

Capital Markets Day 2018

Dr. Bernd Scheifele, Group CEO
Group Strategy Update



ILab Bergamo, 12 June 2018

HeidelbergCement Overview

Strengths & Strategies

VISION 2020

Final Messages

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.

Cover all end-sectors, pricing power, efficient distribution.

Efficiency Gains

Focus on KPIs, savings, technology, innovation.

Continuous improvement in margins and business standards.

Lean Organization

Strong local teams with flat hierarchy structure.

Quick reaction to market changes, high loyalty.

Sustainable Development

Actively contribute to the Sustainable Development Goals of UN.

Committed to sustainable growth, environment and society.

Operational strength leading to continuously improved results

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

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Significant asset value located in key markets

Cement

195 mt capacity

- 93 mt in Europe
- 19 mt in NAM
- 51 mt in Asia
- 33 mt in Africa

Aggregates

**20 billion tons
reserves and resources**

- 11 bt in US
- 2 bt in UK
- 3 bt in Europe
- 2 bt in Australia
- 1 bt in Canada
- 1 bt in other

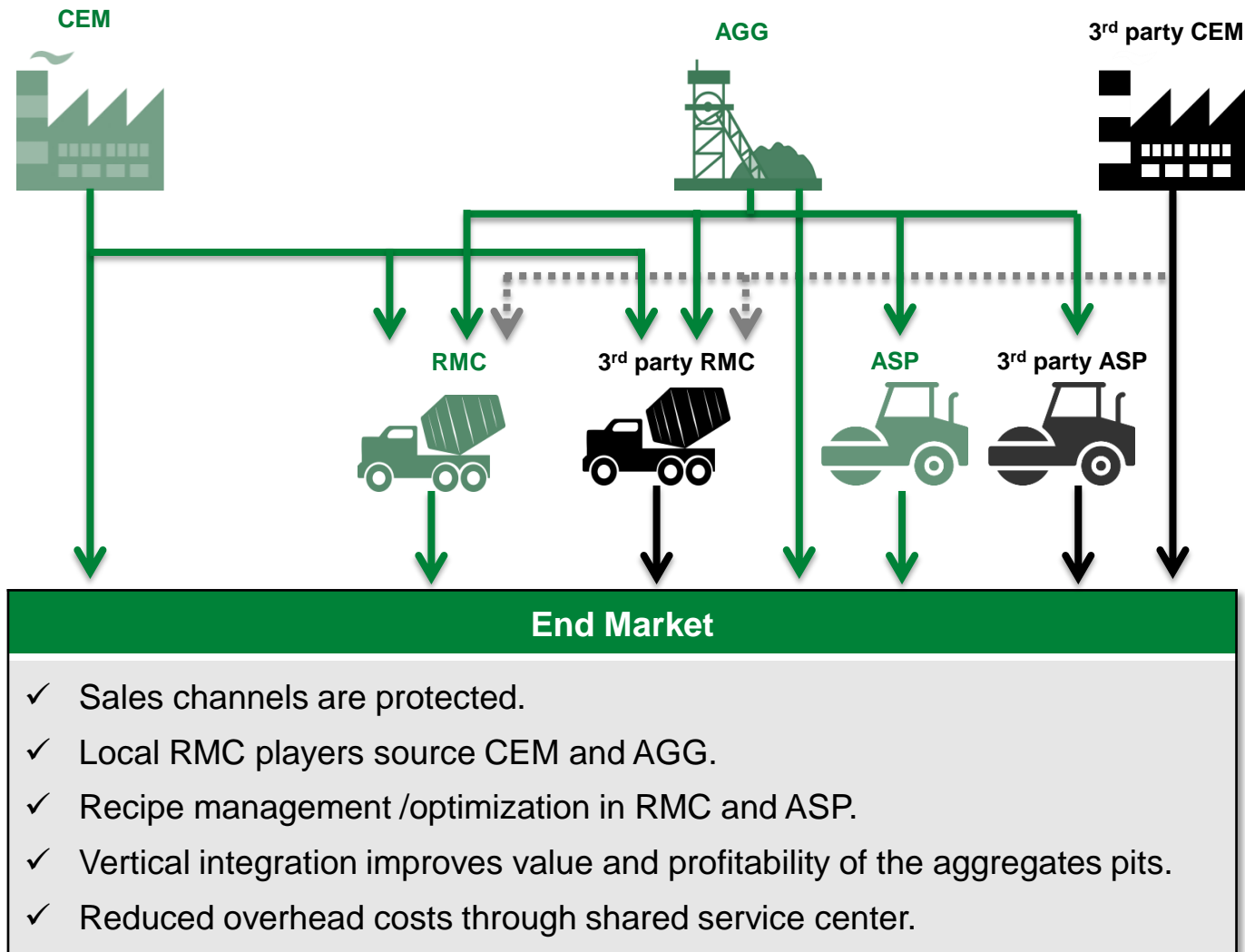
RMC & ASP

Fully integrated

- 1,750 RMC plants
- 115 ASP plants

Superior quality assets located in key markets

Vertical integration improves operational excellence



HeidelbergCement is the best vertically integrated company in the sector

HeidelbergCement – Most efficient operator in the sector

Organization and Restructure

Create corporate culture with clear focus on execution

WIN, FITNESS, FITNESS PLUS...

SUCCESS

- Target: Fixed cost reduction
- Requires: Experienced team, accurate decisions
- Challenge: Cultural differences, uncertainties
- 3 to 4 years to achieve lean organization.
- **Even more time needed to obtain trust and loyalty!**

Operational Excellence

Increase operational efficiency

FOX, CLIMB, LEO, CCR...

SUCCESS

- Target: Margin improvement
- Requires: Experienced project leaders, strong local teams, continuous monitoring, benchmarking
- Challenge: Different markets with different characteristics
- 3 to 4 years to achieve meaningful improvement.
- **Even more time needed to make it a culture!**

Digital Platform Implementation

Accelerate decision making process

Already started with “Digitization” step last year.

We continue to be the pioneer in the sector

Continuous focus on efficiency improvement

Predictive maintenance

Better reliability of machines, better planning, centralized maintenance planning.

Control room centralization

Pilot tests completed for grinding mills. Integrated plants and big data analysis to follow.

CCR Program

A new competence center focused on the total ready-mix business .

E-Auctioning Program

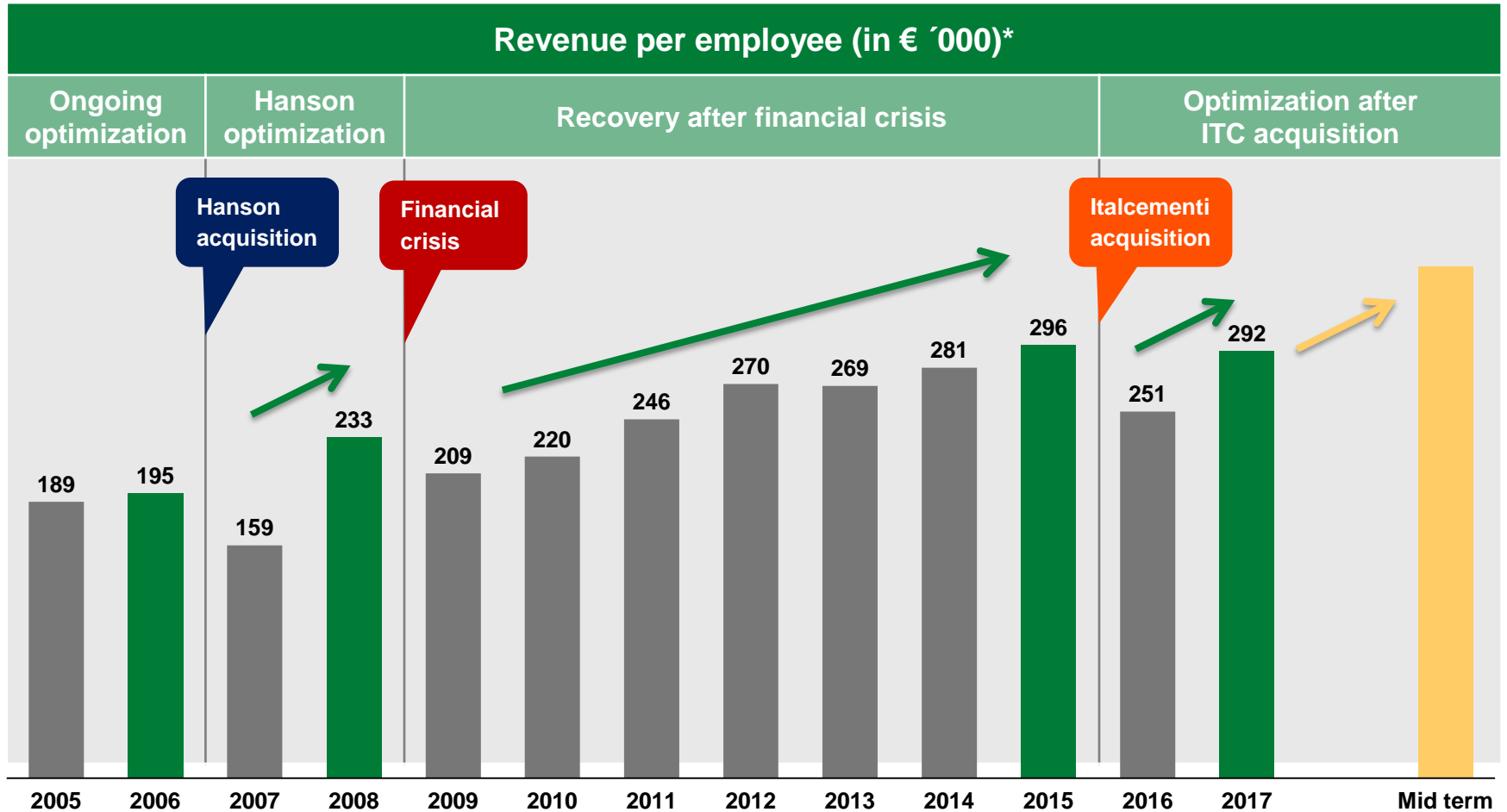
Digitalization of Purchasing which will lead to cost reduction and margin improvement.

Over €m 200 savings in the upcoming years

Cost cutting and efficiency improvement never stop in HeidelbergCement

HEIDELBERGCEMENT

A proven track record of relentless efficiency optimization

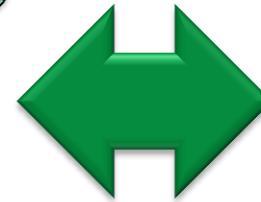


* IFRS view including ITC from 1 July 2016

We will continue to be the sector leader in operational efficiency

HEIDELBERGCEMENT

Committed to sustainable growth, environment and society.



Aligned with the UN Sustainable Development Goals (SDG) enacted 2015 by the UN General Assembly



A policy designed to actively contribute to the global goals

HeidelbergCement Overview

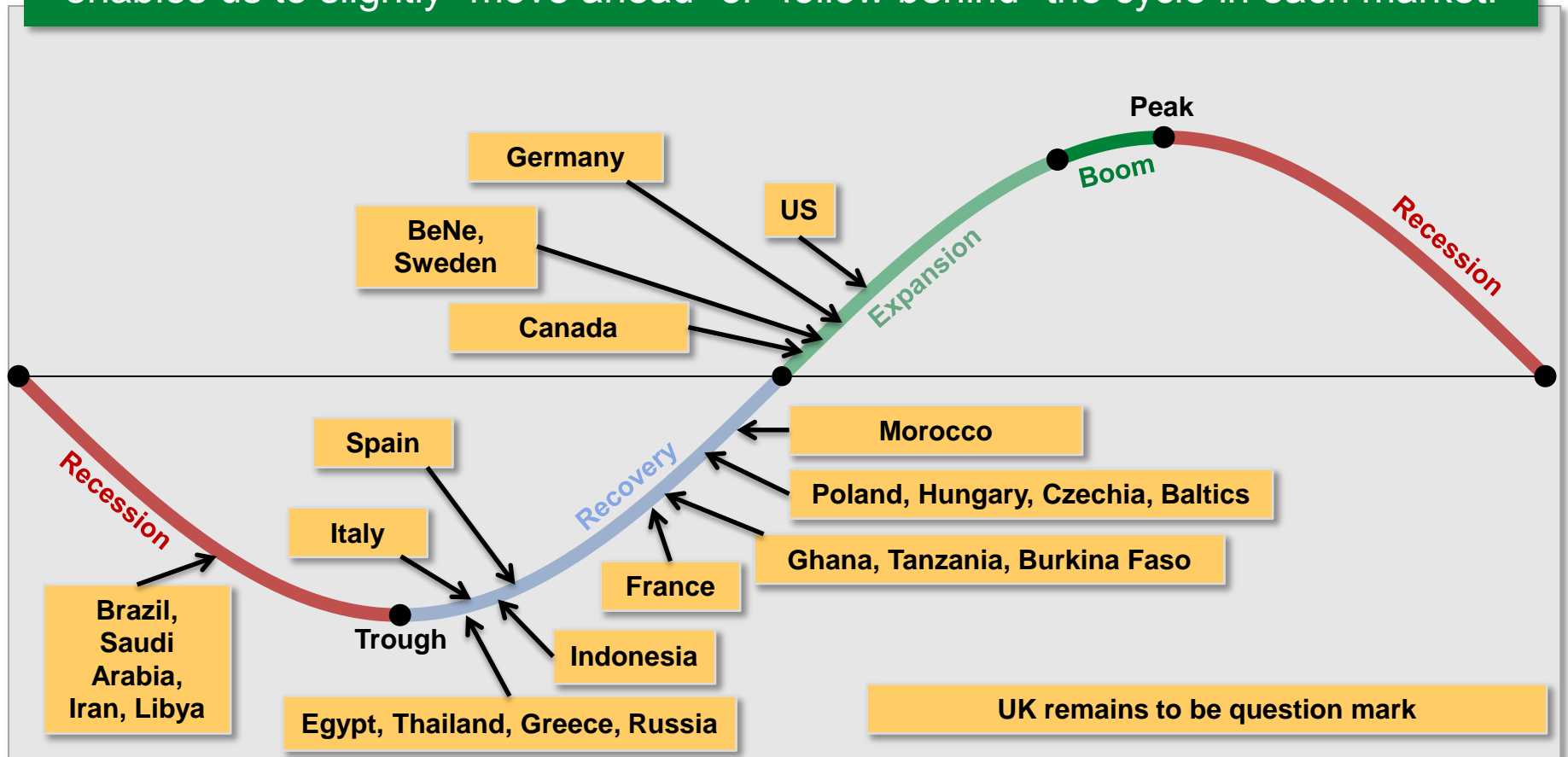
Strengths & Strategies

VISION 2020

Final Messages

Well-balanced footprint for the business cycle

Vertically integrated business model and urban centers focused footprint enables us to slightly “move ahead” or “follow behind” the cycle in each market.



Significant future potential as key markets enter “recovery and expansion” phase

VISION 2020

Continue to grow and increase shareholder value

Return to shareholders

Active portfolio management

Progressive increase in dividends

€bn 1 to 1.5 disposal
€bn 1.5 to 2 growth CapEx

Best-in-class operator in the sector with a solid balance sheet

Sustainable EBITDA growth

Strong cash generation

~5% p.a. organic growth

~€bn 6 free cash flow in 3 years

Comfortable Net Debt level

Leverage below 2.0X;
rating BBB

Realistic and achievable targets reveal the potential of the company

Significant cash generation potential

Strong operational cash flow
supported by:

Active portfolio management

Reduce complexity and risk structure of our country portfolio

€bn 1 to 1.5 disposal until the end of 2020

Reduced maintenance CapEx

Cash-focus on local level with new FCF oriented bonus schemes

Maintenance CapEx limited with 55% depreciation

Financial cost reduction

Refinance high coupon bonds at the right time with favorable conditions

€m 200 savings until the end of 2020

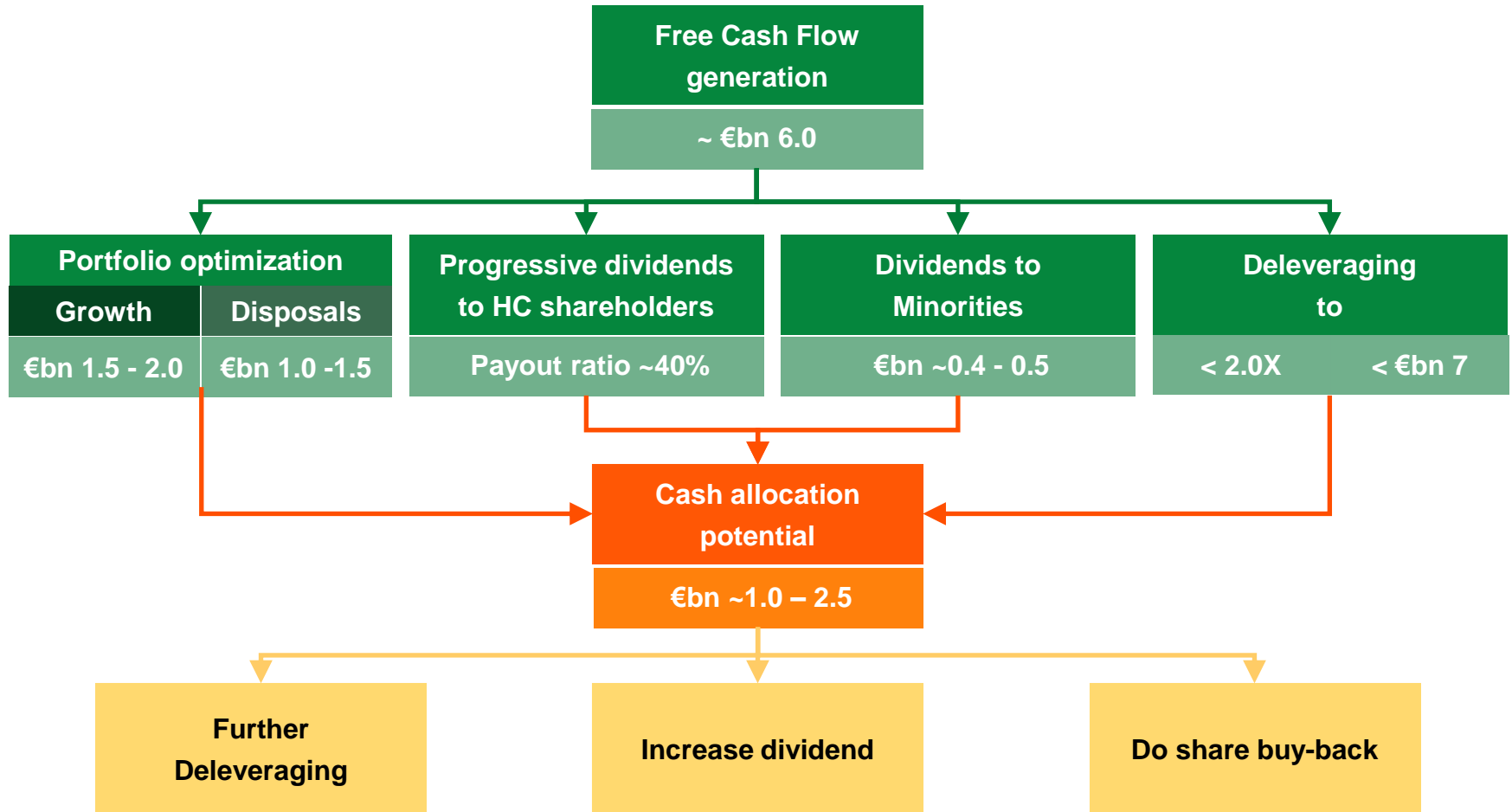
Improvement in taxes

Continuous improvement of tax structure

Cash tax rate at ~22% level

Generate ~€bn 6 free cash flow in the next 3 years

Balanced allocation of capital 2018-2020



Excess cash to be shifted towards shareholder return

€bn 1 to 1.5 disposal potential in 3 years

Disposals focused on 3 main categories

Non-core businesses

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

Portfolio review started last year.

Already executed: US White Cement, German Sand Lime Brick, ...

Weak market positions

- Non-defendable market positions
- Market positions in countries with high risk and/or limited growth potential

Continuous review of strategic position.
Already executed: Saudi Arabia, Georgia ...

Idle assets

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

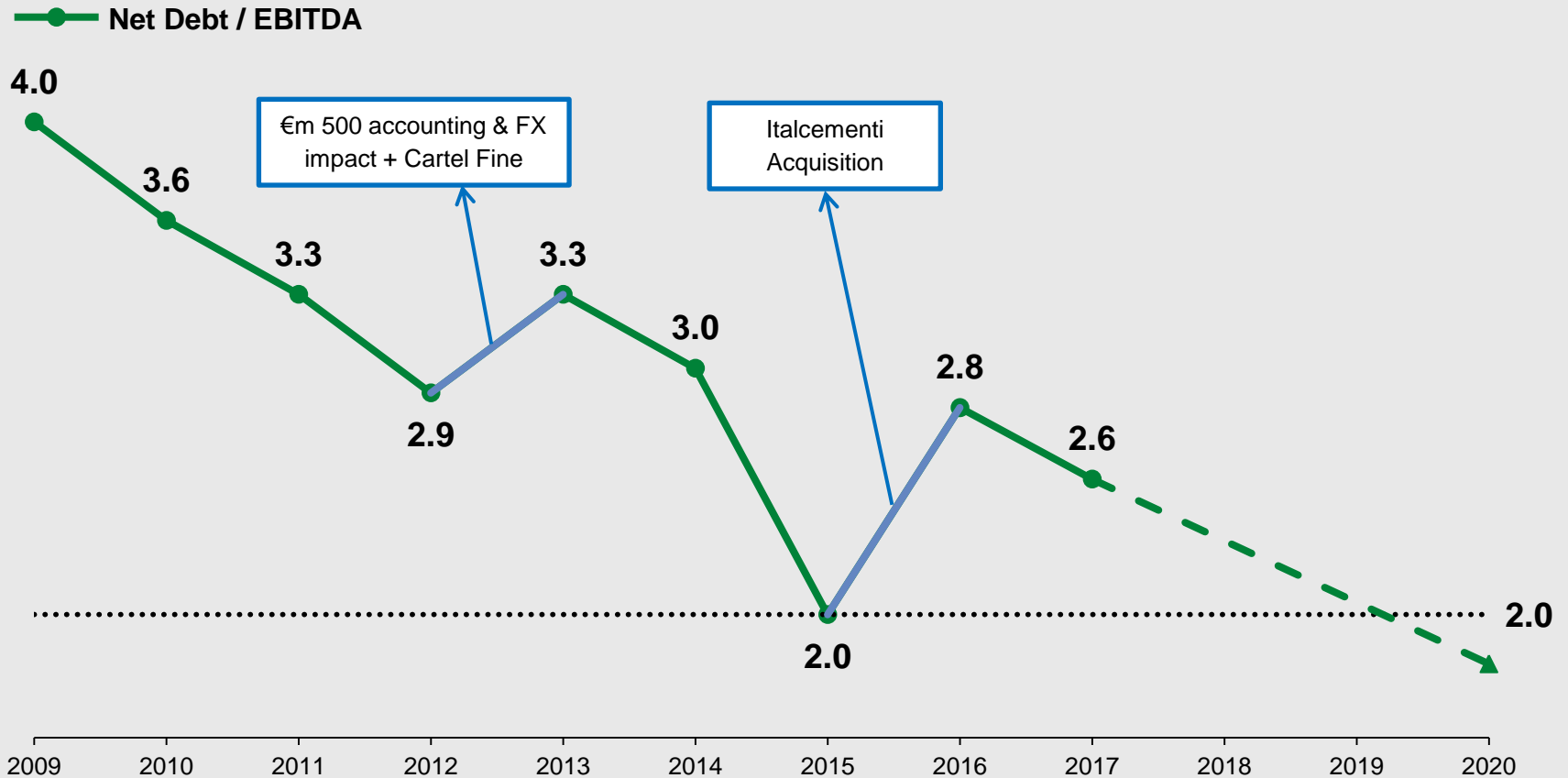
Status and potential continuously being tracked by a dedicated department.

Reduce complexity and risk

Proceeds will be mainly used to finance growth CapEx

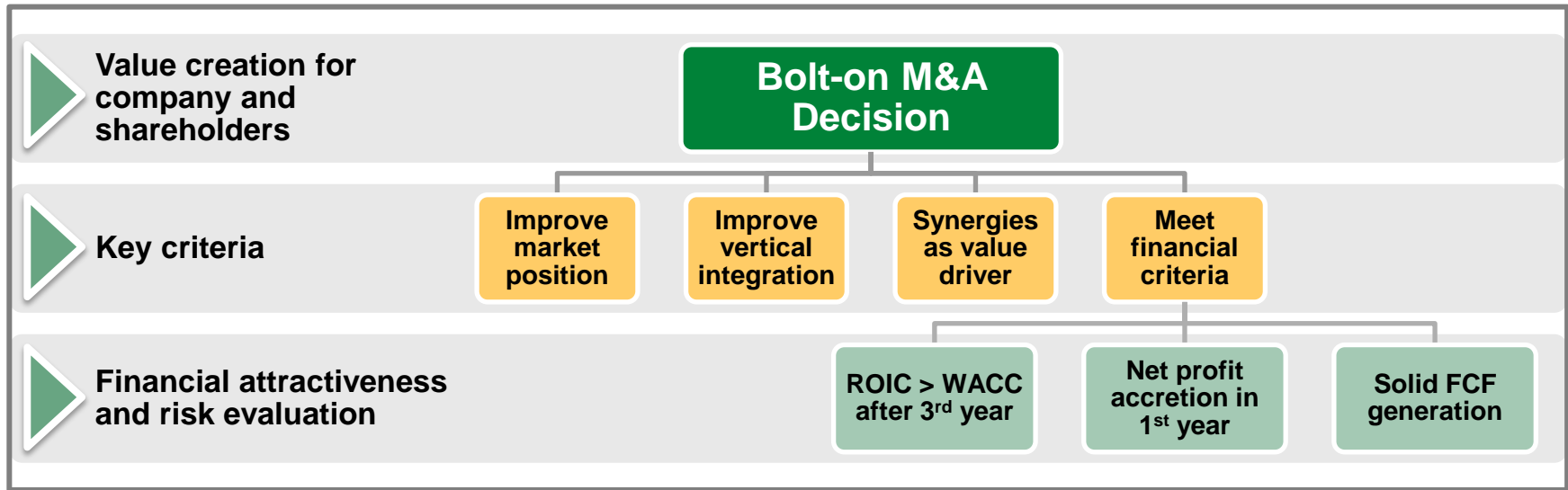
Focus on deleveraging

Company has the proven track record to improve leverage



Target is to get leverage below 2.0X by 2020

Continue to grow with selective M&A strategy



Main focus areas for growth

- Improve business in existing geographies.
- Reduce risk structure of the company.
- Improve vertical integration.
- Pay reasonable multiples with synergy potential as value driver.

Clearly NOT on the agenda

- X Intercontinental deals.
- X Hostile bids.
- X New countries in Asia.
- X Latin & South America.

