

Holcim Cement Customer Update

Holcim (New Zealand) Ltd

Issue 1, January 2015



Introduction

Welcome to the first edition of the Holcim Cement Customer Update. We intend to publish this update on a regular basis as one of the ways of communicating the activities and work we are undertaking as changes are implemented in the business.



Construction of terminals

Holcim have the approvals and consents to construct two 30,000 tonne bulk cement import terminals at both Timaru and Auckland (Waitemata). This is a \$100M investment which will provide 50 construction jobs at each site and employ 6 people at each facility when fully operational in the second half of 2016.

The demolition of the old grain silos in Timaru is completed and site works have commenced. The last quarter of the year has been a busy period at the Timaru site with an acceleration of works, increase in manpower and mobile plant at the site. Downer New Zealand Ltd is the contractor for construction of the terminals.



Work commenced at the Auckland site in early December 2014.

Westport Cement Plant closure

The Westport Plant will be closing in the second half of 2016 once the import terminals become operational. Up to the point of closure our goal is to operate the plant at optimum quality and high production while achieving low cost and zero harm.



Continued stable quality and surety of supply

The new cement source will be specifically chosen to meet the needs of New Zealand customers, with a quality specification meeting New Zealand requirements. We are accessing the vast resources and expertise available through Holcim Trading, a division of Holcim Ltd, which is one of the largest traders of seaborne cementitious materials worldwide. Cement will be supplied in bulk from a quality source through long-term supply contracts. As a result of large bulk shipments and special bulk storage facilities, we will be able to ensure quality is stable and at a very high standard.



Laboratory testing and evaluation is currently being undertaken from two potential sources of cement. On-site field trials for customers are also being planned where needed. Considerable work is being done to ensure the cement source verification is acceptable for New Zealand climatic and construction conditions. Our research also includes admixture performance and feedback from current international users of the cement.



Products

In late February 2015 Holcim will be initiating a process to establish which cement types and supplementary products will be supplied. As part of this review process a large number of customers will be interviewed to better understand their future needs. Along with Ultracem (or GP cement), Holcim will be considering the supply needs for Rapid Hardening Cement, Fly Ash and a range of blended products.



Cement supply agreements

Holcim New Zealand and Golden Bay Cement have had reciprocal cement supply agreements in place for some time, whereby Holcim has purchased Golden Bay Cement in the North Island and Golden Bay Cement purchased cement from Holcim in the South Island.

As a result of Holcim's import strategy, which will see Holcim significantly strengthen its supply position in both the North and South Islands from 2016, Golden Bay recently communicated to Holcim their intention to supply their own cement into the South Island starting in 2015. They have advised their intention to use ISO tanks and coastal shipping to achieve this. As a result, from around mid-year 2015, Golden Bay will directly supply their lower South Island customers and later in the year all reciprocal supply arrangements will cease. These changes will not have any significant impact on supply to Holcim New Zealand's customers.





Distribution depots

There will be no change to the current distribution depots except on the South Island West Coast where a new depot will be installed.

New Country Manager

Holcim recently announced the appointment of Glenda Harvey to the new Country Manager position for New Zealand. Glenda was the Executive General Manager Safety and Human Resources for Holcim Australia, but before that, had worked for Holcim New Zealand. Glenda has now moved back to Christchurch and will be directly involved in the commercial side of the business along with her other responsibilities. She is looking forward to meeting as many customers as possible in the new year.

Holcim New Zealand and Holcim Australia businesses to combine early 2015

New Zealand and Australian operations have become a joint organisation as at 1 January 2015. This will provide opportunities for the New Zealand business to leverage off the presence and capability of the Australian business which is the company's largest ready mixed and aggregates business in the region, operating at more than 300 sites around Australia.

Holcim & Lafarge to merge

In April last year Holcim and Lafarge announced their agreement to merge their global operations to form a new company to be known as LafargeHolcim. The merger is still subject to approvals from the relevant regulatory authorities and shareholders but it is expected that the transaction will be completed mid 2015. LafargeHolcim together would operate in around 90 countries worldwide.

In the coming weeks our sales staff will be meeting with customers to ensure any questions are answered and feedback received so it can be incorporated into future planning.

If you have any questions please contact one of our staff members below

Holcim Cement Customer Service contacts



Murray Dickson,
National Sales Manager
Phone: 021 899 425
Email: murray.dickson@holcim.com
Onehunga, Auckland



Hayden Mason
Technical Sales Manager North Island
Phone: 09 635 1164 / 021 715 974
Email: hayden.mason@holcim.com
Onehunga, Auckland



Franklin Saavedra
Cement Sales Engineer, Technical Services
Phone 09 580 4702 / 021 939 447
Email: franklin.saavedra@holcim.com
Onehunga, Auckland



Kerry Rosewarne
Account Manager, Sales, Cement
Phone: 03 339 7575 / 021 272 1442
Email: kerry.rosewarne@holcim.com
Christchurch