

Annual General Meeting 2012



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1. Review of 2011

- Market development and key financial figures
- “FOX 2013” programme exceeds expectations
- Capital and financial structure further strengthened
- Expansion of cement capacity in growth markets
- Commitment to sustainability

2. HeidelbergCement in the capital market

3. Current development – Q1 2012 results

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- Market development
- “FOX 2013” programme and “Supply Chain Optimisation”
- Capacity expansion and continuation of growth
- Management priorities

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2. HeidelbergCement in the capital market

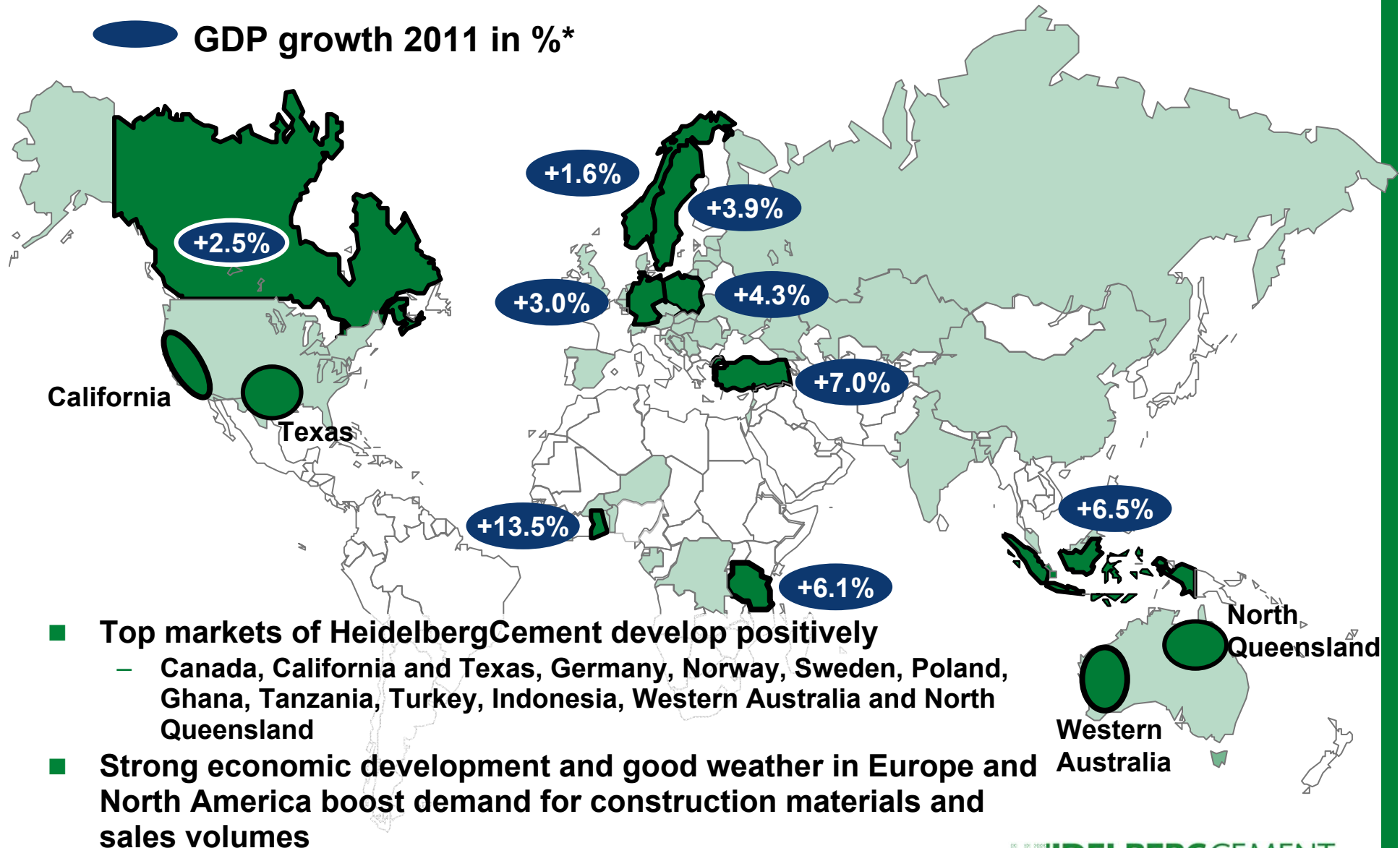
3. Current development

4. Outlook for 2012

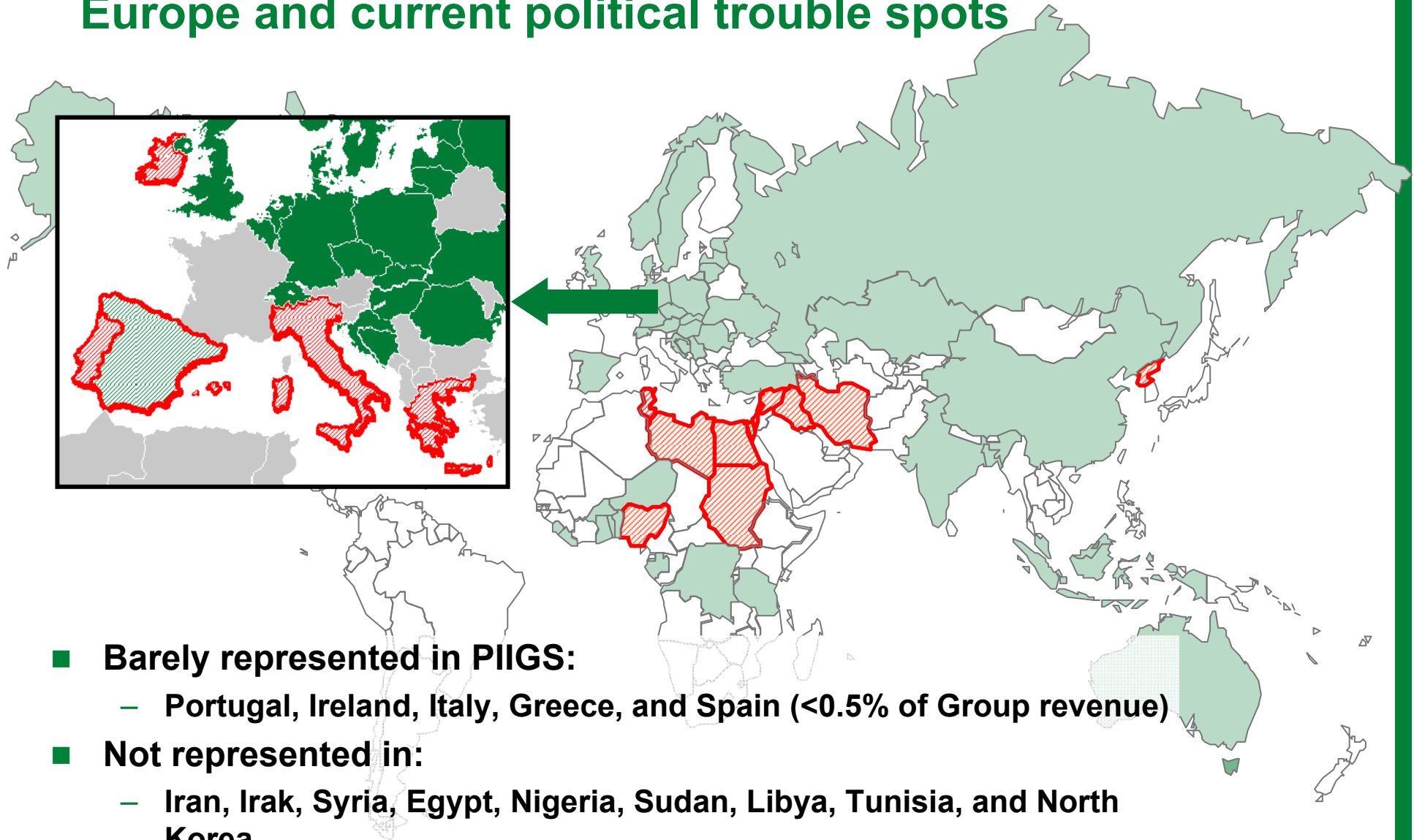
■ Another step towards reaching our strategic goals

- **2011 targets reached despite significant rise in energy costs**
 - Revenue: €bn 12.9 (+10%)
 - Operating income: €bn 1.5 (+3%)
 - Net profit: €m 534 (+5%)
- **Excellent geographic footprint and consistent cost management are decisive key factors**
 - Strong sales volume growth in all Group areas
 - “FOX 2013” programme exceeds target by €m 184; cash savings of €m 384
- **Capital and financing structure further strengthened**
 - Net debt reduced to €bn 7.77
 - Liquidity headroom increased to €bn 4.7
- **Investments with focus on cement in attractive micro markets**
 - Cement capacity expanded in growth regions: Poland, Russia, and Bangladesh

HeidelbergCement benefits from economic growth

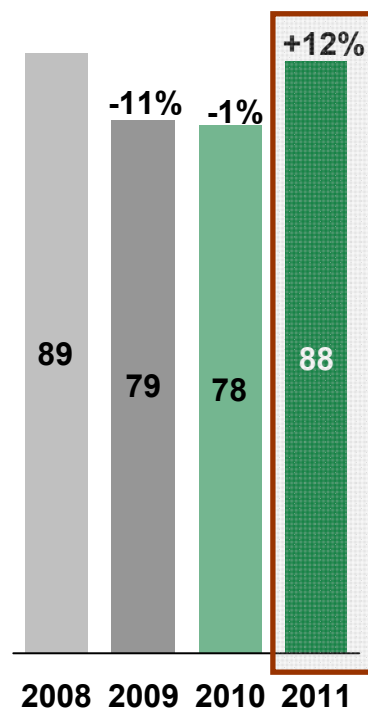


HeidelbergCement: low exposure to crisis countries in Europe and current political trouble spots

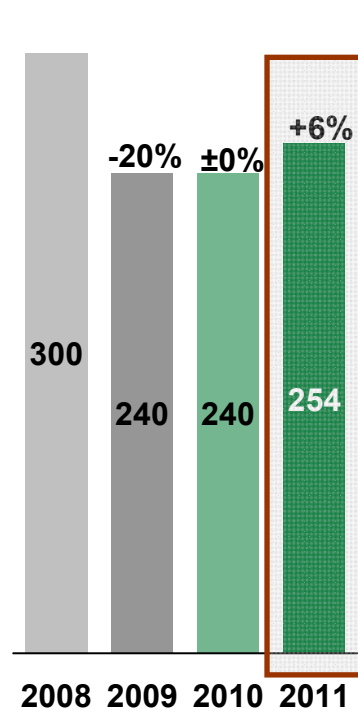


■ Sales volumes significantly above previous year's level

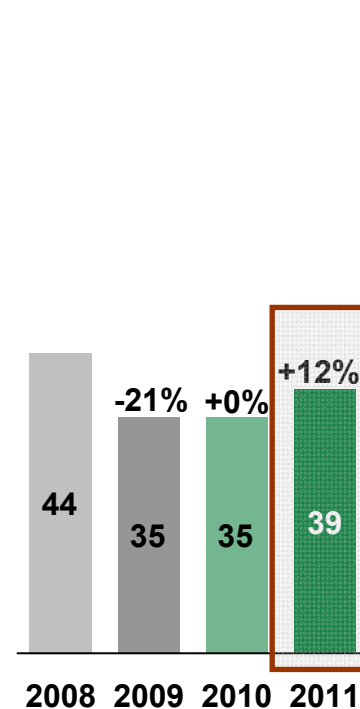
**Cement
(mt)**



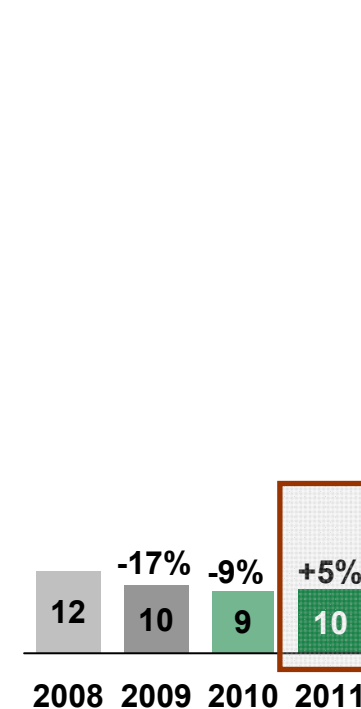
**Aggregates
(mt)**



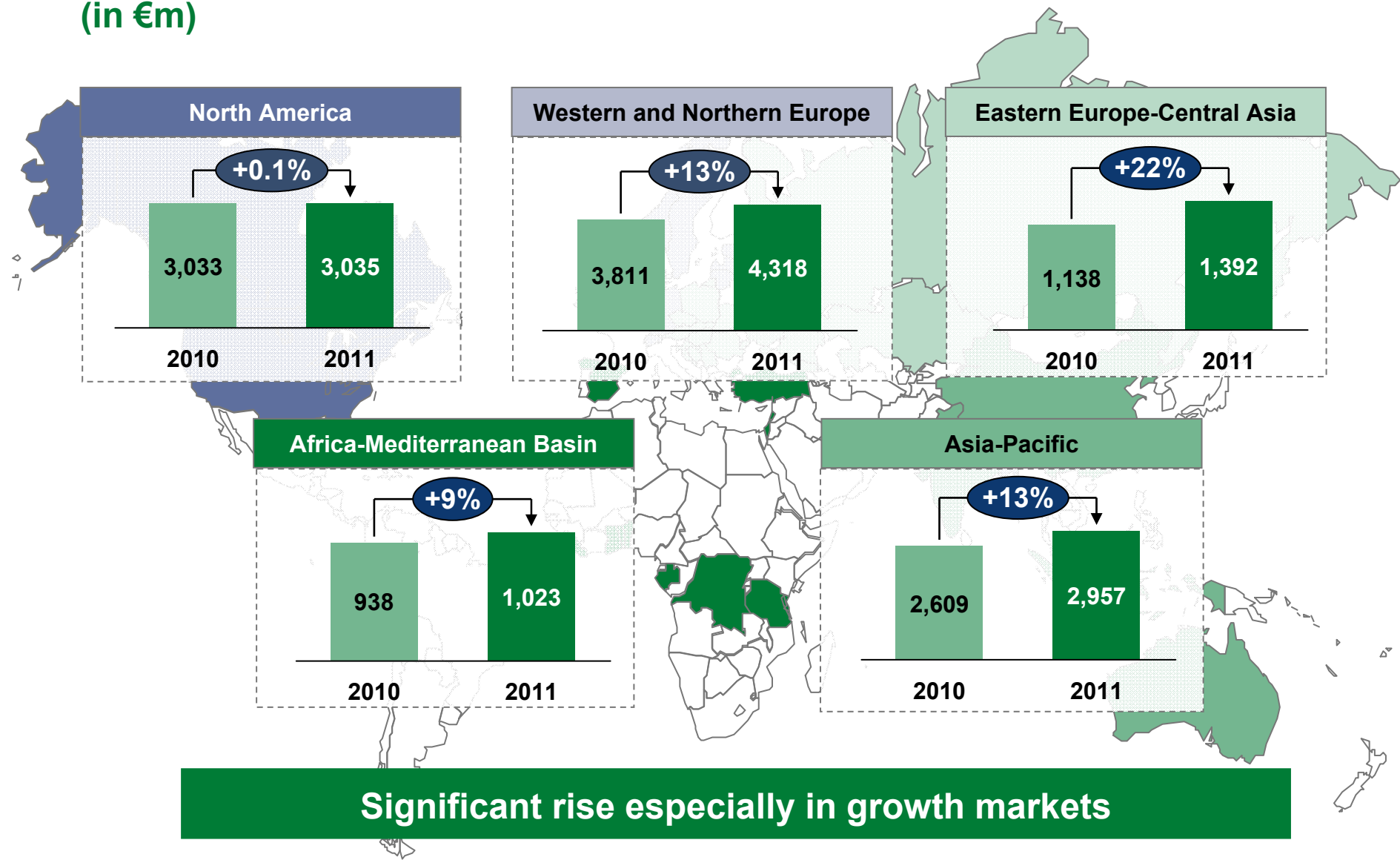
**Ready-mixed
concrete (mm³)**



**Asphalt
(mt)**



■ Solid growth driven by superior geographical footprint (in €m)

