



# H1 2020

## RESULTS

July 30, 2020

JAN JENISCH  
CEO

GÉRALDINE PICAUD  
CFO



LafargeHolcim



# 01 HIGHLIGHTS AND KEY DEVELOPMENTS

Jan Jenisch, Chief Executive Officer

# H1 2020 KEY DEVELOPMENTS

## RESILIENT PERFORMANCE



Early priorities on **health measures** for employees, partners and communities

**Resilient performance** with Net Sales decrease of **10.8% LFL**, Recurring EBIT decrease of **22.0% LFL**

**Rapid execution of action plan “HEALTH, COST & CASH”** delivering visible results

**Over-proportional costs decline vs volumes development** in May and June

Excellent **free cash flow** generation of **CHF 749 m (+198%)**, **strong balance sheet** and **liquidity**

Further strengthening our leadership in **Sustainability**

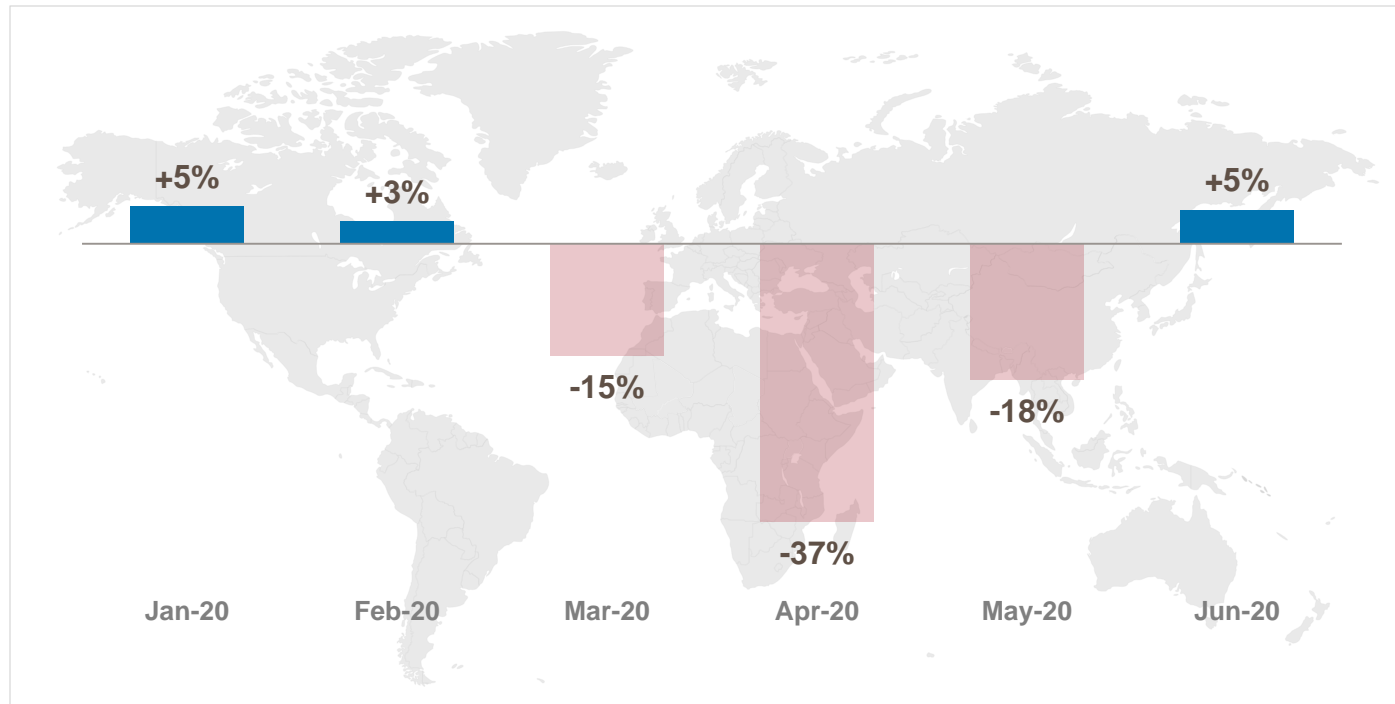
Fast demand recovery with **an encouraging outlook for second half of 2020**



# H1 2020 NET SALES DEVELOPMENT

## FULL RECOVERY IN JUNE

### Group monthly Net Sales vs PY (LFL)



- **Very good start of the year** despite Covid-19 outbreak in China
- **Biggest impact** of Covid-19 in April
- **Full recovery in June**
- **Encouraging outlook** for the second half of 2020

# BUILDING A HEALTHIER WORLD TOGETHER

## RAPID AND AGILE RESPONSE TO COVID-19

- **Rigorous global approach** to prepare, monitor and respond to Covid-19 since beginning of January
- Fast **country implementation and accountability**
- **Recognized best in class** for rapid and effective response by International SOS, the world's leading medical and travel provider
- We engaged and supported local communities in all countries protecting **4 million beneficiaries** around the world



