Accelerating growth at the right time

Acquisition of Italcementi Group
Heidelberg, 28 July 2015

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Disclaimer

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Unless indicated otherwise, the financial information provided herein has been prepared under International Financial Reporting Standards (IFRS).

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HeidelbergCement and Italcementi – a natural fit

Unique opportunity to accelerate growth and achievement of mid-term goals

Acquiring high quality assets with excellent geographical fit

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Italcementi
Italcementi Group

Right time for transaction to capitalise on recovery in key markets

Significant value creation potential through synergies and operational efficiency

Fully aligned with announced strategy of accelerated growth and increased shareholder returns

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Italcementi overview

Major global building materials group

- **150 years old family owned company**
- **More than €bn 4 revenue generation**
- **71m tons cement capacity**
- **Operations in 22 countries**

Strong market positions

- **Mature markets:** France, Italy, USA, Canada, Spain
- **Emerging markets:** India, Egypt, Morocco, Thailand, Kazakhstan
- **Urban centres**: Paris, Milan, Chennai, Cairo, Bangkok

High quality assets, brands & know-how

- **No CapEx backlog**
- **Well established local brands**
- **Fully deployed central IT platform**
- **Leading R&D capabilities**

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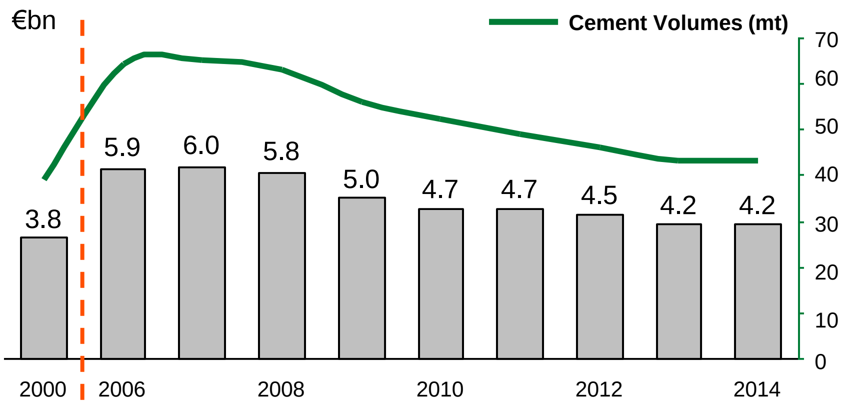
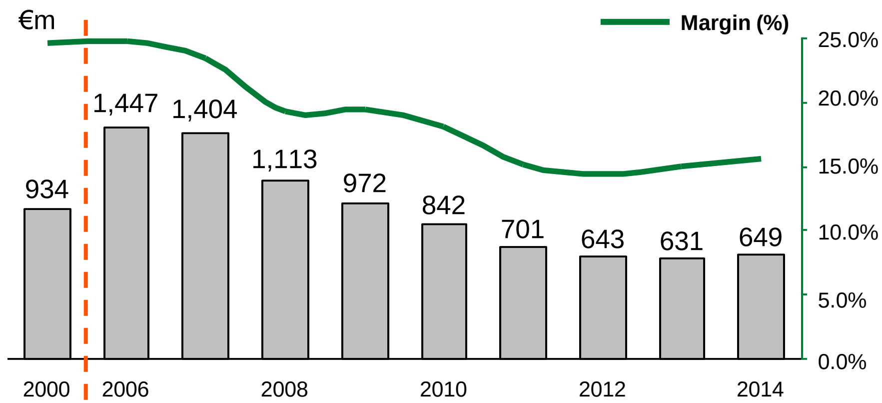
Italcementi financial overview

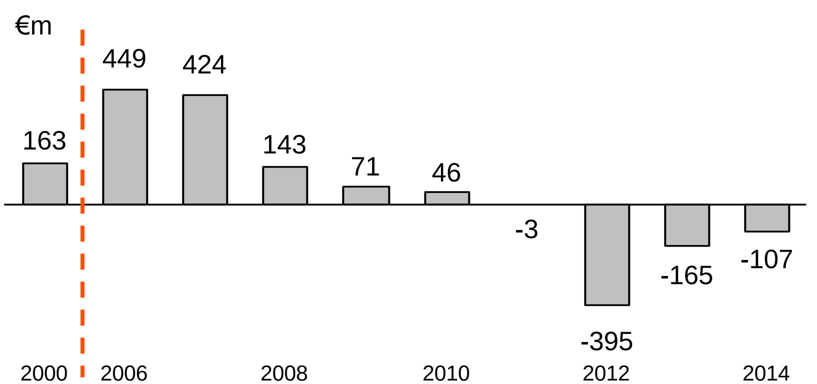
Revenues



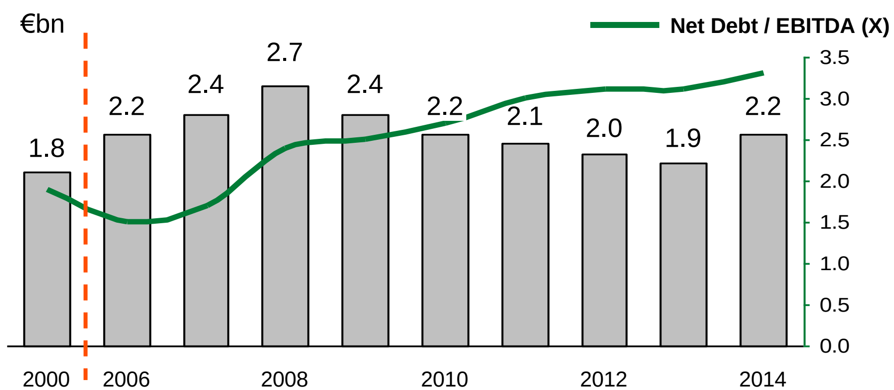
Recurring EBITDA



Net Result



Net Financial Debt



Significant recovery potential ahead

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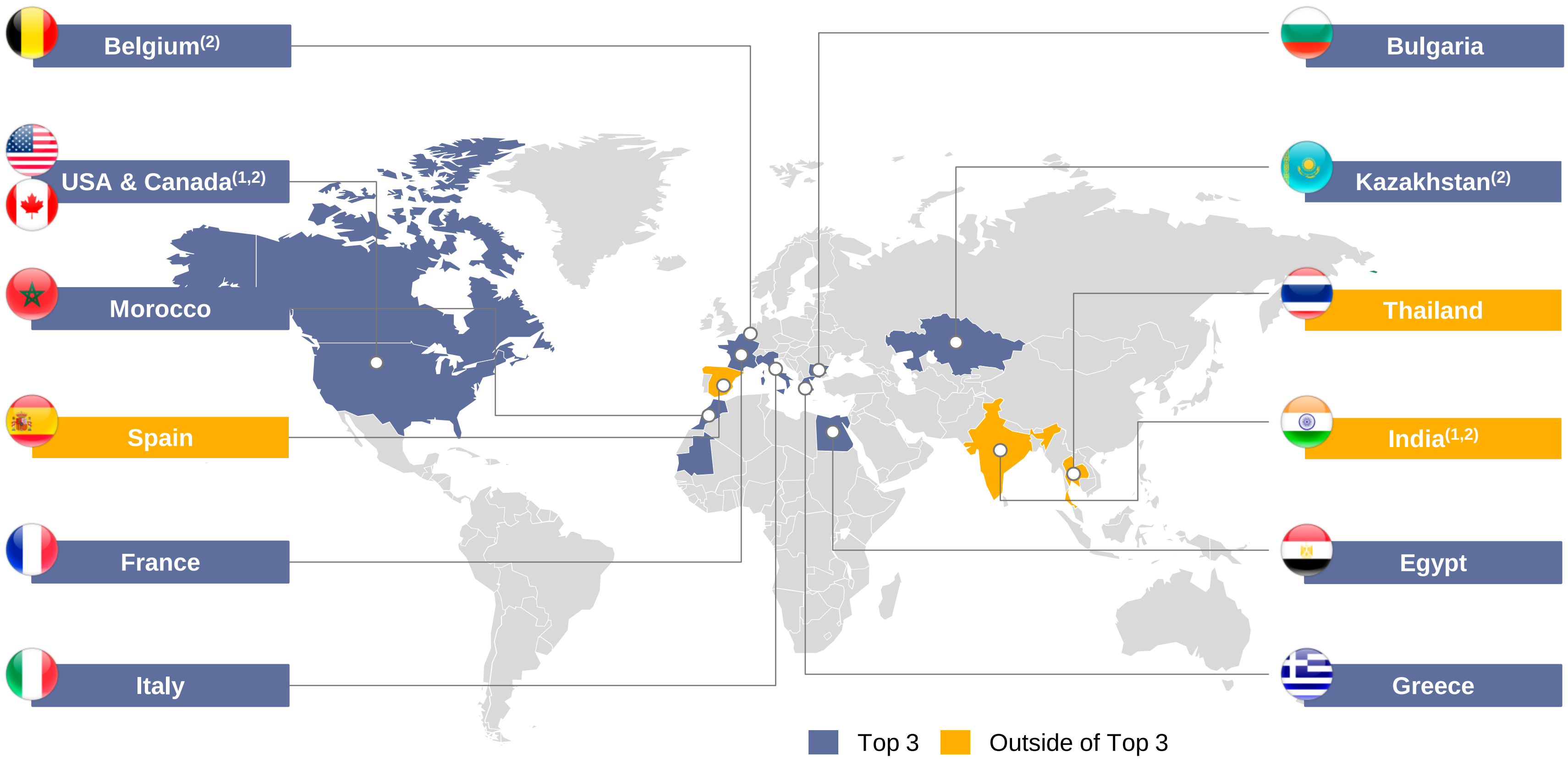
Strong market positions in emerging markets and recovering countries



