

■ HeidelbergCement

Analyst Day 2013

Heidelberg, September 19

Update Strategy & Markets

Dr. Bernd Scheifele, Group CEO



“Bergheim Mill” in Heidelberg, 1873. First cement plant of HeidelbergCement.

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■ Our successful business strategy

- 1 Strong asset base and excellent product portfolio**
 - World market leader in aggregates: 19 billion tonnes of reserves in attractive markets
 - Very well balanced 122 million tonnes of cement capacity around the globe
 - Strong positions in fast growing metropolitan markets and resource areas

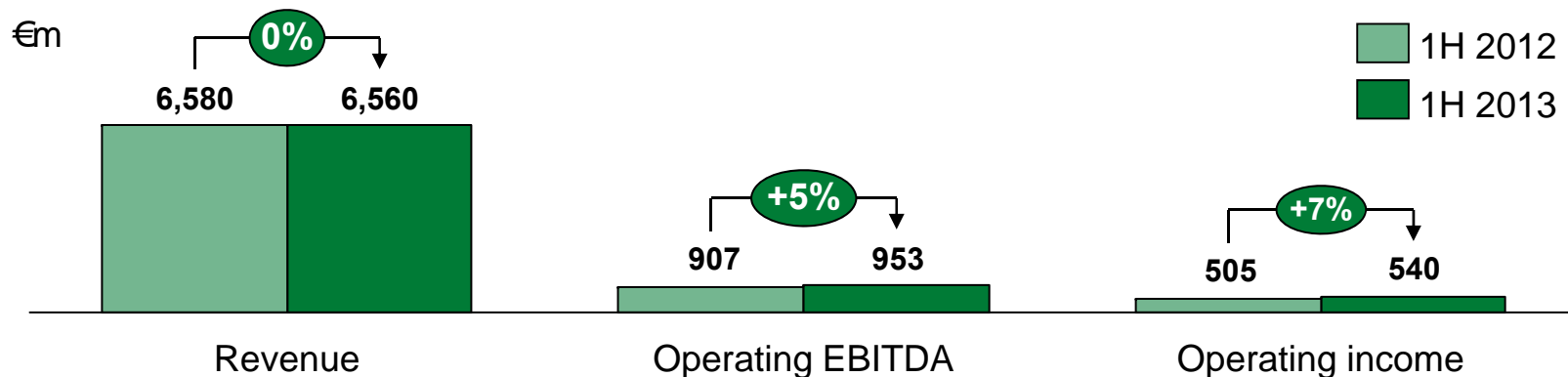
- 2 Strong focus on operational efficiency and margin improvement**
 - Successful track record in execution of Group programs and overachieving targets
 - “FOX 2013”, “LEO”, “PERFORM” and “CLIMB” programs already deliver returns

- 3 Consistent value creating strategy of deleveraging and targeted investments in attractive growth markets**
 - Continued financial discipline
 - On track to return to investment grade credit metrics
 - Target further reduction of net debt to stay below €6.5 billion
 - Targeted growth investments in cement in emerging markets

Global market leader for aggregates

Top 3 global market positions in cement and ready-mixed concrete

Financial Key Figures HeidelbergCement



#1 Aggregates (2012 sales volumes)	#3 Cement ¹ (2012 sales volumes)	#3 Ready-mixed concrete (2012 sales volumes)
HEIDELBERGCEMENT 243 Mt	Holcim 148 Mt	Cemex 55 Mcbm
Lafarge 188 Mt	Lafarge 141 Mt	Holcim 47 Mcbm
Holcim 160 Mt	HEIDELBERGCEMENT 89 Mt	HEIDELBERGCEMENT 39 Mcbm
Cemex 159 Mt	Cemex 66 Mt	Lafarge 32 Mcbm

1. Source: Company annual reports; Anhui Conch and CNBM not considered, as only active in China

One of only few building materials companies to grow operating income in 1H 2013

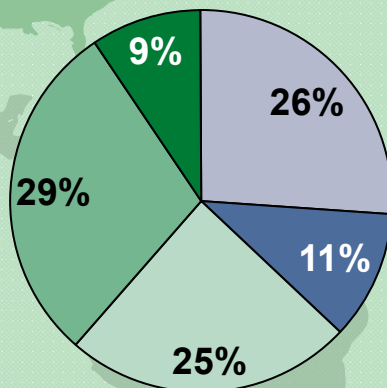
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Strong reserve base for raw materials cement and aggregates

Cement

- Focus on growth markets
- 122 mt capacity worldwide
- 63% of capacity in emerging markets
- 11% of capacity in North America

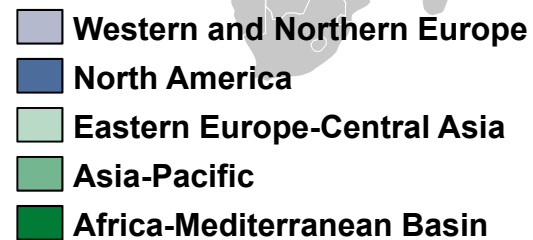
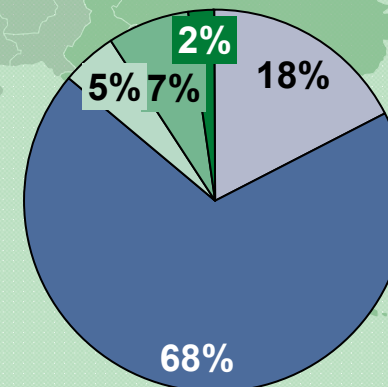
Capacity by Group areas:



Aggregates

- Focus on mature markets and markets in industrialisation
- 19 bnt reserves
- 86% of reserves in mature markets
- 68% of reserves in North America

Reserves by Group areas:



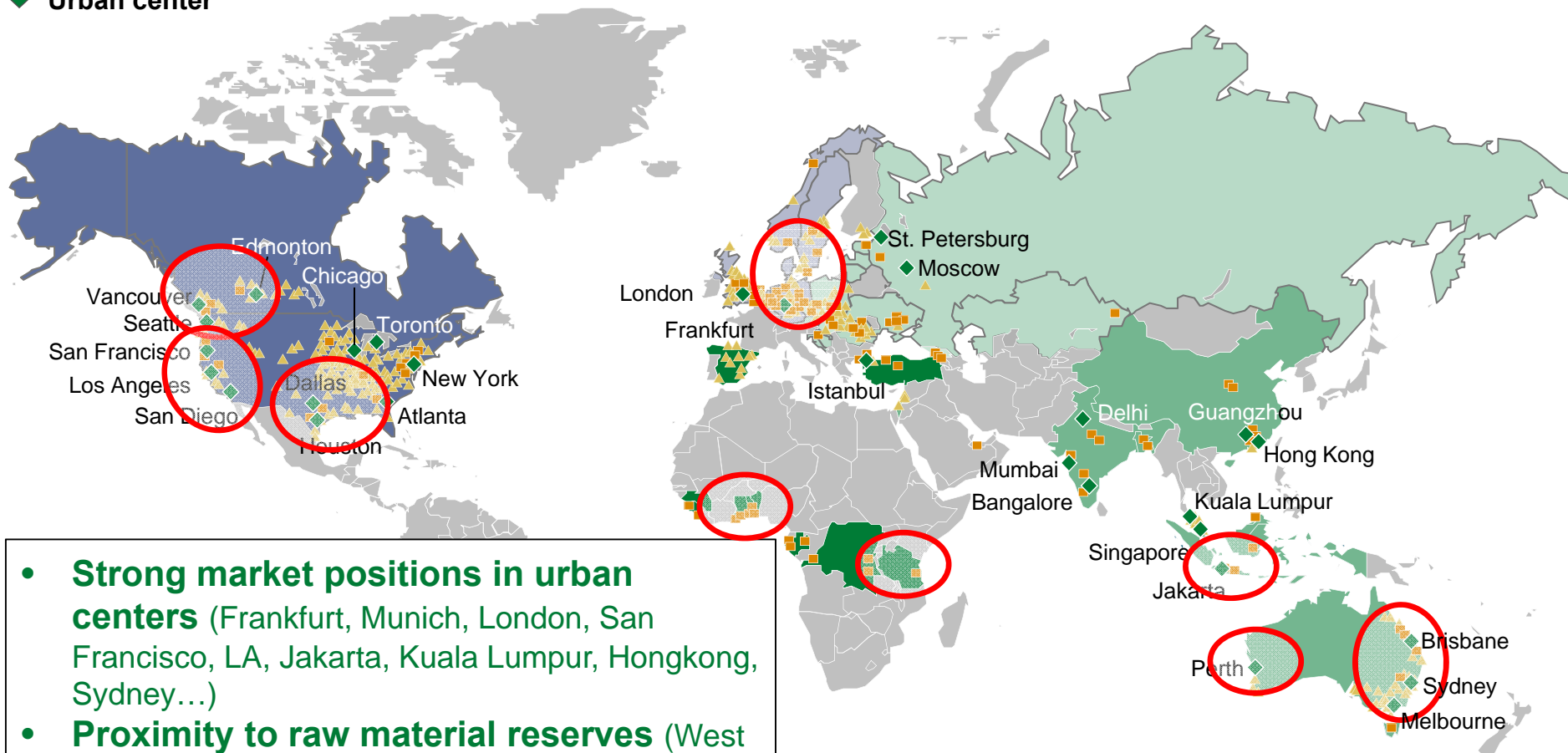
(*) Aggregates reserves and cement capacity figures as published in Annual Report 2012