# AGILE AND EFFECTIVE CRISIS MANAGEMENT

## “HEALTH, COST & CASH” ACTION PLAN DELIVERING VISIBLE RESULTS



### HEALTH

Safeguard the **Health and Safety** of our staff, partners and communities

Early establishment of **Business Resilience teams**  
Projects to **support communities** in all our markets<sup>1</sup>

**4 Mio<sup>2</sup>**



### COST

Reduction in fixed costs by CHF

**300 million**

In 2020

H1 2020

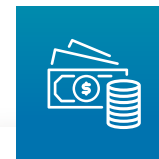
**-275 m**

Realization of **reduction in energy prices**  
Review of all **3<sup>rd</sup> party products and services**

H1 2020

**-82 m**

**Over-proportional cost decline vs volumes development in May & June**



### CASH

Reduction of CAPEX by at least CHF

**400 million**

Compared to 2019

H1 2020

**-194 m**

Reduction of **Net Working Capital** at least in line with level of activity

H1 2020

**-13 DAYS**

**Free Cash Flow of CHF 749 m (+198%)**

# FURTHER STRENGTHENING OUR LEADERSHIP IN SUSTAINABILITY LEADING THE WAY IN GREEN CONSTRUCTION

**#1 ESG Sustainalytics ranking** in construction sector:  
High marks for governance, sustainable solutions & resource  
management

Global roll-out of **ECOPact green concrete**:  
30%-100% more sustainable than traditional concrete

**Innovative partnerships for a green recovery:**  
3D printing with **GE Renewable Energy** and **COBOD** for more  
powerful wind turbines







## **02 HALF-YEAR 2020 FINANCIAL RESULTS**

Géraldine Picaud, Chief Financial Officer



## RESILIENT PERFORMANCE AND STRONG FREE CASH FLOW<sup>2</sup>

Net Sales	Recurring EBITDA <sup>2</sup>	Recurring EBIT	EPS <sup>3</sup>	Free cash flow <sup>2</sup>
<p><b>-10.8%</b><sup>1</sup></p> <p>CHF 10'693 m</p>	<p><b>-12.8%</b><sup>1</sup></p> <p>CHF 2'152 m</p>	<p><b>-22.0%</b><sup>1</sup></p> <p>CHF 1'194 m</p>	<p>CHF</p> <p><b>0.80</b></p> <p>per share</p> <p>-37.1%</p>	<p>CHF</p> <p><b>749 m</b></p> <p>+198%</p>
<p>Q2 2020</p> <p><b>5'400 m</b></p> <p>-17.0%<sup>1</sup></p>	<p>Q2 2020</p> <p><b>1'410 m</b></p> <p>-17.7%<sup>1</sup></p>	<p>Q2 2020</p> <p><b>932 m</b></p> <p>-26.1%<sup>1</sup></p>		

