BUILDING A NEW LEADER FOR A NEW WORLD

ANNUAL REPORT 2015

LafargeHolcim

As used herein, the terms “LafargeHolcim”, “Holcim” or the “Group” refer to LafargeHolcim Ltd together with the companies included in the scope of consolidation. Holcim Ltd was renamed to LafargeHolcim Ltd following the merger with Lafarge S.A. on July 10, 2015.

For the purpose of the proposed merger, the 2014 pro forma information that was included in the Registration Document registered on May 11, 2015 reflected only the effect of the merger Lafarge/Holcim and its direct consequences (notably the divestments to CRH) as known at that time. Now with the merger completed, the pro forma financial information included on pages 1 to 166, in addition to the merger and the latest changes in the scope of the divestments achieved in the context of the merger Lafarge/Holcim, also reflects the impact of merger, restructuring and other one-offs, the deconsolidation of the Australian business operated under a joint-venture and the effect of the divestments achieved over the course of 2014 and 2015. These figures do not take into consideration any purchase price accounting impact on operating EBITDA which mainly relates to inventory valuation.

The unaudited pro forma numbers that were previously published in order to provide meaningful like-for-like analysis of the business were reviewed. Some inconsistencies were identified with respect to scope and classification of prior periods and these have been corrected. Operating EBITDA 2014 has been amended by CHF –57 million (Oct–Dec 2014: CHF –63 million) to correctly reflect scope changes. In addition, cash flow from operating activities July-Sept 2015 has been corrected by CHF 293 m through reclassification of certain debt holder transactions to financing activities. The Audited Financial Statements are not impacted.

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KEY FIGURES GROUP

255.7

Sales of cement

million t

292.2

Sales of aggregates

million t

56.8

Sales of ready-mix concrete

million m³

4,645

Operating EBITDA

million CHF

19.5

Operating EBITDA margin adjusted

in %

Excluding merger, restructuring and other one-offs

15.8

Operating EBITDA margin

in %

29,483

Net sales

million CHF

5,751

Operating EBITDA adjusted

million CHF

Excluding merger, restructuring and other one-offs

2,550

Cash flow from operating activities

million CHF

DEAR SHAREHOLDER,

With the completion of the merger of Lafarge and Holcim in July and the creation of our new company, LafargeHolcim, 2015 was certainly an historic year. We are pleased to introduce the company's first annual report and provide you with a review of the progress we have made since July. We will also highlight operational performance over the past year, and reflect on the outlook for the company and our industry more broadly.

Looking back on this year, our share price has been significantly affected, mainly by the volatility associated with emerging markets. More challenging conditions in some large economies like China or Brazil and a declining oil price environment fed investor fears about companies considered to be closely linked to these markets. We have taken decisive actions to further adjust and streamline our costs, notably in the most difficult markets. Recent developments show that despite challenges in selected countries, the demand for our products continues to be strong and to grow overall.

In LafargeHolcim, we have created a company that is the leader in its sector and we believe that we have everything we need to be successful. We have a best-in-class portfolio and our global footprint ensures that we are positioned in the top three companies in the sector in 80 percent of the countries in which we operate. We have a balanced portfolio of activities in mature and developing economies. We have leading positions in countries poised for solid growth in the short term, as well as those with a mid- and longer term growth potential.

In December 2015, we presented our plan for the new company at a Capital Markets Day in London. This plan reflects our commitment to change the game in our industry and shift our focus to maximizing free cash flow generation – which will be our key measure of success – based on delivering the merger synergies; driving commercial excellence across our operations; deploying strict capital allocation discipline; and optimizing our portfolio.

In 2015, our results were impacted by challenging conditions in selected markets, including China, Brazil, Switzerland, France, Azerbaijan, Iraq, Indonesia, and India. We also experienced lower CO_2 revenues and a negative impact from foreign exchange movements during the year. At the same time, we saw encouraging growth in other markets including the US, UK, Mexico, Argentina and the Philippines and we experienced solid volume growth in the last quarter of the year which gives us confidence in the strength of our business.

We have clearly defined action plans to deliver the synergies, address our cost base in the most challenging markets and ensure we maximize the value we get for our products and solutions everywhere in the world. These plans are being rolled out with pace and we saw the first visible results in the fourth quarter of the year. With CHF 130 million of synergies achieved by the year end, we are ahead of schedule, and we are confident that we will further accelerate in 2016 and deliver the overall synergies ahead of our initial plan.

We also committed to undertake a review of our portfolio and launch a plan to divest up to CHF 3.5 billion of assets during 2016. This process is already well underway.

Leveraging the unique strengths of our new Group, we are confident that we will deliver value to our customers, employees, shareholders and stakeholders alike. With this in mind, we are proposing a dividend of CHF 1.50 for 2015 which we expect to grow progressively in the coming years. We are committed to maintaining a sound financial structure, in line with a solid investment grade rating. We are also committed to then returning cash to shareholders, leveraging cash flow maximization measures and strict capital allocation discipline.

Eight months after the merger, the integration is largely behind us and we now have the platform on which we are building our new Group. Our organization is in place and mobilized around clear targets and we have ensured that the interests of employees and shareholders are fully aligned, with a new best-in-class incentive scheme.
We have defined the values of our new company which are the foundation for our company culture and provide a framework for the way we expect our employees to behave. Our foremost value is our absolute commitment to Health & Safety. We are committed to ensuring that both our employees and contractors can work safely on our sites and in the community. This commitment is embedded in the personal objectives of every employee in the company.

Sustainable development, another of our values, sits at the heart of the way we operate and is central to the future of the company. We are proud to lead the industry in CO_2 reduction per tonne of cement and through Geocycle we offer sustainable waste management solutions in more than 60 countries which contribute to a cleaner environment, reduce the need for landfills and eliminate toxins. Managing waste is a problem for every community so we are able to add value to society while addressing an environmental challenge.

As the sector leader, we take seriously our responsibility to contribute to the evolution of building standards for tomorrow's cities and infrastructure to ensure that they will meet the needs of an increasingly urban population. Our leading research and development capability means that we can develop new sustainable products and services, together with our customers and academic institutions around the world, to help us to play our part in shaping the future of sustainable construction.

Turning to 2016, we anticipate that it will be a year of solid progress towards our 2018 targets. We expect the markets in which LafargeHolcim operate to see demand growth of between 2 and 4 percent during 2016 and – with the majority of the integration behind us – we are well-positioned to take advantage of the opportunities ahead.

In closing, we made significant demands on our Board members last year and we would like to take this opportunity to record our thanks for their time and wise counsel throughout the merger process. We are also very grateful for the support of you, our shareholders, throughout a year of enormous change. Finally, we would like to recognize the employees of our company who continued to deliver our products and services to customers all over the world despite the changes that were taking place around them. Without their commitment, we would not have achieved the progress that we are reporting.

LafargeHolcim is now positioned to generate attractive cash returns to shareholders, and we are confident that we are building a company that offers exciting long-term prospects for all stakeholders.

Prof. Dr. Ing. Wolfgang Reitzle
Chairman of the Board of Directors

Eric Olsen
Chief Executive Officer

Wolfgang Reitzle

Eric Olsen

Alain Bourguignon

Saâd Sebbar

Jean-Jacques Gauthier

Pascal Casanova

Ian Thackwray

Roland Köhler

Urs Bleisch

Ron Wirahadiraksa

Eric Olsen

Gérard Kuperfarb

BOARD OF DIRECTORS

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Co-Chairman (Statutory Chairman)

Beat Hess
Vice-Chairman

Bruno Lafont
Co-Chairman

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Philippe Dauman
Paul Desmarais, Jr.
Oscar Fanjul
Alexander Gut
Gérard Lamarche
Adrian Loader
Nassef Sawiris
Thomas Schmidheiny
Hanne Birgitte Breinbjerg Sørensen
Dieter Spälti

IN BRIEF

AT A GLANCE

90
countries

100,000
employees

2,500
operating sites

>1,000
employees in innovation

13
research facilities

1,750
granted patents

CEMENT

Profile

Cement is manufactured through a large-scale, capital-and-energy-intensive process. At the core of the production process is a rotary kiln, in which limestone and clay are heated to approximately 1,450 degrees Celsius. The semi-finished product, clinker, is created by sintering. In the cement mill, gypsum is added to the clinker and the mixture is ground to a fine powder – traditional Portland cement. Other high-grade materials such as granulated blast furnace slag, fly ash, pozzolan, and limestone can be added in order to modify the properties of the cement for special uses.

LafargeHolcim produces an extensive line of cements and hydraulic binders. These range from Portland cements and classic masonry cements to specialized products for different types of environments, as for example environments exposed to seawater, sulfates, and other harsh natural conditions, where cements with high slag or pozzolan content provide greater durability. The Group also develops solutions intended for specific applications, for example white cement, oil-well cements, road surfacing binders. These products go hand in hand with certain complementary services, such as technical support, order and delivery logistics, documentation, demonstrations, and training related to the characteristics and proper use of cement.

Cement customers include construction and public works organizations, manufacturers (producers of ready-mix concrete and prefabricated products), and, via retailers, the general public. At a basic level, the market can be segmented into bag and bulk cement. Bag markets consist of highly fragmented customer groups. Emerging markets tend to be the largest consumers of bagged cement. Bulk markets are more industrialized, as they are mainly focused on larger B-to-B customers such as construction companies or building products manufacturers. Most mature markets in Europe and North America are predominantly bulk markets.

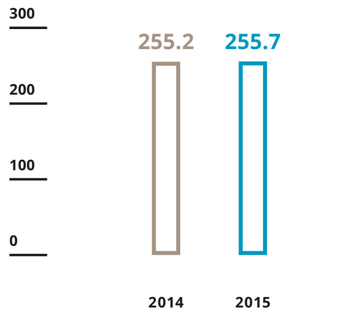
Cement is a product that is costly to transport over land. Consequently, the radius within which a typical cement plant is competitive extends for no more than 300 kilometers for the most common types of cement. However, cement can be shipped more economically by sea and inland waterway over great distances. Most LafargeHolcim plants are located close to customers in highly populated areas, benefiting from the ongoing global urbanization trend.

Developments

The Group's consolidated cement volumes increased 0.2 percent to 255.7 million tonnes in 2015. Increased deliveries in several markets including Egypt, the Philippines, the United States, Mexico, and Indonesia compensated for lower performance in China, Brazil, and Russia. Other countries that contributed positively to the results include Vietnam, Canada, Algeria, and Romania. Cement volumes increased in North America, Asia Pacific, and Middle East Africa, while deliveries were lower in Europe and Latin America.

Sales of cement

in million t



Consolidated key figures for cement in 2015

	2015
Production capacity cement in million t	374.0
Cement and grinding plants	239
Sales of cement in million t	255.7
Net sales[1] in million CHF	19,973
Operating EBITDA[1] in million CHF	4,544
Personnel	64,391

[1] Includes all other cementitious materials

Consolidated sales of cement 2015 per region[1]

in million t	2015
Asia Pacific	123.1
Latin America	27.9
Europe	42.1
North America	21.8
Middle East Africa	43.4

[1] Inter-regional sales –2.6 million t

CEMENT CAPACITY

in million tonnes per year

374.0
LafargeHolcim

Country	Capacity	Country	Capacity	Country	Capacity
Algeria	10.6	Jordan	2.6	Qatar	0.6
Nigeria	9.3	Syria	2.6	Reunion	0.5
Egypt	8.2	Kenya	2.2	Zimbabwe	0.5
Iraq	7.3	Cameroon	1.7	Tanzania	0.4
Morocco	5.1	Zambia	1.5	Guinea	0.3
South Africa	3.4	Ivory Coast	1.2	Malawi	0.2
Lebanon	2.9	Uganda	1.2	Madagascar	0.2

62.6
Middle East Africa

Country	Capacity	Country	Capacity	Country	Capacity
India	68.2	Philippines	9.3	Sri Lanka	2.3
China	37.8	South Korea	8.3	New Zealand	0.5
Indonesia	15.2	Vietnam	6.0		
Malaysia	10.1	Bangladesh	3.9		

161.7
Asia Pacific

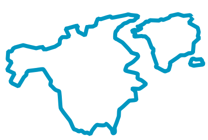
77.8 Europe

10.6	Russia
10.2	France
7.7	Poland
7.4	Germany
6.1	Romania
5.7	Spain
5.4	Greece
4.2	Italy
3.3	Switzerland
2.1	United Kingdom
2.1	Belgium
2.1	Austria
1.9	Azerbaijan
1.7	Hungary
1.6	Bulgaria
1.6	Serbia
1.5	Moldova
1.2	Czech Republic
0.9	Croatia
0.6	Slovenia

39.5 Latin America

12.2	Mexico
8.7	Brazil
5.5	Ecuador
4.8	Argentina
2.3	Chile
2.1	Colombia
1.7	El Salvador
1.1	Costa Rica
0.7	West Indies
0.4	Nicaragua

32.3 North America

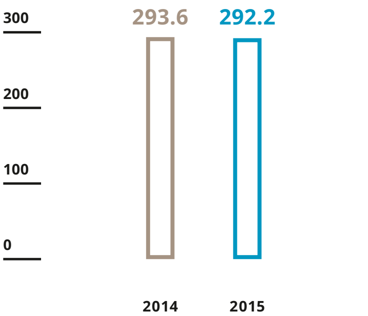


25.9	United States
6.4	Canada

AGGREGATES

Sales of aggregates

in million t



Consolidated key figures for aggregates in 2015

	2015
Aggregates plants	661
Sales of aggregates in million t	292.2
Net sales in million CHF	4,064
Operating EBITDA in million CHF	586
Personnel	11,227

Consolidated sales of aggregates 2015 per region

in million t	2015
Asia Pacific	34.8
Latin America	7.9
Europe	123.0
North America	115.3
Africa Middle East	11.2

Profile

Aggregates include crushed stone, gravel, and sand. They can also be recycled from concrete material. They are typically produced by blasting hard rock from quarries and then extracting it and crushing it. Aggregate production also involves the extraction of sand and gravel from both land and marine locations, which generally requires less crushing. In both cases, the aggregates are then screened to obtain various sizes to meet different needs. Aggregates differ in terms of their physical characteristics such as hardness, geological nature (limestone, granite, etc.), granularity (ranging from sand to riprap used in seawalls), shape, color, and granular distribution. These characteristics determine the applications for which the various types of aggregates are suited.

The work of the LafargeHolcim Research Center has made it possible to redefine its offer to products with greater added value. LafargeHolcim also markets high-quality recycled aggregates made from crushed concrete and asphalt issued from deconstruction.

Aggregates are used as raw materials for concrete, masonry, and asphalt and as base materials for roads, landfills, and buildings. As such, they are a key component of construction projects worldwide. There is a very broad range of customers for aggregates. Major customers include concrete and asphalt producers, manufacturers of prefabricated products, and construction and public works contractors of all sizes.

Because of the high weight of aggregates and cost of transporting them, aggregates markets are nearly always local.

Developments

In 2015, aggregate volumes decreased slightly by 0.5 percent to 292.2 million tonnes as higher deliveries in the United States, Germany, China, and Romania could not fully offset lower performance in France, Brazil, Chile, and Switzerland. Other markets that increased shipments of aggregates included Bulgaria, Egypt, Croatia, Canada, Greece, or Russia. In Middle East Africa, Asia Pacific, and North America aggregate volumes were higher, while Latin America – strongly impacted by restructurings and subsequent plant closures in this segment – reported declines. Shipments in Europe were slightly lower than in 2014.

READY-MIX CONCRETE AND OTHERS

Profile

Concrete is the world's second most consumed good by volume after water. One cubic meter consists of approximately 300 kilograms of cement, 150 liters of water, and two tonnes of aggregates. Ready-mix concrete is one of the largest markets for the cement and aggregates industries.

Buyers of ready-mix concrete are typically construction and public works contractors, ranging from major multinational corporations to small-scale customers. LafargeHolcim works to set itself apart based on the quality and consistency of its products, the breadth of its portfolio and, especially, the innovative solutions developed by its Research Center. These include ultra-high-performance fiber-reinforced concrete, self-filling and self-leveling concrete, architectural concrete, insulating concrete, pervious concrete, and other types of concrete.

The ready-mix concrete industry is less capital intensive than the cement industry. It is also highly decentralized, since concrete is a heavy product that must be delivered quickly, requiring that production facilities be near the place of use. Only very large integrated corporations such as LafargeHolcim that produce both cement and aggregates have succeeded in establishing an international presence in this market. The competition consists mainly of independent, local operators.

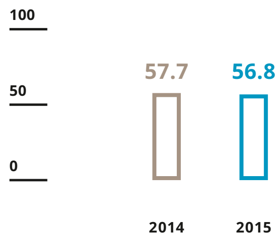
Asphalt is a bituminous construction material used primarily for road paving. It consists mainly of aggregates of differing grain size. Generally speaking, asphalt is sold directly by the asphalt producer to the customer, with only very limited use of intermediate distributors or agents, since prompt and reliable delivery is essential.

Developments

Ready-mix concrete volumes decreased 1.4 percent to 56.8 million cubic meters in 2015. Higher deliveries in India, Romania, the United Kingdom, Poland, and Mexico partly compensated for declines in Brazil, the United States, France, and in other markets. Europe reported a slight increase in volumes, while ready-mix concrete deliveries in Asia Pacific were nearly unchanged. Shipments in Latin America, Middle East Africa, and North America were lower.

Sales of ready-mix concrete

in million m^3

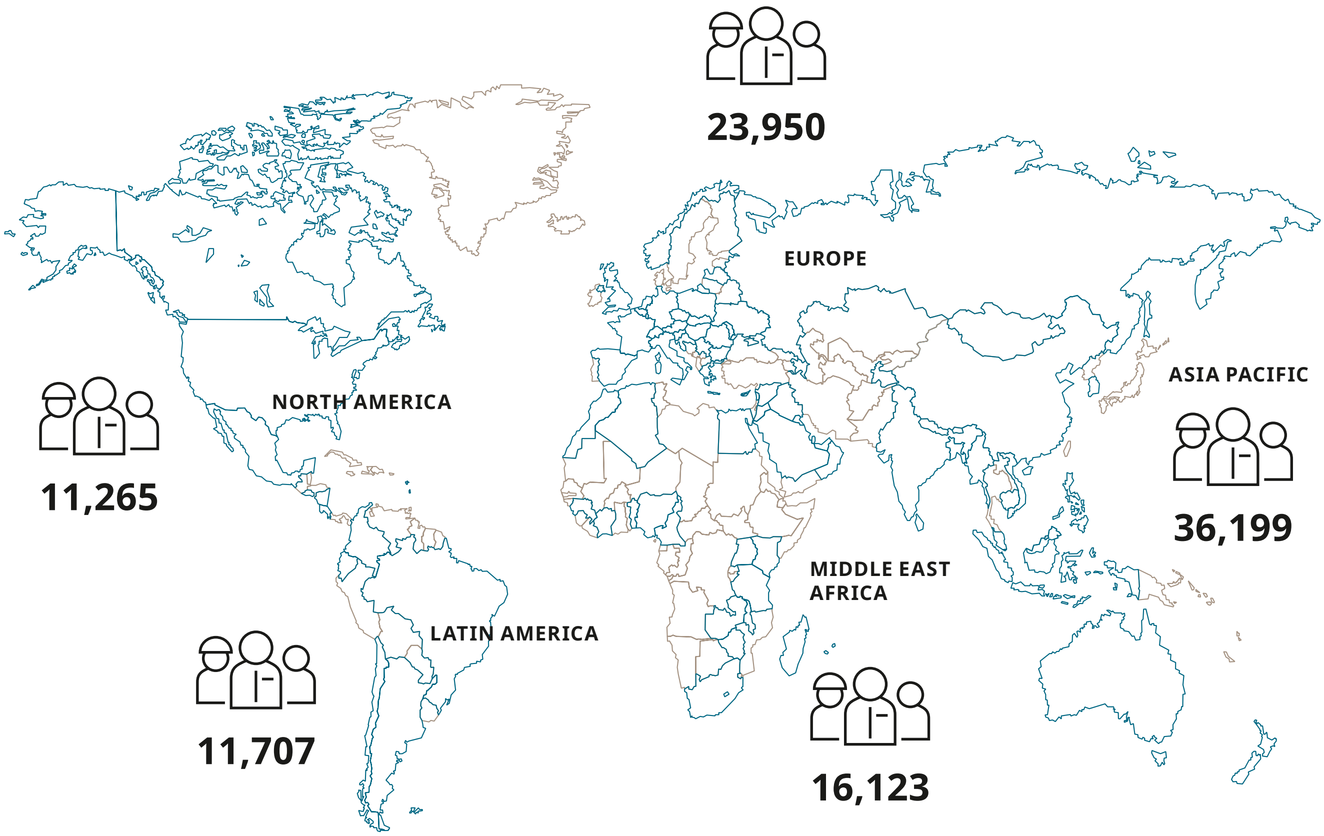


Consolidated key figures for ready-mix concrete in 2015

	2015
Ready-mix concrete plants	1,577
Sales of ready-mix concrete in million m^3	56.8
Net sales in million CHF	5,618
Operating EBITDA in million CHF	47
Personnel [1]	23,570

[1] Includes all other construction materials and services

GLOBAL PRESENCE OF LAFARGEHOLCIM



NET SALES IN CHF MILLION

9,048 Asia Pacific

7,356 Europe

3,241 Latin America

4,536 Middle East Africa

5,678 North America

OPERATING EBITDA (ADJUSTED)[1] IN CHF MILLION

1,565 Asia Pacific

1,264 Europe

907 Latin America

1,362 Middle East Africa

1,184 North America

[1] Excluding merger, restructuring and other one-offs

LEGEND

Presence of LafargeHolcim

Employees per region

BUILDING A NEW LEADER FOR A NEW WORLD

LafargeHolcim has established a set of strategic priorities and clear targets with the focus on free cash flow generation, growth of the return on invested capital, and returning value to shareholders while driving innovation and customer centricity.

CREATE SHAREHOLDER VALUE

At LafargeHolcim, our focus and commitment is to return value to shareholders. We will concentrate on several key areas to help us achieve our objectives. *Page 22*

COMMERCIAL EXCELLENCE

We will drive both margins and growth through the highest quality products and services. *Page 26*

SYNERGY DELIVERY AND COST EXCELLENCE

We will realize our synergies and excel on cost leadership through a systematic, rigorous cost control mindset. *Page 32*

LEAN CAPITAL SPENDING

We are in a position to significantly reduce our capital expenditures without affecting our ability to grow our business. *Page 36*

PORTFOLIO OPTIMIZATION

We will actively manage our portfolio by applying a systematic set of criteria. *Page 42*

LafargeHolcim is evolving in a fast-moving business environment shaped by three megatrends: population growth, rapid urbanization, and resource scarcity & climate change. The Group believes it can play a key role in tackling these challenges. We develop innovative products, we offer integrated solutions from a single source, and we have set clear sustainability targets for our operations. Interspersed throughout this report are special pages like these that take you on a short visual journey through this world, highlighting some of our contributions.

Our international key account teams provide innovative segment offerings based on their global sector expertise and experience. This allows us to begin our support of infrastructure projects at an early stage – nearly anywhere in the world.

We provide environmentally friendly solutions for many of the world's tallest buildings. They can develop greater ultimate strength and help control shrinkage, creep, and cracking in mass concrete structures.

CREATE SHAREHOLDER VALUE

We will maintain a relentless focus on creating value for our shareholders, concentrating on free cash flow and strict capital allocation.

SUMMARY

- At LafargeHolcim, our focus and commitment is to return value to shareholders.
- We will do this by using free cash flow as our key performance indicator and practicing strict capital allocation.
- We are confident that we are uniquely positioned to deliver on our targets.

OBJECTIVES [1]

- We will generate a cumulative free cash flow (FCF) over the next three years of at least CHF 10 billion, which will translate into a run rate of at least CHF 6 per share in 2018.
- We will reduce cumulative 2016 and 2017 capital expenditures to a maximum of CHF 3.5 billion.
- We will generate at least CHF 8 billion in operating EBITDA in 2018.
- We will increase our return on invested capital by at least 300 basis points through synergies and operating leverage.
- We are committed to maintaining a solid investment grade rating and, commensurate with this goal, returning excess cash to shareholders through dividends or share buybacks.

[1] At constant scope and exchange rates

A major merger, such as the one which created LafargeHolcim, is not just an opportunity to build something new. It can also be an opportunity to strike out in completely new directions.

When we announced the merger on April 7, 2014, we announced our intention to create not only the world's most advanced building materials company, but also to create a company relentlessly focused on delivering value for its shareholders.

This pledge has several components. First of all, our key performance indicator (KPI) will be free cash flow (FCF) available for shareholders, meaning cash after all capital expenditure investments. Secondly, we will practice strict capital allocation. Thirdly, after ensuring that our financial ratios are comfortably within a solid investment grade level, we will seek to maximize value return to shareholders through dividends or share buybacks.

CLEAR GOALS

We have clearly communicated our goals. We will reduce our 2016 and 2017 cumulative capital expenditures to a maximum of CHF 3.5 billion and generate a cumulative free cash flow over the next three years of at least CHF 10 billion, which translates into a run rate of at least CHF 6 per share in 2018. At the same time we will increase our return on invested capital by at least 300 basis points, through synergies and operating leverage.

Finally, commensurate with our desire to maintain a solid investment grade rating, we will return excess cash to shareholders. We have already made a dividend recommendation of CHF 1.50 per share for 2015, reflecting our confidence in this strategy. We intend to progressively grow this dividend to attain a 50 percent payout over the cycle.

We strongly believe that we are uniquely positioned to deliver on our promise of value creation. We have a best-in-class portfolio of businesses, we do not need to employ significant new capital to grow (and indeed will be reducing capital expenditure significantly), we can benefit from large economies of scale, and we have the talent and expertise needed to execute on our strategy in all the markets where we do business.

8.0
billion CHF

Operating EBITDA target by 2018

Target to generate a cumulative free cash flow over the next three years of at least

10.0
billion CHF

300
basis points

Target to increase our return on invested capital

Many of our customers build in the world's most challenging geographic regions, including remote mountain areas. Our in-house logistics teams make sure we can support every project with the highest reliability.

Especially in tropical countries with heavy rainfall, water seeping into construction can cause dangerous and costly damage. So we offer specially formulated high-quality water-resistant cements that help prevent cracks in buildings.

COMMERCIAL EXCELLENCE

We will drive both margins and growth by applying best practices in pricing and sales and by providing premium products and services tailored to customers' needs.

SUMMARY

- Commercial excellence is one of the key pillars of our strategy.
- We will deliver significant growth and margin synergies as a result of the merger.
- We will enhance our go-to-market models and differentiate our offerings for specific markets: retail, building, small to midsize projects, infrastructure, and specialty solutions.
- We will use our scale and expertise to continue to innovate, building tomorrow's solutions, and driving sales and pricing performance through the dissemination of best practice across the organization.

OBJECTIVES

- We are confident that we will deliver our growth synergies of CHF 220 million through cross-selling, short-term price optimization, and rollout of commercial best practices.
- Some 1,000 sales and marketing staff are working on exploiting synergy benefits and we have already implemented a systematic synergy rollout program in over 20 countries.

To successfully differentiate and create a competitive advantage, companies need to provide high-quality products for their customers, and perform well in marketing and sales so as to deliver value for their various stakeholders. At LafargeHolcim these two areas, which we group under the heading commercial excellence, are among our main strategic priorities.

Commercial excellence begins with the best products. We have combined the expertise and R&D resources of our two legacy companies. Thanks to this unparalleled know-how, we expect to continue to be the leading innovator in our industry. We already have an ambitious innovation pipeline, and are working on a number of significant and distinctive product developments.

We are also improving the ways in which we go to market in order to better position our products, for example by focusing on early involvement in major infrastructure projects. This helps project managers, architects, and engineers better understand the advantages of our products, so they can specify them, and it helps us better judge the full scope of planned projects, so we can offer integrated solutions.

In retail we have identified a set of proven concepts from the two companies which we are now replicating in about 40 countries. Among these are a number of initiatives, like premium branding techniques, innovative packaging, or loyalty programs, as well as new retail store concepts.

We are also working on establishing pricing best practices across the organization. Such best practices include differentiated pricing strategies for customer segments, micro-markets, and for high-value products. To implement these practices we are, among other things, putting in place dedicated resources in each country, introducing rigorous targets and actions plans, putting together a best practices toolkit, training our 5,000-strong sales force worldwide, and implementing a specific dashboard.

Finally, we are concentrating on developing our cross-selling opportunities. In cement we already have action plans in place for cross-selling in 13 countries. In ready-mix concrete we have identified a number of products with distinct advantages for global cross-selling. Commercial excellence is a key pillar of our strategy. Thanks to the product and sales synergies inherent in the merger, we are confident of delivering on it to the benefit of our customers and stakeholders.

AGILIA: VALUE-ADDED SOLUTION FOR THE WHOLE ORGANIZATION

For builders, speed is of the essence – but not at the expense of quality. This is the proposition behind Agilia, a line of self-placing and self-levelling concretes developed by Lafarge and now being rolled out in Holcim markets in Latin America.

The different Agilia concretes are innovative in many ways. They are very fluid and require no vibration to set, improving workplace conditions and reducing noise. They are strong and have outstanding aesthetic properties, and so are suitable for a great variety of applications. Agilia concretes remain fresh longer than competing products, and can be produced in the same quality in any market.

With its superior qualities, Lafarge's Agilia was a natural candidate for cross-selling in Holcim markets. This is the case for example in Colombia, where the ready-mix concrete sales team began early on to analyze the potential for Agilia in the market, particularly in the Bogota area. They have also been starting to work towards a solutions-based sales approach, to be sure that customers understand the product's wide range of applications.

Related efforts with Agilia are being made in Mexico and elsewhere in the region, and Agilia is only one of many such examples where best-in-class products from one company are opening up cross-selling opportunities throughout the new organization.

Our insulating concrete allows concrete to assume an entirely new role in building construction. Structural elements can now reduce energy consumption and the associated costs for heating and air conditioning.

As part of our resource-efficient business model, we offer cities and other clients a sustainable service for recovering, processing, and recycling household waste and other waste materials – which we then use as alternative fuels and raw materials for cement production.

Large and complex construction projects call for integrated solutions like our on-site concrete plants. Dedicated logistics solutions combined with our ultra-high-performance products turn architects’ visions into reality.

SYNERGY DELIVERY AND COST EXCELLENCE

We will realize the synergies we promised at the announcement of the merger and we will excel in cost leadership using a systematic rigorous cost control mindset.

SUMMARY

- Significant cost saving potential has been uncovered with the merger; synergies have been announced and action plans are in place.
- Cost excellence is in our DNA and is essential to success in our industry.
- Driven by our performance organization, we will use all the available levers to control and reduce our costs.
- To achieve this we will among other things drive a lean organization structure and leverage our scale in shared services and IT.

OBJECTIVES

- We are confident we can deliver the total run rate synergies of CHF 1.5 billion by the end of 2017, a year ahead of schedule.
- As part of our ongoing cost improvement campaign, we will aim for 7 percent SG&A as a percentage of sales, one percentage point better than the synergies target stated at the time of the merger.
- Our target is to end with a positive price/cost delta after ongoing cost improvement initiatives and before taking into account the cost synergies.

One of the main reasons behind the Lafarge and Holcim merger was the significant synergy potential created by combining the two companies. This potential is being realized. We now expect to reach the announced CHF 1.1 billion run rate of EBITDA synergies and our target total run rate synergies of some CHF 1.5 billion, at the end of 2017, one year ahead of schedule.
In 2015 we have already achieved CHF 130 million in synergies.

Our synergies are expected to come in equal measure from all parts of our operations. For example: We expect CHF 220 million in synergies from operational performance, through such measures as the employment of cement productivity best practices and the optimization of our network in overlapping countries. We are reducing our procurement spend by CHF 380 million, or some 2 percent, through renegotiating our top 2,000 contracts, switching to best suppliers in all our regions, and implementing a category management approach.

Some CHF 220 million of synergies will come from growth and innovation initiatives, including best-practice rollouts, optimization of our customer and geography mix, cross-selling actions, and product portfolio optimization.

We also anticipate synergies in Selling, General and Administrative (SG&A) expense of some CHF 280 million by combining and rightsizing our headquarters, streamlining operations in overlapping countries, and leveraging regional shared services. Over the long term, our goal is to bring SG&A down to approximately 7 percent of sales.

FOCUS ON COST COMPETITIVENESS

Synergies are just part of the picture. To be truly successful over the long term, we need to achieve cost competitiveness. That is why we are driving a mindset of continuous productivity gains and operational leverage, ongoing optimizing of our fixed cost base, and employing operational excellence at scale.

As examples from all our regions show, our pipeline of synergy initiatives is full of promise. Whether combining the complementary aggregates products offering of Aggregate Industries UK and Lafarge Poland in Europe and thus optimizing our logistics flows (see below), leveraging the two companies' complementary footprints in the United States, or optimizing clinker supply in Malaysia, every part of our new business has been examined to identify synergies and secure cost leadership. At the heart of this is a systematic, rigorous process which we have in place, as well as the motivation and creativity of our teams. Cost excellence is in our DNA and will remain a competitive advantage for us now and in the future.

GLENSANDA: AGGREGATES FROM THE FAR NORTH

If you want to visit the Glensanda granite quarry in Scotland, you'll need your sea legs. That's because Glensanda, which belongs to LafargeHolcim's Aggregate Industries subsidiary, is only reachable by boat.

That's not the only thing that makes Glensanda unique. With over 700 million tonnes of reserves and a capacity of nine million tonnes per year, it is the largest granite quarry in Europe. Most importantly for customers, Glensanda boasts some of Europe's highest quality granite, making its products the first choice for customers throughout the region. Indeed, Glensanda has turned out to be a perfect complement to several of the Group's operations, including its substantial presence in northern Poland. That's because northern Poland has lots of sand and gravel, but hardly any crushed rock of the kind Glensanda supplies. Combining the two makes for a complete high quality offering of aggregates and other products.

This has led to close cooperation between the two organizations, part of LafargeHolcim's logistics optimization and synergy efforts in Europe. And it is only the beginning, as there are other opportunities as well to create value for the company as a result of the excellent portfolio created by the combination of the two organizations.

We've been working to constantly reduce the environmental impact of our operations and our products. We now have the lowest CO_2 emissions per ton of cement among all international cement companies.

We contribute to resource conservation by making use of substitute and alternative materials. For example, some of our products contain granite reclaimed from demolition debris; others contain waste materials that replace sand.

LEAN CAPITAL SPENDING

We are in a position to significantly reduce our capital expenditures without affecting our ability to grow our business.

SUMMARY

- While completing the projects started before the merger, over the next two years we will strictly manage our capital expenditures in order to reduce them and meet our stated targets.
- This will not impair our ability to grow in the future. We have the headroom to increase the utilization of our asset base, while currently planned projects will add new capacity over the next few years.
- Similarly, we will increase capacity through operational excellence in our plants, and by pursuing capital-light asset models.

OBJECTIVES

- Upon the closing of the merger, we took the immediate decision to restrict capital expenditures in 2015 by approximately CHF 200 million.
- Over the next two years we expect a cumulative capital expenditure of maximum CHF 3.5 billion.
- Thereafter we target a capital expenditure run rate of less than CHF 2 billion per year.

LafargeHolcim is operating in a traditionally capital-intensive industry. We believe that thanks to our global footprint with the already installed capacity, and our know-how in preventive maintenance and capacity optimization, we are in an excellent position to pursue a lean capital spending strategy, significantly reducing our capital investment while retaining our ability to grow our business.

We have already begun implementing this strategy. After the merger, we restricted capital expenditures in 2015 by approximately CHF 200 million. Over the next two years we expect a cumulative capital expenditure of CHF 3.5 billion, and thereafter are targeting a capital expenditure run rate of less than CHF 2 billion per year.

ROOM TO GROW

We have the headroom to grow using the capacity we already have or are developing. Average capacity utilization in the countries where we do business is 68 percent. A number of projects that were started before the merger will add to that capacity over the next two years. This means we are in an excellent position to meet growth in demand using the capabilities we already have.

We also have means of growing our business by changing the way we use our existing assets. For example, we have identified significant opportunities to employ asset-light models in our cement business, improve how our companies work together across borders, or better leverage logistics capabilities and our trading network.

Finally, we can grow our business through improving operational excellence in our plants. In all cases, our goal for the future is simple: to analyze critically before we spend and to employ innovative approaches to help us reach our goals in a capital-efficient way.

BALL MILL INITIATIVE: SMALL ADJUSTMENTS, BIG RESULTS

When a team from Holcim examined data from the company's 450 ball mills back in 2011, they had trouble believing what they were seeing. Some 85 percent of the mills – which are part of every cement plant – were not being optimally run. That meant they were not grinding at optimum efficiency, and using more energy than they needed to.

If on a mill-for-mill basis these efficiency losses were not always readily apparent, looked at in aggregate numbers, they were significant. The team realized that by routinely optimizing the ball mills, the company could increase capacity and reduce power consumption of its mills with marginal investment. Between 2012 and 2014, ball mill optimization at Holcim contributed CHF 100 million in EBITDA growth and cost savings.

Thanks to the merger, the initiative is now being carried over to Lafarge ball mills. Through training and best practice sharing, the company expects to continue to reap significant efficiency gains – a great example of how in the new organization operational excellence can make a big difference, even with little use of resources.

Our architectural concretes are helping to reshape the face of modern cities by providing a level of creative freedom never seen before. Easy to use, low in maintenance, and fit for the highest architectural requirements, they can master complex shapes and forms like no other concrete.

Roadbuilders come to us for integrated solutions from one source. Using our ultra-rapid-setting concrete, they can repair roads overnight and allow traffic to flow as usual the next morning.

We offer the world's first large-scale, low-carbon, commercially viable industrial solution for the global cement market. Precast concrete manufacturers in particular have embraced this faster-curing and higher-performance innovation.

PORTFOLIO OPTIMIZATION

We will actively manage our portfolio by applying a systematic set of criteria to evaluate all our markets and businesses in terms of their potential to contribute to our overall strategy.

SUMMARY

- We have set up a framework to be more active in entering, supporting, or exiting markets and businesses, considering each move from a strategic point of view.
- Our evaluations combine macroeconomic analyses, industry projections, and objective evaluations of our current position and potential in a given market, rounded out with the experience and opinions of our senior management.
- Our goal is to develop a portfolio of businesses which optimally balances growth potential, reliable cash generation, and divestment opportunities.

One of the most important decisions a large company can make is where to focus its resources. Understanding which markets are poised for growth and which have reached their potential, evaluating market risk as well as opportunities, and realistically assessing a company's ability to exploit these opportunities, are all key components of sustainable success. As in personal investing, a strong business portfolio is one which is well diversified, with a healthy risk-return profile and a good balance between mature and emerging markets.

One of our top priorities for the new company is to employ a disciplined, active approach to managing our portfolio of businesses. Thanks to this, we are developing a far clearer understanding of where our true potential lies, where risks may be hidden, and of how we can build a well-balanced set of businesses that gives us the best risk-return profile, and is aligned with our stated strategic objectives.

A METHODICAL APPROACH

Our analysis and decision-making is based on several layers:

First, we look at the macroeconomic situation in a country as a whole. This includes its size and growth prospects, the structure of its population and economic activity, and any risk factors, including currency, regulatory and/or political risk.

Next, we look at the building materials industry in the country: how it has evolved, its current state (nascent or fully developed), the competitive landscape, supply and demand developments, growth prognoses, and other structural and competitive conditions.

Finally, we take an objective look at our current prospects in the market.

This process allows us to make well-founded portfolio decisions. It also gives us a much better picture than we have had in the past about where it makes sense to invest, where it makes sense to maintain a strong position in an otherwise mature market, and where divestment is likely to be the best option for the company as a whole.

This work is bearing fruit. We have already announced that we will divest CHF 3.5 billion in assets in 2016.

Many construction projects in dense urban centers require immense amounts of building materials. We develop individual delivery concepts that meet clients' needs while observing restrictions for delivery times and truck size.

KEY SUCCESS FACTORS

A

STRATEGY

Created through the merger of Holcim and Lafarge, LafargeHolcim has embarked on its journey to become a new leader for a new world. However, the merger did more than result in a larger and more global company. The new company has defined a strategy and plan to leverage the platform created through the merger: improving performance and optimizing our assets, with a clear focus on customers, enabling us to maximize free cash flow and return value to shareholders. In future, free cash flow generation and operating EBITDA will be our key financial measures for success.

With the combined talents, competencies, and skills of the two industry leaders, as well as their complementary capabilities, we have created a unique platform that can make a difference for our customers, employees, shareholders, and society. We are also in a position to set new standards and drive transformation in our industry in terms of innovative and sustainable approaches to construction, understanding our customers' needs, introducing new business models and solutions, and delivering world-class performance.

Vision

We want to be the leading and best performing company in the building materials industry. We want to be an organization that anticipates its customers' needs and translates these into new and value-adding solutions, while maintaining cost competitiveness and delivering superior returns to shareholders.

We want to drive growth by being more innovative than our competitors, capitalizing on the trends that affect our customers. We want to effectively manage and utilize our asset base to be dynamic and agile in allocating our resources, so that we can leverage the most promising opportunities. We want to be an employer that attracts, maintains, and nurtures the best talents from diverse backgrounds.

The Health & Safety of our employees and more generally of all our stakeholders is the Group's overarching value.

Ultimately we want to be a company that is highly respected as a corporate citizen and delivers benefits to all its stakeholders. We have put sustainability at the heart of our strategic priorities and want to have a positive impact on the world, contributing to making it a better place to live – for instance through our 2030 Plan that is aimed at creating shared value for the company, society, communities, and the environment.

A clear focus on customer needs

The key to our success lies in our ability to set ourselves apart from our competition. To do this successfully, we are committed to understanding the needs of our customers and end users, identifying what really matters to them. From the individual homebuilder working to finish a first home to the largest multi-billion dollar infrastructure project or industry-specific requirement, our customers are at the center of our attention. We aspire to be their preferred partner across the retail, building, and infrastructure segments, providing them with superior products and services. By delivering innovative and targeted solutions, we constantly strive to provide them with added value.

Differentiation through our unique portfolio

From a market segment point of view, our portfolio with a presence in 90 countries is uniquely positioned to substantially differentiate us from the competition, with strong capabilities for rolling out solutions and new business models in all markets where we are present.

Some 60 percent of our net sales are generated through retail networks, which provides considerable potential for commercial differentiation. This segment shares many characteristics of a consumer market, where product and brand differentiation, together with highly effective channel management, can have a major impact on margins. In construction and large infrastructure projects, where we generate most of our remaining revenues, we offer skills and expertise in specialty segments such as roads, power, oil, gas, and mining in addition to our differentiated product range. When involved early in the process, we are able to be part of design solutions that contribute to the aesthetics, the efficiency, and the sustainability of the built work.

Value-enhancing strategy

We have introduced a new set of performance indicators designed to focus our business on creating value for our shareholders. At LafargeHolcim, free cash flow (FCF) generation and operating EBITDA are the central financial measures for success. Our aim is to combine superior cash flow generation with a strict capital allocation policy as this is a critical determinant of value creation in our industry.

The Group aims to have a run rate of free cash flow of at least CHF 3.5 to 4.0 billion per year. At the same time, we have committed to achieve at least CHF 6 per share free cash flow by 2018. We have identified a number of levers that are key to driving the cash flow increase including an improved operating EBITDA, the reduction of capital expenditure and the benefits of lower financial expenses and tax optimization.

This marks a significant inflexion point, as we move to our new model of delivering free cash flow, increasing our return on invested capital, and generating value for shareholders.

Our strategy is underpinned by five value-creating pillars including targets that are tangible and achievable.

- Strict Capital Allocation discipline: This is a key driver of value creation that results from our merger. We are committed to a solid investment grade rating, a progressive dividend policy and to returning excess cash to shareholders through dividends or share buy-backs (see chapter Create Shareholder Value on page 22);
- Commercial excellence: This transformation is about differentiation and capturing the full value of our products and services. We have already implemented concrete actions that will increase our targeted, customer-centric solutions, cross-selling, early project involvement and integrated offerings (see chapter Commercial Excellence on page 26);
- Synergy delivery and cost excellence: We will generate synergies of CHF 1.5 billion by the end of 2017 and at a faster rate than originally announced. We will also continuously improve our cost structure with a particular focus on fixed cost (see chapter Synergy Delivery and Cost Leadership on page 32);
- Lean capital spending: With our new asset base we are in a position to reduce capital expenditure well below the levels historically invested in our industry. We will change the mindset in the organization to grow and leverage business opportunities with a lean capex approach and will tightly manage working capital requirements (see chapter Lean Capital Spending on page 36); and
- Dynamic portfolio management to extract the full value of our portfolio: As part of our ongoing strategic review we are continuously examining where we want to focus our activities. We have committed ourselves to CHF 3.5 billion in divestments in 2016 (see chapter Portfolio Optimization on page 42).

How we operate

Our operating model has been designed around our strategy. It serves local customers while leveraging our global reach, footprint, and capabilities. During the pre-merger phase, we had the opportunity to re-think our approach and design a lean and empowered operating model – a model that will allow the Group to add value to the country organizations and thereby place it in a better position to compete against local champions.

- Our country organizations are at the heart of the markets in which we operate and close to our customers. They have full P&L responsibility and accountability;
- Our regions provide management platforms to leverage geographic synergies and shared service centers. They orchestrate and support the countries in further improving and driving change; and

- Our Group functions add value through world-class expertise and support. Since the merger they have set policies and implemented standards to ensure best-in-class performance and implement specific initiatives mandated by the Executive Committee.

The lean structure is consistent across all levels to facilitate convergence of processes globally. Clearly defined interfaces and collaboration mechanisms have been developed and are being rolled out to facilitate a smooth interaction between global and local teams.

Fully committed to stakeholders

We will help our customers to differentiate, innovate, and succeed. We want to be a trusted, reliable partner that is easy to do business with, and that offers innovative, sustainable, and value-adding building products and solutions which meet the needs and challenges our customers face.

We will offer our employees a diverse, inclusive, and respectful workplace, and we are committed to creating a zero-harm environment for our employees. We will create a company culture founded on clearly articulated values and behaviors, one that will allow individuals and teams opportunities to grow, realize their full potential, and have a meaningful impact. We will recognize and reward outstanding contributions.

We will deliver superior value to our shareholders through transforming our business and differentiating ourselves from our competitors. We will balance our global portfolio to capture growth while increasing our resilience to risk and protecting our assets and reputation through transparency and integrity.

We will create shared value with society and the local communities of which we are a part by offering sustainable solutions to improve buildings and infrastructure, thus improving quality of life. We will live up to our responsibilities by actively managing our environmental footprint and, through responsible procurement, we will set standards for those who work with us under contract or as a supplier.

INNOVATION

13
Research facilities in 10 countries

>1,000
Employees working in innovation

1,750
Granted patents

Rapid urbanization, climate change, and resource scarcity are among the megatrends that are changing the world in which we live. As a result, our customers are facing a host of urgent challenges such as achieving energy efficiency, lowering the cost of construction, reducing their environmental footprint, and meeting high standards of aesthetics, health, comfort, and well-being. LafargeHolcim is dedicated to finding solutions to these global problems, thereby bringing value to customers, communities, and society while capturing new value and growth opportunities for the company.

To realize these ambitions, we have placed innovation at the heart of everything we do. Innovation permeates and transforms all aspects of our business – touching research and development (R&D), commercial processes, logistics, marketing, finance, and manufacturing – with the ultimate goal of serving our customers in the best possible way.

In 2015 we introduced a host of new solutions to our customer segments, ranging from new water-resistant bags for retail customers to earth-cement-based Durabric solutions for affordable housing purposes.

A new innovation organization at LafargeHolcim

In 2015 the merger of Holcim and Lafarge brought together both companies' innovation teams, creating a new, stronger innovation organization that can fully exploit existing R&D networks, innovation management practices, and intellectual property management.

R&D: the backbone of innovation

The backbone of innovation at LafargeHolcim is our corporate LafargeHolcim Research Center in Lyon, France, the premier research facility in the construction materials industry. It brings together diverse technical expertise, modern testing facilities, and partnerships with customers, leading academics, and technical teams in the field. Our teams of chemists, physicists, materials scientists, structural engineers, architects, and masonry experts include more than 200 researchers and 50 PhD scholars.

To better understand and serve local markets, the R&D center is complemented by a global network of Construction Development Labs (CDL) and advanced technical centers in ten countries. This organization allows us to work in close partnership with customers and specifiers to find solutions that meet the constraints of local building methods, regulations, and practices.

In 2015 R&D played a major role in the development of new solutions for our main customer segments.

– For the retail segment, a new water-resistant bag for cement, Sac Protect™, was launched in France and is being piloted in several other countries.
– For infrastructure, various road solutions have been deployed such as roller-compacted concrete in Poland and innovative road binders launched in Uganda and Malaysia. A specific solution for port infrastructure was deployed in Costa Rica.
– For the building segment, new screed solutions have been launched in France. The first building using the new BlockFill mineral foam technology was built in Austria. A new construction system based on Durabric (an earth-cement alternative to clay bricks) was launched in Rwanda, Cameroon, Tanzania, and Malawi. The new Ductal® facade solution for construction and renovation was introduced in France. A new depolluting solution that removes NO_x pollutants in urban environments was piloted in Spain.

To meet the challenges of the future, our R&D teams work in close collaboration with the world's leading research institutions. We also collaborate directly with customers, start-ups, and suppliers to bring new and disruptive technologies to market more quickly. For example, collaboration with the start-up, Solidia Technologies, has led to the rapid development of Solidia Cement™ – a breakthrough cement that reduces the overall carbon footprint of cement by 70 percent by absorbing CO_2 gas. R&D teams have also teamed up with external partners to demonstrate the feasibility of integrated photovoltaic films on curved building elements and entered partnerships to deliver complex 3D-printed structures.

Innovation management

Beyond R&D in products and technologies, LafargeHolcim is focused on instituting smart innovation management systems to unlock the full value of these solutions for both our clients and our company.

These practices include initiatives to provide and capture value beyond the direct sale of our products to customers. Examples include integrated market solutions like SpeedCrete from Indonesia, for which we offer a full guarantee to repair roads in less than seven hours, allowing our customers to run their businesses with less interruption. We also aim to translate disruptive technologies and emerging trends into new business models, giving us the potential to become game-changers within our industry, for example in building information modelling.

In commercial teams, understanding the needs of our customers has become the guiding strategy in all interactions with them. Furthermore, the increasing use of customer analytics to understand individual customer preferences is giving us a more rigorous understanding of our markets. These insights feed back into R&D and other innovation functions to ensure we are focusing on the issues of most value to clients.

To further accelerate our time to market for new technologies, we are increasingly interacting and partnering with start-ups and practicing open-innovation strategies to solve complex problems.

Overall, by designing the right organization structures and interactions, and by nurturing the right culture, we aim to make innovation reliable and systematic so that we can better serve our customers and sustain long-term growth.

Patent management: securing intellectual property

In 2015, we filed 35 new patent applications and were granted 103 patents. Today, with about 160 active patent families, representing approximately 1,750 granted national patents or patent applications, LafargeHolcim has the largest and most diversified patent portfolio in the industry, covering everything from cement manufacturing to construction solutions, and including sustainable development and waste management. LafargeHolcim's patent strategy follows directly from its innovation strategy, producing patent solutions to ensure competitive advantage in key business segments. The Group's Corporate Patent Organization is responsible for managing the patent portfolio across countries, taking legal action when needed, and ensuring a strong alignment between innovation and patent management.

The combined protected intellectual property of the two legacy companies strengthens our competitive advantage in all business segments.

Delivering value for our customer segments

Building and affordable housing

The building segment is a vast sector, ranging from detached houses to office towers, schools, supermarkets, and industrial buildings. The building market represents EUR 6 trillion of investment, or two-thirds of global construction expenditure. Providing value-added solutions to customers and end users is a sizeable opportunity. Recent examples include:

- ACC Gold, a water-repellent composite cement, helps improve indoor climate within buildings;
- Durabric, an alternative solution to kiln-fired brick, is produced from a mixture of earth and cement compressed in a mold and allowed to cure in the sun naturally without firing;
- Solidia Cement™, developed with Solidia Technology, is a new low-carbon binder that solidifies with CO_2 curing. An integrated solution is being offered to prefab customers; and
- Ductal® ultra high performance concrete (UHPC) combines exceptional strength, durability, and aesthetic qualities. Ductal® cladding panels meet the external thermal insulation requirements of buildings and offer a new option for architects seeking a mineral solution for construction and renovation of building facades.

Infrastructure

Infrastructure – encompassing systems for transport, energy and mining, roads, telecommunications, water, and public amenities – is a vital factor in the development of cities and countries. It is also an economic sector in which construction materials play a significant role.

In the infrastructure business, one of the fundamental keys to success consists of defining the best construction material solutions at the start of the design phase, when the most important decisions are made. From the design stage onward, we propose products and services tailored to the specific needs of each sector: roads and tunnels, mining, energy (particularly wind turbines and power plants), and transportation of people or freight as well as data transfer.

- **In mining operations,** we provide a comprehensive offering covering the entire lifecycle of an underground mine, ranging from construction of galleries and backfilling operations to rehabilitation after the completion of quarrying.
- **For roads,** we possess expertise in co-design based on a wide range of solutions such as soil stabilization with the use of cement and aggregates to ensure greater solidity of concrete or asphalt roads.
- **For electric power plants and wind turbines,** our solutions provide high performance in terms of strength, durability, and speed of construction.
- **For transport,** we provide solutions to meet the specific needs of each segment, including bridges, railways, ports, and airports. For instance, for harbor construction we offer global logistics capabilities as well as solutions for building quays.

Distribution and retail

Representing around 60 percent of the bag volume sold by LafargeHolcim, distribution and retail are vital to the business success of the company. This sector also plays a key role in helping us better serve and understand the needs of the market as it provides strategic touchpoints where our products and solutions meet their customers and end users.

For LafargeHolcim, being a business partner to all players in the distribution chain is key. We aim to achieve this by making our products and solutions available at all times, generating additional business for distributors, retailers, and do-it-youself stores. We also offer in-store animations, product knowledge, digital platforms, mobile apps, and financing schemes for our customers and end users, including individuals and professionals.

One of our key strengths is the ability to tailor our distribution to local needs. In this regard, LafargeHolcim benefits from its unique global footprint, building on the strengths of both legacy companies. An important pillar is our own point-of-sale network, including multi-product retail formats like Batistore in Algeria or Disensa in Ecuador. Through the expansion and cross-fertilization of these formats across the Group, LafargeHolcim is in a strong position to directly serve end users and become their preferred reference point in building or renovation projects.

Besides a strong physical presence, LafargeHolcim intends to create a digital ecosystem by integrating all players in the construction value chain on an online platform. This will provide an enhanced omnichannel buying experience for our end users.

Oil and gas

The global leader in providing solutions for onshore and offshore exploration, LafargeHolcim is a local and international partner of the oil and gas industry in serving the world's energy needs.

Our customers operate in remote and extreme climate zones. We serve the industry across the globe in the Americas, Africa, and Asia – from extreme cold tundra and deserts to hot and humid jungles.

The global network of LafargeHolcim includes well cement manufacturing sites, terminals, technical centers, and global and local experts. All of these provide services and advanced solutions to the industry and comply with all its quality standards and specifications.

LafargeHolcim has an R&D team dedicated to developing innovative solutions to address the world's energy needs.

Ready-mix concrete and the industrial channel
To best support the ready-mix businesses in the countries, LafargeHolcim has launched two Group-wide initiatives pertaining to ready-mix concrete, with the aim of providing immediate synergies by strengthening the know-how of the businesses and increasing customer intimacy:

- **Ready-mix concrete cross-selling,** to build and optimize the product portfolio, local and global brands, as well as services;
- **Mix design optimization,** to support the country organizations in defining a consistent approach and common management of raw materials worldwide.

At LafargeHolcim, the capabilities of local teams are also fully leveraged by sharing best practices and by focusing on customer satisfaction on a daily basis.

Innovating in a digital world

Powered by universal connectivity, ultra-cheap processing power, and explosive increases in data volumes, the digital revolution is sweeping over all industries. Although generally associated with fast-moving industries such as technology and consumer electronics, digital technology will fundamentally change the construction and building materials industries as well.

LafargeHolcim has taken this opportunity seriously and started to build the foundations for success in this area.

For example, industrial performance teams are exploring how we can harness software and big data techniques to change the management, productivity, and agility of our cement plant assets.

R&D teams are becoming increasingly familiar with building information modelling and 3D printing to understand them and help shape how these trends will one day revolutionize the construction industry.

Retail teams are also looking at how digital platforms can provide e-commerce marketplaces for products and services and are experimenting with online business models.

Innovation – a promise for the future

The Lafarge and Holcim merger created the most innovative company in our industry. By combining the leading R&D center in the industry with a very application-driven innovation approach and setting up a new organization, we will be able to accelerate our customer-centricity-driven innovation approach.

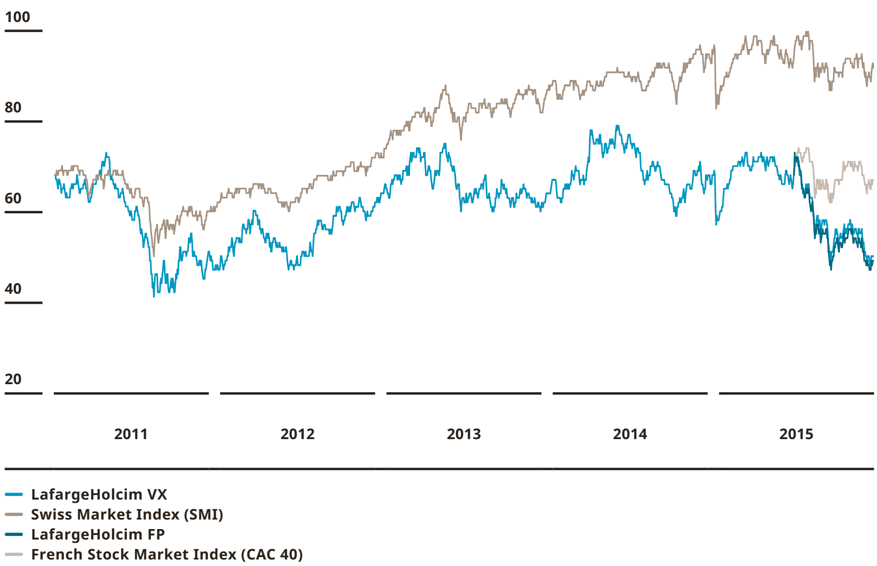
With R&D as the backbone of innovation, our journey continues to expand from pure product innovation to integrated customer services and finally new business models. The high number of innovative solutions already launched in the first half year since the merger demonstrates that we can and will deliver on our promises.

CAPITAL MARKET INFORMATION

The successful merger between Lafarge and Holcim in July of 2015 marked the beginning of a new chapter combining the two former companies to create LafargeHolcim, an industry leader with a best-in-class portfolio, ideally positioned to create substantial value for all stakeholders in the coming years. In 2015, a strong business performance in several markets like the United States, the United Kingdom, Mexico, and the Philippines was offset by substantial setbacks in Brazil, China, Russia, India, and Indonesia. The delivery of CHF 130 million of merger-related synergies in the second half of 2015 is a clear sign that LafargeHolcim is on the right track to achieving its targets.

Performance of LafargeHolcim shares versus Swiss Market Index (SMI) and the CAC40 (rebased)

in CHF



Equity markets remained volatile in 2015 as geopolitical tensions, a markedly weaker economic situation in many emerging markets, and the declining oil price depressed equity markets. This deteriorating macro-environment weighed heavily on industrial stocks and in particular on those with a large exposure to emerging markets or those with a significant client base in oil-related industries. LafargeHolcim's share price reflected the deteriorating macro-environment through the year. While it performed in line with the Swiss Market Index (SMI) until the middle of the year, the increasing fears about the emerging markets led to a substantial price decline by the end of the year. The development against the CAC40 in France was largely similar. After a high of CHF 72.90 at the end of April, LafargeHolcim shares ended the year at CHF 50.30. The average trading volume in 2015 amounted to approximately 1.8 million shares per day on the SIX Swiss Exchange and 0.5 million shares on the Euronext.

Listings

LafargeHolcim is listed on the SIX Swiss Exchange and on Euronext Paris. The Group is a member of the main large indices on both the SIX Swiss Exchange and Euronext Paris (SMI and CAC40), providing outstanding liquidity for shareholders. Each share carries one voting right. At year end 2015, the company's market capitalization stood at CHF 30.5 billion.

Additional data

ISIN	CH0012214059
Security code number	1221405
Telekurs code	LHN
Bloomberg code	LHN:VX
Thomson Reuters code	LHN.VX

Weighting of the LafargeHolcim registered share in selected share indices

Index	Weighting in %
SMI, Swiss Market Index	2.08
CAC 40, Euronext Paris	2.06
SPI, Swiss Performance Index	1.73
SLI, Swiss Leader Index	4.25
BEDBULDM, BE500 Building Materials Index	22.96
SXOP, Dow Jones STOXX 600 Construction	10.47
STOXX Europe Large 200	0.33
STOXX Europe 600	0.27
STOXX Global 1800	0.06
DJSI World Enlarged Index	0.15
FTSE4Good Europe Index	0.32

Sources: Bloomberg, FTSE Index Company, as of year-end 2015

Distribution of LafargeHolcim shares and breakdown of shareholders

The majority of shares held outside Switzerland and France are owned by shareholders in the United Kingdom and the United States.

Free float

Free float as defined by the SIX Swiss Exchange stands at 73 percent.

Dividend policy

Dividends are distributed annually. LafargeHolcim is committed to a progressively growing dividend per share and a payout ratio of 50 percent of Group net income attributable to shareholders of LafargeHolcim over the cycle. For the 2015 financial year, the Board is proposing a payout from the capital contribution reserves in the amount of CHF 1.50 per registered share. The payout is scheduled for May 19, 2016.

Major shareholders

Information on major shareholders can be found on page 278 of this report.

Disclosure of shareholdings

Under the Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (Financial Market Infrastructure Act, FMIA), whosoever, directly, indirectly, or in concert with third parties, acquires or disposes of shares, for his own account, in a company incorporated in Switzerland whose equity securities are listed, in whole or in part, in Switzerland and thereby attains, falls below, or exceeds the threshold of 3, 5, 10, 15, 20, 25, 33⅓, 50, or 66⅔ percent of the voting rights, whether or not such rights may be exercised, shall notify the company and the stock exchanges on which the equity securities in question are listed. Important shareholders are disclosed on page 278.

