HeidelbergCement

Sixth German Corporate Conference

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Market and financial overview H1 2017

Successful integration of Italcementi acquisition sees Group Profit increase 17% vs. H1 2016 *(1)*

- Group share of profit increases +17% to 288 m€ (on proforma basis, from -126 m€ to +288 m€!) *(2)*
- Revenue increases by 29%; Operating EBITDA increases by +22%; EPS increases by +7%
- Synergy target of 175m€ for full year already achieved in June. We are confident to over-achieve our target.

Solid result despite considerable headwinds (weather, Ramadan); change in trend since Easter *(2)*

- Easter and Ramadan fell into Q2, making year over year comparisons challenging
- Stable Operating EBITDA and margin development despite strong headwinds; bad weather in the US, energy cost inflation, price pressure in Indonesia, Ghana and Thailand
- Clear upward trend in result after Easter (May +8.1% and June +7.2% organic EBITDA growth)

Cashflow impacted by increased working capital and Pacific Northwest assets acquisition

- Increase in Working Capital due to higher business activity and ITC integration
- Acquisition of Pacific Northwest Materials completed with a multiple below 7X, including annual expected synergies of about 7.5 m$
- Leverage target confirmed: Net Debt / RCOBD at the end of the year at or below 2.5X

2017 Outlook confirmed

- Solid organic growth in May and June signals strong H2 performance
- Worst is already behind in difficult markets like Indonesia, Ghana and Thailand

(1) Values based on IFRS (Italcementi figures included after 1st July 2016). (2) Proforma figures including Italcementi as of 1st January 2016.

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Key operational and financial figures

Operational performance based on proforma figures:

m€	Jun 16	Jun 17	Change	%	LfL %	Q2 16	Q2 17	Change	%	LfL %
Cement volume ('000 t)	61,061	**60,660**	-401	-0.7 %	-0.7 %	33,246	**32,844**	-402	-1.2 %	-1.1 %
Aggregate volume ('000 t)	133,759	**142,304**	8,544	6.4 %	0.6 %	77,376	**81,449**	4,073	5.3 %	-0.1 %
Ready Mix volume ('000 m^3)	23,503	**22,620**	-882	-3.8 %	-4.1 %	12,930	**12,197**	-733	-5.7 %	-6.3 %
Asphalt volume ('000 t)	3,956	**3,905**	-51	-1.3 %	-1.3 %	2,575	**2,442**	-133	-5.2 %	-5.2 %
Revenue	8,326	**8,394**	69	0.8 %	-0.2 %	4,583	**4,611**	28	0.6 %	-0.4 %
Operating EBITDA	1,368	**1,347**	-20	-1.5 %	-1.4 %	977	**964**	-13	-1.3 %	-0.5 %
in % of revenue	*16.4 %*	***16.1 %***	*-38 bps*		*-18 bps*	*21.3 %*	***20.9 %***	*-40 bps*		*-3 bps*
Operating income (*)	828	**791**	-37	-4.5 %	-3.9 %	704	**683**	-21	-3.0 %	-2.0 %

Key financial figures based on IFRS (ITC consolidated from 1st July 2016):

m€	Jun 16	Jun 17	Change	Q2 16	Q2 17	Change
Revenue	6,407	**8,394**	31 %	3,575	**4,611**	29 %
Operating EBITDA	1,112	**1,347**	21 %	791	**964**	22 %
Group share of profit	246	**288**	17 %	318	**358**	12 %
Earnings per share	1.31	**1.45**	11 %	1.69	**1.80**	7 %
Cash flow from operations	214	**-132**	-345	475	**354**	-122
Total CapEx	-444	**-520**	-76	-187	**-325**	-138
Net Debt	5,865	**10,140**	4,275			
Net Debt / EBITDA	2.2	**3.2**				

LfL figures excluding currency, scope and CO_2 gain of 17m€ in H1 2016.
(*) Operating income includes a negative impact of -29m€ from Italcementi PPA in H1 2017.

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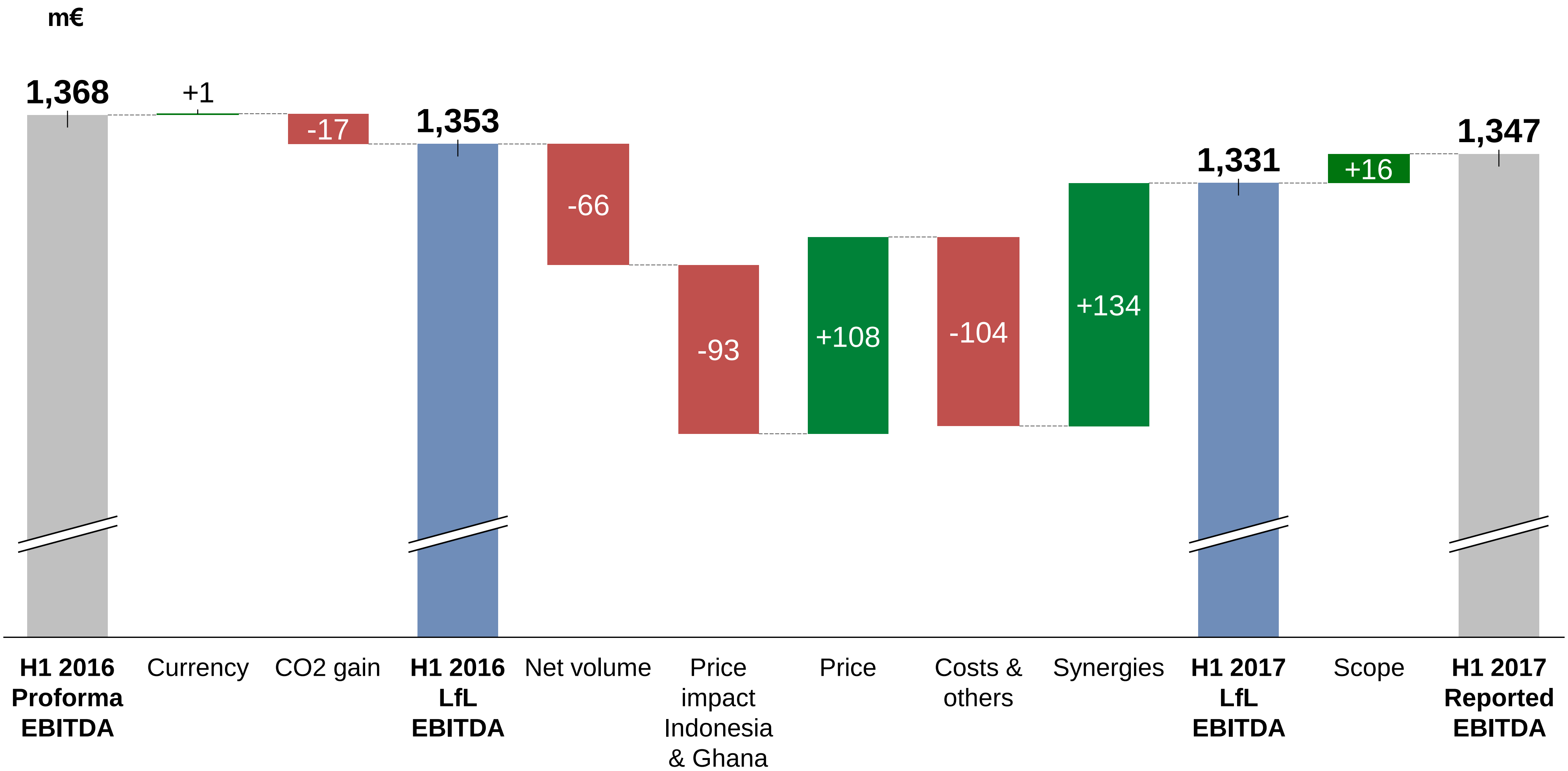
H1 2017 Operating EBITDA Bridge



