2017 Results and Strategic Update
Jan Jenisch, CEO
Géraldine Picaud, CFO

March 2, 2018
Agenda

01 Highlights and Key Developments
02 Financial Results 2017
03 Strategy 2022 – “Building for Growth”
04 2018 Outlook and guidance
01 Highlights and Key Developments
Jan Jenisch, Chief Executive Officer
Highlights and Key Developments

› Good progress made in 2017 across all key metrics
› 4.7% sales growth and 6.1% increase in EBITDA (on like for like basis)
› Reassessment of fair value of asset portfolio with impairments of CHF 3.8 billion
› Merger is completed with a strong country and asset base
› New Strategy 2022 – “Building for Growth” under way, new organization in place
› Focus on opportunities in the attractive and growing building materials market
› Driving performance with simpler operating model and a reduction in SG&A cost
› Further progress in 2018 expected with sales growth of 3% to 5% and an over proportional increase in EBITDA of at least 5% on a like for like basis
02 Financial Results 2017
Géraldine Picaud, Chief Financial Officer
2017 performance highlights
Good progress with growth in all key metrics

- Net sales: CHF 26.1 bn, +4.7% ¹)
- Recurring EBITDA ²): CHF 6.0 bn ³), +6.1% ¹)
- EPS ⁴): CHF 2.35 per share, +11.9%
- Free cash flow: CHF 1.7 bn, +1.5%

¹) Like for like
²) Recurring EBITDA replaces the former Operating EBITDA Adjusted
³) Including contribution from Huaxin share of net income on a full year basis of CHF 126 m, excluded from LFL growth
⁴) EPS before impairment and divestments
Net Sales bridge 2017
Strong like for like growth of +4.7%

1) Scope impact primarily reflects China, India, Vietnam, Morocco
Recurring EBITDA bridge 2017
Over-proportional increase of +6.1% like for like, in line with guidance

CHF m

+6.1%
CHF 343 m LFL
+0.7%

1) Recurring EBITDA 2016 has been restated due to reclassification of Group’s share of profit of JVs within recurring EBITDA (contribution of CHF 125m in 12M 2016)

2) Price over cost is defined as price contribution, cost increase and efficiency gains
2017 Net sales and Recurring EBITDA per region
Increased Recurring EBITDA in 4 out of 5 regions

<table>
<thead>
<tr>
<th>Region</th>
<th>Net Sales (CHF m)</th>
<th>Recurring EBITDA (CHF m)</th>
<th>% LFL growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group</td>
<td>5'664</td>
<td>1'483</td>
<td>+10.5%</td>
</tr>
<tr>
<td>North America</td>
<td>5'664</td>
<td>1'483</td>
<td>+10.5%</td>
</tr>
<tr>
<td>Latin America</td>
<td>2'944</td>
<td>1'055</td>
<td>+22.9%</td>
</tr>
<tr>
<td>Europe</td>
<td>7'167</td>
<td>1'385</td>
<td>+3.7%</td>
</tr>
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<td>Europe</td>
<td>7'167</td>
<td>1'385</td>
<td>+3.7%</td>
</tr>
<tr>
<td>Middle East Africa</td>
<td>3'374</td>
<td>1'085</td>
<td>+3.5%</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>7'441</td>
<td>1'418</td>
<td>+6.7%</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>7'441</td>
<td>1'418</td>
<td>+6.7%</td>
</tr>
</tbody>
</table>

North America: -0.4%
Latin America: +11.0%
Europe: +2.0%
Middle East Africa: +6.7%
Asia Pacific: -6.9%
Europe

Good progress and improving market conditions

- Market recovery overall in the region
- Strong contribution from Eastern Europe (Russia, Poland, Romania)
- Positive dynamics in France support higher margins; progressive benefit from the revised industrial network
- Challenging market environment in Switzerland
- In the UK, good results in a resilient market

<table>
<thead>
<tr>
<th>CHF m</th>
<th>12M 2017</th>
<th>12M 2016</th>
<th>±</th>
<th>LFL (%)</th>
<th>LFL (abs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>7'167</td>
<td>7'023</td>
<td>2.1%</td>
<td>2.0%</td>
<td>138</td>
</tr>
<tr>
<td>Recurring EBITDA</td>
<td>1'385</td>
<td>1'334</td>
<td>3.8%</td>
<td>3.7%</td>
<td>50</td>
</tr>
</tbody>
</table>
Middle East Africa
Growth in Net sales and Recurring EBITDA in 2017 on a like for like basis

