

People, planet, profit – Managing the triple bottom line

CMIC 08 – Opening Keynote Address

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Holcim Group Support Ltd.

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Holcim in a snapshot

- Holcim is one of the world's leading suppliers of cement, aggregates, concrete and asphalt including services
- Global group with operations on all continents in over 70 countries
- Investments in the last three years in Aggregate Industries (the UK/US) and in India (ACC, Ambuja Cements) have resulted in major step changes and substantial value creation
- As of per year ending 31 December 2007, Holcim had
 - ▶ Net sales of CHF 27.0 billion
 - ▶ Operating EBITDA of CHF 6.9 billion
 - ▶ Cash flow from operating activities of CHF 5.3 billion
 - ▶ About 90,000 employees

Holcim strategy – based on three pillars

Product Focus

- Cementitious materials
- Aggregates
- Other construction materials & services (OCMS)

Geographic Diversification

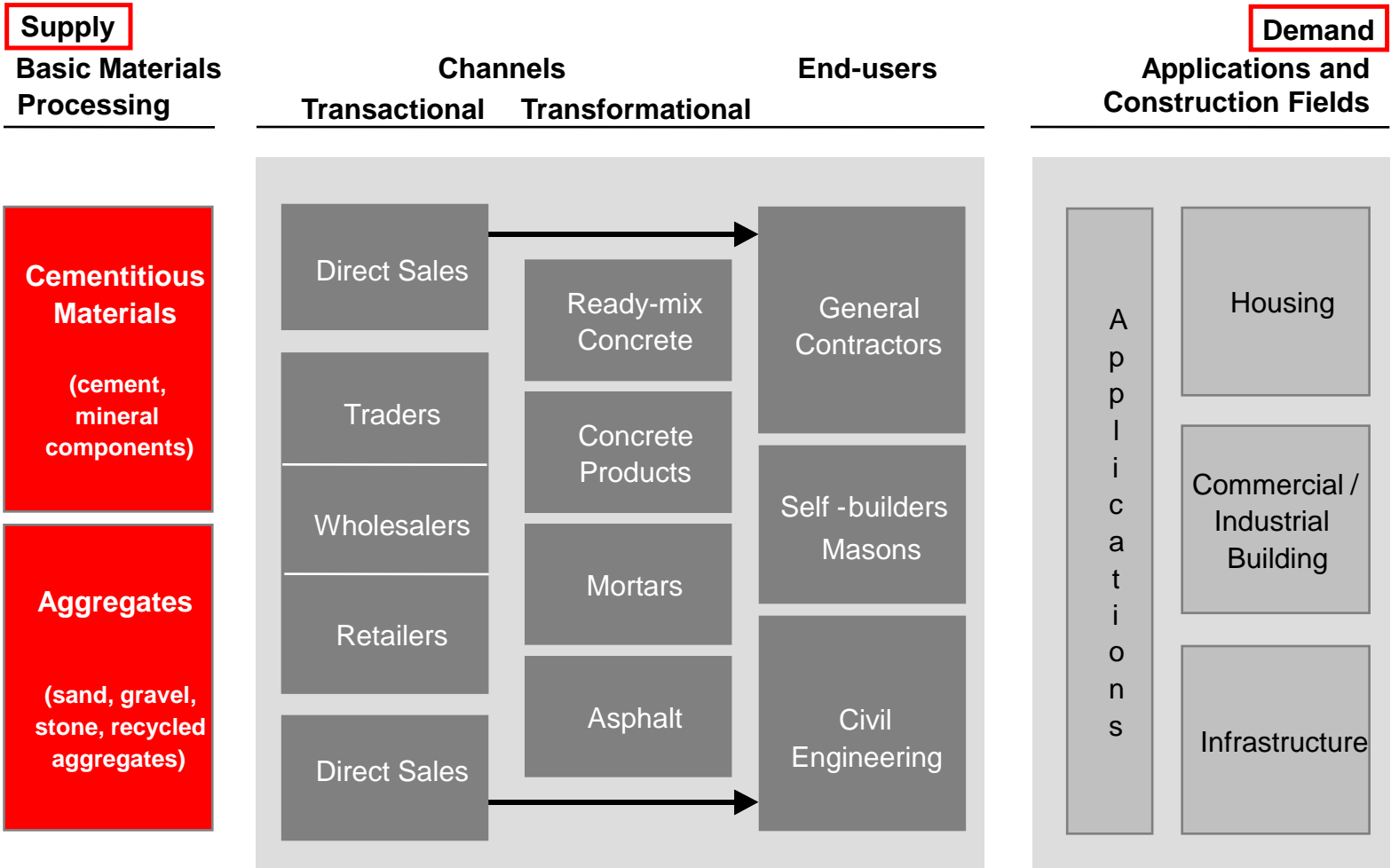
- Global presence
- Balanced between and within regions
- Balanced between mature and emerging markets