Slide 5 - Analyst Day 2013 – 19 September 2013

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Benefitting from excellent footprint in attractive Micromarkets

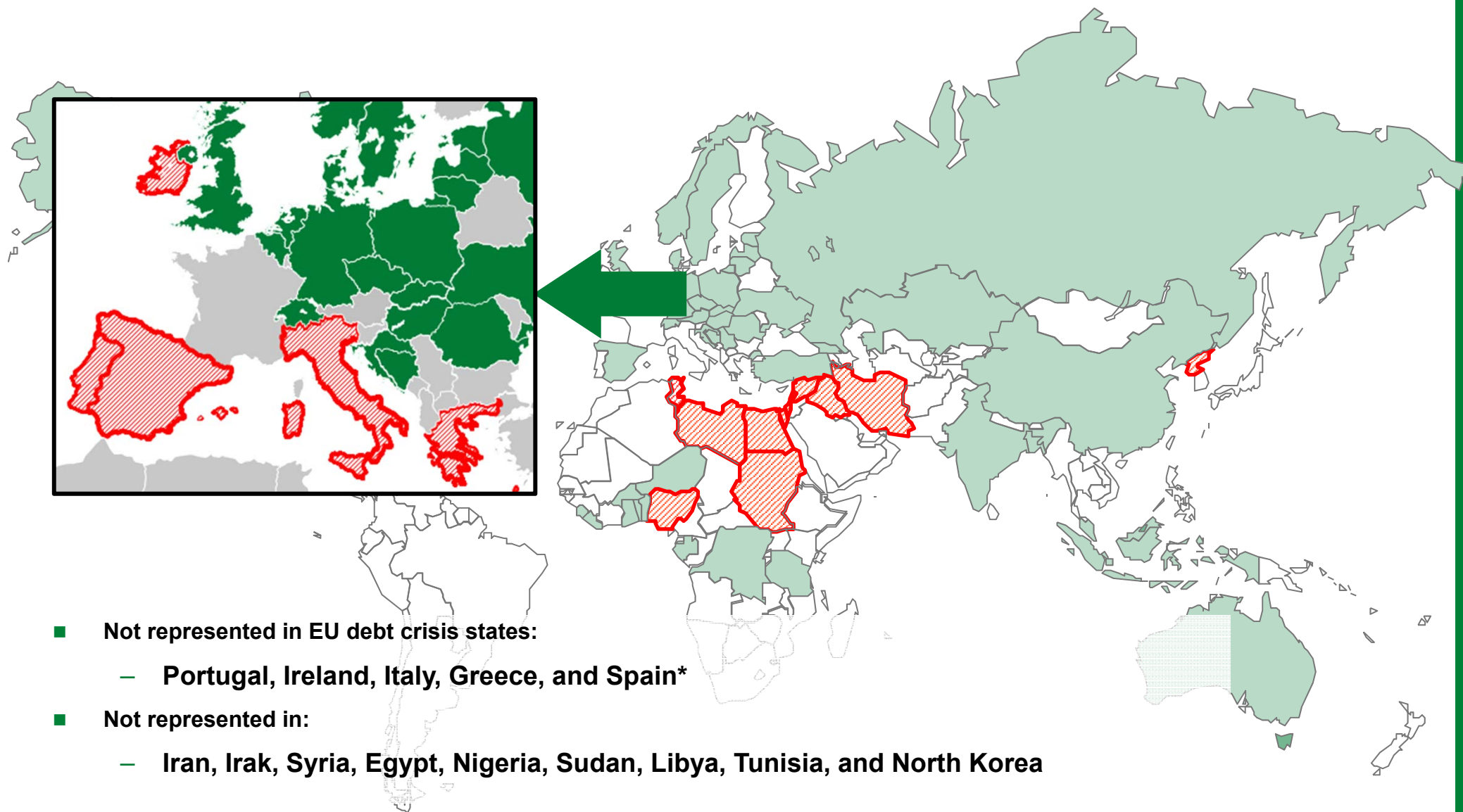
- Cement plant
- ▲ Aggregates
- ◆ Urban center



- **Strong market positions in urban centers** (Frankfurt, Munich, London, San Francisco, LA, Jakarta, Kuala Lumpur, Hongkong, Sydney...)
- **Proximity to raw material reserves** (West Canada, Texas, Norway, Ghana, Tanzania, Australia)

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Low exposure to crisis countries and political trouble spots



- **Not represented in EU debt crisis states:**

- Portugal, Ireland, Italy, Greece, and Spain*

- **Not represented in:**

- Iran, Irak, Syria, Egypt, Nigeria, Sudan, Libya, Tunisia, and North Korea

* Spain with <0.5% of Group revenue

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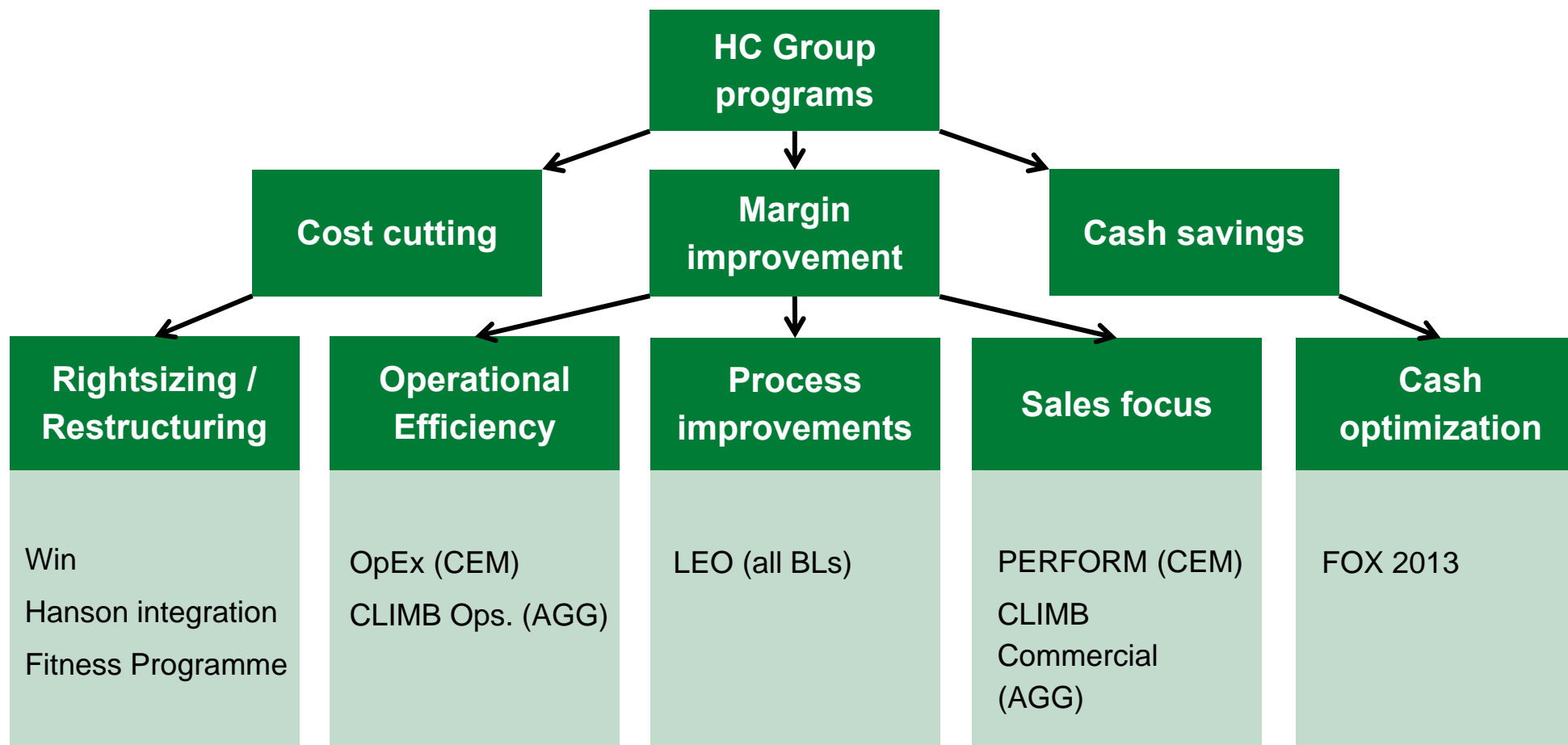
Successful track record of timely implemented optimization programs

