

Rating object	Rating Information	
LafargeHolcim Ltd Creditreform ID: 400993814 Incorporation: 10.07.2015 Based in: Rapperswil-Jona, Switzerland (Main) Industry: manufacturing of building materials CEO: Jan Jenisch <u>Rating objects:</u> Long-term Corporate Issuer Rating: LafargeHolcim Ltd Long-term Corporate Issuer Rating: Holcim Finance (Luxembourg) S.A. Long-term Corporate Issuer Rating: Holcim US Finance S.à.r.l. & Cie S.C.S. Long-term Local Currency Senior Unsecured Issues	Corporate Issuer Rating: BBB+ / stable	Type: Initial Rating unsolicited
	LT Senior Unsecured Issues, LC: BBB+ / stable	Other: n.r.
	Rating Date: 8 May 2019 Monitoring until: Rating is withdrawn Rating Methodology: CRA „Corporate Issuer Ratings“ CRA „Non-Financial Corporate Issue Ratings“ CRA “Rating criteria and definitions” Rating history: www.creditreform-rating.de	

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Summary

Company

LafargeHolcim (hereafter “LafargeHolcim”, “the Company”, “the Group”) headquartered in Rapperswil-Jona, Switzerland, is a global producer of building materials. The Company is, in terms of sales, the leading cement manufacturer worldwide. It has presence in 80 countries and employs around 75,000 employees. The Company operates 270 cement and grinding plants, 663 aggregates plants and 1,448 ready-mix concrete plants worldwide. The Company was created in 2015 by the merger of the Swiss Holcim and French Lafarge companies, both of them global corporations with a longstanding business tradition.

In 2018, LafargeHolcim generated revenues of CHF 27,466 million (2017: CHF 27,021 million) and an annual profit of CHF 1,719 million (2017: CHF -1,716 million).

Rating result

The current rating (**BBB+ / stable**) attests LafargeHolcim Ltd (Group) a highly satisfactory level of creditworthiness, which represents a low to medium default risk. LafargeHolcim is the worldwide leading cement producer with a very good geographical diversification and, despite of strong competition on the local markets, solid competitive force. The Company has a stable and sufficient earnings capacity and pursues a prudent financing policy, which is the foundation for its solid financials. We favorably assess the Company’s commitment to further deleveraging with targeted net financial debt / recurring EBITDA ratio of 2x, which has also manifested recently in the intention to steer the Company’s proceeds from the divestments of the Indonesian, Malaysian and Singapore businesses to strengthen the Group’s financials.

Exposure to risks related to highly sensitive to economic developments demand for construction materials, energy intensity and exposure to volatile energy prices, dependency on environmental requirements, above-average local competition, and elevated currency translation risks have a dampening effect on our rating assessment.

Outlook

The one-year outlook of the rating is stable. We expect steady development for the Group with continuing strong EBITDA and cash flow generation. This outlook is based on the assumption of

Analysts

Elena Alexeenco
Lead Analyst
E.Alexeenco@creditreform-rating.de

Artur Kapica
Co-Analyst
A.Kapica@creditreform-rating.de

Neuss, Germany

an overall stable economic situation and increased demand for building materials, as well as largely unchanged regulatory framework conditions in the regions where LafargeHolcim operates. We assume that no significant impairments, which could negatively affect the key financials of the Company, will take place in the short-term perspective.

Relevant rating factors

Table 1: Financials of LafargeHolcim Ltd (Group) | Source: LafargeHolcim Ltd, Annual report 2018, standardized by CRA

LafargeHolcim Ltd Selected key figures of the financial statement analysis Basis: Annual accounts of 31.12. (IFRS, Group)	CRA standardized figures ¹	
	2017	2018
Sales (billion CHF)	27.0	27.5
EBITDA (billion CHF)	5.9	5.4
EBIT (billion CHF)	-0.6	2.7
EAT (billion CHF)	-1.7	1.7
Total assets (billion CHF)	55.6	52.0
Equity ratio (%)	45.4	47.4
Capital lock-up period (days)	44.7	44.4
Short-term capital lock-up (%)	26.7	23.7
Net Total Liabilities / EBITDA adj. (Factor)	5.1	5.0
Ratio of interest expenses to debt (%)	3.7	3.7
Return on Investment (%)	-1.36	5.01

Excerpts from the Financial Key Figures Analysis 2018

- + increased sales
- + solid EBITDA
- + decreased total assets
- volatile development of the financial figures in recent years
- decreased equity
- significant impact of currency translation effects
- fixed asset intensity

Note:

General rating factors summarize the key issues that – according to the analysts as of the date of the rating – have a significant or long-term impact on the rating, positive (+) as well as negative (-).