Local Management Global Standards

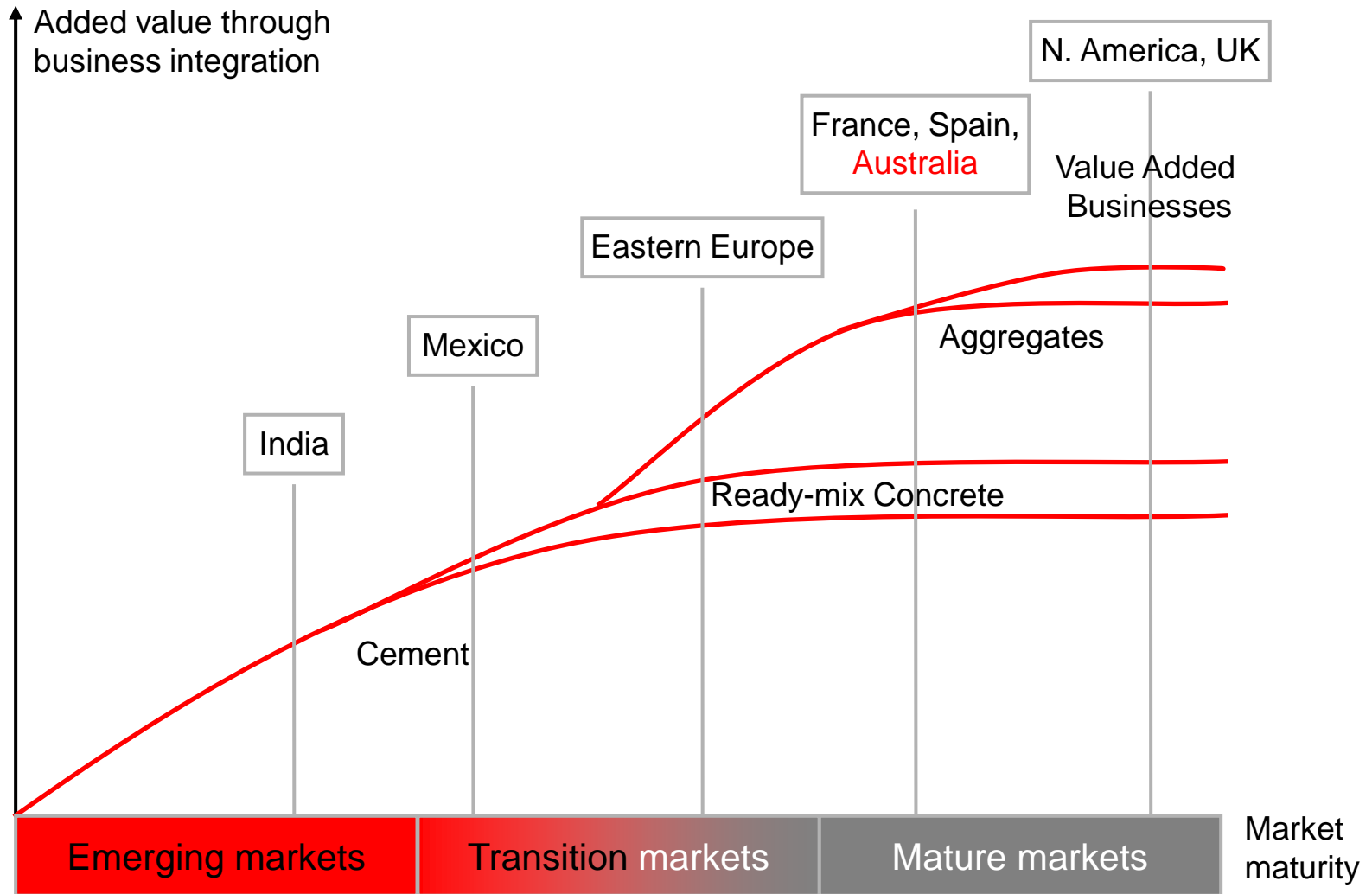
- Global business – strongly anchored in local markets
- Supported by global standards
 - ▶ Policies & directives
 - ▶ Exchange of know how & best practices

