Capital Markets Day 2018

Dr. Bernd Scheifele, Group CEO
Group Strategy Update

ILab Bergamo, 12 June 2018
## HeidelbergCement Overview

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HeidelbergCement – An operational leader

Solid business model
• Best vertically integrated company.
• Simple structure focused on 3 core business lines.
• Lean organization with strong local teams.

Unique asset base
• Ideal geographical footprint focused on urban centers.
• Well-balanced business line portfolio.
• Significant asset value located in key markets.

Efficiency leader
• Huge operating leverage driven by already completed programs.
• Continuous focus on KPIs, technology, innovation and sustainability.
• Portfolio optimization to reduce complexity and risk structure.

Significant potential
• Well-positioned for business cycle.
• Clear focus on cash generation.
• Cash allocation dedicated to increase shareholder value.

Best-in-class operator with unique asset base and good future potential
Solid and efficient business model with clearly defined targets

**Vertical Integration**
Operate in all core business lines in key urban markets.
Cover all end-sectors, pricing power, efficient distribution.

**Efficiency Gains**
Focus on KPIs, savings, technology, innovation.
Continuous improvement in margins and business standards.

**Lean Organization**
Strong local teams with flat hierarchy structure.
Quick reaction to market changes, high loyalty.

**Sustainable Development**
Actively contribute to the Sustainable Development Goals of UN.
Committed to sustainable growth, environment and society.

Operational strength leading to continuously improved results
Focus on 3 core business lines

Well-balanced portfolio

Ideal geographical footprint

Integrated to cover all end-use

Cement
- 50% of Group revenue
- 61% of Group EBITDA

Aggregates
- 22% of Group revenue
- 31% of Group EBITDA

RMC & ASP
- 28% of Group revenue
- 2% of Group EBITDA

Developed
- 54%
- 92%
- 84%

Emerging
- 46%
- 8%
- 16%

Infrastructure 40%
Residential 30%
Commercial 30%

Infrastructure 60%
Residential 20%
Commercial 20%

Infrastructure 30%
Residential 30%
Commercial 40%

Our core business is processing of raw materials
Significant asset value located in key markets

Cement

195 mt capacity

- 93 mt in Europe
- 19 mt in NAM
- 51 mt in Asia
- 33 mt in Africa

Aggregates

20 billion tons reserves and resources

- 11 bt in US
- 2 bt in UK
- 3 bt in Europe
- 2 bt in Australia
- 1 bt in Canada
- 1 bt in other

RMC & ASP

Fully integrated

- 1,750 RMC plants
- 115 ASP plants

Superior quality assets located in key markets
Vertical integration improves operational excellence

- Sales channels are protected.
- Local RMC players source CEM and AGG.
- Recipe management/optimization in RMC and ASP.
- Vertical integration improves value and profitability of the aggregates pits.
- Reduced overhead costs through shared service center.

HeidelbergCement is the best vertically integrated company in the sector
HeidelbergCement – Most efficient operator in the sector

**Organization and Restructure**
- Create corporate culture with clear focus on execution

**WIN, FITNESS, FITNESS PLUS...**
- Target: Fixed cost reduction
- Requires: Experienced team, accurate decisions
- Challenge: Cultural differences, uncertainties
- **Even more time needed to obtain trust and loyalty!**

**Operational Excellence**
- Increase operational efficiency

**FOX, CLIMB, LEO, CCR...**
- Target: Margin improvement
- Requires: Experienced project leaders, strong local teams, continuous monitoring, benchmarking
- Challenge: Different markets with different characteristics
- **3 to 4 years to achieve meaningful improvement.**
- **Even more time needed to make it a culture!**

**Digital Platform Implementation**
- Accelerate decision making process

**We continue to be the pioneer in the sector**

Already started with “Digitization” step last year.
Continuous focus on efficiency improvement

- **Predictive maintenance**: Better reliability of machines, better planning, centralized maintenance planning.
- **Control room centralization**: Pilot tests completed for grinding mills. Integrated plants and big data analysis to follow.
- **CCR Program**: A new competence center focused on the total ready-mix business.
- **E-Auctioning Program**: Digitalization of Purchasing which will lead to cost reduction and margin improvement.

Over €m 200 savings in the upcoming years

Cost cutting and efficiency improvement never stop in HeidelbergCement
A proven track record of relentless efficiency optimization

Revenue per employee (in € ´000)*

<table>
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<tr>
<th></th>
<th>Ongoing optimization</th>
<th>Hanson optimization</th>
<th>Recovery after financial crisis</th>
<th>Optimization after ITC acquisition</th>
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<tr>
<td><strong>Hanson acquisition</strong></td>
<td></td>
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<tr>
<td>2005</td>
<td>189</td>
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<td>2006</td>
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<td>2008</td>
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<td>2009</td>
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<td>2010</td>
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<td>2011</td>
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<td>2014</td>
<td>281</td>
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<td>2015</td>
<td>296</td>
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<tr>
<td>2016</td>
<td>251</td>
<td></td>
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<tr>
<td>2017</td>
<td>292</td>
<td>Mid term</td>
<td></td>
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</table>

* IFRS view including ITC from 1 July 2016

We will continue to be the sector leader in operational efficiency
Committed to sustainable growth, environment and society.

- Economic strength & innovation
- Health & Safety
- Environmental awareness
- Circular economy
- Good neighbour
- Compliance & Transparency

SUSTAINABILITY COMMITMENTS 2030

Aligned with the UN Sustainable Development Goals (SDG) enacted 2015 by the UN General Assembly

A policy designed to actively contribute to the global goals
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Well-balanced footprint for the business cycle

**Vertically integrated business model** and **urban centers focused footprint** enables us to slightly “move ahead” or “follow behind” the cycle in each market.

Significant future potential as key markets enter “recovery and expansion” phase
VISION 2020

Continue to grow and increase shareholder value

Return to shareholders
Progressive increase in dividends

Active portfolio management
€bn 1 to 1.5 disposal
€bn 1.5 to 2 growth CapEx

Best-in-class operator in the sector with a solid balance sheet

Sustainable EBITDA growth
~5% p.a. organic growth

Strong cash generation
~€bn 6 free cash flow in 3 years

Comfortable Net Debt level
Leverage below 2.0X; rating BBB

Realistic and achievable targets reveal the potential of the company
Significant cash generation potential

**Strong operational cash flow supported by:**

**Active portfolio management**
- Reduce complexity and risk structure of our country portfolio
- €bn 1 to 1.5 disposal until the end of 2020

**Reduced maintenance CapEx**
- Cash-focus on local level with new FCF oriented bonus schemes
- Maintenance CapEx limited with 55% depreciation

**Financial cost reduction**
- Refinance high coupon bonds at the right time with favorable conditions
- €m 200 savings until the end of 2020

**Improvement in taxes**
- Continuous improvement of tax structure
- Cash tax rate at ~22% level

Generate ~€bn 6 free cash flow in the next 3 years
Balanced allocation of capital 2018-2020

- **Free Cash Flow generation**: ~ €bn 6.0

- **Portfolio optimization**
  - Growth: €bn 1.5 - 2.0
  - Disposals: €bn 1.0 - 1.5

- **Progressive dividends to HC shareholders**
  - Payout ratio: ~40%

- **Dividends to Minorities**
  - €bn: 0.4 - 0.5

- **Deleveraging**
  - < 2.0X
  - < €bn 7

- **Cash allocation potential**: €bn ~1.0 – 2.5

  - Further Deleveraging
  - Increase dividend
  - Do share buy-back

Excess cash to be shifted towards shareholder return
€bn 1 to 1.5 disposal potential in 3 years

Disposals focused on 3 main categories

**Non-core businesses**
- Business activities outside of core business lines CEM, AGG and RMC/ASP

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

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

Portfolio review started last year. Already executed: US White Cement, German Sand Lime Brick, ...

Continuous review of strategic position. Already executed: Saudi Arabia, Georgia ...

Status and potential continuously being tracked by a dedicated department.

Reduce complexity and risk

Proceeds will be mainly used to finance growth CapEx
Focus on deleveraging

Company has the proven track record to improve leverage

Net Debt / EBITDA


4.0 3.6 3.3 3.3 3.0 2.8 2.6 2.0

€m 500 accounting & FX impact + Cartel Fine

Italcementi Acquisition

Target is to get leverage below 2.0X by 2020
Continue to grow with selective M&A strategy

Focus on opportunistic bolt-on M&As in local markets

Key criteria
- Improve market position
- Improve vertical integration
- Synergies as value driver
- Meet financial criteria

Financial attractiveness and risk evaluation
- ROIC > WACC after 3rd year
- Net profit accretion in 1st year
- Solid FCF generation

Main focus areas for growth
- Improve business in existing geographies.
- Reduce risk structure of the company.
- Improve vertical integration.
- Pay reasonable multiples with synergy potential as value driver.

Clearly NOT on the agenda
- X Intercontinental deals.
- X Hostile bids.
- X New countries in Asia.
- X Latin & South America.
Recent deals already started to pay-off

<table>
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<tr>
<th>Latest acquisitions</th>
<th>Rationale</th>
<th>Business</th>
<th>EV Paid</th>
<th>Cost Synergy Potential</th>
<th>Multiple after syn.</th>
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<tr>
<td>Fairburn RMC</td>
<td>Vertical integration in fast growing Georgia market.</td>
<td>RMC in Atlanta</td>
<td>$m 23</td>
<td>$m 1</td>
<td>5.8 X</td>
</tr>
<tr>
<td>Saunders Companies</td>
<td>Vertical integration and expansion in downstream outlets.</td>
<td>RMC &amp; AGG in New York</td>
<td>$m 38</td>
<td>$m 4</td>
<td>6.2 X</td>
</tr>
<tr>
<td>Cemex Pacific Northwest</td>
<td>Vertical integration and expansion into growing markets.</td>
<td>RMC, AGG and ASP in Seattle/Portland</td>
<td>$m150</td>
<td>$m 7</td>
<td>6.9 X</td>
</tr>
<tr>
<td>Alex Fraser</td>
<td>Strengthen the market position in Australian urban centers.</td>
<td>ASP &amp; AGG Recycling in Melbourne/Sydney</td>
<td>AUDm 201</td>
<td>AUDm 7</td>
<td>6.3 X</td>
</tr>
<tr>
<td>Cementir</td>
<td>Improve Italian market structure.</td>
<td>CEM in Italy</td>
<td>€m 315</td>
<td>€m 30</td>
<td>&lt; $ 50 / t CEM capacity</td>
</tr>
</tbody>
</table>

Return from the investments, on top of organic growth, is an important driver for EBITDA improvement and FCF generation.

