HALF-YEAR 2020 REPORT

JANUARY–JUNE

LafargeHolcim

HALF-YEAR 2020

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KEY FIGURES

CHF 10,693m

–10.8%[1]

Net sales
H1 2019: CHF 13,059m

87.2m tons

–13.1%[1]

Sales of cement
H1 2019: 103.8m tons

CHF 749m

+197.6%

Free Cash Flow after leases
H1 2019: CHF 252m

CHF 1,194m

–22.0%[1]

Recurring EBIT
H1 2019: CHF 1,667m

#1
for ESG Risk Management

of 101 construction materials companies analyzed by Sustainalytics[2]

[1] Percentage change figures compare 2020 and 2019 on a like-for-like basis. The non-GAAP measures used in this report are defined on page 32.
[2] Sustainalytics is a leading independent ESG and corporate governance research, ratings and analytics firm.

SHAREHOLDERS' LETTER

DEAR SHAREHOLDERS,

We are very proud of our teams' rapid and agile response to the crisis since the beginning of January. We were quick to respond and take all necessary measures to protect the health of our people while supporting our communities, from donating materials to build emergency field hospitals all the way to supplying essential goods, touching the lives of over four million people around the world.

Our half-year results demonstrate the great resilience of our business. We are encouraged by our team's agility to weather the storm with the rapid execution of our "HEALTH, COST & CASH" action plan, effectively driving cost savings ahead of expectations, improving net working capital and delivering record Free Cash Flow after leases.

In the first half year net sales stood at CHF 10,693 million, a decrease of 18.1% compared to the prior year, of which 10.8% was on a like-for-like basis, reflecting the severe impact of the implementation of strict lockdowns of construction sites in several major operating countries. The strong appreciation of the Swiss Franc against all currencies accounted for 6.2% of the absolute decrease. Following the easing of lockdowns, net sales in all five regions resumed prior-year levels by the end of June.

Recurring EBIT reached CHF 1,194 million, a decrease of 22.0% like-for-like for the half-year. Swift implementation of the "HEALTH, COST & CASH" action plan helped to offset the earnings impact of the crisis.

Tax and financial expenses have continued to reduce, allowing net income (Group share, before impairment and divestments) to reach CHF 501 million.

Earnings per share before impairment and divestments were CHF 0.80 for the first half of 2020 compared to CHF 1.28 in the prior-year period.

Free cash flow after leases reached a record CHF 749 million in the six-month period, up 198% compared to CHF 252 million in the first half of 2019.

Net debt amounted to CHF 10.7 billion as of 30 June 2020, down by 15.8% compared to CHF 12.7 billion as at 30 June 2019.

In the first half of 2020 LafargeHolcim achieved a number-one ESG ranking in the construction materials sector out of more than one-hundred peer companies, according to ESG research and ratings agency Sustainalytics.

Playing its part in a green recovery, LafargeHolcim is advancing its leadership in sustainable and circular construction, notably with the worldwide rollout of ECOPact, its green concrete. Further accelerating the transition to renewable energy, LafargeHolcim leveraged 3D printing in an innovative partnership with GE Renewable Energy and COBOD to build more powerful wind turbines.

2020 OUTLOOK

The peak of the crisis is behind us. We expect a solid second half of the year based on June's full recovery, the trend of our order book and upcoming government stimulus packages.

As an essential sector to keep society running, we look forward to playing our part in driving the recovery. We are accelerating our sustainability efforts to ensure our green solutions are fully part of the recovery. We are confident LafargeHolcim will emerge stronger from this crisis.

We expect a solid second half of the year and anticipate for the full year 2020[1]:

- Fast demand recovery with an encouraging outlook for second half of 2020
- Execution of action plan "HEALTH, COST & CASH" to continue ahead of targets
- Free cash flow after leases generation above CHF 2 billion
- Debt leverage below 2x
- Solid second half of the year expected

Beat Hess
Chairman

Jan Jenisch
Chief Executive Officer

29 July 2020

1 Subject to pandemic-related uncertainties

MANAGEMENT DISCUSSION & ANALYSIS 2020

		H1 2020 Unaudited	H1 2019 Unaudited	±%	±% like-for-like
Sales of cement	million t	**87.2**	103.8	–16.0%	–13.1%
Sales of aggregates	million t	**113.8**	121.7	–6.5%	–6.0%
Sales of ready-mix concrete	million m^3	**19.2**	23.6	–18.6%	–15.8%
Net sales	million CHF	**10,693**	13,059	–18.1%	–10.8%
Recurring Operating costs *	million CHF	**(8,717)**	(10,658)	–18.2%	–10.8%
Recurring EBITDA after leases	million CHF	**2,152**	2,673	–19.5%	–12.8%
Recurring EBIT	million CHF	**1,194**	1,667	–28.4%	–22.0%
Recurring EBIT margin	%	**11.2**	12.8	–1.6%	
Operating profit (EBIT)	million CHF	**1,005**	1,581	–36.4%	
Net income Group share	million CHF	**347**	1,009	–65.7%	
Net income before impairment and divestments Group share	million CHF	**501**	769	–34.8%	
Earnings per share before impairment and divestments	CHF	**0.80**	1.28	–37.1%	
Cash flow from operating activities	million CHF	**1,330**	1,067	24.7%	
Capex	million CHF	**412**	606	–32.0%	
Free Cash Flow after leases	million CHF	**749**	252	198%	
Net financial debt	million CHF	**10,652**	12,650	–15.8%	

* Includes CHF 2,922 million of Recurring fixed costs (2019: CHF 3,436 million), reduction by CHF 275 million (8.1%) on a like-for-like basis.

COST

- Recurring fixed costs reduction by CHF 275 million on a like-for-like basis in the first half of the year 2020, close to our full year target of CHF 300 million
- Realization of reduction in energy prices with CHF 82 million savings in the first half of the year 2020

CASH

- Capex reduction by CHF 194 million in the first half of the year 2020, in line with our full year target of CHF 400 million compared to prior year
- Net working capital days reduced by 13 days in the first half of the year 2020 compared to the first half of the year 2019
- Free Cash Flow after leases in the first half of the year 2020 of CHF 749 million (+198%)

COVID-19: OUR REPONSE TO THE CRISIS

HEALTH

Protection and promotion of the health and well-being of LafargeHolcim personnel and communities continues to be the focus of our response to the COVID-19 pandemic. We currently enforce a range of global and local measures to protect our teams and contain the spread of the coronavirus and prepare our sites. We do so by:

- Creating critical response documentation for operations and sites
- Producing and distributing engaging educational materials
- Keeping communication channels open and active
- Working directly with third party experts

The results of these efforts have produced strong results with a low COVID-19 case rate, no fatalities from COVID-19, and no cases that can be considered as the result of workplace exposure within the Group.
We continue to support health efforts in the communities in which we operate in dealing with the COVID-19 crisis. Our interventions to date include:

- Over 145,000 information and awareness materials distributed to local communities
- Over 1,000,000 masks and gloves and 28,000 liters of antibacterial gel donated
- Over 5,000 tons of building materials donated to build emergency field hospitals with 8,000 beds in eight countries
- Over 650,000 meals and food packages distributed for communities, and 8,000 company employees volunteering to raise funds for vulnerable families

COST & CASH

In the first half of the year, our business was adversely impacted by the COVID-19 crisis. The development of the pandemic and its implications for the business are volatile and very different from country to country. As part of our response to the crisis, we focused on a set of rigorous actions to safeguard Cash and reduce Costs:

- Reduction in fixed costs by focusing on critical spend, temporary closure of sites in response to the short term changes in demand, renegotiation of supplier contracts and close monitoring of all possible support from authorities such as furlough schemes. As a result, in the first half of the year our Recurring fixed costs reduced by CHF 275 million / 8.1% like-for-like compared to the same period of last year, ahead of our target of CHF 300 million reduction in fixed costs for the full year.
- Reduction in unit variable costs through realization of lower prices for energy and full review of all third party products and services.
- Reduction of Capex by thorough review of all projects, re-prioritization and renegotiation with Capex suppliers. As a result, in the first half of the year, the Group spent CHF 412 million on Capex which is CHF 194 million lower than in the first half of the year 2019, in line with our commitment to reduce Capex by at least CHF 400 million for the full year.
- Close management of working capital allowed the Group to decrease inventories and receivables both in absolute terms and in number of days.
- As a direct consequence of all those measures, in the first half of the year, the Group showed a strong cash generation with a Free Cash Flow after leases of CHF 749 million which is CHF 498 million better than the same period of the prior year.

