

# SECOND QUARTER 2017

INTERIM REPORT



LafargeHolcim

# Q2

# LAFARGEHOLCIM SECOND QUARTER 2017

## Key figures LafargeHolcim Group

		April-June 2017	April-June 2016		
		Unaudited	Restated <sup>1</sup> Unaudited	±%	±% like-for-like
Annual cement production capacity	million t	329.4	353.3 <sup>2</sup>	-6.8	-0.1
Sales of cement	million t	53.9	62.8	-14.1	+0.7
Sales of aggregates	million t	76.3	78.6	-2.9	-2.1
Sales of ready-mix concrete	million m <sup>3</sup>	13.0	14.9	-13.2	-6.9
Net sales	million CHF	6,850	7,280	-5.9	+3.6
Operating EBITDA	million CHF	1,793	1,606	+11.6	+22.1
Operating EBITDA margin	%	26.2	22.1		
Operating EBITDA Adjusted <sup>3</sup>	million CHF	1,735	1,732	+0.1	+10.1
Operating EBITDA Adjusted Margin <sup>3</sup>	%	25.3	23.8		
Net income	million CHF	892	499	+78.6	
Net income - shareholders of LafargeHolcim Ltd	million CHF	787	400	+96.5	
Recurring Net Income	million CHF	807	677	+19.2	
Recurring Net Income - shareholders of LafargeHolcim Ltd	million CHF	700	570	+22.7	
Cash flow from operating activities	million CHF	380	525	-27.7	-16.8
Operating Free Cash Flow <sup>4</sup>	million CHF	174	79	+121.0	+764.7
Net financial debt	million CHF	15,745	14,724 <sup>2</sup>	+6.9	
Total shareholders' equity	million CHF	33,185	34,747 <sup>2</sup>	-4.5	
Earnings per share	CHF	1.30	0.66	+97.0	
Fully diluted earnings per share	CHF	1.30	0.66	+97.0	

<sup>1</sup> Restated due to change in presentation.

<sup>2</sup> As of December 31, 2016.

<sup>3</sup> Excluding merger, restructuring and other one-offs, but including contribution from joint ventures.

<sup>4</sup> Cash flow from operating activities less net maintenance and expansion capex.

## Key figures LafargeHolcim Group

		January-June 2017	January-June 2016		
		Unaudited	Restated <sup>1</sup> Unaudited	±%	±% like-for-like
Annual cement production capacity	million t	329.4	353.3 <sup>2</sup>	-6.8	-0.1
Sales of cement	million t	102.0	119.3	-14.5	+0.4
Sales of aggregates	million t	128.0	130.2	-1.7	+0.2
Sales of ready-mix concrete	million m <sup>3</sup>	24.4	27.5	-11.5	-4.6
Net sales	million CHF	12,480	13,342	-6.5	+4.4
Operating EBITDA	million CHF	2,497	2,397	+4.2	+17.8
Operating EBITDA margin	%	20.0	18.0		
Operating EBITDA Adjusted <sup>3</sup>	million CHF	2,536	2,573	-1.5	+11.5
Operating EBITDA Adjusted Margin <sup>3</sup>	%	20.3	19.3		
Net income	million CHF	1,154	452	+155.2	
Net income - shareholders of LafargeHolcim Ltd	million CHF	1,013	293	+245.2	
Recurring Net Income	million CHF	824	657	+25.4	
Recurring Net Income - shareholders of LafargeHolcim Ltd	million CHF	681	490	+39.0	
Cash flow from operating activities	million CHF	(138)	261	-152.8	-206.5
Operating Free Cash Flow <sup>4</sup>	million CHF	(661)	(539)	-22.8	+5.1
Net financial debt	million CHF	15,745	14,724 <sup>2</sup>	+6.9	
Total shareholders' equity	million CHF	33,185	34,747 <sup>2</sup>	-4.5	
Earnings per share	CHF	1.67	0.48	+247.9	
Fully diluted earnings per share	CHF	1.67	0.48	+247.9	

<sup>1</sup> Restated due to change in presentation.

<sup>2</sup> As of December 31, 2016.

<sup>3</sup> Excluding merger, restructuring and other one-offs, but including contribution from joint ventures.

<sup>4</sup> Cash flow from operating activities less net maintenance and expansion capex.

Dear Shareholder,

LafargeHolcim delivered positive earnings growth for the fifth consecutive quarter supported by favorable pricing, cost discipline and synergies.

The unique strengths of our balanced portfolio are once again evident in our results with key countries such as the US, India, Nigeria and, notably this quarter, Mexico making significant contributions to earnings, more than offsetting headwinds in some of our markets. On that basis, and with our performance to date, we remain confident that we will achieve our full year guidance and our 2018 targets.

In addition, our continued efforts to transform our commercial capability and improve our cost base put us in a strong position to fully capitalize on market growth.

Our Middle East Africa, Latin America and North America regions all contributed to earnings momentum. Despite positive results in India — which continued its recovery post-demonetization — the Asia Pacific region was weighed down by persistent challenging market conditions in Indonesia, Malaysia and the Philippines. Earnings in Europe were marginally down for Q2, though underlying trends are positive.

Operating EBITDA Adjusted increased by 10.1 percent to CHF 1,735 million on a like-for-like basis. Pricing, cost discipline and synergies were drivers for higher margins, with Operating EBITDA Margin Adjusted up by 150 basis points like-for-like in Q2.

Despite the effect of fewer working days in the period, like-for-like cement volumes were up slightly compared to the prior year. Globally, cement prices improved by 5.5 percent compared to the prior year on a like-for-like basis. Sequentially, prices were 2.3 percent higher than in Q1 2017.

Synergies of CHF 121 million were delivered in Q2. At quarter end, the Group was close to delivering CHF 1 billion of total synergies, well ahead of the accelerated target of year-end 2017.

Recurring Net Income was up 22.7 percent to CHF 700 million for the quarter versus the prior year. Recurring Earnings Per Share were up 23.4 percent to CHF 1.16 compared with Q2 2016.

Operating Free Cash Flow — which declined in the first quarter on higher seasonal cash outflow — improved in Q2 to CHF 174 million.

Net debt was CHF 15.7 billion at quarter end, down approximately CHF 2.4 billion compared to Q2 2016.

## Consolidated key figures - Group

		April-June 2017	April-June 2016	±%	±% like-for-like
Sales of cement	million t	53.9	62.8	-14.1	+0.7
Sales of aggregates	million t	76.3	78.6	-2.9	-2.1
Sales of ready-mix concrete	million m <sup>3</sup>	13.0	14.9	-13.2	-6.9
Net sales	million CHF	6,850	7,280	-5.9	+3.6
Operating EBITDA	million CHF	1,793	1,606	+11.6	+22.1
Operating EBITDA Adjusted <sup>1</sup>	million CHF	1,735	1,732	+0.1	+10.1
Operating EBITDA margin	%	26.2	22.1		
Operating EBITDA Margin Adjusted <sup>1</sup>	%	25.3	23.8		
Cash flow from operating activities	million CHF	380	525	-27.7	-16.8
Operating Free Cash Flow <sup>2</sup>	million CHF	174	79	+121.0	+764.7

<sup>1</sup> Excluding merger, restructuring and other one-offs.

<sup>2</sup> Cash flow from operating activities less net maintenance and expansion capex.

## Consolidated key figures - Group

		January- June 2017	January- June 2016	±%	±% like-for-like
Sales of cement	million t	102.0	119.3	-14.5	+0.4
Sales of aggregates	million t	128.0	130.2	-1.7	+0.2
Sales of ready-mix concrete	million m <sup>3</sup>	24.4	27.5	-11.5	-4.6
Net sales	million CHF	12,480	13,342	-6.5	+4.4
Operating EBITDA	million CHF	2,497	2,397	+4.2	+17.8
Operating EBITDA Adjusted <sup>1</sup>	million CHF	2,536	2,573	-1.5	+11.5
Operating EBITDA margin	%	20.0	18.0		
Operating EBITDA Margin Adjusted <sup>1</sup>	%	20.3	19.3		
Cash flow from operating activities	million CHF	(138)	261	-152.8	-206.5
Operating Free Cash Flow <sup>2</sup>	million CHF	(661)	(539)	-22.8	+5.1
Net financial debt <sup>3</sup>	million CHF	15,745	14,724	+6.9	

<sup>1</sup> Excluding merger, restructuring and other one-offs.

<sup>2</sup> Cash flow from operating activities less net maintenance and expansion capex.

<sup>3</sup> Prior-year figure as of December 31, 2016.

### Divestments and capital allocation

Net of tax, the proceeds of the transactions completed during the first half 2017 resulted in a net debt reduction of around CHF 0.9 billion following notably the completion of the Vietnam divestment and the remittance of cash proceeds from announced transactions in China. The balance of our outstanding China position of CHF 0.2 billion will be received when local restrictions in China are lifted.