Strategic portfolio of leading market positions in recovering and emerging countries

1) Refer to regional market shares
2) Combined position

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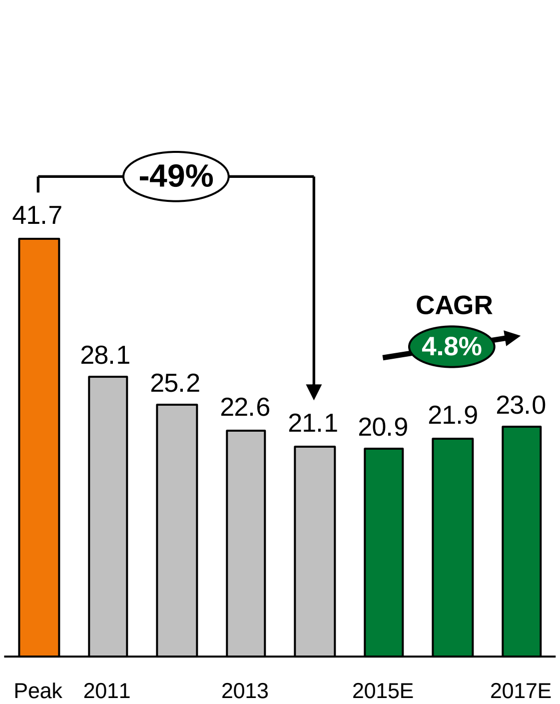
Southern European markets now positioned for growth

Acquisition at the trough of the cycle

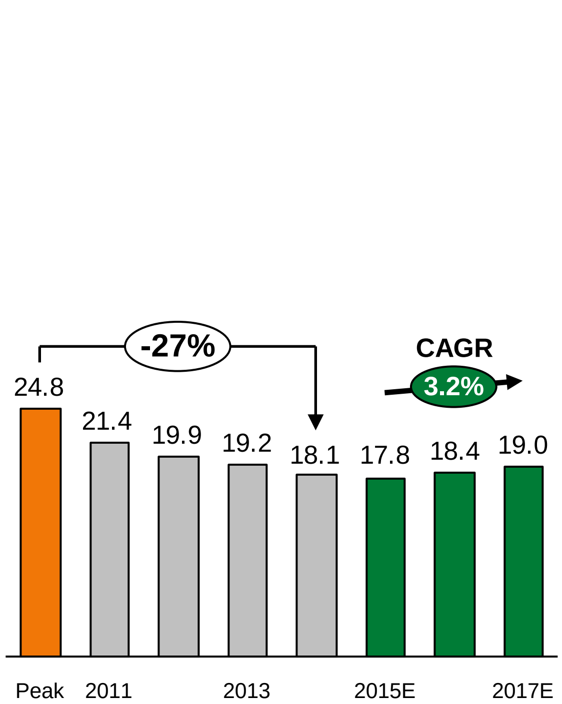
Italy

Consumption of cement (mt)



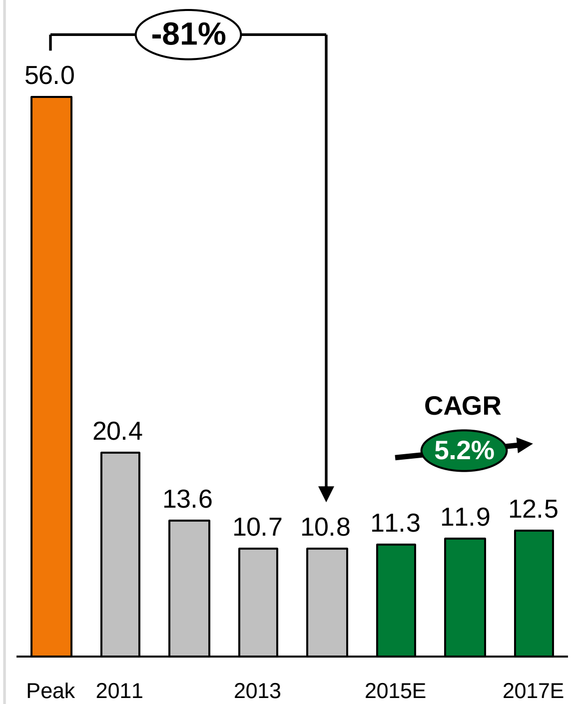
France

Consumption of cement (mt)



Spain

Consumption of cement (mt)



Early yet encouraging signs of recovery

Source: Euroconstruct

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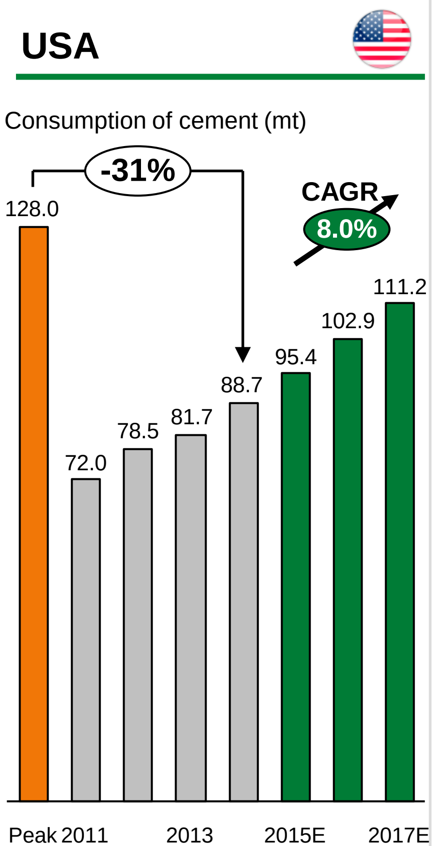
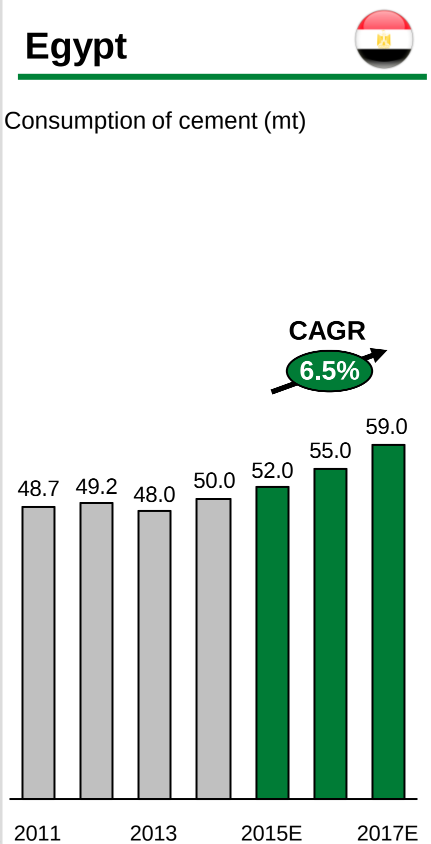
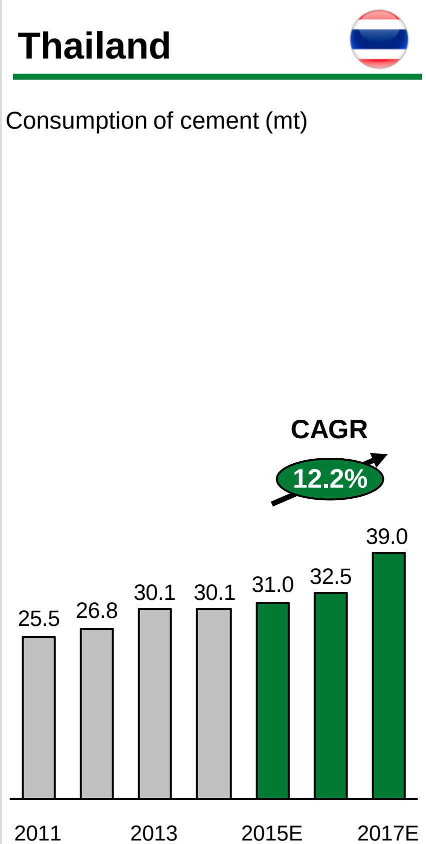
Growth potential from US recovery and emerging markets