Solid result despite a very strong comparison base and price pressure in Indonesia & Ghana

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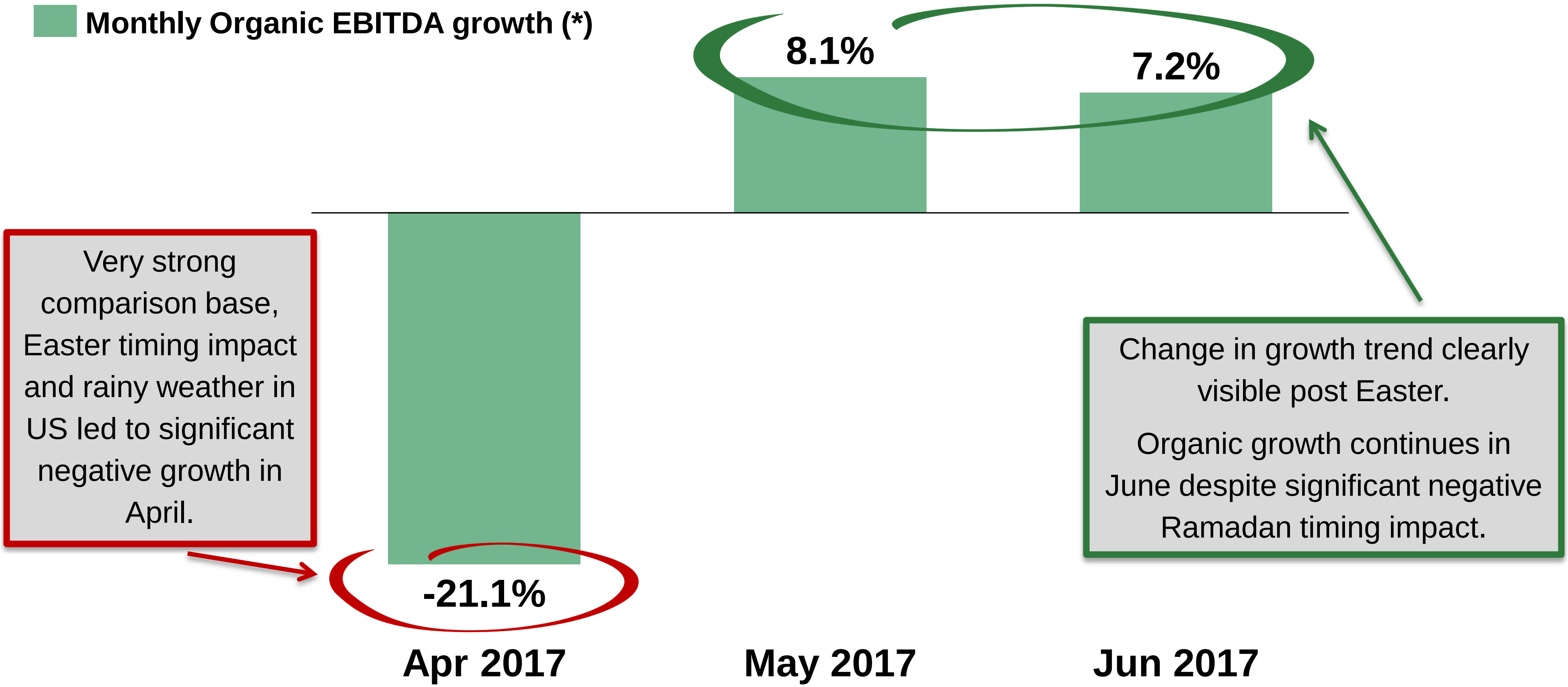
Clear change in organic EBITDA growth trend



The positive trend is continuing after Q2

(*) Operating EBITDA growth vs. prior year same month, proforma excluding currency, scope and CO_2 gains.