	Project	Key points	Target							
2006	"win Europe"	<ul style="list-style-type: none"> Reorganization and FTE efficiency IT standardization and country SSCs 37% G&A FTE reduction 	88 €m 170% ✓							
2007 - 2010	Hanson integration	<ul style="list-style-type: none"> > 500 integration projects worldwide Synergy areas: Market, SG&A, Purchasing, IT, OpEx, Logistics, Tax, and Insurance. 	506 €m 145% ✓							
2009	Fitness programme	<ul style="list-style-type: none"> Capacity reduction Operational improvements Rightsizing of commercial and staff organizations 	550 €m 220% ✓							
2010	Fitness Plus programme	<ul style="list-style-type: none"> Further improvement of cost structure Optimisation of production and processes 	323 €m 108% ✓							
2011 - 2013	"FOX 2013"	<ul style="list-style-type: none"> OPEX (cement operational excellence) CLIMB (aggregates quarry optimisation) Working Capital optimisation 	<table border="1"> <tr> <td>2011-2012</td> <td>767 €m</td> <td rowspan="3">192% ✓</td> </tr> <tr> <td>2013</td> <td>243 €m</td> </tr> <tr> <td>Total</td> <td>1,010 €m</td> </tr> </table>	2011-2012	767 €m	192% ✓	2013	243 €m	Total	1,010 €m
2011-2012	767 €m	192% ✓								
2013	243 €m									
Total	1,010 €m									
	New projects	<ul style="list-style-type: none"> LEO (optimisation of logistics chain) PERFORM (sales excellence cement and RMC) CLIMB Commercial (sales excel. aggregates) 	<table border="1"> <tr> <td>150 €m</td> </tr> <tr> <td>230 €m</td> </tr> <tr> <td>120 €m</td> </tr> </table>	150 €m	230 €m	120 €m				
150 €m										
230 €m										
120 €m										

First company to benefit from increased operating leverage in recovering markets

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Consistent framework of performance improvement



Continuous performance improvement is in the DNA of HeidelbergCement

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CLIMB Commercial is showing results

Program scope and target

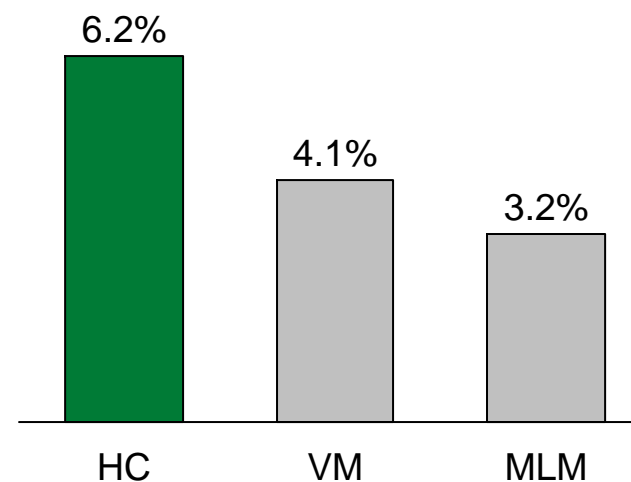
- Focus on price niches in aggregates
- Focus on unprofitable/small customers
- Improved interaction of production and sales
- Pricing according to product costing

Target:

120 €m improvement in AGG margin by 2015

Results

AGG price increase in the US June 2013 YtD

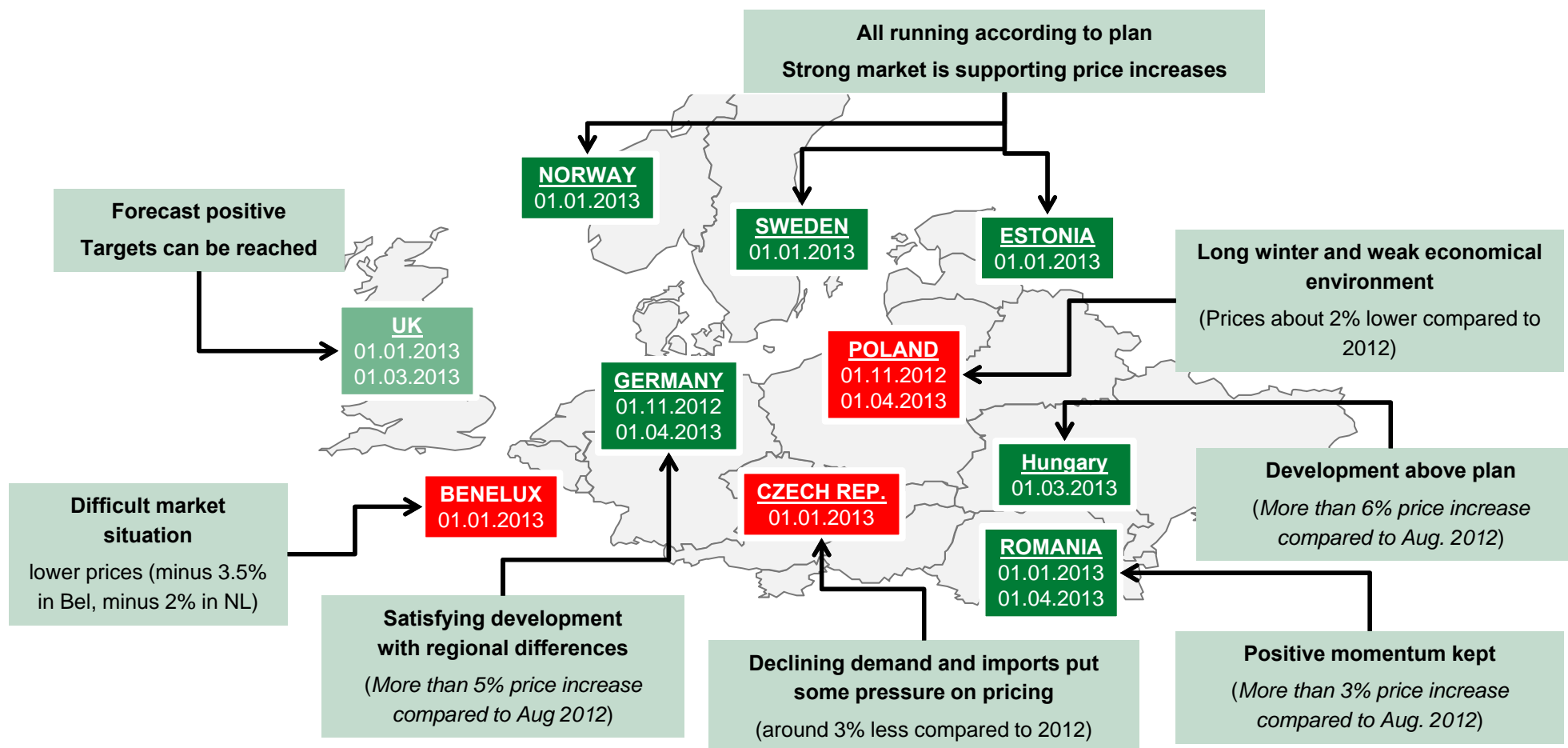


Source: company reports

CLIMB Commercial supports above market average price increases

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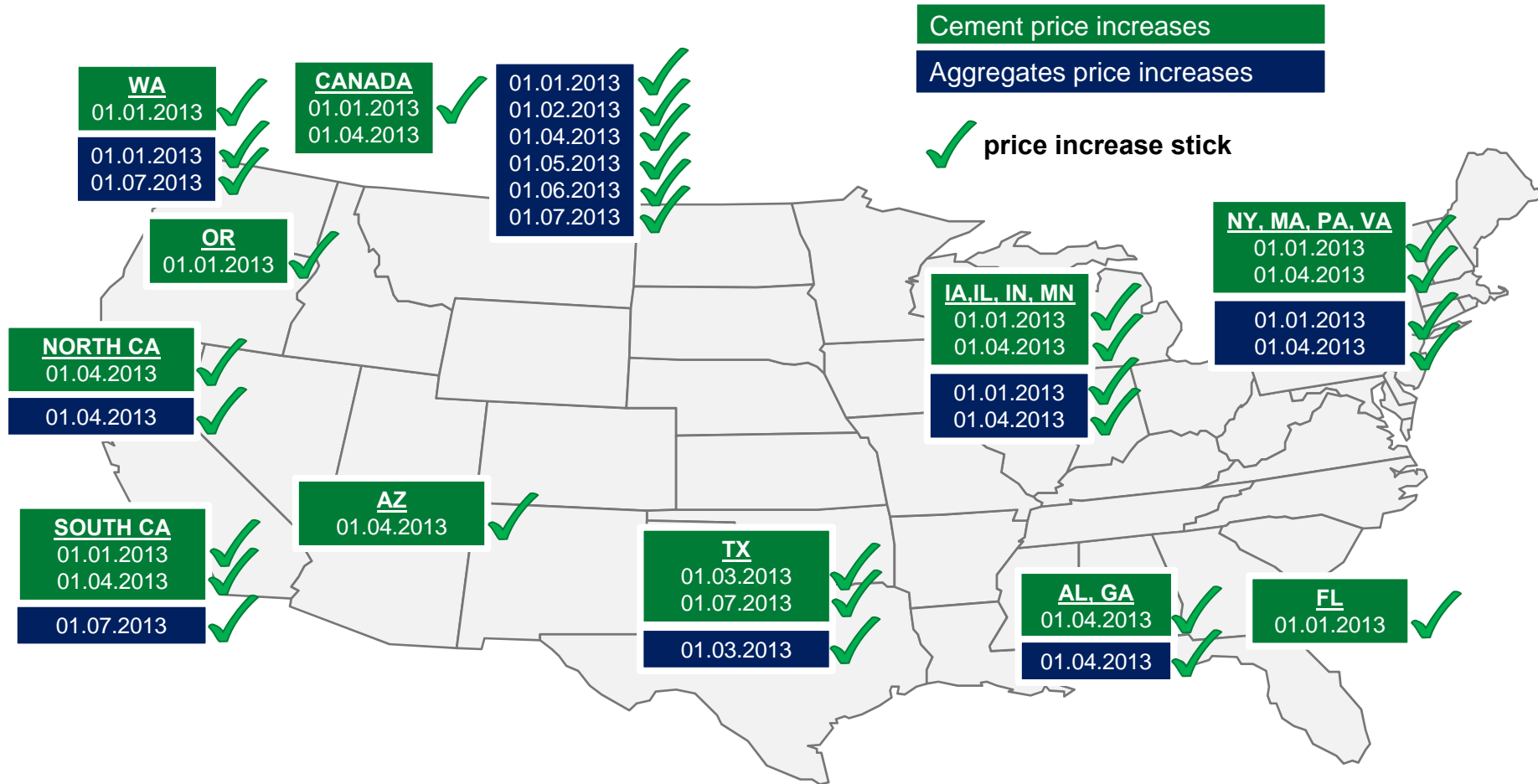
PERFORM – Overall pricing success in demanding environment



We target further improvements in pricing, supported by PERFORM program

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Further price increases announced in North America



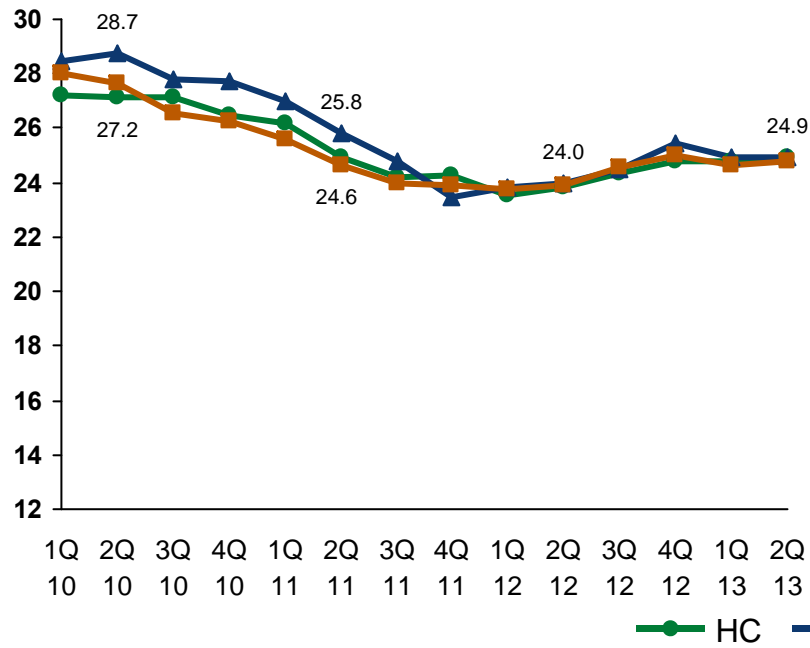
Positive price development in all business lines

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Successful program execution is reflected in OIBD margin

