LafargeHolcim Capital Markets Day 2015
Commercial excellence and transformation

Gérard Kuperfarb | Member of the Executive Committee | December 1st, 2015
Commercial excellence: drive margin and growth

1. DELIVERING GROWTH/MARGIN SYNERGIES (CHF 220M)

2. ENHANCING GO-TO-MARKET MODELS AND DIFFERENTIATED OFFERINGS

<table>
<thead>
<tr>
<th>Segment</th>
<th>Description</th>
<th>~60%</th>
<th>~20%</th>
<th>~15%</th>
<th>&lt;5%</th>
</tr>
</thead>
<tbody>
<tr>
<td>RETAIL</td>
<td>i.e., bag market Masons, Individual Home Builders</td>
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<tr>
<td>BUILDING &amp; SMALL/MID SIZE PROJECTS</td>
<td>e.g., bulk market Building Contractors</td>
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<tr>
<td>INFRASTRUCTURE</td>
<td>e.g., power plants Large contractors, Engineering firms</td>
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<tr>
<td>SPECIALTY SOLUTIONS</td>
<td>e.g., oil &amp; gas International key accounts</td>
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</table>

3. DEVELOPING TOMORROW’S SOLUTIONS

4. DRIVING SALES AND PRICING PERFORMANCE
Decisive action underway for each of the priorities: CHF 30m already delivered

**Synergy levers**
- **Margin management best practices** and optimization
- **Replication (cross-selling) of proven segment solutions** between L&H countries

> **CHF 120m** value of customer action plans already defined
> **>1,000** Sales and marketing team members working on synergy capture
> **>20** countries touched through systematic synergy roll-out
> **100%** of the target cascaded to the countries

**One** integrated synergy capture roadmap defined by lever and country
Pricing best practices and optimization with potential to contribute ~CHF 60m EBITDA by 2016 (run-rate)

**PRIORITY PRICING LEVERS**

- Targeted pricing strategies by customer segments and micro markets
- Consistent realization of price premiums for high value products
- Customer needs driven product portfolio optimization
- Customer portfolio optimization
- Disciplined execution of price and margin management in the field

**Wave 1 countries**

- Enhanced pricing capabilities for short term impact and sustainable approach
- >1,500 actions identified
- >300 sales reps trained on pricing best practices

**Wave 2 countries**

- Selection of further countries in 2016 with high expected EBITDA potential
Action plans in place for cement cross-selling in first 13 countries with EBITDA of CHF 28m in 2016

1. Reaching markets where ex-Lafarge had presence with cementitious (East Chicago, Maryland) from ex-Holcim positions
2. Accelerate the rolling-out of Portland Limestone cement by reaching markets where ex-Holcim had presence from Joppa plant
3. Additional cementitious volumes by addressing markets where ex-Holcim had presence (Wisconsin, Illinois) from ex-Lafarge positions
4. Reaching markets where ex-Lafarge had presence by launching Custom Color Masonry Cement
Action plans in place for RMX cross-selling in first 8 countries with EBITDA of CHF 8m

> **CHF 8M VALUE OF ACTION PLANS ALREADY DEFINED**

<table>
<thead>
<tr>
<th>Ultra High Performance concrete</th>
<th>Concrete flooring solutions for large joint spacing</th>
<th>Fast setting concrete (time saver on jobsite)</th>
<th>Insulating concrete (energy efficiency in building)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ductal®</td>
<td>FLOORPACT®</td>
<td>SpeedCrete™</td>
<td>TherMedia</td>
</tr>
<tr>
<td>First international brand for self compacting concrete</td>
<td>Draining concrete (water management solution)</td>
<td>Range of decorative concrete</td>
<td>First international brand of ultra-fine cement</td>
</tr>
<tr>
<td>Agilia</td>
<td>Hydromedia</td>
<td>Artemis</td>
<td>INFINICEM</td>
</tr>
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**EXAMPLE: AGILIA DEVELOPMENT IN COLOMBIA**

Ex-Lafarge product Agilia, self-consolidating concrete, cross-sold in Colombia – a ex-Holcim market. The total market of Bogota for Agilia alone is 100k m3 in Bogota per year with CHF 2m EBITDA potential. Agilia is applicable in 40 countries.
Ongoing actions of pricing optimization and cross-selling at the center of delivering CHF 220m of growth/margin synergies

SYSTEMATIC TRACKING OF GROWTH SYNERGIES with same rigor as cost synergies

ACCELERATED SCALE-UP OF PROVEN END-USER CONCEPTS across LH countries

EXPECTED P&L IMPACT
CHF\(^1\) million

\(^1\) FX exchange rate EUR - CHF of 1.1 applied
In Retail, potential identified to transfer proven concepts to about 40 countries by 2018

APPLYING “FMCG” MINDSET AND METHODOLOGY

Implement best-in-class go to market approaches

Create pull from end-customers and end-users

Key distribution partnerships

Differentiated customer experience

Attractive loyalty programs

World-class merchandising

Value-added services

Strong branding
Retail – differentiated initiatives creating end-user pull, delivering volume growth and price premium

**COMMERCIAL BRANDING**

**INDIA**

Differentiated product with premium branding consistently perceived as “best-in-class” and ahead of competition

