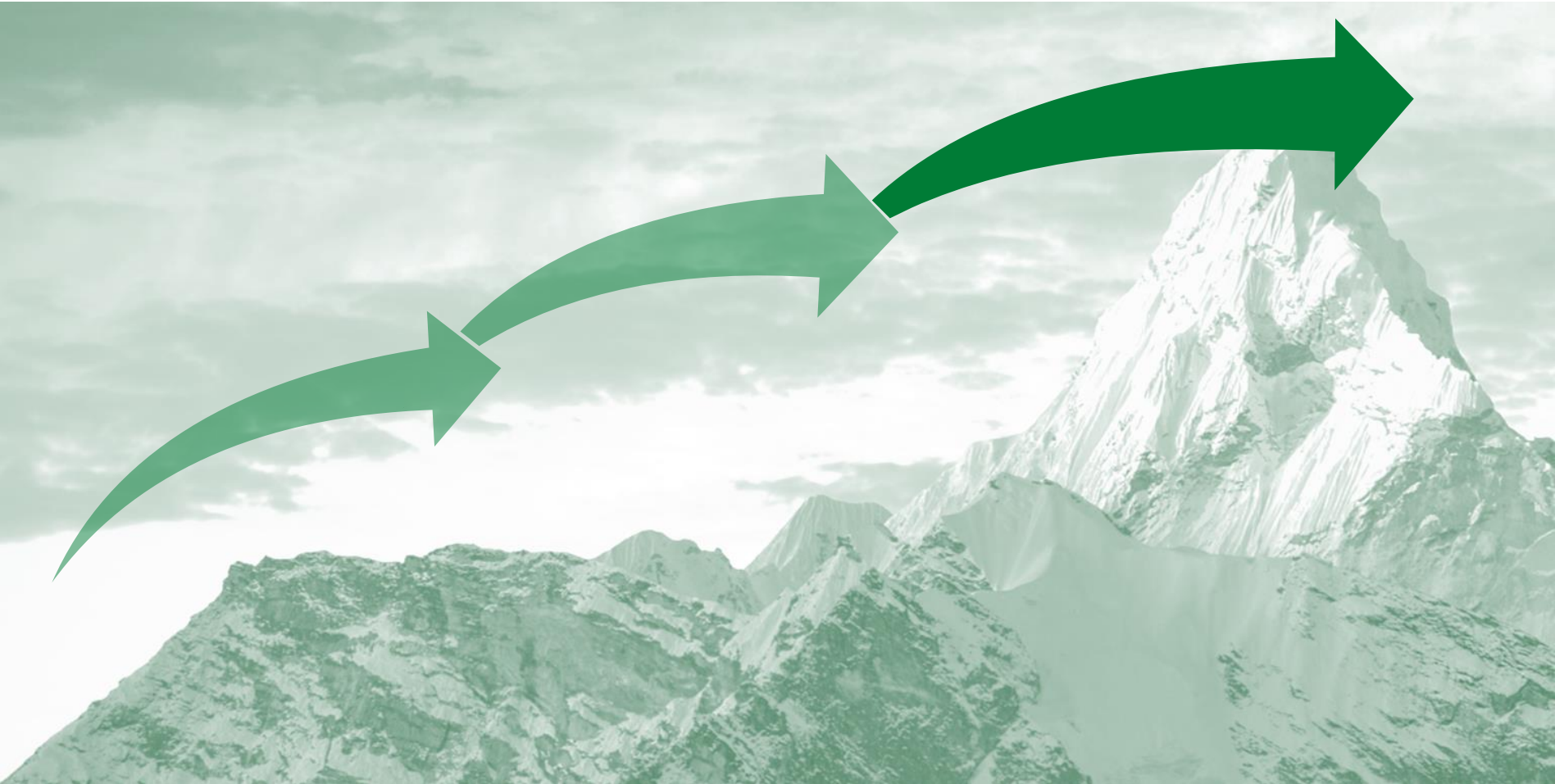


Building Shareholder Value



**HeidelbergCement Capital Markets Day
London, 10 June 2015**

HEIDELBERGCEMENT

Agenda

- | | |
|--------------------------|--|
| 2:00 pm – 2:05 pm | Welcome & Introduction by Andreas Schaller,
Spokesman / Director Group Communication & IR |
| 2:05 pm – 3:05 pm | Presentation by Dr Bernd Scheifele,
Group CEO |
| 3:05 pm – 3:30 pm | Presentation by Dr Dominik von Achten,
Deputy Chairman / North America / CCM |
| 3:30 pm – 3:50 pm | Coffee Break |
| 3:50 pm – 4:25 pm | Presentation by Dr Lorenz Näger,
Group CFO |
| 4:25 pm – 5:25 pm | Q&A Session |
| 5:25 pm – 5:30 pm | Closing remarks by Dr Bernd Scheifele |

Building Shareholder Value

Dr Bernd Scheifele, Group CEO



**HeidelbergCement Capital Markets Day
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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.

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 HeidelbergCements' 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 to a greater extent than currently anticipated by HeidelbergCements' management as a result of continued adverse market conditions; 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 crisis; the outcome of pending investigations and legal proceedings and actions resulting from the findings of these investigations; as well as various other factors. 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.

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

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Introduction

1

**Strategic
differentiation**

2

**Focus on
returns**

3

**Building
shareholder
value**

HEIDELBERGCEMENT

Our mid-term ambitions

Revenues

€bn >17

by 2019

EBITDA

€bn >4

by 2019

Cumulative FCF¹

€bn 8.8

in 2015 – 2019

Leverage ratio

1.5x – 2.5x

Net debt / EBITDA

Dividend payout ratio

40 – 45%

for FY2019

Potential share

buy-back

to return further cash

1) Excluding proceeds from Building Products disposal

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HeidelbergCement today

45,000 employees at **2,300** locations in more than **40** countries on **5** continents

Leading **vertically integrated** player with key positions in **Cement, Aggregates, RMC** and **Asphalt**

Superior **global footprint** with strong presence in **urban centres**

One of the biggest **trading services** globally with **20 mt** trade volume per year

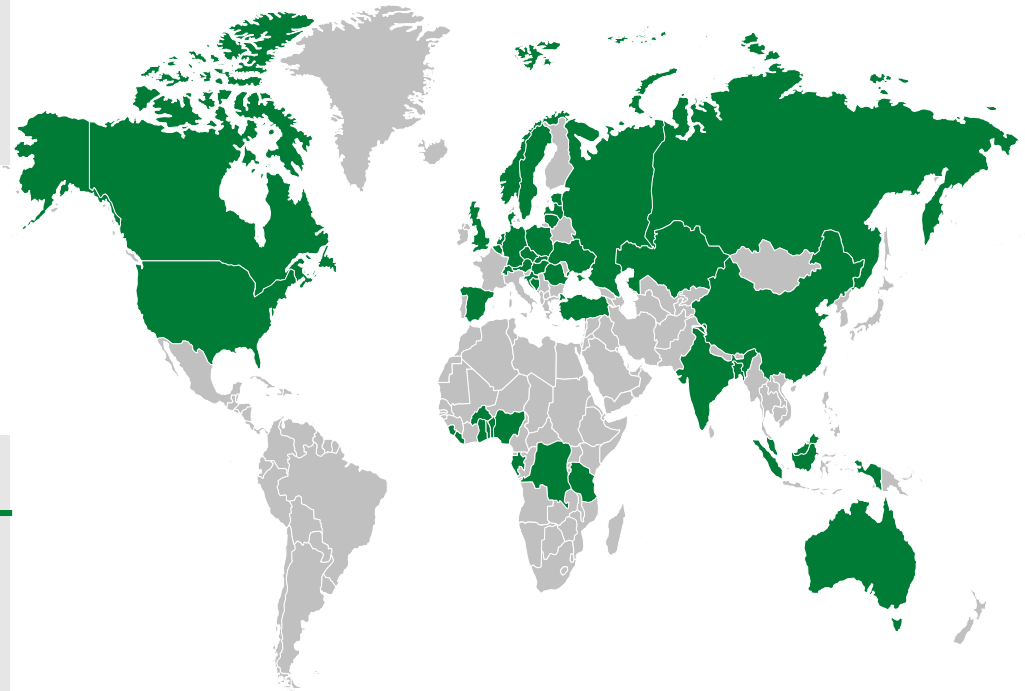
Strong positions in mature and fast growing markets

Cement

- Focus on growth markets
- 129 mt capacity worldwide¹
- 64% of capacity in emerging markets

Aggregates

- Focus on mature markets and industrialisation
- 18 bnt reserves
- 86% of reserves in mature markets



RMC

- Focus on urbanisation
- 1,308 plants worldwide¹
- Sales of 36.6 cbm

Asphalt

- Focus on urbanisation
- 109 plants worldwide¹
- Sales of 9.3 mt

1) incl. joint ventures

Experienced management team



Dr Bernd Scheifele

CEO

- Strategy and Development
- Group HR
- Comm. & IR
- Legal
- Compliance
- Internal Audit

Since 2005 with HC



Dr Lorenz Näger

CFO

- Finance, Acc., Controlling, Taxes
- Insurance & CRM
- IT
- Shared Service Center
- Logistics

Since 2004 with HC



Dr Dominik von Achten

**North America,
(Deputy Chairman)**

- Purchasing
- Competence Center Materials (AGG und RMC)

Since 2007 with HC



Daniel Gauthier

**NW Europe, Africa
Mediterranean**

- Environmental Sustainability
- Group Services (CO₂, Fuels, Trading)

Since 1982 with HC



Andreas Kern

**Central Europe
Central Asia**

- Sales and Marketing
- Secondary cementitious materials

Since 1983 with HC



Dr Albert Scheuer

**Asia
Oceania**

- Heidelberg Technology Center Cement

Since 1992 with HC

Dual responsibilities – line management and cross-area coordination

Performance-driven corporate culture

Key enablers in place

Clear organisational structure

Flat reporting lines

Fast decision making

Integrated management of business lines

Local empowerment

Strong corporate values

Corporate Values

- Loyalty and Integrity
- Keep it simple
- Can-do / hands-on attitude
- Focus on operations
- Performance and results orientation
- Continuous identification of improvement potential (internal and external benchmarking)

Skills

- Best talents in the industry
- World class operational knowledge (e.g. global best practice sharing, centers of excellence)

Measurable outcome

Consistent target setting and evaluation of achievements

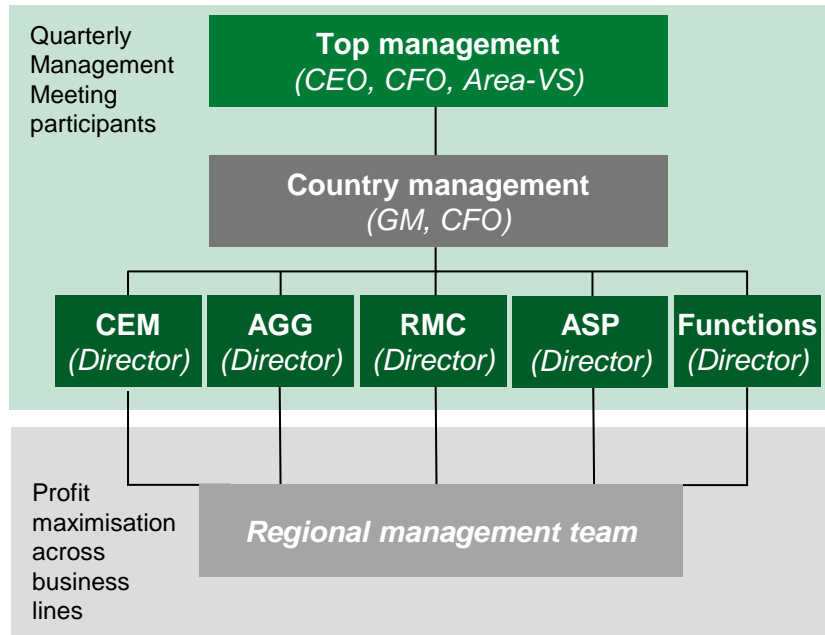
Performance based compensation for all management levels, incl. Managing Board

Controlled through Quarterly Management Meetings and Post Investment Reviews

Share price performance and ROIC oriented long-term bonus scheme

Organisational approach

Line management combined with functional responsibilities¹



Core principles

- **Flat, efficient structure and clear reporting lines**
- **Vertically integrated management** approach across product lines to maximize profitability
- **Dual responsibilities** on Managing Board level (line management and cross-area coordination)
- **Efficient and rapid** decision making
- All business is **local**
- **Regular ABC analysis** down to plant manager level

Local responsibility – Integrated management – Rapid decision making

Local business and entrepreneurship in a global company

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- Global corporate culture
- Performance and results orientation
- Sustainable development
- Global best practice sharing

Cement

Lehigh Hanson
HEIDELBERGCEMENT Group

Hanson
HEIDELBERGCEMENT Group

INDOCEMENT
HEIDELBERGCEMENT Group

EBR
HEIDELBERGCEMENT Group

CEMENTA
HEIDELBERGCEMENT Group



Aggregates



NORSTONE
HEIDELBERGCEMENT Group

LEHIGH
HEIDELBERGCEMENT Group

JEHANDER
HEIDELBERGCEMENT Group

RMC

Hymix

NORBETONG
HEIDELBERGCEMENT Group

CCM CAMPBELL
CONCRETE & MATERIALS I.L.L.C.
HEIDELBERGCEMENT Group

ALLIED

OCEAN
HEIDELBERGCEMENT Group

Asphalt



Hanson
HEIDELBERGCEMENT Group



Pioneer North Queensland Pty Ltd

- Local market presence with local brands
- More than 80% native management
- Improved foothold in local markets
 - Better understanding of customer needs
 - Local brands more popular
 - Strong entrepreneurship

Global company with customer-oriented local brands

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Important milestones reached

Key achievements

Strong EBITDA growth

Significant reduction of debt

Cement capacity expansion in emerging markets

Disposal of non-core assets

Established industry cost leadership

Successfully built a global leader in heavy building materials

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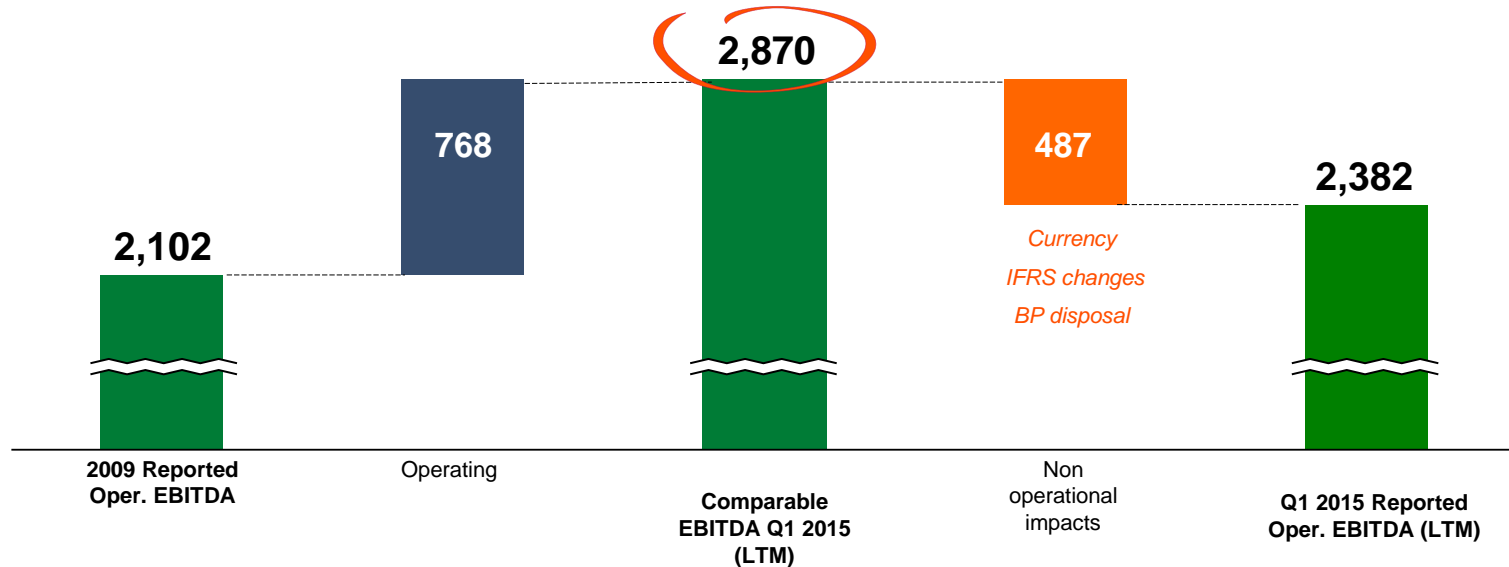
Strong EBITDA growth

Unexpected challenges

- Delayed US recovery
- Fukushima earthquake
- EURO zone crisis

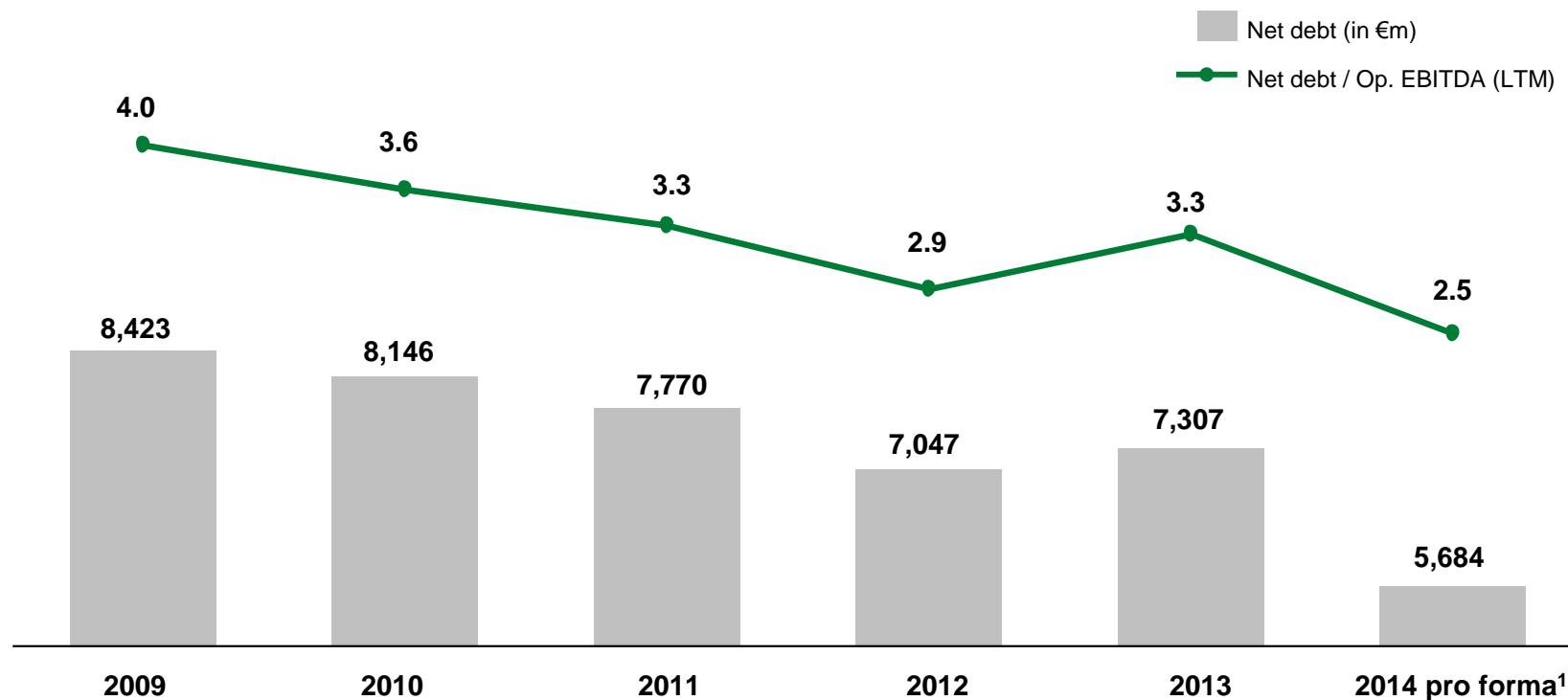
Actions & strategy

- Rapid implementation of margin effective programmes
- Optimisation of asset base
- Improvement of vertical integration in key markets



Focus on efficiency main contributor to growth

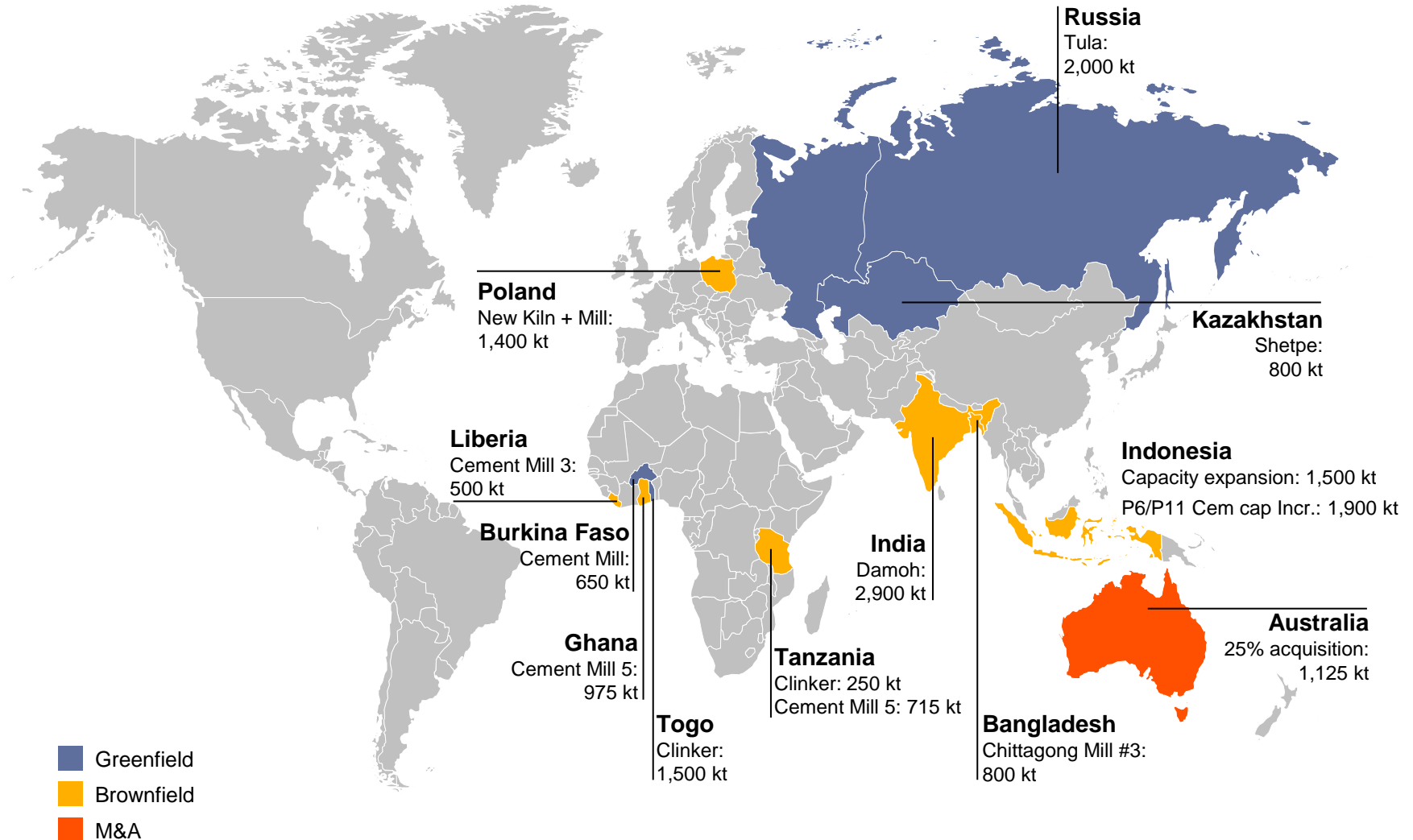
Proven record of deleveraging



Net debt down to €bn 5.7 and well in line with strategic target

1) after Building Products disposal

17mt capacity expansion for cement and clinker since 2011



Disposal of Building Products successfully completed

Disposal process announced beginning of 2014 ...