LIQUIDITY

LafargeHolcim has a strong balance sheet and a strong liquidity position. As at the end of the semester, the company had secured liquidity more than CHF 8 billion in cash and unused committed credit lines.

These strengths were confirmed on 27 March 2020 when S&P reaffirmed its BBB/ outlook stable credit rating of LafargeHolcim, then again on 20 April 2020 when Moody reaffirmed its rating of Baa2/ outlook stable.

The company also executed successful refinancing in April 2020 by issuing a two-year, CHF 250 million 1.05% bond and a five-year, EUR 500 million 2.375% bond.

SUSTAINABILITY

Sustainalytics, a global leader in environmental, social and governance risks (ESG) and Corporate Governance research and ratings, recently published its latest ESG Risk Rating for LafargeHolcim. Of all 101 construction materials companies analyzed, LafargeHolcim rated first. The company was also in the top 20% of all 12,000 companies assessed across all sectors. LafargeHolcim's ESG Risk Rating score for 2020 is 19.5 on a scale from 0-100 with 0 indicating negligible ESG risk. This makes LafargeHolcim the very first in the sector to rank below 20 and be included in its "low risk" category. This rating further confirms LafargeHolcim's commitment to being a responsible investment of choice. The company is leading the way in sustainable construction, as evidenced by its allocation of over 50% of R&D resources to low-carbon solutions.

Building on our commitment to reduce climate impacts, in the first half of the year 2020, we launched two new low-carbon concrete products, EvopactZero and Ecopact - climate neutral concretes that minimize the use of resources and offset unavoidable emissions through certified climate protection projects. Additionally, LafargeHolcim Austria, OMV Group, VERBUND and Borealis have signed a Memorandum of Understanding for the 'Carbon2Product' (C2PAT) in Austria. The C2PAT project aims to capture 700,000 tons of CO_2 from LafargeHolcim's Mannersdorf cement plant during the production of cement and process it into synthetic fuels, high-quality plastics, or other chemicals by 2030.

HEALTH & SAFETY

In 2020, LafargeHolcim continued to improve its Health & Safety performance in all regions, with strong progress in the long-term injury frequency rate thanks to the commitment of our employees.
At the end of June 2020, our Lost Time Incident Frequency Rate (LTIFR) was 0.40, representing a decreased LTIFR of 47% compared to H1 2019, and 62% since Ambition "0" was launched.
Unfortunately, we continue to have fatalities. In the first half of the year 2020, there were 9 fatalities versus 19 fatalities in the first half of the year 2019.

MANAGEMENT DISCUSSION & ANALYSIS CONTINUED

Asia Pacific

		H1 2020
Sales of cement	million t	28.0
Sales of aggregates	million t	13.1
Sales of ready-mix concrete	million m^3	3.6
Net sales to external customers	million CHF	2,413
Like-for-like growth	%	–18.0%
Recurring EBITDA after leases	million CHF	625
Like-for-like growth	%	–19.8%
Recurring EBIT	million CHF	437
Like-for-like growth	%	–29.6%

With China locked down at the end of January, unfavorable impacts from the COVID-19 pandemic started earlier in the region than in other parts of the world. Asia Pacific countries outside of China began to feel the first declines in volumes from mid-March with the peak of the impacts in April and May. India experienced a heavy and sudden lockdown from late March. China recovered from its lockdown and experienced a rebound with monthly sales volumes exceeding the prior year's reference in the second quarter. Similarly, in India there was a sharp rebound in cement volumes towards the end of the second quarter with the easing of the lockdown. Australia suffered relatively minor impacts from COVID-19 as construction sites remained open; however, the overall economy remained slow.

Cement volumes sold of 28.0 million tons in the half-year 2020 were 21.0% below prior year on a like-for-like basis.

Following the pandemic-driven volume decline, net sales to external customers reduced by 18.0% and Recurring EBITDA after leases decreased by 19.8% on a like-for-like basis. Fast execution of cost reduction initiatives partially mitigated the negative financial impacts from lower net sales. Recurring EBIT declined by 29.6% on a-like-for-like basis.

The contribution from the share of net income from joint ventures recognized in Recurring EBITDA after leases from the first half amounted to CHF 160 million compared to CHF 229 million in the prior period, with the decline mainly driven by Huaxin in China.

The divestment of the Philippines business did not materialize and, consequently, the business is no longer considered as an asset held for sale.

Europe

		H1 2020
Sales of cement	million t	20.9
Sales of aggregates	million t	51.9
Sales of ready-mix concrete	million m^3	8.3
Net sales to external customers	million CHF	3,274
Like-for-like growth	%	–9.4%
Recurring EBITDA after leases	million CHF	555
Like-for-like growth	%	–14.5%
Recurring EBIT	million CHF	288
Like-for-like growth	%	–26.2%

After a solid first quarter with good market growth in Eastern Europe and resilient performance in Switzerland and Germany, the second quarter has seen an abrupt impact from COVID-19 lockdowns, although healthy signs of recovery in demand have been visible towards the end of the half-year period.

Cement volumes sold in the first half of 2020 reached 20.9 million tons, or a 7.0% decline on a like-for-like basis compared to 2019, mainly driven by COVID-19 impacts. Some major markets such as France, the United Kingdom, Spain and Italy were impacted heavily, but partially moderated by less dramatic effects in other markets such as Switzerland and Germany where construction activities continued during the crisis as well as by resilient demand in Eastern Europe.

Aggregates volumes sold in the first half of 2020 stood at 51.9 million tons, down 9.2% on a like-for-like basis. Ready-mix concrete volumes sold were 8.3 million cubic meters, a decline of 14.6% on a like-for-like basis. Net sales to external customers dropped by 9.4% on a like-for-like basis which led to a Recurring EBITDA after leases decline of 14.5% on a like-for-like basis and a Recurring EBIT fall of 26.2% on a like-for-like basis.

Latin America

		H1 2020
Sales of cement	million t	10.4
Sales of aggregates	million t	2.2
Sales of ready-mix concrete	million m^3	1.6
Net sales to external customers	million CHF	980
Like-for-like growth	%	–12.1%
Recurring EBITDA after leases	million CHF	352
Like-for-like growth	%	–9.2%
Recurring EBIT	million CHF	275
Like-for-like growth	%	–12.0%

The Latin America region had a mixed half-year 2020 with resilient performance until quite severe COVID-19 lockdowns started with effect from mid- March 2020 in some markets. Ecuador, Argentina, Colombia and El Salvador experienced sharp declines in volumes in April and May which have been partially offset by cost mitigation strategies. Demand in Mexico was negatively impacted at urban job sites but partially compensated by participation in key infrastructure projects.

Cement volumes sold stood at 10.4 million tons, decreasing 14.3% on a like-for-like basis, with signs of recovery in June as the construction sector bounced back.

Aggregates volumes sold increased by 7.8% compared to the prior year on a like-for-like basis, mainly due to Mexico's operations which were newly opened last year.

Ready-mix concrete volumes sold decreased by 34.7% compared to 2019 on a like-for-like basis and mainly in the second quarter.

Net sales to external customers declined by 12.1% on a like-for-like basis. With a strong focus on cost saving initiatives, Recurring EBITDA after leases fell by 9.2% on a like-for-like basis and Recurring EBIT declined by 12.0% on a like-for-like basis.

Middle East Africa

		H1 2020
Sales of cement	million t	15.6
Sales of aggregates	million t	1.4
Sales of ready-mix concrete	million m^3	1.2
Net sales to external customers	million CHF	1,177
Like-for-like growth	%	–14.8%
Recurring EBITDA after leases	million CHF	266
Like-for-like growth	%	–15.2%
Recurring EBIT	million CHF	137
Like-for-like growth	%	–27.0%

After a good start in the first quarter of 2020 with strong demand in major markets such as Nigeria and Algeria, COVID-19 lockdowns drove a steep drop in volumes in April and, with Ramadan in May, the first signs of recovery were witnessed in June.

