

Annual General Meeting 05 May 2011



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1. Review of 2010

- Market development and key figures
- Large savings through “FitnessPlus 2010” programme
- Solid financing structure established
- Expansion of cement capacity in growth countries

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- “FOX 2013” programme
- Continuing growth and capacity expansion
- Market development
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2. HeidelbergCement in the capital market

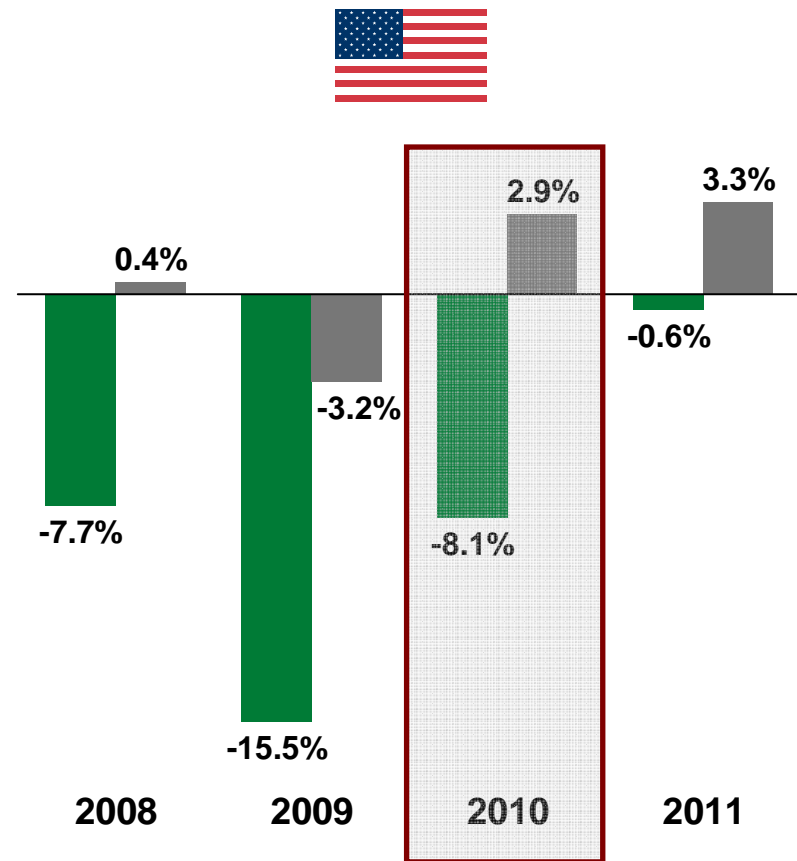
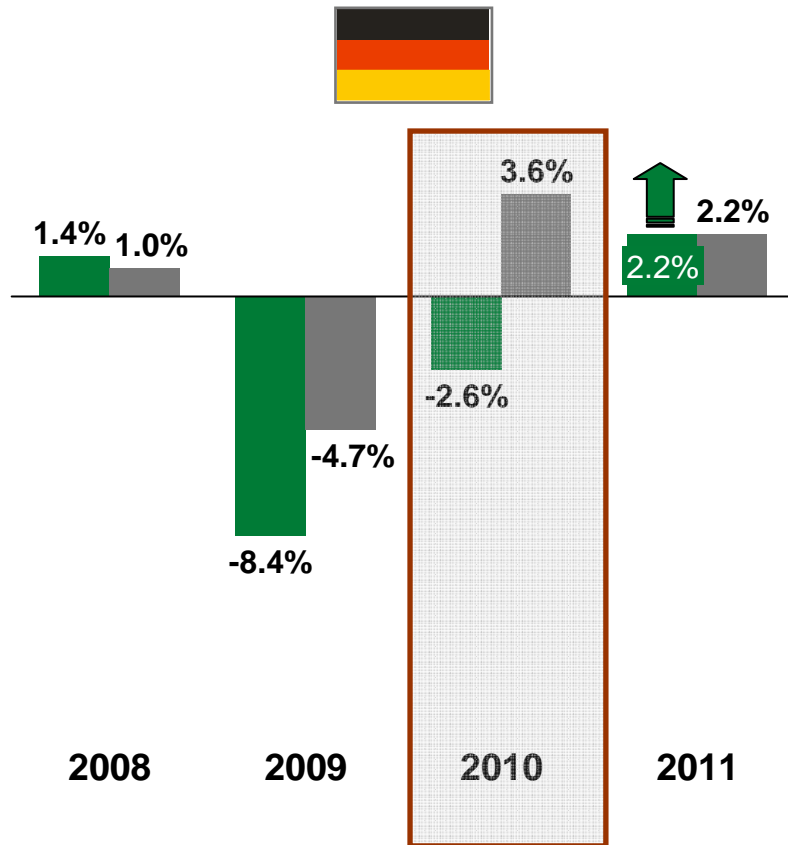
3. Current development

4. Prospects 2011

■ **Strong operational performance – targets reached in 2010**

- **Stable sales volumes due to growth in Asia and Africa; mature markets bottomed out**
- **Successful cost saving measures led to margin and result improvements**
 - “FitnessPlus 2010” programme achieved savings of more than EURm 300
 - Profit for the financial year rose by 205% to EURm 511 (2009: EURm 168)
- **Capital and financing structure further strengthened**
 - Net debt reduced to EURbn 8.1
 - Liquidity headroom increased to more than EURbn 3.5
- **Investment focus on cement in attractive regional growth pockets**
 - Cement capacity expanded in DR Congo, Indonesia and Russia (Ural)
 - Capacity expansion projects on track in Asia, Africa, Eastern Europe and Russia

■ Late-cyclical recovery of construction industry in mature markets

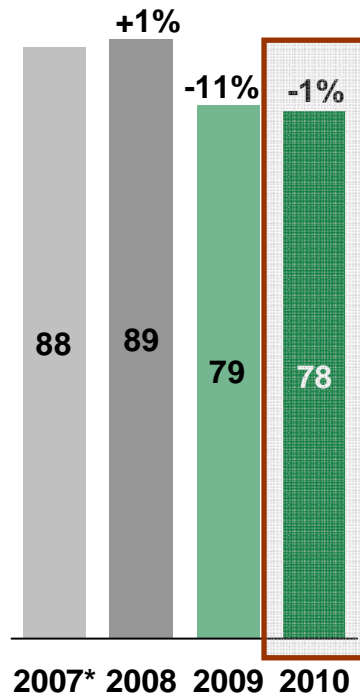


■ Domestic cement sales volumes compared to prior year¹⁾
 ■ GDP growth

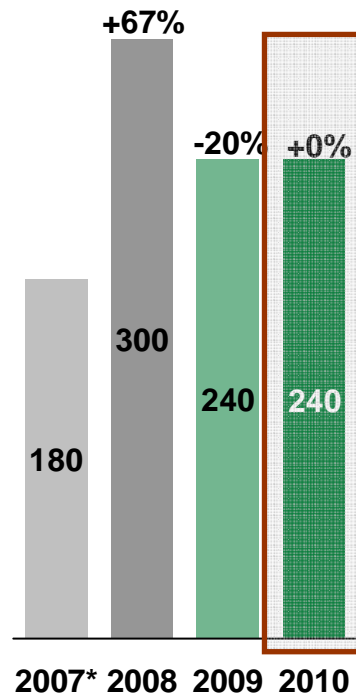
■ Construction spending compared to prior year (real)
 ■ GDP growth

■ Sales volumes on level of the previous year

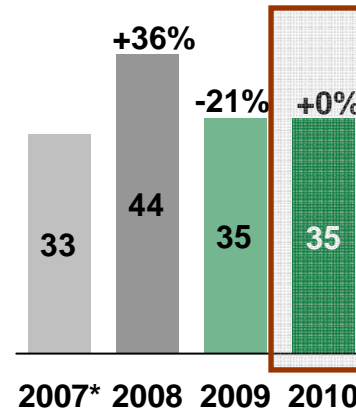
**Cement
(mt)**



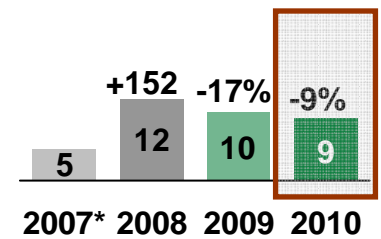
**Aggregates
(mt)**



**Ready-mixed
concrete (mm³)**



**Asphalt
(mt)**



*) Hanson consolidated since 24 August 2007

Key figures 2010

Profit and loss accounts EURm	2009	2010	Var. in %	like for like ¹⁾ in %
Turnover	11.117	11.762	5,8%	-0,5%
Operating EBITDA	2.102	2.239	6,5%	-0,3%
as % of turnover	18,9%	19,0%		
Operating income	1.317	1.430	8,6%	0,6%
Profit for the financial year	168	511	204,7%	
Group share of profit	43	343	703,7%	
Earnings per share in EUR (IAS 33)	0,30	1,83	510,0%	

¹ At constant consolidation scope, exchange rates and inventory

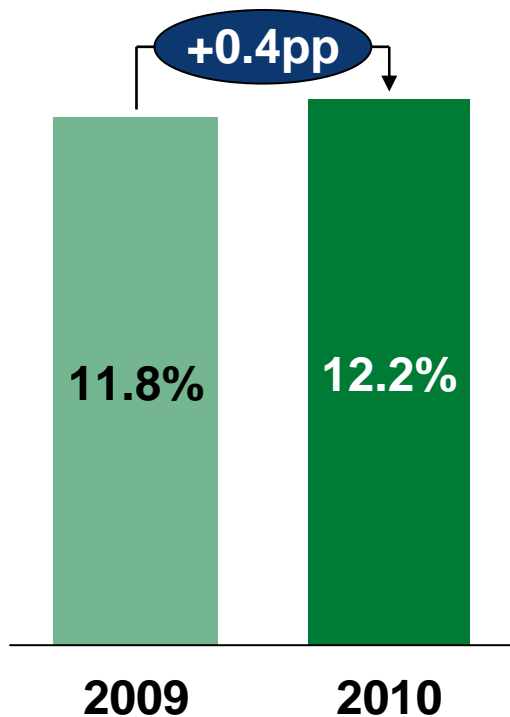
Operating income and margin improved

Balance sheet (short form)

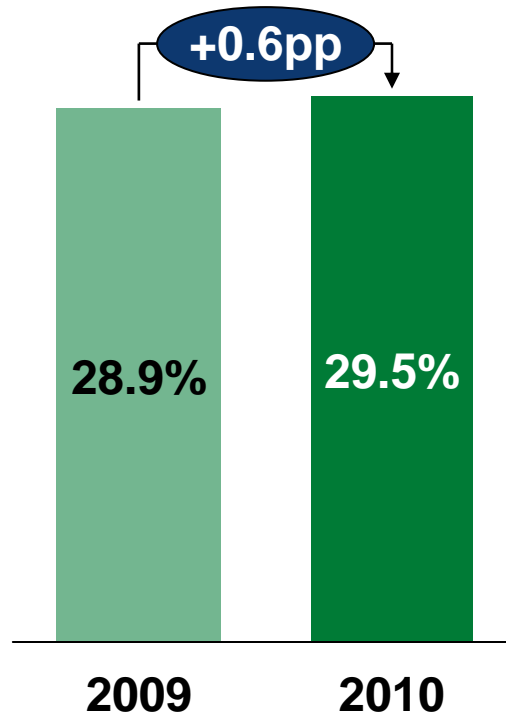
EURm	31 Dec. 2009	31 Dec. 2010	Part of balance sheet total
Intangible assets and tangible fixed assets	20.289	21.837	80 %
Financial fixed assets	493	520	2 %
Other non-current assets	469	683	2 %
Current assets	4.257	4.333	16 %
Disposal groups held for sale		3	0 %
Shareholders' equity and minority interests	11.003	12.884	47 %
Non-current liabilities	11.138	11.337	41 %
Current liabilities	3.367	3.151	12 %
Liabilities in disposal groups		4	0 %
Balance sheet total	25.508	27.377	100 %
Shareholders' equity/total capital	43,2%	47,4%	
Net debt/shareholders' equity (Gearing)	76,5%	62,9%	

Successful improvement of margins at same volume levels and increased energy costs