... and finalised within targeted time frame and above expected value

Geographic presence (Combined revenue >US\$1 bn)



Key products








- ✓ Preparation of financial statements: start in January 2014
- ✓ Nomination of investment banks: July
- ✓ Start of active sales process: September
- ✓ Signing of contract: December
- ✓ Sales closing: March 2015

- Cash inflow of €bn 1.25
- Important step towards investment grade
- Reduction of dynamic gearing ratio to 2.5x (pro forma) < target 2.8x

Strategic reorientation of HC on core products

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Achievements over the last five years

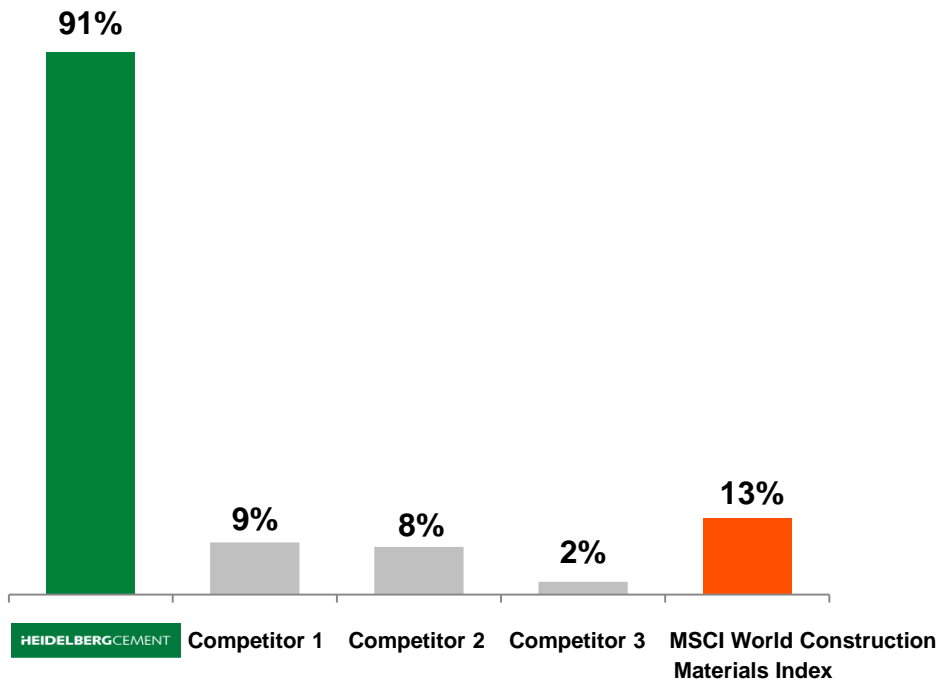
Mid-cycle ambitions 2009	Status end of 2014	
EBITDA €bn 3.0	EBITDA up from €bn 2.1 to €bn 2.9 Ifl¹	
Net debt / EBITDA: below 2.8x	2.5x²	
Become the most cost efficient company in the sector	Outperformed peers in margin development over last 5 years	
Continue to grow in selected key markets with disciplined CapEx approach	~20 mt additional cement capacity; average cost: below 90 €/t	
Value accretive disciplined bolt-on acquisitions	Acquisition of Cement Australia, Midland Quarry Products and CJSC “Construction Materials”	
Optimisation of asset base by disposal of non-core assets	Sale of Building Products for €bn 1.25	

1) Comparable EBITDA as presented on slide “Strong EBITDA growth”

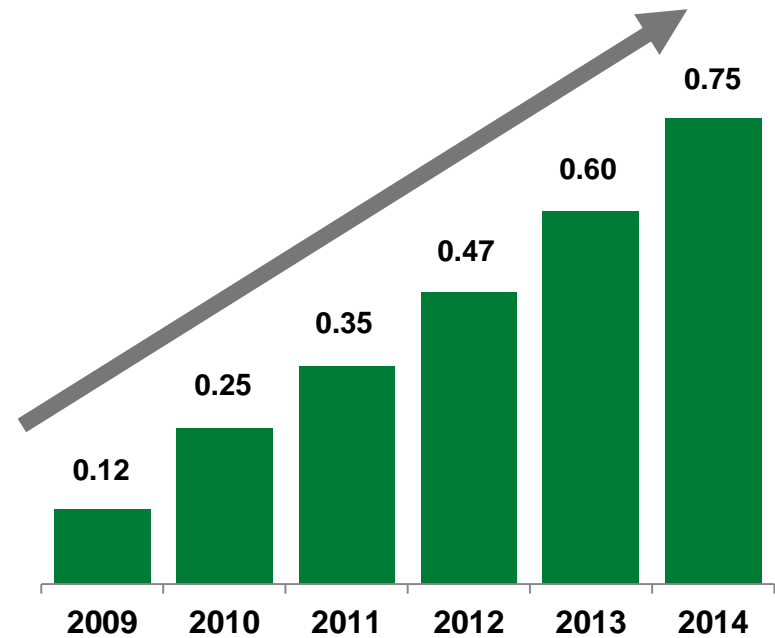
2) Based on pro forma net debt after Building Products disposal

Clearly outperformed peers in terms of shareholder return

Strong share price development¹



Continuous rise in dividend payments



1) 14 September 2009 (i.e. announcement of capital increase) till 29 May 2015

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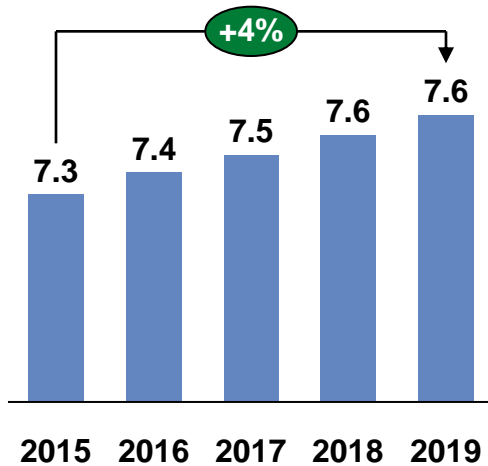
Building shareholder value



Mega trends support growth of building materials industry

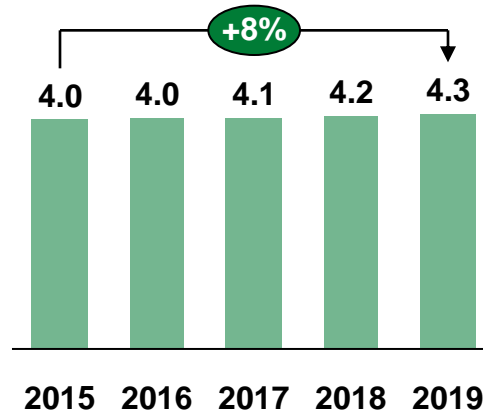
Growth of population

(World's population in bn¹)



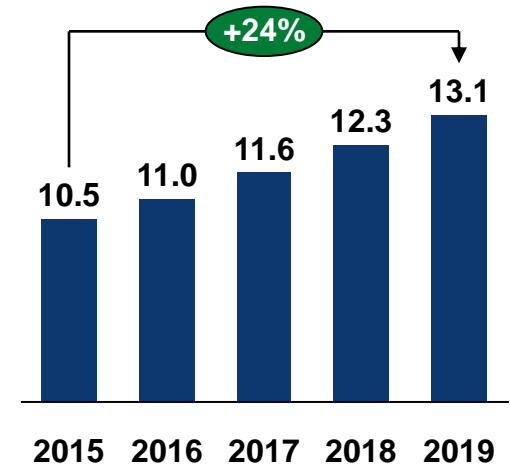
Urbanisation

(Urban population in bn¹)



Growing middle-class

(GDP per capita of emerging countries²)



Need for housing and infrastructure

Further expansion of urban centres

Rise in living space per capita

Increasing demand for building materials

Cement-based products are key for industrialisation and prosperity

1) UN (2014)

2) IMF (2015), economic parity in thousand US\$

Strategic levers

Operating leverage

Cost leadership

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Vertical integration

Optimal geographic
footprint

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Strategic levers

Operating leverage

Cost leadership

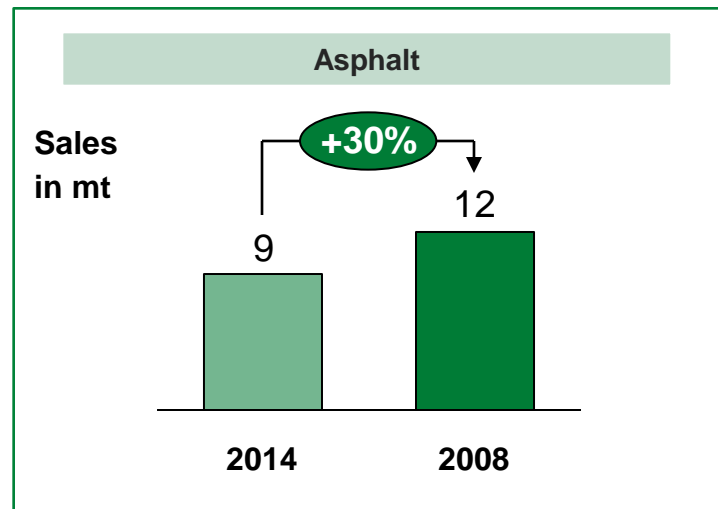
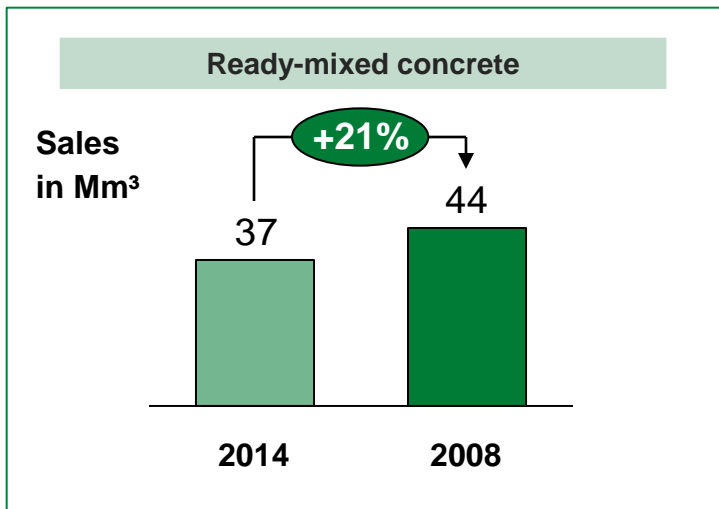
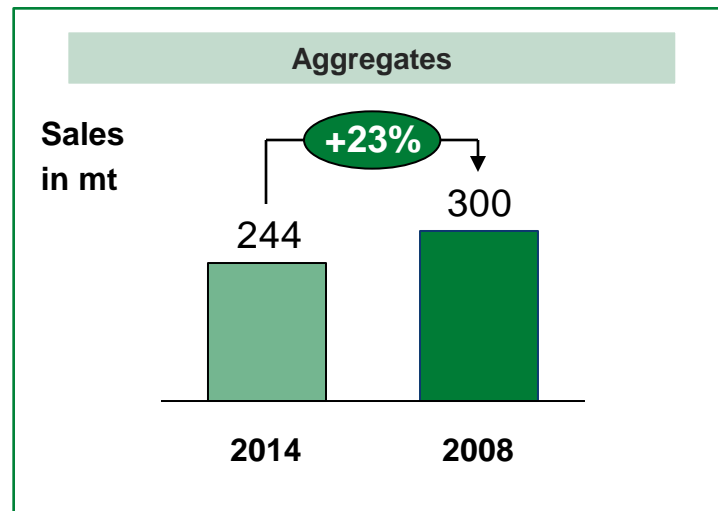
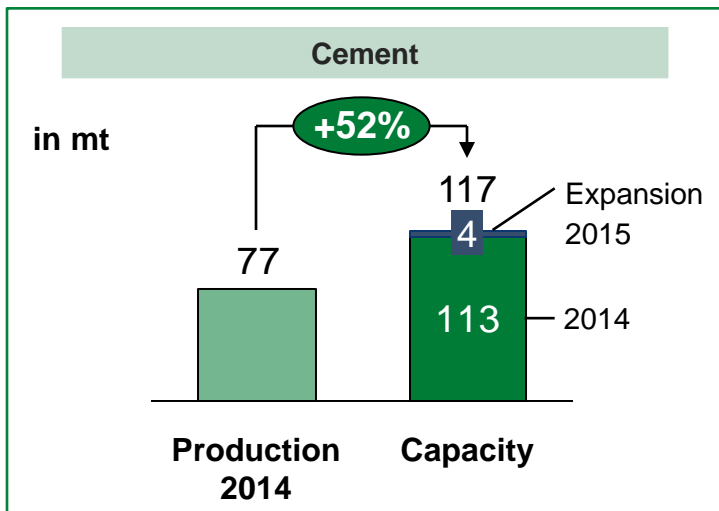
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Vertical integration

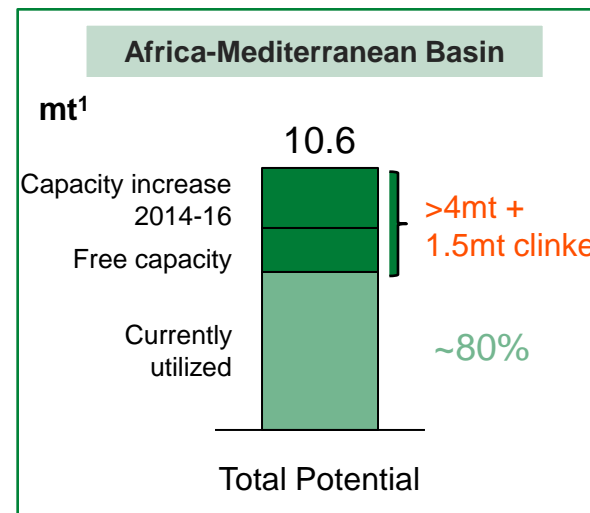
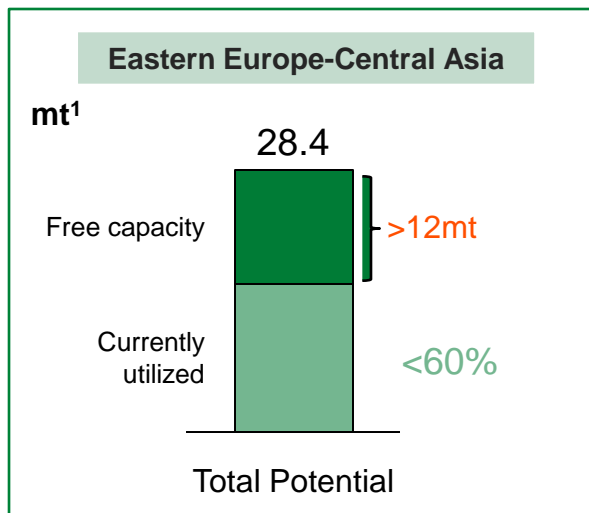
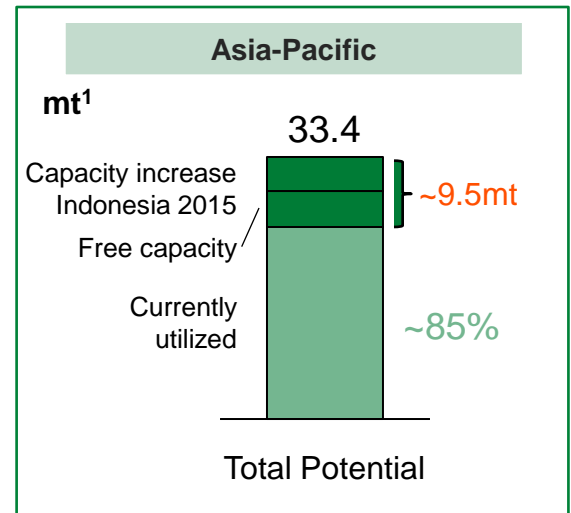
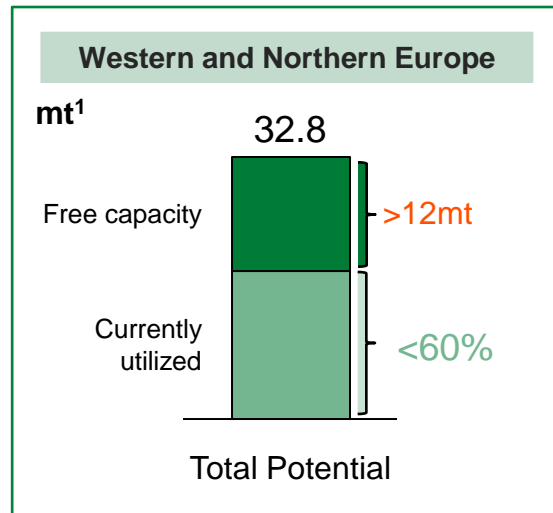
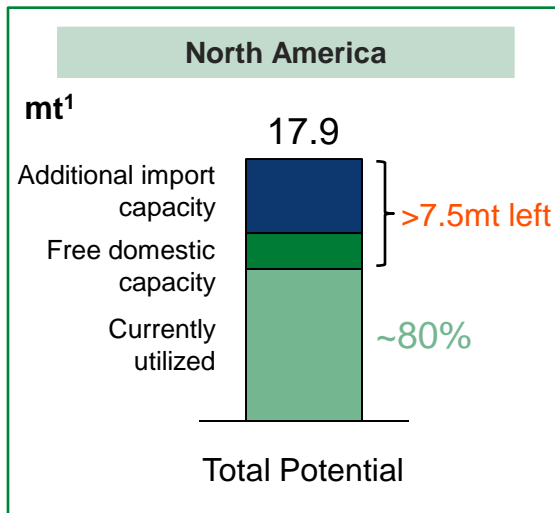
Optimal geographic
footprint

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Significant potential to increase sales volumes in all business lines



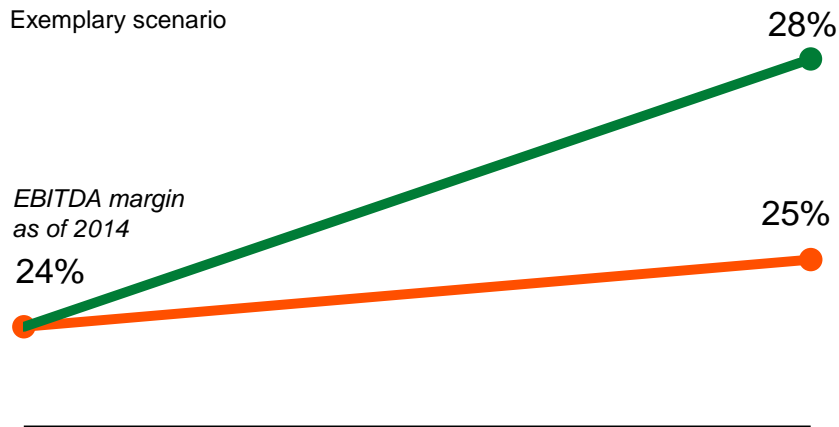
Deep dive cement – plenty of headroom to capture demand growth



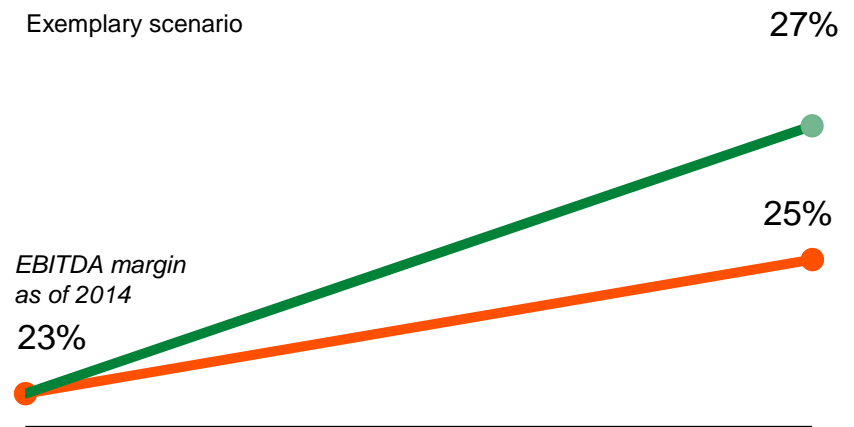
1) Cement Capacity

Significant operating leverage potential as markets improve

Cement gross margin: ~45%



Aggregates gross margin: ~55%



EBITDA margin development when:

- Price increase by 5%
- Volume increase by 5%

EBITDA margin development when:

- Price increase by 5%
- Volume increase by 5%

Operating leverage enhanced by efficiency focus

Strategic levers

Operating leverage

Cost leadership

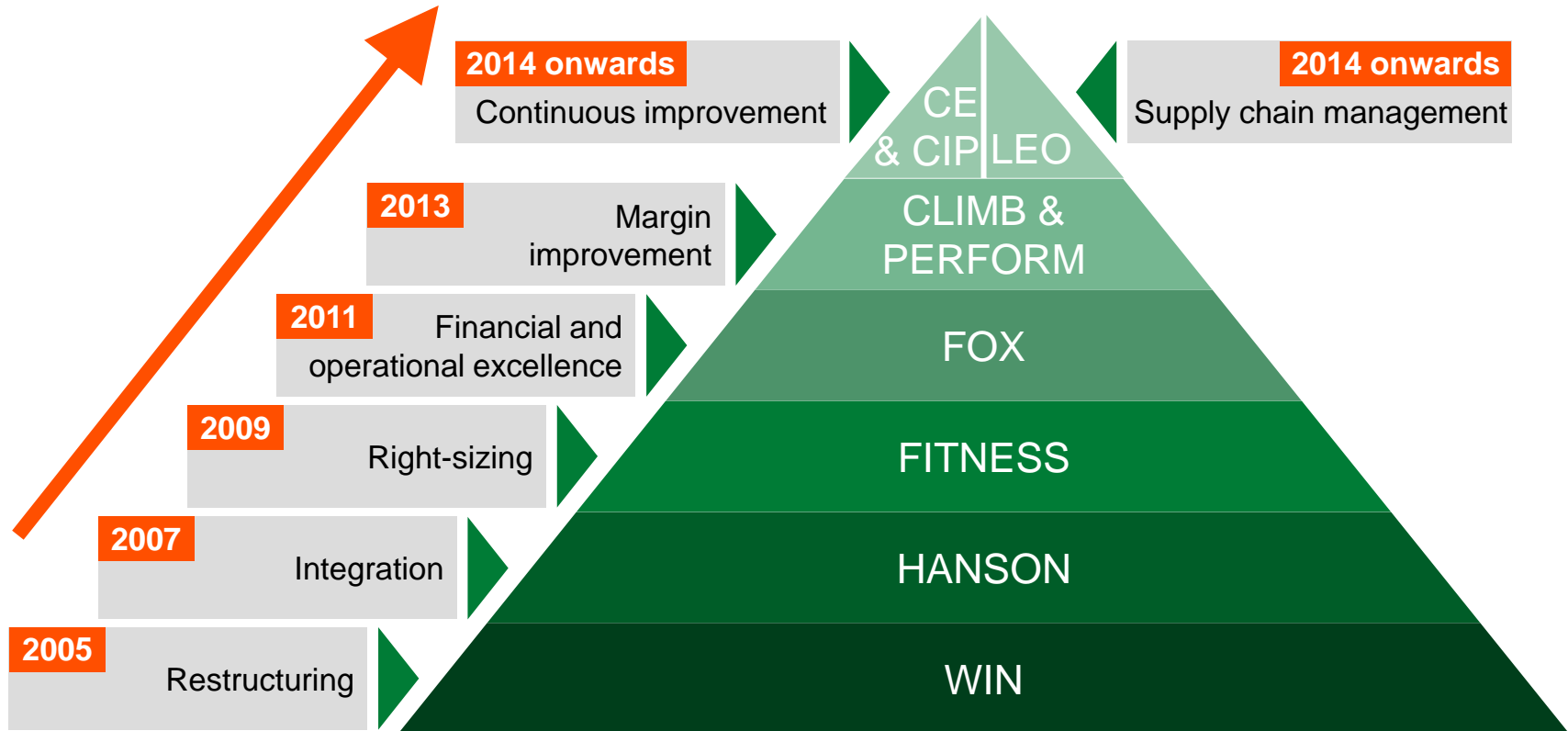
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Vertical integration

