

■ HEIDELBERGCEMENT

Aggregates Day 2012:

Dallas, June 28

Aggregates:

A rock solid cash generator – now and even more so in the future

Dr. Dominik von Achten

Member of the Managing Board



Slide 1 – 28 June 2012
Aggregates Day HeidelbergCement 2012 – Dr. Dominik von Achten

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■ Agenda

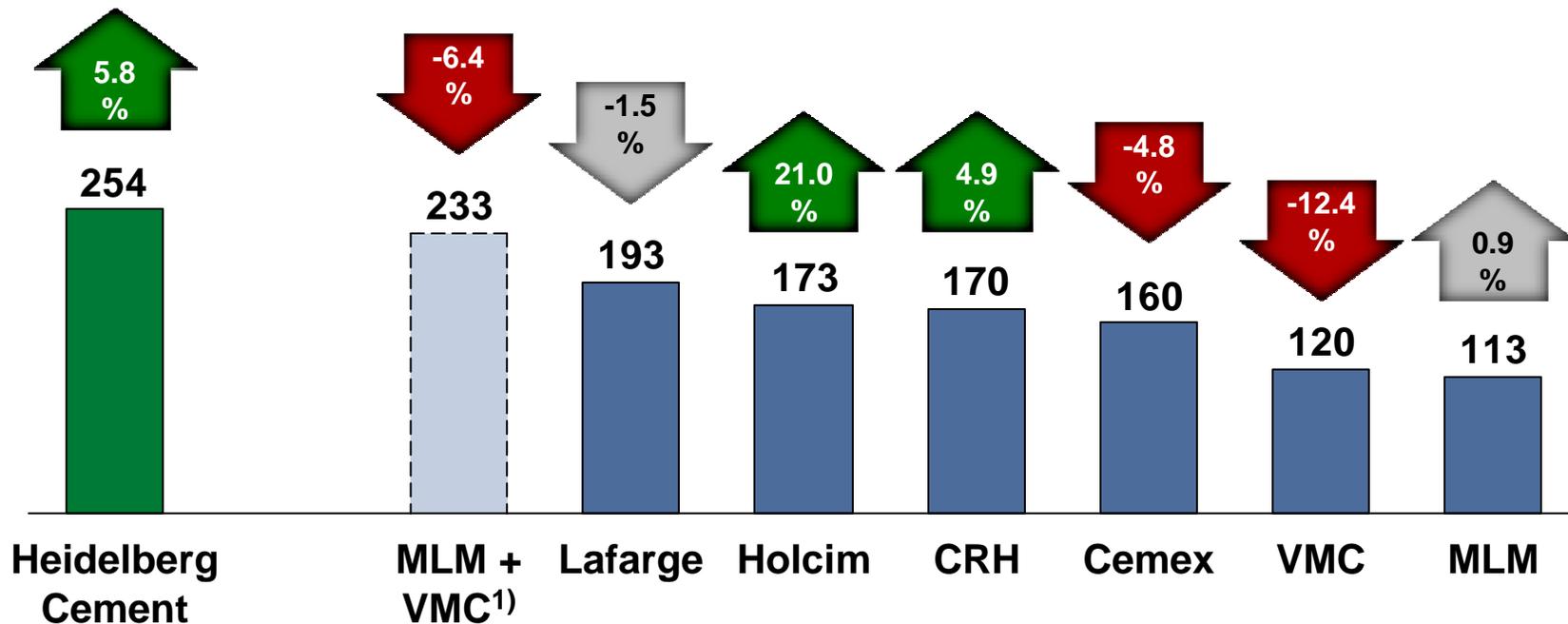
- 1. Size and Footprint**
- 2. Reserves Position and Management**
- 3. Serving the Markets**
- 4. Competence Center Materials (CCM)**
- 5. Investment Management**
- 6. Improvement Project CLIMB**
- 7. Pricing**
- 8. Competitor Benchmark**
- 9. Key Take-aways**

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Welcome to the world market leader in Aggregates

