Capital Markets Day 2016

LafargeHolcim – one year ahead

Eric Olsen, Chief Executive Officer

LafargeHolcim

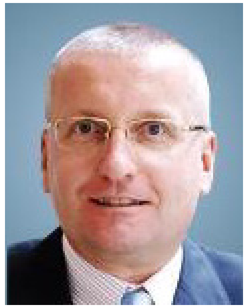
A diverse and experienced leadership team

Eric Olsen
Chief Executive Officer

Urs Bleisch
Performance & Cost

Ron Wirahadiraksa
Chief Financial Officer

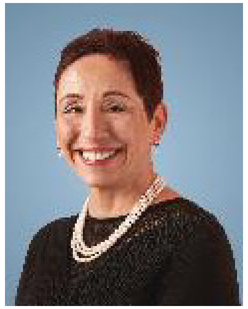
Roland Köhler
Europe & Australia/
New Zealand & Trading



Martin Kriegner
India & South East Asia

Oliver Osswald
Central & South America

Gérard Kuperfarb
Growth & Innovation



Caroline Luscombe
Organization
& Human Resources

Saâd Sebbar
Middle East Africa

Pascal Casanova
North America & Mexico

LafargeHolcim CMD 2016 – November 18
Intercontinental O2 London

Agenda		Speakers	Presentation mode
09:15-10:15	**LafargeHolcim one year ahead**	Eric Olsen	*Plenary*
10:15-10:45	**Update on financials and capital allocation**	Ron Wirahadiraksa	
10:45-11:00	**Coffee break**		
11:00-11:45	**Commercial transformation** • Progress and key achievements • Ecuador example • North America example	Gérard Kuperfarb Oliver Osswald Pascal Casanova	*Plenary*
11:45-12:30	**Cost leadership and smart capex** • Progress on costs and capex light • Asia example • Egypt example	Urs Bleisch Martin Kriegner Saâd Sebbar	
12:30-13:30	**Q&A**		
13:30-14:15	**Lunch**		
14:15-15:30	**Countries: break-out sessions** • India: Turnaround • Nigeria: Driving results in challenging environment • US: Growing with improved economics • Central Europe West: Excellence in infrastructure	Martin Kriegner Saad Sebbar John Stull / Pascal Casanova Gerd Aufdenblatten	*Break outs*
15:30-16:00	**Closing remarks**	Eric Olsen	*Plenary*

Key messages

- Integration completed and delivering full value
- On track and delivering
- Unique platform for growth and value creation
- Promising outlook in all regions
- 2018 targets confirming earnings and cash flow generation momentum, notably supported with extended cost reductions
- Returning cash to shareholders

Contents

Integration completed, well positioned for next phase

Management team renewed, and aligned organization in place

Synergy action plans in place, and delivering; tracked rigorously

Organization focused on a clear strategic roadmap

Portfolio adjustments and restructuring completed

Debt refinancing completed taking advantage of low-interest-rate environment

On track and delivering

☑ Earnings & cash flow growth momentum accelerating

- Disciplined price and cost management resulting in solid margin improvement
- At least high single-digit like-for-like adjusted operating EBITDA growth confirmed
- Rigorous capex management; Capex below CHF 2 bn in 2016
- Additional CHF 200 m additional cost savings

☑ Full synergy delivery to the bottom-line

- Accelerated synergy delivery: Total synergies of CHF 680 m vs CHF 580 m expected end 2016
- Full bottom-line impact, with EBITDA margin up 290 bps in Q3 year on year
- CHF 1.0[1] bn EBITDA synergies fully delivered by end 2017

☑ Net debt reduction on track

- Significant improvement of financial ratios
- CHF 3.5 bn divestment target exceeded, extended to CHF 5 bn by YE 2017
- Net debt expected to be around CHF 13.3 bn by YE 2016[2]

1) Adjusted for divestments
2) 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. This includes CHF 0.3 bn share repurchase in India announced on November 15, 2016

Contents

Unique platform for growth and value creation

1. **Best-in-class portfolio,** with leadership positions, highly diversified and well positioned to deliver above-market growth
2. **Upside through differentiation** in retail (best go-to-market model), in infrastructure (center of excellence), in new innovative products and through sustainability
3. **Driving growth at current capex levels** through operational leverage, optimized use of current assets and light capex growth
4. **Continuous margin expansion** through disciplined pricing, tight cost management and operational excellence
5. **Further headroom** through waste management, expansion throughout the value chain, targeted new business models and continuous proactive portfolio enhancements

Best-in-class portfolio along multiple dimensions

LEADERSHIP

Among the top 3 players in 80% of our markets

DIVERSIFICATION

Good balance across markets and geographies, none exceeding 15% of total revenues

GROWTH MOMENTUM

Strong growth momentum in developing and mature markets

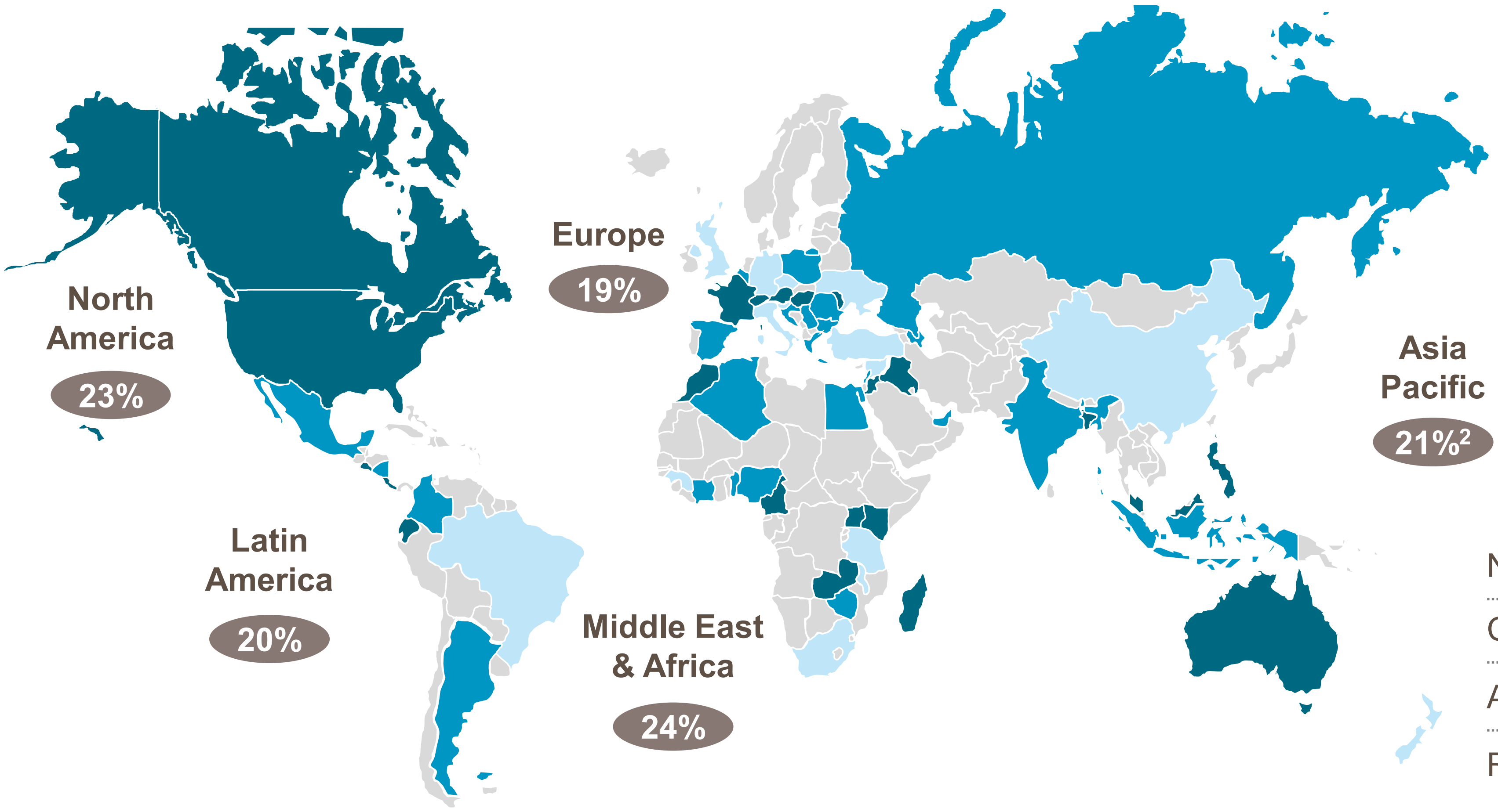
LONG-TERM POTENTIAL

Well positioned to benefit from long-term trends (e.g., demographics, urbanization)