North America and emerging markets – robust and sustainable growth ahead

Source: PCA, MSER, Global Cement Report

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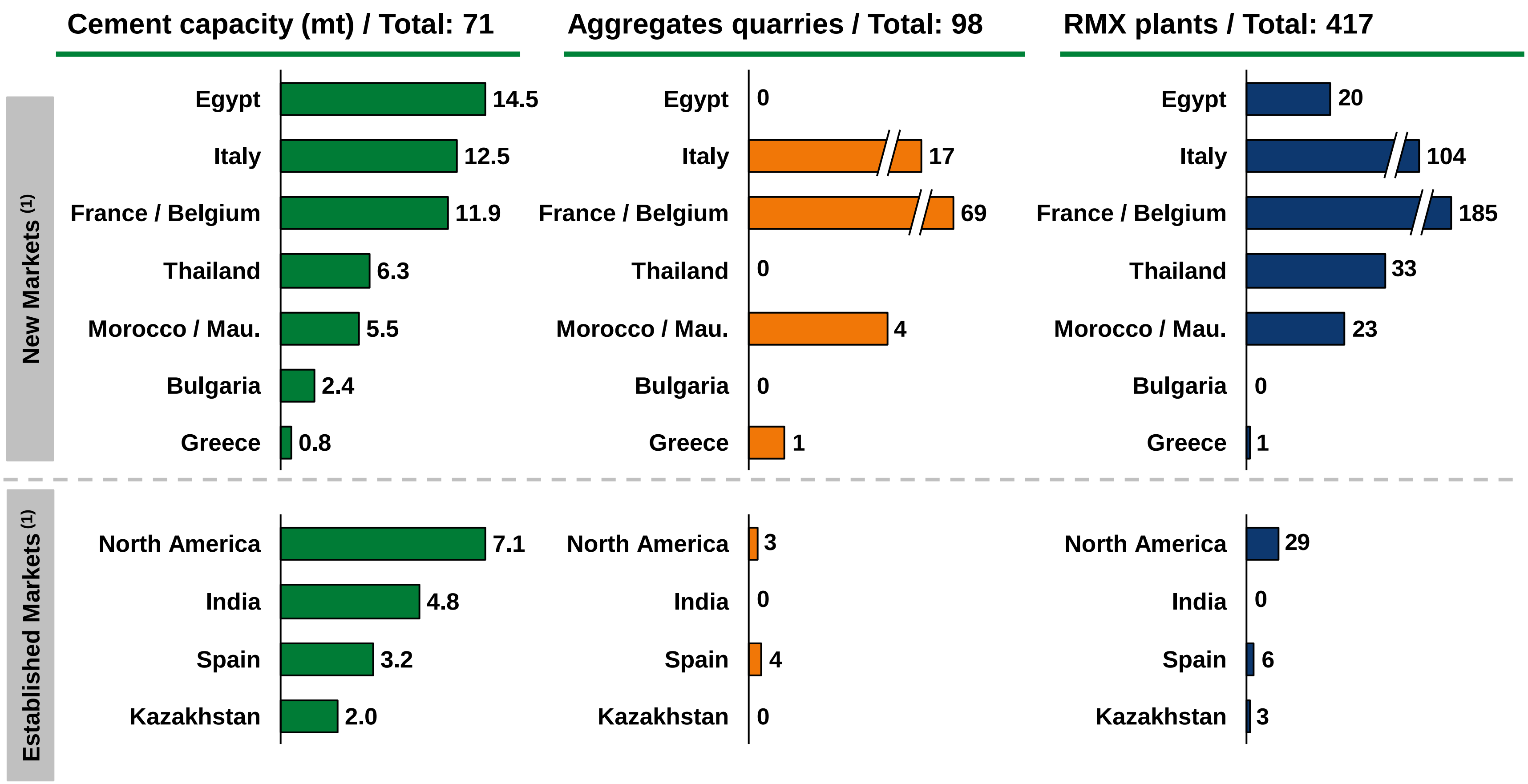
Global portfolio of world class assets



Unique opportunity to add a global portfolio of world-class assets and strengthen each of HC's geographic clusters

Note: All figures are 2014 and excluding trading operations
1) For HC

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High quality, strategically located operations with nearly €bn 3.5 CapEx invested in recent years

Rezzato – Italy

- 1.3 mt cement capacity
- One of the most efficient cement plants in Europe
- 75% emissions, 30% variable cost reduction

Aït Baha – Morocco

- 2.2 mt capacity plant
- Equipped with Concentrated Solar Power (“CSP”)
- Operating since 2011

Devnya – Bulgaria

- 1.5 mt cement capacity
- More than 30% reduction in fixed and variable costs
- Significant emissions reduction

Solapur plant – India

- 1 mt/year grinding plant
- Located in Maharashtra
- Expected to be operational in H2 2015

Shymkentcement – Kazakhstan

- 1.2 mt cement capacity
- Replace the current four wet-process lines with a new “state of the art‟ dry-process line
- Significant improvement in efficiency

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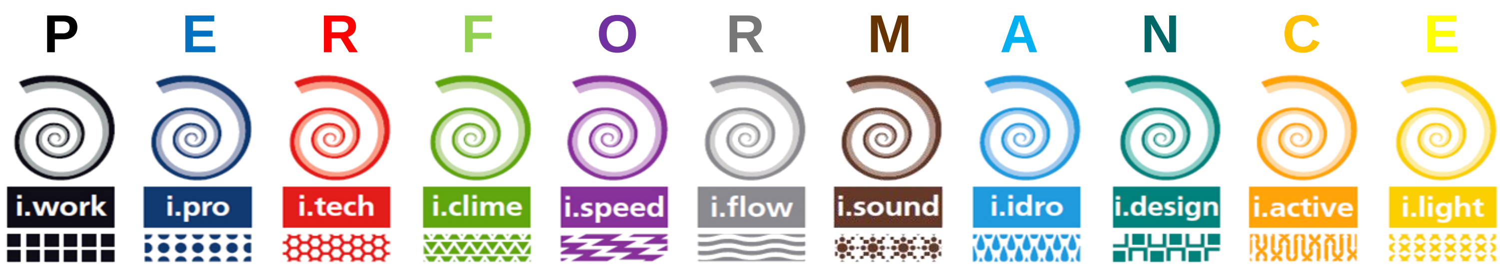
Strong capabilities in research and innovation

More efficient production processes

High-performance and technologically advanced materials

i.nova



Palazzo Italia,
the Italian Pavilion at Expo 2015.

Constructed by using Biodynamic cement, an innovative solution developed by Italcementi Group

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Well-established local brands in key markets

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Italcementi Group

Italy:

Calcestruzzi
Italcementi Group

France:

Ciments Français
Italcementi Group

USA & Canada:

Essroc
Italcementi Group

Thailand:

บริษัท ปูนซีเมนต์เอเชีย จำกัด (มหาชน)
Asia Cement
Public Company Limited

บริษัท ชลประทานซีเมนต์ จำกัด (มหาชน)
Jalaprathan Cement
Public Company Limited

India:

Zuari Cement
Italcementi Group

Morocco:

إسمنت المغرب
Ciments du Maroc
Italcementi Group

Egypt:

السويس للأسمنت
Suez Cement
Italcementi Group

Kazakhstan:

Шымкентцемент
Shymkentcement
Italcementi Group

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Key transaction terms

Two-step transaction: Acquisition of 45% stake followed by mandatory tender offer to free float shareholders

- Contractual agreement to acquire 45% stake owned by Italmobiliare S.p.A.
- €10.6 per share; combination of cash and HeidelbergCement shares
- Maximum of 10.5 million HeidelbergCement shares to be issued at the higher of floor price of €72.5 and price at closing(1)
- Customary representations and warranties
- Mandatory tender offer to acquire remaining shares at an offer of ~€10.6 per share in cash on completion of 45% stake acquisition

Implied Equity Value of €bn 3.7

Enterprise Value of €bn 6.7(2)

Implied EV/EBITDA multiple 7.9x(3)

Valuation of cement capacity ~85 US$/t

€bn 1.0 cash generation from asset disposals

1) The new shares shall be issued at €72.50 or an average price of a 30 days period prior to closing, if the latter is higher.
2) Based on Italcementi net debt of €bn 2.2, and the net balance of associates, minorities and pension obligations of €bn 0.8 as of 31 December 2014
3) Based on current EBITDA consensus of €m 675 for 2015 and full run-rate synergies.