2011 Annual Aggregates Shipments [million metric tonnes and change since 2009]

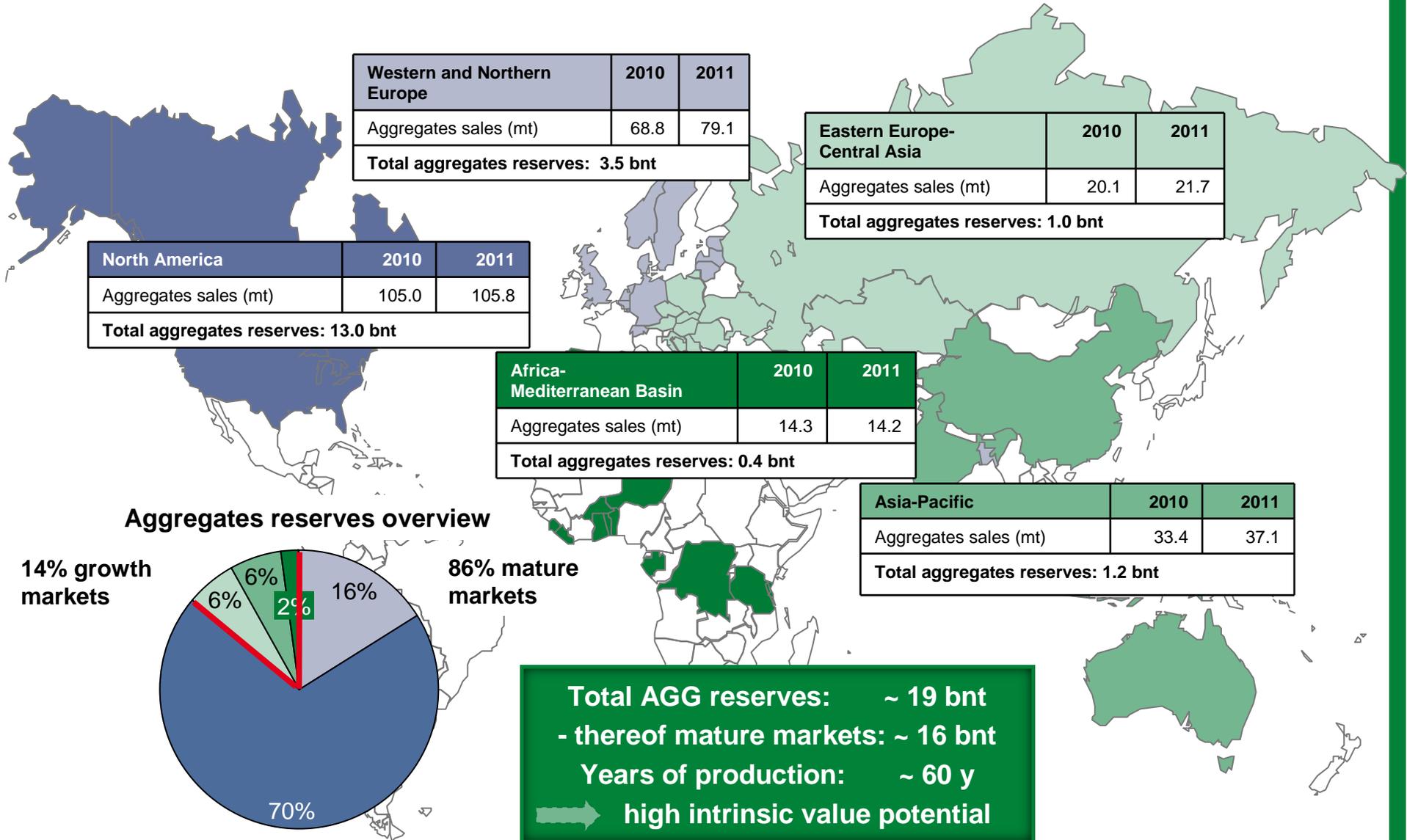


**HeidelbergCement is the undisputed world market leader –
irrespective of a potential MLM/VMC merger**

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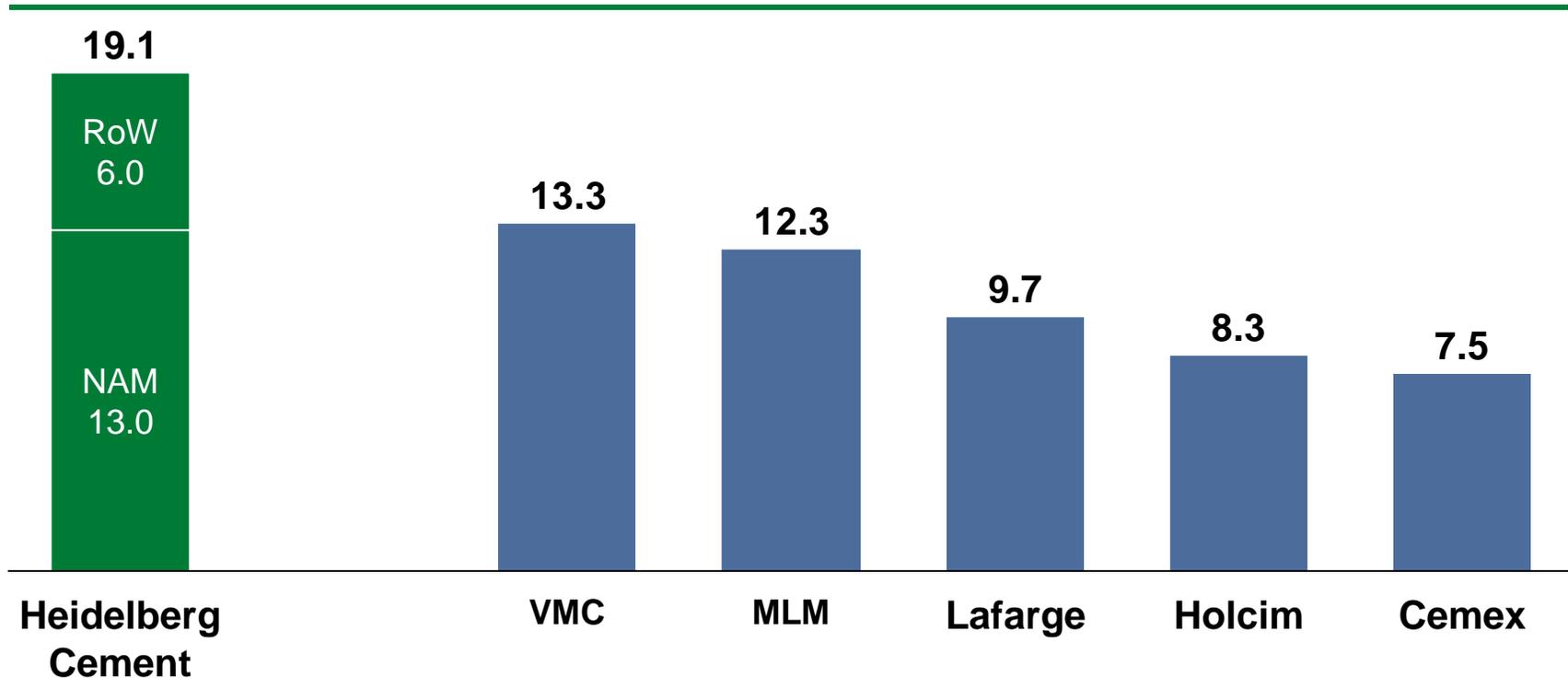
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19.1 bnt aggregates reserves: focus on mature markets



Strongest reserve base in the industry

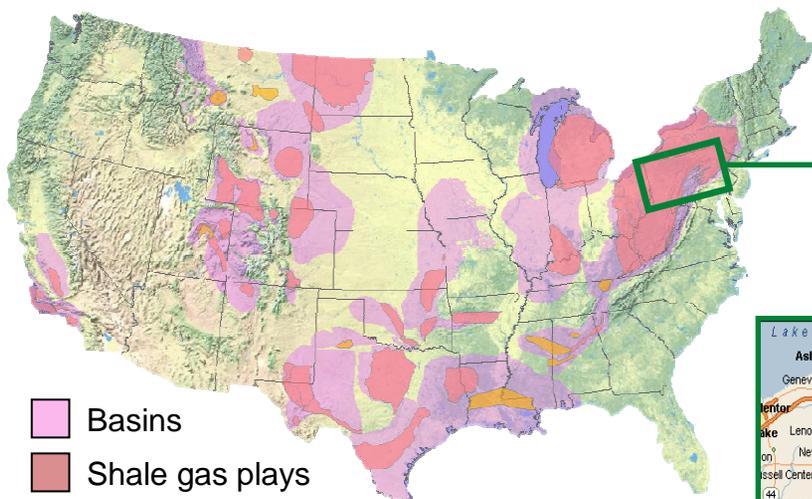
2011 Reserves
[billion metric tonnes]



HC's superior reserves position secures constant high cash flow in mature countries, and strong growth on existing base in emerging markets.

Investments in high growth areas

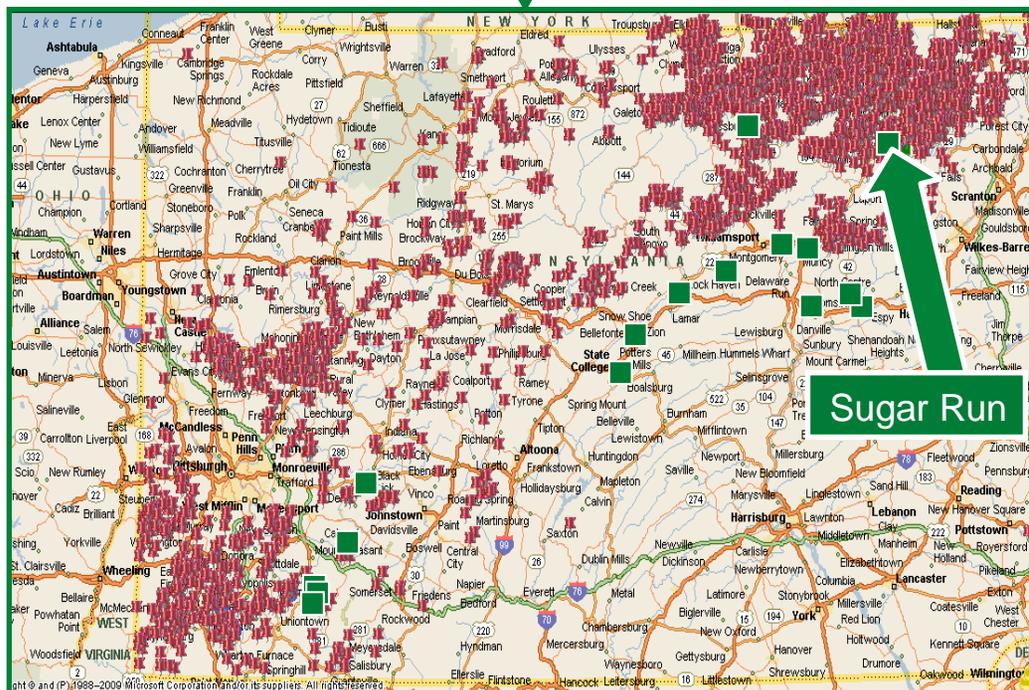
We supply the demand from the energy industry