<sup>1</sup> Variance on a like for like basis

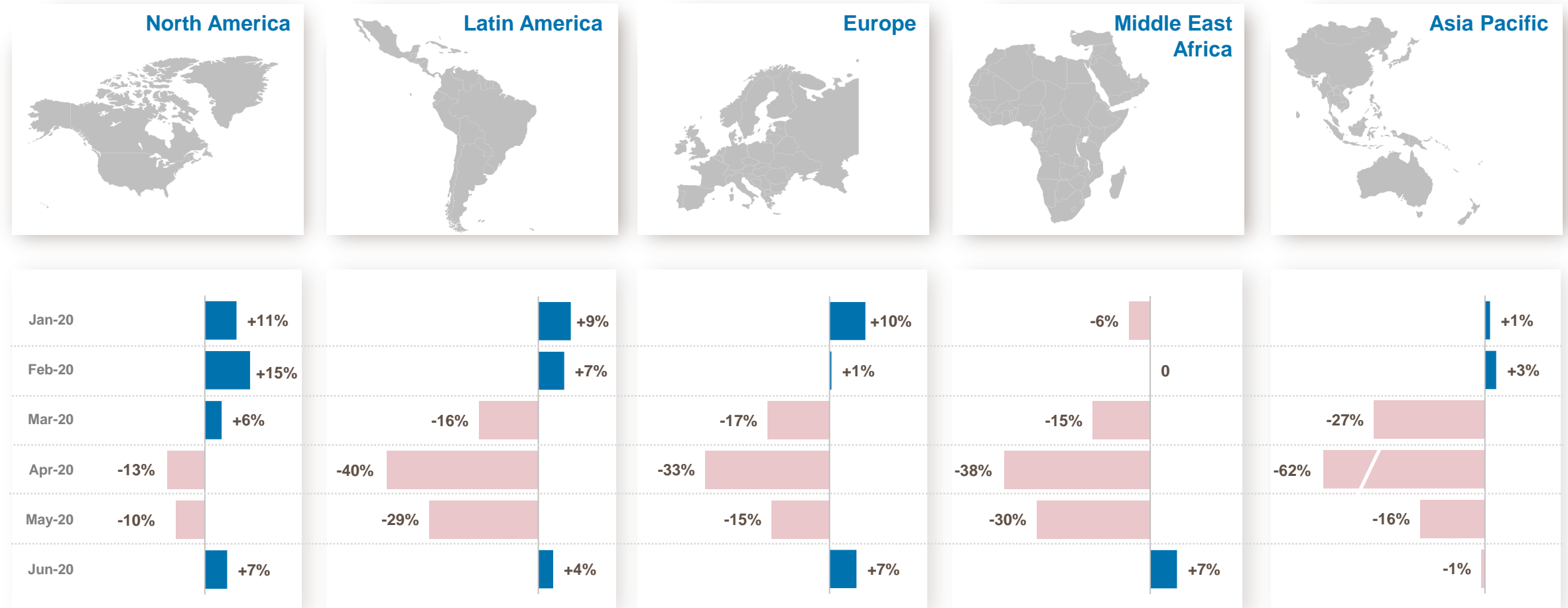
<sup>2</sup> After leases

<sup>3</sup> Before impairment and divestments

# H1 2020 NET SALES DEVELOPMENT

## FULL RECOVERY IN JUNE IN ALL REGIONS

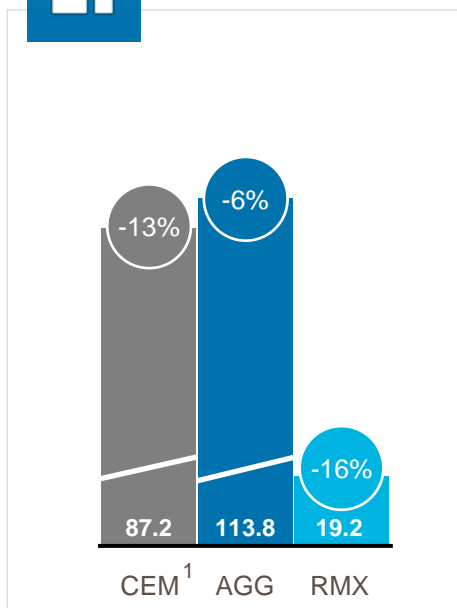
### Monthly Net Sales vs PY (LFL)



