

HeidelbergCement Capital Markets Day

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Lehigh Hanson – US Overview

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Disclaimer

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

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 assumptions underlying them. 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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In the first quarter of 2014 HeidelbergCement applied the new IFRS standards 10 and 11 for the first time. According to the new rules the proportionate consolidation is abolished. Instead, joint ventures are to be accounted for using the equity method. Assets and liabilities as well as income and expenses of joint ventures will no longer be shown proportionately in the relevant balance sheet or income statement items, but will only be shown in a separate line using the equity method: the carrying amount in the balance sheet and the result from joint ventures in the income statement. Among the joint ventures of HeidelbergCement are important operations in Turkey, China, Hungary, Bosnia and the USA (Texas), which have contributed significant results to the operating income in the past. In order to continue with a comprehensive presentation of the operational performance, HeidelbergCement will include the result from joint ventures in operating income before depreciation starting with the first quarter of 2014.

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2012 goals have been achieved

Strong Foundation

Enablers

Superior Footprint

Diverse Products

Vertical Integration

Logistics Optimization

Attractive Reserves

Execution

Price Strategy

Competitive Costs

Operational Excellence

Disciplined Management

Growth Opportunities

Success

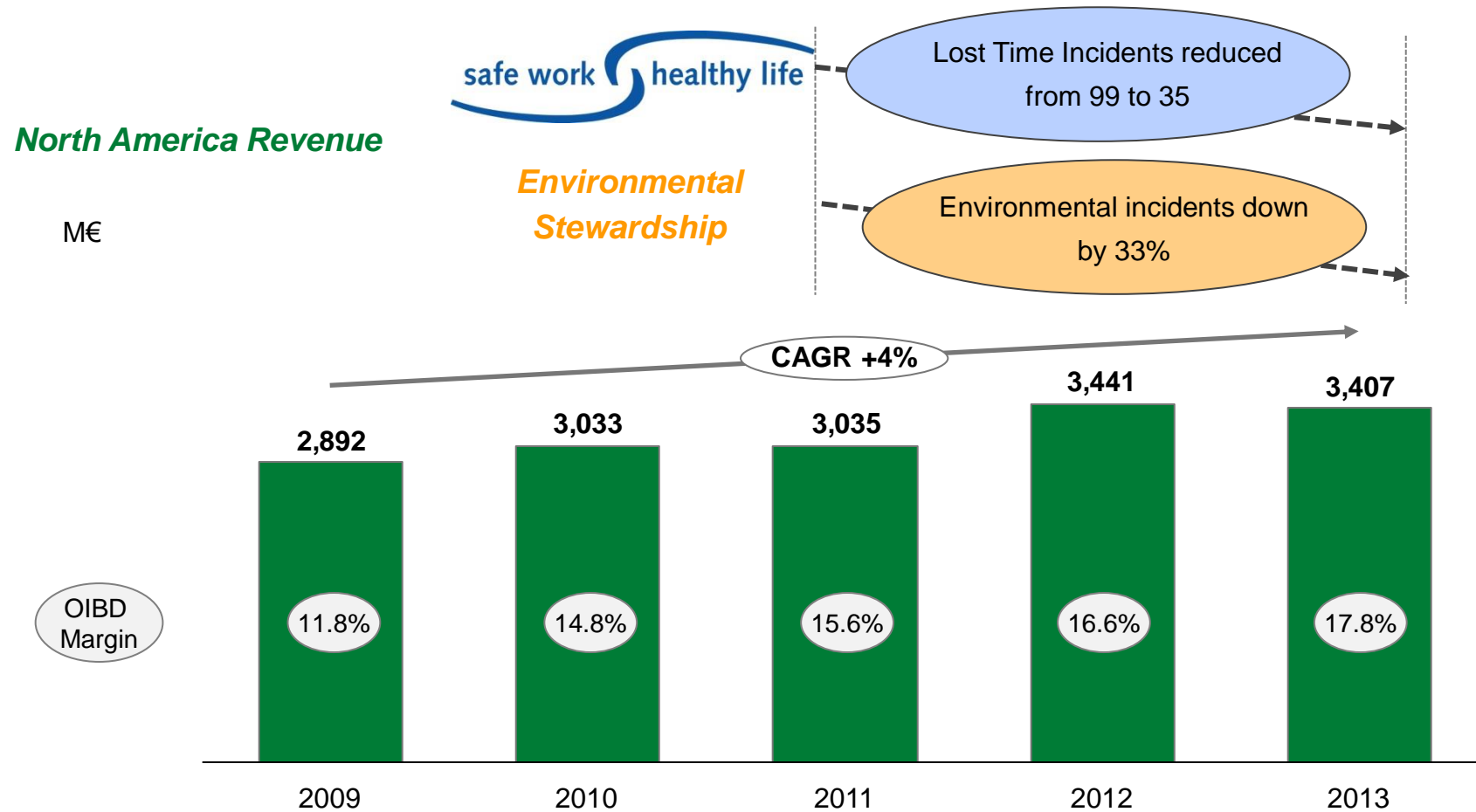


Add'l accomplishments: Balance Sheet Mgmt, Overhead Optimization

Foundation is strong → Focus on execution must continue

Market recovery is underway, but exciting years lie ahead

Historical Results



Lehigh Hanson is well positioned for continuing future success

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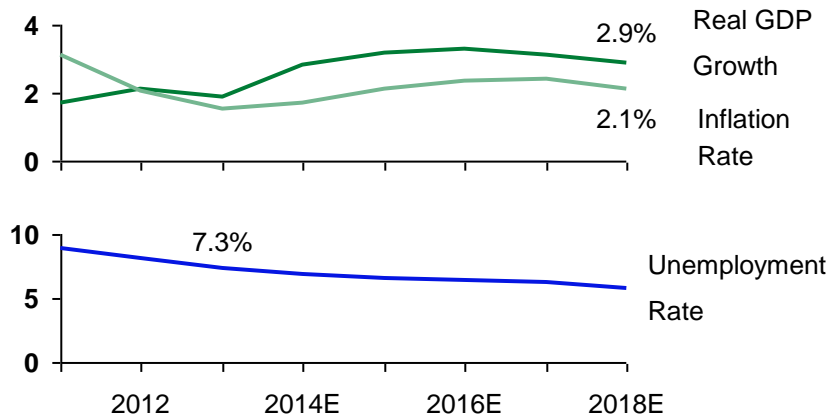
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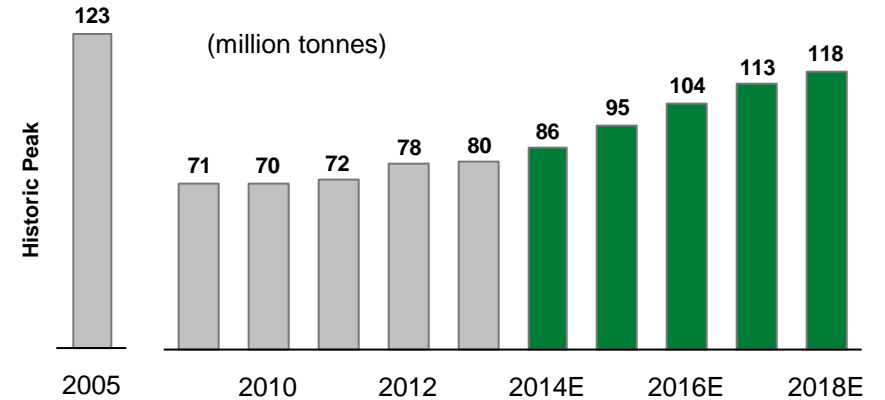
U.S. expecting steady growth

