



July 30, 2014

## Media release on 1<sup>st</sup> half year results 2014

- **Holcim Leadership Journey well on track and restructuring efforts continue**
- **Cement volumes up with considerable increases in North America, Africa Middle East, and Europe**
- **Like-for-like growth in operating EBITDA and operating profit based on recent restructurings and cost discipline**
- **Net financial debt decreases further compared to first half 2013**
- **Foreign exchange effects and restructuring costs put burden on financial performance**

Bernard Fontana, CEO, comments on the results: “Holcim increased sales of both cement and aggregates in the first half of 2014, despite an uneven development of the global economy. Group regions North America, Africa Middle East, and Europe recorded particularly strong cement sales. Mild weather conditions at the beginning of the year supported building activity, especially in Europe where the Group continued to restructure activities in 2014. In Asia the market situation stabilized, and as a result ACC and Ambuja Cements in India, Holcim’s largest Group companies in the region, were able to increase cement sales.”

On a like-for-like basis operating EBITDA increased slightly and operating profit was up, too. Higher cement volumes across many parts of the Group combined with the ongoing momentum of the Holcim Leadership Journey and strict cost management were the main reasons for this positive development. However in Swiss Francs the operating performance continued to be negatively impacted by exchange rate effects. Restructuring and merger costs of CHF 50 million also impacted operating EBITDA.

On a like-for-like basis higher operating profit was recorded in Group regions North America and Europe in particular, while the development in Africa Middle East was stable. Helped by the restructuring measures taken in 2013, strong growth in operating profit was seen in Europe while North America benefited from the better economic environment especially in the United States. Despite progress in a number of countries in Asia Pacific negative exchange rate effects continued to be a main burden on the Group region’s financial results. In addition, postponed projects in the energy and resources sector negatively impacted the financial performance in Australia. The impact of the restructurings in 2014 amount to CHF 59 million on operating profit level.

Operating profit margin before restructuring and merger costs of 11.3 percent increased compared to the previous year.

Compared to the first half 2013, ROIC before taxes improved from 7.1 percent to 8.4 percent while net financial debt decreased.

Group	January–June	January–June	±%	±% like-for-like
	2014	2013		
Sales of cement in million t	70.0	68.6	+2.0	+2.8
Sales of aggregates in million t	69.6	69.4	+0.2	+1.0
Sales of ready-mix concrete in million m <sup>3</sup>	18.1	18.8	-3.9	-2.7
Sales of asphalt in million t	4.1	3.3	+21.8	+22.8
Net sales in million CHF	9,061	9,649	-6.1	+4.8
Operating EBITDA in million CHF	1,627	1,819	-10.6	+0.2
Operating profit in million CHF	962	1,046	-8.0	+2.6
Net income in million CHF	657	760	-13.5	
Net income – shareholders of Holcim Ltd – in million CHF	485	571	-14.9	
Cash flow from operating activities in million CHF	183	267	-31.6	-15.3

Group	April–June	April–June	±%	±% like-for-like
	2014	2013		
Sales of cement in million t	37.0	36.5	+1.3	+1.3
Sales of aggregates in million t	40.4	40.9	-1.2	-0.8
Sales of ready-mix concrete in million m <sup>3</sup>	9.9	10.4	-5.4	-5.0
Sales of asphalt in million t	2.7	2.2	+21.0	+21.5
Net sales in million CHF	4,973	5,326	-6.6	+2.3
Operating EBITDA in million CHF	1,010	1,169	-13.7	-5.3
Operating profit in million CHF	667	776	-14.1	-6.3
Net income in million CHF	479	465	+2.9	
Net income – shareholders of Holcim Ltd – in million CHF	406	383	+5.9	
Cash flow from operating activities in million CHF	426	591	-27.9	-22.3

## Sales volumes

Consolidated cement sales rose in the first half of 2014 by 2.0 percent to 70.0 million tonnes. This positive development was due primarily to progress in Group regions North America, Africa Middle East, and Europe. Strong growth was reported by the United States and Morocco in particular while in Europe the strong development earlier slowed down towards the middle of the year. Aggregates volumes increased slightly by 0.2 percent to 69.6 million tonnes, which is mainly attributable to improved results in North America and Asia Pacific. Ready-mix concrete volumes were down 3.9 percent to 18.1 million cubic meters, with growth in several European countries as a result of restructuring measures in 2013 unable to compensate for volume declines in Latin America that were caused by the restructuring of the segment in 2013. Asphalt volumes increased by 21.8 percent to 4.1 million tonnes.