<table>
<thead>
<tr>
<th>CHF m</th>
<th>12M 2017</th>
<th>12M 2016</th>
<th>±</th>
<th>LFL (%)</th>
<th>LFL (abs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>3'374</td>
<td>3'900</td>
<td>-13.5%</td>
<td>5.4%</td>
<td>195</td>
</tr>
<tr>
<td>Recurring EBITDA</td>
<td>1'085</td>
<td>1'247</td>
<td>-13.0%</td>
<td>3.5%</td>
<td>40</td>
</tr>
</tbody>
</table>

1) Contribution from share of net income from JVs: CHF 70m in full year 2017 vs. CHF 51m in full year 2016

› Solid profits in Algeria in the year, despite weaker cement demand and increased competitive environment
› In Egypt, positive top line development despite challenging conditions
› In Nigeria, strong margin progression supported by pricing and cost initiatives in an improving economic environment
Asia Pacific

Net sales growth driven by India, margin pressure in South East Asia

<table>
<thead>
<tr>
<th>CHF m</th>
<th>12M 2017</th>
<th>12M 2016</th>
<th>±</th>
<th>LFL (%)</th>
<th>LFL (abs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>7'441</td>
<td>8'226</td>
<td>-9.5%</td>
<td>6.7%</td>
<td>465</td>
</tr>
<tr>
<td>Recurring EBITDA 1)</td>
<td>1'418</td>
<td>1'594</td>
<td>-11.1%</td>
<td>-6.9%</td>
<td>-96</td>
</tr>
<tr>
<td>Of which, contribution from Huaxin</td>
<td>126</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1) Contribution from share of net income from JVs: CHF 202m in full year 2017 vs. CHF 64m in full year 2016

- In India, strong volume and Recurring EBITDA increase supported by commercial initiatives in a favorable environment in 2017
- In China, solid operational and commercial performance in both our consolidated operations and in Huaxin, supported by government initiatives on environmental protection
- In South East Asia, challenging year for volumes and margins
North America
Strong growth in Recurring EBITDA in a stable market environment

<table>
<thead>
<tr>
<th>CHF m</th>
<th>12M 2017</th>
<th>12M 2016</th>
<th>±</th>
<th>LFL (%)</th>
<th>LFL (abs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>5'664</td>
<td>5'584</td>
<td>1.4%</td>
<td>-0.4%</td>
<td>-20</td>
</tr>
<tr>
<td>Recurring EBITDA</td>
<td>1'483</td>
<td>1'335</td>
<td>11.1%</td>
<td>10.5%</td>
<td>140</td>
</tr>
</tbody>
</table>

› Continued strong contribution from the US despite decline in volumes
› Good contribution from Canada West supported by early signs of recovery in the oil sector
› Improved results in Canada East despite a challenging competitive environment
Latin America
Strong performance in Net sales and margins

<table>
<thead>
<tr>
<th></th>
<th>12M 2017</th>
<th>12M 2016</th>
<th>±</th>
<th>LFL (%)</th>
<th>LFL (abs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>2'944</td>
<td>2'773</td>
<td>6.1%</td>
<td>11.0%</td>
<td>294</td>
</tr>
<tr>
<td>Recurring EBITDA</td>
<td>1'055</td>
<td>885</td>
<td>19.3%</td>
<td>22.9%</td>
<td>201</td>
</tr>
</tbody>
</table>

› Strong increase in Net Sales and Recurring EBITDA in Mexico, despite less favorable macroeconomic indicators
› Record performance in Argentina supported by solid commercial initiatives and operational execution
› In Brazil, turnaround initiatives supporting improvement in a challenging market environment
› Opening of the 1,000th Disensa retail store in the region
Impairments
Reassessment of the fair value of the asset portfolio

Impairment charge of CHF 3.8 billion
› Country macro-economic / political volatility
› Reassessment of WACC for some countries
› Adaptation to market dynamics
› No cash impact