- Basins
- Shale gas plays
- Prospective shale gas plays

Example: Marcellus

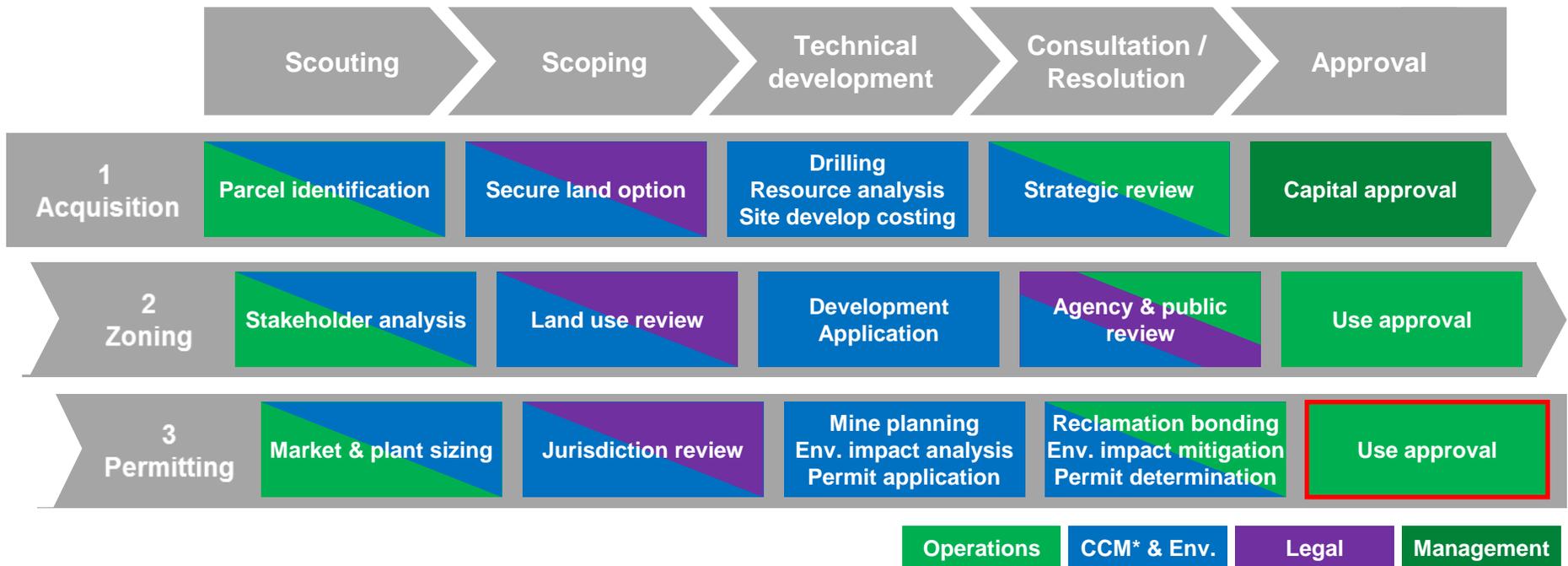
- Permitted gas wells
- HeidelbergCement locations



- Increasing shale gas exploration creates a high demand for aggregates and special cement.
- We profit from our proximity to the gas wells, both in aggregates and cement.

Turning land into permitted reserves is an art

Resource Development Process



- Permitting managed as joint effort of Operations, Environmental, Land Management, and Legal
- Combined resources ensure professional, timely approach with local accountability to regulators and community
- Structured project management ensures focus on timeline, personnel availability and implementation

* Competence Center Materials

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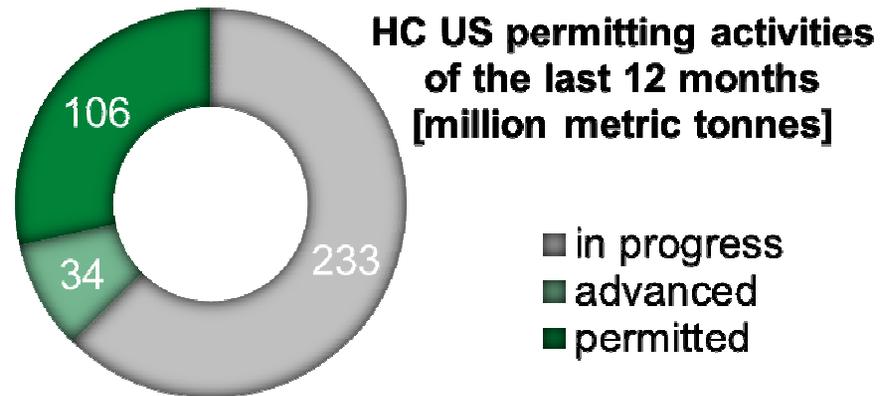
Successful management of permitting challenges

Acquisition and permitting challenges

- Difficult identification of new sources in key urban areas
- Challenging permitting due to need/desire for community integration and/or environmental laws.
- Lengthy permitting processes

Permitting Pipeline in NAM

- Goal of sustaining 2-2.5x annual consumption in “permitting pipeline”



