

# HEIDELBERGCEMENT

**Commerzbank – German Investment Seminar 2012**

9 -10 January 2012

**Dr. Bernd Scheifele, CEO**



# ■ Agenda

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## ■ Executive Summary

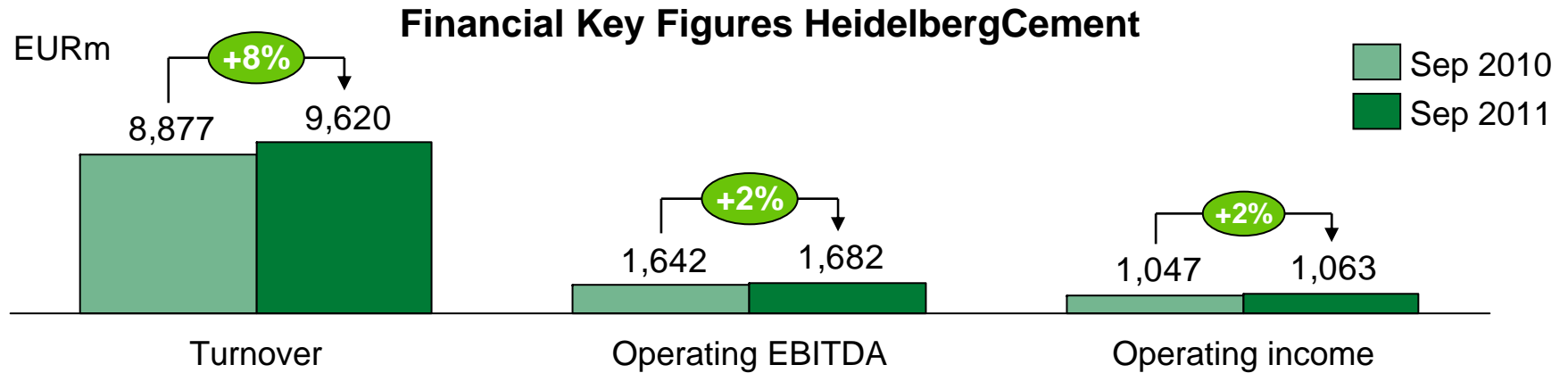
HeidelbergCement is a company with

- **Global leading position in aggregates:** Stabilizes margins, acts as inflation hedge, significant reserves with high intrinsic value potential
- **Superior geographical footprint in cement:** Strong growth positions in attractive micro markets - largely unaffected by crisis in southern Europe and North Africa
- **Proven track record of cash savings and cost cutting** – continued with FOX 2013 program
- **Consistent value creating strategy** of deleveraging and targeted investment in attractive growth markets

**HeidelbergCement well positioned in current macro-economic environment**

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# Global market leader for aggregates & Top 3 global market positions in cement and ready-mixed concrete

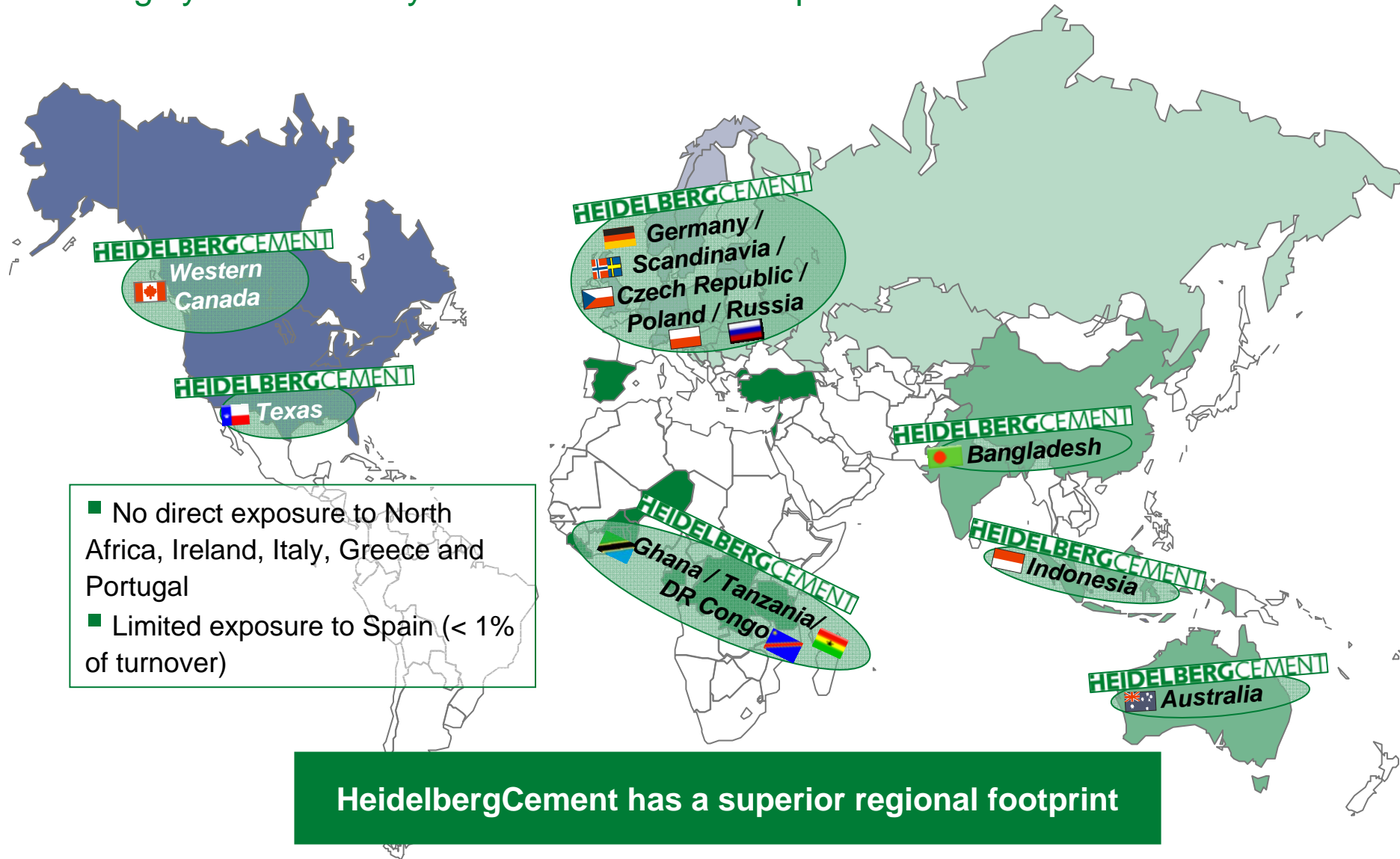


#1 Aggregates (Sales as of Dec 2010)	#3 Cement <sup>1</sup> (Sales as of Dec 2010)	#3 Ready-mixed concrete (Sales as of Dec 2010)
<b>HEIDELBERGCEMENT</b> 240 Mt	Holcim 137 Mt	Cemex 51 Mcbm
Lafarge 193 Mt	Lafarge 136 Mt	Holcim 46 Mcbm
Cemex 158 Mt	<b>HEIDELBERGCEMENT</b> 78 Mt	<b>HEIDELBERGCEMENT</b> 35 Mcbm
Holcim 158 Mt	Cemex 66 Mt	Lafarge 34 Mcbm