Market and Outlook

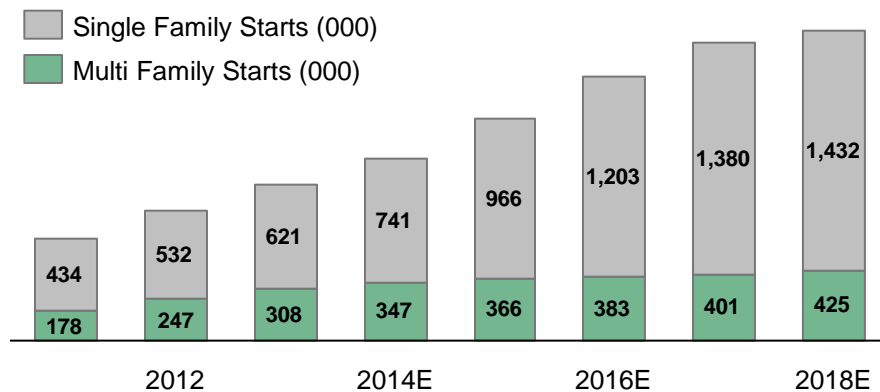
General Economic Factors



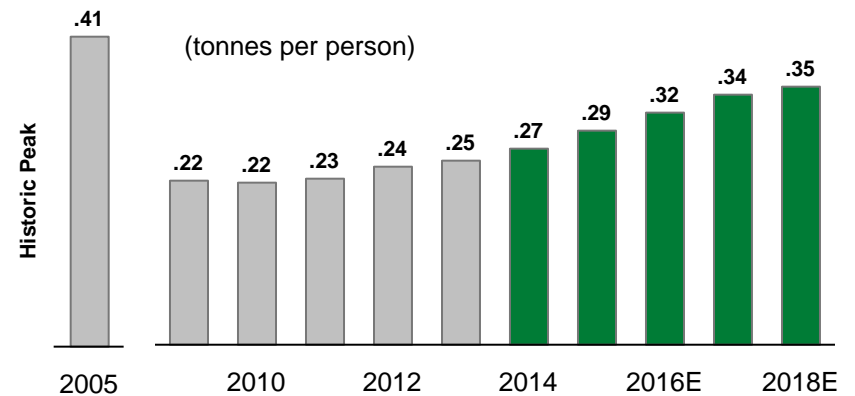
Total Cement Consumption



Housing Starts

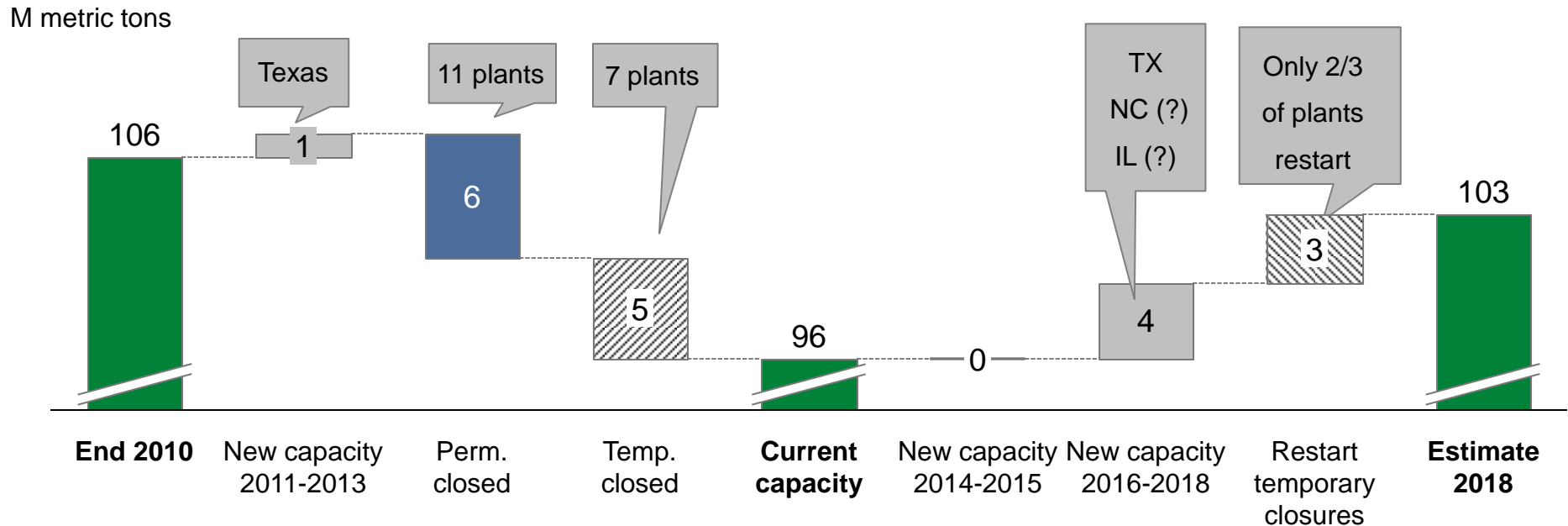


Cement Consumption per Capita



Reduced U.S. clinker capacity faces cost pressure

Clinker Capacity



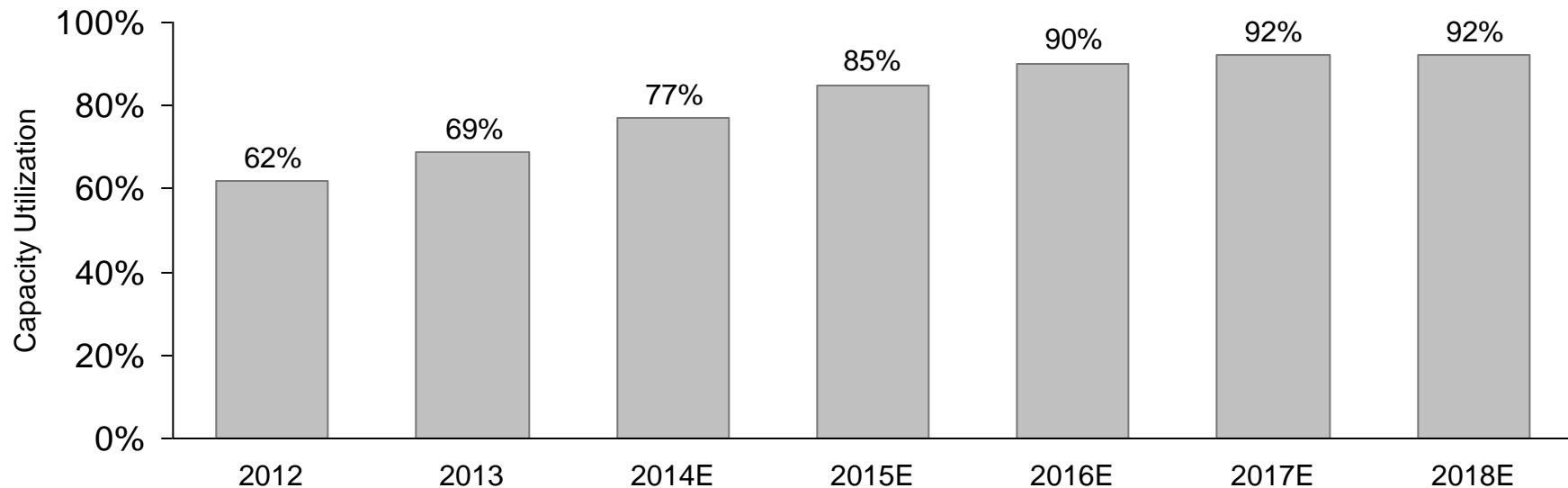
- Capacity has fallen by approximately 10 million metric tons since 2010
- During this same period, U.S. cement producers have faced large required capital investments (~\$2B) and rising costs (\$3-5 per ton).

Gross margin management is critical to optimize remaining capacity in the U.S. market

U.S. capacity utilization continues to climb

Clinker Capacity Utilization

- PCA expects utilization rates will exceed 80% on a national basis in 2015 and approach 90% by the following year.
- Lehigh Hanson outperforms the industry capacity utilization average due to strength of micro-markets, integrated marketing, product quality and technical support.