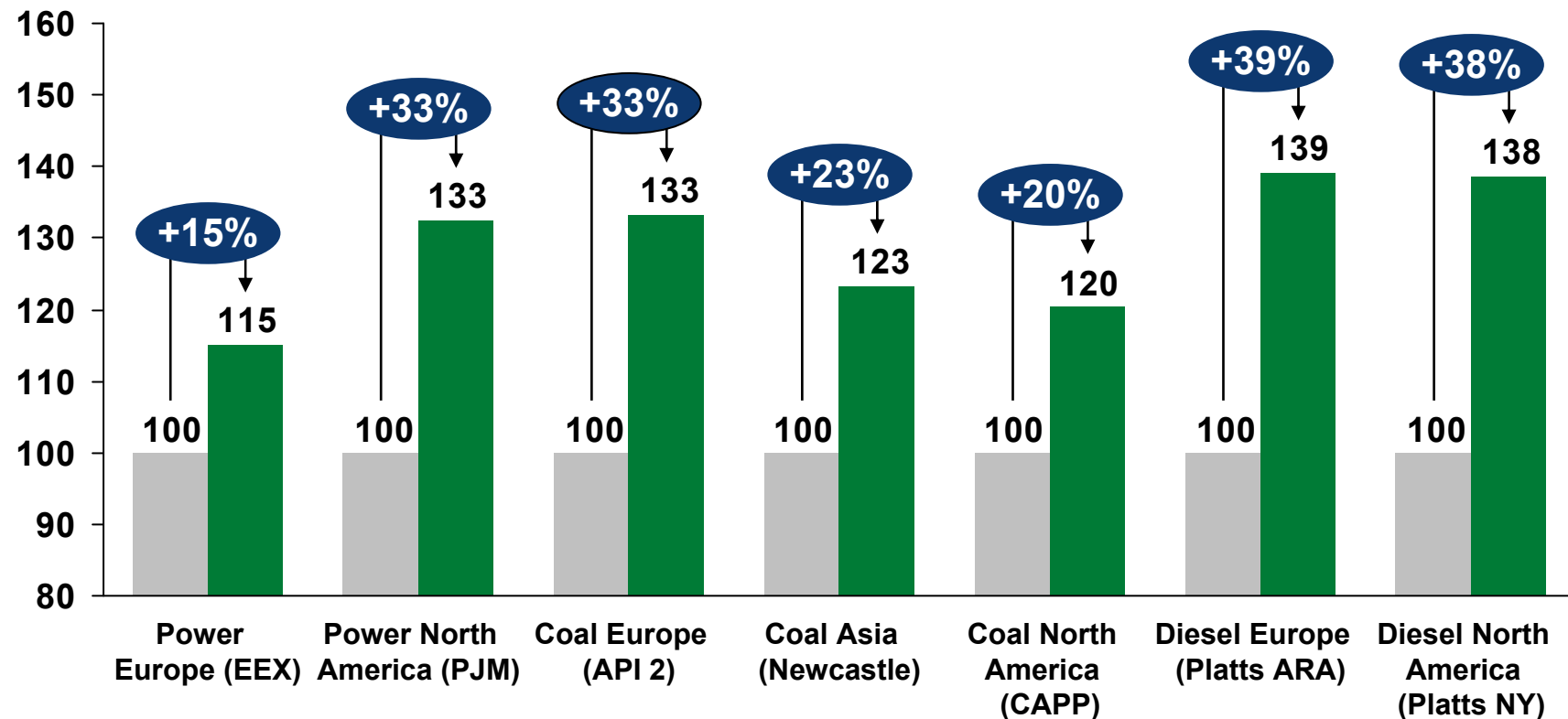


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2011: massive increase in energy costs after Fukushima

Indexed energy costs
(Base 2010 = 100)

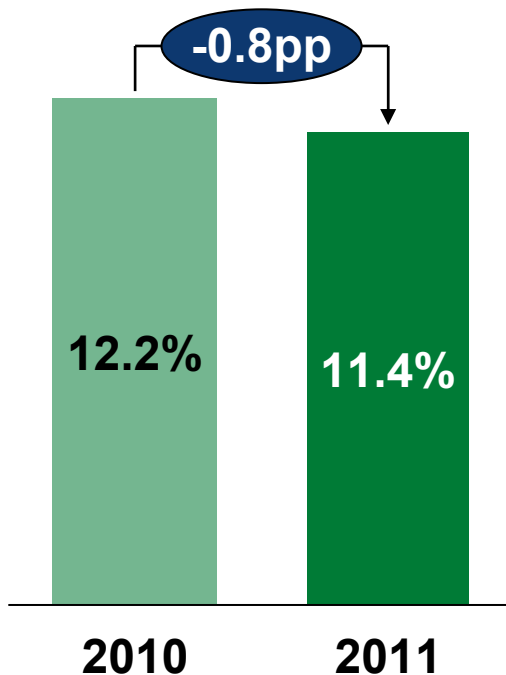
2010 2011



■ Increase in energy costs leads to decline in margins

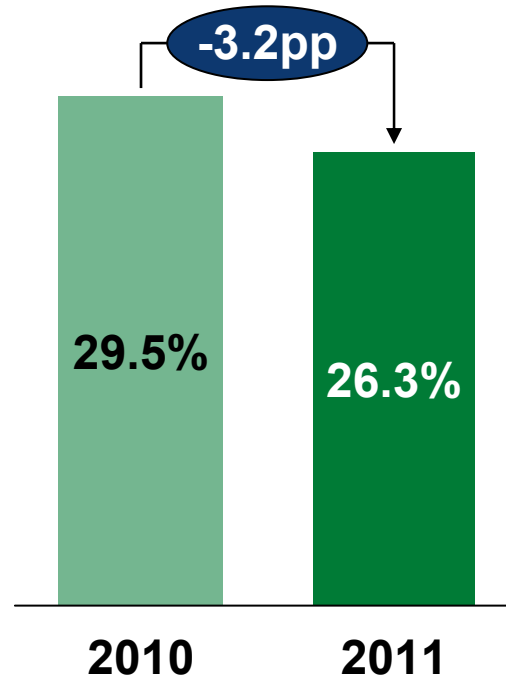
Operating income in % of:

Total revenue

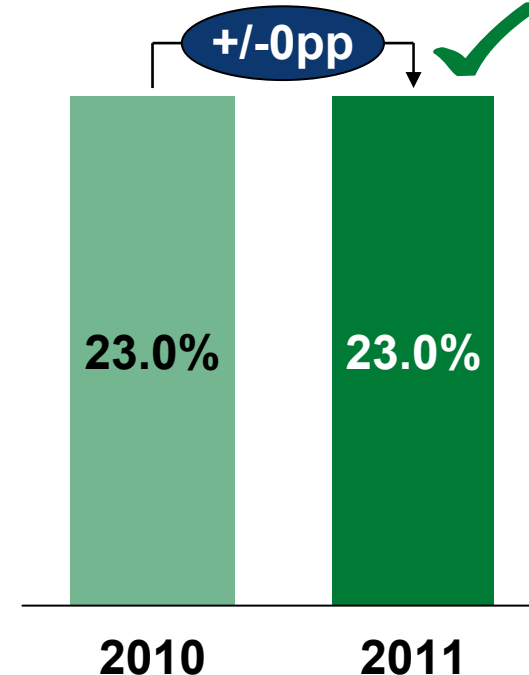


Operating EBITDA in % of:

Cement revenue



Aggregates revenue



- Decline in Group operating margins, especially in the cement business, due to an increase in energy prices by 12%
- Margin in the aggregates business remains stable

Key financial figures 2011

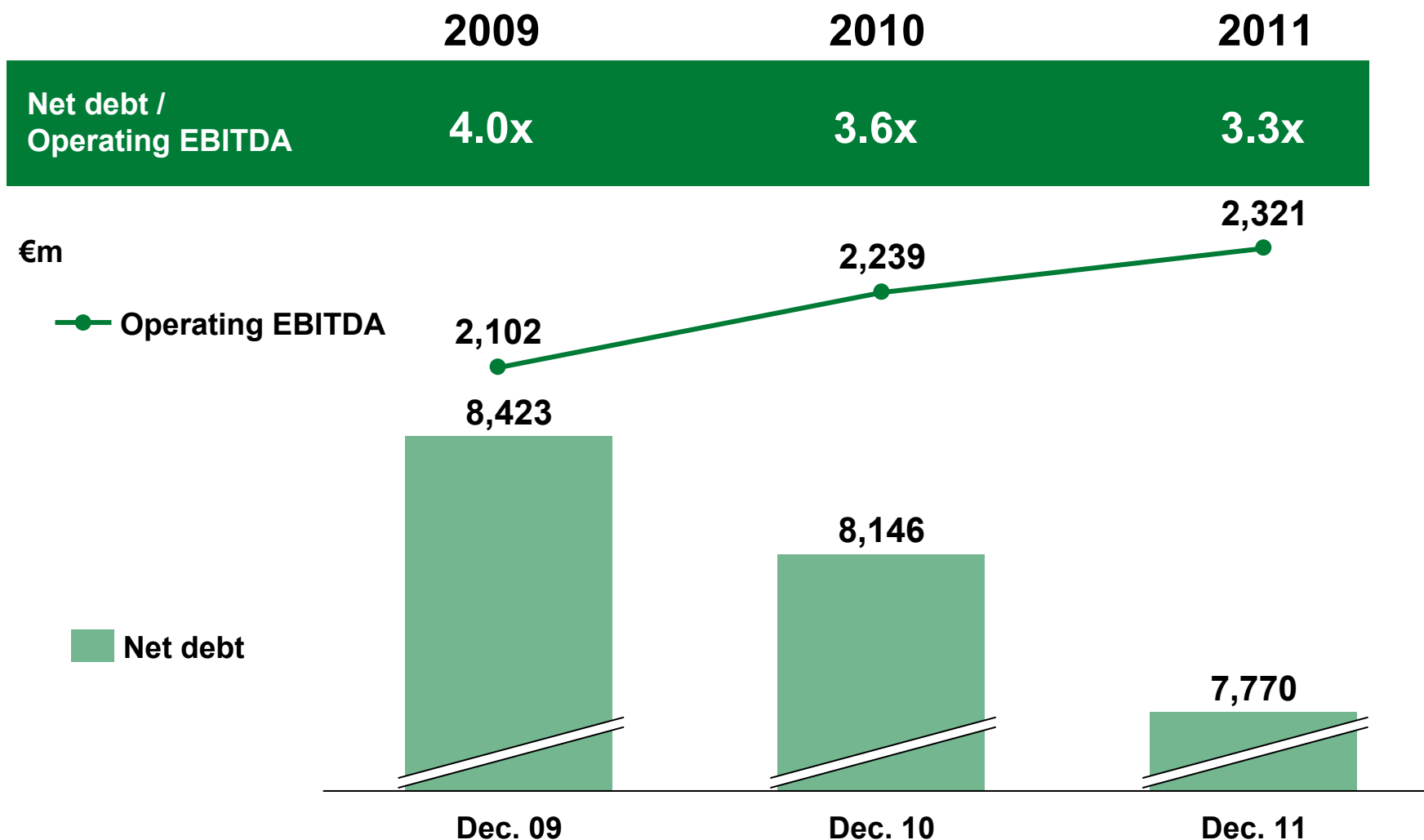
Consolidated income statement €m	2010	2011	Var. in %	like for like ¹⁾ in %
Revenue	11.762	12.902	9,7%	10,7%
Operating EBITDA	2.239	2.321	3,6%	4,0%
as % of revenue	19,0%	18,0%		
Operating income	1.430	1.474	3,1%	3,2%
Profit for the financial year	511	534	4,5%	
Group share of profit	343	348	1,5%	
Earnings per share in €	1,83	1,86	1,6%	

¹⁾ At constant consolidation scope and exchange rates

Balance sheet (short version)

€m	31 Dec. 2010	31 Dec. 2011	Part of balance sheet total 2011
Intangible assets and property, plant, and equipment	21.837	22.145	76 %
Financial assets	520	553	2 %
Other non-current assets	683	697	2 %
Current assets	4.333	5.625	20 %
Disposal groups held for sale	3		
Shareholders' equity and non-controlling interests	12.884	13.569	47 %
Non-current liabilities	11.337	10.783	37 %
Current liabilities	3.151	4.669	16 %
Liabilities in disposal groups	4		
Balance sheet total	27.377	29.020	100 %
Shareholders' equity/total capital	47,4%	47,0%	
Gearing (net debt/shareholders' equity)	62,9%	57,0%	

