

Half-Year 2019 Report

January-June 2019



LafargeHolcim



Half-year 2019

Key figures

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Key figures H1 2019:

+10.8%

Recurring EBITDA growth¹

H1 2018: -1.4%

+3.5%

Net Sales growth

H1 2018: +4.8%

CHF 2,662m

Recurring EBITDA¹

H1 2018: CHF 2,484m

103.8m tonnes

Sales of cement

H1 2018: 108.2 m tonnes



The non-GAAP measures used in this report are defined on page 30.

Notes. Recurring EBITDA excludes restructuring, litigation, implementation and other non-recurring costs. Recurring EBITDA growth and Net Sales growth are both presented on a like-for-like basis.

¹ Before IFRS 16

Shareholders' Letter

Dear Shareholder,

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

The Recurring EBITDA pre-IFRS16 during the reporting period reached CHF 2,662 million, up 10.8% on a like-for-like basis. Even though volumes were lower than expected, the Recurring EBITDA pre-IFRS16 in the second quarter improved strongly by 7.1% on a like-for-like basis. This was the fourth consecutive quarter of over-proportional growth of Recurring EBITDA pre-IFRS16 over Net Sales since the third quarter of 2018. The growth was driven by continuing positive price over cost momentum, thanks to strict cost discipline and effective price management. As announced, the SG&A cost savings program was completed in the first quarter 2019, delivering the targeted CHF 400 million cost savings on a run-rate basis.

Recurring EBITDA pre-IFRS16 like-for-like and profitability increased in all four business segments. The Aggregates and Ready-Mix Concrete businesses continued to improve margins and to close the gap with best-in-class performers.

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

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

Net financial expenses before impairments & divestments and pre-IFRS16 for 2019 totaled CHF 329 million compared to CHF 455 million in the first half of 2018. This improvement is the result of successful refinancing and deleveraging actions. During the first half of the year, a EUR 500 million hybrid bond has been issued and expensive bonds have been successfully repurchased. Since January 2018, the Group has refinanced CHF 2.1 billion in total.

Excluding impairment & divestments, the Group's effective tax rate improved to 27.0% compared to 27.7% in the full year 2018. Earnings per share before impairments & divestments and pre-IFRS16 more than doubled to CHF 1.30 for the half-year.

Free Cash Flow pre-IFRS16 improved significantly by CHF 735 million to reach CHF 262 million compared to CHF -473 million in the first half of 2018 reflecting the improvement in Recurring EBITDA pre-IFRS16 and Net Working Capital, lower income tax and interest paid.

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

Net financial debt pre-IFRS16 was reduced by CHF 4,787 million compared to June 30, 2018, to CHF 11,340 million at the end of June 2019, down 30% and allowing the company to reach the deleveraging target faster than anticipated. This very strong improvement has been achieved through successful initiatives and highly value-accretive divestments in Southeast Asia.

Both credit rating agencies, Moody's and Standard Poor's, upgraded the company's outlook to "stable" in March 2019.

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

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

In the first six months, the company continued to reduce its CO₂ emissions per ton of cementitious material by 1.4% compared to the prior-year period. The use of alternative fuels such as waste and biomass to replace fossil fuel grew by over 10% during the same period. Since 1990, LafargeHolcim has reduced its net carbon emissions per ton of cement by more than 25 percent – leading international cement companies with the highest reduction compared to the 1990 baseline. With a target of 520 kg net CO₂/ton by 2030, LafargeHolcim remains the most ambitious company in the sector, committed to reducing emission levels in line with a 2 degree scenario, as agreed at the COP21 world climate conference in Paris. Health & Safety also improved with the Lost Time Injury Frequency Rate (LTIFR) continuing its downward trend.

Asia Pacific

		H1 2019
Sales of cement	million t	38.9
Sales of aggregates	million t	13.3
Sales of ready-mix concrete	million m ³	5.2
Net sales to external customers	million CHF	3,417
Like-for-like growth	%	2.1%
Recurring EBITDA pre-IFRS 16	million CHF	860
Like-for-like growth	%	17.4%

Asia Pacific continued to show solid profitability growth driven by positive price development in India, sustained performance in China and good cost control across the region.

Cement volumes sold of 38.9 million tonnes in half-year 2019 was slightly below prior year on a like-for-like basis, attributable to delayed infrastructure budget approvals in the Philippines. Cement sales volumes in India reached the prior-year level, compensating for the impact of national elections.

Net Sales to external customers grew by 2.1% on a like-for-like basis with price gains in India moderated by infrastructure project delays in the Philippines and Australia. Recurring EBITDA pre-IFRS16 increased 17.4% on a like-for-like basis with improved margins in all segments.

In half-year 2019, LafargeHolcim successfully closed the divestment of its activities in Indonesia, Malaysia and Singapore. The disposal of its shareholding in the Philippines has been signed and is expected to close in the fourth quarter 2019, subject to customary and regulatory approvals. The transactions are highly value-accretive and result in significant deleveraging of 0.6 times Net Debt to Recurring EBITDA ratio (pre-IFRS16, at constant foreign exchange rate and closing of the Philippines' divestment before end of 2019).

Europe

		H1 2019
Sales of cement	million t	22.5
Sales of aggregates	million t	57.2
Sales of ready-mix concrete	million m ³	9.6
Net sales to external customers	million CHF	3,796
Like-for-like growth	%	7.2%
Recurring EBITDA pre-IFRS 16	million CHF	678
Like-for-like growth	%	17.1%

After a very good first quarter, the Europe region's sales volume growth normalized in the second quarter. Successfully realized price increases continued to support revenue growth in all countries and segments.

Cement volumes sold in half-year 2019 reached 22.5 million tonnes, improving 5.5% on a like-for-like basis, mainly driven by good project demand in France, residential market demand in Spain and strong infrastructure demand in East Europe (mainly Romania and Poland).

Aggregates volumes sold in half-year 2019 stood at 57.2 million tonnes, slight down 2.7% on a like-for-like basis, mainly due to phasing of big projects and a slowdown in the road segment in Poland.

Ready-mix concrete volumes sold were 9.6 million cubic meters, with growth of 3.5% on a like-for-like basis, mainly coming from France and Germany.