1. Anhui Conch and CNBM not considered, as only active in China  
Source: Company reports

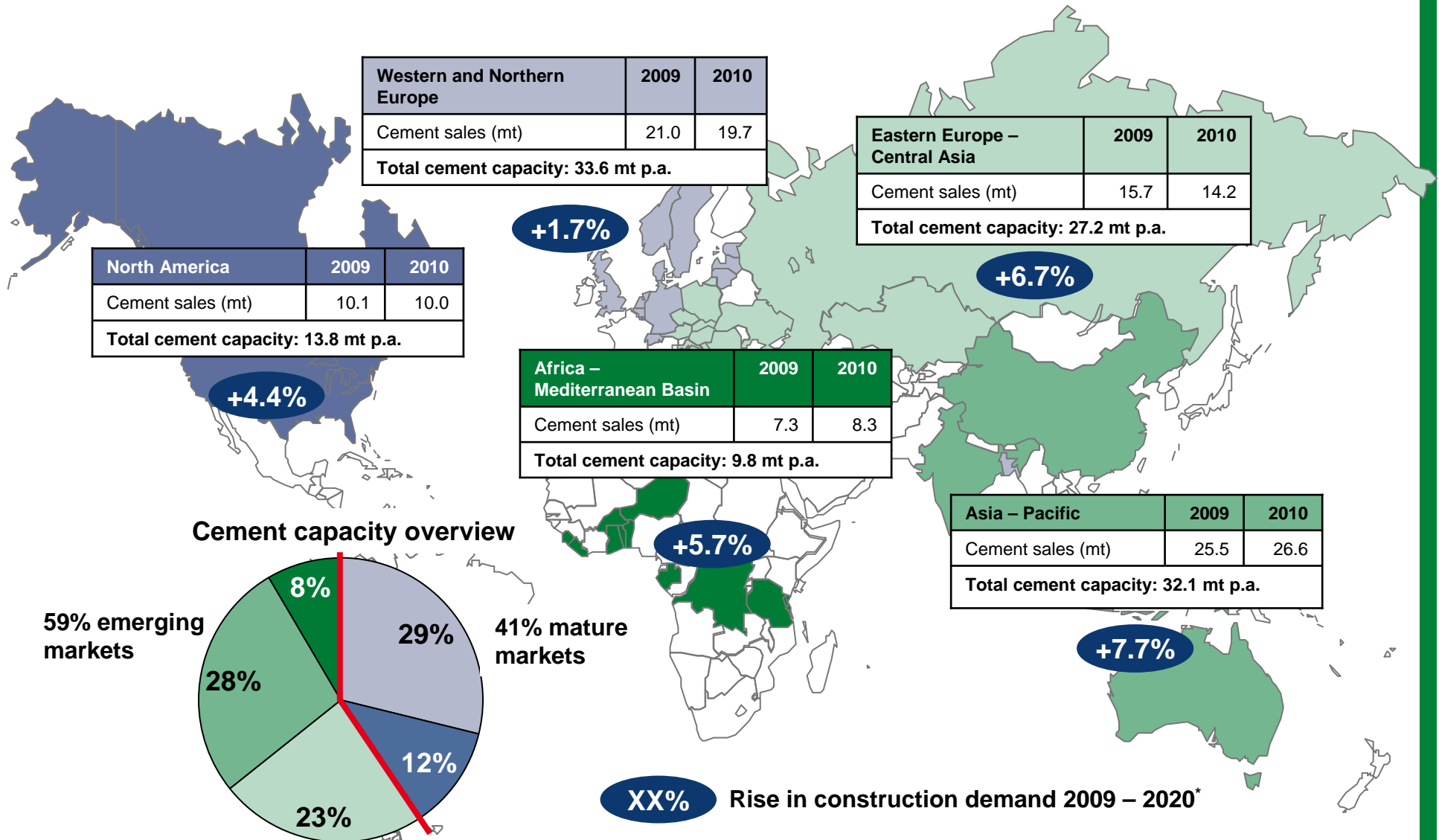
## HeidelbergCement: Strong growth positions in attractive micro markets

- largely unaffected by crisis in Southern Europe and North Africa



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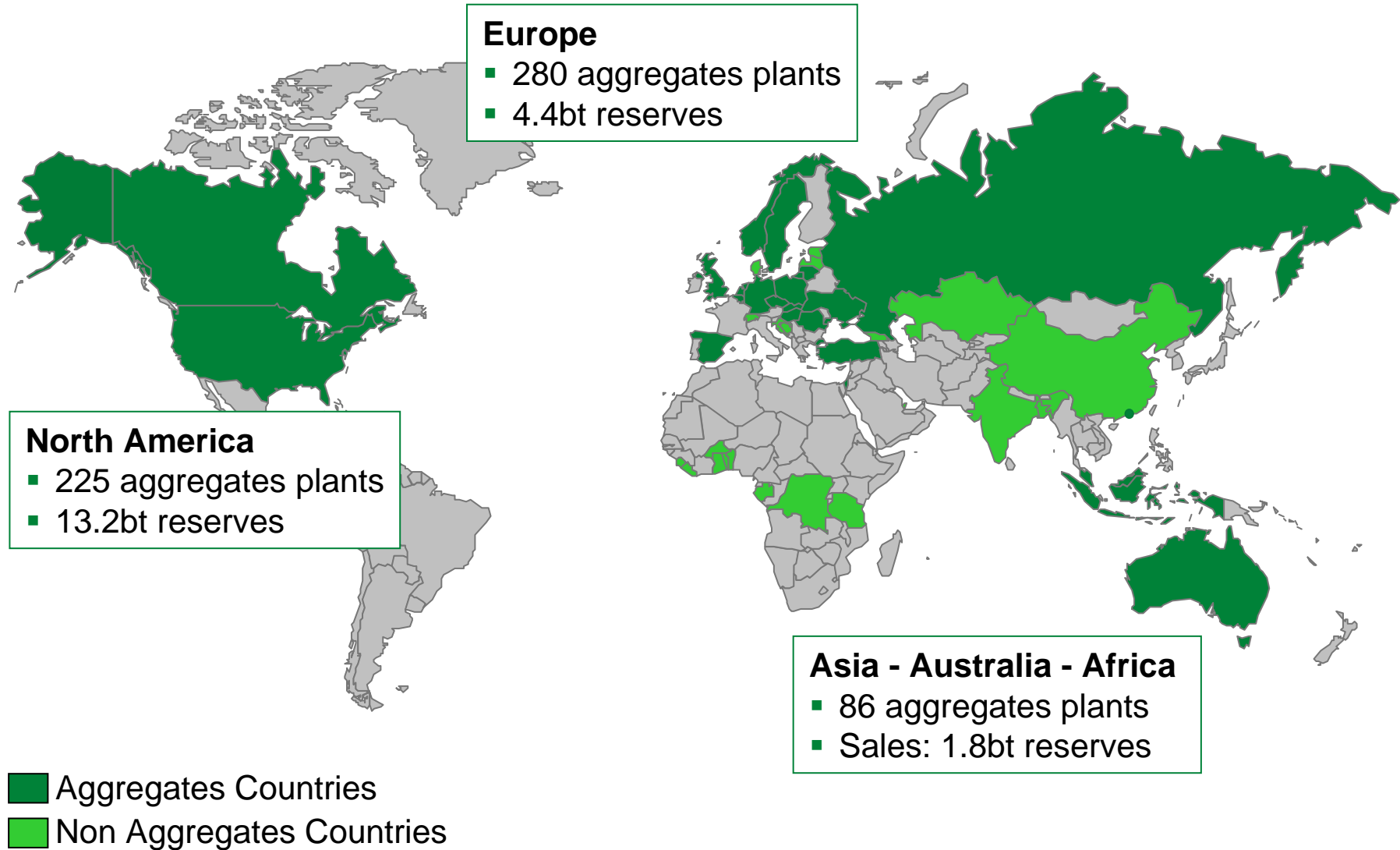
# Cement capacity of 116 Mt: Focus on emerging markets