Cement volumes sold reached 15.6 million tons, or 11.6% lower on a like-for-like basis compared to the prior year, mainly driven by a slowdown in construction activities in the major markets. However, Nigeria recorded resilient performance.

Aggregates volumes sold stood at 1.4 million tons, or 60.1% lower on a like-for-like basis.

Ready-mix concrete volumes sold reached 1.2 million cubic meters, 35.7% lower on a like-for-like basis compared to 2019.

Net sales to external customers in the first half of the year 2020 declined by 14.8% on a like-for-like basis driven by the lost volumes. Recurring EBITDA after leases reduced 15.2% on a like-for-like basis with a strong focus on fixed cost reductions despite the challenging second quarter and Recurring EBIT fell 27.0% on a like-for-like basis.

North America

		H1 2020
Sales of cement	million t	8.9
Sales of aggregates	million t	45.2
Sales of ready-mix concrete	million m^3	4.5
Net sales to external customers	million CHF	2,566
Like-for-like growth	%	0.8%
Recurring EBITDA after leases	million CHF	523
Like-for-like growth	%	8.4%
Recurring EBIT	million CHF	260
Like-for-like growth	%	19.7%

North America showed the most resilience of all regions despite COVID-19 restrictions in some areas.

Cement volumes sold were 8.9 million tons, a slight decline of 1.4% on a like-for-like basis versus 2019, supported by a strong start in the first quarter and resilience in the US during the crisis.

Aggregates volumes sold were 45.2 million tons, reflecting a like-for-like decrease of 0.6%, with modest growth in the US more than offset by the impacts of lockdowns in Canadian markets.

Ready-mix concrete volumes sold were 4.5 million cubic meters, reflecting a like-for-like increase of 1.5%, mainly attributable to strong performance in the US.

Net sales to external customers increased by 0.8% on a like-for-like basis over the prior year. Recurring EBITDA after leases grew 8.4% on a like-for-like basis and Recurring EBIT improved by 19.7% over the prior-year period on a like-for-like basis as revenues remained stable and cost discipline was applied.

Financial information

CONDENSED CONSOLIDATED STATEMENT OF INCOME OF LAFARGEHOLCIM

Million CHF	Notes	**H1 2020 Unaudited**	H1 2019 Unaudited
Net sales		**10,693**	13,059
Production cost of goods sold		**(6,610)**	(7,768)
Gross profit		**4,083**	5,291
Distribution and selling expenses		**(2,666)**	(3,298)
Administration expenses		**(588)**	(684)
Share of profit of joint ventures		**176**	272
Operating profit		**1,005**	1,581
Profit on disposals and other non-operating income	6	**9**	299
Loss on disposals and other non-operating expenses	7	**(52)**	(51)
Share of profit of associates		**4**	7
Financial income	8	**62**	73
Financial expenses	9	**(378)**	(451)
Net income before taxes		**650**	1,458
Income taxes	10	**(203)**	(330)
Net income		**447**	1,128
Net income attributable to:			
Shareholders of LafargeHolcim Ltd		**347**	1,009
Non-controlling interest		**100**	119
Earnings per share in CHF			
Earnings per share	11	**0.55**	1.68
Fully diluted earnings per share	11	**0.55**	1.68

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF LAFARGEHOLCIM

Million CHF	Notes	H1 2020 Unaudited	H1 2019 Unaudited
Net income		**447**	1,128
Other comprehensive earnings			
Items that will be reclassified to the statement of income in future periods			
Currency translation effects			
– Exchange differences on translation		**(1,976)**	67
– Realized through statement of income		**0**	0
– Tax effect		**(7)**	(1)
Cash flow hedges			
– Change in fair value		**6**	(15)
– Realized through statement of income		**(29)**	(19)
– Tax effect		**7**	5
Net investment hedges in subsidiaries			
– Change in fair value		**16**	0
– Realized through statement of income		**0**	6
– Tax effect		**0**	0
Subtotal		**(1,983)**	42
Items that will not be reclassified to the statement of income in future periods			
Defined benefit plans			
– Remeasurements		**103**	(210)
– Tax effect		**(23)**	46
Strategic equity investments at fair value through other comprehensive earnings			
- Change in fair value		**(47)**	3
- Tax effect		**12**	0
Subtotal		**46**	(161)
Total other comprehensive earnings		**(1,938)**	(119)
Total comprehensive earnings		**(1,491)**	1,009
Total comprehensive earnings attributable to:			
Shareholders of LafargeHolcim Ltd		**(1,387)**	751
Non-controlling interest		**(104)**	258

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF LAFARGEHOLCIM

Million CHF	Notes	30.06.2020 Unaudited	31.12.2019 Audited	30.06.2019 Unaudited
Assets				
Cash and cash equivalents		**3,736**	4,148	3,045
Short-term derivative assets		**14**	28	29
Current financial receivables		**220**	124	134
Trade accounts receivable		**2,946**	2,871	3,733
Inventories		**2,244**	2,494	2,922
Prepaid expenses and other current assets		**1,077**	1,175	1,255
Assets classified as held for sale	12	**88**	1,370	1,330
Total current assets		**10,326**	12,210	12,448
Long-term financial investments and other long-term assets		**934**	1,092	1,166
Investments in associates and joint ventures		**3,216**	3,337	3,194
Property, plant and equipment		**25,524**	27,189	27,584
Goodwill		**12,848**	13,039	13,127
Intangible assets		**583**	644	708
Deferred tax assets		**694**	649	658
Pension assets		**409**	145	308
Long-term derivative assets		**31**	5	25
Total non-current assets		**44,239**	46,100	46,769
Total assets		**54,565**	58,310	59,217

Million CHF	Notes	**30.06.2020 Unaudited**	31.12.2019 Audited	30.06.2019 Unaudited
Liabilities and shareholders' equity				
Trade accounts payable		**3,155**	3,535	3,518
Current financial liabilities		**2,736**	2,089	2,862
Current income tax liabilities		**566**	585	617
Other current liabilities		**2,083**	2,286	2,125
Short-term provisions		**354**	376	437
Liabilities directly associated with assets classified as held for sale	12	**0**	272	272
Total current liabilities		**8,895**	9,144	9,831
Long-term financial liabilities		**11,697**	12,202	12,886
Defined benefit obligations		**1,492**	1,413	1,737
Long-term income tax liabilites		**354**	385	335
Deferred tax liabilities		**2,002**	2,090	2,115
Long-term provisions		**1,473**	1,578	1,502
Total non-current liabilities		**17,019**	17,667	18,576
Total liabilities		**25,913**	26,811	28,406
Share capital		**1,232**	1,232	1,252
Capital surplus		**21,596**	22,811	22,822
Treasury shares		**(185)**	(121)	(645)
Reserves		**3,249**	4,644	4,501
Total equity attributable to shareholders of LafargeHolcim Ltd		**25,892**	28,566	27,930
Non-controlling interest		**2,760**	2,933	2,881
Total shareholders' equity		**28,652**	31,499	30,811
Total liabilities and shareholders' equity		**54,565**	58,310	59,217