Key data LafargeHolcim registered shares

Par value CHF 2	2015	2014[1]	2013	2012[1]	2011
Number of shares issued	606,909,080	327,086,376	327,086,376	327,086,376	327,086,376
Number of dividend-bearing shares	606,909,080	327,086,376	327,086,376	327,086,376	327,086,376
Number of shares conditional capital[2]	1,422,350	1,422,350	1,422,350	1,422,350	1,422,350
Number of treasury shares	1,338,494	1,219,339	1,522,510	1,736,538	7,270,081

Stock market prices in CHF	2015	2014	2013	2012	2011
High	73	83	79	68	76
Low	48	62	63	49	43
Average	63	73	69	58	60
Market capitalization (billion CHF)	30.5	23.3	21.8	21.9	16.4
Trading volumes (million shares)	449.1	266.8	215.0	231.4	357.6
Earnings per dividend-bearing share in CHF[3]	(3.11)	3.63	3.91	1.89	0.86
Cash earnings per share in CHF[4]	5.29	7.63	8.56	8.16	8.61
Consolidated shareholders' equity per share in CHF[5]	51.79	53.49	49.77	50.52	52.62
Payout/dividend per share in CHF	1.50[6]	1.30	1.30	1.15	1.00

[1] Restated due to changes in accounting policies.
[2] Shares reserved for convertible bonds.
[3] EPS calculation based on net income attributable to shareholders of LafargeHolcim Ltd weighted by the average number of shares outstanding. EPS for 2014 was restated due to the distribution of a scrip dividend (see note 14).
[4] Cash EPS calculated based on cash flow weighted by the average number of shares outstanding.
[5] Based on shareholders' equity – attributable to shareholders of LafargeHolcim Ltd – and the number of dividend-bearing shares (less treasury shares) as per December 31.
[6] Proposed by the Board of Directors for a payout from capital contribution reserves.

Current rating (March 2016)

Rating Agency	Long-term rating	Short-term rating
Standard & Poor's Ratings Services	BBB, outlook stable	A-2
Fitch Service	BBB, outlook stable	F2
Moody's Investors Service	Baa2, outlook stable	P-2

Registration in the share register and restrictions on voting rights

On request, purchasers of registered shares are entered in the share register as voting shareholders provided that they expressly declare that they acquired the shares in their own name and for their own account. The Board of Directors will enter individuals whose requests for registration do not include an express declaration that they hold the shares for their own account (nominees) in the share register as shareholders with voting rights, provided that such nominees have concluded an agreement with the company concerning their status and are subject to recognized banking or financial market supervision. The Board of Directors has issued the applicable Registration Regulations which can be found on the LafargeHolcim website.

Financial reporting calendar

	Date
Results for the first quarter 2016	May 12, 2016
Annual General Meeting of shareholders	May 12, 2016
Ex date	May 17, 2016
Payout	May 19, 2016

Information on LafargeHolcim registered shares

Further information on LafargeHolcim registered shares can be found at:
www.lafargeholcim.com/investor-relations

SUSTAINABLE DEVELOPMENT

LafargeHolcim is aware that it has significant environmental and social impact globally and has a clear commitment to balance economic value creation with environmental and social responsibility. Our sustainability approach capitalizes on our worldwide presence to provide solutions to meet social, environmental, and stakeholder challenges with one clear goal: to create shared value with society.

The Group's priority number one: Health & Safety

Health & Safety is a core company value for LafargeHolcim. Since the completion of the merger, the necessary foundations required to move towards a world-class safety culture have been put into place within the organization. In 2016, this base will be used to launch the company's "Health & Safety transformational path," which is designed to further reduce incidents and move towards the ambition of zero harm. In addition, work has commenced on developing a new health program for LafargeHolcim designed to reduce exposure to health risks at all sites.

Health & Safety

		2015	2014		2013	
		LafargeHolcim	Holcim[4]	Lafarge	Holcim	Lafarge
Fatalities		50	47	24	47	26
Fatalities by personnel category	Employees	5	5	3	7	3
	Contractors	28	22	13	23	11
	Third parties	17	20	8	17	12
Fatalities by location	Onsite	15	22	7	20	6
	Off-site transport	32	23	11	24	20
	Off-site at somewhere else site	3	2	6	3	–
LTI	Employees	239	217	72	191	72
	Contractors on site	261	170	39	161	51
LTIFR[1]	Employees[2]	1.01	1.6	0.55	1.3	0.54
	Contractors[3]	1.03	1.3	0.56	1.2	0.44
	Employees and contractors on site	1.02	1.5	0.55	1.3	0.49

[1] LTIFR in legacy Lafarge includes fatalities
[2] For legacy Holcim: LTIFR employees includes subcontracted personnel (according to internal definitions)
[3] For legacy Holcim: contractors on site refers to third-party services providers on site (according to internal definitions)
[4] Correction of source data

Reducing incidents over time

In the year running up to the merger, both companies reached a plateau in terms of fatalities and injuries, relative to the sustained improvement each had attained in the past. A combined total of 50 fatalities were recorded for the entire year, including employees, contractors, and third parties. Every single fatality is deeply regretted and starting from Day 1, we have made the elimination of risks linked to potential fatal incidents our first priority.

Every fatality is reviewed, with the CEO or a member of the Executive Committee present, to ensure that learnings are identified and rolled out to every applicable site to minimize the risk that the same accidents could occur elsewhere.

Additionally, we have developed a new initiative to accelerate the implementation of key learnings related to fatal incidents for which there is a greater risk of reoccurrence. The Mandatory Safety Release (MSR) will be used to ensure that specific procedures are quickly reviewed at applicable sites and aligned where required. The first such MSR was issued in December 2015 and required all cement sites to immediately review and align their processes for managing hot material exiting their kilns.

Establishing a strong base

Following the completion of the merger, initial work focused on establishing the necessary foundations for Health & Safety. As a result, a new policy was established from Day 1, followed by a set of five rules for every employee and contractor to follow as well as a common standard for reporting and investigating incidents. The Executive Committee also developed and signed its own charter to demonstrate commitment to this topic.

The Health & Safety Management System (HSMS) remains at the heart of our drive for continuous performance improvement. A new HSMS, to be used by all operations to manage their activities, will be launched during the first quarter of 2016. Drawing from the experience of the legacy companies, we will maintain a site audit program, using HSMS as a basis, in the new organization. In 2015, 74 audit and assessment missions were conducted; we anticipate that all sites will be subject to audit and assessment on a three-year cycle.

Transformational path

In alignment with our objective to reduce potential fatal risks, we launched a new Group-wide improvement plan in December 2015. Accordingly, every country Executive Committee has developed a resourced action plan to mitigate the key risks in their respective businesses, so as to drive effective step-improvement in Health & Safety across all operations. New operating standards will be published in 2016, building upon the existing strong procedures.

The improvement plan and MSR are the first new initiatives we have introduced as part of our transformational path. The path recognizes that in order for LafargeHolcim to reach its ambition of zero harm, it needs to make a step-change in its approach and performance in Health & Safety. As a result, the path identifies five areas of focus:
– Leadership and accountability
– Health & Safety management systems
– People capability
– Effective execution
– Road safety

The identification of road safety as an area of focus acknowledges the importance of achieving a big change in performance in this domain, not only for the drivers of vehicles connected with our business, but also for the many communities in which our company operates. A clear road transport safety framework will be developed in 2016 that meets the needs of our sector and can be embedded effectively within our business. Other new initiatives based on our five areas of focus are planned for development in 2016, including revised training programs for first-level supervisors and a process for managing the consequences of incidents.

Establishing a new health program

We attach as much importance to health as we do to safety, with a focus on preventing occupational health risks and ensuring fitness to perform daily duties. This objective is drawn from the work of both companies in the field of health, which has focused on assessing potential risks and then developing programs to reduce exposure to these risks.

Following an analysis, a hierarchy of controls will be applied to mitigate exposure. Although this can start with the mandatory use of personal protective equipment (PPE), we intend to further control exposure up the hierarchy through, for example, eliminating the need for work in such areas that present a particular risk or through re-engineering to reduce dust, noise, or ergonomic hazards. In 2016, we also intend to expand this program to encompass more countries and also to capture data to understand the total number of employees and contractors at risk from key hazards.

In 2016 we also intend to conduct training to increase the number of first-aid trained employees and to align the medical emergency response process for all countries, which incorporates learnings from both companies on responding to pandemics.

Looking into the future – adding value, building trust, generating pride

With the merger between Lafarge and Holcim concluded in July 2015 we have created a combined company with a considerably increased footprint, and visibility. We are well aware that, due to the nature of our business, our new organization is one of the largest CO_2-emitting corporations in the world. Since we are present in 90 countries, we are also aware that we have a significant environmental and social impact globally. On the other hand, our new Group also has considerable strength and the scale to foster widespread, positive global and local change. This is due not only to our large geographical reach, which includes markets all around the world, but also to our combined research and development capabilities, which are the best in our sector. We believe our capacity to make a positive contribution is unique.

With this in mind, we have developed a cutting-edge sustainability strategy called the 2030 Plan. The plan focuses on shared value creation for the company, society, communities, and the environment.

The LafargeHolcim Sustainability Strategy is structured around one ambitious vision: LafargeHolcim wants to drive transformation along the entire construction value chain. We build for tomorrow. We want the construction sector of tomorrow to be climate-friendly and circular in its use of resources. We want it to be respectful of water and nature, and we want it to be inclusive – enhancing quality of life for all.

We have translated this vision into tangible, measurable commitments in four different fields of action: climate, circular economy, water and nature, people and communities. Within these four fields we always have one overarching objective: driving change towards a more sustainable construction sector.

LafargeHolcim recognizes that it cannot just focus on mitigating its impacts. It has to deliver and demonstrate a positive contribution. We have therefore set “in-house” and “beyond-our-fence-line” targets for each of our fields of action. We are also placing life-cycle thinking squarely at the heart of the development of our new strategy. This includes developing and marketing new products and services – our 2030 Solutions – to help address the world’s major sustainability challenges.

The 2030 Plan – Building for tomorrow

Climate	Circular Economy	Water and Nature	People and Communities
ACTING IN-HOUSE			
40 percent reduction in net specific CO_2 emissions by 2030 (vs. 1990)	Use of 80 million tonnes per year of waste-derived resources	30 percent reduction in specific freshwater withdrawal in cement operations Water, Sanitation and Hygiene Implementation at the Workplace (WASH) Pledge implemented at all sites	Zero fatalities LTI FR < 0,20 and 50 percent reduction in TIFR (vs. 2015) Disease rate < 0,1 30 percent minimum of each gender at all management levels
ACTING BEYOND OUR FENCE LINE (LIFE-CYCLE)			
10 million tonnes per year avoided CO_2 emissions from buildings thanks to innovative solutions	Provide solutions for the end-of-life of the products (recover 4 times the volume of aggregates from construction demolition waste/reclaimed asphalt pavement vs. today)	Positive impact on water in water scarce areas Positive change on biodiversity	75 million people benefitting from our initiatives Collective action against corruption and bribery in high risk countries
ACTING ON OUR PRODUCTS/SERVICES PORTFOLIO – THE 2030 SOLUTIONS			
– Low carbon cement & concrete – Insulating concrete – Thermal mass solutions	– Recycled aggregates – Urban mining solutions – Waste management services	– Rainwater harvesting – Pervious concrete – Stormwater protection – Vertical green solutions	– Affordable housing materials and solutions – Affordable sanitation solutions

Building for tomorrow

LafargeHolcim intends to demonstrate leadership through the 2030 Solutions initiative and innovation with the development and sale of environmentally friendly and socially responsible products. Our target is to generate one-third of our revenues from this portfolio of solutions with enhanced sustainability performance by 2030. We also seek to be a thought leader in the construction sector, promoting a lifecycle definition of sustainable construction through strategic partnerships with groups such as the Energy Efficiency in Buildings Initiative and the Global Alliance for Buildings and Construction, which was launched at the COP21 conference in Paris in 2015. These partnerships help defragment the construction sector and thereby achieve a much higher positive impact on the value chain, providing solutions for each meaningful step of the design and the construction of buildings.

We further seek to drive transformation along the construction value chain. The role of the LafargeHolcim Foundation for Sustainable Construction is crucial in this regard as it works to identify, promote, and reward the most sustainable construction practices globally. (See page 73 for more details on the LafargeHolcim Foundation)

Respecting the environment

We currently lead the way as the world's most carbon-efficient international cement producer and we intend to remain the leader in this field. Leadership in CO_2 efficiency is essential for a company with a global carbon footprint as significant as ours. Our target is to achieve a 40 percent reduction in net specific CO_2 emissions per tonne of cementitious product by 2030 (vs. 1990). At the time of the merger, the combined company had achieved an estimated 26 percent reduction measured against the 1990 baseline. Performance for 2015 will be published in the LafargeHolcim Sustainability Report and on our website by mid-2016.

Going beyond our fence line, we will develop and provide innovative solutions that reduce CO_2 emissions from buildings and infrastructure over the whole lifecycle. By 2030, our goal is to help avoid 10 million tonnes of CO_2 emissions per year from buildings and infrastructure thanks to our sustainable portfolio of products and services. To this end we have developed, with the support of academics and stakeholders, a credible monitoring and reporting protocol. This new approach is meant to accelerate innovation and the deployment of the most promising low-CO_2 building solutions.

Promoting a circular economy

By using waste as alternative fuels and raw materials, we can make a significant contribution to our sustainable development and economic performance objectives. This approach can also contribute to solving society's waste problem while also offering new opportunities for employment. Furthermore, it improves the environmental footprint of our operations by limiting the use of fossil fuels and lowering emissions. LafargeHolcim will continue to provide sustainable solutions for waste by transforming it into resources for its production processes. Our target is to re-use 80 million tonnes of waste-derived resources per year in our operations by 2030.

At LafargeHolcim we have gained unique experience in the area of recycled aggregates. We provide solutions for the end-of-life of our products, developing locally appropriate business models in urban areas. To leverage this experience, we have set a target to multiply by 4 our current volume of recycled aggregates from construction and demolition waste by 2030. We are also committed to developing efficient partnerships and to actively advocating in order to encourage broad development of the practice of recycling the concrete portion of demolition waste.

Protecting water and nature

Water is a natural resource used at all LafargeHolcim operational sites around the world. We will aim to minimize our freshwater withdrawal through responsible management of our operations. Our target is to reduce freshwater withdrawal by 30 percent in the cement business line by 2030. A target for the aggregates business line is being defined and will be announced in the course of 2016.

Our company is committed to ensuring access to safe water, sanitation, and hygiene for all employees and contractors at our own operational sites. We will sign the WBCSD Water, Sanitation and Hygiene Implementation at the Workplace (WASH) Pledge with the aim of being compliant with the pledge by 2020.

Beyond our fence line, LafargeHolcim will achieve a positive impact on water resources in water-scarce areas by 2030, providing more water to communities and nature than we withdraw. Furthermore, by 2030 we will be able to demonstrate a positive improvement in biodiversity at our mining sites thanks to active biodiversity management during the extraction phase, and modern restoration of quarries when they are no longer in use.

People and communities

LafargeHolcim is committed to working as a partner with our stakeholders, building and maintaining relationships of mutual respect and trust. Our aim is to contribute to effectively improving the quality of life of the members of our workforce, their families, and the communities in which we operate.

To this end, we aim to enhance local economies and wealth for people at the "base of the pyramid." By 2030, our goal is to have 75 million people benefit from our affordable housing projects and our social investment and inclusive business models.

Health & Safety is at the center of everything LafargeHolcim does. This means conducting our business with a zero-harm goal and promoting better health for employees, contractors, third parties, and communities. By 2030, we are targeting zero fatalities on and off-site, a Lost-Time Injury-Frequency Rate (LTIFR) better than 0.20, and an occupational disease rate better than 0.1. Additionally, 15 percent of the benefits from our social investment projects should come from health initiatives.

Our company values diversity and strives to create a gender-balanced and inclusive working environment. Our target is to achieve a minimum of 30 percent of each gender at all management levels by 2030.

We are a leader in the promotion of responsible and transparent business practices, acting to establish a level playing field and thus creating a win-win situation for both business and society. We believe strongly in, and actively promote, universal respect for human rights and we foster sustainable practices throughout our value chain. By 2030 we intend to participate or take a leadership role in collective action initiatives against bribery and corruption in all high-risk countries where we operate.

Other sustainability impacts

While the LafargeHolcim 2030 Plan focuses on the aforementioned topics, as part of our daily business we also manage a number of other sustainability-related issues. These include the reduction of waste, fuel and energy consumption, and other emissions (notably dust, NO_x and SO_2), as well as stakeholder engagement and employee relations. Key performance indicators relating to these and other sustainability topics will be reported in our Sustainability Report and on our website by mid-2016.

Unfortunately, in today's economic environment, adjustments and reductions to our capacity have been unavoidable. We are aware that the reduction of employment is a painful process, and so we not only comply with applicable local labor laws – especially with regard to the appropriate involvement of labor councils and unions – but consistently try to find the best possible solution in the interest of both our employees and the company.

LafargeHolcim at COP21

In November and December 2015, Paris hosted the 21st annual session of the Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC), or COP21.

The conference resulted in an agreement to attempt to limit the rise in global temperatures to well below 2 degrees Celsius above pre-industrial levels, including a stretch goal to limit that increase to just 1.5 degrees Celsius. The agreement brings us a few steps closer to a global level playing field and the implementation of effective carbon pricing. As the most innovative company in our sector, LafargeHolcim will further develop and deploy low-carbon solutions for the construction industry. We will continue to be a leading actor in the initiatives in which we have been involved to date, including, at the global level, the WBCSD's Low Carbon Technology Partnerships Initiative (LCTPi) and the Global Alliance on Buildings and Construction, which we helped launch at the COP21's Buildings Day.

Looking forward

Our 2030 Plan defines the contribution of LafargeHolcim to the achievement of the majority of the 17 Sustainable Development Goals recently approved by the United Nations. The upcoming years will be dedicated to the translation of that long-term vision into detailed action plans in each country where we are active. The progress made in this journey will be consistently reported and quantitatively measured thanks to the integrated profit and loss statement of LafargeHolcim, which reflects the triple bottom line values of the company, taking into account environmental and social externalities in a lifecycle approach.

LafargeHolcim Foundation for Sustainable Construction

LafargeHolcim is a global pioneer when it comes to progressive concepts in the value chain of construction. We seek and promote intensive exchange between sustainable design and professional practice. This allows new findings and developments, such as innovative materials and their applications, to be rapidly adopted in construction. As part of our focus on innovation, LafargeHolcim also aims to increase the sustainability of construction in social, environmental, and economic terms. In this way, the Group shoulders its responsibility for the future of the planet and the global community.

A key pillar in this endeavor is the LafargeHolcim Foundation for Sustainable Construction. Established in 2003, the Foundation collaborates with its tightly knit network of leading technical universities around the world and acts as a vital link between the Group and other players in the construction industry, including materials developers, architects, engineers, urban planners, and contractors.

The Foundation acts as a globally significant information hub in the field of sustainable construction mainly through three activities: It organizes symposia from high-level expert discussions to multi-day international forums, produces technical publications, and organizes the LafargeHolcim Awards – the world's most prestigious competition for sustainable construction. In addition, the Foundation provides an online knowledge turntable for sustainable construction as an information hub for stakeholders and offers support for Group initiatives. It is committed to raising employee awareness in the field of sustainability, providing know-how and experts for events held by country operations, and collaborating with corporate functions engaged in sustainable development.

The activities of the Foundation are organized in three-year cycles. In 2015, the fourth cycle of the LafargeHolcim Awards reached its pinnacle with the celebration of the Global Awards Gold, Silver, and Bronze. The prizes went to projects in Medellín (Colombia), Ambepussa (Sri Lanka), and New York (United States). The hand-over events offered LafargeHolcim ideal platforms to position itself as an innovative, sustainable, and responsible player within the global construction sector. Independent juries composed of distinguished professionals had selected the winning projects which illustrate smart solutions to challenges that are also a focus of LafargeHolcim such as the provision of better living conditions and integrated construction solutions to improve quality of life.

More about the LafargeHolcim Foundation and its activities is available at:
www.lafargeholcim-foundation.org.

EMPLOYEES

At LafargeHolcim, we strongly believe that people are essential to the success of the company. Through optimal allocation of people, dynamic management of talents, and effective workforce management, we are convinced that we will sustainably achieve superior business performance. Having a best-in-class Organization and Human Resources function which will effectively source, attract, assess, develop, and reward our people will ensure their engagement and commitment and create a true competitive advantage in the long run. Our ambition for the new Group is to create a workplace that is safe, diverse, inclusive, respectful, and where people enjoy coming to work. We also aim to create an environment where employees can develop and realize their full potential, and where individual contribution is recognized and rewarded.

CRISP core values: our core values as enablers for success

The core values and underlying behaviors we have identified guide us in how we work at LafargeHolcim. They create the foundation for our new and common culture.

Core value – Customers means we will continue to build an organization and culture that is centered on markets and customers. We understand who our customers are and who are our end users are. We listen to them and understand what drives their businesses and what they value in order to be able to anticipate their needs and provide innovative solutions for shared value creation.

Core value – Results stands for a passion to achieve our goals and deliver on our targets through rigorous execution and with zero harm to people. We strive for continuous improvement and challenge the status quo with innovative solutions that drive lasting results for shareholders.

Core value – Integrity means creating an environment where compliance is a central commitment. We have the courage to make the right decisions based on our ethical principles at all times, even when it means foregoing a business opportunity.

Core value – Sustainability stands for demonstrating leadership in environmental stewardship and being a responsible role model for future generations. We proactively engage with stakeholders to create shared value with society. And we drive sustainable solutions through the entire value chain.

Core value – People stands for openness and inclusion and for truly caring for and respecting every individual. We seek out diversity and embrace new and different ideas, experiences, and perspectives, and are open to collaboration and sharing. We enable teams and empower individuals to reach their full potential and succeed. We recognize high performance and will address underperformance.

Contributing to building the new Group

People are at the heart of building our new company. Their commitment, mobilization, and experience are the key building blocks for the success of our transformation. Right from its creation, each local HR team has been strongly involved in the design of the organization structure, the staffing and the selection of the people, the management of the relations with the unions, the dialog with employee representatives, and the launch of the new CRISP company values. Treating each individual with care and attention during these special times is not only shaping the new company culture but contributes to fostering an inspirational work environment. We are also in the process of deploying throughout the Group a single and strong Organization and Human Resources framework. This means a uniform approach in our processes, systems, operating modes, and practices on a worldwide basis, bringing fairness and transparency to our working methods as well as a deep knowledge and understanding of our workforce. This structure will enable us to get the best from our people, teams, and organizations.

Group employees by region

	2015
Asia Pacific	36,199
Latin America	11,707
Europe	23,950
North America	11,265
Middle East Africa	16,123
Service and trading companies	1,712
TOTAL GROUP	100,956

Group employees by segments

	2015
Cement[1]	64,391
Aggregates	11,227
Other construction materials and services	23,570
Diverse	1,768
TOTAL GROUP	100,956

[1] Including all other cementitious materials.

Performance management system

At the beginning of 2016, our new and aligned performance management system was launched, designed in such a way that Health & Safety and our CRISP core values are directly embedded into individual objectives. With this new system, we are convinced that we will reinforce the behaviors that will lead us to improve our business impact in the long-run while creating a strong performance mindset. This new performance management system also drives quarterly managerial discussions in order to ensure regular dialog on performance and development of people skills and competencies on an ongoing basis. At the same time, financial objectives are fully based on our external targets to ensure alignment between management and shareholder interests. Our aim is that this new approach also accelerates the development of a common company culture and increases engagement of our people and teams.

Diversity and inclusion

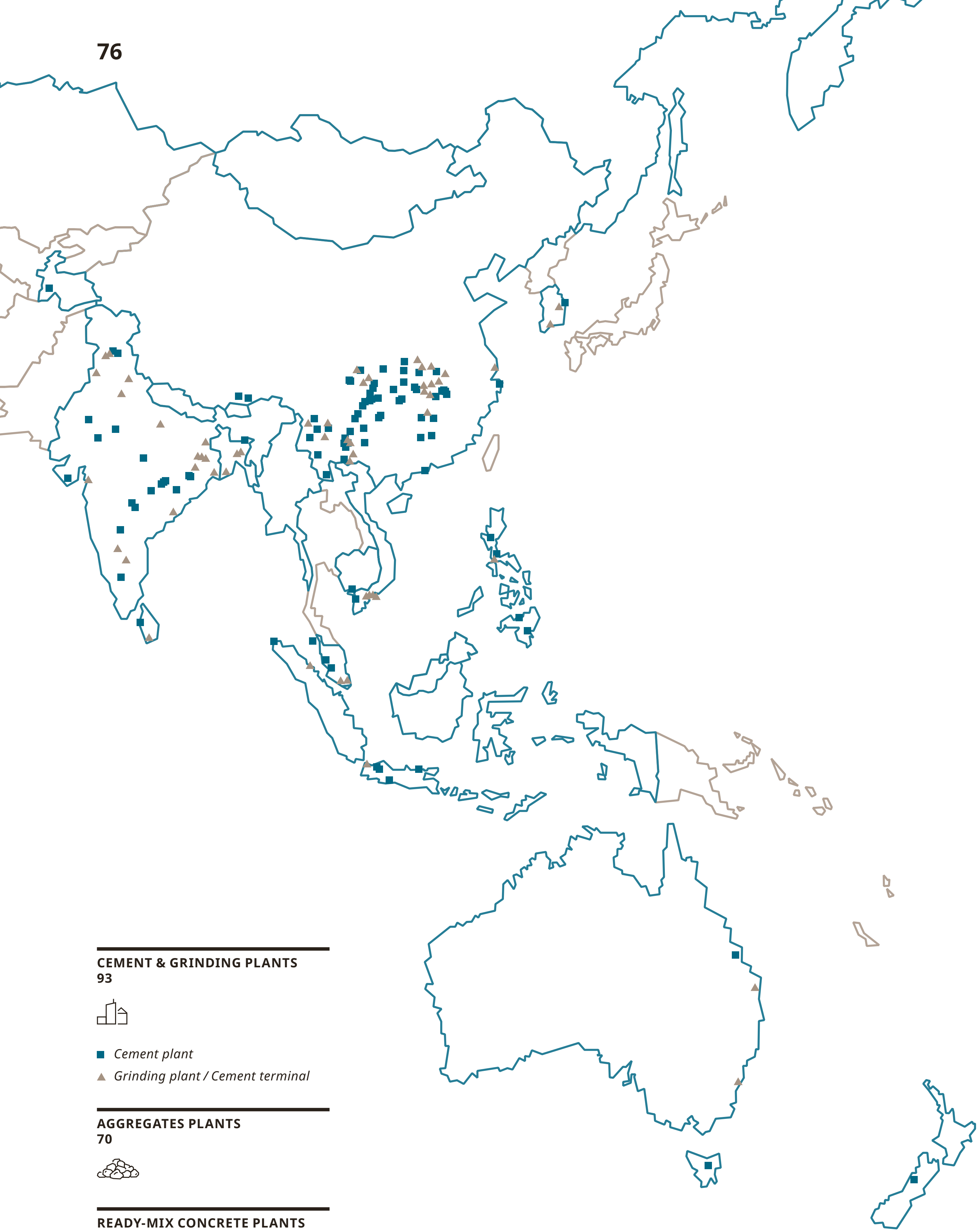
We know that diversity in all its terms is a key lever to seizing the right business opportunities and delivering sustainable performance. We strive to achieve a gender-balanced and inclusive work environment where diverse talent can contribute to superior business results. As an example, we have implemented some key actions including: sponsorship of the Women's forum in Deauville, the establishment of new Group targets for gender balance as part of our Sustainable Development Plan to achieve 30 percent minimum of each gender at all management levels by 2030, and the creation of a Women's Task Force to collect examples of our existing Group culture and provide recommendations to guide the required changes. Looking forward, we will be developing a regional approach to diversity and inclusion in order to achieve the Group targets and guide consistent action planning at the local level, taking into account the recommendations from the Women's Task Force.

Composition of Top Managers

	Male	Female	Total	Percentage of women
Top management level	312	45	357	13%
Senior management level	2,206	426	2,632	16%
Middle management level	11,990	2,767	14,757	19%
TOTAL	14,508	3,238	17,746	18%

BUSINESS REVIEW

B



CEMENT & GRINDING PLANTS
93

■ *Cement plant*
▲ *Grinding plant / Cement terminal*

AGGREGATES PLANTS
70

READY-MIX CONCRETE PLANTS
378

POSITIVE VOLUME TRENDS IN ASIA; CHALLENGES IN CHINA

Ian Thackwray
Region Head Asia Pacific

Performance in Asia Pacific was impacted by declining results in China and limited growth in India. At the same time countries such as the Philippines, Vietnam, and Sri Lanka contributed positively to the results in 2015. While volumes increased in both cement and aggregates, negative currency effects coupled with lower financial performance in China and Indonesia affected the Group region's operating EBITDA. Overall performance improved in the fourth quarter.

Economic and construction industry development

In 2015, economic growth in Asia Pacific continued to outperform the rest of the global economy despite the modest downward adjustment during the course of the year. Nonetheless, inflation remained stable while strong labor markets and growth in disposable income stimulated confidence.

China's reorientation toward consumption and services has caused some uncertainty about Asia Pacific's largest economy in the year under review. Manufacturing output shrank and Beijing's stock market experienced a turbulent year. As the real estate market declined, the state continued to push major infrastructure projects throughout the country in the form of economic belts and urban development.

In 2015 India was firmly on course to becoming the world's fastest growing large economy. Robust domestic demand and a revival in confidence was supported by a stable political establishment. However, construction markets remained depressed due to the impact of lower government spending, reduced demand from real estate and construction projects, and slow recovery in infrastructure spending.

In Southeast Asia, Malaysia continued to feel the effects of low oil prices and a weakened currency. Vietnam experienced steady economic growth throughout the year, while the Philippines capitalized on strong underlying growth that drove lively activity in the construction markets. A year of poor economic performance in Indonesia led to government pledges for economic and infrastructure reforms, which have been slow to materialize.

Australia continued to deal with the decline of the resource sector. Positive momentum developed in the infrastructure segment, especially in New South Wales. New Zealand's economic activity meanwhile continued to build on the back of earthquake reconstruction efforts, a growing tourism industry and an expanded trade network through the Trans-Pacific Partnership.

LafargeHolcim performance by country

Cement volumes in India declined as adverse weather conditions and partially depressed construction markets impacted LafargeHolcim's performance in 2015. Volumes in the fourth quarter however increased at both ACC and Ambuja, LafargeHolcim's Group companies in India. Ready-mix volumes at ACC saw strong growth in the period under review. While ACC improved financial performance in part thanks to positive pricing particularly in the South, Ambuja's operating EBITDA declined. The Group's robust position in India and political appetite for large-scale infrastructure products promise opportunities as conditions improve.

The Group Company in Sri Lanka reported a significant increase in cement volumes, boosted by strong demand in retail in 2015 and accelerating growth in the infrastructure and tourism projects in the last quarter. 2015 has been a difficult year for Bangladesh's cement industry, and cement volumes were down at LafargeHolcim, but the fourth quarter volume performance showed signs of improvement. Efficient cost management limited the impact of gas price increases by the government.

In China, cement volumes were down compared with the same period last year, despite slightly improved activity later in the year. This was attributable to a contraction in real estate investments and tight liquidity. Although a new aggregates project and lower production costs in the country proved successful, the overall challenging situation negatively impacted operating EBITDA. In this context, the Group took decisive actions during the second half of the year to reduce its costs base.

Cement volumes in South Korea were higher than in 2014 in a market that was characterized by growing housing starts and increased investment in infrastructure. A significantly increased operating EBITDA reflected the Group company's strong financial performance in the period under review.

Cement and ready-mix concrete volumes increased significantly in Vietnam in 2015, mirroring the country's largest construction boom since 2011. LafargeHolcim's involvement in key infrastructure projects in Ho Chi Minh City and Hanoi contributed to a strong increase in operating EBITDA.

Despite the effects of declining commodity prices and currency depreciation, Malaysia recorded solid GDP growth. Domestic cement volumes increased while exports were lower than last year. The Group company reported slightly improved financial performance over the previous year mainly due to stringent cost controls in the cement segment.

In the Philippines, LafargeHolcim continued to benefit from lively private residential construction and public infrastructure investments, with cement volumes up significantly in the year under review. Steady economic growth and policy measures have contributed to the ongoing high demand for building materials. Financial performance was up materially also thanks to positive pricing dynamics.

Full-year cement volumes in Indonesia increased supported by the now fully commissioned Tuban plant in Eastern Java. Significant volume increases were recorded in the fourth quarter. Aggregates deliveries grew slightly as a result of an expansion of third party deliveries, while ready-mix cement volumes fell. The difficult operating environment was characterized by delays in infrastructure projects and subdued residential construction.

Asia Pacific – Pro forma information

		2015	2014	±%	±% like-for-like
Sales of cement	million t	123.1	122.2	0.8	0.8
Sales of aggregates	million t	34.8	34.2	1.8	1.8
Sales of ready-mix concrete	million m³	15.9	16.0	–0.2	–0.2
Net sales	million CHF	9,048	9,512	–4.9	–1.7
Operating EBITDA	million CHF	1,486	1,719	–13.5	–10.6
Operating EBITDA adjusted [1]	million CHF	1,565	1,769	–11.5	–8.6
Operating EBITDA margin	%	16.4	18.1		
Operating EBITDA margin adjusted [1]	%	17.3	18.6		

[1] Excluding merger, restructuring and other one-offs.

Combined with the effect of a competitive environment, it resulted in a lower financial performance compared to 2014.

The cyclical downturn in the mining industry continued to adversely affect performance in Australia in 2015. Aggregates volumes increased slightly despite weakened demand in Western Australia. Ready-mix concrete volumes contracted, as steady demand from New South Wales was not able to compensate for lower deliveries elsewhere. Effective cost management and restructuring initiated in 2015 have had a positive impact on operating EBITDA, which was up significantly despite the challenging market conditions.

In New Zealand, cement volumes declined while strong residential and road construction growth supported higher aggregates volumes. The transition to a cement import model continued to proceed well, albeit with transitional impact on volumes. Operating EBITDA was up materially.

Summary of Group region performance

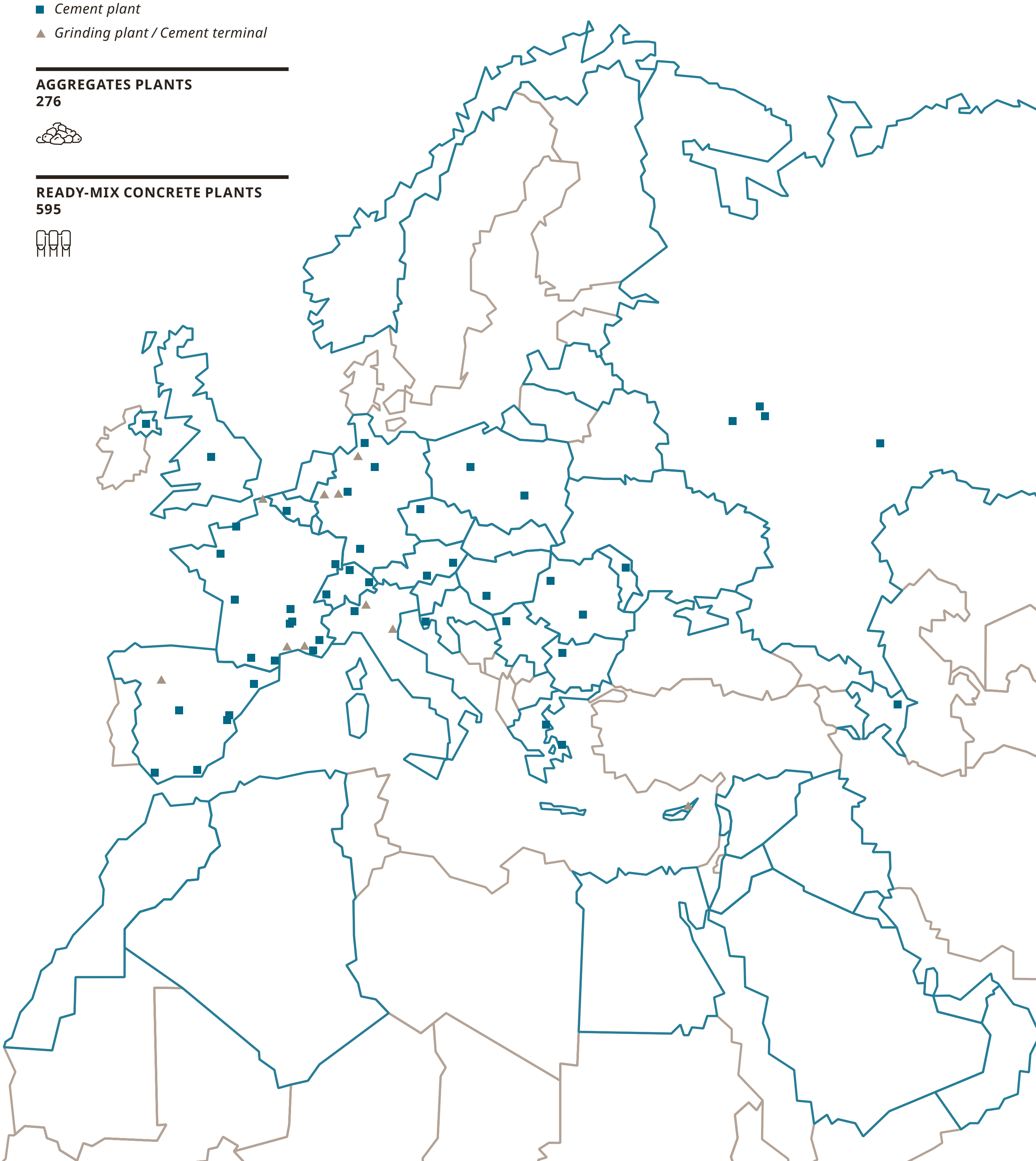
In the period under review, consolidated cement volumes in Asia Pacific increased by 0.8 percent to 123.1 million tonnes as higher deliveries in the Philippines, Indonesia, and Vietnam offset declines in China and India. Aggregates shipments rose 1.8 percent to 34.8 million tonnes, while ready-mix concrete volumes were steady at 15.9 million cubic meters. Here, volume decreases in Australia and Indonesia were offset by particularly strong results at ACC in India. Adjusted for currency effects, net sales declined by 1.7 percent to CHF 9,048 million with improvements in the Philippines, South Korea, Vietnam, and Sri Lanka offsetting declines in markets such as Australia, China, and India. Operating EBITDA at constant exchange rates was down 10.6 percent to CHF 1,486 million. The strongest positive results were recorded in the Philippines, Vietnam, and South Korea. Adjusted for merger, restructuring and other one-offs, operating EBITDA at constant exchange rates was down 8.6 percent, and down 2.1 percent excluding China.

CEMENT & GRINDING PLANTS
55

■ *Cement plant*
▲ *Grinding plant / Cement terminal*

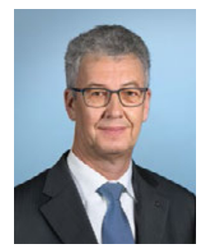
AGGREGATES PLANTS
276

READY-MIX CONCRETE PLANTS
595



EUROPE CONTINUES TO WAIT FOR PROFOUND RECOVERY

Performance in Europe was influenced by the ongoing strong development of markets such as the United Kingdom and Romania while uncertainty and depressed construction markets affected several other countries. The ongoing softness in France and slowdown in Switzerland, Russia, and Azerbaijan significantly impacted results. Except for ready-mix concrete, volumes were down and net sales and operating EBITDA also declined. Negative currency effects, particularly in Russia and Azerbaijan, and one-time restructuring costs impacted the region's results significantly.



Roland Köhler
Region Head Europe

Economic and construction industry development

Major Eurozone economies continued to experience moderate recovery throughout 2015, but development remained soft in a variety of other countries.

The economy in the United Kingdom continued to expand above the EU average, underpinned by the election of a majority government driving a wave of ambitious national infrastructure projects. Infrastructure investments and residential construction over the course of the year were steady. Public-private investments were encouraged throughout the year to address the country's housing shortage.

France's economy experienced a moderate recovery in 2015. However, the construction market deteriorated further as the number of housing starts declined and investment by the government continued to be low. In Belgium, high levels of public debt, inflation, and low growth resulted in limited public infrastructure investment during the year under review.

The German economy reported moderate growth in 2015 that was stimulated by a rise in consumer spending, a favorable labor market and low interest rates. The building sector weakened somewhat over the course of the year. Residential construction remained stable, with a slight increase in non-residential investment. In Switzerland, the economy was impacted by the appreciation of the Swiss franc, resulting in significantly lower growth levels. Construction activity declined compared with the previous year, largely in connection with the completion of large infrastructure projects.

Italy saw growth gradually resume in 2015 thanks to a range of fiscal reforms. The construction industry continued to paint a mixed picture in the year under review. Spain's economy saw a steady recovery throughout the year reviewed. Activity in the construction industry was driven by private initiatives, as public investments remained weak. Greece's tentative economic recovery stalled in 2015 owing to the negative impact of political instability on business and consumer confidence.

In Romania the government initiated a comprehensive infrastructure overhaul, the effects of which are to be felt going forward. Nevertheless, residential and infrastructure construction increased in the year under review. The Polish economy continued to grow in 2015. Russia felt the repercussions of Western sanctions, with depressed oil prices sending the economy into recession. The state continued to push major national infrastructure projects in preparation for the 2018 Soccer World Cup games, somewhat offsetting the postponement of other major public works. Falling oil prices resulted in Azerbaijan's economy stagnating in the year reviewed. Fiscal measures taken by the government included the depreciation of the national currency and cuts to infrastructure and construction projects.

LafargeHolcim performance by country

Steady growth in the construction sector in the United Kingdom coupled with greater public investment led to an increased demand for building materials, particularly in the residential sector but also for industrial consumption in London and road projects. As a consequence, aggregates and ready-mix concrete volumes grew. Cement volumes showed a marginal decrease over last year. The Group company's financial performance was significantly higher in 2015.

As a result of unfavourable economic conditions and a decline in construction activities, volumes in France declined in all three segments. These effects were partly mitigated by resolute cost reduction measures. Financial performance in France was significantly lower as a result of the challenging market conditions coupled with pricing pressures. In addition, financial results were heavily impacted by restructuring costs. In Belgium, declining cement volumes were largely attributable to the discontinuation of cement exports to France but the depressed construction markets also contributed to this result. Financial performance was lower than in the previous year, impacted by restructuring costs.

A slight stall in construction activity in Germany resulted in decreased demand for cement. Cement volumes decreased slightly at the Group's northern Germany operations. Aggregates volumes reported steady growth in the year under review, mainly attributable to the transfer of some operations to the local Group company. Cement volumes in Southern Germany improved throughout the year. Operating EBITDA decreased at both Group companies.

Results in Switzerland were impacted by a general decline of construction markets in the course of 2015. Cement volumes significantly declined due to high import pressures following the abandonment of the Swiss franc-euro peg and other factors. Aggregates volumes also dropped, impacted by the completion of some major projects. Despite the more positive macro-economic environment, Italy's construction sector remained challenging. As a result, all three segments experienced volume drops. Poor financial performance reflected the weakened Italian construction market, with operational restructuring and cost reductions dampening performance somewhat.

In Spain, volumes in all three segments were down, partly as a result of lower exports, plant closures, and the completion of several large projects. Financial performance in Spain decreased in 2015 due to one-time costs, despite effective cost management. In Greece, demand for building materials continued to be adversely impacted by political and economic instability, with both residential and infrastructure construction remaining at low levels. As a result, both cement and ready-mix concrete deliveries declined in 2015. However, aggregates volumes were up. Cost containment measures and favorable export price development impacted the Group company's financial performance positively, leading to a higher operating EBITDA in 2015.

Eastern Europe showed mixed results in the year under review. Romania saw considerable increases across all three segments, with aggregates and ready-mix reporting very

Europe – Pro forma information

		2015	2014	±%	±% like-for-like
Sales of cement	million t	42.1	44.2	–4.7	–4.7
Sales of aggregates	million t	123.0	124.4	–1.1	–1.1
Sales of ready-mix concrete	million m³	18.7	18.5	0.9	0.9
Net sales	million CHF	7,356	8,367	–12.1	–2.4
Operating EBITDA	million CHF	1,089	1,455	–25.2	–17.6
Operating EBITDA adjusted [1]	million CHF	1,264	1,537	–17.8	–8.7
Operating EBITDA margin	%	14.8	17.4		
Operating EBITDA margin adjusted [1]	%	17.2	18.4		

[1] Excluding merger, restructuring and other one-offs.

strong volume growth. Operating EBITDA rose markedly, reflecting lower operating costs and increased activity in important regions such as Bucharest. Overcapacity, competitive pressure, and a slow recovery in the residential market in Poland resulted in volume declines in cement and aggregates. Ready-mix volumes rose, while financial performance declined in comparison with the previous year.

The emerging economic recession in Russia led to a decline in public investment, and as a result demand for building materials declined across the Group company's presence. Cement volumes were down due to this challenging environment. Despite network optimization and cost containment measures, financial performance of the Group company decreased slightly – also impacted by one-off costs. A significant decline in public and private construction spending led to lower cement volumes in Azerbaijan. Financial performance declined and measures were implemented to reduce fixed costs.

Summary of Group region performance

Consolidated cement volumes in Europe were down 4.7 percent to 42.1 million tonnes, primarily driven by declines in Russia, Azerbaijan, and France. Aggregates shipments totalled 123.0 million tonnes in the year under review, a decline of 1.1 percent, as improvements in several countries could not fully offset declines in France, Switzerland, and Poland. Meanwhile, ready-mix concrete deliveries were up by 0.9 percent to 18.7 million cubic meters. Adjusted for currency effects, net sales declined by 2.4 percent to CHF 7,356 million and operating EBITDA was down 17.6 percent for the year to CHF 1,089 million, largely driven by depressed performance in France, Switzerland, Germany, and Azerbaijan. Adjusted for merger, restructuring and other one-offs, operating EBITDA at constant exchange rates declined 8.7 percent.

CEMENT & GRINDING PLANTS
33

■ *Cement plant*

▲ *Grinding plant / Cement terminal*

AGGREGATES PLANTS
15

READY-MIX CONCRETE PLANTS
145

LATIN AMERICA WITH SOLID GROWTH IN MOST COUNTRIES BUT IMPACTED BY RECESSION IN BRAZIL

The Group's performance in Latin America benefited from positive trends in both volume and financial performance in key markets such as Mexico, Argentina, Central America, and Colombia. These however were unable to fully compensate the effects of the deteriorating economic situation in Brazil. Cement volumes were slightly down but net sales increased and adjusted for merger, restructuring and other one-offs operating EBITDA remained stable. The Group continued to focus more strongly on its customer excellence measures in various markets, building on its established retail approach. Strong synergies could be realized in Brazil and through industrial best-practice sharing and ready-mix concrete optimization across the region.

Pascal Casanova
Region Head Latin America

Economic and construction industry development

Latin America continued on a mixed course throughout 2015, with strong growth trends in most markets offsetting a protracted slowdown in Brazil, the continent's largest economy.

Mexico and Central America experienced growth, largely owing to exposure to the US economy. As growth of the Mexican economy continued, major infrastructure plans became more dynamic. In Costa Rica and El Salvador economic growth was less than in the previous year; however, demand for construction materials remained relatively unaffected. Nicaragua showed the highest growth in the sub-region. Remittances continued to have a positive impact in all these countries.

Ecuador's economy and construction activity has depreciated in comparison to 2014, primarily as a result of the drop in oil prices. Colombia's investment in public-private partnerships drove bold nationwide infrastructure projects despite the impact of falling oil prices and the strong peso devaluation on the economy.

Brazil weakened further in the course of 2015, with knock-on effects for some of the country's key trading partners in the region. As a result, the construction market in Latin America's biggest economy shrunk significantly in 2015.

Argentina experienced stabilization of economic activity over the course of 2015. Government spending on construction activity saw a steady increase and industrial production growth ceased to decline for the first time in two years. Following the election of the new president in December, the lifting of capital controls led to a strong depreciation of the peso.

LafargeHolcim performance by country

In Mexico, cement and ready-mix concrete volumes grew steadily in 2015. This followed the sustained recovery of the Mexican economy and a rising demand for building materials due to healthy infrastructure investments and the Group company's positioning in more profitable segments. Remittances also contributed positively to the results. Involvement in public-private projects, including a new national highway and urban train connection, reflected the value of the Group's expertise in the region. This drove a significant increase in the Group company's financial performance.

2015 saw mixed performance across the Group's presence in Central America despite positive impact from remittances. El Salvador benefited from higher demand for building materials following the 2015 upturn in public-private projects and high exports, which translated into higher cement volumes. Deliveries were slightly down in Costa Rica and Nicaragua. The area reported a significant rise in ready-mix concrete volumes, and increased operating EBITDA reflected progress in all three countries.

In Colombia, cement and ready-mix volumes increased in 2015, with financial performance strengthening as well in local currency. Construction activities remained strong, with the country's ambitious public-private infrastructure development plan driving demand. The Group company continued to benefit from its strong position in the Bogota market and its expertise in value-adding higher margin solutions.

The challenging economic environment in Ecuador continued to delay construction projects as a result of liquidity constraints. Volumes in all three segments and financial performance declined in the year under review. This was mitigated by cost savings and a new contract for commercial clinker.

In Brazil, the very challenging operating environment meant volumes in the three segments decreased significantly in the year under review. Coupled with competitive pressures and cost inflation, this also resulted in a significant decline in operating EBITDA. The most profound declines were partly offset by synergy implementation and fixed-cost reductions. The performance is attributable to the recession and political uncertainty which sustained the period of low construction demand in the country.

An increase in construction activity resulted in historically high demand for building materials in Argentina, with all three segments reporting robust performance and favourable pricing. Investment activity prior to the end-of-year elections spurred activity, driven by confidence in the residential construction sector despite a generally depressed economic outlook. Cement volumes for the year were limited by plant capacity. Operating EBITDA and net sales reflected some of the strongest increases in the Group region.

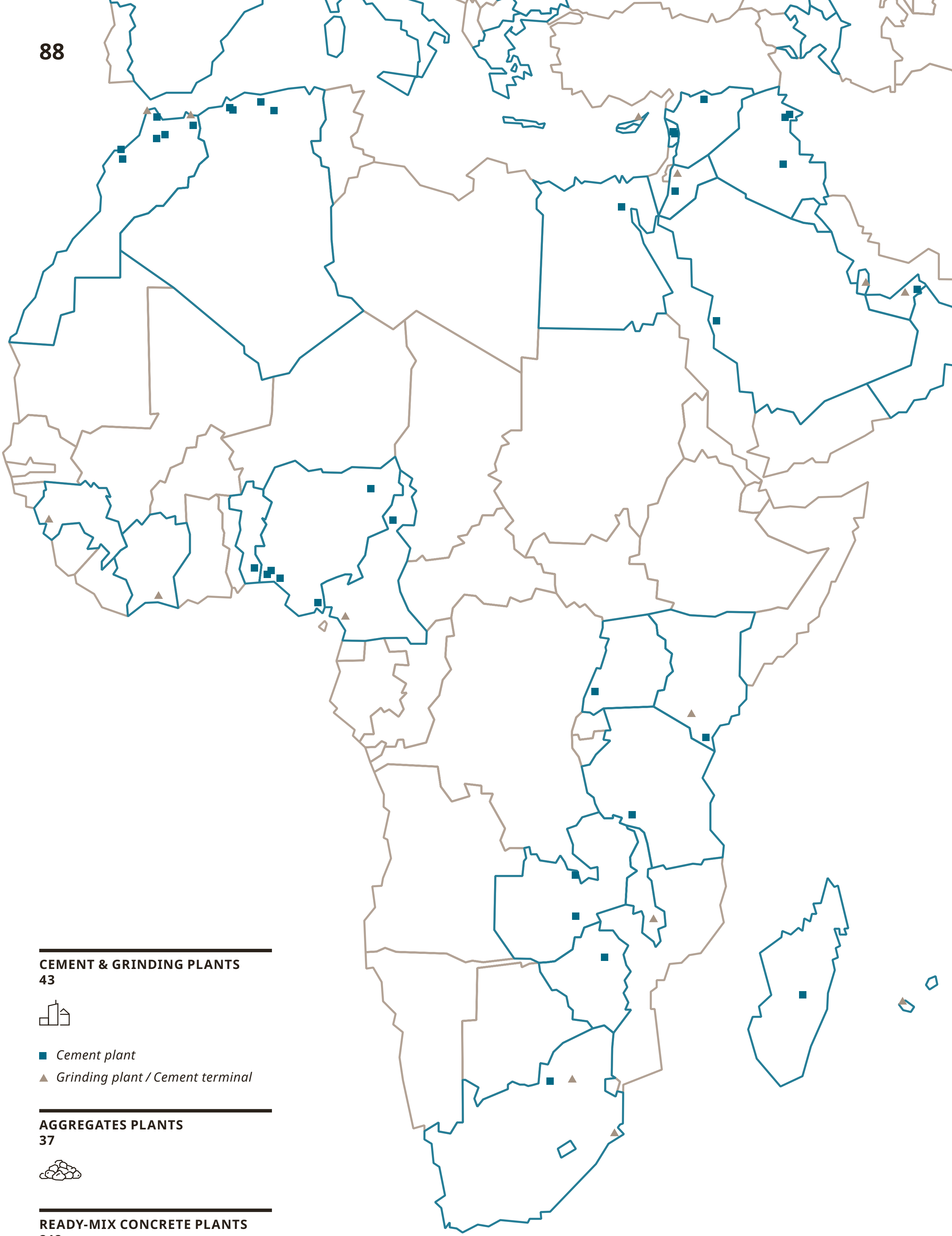
Latin America – Pro forma information

		2015	2014	±%	±% like-for-like
Sales of cement	**million t**	27.9	28.2	–1.2	–1.2
Sales of aggregates	**million t**	7.9	10.6	–25.7	–25.7
Sales of ready-mix concrete	**million m^3**	7.3	7.8	–6.7	–6.7
Net sales	**million CHF**	3,241	3,540	–8.4	2.8
Operating EBITDA	**million CHF**	876	949	–7.7	–2.4
Operating EBITDA adjusted [1]	**million CHF**	907	964	–5.9	0.1
Operating EBITDA margin	**%**	27.0	26.8		
Operating EBITDA margin adjusted [1]	**%**	28.0	27.2		

[1] Excluding merger, restructuring and other one-offs

Summary of Group region performance

Consolidated cement volumes in Latin America decreased 1.2 percent and amounted to 27.9 million tonnes, as the dynamic markets in Mexico, Argentina, Colombia, and El Salvador did not fully compensate for the losses in Brazil and Ecuador. Aggregates shipments were down 25.7 percent to 7.9 million tonnes, due to the closure of underperforming quarries in Mexico and the shift to more profitable segments. Volumes in ready-mix concrete decreased 6.7 percent in the full year to 7.3 million cubic meters. At constant exchange rates, net sales in the region increased by 2.8 percent in 2015 to CHF 3,241 million, driven by better performance in Mexico, Argentina, and Colombia, while operating EBITDA decreased 2.4 percent to CHF 876 million, mainly driven by declines in Brazil. Adjusted for merger, restructuring and other one-offs, operating EBITDA at constant exchange rates was stable.



CEMENT & GRINDING PLANTS
43

■ *Cement plant*

▲ *Grinding plant / Cement terminal*

AGGREGATES PLANTS
37

READY-MIX CONCRETE PLANTS
212

POSITIVE VOLUME AND NET SALES TRENDS IN MIDDLE EAST AFRICA

Middle East Africa showed mixed growth as countries such as Kenya and Algeria performed strongly while some of the region's markets were impacted by lower demand as a result of lower oil and commodity prices. Overall, cement and aggregates volumes in the Group region were up in 2015. Net sales also increased, but operating EBITDA declined in the year under review. The region was significantly impacted by negative currency effects and high inflation.

Saâd Sebbar
Region Head Middle East Africa

Economic and construction industry development

Middle East Africa was characterized by a mixed economic development in 2015 as oil-exporting countries struggled to offset historically low oil prices, while importing nations benefited from that situation. This was coupled with economic reforms and improved trade conditions with the Eurozone.

Egypt's economy began the year under review with strong tailwind, and economic reforms introduced by the current government spurred confidence. The government's emphasis on large-scale public and private projects triggered increases in infrastructure activity. Steady population growth has further pushed the demand for residential and commercial construction projects. Meanwhile, the Algerian economy's reliance on oil-related deposits resulted in exchange rate depreciation and slow growth in the year reviewed. The construction sector continued to flourish, underpinned by the government's push for transport infrastructure and public housing, guided by an ambitious five-year-plan. Morocco experienced steady economic growth as inflation levels remained low. The country's construction industry slightly improved its trajectory, driven by demand for housing and increased public spending.

Political instability and the situation in neighboring Syria impacted economic growth in Lebanon in the year under review. The construction industry saw a slowdown reflecting weaker demand and a cautious mood in the property market. Jordan's economic situation was also impacted by the regional situation. As the political situation remained fragile in Iraq, construction activity continued to be impacted by the volatile security situation in parts of the country.

Temporary macro-economic challenges including volatile exchange rates, lower oil prices, and insurgencies in the northeast of the country slowed Nigeria's growth rate in the year reviewed. The country's construction industry developed positively thanks to increasing urbanization. Kenya continued to grow throughout 2015. Increased public expenditure on road and housing projects drove demand for cement. Declining copper prices and foreign exchange fluctuations weakened Zambia's economic growth throughout the year reviewed. The government made commitments to reform legal constraints in the construction sector, but these have been slow to materialize. In South Africa the government remained committed to infrastructure investment; however, slowed economic performance adversely affected the country's construction industry in 2015.

LafargeHolcim performance by country

In Egypt, the drive for infrastructure improvements and urban development resulted in higher deliveries in all three segments in the year under review, with an acceleration of the development in the fourth quarter. Cement volumes continued to be driven by solid demand from both the residential and infrastructure sectors. Increased use of petcoke and alternative fuels partly offset the impact of lower prices, nonetheless resulting in overall lower financial performance in Egypt.

All three segments in Algeria saw significant volume growth in 2015, thanks to a stable political environment and ongoing infrastructure investment, including the construction of the world's third largest mosque. All segments also benefitted from favourable weather conditions. Operating EBITDA rose accordingly, reflecting higher cement volumes and favourable pricing.

Moderate growth in public infrastructure investment in Morocco drove a slight increase in cement volumes in comparison with the previous year, also supported by favorable weather conditions at the end of the year. The segment additionally benefited from bag cement increases, as individual home-building grew thanks to a strong agricultural cycle. Aggregates and ready-mix volumes decreased. Financial performance was higher than in 2014 as improved results in the cement segment mitigated lower performance in the aggregates and ready-mix concrete segments.

The challenging political situation in Lebanon dampened cement demand from the residential sector, the key driver behind Lebanon's construction industry. Accordingly, cement and ready-mix volumes experienced a decline and operating EBITDA was lower as well. Jordan also reported lower cement volumes, while Iraq suffered from political instability and logistics constraints in major parts of the country.

In Nigeria, cement deliveries decreased slightly in 2015. This reflected competitive pressure in the year under review as well as a temporary slowdown in public investment as a result of the drop in oil prices, mostly offset by steady demand for infrastructure developments and high-end housing for the country's emerging middle class. Ready-mix concrete volumes rose in the year under review. Operating EBITDA declined.

In Kenya, cement volumes benefited from strong infrastructure investment and sales to individual home-builders. Increased demand in the domestic market contributed to significantly improved financial performance. Uganda benefited from the ongoing high demand for building materials and was able to increase cement volumes in the year under review, despite lower exports to Rwanda. Financial performance was higher as well.

Middle East Africa – Pro forma information

		2015	2014	±%	±% like-for-like
Sales of cement	million t	43.4	42.9	1.0	1.0
Sales of aggregates	million t	11.2	10.6	5.9	5.9
Sales of ready-mix concrete	million m³	5.6	5.9	–5.8	–5.8
Net sales	million CHF	4,536	4,969	–8.7	1.9
Operating EBITDA	million CHF	1,276	1,562	–18.3	–7.5
Operating EBITDA adjusted [1]	million CHF	1,362	1,611	–15.4	–4.6
Operating EBITDA margin	%	28.1	31.4		
Operating EBITDA margin adjusted [1]	%	30.0	32.4		

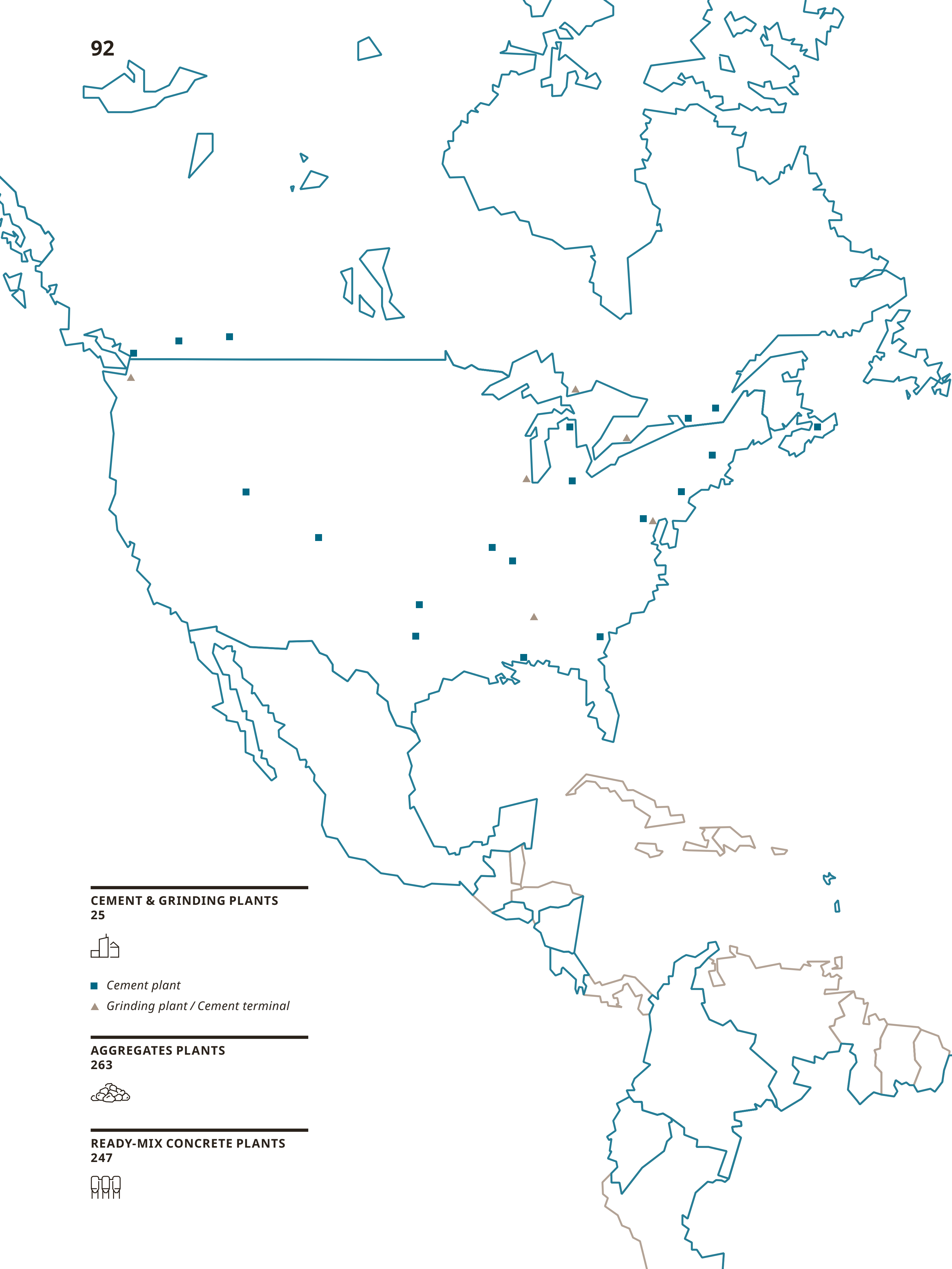
[1] Excluding merger, restructuring and other one-offs

Cement volumes in Zambia decreased due to a decline in exports to the Democratic Republic of Congo. Despite strong competition, domestic volumes were higher, partially due to investments in infrastructure. An increase in road and infrastructure developments accounted for a rise in aggregates volumes. However, operating EBITDA declined due to price adjustments following stronger competitive pressure and the impact of the strong devaluation of the Kwacha, in a market where a significant proportion of costs is handled in US dollars.

