

HeidelbergCement Capital Markets Day

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North America – Overview & Global Aggregates

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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.

By their very nature, forward-looking statements and information are subject to certain risks and uncertainties. A variety of factors, many of which are beyond HeidelbergCement's control, could cause actual results to differ materially from those that may be expressed or implied by such forward-looking statement or information. For HeidelbergCement particular uncertainties arise, among others, from changes in general economic and business conditions in Germany, in Europe, in the United States and elsewhere from which we derive a substantial portion of our revenues and in which we hold a substantial portion of our assets; the possibility that prices will decline as result of continued adverse market conditions to a greater extent than currently anticipated by HeidelbergCement's management; developments in the financial markets, including fluctuations in interest and exchange rates, commodity and equity prices, debt prices (credit spreads) and financial assets generally; continued volatility and a further deterioration of capital markets; a worsening in the conditions of the credit business and, in particular, additional uncertainties arising out of the subprime, financial market and liquidity crises; the outcome of pending investigations and legal proceedings and actions resulting from the findings of these investigations; as well as various other factors. More detailed information about certain of the risk factors affecting HeidelbergCement is contained throughout this presentation and in HeidelbergCement's financial reports, which are available on the HeidelbergCement website, www.heidelbergcement.com. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the relevant forward-looking statement or information as expected, anticipated, intended, planned, believed, sought, estimated or projected.

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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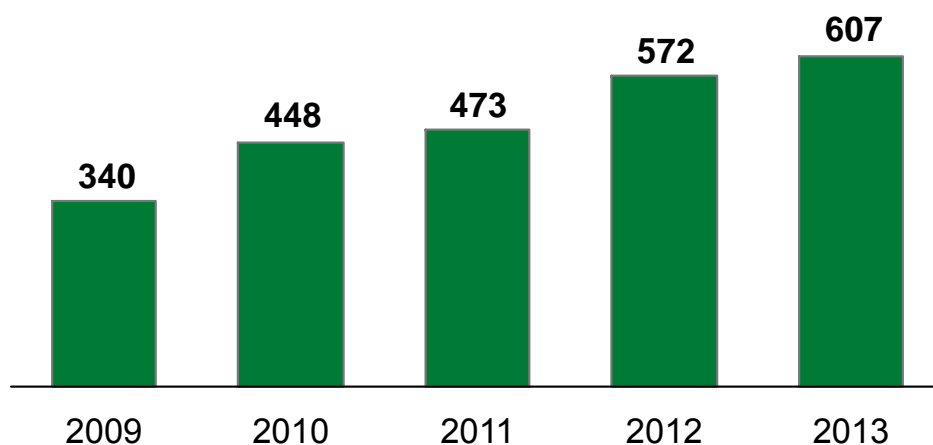
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Clear profitability improvements – peaks not reached yet

North America - Financial Summary

M€

OIBD



US industry volumes in 2013 vs. pre-crisis peak

- **Cement: -35%**
(acc. to PCA¹)
- **Aggregates: -31%**
(acc. to USGS²)

Revenue

2,892 3,033 3,035 3,441 3,407

OIBD margin

11.8% 14.8% 15.6% 16.6% 17.8%

OIBD % of assets

4.4% 5.5% 5.7% 7.2% 8.0%

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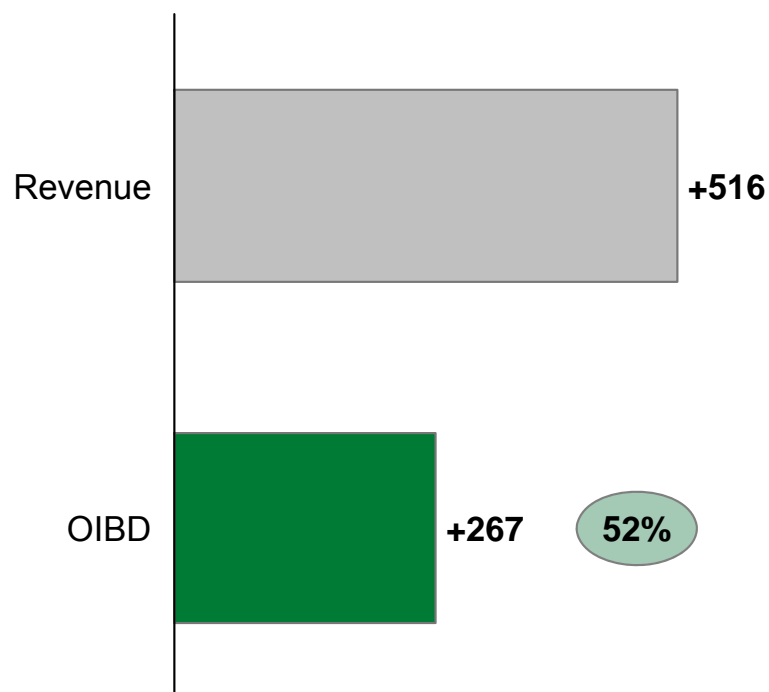
1. Cement consumption (2013 vs. 2005)
2. Crushed stone sales (excl. DE, LA; 2013 vs. 2006)

Long-term operating leverage exceeds 50%

North America - Operating Leverage

Long-term Op. Leverage (2013 vs. 2009)

Delta (2013 vs. 2009)
M€



Critical Drivers

- 1 Pricing programs, e.g.**
 - PERFORM (CEM)
 - CLIMB Commercial (AGG)
- 2 Cost discipline, e.g.**
 - FOX (Purchasing)
 - WIN NAM (Overhead)
- 3 Productivity gains, e.g.**
 - OPEX (CEM)
 - CLIMB (AGG)

Balanced footprint covering base and growth markets

North America - Geographic Footprint

○ % of rev. ('13)

24% Canada Region

■ Cement plants	2
■ Aggregates sites	55
■ Ready-mix plants	62
■ Import terminals	1