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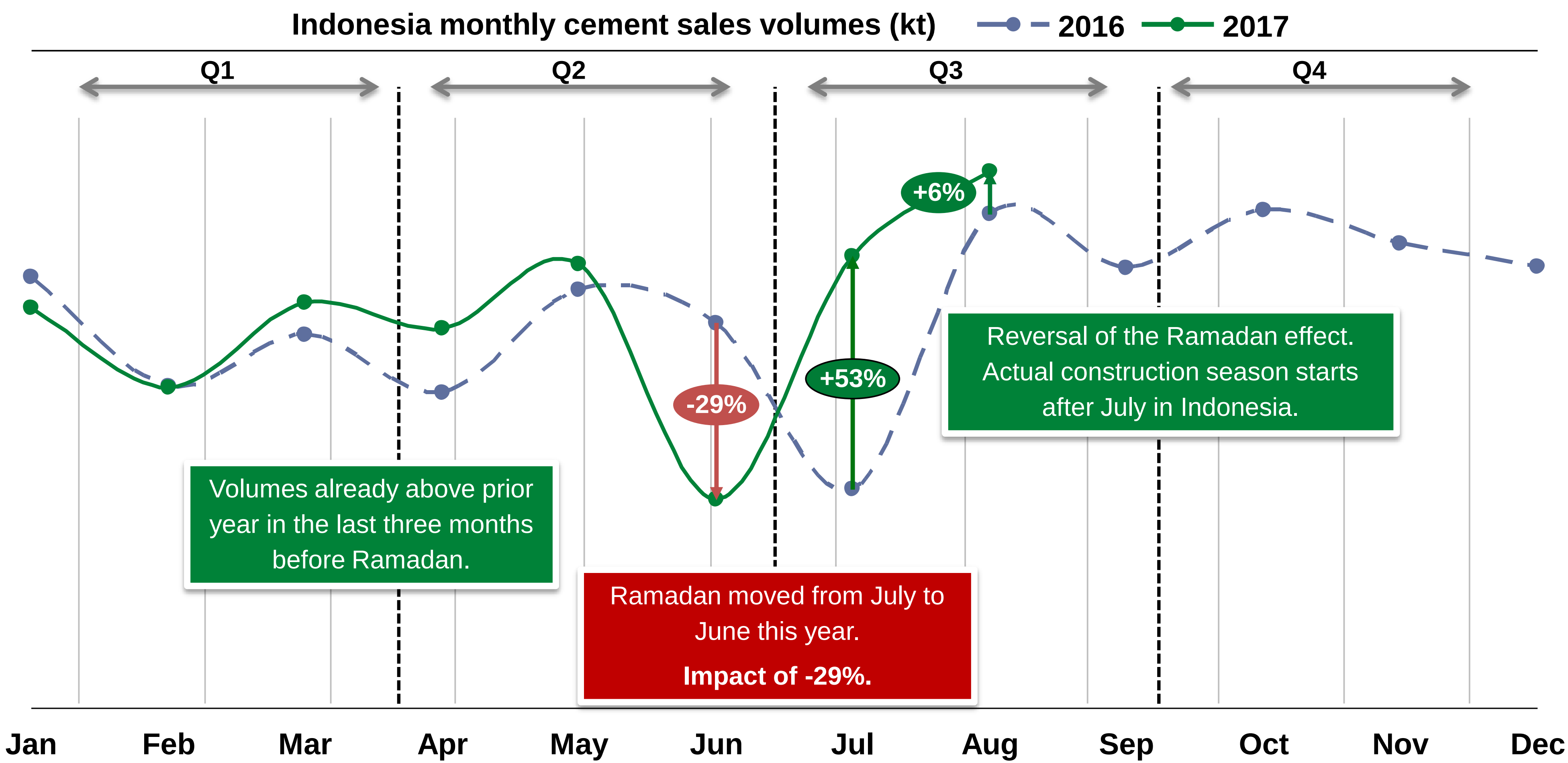
Ramadan impacts some key markets; especially Indonesia



Demand growth continues after Ramadan.
We are confident to reach mid-single digit growth for the full year.

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HeidelbergCement – What makes us different?

Market position

- Leading vertically integrated player with key positions in CEM, AGG, RMC and ASP
- Superior global footprint with strong presence in urban centers

Focus on sustainability

- Clear industry leader in CO_2 reduction
- Leading position in biodiversity

Management

- Clear and straight forward operating model focused on speed, execution and accountability
- Balance between centralization and strong local Management
- World class global/local centers of excellence for all business lines
- Focus on digitisation of value chain

Result oriented performance

- Continuous improvement in all operational and financial metrics
- Focus on cash generation and shareholder return

Strategic levers to drive earnings growth

Operating excellence	Digitalization of value chain
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Vertical integration	Optimal geographic footprint

Continuous improvement of efficiency and margins

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"CIP" – Cement

- Promote entrepreneurial thinking of employees and culture of continuous improvement
- 2016: active in 67 cement plants

€m 120 sustainable results improvement 2015-2017

"Aggregates CI" – Aggregates

- Increasing professionalism & efficiency in operational and commercial areas through continuous improvement
- Implementation at all locations
- Digitisation of operational processes

€m 120 sustainable results improvement 2016-2018

"LEO" – Logistics

- Centralised order intake/dispatch planning
- Real-time monitoring of delivery processes: telematics, electronic delivery note
- Demand-oriented inventory management
- Fully automatic loading processes

€m 150 reduction in logistic costs

"FOX"– Procurement

- Continuation of successful cost savings initiative
- Standardisation and optimisation of procurement processes
- Digitisation of supplier management

> €m 100 annual savings

Continuous efficiency and margin improvement is part of HeidelbergCement's DNA

CCR – A new group focused on improving our RMC operations

Cost structure

Materials **50%**

Logistics **30%**

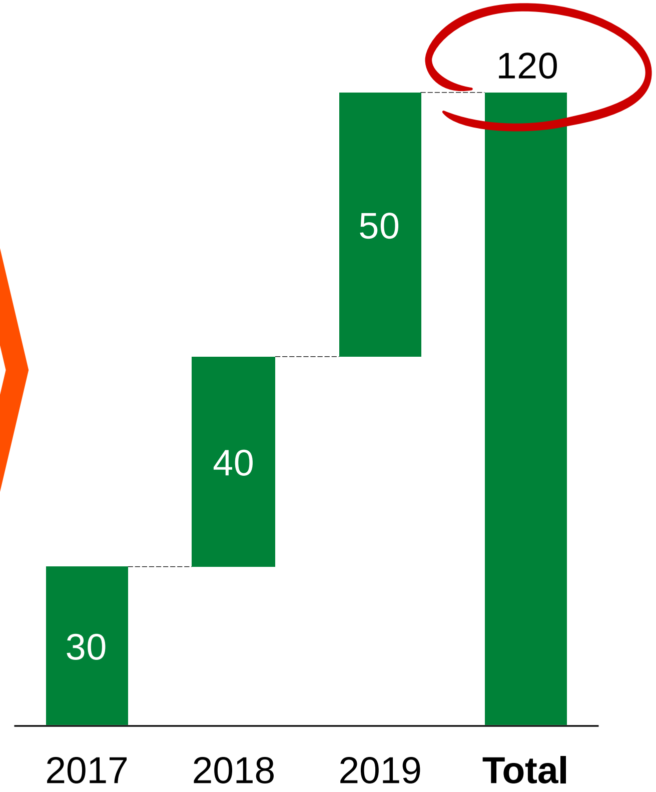
Production 10%

Overheads 10%

Improvement opportunities

1. **Data acquisition**
2. **Integrated margin**
3. **Strength control**
4. **Variance management**
5. **Materials optimization**
6. **Utilization-based cartage cost**
7. **Increase utilization**
8. **Waste cost elimination**

