HALF-YEAR 2018 REPORT

JANUARY–JUNE 2018

LAFARGEHOLCIM

LafargeHolcim

HALF-YEAR 2018 KEY GROUP FIGURES

FINANCIAL HIGHLIGHTS

–1.4%
RECURRING EBITDA GROWTH

4.8%
NET SALES GROWTH

2,484
RECURRING EBITDA
CHF M
H1 2017: 2,582

108.2
SALES OF CEMENT
MILLION TONNES
H1 2017: 107.6

–473
FREE CASH FLOW
CHF M
H1 2017: -661

16,127
NET FINANCIAL DEBT
CHF M
H1 2017: 15,745

5.8%
RETURN ON INVESTED CAPITAL

0.62
EPS BEFORE IMPAIRMENT AND DIVESTMENTS
CHF
H1 2017: 1.07

Notes:

Recurring EBITDA growth and Net Sales growth are both presented on a like-for-like basis.

H1 2017 sales of cement and Recurring EBITDA have been restated due to change in presentation, see note 3.

The non-GAAP measures used in this report are defined on pages 30–32.

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DEAR SHAREHOLDER,

LafargeHolcim delivered strong revenue growth of 4.8% on a like-for-like basis through the first half of 2018. Recurring EBITDA grew in all regions apart from Middle East Africa, where conditions remained difficult. In total, this produced a slight decline in Group Recurring EBITDA of 1.4% like for like.

Given these trends, as well as the solid execution of simplification and performance measures, the Group confirms its full-year targets for 2018.

The net income attributable to shareholders for the first half 2018 before impairment and divestments decreased from CHF 651 million in 2017 to CHF 371 million in the current year. As is the case with the operating profit, both figures are predominantly impacted by restructuring costs in connection with the simplification plan that is being implemented and that will lead to yearly CHF 400 million cost savings from Q2 2019 onwards.

Strategy 2022
The execution of Strategy 2022 -"Building for Growth" is well on track across all regions and segments. Bolt-on acquisitions in France, UK and US in 2018 illustrate an important lever for growth going forward. The commitment to maintaining an investment-grade rating is confirmed as well as building financial strength and shareholder value. Local markets have been increasingly empowered, as have employees globally, to keep LafargeHolcim at the forefront of sustainable construction and innovation.

Over the first half-year, the Group has made good progress on all initiatives to deliver a cost-disciplined operating model and corporate-light structure: the regional and top management organizations have been successfully streamlined, Miami and Singapore regional offices have been closed, Zurich and Paris corporate offices reorganization is progressing and countries have initiated extensive fixed-cost restructuring. As previously announced, all actions are expected to be completed by Q1 2019, delivering cost savings of CHF 400 million per year, measured at 2017 currency exchange rates.

Restructuring, litigation, implementation and other non-recurring costs stood at CHF 300 million compared to CHF 38 million in H1 2017. This increase is mainly due to the restructuring costs inccurred in connection to the streamlining of corporate and countries' fixed costs structures. The first half of 2017 included a significant positive impact coming from reversal of provisions.

Net financial expenses excluding impairment and divestments stood at CHF 455 million in H1 2018 compared to CHF 398 million in H1 2017. The increase is mainly driven by financial expenses related to legal cases.

Excluding impairment and divestments, the Group's effective tax rate (ETR) amounts to 29.5% compared to 30.5% ETR before impairment and divestments in 2017 full-year.

EPS excluding impairment and divestments amounts to CHF 0.62 for the first half of 2018 to compare to 1.07 for the same period of last year. On a reported basis, EPS was CHF 0.53.

Net capital expenditure for the first half was CHF 526 million which is comparable to prior year. Free Cash Flow stood at CHF –473 million which is CHF 187 million better than in H1 2017, driven by improvement in Net Working Capital.

The **Net Financial Debt** as of June 30, 2018 amounted to CHF 16,127 million.

Asia Pacific

		H1 2018
Sales of cement	million t	45.5
Sales of aggregates	million t	15.9
Sales of ready-mix concrete	million m^3	6.1
Net sales to external customers	million CHF	3,807
Like-for-like growth	%	+9.4%
Recurring EBITDA	million CHF	773
Like-for-like growth	%	+17.1%

Market developments in Asia Pacific continue to be mixed.

In China, the government maintained its efforts to improve the environmental situation leading to a significant reduction of cement capacity and thus favorable pricing. By integrating waste recycling activities, we were able to mitigate rising energy costs and to achieve overall strong margin improvements.

Good cement demand in India is supported by infrastructure spending and housing. Ongoing expansion of our ready-mix concrete further strengthened our local presence.

In Southeast Asia, the situation remains challenging, notably in Malaysia. Net Sales improved in the Philippines and Indonesia, supported by higher volumes following good demand in infrastructure.

Net sales to external customers H1 totaled CHF 3,807 million, for 9.4% higher on a like-for-like basis.

Europe

		H1 2018
Sales of cement	million t	21.3
Sales of aggregates	million t	59.0
Sales of ready-mix concrete	million m^3	9.3
Net sales to external customers	million CHF	3,664
Like-for-like growth	%	+3.4%
Recurring EBITDA	million CHF	599
Like-for-like growth	%	+1.2%

After harsh weather in Q1, the construction market in Europe rebounded in Q2 and was generally strong in most countries in both the infrastructure and residential segments.

Cement volumes sold in H1 were 21.3 million tonnes, improving by 5.5% on a like-for-like basis. Volumes in the UK were broadly stable. Germany started to recover at the end of Q2 from low volumes in Q1. In Eastern and Central Europe public spending in infrastructure and private spending in residential contributed strongly to the result.

Aggregates volumes sold in H1 stood at 59.0 million tonnes, an improvement of 3.7% on a like-for-like basis, notably due to strong growth in Poland, Switzerland and Bulgaria.

Ready-mix concrete volumes sold were 9.3 million cubic meters, with a growth of 3.7% on a like-for-like basis, mainly coming from France, Romania, Greece and Serbia.

Net Sales to external customers for H1 totaled CHF 3,664 million, for 3.4% higher on a like-for-like basis, thanks to improved volumes and higher prices.

Despite higher input costs, Recurring EBITDA for the region was CHF 599 million, or 1.2% higher on a like-for-like basis.

Latin America

		H1 2018
Sales of cement	million t	12.6
Sales of aggregates	million t	1.7
Sales of ready-mix concrete	million m^3	2.8
Net sales to external customers	million CHF	1,428
Like-for-like growth	%	+12.9%
Recurring EBITDA	million CHF	488
Like-for-like growth	%	+5.2%

The strong H1 in Latin America was driven by the significant performance improvement of Mexico. Argentina continued to perform well despite high currency volatility.