27% North Region

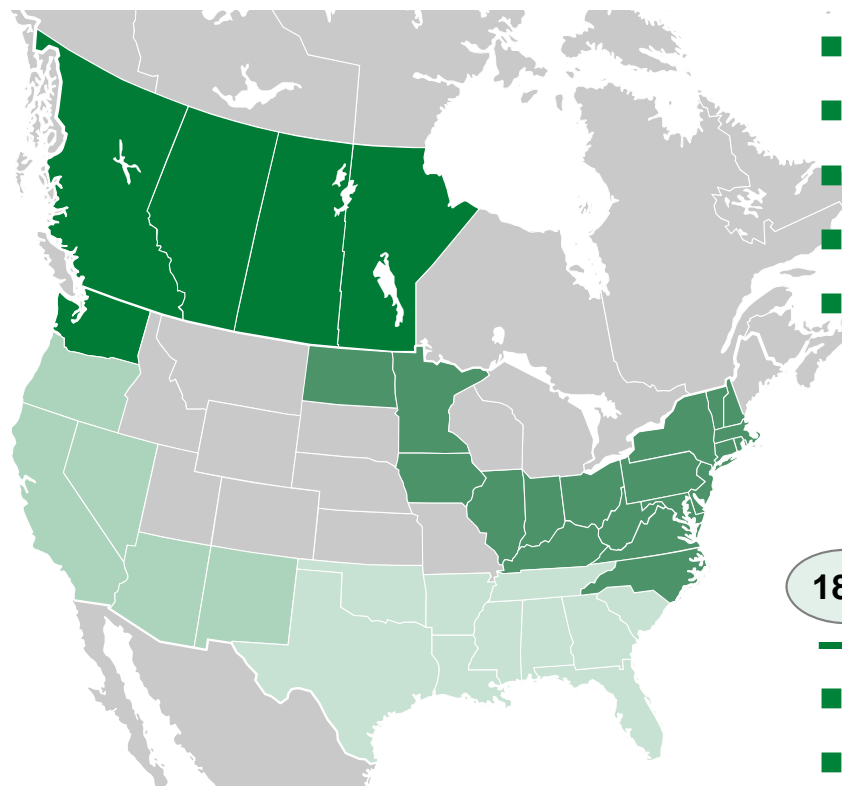
■ Cement plants	5
■ Aggregates sites	98
■ Asphalt plants	25
■ Ready-mix plants	21
■ Import terminals	5

12% West Region

■ Cement plants	3
■ Aggregates sites	23
■ Asphalt plants	13
■ Ready-mix plants	30
■ Import terminals	3

18% South Region

■ Cement plants	2
■ Aggregates sites	49
■ Ready-mix plants	36
■ Import terminals	7



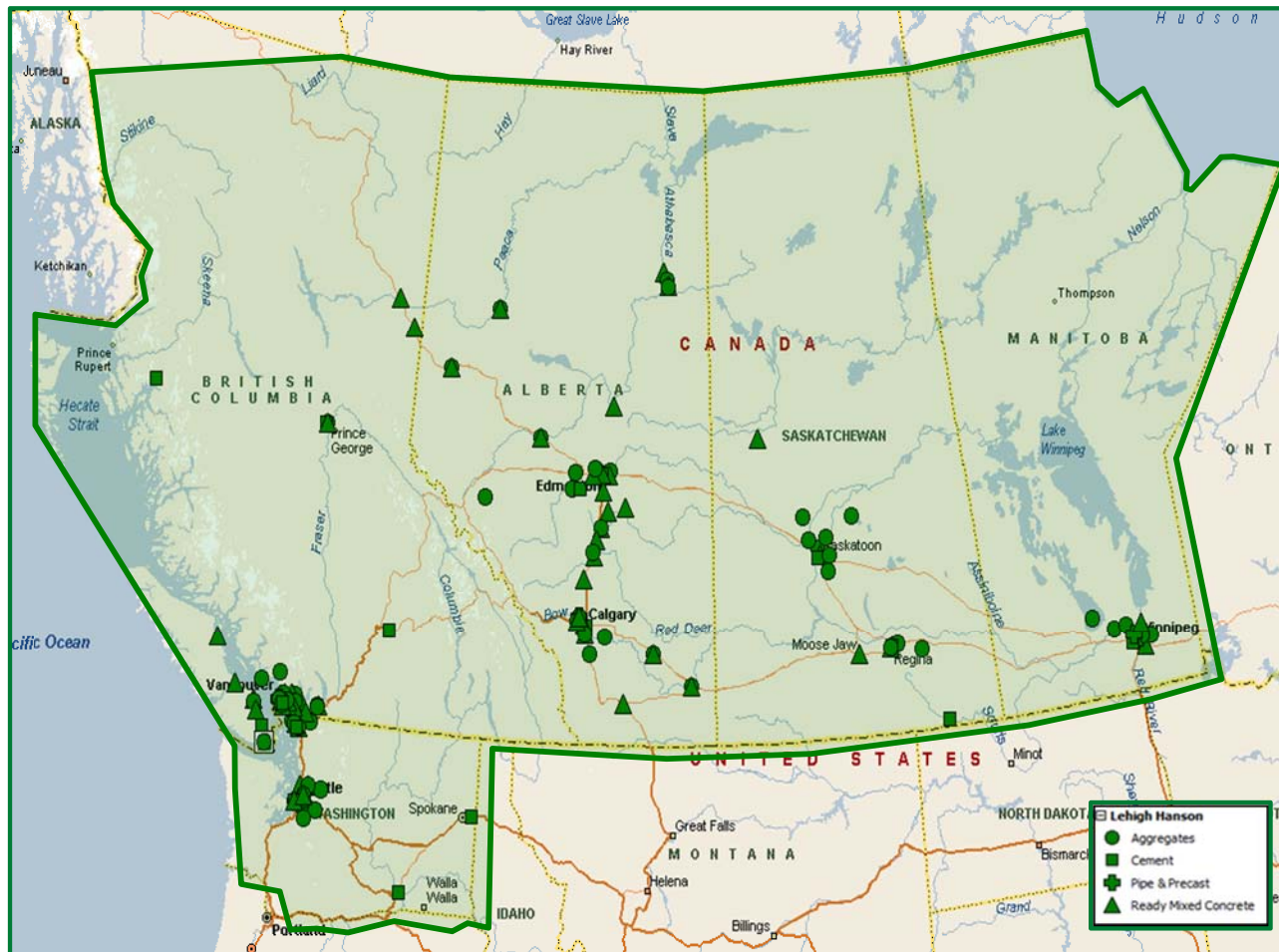
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Strong position in Western Canada and the Pacific NW