Almost €m 100  EBITDA from consolidation impact in last 2 years
Sustainable dividend policy will continue

Dividend growth eight years in a row

(DPS in €)

0.12 0.25 0.35 0.47 0.60 0.75 1.30 1.60 1.90
CAGR +41%

Payout ratio: ~ 40%

No decrease in absolute DPS
Profit driven increase in dividend
Reach payout ratio of ~40% by 2020

Payout ratio calculated based on clean EPS, excluding “Additional Ordinary Result”

Dividends based on affordability and sustainability
## HeidelbergCement – An operational leader

| Solid business model                                                                 | • Best vertically integrated company.  
|                                                                                       | • Simple structure focused on 3 core business lines.  
|                                                                                       | • De-centralized, lean organization with strong local teams. |
| Unique asset base                                                                      | • Ideal geographical footprint focused on urban centers.  
|                                                                                       | • Perfectly balanced business line portfolio.  
|                                                                                       | • Significant asset value located in key markets. |
| Efficiency leader                                                                       | • Huge operating leverage driven by already completed programs.  
|                                                                                       | • Continuous focus on KPIs, technology, innovation and sustainability.  
|                                                                                       | • Portfolio optimization to reduce complexity and risk structure. |
| Significant potential                                                                   | • Well positioned for business cycle.  
|                                                                                       | • Clear focus on cash generation.  
|                                                                                       | • Cash allocation dedicated to increase shareholder value. |
| VISION 2020                                                                             | ~€bn 6 FCF generation  
|                                                                                       | Leverage below 2.0X  
|                                                                                       | Continue with progressive dividend |

Best-in-class operator with huge future potential and clear targets
Disclaimer

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By their very nature, forward-looking statements and information are subject to certain risks and uncertainties. A variety of factors, many of which are beyond HeidelbergCements’ control, could cause actual results to differ materially from those that may be expressed or implied by such forward-looking statement or information. For HeidelbergCement particular uncertainties arise, among others, from changes in general economic and business conditions in Germany, in Europe, in the United States and elsewhere from which we derive a substantial portion of our revenues and in which we hold a substantial portion of our assets; the possibility that prices will decline to a greater extent than currently anticipated by HeidelbergCements’ management as a result of continued adverse market conditions; developments in the financial markets, including fluctuations in interest and exchange rates, commodity and equity prices, debt prices (credit spreads) and financial assets generally; continued volatility and a further deterioration of capital markets; a worsening in the conditions of the credit business and, in particular, additional uncertainties arising out of the subprime financial market and liquidity crisis; the outcome of pending investigations and legal proceedings and actions resulting from the findings of these investigations; as well as various other factors. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the relevant forward-looking statement or information as expected, anticipated, intended, planned, believed, sought, estimated or projected.

Unless indicated otherwise, the financial information provided herein has been prepared under International Financial Reporting Standards (IFRS).
Capital Markets Day 2018

Dr. Dominik von Achten - Deputy Chairman of the Managing Board
Western & Southern Europe Market Update

ILab Bergamo, 12 June 2018
## HeidelbergCement in Europe

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<td>France deep-dive</td>
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<td>Germany deep-dive</td>
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<tr>
<td>Europe key messages</td>
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</table>
HeidelbergCement – An operational leader

Solid business model
- High vertical integration in UK, France, BeNe & Germany.
- Cement focus in Italy & Spain.
- Strong country management.

Unique asset base
- Cross-border optimized network of production.
- State of the art technology implemented by Masterplan Cement.

Efficiency leader
- Continuous focus on technology in Cement production.
- Divestment of limestone business in Germany to focus on core business.
- Logistics & customer process optimization programs in BeNe, UK & Germany.

Significant potential
- Well-positioned for business cycle within WSE: Growth and FCF potential.
- Synergy potential in Italy, France & Spain.
- Ongoing consolidation in Germany, Italy & UK.

WSE strategy fully in line with the HeidelbergCement vision 2020
Footprint in Western Southern Europe

15,500 employees in 7 countries
Highly integrated operations in Europe

- 47.1 mt Cement capacity
- 3,500 mt / 78.5 mt AGG reserves / sales
- 960 plants Asphalt, RMC, AGG

Strong footprint in major European countries
Generating growth and free cash flow in respective markets

- Top line focus in Southern markets
  - Percentage of revenue (2017): 26%

- Bottom line focus in Northern markets
  - Percentage of revenue (2017): 22%

Focus: State of the art efficiency

Focus: market recovery

Customized approaches in Europe
WSE perfectly positioned for the business cycle

Vertically integrated business model and urban centers focused footprint enables us to slightly “move ahead” or “follow behind” the cycle in each market.

Southern Europe in recovery mode vs Northern Europe in expansion
Steady profit development in Western Southern Europe

North provides strong fundament, recovery in South provide momentum for result growth

<table>
<thead>
<tr>
<th>Year</th>
<th>EBITDA [M€]</th>
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<tbody>
<tr>
<td>2013</td>
<td>578</td>
</tr>
<tr>
<td>2014</td>
<td>620</td>
</tr>
<tr>
<td>2015</td>
<td>689</td>
</tr>
<tr>
<td>2016</td>
<td>642</td>
</tr>
<tr>
<td>2017</td>
<td>637</td>
</tr>
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CAGR +2%
Vision 2020 will drive the result

<table>
<thead>
<tr>
<th>Country</th>
<th>Strategy</th>
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</table>
| UK      | Regain topline growth, beat peers in results  
          Strict cost management  
          Most efficient order to cash process |
| France  | Network optimization cement  
          Maximize ITC synergies  
          Tough cost management |
| Spain   | Increase volumes & prices  
          Capture ITC synergies  
          Actively participate in consolidation |
| BeNe    | RMC & AGG focus on volumes & prices  
          Logistics & customer process optimization  
          Tough cost management |
| Germany | Above-average price increases and FCF  
          Finalize Masterplan Cement Logistics & customer process optimization |
| Italy   | Push integration of Cementir  
          Maximize synergies ITC & CTIR  
          Advanced pricing to allow return to profitability |
### Contents

- HeidelbergCement in Europe
- **UK deep-dive**
  - France deep-dive
  - Germany deep-dive
- Europe key messages
### Vertically integrated business with access to rail, trucks & ships logistics

**HeidelbergCement in UK**

**Strategic position**

**Market position & strengths**
- Market leader in RMC and Cementitious
- Vertically integrated business including Marine & Rail
- Existing fleet of mobile concrete and asphalt plants to serve upcoming major projects

**Market trends**
- Growth softening – delayed Brexit reaction
- 2018 market flat, growth returning in 2019
- Consolidation increasing
- Pricing flat – challenge inflation & energy costs

**Great projects ensure capacity utilization**

**Current:**
- Hinkley Point
- Thames Tideway
- M1 smart motorway
- Asphalt & Contracting

**Well-positioned for:**
- HS2
- Silvertown Tunnel
- M4 motorway
- Heathrow 3rd runway

---

Operations

- Cement plants: 3
- Aggregates sites: ~50
- Asphalt plants: >30
- Ready-mix plants: >170

---

Vertically integrated business with access to rail, trucks & ships logistics
Beginning of recovery in UK expected in 2019

Since the Brexit referendum in June 2016:

- GBP currency has depreciated 13% vs EUR
- Inflation has risen steadily peaking at 3.1% in Nov 2017, and has started to reduce in 2018 (2.5% in Mar 18), expecting to fall below 2% by the end of 2018
- GDP growth projections have been scaled back

2017 saw GDP growth of 1.7%, with the UK economy expected to grow by 1.5% in 2018 and 1.7% in 2019

Unemployment rate at 4.2%, the lowest level for decades

Higher inflation above wage growth reducing real incomes, impacting consumer spending growth which is expected to slow from 1.8% in 2017 to a seven year low of 1.0% in 2018, before beginning to recover in 2019

UK expected to be back on track by 2020
UK focus on new operational excellence & efficiency

**Most efficient order to cash process**

**Comprehensive sales initiative currently being implemented**

**Logistics optimization and efficiencies**
- Cross business unit efficiencies such as automatic material replenishment
- Fleet investment
  - 8 m³ RMC trucks
  - Walking floor articulated trucks
  - Fully optimized delivery system for all business lines except packed products
  - Higher capacity powder tankers

**Digital transformation**
- Customer connectivity and portal apps
- Leveraging real time data
- Fleet tracking
- Streamlined admin and back office processing

**Tough cost management**

**Continued focus on cost control**
- G&A cost reduction initiatives
- Energy efficiencies
  - Consumption
  - Bitumen content, RAP content
  - Hedging
- Operational excellence initiatives in RMC and Aggregates

**Cost improving capital investment**
- Ship replacement
- Padeswood vertical roller mill
- Victoria Deep

**Sale of non-core business**
- Bath & Portland Stone
- Ship divestments (Arun, Adur)
- Land sales

**Major transformation ongoing to get ahead of peers**
# UK Market Outlook

<table>
<thead>
<tr>
<th></th>
<th>Residential</th>
<th>Public</th>
<th>Commercial</th>
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<tbody>
<tr>
<td>UK</td>
<td></td>
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<tr>
<td></td>
<td>• Overall UK construction output in 2018 forecast to be flat</td>
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<td></td>
<td>• Outlook impacted by weaker Q1 due to adverse weather</td>
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<tr>
<td></td>
<td>• Delays in large scale infrastructure projects</td>
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<tr>
<td>London</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• London impacted by greater exposure to commercial projects</td>
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<td></td>
<td>• Key market for HC in UK</td>
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Current year flat at best, but pipeline of activity is strong
UK Focus on

1. Regain topline growth, beat peers in results

2. Strict Cost Management

3. Most efficient order to cash process

Organization & Asset set up in UK perfectly aligned for these goals
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HeidelbergCement in France

Strategic position

Operations

- Integrated Cement plants: 9
- Cement grinding plants: 1
- Cement terminals: 6
- Aggregates plants: ~70
- Ready-mix plants: ~170

Market position & strengths

- Strong market share, 2nd largest player
- Calcia market share well positioned
- Favourable locations with geographical proximity to new mega projects (e.g. Grand Paris)

Market trends

- Market expected to grow steadily in coming years
- Increasing competition due to newcomers in profitable areas (import & CCB)
- Pricing pressure to continue, putting focus on cost efficiency

Opportunities

- Synergy savings potential
- Important reduction of variable & fixed costs
- Strengthening of vertical integration in AGG and RMX

Highly integrated operations especially in Paris
Deep-dive Paris Region

Mega projects opportunities

Grand Paris
- Grand Paris Express consists of the extension of existing lines and construction of new automatic subway. Each day, it will be a flow of about 2 million Parisians using this new network. €bn 25 budget.
- Grand Paris residential program: 80,000 new units per year for next 25 years (€bn 11 public investment and €bn 42 private spending on 200 km² of land, doubling current Paris area)

2024 Olympic Games
- Even if most facilities are already in place, 4 sites need to be completely built: Olympic village (17,000 beds), aquatic centre (17,000 seats), media village (5,000 rooms), and a sport venue in Bercy (8,000 seats). Infrastructure budget ~ €bn 5.