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Disposals contribute significantly to transaction financing

Disposal of non-core assets

Disposal of non-core IT, energy business and one building to Italmobiliare already agreed

Disposals of single assets

Focus on overlapping geographies

Confident to achieve €bn 1 from disposals

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Timeline and transaction structure at a glance

Current timeline envisaged closing of the transaction in H2 2016

28 July 2015

- Announcement of the transaction / HC Q2 results
- Transition management planning commences
- Merger filing including potentially required disposal of assets / remedies
- Sale of non-core asset
- Execution of capital increase against assets
- Mandatory public tender offer

H2 2016

- Closing of 45% stake acquisition
- Closing of mandatory public tender offer

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The combination and its merits

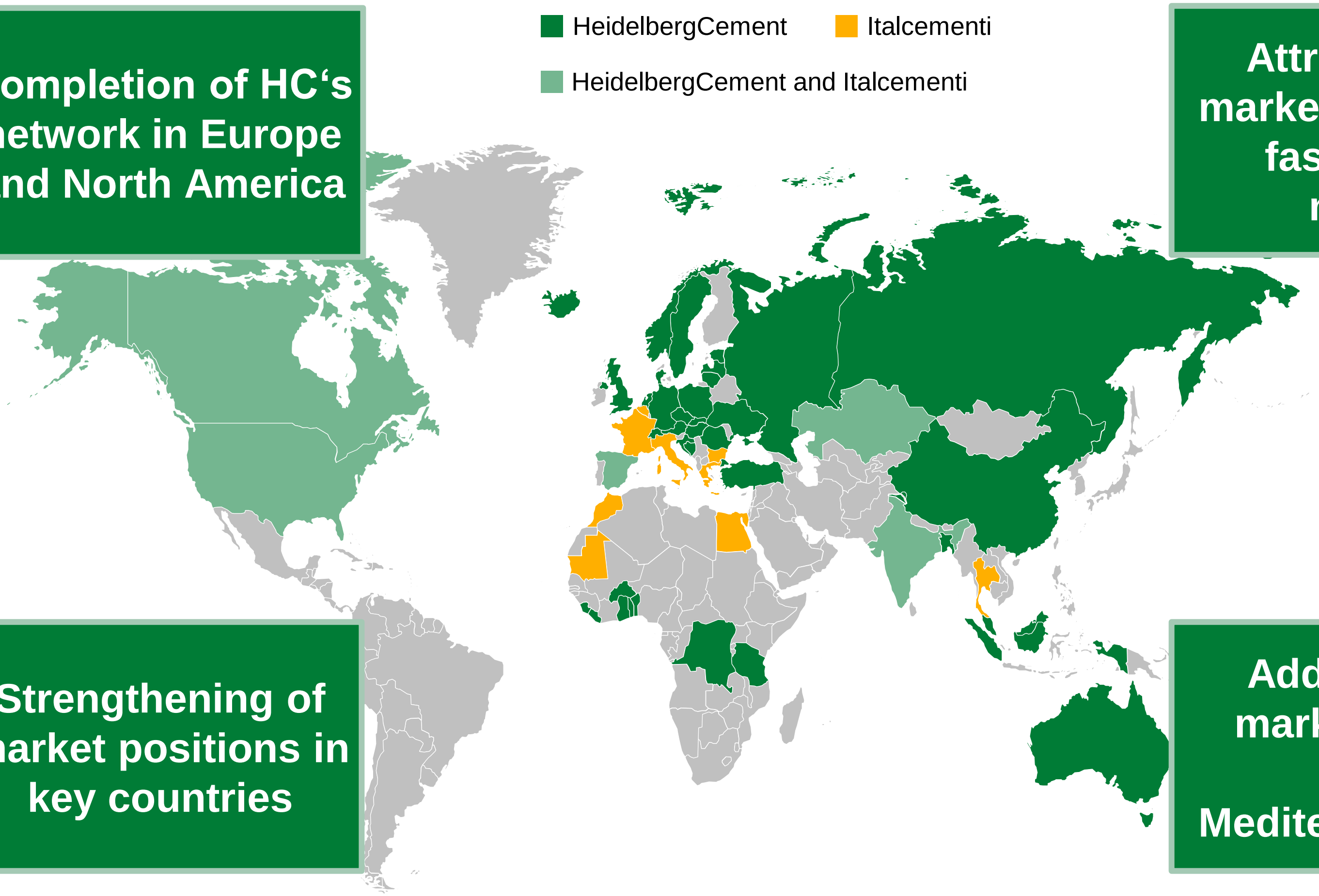
- Excellent geographical fit
- Significant synergy potential
- Enlarged platform to roll out HC’s industry leading efficiency management concepts
- Strengthening R&D through combination of HC’s and Italcementi’s state of the art capabilities

Unlocking value and increasing earnings and cash flow potential

Excellent geographical fit

Completion of HC's network in Europe and North America

Attractive new market positions in fast growing markets



Strengthening of market positions in key countries

Adding strong market position in the Mediterranean area

Highly complementary asset portfolios

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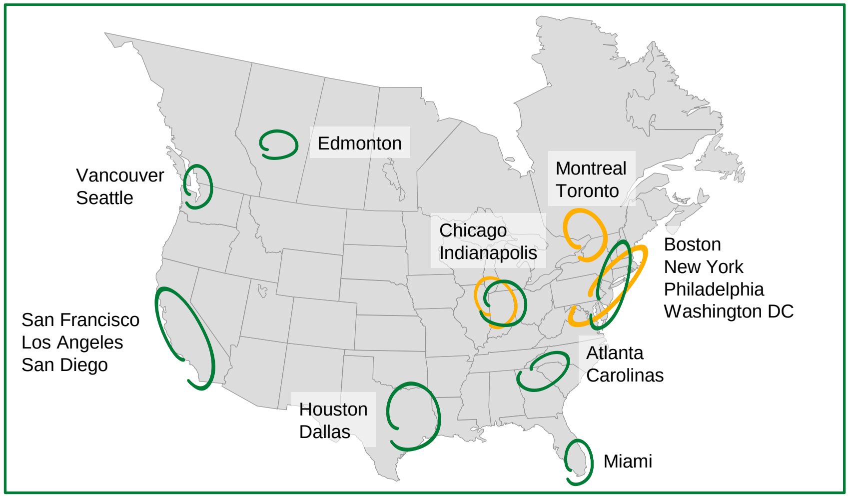
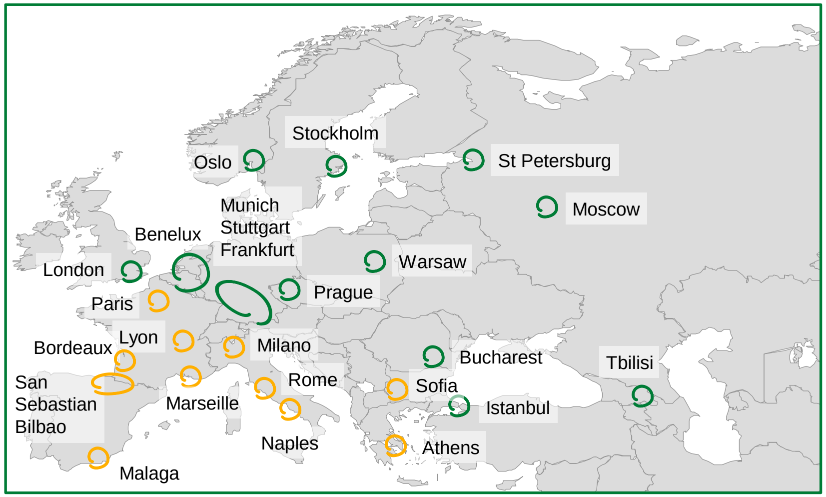
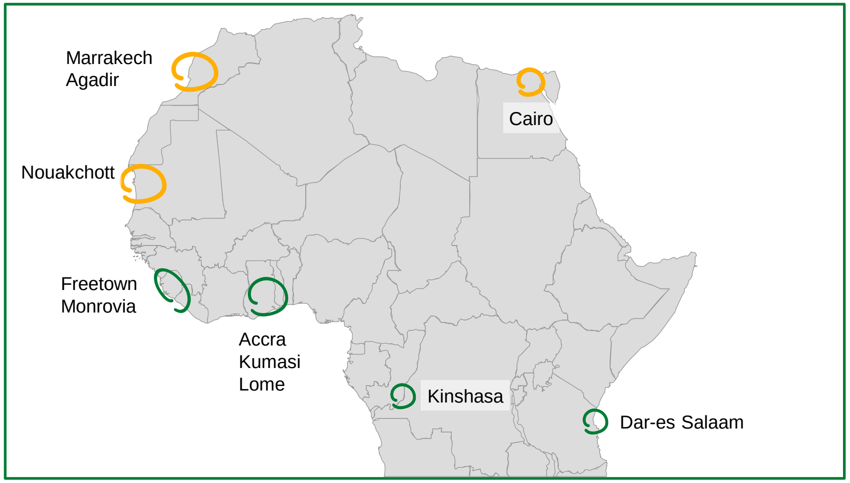
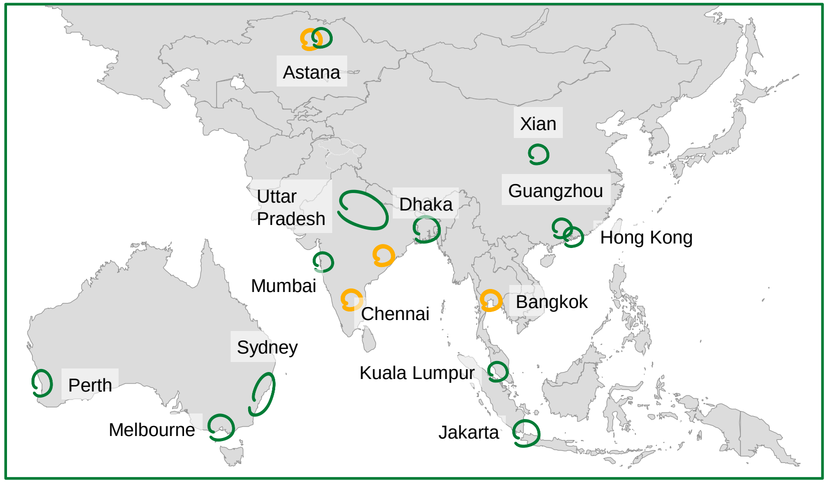
Strong position in urban centres