Region Canada - Footprint

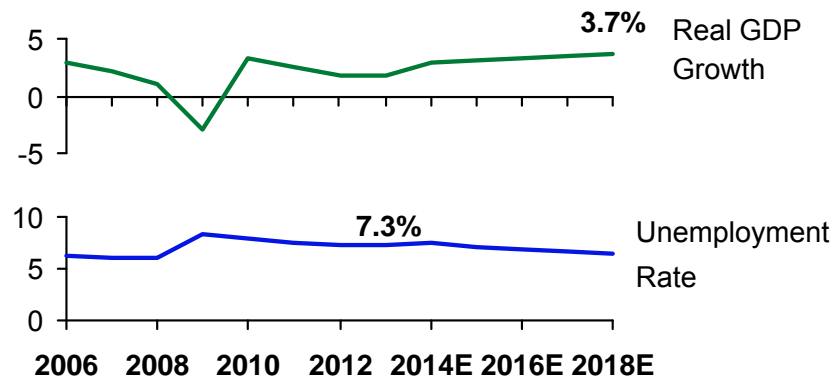


- Region Canada operates in the four **Western Canada** provinces and the state of Washington
- Region Canada has consistently proven to be a **financial stronghold** of our North America operations
- **Strong outlook** supported by positive development throughout resource driven Western Canada's economy

Region Canada forecast projects continued growth

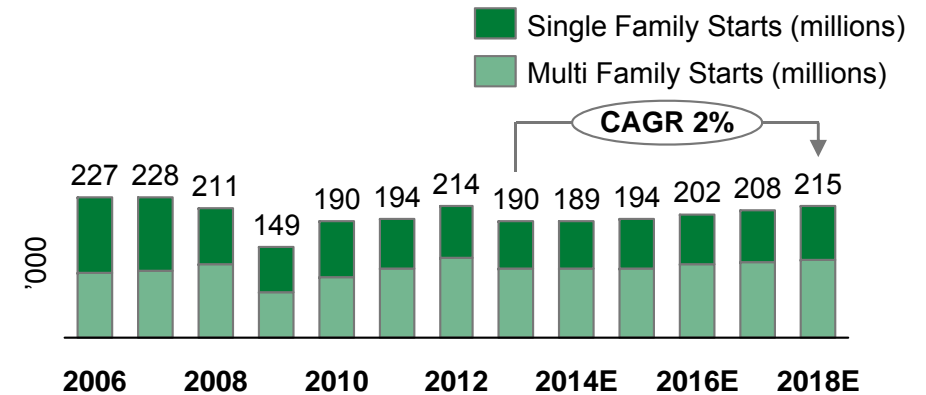
Canada - Market and Outlook

GDP / Unemployment



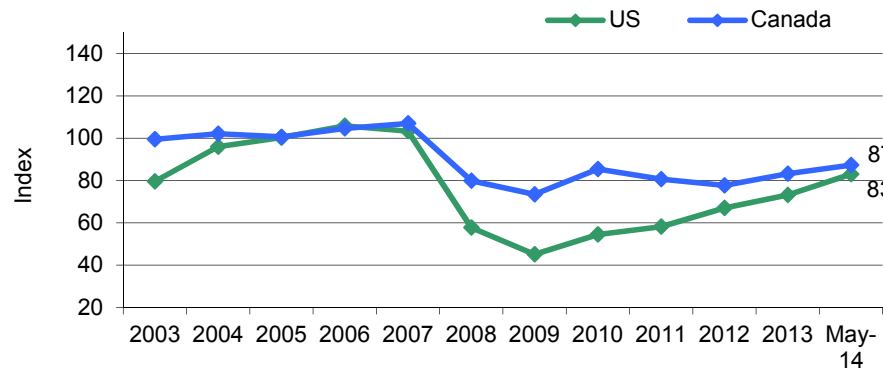
Source: PCA Summer 2013 Canada Forecast Reports

Housing Starts



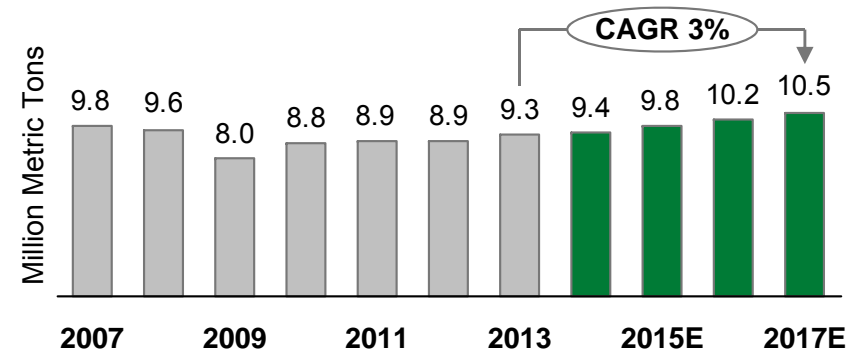
Source: Canada Mortgage and Housing Corporation

Consumer Confidence Index



Source: Conference Board (May 2014); index 2002 = 100

Cement Consumption



Source: Statscan, Cement Association of Canada

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Western and Eastern Canada with different characteristics

Comparison - Western Canada vs. Eastern Canada

Western Canada



Metric	
GDP '13 (CAGR '13-'18)	C\$ 590Bn (3.9%)
Population (CAGR '12/'13)	11.1M (2.0%)
Cement Consumpt. '13	39% (of CAN total)
Per Capita (2013)	315 kg cement p.c.

- **Natural resource development** drives a significant portion of the economy
- **Distribution mostly done by rail and road** in the Prairies while predominantly **barge and ship transport** on the West Coast
- Markets **vary in vertical integration**, while markets include a multitude of local, national and multinational building product producers