Other projects
- Disneyland Paris: €bn 2 multi-year expansion plan
- Bievres Valley: innovation hub, research centres, universities, and housing programs

HC is well positioned for upcoming mega projects in Paris
France post merger optimization creating higher than expected value

<table>
<thead>
<tr>
<th>Operational Network Optimization</th>
<th>Strategic Network Optimization</th>
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<tr>
<td><strong>Short-term operational action plan to optimize production and transportation costs to serve clients</strong></td>
<td><strong>Long-term strategic study to achieve cost leadership in France</strong></td>
</tr>
<tr>
<td></td>
<td>▪ Study to be completed in Q4 2018</td>
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<tr>
<td></td>
<td>▪ Similar to German Cement Masterplan</td>
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<table>
<thead>
<tr>
<th>Synergies ITC</th>
<th>SG&amp;A Review</th>
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<tr>
<td><strong>Synergies targets over-achieved one year ahead of original target, incremental synergies being targeted for 2018</strong></td>
<td><strong>On-going action plan to reduce SG&amp;A</strong></td>
</tr>
<tr>
<td>▪ Overall synergies resulting from operations in all business lines and SG&amp;A targeted at ~ €m 65</td>
<td>▪ Full alignment to best-in-class internal blueprint to streamline corporate functions</td>
</tr>
<tr>
<td></td>
<td>▪ Continuous focus on cost efficiency</td>
</tr>
</tbody>
</table>

Persistent exploitation of optimization potential pays off
## France with positive outlook for steady growth

<table>
<thead>
<tr>
<th>Residential</th>
<th>Public</th>
<th>Commercial</th>
</tr>
</thead>
<tbody>
<tr>
<td>+3%*</td>
<td>+1.7%*</td>
<td>+3.1%*</td>
</tr>
</tbody>
</table>
| Housing starts in 2017 increased by ~15% compared to 2016 | Several large projects to be confirmed  
  - Nord Europe Channel  
  - Lyon-Turin  
  - Bordeaux-Toulouse | Office market hit a new record in H1 2017  
Commercial building growth outside of Paris region projected to decelerate to be in line with GDP growth |
| French housing market is likely to remain fairly sustained by political measures till 2020 | Optic fiber internet infrastructure plan to reach €bn 20 by 2022 |  
| Grand Paris housing program for next 25 years  
  - €bn 11 public spending  
  - €bn 42 private spending | Grand Paris Express  
  ~ €bn 25 budget  
  2024 Olympic Games infrastructure budget  
  ~ €bn 5 | Skyscrapers projects to be delivered in 2021/2022  
  - Tours Duo (180m)  
  - Tour Triangle (180m)  
  - Tour Sisters (220m)  
  - The Link (244m) |

---

### Especially Paris with strong prospective

- +3%* Construction industry 2018
- +1.7%* Construction industry 2018
- +3.1%* Construction industry 2018

---

* Construction industry 2018
Top Priorities France

Focus on Market recovery & efficiency gains

France Focus on

1. Push strategic & operational Network Optimization
2. Maximize ITC Synergies
3. Tough Cost Management in operations & SG&A
## Contents

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<tr>
<td>France deep-dive</td>
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<tr>
<td><strong>Germany deep-dive</strong></td>
</tr>
<tr>
<td>Europe key messages</td>
</tr>
</tbody>
</table>
HeidelbergCement in Germany

Strong vertical integration in home market

Operations
- Cement plants: 8
- Grinding plants: 2
- Aggregates sites*: 40
- Ready-mix plants*: 94
- Building Products**: 22

*consolidated; **Precast, Concrete Pavements

Strategic position

Market position & strengths
- CEM: market leader especially in the south and metropolitan areas → modernized efficient plant network
- RMX: market leader → with a strong distribution network
- AGG: well located in the market → national player
- Strong vertical integration of RMC & Building Products in major markets

Market trends
- Strong demand of products for infrastructure measures & residential also non-residential constructions
- Strong product portfolio in all segments → to participate of the construction industry growth

Opportunities
- More consolidations are expected
- Strong demand in the next 3-5 years driven by government for infrastructure expansion
Positive market outlook with focus on metropolitan areas

<table>
<thead>
<tr>
<th></th>
<th>Residential</th>
<th>Public</th>
<th>Commercial</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>+7%*</td>
<td>+6%*</td>
<td>+5%*</td>
</tr>
<tr>
<td></td>
<td>Overall Germany construction output in 2018 forecast to be on a high level</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Outlook impacted by weaker Q1 due to adverse weather</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Biggest challenge is the staff shortage</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Metropolitas</td>
<td>Metropolitan Regions are the key markets in Germany, like Berlin-Brandenburg, the Rhein-Main area and Munich</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Challenge remains staff shortage on construction sites
Favorable political framework and further consolidation

Politics

Focus on construction
- Restructuring of ministries
- Establishment of new committee

Segments

Residential
- 2017 demand of 400,000 apartments vs. completion of 300,000
- 1.5 million new apartments till 2021 in coalition agreement

Non residential & Infrastructure
- Improving state budget stimulates public works
- €bn 14 target in Federal Transport Plan by 2030

Consolidation

Seibel & Söhne acquired by Dyckerhoff

Bottlenecks

Capacity in manufacturing industry with full order books
- Approving authorities with backlog in permits

Good market environment with capacity in construction as limiting factor
Plant upgrade improves environmental footprint and cost position

**Masterplan Cement (examples)**
- Capex: ~ €m 370
- Modernization & improvement of sites
- All sites with operation permit are compliant

**Example Lengfurt**
- Catalyst
- Capex: ~ €m 50
- Saving: est. €m 2 / y

**Example Schelklingen**
- New kiln & Calciner
- Capex: ~ €m 124
- Saving: est. €m 8 / y

**CO₂ Reduction Roadmap**
- Capex: ~ €m 17
- Saving CO₂: > 210 kt / y

**Example Burglengenfeldo**
- New kiln & Calciner, 2 Raw Mills
- Capex: ~ €m 115
- Saving: est. €m 8 / y

Fulfillment of environmental regulation is the foundation for long-term operations
Top Priorities Germany

Germany focus on

1. Push above average price increase and FCF generation in good market
2. Finalize Masterplan Cement to increase efficiency
3. Reduce costs by logistics & customer process optimization

Push efficiency in good market environment
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<tr>
<td>Germany deep-dive</td>
</tr>
<tr>
<td>Europe key messages</td>
</tr>
</tbody>
</table>
Transformational change with new tools and processes

- Market recovery in Spain, Italy, France
- Focus on efficiency in UK, Germany, BeNe & France

Cost reduction
- Production (Masterplan)
- Logistic (Network optimization)
- CO₂ risks (New technology)
- SG&A (Continuous Improvement)

Defining the most efficient customer journey in our industry

Step change in efficiency & market recovery
Just to summarize: Result driven by vision 2020

UK
- Regain topline growth, beat peers in results
- Strict cost management
- Most efficient order to cash process

France
- Network optimization cement
- Maximize ITC synergies
- Tough cost management

Spain
- Increase volumes & prices
- Capture ITC synergies
- Actively participate in consolidation

BeNe
- RMC & AGG focus on volumes & prices
- Logistics & customer process optimization
- Tough cost management

Germany
- Above-average price increases and FCF
- Finalize Masterplan Cement
- Logistics & customer process optimization

Italy
- Push integration of Cementir
- Maximize synergies ITC & CTIR
- Advanced pricing to allow return to profitability

Operational strategy in place to achieve HeidelbergCement vision 2020
Disclaimer

This presentation contains forward-looking statements and information. Forward-looking statements and information are statements that are not historical facts, related to future, not past, events. They include statements about our beliefs and expectations and the underlying assumptions. These statements and information are based on plans, estimates, projections as they are currently available to the management of HeidelbergCement. Forward-looking statements and information therefore speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events.

By their very nature, forward-looking statements and information are subject to certain risks and uncertainties. A variety of factors, many of which are beyond HeidelbergCements’ control, could cause actual results to differ materially from those that may be expressed or implied by such forward-looking statement or information. For HeidelbergCement particular uncertainties arise, among others, from changes in general economic and business conditions in Germany, in Europe, in the United States and elsewhere from which we derive a substantial portion of our revenues and in which we hold a substantial portion of our assets; the possibility that prices will decline to a greater extent than currently anticipated by HeidelbergCements’ management as a result of continued adverse market conditions; developments in the financial markets, including fluctuations in interest and exchange rates, commodity and equity prices, debt prices (credit spreads) and financial assets generally; continued volatility and a further deterioration of capital markets; a worsening in the conditions of the credit business and, in particular, additional uncertainties arising out of the subprime financial market and liquidity crisis; the outcome of pending investigations and legal proceedings and actions resulting from the findings of these investigations; as well as various other factors. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the relevant forward-looking statement or information as expected, anticipated, intended, planned, believed, sought, estimated or projected.