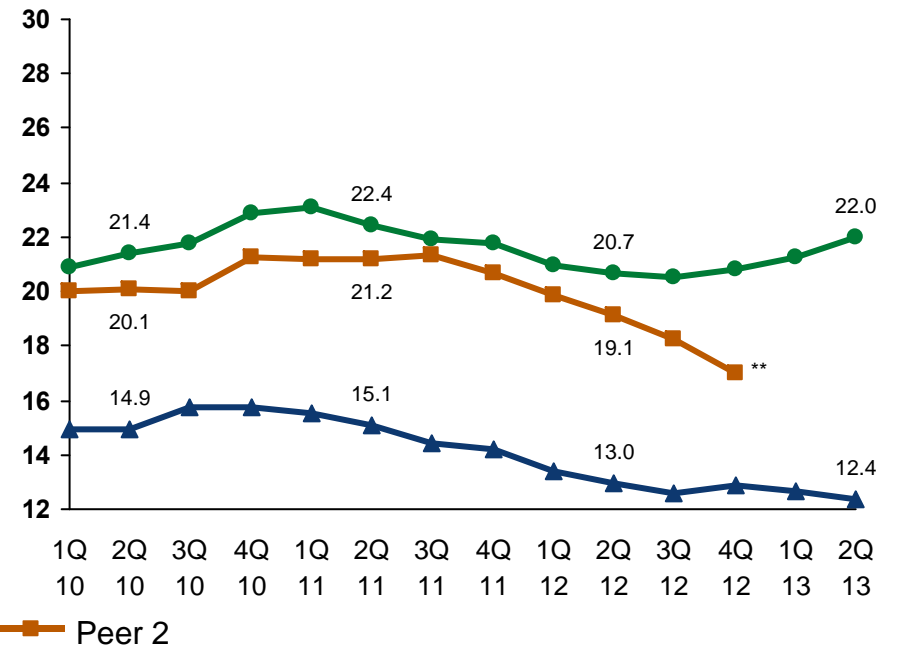
CEM

LTM OIBD-margin
in %*



AGG

LTM OIBD-margin
in %*

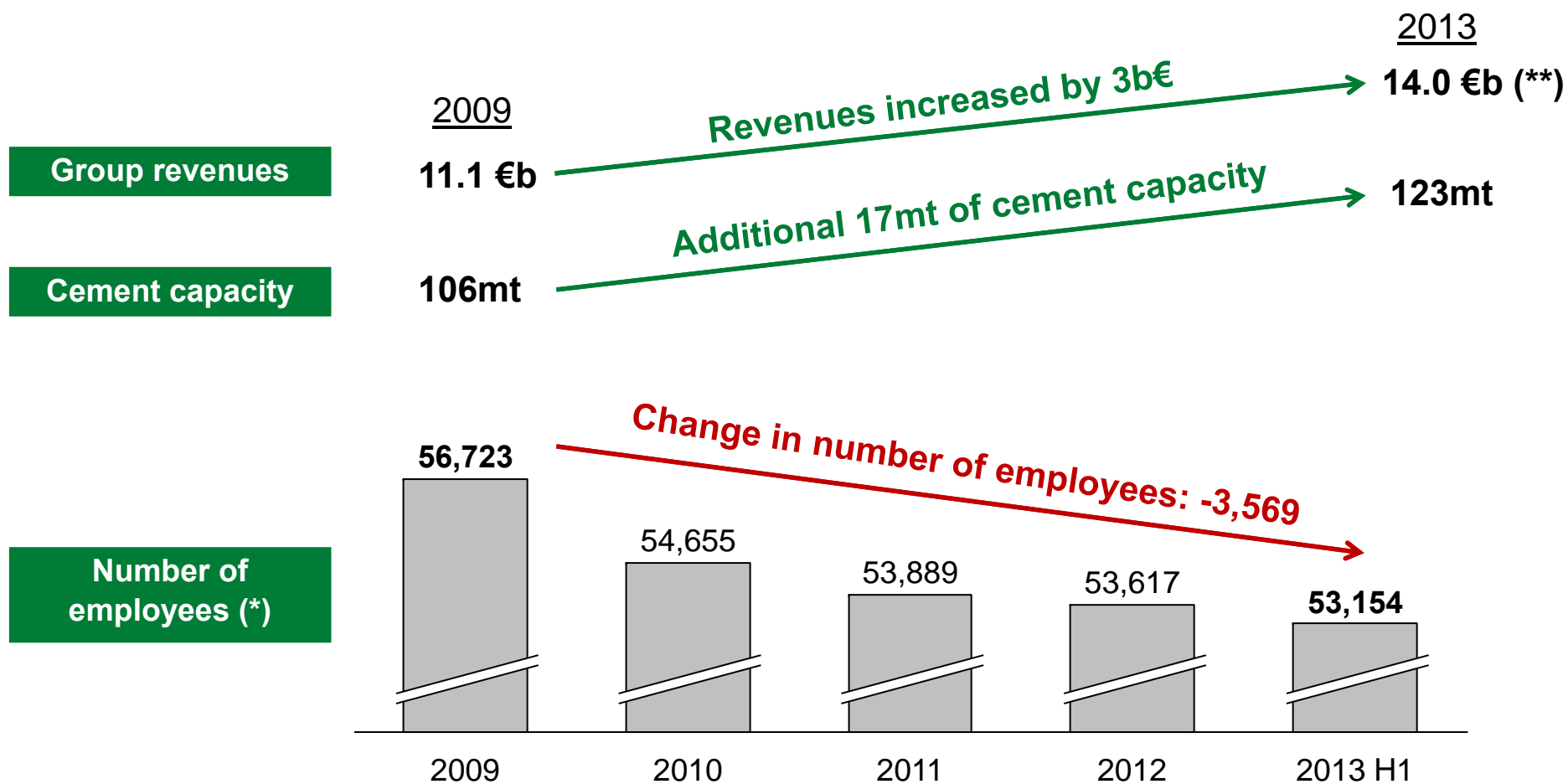


**Cement OIBD margins on same level as peer group despite different footprint
Clear OIBD margin leader in aggregates**

*) Excluding gains on CO₂ sales and pension gains as well as gains from exhausted quarry sales.

**) As of Q1 2013 Peer 2 does not report OIBD margins per business line

Efficiency improvement at HeidelbergCement continues



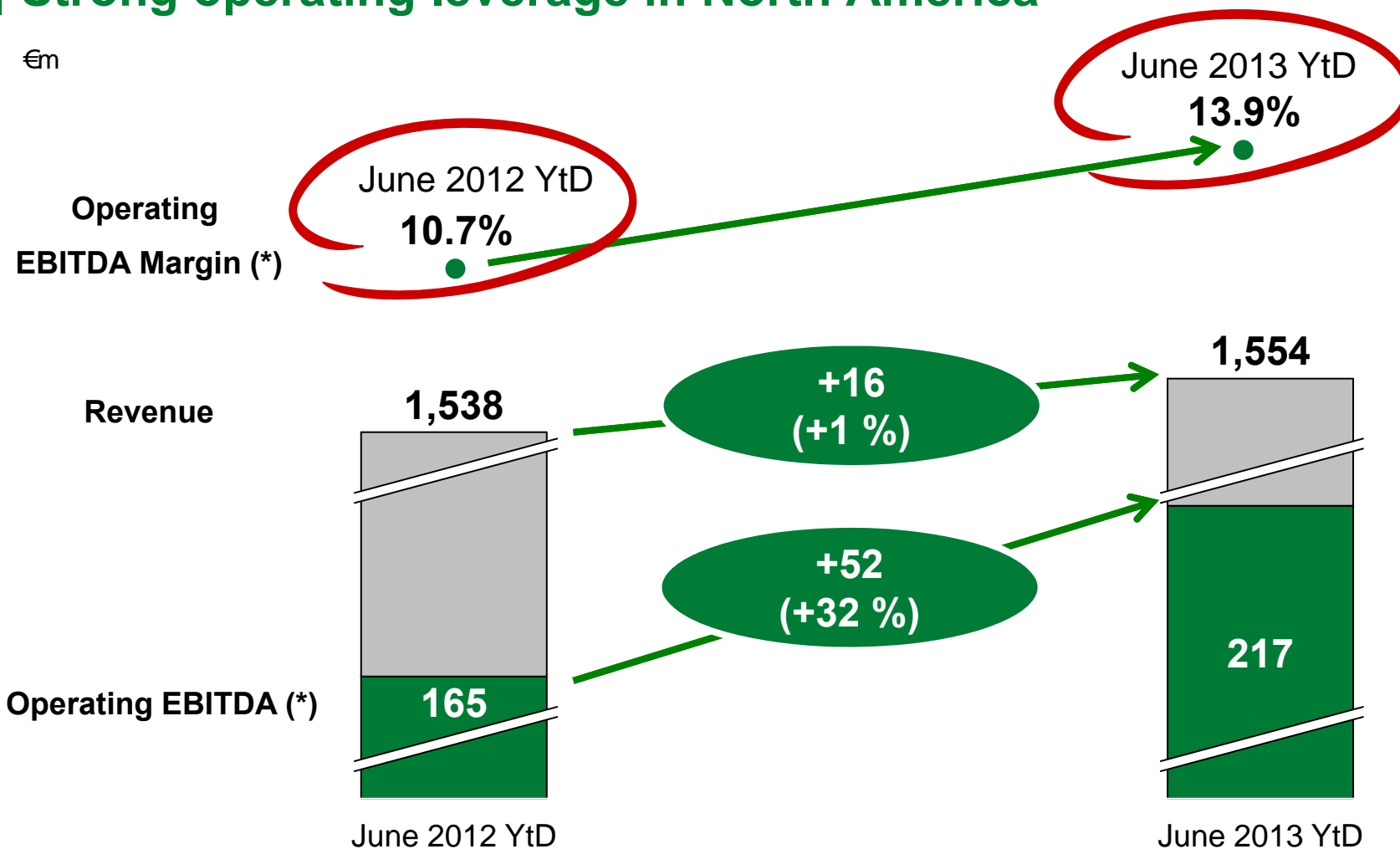
35% increase in “revenue per employee” compared to 2009

(*) Yearly average number of employees.

(**) Last 12 months rolling values.

Strong operating leverage in North America

€m



Significant operating leverage as a result of positive pricing, timely implemented cost savings and deconsolidation of loss making revenues

(*) Excluding gain from exhausted quarry sale in 2012.

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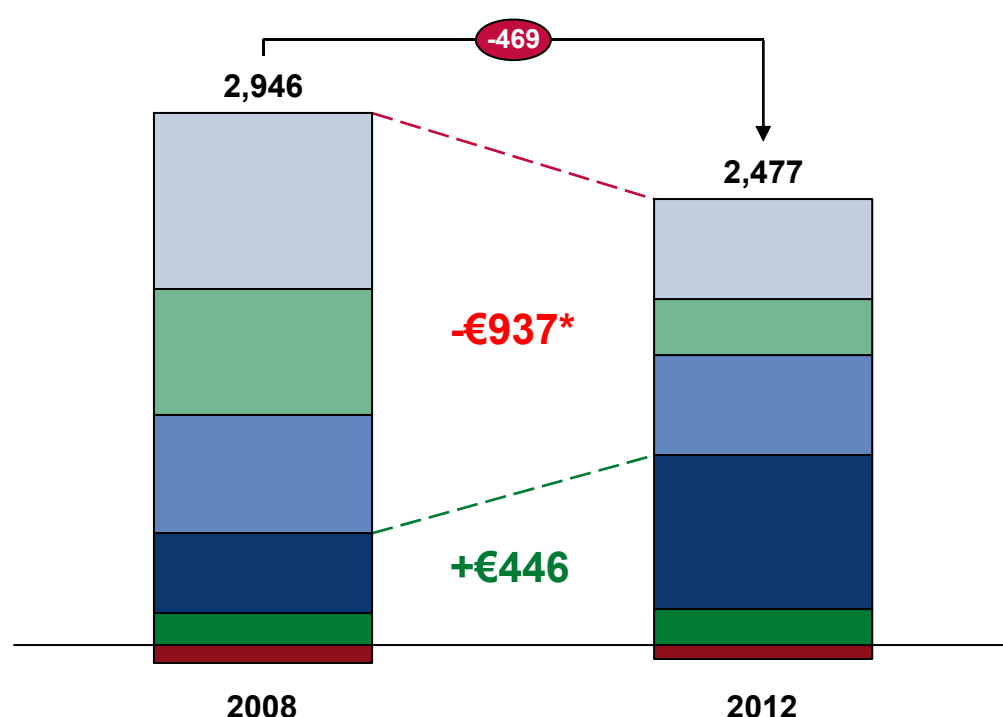
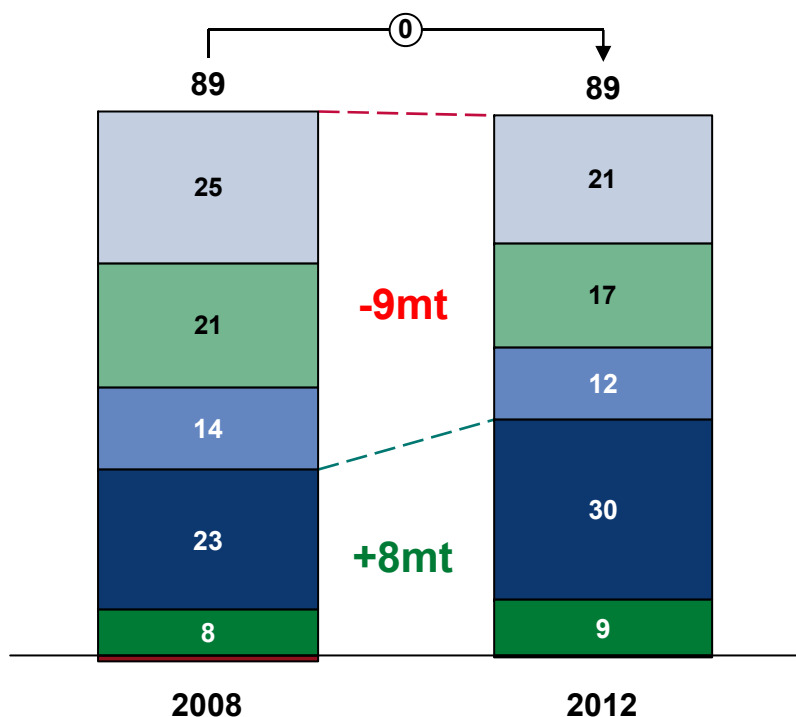
CapEx in Asia and Africa is delivering returns