Value creation – paramount objective of the strategy

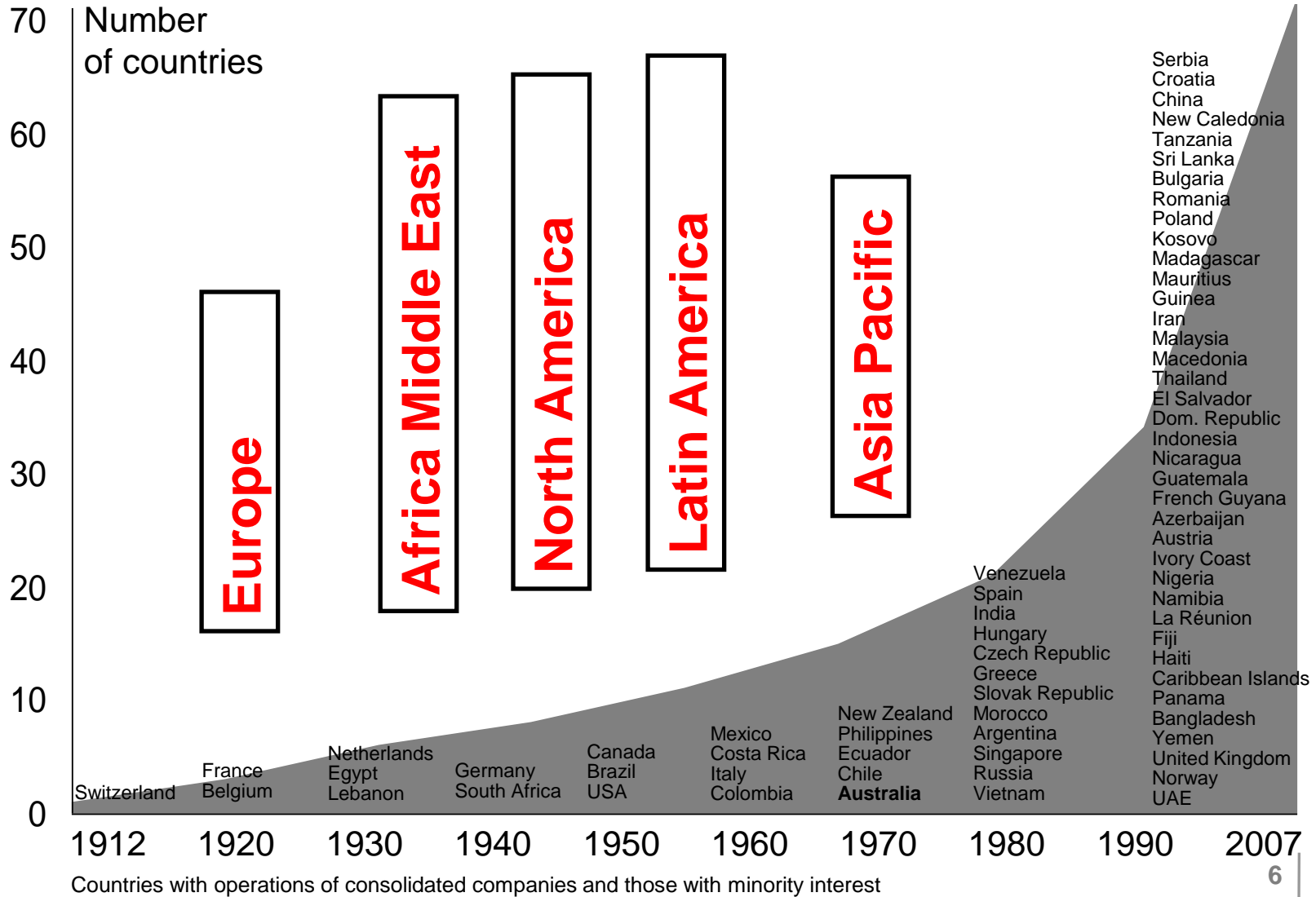
Holcim Value Chain framework approach based on market typologies



