Solid business model with strong cash generation

- Consistent improvement in finance cost and tax
- Excellent cash conversion
- Continuous deleveraging
- Outstanding progress in portfolio cleanup
- Most efficient company in the sector
- Earning an increasing premium on cost of capital

HEIDELBERGCEMENT
We continue to focus on key drivers with initiated action plan

Pulling all levers to improve margin, cash flow and support solid IG rating

- **Cost management**
  - New SG&A program with 100m€ saving target

- **Margin improvement**
  - Aggressive commercial excellence initiatives to regain margin

- **Cash generation**
  - Accelerated disposal policy to reach high end of the announced 1 to 1.5 b€ target

- **Cash management**
  - Limit growth CapEx with total 700m€ for next 2 years
Solid volume development and improved financials signal a strong Q4 performance

- Solid operational result in Q4
- Improved finance cost and taxes
- Accelerated portfolio optimization

- Strong FCF generation
- Increase in EPS
- Further deleveraging

Despite unexpected external factors, we are confident to deliver solid 2018 results
Overview of business development in 2018; First view 2019

2018: Solid performance despite unexpected factors

Unpredicted issues put pressure on operations:

- Energy costs inflation
- Extreme harsh weather
- Unexpected production issues

Compensated by operational and financial performance:

- Solid volume and price development
- Improved financial result
- Further optimized tax structure

Strong cash generation, clear increase in EPS and further deleveraging.

2019: Strong results and margin improvement expected

- Indonesia turning positive
- Margin improvement driven by announced "action plan"
- Normalized weather in US
- Limited energy cost inflation
- Continued price improvement in Europe

Solid earnings growth

Easy comparison base for 2019; while the trend is clearly improving.
Portfolio Management – Growth CapEx & Disposals

Significant cash potential driven by:

1. **Limit gross growth CapEx** with 700m€ for next 2 years.
2. **Accelerate disposal policy** to reach high end of our target.

**Net Growth CapEx:**

<table>
<thead>
<tr>
<th>Year</th>
<th>-291</th>
<th>-500</th>
<th>+300</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>725</td>
<td>434</td>
<td></td>
</tr>
<tr>
<td>2018*</td>
<td>1,000*</td>
<td>500*</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>500</td>
<td>500</td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>500</td>
<td>500</td>
<td></td>
</tr>
</tbody>
</table>

- Gross growth CapEx (incl. M&As)
- Disposals

* Estimated value as of end of the year. 2018 gross growth CapEx includes Alex Fraser (201 mAUD) and Cementir (315 m€).

**Announced CapEx cut and disposals will improve the cash position significantly**
Target is to reduce complexity and risk; ~500 m€ already achieved in 2018. Impact on EBITDA is limited.

Disposals focused on 3 main categories

**Non-core businesses**
- Business activities outside of core business lines CEM, AGG and RMC/ASP

**Already executed:**
- US White Cement
- German Sand Lime Brick

**Weak market positions**
- Market positions in countries with high risk and/or limited growth potential

**Already executed:**
- Saudi Arabia
- Georgia
- Syria
- Ciment Quebec

**Idle assets**
- Depleted quarries and land
- Unused fixed assets
- Apartments etc.

**Already executed:**
- Tourah property in Egypt

A detailed review of real estates started.
Q3 marked a clear turnaround in Indonesia; trend continues in Q4

Operating EBITDA vs. prior year same month

-150
July
-107
August
14
September
0
Oct+Nov

Local currency billion IDR

➢ Driven by strong domestic sales growth, price increases initiated already in July.

➢ Trend expected to maintain in 2019 with more stabilization in the industry after Semen Indonesia’s acquisition of LH assets is completed.

Indonesia will start to have positive contribution to earnings with Q4
Strengths, Performance & Strategies
# HeidelbergCement – An operational leader

## Solid business model
- Best vertically integrated company.
- Simple structure focused on 3 core business lines.
- Lean organization with strong local teams.

## Unique asset base
- Ideal geographical footprint focused on urban centers.
- Well-balanced business line portfolio.
- Significant asset value located in key markets.

## Efficiency leader
- Huge operating leverage driven by already completed programs.
- Continuous focus on KPIs, technology, innovation and sustainability.
- Portfolio optimization to reduce complexity and risk structure.

## Significant potential
- Well-positioned for business cycle.
- Clear focus on cash generation.
- Cash allocation dedicated to increase shareholder value.