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Capital Markets Day 2018

Mr. Roberto Callieri, Italy CEO
Italy Market Update

ILab Bergamo, 12 June 2018
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<tr>
<td>HeidelbergCement in Italy</td>
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<td>Italy market update &amp; our strategy</td>
</tr>
<tr>
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<tr>
<td>Final messages</td>
</tr>
</tbody>
</table>
HeidelbergCement in Italy

Well-positioned for recovery
- Market reached highest consolidation level in Central/South Europe
- We are the largest player with 10 mt CEM capacity post divestments
- Vertically integrated positions in RMC & AGG

Focused operating strategy
- Rationalized manufacturing and distribution network
- Active price management to get price to an acceptable level
- Continuous focus on cost efficiency
- High operating leverage after realized synergies

Best footprint with top-class assets
- Strong position in the North, with higher utilization rates
- Modern integrated cement plants in Rezzato, Matera and Calusco
- Further footprint optimization underway on regional and local level

Well positioned for the future with top-class asset base and superior footprint
Market overview

<table>
<thead>
<tr>
<th>2007 network</th>
</tr>
</thead>
<tbody>
<tr>
<td>Integrated cement plants</td>
</tr>
<tr>
<td>Grinding mills</td>
</tr>
<tr>
<td>RMC plants</td>
</tr>
<tr>
<td>AGG plants</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2016 network</th>
</tr>
</thead>
<tbody>
<tr>
<td>Integrated cement plants</td>
</tr>
<tr>
<td>Grinding mills</td>
</tr>
<tr>
<td>RMC plants</td>
</tr>
<tr>
<td>AGG plants</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Solid asset base: 2018 network</th>
</tr>
</thead>
<tbody>
<tr>
<td>Integrated cement plants</td>
</tr>
<tr>
<td>Grinding mills</td>
</tr>
<tr>
<td>Cement capacity (mt)</td>
</tr>
<tr>
<td>RMC plants</td>
</tr>
<tr>
<td>AGG plants</td>
</tr>
</tbody>
</table>

Comprehensive market coverage with Cementir Italia from 2018
Cementir addition: a perfect fit and a key consolidation step

Estimated market shares
Top-3 players represent 70%!

- HC ITC: 24%
- Colacem: 22%
- Buzzi: 12%
- Cementir/Sacci: 12%
- Other: 30%

Italy Competition Authorities divestment options

- Maddaloni integrated plant sold on June 1st to Colacem
- Sale of Reggio Calabria terminal ongoing

After the Cementir Italia acquisition HC-ITC is the clear no. 1 in Italy
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<tr>
<td>Final messages</td>
</tr>
</tbody>
</table>
Significantly below peak years; but recovery mode is on

Cement consumption (vs. prior year) *

-1% 1% 3% 3% 3%
-10% 3%
-14% 3%
-6% 3%
-3% 3%
-22% 3%
-15% 3%
-7% 3%
-3% 3%
-5% 3%


Current market situation

- CEM demand almost 30 mt behind peak
- Bottom have been touched in 2016 with cement consumption just above 300 kg per capita
- 2017 & 2018 are turning points for the market
- Ongoing consolidation wave should lead to a more sustainable Industrial Network and profitability recovery from very low levels

Sales by distribution channel

<table>
<thead>
<tr>
<th>Channel</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other</td>
<td>24%</td>
</tr>
<tr>
<td>Ready Mix</td>
<td>48%</td>
</tr>
<tr>
<td>Wholesalers</td>
<td>14%</td>
</tr>
<tr>
<td>Retail</td>
<td>14%</td>
</tr>
</tbody>
</table>

Production by delivery mode

<table>
<thead>
<tr>
<th>Delivery Mode</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bag</td>
<td>20%</td>
</tr>
<tr>
<td>Bulk</td>
<td>80%</td>
</tr>
</tbody>
</table>

Sales by segment

<table>
<thead>
<tr>
<th>Segment</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Civil engineering</td>
<td>35%</td>
</tr>
<tr>
<td>Resid. (Renovation)</td>
<td>17%</td>
</tr>
<tr>
<td>Resid. (New)</td>
<td>20%</td>
</tr>
<tr>
<td>Non residential</td>
<td>28%</td>
</tr>
</tbody>
</table>


We are well-positioned to capture the recovery and demand growth
We started to see growth in demand first time since 8 years

High consolidation level

Top 3 players represent almost 70% of the market

More rationale and better structured market

Volume recovery already visible

Demand slowly improving after the market hit bottom in 2016

First signs of recovery as demand increases

Significant upside price potential

First price increases already implemented successfully. More to follow.

Target is to reach acceptable price level

More rationale market set-up will drive price increases as demand improves
Economic indicators also signal a turning point

**GDP looks resilient despite growing political uncertainty**

**GDP growth**

- 2012: -2.8%
- 2013: -1.7%
- 2014: 0.1%
- 2015: 0.8%
- 2016: 0.9%
- 2017: 1.5%
- 2018: 1.4%

**Construction sector still fragile but trend on recovery**

**Investment in construction (vs. prior year)**

- 2012: -7.6%
- 2013: -7.0%
- 2014: -6.8%
- 2015: -1.0%
- 2016: -0.7%
- 2017: -0.1%
- 2018: 2.4%

Construction sector starts to improve as GDP growth turns positive
Operating Strategy hinging on 4 key pillars

- **Operational Excellence**
  - Active price management as top priority
  - Hands-on management
  - Focused management team, flat organization
  - Information sharing, control, and results monitoring

- **Growth and vertical integration**
  - Rationalized distribution network with further opportunities ahead
  - Countrywide industrial network
  - Strong brand awareness: business is local

- **Financial performance**
  - Performance based compensation
  - Consistent target setting and fair evaluation process
  - Relentless strive for continuous improvement

- **Sustainability**
  - Corporate values: loyalty, integrity, commitment
  - Innovation, R&D: leading products and applications

New Italcementi focused on operational excellence and cash generation
Key points with clear focus on result improvement by 2020

Best operator in the sector

- Drive operations back to profitability
- Strengthen market leadership via network optimization
- Value creation through synergies and efficiency
- Customer centric market approach
- Sustainability and cost leadership
- Further cash-in with non core assets divestments

Significant future potential as a result of increased operating leverage
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</tbody>
</table>
HC-ITC Grow Together: a new start since 2016

Headquarters

- Wind down of former ITC Group HQ with all functions moved to HD
- Temporary transition division directly reporting to HC Group functions
- Relocation of Country headquarters to i.Lab technological center

Organization and HR changes

- New Country Organization in place after closing in July 2016
- Reduction of ~700 FTEs from former ITC Group (Country + HQ)
- Country Headquarter target July 2016: 195 FTEs

Synergies and best practices

- Synergies target increased from €m 11 to €m 25; realized €m 40
- Roll-out of HC’s proven efficiency programs
- Implementation of frame agreements with local suppliers
- Leverage unused capacity through global trading network

Integration successfully completed within less than 2 years
Successful integration clearly improves Italy results

### Bergamo HQ FTE
- **HC acquisition 2016**: 688 FTE
- **Plan 2018**: -368 FTE (320 FTE)

### Country total FTE
- **HC acquisition 2016**: 2,405 FTE
- **Plan 2018**: -683 FTE (1,722 FTE)

### Synergies (€m)
- **Original target**: 11 €m
- **Realized**: 40 €m

### Italy Operating EBITDA w/o CO₂
- **2007**: 233 €m
- **Mid Term**: ~150 €m

### Italy Operational Free Cash Flow
- **2015**: -8 €m
- **2016**: 13 €m
- **2017**: 47 €m
- **2020**: Boost cash generation delivering expected synergies

Clear improvement in operational and financial results
Cementir integration already started

- New organization announced in January
- All integration work-streams started working
- Rome HQ phasing out process started

Wind down of former Cementir Rome Headquarter (June 2018)
One customer – one invoice program implementation (July 2018)
Signing of binding agreements for asset disposals (October 2018)
Integration of Cementir operations in Italcementi ERP systems

€m 30 cost synergies by 2020
Market synergies to come on top

85 FTE reduction SG&A and full integration will generate €m 30 cost synergies
Lessons learned from the past

- Change, although painful, is always an opportunity
  - The solid value tradition of Italcementi has been revived and the pride reactivated by the new era in HC.

- Clear and consistent communication
  - Good news as much as bad ones, but be news.

- Trust takes time, vertically and horizontally
  - Realigning an existing organization is a journey, and a challenge.

- Walk the talk, be true
  - Habits have no replacement, and no delegation, they just progressively diffuse.

- Credibility with stakeholders is a must at all levels
  - Inside environment and morale in turbulent times are quickly reflected outside.