Favorable market environment and margin improvement in the three main segments account for the Net Sales to external customers increase of 7.2% like-for-like basis and over-proportional Recurring EBITDA pre-IFRS16 growth of 17.1% on a like-for-like basis.

Latin America

		H1 2019
Sales of cement	million t	12.1
Sales of aggregates	million t	2.0
Sales of ready-mix concrete	million m ³	2.5
Net sales to external customers	million CHF	1,331
Like-for-like growth	%	3.1%
Recurring EBITDA pre-IFRS 16	million CHF	446
Like-for-like growth	%	-4.1%

The Latin America region had a mixed half-year 2019 with improving demand in Brazil and large infrastructure project demand in El Salvador, balanced by postponement of public projects in Mexico after the presidential change in 2018.

Cement volumes sold stood at 12.1 million tonnes, decreasing 4.2% on a like-for-like basis, impacted by the post-election challenges in Mexico and softer demand in Argentina and Ecuador.

Ready-mix concrete volumes sold decreased by 11.3% compared to prior year on a like-for-like basis, mainly due to a halt of major infrastructure projects in Mexico.

Effective pricing management across the region pushed Net Sales to external customers to CHF 1,331 million, an increase of 3.1% on a like-for-like basis. Recurring EBITDA pre-IFRS16 declined by 4.1% on a like-for-like basis due to lower volumes, partially offset by strong operational performance and cost savings initiatives.

Middle East Africa

		H1 2019
Sales of cement	million t	17.6
Sales of aggregates	million t	3.4
Sales of ready-mix concrete	million m ³	1.9
Net sales to external customers	million CHF	1,476
Like-for-like growth	%	0.3%
Recurring EBITDA pre-IFRS 16	million CHF	327
Like-for-like growth	%	-6.6%

After a difficult 2018 and first quarter 2019, Middle East Africa region showed signs of a turnaround, delivering positive Recurring EBITDA growth in the second quarter.

Cement volumes sold reached 17.6 million tonnes, slightly below prior year, mainly driven by recovering market demand in Nigeria, Iraq and Algeria offset by Egypt.

Aggregates volumes sold stood at 3.4 million tonnes, or 16.8% lower on a like-for-like basis with discontinuation of loss-making operations in Egypt.

Ready-mix concrete volumes sold reached 1.9 million cubic meters, 3.5% lower on a like-for-like basis.

Net Sales to external customers in half year 2019 reached CHF 1,476 million, increasing 0.3% on a like-for-like basis as price gains in key markets compensated for slightly lower sales volumes. Recurring EBITDA pre-IFRS16 of CHF 327 million was 6.6% lower on a like-for-like basis, impacted by the challenging first quarter.

North America

		H1 2019
Sales of cement	million t	9.0
Sales of aggregates	million t	45.7
Sales of ready-mix concrete	million m ³	4.4
Net sales to external customers	million CHF	2,645
Like-for-like growth	%	2.8%
Recurring EBITDA pre-IFRS 16	million CHF	495
Like-for-like growth	%	1.0%

The macroeconomic environment remained favorable in North America with a strong order backlog and several large projects already captured. Moderating the positive trend was the prolonged flooding of the Mississippi river system, hindering product shipments, increasing cost for less favorable transportation modes and lengthening delivery distances to our customers.

Cement and aggregate volumes sold increased in excess of 2% on like-for-like basis. This increase was supported by a strong start to the year, particularly in the US, while Canada volumes were strong in the western part of the country including exports to the US.

Ready-mix concrete volumes sold were 4.4 million cubic meters, reflecting a like-for-like decrease of 6.6%, mainly attributable to regional weather and large project timing.

Net Sales to external customers improved to CHF 2,645 million, a like-for-like increase of 2.8% over the prior year, driven by sales volume and price gains. Recurring EBITDA pre-IFRS16 reached CHF 495 million, an improvement of 1.0% over the prior-year period on a like-for-like basis as revenue growth and strong progress on the SG&A reduction plan were largely offset by incremental cost associated with the Mississippi river system flooding.

2019 Outlook

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

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

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

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



Beat Hess
Chairman



Jan Jenisch
Chief Executive Officer

July 30, 2019

Financial information

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Condensed consolidated statement of income of LafargeHolcim

Million CHF	Notes	H1 2019 Unaudited	H1 2018 Unaudited
Net sales		13,059	13,272
Production cost of goods sold ¹		(7,768)	(7,893)
Gross profit		5,291	5,379
Distribution and selling expenses ²		(3,298)	(3,443)
Administration expenses ³		(684)	(1,072)
Share of profit of joint ventures		272	213
Operating profit		1,581	1,078
Profit on disposals and other non-operating income	6	299	40
Loss on disposals and other non-operating expenses	7	(51)	(92)
Share of profit of associates		7	9
Financial income	8	73	72
Financial expenses	9	(451)	(521)
Net income before taxes		1,458	585
Income taxes	10	(330)	(191)
Net income		1,128	394
Net income attributable to:			
Shareholders of LafargeHolcim Ltd		1,009	318
Non-controlling interest		119	76
Earnings per share in CHF			
Earnings per share	11	1.68	0.53
Fully diluted earnings per share	11	1.68	0.53

¹ Includes CHF -7 million of restructuring, litigation, implementation and other non-recurring costs in 2019 (2018: CHF -35 million).

² Includes CHF -3 million of restructuring, litigation, implementation and other non-recurring costs in 2019 (2018: CHF -9 million).

³ Includes CHF -61 million of restructuring, litigation, implementation and other non-recurring costs in 2019 (2018: CHF -257 million).