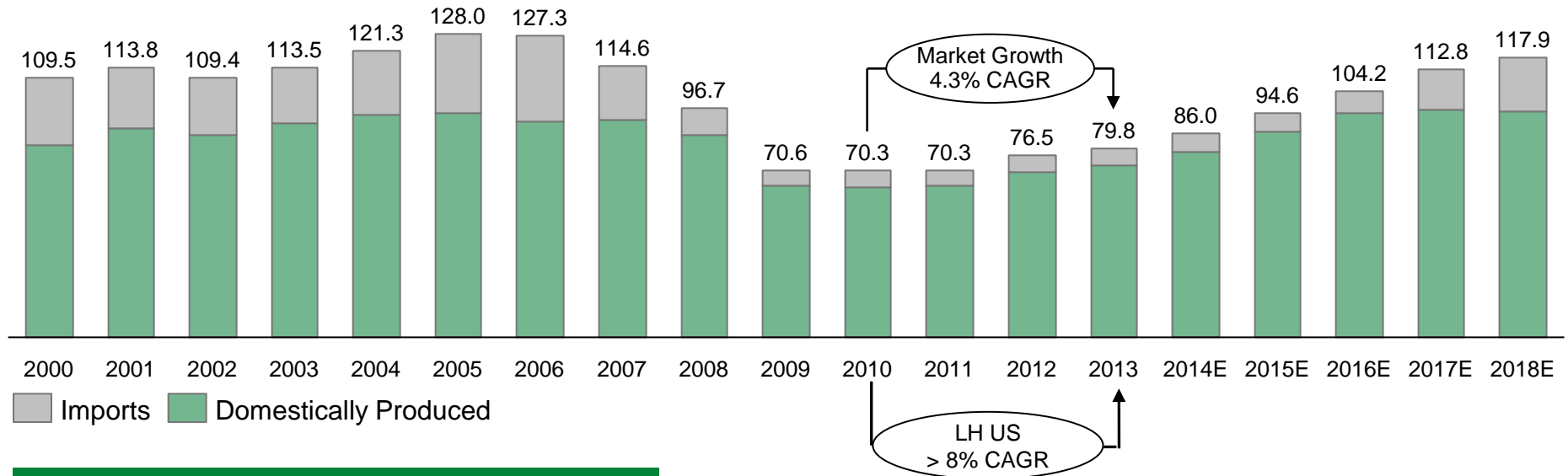


At ~ 80% utilization, Lehigh Hanson is exceeding industry capacity utilization trends

Cement imports key for future growth

Breakdown of Historical & Projected Cement Supply

Total US cement consumption (mt)



Lehigh Hanson Import Growth

- Historical imports peaked at 4+ million tons
- The following areas added import capacity since 2006, spread across 16 facilities:
 - Northeast / Mid-Atlantic: 5 facilities
 - South-Atlantic / Gulf: 7 facilities
 - Pacific Coast: 4 facilities
- Current annual import capacity exceeds **7 million tons**

- As domestic shortages increase and supply shifts in favor of imports, Lehigh Hanson stands to gain significant market share.
- Lehigh Hanson has the capacity to supply more than 30% of projected imports for 2018.

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Broad import capabilities demonstrated in historical years

Historical Imports by Origin



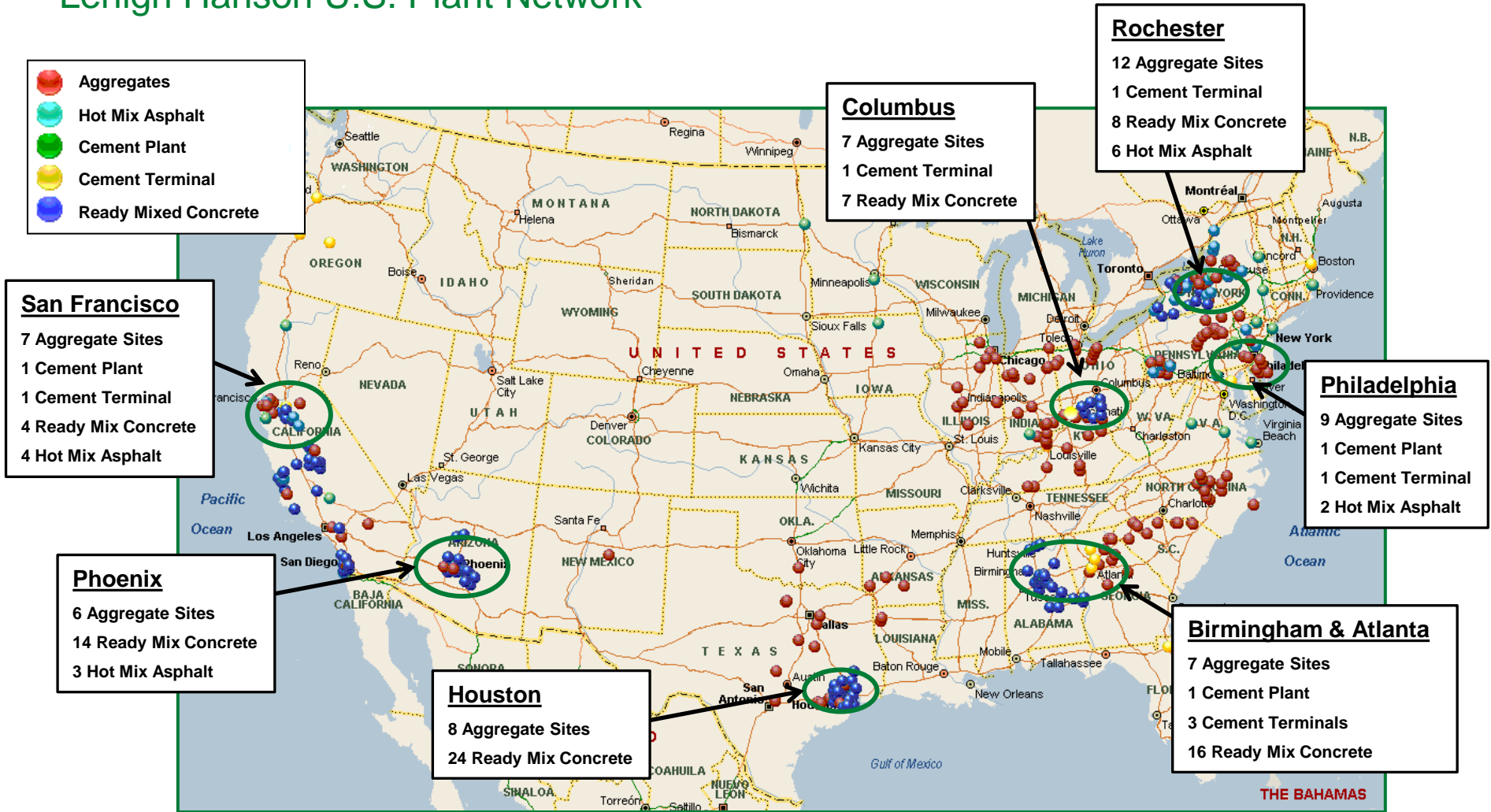
Extensive footprint of import facilities draws from global resources