SEGMENT VIEW

60% of business in the retail/premium market segment

A global footprint, with leadership positions in 80% of our markets



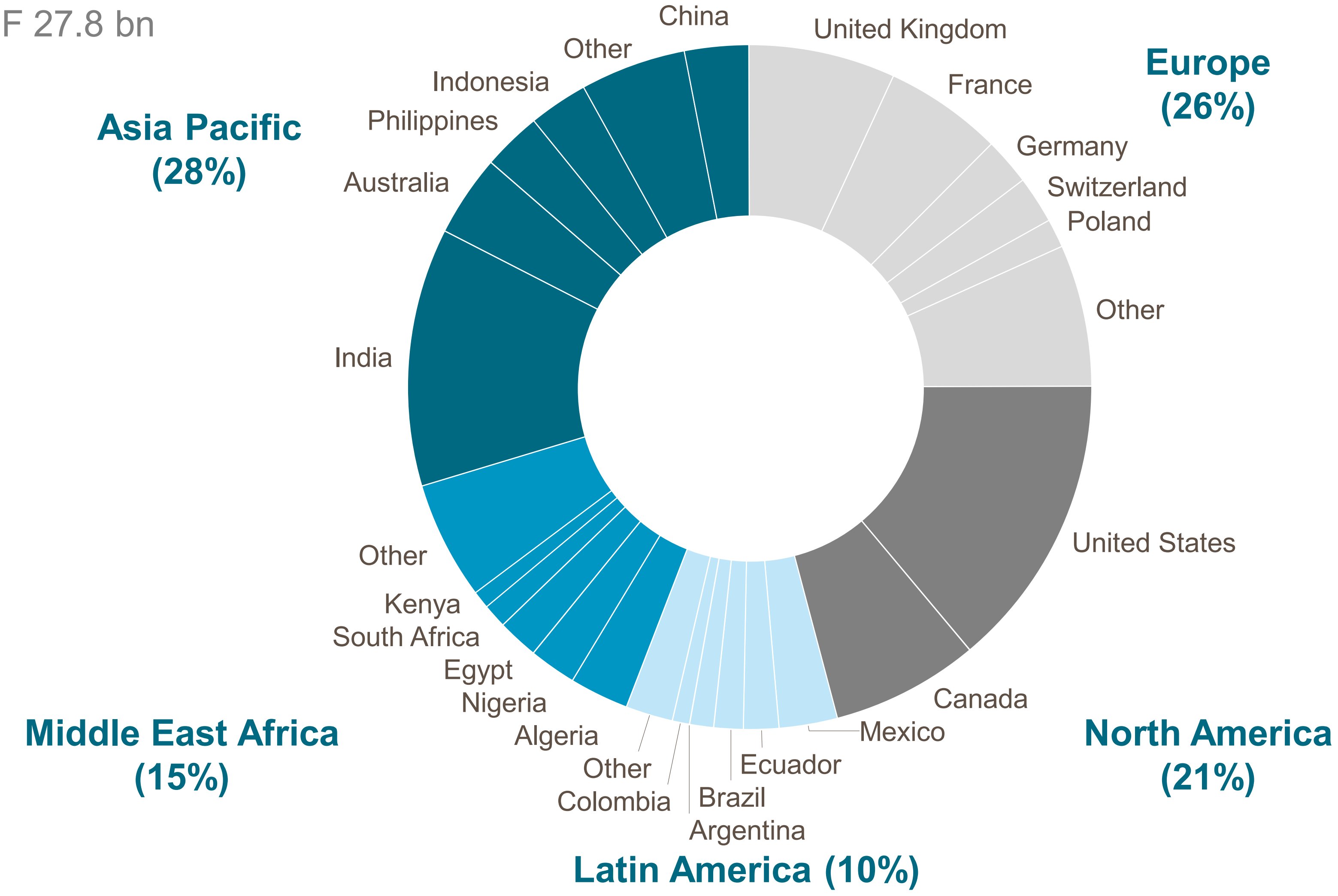
	LTM
Net sales (CHF bn)	27.8
Cement volume sold (Mt)	244
Aggregates volume sold (Mt)	289
Ready-mix volume sold (Mm3)	56

1) Leadership positions based on cement capacity 2016
2) Only including countries where LH has capacity; ex-China

Highly diversified portfolio, well balanced across markets

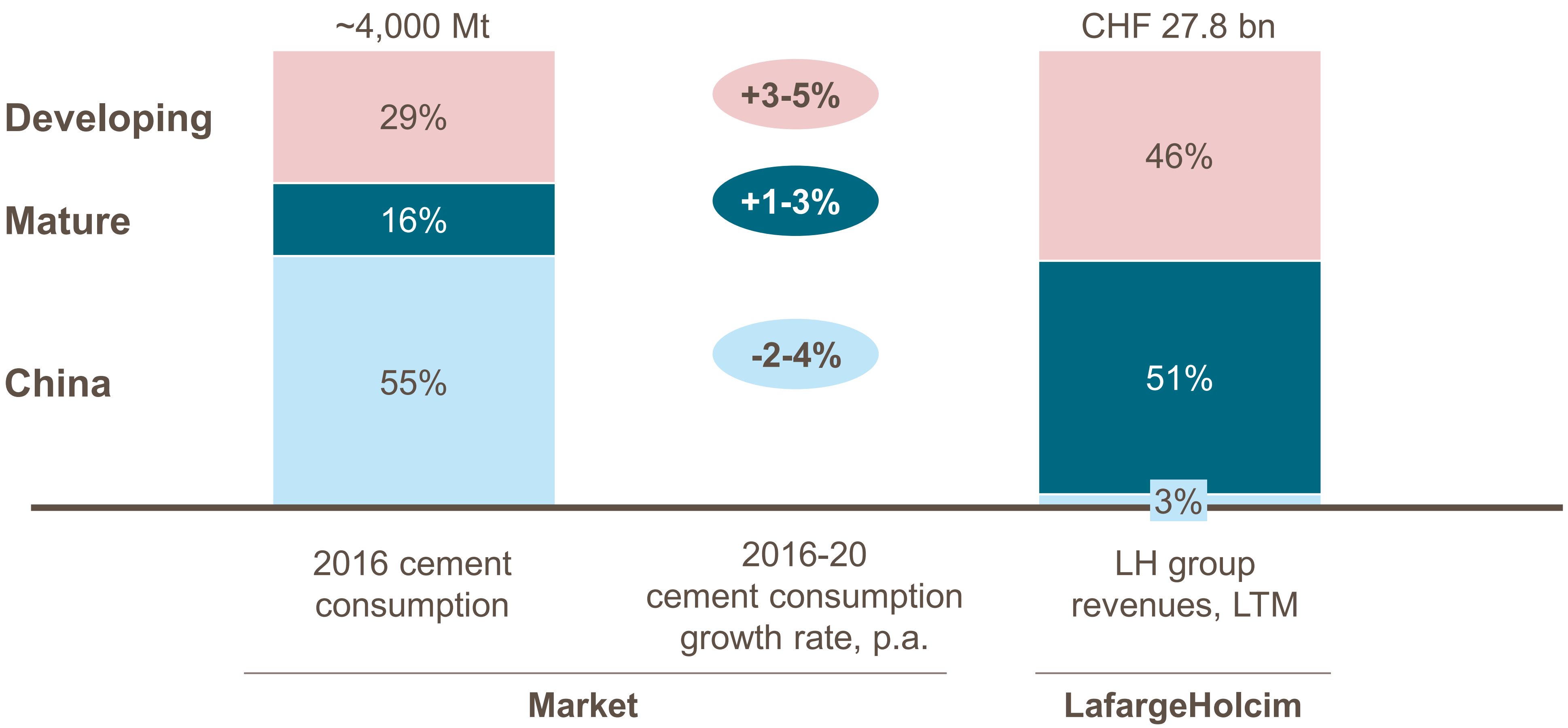
Lafarge Holcim Group revenues, LTM 100% = CHF 27.8 bn

