Annual General Meeting
HeidelbergCement
9 May 2019
Contents

1. 2018: new record figures achieved

2. HeidelbergCement is well prepared for the future
   a. Increasing the value of the Group
   b. Focus on sustainability and innovation

3. Q1 2019: strong growth achieved

4. Outlook 2019: further increase in results
The most important at a glance...

- HeidelbergCement achieved record figures despite difficult environment:
  - Sales volumes, revenue, profit for the financial year, and dividend reached highest values
- Earnings per share significantly increased, net debt reduced, and premium on cost of capital earned
- Dividend proposal increased for the ninth consecutive time (+11%)
- Positive outlook for 2019, but geopolitical and macroeconomic risks remain
2018 – record figures despite difficult environment

**Challenging market environment**
- Unexpected strong increase in energy prices (Newcastle coal +17%; Brent oil +25%)
- Extreme weather events in the USA (long winter, heavy rainfall)
- Uncertainties due to the ongoing Brexit discussions in the United Kingdom
- Competitive pressure in Indonesia – bottomed out in Q3
- Strength of the euro resulted in considerable exchange rate losses (RCOBD\(^1\)): €m -130

**New record figures for sales volumes, revenue, profit for the financial year, and dividend**

<table>
<thead>
<tr>
<th>Sales volumes</th>
<th>Revenue</th>
<th>Profit for the financial year(^2)</th>
<th>Dividend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cement: Mt 130</td>
<td>€bn 18.1</td>
<td>€bn 1.3</td>
<td>€2.10</td>
</tr>
<tr>
<td>Aggregates: Mt 309</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ready-mixed concrete: Mm(^3) 49</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\(^1\) RCOBD = Result from current operations before depreciation and amortisation
\(^2\) Historical values adjusted for higher income from divestments, e.g. Vicat and Maxit
Important targets reached…

<table>
<thead>
<tr>
<th>Target / Outlook 2018</th>
<th>Actual 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moderate increase in revenue</td>
<td>Revenue: +5%</td>
</tr>
<tr>
<td>Significant increase in profit for the financial year</td>
<td>Profit for the financial year: +22%</td>
</tr>
<tr>
<td>Earning of cost of capital (ROIC &gt; WACC)</td>
<td>ROIC: 6.9%</td>
</tr>
<tr>
<td></td>
<td>WACC: 6.3%</td>
</tr>
<tr>
<td>Progressive dividend policy</td>
<td>Dividend: €2.10 (+11%)</td>
</tr>
</tbody>
</table>

Further positive developments:

- Market positions in the USA, Canada, Italy, and Australia strengthened
- Portfolio optimisation accelerated: close to €m 600 proceeds from disposals
- Accident frequency rate reduced by 12%
- Specific net CO₂ emissions reduced

HeidelbergCement has developed positively in 2018
... but not everything went as expected

<table>
<thead>
<tr>
<th>Target / Outlook 2018</th>
<th>Actual 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moderate increase in result from current</td>
<td>Result from current operations -2%</td>
</tr>
<tr>
<td>operations</td>
<td></td>
</tr>
</tbody>
</table>

- Bad weather in North America (region North and Texas) prevented stronger growth of results
- Significantly stronger than expected increase in energy prices; electricity prices in Europe rose due to higher costs for CO₂ emission certificates
- Decline in income from the sale of depleted quarries: planned disposals could not be completed in 2018
- Action plan initiated in November 2018 to strengthen margins and cash flow

HeidelbergCement has reached most of its targets despite a challenging environment
Profit for the financial year rose by 22%, Group share of profit by 25%  