Focus on opportunistic bolt-on M&As in local markets

Recent deals already started to pay-off

Latest acquisitions	Rationale	Business	EV Paid	Cost Synergy Potential	Multiple after syn.
Fairburn RMC	Vertical integration in fast growing Georgia market.	RMC in Atlanta	\$m 23	\$m1	5.8 X
Saunders Companies	Vertical integration and expansion in downstream outlets.	RMC & AGG in New York	\$m 38	\$m 4	6.2 X
Cemex Pacific Northwest	Vertical integration and expansion into growing markets.	RMC, AGG and ASP in Seattle/Portland	\$m150	\$m 7	6.9 X
Alex Fraser	Strengthen the market position in Australian urban centers.	ASP & AGG Recycling in Melbourne/Sydney	AUDm 201	AUDm 7	6.3 X
Cementir	Improve Italian market structure.	CEM in Italy	€m 315	€m 30	< \$ 50 / t CEM capacity

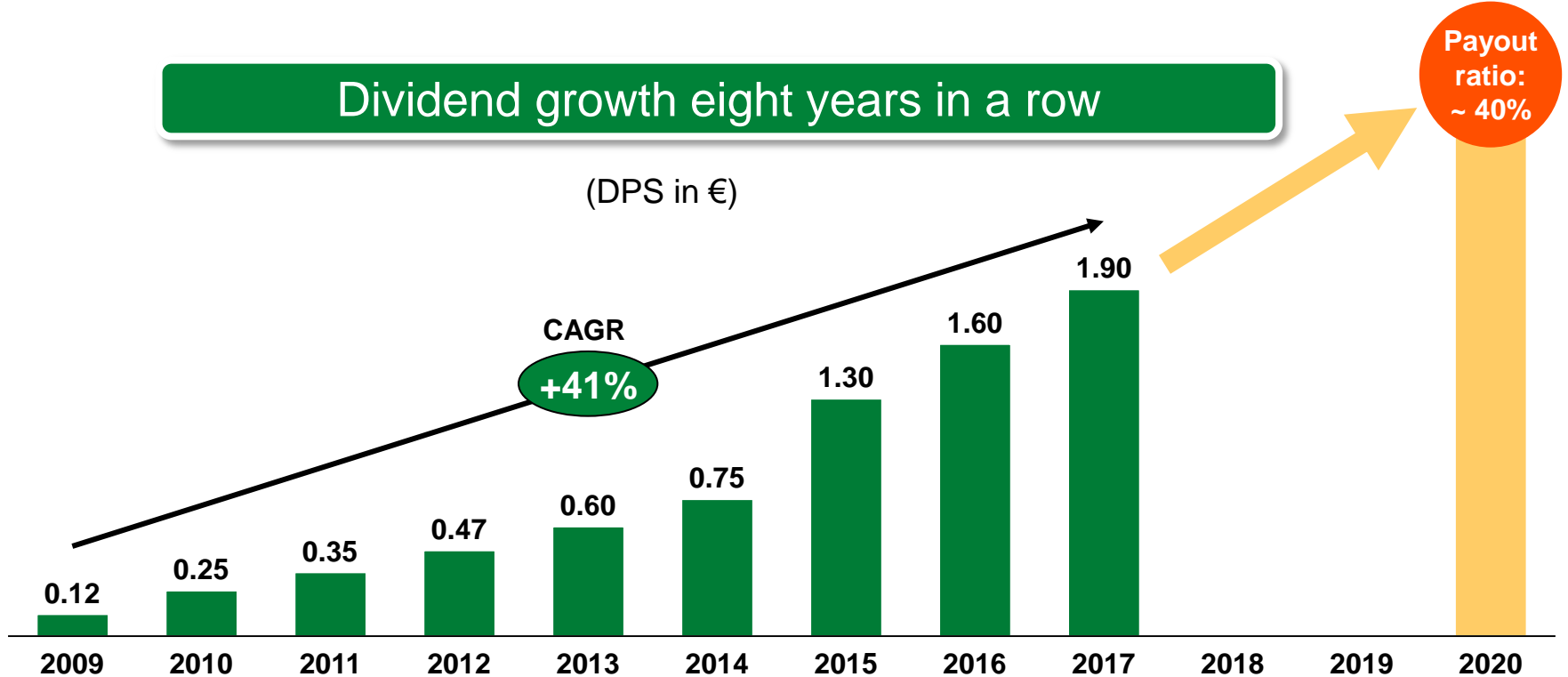
Return from the investments, on top of organic growth, is an important driver for EBITDA improvement and FCF generation

Almost €m 100 EBITDA from consolidation impact in last 2 years

Sustainable dividend policy will continue

Dividend growth eight years in a row

(DPS in €)



No decrease in absolute DPS

Profit driven increase in dividend

Reach payout ratio of ~40% by 2020

Payout ratio calculated based on clean EPS, excluding "Additional Ordinary Result"

Dividends based on affordability and sustainability

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VISION 2020

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Unique asset base

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- 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.
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Significant potential

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

VISION 2020

~€bn 6 FCF generation

Leverage below 2.0X

Continue with progressive dividend

Best-in-class operator with huge future potential and clear targets

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).

Capital Markets Day 2018

Dr. Dominik von Achten - Deputy Chairman of the Managing Board
Western & Southern Europe Market Update



ILab Bergamo, 12 June 2018

HeidelbergCement in Europe

UK deep-dive

France deep-dive

Germany deep-dive

Europe key messages

HeidelbergCement – An operational leader

Solid business model

- High vertical integration in UK, France, BeNe & Germany.
- Cement focus in Italy & Spain.
- Strong country management.

Unique asset base

- Geographical footprint focused on big urban centers like London, Paris, Frankfurt & Milano.
- Cross-border optimized network of production.
- State of the art technology implemented by Masterplan Cement.

Efficiency leader

- Continuous focus on technology in Cement production.
- Divestment of limestone business in Germany to focus on core business.
- Logistics & customer process optimization programs in BeNe, UK & Germany.

Significant potential

- Well-positioned for business cycle within WSE: Growth and FCF potential.
- Synergy potential in Italy, France & Spain.
- Ongoing consolidation in Germany, Italy & UK.

WSE strategy fully in line with the HeidelbergCement vision 2020

Footprint in Western Southern Europe

15,500 employees in 7 countries

Highly integrated operations in Europe

47.1 mt

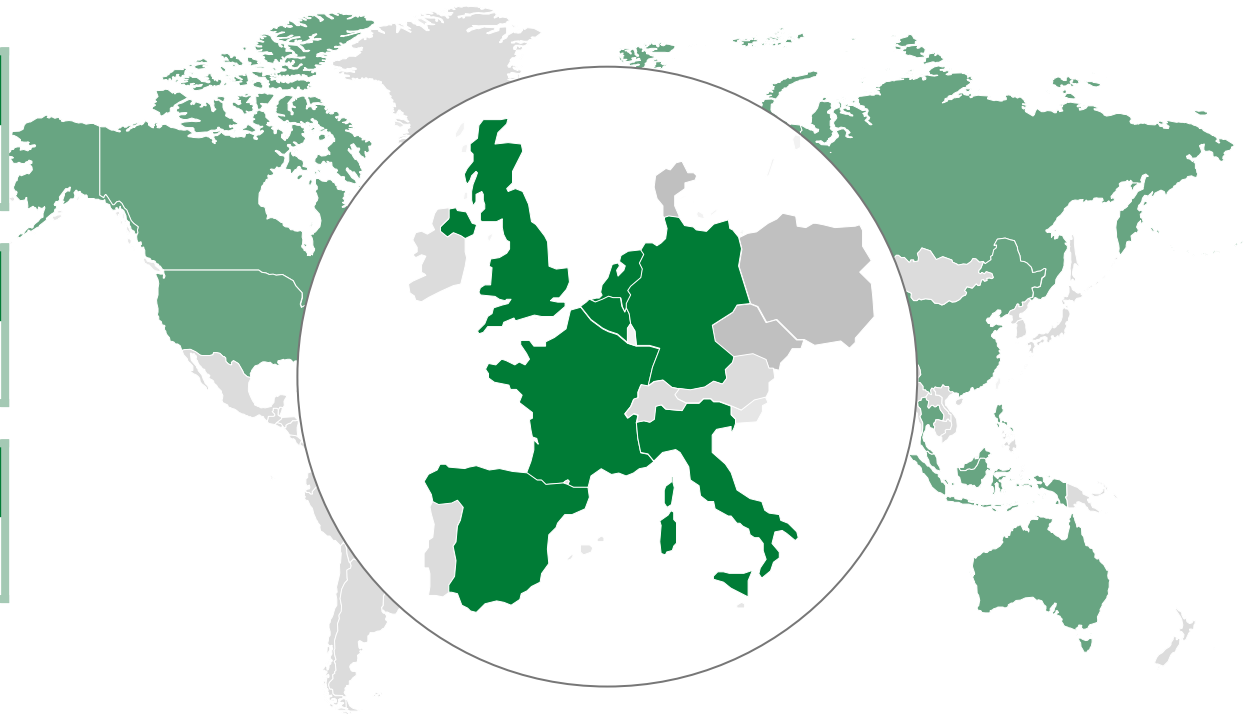
Cement capacity

3,500 mt / 78.5 mt

AGG reserves / sales

960 plants

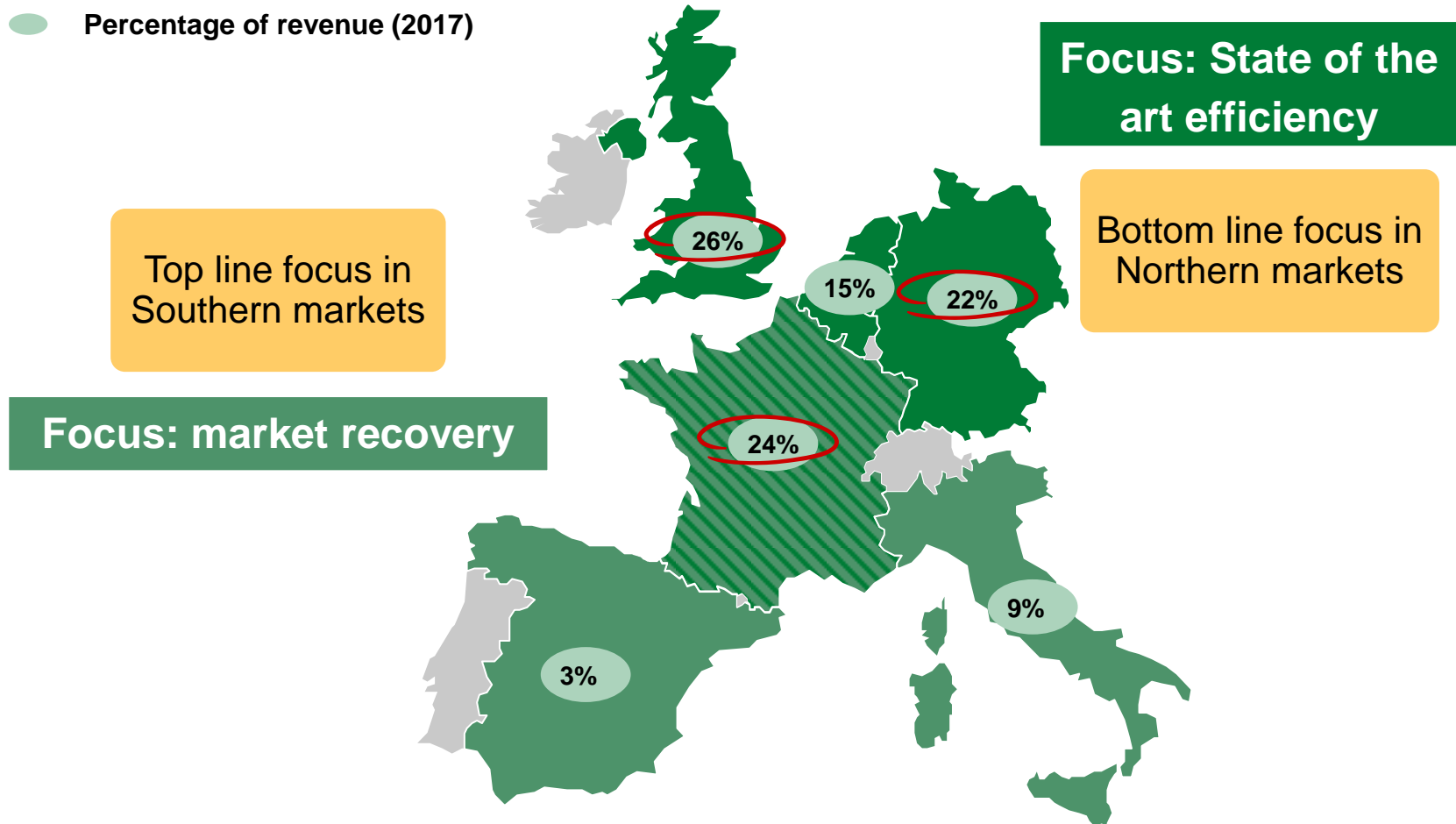
Asphalt, RMC, AGG



Strong footprint in major European countries

Generating growth and free cash flow in respective markets

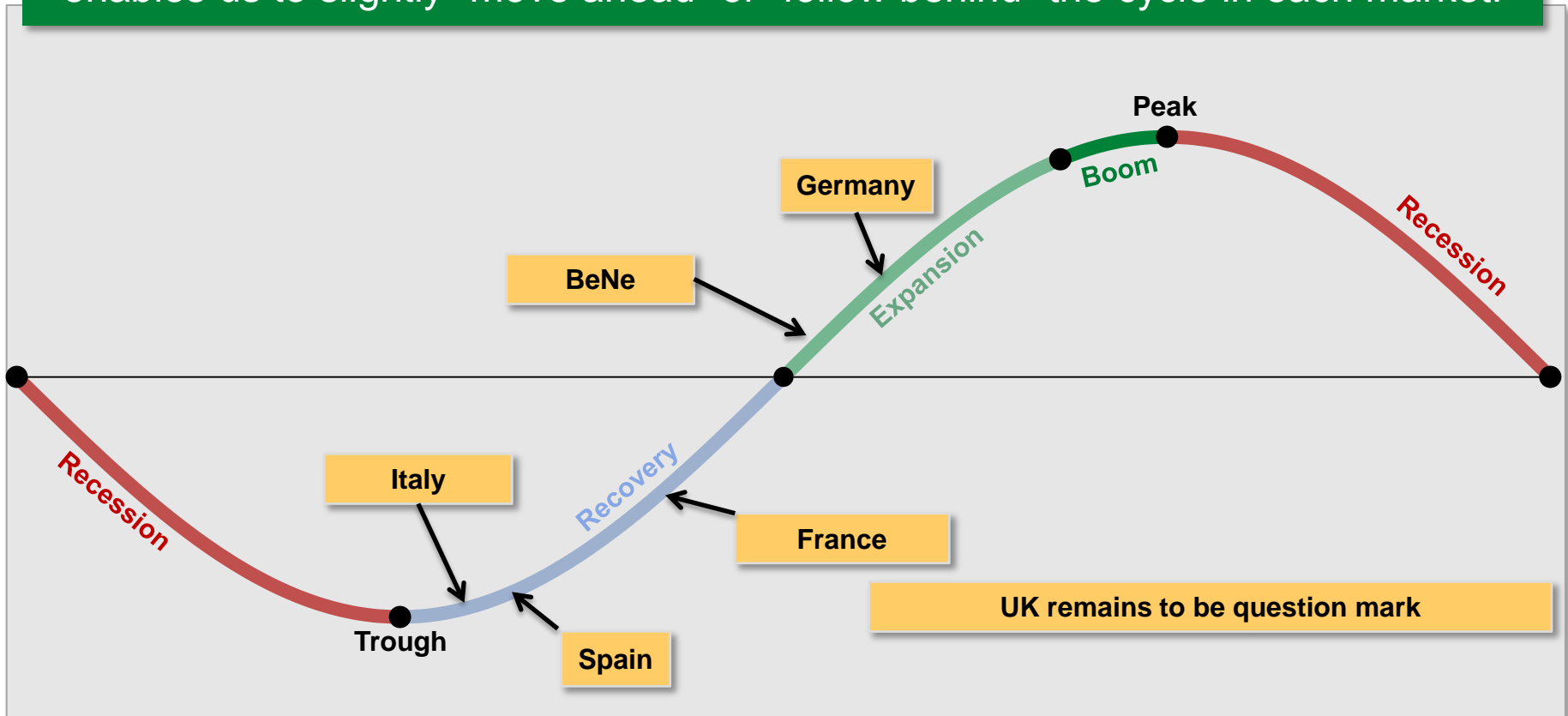
● Percentage of revenue (2017)



Customized approaches in Europe

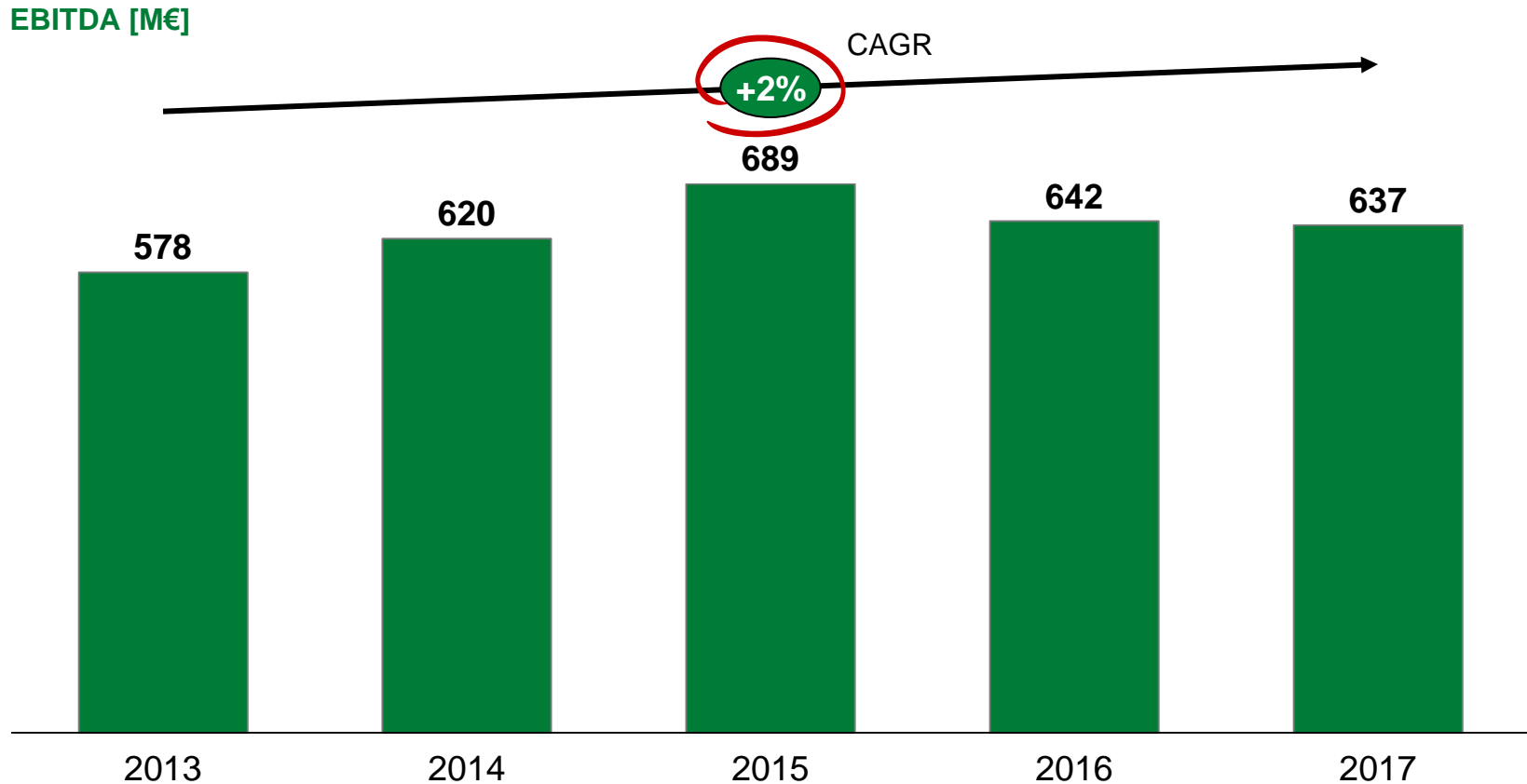
WSE perfectly positioned for the business cycle

Vertically integrated business model and urban centers focused footprint enables us to slightly “move ahead” or “follow behind” the cycle in each market.



Southern Europe in recovery mode vs Northern Europe in expansion

Steady profit development in Western Southern Europe



North provides strong fundament, recovery in South provide momentum for result growth

Vision 2020 will drive the result

UK

Regain topline growth, beat peers
in results
Strict cost management
Most efficient order to cash process

France

Network optimization cement
Maximize ITC synergies
Tough cost management

Spain

Increase volumes & prices
Capture ITC synergies
Actively participate in consolidation

BeNe

RMC & AGG focus on volumes & prices
Logistics & customer process
optimization
Tough cost management

Germany

Above-average price increases
and FCF
Finalize Masterplan Cement
Logistics & customer process
optimization

Italy

Push integration of Cementir
Maximize synergies ITC & CTIR
Advanced pricing to allow return to
profitability

Operational strategy in place to achieve HeidelbergCement vision 2020

HeidelbergCement in Europe

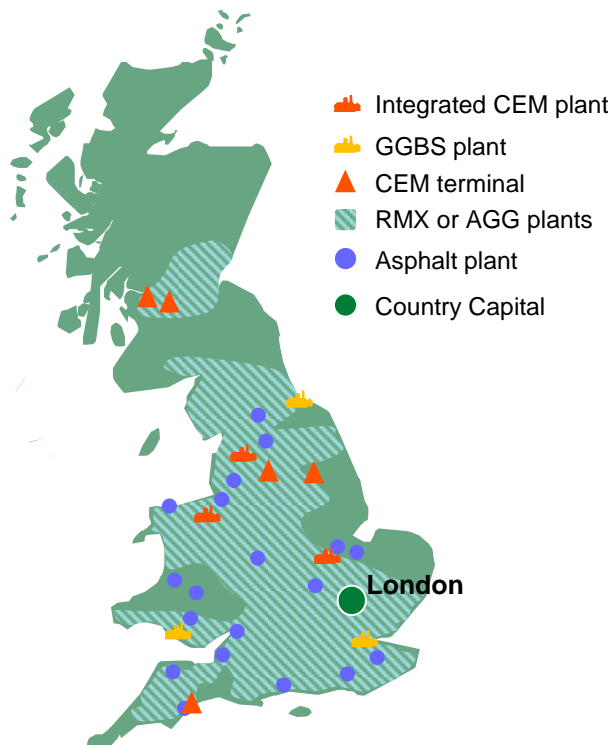
UK deep-dive

France deep-dive

Germany deep-dive

Europe key messages

Strategic position



Operations

■ Cement plants	3
■ Aggregates sites	~50
■ Asphalt plants	>30
■ Ready-mix plants	>170

Market position & strengths

- Market leader in RMC and Cementitious
- Vertically integrated business including Marine & Rail
- Existing fleet of mobile concrete and asphalt plants to serve upcoming major projects

Market trends

- Growth softening – delayed Brexit reaction
- 2018 market flat, growth returning in 2019
- Consolidation increasing
- Pricing flat – challenge inflation & energy costs

Great projects ensure capacity utilization

Current:

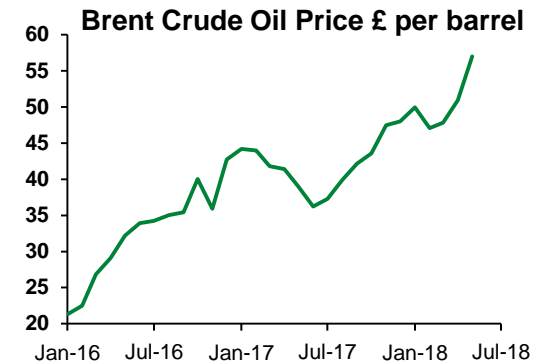
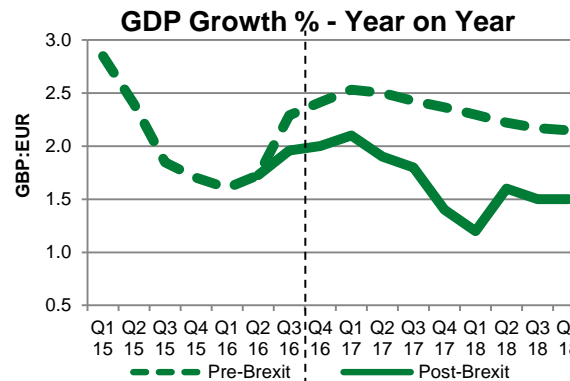
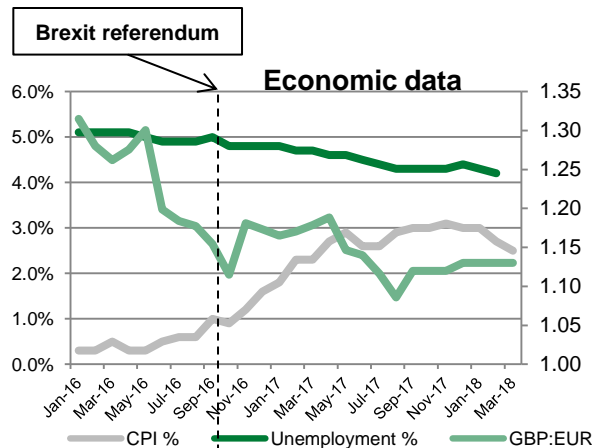
- Hinkley Point
- Thames Tideway
- M1 smart motorway
Asphalt & Contracting

Well-positioned for:

- HS2
- Silvertown Tunnel
- M4 motorway
- Heathrow 3rd runway

Vertically integrated business with access to rail, trucks & ships logistics

Beginning of recovery in UK expected in 2019



- Since the **Brexit referendum** in June 2016:
 - **GBP currency has depreciated 13% vs EUR**
 - **Inflation has risen steadily peaking at 3.1% in Nov 2017**, and has started to reduce in 2018 (2.5% in Mar 18), expecting to fall below 2% by the end of 2018
 - **GDP growth projections** have been scaled back
- **2017 saw GDP growth of 1.7%**, with the UK economy expected to grow by **1.5% in 2018** and 1.7% in 2019
- **Unemployment rate at 4.2%**, the lowest level for decades
- Higher inflation above wage growth **reducing real incomes**, impacting **consumer spending growth** which is **expected to slow** from 1.8% in 2017 to a **seven year low of 1.0% in 2018**, before beginning to recover in 2019

UK expected to be back on track by 2020

UK focus on new operational excellence & efficiency

Most efficient order to cash process

Comprehensive sales initiative currently being implemented

Logistics optimization and efficiencies

- Cross business unit efficiencies such as automatic material replenishment
- Fleet investment
 - 8 m³ RMC trucks
 - Walking floor articulated trucks
 - Fully optimized delivery system for all business lines except packed products
 - Higher capacity powder tankers

Digital transformation

- Customer connectivity and portal apps
- Leveraging real time data
- Fleet tracking
- Streamlined admin and back office processing

Tough cost management

Continued focus on cost control

- G&A cost reduction initiatives
- Energy efficiencies
 - Consumption
 - Bitumen content, RAP content
 - Hedging
- Operational excellence initiatives in RMC and Aggregates

Cost improving capital investment

- Ship replacement
- Padeswood vertical roller mill
- Victoria Deep

Sale of non-core business

- Bath & Portland Stone
- Ship divestments (Arun, Adur)
- Land sales

Major transformation ongoing to get ahead of peers

Residential

Public

Commercial

UK

- Overall UK construction output in 2018 forecast to be flat
- Outlook impacted by weaker Q1 due to adverse weather
- Delays in large scale infrastructure projects

London

- London impacted by greater exposure to commercial projects
- Key market for HC in UK