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF LAFARGEHOLCIM

Million CHF	Share capital	Capital surplus	Treasury shares	Currency translation adjust-ments	Other reserves	Retained earnings	Total equity attributa-ble to sharehold-ers of Lafarge-Holcim Ltd	Non-con-trolling interest	Total sharehold-ers' equity
Equity as at 1 January 2020	**1,232**	**22,811**	**(121)**	**(14,527)**	**(4)**	**19,176**	**28,566**	**2,933**	**31,499**
Net income						**347**	**347**	**100**	**447**
Other comprehensive earnings				**(1,765)**	**(51)**	**83**	**(1,733)**	**(205)**	**(1,938)**
Total comprehensive earnings				**(1,765)**	**(51)**	**430**	**(1,387)**	**(104)**	**(1,491)**
Payout		**(1,224)**					**(1,224)**	**(55)**	**(1,279)**
Subordinated fixed rate resettable notes						**(11)**	**(11)**		**(11)**
Assets and liabilities revaluation including hyperinflation						**6**	**6**	**(14)**	**(8)**
Change in treasury shares			**(64)**			**(4)**	**(68)**		**(68)**
Share-based remuneration		**10**					**10**		**10**
Acquisition of participation in Group companies						**1**	**1**		**1**
Change in participation in existing Group companies						**(1)**	**(1)**	**1**	
Equity as at 30 June 2020 (Unaudited)	**1,232**	**21,596**	**(185)**	**(16,292)**	**(55)**	**19,596**	**25,892**	**2,760**	**28,652**
Equity as at 1 January 2019	1,214	23,157	(612)	(14,019)	**41**	**17,108**	**26,890**	**3,126**	**30,015**
Net income						**1,009**	**1,009**	**119**	**1,128**
Other comprehensive earnings				(74)	**(26)**	**(158)**	**(258)**	**139**	**(119)**
Total comprehensive earnings				(74)	**(26)**	**852**	**751**	**258**	**1,009**
Payout		(322)					**(322)**	**(70)**	**(392)**
Scrip dividend	**39**	**(39)**							
Subordinated fixed rate resettable notes						**558**	**558**		**558**
Hyperinflation						**31**	**31**	**8**	**39**
Change in treasury shares			(51)			**4**	**(47)**		**(47)**
Share-based remuneration		27					**27**		**27**
(Disposal)/ Acquisition of participation in Group companies								**(441)**	**(441)**
Change in participation in existing Group companies			18			**26**	**44**		**44**
Equity as at 30 June 2019 (Unaudited)	1,253	22,822	(645)	(14,094)	**15**	**18,579**	**27,930**	**2,881**	**30,811**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS OF LAFARGEHOLCIM

Million CHF	Notes	H1 2020 Unaudited	H1 2019 Unaudited[1]
Net income		**447**	1,128
Income taxes		**203**	330
(Profit)/ Loss on disposals and other non-operating items		**37**	(282)
Share of profit of associates and joint ventures		**(180)**	(279)
Financial expenses net	8,9	**316**	378
Depreciation, amortization and impairment of operating assets		**1,292**	1,225
Employee benefits and other operating items		**(7)**	9
Change in inventories		**133**	(51)
Change in trade accounts receivables		**(165)**	(710)
Change in trade accounts payables		**(311)**	(26)
Change in other receivables and liabilities		**29**	(181)
Cash generated from operations		**1,795**	1,542
Dividends received		**38**	168
Interest received		**54**	53
Interest paid		**(304)**	(352)
Income taxes paid		**(254)**	(344)
Cash flow from operating activities (A)		**1,330**	1,067
Purchase of property, plant and equipment		**(442)**	(647)
Disposal of property, plant and equipment		**30**	41
Acquisition of participation in Group companies		**(41)**	(58)
Disposal of participation in Group companies		**(21)**	1,319
Purchase of financial assets, intangible and other assets		**(68)**	(90)
Disposal of financial assets, intangible and other assets		**57**	65
Cash flow from investing activities (B)		**(486)**	629
Payout on ordinary shares	11	**(1,224)**	(322)
Dividends paid to non-controlling interest		**(52)**	(49)
Capital (repaid to) paid from non-controlling interest		**(3)**	76
Movements of treasury shares		**(79)**	(45)
Proceeds from subordinated fixed rate resettable notes	14	**0**	558
Coupon paid on subordinated fixed rate resettable notes		**(6)**	(2)
Net movement in current financial liabilities		**378**	(121)
Proceeds from long-term financial liabilities	14	**799**	294
Repayment of long-term financial liabilities	14	**(683)**	(1,154)
Repayment of long-term lease liabilities		**(169)**	(209)
Increase in participation in existing Group companies		**(2)**	(83)
Cash flow from financing activities (C)		**(1,042)**	(1,056)
(Decrease)/ Increase in cash and cash equivalents (A + B + C)		**(198)**	640
Cash and cash equivalents as at the beginning of the period (net)		**4,014**	2,264
(Decrease)/ Increase in cash and cash equivalents		**(198)**	640
Currency translation effects		**(215)**	(50)
Cash and cash equivalents as at the end of the period (net)[2]		**3,601**	2,853

[1] 2019 numbers have been reclassified to be aligned with the presentation disclosed in note 1.3 from the 2019 Integrated Annual Report.

[2] Cash and cash equivalents at the end of the period include bank overdrafts of CHF 133 million (2019: CHF 209 million) disclosed in current financial liabilities and cash and cash equivalents of CHF 0 million (2019: CHF 18 million) disclosed in assets classified as held for sale.

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		
		H1 2020	H1 2019	**30.06.2020**	31.12.2019	30.06.2019
		Unaudited	Unaudited	**Unaudited**	Audited	Unaudited
1 Argentine Peso	ARS	**0.01**	0.02	**0.01**	0.02	0.02
1 Australian Dollar	AUD	**0.64**	0.71	**0.65**	0.68	0.68
1 Brazilian Real	BRL	**0.20**	0.26	**0.18**	0.24	0.26
1 Canadian Dollar	CAD	**0.71**	0.75	**0.70**	0.74	0.74
1 Chinese Renminbi	CNY	**0.14**	0.15	**0.13**	0.14	0.14
100 Algerian Dinar	DZD	**0.78**	0.84	**0.73**	0.81	0.82
1 Egyptian Pound	EGP	**0.06**	0.06	**0.06**	0.06	0.06
1 Euro	EUR	**1.06**	1.13	**1.07**	1.09	1.11
1 British Pound	GBP	**1.22**	1.29	**1.17**	1.27	1.24
100 Indian Rupee	INR	**1.30**	1.43	**1.26**	1.36	1.41
100 Mexican Peso	MXN	**4.51**	5.22	**4.12**	5.12	5.08
100 Nigerian Naira	NGN	**0.26**	0.28	**0.25**	0.27	0.27
100 Philippine Peso	PHP	**1.91**	1.92	**1.91**	1.91	1.90
1 US Dollar	USD	**0.97**	1.00	**0.95**	0.97	0.97

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As used herein, the terms “LafargeHolcim” or the “Group” refer to LafargeHolcim Ltd together with the companies included in the scope of consolidation.

1. ACCOUNTING POLICIES

1.1 Basis of preparation

The unaudited interim condensed consolidated financial statements of LafargeHolcim Ltd, hereafter “interim financial statements”, are prepared in accordance with IAS 34 *Interim Financial Reporting*. The accounting policies used in the preparation and presentation of the interim financial statements are consistent with those used in the consolidated financial statements for the year ended 31 December 2019 (hereafter “annual financial statements”) except for the amended standards adopted during the period (see details below).

The interim financial statements should be read in conjunction with the annual financial statements as they provide an update of previously reported information.

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 amounts rather than the presented rounded amounts.

The preparation of interim financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and disclosure of contingent liabilities at the date of the interim financial statements. If in the future, such estimates and assumptions, which are based on management’s best judgment at the date of the interim financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate during the period in which the circumstances change.

The segment information corresponds to the information required by IAS 34 *Interim Financial Reporting*.

Adoption of amended standards

In 2020, LafargeHolcim adopted the following amended standards relevant to the Group:

Amendments to IFRS 3	Business Combinations
Amendments to IAS 1 and IAS 8	Presentation of Financial Statements and Accounting Policies, Changes In Accounting Estimates and Errors
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform
Amendment to IFRS 16	COVID-19-Related Rent Concessions

Amendments to IFRS 3 - Business Combinations

As detailed in the 2019 Integrated Annual Report (note 1.2), the adoption of the amendments to IFRS 3 have not materially impacted the Group financial statements and have been applied on a prospective basis.

Amendments to IAS 1 and IAS 8 - Presentation of Financial Statements and Accounting Policies, Changes in Accounting Estimates and Errors

As detailed in the 2019 Integrated Annual Report (note 1.2), the adoption of the amendments to IAS 1 and IAS 8 have not materially impacted the Group financial statements.

Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Rate Benchmark Reform

As detailed in the 2019 Integrated Annual Report (note 1.2), the adoption of the amendments to IFRS 9, IAS 39 and IFRS 7 have not materially impacted the Group financial statements and LafargeHolcim will monitor closely any changes in the future.

Amendment to IFRS 16 - COVID-19-Related Rent Concessions

In May 2020, the IASB issued an amendment to IFRS 16 Leases with immediate effect titled “COVID-19-Related Rent Concessions” which provides a practical expedient that permits lessees not to assess whether rent concessions that occur as a direct consequence of the COVID-19 pandemic and meet specified conditions are lease modifications and, instead, to account for those rent concessions in profit or loss as if they were not lease modifications. As LafargeHolcim decided not to apply the practical expedient, the amendment will not impact the Group financial statements.

Impact from COVID-19

Due to the COVID-19 crisis, the local market conditions were disrupted and impacted by various factors beyond the Group’s control, including a prolonged spread of the pandemic, government measures affecting the Group’s operations and customers’ behaviours. These factors led to a high degree of uncertainty on the estimates and assumptions concerning the future that were considered in multiple scenarios which are believed to be reasonable, supportable and realistic under the circumstances. The estimates and assumptions, notably those relating to assets and goodwill impairments, inventory valuation, expected credit loss of trade receivables, recovery of deferred tax assets, income tax computation, employee defined benefit plans and hedged positions have been based on the available information at the end of June 2020.

Risk management

While risks and uncertainties that may have a significant impact as described in the 2019 Integrated Annual Report remain valid, the COVID-19 pandemic may present new challenges to LafargeHolcim's business.
Those challenges are volatile and significantly different from country to country. While the construction sector and construction sites are generally more resilient than other sectors, LafargeHolcim has experienced disruptions across its operations.
Since the demand for cement and construction material is closely linked to GDP, the magnitude and the length of the crisis is a source of uncertainty.

In order to face the current crisis, the Group has already implemented its action plan HEALTH, COST & CASH which aims to protect the health of its employees, customers, suppliers and other stakeholders while limiting the impact on profitability.

Mitigating measures have been implemented to enhance the preparedness of the Group including close monitoring of all markets according to the evolving situation and to the guidance provided by the local authorities, tight grip on cash and cost according to any potential volume decrease, proactive supply chain management and protection of long-term relationships with the company's partners and communities.

Impairment testing
As a consequence of the potential impacts of COVID-19, the impairment tests performed at the end of 2019, especially for goodwill, property, plant and equipment and intangible assets were reviewed as of 30 June 2020.
A number of different scenarios for the recovery have been considered based on external data issued by the International Monetary Fund (IMF) such as forecasted GDP rates, which closely reflects, for example, demand for cement and construction materials.
Furthermore, the weighted average cost of capital (WACC) was adjusted as of 30 June 2020.
Overall, the review resulted in a total impairment charge of CHF 139 million relating to property, plant and equipment, of which CHF 109 million within the reportable segment Middle East and Africa, CHF 18 million within the reportable segment Latin America and CHF 12 million within the reportable segment Europe.
The above analysis has been based on the information available at the end of June 2020 and the Group will continue to closely monitor the situation.

Inventories
The Group has reviewed its inventories in light of the COVID-19 situation and has not identified material impairment losses on inventories in the reporting period as the Group believes it will consume its inventories on a short-term basis.

Credit loss of trade receivables
The Group has considered the impact of COVID-19 pandemic on the expected credit loss of trade receivables. The amount and timing of the expected credit losses, as well as the probability assigned thereto, has been based on the available information at the end of June 2020.

As a result of this review, no material credit losses were recognized for trade receivables in the first half of 2020.

Pensions
The COVID-19 pandemic has a significant impact on market fluctuations (mainly interest rates and market values of assets), which have been considered in the remeasurement of the employee defined benefit plans in the first half of 2020. Overall, the net liability decreased by CHF 185 million to CHF 1,083 million as at 30 June 2020. This is mainly explained by actuarial gains of CHF 103 million recognized directly in other comprehensive income. The actuarial gains from the plan assets, thanks to efficient hedging strategies mainly through liability-driven investments (LDI) and a robust performance from return-seeking assets, including alternative investments and hedge funds, were partially offset by the actuarial losses due to the decrease in discount rates.

Cash flow hedges
In the course of its business, the Group has entered into future purchase of commodities such as fuel. Whenever these transactions were designated as hedged forecasted transactions in a cash flow hedge, the Group has reviewed whether these transactions were still highly probable forecasted transactions.
There were no material impact as of June 2020.

Taxes
Under IAS 34, the income tax expense for the period is calculated by applying the estimated effective income tax rate for the fiscal year (based on the best information available as of the interim reporting date) to the pre-tax income of the six-month period. Assumptions to determine this weighted average annual income tax rate may be impacted by Government measures implemented in response to the COVID-19 outbreak such as tax reliefs, additional tax deductions or reduced tax rates. The Group took into account the measures that are substantively enacted as at 30 June 2020 in the estimated annual effective income tax rate.

The Group's recognition of deferred tax assets reflects that the Group considers it probable that sufficient taxable income will be generated to recover these assets in future periods. Although the unprecedented challenges caused by the COVID-19 outbreak have created uncertainties in the short term, the Group does not expect these to materially impact long term future profitability resulting in a material adjustment to the deferred tax assets.

Government grants
In response to the COVID-19 pandemic Governments announced measures to assist entities. These measures include temporary salary subsidies, additional tax deductions and credits, rental reductions or deferrals and below-market rate loans. The Governments' measures primarily affecting the Group are temporary salary subsidies in Europe.

The Group analyzed all facts and circumstances in relation to these schemes and accordingly applied the relevant accounting standards.

2. SEASONALITY

Demand for cement, aggregates, ready-mix concrete and other construction materials and services is seasonal because climatic conditions affect the level of activity in the construction sector.

LafargeHolcim usually 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. However, the expected increase in sales in the second quarter of 2020 was negatively impacted by the COVID-19 pandemic.

3. CHANGES IN THE SCOPE OF CONSOLIDATION

In the first half year of 2020 and 2019, there were no individually material business combinations.

The main acquisitions during the first half year of 2020 consist of three sand operations from Sibelco Australia.

In the first half of year 2019, the Group acquired Transit Mix, a leading supplier of building materials in Colorado and Colorado River, comprising of a ready-mix concrete plant in Fort Worth, Texas.

Also in the first half of year 2019, the Group disposed of:

- its 80.6 percent shareholding in Indonesia for a total consideration of CHF 911 million which resulted in a net gain of CHF 189 million
- its 51 percent shareholding in Lafarge Malaysia Berhard for a total consideration of CHF 387 million which resulted in a net gain of 47 million
- its 91 percent shareholding in Holcim Singapore for a consideration of CHF 48 million, which resulted in a net gain on disposal of CHF 20 million.

4. INFORMATION BY REPORTABLE SEGMENT

	Asia Pacific		Europe	
H1 (unaudited)	**2020**	2019	**2020**	2019
Capacity and volumes sold				
Annual cement production capacity (Million t)[1]	**87.2**	85.4	**72.4**	73.6
Sales of cement (Million t)	**28.0**	38.9	**20.9**	22.5
Sales of aggregates (Million t)	**13.1**	13.3	**51.9**	57.2
Sales of ready-mix concrete (Million m^3)	**3.6**	5.2	**8.3**	9.6
Statement of income (Million CHF)				
Net sales to external customers	**2,413**	3,417	**3,274**	3,796
Net sales to other segments		5	**48**	64
TOTAL NET SALES	**2,413**	3,423	**3,321**	3,860
Recurring EBIT	**437**	682	**288**	408
Recurring EBIT margin in %	**18.1**	19.9	**8.7**	10.6
OPERATING PROFIT (LOSS)	**431**	679	**279**	383
Operating profit (loss) margin in %	**17.9**	19.8	**8.4**	9.9
Statement of financial position (Million CHF)[1]				
Invested capital	**7,303**	6,854	**10,815**	11,311
Investments in associates and joint ventures	**1,561**	1,607	**202**	219
Total assets	**10,097**	10,722	**15,940**	16,777
Total liabilities	**3,822**	4,109	**7,350**	7,741
Reconciliation of measures of profit and loss to the consolidated statement of income				
Recurring EBIT	**437**	682	**288**	408
Impairment of operating assets		5	**(11)**	(1)
Restructuring, litigation and other non-recurring costs	**(6)**	(8)	**2**	(23)
OPERATING PROFIT (LOSS)	**431**	679	**279**	383
Profit on disposals and other non-operating income				
Loss on disposals and other non-operating expenses				
Share of profit of associates				
Financial income				
Financial expense				
NET INCOME BEFORE TAXES				

[1] Prior-year figures as of 31 December 2019.