**Best-in-class operator with unique asset base and good future potential**
Solid and efficient business model with clearly defined targets

**Vertical Integration**
Operate in all core business lines in key urban markets.

**Efficiency Gains**
Focus on KPIs, savings, technology, innovation.

**Lean Organization**
Strong local teams with flat hierarchy structure.

**Sustainable Development**
Actively contribute to the Sustainable Development Goals of UN.

**Operational strength leading to continuously improved results**

- Cover all end-sectors, pricing power, efficient distribution.
- Continuous improvement in margins and business standards.
- Quick reaction to market changes, high loyalty.
- Committed to sustainable growth, environment and society.
Focus on 3 core business lines

**Cement**
- 50% of Group revenue
- 61% of Group EBITDA
- Developed: 54%
- Emerging: 46%
- Infrastructure 40%
  - Residential 30%
  - Commercial 30%

**Aggregates**
- 22% of Group revenue
- 31% of Group EBITDA
- Developed: 92%
- Emerging: 8%
- Infrastructure 60%
  - Residential 20%
  - Commercial 20%

**RMC & ASP**
- 28% of Group revenue
- 2% of Group EBITDA
- Developed: 84%
- Emerging: 16%
- Infrastructure 30%
  - Residential 30%
  - Commercial 40%

Well-balanced portfolio
Ideal geographical footprint
Integrated to cover all end-use

Our core business is processing of raw materials

Slide 13 - Commerzbank German Investment Seminar – 14 January 2019
CO₂ will increasingly influence production & investment decisions

- CO₂ prices significantly increased since last year driven by new regulations and emissions trading schemes
  - Consolidation in the markets
  - Capacity closure, increased utilization
  - Limit exports
  - Pricing power

HC is well positioned for the future

- Strong long position in CO₂ rights
- Technology leader in carbon reduction projects
Overview of latest results
### Organic growth achieved despite cost pressure and harsh weather impacts

- Volume increase in all business lines and positive pricing lead to +10% organic revenue growth.
- Operating EBITDA +2%; Operating Income +2% in LfL basis.
- Group share of profit in Q3 up by 12%; Earnings per share increases from 2.42 € to 2.72 €.

### Solid FCF generation; we continue to earn premium on cost of capital

- LTM Free Cash Flow at ~1.2 bn€, same level as prior year despite lower EBITDA.
- Strong business activity reflected in high Working Capital; normalization expected at year-end.
- Net Debt reduced to 9.5 b€ – an improvement of 135 m€ in Q3 2018 vs. prior year.
- ROIC of 7.1% in Q3 2018 exceeds cost of capital of 6.3%.

### Action plan initiated focusing on 3 major levers

- Portfolio optimization: Accelerated disposal policy; further divestment potentials under review
- Operational excellence: Launch of new efficiency program focusing on SG&A with 100m€ saving target
- Adjust CapEx hurdle rate to “share buyback valuation”; limit growth Capex with average 350m€ p.a.
## Key operational and financial figures

### Operational performance:

<table>
<thead>
<tr>
<th></th>
<th>m€</th>
<th>Sep 17</th>
<th>Sep 18</th>
<th>Change</th>
<th>%</th>
<th>LfL %</th>
<th>Q3 17</th>
<th>Q3 18</th>
<th>Change</th>
<th>%</th>
<th>LfL %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cement volume (’000 t)</td>
<td></td>
<td>93,537</td>
<td>97,010</td>
<td>3,473</td>
<td>3.7%</td>
<td>3.9%</td>
<td>33,446</td>
<td>35,145</td>
<td>1,699</td>
<td>5.1%</td>
<td>5.9%</td>
</tr>
<tr>
<td>Aggregate volume (’000 t)</td>
<td></td>
<td>228,950</td>
<td>232,913</td>
<td>3,963</td>
<td>1.7%</td>
<td>1.1%</td>
<td>86,646</td>
<td>87,741</td>
<td>1,095</td>
<td>1.3%</td>
<td>1.3%</td>
</tr>
<tr>
<td>Ready Mix volume (’000 m³)</td>
<td></td>
<td>35,040</td>
<td>35,820</td>
<td>780</td>
<td>2.2%</td>
<td>3.3%</td>
<td>12,419</td>
<td>12,871</td>
<td>452</td>
<td>3.6%</td>
<td>4.8%</td>
</tr>
<tr>
<td>Asphalt volume (’000 t)</td>
<td></td>
<td>7,099</td>
<td>7,848</td>
<td>748</td>
<td>10.5%</td>
<td>3.5%</td>
<td>3,195</td>
<td>3,353</td>
<td>158</td>
<td>5.0%</td>
<td>0.3%</td>
</tr>
<tr>
<td>Revenue</td>
<td></td>
<td>13,004</td>
<td>13,375</td>
<td>371</td>
<td>2.9%</td>
<td>7.4%</td>
<td>4,610</td>
<td>4,943</td>
<td>334</td>
<td>7.2%</td>
<td>9.9%</td>
</tr>
<tr>
<td>Operating EBITDA</td>
<td></td>
<td>2,405</td>
<td>2,227</td>
<td>-179</td>
<td>-7.4%</td>
<td>-1.6%</td>
<td>1,058</td>
<td>1,039</td>
<td>-19</td>
<td>-1.8%</td>
<td>2.2%</td>
</tr>
<tr>
<td>in % of revenue</td>
<td></td>
<td>18.5 %</td>
<td>16.6 %</td>
<td>-185 bps</td>
<td>-154 bps</td>
<td>23.0 %</td>
<td>21.0 %</td>
<td>-194 bps</td>
<td>-160 bps</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating income (*)</td>
<td></td>
<td>1,578</td>
<td>1,411</td>
<td>-168</td>
<td>-10.6%</td>
<td>-3.4%</td>
<td>787</td>
<td>764</td>
<td>-23</td>
<td>-3.0%</td>
<td>2.0%</td>
</tr>
<tr>
<td>Cement EBITDA margin</td>
<td></td>
<td>22.8 %</td>
<td>20.7 %</td>
<td>-208 bps</td>
<td></td>
<td>27.3 %</td>
<td>24.8 %</td>
<td>-249 bps</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aggregates EBITDA margin</td>
<td></td>
<td>24.7 %</td>
<td>23.8 %</td>
<td>-96 bps</td>
<td></td>
<td>30.5 %</td>
<td>30.7 %</td>
<td>+13 bps</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RMC+ASP EBITDA margin</td>
<td></td>
<td>1.3 %</td>
<td>0.8 %</td>
<td>-45 bps</td>
<td></td>
<td>2.6 %</td>
<td>2.6 %</td>
<td>-6 bps</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Key financial figures:

<table>
<thead>
<tr>
<th></th>
<th>m€</th>
<th>Sep 17</th>
<th>Sep 18</th>
<th>Change</th>
<th>Q3 17</th>
<th>Q3 18</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group share of profit</td>
<td></td>
<td>768</td>
<td>915</td>
<td>19%</td>
<td>481</td>
<td>539</td>
<td>12%</td>
</tr>
<tr>
<td>Earnings per share</td>
<td></td>
<td>3.87</td>
<td>4.61</td>
<td>19%</td>
<td>2.42</td>
<td>2.72</td>
<td>12%</td>
</tr>
<tr>
<td>Cash flow from operations</td>
<td></td>
<td>705</td>
<td>493</td>
<td>-211</td>
<td>836</td>
<td>721</td>
<td>-115</td>
</tr>
<tr>
<td>Total Net CapEx</td>
<td></td>
<td>-612</td>
<td>-847</td>
<td>-235</td>
<td>-174</td>
<td>-193</td>
<td>-19</td>
</tr>
<tr>
<td>Net Debt</td>
<td></td>
<td>9,653</td>
<td>9,518</td>
<td>-135</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Debt / EBITDA</td>
<td></td>
<td>3.0</td>
<td>3.1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

LfL figures excluding currency and scope.
## Overview of Group Areas

<table>
<thead>
<tr>
<th></th>
<th>REVENUES</th>
<th></th>
<th></th>
<th>Operating EBITDA</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mio EUR</td>
<td>Sep 18</td>
<td>LfL %</td>
<td>Q3 18</td>
<td>LfL%</td>
<td>Sep 18</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mio EUR</td>
<td></td>
<td></td>
<td></td>
<td>Mio EUR</td>
</tr>
<tr>
<td>North America</td>
<td>3,179</td>
<td>2.9 %</td>
<td>1,307</td>
<td>4.3 %</td>
<td>727</td>
<td>-1.9 %</td>
</tr>
<tr>
<td>Western &amp; Southern Europe</td>
<td>3,678</td>
<td>3.4 %</td>
<td>1,289</td>
<td>8.0 %</td>
<td>394</td>
<td>-8.2 %</td>
</tr>
<tr>
<td>Northern &amp; Eastern Europe / C. Asia</td>
<td>2,163</td>
<td>8.7 %</td>
<td>819</td>
<td>10.0 %</td>
<td>418</td>
<td>9.1 %</td>
</tr>
<tr>
<td>Asia / Pacific</td>
<td>2,366</td>
<td>6.0 %</td>
<td>833</td>
<td>7.3 %</td>
<td>430</td>
<td>-6.6 %</td>
</tr>
<tr>
<td>Africa / Eastern Med. Basin</td>
<td>1,250</td>
<td>12.6 %</td>
<td>417</td>
<td>11.2 %</td>
<td>283</td>
<td>6.0 %</td>
</tr>
<tr>
<td><strong>Group Total</strong></td>
<td>13,375</td>
<td>7.4 %</td>
<td>4,943</td>
<td><strong>9.9 %</strong></td>
<td><strong>2,227</strong></td>
<td>-1.6 %</td>
</tr>
</tbody>
</table>

The highlighted area indicates the Group Total with a 9.9% LfL% increase.
### Drivers behind Outlook downgrade