Current year flat at best, but pipeline of activity is strong



UK Focus on

1. Regain topline growth, beat peers in results
2. Strict Cost Management
3. Most efficient order to cash process

Organization & Asset set up in UK perfectly aligned for these goals

HeidelbergCement in Europe







UK deep-dive

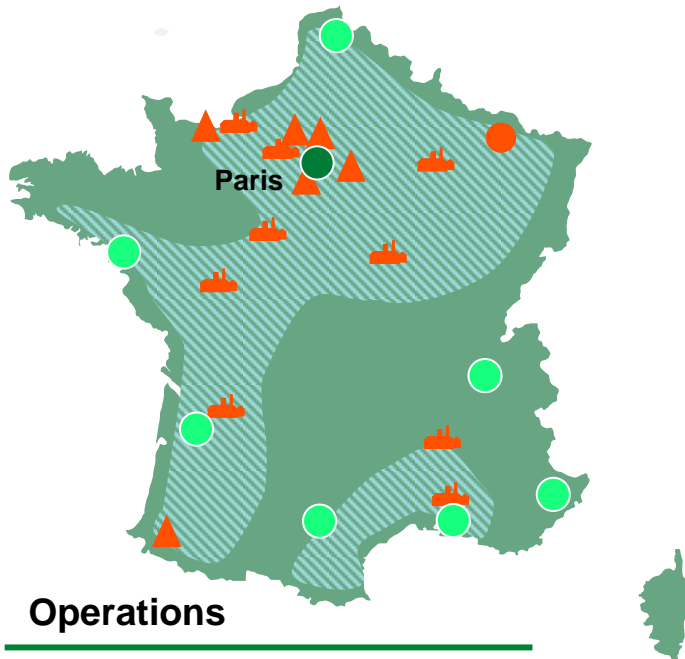
France deep-dive

Germany deep-dive

Europe key messages

HeidelbergCement in France

-  Integrated CEM plant
-  RMX or AGG plants
-  Country Capital
-  CEM terminal
-  Grinding plant
-  Major cities



Operations

■ Integrated Cement plants	9
■ Cement grinding plants	1
■ Cement terminals	6
■ Aggregates plants	~70
■ Ready-mix plants	~170

Strategic position

Market position & strengths

- Strong market share, 2nd largest player
- Calcia market share well positioned
- Favourable locations with geographical proximity to new mega projects (e.g. Grand Paris)

Market trends

- Market expected to grow steadily in coming years
- Increasing competition due to newcomers in profitable areas (import & CCB)
- Pricing pressure to continue, putting focus on cost efficiency

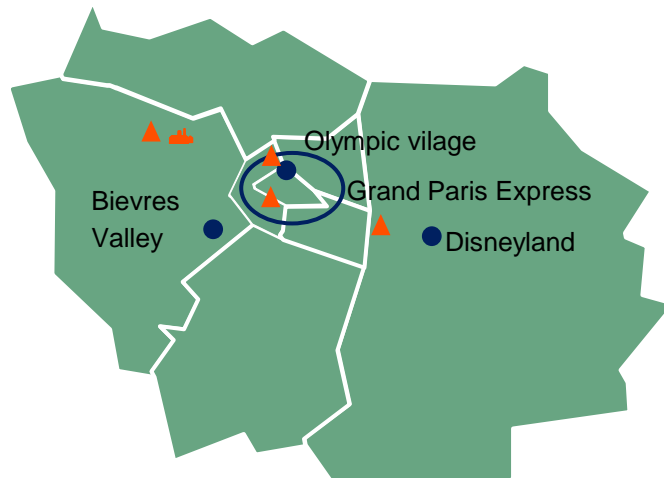
Opportunities

- Synergy savings potential
- Important reduction of variable & fixed costs
- Strengthening of vertical integration in AGG and RMX

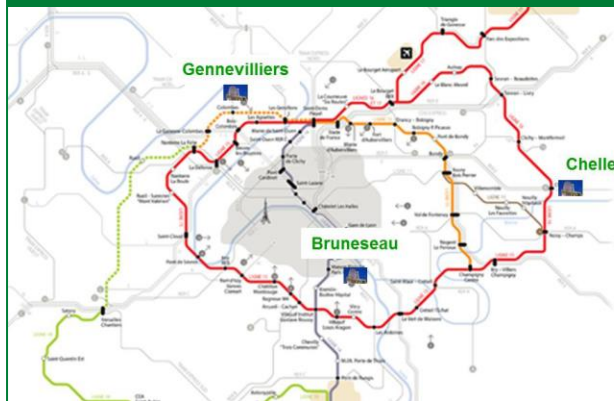
Highly integrated operations especially in Paris

Deep-dive Paris Region

- 🏭 Integrated CEM plant
- ▲ CEM terminal
- Major projects



Grand Paris Express



Mega projects opportunities

Grand Paris

- Grand Paris Express consists of the extension of existing lines and construction of new automatic subway. Each day, it will be a flow of about 2 million Parisians using this new network. €bn 25 budget.
- Grand Paris residential program: 80,000 new units per year for next 25 years (€bn11 public investment and €bn 42 private spending on 200 km² of land, doubling current Paris area)

2024 Olympic Games

- Even if most facilities are already in place, 4 sites need to be completely built: Olympic village (17,000 beds), aquatic centre (17,000 seats), media village (5,000 rooms), and a sport venue in Bercy (8,000 seats). Infrastructure budget ~ €bn 5.

Other projects

- Disneyland Paris: €bn 2 multi-year expansion plan
- Bievres Valley: innovation hub, research centres, universities, and housing programs

HC is well positioned for upcoming mega projects in Paris

France post merger optimization creating higher than expected value

Operational Network Optimization

Short-term operational action plan to optimize production and transportation costs to serve clients

Strategic Network Optimization

Long-term strategic study to achieve cost leadership in France

- Study to be completed in Q4 2018
- Similar to German Cement Masterplan

Synergies ITC

Synergies targets over-achieved one year ahead of original target, incremental synergies being targeted for 2018

- Overall synergies resulting from operations in all business lines and SG&A targeted at ~ €m 65

SG&A Review

On-going action plan to reduce SG&A

- Full alignment to best-in-class internal blueprint to streamline corporate functions
- Continuous focus on cost efficiency

Persistent exploitation of optimization potential pays off

France with positive outlook for steady growth

	Residential	Public	Commercial
France	<p>+3%*</p> <p>Housing starts in 2017 increased by ~15% compared to 2016</p> <p>French housing market is likely to remain fairly sustained by political measures till 2020</p>	<p>+1.7%*</p> <p>Several large projects to be confirmed</p> <ul style="list-style-type: none">▪ Nord Europe Channel▪ Lyon-Turin▪ Bordeaux-Toulouse <p>Optic fiber internet infrastructure plan to reach €bn 20 by 2022</p>	<p>+3.1%*</p> <p>Office market hit a new record in H1 2017</p> <p>Commercial building growth outside of Paris region projected to decelerate to be in line with GDP growth</p>
Paris	<p>Grand Paris housing program for next 25 years</p> <ul style="list-style-type: none">▪ €bn 11 public spending▪ €bn 42 private spending	<p>Grand Paris Express ~ €bn 25 budget</p> <p>2024 Olympic Games infrastructure budget ~ €bn 5</p>	<p>Skyscrapers projects to be delivered in 2021/2022</p> <ul style="list-style-type: none">▪ Tours Duo (180m)▪ Tour Triangle (180m)▪ Tour Sisters (220m)▪ The Link (244m)

Especially Paris with strong prospective



France Focus on

1. Push strategic & operational Network Optimization
2. Maximize ITC Synergies
3. Tough Cost Management in operations & SG&A

Focus on Market recovery & efficiency gains

HeidelbergCement in Europe







UK deep-dive

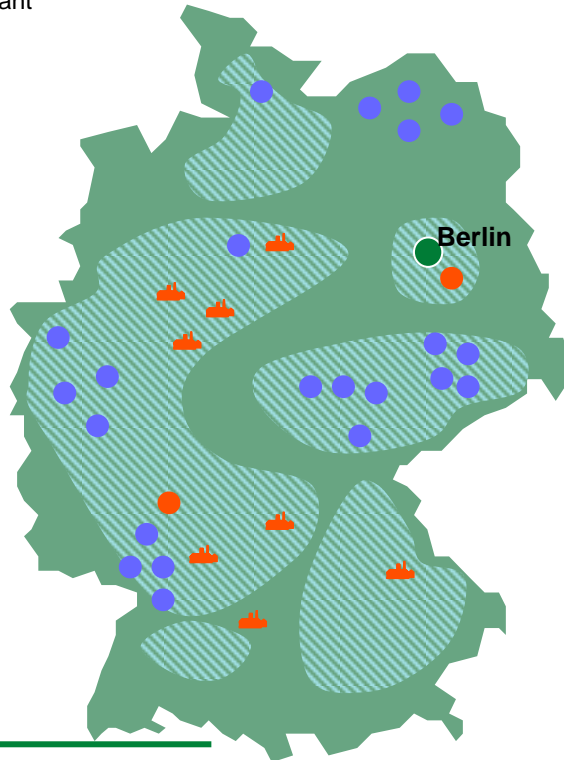
France deep-dive

Germany deep-dive

Europe key messages

HeidelbergCement in Germany

-  Integrated CEM plant
-  CEM terminal
-  Country capital
-  Grinding plant
-  AGG plant
-  RMC plants



Operations

■ Cement plants	8
■ Grinding plants	2
■ Aggregates sites*	40
■ Ready-mix plants*	94
■ Building Products**	22

*consolidated; **Precast, Concrete Pavements

Strategic position

Market position & strengths

- CEM: market leader especially in the south and metropolitan areas → modernized efficient plant network
- RMX: market leader → with a strong distribution network
- AGG: well located in the market → national player
- Strong vertical integration of RMC & Building Products in major markets

Market trends

- Strong demand of products for infrastructure measures & residential also non-residential constructions
- Strong product portfolio in all segments → to participate of the construction industry growth

Opportunities

- More consolidations are expected
- Strong demand in the next 3-5 years driven by government for infrastructure expansion

Strong vertical integration in home market

Positive market outlook with focus on metropolitan areas

	Residential	Public	Commercial
Germany	+7%* <ul style="list-style-type: none">Overall Germany construction output in 2018 forecast to be on a high levelOutlook impacted by weaker Q1 due to adverse weatherBiggest challenge is the staff shortage	+6%*	+5%*
Metropolitas	<ul style="list-style-type: none">Metropolitan Regions are the key markets in Germany, like Berlin-Brandenburg, the Rhein-Main area and Munich		

Challenge remains staff shortage on construction sites

Favorable political framework and further consolidation

Politics

Focus on construction

- Restructuring of ministries
- Establishment of new committee

Segments

Residential

- 2017 demand of 400.000 apartments vs. completion of 300.000
- 1,5 million new apartments till 2021 in coalition agreement

Non residential & Infrastructure

- Improving state budget stimulates public works
- €bn 14 target in Federal Transport Plan by 2030

Consolidation

Seibel & Söhne acquired by Dyckerhoff

Bottlenecks

Capacity in manufacturing industry with full order books

Approving authorities with backlog in permits

Good market environment with capacity in construction as limiting factor

Plant upgrade improves environmental footprint and cost position

Masterplan Cement (examples)

- Capex: ~ €m 370
- modernization & improvement of sites
- All sites with operation permit are compliant

CO₂ Reduction Roadmap

- Capex: ~ €m 17
- Saving CO₂: > 210 kt / y

Example Lengfurt

Start:
4. Q 2018

Catalyst

Capex: ~ €m 50

Saving: est. €m 2 / y

Example Schelklingen

Kiln start:
1. Q 2019

New kiln & Calciner

Capex: ~ €m 124

Saving: est. €m 8 / y



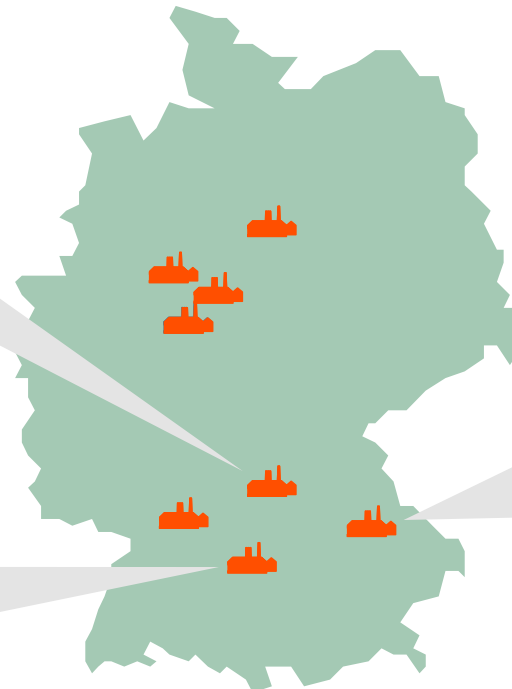
Kiln started

Example Burglengenfeld

New kiln & Calciner, 2 Raw Mills

Capex: ~ €m 115

Saving: est. €m 8 / y



Fulfillment of environmental regulation is the foundation for long-term operations



Germany focus on

1. Push above average price increase and FCF generation in good market
2. Finalize Masterplan Cement to increase efficiency
3. Reduce costs by logistics & customer process optimization

Push efficiency in good market environment

HeidelbergCement in Europe

UK deep-dive

France deep-dive

Germany deep-dive

Europe key messages

Transformational change with new tools and processes

Market recovery in Spain, Italy, France

Focus on efficiency in UK, Germany, BeNe & France

Cost reduction

Production (Masterplan)

Logistic (Network optimization)

CO₂ risks (New technology)

SG&A (Continuous Improvement)



Defining the most efficient customer journey in our industry

Step change in efficiency & market recovery

Just to summarize: Result driven by vision 2020

UK

Regain topline growth, beat peers
in results
Strict cost management
Most efficient order to cash process

France

Network optimization cement
Maximize ITC synergies
Tough cost management

Spain

Increase volumes & prices
Capture ITC synergies
Actively participate in consolidation

BeNe

RMC & AGG focus on volumes & prices
Logistics & customer process
optimization
Tough cost management

Germany

Above-average price increases
and FCF
Finalize Masterplan Cement
Logistics & customer process
optimization

Italy

Push integration of Cementir
Maximize synergies ITC & CTIR
Advanced pricing to allow return to
profitability

Operational strategy in place to achieve HeidelbergCement vision 2020

Disclaimer

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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 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.

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Capital Markets Day 2018

Mr. Roberto Callieri, Italy CEO
Italy Market Update



ILab Bergamo, 12 June 2018

HeidelbergCement in Italy

Italy market update & our strategy

Integration

Final messages

HeidelbergCement in Italy

Well-positioned for recovery

- Market reached highest consolidation level in Central/South Europe
- We are the largest player with 10 mt CEM capacity post divestments
- Vertically integrated positions in RMC & AGG

Focused operating strategy

- Rationalized manufacturing and distribution network
- Active price management to get price to an acceptable level
- Continuous focus on cost efficiency
- High operating leverage after realized synergies

Best footprint with top-class assets

- Strong position in the North, with higher utilization rates
- Modern integrated cement plants in Rezzato, Matera and Calusco
- Further footprint optimization underway on regional and local level

Well positioned for the future with top-class asset base and superior footprint

Market overview

2007 network

Integrated cement plants	17
Grinding mills	3
RMC plants	228
AGG plants	19

2016 network

Integrated cement plants	7
Grinding mills	8
RMC plants	124
AGG plants	17

Solid asset base: 2018 network

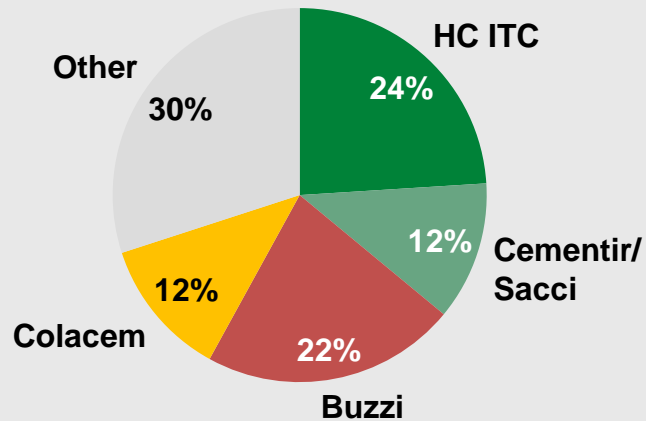
Integrated cement plants	11
Grinding mills	10
Cement capacity (mt)	10
RMC plants	125
AGG plants	13



Comprehensive market coverage with Cementir Italia from 2018

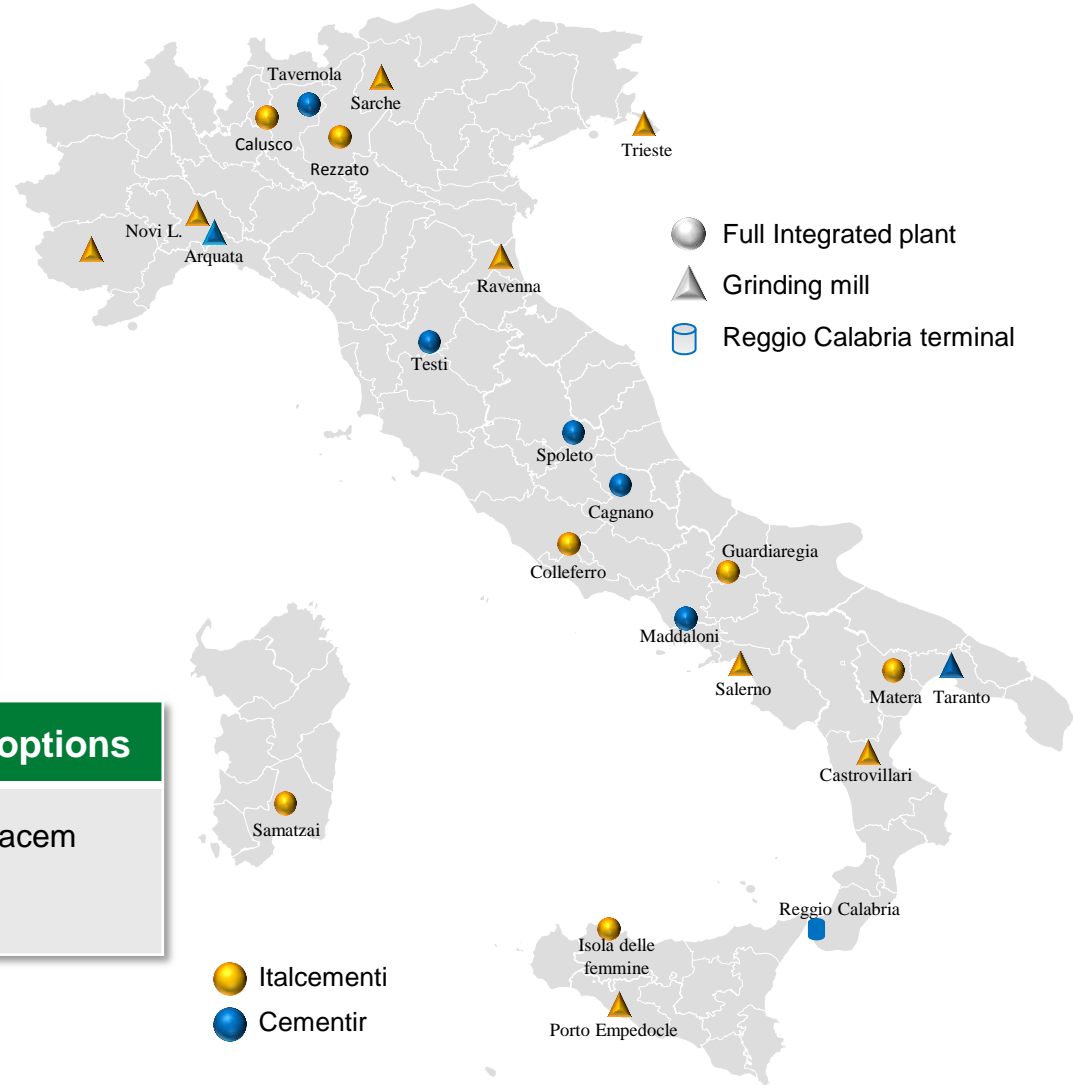
Cementir addition: a perfect fit and a key consolidation step

Estimated market shares
Top-3 players represent 70%!



Italy Competition Authorities divestment options

- Maddaloni integrated plant sold on June 1st to Colacem
- Sale of Reggio Calabria terminal ongoing



After the Cementir Italia acquisition HC-ITC is the clear no. 1 in Italy

HeidelbergCement in Italy

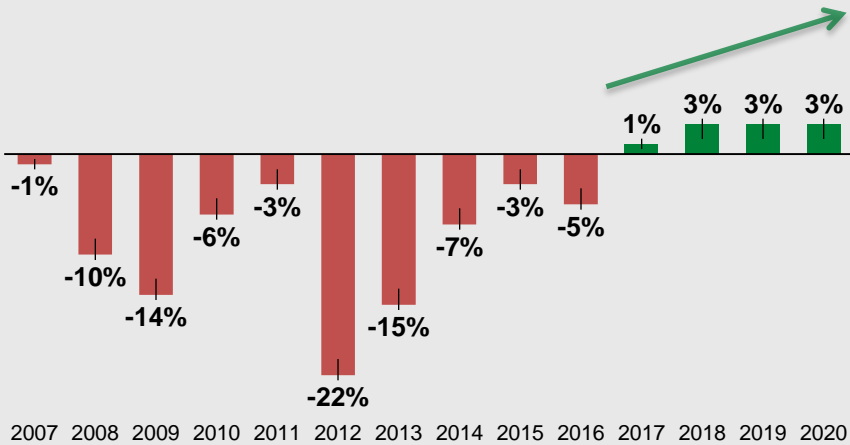
Italy market update & our strategy

Integration

Final messages

Significantly below peak years; but recovery mode is on

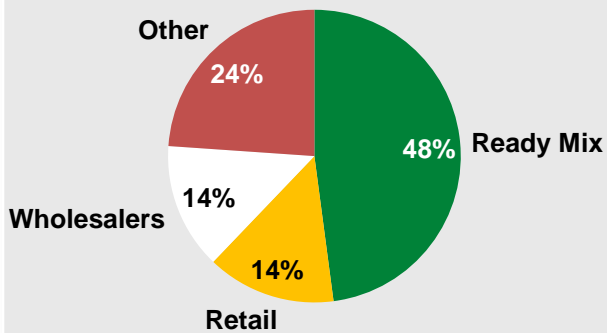
Cement consumption (vs. prior year) *



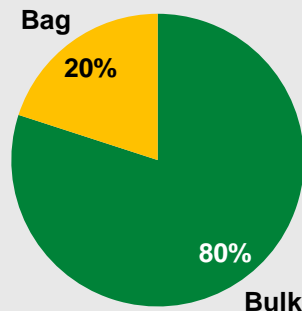
Current market situation

- CEM demand almost 30 mt behind peak
- Bottom have been touched in 2016 with cement consumption just above 300 kg per capita
- 2017 & 2018 are turning points for the market
- Ongoing consolidation wave should lead to a more sustainable Industrial Network and profitability recovery from very low levels

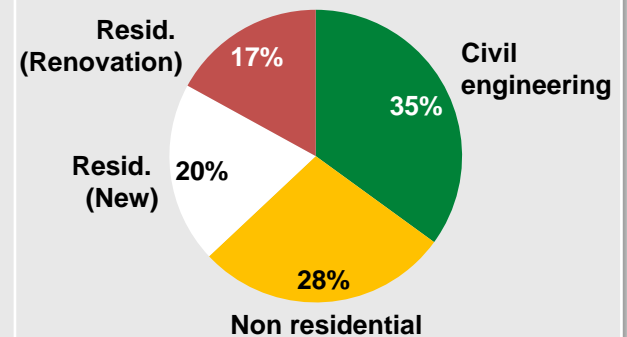
Sales by distribution channel



Production by delivery mode



Sales by segment



* Source: 2007 – 2016 AITEC reports. 2017 – 2020 Euroconstruct forecast

We are well-positioned to capture the recovery and demand growth

We started to see growth in demand first time since 8 years

High consolidation level

Top 3 players represent almost 70% of the market

More rationale and better structured market

Volume recovery already visible

Demand slowly improving after the market hit bottom in 2016

First signs of recovery as demand increases

Significant upside price potential

First price increases already implemented successfully. More to follow.