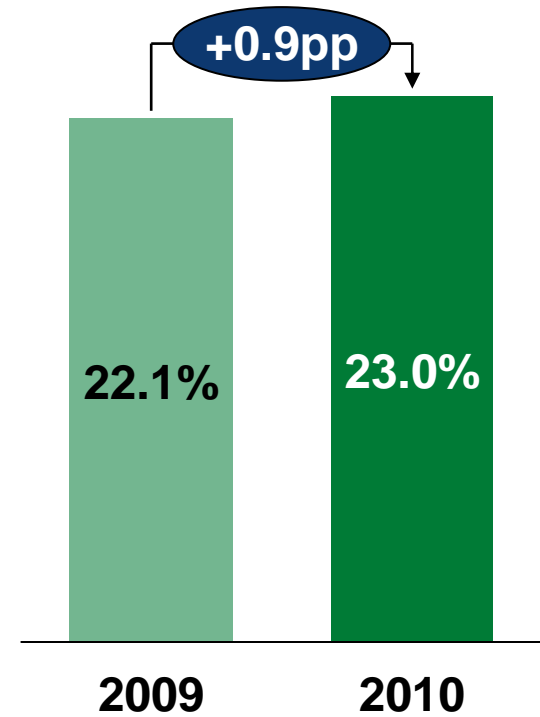
Operating income as % of:
Group turnover



Operating EBITDA as % of:
Cement turnover



Operating EBITDA as % of:
Aggregates turnover

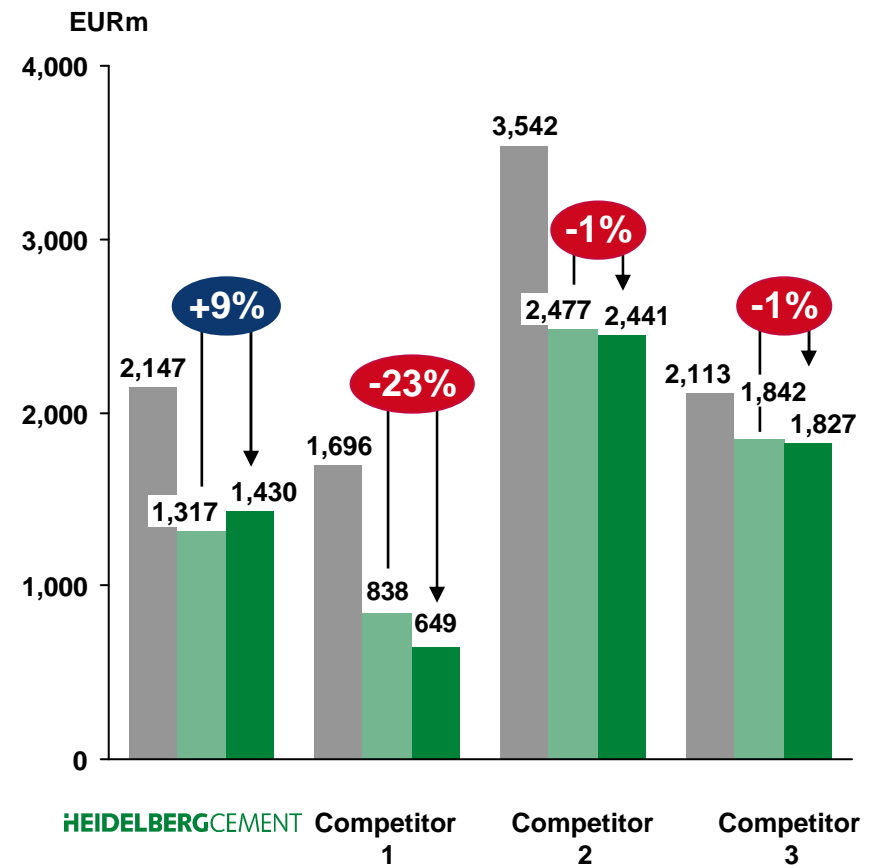
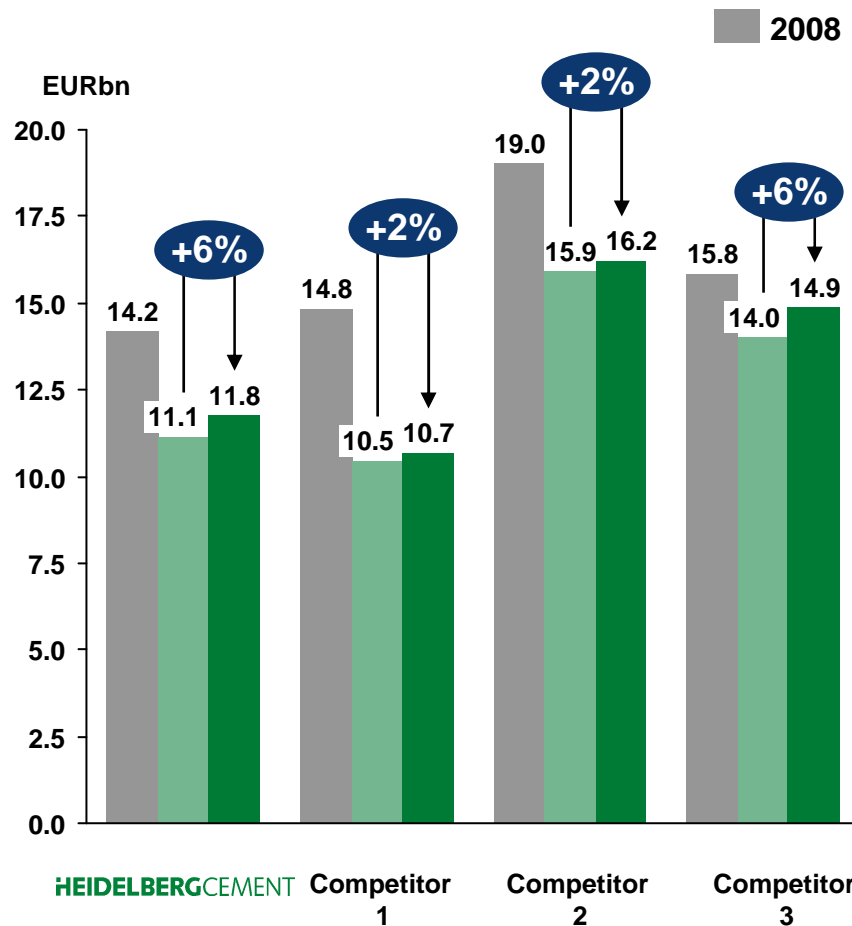


HeidelbergCement is one of few building materials companies which improved its margins

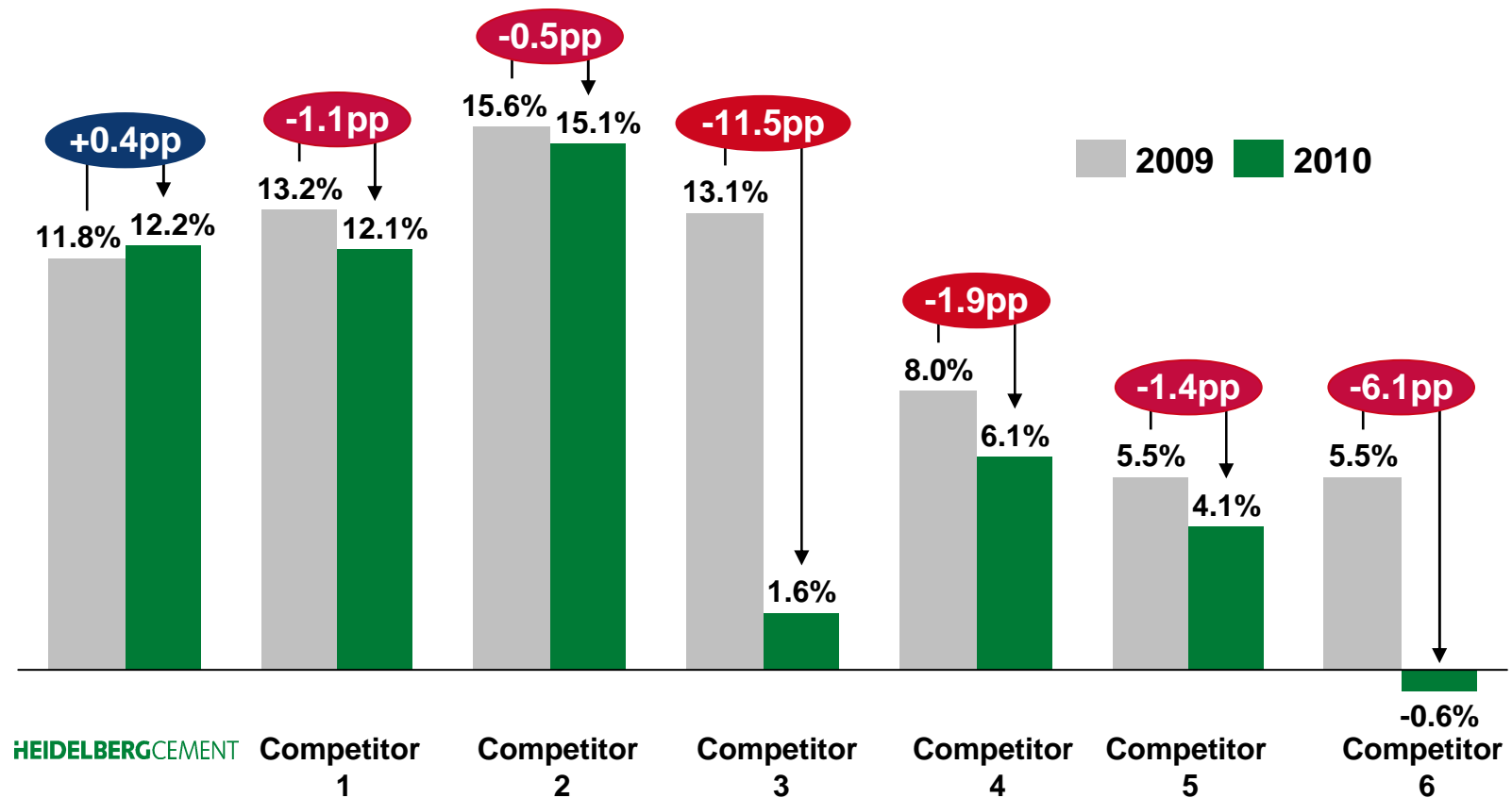
■ Compared to competitors, HeidelbergCement made a good showing

Compared to competitors, HeidelbergCement achieved highest increase in turnover ...

... and is the only company to reach an increase in operating income



Operating income margin reflects the success of the efforts of HeidelbergCement



In 2010, HeidelbergCement caught up further with the strongest competitors

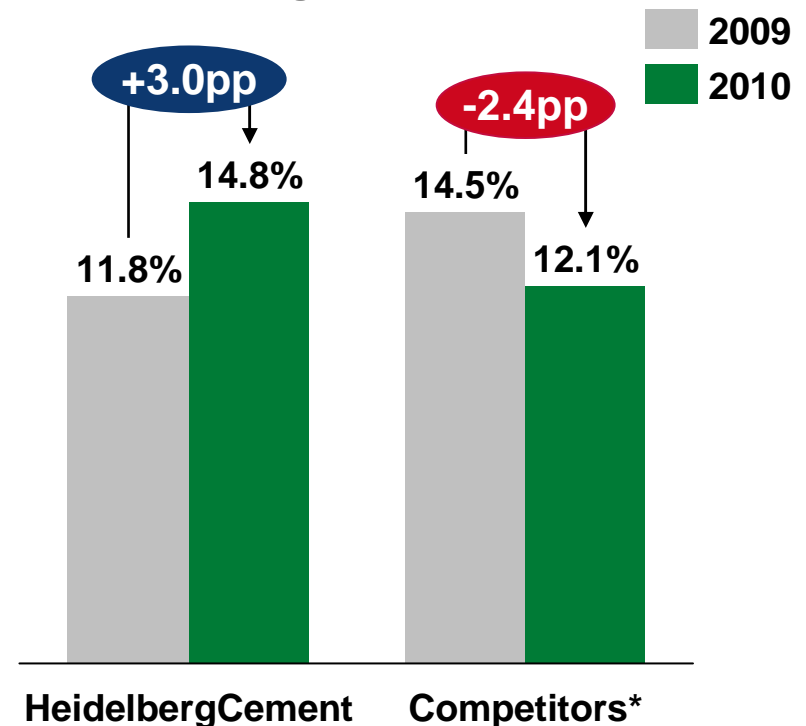
North America

Superior product portfolio and geographical balance

Advantageous geographical positioning and better management of local markets

- Geographical positioning: strong position in Canada; well balanced position between Sun Belt and northeastern states
- Efficient cost management
- Benefit from full vertical integration
- Well balanced and strong aggregates position in North America