Cement volume sold were 12.6 million tonnes, improving 12.1% on a like-for-like basis, due to large infrastructure projects in Mexico, in particular the new Mexico City International airport. In Brazil, the partial recovery of demand was impacted in May by a national transportation strike. In Argentina, demand for cement remains solid despite financial turbulence in the economy arising at the end of the second quarter. Ready-mix concrete volumes sold were 2.8 million cubic meters, an improvement of 15.9%.

Net Sales to external customers for H1 stood at CHF 1,428 million, which translated to Recurring EBITDA of CHF 488 million, or an improvement of 5.2% on a like-for-like basis.

Middle East Africa

		H1 2018
Sales of cement	million t	17.7
Sales of aggregates	million t	4.1
Sales of ready-mix concrete	million m^3	2.0
Net sales to external customers	million CHF	1,535
Like-for-like growth	%	–7.4%
Recurring EBITDA	million CHF	365
Like-for-like growth	%	–33.5%

The Middle East Africa region had a difficult H1 after several markets were affected by changes in the competitive profile and shifts of supply and demand, notably Algeria and Iraq. Cement volumes sold reached 17.7 million tonnes, or 2.5% lower on a like-for-like basis. Top line in Nigeria benefited from a recovery in market demand, while Egypt delivered a good performance despite an increasingly volatile environment. Aggregates volumes sold stood at 4.1 million tonnes, or 21.7% lower on a like-for-like basis, while ready-mix concrete volumes sold reached 2.0 million cubic meters, 20.0% lower on a like-for-like basis mainly due to northern African countries.

Net Sales to external customers for H1 stood at CHF 1,535 million or 7.4% lower on a like-for-like basis, translating to Recurring EBITDA of CHF 365 million. This result reflects the impact of decreased cement prices and volumes in several of our markets, which was partly mitigated by strong cost reduction programs.

North America

		H1 2018
Sales of cement	million t	8.8
Sales of aggregates	million t	44.5
Sales of ready-mix concrete	million m^3	4.4
Net sales to external customers	million CHF	2,475
Like-for-like growth	%	+2.3%
Recurring EBITDA	million CHF	470
Like-for-like growth	%	+2.0%

After a soft Q1 that was impacted by harsher winter conditions, construction activity recovered in Q2 in North America. The general macroeconomic environment is favorable.

Cement volumes sold reached 8.8 million tonnes, higher by 3.4 percent on like-for-like basis. This increase was supported by a rebound in the US after a soft Q1, while Canada volumes continued to grow strongly reflecting economic recovery in the western part of the country and increased exports to the US. Aggregates volumes sold stood at 44.5 million tonnes, or 0.6 percent lower compared to the prior year on a like-for-like basis. Canada's aggregates volumes were up, broadly compensating for a short-fall in the US from Q1. Ready-mix concrete volumes sold were 4.4 million cubic meters, reflecting a like-for-like increase of 1.8%.

Net Sales to external customers stood at CHF 2,475 million, a like-for-like increase of 2.3% over the prior-year period. The improvement mainly reflects volume expansions and continued solid price levels.

Recurring EBITDA was CHF 470 million, an improvement of 2.0% over the prior-year period on a like-for-like basis.

2018 Outlook

The Group confirms its targets for 2018 for Net Sales growth of 3 to 5 percent and an over-proportional increase in Recurring EBITDA of at least 5 percent on a like-for-like basis.

- Strong market trends in Europe
- Continued solid growth in North America
- Good growth prospects in most countries in Latin America
- India and China to remain supportive; Southeast Asia to stabilize
- Challenging outlook in a number of countries in Middle East Africa

Beat Hess
Chairman of the Board

Jan Jenisch
Chief Executive Officer

July 26, 2018

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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CONDENSED CONSOLIDATED STATEMENT OF INCOME OF LAFARGEHOLCIM

Million CHF	Notes	**H1 2018 Unaudited**	H1 2017 Restated [1] Unaudited
Net sales		**13,272**	12,918
Production cost of goods sold		**(7,893)**	(7,636)
Gross profit		**5,379**	5,282
Distribution and selling expenses [2]		**(3,443)**	(3,071)
Administration expenses [3]		**(1,072)**	(911)
Share of profit of joint ventures		**213**	112
Operating profit		**1,078**	1,413
Profit on disposals and other non-operating income	8	**40**	434
Loss on disposals and other non-operating expenses	9	**(92)**	(9)
Share of profit of associates		**9**	20
Financial income	10	**72**	85
Financial expenses	11	**(521)**	(367)
Net income before taxes		**585**	1,576
Income taxes	12	**(191)**	(422)
Net income		**394**	1,154
Net income attributable to:			
Shareholders of LafargeHolcim Ltd		**318**	1,013
Non-controlling interest		**76**	141
Earnings per share in CHF			
Earnings per share	13	**0.53**	1.67
Fully diluted earnings per share	13	**0.53**	1.67

[1] Restated due to change in presentation, see note 3.
[2] Includes CHF –9 million of restructuring, litigation, implementation and other non-recurring costs in 2018 (2017: CHF 94 million).
[3] Includes CHF –257 million of restructuring, litigation, implementation and other non-recurring costs in 2018 (2017: CHF –115 million).

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE EARNINGS OF LAFARGEHOLCIM

Million CHF	Notes	**H1 2018 Unaudited**	H1 2017 Unaudited
Net income		**394**	1,154
Other comprehensive earnings			
Items that will be reclassified to the statement of income in future periods			
Currency translation effects			
– Exchange differences on translation	5	**(723)**	(1,218)
– Realized through statement of income		**4**	25
– Tax effect		**(14)**	(4)
Available-for-sale financial assets			
– Change in fair value		**n/a**	(2)
– Realized through statement of income		**n/a**	0
– Tax effect		**n/a**	1
Cash flow hedges			
– Change in fair value		**25**	(25)
– Realized through statement of income		**10**	2
– Tax effect		**(9)**	3
Net investment hedges in subsidiaries			
– Change in fair value		**1**	13
– Realized through statement of income		**0**	0
– Tax effect		**3**	0
Subtotal		**(704)**	(1,205)
Items that will not be reclassified to the statement of income in future periods			
Defined benefit plans			
– Remeasurements		**328** [1]	(7)
– Tax effect		**(64)**	5
Strategic equity investments at fair value through other comprehensive earnings			
– Transfer of gain/loss on disposal of strategic equity investments at fair value through other comprehensive earnings to retained earnings		**0**	n/a
– Change in fair value		**1**	n/a
– Tax effect		**0**	n/a
Subtotal		**265**	(2)
Total other comprehensive earnings		**(439)**	(1,207)
Total comprehensive earnings		**(45)**	(53)
Total comprehensive earnings attributable to:			
Shareholders of LafargeHolcim Ltd		**(3)**	(55)
Non-controlling interest		**(42)**	2

[1] The amount of CHF 328 million mainly relates to actuarial gains arising from the increase in the discount rate during the first half year 2018 in the United Kingdom, North America and Switzerland.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF LAFARGEHOLCIM

