HeidelbergCement

2012 First Quarter Results

03 May 2012

Dr. Bernd Scheifele, CEO and Dr. Lorenz Näger, CFO

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Market and financial overview Q1 2012

- **Sales volumes for cement and aggregates increased despite cold wave in Europe**
  - Strong volume growth in North America due to economic recovery and mild winter
  - Continued strong growth in Asia-Pacific, especially in Indonesia
- **Revenue grew by 8% to €2,799 million**
- **Operating EBITDA declined by 16% to €214 million (Q1 2011: €253 million)**
  - Higher cost for energy and freight (diesel)
  - Timing effect in maintenance
  - Price increases launched and already partly executed
- **“FOX 2013” on track to achieve cash saving target of €200 million in 2012**
- **Financial discipline continued in all areas (working capital, investments, operating cash flow)**
- **Cement capacity expansion projects on track**
  - New cement mills in Bangladesh and Poland commissioned
- **Outlook for 2012 confirmed: increase in revenue and operating income**

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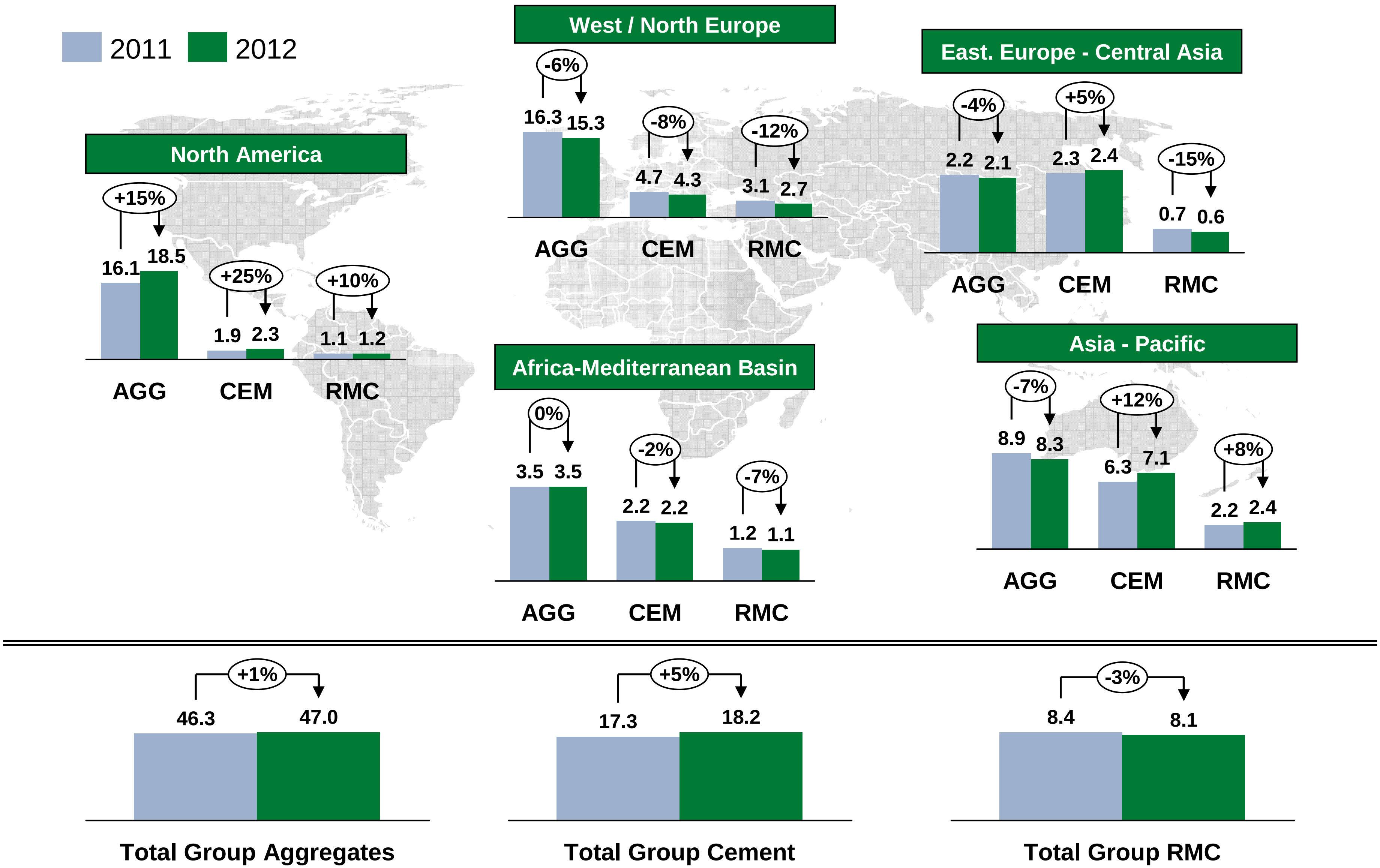
Sales volumes for cement and aggregates increase



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Key figures

€m	January-March 2011	January-March 2012	Variance	Variance LfL
Volumes				
Cement	17,342	**18,207**	5%	5%
Aggregates	46,310	**46,995**	1%	-1%
Ready mix	8,367	**8,103**	-3%	-3%
Asphalt	1,610	**1,390**	-14%	-14%
Profit and loss accounts				
Revenue	2,602	**2,799**	8%	6%
Operating EBITDA	253	**214**	-16%	-17%
in % of revenue	*9.7%*	***7.6%***		
Operating income	60	**14**	-77%	-77%
Loss for the period	-120	**-155**	-29%	
Earnings per share (IAS 33) 1)	-0.86	**-1.09**	-27%	
Cash flow statement				
Cash flow from operating activities	-474	**-434**	8%	
Total investments	-171	**-164**	4%	
Balance sheet				
Net debt 2)	8,633	**8,386**	-248	
Gearing	71.0%	**63.6%**		

1) Attributable to the parent entity.
2) Excluding puttable minorities.

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Cost development and price increases

Year-on-year cost increase

- **Energy cost**
  - Price inflation of 6% - 7% yoy in Q1 with a softening trend expected for the rest of the year
  - Higher diesel price drives increasing freight rates
- **Maintenance costs** (timing effect)
  - Extensive shutdowns in USA, Indonesia, China, Germany
  - Maintenance cost per production volume expected to decline for the year

Pricing trends

Aggregates: Solid pricing

- Price increases in all major markets: USA, Canada, UK, Australia, Northern Europe