## **Financial results**

Group-wide net sales decreased by 6.1 percent to CHF 9.06 billion, with negative currency effects across the whole of Latin America as well as in India, Indonesia, and other markets taking their toll. On a like-for-like basis, net sales increased by 4.8 percent.

Like-for-like operating EBITDA for the Group increased by 0.2 percent and adjusted for restructuring and merger costs it increased by 3.0 percent and operating profit by 8.3 percent. Consolidated operating EBITDA decreased by 10.6 percent to CHF 1,627 million. Thanks to both increased sales and the successful restructuring measures of 2013, higher operating EBITDA was recorded in the United States and in most European Group companies. On a like-for-like basis, Africa Middle East also reported an improvement in operating results.

Net income fell by 13.5 percent to CHF 657 million compared to the previous year which benefitted from the gain of a reduction of participation in Cement Australia. Net income attributable to shareholders of Holcim Ltd declined by 14.9 percent to CHF 485 million.

Cash flow from operating activities of CHF 183 million decreased by 31.6 percent when compared to the same period last year. Net financial debt over the last twelve months stood at CHF 10.62 billion, down CHF 340 million from CHF 10.96 billion. Revenue from the sale of CO<sub>2</sub> emission certificates increased slightly by CHF 0.15 million to CHF 4.63 million.

## **Holcim Leadership Journey**

The Holcim Leadership Journey remains well on track to achieve its target of an increase in operating profit of CHF 1.5 billion by the end of 2014, compared to the base year 2011 and under similar market conditions and contributed strongly to the Group's operational performance. The total realized benefits to date already amount to CHF 1.45 billion. During the first six months of 2014 the contribution of the Holcim Leadership Journey was CHF 348 million in total. The Customer Excellence stream contributed with CHF 133 million and the cost initiatives with CHF 215 million to the result.

## **Continued portfolio optimization**

The Group has made progress with its plans of a strategic portfolio optimization in Europe that includes a series of transactions together with Cemex. Holcim has secured approval for the transaction with Cemex in the Czech Republic, received unconditional clearance by the European Commission for its proposed acquisition of Cemex West in Germany and is awaiting the decision on the other part of the transaction in Spain. The closing of the transaction is expected for the second half of 2014.

## **Merger to create LafargeHolcim**

On April 7, 2014 Holcim and Lafarge have announced their intention to combine their activities in a merger to create LafargeHolcim, the most advanced and innovative group in the building materials industry, operating in 90 countries and creating superior value for its stakeholders.

In the meantime Lafarge and Holcim have taken a further step towards the completion of this transaction. A Divestment Committee was set up by both companies and has drawn up a list of proposed asset disposals in anticipation of potential competition authorities' requirements. Both companies will continue to consider whether divestments would be necessary where there might be overlaps or depending on regulatory requirements. The proposed divestments are subject to review and further discussions with the regulatory authorities and to the agreement of our business partners when relevant. The closing of the planned merger is expected in the first half of 2015.

## **Outlook for 2014**

For 2014 Holcim expects the global economies to show another year of uneven performance. Construction markets in Europe are expected to have reached the bottom with slow recovery in sight. At the same time, North American markets are expected to continue to benefit from a further recovery especially in the United States. Latin America on the other hand could continue to face uncertainties in Argentina but should overall show slight growth in 2014. The Asia Pacific region is expected to grow although at a comparatively slower pace than experienced in recent years. Africa Middle East is expected to gradually improve.

Holcim expects cement volumes to increase in all Group regions in 2014. Aggregates volumes are expected to remain flat overall as increases in Asia Pacific, Europe, North America and Africa Middle East are offset by negative volumes in Latin America. In ready-mix concrete volumes are also expected to increase in most regions with the exception of Europe and Latin America.

The Board of Directors and Executive Committee expect that organic growth in operating profit can be achieved in 2014. The ongoing focus on the cost base coupled with all the benefits expected from the Holcim Leadership Journey will lead to a further expansion in operating margins in 2014.