(xx%) Share of group revenues



Well positioned to capture market growth, both in mature and developing markets

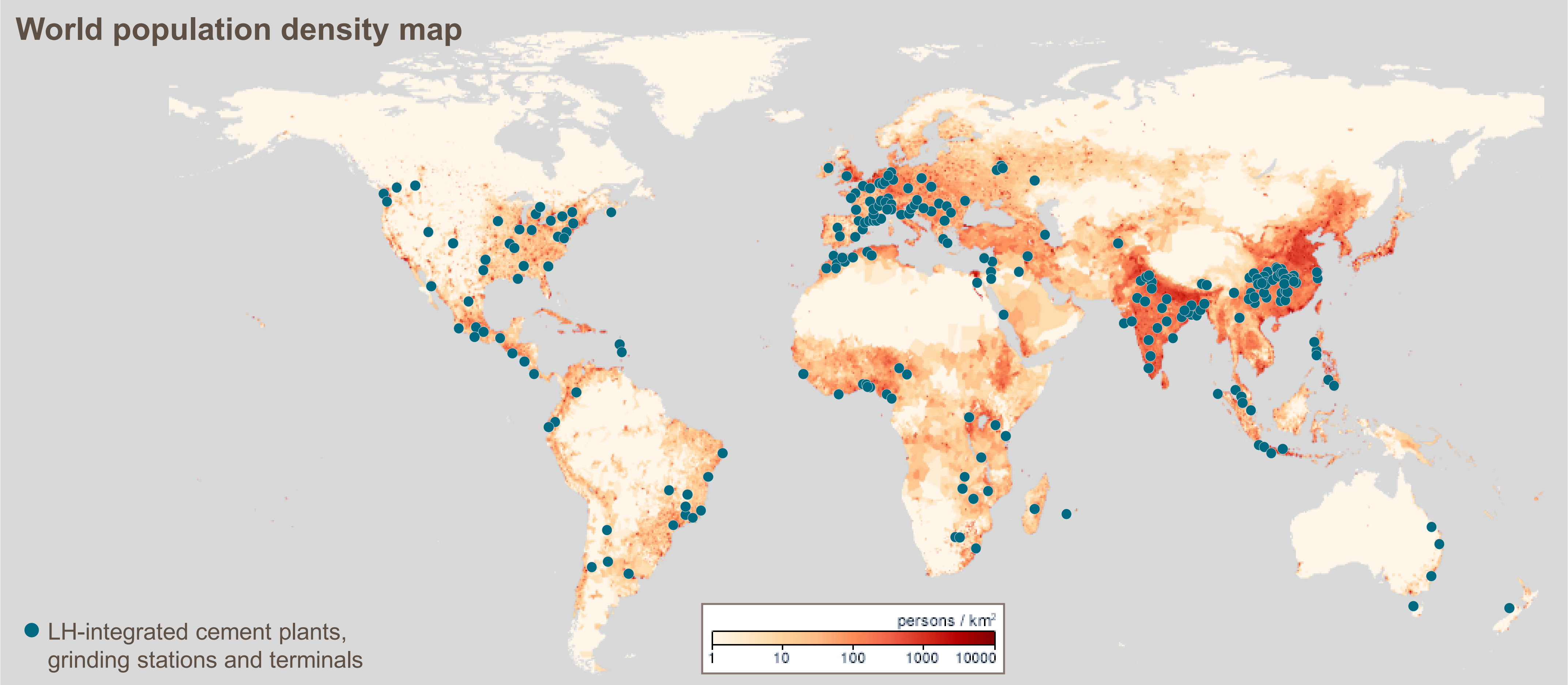
Attractive portfolio



Note: Only markets included with LH presence; mature markets defined based on the three criteria of GDP (PPP) per capita > USD ~20k, cumulated cement consumption and ratio of bulk vs. bag

Dense presence in highly populated areas, taking advantage of major ongoing urbanization trend

World population density map



Note: Map includes plants from joint ventures

SOURCE: NASA Earth Observations

Significant construction headroom in developing countries

Weighted avg. cumulated cement consumption 1966-2016 (ton/capita)

XX% Cement consumption per capita (CAGR 2016-2030)

Developing countries

E.g., India, Philippines, Indonesia, Bangladesh, Nigeria, Egypt, Morocco, Ecuador

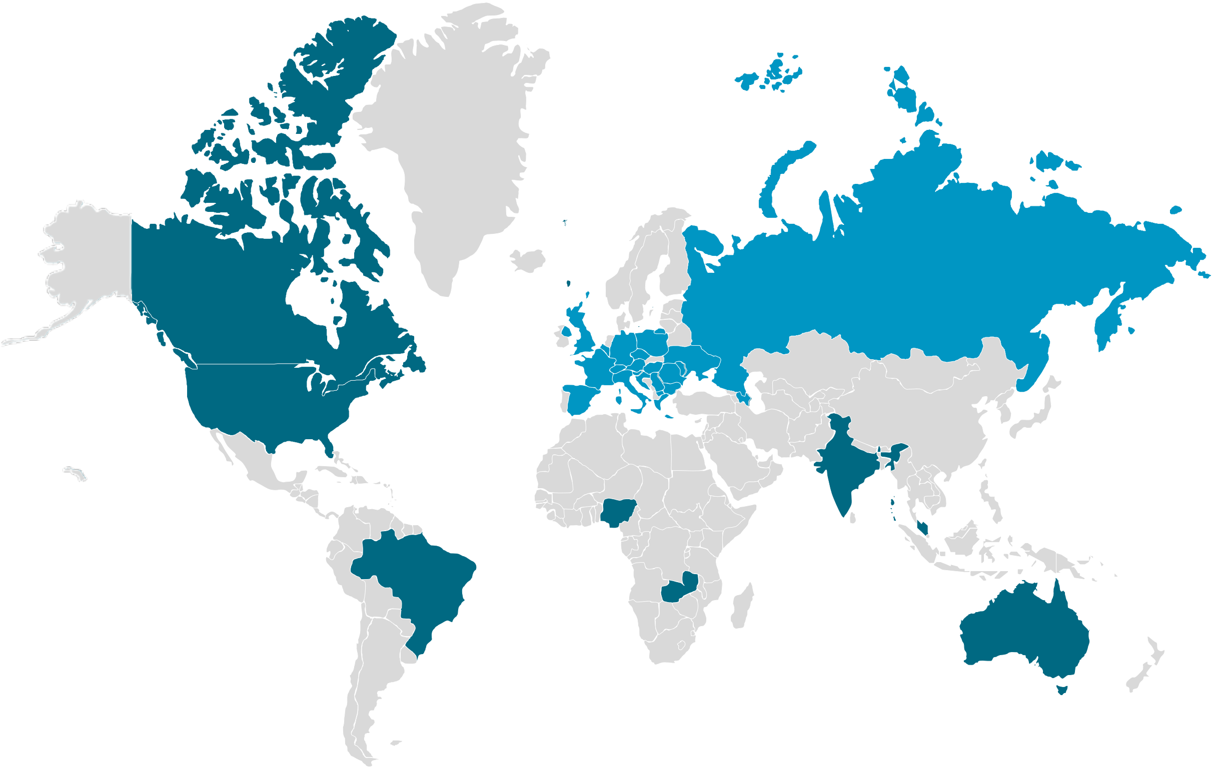
Mature countries

E.g., Germany, France, UK, Switzerland, Australia, USA, Canada

LH cement capacity ex-China
(YE 2016 expected, Mt)

Multiple key markets expected to be at turning point towards recovery

Attractive portfolio



North America
West Canada Oil recovery, US sustained cement market growth, headroom in RMX and AGG business

Brazil
Economic recovery in the mid term

India
Market recovery driven by fundamental growth momentum

Malaysia
Market recovery driven by growth in infrastructure

Australia
Growth in infrastructure spending

Europe
Economic recovery in multiple countries

Nigeria
Improving business environment, positive pricing dynamics

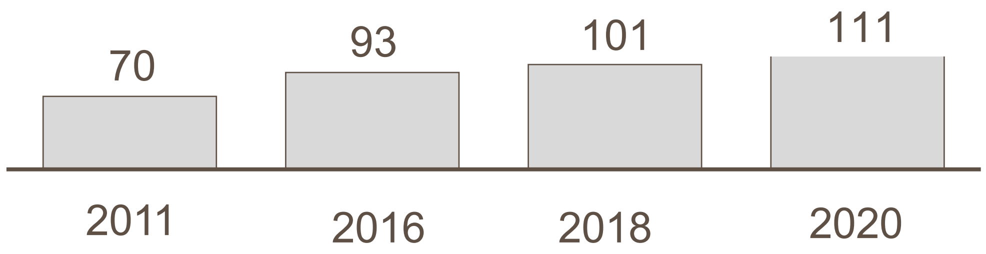
Zambia
Improving business environment and growth momentum

~ CHF 1 bn EBITDA of recovery potential mid term in above markets

US focus – strongly positioned to benefit from further market growth and from additional demand

Robust baseline growth

Baseline market cement consumption, Mt



Upside from government infrastructure spending

LafargeHolcim well positioned to capture growth

Strong position

- No.1 cement player in USA, with >20 Mt capacity
- Unrivalled logistics network

Improving performance

- Successful margin expansion
- Strategic aggregates positions to deliver integrated offers with additional margin

8 Mt of available capacity to grow into

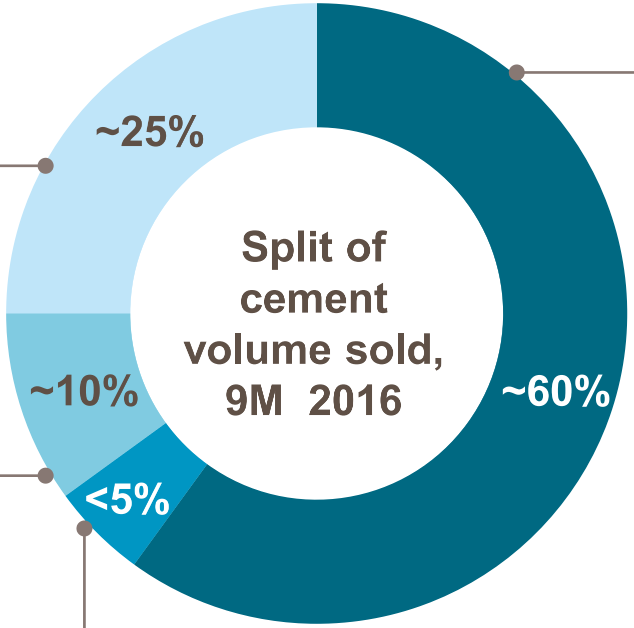
- 5 Mt of available capacity in the USA, 2Mt in Canada close to border
- ~1 Mt net additional capacity about to come on-stream in 2017
- Modernized and flexible asset base