Eastern Canada



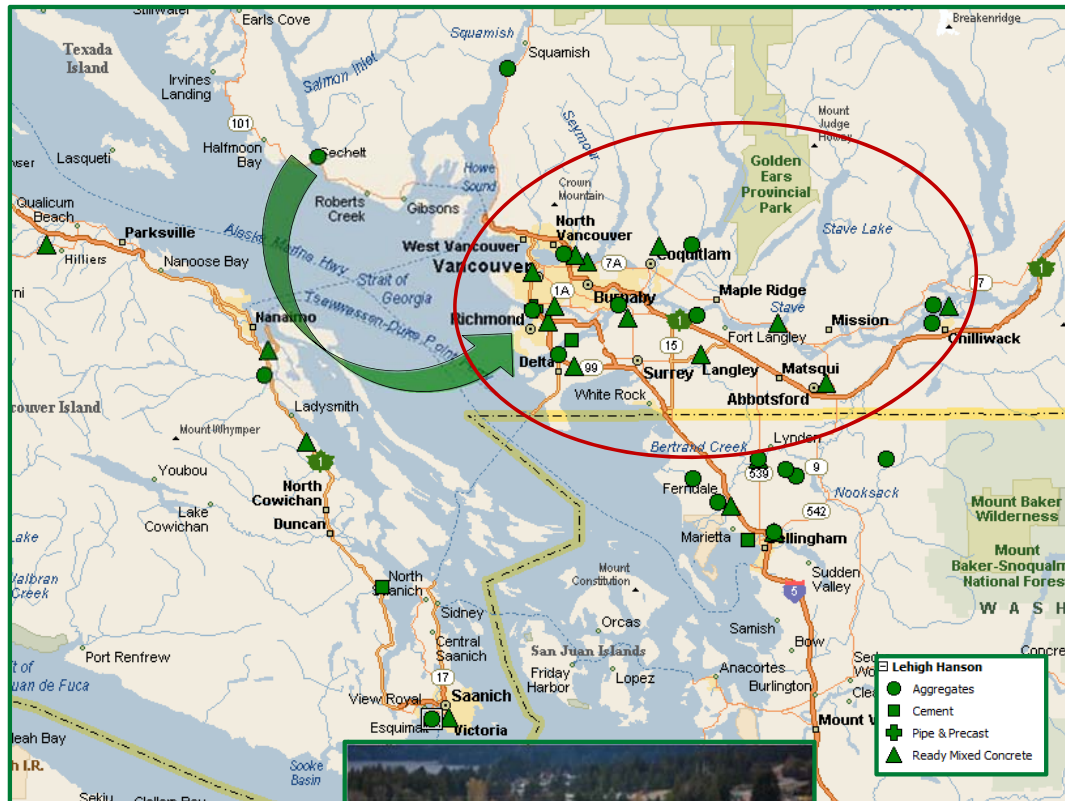
Metric	
GDP '13 (CAGR '13-'18)	C\$ 981Bn (3.0%)
Population (CAGR '12/'13)	24.1M (1.0%)
Cement Consumpt. '13	61% (of CAN total)
Per Capita (2013)	227 kg cement p.c.

- Large centers along the **St. Lawrence Seaway and the Great Lakes** drive the economy
- **Exports to the US** are primarily from Eastern Canada, while increased opportunities for barging and shipping extends market reach
- **Quebec and Ontario are mature** and vertically integrated markets, while most market participants are large, multinational building materials producers

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Strong, vertically integrated market positions

Deep-dive (micro-market): Vancouver, British Columbia



Sechelt plant

Footprint

- Fully integrated position with top 3 market position in all three core business lines
- Operates one of the largest sand and gravel mines in North America
- Significant reserve bases for concrete and non-concrete aggregates

Distribution

- Strong water-based aggregates depots in central market locations
- Control of marine-based distribution with own large barge fleet

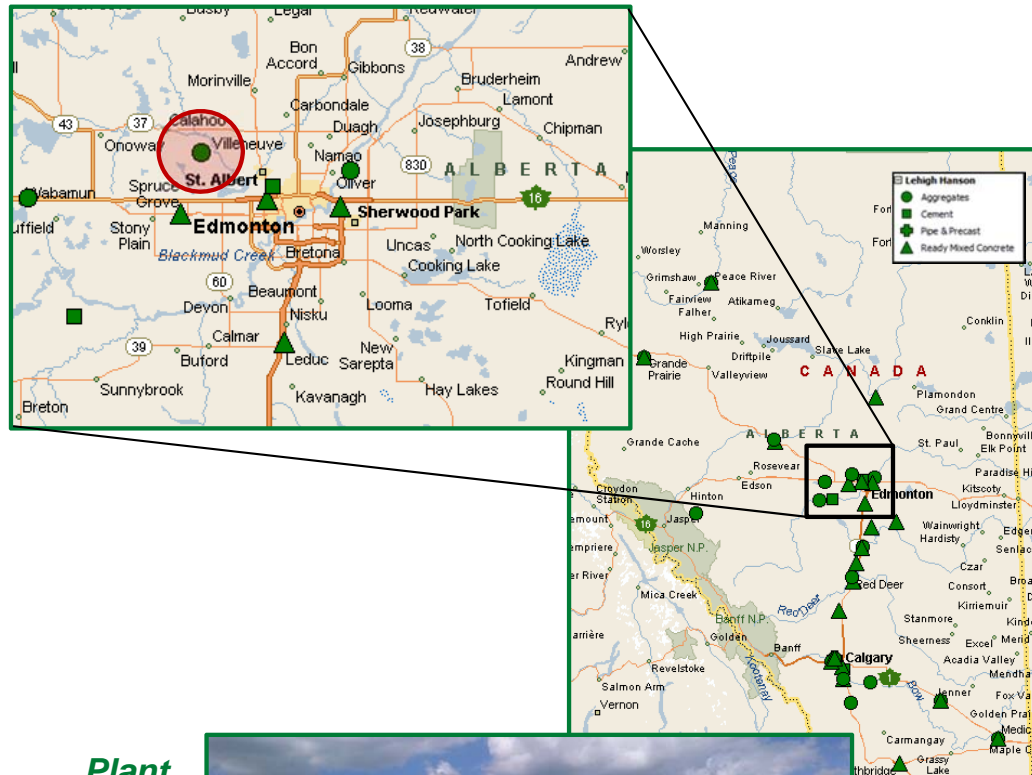
Community / Safety

- Recognized sustainability and biodiversity concepts and safety records
- Positive partnership relationships with several First Nations

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Selected investments to improve cost position

Deep-dive (Capex): Villeneuve Plant Consolidation



Plant



Description

- Combination of three plants (main crusher, asphalt crusher and portable wash plant) in one process

Rationale

- One plant was no longer needed (portable wash plant)
- Power savings as consolidation allowed for one less crusher
- Elimination of need for importing rock and respective transportation costs