Savings target in m€



CCR sets a clear savings target of € 120m until 2019

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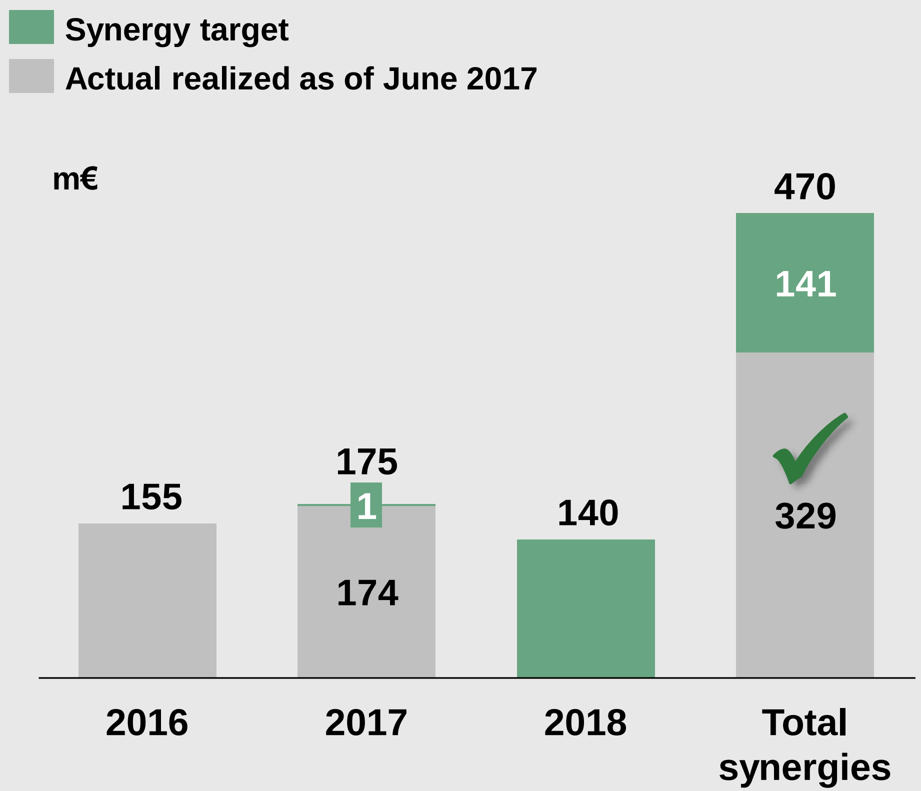
2017 full year target already achieved in H1!

We are confident to reach € 500m



Actual H1 2017 figures	m€
Operations	49
SG&A	26
Purchasing	14
Other (Trading, insurance, logistics, IT...)	45
Total EBITDA-related synergies	**134**
Treasury & tax	40
Total synergies	**174**

Synergies clearly visible in the P&L

"Sales is a Science": Digitalisation and process standardisation

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New Group Function is based on two pillars

Market Intelligence and Sales Processes

Market model:

- Mix of external and internal information used to forecast market development
- Forecasting on a micro-market basis
- Global guidance on the approach with data scientists setting up the model but local ownership of measures to be derived

Sales process:

- Structured sales planning:
  - Daily, weekly, monthly and quarterly planning for respective tasks
  - Friday sales meeting (review of the week, planning of next week)
- Quarterly gap analysis between plan and actual (per segment and customer)
- Digitalisation through easy to use group-wide CRM tool

With the aim of:

Really knowing the market

Understanding customers better than anyone else

Managing each individual market

Selling the right volume

At a better price

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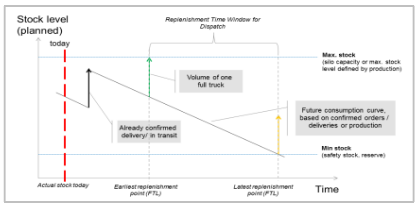
LEO – Logistics optimization program

Operational efficiency:

Efficient stock management etc.



Added value for customer:

On-time deliveries etc.

Automated replenishment

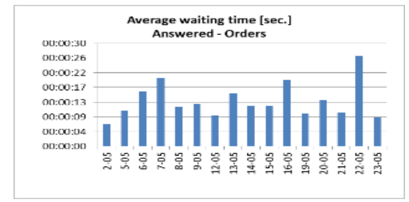
Centralized order intake

GPS-monitored delivery

Centralized dispatching

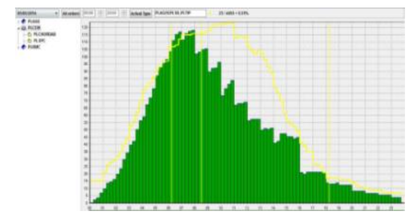
Added value for customer:

Efficient order intake process etc.



Operational efficiency:

Higher fleet utilisation etc.



Targeted global cost reductions of € 150m over the next few years

Vertical integration: Assets, process, business

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CEM	AGG	RMC	ASP

Level 3
Business integration

Mind-set, cross BL behavior, value chain approach

Level 2
Process integration

Processes, systems, functions
(Shared service, integrated IT platform...)