<table>
<thead>
<tr>
<th>€m</th>
<th>2017</th>
<th>2018</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>17,266</td>
<td>18,075</td>
<td>5%</td>
</tr>
<tr>
<td>Result from joint ventures</td>
<td>204</td>
<td>204</td>
<td>0%</td>
</tr>
<tr>
<td>Result from current operations before depreciation and amortisation</td>
<td>3,297</td>
<td>3,074</td>
<td>-7%</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>-1109</td>
<td>-1091</td>
<td>2%</td>
</tr>
<tr>
<td>Result from current operations</td>
<td>2,188</td>
<td>1,984</td>
<td>-9%</td>
</tr>
<tr>
<td>Additional ordinary result</td>
<td>-133</td>
<td>108</td>
<td></td>
</tr>
<tr>
<td>Result from participations</td>
<td>51</td>
<td>39</td>
<td>-23%</td>
</tr>
<tr>
<td>Financial result&lt;sup&gt;1)&lt;/sup&gt;</td>
<td>-418</td>
<td>-367</td>
<td>12%</td>
</tr>
<tr>
<td>Income taxes&lt;sup&gt;1)&lt;/sup&gt;</td>
<td>-597</td>
<td>-464</td>
<td>20%</td>
</tr>
<tr>
<td>Net result from continued operations</td>
<td>1,109</td>
<td>1,300</td>
<td>17%</td>
</tr>
<tr>
<td>Net result from discontinued operations</td>
<td>-51</td>
<td>-14</td>
<td>72%</td>
</tr>
<tr>
<td>Profit for the financial year</td>
<td>1,058</td>
<td>1,286</td>
<td>22%</td>
</tr>
<tr>
<td>Minorities</td>
<td>-141</td>
<td>-143</td>
<td>-2%</td>
</tr>
<tr>
<td>Group share of profit</td>
<td>918</td>
<td>1,143</td>
<td>25%</td>
</tr>
</tbody>
</table>

<sup>1)</sup> Amounts 2017 were adjusted.
Increase in sales volumes in all business lines

North America

- Cement (Mt): -1%
- Aggregates (Mt): +5%
- Ready-mixed concrete (Mm³): +2%

- 2017: 16.4 Mt
- 2018: 16.2 Mt

- 2017: 120.8 Mm³
- 2018: 123.4 Mm³

- 2017: 6.8 Mm³
- 2018: 7.1 Mm³

Western and Southern Europe

- Cement (Mt): +7%
- Aggregates (Mt): +4%
- Ready-mixed concrete (Mm³): +1%

- 2017: 28.9 Mt
- 2018: 30.8 Mt

- 2017: 78.5 Mm³
- 2018: 81.3 Mm³

- 2017: 17.3 Mm³
- 2018: 17.5 Mm³

Asia-Pacific

- Cement (Mt): +6%
- Aggregates (Mt): +5%
- Ready-mixed concrete (Mm³): +9%

- 2017: 34.7 Mt
- 2018: 36.9 Mt

- 2017: 41.5 Mm³
- 2018: 43.4 Mm³

- 2017: 10.6 Mm³
- 2018: 11.6 Mm³

Northern and Eastern Europe-Central Asia

- Cement (Mt): +3%
- Aggregates (Mt): +2%
- Ready-mixed concrete (Mm³): +1%

- 2017: 25.9 Mt
- 2018: 25.6 Mt

- 2017: 52.3 Mm³
- 2018: 51.3 Mm³

- 2017: 6.9 Mm³
- 2018: 7.0 Mm³

Africa-Eastern Mediterranean Basin

- Cement (Mt): +3%
- Aggregates (Mt): -18%
- Ready-mixed concrete (Mm³): +4%

- 2017: 19.0 Mt
- 2018: 19.7 Mt

- 2017: 12.4 Mm³
- 2018: 10.1 Mm³

- 2017: 5.1 Mm³
- 2018: 5.3 Mm³

1) Decline due to deconsolidation of the white cement business
2) Decline due to deconsolidation of Georgia
3) Expiring mining licence in Israel

Total sales volumes

- Cement total: +3%
- Aggregates total: +1%
- Ready-mixed concrete total: +4%
Bridge of result from current operations before depreciation and amortisation (RCOBD)