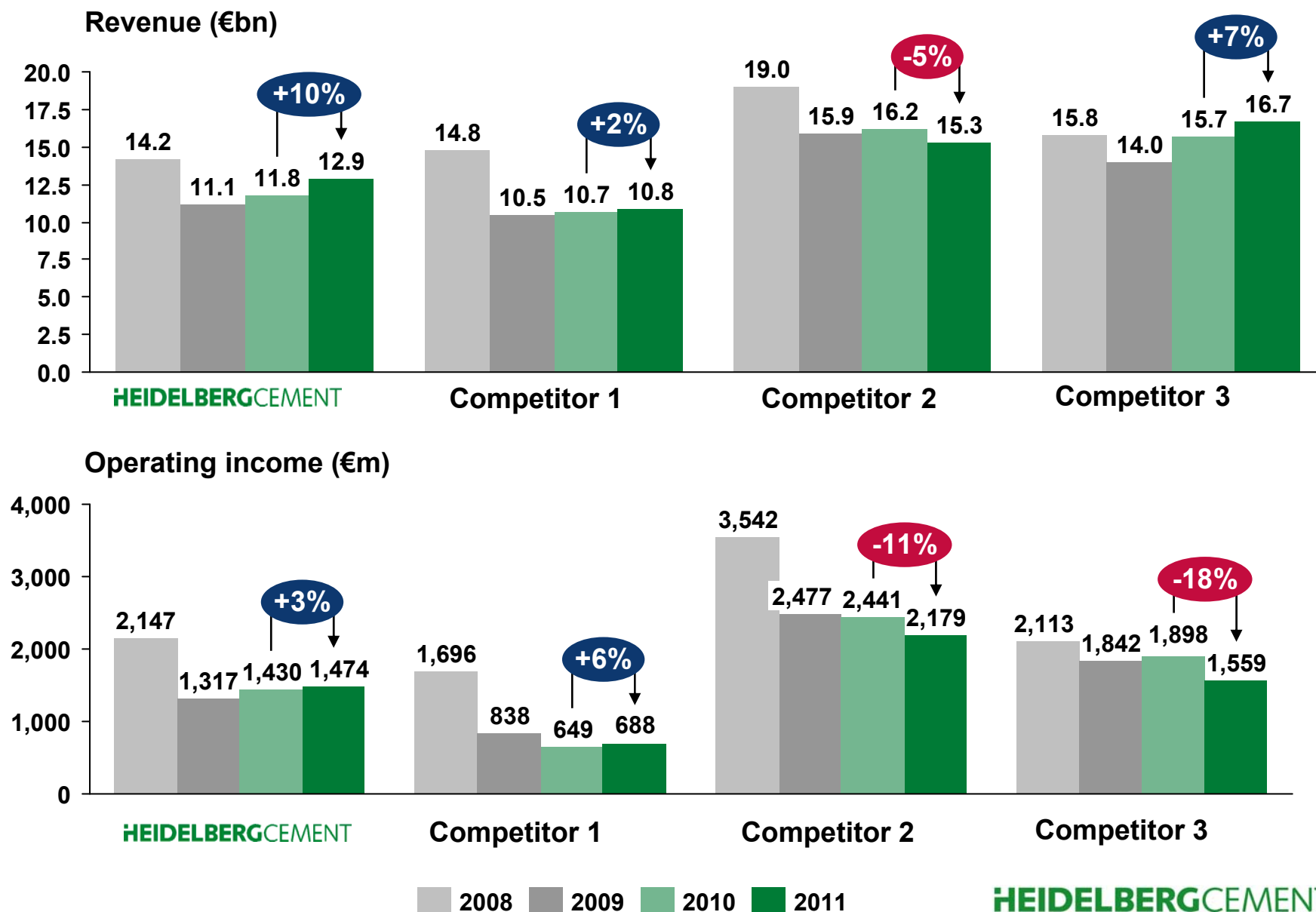
Operational and financial key figures improved



Continuous deleveraging without weakening the business portfolio

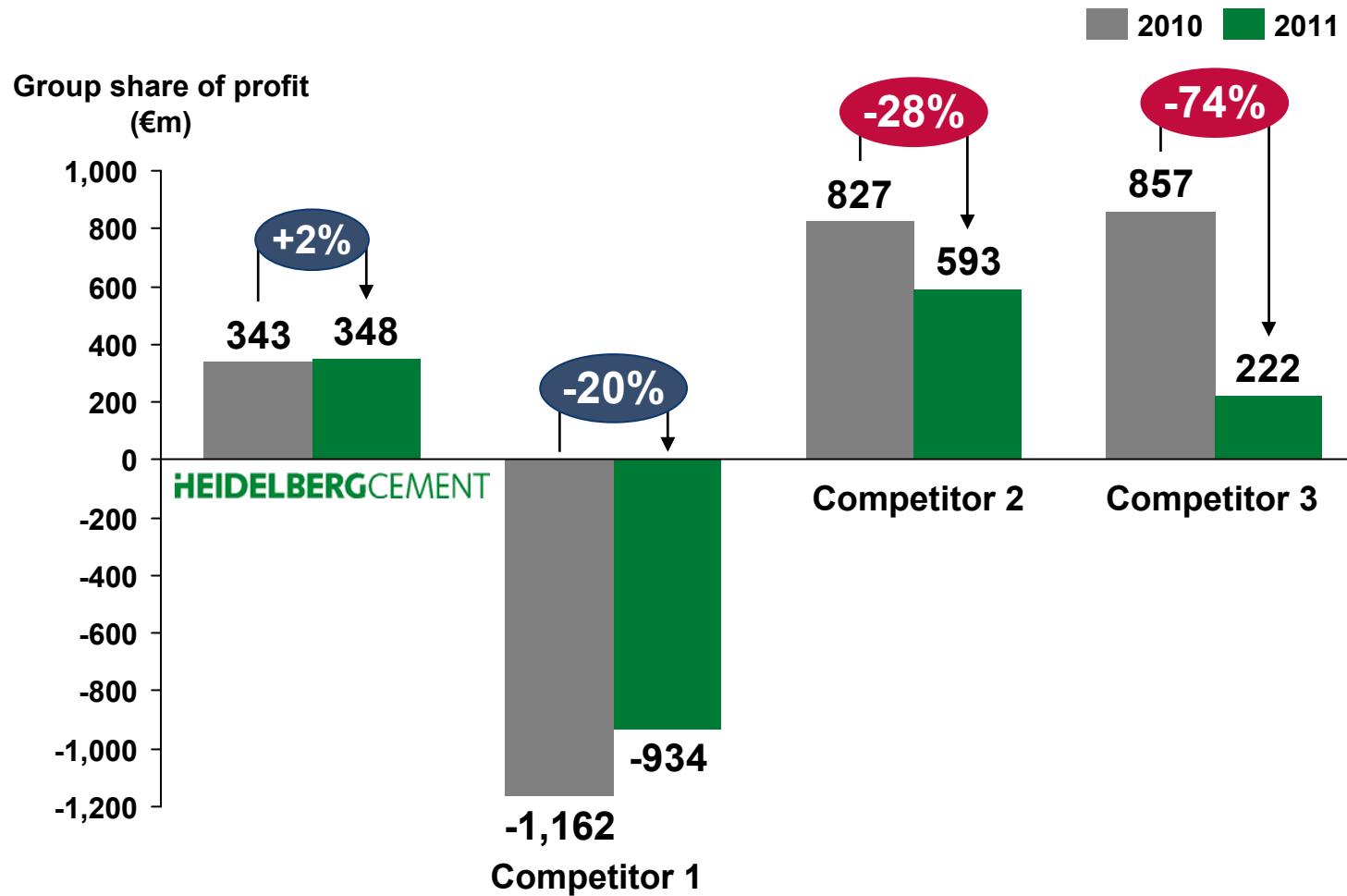
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Compared to competitors, HeidelbergCement made a good showing



Profit for the financial year compared to competitors

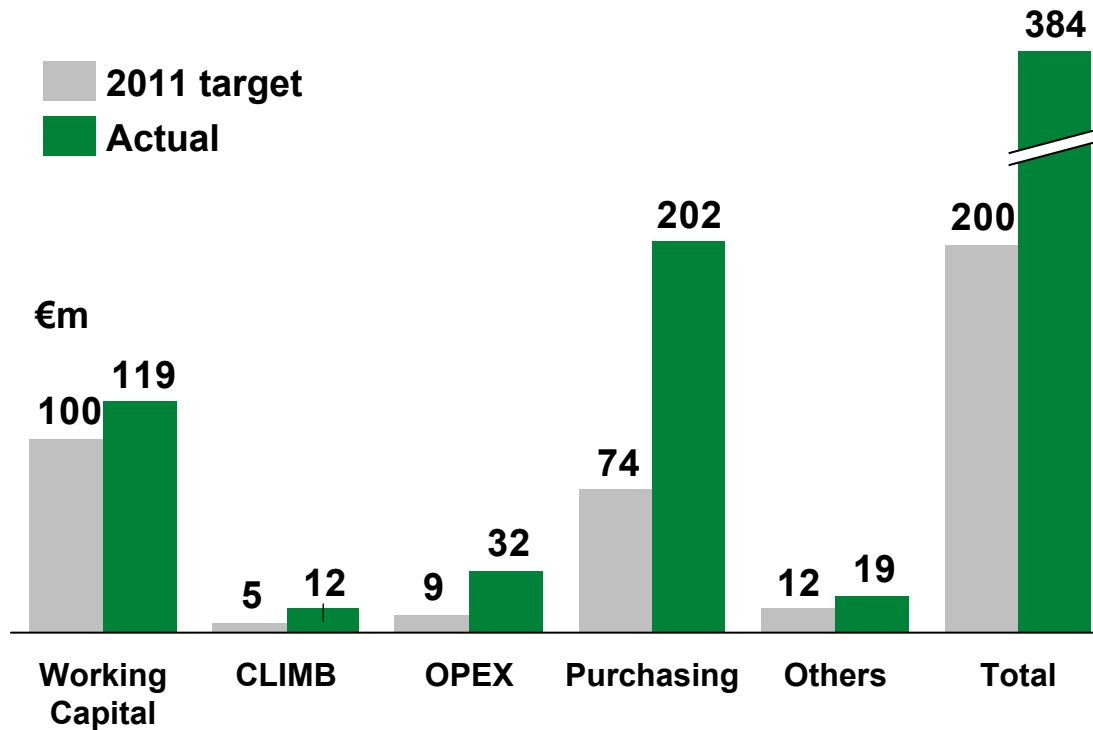
HeidelbergCement is the only company to increase the profit for the financial year



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■ “FOX 2013” programme exceeds expectations

2011 targets significantly exceeded

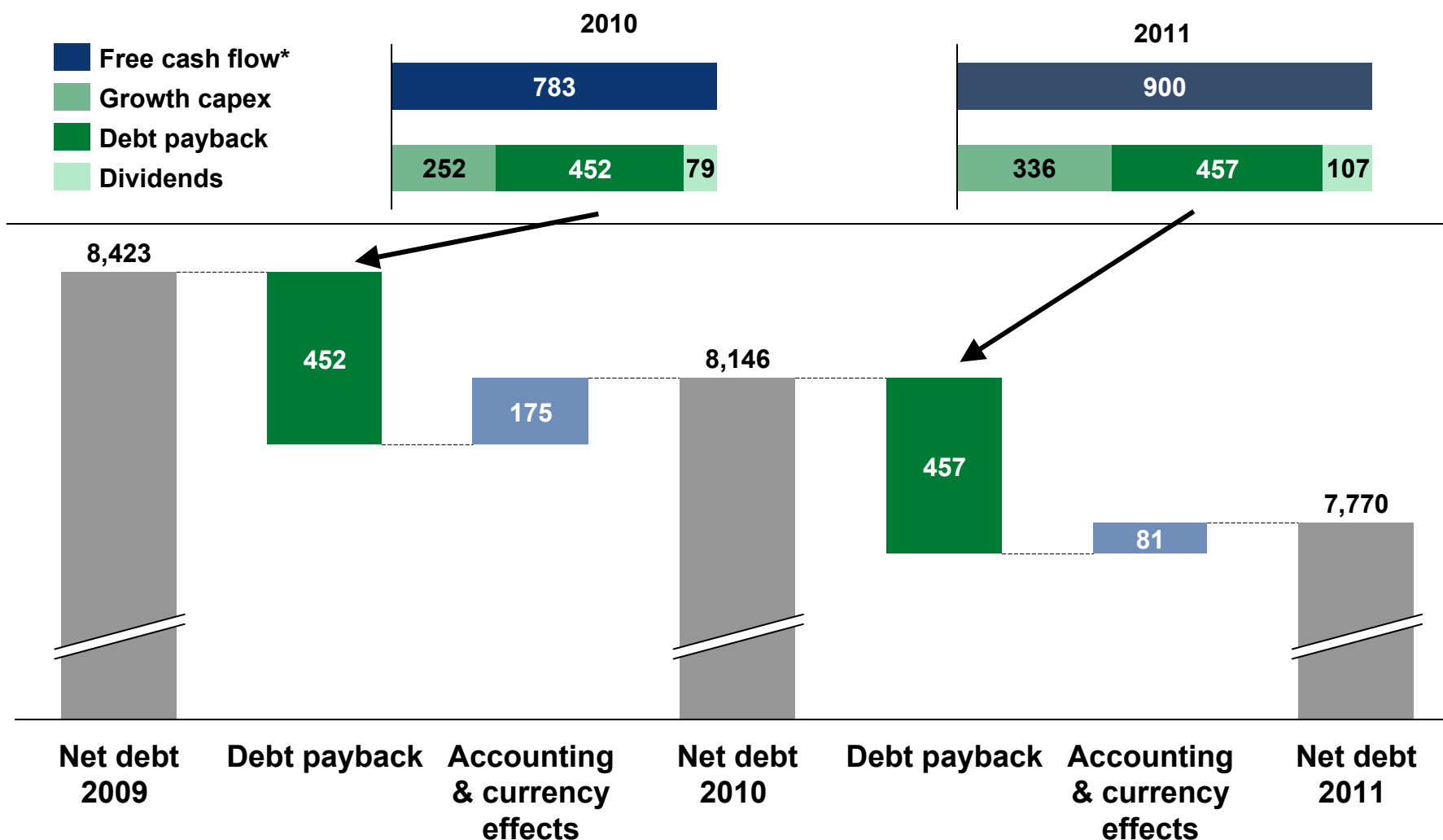


- Cash-saving target exceeded by €m 184
- Operational efficiency improvement projects “CLIMB” and “OPEX” ahead of expectations