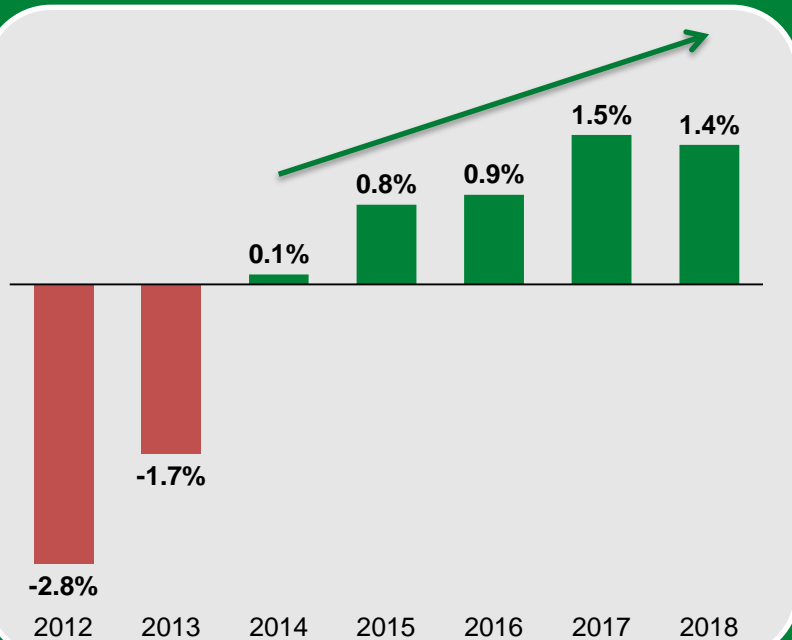
Target is to reach acceptable price level

More rationale market set-up will drive price increases as demand improves

Economic indicators also signal a turning point

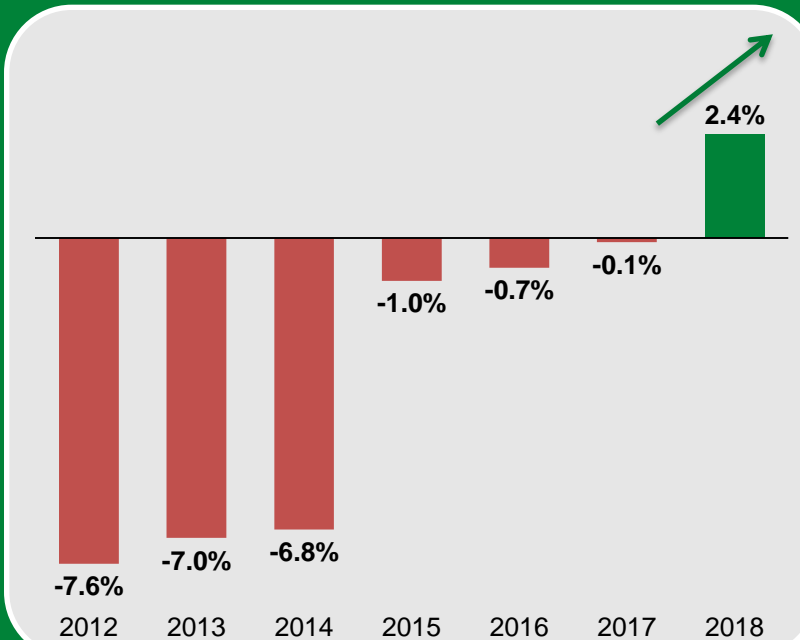
GDP looks resilient despite growing political uncertainty

GDP growth



Construction sector still fragile but trend on recovery

Investment in construction (vs. prior year)



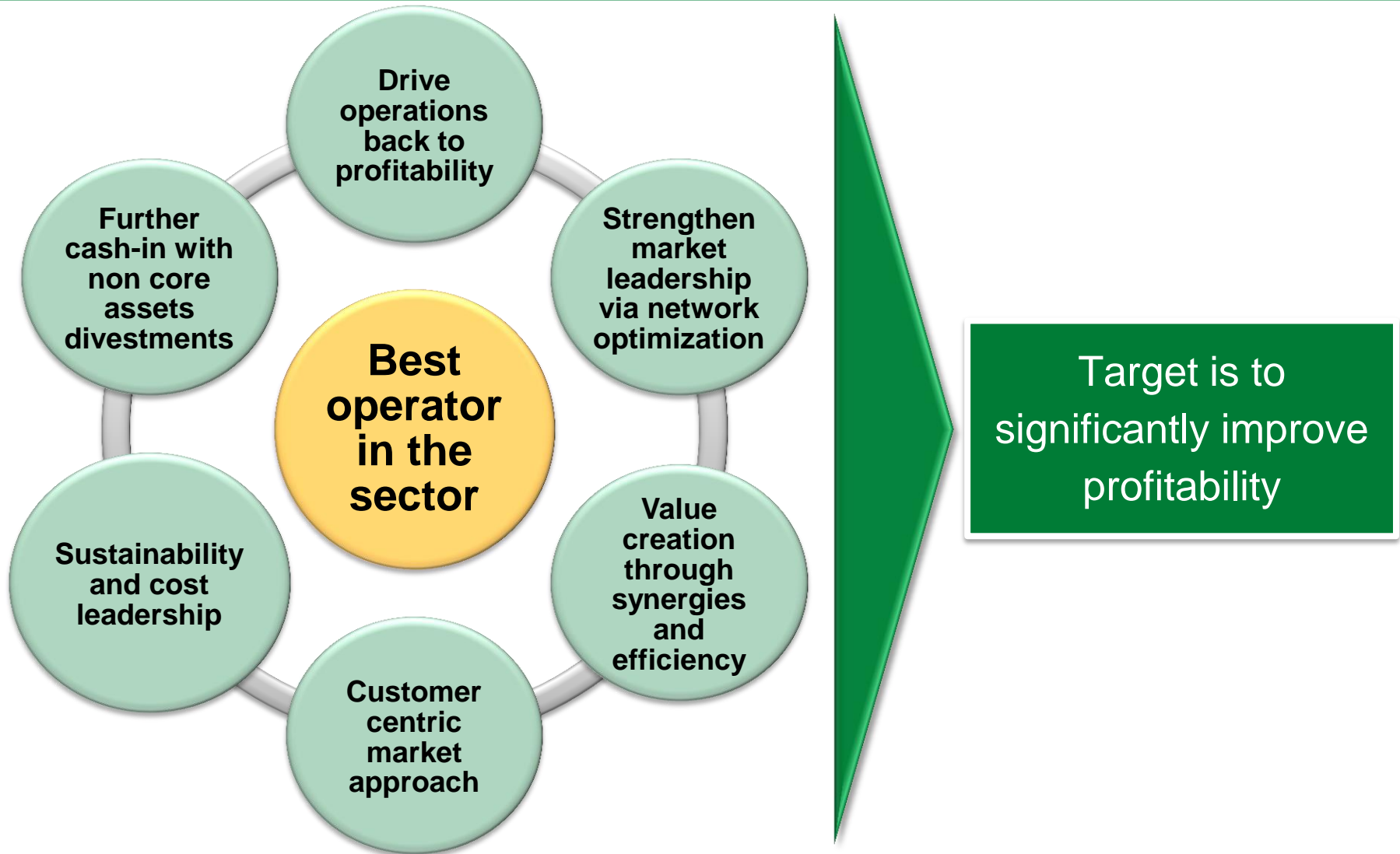
Construction sector starts to improve as GDP growth turns positive

Operating Strategy hinging on 4 key pillars



New Italcementi focused on operational excellence and cash generation

Key points with clear focus on result improvement **by 2020**



Significant future potential as a result of increased operating leverage

HeidelbergCement in Italy

Italy market update & our strategy

Integration

Final messages

HC-ITC Grow Together: a new start since 2016

Headquarters

- Wind down of former ITC Group HQ with all functions moved to HD
- Temporary transition division directly reporting to HC Group functions
- Relocation of Country headquarters to i.Lab technological center

Organization and HR changes

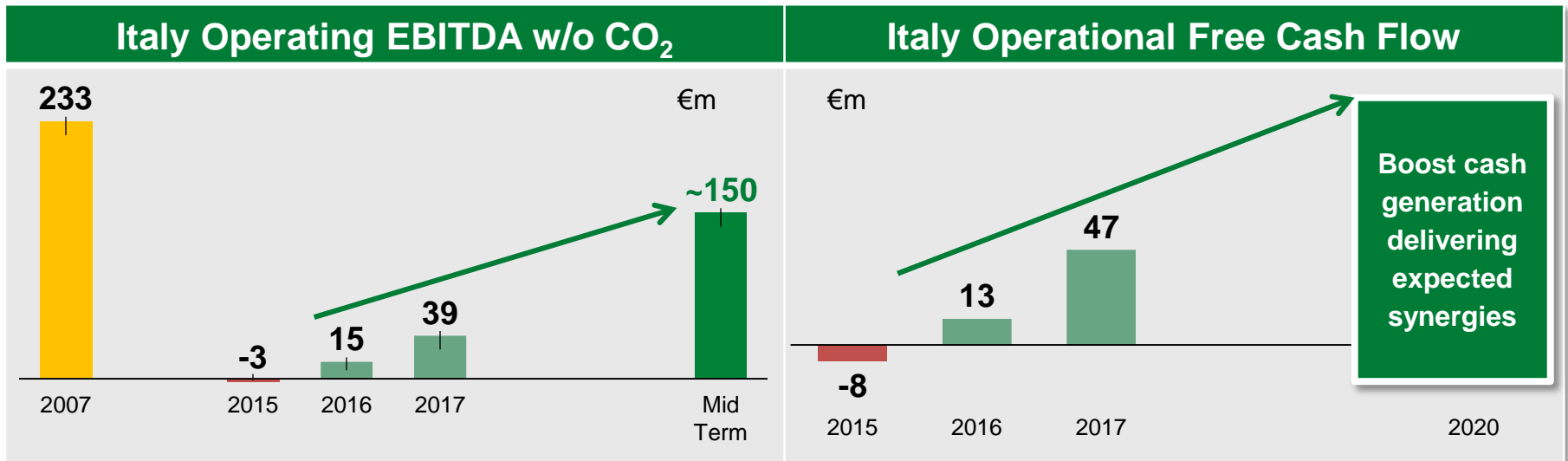
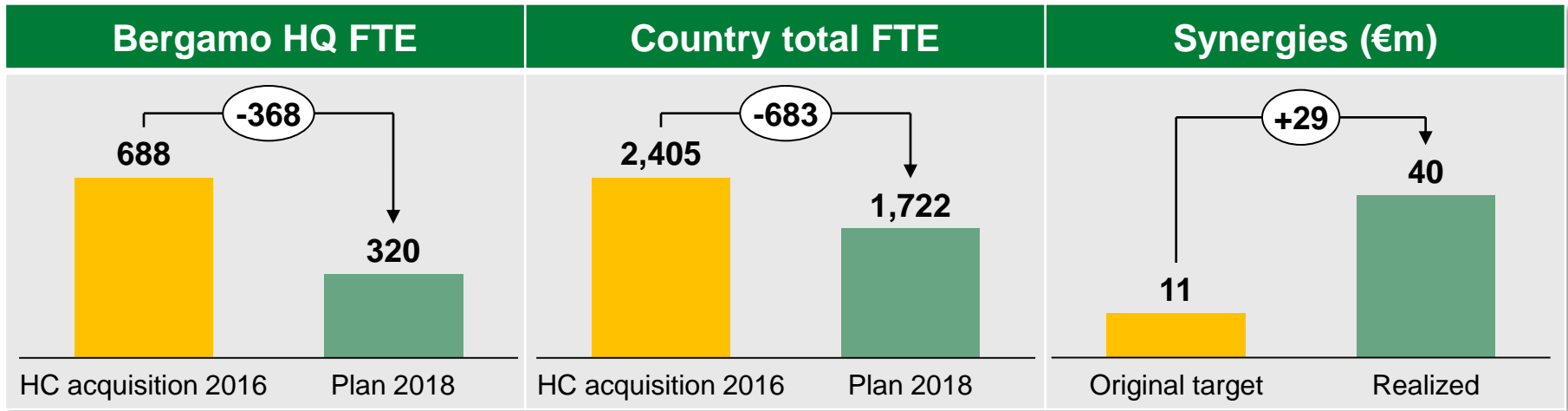
- New Country Organization in place after closing in July 2016
- Reduction of ~700 FTEs from former ITC Group (Country + HQ)
- Country Headquarter target July 2016: 195 FTEs

Synergies and best practices

- Synergies target increased from €m 11 to €m 25; realized €m 40
- Roll-out of HC's proven efficiency programs
- Implementation of frame agreements with local suppliers
- Leverage unused capacity through global trading network

Integration successfully completed within less than 2 years

Successful integration clearly improves Italy results



Clear improvement in operational and financial results

Cementir integration already started

New organization
announced in
January

All integration work-
streams started
working

Rome HQ phasing
out process started

Wind down of
former
Cementir
Rome
Headquarter

One customer
– one invoice
program
implementation

Signing of
binding
agreements for
asset disposals

Integration of
Cementir
operations in
Italcementi
ERP systems

€m 30 cost
synergies
by 2020

Market
synergies to
come on top

June 2018

July 2018

October 2018

85 FTE reduction SG&A and full integration will generate €m 30 cost synergies

Lessons learned from the past

Change, although painful, is always an opportunity

The solid value tradition of Italcementi has been revived and the pride reactivated by the new era in HC.

Clear and consistent communication

Good news as much as bad ones, but be news.

Trust takes time, vertically and horizontally

Realigning an existing organization is a journey, and a challenge.

Walk the talk, be true

Habits have no replacement, and no delegation, they just progressively diffuse.

Credibility with stakeholders is a must at all levels

Inside environment and morale in turbulent times are quickly reflected outside.

Major change to Italcementi is all about corporate culture and leadership, focused on operational excellence, cash generation and delivering the targets

A new market leading company with international standards

HeidelbergCement in Italy

Italy market update & our strategy

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Final messages

HeidelbergCement in Italy

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Well-positioned for the future with top-class asset base and superior footprint

The key assets: a focused management team and organization



Thank you and good bye!

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Capital Markets Day 2018

Mr. Jon Morrish, Member of The Board North America Market Update



ILab Bergamo, 12 June 2018

HeidelbergCement in North America

Key markets deep-dive

VISION 2020 / strategies

Final messages

HeidelbergCement in North America

Well positioned in all key markets

- Major urban centers in U.S. & Canada
- Broad coverage of 25+ U.S. states & 6 Canadian Provinces
- Fast growth areas – Sunbelt, Texas, West Coast

Excellent product portfolio

- Leading cement & slag cement player
- Top tier aggregates producer
- Large RMC and growing Hot Mixed Asphalt (ASP) player

Vertically integrated business model

- Well-established integrated positions in most Canadian cities and leading U.S. cities (e.g. Houston, San Diego, Seattle)
- Growing RMC positions in core new markets – Portland & Atlanta
- Growing ASP business (e.g. New York & Seattle)

Unique asset base with solid future potential

- Solid foundations in AGG & CEM assets in strong, long-term locations
- Robust logistics network to optimize footprint & maximize margins
- Further ability to optimize asset base with limited investments

Solid asset base and product portfolio captures NAM upswing in coming years

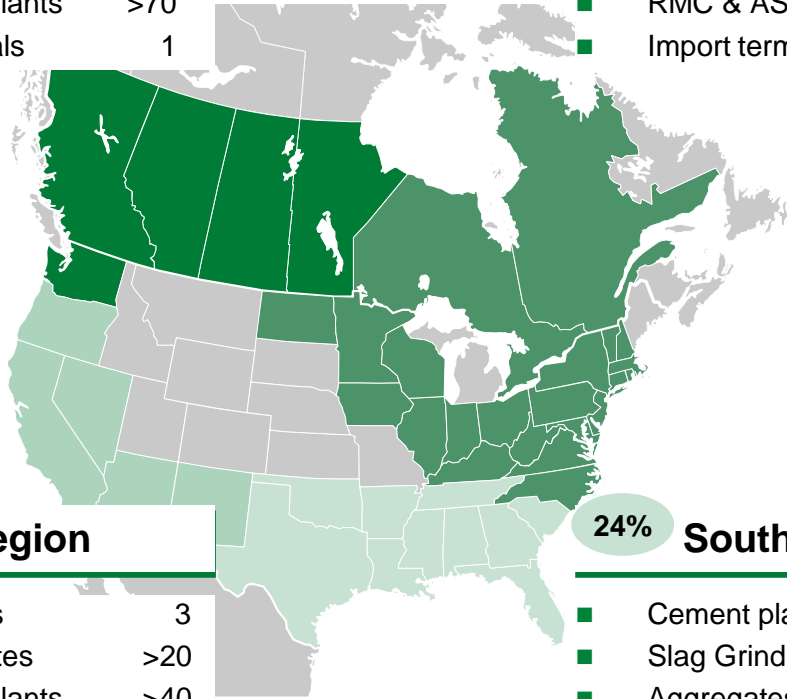
NAM – Broad geographic footprint; strong performance

23% Canada region

■ Cement plants	2
■ Grinding plants	1
■ Aggregates sites	>50
■ RMC & ASP plants	>70
■ Import terminals	1

40% North region¹

■ Cement plants	11
■ Slag grinding plants	2
■ Aggregates sites	>100
■ RMC & ASP	>75
■ Import terminals	5



13% West region

■ Cement plants	3
■ Aggregates sites	>20
■ RMC & ASP plants	>40
■ Import terminals	>3

24% South region¹

■ Cement plants	2
■ Slag Grinding plant	1
■ Aggregates sites	>55
■ Ready-mix plants	>25
■ Import terminals	>5

Solid asset base...

> 28 mt CEM
capacity¹

> 12 bt AGG
reserves

> 230 RMC & ASP
plants

... delivers solid results

\$bn 4.9 revenue

\$bn 1.3 EBITDA

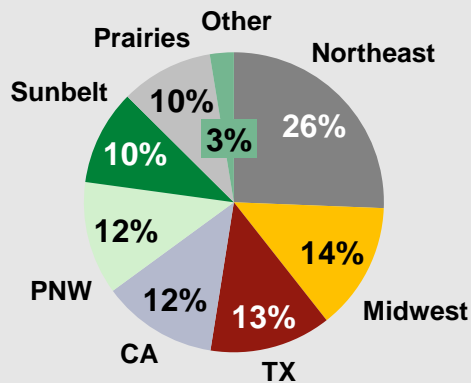
Notes: 1) Includes 8.5M import capacity and 50% JV positions in Texas Lehigh & Ciment Quebec

○ % of rev. ('17)

Strong performance driven by diversified footprint & solid asset base

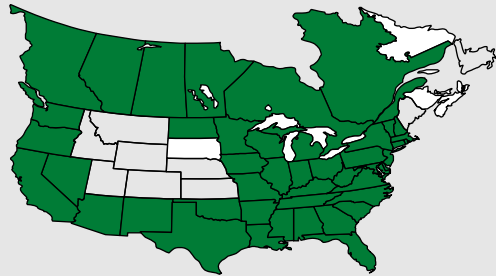
Well-balanced product & geographical coverage provide depth

Revenue by key market



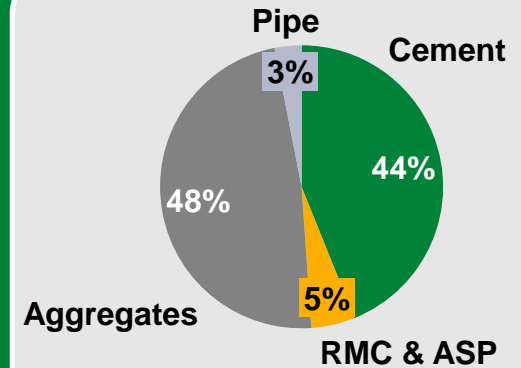
Well-positioned in all key US & Canadian markets to capture market upswings

Operating geography



Above average NAM coverage and product portfolio compared to peers

Operating EBITDA by segment

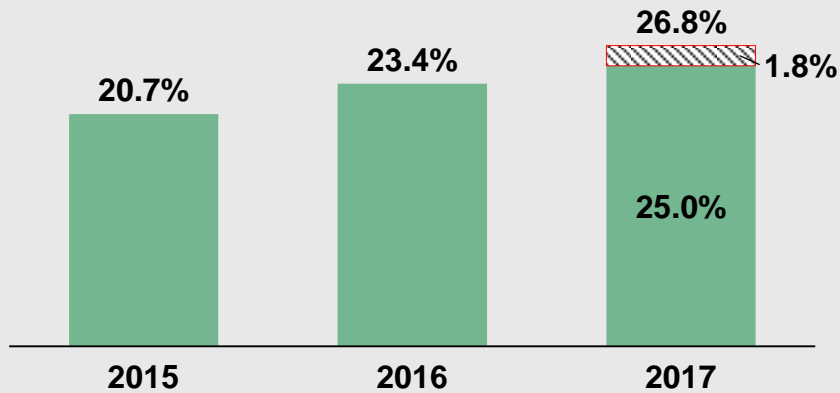


Good balance of earnings, biased towards "upstream" product lines

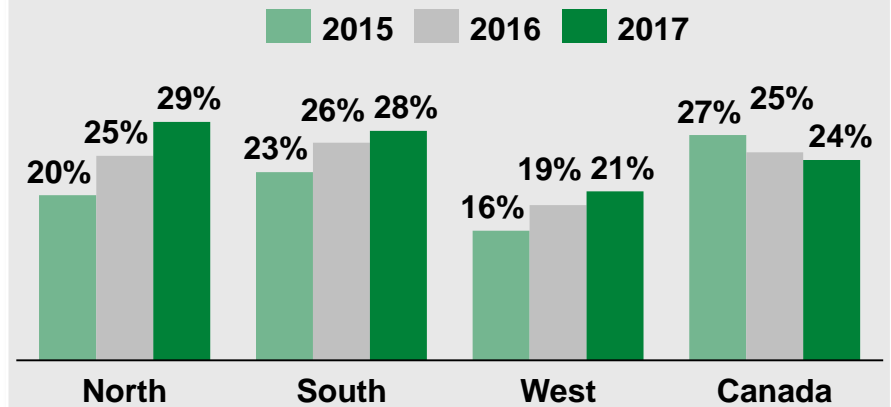
Solid results driven by well-balanced product and geographical footprint

Key financial figures

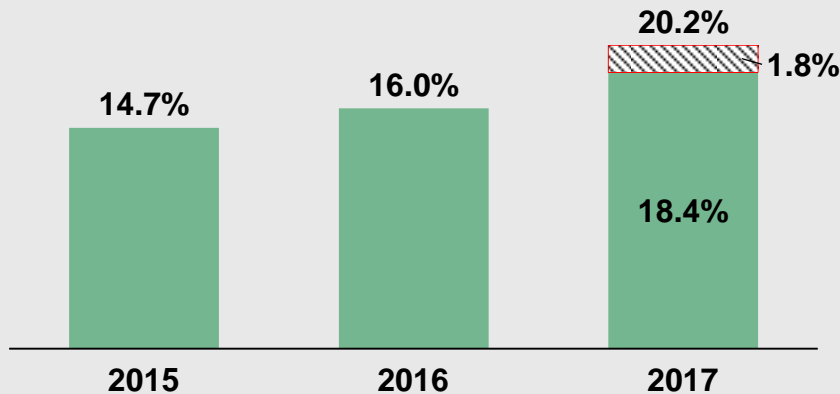
NAM operating EBITDA margin



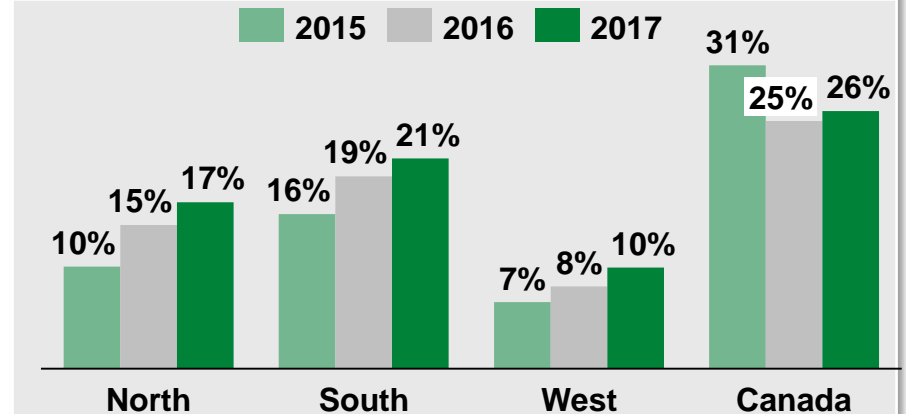
EBITDA margin per region



North America ROCE



ROCE by region

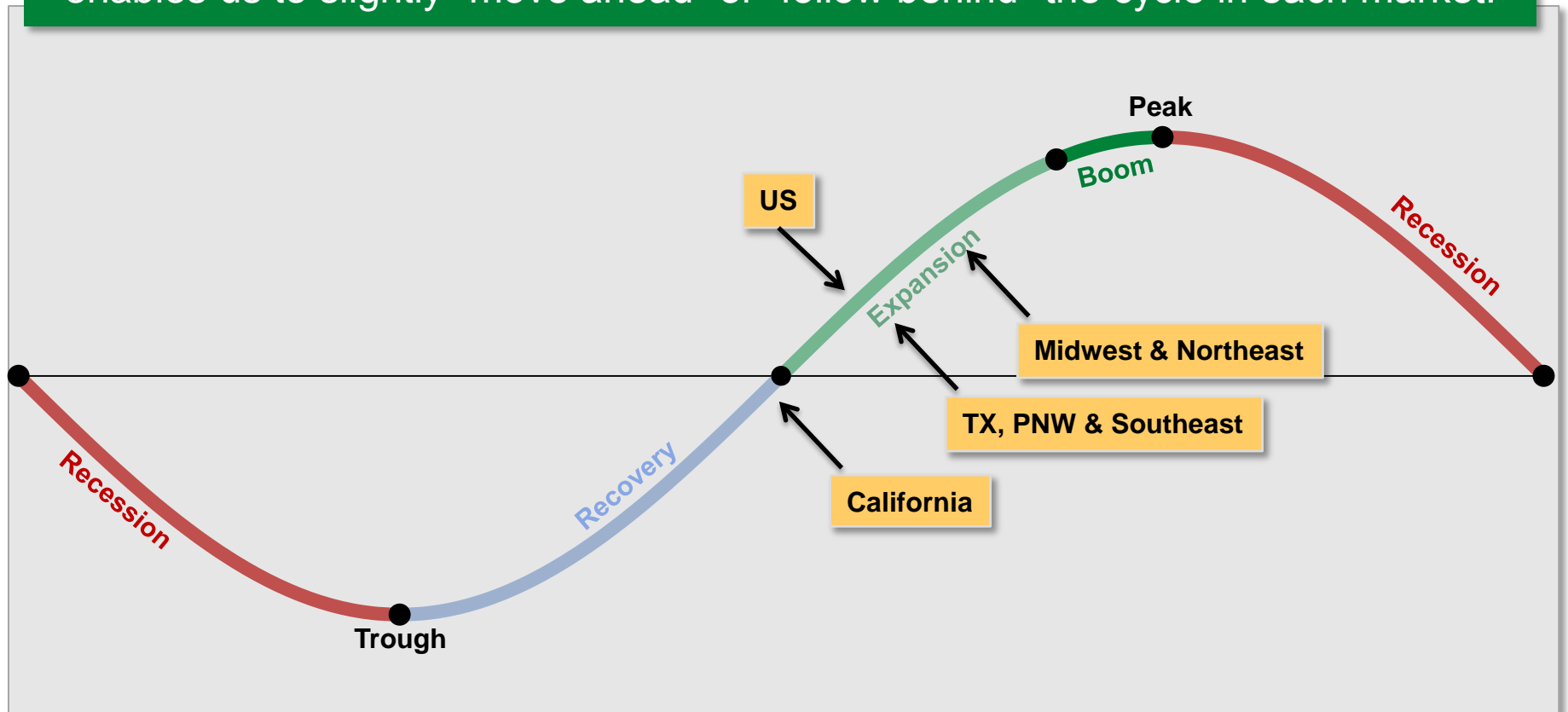


 Significant land disposals / region data excludes impact

Continuously improving operational and financial results

Well positioned for the business cycle

Vertically integrated business model and urban centers focused footprint enables us to slightly “move ahead” or “follow behind” the cycle in each market.