South Africa was able to sell more cement and aggregates in the year under review despite low levels of economic growth and lack of investor confidence. However, operating EBITDA decreased as a result of competitive pressure.

Summary of Group region performance

Consolidated cement deliveries in Middle East Africa increased over the previous year by 1.0 percent to 43.4 million tonnes in the period under review, with strong performance in Egypt, Algeria, and Kenya helping to offset operations stoppage in Syria and declines in Iraq and Lebanon. Aggregates deliveries were up 5.9 percent to 11.2 million tonnes, while ready-mix concrete volumes were down 5.8 percent to 5.6 million cubic meters. At constant exchange rates, net sales increased 1.9 percent to CHF 4,536 million and operating EBITDA decreased by 7.5 percent to 1,276 million, as improved results in Algeria and Kenya partly mitigated lower performance in countries such as Zambia and Egypt. Adjusted for merger, restructuring and other one-offs, operating EBITDA at constant exchange rates declined 4.6 percent.



CEMENT & GRINDING PLANTS
25

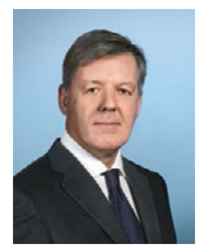
- *Cement plant*
- *Grinding plant / Cement terminal*

AGGREGATES PLANTS
263

READY-MIX CONCRETE PLANTS
247

NORTH AMERICA BENEFITS FROM SOLID RESULTS IN THE UNITED STATES AND EASTERN CANADA

LafargeHolcim posted solid results in North America as a result of both the continuing recovery in the United States and successful price management and cost optimization. Cement and aggregate volumes increased despite reduced demand in regions such as Western Canada, Texas, Oklahoma, and the Dakotas, where oil and commodity investments were under pressure. Financial performance increased markedly thanks mainly to the United States and an overachievement in synergy realization.



Alain Bourguignon
Region Head North America

Economic and construction industry development

After a slow start due to extreme winter weather conditions, the economy in the United States gained momentum throughout the year on the back of resilient private consumption, rising employment, and steady income growth. Although housing indicators remained mixed, residential investment saw solid growth throughout the year. Public investment and rising residential purchases contributed to heightened demand for cement. The year concluded with the Federal Reserve's historic decision to moderately raise interest rates, demonstrating policy-makers' confidence in the recovery of the world's largest economy.

After solid growth in 2014, the Canadian economy faced headwinds in the year under review, experiencing the impact of exposure to depreciating global commodity and oil prices besides weakened investment in the west. In several provinces labor market conditions remained favorable and household spending proved resilient. Despite external challenges, Canada's newly elected liberal government made infrastructure spending a priority. The housing market remained generally buoyant throughout the year.

LafargeHolcim performance by country

The dynamic economic recovery in the United States translated into higher cement demand across the country, reflected by a growth in segment volume and a significant increase in the later part of the year supported by mild weather and despite the negative effects of a slowdown in oil-related investment, mainly in Texas, Oklahoma, and the Dakotas. Aggregates deliveries also reported an increase due to market momentum and the capture of large projects including the MGM Casino in Washington, D.C. Ready-mix concrete volumes however declined due to lower deliveries in states that rely on oil investment and as a result of plant divestments in Illinois, Wisconsin, Indiana, Nevada, and Massachusetts as part of the portfolio optimization strategy. Price increases were achieved in all segments due to disciplined price, customer, and product mix management. Financial performance increased significantly, with an overall double-digit increase in operating EBITDA in the United States, mainly due to active cost, price, and margin management.

North America – Pro forma information

		2015	2014	±%	±% like-for-like
Sales of cement	million t	21.8	20.9	4.2	4.2
Sales of aggregates	million t	115.3	113.8	1.3	1.3
Sales of ready-mix concrete	million m^3	9.3	9.4	–1.0	–1.0
Net sales	million CHF	5,678	5,418	4.8	5.4
Operating EBITDA	million CHF	1,121	1,046	7.2	8.2
Operating EBITDA adjusted [1]	million CHF	1,183	1,065	11.1	12.0
Operating EBITDA margin	%	19.7	19.3		
Operating EBITDA margin adjusted [1]	%	20.8	19.7		

[1] Excluding merger, restructuring and other one-offs

East Canada saw an overall rise in the volume of cement sold, meeting high demand for building materials and increased export volumes to the United States. Projects including a highway commission and the Champlain Bridge helped aggregates volumes rise steadily in Eastern Canada. The region experienced significant gains in ready-mix concrete volumes, partly based on the strategic focus on upselling and segmentation. Western Canada continued to experience knock-on effects from the region's reliance on commodities, and volumes in all segments declined due to weakened demand. On the whole, operating EBITDA in Canada was lower than in the previous year, also impacted by the devaluation of the Canadian dollar.

Summary of Group region performance

Consolidated cement volumes in North America increased 4.2 percent to 21.8 million tonnes in the year under review, driven by strong results in the United States and East Canada. Aggregates deliveries were up by 1.3 percent in the period under review to 115.3 million tonnes as all companies in the region except Canada West reported higher volumes. Ready-mix concrete shipments were down by 1.0 percent to 9.3 million cubic meters due to plant divestments and lower demand from oil-dependent regions. At constant exchange rates, net sales in North America increased 5.4 percent to CHF 5,678 million, as a result of enhanced performance across Group operations in the United States and Eastern Canada. At constant exchange rates, operating EBITDA increased significantly over the previous year by 8.2 percent to CHF 1,121 million, primarily driven by the United States performance and by the overachievement on synergies that were delivered 50 percent above the stretched target at CHF 39 million. Adjusted for merger, restructuring and other one-offs, operating EBITDA at constant exchange rates increased 12.0 percent.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

LafargeHolcim applies high standards to corporate governance. The goal is to assure the long-term value and success of the company in the interests of various stakeholder groups: customers, shareholders, employees, creditors, suppliers, and the communities where LafargeHolcim operates.

Acting responsibly

The ultimate goal of effective corporate governance is long-term value creation and strengthening of the Group's reputation. This includes continuous improvement to decision-making processes and management systems through legal, organization, and ethical directives and terms of reference, as well as measures to enhance transparency. Compliance with internal and external directives, early recognition of business risks, social responsibility for stakeholder groups, and open communication on all relevant issues are among the principles of LafargeHolcim. The Code of Business Conduct, binding for the entire Group, is part of our internal regulation.

LafargeHolcim aims to achieve a balanced relationship between management and control by keeping the functions of Chairman of the Board of Directors and CEO separate. With one exception, all directors are independent according to the definition of the Swiss Code of Best Practice for Corporate Governance. The principle of "one share, one vote" applies.

The information published in this chapter conforms to the Corporate Governance Directive of the SIX Swiss Exchange (SIX) and the disclosure rules of the Swiss Code of Obligations. In the interest of clarity, reference is made to other parts of the Annual Report or, for example, to the Group's website *(www.lafargeholcim.com)*. Pages 102 to 105 of this report describe the duties of the Finance & Audit Committee, the Nomination, Compensation & Governance Committee, and the Strategy & Sustainable Development Committee as well as the Organizational Rules.

Except where otherwise indicated, this Annual Report reflects the legal situation as of December 31, 2015.

Group structure and shareholders

The holding company LafargeHolcim Ltd operates under the laws of Switzerland for an indefinite period. Its registered office is in Rapperswil-Jona (Canton of St. Gallen, Switzerland). It has direct and indirect interests in all companies listed on pages 260 to 262 of this Annual Report.

The Group is organized by geographical regions. The management structure as per December 31, 2015, and changes which occurred in 2015, are described in this chapter.

LafargeHolcim has no mutual cross-holdings with any other company. There are neither shareholders' agreements nor other agreements regarding voting or the holding of LafargeHolcim shares.

More detailed information on the business review, Group structure, and shareholders can be found on the following pages of the Annual Report:

Topic

Chapter	Page
Business review in the individual Group regions	**76 – 94**
Segment information	**208**
Principal companies	**260 – 262**
Information about LafargeHolcim Ltd & listed Group companies	**263**

Capital structure

LafargeHolcim has one uniform type of registered share in order to comply with international capital market requirements in terms of an open, transparent, and modern capital structure and to enhance attractiveness, particularly for institutional investors.

Share capital

Following the merger between Holcim Ltd and Lafarge S.A. in 2015, which is explained further in the Extraordinary General Meeting documentation under: *www.holcim.com/AGM*, the share capital is divided into 606,909,080 registered shares of CHF 2 nominal value each. As of December 31, 2015, the nominal, fully paid-in share capital of LafargeHolcim Ltd amounted to CHF 1,213,818,160.

Conditional share capital

The share capital may be raised by a nominal amount of CHF 2,844,700 through the issuance of a maximum of 1,422,350 fully paid-in registered shares, each with a par value of CHF 2 (as per December 31, 2015). The conditional capital may be used for exercising convertible and/or option rights relating to bonds or similar debt instruments of the company or one of its Group companies. The subscription rights of the shareholders will be excluded. The current owners of conversion rights and/or warrants will be entitled to subscribe for the new shares. The acquisition of shares through the exercise of conversion rights and/or warrants and each subsequent transfer of the shares will be subject to the restrictions set out in the Articles of Incorporation. As per December 31, 2015, no bonds or similar debt instruments of the company or one of its Group companies were outstanding that would give rise to conversion rights related to the conditional capital; therefore, in the year under review, no conversion rights have been exercised. Further information on conversion rights and/or warrants and applicable conditions may be found in the Articles of Incorporation of LafargeHolcim Ltd at: *www.lafargeholcim.com/articles-association*.

Authorized share capital/Certificates of participation

As per December 31, 2015, Article 3ter of the Articles of Incorporation authorizes the Board of Directors, at any time until May 8, 2017, to increase the share capital by a maximum of CHF 264,237,400 by issuing up to 132,118,700 fully paid registered shares with a par value of CHF 2 each. As per December 31, 2015, no certificates of participation were outstanding.

Further information can be found under:
www.lafargeholcim.com/investor-relations

Topic

Article		Page
Articles of Incorporation of LafargeHolcim Ltd	www.lafargeholcim.com/articles-association	–
Code of Business Conduct	www.lafargeholcim.com/corporate-governance	–
Changes in equity of LafargeHolcim Ltd	Information for the year 2013 is included in the Annual Report 2014, P. 226 www.lafargeholcim.com/equity For merger related equity changes see Holcim archives under www.lafargeholcim.com/annual-general-meetings	172 – 173
Detailed information on conditional capital	www.lafargeholcim.com/articles-association Articles of Incorporation, Art. 3bis	–
Key data per share		58 – 61, 251, 279
Rights pertaining to the shares	www.lafargeholcim.com/articles-association Articles of Incorporation, Art. 6, 9, 10	–
Regulations on transferability of shares and nominee registration	www.lafargeholcim.com/articles-association Articles of Incorporation, Art. 4, 5	108
Warrants/Options		248 – 251

Board of Directors

The Board of Directors consists of 14 members, 13 of whom are independent according to the definition of the Swiss Code of Best Practice for Corporate Governance.

Please see pages 112 to 118 for the biographical information of the Board members as per December 31, 2015. The title “Chairman of the Board” as used herein refers to the Statutory Chairman of the Board.

At the Annual General Meeting of April 13, 2015 of Holcim Ltd, the shareholders re-elected all nine members of the Board of Directors and reelected Prof. Dr. Wolfgang Reitzle as Chairman of the Board of Directors. Furthermore, the shareholders elected the four members of the Nomination & Compensation Committee.

The shareholders also elected the auditors and the independent proxy.

Ms. Anne Wade and Mr. Jürg Oleas retired from the Board of Directors of Holcim Ltd at the Extraordinary General Meeting of May 8, 2015 with effect from completion of the Exchange Offer in the context of the merger. Also with effect from completion of the exchange offer, Hanne Birgitte Breinbjerg Sørensen and Thomas Schmidheiny retired from the Nomination & Compensation Committee. The Board of Directors has expressed sincere gratitude for their services. Bruno Lafont, Bertrand Collomb, Philippe Dauman, Paul Desmarais, Jr., Oscar Fanjul, Gérard Lamarche, and Nassef Sawiris were elected, subject to the completion of the Exchange Offer, at the Extraordinary General Meeting of May 8, 2015.

New members of the Board of Directors are introduced in detail to the company’s areas of business. The Board of Directors meets as often as business requires, but at least four times a year. In 2015, four regular meetings and eighteen additional meetings were held. The Board of Directors held two regular meetings with all members present and two meetings with one member excused. As a rule, the members of the Executive Committee attended those parts of the regular meetings of the Board of Directors which dealt with operational issues of the Group. The average duration of each regular meeting was five hours.

Composition of the Board of Directors

Board of Directors	Position
Wolfgang Reitzle	Co-Chairman (Statutory Chairman)
Beat Hess	Vice-Chairman
Bruno Lafont	Co-Chairman [1]
Bertrand Collomb	Member [1]
Philippe Dauman	Member [1]
Paul Desmarais, Jr.	Member [1]
Oscar Fanjul	Member [1]
Alexander Gut	Member
Gérard Lamarche	Member [1]
Adrian Loader	Member
Jürg Oleas	Member [2]
Nassef Sawiris	Member [1]
Thomas Schmidheiny	Member
Hanne Birgitte Breinbjerg Sørensen	Member
Dieter Spälti	Member
Anne Wade	Member [2]

[1] As of July 10, 2015.
[2] Until July 10, 2015.

Other major Swiss and foreign mandates of the Board of Directors outside the LafargeHolcim Group as at December 31, 2015

Board of Directors	Mandate	Position
Wolfgang Reitzle	Continental AG, Hannover (Germany)*	Chairman of the Board
	Axel Springer SE, Berlin (Germany)*	Member of the Supervisory Board
	Hawesko Holding AG, Hamburg (Germany)*	Member of the Supervisory Board
	Medical Park AG, Amerang (Germany)	Chairman of the Supervisory Board
	Ivoclar Vivodent AG, Schaan (Liechtenstein)	Member of the Board
	Perella Weinberg Partners, New York (USA)	Advisory Partner
Beat Hess	Nestlé S.A., Vevey (Switzerland)*	Member of the Board, Member of the Chairman's and Corporate Governance Committee, Chairman of the Compensation Committee
	Sonova Holding AG, Stäfa (Switzerland)*	Vice Chairman of the Board, Member of the Nomination and Compensation Committee
Bruno Lafont	World Business Council of Sustainable Development	Member of the Executive Committee & Co-Chair of the Energy Efficiency in Buildings project
	European Round Table of Industrialists	Chair of the Energy and Climate Change working group
	MEDEF (French Business Confederation)	Chair of Sustainable Development Commission
	AFEP (French Large Companies Association)	Member of the Board
	EDF*	Member of the Board
	ArcelorMittal*	Member of the Board
Bertrand Collomb	Académie des sciences morales et politiques, Paris (France)	Member
Philippe Dauman	Viacom Inc., New York City (USA)*	Member of the Board and Chief Executive Officer
	National Amusements, Dedham, MA (USA)	Member of the Board
	National Cable & Telecommunications Association, Washington, D.C. (USA)	Member of the Board
	Lenox Hill Hospital, New York NY (USA)	Member of the Executive Committee
	Paley Media Council, New York NY (USA)	Member
Paul Desmarais, Jr.	Power Corporation of Canada, Montréal (Canada)*,	Member of the Board
	Great-West Lifeco Inc., Winnipeg (Canada)*	Member of the Board
	IGM Financial Inc., Winnipeg (Canada)*	Member of the Board
	Pargesa Holding SA, Geneva (Switzerland)	Member of the Board
	Groupe Bruxelles Lambert, Brussels (Belgium)*	Member of the Board

Board of Directors	Mandate	Position
	Total SA, Paris (France)*	Member of the Board
	SGS SA, Geneva (Switzerland)*	Member of the Board
Oscar Fanjul	Marsh & McLennan Companies, New York NY (USA)*	Member of the Board
	Acerinox S.A., Madrid (Spain)*	Member of the Board
	Ferrovial S.A., Madrid (Spain)*	Member of the Board
Alexander Gut	Adecco S.A., Chéserex (Switzerland)*	Member of the Board & Chairman of the Audit Committee
	SIHAG Swiss Industrial Holding Ltd, Uetikon am See (Switzerland)	Member of the Board
	Gut Corporate Finance AG, Zurich (Switzerland)	Managing Partner
Gérard Lamarche	Groupe Bruxelles Lambert, Brussels (Belgium)*	Managing Director
	Legrand, Limoges (France)*	Member of the Board and of the Audit Committee
	Total SA, Paris (France)*	Member of the Board, Chairman of the Remuneration Committee and Member of the Audit Committee
	SGS SA, Geneva (Switzerland)*	Member of the Board and of the Audit Committee
Adrian Loader	Oracle Coalfields PLC, London* (United Kingdom)	Chairman of the Board
	Alderon Iron Ore, Montreal (Canada)*	Member of the Board
	Sherrit International Corporation, Toronto (Canada)*	Member of the Board
Nassef Sawiris	OCI N.V., Amsterdam (Netherlands)*	Executive Director and Chief Executive Officer
	Orascom Construction Limited, Dubai (United Arab Emirates)*	Chairman of the Board
	BESIX Group, Brussels (Belgium)	Member of the Board
	OCI Partners LP, Delaware (USA)	Member of the Board
Thomas Schmidheiny	Schweizerische Cement-Industrie-Aktiengesellschaft, Rapperswil-Jona (Switzerland)	Chairman of the Board
	Spectrum Value Management Ltd., Rapperswil-Jona (Switzerland)	Chairman of the Board
	Abraaj Holdings, Dubai (United Arab Emirates)	Member of the Board
Hanne B. Sørensen	Damco International B.V., The Hague (Netherlands)	Chief Executive Officer
Dieter Spälti	Rieter Holding AG, Winterthur (Switzerland)*	Member of the Board
	Schweizerische Cement-Industrie-Aktiengesellschaft, Rapperswil-Jona (Switzerland)	Member of the Board
	Spectrum Value Management Ltd., Rapperswil-Jona (Switzerland)	Member of the Board

* Listed company
Note: For further information on other major Swiss and foreign mandates outside the LafargeHolcim Group please refer to the CVs on pages 112 to 118.

Elections and terms of office

In line with the Federal Council Ordinance against Excessive Compensation (OaEC), since the 2014 Annual General Meeting, the terms of office of all members of the Board of Directors is set at one year, expiring after completion of the following Annual General Meeting. In addition, the Chairman of the Board of Directors, all members of the Board of Directors, and all members of the Nomination, Compensation & Governance Committee are elected for a one-year term at the Annual General Meeting. The Chairman of the Board of Directors, the members of the Board of Directors and the members of the Nomination, Compensation & Governance Committee may be proposed for re-election by the Board of Directors upon motion by the Nomination, Compensation & Governance Committee. The Nomination, Compensation & Governance Committee bases its motion on a review of the overall performance of each candidate.

The following expert committees exist:

Finance & Audit Committee (Replaced Audit Committee as of July 28, 2015)

The Finance & Audit Committee assists and advises the Board of Directors in conducting its supervisory duties with respect to the internal control systems. It examines the reporting for the attention of the Board of Directors and evaluates the Group's external and internal audit procedures, reviews the risk management systems of the Group, and assesses financing issues.

All members are independent according to the definition of the Swiss Code of Best Practice for Corporate Governance, in order to ensure the necessary degree of objectivity required for a Finance & Audit Committee.

In 2015, four regular meetings and four additional meetings of the Finance & Audit Committee were held. All regular meetings were held with all members of the committee present. All meetings were also attended by the auditors. At three meetings, the Head of Group Internal Audit and the Chief Legal & Compliance Officer were present for certain agenda topics. Furthermore, the CEO and the CFO attended the meetings of the Finance & Audit Committee as guests insofar as they were not themselves affected by the items on the agenda. The average duration of each regular meeting was 3.5 hours.

In 2015, the committee reviewed in particular the financial reporting of the Group, the releases of the quarterly results and the findings of the external auditors. The committee took note of the status of the ICS (internal control system), discussed the findings of the Group Internal Audit, dealt with compliance and internal directives, and evaluated financing issues. The committee also evaluated the performance of the external auditors and their fees.

The Finance & Audit Committee's Charter is available at:
www.lafargeholcim.com/articles-association

Composition of the Finance & Audit Committee

Finance & Audit Committee	Position
Alexander Gut	**Chairman**
Betrand Collomb	**Member** [1]
Beat Hess	**Member**
Gérard Lamarche	**Member** [1]
Dieter Spälti	**Member**

[1] Member as of July 28, 2015.

Nomination, Compensation & Governance Committee
(Replaced Nomination & Compensation Committee as of July 10, 2015)
The Nomination, Compensation & Governance Committee supports the Board of Directors in planning and preparing succession at the Board of Directors and senior management level. It monitors developments with regard to corporate governance and compensation for the Board of Directors and Executive Committee, and briefs the Board of Directors accordingly. The committee advises the Board of Directors on the compensation policy for the Board of Directors and for the Executive Committee and on the motion by the Board of Directors to the Annual General Meeting of shareholders for the total compensation of the Board of Directors and of the Executive Committee.

In 2015, the Nomination, Compensation & Governance Committee held three regular meetings and seven additional meetings. All of the regular meetings were attended by all members of the committee. The meetings were also attended by the CEO as a guest, insofar as he was not himself affected by the items on the agenda. The average duration of each meeting was 3.0 hours.

The charter of the Nomination, Compensation & Governance Committee may be found at: *www.lafargeholcim.com*. More details on the activities of the Nomination, Compensation & Governance Committee, in particular with regard to the process of determination of compensation, can be found in the remuneration report, starting on page 124.

Composition of the Nomination, Compensation & Governance Committee

Nomination, Compensation & Governance Committee	Position
Paul Desmarais, Jr.	**Chairman** [1]
Adrian Loader	**Chairman** [2]
Oscar Fanjul	**Member** [3]
Wolfgang Reitzle	**Member**
Thomas Schmidheiny	**Member** [4]
Hanne Sørensen	**Member** [4]

[1] Chairman as of July 10, 2015.
[2] Chairman until July 10, 2015.
[3] Member as of July 10, 2015.
[4] Member until July 10, 2015.

Strategy & Sustainable Development Committee
(Replaced Governance & Strategy Committee as of July 28, 2015)
The Strategy & Sustainable Development Committee supports the Board of Directors in all matters related to strategy and sustainable development. It monitors developments with regard to these matters and briefs the Board of Directors accordingly. The committee deals with any matters within the Board of Director's authority, which are urgent and may arise between scheduled ordinary Board of Directors meetings, including the authorization to take preliminary action on behalf of the Board, followed by adequate information of the Board of Directors.

In 2015, the Strategy & Sustainable Development Committee held four regular meetings and six additional meetings. Three of the regular meetings were attended by all members of the committee and for one regular meeting two members were excused. The meetings were also attended by the CEO as a guest, insofar as he was not himself affected by the items on the agenda. The average duration of each regular meeting was 3.0 hours.

The charter of the Strategy & Sustainable Development Committee may be found at: *www.lafargeholcim.com/articles-association*

Composition of the Strategy & Sustainable Development Committee

Strategy & Sustainable Development Committee	Position
Dieter Spälti	**Chairman** [1]
Wolfgang Reitzle	**Chairman** [2]
Oscar Fanjul	**Member** [3]
Beat Hess	**Member**
Gérard Lamarche	**Member** [3]
Nassef Sawiris	**Member** [3]
Anne Wade	**Member** [4]

[1] Chairman as of July 28, 2015.
[2] Chairman and member until July 28, 2015.
[3] Member as of July 28, 2015
[4] Member until July 28, 2015

Areas of responsibility

The division of responsibilities between the Board of Directors, the CEO, and the Executive Committee is set out in detail in the company's Organizational Rules. The Organizational Rules may be found at: *www.lafargeholcim.com/articles-association*.

Organizational Rules

The Organizational Rules entered into force on May 24, 2002, and according to the Organizational Rules shall be reviewed at least every two years and amended as required. They were last reviewed and amended in view of the merger in 2015.

The Organizational Rules are issued by the Board of Directors of LafargeHolcim Ltd in accordance with the terms of Art. 716b of the Swiss Code of Obligations and Art. 18 of the company's Articles of Incorporation. They stipulate the organizational structure of the Board of Directors and the Executive Committee and govern the tasks and powers conferred on the company's executive bodies. They regulate the convocation, execution, and number of meetings to be held by the Board of Directors and the Executive Committee as well as the tasks and competences of the company's bodies. The Organizational Rules set out the tasks and responsibilities of the Chairman of the Board of Directors and the CEO. In the event that the Chairman of the Board of Directors is not independent, the Organizational Rules provide for the election of an Independent Lead Director.

The Board of Directors also has the power to establish expert committees and, if required, ad-hoc committees for special tasks. The Board of Directors can delegate special tasks or tasks related to specific functions to a Vice-Chairman on a temporary or permanent basis.

As part of its non-transferable statutory responsibilities, the Board of Directors defines the corporate strategy, approves the consolidated Group mid-term plan, including the budget, and the Annual Report for submission to the Annual General Meeting.

The CEO is responsible for operational management, preparing a large part of the business of the Board of Directors – including corporate strategy proposals – and executing the latter's resolutions. The CEO issues directives and recommendations with Group-wide significance in his own authority and is also responsible for electing and dismissing Area Managers, Function Heads and CEOs of Group companies, as well as for the nomination of the members of the Board of Directors and supervisory bodies of the Group companies.

Within the framework of mid-term plan approval, the Board of Directors defines limits for investments and financing. Within these limits, the Executive Committee decides on financing transactions and on one-off investments and divestments for amounts up to CHF 400 million. Amounts exceeding this are subject to approval by the Board of Directors. The Board of Directors is regularly informed about important transactions under the authority of the Executive Committee.

The members of the Executive Committee may delegate their tasks in relation to their geographical areas of responsibility to Area Managers.

The Board of Directors determines the CEO's objectives upon motion by the Chairman of the Board and the Executive Committee members' Group objectives upon motion by the Nomination, Compensation & Governance Committee, both after advice and assessment with the CEO.

The CEO assesses the performance of the members of the Executive Committee and, after advice and assessment by the Nomination, Compensation & Governance Committee, determines their respective individual objectives.

The Executive Committee oversees Risk Management following appraisal by the Finance & Audit Committee. The Board of Directors is informed annually about the risk situation.

In case of a direct conflict of interest, the Organizational Rules require each member of the corporate body concerned to stand aside voluntarily prior to any discussion of the matter in question. Members of the corporate bodies are required to treat all information and documentation which they may obtain or view in the context of their activities in these bodies as confidential and not to make such information available to third parties.

All individuals vested with the powers to represent the company have only joint signatory power at two.

Information and control instruments of the Board of Directors

The Board of Directors determines the manner in which it is to be informed about the course of business. Any member of the Board of Directors may demand information on all issues relating to the Group and the company. All members of the Board of Directors may request information from the CEO after information of the Chairman of the Board of Directors. At meetings of the Board of Directors, any attending member of the Executive Committee has a duty to provide information. All members of the Board of Directors have a right to inspect books and files to the extent necessary for the performance of their tasks.

1. Financial reporting

The Board of Directors is informed on a monthly basis about the current course of business, adopts the quarterly reports, and releases them for publication. The Board of Directors discusses the Annual Report, takes note of the auditors' reports, and submits the Annual Report to the Annual General Meeting for approval.

With regard to Group strategy development, a strategy plan, a mid-term plan covering three years and including the budget are submitted to the Board of Directors.

2. Risk Management

LafargeHolcim benefits from many years of experience with risk management. The risk assessment process 2015 covers the majority of consolidated Countries and their relevant business segments.

Group Risk Management (GRM) analyzes the Group's overall risk exposure and supports the strategic decision-making process. The full risk spectrum, from market, operations, finance and legal, to external risk factors of the business environment, is reviewed, including compliance and reputational risks. The risk assessment is not limited to a hazard analysis, but also identifies possible opportunities.

The Group's risk profile is established by strategic, operational and functional risk assessments which are combined into a 360° risk analysis. GRM involves the Board of Directors, the Executive Committee, corporate Function Heads and the Countries in the risk assessment.

The risk assessment process consists of several steps. First, risks are assessed and prioritized according to significance and likelihood. Top risks are analyzed more deeply regarding their causes, and risk treatment is defined. The consolidated Group risk profile is established and the Group risk initiatives are set up and monitored on their progress during the year. Information gathered in the process is stored in a protected, centralized database.

Responsibilities concerning risks are clearly defined at Country and corporate level. The underlying principle is that risk management is a line management responsibility with GRM forming part of the second line of defense and Internal Audit forming the third line of defense.

3. Internal Audit

Internal Audit assures the existence and pertinence of process controls and the integrity of information. Internal Audit reports to the CEO with an additional reporting line to the Chairman of the Finance & Audit Committee and periodically informs the Finance & Audit Committee. The members of the Board of Directors have access to Internal Audit at all times. Each year, the Finance & Audit Committee defines the audit focal areas to be addressed by Internal Audit, and the Head of Internal Audit periodically updates the Finance & Audit Committee on the activities of Internal Audit.

Executive Committee

Members of the Executive Committee (including the CEO) are appointed by the Board of Directors and are responsible for the management of the Group. The members of the Executive Committee may be assisted by Area Managers in their area of responsibility. Area Managers are appointed upon motion by the respective Executive Committee member by the CEO after advice and assessment by the Executive Committee.

The tasks of the Executive Committee as Senior Management are divided into different areas of responsibility in terms of country and function, each of these areas being ultimately supervised and managed by a member of the Executive Committee.

Further to the situation effective January 1, 2015 reported in the Annual Report 2014 on pages 115 – 116 and with the closing of the merger, the following changes within the Executive Committee have occurred:

Bernard Fontana, former Chief Executive Officer of Holcim Ltd, has decided to pursue other challenges outside the Group from the date of the closure of the merger. LafargeHolcim thanked Bernard Fontana for his contribution to the Group.

Eric Olsen has been appointed Chief Executive Officer of the combined Group with effect from the date of the closure of the merger.

Bernard Terver, responsible for Africa Middle East as well as South Asia, has stepped down from the Executive Committee and assumed the position as Head of India for LafargeHolcim from the date of the closure of the merger.

Andreas Leu, responsible for the Americas, has decided to pursue other challenges outside the Group with effect from August 1, 2015. LafargeHolcim thanked Andreas Leu for his contributions to the Group.

Thomas Aebischer, Chief Financial Officer of the Group, has decided to pursue new opportunities outside the Group and has been succeded by Ron Wirahadiraksa as of December 1, 2015. LafargeHolcim thanked Thomas Aebischer for his contribution to the Group.

Effective December 31, 2015 the Executive Committee was composed of the following ten members. None of the members of the Executive Committee has important functions outside the LafargeHolcim Group or any other significant commitments of interest.

Composition of the Executive Committee

Executive Committee	Position	Responsibility
Eric Olsen	**CEO**	
Ron Wirahadiraksa	**CFO**	
Urs Bleisch	**Member**	**Performance and Cost**
Alain Bourguignon	**Member**	**Region Head North America**
Pascal Casanova	**Member**	**Region Head Latin America**
Jean-Jacques Gauthier	**Member**	**Integration, Organization & Human Resources**
Roland Köhler	**Member**	**Region Head Europe**
Gérard Kuperfarb	**Member**	**Growth and Innovation**
Saâd Sebbar	**Member**	**Region Head Middle East Africa**
Ian Thackwray	**Member**	**Region Head Asia Pacific** [1]

[1] **Excluding India, which is under direct responsibility of the CEO.**

Please refer to pages 119 and 122 for biographical information on the members of the Executive Committee.

Management agreements
LafargeHolcim has no management agreements in place with companies or private individuals outside the Group.

Compensation, shareholdings and loans
Details of Board and management compensation, shareholdings, and loans are contained in the remuneration report (page 124) and in the Holding company results (page 276, note 14).

Shareholders' participation

Voting rights and representation restrictions

All holders of registered shares who are registered as shareholders with voting rights in the share register on the closing date for the share registry (approximately one week prior to the Annual General Meeting. The closing date is communicated with the invitation to the Annual General Meeting) are entitled to participate in, and vote at, Annual General Meetings. Shares held by trusts and shares for which no declaration has been made that the holder requesting registration is holding the shares in his own name and for his own account are entered in the share register as having no voting rights. Shareholders not participating in person in the Annual General Meeting may be represented by another shareholder or by the independent voting proxy. In line with the requirements of the OaEC, an electronic voting option is provided for. Voting rights are not subject to any restrictions. Each share carries one vote.

Statutory quorums

The Annual General Meeting of shareholders constitutes a quorum, regardless of the number of shares represented or shareholders present; resolutions are passed by an absolute majority of the votes allocated to the shares represented, unless Art. 704 para. 1 of the Swiss Code of Obligations or the Merger Act provides otherwise. In such cases, resolutions may only be passed with the respective qualified majority of the votes represented.

According to Art. 10 para. 2 of the Articles of Incorporation and in addition to Art. 704 para. 1 of the Swiss Code of Obligations, the approval of at least two-thirds of the votes represented and the absolute majority of the par value of shares represented shall be required for resolutions of the Annual General Meeting of shareholders with respect to the removal of restrictions set forth in Art. 5 of the Articles of Incorporation (entries in the share register), the removal of the mandatory bid rule (Art. 22 para. 3 of the Stock Exchange Act), and the removal or amendment of para. 2 of Art. 10 of the Articles of Incorporation.

The chair of the meeting may also have votes and elections conducted electronically. Electronic votes and elections are deemed equivalent to secret votes and elections.

Convocation of the Annual general meeting and agenda rules

The ordinary Annual General Meeting of shareholders takes place each year, at the latest six months following the conclusion of the financial year. It is convened by the Board of Directors, whereby invitations are published at least twenty days prior to the meeting and in which details are given of the agenda and items submitted. Shareholders representing shares with a par value of at least one million Swiss francs may request the addition of a particular item for discussion and resolution. A corresponding application must be submitted in writing to the Board of Directors at least forty days prior to the Annual General Meeting. Such application should indicate the items to be submitted. The invitations as well as the minutes of the Annual General Meetings shall be published on: *www.lafargeholcim.com*.

Entries in the share register

The company maintains a share register for registered shares in which the names and addresses of owners and beneficiaries are entered. According to the applicable rules and regulations, only those included in the share register are deemed shareholders or beneficial owners of the registered shares of the company. Upon request, purchasers of registered shares shall be included in the share register as shareholders with voting rights if they expressly declare that they have acquired the shares in their own name and for their own account. Exceptions to this rule apply for nominees who have signed a nominee agreement with the company regarding this position and are subject to a recognized banking or financial markets supervisory authority.

The share register is closed approximately one week prior to the date of the Annual General Meeting (the exact date is communicated in the invitation to the Annual General Meeting). Shareholders' participation and rights of protection are furthermore governed by the Swiss Code of Obligations.

This information comprises excerpts from or references to the content of the Articles of Incorporation of LafargeHolcim Ltd. The full version of the Articles of Incorporation in force as at the date of publication of this Annual Report can be accessed at: *www.lafargeholcim.com/articles-association*.

Changes of control and defense measures

The Articles of Incorporation contain no waiver of the duty to make a public offer under the terms of Art. 32 and 52 of the Stock Exchange Act ("opting out"). The result is that a shareholder who directly, indirectly, or in concert with third parties acquires shares in the company and, together with the shares he already possesses, thereby exceeds the 33⅓ percent threshold of voting rights in the company must make an offer for all listed shares of the company.

There are no clauses relating to changes of control.

Auditors

As part of their auditing activity, the auditors inform the Finance & Audit Committee and the Executive Committee regularly about their findings and make suggestions for improvement. Taking into account the reporting and assessments by the Group companies, the Finance & Audit Committee evaluates the performance of the auditors and their remuneration in line with market conditions. The Finance & Audit Committee approves the audit focus area, provides recommendations to the auditors and makes suggestions for improvement. In 2015, the auditors participated in all four regular meetings of the Finance & Audit Committee to discuss individual agenda items.

Ernst & Young Ltd, Zurich, was appointed in 2002 as auditors to LafargeHolcim Ltd. Since 2011, Willy Hofstetter has been responsible for managing the audit mandate, supported by Elisa Alfieri. The rotation of the lead auditor will be carried out in accordance with Art. 730a of the Swiss Code of Obligations. The auditors are elected for a one-year term by the Annual General Meeting.

The fees shown below were charged for professional services rendered to the Group by Ernst & Young in 2015 and 2014:

Million CHF	2015	2014[1]
Audit services[1]	20.9	11.4
Audit-related services[2]	5.5	0.8
Tax services	0.3	0.3
Other services[3]	0.5	0.3
TOTAL	27.2	12.8

[1] This amount includes the fees for the individual audits of Group companies carried out by Ernst & Young as well as their fees for auditing the Group financial statements.
[2] Audit-related services comprise, among other things, amounts for due diligences, comfort letters, accounting advice, information systems reviews and reviews on internal controls.
[3] Other services include, among other things, amounts for accounting, actuarial and legal advisory services.

Information policy

LafargeHolcim Ltd reports to shareholders, the capital market, employees, and the public at large in a transparent and timely manner concerning its corporate performance, including achievement of its sustainability targets. Open dialog is nurtured with the most important stakeholders, based on mutual respect and trust. This promotes knowledge of the company and understanding of objectives, strategy, and business activities of the company.

As a listed company, LafargeHolcim Ltd is under an obligation to disclose facts that may materially affect the share price (ad-hoc disclosure, Art. 53 and 54 of the SIX listing rules and Art 223-2 of the AMF General Regulations). LafargeHolcim Ltd is subject to the SIX and AMF rules on the disclosure of management transactions made by the members of the Board of Directors and senior management. These can be accessed on the SIX and AMF websites: *https://www.six-exchange-regulation.com/en/home/issuer/obligations/management-transactions.html* and *http://www.amf-france.org/en_US/Acteurs-et-produits/Societes-cotees-et-operations-financieres/Information-financiere-et-comptable/Obligations-d-information.html?#title_paragraph_1*

The most important information tools are the annual and quarterly reports, the website *(www.lafargeholcim.com)*, media releases, press conferences, meetings for financial analysts and investors, and the Annual General Meeting.

The commitment to sustainability is described on pages 62 to 71 of this Annual Report. Current information relating to sustainable development is available at: *www.lafargeholcim.com*. In 2016, LafargeHolcim Ltd will publish its ninth sustainability report. A full sustainability report is now published every year.

The financial reporting calendar is shown on pages 61 and 284 of this Annual Report.

Should there be any specific queries regarding LafargeHolcim, please contact:

Corporate Communications, Phone: +41 58 858 87 10, Fax: +41 58 858 87 19,
E-Mail: communications@lafargeholcim.com

Investor Relations, Phone: +41 58 858 87 87, Fax: +41 58 858 80 09,
E-Mail: investor.relations@lafargeholcim.com

BOARD OF DIRECTORS

Wolfgang Reitzle
(Co-Chairman – Statutory Chairman)

Wolfgang Reitzle

German national born in 1949, Wolfgang Reitzle is Co-Chairman (Statutory Chairman) and a Member of the Nomination, Compensation & Governance Committee of the Board of Directors of LafargeHolcim Ltd. He was elected to the Board of Directors of LafargeHolcim Ltd (then "Holcim Ltd") in 2012. He studied engineering and economics at the Technical University of Munich and holds a degree and a PhD in Mechanical Engineering. He is also Honorary Professor for Management at the Technical University of Munich, Germany. From 1976 to 1999 he worked for the car manufacturer BMW, where in 1987 he was appointed a regular Member of the Executive Board, responsible for Research and Development. In 1999, he took over as Chief Executive Officer of the Premier Automotive Group and Vice President of the US car manufacturer Ford. In 2002, he joined the Executive Committee of Linde, a world-leading gases and engineering company, and was Chief Executive Officer from 2003 to 2014. Wolfgang Reitzle is also Chairman of the Supervisory Board of Continental AG, Hannover, Germany, Chairman of the Supervisory Board of Medical Park AG, Amerang, Germany, Member of the Supervisory Board of Springer SE, Berlin, Germany, and Member of the Supervisory Board of Hawesko AG, Hamburg, Germany. His other mandates include membership on the Board of Directors of Ivoclar Vivadent, Schaan, Liechtenstein and an advisory mandate with Perella Weinberg Partners, New York, USA.

Beat Hess
(Vice-Chairman)

Beat Hess

Swiss national born in 1949, Beat Hess is Vice-Chairman of the Board of Directors, a Member of the Strategy & Sustainable Development Committee, and a Member of the Finance & Audit Committee of LafargeHolcim Ltd. He was elected to the Board of Directors of LafargeHolcim Ltd (then "Holcim Ltd") in 2010. He holds a doctorate in law and is admitted to the bar in Switzerland. From 1977 to 2003, he was initially Legal Counsel and subsequently General Counsel for the ABB Group. From 2004 until the end of 2010, he was Legal Director and a Member of the Executive Committee of the Royal Dutch Shell Group, London and The Hague. His other mandates include that he is a Member of the Board of Directors, a Member of the Chairman's and Corporate Governance Committee, and Chairman of the Compensation Committee of Nestlé S.A., Vevey, Switzerland, as well as Vice-Chairman and Member of the Nomination and Compensation Committee of the Board of Directors of Sonova Holding AG, Stäfa, Switzerland.

Bruno Lafont

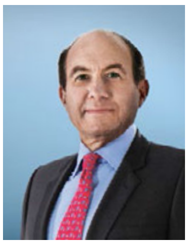
French national born in 1956, Bruno Lafont is Co-Chairman of the Board of Directors of LafargeHolcim Ltd. He was elected to the Board of Directors of LafargeHolcim Ltd in 2015. He is a graduate of the Hautes Études Commerciales Business School (HEC Paris) and École Nationale d'Administration (ENA Paris). He was elected to the Board of Lafarge S.A. in 2005, became Chief Executive Officer in 2006, and served as Chairman of the Board of Directors and Chief Executive Officer of Lafarge S.A. from 2007 to 2015 and is therefore considered non-independent according to the definition of the Swiss Code of Best Practice for Corporate Governance. Bruno Lafont is Honorary Chairman of Lafarge S.A. He joined Lafarge in 1983 and subsequently held various positions in finance and international operations. In 1995, he was appointed Group Executive Vice President, Finance; in 1998, President of the Gypsum Division; and in 2003, Chief Operating Officer. Bruno Lafont is a director of EDF, France, and ArcelorMittal, Luxemburg. He is a Member of the Executive Committee of the World Business Council for Sustainable Development (WBCSD), where he co-chairs the Energy Efficiency in Buildings project. He also chairs the Energy and Climate Change working group of the European Round Table of Industrialists (ERT) and the Sustainable Development Commission of MEDEF (French Business Confederation) and is a Board Member of AFEP (French Large Companies Association). He is special adviser to the mayor of Chongqing, China.

Bruno Lafont (Co-Chairman)

Bertrand Collomb

French national born in 1942, Bertrand Collomb is a Member of the Board of Directors and a Member of the Finance & Audit Committee of LafargeHolcim Ltd. He was elected to the Board of Directors of LafargeHolcim Ltd in 2015. A graduate of the École Polytechnique and the École des Mines in Paris, France, he also holds a French law degree and a PhD in Management from the University of Texas, USA. Bertrand Collomb is Honorary Chairman of Lafarge S.A., served as Chairman and Chief Executive Officer of Lafarge S.A. from 1989 to 2003, as Chairman from 2003 to 2007, and as Director until 2012. He joined Lafarge in 1975 and held various positions, including Chief Executive Officer of Lafarge in North America from 1985 to 1988. He founded the Center for Management Research at the École Polytechnique in Paris, France. He is also a founding member of the World Business Council for Sustainable Development (WBCSD), of which he was Chairman from 2004 to 2005. He was a Member of the Board of Directors of Total S.A., Courbevoie, France, of DuPont, Wilmington, Delaware, USA and of ATCO Group, Calgary, Canada until May 2015. His other mandates include that he is Member of the "Institut de France" and was Chairman of the "Académie des sciences morales et politiques."

Bertrand Collomb (Member)



Philippe Dauman
(Member)

Philippe Dauman

American national born in 1954, Philippe Dauman is a Member of the Board of Directors of LafargeHolcim Ltd. He was elected to the Board of Directors of LafargeHolcim Ltd in 2015. Philippe Dauman received his college degree from Yale University and his law degree from Columbia University School of Law. Philippe Dauman was a Member of the Board of Directors of Lafarge S.A. from 2007 to 2015 and was also Chairman of the Strategy, Investment and Sustainable Development Committee and a Member of the Corporate Governance and Nominations Committee of Lafarge S.A. until 2015. He is Member of the Board of Directors, President, and Chief Executive Officer of Viacom, New York, USA. He began his career working for the New York law firm Shearman & Sterling, where he became partner. He was General Counsel and Secretary of the Board of Directors of Viacom from 1993 to 1998, Executive Vice President from 1995 to 2000, and Deputy Chairman of the Board of Directors from 1996 to 2000. He was a Member of the Board of Lafarge North America from 1997 to 2006. In 2000, he became Joint Chairman of the Board of Directors and Chief Executive Officer of DND Capital Partners LLC, New York NY, USA. His other mandates include that Philippe Dauman is a Member of the Board of National Amusements, Dedham, MA, USA, Member of the Board of Directors of the National Cable & Telecommunications Association, Washington, D.C., USA, Member of the Executive Committee of Lenox Hill Hospital, New York NY, USA, Member of the Dean's Council at Columbia Law School, New York NY, USA, Member of the Business Roundtable, Washington, D.C., USA, Co-Chairman of the Partnership for New York, New York NY, USA, Member of the Board of Directors of the Kipp Foundation, San Francisco CA, USA, and Member of the Paley Media Council, New York NY, USA.

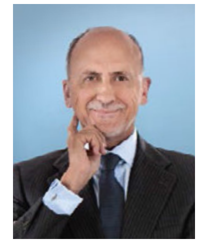
Paul Desmarais, Jr.
(Member)

Paul Desmarais, Jr.

Canadian national born in 1954, Paul Desmarais, Jr. is a Member of the Board of Directors and Chairman of the Nomination & Compensation Committee of LafargeHolcim Ltd. He was elected to the Board of Directors of LafargeHolcim in 2015. He holds a Bachelor of Commerce from McGill University, Montréal, Canada, and an MBA from the European Institute of Business Administration (INSEAD), Paris, France. He was a Member of the Board of Directors of Lafarge S.A. from 2008 to 2015 and was also a Member of its Strategy, Investment and Sustainable Development Committee until 2015. Paul Desmarais, Jr. is Chairman and Co-Chief Executive Officer of Power Corporation of Canada and Executive Co-Chairman of Power Financial Corporation, both located in Montréal, Canada. He joined Power Corporation in 1981 and assumed the position of Vice-President the following year. In 1984, he led the creation of Power Financial to consolidate Power Corporation's major financial holdings, as well as Pargesa Holding SA, Geneva, Switzerland, under a single corporate entity. Paul Desmarais, Jr. served as Vice-President of Power Financial from 1984 to 1986, as President and Chief Operating Officer from 1986 to 1989, as Executive Vice-Chairman from 1989 to 1990, as Executive Chairman from 1990 to 2005, as Chairman of the Executive Committee from 2006 to 2008 and as Executive Co-Chairman from 2008 until today. He also served as Vice-Chairman of Power Corporation from 1991 to 1996. He was named Chairman and Co-CEO of Power Corporation in 1996. From 1982 to 1990, he was a member of the Management Committee of Pargesa Holding SA and in 1991, Executive Vice Chairman and then Executive Chairman of the Management Committee. In 2003, he was appointed Co-Chief Executive Officer and in 2013 named Chairman of the Board. His other mandates include sitting on the Board of Directors of several Power group companies, including Power Corporation of Canada, Power Financial Corporation, Great-West Lifeco Inc., Winnipeg, Canada, and its major subsidiaries, IGM Financial Inc., Winnipeg, Canada, and its major subsidiaries, and several companies within the Pargesa Group, including Pargesa Holding SA, Geneva, Switzerland, Groupe Bruxelles Lambert, Brussels, Belgium, Total SA, Paris, France, and SGS SA, Geneva, Switzerland.

Oscar Fanjul

Spanish national born in 1949, Oscar Fanjul is a Member of the Board of Directors and a Member of the Strategy & Sustainable Development and of the Nomination, Compensation and Governance Committees of LafargeHolcim Ltd. He was elected to the Board of Directors of LafargeHolcim Ltd in 2015. Oscar Fanjul holds a PhD in Economics. He is also Independent Director and Vice-Chairman of the Board of Directors of Lafarge S.A., chairs its Corporate Governance and Nominations Committee and its Remunerations Committee, and is a Member of the Audit Committee and the Strategy, Investment and Sustainable Development Committee of Lafarge S.A. He was elected to the Board of Directors of Lafarge S.A. in 2005. He began his career working for the industrial holding INI, Madrid, Spain. He was Chairman founder and CEO of Repsol, S.A., Madrid, Spain. He has also been Chairman of Hidroeléctrica del Cantábrico, S.A., Oviedo, Spain and of Deoleo S.A., Madrid, Spain. Oscar Fanjul is Vice Chairman of Omega Capital, Madrid, Spain and his other mandates include that he is a Member of the Boards of Marsh & McLennan Companies, New York NY, USA, Acerinox S.A., Madrid, Spain, and Ferrovial S.A., Madrid, Spain. He has also been a board member of the London Stock Exchange, Unilever, London/Rotterdam, UK/Netherlands, and Areva, Courbevoie, France.



Oscar Fanjul (Member)

Alexander Gut

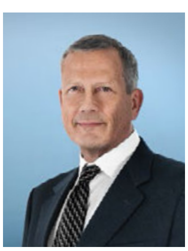
Dual British and Swiss national born in 1963, Alexander Gut is a Member of the Board of Directors and Chairman of the Finance & Audit Committee of LafargeHolcim Ltd. He was elected to the Board of Directors of LafargeHolcim Ltd (then “Holcim Ltd”) in 2011. He holds a doctorate in Business Administration (Dr. oec. publ.) from the University of Zurich and is a Swiss Certified Accountant. He was Chairman of the Audit Committee of Holcim Ltd from 2013 to 2015. From 1991 to 2001, he was with KPMG in Zurich and London, and from 2001 to 2003, he was with Ernst & Young in Zurich, where he was promoted to partner in 2002. From 2003 to 2007, he was a partner with KPMG in Zurich, where he was promoted to the Executive Committee of KPMG Switzerland in 2005. Alexander Gut is the founder and managing partner of Gut Corporate Finance AG, an independent corporate finance advisory firm in Zurich. He is a Member of the Board of Directors and Chairman of the Nomination and Compensation Committee and a Member of the Audit Committee of Adecco S.A., Cheserex, Switzerland. He is also a Member of the Board of Directors of SIHAG Swiss Industrial Holding Ltd.

Alexander Gut (Member)

Gérard Lamarche
(Member)

Gérard Lamarche

Belgian national born in 1961, Gérard Lamarche is a Member of the Board of Directors, Member of the Finance & Audit Committee, and Member of the Strategy & Sustainable Development Committee of LafargeHolcim Ltd. He was elected to the Board of Directors of LafargeHolcim Ltd in 2015. He holds a Bachelor of Economics from the University of Louvain-la-Neuve, Belgium, with specialization in Business Administration and Management. He also completed the Advanced Management Program for Suez Group Executives at INSEAD Business School, Fontainebleau, France and took part in the 1998-1999 Wharton International Forum, Global Leadership Series. He has been a Member of the Board of Directors of Lafarge S.A. since 2012 and also a Member of the Audit Committee and is a Member of the Strategy, Investment and Sustainable Development Committee. Gérard Lamarche is Managing Director of Groupe Bruxelles Lambert SA, Brussels, Belgium. He began his career in 1983 with Deloitte Haskins & Sells, Brussels, Belgium, and became a M&A consultant in the Netherlands in 1987. In 1988, he joined Société Générale de Belgique, Brussels, Belgium as Investment Manager, became Controller in 1989, and Advisor to the Director of Strategic Planning in 1992. From 1995 to 1997, he was the Secretary of the Executive Committee of Suez, Paris, France, and was later appointed Senior Vice President in charge of Planning, Control and Accounting. In 2000, he joined NALCO (US subsidiary of the Suez Group based in Naperville Il, USA) as Member of the Board, Senior Executive Vice President, and CFO. He was appointed CFO of the Suez Group in 2003. Gérard Lamarche is Director of Legrand, Limoges, France, of Total SA, Paris, France, and of SGS, Geneva, Switzerland.



Adrian Loader
(Member)

Adrian Loader

British national born in 1948, Adrian Loader is a Member of the Board of Directors and a Member of the Nomination, Compensation & Governance Committee of LafargeHolcim Ltd. He was elected to the Board of Directors of LafargeHolcim Ltd (then "Holcim Ltd") in 2006. Adrian Loader holds an Honours Degree in History from Cambridge University and is a fellow of the Chartered Institute of Personnel and Development. He was Chairman of the Nomination & Compensation Committee of Holcim Ltd from 2014 to 2015. He began his professional career at Bowater in 1969 and joined Shell the following year. Until 1998, he held various management positions in Latin America, Asia, and Europe and at the corporate level. In 1998, he was appointed President of Shell Europe Oil Products and in 2004 became Director for strategic planning, sustainable development, and external affairs for the Shell Group. In 2005 he became Director of the Strategy and Business Development Directorate of Royal Dutch Shell, Den Haag, Netherlands; he became President and CEO of Shell Canada in 2007 and retired from Shell at the end of the year. In January 2008, he joined the Board of Directors of Candax Energy Inc., Toronto, Canada and was Chairman until June 2010. He then served as Chairman of Compton Petroleum, Calgary, Canada until August 2012. His other mandates include serving as Chairman of the Board of Directors of Oracle Coalfields PLC, London, United Kingdom, as a Member of the Board of Directors of Sherritt International Corporation, Toronto, Canada; and as a Member of the Board of Alderon Iron Ore, Montreal, Canada.

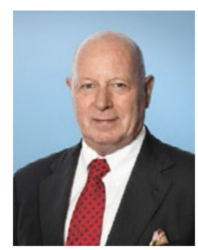
Nassef Sawiris

Egyptian national born in 1961, Nassef Sawiris is Member of the Board of Directors and Member of the Strategy & Sustainable Development Committee of LafargeHolcim Ltd. He was elected to the Board of Directors of LafargeHolcim Ltd in 2015. He holds a Bachelor of Economics from the University of Chicago. Nassef Sawiris was a Member of the Board of Directors of Lafarge S.A. from 2008 to 2015 and was a Member of the Corporate Governance and Nominations Committee, Member of the Remunerations Committee and Member of the Strategy, Investment and Sustainable Development Committee of Lafarge S.A. until 2015. Nassef Sawiris is the Chief Executive Officer of OCI N.V. He joined the Orascom Group in 1982, became the Chief Executive Officer of OCI N.V.'s predecessor, Orascom Construction Industries (OCI S.A.E.), in 1998 and was also appointed Chairman of OCI S.A.E. in 2009. He was appointed Chairman of Orascom Construction Limited in 2015. Nassef Sawiris is a Member of the Cleveland Clinic's International Leadership Board Executive Committee since 2011, and in 2013 he became a Member of the University of Chicago's Board of Trustees. Nassef Sawiris has also previously served on the Boards of the Egyptian Stock Exchange and NASDAQ Dubai. His other mandates include that he is a Member of the Board of BESIX Group, Brussels, Belgium, and of OCI Partners LP, Delaware, USA.

Nassef Sawiris
(Member)

Thomas Schmidheiny

Swiss national born in 1945, Thomas Schmidheiny is a Member of the Board of Directors of LafargeHolcim Ltd. He was elected to the Board of Directors of LafargeHolcim Ltd (then "Holderbank Financière Glaris Ltd", later "Holcim Ltd") in 1978. He studied mechanical engineering at the ETH Zurich and complemented his studies with an MBA from the IMD Lausanne in 1972. In 1999, he was awarded an honorary doctorate for his services in the field of sustainable development from Tufts University, Massachusetts. He began his career in 1970 as Technical Director with Cementos Apasco and in 1976 was appointed to the Executive Committee of Holcim Ltd, where he held the office of Chairman from 1978 until 2001. He was Chairman of the Board of Directors of Holcim Ltd from 1984 until 2003 and a Member of the Nomination & Compensation Committee of Holcim Ltd until 2015. His other mandates include that he is a Chairman of the Board of Directors of Spectrum Value Management Ltd and of Schweizerische Cement-Industrie-Aktiengesellschaft, both in Rapperswil-Jona, Switzerland and a Member of the Board of Abraaj Holdings, Dubai, United Arab Emirates.



Thomas Schmidheiny
(Member)

Hanne Birgitte Breinbjerg Sørensen (Member)

Hanne Birgitte Breinbjerg Sørensen

Danish national born in 1965, Hanne Birgitte Breinbjerg Sørensen is a Member of the Board of Directors of LafargeHolcim Ltd. She was elected to the Board of Directors of LafargeHolcim Ltd (then “Holcim Ltd”) in 2013. Hanne Birgitte Breinbjerg Sørensen holds an MSc in Business Economy from the University of Aarhus. She was a Member of the Nomination & Compensation Committee of Holcim Ltd from 2014 to 2015. Until the end of 2013 she was the Chief Executive Officer of Maersk Tankers, Copenhagen and has been Chief Executive Officer of Damco, The Hague, Netherlands, another company of the A.P. Møller-Maersk Group, Copenhagen, Denmark, since 2014.

Dieter Spälti (Member)

Dieter Spälti

Swiss national born in 1961, Dieter Spälti is a Member of the Board of Directors, the Chairman of the Strategy & Sustainable Development Committee, and Member of the Finance & Audit Committee of LafargeHolcim Ltd. He was elected to the Board of Directors of LafargeHolcim Ltd (then “Holcim Ltd”) in 2003. He studied law at the University of Zurich, Switzerland, where he obtained a doctorate in 1989. He was a Member of the Audit Committee from 2010 to 2015 and of the Governance & Strategy Committee of Holcim Ltd from 2013 to 2015. Dieter Spälti began his professional career as a Credit Officer with Bank of New York in New York NY, USA, before taking up an appointment as Chief Financial Officer of Tyrolit (Swarovski Group), based in Innsbruck, Austria and Zurich, Switzerland in 1991. From 1993 until 2001, he was with McKinsey & Company, ultimately as a partner, and was involved in numerous projects with industrial, financial, and technology firms in Europe, the USA, and Southeast Asia. In October 2002, he joined Rapperswil-Jona, Switzerland-based Spectrum Value Management Ltd as a partner; the firm administers the industrial and private investments of the family of Thomas Schmidheiny. Since 2006, he has been Chief Executive Officer and Member of the Board of Directors of Spectrum Value Management Ltd. His other mandates include a membership in the Board of Directors of Schweizerische Cement-Industrie-Aktiengesellschaft, Rapperswil-Jona, Switzerland and a membership of the Board of Directors of Rieter Holding AG, Winterthur, Switzerland.

EXECUTIVE COMMITTEE

Eric Olsen

French and American national born in 1964, Eric Olsen has been the CEO of LafargeHolcim Ltd since July 10, 2015. He is a graduate in finance and accounting of the University of Colorado and holds a Masters of Business Administration degree awarded by the École des Hautes Études Commerciales (HEC). Eric Olsen joined Lafarge North America Inc. in 1999 as Senior Vice-President Strategy and Development. In 2001, he was appointed President of the Cement Division for the Northeast Region of North America and Senior Vice-President Purchasing for Lafarge North America Inc. He was appointed Chief Finance Officer of Lafarge North America Inc. in 2004. He was appointed Executive Vice President for Organization and Human Resources and became a member of the Executive Committee in 2007. As of September 1, 2013, he was appointed Executive Vice-President Operations. He is a member of the Supervisory Board of Cimpress N.V. (The Netherlands).

Eric Olsen
(Chief Executive Officer)

Ron Wirahadiraksa

Dutch national born in 1960, Ron Wirahadiraksa has been CFO of LafargeHolcim Ltd since December 1, 2015. He graduated with a Doctoral in Business Economics from the Free University of Amsterdam, the Netherlands. He also graduated as a Certified Registered Controller from the Free University of Amsterdam. Ron Wirahadiraksa joined the Philips group in 1987. He became Chief Financial Officer at LG. Philips LCD in South Korea in 1999, during which time he shared operating leadership with the Korean CEO. He also led the 2004 initial public offering of LG. Philips LCD on the Korean and New York Stock Exchanges and supported the significant growth and market leadership of the company. He became Chief Financial Officer at Philips Healthcare in 2008 and in 2011 he took over as CFO for the Philips Group.

Ron Wirahadiraksa
(Chief Financial Officer)

Urs Bleisch

Swiss national born in 1960, Urs Bleisch has been a Member of the Executive Committee of LafargeHolcim Ltd (then “Holcim Ltd”) since September 30, 2014 and is responsible for Performance & Cost. He holds a Master’s in Business and Economics from the University of Basel. Urs Bleisch joined Holcim in 1994 as Head IT of Holcim Switzerland. From 2000 onward, he assumed Group-wide responsibility for Information Technology and was instrumental in the development and implementation of the global IT strategy of the Holcim Group. Since 2011, he has managed the Information and Knowledge Management function at Holcim Group Support Ltd. As of September 1, 2012 he was appointed CEO of Holcim Group Services Ltd and of Holcim Technology Ltd. He lead the global functions Customer Excellence (Marketing & Commercial), Aggregates & Construction Materials, Logistics, Cement Manufacturing, CAPEX Projects, Sustainable Development, Alternative Fuels and Resources, Innovation (including Knowledge Management), and the Program Management Office (PMO) for the Holcim Leadership Journey.