Optimal geographic
footprint

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Continuous efficiency improvement



Efficiency is part of HCs DNA

Entering the next efficiency level



Continuous Improvement Program (CIP)

Supply Chain Management (LEO)

Approach

- Safeguard achieved efficiency improvements in 65 cement plants
- Promote entrepreneurial thinking of employees and culture of continuous efficiency improvement
- Reach world class performance and production sites

- Centralised dispatching
- Integrated replenishment
- Fleet optimisation as well as bundling and sourcing of trucks

Process

- 2015: Roll-out of CIP to 70% of plants
- 2016-17: Roll-out to remaining plants

- Integrated IT and SCM approach for all business lines supports vertical integration
- Successful implementation of state-of-the-art tool for whole supply chain in various countries started

Target: €m 120 sustainable result improvement by 2017

Target: €m 150 reduction in logistics related costs

Strategic levers

Operating leverage

Cost leadership

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Vertical integration

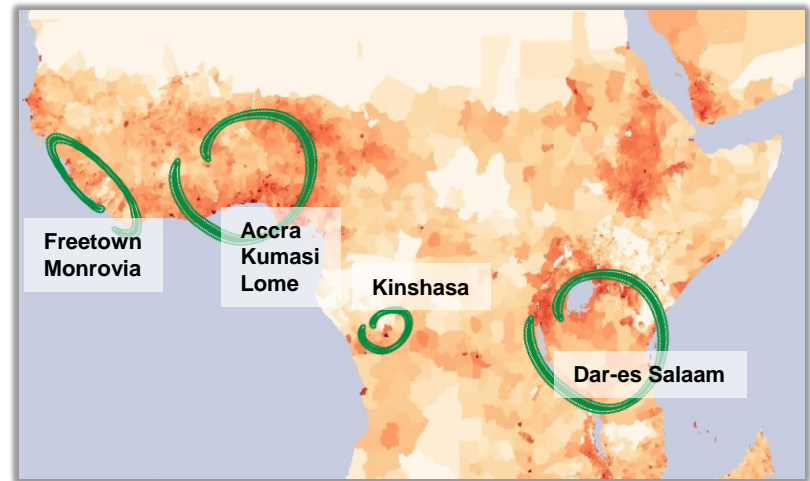
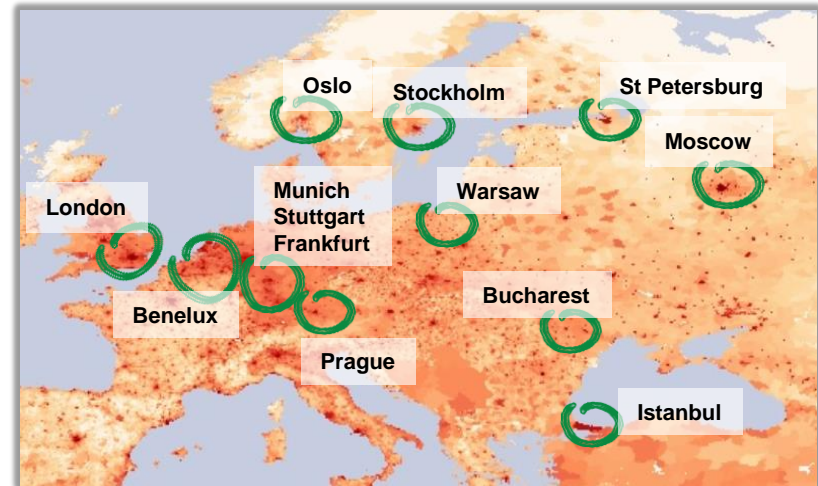
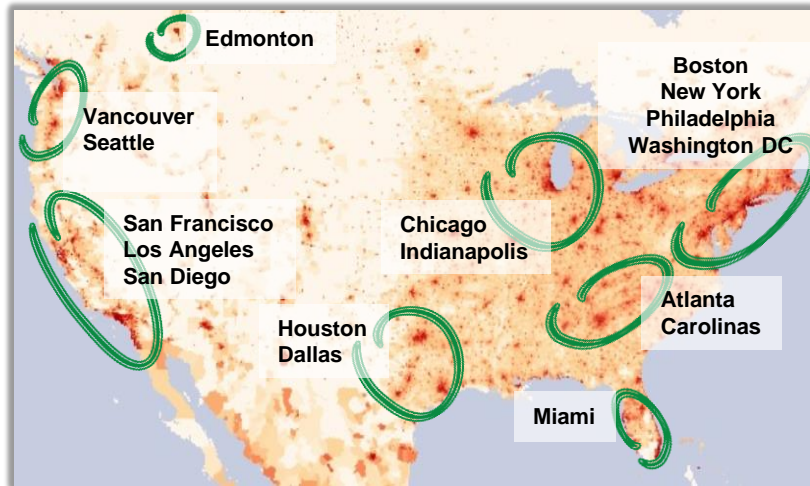
Optimal geographic footprint

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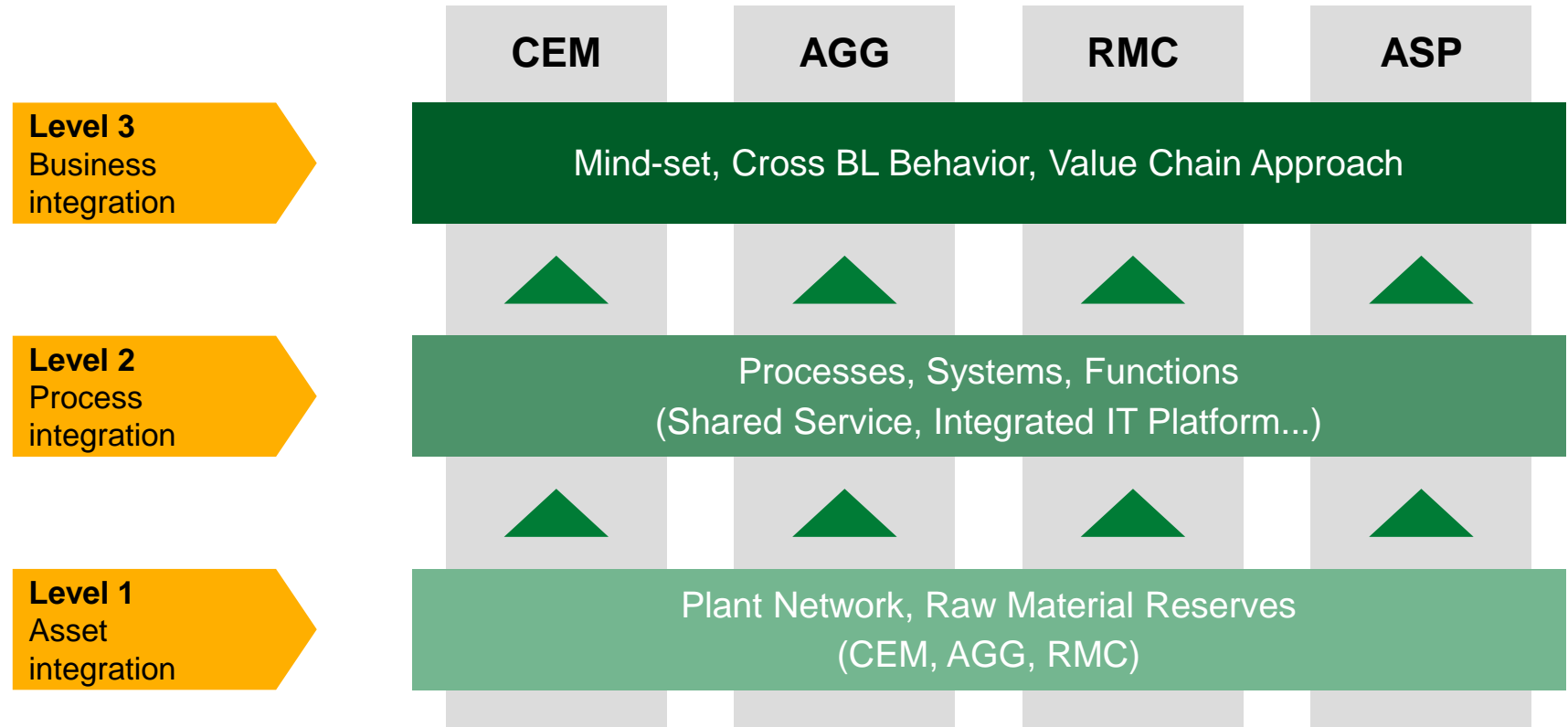
Urbanisation – an important growth driver



Population growth and urbanisation – HC well positioned in urban centre hot spots

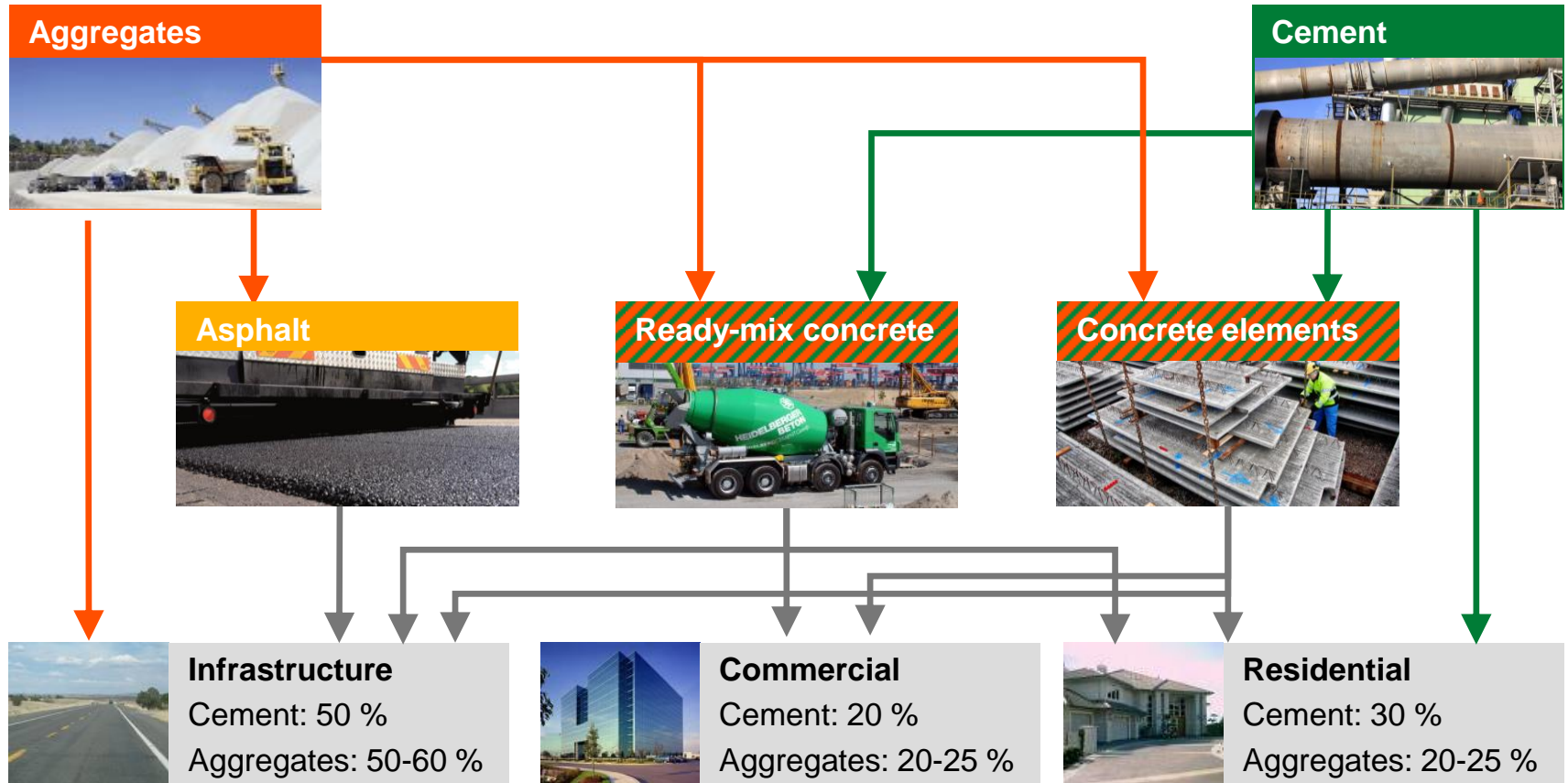


Vertical integration – Assets, Process, Business



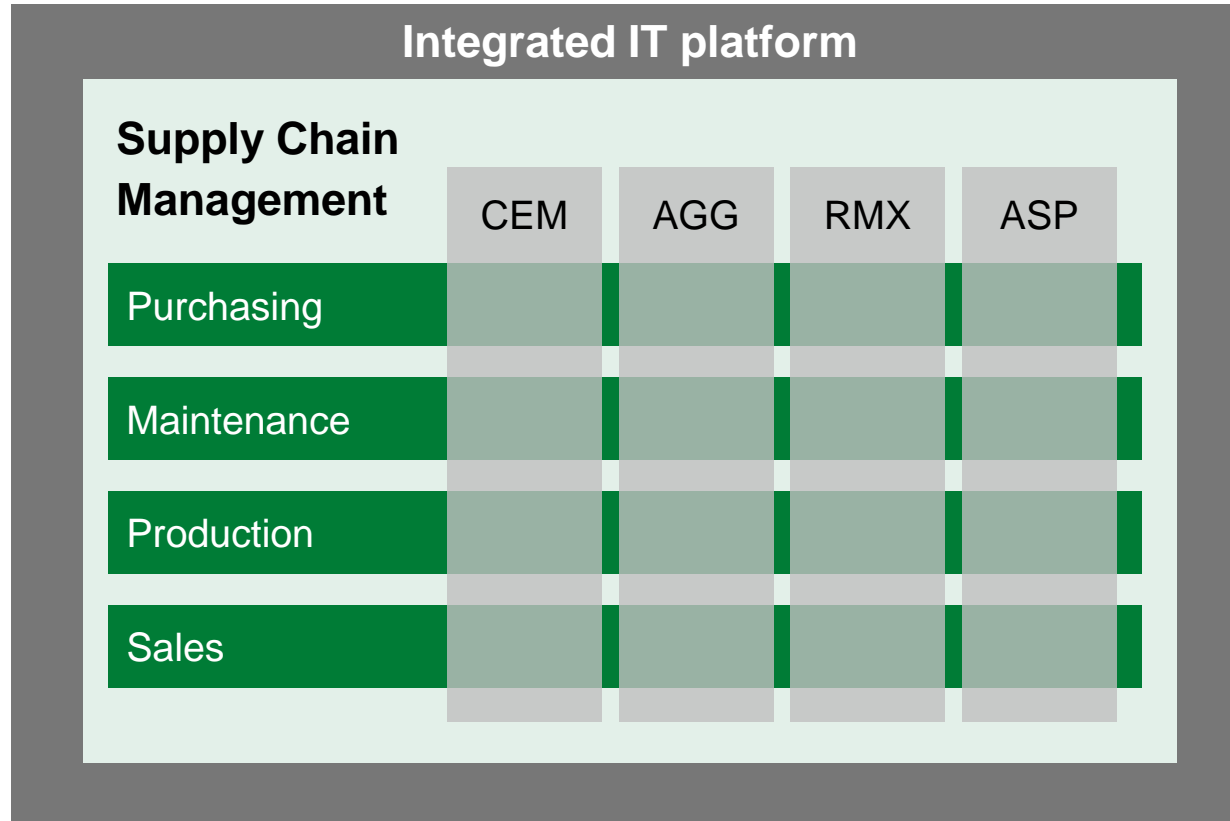
Integrated management – key value driver

Level 1: Asset integration



Establish and further develop integrated positions in urban centers

Level 2: Process integration



Seamless end-to-end processes along the entire value chain and across business lines (e.g. purchase-to-pay, order-to-cash)

Efficient management of the entire asset base (e.g. low working capital, low inventory, high utilisation)

Process integration leads to efficient management of asset base

Level 3: Business integration

Integrated sales management

- Switch from product selling to solution selling
- Cross selling and integrated resources and sales planning
- “Sales as a science” approach

Knowledge sharing

- Best-practice transfer across BLs
- Global functions to leverage our size and boost professionalization

People development

- Training and job rotation across BLs
- Development of a common mind-set

Corporate culture

- Responsibilities across BLs
- Incentives and benefits not for BL but for value chain optimization

Business integration will unlock significant value

Bringing sales management to the next level: “Sales as a science”

“Sales as a science”

Integrated and data driven sales planning across business lines

Micro market analysis: right segments
right products, right customers

Pricing principle:
“what the market can take”

Sales planning in the past

No sales planning across business lines

Little analytical rigor in sales planning and controlling

Pricing principle:
“cost plus”

Further improvement of sales management offers huge value to unlock

Centralized dispatch and automated replenishment



Alignment of production and sales



Superior logistics network

- Faster reaction times towards customers
- Improved delivery capability and reliability
- Reduced inventories along the supply chain
- Improved truck utilization through automated replenishment

- Improved pit balance at aggregates sites – reduced fine stocks and better resource efficiency
- Early customer collaboration on mix design for large scale projects (e.g. 1.3km pumping of concrete for Crossrail in London – new UK record)

Defend market positions in attractive, hard to reach city centres through:

- Rail links and depots
- Jetty and water links
- GPS guided truck fleet
- Local and mobile RMC plants

Example Crossrail:

- Four mobile concrete plants used to support existing operations, providing greater flexibility and guaranteeing continuity of supply
- High quality technical and sustainable solution offered - integrated supply chain including logistics (road, rail and river) a key factor
- Aggregates supplied via Dagenham and Victoria Deep wharves

Strong, vertically integrated market positions

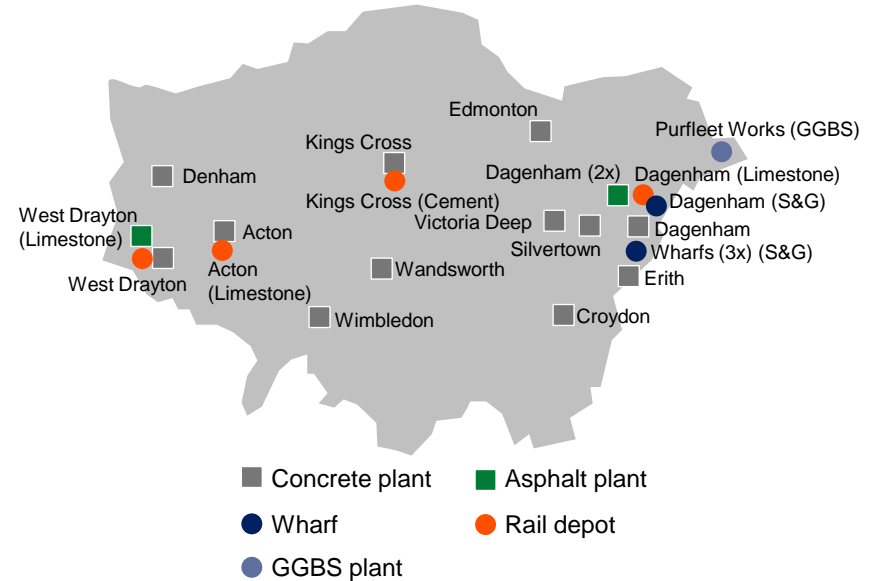
Deep-dive: London, UK

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Footprint

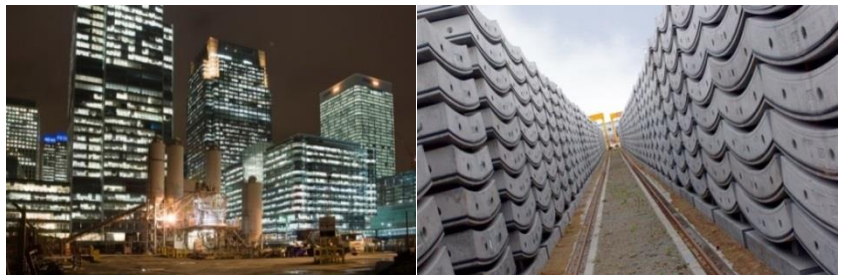
Fully vertically integrated with:

- 1 rail-linked cement terminal at Kings Cross
- 3 rail-linked aggregates depots
- 12 London based ready-mixed concrete plants
- 3 asphalt plants
- 4 wharves on the Thames and Medway rivers
- 1 GGBS plant



Market Position

- #1 building materials supplier in London
- Efficient operational set up with above average profitability
- Integrated supply chain: comprehensive network of production sites and depots for cement, aggregates, RMC, and asphalt
- Go-to supplier for large scale projects: superior logistics set up (e.g. swimming terminals) and substantial experience with major contracts (e.g. one of main suppliers to Crossrail project)



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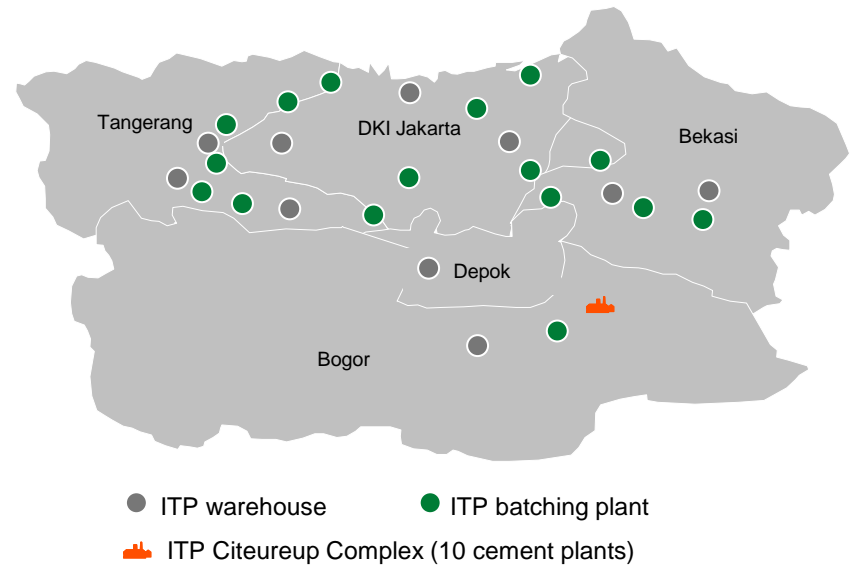
Strong, vertically integrated market positions

Deep-dive: Jakarta, Indonesia

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Footprint

- Cement capacity of 15.5 mt (one additional plant of 4.4 mt under construction)
- 1 Cement terminal in Tanjung Priok public port
- 10 warehouses
- 16 batching plants, incl. 3 batching plants strategically located in CBD area
- 1 aggregates location



Market Position

- Market leader in Greater Jakarta area with 74% of capacity and best positioned plant
- Already strong integrated market position
- Dominant RMC presence allows to capture bulk market growth and protection against imports
- #1 in both bag and bulk segment
- Well-known and premium “Tiga Roda” brand
- Strategically-placed warehouses in all main areas



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Strong, vertically integrated market positions

Deep-dive: Sydney / New South Wales, Australia

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Footprint

Comprehensive footprint with

- 71 concrete plants
- 15 quarries / sand plants
- 1 cement grinding plant
- 2 precast plants
- 400 concrete trucks and 150 aggregate / cement trucks

Market Position

- Strong, vertically integrated market position
- Successfully multi brand strategy including Hanson, Hymix and joint ventures
- 25% combined market share