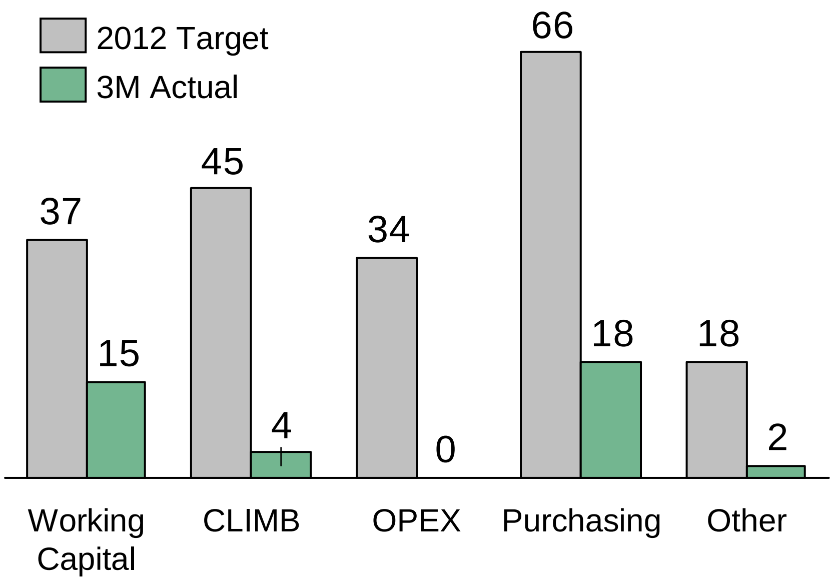
Cement: Status price increases

- Price increases already implemented in a number of key countries, e.g.:
  Indonesia, Canada, Northern Europe, UK, Russia, parts of USA
- Further price increases to become effective 1 April, e.g. in:
  Germany, California and Texas

Saving programs on track

"FOX 2013"

Cash savings
€m



€39 million cash savings secured as of March (Plan for full year is €200 million)

€150 million potential on top "FOX 2013"

New Supply Chain Optimisation project:

1. **Supply chain excellence programme**
   Process improvements all over the entire supply chain based upon internal benchmarking
2. **Optimisation of transport network**
   Renewal of dispatching and allocating methods
3. **Fleet restructuring**
   Optimising the fleet structure in cooperation with our service providers

€150 million additional cost savings by 2014. In 2012 we start with pilots in Poland and UK.

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Cement grinding capacity increased in Bangladesh and Poland

- **Bangladesh**
  - **January: Official commissioning of the ball mill with a cement capacity of 0.8 mt in the harbour city of Chittagong**
  - **Bangladesh has one of the lowest per capita cement consumption ratios in the world, but it is also one of the fastest growing markets worldwide**

- **Poland**
  - **March: Commissioning of the biggest ball mill of HeidelbergCement in Europe with a capacity of 1.4 mt**
  - **Cement capacity in Poland increases to 5.6 mt in 2012; capacity expansion project in the Polish cement plant Górazdze completed**
  - **Extension of product range in the area of cement**

HeidelbergCement: Strengthening of market position in growth markets as planned

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Western and Northern Europe

- Double negative impact on sales development in the region compared to 2011:
  - harsh winter weather in February 2012
  - inflated Q1 2011 volumes due to catch-up after icy December 2010
- **UK:** Price increases cover variable cost increase
- **Germany:** Higher operational costs put pressure on margins; solid volumes; price increases announced as of April 1
- **Benelux:** Volumes significantly affected by weather and low construction activity in the Netherlands; price pressure
- **Northern Europe:** Strong domestic markets in all countries; price increases executed; good outlook

Western & Northern Europe	January - March								L-f-L
	2011	2012	variance		Opr.	Cons.	Decons.	Curr.	
Volumes									
Cement volume ('000 t)	4,735	4,344	-391	-8.3 %	-391	0	0		-8.3 %
Aggregates volume ('000 t)	16,309	15,253	-1,056	-6.5 %	-2,266	1,210	0		-13.9 %
Ready mix volume ('000 m³)	3,072	2,703	-369	-12.0 %	-369	0	0		-12.0 %
Asphalt volume ('000 t)	958	754	-203	-21.2 %	-203	0	0		-21.2 %
Operational result (€m)									
Revenue	947	887	-60	-6.3 %	-59	0	-12	11	-6.2 %
Operating EBITDA	79	25	-54	-68.6 %	-54	0	-1	1	-68.4 %
in % of revenue	*8.3 %*	*2.8 %*							
Operating income	18	-40	-58	-318.6 %	-58	0	-1	0	-326.2 %

Revenue (€m)				
Cement	389	356	-32	-8.3 %
Aggregates	188	184	-5	-2.4 %
Building Products	104	104	0	0.1 %

Opr. EBITDA margin (%)		
Cement	12.9 %	4.1 %
Aggregates	13.5 %	7.7 %
Building Products	6.4 %	7.9 %

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Eastern Europe–Central Asia

- Sales in the region were negatively affected by harsh winter weather
- **Poland:** Good market demand; successful commissioning of cement mill
- **Hungary:** Market environment continues to be challenging
- **Czech Republic:** Price pressure from imports
- **Russia:** Strong market demand and sales from our new plant near Moscow lead to high double-digit volume increase; good pricing
- **Kazakhstan & Ukraine:** Substantial price increases despite lower volumes (weather); strong market outlook

Eastern Europe - Cent. Asia	January - March								L-f-L
	2011	2012	variance		Opr.	Cons.	Decons.	Curr.	
Volumes									
Cement volume ('000 t)	2,275	2,378	102	4.5 %	102	0	0		4.5 %
Aggregates volume ('000 t)	2,229	2,142	-87	-3.9 %	-87	0	0		-3.9 %
Ready mix volume ('000 m^3)	707	599	-108	-15.3 %	-108	0	0		-15.3 %
Operational result (€m)									
Revenue	187	195	9	4.7 %	13	0	0	-4	7.1 %
Operating EBITDA	-2	-9	-6	291.6 %	-6	0	0	-1	193.1 %
in % of revenue	*-1.2 %*	*-4.4 %*							
Operating income	-26	-35	-8	31.5 %	-8	0	0	0	30.0 %

Revenue (€m)				
Cement	143	158	16	11.0 %
Aggregates	14	13	0	-2.5 %

Opr. EBITDA margin (%)		
Cement	2.4 %	1.0 %
Aggregates	-40.4 %	-55.6 %

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North America

- Substantial sales increase in the region was helped by mild weather
- Profit significantly negatively impacted by sales from inventory as a result of high demand and extensive maintenance shutdowns
- **US:** Substantial volume increases across all regions; price increases launched and already partly executed
- **Canada:** Solid volume development driven by strong demand from commodity industry; good pricing trend

North America	January - March								L-f-L
	2011	2012	variance		Opr.	Cons.	Decons.	Curr.	
Volumes									
Cement volume ('000 t)	1,856	2,319	463	25.0 %	463	0	0		25.0 %
Aggregates volume ('000 t)	16,076	18,474	2,398	14.9 %	2,398	0	0		14.9 %
Ready mix volume ('000 m^3)	1,109	1,223	114	10.3 %	114	0	0		10.3 %
Asphalt volume ('000 t)	171	156	-15	-8.5 %	-15	0	0		-8.5 %
Operational result (€m)									
Revenue	523	616	93	17.7 %	70	0	0	23	12.8 %
Operating EBITDA	-11	-4	7	-62.7 %	7	0	0	0	-64.2 %
in % of revenue	*-2.0 %*	*-0.6 %*							
Operating income	-72	-64	8	-10.9 %	11	0	0	-3	-14.7 %

Revenue (€m)				
Cement	159	205	46	29.0 %
Aggregates	143	177	34	23.7 %
Building Products	144	142	-2	-1.7 %

