



November 3, 2014

## **Media release on 3<sup>rd</sup> quarter results 2014**

- **Holcim Leadership Journey target already exceeded in third quarter**
- **Increase in like-for-like cement volumes driven by progress in Asia Pacific, North America, and Africa Middle East**
- **Like for like net sales higher in all Group regions thanks to higher volumes and better prices**
- **Like-for-like operating profit increases despite restructuring and merger costs of CHF 91 million**
- **Negative currency effects are abating but continue to be a burden for Group's financial performance**

Bernard Fontana, CEO, comments on the results: "Holcim posted a solid like-for-like performance in the first nine months of 2014 building on the good traction earlier in the year and despite the ongoing challenging market environment. The Group increased like-for-like operating profit on the back of the solid financial performance in North America, Europe, and Africa Middle East. However, weak emerging market currencies continued to negatively impact consolidated financial performance, in particular in Asia Pacific and Latin America."

While the recovery of the global economy continued during the course of 2014, overall the development was considerably weaker than expected. Many advanced economies were still confronted with high levels of public and private debt which continued to impact growth potential, while emerging markets were slowing down from pre-crisis growth rates. Holcim's balanced geographic footprint once again proved to be an important strength that was able to partly mitigate the effects of uneven development across the different markets of the Group. The Group companies in the United States, India, the Philippines, Morocco, and Russia recorded significantly higher cement volumes, while Azerbaijan, Italy, Argentina, and Ecuador reported more pronounced volume decreases. Aggregates and ready-mix concrete volumes decreased mainly due to the business restructuring and divestments in Latin America last year.

Like-for-like operating EBITDA increased thanks to the Group companies in the United States, the United Kingdom, Ambuja Cements in India and Russia. The increase in like-for-like operating profit was mainly supported by better financial performance in North America, and despite restructuring costs of CHF 37 million and merger costs of CHF 54 million. Like-for-like and adjusted for merger and restructuring costs, operating profit increased by CHF 141 million representing an increase of 7.8 percent. Operating profit margin adjusted for restructuring and merger costs was 12.7 percent and increased compared to the previous year.

The price development in several Group companies was positive as well, as Holcim was able to achieve more favorable price levels in key markets including India, Mexico, and the United States.

Compared to the first nine months of 2013 ROIC before taxes increased from 7.2 percent to 8.2 percent.

Group	Jan–Sept 2014	Jan–Sept 2013	±%	±% like-for-like
Sales of cement in million t	105.9	104.3	+1.6	+2.1
Sales of aggregates in million t	113.7	114.8	–1.0	–0.4
Sales of ready-mix concrete in million m <sup>3</sup>	27.8	29.5	–5.7	–4.1
Sales of asphalt in million t	7.4	6.4	+16.3	+16.9
Net sales in million CHF	14,243	14,941	–4.7	+3.4
Operating EBITDA in million CHF	2,740	2,951	–7.1	+0.7
Operating profit in million CHF	1,719	1,798	–4.4	+2.8
Net income in million CHF	1,161	1,277	–9.0	
Net income – shareholders of Holcim Ltd – in million CHF	933	1,040	–10.3	
Cash flow from operating activities in million CHF	1,047	1,172	–10.6	–4.0

Group	July–Sept 2014	July–Sept 2013	±%	±% like-for-like
Sales of cement in million t	36.0	35.7	+0.7	+0.7
Sales of aggregates in million t	44.1	45.4	–2.8	–2.6
Sales of ready-mix concrete in million m <sup>3</sup>	9.7	10.7	–9.0	–6.8
Sales of asphalt in million t	3.3	3.0	+10.3	+10.4
Net sales in million CHF	5,182	5,292	–2.1	+0.9
Operating EBITDA in million CHF	1,114	1,131	–1.6	+1.6
Operating profit in million CHF	757	752	+0.7	+3.0
Net income in million CHF	504	517	–2.5	
Net income – shareholders of Holcim Ltd – in million CHF	447	469	–4.7	
Cash flow from operating activities in million CHF	865	905	–4.4	–0.7

## **Sales volumes**

Group-wide cement volumes increased 1.6 percent to 105.9 million tonnes over the first nine months of 2014 mainly driven by positive volume developments in the United States, India, and the Philippines which offset lower volumes in Azerbaijan, Italy, and Argentina. Aggregates volumes were down 1 percent to 113.7 million tonnes primarily as a result of the segment's restructuring in Latin America, where a number of underperforming sites were closed or divested in 2013, and lower volumes in France. Ready-mix concrete volumes reached 27.8 million cubic meters and were 5.7 percent lower than 2013 mainly due to last year's restructurings and divestments as well as market contraction in Group Region Latin America. Asphalt volumes increased 16.3 percent to 7.4 million tonnes.