<table>
<thead>
<tr>
<th>€m</th>
<th>2017 RCOBD</th>
<th>Currency</th>
<th>Deconsol.</th>
<th>2017 RCOBD on like-for-like basis</th>
<th>Prices</th>
<th>Net volumes</th>
<th>Costs</th>
<th>Other</th>
<th>2018 RCOBD on like-for-like basis</th>
<th>Scope of consolidation</th>
<th>2018 RCOBD</th>
</tr>
</thead>
<tbody>
<tr>
<td>3,297</td>
<td>-130</td>
<td>-53</td>
<td></td>
<td>3,114</td>
<td>378</td>
<td>-570</td>
<td>-61</td>
<td>3,044</td>
<td>30</td>
<td>3,074</td>
<td></td>
</tr>
</tbody>
</table>

Solid development of sales volumes and prices compensates for cost inflation

Lower proceeds from disposals
(€m 79 from sale of Carroll Canyon included in Q4 2017)

Stable result despite significantly increased energy costs and lower proceeds from disposals
Continuous improvement of key financial ratios

Revenue:
We continue to grow....

€m

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>17,084</td>
<td>17,266</td>
<td>18,075</td>
</tr>
<tr>
<td>Growth</td>
<td>+1%</td>
<td>+5%</td>
<td></td>
</tr>
</tbody>
</table>

Earnings per share:
We continue to increase....

€

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>3.40</td>
<td>4.62</td>
<td>5.76</td>
</tr>
<tr>
<td>Growth</td>
<td>+36%</td>
<td>+25%</td>
<td></td>
</tr>
</tbody>
</table>

Net debt:
We continue to reduce....

€m

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>8,999</td>
<td>8,695</td>
<td>8,367</td>
</tr>
<tr>
<td>Change</td>
<td>-304</td>
<td>-328</td>
<td></td>
</tr>
</tbody>
</table>

Significant increase in earnings per share and clear reduction of net debt despite difficult year

1) Pro forma revenue: incl. Italcementi’s contribution in the first half of 2016
Further improvement of financial result in 2018

Financial result 2017: €-418
- Interest income: €7
- Interest expenses: €41
- Exchange rate gains and losses: €14
- Other financial result: €4

Financial result 2018: €-367

Improved refinancing conditions and investment grade rating led to further reduction of interest expenses.
### Balance sheet strengthened – net debt reduced

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intangible assets and property, plant and equipment</td>
<td>24,285</td>
<td>24,782</td>
<td>69 %</td>
</tr>
<tr>
<td>Financial assets</td>
<td>2,181</td>
<td>2,107</td>
<td>6 %</td>
</tr>
<tr>
<td>Other non-current assets</td>
<td>1,399</td>
<td>1,403</td>
<td>4 %</td>
</tr>
<tr>
<td>Current assets</td>
<td>6,593</td>
<td>7,412</td>
<td>21 %</td>
</tr>
<tr>
<td>Assets held for sale</td>
<td>100</td>
<td>79</td>
<td>0 %</td>
</tr>
<tr>
<td><strong>Balance sheet total</strong></td>
<td>34,558</td>
<td>35,783</td>
<td>100 %</td>
</tr>
<tr>
<td><strong>Equity and liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shareholders equity and non-controlling interests</td>
<td>15,987</td>
<td>16,822</td>
<td>47 %</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>12,275</td>
<td>12,697</td>
<td>36 %</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>6,283</td>
<td>6,254</td>
<td>17 %</td>
</tr>
<tr>
<td>Liabilities associated with assets held for sale</td>
<td>13</td>
<td>11</td>
<td>0 %</td>
</tr>
<tr>
<td><strong>Balance sheet total</strong></td>
<td>34,558</td>
<td>35,783</td>
<td>100 %</td>
</tr>
</tbody>
</table>

- **Equity ratio**: 46.3% (2017) vs. 47.0% (2018)
- **Net debt**: 8,695 (2017) vs. 8,367 (2018)
- **Dynamic gearing ratio**: 2.64x (2017) vs. 2.72x (2018)
- **Gearing (net debt/equity)**: 54.4% (2017) vs. 49.7% (2018)