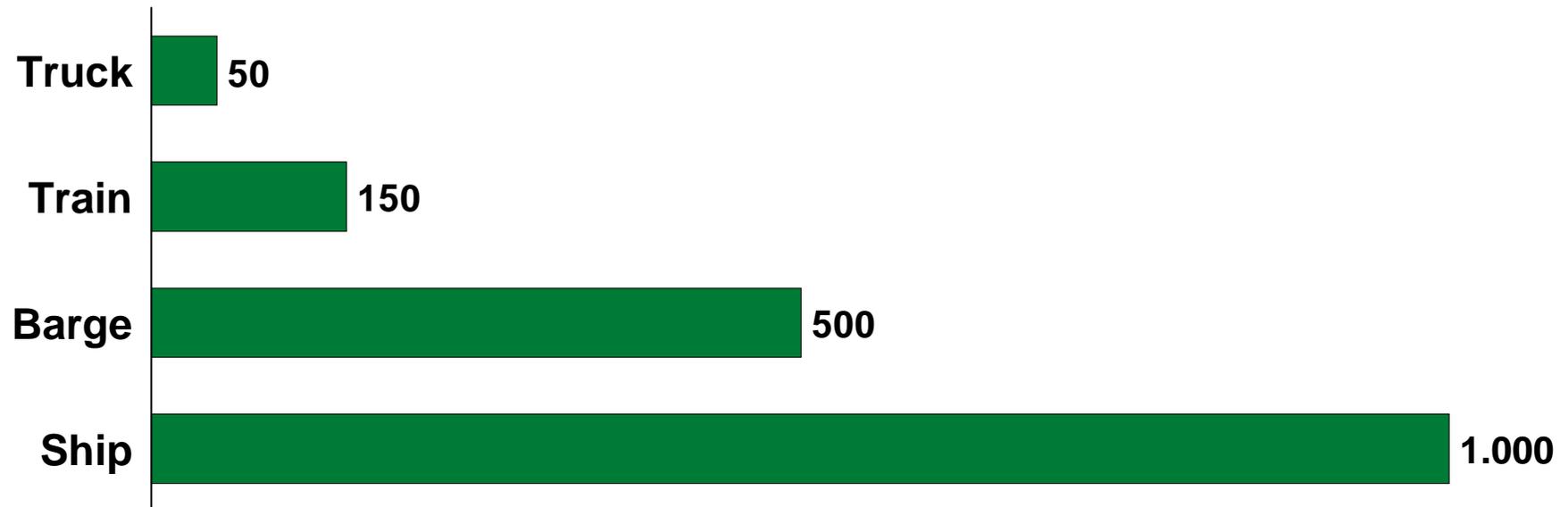
Permitting pipeline well filled and worked on.

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Serving the markets: focus on efficient and sustainable means We use all four key transportation methods

Economic transportation distances for aggregates (in miles)



Key success factors:
Reserves and plants located close to attractive urban markets
Strategically effective logistic network

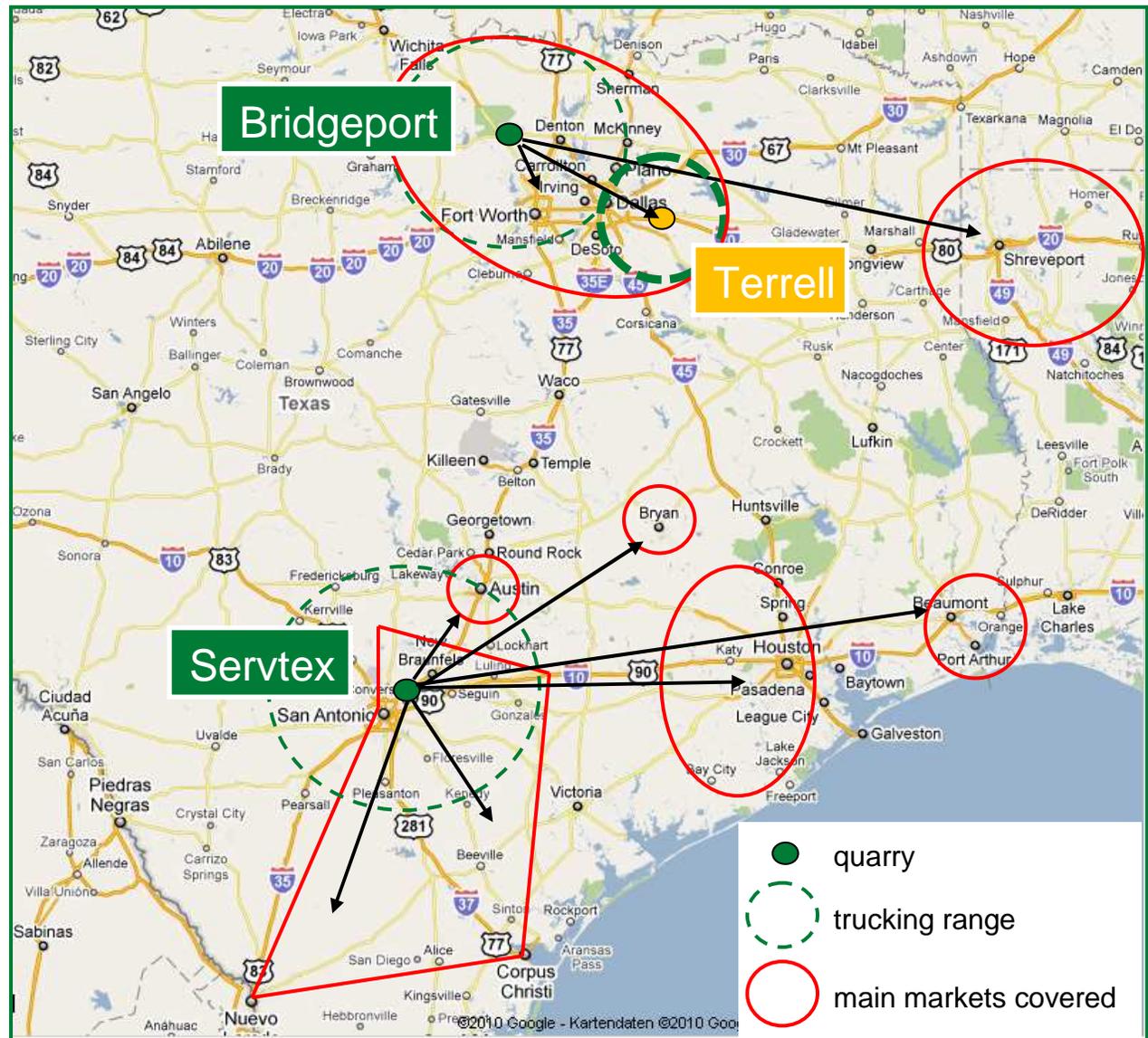
Focus on efficient and sustainable means to serve market