Condensed consolidated statement of comprehensive income of LafargeHolcim

Million CHF	Notes	H1 2019 Unaudited	H1 2018 Unaudited
Net income		1,128	394
Other comprehensive income			
Items that will be reclassified to the statement of income in future periods			
Currency translation effects			
- Exchange differences on translation		67	(723)
- Realized through statement of income		0	4
- Tax effect		(1)	(14)
Cash flow hedges			
- Change in fair value		(15)	25
- Realized through statement of income		(19)	10
- Tax effect		5	(9)
Net investment hedges in subsidiaries			
- Change in fair value		0	1
- Realized through statement of income		6	0
- Tax effect		0	3
Subtotal		42	(704)
Items that will not be reclassified to the statement of income in future periods			
Defined benefit plans			
- Remeasurements		(210) ²	328 ¹
- Tax effect		46	(64)
Strategic equity investments at fair value through other comprehensive income			
- Change in fair value		3	1
- Tax effect		0	0
Subtotal		(161)	265
Total other comprehensive income		(119)	(439)
Total comprehensive income		1,009	(45)
Total comprehensive income attributable to:			
Shareholders of LafargeHolcim Ltd		751	(3)
Non-controlling interest		258	(42)

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.

² The amount of CHF -210 million mainly relates to actuarial losses arising from the decrease in the discount rate during the first half year 2019 in all the countries.

Condensed consolidated statement of financial position of LafargeHolcim

Million CHF	Notes	30.06.2019 Unaudited	31.12.2018 Audited	30.06.2018 Unaudited
Assets				
Cash and cash equivalents		3,045	2,515	2,466
Short-term derivative assets		29	66	66
Current financial receivables		134	180	146
Trade accounts receivable		3,733	3,229	4,134
Inventories		2,922	3,081	3,250
Prepaid expenses and other current assets		1,255	1,276	1,348
Assets classified as held for sale	12	1,330	1,311	17
Total current assets		12,448	11,658	11,428
Long-term financial investments and other long-term assets		1,166	1,111	1,033
Investments in associates and joint ventures		3,194	3,133	3,215
Property, plant and equipment		27,584	27,890	29,346
Goodwill		13,127	14,045	14,326
Intangible assets		708	810	935
Deferred tax assets		658	651	828
Pension assets		308	371	518
Long-term derivative assets		25	26	38
Total non-current assets		46,769	48,037	50,240
Total assets		59,217	59,695	61,668

Million CHF	Notes	30.06.2019 Unaudited	31.12.2018 Audited	30.06.2018 Unaudited
Liabilities and shareholders' equity				
Trade accounts payable		3,518	3,770	3,964
Current financial liabilities	13	2,862	3,063	4,891
Current income tax liabilities		617	634	555
Other current liabilities		2,125	2,191	2,283
Short-term provisions		437	443	554
Liabilities directly associated with assets classified as held for sale	12	272	627	0
Total current liabilities		9,831	10,727	12,246
Long-term financial liabilities	13	12,886	13,061	13,807
Defined benefit obligations		1,737	1,603	1,704
Long-term income tax liabilities		335	449	431
Deferred tax liabilities		2,115	2,259	2,322
Long-term provisions		1,502	1,542	1,648
Total non-current liabilities		18,576	18,914	19,912
Total liabilities		28,406	29,642	32,158
Share capital		1,252	1,214	1,214
Capital surplus		22,822	23,157	23,144
Treasury shares		(645)	(612)	(616)
Reserves		4,501	3,166	2,721
Total equity attributable to shareholders of LafargeHolcim Ltd		27,930	26,925	26,463
Non-controlling interest		2,881	3,128	3,047
Total shareholders' equity		30,811	30,053	29,510
Total liabilities and shareholders' equity		59,217	59,695	61,668

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 December 31, 2018	1,214	23,157	(612)	(14,019)	41	17,144	26,925	3,128	30,053
Impact of change in accounting policies ¹						(36)	(36)	(2)	(38)
Restated Equity as at January 1, 2019	1,214	23,158	(612)	(14,019)	41	17,108	26,890	3,126	30,015
Net income						1,009	1,009	119	1,128
Other comprehensive earnings				(74)	(26)	(158)	(258)	139	(119)
Total comprehensive earnings				(74)	(26)	852	751	258	1,009
Payout		(322)					(322)	(70)	(392)
Scrip dividend ²	39	(39)							
Subordinated fixed rate resettable notes ³						558	558		558
Hyperinflation ⁴						31	31	8	39
Change in treasury shares			(51)			4	(47)		(47)
Share-based remuneration		27					27		27
(Disposal) Acquisition of participation in Group companies								(441)	(441)
Change in participation in existing Group companies			18			26	44		44
Equity as at June 30, 2019 (Unaudited)	1,253	22,822	(645)	(14,094)	15	18,579	27,930	2,881	30,811
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

¹ See more information in the note 13.

² See more information in the note 11.

³ See more information in the note 15.

⁴ Related to Argentina as disclosed in the 2018 Annual Report in the note 2.2.

Condensed consolidated statement of Cash Flows of LafargeHolcim

Million CHF	Notes	H1 2019 Unaudited	H1 2018 Unaudited
Net income		1,128	394
Income taxes		330	191
Profit on disposals and other non-operating income	6	(299)	(40)
Loss on disposals and other non-operating expenses	7	51	92
Share of profit of associates and joint ventures		(279)	(222)
Financial expenses net	8,9	378	449
Depreciation, amortization and impairment of operating assets		1,225	1,106
Other non-cash items		129	297
Change in net working capital		(1,088)	(1,338)
Cash generated from operations		1,575	930
Dividends received		168	134
Interest received		53	62
Interest paid		(352)	(451)
Income taxes paid		(344)	(560)
Other expenses		(33)	(62)
Cash flow from operating activities (A)		1,067	53
Purchase of property, plant and equipment		(647)	(586)
Disposal of property, plant and equipment		41	61
Acquisition of participation in Group companies		(58)	(54)
Disposal of participation in Group companies		1,319	150
Purchase of financial assets, intangible and other assets		(90)	(146)
Disposal of financial assets, intangible and other assets		65	99
Cash flow from investing activities (B)		629	(477)
Payout on ordinary shares	11	(322)	(1,192)
Dividends paid to non-controlling interest		(49)	(78)
Capital (repaid to) paid from non-controlling interest		76	(9)
Movements of treasury shares		(45)	(77)
Proceeds from subordinated fixed rate resettable notes	15	558	0
Coupon paid on subordinated fixed rate resettable notes		(2)	0
Net movement in current financial liabilities		(121)	1,451
Proceeds from long-term financial liabilities	15	294	331
Repayment of long-term financial liabilities	15	(1,154)	(1,349)
Repayment of long-term lease liabilities	13	(209)	(8)
Increase in participation in existing Group companies		(83)	(199)
Cash flow from financing activities (C)		(1,056)	(1,130)
Increase/ (Decrease) in cash and cash equivalents (A + B + C)		640	(1,555)
Cash and cash equivalents as at the beginning of the period (net)		2,264	3,954
Increase/ (Decrease) in cash and cash equivalents		640	(1,555)
Currency translation effects		(50)	(106)
Cash and cash equivalents as at the end of the period (net)¹		2,853	2,293