Source: Portland Cement association, September 2016

Significant upside through differentiation in all market segments

Attractive portfolio

Building & small/mid-size projects
- Opportunities to optimize commercial approach (e.g., green building centers, affordable housing)
- Capture the value of consistent quality, product availability and services



Retail
- Characteristics of consumer goods
- Successful differentiation cases in several markets – to be leveraged at scale
- Higher underlying growth driven by developing markets

Infrastructure
- Unique expertise and scale to be the partner of choice
- Strong infrastructure demand, especially in developing markets

Specialties
- Distinctive products & solutions to offer
- Opportunity to approach specialty segments in a new way

Note: Share by channel estimated

Visible differentiation – impact across all market segments

Upside in differentiation

Retail

New retail model

- New retail model(s) defined, global roll-out to 55 countries under way
- Successful set-up of new digital e-commerce platform (e.g., Ecuador)

Building & small/ mid-size projects

Affordable housing

- JV with British Development Agency (CDC)
- Innovative solutions adjusted to local needs (e.g., small bags)

Infrastructure

Roadworks

- New integrated business approach co-created with experts
- Pipeline increased by 25% since merger

Specialties

International key account management

- Largest global con-tractors tracked, already first success (e.g., partnership with CCCC)
- Continuous stream of value-added projects

Examples of differentiated products and solutions

Airium

- Patented disruptive technology for insulation
  - Superior fire resistance
  - Extended durability (up to 100 years)
- Launched in 2016 in Morocco, France and Austria

Solidia Concrete[1]

- CO_2 absorbing concrete, in addition to CO_2 efficient production (up to 70% less than regular concrete)
- Shorter cycle times and increased material efficiency with positive financial impact
- Industrial/commercial pilot launched in North America

1) Product from JV with Solidia Technologies

Sustainability, a differentiation factor for the future

Upside in differentiation

Distinctive solutions with enhanced performance

- Range of environmentally friendly, innovative products (e.g. CO2 cements)
- Energy-efficient solutions like insulating concrete systems
- Promoting and rewarding sustainable construction through LafargeHolcimFoundation

- Lowest CO2 emissions per ton of cement amongst the International Groups[1]
- Substantial Specific CO2 emission reduction (26% since 1990)

Lowest CO2 footprint in industry

Circular and resource-optimized business model

- Leading waste management solutions (including use of biomass and construction & demolition waste (e.g. recycled aggregates)
- Active water basin and water use management
- Rehabilitation and biodiversity management at all extraction sites

- Stringent environmental, social performance and transparency standards
- Health & Safety as an overarching value embedded in the organization
- Culture of workplace inclusiveness and employee development programs

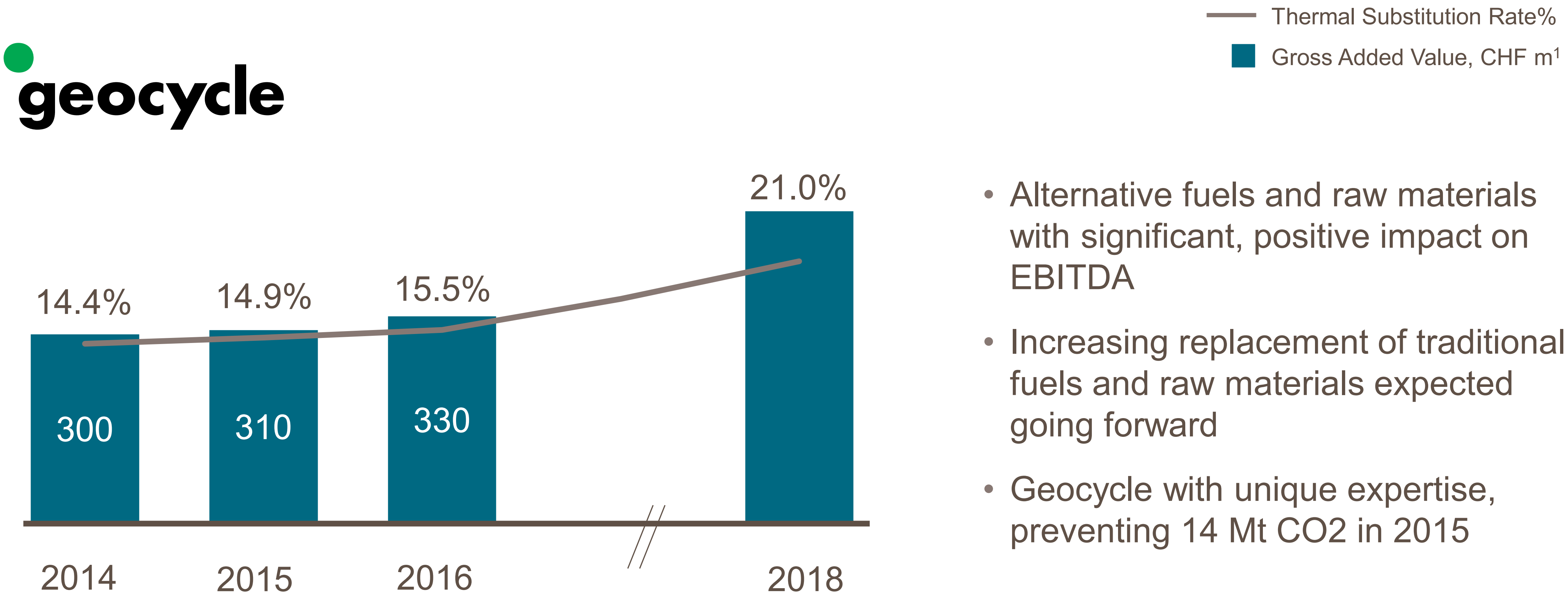
Sustainable working environment

1) 573kg CO2 per ton cement

Examples of value creation through sustainability

Upside in differentiation

geocycle

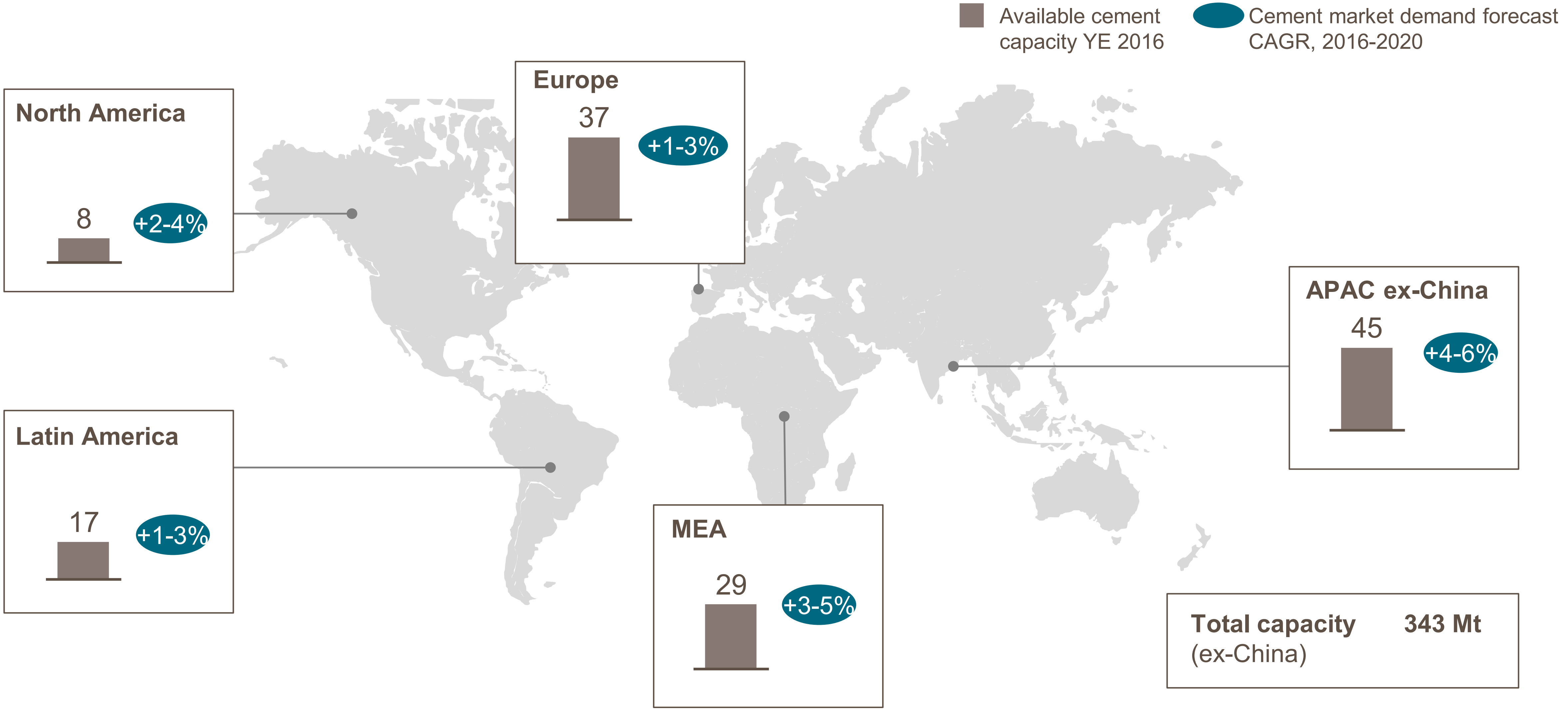


- Alternative fuels and raw materials with significant, positive impact on EBITDA
- Increasing replacement of traditional fuels and raw materials expected going forward
- Geocycle with unique expertise, preventing 14 Mt CO2 in 2015

