

## Strong first half of the year

- Net Sales growth of 3.5% LfL
- Over-proportional increase in Recurring EBITDA<sup>1</sup> of 10.8% LfL
- Net income<sup>3</sup> up 110%
- Strong progress in free cash flow<sup>1</sup>: up CHF 735m
- Significant deleveraging with net debt<sup>1</sup> reduction of 30%
- 2019 targets confirmed

### Half-Year 2019 Performance

Group (in million CHF)	H1 2019	H1 2018	±%	±%LfL
Net Sales	13,059	13,272	-1.6	3.5
Recurring EBITDA (pre-IFRS16)	2,662	2,484	7.2	10.8
Operating profit (EBIT, pre-IFRS16)	1,559	1,078	44.7	
Net income <sup>2</sup>	1,009	318	217.9	
Net income <sup>2</sup> before impairment & divestments (pre-IFRS16)	780	371	110.0	
EPS <sup>3</sup> (CHF)	1.30	0.62	108.2	
Free Cash Flow (pre-IFRS16)	262	-473		
Net financial debt (pre-IFRS16)	11,340	16,127	-29.7	

Jan Jenisch, CEO: "We have achieved a strong first half of the year and successfully continued our profitable growth strategy. All business segments have contributed to this success and to the continued over-proportional growth in profitability.

Our financial discipline resulted in strong progress in cash flow and a significant reduction in debt. We are executing our Strategy 2022 – 'Building for Growth' at full speed and we are confident that we will achieve our targets for 2019."

<sup>1</sup> pre-IFRS16

<sup>2</sup> Attributable to shareholders of LafargeHolcim Ltd

<sup>3</sup> Before impairment and divestments, pre-IFRS 16

## **NET SALES GROWTH IN ALL REGIONS**

Net Sales amounted to CHF 13,059 million in the first half of 2019, growing by 3.5% like-for-like compared to the prior-year period. This achievement has been driven by successful pricing management and higher cement volumes. Net Sales grew in all regions supported by a favorable market environment in general, in particular in Europe and North America.

## **OVER-PROPORTIONAL INCREASE OF RECURRING EBITDA<sup>1</sup>**

Recurring EBITDA<sup>1</sup> during the reporting period reached CHF 2,662 million, up 10.8% on a like-for-like basis. Even though volumes were lower than expected, Q2 Recurring EBITDA<sup>1</sup> improved strongly by 7.1% on a like-for-like basis. This was the fourth consecutive quarter of over-proportional growth of Recurring EBITDA<sup>1</sup> over Net Sales since Q3 2018. The growth was driven by continuing positive price over cost momentum, thanks to strict cost discipline and effective price management. As announced, the SG&A cost savings program was completed in Q1 2019, delivering the targeted CHF 400 million cost savings on a run-rate basis.

Recurring EBITDA<sup>1</sup> like-for-like and profitability increased in all four business segments. The Aggregates and Ready-Mix Concrete businesses continued to improve margins and to close the gap with best-in-class performers.

## **REGIONAL PERFORMANCE**

Europe delivered very good results during the first half of 2019 supported by good market dynamics across the region. Net Sales grew by 7.2% while Recurring EBITDA<sup>1</sup> was up 17.1% on a like-for-like basis. Both price increases and improved operational efficiency were the main drivers of this strong margin growth.

In North America, Net Sales were impacted by weather and flooding in the US during Q2. Net Sales grew by 2.8% for the half-year and Recurring EBITDA<sup>1</sup> improved slightly by 1.0% on a like-for-like basis. A strong order book and positive price momentum in the US are expected to support improvement in the second half of the year.

In Latin America, Net Sales improved by 3.1% and Recurring EBITDA<sup>1</sup> decreased by 4.1% on a like-for-like basis in a softer market environment.