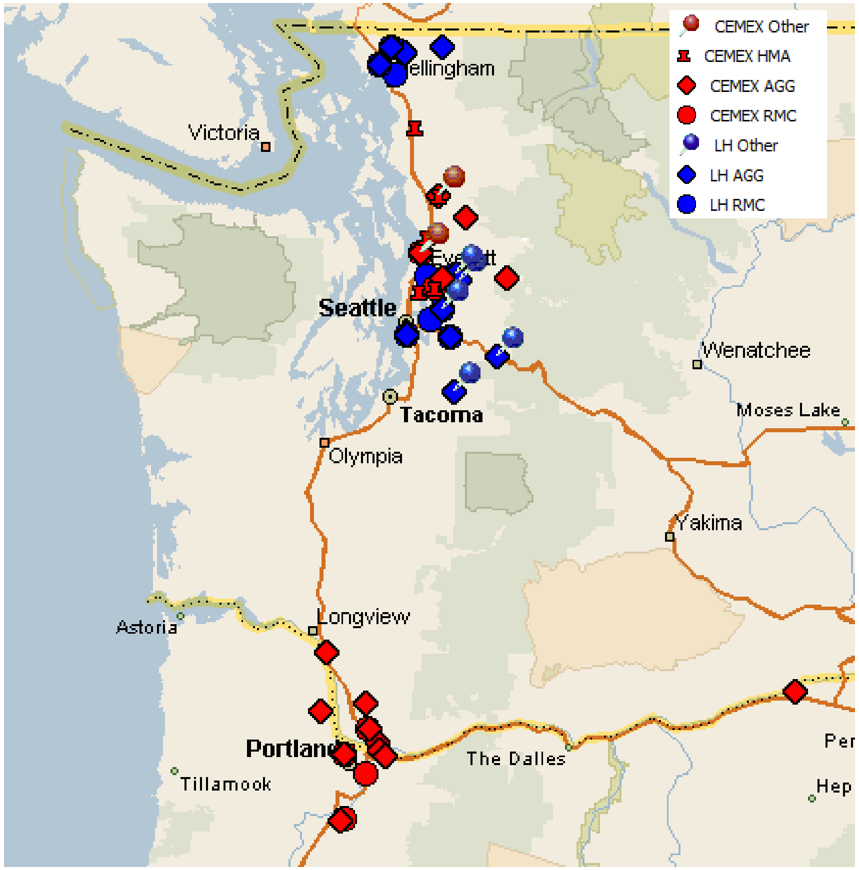
Level 1
Asset integration

Plant network, raw material reserves
(CEM, AGG, RMC)

Integrated management – key value driver

Vertical integration – Acquisition of Cemex‘ PNW

Cemex‘ PNW and HC heritage assets



Stronger vertical integration

- ✓ Grow in urban markets tied to Canada and US West region.
- ✓ Establish vertical integration by entering into the fast growing Portland market with RMX and aggregates.

Deal parameters

- ✓ Revenue in 2016 amounted to $ 110m
- ✓ EBITDA in 2016 reached $ 14m
- ✓ Expected annual synergies of € 7m
- ✓ Purchase price of $150m
- ✓ AGG reserves of 100 mt

Business line	Volumes 2016	Number of sites
Aggregates	3.3 mt	9
Ready-Mix	200,000 m^3	6
Asphalt	200,000 t	5

Vertical integration is our competitive advantage

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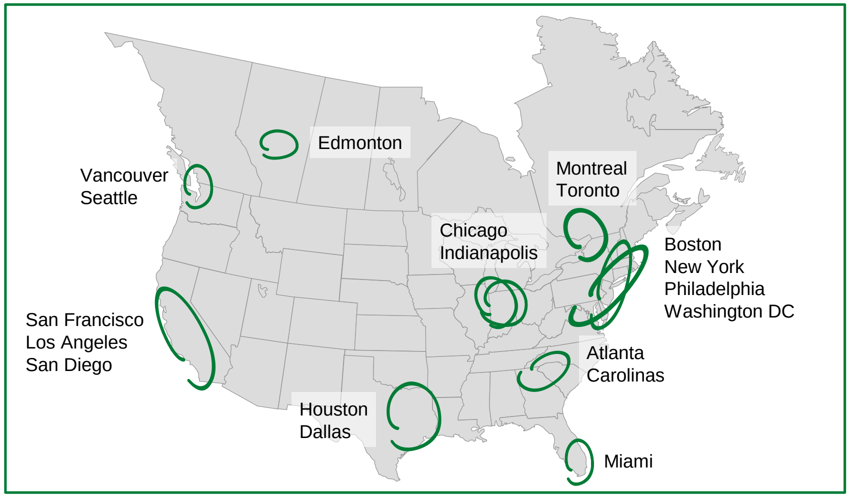
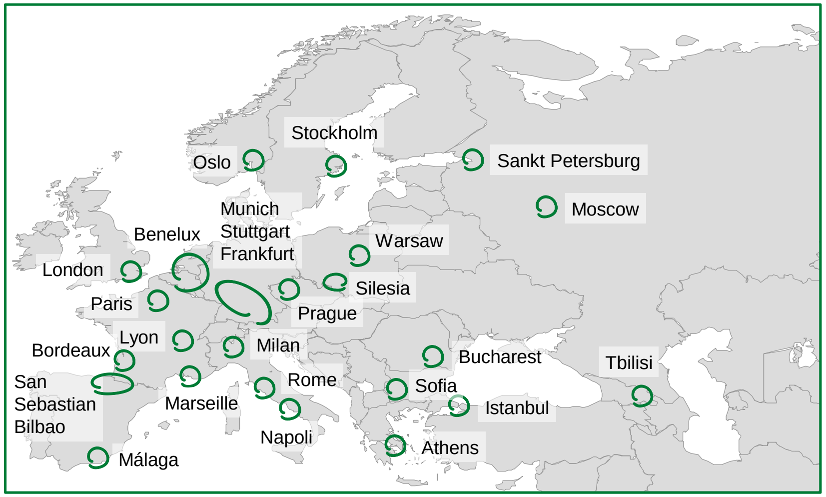
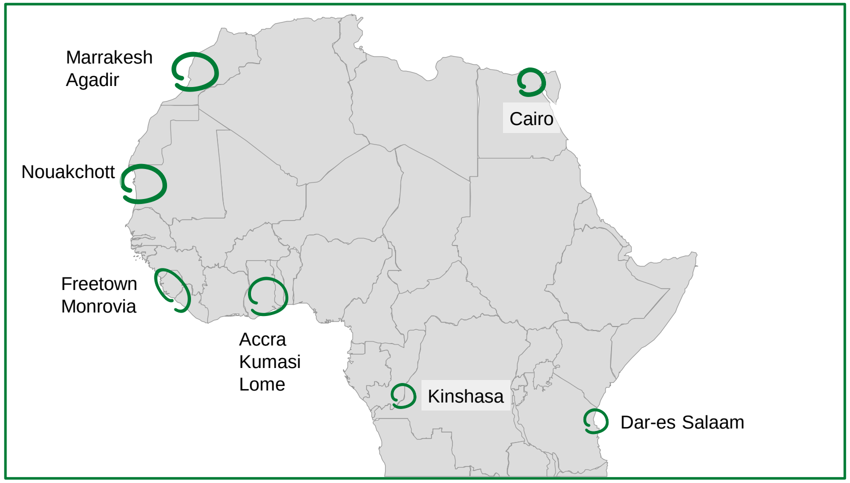
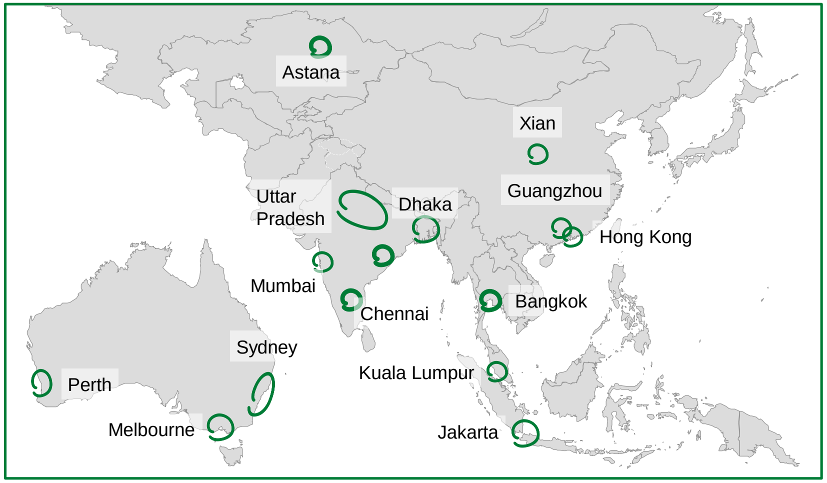
Population growth and urbanization – HC well-positioned in urban centers