	Latin America		Middle East Africa		North America		Corporate/ Eliminations		Total Group	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	38.7	38.6	56.8	56.3	32.0	32.0			287.0	285.9
	10.4	12.1	15.6	17.6	8.9	9.0	3.4	3.7	87.2	103.8
	2.2	2.0	1.4	3.4	45.2	45.7			113.8	121.7
	1.6	2.5	1.2	1.9	4.5	4.4			19.2	23.6
	980	1,331	1,177	1,476	2,566	2,645	283	394	10,693	13,059
	7	6	17	17			(72)	(93)		
	987	1,337	1,194	1,493	2,566	2,645	212	301	10,693	13,059
	275	358	137	193	260	225	(203)	(199)	1,194	1,667
	27.9	26.7	11.5	13.0	10.1	8.5			11.2	12.8
	254	360	8	167	246	218	(213)	(225)	1,005	1,581
	25.7	26.9	0.7	11.2	9.6	8.2			9.4	12.1
	2,499	2,814	5,947	6,559	10,631	11,032	868	726	38,062	39,296
	40	33	1,302	1,360	48	54	64	64	3,216	3,337
	3,977	4,508	6,371	7,370	14,633	15,198	3,546	3,735	54,564	58,310
	1,527	1,841	2,490	2,929	6,362	6,532	4,362	3,659	25,913	26,811
	275	358	137	193	260	225	(203)	(199)	1,194	1,667
	(18)	2	(121)	(17)				(2)	(151)	(14)
	(3)		(8)	(9)	(14)	(7)	(10)	(24)	(39)	(71)
	254	360	8	167	246	218	(213)	(225)	1,005	1,581
									9	299
									(52)	(51)
									4	7
									62	73
									(378)	(451)
									650	1,458

5. INFORMATION BY PRODUCT LINE

Million CHF	Cement[1]		Aggregates		Ready-mix concrete		Solution & Products[2]		Corporate/ Eliminations		Total Group	
H1 (unaudited)	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
Statement of income												
Net sales to external customers	**6,544**	8,136	**1,252**	1,366	**2,092**	2,579	**805**	977		1	**10,693**	13,059
Net sales to other segments	**485**	647	**448**	541	**11**	15	**14**	19	**(957)**	(1,222)		
Total net sales	**7,029**	8,783	**1,699**	1,907	**2,103**	2,595	**819**	996	**(957)**	(1,222)	**10,693**	13,059
– of which Asia Pacific	**1,805**	2,667	**242**	270	**391**	528	**91**	117	**(116)**	(159)	**2,413**	3,423
– of which Europe	**1,723**	1,930	**810**	963	**853**	1,055	**391**	491	**(455)**	(579)	**3,321**	3,860
– of which Latin America	**872**	1,163	**11**	13	**134**	223	**23**	27	**(53)**	(89)	**987**	1,337
– of which Middle East Africa	**1,104**	1,329	**15**	39	**84**	150	**28**	40	**(36)**	(64)	**1,194**	1,493
– of which North America	**1,295**	1,345	**622**	623	**642**	638	**286**	322	**(278)**	(283)	**2,566**	2,645
– of which Corporate/Eliminations	**230**	348							**(19)**	(49)	**212**	300
Recurring EBIT	**1,131**	1,441	**101**	174	**(47)**	13	**6**	39	**3**		**1,194**	1,667
– of which Asia Pacific	**389**	575	**45**	64	**2**	34	**1**	10			**437**	682
– of which Europe	**239**	269	**45**	86	**(12)**	19	**16**	34			**288**	408
– of which Latin America	**277**	347	**(1)**		**(4)**	8	**3**	3			**275**	358
– of which Middle East Africa	**140**	184	**(1)**	2	**(9)**	(1)	**5**	8	**3**		**137**	193
– of which North America	**223**	192	**33**	48	**5**	(11)	**(1)**	(5)			**260**	225
– of which Corporate	**(137)**	(126)	**(20)**	(26)	**(29)**	(36)	**(17)**	(10)			**(203)**	(199)
Recurring EBIT margin in %	**16.1**	16.4	**5.9**	9.1	**(2.2)**	0.5	**0.8**	3.9			**11.2**	12.8

[1] Cement, clinker and other cementitious materials.
[2] Precast, concrete products, asphalt, mortars and contracting and services.

6. PROFIT ON DISPOSALS AND OTHER NON-OPERATING INCOME

Million CHF	H1 2020 Unaudited	H1 2019 Unaudited
Dividends earned	1	2
Net gain on disposal before taxes	7	297
Other	1	0
Total	9	299

In 2020, the position “Net gain on disposal before taxes “, mainly includes several gains on disposal of property plant and equipment.
In 2019, the position “Net gain on disposal before taxes “, mainly includes gain on disposal of Holcim Indonesia of CHF 189 million, Lafarge Malaysia Berhad of CHF 47 million, Holcim Singapore Ltd of CHF 20 million and several gains on disposal of property plant and equipment.

Additional information is disclosed in note 3.

7. LOSS ON DISPOSALS AND OTHER NON-OPERATING EXPENSES

Million CHF	H1 2020 Unaudited	H1 2019 Unaudited
Depreciation, amortization and impairment of non-operating assets	(7)	(4)
Net loss on disposal before taxes	(15)	0
Other	(30)	(47)
Total	(52)	(51)

In 2020, the position "Net loss on disposal before taxes", mainly includes impacts related to former disposals.

In 2020 and 2019, the position “Other” includes expenses incurred in connection with assets which are non-operating, abandoned, not part of the operating business cycle or impairment of associates.

8. FINANCIAL INCOME

Million CHF	H1 2020 Unaudited	H1 2019 Unaudited
Interest earned on cash and cash equivalents	48	45
Other financial income	15	28
Total	62	73

The position “Other financial income” relates primarily to interest income from loans and receivables.

9. FINANCIAL EXPENSES

Million CHF	H1 2020 Unaudited	H1 2019 Unaudited
Interest expenses	(210)	(285)
Interest expenses on lease liabilities	(35)	(43)
Net interest expense on retirement benefit plans	(18)	(25)
Other financial expenses	(115)	(98)
Total	**(378)**	(451)

The position “Interest expenses” relates primarily to financial liabilities measured at amortized cost, including amortization on bonds and private placements of CHF 1 million (2019: CHF 41 million).

The position “Other financial expenses" includes notably accruals for interest related to ongoing legal and tax cases, upfront costs for liability management transactions, bank charges and foreign exchange impact.

10. TAXES

Excluding impairments and divestments, the Group’s effective tax rate is 26.0 percent for the six months ended 30 June 2020 (27.0 percent for the six months ended 30 June 2019).

11. EARNINGS PER SHARE

	H1 2020 Unaudited	H1 2019 Unaudited
Earnings per share in CHF	**0.55**	1.68
Net income attributable to shareholders of LafargeHolcim Ltd – as per statement of income (in million CHF)	347	1,009
Coupon relating to the Perpetual Subordinated Notes [1]	(9)	(6)
Adjusted net income attributable to shareholders of LafargeHolcim Ltd	338	1,003
Weighted average number of shares outstanding	612,710,115	596,780,321
Fully diluted earnings per share in CHF	**0.55**	1.68
Adjusted net income used to determine diluted earnings per share (in million CHF)	338	1,003
Weighted average number of shares outstanding	612,710,115	596,780,321
Adjustment for assumed exercise of share options and performance shares	444,833	242,816
Weighted average number of shares for diluted earnings per share	613,154,948	597,023,137

[1] LafargeHolcim issued two perpetual subordinated notes: EUR 500 million at an initial fixed coupon of 3% in April 2019 and CHF 200 million at an initial fixed coupon of 3.5% in November 2018.