The Asia Pacific region showed strong Recurring EBITDA<sup>1</sup> growth, with price improvement and costs savings in India. China continued to contribute solidly to the region's positive result. Net Sales grew by 2.1% and Recurring EBITDA<sup>1</sup> grew by 17.4% in the first half of 2019 on a like-for-like basis.

In Middle East Africa, the turnaround has been successfully achieved in Q2: Recurring EBITDA<sup>1</sup> increased by 1.9% on a like-for-like basis. Nigeria delivered a solid performance, Iraq showed further signs of recovery and Algeria is stabilizing. For the first half of 2019 Net Sales grew by 0.3% on a like-for-like basis, while Recurring EBITDA<sup>1</sup> decreased by 6.6%.

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<sup>1</sup> pre-IFRS16

## **NET INCOME<sup>3</sup> UP 110%**

**Net Income<sup>3</sup> attributable to shareholders of LafargeHolcim** reached CHF 780 million versus CHF 371 million in the first half of 2018 benefitting from strong improvement of costs below Recurring EBITDA.

**Restructuring, litigation, implementation and other non-recurring costs** stood at CHF 71 million, compared to CHF 300 million in the first half of 2018. The decrease reflects the completion of the SG&A cost savings program in the first quarter 2019.

**Net financial expenses<sup>3</sup>** for 2019 totaled CHF 329 million compared to CHF 455 million in the first half of 2018. This improvement is the result of successful refinancing and deleveraging actions. During the first half of the year, a EUR 500 million hybrid bond has been issued and expensive bonds have been successfully repurchased. Since January 2018, the Group has refinanced CHF 2.1 billion in total.

Excluding impairment & divestments, the **Group's effective tax rate** improved to 27.0% compared to 27.7% in the full year 2018.

**Earnings per share<sup>3</sup>** more than doubled to CHF 1.30 for the half-year.

## **STRONG PROGRESS IN FREE CASH FLOW<sup>1</sup>**

**Free Cash Flow<sup>1</sup>** improved significantly by CHF 735 million to reach CHF 262 million compared to CHF -473 million in the first half of 2018, reflecting the improvement in Recurring EBITDA<sup>1</sup> and Net Working Capital, lower income tax and interest paid.

**Net capital expenditure** for the first half was CHF 606 million compared to CHF 526 million for the first half 2018.

## **SIGNIFICANT DELEVERAGING ACHIEVED**

**Net financial debt<sup>1</sup>** has been reduced by CHF 4,787 million compared to June 30, 2018, to CHF 11,340 million at the end of June 2019, down 30% and allowing the company to reach the deleveraging target faster than anticipated. This very strong improvement has been achieved through successful initiatives and highly value-accretive divestments in Southeast Asia. Both credit rating agencies, Moody's and Standard & Poor's, upgraded the company's outlook to "stable" in March 2019.

## **TRANSACTIONS AND DEVELOPMENTS**

The **divestments** of Indonesia, Malaysia and Singapore have been successfully closed. For the Philippines a selling agreement has been signed with closing subject to customary and regulatory approval. These transactions have been executed with a high valuation, above 21 times 2018 Recurring EBITDA and result in a significant deleverage of 0.6 times Net Debt to Recurring EBITDA ratio. After the closing of the Philippines transaction, the exit from the hyper competitive arena of Southeast Asia will be completed.

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<sup>1</sup> pre-IFRS16

<sup>3</sup> Before impairment and divestments, pre-IFRS 16

The company has signed 6 bolt-on acquisitions in attractive markets which will help to fuel future growth. The acquisitions in Romania, Australia, Germany, the United States and Canada will allow LafargeHolcim to strengthen its Ready-Mix and precast concrete businesses in growth markets.

The Annual General Meeting on May 15, 2019 approved a CHF 2 per share dividend. Shareholders were given the choice of having the dividend paid out in cash, in new LafargeHolcim Ltd shares issued at a discount to the market price, or as a combination of cash and shares. 73% of shareholders elected to be paid in shares, making it a very successful scrip dividend program.