Result of a CLIMB initiative

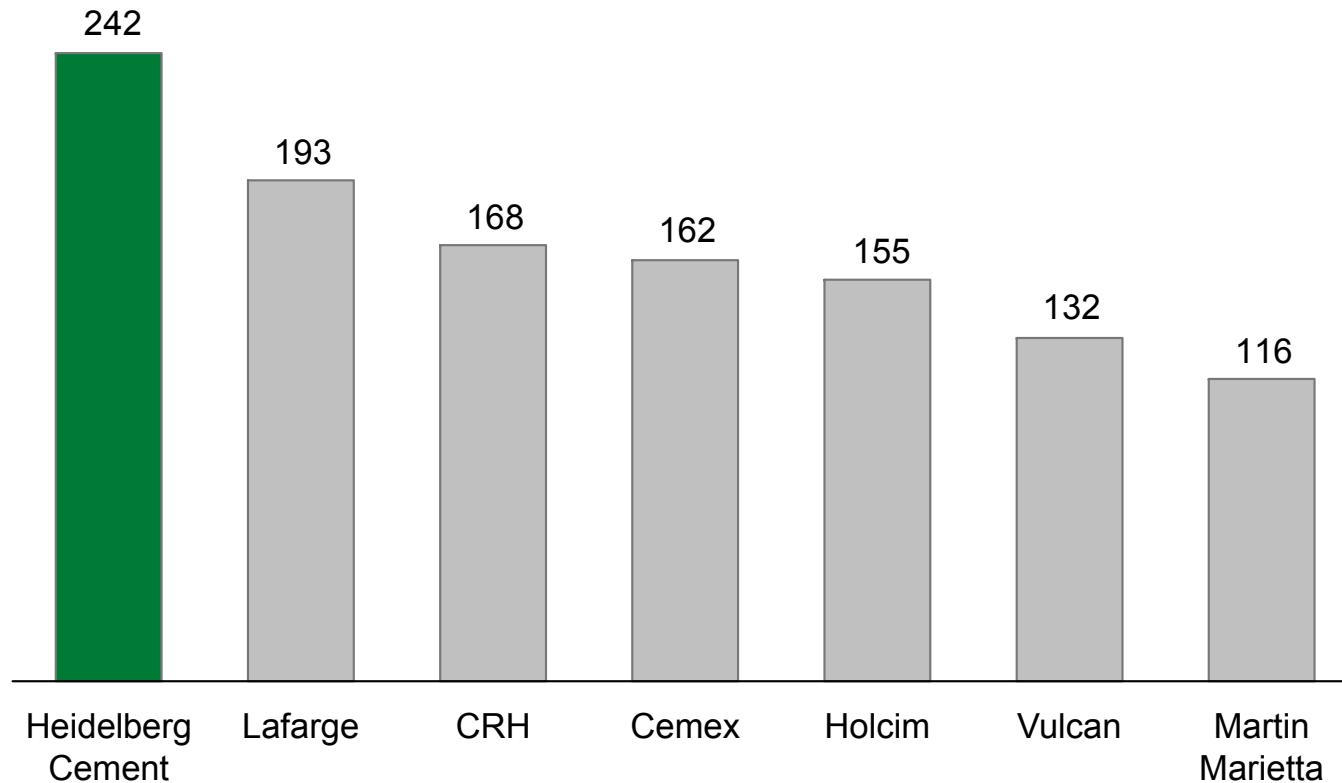
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HeidelbergCement global #1 AGG company ...

Global AGG Market Position

Annual shipments¹
(2013, m tons)



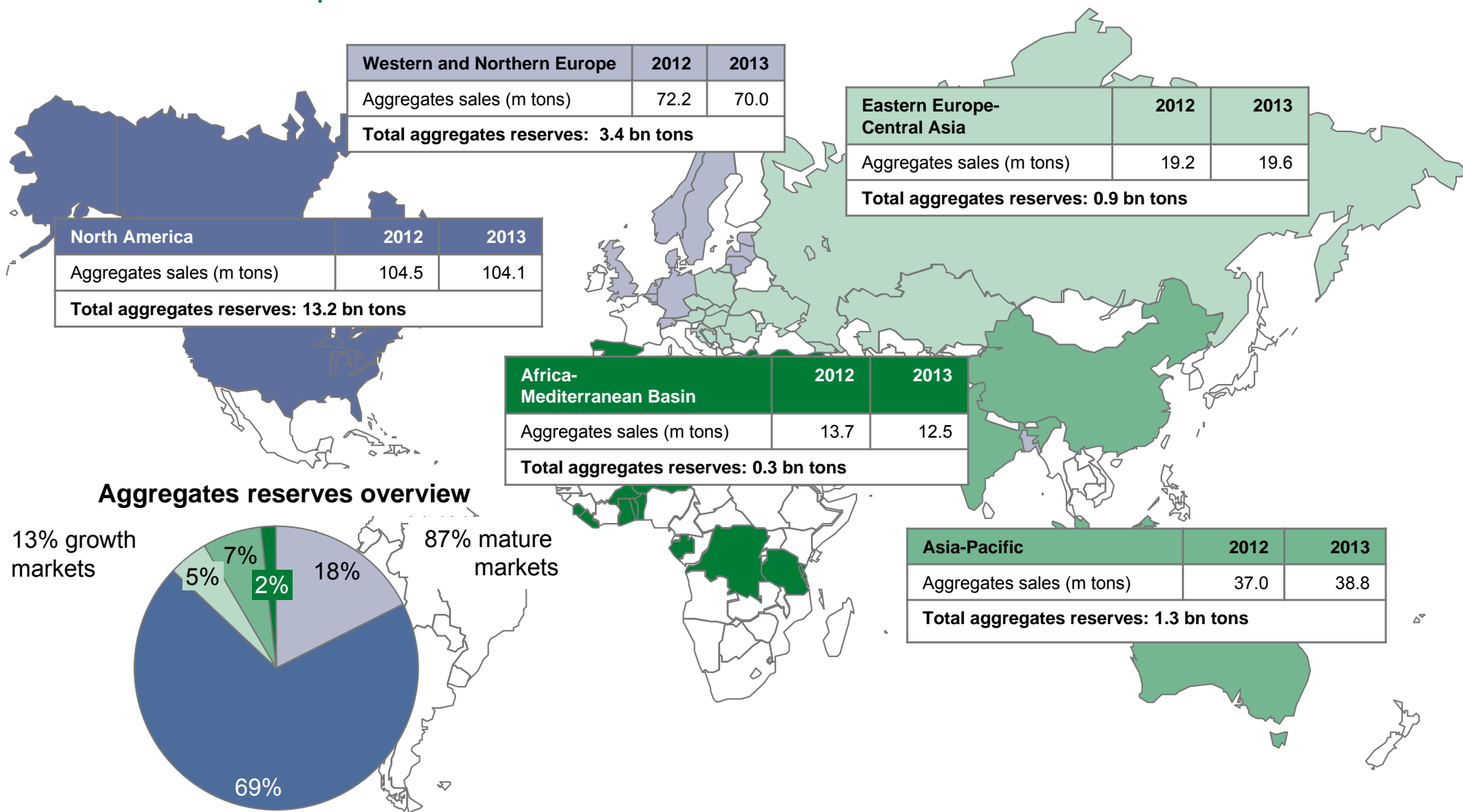
... remains highly competitive even after potential completion of LafargeHolcim.

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1. For Cemex and CRH production volume.
Source(s): Annual Reports (2013).