Million CHF	Notes	**30.06.2018 Unaudited**	31.12.2017 Audited	30.06.2017 Unaudited
Assets				
Cash and cash equivalents		**2,466**	4,217	3,603
Short-term derivative assets		**66**	44	69
Current financial receivables		**146**	262	213
Trade accounts receivable		**4,134**	3,340	3,744
Inventories		**3,250**	2,870	2,819
Prepaid expenses and other current assets		**1,348**	1,335	1,738
Assets classified as held for sale	14	**17**	550	1,127
Total current assets		**11,428**	12,618	13,313
Long-term financial investments and other long-term assets		**1,033**	1,114	1,150
Investments in associates and joint ventures		**3,215**	3,120	3,245
Property, plant and equipment		**29,346**	30,152	30,843
Goodwill		**14,326**	14,569	15,884
Intangible assets		**935**	1,026	975
Deferred tax assets		**828**	758	1,047
Pension assets		**518**	308	232
Long-term derivative assets		**38**	14	12
Total non-current assets		**50,240**	51,061	53,389
Total assets		**61,668**	63,679	66,702

Million CHF	Notes	30.06.2018 Unaudited	31.12.2017 Audited	30.06.2017 Unaudited
Liabilities and shareholders' equity				
Trade accounts payable		**3,964**	3,715	3,219
Current financial liabilities		**4,891**	3,843	4,892
Current income tax liabilities		**555**	765	567
Other current liabilities		**2,283**	2,444	2,384
Short-term provisions		**554**	592	476
Liabilities directly associated with assets classified as held for sale	14	**0**	160	366
Total current liabilities		**12,246**	11,519	11,905
Long-term financial liabilities		**13,807**	14,779	14,538
Defined benefit obligations		**1,704**	1,861	1,983
Long-term income tax liabilites		**431**	398	139
Deferred tax liabilities		**2,322**	2,345	3,257
Long-term provisions		**1,648**	1,801	1,694
Total non-current liabilities		**19,912**	21,185	21,611
Total liabilities		**32,158**	32,703	33,516
Share capital		**1,214**	1,214	1,214
Capital surplus		**23,144**	24,340	24,324
Treasury shares		**(616)**	(554)	(128)
Reserves		**2,721**	2,787	3,931
Total equity attributable to shareholders of LafargeHolcim Ltd		**26,463**	27,787	29,341
Non-controlling interest		**3,047**	3,188	3,845
Total shareholder's equity		**29,510**	30,975	33,185
Total liabilities and shareholder's equity		**61,668**	63,679	66,702

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF LAFARGEHOLCIM

Million CHF	Share capital	Capital surplus	Treasury shares	Currency translation adjustments	Other reserves	Retained earnings	Total equity attributable to shareholders of LafargeHolcim Ltd	Non-controlling interest	Total shareholders' equity
Equity as at January 1, 2018	**1,214**	**24,340**	**(554)**	**(12,606)**	**15**	**15,378**	**27,787**	**3,188**	**30,975**
Net income						**318**	**318**	**76**	**394**
Reclassification on adoption of IFRS 9					**4**	**(4)**			
Other comprehensive earnings				**(611)**	**25**	**265**	**(321)**	**(119)**	**(439)**
Total comprehensive earnings				**(611)**	**29**	**579**	**(3)**	**(42)**	**(45)**
Payout		**(1,192)**					**(1,192)**	**(94)**	**(1,287)**
Change in treasury shares			**(81)**			**1**	**(80)**		**(80)**
Share-based remuneration		**(3)**					**(3)**		**(3)**
Capital repaid to non-controlling interest								**(3)**	**(3)**
Change in participation in existing Group companies			**18**	**(2)**		**(62)**	**(46)**	**(1)**	**(47)**
Equity as at June 30, 2018 (Unaudited)	**1,214**	**23,144**	**(616)**	**(13,218)**	**44**	**15,896**	**26,463**	**3,047**	**29,510**
Equity as at January 1, 2017	1,214	25,536	(72)	(12,412)	10	16,546	30,822	3,925	34,747
Net income						1,013	1,013	141	1,154
Other comprehensive earnings				(1,046)	(20)	(2)	(1,067)	(139)	(1,207)
Total comprehensive earnings				(1,046)	(20)	1,012	(55)	2	(53)
Payout		(1,212)					(1,212)	(106)	(1,318)
Change in treasury shares			(56)			(7)	(63)		(63)
Share-based remuneration		4					4		4
Disposal of participation in Group companies								(56)	(56)
Change in participation in existing Group companies						(156)	(156)	80	(76)
Equity as at June 30, 2017 (Unaudited)	1,214	24,328	(128)	(13,457)	(10)	17,395	29,341	3,845	33,185

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS OF LAFARGEHOLCIM

Million CHF	Notes	H1 2018 Unaudited	H1 2017 Unaudited
Net income		**394**	1,154
Income taxes		**191**	422
Profit on disposals and other non-operating income	8	**(40)**	(434)
Loss on disposals and other non-operating expenses	9	**92**	9
Share of profit of associates and joint ventures		**(222)**	(132)
Financial expenses net	10,11	**449**	282
Depreciation, amortization and impairment of operating assets		**1,106**	1,130
Other non-cash items		**297**	(23)
Change in net working capital		**(1,338)**	(1,651)
Cash generated from operations		**930**	757
Dividends received		**134**	154
Interest received		**62**	66
Interest paid		**(451)**	(490)
Income taxes paid		**(560)**	(519)
Other expenses		**(62)**	(107)
Cash flow from operating activities (A)		**53**	(138)
Purchase of property, plant and equipment		**(586)**	(578)
Disposal of property, plant and equipment		**61**	55
Acquisition of participation in Group companies		**(54)**	37
Disposal of participation in Group companies		**150**	648
Purchase of financial assets, intangible and other assets		**(146)**	(127)
Disposal of financial assets, intangible and other assets		**99**	75
Cash flow from investing activities (B)		**(477)**	109
Payout on ordinary shares	13	**(1,192)**	(1,212)
Dividends paid to non-controlling interest		**(78)**	(60)
Capital repaid to non-controlling interest		**(9)**	0
Movements of treasury shares		**(77)**	(63)
Net movement in current financial liabilities		**1,451**	1,394
Proceeds from long-term financial liabilities	16	**331**	829
Repayment of long-term financial liabilities	16	**(1,357)**	(2,128)
Increase in participation in existing Group companies		**(199)**	(7)
Cash flow from financing activities (C)		**(1,130)**	(1,248)
Decrease in cash and cash equivalents (A + B + C)		**(1,555)**	(1,276)
Cash and cash equivalents as at the beginning of the period (net)		**3,954**	4,795
Decrease in cash and cash equivalents		**(1,555)**	(1,276)
Currency translation effects		**(106)**	(160)
Cash and cash equivalents as at the end of the period (net)[1]		**2,293**	3,359

[1] Cash and cash equivalents at the end of the period include bank overdrafts of CHF 173 million (2017: CHF 330 million) disclosed in current financial liabilities and cash and cash equivalents of CHF 0 million (2017: CHF 85 million) disclosed in assets classified as held for sale.