(>CHF m)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount (CHF m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goodwill / Country book value</td>
<td>2,724</td>
</tr>
<tr>
<td>Specific Property, Plant &amp; Equipment</td>
<td>786</td>
</tr>
<tr>
<td>Other assets</td>
<td>319</td>
</tr>
<tr>
<td><strong>Total impairment</strong></td>
<td><strong>3,829</strong></td>
</tr>
</tbody>
</table>

Primarily relates to Algeria, Malaysia, Brazil, Iraq, Indonesia, Egypt, US specific assets
## Financial performance 2017

### EPS before impairment and divestments of CHF 2.35, up 11.9%

<table>
<thead>
<tr>
<th>CHF m</th>
<th>2017</th>
<th>Impairment &amp; Divestments</th>
<th>2017 before impair. &amp; divest.</th>
<th>2016 before impair. &amp; divest.</th>
<th>variation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>26'129</td>
<td></td>
<td>26'129</td>
<td>26'904</td>
<td>-775</td>
</tr>
<tr>
<td>Recurring EBITDA</td>
<td>5'990</td>
<td></td>
<td>5'990</td>
<td>5'950</td>
<td>40</td>
</tr>
<tr>
<td>Depreciation &amp; Amortization</td>
<td>-2'300</td>
<td></td>
<td>-2'300</td>
<td>-2'343</td>
<td>43</td>
</tr>
<tr>
<td>Impairment</td>
<td>-3'707</td>
<td></td>
<td>3'707</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Restructuring and others 1)</td>
<td>-461</td>
<td></td>
<td>-461</td>
<td>-582</td>
<td>121</td>
</tr>
<tr>
<td>Operating (loss) Profit</td>
<td>-478</td>
<td></td>
<td>3'707</td>
<td>3'229</td>
<td>204</td>
</tr>
<tr>
<td>Profit/loss on disposals and other non-op. items</td>
<td>205</td>
<td></td>
<td>-260</td>
<td>-55</td>
<td>48</td>
</tr>
<tr>
<td>Share of profit of associates</td>
<td>51</td>
<td></td>
<td>51</td>
<td>80</td>
<td>-29</td>
</tr>
<tr>
<td>Financial Income / expenses</td>
<td>-958</td>
<td></td>
<td>-23</td>
<td>-981</td>
<td>-55</td>
</tr>
<tr>
<td>Net Income Before Taxes</td>
<td>-1'180</td>
<td></td>
<td>3'424</td>
<td>2'244</td>
<td>16</td>
</tr>
<tr>
<td>Income Taxes</td>
<td>-536</td>
<td></td>
<td>-149</td>
<td>-685</td>
<td>-27</td>
</tr>
<tr>
<td>ETR 30.5% 29.5%</td>
<td></td>
<td></td>
<td>30.5%</td>
<td>29.5%</td>
<td></td>
</tr>
<tr>
<td>Net Income</td>
<td>-1'716</td>
<td></td>
<td>3'275</td>
<td>1'560</td>
<td>-10</td>
</tr>
<tr>
<td>Net income - Non controlling interests</td>
<td>-41</td>
<td></td>
<td>184</td>
<td>143</td>
<td>-154</td>
</tr>
<tr>
<td>Net income - Group share</td>
<td>-1'675</td>
<td></td>
<td>3'091</td>
<td>1'417</td>
<td>144</td>
</tr>
<tr>
<td>EPS (CHF)</td>
<td>-2.78</td>
<td></td>
<td>2.35</td>
<td>2.10</td>
<td>0.25</td>
</tr>
</tbody>
</table>

1) Others include litigation, implementation and other non-recurring costs
Free Cash Flow
CHF 1’685 million of Free Cash flow generation

CHF m

FCF 12M 2016  Rec. EBITDA  Change in Net Working Capital  Capex Net  Financial expenses paid net  Others  FCF 12M 2017

1'660  40  -231  280  198  -263  1'685
Net Financial Debt Dec 2016 to Dec 2017
Net debt / Recurring EBITDA at 2.4x

- CHF m
- NFD (Dec 2016): 14'724
- FCF: −1'685
- Disposals: −1'286
- Group shareholders: 1'212
- Non-controlling interest: 237
- Share buy-back: 500
- FX 1): 378
- Others 2): 266
- NFD (Dec 2017): 14'346

