Capital Markets Day 2016
Commercial Transformation
...growing faster than the market through differentiation

Gérard Kuperfarb, Growth & Innovation
Commercial Excellence through differentiation, commercial performance and enhanced go-to-market to drive margin and growth

| Differentiated End Use Offers & Go-to-market models | Retail | e.g. bag market  
Masons, Individual Home Builders | Building & Affordable Housing | e.g. Value added products  
Building Contractors, End Users |
| | Infrastructure | e.g. road projects  
Large Contractors, Engineering firms | Specialty solutions | e.g. Solidia, AIRIUM |

| World Class Commercial Performance | Price & Margin Management | Customer Experience Management | Offer Range Management |
| | Commercial Branding | Sales Excellence |

| Tomorrows’ solutions | Breakthrough construction technologies to unlock value for entire construction value chain | Integrate sustainability into construction solutions of tomorrow |
Retail differentiation essential to succeed in over 60% of our markets

* Share of cement bag sales as % of total cement sales volume
55 countries embarked on Retail transformation, strengthening differentiation and collaboration with our channel partners

16 countries co-created a Retail Transformation Methodology including tools for:
- Retail Maturity Assessment
- Four distinct Go-To-Market models
- Customer discoveries methodology
- Guidelines and systematic learning from countries’ past experiences

Develop a community of retailers with an affiliation model:
- Superior customer experience for end users
- Enhance our ability to extract value for our offers
- Grow revenue of retailers with wider offer portfolio
- Better loyalty and advocacy from retailers

Gain value share in independent retailers

Grow share in Modern trade & DIY chains served through new offers

End-user Consumer Experience

Leverage Digital
Deploying tomorrows’ Retail solutions to create the next generation Retail models

Creating a great customer experience that touches all stakeholders in the construction ecosystem...

Online
www.disensa.com

Modern Construction Retail
Affiliate network

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Also pursuing differentiation in Infrastructure, through sectorial expertise, partnership and world-class execution

In-house infrastructure sectorial expertise

A partnership approach on a global scale

World-class excellence in project execution

Selected illustrations

Road optimized with global contractors

Backfill solutions for international Mining companies

Wind towers and foundations advanced solutions
Differentiating through Infrastructure offers with need based value proposition for large project eco-systems

Leveraging new Mining Hub in Canada:
Contract signed with Gold Mining company in Congo for Back-fill paste.
LH engaged as a legitimate player in helping them optimize the USD 1.7bn back-fill cost over 25 years

Teaming-up upfront with advanced designs in Transport:
Our new business and technical skills in Ports, Rail and Metro starting to deliver:
• Port projects in Middle East & Africa
• Metro projects in Latin America & Asia Pacific

Developing strategic relations with global contractors:
Partnership signed with CCCC: Chinese Construction Company but N°1 in Africa.
14 added-value projects so far with 8 global partners and a 200 projects pipeline
Significant progress on delivering world-class Commercial Performance – Key ongoing actions

**Price and Margin Management**
122 pricing managers introduced.
Structured sustainable pricing strategies in place

**Offer Range Management**
Cross selling synergies delivered in 2016
Differentiated offers developed as part of Marketing plan with material ambition for 2017

**Sales Excellence**
Global Sales Academy and Sales Team Assessment toolkit developed and deployed
Over 4500 sales people assessed on standard sales skills

**Customer Experience Management**
72 experts trained on Net Promoter Score (NPS)
54 countries with active NPS programs by end of 2016

**Commercial Branding**
A Global Brand Box toolkit rolled out for use by country organizations
Pricing and Margin Management – Focus on building excellence and realizing benefits

- Disciplined local pricing management
- Standards and toolkit co-development
- Pricing reporting & transparency
- Country support, academies, peer groups & coaching

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Selected innovative breakthrough construction solutions hitting the ground

### AIRIUM Insulation Redefined
A patented disruptive technology, a 100% mineral insulating solution targeting the worldwide ~70bn CHF construction thermal insulation market.
- First sales in Austria (Aug 2016)
- Launch planned in Morocco & France by end of 2016

### Affordable Housing solutions
A joint venture with CDC (British Development Agency) target the Bottom of the pyramid opportunity. Impact 25 m people by 2020

### Solidia Technologies
Multiple advantages CO2 binder cement targeting unreinforced precast industry with overall 70% lower CO2 footprint.
- Commercially launched with EP Henry (Pre-casters from USA)
- Projects in Canada and Europe on schedule for commercial launch

### Building Information Modelling (BIM)
First wave Countries in Europe to get ‘BIM ready’ by end of 2016
Preparing for BIM based new business models
AIRIUM a promising technology platform for the c.70bCHF insulation market, unlocking value for all stakeholders

AIRIUM is a patented disruptive technology, relevant to improve energy efficiency from floors to ceiling. It can be leveraged through various operational models.

AIRIUM holds an edge over traditional insulation materials – its benefits resonate with top of mind pain points per stakeholder

Living with AIRIUM
- An efficient, healthy & cozy insulation, no mold & good heat peak insulation
- Superior fire resistance, A1
- Durable over time, 100 years vs 50 years

Building with AIRIUM
- Build and insulate at the same time, e.g. roof terrace or BlockFill
- Hassle-free, transport, storage, handling
- Flexible / adaptable technology, structural vs insulation

Designing with AIRIUM
- Sustainable insulation, LCA ca. 40% than alternatives
- Durable over time, 100 years vs 50 years
- An efficient, healthy & cozy insulation, no mold & good heat peak insulation
Commercial Transformation aims to target a larger share of construction spend

- Gain share of volume and value in the Construction material

Differentiated & Breakthrough Solutions
- Retail, Building and Infrastructure solutions and new business models to unlock and share value beyond traditional material share.
- Not just CHF/Ton of construction material but CHF/m2

Est. Construction Spend 2020
USD 10.3 Tn

Share of cement spend: 3%

Other Construction Spend: 97%
In conclusion, Commercial Transformation progressing well to support countries in driving profitable growth

- **Marketing Plan**, a growth plan in every country is at the core of business planning
- **Mobilizing** the organization by widely communicating the new vision
- **Performance metrics** and incentives, across levels aligned to the company transformation program
- **Systematic roll out of global best practices and expertize through standards and toolkits**
- **Global commercial academies** and excellence hubs set up for key competencies to back the growth plans