Major change to Italcementi is all about corporate culture and leadership, focused on operational excellence, cash generation and delivering the targets.
Contents

HeidelbergCement in Italy

Italy market update & our strategy

Integration

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HeidelbergCement in Italy

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- Further footprint optimization underway on regional and local level

Well-positioned for the future with top-class asset base and superior footprint
The key assets: a focused management team and organization

Thank you and good bye!
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Capital Markets Day 2018

Mr. Jon Morrish, Member of The Board
North America Market Update

ILab Bergamo, 12 June 2018
## HeidelbergCement in North America

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<td>HeidelbergCement in North America</td>
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<td>Key markets deep-dive</td>
</tr>
<tr>
<td>VISION 2020 / strategies</td>
</tr>
<tr>
<td>Final messages</td>
</tr>
</tbody>
</table>
HeidelbergCement in North America

Well positioned in all key markets
- Major urban centers in U.S. & Canada
- Broad coverage of 25+ U.S. states & 6 Canadian Provinces
- Fast growth areas – Sunbelt, Texas, West Coast

Excellent product portfolio
- Leading cement & slag cement player
- Top tier aggregates producer
- Large RMC and growing Hot Mixed Asphalt (ASP) player

Vertically integrated business model
- Well-established integrated positions in most Canadian cities and leading U.S. cities (e.g. Houston, San Diego, Seattle)
- Growing RMC positions in core new markets – Portland & Atlanta
- Growing ASP business (e.g. New York & Seattle)

Unique asset base with solid future potential
- Solid foundations in AGG & CEM assets in strong, long-term locations
- Robust logistics network to optimize footprint & maximize margins
- Further ability to optimize asset base with limited investments

Solid asset base and product portfolio captures NAM upswing in coming years
Strong performance driven by diversified footprint & solid asset base

Notes: 1) Includes 8.5M import capacity and 50% JV positions in Texas Lehigh & Ciment Quebec

% of rev. ('17)
Well-balanced product & geographical coverage provide depth

**Revenue by key market**
- Well-positioned in all key US & Canadian markets to capture market upswings

**Operating geography**
- Above average NAM coverage and product portfolio compared to peers

**Operating EBITDA by segment**
- Good balance of earnings, biased towards “upstream” product lines

Solid results driven by well-balanced product and geographical footprint
Key financial figures

**NAM operating EBITDA margin**

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROCE</td>
<td>20.7%</td>
<td>23.4%</td>
<td>26.8%</td>
</tr>
<tr>
<td>Margin</td>
<td>25.0%</td>
<td>1.8%</td>
<td></td>
</tr>
</tbody>
</table>

**EBITDA margin per region**

<table>
<thead>
<tr>
<th>Region</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>North</td>
<td>20%</td>
<td>25%</td>
<td>29%</td>
</tr>
<tr>
<td>South</td>
<td>23%</td>
<td>26%</td>
<td>28%</td>
</tr>
<tr>
<td>West</td>
<td>16%</td>
<td>19%</td>
<td>21%</td>
</tr>
<tr>
<td>Canada</td>
<td>27%</td>
<td>25%</td>
<td>24%</td>
</tr>
</tbody>
</table>

**North America ROCE**

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROCE</td>
<td>14.7%</td>
<td>16.0%</td>
<td>20.2%</td>
</tr>
<tr>
<td>Margin</td>
<td>18.4%</td>
<td>1.8%</td>
<td></td>
</tr>
</tbody>
</table>

**ROCE by region**

<table>
<thead>
<tr>
<th>Region</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>North</td>
<td>10%</td>
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<td>South</td>
<td>16%</td>
<td>19%</td>
<td>21%</td>
</tr>
<tr>
<td>West</td>
<td>7%</td>
<td>8%</td>
<td>10%</td>
</tr>
<tr>
<td>Canada</td>
<td>31%</td>
<td>25%</td>
<td>26%</td>
</tr>
</tbody>
</table>

*Significant land disposals / region data excludes impact*

Continuously improving operational and financial results
Well positioned for the business cycle

Vertically integrated business model and urban centers focused footprint enables us to slightly “move ahead” or “follow behind” the cycle in each market.

Significant further potential for existing expansion phase to continue
## California – improving margins with further upside potential

<table>
<thead>
<tr>
<th>Market position</th>
<th>Trends &amp; potential</th>
<th>Strategy &amp; focus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cement market leader in Northern California</td>
<td>Largest U.S. state population 39+ million; GDP $tr 2.7</td>
<td>Clear margin improvement in Northern California, as production issues left behind</td>
</tr>
<tr>
<td>Unique deep-water terminal in San Francisco</td>
<td>Senate Bill 1 (SB1) to invest $bn 54+ over next decade to fix roads / infrastructure</td>
<td>Increase volumes in Southern California – new additional capacity</td>
</tr>
<tr>
<td>Strong Bay Area aggregates business driven by high-margin sand pits</td>
<td>2023 L.A. Olympic budget $bn 5+</td>
<td>Increase vertical integration and selective AGG expansion in Bay Area &amp; LA</td>
</tr>
<tr>
<td>Vertically integrated businesses in Central California and San Diego</td>
<td>Housing upswing amid tight supply</td>
<td></td>
</tr>
</tbody>
</table>

### Facilities
- 3 CEM plants
- 4 CEM terminals
- 15 AGG plants
- 1 AGG terminal
- 22 RMC plants
- 13 ASP plants
Texas – a shining star for NAM with sustained growth

<table>
<thead>
<tr>
<th>Market position</th>
<th>Trends &amp; potential</th>
<th>Strategy &amp; focus</th>
</tr>
</thead>
<tbody>
<tr>
<td>➢ Strong cement position (Texas Lehigh JV) in Central Texas, Houston, Corpus Christi</td>
<td>➢ North TX attracting significant investment and peripheral growth through corporate relocations (70+ in less than 10 years)</td>
<td>➢ Continue to grow AGG footprint across Texas (brownfield Austin plant to open in 2019)</td>
</tr>
<tr>
<td>➢ Top 3 AGG player in DFW, Houston, San Antonio &amp; Austin</td>
<td>➢ South TX (Austin, San Antonio, Houston) remains one of fastest growth areas of U.S.</td>
<td>➢ Expand / enhance cement &amp; AGG distribution network (new AGG terminal in N. Houston opened in 2018)</td>
</tr>
<tr>
<td>➢ Strong rail AGG &amp; cement logistics network</td>
<td>➢ Higher oil prices &amp; post-Harvey investments helping to drive Houston growth</td>
<td>➢ Cement &amp; slag capacity investment</td>
</tr>
<tr>
<td>➢ Vertically integrated in Houston market (RMC, Stabilized Materials)</td>
<td></td>
<td>➢ Vertical integration (RMC) in target markets</td>
</tr>
</tbody>
</table>

Continual investment in positions to maintain strong profit contribution beyond 2020
Pacific Northwest – one of the fastest growing regions

<table>
<thead>
<tr>
<th>Market position</th>
<th>Trends &amp; potential</th>
<th>Strategy &amp; focus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market leading AGG position in Vancouver &amp; Seattle</td>
<td>Vibrant economy anchored in the growing workforce for some of the country’s largest and most successful companies</td>
<td>Continue with bolt-on deals in this core growth market</td>
</tr>
<tr>
<td>Strong vertically integrated positions in Vancouver, Seattle &amp; Portland</td>
<td>Booming urban markets benefit from mix of private investment, population growth, corporate expansions &amp; public transportation</td>
<td>Maximize synergies from recent acquisitions</td>
</tr>
<tr>
<td>Cross-border logistics network in Cement and AGG (for Seattle &amp; Portland)</td>
<td></td>
<td>Add slag production capabilities</td>
</tr>
</tbody>
</table>

Unlock the full potential of these three vibrant micro markets
**Growing Midwest – a solid and important part of NAM portfolio**

<table>
<thead>
<tr>
<th>Market position</th>
<th>Trends &amp; potential</th>
<th>Strategy &amp; focus</th>
</tr>
</thead>
<tbody>
<tr>
<td>➢ Leading player in cement market with strong customer relationships</td>
<td>➢ Vibrant upper Midwest (Minneapolis - St. Paul) markets</td>
<td>➢ Realize AGG margin opportunities through new capacity (Chicago quarry in 2018), recycling, landfill and logistics optimization</td>
</tr>
<tr>
<td>➢ Large, highly profitable AGG business with excellent market position</td>
<td>➢ Resurgence of the industrial Midwest, particularly in Indiana &amp; Ohio</td>
<td>➢ Cement optimization plan underway will increase margins &amp; grow market penetration</td>
</tr>
<tr>
<td>➢ Strong VI partnerships in upper Midwest market</td>
<td>➢ Chicagoland market remains key market, despite Illinois challenges</td>
<td>➢ Deepen existing &amp; new partner relationships to unlock financial benefits</td>
</tr>
<tr>
<td></td>
<td>➢ Positive mix of public &amp; private development, plus urban renewal drives construction spend</td>
<td></td>
</tr>
</tbody>
</table>

| 4 CEM plants | 6 CEM terminals | 1 Slag grinding | 44 AGG plants | 4 AGG terminals | 57 RMC plants |

Strong positions safeguard volume & margins in the recovering rust belt

---

Slide 12 – Capital Markets Day 2018– 12 June 2018
### Market leading positions in Northeast & Mid-Atlantic

<table>
<thead>
<tr>
<th>Market position</th>
<th>Trends &amp; potential</th>
<th>Strategy &amp; focus</th>
</tr>
</thead>
<tbody>
<tr>
<td>➢ Leading player in cement &amp; slag in the Northeast &amp; Mid-Atlantic regions</td>
<td>➢ Solid recovery in recent years for all key micro-markets across most densely populated areas of US</td>
<td>➢ Optimize cement &amp; slag logistics network</td>
</tr>
<tr>
<td>➢ Market leading AGG business in New York &amp; Pennsylvania</td>
<td>➢ Increased state infrastructure spending will drive growth</td>
<td>➢ Active M&amp;A pipeline of local &amp; regional producers to expand footprint and strengthen customer experience</td>
</tr>
<tr>
<td>➢ Vertical Integration (RMC, ASP) in Toronto &amp; New York State</td>
<td></td>
<td>➢ Continuous Improvement programs focusing on operational &amp; commercial leadership for all product lines</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>7 CEM plants</th>
<th>1 CEM grinding</th>
<th>1 Slag grinding</th>
<th>19 CEM terminal</th>
<th>61 AGG plants</th>
<th>3 AGG terminal</th>
<th>52 RMC plants</th>
<th>23 ASP plants</th>
</tr>
</thead>
</table>

Strong customer relations with our unique CEM, slag & AGG supply position capabilities
Well-positioned in growing Sunbelt States

<table>
<thead>
<tr>
<th>Market position</th>
<th>Trends &amp; potential</th>
<th>Strategy &amp; focus</th>
</tr>
</thead>
<tbody>
<tr>
<td>➢ Strong AGG business in Georgia, North Carolina and South Carolina</td>
<td>➢ Atlanta, GA strong market demographics and favorable business climate will bolster long-term growth</td>
<td>➢ Further vertical integration in attractive metro markets: Atlanta &amp; Charlotte</td>
</tr>
<tr>
<td>➢ Vertically integrated positions in Birmingham &amp; Atlanta</td>
<td>➢ Charlotte – Raleigh corridor strong with high DoT funding &amp; solid residential market</td>
<td>➢ Near-complete improvements in cement &amp; slag logistics network along Florida’s eastern coastline</td>
</tr>
<tr>
<td>➢ Solid cement &amp; terminal network supporting Ready-mix businesses</td>
<td>➢ South Carolina remains strong—growth in manufacturing and good demographic trends</td>
<td>➢ Strengthen AGG position through greenfield investments and bolt-ons</td>
</tr>
<tr>
<td>➢ Strong slag business in Florida</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Levering strong AGG position to funnel growing cement & slag businesses
## Vision 2020 – Further improved profitability