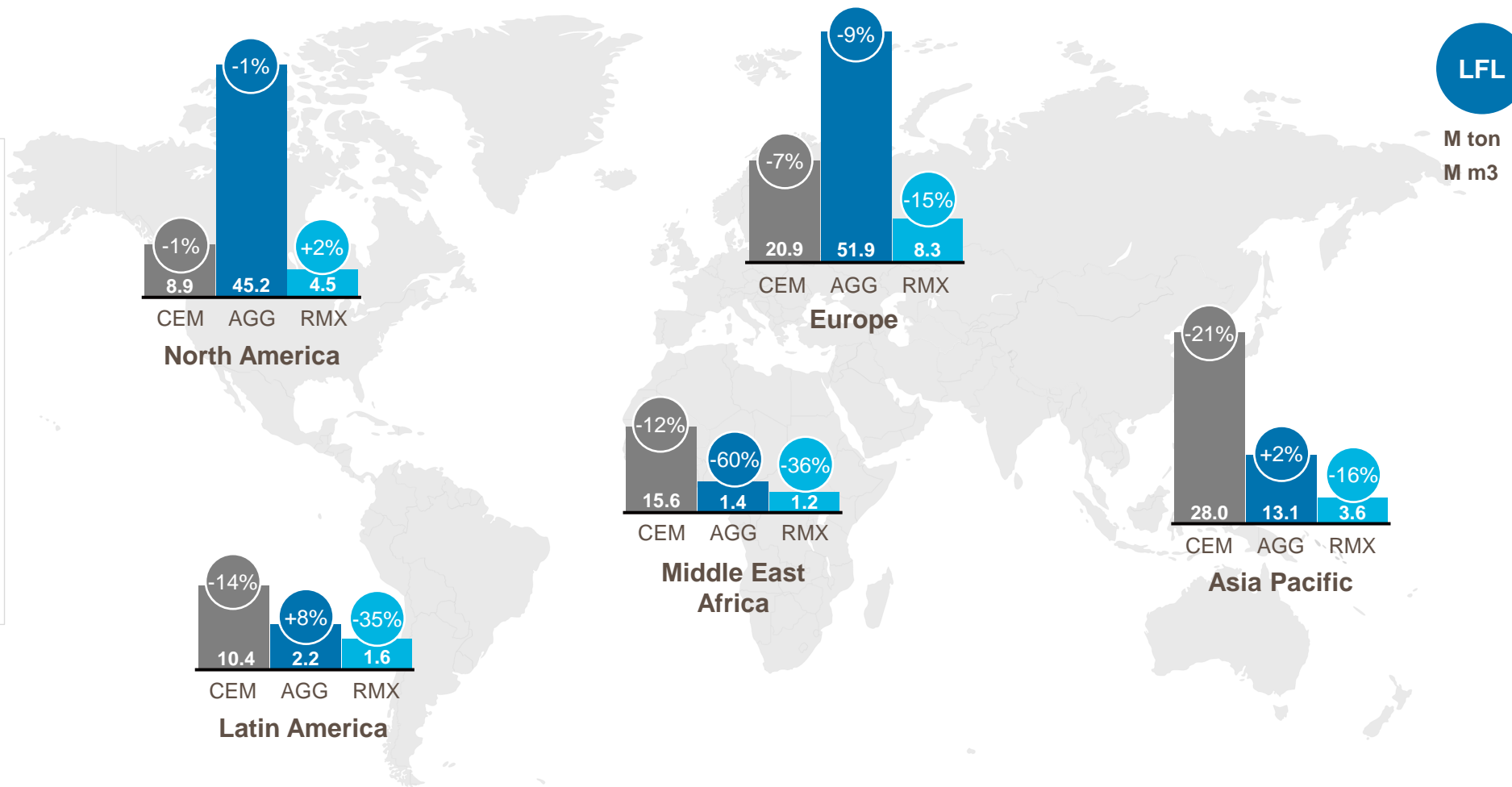
# H1 2020 VOLUMES DEVELOPMENT

## VOLUMES IMPACTED BY THE PANDEMIC

### LH GROUP



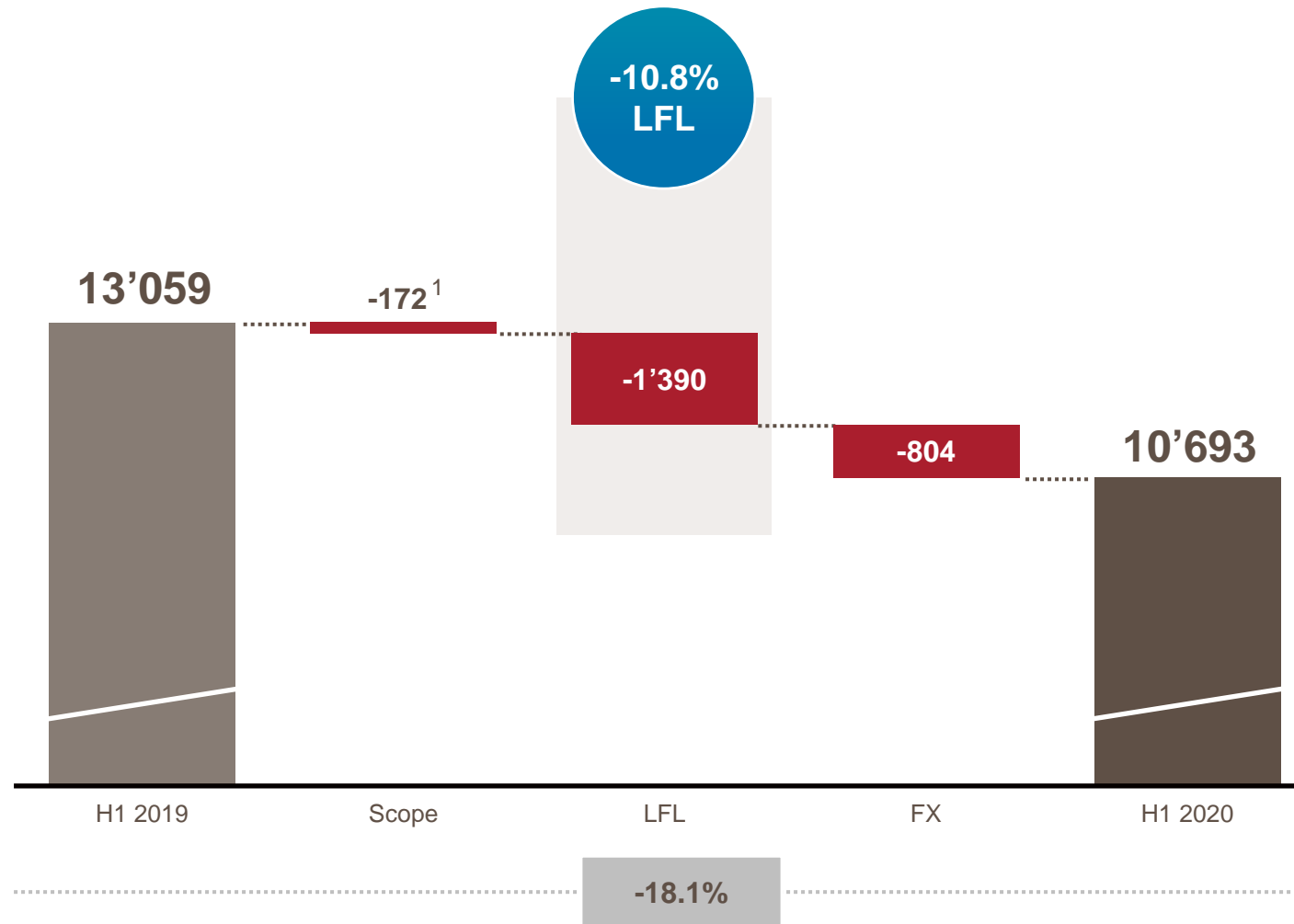
<sup>1</sup> Includes volumes from Trading activities