In conformity with the decision taken at the annual general meeting of shareholders on 12 May 2020, a dividend of CHF 2.00 per registered share for the financial year 2019 was paid out of the foreign capital contribution reserve on 20 May 2020.

12. ASSETS AND RELATED LIABILITIES CLASSIFIED AS HELD FOR SALE

In May 2020, the Philippines Competition Commission did not issue an approval for the sale of the Group's entire interest of 85.7% in Holcim Philippines Inc. to San Miguel Corporation. The sale agreement signed in May 2019 with San Miguel Corporation lapsed and consequently, Holcim Philippines Inc. was declassified as held for sale.

Million CHF	**June 2020 Unaudited**	December 2019 Audited
Cash and cash equivalents	**0**	62
Inventories	**0**	63
Other current assets	**0**	125
Property, plant and equipment	**63**	564
Goodwill and intangible assets	**25**	478
Other long-term assets	**0**	78
Assets classified as held for sale	**88**	1,370
Current liabilities	**0**	189
Long-term liabilities	**0**	83
Liabilites directly associated with assets classified as held for sale	**0**	272
Net assets classified as held for sale	**88**	1,098

13. FINANCIAL ASSETS AND LIABILITIES RECOGNIZED AND MEASURED AT FAIR VALUE

The following tables present the Group's financial instruments that are recognized and measured at fair value as of 30 June 2020 and as of 31 December 2019. No changes in the valuation techniques of the items below have occurred since the last annual financial statements.

Million CHF 30.06.2020 (unaudited)	Fair value level 1	Fair value level 2	Total
Financial assets			
Fair value through other comprehensive earnings			
- Strategic equity investments		139	139
Fair value through profit and loss			
- Other current assets			
- Derivatives held for hedging		36	36
- Derivatives held for trading		9	9
Financial liabilities			
Derivatives held for hedging		100	100
Derivatives held for trading		6	6

Million CHF 31.12.2019 (audited)	Fair value level 1	Fair value level 2	Total
Financial assets			
Fair value through other comprehensive earnings			
- Strategic equity investments		187	187
Fair value through profit and loss			
- Other current assets			
- Derivatives held for hedging		16	16
- Derivatives held for trading		16	16
Financial liabilities			
Derivatives held for hedging		100	100
Derivatives held for trading		23	23

14. BONDS

On 13 March 2020, Holcim Capital México, S.A. de C.V. redeemed a MXN 1,700 million bond with a coupon of 7.88% which was issued on 20 March 2015.

On 19 March 2020, Holcim Finance (Australia) Pty Ltd redeemed an AUD 250 million bond with a coupon of 3.75% which was issued on 19 March 2015.

On 23 March 2020, Lafarge S.A. redeemed a EUR 217 million bond with a coupon of 4.75% which was issued on 23 March 2005.

On 9 April 2020, Holcim Finance (Luxembourg) S.A. issued a EUR 500 million bond with a coupon of 2.375%, term 2020-2025.

On 9 April 2020, LafargeHolcim Helvetia Finance Ltd issued a CHF 250 million bond with a coupon of 1.05%, term 2020-2022.

15. CONTINGENCIES, GUARANTEES, COMMITMENTS AND CONTINGENT ASSETS

At 30 June 2020, the Group's contingencies amounted to CHF 1,681 million (31 December 2019: CHF 1,835 million).

Referring to the disclosures on legal and tax matters in note 17.3 of the 2019 Integrated Annual Report, there have been no material developments since the last reporting period.

The criminal proceedings in France related to the alleged dealings of Lafarge Cement Syria with terrorist organizations in the years 2013 and 2014 are still ongoing. The Group continues to receive inquiries about the case and deals with them in a transparent and fully collaborative manner.

At 30 June 2020, the guarantees issued in the ordinary course of business amounted to CHF 823 million (31 December 2019: CHF 919 million).

At 30 June 2020, the Group's commitments amounted to CHF 2,013 million (31 December 2019: CHF 2,034 million). The decrease is mainly related to various purchase commitments.

At 30 June 2020, the Group's contingent assets amounted to CHF 27 million (31 December 2019: CHF 26 million).

16. EVENTS AFTER THE REPORTING PERIOD

There are no significant events after the reporting period.

17. AUTHORIZATION OF THE INTERIM FINANCIAL STATEMENTS FOR ISSUE

The interim financial statements were authorized for issuance by the Board of Directors of LafargeHolcim Ltd on 29 July 2020.

TO THE BOARD OF DIRECTORS OF LAFARGEHOLCIM LTD, RAPPERSWIL-JONA

Zurich, 29 July 2020

INDEPENDENT AUDITOR'S REPORT ON THE REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Introduction

We have reviewed the interim condensed consolidated financial statements of LafargeHolcim Ltd, which comprise the condensed consolidated statement of financial position as at 30 June 2020, and the condensed consolidated statement of income, the condensed consolidated statement of comprehensive earnings, the condensed consolidated statement of changes in equity, the condensed consolidated statement of cash flows for the six-months period then ended and a summary of significant accounting policies and other explanatory notes presented on pages 12 to 29. Management is responsible for the preparation and fair presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity.” A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements are not prepared, in all material aspects, in accordance with International Accounting Standard IAS 34 *Interim Financial Reporting*.

Deloitte AG

David Quinlin
Licensed Audit Expert

Alexandre Dubi
Licensed Audit Expert

DEFINITION OF NON-GAAP MEASURES

Like-for-like
Like-for-like information is information factoring out changes in the scope of consolidation (such as divestments and acquisitions occurring in 2020 and 2019) and currency translation effects (2020 figures are converted with 2019 exchange rates in order to calculate the currency effects).

Recurring SG&A costs
Fixed cost related to Administrative, Marketing & Sales, Corporate Manufacturing and Corporate Logistics costs included in Recurring EBITDA.

Recurring fixed costs
Recurring fixed costs refer to all recurring costs not directly related to volumes such as Maintenance, Personnel cost in Production, Administration, Marketing and Sales Expenses, Third party services and depreciation of right-of-use asset. Recurring fixed costs are part of the Recurring operating costs.

Recurring variable costs
Recurring variable costs include recurring operating costs directly related to volumes such as raw materials and finished goods purchases, inventory variation, energy, quarry outsourcing and distribution costs. The addition of variable and fixed recurring costs equals the total recurring operating costs.

Recurring operating costs
The Recurring operating costs is an indicator representing all recurring costs. It is defined as:
+/– Recurring EBITDA after leases;
– net sales; and
–share of profit of joint ventures.

Recurring EBITDA
The Recurring EBITDA (Earnings before interest, tax, depreciation and amortization) is an indicator to measure the performance of the Group excluding the impacts of non-recurring items. It is defined as:
+/– Operating profit/loss (EBIT);
– depreciation, amortization and impairment of operating assets; and
– restructuring, litigation and other non-recurring costs.

Recurring EBITDA margin
The Recurring EBITDA margin is an indicator to measure the profitability of the Group excluding the impacts of non-recurring items. It is defined as the Recurring EBITDA divided by Net Sales.

Recurring EBITDA after leases
The Recurring EBITDA after leases (Earnings before interest, tax, depreciation and amortization) is an indicator to measure the performance of the Group including the impacts of lease depreciation and excluding the impacts of non-recurring items. It is defined as the Recurring EBITDA less the depreciation of right-of-use assets.

Recurring EBIT
The Recurring EBIT is defined as Operating profit/loss (EBIT) adjusted for restructuring, litigation and other non-recurring costs and for impairment of operating assets.

Restructuring, litigation and other non-recurring costs
Restructuring, litigation and other non-recurring costs comprise significant items that, because of their exceptional nature, cannot be viewed as inherent to the Group’s ongoing performance, such as strategic restructuring, major items relating to antitrust fines and other business-related litigation cases.