North America: operating EBITDA margin



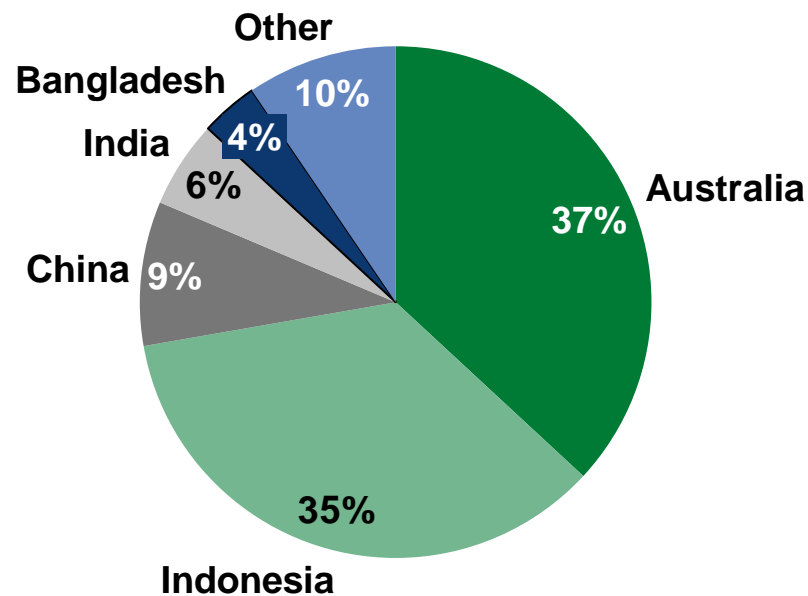
Operating income doubled in North America

Asia-Pacific

High margins in attractive markets

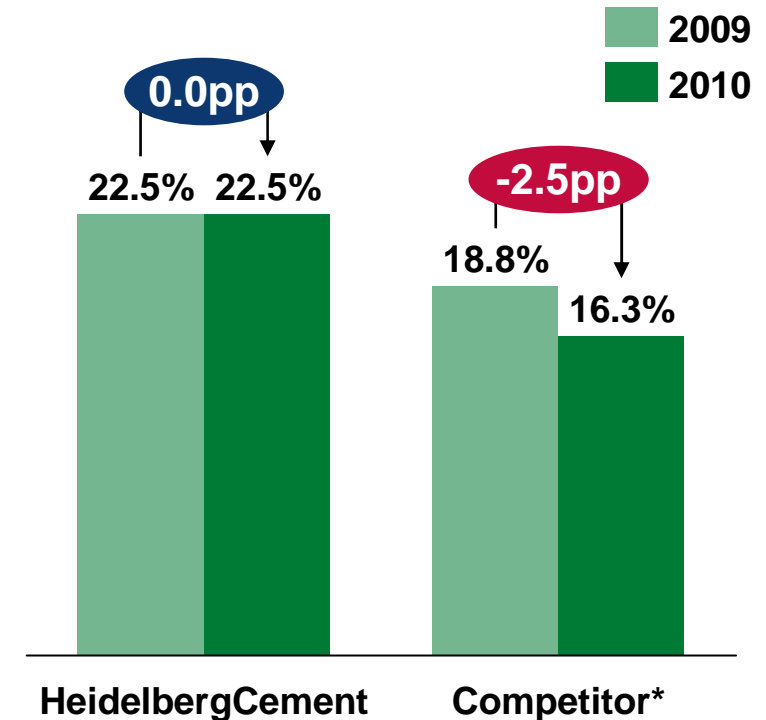
Strong position in Indonesia and Australia ...

Asia-Pacific: 2010 turnover



... leads to excellent margins

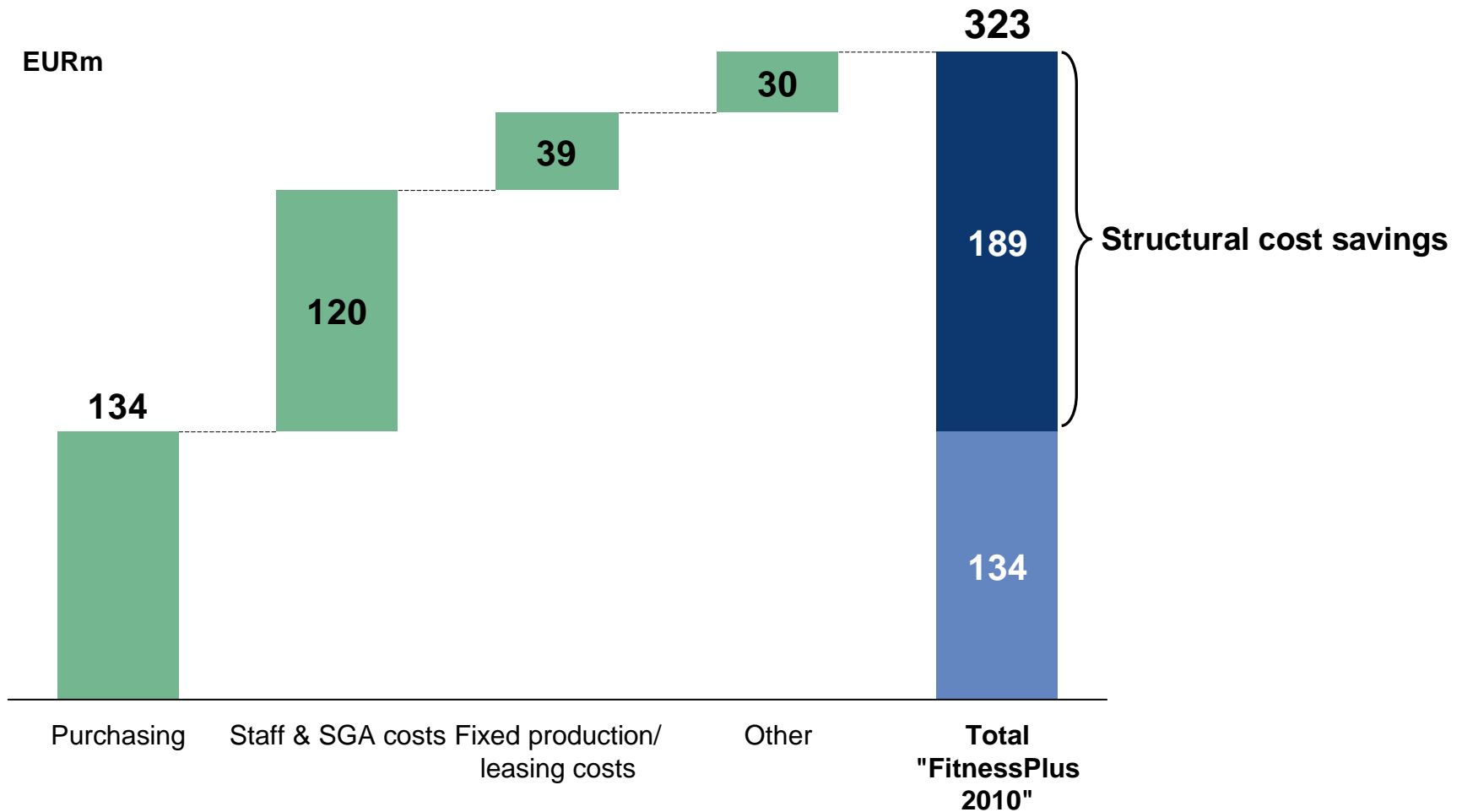
Asia-Pacific: operating income margin



*Based on published figures of Lafarge, Holcim and Cemex

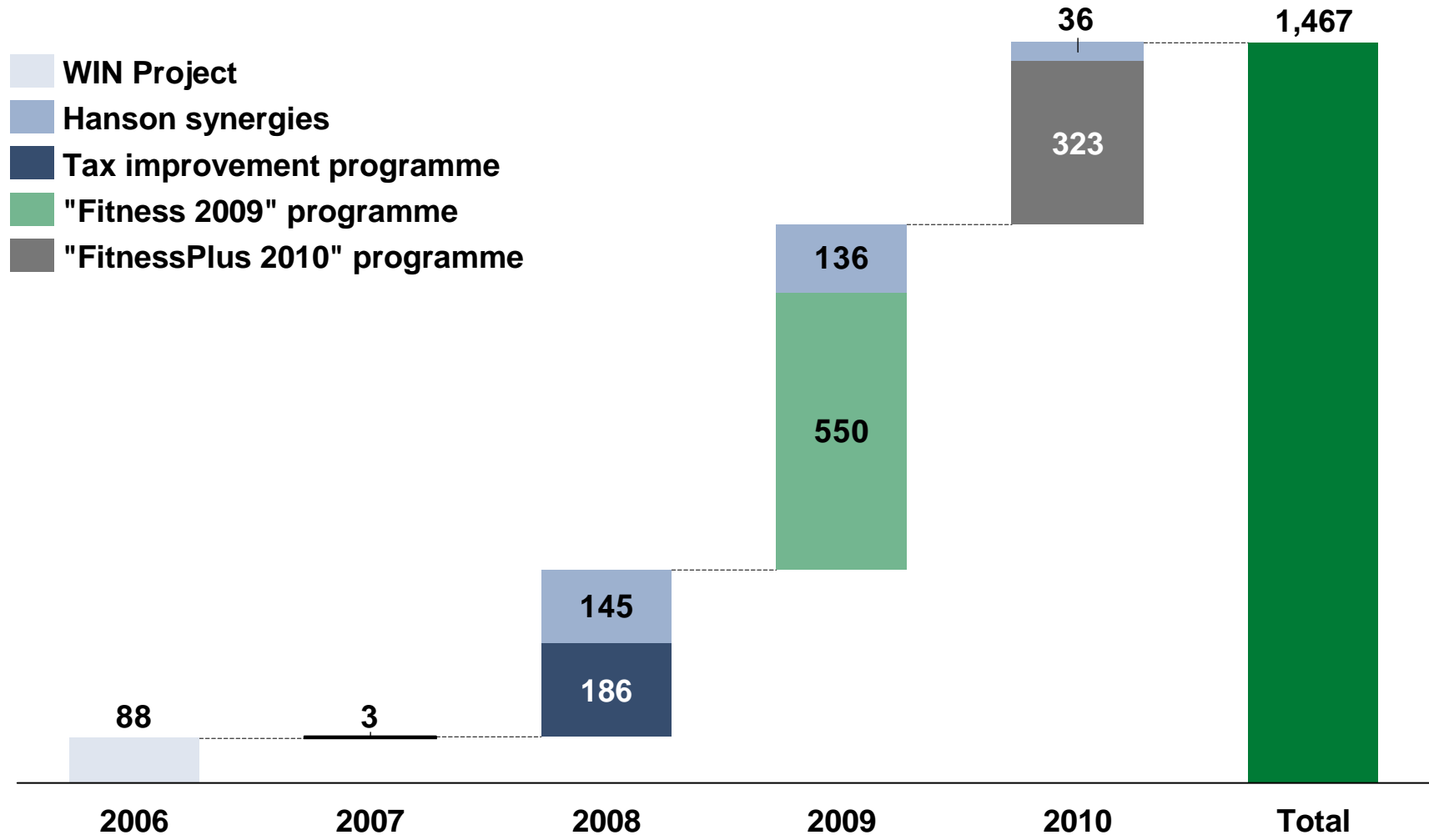
■ “FitnessPlus 2010” programme successfully completed