# H1 2020 NET SALES BRIDGE

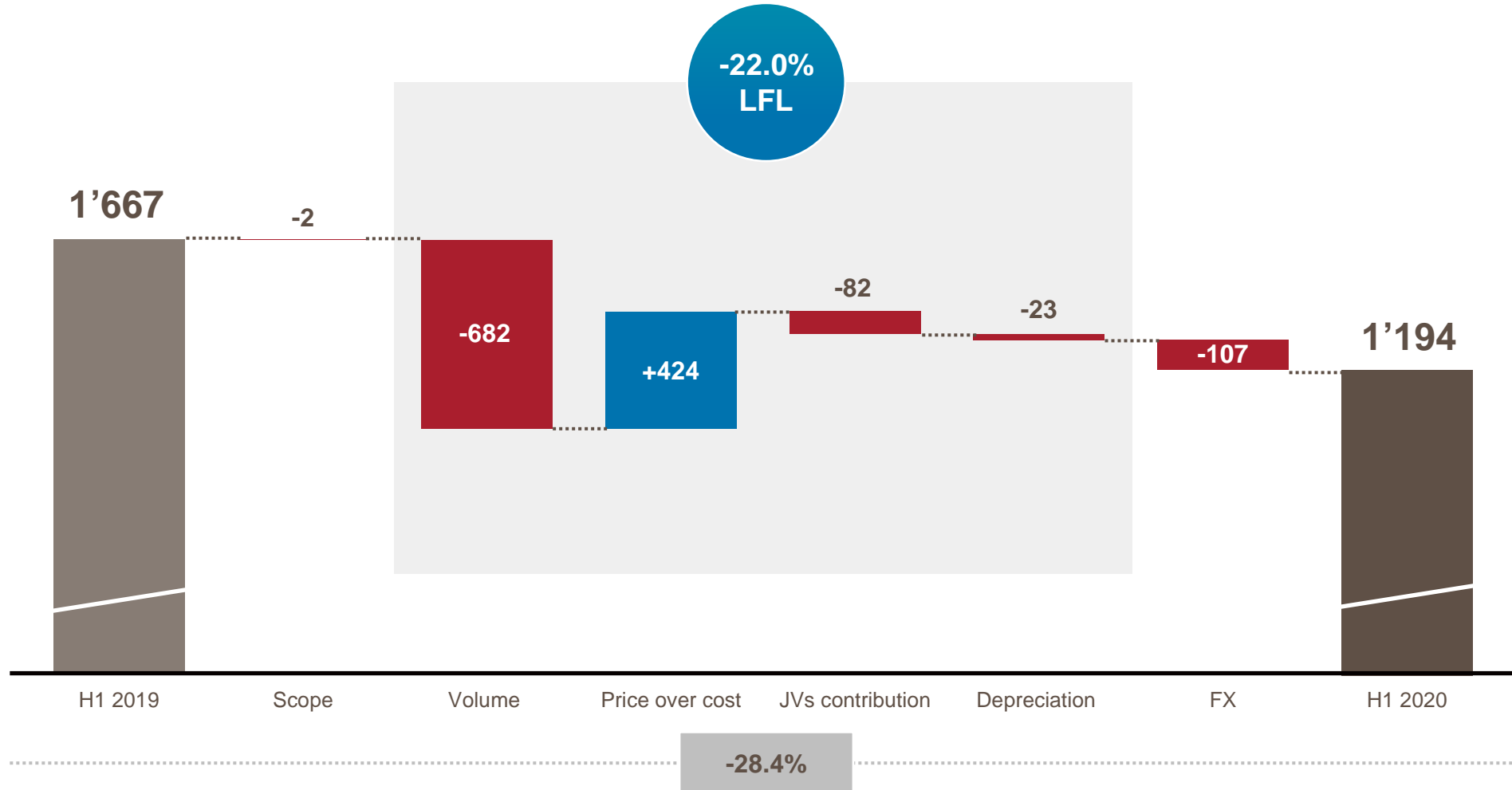
## NET SALES DECREASE OF 10.8% LFL



CHF M | <sup>1</sup> Including divestments of Indonesia, Malaysia and Singapore

# H1 2020 RECURRING EBIT BRIDGE





## RECURRING EBIT DECREASE OF 22.0% LFL



CHF M

# H1 2020 NET SALES AND RECURRING EBIT BY SEGMENT

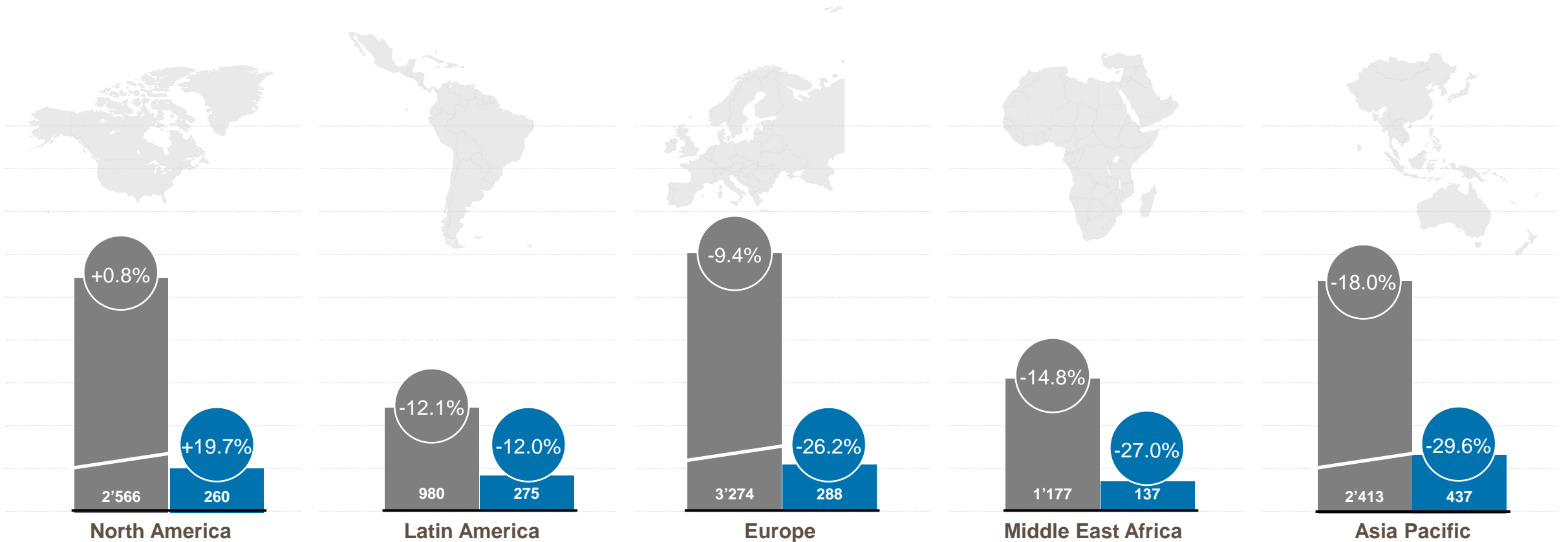
## RESILIENT PERFORMANCE

	 <b>CEMENT</b>	 <b>AGGREGATES</b>	 <b>RMX</b>	 <b>SOLUTIONS &amp; PRODUCTS</b>
<i>CHF M</i>				
Net Sales	7'029 <i>-11.6% LFL</i>	1'699 <i>-5.5% LFL</i>	2'103 <i>-12.3% LFL</i>	819 <i>-13.9% LFL</i>
Recurring EBITDA after leases	1'845 <i>-7.9% LFL</i>	242 <i>-23.1% LFL</i>	21 <i>-75.7% LFL</i>	40 <i>-49.2% LFL</i>
Recurring EBIT	1'131 <i>-14.0% LFL</i>	101 <i>-40.1% LFL</i>	-47 <i>n.m.</i>	6 <i>-94.9% LFL</i>





## REC EBIT MARGIN IMPROVEMENT IN NORTH AND LATIN AMERICA



**NET SALES**  
to external customers  
(CHF m)

**RECURRING EBIT**  
(CHF m)

**% LFL**  
Growth / Decline

# NORTH AMERICA REMARKABLE PERFORMANCE WITH REC EBIT UP 20% LFL IN H1

<i>CHF M</i>	Q2 2020	H1 2020
Net Sales <sup>1</sup>	1'547 -4.4% LFL	2'566 +0.8% LFL
Recurring EBITDA after leases	471 +1.1% LFL	523 +8.4% LFL
Recurring EBIT	335 +2.4% LFL	260 +19.7% LFL

<sup>1</sup> Net Sales to external customers

- Recurring EBIT margin expansion
- Resilient US performance amid Covid-19 thanks to fast and effective cost management