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Strategic levers

Operating leverage

Cost leadership

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Vertical integration

Optimal geographic
footprint

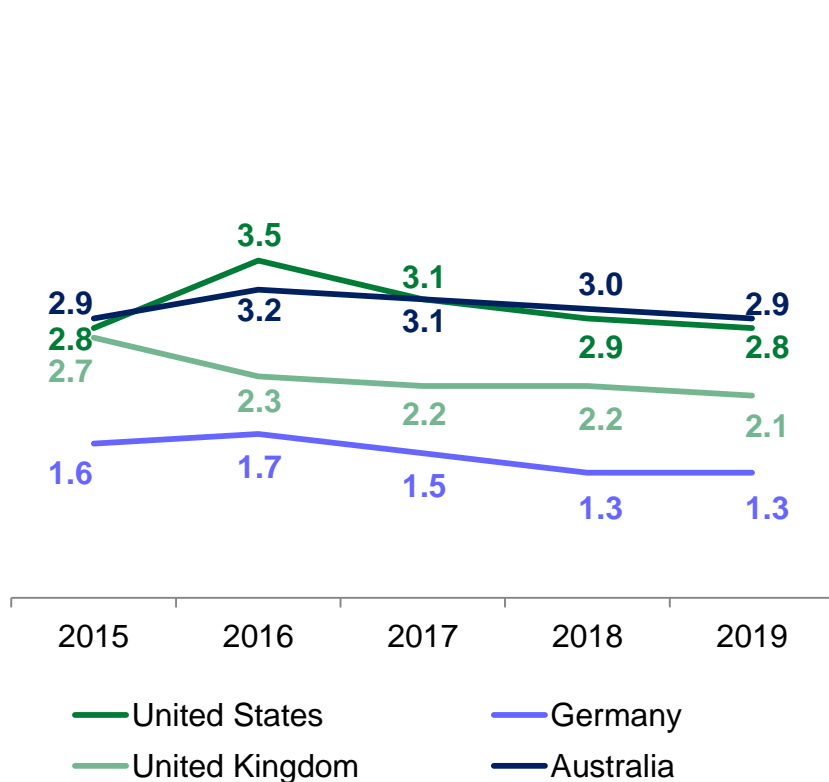
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Strong growth prospects for HC's key markets

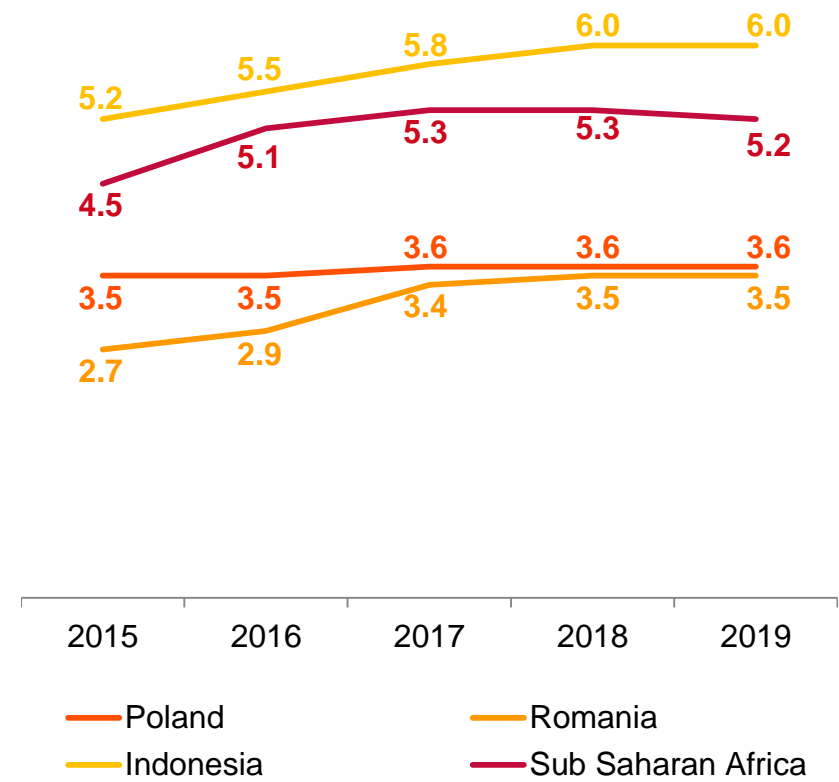


Annual GDP growth in %

Mature markets



Emerging markets



Optimally positioned to capture growth



United States

Strategic Position

Market position

- Strong in aggregates with 13bt of reserves
- Domestic cement plants close to key urban centres
- Extensive network of import terminals with market-leading profitability to take advantage of longer term recovery

Vertical integration in urban centres

- Strong vertically integrated positions in key urban centres

Competitive advantage

- Leanest and most efficient organisational structure of the industry

Potential

Market development

- Significant aggregates volume recovery potential (volumes still near trough) due to pent up demand from residential and infrastructure
- 7% cement demand CAGR from 2015-19 forecasted by PCA → volume growth from increased capacity utilization and imports

Internal drivers

- Substantial tax shield → drop through from EBITDA to cash
- Significant operating leverage in both aggregates and cement
- Aggregates price increases above inflation (proven over last years)
- Increased pricing power as domestic capacity approaches full utilization
- Pricing above inflation (“Sales as a science”)

Optimally positioned to capture growth



United Kingdom

Strategic Position

Market position

- Comprehensive network of sites covering all major consumption centres
- Particularly strong in Greater London area

Vertical integration in urban centres

- Fully vertically integrated position (CEM, AGG, RMC and Asphalt)

Competitive advantage

- Superior management team
- Marine wharfs and rail-linked terminals and depots allow high flexibility
- Comprehensive fleet of modern road delivery vehicles

Potential

Market development

- Structural need for growth: unsustainably low cement consumption per capita (<200kg) for several years
- CAGR of 5% cement consumption growth from 2015-17 forecasted¹
- Major infrastructure projects drive mid-term growth e.g. Northern Line, Canary Wharf, Battersea development, Thames Tideway Tunnel

Internal drivers

- Leverage experience with site-based concrete plants to win major projects
- Benefit from higher concrete prices in London than elsewhere in the UK
- Substantial tax shield → drop through from EBITDA to cash
- Pricing above inflation (“Sales as a science”)

1) Source: Euroconstruct (Nov. 2014)

Optimally positioned to capture growth



Indonesia

Strategic Position

Market position

- Second largest and most profitable player in Indonesia with 20.5mt capacity
- #1 in most important market Java with 17.5mt capacity
- Very concentrated market with high entry barriers

Vertical integration in urban centres

- #1 cement supplier to Greater Jakarta RMC plants; several own RMC plants in Jakarta's central business district

Competitive advantage

- Superior management team
- Market leader in Greater Jakarta metropolitan area with 74% of capacity (largest and best positioned plant)
- Strong local cement brand "Tiga Roda" commands a premium price

Potential

Market development

- 4th largest population in the world with ~250m
- Substantial GDP-growth expected (CAGR ~6% for 2014 – 2018): drives cement demand growth
- Significant upside to cement consumption: ~250kg/capita (VN ~500kg, SIN > 1,000kg)
- Heavy infrastructure investment over the next years (road, rail, harbor, airport) provides boost to medium / long term growth

Internal drivers

- Ideally positioned to take advantage of further Jakarta metropolitan area expansion
- Capacity increase of 4.4mt near Jakarta to be completed in 2015

Optimally positioned to capture growth



Australia

Strategic Position

Market position

- Strong footprint across all major cities
- Present in virtually all regional urban centres

Vertical integration in urban centres

- Full vertically integrated business
- All deliveries in main metropolitan areas despatched from single customer service centre in Brisbane

Competitive advantage

- Superior management team
- World class IT platform and industry leading logistics solution
- Strong management team

Potential

Market development

- Low interest rates to drive housing starts further up
- Strong population growth
- Significant potential as service sector of economy bounces back (tourism, education)
- Second largest destination for Chinese investment which will further drive the economy

Internal drivers

- New grinding mill in Port Kembla
- New terminal in Adelaide / Townsville
- Pricing above inflation (“Sales as a science”)

Optimally positioned to capture growth



Africa

Strategic Position

Market position

- Regionally diversified with 13 plants in 9 countries with 10mt capacity
- Market leader in most local markets

Vertical integration in urban centres

- Closest cement plants to major urban centres, e.g. Kinshasa, Accra, Dar es Salaam

Competitive advantage

- Superior management team
- Largely modern capacities
- Well established local players and brands
- Highest return on capital

Potential

Market development

- High population growth, increasing urbanization and beginning industrialization drive strong economic growth of 6-8% p.a.
- Significant upside potential for cement consumption per capita (currently 100kg vs 500kg in North Africa)
- 50% increase in cement demand in SSA until 2020 expected

Internal drivers

- Strong top & bottom-line growth based on recently commissioned capacities (>3mt cement; 1.5mt clinker)
- Numerous opportunities for future growth

Optimally positioned to capture growth



Scandinavia

Strategic Position

Market position

- Market leader in Sweden and Norway
- Ideally located plants for exports to recovering and growing markets in North America, Eastern Europe and Africa

Vertical integration in urban centres

- Strong vertically integrated position covering all major consumption centres

Competitive advantage

- Superior management team
- Stable profitability and strong ROIC
- Leading pilot projects in Carbon Capture and Utilization

Potential

Market development

- Natural resources and attractive living conditions drive population and economic growth
- Strong investments in infrastructure projects planned: Railway and Roads (Norway), Fehmarn Belt Link (Denmark), Stockholm Bypass (Sweden)

Internal drivers

- Optimization of asset base, e.g. relocation of Stockholm terminal
- Leading position to reach zero carbon
- Take advantage of increasing demand for exports to North America

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Our growth and profitability ambitions 2019

Leveraging recovery of mature markets, especially aggregates

Focused and disciplined growth in emerging markets

Pricing in-line or above cost inflation

Increasing vertical integration in urban centres

Digitalisation of value chain

Culture of continuous efficiency improvements

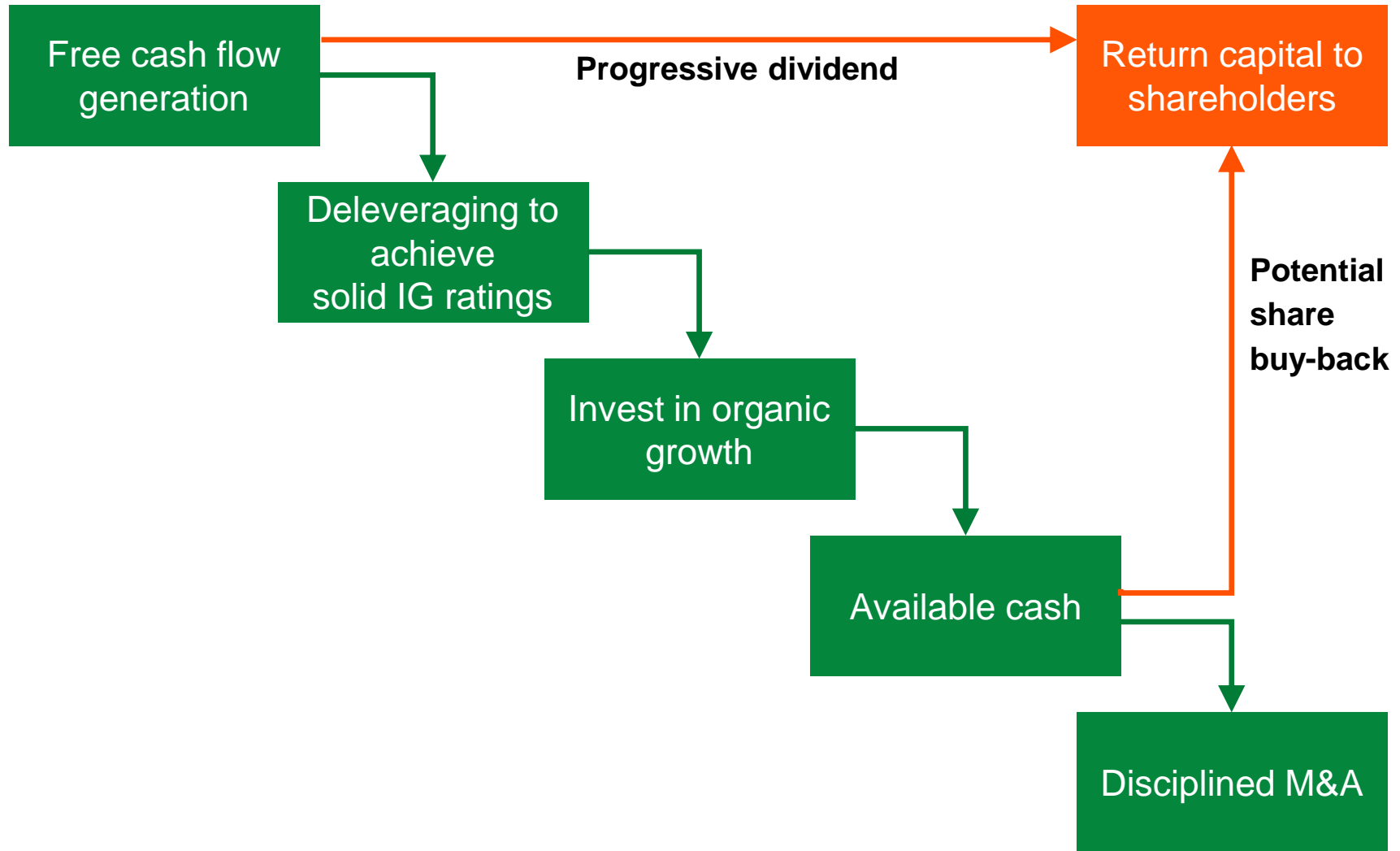
Revenues in €bn

>17

EBITDA in €bn

>4

New capital allocation priorities – shifting cash towards growth and shareholder return



Building shareholder value



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Building Shareholder Value

Dr Bernd Scheifele, Group CEO



**HeidelbergCement Capital Markets Day
London, 10 June 2015**

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Building Shareholder Value

Dr Dominik von Achten, Deputy Chairman / North America / CCM



**HeidelbergCement Capital Markets Day
London, 10 June 2015**

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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 to a greater extent than currently anticipated by HeidelbergCement's management as a result of continued adverse market conditions; 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 crisis; the outcome of pending investigations and legal proceedings and actions resulting from the findings of these investigations; as well as various other factors. 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.

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Balanced footprint covering base and growth markets

27% Canada Region

■ Cement plants	2
■ Aggregates sites	>50
■ Ready-mix plants	>60
■ Import terminals	1

32% North Region

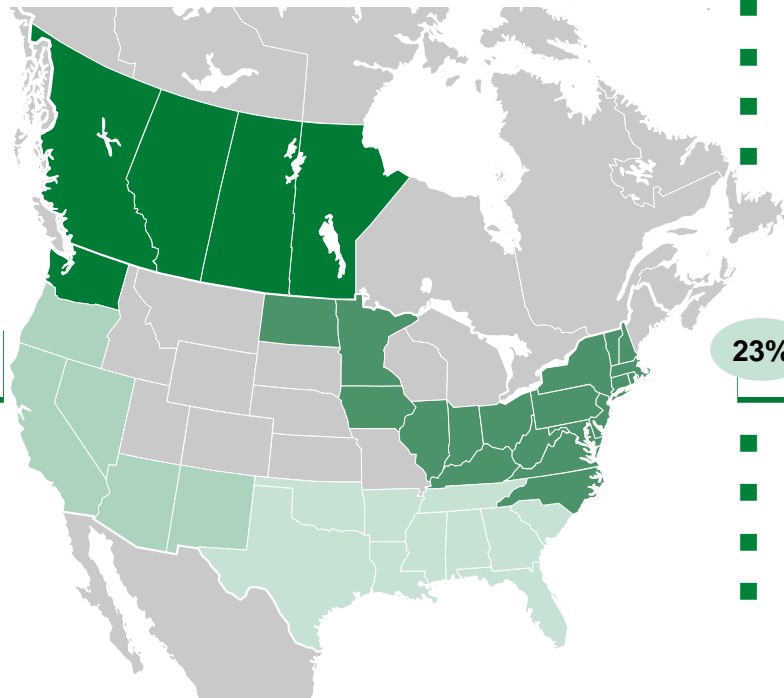
■ Cement plants	5
■ Aggregates sites	>90
■ Asphalt plants	>20
■ Ready-mix plants	>20
■ Import terminals	5

14% West Region

■ Cement plants	3
■ Aggregates sites	>20
■ Asphalt plants	>10
■ Ready-mix plants	>20
■ Import terminals	>3

23% South Region

■ Cement plants	2
■ Aggregates sites	>40
■ Ready-mix plants	>25
■ Import terminals	>5



○ % of rev. ('14)

Vertically integrated positions across core business lines in local markets

Note: Remainder to 100% of sales incl. White Cement business

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Vertically integrated positions in attractive US markets...

Deep-dive: Texas, US

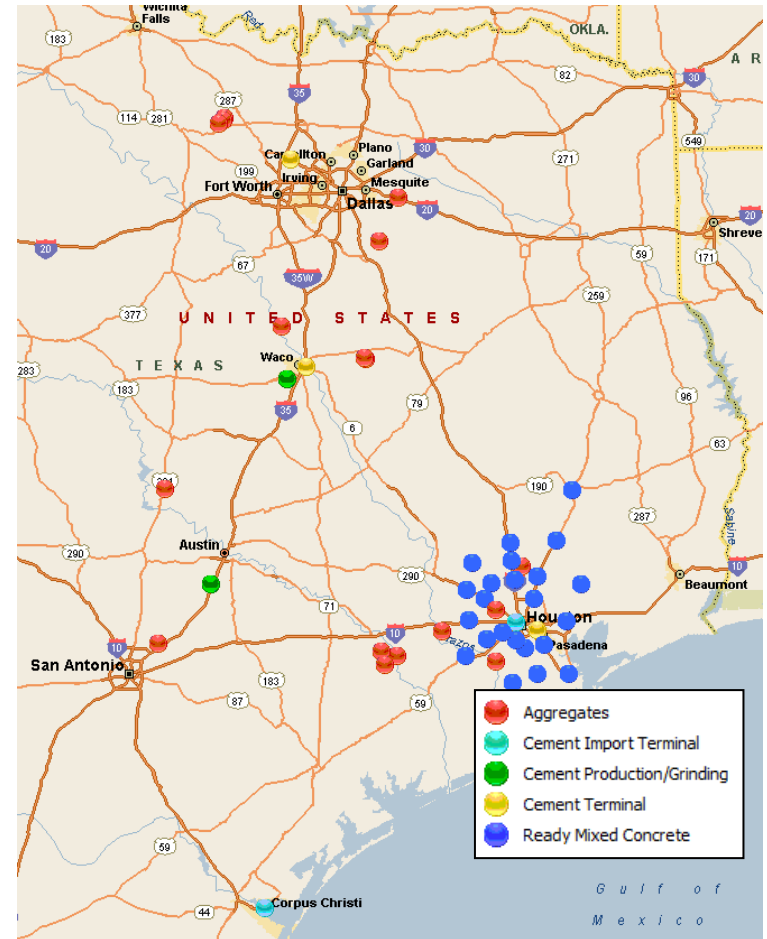
Footprint

Fully vertically integrated with:

- 1 grey cement plant (JV)
- 1 white cement plant
- 5 cement terminals (JV)
- >15 aggregates plants
- >20 concrete plants
- >20 stabilized sand plants

Market Position

- Texas Lehigh Cement is one of the leading cement suppliers in the state
- Vertically integrated ready-mix supplier in Houston
- Leading aggregates producer in the DFW and Houston markets



... and fully integrated in Western Canada

Deep-dive: British Columbia, Canada

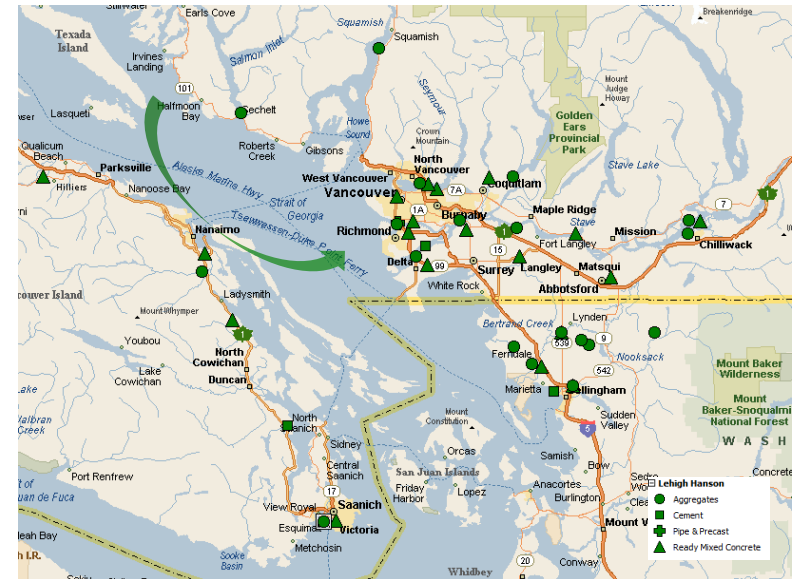
Footprint

Fully vertically integrated with:

- 1 cement plant (Delta)
- >3 cement terminals
- >10 quarries / sand and gravel plants
- >15 concrete plants

Market Position

- Fully vertically integrated with top 3 market positions 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
- Strong water-based aggregates depots in central market locations with own large barge fleet

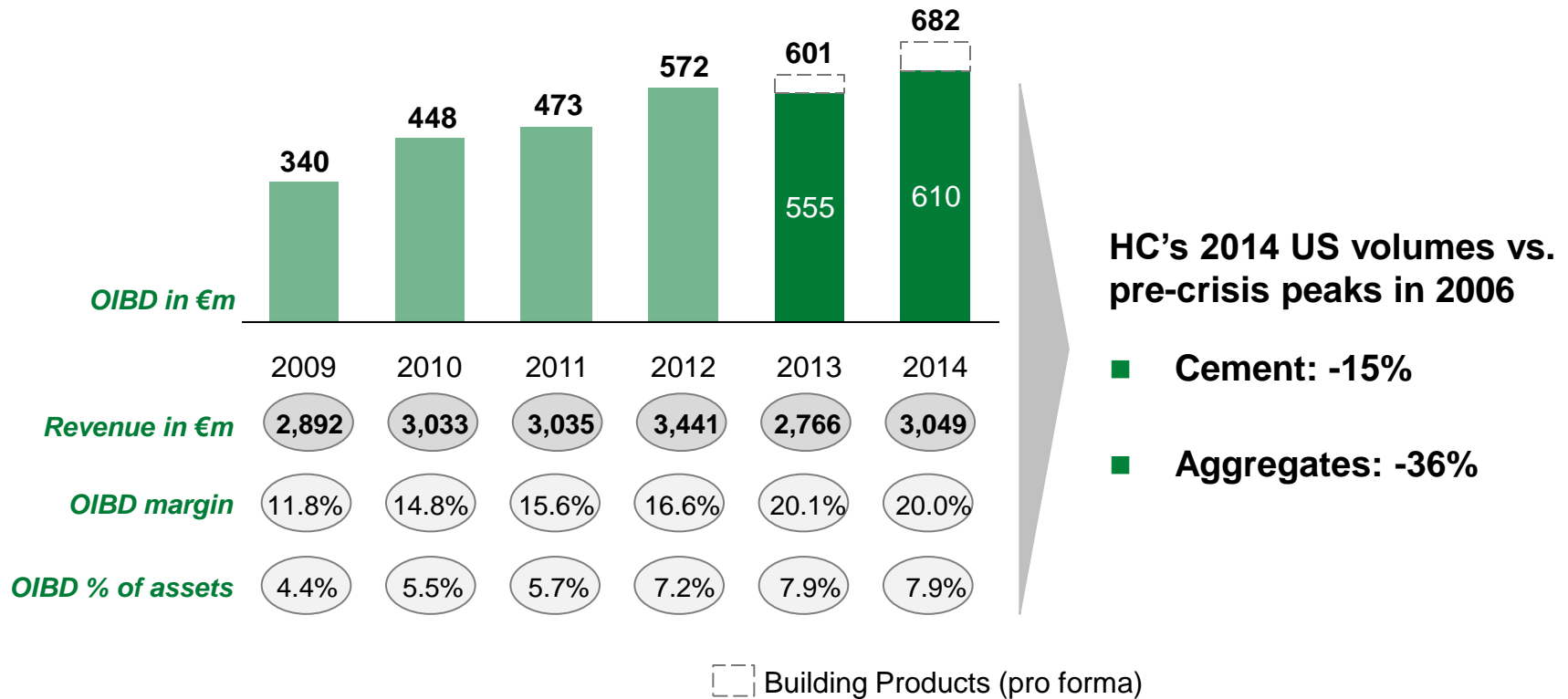


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Clear profitability improvements – peak not reached yet