Cost savings of more than **EURm 300**

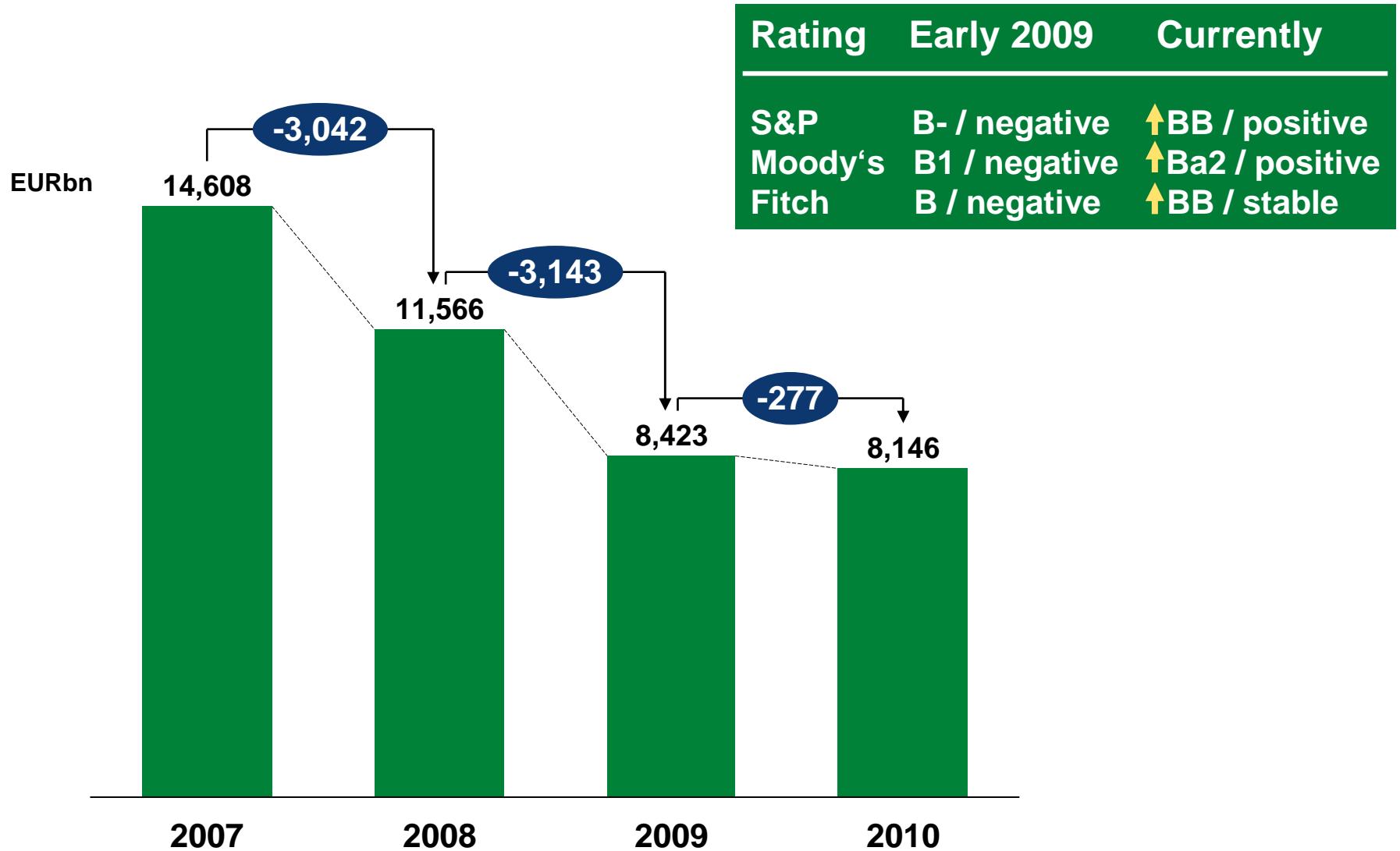


Strong track record at cost saving initiatives

EURbn 1.5 cost savings in the past five years

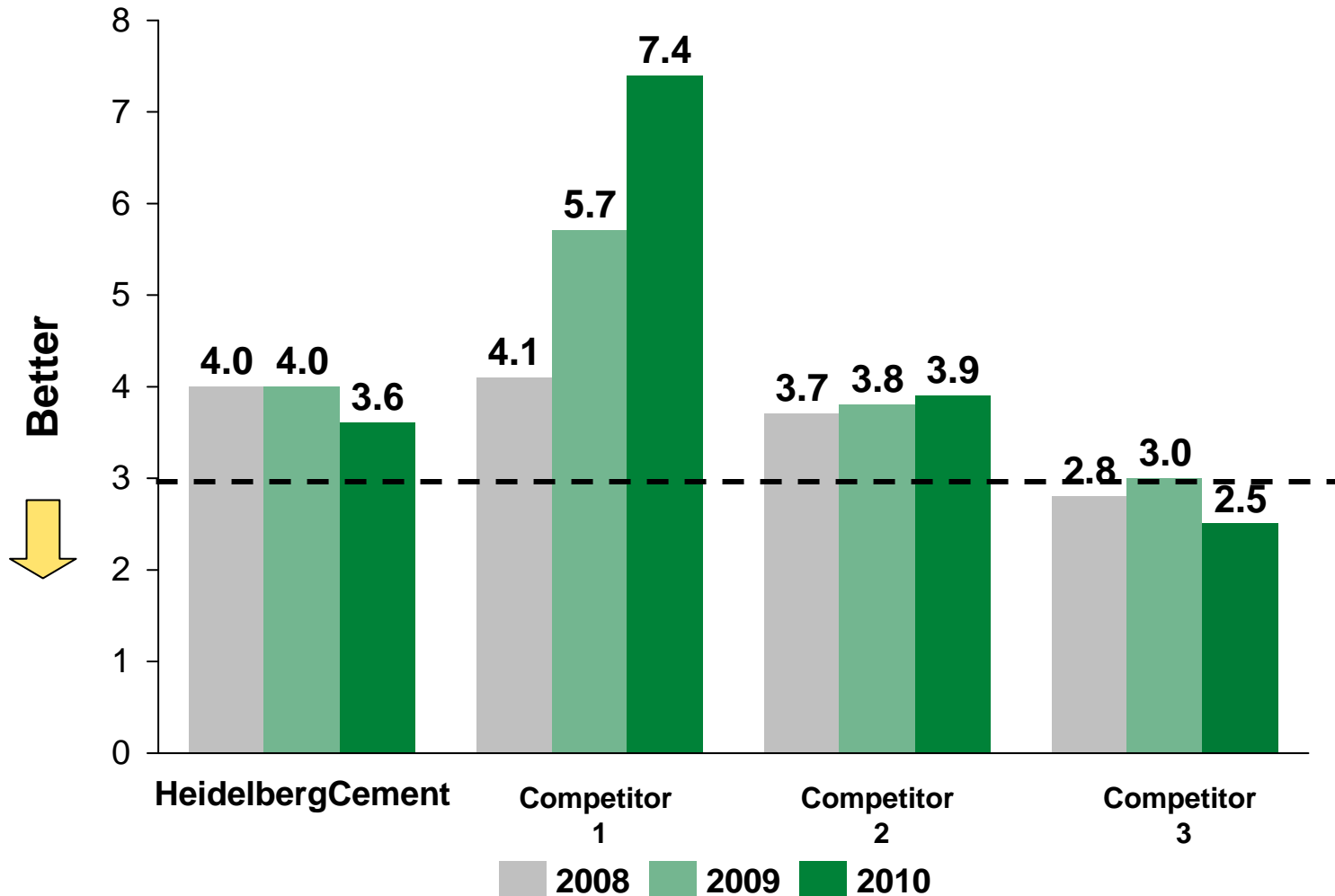


■ Debt reduced by EURbn 6.5 in 3 years

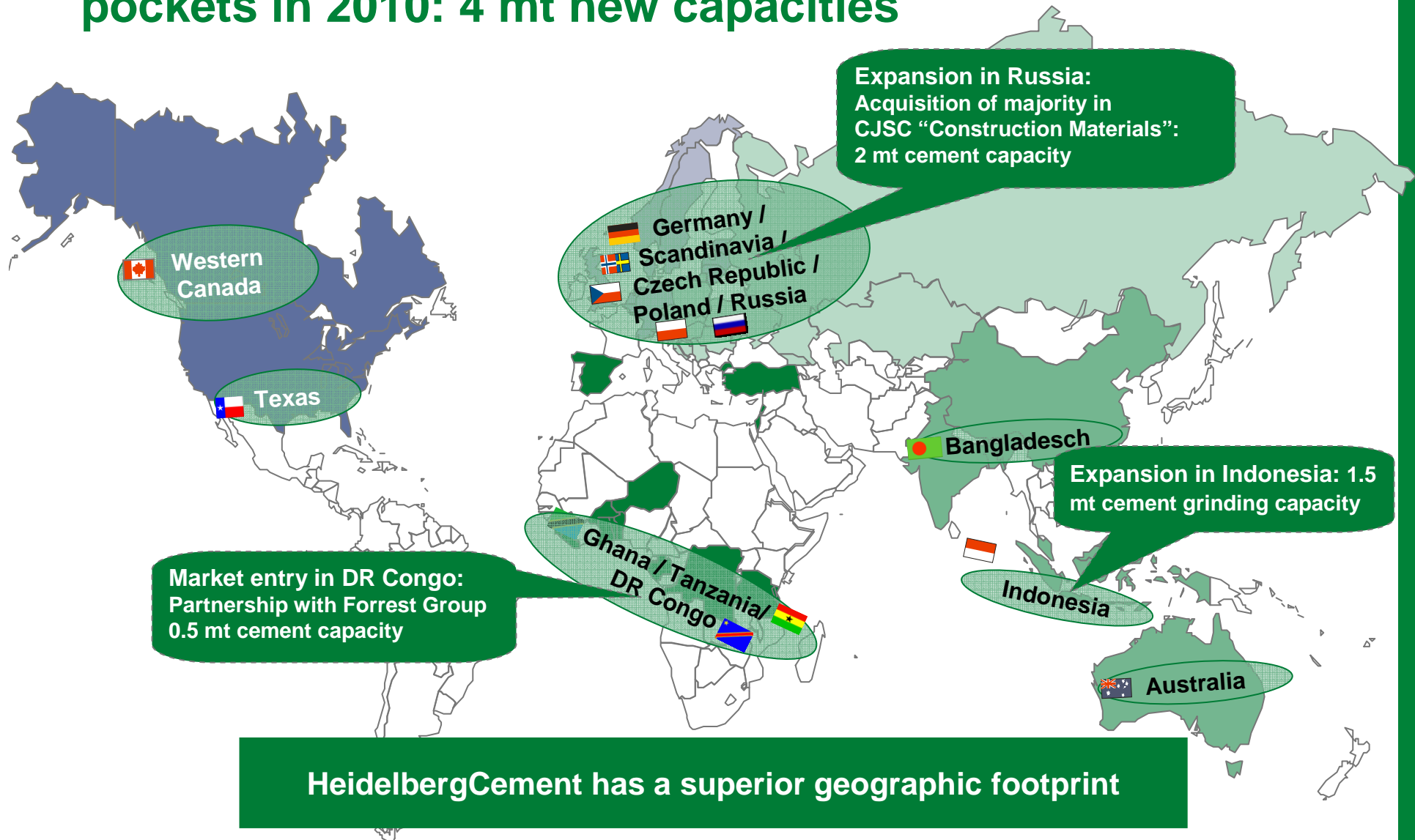


■ HeidelbergCement continues deleveraging consistently

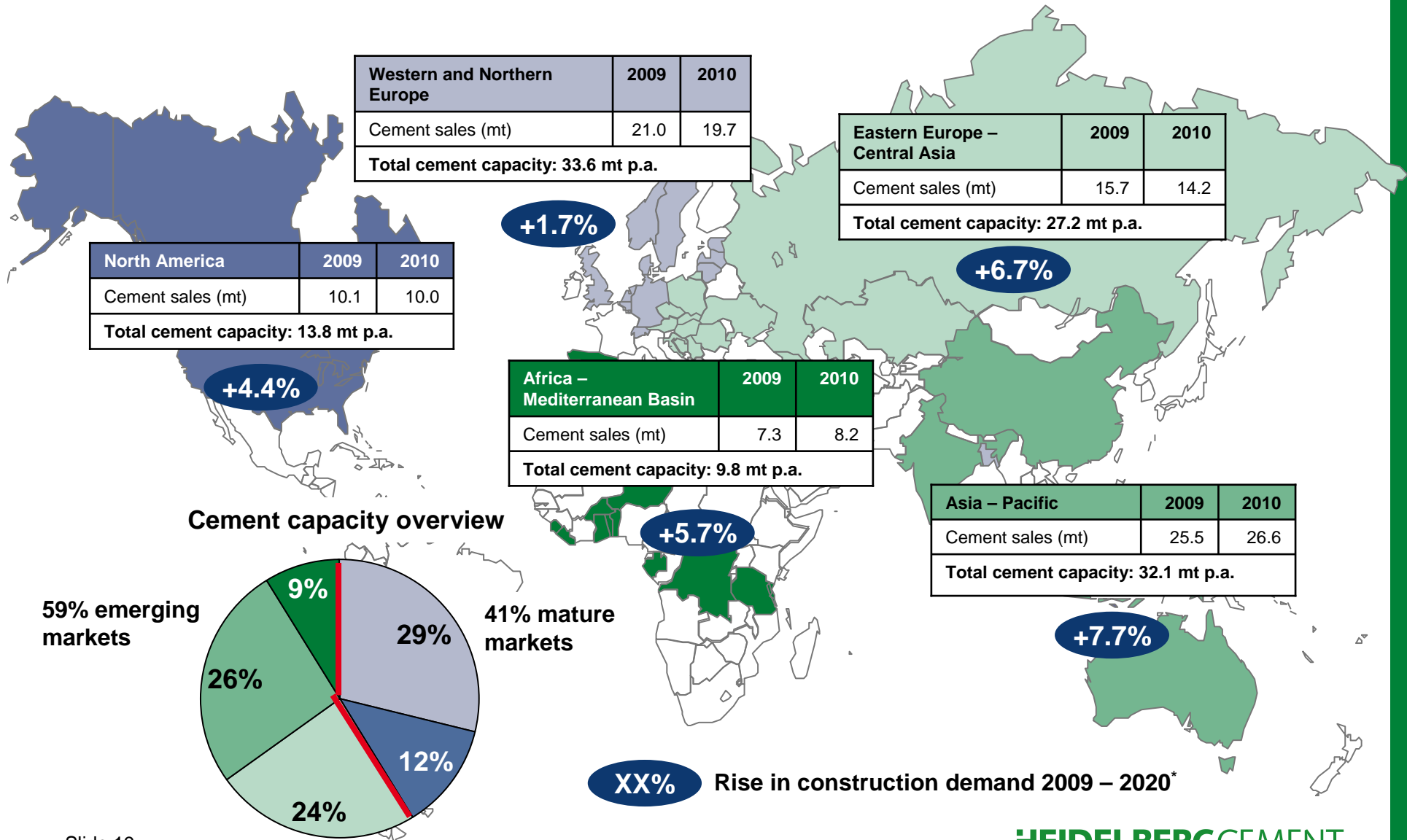
Net debt/EBITDA



Targeted investments in attractive regional growth pockets in 2010: 4 mt new capacities