\* Source: Global construction perspectives / Oxford Economics study.  
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Slide 6

# Aggregates footprint is geographically diversified

~ 600 active aggregates plants worldwide, over 19bt reserves



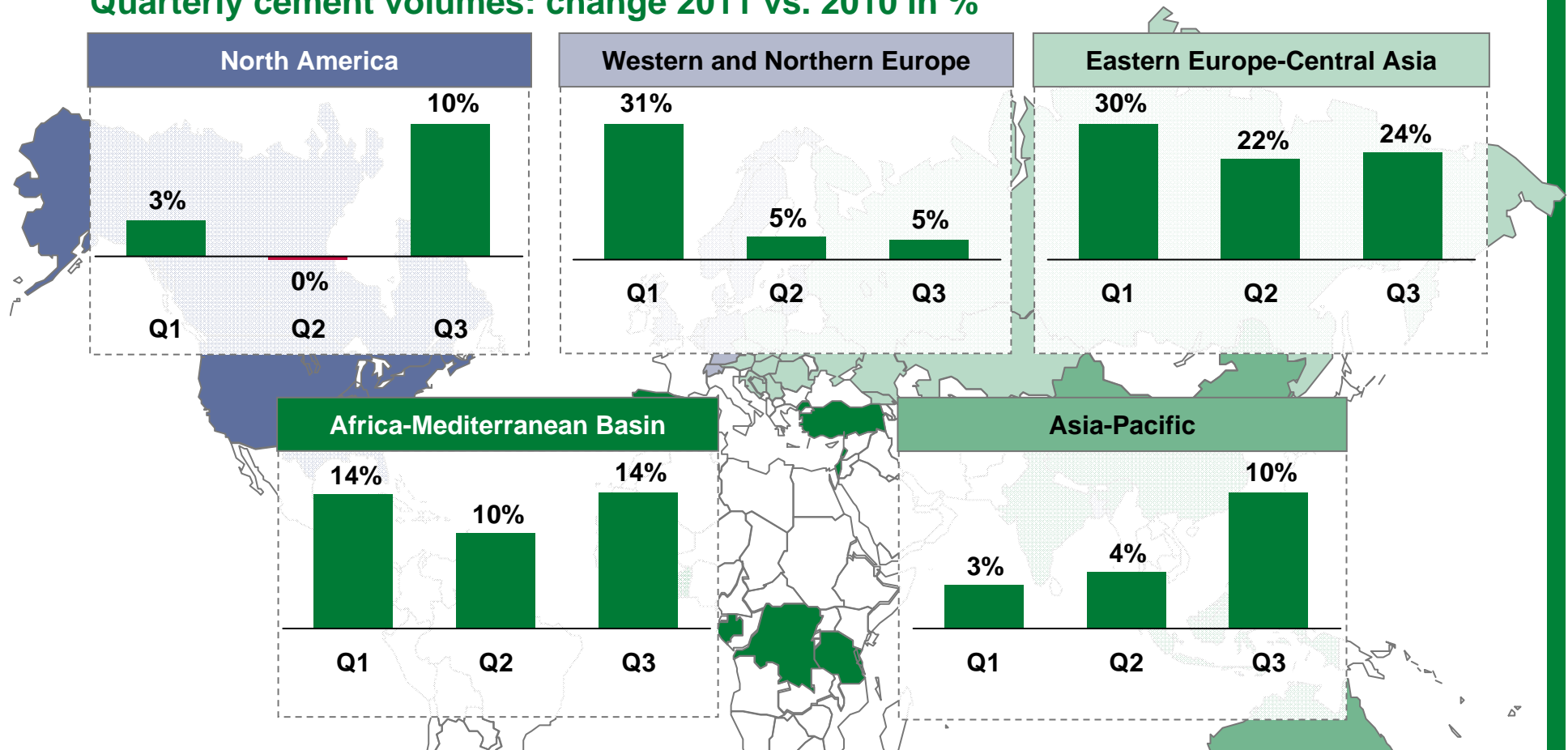
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# Solid growth in all group areas

Quarterly cement volumes: change 2011 vs. 2010 in %

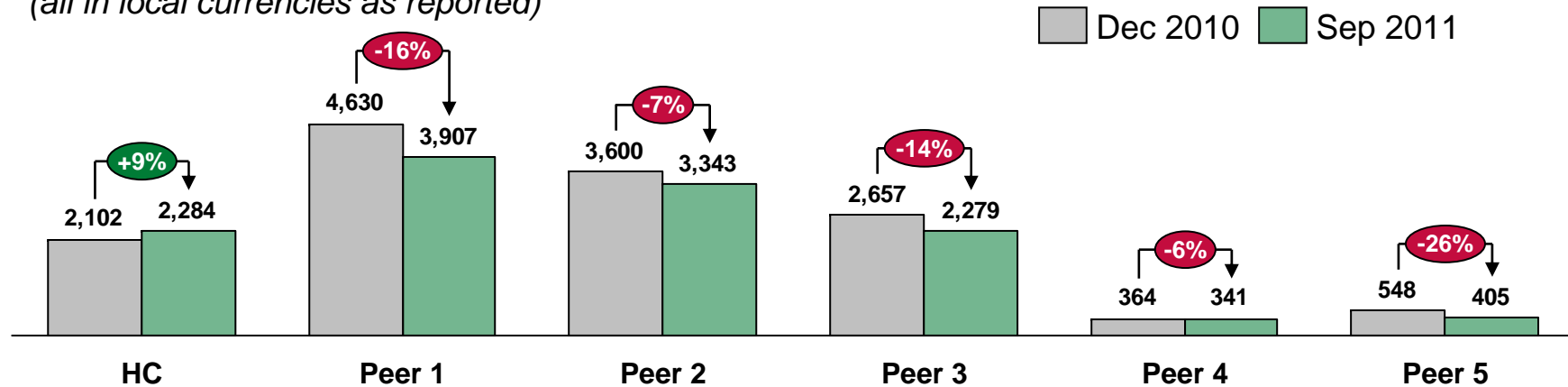


**Solid recovery in NAM in Q3 after weather related weak Q2**  
**Stable growth in Europe and Central Asia after strong Q1**  
**Accelerated growth in Africa-Mediterranean Basin and Asia-Pacific**