General rating factors

- + Global leading cement manufacturer with very good geographical diversification
- + Strong know-how and sufficient level of R&D
- + Vertical integration and own mineral and production resources
- + Strong earnings capacity and prudent financial policy
- + As far as practicable, mix of different products and solutions
- + Generally favorable global framework conditions for construction (growing population, growing cities, demand for sustainable and energy-efficient construction)
- + Good access to financial markets
- + The degree of substitutability for the Company's products is currently limited
- Dependency on economic cycles
- Intensive competition
- Highly energy-intensive production and exposure to volatile energy prices
- Exposure to stringent environmental regulation
- Political and economic risks in merger countries
- Seasonality and weather-dependency

¹ For analytical purposes, CRA adjusted the original values in the financial statements in the context of its financial ratio analysis.

Current rating factors are the key factors that, in addition to the underlying rating factors, have an impact on the current rating.

Prospective rating factors are factors and possible events that – according to the analysts as per the date of the rating – would most likely have a stabilizing or positive effect (+) and a weakening or negative effect (-) on future ratings, if they occurred. This is not a full list of possible future events with potential relevance for future ratings. Circumstances can arise that are not included in the list of prospective factors whose effects are impossible to assess at the time of the rating, either because these effects are uncertain or because the underlying events are deemed unlikely to occur.

Best-case-Scenario: BBB+

Worst-case-Scenario: BBB

Note:

The scenarios are based on the information available at the time of the rating. Within the forecast horizon, some circumstances could occur that would lead to a rating change out of the indicated range.

Current rating factors (Rating 2019)

- + Slight improvement of financials
- + Savings in the course of strategy implementation
- + Commitment to further deleverage
- Macro-economic and geopolitical risks
- Risks connected to the integration of newly-acquired companies
- Due to the significant impairments in 2017, volatility of the financial figures

Prospective rating factors

- + Flourishing global economy
- + Further acquisitions
- + Diversification through development of new products with better energy balance and environmental footprint
- Weak growth in the main markets
- Structural, administrative and organisational challenges in the course of integration of acquired companies
- Increase of leverage or deterioration of revenues with a view to volatile energy markets or tightening of environment protection requirements
- Inadequate dividend payments

Best-case scenario

In our best-case scenario for one year, we assume a rating of BBB+. We assume that the Company's key financials will remain stable or improve slightly following the targeted deleveraging and more conservative dividend policy against the background of generally stable development of the core markets of LafargeHolcim.

Worst-case scenario

In our worst-case scenario for one year, we assume a rating of BBB. This could be the case if the operative results worsen, following a slowing economy in one or multiple core regions or following deteriorating of margins. Another reason could be the increase of net debt, which as of today seems unlikely given the general policy of deleveraging as a significant point of the Group's strategy.

Business development and outlook

In 2018, the Company's performance accelerated in the second half of the year, which resulted in the growth of net sales by 1.6% to CHF 27,466 million (2017: CHF 27,021 million), or 5.1% on a like-for-like basis (i.e. adjusted of acquisitions/divestments as well as currency translation effects). The reported recurring EBITDA increased slightly to CHF 6,016 million (2017: CHF 5,990 million). In 2018, the annual result was impacted by the net non-recurring restructuring, litigation, implementation and other costs, which amounted to CHF 475 million (2017: CHF 460 million), as well as by impairment effects totalling CHF +6 million (2017: CHF -3,546 million). In 2017, the Company initiated an extensive portfolio review, which resulted in significant impairments on assets and goodwill. The total impairment charge resulted from the weaker-than-anticipated

outlook in terms of expected growth rates, cement demand, and export opportunities in countries as Spain, Malaysia and Egypt. We assume that during the last comprehensive portfolio review the majority of the valuation risks were disclosed and that no impairments of the magnitude of those from 2017 are to be expected in the near future.