Cement capacity of 116 mt: focus on emerging markets

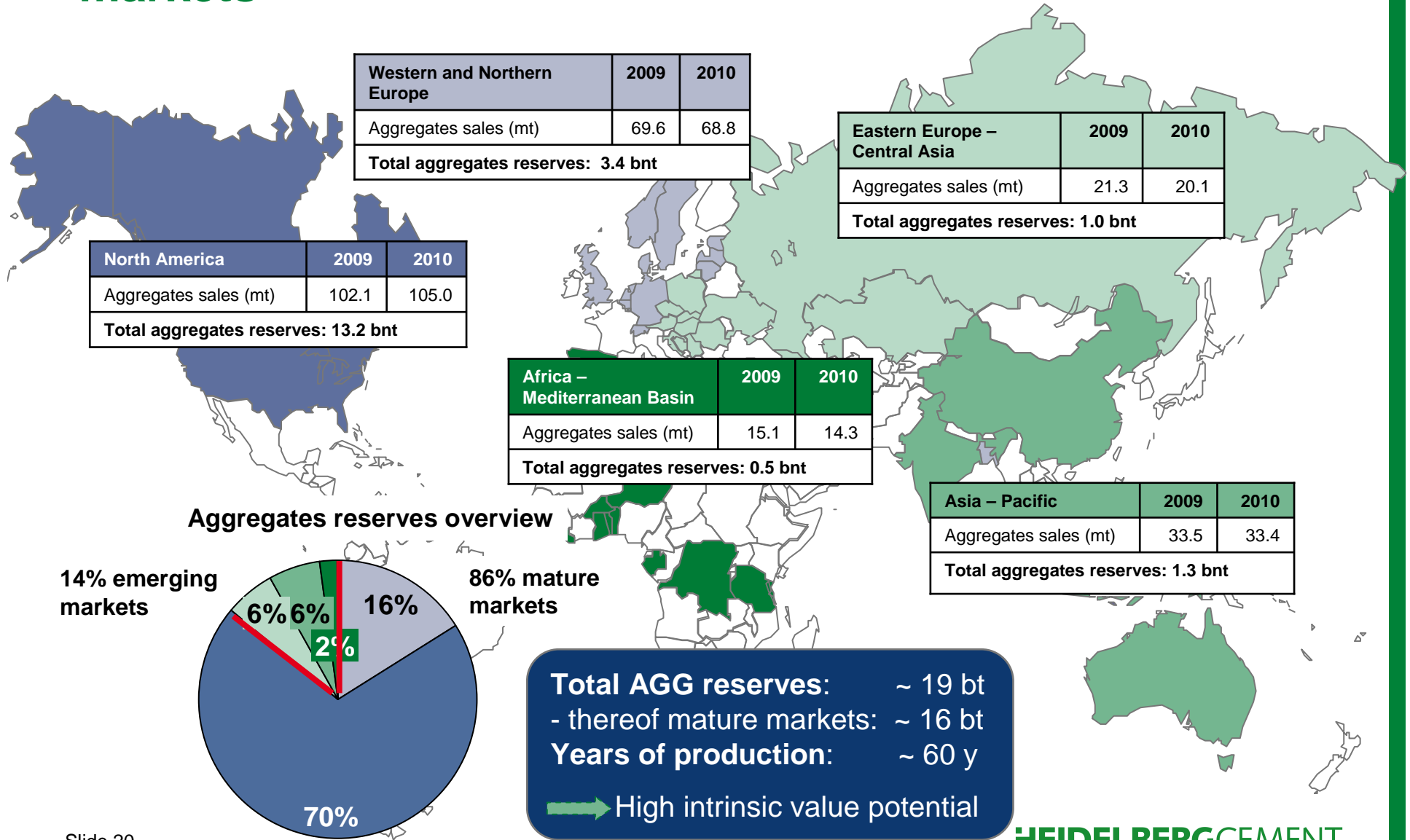


Slide 19

* Source: Global construction perspectives / Oxford Economics study.

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High aggregates reserves of 19 bnt: focus on mature markets



■ Review of the Annual General Meeting 2010: measures implemented successfully – targets reached

- “FitnessPlus 2010” programme

EURm 323 ✓

- Further debt reduction

~ EURm 300 ✓

- Entry into DAX 30

June 2010 ✓

- Expansion of cement capacities; prerequisite
for new growth

4 mt ✓

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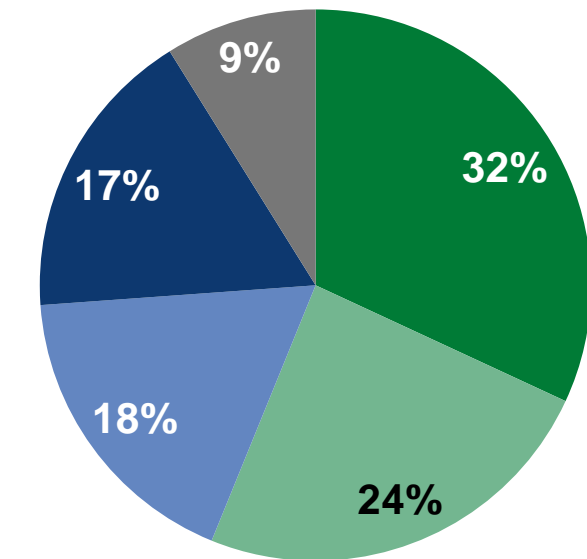
2. HeidelbergCement in the capital market

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Shareholder structure at HeidelbergCement

Geographical distribution of shareholders (as of Dec. 2010)



Shareholder structure (latest notification)

- 25.11% Ludwig Merckle
- 4.86% FMR LLC, Boston/US
- 4.83% BlackRock, Inc., New York/US
- 3.12% Arnhold and S. Bleichroeder Holdings, Inc., New York/US
(via First Eagle Investment Management, LLC, New York/US)

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

Professional Investor Relations activities

- **Strong involvement of CEO and CFO**
- **Expansion of IR team at Group Communication department**
- **Regular dialogue with capital market**
- **Targeted approach of institutional investors: share of value-oriented investors rose in Germany and Continental Europe**
- **Yearly investor survey on company strategy and IR performance**
 - **Continuation of debt reduction and improvement of operational efficiency are the most important company targets for the majority (>70%) of institutional investors included in the survey**
 - **IR activities assessed better than the average of the industrial sector**

**Positive feedback of investors on communication
with capital market in 2010**

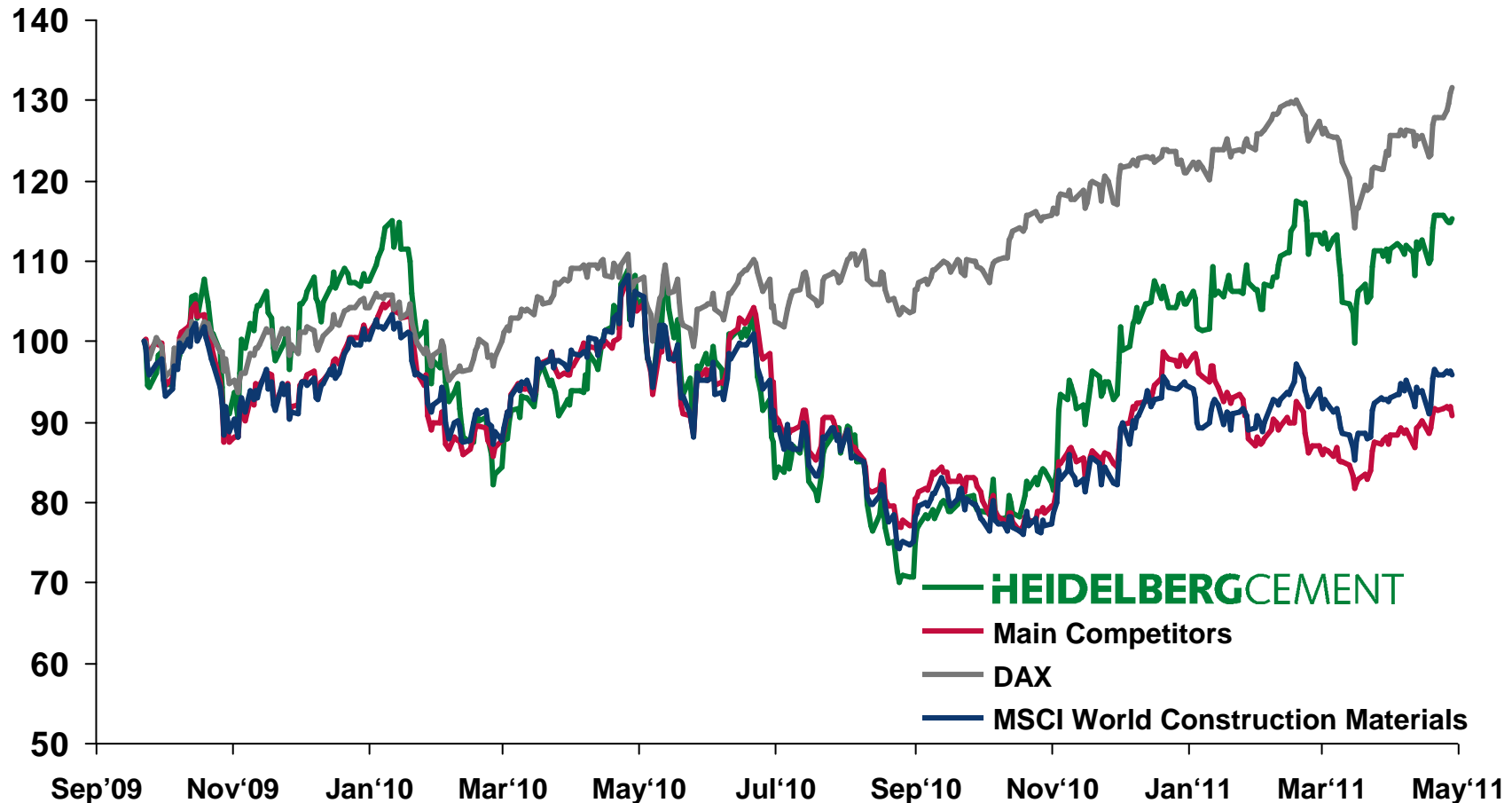
■ Dividend policy

- Debt reduction and return to investment grade has priority in the use of free cash flow
 - Margin reduction for outside capital financing in the interest of a successful, long-term development of HeidelbergCement
 - In 2008 and 2009, restriction to a minimum dividend of EUR 0.12
- Medium-term increase of payout ratio to a level of 30%-35% planned which is usual in our industry
 - 2010: dividend increase by 108% to EUR 0.25 as first step towards the targeted payout ratio
 - HeidelbergCement is the only large international building materials producer to increase its dividend in 2010