Net capital expenditure for the first half was CHF 523 million of which CHF 174 million was expansion Capex. In 2017, we completed commissioning or upgrading capacity in some of our key markets such as Algeria, the US, Nigeria and India and we expect to see further benefits of this expansion as production ramps up.

With divestments closing, cash generation from synergies gaining momentum and Capex discipline, our credit ratios will significantly strengthen, consistent with our commitment to maintain a solid investment grade rating throughout the cycle. We will continue to return excess cash to shareholders through share buybacks or special dividends commensurate with a solid investment grade credit rating.

In November 2016, the Group announced a share buyback program of up to CHF 1 billion over 2017–2018. In the second quarter, 1.4 million shares were repurchased to the value of CHF 79 million, of which CHF 71 million was paid in Q2.

### 2017 Outlook

In 2017, we will deliver sustainable, profitable growth through continued strong focus on synergies, structural cost savings, commercial differentiation of our products and building solutions and Capex discipline. This will be particularly supported by the contribution of several markets such as the US, India, Nigeria and some countries in Europe. Based on the first half market development, we now forecast demand in our markets to increase by between 1 to 3 percent.

We expect to deliver strong growth in Operating EBITDA Adjusted and Recurring EPS in 2017:

- Double-digit like-for-like growth in Operating EBITDA Adjusted over 2016
- Recurring EPS growth of more than 20 percent
- Targeted net debt to Operating EBITDA Adjusted ratio of around two times

In 2017, the Group is returning cash to shareholders commensurate with a solid investment grade rating:

- Dividend of CHF 2.00 per share
- Share buyback program of up to CHF 1 billion over 2017–2018

### Asia Pacific

Market conditions in Asia Pacific were mixed in Q2 with Operating EBITDA Adjusted down 5 percent on a like-for-like basis. While results in the region benefited from a significant recovery in India, a further positive contribution from China and robust performance in Australia, these were offset by weaker performance in markets such as Indonesia, Malaysia and the Philippines.

Volumes and prices were higher in India post-demonetization. Ongoing cost savings supported growth in Operating EBITDA Adjusted, while recently commissioned facilities in Jamul and Sindri are now contributing to increased market supply.

In Australia, earnings were up despite a difficult start to the quarter, with Cyclone Debbie affecting access to customer sites, which in turn limited the otherwise strong growth in volumes.

The Philippines market faced softening demand and sustained pressure from imports with volumes down on the prior year. Operating EBITDA Adjusted declined for the quarter compared to the prior-year period, when pre-election government spending boosted demand. Despite current delays in government infrastructure spending, the medium-term outlook remains positive.

Indonesia saw increased volumes during the quarter, though excess capacity continued to put downward pressure on prices. As a result, earnings declined compared to the prior year.

Overcapacity and strong competition continued to affect the market in Malaysia, translating into a decline in earnings for the quarter on lower volumes and prices. The timing of Ramadan impacted demand in Indonesia and Malaysia in Q2.

In these challenging markets, management continues to implement action plans that include measures such as cost reduction, asset optimization, logistics and commercial initiatives.



## Consolidated key figures – Asia Pacific

		April-June 2017	April-June 2016	±%	±% like-for-like
Sales of cement	million t	23.2	30.6	-24.1	+2.2
Sales of aggregates	million t	8.5	8.6	-0.8	+11.4
Sales of ready-mix concrete	million m <sup>3</sup>	3.1	4.2	-25.1	-4.9
Net sales	million CHF	1,906	2,194	-13.1	+4.1
Operating EBITDA	million CHF	356	430	-17.2	-5.3
Operating EBITDA Adjusted <sup>1</sup>	million CHF	367	448	-18.1	-5.0
Operating EBITDA margin	%	18.7	19.6		
Operating EBITDA Margin Adjusted <sup>1</sup>	%	19.3	20.4		
Cash flow from operating activities	million CHF	197	368	-46.6	-35.3
Operating Free Cash Flow <sup>2</sup>	million CHF	135	272	-50.3	-36.0

<sup>1</sup> Excluding merger, restructuring and other one-offs.

<sup>2</sup> Cash flow from operating activities less net maintenance and expansion capex.

## Consolidated key figures – Asia Pacific

		January- June 2017	January- June 2016	±%	±% like-for-like
Sales of cement	million t	46.2	60.7	-23.8	+1.1
Sales of aggregates	million t	15.6	15.9	-1.8	+10.4
Sales of ready-mix concrete	million m <sup>3</sup>	6.1	8.0	-23.9	-2.8
Net sales	million CHF	3,696	4,341	-14.9	+1.9
Operating EBITDA	million CHF	617	782	-21.1	-11.2
Operating EBITDA Adjusted <sup>1</sup>	million CHF	646	804	-19.6	-8.9
Operating EBITDA margin	%	16.7	18.0		
Operating EBITDA Margin Adjusted <sup>1</sup>	%	17.5	18.5		
Cash flow from operating activities	million CHF	69	419	-83.5	-80.6
Operating Free Cash Flow <sup>2</sup>	million CHF	(41)	254	-116.3	-126.0

<sup>1</sup> Excluding merger, restructuring and other one-offs.

<sup>2</sup> Cash flow from operating activities less net maintenance and expansion capex.

### Europe

Earnings declined for the second quarter, in part due to fewer working days. Operating EBITDA Adjusted in Europe was down 2.1 percent on a like-for-like basis versus Q2 2016, while prices were broadly in line with the prior year.

Underlying trends for Europe are positive in terms of volume and price dynamics. However, earnings performance in Q2 reflected the operational interruption in Belgium which constrained supplies of cement in the quarter. Some countries in the region additionally recorded lower volumes in aggregates and ready-mix concrete.

Operating EBITDA Adjusted in the UK was up on the prior-year period with savings helping to offset the impact of rising input costs caused by the weaker pound. While the underlying business remains solid, uncertainty is now growing in the market after 12 months of better than expected demand following the EU referendum.

While prospects for France remain positive, the market had a mixed quarter with the temporary effect of revisions to the industrial network impacting results during the first six months.

Russia continued its steady progress seen in the first quarter with strong pricing contributing to growth in earnings. In Spain, Operating EBITDA Adjusted grew as the country showed signs of recovery after a challenging period for the construction sector.

In Switzerland, earnings in Q2 declined on the back of lower volumes in aggregates and ready-mix concrete as some large projects came to a close.

## Consolidated key figures – Europe

		April-June 2017	April-June 2016	±%	±% like-for-like
Sales of cement	million t	11.9	11.9	-0.1	-0.2
Sales of aggregates	million t	33.4	33.7	-1.0	-0.6
Sales of ready-mix concrete	million m <sup>3</sup>	4.9	5.0	-3.3	-2.8
Net sales	million CHF	1,925	1,968	-2.2	+0.8
Operating EBITDA	million CHF	416	443	-6.1	-2.9
Operating EBITDA Adjusted <sup>1</sup>	million CHF	435	459	-5.2	-2.1
Operating EBITDA margin	%	21.6	22.5		
Operating EBITDA Margin Adjusted <sup>1</sup>	%	22.6	23.3		
Cash flow from operating activities	million CHF	284	337	-15.4	-13.0
Operating Free Cash Flow <sup>2</sup>	million CHF	226	277	-18.4	-15.2

<sup>1</sup> Excluding merger, restructuring and other one-offs.

<sup>2</sup> Cash flow from operating activities less net maintenance and expansion capex.

## Consolidated key figures – Europe

		January- June 2017	January- June 2016	±%	±% like-for-like
Sales of cement	million t	20.1	19.6	+2.5	+2.4
Sales of aggregates	million t	60.0	59.0	+1.7	+2.0
Sales of ready-mix concrete	million m <sup>3</sup>	8.9	9.1	-1.8	-1.4
Net sales	million CHF	3,405	3,465	-1.7	+2.3
Operating EBITDA	million CHF	513	547	-6.2	-1.5
Operating EBITDA Adjusted <sup>1</sup>	million CHF	550	576	-4.6	+0.1
Operating EBITDA margin	%	15.1	15.8		
Operating EBITDA Margin Adjusted <sup>1</sup>	%	16.2	16.6		
Cash flow from operating activities	million CHF	74	202	-63.3	-60.6
Operating Free Cash Flow <sup>2</sup>	million CHF	(34)	94	-135.9	-132.0

<sup>1</sup> Excluding merger, restructuring and other one-offs.

<sup>2</sup> Cash flow from operating activities less net maintenance and expansion capex.