Capitalising on increasing urbanisation









HeidelbergCement Core Urban Centres   Footprint Strengthened by Italcementi

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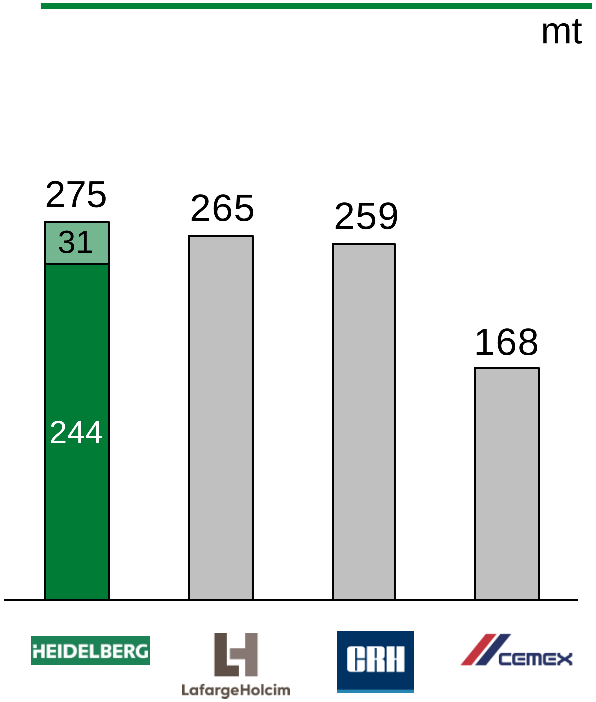
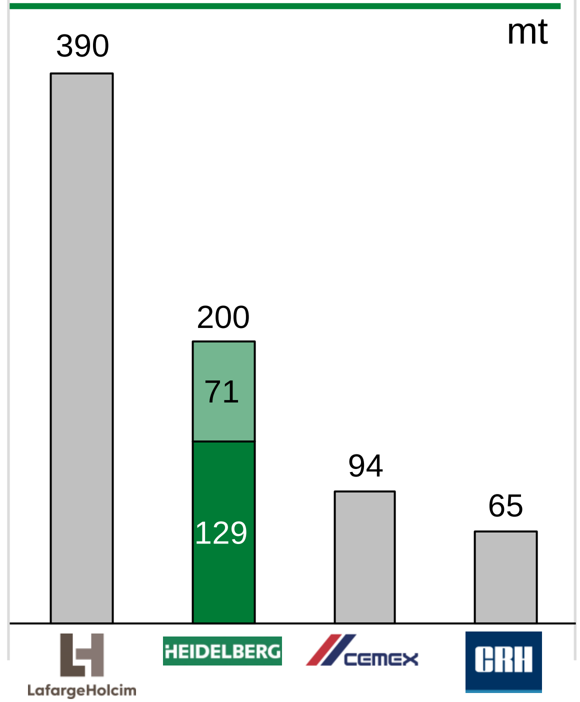
Reinforce strong global market positions

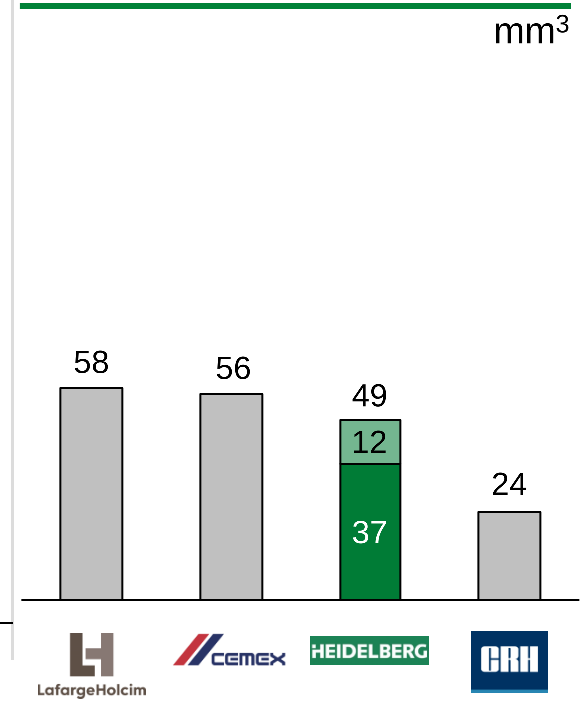
Aggregates sales volume - 2014



Cement capacity (1)



Ready-mix sales volume - 2014



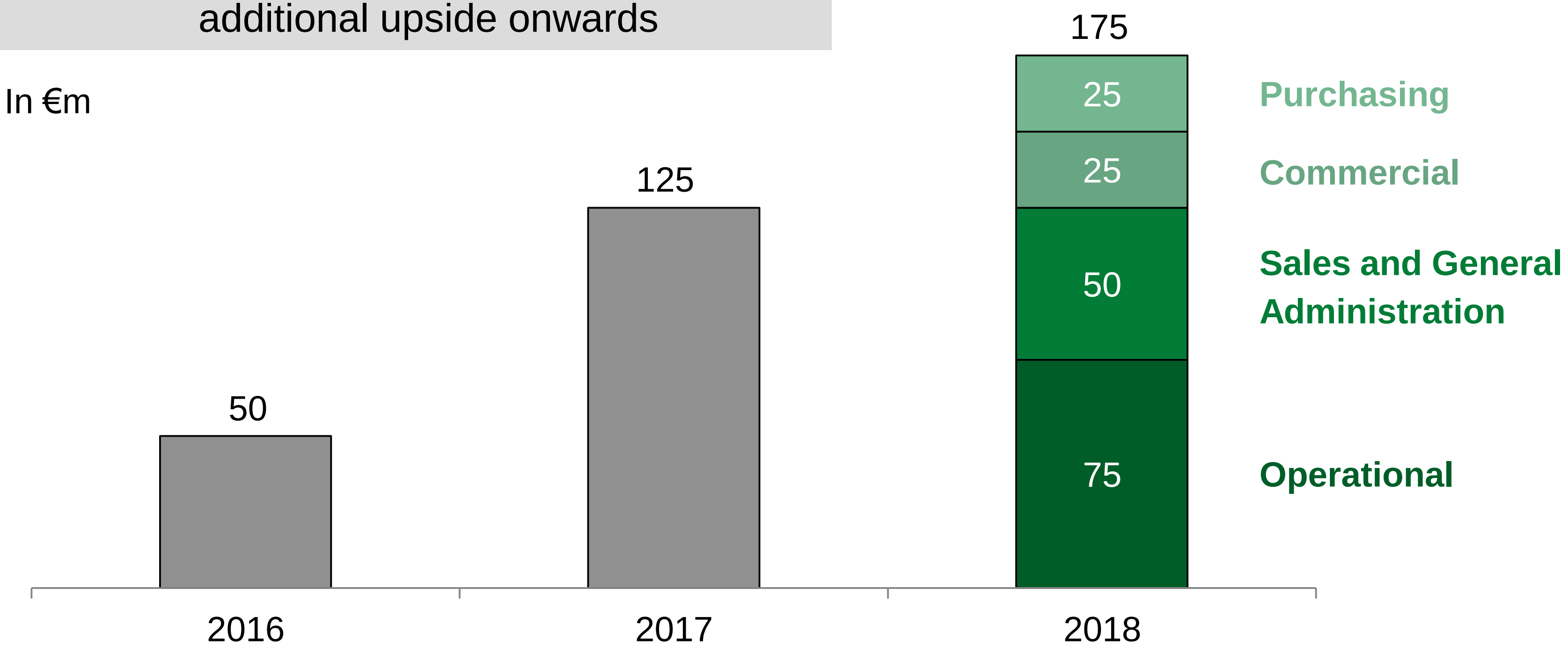
Combination set to create a global #1 in aggregates, #2 in cement and #3 in ready-mix

1) All figures are as of end of 2014, except CRH capacities which are as of latest disclosure, including minorities

Significant synergy potential

Run-rate synergies

Minimum run-rate synergies of €m 175 to be achieved by 2018 with potential for additional upside onwards