1) Mainly due to EUR appreciation
2) Includes PPA adjustment on net financial debt of CHF 112m, remaining PPA balance on net financial debt at year end 2017 of CHF 207m
Attractive dividend policy

CHF 2 dividend per share proposed at next AGM

Dividend per share

CHF m

<table>
<thead>
<tr>
<th>Year</th>
<th>Dividend per Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>1.5</td>
</tr>
<tr>
<td>2016</td>
<td>2.0</td>
</tr>
<tr>
<td>2017</td>
<td>2.0</td>
</tr>
</tbody>
</table>

Comments:

› 2017 full year dividend of CHF 2.0 per share to be proposed at AGM on 8 May 2018

› Share buyback programme is discontinued with CHF ~581 million completed

1) Proposed at next AGM
03   Strategy 2022 – “Building For Growth”
Jan Jenisch, Chief Executive Officer
Building Materials market is highly attractive
Five megatrends driving growth of 2 - 3% per annum

- **Global population growth and changing demographics** – population expected to grow 22% by 2050 from 7.6 billion to 9.7 billion
- **Urbanization and megacities** – approx. 2.5 billion more people are expected to live in cities by 2050
- **Increased demand for better living standards** and more efficient infrastructure
- **Digitalization** opens new avenues for growth & innovation
- **Increased demand for sustainable construction solutions** and increasing resource scarcity

Source: UN (World Population Prospects Population) 2017; UN (Urbanisation 2017); PWC
LafargeHolcim’s business segments are set to grow sustainably
Cement demand is forecasted to grow faster than GDP

Global cement demand (without China)

Growth dynamics for Aggregates and Ready-Mix Concrete are similar to cement

Source: Internal LafargeHolcim Estimates; TAC Economics predicts a higher cement demand growth of 3-4%
Building Materials is a fragmented CHF 2’500 billion Market
Many opportunities for growth and acquisitions

Global Building Materials Market
CHF~2’500 billion

Building Materials Market w/o China
CHF ~1’750 billion

Cement
~CHF 200 billion
▶ LH market share of ~8%

Aggregates
~CHF 220 billion
▶ LH market share of ~2%

Ready-Mix Concrete
~CHF 200 billion
▶ LH market share of ~3%

Other Building Materials
~CHF 1’130 billion

Source: Internal LafargeHolcim estimates
LafargeHolcim is well positioned
Our strengths provide an excellent platform for profitable growth

› Excellent global footprint and asset base
› Four attractive business segments to build on
› Committed, skilled employees
› Strong global and local brands
› Largest player with economies of scale
› Solutions & Products segment with low capital intensity and attractive opportunities
› Proven resilient demand in a crisis

2017 performance by business segment

- **Ready Mix Concrete**
  - Volume: 50.6 Mm3
  - Net Sales: CHF 5’263m
  - 18% of sales
  - 3% Rec. EBITDA margin

- **Aggregates**
  - Volume: 279 Mt
  - Net Sales: CHF 3’916m
  - 14% of sales
  - 19% Rec. EBITDA margin

- **Solutions & Products**
  - Net Sales: CHF 2’104m
  - 7% of sales
  - 13% Rec. EBITDA margin

- **Cement**
  - Net Sales: CHF 17’181m
  - Volume: 229 Mt
  - 60% of sales
  - 28% Rec. EBITDA margin
Strategy 2022 – “Building for Growth”
Our four value drivers for top & bottom line growth

- Growth
- Simplification & Performance
- Financial Strength
- Vision & People
Strategy 2022 – “Building for Growth”
Shifting gears to growth – top & bottom line

- Capture opportunities in the growing building material market
- Utilize best asset base to grow faster than the market
- More investments in “Growth Plus” markets
- Execute more aggressive market strategies for Aggregates and Ready-Mix Concrete
- Develop “Solutions & Products” into a fourth business segment
- Use bolt on acquisitions to leverage scale and margins
Develop “Solutions & Products” into a 4th business segment
More focus and accountability on attractive market segments

› Current **Solutions & Products** segment includes precast, concrete products, asphalt, mortars, contracting & services

› Sales 2017 of CHF 2.1 billion, **solid margins** and **low capital intensity**

› Many attractive market segments with **high growth potential**

› **Synergies** in logistics, sites and sales channel with other business segments