1) Amounts 2017 were adjusted.
Strong cash flow: net debt reduced by €m 328

Usage of free cash flow

€m

Cash allocation

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free cash flow 2018 ¹)</td>
<td>1,296</td>
</tr>
<tr>
<td>Net growth investments</td>
<td>501</td>
</tr>
<tr>
<td>Debt reduction</td>
<td>231</td>
</tr>
<tr>
<td>Dividend HC AG</td>
<td>377</td>
</tr>
<tr>
<td>Dividend to minorities</td>
<td>188</td>
</tr>
</tbody>
</table>

Reduction of net debt

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net debt 2017 ²)</td>
<td>8,695</td>
</tr>
<tr>
<td>Debt reduction</td>
<td>231</td>
</tr>
<tr>
<td>Consolidation &amp; currency effects</td>
<td>97</td>
</tr>
<tr>
<td>Net debt 2018 ²)</td>
<td>8,367</td>
</tr>
</tbody>
</table>

Balanced usage of free cash flow for debt reduction, growth investments, and dividend payments

¹) Free cash flow before growth investments and disposals (incl. cash flow from discontinued operations)
²) Incl. put options from minorities
We earn the cost of capital and increase the enterprise value

Before the Italcementi acquisition

<table>
<thead>
<tr>
<th>Year</th>
<th>Invested capital (€m)</th>
<th>WACC</th>
<th>ROIC</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>21,063</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>20,086</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>20,849</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>21,559</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

After the acquisition

<table>
<thead>
<tr>
<th>Year</th>
<th>Invested capital (€m)</th>
<th>WACC</th>
<th>ROIC</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>23,595</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>26,029</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>25,509</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

We create value and earn a premium on the cost of capital
9th consecutive increase in dividend proposed: new record value of €2.10

Dividend (€)

<table>
<thead>
<tr>
<th>Year</th>
<th>Dividend Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>0.12</td>
</tr>
<tr>
<td>2010</td>
<td>0.25</td>
</tr>
<tr>
<td>2011</td>
<td>0.35</td>
</tr>
<tr>
<td>2012</td>
<td>0.47</td>
</tr>
<tr>
<td>2013</td>
<td>0.60</td>
</tr>
<tr>
<td>2014</td>
<td>0.75</td>
</tr>
<tr>
<td>2015</td>
<td>1.30</td>
</tr>
<tr>
<td>2016</td>
<td>1.60</td>
</tr>
<tr>
<td>2017</td>
<td>1.90</td>
</tr>
<tr>
<td>2018</td>
<td>2.10</td>
</tr>
</tbody>
</table>

Average annual increase: +37%

9th consecutive increase in dividend and payment of a new record dividend proposed.
Significant improvement of results since financial crisis

Earnings per share (€)

Average annual increase

+39%

+25%

Growth and efficiency improvements drive increase in earnings
Development of the HeidelbergCement share price compared to DAX

- DAX
- HeidelbergCement

**2018**
(Index: Base 100 = 31 Dec. 2017)

**Jan.- 3 May 2019**
(Index: Base 100 = 31 Dec. 2018)

Strong recovery of HeidelbergCement share after difficult year 2018
Contents

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   a. Increasing the value of the Group
   b. Focus on sustainability and innovation

3. Q1 2019: strong growth achieved

4. Outlook 2019: further increase in results
HeidelbergCement is globally among the top 3 in the core business

<table>
<thead>
<tr>
<th></th>
<th>2018 aggregates sales volumes (Mt)</th>
<th>2018 cement sales volumes (Mt)</th>
<th>2018 ready-mixed concrete sales volumes (Mm$^3$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Heidelberg</td>
<td>309</td>
<td>222</td>
<td>53</td>
</tr>
<tr>
<td>BHI</td>
<td>305$^{1)}$</td>
<td>130</td>
<td>51</td>
</tr>
<tr>
<td>Latonpoliscy</td>
<td>274</td>
<td>69</td>
<td>49</td>
</tr>
</tbody>
</table>

HeidelbergCement is globally no. 1 in aggregates, no. 2 in cement, and no. 3 in ready-mixed concrete