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Broad footprint with strong integrated positions

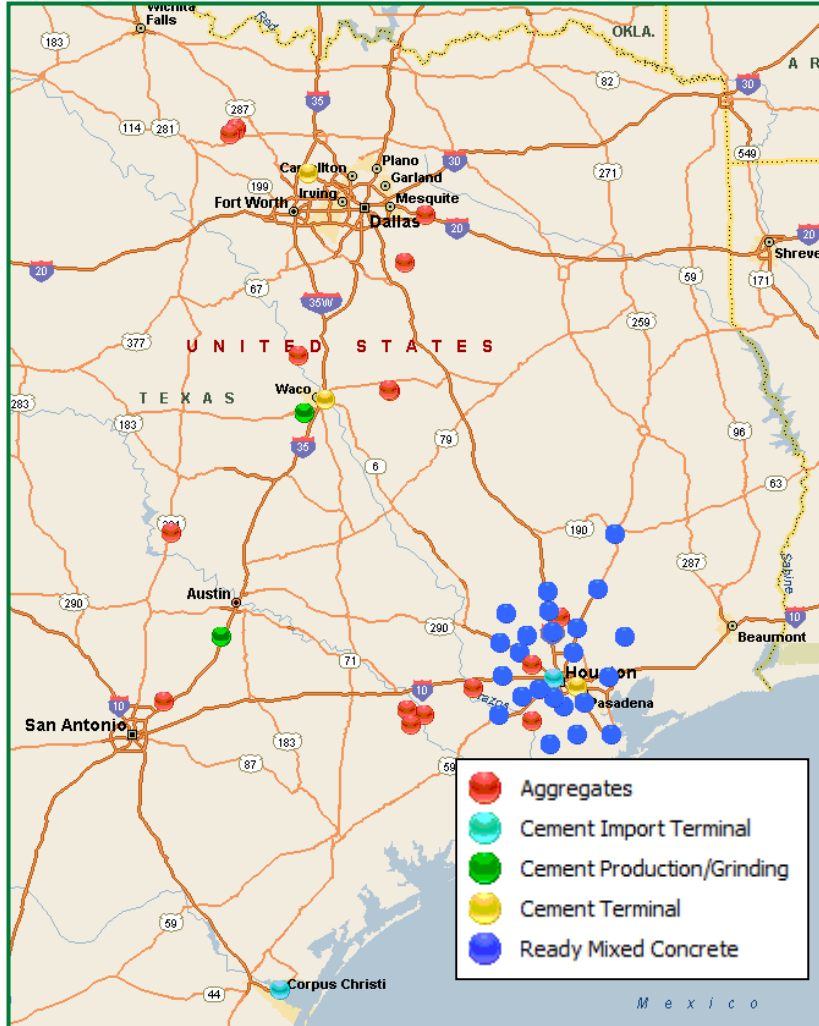
Lehigh Hanson U.S. Plant Network



*Some locations include multiple product lines.