**PRICE PREMIUM**

**INNOVATIVE PACKAGING**

**FRANCE**

Unique bag more resistant to rain and humidity. Successful commercial launch in France

**PRICE PREMIUM**

**LOYALTY PROGRAMS**

**MEXICO**

Loyalty program implemented with ~15,500 end-users (masons, contractors, retailers) who benefit through rewards & preferential service. Creates customer intimacy and increases buying cycle

**HIGHER SALES FOR PARTICIPATING DISTRIBUTORS**
Retail – new retail store concepts and disintermediation increasing customer loyalty and creating new revenue streams

**BATISTORE**

**ALGERIA**

New concept of one stop store for small & mid-size contractors in a fragmented, non-organized distribution market. Strong banner to gain new customer, consolidate margin, secure sales and generate franchise fees. Strong growth since launch with target of 100 stores by 2018 in Algeria alone.

**BATIPRO**

**MOROCCO**

First network in distribution of building materials in Morocco. Franchisees buy all building products from Batipro. Comprehensive set of services is provided to develop skills and sales of 200 franchisees.

NEW GROWING REVENUE STREAMS

SIGNIFICANT EBITDA IMPACT FROM 200 STORES
Infrastructure – creating and capturing additional value through early project involvement and integrated offerings

- International key account management
- Understanding of sector ecosystems
- Early involvement in the value chain approach
- Global sector expertise and innovative segment offerings
- Smart contracting
- Execution through local teams with world-class operations and project management expertise

OVERALL PLANNING & PROGRAM
PRELIMINARY DESIGN
PROJECT AWARD PROCESS
PLANNING & DESIGN
CONSTRUCTION
OPERATIONS & MAINTENANCE

STRONG PARTNERSHIPS
SECTOR EXPERTISE
EXCELLENCE IN OPERATIONS
Infrastructure – executing systematically new go-to-market approach allowing for a significant premium

**ROADS**

- **S8 POLISH PROJECT WITH SPANISH CONTRACTOR**

  Systematic execution of Road Integrated Offering (design, mobile plants, testing services, logistics & International Key Account Management), enables to engage the project design upfront and across borders

- **CHF 5BN IN ROAD PROJECTS GLOBALLY OVER IN NEXT 3 YEARS**

**TRANSPORT** (e.g. RAILWAYS)

- **WORKING WITH CHINESE CONTRACTOR IN KENYA**

  Major railway projects in emerging countries often financed & designed by major Asian players. **Broad footprint** enables understanding and meeting Asian standards coupled with full local support to create a competitive edge

- **CHF 1.5BN ADDRESSABLE MARKET**

**MINING OPERATIONS**

- **FROM CANADA TO NEWER MARKETS IN AFRICA & ASIA**

  Global scale and footprint gives the critical mass to create expert mining teams, develop & transfer profitably mining operation solutions such as backfill & enter newer markets, serving international mining corporations globally

- **ADDRESSABLE MARKET OF >300 MINES GLOBALLY**

**MAJOR ENERGY PROJECTS**

- **WORKING WITH KOREAN COMPANY IN MOROCCO**

  Large energy project experience and relationship with major international contractors in LNG Renewables, Thermal & Nuclear. Major opportunities in Asia, Africa & Middle East

- **CHF 1.5BN ADDRESSABLE MARKET**

SOURCE: LafargeHolcim estimates
Long term innovation pipeline with sizeable EBITDA potential

AMBITIOUS INNOVATION PIPELINE...

- **Solidia Cement™**
  - IP protected and consumer tested technology that step changes economics of CO₂ emissions and energy use
  - Initial EBITDA potential of CHF 35M identified in ~15 countries

- **Earth & Cement**
  - Integrated offer to use cement-based products for affordable housing; launched in multiple countries
  - Initial EBITDA potential of CHF 20M identified in 20 countries

- **Mineral Foam**
  - Thermal Insulating solutions with mineral foam targeted at multiple applications in a building
  - EBITDA potential of CHF 30M identified by 2020

Business plan in place and implementation in progress
Next level pricing and salesforce excellence as a key lever to deliver EBITDA improvement

**WHAT WE ARE DOING ON PRICING ...**
- Pricing manager in each country
- Rigorous pricing improvement targets
- Combined pricing best practices toolkit
- Training of sales force (5,000 people) on pricing
- Pricing tracking dashboard

**... AND SALESFORCE EXCELLENCE**
- Sales people assessment
- Sales training on best-practice approach and joint portfolio
- New sales process in all markets (retail, bulk, large projects)
- Systematic sales incentives
- New sales performance dashboard
In summary – delivery of growth/margin synergies with upside through commercial excellence at scale

ON TRACK TO DELIVER GROWTH/MARGIN SYNERGIES
CHF 220m by end 2017 through margin management and replication (cross-selling) of proven segment solutions across L&H countries

NUMEROUS HIGH IMPACT LOCAL CASES
Identified numerous best practice cases with substantial impact, applicable across our different market segments and footprint, way beyond current use

NEW APPROACH FOR MORE EFFECTIVE GLOBAL SCALE UP
Building on past experience of both companies, opportunity to shape a substantially more effective approach for systematic execution at scale

SIGNIFICANT FURTHER UPSIDE OVER TIME
Strong combined innovation pipeline with a sizeable EBITDA potential by 2018 and many products already piloted and commercially proven
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