NOTES TO THE CONDENSED 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. ACCOUNTING POLICIES

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 3, 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, 2017 (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 amounts rather than the presented rounded amounts.

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.

ADOPTION OF NEW STANDARDS, AMENDED STANDARD AND INTERPRETATION

In 2018, LafargeHolcim adopted the following new standards, amended standard and interpretation relevant to the Group:

IFRS 15	**Revenue from Contracts with Customers**
IFRS 9	**Financial instruments**
Amendments to IFRS 2	**Classification and measurement of share-based payment transactions**
IFRIC 22	**Foreign Currency Transactions and Advance Consideration (Clarifications to IAS 21)**

IFRS 15 – *Revenue from Contracts with Customers*

IFRS 15, which replaces IAS 11 *Construction Contacts,* IAS 18 *Revenue* and related interpretations, has been applied on a retrospective basis from January 1, 2018. Except for trading activities which are discussed further below, IFRS 15 did not materially impact LafargeHolcim as over 90% of Group net sales relate to the delivery at a point in time of cement, aggregates and ready-mix concrete.

Based on IFRS 15, management concluded it would be more appropriate to reflect trading activities as principal rather than agent. This accounting policy change has been applied fully retrospectively and its effect on the comparative information (restated amounts) presented for each financial statement line item is set out in the note 3.

IFRS 9 – *Financial instruments*

IFRS 9, which replaces IAS 39 *Financial instruments: Recognition and measurement*, was adopted for the period starting January 1, 2018. Comparative figures have not been restated. The accounting policies were changed to comply with IFRS 9 as issued by the IASB in July 2014.

a) Changes in classification and measurement of financial instruments

The total impact on the Group's retained earnings due to changes in classification and measurement of financial instruments as at January 1, 2018 was not material.

The Group's management has assessed which business models apply to the financial assets held by the Group at the date of initial application of IFRS 9 and has classified its financial instruments into the appropriate IFRS 9 categories.

Available-for-sale financial assets of CHF 86 million included in the opening balance have been reclassified to strategic equity investments at fair value through other comprehensive earnings (CHF 85 million) and financial assets held for trading (CHF 1 million).

Except for assets previously classified as available-for-sale, there have been no other impacts on financial instruments under IFRS 9. Loans and receivables remain to be measured at amortized costs and derivative financial instruments at fair value through profit and loss.

The Group elected to present in fair value through other comprehensive earnings equity reserve the changes in the fair value of strategic equity investments which are not held for trading. The impact of reclassification from the available-for-sale equity reserve to the fair value through other comprehensive earnings equity reserve on adopting IFRS 9 was immaterial for LafargeHolcim's interim financial statements.

In connection with the reclassification of available-for-sale financial assets to financial assets held for trading an amount of CHF 4 million has been reclassified from the available-for-sale equity reserve to retained earnings.

The change from IAS 39 to IFRS 9 had no effect on the measurement of LafargeHolcim's financial liabilities.

b) Derivatives and hedging activities

The Group designates the spot component of foreign currency forward contracts as hedging instruments in cash flow hedge relationships. For cash flow hedges, the Group has elected to recognize the fair value changes of the forward points in the foreign exchange contracts in profit and loss.

The foreign exchange forward contract hedges qualified as cash flow hedges under IAS 39 as at December 31, 2017, also qualified as cash flow hedges under IFRS 9. The Group's risk management strategies and hedge documentation are aligned with the requirements of IFRS 9 and are treated as continuing hedges.

c) Change in impairment of financial assets

The Group revised its impairment methodology under IFRS 9, defining two types of financial assets subject to IFRS 9's expected credit loss model:

i) For accounts receivable, the Group applies the simplified approach providing expected credit losses using the lifetime expected loss provision

ii) For long-term loans and receivables already in place at January 1, 2018, the credit provision is determined based on the credit risk standing at each reporting date.

There was no material impact relating to provisions on accounts receivable and long-term loans and receivables on conversion to IFRS 9.

Amendments to IFRS 2 – *Share-based payment*

As detailed in the 2017 Annual Report (note 2), the adoption of the amendments to IFRS 2 will not impact the Group financial statements.

IFRIC 22 – *Foreign Currency Transactions and Advance Consideration*

As detailed in the 2017 Annual Report (note 2), the adoption of IFRIC 22 will not materially impact the Group financial statements.

IFRS 16 – *Leases*

IFRS 16 requires lessees to adopt a uniform approach to the presentation of leases. Correspondingly, assets must be recognised for the right of use received and liabilities must be recognised for payment obligations entered into for all leases. The Group currently expects to transition to IFRS 16 in accordance with the modified retrospective approach. For leases that have to date been classified as operating leases in accordance with IAS 17, the lease liability will be carried at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the time the standard is first applied. The right-of-use asset will generally be measured at the amount of the lease liability. The Group currently plans to make use of relief options available for leases of low value assets and short-term leases (shorter than twelve months).

The Group is currently finalizing its review of the results of the analysis of existing leases and the impact IFRS 16 will have on its consolidated financial statements. Reference is made to the note 29 in the 2017 Annual Report which provides, subject to discounting and the provisions in the new standard, an indicator of the impact on the consolidated financial statements

SEGMENT INFORMATION

As part of the "Strategy 2022", the Group has disclosed a fourth segment, Solutions & Products.

The Group has now four product lines:

- Cement which comprises clinker, cement and other cementitious materials
- Aggregates
- Ready-mix concrete
- Solutions & Products, which comprises precast, concrete products, asphalt, mortars and contracting and services.

BASIS OF PREPARATION AND MEASUREMENT OF FIRST HALF-YEAR INFORMATION

The segment information corresponds to the information required by IAS 34 *Interim Financial Reporting*.

The Group's activities may be affected by significant changes in the economic situation. Therefore, the interim results are not necessarily indicative of those to be expected for the fiscal year as a whole.

The income tax for the period is calculated by applying the estimated effective income tax rate for the fiscal year (based on the information available as of the interim reporting date) to the different categories of profit.

2. 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.

3. CHANGE IN PRESENTATION

In 2017, as a result of the streamlining of the Chinese operations (see 2017 Annual Report, notes 4 and 24), the Group has joint control in Huaxin Cement Co. Ltd. which was reclassified from an investment in an associate to an investment in a joint venture. June 2017 figures have been restated accordingly, impacting the Share of profit of joint ventures and Share of profit of associates.

As from January 1, 2018, LafargeHolcim has applied IFRS 15 and concluded it would be more appropriate to reflect trading activities as principle rather than agent (see note 1), impacting the Net Sales and Production cost of goods sold.