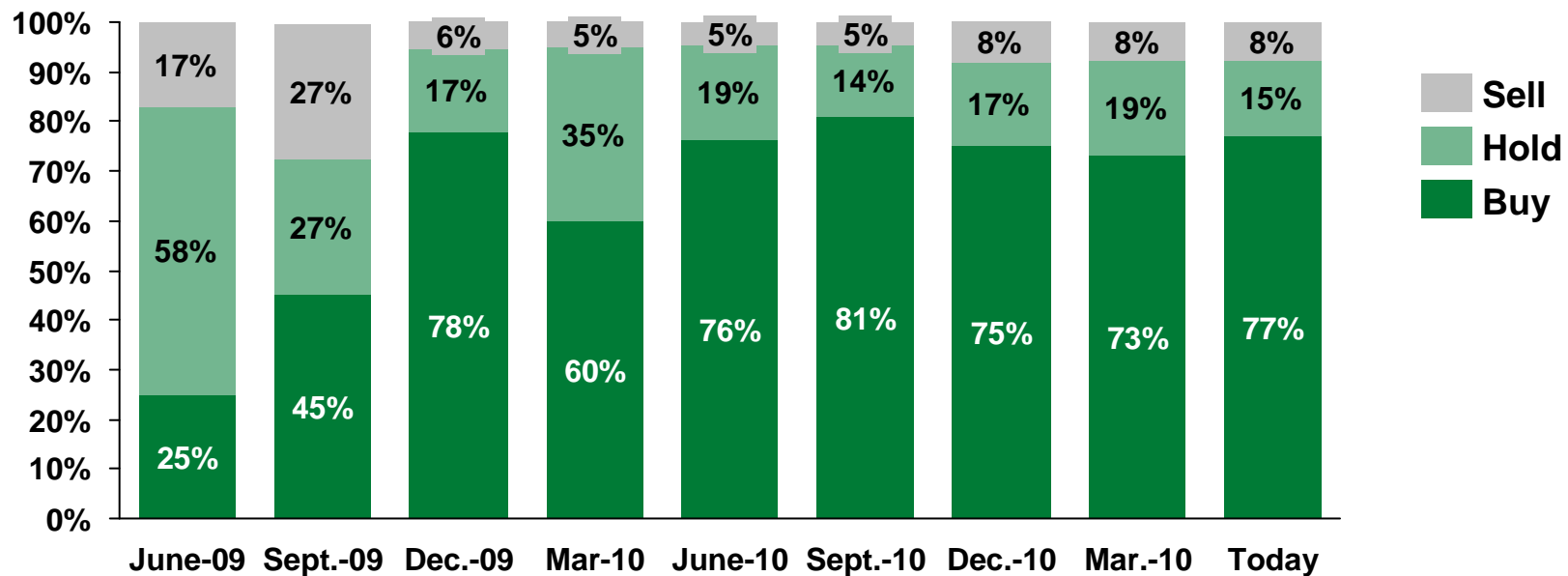
Medium-term increase of payout ratio to a level of 30%-35% which is usual in our industry

HeidelbergCement share price developed better than both index and competitors since capital increase

Share price¹⁾ (Base 22 September 2009 = 100)



Financial analysts recommend HeidelbergCement



- 28 analysts report regularly on HeidelbergCement
- Since the capital increase, the majority of analysts has recommended to buy HeidelbergCement shares
- Significant more buy recommendations compared to competitors¹⁾ (Holcim: 41%, Lafarge 28%, Cemex²⁾ 41%)

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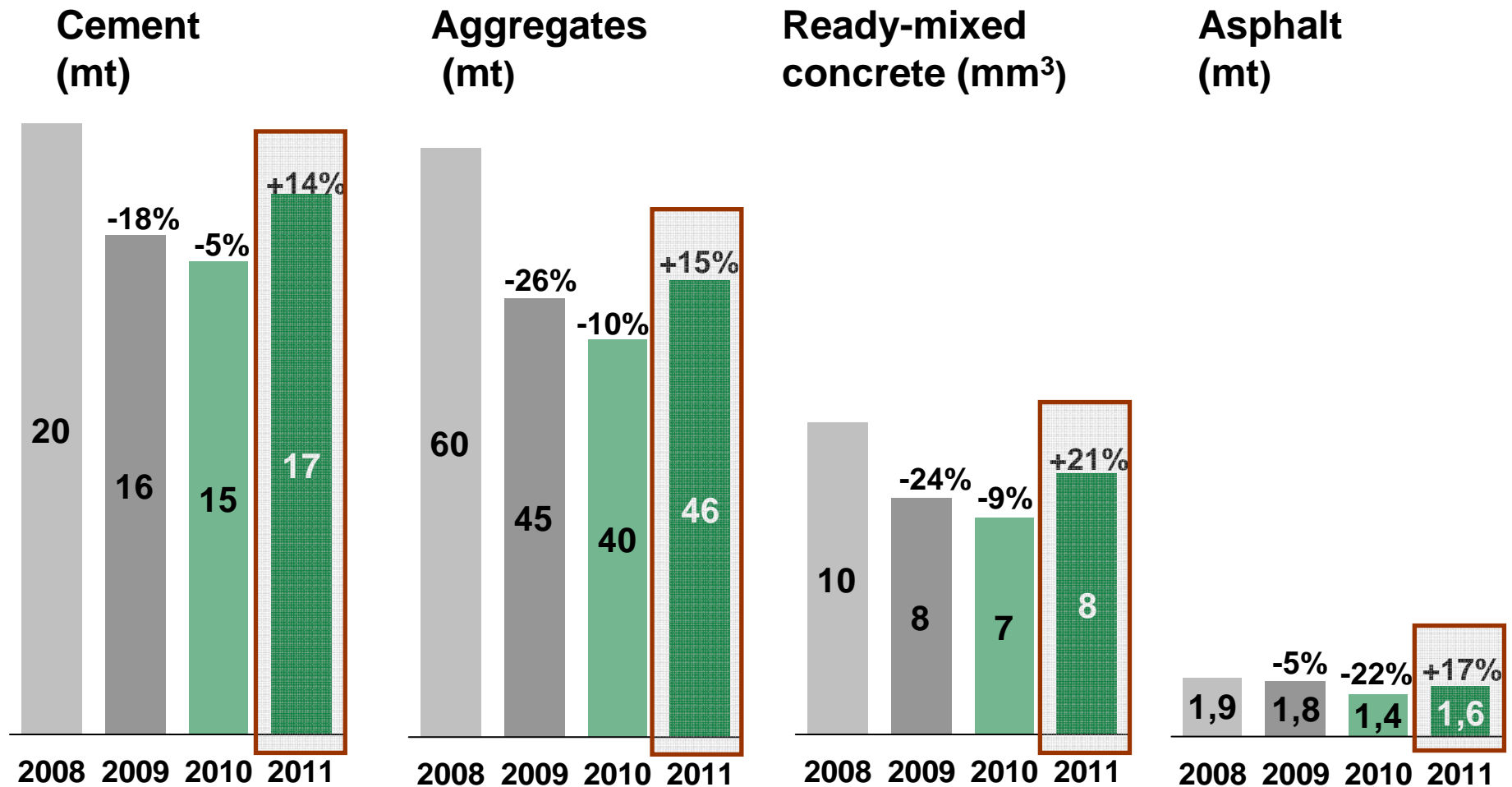
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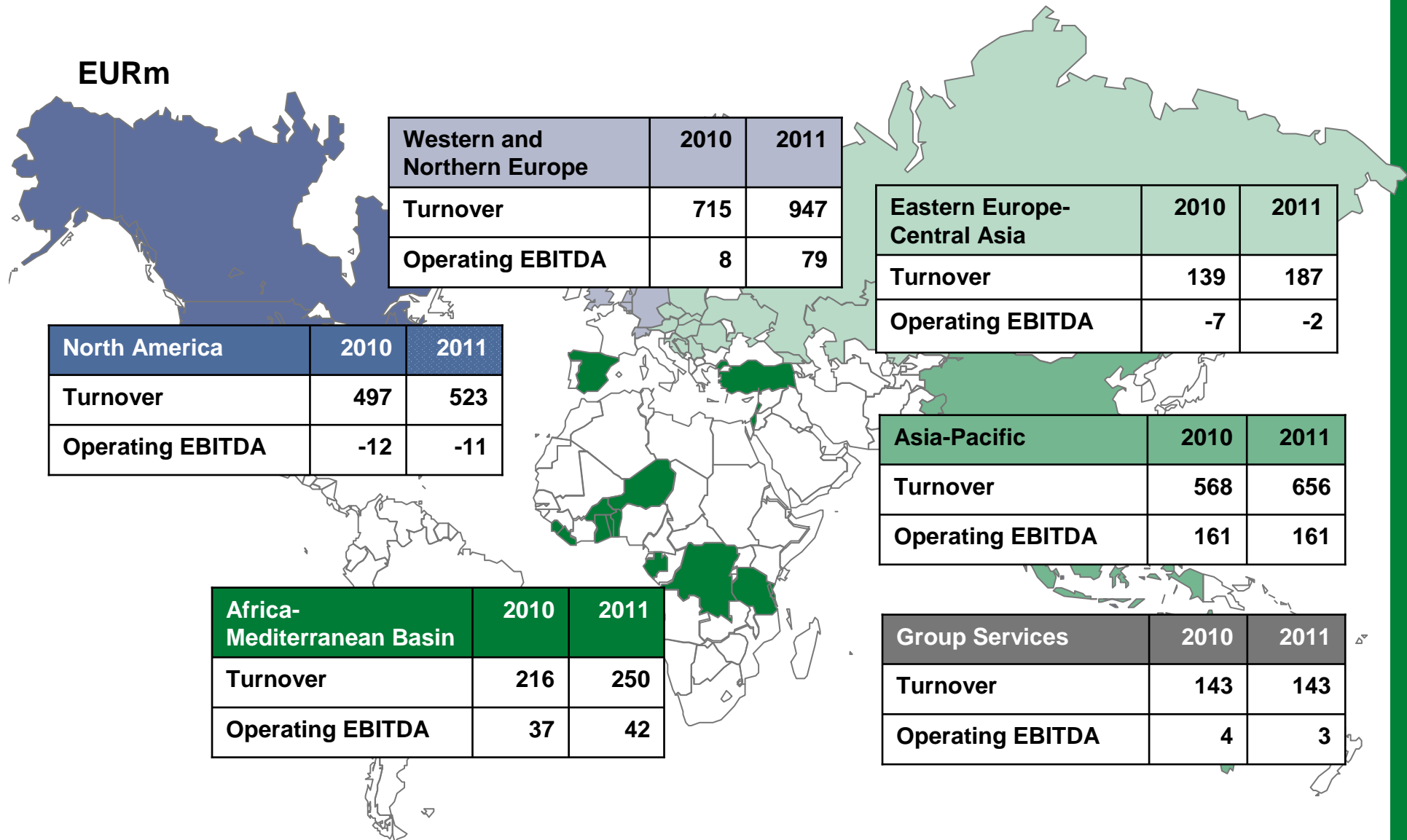
■ **Market and financial overview Q1 2011**

- **Double-digit growth of sales volumes in all business lines due to mild winter and stronger than expected economic recovery in Northern and Western Europe as well as in Eastern Europe-Central Asia**
- **Q1 results significantly improved from last year**
 - Turnover increased by 19% to EURm 2,602 (previous year: EURm 2,180)
 - Operating EBITDA improved by 48% to EURm 253 (Q1 2010: EURm 171)
 - Operating EBITDA margin rose to 9.7% (Q1 2010: 7.9%)
- **Net debt reduced by EURm 330 year-on-year to EURm 8,634 (end of Q1 2010: EURm 8,964)**
- **Cement capacity expansion projects on track**
 - Kiln modernisation in Górażdze, Poland, finalised on time. Commissioning started, adding clinker capacity of 2,500 tonnes per day
- **HeidelbergCement's portfolio is not negatively effected by crisis in PIIGS, MENA and Japan**