Market maturity defines investment focus



Holcim – global by tradition

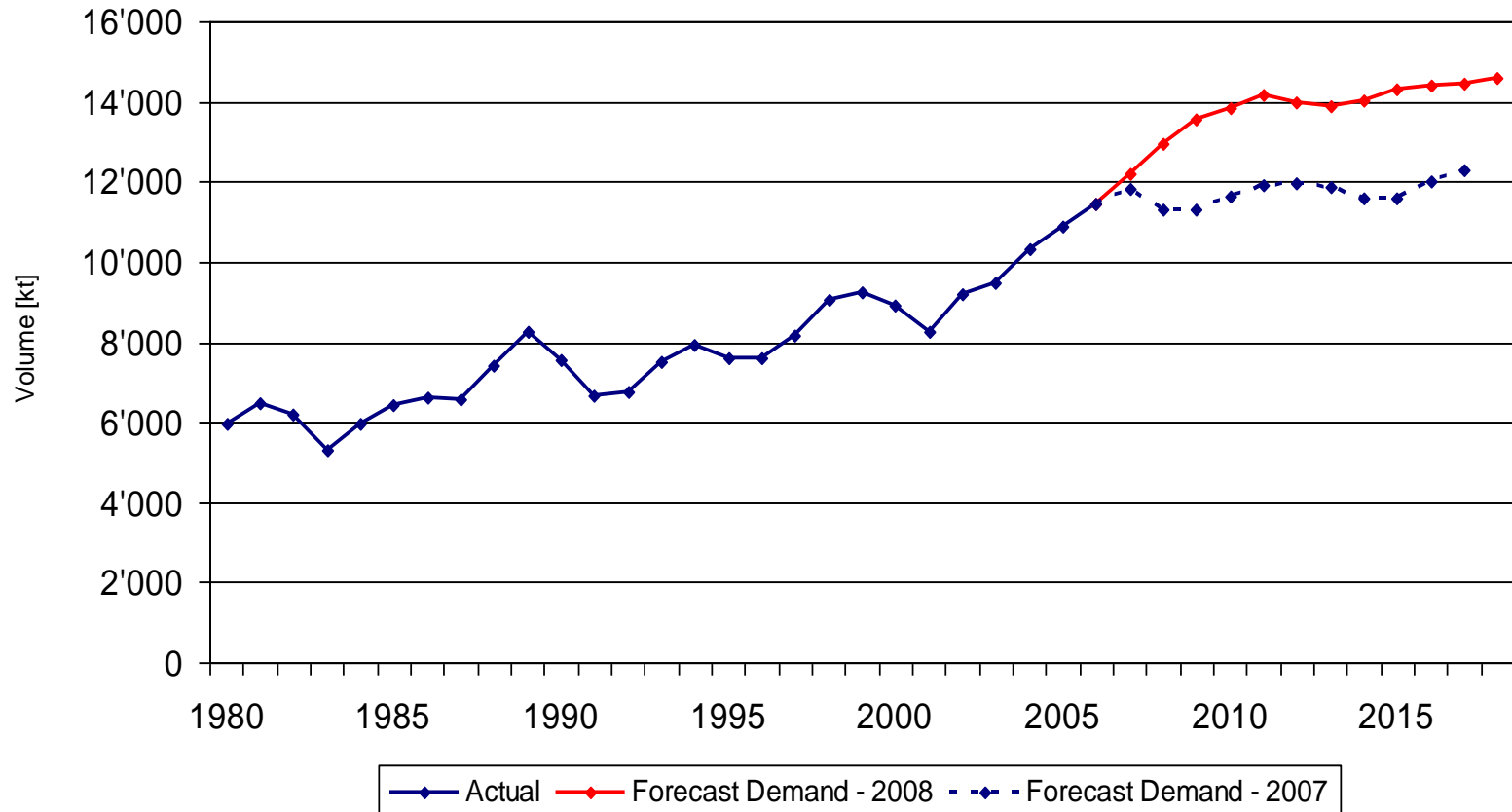




Holcim's involvement in the Australian market through Cement Australia

- In 1990 Holcim (at the time Holderbank) acquired 100% of Queensland Cement
- Cement Australia (CA) was formed in 2003 with the merger of Queensland Cement and Australian Cement
- Currently 3 global shareholders (Holcim - 50%, Cemex - 25% & Heidelberg - 25%)
- 50% market share
- \$1B sales with 1500 employees
- Focus on East Coast with production facilities in Qld, NSW and Tas