¹ Cash and cash equivalents at the end of the period include bank overdrafts of CHF 209 million (2018: CHF 173 million) disclosed in current financial liabilities and cash and cash equivalents of CHF 18 million (2018: CHF 0 million) disclosed in assets classified as held for sale.

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 2019	H1 2018	30.06.2019	31.12.2018	30.06.2018
		Unaudited	Unaudited	Unaudited	Audited	Unaudited
1 British Pound	GBP	1.29	1.33	1.24	1.25	1.30
1 Argentine Peso	ARS	0.02	0.05	0.02	0.03	0.04
1 Australian Dollar	AUD	0.71	0.75	0.68	0.70	0.73
1 Brazilian Real	BRL	0.26	0.28	0.26	0.25	0.26
1 Canadian Dollar	CAD	0.75	0.76	0.74	0.72	0.75
1 Chinese Renminbi	CNY	0.15	0.15	0.14	0.14	0.15
100 Algerian Dinar	DZD	0.84	0.84	0.82	0.84	0.85
1 Egyptian Pound	EGP	0.06	0.05	0.06	0.05	0.06
1 Ruble	RUB	0.02	0.02	0.02	0.01	0.02
100 Indian Rupee	INR	1.43	1.47	1.41	1.41	1.45
100 Mexican Peso	MXN	5.22	5.08	5.08	5.01	5.06
100 Nigerian Naira	NGN	0.28	0.29	0.27	0.27	0.29
100 Philippine Peso	PHP	1.92	1.86	1.90	1.88	1.86

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

1.1 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*. 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, 2018 (hereafter “annual financial statements”) except for the application of IFRS 16 and the other standards adopted during the period (see description below).

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 2019, LafargeHolcim adopted the following new standard, interpretation and amended standards relevant to the Group:

IFRS 16	Leases
IFRIC 23	Uncertainty over Income Tax Treatments
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendment to IAS 19	Plan Amendment, Curtailment or Settlement
Improvements to IFRS	Clarifications of existing IFRSs (issued in December 2017)

IFRS 16 – Leases

IFRS 16 *Leases* which replaces IAS 17 *Leases* and related interpretations was adopted for the period starting January 1, 2019. The new standard no longer requires a distinction between finance and operating leases for lessees but requires lessees to recognize a lease liability for future lease payments and a corresponding right-of-use asset. In the income statement, the expenses comprise a depreciation charge reflecting the consumption of economic benefits and an interest expense reflecting the unwinding of the lease liability which is accounted for as a finance cost. In the cash flow statement, the portion of the lease payments reflecting the repayment of the lease liability is presented within financing activities whereas the interest portion is presented in the cash flow from operating activities in accordance with the Group’s accounting policy.

The Group applied the new standard in accordance with the modified retrospective approach without restatement of the comparative period in accordance with the transitional provisions of IFRS 16. Leases that previously were

accounted for as operating leases under IAS 17 were recognized at the present value of the remaining lease payments as of January 1, 2019 and discounted with the incremental borrowing rate as of that date. The right-of-use assets were in general measured at the amount of the lease liability, adjusted for any prepaid and accrued leases as well as provision for onerous contracts relating to the lease recognized in the statement of financial position immediately before the date of initial application. For certain leases, the right-of-use asset was measured at its carrying amount as if the standard had been applied since the commencement date, discounted with the incremental borrowing rate at the date of initial application. LafargeHolcim does not capitalize as right-of-use asset and record as lease liability for the payments for short-term leases, that is, leases with a lease term assessed to be 12 months or less from the commencement date, and for leases of low value assets, that is, assets which fall below the capitalization threshold for property, plant and equipment as the impact is immaterial. These payments are included in operating profit on a cost incurred basis and reported in the cash flow from operating activities. For all contracts existing as of the date of initial application, the Group applied the practical expedient to grandfather the assessment made under IAS 17 and related interpretations in terms whether the contracts meet the definition of a lease. Information regarding the financial impacts of the initial application of IFRS 16 is found in note 13.

Since January 1, 2019, the Group assesses at inception of a contract whether it contains a lease under IFRS 16 and accordingly recognizes a right-of use asset and a lease liability if it meets the definition of a lease, with the exception of short-term leases and leases of low value assets as described above.

The lease liability is measured at commencement date at the present value of the future lease payments, discounted with the interest rate implicit in the lease or, if not readily determinable, with the lessee's respective incremental borrowing rate. Future lease payments include in-substance fixed payments, variable lease payments depending on an index or rate and, if assessed as reasonably certain to be exercised, payments for purchase options, termination options and extension options. The lease term comprises the non-cancellable lease term together with the period covered by extension options, if assessed as reasonably certain to be exercised, and termination options, if assessed as reasonably certain not to be exercised. Non-lease components in contracts are separated from lease components and accordingly accounted for in operating profit on a cost incurred basis.

The right-of-use asset is recognized at the commencement date at cost, which includes the amount of the lease liability recognized, any lease payments made at or before the commencement date of the lease, initial direct costs incurred and an estimate of costs to be incurred in dismantling and removing the underlying asset or restoring the asset to the condition agreed with the lessor. Unless the Group is reasonably certain to exercise a purchase option, the right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and lease term. Right-of-use assets are subject to the impairment requirements under IAS 36 *Impairments of Assets*.

In the event that the tax base of a right-of-use asset is not the same as its carrying amount for IFRS purposes on initial recognition of a lease contract, the Group will recognize the deferred tax impact arising on the temporary difference between the carrying amount of the right-of-use asset and its tax base. The same treatment as above will also be applied to the initial recognition of the lease liability.