Significant further potential for existing expansion phase to continue

HeidelbergCement in North America

Key markets deep-dive

VISION 2020 / strategies

Final messages

California – improving margins with further upside potential

3 CEM
plants

4 CEM
terminals

15 AGG
plants

1 AGG
terminal

22 RMC
plants

13 ASP
plants

Market position	Trends & potential	Strategy & focus
<ul style="list-style-type: none"> ➤ Cement market leader in Northern California ➤ Unique deep-water terminal in San Francisco ➤ Strong Bay Area aggregates business driven by high-margin sand pits ➤ Vertically integrated businesses in Central California and San Diego 	<ul style="list-style-type: none"> ➤ Largest U.S. state population 39+ million; GDP \$tr 2.7 ➤ Senate Bill 1 (SB1) to invest \$bn 54+ over next decade to fix roads / infrastructure ➤ 2023 L.A. Olympic budget \$bn 5+ ➤ Housing upswing amid tight supply 	<ul style="list-style-type: none"> ➤ Clear margin improvement in Northern California, as production issues left behind ➤ Increase volumes in Southern California – new additional capacity ➤ Increase vertical integration and selective AGG expansion in Bay Area & LA

Take full advantage of strong positions as robust growth continues

Texas – a shining star for NAM with sustained growth

1 CEM plant	5 CEM terminals	15 AGG plants	8 AGG terminals	23 RMC plants
-------------	-----------------	---------------	-----------------	---------------

Market position	Trends & potential	Strategy & focus
<ul style="list-style-type: none"> ➤ Strong cement position (Texas Lehigh JV) in Central Texas, Houston, Corpus Christi ➤ Top 3 AGG player in DFW, Houston, San Antonio & Austin ➤ Strong rail AGG & cement logistics network ➤ Vertically integrated in Houston market (RMC, Stabilized Materials) 	<ul style="list-style-type: none"> ➤ North TX attracting significant investment and peripheral growth through corporate relocations (70+ in less than 10 years) ➤ South TX (Austin, San Antonio, Houston) remains one of fastest growth areas of U.S. ➤ Higher oil prices & post-Harvey investments helping to drive Houston growth 	<ul style="list-style-type: none"> ➤ Continue to grow AGG footprint across Texas (brownfield Austin plant to open in 2019) ➤ Expand / enhance cement & AGG distribution network (new AGG terminal in N. Houston opened in 2018) ➤ Cement & slag capacity investment ➤ Vertical integration (RMC) in target markets

Continual investment in positions to maintain strong profit contribution beyond 2020

Pacific Northwest – one of the fastest growing regions

1 CEM
plant

1 CEM
grinding

8 CEM
terminals

22 AGG
plants

8 AGG
terminals

40 RMC
plants

3 ASP
plants

Market position	Trends & potential	Strategy & focus
<ul style="list-style-type: none"> ➤ Market leading AGG position in Vancouver & Seattle ➤ Strong vertically integrated positions in Vancouver, Seattle & Portland ➤ Cross-border logistics network in Cement and AGG (for Seattle & Portland) 	<ul style="list-style-type: none"> ➤ Vibrant economy anchored in the growing workforce for some of the country's largest and most successful companies ➤ Booming urban markets benefit from mix of private investment, population growth, corporate expansions & public transportation 	<ul style="list-style-type: none"> ➤ Continue with bolt-on deals in this core growth market ➤ Maximize synergies from recent acquisitions ➤ Add slag production capabilities ➤ Optimize cement, slag, & AGG logistics network ➤ Significant land disposal proceeds in the future

Unlock the full potential of these three vibrant micro markets

Growing Midwest – a solid and important part of NAM portfolio

4 CEM
plants

6 CEM
terminals

1 Slag
grinding

44 AGG
plants

4 AGG
terminals

57 RMC
plants

Market position	Trends & potential	Strategy & focus
<ul style="list-style-type: none"> ➤ Leading player in cement market with strong customer relationships ➤ Large, highly profitable AGG business with excellent market position ➤ Strong VI partnerships in upper Midwest market 	<ul style="list-style-type: none"> ➤ Vibrant upper Midwest (Minneapolis - St. Paul) markets ➤ Resurgence of the industrial Midwest, particularly in Indiana & Ohio ➤ Chicagoland market remains key market, despite Illinois challenges ➤ Positive mix of public & private development, plus urban renewal drives construction spend 	<ul style="list-style-type: none"> ➤ Realize AGG margin opportunities through new capacity (Chicago quarry in 2018), recycling, landfill and logistics optimization ➤ Cement optimization plan underway will increase margins & grow market penetration ➤ Deepen existing & new partner relationships to unlock financial benefits

Strong positions safeguard volume & margins in the recovering rust belt

Market leading positions in Northeast & Mid-Atlantic

7 CEM
plants

1 CEM
grinding

1 Slag
grinding

19 CEM
terminal

61 AGG
plants

3 AGG
terminal

52 RMC
plants

23 ASP
plants

Market position	Trends & potential	Strategy & focus
<ul style="list-style-type: none"> ➤ Leading player in cement & slag in the Northeast & Mid-Atlantic regions ➤ Market leading AGG business in New York & Pennsylvania ➤ Vertical Integration (RMC, ASP) in Toronto & New York State 	<ul style="list-style-type: none"> ➤ Solid recovery in recent years for all key micro-markets across most densely populated areas of US ➤ Increased state infrastructure spending will drive growth 	<ul style="list-style-type: none"> ➤ Optimize cement & slag logistics network ➤ Active M&A pipeline of local & regional producers to expand footprint and strengthen customer experience ➤ Continuous Improvement programs focusing on operational & commercial leadership for all product lines

Strong customer relations with our unique CEM, slag & AGG supply position capabilities

Well-positioned in growing Sunbelt States

1 CEM
plant

1 Slag
grinding

7 CEM
terminals

30 AGG
plants

5 AGG
terminals

23 RMC
plants

Market position	Trends & potential	Strategy & focus
<ul style="list-style-type: none"> ➤ Strong AGG business in Georgia, North Carolina and South Carolina ➤ Vertically integrated positions in Birmingham & Atlanta ➤ Solid cement & terminal network supporting Ready-mix businesses ➤ Strong slag business in Florida 	<ul style="list-style-type: none"> ➤ Atlanta, GA strong market demographics and favorable business climate will bolster long-term growth ➤ Charlotte – Raleigh corridor strong with high DoT funding & solid residential market ➤ South Carolina remains strong—growth in manufacturing and good demographic trends 	<ul style="list-style-type: none"> ➤ Further vertical integration in attractive metro markets: Atlanta & Charlotte ➤ Near-complete improvements in cement & slag logistics network along Florida's eastern coastline ➤ Strengthen AGG position through greenfield investments and bolt-ons

Levering strong AGG position to funnel growing cement & slag businesses

HeidelbergCement in North America

Key markets deep-dive

VISION 2020 / strategies

Final messages

Vision 2020 – Further improved profitability

❖ High operating leverage in all key markets

- At least keep current level of leverage well above 50%
- Further improve the margins, which are already top of the class

❖ Strengthen cash conversion (FCF / EBITDA) to above 70%

- Excellent cash conversion with benchmark SG&A costs
- Project underway to further optimize ERP system
- Sales is a Science program to generate more customer value

❖ Improve business networks in core products

- Cement optimization masterplan underway
- Further ramp up of aggregates rail logistics network (expansion & optimization)

❖ Increase level of vertical integration

- Selective disciplined M&As in core urban markets

❖ Generate higher cash flow

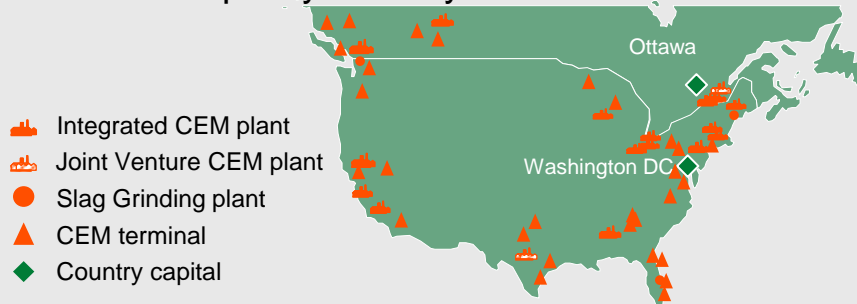
- As a result of efficient use of capital & strong portfolio management (non-core assets and depleted quarry land disposals)

Excellent macro outlook with geographical product footprint will lead to strong returns

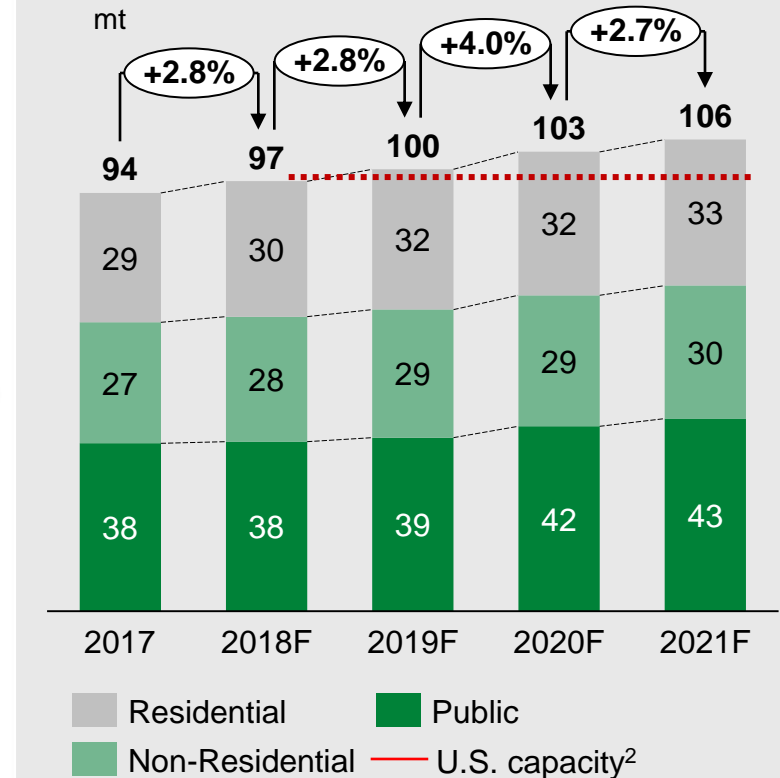
Strong North America cement footprint

Top cement producer

- HC's excellent US & Canada footprint covers key growth markets – with additional (3.5 mt plant & 8.0 mt import) capacity
- Recent Essroc acquisition delivered significant synergies quickly (\$m 125 in 2017 vs \$m 89 target)
- Cement optimization plan (production, logistics) underway—focused modest brownfield investments will generate further margin improvement
- Coastal cement & slag grinding network improvements will drive additional margin and ensure capacity is always able to meet demand



PCA spring 2018 forecast ¹⁾



1) Source: Portland Cement Association; "Public Utility & Other", "Farm Non-residential" and "Oil & Gas Wells" are included under "Non-residential".

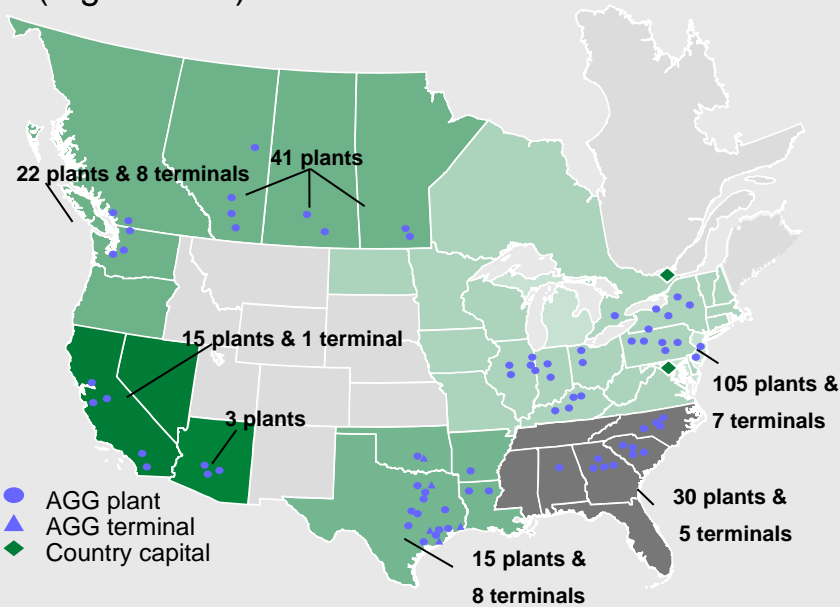
2) U.S. capacity est. 97-100 mt

Excellent footprint, with optimization potential to generate increased margins

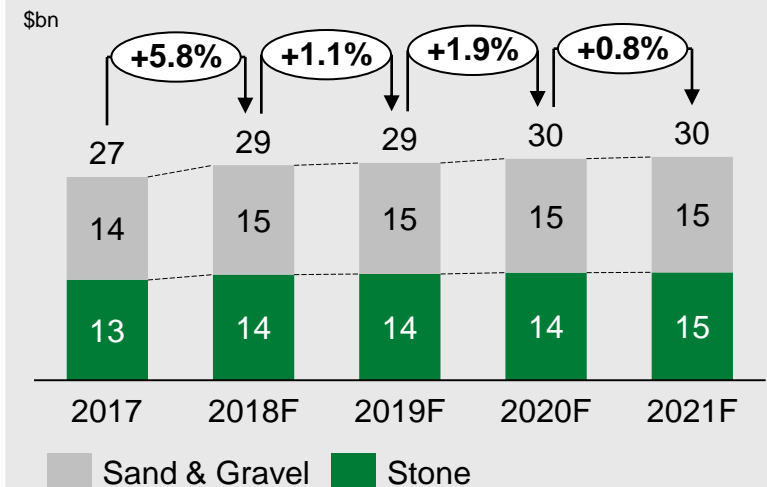
Growing aggregates business, best in class margins

Top aggregates producer

- Excellent positions in numerous US & Canadian markets
- Strong margins through disciplined cost control and consistent price increases
- Best in class continuous improvement culture with structured efficiency improvement programs (e.g. CLIMB)

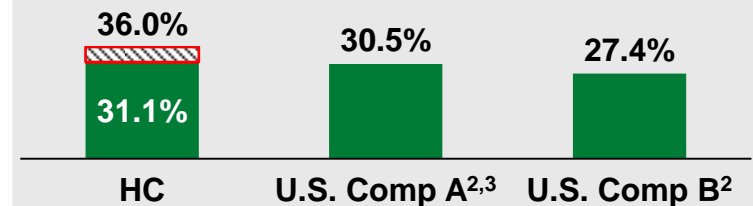


Aggregates spend outlook ¹⁾



1) Source: U.S. Bureau of Economic Analysis (BEA); Moody's Analytics Estimated

2017 AGG op. EBITDA margin



2) Selling, general & administrative expenses allocated based on an aggregate segment sales 3) Depreciation based on non-cement depreciation

▨ impact of Carroll Canyon land disposal

High operating leverage provides significant future potential

Disciplined portfolio management – growth without overpaying

Recent noteworthy acquisitions	Assets	Synergies	Multiple ¹⁾	Value added
CEMEX Pacific Northwest Materials Business Pacific Northwest (Jun. 2017)	<ul style="list-style-type: none"> 6 RMC / 5 Asphalt 9 AGG sites 3 soils & landfill 	\$m 7 / yr	6.9x EBITDA	VI growth / expansion into growing markets
Saunders Companies Northeast (Aug. 2017)	<ul style="list-style-type: none"> 14 RMC / 3 AGG sites 62M AGG reserves 	\$m 4 / yr	6.2x EBITDA	VI growth / expansion in downstream outlets
Fairburn RMC Southeast (Apr. 2018)	<ul style="list-style-type: none"> 5 RMC 	\$m 1 / yr	5.8x EBITDA	VI position in growing Atlanta metro

Recent noteworthy divestments	Assets	Multiple	Cash-in
Martinsburg Martinsburg, WV (Aug. 2016)	<ul style="list-style-type: none"> Prior Essroc assets (FTC mandated) 2 cement plants & 1 import terminal 	15.5x EBITDA	\$m 660
Carroll Canyon depleted quarry land San Diego, CA (Dec. 2017)	<ul style="list-style-type: none"> 412 acres of depleted quarry land in prime San Diego real-estate market 	N/A	\$m125
Lehigh White Cement Company Pennsylvania & Texas (Mar. 2018)	<ul style="list-style-type: none"> Non-core “white” cement assets 2 plants & terminal network 	10.6x EBITDA	\$m 142

Notes: 1) Multiple post synergies

Disciplined use of capital, offset by reducing cash-out through sale of non-core assets

HeidelbergCement in North America

Key markets deep-dive

VISION 2020 / strategies

Final messages

North America – key takeaways

Leading market positions

Broad coverage, both in product & geography

Top performing aggregate business, excellent cement position

High operating leverage providing significant margin improvement potential

Continuous disciplined growth

Very well-positioned for the future

Disclaimer

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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 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.

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Capital Markets Day 2018

Mr. Christian Kartawijaya, Indonesia CEO
Indonesia Market Update



ILab Bergamo, 12 June 2018

Indocement: a well-positioned player

Macroeconomic trends and market update

Vision 2020 – strategies

Final messages

HeidelbergCement in Indonesia

Favorable regional exposure

- Presence in strongly growing markets West and Central Java
- Strong RMC position in Jakarta with pull-through on CEM

Most cost efficient cement manufacturer

- Lowest cash costs in the sector
- Absence of interest costs further enhances our competitiveness

Best access to market

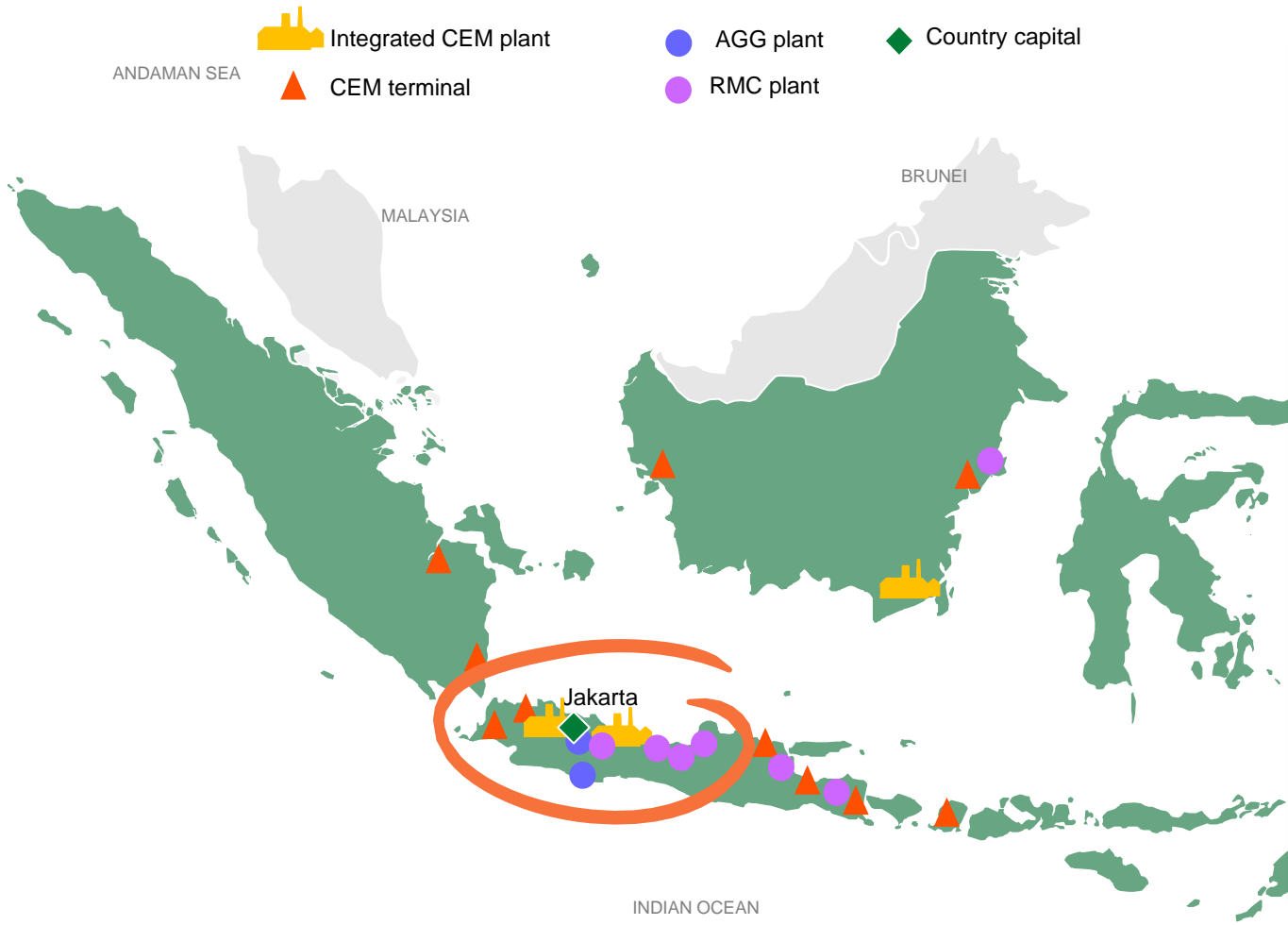
- Strong distributors' network and strategic terminals location, in addition to our Plant proximity to home market area
- Tiga Roda awarded Best Brand for 11th consecutive year

Further potential from market upswing

- Supply-demand gap set to reduce
- Multiplier effect to private sectors after massive infrastructure built
- Favorable macroeconomic drivers population: growth & urbanization
- Consolidation imminent: smaller players operating at cash losses

Strong position with further upside potential

Strong footprint in West Java as a key advantage



Asset base

25 mt CEM capacity

2.8 mt AGG capacity

43 RMC plants

Solid results 2017

€m 953 revenue

€m 209 EBITDA

West Java is the fastest growing part of the country

Strategic location of plants & terminals

13 CEM plants

8 CEM terminals

2 AGG plants

39 RMC plants

18 distributors

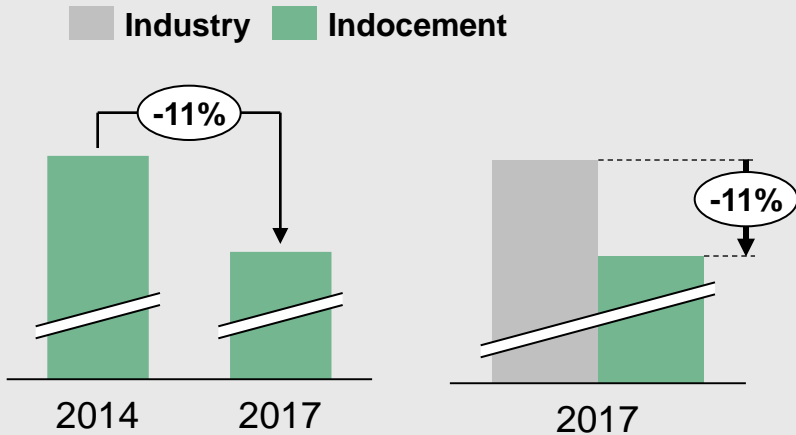
172 warehouses

Market position	Trends & potential	Strategy & focus
<ul style="list-style-type: none"> ➤ 50% market share in West Java and 40% in Jakarta. ➤ Strong RMC presence in Jakarta with pull-through effect on cement. ➤ Strategically-placed warehouses in all main areas of Jakarta. ➤ Well-known premium “Tiga Roda” brand. 	<ul style="list-style-type: none"> ➤ Huge infra projects in West Java, such as Jakarta-Cikampek & Bogor-Ciawi toll road, LRT, MTR and Kertajati airport. ➤ Increased demand for better quality housing in the capital region driving cement consumption per capita. 	<ul style="list-style-type: none"> ➤ Defending market share in home market by dual-brand strategy, marketing initiatives and increasing the RMC footprint. ➤ Being a reliable partner for infrastructure providing quality bulk cement & concrete. ➤ Increasing AGG presence to benefit from vertical integration.

Close location to the strongest growing markets of West Java & Jakarta

We are the most efficient cement manufacturer

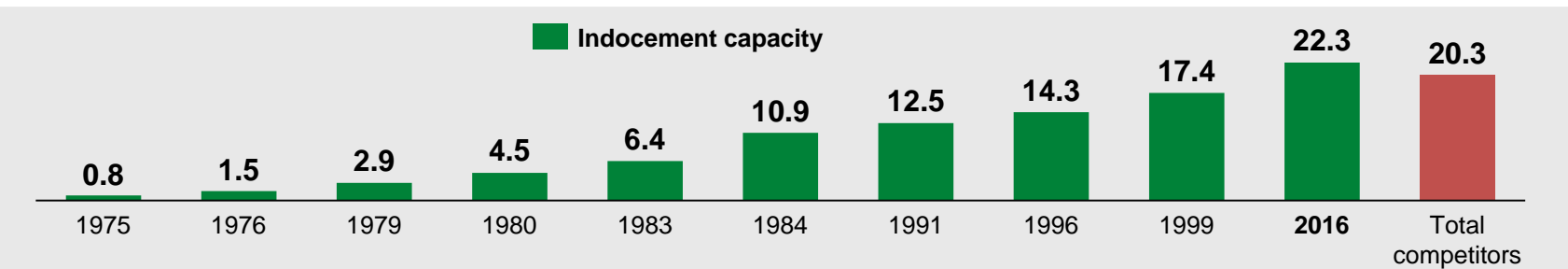
Cash cost per ton in IDR



Our competitive advantage



- Application of HC Group best practices.
- Overhead saving program.
- Commissioning of the P14 kiln will lead to a \$ 7 to 8 cost per ton reduction at full swing in 2018.
- Significant economies of scale.

Significant cement capacity in the strongest market West Java 2 mt more capacity than all competitors together



We have a significant potential from economies of scale

Brand is a very important marketing tool in Indonesia

Our premium brand	Perception	Award
	<ul style="list-style-type: none"> • “Tiga Roda” brand is perceived to have best quality & service in the country. • “Top Brand” since eleven years. • In 2017, we won in the three categories: cement, white cement and mortars. 	

Results of the Top Brand survey 2017

Cement		White cement		Mortar	
Brand	Votes	Brand	Votes	Brand	Votes
Tiga Roda	53%	Tiga Roda	38%	Tiga Roda	35%
Semen Gresik	15%	Semen Gresik	17%	Mortar Utama	27%
Tonasa	13%	Mortar Utama	17%	Holcim	19%

“Tiga Roda” is the strongest brand in Indonesia

Indocement: a well-positioned player

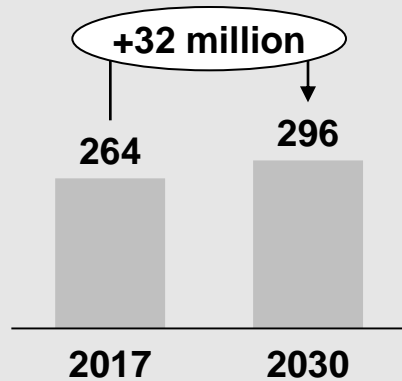
Macroeconomic trends and market update

Vision 2020 – strategies

Final messages

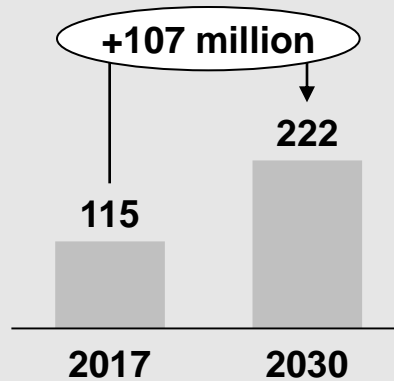
Indonesia – Favorable macroeconomic environment

Strong population growth



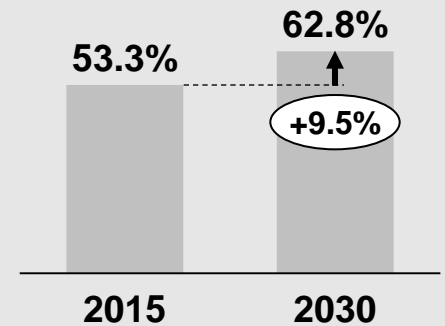
One of the fastest growing countries globally

Key: growing middle class



Middle class will have doubled by 2030

Upward trend in urbanization

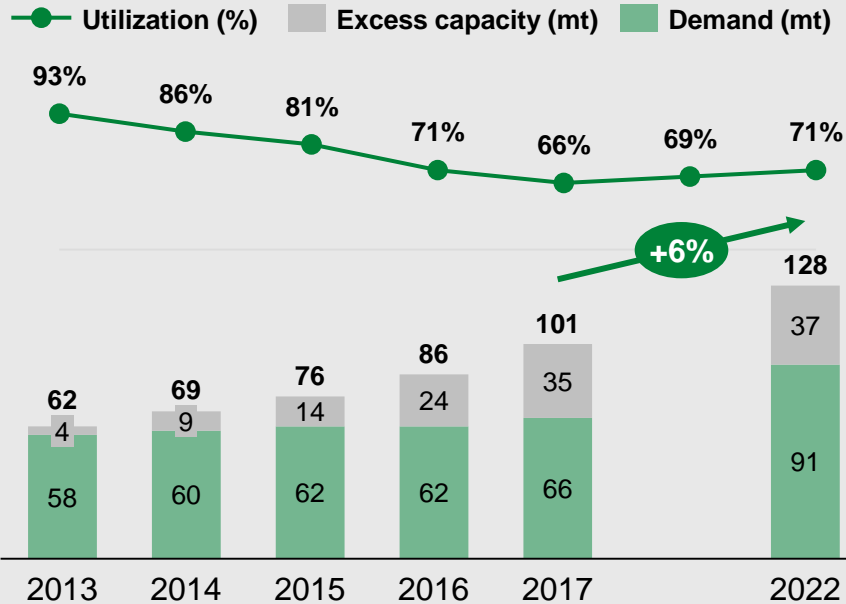


By 2050 almost 75% of the population will live in urban centers

Significant long-term growth potential

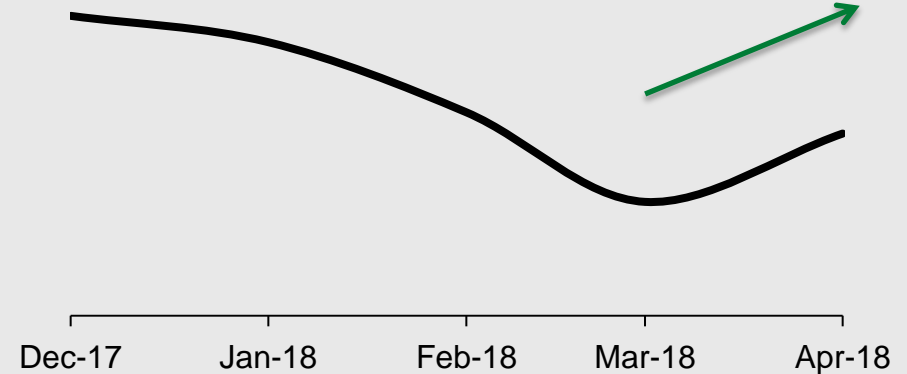
Recent years were challenging but the worst is left behind

Supply / demand development



- Modest growth during significant capacity build-up phase leading to decreasing capacity utilization.
- Utilization starts to improve as demand increases.