## **PROGRESS IN SUSTAINABILITY**

In the first six months, the company continued to reduce its CO<sub>2</sub> emissions per ton of cementitious material by 1.4% compared to the prior-year period. The use of alternative fuel such as waste and biomass, to replace fossil fuel, grew by over 10% during the same period.

Since 1990, LafargeHolcim has reduced its carbon emissions per ton of cement by more than 25 percent - leading international cement companies with the highest reduction compared to the 1990 baseline. With a target of 520 kg net CO<sub>2</sub>/ton by 2030, LafargeHolcim remains the most ambitious company in the sector, committed to reducing emission levels in line with a 2 degree scenario, as agreed at the COP21 world climate conference in Paris.

Health & Safety improved with the Lost Time Injury Frequency Rate (LTIFR) continuing its downward trend.

## **OUTLOOK 2019**

The outlook for 2019 is unchanged with solid global market demand expected to continue in 2019 with the following market trends:

- Continued market growth in North America
- Softer but stabilizing cement demand in Latin America
- Continued demand growth in Europe
- Stabilizing market conditions in Middle East Africa
- Continued demand growth in Asia Pacific

Based on the above trends and the successful execution of Strategy 2022, the previously communicated targets are confirmed for 2019:

- Net Sales growth of 3 to 5 percent on a like-for-like basis
- Recurring EBITDA pre-IFRS16 growth of at least 5 percent on a like-for-like basis
- Ratio of Net Debt to Recurring EBITDA 2 times or less<sup>4</sup> by end of 2019
- Continue improving cash conversion
- Capex and Bolt-on acquisitions less than CHF 2 billion

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<sup>4</sup> Pre-IFRS16 and at constant foreign exchange

## KEY FIGURES

Group Q2	2019	2018	±%	±%LfL
Net Sales (CHFm)	7,099	7,442	-4.6	1.2
Recurring EBITDA (pre-IFRS16) (CHFm)	1,853	1,784	3.9	7.1
Operating profit (EBIT) (pre-IFRS16) (CHFm)	1,280	1,010	26.8	

Group H1	2019	2018	±%	±%LfL
Net Sales (CHFm)	13,059	13,272	-1.6	3.5
Recurring EBITDA (pre-IFRS16) (CHFm)	2,662	2,484	7.2	10.8
Operating profit (EBIT) (pre-IFRS16) (CHFm)	1,559	1,078	44.7	

Group results by segment	H1 2019	H1 2018	±%	±%LfL
Sales of cement (mt)	103.8	108.2	-4.0	0.7
Net Sales Cement (CEM) (CHFm)	8,783	8,866	-0.9	5.2
CEM Recurring EBITDA (pre-IFRS16) (CHFm)	2,173	2,074	4.8	8.7
CEM Recurring EBITDA margin (pre-IFRS16) (%)	24.7	23.4		
Sales of aggregates (mt)	121.7	125.3	-2.9	-2.4
Net Sales Aggregates (AGG) (CHFm)	1,907	1,917	-0.5	1.5
AGG Recurring EBITDA (pre-IFRS16) (CHFm)	329	310	5.9	7.7
AGG Recurring EBITDA margin (pre-IFRS16) (%)	17.2	16.2		
Sales of ready-mix concrete (m m <sup>3</sup> )	23.6	24.6	-4.0	-2.0
Net Sales Ready-Mix Concrete (RMX) (CHFm)	2,595	2,657	-2.3	-0.4
RMX Recurring EBITDA (pre-IFRS16) (CHFm)	92	47	94.4	83.7
RMX Recurring EBITDA margin (pre-IFRS16) (%)	3.5	1.8		
Net Sales Solutions & Products (SOP) (CHFm)	996	1,050	-5.1	1.1
SOP Recurring EBITDA (pre-IFRS16) (CHFm)	69	53	29.7	52.9
SOP Recurring EBITDA margin (pre-IFRS16) (%)	6.9	5.1		