## Key figures per Group region

### Asia Pacific benefits from positive volume development in India

Asia Pacific	January–June 2014	January–June 2013	±%	±% like-for-like
Sales of cement in million t	37.1	36.4	+1.8	+3.0
Sales of aggregates in million t	12.5	12.2	+2.7	+2.7
Sales of ready-mix concrete in million m <sup>3</sup>	5.2	5.2	–0.1	+0.4
Net sales in million CHF	3,488	3,936	–11.4	+4.6
Operating EBITDA in million CHF	677	826	–18.0	–3.3
Operating profit in million CHF	488	597	–18.2	–4.0

Asia Pacific	April–June 2014	April–June 2013	±%	±% like-for-like
Sales of cement in million t	18.6	17.8	+4.4	+4.4
Sales of aggregates in million t	6.5	6.4	+1.6	+1.6
Sales of ready-mix concrete in million m <sup>3</sup>	2.7	2.8	–1.4	–1.4
Net sales in million CHF	1,804	1,952	–7.6	+5.2
Operating EBITDA in million CHF	350	429	–18.5	–6.6
Operating profit in million CHF	254	317	–19.9	–8.0

### Latin America faced with challenges despite some progress in Mexico

Latin America	January–June 2014	January–June 2013	±%	±% like-for-like
Sales of cement in million t	12.1	12.3	–1.6	–1.6 <sup>1</sup>
Sales of aggregates in million t	4.0	5.5	–26.5	–26.5
Sales of ready-mix concrete in million m <sup>3</sup>	3.3	4.2	–21.7	–21.7
Net sales in million CHF	1,465	1,718	–14.7	–0.3
Operating EBITDA in million CHF	410	500	–18.0	–7.1
Operating profit in million CHF	321	390	–17.6	–7.1

<sup>1</sup> The percentage change like-for-like adjusted for internal trading volumes eliminated in “Corporate/Eliminations” amounts to –1.3.

Latin America	April–June 2014	April–June 2013	±%	±% like-for-like
Sales of cement in million t	6.1	6.4	–4.5	–4.5 <sup>1</sup>
Sales of aggregates in million t	2.0	2.8	–30.7	–30.7
Sales of ready-mix concrete in million m <sup>3</sup>	1.6	2.1	–23.4	–23.4
Net sales in million CHF	742	891	–16.8	–2.7
Operating EBITDA in million CHF	200	254	–21.5	–11.5
Operating profit in million CHF	154	197	–21.8	–12.2

<sup>1</sup> The percentage change like-for-like adjusted for internal trading volumes eliminated in “Corporate/Eliminations” amounts to –4.4.

## Europe benefits from restructurings

Europe	January–June 2014	January–June 2013	±%	±% like-for-like
Sales of cement in million t	12.7	12.1	+4.8	+4.8
Sales of aggregates in million t	34.7	34.4	+1.0	+1.9
Sales of ready-mix concrete in million m <sup>3</sup>	5.9	5.7	+4.6	+6.1
Sales of asphalt in million t	2.7	2.2	+19.6	+21.2
Net sales in million CHF	2,717	2,611	+4.0	+5.9
Operating EBITDA in million CHF	408	352	+16.0	+17.1
Operating profit in million CHF	192	98	+96.8	+76.4

Europe	April–June 2014	April–June 2013	±%	±% like-for-like
Sales of cement in million t	7.5	7.7	-3.8	-3.8
Sales of aggregates in million t	19.0	19.9	-4.7	-4.2
Sales of ready-mix concrete in million m <sup>3</sup>	3.2	3.4	-3.9	-4.0
Sales of asphalt in million t	1.4	1.2	+15.9	+16.8
Net sales in million CHF	1,533	1,580	-3.0	-1.5
Operating EBITDA in million CHF	309	323	-4.2	-2.1
Operating profit in million CHF	201	192	+4.8	+2.2

## Robust recovery in the United States supports North America

North America	January–June 2014	January–June 2013	±%	±% like-for-like
Sales of cement in million t	5.4	5.0	+7.5	+7.5
Sales of aggregates in million t	17.4	16.3	+6.6	+8.0
Sales of ready-mix concrete in million m <sup>3</sup>	3.2	3.3	-3.4	+0.2
Sales of asphalt in million t	1.4	1.1	+26.1	+26.1
Net sales in million CHF	1,280	1,259	+1.7	+10.6
Operating EBITDA in million CHF	155	126	+23.0	+31.4
Operating profit (loss) in million CHF	16	(20)	+181.9	+185.5

North America	April–June 2014	April–June 2013	±%	±% like-for-like
Sales of cement in million t	3.4	3.1	+ 10.6	+10.6
Sales of aggregates in million t	12.4	11.1	+ 11.7	+12.4
Sales of ready-mix concrete in million m <sup>3</sup>	2.0	2.0	+ 2.1	+4.3
Sales of asphalt in million t	1.2	1.0	+ 27.3	+27.3
Net sales in million CHF	836	818	+ 2.2	+10.9
Operating EBITDA in million CHF	164	143	+ 14.8	+23.3
Operating profit in million CHF	87	67	+ 29.9	+39.4