- Canada East impacted by lockdown, Canada West facing economic challenges due to slowdown in oil & gas industry



# LATIN AMERICA EXPANDING RECURRING EBIT MARGIN AMID COVID-19

CHF M	Q2 2020	H1 2020
Net Sales <sup>1</sup>	415 <i>-22.6% LFL</i>	980 <i>-12.1% LFL</i>
Recurring EBITDA after leases	152 <i>-17.0% LFL</i>	352 <i>-9.2% LFL</i>
Recurring EBIT	116 <i>-21.1% LFL</i>	275 <i>-12.0% LFL</i>

<sup>1</sup> Net Sales to external customers

- Strong contribution from Mexico
- Performance in Ecuador, Colombia and El Salvador significantly impacted by the pandemic
- Strong recovery in most markets in June





# EUROPE IMPACTED BY COVID-19, FULL RECOVERY IN JUNE

CHF M	Q2 2020	H1 2020
Net Sales <sup>1</sup>	1'705 -13.9% LFL	3'274 -9.4% LFL
Recurring EBITDA after leases	392 -20.7% LFL	555 -14.5% LFL
Recurring EBIT	260 -28.2% LFL	288 -26.2% LFL

<sup>1</sup> Net Sales to external customers

- Resilient markets in Germany, Central and Eastern Europe
- Strict lockdown measures in the UK and France impacting the performance of the region
- V-shaped recovery in June in the majority of markets except in the UK



# MIDDLE EAST AFRICA RESILIENT MARGIN AND RECOVERY IN JUNE

CHF M	Q2 2020	H1 2020
Net Sales <sup>1</sup>	527 <i>-22.4% LFL</i>	1'177 <i>-14.8% LFL</i>
Recurring EBITDA after leases	124 <i>-27.1% LFL</i>	266 <i>-15.2% LFL</i>
Recurring EBIT <sup>2</sup>	63 <i>-46.3% LFL</i>	137 <i>-27.0% LFL</i>