Example rail: TX

New Terrell terminal

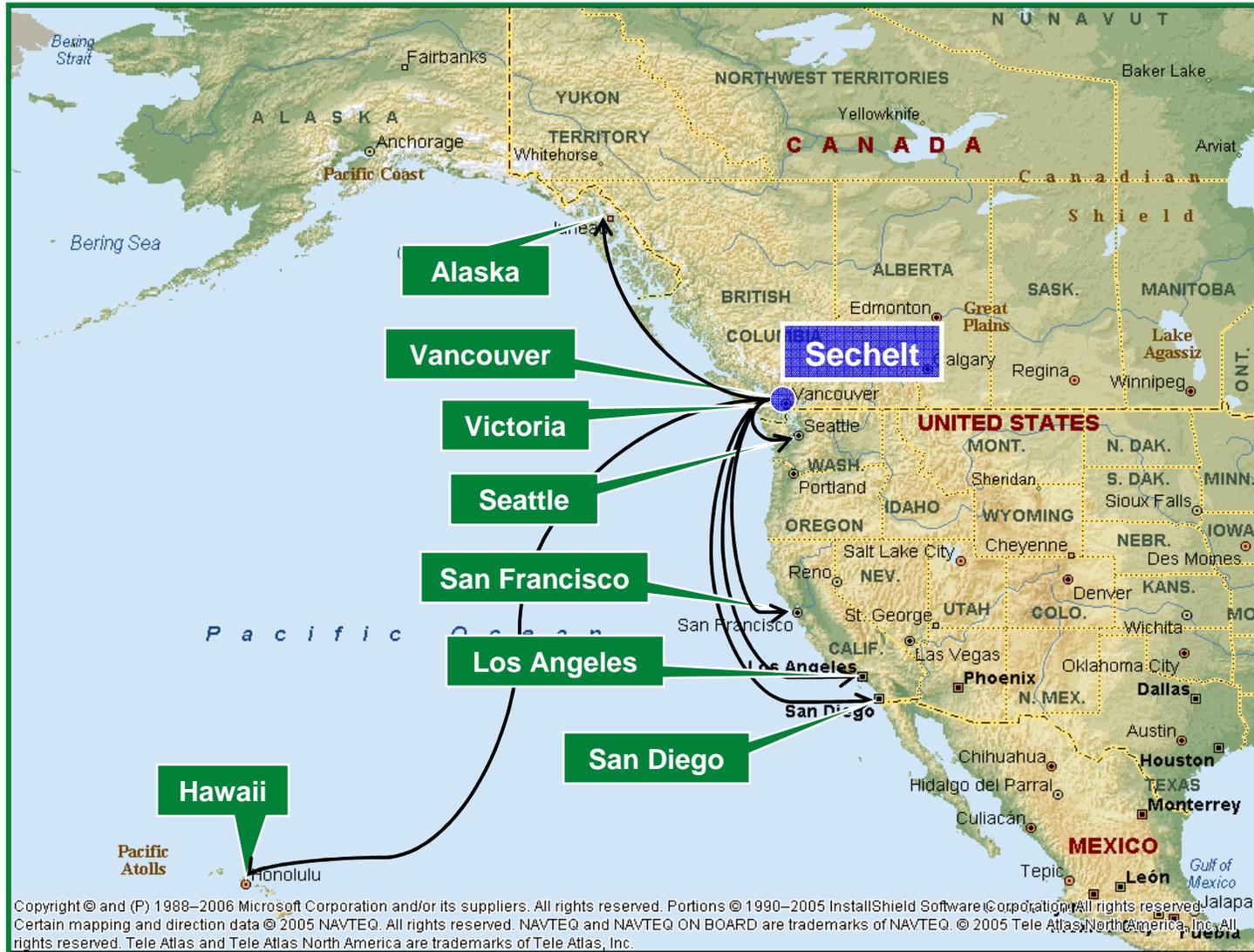
- The new Terrell Terminal covers the Eastern part of the DFW metropolitan.
- The terminal is supplied by limestone aggregates from the Bridgeport quarry

We continuously refine our network



Focus on efficient and sustainable means to serve market

Example ship: West Coast Canada/USA



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■ Competence Center Materials (CCM) assures global excellence

Global organization with regional centers in Brussels (Belgium), Dallas (USA), Heidelberg (Germany), Sydney (Australia), and Vancouver (Canada).

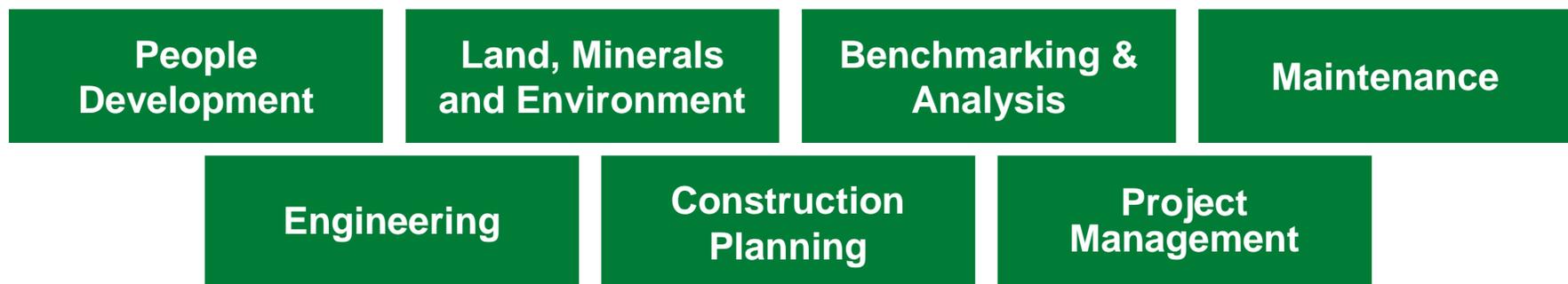
Main focus areas

Operational Excellence:

- Measurement of KPIs, benchmarking and best-practice transfer
- Projects and Continuous improvement

Efficient use of capital:

- Improve market position and operational performance by allocating tight capex effectively