### Latin America

Latin America delivered growth in Operating EBITDA Adjusted of 25.6 percent in the quarter supported by a strong overall regional performance, notably in Mexico and Argentina.

Mexico delivered strong earnings and solid margins as the business continues to deliver its commercial strategy and realize cost savings. Overall, the Mexican market remains resilient.

In Argentina, good results were boosted by commercial excellence initiatives in a stabilizing economy. While market challenges in Brazil remain acute as cement demand continues to fall year on year and industry over-capacity is high, the first benefits of the turnaround plan implemented by local management were visible in business performance for the quarter.

Operating EBITDA Adjusted for Ecuador was down compared to the prior-year period affected by pre-election uncertainty as well as heavy rain. Colombia had another difficult quarter as market and competitive pressures in key areas of the country contributed to earnings decline.

## Consolidated key figures – Latin America

		April-June 2017	April-June 2016	±%	±% like-for-like
Sales of cement	million t	6.0	5.8	+3.7	+3.7
Sales of aggregates	million t	1.2	1.6	-23.3	-17.0
Sales of ready-mix concrete	million m <sup>3</sup>	1.5	1.7	-12.8	-11.1
Net sales	million CHF	766	684	+12.0	+12.3
Operating EBITDA	million CHF	288	205	+40.5	+39.1
Operating EBITDA Adjusted <sup>1</sup>	million CHF	262	211	+24.5	+25.6
Operating EBITDA margin	%	37.5	29.9		
Operating EBITDA Margin Adjusted <sup>1</sup>	%	34.2	30.8		
Cash flow from operating activities	million CHF	79	8	+939.0	+903.2
Operating Free Cash Flow <sup>2</sup>	million CHF	71	(20)	+447.1	+511.5

<sup>1</sup> Excluding merger, restructuring and other one-offs.

<sup>2</sup> Cash flow from operating activities less net maintenance and expansion capex.

## Consolidated key figures – Latin America

		January- June 2017	January- June 2016	±%	±% like-for-like
Sales of cement	million t	11.9	11.8	+0.0	+0.0
Sales of aggregates	million t	2.3	3.3	-31.0	-25.4
Sales of ready-mix concrete	million m <sup>3</sup>	3.0	3.4	-11.3	-9.5
Net sales	million CHF	1,459	1,366	+6.8	+7.6
Operating EBITDA	million CHF	516	410	+25.7	+28.3
Operating EBITDA Adjusted <sup>1</sup>	million CHF	497	421	+17.9	+21.7
Operating EBITDA margin	%	35.3	30.0		
Operating EBITDA Margin Adjusted <sup>1</sup>	%	34.0	30.8		
Cash flow from operating activities	million CHF	47	22	+116.8	+181.0
Operating Free Cash Flow <sup>2</sup>	million CHF	21	(24)	+187.9	+248.5

<sup>1</sup> Excluding merger, restructuring and other one-offs.

<sup>2</sup> Cash flow from operating activities less net maintenance and expansion capex.

**Middle East Africa**

Middle East Africa delivered strong earnings in the second quarter. Operating EBITDA Adjusted was 20.3 percent higher than in the prior-year period on a like-for-like basis.

Earnings in Nigeria grew significantly in the quarter. This was supported by favorable pricing and operational improvements following last year's gas supply shortages and logistics challenges. Nigeria's economy remains in recession, fueled by monetary adjustments and a subsequent shortage of local currency, which continues to have an impact on volumes.

Egypt recorded a fall in profits in challenging market conditions following the currency devaluation of November 2016. Margin pressure has been mitigated through the delivery of sustained cost savings with a particular focus on improved fuel mix. Exports also helped to lessen the effect on earnings in the quarter.

Algeria delivered volume improvements to contribute to higher Operating EBITDA Adjusted. The recently commissioned Biskra plant further strengthened the company's strong presence in the market.

### Consolidated key figures – Middle East Africa

		April-June 2017	April-June 2016	±%	±% like-for-like
Sales of cement	million t	9.1	10.9	-17.1	-4.9
Sales of aggregates	million t	2.8	2.4	+16.6	-5.5
Sales of ready-mix concrete	million m <sup>3</sup>	1.2	1.7	-26.6	-23.5
Net sales	million CHF	869	1,081	-19.6	+5.2
Operating EBITDA	million CHF	301	339	-11.1	+16.8
Operating EBITDA Adjusted <sup>1</sup>	million CHF	317	345	-8.2	+20.3
Operating EBITDA margin	%	34.6	31.3		
Operating EBITDA Margin Adjusted <sup>1</sup>	%	36.4	31.9		
Cash flow from operating activities	million CHF	(15)	153	-110.0	-143.0
Operating Free Cash Flow <sup>2</sup>	million CHF	(28)	55	-150.4	-374.4

<sup>1</sup> Excluding merger, restructuring and other one-offs.

<sup>2</sup> Cash flow from operating activities less net maintenance and expansion capex.

### Consolidated key figures – Middle East Africa

		January- June 2017	January- June 2016	±%	±% like-for-like
Sales of cement	million t	18.1	21.7	-16.6	-4.5
Sales of aggregates	million t	5.3	6.0	-11.4	-7.0
Sales of ready-mix concrete	million m <sup>3</sup>	2.5	3.1	-20.4	-16.6
Net sales	million CHF	1,748	2,130	-17.9	+10.2
Operating EBITDA	million CHF	555	596	-7.0	+26.9
Operating EBITDA Adjusted <sup>1</sup>	million CHF	592	607	-2.4	+32.3
Operating EBITDA margin	%	31.7	28.0		
Operating EBITDA Margin Adjusted <sup>1</sup>	%	33.9	28.5		
Cash flow from operating activities	million CHF	156	352	-55.7	-37.0
Operating Free Cash Flow <sup>2</sup>	million CHF	95	162	-41.1	-0.4

<sup>1</sup> Excluding merger, restructuring and other one-offs.

<sup>2</sup> Cash flow from operating activities less net maintenance and expansion capex.

**North America**

North America made a strong contribution to Operating EBITDA Adjusted growth — up 16.5 percent on a like-for-like basis — despite the effect of heavy rain on volumes of cement and aggregates in parts of the US and Canada. In both markets cost savings in logistics and manufacturing contributed to positive results, while the US continued to benefit from favorable pricing.

Cement volumes in the US for Q2 were down on the prior year. Aggregates in the US were also impacted by unfavorable weather conditions which constrained deliveries for a period during the quarter. Operational enhancements undertaken in the second quarter should further benefit earnings going forward.

Despite lower volumes, performance in Canada remained stable in the second quarter thanks to cost efficiency measures, notably in the west of the country. Western Canada saw a modest recovery while volumes in Eastern Canada were negatively impacted by weather and operational challenges.



## Consolidated key figures – North America

		April-June 2017	April-June 2016	±%	±% like-for-like
Sales of cement	million t	5.2	5.3	-2.6	-2.6
Sales of aggregates	million t	30.4	32.3	-5.9	-5.9
Sales of ready-mix concrete	million m <sup>3</sup>	2.3	2.4	-4.1	-4.1
Net sales	million CHF	1,497	1,538	-2.7	-3.2
Operating EBITDA	million CHF	564	390	+44.6	+42.7
Operating EBITDA Adjusted <sup>1</sup>	million CHF	465	394	+18.0	+16.5
Operating EBITDA margin	%	37.7	25.4		
Operating EBITDA Margin Adjusted <sup>1</sup>	%	31.0	25.6		
Cash flow from operating activities	million CHF	51	52	-1.2	-7.1
Operating Free Cash Flow <sup>2</sup>	million CHF	(18)	(111)	+83.6	+81.4

<sup>1</sup> Excluding merger, restructuring and other one-offs.


<sup>2</sup> Cash flow from operating activities less net maintenance and expansion capex.

## Consolidated key figures – North America

		January- June 2017	January- June 2016	±%	±% like-for-like
Sales of cement	million t	8.5	8.8	-3.3	-3.3
Sales of aggregates	million t	44.8	46.0	-2.6	-2.6
Sales of ready-mix concrete	million m <sup>3</sup>	3.9	3.9	-1.5	-1.5
Net sales	million CHF	2,403	2,404	-0.0	-1.1
Operating EBITDA	million CHF	570	390	+46.4	+44.6
Operating EBITDA Adjusted <sup>1</sup>	million CHF	473	396	+19.3	+18.0
Operating EBITDA margin	%	23.7	16.2		
Operating EBITDA Margin Adjusted <sup>1</sup>	%	19.7	16.5		
Cash flow from operating activities	million CHF	(166)	(183)	+9.0	+9.9
Operating Free Cash Flow <sup>2</sup>	million CHF	(384)	(469)	+18.1	+19.0

<sup>1</sup> Excluding merger, restructuring and other one-offs.