Table 2: The development of Business of LafargeHolcim Ltd. Source: Consolidated annual accounts 2018 (reported figures)

LafargeHolcim Ltd		
In CHF million	2017	2018
Sales	27,021	27,466
Recurring EBITDA	5,990	6,016
Operating profit before impairment	3,229	3,306
EAT	-1,716	1,719
Capex	1,355	1,285
Net financial debt	14,136	13,518

In the course of the implementation of its strategy program, the Company introduced improvements focused on simplification of its organizational structure and enhancing of cost discipline. Four corporate offices - in Singapore, Miami, Zurich and Paris - were closed. The Company recorded an improvement in selling, general and administrative expenses of CHF 260 million compared to 2017 (CHF 2,441 million, 2017: CHF 2,701 million). The adjusted operating profit before impairments increased by 2.4% to CHF 3,306 million (2017: CHF 3,229 million). Through the refinancing of CHF 1.5 billion, the Group achieved a better maturity profile on its financial debt and a reduction of financial costs from CHF 1,111 million to CHF 1,025 million. In 2018, the Company achieved an annual result of CHF 1,719 million (2017: CHF -1,716 million).

Table 3: The development by product lines of LafargeHolcim Ltd. | Source: Consolidated annual accounts 2018 (reported figures)

LafargeHolcim Ltd								
in CHF million	Cement		Aggregates		Ready-Mix Concrete		Solutions & Products	
	2017	2018	2017	2018	2017	2018	2017	2018
Sales	17,964	18,052	3,925	4,091	5,263	5,481	2,313	2,396
Recurring EBITDA	4,810	4,688	767	893	148	232	264	203

The business division **Cement** recorded a solid volume growth of 4.4% and net sales growth of 6.6% on a like-for-like basis, driven by favorable market conditions with higher levels of building activities in most of its regions. Recurring EBITDA growth amounted to 1.7%, impacted by higher energy prices. In **Aggregates**, a like-for-like growth of volume by 1.2% and of net sales by 4.5% was achieved, driven by strong demand in Europe and North America. The recurring EBITDA improved by 15.1% on a like-for-like basis, a result of net sales gains combined with a leaner administrative structure. Driven by strong demand in Europe, the sales volumes of **Ready-Mix Concrete** increased marginally by 0.6% on a like-for-like basis. Net sales improved by 3.8% and recurring EBITDA climbed by 54.1% on a like-for-like basis due to the improvement of average selling prices in most regions, and due to the optimization of the administrative structure. The business division **Solutions & Products** achieved a growth of 2.7% on a like-for-like basis. Nevertheless, the recurring EBITDA decreased by 24.3% as a result of significant bitumen cost increases.

In 2018, the Company completed four acquisitions in Europe and North America in ready-mix concrete and aggregates, which also contributed to the Company's growth.

The Company expects stable growth of demand in 2019 in all of its geographical regions except for Middle East Africa, where market conditions are anticipated to stabilize, but will remain challenging. The targets for the 2019 financial year include growth of net sales by 3-5% and recurring EBITDA by at least 5% on a like-for-like basis. The Company has committed itself to further deleveraging, targeting a ratio of net debt to recurring EBITDA of 2x or less by the end of 2019. We assess the Company's objectives for 2019 as being realistic and achievable, especially taking into consideration the overall stable global market conditions and continuing strong demand for building materials in Europe and North America. We assume no significant impairments, which could noticeably affect the key financial figures of the Group in the medium-term perspective.

Structural Risks

The holding company LafargeHolcim Ltd is registered in Rapperswil-Jona, Canton of St.Gallen, Switzerland, under Swiss law for an indefinite period, and has direct and indirect interests in numerous regional subsidiaries worldwide. It was founded through the merger of Holcim Ltd and Lafarge S.A. on 10 July 2015. The share capital of the Company as of 31 December 2018 was divided into 606,909,080 shares; its fully paid-in share capital amounted to CHF 1,213,818,160. The major shareholders are Thomas Schmidheiny, holding 11.4% of the Company's shares, followed by Group Bruxelles Lambert (9.4% of the shares) and Harris Associates (5%). The remaining shares are in free float with numerous institutional investors among the shareholders. The Company is listed on the SIX Swiss Exchange and on Euronext Paris and prepares its financial statements and interim reports in accordance with IFRS.