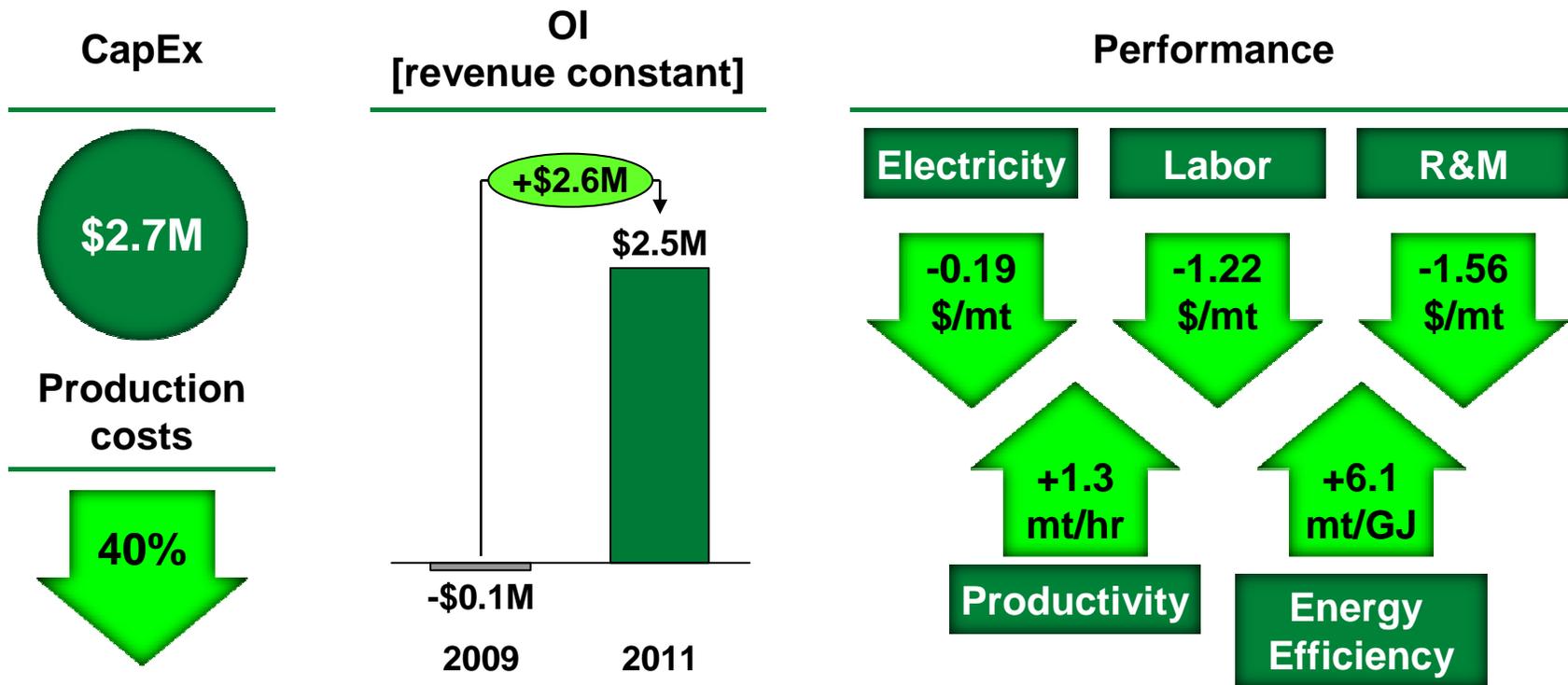


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Replacement capex – Efficient use of capital

Example: Replacement of undersized screening equipment and recirculation conveyors



Clear focus on efficient use of shareholder money. Success secured by multifunctional review process, constant pipeline of ideas, and post-investment-reviews

Growth capex – Secure position in attractive markets

Example 1: Sugar Run (US) greenfield project in Marcellus Shale gas plays

- **Regional demand growth ~60% p.a. from 2008-2011**
- **20 year lease with extension option, 13 million mt high quality limestone**
- **Permitting completed in March 2012, mine development underway**

Example 2: Ledinge (Sweden)

- **Complementing existing sites in attractive Stockholm market**
- **Purchased and integrated in 2012**
- **Hardstone: > 12 million mt reserve; sand and gravel: > 5 million mt reserve**

Example 3: Jakarta (Indonesia)

- **Growing demand for aggregates and RMC to build infrastructure**
- **2 quarries near Jakarta: Current production capacity is in excess of 3 million mt.**
- **Further expansion opportunities identified**

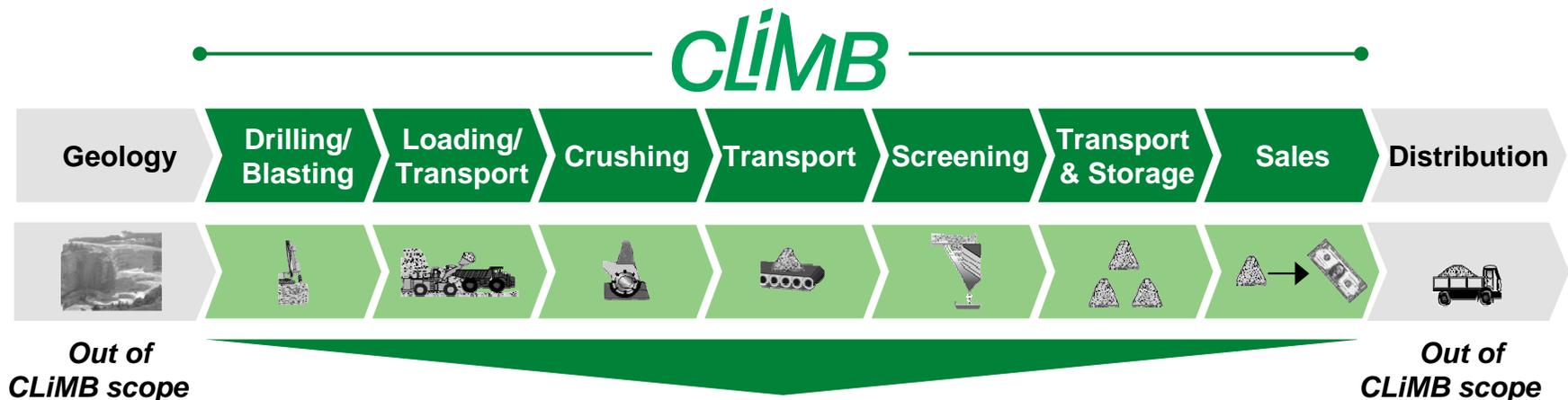
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Operational Excellence: key optimization lever CLiMB
 Our foundation for a global continuous improvement culture

CLiMB

Continuous improvement
Leadership development
innovative operations
Margin optimization
Best-in-Class



Full value chain coverage

■ Our long-term target: sustainable improvement

Project target:

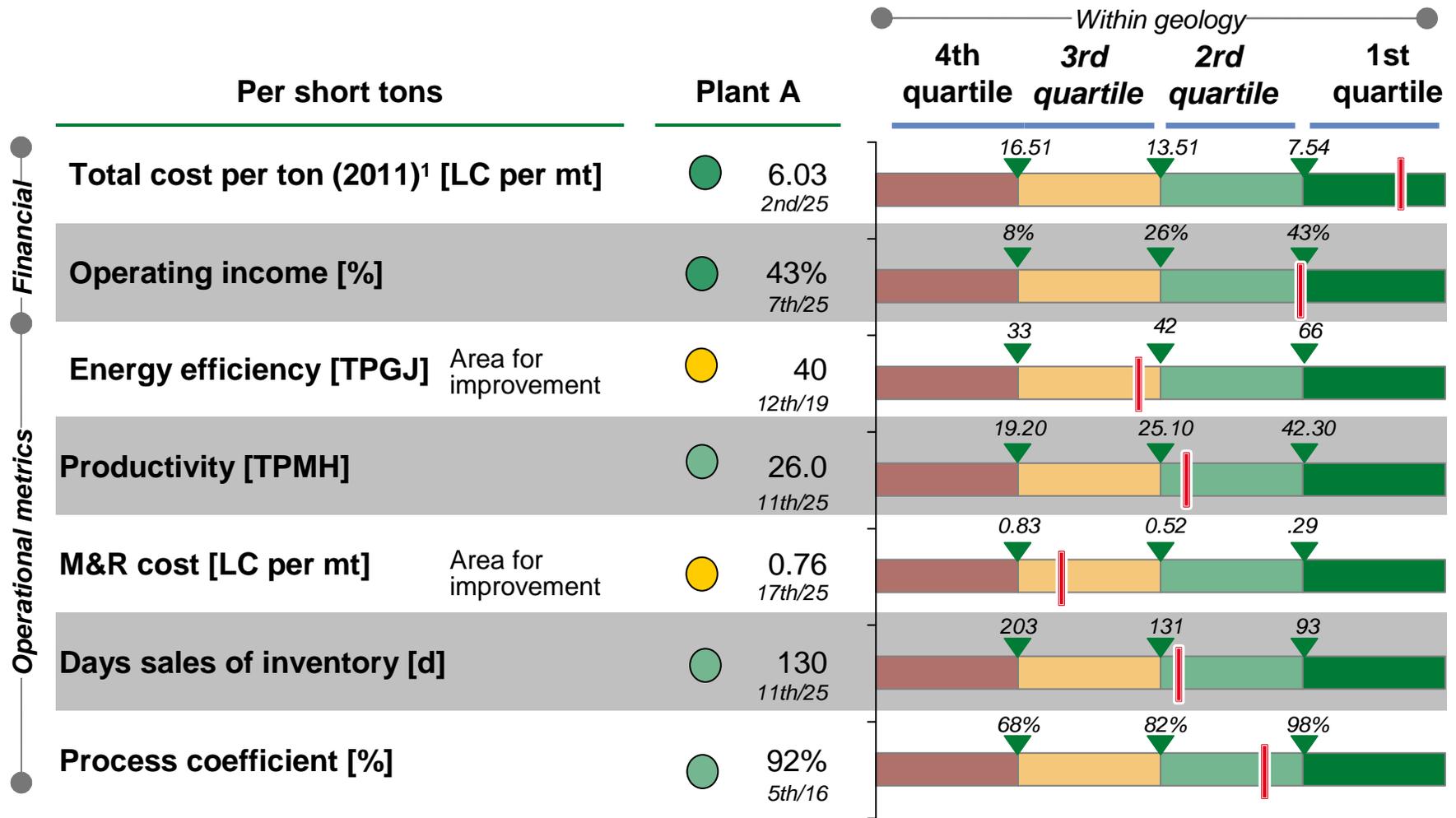
€m120 recurring margin improvement committed by the end of 2013