<sup>2</sup> Cash flow from operating activities less net maintenance and expansion capex.



Beat Hess  
Chairman of the Board of Directors  
and interim Chief Executive Officer

July 26, 2017

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

Million CHF	January- June 2017	January- June 2016	April- June 2017	April- June 2016
<b>OPERATING PROFIT</b>	<b>1,367</b>	<b>1,258</b>	<b>1,211</b>	<b>1,015</b>
Depreciation, amortization and impairment of operating assets	1,130	1,138	581	591
<b>OPERATING EBITDA</b>	<b>2,497</b>	<b>2,397</b>	<b>1,793</b>	<b>1,606</b>
Merger, restructuring and other one offs	38	176	(58)	126
<b>OPERATING EBITDA ADJUSTED</b>	<b>2,536</b>	<b>2,573</b>	<b>1,735</b>	<b>1,732</b>

Million CHF	January- June 2017	January- June 2016	April- June 2017	April- June 2016
<b>NET INCOME</b>	<b>1,154</b>	<b>452</b>	<b>892</b>	<b>499</b>
Merger related one off costs	37	103	14	76
Other one off costs above CHF 50 million	(64)	0	(64)	0
Gains on disposals and impairment	(303)	34	(35)	34
Bonds early repayment premiums	0	68	0	68
<b>RECURRING NET INCOME</b>	<b>824</b>	<b>657</b>	<b>807</b>	<b>677</b>
of which recurring net income - shareholders of LafargeHolcim Ltd	681	490	700	570

**Reconciling measures of net financial debt to the consolidated statement of financial position of LafargeHolcim Group**

Million CHF	30.06.2017	31.12.2016
Current financial liabilities	4,892	4,976
Long-term financial liabilities	14,538	14,744
Cash and cash equivalents	(3,603)	(4,923)
Short-term derivative assets	(69)	(68)
Long-term derivative assets	(12)	(6)
<b>NET FINANCIAL DEBT</b>	<b>15,745</b>	<b>14,724</b>

**Reconciling measures of operating free cash flow to the consolidated statement of cash flows of LafargeHolcim Group**

Million CHF	January-June 2017	January-June 2016	April-June 2017	April-June 2016
CASH FLOW FROM OPERATING ACTIVITIES	(138)	261	380	525
Purchase of property, plant and equipment	(578)	(850)	(237)	(483)
Disposal of property, plant and equipment	55	51	32	37
<b>OPERATING FREE CASH FLOW</b>	<b>(661)</b>	<b>(539)</b>	<b>174</b>	<b>79</b>

# CONSOLIDATED FINANCIAL STATEMENTS

## Consolidated statement of income of LafargeHolcim Group

Million CHF	Notes	January-June 2017 Unaudited	January-June 2016 Restated <sup>1</sup> Unaudited	April-June 2017 Unaudited	April-June 2016 Restated <sup>1</sup> Unaudited
<b>NET SALES</b>		<b>12,480</b>	<b>13,342</b>	<b>6,850</b>	<b>7,280</b>
Production cost of goods sold		(7,199)	(7,994)	(3,670)	(3,982)
<b>GROSS PROFIT</b>		<b>5,282</b>	<b>5,348</b>	<b>3,181</b>	<b>3,298</b>
Distribution and selling expenses		(3,071)	(3,084)	(1,579)	(1,745)
Administration expenses		(911)	(1,050)	(427)	(567)
Share of profit of joint ventures		66	44	37	28
<b>OPERATING PROFIT</b>		<b>1,367</b>	<b>1,258</b>	<b>1,211</b>	<b>1,015</b>
Other income	8	434	41	69	35
Other expenses	9	(9)	(17)	11	(13)
Share of profit of associates		66	25	55	20
Financial income	10	85	89	48	44
Financial expenses	11	(367)	(513)	(159)	(243)
<b>NET INCOME BEFORE TAXES</b>		<b>1,576</b>	<b>882</b>	<b>1,235</b>	<b>857</b>
Income taxes		(422)	(462)	(343)	(374)
<b>NET INCOME FROM CONTINUING OPERATIONS</b>		<b>1,154</b>	<b>420</b>	<b>892</b>	<b>484</b>
Net income from discontinued operations		0	32	0	15
<b>NET INCOME</b>		<b>1,154</b>	<b>452</b>	<b>892</b>	<b>499</b>
<i>Net income attributable to:</i>					
Shareholders of LafargeHolcim Ltd		1,013	293	787	400
Non-controlling interest		141	159	105	99
<i>Net income from discontinued operations attributable to:</i>					
Shareholders of LafargeHolcim Ltd		0	32	0	15
Non-controlling interest		0	0	0	0
<i>Earnings per share in CHF</i>					
Earnings per share		1.67	0.48	1.30	0.66
Fully diluted earnings per share		1.67	0.48	1.30	0.66
<i>Earnings per share from continuing operations in CHF</i>					
Earnings per share		1.67	0.43	1.30	0.64
Fully diluted earnings per share		1.67	0.43	1.30	0.64
<i>Earnings per share from discontinued operations in CHF</i>					
Earnings per share		0.00	0.05	0.00	0.02
Fully diluted earnings per share		0.00	0.05	0.00	0.02

<sup>1</sup> Restated due to change in presentation, see note 2.

## Consolidated statement of comprehensive earnings of LafargeHolcim Group

Million CHF	Notes	January-June 2017 Unaudited	January-June 2016 Unaudited	April-June 2017 Unaudited	April-June 2016 Unaudited
<b>NET INCOME</b>		<b>1,154</b>	<b>452</b>	<b>892</b>	<b>499</b>
<b>OTHER COMPREHENSIVE EARNINGS</b>					
<i>Items that will be reclassified to the statement of income in future periods</i>					
<b>Currency translation effects</b>					
- Exchange differences on translation		(1,218)	(1,150)	(1,210)	(544)
- Realized through statement of income		25	(20)	0	(20)
- Tax effect		(4)	(1)	(3)	5
<b>Available-for-sale financial assets</b>					
- Change in fair value		(2)	(1)	1	5
- Realized through statement of income		0	0	0	0
- Tax effect		1	0	1	0
<b>Cash flow hedges</b>					
- Change in fair value		(25)	0	(9)	17
- Realized through statement of income		2	3	5	3
- Tax effect		3	2	0	(3)
<b>Net investment hedges in subsidiaries</b>					
- Change in fair value		13	0	4	0
- Realized through statement of income		0	0	0	0
- Tax effect		0	(3)	0	(3)
<b>SUBTOTAL</b>		<b>(1,205)</b>	<b>(1,170)</b>	<b>(1,211)</b>	<b>(540)</b>
<i>Items that will not be reclassified to the statement of income in future periods</i>					
<b>Defined benefit plans</b>					
- Remeasurements		(7)	(288)	(40)	(61)
- Tax effect		5	61	13	22
<b>SUBTOTAL</b>		<b>(2)</b>	<b>(227)</b>	<b>(27)</b>	<b>(39)</b>
<b>TOTAL OTHER COMPREHENSIVE EARNINGS</b>		<b>(1,207)</b>	<b>(1,397)</b>	<b>(1,238)</b>	<b>(579)</b>
<b>TOTAL COMPREHENSIVE EARNINGS</b>		<b>(53)</b>	<b>(945)</b>	<b>(346)</b>	<b>(79)</b>
<i>Total comprehensive earnings attributable to:</i>					
Shareholders of LafargeHolcim Ltd		(55)	(990)	(298)	(113)
Non-controlling interest		2	46	(48)	35