<sup>1</sup> Net Sales to external customers

<sup>2</sup> Contribution from share of net income from JVs: CHF 18 m in H1 2020 vs. CHF 33 m in H1 2019

- Volume declines in Algeria, Egypt, Iraq and South Africa due to government restrictions and curfews
- Ramadan in May slowed down the recovery in the respective countries
- Resilient performance in Nigeria



CHF M	Q2 2020	H1 2020
Net Sales <sup>1</sup>	1'086 <i>-26.4% LFL</i>	2'413 <i>-18.0% LFL</i>
Recurring EBITDA after leases	360 <i>-23.8% LFL</i>	625 <i>-19.8% LFL</i>
Recurring EBIT <sup>2</sup>	268 <i>-34.1% LFL</i>	437 <i>-29.6% LFL</i>

<sup>1</sup> Net Sales to external customers

<sup>2</sup> Contribution from share of net income from JVs: CHF 160 m in H1 2020 (of which CHF 126 m from Huaxin) vs. CHF 229 m in H1 2019 (of which CHF 192 m from Huaxin)

- Recurring EBIT margin expansion in India driven by effective cost and price management as well as lower input costs
- Strong recovery in China with volumes above the previous year
- Resilient activity in Australia



# H1 2020 FINANCIAL PERFORMANCE

## EARNINGS PER SHARE<sup>1</sup> OF CHF 0.80

<i>CHF M</i>	<b>H1 2019</b> <small>Before impairment &amp; divestments</small>	<b>H1 2020</b> <small>Before impairment &amp; divestments</small>	<b>Change</b>
Net Sales	13'059	10'693	-2'366
<b>RECURRING EBITDA after leases</b>	<b>2'673</b>	<b>2'152</b>	<b>-522</b>
Depreciation & amortization	-1'007	-958	49
<b>RECURRING EBIT</b>	<b>1'667</b>	<b>1'194</b>	<b>-473</b>
Restructuring, litigation and others	-71	-39	33
<b>OPERATING PROFIT (EBIT)</b>	<b>1'595</b>	<b>1'156</b>	<b>-440</b>
Profit/loss on disposals and other non-operating items	-20	-32	-12
Share of profit of associates	7	4	-3
Net financial expenses	-368	-316	51
<b>NET INCOME BEFORE TAXES</b>	<b>1'214</b>	<b>812</b>	<b>-402</b>
Income taxes	-328	-212	116
Effective Tax Rate	27.0%	26.0%	
<b>NET INCOME</b>	<b>886</b>	<b>601</b>	<b>-285</b>
Net Income, Non-controlling interests	117	100	-17
<b>NET INCOME GROUP SHARE</b>	<b>769</b>	<b>501</b>	<b>-268</b>
<b>EPS (CHF per share)</b>	<b>1.28</b>	<b>0.80</b>	<b>-0.48</b>



CHF M

	H1 2019	H1 2020	Change
<b>RECURRING EBITDA after leases</b>	<b>2'673</b>	<b>2'152</b>	<b>-522</b>
Right of use assets	205	184	-21
Change in net working capital	-968	-314	653
Income taxes paid	-344	-254	91
Net financial expenses paid & FX	-298	-264	35
Share of profit of JVs, net of dividends received	-104	-138	-34
Others incl. employee benefits	-97	-36	61
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>1'067</b>	<b>1'330</b>	<b>263</b>
CAPEX net	-606	-412	194
Repayment of long-term lease liabilities	-209	-169	40
<b>FREE CASH FLOW after leases</b>	<b>252</b>	<b>749</b>	<b>498</b>