The main governing bodies of the Company are the Board of Directors and the Executive Committee. The Board of Directors currently consists of 10 members, all of whom are independent in accordance with the Swiss Code of Best Practice for Corporate Governance. The Group's corporate governance comprises three committees, which support and advise the Board of Directors on three topics: "Nomination, Compensation and Governance Committee", "Audit Committee", and "Health, Safety and Sustainability Committee". The corporate structure and management organization of LafargeHolcim is, in our view, clear and mature, and facilitates an adequate governance of the Group according to its strategic objectives as well as according to the generally high requirements set for capital market-oriented companies. As far as we can assess, the Company's corporate governance largely enables a balanced consideration of the interests of employees, shareholders and other stakeholders, as well as stipulates necessary management control mechanisms.

The Group operates in 80 countries and employs around 75,000 people. Its operations are organized into five geographical segments: Asia Pacific, Latin America, Europe, North America, and Middle East Africa. The main business divisions are Cement, Aggregates, Ready-Mix Concrete, and Solutions and Products. The Cement division includes all activities connected to the manufacturing and distribution of cement, ranging in type from classical Portland and masonry cements to special products for different environments such as those with harsh natural conditions. The Aggregates division focuses on the production, processing and distribution of aggregates such as crushed stone, gravel and sand, which are used as raw materials in concrete production, masonry and asphalt, as well as a base materials for roads, landfills and buildings.

Ready-mix concrete comprises the production and distribution of a range of ready-mix concretes including self-filling and self-levelling concrete, architectural, insulation, and pervious concrete. The Solutions & Products division offers contracting services and product-specific solutions as well as products such as asphalt, dry mortars and ultra-high specific products.

Based on publicly available information, we assume sufficiently developed structures with regard to risk management, accounting, and controlling, as well as regarding other administrative and operational functional areas. The widespread geographical diversification of the Group requires a high degree of organization and entails risks associated with local legal, political, cultural and social particularities, as well as risks related to access to resources. We assume that the Group's structure supports the implementation and monitoring of its strategy in accordance with the specific legislation and regulatory frameworks in the countries in which the Group operates. Noteworthy are also risks connected to the Company's ongoing acquisitions, including financing risks and risks of integration of acquired companies into the Group. The size of the Company and its major global position are advantages in our view, because they facilitate access to financial markets and enable the establishment of state-of-the-art technology.

Business Risks

Due to its global alignment, the Company is crucially dependent on a well-functioning global economy. The reason for this is that; there are considerable risks related to global protectionist tendencies as well as geopolitical and macroeconomic uncertainties. Political, economic, and social instabilities in significant individual markets or regions can negatively affect the Group's activities as a whole, despite its generally strong position based on its broad geographical diversification.

Due to the commodity nature of building material products and to the relatively low degree of product differentiation, the market for cement, aggregates and other construction materials and services is highly competitive. The competition in these segments is based primarily on price and only to a lesser extent on quality and services. According to estimations of the cement market, the four major manufacturers worldwide (with the exception of China) produce around a quarter of the global cement output. Although LafargeHolcim is, in terms of revenues, the worldwide largest cement manufacturer, the company faces intense competition on most of its regional markets. The main competitors for the Group at a global level are Heidelberg Cement, Cemex and CRH.

The demand for construction materials is driven by the development of the construction business, which is very sensitive to overall economic cycles as well as to levels of expenditure for residential, industrial, and infrastructure construction in each country where the Group operates. The production of cement implies a range of environmental concerns such as high energy-consumption in mining, manufacturing and transporting the cement, as well as concerns related to air pollution. Due to the energy-intensity of its operations, the Group's exposure to risks related to energy prices, or to the availability of different fuels, is significant. The Group uses a range of measures to control and mitigate these risks, including the use of varied energy sources, hedging and closing of long-term supply agreements, and technological improvements aimed at reducing the proportion of clinker, and its substitution through mineral components. The Group is required to comply with the environmental regulations in countries in which it operates, especially those concerning greenhouse gases emissions, the discharge of materials into the environment and using of hazardous substances, as well as health and safety laws. In

the European Union, the cement industry is subject to a cap and trade scheme on CO₂ emissions. Noncompliance with environmental regulations, or failure to meet its obligations to surrender CO₂ allowances can incur penalties which could potentially have a significant negative impact on the Company's financials and cost structure.