## REGIONAL PERFORMANCE H1

Asia Pacific	2019	2018	±%	±%LfL
Sales of cement (mt)	38.9	45.5	-14.6	-2.7
Sales of aggregates (mt)	13.3	15.9	-16.0	-12.4
Sales of ready-mix concrete (m m <sup>3</sup> )	5.2	6.1	-15.5	-2.2
Net Sales to external customers (CHFm)	3,417	3,807	-10.2	2.1
Recurring EBITDA (pre-IFRS16) (CHFm)	860	773	11.3	17.4

Europe	2019	2018	±%	±%LfL
Sales of cement (mt)	22.5	21.3	5.5	5.5
Sales of aggregates (mt)	57.2	59.0	-3.1	-2.7
Sales of ready-mix concrete (m m <sup>3</sup> )	9.6	9.3	3.7	3.5
Net Sales to external customers (CHFm)	3,796	3,664	3.6	7.2
Recurring EBITDA (pre-IFRS16) (CHFm)	678	599	13.2	17.1

Latin America	2019	2018	±%	±%LfL
Sales of cement (mt)	12.1	12.6	-4.2	-4.2
Sales of aggregates (mt)	2.0	1.7	15.8	15.8
Sales of ready-mix concrete (m m <sup>3</sup> )	2.5	2.8	-11.3	-11.3
Net Sales to external customers (CHFm)	1,331	1,428	-6.8	3.1
Recurring EBITDA (pre-IFRS16) (CHFm)	446	488	-8.7	-4.1

Middle East Africa	2019	2018	±%	±%LfL
Sales of cement (mt)	17.6	17.7	-0.5	-0.5
Sales of aggregates (mt)	3.4	4.1	-16.8	-16.8
Sales of ready-mix concrete (m m <sup>3</sup> )	1.9	2.0	-3.5	-3.5
Net Sales to external customers (CHFm)	1,476	1,535	-3.8	0.3
Recurring EBITDA (pre-IFRS16) (CHFm)	327	365	-10.5	-6.6

North America	2019	2018	±%	±%LfL
Sales of cement (mt)	9.0	8.8	2.9	2.9
Sales of aggregates (mt)	45.7	44.5	2.7	2.1
Sales of ready-mix concrete (m m <sup>3</sup> )	4.4	4.4	0.2	-6.6
Net Sales to external customers (CHFm)	2,645	2,475	6.9	2.8
Recurring EBITDA (pre-IFRS16) (CHFm)	495	470	5.2	1.0

## RECONCILIATION TO GROUP ACCOUNTS

### Reconciling measures of profit and loss to LafargeHolcim Group consolidated statement of income

Million CHF	H1 2019 (post-IFRS16)	IFRS16 impact	H1 2019 (pre-IFRS16)	H1 2018
<b>Net sales</b>	13,059	0	13,059	13,272
Recurring costs excluding SG&A	(9,427)	183	(9,610)	(9,666)
Recurring SG&A	(1,026)	33	(1,059)	(1,335)
Share of profit of joint ventures	272	0	272	213
<b>Recurring EBITDA</b>	<b>2,878</b>	<b>216</b>	<b>2,662</b>	<b>2,484</b>
Depreciation and amortization	(1,211)	(193)	(1,018)	(1,104)
Impairment of operating assets	(14)	0	(14)	(2)
Restructuring, litigation, implementation and other non-recurring costs	(71)	0	(71)	(300)
<b>Operating profit (EBIT)</b>	<b>1,581</b>	<b>22</b>	<b>1,559</b>	<b>1,078</b>
Profit (loss) on disposal and other non-op items	248	1	247	(52)
Net financial expenses	(378)	(39)	(338)	(449)
Share of profit of associates	7	0	7	9
<b>Net Profit (loss) before tax</b>	<b>1,459</b>	<b>(16)</b>	<b>1,475</b>	<b>585</b>
Income tax	(330)	4	(335)	(191)
<b>Net income (loss)</b>	<b>1,128</b>	<b>(12)</b>	<b>1,140</b>	<b>394</b>