- **High operating leverage in all key markets**
  - At least keep current level of leverage well above 50%
  - Further improve the margins, which are already top of the class

- **Strengthen cash conversion (FCF / EBITDA) to above 70%**
  - Excellent cash conversion with benchmark SG&A costs
  - Project underway to further optimize ERP system
  - Sales is a Science program to generate more customer value

- **Improve business networks in core products**
  - Cement optimization masterplan underway
  - Further ramp up of aggregates rail logistics network (expansion & optimization)

- **Increase level of vertical integration**
  - Selective disciplined M&As in core urban markets

- **Generate higher cash flow**
  - As a result of efficient use of capital & strong portfolio management (non-core assets and depleted quarry land disposals)

Excellent macro outlook with geographical product footprint will lead to strong returns
Strong North America cement footprint

**Top cement producer**

- HC’s excellent US & Canada footprint covers key growth markets – with additional (3.5 mt plant & 8.0 mt import) capacity
- Recent Essroc acquisition delivered significant synergies quickly ($m 125 in 2017 vs $m 89 target)
- Cement optimization plan (production, logistics) underway—focused modest brownfield investments will generate further margin improvement
- Coastal cement & slag grinding network improvements will drive additional margin and ensure capacity is always able to meet demand

**PCA spring 2018 forecast**

<table>
<thead>
<tr>
<th>Year</th>
<th>Residential</th>
<th>Public</th>
<th>Non-Residential</th>
<th>U.S. capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>29</td>
<td>38</td>
<td>38</td>
<td>94</td>
</tr>
<tr>
<td>2018F</td>
<td>30</td>
<td>38</td>
<td>38</td>
<td>97</td>
</tr>
<tr>
<td>2019F</td>
<td>32</td>
<td>39</td>
<td>39</td>
<td>100</td>
</tr>
<tr>
<td>2020F</td>
<td>32</td>
<td>42</td>
<td>42</td>
<td>103</td>
</tr>
<tr>
<td>2021F</td>
<td>33</td>
<td>43</td>
<td>43</td>
<td>106</td>
</tr>
</tbody>
</table>

1) Source: Portland Cement Association; “Public Utility & Other”, “Farm Non-residential” and “Oil & Gas Wells” are included under “Non-residential”.
2) U.S. capacity est. 97-100 mt

Excellent footprint, with optimization potential to generate increased margins
Growing aggregates business, best in class margins

Top aggregates producer

- Excellent positions in numerous US & Canadian markets
- Strong margins through disciplined cost control and consistent price increases
- Best in class continuous improvement culture with structured efficiency improvement programs (e.g. CLIMB)

Aggregates spend outlook

1) Source: U.S. Bureau of Economic Analysis (BEA); Moody’s Analytics

2) Selling, general & administrative expenses allocated based on aggregate segment sales
3) Depreciation based on non-cement depreciation

High operating leverage provides significant future potential
## Disciplined portfolio management – growth without overpaying

### Recent noteworthy acquisitions

<table>
<thead>
<tr>
<th>Assets</th>
<th>Synergies</th>
<th>Multiple</th>
<th>Value added</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEMEX Pacific Northwest Materials Business Pacific Northwest (Jun. 2017)</td>
<td>6 RMC / 5 Asphalt 9 AGG sites 3 soils &amp; landfill</td>
<td>$m 7 / yr</td>
<td>6.9x EBITDA</td>
</tr>
<tr>
<td>Saunders Companies Northeast (Aug. 2017)</td>
<td>14 RMC / 3 AGG sites 62M AGG reserves</td>
<td>$m 4 / yr</td>
<td>6.2x EBITDA</td>
</tr>
<tr>
<td>Fairburn RMC Southeast (Apr. 2018)</td>
<td>5 RMC</td>
<td>$m 1 / yr</td>
<td>5.8x EBITDA</td>
</tr>
</tbody>
</table>

### Recent noteworthy divestments

<table>
<thead>
<tr>
<th>Assets</th>
<th>Multiple</th>
<th>Cash-in</th>
</tr>
</thead>
<tbody>
<tr>
<td>Martinsburg Martinsburg, WV (Aug. 2016)</td>
<td>Prior Essroc assets (FTC mandated) 2 cement plants &amp; 1 import terminal</td>
<td>15.5x EBITDA</td>
</tr>
<tr>
<td>Carroll Canyon depleted quarry land San Diego, CA (Dec. 2017)</td>
<td>412 acres of depleted quarry land in prime San Diego real-estate market</td>
<td>N/A</td>
</tr>
<tr>
<td>Lehigh White Cement Company Pennsylvania &amp; Texas (Mar. 2018)</td>
<td>Non-core “white” cement assets 2 plants &amp; terminal network</td>
<td>10.6x EBITDA</td>
</tr>
</tbody>
</table>

Notes: 1) Multiple post synergies
Contents

HeidelbergCement in North America

Key markets deep-dive

VISION 2020 / strategies

Final messages
North America – key takeaways

- Leading market positions
- Broad coverage, both in product & geography
- Top performing aggregate business, excellent cement position
- High operating leverage providing significant margin improvement potential
- Continuous disciplined growth

Very well-positioned for the future
Disclaimer

This presentation contains forward-looking statements and information. Forward-looking statements and information are statements that are not historical facts, related to future, not past, events. They include statements about our beliefs and expectations and the underlying assumptions. These statements and information are based on plans, estimates, projections as they are currently available to the management of HeidelbergCement. Forward-looking statements and information therefore speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events.

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Unless indicated otherwise, the financial information provided herein has been prepared under International Financial Reporting Standards (IFRS).
Capital Markets Day 2018

Mr. Christian Kartawijaya, Indonesia CEO
Indonesia Market Update

ILab Bergamo, 12 June 2018
## Indocement: a well-positioned player

<table>
<thead>
<tr>
<th>Contents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Macroeconomic trends and market update</td>
</tr>
<tr>
<td>Vision 2020 – strategies</td>
</tr>
<tr>
<td>Final messages</td>
</tr>
</tbody>
</table>
## HeidelbergCement in Indonesia

### Favorable regional exposure
- Presence in strongly growing markets West and Central Java
- Strong RMC position in Jakarta with pull-through on CEM

### Most cost efficient cement manufacturer
- Lowest cash costs in the sector
- Absence of interest costs further enhances our competitiveness

### Best access to market
- Strong distributors’ network and strategic terminals location, in addition to our Plant proximity to home market area
- Tiga Roda awarded Best Brand for 11\textsuperscript{th} consecutive year

### Further potential from market upswing
- Supply-demand gap set to reduce
- Multiplier effect to private sectors after massive infrastructure built
- Favorable macroeconomic drivers population: growth & urbanization
- Consolidation imminent: smaller players operating at cash losses

---

### Strong position with further upside potential
Strong footprint in West Java as a key advantage

- **Asset base**
  - 25 mt CEM capacity
  - 2.8 mt AGG capacity
  - 43 RMC plants

- **Solid results 2017**
  - €m 953 revenue
  - €m 209 EBITDA

West Java is the fastest growing part of the country
### Strategic location of plants & terminals

<table>
<thead>
<tr>
<th>Market position</th>
<th>Trends &amp; potential</th>
<th>Strategy &amp; focus</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>➢ 50% market share in West Java and 40% in Jakarta.</td>
<td>➢ Huge infra projects in West Java, such as Jakarta-Cikampek &amp; Bogor-Ciawi toll road, LRT, MTR and Kertajati airport.</td>
<td>➢ Defending market share in home market by dual-brand strategy, marketing initiatives and increasing the RMC footprint.</td>
<td></td>
</tr>
<tr>
<td>➢ Strong RMC presence in Jakarta with pull-through effect on cement.</td>
<td>➢ Increased demand for better quality housing in the capital region driving cement consumption per capita.</td>
<td>➢ Being a reliable partner for infrastructure providing quality bulk cement &amp; concrete.</td>
<td></td>
</tr>
<tr>
<td>➢ Strategically-placed warehouses in all main areas of Jakarta.</td>
<td></td>
<td>➢ Increasing AGG presence to benefit from vertical integration.</td>
<td></td>
</tr>
<tr>
<td>➢ Well-known premium “Tiga Roda” brand.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Infrastructure

- 13 CEM plants
- 8 CEM terminals
- 2 AGG plants
- 39 RMC plants
- 18 distributors
- 172 warehouses

Close location to the strongest growing markets of West Java & Jakarta
We are the most efficient cement manufacturer

Cash cost per ton in IDR

<table>
<thead>
<tr>
<th>Year</th>
<th>Industry</th>
<th>Indocement</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

-11% decrease

Our competitive advantage

- Application of HC Group best practices.
- Overhead saving program.
- Commissioning of the P14 kiln will lead to a $7 to 8 cost per ton reduction at full swing in 2018.
- Significant economies of scale.

Significant cement capacity in the strongest market West Java
2 mt more capacity than all competitors together

<table>
<thead>
<tr>
<th>Year</th>
<th>Indocement capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>1975</td>
<td>0.8</td>
</tr>
<tr>
<td>1976</td>
<td>1.5</td>
</tr>
<tr>
<td>1979</td>
<td>2.9</td>
</tr>
<tr>
<td>1980</td>
<td>4.5</td>
</tr>
<tr>
<td>1983</td>
<td>6.4</td>
</tr>
<tr>
<td>1984</td>
<td>10.9</td>
</tr>
<tr>
<td>1991</td>
<td>12.5</td>
</tr>
<tr>
<td>1996</td>
<td>14.3</td>
</tr>
<tr>
<td>1999</td>
<td>17.4</td>
</tr>
<tr>
<td>2016</td>
<td>22.3</td>
</tr>
<tr>
<td>Total competitors</td>
<td>20.3</td>
</tr>
</tbody>
</table>

We have a significant potential from economies of scale
Brand is a very important marketing tool in Indonesia

Our premium brand | Perception | Award
--- | --- | ---

- “Tiga Roda” brand is perceived to have best quality & service in the country.
- “Top Brand” since eleven years.
- In 2017, we won in the three categories: cement, white cement and mortars.