## Consolidated statement of financial position of LafargeHolcim Group

Million CHF	Notes	30.06.2017 Unaudited	31.12.2016 <sup>1</sup> Audited	30.06.2016 <sup>1</sup> Unaudited
Cash and cash equivalents		3,603	4,923	3,922
Short-term derivative assets		69	68	40
Short-term financial receivables		213	207	176
Trade accounts receivable		3,744	2,826	3,820
Inventories		2,819	2,645	2,899
Prepaid expenses and other current assets		1,738	1,720	1,501
Assets classified as held for sale	12	1,127	2,046	2,762
<b>TOTAL CURRENT ASSETS</b>		<b>13,313</b>	<b>14,435</b>	<b>15,118</b>
Long-term financial investments and other long-term assets		1,150	1,287	1,019
Investments in associates and joint ventures		3,245	3,241	2,959
Property, plant and equipment		30,843	32,052	33,855
Goodwill		15,884	16,247	16,307
Intangible assets		975	1,017	1,217
Deferred tax assets		1,047	1,060	848
Pension assets		232	271	321
Long-term derivative assets		12	6	11
<b>TOTAL LONG-TERM ASSETS</b>		<b>53,389</b>	<b>55,182</b>	<b>56,537</b>
<b>TOTAL ASSETS</b>		<b>66,702</b>	<b>69,617</b>	<b>71,656</b>
Trade accounts payable		3,219	3,307	3,526
Current financial liabilities		4,892	4,976	6,834
Current income tax liabilities		567	641	502
Other current liabilities		2,384	2,299	2,453
Short-term provisions		476	575	491
Liabilities directly associated with assets classified as held for sale	12	366	711	1,032
<b>TOTAL CURRENT LIABILITIES</b>		<b>11,905</b>	<b>12,509</b>	<b>14,839</b>
Long-term financial liabilities		14,538	14,744	15,280
Defined benefit obligations		1,983	2,079	2,297
Deferred tax liabilities		3,257	3,387	3,285
Long-term provisions		1,834	2,151	2,270
<b>TOTAL LONG-TERM LIABILITIES</b>		<b>21,611</b>	<b>22,361</b>	<b>23,131</b>
<b>TOTAL LIABILITIES</b>		<b>33,516</b>	<b>34,870</b>	<b>37,970</b>
Share capital		1,214	1,214	1,214
Capital surplus		24,324	25,536	25,527
Treasury shares		(128)	(72)	(75)
Reserves		3,931	4,144	2,748
<b>TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF LAFARGEHOLCIM LTD</b>		<b>29,341</b>	<b>30,822</b>	<b>29,414</b>
Non-controlling interest		3,845	3,925	4,272
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>33,185</b>	<b>34,747</b>	<b>33,686</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>66,702</b>	<b>69,617</b>	<b>71,656</b>

<sup>1</sup> Some line items have been reclassified or disaggregated and the comparative figures have been adjusted accordingly.

## Consolidated statement of changes in equity of LafargeHolcim Group

Million CHF	Share capital	Capital surplus	Treasury shares
<b>EQUITY AS AT JANUARY 1, 2017</b>	<b>1,214</b>	<b>25,536</b>	<b>(72)</b>
Net income			
Other comprehensive earnings			
<b>TOTAL COMPREHENSIVE EARNINGS</b>			
Payout		(1,212)	
Change in treasury shares			(56)
Share-based remuneration		4	
Disposal of participation in Group companies			
Change in participation in existing Group companies			
<b>EQUITY AS AT JUNE 30, 2017 (UNAUDITED)</b>	<b>1,214</b>	<b>24,328</b>	<b>(128)</b>
<b>EQUITY AS AT JANUARY 1, 2016</b>	<b>1,214</b>	<b>26,430</b>	<b>(86)</b>
Net income			
Other comprehensive earnings			
<b>TOTAL COMPREHENSIVE EARNINGS</b>			
Payout		(909)	
Change in treasury shares			11
Share-based remuneration		6	
Capital paid-in by non-controlling interest			
Change in participation in existing Group companies			
<b>EQUITY AS AT JUNE 30, 2016 (UNAUDITED)</b>	<b>1,214</b>	<b>25,527</b>	<b>(75)</b>



	Retained earnings	Available-for-sale reserve	Cash flow hedging reserve	Currency translation adjustments	Total reserves	Total equity attributable to shareholders of LafargeHolcim Ltd	Non-controlling interest	Total shareholders' equity
	16,546	(13)	23	(12,412)	4,144	30,822	3,925	34,747
	1,013				1,013	1,013	141	1,154
	(2)		(20)	(1,046)	(1,067)	(1,067)	(139)	(1,207)
	1,012		(20)	(1,046)	(55)	(55)	2	(53)
						(1,212)	(106)	(1,318)
	(7)				(7)	(63)		(63)
					4	4		4
							(56)	(56)
	(156)				(156)	(156)	80	(76)
	17,395	(13)	3	(13,457)	3,931	29,341	3,845	33,185
	14,988	(13)	(10)	(11,158)	3,807	31,365	4,357	35,722
	293				293	293	159	452
	(227)	(1)	5	(1,061)	(1,284)	(1,284)	(113)	(1,397)
	66	(1)	5	(1,061)	(991)	(990)	46	(945)
						(909)	(134)	(1,043)
	(8)				(8)	2		2
						6		6
							15	15
	(60)				(60)	(60)	(12)	(72)
	14,986	(14)	(5)	(12,219)	2,748	29,414	4,272	33,686

## Consolidated statement of cash flows of LafargeHolcim Group

Million CHF	Notes	January-June 2017 Unaudited	January-June 2016 Unaudited	April-June 2017 Unaudited	April-June 2016 Unaudited
<b>NET INCOME</b>		<b>1,154</b>	<b>452</b>	<b>892</b>	<b>499</b>
Income taxes		422	462	343	374
Other income	8	(434)	(41)	(69)	(35)
Other expenses	9	9	17	(11)	13
Share of profit of associates and joint ventures		(132)	(69)	(92)	(48)
Financial expenses net	10, 11	282	424	111	199
Depreciation, amortization and impairment of operating assets		1,130	1,138	581	591
Other non-cash items		(23)	195	(77)	113
Change in net working capital		(1,651)	(1,244)	(763)	(549)
<b>CASH GENERATED FROM OPERATIONS</b>		<b>757</b>	<b>1,334</b>	<b>915</b>	<b>1,157</b>
Dividends received		154	113	104	91
Interest received		66	80	38	37
Interest paid		(490)	(633)	(302)	(359)
Income taxes paid		(519)	(586)	(308)	(349)
Other expenses		(107)	(46)	(67)	(51)
<b>CASH FLOW FROM OPERATING ACTIVITIES (A)</b>		<b>(138)</b>	<b>261</b>	<b>380</b>	<b>525</b>
Purchase of property, plant and equipment		(578)	(850)	(237)	(483)
Disposal of property, plant and equipment		55	51	32	37
Acquisition of participation in Group companies, net of cash and cash equivalents acquired		37	(4)	0	0
Disposal of participation in Group companies, net of cash and cash equivalents disposed		648	374	133	397
Purchase of financial assets, intangible and other assets		(127)	(137)	(66)	(6)
Disposal of financial assets, intangible and other assets		75	225	29	163
<b>CASH FLOW FROM INVESTING ACTIVITIES (B)</b>		<b>109</b>	<b>(342)</b>	<b>(110)</b>	<b>107</b>
Payout on ordinary shares	16	(1,212)	(909)	(1,212)	(909)
Dividends paid to non-controlling interest		(60)	(101)	(57)	(80)
Capital paid-in by non-controlling interest		0	15	0	15
Movements of treasury shares		(63)	2	(70)	(1)
Net movement in current financial liabilities		1,394	(97)	1,203	(1,009)
Proceeds from long-term financial liabilities	14	829	4,300	689	4,071
Repayment of long-term financial liabilities	14	(2,128)	(3,362)	(1,276)	(2,685)
Increase in participation in existing Group companies		(7)	(10)	(2)	(8)
<b>CASH FLOW FROM FINANCING ACTIVITIES (C)</b>		<b>(1,248)</b>	<b>(162)</b>	<b>(726)</b>	<b>(606)</b>
<b>(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>		<b>(1,276)</b>	<b>(243)</b>	<b>(456)</b>	<b>26</b>
<b>CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE PERIOD (NET)</b>		<b>4,795</b>	<b>3,771</b>	<b>3,942</b>	<b>3,449</b>
(Decrease) Increase in cash and cash equivalents		(1,276)	(243)	(456)	26
Currency translation effects		(160)	(59)	(127)	(6)
<b>CASH AND CASH EQUIVALENTS AS AT THE END OF THE PERIOD (NET)<sup>1</sup></b>		<b>3,359</b>	<b>3,469</b>	<b>3,359</b>	<b>3,469</b>

<sup>1</sup> Cash and cash equivalents at the end of the period include bank overdrafts of CHF 330 million (2016: CHF 472 million) disclosed in current financial liabilities and cash and cash equivalents of CHF 85 million (2016: CHF 25 million) disclosed in assets classified as held for sale.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As used herein, the terms “LafargeHolcim” or the “Group” refer to LafargeHolcim Ltd together with the companies included in the scope of consolidation.

### 1. Basis of preparation

The unaudited interim condensed consolidated financial statements of LafargeHolcim Ltd, hereafter “interim financial statements”, are prepared in accordance with IAS 34 *Interim Financial Reporting*. Except as stated under note 2, the accounting policies used in the preparation and presentation of the interim financial statements are consistent with those used in the consolidated financial statements for the year ended December 31, 2016 (hereafter “annual financial statements”).

The interim financial statements should be read in conjunction with the annual financial statements as they provide an update of previously reported information.

Due to rounding, numbers presented throughout this report may not add up precisely to the totals provided. All ratios and variances are calculated using the underlying amount rather than the presented rounded amount.