Sales volumes rose significantly in Q1 2011



■ Turnover and operating EBITDA in the Group areas in Q1



Key figures Q1 2011

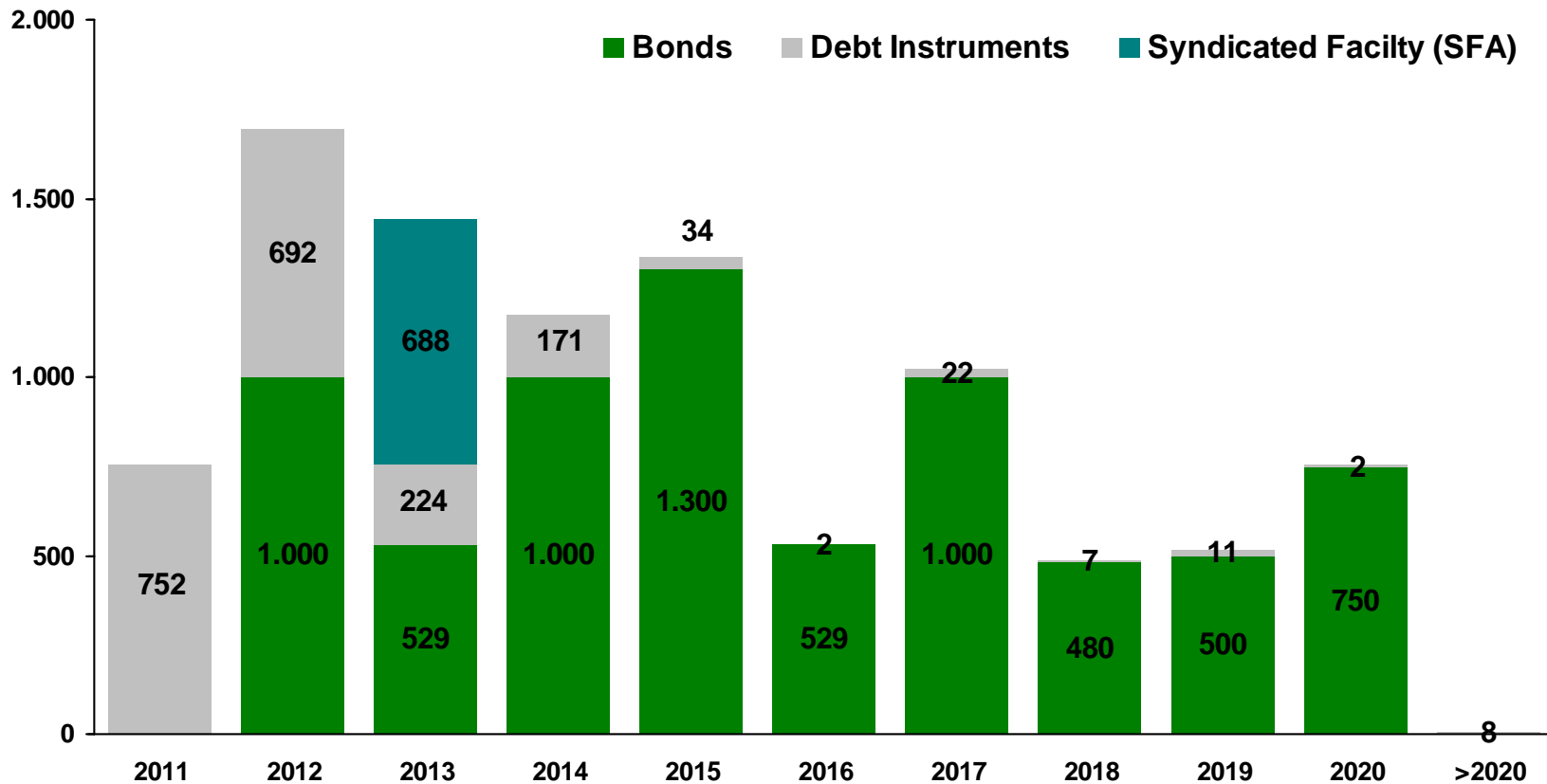
Profit and loss accounts	Januar-March		Variance
EURm	2010	2011	
Turnover	2.180	2.602	19%
Operating EBITDA	171	253	48%
as % of turnover	7,9%	9,7%	
Operating income	-18	60	
Loss for the period	-162	-120	
Group share of loss for the period	-199	-161	
Earnings per share in EUR (IAS 33) ¹⁾	-1,06	-0,86	

1) Attributable to parent entity

Debt maturity profile: no maturities of bonds in 2011

as per 31 March 2011

EURm

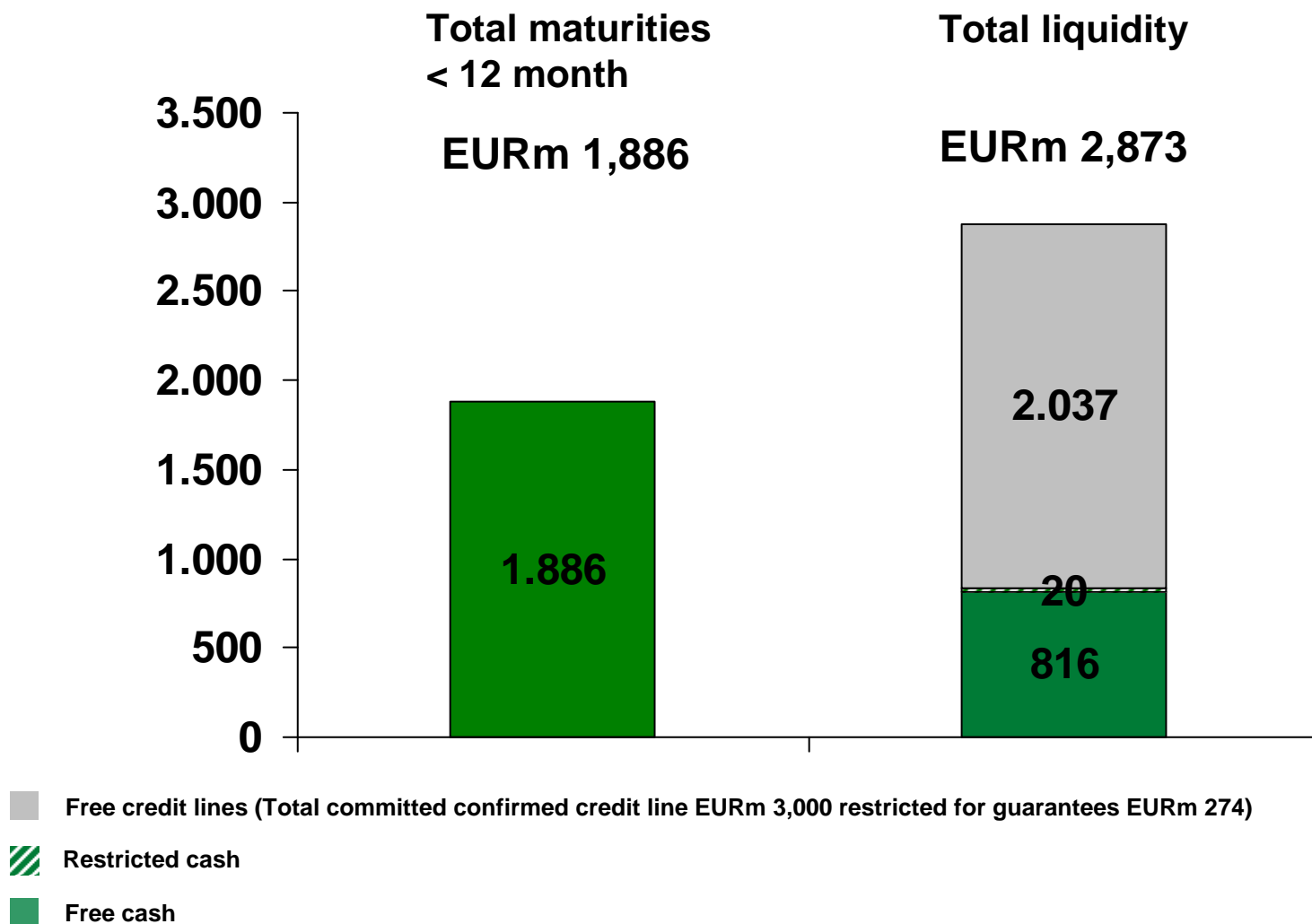


Excluding reconciliation adjustments with a total amount of EUR -139 Mio EUR
(transaction costs to be amortized over the term of the SFA, issue prices and fair value adjustments)

Maturities in 2011 - mainly revolving

Significant short-term liquidity headroom

as per 31 March 2011



Capacity expansion in Poland

- **Expansion of clinker capacity in the Polish cement plant of Górażdze completed on schedule**
 - Commissioning of the new kiln line beginning of April
 - Clinker capacity expanded by 80% to 6,000 t/day (0.9 mt/year) – efficient capital investment (EUR/t 75)
 - Reduction of specific energy consumption and CO₂ emissions; premise for increased use of alternative fuels created
- **With the construction of a new cement mill by mid-2012, cement capacity will be expanded by 1.2 mt**
- **Rise in cement consumption in Poland in 2011 and 2012 by 8.5% und 8% expected (Euroconstruct)**

**HeidelbergCement strengthens its position
as the market leader in Poland**



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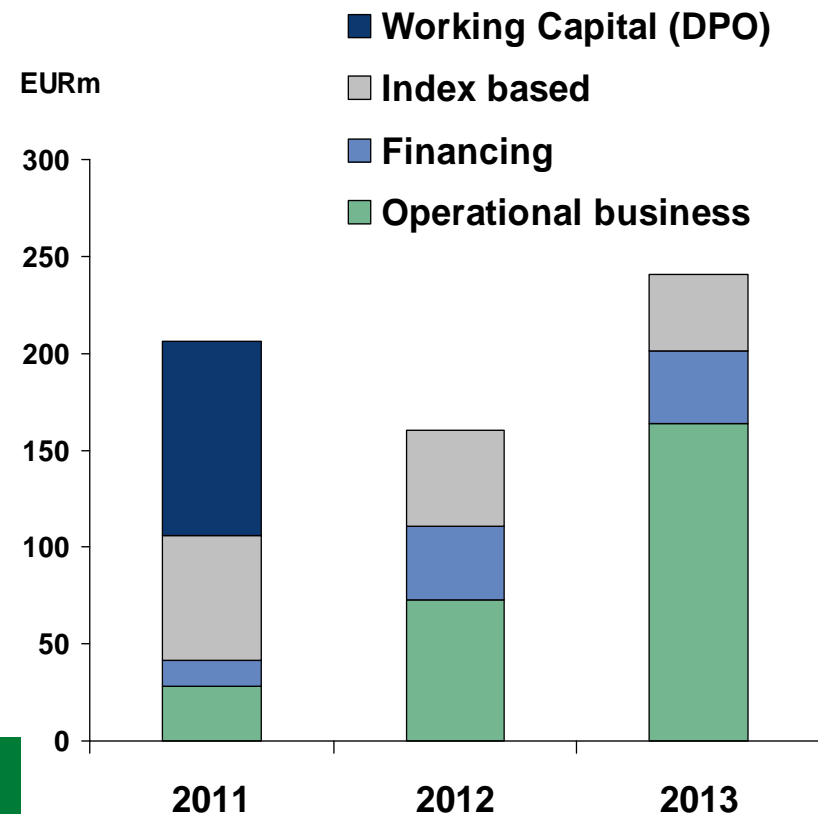
Continued focus on cash and costs with “FOX 2013”

The programme runs from 2011 to 2013
Total cash savings of EURm 600 targeted

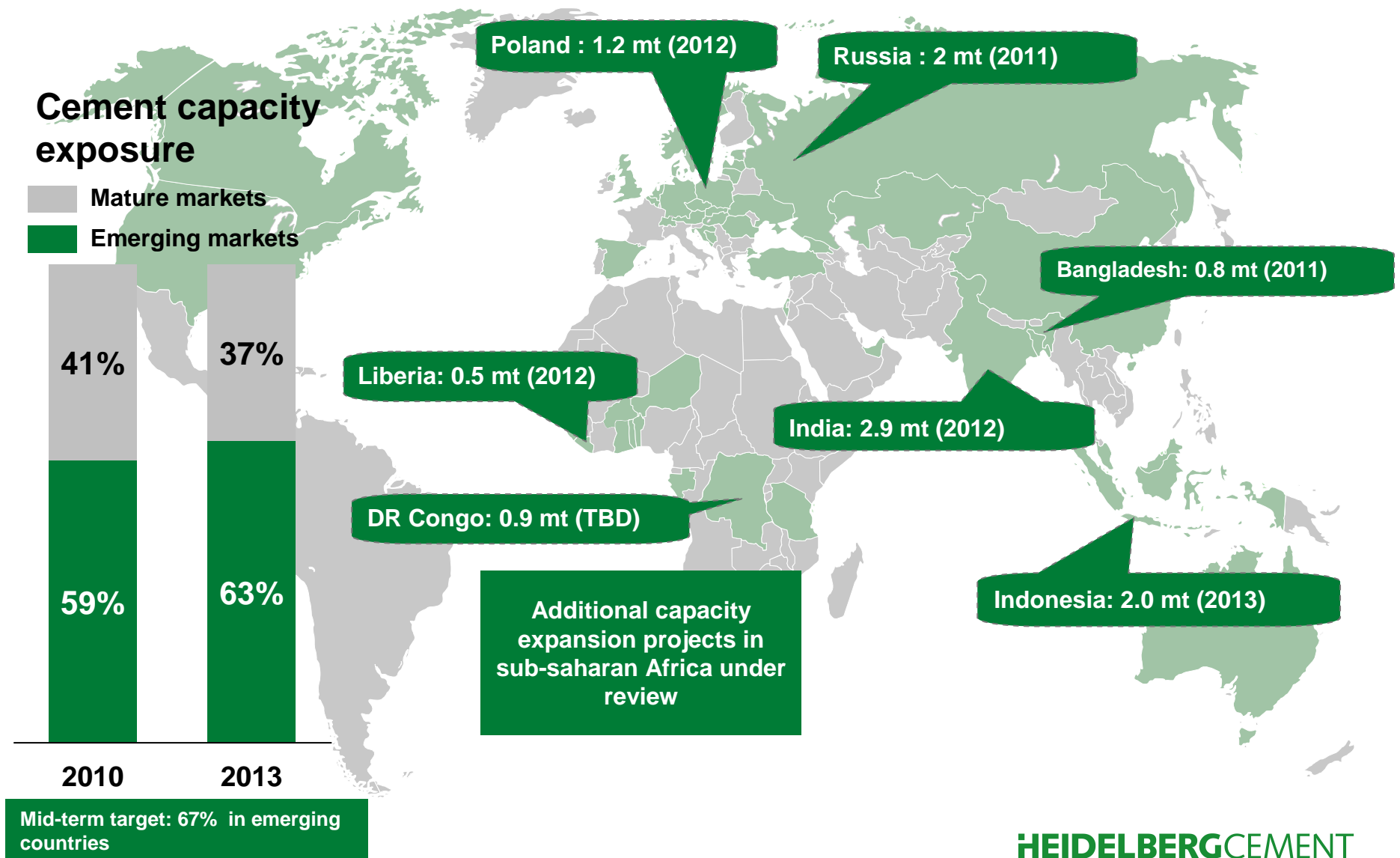
Focus on efficiency improvement in the core activities of aggregates and cement

