HEIDELBERGCEMENT

Quarterly Statement January to March 2019

Following the change to the German Securities Trading Law (Wertpapierhandelsgesetz, WpHG) and to the regulations of the Frankfurt Stock Exchange in 2015, HeidelbergCement is no longer under obligation to publish a quarterly financial report in the first and third quarters of a given financial year. Nevertheless, HeidelbergCement has continued to publish quarterly financial reports for the first quarter. As of the first quarter of 2019, we will report on the first quarter of each financial year in the form of a quarterly statement in accordance with article 53 of the Exchange Rules for the Frankfurt Stock Exchange (Börsenordnung für die Frankfurter Wertpapierbörse). This contains the relevant information from the perspective of the company. The reporting for the third quarter is not affected.

Highlights Q1 2019

- **Increased sales volumes in all business lines**
- **Strong revenue growth of 15% on a comparable basis**
- **Result from current operations before depreciation and amortisation rises by 26% on a comparable basis*)**
- **Action plan well on track: successful ongoing portfolio optimisation and savings of more than €50 million in selling, general and administrative expenses secured for 2019**
- **Net debt reduced by €0.8 billion compared with end of Q1 2018*)**
- **Outlook for 2019 confirmed**

*) Before application of IFRS 16

Business development at a glance

Group overview	January - March			
	2018	**2019**	Change	like for like
Cement and clinker (Mt)	28.1	**28.6**	1.6%	2.6%
Aggregates (Mt)	59.5	**62.9**	5.7%	4.3%
Ready-mixed concrete (Mm^3)	10.2	**11.3**	10.8%	9.2%
Asphalt (Mt)	1.6	**1.8**	13.8%	0.1%
Revenue (€m)	3,626	**4,238**	16.9%	15.0%
Result from current operations before depreciation and amortisation (€m)[1)]	250	**396**	58.6%	25.8% [2)]
Result from current operations (€m)[1)]	-19	**60**		
Net debt (€bn)	9.9	**10.4**	+0.5	-0.8 [2)]

1) Previous year's amount was restated due to reclassification of the result from associates

2) Adjusted for the accounting of the lease liabilities (IFRS 16)

Thanks to continued positive momentum in many markets and an improvement in weather conditions in Europe and North America compared with the previous year, HeidelbergCement recorded increased sales volumes in all business lines in the first quarter of 2019.

Revenue in the first quarter of 2019 grew significantly to €4.2 billion (previous year: 3.6). This corresponds to a rise of 17% in comparison with the same quarter of the previous year and an increase of 15% on a comparable basis, i.e. excluding positive exchange rate effects of €68 million. Key revenue drivers were – in some cases significant – increases in sales volumes in the Group areas Western and Southern Europe, Northern and Eastern Europe-Central Asia, and North America as well as the price increases that were successfully implemented in many markets.

The result from current operations before depreciation and amortisation also grew significantly to €396 million (previous year: 250). This is due to the growth in sales volumes, successful price increases that more than offset the rise in costs, and the initial application of IFRS 16 (Leases) accounting standard. In accordance with IFRS 16, the right-of-use assets are accounted for in the fixed assets together with a corresponding lease liability. In the income statement, the expenses are divided between amortisation of right-of-use assets and interest expenses. At €79 million, the application of IFRS 16 had a positive impact on the development of the result from current operations before depreciation and amortisation. On a comparable basis, this corresponds to an increase of 26%. The result from current operations improved to €60 million (previous year: -19) in the first quarter of 2019. The application of IFRS 16 contributed around €13 million to this improvement.

"HeidelbergCement has made an excellent start to 2019," says Dr. Bernd Scheifele, Chairman of the Managing Board. "We have achieved a considerable increase in revenue and result from current operations in comparison with the same quarter of the previous year. In addition to improved weather conditions, sustained strong demand and successful price increases contributed towards this positive development. Our action plan is progressing well. We have already secured savings of more than €50 million for 2019 and we have successfully continued the optimisation of our portfolio. As a result, we have significantly reduced net debt on a comparable basis. We're on track to achieve our goals for 2019."

Portfolio optimisation

In the first quarter of 2019, HeidelbergCement made further progress in optimising its portfolio with the conclusion of several important transactions. These include increases in its shareholdings to 100%, from 50% and 60% respectively, in California Commercial Asphalt in the USA and Nordic Precast Group in Northern Europe, the sale of 7.8% of its share capital in Ciments du Maroc, and the divestment of the El Minya white cement plant in Egypt. Overall, cash-relevant investments in maintenance and expansion including the increase in ownership interests in subsidiaries fell to €297 million (previous year: 721) in the first quarter. Cash-relevant disposals including the decrease in ownership interests in subsidiaries amounted to €217 million (previous year: 243).