Urs Bleisch
(Performance & Cost)

Alain Bourguignon
(North America)

Alain Bourguignon

French national born in 1959, Alain Bourguignon has been a Member of the Executive Committee of LafargeHolcim Ltd since July 10, 2015 and is responsible for North America. He holds a masters degree in economics and finance from the University of Lille, France, and is a certified public accountant. Alain Bourguignon joined Holcim in 1988 as Head of Controlling of Holcim France. He then became Chief Financial Officer of Holcim France in 1996, Chief Financial Officer of Holcim France-Benelux in 1998, and Managing Director of Holcim France-Benelux in 2001. In 2007, he joined Holcim Spain as Chief Operating Officer and was later appointed Chief Executive Officer. In 2010, he became Chief Executive Officer of Aggregate Industries Europe and in 2014 Area Manager, North America and the United Kingdom.

Pascal Casanova
(Latin America)

Pascal Casanova

French national born in 1968, Pascal Casanova has been a Member of the Executive Committee of LafargeHolcim Ltd since July 10, 2015 and is responsible for Latin America. He is a graduate of the École Polythechnique in civil engineering and holds a PhD in Materials and Structures from the École Nationale des Ponts et Chassées. Pascal Casanova was hired in 1999 as Technical Director for Lafarge and was subsequently appointed Head of R&D and Industrial Performance of the Roofing activity based in the UK. In 2005, he directed the international activity of Roofing Components headquartered in Oberursel, Germany, ensuring the development of production and international sales, particularly in Malaysia, USA, South Africa, Brazil, and Western/Eastern Europe. In 2008, he was appointed Head of R&D of the Lafarge Group. In 2012 he was appointed Chief Executive Officer of Lafarge France.

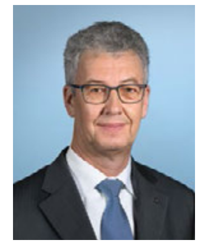
Jean-Jacques Gauthier
(Integration, Organization & Human Resources)

Jean-Jacques Gauthier

French national born in 1959, Jean-Jacques Gauthier has been a Member of the Executive Committee of LafargeHolcim Ltd since July 10, 2015 and is responsible for Integration, Organization & Human Resources. He graduated in law and economics. Jean-Jacques Gauthier began his career with Ernst & Young in 1983. In 1986 he joined the Finance department of the Matra group. From 1988 to 1991, he was the Chief Financial Officer of Matra Datavision in the United States, and in 1988, he joined the General Management of Lagardère Group as Director of Audit of the Matra and Hachette groups. In 1993, he became the Chief Financial Officer of Matra Espace, and in 1996, Deputy General Manager and Chief Financial Officer of the Franco-British company Matra Marconi Space. When Astrium was created in 2000 through the merger of the space activities of the Matra, GEC, and Deutsche Aerospace groups, he became Deputy General Manager and Chief Financial Officer. In 2001 he was appointed Chief Financial Officer, Executive Vice-President and a Member of the Executive Committee of the Lafarge Group.

Roland Köhler

Swiss national born in 1953, Roland Köhler has been a Member of the Executive Committee of LafargeHolcim Ltd (then "Holcim Ltd") since March 15, 2010 and is responsible for Europe. He is a graduate in business administration from the University of Zurich. Roland Köhler joined the building materials group Hunziker, Switzerland, in 1988 as Head of Finance and Administration and transferred to Holcim Group Support Ltd as a Management Consultant in 1994. From 1995 to 1998, he was Head of Corporate Controlling and, from 1999 to end 2001, Head of Business Risk Management. Since 2002, he has headed Corporate Strategy & Risk Management. Effective January 1, 2005, Roland Köhler was promoted to Corporate Functional Manager responsible for Corporate Strategy & Risk Management. On March 15, 2010, he was appointed Member of the Executive Committee and CEO of Holcim Group Support Ltd. Since September 1, 2012 Roland Köhler has been responsible for the Group region Europe.



Roland Köhler
(Region Head Europe)

Gérard Kuperfarb

French national born in 1961, Gérard Kuperfarb has been a Member of the Executive Committee of LafargeHolcim Ltd since July 10, 2015 and is responsible for Growth & Innovation. He graduated from the École des mines de Nancy (France). He also holds a Master's degree in Materials Science from the École des mines de Paris and an MBA from the Ecole des Hautes Etudes Commerciales (HEC). Gérard Kuperfarb began his career in 1983 as an Engineer at the Centre de Mise en Forme des Matériaux (CEMEF) of the École des mines de Paris, before joining the Composite Materials Division at Ciba group in 1986, where he held sales and marketing positions. In 1989, he joined a strategy consulting firm in Brussels and Paris. He joined Lafarge in 1992 as Marketing Director for the Refractories business and then became Vice-President for Strategy at Lafarge Specialty Materials. In 1996, he became Vice-President of Ready-Mix Concrete Strategy in Paris. In 1998, he was appointed Vice-President/General Manager for the Aggregates & Concrete Business in southwest Ontario (Canada) before heading the Performance group at Lafarge Construction Materials in North America in 2001. He joined the Aggregates & Concrete Division in Paris as Senior Vice-President of Performance in 2002. From 2005 to August 2007, he was President of the Aggregates & Concrete Business for eastern Canada. On September 1, 2007, he became Executive Vice-President, Co-President of the Aggregates & Concrete Business, and a member of the Executive Committee of the Lafarge Group and since January 1, 2012 executive Vice-President Innovation of Lafarge.

Gérard Kuperfarb
(Growth & Innovation)

Saâd Sebbar
(Middle East Africa)

Saâd Sebbar

Moroccan and French national born in 1965, Saâd Sebbar has been a Member of the Executive Committee of LafargeHolcim Ltd since July 10, 2015 and is responsible for Middle East Africa. He is an aeronautics engineer and graduated from the ESSEC Business School in Paris. Before joining Lafarge, Saâd Sebbar worked as an Investment Advisor and then as a Management and Organization Consultant. He joined Lafarge in 1997 as a Plant Manager and subsequently held several other positions in operations. In 2002, he was appointed Managing Director of Lafarge-Titan Egypt. From 2004 to 2008, he held the position of Managing Director of Herakles General Company in Greece, and then became East Asia Regional President with responsibility for South Korea, Japan, Vietnam, and the Philippines. In 2012, he was appointed country Chief Executive Officer for Lafarge Morocco.

Ian Thackwray
(Asia Pacific)

Ian Thackwray

British national born in 1958, Ian Thackwray has been a Member of the Executive Committee of LafargeHolcim Ltd (then "Holcim Ltd") since the beginning of 2010 and is responsible for Asia Pacific. He holds an MA (Hons) in Chemistry from Oxford University and is also a chartered accountant. Ian Thackwray joined Pricewaterhouse and handled major corporate accounts in Europe. In 1985, he started a career with Dow Corning Corporation, serving in various management roles in Europe, North America, and particularly in Asia. From 2004 to 2006, he served as Dow Corning's Asian-Pacific President based out of Shanghai. Between 2006 and 2010, he was Chief Executive Officer of Holcim Philippines.

COMPENSATION REPORT

COMPENSATION REPORT

Letter from the Nomination, Compensation and Governance Committee Chairman

Dear Shareholders,

The year 2015 has seen the creation of a new global leader. As a result of the merger between Holcim Ltd and Lafarge S.A., a number of former members of the Holcim Nomination and Compensation Committee and the Lafarge Compensation Committee now form LafargeHolcim's Nomination, Compensation and Governance Committee (NCGC, hereafter referred to as "the Committee")

The Committee believes that employees create value and are at the heart of the success of the company. LafargeHolcim therefore wants to be an attractive employer in the competitive employment market worldwide.

During the course of 2015, the Committee undertook an in-depth review of all Lafarge and Holcim board and executive compensation policies and formulated a new policy supporting the achievement of LafargeHolcim's short- and long-term strategic objectives. The Holcim Ltd 2015 AGM resolutions on executive and non-executive director compensation reflected this policy and the Committee would like to acknowledge the support received from shareholders.

Paul Desmarais, Jr.

Defining the LafargeHolcim compensation policy
The historical executive compensation systems of Lafarge and Holcim were different in a number of ways. The Committee first agreed on a number of essential guiding principles:

- **Pay for performance:** LafargeHolcim's incentive plans provide the opportunity to achieve a higher level of overall remuneration, when delivering strong short- and long-term performance which is directly linked to the Group's strategy.
- **Consistency and transparency:** The Group rewards employees consistently across the business in a fair and transparent way; differentiating only by performance, value creation and market demands.

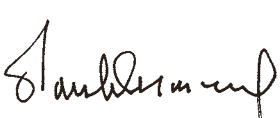
The Committee then harmonized the remuneration structures:

- Base salaries for new Executive Committee members were harmonized to reflect Swiss practice,
- Annual incentives at Holcim were delivered in cash, shares (held for five years) and stock options, while paid entirely in cash at Lafarge. The LafargeHolcim annual incentives will be delivered half in cash and half in shares held for three years,
- In the past few years, Lafarge operated a variety of performance shares, stock options and cash long term inventive plans, while Holcim did not have a long-term incentive plan. The Committee agreed on a performance share plan, which rewards Company performance over a 3-year performance period.

In addition to this framework, it was decided to provide a strong incentive for the delivery of the synergies committed to shareholders, with an exceptional, fair market value stock option award, subject to synergies and free cash flow performance conditions. These options were granted to the CEO, Executive Committee and a limited number of senior executives with a significant influence on integration and synergies.

In the following pages you will find more information about compensation at LafargeHolcim in 2015. We will seek your support on compensation matters at our AGM on May 12, 2016.

Respectfully,



Paul Desmarais, Jr.
Chairman of the Nomination,
Compensation and Governance Committee

Executive Committee Compensation

The table on the right summarizes compensation principles and systems in force in 2015. Due to the merger and the changes in the Company's senior management, a number of changes in the variable pay design took place on the merger completion date (July 10, 2015) designed to further increase the performance-orientation and long-term focus. Our compensation policy for 2016 will broadly follow the structure in place from this date.

Base salaries

During the merger preparation phase, the Holcim Nomination and Compensation Committee and the Lafarge Compensation Committee benchmarking reports for the total remuneration of the CEO and the Executive Committee from two independent advisory firms (Kepler and New Bridge Street) and ensured that base salaries for the CEO and Executive Committee members were reasonable, yet competitive against Swiss and European companies of comparable size and complexity.

Eric Olsen's annual base salary was initially set at CHF 1.35 million from July 10, 2015, with a view to increasing it to CHF 1.5 million on April 1, 2016. Before July 10, 2015, Bernard Fontana's annual base salary was CHF 1.75 million.

Salaries for the remaining Executive Committee members were decided taking into account previous salaries of the individuals appointed, market practice for the relevant role, as well as consistency across the Executive Committee.

Fixed pay

Element and link to strategy	Operation	Quantum	Link with performance
Basic salary			
Reflects key responsibilities, experience and market value	– Paid monthly in cash – Reviewed annually based on a market competitiveness review, market movements and individual performance	– Set at a level comparable to the median of Swiss companies of similar size	– Salary increase budgets reflect, inter alia, company performance – Salary increases will be closely linked to individual performance
Pension			
Provide competitive and appropriate retirement plans.	– Defined benefit scheme applicable to Senior Management – Overall pension promise is inclusive of all other local and supplementary schemes participants may benefit from	– Targeted to achieve, at age 62, assuming 10 years of service in Senior Management and 20 years of service with the Group, an amount of 40% of the average of last 3 years' salaries – Early or deferred retirement pensions adjusted based on actuarial calculations	– N/A
Other benefits			
Provide competitive perquisites and appropriate expatriation-related benefits	– Car/transport allowance – Housing, schooling and travel allowances for members of senior management working outside their home country	– Amounts consistent with the LafargeHolcim policies applicable to all members of staff	– N/A

Variable pay

Element and link to strategy	Operation	Quantum	Link with performance
Annual bonus	***Before July 10, 2015***		
Rewards the achievement of the company's annual targets and the executive's own goals	– Paid part in cash, part in shares (held for five years) and part in share options (vesting after three years)	– Maximum opportunity is 136% of salary for the CEO and between 87% and 128% for Executive Committee	– Reflects a combination of Group Performance (EBITA margin and ROIC after tax) and individual performance
	After July 10, 2015		
	– Paid 50% in cash after financial year end, and 50% in LafargeHolcim shares deferred for three years	– Maximum opportunity is 200% of salary for the CEO and 125% of salary for other Executive Committee members – On-target opportunity is 60% of the maximum	– Based on a combination of financial results at Group level (and at Regional level when appropriate) and individual achievements, attitudes and behaviors
Performance Share Plan	***After July 10, 2015***		
Rewards long-term financial performance and shareholder value creation	– Normally granted each year, first grant in December 2015 – Rewards Company performance over a three-year period – Delivered in LafargeHolcim shares – Strict leaver rules provide strong talent retention	– Annual award of 225% of salary for the CEO and 75% to 125% of salary for other Executive Committee members	– 30% of the LTIP vest based on adjusted EPS growth – 40% vest based on ROIC – 30% vest based on TSR, relative to a 17-company peer group
Integration Award	***After July 10, 2015***		
(Share Options with performance conditions) Rewards the achievement of mid-term merger goals	– Exceptional share option award granted in December 2015 – Subject to performance conditions over three years – Exercise price set at fair market value	– Face value of 500% of salary for CEO and 170% to 280% of salary for other Executive Committee members	– 70% of the award vest on synergies delivered – 30% vest on free cash flow

Annual incentives

The annual incentives, which are paid in the form of cash, shares, and share options, reward financial achievements at Group level (and at regional level for Executive Committee members as appropriate), as well as individual achievements and behaviors.

The annual incentive design applicable to the Executive Committee reflects the merger transition, as summarized below:

Annual incentives

	Maximum incentive opportunity		Performance measures			
	CEO	Executive Committee	Group financial	Regional (where appropriate)	Individual	Delivery vehicle
H1 2015 (pre-merger)	**136% of salary (50% pro-rated)**	**Between 87% and 128% of salary (50% pro-rated)**	**– Operating EBITA – ROIC after tax**		**– Strategic, operational and project-based objectives, as appropriate for each role**	**Paid part in cash, part in shares (to be held for five years) and part in share options (vesting after three years)**
H2 2015 (post-merger)	**200% of salary (50% pro-rated)**	**125% of salary (50% pro-rated)**	**– EBITDA – CAPEX – Synergies**	**– EBITDA – Synergies**	**– 7 to 9 objectives per Executive Committee member – Include Health & Safety objectives and support to the merger**	**Paid 50% in cash and 50% in LafargeHolcim shares held for three years**
2016	**200% of salary**	**125% of salary**	**– EBITDA – Free Cash Flow**	**– EBITDA**	**– Strategic, operational and project-based objectives – Will include Health & Safety-related objectives**	

Achievements and payouts for H1 2015

Group-related component: Financial achievements for the first half of 2015 were assessed by the Committee against objectives set for the whole year 2015 and in the context of the preparation for the merger. Other measures, such as ROIC after tax, are to be assessed on an annual basis and could not be calculated on a half-year basis. The Holcim Ltd Nomination and Compensation Committee therefore decided, taking achievements and the circumstances of the merger into account, to adjudicate this component's achievement at 100 percent, paid on a time pro-rata basis, one third in cash and two thirds in shares subject to a five-year holding period.

Individual component: In light of the merger between Holcim and Lafarge dated July 10, 2015, the individual component of the short-term variable compensation was paid out using a pro-rata approach for the period from January 1 to June 30, 2015. The average payout was 86 percent of the target amount and, in line with the Holcim annual variable pay policy, was partly delivered in options.

Achievements and incentive payouts for H2 2015

Upon request from the Committee and within the remuneration framework established by the Board, the CEO has proposed a basis for the specific target numbers for 2015 and the individual objectives. The approved criteria were a combination of EBITDA achievement, synergies and CAPEX, support to the merger, and Health & Safety.

The average achievement and the payout factor for Senior Management (excluding the CEO) came to 59 percent, and for the CEO to 62 percent.

Long-term incentives

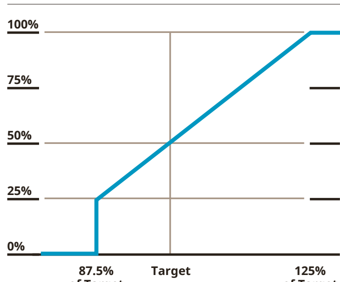
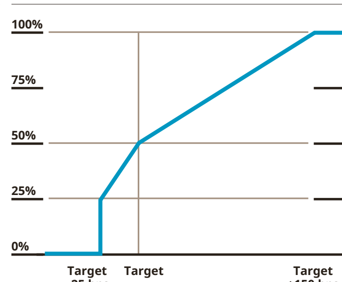
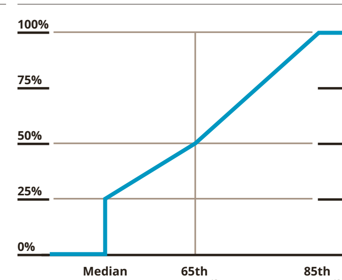
The performance share plan (PSP) was designed to retain talented employees and to provide forward-looking incentives for sustained corporate performance. Under the scheme rules either conditional share awards or share options can be awarded, and vest after a three-year performance period.

In December 2015, two types of awards were made:

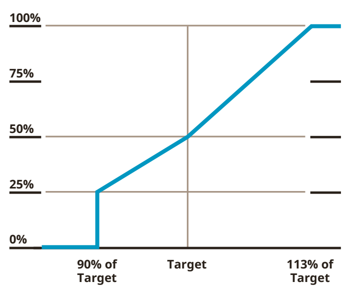
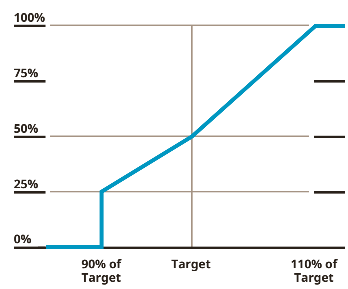
- A "normal" Performance Share award, based on EPS, ROIC and relative TSR. The CEO received an award over shares worth 200 percent of his base salary at the time of the grant and Executive Committee members received awards varying between 75 percent and 125 percent of their salary.
- An exceptional award of market value share options, focused on rewarding the achievement of mid-term merger goals, which will vest based on synergies delivered and cumulative free cash flow to the end of 2017. The CEO received an option award over shares worth 500 percent of his base salary at the time of the grant and Executive Committee members received awards varying between 170 percent and 180 percent of their salary.

Further details of each award's performance measures and targets are set out in the tables below.

2015 Performance share award

Performance measures	Adjusted Earnings per share	ROIC	Relative TSR
Purpose	**Measures LafargeHolcim's profitability to investors**	**Measures the company's ability to use invested capital increasingly efficiently**	**Measures LafargeHolcim's ability to provide investors with better returns compared to alternative investments**
Weighting	**30%**	**40%**	**30%**
Performance period	**2017**	**2015–2017**	**December 14, 2015 to December 13, 2017**
Definition	**Underlying, fully-diluted earnings per share adjusted for after tax impairment and gains and losses on divestments**	**Improvement in adjusted Return on Invested Capital (measured in bps) measured on a like-for-like basis between financial year ends 2015 and 2017 (excluding potential impairments)**	**Percentile-ranking of LafargeHolcim's TSR vs TSR of a peer group of 17 similar sector companies from around the world. For the 2015 award, the peer group is ACS, Bouygues, Buzzi Unicem, Cemex, CRH, HeidelbergCement, James Hardie Industries, Kingspan, Martin Marietta Materials, Mitsubishi Materials, NCC, Saint-Gobain, Sika, Skanska, Vicat, Vinci and Vulcan Materials.**
Performance-vesting			
	Absolute targets are not disclosed as they could give an unfair competitive advantage to our competitors, but are in line with the guidance given to investors		

2015 Exceptional share option award

Performance measures	Synergies	Cumulative Free Cash Flow
Purpose	**Measures the Company's ability to leverage the operational strengths of both legacy companies while optimizing costs to deliver shareholder value**	**Measures the company's ability to generate cash sustainably**
Weighting	**70%**	**30%**
Performance period	**2018 (vs 2015 pro-forma)**	**2016–2018**
Definition	**Cumulative EBITDA impact of commercial, procurement, operational efficiency and synergies initiatives and financing costs, plus CAPEX optimiza-tion synergies, on a like-for-like perimeter and foreign exchange basis**	**Sum of cash generated and available for debt repayment, dividend and share buy-backs over the years 2016 to 2018. Excluding the impact of proceeds received as a result of the Group's CHF 3.5 billion disposal program. Cash flows measured on a like-for-like perimeter and foreign exchange basis**
Performance-vesting		

Executive Share Ownership guidelines

To reflect the importance the Committee places on aligning their interests with shareholders, executives are required to hold LafargeHolcim shares, with a value of 300 percent of salary for the CEO and 150 percent of salary for other Executive Committee members. Executives are expected to retain at least 50 percent net of tax of shares vesting from share plans until the required holding is met.

Employment contracts for the Executive Committee

The contracts of employment of the Executive Committee are concluded for an indefinite period of time and may be terminated with one year's notice. Contracts of employment do not include severance compensation.

Due to the merger, various members of the Lafarge S.A. Senior Management have been employed under similar contractual arrangements as the existing Holcim Ltd Members of Senior Management. However, in the event that LafargeHolcim Ltd terminates the employment of a former Lafarge Senior Management member within two years, the commitments from the former Lafarge French employment contract will be paid to such Senior Management member.

Retention awards

As mentioned in the 2014 remuneration report, the Holcim Nomination & Compensation Committee has put in place appropriate measures to retain certain members of the Executive Committee and Senior Management. Special compensation arrangements were implemented to incentivize individuals critical to the preparation of the merger. This concerns some senior managers who were likely to have roles post-merger as well as some who were likely not to have roles in the post-merger situation. In total, CHF 8.2 million was paid in respect of these arrangements in 2015 (2014: 2.9). No further payments are due under this merger-related scheme.

2015 Compensation

Name	Position	Base Salary (in CHF)[6]	Annual incentive[2] H1 2015 (in CHF)	Annual incentive[2] H2 2015 (in CHF)	Performance shares[7] Number	Performance shares[7] Fair value (in CHF)
Eric Olsen	**CEO (from July 10, 2015)**	**847,469**	**N/A**	**837,000**	**55,227**	**2,712,750**
Bernard Fontana[4]	**Former CEO (until July 10, 2015)**	**1,750,000**	**4,969,574**	**N/A**	**N/A**	**N/A**
Other Executive Committee members		**9,688,450**	**7,948,598**	**2,555,000**	**148,839**	**7,310,972**
TOTAL EXECUTIVE COMMITTEE		**12,285,919**	**12,918,172**	**3,392,000**	**204,066**	**10,023,722**

[1] The contributions to pension plans also include the employer's contributions to Swiss social security (AHV/IV).
[2] including retention award.
[3] Senior-management in 2014: Members of the Executive Committee and Area-Managers and Corporate Functional Managers.
[4] Highest paid Individual.
[5] Total Executive Committee Compensation without leavers in 2015 would amount to CHF 30.4 million.
[6] Base salary including housing and relocation allowances.
[7] Value per share CHF 49.12 at 14 December, date of grant.
[8] Stock option value of CHF 10.1042 determined using a Black-Scholes valuation model at 14 December 2015, date of grant.

Compensation for financial year 2015

The table above reflects the pre-merger compensation paid to Bernard Fontana and the Holcim Ltd Executive Management team, followed by the post-merger compensation paid to Eric Olsen and the LafargeHolcim Executive Committee.

The total annual compensation for the members of the Executive Committee (including CEOs) amounted to CHF 49.6 million (2014: 32.3). This amount comprises base salaries and variable cash compensation of CHF 24.7 million (2014: 19.6), share-based compensation of CHF 18.6 million (2014: 5.0), employer contributions to pension plans of CHF 5.6 million (2014: 7.2) and "other" compensation of CHF 0.7 million (2014: 0.5).

The CEO (Eric Olsen) received a combined base salary plus variable compensation in cash of CHF 1.7 million (compared with Bernard Fontana in 2014: 3.8), share-based compensation of CHF 4.0 million (2014: 1.0), and employer contributions to pension benefits of CHF 0.1 million (2014: 0.5). As a result, the CEO total compensation amounted to CHF 5.8 million (2014: 5.2).

Long-term variable compensation

The following table presents the Performance Shares and Market Value options that have been granted in 2015 to the Chief Executive Officer and the Members of the Executive Committee, as well as the total fair value based on a valuation model at the date of grant determined by an external consultant (PricewaterhouseCoopers).

Beneficiaries	Normal Award (Performance Shares)	Integration Award (Options)	Fair value (in CHF 1,000)
Eric Olsen (CEO)	**55,227**	**122,727**	**3,953**
Total Executive Committee	**204,066**	**457,236**	**14,644**

Compensation of former members of governing bodies

In the year under review, compensation in the amount of CHF 0.2 million (2014: 3.5) was paid to six (2014: six) former members of the Senior Management.

	Share options[8]					
	Number	Fair value (in CHF)	Pension contributions[1]	Other	Total 2015	Total 2014
	122,727	1,240,058	132,000	12,278	5,781,555	N/A
	N/A	N/A	781,000	476,141	7,976,715	5,239,905
	334,509	3,379,946	4,725,000	227,035	35,835,001	N/A
	457,236	4,620,004	5,638,000	715,454	49,593,271[5]	32,295,031[3]

Non-Executive Director Compensation

Director compensation policy

Non-executive directors' fees have been set at a level that allows for the attraction and retention of the appropriate caliber of individuals with global experience. The members of the Board of Directors receive a fixed fee, paid in cash and LafargeHolcim shares, subject to a five-year sale and pledge restriction period. The Chairman and Vice-Chairman of the Board of Directors and Chairmen and members of the Committees receive additional compensation. Non-executive directors do not receive any performance-based compensation.

Position	Cash compensation (in CHF)	Share-based compensation (in CHF)	Expense allowance (in CHF)	Secretarial allowance (in CHF)
Annual base compensation				
Chairman of the Board of Directors	1,250,000	500,000	10,000	60,000
Vice-Chairman of the Board of Directors	350,000	100,000	10,000	
Co-chairman of the Board of Directors	100,000	100,000	10,000	
Member of the Board of Directors	100,000	100,000	10,000	
Committee membership and chairmanship fees				
Finance and Audit Committee Chairman	125,000			
Finance and Audit Committee member	40,000			
Nomination, Compensation and Governance Committee Chairman	90,000			
Nomination, Compensation and Governance Committee member	35,000			
Strategy and Sustainable Development Committee Chairman	50,000			
Strategy and Sustainable Development Committee member	30,000			

Compensation for financial year 2015

Name	Date of Board nomination (if in 2015)	Positions Board	FAC	NCGC	SSDC	Date of stepping down from the Board
Wolfgang Reitzle		C		■	C [4]	
Bruno Lafont	July 10	CC				
Beat Hess		VC	■		■	
Bertrand Collomb	July 10	■	■			
Philippe Dauman	July 10	■				
Paul Desmarais, Jr.	July 10	■		C		
Oscar Fanjul	July 10	■		■	■	
Alexander Gut		■	C			
Gérard Lamarche	July 10	■	■		■	
Adrian Loader		■		■ [1]		
Jürg Oleas		■				July 10
Nassef Sawiris	July 10	■			■	
Thomas Schmidheiny		■		■ [2]		
Hanne Sørensen		■		■ [3]		
Dieter Spälti		■	■		C [5]	
Anne Wade		■			■ [6]	July 10
TOTAL						

FAC: Finance & Audit Committee, NCGC: Nomination, Compensation and Governance Committee, SSDC: Strategy & Sustainable Development Committee
C: Chairman, CC: Co-Chairman, VC: Vice-Chairman, ■: Member

[1] Was Chairman of the Nomination and Compensation Committee until July 10.
[2] Was a Nomination and Compensation Committee member until July 10.
[3] Was member until July 10, 2015
[4] Was Chairman and member until July 28, 2015.
[5] Since July 28, was a Committee member before.
[6] Was member until July 28, 2015.
[7] The shares were valued at the average market price in the period from January 1, 2016 to February 15, 2016 and are subject to a five-year sale and pledge restriction period.
[8, 9, 10] and [11] includes, respectively, CHF 653,333, CHF 150,000, CHF 50,000 and CHF 50,000 in fees paid in relation to the exceptional time commitment related to the merger.

Compensation for financial year 2015

In 2015, sixteen non-executive members of the Board of Directors received in total a remuneration of CHF 5.5 million (2014: 3.7) of which CHF 3.8 million (2014: 2.3) was paid in cash, CHF 0.1 million (2014: 0.1) was granted in the form of post-employment benefits, and CHF 1.4 million (2014: 1.0) was paid in shares. Other compensation paid totaled CHF 0.2 million (2014: 0.2).

Loans granted to members of governing bodies

As at December 31, 2015, there were no loans outstanding to members of Senior Management. There were no loans to members of the Board of Directors or to parties closely related to members of governing bodies.

	Shares					
Cash (in CHF)	Number	Value[7]	Pension contributions	Other (in CHF)	Total 2015	Total 2014
1,718,611[8]	9,687	405,000		60,000	2,183,611	935,637
47,222	1,129	47,222		5,000	99,444	–
570,000[9]	2,392	100,000	32,082	10,000	712,082	512,632
66,111	1,129	47,222	2,972	5,000	121,305	–
47,222	1,129	47,222		5,000	99,444	–
89,723	1,129	47,222		5,000	141,945	–
77,917	1,129	47,222		5,000	130,139	–
275,000[10]	2,392	100,000	10,000	5,000	390,000	327,227
80,278	1,129	47,222		5,000	132,500	–
214,028[11]	2,392	100,000		10,000	324,028	264,166
58,333	1,262	52,778		5,833	116,944	140,001
61,389	1,129	47,222		5,000	113,611	–
119,305	2,392	100,000	8,871	10,000	238,176	266,752
135,833	2,392	100,000		10,000	245,833	223,661
180,556	2,392	100,000	14,898	10,000	305,454	271,147
75,833	1,262	52,778	5,000	10,000	143,611	220,328
3,817,361	34,466	1,441,110	73,823	165,833	5,498,127	3,161,551

Other transactions

As part of the employee share purchase plan, LafargeHolcim manages employees' shares. It sells and purchases LafargeHolcim Ltd shares to and from employees and in the open market. In this context, the company purchased LafargeHolcim Ltd shares of CHF 0.0 million (2014: 0.1) at the stock market price from members of Senior Management until July 9, 2015.

Share ownership information

Shares owned by non-executive directors

On December 31, 2015, non-executive members of the Board of Directors held a total of 98,290,130 registered shares in LafargeHolcim Ltd. This number comprises privately acquired shares and those allotted under participation and compensation schemes. As of the end of 2015 one non-executive member of the Board of Directors held options from compensation and participation schemes.

Until the announcement of market-relevant information or projects, the Board of Directors, Senior Management and any employees involved are prohibited from effecting transactions with equity securities or other financial instruments of LafargeHolcim Ltd, exchange-listed Group companies or potential target companies (trade restriction period).

Number of shares and options held by the Board of Directors as of December 31, 2015[1]

Name	Position	Total number of shares 2015	Total number of call options 2015
Wolfgang Reitzle	Chairman	6,455	
Beat Hess	Vice-Chairman	6,400	
Bruno Lafont	Co-Chairman	43,810	448,208[2]
Bertrand Collomb	Member	116,094	
Philippe Dauman	Member	0	
Paul Desmarais Jr.	Member, Nomination, Compensation & Governance Committee Chairman	35,957	
Oscar Fanjul	Member	4,772	
Alexander Gut	Member, Finance and Audit Committee Chairman	5,769	
Gérard Lamarche	Member	1,080	
Adrian Loader	Member	12,490	
Nassef Sawiris	Member	28,935,639	
Thomas Schmidheiny	Member	69,068,278	
Hanne Sørensen	Member	2,527	
Dieter Spälti	Member, Strategy and Sustainable Development Committee Chairman	50,859	
TOTAL BOARD OF DIRECTORS		98,290,130	448,206

Number of shares and options held by the Board of Directors as of December 31, 2014[1]

Name	Position	Total number of shares 2014	Total number of call options 2014
Wolfgang Reitzle	Chairman, Governance & Strategy Committee Chairman	2,241	
Beat Hess	Vice-Chairman	4,693	
Alexander Gut	Member, Audit Committee Chairman	4,092	
Adrian Loader	Member, Nomination & Compensation Committee Chairman	10,493	
Jürg Oleas	Member	0	
Thomas Schmidheiny	Member	65,777,912	
Hanne Sørensen	Member	1,015	
Dieter Spälti	Member	41,912	
Anne Wade	Member	985	
TOTAL BOARD OF DIRECTORS		65,843,343	

[1] From allocation, shares are subject to a five-year sale and pledge restriction period.
[2] Mr Lafont has accepted the liquidity mechanism described on page 138. At the end of December 2015, Mr Lafont held 397,670 Lafarge stock options which he received between 2006 and 2012, and 50,538 rights to receive Lafarge shares granted in 2013 and 2014, subject to performance conditions. Lafarge shares resulting from the future exercise of stock options and from the delivery of performance shares will be exchanged for LafargeHolcim shares applying the relevant exchange ratio (which was 0.945 LafargeHolcim share for 1 Lafarge share at the end of December 2015).

Shares and options owned by Executive Committee
As of December 31, 2015, members of the Executive Committee held a total of 91,764 registered shares in LafargeHolcim Ltd. This figure includes both privately acquired shares and those allocated under the Group's participation and compensation schemes.

Furthermore, at the end of 2015, the Executive Committee held a total of 504,953 stock options; these arose as a result of the participation and compensation schemes of various years.

Options are issued solely on registered shares in LafargeHolcim Ltd. One option entitles the holder to subscribe to one registered share in LafargeHolcim Ltd.

Number of shares and options held by the Executive Committee as of December 31, 2015[1]

Name	Position	Total number of shares 2015	Total number of options 2015
Eric Olsen	CEO	8,272	68,050
Ron Wirahadiraksa	Member of the Executive Committee, CFO	0	0
Urs Bleisch	Member of the Executive Committee	7,443	50,069
Alain Bourguignon	Member of the Executive Committee	10,518	14,216
Pascal Casanova	Member of the Executive Committee	1,643	18,031
Jean-Jacques Gauthier	Member of the Executive Committee	4,413	63,637
Roland Köhler	Member of the Executive Committee	28,882	106,991
Gérard Kuperfarb	Member of the Executive Committee	5,115	66,083
Saâd Sebbar	Member of the Executive Committee	6,356	15,669
Ian Thackwray	Member of the Executive Committee	19,122	102,207
TOTAL EXECUTIVE COMMITTEE		91,764	504,953

Number of shares and options held by the senior management as of December 31, 2014[1]

Name	Position	Total number of shares 2014	Total number of call options 2014
Bernard Fontana	CEO	10,113	73,794
Thomas Aebischer	Member of the Executive Committee, CFO	12,285	67,474
Urs Bleisch	Member of the Executive Committee	3,921	38,563
Roland Köhler	Member of the Executive Committee	18,291	87,495
Andreas Leu	Member of the Executive Committee	19,302	69,934
Bernard Terver	Member of the Executive Committee	25,439	49,123
Ian Thackwray	Member of the Executive Committee	11,696	81,719
Horia Adrian	Area Manager	2,500	4,251
Daniel Bach	Area Manager	1,785	0
Alain Bourguignon	Area Manager	4,358	0
Javier de Benito	Area Manager	23,737	16,501
Urs Fankhauser	Area Manager	6,175	11,077
Kaspar E.A. Wenger	Area Manager	19,932	4,952
Jacques Bourgon	Corporate Functional Manager	5,480	24,872
Xavier Dedullen	Corporate Functional Manager	333	2,373
Aidan Lynam	Corporate Functional Manager	8,360	16,056
TOTAL SENIOR MANAGEMENT		173,707	548,184

[1] From allocation, shares are subject to a five-year and options to a three-year and nine-year sale restriction period respectively.

Liquidity mechanism for remaining rights under the Lafarge long term incentive plans
Following the success of the public exchange offer on Lafarge S.A. and the completion of the subsequent squeeze-out of Lafarge shares, LafargeHolcim has proposed a liquidity mechanism for (i) Lafarge shares that may be issued following the exercise on or after October 23, 2015 of stock options that have been allocated pursuant to the Lafarge stock option plans; or (ii) Lafarge shares that may be definitively allotted on or after October 23, 2015 in accordance with the Lafarge performance shares plans.

Four members of the LafargeHolcim Executive Committee, including the Chief Executive Officer, have accepted this mechanism which will translate into an exchange of their Lafarge shares for LafargeHolcim shares. This exchange will take place at the end of the holding period (i.e. up to March 2019) for performance shares or following the exercise of stock options (all non-exercised options will lapse at the end of 2020 at the latest), applying the relevant exchange ratio to maintain the initial parity of the public exchange offer (at the end of December 2015, the exchange ratio is 0.945 LafargeHolcim share for 1 Lafarge share).

The following table presents the rights of the Executive Committee members that are still under vesting period or holding period under the Lafarge performance shares plans and the non-exercised Lafarge stock options as of December 31, 2015.

Beneficiaries	Lafarge (Performance shares)	Lafarge (Stock options)
Eric Olsen	**11,583**	**68,050**
Jean-Jacques Gauthier	**15,285**	**63,637**
Gérard Kuperfarb	**11,583**	**66,083**
Saâd Sebbar	**4,023**	**15,669**
Pascal Casanova	**5,629**	**18,031**

All these rights were granted before the merger.

The share options outstanding held by (including former members) at year-end 2015 have the following expiry dates and exercise prices:

Option grant date	Expiry date		Exercise price [1]	Number [1] 2015	Number [1] 2014
2004	2016 [2]	CHF	63.50	15,550	23,550
2007	2015	CHF	125.34	0	49,674
2008	2016	CHF	99.32	71,083	71,083
2008	2020	CHF	62.95	33,550	33,550
2009	2017	CHF	35.47	70,502	153,482
2010	2018	CHF	67.66	95,557	99,493
2010	2022	CHF	70.30	33,550	33,550
2010	2022	CHF	76.10	33,550	33,550
2011	2019	CHF	63.40	113,957	113,957
2011	2023	CHF	66.35	0	67,100
2012	2020	CHF	54.85	165,538	179,894
2012	2024	CHF	61.90	0	33,550
2013	2021	CHF	67.40	122,770	122,770
2013	2025	CHF	64.65	11,183	11,183
2014	2022	CHF	64.40	99,532	99,532
2014	2026	CHF	64.40	33,550	33,550
2015 (2006 [3])	2016	CHF	91.24	28,926	0
2015 (2007 [3])	2017	CHF	119.71	29,276	0
2015 (2008 [3])	2018	CHF	103.95	76,942	0
2015 (2009 [3])	2019	CHF	33.22	25,166	0
2015 (2010 [3])	2020	CHF	55.44	22,125	0
2015 (2011 [3])	2020	CHF	48.09	24,675	0
2015 (2012 [3])	2020	CHF	38.91	24,360	0
2015	2023	CHF	66.85	144,970	0
2015	2023	CHF	63.55	47,333	0
2015	2025	CHF	50.19	457,336	0
TOTAL				1,780,981	1,159,468

[1] Adjusted to reflect former share splits and/or capital increases and/or scrip dividend
[2] Due to trade restrictions in 2008, the expiry date of the annual options granted for the years 2003 to 2005 has been extended by one year.
[3] These options were granted through the Lafarge stock options plans. The figures presented in this table are based on the application of the actual exchange ratio of 0.945, which can be adjusted in the future.

Compensation governance

Rules relating to Compensation in the LafargeHolcim Articles of Incorporation

The Articles of Incorporation contain provisions regarding the approval of compensation of the Board of Directors and the Executive Management (Art. 23), the supplementary amount for new members of the Executive Management (Art. 24), the general compensation principles (Art. 25) as well as provisions regarding the agreements with members of the Board of Directors and the Executive Management (Art. 26). Moreover, the Articles of Incorporation contain provisions regarding the roles of the Board of Directors and the Nomination, Compensation & Governance Committee (Art. 17 and Art. 5). The articles of Incorporation are available at: *www.lafargeholcim.com/articles-association.*

Board of Directors

The Board of Directors has according to Article 17 of the Articles of Incorporation the responsibility for preparing the compensation report.

Nomination, Compensation & Governance Committee

The Nomination, Compensation & Governance Committee supports the Board of Directors according to Article 21 of the Articles of Incorporation in establishing and reviewing LafargeHolcim's nomination, compensation and governance strategy and guidelines as well as in preparing the motions to the Annual General Meeting regarding the nomination and compensation of the members of the Board of Directors and of the Executive Management.

For predefined positions of the Board of Directors and of the Executive Management, the Committee proposes the applicable performance criteria, targets and compensation levels for the Board of Directors while the Committee itself determines, in accordance with the compensation guidelines established by the Board of Directors, the above metrics for other predefined positions.

The Committee holds ordinary meetings at least three to five times a year: at the beginning of the year, in the middle of the year and in autumn. The Committee Chairman may invite members of the Executive Committee, other officers of the Group or third parties to attend the meetings. After each Committee meeting, the Board of Directors is informed of the topics discussed, decisions taken and recommendations made.

In 2015, the Committee retained Kepler (a brand of Mercer Ltd) as its independent compensation advisor. The Committee is satisfied with their performance and the independence of their advice since its appointment. It will reassess regularly the quality of the consulting service and the opportunity of rotating advisors.

Annual General Meeting (AGM)

According to Art. 23 of the Articles of Incorporation, the Annual General Meeting approves annually the compensation of the Board of Directors for the period from the Annual General Meeting to the next Annual General Meeting as well as the compensation of the Executive Management for the following financial year. Art. 24 of the Articles of Incorporation provides for a supplementary amount for Executive Management members who become members of, or who are promoted to the Executive Management during a compensation period for which the Annual General Meeting has already approved the compensation of the Executive Management if the compensation already approved is not sufficient to cover this compensation. The supplementary amount per compensation period for each such member shall not exceed 40 percent of the aggregate amount of compensation last approved by the Annual General Meeting. In addition to this prospective compensation approval process, the Compensation Report is submitted to the Annual General Meeting for an advisory vote on a yearly basis.

The roles of the Committee, the Board of Directors, and the AGM

The table below summarizes the roles of the Committee, the Board of Directors, and the Annual General Meeting:

	Nomination, Compensation & Governance Committee	Board of Directors	Annual General Meeting (AGM)
Compensation Report	**Proposes**	**Approves**	**Advisory vote**
Maximum compensation amount for the Board of Directors from AGM to AGM	**Proposes**	**Reviews and proposes to AGM**	**Binding vote**
Maximum compensation for the Executive Management for the next financial year	**Proposes**	**Reviews and proposes to AGM**	**Binding vote**
Individual compensation of members of the Board of Directors	**Proposes**	**Approves (subject to approval by AGM)**	
Individual compensation of members of the Executive Management	**Approves (subject to approval by AGM)**		

TO THE GENERAL MEETING OF LAFARGEHOLCIM LTD, JONA

Zurich, March 16, 2016

Report of the statutory auditor on the compensation report
We have audited the compensation report of LafargeHolcim Ltd for the year ended December 31, 2015. The audit was limited to the information according to articles 14 – 16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained on pages 132 to 135 of the compensation report.

Responsibility of the Board of Directors
The Board of Directors is responsible for the preparation and overall fair presentation of the compensation report in accordance with Swiss law and the Ordinance. The Board of Directors is also responsible for designing the compensation system and defining individual compensation packages.

Auditor's responsibility
Our responsibility is to express an opinion on the accompanying compensation report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the compensation report complies with Swiss law and articles 14 – 16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the compensation report with regard to compensation, loans and credits in accordance with articles 14 – 16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the compensation report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of compensation, as well as assessing the overall presentation of the compensation report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion
In our opinion, the compensation report for the year ended December 31, 2015, of LafargeHolcim Ltd complies with Swiss law and articles 14 – 16 of the Ordinance.

Ernst & Young Ltd

Willy Hofstetter
Licensed Audit Expert
Auditor in charge

Elisa Alfieri
Licensed Audit Expert

MANAGEMENT DISCUSSION & ANALYSIS

MANAGEMENT DISCUSSION & ANALYSIS 2015

2015 was a landmark year for the Group, with the creation of the world's leading building materials company through the merger of Lafarge and Holcim. While local and global resources were successfully mobilized to realize this transformation, the global economy experienced a slower than expected recovery and a number of the Group's key markets witnessed economic distress. Despite these headwinds, LafargeHolcim managed to increase cement sales volumes and realized merger-related synergies of CHF 130 million, exceeding its target for the year. However on a like-for-like basis operating EBITDA adjusted for merger, restructuring and other one-offs declined 4.6 percent versus last year.

This management discussion and analysis of the Group's financial situation and results of the operations has been elaborated using unaudited pro forma financial information in order to provide meaningful comparisons and a more accurate view of the Group's performance in 2015. Pro forma financial information includes, in addition to the merger: the latest changes in the scope of the divestments achieved in the context of the merger, the impact of merger, restructuring and other one-offs, the deconsolidation of the Australian business operated under a joint-venture and the effect of the divestments achieved over the course of 2014 and 2015. A detailed overview on the major differences between the financial statement view and the pro forma view is included in this management discussion and analysis.

The pro forma financial information does not take into consideration any purchase price accounting impact on operating EBITDA which mainly relates to inventory revaluation.

This management discussion and analysis should be read in conjunction with the shareholders' letter and the individual reports for the Group regions.

Overview

In 2015, the global economy grew at a slower pace than expected. The recovery in some developed markets such as the United States and the United Kingdom gained momentum while developing markets witnessed mixed trends. It was a turbulent year as markets grappled with the challenges presented by declining commodity and oil prices, reduced capital flows, pressure on currencies and political upheavals. Spillovers from regional conflicts, increased insecurity and social tensions continued to weigh on confidence in the Middle East. Against the backdrop of subdued growth in India and economic slowdown in China and Brazil, the global economy took further toll. The appreciation of the Swiss Franc against a number of currencies, resulting from the Swiss National Bank's decision in January 2015 to abandon its three-year old peg against the Euro, combined with the devaluation of several emerging market currencies over the period, led to a significant negative impact on the Group's results reported in Swiss Francs.

Despite these challenges, the Group managed to mitigate the impact of a contracting economy in many of its key markets, thanks to merger-related synergies delivered in 2015. Synergies generated by the merger on the operating EBITDA level, amounted to CHF 130 million in 2015, exceeding the target of CHF 100 million, a target that will gradually increase to CHF 1,100 million by the end of 2017.

In 2015, on a pro forma basis, cement volumes sold were above the prior year by 0.2 percent or 0.5 million tonnes, whereas volumes of aggregates and ready-mix concrete declined. Aggregates volumes were down 0.5 percent or 1.5 million tonnes and ready-mix concrete shipments declined by 1.4 percent, or 0.8 million cubic meters versus the prior year.

The Group achieved net sales of CHF 29,483 million, increasing by 0.1 percent or CHF 27 million on a like-for-like basis. Unfavorable currency translation effect impacted the Group's net sales by minus 6.3 percent or CHF 1,981 million, led by Europe (CHF 807 million, mainly in France and Russia), Middle East Africa (CHF 525 million, mainly in Algeria and Nigeria), Latin America (CHF 399 million, mainly in Brazil and Mexico) and Asia Pacific (CHF 301 million, mainly in Australia and Malaysia).

The Group incurred merger, restructuring and other one-offs of CHF 1,106 million in the year, which included merger related implementation costs of CHF 502 million, transaction and integration costs of CHF 278 million and items not related to the merger of CHF 326 million. In the following discussion, adjusted figures of operating EBITDA, operating EBITDA margin and cash flow from operating activities refer to the figures adjusted for merger, restructuring and other one-offs. On a like-for-like basis, the Group generated an adjusted operating EBITDA of CHF 5,751 million, 4.6 percent below the prior year, while the Group's operating EBITDA margin decreased by 1.0 percentage point to 19.5 percent.

Cash flow from operating activities decreased by 19.2 percent or CHF 602 million on a like-for-like basis. The decline was primarily driven by the material impact of the cash effective merger, restructuring and other one-offs (CHF 784 million) and lower operating EBITDA in Brazil, China, and Switzerland. The adjusted cash flow from operating activities of CHF 3,334 million reduced by 1.6 percent or CHF 55 million.

The Group's year-end net financial debt stood at CHF 17,266 million, below the CHF 17,500 million target communicated for the year.

Operating results fourth quarter

Sales volumes and principal key figures

		Oct–Dec 2015	Oct–Dec 2014	±%	±% like-for-like
Sales of cement	million t	66.5	63.4	4.8	4.8
– of which mature markets	%	29	30		
– of which developing markets	%	71	70		
Sales of aggregates	million t	75.8	73.7	2.9	2.9
– of which mature markets	%	88	88		
– of which developing markets	%	12	12		
Sales of ready-mix concrete	million m^3	14.3	14.2	0.8	0.8
– of which mature markets	%	63	63		
– of which developing markets	%	37	37		
Net sales	million CHF	7,441	7,912	(5.9)	1.7
– of which mature markets	%	51	51		
– of which developing markets	%	49	49		
Operating EBITDA	million CHF	988	1,474	(33.0)	(26.9)
– of which mature markets	%	32	37		
– of which developing markets	%	68	63		
Operating EBITDA adjusted	million CHF	1,395	1,647	(15.3)	(8.4)
– of which mature markets	%	43	41		
– of which developing markets	%	57	59		
Operating EBITDA margin	%	13.3	18.6		
Operating EBITDA margin adjusted	%	18.8	20.8		
Cash flow from operating activities	million CHF	1,560	1,774	(12.0)	(8.2)
Cash flow from operating activities adjusted	million CHF	1,726	1,870	(7.7)	(3.5)

Demand for cement, aggregates, ready-mix concrete and other construction materials and services is seasonal, as climatic conditions affect the level of activity in the construction sector. The Group typically experiences a reduction in sales during the first and fourth quarters, reflecting the effect of the winter season in its principal markets in Europe and North America, and tends to see an increase in sales in the second and third quarters, reflecting the effect of the summer season. This effect can be particularly pronounced in harsh winters.

On a like-for-like basis, cement deliveries of 66.5 million tonnes increased by 4.8 percent or 3.1 million tonnes compared to the fourth quarter of 2014. With the exception of China, most countries in Asia Pacific witnessed volume growth in the fourth quarter, led by contributions from Indonesia, the Philippines and Vietnam. As a result the region reported a 6.2 percent increase compared to the prior year. The region Middle East Africa also reported strong cement sales volumes with a notable increase of 10.8 percent driven by gains in Algeria and Egypt. North America, with a volume growth of 6.9 percent, mostly stemming from the United States, further contributed to this improvement. That said, volume declines in Brazil continued to weigh on the results in Latin America, which fell by 5.8 percent. Europe benefited from mild weather conditions in the fourth quarter, which partly offset the lackluster business environment. Quarterly sales volumes in Europe were down 1.6 percent.

Sales of aggregates touched 75.8 million tonnes in the quarter, representing an increase of 2.9 percent or 2.1 million tonnes. All regions, except Latin America, recorded volume gains in the fourth quarter. Asia Pacific delivered substantially more aggregates with an increase of 11.8 percent largely driven by Australia and China. North America recorded sales volume growth of 2.1 percent where solid growth in the United States and East Canada was partly offset by the lack of infrastructure projects in West Canada. Middle East Africa posted an increase of 14.8 percent for the quarter, mainly as a result of increased deliveries in Egypt. In Europe, where volumes sold grew 1.6 percent, many markets benefited from favorable winter conditions, which offset the lack of momentum in some central European markets. In Latin America, the restructuring of the aggregates business in Mexico and the low demand in Brazil impacted volumes negatively leading to a decline of 14.2 percent.

Shipments of ready-mix concrete reached 14.3 million cubic meters, a year-on-year improvement of 0.8 percent on a like-for-like basis. While ready-mix concrete volumes were on par with last year’s levels in Middle East Africa, the growth of 6.1 percent in Europe and 2.8 percent in North America, was partially offset by a of 3.1 percent decline in Asia Pacific.

Million CHF	Oct–Dec 2015	Oct–Dec 2014	±%	±% like-for-like
Net sales by region				
Asia Pacific	2,363	2,448	(3.5)	2.6
Europe	1,783	1,946	(8.4)	(1.2)
Latin America	784	892	(12.0)	1.3
Middle East Africa	1,077	1,196	(10.0)	3.7
North America	1,501	1,500	0.1	3.1
Corporate/Eliminations	(67)	(70)	(4.1)	(2.7)
TOTAL	7,441	7,912	(5.9)	1.7
Adjusted operating EBITDA by region				
Asia Pacific	400	456	(12.4)	(6.5)
Europe	304	372	(18.4)	(11.7)
Latin America	217	249	(13.0)	(7.0)
Middle East Africa	271	363	(25.4)	(12.9)
North America	326	302	8.1	11.6
Corporate/Eliminations	(123)	(95)	28.9	(38.7)
TOTAL	1,395	1,647	(15.3)	(8.4)
Cash flow				
Cash flow from operating activities	1,560	1,774	(12.0)	(8.2)
Cash flow from operating activities adjusted	1,726	1,870	(7.7)	(3.5)
Net capital expenditures on property, plant and equipment to maintain productive capacity and to secure competitiveness	(505)	(498)	(1.5)	(8.2)
Investments in property, plant and equipment for expansion	(408)	(449)	9.2	(5.0)

Fourth quarter consolidated net sales were stable compared to previous year with a slight like-for-like increase of 1.7 percent. The unfavorable currency development continued to negatively impact net sales, which dropped by 7.6 percent in the fourth quarter. In the cement business, the overall increase in sales volume offset price pressure in Middle East Africa, Europe and Asia Pacific. However, weaker prices in the aggregates and ready-mix concrete businesses burdened the Group's top line growth.

The adjusted operating EBITDA decreased by 8.4 percent or CHF 139 million on a like-for-like basis. The currency effect of minus 6.8 percent, reflecting the sharp appreciation of the Swiss Franc, further impaired the operating results. North America improved its performance by 11.6 percent or CHF 35 million, supported by a favorable economic environment driving volumes and prices up. The contribution was coming mainly from the United States. However, in all other regions the operational performance deteriorated in the quarter. Sales of CO_2 emission rights were lower by CHF 46 million (mainly Europe). Unfavorable effects from lower sales volumes in Germany, Russia and Azerbaijan, accentuated by price pressure in many countries, particularly in Switzerland, and Poland contributed to drive the adjusted operating EBITDA of the region down by 11.7 percent. In Asia Pacific, operating EBITDA decreased by CHF 30 million or 6.5 percent on a like-for-like basis. The largest declines were recorded in China and Indonesia, where the prices remained under pressure. The operating EBITDA in Middle East Africa declined by CHF 47 million or 12.9 percent on a like-for-like basis. Zambia, Nigeria and Iraq reported mainly negative developments. In Zambia, higher production costs coupled with lower volumes and prices. In Iraq, volumes and prices suffered, explained by domestic instability. Operations were stopped in Syria for the full year of 2015. Operating EBITDA improved mainly in Morocco, Algeria and Jordan, partially offsetting the negative trend in the region. In Latin America, operating EBITDA decreased by CHF 18 million or 7.0 percent on a like-for-like basis. Overall positive price effects could not offset the impact of lower volumes mainly in Brazil and Ecuador. Additionally, Brazil faced cost inflation, which put an additional burden on the operating EBITDA of the region.

As a result, the quarterly adjusted operating EBITDA margin of the group, decreased by 2.1 percentage points to 18.8 percent based on constant exchange rates.

In the quarter, CHF 407 million merger, restructuring and other one-offs were recorded, of which CHF 79 million was in Europe, CHF 61 million in Middle East Africa, CHF 43 million in Asia Pacific, CHF 44 million in North America and CHF 20 million in Latin America.

Cash flow from operating activities in the quarter decreased by CHF 146 million or 8.2 percent on a like-for-like basis. The deterioration was primarily driven by lower operating EBITDA in Brazil, China and Switzerland and the material impact of the cash effective merger, restructuring and other one-offs. The decline of the adjusted cash flow from operating activities is reduced to CHF 66 million or 3.5 percent.

Operating results for the year 2015

Sales volumes and principal key figures

		Jan–Dec 2015	Jan–Dec 2014	±%	±% like-for-like
Sales of cement	million t	255.7	255.2	0.2	0.2
– of which mature markets	%	30	30.0		
– of which developing markets	%	70	70.0		
Sales of aggregates	million t	292.2	293.7	(0.5)	(0.5)
– of which mature markets	%	88	88		
– of which developing markets	%	12	12		
Sales of ready-mix concrete	million m³	56.8	57.7	(1.4)	(1.4)
– of which mature markets	%	64	63		
– of which developing markets	%	36	37		
Net sales	million CHF	29,483	31,437	(6.2)	0.1
– of which mature markets	%	51	51		
– of which developing markets	%	49	49		
Operating EBITDA	million CHF	4,645	5,986	(22.4)	(17.6)
– of which mature markets	%	28	34		
– of which developing markets	%	72	66		
Operating EBITDA adjusted	million CHF	5,751	6,438	(10.7)	(4.6)
– of which mature markets	%	39	37		
– of which developing markets	%	61	63		
Operating EBITDA margin	%	15.8	19.0		
Operating EBITDA margin adjusted	%	19.5	20.5		
Cash flow from operating activities	million CHF	2,550	3,135	(18.7)	(19.2)
Cash flow from operating activities adjusted	million CHF	3,334	3,428	(2.7)	(1.6)
Net financial debt	million CHF	17,266			

Sales volumes

Consolidated cement sales volumes rose by 0.2 percent or 0.5 million tonnes to 255.7 million tonnes on a like-for-like basis. The sales volumes development was mixed among the regions, with Asia Pacific, North America and Middle East Africa exceeding the previous year level while Europe and Latin America faced some challenges. In Asia Pacific, volume growth was backed by favorable developments in most countries, partly offset by declines in China, Malaysia and Bangladesh. North America was a significant contributor to the Group's volume growth with both Canada and the United States benefiting from improved economic conditions. Despite political turmoil and regional conflicts affecting Syria, Iraq, and Lebanon, and spillovers of low oil prices on exporting economies, Middle East Africa delivered higher volumes than last year, partly backed by stronger market demand in Egypt and Algeria. These improvements partially offset the adverse situation in Europe where volumes continued to shrink in most countries and in oil dependent countries such as Russia and Azerbaijan. In Latin America, the economic recession and political scandals in Brazil took a toll on cement demand.

Cement sales volumes grew by 0.8 percent or 1.0 million tonnes to 123.1 million tonnes in Asia Pacific. This development was primarily driven by improved performance in the Philippines where strong activity was recorded during 2015. The main contributors to this improved performance was the growth in public construction activity as the government's Public-Private Partnership program gained traction, as well as sustained momentum in the private construction sector. In Indonesia, volumes picked up in the last quarter of the year, driven by sales of clinker to the domestic and export market. Vietnam recorded significantly higher cement deliveries, underpinned by a recovery in the real estate market, coupled with positive regulatory changes, robust economic growth and favorable funding conditions. On the other hand, cement sales volume in China decreased by 5.3 percent. Cement demand was hampered by slowing economic growth and more specifically the structural slowdown in the construction sector, where fiscal stimulus for infrastructure projects was significantly reduced. In India, the construction sector was weighed down by a challenging business environment, accentuated by the recent cutback in the government's drive for land reform. Infrastructure projects announced were not yet launched while the residential sector remained stagnant. As a result, sales volumes receded by 0.1 percent compared to the prior year.

Europe experienced sluggish economic recovery and sustaining budgetary pressures. Amid more challenging global conditions its underlying dynamics remained slow. Investments enjoyed less confidence than in past recoveries and in other advanced economies, as subdued demand expectations and economic and policy uncertainty persisted. Construction activity remained in low gear in a number of the Group's key countries, impacting cement sales volumes by minus 4.7 percent, a decrease of 2.1 million tonnes to 42.1 million tonnes. In 2015, Russia slipped into recession caused by falling oil prices and economic sanctions which impacted the Russian government's capacity to fund infrastructure projects. Against this backdrop, cement volumes fell significantly. The economy in Azerbaijan remained under pressure from lower oil and gas prices. In addition to these challenging conditions, intense competition remained in the market, putting strong pressure on volumes. In France, sales volumes decreased as well. Despite temporary tailwinds (lower energy prices, Euro depreciation) which supported consumption and exports, the housing market remained subdued due to economic uncertainty and high unemployment rates. The Swiss economy was significantly affected by the Swiss National Bank's decision to abandon the exchange-rate peg with the Euro. The termination of major infrastructure projects and cement imports from bordering countries prevented any volume growth. Positive developments were witnessed in the United Kingdom, led by solid performance on the back of improved market conditions. Romania mainly benefited from increased civil engineering activities.

In Latin America cement volumes declined by 1.2 percent or 0.3 million tonnes to 27.9 million tonnes. Most of the volume drop was recorded in Brazil and Ecuador. In Brazil, cement demand shrank drastically, impacted by a severe economic downturn and by the ongoing political uncertainty, which weighed on construction activity. After years of sustained activity, Ecuador's infrastructure development slowed down considerably as the country faced a wide budget deficit, triggered by the sustained low oil price. Mexico and Argentina boasted stronger sales volumes compared to last year. After many months of recession, the Mexican construction industry continued its recovery, driven by the National Infrastructure Plan and strong growth in the residential and energy sectors. In Argentina volumes benefited from moderate economic growth driven by domestic consumption and increased government spending.

Despite disruption and regional conflicts in some countries, cement deliveries increased by 1.0 percent or 0.4 million tonnes to 43.4 million tonnes in the Group's region Middle East Africa. In Syria, Iraq, Lebanon and Jordan economic growth has been held back by regional instability. Business activities were suspended in Syria for the full year of 2015, until "force majeure" conditions cease to exist. Volume losses in those countries were however offset by growing cement demand in Egypt, Algeria and Kenya. In Egypt, the Group enjoyed solid cement demand boosted by on-going public infrastructure projects. In Algeria, cement demand grew over the previous year, albeit at a slower pace. The country's infrastructure deficit, particularly in terms of residential and social infrastructure, supported growth in 2015. In Kenya, cement volumes were backed by a dynamic construction activity supported by the government's efforts to modernize transportation infrastructure and by investments in Nairobi's real estate sector.