Attractive positions in key Texas cities

Deep-dive: Texas



* Stabilized sand location not mapped

Texas Footprint*

- 1 grey cement plant (JV)
- 1 white cement plant (JV)
- 5 cement terminals (JV)
- 18 aggregates locations
- 24 ready-mix concrete locations
- 25 stabilized sand locations



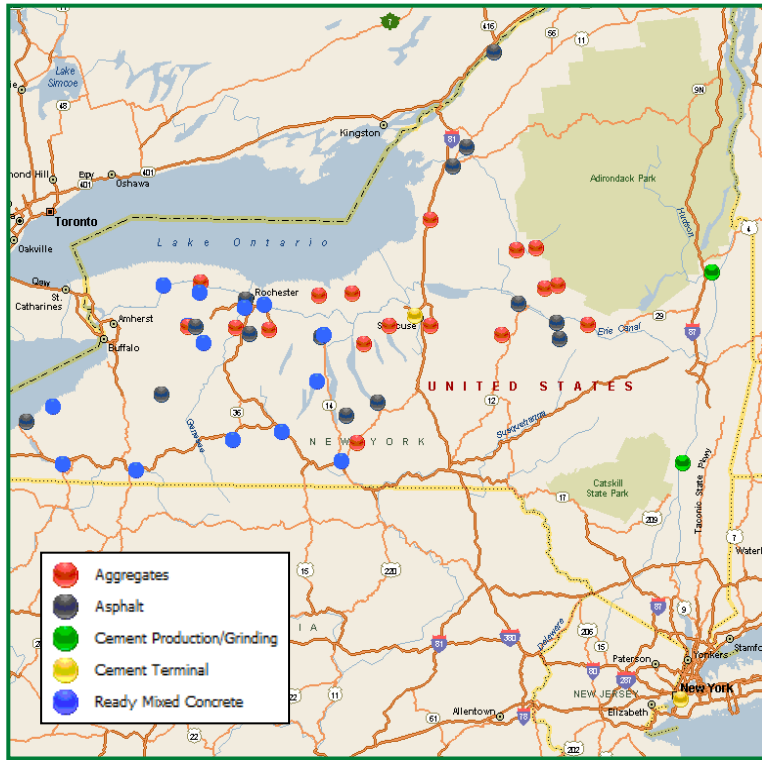
Competitive Position

- Texas Lehigh Cement is a leading supplier of oil well cement in the state.
- Vertically integrated ready-mix supplier in Houston.
- Leading aggregates producer in the DFW and Houston markets.
- Top line growth for Lehigh Hanson Texas improved more than 40% from the low point of the recession.

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New York footprint creates a competitive advantage

Deep-dive: New York



* Some locations include multiple product lines



Glens Falls Plant

New York Footprint*

- 1 cement plant
- 1 grinding plant
- 2 rail served cement terminals
- 1 water-based cement terminal
- 27 aggregates locations
- 13 asphalt locations
- 13 ready-mix concrete locations

Competitive Position

- Focus on cement and slag only in Metropolitan New York with strong market position
- Brooklyn terminal on East River can be supplied by imports or domestic cement and location represents an excellent competitive advantage
- Leading aggregates and asphalt supplier in Central and Western New York State
- Strong fully integrated position in Western New York State