HeidelbergCement is consistently pursuing its action plan to accelerate the optimisation of its portfolio and is on track to reach its target of €500 million of disposals in the 2019 financial year. The sale of the Italian Spoleto cement plant was already concluded in April 2019. The divestment of a cement terminal in Sri Lanka and of the business activities in Ukraine has also been completed. In Italy, the sale of the Testi cement plant and of two grinding plants has been signed as well.

Financial position

The free cash flow for the last twelve months improved to just under €1.3 billion. At the end of the first quarter of 2019, net debt amounted to €10.4 billion. The increase of over €2 billion in comparison with the end of 2018 is attributable, on the one hand, to the seasonal rise in working capital and, on the other, to the initial application of the new IFRS 16 (Leases) accounting standard. Net debt rose by around €1.3 billion due to the accounting treatment of lease liabilities. Compared with the end of the first quarter of 2018, net debt thus grew by around €500 million. However, on a comparable basis – i.e. adjusted for the accounting of the lease liabilities – there was a significant fall of around €0.8 billion. HeidelbergCement is well on track to reach its target for debt reduction.

Outlook for 2019
The key forecasts and other statements on the expected development of HeidelbergCement and its business environment for the 2019 financial year can be found in the Outlook chapter of the 2018 Annual Report, on page 67 ff.

In view of the positive business development in the first quarter, we are able to confirm the outlook for the whole of 2019. HeidelbergCement projects a rise in the sales volumes of the core products cement, aggregates, and ready-mixed concrete. The Managing Board remains committed to the goal for 2019 of moderately increasing (+3% to +9%) revenue, result from current operations before exchange rate and consolidation effects, and the profit for the financial year before non-recurring effects.

Risks and opportunities
Risks that may have a significant impact on our financial position and performance in the 2019 financial year and in the foreseeable future as well as the opportunities are described in detail in the 2018 Annual Report in the risk and opportunity report chapter on page 74 ff.

In a holistic view of individual risks and the overall risk situation, there are, from today's perspective, no identifiable risks that could threaten the existence of the Group or any other apparent significant risks.

Development in the Group areas

<u>North America</u>
In North America, order books overall are solid and there is a positive price momentum. The North region recorded strong growth in sales volumes compared with the first quarter of 2018, which was significantly impaired due to poor weather. The price pressure on the northern Atlantic coast is compensated by efficient cost management. Sales volumes in the South were driven in particular by commercial construction and strong demand in Florida. Shipments of the West and Canada regions were impaired by persistent rainfall and a long winter.

<u>Western and Southern Europe</u>
The Western and Southern Europe Group area experienced a strong increase in sales volumes owing to the mild winter, more working days, and a solid underlying demand trend. The price increases introduced in January offset cost inflation and led to improved margins in all business lines and significantly better results. Inflation of energy and electricity costs was a headwind but will likely ease over the course of the year. Order book and pricing outlook are solid.

<u>Northern and Eastern Europe-Central Asia</u>
Strong pricing led to a solid improvement in result in the Northern and Eastern Europe-Central Asia Group area despite electricity cost headwind. In Northern Europe, sales volumes declined slightly due to a long winter and delayed infrastructure projects. Demand in Eastern Europe continues to be driven by residential and infrastructure construction. The mild winter and an increased number of working days led to a rise in sales volumes that has been significant in some cases.

<u>Asia-Pacific</u>
Prices developed positively throughout the Asia-Pacific Group area. In Indonesia, the margin increased despite still relatively high coal prices. Although sales volumes in India and Thailand showed a sluggish development due to the elections, the result improved thanks to increased prices. In Australia, demand from major infrastructure projects offset the decline in residential construction. Savings in selling, general and administrative expenses had a positive impact on the result.

Africa-Eastern Mediterranean Basin

Demand continued to grow in the countries south of the Sahara and made a positive contribution to the development of revenue and results. Morocco reported solid results, supported by efficient cost management. The decline in results in the Group area is primarily attributable to the situation in Egypt, where sales volumes, revenue, and result did not achieve the strong figures of the previous year due to increased competition. Israel experienced a downward trend in the development of results owing to the expiration of a quarrying licence, which was partially compensate by cement sales and vertical integration.

Group Services

In the first quarter, revenue of Group Services increased significantly by 58%. Trade volumes are on a historic high. Amongst others, increased exports from Turkey contributed to this development.