Opr. EBITDA margin (%)		
Cement	7.7 %	7.9 %
Aggregates	-2.1 %	0.6 %
Building Products	1.6 %	-0.5 %

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Asia–Pacific

- **Indonesia:** Very strong sales increase and higher pricing; margins affected by higher input costs, extensive maintenance shutdown and reduced operational leverage
- **China:** Slight volume growth; easing price pressure in the North with clearly improved outlook
- **India:** Increasing coal costs put pressure on margin
- **Australia:** Wet weather on the east coast adversely affects sales volumes; pricing continues to improve

Asia - Pacific	January - March								L-f-L
	2011	2012	variance		Opr.	Cons.	Decons.	Curr.	
Volumes									
Cement volume ('000 t)	6,294	7,052	757	12.0 %	757	0	0		12.0 %
Aggregates volume ('000 t)	8,891	8,300	-591	-6.6 %	-752	161	0		-8.5 %
Ready mix volume ('000 m^3)	2,244	2,432	188	8.4 %	188	0	0		8.4 %
Asphalt volume ('000 t)	392	336	-56	-14.3 %	-56	0	0		-14.3 %
Operational result (€m)									
Revenue	656	782	126	19.2 %	99	2	-3	28	14.5 %
Operating EBITDA	161	177	16	10.2 %	10	1	0	5	6.3 %
in % of revenue	*24.5 %*	*22.6 %*							
Operating income	125	139	14	11.2 %	11	0	0	3	8.2 %

Revenue (€m)				
Cement	386	468	82	21.4 %
Aggregates	118	133	14	11.9 %
Building Products	11	7	-4	-36.8 %

Opr. EBITDA margin (%)		
Cement	32.2 %	30.0 %
Aggregates	29.3 %	24.9 %
Building Products	2.7 %	-7.0 %

Africa–Mediterranean Basin

- **Africa:** Slight volume growth; higher prices in main markets; good outlook
- **Turkey:** Increased profitability despite adverse weather conditions that negatively impacted Q1 volumes; prices up
- **Israel:** Good demand development in all business lines; good pricing trend
- **Spain:** Market continues to be very weak; no recovery expected in 2012

Africa - Med. Basin	January - March								L-f-L
	2011	2012	variance		Opr.	Cons.	Decons.	Curr.	
Volumes									
Cement volume ('000 t)	2,236	2,192	-45	-2.0 %	-45	0	0		-2.0 %
Aggregates volume ('000 t)	3,502	3,513	12	0.3 %	12	0	0		0.3 %
Ready mix volume ('000 m^3)	1,235	1,146	-90	-7.3 %	-90	0	0		-7.3 %
Asphalt volume ('000 t)	90	143	53	58.9 %	53	0	0		58.9 %
Operational result (€m)									
Revenue	250	265	15	6.1 %	19	0	0	-4	7.7 %
Operating EBITDA	42	44	2	4.1 %	3	0	0	-1	7.0 %
in % of revenue	*16.8 %*	*16.5 %*							
Operating income	33	35	2	5.3 %	3	0	0	-1	8.5 %

Revenue (€m)				
Cement	179	191	12	6.7 %
Aggregates	21	22	1	3.2 %

Opr. EBITDA margin (%)		
Cement	21.9 %	20.5 %
Aggregates	16.1 %	17.4 %

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Group Services

- Demand in North Africa and the Middle East started to pick up in 2012 after the political instability
- Further decline in export volumes from major Asian exporters such as China, Thailand, Japan, Taiwan and Indonesia due to strong growth in domestic markets.
- FOB cement prices in Asian sources softening but still higher compared to one year ago.
- Freight rates bottomed at the lowest level for the last 26 years in February 2012. Slight recovery is expected in 2012, but rates expected to stay at low levels
- Coal prices are likely to remain at current levels in 2012 although they may slide in the short run

Group Services	January - March								L-f-L
	2011	2012	variance		Opr.	Cons.	Decons.	Curr.	
Operational result (€m)									
Revenue	143	168	26	18.1 %	20	0	0	6	13.1 %
Operating EBITDA	3	5	2	66.4 %	2	0	0	0	58.6 %
in % of revenue	*2.1 %*	*3.0 %*							
Operating income	3	5	2	70.4 %	2	0	0	0	62.4 %

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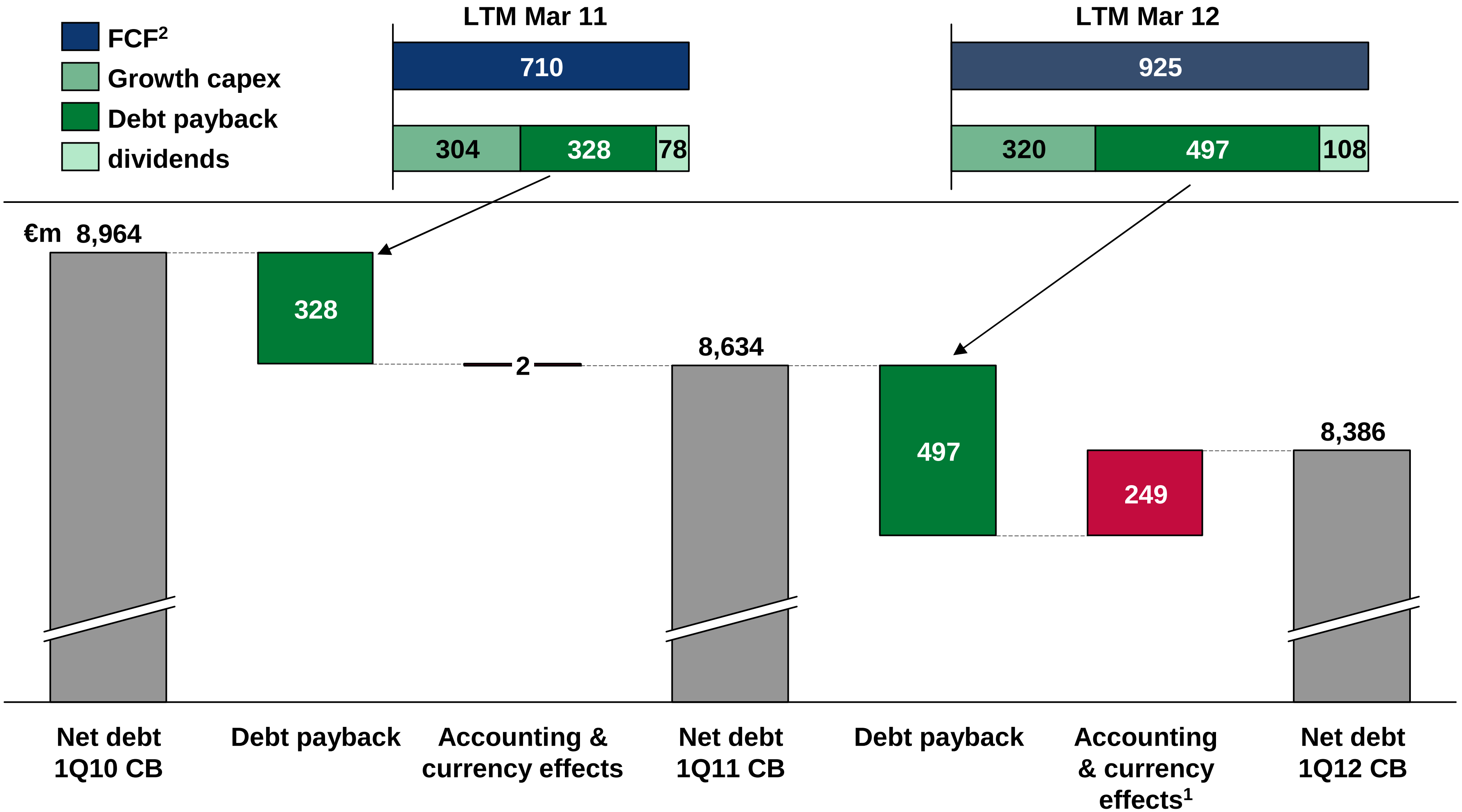
Income statement