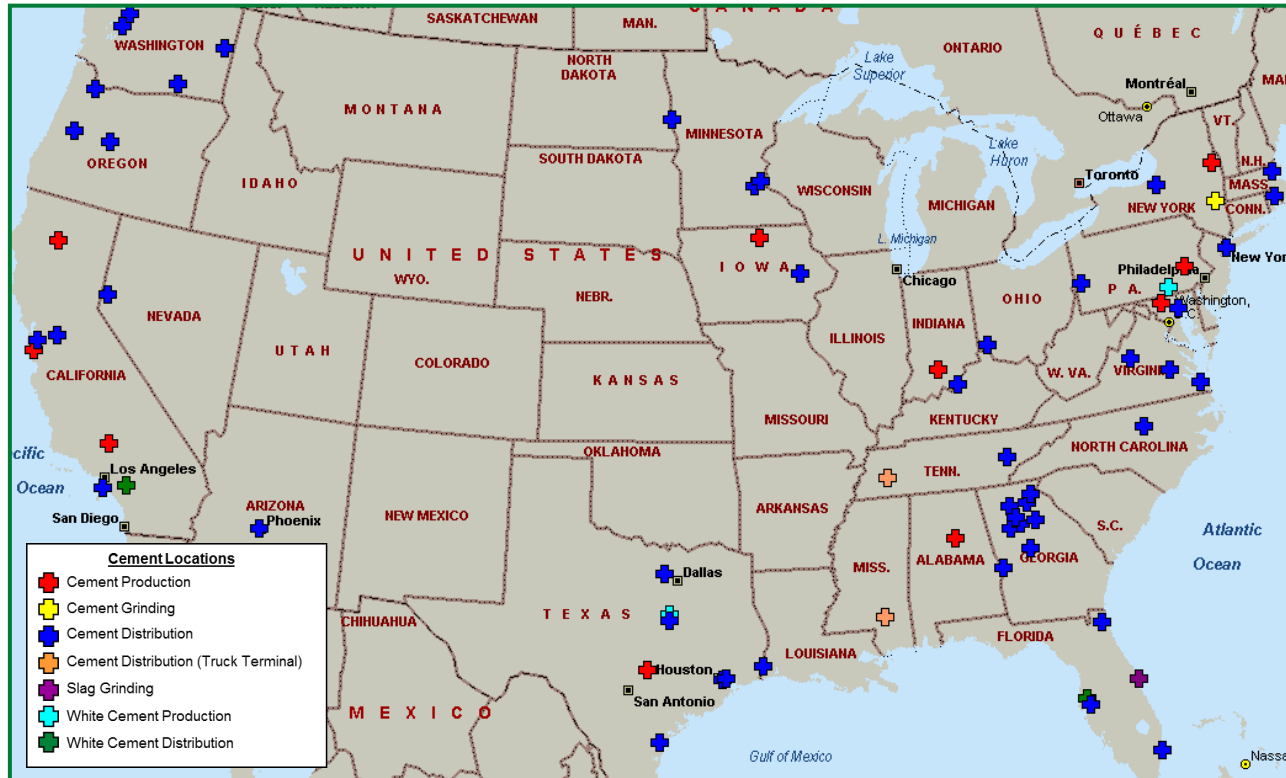


Brooklyn Terminal

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Positive outlook for balanced cement footprint

Cement Production & Distribution Locations



Cement Outlook in Key States for HC

State	Cement Consumption CAGR	
	2008 - 2013	'2013 - 2018
California	-2%	9%
Florida	-4%	14%
New York	-3%	6%
Texas	1%	6%

Lehigh Hanson can serve virtually all high growth regions in the U.S., and its import capabilities complement its domestic plant network

Key import positions in New York and Texas

Deep Dive

New York

- Rural New York markets served by Glens Falls plant and Union Bridge
- Metropolitan New York served by Brooklyn terminal, which is typically an import terminal, but is currently supplied by domestic plants (Union Bridge and Evansville) to optimize plant operations and absorb fixed costs
- Freight from domestic plants to Brooklyn ranges from \$25 to \$40 per ton. Consequently, landed costs at the terminal are close to import costs
- Net impact of resuming imports:
 - No significant change in cost structure at Brooklyn terminal
 - Reduced freight risk (truck/barge)
 - Union Bridge and Evansville redirects shipments to growing local markets at higher MillNets
 - Potential benefit to HC plants outside NAM and HC Trading to supply Brooklyn

Texas

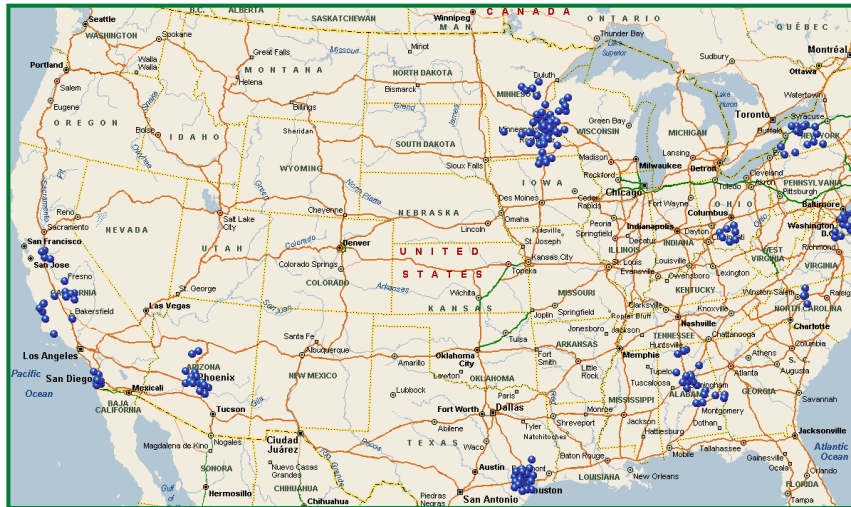
- South Texas plant focusing on oil well and other specialty cements
- Houston is traditionally an import market as cost-to-market is higher from domestic plants. The exception is during periods of low demand, when domestic producers typically expand market reach to include the greater Houston area
- Texas Lehigh imports via joint venture in Houston and has its own facility in Corpus Christi
- Attractive opportunities have been identified to further expand imports into Texas



Strong integration of core products with RMC plants

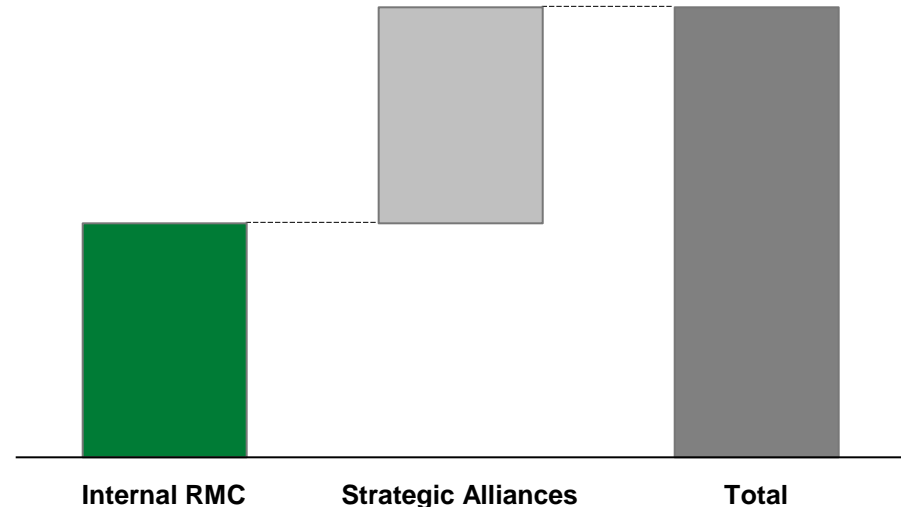
Ready-Mix Concrete Network

Lehigh Hanson U.S. RMC Sites



- In addition to Lehigh Hanson's 106 U.S. ready-mix plants, we supply additional plants across the U.S. through strategic alliances
- Despite recent improvement, Lehigh Hanson's RMC volumes still have significant room for growth driven by residential construction