Most important urban centers with HeidelbergCement operations

European recovery – Significant potential from operating leverage

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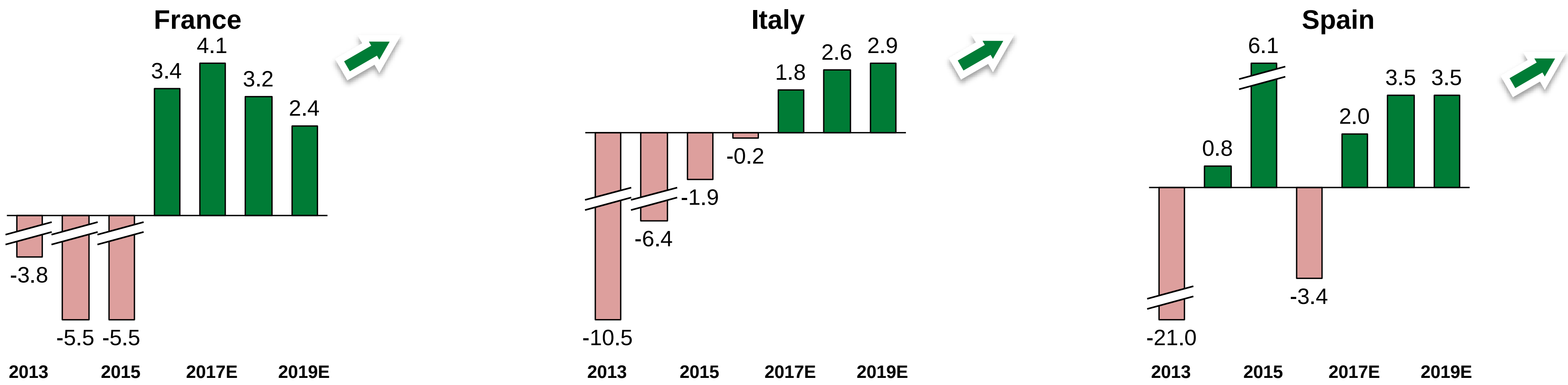
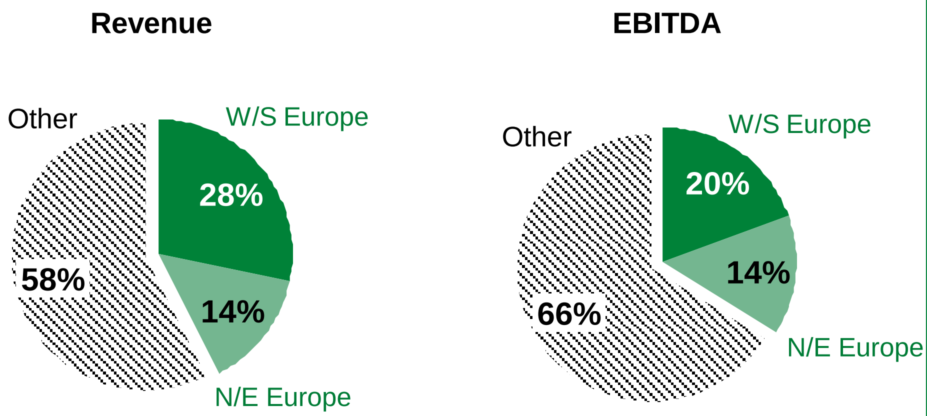
Domestic cement consumption growth rate [%]*



Exposure to Europe in 2016



Key Messages

- ✓ **Western and Southern Europe:** In 2016, Euro-zone GDP (1.7%) outpaced the US GDP (1.6%) for the first time since the crisis in 2008. Markets in recovery mode.
- ✓ **Northern Europe**: Solid demand growth continues driven by huge infrastructure projects. Residential boom in Sweden.
- ✓ **Eastern Europe**: New tranche of EU Cohesion Funds boosts infrastructure spending and demand in 2017 and beyond.

We will benefit from continuing recovery in Europe

* Source: Euroconstruct forecast, June 2017.