<table>
<thead>
<tr>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Solid order backlog</td>
<td>• Robust volume growth</td>
<td>• Volume increase in all BL</td>
<td>+ Indonesia expected to deliver positive EBITDA growth</td>
</tr>
<tr>
<td>• Strong growth in Africa</td>
<td>• Solid pricing</td>
<td>• Solid pricing continues</td>
<td>+ Positive tone of NAM business in October</td>
</tr>
<tr>
<td>• Positive organic growth</td>
<td>• Positive organic growth</td>
<td>• Indonesia result turns positive in September</td>
<td>+ Easier energy cost comparison base</td>
</tr>
<tr>
<td>• Extreme harsh weather in North Hemisphere</td>
<td>• Continued energy cost increase</td>
<td>• Strong increase in electricity and other variable costs in Europe</td>
<td>+ Full impact of price increases</td>
</tr>
<tr>
<td>• Less working days</td>
<td>• Unexpected production issues</td>
<td>• Harsh weather in core US markets</td>
<td></td>
</tr>
<tr>
<td>• Significant energy cost</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>First quarter impacted mainly by weather, Easter and base effects</td>
<td>Turn-around in Q2; stabilization in Indonesia and in UK</td>
<td>Positive organic growth despite cost pressure and harsh weather impacts</td>
<td>Lower gain from asset sales</td>
</tr>
</tbody>
</table>

**Organic growth**

<table>
<thead>
<tr>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organic growth -25.7% (-90 m€)</td>
<td>Organic growth +3.4% (+31 m€)</td>
<td>Organic growth +2.2% (+22 m€)</td>
<td></td>
</tr>
</tbody>
</table>

Organic growth continues to be positive but not enough to compensate the harsh weather impacts in Q1/Q3 and energy cost inflation
Significant increase in power cost in Europe

Electricity cost inflation Q3 18 vs. Q3 17

<table>
<thead>
<tr>
<th>Country</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
</tr>
</thead>
<tbody>
<tr>
<td>BENE</td>
<td>53%</td>
<td>34%</td>
<td>20%</td>
</tr>
<tr>
<td>FRA</td>
<td>17%</td>
<td>20%</td>
<td>30%</td>
</tr>
<tr>
<td>GER</td>
<td>20%</td>
<td>30%</td>
<td>40%</td>
</tr>
</tbody>
</table>

Significant cost inflation partly compensated by operational improvements

Clinker Power consumption (kwh/t clinker)

<table>
<thead>
<tr>
<th>Country</th>
<th>Total Group</th>
<th>Total Europe</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q1 2017</td>
<td>Q1 2018</td>
</tr>
<tr>
<td></td>
<td>Q2 2017</td>
<td>Q2 2018</td>
</tr>
<tr>
<td></td>
<td>Q3 2017</td>
<td>Q3 2018</td>
</tr>
</tbody>
</table>

- Total Group: Q1 -2%, Q2 -1%, Q3 -1%
- Total Europe: Q1 -3%, Q2 0%, Q3 0%
Free Cash Flow stable at roughly 1.2 bn€

Usage of free cash flow (m€)

<table>
<thead>
<tr>
<th>L12M Sep 2016 1)</th>
<th>L12M Sep 2017</th>
<th>L12M Sep 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>FCF 2)</td>
<td>Borrowing</td>
<td>Growth CapEx</td>
</tr>
<tr>
<td>1,131</td>
<td>410</td>
<td>391</td>
</tr>
<tr>
<td>1,174</td>
<td>347</td>
<td>297</td>
</tr>
<tr>
<td>1,166</td>
<td>544</td>
<td>59</td>
</tr>
</tbody>
</table>

1) Values restated ; 2) Before growth CapEx and disposals (incl. cashflow from discontinued operations) ; 3) Incl. put-option minorities;4)Includes the cash part of the acquisition price and the net financial position of ITC less cash proceeds from disposals of ITC Belgium (CCB) and ITC US assets (Martinsburg)

Net Debt reduced by 135 m€ despite weaker-than-expected RCOBD in Q3 2018

Net Debt Q3 2015^3) | ITC Acquisition^4) | Debt Payback | Accounting and FX |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>5.970</td>
<td>3.193</td>
<td>391</td>
<td>96</td>
</tr>
</tbody>
</table>

Net Debt Q3 2016^3) | ITC Acquisition^4) | Debt Payback | Accounting and FX |
<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>8.868</td>
<td>974</td>
<td>297</td>
<td>108</td>
</tr>
</tbody>
</table>

Net Debt Q3 2017^3) | Debt Payback | Accounting and FX |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>9.653</td>
<td>59</td>
<td>76</td>
</tr>
</tbody>
</table>

Net Debt Q3 2018^3) | Debt Payback | Accounting and FX |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>9.518</td>
<td>-135 m€</td>
<td></td>
</tr>
</tbody>
</table>
Disclaimer

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 underlying assumptions. 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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