1. Aggregates: targeted cost savings of EURm 120 with CLIMB project
2. Cement: OpEx project targets cost savings for fuel (- 3%) and electricity (- 5%)
3. Purchasing: yearly savings of EURm 74 planned (price and index based)
4. Working Capital: optimisation can lead to EURm 100 contribution (Focus DPO) already in 2011

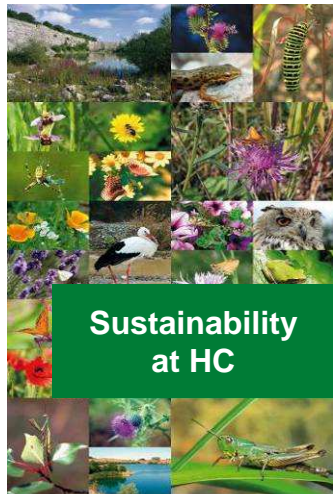
Target 2013: EURm 200 savings from financing and operational activities with effect on profit and loss



Focus on growth markets: 10 mt additional cement capacity by 2013



Long-term commitment for sustainability



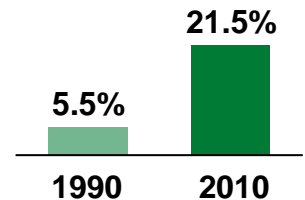
Occupational health and safety

- Zero accidents mentality
- Policies introduced
- Compliance



Using waste as a resource

- Alternative fuel rate (in % of fuel mix)



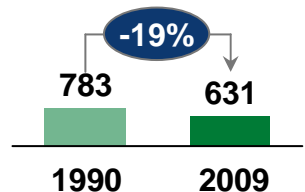
Biodiversity and natural resources

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



Protection of climate and environment

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



Sustainable construction

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



■ Market Outlook 2011

- Worldwide economic recovery expected to continue in 2011 but at a slower pace. Emerging economies continue to lead over mature markets in growth
- Pick up of inflation based on rising costs for energy and raw materials expected; personnel costs in mature markets set to increase
- Asia, Australia: continuing strong growth in China, Indonesia and Bangladesh; stable development in Australia with strong price levels; India growing with lower margins
- Africa: over-proportional growth in our core markets Tanzania, Ghana and DR Congo expected; strong pricing prevails
- North America:
 - Canada: demand in Alberta, Saskatchewan and Manitoba driven by commodity industry; pricing robust
 - USA: volume recovery expected to slowly continue. HeidelbergCement benefits from presence in attractive regional markets (Northeast, Texas). Price increases launched in order to offset price erosion in core markets in 2010, rising input costs and NESHAP capex

■ **Market Outlook 2011**

■ **Western and Northern Europe:**

- **UK: stable volume development; despite austerity measures of the government major transportation projects are continued; price recovery in cement and concrete**
- **Germany and Northern Europe: clear recovery led by sound economic development in Germany; positive volume and price trend for 2011**
- **Benelux: slightly declining volume trend in Belgium and weak Dutch construction market lead to price pressure**

■ **Eastern Europe:**

- **Poland: returning to pre-crisis growth**
- **Czech Republic: positive turnaround in the second half of 2011, driven by German economy**
- **Hungary, Romania: still weak, no trend change visible**

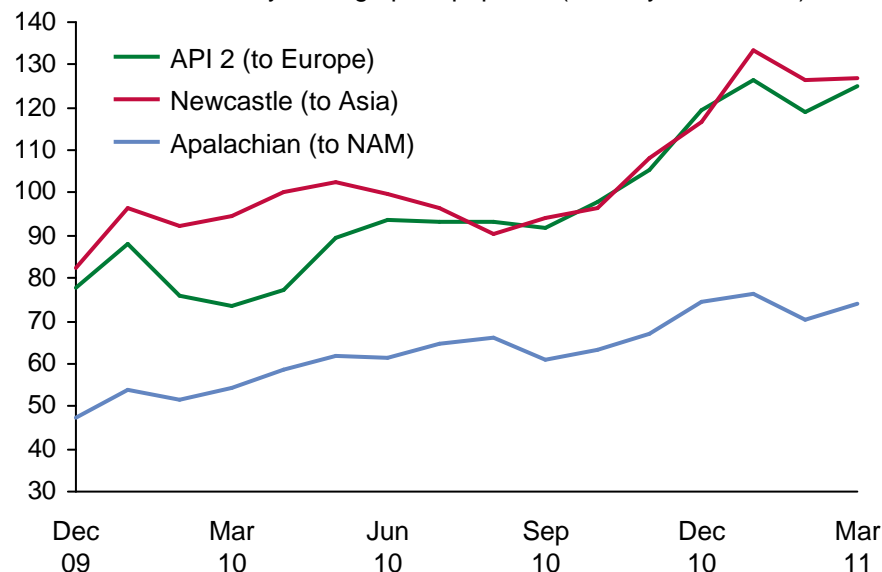
■ **Central Asia:**

- **Cement volumes coming back in Russia, Ukraine, Georgia and Kazakhstan, price recovery starting**

Strict management of energy cost

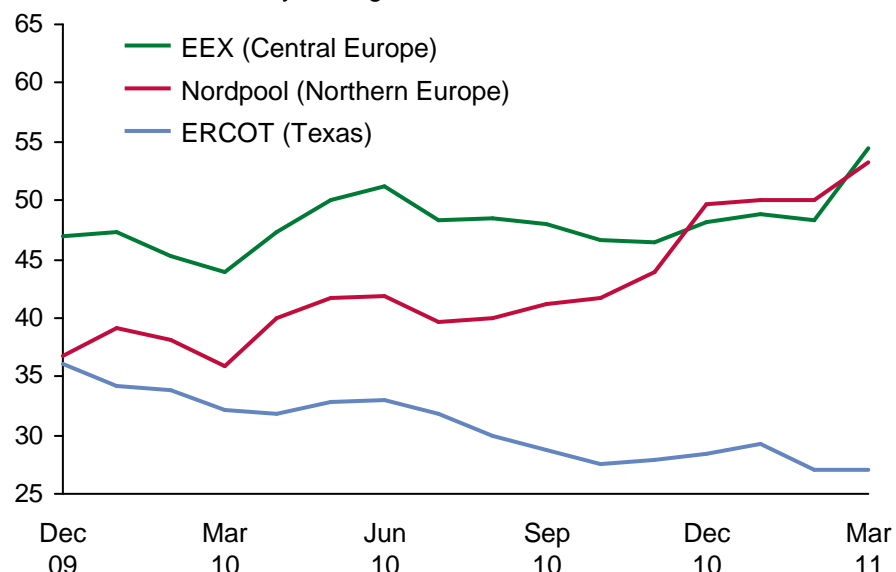
Coal: relevant indexes (USD/mt)

based on monthly average prompt prices (delivery next month)



Electricity price: selective indexes (EUR/MWh)

based on monthly average values - Q3/2011 forwards



- Total coal consumption per year = ~7mt
Of which ~75% is already covered

- Total electricity consumption per year = ~9TWh
Of which ~80% is already covered

- Purchasing strategies are defined per commodity and country
- Energy surcharges to be introduced on a micro market basis in case of excessive commodity price increases

■ Company outlook 2011

Assumptions:

- Continuing recovery of demand for building materials in mature markets (no return to recession)
- Demand continues to grow in emerging countries
- Rising costs for energy, raw materials and personnel
- Successful implementation of price increases, cost saving measures and efficiency improvement compensates for rising costs

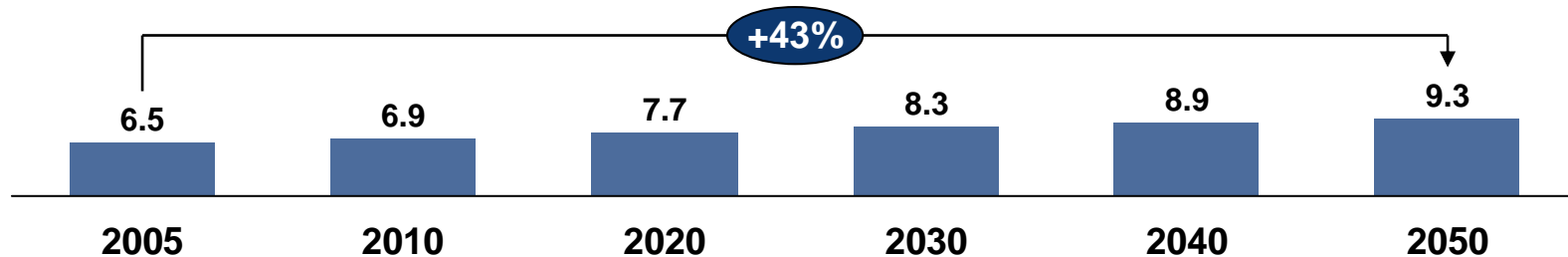
Prognosis:

- Rising sales volumes as result of demand development and capacity expansion in 2010 and 2011
- Increase in turnover and operating income due to rising sales volumes, price increases and cost reductions
- Further deleveraging at continuing high level of free cash flow

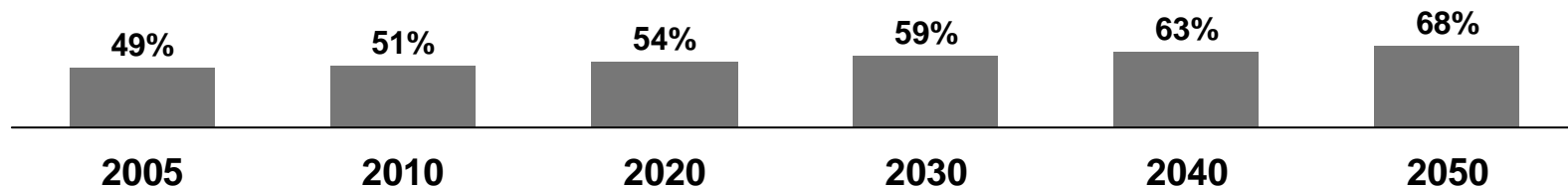
In 2011 HeidelbergCement benefits from market recovery and cost saving measures

■ Megatrends support growth of building materials industry

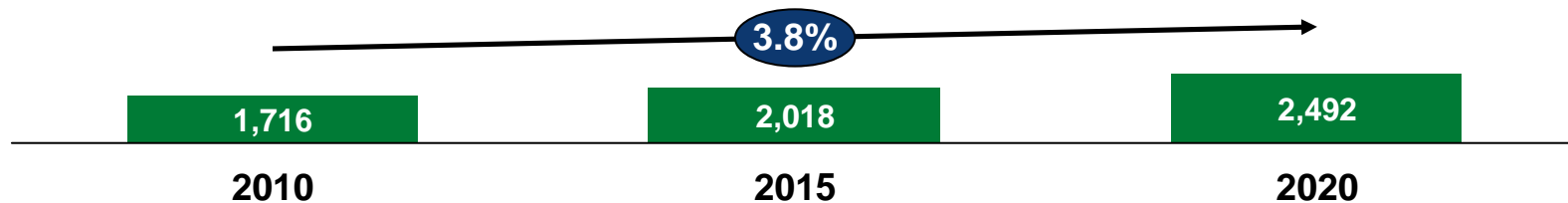
- **World population expected to reach more than 9 billion by 2050 (in billion)**



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



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



Source: UN (world population as of 2010; urbanisation as of 2009), Global Insight (Oct. 2010)

■ Management priorities 2011 / 2012

1. Operational excellence and strict cost management

- Aggregates: quarry improvement project CLIMB to become the most efficient aggregates company worldwide
- Cement: OpEx programme for global cost reduction in fuel and electricity

2. Continued deleveraging with clear goal to return to investment grade rating

- “FOX 2013” programme targets EURm 600 cash savings by 2013
- Press ahead with disposal of non-core assets as economic recovery continues

3. Targeted growth in emerging markets

- Implementation of cement capacity expansion programme in emerging markets
- Expansion of capacities in Sub-Saharan Africa
- Focus on synergy driven bolt-on investments with high value creation

Further strengthening of HeidelbergCement's competitive position in the upturn

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Next Annual General Meeting on 03 May 2012