The preparation of interim financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and disclosure of contingent liabilities at the date of the interim financial statements. If in the future such estimates and assumptions, which are based on management’s best judgment at the date of the interim financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate during the period in which the circumstances change.

### 2. Change in presentation

As from January 1, 2017, management decided to reclassify the Group’s share of profit of joint ventures within operating profit as such a presentation provides more relevant information regarding the Group’s financial performance, considering that the underlying operational activities of joint ventures are jointly controlled and reflect the core business activities of LafargeHolcim.

This change in presentation has been applied retrospectively and its effect on the comparative information (restated amounts) presented for each line item of the consolidated statement of income was disclosed in the interim report of the first quarter in 2017.

### 3. Changes in the scope of consolidation

In the first quarter of 2017, operations and assets were disposed from Lafarge China Cement Ltd to the Group's associate company Huaxin Cement Co. Ltd for a total consideration of CHF 257 million, of which CHF 36 million is still due as of June 30, 2017. The assets and the related liabilities were classified as held for sale on December 31, 2016.

On February 28, 2017, the Group disposed of its 65 percent shareholding in LafargeHolcim Vietnam for a total consideration of CHF 546 million before tax which resulted in a net gain before taxes of CHF 339 million. The assets and the related liabilities were classified as held for sale on December 31, 2016.

During the second quarter of 2017, there were no business combinations or divestments that were either individually material or that were considered material on an aggregated basis.

In the second quarter of 2016, the Group signed an agreement with a consortium of private equity funds Glenwood and Baring Asia for the divestment of Lafarge Halla Cement corporation in South Korea. This transaction was closed on April 29, 2016 for a total consideration of CHF 528 million and resulted in a net gain before taxes of CHF 10 million.

### 4. Seasonality

Demand for cement, aggregates and other construction materials and services is seasonal because climatic conditions affect the level of activity in the construction sector.

LafargeHolcim usually experiences a reduction in sales during the first and fourth quarters reflecting the effect of the winter season in its principal markets in Europe and North America and tends to see an increase in sales in the second and third quarters reflecting the effect of the summer season. This effect can be particularly pronounced in harsh winters.

## 5. Principal exchange rates

The following table summarizes the principal exchange rates that have been used for translation purposes.

		Statement of income		Statement of financial position		
		Average exchange rates in CHF		Closing exchange rates in CHF		
		January-June 2017	January-June 2016	30.06.2017	31.12.2016	30.06.2016
1 Euro	EUR	1.08	1.10	1.09	1.07	1.09
1 US Dollar	USD	0.99	0.98	0.96	1.02	0.98
1 British Pound	GBP	1.25	1.41	1.25	1.26	1.32
1 Australian Dollar	AUD	0.75	0.72	0.74	0.74	0.73
1 Brazilian Real	BRL	0.31	0.27	0.29	0.31	0.30
1 Canadian Dollar	CAD	0.75	0.74	0.74	0.76	0.76
1 Chinese Renminbi	CNY	0.14	0.15	0.14	0.15	0.15
100 Algerian Dinar	DZD	0.91	0.90	0.89	0.92	0.88
1 Egyptian Pound	EGP	0.06	0.12	0.05	0.06	0.11
1,000 Indonesian Rupiah	IDR	0.07	0.07	0.07	0.08	0.07
100 Indian Rupee	INR	1.51	1.46	1.48	1.50	1.45
100 Mexican Peso	MXN	5.13	5.44	5.30	4.93	5.28
100 Nigerian Naira	NGN	0.33	0.48	0.31	0.32	0.35
100 Philippine Peso	PHP	1.99	2.09	1.90	2.06	2.09

## 6. Information by reportable segment

January-June (unaudited)	Asia Pacific		Europe	
	2017	2016 <sup>1</sup>	2017	2016 <sup>1</sup>
<b>Capacity and sales</b>				
Annual cement production capacity (Million t) <sup>2</sup>	127.2	150.5	73.9	76.4
Sales of cement (Million t)	46.2	60.7	20.1	19.6
Sales of aggregates (Million t)	15.6	15.9	60.0	59.0
Sales of ready-mix concrete (Million m <sup>3</sup> )	6.1	8.0	8.9	9.1
<b>Statement of income (Million CHF)</b>				
Net sales to external customers	3,653	4,269	3,237	3,205
Net sales to other segments	42	72	168	260
<b>TOTAL NET SALES</b>	<b>3,696</b>	<b>4,341</b>	<b>3,405</b>	<b>3,465</b>
<b>OPERATING EBITDA</b>	<b>617</b>	<b>782</b>	<b>513</b>	<b>547</b>
Operating EBITDA margin in %	16.7	18.0	15.1	15.8
<b>OPERATING PROFIT (LOSS)</b>	<b>375</b>	<b>508</b>	<b>228</b>	<b>247</b>
Operating profit margin in %	10.2	11.7	6.7	7.1
<b>Statement of financial position (Million CHF)<sup>2</sup></b>				
Invested capital <sup>3</sup>	9,306	9,588	12,830	12,555
Total assets	15,841	16,901	17,813	17,547
Total liabilities	5,971	6,587	8,925	8,676
<b>Statement of cash flows (Million CHF)</b>				
Cash flow from operating activities	69	419	74	202
Capital expenditure	(110)	(165)	(108)	(108)
<b>Reconciliation of measures of profit and loss to the consolidated statement of income</b>				
<b>OPERATING EBITDA</b>	<b>617</b>	<b>782</b>	<b>513</b>	<b>547</b>
Depreciation, amortization and impairment of operating assets	(242)	(274)	(285)	(301)
<b>OPERATING PROFIT (LOSS)</b>	<b>375</b>	<b>508</b>	<b>228</b>	<b>247</b>
Other income				
Other expenses				
Share of profit of associates				
Financial income				
Financial expense				
<b>NET INCOME BEFORE TAXES</b>				

<sup>1</sup> Restated due to change in presentation, see note 2.<sup>2</sup> Prior-year figures as of December 31, 2016.<sup>3</sup> The definition of the invested capital as presented in the annual report has been changed and now includes current and deferred tax assets and liabilities and excludes short-term derivative assets and financial receivables, long-term financial assets and other long-term assets and long-term derivative assets.<sup>4</sup> The amount of CHF 5,242 million (2016: CHF 5,666 million) consists of borrowings by Corporate from third parties amounting to CHF 19,029 million (2016: CHF 19,176 million) and elimination of cash transferred to regions of CHF 13,787 million (2016: CHF 13,510 million).

	Latin America		Middle East Africa		North America		Corporate/Eliminations		Total Group	
	2017	2016 <sup>1</sup>	2017	2016 <sup>1</sup>	2017	2016 <sup>1</sup>	2017	2016 <sup>1</sup>	2017	2016 <sup>1</sup>
	41.9	41.9	55.0	55.3	31.3	29.2			329.4	353.3
	11.9	11.8	18.1	21.7	8.5	8.8	(2.7)	(3.2)	102.0	119.3
	2.3	3.3	5.3	6.0	44.8	46.0			128.0	130.2
	3.0	3.4	2.5	3.1	3.9	3.9			24.4	27.5
	1,459	1,366	1,727	2,098	2,403	2,404			12,480	13,342
			21	32			(231)	(363)		
	1,459	1,366	1,748	2,130	2,403	2,404	(231)	(363)	12,480	13,342
	516	410	555	596	570	390	(274)	(328)	2,497	2,397
	35.3	30.0	31.7	28.0	23.7	16.2			20.0	18.0
	413	308	394	435	284	144	(328)	(384)	1,367	1,258
	28.3	22.6	22.5	20.4	11.8	6.0			11.0	9.4
	3,201	3,155	7,540	7,581	11,339	11,505	2,592	2,257	46,807	46,641
	5,022	5,159	10,692	10,554	15,354	16,894	1,980	2,562	66,702	69,617
	2,832	3,076	4,211	3,570	6,335	7,295	5,242 <sup>4</sup>	5,666 <sup>4</sup>	33,516	34,870
	47	22	156	352	(166)	(183)	(317)	(550)	(138)	261
	(26)	(45)	(60)	(190)	(218)	(287)	(1)	(5)	(523)	(800)
	516	410	555	596	570	390	(274)	(328)	2,497	2,397
	(102)	(102)	(161)	(161)	(286)	(245)	(54)	(55)	(1,130)	(1,138)
	413	308	394	435	284	144	(328)	(384)	1,367	1,258
									434	41
									(9)	(17)
									66	25
									85	89
									(367)	(513)
									1,576	882