These changes in presentation have been applied retrospectively and their effects on the comparative information (restated amounts) presented for each line item of the consolidated statement of income is set out in the following table.

	2017 reported		Impact from change in presentation		2017 Restated	
Million CHF	H1	FY	H1	FY	H1	FY
Net sales	12,480	26,129	438	893	12,918	27,021
Production cost of goods sold	(7,199)	(18,348)	(438)	(893)	(7,636)	(19,241)
Gross profit	5,282	7,781	0	0	5,282	7,781
Distribution and selling expenses	(3,071)	(6,608)	0	0	(3,071)	(6,608)
Administration expenses	(911)	(1,938)	0	0	(911)	(1,938)
Share of profit of joint ventures	66	286	46	0	112	286
Operating profit (loss)	1,367	(478)	46	0	1,413	(478)
Profit on disposals and other non-operating income	434	447	0	0	434	447
Loss on disposals and other non-operating expenses	(9)	(242)	0	0	(9)	(242)
Share of profit of associates	66	51	(46)	0	20	51
Financial income	85	153	0	0	85	153
Financial expenses	(367)	(1,111)	0	0	(367)	(1,111)
Net income (loss) before taxes	1,576	(1,180)	0	0	1,576	(1,180)
Income taxes	(422)	(536)	0	0	(422)	(536)
Net income (loss)	1,154	(1,716)	0	0	1,154	(1,716)

4. CHANGES IN THE SCOPE OF CONSOLIDATION

In June 2018, the Group long term investment in Cuba has been reclassified from an investment in an associate to an investment in a joint venture following a change in the Board composition and the appointment of a CEO nominated by the Group. All key decisions (Capex, Budget) will be taken jointly with the partner. The reclassification has no material impact on the Group financial statements as of June 30, 2018. There is no link to the Group's US operations or managerial staff.

On February 23, 2018, the Group acquired the Kendall Group, a leading aggregates and ready-mix concrete manufacturer operating in South England for a cash consideration of CHF 52 million and recognized a goodwill of CHF 2 million.

In the first half of 2018, an operation was disposed from Lafarge China Cement Ltd to the Group's joint venture Huaxin Cement Co. Ltd for a total consideration of CHF 38 million.

From the disposal of 73.5 percent of the listed shares in Sichuan Shuangma Cement Co. Ltd in 2016, CHF 117 million were received in the first half of the year 2018 as planned and are presented in the cash flow from investing activities. An initial put and call option agreement entered into in 2016 on four Shuangma cement companies expired in 2017 and the Group signed a Share Purchase Agreement for two cement companies, based on which the Group continued to maintain control over these two cement companies. The Group repurchased those assets in the first half year for an amount of CHF 214 million presented in the financing cash flow.

In the first quarter of 2017, operations and assets were disposed from Lafarge China Cement Ltd to the Group's joint venture company Huaxin Cement Co. Ltd for a total consideration of CHF 257 million.

In the first quarter 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.

5. PRINCIPAL EXCHANGE RATES

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

		Statement of income Average exchange rates in CHF		Statement of financial position Closing exchange rates in CHF		
		H1 2018	H1 2017	**30.06.2018**	31.12.2017	30.06.2017
1 Euro	EUR	**1.17**	1.08	**1.16**	1.17	1.09
1 US Dollar	USD	**0.97**	0.99	**0.99**	0.98	0.96
1 British Pound	GBP	**1.33**	1.25	**1.30**	1.32	1.25
1 Argentine Peso	ARS	**0.05**	0.06	**0.04**	0.05	0.06
1 Australian Dollar	AUD	**0.75**	0.75	**0.73**	0.76	0.74
1 Brazilian Real	BRL	**0.28**	0.31	**0.26**	0.29	0.29
1 Canadian Dollar	CAD	**0.76**	0.75	**0.75**	0.78	0.74
1 Chinese Renminbi	CNY	**0.15**	0.14	**0.15**	0.15	0.14
100 Algerian Dinar	DZD	**0.84**	0.91	**0.85**	0.85	0.89
1 Egyptian Pound	EGP	**0.05**	0.06	**0.06**	0.05	0.05
1,000 Indonesian Rupiah	IDR	**0.07**	0.07	**0.07**	0.07	0.07
100 Indian Rupee	INR	**1.47**	1.51	**1.45**	1.53	1.48
100 Mexican Peso	MXN	**5.08**	5.13	**5.06**	4.96	5.30
100 Nigerian Naira	NGN	**0.29**	0.33	**0.29**	0.32	0.31
100 Philippine Peso	PHP	**1.86**	1.99	**1.86**	1.96	1.90

6. INFORMATION BY REPORTABLE SEGMENT

H1 (unaudited)	Asia Pacific 2018	Asia Pacific 2017 [1]	Europe 2018	Europe 2017 [1]
Capacity and sales				
Annual cement production capacity (Million t)[2]	**114.2**	117.4	**73.4**	73.4
Sales of cement (Million t)	**45.5**	46.6	**21.3**	20.2
Sales of aggregates (Million t)	**15.9**	15.6	**59.0**	60.0
Sales of ready-mix concrete (Million m^3)	**6.1**	6.1	**9.3**	8.9
Statement of income (Million CHF)				
Net sales to external customers	**3,807**	3,676	**3,664**	3,326
Net sales to other segments	**27**	20	**79**	79
Total net sales	**3,833**	3,696	**3,743**	3,405
Recurring EBITDA	**773**	692	**599**	550
Recurring EBITDA margin in %	**20.2**	18.7	**16.0**	16.2
Operating profit (loss)	**582**	422	**238**	228
Operating profit (loss) margin in %	**15.2**	11.4	**6.4**	6.7
Statement of financial position (Million CHF)[2]				
Invested capital	**9,821**	9,297	**11,703**	11,738
Investments in associates and joint ventures	**1,296**	1,185	**363**	350
Total assets	**13,703**	14,438	**17,507**	17,608
Total liabilities	**5,676**	6,031	**8,120**	7,921
Statement of cash flows (Million CHF)				
Cash flow from operating activities	**(120)**	69	**130**	74
Capex	**(111)**	(110)	**(167)**	(108)
Reconciliation of measures of profit and loss to the consolidated statement of income				
Recurring EBITDA	**773**	692	**599**	550
Restructuring, litigation, implementation and other non-recurring costs	**(10)**	(29)	**(35)**	(37)
Depreciation, amortization and impairment of operating assets	**(181)**	(242)	**(326)**	(285)
Operating profit (loss)	**582**	422	**238**	228
Profit on disposals and other non-operating income				
Loss on disposals and other non-operating expenses				
Share of profit of associates				
Financial income				
Financial expense				
Net income before taxes				

[1] Restated due to change in presentation, see note 3.
[2] Prior-year figures as of December 31, 2017.