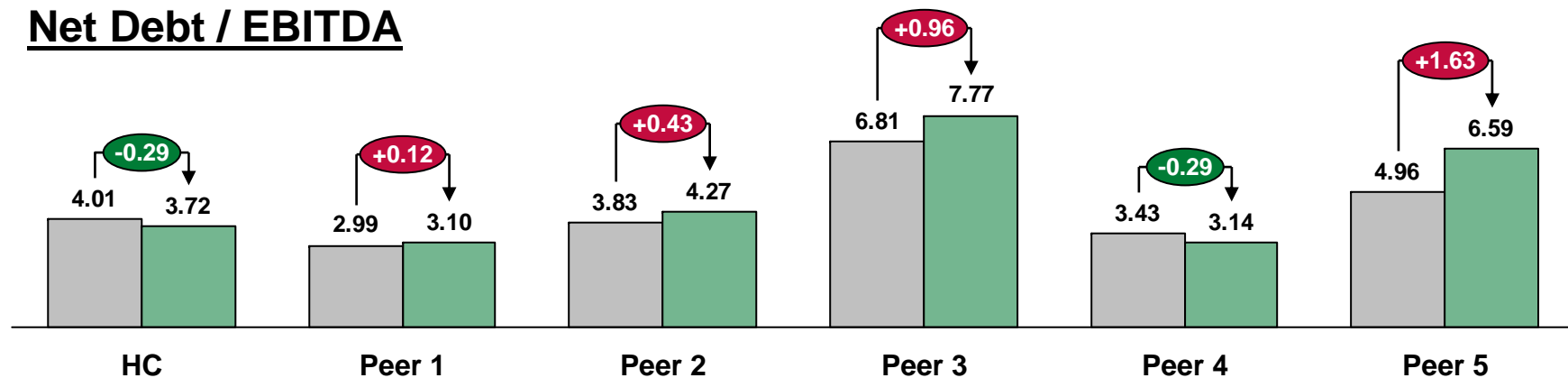
# HeidelbergCement outperformed the sector in the last 2 years

## Last 12 Month EBITDA

(all in local currencies as reported)



## Net Debt / EBITDA

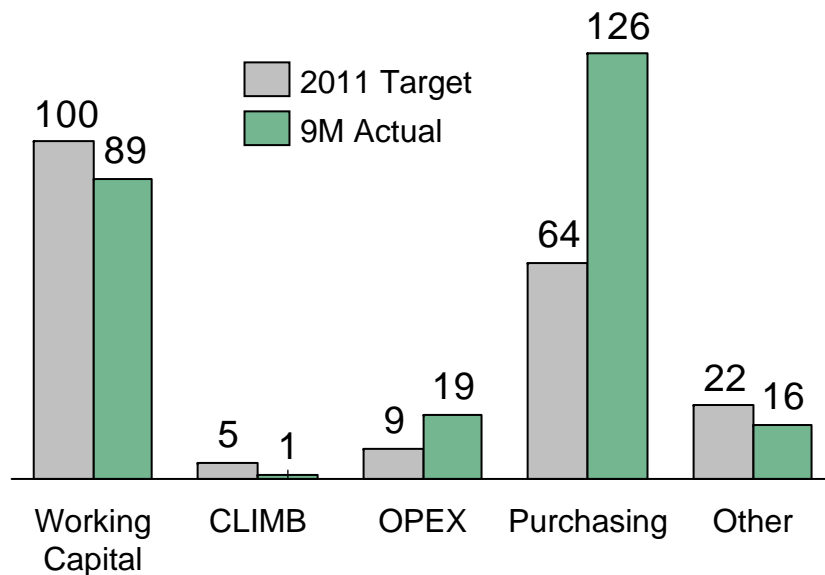


**HeidelbergCement outperformed the peers both operationally and financially**

# “FOX 2013” exceeding expectations

## “FOX 2013” programme overview

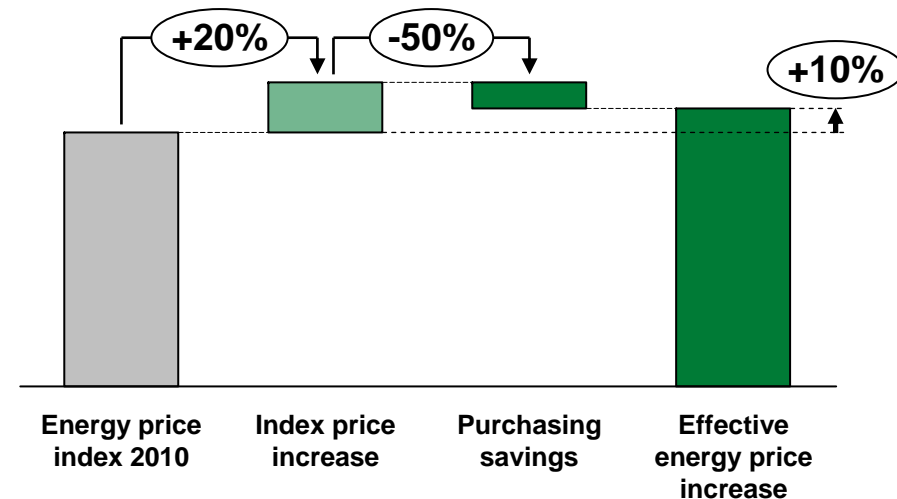
- All saving potentials identified
- Programme builds on successful Hanson Integration and “Fitness” programmes



**EURm 251 cash savings secured as of Sep  
(Plan for full year is EURm 200)**

## Successful energy purchasing savings

- Energy price index for cement increased by 20%
- Index based purchasing savings recovered half of the index price increase