Substantial recovery potential in North America and Europe

- Western - Northern Europe
- North America
- Africa - Med. Basin
- Eastern Europe - Central Asia
- Asia - Pacific
- Reconciliation & Other

Cement sales volume (mt)

Operating EBITDA (€m)



Increasing profit contribution from Asia and Africa
Still huge recovery potential in mature markets in all segments

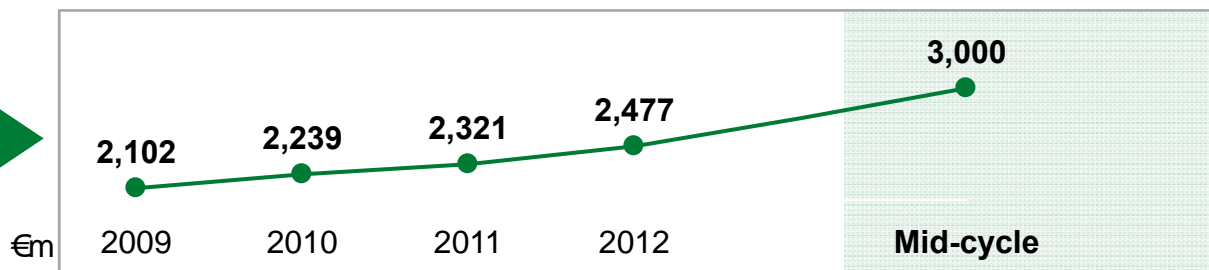
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* Difference to peak is substantially higher, especially in North America
 Slide 16 - Analyst Day 2013 – 19 September 2013

Solid performance without destroying business portfolio

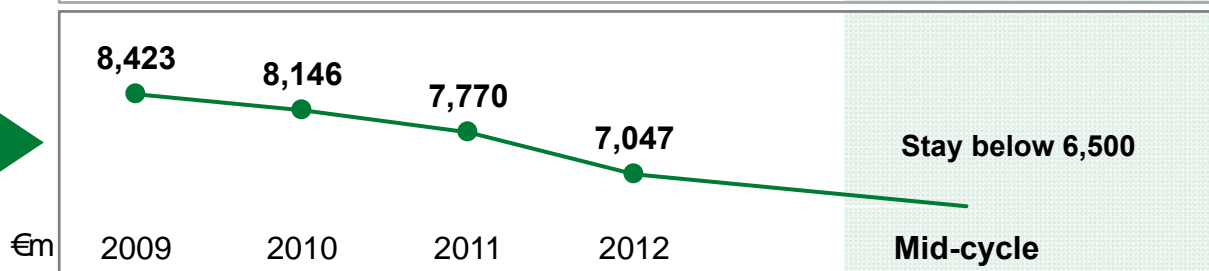
Operating EBITDA

Superior footprint and well managed programs



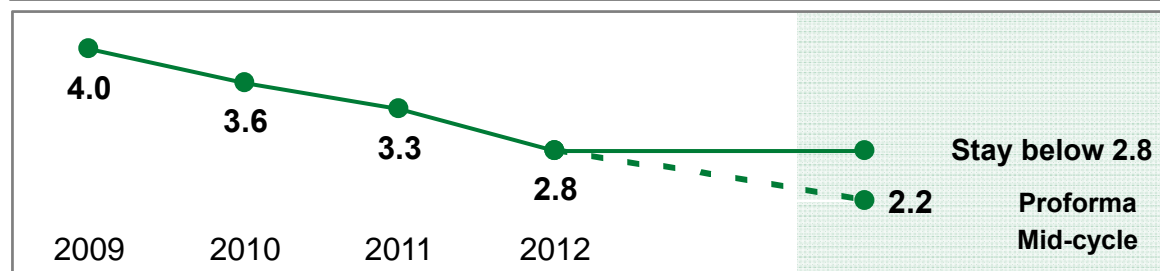
Net Debt

Continuous focus on deleveraging



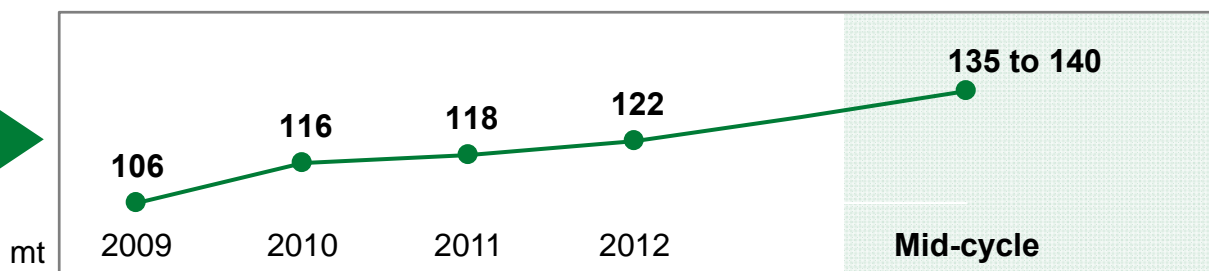
Net Debt / EBITDA

Significant improvement in the last 3 years



Cement capacity

Continue to grow in emerging markets



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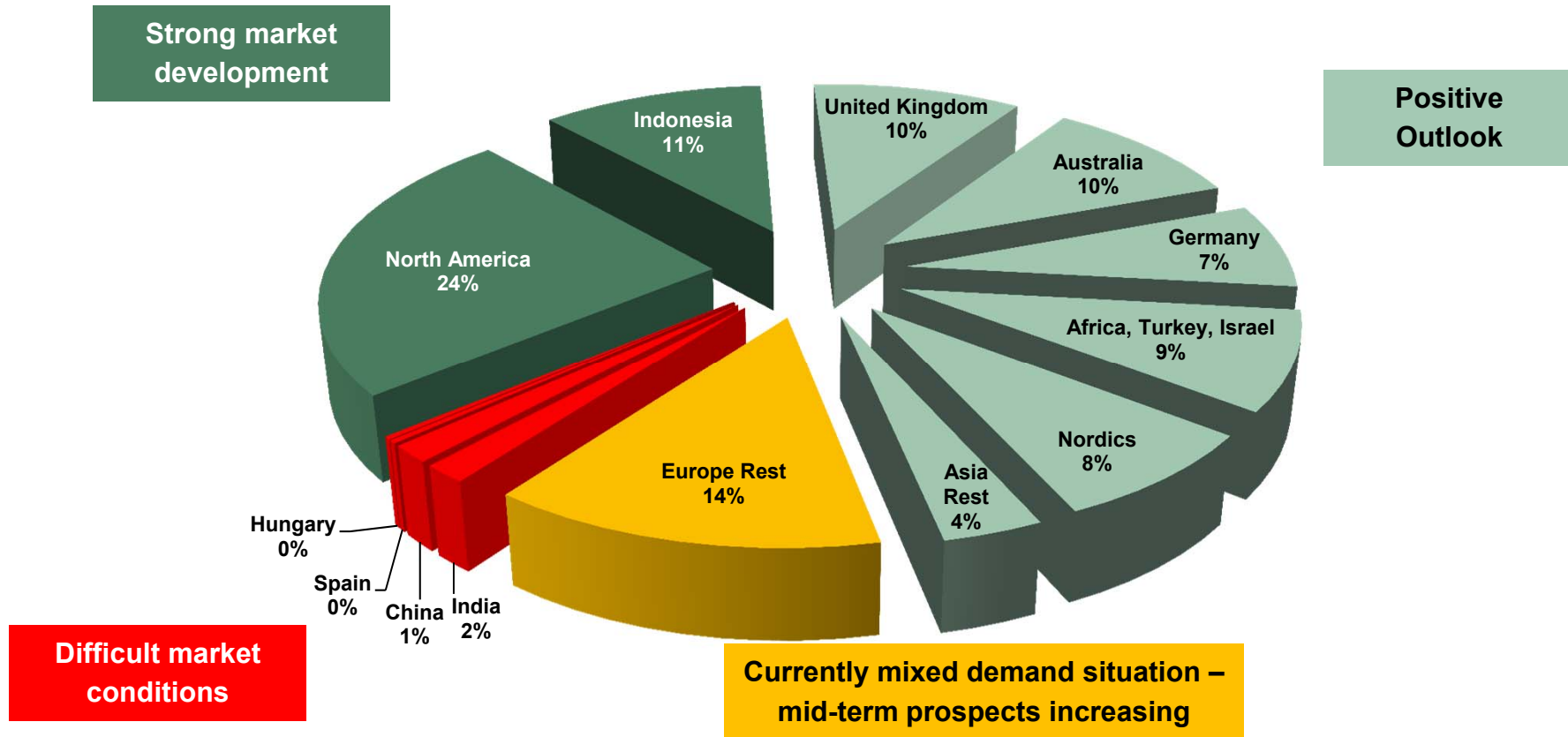
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Recent economic and market trends

