends, commensurate with a solid investment grade rating

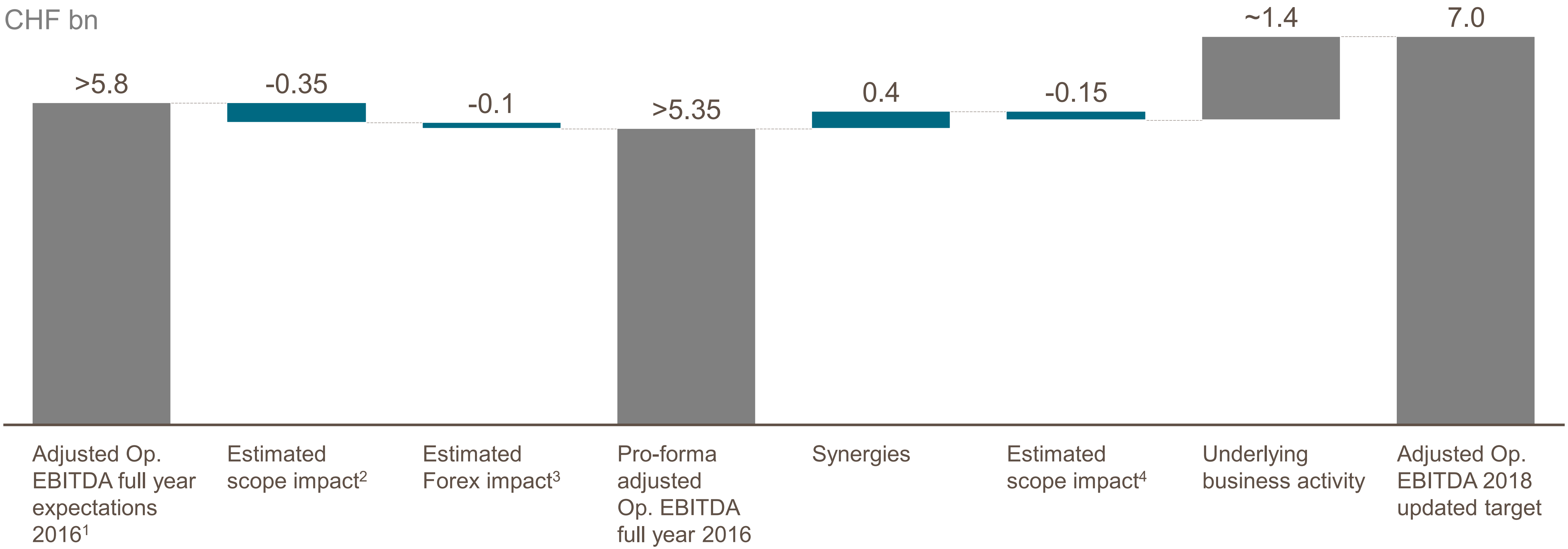
On track to reach 2018 targets updated for scope and forex

CHF bn

	Original targets	Scope impact[1]	Forex[2]	Updated targets for scope and forex[3]	Additional cost savings	Others[5]	New targets
Adjusted Operating 2018 EBITDA	8.0	(0.7)[4]	(0.5)	**6.8**	0.2		**7.0**
Operating FCF 2018	3.5 - 4.0	(0.5)	(0.3)	**2.7 - 3.2**	0.1		**2.8 - 3.3**
Operating FCF per share	CHF 6.0			**CHF 5.0**			**CHF 5.0**
Cumulative operating FCF 2016-18	10.0	(1.2)	(0.9)	**7.9**	0.2	(0.6)	**7.5**

1) 2018 forecasted EBITDA contribution for disposed entities corresponding to the CHF 5bn disposal program
2) Estimated Forex @ November 1, 2016 impact on 2018 initial targets, includes 2016 run rate
3) Targets assume current scope adjusted for the entire CHF 5.0bn disposal program and FX @ November 1, 2016. Operating FCF after maintenance and expansion capex.
4) Disposals accounting for CHF (0.4) bn and restructuring in Morocco and China for CHF (0.3) bn
5) Includes liability management program, merger-related and other one-offs

2016-2018: Strong growth expected in adj. Operating EBITDA



1) Corresponds to range of lower and upper limit of high single digit LFL growth in adjusted operating EBITDA
2) Impact of announced disposals of CHF 4.1bn
3) Taking into account November 1, 2016 spot rates
4) Impact of remaining disposals of CHF 0.9bn