€m	January-March		Variance
	2011	2012	
Revenue	2,602	**2,799**	8 %
Operating EBITDA	253	**214**	-16 %
in % of revenue	9.7%	**7.6%**	
Amortisation and depreciation of intangible assets and property, plant, and equipment	-193	**-200**	4 %
Operating income	60	**14**	-77 %
Additional ordinary result	-2	**-10**	413 %
Result from participations	-4	**-1**	-75 %
Earnings before interest and income taxes (EBIT)	54	**3**	-94 %
Financial result	-140	**-147**	5 %
Loss before tax	-87	**-144**	66 %
Income taxes	-29	**-4**	-88 %
Net loss from continuing operations	-116	**-148**	27 %
Net loss from discontinued operations	-4	**-8**	77 %
Loss for the period	-120	**-155**	29 %
Group share of loss	-161	**-204**	27 %

Statement of cash flows

€m	January-March	
	2011	2012
Cash flow	-38	**-8**
Changes in working capital	-386	**-374**
Decrease in provisions through cash payments	-49	**-52**
Cash flow from operating activities	-474	**-434**
Total investments	-171	**-164**
Proceeds from fixed asset disposals/consolidation	26	**20**
Cash flow from investing activities	-145	**-144**
Free cash flow	-619	**-578**
Dividend payments	-2	**-3**
Net change in bonds and loans	593	**-229**
Cash flow from financing activities	591	**-233**
Net change in cash and cash equivalents	-28	**-810**
Effect of exchange rate changes	-31	**-33**
Change in cash and cash equivalents	-59	**-843**

Free cash flow (FCF) used for continuous net debt reduction



Disciplined use of FCF[2]
Repayment target of €m 300-500 fully reached

1) €m 70 exchange rate; €m 100 currency swaps, €m 60 interest rate swaps
2) Net operating cash generated by operating activities less sustainable capex.

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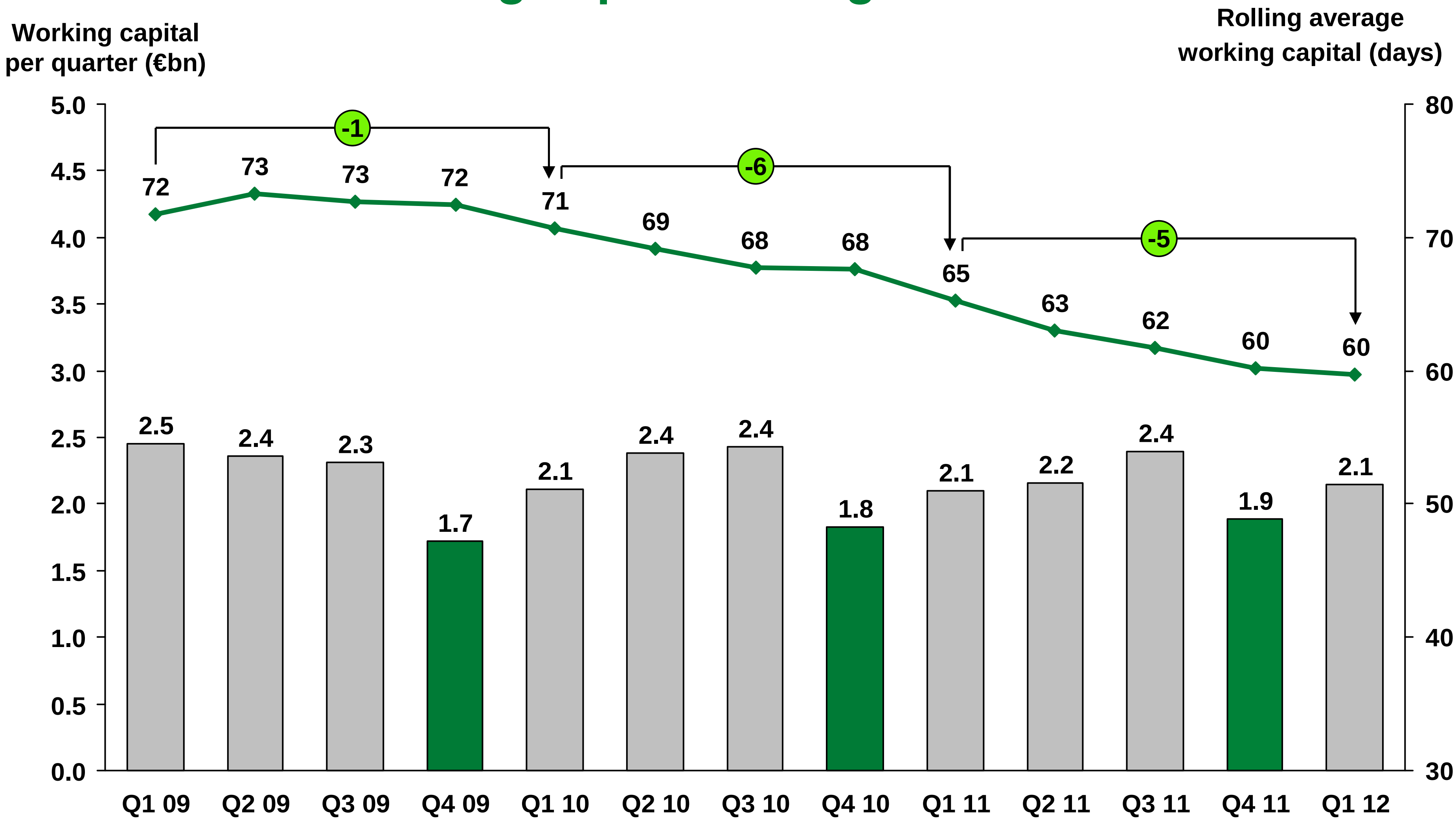
Successful working capital management



Average working capital days constantly decreasing

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Group balance sheet

€m	31 Mar. 2011	31 Dec. 2011	31 Mar. 2012	Variance Mar 12/Mar 11
Assets				
Intangible assets	10,547	11,109	**10,955**	408
Property, plant, and equipment	10,538	11,036	**10,898**	359
Financial assets	497	553	**548**	52
Fixed assets	21,581	22,698	**22,400**	819
Deferred taxes	337	379	**372**	35
Receivables	2,490	2,427	**2,569**	78
Inventories	1,492	1,583	**1,654**	161
Cash and short-term derivatives	836	1,933	**1,032**	196
Balance sheet total	26,737	29,020	**28,026**	1,280
Equity and liabilities				
Equity attributable to shareholders	11,251	12,617	**12,198**	947
Non-controlling interests	839	952	**992**	154
Equity	12,090	13,569	**13,191**	1,100
Debt [1)]	9,564	9,801	**9,462**	-101
Provisions	2,094	2,184	**2,212**	118
Deferred taxes	782	754	**678**	-105
Operating liabilities	2,207	2,712	**2,484**	277
Balance sheet total	26,737	29,020	**28,026**	1,290
Net Debt (excl. puttable minorities)	8,634	7,770	**8,386**	-248
Gearing	71.0%	57.0%	**63.5%**	

[1)] Includes non-controlling interests with put options in the amount of € 94 million (Mar. 2011), € 98 million (Dec. 2011), € 44 million (Mar. 2012).