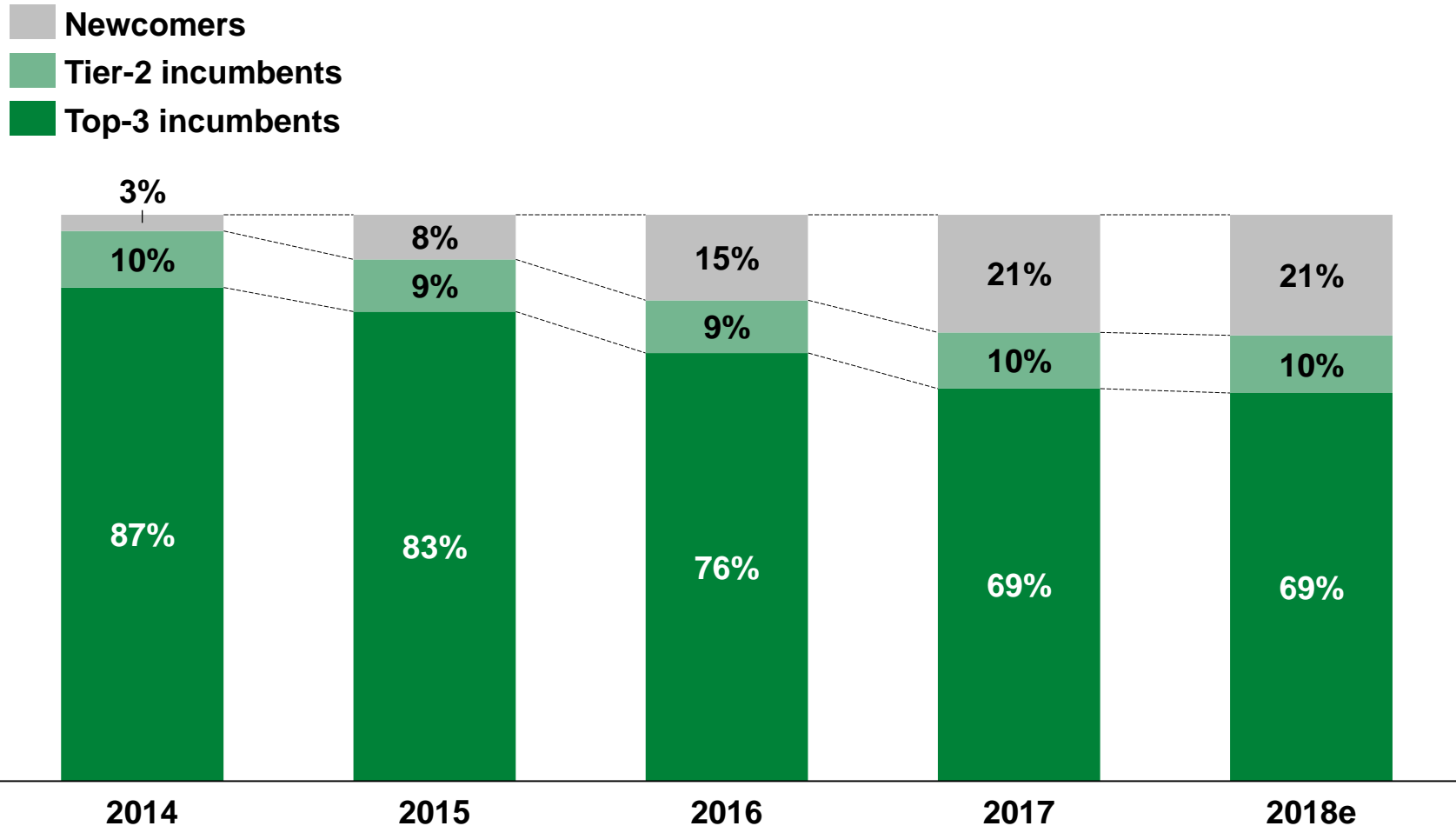
Price development



- New entrants adopted low-pricing policies to gain market share which put pressure on pricing in the recent years.
- Our dual-brand strategy has successfully stopped a falling trend in pricing.

Pricing expected to recover as demand increases and utilization improves

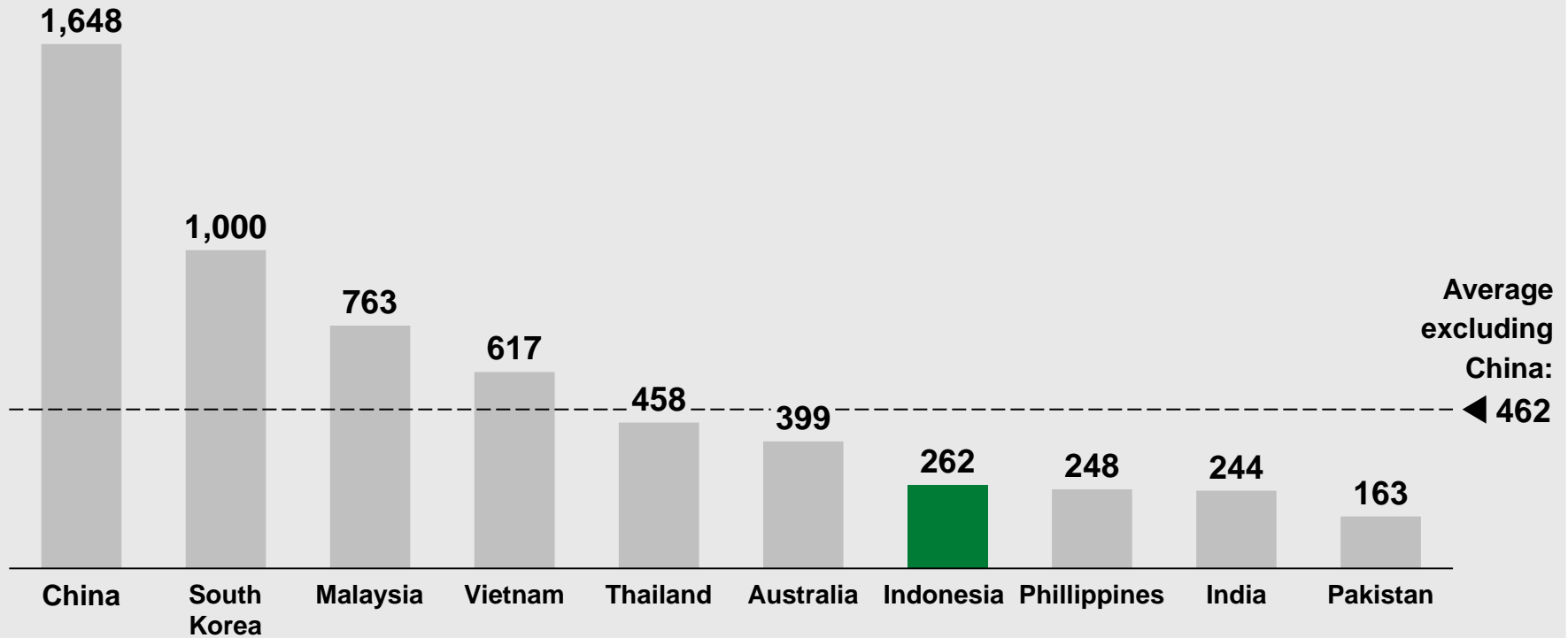
Capacity split now stabilizing



Newcomers currently not gaining further capacity share

Long-term potential of Indonesia is clearly visible

Cement consumption tons per capita in kg



Significant headroom for growth

Indocement: a well-positioned player

Macroeconomic trends and market update

Vision 2020 – strategies

Final messages

Vision 2020 – To be the prominent cement producer in Indonesia

❖ Highest operating margin in the industry

- Turn around in selling price
- Cost leadership

❖ Highest customer satisfaction & increase market share

- “Sales is a Science” program to increase our sales and create customer value
- “Customers’ Choice” due to quality and on-time delivery services
- “Dual-brand strategy” to keep high market share in home market in Java

❖ Stronger vertical integration

- Expanded aggregates position
- Strong RMC business in Java with a significant pull-through in cement

❖ Digitalized supply chain

- Enhance end-to-end supply chain to optimize logistic & distribution cost

❖ Generate higher cash flow

- Shared service center covers all business lines to enhance working capital management

Keep position as “Strong & Trusted” products with the prominent quality and services

Clear drivers of future growth



Potential market consolidation as an additional upside

Newcomers operate at cash losses

Unfavorable cost structure due lower capacity and inferior equipment

Interest to be paid on debt-financed investment

Weak pricing & energy cost inflation



No sustainable business model

Consolidation seems to be imminent

Newcomers actively look for buyers for their assets

Consolidation will clearly improve the pricing in the market

We cautiously check the possible options in the market



We will participate the consolidation only if there is a clear value creation, limited operational risks and a reasonable price

Newcomers under cash pressure as market turned down since they commissioned new capacities

Indocement: a well-positioned player

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Strong position with further upside potential

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Capital Markets Day 2018

Dr. Lorenz Näger, Group CFO
Group Financials Update



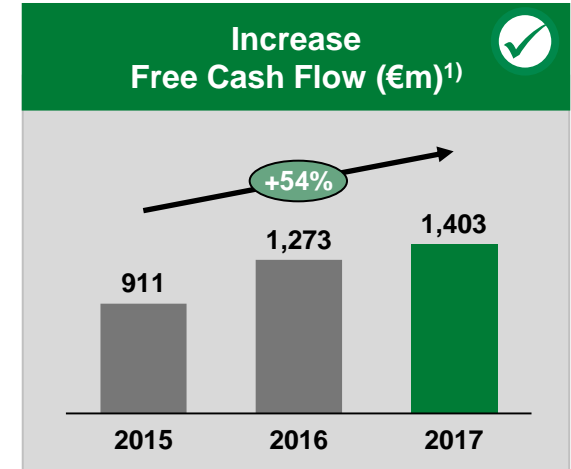
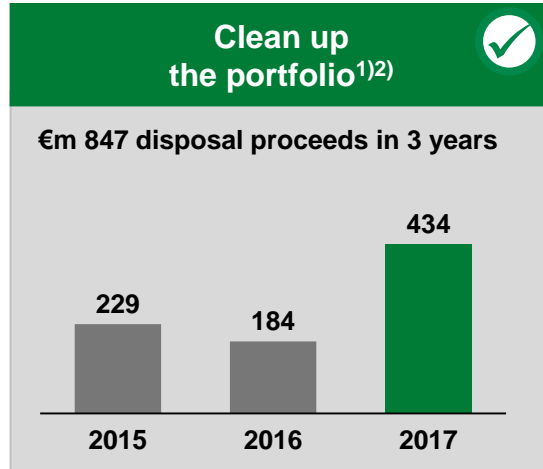
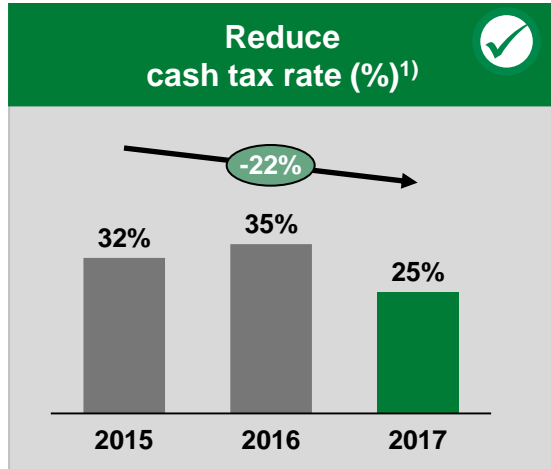
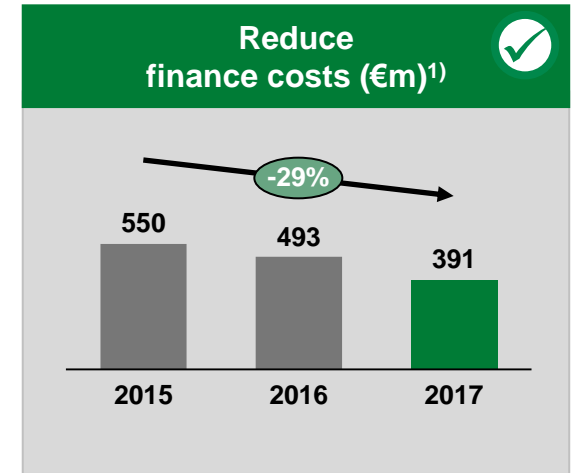
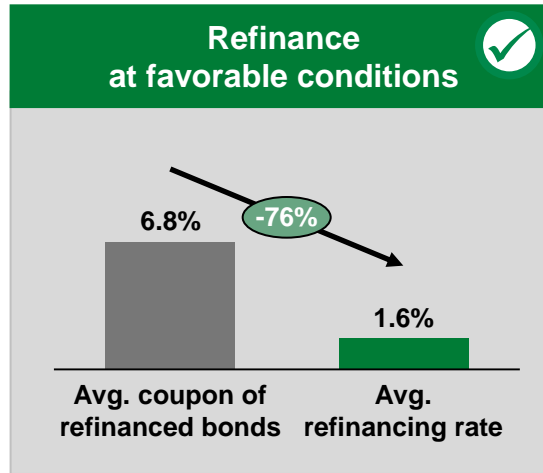
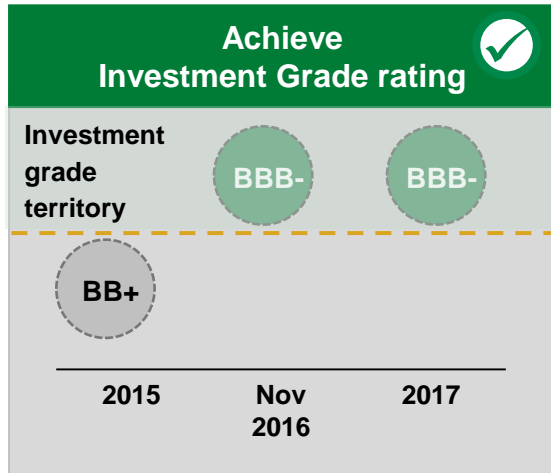
ILab Bergamo, 12 June 2018

Achievements & targets

Financial strategy

Capital allocation

Our achievements from 2015 until today



1) IFRS view, including Italcementi from 1 July 2016.

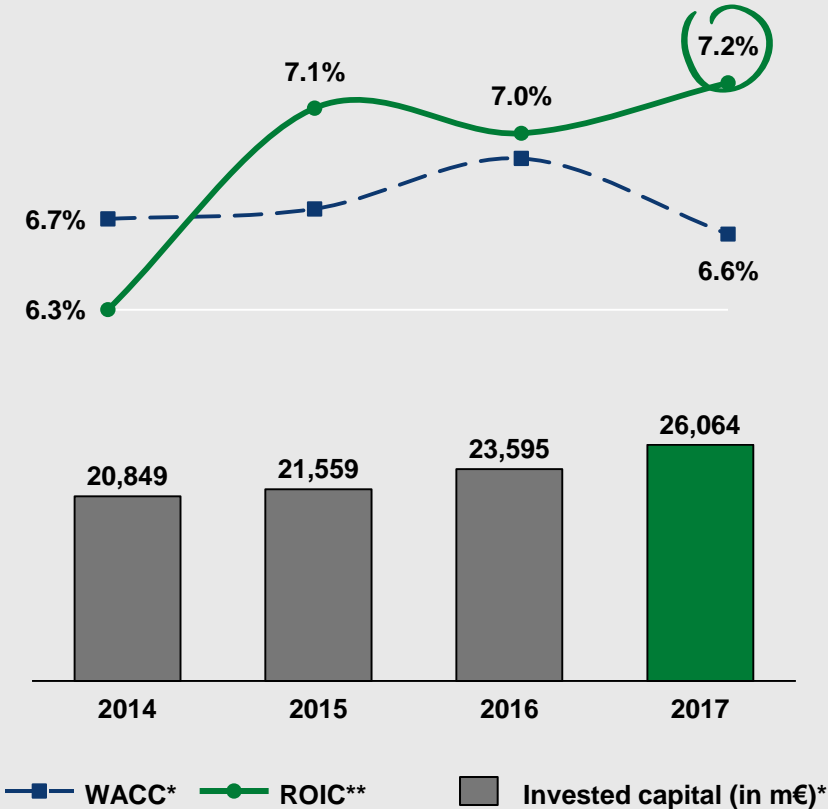
2) Excluding proceeds from sale of Hanson's Building Products and from sale of ITC assets due to antitrust reasons.

We are constantly improving our financials

Increasing shareholder returns

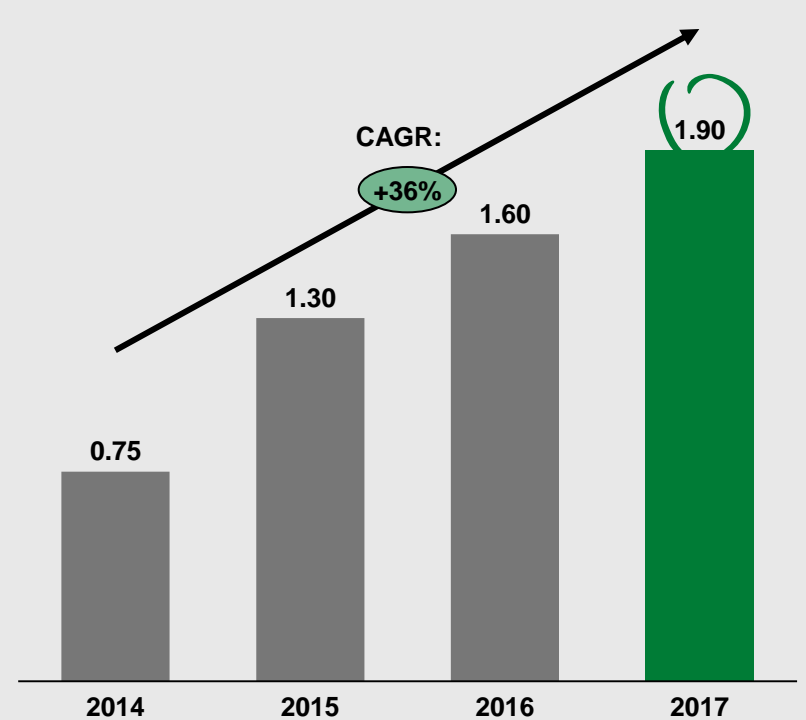
Earning an increasing premium on WACC

ROIC



Continuously rising dividends

Dividend in € per share



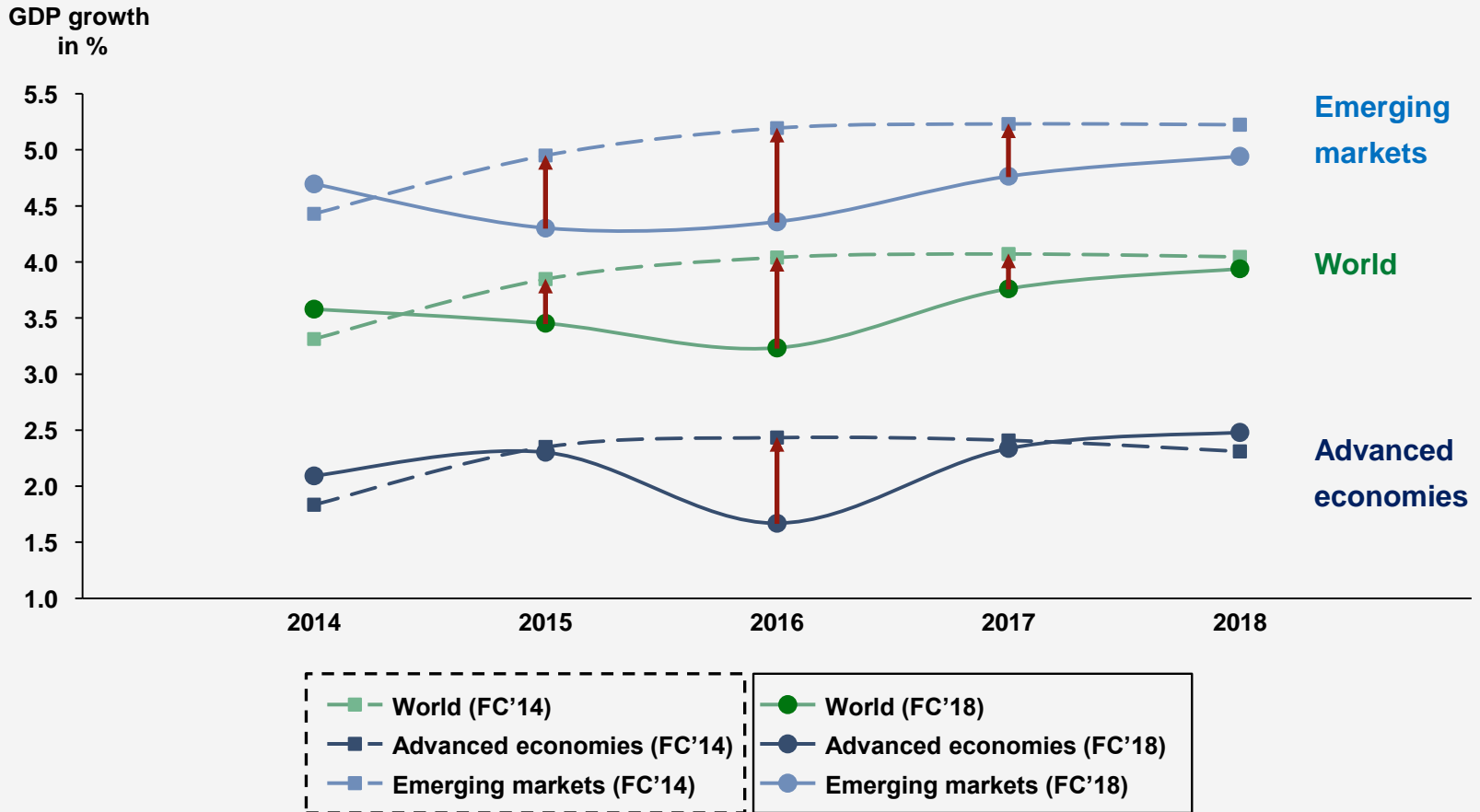
* Sum of equity and net debt (LTM average).

** Sum of EBIT (excl. AOR) and tax payments (12 months) in relation to invested capital.

We have delivered strong financial performance

Slower economic growth keeps HC from reaching forecast

Projected development of world economy* (GDP growth)

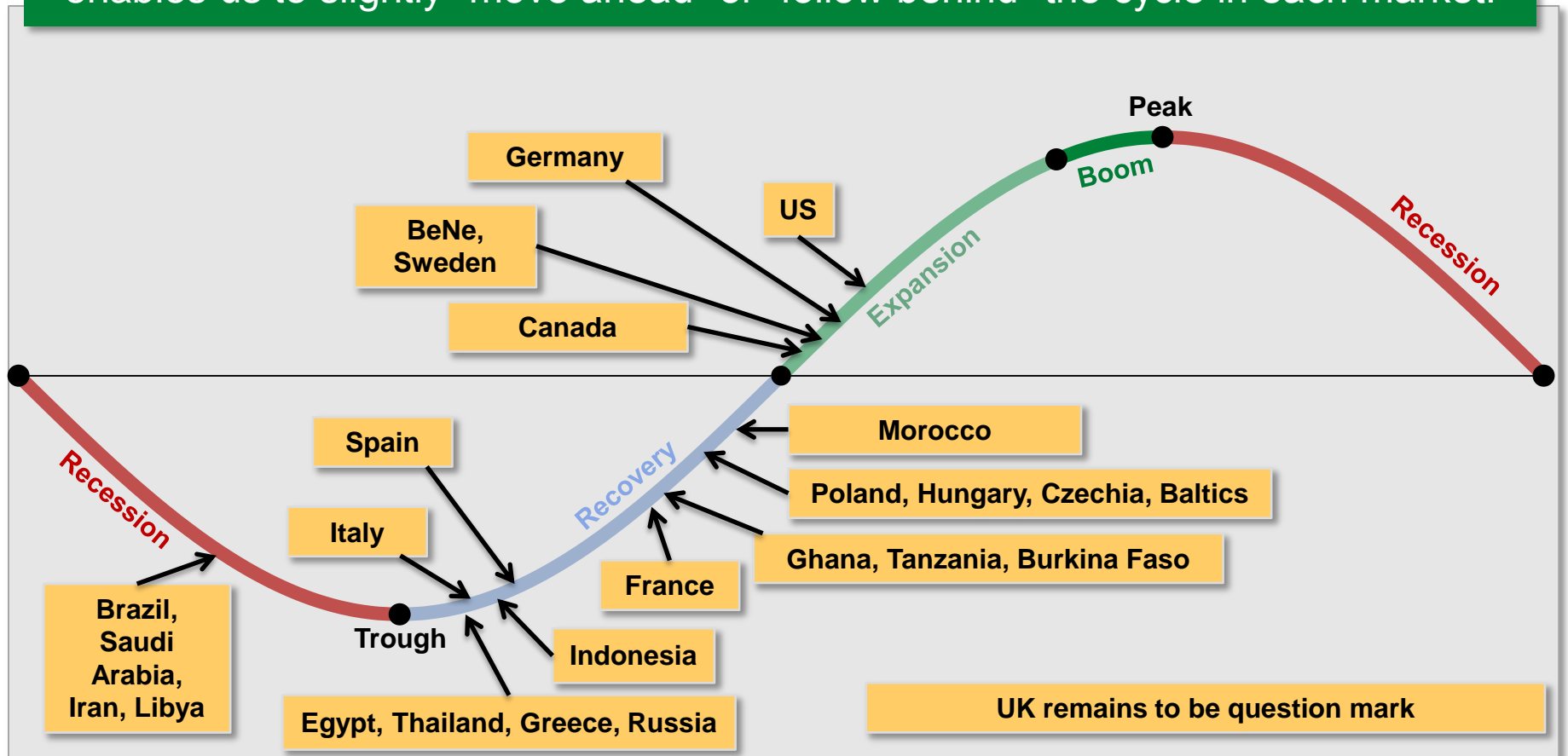


* Based on IMF World Economic Outlook Database October 2014 and April 2018.