## Solid performance in Africa Middle East despite challenges in some markets

Africa Middle East	January–June 2014	January–June 2013	±%	±% like-for-like
Sales of cement in million t	4.3	3.9	+9.8	+11.4
Sales of aggregates in million t	1.0	1.1	-12.1	-12.1
Sales of ready-mix concrete in million m <sup>3</sup>	0.4	0.4	+11.1	+11.1
Net sales in million CHF	438	444	-1.5	+4.5
Operating EBITDA in million CHF	136	144	-5.1	+0.9
Operating profit in million CHF	110	115	-4.8	+1.6

Africa Middle East	April–June 2014	April–June 2013	±%	±% like-for-like
Sales of cement in million t	2.3	2.1	+8.2	+9.6
Sales of aggregates in million t	0.5	0.6	-15.1	-15.1
Sales of ready-mix concrete in million m <sup>3</sup>	0.3	0.2	+29.0	+29.0
Net sales in million CHF	231	242	-4.2	+2.0
Operating EBITDA in million CHF	69	82	-14.9	-9.1
Operating profit in million CHF	56	67	-16.2	-10.2

Additional information such as the 1<sup>st</sup> half year Interim Report 2014 including detailed information on the Group regions is available at [www.holcim.com/results](http://www.holcim.com/results)

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Holcim is one of the world's leading suppliers of cement and aggregates (crushed stone, gravel and sand) as well as further activities such as ready-mix concrete and asphalt including services. The Group holds majority and minority interests in around 70 countries on all continents.

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This media release is also available in German at [www.holcim.com/news](http://www.holcim.com/news).

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**Key figures Group Holcim**

January–June		2014	2013	±%	±%
		like-for-like			
Annual cement production capacity	million t	207.7	206.2 <sup>1</sup>	+0.7	+0.7
Sales of cement	million t	70.0	68.6	+2.0	+2.8
Sales of mineral components	million t	1.8	1.7	+7.6	+14.4
Sales of aggregates	million t	69.6	69.4	+0.2	+1.0
Sales of ready-mix concrete	million m <sup>3</sup>	18.1	18.8	-3.9	-2.7
Sales of asphalt	million t	4.1	3.3	+21.8	+22.8
Net sales	million CHF	9,061	9,649	-6.1	+4.8
Operating EBITDA	million CHF	1,627	1,819	-10.6	+0.2
Operating EBITDA margin	%	18.0	18.9		
Operating profit	million CHF	962	1,046	-8.0	+2.6
Operating profit margin	%	10.6	10.8		
EBITDA	million CHF	1,814	2,073	-12.5	
Net income	million CHF	657	760	-13.5	
Net income margin	%	7.3	7.9		
Net income – shareholders of Holcim Ltd	million CHF	485	571	-14.9	
Cash flow from operating activities	million CHF	183	267	-31.6	-15.3
Cash flow margin	%	2.0	2.8		
Net financial debt	million CHF	10,620	9,461 <sup>1</sup>	+12.2	+11.7
Total shareholders' equity	million CHF	18,933	18,677 <sup>1</sup>	+1.4	
Personnel		70,946	70,857 <sup>1</sup>	+0.1	+0.2
Earnings per share	CHF	1.49	1.75	-15.0	
Fully diluted earnings per share	CHF	1.49	1.75	-15.0	

**Principal key figures in USD (illustrative)**

Net sales	million USD	10,171	10,302	-1.3	
Operating EBITDA	million USD	1,826	1,942	-6.0	
Operating profit	million USD	1,080	1,117	-3.3	
Net income – shareholders of Holcim Ltd	million USD	545	609	-10.6	
Cash flow from operating activities	million USD	205	285	-28.1	
Net financial debt	million USD	11,935	10,634 <sup>1</sup>	+12.2	
Total shareholders' equity	million USD	21,277	20,992 <sup>1</sup>	+1.4	
Earnings per share	USD	1.67	1.87	-10.6	

**Principal key figures in EUR (illustrative)**

Net sales	million EUR	7,419	7,847	-5.4	
Operating EBITDA	million EUR	1,332	1,480	-10.0	
Operating profit	million EUR	788	851	-7.4	
Net income – shareholders of Holcim Ltd	million EUR	397	464	-14.4	
Cash flow from operating activities	million EUR	150	217	-31.1	
Net financial debt	million EUR	8,740	7,717 <sup>1</sup>	+13.2	
Total shareholders' equity	million EUR	15,581	15,235 <sup>1</sup>	+2.3	
Earnings per share	EUR	1.22	1.43	-14.4	

<sup>1</sup> As of December 31, 2013.

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