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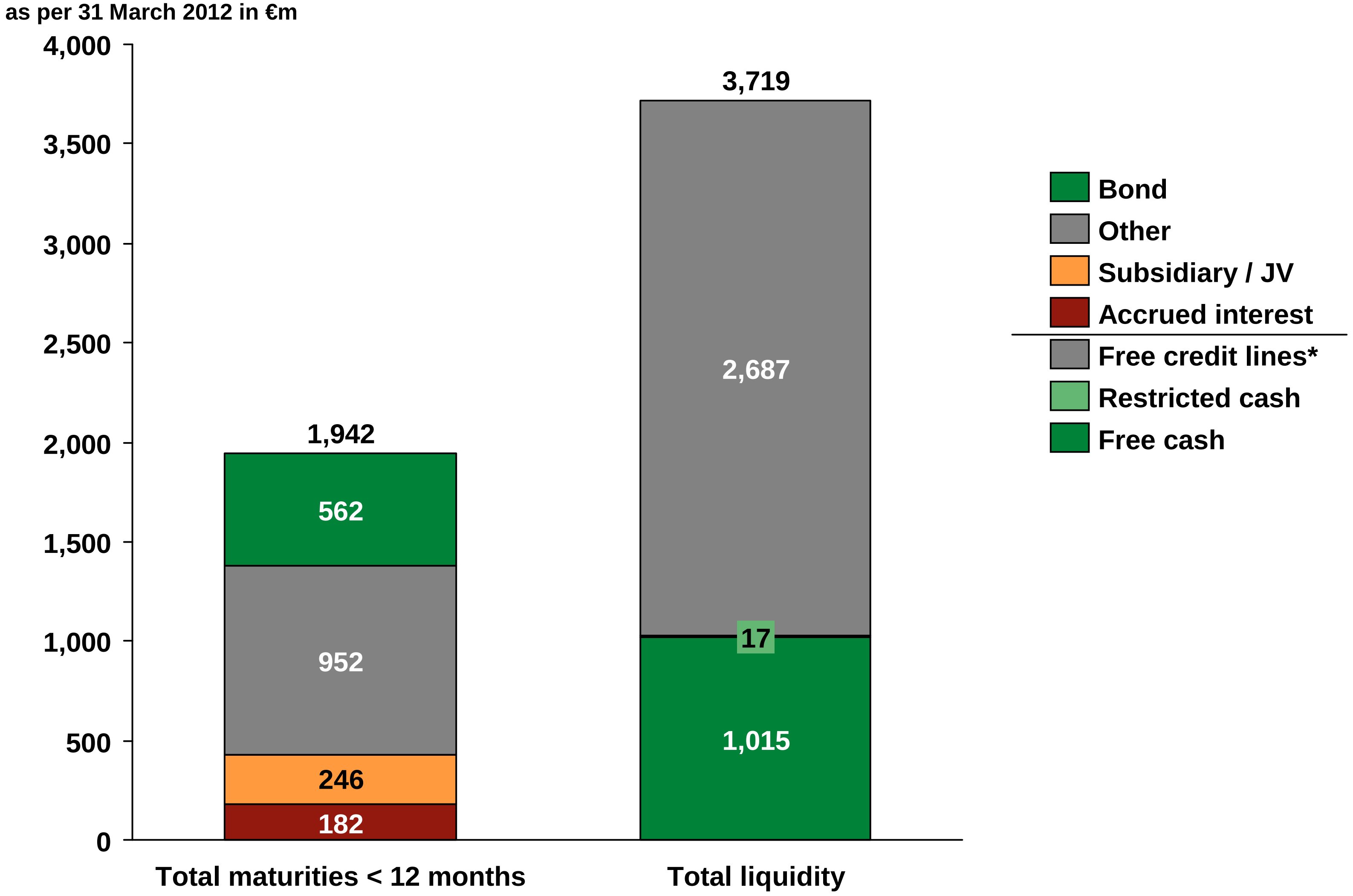
Short-term liquidity headroom



***) Total committed confirmed credit line 3,000 €m (Guarantee utilization 250 €m)**

Excluding reconciliation adjustments with a total amount of 69 €m
(transaction costs to be amortized over the term of the SFA, issue prices and fair value adjustments)