Almost 30% of total target synergy run-rate to be delivered already in 2016

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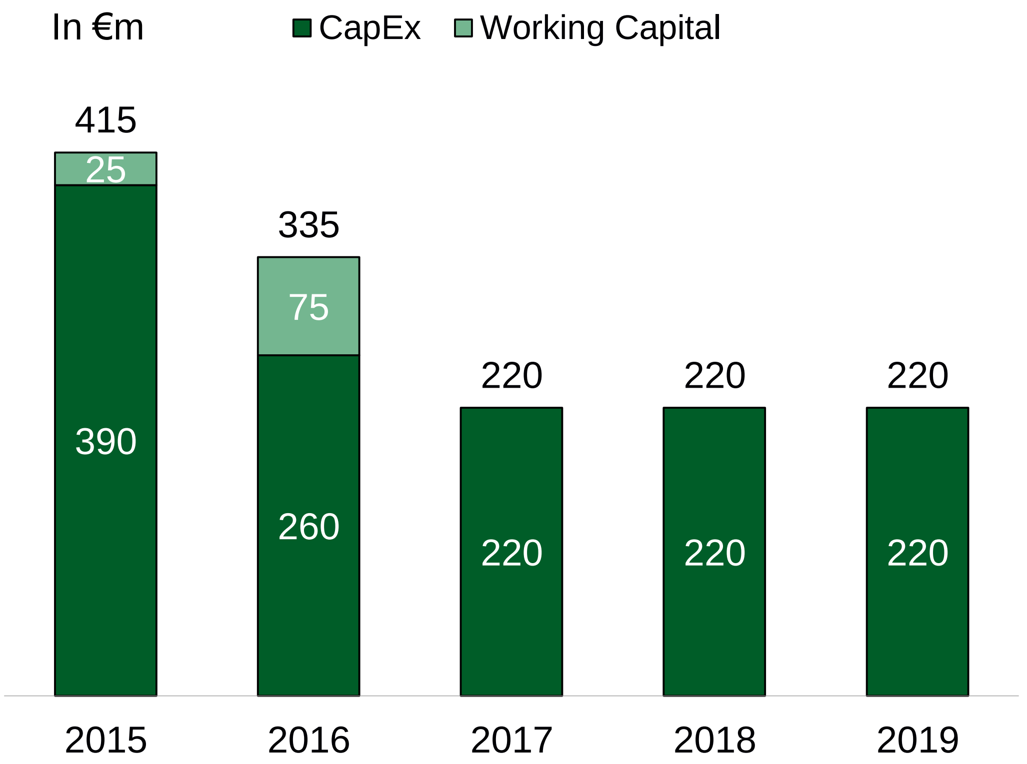
Meaningful savings support financial rationale

- €m 750 cash savings until the end of 2016
- Total €bn 1.3 CapEx savings in 5 years
- Efficient working capital management to achieve €m 100 savings until 2016



Significant savings from capital and CapEx efficiencies in addition to cost synergies

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Experienced management team with strong focus on operational excellence

Management Board






Dr Bernd Scheifele	Dr Lorenz Näger	Dr Dominik von Achten	Daniel Gauthier	Andreas Kern	Dr Albert Scheuer
CEO	**CFO**	**North America,** (Deputy Chairman)	**NW Europe, Africa Mediterranean**	**Central Europe Central Asia**	**Asia Oceania**
▪ Strategy and Development ▪ Group HR ▪ Comm. & IR ▪ Legal ▪ Compliance ▪ Internal Audit	▪ Finance, Acc., Controlling, Taxes ▪ Insurance & CRM ▪ IT ▪ Shared Service Center ▪ Logistics	▪ Purchasing ▪ Competence Center Materials (AGG und RMC)	▪ Environmental Sustainability ▪ Group Services (CO_2, Fuels, Trading)	▪ Sales and Marketing ▪ Secondary cementitious materials	▪ Heidelberg Technology Center Cement
Since 2005 with HC	Since 2004 with HC	Since 2007 with HC	Since 1982 with HC	Since 1983 with HC	Since 1992 with HC

Extensive integration experience

Hanson HEIDELBERGCEMENT Group | CBR HEIDELBERGCEMENT Group | SCANCEM | Lehigh Hanson HEIDELBERGCEMENT Group

Management Board with unique track record of delivering on financial and operational integration

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Leverage HC's proven value creation track record

Integration excellence	Successful Hanson integration and unique organisational structure
Operational excellence	Timely implemented and executed programs leading to visible margin improvements
Commercial excellence	Sales excellence and improved top line result across all business lines
Financial excellence	Clear success in working capital management and financial discipline

Significant potential for improved results and enhanced value from Italcementi's assets

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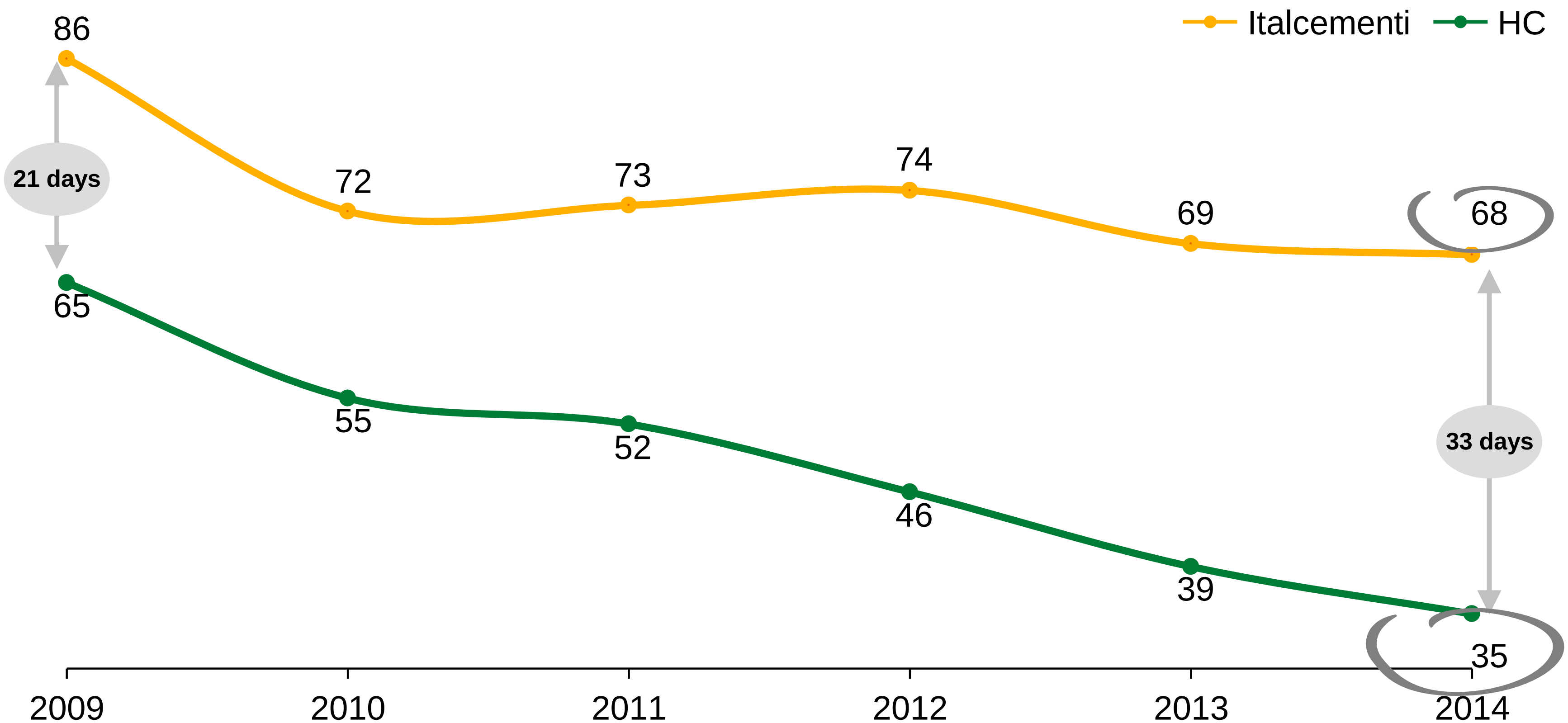
Significant potential to reduce working capital days

Working Capital (days)



Considering HC's past performance, further working capital savings expected

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Benefit from state of the art R&D capabilities

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- Easycrete®
- Powercrete®
- Chronocrete®
- CemFlow

- i.design
- i.active
- i.drain
- i.light
- i.clime

Italcementi
Italcementi Group

- Optimisation of production processes
- New products with innovative functionalities
- Customer oriented solutions
- Innovative binder concepts

Research capabilities will be consolidated after performance review

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Financial rationale

Fair multiple on earnings potential

Implied multiple assumptions	
Purchase of 45% in cash and share deal	**€bn 1.7**
Tender offer for free float	€bn 2.0
Total equity value	**€bn 3.7**
Net debt	€bn 2.2
Net balance of minorities, pensions & associates	€bn 0.8
Enterprise value	**€bn 6.7**
2015E EBITDA + full run rate synergies	ca. €m 850
= 7.9x EV/EBITDA transaction multiple	

Further value drivers not reflected in the transaction multiple

- Additional value creation from disciplined management of the modern asset base
- Local brands with strong customer base, especially in emerging markets
- Fully deployed IT platform and innovation / technical solutions centre