### Reconciliation of Net Income before impairment and divestments with Net Income as disclosed in Financial Statements

Million CHF	H1 2019 (post-IFRS16)	IFRS16 impact	H1 2019 (pre-IFRS16)	H1 2018
<b>Net income (loss)</b>	<b>1,128</b>	<b>(12)</b>	<b>1,140</b>	<b>394</b>
Impairment	(23)	0	(23)	(1)
Profit (loss) on divestments	265	0	265	(49)
<b>Net income before impairment and divestments</b>	<b>886</b>	<b>(12)</b>	<b>898</b>	<b>444</b>
Net income before impairment and divestments Group share	769	(11)	780	371

*Adjustments disclosed net of taxation*

### Reconciliation of Free Cash Flow to consolidated cash flows of LafargeHolcim Group

Million CHF	H1 2019 (post-IFRS16)	IFRS16 impact	H1 2019 (pre-IFRS16)	H1 2018
<b>Cash flow from operating activities</b>	<b>1,067</b>	<b>199</b>	<b>868</b>	<b>53</b>
Purchase of property, plant and equipment	(647)	0	(647)	(586)
Disposal of property and equipment	41	0	41	61
<b>Free Cash Flow</b>	<b>461</b>	<b>199</b>	<b>262</b>	<b>(473)</b>

### Reconciliation of net financial debt to consolidated statement of financial position of LafargeHolcim Group

Million CHF	H1 2019 (post-IFRS16)	IFRS16 impact	H1 2019 (pre-IFRS16)	H1 2018
Current financial liabilities	2,862	284	2,578	4,891
Long-term financial liabilities	12,886	1,026	11,860	13,807
Cash and cash equivalents	3,045	0	3,045	2,466
Short-term derivative assets	29	0	29	66
Long-term derivative assets	25	0	25	38
<b>Net financial debt</b>	<b>12,650</b>	<b>1,310</b>	<b>11,340</b>	<b>16,127</b>

## NON-GAAP DEFINITIONS

Some non-GAAP measures are used in this release to help describe the performance of LafargeHolcim. A full set of these non-GAAP definitions can be found on our [website](#).

Measures	Definition
<b>Like-for-like</b>	Factors out changes in the scope of consolidation (such as divestments and acquisitions occurring in 2019 and 2018) and currency translation effects (2019 figures are converted with 2018 exchange rates in order to calculate the currency effects).
<b>Restructuring, litigation, implementation and other non-recurring costs</b>	Significant items that, because of their exceptional nature, cannot be viewed as inherent to the Group's ongoing performance, such as strategic restructuring, major items relating to antitrust fines and other business related litigation cases.
<b>Profit/loss on disposals and other non-operating items</b>	Comprises capital gains or losses on the sale of Group companies and of property, plant and equipment and other non-operating items that are not directly related to the Group's normal operating activities such as revaluation gains or losses on previously held equity interests, disputes with non-controlling interests and other major lawsuits.
<b>Recurring EBITDA</b>	Defined as: +/- Operating profit (EBIT) - depreciation, amortization and impairment of operating assets - restructuring, litigation, implementation and other non-recurring costs
<b>Recurring EBITDA Margin</b>	Recurring EBITDA divided by Net Sales
<b>Net income before impairment and divestments</b>	+/- Net income (loss) - capital gains or losses on the sale of Group companies - impairment of goodwill and assets
<b>Earnings Per Share (EPS) before impairment and divestments</b>	Net income before impairment and divestments attributable to the shareholders of LafargeHolcim divided by the weighted average number of shares outstanding.
<b>The Net Maintenance and Expansion Capex ("Capex" or "Capex Net")</b>	+ Expenditure to increase existing or create additional capacity to produce, distribute or provide services for existing products (expansion) or to diversify into new products or markets (diversification) + Expenditure to sustain the functional capacity of a particular component, assembly, equipment, production line or the whole plant, which may or may not generate a change of the resulting cash flow - Proceeds from sale of property, plant and equipment
<b>Free Cash Flow</b>	Defined as: +/- Cash flow from operating activities - Net Maintenance and expansion Capex
<b>Net financial debt ("Net debt")</b>	+ Financial liabilities (Long Term & Short Term) including derivative liabilities - Cash and cash equivalents - Derivative assets (Long Term & Short Term)