In North America, cement sales volumes improved by 4.2 percent or 0.9 million tonnes to 21.8 million tonnes. The solid volume growth in the United States was mostly driven by the dynamic residential building industry. In Canada, higher volumes were delivered from the east coast where the construction sector benefited from the improved economic conditions in the United States and major renewable energy projects.

Aggregates sales volumes decreased by 0.5 percent or 1.5 million tonnes on a like-for-like basis to reach 292.2 million tonnes. This development largely stemmed from Latin America which recorded a sales volumes drop of 25.7 percent or 2.7 million tonnes. Closure of unprofitable business units in Mexico in 2014, low demand driven by sluggish economic prospects in Brazil and Ecuador, and production difficulties in Chile largely explain these developments. In addition, aggregates demand in Europe suffered particularly in France, one of the biggest markets for the Group, as infrastructure projects remained in low gear. Against this backdrop, the region reported a sales volume contraction of 1.1 percent or 1.4 million tonnes in 2015. The remaining regions reported positive developments. In North America, volumes grew by 1.3 percent or 1.4 million tonnes. The United States and Eastern Canada performed well over last year on the back of stronger demand for infrastructure projects. Middle East Africa recorded sales volume growth of 5.9 percent or 0.6 million tonnes mostly attributable to solid growth in Egypt. In Asia Pacific, the sales volume increase of 1.8 percent or 0.6 million tonnes was mainly driven by China.

Sales of ready-mix concrete declined by 1.4 percent or 0.8 million cubic meters on a like-for-like basis. With the exception of Europe, which reported low growth of 0.9 percent or 0.2 million cubic meters, all of the other Group's regions recorded lower volumes in 2015. In Latin America, the ready-mix concrete business was hit the hardest by the depressed economic environment in Brazil. In North America, volumes dropped due to the divestment of some activities and regional floods which heavily impacted some production sites in the United States. Ready-mix concrete deliveries contracted by 5.8 percent or 0.3 million cubic meters in Middle East Africa, due to a volume drop in Iraq and South Africa. Asia Pacific experienced a slight volume decrease of 0.2 percent, as the solid growth recorded in India could not make up for adverse developments mainly in Indonesia and Australia.

Net sales

Net sales by region

Million CHF	Jan–Dec 2015	Jan–Dec 2014	±%	±% like-for-like
Asia Pacific	9,048	9,512	(4.9)	(1.7)
Europe	7,356	8,367	(12.1)	(2.4)
Latin America	3,241	3,540	(8.4)	2.8
Middle East Africa	4,536	4,969	(8.7)	1.9
North America	5,678	5,418	4.8	5.4
Corporate/Eliminations	(376)	(368)	(2.3)	25.8
TOTAL	29,483	31,437	(6.2)	0.1

Net sales reached CHF 29,483 million in 2015 which represented a decrease of 6.2 percent from CHF 31,437 million in 2014. The strong appreciation of the Swiss Franc was clearly felt with a negative foreign currency impact of CHF 1,981 million or 6.3 percent. On a like-for-like basis, net sales increased by 0.1 percent. Net sales in North America, Latin America and Middle East Africa improved compared to 2014 whereas net sales recorded in Europe and Asia Pacific underperformed compared to the previous year's levels.

Net sales in Asia Pacific amounted to CHF 9,048 million, a decline of 1.7 percent on a like-for-like basis. Excluding China and India, the region recorded a net sales growth of 2.1 percent on a like-for-like basis. China suffered from subdued economic growth, a competitive environment and oversupply in the cement market. Prices fell well behind last year's level while volumes also reduced. In India, tepid demand from private investment, along with delays in previously announced government infrastructure and other projects contributed to the weak results. Cement prices and volumes suffered as a result. In Australia, aggregate prices declined and ready-mix concrete volumes dropped due to a subdued resource sector. These negative developments in the region were partially offset by countries such as the Philippines, Vietnam, Sri Lanka and South Korea. The Philippines achieved a stellar year with improvement in both cement prices and volumes attributable to the robust development in private and public construction. The construction boom in Vietnam translated into top line growth thanks to the participation in strategic projects. The election year in Sri Lanka and the anticipated subsequent stability fueled the volume increase and compensated for lower prices as government controlled prices were reduced at mid-year. South Korea also witnessed volume and price improvements attributable to growing demand from private and public investments.

In Europe, net sales receded by CHF 204 million or 2.4 percent on a like-for-like basis. The largest decreases were recorded in France, Switzerland, Azerbaijan, Italy and Poland. All three segments in France were impacted by a declining housing market and sluggish government spending. The Swiss economic environment suffered a setback as a result of the Swiss Franc appreciation. The results were marked by slowing construction activities and pressure on prices and volumes due to higher imports. Azerbaijan went through a challenging economic phase due to lower oil prices and significant currency devaluation which negatively impacted construction activities. The results were further affected by competitive pressures on both cement prices and volumes. Italy was affected by the sluggish economic environment and social structural issues which reduced the purchasing power. In Poland, a cooler construction market and delayed infrastructure contracts coupled with the competitive environment caused prices and volumes in cement and ready-mix concrete to decrease. While adverse performance was recorded in most of the European countries, higher net sales were achieved in the United Kingdom and Romania.

In the United Kingdom, the market was fueled by a strong housing sector and the start of public infrastructure projects. These translated into higher prices and volumes, especially in the asphalt business line. Romania benefited from higher volumes across all segments thanks to improved market conditions which paved the way for opportunistic projects in the Bucharest area and the northern region.

In Latin America, net sales increased by CHF 100 million or 2.8 percent on a like-for-like basis. This was mainly driven by Mexico, Argentina, and Colombia. In Mexico, the economic recovery was fueled by the National Infrastructure Plan which translated into price and volume increases. In Argentina, the commercial excellence focus on value adding segments and higher volumes were the key for its commercial success. Colombia continued the positive momentum of 2014 based on strong market growth and significant public infrastructure and housing projects. This development converted into higher cement prices and volumes. Most countries in the region achieved an increase in net sales; however, Brazil and Ecuador negatively impacted the results. In Brazil, the combined effect of low oil prices and political uncertainty heavily affected the economy. As a result, infrastructure projects were cut back and cement demand dropped significantly, impacting both volumes and prices. In Ecuador, public investment in infrastructure projects also suffered from low oil prices and higher trade deficits, which caused volumes to decline.

In Middle East Africa, net sales increased by CHF 92 million or 1.9 percent on a like-for-like basis. Algeria, Kenya, Egypt, Nigeria and Uganda saw improved net sales. Prices and volumes increased across all segments in Algeria attributable to positive market trends and government projects. Cement price and volume increases in Kenya were supported by investments in infrastructure. In Egypt, demand improved and better energy availability compared to competitors led to higher kiln utilization rates. Volume increases offset lower prices as competitors resumed their production. Uganda achieved higher net sales thanks to a cement price increase while Nigeria benefited from favorable product mix and geographical presence. Partly offsetting this growth, Syria, Zambia, Iraq and Lebanon recorded lower net sales in 2015. In Syria, the plant stoppage made sales impossible. In Zambia, the entrance of a new competitor and the general slowdown in mining and commercial activities due to power shortages and on-going macroeconomic challenges negatively impacted net sales. Iraq was affected by political instability and disruptions of material flows. Prices in Iraq remained below levels observed last year. In Lebanon, the economic and the political environment were marred by the spillover of the Syrian conflict. As a result, lower market demand hampered the price and volume growth.

North America achieved an increase in net sales of CHF 295 million or 5.4 percent on a like-for-like basis. Both the United States and Canada positively contributed to this performance. The sustained economic recovery in the United States translated into higher prices in all segments. Despite lower oil related investments, cement and aggregate volumes also increased thanks to mild weather and participation in large projects. Top line performance in Canada was improved but mixed. In East Canada, a good market mix and pricing gains were the results of an increase in exports to the United States and in the number of construction projects. In West Canada, the oil dependent sector of the economy displayed signs of difficulties such as slowdown of the housing market, project cancellations, and layoffs. Therefore, both volumes and prices suffered.

The relative weight of North America in the Group net sales increased to 19 percent (2014: 17) whereas the relative weight of Europe decreased to 25 percent (2014: 27). The relative weight of other regions remained the same as in 2014. In 2015, the relative weighting of developing markets in the Group's net sales remained unchanged at 49 percent.

Adjusted Operating EBITDA

Operating EBITDA adjusted by region

Million CHF	Jan–Dec 2015	Jan–Dec 2014	±%	±% like-for-like
Asia Pacific	1,565	1,769	(11.5)	(8.6)
Europe	1,264	1,537	(17.8)	(8.7)
Latin America	907	964	(5.9)	0.1
Middle East Africa	1,362	1,611	(15.4)	(4.6)
North America	1,183	1,065	11.1	12.0
Corporate/Eliminations	(531)	(508)	(4.7)	13.2
TOTAL	5,751	6,438	(10.7)	(4.6)

Adjusted operating EBITDA in 2015 was CHF 5,751 and, on a like-for-like basis, operating EBITDA decreased by CHF 298 million or 4.6 percent. In North America, higher operating EBITDA was achieved compared to last year. In Latin America, operating EBITDA remained flat and the remaining regions recorded lower operating EBITDA. The foreign exchange effect also weighed heavily, reducing adjusted operating EBITDA by CHF 390 million or 6.1 percent. In 2015, the Group sold less CO_2 certificates. The impact on operating EBITDA was minus CHF 70 million (mainly in Europe). The unadjusted operating EBITDA in 2015 decreased by 22.4 percent and amounted to CHF 4,645 million. The merger, restructuring and other one-offs of CHF 1,106 million significantly impacted operating EBITDA. In the second half of the year, the Group realized a total of CHF 130 million in merger related synergies which positively impacted operating EBITDA. In the discussion which follows, all comments about operating EBITDA refer to the adjusted operating EBITDA.

In Asia Pacific, operating EBITDA decreased by CHF 152 million or 8.6 percent on a like-for-like basis. The largest declines were recorded in China, Indonesia and India. In China, operations benefited from lower fuel costs, lower selling, general and administration expenses, as well as procurement benefits. However, China's reduced real estate investment led to a decrease of operating EBITDA in 2015. Indonesia's operating EBITDA lagged as prices declined due to delays in major projects and government interventions in pricing. Volume improvement was further slowed by the subdued performance of the real estate market and overall market contraction in 2015. In India, lower cement prices and subdued demand were the major causes of a drop in operating EBITDA. Partially offsetting these results, the Philippines reached its highest ever operating EBITDA thanks to strong volume growth and variable cost savings despite lower margins on imported cement and clinker compared to domestic production. In Vietnam, good sales performance and cost savings translated to an increase in operating EBITDA. Australia attained a higher operating EBITDA thanks to restructuring initiatives from the previous year even though lower net sales were recorded in 2015.

In Europe, operating EBITDA decreased by CHF 134 million or 8.7 percent on a like-for-like basis mainly due to Switzerland, France and Azerbaijan. Besides negative top line development, Switzerland also recorded less gains from the sale of CO_2 certificates which amounted to CHF 22 million. In France, volume and price declines especially in cement and aggregate segments coupled with an increase in fixed costs, were the main causes for the operating EBITDA decline. Azerbaijan suffered from lower volumes and prices while costs remained stable. Positive operating EBITDA development was achieved in the United Kingdom, Romania, Greece and Russia. In the United Kingdom, the good economic environment and the robust demand in the housing market supported profitable growth. In Romania, the impact from higher volumes and lower variable and fixed costs were able to compensate for the lower sales of CO_2 certificates. In Greece, operating EBITDA increased thanks to higher export prices and an optimized cost structure. Russia achieved higher operating EBITDA through cost savings and selling price initiatives while volumes were reduced due to competitive pressure.

Mixed performance amongst countries in Latin America resulted in a flat operating EBITDA for the region on a like-for-like basis. While most countries achieved higher operating EBITDA, Brazil, Ecuador and Chile remained below their prior year's levels. In Brazil, lower volumes and prices coupled with higher electricity costs and high cost inflation led to a decrease in operating EBITDA. In Ecuador, the negative volume development outweighed the positive effects from the cost saving initiatives and higher prices. In Chile, the negative operating EBITDA development was mainly due to higher variable costs. All other countries in the region, in particular Mexico, Argentina and El Salvador, recorded an improvement. In Mexico, positive volume and price impacts were partially offset by higher maintenance and distribution costs resulting from larger transportation distances. Despite higher inflation driven costs, Argentina attained better operating EBITDA thanks to good top line performance. El Salvador improved its operating EBITDA thanks to higher volumes and lower fuel costs.

In Middle East Africa, operating EBITDA declined by CHF 74 million or 4.6 percent on a like-for-like basis. Iraq, Zambia, South Africa and Syria had negative developments in their operating EBITDA. In Iraq, domestic instability pushed both prices and volumes downward. This was partially mitigated by cost reduction initiatives. In Zambia, results were negatively impacted by lower volumes and prices coupled with higher costs due to an increase in power tariffs and strong inflation of fuel and raw material prices. In South Africa, new players in the cement market added pressure on prices while industrial performance negatively affected costs. No operation was possible in Syria in the full year of 2015. Operating EBITDA improved in Kenya, Algeria, Jordan and Uganda and other countries in the region. In Kenya, the volume increases more than offset higher maintenance costs. Algeria benefited from higher prices supported by the distribution optimization program, price improvements of specific products and a successful product mix strategy implemented during the year. In Jordan, good performance in ready-mix concrete combined with a cost reduction program in cement largely contributed to the improved results. Positive price and volume development supported increased operating EBITDA in Uganda.

The North America region improved its operating EBITDA by CHF 128 million or 12.0 percent on a like-for-like basis. Higher prices and volumes led to strong performance in the United States despite higher maintenance costs due to repairs and cost of an unplanned outage. The decline in operating EBITDA in Canada was caused by lower demand from oil dependent provinces in West Canada. East Canada recorded higher operating EBITDA driven by higher volumes altough higher fixed costs were recorded.

The shift in the regional weighting of operating EBITDA was most prominent in North America where it increased to 20.6 percent (2014: 16.5). The weighting of operating EBITDA in Latin America increased to 15.8 percent (2014: 15.0). The weighting of Asia Pacific decreased slightly to 27.2 percent (2014: 27.5). Middle East Africa represented 23.7 percent of Group operating EBITDA (2014: 25.0). The relative importance of Europe decreased to 22.0 percent (2014: 23.9). In 2015, the weighting of developing markets in the Group's operating EBITDA decreased to 61 percent (2014: 63).

Adjusted Operating EBITDA margin

On a like-for-like basis, the Group's adjusted operating EBITDA margin decreased by 1.0 percentage point to 19.5 percent in 2015. The challenging markets in Brazil, China, Switzerland, Indonesia, Iraq and the lower gains from CO_2 sales of CHF 70 million could not be compensated by an overall effort on implementing price increases and reducing costs. In the discussion which follows, all comments about operating EBITDA margin refer to the adjusted operating EBITDA margin.

On a like-for-like basis, the operating EBITDA margin in Asia Pacific fell by 1.3 percentage points to 17.3 percent as lower prices outweighed cost savings and volume increases. Most countries in the region either maintained their margins or saw a slight decrease. China, Indonesia, and India were the main contributors to margin deterioration. Australia, Vietnam, and the Philippines achieved a margin increase.

In Europe, the operating EBITDA margin decreased by 1.2 percentage points, on a like-for-like basis. Cost saving initiatives were not able to compensate for the negative impacts of lower volumes, prices and sales of CO_2 certificates. The main contributors to the margin decline were Switzerland, Azerbaijan, and France. Notably, the United Kingdom and Russia increased their margins mainly due to higher selling prices and a concerted focus on cost reductions.

The operating EBITDA margin in Latin America decreased by 0.7 percentage points, on a like-for-like basis. Most countries in Latin America increased their margin compared to last year, notably Mexico, Argentina and El Salvador. The drop in the regional margin was caused by Brazil and Chile. In Brazil, lower volumes, higher costs and lower prices were affecting the operating EBITDA margin. In Chile, higher variable costs and lower ready-mix concrete sales were the main reasons for the decline.

Middle East Africa's operating EBITDA margin decreased by 2.0 percentage points. Overall, the region was impacted by a slower growth as local economies were affected by prices for commodities and oil and gas. In many countries newly added capacity positively impacted volumes; however, prices were under pressure. Increases in operating EBITDA margin in Jordan, Kenya and Uganda could not offset the declines in operating EBITDA margin in Iraq, Zambia, Egypt, and South Africa.

North America was the only Group region to record an improvement of the operating EBITDA margin on a like-for-like basis, achieving a gain of 1.2 percentage points. Good top line performance mainly stemming from record high cement prices in the United States offset the margin deterioration in Canada.

In the cement segment, the operating EBITDA margin decreased on a like-for-like basis by 0.6 percentage points to 25.9 percent. Partially offsetting the decline from other group regions, North America managed to improve its operating EBITDA margin in this segment. Operating EBITDA margin in the aggregates segment declined on a like-for-like basis by 1.3 percentage points to 15.5 percent. In this segment, Asia Pacific and North America achieved a margin improvement whereas the margin deteriorated in the other Group regions.

Outlook 2016

2016 will be a year of progress towards our 2018 targets. Demand in our markets is expected to grow between 2 percent to 4 percent taking into account the challenging economic headwinds in selected emerging markets that will continue. This further illustrates that our merger was an essential first step in building a new business, ready to exploit opportunities in the coming years.

This year our strategic plan will gain further momentum and in 2016 we expect:

- CAPEX to remain below CHF 2.0 billion
- Incremental synergies of more than CHF 450 million of operating EBITDA
- Our pricing recovery actions and commercial excellence initiatives will demonstrate tangible results in 2016.
- Net debt expected to decrease to around CHF 13.0 billion at year end, including the effect of our planned divestment program
- CHF 3.5 billion divestment program to be completed with more than one third already secured
- We are committed to maintaining a solid investment grade rating and commensurate to this rating, returning excess cash to shareholders, notably with a progressive dividend policy

We reconfirm our commitment to the 2018 targets announced in November 2015.

Cash flow and investments

Cash flow adjusted and Investments

Million CHF	Jan–Dec 2015	Jan–Dec 2014	±%
Cash flow from operating activities	**2,550**	**3,135**	**(18.7)**
Cash flow from operating activities adjusted	**3,334**	**3,428**	**(2.7)**
Net capital expenditures on property, plant and equipment to maintain productive capacity and to secure competitiveness	**(1,148)**	**(1,051)**	**(9.2)**
Investments in property, plant and equipment for expansion	**(1,453)**	**(1,647)**	**11.8**

Cash flow from operating activities

Adjusted Cash flow from operating activities decreased by 1.6 percent, on a like-for-like basis. In 2015, the adjusted cash flow margin was 11.3 percent (2014: 10.9). The impact from cash effective merger, restructuring and other one-offs on the cash flow from operating activities was CHF 784 million in 2015. Unadjusted, cash flow from operating activities declined by CHF 585 or 18.7 percent to CHF 2,550 million.

Investment activities

The net capital expenditure to maintain productive capacity and to secure competitiveness amounted to CHF 1,148 million, while investments in expansion and diversification projects reached CHF 1,453 million. Investments in property, plant and equipment for expansion mainly reflected key projects, the objective of which was to increase cement capacity in developing countries.

Key investment projects

Indonesia – capacity expansion at Tuban and new Cement Terminal at Lampung in South Sumatra

In order to meet growing demand, the Group has built a new integrated cement plant in Tuban, East Java, including two production lines with the capacity of 1.6 million tonnes each. The cement mill of the first line was put into commercial operation in December 2013 and the kiln followed in September 2014. The second line became fully operational in August 2015.

The Group is also building a cement terminal and packing plant near Lampung, South Sumatra. This terminal is expected to be in operation in the first quarter of 2016. The Group already has a strong position in the regional market of Southern Sumatra which is growing faster than the Indonesian average, and this strengthening of the footprint will allow for an improvement in customer service and a reduction in logistics costs.

Brazil – capacity expansion at Barroso

In Brazil, a second kiln line is being installed at the Barroso plant and will be commissioned in the second quarter of 2016. The additional cement capacity of 2.3 million tonnes will bring the total installed cement capacity of LafargeHolcim Brazil to 11.0 million tonnes. With this investment, Brazil will be able to improve its cost structure while the assets footprint is being constantly reassessed following the merger to adjust to the demand for building materials in the south-east of the nation.

Ecuador – clinker capacity expansion at Guayaquil

The second phase of the cement plant modernization in Guayaquil started in December 2012 with the construction of a new clinker line. The commissioning of the new line was celebrated in March 2015, almost a year ahead of schedule. The total clinker capacity has been increased by 1.4 million tonnes thus balancing local clinker production capacity with local cement capacity in order to eliminate costly clinker imports, reduce logistics-related risks, strengthen local value creation and reduce the CO_2 footprint. With this investment, the operation in Ecuador is significantly better positioned to further leverage its strong brand presence, meet customer’s needs and substitute imports.

India – expansion of market position

The new cement plant at Jamul in India is expected to go on stream in the first half of 2016. The production unit with a clinker capacity of 2.8 million tonnes is planned to start operation in April 2016. The grinding units with a capacity of 2.5 million tonnes at Jamul and Sindri are expected to start production by mid-2016.

Australia – expansion of aggregates capacity

In 2011, the Group began work on a new quarry in the southwest of Sydney, one of the largest aggregates investments of the Group. Known as Lynwood Quarry, the site supplies aggregates to one of Australia's largest markets. With the capability to transport raw-material by rail, the quarry together with the distribution center in West Sydney offer a long term cost effective supply to the profitable and growing Sydney market. The plant was commissioned in December 2015, and it strengthens the Group's integrated market position.

Russia – modernization at Volsk plant

Russia's modernization strategy continues with the upgrading of its existing wet process at Volsk plant in the Volga region. The project is progressing on schedule and the new clinker line (semi wet) should be commissioned in the second half of 2016.

A number of important technical improvements will take place in the mining of limestone, in the preparation of the raw material mix, and in the kiln line that will be upgraded from a wet to a semi-wet technology. This will allow the revamped plant to be competitively positioned in its primary market in the Volga region.

Algeria – Djemorah project

The Group continued the construction started in November 2013 of a new integrated cement plant in the region of Biskra. The plant capacity is 2.7 million tonnes. Cement production is scheduled to start by March 2016 with clinker supplied by other internal sources and the clinker production by July 2016.

Canada – capacity expansion at Exshaw

The expansion project at the Exshaw plant, near Calgary, consists of upgrade an existing kiln to a new five stage kiln, increasing the plant's cement capacity. First clinker will be produced in March 2016 and cement production is scheduled to begin June 2016.

USA – new line at Ravena

The brownfield project for a clinker and cement production line in Ravena located in the northeast of the United States will supply 1.9 million tonnes of cement capacity. The new line will replace the two existing kilns in order to serve in a more efficient manner, also from an environmental and logistic aspects. Clinker production is scheduled to start by the fourth quarter of 2016.

Nigeria – second line for capacity expansion at Unicem

A second clinker line, with a capacity of 6,250 tonnes per day and a new cement production line with a capacity of 2.5 million tonnes per year are being built at the Unicem Mfamosing plant in order to meet the strong market growth in the south and southeast of the country. This second line is scheduled to be operational by the end of 2016.

Financing activity

The Group's investments were funded from the cash flow from operating activities. New debt capital issuances were mainly conducted for refinancing and general corporate purposes. In the year under review, capital market issuances of CHF 700 million were undertaken by the Group, enabling the Group to lock in historically low interest rates. The main capital market transactions were as follows:

AUD 250 million	**Holcim Finance (Australia) Pty Ltd bond with a coupon of 3.75%, term 2015–2020**
MXN 1,700 million	**Holcim Capital México S.A. de C.V. bond with a floating interest rate, term 2015–2020**
CHF 250 million	**LafargeHolcim Ltd bond with a coupon of 0.375%, term 2015-2021**
CHF 150 million	**LafargeHolcim Ltd bond with a coupon of 1.00%, term 2015–2025**

The Group early repaid several outstanding bonds in the second half of the year to reduce debt with the proceeds from the merger-related divestments. In the third quarter 2015, the Group repurchased a total nominal amount of CHF 2,460 million of outstanding EUR and GBP bonds. In the fourth quarter of 2015, bonds denominated in USD and CAD with an aggregated nominal amount of CHF 518 million were repurchased.

Net financial debt

The Group's financial structure remained solid and net financial debt amounted to CHF 17,266 million at December 31, 2015.

Capital market financing of the Group as per December 31, 2015 (CHF 15,977 million, excluding PPA)

			excl. PPA
Category	Category (details)	Million CHF	in %
EUR Bonds		**5,156**	**32%**
USD Bonds		**3,697**	**23%**
CHF Bonds		**2,873**	**18%**
EUR CPs	**EUR Commercial Paper**	**1,145**	**7%**
GBP Bonds		**938**	**6%**
EUR PPs	**EUR Private Placements**	**675**	**4%**
AUD Bonds		**505**	**3%**
USD PPs	**USD Private Placements**	**371**	**2%**
MXN Bonds		**352**	**2%**
USD CPs	**USD Commercial Paper**	**113**	**1%**
USD IRBs	**USD Industrial Revenue Bonds**	**84**	**1%**
Other		**67**	**0%**
INR PP	**INR Private Placement**	**52**	**0%**
CRC Bond		**15**	**0%**
TOTAL		**15,977**	**100%**

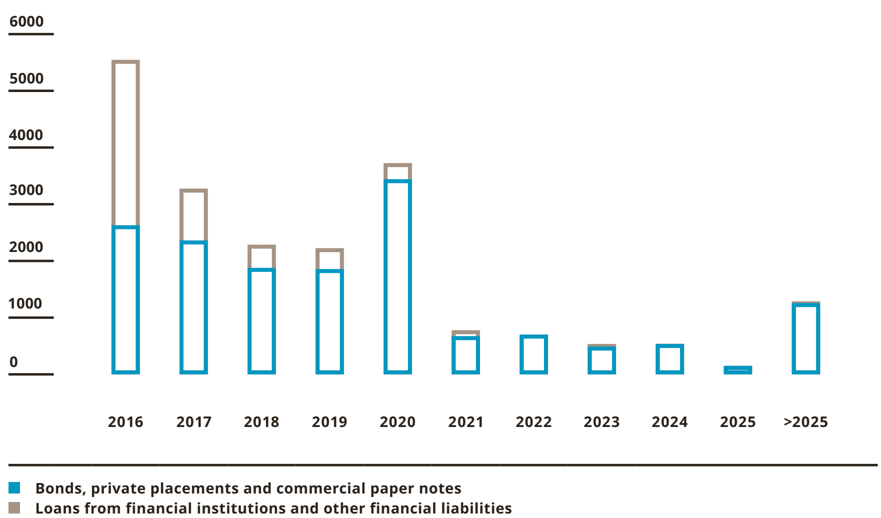
Financing profile

The Group has a strong financial profile. 77 percent of the financial liabilities are financed through various capital markets and 23 percent through banks and other lenders. There are no major positions with individual lenders. The average maturity of financial liabilities decreased to 4.2 years based on the new debt portfolio resulting from the merger. The Group's maturity profile is widely spread with a large proportion of mid to long-term financing.

Maintaining a favorable credit rating is one of the Group's objectives and the Group therefore gives priority to achieving its financial targets and retaining its investment-grade rating (current rating information is displayed on page 61). The average nominal interest rate on Group's financial liabilities as of December 31, 2015, was 5.1 percent, whereas the proportion of financial liabilities at fixed rates was at 50 percent. Detailed information on financial liabilities can be found in the respective Note 25 on pages 230 – 234.

Maturity profile as of December 31, 2015[1]

Million CHF



[1] After risk-related reclassification of commercial papers in the amount of CHF 1,258 million from ST to LT financial liabilities due to committed back-up credit line. The amount of CHF 745 million related to the purchase price allocation (PPA) on debt is excluded in the maturity profile as it will be amortized over time.

Liquidity

To ensure liquidity, the Group held cash and cash equivalents amounting to CHF 4,393 million as of December 31, 2015. Part of this cash is invested in term deposits held with a large number of banks on a broadly diversified basis. The counterparty risk is constantly monitored on the basis of clearly defined principles as part of the risk management process. As of December 31, 2015, the Group had unused committed credit lines of CHF 6,733 million (see also page 231).

As of December 31, 2015, current financial liabilities (after a risk-related adjustment of CHF 1,258 million) of CHF 5,608 million are comfortably covered by existing cash, cash equivalents and unused committed credit lines. The Group has a USD commercial paper program as well as EUR commercial paper programs. The aim of these programs is to fund short-term liquidity needs at attractive terms. Commercial paper in the amount of USD 114 million and EUR 1,060 million were outstanding as of December 31, 2015.

Foreign exchange sensitivity

The Group operates in around 90 countries, generating the majority of its results in currencies other than the Swiss Franc. Only about 2 percent of net sales are generated in Swiss Francs.

Foreign-currency volatility has little effect on the Group’s operating profitability. As the Group produces a very high proportion of its products locally, most sales and costs are incurred in the respective local currencies. The effects of foreign exchange movements are therefore largely restricted to the translation of local financial statements for the consolidated statement of income. In the last financial year, these were negatively impacted by the lifting of the Swiss Franc Euro peg in early 2015 and the continued appreciation of the Swiss Franc against main currencies. As a large part of the foreign capital is financed with matching currencies in local currency, the effects of the foreign currency translation on local balance sheets for the consolidated statement of financial position have not, in general, resulted in significant distortions in the consolidated statement of financial position.

The following sensitivity analysis presents the effect of the main currencies on selected key figures of the consolidated financial statements. The sensitivity analysis only factors in effects that result from the conversion of local financial statements into Swiss Francs (translation effect). Currency effects from transactions conducted locally in foreign currencies are not included in the analysis. Given the local nature of business activities, this type of transaction is seldom individually hedged.

The following table shows the effects of a hypothetical 5 percent depreciation of the respective foreign currencies versus the Swiss Franc.

Sensitivity analysis

	2015	EUR	GBP	USD	CAD	Latin American basket (MXN, BRL, ARS, COP)	INR	Asian basket (AUD, IDR, PHP)	Middle East African basket (NGN, DZD, EGP, MAD)
Million CHF	Actual figures	Assuming a 5% strenghtening of the Swiss Franc the impact would be as follows:							
Net sales	29,483	(185)	(108)	(242)	(109)	(106)	(178)	(166)	(127)
Adjusted Operating EBITDA	5,751	(10)	(17)	(59)	(23)	(23)	(27)	(36)	(48)
Cash flow from operating activities	2,550	(26)	(10)	(31)	(17)	(14)	(30)	(27)	(42)
Net financial debt	17,266	(379)	(30)	(217)	36	(38)	44	(43)	(16)

PRO FORMA FINANCIAL INFORMATION

The Pro Forma Financial Information for the year ended December 31, 2015 reflects the merger of Holcim and Lafarge as if the Merger had occurred on January 1, 2015.

It reflects a hypothetical situation and is presented exclusively for illustrative purposes, as such it does not provide an indication of the results of operating activities that would have been obtained for the period ended on December 31, 2015.

The Pro Forma Financial Information is derived from:

- the audited financial information of LafargeHolcim for the period ended December 31, 2015;
- Lafarge interim financial information for the six month period ended June 30, 2015 translated into Swiss Francs; and
- the financial impact corresponding to the 10 days between July 1 and July 10, 2015 (Merger date)

The Pro Forma Financial Information also reflects the following effects:

- the impacts of the fair value adjustments for the six month period ended June 30, 2015. They mainly relate to long-term financial debt and depreciation and amortization of property, plant and equipment;
- the change of scope resulting from the Merger (mainly the full consolidation of operations in China and Nigeria); and
- the divestments carried out as part of a rebalancing of the Group global portfolio and completed in the second semester of 2015 mainly to CRH for operations in Europe, North America, Brazil and the Philippines.

Additional details are provided in Note 4 to the audited financial statements.

LafargeHolcim Pro Forma Statement of Income for the year ended December 31, 2015

CHF million	LafargeHolcim published information for the year ended December 31, 2015	Lafarge pro forma information for the period from January 1, 2015 to July 10, 2015	Fair value adjustments	Scope effect (China, Nigeria)	Divestments	2015 LafargeHolcim Pro Forma Information
NET SALES	23,584	6,955	–	784	(1,841)	29,483
OPERATING EBITDA	3,682	1,081	–	147	(356)	4,555
Depreciation, amortization and impairment of operating assets	(4,421)	(530)	(194)	(83)	142	(5,087)
OPERATING PROFIT (LOSS)	(739)	551	(194)	64	(214)	(533)
NET LOSS	(1,361)	(415)	(40)	(25)	(243)	(2,085)

Certain non recurring items have been adjusted from the above pro forma figures. The reconciliation with the adjusted net income and operating EBITDA is presented below:

CHF million	2015 LafargeHolcim Pro Forma Information
PRO FORMA NET LOSS	(2,085)
Impact of fair value adjustments [1]	82
Merger, restructuring and other one-offs (impact on operating EBITDA)	1,106
Impairment and other charges (impact on operating profit) [2]	2,955
Other one-offs (impact below operating profit) [3]	(678)
Tax impact	(596)
PRO FORMA NET INCOME ADJUSTED	784
PRO FORMA OPERATING EBITDA	4,555
Impact of fair value adjustments [4]	90
Merger, restructuring and other one-offs (impact on operating EBITDA)	1,106
PRO FORMA OPERATING EBITDA ADJUSTED	5,751

[1] Corresponds to 12 month impacts.
[2] Mainly includes the impairments on property, plant and equipment, goodwill and intangible assets booked in Q4 2015.
[3] Mainly includes gains on disposals and revaluation gains of previously held interests.
[4] Corresponds to 12 month impact in connection with inventory fair value.

FINANCIAL INFORMATION

Key figures LafargeHolcim Group

		2015	2014[1]	±%
Annual cement production capacity	million t	374.0	208.8	+79.1
Sales of cement	million t	193.1	138.2	+39.7
Sales of mineral components	million t	4.7	3.7	+27.8
Sales of aggregates	million t	231.5	153.1	+51.2
Sales of ready-mix concrete	million m^3	47.6	37.0	+28.8
Sales of asphalt	million t	11.5	10.0	+14.2
Net sales	million CHF	23,584	18,825	+25.3
Operating EBITDA	million CHF	3,682	3,647	+1.0
Operating EBITDA margin	%	15.6	19.4	
Operating (loss) profit	million CHF	(739)	2,244	–132.9
Operating (loss) profit margin	%	(3.1)	11.9	
EBITDA	million CHF	4,761	4,114	+15.7
Net (loss) income	million CHF	(1,361)	1,619	–184.1
Net (loss) income margin	%	(5.8)	8.6	
Net (loss) income – shareholders of LafargeHolcim Ltd	million CHF	(1,469)	1,287	–214.1
Cash flow from operating activities	million CHF	2,465	2,484	–0.8
Cash flow margin	%	10.5	13.2	
Net financial debt	million CHF	17,266	9,520	+81.4
Funds from operations[2]/net financial debt	%	18.6	31.8	
Total shareholders' equity	million CHF	35,722	20,112	+77.6
Personnel		100,956	67,137	+50.4
Earnings per share	CHF	(3.11)	3.63[3]	–185.7
Fully diluted earnings per share	CHF	(3.11)	3.63[3]	–185.7
Payout	million CHF	910[4]	424	+114.7
Payout per share	CHF	1.50	1.30	+15.4

Principal key figures in USD (illustrative)				
Net sales	million USD	24,518	20,563	+19.2
Operating EBITDA	million USD	3,828	3,983	–3.9
Operating (loss) profit	million USD	(768)	2,451	–131.3
Net (loss) income – shareholders of LafargeHolcim Ltd	million USD	(1,527)	1,406	–208.6
Cash flow from operating activities	million USD	2,562	2,713	–5.6
Net financial debt	million USD	17,447	9,625	+81.3
Total shareholders' equity	million USD	36,097	20,334	+77.5
Earnings per share	USD	(3.23)	3.97[3]	–181.4

Principal key figures in EUR (illustrative)				
Net sales	million EUR	22,088	15,499	+42.5
Operating EBITDA	million EUR	3,449	3,002	+14.9
Operating (loss) profit	million EUR	(692)	1,848	–137.4
Net (loss) income – shareholders of LafargeHolcim Ltd	million EUR	(1,376)	1,060	–229.8
Cash flow from operating activities	million EUR	2,308	2,045	+12.9
Net financial debt	million EUR	15,976	7,916	+101.8
Total shareholders' equity	million EUR	33,053	16,723	+97.7
Earnings per share	EUR	(2.91)	2.99[3]	–197.3

[1] Restated due to changes in accounting policies.
[2] Net income plus depreciation, amortization and impairment.
[3] Restated due to the distribution of a scrip dividend.
[4] Proposed by the Board of Directors for a maximum payout of CHF 910 million from capital contribution reserves.

Consolidated statement of income of LafargeHolcim Group

Million CHF	Notes	2015	2014 Restated[1]
NET SALES	8	23,584	18,825
Production cost of goods sold		(16,490)	(10,460)
GROSS PROFIT		7,093	8,365
Distribution and selling expenses		(5,883)	(4,813)
Administration expenses		(1,949)	(1,308)
OPERATING (LOSS) PROFIT		(739)	2,244
Other income	10	1,219	185
Other expenses	10	(415)	(5)
Share of profit of associates and joint ventures	21	157	195
Financial income	11	154	185
Financial expenses	12	(1,060)	(604)
NET (LOSS) INCOME BEFORE TAXES		(684)	2,201
Income taxes	28	(781)	(581)
NET (LOSS) INCOME FROM CONTINUING OPERATIONS		(1,465)	1,619
Net income from discontinued operations	4	103	0
NET (LOSS) INCOME		(1,361)	1,619
Net (loss) income attributable to:			
Shareholders of LafargeHolcim Ltd		(1,469)	1,287
Non-controlling interest		108	332
Net income from discontinued operations attributable to:			
Shareholders of LafargeHolcim Ltd		100	0
Non-controlling interest		3	0
Earnings per share in CHF			
Earnings per share[2]	14	(3.11)	3.63
Fully diluted earnings per share[2]	14	(3.11)	3.63
Earnings per share from continuing operations in CHF			
Earnings per share[2]	14	(3.32)	3.63
Fully diluted earnings per share[2]	14	(3.32)	3.63
Earnings per share from discontinued operations in CHF			
Earnings per share	14	0.21	–
Fully diluted earnings per share	14	0.21	–

[1] Restated due to changes in accounting policies, see note 2.
[2] Due to the distribution of a scrip dividend, as explained in note 14, the earnings per share and the fully diluted earnings per share decreased by CHF 0.32 for the year 2014.

Consolidated statement of comprehensive earnings of LafargeHolcim Group

Million CHF	Notes	2015	2014
NET (LOSS) INCOME		(1,361)	1,619
Other comprehensive earnings			
Items that will be reclassified to the statement of income in future periods			
Currency translation effects			
– Exchange differences on translation		(1,935)	686
– Realized through statement of income		(58)	0
– Tax effect		35	40
Available-for-sale financial assets			
– Change in fair value		0	(2)
– Realized through statement of income		0	(63)
– Tax effect		0	(1)
Cash flow hedges			
– Change in fair value		(17)	(1)
– Realized through statement of income		8	0
– Tax effect		5	0
Net investment hedges in subsidiaries			
– Change in fair value		(43)	0
– Realized through statement of income	10	44	0
– Tax effect		0	0
SUBTOTAL		(1,962)	660
Items that will not be reclassified to the statement of income in future periods			
Defined benefit plans			
– Remeasurements	30	131	(200)
– Tax effect		(20)	42
SUBTOTAL		112	(157)
TOTAL OTHER COMPREHENSIVE EARNINGS		(1,850)	503
TOTAL COMPREHENSIVE EARNINGS		(3,211)	2,122
Attributable to:			
Shareholders of LafargeHolcim Ltd		(3,180)	1,615
Non-controlling interest		(31)	507

Consolidated statement of financial position of LafargeHolcim Group

Million CHF	Notes	31.12.2015	31.12.2014 Restated[1]	01.01.2014 Restated[1]
Cash and cash equivalents	15	4,393	2,148	2,243
Accounts receivable	16	4,222	2,648	2,475
Inventories	17	3,060	1,828	1,674
Prepaid expenses and other current assets	18	884	323	369
Assets classified as held for sale	19	772	283	756
TOTAL CURRENT ASSETS		13,331	7,231	7,518
Long-term financial assets	20	770	528	570
Investments in associates and joint ventures	21	3,172	1,975	1,770
Property, plant and equipment	22	36,747	21,086	19,707
Goodwill[2]	23	16,490	7,130	6,836
Intangible assets	23	1,416	601	603
Deferred tax assets	28	764	527	391
Other long-term assets		608	412	351
TOTAL LONG-TERM ASSETS		59,967	32,259	30,227
TOTAL ASSETS		73,298	39,490	37,746
Trade accounts payable	24	3,693	2,124	1,952
Current financial liabilities	25	6,866	2,472	2,902
Current income tax liabilities		598	415	455
Other current liabilities		3,074	1,569	1,639
Short-term provisions	29	602	234	224
Liabilities directly associated with assets classified as held for sale	19	0	33	213
TOTAL CURRENT LIABILITIES		14,832	6,847	7,385
Long-term financial liabilities	25	14,925	9,197	8,689
Defined benefit obligations	30	1,939	863	655
Deferred tax liabilities	28	3,840	1,396	1,272
Long-term provisions	29	2,041	1,076	1,069
TOTAL LONG-TERM LIABILITIES		22,744	12,531	11,684
TOTAL LIABILITIES		37,577	19,378	19,069
Share capital	32	1,214	654	654
Capital surplus		26,430	7,776	8,200
Treasury shares	32	(86)	(82)	(102)
Reserves		3,807	9,082	7,453
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF LAFARGEHOLCIM LTD		31,365	17,430	16,205
Non-controlling interest	33	4,357	2,682	2,471
TOTAL SHAREHOLDERS' EQUITY		35,722	20,112	18,677
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		73,298	39,490	37,746

[1] Restated due to changes in accounting policies, see note 2.
[2] Previously included in intangible assets.

Consolidated statement of changes in equity of LafargeHolcim Group

Million CHF	Share capital	Capital surplus	Treasury shares
EQUITY AS AT JANUARY 1, 2015	654	7,776	(82)
Net (loss) income			
Other comprehensive earnings			
TOTAL COMPREHENSIVE EARNINGS			
Payout		(424)	
Acquisition of Lafarge			
– Increase in share capital	501	17,410	
– Transaction costs relating to the issuance of new shares		(56)	
– Scrip dividend	58	1,608	
– Fair value of Lafarge share-based payments			
– Acquisition of non-controlling interest			
– Squeeze out	1	33	
Change in treasury shares			(4)
Share-based remuneration		82	
Capital paid-in by non-controlling interest			
Disposal of participation in Group companies			
Change in participation in existing Group companies			
EQUITY AS AT DECEMBER 31, 2015	1,214	26,430	(86)
EQUITY AS AT JANUARY 1, 2014	654	8,200	(102)
Net income			
Other comprehensive earnings			
TOTAL COMPREHENSIVE EARNINGS			
Payout		(424)	
Change in treasury shares			13
Share-based remuneration		0	7
Capital paid-in by non-controlling interest			
Change in participation in existing Group companies			
EQUITY AS AT DECEMBER 31, 2014	654	7,776	(82)

Retained earnings	Available-for-sale reserve	Cash flow hedging reserve	Currency translation adjustments	Total reserves	Total equity attributable to shareholders of LafargeHolcim Ltd	Non-controlling interest	Total shareholders' equity
18,438	(13)	(5)	(9,338)	9,082	17,430	2,682	20,112
(1,469)				(1,469)	(1,469)	108	(1,361)
113		(5)	(1,820)	(1,712)	(1,712)	(138)	(1,850)
(1,355)		(5)	(1,820)	(3,181)	(3,180)	(31)	(3,211)
					(424)	(274)	(697)
					17,910		17,910
					(56)		(56)
(1,666)				(1,666)			
						69	69
						2,338	2,338
(438)				(438)	(404)	(295)	(699)
(3)				(3)	(7)		(7)
					82	(69)	14
						31	31
						(109)	(109)
12				13	13	15	27
14,988	(13)	(10)	(11,158)	3,807	31,365	4,357	35,722
17,294	52	(4)	(9,889)	7,453	16,205	2,471	18,677
1,287				1,287	1,287	332	1,619
(157)	(65)	(1)	551	328	328	175	503
1,130	(65)	(1)	551	1,615	1,615	507	2,122
					(424)	(301)	(725)
(1)				(1)	12		12
					7	0	7
						6	6
15				15	15	(2)	13
18,438	(13)	(5)	(9,338)	9,082	17,430	2,682	20,112

Consolidated statement of cash flows of LafargeHolcim Group

Million CHF	Notes	2015	2014 Restated[1]
NET (LOSS) INCOME[2]		(1,361)	1,619
Income taxes[2]	28	781	581
Other income	10	(1,219)	(185)
Other expenses	10	415	5
Share of profit of associates and joint ventures	21	(157)	(195)
Financial expenses net	11, 12	906	419
Depreciation, amortization and impairment of operating assets	9	4,421	1,402
Other non-cash items		669	221
Change in net working capital	35	(232)	(378)
CASH GENERATED FROM OPERATIONS		4,223	3,489
Dividends received		156	120
Interest received		165	126
Interest paid		(1,053)	(576)
Income taxes paid		(940)	(669)
Other expenses		(86)	(7)
CASH FLOW FROM OPERATING ACTIVITIES (A)		2,465	2,484
Purchase of property, plant and equipment		(2,106)	(1,945)
Disposal of property, plant and equipment		118	208
Acquisition of participation in Group companies		208	(2)
Disposal of participation in Group companies		6,515	36
Purchase of financial assets, intangible and other assets		(487)	(299)
Disposal of financial assets, intangible and other assets		985	299
CASH FLOW FROM INVESTING ACTIVITIES (B)	35	5,234	(1,702)
Payout on ordinary shares	14	(424)	(424)
Dividends paid to non-controlling interest		(296)	(297)
Capital paid-in by non-controlling interest		32	6
Movements of treasury shares	32	(7)	11
Transaction costs relating to the issuance of new shares		(56)	0
Net movement in current financial liabilities[3]		516	314
Proceeds from long-term financial liabilities		3,484	2,811
Repayment of long-term financial liabilities		(8,553)	(3,411)
Increase in participation in existing Group companies		(697)	(3)
Decrease in participation in existing Group companies		0	10
CASH FLOW FROM FINANCING ACTIVITIES (C)		(6,000)	(983)
IN(DE)CREASE IN CASH AND CASH EQUIVALENTS (A + B + C)		1,699	(201)
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE PERIOD (NET)	15	1,941	1,992
In(De)crease in cash and cash equivalents		1,699	(201)
Currency translation effects		131	150
CASH AND CASH EQUIVALENTS AS AT THE END OF THE PERIOD (NET)	15	3,771	1,941

[1] Restated due to changes in accounting policies, see note 2.
[2] The starting point of the consolidated statement of cash flows has been changed from net income before taxes to net income and the comparative figures have been adjusted accordingly.
[3] Reported on a net basis as the current financial liabilities have a maturity period of three months or less.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As used herein, the terms “LafargeHolcim”, “Holcim” or the “Group” refer to LafargeHolcim Ltd together with the companies included in the scope of consolidation. Holcim Ltd was renamed to LafargeHolcim Ltd following the merger with Lafarge S.A. on July 10, 2015.

1. Significant events of the period

The financial position and performance of the Group were particularly affected by the following events and transactions during the reporting period:

- The merger between Holcim and Lafarge announced publicly on April 7, 2014 and effected on July 10, 2015 for a total consideration of CHF 19.5 billion (see note 4);
- The divestments of a number of entities, businesses and assets, carried out as part of a rebalancing of the global portfolio of the combined group resulting from the merger and to address regulatory concerns, for a total proceeds amount of CHF 6.4 billion (see notes 4 and 10);
- The completion, on October 23, 2015 of the squeeze-out procedures initiated on the remaining Lafarge S.A. shares resulting in the delisting of these shares from Euronext Paris (see note 4);
- An impairment charge of CHF 2.7 billion (see notes 9, 22 and 23); and
- The repurchase of several outstanding bonds issued by LafargeHolcim representing an aggregated nominal amount of CHF 3.0 billion (see note 25).

2. Accounting policies

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

Due to rounding, numbers presented throughout this report may not add up precisely to the totals provided. All ratios and variances are calculated using the underlying amount rather than the presented rounded amount.

Adoption of revised and new International Financial Reporting Standards and interpretations

In 2015, LafargeHolcim adopted the following amendments relevant to the Group.

IAS 19 (amended)	**Employee Benefits**
Improvements to IFRSs	**Clarifications of existing IFRSs (issued in December 2013)**

The amendment to IAS 19 relating to defined benefit plans clarifies how employee contributions which are linked to service should be attributed to the periods of service. For contributions that are independent of the number of years of service, the amendment permits a company to reduce service cost either (a) by attributing them to periods of service or (b) by reducing service costs in the period in which the related service is rendered. Since the Group already applied the option (a) above, the amendment to IAS 19 had no impact on the consolidated financial statements.

The adoption of the improvements to IFRSs did not materially impact the Group’s financial statements.

In 2016, LafargeHolcim will adopt the following amended standards relevant to the Group:

Amendments to IAS 1	**Disclosure Initiative**
Amendments to IFRS 11	**Accounting for Acquisitions of Interests in Joint Operations**
Amendments to IAS 16 and IAS 38	**Clarification of Acceptable Methods of Depreciation and Amortization**
Improvements to IFRSs	**Clarifications of existing IFRSs (issued in September 2014)**

The amendments to IAS 1 *Presentation of Financial Statements* largely clarify a number of presentation issues and highlight that preparers are permitted to tailor the format and presentation of the financial statements to their circumstances. The adoption of this amendment will not materially impact the presentation of the Group's financial statements.

The amendments to IFRS 11 *Joint Arrangements* require business combination accounting according to IFRS 3 *Business Combinations* to be applied to an acquisition of an interest in a joint operation that constitutes a business. The adoption of this amendment will not materially impact the Group's financial statements.

The amendments to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* clarify that revenue-based amortization is generally inappropriate. The adoption of this amendment will not impact the Group's financial statements.

The improvements to IFRSs relate largely to clarification issues. Therefore, the adoption of these amendments will not materially impact the Group's financial statements.

In 2017, LafargeHolcim will adopt the following amended standards relevant to the Group:

Amendments to IAS 12	**Income Taxes**
Amendment to IAS 7	**Disclosure Initiative**

The amendments to IAS 12 clarify the requirements for recognizing deferred tax assets on unrealized losses. The amendments also clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. The adoption of this amendment will not materially impact the Group's financial statements.

The amendment to IAS 7 introduces the disclosure of the reconciliation of liabilities arising from financing activities. The adoption of this amendment is disclosure related only and therefore will not materially impact the Group's financial statements.

In 2018, LafargeHolcim will adopt the following new standards relevant to the Group:

IFRS 15	**Revenue from Contracts with Customers**
IFRS 9	**Financial Instruments**

In May 2014, the IASB issued IFRS 15 *Revenue from Contracts with Customers*, which replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue* and related Interpretations. Except for the disclosure requirements, the new standard will not materially impact the Group financial statements.

In July 2014, the IASB issued IFRS 9 *Financial Instruments* which replaces IAS 39 *Financial Instruments: Recognition and Measurement* and that will change the classification and measurement requirements of financial assets and financial liabilities and the general hedge accounting rules. The Group is in the process of evaluating the impact IFRS 9 may have on its consolidated financial statements.

In 2019, LafargeHolcim will adopt the following new standard relevant to the Group:

IFRS 16	**Leases**

In January 2016, the IASB issued IFRS 16 *Leases*, which replaces IAS 17 *Leases and related interpretations*. The new standard will require lessees to recognize a lease liability reflecting future lease payments and a right-of-use asset for virtually all lease contracts. The Group is in the process of evaluating the impact IFRS 16 may have on its consolidated financial statements.

Change in accounting policies

During the first quarter 2015, the Group decided to change its accounting policy for recognizing net interest expense relating to retirement benefit plans. More relevant information is provided if total net interest costs are presented as part of financial expenses and not in the operating profit. This presentation better reflects the nature of net interest since it corresponds to the unwinding effect of the long-term defined benefit obligation. As the comparative amount for 2014 is immaterial, it has not been restated.

On April 9, 2015, the IFRIC published an agenda decision concerning the classification of joint arrangements under IFRS 11 *Joint Arrangements*. As a result of the clarifications regarding rights to the assets of a joint arrangement through other facts and circumstances, the Group was unable to continue to account for Cement Australia as a joint operation, since LafargeHolcim does not have an obligation to acquire substantially all of the economic benefits (i.e. output) from Cement Australia. As a result, LafargeHolcim changed its accounting policy for Cement Australia in the second quarter 2015 and reclassified its investment in Cement Australia as a joint venture and applied the equity accounting method. This accounting policy change has been applied retrospectively and its effect on the comparative information (restated amounts) presented for each financial statement line item is set out in the following tables.

Changes to consolidated statement of income of LafargeHolcim Group

Million CHF	2014 Reported	Impact from changes in accounting policies IFRS 11	2014 Restated
NET SALES	19,110	(285)	18,825
Production cost of goods sold	(10,548)	88	(10,460)
GROSS PROFIT	8,562	(197)	8,365
Distribution and selling expenses	(4,924)	111	(4,813)
Administration expenses	(1,321)	13	(1,308)
OPERATING PROFIT	2,317	(73)	2,244
Other income	185	0	185
Other expenses	(6)	1	(5)
Share of profit of associates and joint ventures	140	55	195
Financial income	183	2	185
Financial expenses	(611)	7	(604)
NET INCOME BEFORE TAXES	2,207	(6)	2,201
Income taxes	(588)	7	(581)
NET INCOME	1,619	0	1,619
Net income attributable to:			
Shareholders of LafargeHolcim Ltd	1,287	0	1,287
Non-controlling interest	332	0	332
Earnings per share in CHF			
Earnings per share [1]	3.63	0.00	3.63
Fully diluted earnings per share [1]	3.63	0.00	3.63

[1] Restated due to the distribution of a scrip dividend, see note 14.

Changes to consolidated statement of financial position of LafargeHolcim Group as of December 31, 2014

Million CHF	31.12.2014 Reported	Impact from changes in accounting policies IFRS 11	31.12.2014 Restated
Cash and cash equivalents	2,149	(1)	2,148
Accounts receivable	2,695	(47)	2,648
Inventories	1,863	(35)	1,828
Prepaid expenses and other current assets	317	6	323
Assets classified as held for sale	283	0	283
TOTAL CURRENT ASSETS	7,307	(76)	7,231
Long-term financial assets	491	37	528
Investments in associates and joint ventures	1,758	217	1,975
Property, plant and equipment	21,410	(324)	21,086
Goodwill[1]	7,176	(46)	7,130
Intangible assets	603	(2)	601
Deferred tax assets	527	0	527
Other long-term assets	412	0	412
TOTAL LONG-TERM ASSETS	32,378	(119)	32,259
TOTAL ASSETS	39,684	(194)	39,490
Trade accounts payable	2,101	23	2,124
Current financial liabilities	2,502	(30)	2,472
Current income tax liabilities	419	(4)	415
Other current liabilities	1,634	(65)	1,569
Short-term provisions	234	0	234
Liabilities directly associated with assets classified as held for sale	33	0	33
TOTAL CURRENT LIABILITIES	6,923	(76)	6,847
Long-term financial liabilities	9,291	(94)	9,197
Defined benefit obligations	863	0	863
Deferred tax liabilities	1,415	(19)	1,396
Long-term provisions	1,080	(4)	1,076
TOTAL LONG-TERM LIABILITIES	12,649	(118)	12,531
TOTAL LIABILITIES	19,572	(194)	19,378
Share capital	654	0	654
Capital surplus	7,776	0	7,776
Treasury shares	(82)	0	(82)
Reserves	9,082	0	9,082
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF LAFARGEHOLCIM LTD	17,430	0	17,430
Non-controlling interest	2,682	0	2,682
TOTAL SHAREHOLDERS' EQUITY[2]	20,112	0	20,112
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	39,684	(194)	39,490

[1] Previously included in intangible assets.
[2] The change in accounting policy did not result in any change in equity. As a result, the restated statement of changes in equity is not presented.

Changes to consolidated statement of financial position of LafargeHolcim Group as of January 1, 2014

Million CHF	1.1.2014 Reported	Impact from changes in accounting policies IFRS 11	1.1.2014 Restated
Cash and cash equivalents	2,244	(1)	2,243
Accounts receivable	2,521	(46)	2,475
Inventories	1,704	(30)	1,674
Prepaid expenses and other current assets	365	4	369
Assets classified as held for sale	756	0	756
TOTAL CURRENT ASSETS	7,590	(72)	7,518
Long-term financial assets	536	34	570
Investments in associates and joint ventures	1,562	208	1,770
Property, plant and equipment	20,029	(322)	19,707
Goodwill [1]	6,881	(45)	6,836
Intangible assets	605	(2)	603
Deferred tax assets	391	0	391
Other long-term assets	351	0	351
TOTAL LONG-TERM ASSETS	30,355	(128)	30,227
TOTAL ASSETS	37,944	(198)	37,746
Trade accounts payable	1,934	18	1,952
Current financial liabilities	2,920	(18)	2,902
Current income tax liabilities	462	(7)	455
Other current liabilities	1,708	(69)	1,639
Short-term provisions	224	0	224
Liabilities directly associated with assets classified as held for sale	213	0	213
TOTAL CURRENT LIABILITIES	7,461	(76)	7,385
Long-term financial liabilities	8,785	(96)	8,689
Defined benefit obligations	655	0	655
Deferred tax liabilities	1,290	(18)	1,272
Long-term provisions	1,077	(8)	1,069
TOTAL LONG-TERM LIABILITIES	11,807	(123)	11,684
TOTAL LIABILITIES	19,267	(198)	19,069
Share capital	654	0	654
Capital surplus	8,200	0	8,200
Treasury shares	(102)	0	(102)
Reserves	7,453	0	7,453
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF LAFARGEHOLCIM LTD	16,205	0	16,205
Non-controlling interest	2,471	0	2,471
TOTAL SHAREHOLDERS' EQUITY [2]	18,677	0	18,677
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	37,944	(198)	37,746

[1] Previously included in intangible assets.
[2] The change in accounting policy did not result in any change in equity. As a result, the restated statement of changes in equity is not presented.

Changes to consolidated statement of cash flows of LafargeHolcim Group

Million CHF	2014 Reported	Impact from changes in accounting policies IFRS 11	2014 Restated
NET INCOME [1]	1,619	0	1,619
Income taxes [1]	588	(7)	581
Other income	(185)	0	(185)
Other expenses	6	(1)	5
Share of profit of associates and joint ventures	(140)	(55)	(195)
Financial expenses net	429	(10)	419
Depreciation, amortization and impairment of operating assets	1,430	(28)	1,402
Other non-cash items	217	4	221
Change in net working capital	(393)	15	(378)
CASH GENERATED FROM OPERATIONS	3,571	(82)	3,489
Dividends received	73	47	120
Interest received	124	2	126
Interest paid	(582)	6	(576)
Income taxes paid	(679)	10	(669)
Other expenses	(8)	1	(7)
CASH FLOW FROM OPERATING ACTIVITIES (A)	2,498	(14)	2,484
Purchase of property, plant and equipment	(1,968)	23	(1,945)
Disposal of property, plant and equipment	209	(1)	208
Acquisition of participation in Group companies	(2)	0	(2)
Disposal of participation in Group companies	36	0	36
Purchase of financial assets, intangible and other assets	(300)	1	(299)
Disposal of financial assets, intangible and other assets	300	(1)	299
CASH FLOW FROM INVESTING ACTIVITIES (B)	(1,724)	22	(1,702)

[1] The starting point of the consolidated statement of cash flows has been changed from net income before taxes to net income and the comparative figures have been adjusted accordingly.

Changes to consolidated statement of cash flows of LafargeHolcim Group (continued)

Million CHF	2014 Reported	Impact from changes in accounting policies IFRS 11	2014 Restated
Payout on ordinary shares	(424)	0	(424)
Dividends paid to non-controlling interest	(297)	0	(297)
Capital paid-in by non-controlling interest	6	0	6
Movements of treasury shares	11	0	11
Net movement in current financial liabilities [1]	327	(13)	314
Proceeds from long-term financial liabilities	2,849	(38)	2,811
Repayment of long-term financial liabilities	(3,453)	42	(3,411)
Increase in participation in existing Group companies	(3)	0	(3)
Decrease in participation in existing Group companies	10	0	10
CASH FLOW FROM FINANCING ACTIVITIES (C)	(975)	(8)	(983)
DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(201)	0	(201)
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE PERIOD (NET)	1,993	(1)	1,992
Decrease in cash and cash equivalents	(201)	0	(201)
Currency translation effects	150	0	150
CASH AND CASH EQUIVALENTS AS AT THE END OF THE PERIOD (NET)	1,942	(1)	1,941

[1] Reported on a net basis as the current financial liabilities have a maturity period of three months or less.

Use of estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and related disclosures at the date of the financial statements. These estimates are based on management's best knowledge of current events and actions that the Group may undertake in the future. However, actual results could differ from those estimates. Management also uses judgment in applying the Group's accounting policies.

Critical estimates and assumptions

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are explained below:

- the Group tests annually whether goodwill has suffered any impairment and in case of an impairment indication whether a non-financial asset may be impaired in accordance with its accounting policy. The recoverable amounts of cash-generating units have been determined based on value in use calculations. These calculations require the use of estimates such as discount rates and growth rates;
- liabilities and costs for defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty;
- the recognition of deferred tax assets requires assessment of whether it is probable that sufficient future taxable profit will be available against which the deferred tax assets can be utilized;
- the measurement of site restoration provisions requires long-term assumptions regarding the phasing of the restoration work to be carried out and the appropriate discount rate to be used;
- other long-term provisions require an estimate of the expenditure and timing of the settlement. The litigations and claims to which the Group is exposed are assessed by management with assistance of the legal department and in certain cases with the support of external specialized lawyers. Disclosures related to such provisions, as well as contingent liabilities, also require judgment;
- the determination of depreciation and amortization charges depends on the useful lives for which judgment and estimates are required;
- the determination of fair values of assets acquired and liabilities assumed in a business combination involves the use of estimates and assumptions such as discount rates used and valuation models applied as well as goodwill allocation; and
- the fair value of financial instruments is estimated either on the basis of market quotations, on valuation techniques relying on observable market data or by estimating the present value of future cash flows. The use of different valuations, methodologies and assumptions may have a material effect on the estimated fair value amounts.