Results of the Top Brand survey 2017

<table>
<thead>
<tr>
<th>Cement</th>
<th>White cement</th>
<th>Mortar</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand</td>
<td>Votes</td>
<td>Brand</td>
</tr>
<tr>
<td>Tiga Roda</td>
<td>53%</td>
<td>Tiga Roda</td>
</tr>
<tr>
<td>Semen Gresik</td>
<td>15%</td>
<td>Semen Gresik</td>
</tr>
<tr>
<td>Tonasa</td>
<td>13%</td>
<td>Mortar Utama</td>
</tr>
</tbody>
</table>

“Tiga Roda” is the strongest brand in Indonesia
Contents

Indocement: a well-positioned player

Macroeconomic trends and market update

Vision 2020 – strategies

Final messages
Indonesia – Favorable macroeconomic environment

**Strong population growth**

- 2017: 264
- 2030: 296
- Increase: +32 million

**Key: growing middle class**

- 2017: 115
- 2030: 222
- Increase: +107 million

**Upward trend in urbanization**

- 2015: 53.3%
- 2030: 62.8%
- Increase: +9.5%

**One of the fastest growing countries globally**

- Middle class will have doubled by 2030

**By 2050 almost 75% of the population will live in urban centers**

Significant long-term growth potential
Recent years were challenging but the worst is left behind

Supply / demand development

- Utilization (%)
- Excess capacity (mt)
- Demand (mt)

<table>
<thead>
<tr>
<th>Year</th>
<th>Excess capacity</th>
<th>Demand</th>
<th>Utilization</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>58</td>
<td>62</td>
<td>93%</td>
</tr>
<tr>
<td>2014</td>
<td>60</td>
<td>69</td>
<td>86%</td>
</tr>
<tr>
<td>2015</td>
<td>62</td>
<td>76</td>
<td>81%</td>
</tr>
<tr>
<td>2016</td>
<td>62</td>
<td>86</td>
<td>71%</td>
</tr>
<tr>
<td>2017</td>
<td>66</td>
<td>101</td>
<td>66%</td>
</tr>
<tr>
<td>2018</td>
<td>91</td>
<td>37</td>
<td>69%</td>
</tr>
<tr>
<td>2022</td>
<td>128</td>
<td></td>
<td>71%</td>
</tr>
</tbody>
</table>

Price development

- Modest growth during significant capacity build-up phase leading to decreasing capacity utilization.
- Utilization starts to improve as demand increases.

- New entrants adopted low-pricing policies to gain market share which put pressure on pricing in the recent years.
- Our dual-brand strategy has successfully stopped a falling trend in pricing.

Pricing expected to recover as demand increases and utilization improves
Capacity split now stabilizing

Newcomers currently not gaining further capacity share

- 2014: 10% (Newcomers), 87% (Top-3 incumbents)
- 2015: 10% (Newcomers), 83% (Top-3 incumbents)
- 2016: 9% (Newcomers), 76% (Top-3 incumbents)
- 2017: 10% (Newcomers), 69% (Top-3 incumbents)
- 2018e: 10% (Newcomers), 69% (Top-3 incumbents)

HEIDELBERGCEMENT
Long-term potential of Indonesia is clearly visible.

Cement consumption tons per capita in kg

<table>
<thead>
<tr>
<th>Country</th>
<th>Consumption (kg)</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>1,648</td>
</tr>
<tr>
<td>South Korea</td>
<td>1,000</td>
</tr>
<tr>
<td>Malaysia</td>
<td>763</td>
</tr>
<tr>
<td>Vietnam</td>
<td>617</td>
</tr>
<tr>
<td>Thailand</td>
<td>458</td>
</tr>
<tr>
<td>Australia</td>
<td>399</td>
</tr>
<tr>
<td>Indonesia</td>
<td>262</td>
</tr>
<tr>
<td>Philippines</td>
<td>248</td>
</tr>
<tr>
<td>India</td>
<td>244</td>
</tr>
<tr>
<td>Pakistan</td>
<td>163</td>
</tr>
</tbody>
</table>

Average excluding China: 462 kg

Significant headroom for growth
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<td><strong>Vision 2020 – strategies</strong></td>
</tr>
<tr>
<td>Final messages</td>
</tr>
</tbody>
</table>
## Vision 2020 – To be the prominent cement producer in Indonesia

- **Highest operating margin in the industry**
  - Turn around in selling price
  - Cost leadership

- **Highest customer satisfaction & increase market share**
  - “Sales is a Science” program to increase our sales and create customer value
  - “Customers’ Choice” due to quality and on-time delivery services
  - “Dual-brand strategy” to keep high market share in home market in Java

- **Stronger vertical integration**
  - Expanded aggregates position
  - Strong RMC business in Java with a significant pull-through in cement

- **Digitalized supply chain**
  - Enhance end-to-end supply chain to optimize logistic & distribution cost

- **Generate higher cash flow**
  - Shared service center covers all business lines to enhance working capital management

*Keep position as “Strong & Trusted” products with the prominent quality and services*
Clear drivers of future growth

- Strong volume momentum and outlook
- Improving supply - demand dynamics
- Pricing stabilized and improving
- Unique market position of Indocement

Growth drivers
Potential market consolidation as an additional upside

**Newcomers operate at cash losses**

- Unfavorable cost structure due lower capacity and inferior equipment
- Interest to be paid on debt-financed investment
- Weak pricing & energy cost inflation

No sustainable business model

**Consolidation seems to be imminent**

- Newcomers actively look for buyers for their assets
- Consolidation will clearly improve the pricing in the market
- We cautiously check the possible options in the market

We will participate the consolidation only if there is a clear value creation, limited operational risks and a reasonable price

Newcomers under cash pressure as market turned down since they commissioned new capacities
<table>
<thead>
<tr>
<th>Contents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indocement: a well-positioned player</td>
</tr>
<tr>
<td>Macroeconomic trends and market update</td>
</tr>
<tr>
<td>Vision 2020 – strategies</td>
</tr>
<tr>
<td>Final messages</td>
</tr>
</tbody>
</table>
| **Favorable regional exposure** | • Presence in strongly growing markets West and Central Java  
| • Strong RMC position in Jakarta with pull-through on CEM |
| **Most cost efficient cement manufacturer** | • Lowest cash costs in the sector  
| • Absence of interest costs further enhances our competitiveness |
| **Best access to market** | • Strong distributors’ network and strategic terminals location, in addition to our Plant proximity to home market area  
| • Tiga Roda awarded Best Brand for 11th consecutive year |
| **Further potential from market upswing** | • Supply-demand gap set to reduce  
| • Multiplier effect to private sectors after massive infrastructure built  
| • Favorable macroeconomic drivers population: growth & urbanization  
| • Consolidation imminent: smaller players operating at cash losses |

**Strong position with further upside potential**
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## Achievements & targets

<table>
<thead>
<tr>
<th>Financial strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital allocation</td>
</tr>
</tbody>
</table>
Our achievements from 2015 until today

- **Achieve Investment Grade rating**
  - Investment grade territory
  - BB+
  - BBB-
  - BBB-
  - 2015
  - Nov 2016
  - 2017

- **Refinance at favorable conditions**
  - Avg. coupon of refinanced bonds
  - Avg. refinancing rate
  - 6.8% → 1.6%
  - 2015
  - 2016
  - 2017

- **Reduce finance costs (€m)**
  - 550
  - 493
  - 391
  - 2015
  - 2016
  - 2017

- **Reduce cash tax rate (%)**
  - 32%
  - 35%
  - 25%
  - 2015
  - 2016
  - 2017

- **Clean up the portfolio**
  - €m 847 disposal proceeds in 3 years
  - 229
  - 184
  - 434
  - 2015
  - 2016
  - 2017

- **Increase Free Cash Flow (€m)**
  - 911
  - 1,273
  - 1,403
  - 2015
  - 2016
  - 2017

1) IFRS view, including Italcementi from 1 July 2016.
2) Excluding proceeds from sale of Hanson’s Building Products and from sale of ITC assets due to antitrust reasons.

We are constantly improving our financials.
Increasing shareholder returns

We have delivered strong financial performance

Earning an increasing premium on WACC

Continuously rising dividends

**ROIC**

- 2014: 6.7%
- 2015: 7.1%
- 2016: 7.0%
- 2017: 7.2%

**Invested capital (in m€)**

- 2014: 20,849
- 2015: 21,559
- 2016: 23,595
- 2017: 26,064

**WACC**

**CAGR:**

- 2014: 0.75
- 2015: 1.30
- 2016: 1.60
- 2017: 1.90

**Sum of equity and net debt (LTM average).**

**Sum of EBIT (excl. AOR) and tax payments (12 months) in relation to invested capital.**

We have delivered strong financial performance
Slower economic growth keeps HC from reaching forecast

Projected development of world economy* (GDP growth)

Forecasted development for 2015-2018 not achievable due to EM & currency

* Based on IMF World Economic Outlook Database October 2014 and April 2018.
Well-balanced footprint for the business cycle

Vertically integrated business model and urban centers focused footprint enables us to slightly “move ahead” or “follow behind” the cycle in each market.