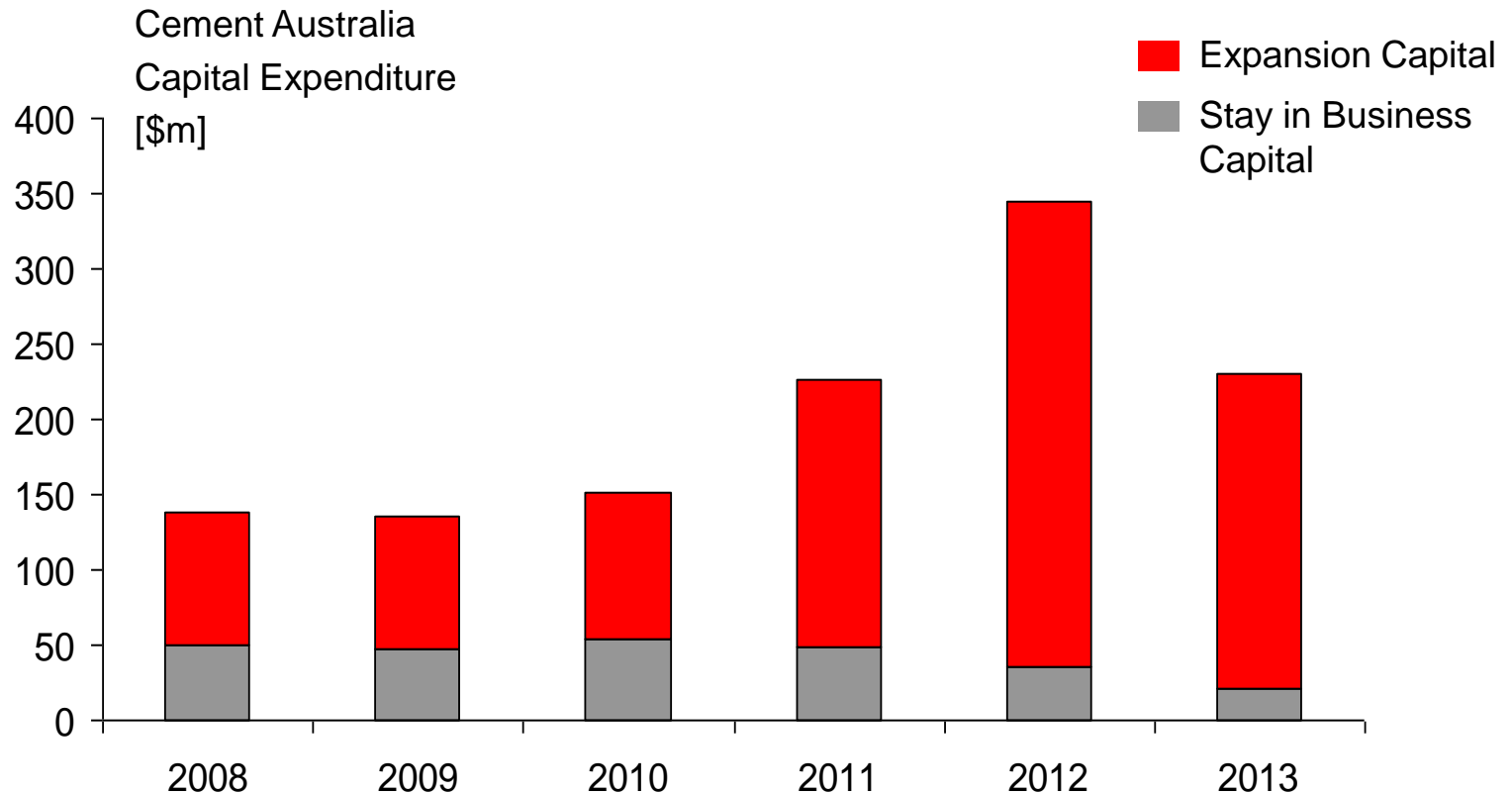
Accelerated demand for cementitious material in Australia indirectly fuelled by rapidly growing Asian markets



Forecast for total demand for cementitious material in Australia with continued growth until 2012. Whereas traditionally cementitious demand has grown at 1-2%, since 2000 this has accelerated to ~5%.

Source: Regression of BIS Shrapnel work done historical and forecast data from April 2008

Cement Australia planning substantial investments to benefit from strong demand for cementitious materials



Cement Australia looking at investing over \$1.2B in supply chain, milling and a new kiln until 2013.

Sustainable Development – A part of our mission

Vision: Our vision is to provide foundations for society's future

Mission: Our mission is to be the world's most respected and attractive company in our industry – creating value for all our stakeholders

Holcim Strategy House
Working within the triple
bottom line



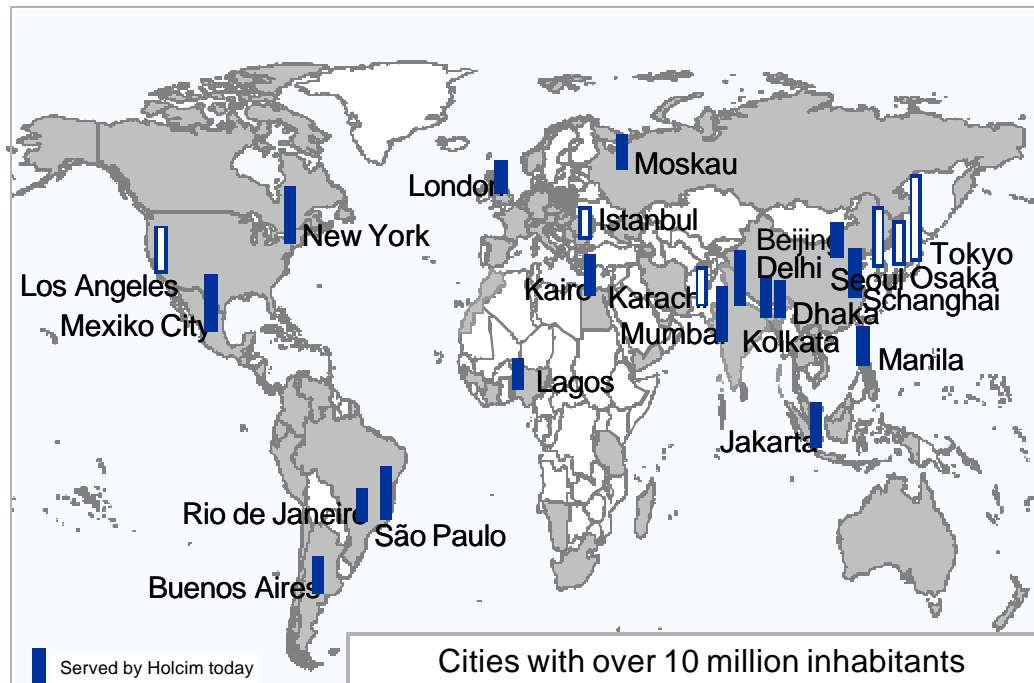
Sustainable Development is a continuous journey



Our SD journey started several decades ago and is an integral part of our business strategy.