Forecasted development for 2015-2018 not achievable due to EM & currency

Well-balanced footprint for the business cycle

Vertically integrated business model and urban centers focused footprint enables us to slightly “move ahead” or “follow behind” the cycle in each market.



Significant future potential as key markets enter “recovery and expansion” phase

VISION 2020

Continue to grow and increase shareholder value

Return to shareholders

Active portfolio management

Progressive increase in dividends

€bn 1 to 1.5 disposal
€bn 1.5 to 2 growth CapEx

Best-in-class operator in the sector with a solid balance sheet

Sustainable EBITDA growth

Strong cash generation

~5% p.a. organic growth

~€bn 6 free cash flow in 3 years

Comfortable Net Debt level

Leverage below 2.0X;
rating BBB

Realistic and achievable targets reveal the potential of the company

Achievements & targets

Financial strategy

Capital allocation

Increasing focus on Free Cash Flow Generation

Stronger focus to Free Cash Flow

EBITDA



FREE CASH FLOW

Definition of Free Cash Flow

Gross cash flow

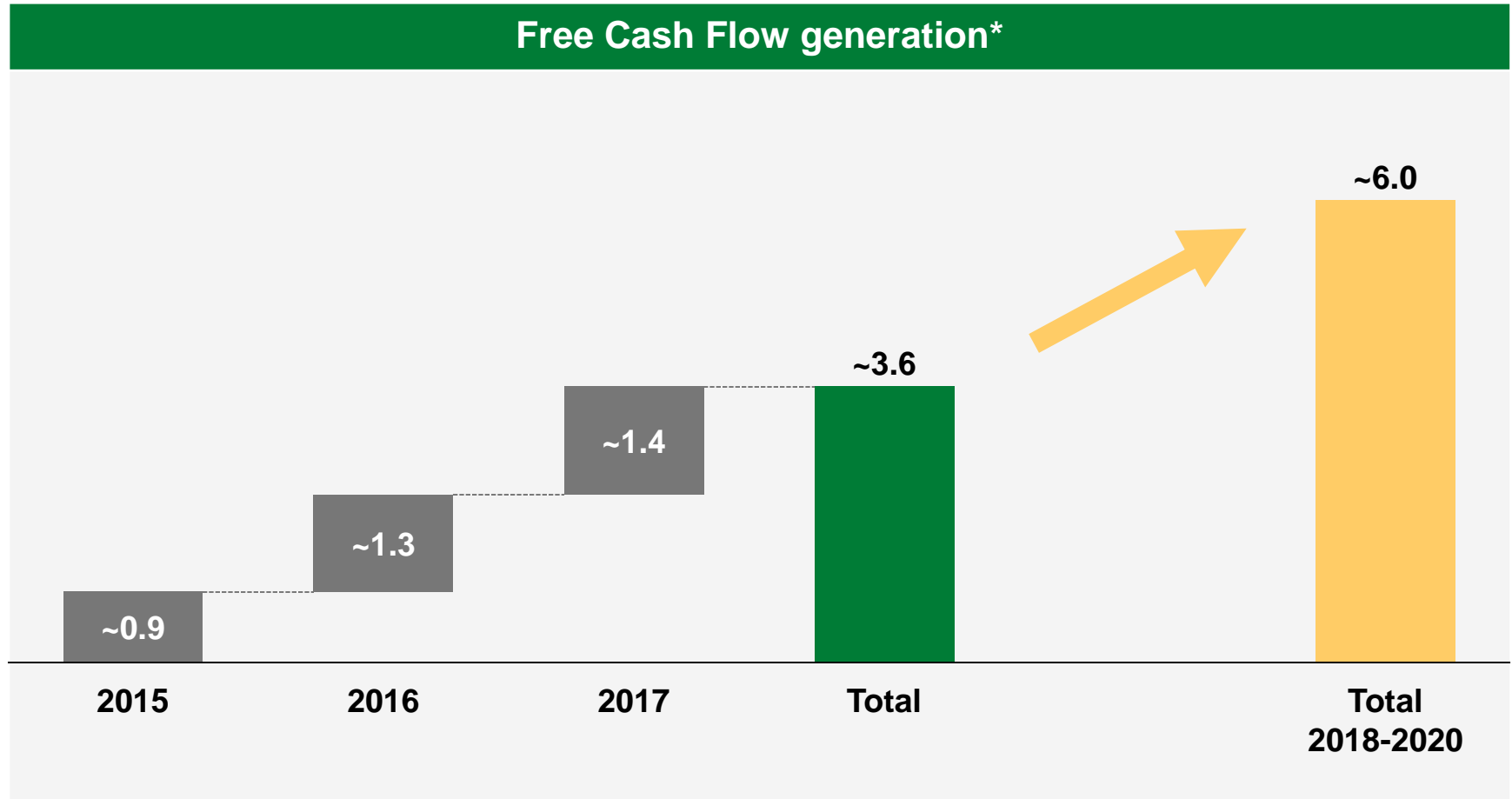
- Interest payments, net
 - Tax payments, net
- +/- Changes in Working Capital
- Maintenance CapEx
- = **Free Cash Flow (FCF)**

Rationale behind the stronger focus on FCF

- More comprehensive, complimentary to EBITDA
- Less subject to management judgements
- Easy to understand

FCF generation is a key focus for HeidelbergCement

Strong cash generation a core competence of HC

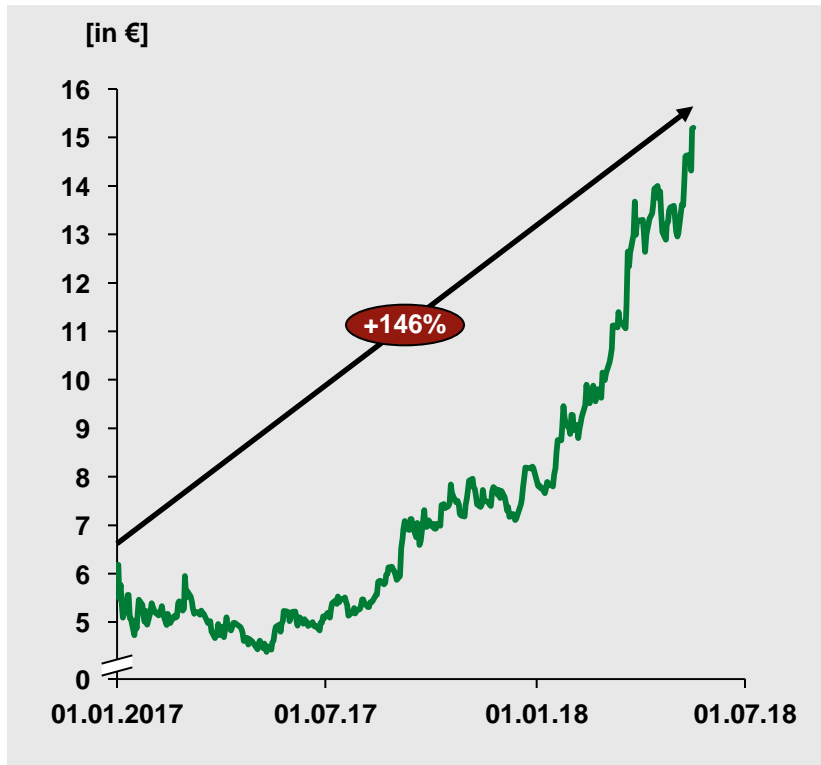


* IFRS view including ITC from 1 July 2016.

Proven business model to generate in total FCF of ~€bn 6 until 2020

CO₂ allowance lead to higher costs & investments into modern technology...

Prices of CO₂ certificates (EUAs)



Rising certificate prices put pressure on companies short of allowances.

Companies are forced to invest into efficient technology or risk being pushed out of the market.

HC has sufficient allowances until 2023. Only after 2023, certificate prices will become a cost factor for HC.

HC invested significantly into reducing emission of plants in Germany ("Masterplan Germany").

.... will increasingly influence production & investment decisions...

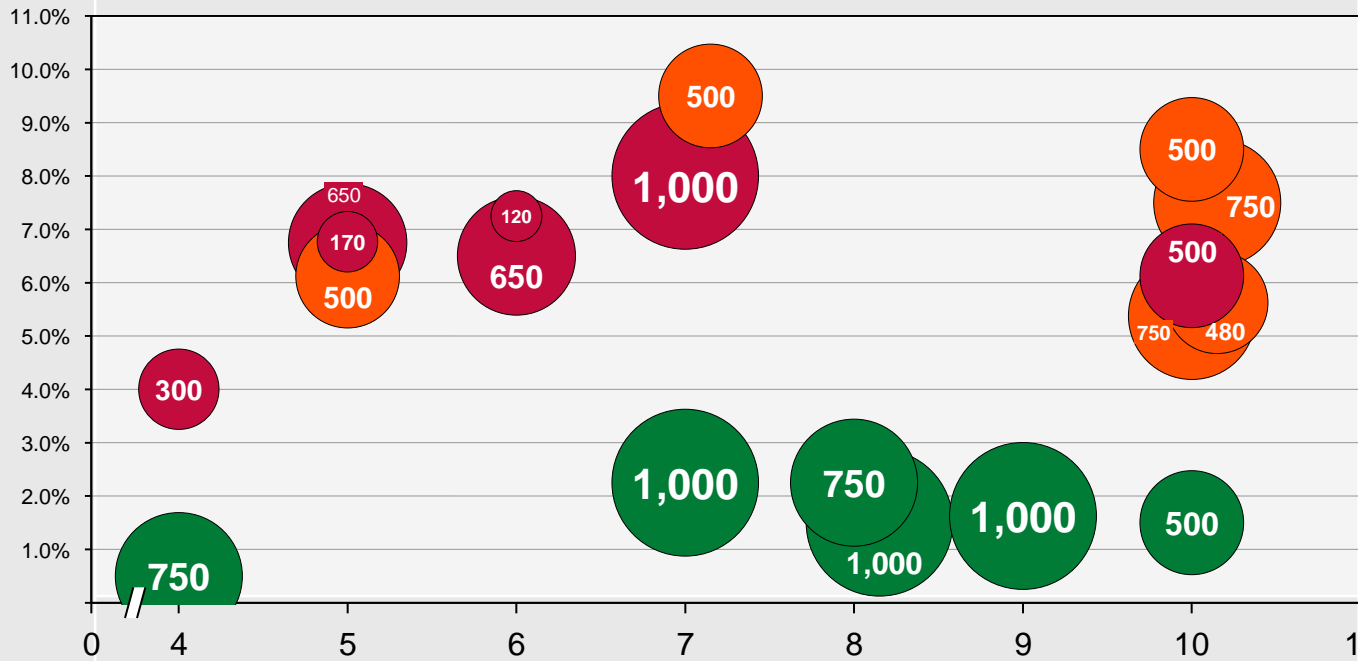
.... and will also contribute to the consolidation of markets

Successful bond issuances 2015-2018 – further potential ahead

Bond of €bn 5 issued at average coupon of 1.6 % since 2015

Coupon rate [%]

(Values in bubbles indicate the bond size in €m)



Bonds repaid since 2015.

Bonds maturing until 2020.

Bonds issued since 2015.

Maturity [yrs]

We benefit from an improved set-up and Investment Grade rating

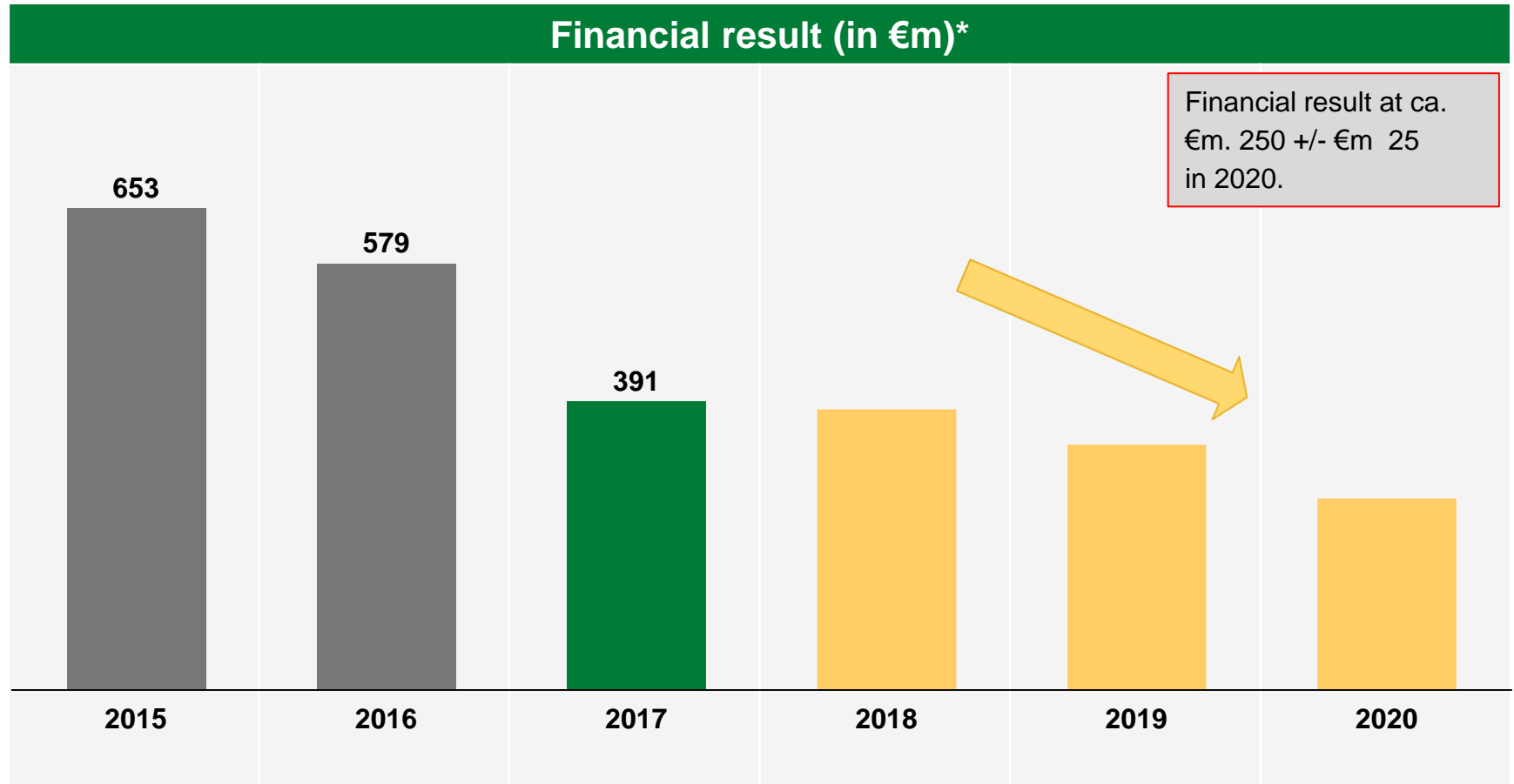
Refinancing of high coupon bonds within the next 2½ years

Bond maturity profile 2018-2020 (in €m)

Issuer	Maturity year	Maturity month	Nominal value	Coupon
HC Finance Lux.	2018	December	500	9.50%
HC Finance Lux.	2019	March	500	2.25%
HC Finance Lux.	2019	October	500	8.50%
ITC Finance	2020	March	750	5.38%
HC Finance Lux.	2020	April	750	7.50%
HC Finance Lux.	2020	October	300	3.25%

Significant potential for decrease in interest expenses ahead

Refinancing of high coupon bonds contributes to FCF growth

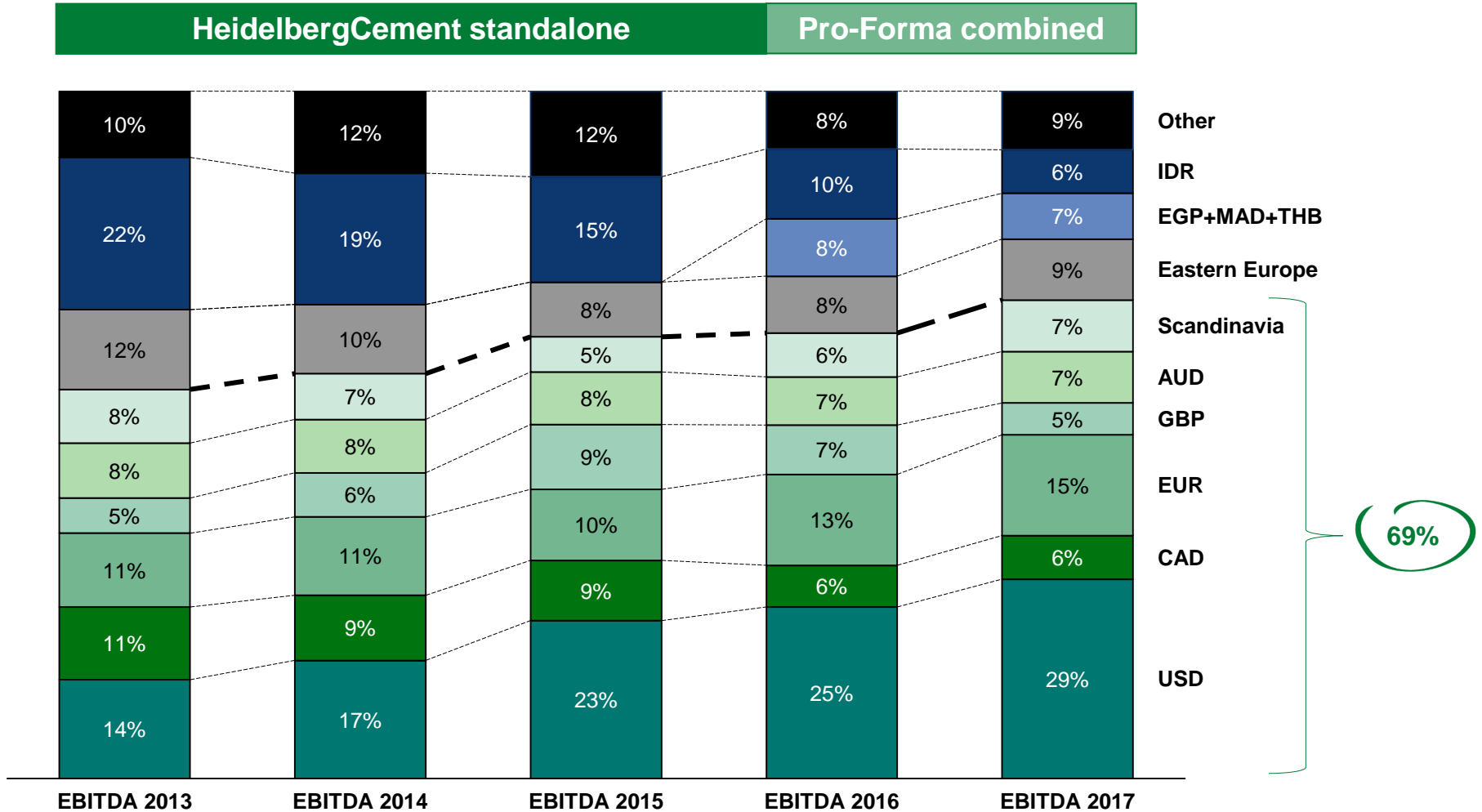


* Pro-forma 2015 and 2016 financial data based on public information from ITC.

** Based in current interest rate environment.

Target: annual net interest payments to decrease €m 150 by 2020

A well-balanced basket of currencies...

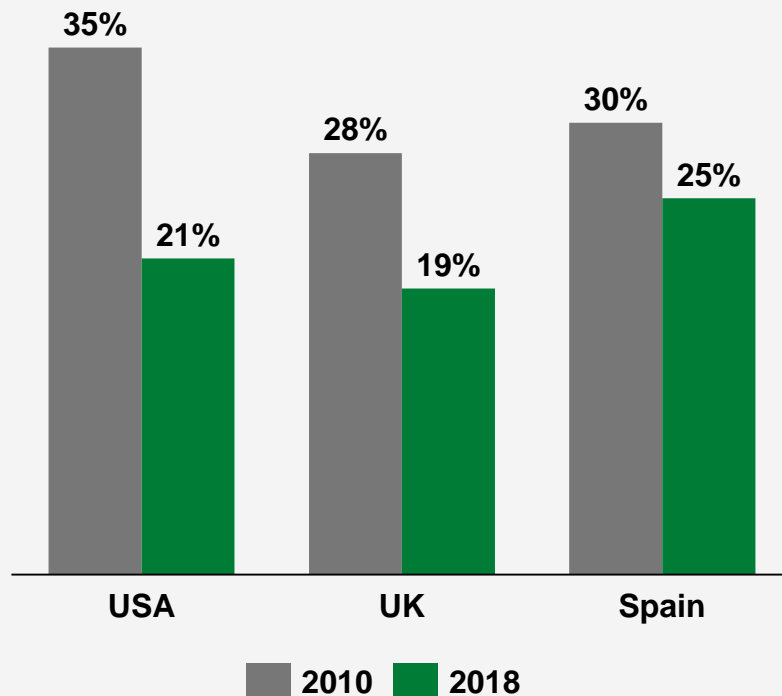


... limits FX fluctuations despite refinancing predominantly in Euro

Global tax trends lead to lower tax rates but broader tax basis

Global trend 1: decreasing tax rates

Examples of headline CIT rates



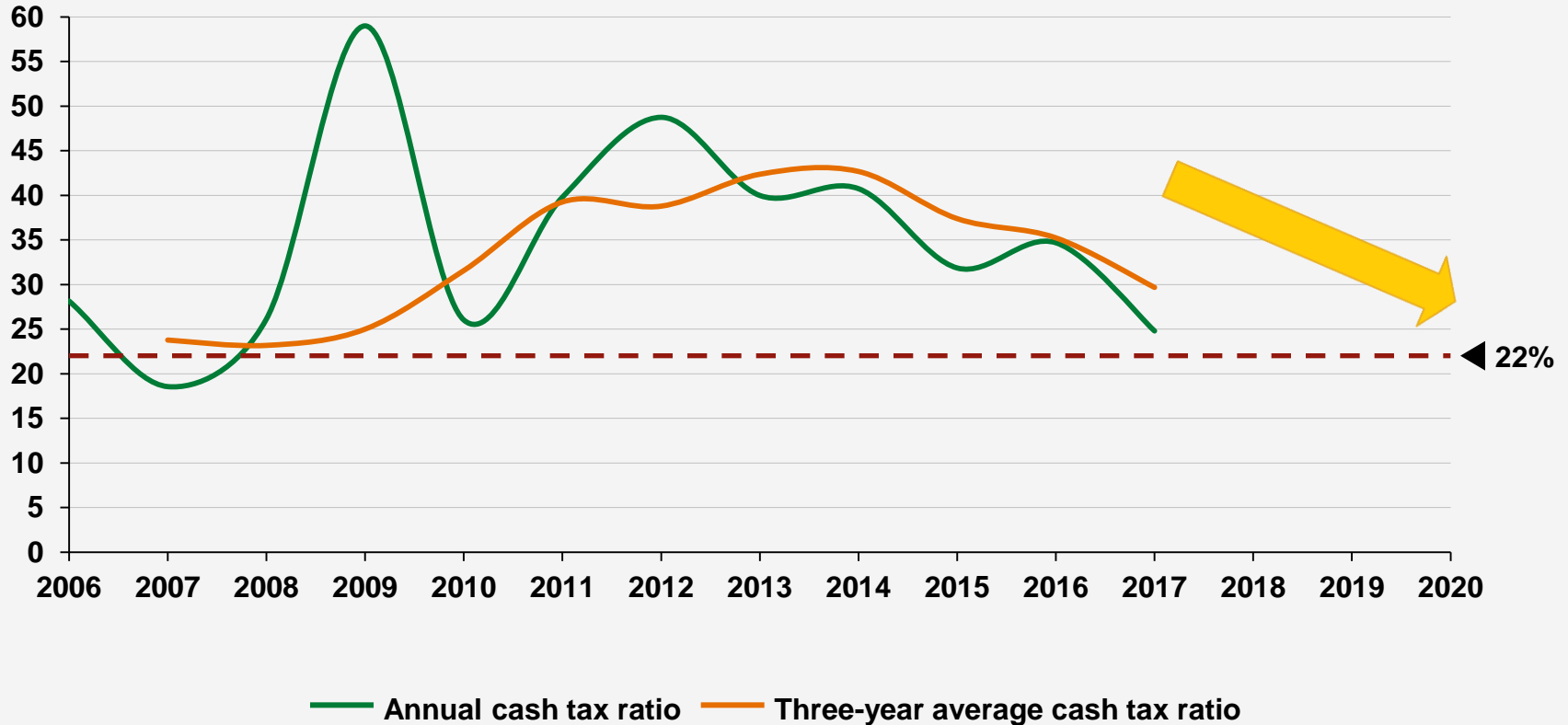
Global trend 2: broadening of tax base

- Increasing restrictions on the tax deduction of interest expenses.
- Focus of tax authorities on intercompany transaction and transfer pricing documentation.
- Higher number of tax audits with strong focus on tax risk areas and intensive discussions.