Scope of consolidation

The consolidated financial statements comprise those of LafargeHolcim Ltd and of its subsidiaries. The list of principal companies is presented in the note 39.

Principles of consolidation

Subsidiaries, which are those entities in which the Group has an interest of more than one half of the voting rights or otherwise is able to exercise control over the operations, are consolidated. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured at the fair value of the consideration given at the date of exchange. For each business combination, the Group measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed in the statement of income. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at fair value at the date of acquisition.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as of the acquisition date.

If the business combination is achieved in stages, the carrying amount of the Group's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date with any resulting gain or loss recognized in the statement of income.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration are recognized in the statement of income.

Contingent liabilities assumed in a business combination are recognized at fair value and subsequently measured at the higher of the amount that would be recognized as a provision and the amount initially recognized.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

All intercompany transactions and balances between Group companies are eliminated in full.

Changes in the ownership interest of a subsidiary that do not result in loss of control are accounted for as an equity transaction. Consequently, if LafargeHolcim acquires or partially disposes of a non-controlling interest in a subsidiary, without losing control, any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognized directly in retained earnings.

It is common practice for the Group to write put options and acquire call options in connection with the remaining shares held by the non-controlling shareholders mainly as part of a business combination. If the Group has acquired a present ownership interest as part of a business combination, the present value of the redemption amount of the put option is recognized as a financial liability with any excess over the carrying amount of the non-controlling interest recognized as goodwill. In such a case, the non-controlling interest is deemed to have been acquired at the acquisition date and therefore any excess arising should follow the accounting treatment as in a business combination. All subsequent fair value changes of the financial liability are recognized in the statement of income and no earnings are attributed to the non-controlling interest. However, where the Group has not acquired a present ownership interest as part of a business combination, the non-controlling interest continues to receive an allocation of profit or loss and is reclassified as a financial liability at each reporting date as if the acquisition took place at that date. Any excess over the reclassified carrying amount of the non-controlling interest and all subsequent fair value changes of the financial liability are recognized directly in retained earnings.

Interests in joint arrangements are interests over which the Group exercises joint control and are classified as either joint operations or joint ventures depending on the contractual rights and obligations arising from the agreement rather than the legal structure of the joint arrangement. If the interest is classified as a joint operation, the Group recognizes its share of the assets, liabilities, revenues and expenses in the joint operation in accordance with the relevant IFRSs.

Associates are companies in which the Group generally holds between 20 and 50 percent of the voting rights and over which the Group has significant influence but does not exercise control.

Associates and joint ventures are accounted for using the equity method of accounting.

Goodwill arising from the acquisition is included in the carrying amount of the investment in associated companies and joint ventures. Equity accounting is discontinued when the carrying amount of the investment together with any long-term interest in an associated company or joint venture reaches zero, unless the Group has also either incurred or guaranteed additional obligations in respect of the associated company or joint venture.

Foreign currency translation

The assets and liabilities of each of the Group's companies are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). Statements of income of foreign entities are translated into the Group's reporting currency at average exchange rates for the year and statements of financial position are translated at the exchange rates prevailing on December 31.

Goodwill arising from the acquisition of a foreign operation is expressed in the functional currency of the foreign operation and is translated at the closing rate, at the date of the reporting period.

Foreign currency transactions translated into the functional currency are accounted for at the exchange rates prevailing at the date of the transactions; gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of income, except when deferred outside the statement of income as qualifying cash flow hedges or net investment hedges.

Exchange differences arising on monetary items that form part of a company's net investment in a foreign operation are recognized in other comprehensive earnings (currency translation adjustment) and are fully reclassified to the statement of income should the Group lose control of a subsidiary, lose joint control over an interest in a joint arrangement or lose significant influence in an associate. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognized in the statement of income as part of the net gain or loss on sale, except for a partial disposal of a subsidiary without loss of control, where a proportionate share of the cumulative currency translation adjustments is re-attributed to retained earnings and not recognized in the statement of income.

Segment information

The Group is organized by countries. Countries or regional clusters are the Group's operating segments. For purposes of presentation to the Chief Operating Decision Maker, five regions corresponding to the aggregation of countries or regional clusters are reported:

Asia Pacific
Latin America
Europe
North America
Middle East Africa

While each operating segment is reviewed separately by the Chief Operating Decision Maker, the countries have been aggregated into five reportable segments as they have similar long-term average gross margins and are similar in respect of products, production processes, distribution methods and types of customers.

Each of the above reportable segments derives its revenues from the sale of cement, aggregates and other construction materials and services.

The Group has three product lines:

Cement, which comprises clinker, cement and other cementitious materials
Aggregates
Other construction materials and services, which comprises ready-mix concrete, concrete products, asphalt, construction and paving, trading and other products and services

Group financing (including financing costs and financing income) and income taxes are managed on a Group basis and are not allocated to any reportable segments.

Transfer prices between segments are set on an arm's-length basis in a manner similar to transactions with third parties. Segment revenue and segment result include transfers between segments. Those transfers are eliminated on consolidation.

Cash and cash equivalents

Cash and cash equivalents are financial assets. Cash equivalents are readily convertible into a known amount of cash with original maturities of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at banks and in hand, deposits held on call with banks and other short-term, highly liquid investments, net of bank overdrafts.

Accounts receivable

Trade accounts receivable are carried at the original invoice amount less an estimate made for doubtful debts based on a review of all outstanding amounts of the financial asset at the year end.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined by using the weighted average cost method. The cost of finished goods and work in progress comprises raw materials and additives, direct labor, other direct costs and related production overheads. Cost of inventories includes transfers from equity of gains or losses on qualifying cash flow hedges relating to inventory purchases.

Long-term financial assets

Long-term financial assets consist of (a) financial investments – third parties, (b) long-term receivables – associates and joint ventures, (c) long-term receivables – third parties, and (d) derivative assets. Financial investments in third parties are classified as available-for-sale and long-term receivables from associates, joint ventures and third parties are classified as loans and receivables. Derivative assets are regarded as held for hedging unless they do not meet the strict hedging criteria under IAS 39 *Financial Instruments*. Accounting policies on derivative instruments are detailed further below.

All purchases and sales of long-term financial assets are recognized on trade date, which is the date that the Group commits to purchase or sell the asset. The purchase cost includes transaction costs, except for derivative instruments. Loans and receivables are measured at amortized cost using the effective interest method. Available-for-sale investments are carried at fair value. Gains and losses arising from changes in the fair value of available-for-sale investments are included in other comprehensive earnings until the financial asset is either impaired or disposed of, at which time the cumulative gain or loss previously recognized in other comprehensive earnings is reclassified from equity to the statement of income.

Property, plant and equipment

Property, plant and equipment is valued at acquisition or construction cost less depreciation and impairment loss. Cost includes transfers from equity of any gains or losses on qualifying cash flow hedges. Depreciation is charged so as to write off the cost of property, plant and equipment over their estimated useful lives, using the straight-line method, on the following bases:

Land and mineral reserves	**No depreciation except on land with raw material reserves**
Buildings and installations	**20 to 40 years**
Machinery and equipment	**3 to 30 years**

Costs are only included in the asset's carrying amount when it is probable that economic benefits associated with the item will flow to the Group in future periods and the cost of the item can be measured reliably. Costs include the initial estimate of the costs for dismantling and removing the item and for restoring the site on which it is located. All other repairs and maintenance expenses are charged to the statement of income during the period in which they are incurred.

Mineral reserves are valued at cost and are depreciated based on the unit-of-production method over their estimated commercial lives.

Costs incurred to gain access to mineral reserves (typically stripping costs) are capitalized and depreciated over the life of the quarry, which is based on the estimated tonnes of raw material to be extracted from the reserves.

Interest costs on borrowings to finance construction projects, which necessarily take a substantial period of time to get ready for their intended use, are capitalized during the period of time that is required to complete and prepare the asset for its intended use. All other borrowing costs are expensed in the period in which they are incurred.

Government grants received are deducted from property, plant and equipment and reduce the depreciation charge accordingly.

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Property, plant and equipment acquired through a finance lease is capitalized at the date of the commencement of the lease term at the present value of the minimum future lease payments or, if lower, at an amount equal to the fair value of the leased asset as determined at the inception of the lease. The corresponding lease obligations, excluding finance charges, are included in either current or long-term financial liabilities.

For sale-and-lease-back transactions, the book value of the related property, plant or equipment remains unchanged. Proceeds from a sale are included as a financing liability and the financing costs are allocated over the term of the lease in such a manner that the costs are reported over the relevant periods.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts, and are recognized in the statement of income in "Other income (expenses)".

Non-current assets (or disposal groups) classified as held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortized while they are classified as held for sale.

Gains and losses on disposals of non-current assets (or disposal groups) are determined by comparing proceeds with carrying amounts, and are recognized in the statement of income in "Other income (expenses)".

A discontinued operation is a component of an entity that either has been disposed of or is classified as held for sale, and represents a separate major line of business or geographical area of operations and is part of a single coordinated plan to dispose a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

Goodwill

Goodwill represents the excess of the aggregate of the consideration transferred and the amount recognized for the non-controlling interest over the fair value of the net identifiable assets acquired and liabilities assumed. Such goodwill is tested annually for impairment or whenever there are impairment indicators, and is carried at cost less accumulated impairment losses. Goodwill on acquisitions of associates and joint ventures is included in the carrying amount of the respective investments. If the consideration transferred is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the statement of income.

On disposal of a subsidiary or joint operation, the related goodwill is included in the determination of profit or loss on disposal.

For the purpose of impairment testing, goodwill on acquisitions of subsidiaries is allocated to cash generating units expected to benefit from the synergies of the business combination. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets

Expenditure on acquired trademarks, mining rights, software, patented and unpatented technology and other intangible assets is capitalized and amortized using the straight-line method over their estimated useful lives, but not exceeding 20 years, except for mining rights which are depleted on a volume basis.

Impairment of non-financial assets

At each reporting date, the Group assesses whether there is any indication that a non-financial asset may be impaired. If any such indication exists, the recoverable amount of the non-financial asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual non-financial asset, the Group estimates the recoverable amount of the smallest cash generating unit to which the non-financial asset belongs. The recoverable amount is the higher of an asset's or cash generating unit's fair value less costs of disposal and its value in use. If the recoverable amount of a non-financial asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the non-financial asset or cash generating unit is reduced to its recoverable amount. Impairment losses are recognized immediately in the statement of income.

Where an impairment loss subsequently reverses, the carrying amount of the non-financial asset or cash generating unit is increased to the revised estimate of its recoverable amount. However, this increased amount cannot exceed the carrying amount that would have been determined if no impairment loss had been recognized for that non-financial asset or cash generating unit in prior periods. A reversal of an impairment loss is recognized immediately in the statement of income.

Impairment of financial assets

At each reporting date, the Group assesses whether there is any indication that a financial asset may be impaired. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the future estimated cash flows discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognized in the statement of income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date. Any reversal of an impairment loss is recognized in the statement of income.

An impairment loss in respect of an available-for-sale financial asset is recognized in the statement of income and is calculated by reference to its fair value. Individually significant financial assets are tested for impairment on an individual basis. Reversals of impairment losses on equity instruments classified as available-for-sale are recognized in other comprehensive earnings, while reversals of impairment losses on debt instruments are recognized in the statement of income if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognized in the statement of income. Impairment losses of financial assets carried at cost cannot be reversed.

Objective evidence that an available-for-sale financial asset is impaired includes observable data about the following loss events:

- the occurrence of significant financial difficulties of the issuer or obligor;
- adverse changes in national or local economic conditions have occurred;
- adverse changes that have taken place in the technological, economic or legal environment; and
- the existence of a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

In relation to accounts receivable, a provision for doubtful debts is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of accounts receivable is reduced through use of an allowance account. Impaired accounts receivable are derecognized when they are assessed as uncollectable.

Long-term financial liabilities

Bank loans acquired and bonds issued are recognized initially at the proceeds received, net of transaction costs incurred. Subsequently, bank loans and bonds are stated at amortized cost, using the effective interest method, with any difference between proceeds (net of transaction costs) and the redemption value being recognized in the statement of income over the term of the borrowings.

Financial liabilities that are due within 12 months after the end of the reporting period are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability until more than 12 months after the reporting period. The repayment of the current portion of such liabilities is shown in the statement of cash flows in the line “Repayment of long-term financial liabilities”.

Derivative instruments

The Group mainly uses derivative financial instruments in order to reduce its exposure to changes in interest rates, foreign currency exchange rates and commodities prices. The Group enters into foreign exchange contracts and interest rate swaps to hedge certain exposures relating to debt, foreign exchange contracts to hedge firm commitments for the acquisition of certain property, plant and equipment and into swaps and options in order to manage its exposure to commodity risks.

Derivatives are regarded as held for hedging unless they do not meet the strict hedging criteria stipulated under IAS 39 *Financial Instruments: Recognition and Measurement*, in which case they will be classified as held for trading. Financial derivatives expected to be settled within 12 months after the end of the reporting period are classified as current liabilities or current assets. Movements in the cash flow hedging reserve are shown in the consolidated statement of changes in equity.

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognizing the resulting gain or loss is dependent on the nature of the item being hedged. On the date a derivative contract is entered into, the Group designates certain derivatives as either (a) a hedge of the fair value of a recognized asset or liability (fair value hedge) or (b) a hedge of a particular risk associated with a recognized asset or liability, such as future interest payments on floating rate debt (cash flow hedge) or (c) a hedge of a foreign currency risk of a firm commitment (cash flow hedge) or (d) a hedge of a net investment in a foreign entity.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges and that are highly effective are recorded in the statement of income, along with any changes in the fair value of the hedged asset or liability that is attributable to the hedged risk.

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges and that are highly effective are recognized outside the statement of income. Where the firm commitment results in the recognition of an asset, for example, property, plant and equipment, or a liability, the gains or losses previously deferred in equity are transferred from equity and included in the initial measurement of the non-financial asset or liability. Otherwise, amounts deferred in equity are transferred to the statement of income and classified as revenue or expense in the same periods during which the cash flows, such as hedged firm commitments or interest payments, affect the statement of income.

Deferred taxes

Deferred tax is provided, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Tax rates enacted or substantively enacted by the end of the reporting period are used to determine the deferred tax expense.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which temporary differences or unused tax losses can be utilized. Deferred tax liabilities are recognized for taxable temporary differences arising from investments in subsidiaries, associates and interests in joint arrangements except where the Group is able to control the distribution of earnings from these respective entities and where dividend payments are not expected to occur in the foreseeable future.

Deferred tax is charged or credited in the statement of income, except when it relates to items credited or charged outside the statement of income, in which case the deferred tax is treated accordingly.

Site restoration and other environmental provisions

The Group provides for the costs of restoring a site where a legal or constructive obligation exists. The estimated future costs for known restoration requirements are determined on a site-by-site basis and are calculated based on the present value of estimated future costs. The cost of raising a provision before exploitation of the raw materials has commenced is included in property, plant and equipment and depreciated over the life of the site. The effect of any adjustments to the provision due to further environmental damage as a result of exploitation activities is recorded through operating costs over the life of the site, in order to reflect the best estimate of the expenditure required to settle the obligation at the end of the reporting period. Changes in the measurement of a provision that result from changes in the estimated timing or amount of cash outflows, or a change in the discount rate, are added to or deducted from the cost of the related asset to the extent that they relate to the asset's installation, construction or acquisition. All provisions are discounted to their present value.

Restructuring provisions

A provision for restructuring costs is recognized when the restructuring plans have been approved by the management, a detailed formal plan exists and when the Group has raised a valid expectation in those affected that it will carry out the restructuring plan either by announcing its main features to those affected by it or starts to implement that plan and recognize the associated restructuring costs. The provision only includes direct expenditures arising from the restructuring, notably severance payments, early retirement costs, costs for notice periods not worked and other costs directly linked with the closure of the facilities.

Other provisions

A provision is recognized when there exists a legal or constructive obligation arising from past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of this amount.

Emission rights

The initial allocation of emission rights granted is recognized at nominal amount (nil value). Where a Group company has emissions in excess of the emission rights granted, it will recognize a provision for the shortfall based on the market price at that date. The emission rights are held for compliance purposes only and therefore the Group does not intend to speculate with these in the open market.

Employee benefits – Defined benefit plans

Some Group companies provide defined benefit pension plans for employees. Professionally qualified independent actuaries value the defined benefit obligations on a regular basis. The obligation and costs of pension benefits are determined using the projected unit credit method. The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past service costs, which comprise plan amendments and curtailments, as well as gains or losses on the settlement of pension benefits are recognized immediately in the statement of income when they occur.

Remeasurements, which comprise actuarial gains and losses on the pension obligation, the return on plan assets and changes in the effect of the asset ceiling excluding amounts included in net interest, are recognized directly in other comprehensive earnings and are not reclassified to the statement of income in a subsequent period. The pension obligation is measured at the present value of estimated future cash flows using a discount rate that is determined by reference to the interest rate on high quality corporate bonds where the currency and terms of the corporate bonds are consistent with the currency and estimated terms of the defined benefit obligation.

A net pension asset is recorded only to the extent that it does not exceed the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost for defined benefit plans charged to the statement of income consists of service cost (current service cost, past service cost and curtailments as well as gains or losses on settlements) and the net interest expense. The service costs are recorded in “Cost of goods sold”, “Distribution and selling expenses” or “Administrative expenses” based on the beneficiaries of the plan and the net interest expense is recorded in the “Financial expenses”.

Employee benefits – Defined contribution plans

In addition to the defined benefit plans described above, some Group companies sponsor defined contribution plans based on local practices and regulations. The Group’s contributions to defined contribution plans are charged to the statement of income in the period to which the contributions relate.

Employee benefits – Other long-term employment benefits

Other long-term employment benefits include long-service leave or sabbatical leave, medical aid, jubilee or other long-service benefits, long-term disability benefits and, if they are not expected to be settled wholly within twelve months after the year end, profit sharing, variable and deferred compensation.

The measurement of these obligations differs from defined benefit plans in that all remeasurements are recognized immediately in the statement of income and not in other comprehensive earnings.

Employee benefits – Equity compensation plans

The Group operates various equity-settled share-based compensation plans. The fair value of the employee services received in exchange for the grant of the options or shares is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted. The amounts are charged to the statement of income over the relevant vesting periods and adjusted to reflect actual and expected levels of vesting.

Equity

Incremental costs directly attributable to the issue of ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

Treasury shares (own equity instruments held by the Group) are accounted for as a reduction of equity at acquisition cost and are not subsequently remeasured. When shares are sold out of treasury shares, the resulting profit or loss is recognized in equity, net of tax.

Revenue recognition

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the entity and the amount of the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received net of sales taxes and discounts. Revenue from the sale of goods is recognized when delivery has taken place and the transfer of risks and rewards of ownership has been completed. The significant risks and rewards of products sold are transferred according to the specific delivery terms that have been formally agreed with the customer, generally upon delivery when the bill of lading is signed by the customer as evidence that they have accepted the product delivered to them.

Interest is recognized on a time proportion basis that reflects the effective yield on the asset. Dividends are recognized when the shareholder's right to receive payment is established.

Contingent liabilities

Contingent liabilities arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of LafargeHolcim. They are accordingly only disclosed in the notes to the financial statements.

3. Risk management

Group risk management

Group Risk Management supports the Board of Directors, the Executive Committee and the management teams of the Countries in analyzing the overall risk exposure. Group Risk Management aims to systematically identify, monitor and manage major risks the company encounters. All types of risks from industry, operations, finance and legal, up to the external business environment are considered including compliance, sustainable development and reputational aspects. Risks are understood as the effect of uncertainty on business objectives which can be an opportunity or a threat. The risk horizon includes long-term strategic risks but also short- to medium-term business risks. Potential risks are identified and evaluated at an early stage and monitored. Mitigating actions are proposed and implemented at the appropriate level so that risk management remains a key responsibility of the line management. Risk transfer through insurance solutions forms an integral part of risk management.

The Group's risk profile is established by strategic, operational and functional risk assessments which are combined to a 360 degree risk analysis. Besides the countries, the Board of Directors, the Executive Committee and selected Corporate Function Heads are involved in the risk assessment during the Group's management cycle. The Executive Committee reports regularly to the Board of Directors on important risk findings and provides updates on the mitigating actions taken.

Country risk

LafargeHolcim's major presence in developing markets exposes the Group to risks such as political, financial and social uncertainties and turmoil, terrorism, civil war and unrest.

Financial risk management

The Group's activities expose it to a variety of financial risks, including liquidity, interest rate, foreign exchange, commodity and credit risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as foreign exchange contracts, commodity and interest rate swaps to hedge certain exposures. The Group does not enter into derivative or other financial transactions which are unrelated to its operating business.

Financial risk management within the Group is governed by policies approved by key management personnel. It provides principles for overall risk management as well as policies covering specific areas such as interest rate risk, foreign exchange risk, credit risk, use of derivative financial instruments and investing of excess cash.

Liquidity risk

Group companies need liquidity to meet their obligations. Individual companies are responsible for their own cash balances and the raising of internal and external credit lines to cover the liquidity needs, subject to guidance by the Group.

The Group monitors its liquidity risk by using a recurring liquidity planning tool and maintains cash, readily realizable marketable securities and unused committed credit lines to meet its liquidity requirements. In addition, the strong creditworthiness of the Group allows it to make efficient use of international financial markets for financing purposes.

Contractual maturity analysis

Million CHF	Within 1 year	Within 2 years	Within 3 years	Within 4 years	Within 5 years	Thereafter	Total (Contractual undiscounted cash flows)	Carrying amount
2015								
Trade accounts payable	3,693						3,693	3,693
Loans from financial institutions	2,833	897	396	359	235	152	4,872	4,886
Bonds, private placements and commercial paper notes	3,974	2,336	1,881	1,865	2,169	3,748	15,973	16,705
Interest payments	934	688	522	418	262	1,649	4,473	
Finance leases	19	30	10	9	5	48	122	91
Derivative financial instruments net [1]	(67)	2	2	2	82	0	21	(23)
Financial guarantees	76		29				105	
TOTAL	11,462	3,953	2,840	2,653	2,754	5,597	29,259	
2014 [2]								
Trade accounts payable	2,124						2,124	2,124
Loans from financial institutions	1,382	334	643	145	96	98	2,698	2,709
Bonds, private placements and commercial paper notes	1,128	926	1,313	1,038	1,018	3,416	8,840	8,861
Interest payments	464	417	355	247	191	1,086	2,760	
Finance leases	22	18	16	12	12	62	143	96
Derivative financial instruments net [1]	(14)	(17)	(6)	(3)	(3)	17	(26)	(47)
TOTAL	5,105	1,680	2,321	1,439	1,314	4,679	16,539	

[1] The contractual cash flows include both cash in- and outflows. Additional information is disclosed in note 27.
[2] Restated due to changes in accounting policies, see note 2.

The maturity profile is based on contractual undiscounted amounts including both interest and principal cash flows and based on the earliest date on which LafargeHolcim can be required to pay.

Contractual interest cash flows relating to a variable interest rate are calculated based on the rates prevailing as of December 31.

Market risk

LafargeHolcim is exposed to market risk, primarily relating to interest rate, foreign exchange and commodity prices. To manage the volatility relating to these exposures, LafargeHolcim enters into a variety of derivative financial instruments. The Group's objective is to reduce fluctuations in earnings and cash flows associated with changes in interest rates, foreign exchange rates and commodity prices.

Interest rate risk

Interest rate risk arises from movements in interest rates which could affect the Group's financial result and market values of its financial instruments. The Group is primarily exposed to fluctuations in interest rates on its financial liabilities at floating rates which may cause variations in the Group's financial result. The exposure is mainly addressed through the management of the fixed/floating ratio of financial liabilities. To manage this mix, the Group may enter into interest rate swap agreements, in which it exchanges periodic payments based on notional amounts and agreed-upon fixed and floating interest rates.

Interest rate sensitivity

The Group's sensitivity analysis has been determined based on the interest rate exposure relating to the Group's financial liabilities at a variable rate on a post hedge basis as at December 31.

A 1 percentage point change is used when the interest rate risk is reported internally to key management personnel and represents management's assessment of a reasonably possible change in interest rates.

At December 31, 2015, a 1 percentage point shift in interest rates, with all other assumptions held constant, would result in approximately CHF 74 million (2014: CHF 38 million) of annual additional/lower financial expenses before tax on a post hedge basis.

The Group's sensitivity to interest rates is higher than last year mainly due to the merger related increase of current financial liabilities as well as the increase of the ratio of financial liabilities at variable rates to total financial liabilities from 42 percent to 50 percent.

Impacts on equity due to derivative instruments are considered as not material based on the shareholders' equity of the Group.

Foreign exchange risk

The Group operates internationally in around 90 countries and is therefore exposed to foreign exchange risks.

The translation of foreign operations into the Group reporting currency leads to currency translation effects. The Group may hedge certain net investments in foreign entities with foreign currency borrowings or other instruments. Hedges of net investments in foreign entities are accounted for similarly to cash flow hedges. To the extent that the net investment hedge is effective, all foreign exchange gains or losses are recognized in equity and included in currency translation adjustments.

Due to the local nature of the construction materials business, transaction risk is limited. However, for many Group companies, income will be primarily in local currency, whereas debt servicing and a significant amount of capital expenditures may be in foreign currencies. As a consequence thereof, the Group may enter into derivative contracts which are designated as either cash flow hedges or fair value hedges, as appropriate and also include the hedging of forecasted transactions.

Foreign exchange sensitivity

The Group's sensitivity analysis has been determined based on the Group's net transaction exposure that arises on monetary financial assets and liabilities at December 31 that are denominated in a foreign currency other than the functional currency in which they are measured. The Group's net foreign currency transaction risk mainly arises from CHF, USD and EUR against the respective currencies the Group operates in.

A 5 percent change is used when the net foreign currency transaction risk is reported internally to key management personnel and represents management's assessment of a reasonably possible change in foreign exchange rates.

A 5 percent change in CHF, USD and EUR against the respective currencies the Group operates in would only have an immaterial impact on foreign exchange (loss) gains net on a post hedge basis in both the current and prior year.

Impacts on equity due to derivative instruments are considered as not material based on the shareholders’ equity of the Group.

Commodity risk

The Group is subject to commodity risk with respect to price changes mainly in the electricity, natural gas, petcoke, coal, oil refined products and sea freight markets. The Group uses derivative instruments to hedge part of its exposure to these risks. Derivative instruments are generally limited to swaps and standard options.

Credit risk

Credit risks arise, among others, from the possibility that customers may not be able to settle their obligations as agreed. To manage this risk, the Group periodically assesses the financial reliability of customers and counterparties.

Credit risks, or the risk of counterparties defaulting, are constantly monitored. Counterparties to financial instruments consist of a large number of major financial institutions. The Group does not expect any counterparty to be unable to fulfill their obligations under their respective financing agreements. At year end, LafargeHolcim has no significant concentration of credit risk with any single counterparty or group of counterparties.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the consolidated statement of financial position.

Capital structure

The Group’s objectives when managing capital are to secure the Group’s ongoing financial needs to continue as a going concern as well as to cater for its growth targets, in order to provide returns to shareholders and benefits for other stakeholders and to maintain a cost-efficient and risk-optimized capital structure.

The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions, its business activities, the investment and expansion program and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, increase debt or sell assets to reduce debt.

The Group monitors capital, among others, on the basis of the ratio of funds from operations as a percentage of net financial debt and the ratio of net financial debt to EBITDA.

Funds from operations is calculated as net income plus depreciation, amortization and impairment as shown in the notes to the consolidated statement of income. Net financial debt is calculated as financial liabilities less cash and cash equivalents as shown in the consolidated statement of financial position, as well as derivative assets as shown in note 27. The net financial debt to EBITDA ratio is used as an indicator of financial risk and shows how many years it would take the Group to pay back its debt.

Million CHF	2015	2014[1]
Net (loss)/income	(1,361)	1,619
Depreciation, amortization and impairment (note 9)	4,574	1,406
FUNDS FROM OPERATIONS	3,213	3,026
Financial liabilities (note 25)	21,791	11,669
Cash and cash equivalents (note 15)	(4,393)	(2,148)
Derivative assets (note 27)	(132)	–[2]
NET FINANCIAL DEBT	17,266	9,520
FUNDS FROM OPERATIONS/NET FINANCIAL DEBT	+18.6%	+31.8%

Million CHF	2015	2014[1]
Net financial debt	17,266	9,520
EBITDA	4,761	4,114
NET FINANCIAL DEBT/EBITDA[2]	3.6	2.3

[1] Restated due to changes in accounting policies, see note 2.
[2] Derivative assets were not considered in the net financial debt calculation for the year 2014.

Fair value estimation

The fair value of publicly traded financial instruments is generally based on quoted market prices at the end of the reporting period.

For non-publicly traded financial instruments, the fair value is determined by using a variety of methods, such as the discounted cash flow method and option pricing models. The valuation methods seek to maximize the use of observable market data existing at the end of the reporting period.

The fair value of current financial assets and liabilities at amortized cost are assumed to approximate their carrying amounts due to the short-term nature of these financial instruments.

Fair values as of December 31, 2015

Million CHF	IAS 39 Category	Carrying amount (by measurement basis) Amortized cost	Fair value level 1	Fair value level 2	Total	Comparison Fair value
Current financial assets						
Cash and cash equivalents	Financial assets	4,393			4,393	
Trade accounts receivable	Loans and receivables at amortized cost	3,408			3,408	
Other receivables	Loans and receivables at amortized cost	209			209	
Other current assets	Available-for-sale financial assets		1		1	
Derivative assets	Held for hedging at fair value			10	10	
Derivative assets	Held for trading at fair value			71	71	
Long-term financial assets						
Long-term receivables	Loans and receivables at amortized cost	512			512	503 [1]
Financial investments third parties	Financial investments at cost	90			90	
Financial investments third parties	Available-for-sale financial assets		3	114	117	
Derivative assets	Held for hedging at fair value			42	42	
Derivative assets	Held for trading at fair value			9	9	
Current financial liabilities						
Trade accounts payable	Financial liabilities at amortized cost	3,693			3,693	
Current financial liabilities	Financial liabilities at amortized cost	6,823			6,823	
Derivative liabilities	Held for hedging at fair value			17	17	
Derivative liabilities	Held for trading at fair value			26	26	
Long-term financial liabilities						
Long-term financial liabilities	Financial liabilities at amortized cost	14,859			14,859	15,539 [2]
Derivative liabilities	Held for hedging at fair value			66	66	

[1] The comparison fair value for long-term receivables consists of CHF 46 million level 1 and CHF 457 million level 2 fair value measurements.
[2] The comparison fair value for long-term financial liabilities consists of CHF 13,032 million level 1 and CHF 2,507 million level 2 fair value measurements.

Fair values as of December 31, 2014[1]

Million CHF	IAS 39 Category	Carrying amount (by measurement basis) Amortized cost	Fair value level 1	Fair value level 2	Total	Comparison Fair value
Current financial assets						
Cash and cash equivalents	Financial assets	2,148			2,148	
Trade accounts receivable	Loans and receivables at amortized cost	2,180			2,180	
Other receivables	Loans and receivables at amortized cost	211			211	
Other current assets	Available-for-sale financial assets		1		1	
Long-term financial assets						
Long-term receivables	Loans and receivables at amortized cost	363			363	368[2]
Financial investments third parties	Financial investments at cost	28			28	
Financial investments third parties	Available-for-sale financial assets		2	85	87	
Derivative assets	Held for hedging at fair value			50	50	
Current financial liabilities						
Trade accounts payable	Financial liabilities at amortized cost	2,124			2,124	
Current financial liabilities	Financial liabilities at amortized cost	2,469			2,469	
Derivative liabilities	Held for hedging at fair value			3	3	
Long-term financial liabilities						
Long-term financial liabilities	Financial liabilities at amortized cost	9,197			9,197	10,252[3]

[1] Restated due to changes in accounting policies, see note 2.
[2] The comparison fair value for long-term receivables consists of CHF 6 million level 1 and CHF 362 million level 2 fair value measurements.
[3] The comparison fair value for long-term financial liabilities consists of CHF 8,191 million level 1 and CHF 2,061 million level 2 fair value measurements.

The table above shows the carrying amounts and fair values of financial assets and liabilities.

The levels of fair value hierarchy used are defined as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. The types of assets carried at level 1 fair value are equity and debt securities listed in active markets;
- Level 2 fair value measurements are those derived from valuation techniques using inputs for the asset or liability that are observable market data, either directly or indirectly. Such valuation techniques include the discounted cash flow method and option pricing models. For example, the fair value of interest rate and currency swaps is determined by discounting estimated future cash flows, and the fair value of forward foreign exchange contracts is determined using the forward exchange market at the end of the reporting period;
- Level 3 fair value measurements are those derived from valuation techniques using inputs for the asset or liability that are not based on observable market data. In 2015 and 2014, there were no financial assets and liabilities allocated to level 3.

There have been no transfers between the different hierarchy levels in 2015 and 2014.

4. Changes in the scope of consolidation

4.1 Merger between Holcim and Lafarge

The merger between Holcim and Lafarge announced publicly on April 7, 2014 and structured as a public exchange offer filed by Holcim for all the outstanding shares of Lafarge S.A. with an exchange ratio of nine Holcim Ltd shares for each ten shares of Lafarge S.A., became effective on July 10, 2015. At this date, Holcim Ltd was renamed to LafargeHolcim Ltd.

Exchange offer and merger date

The business combination was accounted for as of July 10, 2015, being the effective date of the merger since LafargeHolcim Ltd controlled Lafarge from that date by owning 87.45 percent of the share capital and at least 84.59 percent of the voting rights of Lafarge S.A. as a result of the public exchange offer. Subsequent to the initial public exchange offer, and in accordance with French regulation, the offer period was re-opened, resulting in LafargeHolcim Ltd holding 278,131,864 Lafarge S.A. shares representing 96.41 percent of the share capital and at least 95.25 percent of the voting rights of Lafarge S.A.. Following the re-opened offer period, the number of LafargeHolcim Ltd shares issued amounted to 250,318,676 shares.

As more than 95 percent of the share capital and voting rights in Lafarge S.A. were tendered, LafargeHolcim Ltd requested the AMF (Autorité des Marchés Financiers) to implement a squeeze-out procedure pursuant to the general regulations of the AMF.

For accounting purposes, the initial public exchange offer and the re-opened public exchange offer are treated as linked transactions and accounted for as one single transaction resulting in LafargeHolcim Ltd holding, and hence consolidating, 96.41 percent of the shares of Lafarge S.A. from the effective date of the merger. As a result, the Group recognized 3.59 percent non-controlling interest for which a squeeze-out procedure was completed in October 2015 as explained further below.

Consideration for the business combination

The consideration calculated on the effective date of the merger amounts to CHF 19,483 million and is detailed in the following table:

Number of Lafarge S.A. shares tendered	278,131,864
Exchange ratio into LafargeHolcim Ltd shares	0.9
Number of LafargeHolcim Ltd shares issued	250,318,676
LafargeHolcim Ltd closing share price as at July 9, 2015 (in CHF)	71.55

Million CHF	
FAIR VALUE OF THE LAFARGEHOLCIM LTD SHARES ISSUED IN EXCHANGE OF LAFARGE S.A. SHARES	17,910
Cash consideration in connection with mandatory take-overs, non-compete clauses and merger related agreements	893
TOTAL CONSIDERATION TRANSFERRED FOR THE BUSINESS COMBINATION	18,803
Fair value of previously held interests of Holcim	680
TOTAL CONSIDERATION FOR THE BUSINESS COMBINATION	19,483

Fair value of the LafargeHolcim Ltd shares issued in exchange for Lafarge S.A. shares

The consideration transferred reflects a total of 250,318,676 LafargeHolcim Ltd shares issued as a result of the public exchange offer. The fair value of the shares issued was measured using a LafargeHolcim Ltd share price of CHF 71.55, totaling CHF 17,910 million.

Fair value of the cash consideration in connection with mandatory take-overs, non-compete clauses and merger related agreements

The consideration transferred includes any cash consideration in connection with mandatory take-over, non-compete clauses and merger related agreements. For accounting purposes, the merger and the transactions resulting in these cash considerations are treated as linked and interdependent transactions, accounted for as one single transaction at the effective date of the merger.

The cash consideration reflected in the total consideration transferred includes:

Million CHF	
Acquisition of the 45 percent interest in Lafarge Shui On Cement Limited (China)	**306**
Acquisition of the 14 percent interest in Lafarge India Pvt. Ltd.	**285**
Acquisition of the 50 percent interest in the Cauldon cement plant, its related assets and the Cookstown plant (United Kingdom)	**164**
Acquisition of the 15 percent interest in United Cement Company of Nigeria Limited ("Unicem")	**127**
Other	**10**
TOTAL CASH CONSIDERATION IN CONNECTION WITH MANDATORY TAKE-OVERS, NON-COMPETE CLAUSES AND MERGER RELATED AGREEMENTS	**893**

Fair value of previously held interest of Holcim

Prior to the merger, Holcim and Lafarge had an interest of 43.7 percent and 53.7 percent respectively in Lafarge Cement Egypt S.A.E. with Holcim accounting for it as an associate and Lafarge including it as a fully consolidated company. As a result of the merger, LafargeHolcim gained control of Lafarge Cement Egypt S.A.E. through an acquisition in stages. The fair value of Holcim's previously held equity interest amounts to CHF 464 million resulting in a revaluation gain of CHF 357 million, recorded in the position "Other income" (note 10).

Prior to the merger, Holcim and Lafarge had an equity interest of 42.5 percent and 30.91 percent respectively in the associate company Unicem. As a result of the merger, LafargeHolcim gained control of Unicem through an acquisition in stages. The fair value of Holcim's previously held equity interest amounts to CHF 216 million resulting in a revaluation gain of CHF 181 million, recorded in the position "Other income" (note 10). The remaining 15 percent interest was acquired by LafargeHolcim in August 2015, as described in the table above.

Adjustment to the consideration recognized in the fourth quarter of 2015

The total consideration for the business combination decreased by CHF 162 million during the fourth quarter of 2015 following the completion of the mandatory take-over procedure for Sichuan Shuangma Cement Company Limited listed shares. As there was no acceptance of this offer, no cash consideration was transferred.

Purchase accounting

For accounting purposes, Holcim has been determined as the accounting acquirer. The acquisition method has been applied. The identifiable assets and liabilities of Lafarge have been fair valued at the effective date of the merger.

The excess of the consideration transferred over the fair value of the Lafarge identifiable net assets is recorded as goodwill.

The recognized amounts of identifiable assets acquired and liabilities assumed as part of the merger are as follows:

Million CHF	Fair Value
Cash and cash equivalents	1,704
Accounts receivable	2,544
Inventories	1,706
Prepaid expenses and other current assets	571
Assets classified as held for sale	4,874
TOTAL CURRENT ASSETS	11,399
Long-term financial assets	657
Investments in associates and joint ventures	1,644
Property, plant and equipment	20,177
Intangible assets	1,030
Deferred tax assets	99
Other long-term assets	56
TOTAL LONG-TERM ASSETS	23,663
Trade accounts payable	2,074
Current financial liabilities	2,272
Current income tax liabilities	81
Other current liabilities	1,646
Short-term provisions	106
Liabilities directly associated with assets classified as held for sale	367
TOTAL CURRENT LIABILITIES	6,546
Long-term financial liabilities	13,320
Defined benefit obligations	1,194
Deferred tax liabilities	2,732
Long-term provisions	992
TOTAL LONG-TERM LIABILITIES	18,237
PROVISIONAL FAIR VALUE OF NET ASSETS ACQUIRED	10,279
Non-controlling interest	2,407
FAIR VALUE OF NET ASSETS ACQUIRED ATTRIBUTABLE TO SHAREHOLDERS OF LAFARGEHOLCIM LTD	7,872
CONSIDERATION FOR THE BUSINESS COMBINATION	19,483
Fair value of net assets acquired attributable to shareholders of LafargeHolcim Ltd	7,872
PROVISIONAL GOODWILL	11,611

The amounts disclosed on the previous page were determined provisionally pending the finalization of the valuation for those assets and liabilities. Up to twelve months from the effective date of the merger, further adjustments may be made to the fair values assigned to the identifiable assets acquired and liabilities assumed, the fair value of the consideration transferred and fair values of Holcim's previously held equity interests in associates over which control has now been obtained. Hence, the resulting goodwill and its allocation to cash generating units are provisional.

The amounts disclosed above for the assets and liabilities assumed as part of the merger changed to the amounts disclosed in the third quarter 2015. The main change amounts to CHF 485 million for property, plant and equipment and is explained with the refinement of the fair value of terminals and barges.

The fair value of the acquired receivables substantially equals the gross contractual amount to be collected.

The provisional goodwill arising from this transaction amounts to CHF 11,611 million. The goodwill is attributable to the favorable presence of synergies and economies of scale expected from combining the operations of Holcim and Lafarge and to the new, well balanced, global footprint of the combined group. None of the goodwill recognized is expected to be deductible for income tax purposes.

The amount of non-controlling interest recognized amounted to CHF 2,407 million and was measured at the proportionate share of the acquiree's identifiable net assets at the date of acquisition. The non-controlling interest includes the fair value of Lafarge outstanding stock-options and other equity awards for an amount of CHF 69 million.

Lafarge contributed net sales and net loss of CHF 6,318 million and CHF 321 million respectively to the Group for the period from July 10, 2015 to December 31, 2015. If the acquisition and the related divestments of Lafarge and Holcim businesses had occured on January 1, 2015, net sales and net loss for the year 2015 would have been CHF 29,483 million and CHF 2,085 million respectively.

For the current year, acquisition-related costs of approximately CHF 111 million have been recognized (CHF 42 million included, together with the related net gain on disposal before taxes, in "Other income" and CHF 69 million in "Administration expenses"). The transactions costs for the share issuance and share exchange were recorded in equity for an amount of CHF 56 million.

In 2014, acquisition costs amounted to CHF 67 million and were included in "Administration expenses".

Acquisition of 3.56 percent non-controlling interest in Lafarge through squeeze-out

Following the re-opened exchange offer, LafargeHolcim Ltd held 278,131,864 Lafarge S.A. shares, representing more than 95 percent of Lafarge S.A. share capital and voting rights. Pursuant to the general regulations of the AMF, LafargeHolcim Ltd initiated on September 14, 2015 a squeeze-out procedure for the shares not owned by LafargeHolcim Ltd. LafargeHolcim Ltd offered the remaining shareholders of Lafarge S.A. a cash indemnification of EUR 60 per each Lafarge S.A. share (net of cost) or as an alternative a share indemnification of 9.45 newly issued LafargeHolcim Ltd shares for 10 Lafarge S.A. shares. The squeeze-out procedure was completed on October 23, 2015 and resulted in a total cash indemnification of CHF 665 million, representing 10,086,921 Lafarge S.A. shares, and the issuance of 633,776 LafargeHolcim Ltd shares. The increase in share capital and authorized capital amounted to CHF 34 million and was recorded against retained earnings. An additional amount of CHF 404 million, being the difference between the total consideration of CHF 699 million and the derecognized non-controlling interest amount of CHF 295 million was recorded in retained earnings as well, leading to a total retained earnings charge of CHF 438 million.

Divestments

LafargeHolcim divested a number of entities and businesses as part of a rebalancing of the global portfolio of the combined group resulting from the merger and to address regulatory concerns. On July 31, 2015, LafargeHolcim disposed of assets to CRH that included operations mainly in Europe, North America and Brazil, followed by assets disposed of in the Philippines on September 15, 2015. The net assets in connection with the acquisition of Lafarge, with a view to resale, were classified as held for sale in the consolidated statement of financial position and as discontinued operations in the consolidated statement of income. The other net assets disposed mainly include property, plant and equipment and long-term liabilities.

The total proceeds amounted to CHF 6.4 billion and resulted in a gain on disposal before taxes of CHF 63 million which is included in “Other income” (note 10). This gain only relates to the disposal of Holcim legacy assets and liabilities as the assets and liabilities of Lafarge were recognized at fair value at the date of acquisition.

In connection with the sale of assets to CRH in 2015, LafargeHolcim has received from CRH several notices claiming a reduction of the purchase price. LafargeHolcim is contesting those claims. In view of the information available to the management and on current analysis, CRH’s claims to a further price reduction under the price adjustment mechanism in the sale agreement are considered to be without merit and are not accepted.

4.2 Other transactions

Divestments

In December 2015, the ownership interest of several subsidiaries in the Philippines was diluted following a share capital subscription from a third party shareholder, which resulted in the loss of control of these subsidiaries. The investment in these companies was reclassified as investment in associate and recognized at its fair value. Overall, this transaction generated a gain before taxes of CHF 97 million, which is included in "Other income" (note 10).

On July 1, 2015, LafargeHolcim disposed of its entire lime business in New Zealand. This resulted in a gain on disposal before taxes of CHF 68 million, which is included in "Other income" (note 10).

On March 30, 2015, LafargeHolcim sold its entire remaining shareholding of 27.5 percent in Siam City Cement Public Company Limited in Thailand via a private placement in capital markets. For the sale of its entire remaining stake, LafargeHolcim recorded a gain before taxes of CHF 371 million, which is included in "Other income" (note 10).

On January 5, 2015, LafargeHolcim disposed of Holcim (Česko) a.s. in Czech Republic, Gador cement plant and Yeles grinding station in Spain for CHF 243 million to Cemex. This resulted in a gain on disposal before taxes of CHF 61 million which is included in "Other income" (note 10).

Acquisition in Western Germany and the Netherlands

On January 5, 2015, LafargeHolcim acquired control of a group of companies from Cemex which operate in Western Germany and the Netherlands. This transaction includes one cement plant, two grinding stations, 22 aggregates locations and 79 ready-mix plants.

The total cash consideration amounts to CHF 210 million. The identifiable assets and liabilities arising from the acquisition mainly relate to property, plant and equipment. The fair value of the net assets acquired amounts to CHF 210 million. As a result, no goodwill was recognized.

The amount of non-controlling interest recognized amounted to CHF 23 million and was measured at the proportionate share of the acquiree's identifiable net assets at the date of acquisition.

The acquired companies contributed net sales and net loss of CHF 331 million and CHF 19 million respectively to the Group for the period from January 5, 2015 to December 31, 2015. If the acquisition had occurred on January 1, 2015, Group net sales and net income to December 31 would not have been materially different. LafargeHolcim recognized acquisition-related costs of CHF 6 million which has been reflected as administration expenses in the consolidated statement of income.

During the year 2014, there were no business combinations that were either individually material or that were considered material on an aggregated basis.

5. Principal exchange rates

The following table summarizes the principal exchange rates that have been used for translation purposes.

		Statement of income Average exchange rates in CHF			Statement of financial position Closing exchange rates in CHF	
		2015 (12 months)	2015 (from July 10 to December 31)[1]	2014	31.12.2015	31.12.2014
1 Euro	EUR	1.07	1.08	1.21	1.08	1.20
1 US Dollar	USD	0.96	0.98	0.92	0.99	0.99
1 British Pound	GBP	1.47	1.50	1.51	1.47	1.54
1 Australian Dollar	AUD	0.72	0.71	0.83	0.72	0.81
100 Brazilian Real	BRL	29.31	26.60	38.94	24.99	37.37
1 Canadian Dollar	CAD	0.75	0.74	0.83	0.71	0.85
1 Chinese Renminbi	CNY	0.15	0.15	0.15	0.15	0.16
100 Algerian Dinar	DZD	0.96	0.93	1.14	0.92	1.13
1 Egyptian Pound	EGP	0.12	0.12	0.13	0.13	0.14
1,000 Indonesian Rupiah	IDR	0.07	0.07	0.08	0.07	0.08
100 Indian Rupee	INR	1.50	1.49	1.50	1.50	1.56
100 Moroccan Dirham	MAD	9.87	9.97	10.88	10.00	10.95
100 Mexican Peso	MXN	6.07	5.89	6.88	5.69	6.72
1 Malaysian Ringgit	MYR	0.25	0.24	0.28	0.23	0.28
100 Nigerian Naira	NGN	0.49	0.49	0.55	0.50	0.54
100 Philippine Peso	PHP	2.11	2.10	2.06	2.10	2.21

[1] As a result of the merger with Lafarge, some transactions started to be consolidated from July 10, 2015. The average exchange rates for the period from July 10, 2015 to December 31, 2015 were used for these transactions.

6. Information by reportable segment

	Asia Pacific		
	2015	2014[1]	2015
Capacity and sales			
Million t			
Annual cement production capacity	161.7	93.8	39.5
Sales of cement	96.8	69.1	26.0
Sales of aggregates	29.4	24.8	6.5
Million m^3			
Sales of ready-mix concrete	13.2	10.8	6.8
Statement of income, statement of financial position and statement of cash flows			
Million CHF			
Net sales to external customers	7,589	6,640	2,983
Net sales to other segments	42	38	69
TOTAL NET SALES	7,631	6,679	3,053
Operating profit (loss)	296	861	(203)
Operating profit (loss) margin in %	3.9	12.9	(6.6)
Depreciation, amortization and impairment of operating assets	(982)	(371)	(1,069)
of which impairment charge relating to property, plant and equipment	(477)	(2)	(439)
of which impairment charge relating to goodwill	(1)		(421)
of which impairment charge relating to intangible assets			(13)
Operating EBITDA	1,277	1,232	866
Operating EBITDA margin in %	16.7	18.4	28.4
Other (expenses) income (excluding depreciation, amortization and impairment of non-operating assets)	(24)	(120)	(207)
Share of profit of associates and joint ventures	18	18	0
Other financial income	12	9	8
EBITDA	1,284	1,139	667
Investments in associates and joint ventures	251	177	0
Net operating assets	12,065	7,019	3,694
Total assets	19,685	11,453	5,096
Total liabilities	7,260	4,756	3,497
Cash flow from operating activities	932	778	306
Cash flow margin in %	12.2	11.7	10.0
Capital expenditures[3]	558	752	269
Cash flow from investing activities[4]	(91)	(844)	(313)
Income taxes paid	247	201	200
Personnel			
Number of personnel	36,199	31,403	11,707

[1] Restated due to changes in accounting policies, see note 2.
[2] The amounts of CHF –904 million and CHF –971 million include the merger related provision for restructuring of CHF 250 million, see note 29.
[3] Property, plant and equipment acquired during the period, net of disposals.
[4] Net investments in property, plant and equipment, Group companies, financial assets, intangible and other assets.
[5] The amount of CHF 6,354 million (2014: CHF –1 million) consists of borrowings by Corporate from third parties amounting to CHF 20,345 million (2014: CHF 9,997 million) and eliminations for cash transferred to regions of CHF 13,991 million (2014: CHF 9,998 million).

Latin America	Europe		North America		Middle East Africa		Corporate/Eliminations		Total Group	
2014	2015	2014	2015	2014	2015	2014	2015	2014[1]	2015	2014[1]
35.3	77.8	46.8	32.3	21.9	62.6	11.0			374.0	208.8
24.6	33.6	26.4	16.7	13.0	24.9	8.3	(5.0)	(3.2)	193.1	138.2
7.5	103.6	73.1	85.6	45.7	6.4	2.0			231.5	153.1
6.4	16.5	11.9	8.1	7.2	2.9	0.7			47.6	37.0
2,896	5,982	5,208	4,704	3,336	2,325	745			23,584	18,825
117	271	346			103	117	(485)	(618)		
3,012	6,252	5,554	4,704	3,336	2,428	861	(485)	(618)	23,584	18,825
663	(396)	510	412	314	123	220	(971)[2]	(324)	(739)	2,244
22.0	(6.3)	9.2	8.8	9.4	5.1	25.5			(3.1)	11.9
(197)	(1,318)	(482)	(528)	(286)	(457)	(56)	(67)	(10)	(4,421)	(1,402)
(5)	(490)	(7)	(149)	(5)	(1)				(1,556)	(19)
	(311)	(1)			(228)		(1)		(962)	(1)
	(27)								(40)	
861	922	991	940	600	581	276	(904)[2]	(314)	3,682	3,647
28.6	14.7	17.8	20.0	18.0	23.9	32.1			15.6	19.4
(103)	(136)	(131)	(50)	(23)	(34)	(13)	1,345	573	893	183
(1)	30	6	6		(2)		106	171	157	195
6	4	5	0	1	1		4	67	28	89
763	819	872	896	577	546	264	550	498	4,761	4,114
0	1,441	265	28		73	2	1,378	1,531	3,172	1,975
3,456	12,246	7,964	12,064	6,282	9,523	852	177	(16)	49,770	25,557
5,436	18,165	12,713	15,364	7,568	12,512	1,240	2,475	1,081	73,298	39,490
3,597	9,474	6,283	6,359	4,109	4,632	634	6,354[5]	(1)[5]	37,577	19,378
283	453	485	699	384	517	163	(441)	390	2,465	2,484
9.4	7.2	8.7	14.9	11.5	21.3	18.9			10.5	13.2
490	369	354	453	119	327	20	13	2	1,988	1,737
(477)	289	(415)	753	(115)	95	(23)	4,500	172	5,234	(1,702)
247	338	151	58	22	96	48			940	669
10,733	23,950	15,399	11,265	6,777	16,123	1,928	1,712	897	100,956	67,137

Reconciling measures of profit and loss to the consolidated statement of income of LafargeHolcim

Million CHF	Notes	2015	2014[1]
OPERATING (LOSS) PROFIT		(739)	2,244
Depreciation, amortization and impairment of operating assets	9	4,421	1,402
OPERATING EBITDA		3,682	3,647
Other income	10	1,219	185
Other expenses (excluding depreciation, amortization and impairment of non-operating assets)	10	(326)	(1)
Share of profit of associates and joint ventures	21	157	195
Other financial income	11	28	89
EBITDA		4,761	4,114
Depreciation, amortization and impairment of operating assets	9	(4,421)	(1,402)
Depreciation, amortization and impairment of non-operating assets	10	(89)	(4)
Interest earned on cash and cash equivalents	11	126	96
Financial expenses	12	(1,060)	(604)
NET (LOSS) INCOME BEFORE TAXES		(684)	2,201

[1] Restated due to changes in accounting policies, see note 2.

7. Information by product line

	Cement[1]		Aggregates	
Million CHF	2015	2014[2]	2015	2014[2]
Statement of income, statement of financial position and statement of cash flows				
Net sales to external customers	14,460	11,303	2,226	1,538
Net sales to other segments	1,098	827	1,039	866
TOTAL NET SALES	15,558	12,130	3,265	2,404
– of which Asia Pacific	6,039	4,966	490	554
– of which Latin America	2,618	2,569	49	61
– of which Europe	2,609	2,441	1,600	1,240
– of which North America	2,225	1,518	1,060	519
– of which Middle East Africa	2,190	793	67	28
– of which Corporate/Eliminations	(123)	(158)	0	3
OPERATING EBITDA	3,132	2,972	449	468
– of which Asia Pacific	1,104	1,059	127	117
– of which Latin America	841	813	(1)	10
– of which Europe	566	671	239	246
– of which North America	642	426	192	119
– of which Middle East Africa	571	274	8	5
– of which Corporate/Eliminations	(593)	(270)	(116)	(28)
Operating EBITDA margin in %	20.1	24.5	13.8	19.5
Net operating assets	39,635	17,259	6,391	4,951
Capital expenditures[3]	1,695	1,528	200	196
Personnel				
Number of personnel	64,391	43,999	11,227	5,722

[1] Cement, clinker and other cementitious materials.
[2] Restated due to changes in accounting policies, see note 2.
[3] Property, plant and equipment acquired during the period, net of disposals.

Other construction materials and services		Corporate/Eliminations		Total Group	
2015	2014[2]	2015	2014[2]	2015	2014[2]
6,898	5,984			23,584	18,825
736	536	(2,873)	(2,230)		
7,634	6,520	(2,873)	(2,230)	23,584	18,825
1,437	1,494	(334)	(335)	7,631	6,679
595	632	(209)	(250)	3,053	3,012
2,944	2,606	(901)	(732)	6,252	5,554
2,016	1,667	(597)	(368)	4,704	3,336
261	76	(89)	(36)	2,428	861
381	46	(743)	(509)	(485)	(618)
100	207			3,682	3,647
47	57			1,277	1,232
26	38			866	861
117	75			922	991
105	55			940	600
2	(2)			581	276
(196)	(16)			(904)	(314)
1.3	3.2			15.6	19.4
3,743	3,346			49,770	25,557
79	90	15	(77)	1,988	1,737
23,570	16,782	1,768	634	100,956	67,137

8. Information by country and major customers

	Net sales to external customers		Non-current assets	
Million CHF	2015	2014[1]	2015	2014[1]
Switzerland	750	654	1,135	969
India	3,307	3,163	5,201	4,277
USA	3,024	2,181	8,668	5,616
United Kingdom	2,041	1,920	2,504	2,349
Canada	1,681	1,154	4,150	1,026
France	1,101	802	4,179	987
Australia	1,089	1,324	1,416	1,444
Nigeria	357	0	3,107	0
Algeria	336	0	3,268	0
Other countries	9,899	7,627	21,024	12,149
TOTAL GROUP	23,584	18,825	54,653	28,817

[1] Restated due to changes in accounting policies, see note 2.

Net sales to external customers are based primarily on the location of assets (origin of sales). Non-current assets for this purpose consist of property, plant and equipment, goodwill and intangible assets. There is no single external customer where net sales amount to 10 percent or more of the Group net sales.

9. Summary of depreciation, amortization and impairment

Million CHF	2015	2014[1]
Production facilities	(3,933)	(1,163)
Distribution and sales facilities	(354)	(160)
Administration facilities	(134)	(79)
TOTAL DEPRECIATION, AMORTIZATION AND IMPAIRMENT OF OPERATING ASSETS (A)	(4,421)	(1,402)
of which impairment charge relating to property, plant and equipment	(1,556)	(19)
of which impairment charge relating to goodwill	(962)	(1)
of which impairment charge relating to intangible assets	(40)	0
Impairment of long-term financial assets	(64)	(1)
Impairment of investments in associates and joint ventures	(75)	0
Ordinary depreciation of non-operating assets	(13)	(3)
Unusual write-offs	(1)	(1)
TOTAL DEPRECIATION, AMORTIZATION AND IMPAIRMENT OF NON-OPERATING ASSETS (B)	(153)	(4)
TOTAL DEPRECIATION, AMORTIZATION AND IMPAIRMENT (A + B)	(4,574)	(1,406)
Of which depreciation of property, plant and equipment (note 22)	(1,752)	(1,317)

[1] Restated due to changes in accounting policies, see note 2.

10. Other income and expenses

Million CHF	2015	2014[1]
Dividends earned	3	5
Net gain on disposal before taxes	706	180
Revaluation gain on previously held equity interest	511	0
TOTAL OTHER INCOME	1,219	185
Depreciation, amortization and impairment of non-operating assets	(89)	(4)
Other	(326)	(1)
TOTAL OTHER EXPENSES	(415)	(5)

[1] Restated due to changes in accounting policies, see note 2.

The position "Net gain on disposal before taxes" mainly includes:

- a gain on the disposal of LafargeHolcim's entire remaining stake in Siam City Cement Public Company Limited of CHF 371 million;
- a gain relating to the change in ownership interest of several subsidiaries in the Philippines of CHF 97 million;
- a gain on the disposal of LafargeHolcim's entire lime business in New Zealand of CHF 68 million;
- a gain on the disposal of operations and assets to CRH in Europe, North America and Brazil of CHF 63 million;
- a gain on the disposal of Holcim (Česko) a.s. and LafargeHolcim's Gador cement plant and Yeles grinding station in Spain to Cemex of CHF 61 million; and
- gains on disposal of property, plant and equipment of CHF 42 million (2014: CHF 123 million).

The position "Revaluation gain on previously held equity interest" comprises:

- the revaluation gain on the previously held equity interest of Lafarge Cement Egypt S.A.E. and of Unicem of CHF 357 million and CHF 181 million respectively; and
- in connection with these acquisitions in stages, the reclassification of a foreign exchange loss for Lafarge Cement Egypt S.A.E. of CHF 33 million and a foreign exchange gain for Unicem of CHF 6 million.

The position "Other" mainly includes:

- several provisions amounting to a total of CHF 202 million; and
- a reclassification of foreign exchange losses amounting to CHF 81 million relating to changes in LafargeHolcim holding structure in Thailand. This reclassification is partially offset with the gain of CHF 44 million, which could be recognized due to the reclassification of the fair value of a net investment hedge.

11. Financial income

Million CHF	2015	2014[1]
Interest earned on cash and cash equivalents	126	96
Other financial income	28	89
TOTAL	154	185

[1] Restated due to changes in accounting policies, see note 2.

The position "Other financial income" relates primarily to interest income from loans and receivables. In 2014, it also included the partial realization of the change in fair value of the compensation related to the nationalization of Holcim Venezuela in the amount of CHF 56 million.

12. Financial expenses

Million CHF	2015	2014[1]
Interest expenses	(751)	(565)
Fair value changes on financial instruments	(2)	4
Unwinding of discount on provisions	(21)	(22)
Net interest expense on retirement benefit plans	(47)	–[2]
Impairment of long-term financial assets	(64)	(1)
Other financial expenses	(112)	(53)
Foreign exchange loss net	(147)	(35)
Financial expenses capitalized	84	68
TOTAL	(1,060)	(604)

[1] Restated due to changes in accounting policies, see note 2.
[2] Not restated as explained in note 2.

The positions "Interest expenses" and "Other financial expenses" relate primarily to financial liabilities measured at amortized cost.

The position "Interest expenses" includes amortization on bonds and private placements of CHF 159 million (2014: CHF -15 million).

The position "Financial expenses capitalized" comprises interest expenditures on large-scale projects during the reporting period.

13. Research and development

Research and development projects are carried out with a view to generate added value for customers through end user oriented products and services. Additionally, process innovation aims at environmental protection and production system improvements. Research and development costs of CHF 105 million (2014: CHF 64 million) were charged directly to the consolidated statement of income.

14. Earnings per share

	2015	2014[1]
EARNINGS PER SHARE IN CHF	(3.11)	3.63
From continuing operations	(3.32)	3.63
From discontinued operations	0.21	0.00
Net (loss) income – shareholders of LafargeHolcim Ltd – as per statement of income (in million CHF)	(1,469)	1,287
From continuing operations	(1,569)	1,287
From discontinued operations	100	0
Weighted average number of shares outstanding	472,584,899	354,536,879
FULLY DILUTED EARNINGS PER SHARE IN CHF	(3.11)	3.63
From continuing operations	(3.32)	3.63
From discontinued operations	0.21	0.00
Net (loss) income used to determine diluted earnings per share (in million CHF)	(1,469)	1,287
From continuing operations	(1,569)	1,287
From discontinued operations	100	0
Weighted average number of shares outstanding	472,584,899	354,536,879
Adjustment for assumed exercise of share options	0	128,743
Weighted average number of shares for diluted earnings per share	472,584,899	354,665,622

[1] Restated due to the distribution of a scrip dividend.