## **Financial results**

On a like-for-like basis, consolidated net sales were up 3.4 percent as a result of higher volumes and better pricing in many markets. Consolidated net sales for the Group decreased 4.7 percent to CHF 14.24 billion. Negative currency effects – mainly in Asia Pacific and Latin America – were the main contributor to this development, weighing on consolidated net sales by CHF 1.05 billion.

Like-for-like operating EBITDA increased 0.7 percent. Consolidated operating EBITDA was down 7.1 percent to CHF 2.74 billion mainly due to currency effects. Adjusted for restructuring and merger costs operating EBITDA was CHF 2.82 billion. North America and Europe, the two Group regions less affected by the significant currency effects recorded a plus in operating EBITDA.

Operating profit reached CHF 1.72 billion, an increase of 2.8 percent on a like-for-like basis. Like-for-like and adjusted for merger and restructuring costs, operating profit increased by CHF 141 million, representing an increase of 7.8 percent.

Net income was down 9 percent to CHF 1.16 billion partly because Holcim has not yet received the final compensation installment of USD 97.5 million for the nationalization of Holcim Venezuela which was due on September 10, 2014. In addition, the Group benefited from the one-time gain from the sale of 25 percent in Cement Australia in 2013. Net income attributable to shareholders of Holcim Ltd declined by 10.3 percent to CHF 933 million.

Cash flow from operating activities was down 10.6 percent to CHF 1.05 billion compared to the same period in 2013 due to foreign exchange impacts and lower dividends received. Over the last twelve months net financial debt of the Group was CHF 10.41 billion, CHF 130 million up from CHF 10.28 billion. Revenue from the sale of CO<sub>2</sub> emission certificates decreased by CHF 6 million to CHF 4 million.

### **Holcim Leadership Journey**

With total realized benefits of CHF 1.69 billion by the end of the third quarter 2014, Holcim already exceeded its operating profit objective of the Holcim Leadership Journey. The Group had committed to the target of a contribution to operating profit of CHF 1.5 billion by the end of 2014, compared to the base year 2011 and under similar market conditions. In the first nine months of 2014, the contribution of the Holcim Leadership Journey to the Group's operating performance amounted to CHF 591 million. The Customer Excellence stream contributed CHF 214 million, and the cost initiatives CHF 377 million to this result.

### **Portfolio optimization in Europe**

Holcim and Cemex announced on October 30, 2014 that they have agreed on adapted parameters to their series of transactions in Europe. In Germany and the Czech Republic, the scope of the transaction remains unchanged, meaning that Holcim will acquire Cemex's operations in Western Germany while Cemex will take over Holcim's business in the Czech Republic, as previously announced.

In Spain the two companies will no longer form a joint organization as initially planned and communicated. Instead, Cemex will purchase Holcim's Gador cement plant and Yeles grinding station, with a total of 1.75 million tonnes of cement capacity, while Holcim will keep its remaining operations in Spain, representing 2.2 million tonnes of cement capacity, as well as its aggregates and ready-mix positions.

Due to the changed transaction, Cemex will pay Holcim EUR 45 million in cash. As a result of these changes, Holcim expects sustainable additional operating EBITDA of at least EUR 10 million on a yearly basis after the closing of the deal. These transactions are expected to close during the first quarter of 2015.

### **Merger between Holcim and Lafarge**

On October 27, 2014 Holcim and Lafarge have formally notified the European Commission of their proposed merger in order to obtain regulatory approval. With this notification, Holcim and Lafarge have completed all necessary notifications with regulatory authorities worldwide. During the constructive pre-notification discussions which Holcim and Lafarge have had with the European Commission, the list of proposed assets for divestment was amended. In parallel to the regulatory process, Holcim and Lafarge have started the sales process and are in negotiations with potential buyers.

## **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 with the exception of Europe. Despite positive development in North America, aggregates volumes are expected to decline. In ready-mix concrete volumes are expected to decline in all regions driven by restructuring and divestments.