1) Gross Added Value (GAV) measuring the contribution to EBITDA from the use of alternative fuels (AF) and alternative raw materials (AR)

Substantial potential for operational leverage in all regions to capture future market growth

Growth at current capex



Total capacity (ex-China) **343 Mt**

Moreover, benefitting from 19.5 Mt new cement capacity coming on-stream (2016-2018)

Growth at current capex

	Plant	Country	Incremental cement capacity (Mt)
Already commissioned	1 Tuban 2	Indonesia	1.6
	2 Jamul	India	1.1
	3 Sindri (JL)	India	1.4
	4 Kanthan[1]	Malaysia	0.9
	5 Biskra	Algeria	2.7
	6 Kerbala lines 1 & 2	Iraq	2.5
	7 Mfamosing 2	Nigeria	2.5
	8 Barroso	Brazil	2.3
	9 Exshaw	Canada	1.5
	10 Ada	USA	0.2
	11 Hagerstown	USA	0.3
Before YE 2017	12 Ravena	USA	0.4
	13 St. Genevieve[1]	USA	1.0
	14 HPI 10M	Philippines	1.1
	Total capacity		**19.5**

1) Debottlenecking to utilize entire potential of plant

Systematic drive for asset light approach across our business

Growth at current capex

Optimizing use of current asset base

Capacity utilization increase, benefiting from new capacity coming on-stream

Debottlenecking, operational improvements and product mix

Outsourcing fleet management and logistics

Franchising & licensing of RMX

Optimizing future investments

Pursuing new asset light models, leveraging our global trading platform

Growing downstream, integrating channels

Examples of light capex growth models

Growth at current capex

Retail franchising – Disensa in Ecuador

- 540 franchised stores covering 91% of main cities and towns
- Preferred route-to-market to promote premium product, resulting in price premium and brand differentiation
- Long-term relationships with end users
- Additional value creation through sales of other construction materials with premium brands

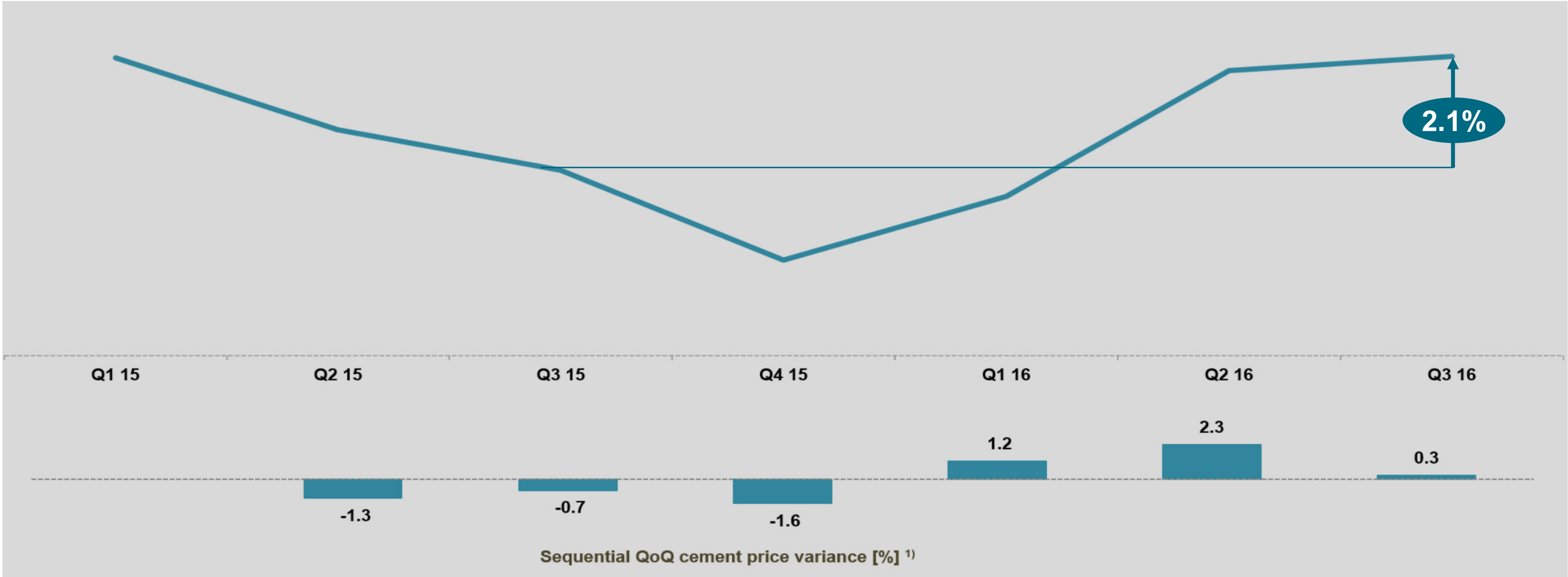
Debottlenecking – Philippines

- Additional capacity expansions of 2.3 million tons for CHF ~50 million
    - Debottlenecking of existing capacity at multiple sites
    - Expanding clinker grinding capacity
- Maintaining market leadership and profitability

Successful price increase through better pricing management

Margin expansion

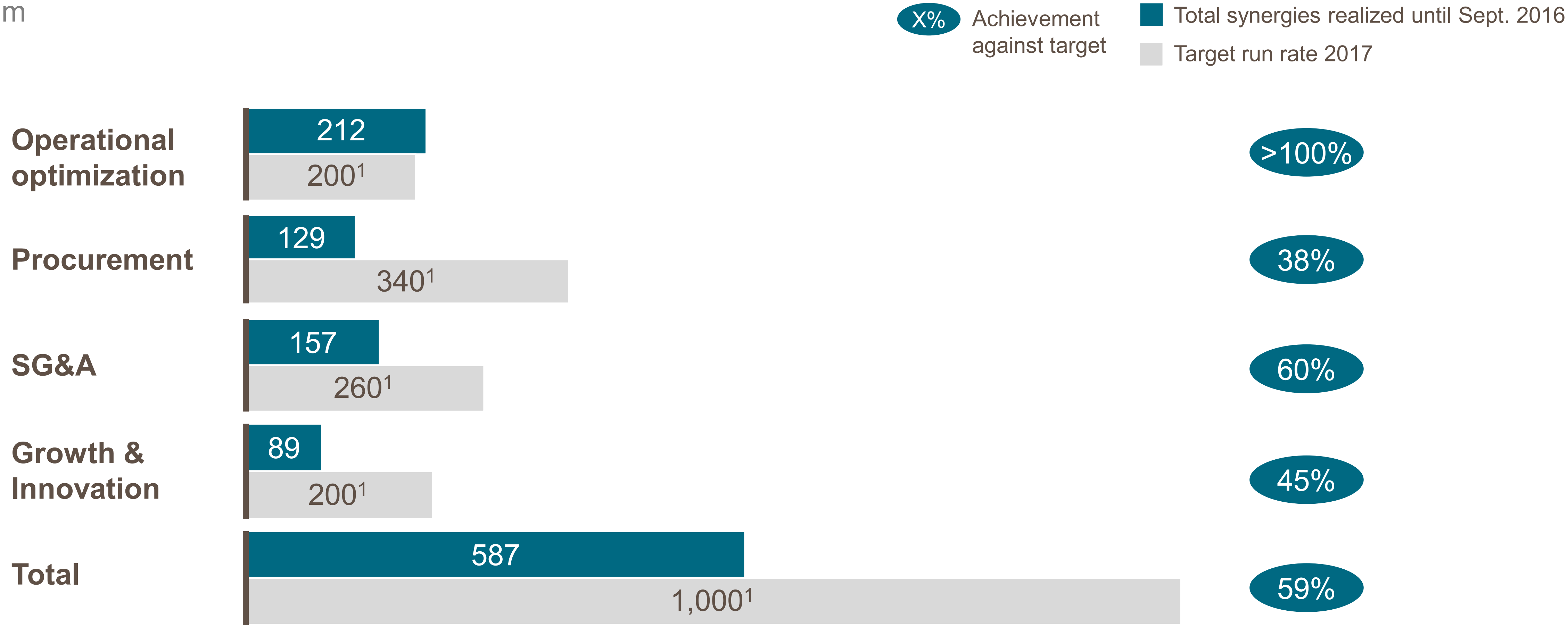
QoQ cement price development in LafargeHolcim Group