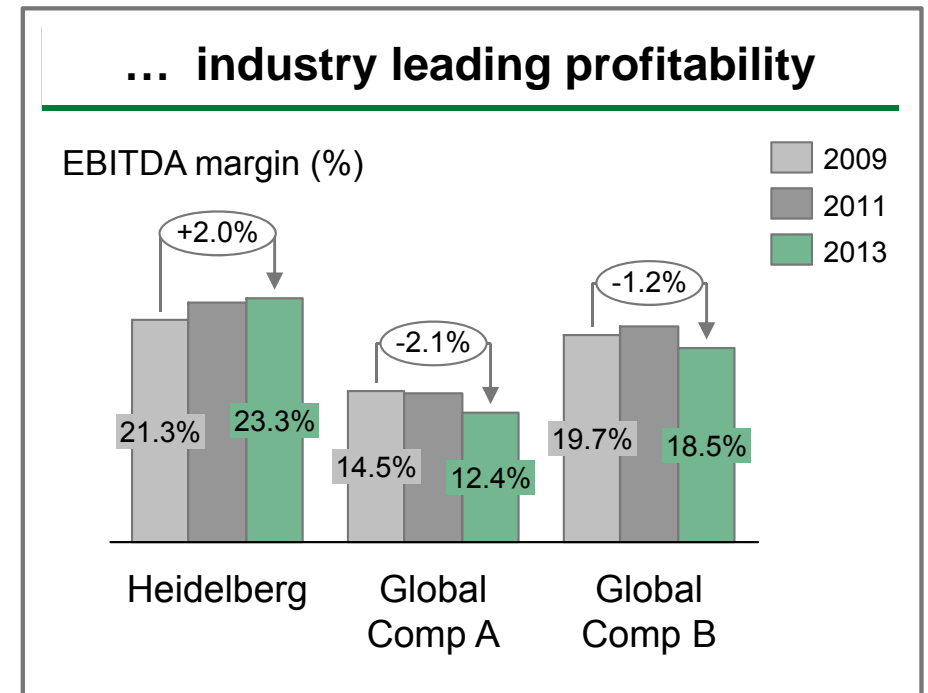
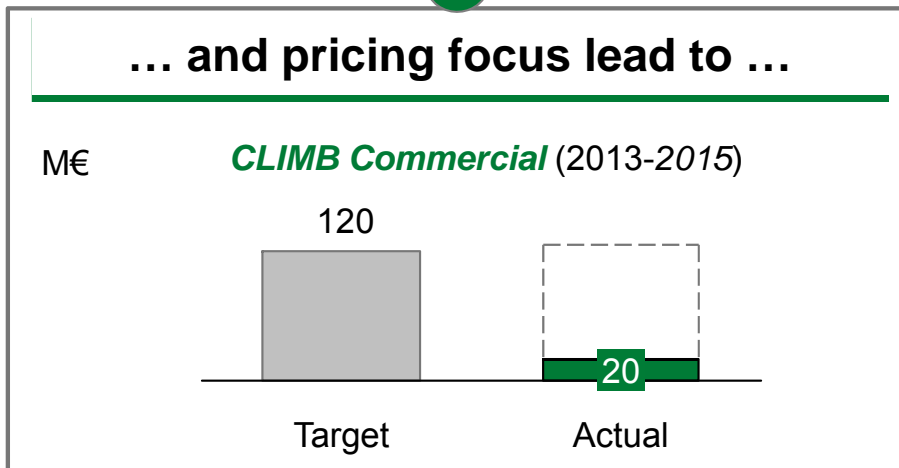
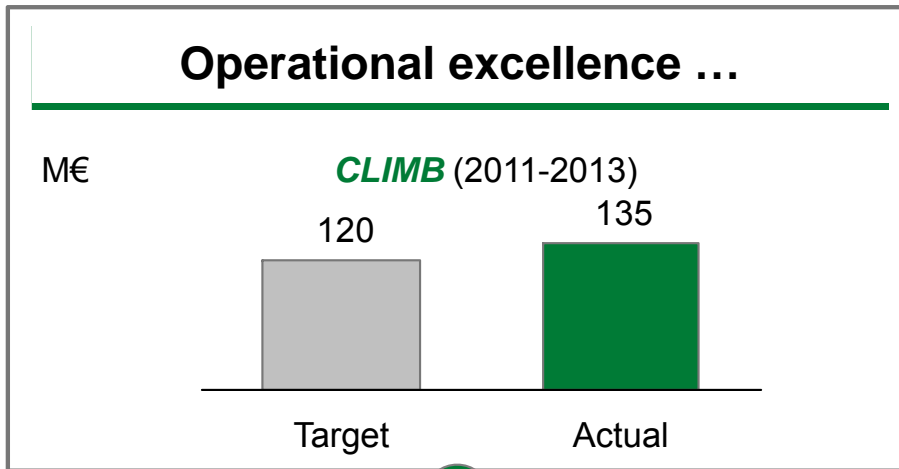
Global AGG footprint with strength in North America

Global AGG Footprint



Delivered on promise to convert size into leading profitability

Global AGG benchmark



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CCM key driver of our global AGG efforts

Competence Center Materials (CCM)

Strategic initiatives

Harmonized processes

Increased system support

Commercial excellence



Examples

- **Periodic strategic plant reviews**
→ setting minimum standards
- **AGG Production Reporting (APR)**
→ enhanced operational data
- **Global knowledge sharing**
→ leveraging local best practices

Focus is to leverage our global leadership position.

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East Guyong extends our reserves in a key market

Deep-dive (Capex): East Guyong, Australia



Greenfield

Description

- Greenfield hard rock quarry with processing plant

Rationale

- Strong market position in local market (incl. Lithgow, Bathurst, Blue Mountains)
- Smooth transition from nearly depleted Bathurst quarry
- Provide further 30+ years of additional reserves



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Cimescaut acquisition allowed for improved footprint

Deep-dive (Capex): Cimescaut, Belgium



Description

- Acquired Cimescaut's Aggregates operations in early 2014

Rationale

- Realize synergies with existing Aggregates operations in region
- Improved transportation access to key markets in Benelux and France
- Gain full control of operation, before already 34% minority stake