	Latin America		Middle East Africa		North America		Corporate/ Eliminations		Total Group	
	2018	2017 [1]	2018	2017 [1]	2018	2017 [1]	2018	2017 [1]	2018	2017 [1]
	39.3	39.3	56.1	55.3	33.0	33.0			315.9	318.4
	12.6	11.9	17.7	18.1	8.8	8.5	2.3	2.3	108.2	107.6
	1.7	2.3	4.1	5.3	44.5	44.8			125.3	128.0
	2.8	3.0	2.0	2.5	4.4	3.9			24.6	24.4
	1,428	1,459	1,535	1,738	2,475	2,403	363	316	13,272	12,918
	6		20	10			(131)	(108)		
	1,434	1,459	1,554	1,748	2,475	2,403	232	207	13,272	12,918
	488	497	365	592	470	473	(212)	(222)	2,484	2,582
	34.1	34.0	23.5	33.9	19.0	19.7			18.7	20.0
	387	413	172	394	138	284	(440)	(328)	1,078	1,413
	27.0	28.3	11.1	22.5	5.6	11.8			8.1	10.9
	2,800	2,598	6,975	7,265	11,326	11,054	1,817	1,605	44,441	43,556
	4	4	1,382	1,421	54	56	116	105	3,215	3,120
	4,440	4,527	8,367	8,720	15,444	15,311	2,207	3,075	61,668	63,679
	2,447	2,879	3,719	3,889	7,226	5,878	4,970	6,105	32,158	32,703
	28	47	112	156	(158)	(166)	61	(317)	53	(138)
	(30)	(26)	(63)	(60)	(150)	(218)	(5)	(1)	(526)	(523)
	488	497	365	592	470	473	(211)	(222)	2,484	2,582
	(11)	19	(23)	(37)	(54)	98	(166)	(52)	(300)	(38)
	(90)	(102)	(170)	(161)	(278)	(286)	(62)	(54)	(1,106)	(1,130)
	387	413	172	394	138	284	(440)	(328)	1,078	1,413
									40	434
									(92)	(9)
									9	20
									72	85
									(521)	(367)
									585	1,576

7. INFORMATION BY PRODUCT LINE

Million CHF	Cement [1]		Aggregates		Ready-mix concrete		Solution & Products [3]		Corporate/ Eliminations		Total Group	
H1 (unaudited)	**2018**	2017 [2]	**2018**	2017 [2]	**2018**	2017 [2]	**2018**	2017 [2]	**2018**	2017 [2]	**2018**	2017 [2]
Statement of income												
Net sales to external customers	**8,270**	8,185	**1,335**	1,266	**2,639**	2,458	**1,028**	1,009			**13,272**	12,918
Net sales to other segments	**596**	570	**582**	530	**18**	17	**22**	20	**(1,218)**	(1,137)		
Total net sales	**8,866**	8,755	**1,917**	1,796	**2,657**	2,475	**1,050**	1,029	**(1,218)**	(1,137)	**13,272**	12,918
– of which Asia Pacific	**2,946**	2,880	**321**	278	**617**	591	**155**	151	**(206)**	(204)	**3,833**	3,696
– of which Europe	**1,818**	1,616	**947**	862	**1,003**	883	**537**	547	**(562)**	(502)	**3,743**	3,405
– of which Latin America	**1,228**	1,273	**14**	19	**269**	255	**22**	10	**(99)**	(98)	**1,434**	1,459
– of which Middle East Africa	**1,375**	1,552	**48**	57	**151**	179	**45**	38	**(64)**	(79)	**1,554**	1,748
– of which North America	**1,257**	1,228	**587**	580	**617**	568	**301**	278	**(287)**	(252)	**2,475**	2,403
– of which Corporate/Eliminations	**241**	206					**(9)**	4	**(1)**	(3)	**232**	207

[1] Cement, clinker and other cementitious materials.
[2] Restated due to change in presentation, see note 3.
[3] Precast, concrete products, asphalt, mortars and contracting and services.

8. PROFIT ON DISPOSALS AND OTHER NON-OPERATING INCOME

Million CHF	H1 2018 Unaudited	H1 2017 Unaudited
Dividends earned	2	9
Net gain on disposal before taxes	30	425
Other	8	0
Total	40	434

In 2018, the position "Net gain on disposal before taxes ", mainly includes several gains on disposal of property, plant and equipment.

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

Additional information is disclosed in note 4.

9. LOSS ON DISPOSALS AND OTHER NON-OPERATING EXPENSES

Million CHF	H1 2018 Unaudited	H1 2017 Unaudited
Depreciation, amortization and impairment of non-operating assets	1	(2)
Net loss on disposal before taxes	(55)	0
Other	(38)	(7)
Total	(92)	(9)

In 2018, the position "Other" includes expenses incurred in connection with assets, which are not operating anymore, abandoned or not part of the operating business cycle.

10. FINANCIAL INCOME

Million CHF	H1 2018 Unaudited	H1 2017 Unaudited
Interest earned on cash and cash equivalents	41	48
Other financial income	31	37
Total	72	85

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

11. FINANCIAL EXPENSES

Million CHF	H1 2018 Unaudited	H1 2017 Unaudited
Interest expenses	**(370)**	(367)
Unwinding of discount on provisions	**(15)**	(20)
Net interest expense on retirement benefit plans	**(23)**	(25)
Other financial expenses	**(81)**	(28)
Foreign exchange gain/(loss) net	**(32)**	73
Total	**(521)**	(367)

The positions "Interest expenses" relate primarily to financial liabilities measured at amortized cost, including amortization on bonds and private placements of CHF 38 million (2017: CHF 58 million).

The position "Other financial expenses" notably includes accruals for interest related to legal cases (see note 17), impacts of reevaluation of put options liabilities and bank charge fees.

12. TAXES

Excluding impairments and divestments, the Group's effective tax rate is 29.5 percent for the six months ended June 30, 2018 (respectively 28.3 percent for the six months ended June 30, 2017 and 30.5 percent for the year ended December 31, 2017).

13. EARNINGS PER SHARE

	H1 2018 Unaudited	H1 2017 Unaudited
Earnings per share in CHF	**0.53**	1.67
Net income – shareholders of LafargeHolcim Ltd – as per statement of income (in million CHF)	**318**	1,013
Weighted average number of shares outstanding	**596,253,553**	605,817,218
Fully diluted earnings per share in CHF	**0.53**	1.67
Net income used to determine diluted earnings per share (in million CHF)	**318**	1,013
Weighted average number of shares outstanding	**596,253,553**	605,817,218
Adjustment for assumed exercise of share options and performance shares	**259,348**	407,255
Weighted average number of shares for diluted earnings per share	**596,512,901**	606,224,473

In conformity with the decision taken at the annual general meeting on May 8, 2018, a dividend related to 2017 of CHF 2.00 per registered share was paid out of capital surplus. This resulted in a total payment of CHF 1,192 million.