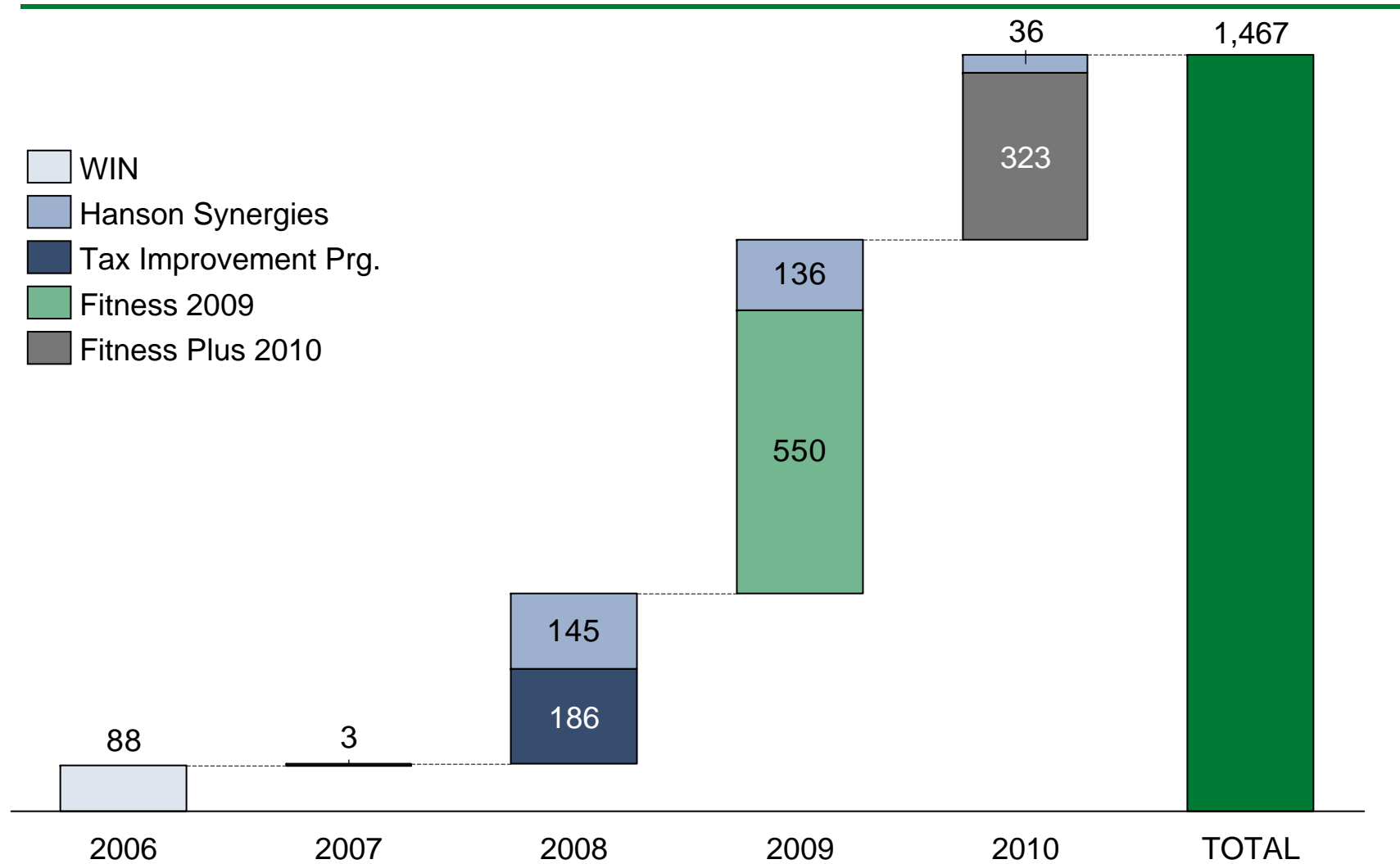
**Successful mitigation of energy cost increases  
in 2011 through “FOX 2013” programme**

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# HeidelbergCement with strong track record on cost saving initiatives

## EURbn 1.5 savings during last 5 years



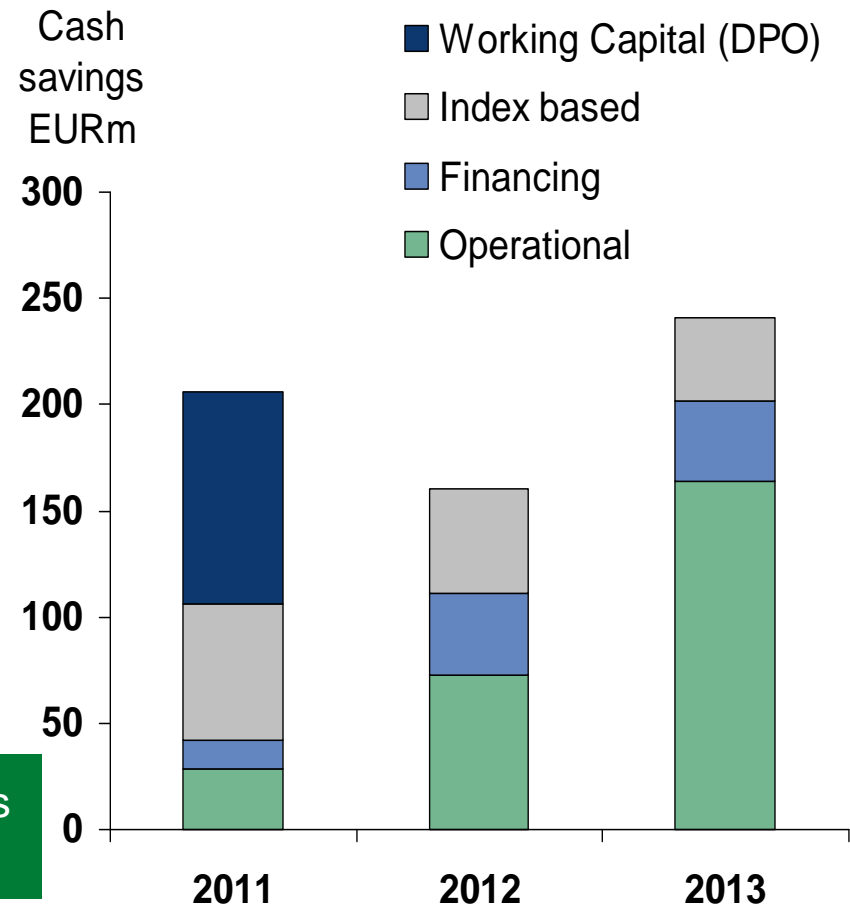
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## Continued focus on Cash and Cost: FOX 2013

Three year Financial & Operational Excellence programme 2011–2013:  
**Cumulated cash savings of EURm 600 targeted**

- Focus on global efficiency improvement programmes for core activities AGG & CEM
- ① **Aggregates: Quarry optimization project targets EURm 120 savings**
- ② **Cement: OpEx project targets fuel (- 3%) and electricity (- 5%) cost savings**
- ③ **Purchasing: EURm 74 savings from planned for every single year (incl. index based)**
- ④ **Working capital: EURm 100 contribution from sustainable improvement (focus DPO) targeted for 2011**

