Capital Markets Day 2016
India Update

Martin Kriegner, India and South East Asia
India – Overview

**LTM 2016**

- Net sales (mCHF) 2993
- Operating EBITDA (mCHF) 521
- Cement volume sold (mt) 46
- RMX volume sold (mm³) 2
- Cement capacity (mt) 67
- FTE # (YE 2015) 18,240

**Strengths**

- Well positioned for future growth
- Balanced footprint in attractive markets
- Strong dealer & retailer network
- Two strong brands with price premium
- Pan India RMX network to capture infrastructure demand
Situation beginning of 2016

- Collapse in Pricing towards the end of 2015
- Potential to strengthen pricing management and marketing excellence
- Opportunity to benefit from decreasing fuel cost and other cost saving initiatives
Turnaround 2016:
Overall, CHF 38m op EBITDA improvement over 2015 YTD

Operating EBITDA, CHF Million

- Focus on Price & Margin Management
- Sales and Branding Excellence
- Tight cost management while driving operational improvement
Focus on price & margin management

- Reversed falling price trend from March 2016
- Implemented a monsoon strategy to mitigate price erosion during monsoon period
  - Detailed targets based on monsoon intensity, price elasticity, brand equity & market environment
- Established Pricing Academy to implement Pricing Projects for margin improvement
Differentiation through Sales & Branding Excellence

- Strong brands with high price premium
- Increased share of Premium products
- Customer knowledge centers & CDL¹

Sales & Branding Excellence

- Sales force effectiveness
  - Sales Force assessment
  - Skill enhancement program

¹ Construction Development Lab

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Increased Fuel Flexibility has generated CHF 60 m savings

- Usage of petcoke doubled, from 30% to 60% of total fuel mix, Cement Kilns and Captive Power Plants combined
- Favorable pricing by leveraging centralised Group’s Solid Fuels Purchasing entity
- Overall weighted average cost of fuels went down by 21% YTD versus last year
Optimization in Raw Material cost delivered CHF 10 m savings YTD

Overall reduction in Clinker Factor led to a saving of CHF 10 million YTD versus last year
  - Increased share of sustainable blended cements
  - Increased addition of Fly Ash and Slag
  - Fly Ash and Slag cost lower thanks to reduced freight rates and long-term contract

Savings of CHF10+ million YTD versus last year
  - Alternative raw materials
  - Gypsum optimization

Alignment with our sustainability ambitions
Outlook

- Improving Supply demand equation in coming years
  - Strong demand growth expected following a good monsoon in 2016 coupled with an acceleration in infrastructure spending (Freight corridors, roads, ports) and demographics
  - Scaling down of creation of new capacities

- Well-positioned asset network in attractive markets for capturing growth with
  - New capacity coming on-stream (Jamul and Sindri) and
  - Significant potential for asset light expansion projects (debottlenecking/brown-fielding)

- Further differentiate ourselves through enhancing our commercial excellence and digital initiatives

- Leverage further fuel flexibility to manage energy price volatility
  - Increase AFR utilization
  - Open Captive Coal Mine

- Drive further cost excellence
  - Supply Chain optimization
  - Power cost efficiency