April-June (unaudited)	Asia Pacific		Europe	
	2017	2016 <sup>1</sup>	2017	2016 <sup>1</sup>
<b>Sales</b>				
Sales of cement (Million t)	23.2	30.6	11.9	11.9
Sales of aggregates (Million t)	8.5	8.6	33.4	33.7
Sales of ready-mix concrete (Million m <sup>3</sup> )	3.1	4.2	4.9	5.0
<b>Statement of income (Million CHF)</b>				
Net sales to external customers	1,885	2,155	1,842	1,836
Net sales to other segments	21	38	82	132
<b>TOTAL NET SALES</b>	<b>1,906</b>	<b>2,194</b>	<b>1,925</b>	<b>1,968</b>
<b>OPERATING EBITDA</b>	<b>356</b>	<b>430</b>	<b>416</b>	<b>442</b>
Operating EBITDA margin in %	18.7	19.6	21.6	22.5
<b>OPERATING PROFIT (LOSS)</b>	<b>233</b>	<b>298</b>	<b>273</b>	<b>283</b>
Operating profit margin in %	12.2	13.6	14.2	14.4
<b>Statement of cash flows (Million CHF)</b>				
Cash flow from operating activities	197	368	284	336
Capital expenditure	(61)	(96)	(58)	(59)
<b>Reconciliation of measures of profit and loss to the consolidated statement of income</b>				
<b>OPERATING EBITDA</b>	<b>356</b>	<b>430</b>	<b>416</b>	<b>442</b>
Depreciation, amortization and impairment of operating assets	(123)	(132)	(144)	(159)
<b>OPERATING PROFIT (LOSS)</b>	<b>233</b>	<b>298</b>	<b>273</b>	<b>283</b>
Other income				
Other expenses				
Share of profit of associates				
Financial income				
Financial expense				
<b>NET INCOME BEFORE TAXES</b>				



	Latin America		Middle East Africa		North America		Corporate/Eliminations		Total Group	
	2017	2016 <sup>1</sup>	2017	2016 <sup>1</sup>	2017	2016 <sup>1</sup>	2017	2016 <sup>1</sup>	2017	2016 <sup>1</sup>
	6.0	5.8	9.1	10.9	5.2	5.3	(1.4)	(1.8)	53.9	62.8
	1.2	1.6	2.8	2.4	30.4	32.3			76.3	78.6
	1.5	1.7	1.2	1.7	2.3	2.4			13.0	14.9
	766	684	860	1,066	1,497	1,538			6,850	7,280
			9	15			(113)	(184)		
	766	684	869	1,081	1,497	1,538	(113)	(184)	6,850	7,280
	288	205	301	340	564	390	(133)	(200)	1,793	1,606
	37.5	29.9	34.6	31.5	37.7	25.4			26.2	22.1
	237	152	219	243	410	268	(160)	(228)	1,211	1,015
	30.9	22.3	25.2	22.5	27.4	17.4			17.7	13.9
	79	8	(15)	153	51	52	(216)	(391)	380	525
	(8)	(28)	(12)	(98)	(69)	(163)	4	(2)	(205)	(446)
	288	205	301	340	564	390	(133)	(200)	1,793	1,606
	(51)	(52)	(82)	(97)	(154)	(122)	(28)	(28)	(581)	(591)
	237	152	219	243	410	268	(160)	(228)	1,211	1,015
									69	35
									11	(13)
									55	20
									48	44
									(159)	(243)
									1,235	857

## 7. Information by product line

Million CHF	Cement <sup>1</sup>		Aggregates	
January-June (unaudited)	2017	2016 <sup>2</sup>	2017	2016 <sup>2</sup>
<b>Statement of income</b>				
Net sales to external customers	7,821	8,557	1,262	1,281
Net sales to other segments	543	593	530	552
<b>TOTAL NET SALES</b>	<b>8,364</b>	<b>9,150</b>	<b>1,792</b>	<b>1,833</b>
- of which Asia Pacific	2,856	3,481	274	249
- of which Europe	1,563	1,529	862	898
- of which Latin America	1,273	1,162	19	23
- of which Middle East Africa	1,548	1,888	57	57
- of which North America	1,228	1,222	580	606
- of which Corporate/Eliminations	(104)	(133)		
<b>OPERATING EBITDA</b>	<b>2,164</b>	<b>2,075</b>	<b>231</b>	<b>222</b>
- of which Asia Pacific	528	725	56	39
- of which Europe	319	328	123	147
- of which Latin America	509	388	(1)	0
- of which Middle East Africa	533	573	5	4
- of which North America	475	302	88	83
- of which Corporate	(200)	(240)	(40)	(52)
Operating EBITDA margin in %	25.9	22.7	12.9	12.1

<sup>1</sup> Cement, clinker and other cementitious materials.<sup>2</sup> Restated due to change in presentation, see note 2.

Million CHF	Cement <sup>1</sup>		Aggregates	
April-June (unaudited)	2017	2016 <sup>2</sup>	2017	2016 <sup>2</sup>
<b>Statement of income</b>				
Net sales to external customers	4,217	4,531	753	766
Net sales to other segments	298	336	291	316
<b>TOTAL NET SALES</b>	<b>4,515</b>	<b>4,867</b>	<b>1,044</b>	<b>1,083</b>
- of which Asia Pacific	1,462	1,739	149	135
- of which Europe	918	910	477	502
- of which Latin America	672	580	10	11
- of which Middle East Africa	769	951	30	31
- of which North America	748	757	378	403
- of which Corporate/Eliminations	(55)	(71)		
<b>OPERATING EBITDA</b>	<b>1,445</b>	<b>1,243</b>	<b>230</b>	<b>204</b>
- of which Asia Pacific	291	390	39	26
- of which Europe	264	270	95	105
- of which Latin America	286	194	0	0
- of which Middle East Africa	285	324	4	4
- of which North America	419	251	111	107
- of which Corporate	(99)	(186)	(20)	(38)
Operating EBITDA margin in %	32.0	25.5	22.0	18.8

<sup>1</sup> Cement, clinker and other cementitious materials.<sup>2</sup> Restated due to change in presentation, see note 2.

Other construction materials and services		Corporate/Eliminations		Total Group	
2017	2016 <sup>2</sup>	2017	2016 <sup>2</sup>	2017	2016 <sup>2</sup>
3,398	3,505			12,480	13,342
174	278	(1,247)	(1,423)		
3,572	3,783	(1,247)	(1,423)	12,480	13,342
762	801	(196)	(190)	3,696	4,341
1,452	1,548	(472)	(511)	3,405	3,465
265	283	(98)	(101)	1,459	1,366
222	287	(79)	(103)	1,748	2,130
839	835	(244)	(260)	2,403	2,404
32	29	(159)	(259)	(231)	(363)
101	100			2,497	2,397
33	18			617	782
71	73			513	547
8	22			516	410
17	18			555	596
7	5			570	390
(34)	(36)			(274)	(328)
2.8	2.6			20.0	18.0

Other construction materials and services		Corporate/Eliminations		Total Group	
2017	2016 <sup>2</sup>	2017	2016 <sup>2</sup>	2017	2016 <sup>2</sup>
1,881	1,983			6,850	7,280
82	137	(671)	(789)		
1,963	2,120	(671)	(789)	6,850	7,280
396	420	(102)	(101)	1,906	2,194
783	841	(253)	(286)	1,925	1,968
133	145	(49)	(51)	766	684
111	151	(41)	(53)	869	1,081
524	547	(153)	(170)	1,497	1,538
16	15	(73)	(128)	(113)	(184)
117	165			1,793	1,606
26	14			356	430
58	67			416	442
1	10			288	205
12	12			301	340
35	32			564	390
(14)	29			(133)	(200)
6.0	7.8			26.2	22.1

**8. Other income**

Million CHF	January- June 2017 Unaudited	January- June 2016 Unaudited	April- June 2017 Unaudited	April- June 2016 Unaudited
<b>Dividends earned</b>	9	4	7	4
<b>Net gain on disposal before taxes</b>	425	12	62	6
<b>Other</b>	0	25	0	25
<b>TOTAL</b>	434	41	69	35

In 2017, the position "Net gain on disposal before taxes" mainly includes a gain on the disposal of LafargeHolcim Vietnam of CHF 339 million.

In 2016, the position "Net gain on disposal before taxes" mainly included a gain on the disposal of Lafarge Halla Cement corporation in South Korea of CHF 10 million.

Additional information is disclosed in note 3.

**9. Other expenses**

Million CHF	January- June 2017 Unaudited	January- June 2016 Unaudited	April- June 2017 Unaudited	April- June 2016 Unaudited
<b>Depreciation, amortization and impairment of non-operating assets</b>	(2)	(3)	(1)	(3)
<b>Other</b>	(7)	(14)	12	(10)
<b>TOTAL</b>	(9)	(17)	11	(13)

**10. Financial income**

Million CHF	January- June 2017 Unaudited	January- June 2016 Unaudited	April- June 2017 Unaudited	April- June 2016 Unaudited
<b>Interest earned on cash and cash equivalents</b>	48	71	27	35
<b>Other financial income</b>	37	18	21	8
<b>TOTAL</b>	85	89	48	44

The position "Other financial income" relates primarily to interest income from loans and receivables.