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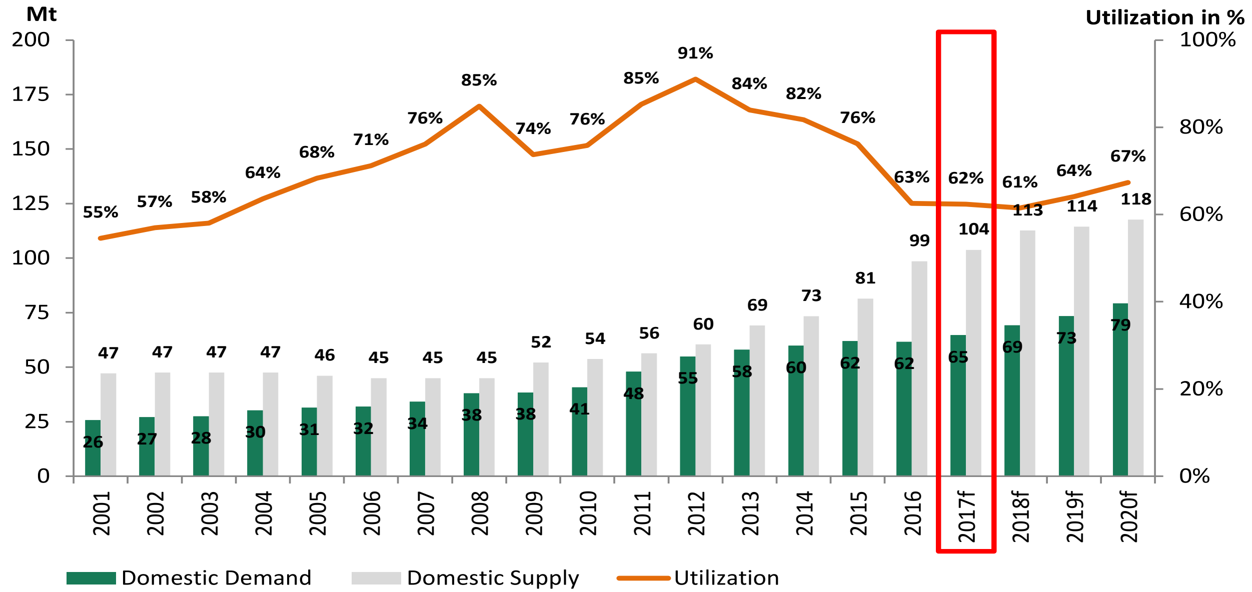
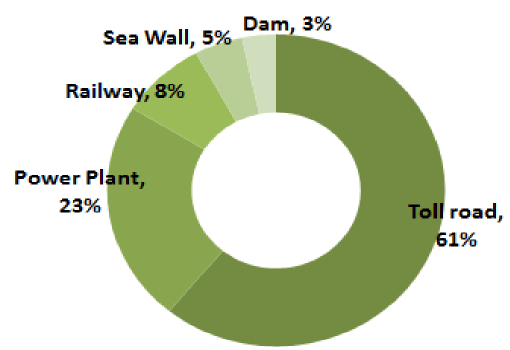
Indonesia – Volume growth amidst oversupply market

U-shape recovery expected

Development of Indonesian cement market (demand, supply, utilization)



Indocement's Existing Supply to Infrastructure Projects	Volume ('000 m^3)
Inner City Toll Road Sunter – Pulo Gebang Jakarta	453
Power Plant – PLTU Jepara, Central Java	250
Power Plant – PLTU Batang, Central Java	231
Toll Road Tangerang – Merak, Banten	150
Tol Desari, West Java	147
Total 2016 - 2019	**2,174**



Details

- In June-July 2017 market grew strong at 7.7%; we expect 5.0% growth in full year of 2017 versus -0.3% in 2016
- Positive cement **demand recovery** triggered by: recovery of mining and palm-oil plantation has boosted people spending for residential & property sector
- **West Java** (with 50.0% MS) started to turn around and record positive growth of 9.4% compared to -6.0% in 2016
- **Selling price** stabilized in Q2 2017 after declining by 23.0% since 2014 as cost of coal further depress margin of new entrants
- Latest plant, **P14**, to run at full swing with $10 /ton savings compared to older kilns.
- **EBITDA margin** anticipated to bottom in H1 2017 at 22.0%
- Investment in **Sumatra terminals** will help to reach growing markets outside of our home market next year.

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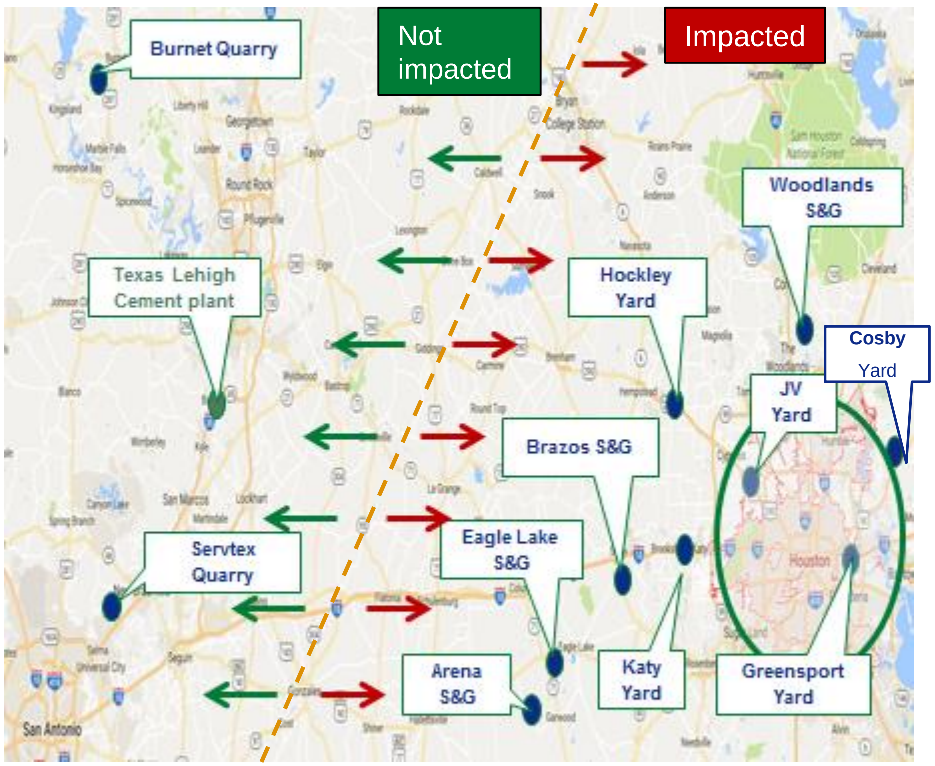
USA – Hurricane Harvey with only limited impact on our operations

Geographical overview



Impact on our operations

- ✓ Our cement plant and large aggregates quarries were not affected
- ✓ Ready-mix plants in the Houston area were flooded. Now, all plants have been brought back to business.