14. 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 two cement companies in China. The Group reassessed its strategy with regards to these two former Shuangma cement companies and consequently ceased to classify them as held for sale. The assets and related liabilities previously classified as held for sale were reclassified into their respective balance sheet accounts, measured on a historical cost basis and adjusted for any depreciation and amortization that would have been recognized had the assets and liabilities not been classified as held for sale. A write-down of CHF 60 million recorded under the held for sale classification in 2017 was reversed during H1 2018. All adjustments to the carrying amounts of the reclassified assets and liabilities were recorded in the statement of income of the current year.

The two cement companies are disclosed in the reportable segment Asia Pacific.

15. 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, 2018 and as of December 31, 2017. No changes in the valuation techniques of the items below have occurred since the last annual financial statements. Refer to note 1 Accounting Policies for impact of IFRS 9 implementation.

Million CHF 30.6.2018 (unaudited)	Fair value level 1	Fair value level 2	Total
Financial assets			
Fair value through other comprehensive earnings			
– Strategic equity investments		87	87
Fair value through profit and loss			
– Other current assets	1		1
– Derivatives held for hedging		81	81
– Derivatives held for trading		23	23
Financial liabilities			
Derivatives held for hedging		46	46
Derivatives held for trading		35	35

Million CHF 31.12.2017 (audited)	Fair value level 1	Fair value level 2	Total
Financial assets			
Available-for-sale financial investments			
– Financial investments third parties			
Fair value through profit and loss			
– Other current assets	1		1
– Derivatives held for hedging		56	56
– Derivatives held for trading		2	2
Financial liabilities			
Derivatives held for hedging		35	35
Derivatives held for trading		86	86

16. BONDS

On January 19, 2018, Lafarge S.A. redeemed EUR 175 million private placement with a coupon of 5 percent which was issued on July 10, 2012.

On April 13, 2018, Lafarge S.A. redeemed EUR 247 million bond with a coupon of 5 percent which was issued on April 13, 2010.

On May 11, 2018, Holcim Finance (Luxembourg) S.A. early repaid the floating rate tranches of Schuldschein loans of EUR 209 million and EUR 25 million which were issued on May 11, 2016.

On May 11, 2018, LafargeHolcim International Finance Ltd early repaid the floating rate tranches of Schuldschein loans of USD 121 million and USD 25 million which were issued on May 11, 2016.

On May 25, 2018, Holcim Capital México S.A. de C.V. redeemed MXN 2 billion floating bond which was issued on May 30, 2014.

17. CONTINGENCIES, GUARANTEES, COMMITMENTS AND CONTINGENT ASSETS

At June 30, 2018, the Group's contingencies amounted to CHF 1,395 million (December 31, 2017: CHF 1,354 million).

Referring to the disclosures on legal and tax matters in note 37 of the 2017 Annual Report, there have been no material developments since the last reporting period, except for:

The minority shareholder dispute relating to the merger of Lafarge Brasil S.A. into LACIM has been settled with the claimants and all agreed settlement payments made by June 30, 2018.

On June 28, 2018 the examining magistrates in France presiding over the case relating to the operation of the Jalabiya cement plant by Lafarge Cement Syria between 2011 and 2014 have decided to put Lafarge SA under judicial investigation. The legal charges put forward against individual wrongdoings, which occurred in the former Syria operations of Lafarge Cement Syria, a subsidiary of Lafarge SA, have been received. In addition, Lafarge SA was requested by the examining magistrates to deposit a bail guarantee of EUR 30 million. Bar the qualification of the charges, the placement of Lafarge SA under judicial investigation was expected given that several of its former managers have previously been placed under judicial investigation. Lafarge SA will appeal against those charges which, in its view, do not fairly represent the responsibilities of Lafarge SA. Lafarge SA will also appeal against the judicial request to deposit the EUR 30 million bail guarantee. As a precaution, LafargeHolcim has decided to record a provision of CHF 35 million. Based on the information available at this date, there is no indication that the judicial investigation is likely to result in any other negative financial impact that is material to the Group.

On July 25, 2018, the National Company Law Appellate Tribunal (NCLAT) of India has upheld the penalty imposed by the Competition Commission of India on several cement producers including LafargeHolcim current subsidiaries (ACC and Ambuja Cement Limited) and the divested Lafarge India subsidiary for which the Group provided an indemnification guarantee. The penalties including interest relating to these companies amount approximately to CHF 480 million. The Group believes that the fine is not justified and that on merits it has sufficient grounds for a successful appeal and intends to file the same with the Supreme Court of India.

At June 30, 2018, the guarantees issued in the ordinary course of business amounted to CHF 878 million (December 31, 2017: CHF 873 million).

At June 30, 2018, the Group's commitments amounted to CHF 1,831 million (December 31, 2017: CHF 1,577 million). The increase is mainly related to various purchase and CAPEX commitments which were entered in H1 2018.

At June 30, 2018, the Group's contingent assets amounted to CHF 127 million (December 31, 2017: CHF 126 million).

18. EVENTS AFTER THE REPORTING PERIOD

On July 3, 2018, the Group announced the acquisition of Tarrant Concrete, one of the leading local ready-mix companies in the area of Texas in the United States of America with net sales of more than USD 40 million and 90 employees.

On July 4, 2018, the Group announced the acquisition of La sablière de Vritz in the area of Loire Atlantique in France. The Group reinforces its market position in alluvial sands in western France.

Inflation indices of Argentina were released showing a three-year cumulative rate in excess of 100 percent, indicating that the Argentinian economy is, as defined by IAS 29, likely to be hyperinflationary. However, in light of the considerable practical challenges of implementing inflation accounting within a short period of time and the stated preferences in IAS 29 that all entities apply inflation accounting from the same date and use the same general price index, LafargeHolcim has not applied the inflation accounting and is evaluating the effects on the interim financial statements which will be considered for subsequent reporting periods.

19. 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 26, 2018.

TO THE BOARD OF DIRECTORS OF LAFARGEHOLCIM LTD, RAPPERSWIL-JONA

Zurich, July 26, 2018

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 condensed consolidated statement of financial position as at June 30, 2018, and the condensed consolidated statement of income, the condensed consolidated statement of comprehensive earnings, the condensed consolidated statement of changes in equity, the condensed consolidated statement of cash flows for the 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 this interim consolidated financial information 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 June 30, 2018, and of its consolidated financial performance and its consolidated cash flows for the 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

RECONCILIATION OF NON-GAAP MEASURES

LafargeHolcim uses alternative performance metrics to measure its financial performance, which are explained below. LafargeHolcim believes that these measurements are useful for analyzing and explaining changes and trends in its historical result of operations, as they allow performance to be compared on a consistent basis.