<b>Invested Capital</b>	<ul style="list-style-type: none"> <li>+ Net working capital</li> <li>+ Investments in associates and joint ventures</li> <li>+ Property, plant and equipment</li> <li>+ Goodwill</li> <li>+ Intangible assets</li> <li>+ Deferred tax assets</li> <li>+ Pension assets</li> <li>– Short-term provisions</li> <li>– Defined benefit obligations</li> <li>– Deferred tax liabilities</li> <li>– Long-term provisions</li> </ul>
<b>Net Operating Profit After Tax (“NOPAT”)</b>	<ul style="list-style-type: none"> <li>+/- Net Operating Profit (being the Recurring EBITDA, adjusted for depreciation and amortization of operating assets but excluding impairment of operating assets)</li> <li>– Standard Taxes (being the taxes applying the Group's tax rate to the Net Operating Profit as defined above)</li> </ul>
<b>ROIC (Return On Invested Capital)</b>	Net Operating Profit After Tax (NOPAT) divided by the average Invested Capital. The average is calculated by adding the Invested Capital at the beginning of the period to that at the end of the period and dividing the sum by 2 (based on a rolling 12 month calculation)
<b>Cash conversion</b>	Free Cash Flow divided by Recurring EBITDA
<b>Non-recurring SG&amp;A</b>	Fixed Costs included in the Rec. EBITDA, include Sales & Marketing, Administration, Corporate Manufacturing & Logistics Savings expressed at constant 2017 FX rate and constant scope

## **ADDITIONAL INFORMATION**

The analyst presentation of the results and our 2019 half-year report are available on our website at [www.lafargeholcim.com](http://www.lafargeholcim.com)

The financial statements based on IFRS can be found on the LafargeHolcim Group [website](#).

**Media conference:** 09:00 CEST

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**Analyst conference:** 10:00 CEST

## **About LafargeHolcim**

LafargeHolcim is the global leader in building materials and solutions. We are active in four business segments: Cement, Aggregates, Ready-Mix Concrete and Solutions & Products.

With leading positions in all regions of the world and a balanced portfolio between developing and mature markets, LafargeHolcim offers a broad range of high-quality building materials and solutions. LafargeHolcim experts solve the challenges that customers face around the world, whether they are building individual homes or major infrastructure projects. Demand for LafargeHolcim materials and solutions is driven by global population growth, urbanization, improved living standards and sustainable construction. Around 75,000 people work for the company in around 80 countries.

More information is available on [www.lafargeholcim.com](http://www.lafargeholcim.com)

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## **Important disclaimer - forward-looking statements:**

This document contains forward-looking statements. Such forward-looking statements do not constitute forecasts regarding results or any other performance indicator, but rather trends or targets, as the case may be, including with respect to plans, initiatives, events, products, solutions and services, their development and potential.

Although LafargeHolcim believes that the expectations reflected in such forward-looking statements are based on reasonable assumptions as at the time of publishing this document, investors are cautioned that these statements are not guarantees of future performance. Actual results may differ materially from the forward-looking statements as a result of a number of risks and uncertainties, many of which are difficult to predict and generally beyond the control of LafargeHolcim, including but not limited to the risks described in the LafargeHolcim's annual report available on its website ([www.lafargeholcim.com](http://www.lafargeholcim.com)) and uncertainties related to the market conditions and the implementation of our plans. Accordingly, we caution you against relying on forward-looking statements.

LafargeHolcim does not undertake to provide updates of these forward-looking statements.