Plant



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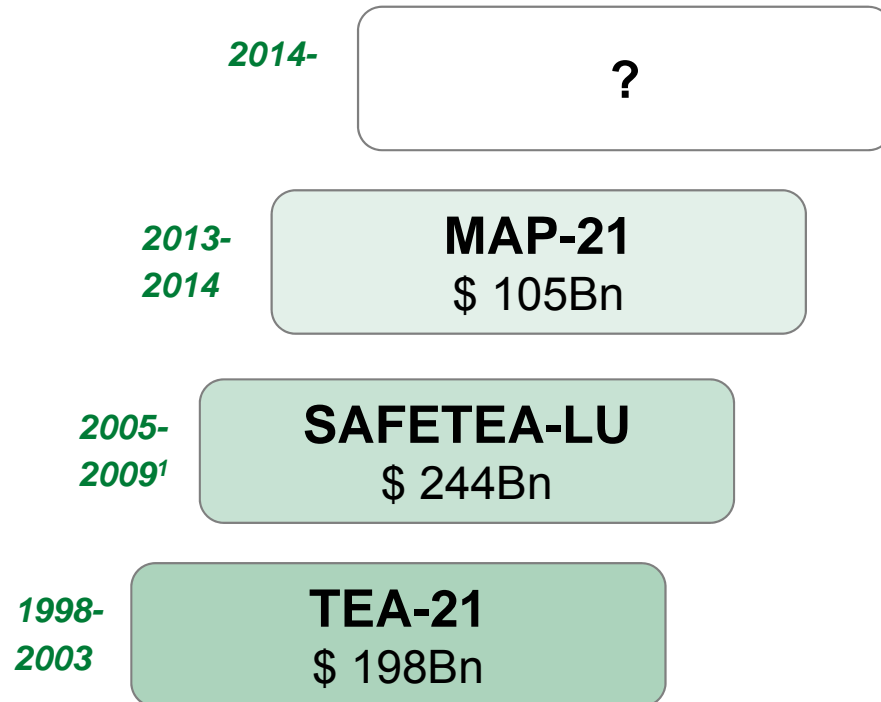
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US Infrastructure Funding Program progressing

US Highway Funding

Past Programs

Current Status



- Current program, Moving Ahead for Progress in the 21st Century (MAP-21), **expires September 30, 2014**
- Currently discussed proposals differ in length (4 vs. 6 years) and funding volume (\$ 260Bn vs. \$ 300Bn)
- **Short-term extension** to 1Q or 2Q 2015 appears to be a likely scenario

The industry benefits from a long-term program with funding in excess of \$ 200B.

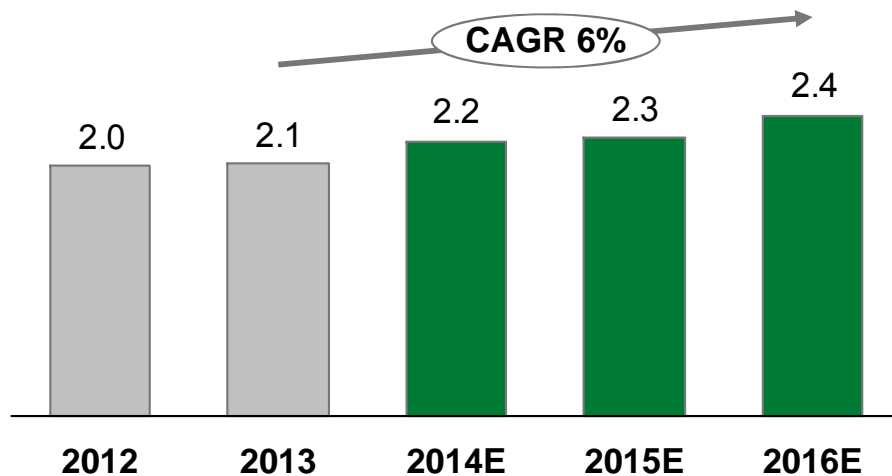
1. Several extensions from 2009 through 2012
Source(s): Government data.

Steady growth anticipated for AGG market

US AGG - Demand Outlook

Forecast

US Aggregates
(bn tons)



Comments

- Aggregates expected to show **faster growth** than overall economy
- Boost to be realized from multi-year federal transportation program. **State budgets** will continue to be an essential source of funding for infrastructure projects
- Slow household formation will constrain some new construction activity
- Energy states, including the new gas drilling states, are expected to do well (more states joining energy pool)

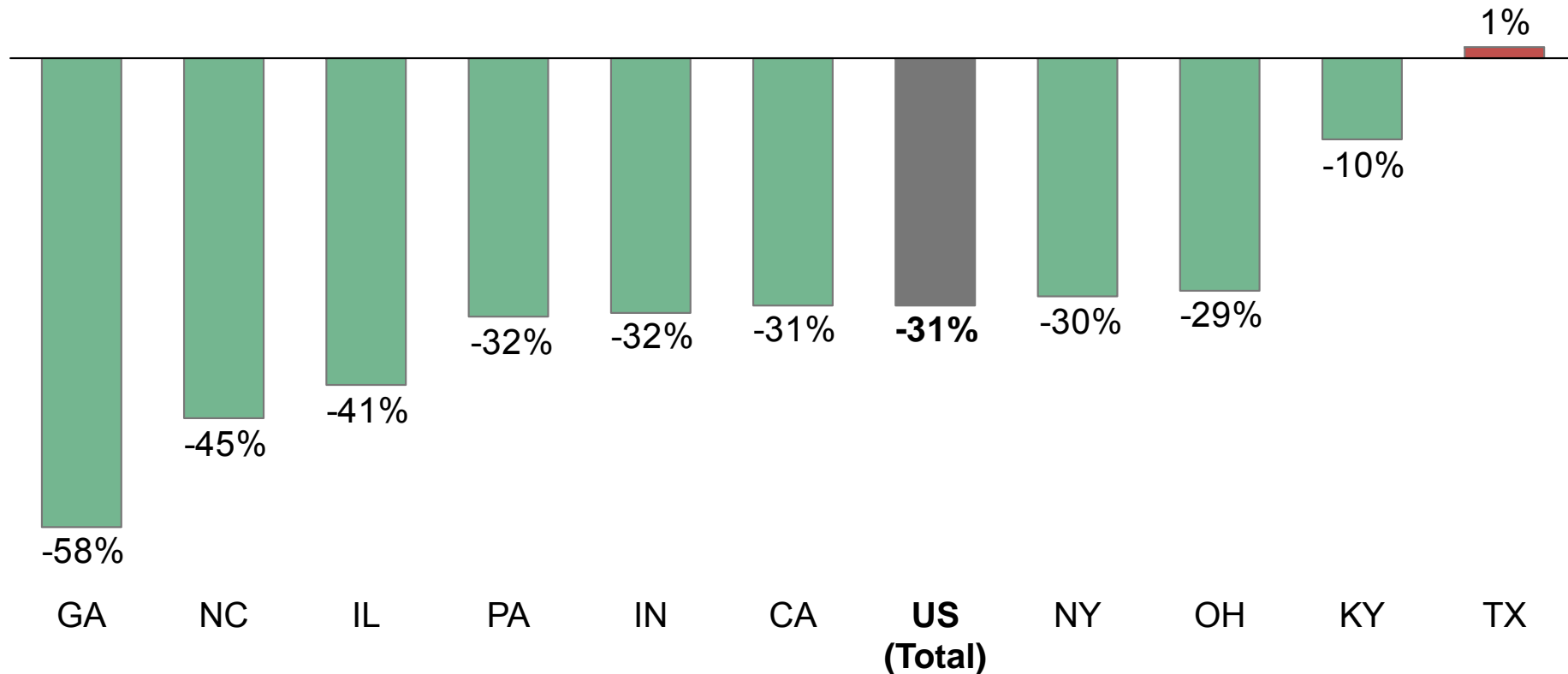
Latest AGG industry forecasts confirm positive outlook for 2014.