- **North America:** recovery continues after adverse weather in the North
- **Germany and Northern Europe:** stable with positive price development
- **Benelux:** some catch-up and stabilization but still challenging market conditions
- **UK:** increasing indications of a recovery
- **Eastern Europe:** situation stabilizes after volume declines due to long winter and austerity
- **Russia, Ukraine, Kazakhstan & Georgia:** good demand but some competitive pressure
- **Africa:** continued demand growth; import pressure in some countries
- **Asia:** demand growth persists; overall economic development slowing due to China; currency headwind due to uncertainties about federal reserve quantitative easing policy

Outlook is positive in our major markets

Group revenue breakdown per country



More than 80% of Group revenue is generated in markets with positive outlook

Asia Rest: Bangladesh, Brunei, Hong Kong, Malaysia
 Europe Rest: Czech Rep., Romania, Ukraine, Russia, Kazakhstan, Georgia, Slovakia, Bosnia

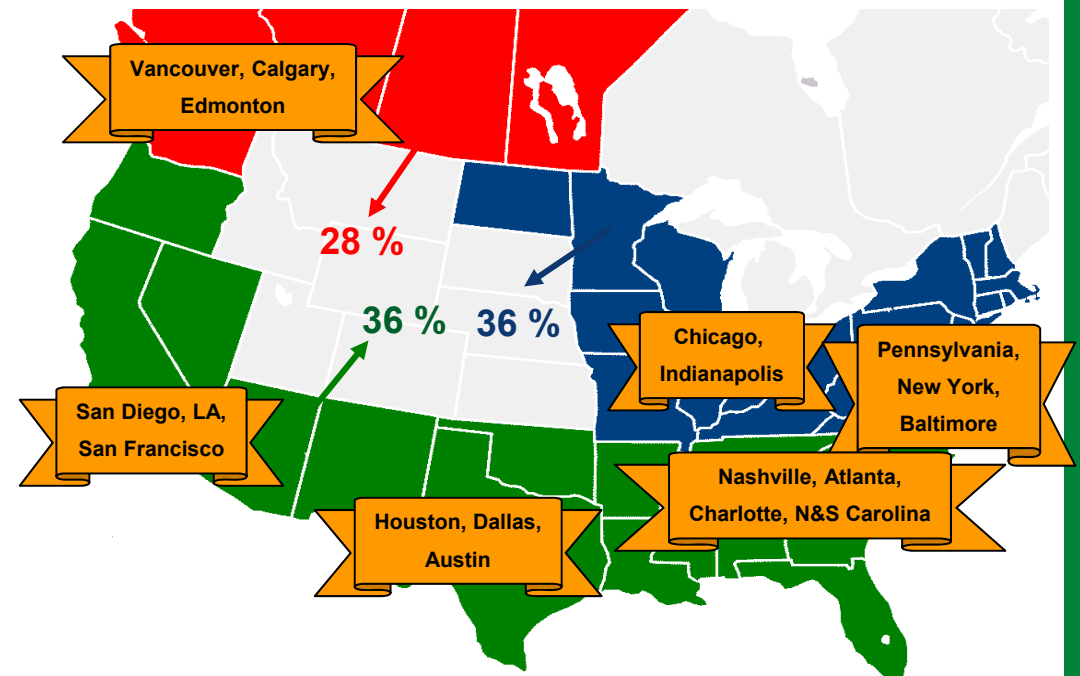
North America: recovery continues

Market recovery impacted by weather / fundamentals for recovery intact

- Correction by PCA weather related
- Strong pickup in residential demand and house prices
- Low energy prices attract new manufacturing enterprises
- TIFIA program to support infrastructure
- Southern / Western US states lead the recovery

HC operating in fastest growing metropolitan areas

NAM – 2012 revenue breakdown (*)



**Strong base in California and Texas
- states with significant recovery potential**

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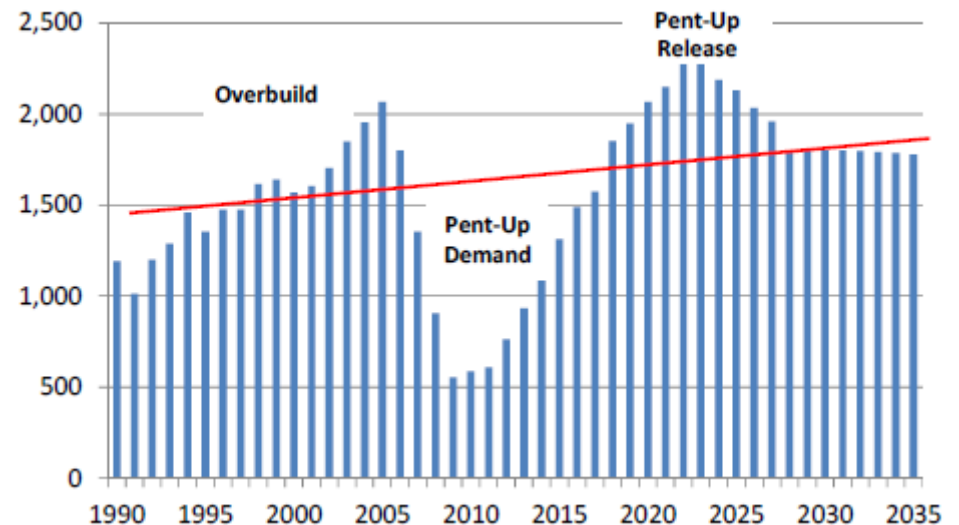
(*) Excluding Building Products Business Line.

North America: pent-up demand release supporting recovery

Large pent-up demand waiting for release

- US debt service level ratio reached 18 year low
- Nonfinancial corporate businesses have \$15.5 trillion in total financial (+20% vs prior to the crisis)
- Banks are healthy again. The quality of commercial and industrial loans, credit cards, and auto loans has improved dramatically.

Pent-up housing assessment by PCA (thousands of starts)