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

Million CHF	H1 2018	H1 2017
Operating profit	**1,078**	1,413
Depreciation, amortization and impairment of operating assets	**(1,106)**	(1,130)
Restructuring, litigation, implementation and other non-recurring costs	**(300)**	(38)
Recurring EBITDA	**2,484**	2,582

The Recurring EBITDA is an indicator to measure the performance of the Group excluding the impacts of non-recurring items. It is defined as Operating profit – depreciation, amortization and impairment of operating assets – restructuring, litigation, implementation and other non-recurring costs.

Million CHF	H1 2018	H1 2017
Net income	**394**	1,154
Impairments	**(1)**	(4)
Profit/(loss) on disposals of Group companies	**(49)**	384
Net income before impairment and divestments	**444**	774
of which net income before impairment and divestments - shareholders of LafargeHolcim Ltd	**371**	651

Adjustments disclosed net of taxation

Net income (loss) before impairment and divestments excludes impairment charges and capital gains and losses arising on disposals of investments which, because of their exceptional nature, cannot be viewed as inherent to the Group's ongoing activities. It is defined as Net income (loss) – gains (losses) on disposals of Group companies – impairments of goodwill and assets.

Reconciling measures of Free Cash Flow to the consolidated statement of cash flows of LafargeHolcim

Million CHF	H1 2018	H1 2017
Cash flow from operating activities	**53**	(138)
Purchase of property, plant and equipment	**(586)**	(578)
Disposal of property, plant and equipment	**61**	55
Free Cash Flow	**(473)**	(661)

The Free Cash Flow is an indicator to measure the level of cash generated by the Group after spending cash to maintain or expand its assets base. It is defined as Cash Flow from operating activities – net maintenance and expansion capex.

Definition of Non-GAAP Measures used in this report

Like-for-like	Like-for-like information is information factoring out changes in the scope of consolidation (such as divestments and acquisitions occurring in 2018 and 2017) and currency translation effects (2018 figures are converted with 2017 exchange rates in order to calculate the currency effects).
Restructuring, litigation, implementation and other non recurring costs	Restructuring, litigation, implementation and other non recurring costs comprise 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. In the comparative periods, they also included costs directly related to the merger such as legal, banking fees and advisory costs, employee costs related to redundancy plans and IT implementation costs.
Profit/Loss on disposals and other non-operating items	Profit/Loss on disposals and non-operating items comprise 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 or disputes with non-controlling interests.
Recurring EBITDA (previously named "Operating EBITDA adjusted")	The Recurring EBITDA is an indicator to measure the performance of the Group excluding the impacts of non recurring items. It is defined as: +/– Operating profit; – depreciation, amortization and impairment of operating assets; and – restructuring, litigation, implementation and other non recurring costs.
Recurring EBITDA margin (previously named "Operating EBITDA margin adjusted")	The Recurring EBITDA margin is an indicator to measure the profitability of the Group excluding the impacts of non recurring items. It is defined as the Recurring EBITDA divided by the net sales.
Net income before impairments and divestments	Net income before impairment and divestments excludes impairment charges and capital gains and losses arising on disposals of investments which, because of their exceptional nature, cannot be viewed as inherent to the Group's ongoing activities. It is defined as: +/– Net income (loss) – gains/ losses on disposals of Group companies; and – impairments of goodwill and assets.
Earnings Per Share (EPS) before impairment and divestments	The Earnings Per Share (EPS) before impairment and divestments is a indicator that measures the theoretical profitability per share of stock outstanding based on a net income before impairment and divestments. It is defined as: – net income before impairment and divestments attributable to the shareholders of LafargeHolcim Ltd divided by the weighted average number of shares outstanding.
Net Maintenance and Expansion Capex ("Capex" or "Capex Net")	The Net Maintenance and Expansion Capex ("Capex" or "Capex Net") is an indicator to measure the cash spent to maintain or expand its asset base. It is defined as: + 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; and – Proceeds from sale of property, plant and equipment.
Free Cash Flow (previously named "Operating Free Cash Flow")	The Free Cash Flow is an indicator to measure the level of cash generated by the Group after spending cash to maintain or expand its asset base. It is defined as: +/– Cash flow from operating activities; and – Net Maintenance and expansion Capex.
Net financial debt ("Net debt")	The Net financial debt ("Net debt") is an indicator to measure the financial debt of the Group after deduction of the cash. It is defined as: + Financial liabilities (long-term & short-term) including derivative liabilities; – Cash and cash equivalents; and – Derivative assets.

Net working capital	The net working capital is an indicator that indicates whether the Group has enough short-term assets to cover its short-term liabilities. It is defined as: + Trade accounts receivable; + Inventories; + Prepaid expenses and other current assets; – Trade accounts payable; – Current income tax liabilities; – Long-term income tax liabilities; and – Other current liabilities.
Invested Capital	The Invested Capital is an indicator that measures total funds invested by shareholders, lenders and any other financing sources. It is defined as: + Net working capital; + Investments in associates and joint ventures; + Property, plant and equipment; + Goodwill; + Intangible assets; + Deferred tax assets; + Pension assets; – Short-term provisions; – Defined benefit obligations; – Deferred tax liabilities; and – Long-term provisions.
Net Operating Profit After Tax (“NOPAT”)	The Net Operating Profit After Tax (“NOPAT”) is an indicator that measures the Group’s potential earnings if it had no debt. It is defined as: +/– Net Operating Profit (being the Recurring EBITDA, adjusted for depreciation and amortization of operating assets but excluding impairment of operating assets); and – Standard Taxes (being the taxes applying the Group’s tax rate to the Net Operating Profit as defined above).
Return On Invested Capital (“ROIC”)	The ROIC (Return On Invested Capital) measures the Group’s ability to efficiently use invested capital. It is defined as 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).
Cash conversion	The cash conversion is an indicator that measures the Group’s ability to convert profits into available cash. It is defined as Free Cash Flow divided by Recurring EBITDA.

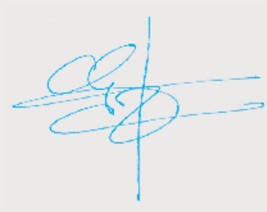
This set of definitions can be found on our website:
www.lafargeholcim.com/non-gaap-measures

STATEMENT OF RESPONSIBILITY

We certify that, to the best of our knowledge and having made reasonable inquiries to that end, the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets and liabilities, and of the financial position and results of the Company and of its consolidated subsidiaries, and that this interim report provides a true and fair view of the evolution of the business, results and financial condition of the Company and of its consolidated subsidiaries, and a description of the main risks and uncertainties the Company and its consolidated subsidiaries are subject to.

Zurich, July 26, 2018

Jan Jenisch
Chief Executive Officer



Géraldine Picaud
Chief Financial Officer

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. Telekurs lists the registered share under LHN and the corresponding code under Bloomberg is LHN:VX. The market capitalization of LafargeHolcim Ltd amounted to CHF 29 billion as at June 30, 2018.

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.

Financial reporting calendar	Date
Results for the third quarter 2018	October 26, 2018

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