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Financial rationale

High quality assets in attractive markets at a fair price

Illustrative analysis

	Replacement cost (in €bn)		Implied Italcementi valuation (in €bn)	
Cement	11.4	Cement	5.4	
US$/t of cement capacity	*~US$178/t*	*US$/t of cement capacity*	*~US$85/t*	**53% discount**
Ready-mix	0.7	Ready-mix	0.7	
Aggregates	0.6	Aggregates	0.6	
Enterprise value	12.7	Enterprise value	6.7	
Implied equity value	9.7	Offer equity value	3.7	**62% discount**

Attractive purchase price paid based on replacement cost analysis

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Financial rationale

Transaction financing secured – clearly defined refinancing plan

Transaction initially financed through cash and fully underwritten debt guaranteed for up to 36 months

- €bn 0.8 cash savings until Dec 2016, driven by CapEx and working capital savings
- €bn 1.0 from the sale of non-core assets and possibly assets in overlapping geographies
- Issuance of up to 10.5 million new shares to Italmobiliare
- Bond issuances to cover the remaining debt

Proforma leverage of < 2.5x by end of 2016

Announced dividend target and strategy remain unchanged

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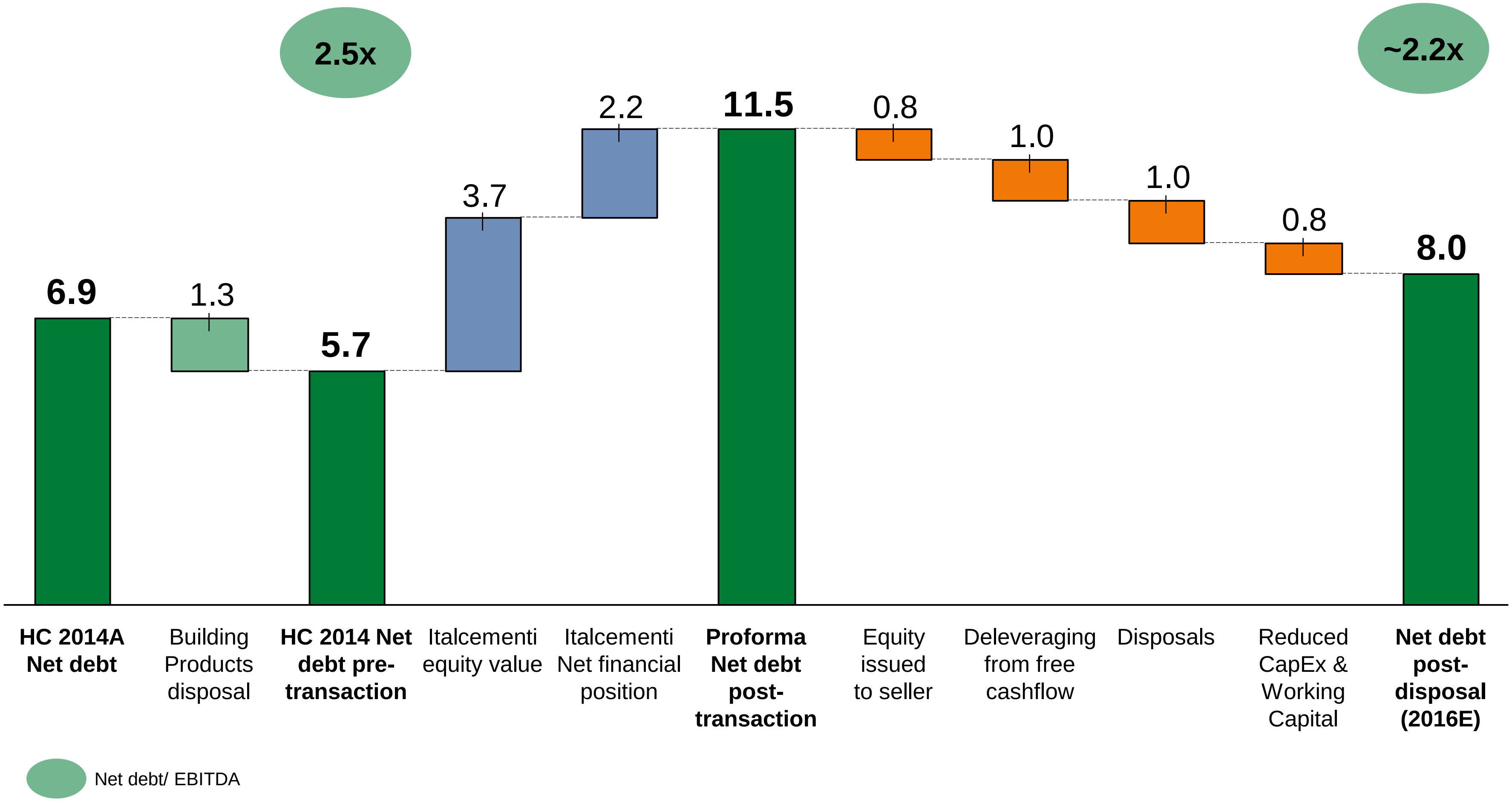
Effect on Net Debt

Proforma ratios post closing consistent with current credit metrics

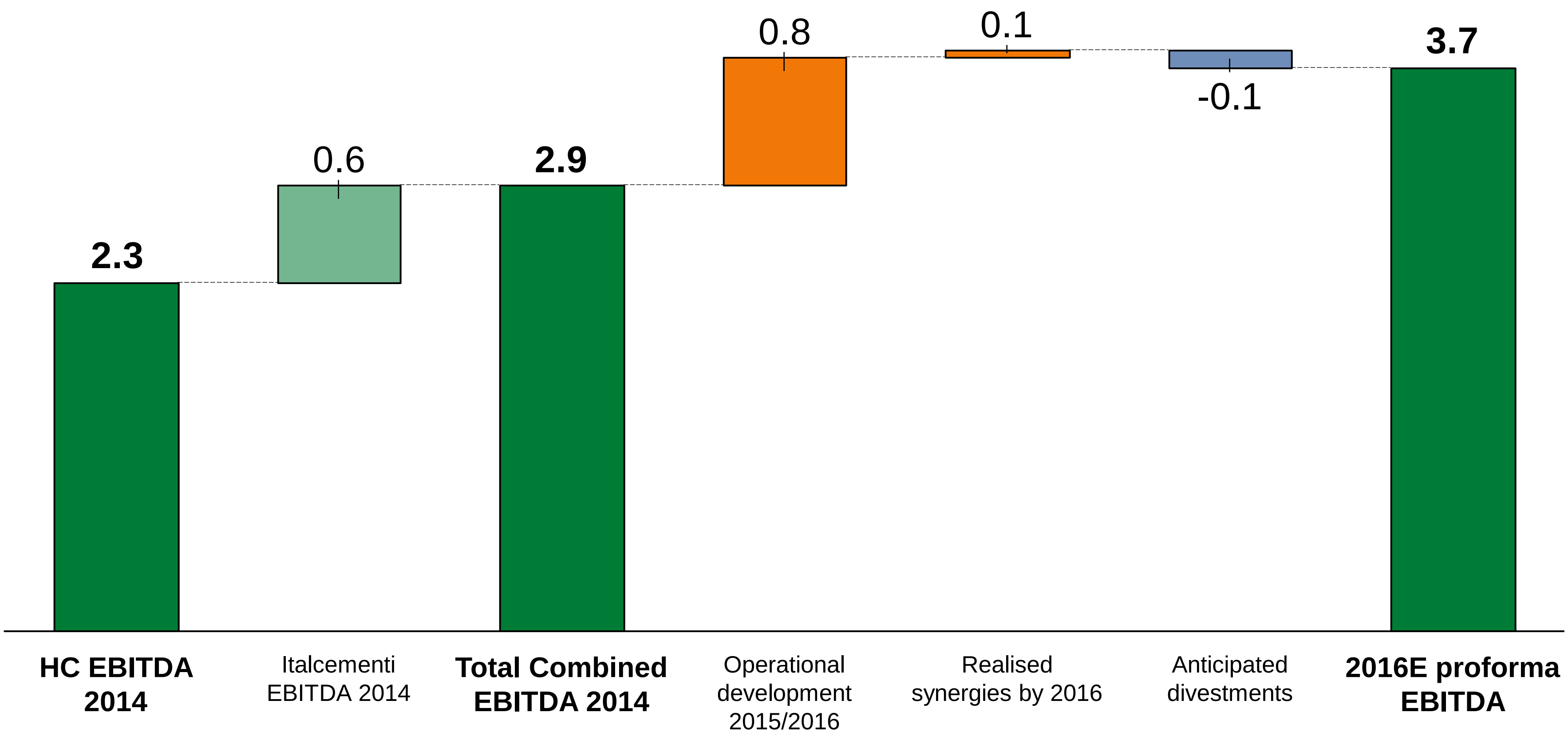
In €bn



Notes: Possible mandatory public offers for minorities are not reflected in the figures as the process will continue until the end of the transaction.
Numbers may not add up due to rounding differences