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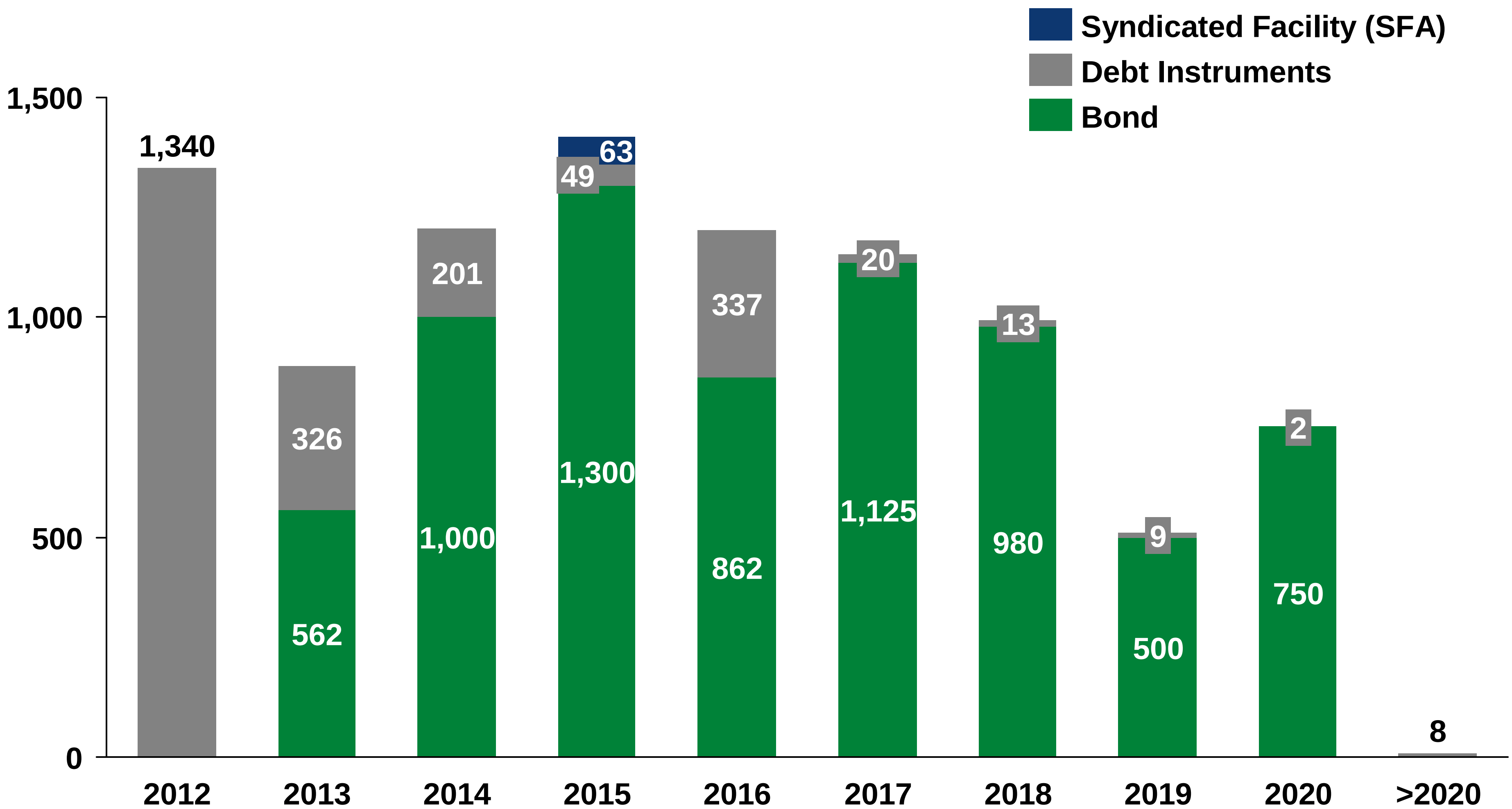
Debt maturity profile well balanced

as per 31 March 2012 in €m



Excluding reconciliation adjustments with a total amount of 17 €m
(transaction costs to be amortized over the term of the SFA, issue prices and fair value adjustments)

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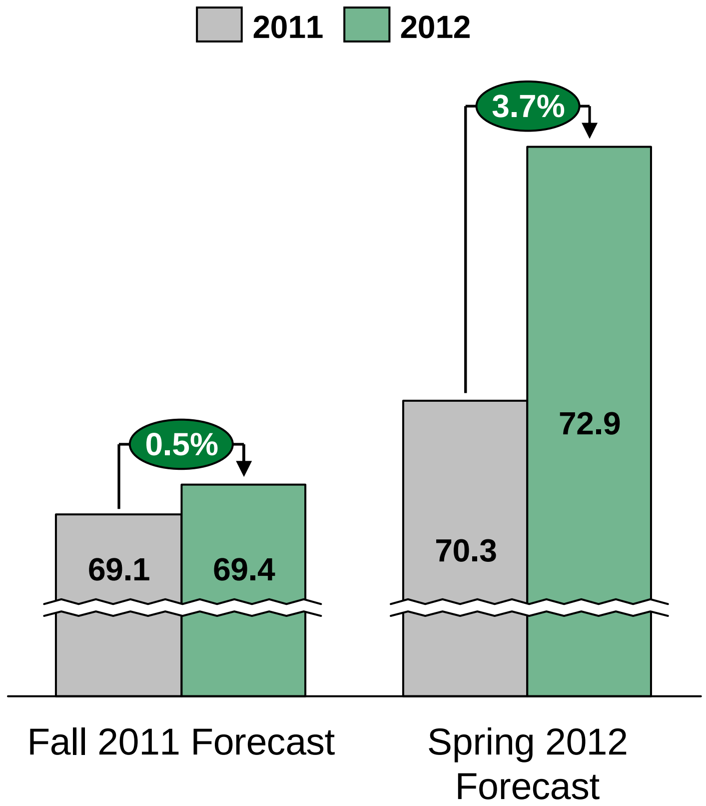
Global prospects are gradually strengthening again
US and developing economies increase domestic consumption

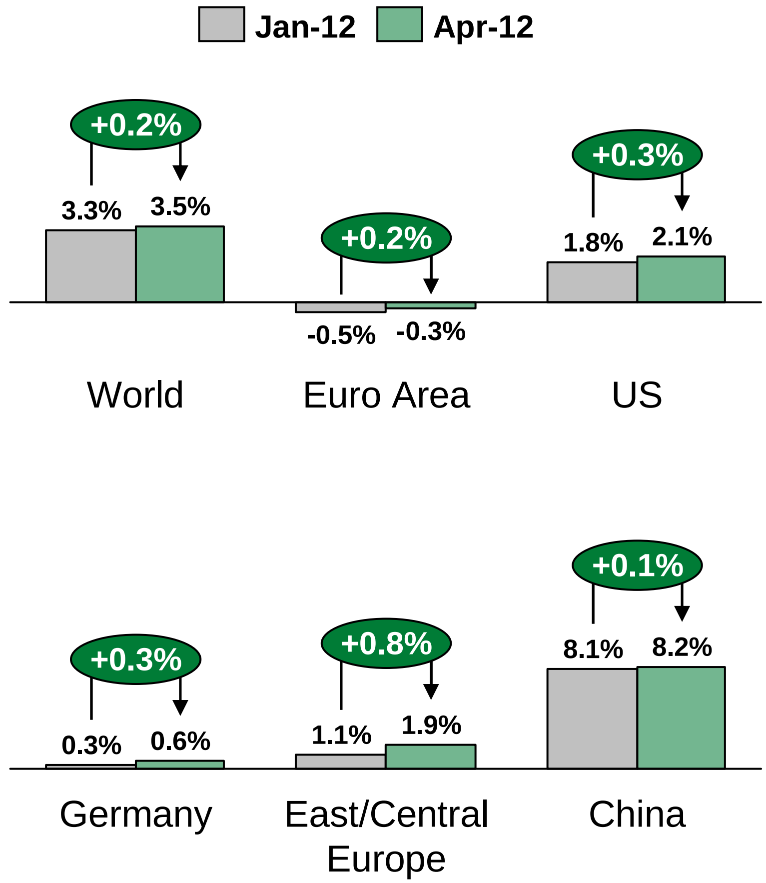
PCA US Cement Consumption Forecast

Fall 2011 vs. Spring 2012



IMF 2012 GDP Growth Forecast

Jan 2012 vs. Apr 2012



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Outlook 2012 confirmed

OUTLOOK 2012	CEMENT		AGGREGATES	
	Volume	Price	Volume	Price
North America	+4% to +7%	↗	+1% to +4%	↗
Western and Northern Europe	-2% to +1%	↗ ↘	-6% to -9%	↗
Eastern Europe - Central Asia	+14% to +17%	↗	-1% to +2%	↗
Asia - Pacific	+6% to +9%	↗	+6% to +9%	↗
Africa - Med. Basin	+10% to +13%	↗	-4% to -7%	↗
TOTAL GROUP	**+6% to +9%**	↗	**-1% to +2%**	↗

- Volumes and prices reflect HeidelbergCement market exposure
- Volume assumptions include additional capacity coming online.