Guidelines for measure generation

- Investigate all possible levers, i.e. stripping, drill and blast, extraction, transport, processing, loading and shipping, M&R, production balancing, sales, purchasing etc.
- Assure sustainable improvement/behavior change
- Focus on projects without CapEx needs
- Ensure buy-in of the operations

**Improvement never stops:
Further measure generation beyond 2013**

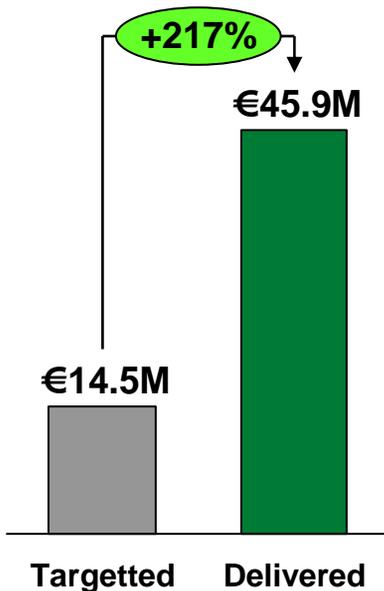
Pre-site analysis to assess plant performance



We benchmark our sites to identify the areas of improvement

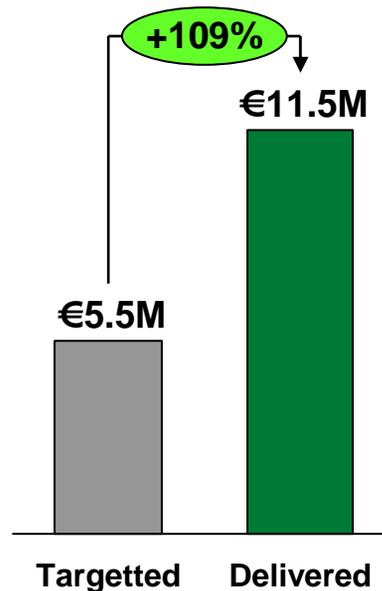
Strong idea generation is nothing without implementation

Committed improvement potential 2011



Implementation

Realized pro-rata cash effect 2011



Payback period of CLiMB CapEx



Both identification and implementation substantially exceeded the targets.

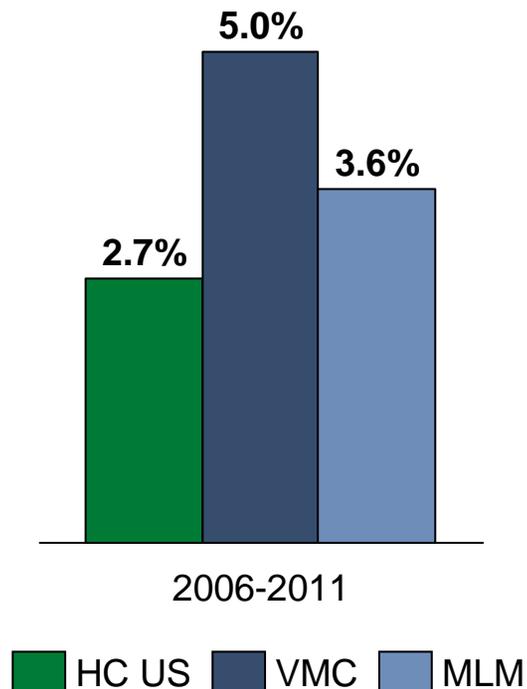
Focus on fast payback if CapEx necessary

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■ Pricing is our field for further improvement We will address diligently

Agg. Price CAGR 2006 - 2011



Measures to improve our prices

- Standard HC pricing pattern
- Common HC pricing policy
- Surcharges
- Tools refinements
- Specific sales force training
- Multi-step price increases during the year