The Company's strategy 2022 focuses primarily on growth, with 3-5% of net sales growth and 5% growth of recurring EBITDA yearly; structure optimization, especially regarding corporate support functions; and financial strength. Regarding the Group's performance in 2018 and the implementation of its strategy, please refer to the sections Business Development and Outlook, and Financial Risks.

Global trends such as the growing world population, urban growth, and demand for better living standards and energy efficiency are the reasons for the increasing demand for building materials, creating overall positive framework conditions for the business of LafargeHolcim despite stringent environmental regulation. We assess that the Company's strong market position, geographical diversification, earnings capacity, and good access to the financial markets facilitate a high level of organization and the ability to comply with strict environmental protection requirements, and to implement prudent and wide-ranging risk management. The Company is further capable of investing in the development of new products as alternatives for the traditional Portland cement which can meet to modern environmental and energy-saving standards, thus creating additional competitive advantages.

Based on its position as the global market leader, and on the size of the Company and its diversification, we assess the Company's business risk – in spite of the challenges presented by economic circumstances, environmental and other regulatory requirements, and strong competition – as moderate. We believe that the Group can succeed - in the near term - in largely retaining its market position and profitability.

Financial Risks

For the purposes of its financial ratio analysis, Creditreform Rating AG (CRA) adjusted the original values in the financial statements. Contrary to our normal practice, we deducted the goodwill shown on the balance sheet from the equity by 50%, suggesting a certain recoverability of the goodwill.

The reported equity decreased as of 31 December 2018 despite the positive result of the financial year 2018, amounting to CHF 30,053 million (2017: CHF 30,975 million). The decrease was mainly due to dividend payments of CHF 1,348 million and currency translation adjustments of CHF 1,411 million. Currency translation adjustments totaled CHF -14 billion and represent a high burden on equity. Furthermore, the Group has a solid adjusted equity ratio of 47.4% (2017: 45.4%). The inherently high capital intensity of its assets (75.8%) is customary in the industry. Against the background of the Group's high capital intensity, ongoing capital expenditures are required. With a view to its global alignment, currency translation effects are significant for the Company. These risks are marginal for the Company's operations, as LafargeHolcim produces most of its products locally, so income and costs are incurred in the respective local currencies.

We consider the financing structure of the Group to be solid and well balanced. Net financial debt amounted to CHF 13,518 million, a decrease of CHF 828 million, which was partially a result

of the reclassification of Indonesian business, including local debt, as held for sale. The net financial debt / EBITDA ratio improved from 2.4x to 2.2x as of 31 December 2018. The capital market issuances of CHF 1.5 billion facilitated an improvement of the debt maturity profile with lower interest rates. The average financial debt maturity improved from 6.3 years in 2017 to 6.5 years as of 31 December 2018. Eighty-seven percent of the Company's financial debt represents financing on capital markets and 13% is bank financing. In the 2018 financial year, the Company used external financing sources for refinancing and general corporate purposes, while investment activities were funded through the internal cash generation.

The Company's liquidity position is strong and has sufficient reserves. Cash and cash equivalents amounted to CHF 2,515 million and there were undrawn committed credit lines of CHF 6,239 million. The Company has commercial paper programs in USD, EUR and NGN, for the purpose of covering short-term liquidity needs. As of 31 December 2018, CHF 96 million of these programs were used.

Taking into consideration the Company's strong cash generation capacity with a recurring EBITDA of approximately CHF 6 billion, its cash reserves, and the considerable volume of committed credit lines, we hold the view that LafargeHolcim will be able to implement its strategy and to fund further acquisitions and the necessary capex. In May 2019, the Company has signed an agreement for the divestment of its Malaysian business. As in the case of Indonesian business, the consideration of USD 396 million is supposed to be used for the strengthening of financial position of LafargeHolcim. The Company's commitment to deleverage is expressed in the targeted further improvement of the net financial debt to recurring EBITDA ratio by the year-end 2019 to 2x from 2.2x as of 31 December 2018. The Company has revised its to date rather generous dividend policy by introducing a scrip dividend. According to this policy, shareholders will be given the choice of having the dividend paid out in cash or in the form of new shares. The share-buyback program, which was initiated in 2018, was discontinued ahead of schedule and did not achieve the targeted volume of CHF 1 billion. We assess this strategy of deleveraging, controlled capex and envisaged reduction of cash outflows for dividend payments as generally positive and have taken it into account in our rating result.