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1) The figure includes the projected volumes for the whole year of acquired companies
The megatrends population growth and urbanisation are the drivers of our growth

- Residential construction
- Mobility
- Urban and economic development

London
New York
HeidelbergCement is well-positioned in urban centers

Most important urban centers with HeidelbergCement operations
Our target: increasing sustainably the value of the Group

<table>
<thead>
<tr>
<th>Benefit from the recovery of mature markets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pricing above inflation rate</td>
</tr>
<tr>
<td>Targeted and disciplined growth</td>
</tr>
<tr>
<td>Portfolio optimisation</td>
</tr>
<tr>
<td>Accelerated deleveraging</td>
</tr>
<tr>
<td>Culture of continuous efficiency improvement</td>
</tr>
<tr>
<td>Increasing shareholder return</td>
</tr>
</tbody>
</table>
## Use of cash flow: targets 2018–2020

<table>
<thead>
<tr>
<th>Disciplined growth</th>
<th>Portfolio optimisation</th>
<th>Decrease in net debt</th>
<th>Progressive dividend payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>€bn 1.5 – 2.0</td>
<td>Divestments</td>
<td>Net debt&lt;sup&gt;1)&lt;/sup&gt;</td>
<td>Dividend payment</td>
</tr>
<tr>
<td></td>
<td>€bn 1.0 – 1.5</td>
<td>€bn 7</td>
<td>40%</td>
</tr>
<tr>
<td>2018: €bn 1.1</td>
<td>2018: €m ~600</td>
<td>end of 2020</td>
<td>for 2020</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2018: €bn &lt; 8.4</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>For 2018: 36.5%</td>
</tr>
</tbody>
</table>

1) Before application of IFRS 16

**Strong focus on cash generation – action plan initiated**
Action plan initiated in response to difficult environment in 2018

Cost management: €m 100 cost savings programme in SG&A to be achieved by the end of 2020

Margin improvement: Aggressive commercial excellence initiative to regain margins

Cash generation: Accelerated disposal policy to reach high end of the announced €bn 1-1.5 target

Cash management: Limit growth investments to a total of €m 700 in the next 2 years

We pull all levers to improve margins and cash flow and maintain a solid investment grade rating
Cost savings programme in SG&A with €m 100 savings target

Define
- Internal analysis of developments in recent years
- Benchmark with peers

Evaluate
- Detailed analysis per cost type and cost center
- Define cost savings potential

Verify
- Bottom-up analysis to define further potentials
- Agreement with cost centers

Launch

More than €m 50 cost savings agreed with local management teams for 2019
Accelerated portfolio optimisation; disposals of almost €m 600 in 2018

Focus on 3 main categories; disposal target of €bn 1.5 in 3 years

**Non-core business**
- Activities outside of the core business lines of cement, aggregates and ready-mixed concrete/asphalt

Already executed:
- White cement in the USA
- Sand-lime brick business in Germany

**Weak market positions**
- Market positions in countries with high risk and/or limited growth potential

Already executed:
- Saudi Arabia
- Georgia
- Ukraine
- Syria
- Ciment Québec

**Idle assets**
- Depleted quarries, unused land
- Unused fixed assets
- Apartments etc.

- Creation of a detailed overview of real estate assets
- Optimisation of real estate management

Target to reduce complexity and risks; limited impact on result from current operations before depreciation and amortisation
Improvement of cash flow by €m >100 by the end of 2020 through more favourable refinancing

Financing costs: high cash flow potential

Debt maturity profile as of 31 December 2018

Average Coupon: 5.4% 5.9% 1.6% 0.5% 2.3% 2.3% 1.5% 1.6% 1.5% 1.75%
Safeguarding of a stable investment grade rating