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 strengthening of business in India and the Philippines

Asia Pacific	Jan–Sept 2014	Jan–Sept 2013	±%	±% like-for-like
Sales of cement in million t	53.7	52.8	+1.8	+2.6
Sales of aggregates in million t	18.7	18.8	–1.0	–1.0
Sales of ready-mix concrete in million m <sup>3</sup>	8.0	8.0	–0.6	–0.3
Net sales in million CHF	5,206	5,604	–7.1	+4.2
Operating EBITDA in million CHF	994	1,131	–12.1	–1.3
Operating profit in million CHF	702	801	–12.4	–1.9

Asia Pacific	July–Sept 2014	July–Sept 2013	±%	±% like-for-like
Sales of cement in million t	16.7	16.4	+1.8	+1.8
Sales of aggregates in million t	6.1	6.6	–7.7	–7.7
Sales of ready-mix concrete in million m <sup>3</sup>	2.8	2.8	–1.7	–1.7
Net sales in million CHF	1,719	1,668	+3.0	+3.2
Operating EBITDA in million CHF	316	304	+4.0	+4.0
Operating profit in million CHF	214	204	+4.6	+4.2

### Latin America impacted by challenging conditions in key markets

Latin America	Jan–Sept 2014	Jan–Sept 2013	±%	±% like-for-like
Sales of cement in million t	18.4	18.7	–1.4	–1.4 <sup>1</sup>
Sales of aggregates in million t	6.0	8.0	–25.1	–25.1
Sales of ready-mix concrete in million m <sup>3</sup>	4.9	6.2	–21.9	–21.9
Net sales in million CHF	2,243	2,556	–12.3	+0.3
Operating EBITDA in million CHF	629	736	–14.5	–5.5
Operating profit in million CHF	490	575	–14.9	–6.2

<sup>1</sup> The percentage change like-for-like adjusted for internal trading volumes eliminated in “Corporate/Eliminations” amounts to –0.9.

Latin America	July–Sept 2014	July–Sept 2013	±%	±% like-for-like
Sales of cement in million t	6.3	6.4	–1.0	–1.0 <sup>1</sup>
Sales of aggregates in million t	2.0	2.5	–22.1	–22.1
Sales of ready-mix concrete in million m <sup>3</sup>	1.6	2.0	–22.3	–22.3
Net sales in million CHF	777	838	–7.2	+1.7
Operating EBITDA in million CHF	219	236	–7.1	–2.0
Operating profit in million CHF	168	185	–9.2	–4.5

<sup>1</sup> The percentage change like-for-like adjusted for internal trading volumes eliminated in “Corporate/Eliminations” amounts to +0.1.

## Europe with solid financial performance thanks to restructurings and cost discipline

Europe	Jan–Sept 2014	Jan–Sept 2013	±%	±% like-for-like
Sales of cement in million t	20.2	20.2	–0.0	+0.0
Sales of aggregates in million t	54.0	55.2	–2.0	–1.4
Sales of ready-mix concrete in million m <sup>3</sup>	9.0	8.9	+0.2	+1.0
Sales of asphalt in million t	4.2	3.6	+17.3	+18.3
Net sales in million CHF	4,252	4,244	+0.2	+1.4
Operating EBITDA in million CHF	727	693	+4.9	+6.8
Operating profit in million CHF	397	316	+25.8	+19.0

Europe	July–Sept 2014	July–Sept 2013	±%	±% like-for-like
Sales of cement in million t	7.5	8.1	–7.3	–7.3
Sales of aggregates in million t	19.3	20.8	–7.0	–7.0
Sales of ready-mix concrete in million m <sup>3</sup>	3.1	3.3	–7.2	–7.7
Sales of asphalt in million t	1.5	1.3	+13.4	+13.6
Net sales in million CHF	1,535	1,632	–6.0	–5.7
Operating EBITDA in million CHF	319	341	–6.6	–3.9
Operating profit in million CHF	204	218	–6.1	–6.8

## United States drive solid recovery in North America

North America	Jan–Sept 2014	Jan–Sept 2013	±%	±% like-for-like
Sales of cement in million t	9.6	8.7	+10.2	+10.2
Sales of aggregates in million t	33.4	31.1	+7.5	+8.5
Sales of ready-mix concrete in million m <sup>3</sup>	5.4	5.7	–4.1	+2.5
Sales of asphalt in million t	3.2	2.8	+15.0	+15.0
Net sales in million CHF	2,378	2,343	+1.5	+9.3
Operating EBITDA in million CHF	427	370	+15.3	+22.4
Operating profit in million CHF	215	147	+47.0	+56.7