HeidelbergCement continues successful cost and cash-saving programmes

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Free cash flow used for continuous debt reduction (€m)

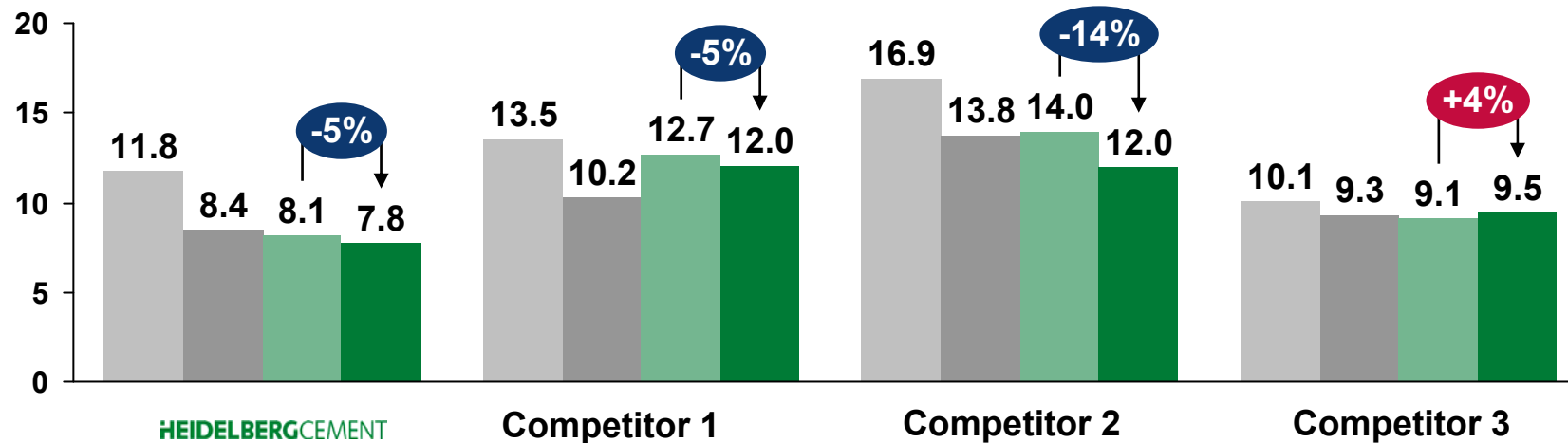


Disciplined use of free cash flow*
Repayment target of €m 300–500 clearly reached

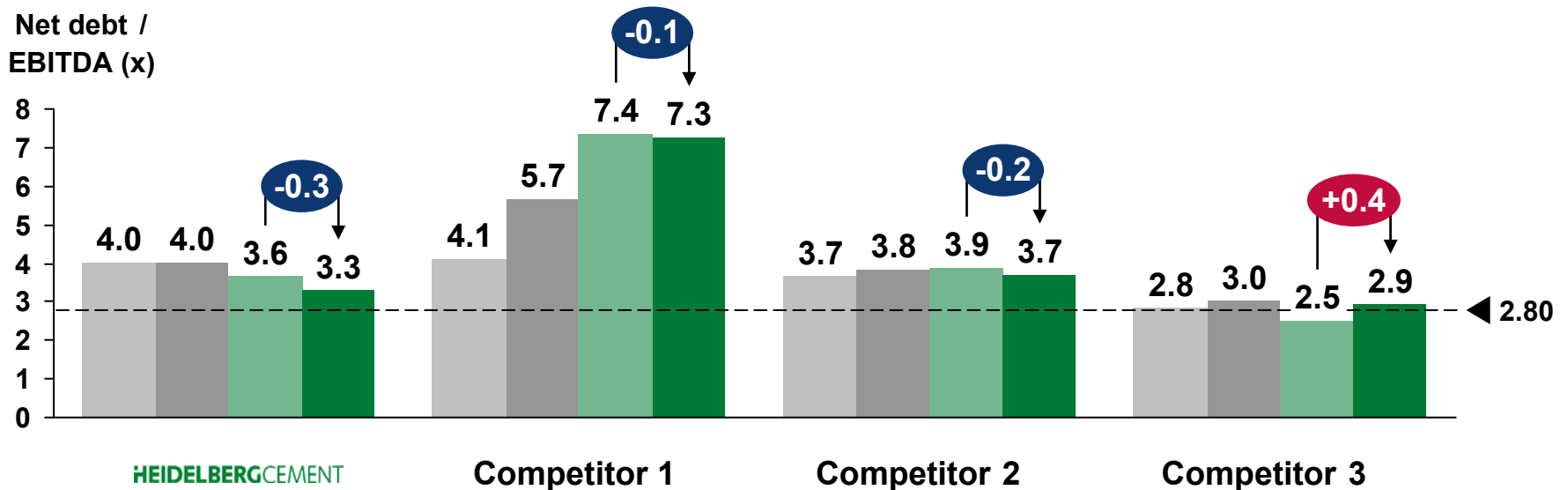
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HeidelbergCement continuously reduces net debt

Net debt (€bn)



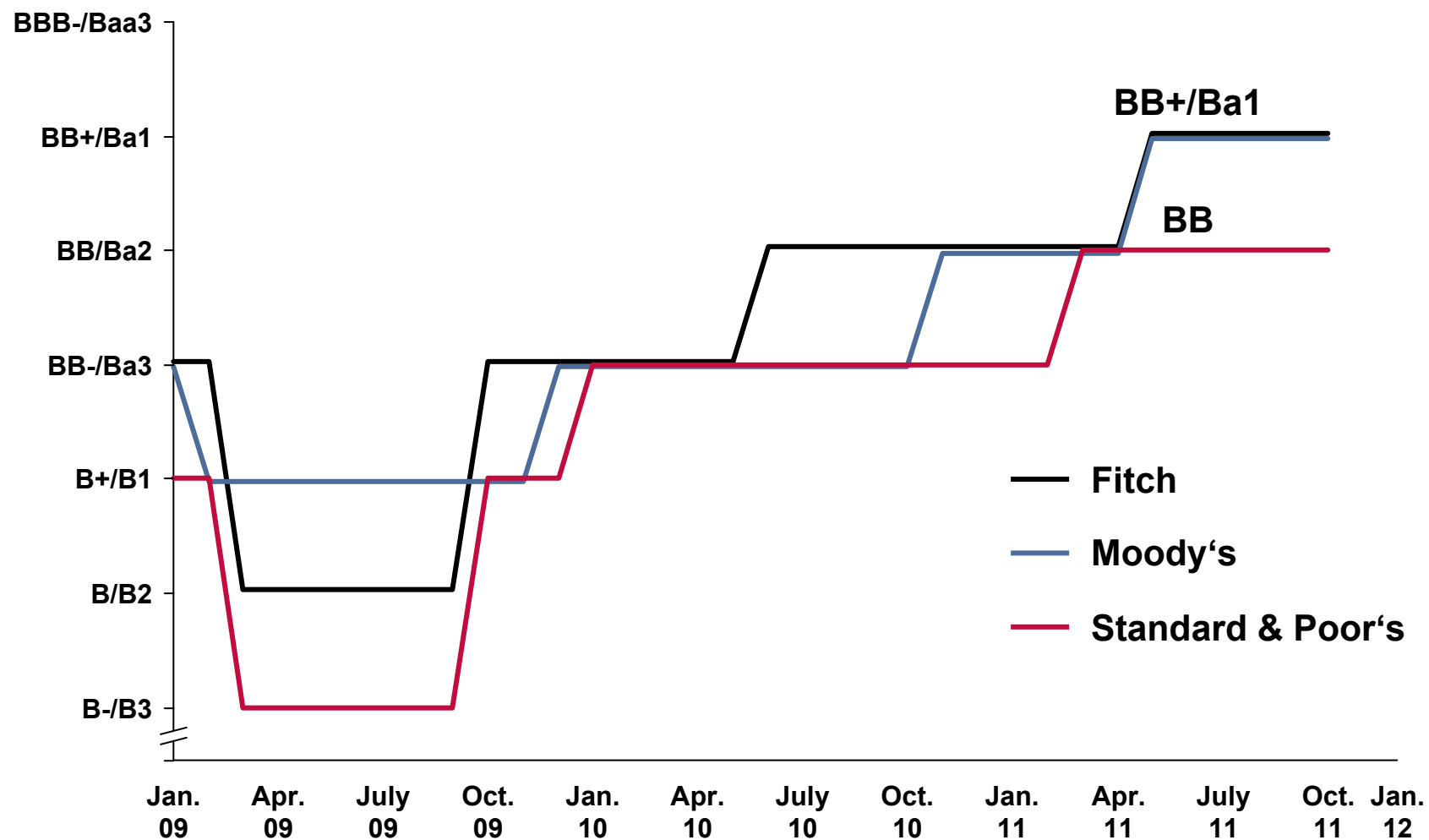
Net debt /
Op. EBITDA (x)



2008 2009 2010 2011

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Positive rating development



Capacity expansion in Poland and Russia

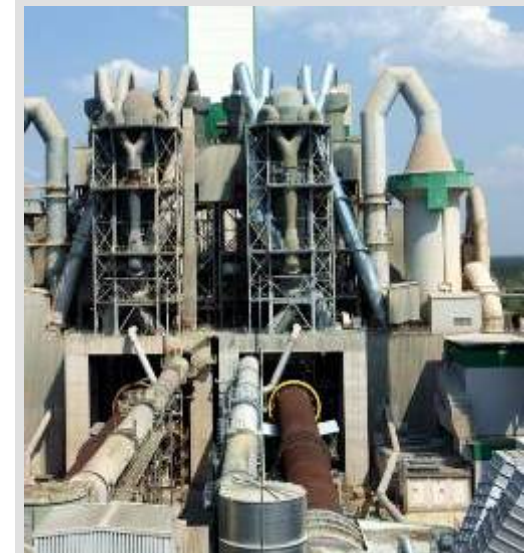
■ Poland

- Expansion of clinker capacity in Polish cement plant in Górażdze by 0.9 mt to 4 mt
- Specific energy consumption and CO₂ emissions reduced
- Prerequisite created for increasing the proportion of alternative fuels in the fuel mix from 50% to 65%

■ Russia

- Opening of TulaCement, one of the most modern and biggest cement plants in Russia; 2 mt cement capacity
- Supplies the greater Moscow market with cement
- Currently third-largest cement supplier in Moscow

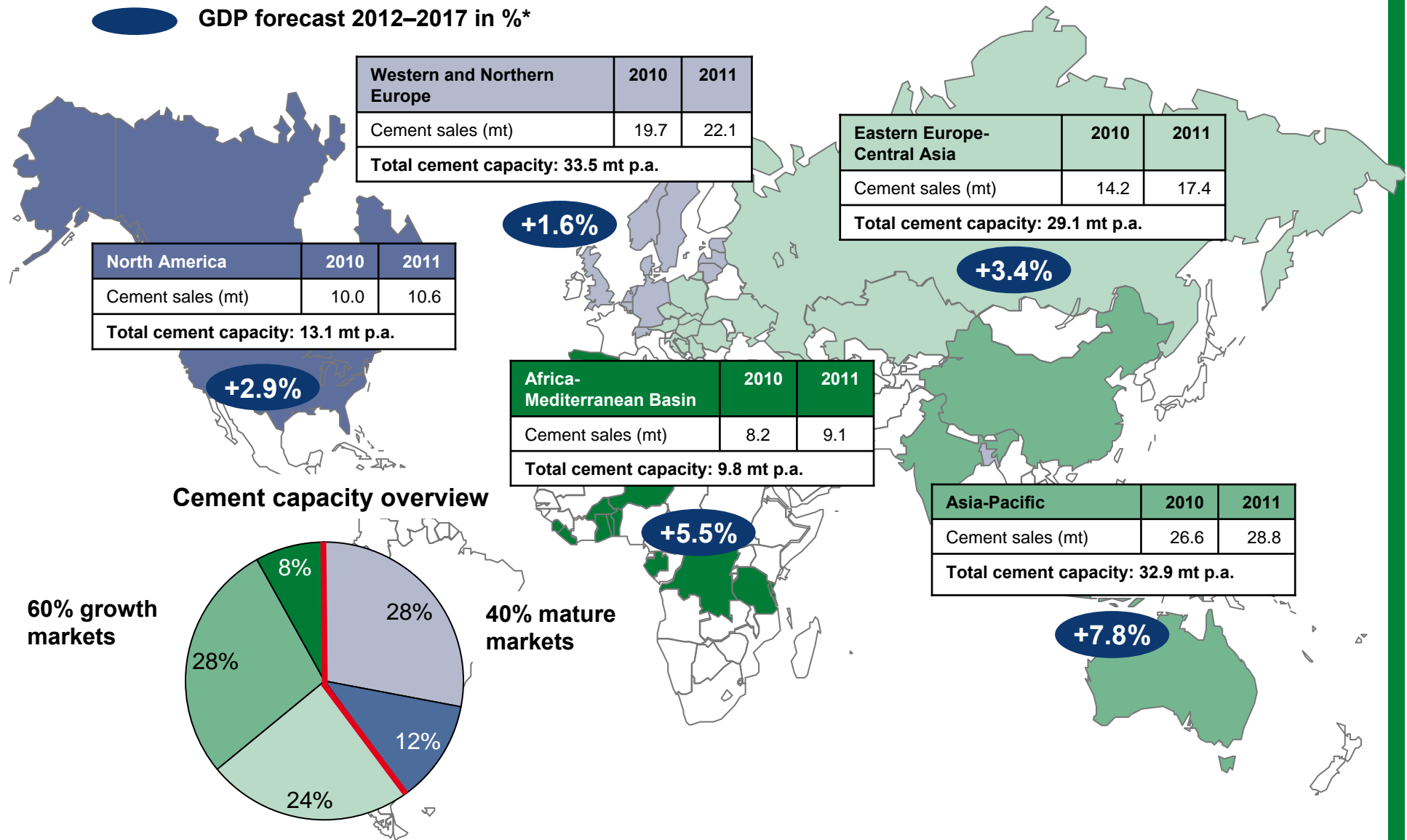
**HeidelbergCement expands its market positions
in growth markets as planned**