<table>
<thead>
<tr>
<th>Planned decrease in net debt</th>
<th>Significant drivers for improving cash flow</th>
</tr>
</thead>
<tbody>
<tr>
<td>€bn</td>
<td></td>
</tr>
<tr>
<td>2018: 8.4</td>
<td>▪ Operational improvement measures (continuous improvement)</td>
</tr>
<tr>
<td></td>
<td>▪ Price increases</td>
</tr>
<tr>
<td>2019: 7.0</td>
<td>▪ Reduction of interest payments</td>
</tr>
<tr>
<td>2020: 7.0</td>
<td>▪ Lowering of tax rates</td>
</tr>
<tr>
<td></td>
<td>▪ Improvement of working capital</td>
</tr>
<tr>
<td></td>
<td>▪ Portfolio optimisation</td>
</tr>
</tbody>
</table>

Reduction of net debt through numerous measures

1) Before application of IFRS 16
Our target: increasing the value of the Group

- Increasing cash flow
- Disciplined growth
- Solid investment grade
- Attractive rate of return for our shareholders
Contents

1. 2018: new record figures achieved

2. HeidelbergCement is well prepared for the future
   a. Increasing the value of the Group
   b. Focus on sustainability and innovation

3. Q1 2019: strong growth achieved

4. Outlook 2019: further increase in results
Six key topics characterise our commitment for sustainable growth, environment, and society

- Driving Economic Strength and Innovation
- Achieving excellence in Occupational Health and Safety
- Reducing our Environmental Footprint
- Enabling the Circular Economy
- Being a Good Neighbour
- Ensuring Compliance and creating Transparency

The Sustainability Commitments 2030 are a policy designed to actively contribute to the Sustainable Development Goals of the UN
HeidelbergCement invests in innovation in Germany

- Investments of €m 350 in the modernisation of the Lengfurt, Burglengenfeld, and Schelklingen clinker plants and in environmental protection finalised in 2019 – currently, state-of-the-art and most environmentally friendly kiln lines

- Largest investment project in Germany of the last 40 years to strengthen long-term competitiveness

- R&D center in Leimen with 190 work places already opened in 2016

- Construction of new company headquarters in Heidelberg with environmentally friendly architecture and construction method (platin standard) – moving-in date in 2020

€m 500 investments in state-of-the-art and climate-friendly production sites and buildings in Germany
HeidelbergCement supports the fight against climate change

- Clear commitment to 2°C target of Paris
- Continuous reduction of specific CO₂ emissions
  - Target: 30% reduction by 2030 compared to the 1990 level
  - In accordance with the roadmap defined by the International Energy Agency (IEA) for our industry (externally verified)
  - Increased use of alternative fuels and raw materials (e.g. project Alternative Fuel Master Plan)
  - Improvement of energy efficiency (e.g. Gemany Cement Master Plan)
  - Reduction of the clinker ratio by using additives, e.g. limestone
- Vision: CO₂ neutral concrete by 2050
  - Development of industrial processes for CO₂ capture (Oxyfuel, Leilac)
  - Research projects for CO₂ recycling in cement and concrete products
Vision: CO₂ neutral concrete by 2050

Recarbonation closes the material cycles of concrete and CO₂

CO₂ capture
- e.g. Oxyfuel, Leilac

Limestone → Clinker

Cement
- Cement fines
- Aggregates

Concrete recycling

Concrete

Natural aggregates

Carbonation:
During its lifetime, concrete absorbs 5% - 20% of CO₂ emitted in the production process. Almost 100% are possible through special recycling.

Recarbonation

CO₂ recycling
- Raw material for building materials (reactive additives, hardening of concrete products)
- Raw material for chemical industry
- Raw material for biomass, e.g. microalgae
Different approaches to neutralise CO₂

- Return of CO₂ into material cycle through recarbonation
  - CO2MIN project in collaboration with RWTH Aachen University
  - Investigate the potential of natural minerals, industrial waste products, and recycled concrete to absorb CO₂

- Economic use of CO₂ through biomass production
  - Algae farm project in Morocco: production of microalgae as fish food
  - Scalable concept, starting with 1 hectare; expansion to 4 hectares in phase 2

- Capture and long-term storage of CO₂
  - Carbon capture & storage pilot project at Brevik cement plant
  - Feasibility study in 2016 in collaboration with and supported by the Norwegian government
  - Industrial concept study initiated

