



## LafargeHolcim

LafargeHolcim is the world leader in construction materials, including cement, aggregates and concrete

### Profile

LafargeHolcim, the product of the merger between Lafarge and Holcim, made official in July 2015, is the world leader in construction materials (cement, aggregates and concrete) for private individuals and professionals. The group employs around 90,000 persons in over 80 countries and has a balanced presence in developing and mature markets. This geographical distribution provides an ideal positioning to meet the challenges of increasing urbanisation.

### Performance in 2016

The year was characterised by a good operating performance in a still deteriorated economic environment. Turnover for 2016 dropped by 1.7% (like-for-like basis) due to a combined effect of a decline in volumes and a rise in cement prices. Some key markets such as Brazil, India, Indonesia and Nigeria have been in difficulty while other countries recorded encouraging trends, particularly the United States and Algeria. Adjusted EBITDA increased by 8.7% (like-for-like basis) as a result of realised synergies, cost reduction and the increase of prices in most markets.

LafargeHolcim has implemented a refinancing programme (reducing the average cost of the debt and increasing the maturity) and finalised its disposal plan amounting to CHF 3.5 billion<sup>(1)</sup>. At the end of 2016, net debt amounted to CHF 14.7 billion.

In this overall challenging context, the group published results in line with its guidance (EBITDA, synergies and capex reduction).

### Key financial data

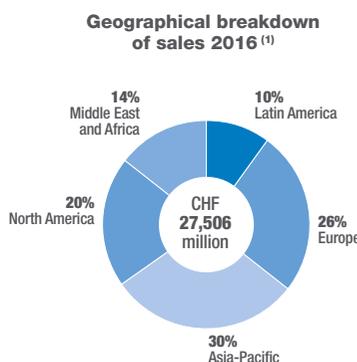
Key data <sup>(2)</sup> (in CHF million)	2016	2015 pro-forma <sup>(4)</sup>	2014 pro-forma <sup>(4)</sup>
Turnover	26,904	29,483	31,437
Adjusted gross operating income (EBITDA) <sup>(3)</sup>	5,825	5,751	6,438
Gross operating income (EBITDA)	5,242	4,645	5,986
Operating cash flow	3,295	2,550	3,135

Simplified balance sheet (in CHF million)	2016 published	2015 published	2014
Shareholders' equity (group's share)	30,822	31,365	n.a
Non-controlling interests	3,925	4,357	n.a
Net financial debt	14,724	17,266	n.a
Debt-equity ratio (in %)	42	48	n.a
Net financial debt/adjusted EBITDA (x)	x 2.5	x 3.0	n.a

### Operating data

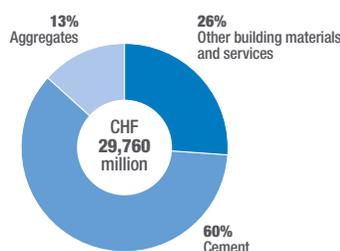
Sales volume	2016	2015 pro-forma	2014 pro-forma
Cement (in million tons)	233.2	255.7	255.2
Pure aggregates (in million tons)	282.7	292.2	293.7
Ready mix concrete (in million m <sup>3</sup> )	55.0	56.8	57.7

### LafargeHolcim in figures



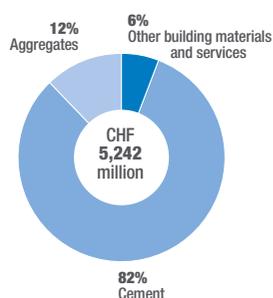
(1) Excludes CHF - 602 million eliminations/intragroup

**Breakdown of sales 2016 by branch<sup>(1)</sup>**



(1) Excludes CHF - 2,856 million eliminations/intragroup

**Breakdown of EBITDA 2016 by branch**



Over  
**80**  
countries where  
LafargeHolcim is active

**90,000**  
employees

**26.9**  
CHF billion of turnover  
(52% from developing  
countries, compared to  
48% from mature markets)

**2,300**  
production sites

**2,000**  
patents

**# 1**

Global in the production  
of construction materials

(1) Closings Vietnam and China expected in the first quarter of 2017  
(2) As the merger only took place in July 2015, the figures provided in 2015 and 2014 are pro forma and only cover a few key parameters  
(3) Adjusted to take account of costs relating to the merger, the restructuring and other one-off items  
(4) Still includes post-merger disposals

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## Investment case

The group is well positioned to meet the challenges of increasing urbanization, with strong positions in most emerging countries. The business model has evolved towards i) sustainable development, ii) an asset-light approach, and iii) a positioning on the value chain geared towards higher value-added solutions. The stakes of the merger in 2015 have not changed:

- Creation of an uncontested leader in the building materials sector
- Rebalancing of the portfolio towards the most promising regions in terms of growth
- Potential for significant synergies
- Improved operating performance and strength of the balance sheet

## Outlook

In 2017, sales growth will be supported by i) a growth in demand expected to be between 2% and 4% for all the group's markets in 2017, reflecting the macroeconomic context which is likely to remain challenging in some emerging markets, and ii) an increase in prices in line with inflation for the whole group (more pronounced increase in Nigeria, India and the United States).

The 2017 financial year should mark an important step in the realisation of the operational objectives set for 2018. Management is expecting double-digit growth in the adjusted operating EBITDA on a like-for-like basis, as well as growth in the underlying earnings per share of more than 20%.

Net debt should be reduced to achieve a net debt to adjusted operating EBITDA ratio of around two times, which is in line with management's desire to keep an investment grade rating. At the same time, the group is planning a share buyback programme (which could reach CHF 1 billion in the 2017-2018 period) and an expansion of the disposal plan (from CHF 3.5 billion in 2016 to CHF 5.0 billion by 2017).

## 2016 share price



## Market data and information on GBL's investment

Stock market data	2016	2015	2014
Number of shares issued (in thousands)	606,909	606,909	n.a.
Market capitalisation (in CHF million)	32,561	30,528	n.a.
Closing share price (in CHF/share)	53.65	50.30	n.a.
Dividend <sup>(1)</sup> (in CHF/share)	2.00	1.50	n.a.

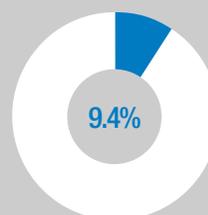
## GBL's investment

Percentage of share capital (in %)	9.4	9.4	n.a.
Percentage of voting rights (in %)	9.4	9.4	n.a.
Market value of the investment (in EUR million)	2,857	2,674	n.a.
Dividends collected by GBL (in EUR million)	78	77	n.a.

Representatives in statutory bodies	2	2	n.a.
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(1) Subject to approval by the 2017 LafargeHolcim General Shareholders' Meeting

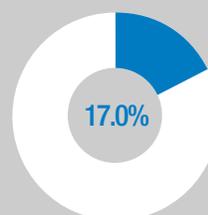
### Capital held by GBL



### Representatives in statutory bodies



### LafargeHolcim's contribution to the net dividends collected on GBL's investments



### LafargeHolcim's contribution to GBL's portfolio