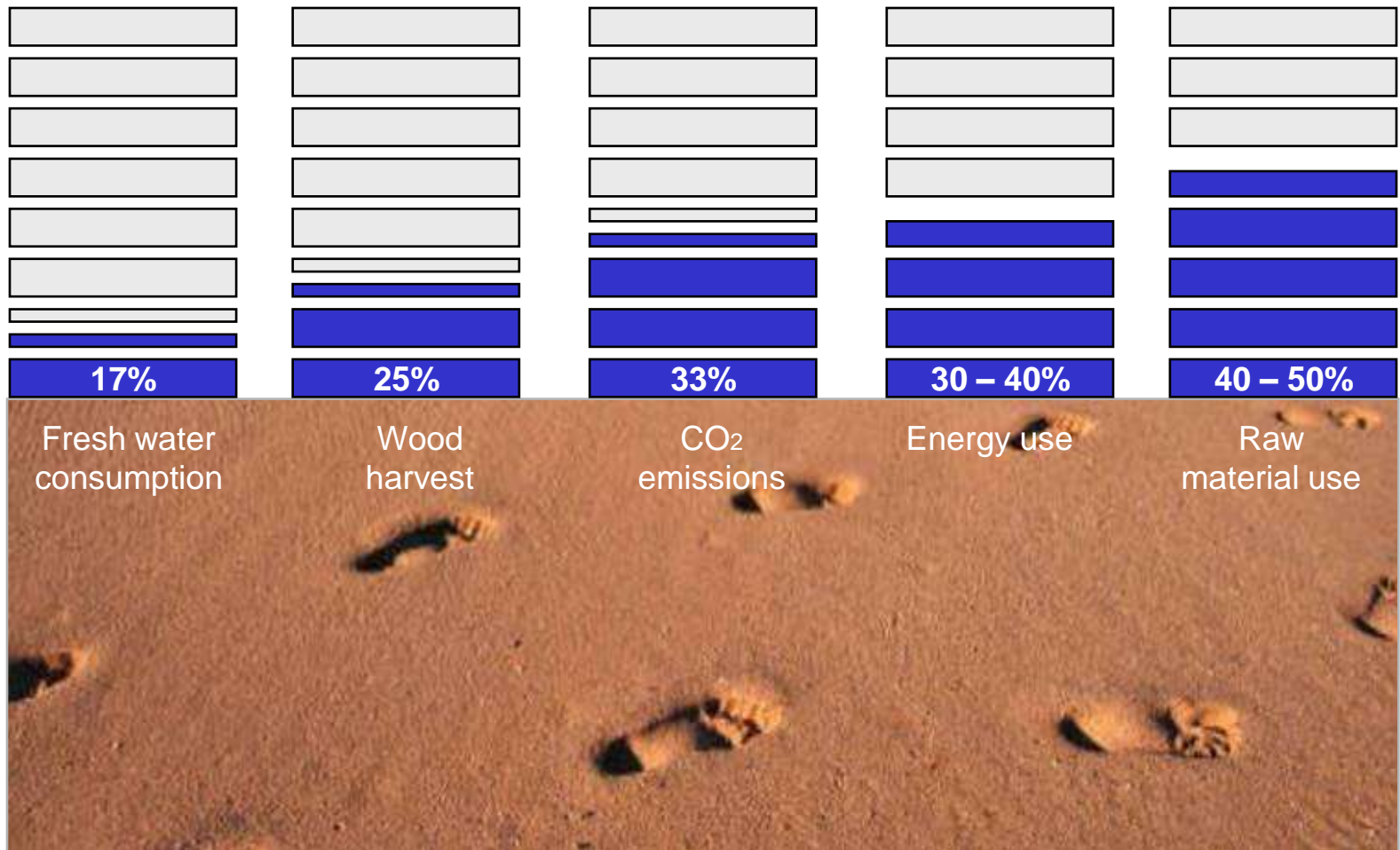
Population growth & urbanization

- World population to increase to more than 8 billion by 2030
- World is facing the largest mass migration in history
- Sustainable construction will be key to securing long-term environmental, economic and social viability



The ecological footprint

Worldwide, buildings account for up to ...