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US AGG business still with significant headroom

US AGG Outlook - by State

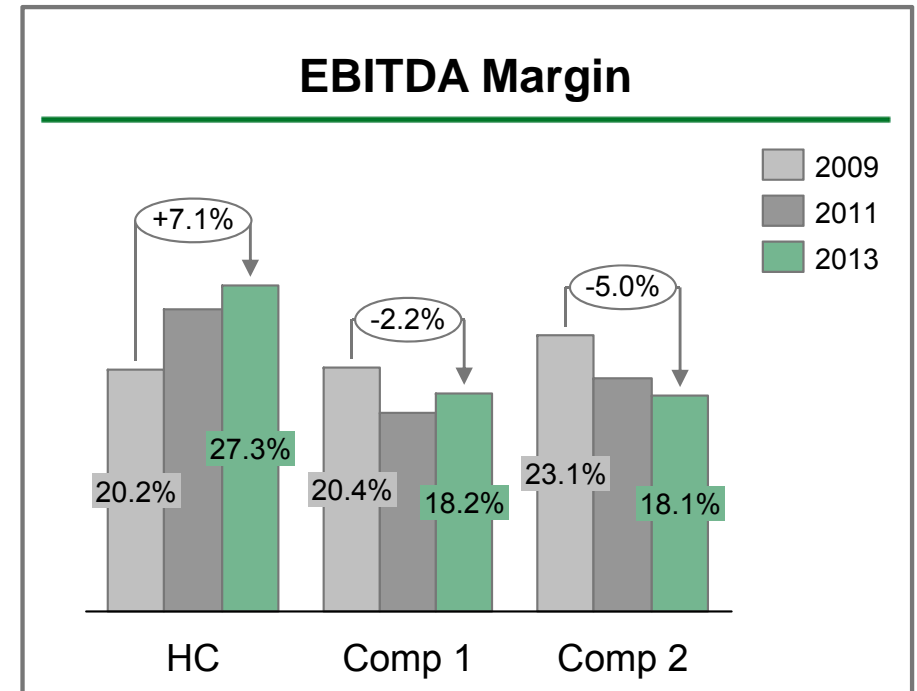
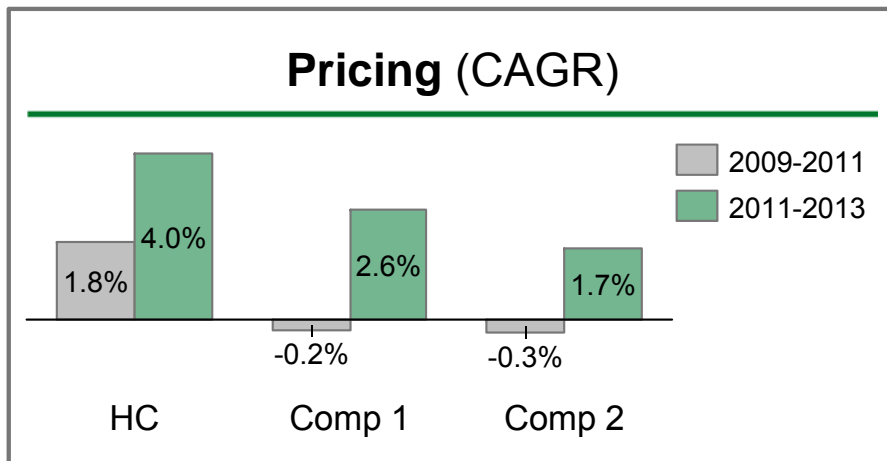
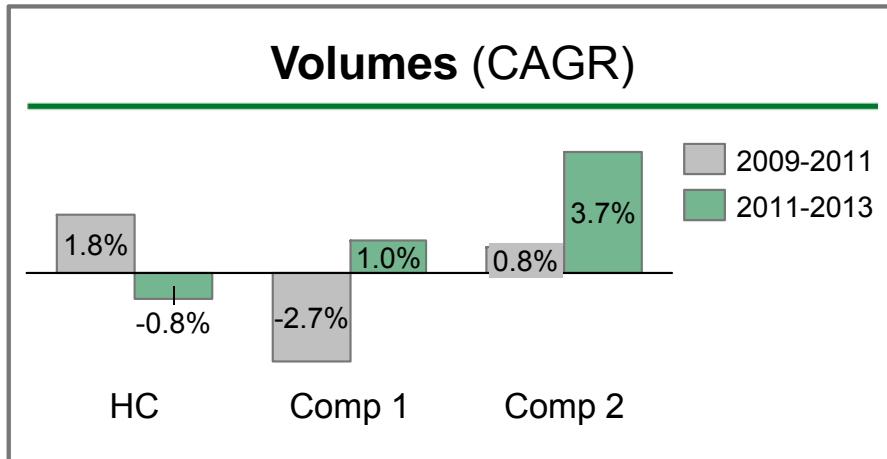
Crushed stone volume (2013 vs. 2006) – for HC's top 10 US states



Note: Ordered by relative volume in 2013 vs. 2006.
Source(s): USGS (2006/2013)

Industry-leading profitability also in North America

North America AGG Benchmark



Key priority to further expand profitability in current markets.

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Summary

Strategic Priorities – North America

- 1 **Safe work environment:** zero accidents!
- 2 **Enhanced footprint:** selected strategic additions
- 3 **Cost leadership:** continuous improvement culture
- 4 **Customer excellence:** build competitive advantage
- 5 **Capex execution:** show implementation strength