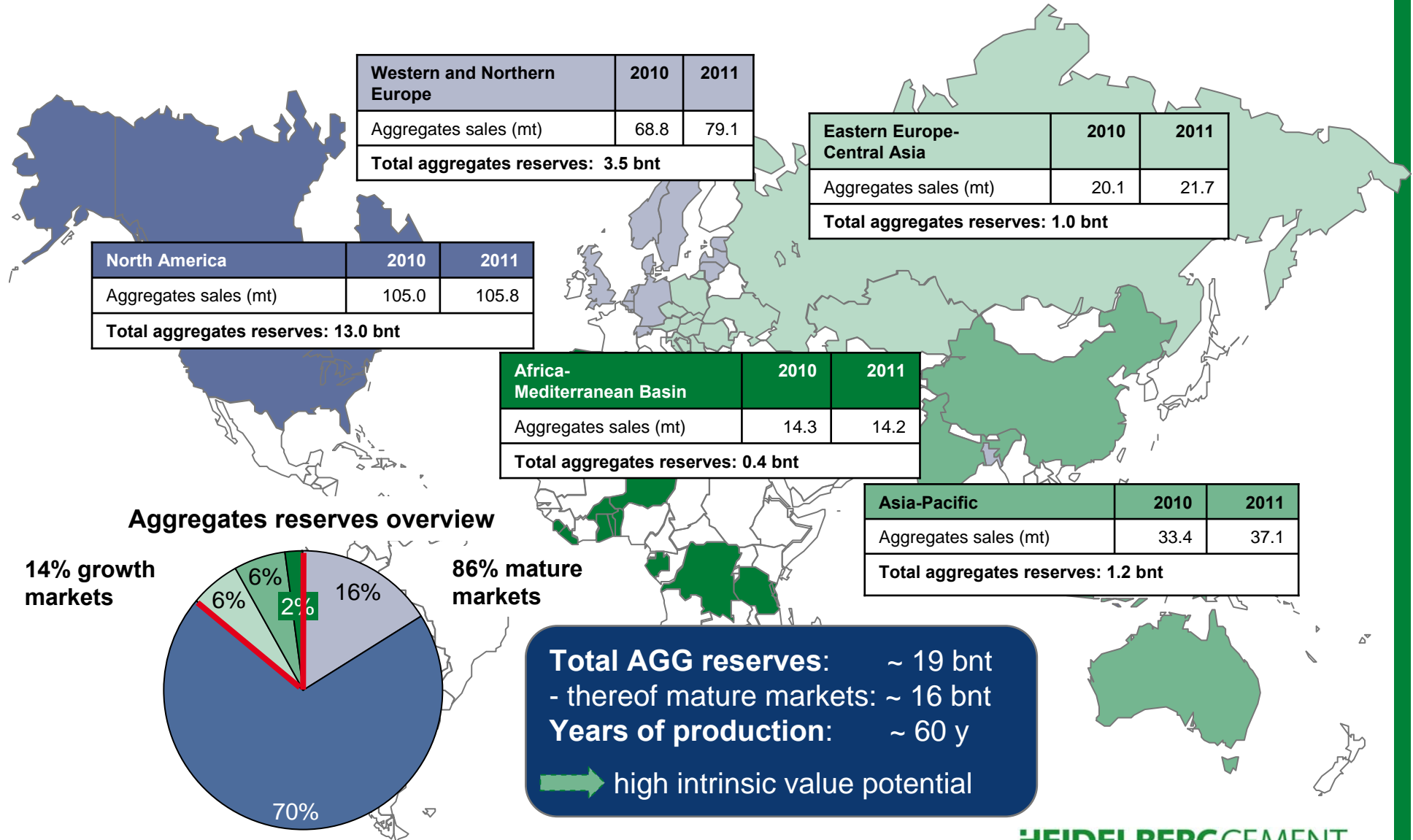
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Cement capacity of 118 mt: focus on growth markets

GDP forecast 2012–2017 in %*

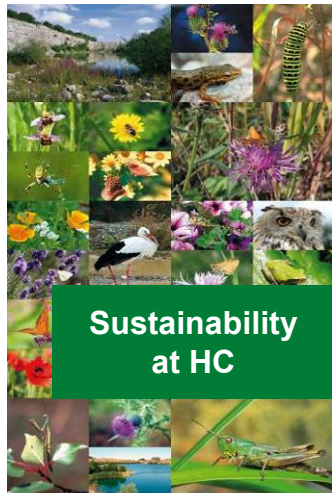


High aggregates reserves of 19 bnt: focus on mature markets



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Long-term commitment to sustainability



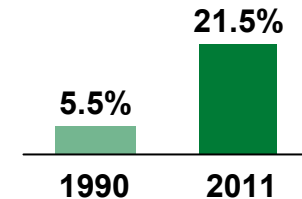
Occupational health and safety

- Zero accidents mentality
- Policies introduced
- Compliance verified regularly



Using waste as a resource

- Alternative fuel rate (in % of fuel mix)



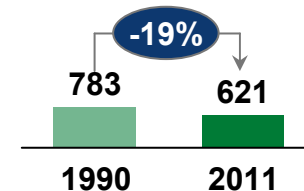
Biodiversity and natural resources

- Conservation of resources
- Restoration of quarries
- Promotion of biodiversity
- Dialogue with stakeholders



Protection of climate and environment

- Reduction of specific CO₂ emissions (kg CO₂/t of cement)



Sustainable construction

- Cement with low clinker content
- Recyclable products
- Innovative products: e.g. TioCem®



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Biodiversity management and commitment strengthened

Cooperation with BirdLife International

- **3-year cooperation aiming at optimising the current biodiversity management**
 - Listing and analysis of quarries with high biodiversity in Europe
 - Development of a strategy to optimise the current biodiversity management in those quarries
 - Joint biodiversity projects and trainings in different countries



Quarry Life Award

- **International competition to find new ideas for the conservation and promotion of species diversity in quarries**
 - Over 300 project proposals in 18 countries
 - Top 5 projects of each country permitted to do field project research in quarries
 - National and international awards totalling €200,000



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■ Review of the Annual General Meeting 2011: measures implemented successfully – targets reached

- Revenue and sales volumes increased in all Group areas

€bn 12.9
+10%



- Operating income increased

€bn 1.5
+3%



- Further debt reduction

€m 376



- “FOX 2013” programme exceeds expectations

€m 384



- Expansion of cement capacities;
prerequisite for new growth

3 mt



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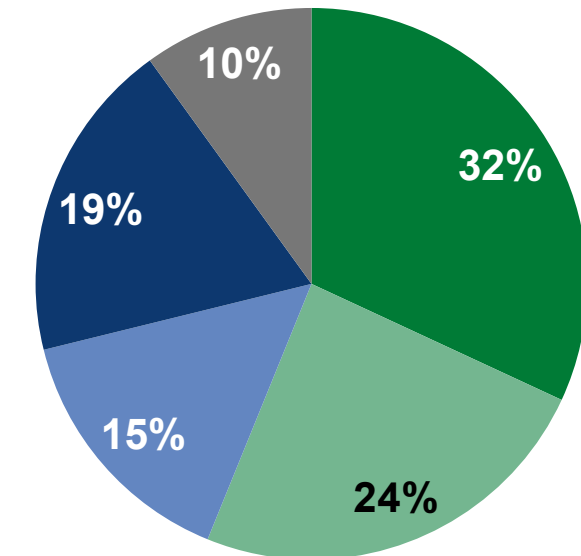
2. HeidelbergCement in the capital market

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Shareholder structure at HeidelbergCement

Geographical distribution of shareholders (as of Dec. 2011)



Germany

North America

UK + Republic of Ireland

Europe (excl. UK + Germany)

Rest of the world, retail investors

Shareholder structure (latest notification)

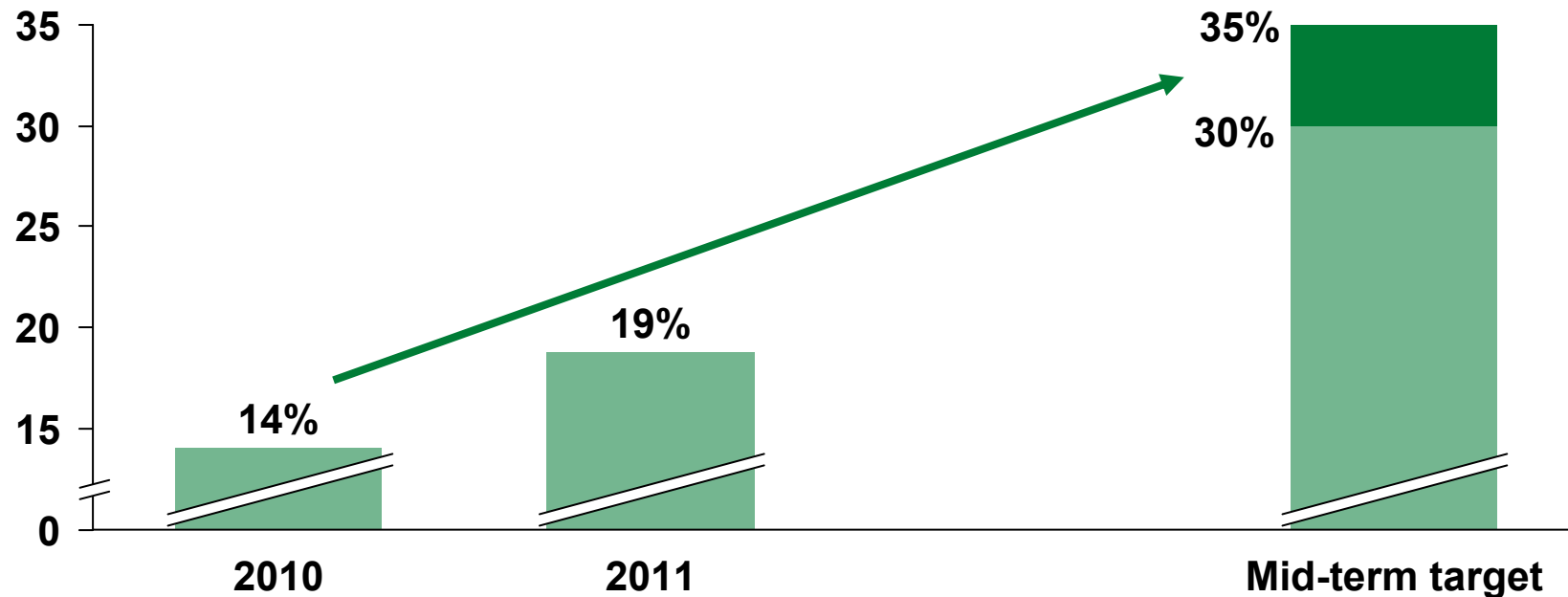
- **25.11% Ludwig Merckle**
- **5.12% Arnhold and S. Bleichroeder Holdings, Inc., New York/US**
(via First Eagle Investment Management, LLC, New York/US)
- **4.99% BlackRock, Inc., New York/US**

**Shareholder structure significantly enlarged
High interest from Anglo-American investors**

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■ Dividend increase proposed by 40% to €0.35

Payout ratio (%)

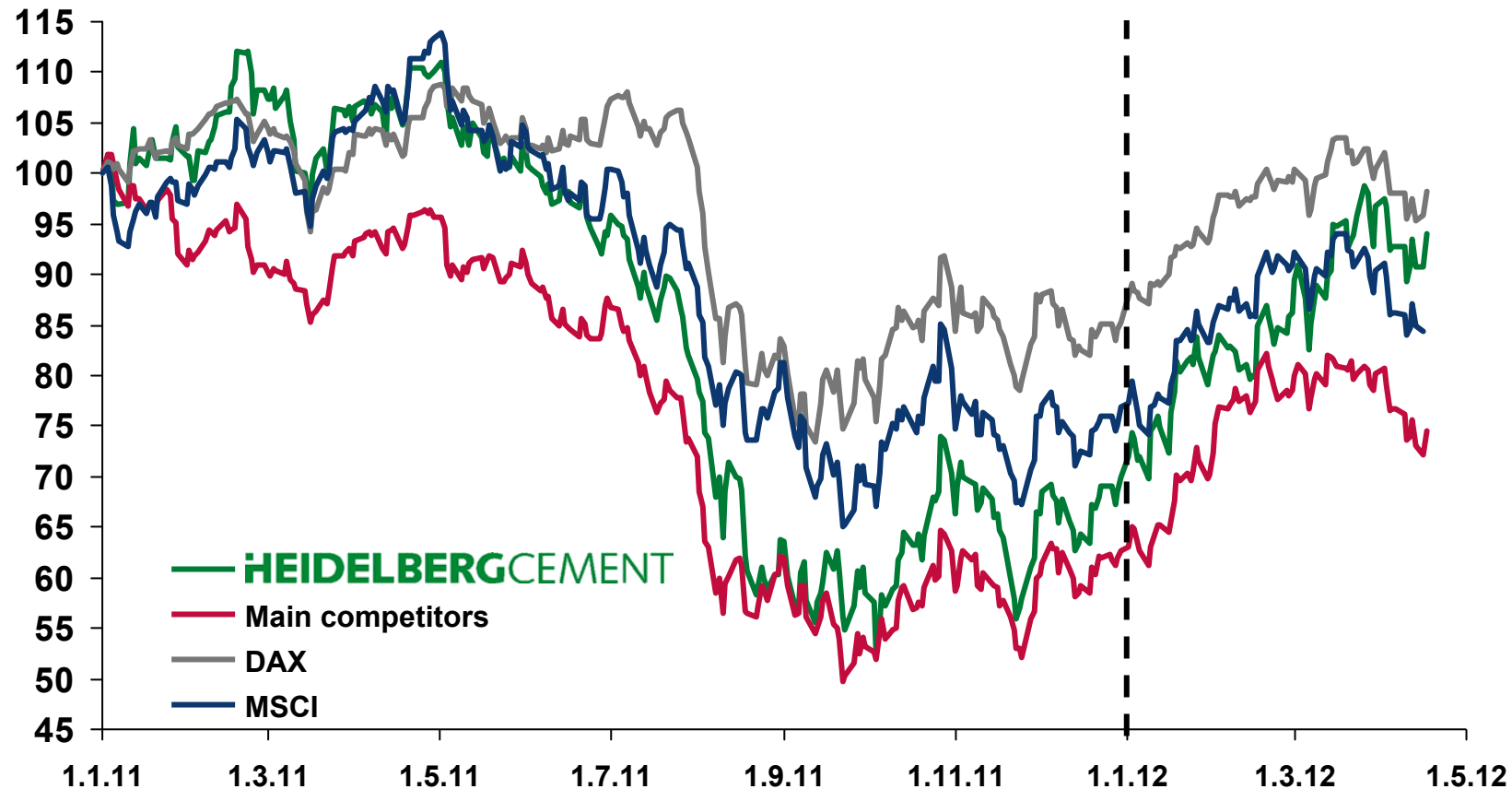


- Debt reduction and return to investment grade has priority in the use of free cash flow
- Medium-term increase of payout ratio to a level of 30%–35% planned which is usual in our industry
- HeidelbergCement is the only large international building materials producer to increase its dividend in 2011