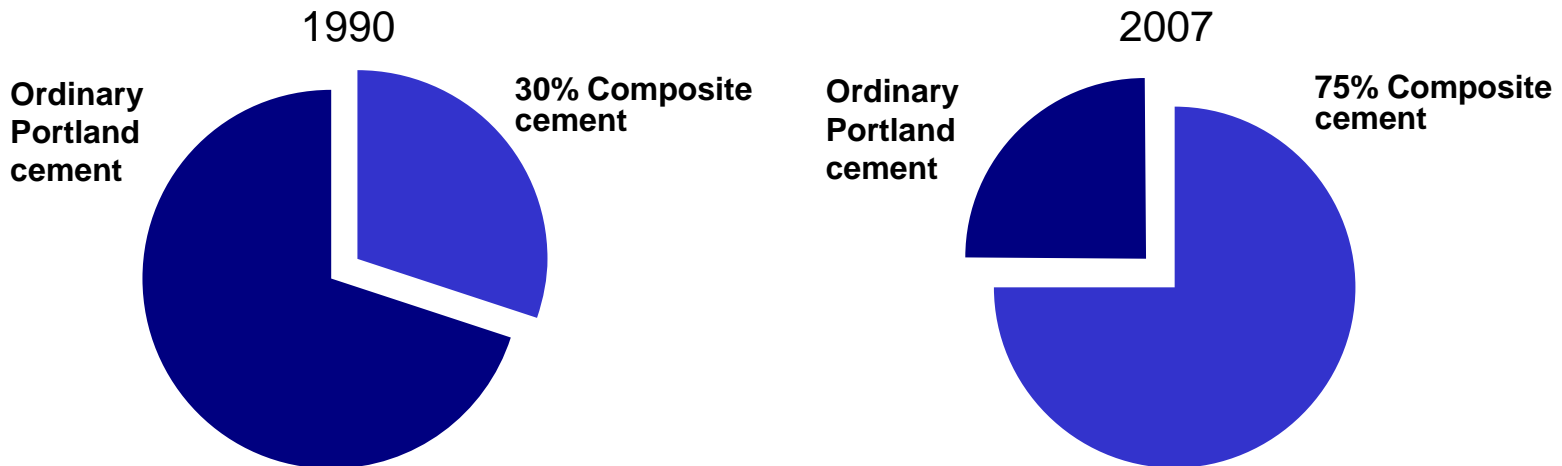
Innovation potential along the construction value chain

Process innovation:

- Waste derived fuels an important source of energy

Product innovation:

- Sustainable eco-efficient cement products: Composite cement share increased from 30% (1990) to over 75% (2007) of Holcim product mix
- Use of recycled products for our aggregates activities is growing



Holcim Foundation for Sustainable Construction

- Platform to promote sustainable construction
- Activities include: Holcim Awards competitions, Holcim Forum symposiums, seed funding for building initiatives
- 2nd Awards cycle: 5000 ideas to build a sustainable future



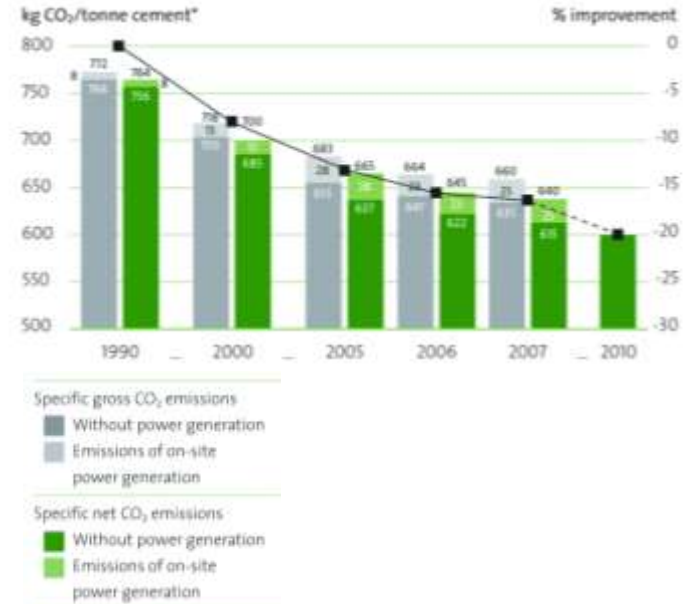
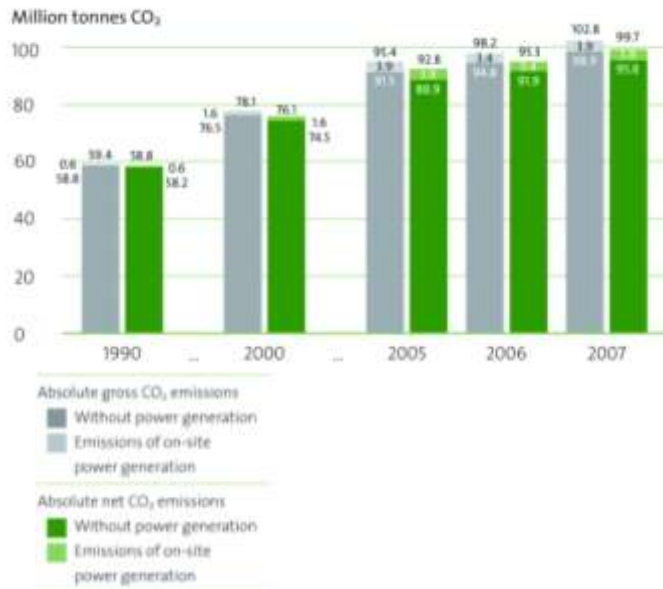
Holcim Awards: from idea to reality