North America	July–Sept 2014	July–Sept 2013	±%	±% like-for-like
Sales of cement in million t	4.2	3.7	+14.0	+14.0
Sales of aggregates in million t	16.1	14.8	+8.5	+9.0
Sales of ready-mix concrete in million m <sup>3</sup>	2.3	2.4	–5.0	+5.8
Sales of asphalt in million t	1.8	1.7	+7.8	+7.8
Net sales in million CHF	1,099	1,085	+1.3	+7.9
Operating EBITDA in million CHF	272	245	+11.3	+17.8
Operating profit in million CHF	199	167	+19.6	+27.7

## Africa Middle East impacted by political risks despite solid performance in Morocco

Africa Middle East	Jan–Sept 2014	Jan–Sept 2013	±%	±% like-for-like
Sales of cement in million t	6.4	5.9	+7.5	+8.5
Sales of aggregates in million t	1.5	1.7	–8.4	–8.4
Sales of ready-mix concrete in million m <sup>3</sup>	0.5	0.6	–11.6	–11.6
Net sales in million CHF	655	666	–1.6	+3.2
Operating EBITDA in million CHF	212	215	–1.4	+3.4
Operating profit in million CHF	171	162	+5.5	+11.0

Africa Middle East	July–Sept 2014	July–Sept 2013	±%	±% like-for-like
Sales of cement in million t	2.1	2.0	+3.1	+3.1
Sales of aggregates in million t	0.6	0.6	–1.5	–1.5
Sales of ready-mix concrete in million m <sup>3</sup>	0.2	0.2	–11.6	–11.6
Net sales in million CHF	217	221	–1.9	+0.6
Operating EBITDA in million CHF	76	72	+5.9	+8.5
Operating profit in million CHF	62	47	+30.6	+33.9

Additional information such as the 3<sup>rd</sup> Quarter 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–September		2014	2013	±%	±%
		like-for-like			
Annual cement production capacity	million t	208.4	206.2 <sup>1</sup>	+1.1	+1.1
Sales of cement	million t	105.9	104.3	+1.6	+2.1
Sales of mineral components	million t	3.2	2.7	+21.1	+25.5
Sales of aggregates	million t	113.7	114.8	-1.0	-0.4
Sales of ready-mix concrete	million m <sup>3</sup>	27.8	29.5	-5.7	-4.1
Sales of asphalt	million t	7.4	6.4	+16.3	+16.9
Net sales	million CHF	14,243	14,941	-4.7	+3.4
Operating EBITDA	million CHF	2,740	2,951	-7.1	+0.7
Operating EBITDA margin	%	19.2	19.7		
Operating profit	million CHF	1,719	1,798	-4.4	+2.8
Operating profit margin	%	12.1	12.0		
EBITDA	million CHF	2,995	3,338	-10.3	
Net income	million CHF	1,161	1,277	-9.0	
Net income margin	%	8.2	8.5		
Net income – shareholders of Holcim Ltd	million CHF	933	1,040	-10.3	
Cash flow from operating activities	million CHF	1,047	1,172	-10.6	-4.0
Cash flow margin	%	7.4	7.8		
Net financial debt	million CHF	10,412	9,461 <sup>1</sup>	+10.1	+7.6
Total shareholders' equity	million CHF	19,892	18,677 <sup>1</sup>	+6.5	
Personnel		69,898	70,857 <sup>1</sup>	-1.4	-1.1
Earnings per share	CHF	2.86	3.19	-10.4	
Fully diluted earnings per share	CHF	2.86	3.19	-10.4	

### Principal key figures in USD (illustrative)

Net sales	million USD	15,845	15,983	-0.9	
Operating EBITDA	million USD	3,049	3,157	-3.4	
Operating profit	million USD	1,912	1,923	-0.6	
Net income – shareholders of Holcim Ltd	million USD	1,038	1,112	-6.7	
Cash flow from operating activities	million USD	1,165	1,254	-7.1	
Net financial debt	million USD	10,945	10,634 <sup>1</sup>	+2.9	
Total shareholders' equity	million USD	20,911	20,992 <sup>1</sup>	-0.4	
Earnings per share	USD	3.19	3.41	-6.6	

### Principal key figures in EUR (illustrative)

Net sales	million EUR	11,694	12,136	-3.6	
Operating EBITDA	million EUR	2,250	2,397	-6.1	
Operating profit	million EUR	1,411	1,460	-3.4	
Net income – shareholders of Holcim Ltd	million EUR	766	845	-9.3	
Cash flow from operating activities	million EUR	860	952	-9.7	
Net financial debt	million EUR	8,628	7,717 <sup>1</sup>	+11.8	
Total shareholders' equity	million EUR	16,483	15,235 <sup>1</sup>	+8.2	
Earnings per share	EUR	2.35	2.59	-9.3	

<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.