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HeidelbergCement share price developed better than competitors but weaker than DAX

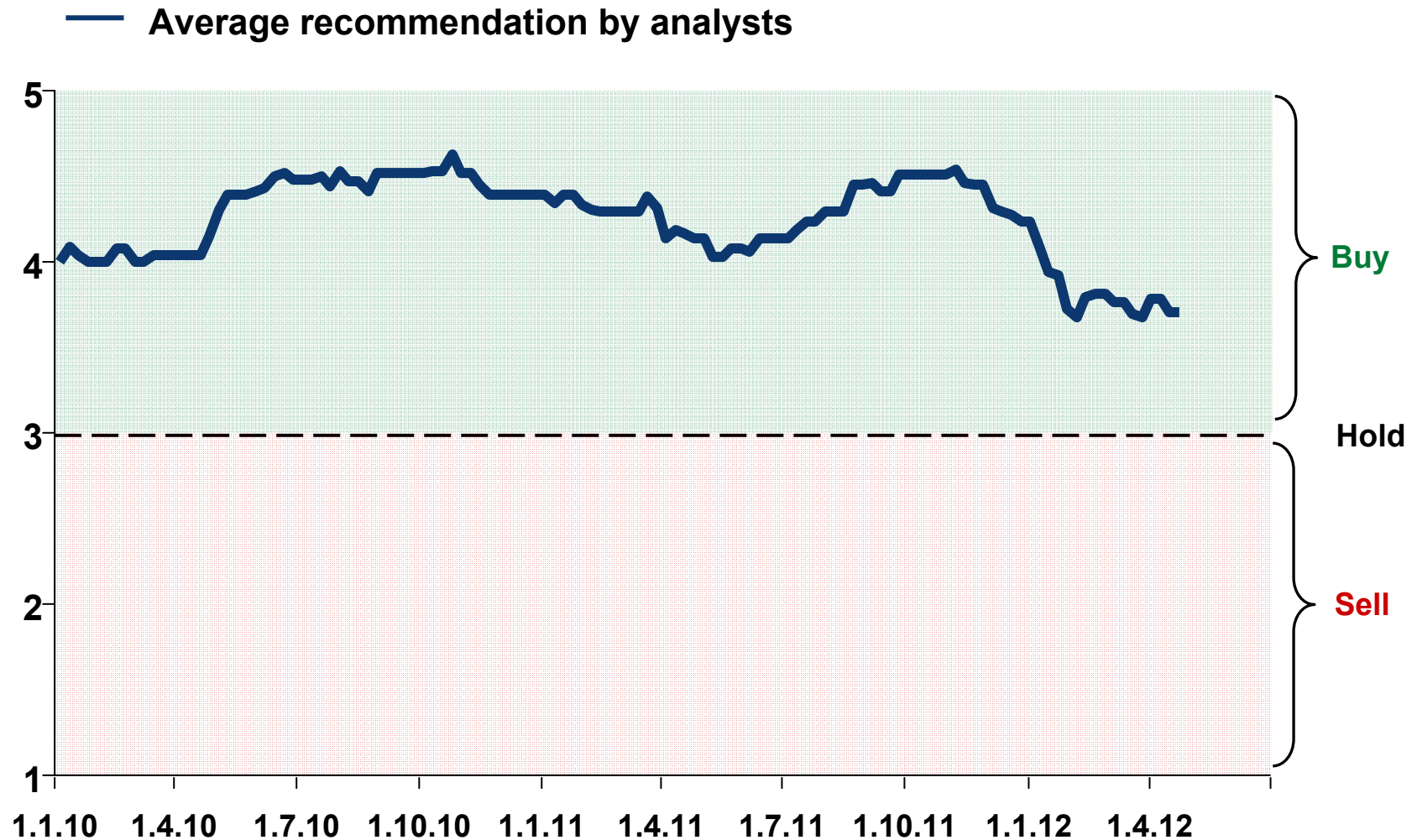
Share price (base 31 December 2010 = 100)



Share price rose by > 20% since the beginning of 2012: clearly outstripping DAX (+10%)

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Financial analysts recommend HeidelbergCement



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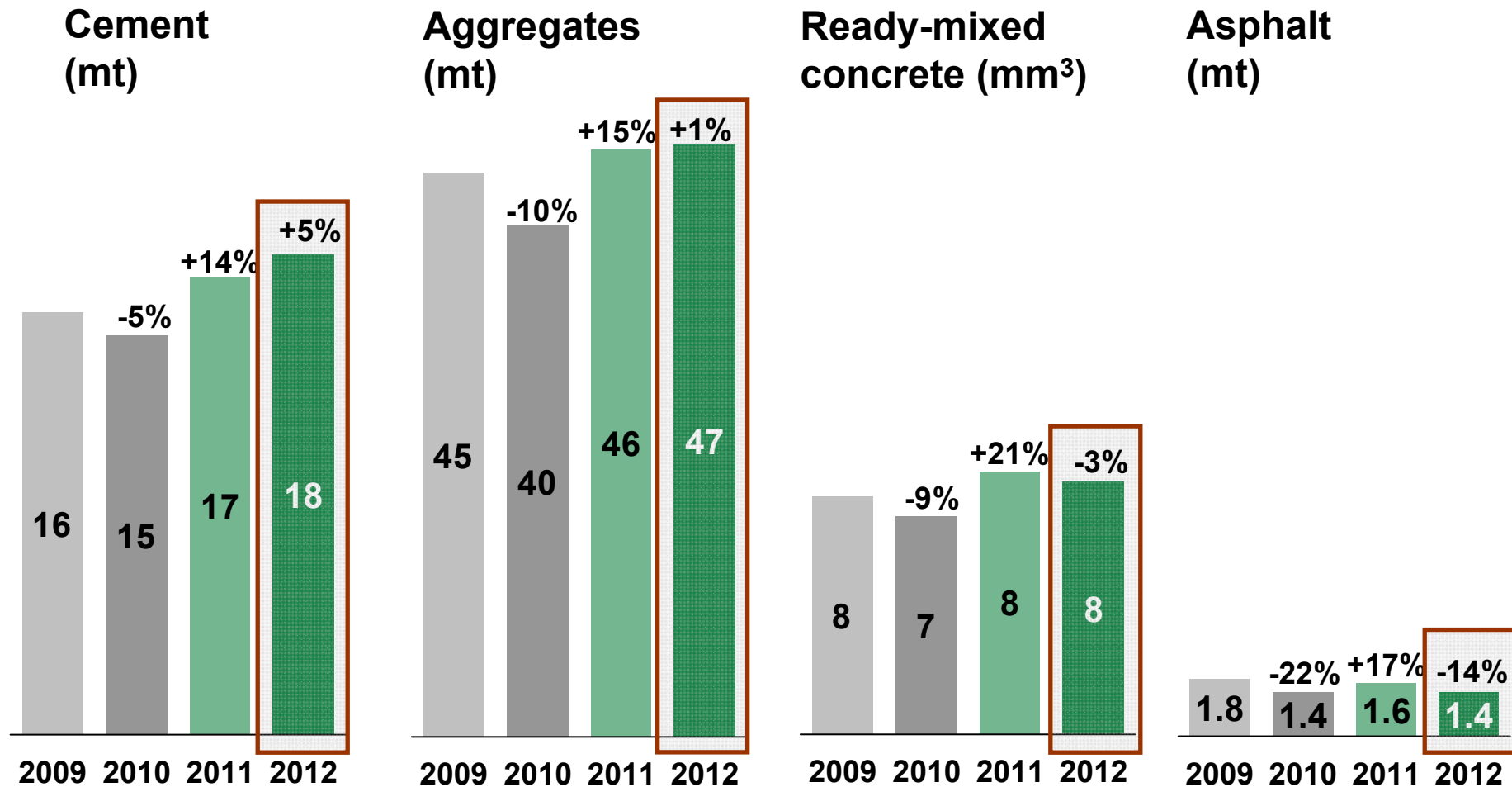
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Market and financial overview Q1 2012

- **Cement and aggregates sales volumes increased despite cold wave in Europe**
 - Strong volume growth in North America due to economic recovery and mild winter
 - Continued strong growth in Asia-Pacific, especially in Indonesia
- **Revenue rose by 8% to €m 2,799**
- **Operating EBITDA declined by 16% to €m 214 (Q1 2011: €m 253)**
 - Higher cost for energy and freight (diesel)
 - Timing effect in maintenance
 - Price increases launched and already partly executed
- **“FOX 2013” on track to achieve cash-saving target of €m 200 in 2012**
- **Financial discipline continued in all areas (working capital, investments, operating cash flow)**
- **Cement capacity expansion projects on track**
 - New cement mills in Bangladesh and Poland commissioned
- **Outlook for 2012 confirmed: increase in revenue and operating income**

Sales volumes in Q1 2012



Q1 2012: revenue and operating EBITDA in Group areas

€m

North America			
	2011	2012	
Revenue	523	616	
Op. EBITDA	-11	-4	

Western and Northern Europe			
	2011	2012	
Revenue	947	887	
Op. EBITDA	79	25	

Africa-Mediterranean Basin			
	2011	2012	
Revenue	250	265	
Op. EBITDA	42	44	

Eastern Europe-Central Asia			
	2011	2012	
Revenue	187	195	
Op. EBITDA	-2	-9	

Asia-Pacific			
	2011	2012	
Revenue	656	782	
Op. EBITDA	161	177	

Group Service			
	2011	2012	
Revenue	143	168	
Op. EBITDA	3	5	

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Q1 2012: key financial figures

€m	January-March		Variance	like-for-like ¹⁾
	2011	2012	in %	in %
Consolidated income statement				
Revenue	2.602	2.799	8%	6%
Operating EBITDA	253	214	-16%	-17%
in % of revenue	9,7%	7,6%		
Operating income	60	14	-77%	-77%
Loss for the period	-120	-155	-29%	
Group share of loss	-161	-204	-27%	
Earnings per share in € ²⁾	-0,86	-1,09	-27%	
Consolidated statement of cash flows				
Cash flow from operating activities	-474	-434	8%	
Total investments	-171	-164	4%	

€m	March 2011	March 2012	Variance
Consolidated balance sheet			
Net debt ³⁾	8.634	8.386	-248
Gearing	71,0%	63,5%	

¹⁾ At constant scope and exchange rates

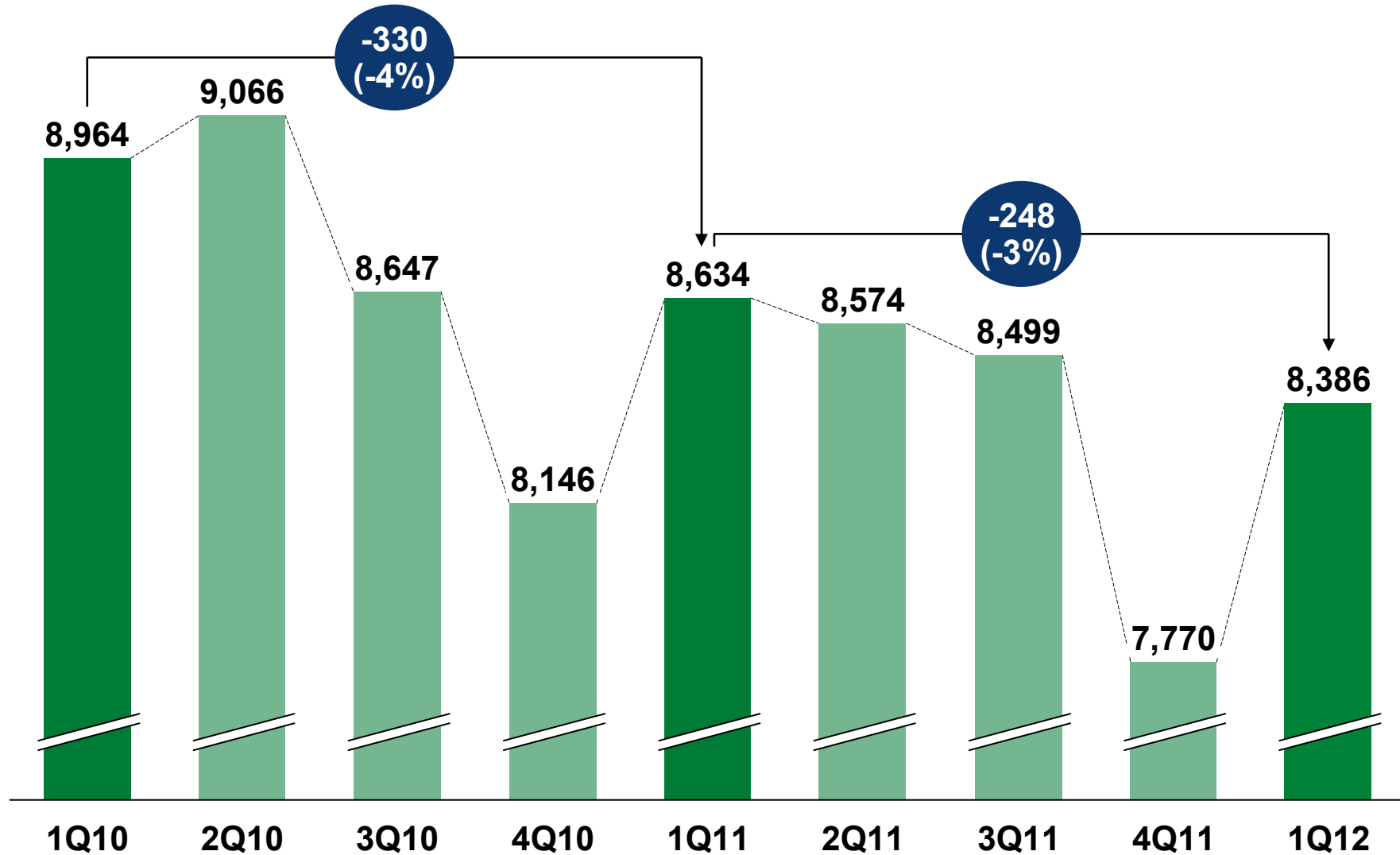
²⁾ Attributable to the parent entity

³⁾ Excluding non-controlling interests with put options

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Continuous debt reduction year-on-year