IFRIC 23 – Uncertainty over Income Tax Treatments

As detailed in the 2018 Annual Report (note 1.2), the adoption of IFRIC 23 has not materially impacted the Group financial statements.

Amendments to IAS 28 – Long-Term Interests in Associates and Joint Ventures

As detailed in the 2018 Annual Report (note 1.2), the adoption of the amendments to IAS 28 has not materially impacted the Group financial statements.

Amendment to IAS 19 – Plan Amendment, Curtailment or Settlement

As detailed in the 2018 Annual Report (note 1.2), the adoption of the amendment to IAS 19 has not materially impacted the Group financial statements.

Improvements to IFRS

As detailed in the 2018 Annual Report (note 1.2), the adoption of the improvements to IFRS has not materially impacted the Group financial statements.

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.

Level of impairment testing

As a result of evolving market dynamics in the building materials industry, starting January 1, 2019, the Group CEO (i.e. chief operating decision maker) regularly reviews operating results and assesses its performance based on operating segment level. As a consequence, LafargeHolcim changed the level of goodwill impairment testing from country or regional cluster level to operating segment level. Such a change is considered as a change in accounting estimate and therefore will not impact prior years.

LafargeHolcim believes the change in approach will not lead to additional goodwill impairment. Moreover, no indicator of impairment for goodwill was identified in the half-year 2019.

In assessing property, plant and equipment for impairment, LafargeHolcim continues to perform this at the lowest level of identifiable group of assets that generates largely independent cash inflows if there is any indication of impairment.

2. Seasonality

Demand for cement, aggregates, ready-mix concrete 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. Changes in the scope of consolidation

In half-year 2019 and half-year 2018, there were no individually material business combinations. The main acquisitions during half-year 2019 consist of Transit Mix, a leading supplier of building materials in Colorado and Colorado River,

comprising of a ready-mix concrete plant in Fort Worth, Texas.

In the first quarter 2019, the Group disposed of its 80,6 percent shareholding in Indonesia for a total consideration of CHF 911 million which resulted in a net gain of CHF 189 million.

In the second quarter 2019, the Group disposed of its 51 percent shareholding in Lafarge Malaysia Berhad for a total consideration of CHF 387 million which resulted in a net gain of 47 million.

Also in the second quarter 2019, the Group disposed of its 91 percent shareholding in Holcim Singapore for a consideration of CHF 48 million, which resulted in a net gain on disposal of CHF 20 million.

In the first quarter 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.

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

Also in the second quarter 2018, the Group has received as planned the remaining proceeds of CHF 117 million in connection with the disposal of 73.5 percent of the listed shares in Sichuan Shuangma Cement Co. Ltd, presented in the cash flow from investing activities. In the first quarter 2018, the Group completed the repurchase of the two cement companies from Shuangma under a put and call option for an amount of CHF 214 million presented in the cash flow from financing activities.

4. Information by reportable segment

H1 (unaudited)	Asia Pacific		Europe	
	2019	2018	2019	2018
Capacity and sales				
Annual cement production capacity (Million t) ¹	85.4	111.4	73.6	73.6
Sales of cement (Million t)	38.9	45.5	22.5	21.3
Sales of aggregates (Million t)	13.3	15.9	57.2	59.0
Sales of ready-mix concrete (Million m ³)	5.2	6.1	9.6	9.3
Statement of income (Million CHF)				
Net sales to external customers	3,417	3,807	3,796	3,664
Net sales to other segments	5	27	64	79
TOTAL NET SALES	3,423	3,833	3,860	3,743
Recurring EBITDA²	885	773	742	599
Recurring EBITDA margin in %	25.9	20.2	19.2	16.0
OPERATING PROFIT (LOSS)	679	582	383	238
Operating profit (loss) margin in %	19.8	15.2	9.9	6.4
Statement of financial position (Million CHF) ¹				
Invested capital	6,946	8,775	11,009	11,103
Investments in associates and joint ventures	1,464	1,371	235	240
Total assets	11,475	13,812	16,357	15,935
Total liabilities	4,210	5,623	7,913	7,371
Reconciliation of measures of profit and loss to the consolidated statement of income				
Recurring EBITDA²	885	773	742	599
Restructuring, litigation, implementation and other non-recurring costs	(8)	(10)	(23)	(35)
Depreciation, amortization and impairment of operating assets	(198)	(181)	(335)	(326)
OPERATING PROFIT (LOSS)	679	582	383	238
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 Prior-year figures as of December 31, 2018.

² Including CHF 25 million in Asia Pacific, CHF 64 million in Europe, CHF 15 million in Latin America, CHF 40 million in Middle East Africa, CHF 65 million in North America and CHF 7 million in Corporate of IFRS 16 lease impact in H1 2019.

Latin America		Middle East Africa		North America		Corporate/ Eliminations		Total Group	
2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
38.6	39.1	55.9	56.8	32.0	32.0			285.5	312.9
12.1	12.6	17.6	17.7	9.0	8.8	3.7	2.3	103.8	108.2
2.0	1.7	3.4	4.1	45.7	44.5			121.7	125.3
2.5	2.8	1.9	2.0	4.4	4.4			23.6	24.6
1,331	1,428	1,476	1,535	2,645	2,475	394	363	13,059	13,272
7	6	17	20			(93)	(131)		
1,337	1,434	1,493	1,554	2,645	2,475	301	232	13,059	13,272
461	488	367	365	560	470	(137)	(211)	2,878	2,484
34.5	34.1	24.6	23.5	21.2	19.0			22.0	18.7
360	387	167	172	218	138	(225)	(440)	1,581	1,078
26.9	27.0	11.2	11.1	8.2	5.6			12.1	8.1
3,015	2,957	6,721	6,897	11,027	10,898	945	965	39,663	41,595
36	36	1,349	1,364	53	57	56	64	3,194	3,133
4,736	4,563	7,764	7,763	15,799	15,195	3,086	2,427	59,217	59,695
1,953	2,047	3,436	3,571	7,441	6,853	3,453	4,177	28,406	29,642
461	488	367	365	560	470	(137)	(211)	2,878	2,484
	(11)	(9)	(23)	(7)	(54)	(24)	(166)	(71)	(300)
(102)	(90)	(191)	(170)	(336)	(278)	(63)	(62)	(1,225)	(1,106)
360	387	167	172	218	138	(225)	(440)	1,581	1,078
								299	40
								(51)	(92)
								7	9
								73	72
								(451)	(521)
								1,458	585