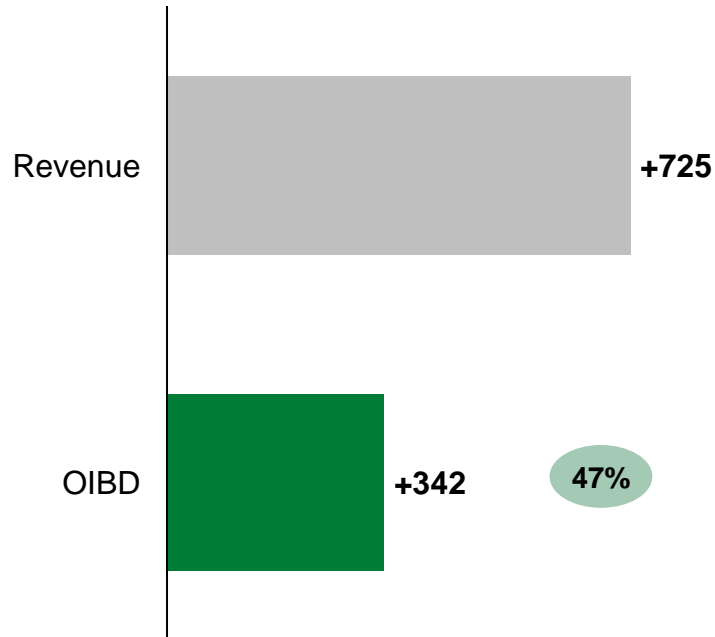


Successful exit of non-core Building Products business closed in Q1/2015

Long-term operating leverage since 2009 close to 50%

NA long-term operating leverage

Delta (2014 vs. 2009)
in €m



Critical drivers

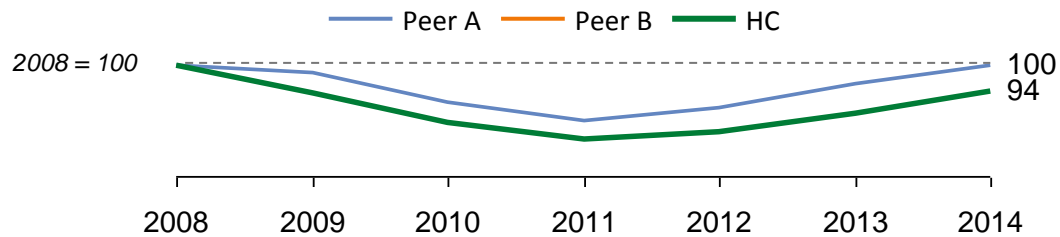
- 1 Pricing programs, e.g.**
 - PERFORM (Cement)
 - CLIMB Commercial (Aggregates)
- 2 Cost discipline, e.g.**
 - FOX (Purchasing)
 - WIN NAM (Overhead)
- 3 Productivity gains, e.g.**
 - OPEX (Cement)
 - CLIMB (Aggregates)

Note: Incl. pro forma BP for 2014 for comparison reasons

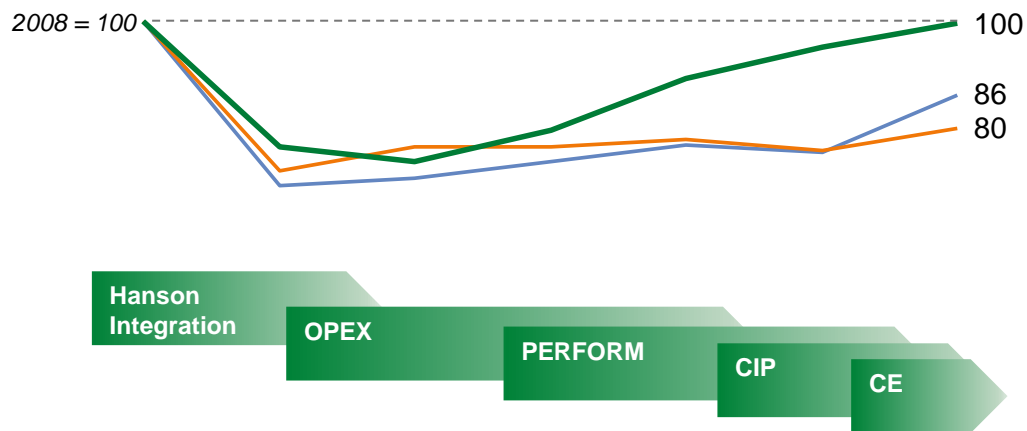
Cement with above average volume growth

Benchmark (deep-dive US cement)

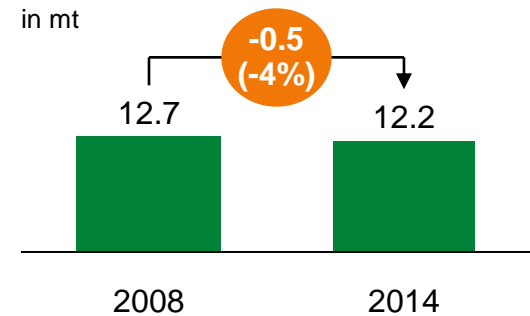
Cement price development (US)¹



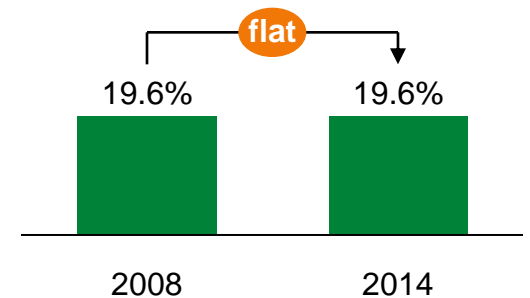
Cement volume development (US)¹



NAM cement sales volumes²



NAM cement EBITDA margin²



Still substantial potential on the cement pricing side in the US

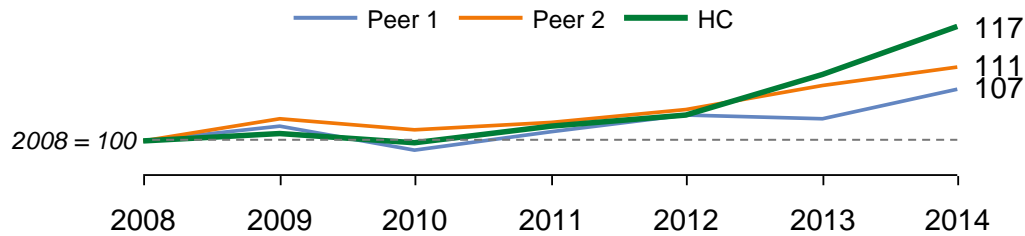
1) Includes 50% of Texas Lehigh JV consistently

2) Values represent total North America for HeidelbergCement (also: grey cement only, i.e. no clinker sales included)

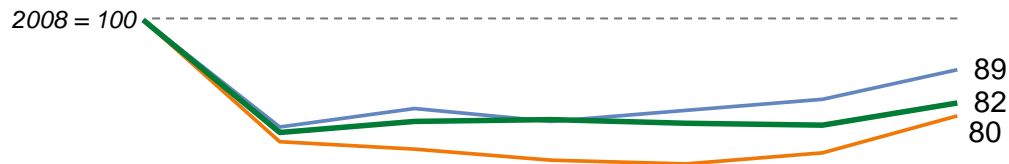
Strong aggregates performance with further pricing upside

Benchmark (deep-dive US aggregates)

Aggregates price development (US)



Aggregates volume development (US)



Hanson
Integration

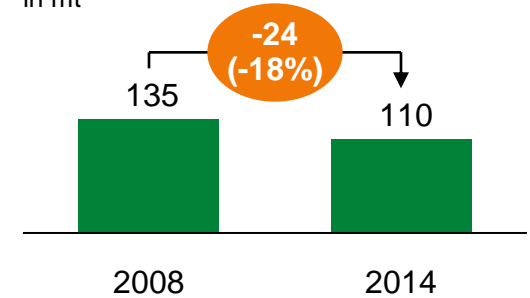
CLIMB

CLIMB Commercial

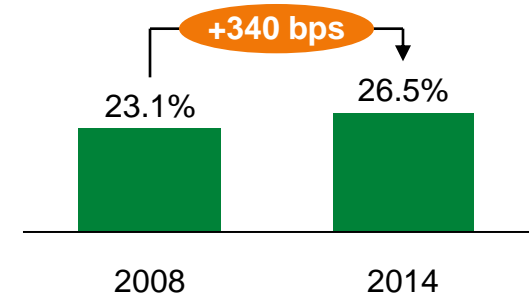
LEO

NAM aggregates sales volumes¹

in mt



NAM aggregates EBITDA margin¹



Realized pricing above typical inflation level

1) Values represent total North America for HeidelbergCement

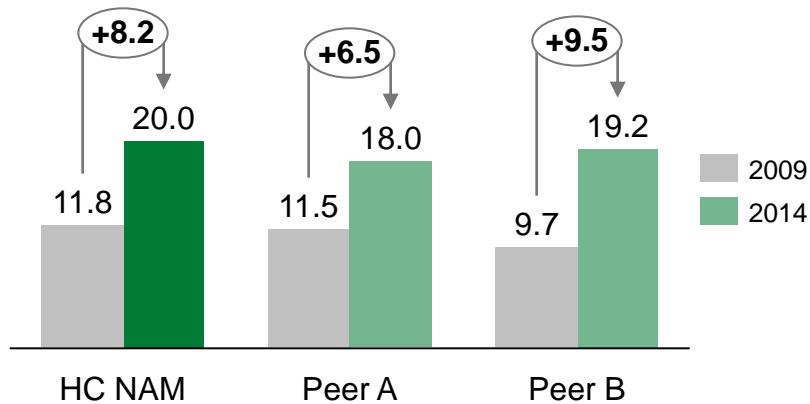
Efforts pay off: Leading profitability – also in aggregates

Benchmark (all business lines / aggregates)

Global peers (all business lines)

OIBD margin

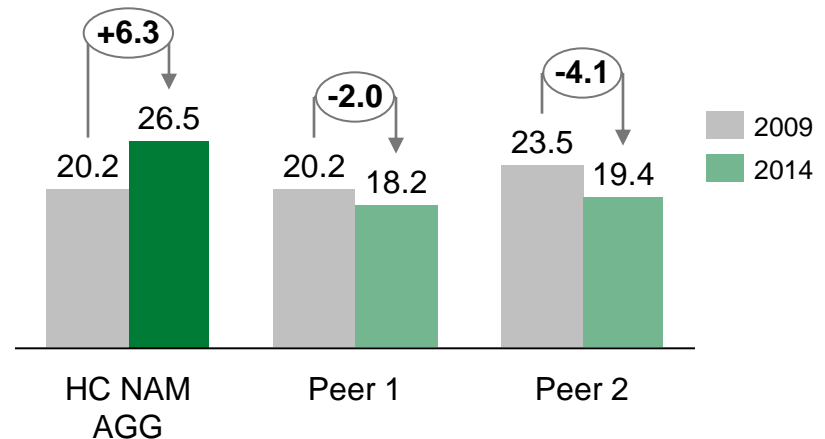
%



Aggregates peers

OIBD margin

%



- Strong performance vs. regional result of core global peers
- Reflection of continued cost management paired with consequent pricing policies

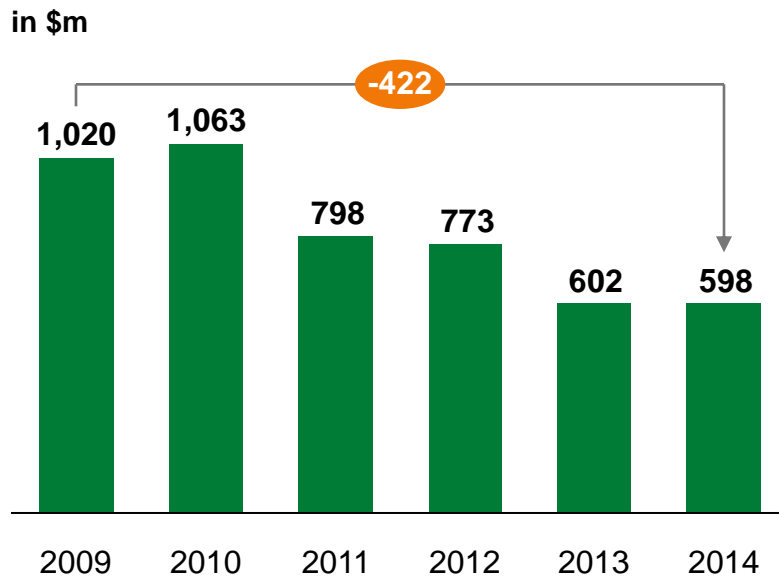
- Position as a leading NAM aggregates player reflected in strong profitability
- Strong performance even vs. local pure play aggregates peers

Source(s): As reported, Annual reports.
Gain on sale of real estate and businesses in 2014 is excluded in Peer 2 values.

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\$m 400 of working capital freed since 2009

Working Capital (2014 vs. 2009)



Critical Drivers

Tight payables and receivables management freed > \$m 400 of working capital since 2009:

- DPO (Days payables outstanding):
→ improved by > 15 days
- DSO (Days sales outstanding):
→ improved by > 25 days

Improvement realized despite upward sales momentum in same period

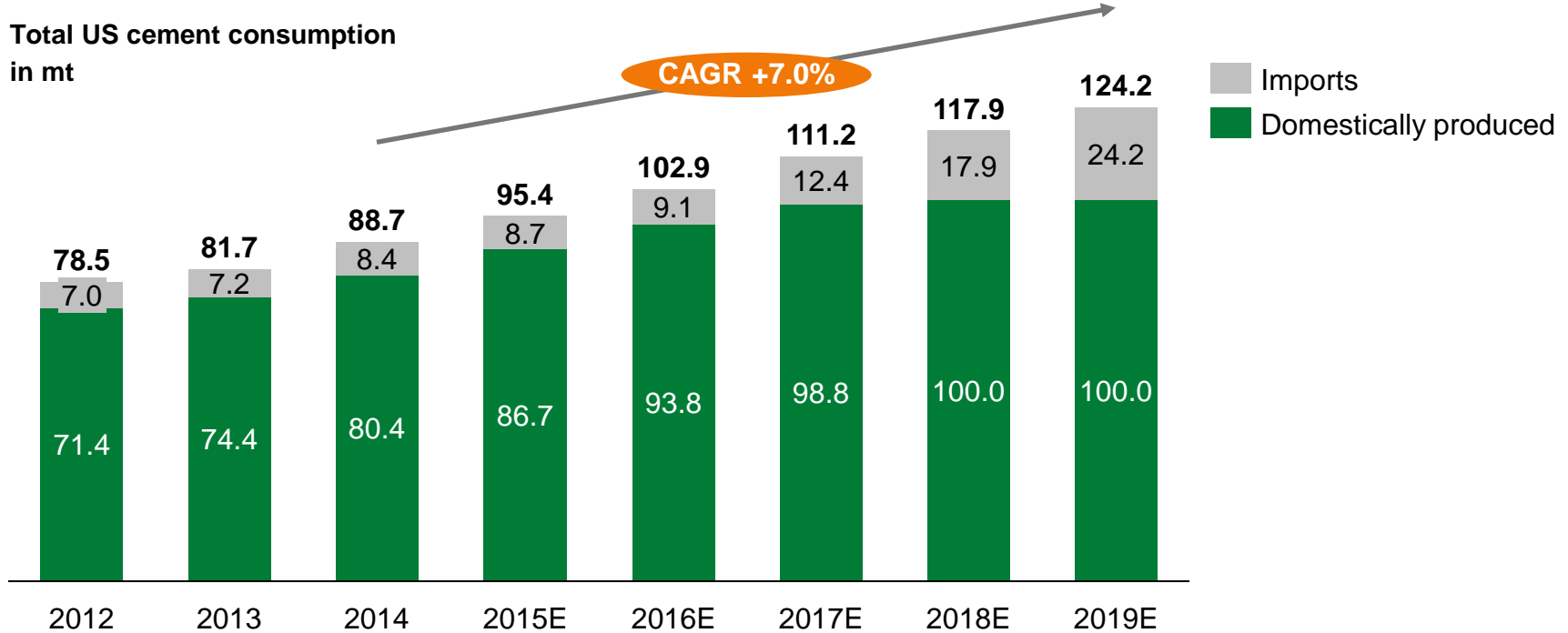
Management has clear focus on cash flow and return on capital

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Forecasted US cement demand growth of +35mt until 2019

PCA Spring 2015 Forecast:



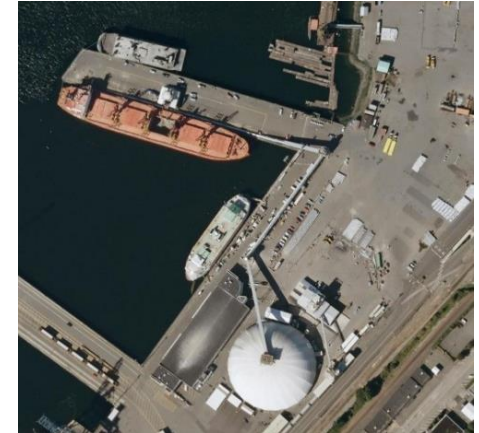
We leverage existing >6mt cement import capacity...

Cement import terminals

Terminal Network



Ex.: Port Everett Terminal



More than 6mt import capacity

- North Region: >2.0mt
- South Region: >2.0mt
- West Region: >1.5mt
- Canada Region: >0.5mt

Import impact

- HC well placed to benefit from domestic shortages due to strong local positions
- HC's imports previously peaked at >4.0mt
- HC has capacity to supply more than 25% of projected imports for 2019

... and thereby also maximize profitability of domestic plant network

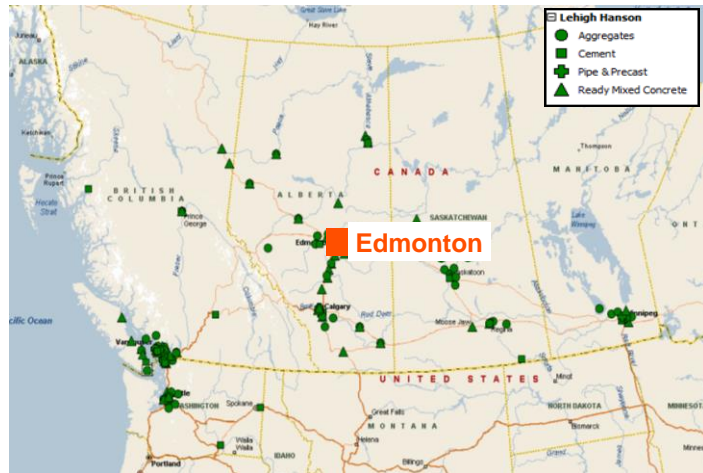
1) Only partially owned / JV

We further expand capacities in attractive existing markets

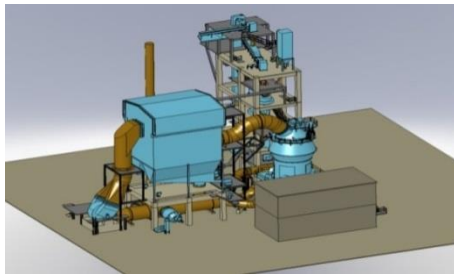
Deep-dive (Capex): Edmonton – New grinding mill (cement)

EXAMPLE

Map



Layout



Description

- Add cement grinding capacity with additional vertical roller mill

Rationale

- Add additional capacity to serve future demand requirements
- Become less reliant on costly cement transports from BC
- Improve overall cost position of HC's Edmonton cement plant

To be completed in 2017

Continuously investigating expansion options – both brownfield and greenfield

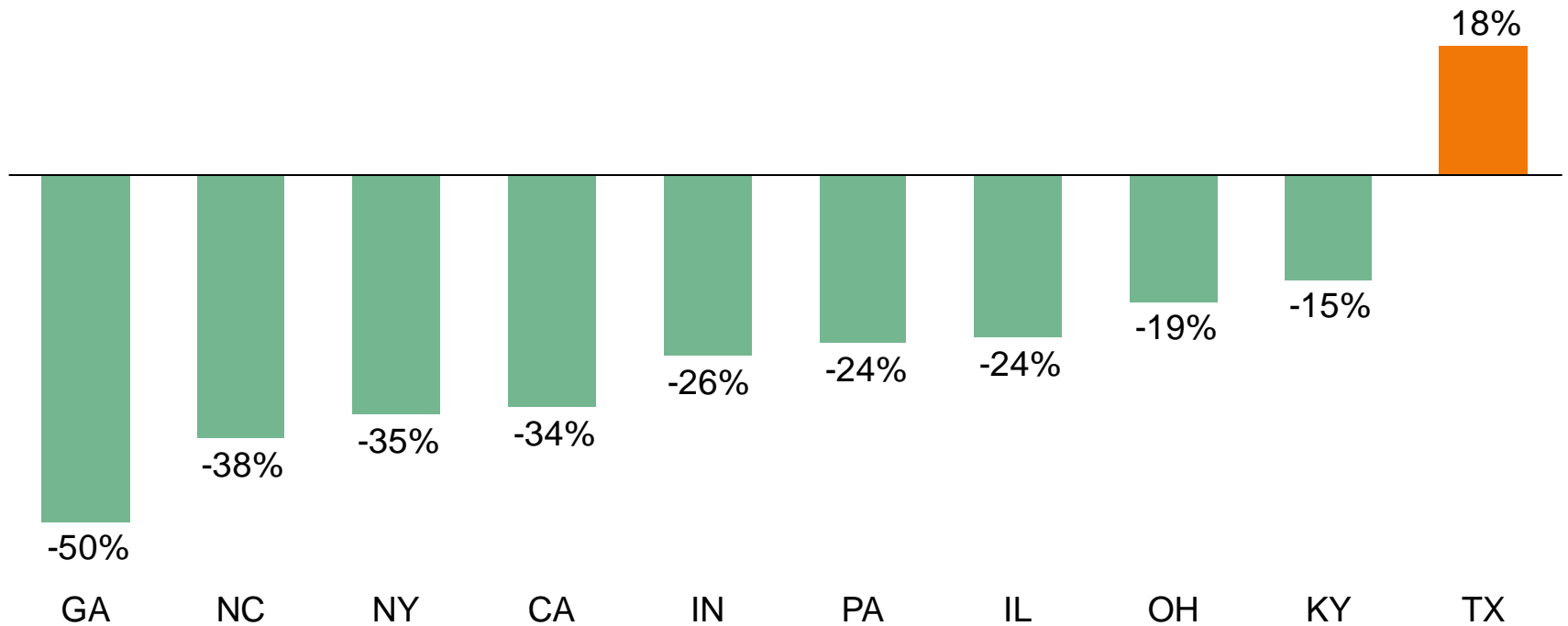
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US aggregates demand still far below previous peaks

USGS crushed stone volume (2014 vs. 2006)