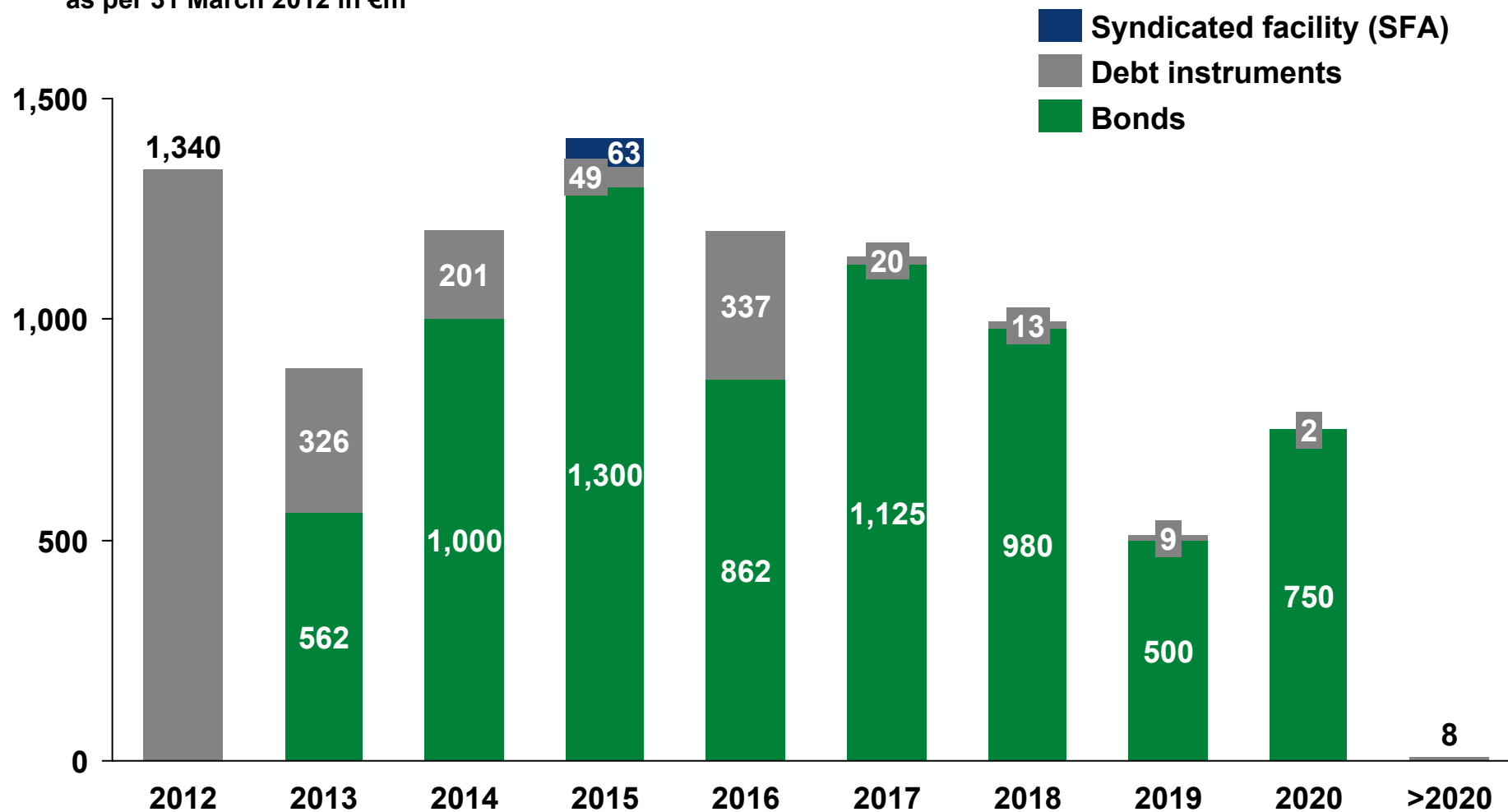
Net debt at the end of the period (€m)



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Well balanced debt maturity profile

as per 31 March 2012 in €m

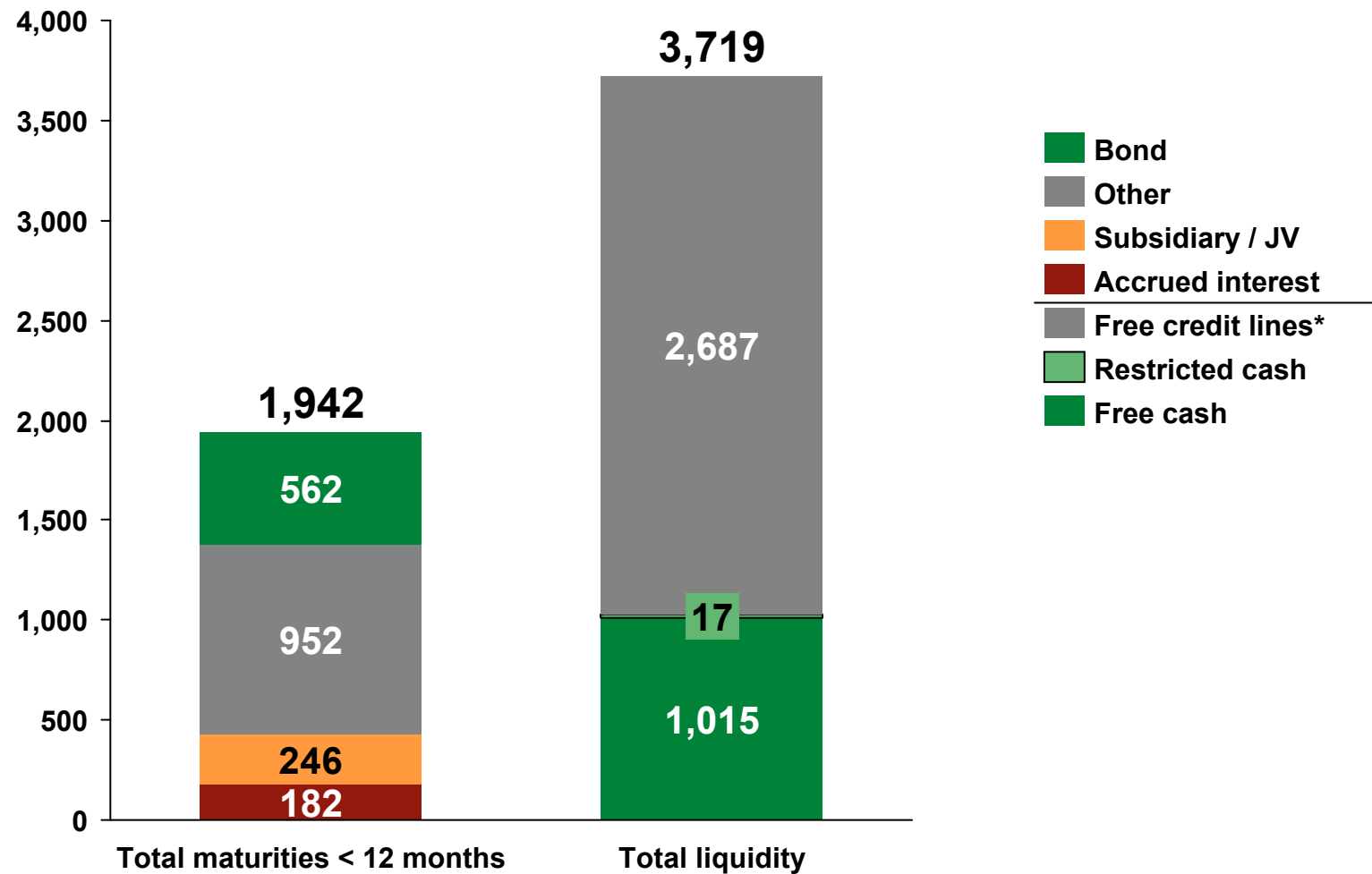


Excluding reconciliation adjustments with a total amount of €m 17 (transaction costs to be amortised over the term of the SFA, issue prices and fair value adjustments)

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Short-term liquidity headroom

as per 31 March 2012 in €m



*) Total committed confirmed credit line €m 3,000 (guarantee utilisation €m 250)

Excluding reconciliation adjustments with a total amount of €m 69 (transaction costs to be amortised over the term of the SFA, issue prices and fair value adjustments)

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Cement grinding capacity increased in Bangladesh and Poland

■ Bangladesh

- January: official commissioning of the ball mill with a capacity of 0.8 mt in the harbour city of Chittagong
- Bangladesh has one of the lowest per capita cement consumptions in the world, but it is also one of the fastest growing markets worldwide

■ Poland

- March: commissioning of the biggest ball mill of HeidelbergCement in Europe with a capacity of 1.4 mt
- Cement capacity in Poland increases to 5.6 mt; capacity expansion project in the Polish cement plant Górażdze completed
- Extension of cement product range

HeidelbergCement expands its market position in growth markets as planned



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Economic outlook has improved on global level

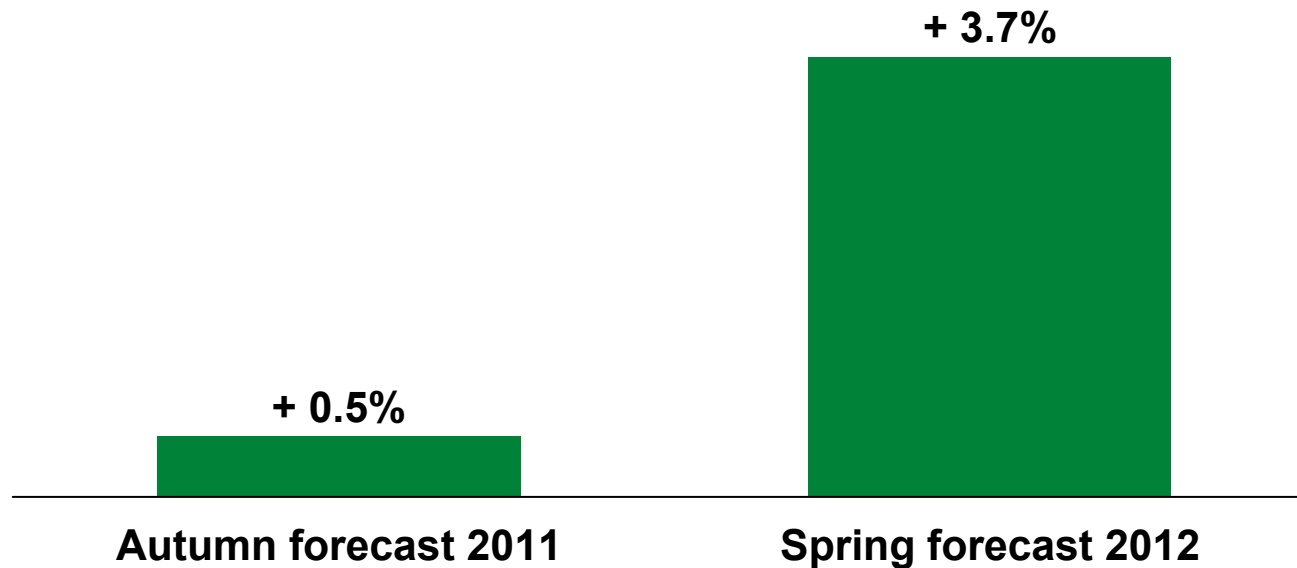
- ① Crash of Greece could be avoided; Italy and Spain are able to refinance at lower interest rates so far**
 - HeidelbergCement with low exposure to countries threatened by recession
 - Economy in Northern and Eastern Europe remains strong; Germany to grow by about 1%
- ② US economy recovers – no double-dip**
 - US economic indicators suggest a recovery
 - No new programmes for economic stimulation expected before the elections
- ③ Asia continues strong growth – no crash in China**
 - Indonesia: unabated growth of cement consumption at 18% in Q1 2012
- ④ IMF increases forecast of world economic growth to 3.5%**

Key risks are conflicts in oil-producing and oil-trading countries

- **Oil price development driven by conflicts in Middle East**
 - Rising oil price decoupled from declining energy prices (gas, coal, electricity)
 - HeidelbergCement with low exposure to global trouble spots

American Cement Association increases forecast for 2012

Expected rise in cement consumption 2012 compared to previous year (%)



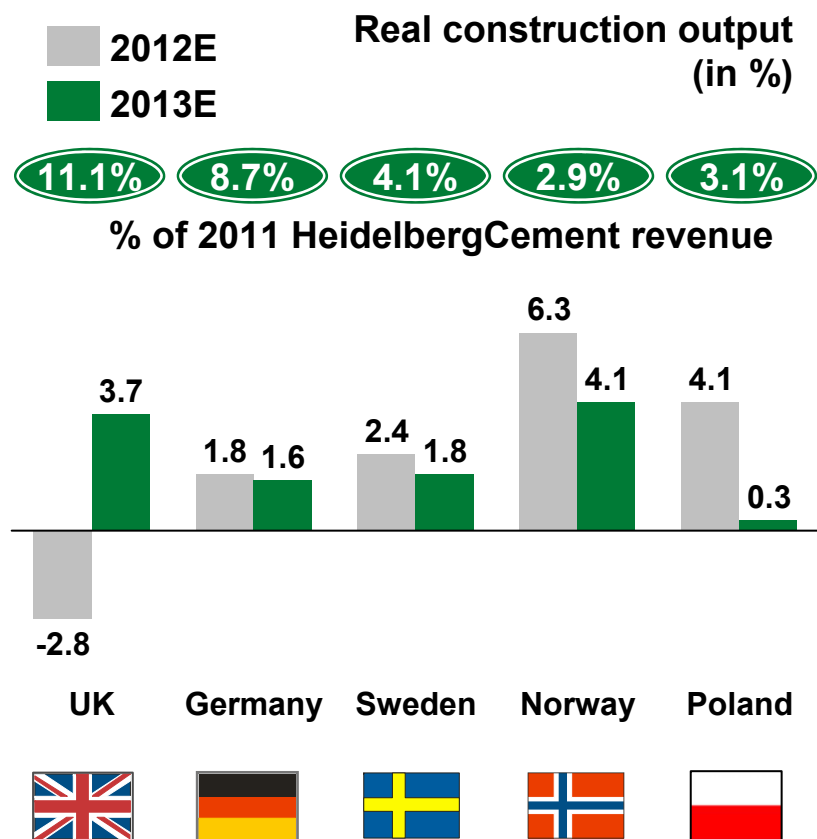
- **Economic growth and decline in unemployment exceed expectations**
- **Rising demand in residential and non-residential construction boost cement consumption**