Profit/loss on disposals and other non-operating items
Profit/loss on disposals and non-operating items comprise capital gains or losses on the sale of Group companies and of material property, plant and equipment and other non-operating items that are not directly related to the Group’s normal operating activities such as revaluation gains or losses on previously held equity interests, disputes with non-controlling interest and other major lawsuits.

Operating profit/loss (EBIT) before impairment
The Operating profit/loss (EBIT) before impairment is an indicator that measures the profit earned from the Group's core business activities excluding impairment charges which, because of their exceptional nature, cannot be viewed as inherent to the Group's ongoing activities. It is defined as:
+/– Operating profit/loss;
– impairment of goodwill and long-term assets.

Net income/loss before impairment and divestments
Net income/loss before impairment and divestments excludes impairment charges and capital gains and losses arising on disposals of investments which, because of their exceptional nature, cannot be viewed as inherent to the Group’s ongoing activities. It is defined as:
+/– Net income/loss
– gains and losses on disposals of Group companies; and
– impairments of goodwill and long-term assets.

EPS (Earnings Per Share) before impairment and divestments
The EPS (Earnings Per Share) before impairment and divestments is an indicator that measures the theoretical profitability per share of stock outstanding based on a net income/loss before impairment and divestments. It is defined as net income/loss before impairment and divestments attributable to the shareholders of LafargeHolcim Ltd divided by the weighted average number of shares outstanding.

Capex or Capex Net (Net Maintenance and Expansion Capex)
The Capex or Capex Net (Net Maintenance and Expansion Capex) is an indicator to measure the cash spent to maintain or expand its asset base. It is defined as:
+ Expenditure to increase existing or create additional capacity to produce, distribute or provide services for existing products (expansion) or to diversify into new products or markets (diversification);
+ expenditure to sustain the functional capacity of a particular component, assembly, equipment, production line or the whole plant, which may or may not generate a change of the resulting cash flow; and
– proceeds from sale of property, plant and equipment.

Employee benefits and other operating items
Employee benefits and other operating items reflect the non-cash impact on the operating profit of the employee benefit schemes net of any cash payments, the non-cash impact of the specific business risks provisions net of any cash payments, the non-cash share based compensation expenses and any other non-cash operating expenses.

Change in other receivables and liabilities
Change in other receivables and liabilities includes the net change of other receivables and liabilities that are not already disclosed separately in the consolidated statement of cash flows or that are not of a tax or of a financial nature.

Free Cash Flow after leases
The Free Cash Flow after leases is an indicator to measure the level of cash generated by the Group after spending cash to maintain or expand its asset base. It is defined as:
+/– Cash flow from operating activities;
– net Maintenance and Expansion Capex
– repayment of long-term lease liabilities

Net financial debt ("Net debt")
The Net financial debt ("Net debt") is an indicator to measure the financial debt of the Group after deduction of the cash. It is defined as:
+ Financial liabilities (short-term and long-term) including derivative liabilities;
– cash and cash equivalents; and
– derivative assets (short-term and long-term).

Debt leverage
The Net financial debt to Recurring 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.

Working capital days on sales
The Working Capital days on sales is an efficiency ratio which measures the level of trade accounts receivable, trade accounts payable and inventories in comparison to sales on a 12 months rolling basis. For better comparability, this indicator is calculated factoring out any changes in scope and exchange rates. It is defined as:
+ Days sales outstanding;
+ Days inventories outstanding;
- Days payables outstanding.

Invested Capital
The Invested Capital is an indicator that measures total funds invested by shareholders, lenders and any other financing sources. It is defined as:
+ Total shareholders' equity;
+ net financial debt;
– assets classified as held for sale;
+ liabilities classified as held for sale;
– current financial receivables; and
– long-term financial investments and other long-term assets.

ROIC (Return On Invested Capital)
The ROIC (Return On Invested Capital) measures the Group's ability to efficiently use invested capital. It is defined as Net Operating Profit/loss After Tax (NOPAT) divided by the average Invested Capital. The average is calculated by adding the Invested Capital at the beginning of the period to that at the end of the period and dividing the sum by 2 (based on a rolling 12-month calculation).

Cash conversion
The cash conversion is an indicator that measures the Group's ability to convert profits into available cash. It is defined as Free Cash Flow after leases divided by Recurring EBITDA after leases.

Lost time injury frequency rate (LTIFR)
Number of lost-time injury divided by million hours worked.

The full set of definitions can be found on our website:
www.lafargeholcim.com/non-gaap-measures

RECONCILIATION OF NON-GAAP MEASURES

Reconciling measures of profit and loss to the LafargeHolcim Group's consolidated statement of income

Million CHF	H1 2020 Unaudited	H1 2019 Unaudited
Net sales	**10,693**	13,059
Recurring Operating costs	**(8,717)**	(10,658)
Share of profit of joint ventures	**176**	272
Recurring EBITDA after leases	**2,152**	2,673
Depreciation and amortization of property, plant and equipment, intangible and long-term assets	**(958)**	(1,007)
Recurring EBIT	**1,194**	1,667
Restructuring, litigation and other non-recurring costs	**(39)**	(71)
Impairment of operating assets	**(151)**	(14)
Operating profit	**1,005**	1,581

Million CHF	H1 2020 Unaudited	H1 2019 Unaudited
Recurring EBITDA after leases	**2,152**	2,673
Depreciation of right-of-use assets	**185**	205
Recurring EBITDA	**2,337**	2,878

Million CHF	H1 2020 Unaudited	H1 2019 Unaudited
Recurring fixed costs	**(2,922)**	(3,436)
Recurring variable costs	**(5,795)**	(7,222)
Recurring Operating costs	**(8,717)**	(10,658)

Million CHF	H1 2020 Unaudited	H1 2019 Unaudited
Net income	**447**	1,128
Impairment	**(143)**	(23)
Profit/(loss) on divestments	**(11)**	265
Net income before impairment and divestments	**601**	886
Net income before impairment and divestments Group share	**501**	769

Adjustments disclosed net of taxation

Reconciling measures of the Free Cash Flow after leases to the LafargeHolcim Group's consolidated statement of cash flows

Million CHF	H1 2020 Unaudited	H1 2019 Unaudited
Cash flow from operating activities	**1,330**	1,067
Purchase of property, plant and equipment	**(442)**	(647)
Disposal of property, plant and equipment	**30**	41
Repayment of long-term lease liabilities	**(169)**	(209)
Free Cash Flow after leases	**749**	252

Reconciling measures of Net financial debt to the LafargeHolcim Group's consolidated statement of financial position

Million CHF	H1 2020 Unaudited	H1 2019 Unaudited
Current financial liabilities	**2,736**	2,862
Long-term financial liabilities	**11,697**	12,886
Cash and cash equivalents	**3,736**	3,045
Short-term derivative assets	**14**	29
Long-term derivative assets	**31**	25
Net financial debt	**10,652**	12,650

RESPONSIBILITY STATEMENT

We certify that, to the best of our knowledge and having made reasonable inquiries to that end, the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets and liabilities, and of the financial position and results of the Company and of its consolidated subsidiaries, and that this interim report provides a true and fair view of the evolution of the business, results and financial condition of the Company and of its consolidated subsidiaries, and a description of the main risks and uncertainties the Company and its consolidated subsidiaries are subject to.

Zug, 29 July 2020

Jan Jenisch
Chief Executive Officer

Géraldine Picaud
Chief Financial Officer

LafargeHolcim securities

The LafargeHolcim shares (security code number 12214059) are traded on the Main Standard of the SIX Swiss Exchange in Zurich and on Euronext in Paris. Telekurs lists the registered share under LHN and the corresponding code under Bloomberg is LHN SW. The market capitalization of LafargeHolcim Ltd amounted to CHF 25.6 billion as at 30 June 2020.

Cautionary statement regarding forward-looking statements

Financial reporting calendar

Q3 2020 Trading Update	Full Year 2020 Results	Q1 2021 Trading Update
30 October 2020	26 February 2021	23 April 2021

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