**Notes to the condensed
consolidated financial statements**
continued

5. Information by product line

Million CHF	Cement ¹		Aggregates		Ready-mix concrete		Solution & Products ²		Corporate/ Eliminations		Total Group	
H1 (unaudited)	2019	2018	2019	2018	2019	2018	2018	2018	2019	2018	2019	2018
Statement of income												
Net sales to external customers	8,136	8,270	1,366	1,335	2,579	2,639	977	1,028	1		13,059	13,272
Net sales to other segments	647	596	541	582	15	18	19	22	(1,222)	(1,218)		
Total net sales	8,783	8,866	1,907	1,917	2,595	2,657	996	1,050	(1,222)	(1,218)	13,059	13,272
– of which Asia Pacific	2,667	2,946	270	321	528	617	117	155	(159)	(206)	3,423	3,833
– of which Europe	1,930	1,818	963	947	1,055	1,003	491	537	(579)	(562)	3,860	3,743
– of which Latin America	1,163	1,228	13	14	223	269	27	22	(89)	(99)	1,337	1,434
– of which Middle East Africa	1,329	1,375	39	48	150	151	40	45	(64)	(64)	1,493	1,554
– of which North America	1,345	1,257	623	587	638	617	322	301	(283)	(287)	2,645	2,475
– of which Corporate/Eliminations	348	241						(9)	(49)	(1)	300	232
Recurring EBITDA³	2,287	2,074	366	310	137	47	89	53	(1)		2,878	2,484
– of which Asia Pacific	722	642	91	85	57	32	16	15	(1)	(1)	885	773
– of which Europe	462	388	171	146	57	21	51	44	1		742	599
– of which Latin America	439	455	2	1	15	30	4	3	1	(1)	461	488
– of which Middle East Africa	343	356	7	1	8	(2)	9	10			367	365
– of which North America	409	365	119	109	22	(3)	10	(1)			560	470
– of which Corporate	(89)	(133)	(24)	(32)	(23)	(31)	(2)	(17)		1	(138)	(212)
Recurring EBITDA margin in %	26.0	23.4	19.2	16.2		1.8	9	5.1			22.0	18.7

¹ Cement, clinker and other cementitious materials.

² Precast, concrete products, asphalt, mortars and contracting and services.

³ Including CHF 114 million for Cement, CHF 37 million for Aggregates, CHF 45 million for Ready-mix concrete and CHF 20 million for Solution & Products of IFRS 16 lease impact in half-year 2019.

6. Profit on disposals and other non-operating income

Million CHF	H1 2019 Unaudited	H1 2018 Unaudited
Dividends earned	2	2
Net gain on disposal before taxes	297	30
Other	0	8
Total	299	40

In 2019, the position "Net gain on disposal before taxes", mainly includes gain on disposal of Holcim Indonesia of CHF 189 million, Lafarge Malaysia Berhad of CHF 47 million, Holcim Singapore Ltd of CHF 20

million and several gains on disposal of property plant and equipment.

In 2018, the position "Net gain on disposal before taxes", mainly includes several

gains on disposal of property, plant and equipment.

Additional information is disclosed in note 3.

7. Loss on disposals and other non-operating expenses

Million CHF	H1 2019 Unaudited	H1 2018 Unaudited
Depreciation, amortization and impairment of non-operating assets	(4)	1
Net loss on disposal before taxes	0	(55)
Other	(47)	(38)
Total	(51)	(92)

In 2019 and 2018, the position "Other" includes expenses incurred in connection with assets which are non-operating,

abandoned or not part of the operating business cycle.

8. Financial income

Million CHF	H1 2019 Unaudited	H1 2018 Unaudited
Interest earned on cash and cash equivalents	45	41
Other financial income	28	31
Total	73	72

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

9. Financial expenses

Million CHF	H1 2019 Unaudited	H1 2018 Unaudited
Interest expenses	(285)	(366)
Interest expenses on lease liabilities	(43)	(4)
Net interest expense on retirement benefit plans	(25)	(23)
Other financial expenses	(98)	(127)
Total	(451)	(521)

The position "Interest expenses" relate primarily to financial liabilities measured at amortized cost, including amortization on bonds and private placements of CHF 41 million (2018: CHF 38 million).

The position "Other financial expenses" includes notably accruals for interest related to ongoing legal and tax cases, upfront fee for liability management transactions, bank charges and foreign exchange impact.

10. Taxes

Excluding impairments and divestments, the Group's effective tax rate is 27.0 percent for the six months ended June 30, 2019 (respectively 29.5 percent for the six months ended June 30, 2018 and 27.7 percent for the year ended December 31, 2018).

11. Earnings per share

	H1 2019 Unaudited	H1 2018 Unaudited
Earnings per share in CHF	1.68	0.53
Net income – shareholders of LafargeHolcim Ltd – as per statement of income (in million CHF)	1,009	318
Coupon relating to the Perpetual Subordinated Notes ¹	(6)	0
Adjusted net income - shareholders of LafargeHolcim Ltd	1,003	318
Weighted average number of shares outstanding	596,780,321	596,253,553
Fully diluted earnings per share in CHF	1.68	0.53
Adjusted net income used to determine diluted earnings per share (in million CHF)	1,003	318
Weighted average number of shares outstanding	596,780,321	596,253,553
Adjustment for assumed exercise of share options and performance shares	242,816	259,348
Weighted average number of shares for diluted earnings per share	597,023,137	596,512,901

¹ LafargeHolcim issued two perpetual subordinated notes: EUR 500 million at an initial fixed coupon of 3% in April 2019 and CHF 200 million at an initial fixed coupon of 3.5% in November 2018.