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Strict energy management on all levels

<u>Current market situation:</u>

- **Compared to coal, cheaper gas prices in various US states**
- **Lower than expected electricity prices in North America and Europe**
- **Lower than expected coal prices in Asia and Europe**
- **Petcoke prices dropped significantly since October 2011**

STRATEGY

- **Switch between coal and natural gas**
- **Switch to petcoke within the technical limit**
- **Focus on international coal spot market for Asia**

TARGET

+5% energy cost inflation in 2012

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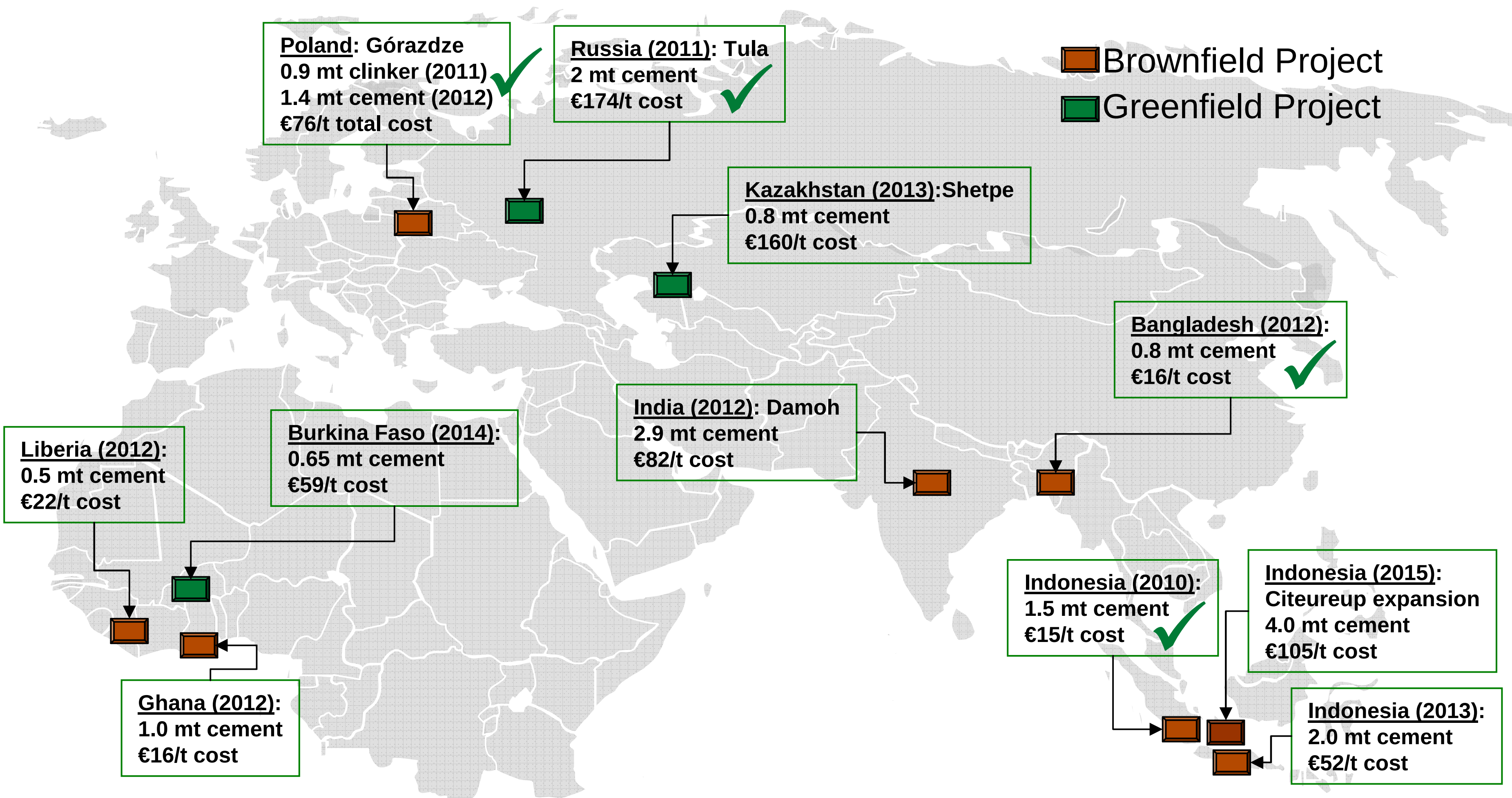
Growth in attractive emerging markets at efficient Capex values



10 million tonnes additional capacity coming online in 2012/2013

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Targets 2012 unchanged

	2012
Cash savings	**€m 200**
CAPEX (*)	**~ €m 980**
Maintenance(**)	**~ €m 490**
Expansion	**~ €m 490**
Cost of gross debt	**~ 6.7%**
Operational tax rate(***)	**18% - 20%**

Mid-cycle targets unchanged:

Operating EBITDA	**€bn 3**
Net debt / Operating EBITDA	**< 2.8x**

(*) Before any currency impacts
(**) Including improvement capex
(***) Assuming full US tax asset recognition

Company outlook 2012 confirmed

Assumptions:

- Building materials recovery in mature markets continues (no double-dip scenario)
- Demand growth in emerging markets persists
- Increasing costs for energy, raw materials, and personnel, but at slower pace
- Successful implementation of price increases, cost savings, and efficiency improvements to compensate for rising input costs and gain back margins

Prospects:

- **Sales volumes growth** based on demand development and capacity additions in 2011 and 2012
- **Increase in revenue and operating income** driven by sales volumes growth, price increases, and cost savings
- **Further reduction of net debt** based on continued free cash flow generation

HeidelbergCement to benefit from further economic growth and cost-saving measures in 2012

Management priorities 2012/2013

1 Operational excellence and strict cost management

- Aggregates: CLIMB programme to become the most efficient aggregates company worldwide
- Cement: OpEx programme for global reduction of fuel and electricity costs
- Supply Chain Optimisation to save costs and optimise transport management