HC has no aggressive global tax schemes; thus, we expect a further decline in average tax rate

Tax Strategy: declining tax rates lead to lower taxes

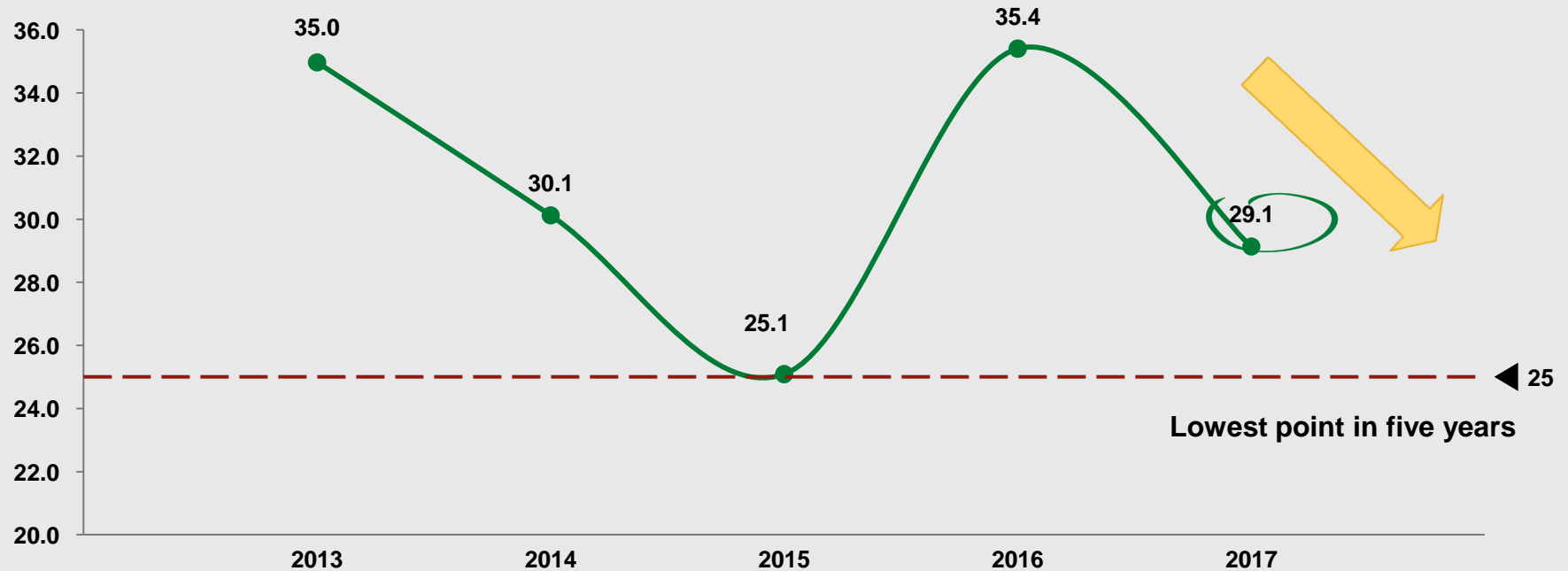
Cash tax ratio of HeidelbergCement



Target: mid-term average tax rate of 22%

Working Capital to remain stable despite increasing sales

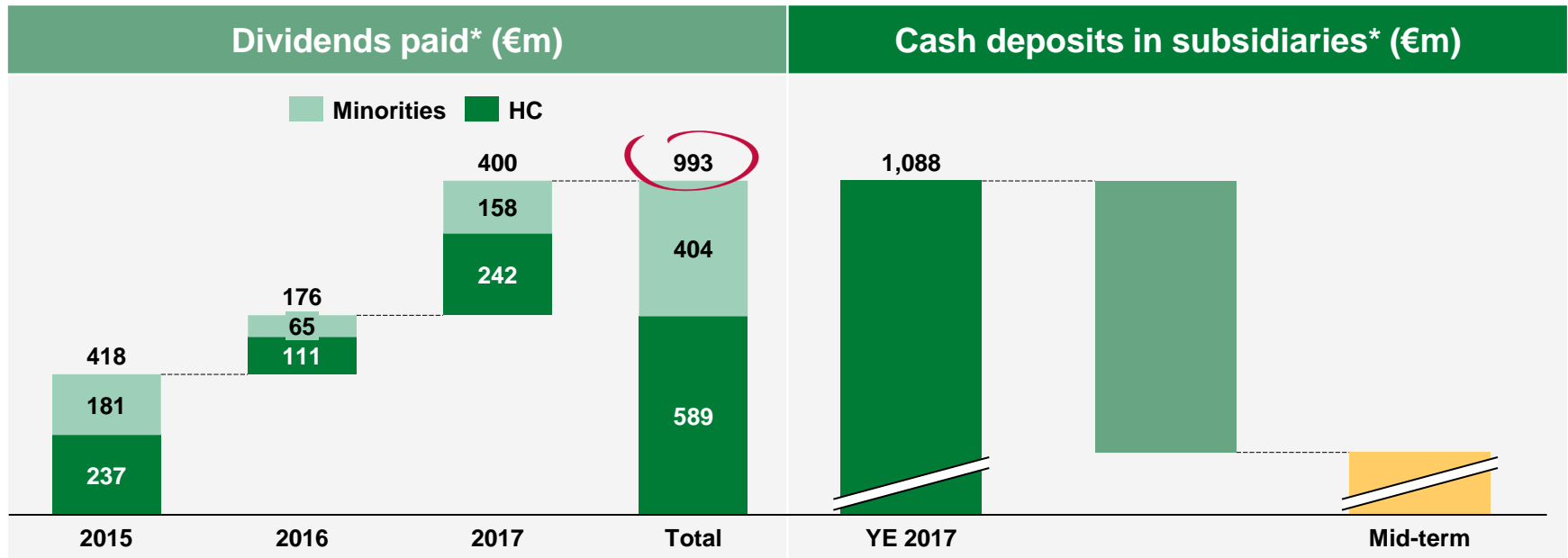
Working Capital Days*:



* IFRS view, including ITC from 1 July 2016.

Target: WC (in absolute terms) to remain stable around current levels despite increasing sales

Subsidiary dividend strategy: reducing risks from cash deposits



Reduction of FX risks on cash deposits in volatile foreign currencies.

Repatriation of funds into the Group's cash pooling system.

Avoidance of "non-utilized/sleeping" cash; allocating cash to where it is most beneficial for HC.

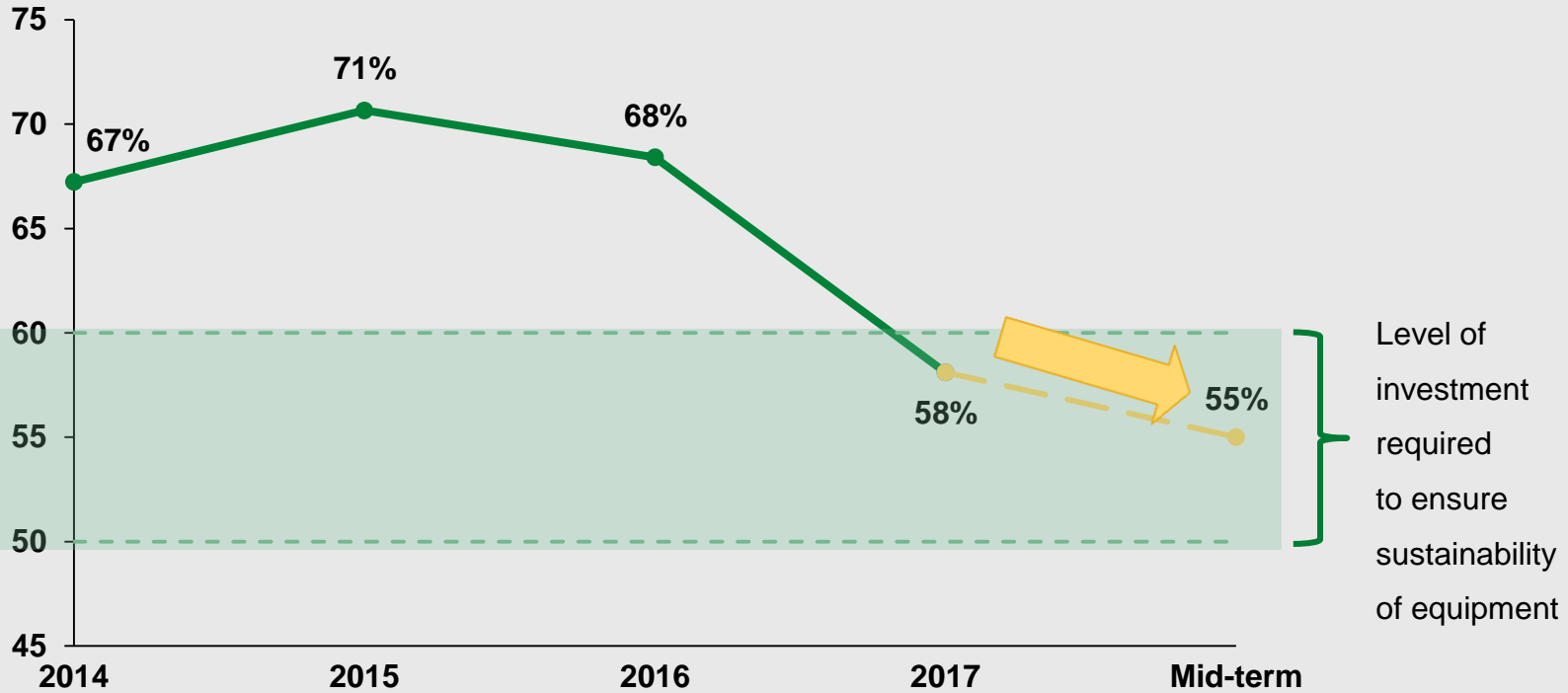
Reduction of cash position in subsidiaries to reasonable level; distribution of surplus into cash pool.

* IFRS view including ITC from 1 July 2016. Including subsidiaries in countries in Africa and Asia with volatile currencies.

Target: annual minority dividends of ca. €m 150

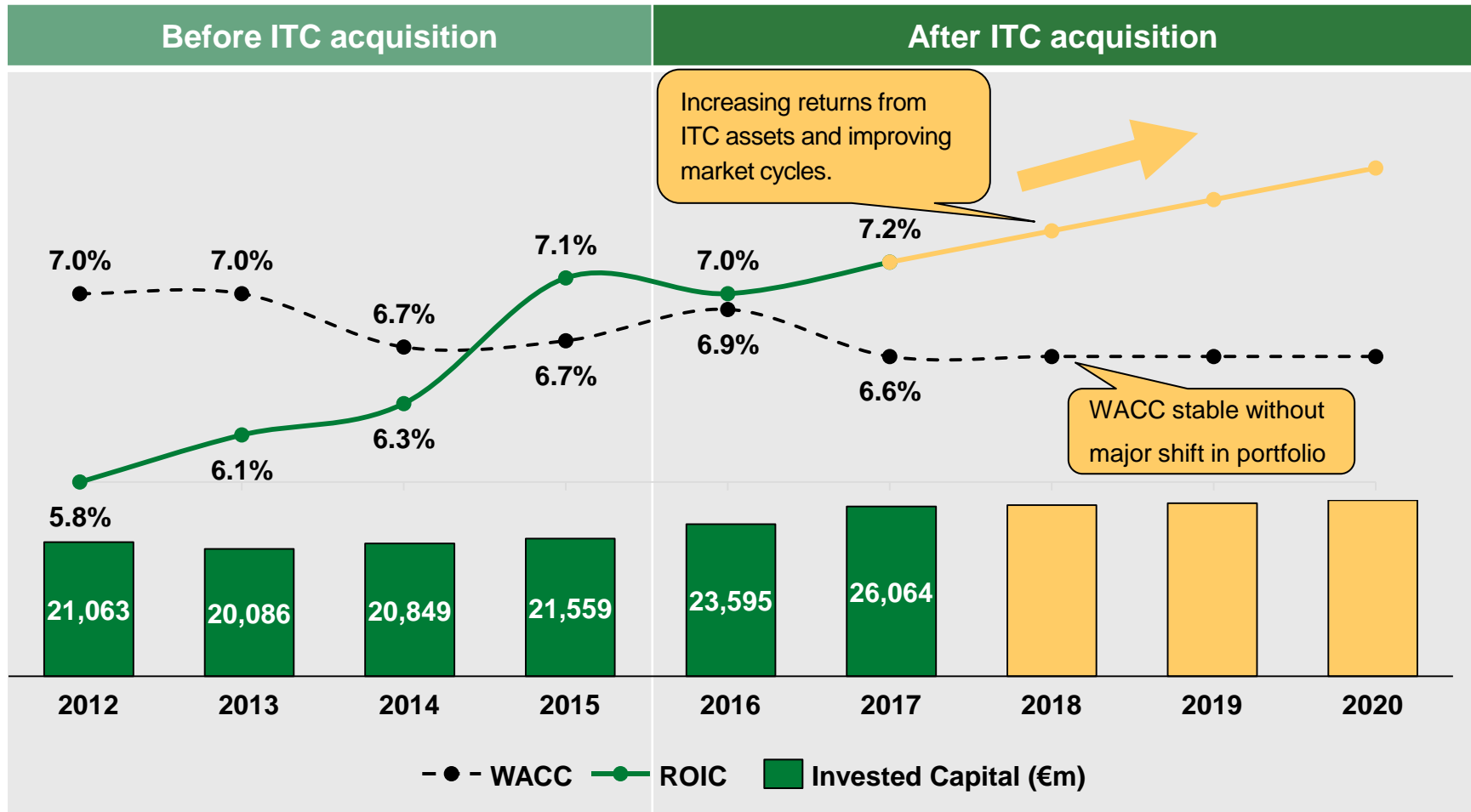
Mid-term potential for maintenance CAPEX reduction

Maintenance CapEx as % depreciation



Target: Maint. CapEx mid-term at 55% of depreciation & amortization

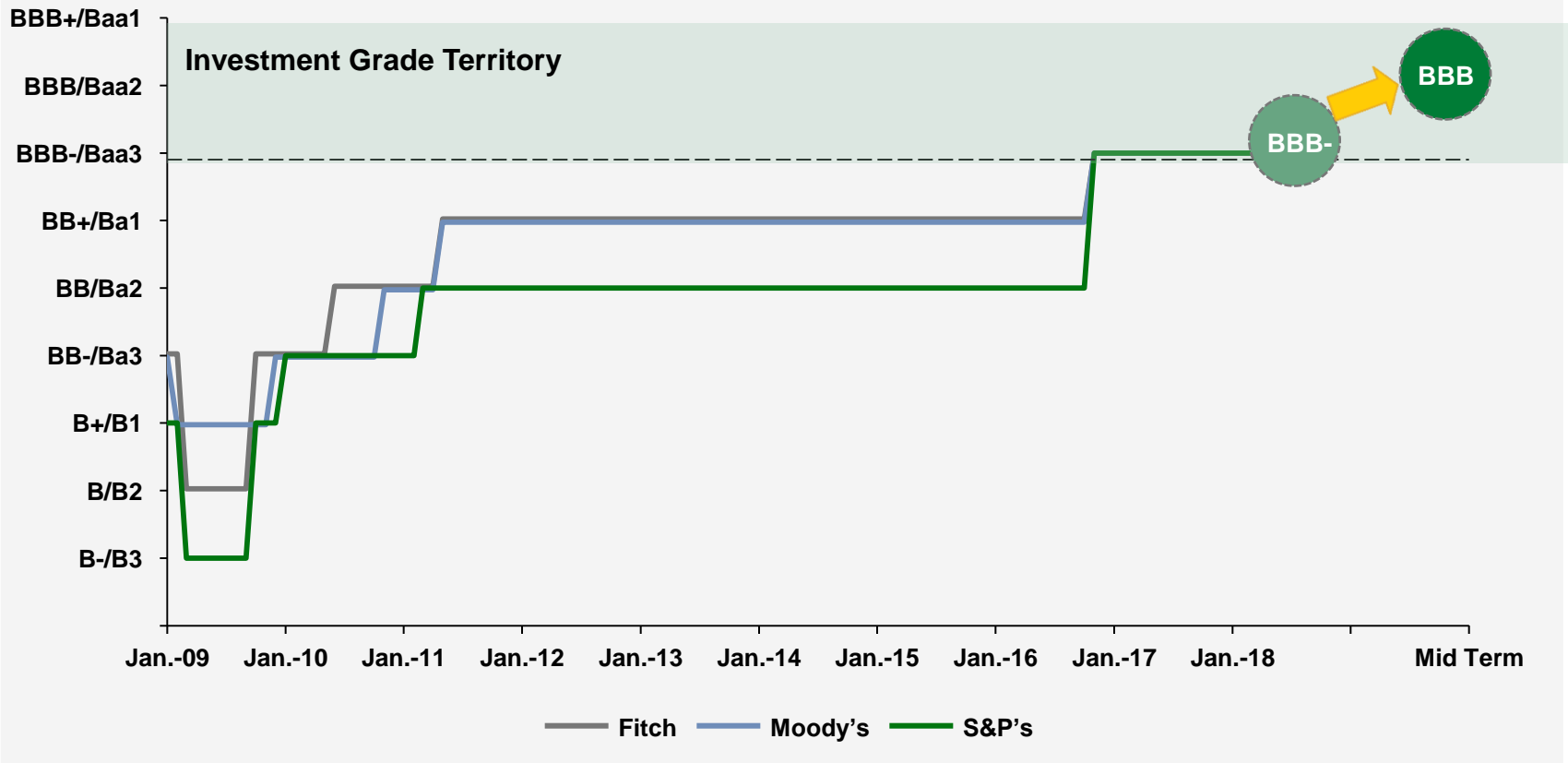
Increase the premium earned on cost of capital



We target to increase the value created for our shareholders

Positive rating development

Rating history of HeidelbergCement



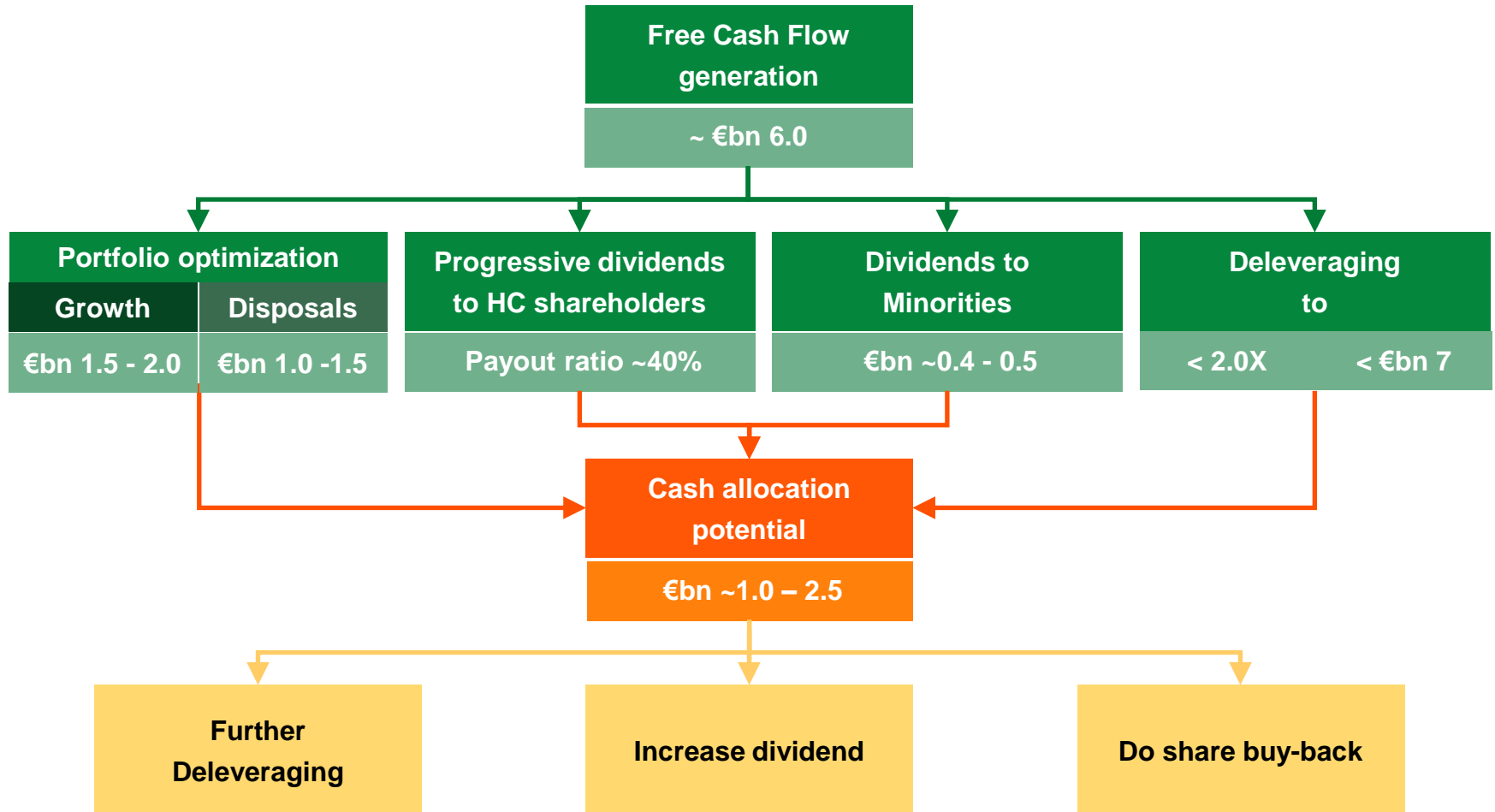
Target: stable rating in the Investment Grade territory (BBB/Baa2)

Achievements & targets

Financial strategy

Capital allocation

Balanced allocation of capital 2018-2020

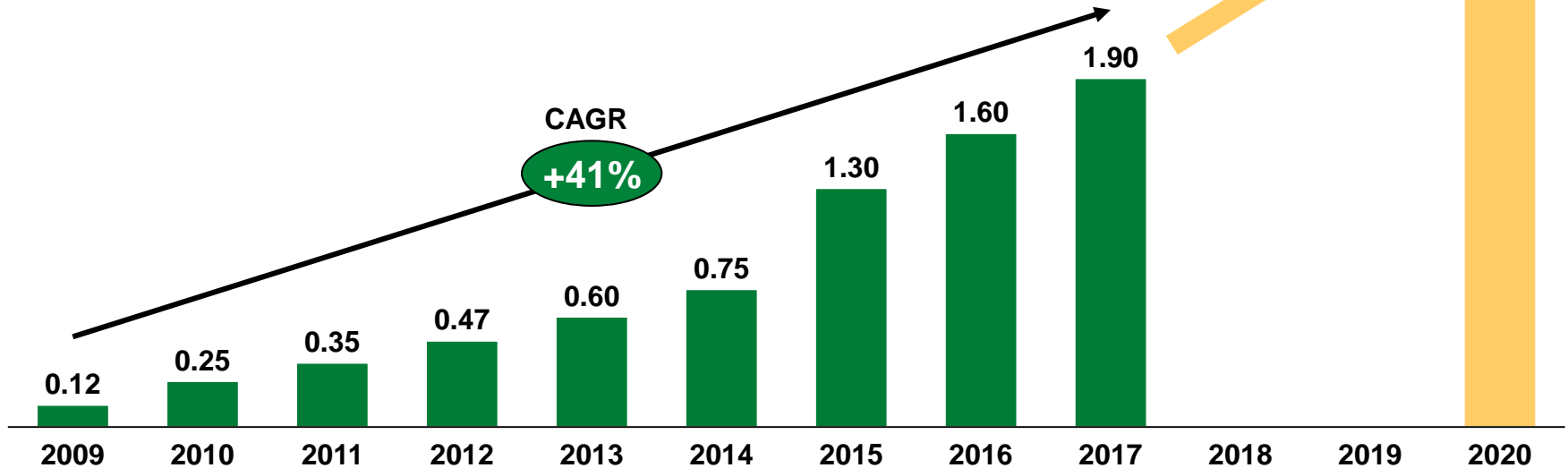


Excess cash to be shifted towards shareholder return

Sustainable dividend policy will continue

Dividend growth eight years in a row

(DPS in €)



No decrease in absolute DPS

Profit driven increase in dividend

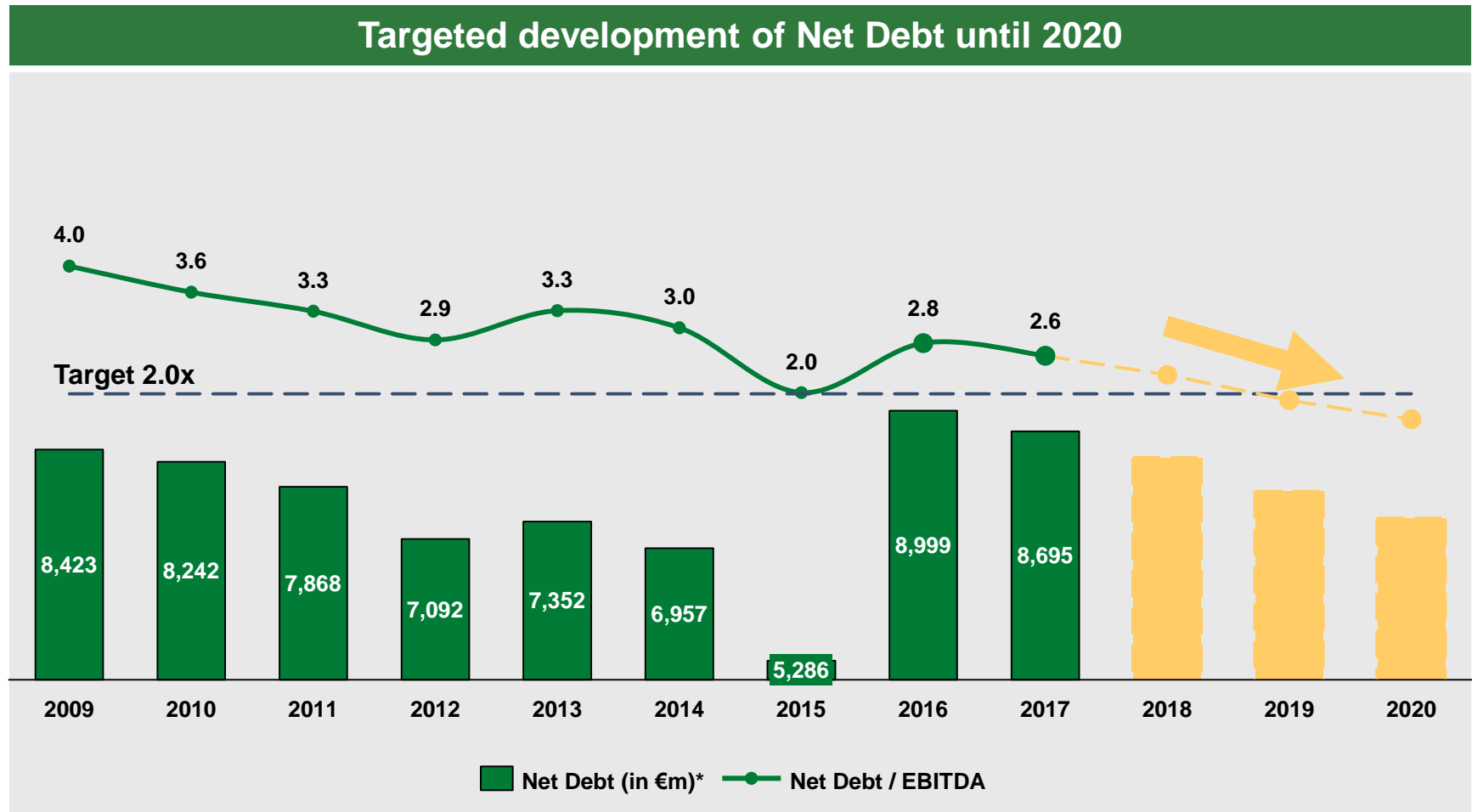
Reach payout ratio of ~40% by 2020

Payout ratio calculated based on clean EPS, excluding "Additional Ordinary Result" and one-offs.

Dividends based on affordability and sustainability

HEIDELBERGCEMENT

We are targeting to get our leverage below 2.0x by 2020



On a normalized basis, HC company has the potential to improve leverage by ~0.3x per year

Our proactive three-year portfolio optimization strategy

Growth (€bn 1.5 – 2)

- Increasing vertical integration
- Improving market position
- Promising synergy potential

Disposals (€bn 1 – 1.5)

- Non-core / unused assets
- Non-performing assets
- Non-sustainable market
- Disposals reducing complexity

Timing will depend on opportunities and speed of disposals

Targeted and disciplined approach to investment projects

Strategy	Finance	Technical	Sustainability
Strategic fit, markets and competition	Financial attractiveness and risk evaluation	Technical aspects of any project	Compatibility with sustainability commitments
<ul style="list-style-type: none"> Vertical integration Market consolidation Synergy potential (costs) Access to markets and sources Competitive position Attractive profit pool 	<p>Tools</p> <ul style="list-style-type: none"> DCF analysis Financial statement analysis Monte Carlo Simulation Risk assessment <p>Projected ROIC against WACC</p> <ul style="list-style-type: none"> EPS accretion Financial target analysis (covenants, leverage) 	<ul style="list-style-type: none"> Project resources Geological assessment Engineering requirements Supply constraints 	<p>Analysis of impact on</p> <ul style="list-style-type: none"> Human rights Environment Emissions Reputation Etc.

Proven investment scoring model to select the right projects

VISION 2020

Continue to grow and increase shareholder value

Return to shareholders

Active portfolio management

Progressive increase in dividends

€bn 1 to 1.5 disposal
€bn 1.5 to 2 growth CapEx

Best-in-class operator in the sector with a solid balance sheet

Sustainable EBITDA growth

Strong cash generation

~5% p.a. organic growth

~€bn 6 free cash flow in 3 years

Comfortable Net Debt level

Leverage below 2.0X;
rating BBB

Realistic and achievable targets reveal the potential of the company

Disclaimer

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