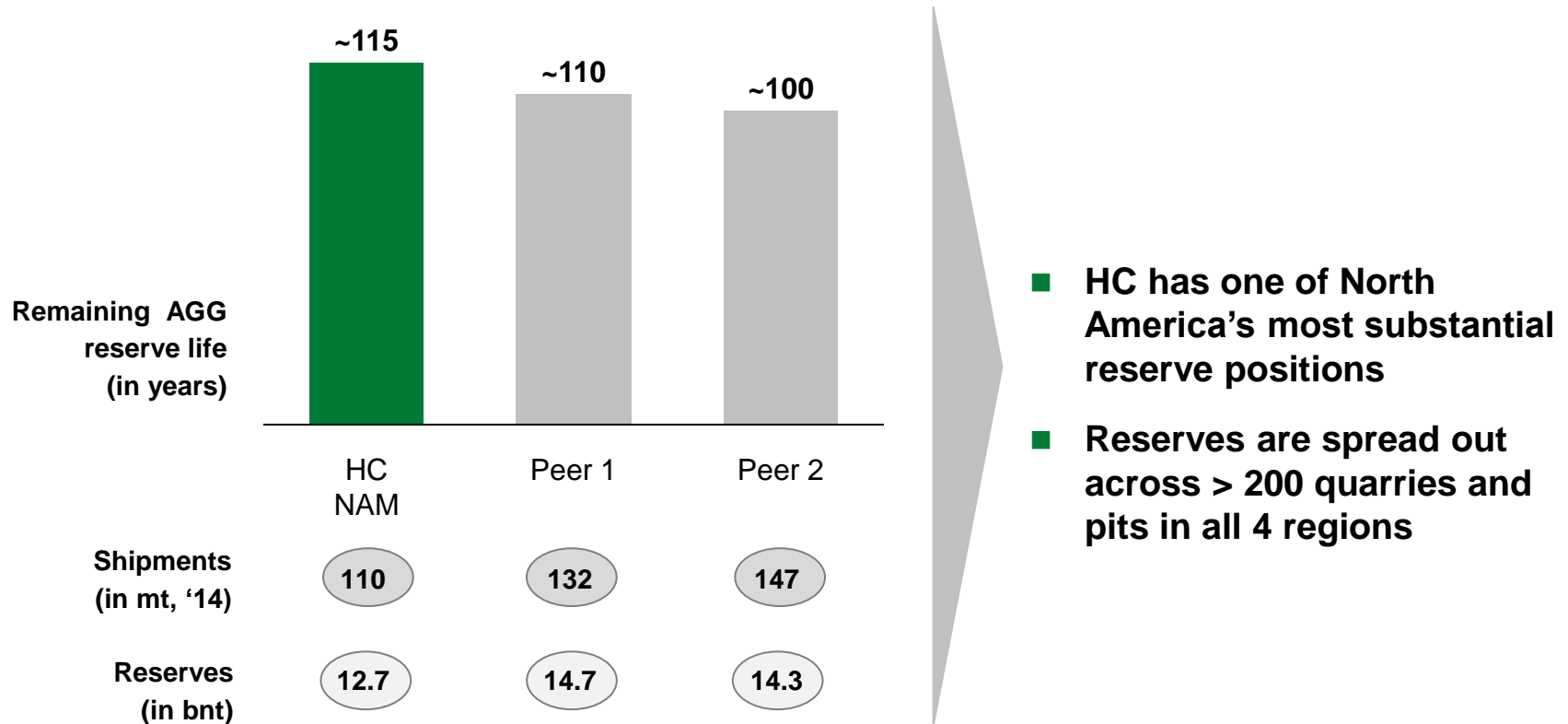


These states represent HC's Top 10 US market positions

Note: Ordered by relative volume in 2014 vs. 2006
Source(s): USGS (2006/2014)

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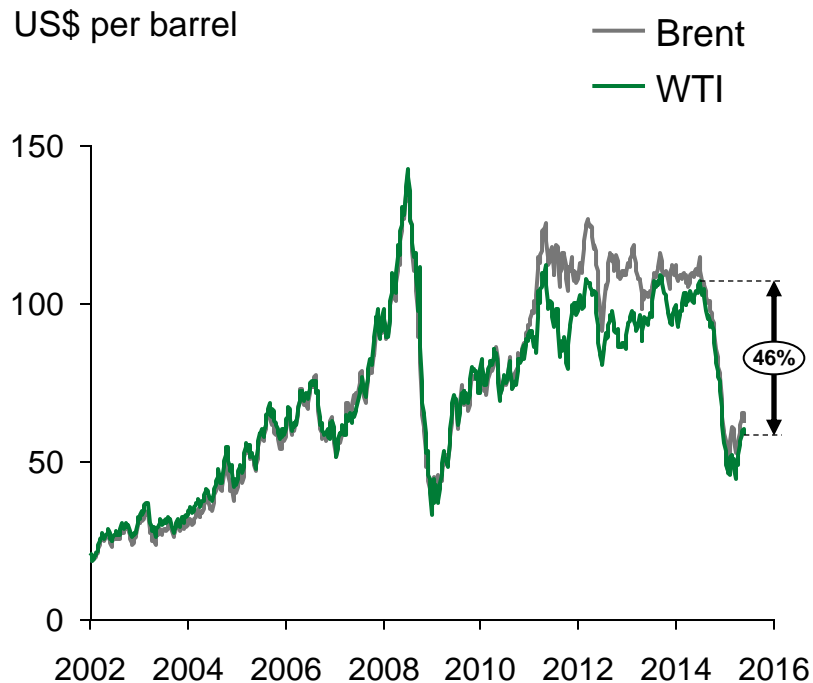
HC has a very substantial aggregates position



Substantial reserve positions close to urban centers (e.g. Chicago, DFW, Atlanta)

Oil price impact seen on demand and supply side

Oil price development (since 2002)



Twofold impact on HC's business

1 Top-line: slower oil and gas demand

■ Texas, US

- Mining (incl. O&G) ~14% of state GDP
- Oil rig count down more than 50%
- Switch to regular cement possible
- **Backlogs in Texas remain strong**

■ Alberta, Canada

- Oil & gas ~23% of province GDP
- Offsetting effects from FX change & declining input factor costs
- **Decline in Alberta mitigated by other parts of Canada Region (e.g. Seattle)**

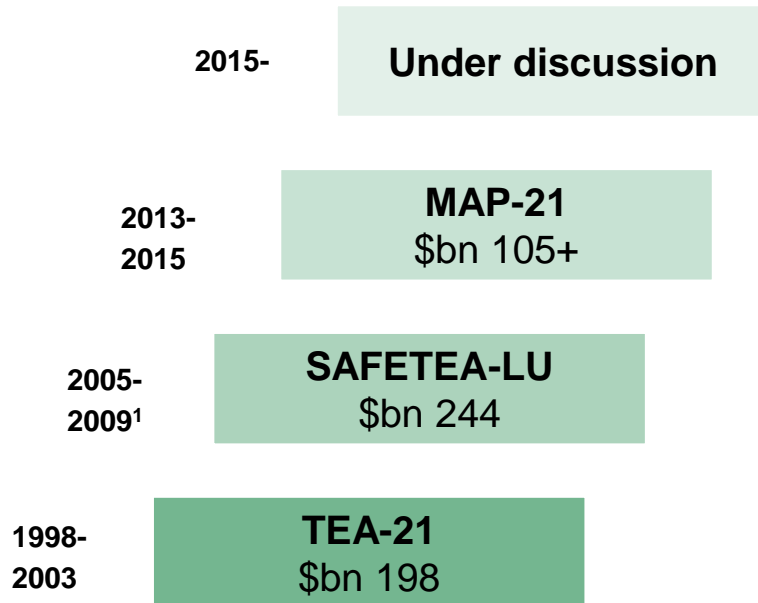
2 Bottom-line: fuel cost savings

■ Diesel price impact

- Annual direct fuel cost \$m >90 (e.g. for own yellow machine fleet)
- Annual freight cost \$m >300
- **Substantial fuel savings potential**

Aggregates would benefit from federal long-term solution

Past Federal Programs



Current Status

- No long-term federal infrastructure financing is currently put in place
- Current MAP-21 extension was due to expire May 31, 2015 but was extended to expire July 31, 2015
- Upon expiration from Aug 1 onwards:
 - Either further short-term extensions
 - Or new long-term funding program (5-6 years)
- State infrastructure programs (e.g. Texas, Georgia, Pennsylvania) buffer effect from missing federal long-term program

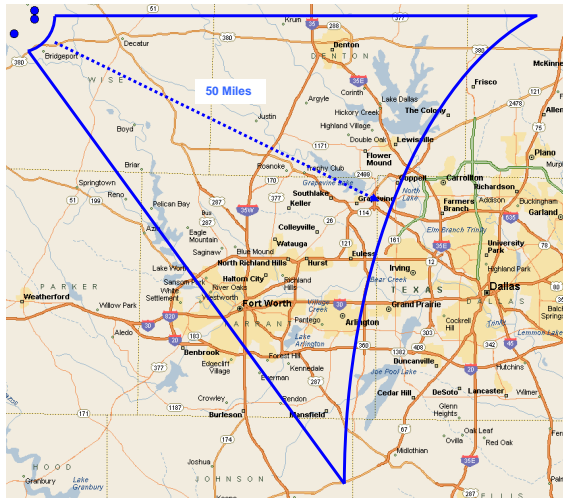
In short term larger states have mitigated impact by increased local funding

Growing our aggregates position in important markets

Deep-dive (Capex): Lake Bridgeport, Texas – New aggregates plant

EXAMPLE

Map



Description

- Build new processing plant at previously closed Lake Bridgeport quarry

Rationale

- Complement and improve overall product mix from nearby Bridgeport plant
- Cope with strong aggregates demand in DFW market
- Maintain leading market position as well as overall DFW market share

Progress



About to go live

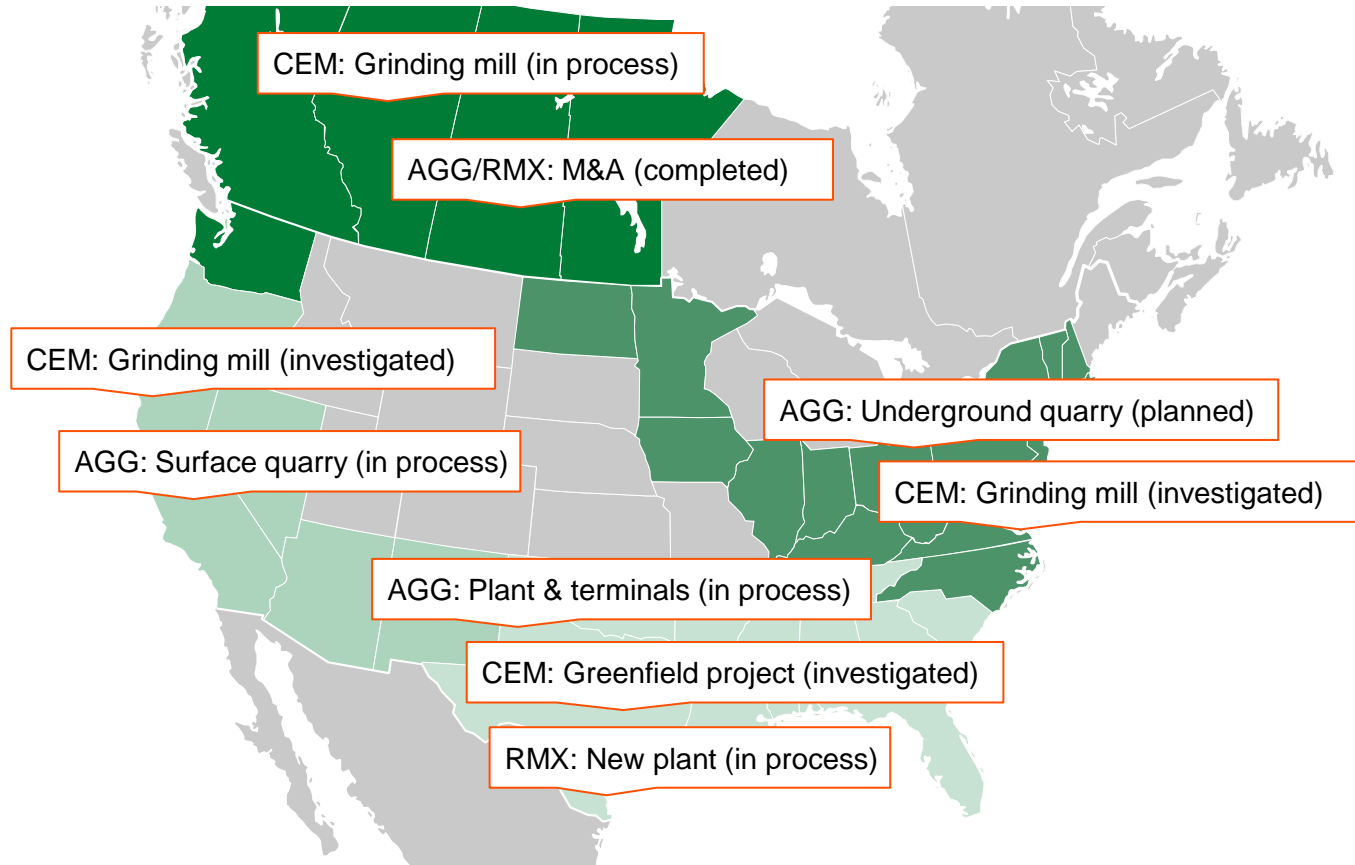
Continuously investigate all expansion options

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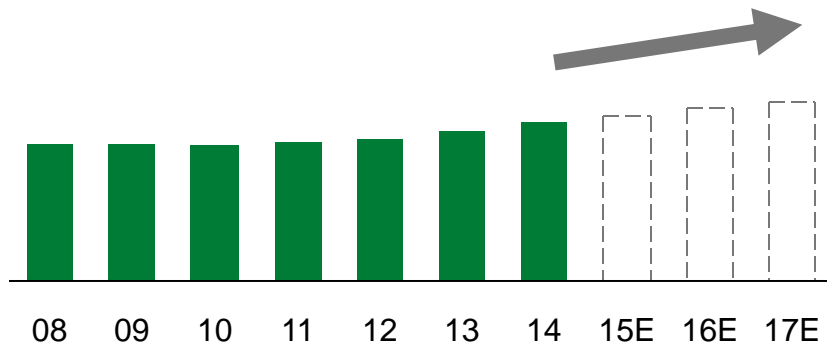
Increased focus on expanding and improving footprint...



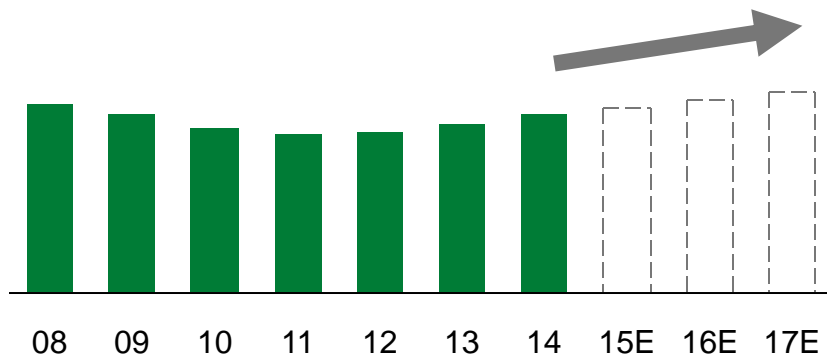
Development driven by entrepreneurial and experienced management team

...with pricing being on top of the agenda

Aggregates price development (US)



Cement price development (US)



Aggregates track record is illustration of HC's pricing implementation strength ...

... which will now be fully leveraged in cement as well as capacity utilisations and imports further increase

We are well positioned to grow – and we will

We delivered: strong op. leverage since 2009, while exiting BP successfully

- Cement: Grew above market, but further pricing potential
- Aggregates: Margins on pre-crisis level, while big volume upside
- Working capital: Tight payables & receivables management freed \$m 400

We grow cement: strong demand forecasts meets existing asset leverage & pricing push

- PCA forecasts sees US cement demand grow by more than +35mt until 2019 (CAGR 7.0%)
- HC has > 6mt import terminal network at both coasts w/ own supply capabilities overseas
- Additional capacity expansions in implementation

We grow aggregates: major volume upside for one of NA's strongest asset bases

- Most of HC's core markets still significantly below pre-crisis peaks
- HC has one of NA's most substantial reserve positions across regions w/ ~115 yrs reserve life
- Continuous improvement and expansion investments in growth states build out strong footprint

Solid foundation to further leverage the improving market conditions

Building Shareholder Value

Dr Dominik von Achten, Deputy Chairman / North America / CCM



**HeidelbergCement Capital Markets Day
London, 10 June 2015**

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Building Shareholder Value

Break



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Building Shareholder Value

Dr Lorenz Näger, Group CFO



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Building shareholder value

Focus on cash generation

Achieve and maintain solid investment grade ratings

Disciplined investment approach

Progressive dividend policy

**Prudently
balance
growth and
shareholder
returns**

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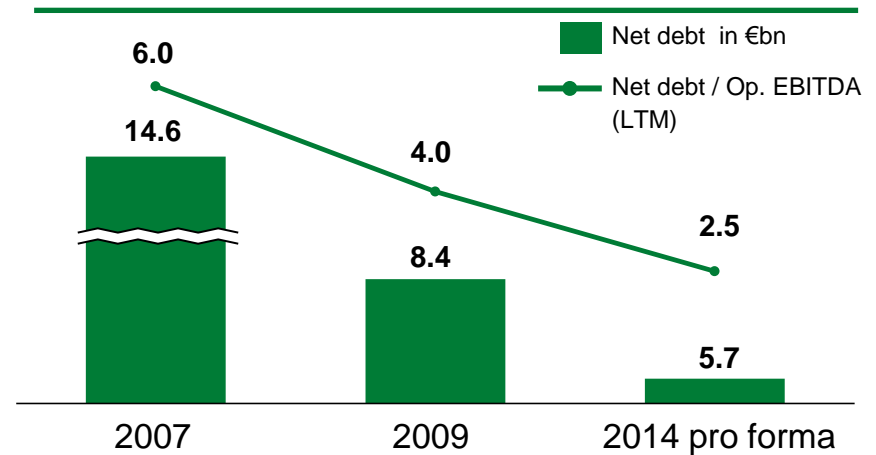
Entering investment grade territory

Net debt reduced to €bn 5.7¹

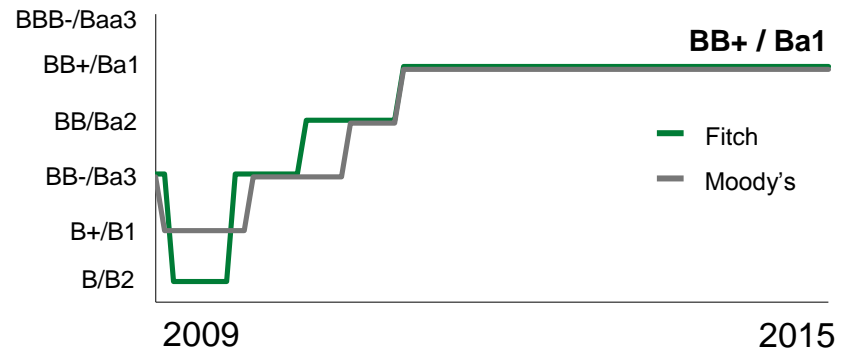
Leverage down to 2.5x¹

Moody's changed rating outlook to Positive (30/03/2015)