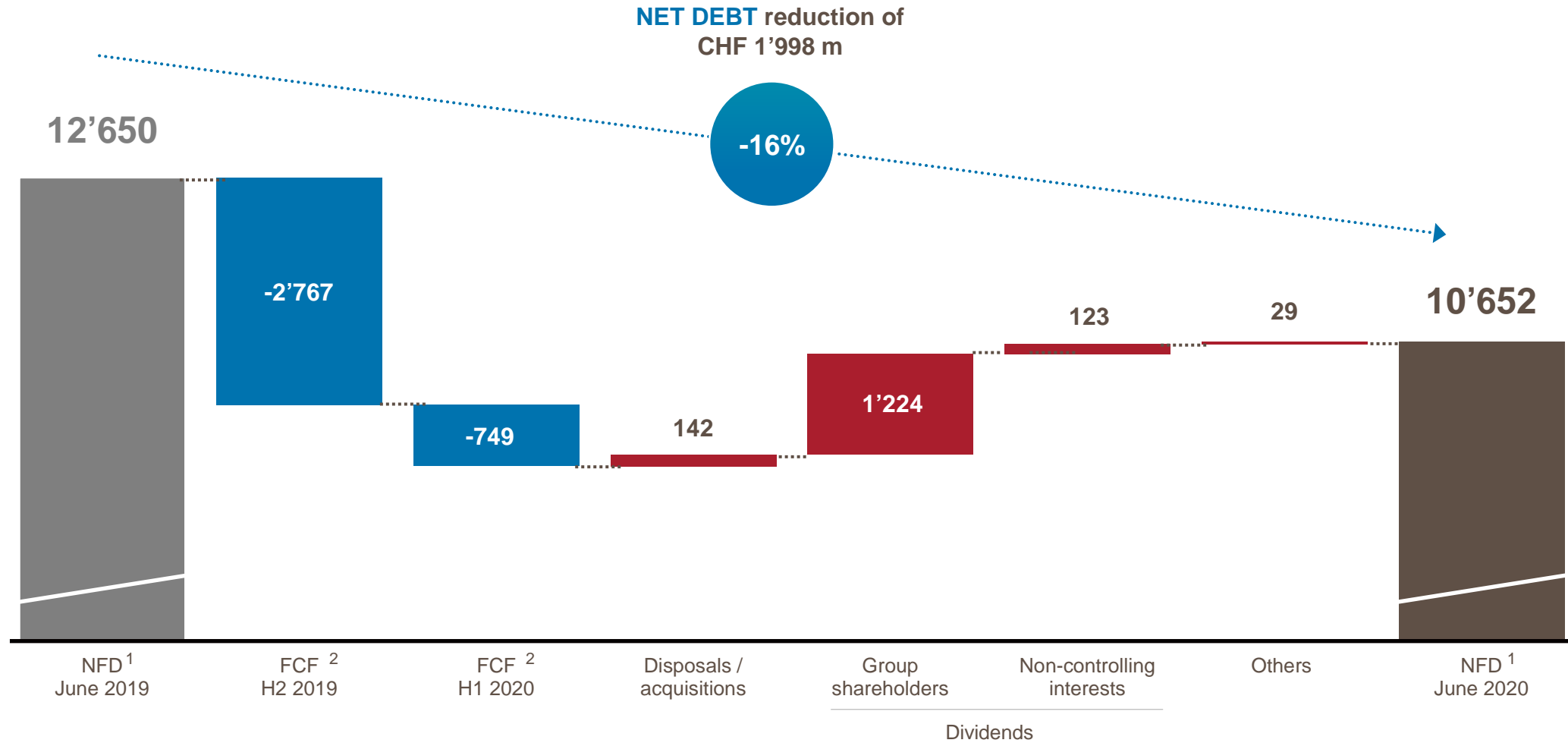
+198%



# NET FINANCIAL DEBT BRIDGE

## NET FINANCIAL DEBT DOWN CHF 2 BN VS JUNE 2019

CHF M



# FINANCIAL STRENGTH

## CREDIT RATINGS CONFIRMED, STRONG BALANCE SHEET & LIQUIDITY



### STRONG LIQUIDITY

- More than CHF **8 bn** of cash and unused **committed** credit lines
- All credit lines **without financial covenants** and material adverse change clauses



### STRONG BALANCE SHEET

- Debt maturities **2020-2021** well covered with available liquidity



### CREDIT RATINGS

Credit ratings confirmed

MOODY'S

Baa2, outlook stable, confirmed on April 20, 2020

S&P

BBB, outlook stable, confirmed on March 27, 2020



### SUCCESSFUL RE-FINANCING

- 2 year CHF **250million** 1.05% bond
- 5 year EUR **500million** 2.375% bond issued in April 2020



## **03**   **OUTLOOK AND GUIDANCE 2020**

Jan Jenisch, Chief Executive Officer



# SOLID SECOND HALF OF THE YEAR EXPECTED



Fast demand recovery with **an encouraging outlook for the second half of 2020**

Execution of action plan “HEALTH, COST & CASH” **to continue ahead of targets**

Free Cash Flow generation **above CHF 2 bn**

Debt leverage **below 2x**

**Solid second half of the year expected**<sup>1</sup>

# APPENDIX



# Q2 2019 RECURRING EBIT BY REGION

<i>CHF M</i>	Asia Pacific	Europe	Latin America	Middle East Africa	North America	Corporate & Trading	Group
<b>RECURRING EBITDA</b>	<b>529</b>	<b>554</b>	<b>234</b>	<b>197</b>	<b>515</b>	<b>-70</b>	<b>1'958</b>
Depreciaton of right of use assets	-12	-28	-6	-16	-30	-5	-97
<b>RECURRING EBITDA after leases</b>	<b>517</b>	<b>525</b>	<b>228</b>	<b>180</b>	<b>485</b>	<b>-75</b>	<b>1'860</b>
D&A PPE, intangible and long-term assets	-78	-140	-46	-63	-145	-27	-499
<b>RECURRING EBIT</b>	<b>439</b>	<b>386</b>	<b>182</b>	<b>118</b>	<b>339</b>	<b>-101</b>	<b>1'362</b>

# UPCOMING EVENTS

**OCTOBER 30, 2020**

Q3 2020 Trading Update

**FEBRUARY 26, 2021**

Full year 2020 earnings release

**APRIL 23, 2021**

Q1 2021 Trading Update



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