## 11. Financial expenses

Million CHF	January- June 2017 Unaudited	January- June 2016 Unaudited	April- June 2017 Unaudited	April- June 2016 Unaudited
Interest expenses	(381)	(448)	(185)	(239)
Fair value changes on financial instruments	1	(5)	3	(4)
Unwinding of discount on provisions	(20)	(15)	(11)	(8)
Net interest expense on retirement benefit plans	(25)	(25)	(13)	(12)
Other financial expenses	(29)	(43)	(5)	(15)
Foreign exchange gain net	73	6	46	26
Financial expenses capitalized	14	16	6	8
<b>TOTAL</b>	<b>(367)</b>	<b>(513)</b>	<b>(159)</b>	<b>(243)</b>

The positions "Interest expenses" and "Other financial expenses" relate primarily to financial liabilities measured at amortized cost, including amortization on bonds and private placements.

The position "Financial expenses capitalized" comprises interest expenditures on large-scale projects during the reporting period.

## 12. Assets and related liabilities classified as held for sale

The decrease in assets and related liabilities classified as held for sale is mainly related to the disposal of LafargeHolcim Vietnam and the disposal of operations and assets in China as described in note 3.

### 13. Financial assets and liabilities recognized and measured at fair value

The following tables present the Group's financial instruments that are recognized and measured at fair value as of June 30, 2017 and as of December 31, 2016.

No changes in the valuation techniques of the items below have occurred since the last annual financial statements.

Million CHF 30.6.2017 (unaudited)	Fair value level 1	Fair value level 2	Total
<b>Financial assets</b>			
<b>Available-for-sale financial assets</b>			
- Financial investments third parties	1	72	73
Derivatives held for hedging		54	54
Derivatives held for trading		28	28
<b>Financial liabilities</b>			
Derivatives held for hedging		51	51
Derivatives held for trading		14	14

Million CHF 31.12.2016 (audited)	Fair value level 1	Fair value level 2	Total
<b>Financial assets</b>			
<b>Available-for-sale financial assets</b>			
- Financial investments third parties	5	70	75
Derivatives held for hedging		66	66
Derivatives held for trading		9	9
<b>Financial liabilities</b>			
Derivatives held for hedging		88	88
Derivatives held for trading		21	21

#### 14. Bonds

On February 20, 2017, LafargeHolcim Ltd redeemed a CHF 400 million bond with a coupon of 3.13 percent which was issued on February 20, 2007.

On April 24, 2017, Holcim GB Finance Ltd. redeemed a GBP 300 million bond with a coupon of 8.75 percent which was issued on April 24, 2009.

On May 12, 2017, LafargeHolcim Sterling Finance (Netherlands) issued a GBP 300 million bond with a coupon of 3.00 percent and a tenor of 15 years, guaranteed by LafargeHolcim Ltd.

On May 30, 2017, Lafarge S.A. redeemed a GBP 80 million bond with a coupon of 8.75 percent which was issued on May 29, 2009.

On June 16, 2017, Holcim Finance (Australia) Pty Ltd issued a AUD 300 million bond with a coupon of 3.50 percent and a tenor of 5 years, guaranteed by LafargeHolcim Ltd.

On June 26, 2017, Lafarge S.A. redeemed a EUR 289 million bond with a coupon of 5.38 percent which was issued on June 26, 2007.

On June 29, 2017, Lafarge S.A. redeemed a EUR 250 million private placement with a coupon of 7.25 percent which was issued on June 29, 2009.

#### 15. Contingencies, guarantees and commitments

At June 30, 2017, the Group's contingencies amounted to CHF 1,239 million (December 31, 2016: CHF 1,155 million). The increase is related to contingencies in connection with tax related matters.

In September 2011, the Parish of Saint Bernard (Louisiana) filed suit against Lafarge North America Inc. ("LNA"), alleging that a barge under contract to LNA breached the Inner Harbor Navigational Canal levee, flooding the Parish and damaging Parish-owned property.

On 12 June 2017, LNA and the Parish entered into an agreement to settle the case the terms of which are confidential. Whilst LNA denies all claims against it of liability, wrongdoing or damages (as is it also stated in the settlement agreement), LNA sought to settle the case solely to avoid the uncertainties, expense, and delay inherent in continued litigation. This settlement resolves the last remaining Katrina-related litigation against LNA.

In the course of 2016, various media reported that in connection with its operations in Syria the Lafarge Group had allegedly engaged in dealings with certain armed groups and sanctioned parties during 2013 until the plant was closed in September 2014. In response to the reported allegations, the company commenced an internal independent investigation under the supervision of the Finance and Audit Committee. On April 24, 2017, the company reported on the main findings of the investigation and the remediation measures decided on by the Board of Directors. In connection with these reported allegations, criminal complaints are reported to have been filed in France including by two NGOs (Sherpa and the European Center for Constitutional and Human Rights) and eleven former employees. On June 9, 2017, the French prosecutor reportedly opened an in-depth investigation (“instruction”) into some of these allegations. Criminal investigations in France are conducted under a rule of secrecy and neither Lafarge SA nor any of its affiliates have been made a party to these proceedings. Based on the information available as of this date, there is no indication that the reported allegations are likely to result in penalties that will have an adverse financial impact that is material to the Group.

At June 30, 2017, the guarantees issued in the ordinary course of business amounted to CHF 942 million (December 31, 2016: CHF 809 million). The increase is mainly relating to surety bonds.

At June 30, 2017, the Group's commitments amounted to CHF 1,758 million (December 31, 2016: CHF 1,707 million).

## **16. Payout**

In conformity with the decision taken at the annual general meeting on May 3, 2017, a dividend related to 2016 of CHF 2.00 per registered share was paid out of capital surplus. This resulted in a total payment of CHF 1,212 million.

## **17. Events after the reporting period**

On July 18, 2017, Holcim Finance (Australia) Pty Ltd redeemed a AUD 250 million bond with a coupon of 6.00 percent which was issued on July 18, 2012.

## **18. Authorization of the interim financial statements for issue**

The interim financial statements were authorized for issuance by the Board of Directors of LafargeHolcim Ltd on July 25, 2017.



**To the Board of Directors of LafargeHolcim Ltd, Rapperswil-Jona**

Zurich, July 25, 2017

**Report on Review of Interim Condensed Consolidated Financial Statements****Introduction**

We have reviewed the accompanying interim condensed consolidated financial statements of LafargeHolcim Ltd, which comprise the consolidated statement of financial position as at 30 June 2017, and the consolidated statement of comprehensive income, the consolidated statement of comprehensive earnings, the consolidated statement of changes in equity, the consolidated statement of cash flows for the three and six-months period then ended and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim consolidated financial information in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on these interim consolidated financial statements based on our review.

**Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information does not give a true and fair view of the consolidated financial position of the entity as at 30 June 2017, and of its consolidated financial performance and its consolidated cash flows for the three and six-months period then ended in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

Deloitte AG



David Quinlin  
Licensed Audit Expert  
Auditor in charge



Frédéric Gourd

**LafargeHolcim securities**

The LafargeHolcim shares (security code number 12214059) are traded on the Main Standard of the SIX Swiss Exchange in Zurich and on Euronext in Paris. Telexkurs lists the registered share under LHN and the corresponding code under Bloomberg is LHN:VX. The market capitalization of LafargeHolcim Ltd amounted to CHF 33.2 billion as at June 30, 2017.

**Cautionary statement regarding forward-looking statements**

This document may contain certain forward-looking statements relating to the Group's future business, development and economic performance. Such statements may be subject to a number of risks, uncertainties and other important factors, such as but not limited to (1) competitive pressures; (2) legislative and regulatory developments; (3) global, macroeconomic and political trends; (4) fluctuations in currency exchange rates and general financial market conditions; (5) delay or inability in obtaining approvals from authorities; (6) technical developments; (7) litigation; (8) adverse publicity and news coverage, which could cause actual development and results to differ materially from the statements made in this document.

LafargeHolcim assumes no obligation to update or alter forward-looking statements whether as a result of new information, future events or otherwise.

**Definition of non-GAAP measures used in this release**

The definition of non-gaap measures used in this report can be found on our website under the following link: [www.lafargeholcim.com/non-gaap-measures](http://www.lafargeholcim.com/non-gaap-measures)

**Financial reporting calendar**

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	Date
Results for the third quarter 2017	October 27, 2017

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