Debt reduction



Development of ratings



1) On a pro forma basis after Building Products disposal

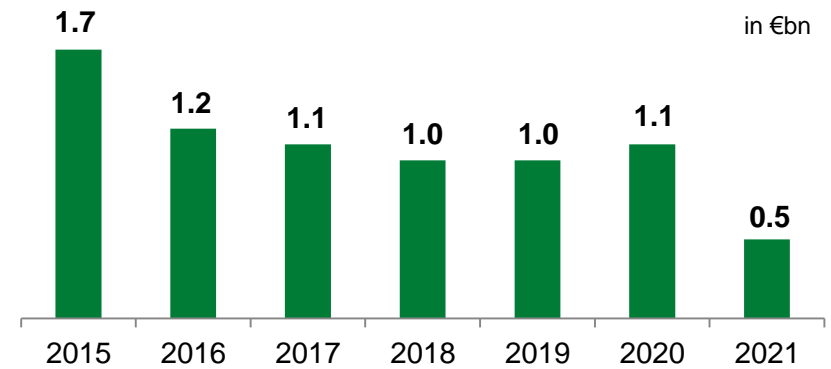
Strong financial profile

Robust debt maturity profile

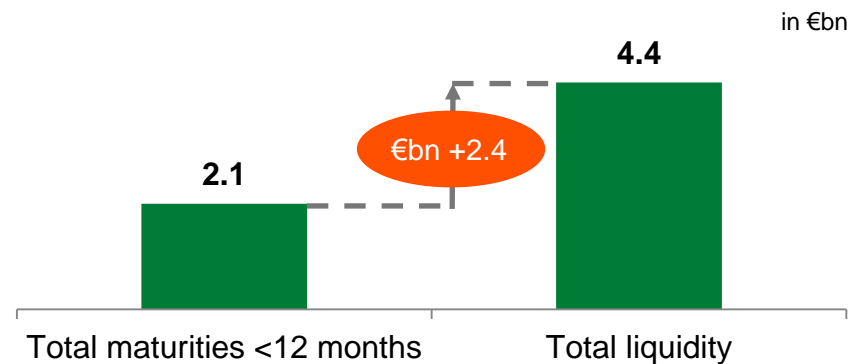
Interest costs reduced by €m 170

Strong liquidity position

Total debt maturity profile¹



Liquidity position

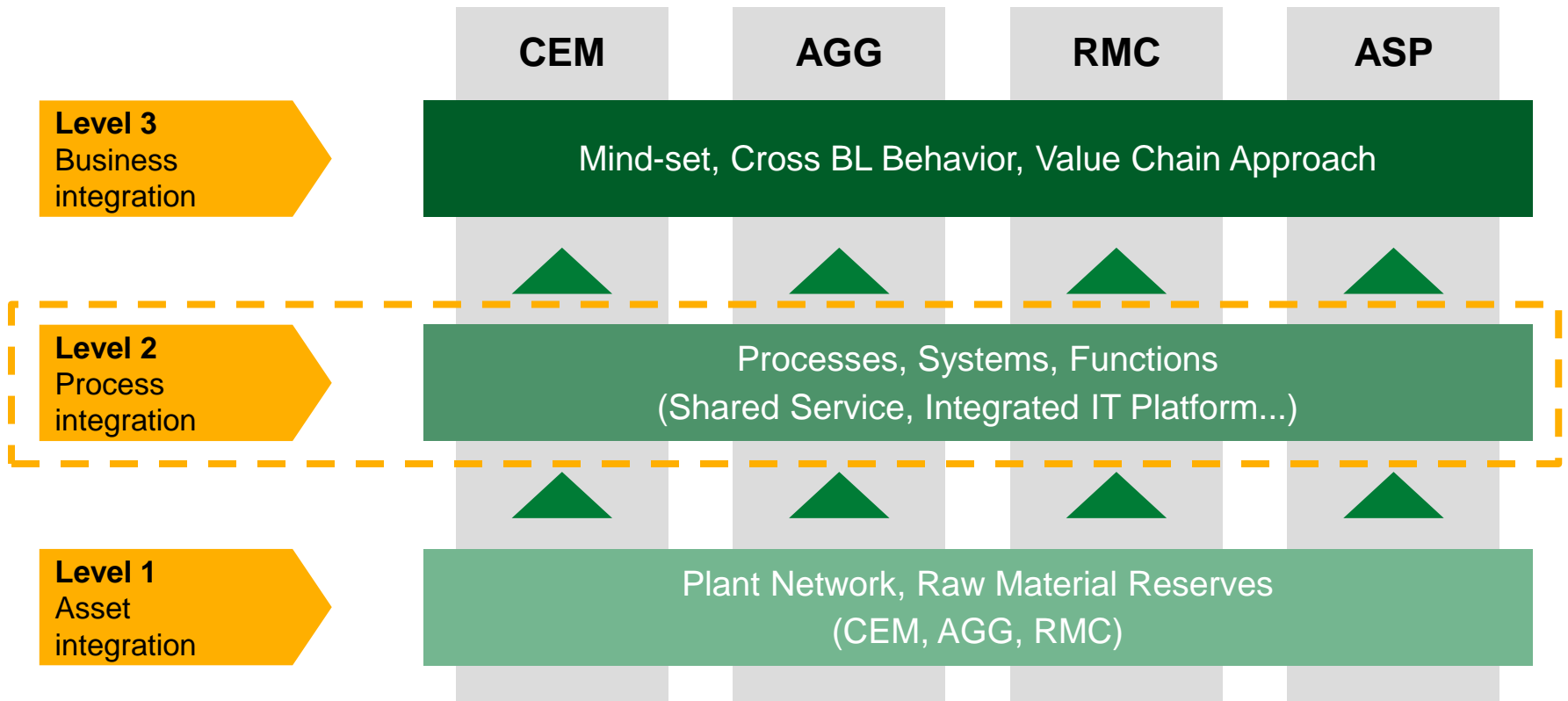


1) Including Syndicated Facility (SFA), debt instruments and bonds

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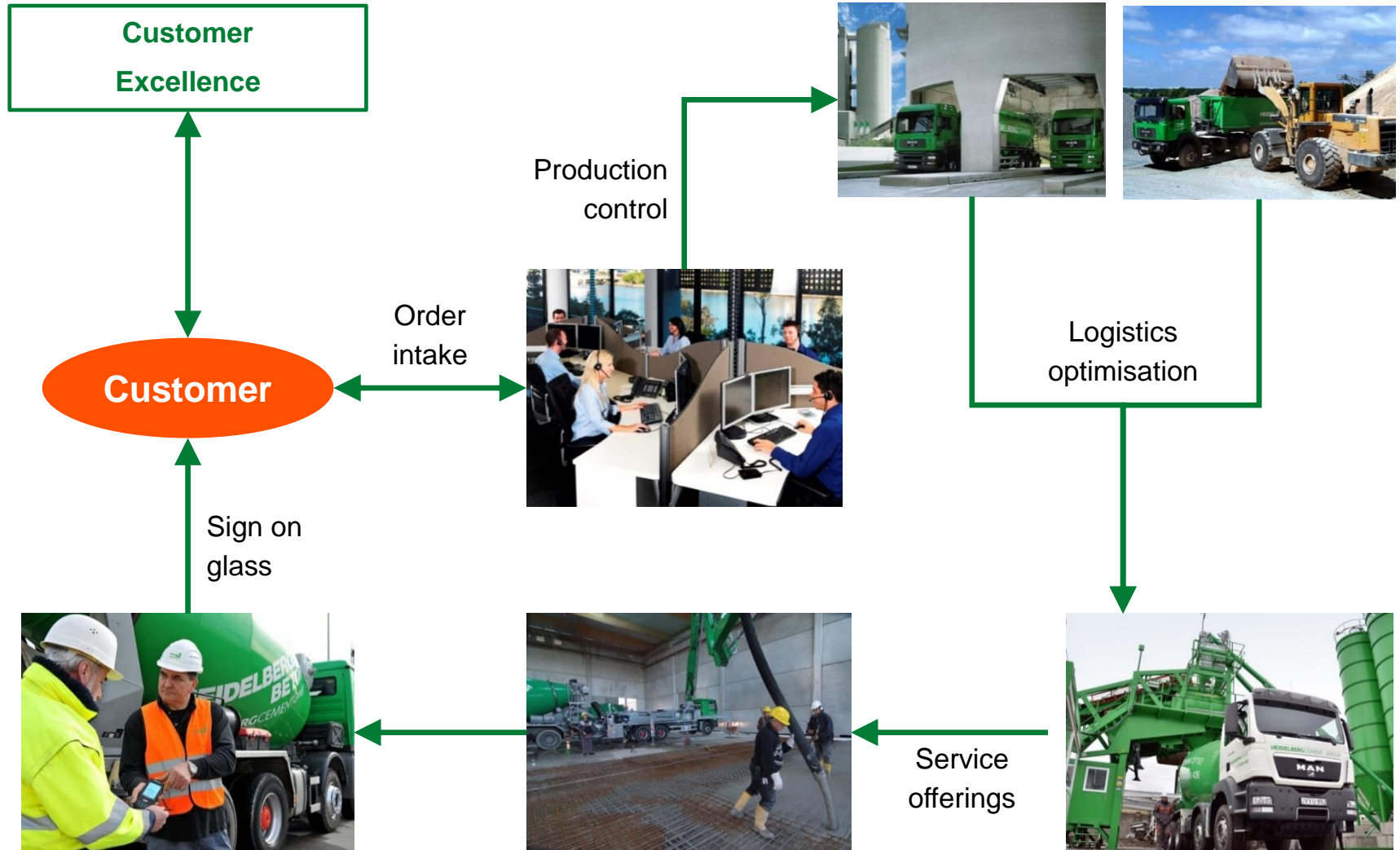
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Vertical integration: Spotlight on Level 2 process integration



Create a platform for seamless end-to-end processes

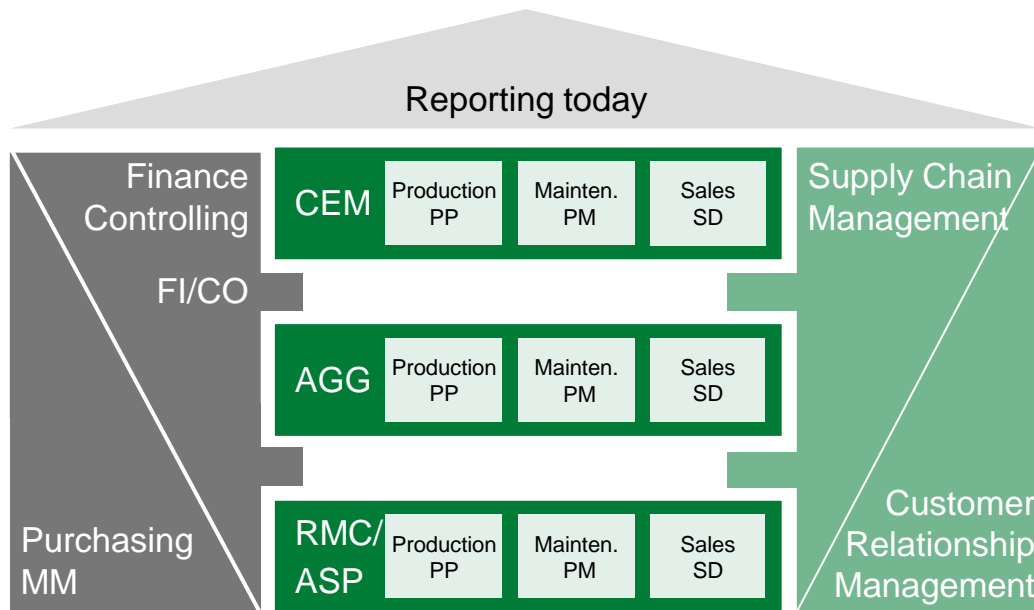
Seamless end-to-end process across all business lines



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Integrated IT platform successfully deployed

Integrated IT platform and supply chain management for all business lines



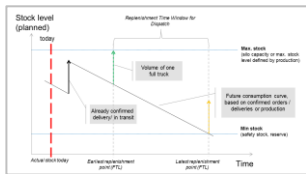
- Harmonised and standardised processes of all business lines
- Integrated approach along the entire value and supply chain

Basis for integrated market approach and sustainable process improvements

Visible benefits for customers, suppliers and organisation

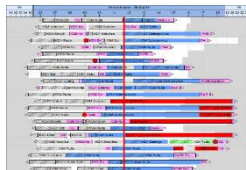
Operational efficiency:

Efficient stock management etc.



Added value for customer:

On-time deliveries etc.



Automated replenishment



Centralised order intake



GPS-monitored delivery

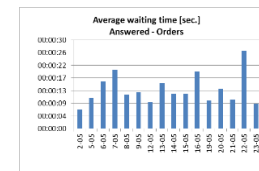


Centralized dispatching



Added value for customer:

Efficient order intake process etc.



Operational efficiency:

Higher fleet utilisation etc.



Targeted global cost reductions of €m 150 over the next few years

Deep-dive: Leading logistics Australia

Key figures

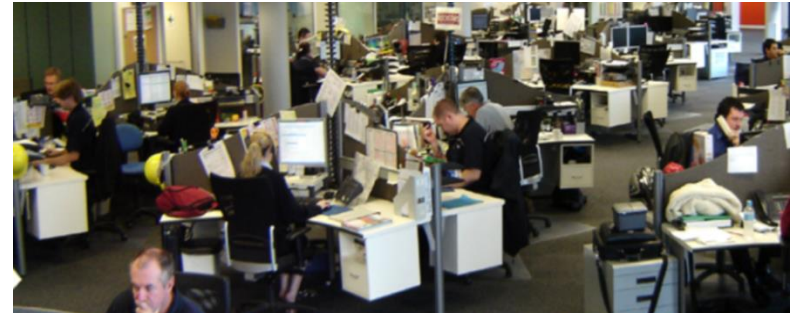
- 1,250 Concrete trucks
- 470 Aggregate / cement trucks
- 75% Company owned

Competitive advantages

- World leading national order/ dispatch centre
- Full logistics control RMC, AGG, CEM
- Fully automated replenishment system (MRP)
- Innovative fleet development
- Integrated GPS statuses/ diagnostics/ mapping
- Highly advanced truck optimisation
- Strategic target customer service approach

Benefits

- 25% utilisation improvement (3 years)
- Superior margins



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Substantial benefits of seamless end-to-end processes

Increased customer benefit

▶ Improved order intake service

▶ Reliable delivery windows with lateness notification

▶ Less complaints on bills

Reduction of operating costs

▶ Lower idle time (approx. 20%) of transport vehicles

▶ Increased order intake efficiency

▶ Less working capital



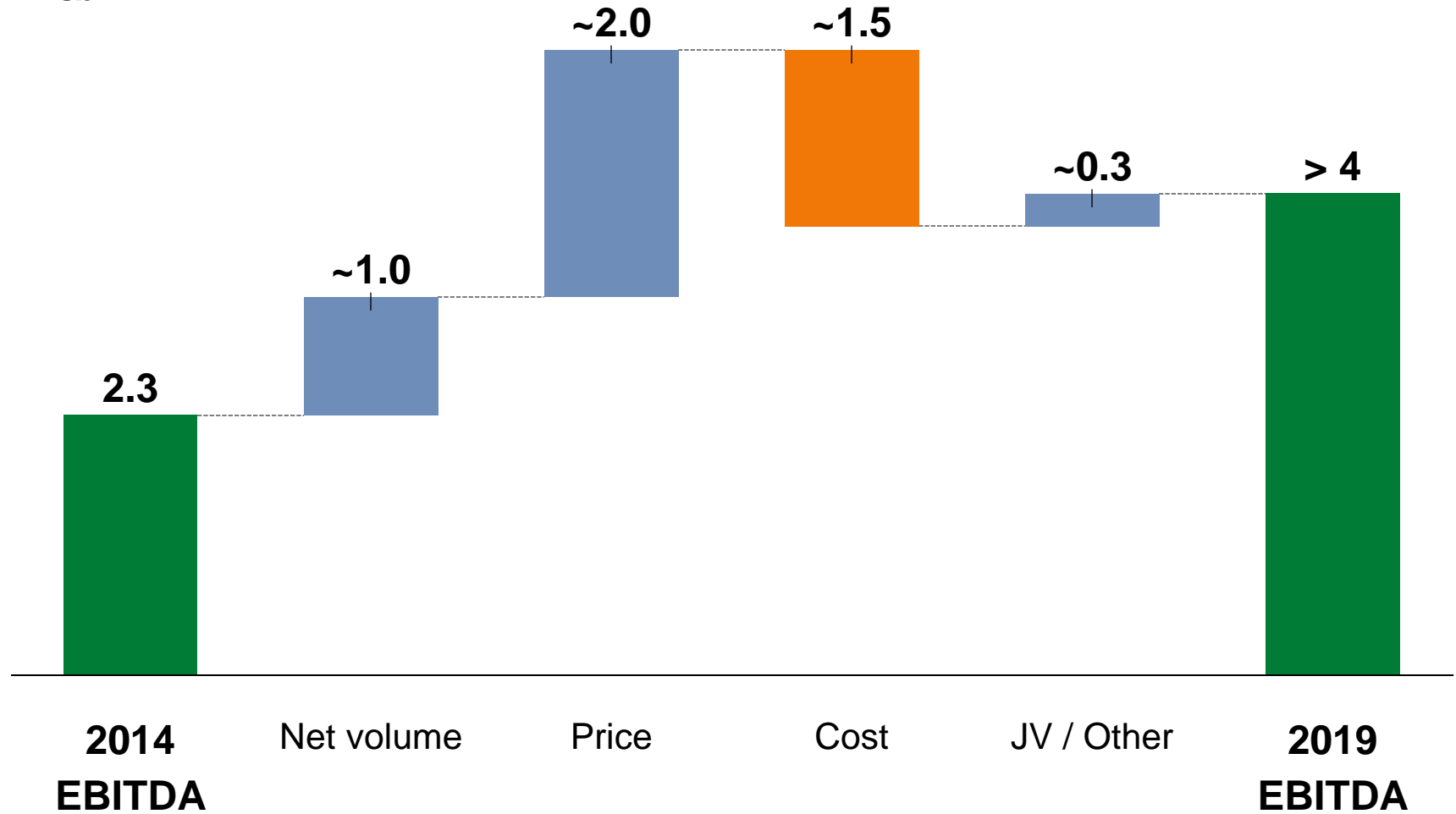
Positive impact across the entire financial statements

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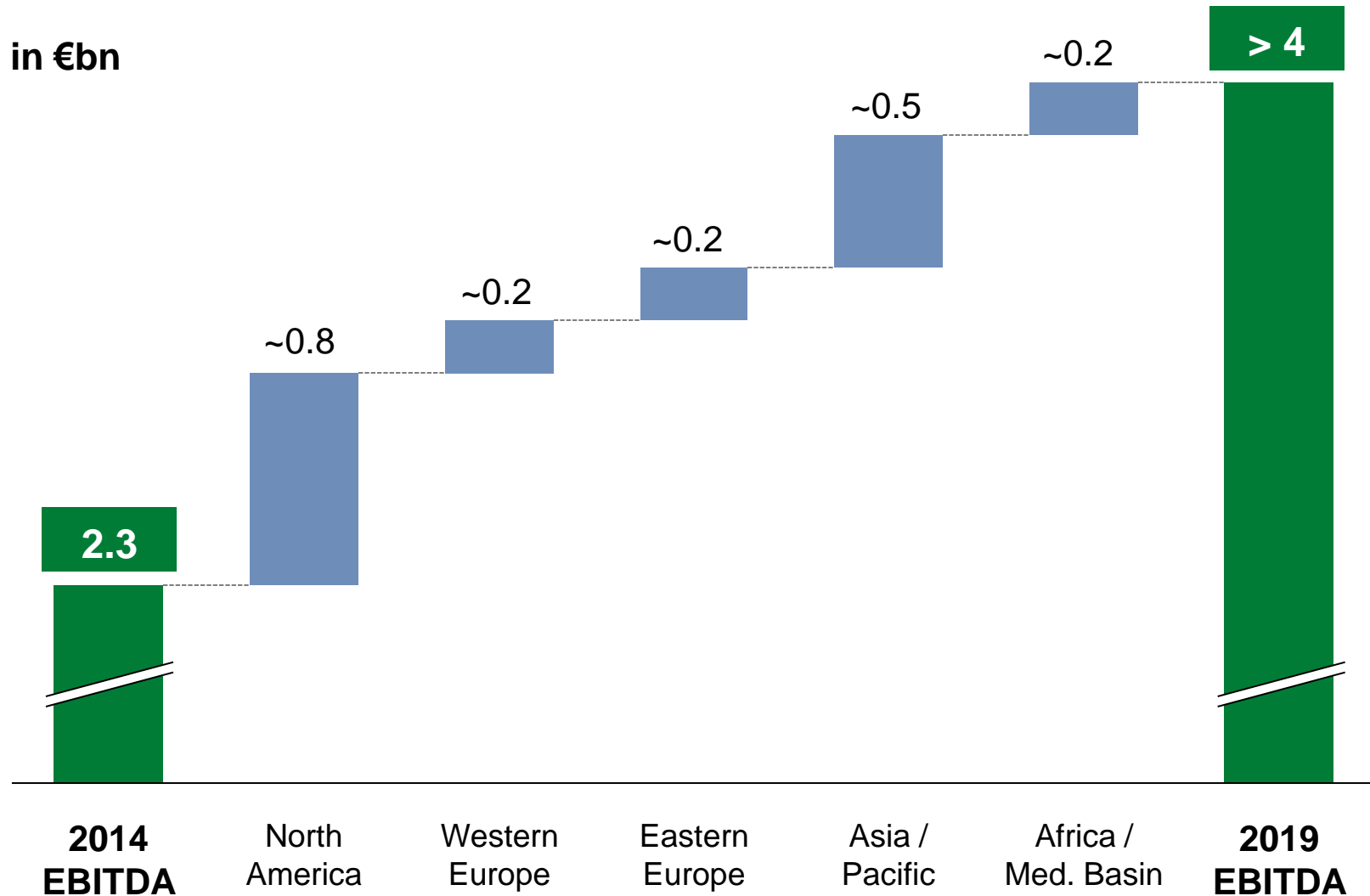
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Targeted EBITDA improvement 2014 – 2019

in €bn



EBITDA growth per region

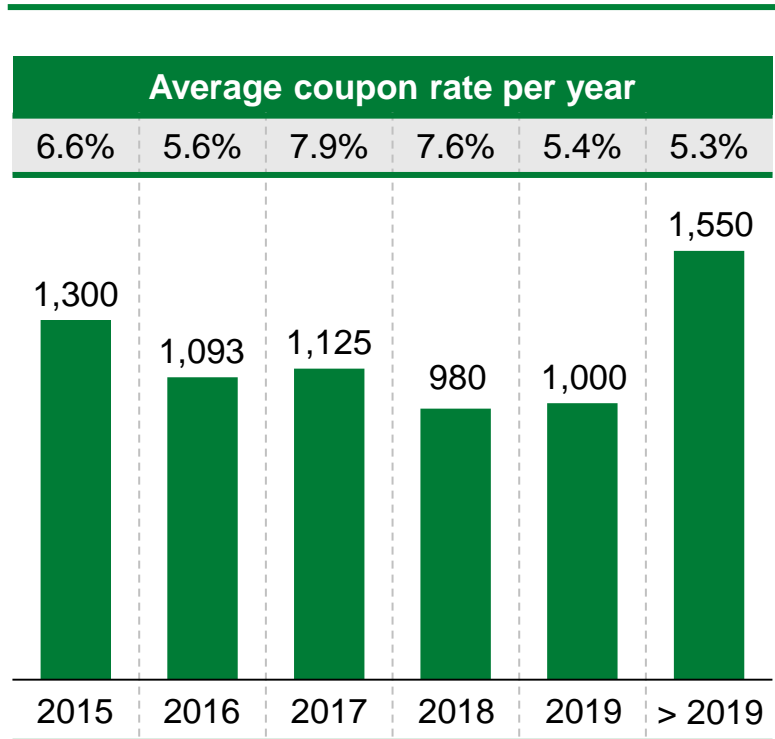


Drivers of revenue and EBITDA growth

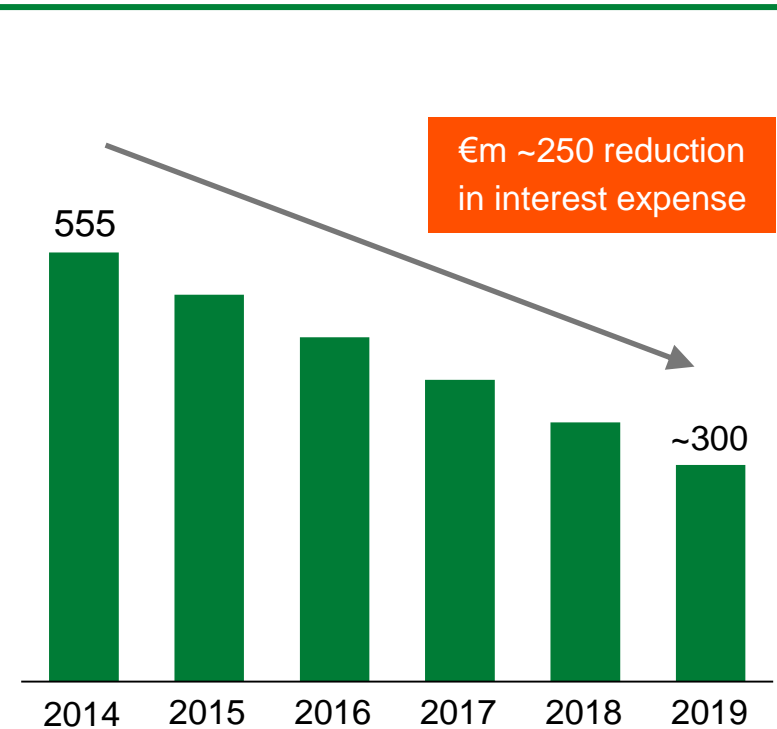
	Cement			Aggregates		
	Volume (CAGR)	Price (CAGR)	EBITDA impact	Volume (CAGR)	Price (CAGR)	EBITDA impact
North America	6 to 8%	4 to 6%	€bn ~0.3	7 to 9%	1 to 3%	€bn ~0.4
West/North Europe	1 to 2%	1 to 2%	€bn ~0.1	1 to 2%	1 to 2%	} €bn ~0.1
Eastern Europe	2 to 3%	3 to 5%	€bn ~0.1	2 to 3%	2 to 3%	
Asia/Pacific	4 to 6%	4 to 6%	€bn ~0.3	2 to 4%	1 to 2%	
Africa/Med. Basin	4 to 6%	4 to 6%	€bn ~0.2	2 to 3%	1 to 2%	
TOTAL GROUP	3 to 5%	3 to 5%	€bn ~1	4 to 6%	1 to 2%	€bn ~0.5

Declining interest payments

Bond maturity profile in €m



Interest expense in €m



Significant decrease in interest payment as we pay back high coupon bonds

Benefit from tax loss carry forward

Indicative figures

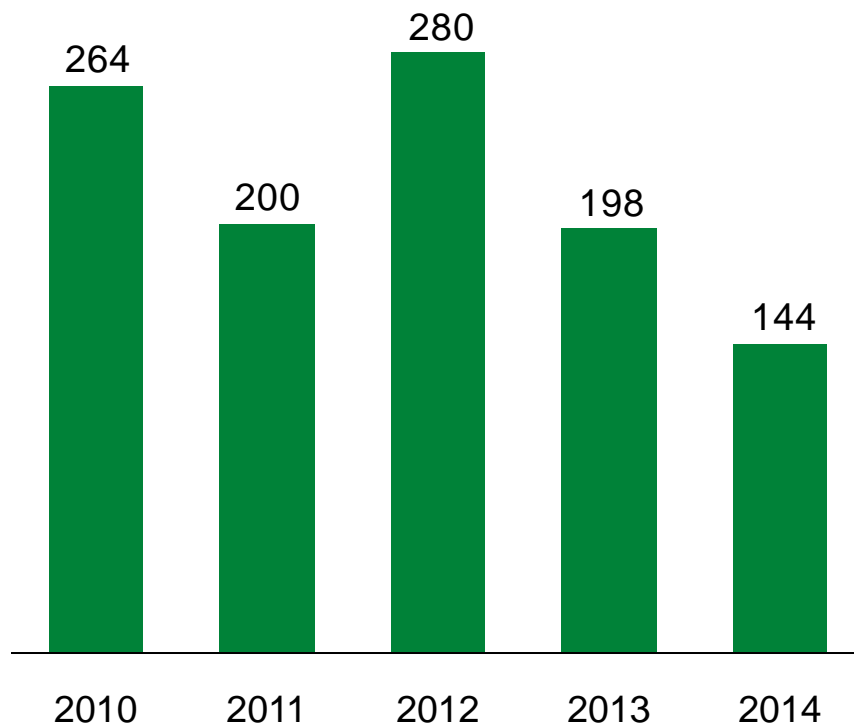
Average cash tax rate 2010 – 2014	37%
2014 cash tax rate	33%
Future estimated cash tax rate	~30%