Drivers of underlying business activity

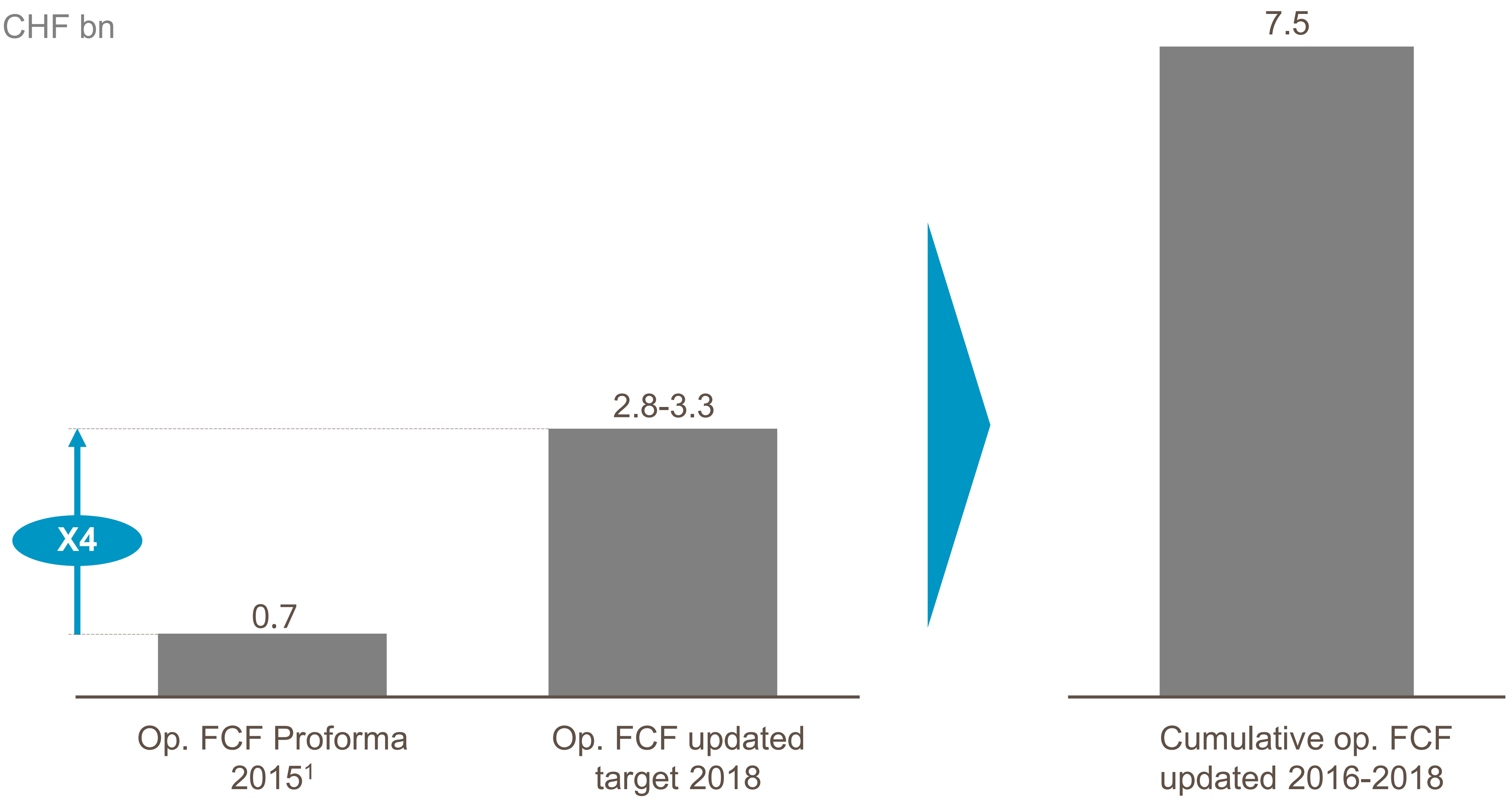
Market and macro-economic assumptions	Growth and cost initiatives further underpinning our targets

- ✓ Underlying cement market volume growth of 2% in 2017 and 2018
- ✓ Recovery and acceleration in specific markets
- ✓ Energy cost inflation of around 10% in 2017
- ✓ Underlying cost inflation of 3% excluding energy

- ✓ Commercial excellence initiatives delivering
- ✓ Operational leverage
  - ✓ 19.5m ton of incremental capacity
  - ✓ Further use of available capacities
- ✓ Synergy delivery of CHF 400 m in 2017
- ✓ Ongoing cost initiatives with CHF 200 m of additional savings delivered in 2017-2018

2016-2018: Significant improvement in Operating FCF generation

CHF bn



1) Operating FCF adjusted for merger, restructuring and other one-offs

Strong free cash flow generation underpinning sustainable growth and cash returns to shareholders

Committed to maintain a solid investment grade rating

1

Grow organically with targeted capex

2

Manage actively portfolio

3

Sustain an attractive dividend policy

4

Return excess cash to shareholders

Committed to maintain a solid investment grade rating

	FY 2015	Q3 2016 LTM	Outlook
Net financial debt / adj. operating EBITDA[1]	3.0	2.9	Improving
Cash Flow from operating activities / Net financial debt[1]	14.8%	18.6%	Improving

1) Based on reported numbers

Targeted resource allocation…

1 Organically grow with targeted capex

Max run rate 2018 at CHF 2bn

- Max. of CHF 3.5bn in 2016-2017
- Continued investment in maintenance
- Improved utilization rate of current plants
- Light capex expansion models, e.g. Philippines

2 Actively manage portfolio

Review business performance with strict criteria

- Balance divestments to actively manage portfolio and invest in sustainable growth
- Remain flexible for targeted bolt-on acquisitions
- Redeploy capital to focus and strengthen on core positions

…while returning cash to shareholders

3 Sustain an attractive dividend policy

Minimum of CHF 2 per share going forward

- CHF 2 per share to be proposed at next AGM in May for 2016 dividend paid in 2017

Dividend payout ratio at 50% through the cycle

Gradual DPS growth over time

4 Return excess cash to shareholders, commensurate with solid investment grade rating

Strong improvement in cash available to be returned

- Op. FCF of CHF 7.5bn cumulative 2016-2018
- Significant excess cash post dividend funding

CHF 1bn share buyback program

- Over the next two years

Further return to be envisaged[1]

- Notably special dividends

1) As improvement of operating performance crystallizes, the group would continue to return additional excess cash to shareholders notably through special dividends, commensurate with a solid investment grade rating

Concluding remarks

- Delivering on synergies, EBITDA growth and Capex discipline
- Strong operating FCF improvement as of 2016 on the back of EBITDA, Capex, Finance & Tax improvement
- Improving pricing and margins going forward, additional focus on growth
- Pro-active portfolio management resulting in more focus and value creation – ratio targets remain, absolute targets updated
- Confident to achieve our target of generating cumulative CHF 7.5 bn of operating free cash flow in 2016-2018
- Capital allocation discipline leading to returning cash to shareholders commensurate to solid investment grade rating