Capital Markets Day 2016
Nigeria example

Saâd Sebbar, Middle-East & Africa
Nigeria, a country with huge potential

- Largest economy in Africa with GDP of $510B*
- GDP growth of ~4% p.a. from 2018 onward
- Diversified economy with only ~10% of the GDP from Oil & Gas sector
- 180M inhabitants, ~+5M inhabitants per year
- 40% of the population below 14 years old
- Low public debt of ~10% of GDP
- Strong housing & infrastructure deficit driven by population and urbanization growth (17M housing needs)

LH holds strong positions in Nigeria in 3 core markets

Demand of **21.4Mt** in 2015, expected to increase up to **22.5Mt** in 2016

Estimated market share of ~30% in 2015

LH ~**9.3Mt cement capacity** in 2015

The **new Calabar** line brings an incremental **2.5 Mt** capacity end 2016
LH Nigeria declining performance in 2016

Business challenges in first 9M 2016

1. Cement price decrease of ~40-50USD/t in S1 2016 vs. 2015 peak
2. Gas & explosives supply shortages
3. Naira devaluation of 50% in June 2016
4. Technical incidents
5. Logistics issues due to transporters challenges

Impact on business performance

- Significant topline and margin drop
- Strong increase in energy costs
- Loss of market share due to inability to serve customers

Strong management team in place able to execute a fast turnaround plan
Turnaround plan in place and already delivering results

Top line improvement

<table>
<thead>
<tr>
<th>Key initiatives &amp; objectives</th>
<th>Results already obtained</th>
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</thead>
<tbody>
<tr>
<td><strong>Commercial transformation</strong> actions</td>
<td>• Price increase of 63% in Naira vs. last lowest price level in March 2016</td>
</tr>
<tr>
<td>• Pricing Academy and Sales Excellence</td>
<td>• Some volume recovery in Q4</td>
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<tr>
<td>• Retail initiatives in all markets aiming at optimizing trade margin by building an affiliated network…</td>
<td>• 4 new depots being installed this year</td>
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<tr>
<td>• …supported by an optimized network of 8 new depots</td>
<td>• First deployment of our affiliated network</td>
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<tr>
<td>• …the enhancement of our logistics capabilities especially in South East markets</td>
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<td>• …and an increased share of direct deliveries</td>
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<td>• Segmented offers (e.g. roads, mass housings)</td>
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</table>

**Q4 2016** to show strong recovery in EBITDA despite some market slowdown
## Turnaround plan in place and already delivering results

### Operations optimization

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<th>Results already obtained</th>
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<tr>
<td>• <strong>Sustainable industrial performance</strong> (dedicated assistance and strong training programs)</td>
<td>• Good industrial performance since August …</td>
</tr>
<tr>
<td>• Fuel flexibility plan - 50% gas</td>
<td>• …Calabar new 2(^{nd}) line fast ramp up…</td>
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<tr>
<td>• Strong logistics optimization plan</td>
<td>• …enabling to serve the market and grasp any growth opportunity</td>
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<tr>
<td>• Industrial fixed cost and SG&amp;A optimization</td>
<td>• Logistics plan under implementation</td>
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<tr>
<td>• Calabar new 2(^{nd}) line commissioning</td>
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Q4 2016 to show **strong recovery in EBITDA** despite some market slowdown
Nigeria Summary
Agility to drive results in a challenging environment

• Nigeria market potential remains among the world most promising …
• …where LH can leverage its current strong footprint and capacity
• However, LH Nigeria has experienced a difficult environment in 2016 …
• But the turnaround plan is already delivering results … paving the way for sustainable performance.

➡️ We expect Q4 2016 to show strong improvement and are confident on Nigeria very strong potential in the future.