HeidelbergCement is leading in projects for capture and neutralisation of CO₂
Vision: carbon neutral concrete by 2050

**Levers**

- Reduce CO₂ content in clinker (energy efficiency, alternative fuels & binders)
- Lower CO₂ content in cement and concrete (use of secondary cementitious materials; optimisation of concrete recipes)
- CO₂ capture and recycling through (re-)carbonation

**HeidelbergCement best positioned to realise carbon neutral concrete vision**

- Leading in R&D: alternative binder concepts; carbon capture technologies; (re-)carbonation
- Technical expertise and investment in modern plant upgrades (e.g. Germany Cement Master Plan)
- Leading vertically integrated company with activities along the value chain

Concrete has the potential to become the most sustainable building material
Sustainability: focus on species protection

- Quarry Life Award (since 2011)
  - International research competition to increase biodiversity in quarries
  - Target groups: students, scientists, NGOs
  - Status in 2018: more than 300 projects in 25 countries submitted

- Partnership with BirdLife International (since 2011)
  - Better biodiversity management through collaboration with the experts of BirdLife and their partner organisations
  - Extension of the partnership for a further 3 years in 2018, for the third time in succession
  - Status in 2018: 30 projects in Europe and Africa
Digitalisation offensive with selected points of focus

Transformation of the existing business (DTO)

- Remote-controlled & remote-maintained production units
- Big data analytics for concrete mix design and workflow analysis
- Digital exchange with suppliers and customers
- Workflow automation

Digitalisation opens up new potentials for efficiency and service improvements
Example: Where is the concrete mixer truck?
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Market and financial overview in Q1 2019

- Growth of sales volumes in all business lines
- Revenue rose by 17% to €bn 4.2 (Q1 2018: €bn 3.6)
- Result from current operations before depreciation and amortisation rose like-for-like\(^1\) by 26%
- Net debt decreased like-for-like\(^1\) by €bn 0.8
- Action plan well on track
  - Portfolio optimisation: disposals of €m 217 realised
  - Cost savings of more than €m 50 already secured for 2019
  - Margin improvements: significant price increases realised
- Outlook for year 2019 confirmed
  - Strong growth of revenue and result from current operations in Q1 is a good basis
  - Portfolio optimisation well on track to achieve €m 500 from disposals in 2019
  - Significant reduction of net debt (without liabilities from leasing – IFRS 16) already recognisable after Q1 2019

Very good start into business year 2019

\(^{1}\) Before application of IFRS 16
Rise of result from current operations before depreciation and amortisation by 59%

| €m | Jan.-March 2018 | Jan.-March 2019 | Variance | Like-for-like ¹)
|----|----------------|----------------|----------|-----------------
| **Income statement** | | | | |
| Revenue | 3,629 | 4,238 | 17% | 15%
| Result from current operations before depreciation and amortisation (RCOBD) ²) | 250 | 396 | 59% | 26%
| *in % of revenue* | 6.9% | 9.3% | | |
| Result from current operations ²) | -19 | 60 | n/a | |
| **Balance sheet** | | | | |
| Net debt ³) | 9,879 | 10,423 | 544 | -796 |

1) Like-for-like: adjusted for currency and consolidation effects as well as IFRS 16
2) Amounts 2018 were adjusted.
3) Includes €bn 1.3 liabilities from leasing (IFRS 16) in 2019.
Sales volumes by Group area in Q1 2019

North America

<table>
<thead>
<tr>
<th></th>
<th>Q1 2018</th>
<th>Q1 2019</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cement (Mt)</td>
<td>3.0</td>
<td>3.0</td>
<td>+1%</td>
</tr>
<tr>
<td>Aggregates (Mt)</td>
<td>1.4</td>
<td>1.5</td>
<td>+6%</td>
</tr>
<tr>
<td>Ready-mixed concrete (Mm3)</td>
<td>20.9</td>
<td>22.6</td>
<td>+8%</td>
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Western and Southern Europe