Issue Rating

Further issuer ratings

In addition to the rating of LafargeHolcim Ltd the following Issuers and their issues (see below), have been rated.

- Holcim Finance (Luxembourg) S.A.
- Holcim US Finance S.à.r.l. & Cie S.C.S.

Issuer rating of Holcim Finance (Luxembourg) S.A.

Holcim Finance (Luxembourg) S.A. ("the Issuer") is a wholly-owned subsidiary (partially through Holderfin B.V.) of LafargeHolcim Ltd which was incorporated in the Grand Duchy of Luxembourg on 27 March 2003 and governed by Luxembourg law. The Issuer's principal business is to act as a financing company. Its activities are directly related to the financing needs of the Group. As a wholly owned subsidiary of LafargeHolcim, the Issuer is dependent on the performance of the

Group and the ability of its members to generate sufficient income to satisfy its payment obligations to other capital market participants. The Issuer's financial statements are fully consolidated in the financial statements of the Group. For these reasons, we derive the rating of Holcim Finance (Luxembourg) S.A. from the unsolicited corporate issuer rating of LafargeHolcim Ltd, e.g. **BBB+** with **stable** outlook.

Issuer rating of Holcim US Finance S.à.r.l. & Cie S.C.S.

Holcim US Finance S.à.r.l. & Cie S.C.S. ("the Issuer") is, through Holcim US Finance S.à.r.l. and Holdetrade Ltd & Cie S.N.C, a wholly-owned subsidiary of LafargeHolcim Ltd, which was incorporated in the Grand Duchy of Luxembourg on 28 November 2005 and is governed by Luxembourg law. The Issuer's principal business is to act as a financing company. As with the finance company described above, its activities are directly related to the financing needs of the Group. As a wholly owned subsidiary of LafargeHolcim, the Issuer is dependent on the performance of the Group and the ability of its members to generate sufficient income to satisfy its payment obligations to other capital market participants. The Issuer's financial statements are fully consolidated in the financial statements of the Group. For these reasons, we derive the rating of Holcim US Finance S.à.r.l. & Cie S.C.S. from the unsolicited corporate issuer rating of LafargeHolcim Ltd, e.g. **BBB+** with **stable** outlook.

Issue rating details

The rating objects of this issue rating are exclusively the long-term notes, denominated in euros, issued by LafargeHolcim Ltd Holcim Finance (Luxembourg) S.A., and Holcim US Finance S.à.r.l. & Cie S.C.S., which are included in the list of ECB-eligible marketable assets. The ECB list of eligible marketable assets can be found on the website of the ECB.

The notes have been issued under the EMTN program with their latest prospectus from 17 May 2018. This EMTN program amounts to EUR 10 billion. Notes issued by Holcim Finance (Luxembourg) S.A. and Holcim US Finance S.à.r.l. & Cie S.C.S. are unconditionally and irrevocably guaranteed by LafargeHolcim Ltd. The notes and coupons under the EMTN program constitute direct, senior, unconditional unsecured obligations of the Issuers and rank parri passu among themselves and with all other present or future unsecured and unsubordinated obligations of the issuers. Additionally, the notes benefit from a negative pledge provision and a cross default mechanism. A change of control option is generally possible and has to be mentioned in specific final terms.

Corporate issue rating result

We have provided the debt securities issued by Holcim Finance (Luxembourg) S.A. and Holcim US Finance S.à.r.l. & Cie S.C.S. with a rating of **BBB+ / stable**. The rating is based on the corporate rating of LafargeHolcim Ltd. Other types of debt instruments or issues denominated in other currencies by the issuers have not been rated by CRA. For a list of all currently valid ratings and additional information, please consult the website of Creditreform Rating AG.