For the year 2015, 205,614 stock options, which would have an anti-dilutive impact on the calculation of the diluted earnings per share, are excluded from the calculation.

As indicated in note 4, the merger between Holcim and Lafarge became effective on July 10, 2015. As a result, an exceptional scrip dividend was distributed to all LafargeHolcim shareholders after the settlement of the re-opened exchange offer in September 2015. The total number of LafargeHolcim shares issued for the scrip dividend was 28,870,252.

In accordance with IAS 33 *Earnings per Share*, the weighted average number of shares outstanding and per share amounts for the prior periods presented have been retrospectively restated to reflect the new shares that arose from the scrip dividend distribution.

In conformity with the decision taken at the annual general meeting on April 13, 2015, a cash payment out of the capital contribution reserves related to 2014 of CHF 1.30 per registered share has been paid. This resulted in a total payment of CHF 424 million.

A cash payment out of the capital contribution reserves in respect of the financial year 2015 of CHF 1.50 per registered share, amounting to a maximum payment of CHF 910 million, is to be proposed at the annual general meeting of shareholders on May 12, 2016. These consolidated financial statements do not reflect this cash payment, since it will only be effective in 2016.

15. Cash and cash equivalents

Million CHF	2015	2014[1]
Cash at banks and on hand	3,195	786
Short-term deposits	1,198	1,362
TOTAL	4,393	2,148
Bank overdrafts	(622)	(207)
CASH AND CASH EQUIVALENTS FOR THE PURPOSE OF THE CONSOLIDATED STATEMENT OF CASH FLOWS	3,771	1,941

[1] Restated due to changes in accounting policies, see note 2.

Cash and cash equivalents comprise cash at banks and on hand, deposits held on call with banks and other short-term highly liquid investments.

Bank overdrafts are included in current financial liabilities.

16. Accounts receivable

Million CHF	2015	2014[1]
Trade accounts receivable – associates and joint ventures	93	84
Trade accounts receivable – third parties	3,315	2,096
Other receivables – associates and joint ventures	73	83
Other receivables – third parties	741	386
TOTAL	4,222	2,648
Of which pledged/restricted	16	59

[1] Restated due to changes in accounting policies, see note 2.

As a result of the merger with Lafarge, LafargeHolcim acquired multi-year securitization agreements with respect to trade receivables. Under these agreements, some of the French and North American subsidiaries sell trade accounts receivables, without maintaining control over the assets sold and without having an entitlement or obligation to repurchase the sold receivables. In these agreements, the purchaser of the receivables, in order to secure his risks, only finances a part of the acquired receivables as it is usually the case for similar commercial transactions. As risks and benefits cannot be considered as being all transferred, the trade accounts receivables sold remain on the statement of financial position and amounted to CHF 368 million as of December 31, 2015. The financing generated by these securitization programs, classified as current financial liabilities, amounts to CHF 288 million as of December 31, 2015. The French securitization agreement is guaranteed by subordinated deposits and units totaling CHF 80 million as of December 31, 2015.

Due to the local nature of the business, specific terms and conditions for accounts receivable trade exist for local Group companies and as such Group guidelines are not required.

Allowance for doubtful accounts

Million CHF	2015	2014 [1]
JANUARY 1	(182)	(163)
Disposal of Group companies	17	(3)
Allowance recognized	(79)	(24)
Amounts used	15	15
Unused amounts reversed	6	2
Currency translation effects	17	(9)
DECEMBER 31	(206)	(182)

[1] Restated due to changes in accounting policies, see note 2.

17. Inventories

Million CHF	2015	2014 [1]
Raw materials and additives	674	265
Semi-finished and finished products	1,291	946
Fuels	218	260
Parts and supplies	877	357
TOTAL	3,060	1,828

[1] Restated due to changes in accounting policies, see note 2.

In 2015, the Group recognized inventory write-downs to net realizable value of CHF 23 million (2014: CHF 2 million) relating mainly to raw materials and semi-finished products.

18. Prepaid expenses and other current assets

Million CHF	2015	2014 [1]
Prepaid expenses and accruals	409	133
Derivative assets	81	0
Other current assets	393	189
TOTAL	884	323

[1] Restated due to changes in accounting policies, see note 2.

19. Assets and related liabilities classified as held for sale

The assets classified as held for sale as of December 31, 2015 amounted to CHF 772 million. On August 17, 2015, LafargeHolcim announced that it entered into a letter agreement with Birla Corporation Limited subject to approval by the Competition Commission of India (CCI) for the divestment of certain of its assets in India. These assets include the Sonadih cement plant and the Jojobera grinding station and had been agreed with the CCI in order to receive conditional clearance from the CCI for the LafargeHolcim merger. The assets held for sale consist mainly of property, plant and equipment. Further information is disclosed in the note 37.

On December 31, 2014, the assets classified as held for sale amounted to CHF 283 million and the liabilities classified as held for sale amounted to CHF 33 million. The assets and related liabilities classified as held for sale shown in 2014 mainly related to the series of transactions in Europe that the Group and Cemex closed on January 5, 2015. Additional information is disclosed in note 4. The net assets classified as held for sale consisted of current assets of CHF 30 million, property, plant and equipment of CHF 194 million, other long-term assets of CHF 59 million, short-term liabilities of CHF 25 million and long-term provisions of CHF 8 million.

20. Long-term financial assets

Million CHF	2015	2014[1]
Financial investments – third parties	207	115
Long-term receivables – associates and joint ventures	219	270
Long-term receivables – third parties	292	94
Derivative assets	51	50
TOTAL	770	528
Of which pledged/restricted	54	8

[1] Restated due to changes in accounting policies, see note 2.

Long-term receivables and derivative assets are primarily denominated in USD, CHF and AUD. The repayment dates vary between one and 24 years (2014: one and 25 years).

21. Investments in associates and joint ventures

Million CHF	2015	2014 [1]
Investments in associates	1,433	1,387
Investments in joint ventures	1,739	588
TOTAL	3,172	1,975

[1] Restated due to changes in accounting policies, see note 2.

Movement in investments in associates

Million CHF	2015	2014
JANUARY 1	1,387	1,232
Share of profit of associates	49	93
Dividends earned	(72)	(41)
Merger with Lafarge (note 4)		
Associates of Lafarge	258	0
Revaluation of previously held interests	538	0
Consolidation of Unicem and Lafarge Cement Egypt S.A.E.	(680)	0
Net acquisitions	77 [1]	7
Reclassifications	0	8
Impairments	(67)	0
Currency translation effects	(57)	87
DECEMBER 31	1,433	1,387

[1] Mainly relating to the change in ownership interest of several subsidiaries in the Philippines, see note 4.

Investments in associates

Million CHF	30.9.2015	31.12.2014
Huaxin Cement	842	874
Other associates	622	513
TOTAL	1,463	1,387

The disclosed amounts for the investments in associates are as of September 30, 2015 and include only the first nine months. This is due to the fact that Huaxin Cement (China), a material associate of the Group, is a publicly listed company in China and has not yet published its financial statements for the year 2015.

Huaxin Cement (China)

As of December 31, 2015, the Group holds 41.8 % (2014: 41.9 %) of the voting rights in the associate company Huaxin Cement.

The fair value of the investment in Huaxin Cement based on a quoted market price on December 31, 2015 amounted to CHF 678 million (2014: 965 million).

Set out below is the summarized financial information for the material associate company Huaxin Cement, which is accounted for using the equity method. The summarized financial information presented below are the amounts included in the IFRS financial statements of Huaxin Cement as at September 30, 2015 and as at December 31, 2014. As of September 30, 2015, dividends of CHF 16 million (December 31, 2014: CHF 11 million) were received from Huaxin Cement.

Huaxin Cement – Statement of financial position

Million CHF	30.9.2015	31.12.2014
Current assets	920	1,050
Long-term assets	3,311	3,280
TOTAL ASSETS	4,231	4,330
Current liabilities	1,291	1,265
Long-term liabilities	1,072	1,151
TOTAL LIABILITIES	2,363	2,416
NET ASSETS	1,867	1,914
SHAREHOLDERS' EQUITY (EXCLUDING NON-CONTROLLING INTEREST)	1,647	1,707

Huaxin Cement – Statement of comprehensive earnings

Million CHF	Jan–Sept 2015	Jan–Dec 2014
NET SALES	1,533	2,388
NET INCOME	47	214
Other comprehensive earnings	(2)	0
TOTAL COMPREHENSIVE EARNINGS	45	215

A reconciliation of the summarized financial information to the carrying amount of the investment in Huaxin Cement is as follows:

Huaxin Cement

Million CHF	30.9.2015	31.12.2014
Group share of 41.8% (2014: 41.9%) of shareholders' equity (excluding non-controlling interest)	690	715
Goodwill	152	159
TOTAL	842	874

The Group has additional interests in associates, none of which is considered as individually material. The following table summarizes, in aggregate, the financial information of all individually immaterial associates that are accounted for using the equity method:

Aggregated financial information of LafargeHolcim's share in other associates

Million CHF	30.9.2015	31.12.2014
CARRYING AMOUNT OF INVESTMENTS IN OTHER ASSOCIATES	622	513
Net income	19	3
Other comprehensive earnings	0	0
TOTAL COMPREHENSIVE EARNINGS	19	3

There are no unrecognized shares of losses, either for the current reporting period or cumulatively, relating to the above associates.

Movement in investments in joint ventures

Million CHF	2015	2014[1]
JANUARY 1	588	538
Share of profit of joint ventures	108	101
Dividends earned	(74)	(84)
Merger with Lafarge (note 4)	1,386	
Net disposals	(269)[2]	(3)
Reclassifications	0	(1)
Impairments	(8)	0
Currency translation effects	7	37
DECEMBER 31	1,739	588

[1] Restated due to changes in accounting policies, see note 2.
[2] Mainly relating to the disposal of the investment in Siam City Cement Public Company Limited, see note 4.

The position "Merger with Lafarge" mainly relates to Lafarge Ciments (Morocco). The provisional value of the investment in this joint venture amounts to CHF 1,099 million as of July 10, 2015. The disclosed amounts are as of July 10, 2015 since Lafarge Ciments is a publicly listed company in Morocco and has not yet published its financial statements for the year 2015.

Lafarge Ciments (Morocco)

As of December 31, 2015, the Group holds 34.9 % of the voting rights in the joint venture company Lafarge Ciments.

The fair value of the investment in Lafarge Ciments based on a quoted market price on December 31, 2015 amounted to CHF 986 million.

Set out below is the summarized financial information for the material joint venture Lafarge Ciments, which is accounted for using the equity method. The summarized financial information presented below are the amounts included in the IFRS financial statements of Lafarge Ciments as at June 30, 2015.

Lafarge Ciments – Statement of financial position

Million CHF	30.6.2015
Current assets	186
Long-term assets	597
TOTAL ASSETS	783
Current liabilities	309
Long-term liabilities	25
TOTAL LIABILITIES	334
NET ASSETS	449
SHAREHOLDERS' EQUITY (EXCLUDING NON-CONTROLLING INTEREST)	322

The provisional fair value of the investment in Lafarge Ciments consists of:

Lafarge Ciments

Million CHF	10.7.2015
Group share of 34.9% of shareholders' equity (excluding non-controlling interest)	381
Provisional Goodwill	717
TOTAL (PROVISIONAL FAIR VALUE)	1,099

The following table summarizes, in aggregate, the financial information of all individually immaterial joint ventures that are accounted for using the equity method:

Aggregated financial information of LafargeHolcim's share in joint ventures

Million CHF	10.7.2015	31.12.2014[1]
CARRYING AMOUNT OF INVESTMENTS IN JOINT VENTURES	563	588
Net income	35	101
Other comprehensive earnings	0	0
TOTAL COMPREHENSIVE EARNINGS	35	101

[1] Restated due to changes in accounting policies, see note 2.

There are no unrecognized shares of losses, either for the current reporting period or cumulatively, relating to the above joint ventures.

22. Property, plant and equipment

Million CHF	Land and mineral reserves	Buildings and installations	Machinery and equipment	Construction in progress	Total
2015					
At cost of acquisition	6,002	9,200	20,638	2,740	38,580
Accumulated depreciation/impairment	(1,450)	(4,126)	(11,838)	(79)	(17,493)
NET BOOK VALUE AS AT JANUARY 1	4,551	5,075	8,800	2,661	21,086
Merger with Lafarge (see note 4)	2,791	2,382	13,629	1,376	20,177
Other acquisitions	64	29	202	14	309
Divestments	(348)	(443)	(837)	(115)	(1,742)
Additions	48	150	185	1,814	2,196
Disposals	(30)	(22)	(52)	8	(95)
Reclassifications	68	503	1,178	(1,749)	0
Depreciation	(143)	(316)	(1,292)	0	(1,752)
Impairment loss (charged to statement of income)	(367)	(79)	(986)	(124)	(1,556)
Currency translation effects	(241)	(451)	(669)	(517)	(1,877)
NET BOOK VALUE AS AT DECEMBER 31	6,394	6,828	20,158	3,367	36,747
At cost of acquisition	7,989	10,567	31,526	3,517	53,598
Accumulated depreciation/impairment	(1,594)	(3,739)	(11,368)	(150)	(16,850)
NET BOOK VALUE AS AT DECEMBER 31	6,394	6,828	20,158	3,367	36,747
2014[1]					
At cost of acquisition	5,459	8,076	19,434	2,485	35,453
Accumulated depreciation/impairment	(1,170)	(3,460)	(11,022)	(92)	(15,745)
NET BOOK VALUE AS AT JANUARY 1	4,289	4,615	8,411	2,393	19,707
Change in structure	2	0	(4)	0	(2)
Reclassification from assets classified as held for sale	59	143	64	0	266
Additions	31	41	81	1,826	1,979
Disposals	(44)	(1)	(38)	(2)	(85)
Reclassifications	111	478	1,011	(1,600)	0
Depreciation	(109)	(283)	(926)	0	(1,317)
Impairment loss (charged to statement of income)	(3)	(4)	(6)	(5)	(19)
Currency translation effects	214	85	206	50	556
NET BOOK VALUE AS AT DECEMBER 31	4,551	5,075	8,800	2,661	21,086
At cost of acquisition	6,002	9,200	20,638	2,740	38,580
Accumulated depreciation/impairment	(1,450)	(4,126)	(11,838)	(79)	(17,493)
NET BOOK VALUE AS AT DECEMBER 31	4,551	5,075	8,800	2,661	21,086

[1] Restated due to changes in accounting policies, see note 2.

The net book value of leased property, plant and equipment amounts to CHF 112 million (2014: CHF 117 million) and mainly relates to buildings, machinery and equipment.

CHF 559 million of the total net book value of property, plant and equipment are pledged or restricted (2014: CHF 3 million).

Net gains on sale of property, plant and equipment amounted to CHF 42 million (2014: CHF 123 million).

After the merger and as part of Group strategy, LafargeHolcim carried out an extensive portfolio review and assessed asset impairment indicators which resulted in an aggregate impairment charge relating to property, plant and equipment of CHF 1,556 million, of which CHF 464 million was impaired as insufficient goodwill was available to absorb the full impairment charge (see note 23).

The remaining impairment charge of CHF 1,092 million mainly consists of:

- a third kiln line (construction in progress) relating to the Joppa cement plant in the United States which was fully written-off by CHF 105 million. The reportable segment for United States is North America;
- CHF 280 million relating to cement plants, various ready-mix, asphalt and concrete product plants including aggregate quarries which were largely mothballed in Europe; and
- CHF 460 million relating to the closure and mothballing of cement plants in China.

Apart from the third kiln line mentioned above, no asset impairment was deemed to be individually material.

The aggregate impairment charge of CHF 1,556 million resulted primarily from:

- overlaps arising in certain countries resulting in overcapacity as a consequence of the merger which therefore impacted the recoverable amounts of the assets (including assets that were under construction or previously mothballed); and
- the weaker than anticipated outlook for the macro-economic environment, especially in terms of expected growth rates and cement demand for countries such as China and Brazil (see note 23).

In 2014, the impairment loss related mainly to Group region Europe (CHF 7 million), Group region North America (CHF 5 million) and Group region Latin America (CHF 5 million). The impairment losses were a consequence of the decrease in demand for construction material in the respective regions and were largely included in production cost of goods sold in the statement of income.

The carrying amount of investment property held by the Group is not material.

23. Goodwill and intangible assets

Million CHF	Goodwill	Intangible assets
2015		
At cost of acquisition	7,377	1,597
Accumulated amortization/impairment	(247)	(996)
NET BOOK VALUE AS AT JANUARY 1	7,130	601
Merger with Lafarge (see note 4)	11,611	1,030
Other change in structure	(834)	(61)
Reclassification	0	(30)
Additions	0	88
Disposals	0	(19)
Amortization	0	(132)
Impairment loss (charged to statement of income)	(962)	(40)
Currency translation effects	(456)	(20)
NET BOOK VALUE AS AT DECEMBER 31	16,490	1,416
At cost of acquisition	17,698	2,584
Accumulated amortization/impairment	(1,209)	(1,168)
NET BOOK VALUE AS AT DECEMBER 31	16,490	1,416
2014[1]		
At cost of acquisition	7,082	1,532
Accumulated amortization/impairment	(246)	(929)
NET BOOK VALUE AS AT JANUARY 1	6,836	603
Change in structure	(2)	0
Reclassification from assets classified as held for sale	20	13
Additions	0	32
Disposals	0	0
Amortization	0	(66)
Impairment loss (charged to statement of income)	(1)	0
Currency translation effects	277	20
NET BOOK VALUE AS AT DECEMBER 31	7,130	601
At cost of acquisition	7,377	1,597
Accumulated amortization/impairment	(247)	(996)
NET BOOK VALUE AS AT DECEMBER 31	7,130	601

[1] Restated due to changes in accounting policies, see note 2.

Intangible assets have finite useful lives, over which the assets are amortized. The corresponding amortization expense is recognized mainly in administration expenses.

Intangible assets mainly consist of mining rights, trademarks and brands.

During the fourth quarter 2015, the Group carried out an extensive portfolio review and identified a number of brands being in local decline therefore resulting in an aggregate impairment charge of CHF 40 million. No asset impairment was deemed to be individually material.

Impairment tests for goodwill

For the purpose of impairment testing, goodwill is allocated to a cash-generating unit or to a group of cash-generating units that are expected to benefit, among others, from the synergies of the business combination. The Group's cash-generating units are defined on the basis of the geographical market, normally country- or region-related. The carrying amount of goodwill allocated to the countries or regions stated below is significant in comparison with the total carrying amount of goodwill, while the carrying amount of goodwill allocated to the other cash-generating units is individually not significant.

For the impairment test, the recoverable amount of a cash-generating unit, which has been determined based on value in use, is compared to its carrying amount. An impairment loss is only recognized if the carrying amount of the cash-generating unit exceeds its recoverable amount. Future cash flows are discounted using the weighted average cost of capital (WACC).

The cash flow projections are based on a three-year financial planning period using business plans approved by management. Cash flows beyond the three-year budget period are extrapolated based on increasing sustainable cash flows. In any event, the growth rate used to extrapolate cash flow projections beyond the three-year budget period does not exceed the long-term average growth rate for the relevant market in which the cash-generating unit operates.

In respect of the goodwill allocated to "Others", the same impairment model and parameters are used, as is the case with individually significant goodwill positions, except that different key assumptions are used depending on the risks associated with the respective cash-generating units.

Key assumptions used for value-in-use calculations in respect of goodwill 2015

Cash-generating unit (Million CHF)	Carrying amount of goodwill	Currency	Pre-tax discount rate	Long-term growth rate
North America	4,495	USD/CAD	7.6%	2.1%
Algeria	1,709	DZD	9.3%	4.0%
India	1,669	INR	10.4%	4.0%
France	1,215	EUR	8.0%	1.9%
United Kingdom	1,058	GBP	7.0%	1.9%
Nigeria	998	NGN	12.8%	7.0%
Central Europe West	624	CHF/EUR	6.5%	1.3%
Philippines	475	PHP	10.0%	4.0%
Poland	456	PLN	8.1%	3.0%
Mexico	450	MXN	8.8%	4.0%
Others [1]	3,341	Various	6.4%–12.8%	1.2%–7.5%
TOTAL	16,490			

Key assumptions used for value-in-use calculations in respect of goodwill 2014 [2]

Cash-generating unit (Million CHF)	Carrying amount of goodwill	Currency	Pre-tax discount rate	Long-term growth rate
North America	1,788	USD/CAD	7.1%	2.4%
India	1,257	INR	9.9%	6.6%
United Kingdom	843	GBP	6.8%	2.8%
Central Europe	510	CHF/EUR	6.1%	1.3%
Philippines	393	PHP	9.5%	5.0%
Mexico	374	MXN	8.3%	4.0%
France Benelux	288	EUR	7.1%	1.6%
Australia	233	AUD	7.5%	2.9%
Eastern Europe	274	Various	8.0%	3.6%
Others [1]	1,170	Various	6.7%–28.5%	1.3%–8.4%
TOTAL	7,130			

[1] Individually not significant.
[2] Restated due to changes in accounting policies, see note 2.

The merger between Holcim and Lafarge resulted in recognizing a provisional goodwill of CHF 11,611 million (see note 4), which is subject to change upon finalization of the accounting of the business combination.

IAS 36 *Impairment of assets* requires goodwill to be tested for impairment whenever there are indications that goodwill may be impaired. Due to the weaker than anticipated outlook for the macro-economic environment, especially in terms of expected growth rates and cement demand for countries such as China and Brazil, as well as the development of the LafargeHolcim share price, management performed an impairment test on the provisional goodwill during the fourth quarter 2015 and hence provisionally allocated this goodwill to the Group's cash-generating units.

Subsequent to the completion of the impairment test performed on the provisional goodwill, management recognized a goodwill impairment charge of CHF 962 million relating to certain cash-generating units (country- or region-related).

The cash-generating units included in "Others" comprise the following impairment charges:

- a goodwill impairment charge relating to Brazil of CHF 421 million and since insufficient goodwill was available to absorb this amount, an additional impairment charge of CHF 358 million was recognized for property, plant and equipment. A pre-tax discount rate of 7.7 percent was used to calculate the recoverable amount, which was measured based on value in use. The reportable segment for Brazil is Latin America;
- a goodwill impairment charge relating to Iraq of CHF 228 million. A pre-tax discount rate of 11.6 percent was used to calculate the recoverable amount, which was measured based on value in use. The reportable segment for Iraq is Middle East Africa;
- a goodwill impairment charge relating to Russia of CHF 185 million and since insufficient goodwill was available to absorb this amount, an additional impairment charge of CHF 106 million was recognized for property, plant and equipment. A pre-tax discount rate of 9.0 percent was used to calculate the recoverable amount, which was measured based on value in use. The reportable segment for Russia is Europe; and
- a goodwill impairment charge relating to Spain of CHF 112 million. A pre-tax discount rate of 6.4 percent was used to calculate the recoverable amount, which was measured based on value in use. The reportable segment for Spain is Europe.

The total recoverable amount of countries that were impaired for goodwill amounted to CHF 2.5 billion.

In accordance with IFRS 3 *Business Combinations*, the provisional purchase accounting is subject to change up to 12 months after the acquisition date. Any change made to the provisional fair values of the identifiable assets acquired and liabilities assumed would impact goodwill which may result in a retrospective adjustment to the provisional goodwill impairment charge of CHF 962 million.

Sensitivity to changes in assumptions

With regard to the assessment of value in use of a cash-generating unit or a group of cash-generating units, management believes that except for the countries listed below, a reasonably possible change in the pre-tax discount rate of 0.5 percentage point, and a 0.25 percentage point change in long-term growth rate, would not cause the carrying amount of a cash-generating unit or a group of cash-generating units to materially exceed its recoverable amount. With the used pre-tax discount rate of 6.4 percent and 11.6 percent, the impairment tests for Spain and Iraq resulted in recoverable amounts equal to their carrying amounts. For the countries listed below, a change in the pre-tax discount rate and long-term growth rate would have the following impacts:

Sensitivity to changes in assumptions

Cash-generating unit	Used pre-tax discount rate	Used long-term growth rate	Excess of recoverable amount over carrying amount (Million CHF)	Break-even pre-tax discount rate using the used long-term growth rate	Break-even long-term growth rate using the used pre-tax discount rate
Belgium	7.5%	1.8%	7	7.7%	1.6%
Australia/New Zealand	7.9%	2.6%	73	8.2%	1.9%
India	10.4%	4.0%	114	10.6%	3.6%
Argentina	11.2%	6.0%	1	11.2%	6.0%

24. Trade accounts payable

Million CHF	2015	2014[1]
Trade accounts payable – associates and joint ventures	49	54
Trade accounts payable – third parties	3,644	2,070
TOTAL	3,693	2,124

[1] Restated due to changes in accounting policies, see note 2.

25. Financial liabilities

Million CHF	2015	2014[1]
Current financial liabilities – associates and joint ventures	15	16
Current financial liabilities – third parties	3,264	1,398
Current portion of long-term financial liabilities	3,544	1,055
Derivative liabilities	43	3
TOTAL CURRENT FINANCIAL LIABILITIES	6,866	2,472
Long-term financial liabilities – third parties	14,859	9,197
Derivative liabilities	66	0
TOTAL LONG-TERM FINANCIAL LIABILITIES	14,925	9,197
TOTAL	21,791	11,669
Of which secured	84	84

[1] Restated due to changes in accounting policies, see note 2.

Details of total financial liabilities

Million CHF	2015	2014[1]
Loans from financial institutions	4,886	2,709
Bonds and private placements	15,447	8,589
Commercial paper notes	1,258	272
TOTAL LOANS AND BONDS	21,591	11,570
Obligations under finance leases (note 26)	91	96
Derivative liabilities (note 27)	109	3
TOTAL	21,791	11,669

[1] Restated due to changes in accounting policies, see note 2.

"Loans from financial institutions" include amounts due to banks and other financial institutions. Repayment dates vary between one and 13 years (2014: one and 16 years). CHF 2,821 million (2014: CHF 1,411 million) is due within one year.

The Group complied with its debt covenants.

Unused committed credit lines totaled CHF 6,733 million (2014: CHF 3,801 million) at year-end 2015.

Financial liabilities by currency

	2015			2014[1]		
Currency	Million CHF	In %	Interest rate[2]	Million CHF	In %	Interest rate[2]
EUR	8,006	36.7	4.4	1,265	10.8	3.1
USD	4,973	22.8	5.3	3,723	31.9	4.4
CHF	2,923	13.4	2.2	2,826	24.2	2.5
CNY	1,276	5.9	5.6	0	0.0	0.0
GBP	715	3.3	7.7	772	6.6	7.4
AUD	679	3.1	4.3	726	6.2	5.4
BRL	506	2.3	10.6	365	3.1	3.9
Others	2,713	12.5	9.0	1,992	17.1	5.4
TOTAL	21,791	100.0	5.1	11,669	100.0	4.1

[1] Restated due to changes in accounting policies, see note 2.
[2] Weighted average nominal interest rate on financial liabilities at December 31.

Interest rate structure of total financial liabilities

Million CHF	2015	2014[1]
Financial liabilities at fixed rates	10,918	6,781
Financial liabilities at floating rates	10,873	4,887
TOTAL	21,791	11,669

[1] Restated due to changes in accounting policies, see note 2.

Financial liabilities that are hedged to a fixed or floating rate are disclosed on a post hedge basis.

Information on the maturity of financial instruments is disclosed in the section "Risk management" on page 195.

Bonds and private placements as at December 31

Nominal value		Nominal interest rate	Effective interest rate	Term	Description	Net book value in CHF[1]	Net book value in CHF[1]
In million						2015	2014
LafargeHolcim Ltd							
CHF	250	3.00%		2006–2015	Bonds with fixed interest rate	0	250
CHF	400	3.13%	–0.52%	2007–2017	Bonds swapped into floating interest rates at inception	427	436
CHF	450	4.00%	4.19%	2009–2018	Bonds with fixed interest rate	448	447
CHF	475	2.38%	2.64%	2010–2016	Bonds with fixed interest rate	474	473
CHF	450	3.00%	2.97%	2012–2022	Bonds with fixed interest rate	451	451
CHF	250	2.00%	2.03%	2013–2022	Bonds with fixed interest rate	250	250
CHF	250	0.38%	0.41%	2015–2021	Bonds with fixed interest rate	250	0
CHF	150	1.00%	1.03%	2015–2025	Bonds with fixed interest rate	150	0
Lafarge S.A.							
GBP	96	10.00%	9.08%	2009–2017	Bonds with fixed interest rate	155	0
GBP	73	6.63%	6.13%	2002–2017	Bonds with fixed interest rate	115	0
EUR	250	8.50%	7.70%	2009–2017	Private placement with fixed interest rate	298	0
EUR	150	6.85%	6.13%	2009–2017	Private placement with fixed interest rate	181	0
EUR	560	5.50%	4.74%	2009–2019	Bonds with fixed interest rate	701	0
EUR	328	6.25%	5.14%	2010–2018	Bonds, partly swapped into floating interest rate	388	0
EUR	532	5.38%	3.85%	2010–2018	Bonds, partly swapped into floating interest rate	656	0
EUR	500	4.75%	4.19%	2005–2020	Bonds with fixed interest rate	613	0
EUR	332	4.25%	4.21%	2005–2016	Bonds with fixed interest rate	362	0
EUR	300	5.38%	5.04%	2007–2017	Bonds with fixed interest rate	346	0
EUR	477	7.63%	7.12%	2009–2016	Bonds with fixed interest rate	553	0
EUR	50	5.25%	5.03%	2012–2017	Private placement with fixed interest rate	56	0
EUR	24	5.38%	5.04%	2012–2017	Bonds with fixed interest rate	28	0
EUR	256	5.88%	4.28%	2012–2019	Bonds, partly swapped into floating interest rate	324	0
EUR	175	5.00%	4.68%	2012–2018	Private placement with fixed interest rate	202	0
EUR	750	4.75%	4.14%	2013–2020	Bonds with fixed interest rate	930	0
USD	800	6.50%	6.33%	2006–2016	Bonds with fixed interest rate	813	0
USD	600	7.13%	5.90%	2006–2036	Bonds with fixed interest rate	717	0
Aggregate Industries Holdings Limited							
GBP	163	7.25%	4.51%	2001–2016	Bonds, partly swapped into floating interest rates	251	269
Holcim GB Finance Ltd.							
GBP	300	8.75%	8.81%	2009–2017	Bonds guaranteed by LafargeHolcim Ltd	440	461
Holcim Capital Corporation Ltd.							
USD	50	7.65%	7.65%	2001–2031	Private placement guaranteed by LafargeHolcim Ltd	49	49
USD	250	6.88%	7.28%	2009–2039	Bonds guaranteed by LafargeHolcim Ltd	240	239
USD	250	6.50%	6.85%	2013–2043	Bonds guaranteed by LafargeHolcim Ltd	240	240
SUBTOTAL						11,109	3,564

[1] Includes adjustments for fair value hedge accounting, where applicable.

Nominal value		Nominal interest rate	Effective interest rate	Term	Description	Net book value in CHF[1]	Net book value in CHF[1]
In million						2015	2014
Subtotal						11,109	3,564
Holcim Capital México, S.A. de C.V.							
MXN	1,500	3.86%		2012–2015	Bonds guaranteed by LafargeHolcim Ltd, with floating interest rates	0	101
MXN	800	4.20%	4.83%	2012–2016	Bonds guaranteed by LafargeHolcim Ltd, with floating interest rates	45	54
MXN	1,700	7.00%	7.23%	2012–2019	Bonds guaranteed by LafargeHolcim Ltd	97	114
MXN	2,000	3.75%	3.98%	2014–2018	Bonds guaranteed by LafargeHolcim Ltd, with floating interest rates	114	134
MXN	1,700	3.93%	4.09%	2015–2020	Bonds guaranteed by LafargeHolcim Ltd, with floating interest rates	97	0
Holcim Capital (Thailand) Ltd.							
THB	1,220	3.52%		2010–2015	Bonds guaranteed by LafargeHolcim Ltd	0	37
Holcim Finance (Canada) Inc.							
CAD	10	6.91%		2002–2017	Private placement guaranteed by LafargeHolcim Ltd (early repaid in 2015)	0	9
CAD	300	3.65%		2012–2018	Bonds guaranteed by LafargeHolcim Ltd (early repaid in 2015)	0	255
Holcim Finance (Luxembourg) S.A.							
EUR	200	6.35%	6.40%	2009–2017	Bonds guaranteed by LafargeHolcim Ltd	216	240
EUR	500	3.00%	3.11%	2014–2024	Bonds guaranteed by LafargeHolcim Ltd	536	596
Holcim Finance (Australia) Pty Ltd							
AUD	250	7.00%		2012–2015	Bonds guaranteed by LafargeHolcim Ltd	0	203
AUD	250	6.00%	6.24%	2012–2017	Bonds guaranteed by LafargeHolcim Ltd	181	202
AUD	200	5.25%	5.52%	2012–2019	Bonds guaranteed by LafargeHolcim Ltd	144	161
AUD	250	3.75%	3.90%	2015–2020	Bonds guaranteed by LafargeHolcim Ltd	180	0
Holcim Overseas Finance Ltd.							
CHF	425	3.38%	3.42%	2011–2021	Bonds guaranteed by LafargeHolcim Ltd	424	424
Holcim US Finance S.à r.l. & Cie S.C.S.							
USD	200	6.21%	6.24%	2006–2018	Private placement guaranteed by LafargeHolcim Ltd	198	198
USD	125	6.10%	6.14%	2006–2016	Private placement guaranteed by LafargeHolcim Ltd	124	124
USD	750	6.00%	6.25%	2009–2019	Bonds guaranteed by LafargeHolcim Ltd	736	734
EUR	500	2.63%	2.58%	2012–2020	Bonds guaranteed by LafargeHolcim Ltd, swapped into USD and floating interest rates at inception	556	621
USD	500	5.15%	5.30%	2013–2023	Bonds guaranteed by LafargeHolcim Ltd	490	489
USD	50	4.20%	4.20%	2013–2033	Bonds guaranteed by LafargeHolcim Ltd	49	49
Holcim (Costa Rica) S.A.							
CRC	10,000	9.80%		2010–2015	Floating rate bonds	0	18
CRC	8,000	8.70%	8.99%	2014–2016	Bonds with fixed interest rate	15	15
Holcim (Maroc) S.A.							
MAD	1,500	5.49%		2008–2015	Bonds with fixed interest rate	0	164
Holcim (US) Inc.							
USD	33	0.04%	0.05%	1999–2032	Industrial revenue bonds – Mobile Dock & Wharf	33	33
USD	25	0.07%	0.09%	2003–2033	Industrial revenue bonds – Holly Hill	25	25
USD	27	0.01%	0.03%	2009–2034	Industrial revenue bonds – Midlothian	26	26
Lafarge India Private Limited							
INR	3,500	9.15%	9.15%	2013–2016	Bonds with fixed interest rate	52	0
TOTAL						15,447	8,589

[1] Includes adjustments for fair value hedge accounting, where applicable.

The Group repaid several outstanding bonds in the second semester of 2015. In the third quarter 2015, the Group repurchased a total nominal amount of CHF 2,460 million of outstanding EUR and GBP bonds with maturity dates in the years 2016, 2017, 2018 and 2019. In the fourth quarter 2015, bonds denominated in USD and CAD with an aggregated nominal amount of CHF 518 million were repurchased. These bonds had maturity dates in 2017, 2018 and 2038.

26. Leases

Future minimum lease payments

Million CHF	Operating leases 2015	Finance leases 2015	Operating leases 2014[1]	Finance leases 2014[1]
Within 1 year	336	19	117	22
Between 1 and 5 years	616	55	272	59
Thereafter	393	48	255	62
TOTAL	1,346	122	644	143
Interest		(31)		(47)
TOTAL FINANCE LEASES		91		96

[1] Restated due to changes in accounting policies, see note 2.

The total expense for operating leases recognized in the consolidated statement of income in 2015 was CHF 227 million (2014: CHF 122 million). There are no individually significant operating lease agreements.

The liabilities from finance leases due within one year are included in current financial liabilities and liabilities due thereafter are included in long-term financial liabilities (note 25). There are no individually significant finance lease agreements.

27. Derivative financial instruments

Derivative assets with maturities exceeding one year are included in long-term financial assets (note 20) and derivative assets with maturities less than one year are included in prepaid expenses and other current assets (note 18).

Derivative liabilities are included in financial liabilities (note 25).

Derivative assets and liabilities

Million CHF	Fair value assets 2015	Fair value liabilities 2015	Nominal amount 2015	Fair value assets 2014[1]	Fair value liabilities 2014[1]	Nominal amount 2014[1]
Fair value hedges						
Interest rate	44	0	1,581	42	0	477
Currency	0	0	16	0	0	0
Cross-currency	0	59	621	7	0	621
TOTAL FAIR VALUE HEDGES	44	59	2,218	50	0	1,098
Cash flow hedges						
Interest rate	0	0	0	0	0	5
Currency	7	2	133	0	3	159
Commodity	1	22	116	0	0	0
TOTAL CASH FLOW HEDGES	8	24	249	0	3	164
Held for trading						
Currency	71	26	3,084	0	0	0
Cross-currency	9	0	26	0	0	0
TOTAL HELD FOR TRADING	80	26	3,110	0	0	0
TOTAL	132	109	5,577	50	3	1,261

[1] Restated due to changes in accounting policies, see note 2.

28. Taxes

Million CHF	2015	2014 [1]
Current taxes	(924)	(545)
Deferred taxes	143	(37)
TOTAL	(781)	(581)

[1] Restated due to changes in accounting policies, see note 2.

Reconciliation of tax rate

	2015		2014 [1]	
Net (loss) income before taxes	(684)		2,201	
GROUP'S WEIGHTED AVERAGE TAX INCOME (CHARGE) / RATE	168	+25%	(562)	+26%
Effect of non-deductible items	(391)	–57%	(70)	+3%
Effect of non-taxable items	234	+34%	113	–5%
Effect of non-recoverable withholding tax	(206)	–30%	(120)	+5%
Effect from unrecognized tax losses and deferred tax asset write-offs	(651)	–95%	(63)	+3%
Other effects	65	+10%	120	–5%
GROUP'S EFFECTIVE INCOME TAX (CHARGE) / RATE	(781)	–114%	(581)	+26%

[1] Restated due to changes in accounting policies, see note 2.

The Group's weighted average tax rate is calculated based on profits (losses) before taxes of Group companies. The difference between expected and effective tax rate relates mainly to impairments of assets without recognition of deferred taxes, non tax-deductible goodwill impairments and changes in unrecognized tax losses carryforward.

Change in deferred tax asset and liabilities

Million CHF	Property, plant and equipment	Intangible and other long-term assets	Provisions	Other	Tax losses carryforward	Total
2015						
DEFERRED TAX LIABILITIES NET AS AT JANUARY 1, 2015	2,165	163	(354)	(190)	(914)	869
Charged (credited)						
– to the statement of income	(250)	(184)	41	104	146	(143)
– to other comprehensive income		44	(22)	(42)		(20)
Merger with Lafarge (see note 4)	3,356	98	(564)	53	(311)	2,632
Other change in structure	(164)		28	(197)	117	(216)
Currency translation effects	(161)	3	5	42	64	(46)
DEFERRED TAX LIABILITIES NET AS AT DECEMBER 31, 2015	4,946	124	(866)	(229)	(898)	3,077
2014 [1]						
DEFERRED TAX LIABILITIES NET AS AT JANUARY 1, 2014	2,043	166	(314)	(180)	(835)	880
Charged (credited)						
– to the statement of income	(1)	(3)	15	58	(32)	37
– to other comprehensive income			(35)	(51)		(86)
Change in structure	(6)			(5)	(45)	(57)
Currency translation effects	129	1	(20)	(13)	(1)	96
DEFERRED TAX LIABILITIES NET AS AT DECEMBER 31, 2014	2,165	163	(354)	(190)	(914)	869

[1] Restated due to changes in accounting policies, see note 2.

Reflected in the statement of financial position as follows:

Million CHF	2015	2014 [1]
Deferred tax assets	(764)	(527)
Deferred tax liabilities	3,840	1,396
DEFERRED TAX LIABILITIES NET	3,077	869

[1] Restated due to changes in accounting policies, see note 2.

Temporary differences for which no deferred tax is recognized

Million CHF	2015	2014
On unremitted earnings of subsidiary companies (taxable temporary difference)	653	9,465

Tax losses carryforward

Million CHF	Losses carry-forward 2015	Tax effect 2015	Losses carry-forward 2014[1]	Tax effect 2014[1]
TOTAL TAX LOSSES CARRYFORWARD	10,673	3,109	4,682	1,415
Of which reflected in deferred taxes	(3,092)	(898)	(2,861)	(914)
TOTAL TAX LOSSES CARRYFORWARD NOT RECOGNIZED	7,581	2,211	1,820	502
Expiring as follows:				
1 year	73	17	9	2
2 years	83	19	17	5
3 years	69	16	64	15
4 years	51	12	39	9
5 years	83	19	26	6
Thereafter	7,221	2,128	1,665	465

[1] Restated due to changes in accounting policies, see note 2.

The increase in total tax losses carryforward not recognized relates largely to the merger with Lafarge.

29. Provisions

Million CHF	Site restoration and other environ-mental provisions	Specific business risks	Other provisions	Total 2015	Total 2014[1]
JANUARY 1	739	136	434	1,309	1,293
Merger with Lafarge (note 4)	369	445	283	1,098	0
Other change in structure	(47)	(5)	(34)	(87)	0
Reclassification from liabilities directly associated with assets held for sale	0	0	0	0	49
Provisions recognized	73	634	253	960	327
Provisions used during the year	(56)	(88)	(169)	(313)	(275)
Provisions reversed during the year	(44)	(46)	(126)	(216)	(136)
Unwinding of discount and discount rate changes	11	0	0	11	21
Currency translation effects	(49)	(26)	(42)	(118)	31
DECEMBER 31	996	1,049	598	2,643	1,309
Of which short-term provisions	77	320	206	602	234
Of which long-term provisions	919	729	392	2,041	1,076

[1] Restated due to changes in accounting policies, see note 2.

Site restoration and other environmental provisions

Site restoration and other environmental provisions represent the Group's legal or constructive obligations of restoring a site. The timing of cash outflows of these provisions is dependent on the completion of raw material extraction and the commencement of site restoration.

Specific business risks

Specific business risks comprise litigation and restructuring costs which arise during the normal course of business. Provisions for litigation mainly relate to antitrust and commercial disputes, environmental claims, product liability as well as tax claims and are set up to cover legal and administrative proceedings. Total provisions for litigations amounted to CHF 576 million (2014: CHF 85 million) on December 31. In 2015, it included several provisions for risks related to income taxes and other taxes of CHF 137 million (2014: CHF 30 million). In connection with the 2015 business combination, provisions for contingent liabilities were recognized and related mainly to legal risks, tax risks and unfavorable contracts. The total amount of provisions for contingent liabilities arising from business combinations amounted to CHF 217 million (2014: CHF 17 million), the recorded amount for legal and tax risks is included in the amounts of provisions for litigations and tax risks mentioned above. The timing of cash outflows of provisions for litigations is uncertain since it will largely depend upon the outcome of administrative and legal proceedings.

Provisions for restructuring costs relate to various restructuring programs and amounted to CHF 455 million (2014: CHF 51 million) on December 31. These provisions are expected to result in future cash outflows mainly within the next one to three years.

In the context of the merger, the Group announced the reorganization of its Corporate functions in Switzerland and in France. The proposed new organization will result in a net reduction of approximately 380 positions. In France and Switzerland, the information and consultation procedure with the employee representatives was completed and the implementation of the restructuring plan is almost complete. LafargeHolcim recognized a restructuring provision of CHF 250 million in this respect.

The sensitivity associated with certain provisions led management to limit the extent of the disclosure discussed above as it believes it could seriously prejudice the position of the Group.

Other provisions

Other provisions relate mainly to provisions that have been set up to cover other contractual liabilities. The composition of these items is extremely manifold and comprises, as of December 31, among other things: provisions for health insurance and pension schemes, which do not qualify as benefit obligations, of CHF 34 million (2014: CHF 7 million) and provisions related to sales and other taxes of CHF 57 million (2014: CHF 12 million). The expected timing of the future cash outflows is uncertain.

30. Employee benefits

Personnel expenses and number of personnel

The Group's total personnel expenses, including social charges, are recognized in the relevant expenditure line by function in the consolidated statement of income and amounted to CHF 4,421 million (2014: CHF 3,488 million). As of December 31, 2015, the Group employed 100,956 people (2014: 67,137 people).

Defined benefit pension plans

The Group's main defined benefit pension plans are in Switzerland, the United Kingdom and in North America and are funded through legally separate trustee administered funds. The cash funding of these plans, which may from time to time involve special payments, is designed to ensure that present and future contributions should be sufficient to meet future liabilities.

Switzerland

The Swiss pension plans of Swiss companies contain a cash balance benefit formula, accounted for as a defined benefit plan. Employer and employee contributions are defined in the pension fund rules in terms of an age related sliding scale of percentages of salary. Under Swiss law, the pension fund guarantees the vested benefit amount as confirmed annually to members. Interest may be added to member balances at the discretion of the Board of Trustees. At retirement date, members have the right to take their retirement benefit as a lump sum, an annuity or part as a lump sum with the balance converted to a fixed annuity at the rates defined in the fund rules. The Board of Trustees may increase the annuity at their discretion subject to the plan's funded status including sufficient free funds as determined according to Swiss statutory valuation rules. The Swiss pension plans fulfill the requirements of the regulatory framework which requires a minimum level of benefits.

The trustees invest in a diversified range of assets. The investment strategy takes into account the pension fund's tolerance to risk as well as the funding needs (minimum investment return necessary to stabilize the coverage ratio in the long run).

No material plan amendment, curtailment or settlement has occurred during the year.

United Kingdom (UK)

The companies operate three defined benefit pension plans in the UK, under which pensions payable to employees depend on final salary and length of service. The most significant plan is a legacy Lafarge plan and there are two other plans which pertained to former Holcim. Active members of these plans pay a contribution as a percentage of pensionable salary, and the companies meet the balance of the cost of providing the benefits. All of these plans are closed to new entrants. In October 2011, rights vested based on salary and years of service within the Group were frozen for the legacy Lafarge plan; therefore active members of this scheme will no longer acquire further rights in the defined benefit plan. These active members will be eligible to defined contribution plans.

The companies’ UK defined benefit pension plans are registered schemes under UK tax law, and in each case the assets are held in a trust and managed by trustees separate from the company. In accordance with UK legislation, the trustees of each plan undertake an actuarial valuation at least once every three years. After each valuation, the company and the trustees agree on the contributions required to be made to the relevant plan. These contributions are determined based on certain assumptions including the returns which will be achieved on the plans’ investments and the longevity of plan members. To the extent that the assumptions are not borne out in practice, there is a risk that future contributions from the companies will be higher than anticipated.

If necessary, these plans are funded by employer contributions with an amount determined under the regulations every three years, based on plan valuations carried out by independent actuaries, so that the long-term financing services are ensured. The last funding valuation of the legacy Lafarge plan was carried out based on the June 30, 2012 fund situation. For the legacy Lafarge scheme being in deficit as at this date, a deficit contribution schedule was signed in March 2014. It was agreed to reduce the plan deficit by paying additional contributions over fifteen years starting from the valuation date. Based on the 2012 valuation, the employer contributed in 2015 CHF 45 million (2014: CHF 38 million). A funding valuation as of June 30, 2015 is conducted and the contributions should be agreed with the Trustees before the end of September 2016 according to the local pension regulation. Under the current plan, the contributions to be paid by the employer for 2016 amount to CHF 53 million.

For the legacy Lafarge plan, the Board of Trustees’ primary objective is to ensure that it can meet its obligations to the beneficiaries of the plan both in the short and long term. Subject to this primary objective, the Board of Trustees aims to maximize the long-term investment return whilst minimizing the risk of non-compliance with any statutory funding requirements. The Board of Trustees is responsible for the plan’s long-term investment strategy but has delegated strategy design and monitoring to an Investment Committee and employs a fiduciary manager to implement the strategy and manage the plan’s investments. The fiduciary manager is responsible for the selection and deselection of underlying investment managers and funds as well as managing the asset allocation of the plan within agreed guidelines. The fair value of investment funds is based on a mixture of market values and estimates. Cash and cash equivalents are invested with financial institutions that have at least an ”A/BBB” rating.

A strategy has been designed for the legacy Lafarge plan to target an asset value equal to 100% of the liability value. This objective has been translated into two main asset categories:

– a portfolio of return-seeking assets, which include shares, real estate and alternative assets classes;
– a portfolio of instruments that provides a reasonable match to changes in liability values, which includes government bonds, corporate bonds and derivatives. Bonds generally have a credit rating that is no lower than “A/BBB” and have quoted market prices in an active market. Liability Driven Investment (LDI) portfolio is mainly composed of government bonds and swaps. The Fair value is estimated with models that rely on observable market data.

The LDI strategies are gaining significance in the UK and mainly involve hedging the fund’s exposure to changes in interest rates and inflation.

Share instruments represent investments in equity funds and direct investments which have quoted market prices in an active market. Alternative asset classes are used for both risk management and return generation purposes, and its fair value is based on market values. Real estate comprises investments in listed real estate funds or direct investments. Real estates that are held directly are valued annually by an independent expert.

No material plan amendment or curtailment has occurred during the year.

The companies operate defined contribution plans which include active members from frozen defined benefit plans and employees who are not members of a defined benefit plan.

North America (United States and Canada)
The companies operate defined contribution plans and a number of defined benefit pension plans from both legacy Holcim and legacy Lafarge. Some defined benefit pension plans have been closed to new entrants and were frozen to future accruals. For the main pension plan in the United States, the legacy Lafarge plan, it has been decided in 2013 that the active members will no longer acquire further rights from December 31, 2018. The other defined benefit pension plans are based on a combination of service and the average final salary.

The companies must contribute a minimum amount to the defined benefit pension plans annually which is determined actuarially and is comprised of service costs as well as payments toward any existing deficits. For plans that are currently closed, there will generally be no service component in the future. Employer contributions toward the defined contribution plan are made either monthly, quarterly or annually and are based on a percentage of covered payroll.

The companies in the United States intend to pay the minimum required contributions as prescribed under Internal Revenue Service (IRS) regulations in addition to voluntary amounts in order to achieve and maintain an IRS funded status of at least 80 percent. For the Canadian plans, the companies intend to pay at least the minimum required contributions under the applicable pension legislation for each plan.

The pension committees of the various companies are responsible for operating the defined benefit plans in compliance with existing regulations and for the management of plan assets.

The plans hold a large percentage of plan assets in equity investments. To the extent that equity performance is volatile in the future, the required employer contributions would also experience similar volatility in the future. The companies delegate various responsibilities to Pension Committees. These committees define and manage long-term investment strategies for reducing investment risk as and when appropriate. This includes an asset-liability matching policy which aims to reduce the volatility of the funding level of the pension plan by investing a portion of plan assets in long term bonds which perform similarly to the liabilities of the plan so as to protect against changes to bond yields. The companies are responsible for the management of the other risks associated with the defined benefit pension plans, including interest rate risks and longevity risks.

The plan assets are invested in a diversified range of assets. The assets in the United States and Canada include a certain proportion which hedge the liability swings against interest rate movements, with those assets primarily invested in fixed income investments, particularly intermediate and longer term instruments.

In 2015, a pension plan freeze occurred for the largest legacy Lafarge plan for salaried and supplemental plans and for legacy Holcim qualified and supplemental plans. From this date, vested rights will be frozen and active members will no longer acquire further rights in the defined benefit plan.

No other material plan amendment, curtailment or settlement has occurred during the year.

Holcim Canada was divested to CRH in July 2015 and the related defined benefit plans were transferred to the acquirer. The defined benefit plans transferred are included in the following tables in the line "change in structure".

Other post-employment benefit plans

The Group operates a number of other post-employment benefit plans. A number of these plans are not externally funded, but are covered by provisions in the statement of financial position of the respective companies. The medical defined benefit plans have been amended for post-65 retiree.

Status of the Group's defined benefit plans

The status of the Group's defined benefit plans using actuarial assumptions determined in accordance with IAS 19 Employee Benefits is summarized below. The tables provide reconciliations of defined benefit obligations, plan assets and the funded status for the defined benefit pension plans to the amounts recognized in the statement of financial position.

Reconciliation of retirement benefit plans to the statement of financial position

Million CHF	2015	2014[1]
Net liability arising from defined benefit pension plans	1,424	774
Net liability arising from other post-employment benefit plans	304	81
NET LIABILITY	1,729	854
Reflected in the statement of financial position as follows:		
Other long-term assets	(211)	(8)
Defined benefit obligations	1,939	863
NET LIABILITY	1,729	854

[1] Restated due to changes in accounting policies, see note 2.

Retirement benefit plans

Million CHF	Defined benefit pension plans 2015	Defined benefit pension plans 2014[1]	Other post-employment benefit plans 2015	Other post-employment benefit plans 2014[1]
Present value of funded obligations	8,835	3,445	0	0
Fair value of plan assets	(8,122)	(2,932)	0	0
PLAN DEFICIT OF FUNDED OBLIGATIONS	713	513	0	0
Present value of unfunded obligations	710	262	304	81
Effect of asset ceiling	1	0	0	0
NET LIABILITY FROM FUNDED AND UNFUNDED PLANS	1,424	774	304	81
Of which:				
Switzerland	241	201	0	0
United Kingdom	(84)	162	0	0
North America (United States and Canada)	587	72	243	59
Rest of world	679	339	61	22
Costs recognized in the statement of income are as follows:				
Current service costs	121	84	3	2
Past service costs (including curtailments)[2]	(74)	0	(16)	3
(Gains) losses on settlements	(15)	(1)	0	2
Net interest expense	40	23	8	3
Special termination benefits	17	0	0	0
Others	0	1	0	0
TOTAL	90	106	(5)	10
Of which:				
Switzerland	27	41	0	0
United Kingdom	19	16	0	0
North America (United States and Canada)	47	17	(7)	3
Rest of world	(3)	33	2	7
Amounts recognized in other comprehensive earnings:				
Actuarial gains (losses) arising from changes in demographic assumptions	43	26	0	(3)
Actuarial gains (losses) arising from changes in financial assumptions	149	(418)	(2)	(5)
Actuarial gains (losses) arising from experience adjustments	28	32	2	3
Return on plan assets excluding interest income	(92)	164	0	0
Change in effect of asset ceiling excluding interest (income) expense	1	0	0	0
TOTAL RECORDED IN OTHER COMPREHENSIVE EARNINGS	129	(196)	1	(5)
Of which:				
Switzerland	(53)	(80)	0	0
United Kingdom	191	(44)	0	0
North America (United States and Canada)	(24)	(30)	4	(3)
Rest of world	15	(41)	(4)	(2)

[1] Restated due to changes in accounting policies, see note 2.
[2] Past service costs (including curtailments) include among others, CHF –55 million curtailment in France recorded in connection with the merger and a curtailment in the United States of CHF –22 million related to a plan freeze and the elimination of post 65 retiree medical insurance.

Retirement benefit plans

Million CHF	Defined benefit pension plans 2015	Defined benefit pension plans 2014[1]	Other post-employment benefit plans 2015	Other post-employment benefit plans 2014[1]
Present value of funded and unfunded obligations				
Opening balance as per January 1	3,705	3,205	81	64
Merger with Lafarge	6,597	0	253	0
Change in structure	(249)	0	(7)	0
Current service costs	121	84	3	2
Interest expense	218	116	8	3
Contribution by the employees	20	20	0	0
Actuarial (gains) losses	(220)	360	(1)	5
Benefits paid	(398)	(164)	(15)	(5)
Past service costs (including curtailments)	(74)	0	(16)	3
Settlements	(88)	(5)	0	2
Special termination benefits	17	0	0	0
Currency translation effects	(103)	89	(2)	6
CLOSING BALANCE AS PER DECEMBER 31	9,546	3,705	304	81
Of which:				
Switzerland	1,617	1,627	0	0
United Kingdom	4,953	957	0	0
North America (United States and Canada)	2,097	609	243	59
Rest of world	878	513	61	22
Fair value of plan assets				
Opening balance as per January 1	2,932	2,620	0	0
Merger with Lafarge	5,676	0	0	0
Change in structure	(246)	0	0	0
Interest income	177	93	0	0
Return on plan assets excluding interest income	(92)	164	0	0
Contribution by the employer	205	106	14	4
Contribution by the employees	20	20	0	0
Benefits paid	(383)	(142)	(14)	(4)
Settlements	(72)	(3)	0	0
Currency translation effects	(94)	74	0	0
CLOSING BALANCE AS PER DECEMBER 31	8,122	2,932	0	0
Of which:				
Switzerland	1,376	1,427	0	0
United Kingdom	5,038	795	0	0
North America (United States and Canada)	1,509	537	0	0
Rest of world	199	173	0	0

[1] Restated due to changes in accounting policies, see note 2.

Retirement benefit plans

Million CHF	Defined benefit pension plans 2015	2014[1]
Plan assets based on quoted market prices:		
Cash and cash equivalents	125	113
Equity instruments[2]	1,750	981
Debt instruments[3]	1,704	721
Liability-driven investments[4]	1,311	0
Alternative investments[5]	1,035	2
Land and buildings occupied or used by third parties	375	373
Investment funds	202	102
Derivatives	32	33
Structured debt	21	42
Plan assets based on non-quoted prices:		
Equity instruments	231	47
Structured debt	410	3
Investment funds	278	44
Land and buildings occupied or used	203	26
Debt instruments[3]	12	63
Others	433	382
TOTAL PLAN ASSETS AT FAIR VALUE	8,122	2,932

Effect of asset ceiling		
Opening balance as per January 1	0	0
Interest expense or (income)	0	0
Change in effect of asset ceiling excluding interest (income) expense	(1)	0
Change in structure	1	0
Currency translation effects	0	0
CLOSING BALANCE AS PER DECEMBER 31	1	0

[1] Restated due to changes in accounting policies, see note 2.
[2] Equity instruments include CHF 2 million (2014: 2) quoted equity instruments of LafargeHolcim Ltd or subsidiaries.
[3] Debt instruments include CHF 5 million (2014: 5) quoted and CHF 4 million (2014: 4) non-quoted debt instruments of LafargeHolcim Ltd or subsidiaries.
[4] Liability-driven investment (LDI) is an investment strategy that is defined considering the risk profiles of the liability of the plan. The LDI investment strategy mainly consists of index-linked government bonds and swaps and involves hedging the plan against liquidity risk and change in interest rates or inflation yields.
[5] Alternative investments include among others hedge-funds, multi-asset values and reinsurance investments.

Principal actuarial assumptions (weighted average) used at the end of the reporting period for defined benefit pension plans

	Total Group		Switzerland		United Kingdom		North America	
	2015	2014	2015	2014	2015	2014	2015	2014
Discount rate in %	3.4%	2.7%	0.9%	1.2%	3.8%	3.5%	4.2%	4.0%
Expected salary increases in %	2.5%	2.5%	1.2%	1.2%	3.0%	2.9%	2.9%	3.6%
Life expectancy in years after the age of 65	21.8	21.4	21.9	21.9	22.1	22.0	21.4	20.4

Weighted average duration of defined benefit pension plans

Duration of the defined benefit obligation	Total Group		Switzerland		United Kingdom		North America	
	2015	2014	2015	2014	2015	2014	2015	2014
Weighted average duration in years	14.9	13.8	13.5	13.5	16.4	17.0	13.8	11.8

Sensitivity analysis as per December 31, 2015 on defined benefit pension plans

Impact on the defined benefit obligation	Total Group		Switzerland		United Kingdom		North America	
Million CHF	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate (±1% change in assumption)	(1,241)	1,478	(199)	245	(705)	844	(253)	291
Expected salary increases (±1% change in assumption)	137	(120)	19	(19)	23	(20)	13	(13)
Life expectancy in years after the age of 65 (±1 year change in assumption)	328	(336)	52	(60)	210	(209)	47	(46)

Sensitivity analysis as per December 31, 2014 on defined benefit pension plans

Impact on the defined benefit obligation	Total Group		Switzerland		United Kingdom		North America	
Million CHF	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate (±1% change in assumption)	(444)	552	(196)	242	(135)	174	(62)	77
Expected salary increases (±1% change in assumption)	104	(90)	22	(20)	26	(23)	16	(12)
Life expectancy in years after the age of 65 (±1 year change in assumption)	109	(116)	48	(58)	35	(33)	12	(12)

Expected contributions by the employer to be paid to the post-employment benefit plans during the annual period beginning after the end of the reporting period are CHF 174 million, of which CHF 32 million related to Switzerland, CHF 72 million related to the United Kingdom and CHF 51 million related to North America.

31. Share compensation plans

Employee share purchase plan

LafargeHolcim has an employee share ownership plan for all employees of Swiss subsidiaries and some executives from Group companies. This plan entitles employees to acquire a limited amount of discounted LafargeHolcim Ltd shares generally at 70 percent of the market value based on the prior-month average share price. The shares cannot be sold for a period of two years from the date of purchase. The total expense arising from this plan amounted to CHF 0.9 million in 2015 (2014: CHF 5.2 million).

Share plan for management of Group companies

For the year 2015 and before, part of the variable, performance-related compensation for management of Group companies is paid in LafargeHolcim Ltd shares, which are granted based on the market price of the share in the following year. The shares cannot be sold by the employee for the next three years. The total expense arising from this share plan amounted to CHF 7.9 million in 2015 (2014: CHF 5.6 million). There will be no new grants under this plan in the future.

Senior management share plans

For the year 2015 and before, part of the variable, performance-related compensation of senior management is paid in LafargeHolcim Ltd shares, which are granted based on the market price of the share in the following year. The shares cannot be sold nor pledged by the employee for the next five years. The total expense arising from these share plans amounted to CHF 3.2 million in 2015 (2014: CHF 2.2 million). There will be no new grants under these plans in the future.

Share option plans

For the year 2015 and before, two types of share options are granted to senior management of the Group: the ones, which are granted as part of the annual variable compensation and those, that are allotted to the Executive Committee upon appointment. In both cases, each option represents the right to acquire one registered share of LafargeHolcim Ltd at the market price of the shares at the date of grant. There will be no new grants under these plans in the future.

The contractual term of the first type of option plan is eight years, with immediate vesting but exercise restrictions for a period of three years following the grant date.

The contractual term of the second type of option plan is twelve years and the options have a vesting period (service-related only) of nine years from the date of grant, with sale and pledge restrictions.

The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Performance share plan

LafargeHolcim set up a performance share plan in December 2015. Performance shares and/or market value options are granted to executives, senior management and other employees for their contribution to the continuing success of the business. These shares and options will be delivered after a three-year vesting period following the grant date and are subject to performance conditions.