› Accelerate **global expansion** through agile local growth strategies and acquisitions
Implement a simpler, country-focused operating model

- Eliminate one layer of management - country focused organization with 35 markets (up from 20) reporting directly to group management
- Two corporate business functions have been merged, Group management reduced to 9 members
- SG&A cost saving program of CHF 400 million completed as of Q1/2019
- Corporate offices closing in Singapore and Miami

Create a performance culture

- Simplified KPIs and incentives aligned to Group goals
- Close the performance gap in Aggregates and Ready-Mix Concrete to best in class

Establish P&L responsibility and accountability for all four business segments
Financial Strength
Disciplined value creation

<table>
<thead>
<tr>
<th>Returns</th>
<th>Balance sheet</th>
<th>Realize value</th>
<th>Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pay shareholders an attractive dividend</td>
<td>Committed to maintaining a strong balance sheet</td>
<td>Fund growth through divestment of selected assets</td>
<td>Disciplined, targeted and value creative investments including bolt on acquisitions</td>
</tr>
<tr>
<td>CHF 2 dividend proposed</td>
<td>Maintain investment grade rating</td>
<td>More than CHF 2 bn asset sales</td>
<td>Less than CHF 2 bn Capex p.a.</td>
</tr>
</tbody>
</table>
Our vision is to be a global blue chip company in the attractive and growing building materials market.

Construction and improving living conditions are fundamental needs of a growing and urbanizing world population. We are passionate about finding solutions to the challenges of modern construction and we are working every day to be the trusted partner of our customers.

Our performance culture is underpinned by values of trust and integrity, a commitment to the Health & Safety of one another and a desire to be at the forefront of sustainable construction solutions and innovation.

We are proud of what we do and how we do it. We foster an entrepreneurial leadership style and are focused on the long term success of the company. Our growth strategy will deliver resilient returns and attractive value to our stakeholders.
Strategy 2022 – “Building for Growth”

Strategy will deliver attractive returns

<table>
<thead>
<tr>
<th>Metric</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales growth</td>
<td>3 - 5% annually</td>
</tr>
<tr>
<td>Recurring EBITDA growth</td>
<td>at least 5% annually</td>
</tr>
<tr>
<td>FCF to Recurring EBITDA</td>
<td>&gt; 40%</td>
</tr>
<tr>
<td>Return on Invested Capital</td>
<td>&gt; 8%</td>
</tr>
</tbody>
</table>

Net sales and Recurring EBITDA at constant exchange rates
Strategy 2022 – “Building for Growth”
New group management in place

* Group Executive Committee
Strategy 2022 – “Building for Growth”
Execution of strategy under way, new organization in place

- New group management in place
- One layer of management eliminated with 35 markets (up from 20) reporting directly to group management
- Empowerment of countries, full accountability and P&L responsibility for 4 business segments on local level
- New incentive system for 2018 rolled down to the local business segment leader
- Countries to develop growth strategies for all segments including bolt on acquisitions
- Two corporate business functions have been merged into one, Group Management reduced to 9 members
- Increased focus on Digital and Sustainability
- New plant in India, bolt-on acquisition in UK announced

completed in December / January / February
Strategy 2022 – “Building for Growth”
Disciplined execution and well defined milestones

› Complete review of asset portfolio and investment / divestment options
› Growth plans established in all key markets for Cement, Aggregates, Ready-Mix Concrete and Solutions & Products
› Execution of SG&A cost saving program
› Complete closure of Singapore and Miami offices

› New operating model fully established in Q1
› New run rates on costs and margins realized by Q2
› Divestments of at least CHF 2 billion signed
Outlook 2018 and guidance
Jan Jenisch, Chief Executive Officer
2018 Outlook & Guidance

› Net Sales growth of 3 - 5% on a like for like basis
› Increase in Recurring EBITDA of at least 5% on a like for like basis
› Capex spend below CHF 2 billion
› Execute Strategy 2022 across all four business segments and countries
2018 Upcoming Events

› May 8, 2018: AGM and Q1 2018 earnings release
› July 27, 2018: Half year earnings release; new segmental reporting
› October 26, 2018: Q3 earnings release
› November 2018: Capital Markets Day
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