Overview

Table 4: Overview of CRA Ratings | Source: CRA

Rating Objekt	Details	
	Date	Rating
LafargeHolcim Ltd (Issuer)	8 May 2019	BBB+ / stable
Holcim Finance (Luxembourg) S.A. (Issuer)	8 May 2019	BBB+ / stable
Holcim US Finance S.à.r.l. & Cie S.C.S. (Issuer)	8 May 2019	BBB+ / stable
Long-term Local Currency Senior Unsecured Issues	8 May 2019	BBB+ / stable
Other	--	n.r.

Table 5: Overview of Euro Medium Note program | Source: LafargeHolcim, Base Prospectus dated 15 May 2018

Overview 2018 EMTN Program			
Volume	EUR 10,000,000,000	Maturity	Depending on the respective bond
Issuer	Holcim Finance (Luxembourg) S.A. (Issuer) Holcim US Finance S.à.r.l. & Cie S.C.S. (Issuer)	Coupon	Depending on the respective bond
Arranger	CityGroup	Currency	Depending on the respective bond
Credit Enhancement	Guarantee of LafargeHolcim Ltd for Issues of Holcim Finance (Luxembourg) S.A. and Holcim US Finance S.à.r.l. & Cie S.C.S.	ISIN	Depending on the respective bond

All future LT LC senior unsecured Notes issued by Holcim Finance (Luxembourg) S.A., Holcim US Finance S.à.r.l. & Cie S.C.S. or LafargeHolcim Ltd which have similar conditions to the current EMTN program, are denominated in euro and included in the list of ECB-eligible marketable assets will, until further notice, receive the same ratings as the current LT LC senior unsecured Notes issued under the EMTN program. Notes issued under the program in any currency other than euro, or other types of debt instruments, have not yet been rated by CRA. For a list of all currently valid ratings and additional information, please consult the website of Creditreform Rating AG.

Structured Financial Ratios

Table 6: Financial ratios of LafargeHolcim Ltd (Group) | Source: LafargeHolcim Ltd annual report 2018, standardized by CRA

Asset Structure	2015	2016	2017	2018
Fixed asset intensity (%)	77.41	74.26	75.44	75.78
Asset turnover	--	0.43	0.44	0.52
Asset coverage ratio (%)	69.41	73.60	87.53	87.26
Liquid funds to total assets (%)	6.83	8.15	7.58	4.84
Capital Structure				
Equity ratio (%)	47.54	47.90	45.43	47.36
Short-term-debt ratio (%)	23.06	20.70	20.70	20.62
Long-term-debt ratio (%)	6.19	6.76	20.60	18.77
Capital lock-up period (in days)	56.40	40.20	44.67	44.36
Trade-accounts-payable ratio (%)	5.67	4.90	5.94	6.42
Short-term capital lock-up (%)	44.67	33.03	26.69	23.72
Gearing	0.96	0.92	1.03	1.01
Leverage	--	2.10	2.14	2.16
Financial Stability				
Cash flow margin (%)	--	14.28	11.32	12.73
Cash flow ROI (%)	--	6.36	5.50	6.72
Debt / EBITDA adj.	9.29	6.01	5.25	4.99
Net Debt / EBITDA adj.	8.08	5.07	4.52	4.54
ROCE (%)	-1.65	6.48	-2.27	7.18
Debt repayment period	--	10.09	6.91	9.14
Profitability				
Gross profit margin (%)	100.00	73.92	70.29	67.89
EBIT interest coverage	-0.09	3.25	-0.51	2.66
EBITDA interest coverage	4.75	5.43	4.90	4.84
Ratio of personnel costs to total costs (%)	--	8.85	8.47	7.98
Ratio of material costs to total costs (%)	--	26.08	29.71	32.11
Return on investment (%)	-0.94	4.98	-1.36	5.01
Return on equity (%)	--	7.06	-6.04	7.02
Net profit margin (%)	-5.77	7.77	-6.35	6.26
Interest burden (%)	--	80.35	--	87.00
Operating margin (%)	-0.36	13.34	-2.09	9.94
Liquidity				
Cash ratio (%)	29.62	39.36	36.61	23.45
Quick ratio (%)	69.41	94.17	84.64	79.95
Current ratio (%)	97.94	124.32	118.60	117.43

Appendix

Rating history

The rating history is available at:

<https://www.creditreform-rating.de/de/ratings/published-ratings/>

Corporate issuer rating of LafargeHolcim Ltd

Event	Rating date	Publication date	Monitoring period	Result
Initial rating	8 May 2019	www.creditreform-rating.de	Withdrawal of the rating	BBB+ / stable

Corporate issuer rating of Holcim Finance (Luxembourg) S.A.