Pricing has significant upside potential

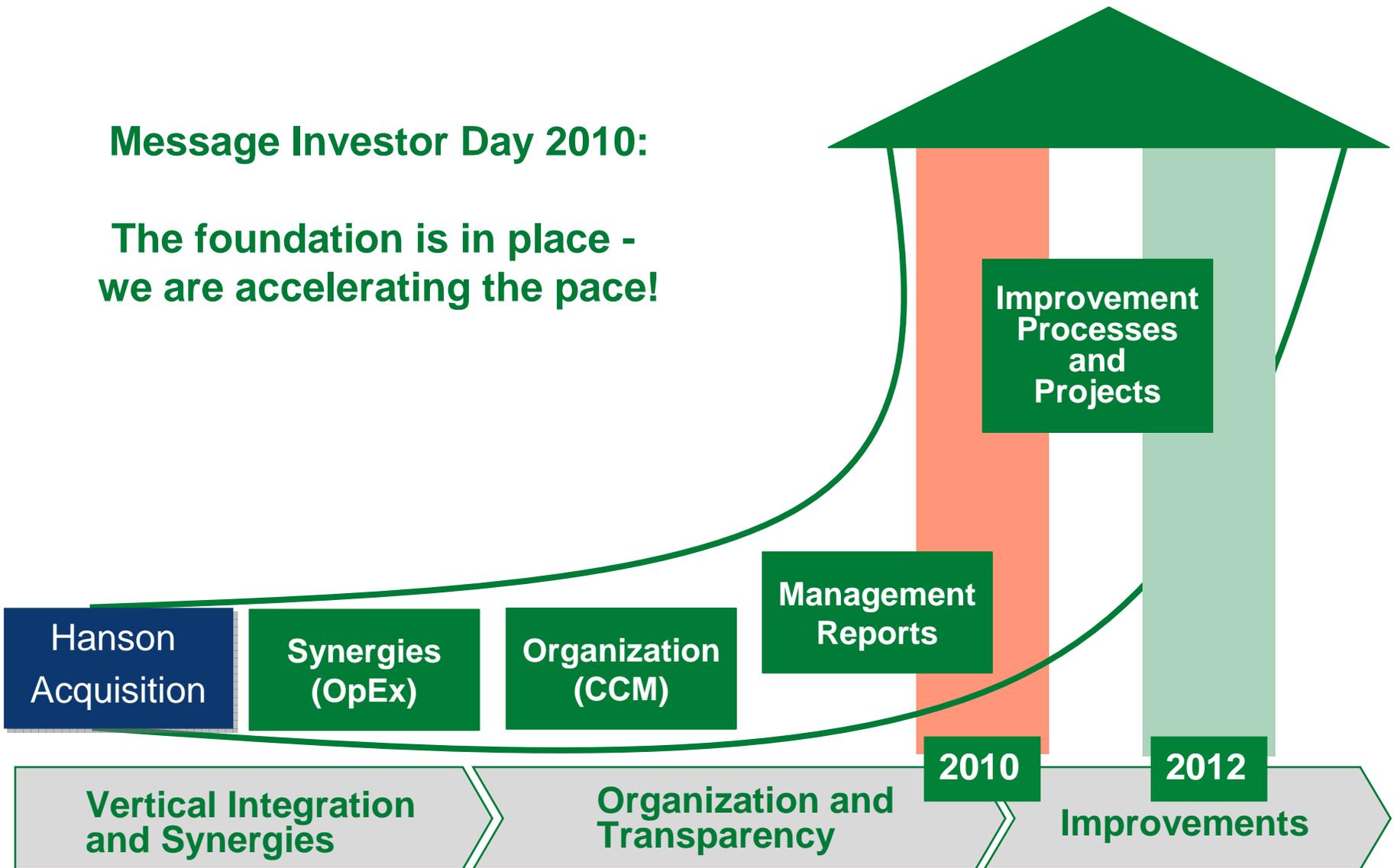
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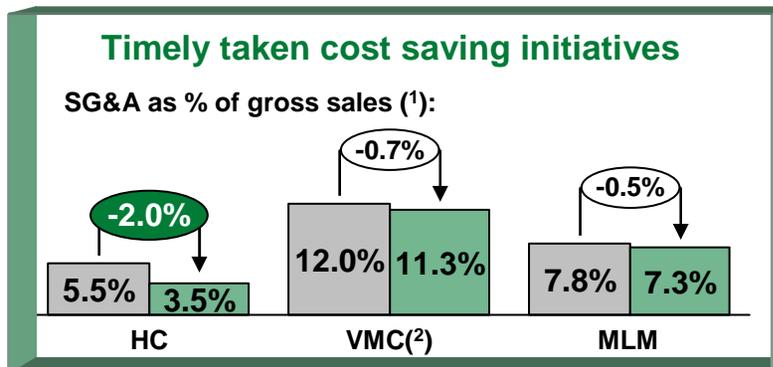
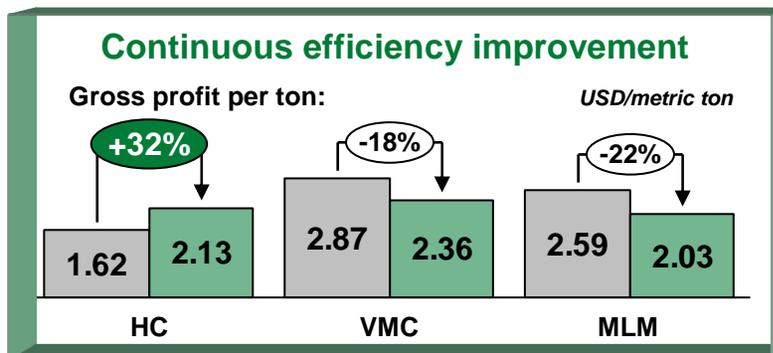
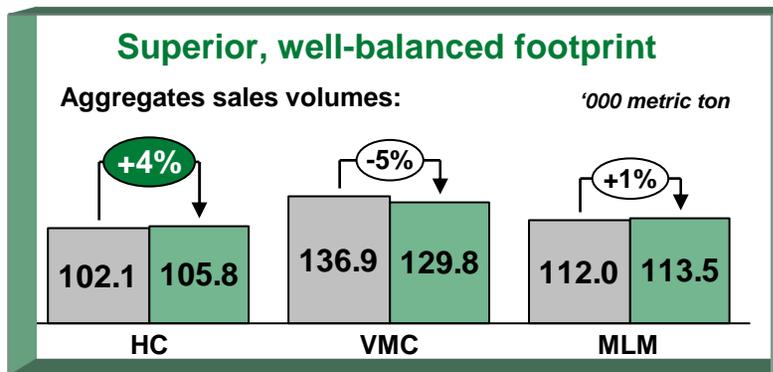
2010 we promised to accelerate...

Message Investor Day 2010:

The foundation is in place -
we are accelerating the pace!

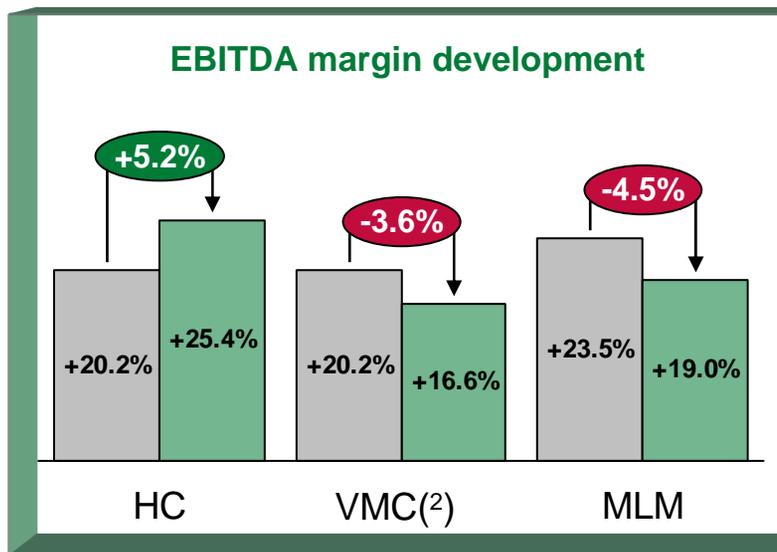


...and we did !



2009 2011

HeidelbergCement outperformed competitors



Target: 27% EBITDA margin

Source: Company reports; (1) Pension gains are excluded in HC values; (2) Values are based on reported total Group figures.

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■ HeidelbergCement Aggregates – Summary

- **Size and Footprint:** Global market leader...and growing
- **Reserves Position:** Successful permitting management
- **Serving the Markets:** Focus on most efficient & sustainable means
- **Competence Center Materials:** Assure global excellence
- **Investment Management:** Focus on ROCE and result improvement
- **Improvement Project CLIMB:** Runs better than plan
- **Pricing:** Unlock our upside potential
- **Competitor Benchmark:** We focus to continue to outperform
- **Key Take-away:** Have come a long way – still big potential

**We delivered what we promised the last time –
and focus on identification of new opportunities**



Thank you very much for your attention!

Safe Harbour Statement

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