Significant future potential as key markets enter “recovery and expansion” phase
VISION 2020

Realistic and achievable targets reveal the potential of the company

Continue to grow and increase shareholder value

- Return to shareholders
- Progressive increase in dividends
- €bn 1 to 1.5 disposal
- €bn 1.5 to 2 growth CapEx

Best-in-class operator in the sector with a solid balance sheet

- Active portfolio management
- Sustainable EBITDA growth
- ~5% p.a. organic growth
- ~€bn 6 free cash flow in 3 years

- Strong cash generation
- Comfortable Net Debt level
- Leverage below 2.0X; rating BBB

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Contents

- Achievements & targets
- Financial strategy
- Capital allocation
Increasing focus on Free Cash Flow Generation

<table>
<thead>
<tr>
<th>Stronger focus to Free Cash Flow</th>
<th>Definition of Free Cash Flow</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Gross cash flow</strong></td>
</tr>
<tr>
<td></td>
<td>- Interest payments, net</td>
</tr>
<tr>
<td></td>
<td>- Tax payments, net</td>
</tr>
<tr>
<td></td>
<td>+/- Changes in Working Capital</td>
</tr>
<tr>
<td></td>
<td>- Maintenance CapEx</td>
</tr>
<tr>
<td></td>
<td><strong>= Free Cash Flow (FCF)</strong></td>
</tr>
</tbody>
</table>

**Rationale behind the stronger focus on FCF**

- More comprehensive, complimentary to EBITDA
- Less subject to management judgements
- Easy to understand

**FCF generation is a key focus for HeidelbergCement**
Strong cash generation a core competence of HC

Free Cash Flow generation*

- 2015: ~0.9
- 2016: ~1.3
- 2017: ~1.4
- Total: ~3.6
- Total 2018-2020: ~6.0

* IFRS view including ITC from 1 July 2016.

Proven business model to generate in total FCF of ~€bn 6 until 2020
Rising certificate prices put pressure on companies short of allowances.

Companies are forced to invest into efficient technology or risk being pushed out of the market.

HC has sufficient allowances until 2023. Only after 2023, certificate prices will become a cost factor for HC.

HC invested significantly into reducing emission of plants in Germany ("Masterplan Germany ").

… will increasingly influence production & investment decisions…

… and will also contribute to the consolidation of markets
Successful bond issuances 2015-2018 – further potential ahead

Bond of €bn 5 issued at average coupon of 1.6 % since 2015

We benefit from an improved set-up and Investment Grade rating
### Refinancing of high coupon bonds within the next 2½ years

#### Bond maturity profile 2018-2020 (in €m)

<table>
<thead>
<tr>
<th>Issuer</th>
<th>Maturity year</th>
<th>Maturity month</th>
<th>Nominal value</th>
<th>Coupon</th>
</tr>
</thead>
<tbody>
<tr>
<td>HC Finance Lux.</td>
<td>2018</td>
<td>December</td>
<td>500</td>
<td>9.50%</td>
</tr>
<tr>
<td>HC Finance Lux.</td>
<td>2019</td>
<td>March</td>
<td>500</td>
<td>2.25%</td>
</tr>
<tr>
<td>HC Finance Lux.</td>
<td>2019</td>
<td>October</td>
<td>500</td>
<td>8.50%</td>
</tr>
<tr>
<td>ITC Finance</td>
<td>2020</td>
<td>March</td>
<td>750</td>
<td>5.38%</td>
</tr>
<tr>
<td>HC Finance Lux.</td>
<td>2020</td>
<td>April</td>
<td>750</td>
<td>7.50%</td>
</tr>
<tr>
<td>HC Finance Lux.</td>
<td>2020</td>
<td>October</td>
<td>300</td>
<td>3.25%</td>
</tr>
</tbody>
</table>

**Significant potential for decrease in interest expenses ahead**
Refinancing of high coupon bonds contributes to FCF growth

Financial result (in €m)*

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>653</td>
<td>579</td>
<td>391</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Pro-forma 2015 and 2016 financial data based on public information from ITC.
** Based in current interest rate environment.

Financial result at ca. €m. 250 +/- €m 25 in 2020.

Target: annual net interest payments to decrease €m 150 by 2020
A well-balanced basket of currencies...

... limits FX fluctuations despite refinancing predominantly in Euro
Global tax trends lead to lower tax rates but broader tax basis

Global trend 1: decreasing tax rates

<table>
<thead>
<tr>
<th>Country</th>
<th>2010</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>35%</td>
<td>21%</td>
</tr>
<tr>
<td>UK</td>
<td>28%</td>
<td>19%</td>
</tr>
<tr>
<td>Spain</td>
<td>30%</td>
<td>25%</td>
</tr>
</tbody>
</table>

Global trend 2: broadening of tax base

- Increasing restrictions on the tax deduction of interest expenses.
- Focus of tax authorities on intercompany transaction and transfer pricing documentation.
- Higher number of tax audits with strong focus on tax risk areas and intensive discussions.

HC has no aggressive global tax schemes; thus, we expect a further decline in average tax rate.
Tax Strategy: declining tax rates lead to lower taxes

Cash tax ratio of HeidelbergCement

Target: mid-term average tax rate of 22%
Working Capital to remain stable despite increasing sales

Target: WC (in absolute terms) to remain stable around current levels despite increasing sales

* IFRS view, including ITC from 1 July 2016.
Subsidiary dividend strategy: reducing risks from cash deposits

**Dividends paid** (€m) and **cash deposits in subsidiaries** (€m)

<table>
<thead>
<tr>
<th>Year</th>
<th>Minorities</th>
<th>HC</th>
<th>Total</th>
<th>YE 2017</th>
<th>Mid-term</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>181</td>
<td>237</td>
<td>418</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>65</td>
<td>111</td>
<td>176</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>158</td>
<td>242</td>
<td>400</td>
<td>589</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>395</strong></td>
<td><strong>749</strong></td>
<td><strong>1,144</strong></td>
<td><strong>993</strong></td>
<td><strong>1,088</strong></td>
</tr>
</tbody>
</table>

- **Reduction of FX risks on cash deposits in volatile foreign currencies.**
- **Repatriation of funds into the Group’s cash pooling system.**
- **Avoidance of “non-utilized/sleeping” cash; allocating cash to where it is most beneficial for HC.**
- **Reduction of cash position in subsidiaries to reasonable level; distribution of surplus into cash pool.**

* IFRS view including ITC from 1 July 2016. Including subsidiaries in countries in Africa and Asia with volatile currencies.

**Target:** annual minority dividends of ca. €m 150
Mid-term potential for maintenance CAPEX reduction

Maintenance CapEx as % depreciation

- 2014: 67%
- 2015: 71%
- 2016: 68%
- 2017: 58%
- Mid-term: 55%

Target: Maint. CapEx mid-term at 55% of depreciation & amortization

Level of investment required to ensure sustainability of equipment
Increase the premium earned on cost of capital

<table>
<thead>
<tr>
<th>Year</th>
<th>Before ITC acquisition</th>
<th>After ITC acquisition</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>21,063</td>
<td>20,086</td>
</tr>
<tr>
<td>2013</td>
<td>20,086</td>
<td>20,849</td>
</tr>
<tr>
<td>2014</td>
<td>20,849</td>
<td>21,559</td>
</tr>
<tr>
<td>2015</td>
<td>21,559</td>
<td>23,595</td>
</tr>
<tr>
<td>2016</td>
<td>23,595</td>
<td>26,064</td>
</tr>
<tr>
<td>2017</td>
<td>26,064</td>
<td>23,595</td>
</tr>
<tr>
<td>2018</td>
<td>23,595</td>
<td>26,064</td>
</tr>
<tr>
<td>2019</td>
<td>26,064</td>
<td>23,595</td>
</tr>
<tr>
<td>2020</td>
<td>23,595</td>
<td>26,064</td>
</tr>
</tbody>
</table>

- WACC stable without major shift in portfolio
- Increasing returns from ITC assets and improving market cycles.

We target to increase the value created for our shareholders
Positive rating development

Rating history of HeidelbergCement

Target: stable rating in the Investment Grade territory (BBB/Baa2)
Balanced allocation of capital 2018-2020

Free Cash Flow generation
~ €bn 6.0

Portfolio optimization
Growth €bn 1.5 - 2.0
Disposals €bn 1.0 - 1.5

Progressive dividends to HC shareholders
Payout ratio ~40%

Dividends to Minorities
€bn ~0.4 - 0.5

Deleveraging to
< 2.0X
< €bn 7

Cash allocation potential
€bn ~1.0 – 2.5

Further Deleveraging

Increase dividend

Do share buy-back

Excess cash to be shifted towards shareholder return
Sustainable dividend policy will continue

Dividend growth eight years in a row

(DPS in €)

- No decrease in absolute DPS
- Profit driven increase in dividend
- Reach payout ratio of ~40% by 2020

Payout ratio calculated based on clean EPS, excluding "Additional Ordinary Result" and one-offs.

Dividends based on affordability and sustainability
We are targeting to get our leverage below 2.0x by 2020

On a normalized basis, HC company has the potential to improve leverage by ~0.3x per year
Our proactive three-year portfolio optimization strategy

**Growth (€bn 1.5 – 2)**

- Increasing vertical integration
- Improving market position
- Promising synergy potential

**Disposals (€bn 1 – 1.5)**

- Non-core / unused assets
- Non-performing assets
- Non-sustainable market
- Disposals reducing complexity

Timing will depend on opportunities and speed of disposals
### Targeted and disciplined approach to investment projects

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Finance</th>
<th>Technical</th>
<th>Sustainability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic fit, markets and competition</td>
<td>Financial attractiveness and risk evaluation</td>
<td>Technical aspects of any project</td>
<td>Compatibility with sustainability commitments</td>
</tr>
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<td>Strategic fit, markets and competition</td>
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</tr>
<tr>
<td>Vertical integration</td>
<td>Project resources</td>
<td>Project resources</td>
<td>Analysis of impact on</td>
</tr>
<tr>
<td>Market consolidation</td>
<td>Geological assessment</td>
<td>Geological assessment</td>
<td>Human rights</td>
</tr>
<tr>
<td>Synergy potential (costs)</td>
<td>Engineering requirements</td>
<td>Engineering requirements</td>
<td>Environment</td>
</tr>
<tr>
<td>Access to markets and sources</td>
<td>Supply constraints</td>
<td>Supply constraints</td>
<td>Emissions</td>
</tr>
<tr>
<td>Competitive position</td>
<td>Access to markets and sources</td>
<td>Access to markets and sources</td>
<td>Reputation</td>
</tr>
<tr>
<td>Attractive profit pool</td>
<td>Tools</td>
<td>Tools</td>
<td>Etc.</td>
</tr>
</tbody>
</table>

- **Tools**
  - DCF analysis
  - Financial statement analysis
  - Monte Carlo Simulation
- **Risk assessment**
- Projected ROIC against WACC
- EPS accretion
- Financial target analysis (covenants, leverage)

### Proven investment scoring model to select the right projects
VISION 2020

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