Event	Rating date	Publication date	Monitoring period	Result
Initial rating	8 May 2019	www.creditreform-rating.de	Withdrawal of the rating	BBB+ / stable

Corporate issuer rating of Holcim US Finance S.à.r.l. & Cie S.C.S.

Event	Rating date	Publication date	Monitoring period	Result
Initial rating	8 May 2019	www.creditreform-rating.de	Withdrawal of the rating	BBB+ / stable

Rating of LT LC senior unsecured issues of Holcim Finance (Luxembourg) S.A. and Holcim US Finance S.à.r.l. & Cie S.C.S.

Event	Rating date	Publication date	Monitoring period	Result
Initial rating	8 May 2019	www.creditreform-rating.de	Withdrawal of the rating	BBB+ / stable

Regulatory requirements

The present rating is an unsolicited rating. Creditreform Rating AG was not commissioned by the Issuer with the preparation of the rating. The present analysis was prepared on a voluntary basis.

The rating is based on the analysis of published information and on internal evaluation factors. The quantitative analysis is primarily based on the last annual report of the Issuer, the base prospectuses and on press releases of the company. The information and documents meet the requirements and are in accordance with Creditreform Rating AG's rating methodology as published.

The rating was conducted based on the Creditreform Rating AG's "Corporate Issuer Ratings", "Non-Financial Corporate Issue Ratings" methodologies, and on the "Rating criteria and definitions".

The documents submitted and information gathered were sufficient to meet the requirements of Creditreform Rating AG's rating methodology. A complete description of Creditreform Rating AG's rating methodologies and Creditreform Rating AG's basic document "Rating Criteria and Definitions" is published on the following internet page:

www.creditreform-rating.de/en/regulatory-requirements/

This rating was carried out by analysts Elena Alexeenco (e.alexenco@creditreform-rating.de) and Artur Kapica (a.kapica@creditreform-rating.de), both located in Neuss, Germany. A management meeting did not take place.

The rating was presented to the rating committee on 8 May 2019. The company previously received the rating result along with the key reasons leading to the rating prior to publication, and was given at least one full working day to appeal the rating committee's decision and to provide additional information. The rating decision was not amended following this examination.

The rating will be monitored until Creditreform Rating AG removes the rating and sets it to non-rated (n.r.).

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To prepare this credit rating, CRA has used following substantially material sources:

Corporate Issuer rating:

1. Annual report
2. Website
3. Internet research

Corporate Issue rating:

1. Issuer corporate rating incl. information used for the Issuer corporate rating
2. Documents on issues / instruments

There are no other attributes and limitations of the credit rating or rating outlook other than those displayed on the CRA website. Furthermore, CRA considers as satisfactory the quality and extent of information available on the rated entity. With respect to the rated entity, Creditreform Rating AG regarded available historical data as sufficient.

Between the time of disclosure of the credit rating to the rated entity and the public disclosure, no amendments were made to the credit rating.

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In cases where the credit rating is based on more than one methodology or where reference only to the principal methodology might cause investors to overlook other important aspects of the credit rating, including any significant adjustments and deviations, Creditreform Rating AG explains this fact in the credit rating report and indicates how the different methodologies or other aspects are taken into account in the credit rating. This information is integrated in the credit rating report.

The meaning of each rating category, the definition of default or recovery and any appropriate risk warning, including a sensitivity analysis of the relevant key rating assumptions such as mathematical or correlation assumptions, accompanied by worst-case scenario credit ratings and best-case scenario credit ratings are explained.

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Creditreform Rating AG

Contact information

Creditreform Rating AG
Hellersbergstraße 11
D-41460 Neuss

Phone +49 (0) 2131 / 109-626
Fax +49 (0) 2131 / 109-627

E-Mail info@creditreform-rating.de
www.creditreform-rating.de

CEO: Dr. Michael Munsch

Chairman of the Board: Prof. Dr. Helmut Rödl