1) Sequential QoQ price development calculated at constant geographical mix effect and constant FX

Realizing synergies to sustainably reduce costs

CHF m



1) Adjusted for scope impact from divestments

Tight cost management and operational excellence towards cost leadership

Margin expansion

Share of total cost base, LTM

Fixed costs
- Preventive maintenance procedures
- Organizational efficiency

SG&A
- Site consolidation
- Shared service centers (e.g., IT)

Energy
- Increased Fuel flexibility
- Increased Alternative Fuel Rate usage

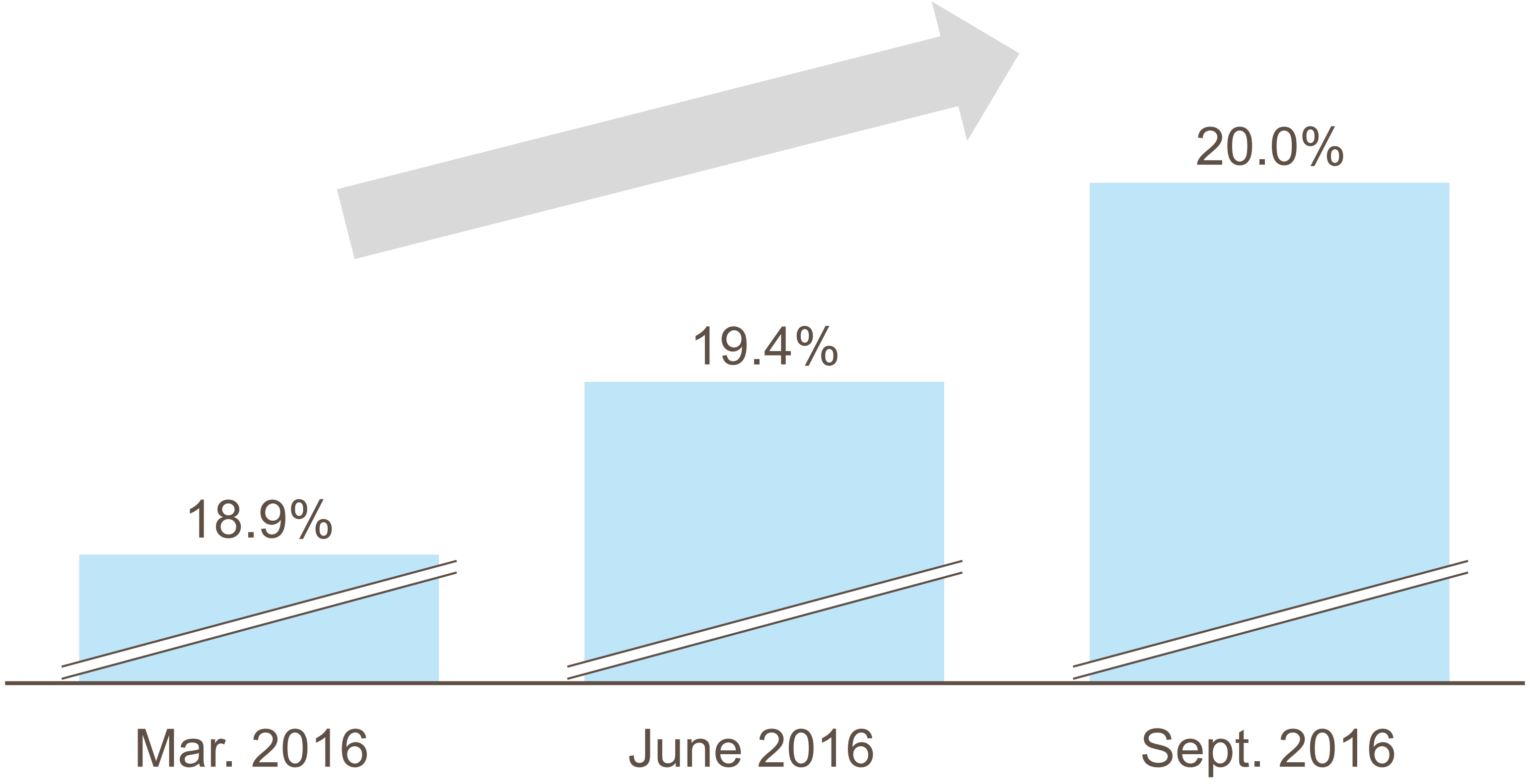
Logistics
- Network / mode optimization
- Operational improvement

Other variable costs
- Best practice dissemination
- Improving cement composition

Additional CHF 200 m additional cost savings launched, predominantly in fixed costs and SG&A

Momentum in margin expansion

Trailing 12 months adj. Operating EBITDA margin[1], 2016



Adj. Op. EBITDA Margin improvement (yoy):

Q2 2016: 210 bps

Q3 2016: 290 bps

1) Excluding merger, restructuring and one-offs

Further headroom adding to the growth embedded in our portfolio

GROWTH EMBEDDED IN OUR PORTFOLIO

Best-in-class attractive portfolio

Upside from differentiation

Continuous margin expansion

Growth realization at current capex

FURTHER HEADROOM

Waste management
- Building a global waste management business

Expansion throughout the value chain
- Optimizing opportunities to go further downstream

New business models
- Solutions provider, e-commerce, BIM

Continuous active portfolio enhancement
- Bolt-on acquisitions, swaps in key markets, selected divestments

Waste management as a business opportunity

Further headroom

Waste gaining importance as an energy source

- Growing and more urban population producing more waste
- Fuel price volatility and increase to persist in future

LafargeHolcim uniquely positioned to valorize waste

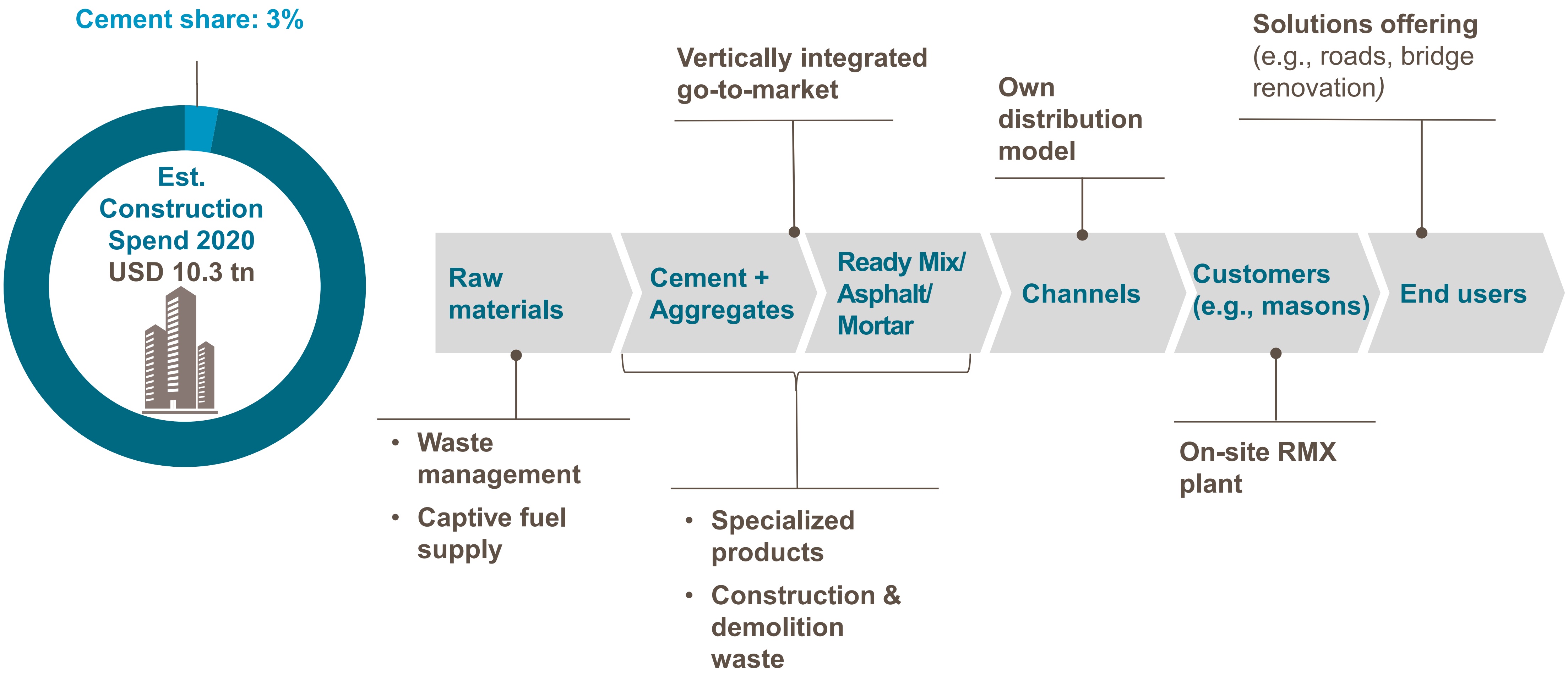
- Focus on developing and fast urbanizing markets
- Strong demand for energy
- Broad cement plant network