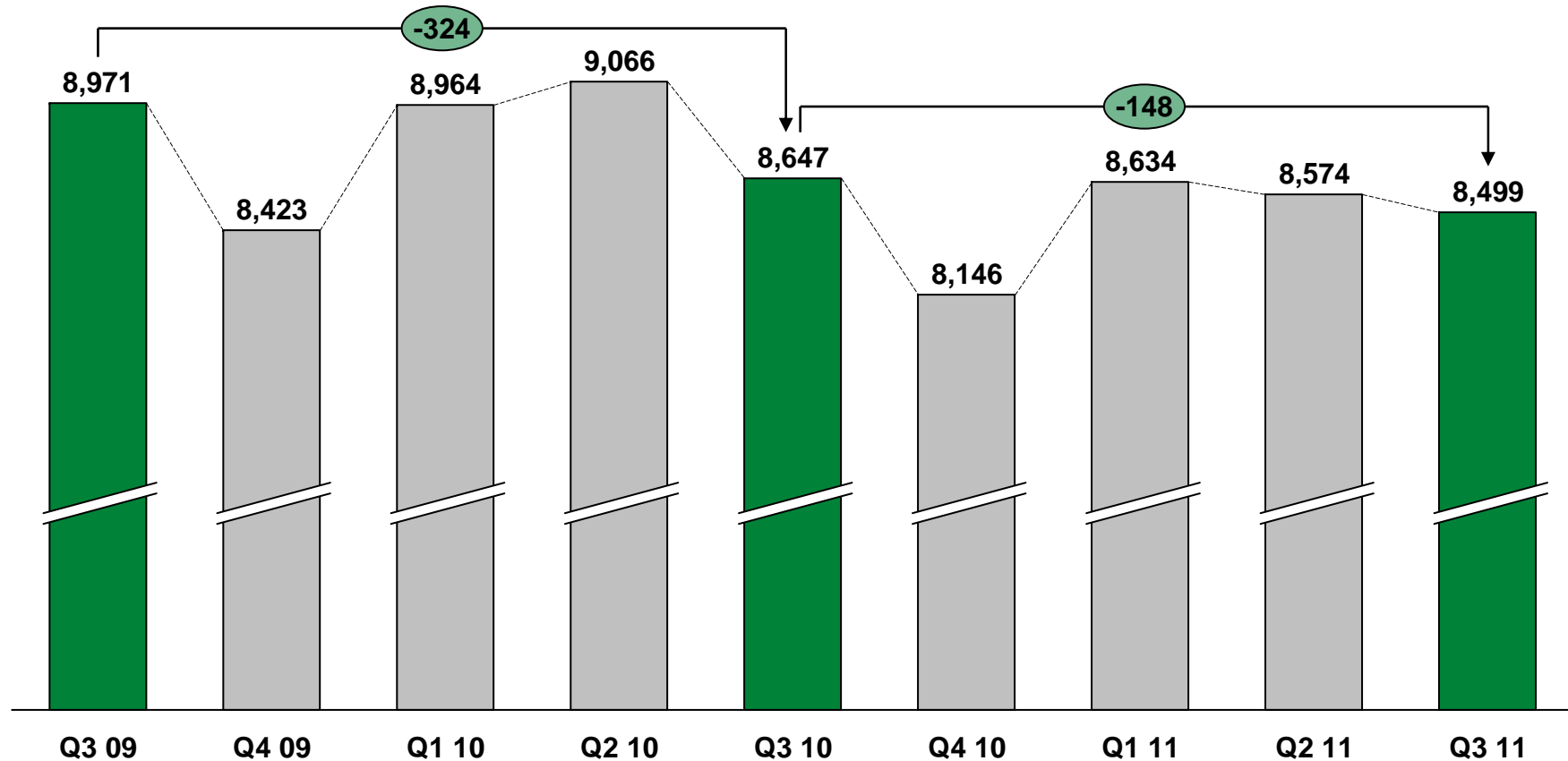
P&L effective financing and operational savings targeted to increase to **EURm 200** in 2013



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# Net debt: deleveraging continued on steady path

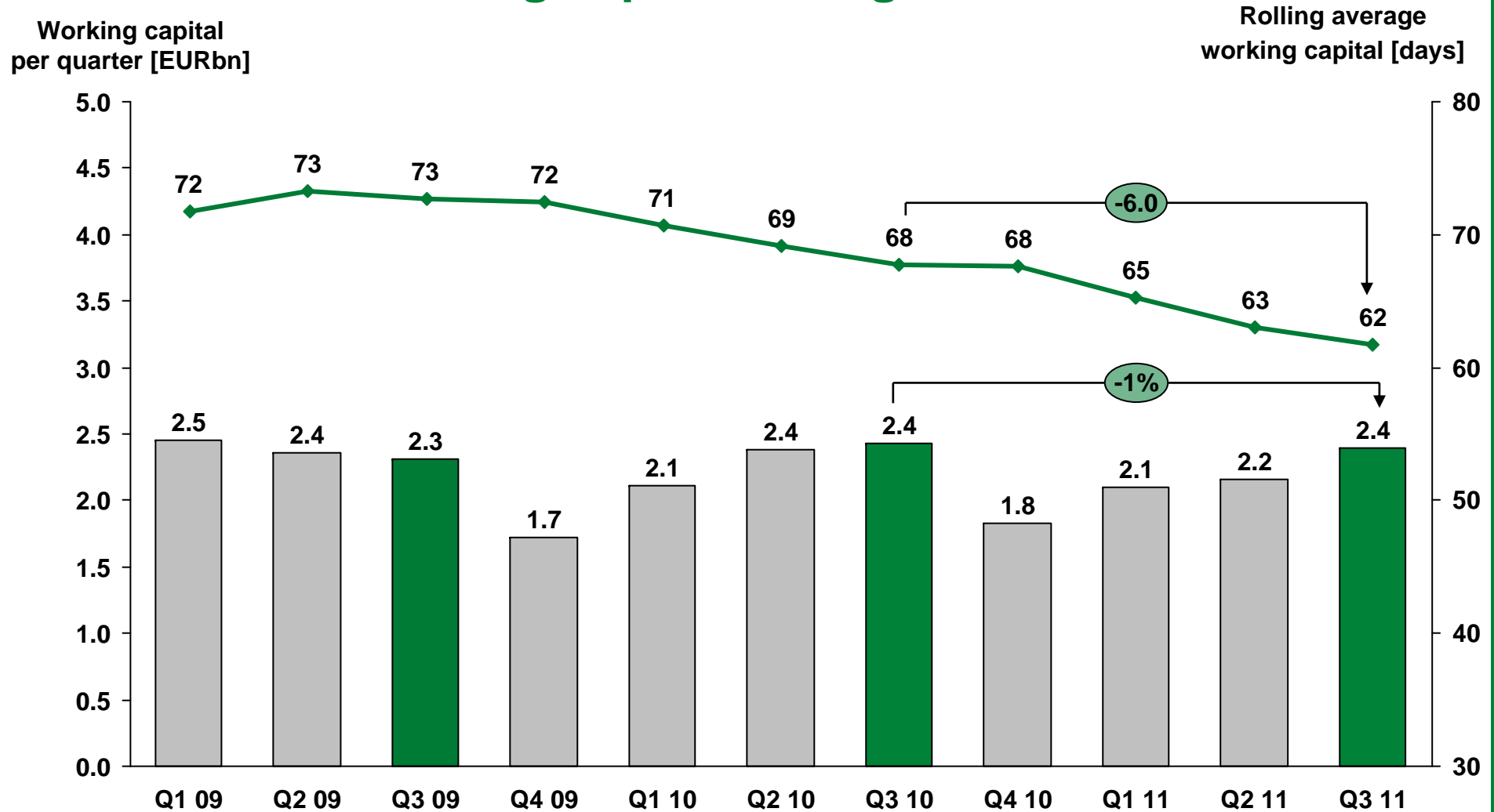
EURm



Although pace slowed down in Q3, deleveraging continued steadily

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# Successful working capital management