2013 NAM RMC Volumes

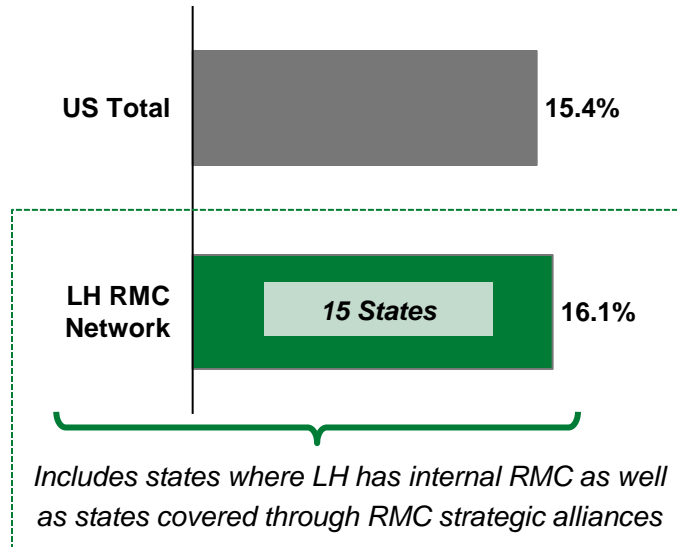


2013 sales to internal RMC plants and strategic alliance partners accounted for ~30% of cement volumes and ~13% of aggregates volumes

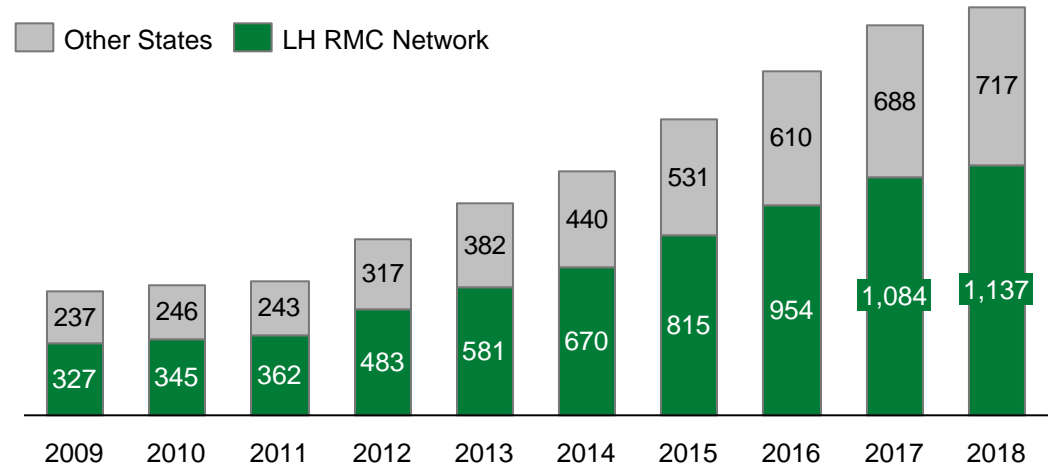
RMC network is strategically positioned for growth

Residential Growth

Housing Permits CAGR ('10-'18)



Total Housing Permits



- Through internal RMC plants and alliances with strong independent RMC companies, Lehigh Hanson has a well-positioned concrete network across the U.S.
- The 15 states covered by the Lehigh Hanson RMC network have accounted for an average of 60% of U.S. housing permits through the recession and recovery

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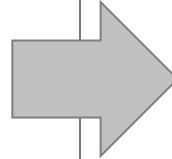
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Positive results in recent years

Lehigh Hanson Achievements

Achievements since 2012 Investor Day:

- ✓ Best-in-class financial structure
- ✓ Win in the market
- ✓ Optimize organizational performance



DELIVERED

- Integrated marketing in key micro markets
- #4 in Aggregates + #3 in Cement = **#1 Integrated Producer**
- Superior SG&A management leads to **higher operating leverage** in the mid to long term
- **Cash management is key** → disciplined Capex management and continuously improved working capital
- Successful cost and efficiency programs have led to **industry-leading results**

✓ IMO

✓ WIN

✓ FITNESS

✓ FOX

✓ PERFORM

✓ CLIMB

✓ Purchasing

✓ OPEX

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Current priorities for Lehigh Hanson

Conclusion

- **Lead with safety** → Strive for zero accidents, injuries and occupational illnesses
- Enhance attractive market positions through **small bolt-on acquisitions** and other **strategic initiatives**
- Increase focus on gross margin → **Maximize operating leverage**
- Commitment to **environmental stewardship**
- Unwavering focus on **customer excellence**
- Leverage **strong terminal network** to seize future import opportunities
- Continue demonstrated cost management (CLIMB, CIP)
- Ongoing balance sheet management
- Value creation through succession management and **leadership development**

Total organizational commitment to all stakeholders of Lehigh Hanson