Performance shares

610,167 performance shares were granted in 2015 under the performance share plan. These shares are subject to a three year vesting period. 427,117 shares are subject to internal performance conditions and the fair value per share is CHF 49.12. 183,050 shares are subject to an external performance condition, based on the Total Shareholder Return. This external condition was included in the fair value per share with CHF 14.35 using a Monte Carlo simulation.

Liquidity mechanism for remaining rights under the Lafarge long term incentive plans

The Lafarge long term incentive plans consisted in stock options (granted up to 2012) and performance share (granted up to 2014) plans, all subject to performance conditions. All Lafarge stock options are vested, while some performance shares granted in 2012, 2013 and 2014 are still under vesting period (vesting period was 3 or 4 years). Performance conditions include internal conditions and a market condition related to Total Shareholder Return. The market condition is included in the fair value of each granted instrument. The total expense arising from these plans amounted to CHF 4 million based on the fair value at the date of the merger.

Following the success of its public exchange offer on Lafarge S.A. and the completion of the subsequent squeeze-out of Lafarge S.A. shares on October 23, 2015, LafargeHolcim has proposed a liquidity mechanism for:

– Lafarge S.A. shares that may be issued following the exercise on or after the date of the squeeze-out of stock options that have been allocated pursuant to the Lafarge stock option plans; or
– Lafarge S.A. shares that may be definitively allotted on or after the squeeze-out in accordance with the Lafarge performance share plans

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

		Weighted average exercise price[1]	Number[1] 2015	Number[1] 2014
JANUARY 1	CHF	64.83	1,159,468	1,461,609
Granted and vested (individual component of variable compensation)	CHF	66.04	192,303	99,532
Granted and vested (single allotment)			0	33,550
Granted and under vesting period[2]	CHF	50.19	747,136	0
Increase due to liquidity mechanism[3]	CHF	81.09	3,076,385	0
Forfeited	CHF	64.81	101,217	0
Exercised	CHF	44.22	109,272	182,490
Lapsed	CHF	71.14	866,786	252,733
DECEMBER 31	CHF	73.72	4,098,017	1,159,468
Of which exercisable at the end of the year			2,790,893	511,239

[1] Adjusted to reflect former share splits and/or capital increases and/or scrip dividend.
[2] These options will not be delivered before the end of the 3-year vesting period and are subject to the level of achievement of performance conditions.
[3] These options were granted under the Lafarge stock option plans. The figures presented in this table are based on the closing exchange rate and the actual exchange ratio of 0.945.

Share options outstanding at the end of the year have the following expiry dates and give the right to acquire one registered share of LafargeHolcim Ltd at the exercise prices as listed below:

Option grant date	Expiry date		Exercise price[1]	Number[1] 2015	Number[1] 2014
2004	2016[2]	CHF	63.50	15,550	23,550
2007	2015	CHF	125.34	0	49,674
2008	2016	CHF	99.32	71,083	71,083
2008	2020	CHF	62.95	33,550	33,550
2009	2017	CHF	35.47	70,502	153,482
2010	2018	CHF	67.66	95,557	99,493
2010	2022	CHF	70.30	33,550	33,550
2010	2022	CHF	76.10	33,550	33,550
2011	2019	CHF	63.40	113,957	113,957
2011	2023	CHF	66.35	0	67,100
2012	2020	CHF	54.85	165,538	179,894
2012	2024	CHF	61.90	0	33,550
2013	2021	CHF	67.40	122,770	122,770
2013	2025	CHF	64.65	11,183	11,183
2014	2022	CHF	64.40	99,532	99,532
2014	2026	CHF	64.40	33,550	33,550
2015 (2006[3])	2016	CHF	91.24	617,525	0
2015 (2007[3])	2017	CHF	119.71	418,551	0
2015 (2008[3])	2018	CHF	103.95	551,892	0
2015 (2009[3])	2019	CHF	33.22	103,545	0
2015 (2010[3])	2020	CHF	55.44	199,480	0
2015 (2011[3])	2020	CHF	48.09	149,617	0
2015 (2012[3])	2020	CHF	38.91	218,096	0
2015	2023	CHF	66.85	144,970	0
2015	2023	CHF	63.55	47,333	0
2015	2025	CHF	50.19	747,136	0
TOTAL				4,098,017	1,159,468

[1] Adjusted to reflect former share splits and/or capital increases and/or scrip dividend.
[2] Due to trade restrictions in 2008, the expiry date of the annual options granted for the years 2003 to 2005 has been extended by one year.
[3] These options were granted under the Lafarge stock option plans. The figures presented in this table are based on the closing exchange rate and the actual exchange ratio of 0.945.

The Group estimated the fair value of the options granted in 2015, in respect of the share option plans and performance share plan previously described, based on the following assumptions:

	Performance share plan		Share option plans
Share Price	49.12	68.65	72.05
Exercise Price	50.19	63.55 [1]	66.85 [1]
Assumed/expected dividend yield	1.75%	1.89%	1.80%
Expected volatility of stock	27.41%	23.30%	27.99%
Risk-free interest rate	–0.44%	–0.50%	–0.35%
Expected life of the options (years)	8	6	6

[1] Adjusted to reflect the scrip dividend.

Fair value of the options has been determined using the Black-Scholes model.

All shares granted under these plans are either purchased from the market or derived from treasury shares. The total personnel expense arising from the granting of options based on the individual component of variable compensation amounted to CHF 1.5 million in 2015 (2014: CHF 2.0 million).

32. Information on share capital

Number of registered shares December 31	2015	2014
TOTAL OUTSTANDING SHARES	605,570,586	325,867,037
Treasury shares		
Reserved for call options	1,092,175	1,159,468
Unreserved	246,319	59,871
TOTAL TREASURY SHARES	1,338,494	1,219,339
TOTAL ISSUED SHARES	606,909,080	327,086,376
Shares out of conditional share capital		
Reserved for convertible bonds	1,422,350	1,422,350
TOTAL SHARES OUT OF CONDITIONAL SHARE CAPITAL	1,422,350	1,422,350
TOTAL SHARES	608,331,430	328,508,726

Share capital

The par value per share is CHF 2. The share capital amounts to nominal CHF 1,214 million (2014: 654 million) and the treasury shares amount to CHF 86 million (2014: CHF 82 million).

The resolutions submitted to the Holcim shareholders and approved by them at the extraordinary general meeting held on May 8, 2015 all became effective with the successful closing of the public exchange offer, the related registration of the amended Articles of Association of Holcim and of the relevant share capital increase with the commercial register of St. Gallen, Switzerland, on July 10, 2015. This included the resolutions on the share capital increase required for the exchange offer, the change of the corporate name of Holcim Ltd to LafargeHolcim Ltd, the post-closing exceptional scrip dividend, and the appointment of new members of the Board of Directors. Those events were pre-conditions of the merger which therefore also became effective on July 10, 2015. A further authorized share capital of up to 132,118,700 new LafargeHolcim Ltd shares was also approved for the purpose of financing or re-financing any acquisition of shares in Lafarge S.A., including the settlement of the re-opened exchange offer and the squeeze-out.

Consequently, 227,007,605 new LafargeHolcim Ltd shares, as determined by the Holcim Board of Directors, were issued with a par value of CHF 2 in exchange for 252,230,673 Lafarge S.A. shares tendered to the public exchange offer, which resulted in a share capital increase of CHF 454 million. The re-opened exchange offer resulted in the acquisition of 25,901,191 additional Lafarge S.A. shares for which 23,311,071 LafargeHolcim Ltd shares were issued, corresponding to an additional capital increase of CHF 47 million. Overall, 250,318,676 LafargeHolcim Ltd shares were issued for the acquisition of 278,131,864 Lafarge S.A. shares, which resulted in a capital increase of CHF 501 million.

Scrip dividend

An authorized share capital of up to 29,566,188 new LafargeHolcim Ltd shares was approved for the scrip dividend (in the ratio of one new LafargeHolcim Ltd share for twenty existing LafargeHolcim Ltd shares). On September 10, 2015, a post-closing exceptional scrip dividend was distributed to all LafargeHolcim Ltd shareholders after the closing of the re-opened exchange offer. The total number of LafargeHolcim Ltd shares issued was 28,870,252, representing 5 percent of the LafargeHolcim Ltd share capital and voting rights as of September 3, 2015. The scrip dividend had no effect on the total amount of the equity attributable to the LafargeHolcim Ltd shareholders, but had an impact on the earnings per share.

The scrip dividend has been reflected in the basic and diluted earnings per share as disclosed in note 14.

Squeeze-out

In the context of the squeeze out procedure described in note 4, a total of 633,776 LafargeHolcim Ltd shares with a par value of CHF 2 each were issued, which resulted in a capital increase of CHF 1 million.

33. Non-controlling interest

LafargeHolcim has two Group companies with material non-controlling interests. Information regarding these subsidiaries is as follows:

Material non-controlling interest

Company	Principal place of business	Non-controlling interest[1]		Net income[2]		Total equity[2]		Dividends paid to non-controlling interest	
Million CHF		2015	2014	2015	2014	2015	2014	2015	2014
ACC Limited	India	49.7%	49.7%	48	79	742	771	42	48
Ambuja Cements Ltd.	India	49.7%	49.6%	53	97	906	949	55	46

[1] The non-controlling interest of these companies represents the ownership interests, which is equal to the voting rights in these companies.
[2] Attributable to non-controlling interest.

Set out below is the summarized financial information relating to ACC Limited and Ambuja Cements Ltd. before intercompany eliminations.

Statement of financial position

	ACC Limited		Ambuja Cements Ltd.	
Million CHF	2015	2014	2015	2014
Current assets	544	598	997	942
Long-term assets	1,689	1,677	1,484	1,562
TOTAL ASSETS	2,233	2,275	2,481	2,504
Current liabilities	490	472	442	379
Long-term liabilities	250	252	218	216
TOTAL LIABILITIES	740	724	659	595
NET ASSETS	1,493	1,551	1,822	1,909

Statement of income

Million CHF	2015	2014	2015	2014
NET SALES	1,723	1,714	1,398	1,479
NET INCOME	97	158	106	195

Statement of cash flows

Million CHF	2015	2014	2015	2014
CASH FLOW FROM OPERATING ACTIVITIES	213	225	262	290
(DE)INCREASE IN CASH AND CASH EQUIVALENTS	(25)	(141)	91	72

34. Contingencies, guarantees and commitments

Contingencies

In the ordinary course of its business, the Group is involved in lawsuits, claims of various natures, investigations and proceedings, including product liability, commercial, environmental, health and safety matters, etc. The Group operates in countries where political, economic, social and legal developments could have an impact on the Group's operations. In connection with disposals made in the past years, the Group provided customary warranties notably related to accounting, tax, employees, product quality, litigation, competition, and environmental matters. LafargeHolcim and its subsidiaries received or may receive in the future notice of claims arising from said warranties.

At December 31, 2015, the Group's contingencies amounted to CHF 545 million (2014: CHF 1,037 million). Except for what has been provided for as disclosed in Note 29, the Group has concluded that due to the uncertainty with some of the matters mentioned below, the potential losses for some of these cases cannot be reliably estimated. There are no further single matters pending that the Group expects to be material in relation to the Group's business, financial result or results of operations.

The following is a description of the most material legal matters currently ongoing.

Previously disclosed legal matters with new developments since last reporting period

The Competition Commission of India (CCI) issued in June 2012, an order imposing a penalty in the aggregate amount of CHF 418 million (INR 27,919 million) on Ambuja Cements Ltd., ACC Limited and Lafarge India Pvt. Ltd. The order found those companies together with other cement producers in India to have engaged in price cartelisation. The companies filed appeals along with other cement producers against the order before the Competition Appellate Tribunal (Compat). On December 11, 2015, Compat set aside the order of the CCI for violation of due process and remanded the matter back to the CCI for new adjudication within a period of three months. CCI also allowed the parties in the meantime to recover the 10 percent of the penalty previously deposited with the CCI. Hearings before the CCI are ongoing.

On May 28, 2014, the Administrative Council for Economic Defense (CADE) ruled that Holcim Brazil along with other cement producers had engaged in price collusion and other anti-competitive behavior. The ruling includes behavioral remedies and fines against the defendants. This order became enforceable on September 21, 2015 and applies to Holcim Brazil, which has been fined BRL 508 million (CHF 127 million) as at the date of the order. In September 2015, Holcim Brazil filed an appeal against the order and filed a motion for interim relief related to the modalities of the collateral to be provided in support of its appeal.

The Korea Fair Trade Commission (KFTC) started an investigation into alleged price-fixing in the South Korean cement industry in April 2013. Following its investigation, the KFTC published a preliminary report which concluded that Lafarge Halla Cement Corporation along with other cement producers had participated in the alleged price-fixing and recommended a maximum fine of CHF 136 million (KRW 161,480 million). In January 2016, the KFTC announced that, whilst it had decided to fine six cement producers, the charges against Lafarge Halla Cement Corporation were dropped due to lack of evidence.

Previously disclosed legal matters with no developments since last reporting period

On December 31, 2010, in an extraordinary general meeting (“EGM”), the merger of our subsidiary Lafarge Brasil S.A. into LACIM was approved by the majority of shareholders of Lafarge Brasil S.A. Two minority shareholders (Maringa and Ponte Alta) holding a combined ownership of 8.93 percent, dissented from the merger decision and subsequently exercised their right to withdraw as provided for by the Brazilian Corporation law. In application of such law, an amount of CHF 19 million (BRL 76 million) was paid by Lafarge Brasil S.A. to the two shareholders. In March 2013, the two shareholders obtained a ruling from the Court of first instance ordering Lafarge Brasil S.A. to pay to Maringa and Ponte Alta the amount of approximately CHF 91 million (BRL 366 million) as at the date of the order. Following the unsuccessful appeal by Lafarge Brasil S.A. filed in June 2013, the Rio de Janeiro Tribunal denied admittance of a further appeal by the company before the Superior Court of Justice and to the Supreme Court in July 2015. The company appealed this latest decision directly to both the Superior Court of Justice and to the Supreme Court.

In late 2005, several class actions and individual lawsuits were filed in the United States District Court for the Eastern District of Louisiana. In their complaints, plaintiffs allege that Lafarge North America Inc. (LNA), and/or several other defendants including the federal government, are liable for death, bodily and personal injury and property and environmental damage to people and property in and around New Orleans, Louisiana. Some of the referenced complaints claim that these damages resulted from a barge under contract to LNA that allegedly breached the Inner Harbor Navigational Canal levee in New Orleans during or after Hurricane Katrina. The judge trail involving the first few plaintiffs ruled in favor of LNA in January 2011. In October 2011, LNA obtained summary judgement against all remaining plaintiffs with claims in Federal Court. A new case was filed against LNA in September 2011 by the Parish of Saint Bernard in Louisiana State Court. The case was moved to Federal Court which granted LNA’s motion for summary judgment against the Parish of Saint Bernard in January 2013. In a Decision in December 2013, a three judge panel of the Court of Appeals reversed and remanded the case back to the Trial Court for a Jury Trial (with no official timetable at this stage). LNA vigorously defends itself in this ongoing action.

Guarantees

At December 31, 2015, the Group’s guarantees issued in the ordinary course of business amounted to CHF 814 million (2014: CHF 380 million).

Commitments

In the ordinary course of business, the Group enters into purchase commitments for goods and services, buys and sells investments, associated companies and Group companies or portions thereof. It is common practice for the Group to make offers or receive call or put options in connection with such acquisitions and divestitures.

At December 31, 2015, the Group’s commitments amounted to CHF 2,230 million (2014: CHF 1,350 million).

35. Additional cash flow information

Cash flow from operating activities – analysis of change in operating working capital items

Million CHF	2015	2014 [1]
Increase in inventories	(23)	(72)
De(In)crease in accounts receivable	193	(47)
Decrease in other receivables excluding financial and income tax receivables	9	16
Decrease in trade accounts payable	(170)	(8)
Decrease in liabilities excluding financial and income tax liabilities	(241)	(267)
CHANGE IN NET WORKING CAPITAL	(232)	(378)

Cash flow information related to investing activities

Million CHF	2015	2014 [1]
Purchase of property, plant and equipment net		
Replacements	(1,099)	(940)
Proceeds from sale of property, plant and equipment	118	208
CAPITAL EXPENDITURES ON PROPERTY, PLANT AND EQUIPMENT TO MAINTAIN PRODUCTIVE CAPACITY AND TO SECURE COMPETITIVENESS	(981)	(732)
Expansion investments	(1,007)	(1,005)
TOTAL PURCHASE OF PROPERTY, PLANT AND EQUIPMENT NET (A)	(1,988)	(1,737)
ACQUISITION OF PARTICIPATION IN GROUP COMPANIES (NET OF CASH AND CASH EQUIVALENTS ACQUIRED)	208	(2)
DISPOSAL OF PARTICIPATION IN GROUP COMPANIES (NET OF CASH AND CASH EQUIVALENTS DISPOSED OF)	6,515	36
Purchase of financial assets, intangible and other assets		
Increase in financial investments including associates and joint ventures	(3)	(4)
Increase in other financial assets, intangible and other assets	(484)	(295)
TOTAL PURCHASE OF FINANCIAL ASSETS, INTANGIBLE AND OTHER ASSETS	(487)	(299)
Disposal of financial assets, intangible and other assets		
Decrease in financial investments including associates and joint ventures	675	46
Decrease in other financial assets, intangible and other assets	310	253
TOTAL DISPOSAL OF FINANCIAL ASSETS, INTANGIBLE AND OTHER ASSETS	985	299
TOTAL DISPOSAL (PURCHASE) OF FINANCIAL ASSETS, INTANGIBLE AND OTHER ASSETS AND BUSINESSES NET (B)	7,222	35
TOTAL CASH FLOW FROM INVESTING ACTIVITIES (A + B)	5,234	(1,702)

[1] Restated due to changes in accounting policies, see note 2.

Cash flow from acquisitions and disposals of Group companies

	Acquisitions				Disposals			
	2015			2014	2015			2014
Million CHF	Merger with Lafarge	Other acquistions[1]	Total	Total	Merger related divestments	Other disposals[2]	Total	Total
Cash and cash equivalents	(1,704)	(24)	(1,728)		97	20	117	0
Assets classified as held for sale	(4,874)	0	(4,874)		4,134	0	4,134	0
Other current assets	(4,821)	(48)	(4,869)	0	754	17	771	2
Property, plant and equipment	(20,177)	(309)	(20,486)	(2)	1,651	256	1,907	4
Other assets	(3,486)	(1)	(3,487)	0	199	48	247	0
Bank overdrafts	415	0	415		0	0	0	0
Other current liabilities	6,131	51	6,182	0	(668)	(54)	(722)	0
Long-term provisions	992	48	1,040	0	(132)	(12)	(144)	0
Other long-term liabilities	17,246	46	17,292	0	(588)	(106)	(694)	0
NET ASSETS	(10,279)	(236)	(10,515)	(2)	5,447	169	5,616	6
Non-controlling interest	2,407	16	2,423	0	(103)	(6)	(109)	(1)
NET ASSETS (ACQUIRED) DISPOSED	(7,872)	(220)	(8,092)	(2)	5,344	163	5,507	5
Goodwill (acquired) disposed	(11,611)	0	(11,611)	0	815	46	861	2
Fair value of previously held equity interest	680	0	680	0	0	0	0	0
Net gain on disposals	0	0	0	0	63	226	289	32
TOTAL (PURCHASE) DISPOSAL CONSIDERATION	(18,803)	(220)	(19,023)	(2)	6,222	435	6,657	39
Purchase consideration in the form of shares	17,910	0	17,910			(82)	(82)	
Acquired (disposed) cash and cash equivalents	1,289	24	1,313	0	(97)	(20)	(117)	0
Deferred consideration	7	0	7	0	0	57	57	(2)
NET CASH FLOW	403	(195)	208	(2)	6,125	390	6,515	36

[1] Mainly include the acquisition of companies from Cemex in Germany and the Netherlands, see note 4.
[2] Include among others the disposals of operations in Spain and Czech Republic to Cemex classified as held for sale at the end of 2014, see note 4. For the purpose of this table, the assets and related liabilities classified as held for sale are presented in their respective balance sheet positions.

36. Transactions and relations with members of the Board of Directors and senior management

Key management compensation

Board of Directors

In 2015, sixteen non-executive members of the Board of Directors received a total remuneration of CHF 5.5 million (2014: CHF 3.7 million) in the form of cash of CHF 3.8 million (2014: CHF 2.3 million), post-employment benefits of CHF 0.1 million (2014: CHF 0.1 million), share-based payments of CHF 1.4 million (2014: CHF 1.0 million) and other compensation of CHF 0.2 million (2014: CHF 0.2 million).

Senior management

The total annual compensation for the fourteen members of senior management (including CEO) amounted to CHF 35.0 million (2014: CHF 32.3 million). This amount comprises of base salary and variable cash compensation of CHF 24.7 million (2014: CHF 19.6 million), share-based compensations of CHF 4.0 million (2014: CHF 5.0 million), employer contributions to pension plans of CHF 5.6 million (2014: CHF 7.2 million) and “Others” compensation of CHF 0.7 million (2014: CHF 0.5 million). The base salary and the variable cash compensation are disclosed, including foreign withholding tax. Further included in the contribution to pension plans are the employer's contributions to social security (AHV/IV).

Compensation for former members of governing bodies

In the year under review, compensation in the amount of CHF 0.2 million (2014: CHF 3.5 million) was paid to six (2014: six) former members of senior management.

Loans

As at December 31, 2015 and December 31, 2014, there were no loans outstanding to members of the Board of Directors and members of senior management.

Other transactions

As part of the employee share purchase plan, LafargeHolcim manages employees' shares. It sells and purchases LafargeHolcim Ltd shares to and from employees and on the open market. In 2015, the company did not purchase any LafargeHolcim Ltd share from members of senior management (2014: CHF 0.1 million).

As a result of the merger, LafargeHolcim has identified the following transactions with other parties or companies related to the Group:

Lafarge S.A. has received indemnifications guarantees from (in relation to an acquisition in 2008) and entered into a cooperation agreement with Orascom Construction Industries S.A.E (OCI). Mr Nassef Sawiris is Chief Executive Officer and Director of Orascom Construction Industries N.V., parent company of OCI, former director of Lafarge S.A. and current director of LafargeHolcim and Mr Jérôme Guiraud is a member of audit committee of OCI and a Director of Lafarge S.A. The cooperation agreement dated December 9, 2007 aims to allow OCI to participate in tenders in respect of the construction of new plants in countries where OCI has the capability to meet certain of LafargeHolcim's construction needs.

At this stage, the construction agreements entered into with the OCI Group are considered to be at arm's length business transactions, intervening within the framework of consortia, OCI being one of the members. There is no conflict of interest between Mr Nassef Sawiris and LafargeHolcim on this subject. Under these agreements, the outstanding balances with the OCI Group are not significant as at December 31, 2015.

No compensation was paid or loans granted to parties closely related to members of the governing bodies.

37. Events after the reporting period

Due to regulatory issues relating to the transfer of mining rights critical to the sale of two cement plants in India (5 million tons), which have been classified as held for sale as at December 31, 2015, the Group announced on February 4, 2016 that it was considering divesting its interest in Lafarge India Pvt. Limited, subject to the approval of the Competition Commission of India (CCI). Lafarge India Pvt. Limited owns three cement plants (11 million tons), 72 Ready-Mix plants and two aggregate plants. On February 8, 2016, LafargeHolcim confirmed it received a revised order from the CCI for the divestment of its interest in Lafarge India Pvt. Limited. As a result, the Group is launching a new divestment process for that company to ensure compliance with the revised order as a result of the merger. Lafarge India Pvt. Limited is disclosed in the reportable segment Asia Pacific.

38. Authorization of the financial statements for issuance

The consolidated financial statements were authorized for issuance by the Board of Directors of LafargeHolcim Ltd on March 16, 2016 and are subject to shareholder approval at the annual general meeting of shareholders scheduled for May 12, 2016.

39. Principal companies of the Group

Principal operating Group companies

Region	Company	Place	Cement	Aggre-gates	Other con-struction materials and services	Partici-pation (percent-age of interest)	Listed company
Asia Pacific	Holcim (Australia) Holdings Pty Ltd	Australia		▲	●	100.0%	
	Holcim Cement (Bangladesh) Ltd.	Bangladesh	■			74.2%	
	Lafarge Surma Cement Ltd.	Bangladesh	■			29.4%	X
	Lafarge Shui On Cement Limited	China	■	▲	●	100.0%	
	Sichuan Shuangma Cement Joint Stock Co., Ltd.	China	■			75.3%	X
	Lafarge Halla Cement Corporation	South Korea	■			99.7%	
	ACC Limited	India	■		●	50.3%	X
	Ambuja Cements Ltd.	India	■			50.3%	X
	Lafarge India Pvt. Ltd.	India	■	▲	●	100.0%	
	PT Holcim Indonesia Tbk.	Indonesia	■	▲	●	80.6%	X
	PT Lafarge Cement Indonesia	Indonesia	■			100.0%	
	Holcim (Lanka) Ltd	Sri Lanka	■			98.9%	
	Lafarge Mahaweli Cement Pvt. Ltd.	Sri Lanka	■			90.0%	
	Holcim (Malaysia) Sdn Bhd	Malaysia	■	▲	●	51.0%	
	Lafarge Malaysia Berhad	Malaysia	■	▲	●	51.0%	X
	Holcim (New Zealand) Ltd	New Zealand	■	▲		100.0%	
	Holcim (Singapore) Ltd	Singapore			●	90.8%	
	Lafarge Cement Singapore Pte Ltd	Singapore	■			51.0%	
	Holcim (Vietnam) Ltd	Vietnam	■		●	65.0%	
	Holcim Philippines Inc.	Philippines	■		●	75.3%	X
Latin America	Holcim (Argentina) S.A.	Argentina	■	▲	●	79.6%	X
	Holcim (Brasil) S.A.	Brazil	■	▲	●	99.9%	
	Lafarge Brasil S.A.	Brazil	■	▲	●	99.8%	
	Cemento Polpaico S.A.	Chile	■	▲	●	54.3%	X
	Holcim (Colombia) S.A.	Colombia	■		●	99.8%	
	Holcim (Costa Rica) S.A.	Costa Rica	■	▲	●	65.6%	X
	Holcim (Ecuador) S.A.	Ecuador	■	▲	●	92.2%	X
	Holcim El Salvador S.A. de C.V.	El Salvador	■		●	95.4%	
	Société des Ciments Antillais	French Antilles	■			69.7%	
	Holcim Mexico S.A. de C.V.	Mexico	■	▲	●	100.0%	
	Holcim (Nicaragua) S.A.	Nicaragua	■	▲	●	52.5%	

Region	Company	Place	Cement	Aggregates	Other construction materials and services	Participation (percentage of interest)	Listed company
Europe	Lafarge Zementwerke GmbH	Austria	■			70.0%	
	Holcim (Azerbaijan) O.J.S.C.	Azerbaijan	■			80.2%	
	Holcim (Belgique) S.A.	Belgium	■	▲	●	100.0%	
	Holcim (Bulgaria) AD	Bulgaria	■	▲	●	100.0%	
	Holcim (Hrvatska) d.o.o.	Croatia	■	▲	●	99.9%	
	Lafarge Cement a.s.	Czech Republic	■			68.0%	
	Lafarge Bétons France	France			●	100.0%	
	Lafarge Ciments	France	■			100.0%	
	Lafarge Ciments Distribution	France	■			100.0%	
	Lafarge Granulats France	France		▲		100.0%	
	Holcim (Deutschland) AG	Germany	■	▲	●	100.0%	
	Holcim (Süddeutschland) GmbH	Germany	■	▲	●	100.0%	
	Heracles General Cement Company S.A.	Greece	■			93.5%	X
	Holcim Magyarország Kft.	Hungary	■		●	100.0%	
	Lafarge Cement Hungary Ltd	Hungary	■			70.0%	
	Holcim Gruppo (Italia) S.p.A.	Italy	■	▲	●	100.0%	
	Lafarge Ciment (Moldova) S.A.	Moldova	■			95.3%	X
	Lafarge Cement S.A.	Poland	■			100.0%	
	Lafarge Kruszywa i Beton	Poland		▲		100.0%	
	Holcim (Romania) S.A.	Romania	■	▲	●	99.7%	
	Holcim (Rus) OAO	Russia	■			100.0%	
	OAO Lafarge Cement	Russia	■			75.0%	
	Lafarge Beocinska Fabrika Cementa	Serbia	■			100.0%	
	Lafarge Slovenia	Slovenia	■			70.0%	
	Holcim (España) S.A.	Spain	■	▲	●	99.9%	
	Holcim Trading S.A.	Spain			●	100.0%	
	Lafarge Aridos y Hormigones, S.A.U.	Spain		▲	●	100.0%	
	Lafarge Cementos, S.A.U.	Spain	■			100.0%	
	Holcim (Schweiz) AG	Switzerland	■	▲	●	100.0%	
	Holcim Group Services Ltd	Switzerland			●	100.0%	
	Holcim Technology Ltd	Switzerland			●	100.0%	
	Cementia Trading AG	Switzerland			●	100.0%	
	Klesivskiy Karier Nerudnykh Kopalyn “Technobud”	Ukraine		▲		65.0%	
	Aggregate Industries Ltd	United Kingdom		▲	●	100.0%	
	Lafarge Cauldon Limited	United Kingdom	■			100.0%	

Region	Company	Place	Cement	Aggregates	Other construction materials and services	Participation (percentage of interest)	Listed company
North America	Lafarge Canada Inc.	Canada	■	▲	●	100.0%	
	Holcim (US) Inc.	USA	■			100.0%	
	Aggregate Industries Management Inc.	USA		▲	●	100.0%	
	Lafarge North America Inc.	USA	■	▲	●	100.0%	
Middle East Africa	Lafarge Ciment de M'sila "LCM"	Algeria	■			100.0%	
	Lafarge Béton Algérie "LBA"	Algeria		▲	●	99.5%	
	Lafarge Ciment Oggaz "LCO"	Algeria	■			100.0%	
	Lafarge Logistique Algérie "LLA"	Algeria	■			99.5%	
	Cimenteries du Cameroun	Cameroon	■			54.7%	
	Lafarge Cement Egypt S.A.E.	Egypt	■			97.4%	
	Lafarge Ready Mix S.A.E.	Egypt			●	100.0%	
	Ciments de Guinée S.A.	Guinea	■			59.9%	
	Bazian Cement Company Limited	Iraq	■			70.0%	
	United Cement Company Limited	Iraq	■			60.0%	
	Société de Ciments et Matériaux	Ivory Coast	■			99.9%	
	Jordan Cement Factories Company P.S.C.	Jordan	■		●	50.3%	X
	Bamburi Cement Limited	Kenya	■			58.6%	X
	Holcim (Liban) S.A.L.	Lebanon	■		●	52.1%	X
	Holcim (Outre-Mer) S.A.S.	La Réunion	■	▲	●	100.0%	
	Lafarge Cement Malawi Ltd	Malawi	■			100.0%	
	Lafarge (Mauritius) Cement Ltd	Mauritius	■		●	58.4%	
	Holcim (Maroc) S.A.	Morocco	■	▲	●	51.0%	X
	Ashakacem Plc.	Nigeria	■			58.0%	X
	Lafarge Africa Plc.	Nigeria	■	▲	●	70.3%	X
	United Cement Company of Nigeria Ltd	Nigeria	■			86.4%	
	Lafarge Industries South Africa (Pty) Ltd	South Africa	■		●	70.3%	
	Lafarge Mining South Africa (Pty) Ltd	South Africa		▲		70.3%	
	Lafarge Cement Syria	Syria	■			98.7%	
	Mbeya Cement Company Limited	Tanzania	■			61.5%	
	Hima Cement Ltd.	Uganda	■			71.0%	
	Lafarge Cement Zambia Plc	Zambia	■	▲		75.0%	X
	Lafarge Cement Zimbabwe Limited	Zimbabwe	■	▲		76.5%	X

Listed Group companies

Region	Company	Domicile	Place of listing	Market capitalization at December 31, 2015 in local currency			Security code number
Asia Pacific	Lafarge Surma Cement Ltd.	Bangladesh	Chittagong / Dhaka	BDT	142,849	million	BD0643LSCL09
	Sichuan Shuangma Cement Joint Stock Co., Ltd.	China	Shenzhen	CNY	4,619	million	CNE000001048
	ACC Limited	India	Mumbai	INR	255,734	million	INE012A01025
	Ambuja Cements Ltd.	India	Mumbai	INR	315,113	million	INE079A01024
	PT Holcim Indonesia Tbk.	Indonesia	Jakarta	IDR	7,701,215	million	ID1000072309
	Lafarge Malaysia Berhad	Malaysia	Kuala Lumpur	MYR	7,647	million	MYL3794OO004
	Holcim Philippines Inc.	Philippines	Manila	PHP	83,232	million	PHY3232G1014
Latin America	Holcim (Costa Rica) S.A.	Costa Rica	San José	CRC	157,824	million	CRINC00A0010
	Holcim (Ecuador) S.A.	Ecuador	Quito, Guayaquil	USD	1,399	million	ECP516721068
	Holcim (Argentina) S.A.	Argentina	Buenos Aires	ARS	3,169	million	ARP6806N1051
	Cemento Polpaico S.A.	Chile	Santiago	CLP	91,161	million	CLP2216J1070
Europe	Heracles General Cement Company S.A.	Greece	Athens	EUR	83	million	GRS073083008
	Lafarge Ciment (Moldova) S.A.	Moldova	Chișinău	MDL	936,291	million	MD14CEMT1002
Middle East Africa	Holcim (Maroc) S.A.	Morocco	Casablanca	MAD	6,147	million	MA0000010332
	Holcim (Liban) S.A.L.	Lebanon	Beirut	USD	283	million	LB0000012833
	Jordan Cement Factories Company P.S.C.	Jordan	Amman	JOD	89	million	JO4104211019
	Bamburi Cement Limited	Kenya	Nairobi	KES	55,902	million	KE0000000059
	Ashakacem Plc.	Nigeria	Lagos	NGN	49,314	million	NGASHAKACEM8
	Lafarge Africa Plc.	Nigeria	Lagos	NGN	446,380	million	NGWAPCO00002
	Lafarge Cement Zambia Plc	Zambia	Lusaka	ZMW	5,200	million	ZM0000000011
	Lafarge Cement Zimbabwe Limited	Zimbabwe	Harare	USD	44	million	ZW0009012056

Principal joint ventures and associated companies

Region	Company	Country of incorporation or residence	Participation (percentage of interest)
Asia Pacific	Huaxin Cement Co. Ltd.	China	41.8%
	Cement Australia Holdings Pty Ltd	Australia	50.0%
Middle East Africa	Groupement SCB Lafarge	Benin	50.0%
	Karbala Cement Manufacturing Ltd	Iraq	51.0%
	Lafarge Ciments	Morocco	34.9%
	Readymix Qatar W.L.L.	Qatar	49.0%
	Al Safwa Cement Company	Saudi Arabia	25.0%
	Dalsan Alci Sanayi Ve Ticaret AS	Turkey	50.0%
	Lafarge Emirates Cement LLC	United Arab Emirates	50.0%

Principal finance and holding companies

Company	Place	Participation (percentage of interest)
Holcim Finance (Australia) Pty Ltd	Australia	100.0%
Vennor Investments Pty Ltd	Australia	100.0%
Holcibel S.A.	Belgium	100.0%
Holcim Finance (Belgium) S.A.	Belgium	100.0%
Sabelfi SNC	Belgium	100.0%
Holcim Capital Corporation Ltd.	Bermuda	100.0%
Holcim European Finance Ltd.	Bermuda	100.0%
Holcim GB Finance Ltd.	Bermuda	100.0%
Holcim Overseas Finance Ltd.	Bermuda	100.0%
Holcim Finance (Canada) Inc.	Canada	100.0%
Holcim Investments (France) SAS	France	100.0%
Lafarge S.A.	France	100.0%
Financière Lafarge S.A.S.	France	100.0%
Société financière immobilière et mobilière “SOFIMO” S.A.S.	France	100.0%
Holcim Auslandbeteiligungs GmbH (Deutschland)	Germany	100.0%
Holcim Beteiligungs GmbH (Deutschland)	Germany	100.0%
Holcim (India) Private Limited	India	100.0%
Holcim Finance (Luxembourg) S.A.	Luxembourg	100.0%
Holcim US Finance S.à r.l. & Cie S.C.S.	Luxembourg	100.0%
Holderind Investments Ltd.	Mauritius	100.0%
Holcim Capital México, S.A. de C.V.	Mexico	100.0%
Holchin B.V.	Netherlands	100.0%
Holderfin B.V.	Netherlands	100.0%
Holcim Investments (Spain) S.L.	Spain	100.0%
LafargeHolcim Ltd [1]	Switzerland	100.0%
LafargeHolcim Albion Finance Ltd	Switzerland	100.0%
LafargeHolcim Continental Finance Ltd	Switzerland	100.0%
LafargeHolcim Helvetia Finance Ltd	Switzerland	100.0%
LafargeHolcim International Finance Ltd	Switzerland	100.0%
Holcim Capital (Thailand) Ltd.	Thailand	100.0%
Aggregate Industries Holdings Limited	United Kingdom	100.0%
Holcim Participations (UK) Limited	United Kingdom	100.0%
Lafarge International Holdings Ltd	United Kingdom	100.0%
Lafarge Building Materials Ltd	United Kingdom	100.0%
Lafarge Minerals Ltd	United Kingdom	100.0%
Holcim Participations (US) Inc.	USA	100.0%

[1] LafargeHolcim Ltd, Zürcherstrasse 156, CH-8645 Jona

TO THE GENERAL MEETING OF LAFARGEHOLCIM LTD, JONA

Zurich, March 16, 2016

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of LafargeHolcim Ltd, which comprise the consolidated statement of income, consolidated statement of comprehensive earnings, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and notes on pages 169 to 264 for the year ended December 31, 2015.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law, Swiss Auditing Standards and International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended December 31, 2015 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (Art. 728 Code of Obligations (CO) and Art. 11 AOA) and that there are no circumstances incompatible with our independence. In accordance with Art. 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors. We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

Willy Hofstetter Licensed Audit Expert Auditor in charge	Elisa Alfieri Licensed Audit Expert

HOLDING COMPANY RESULTS

Statement of income LafargeHolcim Ltd

Million CHF	Notes	2015	2014
Dividend income – Group companies	3	5,202	376
Financial income – Group companies		90	72
Other operational income	4	1,218	247
Financial expenses – Group companies		(6)	(4)
Financial expenses – Third parties		(61)	(70)
Other operational expenses	5	(406)	(220)
Impairment of financial investments – Group companies	6	(3,776)	0
OPERATING PROFIT		2,262	402
Direct Taxes		(28)	(25)
NET INCOME		2,234	377

Balance Sheet LafargeHolcim Ltd

Million CHF	Notes	31.12.2015	31.12.2014
Cash and cash equivalents		79	82
Trade receivables – Group companies		52	64
Short-term financial receivables – Group companies		34	1
Short-term financial receivables – Third parties		0	2
Other current receivables – Group companies		23	6
Accrued income and prepaid expenses – Third parties		1	1
CURRENT ASSETS		189	155
Loans – Group companies	7	4,585	1,772
Financial investments – Group companies	8	36,864	18,412
Other financial assets		1	7
LONG-TERM ASSETS		41,450	20,191
TOTAL ASSETS		41,639	20,345
Interest bearing short-term financial liabilities – Group companies		210	52
Interest bearing short-term financial liabilities – Third parties	9	475	250
Other current liabilities – Group companies		41	38
Other current liabilities – Third parties		75	55
CURRENT LIABILITIES		801	396
Interest bearing long-term financial liabilities – Group companies	10	1,583	231
Interest bearing long-term financial liabilities – Third parties	11	1,950	2,025
LONG-TERM LIABILITIES		3,533	2,256
TOTAL LIABILITIES		4,334	2,652
Share capital	16	1,214	654
Statutory capital reserves		22,532	5,717
Statutory retained earnings			
– Statutory retained earnings		2,517	2,525
– Reserves for treasury shares held by subsidiaries		13	6
Voluntary retained earnings			
– Retained earnings prior year		8,869	8,491
– Annual profit		2,234	377
Treasury Shares	12	(73)	(76)
SHAREHOLDERS’ EQUITY		37,305	17,694
TOTAL LIABILITIES AND SHAREHOLDERS’ EQUITY		41,639	20,345

NOTES TO THE FINANCIAL STATEMENTS OF LAFARGEHOLCIM LTD

Following the successful merger with Lafarge on July 10, 2015, Holcim Ltd was renamed to LafargeHolcim Ltd.

LafargeHolcim Ltd, with registered office in Jona, is the ultimate holding company of the LafargeHolcim Group which comprises subsidiaries, associated companies and joint ventures around the world.

1. Accounting Policies

Due to rounding, numbers presented throughout this report may not add up precisely to the totals provided. All ratios and variances are calculated using the underlying amount rather than the presented rounded amount.

Adoption of revised accounting law

LafargeHolcim Ltd has adopted the revised accounting law as contained in the Swiss Code of Obligations (CO) starting January 1, 2015.

In conformity with the transitional provisions prior year figures are shown in the revised accounting law format and are therefore not directly comparable with the format of the prior year financial statements.

Accounting principles applied

Share based payments expense is recorded on an accrual basis over the course of the years. The shares are granted at their fair value.

Treasury shares are recognized at acquisition cost and deducted from equity. Gains and losses on the sale are recognized in the income statement.

2. Principal exchange rates

		Statement of income Average exchange rates in CHF		Statement of financial position Closing exchange rates in CHF	
		2015	2014	31.12.2015	31.12.2014
1 Euro	EUR	1.07	1.21	1.08	1.20
1 US Dollar	USD	0.96	0.92	0.99	0.99
1 British Pound	GBP	1.47	1.51	1.47	1.54
1 Australian Dollar	AUD	0.72	0.83	0.72	0.81
1 Canadian Dollar	CAD	0.75	0.83	0.71	0.85
100 Mexican Peso	MXN	6.07	6.88	5.69	6.72
100 Thai Baht	THB	2.81	2.82	2.74	3.01

3. Dividend income – Group companies

Million CHF	2015	2014
Holcim (Schweiz) AG	0	69
Holcim Beteiligungs GmbH	159	0
Holcim Capital Corporation Ltd.	1,808	0
Holcim European Finance Ltd.	404	0
Holcim Participations (US) Inc.	99	0
Holcim GB Finance Ltd.	38	0
Holpac Limited	144	0
Holderfin B.V.	2,318	183
Cesi S.A.	232	85
Holdertrade Ltd	0	15
Holmin Limited	0	22
Holcim Group Services Ltd	0	3
TOTAL	5,202	376

4. Other operational income

Million CHF	2015	2014
Gain on sale of trademark license usage right	832	0
Gain on sale of Holcim (Canada) Inc.	159	0
Branding and trademark fees	220	246
Foreign exchange gains	8	1
TOTAL	1,218	247

5. Other operational expenses

Million CHF	2015	2014
Board of Director fees	(9)	(5)
Stewardship, branding and project expenses	(276)	(204)
Administrative expenses	(41)	(11)
Loss on expired options	(3)	0
Foreign exchange losses	(78)	(0)
TOTAL	(406)	(220)

6. Impairment of Financial investments – Group companies

Million CHF	2015	2014
Holmin Limited	(86)	0
Holcim Capital Corporation Ltd.	(1,627)	0
Holcim European Finance Ltd.	(398)	0
Holcim Finance (Canada) Inc.	(13)	0
Holcim GB Finance Ltd.	(39)	0
Holcim Overseas Finance Ltd.	(1,565)	0
Holchil Limited	(48)	0
TOTAL	(3,776)	0

7. Loans – Group companies

Million CHF	31.12.2015	31.12.2014
Fernhoff Ltd.	60	69
Holcim Participations (US) Inc.	401	445
Holcim (Schweiz) AG	970	900
LafargeHolcim International Finance Ltd	3,138	0
LafargeHolcim Albion Finance Ltd	15	0
Holpac Limited	0	329
Holdertrade Ltd	0	30
TOTAL	4,585	1,772

8. Financial Investments – Group companies

The principal direct and indirect subsidiaries and other holdings of LafargeHolcim Ltd are shown in note 39 to the Group's consolidated financial statements.

9. Interest bearing short-term financial liabilities – Third parties

Million CHF	31.12.2015	31.12.2014
3.00 fixed, CS Bond, 2006–2015	0	250
2.38 fixed, CS Bond, 2010–2016	475	0
TOTAL	475	250

10. Interest bearing long-term financial liabilities – Group companies

Million CHF	31.12.2015	31.12.2014
Cesi S.A.	0	231
LafargeHolcim Helvetia Finance Ltd	218	0
LafargeHolcim International Finance Ltd	1,348	0
Provision for unrealized foreign exchange gains	17	0
TOTAL	1,583	231

11. Interest bearing long-term financial liabilities – Third Parties

Million CHF	31.12.2015	31.12.2014
2.38% fixed, CS Bond, 2010–2016	0	475
3.13% fixed, UBS Bond, 2007–2017	400	400
4.00% fixed, CS Bond, 2009–2018	450	450
3.00% fixed, CS Bond, 2012–2022	450	450
2.00% fixed, UBS Bond, 2013–2022	250	250
1.00% fixed, CS Bond, 2015–2025	150	0
0.38% fixed, CS Bond, 2015–2021	250	0
TOTAL	1,950	2,025

12. Movement in Treasury Shares

		Number held by Lafarge-Holcim Ltd	Million CHF	Price per share in CHF	Number held by subsidiaries	Reserve for treasury shares held by subsidiaries in Million CHF	Price per share in CHF
01.01.2015	Opening	1,135,918	76	67.1	83,421	6	67.1
2015	Purchases	239,043	11	47.9	543,149	36	67.1
2015	Sales	(255,622)	(15)	56.8	(407,415)	(29)	71.9
31.12.2015	Closing	1,119,339	73	65.3	219,155	13	58.1
01.01.2014	Opening	1,141,776	74	65.1	380,734	27	71.6
2014	Purchases	133,082	9	69.7	61,542	5	74.9
2014	Sales	(138,940)	(7)	53.3	(358,855)	(26)	73.2
31.12.2014	Closing	1,135,918	76	67.1	83,421	6	67.1

13. Contingent liabilities

Million CHF	31.12.2015	31.12.2014
Holcim Capital Corporation Ltd.		
Guarantees in respect of holders of		
7.65% USD 50 million private placement due in 2031	81	84
6.88% USD 250 million bonds due in 2039	272	272
6.50% USD 250 million bonds due in 2043	272	272
Holcim Capital México, S.A. de C.V.		
Guarantees in respect of holders of		
3.86% MXN 1,500 million bonds due in 2015	0	111
4.20% MXN 800 million bonds due in 2016	50	59
3.75% MXN 2,000 million bonds due in 2018	125	148
7.00% MXN 1,700 million bonds due in 2019	107	126
3.93% MXN 1,700 million bonds due in 2020	107	0
Holcim Capital (Thailand) Ltd.		
Guarantees in respect of holders of		
3.52% THB 1,220 million bonds due in 2015	0	40
Holcim Finance (Australia) Pty Ltd		
Guarantees in respect of holders of		
7.00% AUD 250 million bonds due in 2015	0	223
6.00% AUD 250 million bonds due in 2017	199	223
5.25% AUD 200 million bonds due in 2019	159	178
3.75% AUD 250 million bonds due in 2020	199	0
Holcim Finance (Belgium) S.A.		
Commercial Paper Program, guarantee based on utilization, EUR 3,000 million maximum	1,260	37
Holcim Finance (Canada) Inc.		
Guarantees in respect of holders of		
6.91% CAD 10 million private placement due in 2017 (early repayment in 2015)	0	10
3.65% CAD 300 million bonds due in 2018 (early repayment in 2015)	0	281
Holcim Finance (Luxembourg) S.A.		
Guarantees in respect of holders of		
6.35% EUR 200 million bonds due in 2017	238	265
3.00% EUR 500 million bonds due in 2024	594	662
Holcim GB Finance Ltd.		
Guarantees in respect of holders of		
8.75% GBP 300 million bonds due in 2017	485	508
Holcim Overseas Finance Ltd.		
Guarantees in respect of holders of		
3.38% CHF 425 million bonds due in 2021	468	468
Holcim US Finance S.à r.l. & Cie S.C.S.		
Commercial Paper Program, guarantee based on utilization, USD 1,000 million maximum	124	263
Guarantees in respect of holders of		
6.10% USD 125 million private placement due in 2016	124	124
6.21% USD 200 million private placement due in 2018	198	198
6.00% USD 750 million bonds due in 2019	816	816
2.63% EUR 500 million bonds due in 2020	594	662
4.20% USD 50 million bonds due in 2033	54	54
5.15% USD 500 million bonds due in 2023	544	544
Guarantees for committed credit lines, utilization CHF 96 million (2014: CHF 283 million)	3,219	3,005
Other guarantees	14	16

LafargeHolcim Ltd is part of a value added tax group and therefore jointly liable to the Swiss Federal Tax Administration for the value added tax liabilities of the other members. LafargeHolcim Ltd guarantees Holcim Finance (Luxembourg) S.A. any amount needed to fulfill its obligations from financing agreements.

14. Share interests of Board of Directors and senior management

As of December 31, 2015, the members of the Board of Directors and senior management of LafargeHolcim Ltd held directly and indirectly in the aggregate 98,381,894 registered shares (2014: 66,017,050 registered shares) and no rights to acquire further registered shares and 953,159 call options on registered shares (2014: 548,184 call options on registered shares).

Number of shares and options held by the Board of Directors as of December 31, 2015 [1]

Name	Position	Total number of shares 2015	Total number of call options 2015
Wolfgang Reitzle	Chairman	6,455	
Beat Hess	Deputy Chairman	6,400	
Bruno Lafont	Co-Chairman	43,810	448,206
Bertrand Collomb	Member	116,094	
Philippe Dauman	Member	0	
Paul Desmarais Jr.	Member, Nomination, Compensation & Governance Committee Chairman	35,957	
Oscar Fanjul	Member	4,772	
Alexander Gut	Member, Finance and Audit Committee Chairman	5,769	
Gérard Lamarche	Member	1,080	
Adrian Loader	Member	12,490	
Nassef Sawiris	Member	28,935,639	
Thomas Schmidheiny	Member	69,068,278	
Hanne Sørensen	Member	2,527	
Dieter Spälti	Member, Strategy and Sustainable Development Committee Chairman	50,859	
TOTAL BOARD OF DIRECTORS		98,290,130	448,206

Number of shares and options held by the Board of Directors as of December 31, 2014 [1]

Name	Position	Total number of shares 2014	Total number of call options 2014
Wolfgang Reitzle	Chairman, Governance & Strategy Committee Chairman	2,241	
Beat Hess	Deputy Chairman	4,693	
Alexander Gut	Member, Audit Committee Chairman	4,092	
Adrian Loader	Member, Nomination & Compensation Committee Chairman	10,493	
Jürg Oleas	Member	0	
Thomas Schmidheiny	Member	65,777,912	
Hanne Sørensen	Member	1,015	
Dieter Spälti	Member	41,912	
Anne Wade	Member	985	
TOTAL BOARD OF DIRECTORS		65,843,343	

[1] From allocation, shares are subject to a five-year sale and pledge restriction period.

In 2015, 34,466 shares with a value of CHF 1.4 Million were granted to the Board of Directors (2014: 15,633 shares with a value of CHF 1.0 Million).

Shares and options owned by Senior Management

As of December 31, 2015, members of Senior Management held a total of 91,764 registered shares in LafargeHolcim Ltd. This figure includes both privately acquired shares and those allocated under the Group's participation and compensation schemes.

Furthermore, at the end of 2015, Senior Management held a total of 504,953 share options; these arose as a result of the participation and compensation schemes of various years. Options are issued solely on registered shares in LafargeHolcim Ltd. One option entitles the holder to subscribe to one registered share in LafargeHolcim Ltd.

Number of shares and options held by the senior management as of December 31, 2015 [1]

Name	Position	Total number of shares 2015	Total number of call options 2015
Eric Olsen	CEO	8,272	68,050
Ron Wirahadiraksa	Member of the Executive Committee, CFO	0	0
Urs Bleisch	Member of the Executive Committee	7,443	50,069
Alain Bourguignon	Member of the Executive Committee	10,518	14,216
Pascal Casanova	Member of the Executive Committee	1,643	18,031
Jean-Jacques Gauthier	Member of the Executive Committee	4,413	63,637
Roland Köhler	Member of the Executive Committee	28,882	106,991
Gérard Kuperfarb	Member of the Executive Committee	5,115	66,083
Saâd Sebbar	Member of the Executive Committee	6,356	15,669
Ian Thackwray	Member of the Executive Committee	19,122	102,207
TOTAL SENIOR MANAGEMENT		91,764	504,953

Number of shares and options held by the senior management as of December 31, 2014 [1]

Name	Position	Total number of shares 2014	Total number of call options 2014
Bernard Fontana	CEO	10,113	73,794
Thomas Aebischer	Member of the Executive Committee, CFO	12,285	67,474
Urs Bleisch	Member of the Executive Committee	3,921	38,563
Roland Köhler	Member of the Executive Committee	18,291	87,495
Andreas Leu	Member of the Executive Committee	19,302	69,934
Bernard Terver	Member of the Executive Committee	25,439	49,123
Ian Thackwray	Member of the Executive Committee	11,696	81,719
Horia Adrian	Area Manager	2,500	4,251
Daniel Bach	Area Manager	1,785	0
Alain Bourguignon	Area Manager	4,358	0
Javier de Benito	Area Manager	23,737	16,501
Urs Fankhauser	Area Manager	6,175	11,077
Kaspar E.A. Wenger	Area Manager	19,932	4,952
Jacques Bourgon	Corporate Functional Manager	5,480	24,872
Xavier Dedullen	Corporate Functional Manager	333	2,373
Aidan Lynam	Corporate Functional Manager	8,360	16,056
TOTAL SENIOR MANAGEMENT		173,707	548,184

[1] From allocation, shares are subject to a five-year and options to a three-year and nine-year sale restriction period respectively.

15. Significant shareholders

In July 2015 Holcim acquired Lafarge by offering nine new LafargeHolcim Ltd shares for ten Lafarge S.A. shares. As a consequence, the ownership structure of the company changed substantially. According to the share register and disclosed through notifications filed with LafargeHolcim Ltd and the SIX Swiss Exchange shareholders owning 3% or more are as follows:

– Thomas Schmidheiny directly and indirectly holds 69,068,278 shares or 11.40 percent as per December 31, 2015. On July 16, 2015 Thomas Schmidheiny declared 65,779,315 shares or 11.87 percent (2014: 65,777,912 shares or 20.11 percent)[1];
– Groupe Bruxelles Lambert holds 57,238,551 shares or 9.40 percent as per December 31, 2015. On July 18, 2015 Groupe Bruxelles Lambert declared 54,511,878 shares or 9.84 percent (2014: 0 shares or 0.00 percent);
– Eurocement declared as per February 12, 2016, that it has disposed its 37,172,910 shares or 6.10 percent that were held as per December 31, 2015. On July 22, 2015, Eurocement declared holdings of 35,402,772 shares or 6.39 percent (2014: 35,402,772 shares or 10.82 percent);
– NNS Jersey Trust holds 28,935,639 shares or 4.8 percent as per December 31, 2015. On July 16, 2015 NNS Jersey Trust declared 27,557,752 shares or 4.97 percent (2014: 0 shares or 0.00 percent)[2];
– Dodge & Cox holds 19,835,811 shares (3.3 percent) as per December 31, 2015. On July 21, 2015 Dodge & Cox declared 18,867,654 shares or 3.41 percent (2014: 0 shares or 0.00 percent);
– Harbour International Fund declared holdings of 10,310,884 shares (falling below the threshold of 3.0 percent) as per July 17, 2015. As per August 4, 2014 Harbour International Fund declared holding of 9,840,977 shares (3.01 percent);
– Black-Rock Inc. declared holdings of 9,582,830 shares (falling below the threshold of 3 percent) as per January 26, 2015 (April 9, 2014: 11,398,633 shares or 3.48 percent);
– Harris Associates Investment Trust declared holdings of 18,412,635 shares or 3.03 percent on February 13, 2016. Harris Associates Investment Trust declared holding of 9,750,110 shares (falling below threshold of 3 percent) as per May 5, 2015. As per November 11, 2014, Harris Associates Investment Trust declared holding of 10,433,500 shares or 3.19 percent.

[1] Included in share interest of Board of Directors
[2] Included in share interest of Board of Directors, ultimate beneficial owner Nassef Sawiris

16. Share capital

Share capital	2015		2014	
Shares	Number	Million CHF	Number	Million CHF
Registered shares of CHF 2 par value	606,909,080	1,214	327,086,376	654
Total	606,909,080	1,214	327,086,376	654
Appropriation of retained earnings				
Retained earnings brought forward		8,869		8,491
Net income of the year		2,234		377
RETAINED EARNINGS AVAILABLE FOR ANNUAL GENERAL MEETING OF SHAREHOLDERS		11,102		8,869
The Board of Directors proposes to the annual general meeting of shareholders to carry the balance forward to the new accounts.				
BALANCE TO BE CARRIED FORWARD		11,102		8,869

Payout from capital contribution reserves

The Board of Directors proposes to the annual general meeting of shareholders an appropriation from statutory capital reserves to voluntary retained earnings and payout of CHF 1.50 per registered share up to an amount of CHF 910 million[1].

	2015	2014
	Cash payout CHF	Cash payout CHF
Payout per share, gross	1.50	1.30
Less withholding tax	0	0
Payout per share, net	1.50	1.30

[1] There is no payout on treasury shares held by LafargeHolcim. On January 1, 2016 treasury holdings amounted to 1,338,494 registered shares.

TO THE GENERAL MEETING OF LAFARGEHOLCIM LTD, JONA

Zurich, March 16, 2016

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of LafargeHolcim Ltd, which comprise the statement of income, balance sheet and notes presented on pages 268 to 279 for the year ended December 31, 2015.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended December 31, 2015, comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (Art. 728 Code of Obligations (CO) and Art. 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with Art. 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

Willy Hofstetter
Licensed Audit Expert
Auditor in charge

Elisa Alfieri
Licensed Audit Expert

5-YEAR-REVIEW LAFARGEHOLCIM GROUP

5-Year-Review LafargeHolcim Group

		2015	2014[1]	2013[2]	2012[1]	2011[2]
Statement of income						
Net sales	million CHF	23,584	18,825	19,719	21,160	20,744
Gross profit	million CHF	7,093	8,365	8,632	8,631	8,528
Operating EBITDA	million CHF	3,682	3,647	3,896	3,889	3,958
Operating EBITDA margin	%	15.6	19.4	19.8	18.4	19.1
Operating (loss) profit	million CHF	(739)	2,244	2,357	1,749	1,933
Operating (loss) profit margin	%	(3.1)	11.9	12.0	8.3	9.3
EBITDA	million CHF	4,761	4,114	4,332	4,352	4,264
Depreciation, amortization and impairment	million CHF	4,510	1,406	1,547	2,150	2,367
EBIT	million CHF	251	2,708	2,785	2,202	2,235
Income taxes	million CHF	781	581	533	550	449
Tax rate	%	(114)	26	25	35	40
Net (loss) income	million CHF	(1,361)	1,619	1,596	1,002	682
Net (loss) income margin	%	(5.8)	8.6	8.1	4.7	3.3
Net (loss) income – shareholders of LafargeHolcim Ltd	million CHF	(1,469)	1,287	1,272	610	275
Statement of cash flows						
Cash flow from operating activities	million CHF	2,465	2,484	2,787	2,643	2,753
Cash flow margin	%	10.5	13.2	14.1	12.5	13.3
Investments in property, plant and equipment for maintenance net	million CHF	981	732	719	790	752
Investments in property, plant and equipment for expansion	million CHF	1,007	1,005	1,282	803	886
(Disposal) Purchase of financial assets, intangible and other assets and businesses net	million CHF	(7,222)	(35)	(336)	(396)	154
Statement of financial position						
Current assets	million CHF	13,331	7,231	7,590	8,275	8,154
Long-term assets	million CHF	59,967	32,259	30,355	32,922	34,400
Total assets	million CHF	73,298	39,490	37,944	41,198	42,554
Current liabilities	million CHF	14,832	6,847	7,461	8,299	7,695
Long-term liabilities	million CHF	22,744	12,531	11,807	13,665	15,202
Total shareholders' equity	million CHF	35,722	20,112	18,677	19,234	19,656
Shareholders' equity as % of total assets		48.7	50.9	49.2	46.7	46.2
Non-controlling interest	million CHF	4,357	2,682	2,471	2,797	2,827
Net financial debt	million CHF	17,266	9,520	9,461	10,325	11,549
Capacity, sales and personnel						
Annual production capacity cement	million t	374.0	208.8	206.2	209.3	216.0
Sales of cement	million t	193.1	138.2	138.9	142.3	144.3
Sales of mineral components	million t	4.7	3.7	4.1	4.8	5.1
Sales of aggregates	million t	231.5	153.1	154.5	158.2	173.0
Sales of ready-mix concrete	million m^3	47.6	37.0	39.5	45.3	48.4
Personnel		100,956	67,137	70,857	76,359	80,967
Financial ratios						
Return on equity[3]	%	(6.0)	7.6	7.8	3.7	1.6
Funds from operations[4]/net financial debt	%	18.6	31.8	33.4	30.5	26.4
EBITDA net interest coverage	x	6.1	8.7	7.8	6.9	4.2
EBIT net interest coverage	x	0.3	5.7	5.0	3.5	2.2
Net financial debt/EBITDA	x	3.6	2.3	2.2	2.4	2.7

[1] Restated due to changes in accounting policies.
[2] As reported in the respective years, not restated due to changes in accounting policies.
[3] Excludes non-controlling interest.
[4] Net income plus depreciation, amortization and impairment.

Cautionary statement regarding forward-looking statements

This document may contain certain forward-looking statements relating to the Group's future business, development and economic performance. Such statements may be subject to a number of risks, uncertainties and other important factors, such as but not limited to (1) competitive pressures; (2) legislative and regulatory developments; (3) global, macroeconomic and political trends; (4) fluctuations in currency exchange rates and general financial market conditions; (5) delay or inability in obtaining approvals from authorities; (6) technical developments; (7) litigation; (8) adverse publicity and news coverage, which could cause actual development and results to differ materially from the statements made in this document. LafargeHolcim assumes no obligation to update or alter forward-looking statements whether as a result of new information, future events or otherwise.

Disclaimer

LafargeHolcim Ltd publishes Annual Reports in English, German, and French. The English version is legally binding.

Financial reporting calendar

	Date
Results for the first quarter 2016	**May 12, 2016**
Annual General Meeting of shareholders	**May 12, 2016**
Ex date	**May 17, 2016**
Payout	**May 19, 2016**

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