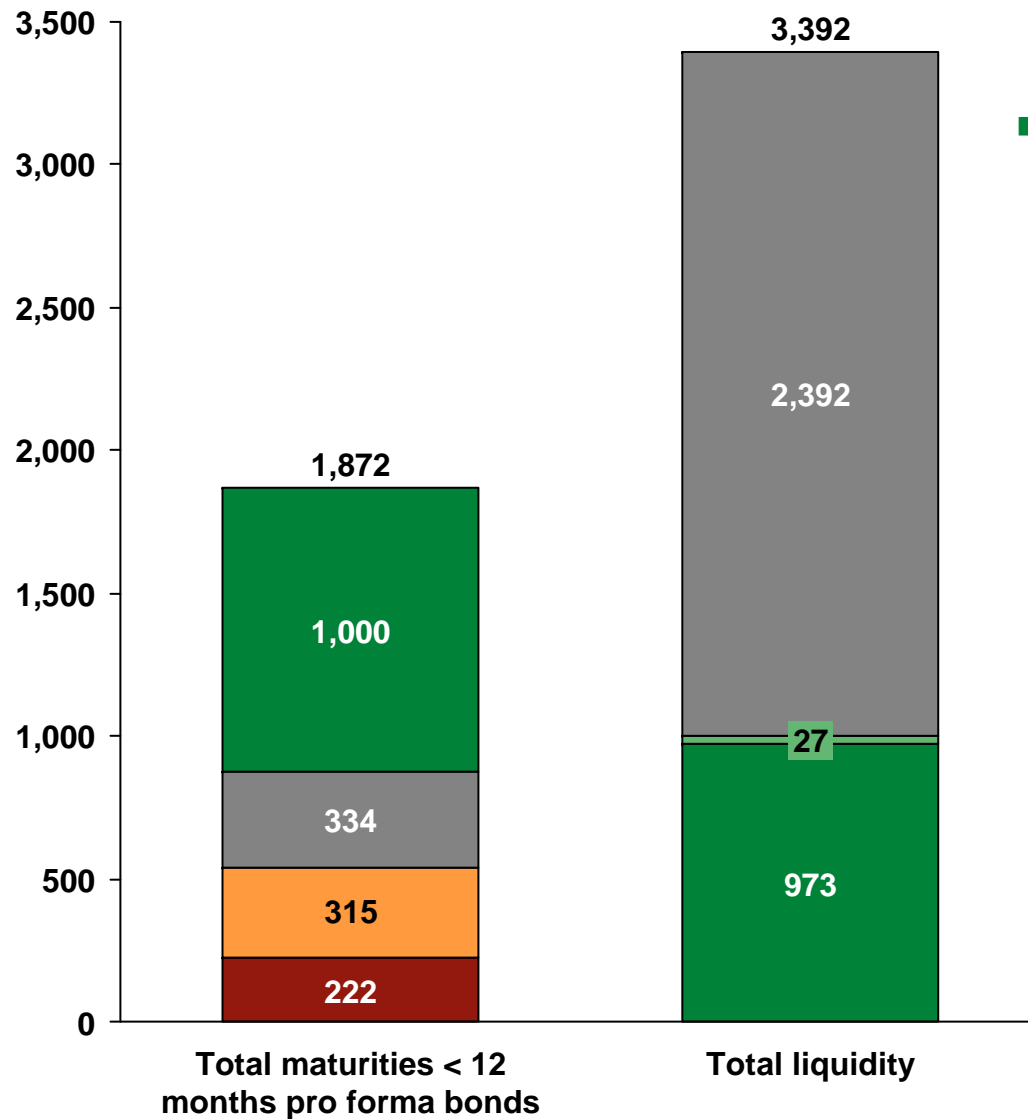
**Average working capital days constantly decreasing**

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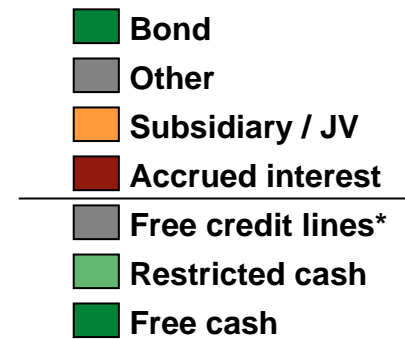


# Short-term liquidity headroom

as per 30 September 2011 in EURm



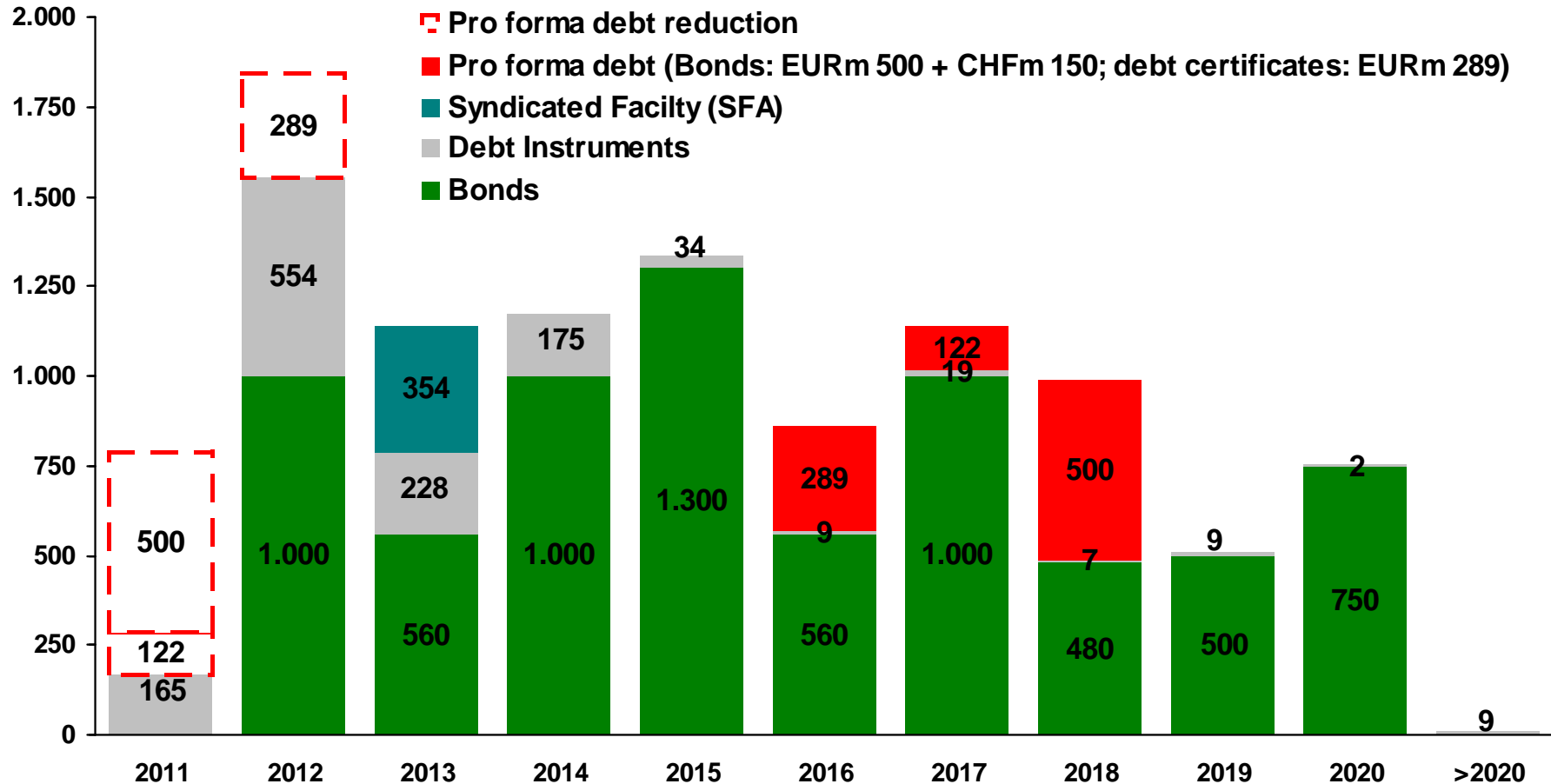
- Additional Q4 measures
  - EURm 200 bond tap 2018
  - EURm 289 debt certificates 2016



\* Total committed confirmed credit line EURm 3,000 (Guarantee utilization EURm 254)

# Debt maturity profile termed out with recent bonds

as per 30 September 2011 in EURm including additional Q4 measures



Excluding reconciliation adjustments with a total amount of EURm -39,0  
(transaction costs to be amortized over the term of the SFA, issue prices and fair value adjustments)

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## ■ General market outlook

- We see the likelihood of a **black sky scenario** to materialize in 2012 as **very limited**. However, we are well prepared.
- **No recession** in North America or in Europe foreseen, provided European Summit decisions are implemented.
- **Continued recovery** albeit at slower pace most likely scenario.
- **Northern Europe with stronger economic development** compared to Southern Europe.
- **Emerging economies with solid growth** to lead over mature markets.
- **Inflation** remains an issue in most countries.