In conformity with the decision taken at the annual general meeting of shareholders on May 15, 2019, a dividend of CHF 2.00 per registered share for the financial year 2018 was paid out of capital surplus on June 25, 2019. LafargeHolcim offered to its shareholders the option of receiving the distribution in the form of new LafargeHolcim shares, cash or a combination thereof. 72.98 percent of the distribution was paid in the form of new LafargeHolcim Ltd shares. This resulted in a total payment of CHF 322 million. 19,303,633 new shares were issued out of authorized capital for the scrip dividend.

The annual general meeting also approved the cancellation of shares repurchased under the share buyback program announced in June 2017 and

completed in March 2018. 10,283,654 shares will be cancelled in the third quarter 2019.

12. Assets and related liabilities classified as held for sale

In the second quarter 2019, the Group signed an agreement with San Miguel Corporation for the disposal of its entire interest of 85.7% in Holcim Philippines Inc. for an enterprise value of USD 2.15 billion, on a 100 percent basis and consequently classified the assets and the related liabilities as held for sale. Closing of the transaction is expected in the fourth quarter 2019 and is subject to customary and regulatory approvals. Holcim Philippines and its subsidiaries consist of four integrated cement plants and one

grinding plant and are presented in the reportable segment Asia Pacific.

The assets classified as held for sale also include property, plant and equipment related to a cement plant in China, as disclosed in note 13.2 of the 2018 Annual Report.

The assets and related liabilities classified as held for sale as of December 31, 2018, included the assets and liabilities of Holcim Indonesia and its subsidiaries which were disposed of in the first quarter 2019, as disclosed in note 3.

Million CHF	H1 2019 Unaudited	2018 Audited
Cash and cash equivalents	18	25
Inventories	87	67
Other current assets	107	88
Property, plant and equipment	539	1,028
Goodwill and intangible assets	483	88
Other long-term assets	96	15
Assets classified as held for sale	1,330	1,311
Current liabilities	193	345
Long-term liabilities	79	282
Liabilities directly associated with assets classified as held for sale	272	627
Net assets classified as held for sale	1,058	684

Notes to the condensed consolidated financial statements
continued

13. Lease liability and Right-of-use assets

Note 1 explains the accounting policy changes and the initial application of IFRS 16 as of January 1, 2019.

As part of its activities, the Group has entered into various lease agreements as lessee, largely for trucks and heavy mobile

equipment, for land and buildings as well as time charter agreements for vessels.

13.1 Transition adjustments recognized as of January 1, 2019 on initial application of IFRS 16

The lease liability as of January 1, 2019 amounted to CHF 1,617 million, of which CHF 358 million recorded in "Current financial liabilities" and CHF 1,258 million in "Long-term financial liabilities". The

table below presents a reconciliation of the undiscounted operating lease commitments presented in the 2018 Annual Report in note 15 to the capitalized amount as of January 1, 2019. The weighted average incremental borrowing rate used for the discounting as of January 1, 2019 is based on the Group's portfolio of leases and totals 5.4%.

Reconciliation of undiscounted operating lease commitments as of December 31, 2018 to the recognized lease liability as of January 1, 2019

Million CHF

Operating lease commitments as of December 31, 2018	1,955
Exemption of commitments for non-lease components	(157)
Exemption of commitments for short-term leases	(13)
Exemption of commitments for leases of low value assets	(10)
Onerous lease contracts	16
Undiscounted future lease payments from operating leases	1,791
Effect of discounting	(341)
Addition of Lease liability as of January 1, 2019	1,451
Former IAS 17 finance lease liability as of January 1, 2019	166
Total lease liability as of January 1, 2019	1,617

Onerous lease contracts were not included in the lease commitment note as they were accounted for as provisions and accordingly reclassified to the lease liability as of January 1, 2019. The Group relied on its assessment as to whether leases are onerous by applying IAS 37 immediately before the date of initial recognition as an alternative to

performing an impairment review. The table above does not include lease liabilities of CHF 108 million relating to disposal groups since such liabilities are included in "Liabilities directly associated with assets classified as held for sale". The measurement of certain right-of-use assets at the lease commencement date resulted in a negative impact in equity of

CHF 38 million and in the recognition of a deferred tax asset of CHF 8 million.

The right-of-use assets as of January 1, 2019 amounted to CHF 1,584 million, which is comprised of as follows:

Million CHF

Discounted former operating lease commitments as of January 1, 2019	1,451
Impact due to the measurement of certain right-of-use assets at commencement date of the lease	(46)
Net amount accrued and prepaid lease expenses	28
Provision for onerous contracts and other reclassifications	(21)
Capitalized right-of-use asset of former operating leases	1,412
Capitalized assets of former IAS 17 finance leases as of January 1, 2019	172
Right-of-use assets as of January 1, 2019	1,584

13.2 Lease liability and Right-of-use assets as of June 30, 2019

As of June 30, 2019, "Property, plant and equipment" amounting to CHF 27,584

million included CHF 1,434 million relating to right-of-use assets.

Million CHF	Land	Buildings and installations	Machinery, vehicles and equipment	Total right-of-use assets
Net book value as at January 1, 2019	463	283	838	1,584
Net book value as at June 30, 2019	426	250	758	1,434
Depreciation expense	(30)	(33)	(142)	(205)

Additions to the right-of-use assets for the first six months 2019 amounted to CHF 114 million.

As of June 30, 2019, the current portion of the long-term lease liability included in the position "Current financial liabilities" amounted to CHF 308 million and the long-term lease liabilities included in the position "Long-term financial liabilities" amounted to CHF 1,168 million. The total

payments for leases in the reporting period amount to CHF 250 million, of which CHF 41 million pertained to interest paid which is presented in cash flow from operating activities in the position "Interest paid" and CHF 209 million presented in cash flow from financing activities in the position "Repayment of long-term lease liabilities".

14. 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, 2019 and as of December 31, 2018. No changes in the valuation techniques of the items below have occurred since the last annual financial statements.