2 Continued deleveraging with clear goal to regain investment grade rating

- “FOX 2013” programme targets €m 850 cash savings by 2013
- Increased focus on disposals of non-core assets as economic growth 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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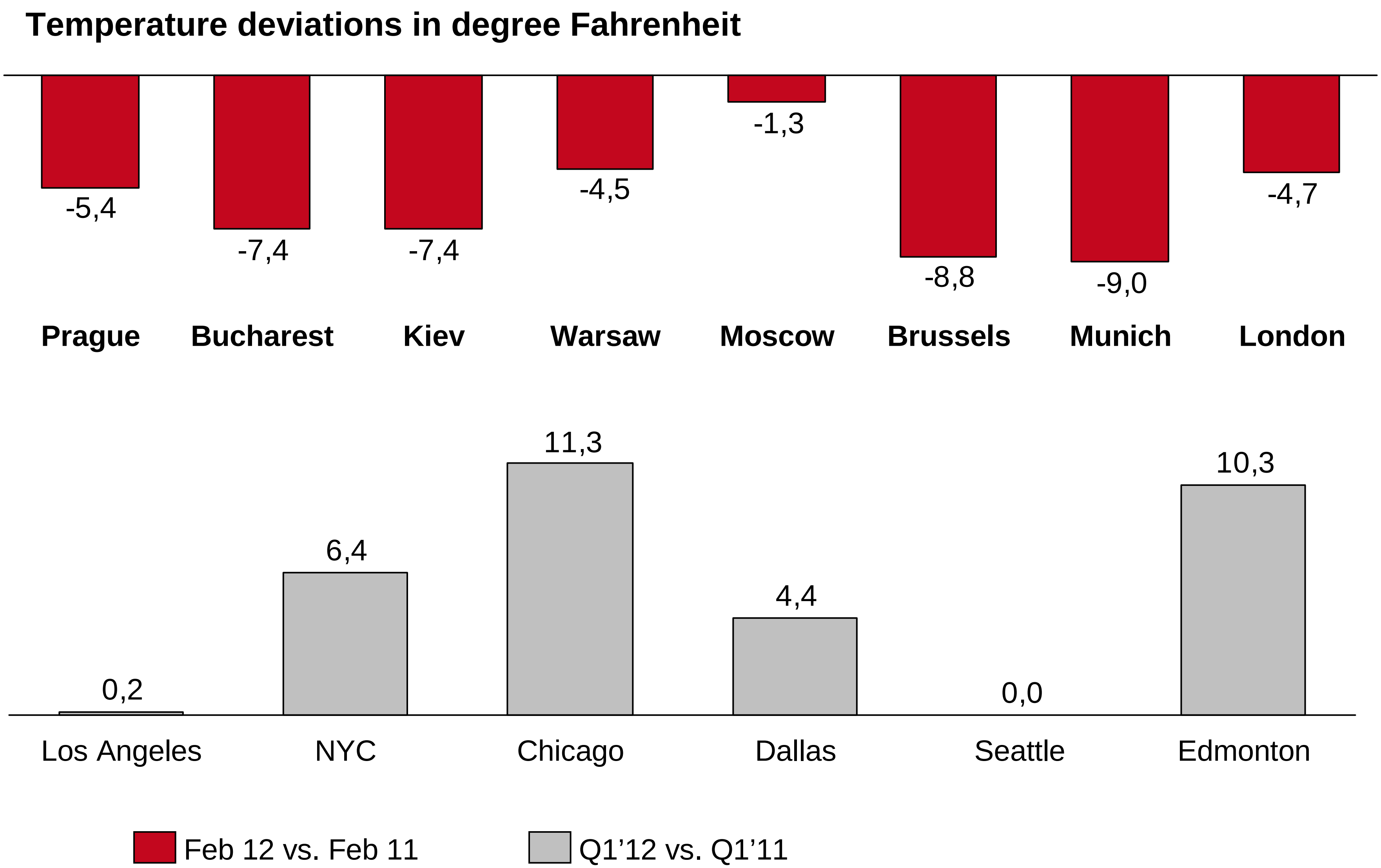
Cold Wave in Europe in February – warm Q1 in North America



Source: NCDC

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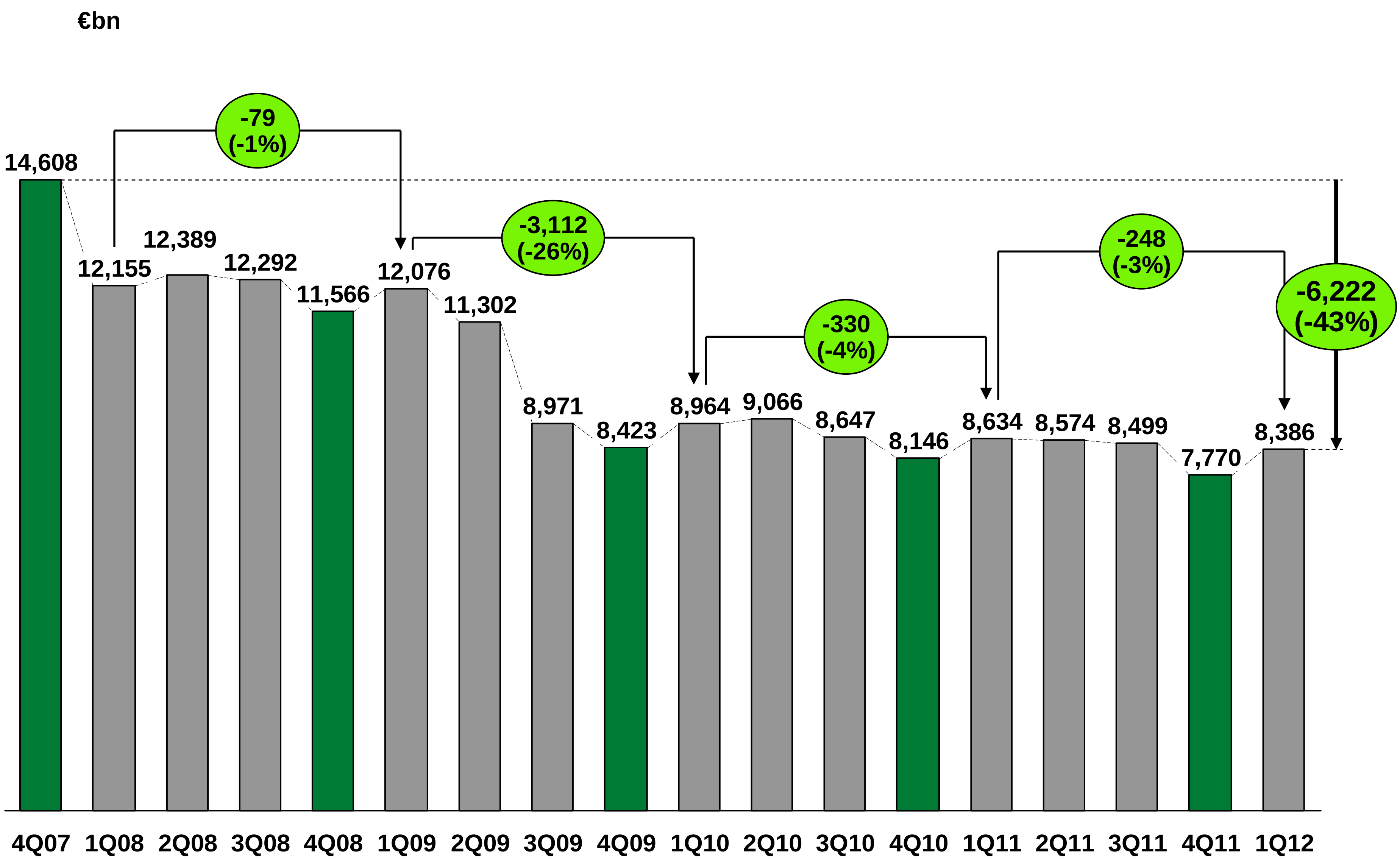
Net debt per quarter (closing balance)



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Contact information and event calendar

Event calendar

July 31, 2012	2012 half year results
November 8, 2012	2012 third quarter results

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Safe Harbour Statement

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