## No change in 2011 targets – FOX 2013 targets already exceeded

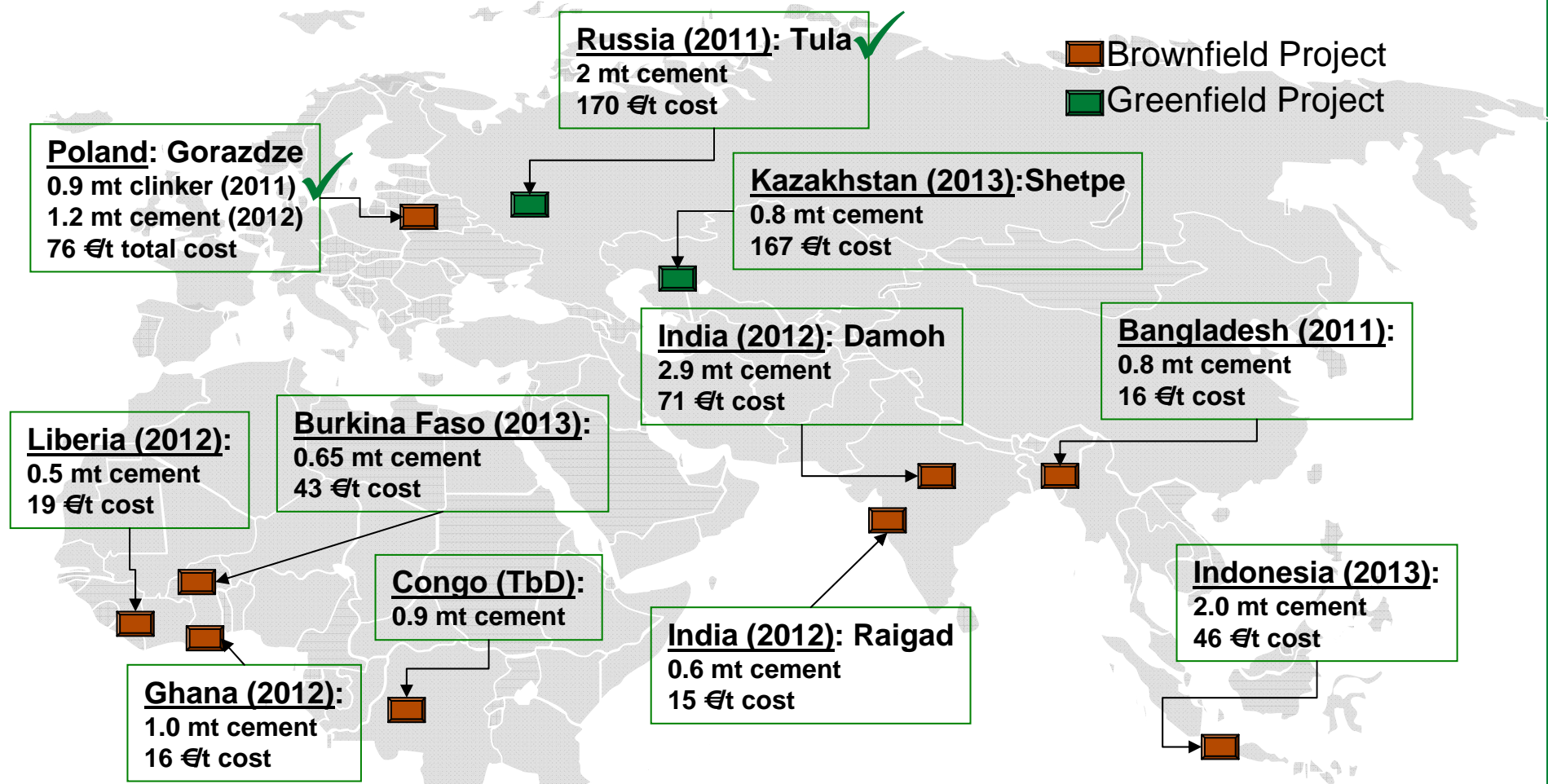
- **FOX 2013 cash/cost savings:**
    - 2011 cash savings: EURm 200, therein ✓
    - 2011 cost savings: EURm 35 ✓
  - **Capital expenditures\*:** ~EURm 1,050, therein
    - Maintenance: ~ EURm 550
    - Expansion: ~ EURm 500
  - **Cost of gross debt:** ~6.2%
  - **Operational tax rate target\*\*:** 18% - 20%
  - **Increasing turnover and operating income compared to 2010**
- 

**Mid-cycle targets unchanged:** Op. EBITDA EURb 3  
Net Debt / Op. EBITDA < 2.8X

\* Before any currency impacts

\*\* Excluding US tax assets

## Growth in attractive emerging markets at efficient Capex values



All projects included in the Capex guidance of 500m€ per year and above Group ROCE target of 20%

## ■ Conclusion

HeidelbergCement is a company with:

- **Superior geographical footprint:** Strong positions in attractive micro markets - largely unaffected by crisis in southern Europe and North Africa
- **Leading position in Aggregates:** Stabilizes margins and acts as inflation hedge – significant reserves with high intrinsic value potential
- **Proven track record of cash savings and cost cutting** – continued with FOX 2013 program
- **Value creating strategy** of deleveraging and targeted investments in attractive growth markets
- **Strong corporate culture** with strict focus on cost and operational excellence

**HC well positioned in current macro-economic environment**

# Contact information and event calendar

## Event calendar

March 15, 2012	2011 annual results
May 3, 2012	2012 first quarter results
May 3, 2012	2012 AGM
July 31, 2012	2012 half year results
November 8, 2012	2012 third quarter results

## Contact information

### Investor Relations

#### **Mr. Ozan Kacar**

Phone: +49 (0) 6221 481 925

Fax: +49 (0) 6221 481 217

#### **Mr. Steffen Schebesta, CFA**

Phone: +49 (0) 6221 481 9568

Fax: +49 (0) 6221 481 217

[Ir-info@heidelbergcement.com](mailto:Ir-info@heidelbergcement.com)

[www.heidelbergcement.com](http://www.heidelbergcement.com)

### Corporate Communications

#### **Mr. Andreas Schaller**

Phone: +49 (0) 6221 481 249

Fax: +49 (0) 6221 481 217

[info@heidelbergcement.com](mailto:info@heidelbergcement.com)



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