- Continuous initiatives to drive cash tax down
- Strong recovery in the US and UK continues

Utilisation of existing tax losses carried forward driven by US and UK recovery

Active management of asset base

Asset disposals over the last 5 years in €m



Stockholm property sale already announced for €m >100

Sale of depleted quarries will continue to improve free cash flow generation

Potential of €m >100 cash generation p.a. via asset base management

Optimising the asset base is a continuous process

Continue to grow with carefully selected projects

Key projects

Greenfield and Brownfield projects with a focus on strengthening market position in growing markets

Bolt-on acquisitions in urban city centers to create integrated supply chain positions

M&A focusing on new markets to further balance the geographical risks and grow footprint

Investment criteria

ROIC above WACC by 3rd year of operation

Group net profit (accretive)

Strong free cash flow generation

Disciplined CapEx approach for each project with clear focus on value creation

Targeted and disciplined approach to investment projects and M&A

STRATEGY (Group Strategy)	FINANCE (Group Corporate Finance)	TECHNICAL (HTC & CCM)
Strategic fit, markets and competition	Financial attractiveness and risks evaluation	Technical aspects of any project
<ul style="list-style-type: none"> ■ Market attractiveness ■ Fit with current footprint ■ Project attractiveness 	<p>Tools:</p> <ul style="list-style-type: none"> ■ DCF analysis ■ Financial Statement Simulation ■ Monte Carlo Simulation ■ Risk assessment <p style="text-align: center;">Metrics</p> <ul style="list-style-type: none"> ■ Projected ROIC against WACC ■ EPS accretion ■ Financial target analysis (covenants, leverage) 	<ul style="list-style-type: none"> ■ Project resources ■ Geological assessment ■ Engineering requirements ■ Supply constraints

All opportunities are subject to a stringent screening process

Increased focus on improving ROIC

$$\text{HC definition ROIC} = \frac{\text{EBIT (1)} - \text{Income Taxes Paid (2)}}{\text{Equity} + \text{Net Debt (3)}}$$

1

Enhancing operational efficiency and profitability

Driving EBITDA growth through expansion and consistent business optimisation

2

Efficient tax management

Strong recovery in US and UK allows to make use of existing tax losses carried forward

3

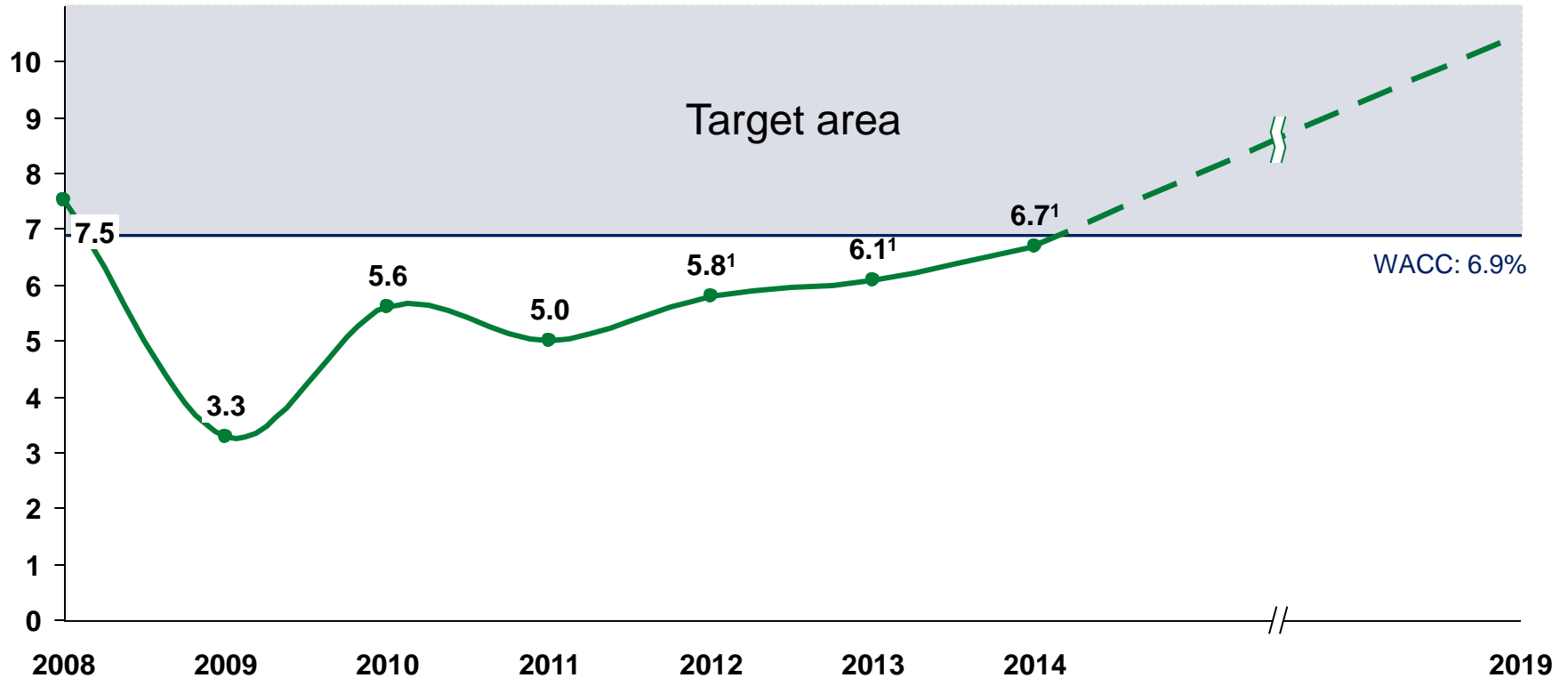
Asset base improvement in all areas

Careful capital allocation for organic and inorganic growth

Building shareholder value by generating sustainable ROIC

Continuous improvement of ROIC remains key

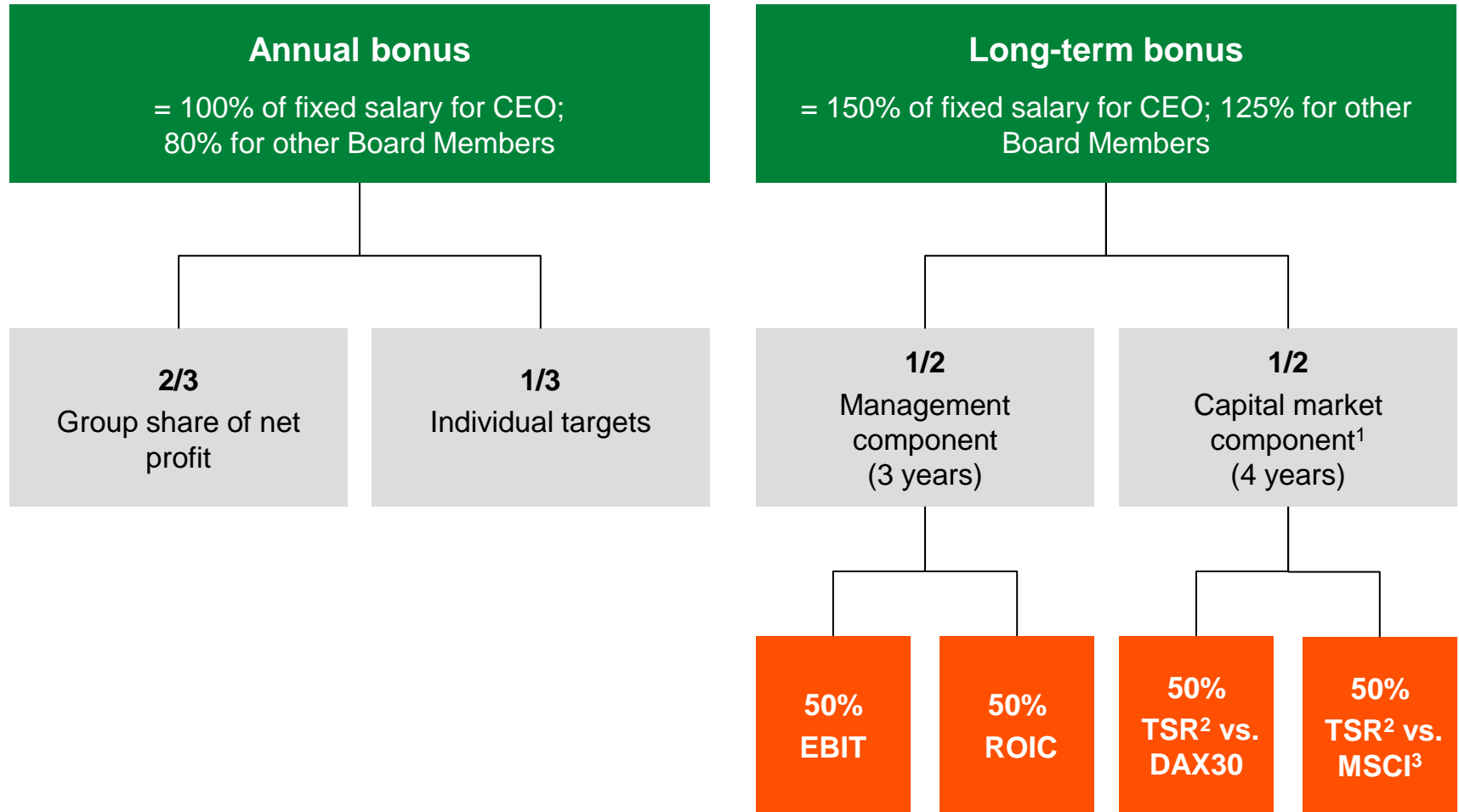
ROIC
in %



Generating a sustainable ROIC above WACC

1) Adjusted for exceptional items

Board remuneration closely linked to ROIC and share price performance



1) Target range 0-200%; 2) TSR = Total Shareholder return (based on virtual shares)

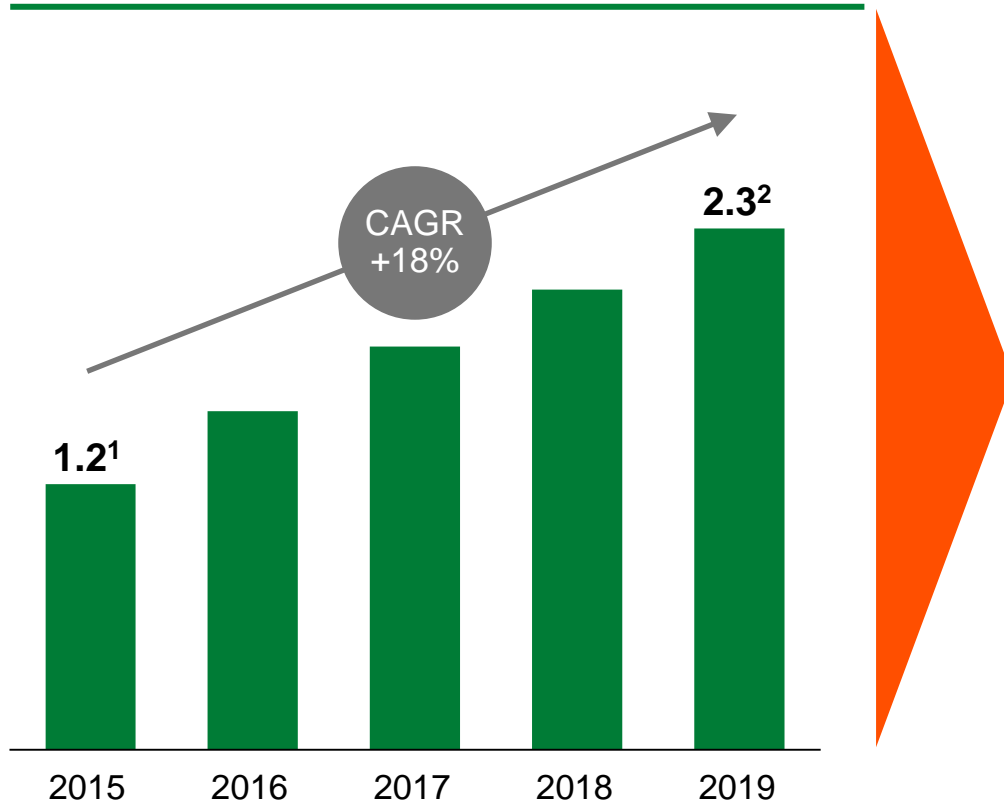
3) MSCI World Construction Materials Index

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Strong cash generation

Free cash flow generation in €bn



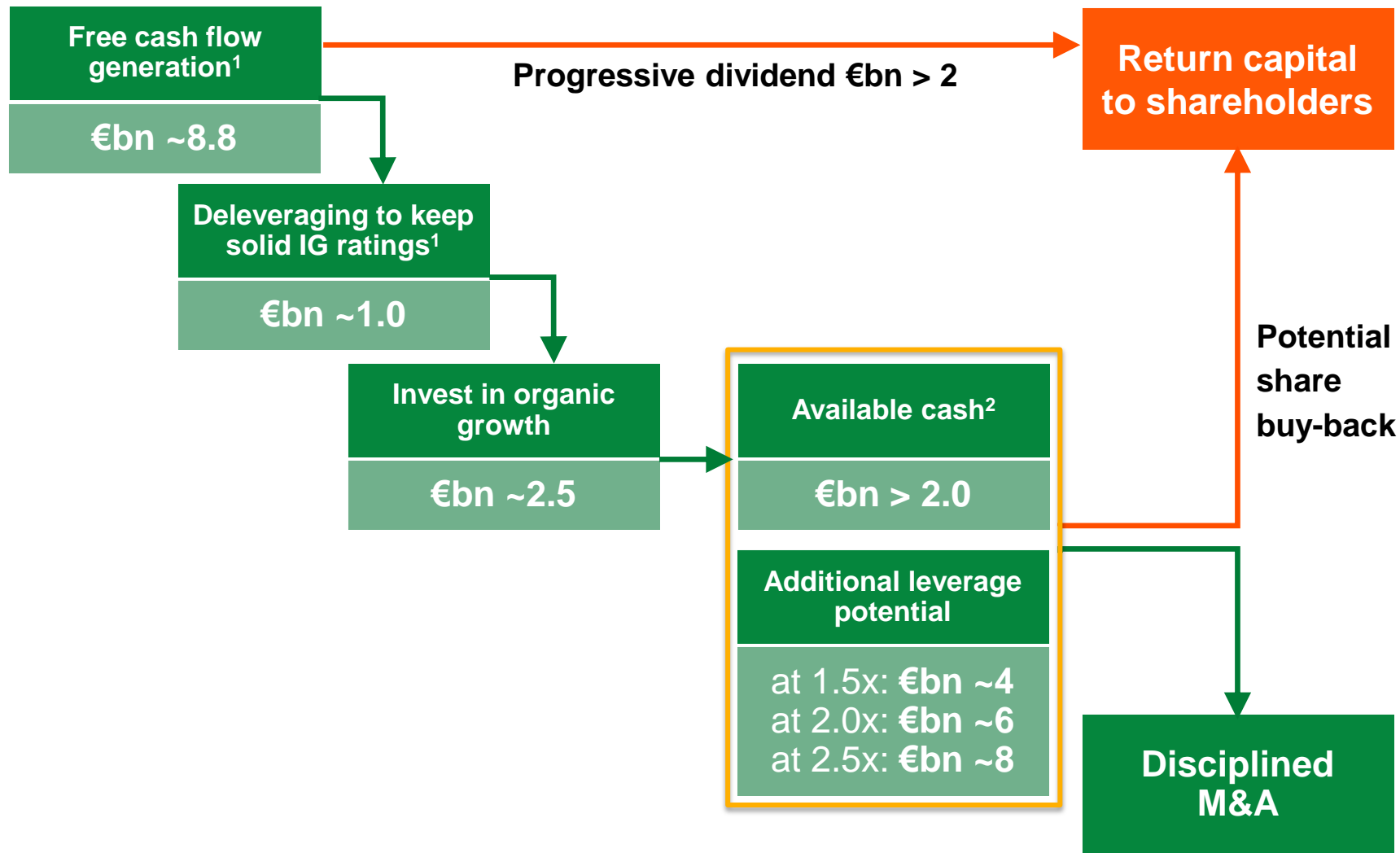
5 years cumulative
FCF² in €bn

8.8

1) Excluding proceeds from Building Products disposal

2) Before growth CapEx

New capital allocation priorities – shifting cash towards growth and shareholder return



Notes: 5 year cumulative figures (2015-2019)

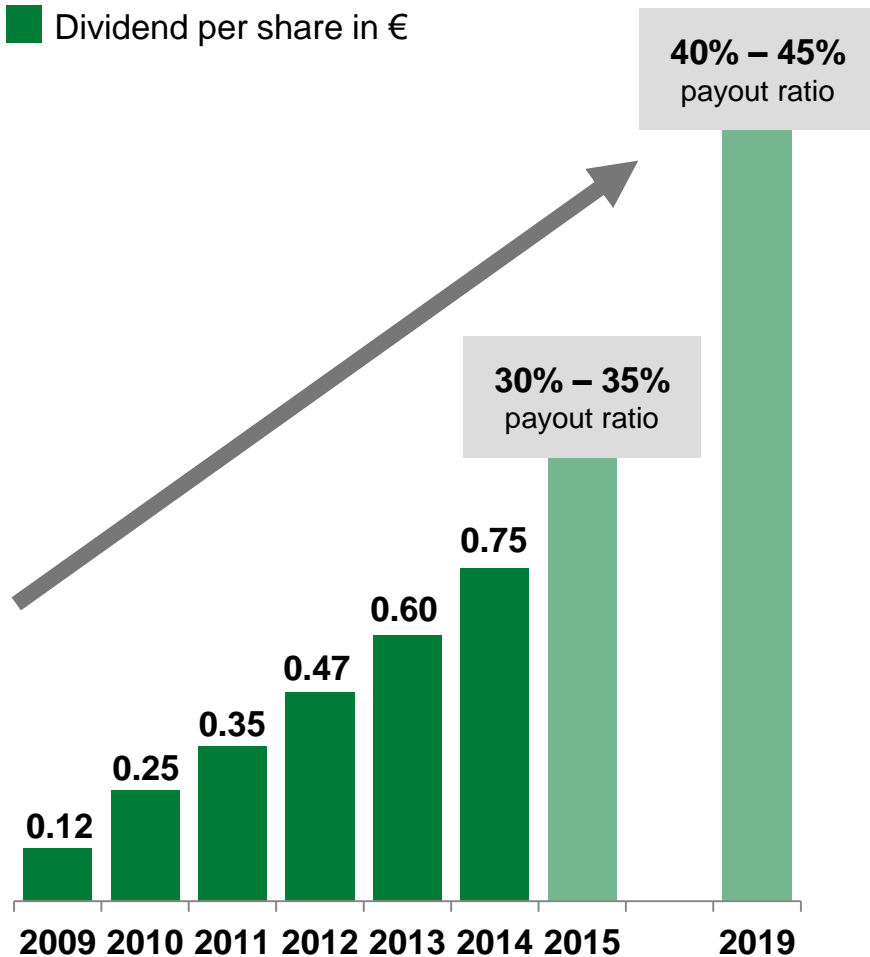
1) Excluding proceeds from BP disposal;

2) Cash available after minority dividend payments

Slide 119 – Capital Markets Day 2015 – 10 June 2015

Dividend policy

■ Dividend per share in €



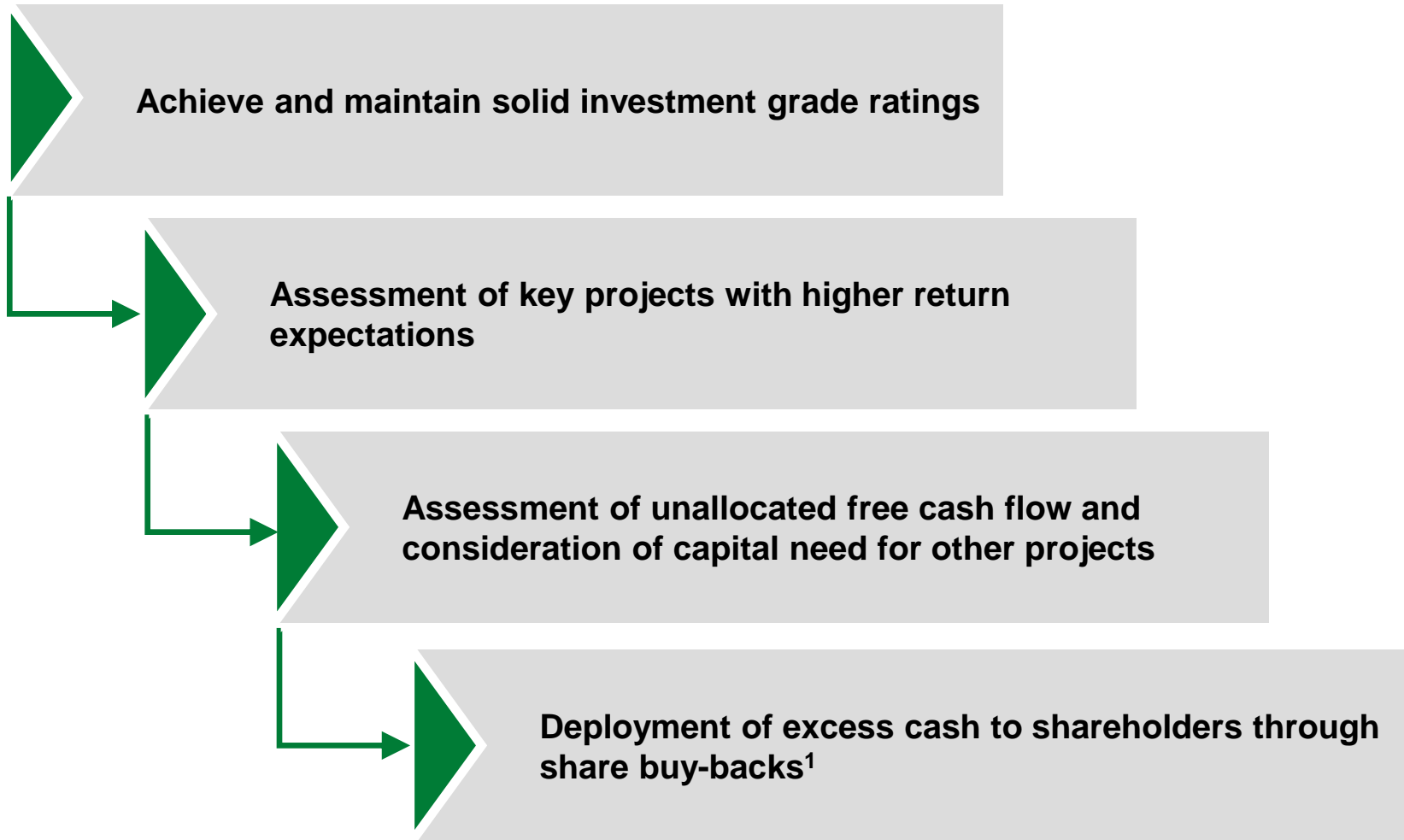
**Ordinary dividend payout ratio
40% to 45% by the end of 2019**

Achieve 30% to 35% payout ratio for 2015

**Progressive increase based on
affordability and sustainability**

Regular increase over time

Share buy-backs



1) Approval for SBBP required by Shareholders' Meeting of HeidelbergCement AG

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Medium term targets

	Actual 2014	Target 2019
Revenues	€bn 13	€bn > 17
EBITDA	€bn 2.3	€bn > 4
ROIC	6.7%	> 10%
Leverage	2.5x	1.5x – 2.5x
EPS	€ 2.6	€ ~10
Payout ratio	29%	40% – 45%

Building Shareholder Value

Dr Lorenz Näger, Group CFO



**HeidelbergCement Capital Markets Day
London, 10 June 2015**

HEIDELBERGCEMENT

Building Shareholder Value

Q&A Session



**HeidelbergCement Capital Markets Day
London, 10 June 2015**

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Building shareholder value



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