



Capital Markets Day 2016

Nigeria example

Saâd Sebbar, Middle-East & Africa

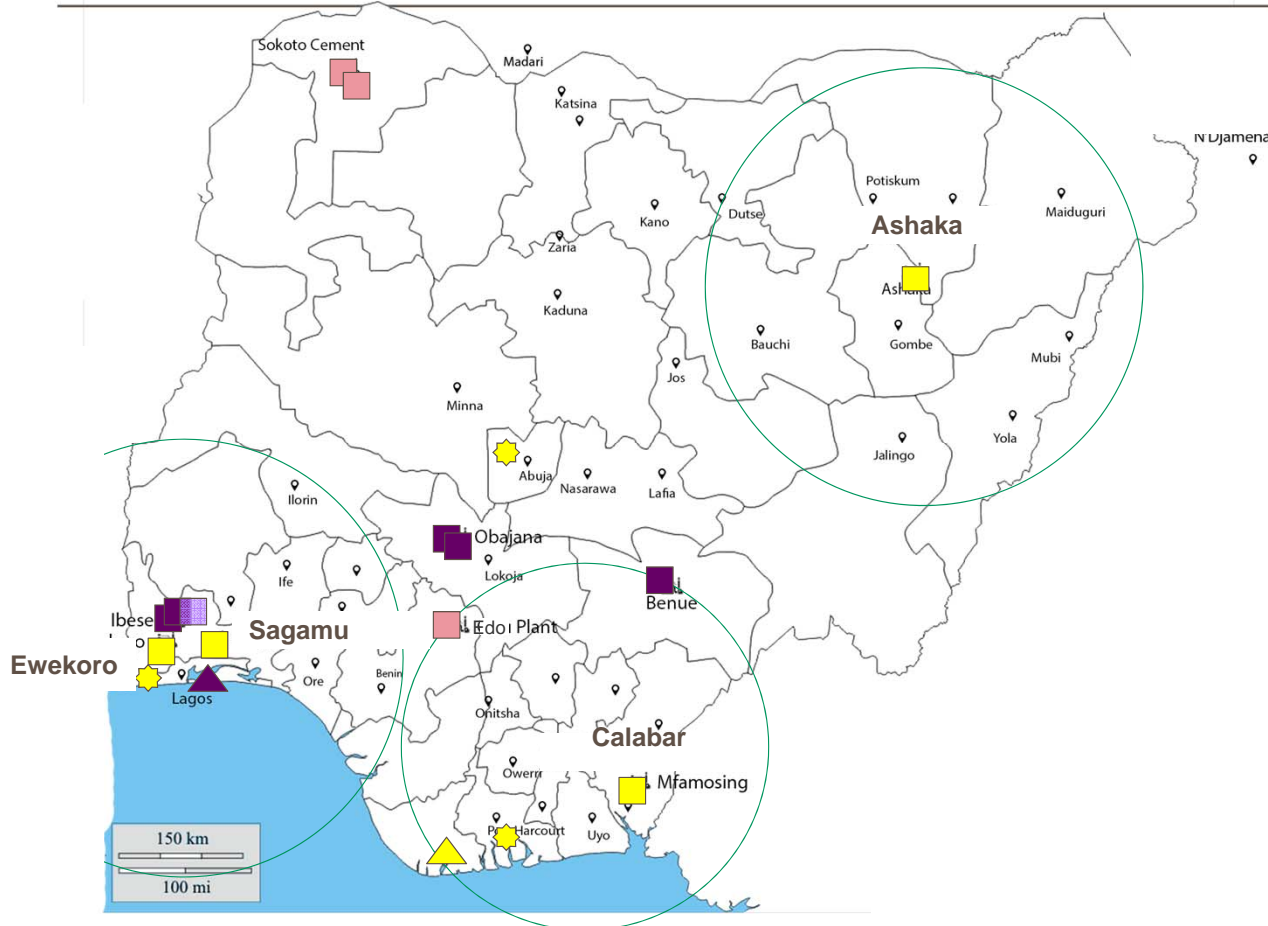


Nigeria, a country with huge potential

- Largest economy in Africa with **GDP of \$510B***
- **GDP growth of ~4% p.a. from 2018 onward**
- **Diversified economy** with only ~10% of the GDP from Oil & Gas sector
- **180M inhabitants, ~+5M inhabitants per year**
- **40% of the population below 14 years old**
- **Low public debt** of ~10% of GDP
- **Strong housing & infrastructure deficit** driven by population and urbanization growth (17M housing needs)

* McKinsey Report, 2014

LH holds strong positions in Nigeria in 3 core markets



Demand of **21.4Mt** in 2015, expected to increase up to **22.5Mt** in 2016

Estimated market share of ~30% in 2015

LH ~**9.3Mt cement capacity** in 2015

The **new Calabar** line brings an incremental **2.5 Mt** capacity end 2016

LH Nigeria declining performance in 2016

Business challenges in first 9M 2016

1. **Cement price decrease** of ~40-50USD/t in S1 2016 vs. 2015 peak
2. **Gas & explosives supply shortages**
3. **Naira devaluation** of 50% in June 2016
4. **Technical incidents**
5. **Logistics issues** due to transporters challenges

Impact on business performance

- Significant topline and margin drop
- Strong increase in energy costs
- Loss of market share due to inability to serve customers

Strong management team in place able to execute a fast turnaround plan

Turnaround plan in place and already delivering results

Top line improvement

Key initiatives & objectives

Commercial transformation actions

- **Pricing Academy** and **Sales Excellence**
- **Retail initiatives** in all markets aiming at optimizing trade margin by building an **affiliated network**...
- ...supported by an **optimized network of 8 new depots**
- ...**the enhancement of our logistics capabilities** especially in South East markets
- ...and an increased share of **direct deliveries**
- **Segmented offers** (e.g. roads, mass housings)

Results already obtained

- Price increase of 63% in Naira vs. last lowest price level in March 2016
- Some volume recovery in Q4
- 4 new depots being installed this year
- First deployment of our affiliated network



Q4 2016 to show **strong recovery in EBITDA** despite some market slowdown

Turnaround plan in place and already delivering results

Operations optimization

Key initiatives & objectives

- **Sustainable industrial performance** (dedicated assistance and strong training programs)
- **Fuel flexibility plan** - 50% gas
- **Strong logistics optimization plan**
- **Industrial fixed cost and SG&A optimization**
- **Calabar new 2nd line commissioning**

Results already obtained

- Good industrial performance since August ...
- ...Calabar new 2nd line fast ramp up...
- ...enabling to serve the market and grasp any growth opportunity
- Logistics plan under implementation



Q4 2016 to show **strong recovery in EBITDA** despite some market slowdown

Nigeria Summary

Agility to drive results in a challenging environment

- **Nigeria market potential** remains among the world most promising ...
- ...where LH can leverage its current **strong footprint and capacity**
- However, LH Nigeria has experienced a difficult environment in 2016 ...
- But the **turnaround plan is already delivering results** ... paving the way for sustainable performance.

➔ We expect **Q4 2016 to show strong** improvement and are confident on Nigeria very strong potential in the future