Million CHF 30.6.2019 (unaudited)	Fair value level 1	Fair value level 2	Total
Financial assets			
Fair value through other comprehensive earnings			
- Strategic equity investments	9	180	189
Fair value through profit and loss			
- Other current assets			
- Derivatives held for hedging		47	47
- Derivatives held for trading		7	7
Financial liabilities			
Derivatives held for hedging		69	69
Derivatives held for trading		30	30

Notes to the condensed consolidated financial statements
continued

Million CHF 31.12.2018 (audited)	Fair value level 1	Fair value level 2	Total
Financial assets			
Fair value through other comprehensive earnings			
- Strategic equity investments		196	196
Fair value through profit and loss			
- Other current assets			
- Derivatives held for hedging		78	78
- Derivatives held for trading		13	13
Financial liabilities			
Derivatives held for hedging			
		76	76
Derivatives held for trading			
		60	60

15. Bonds

On April 3, 2019, Lafarge S.A. repurchased EUR 55 million of the EUR 198 million bond with a coupon of 5.88% which was issued on July 9, 2012.

On April 3, 2019, Lafarge S.A. repurchased EUR 120 million of the EUR 357 million bond with a coupon of 5.50% which was issued on December 16, 2009.

On April 3, 2019, Lafarge S.A. repurchased EUR 154 million of the EUR 371 million bond with a coupon of 4.75% which was issued on March 23, 2005.

On April 4, 2019, Holcim Finance (Australia) Pty Ltd redeemed AUD 200 million bond with a coupon of 5.25% which was issued on October 4, 2012.

On April 5, 2019, Holcim Finance (Luxembourg) S.A. issued EUR 500 million subordinated fixed rate resettable perpetual notes with an initial coupon of 3.0%.

On June 7, 2019, Holcim Capital México, S.A. de C.V. redeemed MXN 1,700 million bond with a coupon of 7.00% which was issued on June 15, 2012.

On June 24, 2019, Lafarge SA repurchased around USD 76 million of the USD 600 million bond with a coupon of 7.125% which was issued on July 9, 2012.

16. Contingencies, guarantees, commitments and contingent assets

At June 30, 2019, the Group's contingencies amounted to CHF 1,668 million (December 31, 2018: CHF 1,637 million).

Referring to the disclosures on legal and tax matters in note 17.3 of the 2018 Annual Report, there have been no material developments since the last reporting period.

At June 30, 2019, the guarantees issued in the ordinary course of business amounted to CHF 973 million (December 31, 2018: CHF 888 million). The increase is mainly due to surety bonds and letter of credits.

At June 30, 2019, the Group's commitments amounted to CHF 1,820 million (December 31, 2018: CHF 1,946 million). The decrease is mainly related to various purchase commitments.

At June 30, 2019, the Group's contingent assets amounted to CHF 26 million (December 31, 2018: CHF 25 million).

17. Events after the reporting period

On July 15, 2019 the Group has signed an agreement with ORESA for the acquisition of Somaco, one of Romania's leading precast concrete producers.

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 30, 2019.

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

Zug, July 30, 2019

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 30 June 2019, 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 condensed 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 condensed 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, 2019, 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



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

Reconciling measures of Net income before impairment and divestments with Net income disclosed in Financial Statements of LafargeHolcim

Million CHF	H1 2019 (post-IFRS16)	IFRS16 impact	H1 2019 (pre-IFRS16)	H1 2018
Net income (loss)	1,128	(12)	1,140	394
Impairment	(23)	0	(23)	(1)
Profit/(loss) on divestments	265	0	265	(49)
Net income before impairment and divestments	886	(12)	898	344
Net income before impairment and divestments Group share	769	(11)	780	371

Adjustments disclosed net of taxation

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

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

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

Million CHF	H1 2019 (post-IFRS16)	IFRS16 impact	H1 2019 (pre-IFRS16)	7/10/1905
Current financial liabilities	2,862	284	2,578	3,063
Long-term financial liabilities	12,886	1,026	11,860	13,061
Cash and cash equivalents	3,045	0	3,045	2,515
Short-term derivative assets	29	0	29	66
Long-term derivative assets	25	0	25	26
Net financial debt	12,650	1,310	11,340	13,518

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 2019 and 2018) and currency translation effects (2019 figures are converted with 2018 exchange rates in order to calculate the currency effects).

Recurring SG&A costs

Fixed cost related to Administrative, Marketing & Sales, Corporate Manufacturing and Corporate Logistics costs included in Recurring EBITDA.

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.

Profit and Loss on disposals and other non-operating items

Profit and 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, disputes with non-controlling interests and other major lawsuits.

Recurring EBITDA

The Recurring EBITDA (Earnings before interest, tax, depreciation and amortization) is an indicator to measure the performance of the Group excluding the impacts of non-recurring items. It is defined as:

- +/- Operating profit (EBIT);
- depreciation, amortization and impairment of operating assets; and
- restructuring, litigation, implementation and other non recurring costs.

Recurring EBITDA margin

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 Net Sales.

Operating profit before impairment

The Operating profit before impairment is an indicator that measures the profit earned from the Group's core business activities excluding impairment charges which, because of their exceptional nature, cannot be viewed as inherent to the Group's ongoing activities. It is defined as:

- +/- Operating profit (loss);
- impairment of goodwill and assets.

Net income before impairment 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 and losses on disposals of Group companies; and
- impairments of goodwill and assets.

EPS (Earnings Per Share) 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.

Capex or Capex Net (Net Maintenance and Expansion Capex)

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

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 and short-term) including derivative liabilities;
- Cash and cash equivalents; and
- Derivative assets.

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:

- + Total shareholders' equity;
- + Net financial debt;
- Assets classified as held for sale;
- + Liabilities classified as held for sale;
- Current financial receivables; and
- Long-term financial investments and other long-term assets.

NOPAT (Net Operating Profit After Tax)

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).

ROIC (Return On Invested Capital)

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

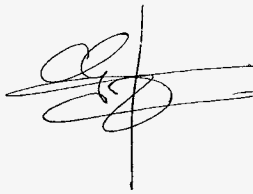
Responsibility statement

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.

Zug, July 30, 2019



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 29.9 billion as at June 30, 2019.

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

October 25, 2019
**Results for the
third quarter 2019**

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Concept and design
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