Multiple business models emerging

- Waste to fuel:
  Full treatment solution
- Waste to raw material
  Fully fledged Construction & Demolition Waste offer

Expansion throughout the value chain

Further headroom



Growth opportunities from new business models

Further headroom

New business models

Digital

New digital business models creating new channels to market

- ➔ E-market place for construction
- ➔ Last-mile digital connect e.g. demand aggregation

BIM

BIM-based business models including service offer for small contractors

- ➔ Providing BIM platform to SMEs
- ➔ BIM modelling expansion

Solutions business

Shift to end-to-end solutions with new pricing models

- ➔ Solution sold per m^2 of building
- ➔ Integrated offerings with partnerships
- ➔ Large-scale tunnel projects

Continuous, proactive portfolio enhancement

Asset swaps
e.g., focusing portfolio on key markets

Bolt-on-acquisition
e.g., consolidation of local markets

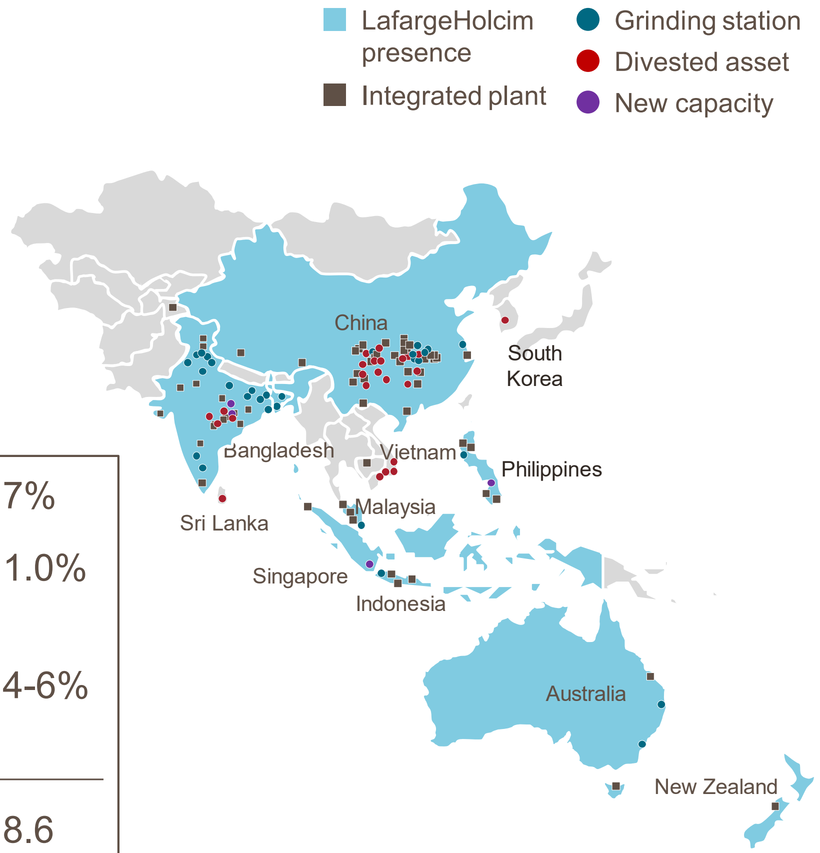
Selective targeted divestments
e.g., pruning portfolio to capture new value opportunities

Contents

Asia Pacific, positive outlook supported by improved route-to-market approach

LTM, CHF bn

Region[1]	GDP growth, p.a.	7%
	Demography growth, p.a.	1.0%
	Cement per capita, cons. growth p.a.	4-6%
LH	Net sales	8.6
	Adj. Operating EBITDA [2]	1.5



Situation/achievements

- India: Turnaround in business performance with good cost discipline and pricing management
- Philippines: Improved pricing supported by healthy demand driven by residential and infrastructure sectors
- Indonesia: Affected by new capacity from new entrants
- Malaysia: Overcapacity putting pressure on prices in addition to slowing demand in 2016
- Australia: Completion of several large-scale projects

Opportunities

- India long-term growth and performance improvement potential
- Continued positive market environment in Philippines
- Increasing infrastructure spending in Australia
- Specified route-to-market approach to support growing retail segment in all countries
- Action plans to improve competitiveness and commercial performance to start showing results in Malaysia and Indonesia

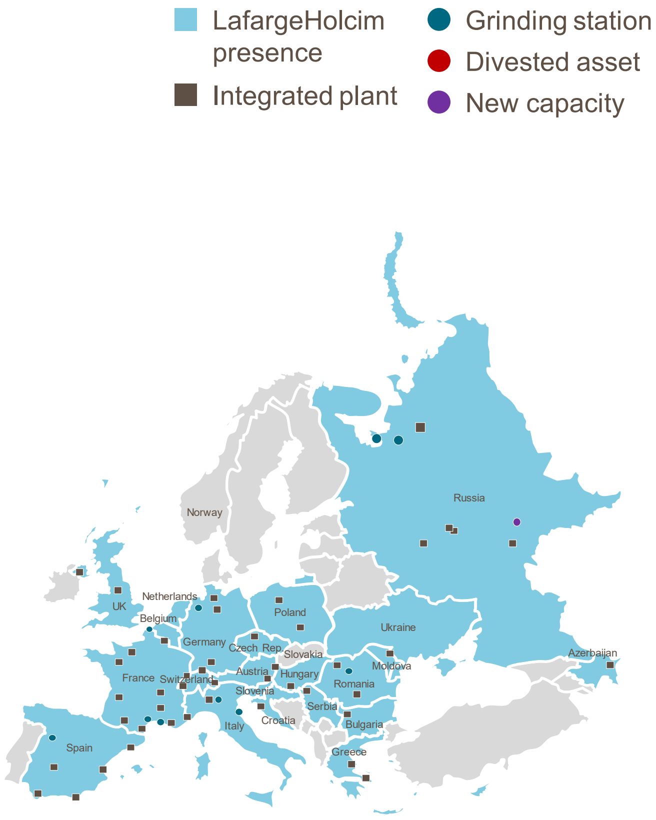
1) Countries with LH presence, CAGR 2016-2020, ex. China `
2) Operating EBITDA adjusted excludes all merger-related and restructuring costs
Note: Map includes plants from joint ventures

SOURCE: IMF

Europe, strong margin improvements in stabilizing markets

LTM, CHF bn

Region[1]	GDP growth, p.a.	2%
	Demography growth, p.a.	0.1%
	Cement per capita, cons. growth p.a.	1-3%
LH	Net sales	7.1
	Adj. Operating EBITDA [2]	1.3



Situation/achievements

- Overall slow growth economy underlying flat volumes and price competition
- Successful cost reductions and synergies generating margin improvement
- Positive performance in the UK and good resilience in Switzerland and France
- Softer market than anticipated in Spain (political instability), Romania and Poland (low EU funds)

Opportunities

- Room to further optimize industrial footprint/logistics/shared services
- Mature markets interested in value added products and services
- Pricing potential backed by a better offering
- Recovery in some Western European markets

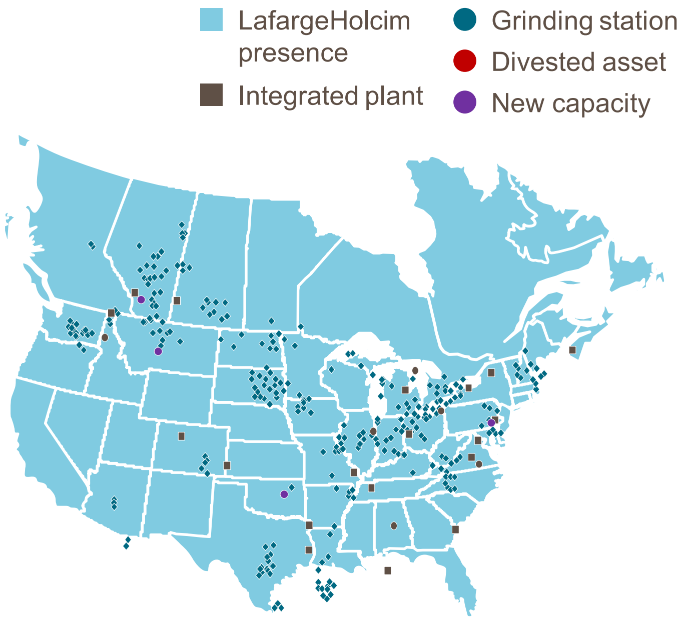
1) Countries with LH presence, CAGR 2016-2020
Note: Map includes plants from joint ventures

2 Operating EBITDA adjusted excludes all merger-related and restructuring costs

LafargeHolcim SOURCE: IMF

North America improved fundamentals

LTM, CHF bn



Region[1]	GDP growth, p.a.	2%
	Demography growth, p.a.	0.6%
	Cement per capita, cons. growth p.a.	2-4%
LH	Net sales	5.7
	Adj. Operating EBITDA [2]	1.3

Situation/achievements

- Accelerated synergy delivery and pricing development in the US operations
- Mixed performance in Canada impacted by economic downturn in oil-price-driven western markets