Successfully reducing CO₂ emissions

Since 1990:

- 103% increase of our total cement production
- Absolute CO₂ emissions increased by only 70%
- 16.3% reduction in net CO₂ emission per tonne cementitious material
- Target of 20% reduction per tonne by 2010, within reach



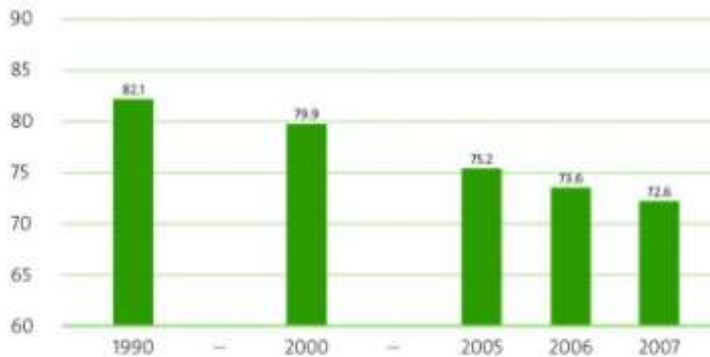
Drivers of CO₂ performance

- Lowering the clinker factor is one of the best approaches for reducing CO₂ emissions
- The use of alternative fuels contribute to decrease fossil fuel use and costs

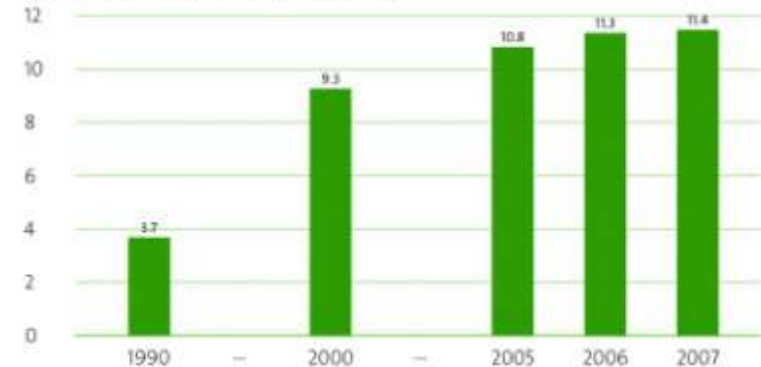


Indonesia: Rice husks offer an important source of biofuel energy

Average % of clinker in cement



% of thermal energy from alternative fuels



CA has worked early and hard on emissions abatement strategies, and achieved significant and real results

- 1997: Cement Australia, through the Cement Industry Federation (CIF), became an early signatory to the Greenhouse Challenge Plus program
- 2004: Cement Australia participated in an industry-wide 'Technology Pathway' exercise to identify the likely course of technology investment and determine the resulting efficiency and CO₂ savings
- 2006: Cement Australia collaborated in drafting the CI Action Agenda which outlines government and industry recommendations to progress technology adoption.
- 2006: Substantive involvement in the Cement Sector Task Force of the Asia-Pacific Partnership (AP7) for Clean Development and Climate

Conserving ecosystems and biodiversity

- Production of cement and aggregates depends on access to raw materials
- Commitment to quarry rehabilitation and biodiversity conservation
- Collaboration with IUCN, extends and builds on our efforts



Safety awareness initiatives across the Group

- Example Holcim Ecuador: ¡para y piensa en mi!



Community initiatives

- Holcim CSR approach is strategic, not philanthropic
- Education, building infrastructure and community development are our focus areas
- Community spending of CHF 48 million in 2007
 - equaling 1% of net income before tax
 - increase of 33% from 2006



Commitment across the Group

- Holcim and Cement Australia are committed to Sustainable Development.
- There are “compelling commercial reasons” for building SD into business strategy.
- Improving our SD performance will add value to our business and is a key factor in maintaining our “licence to operate”
- Our SD performance is widely recognized – leader of the industry in the DJSI for the fourth year running



Strength. Performance. Passion.