Forecast confirms positive outlook of HeidelbergCement for North America

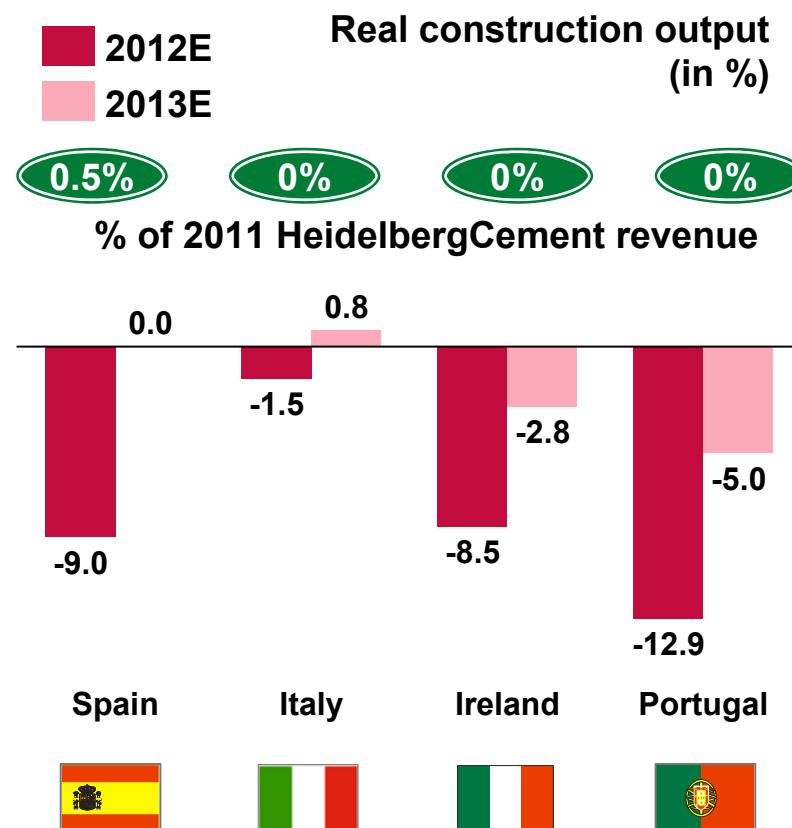
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Favourable country exposure in Europe

Our main European markets are on track to recovery...

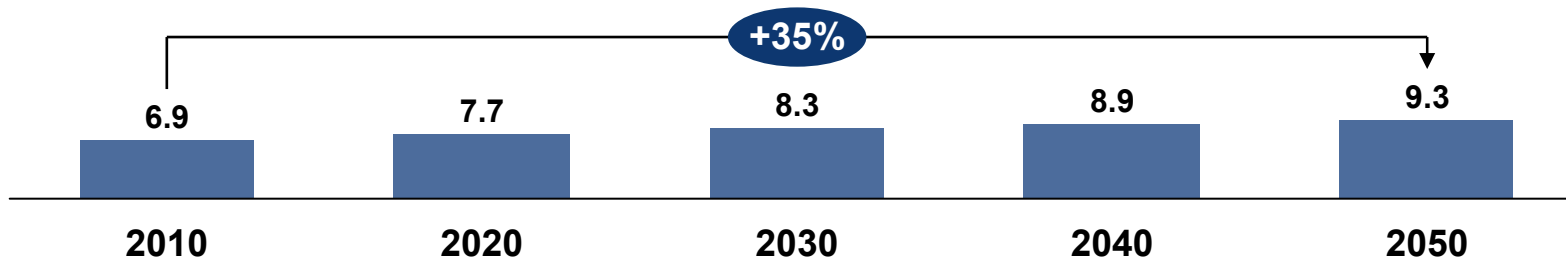


... while our exposure to the crisis hot spots is low

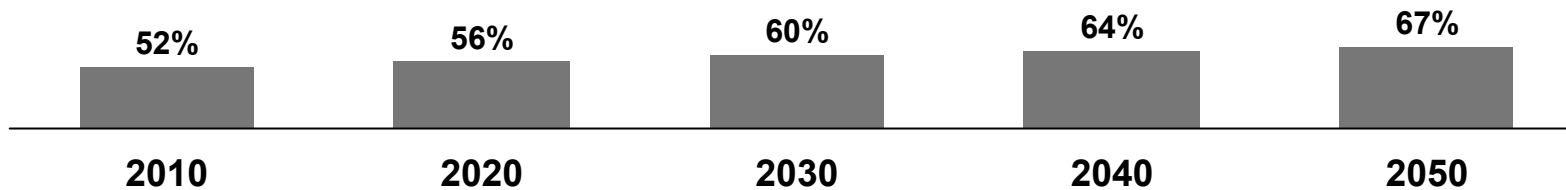


■ Megatrends support growth of building materials industry

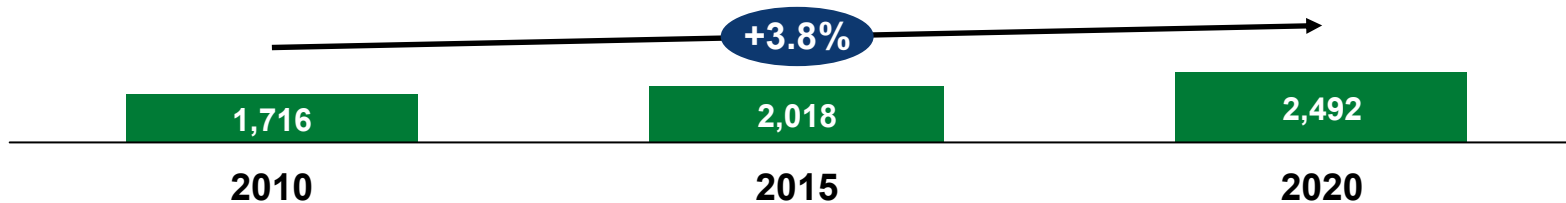
- **World population expected to reach more than 9 billion by 2050** (in billion)



- **Urbanisation accelerating globally** (percentage of urban population)



- **Infrastructure spending facing a historically strong decade** (USDbn)



■ Strict energy management to be continued

Current market situation:

- Compared to coal, cheaper gas prices in various US states
- Declining electricity prices in North America and Europe
- Declining coal prices in Asia and Europe
- Petcoke prices dropped significantly since October 2011

STRATEGY

- Switch between coal and natural gas
- Switch to petcoke within the technical limit
- Focus on international coal spot markets in Asia

TARGET

+5% energy cost inflation in 2012

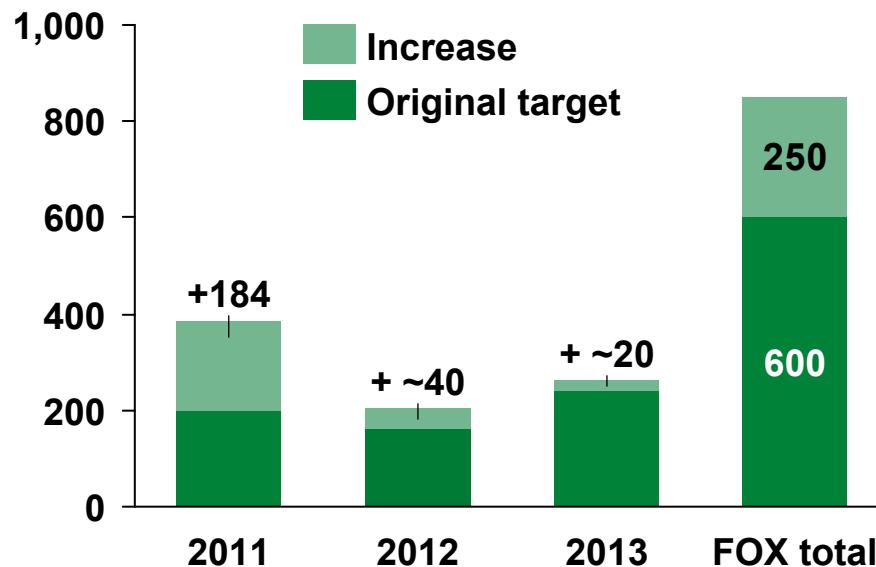
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Saving targets increased by €m 400

€m 250 increase in “FOX 2013” target

Additional €m ~ 40 DPO savings in 2012

Cash savings in €m



Cumulated cash savings of €m 850 targeted; P&L effective savings of €m 220 by 2013

€m 150 potential on top of “FOX 2013”

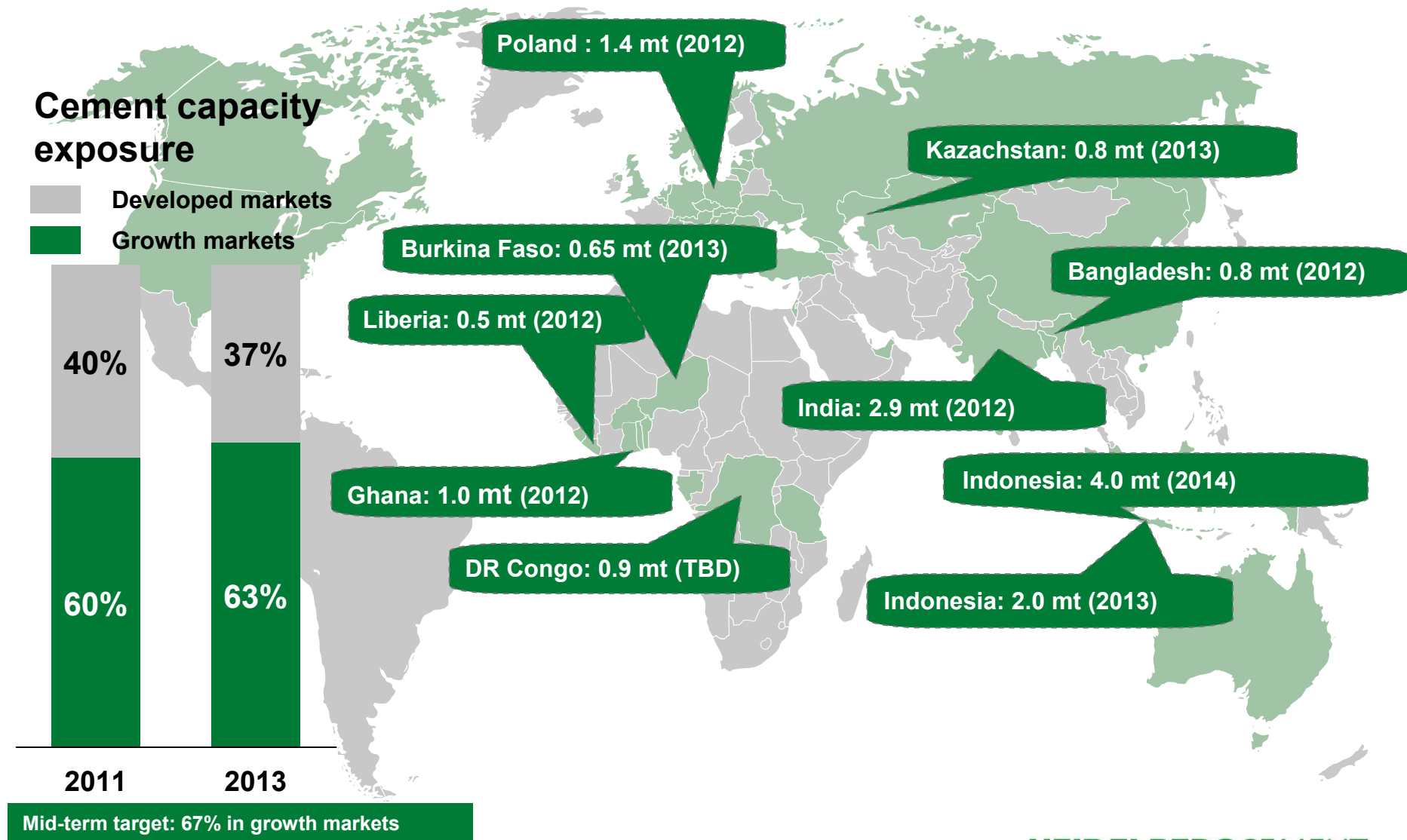
New “Supply Chain Optimisation” project

1. “Supply Chain Excellence” programme
Process improvements all over the entire supply chain based upon internal benchmarking
2. Optimisation of transport network
Renewal of dispatching and allocating methods
3. Fleet restructuring
Optimising the fleet structure in cooperation with our service providers

€m 150 additional cost savings by 2014; pilots start in Poland and the UK in 2012

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Focus on investments in growth markets: 10 mt additional cement capacity in 2012/2013



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■ Company outlook for 2012

Assumptions:

- Further recovery of demand for building materials in mature markets (no double-dip scenario)
- Demand growth in emerging markets persists
- Cost increases for energy, raw materials, and personnel, lower than in 2011
- Successful implementation of price increases, cost savings, and efficiency improvements compensate for rising input costs and gain back margins

Prospects:

- Sales volumes growth based on demand development and capacity expansion in 2011 and 2012
- Increase in revenue and operating income driven by sales volumes growth, price increases, and cost savings
- Further reduction of net debt based on continued free cash flow generation

HeidelbergCement to benefit from further economic growth and cost-saving measures in 2012

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Management priorities 2012/2013

- ① **Operational excellence and strict cost management**
 - Aggregates: “CLIMB” programme – to become the most efficient aggregates company worldwide
 - Cement: “OPEX” programme – for global reduction of fuel and electricity costs
 - “Supply Chain Optimisation” – to save costs and optimise transport management
- ② **Continued deleveraging with clear goal to regain investment grade rating**
 - “FOX 2013” programme targets €m 850 cash savings by 2013
 - Increased focus on disposals of non-core assets as economic growth continues
- ③ **Targeted growth in emerging markets**
 - Expansion of cement capacity in emerging markets
 - Expansion of activities in sub-Saharan Africa
 - Focus on synergy-driven bolt-on investments with high value creation

Further strengthening of HeidelbergCement's competitive position in the upturn

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Next Annual General Meeting on 8 May 2013



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