Opportunities

- Strong market growth from infrastructure and residential
- Unique and diverse product offer
- Good asset footprint in the US with new additional capacity to capture growth with an unrivalled access to market through our unique logistics network
- Oil markets coming back in mid term
- Overall, strong profitability outlook supported by a combination of commercial focus, market dynamics and cost initiatives

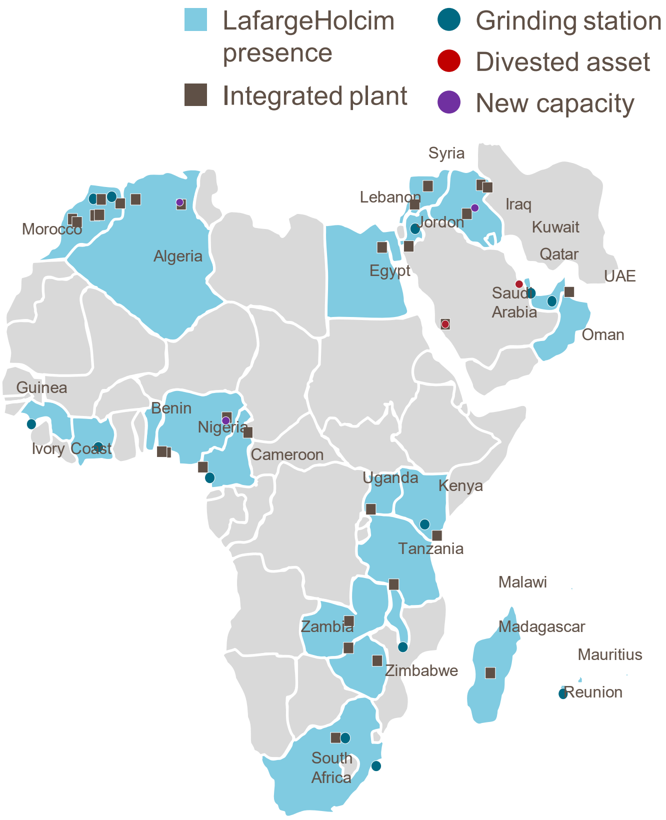
1) Countries with LH presence, CAGR 2016-2020
Note: Map includes plants from joint ventures

2 Operating EBITDA adjusted excludes all merger-related and restructuring costs

SOURCE: IMF

Middle East & Africa with promising outlook driven by ongoing urbanization and population growth

LTM, CHF bn



Region[1]	GDP growth, p.a.	4%
	Demography growth, p.a.	1.9%
	Cement per capita, cons. growth p.a.	3-5%
LH	Net sales	3.8
	Adj. Operating EBITDA [2]	1.1

1) Countries with LH presence, CAGR 2016-2020
2) Operating EBITDA adjusted excludes all merger-related and restructuring costs
Note: Map includes plants from joint ventures

Situation/achievements

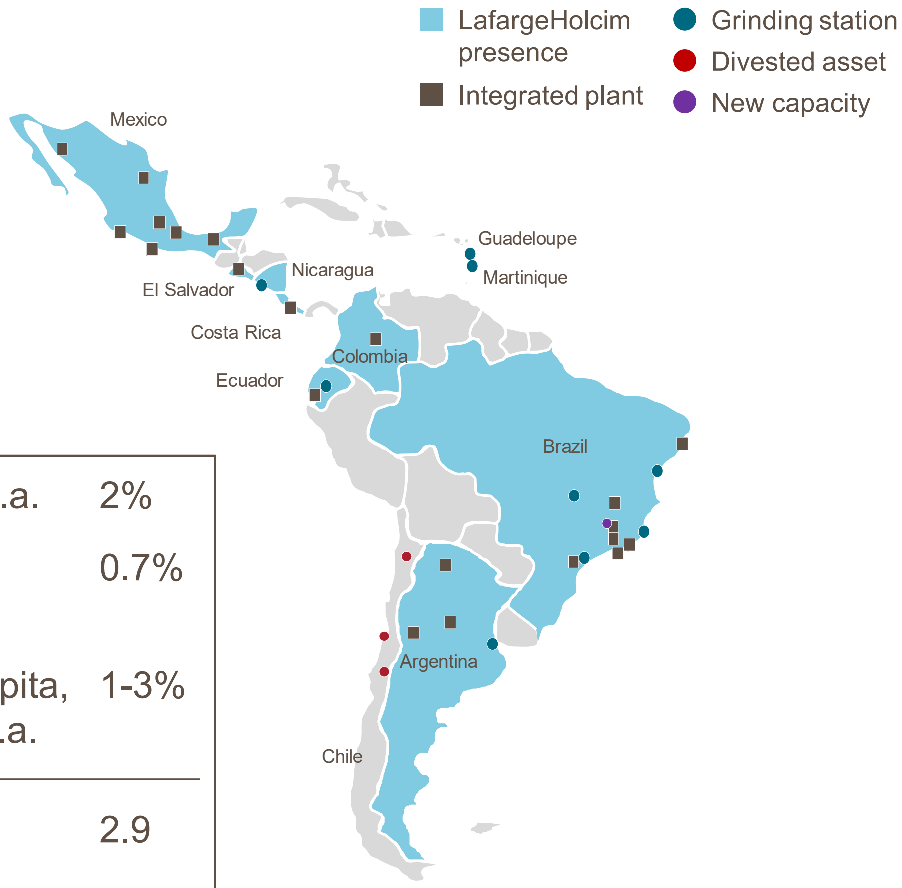
- Nigeria: Ongoing challenging environment and gas shortages being mitigated by strong turnaround plan
- Egypt: Good turnaround with focus on fuel flexibility, fixed cost reduction and pricing
- Algeria, Lebanon and Morocco: Solid performance
- Currency devaluation in Nigeria and Egypt
- Retail models development in all countries

Opportunities

- Structural factors (population, urbanization, GDP) driving cement consumption in Africa
- Upcoming new capacities in region to capture future demand growth (e.g., Nigeria, Algeria, Uganda, Kenya, Cameroon, Ivory coast)
- Leveraging LafargeHolcim's international presence and expertise for large infrastructure projects
- Improving logistics network and further progress on fuel flexibility / conversion in Nigeria and Egypt
- Recovery potential in Nigeria and Zambia

Latin America, with strong performance driven by regional synergies, Brazil recovering in the mid term

LTM, CHF bn



Region[1]	GDP growth, p.a.	2%
	Demography growth, p.a.	0.7%
	Cement per capita, cons. growth p.a.	1-3%
LH	Net sales	2.9
	Adj. Operating EBITDA [2]	0.9

Situation/achievements

- Mexico: Robust performance boosted by segmented customer strategy and favorable pricing
- Brazil: Significant slowdown in economy
- Ecuador: Post-earthquake reconstruction and large projects (metro Quito) boosting cement volumes
- Argentina: Improved industrial costs and pricing performance over inflation

Opportunities

- Structural factors (urbanization, infrastructure) driving cement consumption in LATAM
- Growing retail presence in all countries with differentiated go-to-market approach and common branding
- Growing market for specialized offerings and value added solutions in Mexico
- Mid term recovery in Brazil market

1) Countries with LH presence, CAGR 2016-2020
Note: Map includes plants from joint ventures

2 Operating EBITDA adjusted excludes all merger-related and restructuring costs

SOURCE: IMF

Contents

Strategic action plan to deliver

Active portfolio management and resource allocation			
Commercial transformation	Cost leadership	Asset light	Sustainable development
People, culture & values			

Generate profitable growth

Maximize free cash flow

Create sustainable value for our shareholders

Note: Cost leadership and asset light approach are the core and foundational strategy pillars

Experienced management team to drive next phase

Blue Joined ExCo since last CMD

Eric Olsen
Chief Executive Officer

Oliver Osswald
Central & South America

Martin Kriegner
India & South East Asia

Pascal Casanova
North America
& Mexico

Roland Köhler
Europe & Australia/New Zealand & Trading

Saâd Sebbar
Middle East Africa

Gérard Kuperfarb
Growth & Innovation

Urs Bleisch
Performance & Cost

Caroline Luscombe
Organization
& Human Resources

Ron Wirahadiraksa
Chief financial Officer

Updated mid term Group targets[1]

Free Cash Flow
- CHF 2.8 bn-3.3 bn run rate by 2018
- CHF 5.0 per share run rate by 2018
- CHF 7.5 bn 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 7.0 bn 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 1 bn 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 1st, 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

Following a strict capital allocation policy

Committed to a solid investment grade rating

1. Grow organically with selective and targeted capex
2. Manage actively portfolio
3. Sustain an attractive dividend policy
4. Return excess cash to shareholders

Cash return to shareholders over next two years

- Up to CHF 1 bn share buy-back program over the coming two years
- Dividend per share of CHF 2 for 2017 to be proposed at next AGM in May 2017
- Target of 50% payout ratio through the cycle with CHF 2 per share being the minimum annual recurring dividend
- Commensurate with solid investment grade rating, potential additional excess cash returns to shareholders, notably through special dividends