Tables for the Group areas

North America	January - March			
	2018	**2019**	Change	like for like
Cement and clinker (Mt)	3,0	**3,0**	1,0%	6,1%
Aggregates (Mt)	20,9	**22,6**	7,9%	7,1%
Ready-mixed concrete (Mm^3)	1,4	**1,5**	6,1%	2,4%
Asphalt (Mt)	0,3	**0,4**	29,5%	-18,8%
Revenue (€m)	729	**829**	13,8%	7,4%
Result from current operations before depreciation and amortisation (€m)1)	16	**31**	90,9%	38,4% 2)
Result from current operations (€m)1)	-51	**-54**	-4,7%	7,3% 2)

Western and Southern Europe	January - March			
	2018	**2019**	Change	like for like
Cement and clinker (Mt)	6,5	**6,9**	5,7%	7,3%
Aggregates (Mt)	17,1	**20,0**	16,9%	13,2%
Ready-mixed concrete (Mm^3)	3,7	**4,3**	17,3%	17,3%
Asphalt (Mt)	0,8	**0,9**	14,7%	14,7%
Revenue (€m)	1.027	**1.178**	14,7%	15,2%
Result from current operations before depreciation and amortisation (€m)1)	-10	**56**		
Result from current operations (€m)1)	-93	**-46**	50,8%	46,9% 2)

1) Previous year's amount was restated due to reclassification of the result from associates

2) Adjusted for the accounting of the lease liabilities (IFRS 16)

Northern & Eastern Europe-C. Asia	January - March			
	2018	2019	Change	like for like
Cement and clinker (Mt)	4.2	**4.4**	7.1%	7.1%
Aggregates (Mt)	7.6	**8.3**	9.3%	9.3%
Ready-mixed concrete (Mm^3)	1.2	**1.3**	10.1%	10.1%
Asphalt (Mt)				
Revenue (€m)	514	**574**	11.8%	15.1%
Result from current operations before depreciation and amortisation (€m)[1)]	20	**57**	185.3%	120.3% [2)]
Result from current operations (€m)[1)]	-20	**6**		

Asia-Pacific	January - March			
	2018	2019	Change	like for like
Cement and clinker (Mt)	9.1	**9.0**	-1.7%	-1.7%
Aggregates (Mt)	10.8	**9.8**	-9.2%	-9.2%
Ready-mixed concrete (Mm^3)	2.5	**2.7**	7.3%	2.8%
Asphalt (Mt)	0.4	**0.5**	16.0%	-0.5%
Revenue (€m)	747	**814**	9.0%	4.7%
Result from current operations before depreciation and amortisation (€m)[1)]	122	**162**	32.1%	14.1% [2)]
Result from current operations (€m)[1)]	75	**98**	31.3%	26.9% [2)]

Africa-Eastern Mediterranean Basin	January - March			
	2018	2019	Change	like for like
Cement and clinker (Mt)	5.2	**5.1**	-1.6%	-0.7%
Aggregates (Mt)	3.1	**2.2**	-28.3%	-28.3%
Ready-mixed concrete (Mm^3)	1.3	**1.4**	7.2%	7.2%
Asphalt (Mt)	0.1	**0.1**	-34.5%	-34.5%
Revenue (€m)	420	**429**	2.3%	0.9%
Result from current operations before depreciation and amortisation (€m)[1)]	105	**96**	-7.9%	-15.5% [2)]
Result from current operations (€m)[1)]	81	**69**	-14.9%	-20.5% [2)]

Group Services	January - March			
	2018	2019	Change	like for like
Revenue (€m)	359	**567**	57.8%	57.2%
Result from current operations before depreciation and amortisation (€m)[1)]	10	**9**	-3.0%	-6.5% [2)]
Result from current operations (€m)[1)]	9	**8**	-9.0%	-8.6% [2)]

1) Previous year's amount was restated due to reclassification of the result from associates
2) Adjusted for the accounting of the lease liabilities (IFRS 16)

Heidelberg, 9 May 2019

HeidelbergCement AG
The Managing Board

The Company has its registered office in Heidelberg, Germany.
It is registered with the Commercial Register at the Local Court of Mannheim (Amtsgericht Mannheim) under HRB 330082.

Contact:
Group Communication
Phone: + 49 (0) 6221 481- 13 227
Fax: + 49 (0) 6221 481- 13 217
E-mail: info@heidelbergcement.com

Investor Relations
Phone:
Institutional investors: + 49 (0) 6221 481- 13 925
Private investors: + 49 (0) 6221 481-13 256
Fax: + 49 (0) 6221 481- 13 217
E-mail: ir-info@heidelbergcement.com

Financial calendar

Half-Year Financial Report January to June 2019	30 July 2019
Interim Financial Report January to September 2019	7 November 2019
Annual General Meeting 2020	7 May 2020

About HeidelbergCement

HeidelbergCement is one of the world’s largest integrated manufacturers of building materials with leading market positions in aggregates, cement, and ready-mixed concrete. The company employs some 58,000 people at more than 3,000 locations in around 60 countries.

The Quarterly Statement January to March 2019 was published on 9 May 2019.