The impact is limited and will be recovered throughout the year

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UK and Brexit

Challenging H1 amid political uncertainty

- After modest growth in Q1, a slowdown in construction output in Q2
- Brexit negotiations and a reduced government majority provide a background of uncertainty
- Infrastructure pipeline remains strong, albeit with projects delayed into Q4 and 2018

Projects in the pipeline provide a more positive Outlook for UK

- **Hinkley Power Plant**: Commenced, with some delays from H1
- **Thames Tideway Tunnel**: Around 590,000m^3 concrete needed (145,000m^3 secured)
- **High Speed Train London – Birmingham**: Tendering underway; several mt aggregates needed
- **Road Projects**: Silvertown Tunnel and M4 South Wales (~4mt AGG, 0.5m m^3 concrete)
- **Manchester Projects**: Metropolitan university and airport extension

Whilst H1 has been impacted by market uncertainty and delays to major projects, we remain cautiously optimistic as a result of our unique footprint, fully vertically integrated business model and strong local management team

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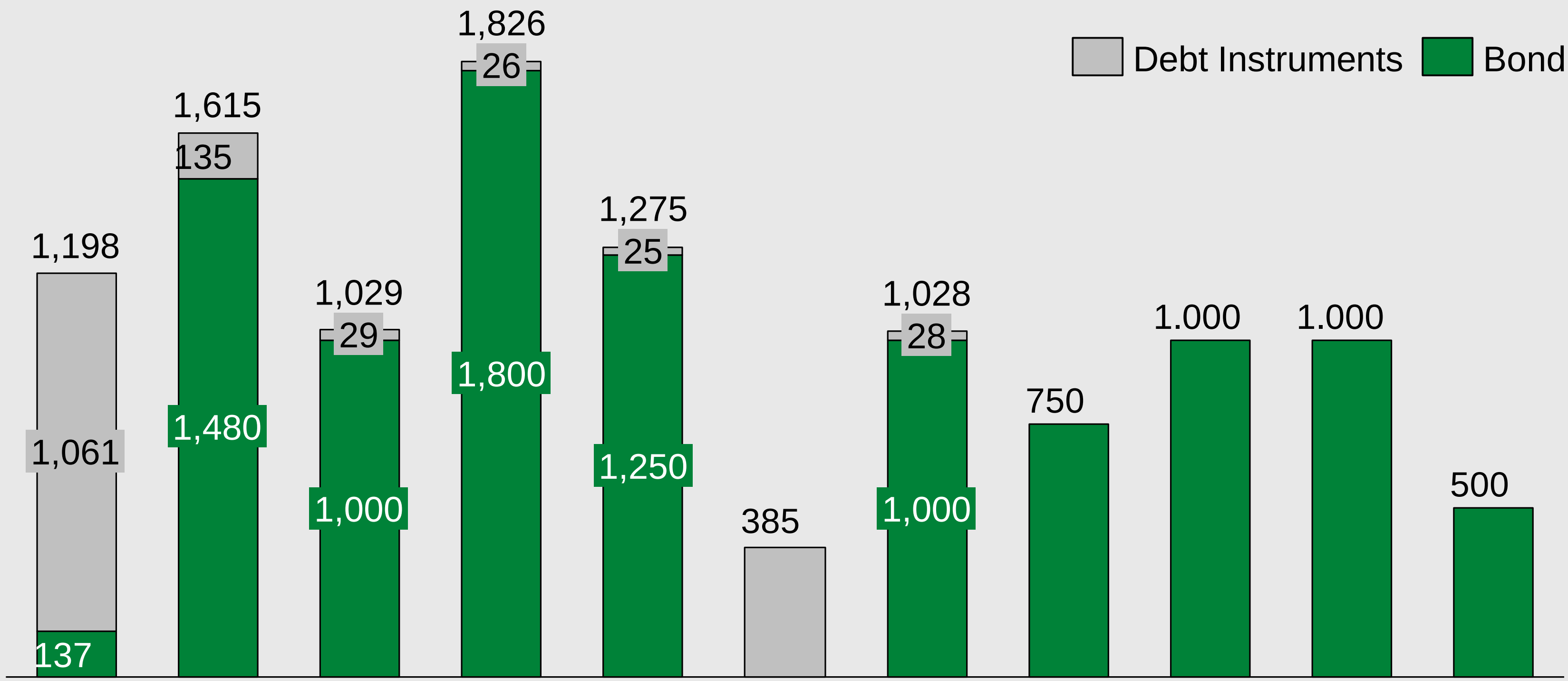
Debt maturity profile

As per 30 June 2017 (m€)



	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Average coupon rate :	**7.3%**	**7.1%**	**5.4%**	**5.9%**	**1.6%**	**-**	**2.3%**	**2.3%**	**1.5%**	**1.6%**	**1.5%**

We expect ca. € 80m of interest savings per annum

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Targets 2017

	2017 Target
Volumes	**Increase in all business lines**
Operating EBITDA	**Mid single to double digit organic growth**
CapEx	**€ 1.4bn**
Maintenance	€ 700m
Expansion	€ 700m
Energy cost per tonne of cement produced	**High single digit increase**
Current tax rate	**~25 %**

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Building shareholder value: Our financial strategy and priorities

- Focus on cash generation
- Achieve and maintain solid investment grade ratings
- Disciplined investment approach
- Generate a sustainable ROIC above WACC
- Progressive dividend policy

Prudently balance growth and shareholder returns

Disclaimer

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Contact information and event calendar

Event calendar

08 Nov 2017	2017 third quarter results

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