<table>
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<tr>
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<th>Q1 2019</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cement (Mt)</td>
<td>6.5</td>
<td>6.9</td>
<td>+6%</td>
</tr>
<tr>
<td>Aggregates (Mt)</td>
<td>3.7</td>
<td>4.3</td>
<td>+17%</td>
</tr>
<tr>
<td>Ready-mixed concrete (Mm3)</td>
<td>17.1</td>
<td>20.0</td>
<td>+17%</td>
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</table>

Asia-Pacific

<table>
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<tr>
<th></th>
<th>Q1 2018</th>
<th>Q1 2019</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cement (Mt)</td>
<td>9.1</td>
<td>9.0</td>
<td>-2%</td>
</tr>
<tr>
<td>Aggregates (Mt)</td>
<td>2.5</td>
<td>2.7</td>
<td>+7%</td>
</tr>
<tr>
<td>Ready-mixed concrete (Mm3)</td>
<td>10.8</td>
<td>11.3</td>
<td>+9%</td>
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Northern and Eastern Europe-Central Asia

<table>
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<tr>
<th></th>
<th>Q1 2018</th>
<th>Q1 2019</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cement (Mt)</td>
<td>4.2</td>
<td>4.4</td>
<td>+7%</td>
</tr>
<tr>
<td>Aggregates (Mt)</td>
<td>7.6</td>
<td>8.3</td>
<td>+9%</td>
</tr>
<tr>
<td>Ready-mixed concrete (Mm3)</td>
<td>1.2</td>
<td>1.3</td>
<td>+10%</td>
</tr>
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</table>

Africa-Eastern Mediterranean Basin

<table>
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<tr>
<th></th>
<th>Q1 2018</th>
<th>Q1 2019</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cement (Mt)</td>
<td>5.2</td>
<td>5.1</td>
<td>-2%</td>
</tr>
<tr>
<td>Aggregates (Mt)</td>
<td>3.1</td>
<td>2.2</td>
<td>-28%</td>
</tr>
<tr>
<td>Ready-mixed concrete (Mm3)</td>
<td>1.3</td>
<td>1.4</td>
<td>+7%</td>
</tr>
</tbody>
</table>

Total sales volumes

- **Total cement**: 28.1 Mt in Q1 2018 vs. 28.6 Mt in Q1 2019 (+2%)
- **Total aggregates**: 59.5 Mt in Q1 2018 vs. 62.9 Mt in Q1 2019 (+6%)
- **Total ready-mixed concrete**: 10.2 Mm³ in Q1 2018 vs. 11.3 Mm³ in Q1 2019 (+11%)
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Major drivers for business development in 2019

**RISKS**
- Electricity costs
- Slower growth
- Labour shortage

**CHANCES**
- Growth in the USA
- Positive development in Europe
- Recovery in Indonesia
- Positive price trends
- Focus on margins

**Overall challenging but positive business environment expected in 2019**
Outlook 2019: further improvements of results and net debt reduction

- North America: Solid result development driven by rising demand and price increases; new infrastructure investments in key states
- Europe: Solid RCOBD* growth due to continued recovery and price increases
- Africa: Markets south of the Sahara drive improvement in results
- Asia-Pacific: Clear improvement of earnings position in Indonesia; solid results in Australia and India

- Growth of sales volumes in all business lines
- More favourable development of energy costs
- Cost savings in SG&A
- Strong free cash flow generation
- Net growth investments < 0

Moderate¹) growth of revenue, RCOBD*, and profit for the financial year²) as well as significant net debt reduction³)

*RCOBD = Result from current operations before depreciation and amortisation
¹) Moderate: ±3% to ±9%
²) Revenue and RCOBD* before currency and consolidation effects; profit for the financial year before non-recurring effects
³) Before application of IFRS 15
Management focus in 2019

- **Margin improvement** through price and efficiency increases

- **Portfolio optimisation** through disposal of non-core businesses, weak market positions and unused assets

- **Reduction of net debt** to safeguard a solid investment grade rating

- **Increase in shareholder returns** through continuation of progressive dividend policy
Next Annual General Meeting
on 7 May 2020