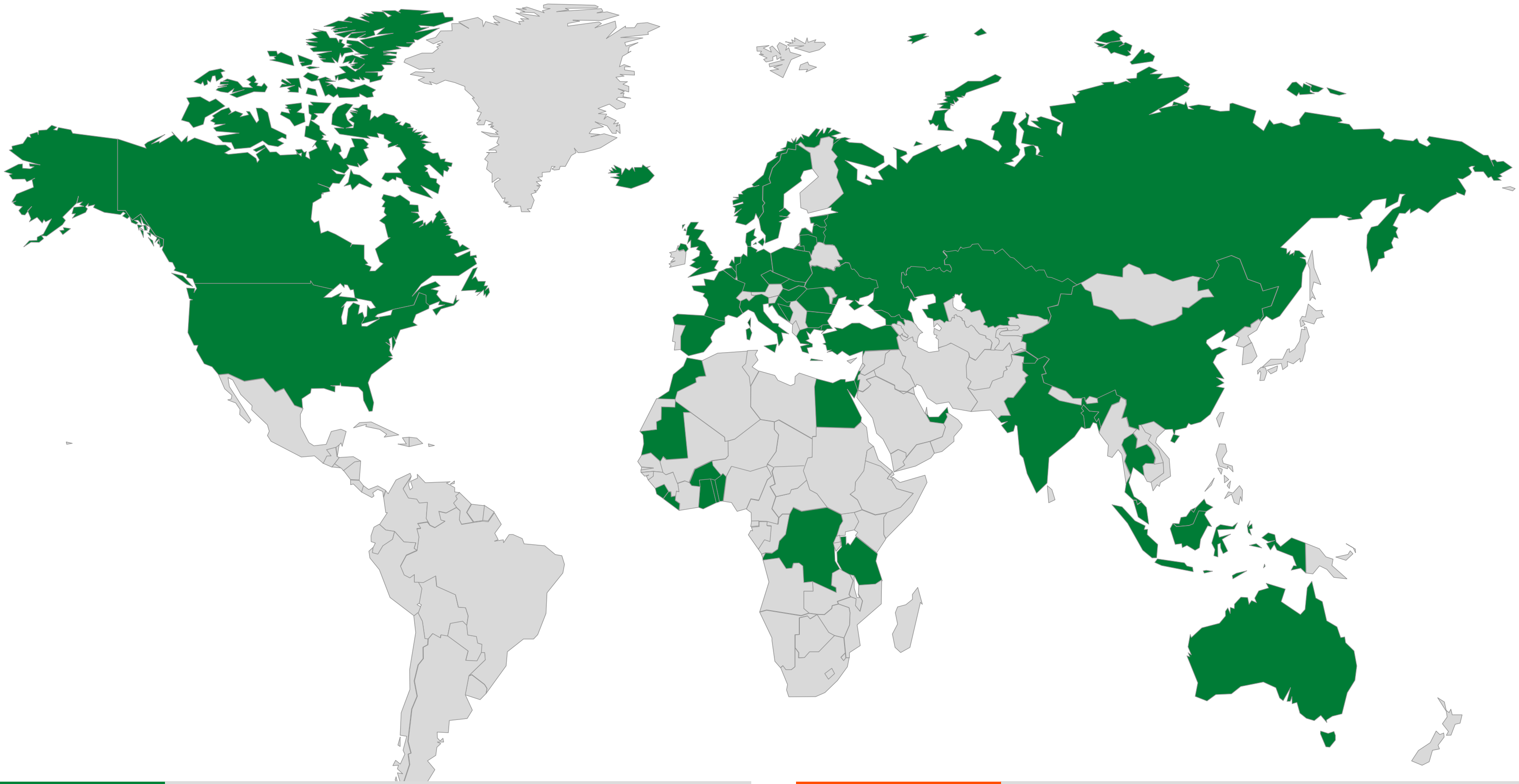
Proforma combined Group EBITDA

In €bn



Further potential for portfolio management

Footprint of > 60 countries allows for a more active portfolio management



+	Increase presence in markets with growth and/or value creation potential
–	Divest market positions with diminishing potential to generate ROIC

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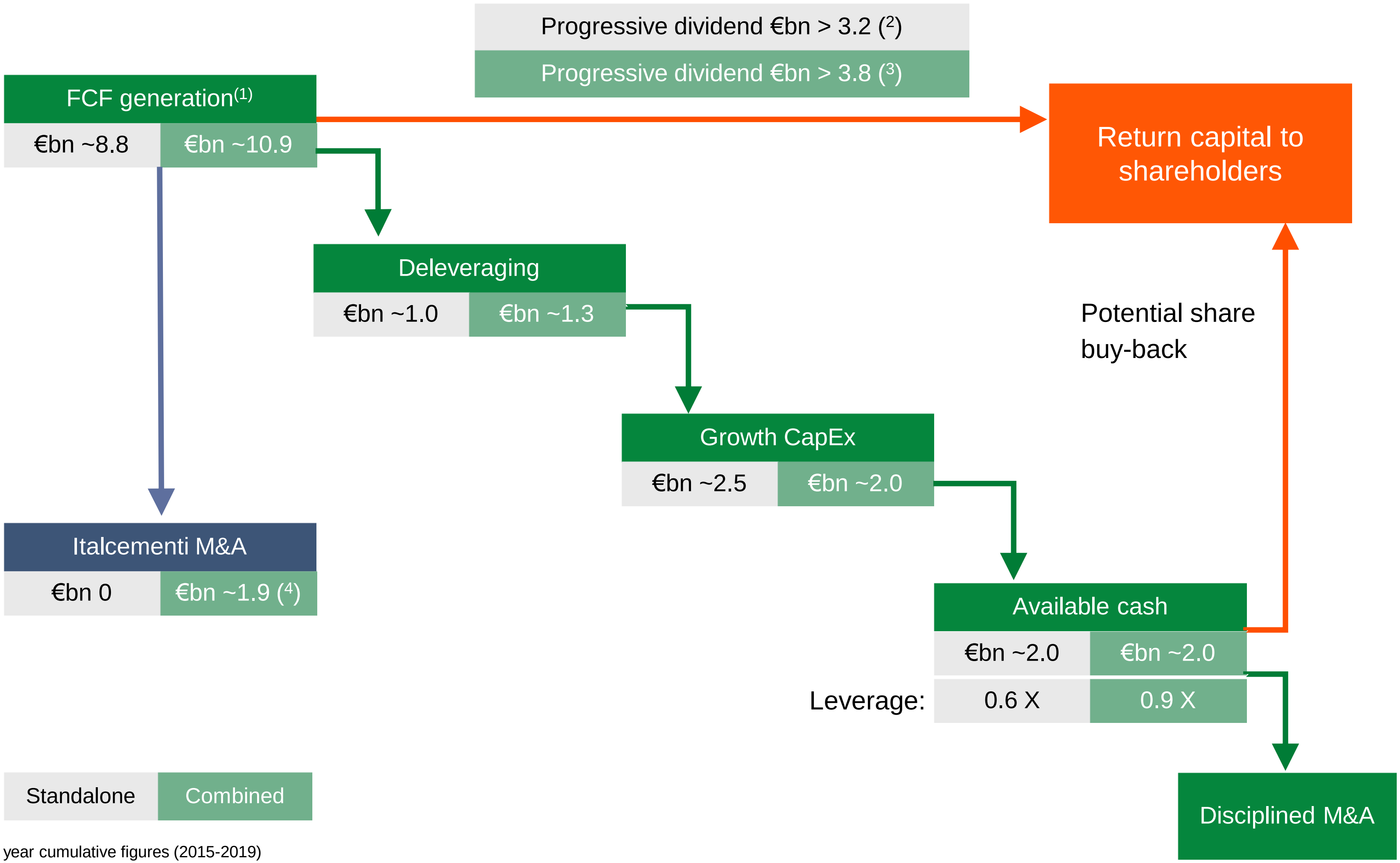
Balancing growth and shareholder return



Note: 5 year cumulative figures (2015-2019)

1) Excluding proceeds from BP disposal but includes proceeds from envisaged disposal as a results of the transaction
2) Includes minority dividends of €bn 1.2
3) Includes minority dividends of €bn 1.6
4) Based on equity consideration of €bn 3.7 less proceeds from disposal and the capital increase

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Focus on maximising returns

ROIC exceeding WACC by end of 2016

Reaching 40% – 45% pay-out ratio by 2019

Expected to be **EPS accretive** in first full fiscal year after closing

Deleveraging to achieve Investment Grade ratings

Accelerating achievement of HC's mid-term targets

Delivering attractive returns to shareholders

Maintaining long-term dividend payout target

	Standalone 2019	Combined 2019
Revenues	€bn > 17	€bn > 20
EBITDA	€bn > 4	€bn > 5
ROIC	> 10%	> 10%
Leverage	1.5x – 2.5x	1.5x – 2.5x
EPS	€ ~10	€ ~11
Payout Ratio	40% – 45%	40% – 45%

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Unique opportunity to accelerate growth and achievement of mid-term goals

Acquiring high quality assets with excellent geographical fit

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Right time for transaction to capitalise on recovery in key markets

Significant value creation potential through synergies and operational efficiency

Fully aligned with announced strategy of accelerated growth and increased shareholder returns