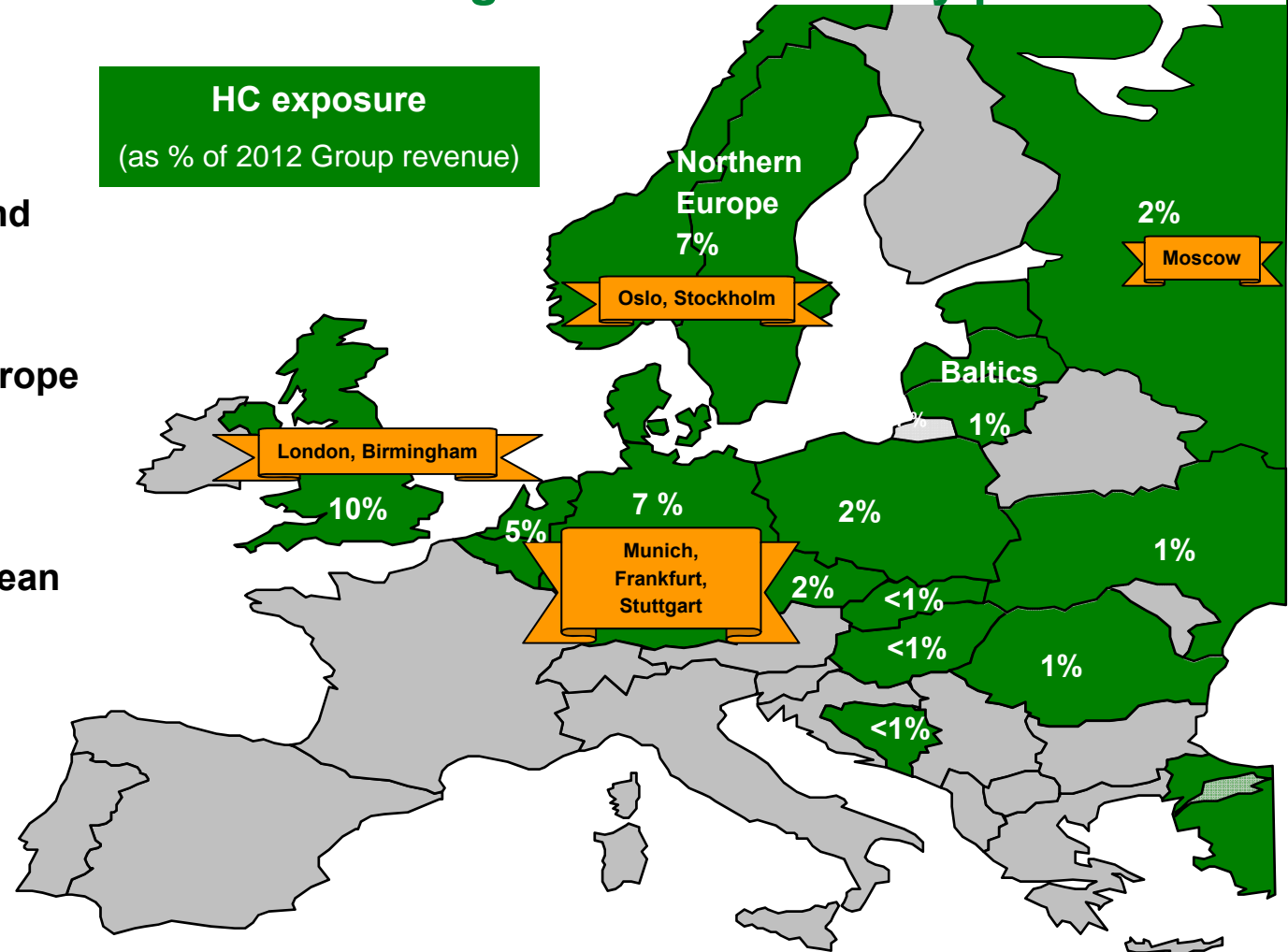
Consumer sentiment is the trigger for release of pent-up demand

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Europe: growth and recovery potential

HeidelbergCement located in markets with growth and recovery potential

- **Balanced footprint of strong and stable Northern European and German markets and recovery potential in UK and Eastern Europe**
- **Strong market shares in high-income urban centers**
- **Not present in Southern European crisis countries**



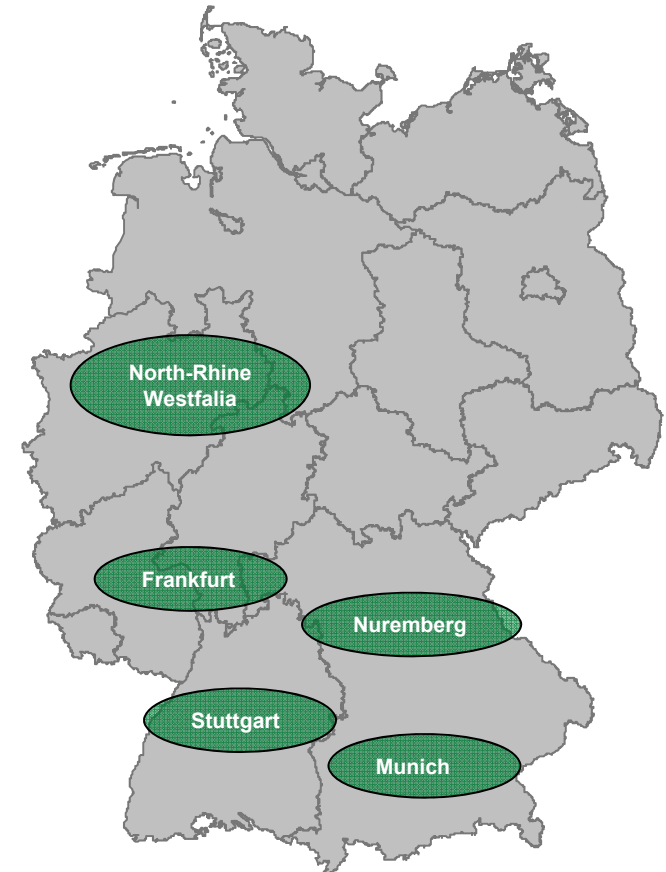
Germany: solid construction demand

■ German construction demand driven by housing and infrastructure

- Housing permits¹ up 9.8% July 2013 YtD in Germany overall
- Southern German states² constitute 47% of building permits with a growth of 12.3% July 2013 YtD
- High-speed train network Paris-Bratislava (Stuttgart 21, Ulm, Munich)
- Highways A8, A7, A5, A93

■ Market leading position in high income states in Southern Germany

- Strong presence in attractive urban areas of Frankfurt, Stuttgart, Munich and Nuremberg
- Southern states lead in GDP per Capita (> 36,000 Euro)



Cement plants	10
Aggregates	67
Ready-Mixed Concrete	246
Precast	26
Lime & sand-lime brick	16

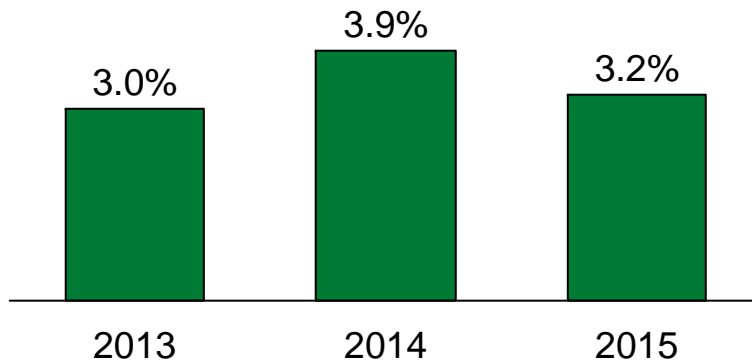
**HeidelbergCement with leading positions
in attractive micromarkets**

1) Residential construction in 1,000m³; 2) Bavaria, Baden-Württemberg and Hesse

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Northern Europe: attractive and stable growth market

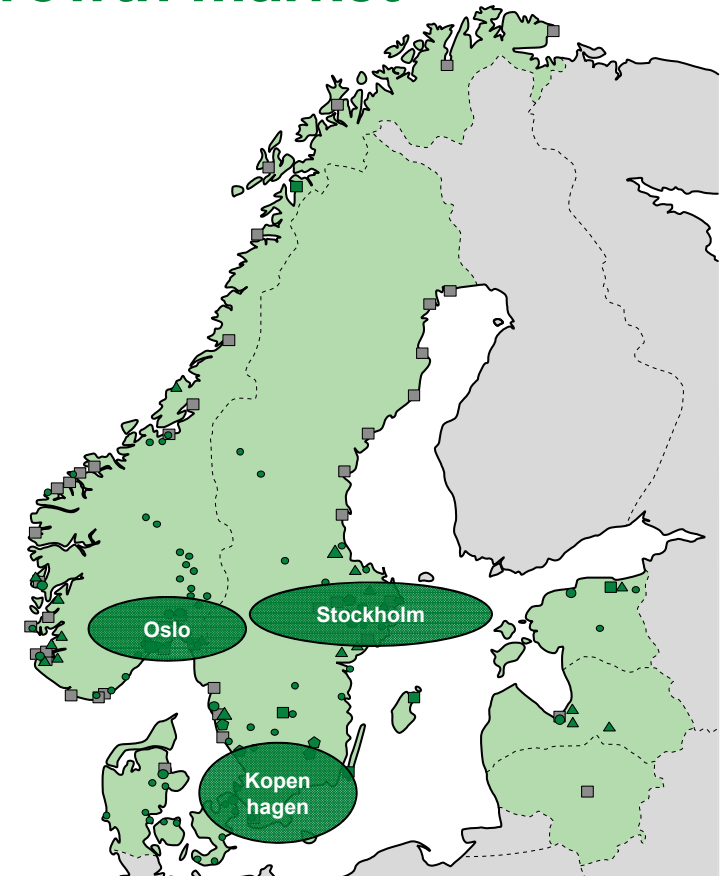
- High and stable construction output growth in Norway, Sweden and Denmark



Source: Euroconstruct, June 2013.

- Large infrastructure projects to drive demand:
 - Norway: railway upgrade, metro, energy works
 - Denmark: Copenhagen Metro, Fehmarn Tunnel
 - Sweden: > 70 projects in Stockholm

HeidelbergCement enjoys growth as regional market leader



Cement plants	■	6
Cement terminals	□	54
Aggregates	▲	45
Ready-Mixed Concrete	●	103
Precast	⬠	7

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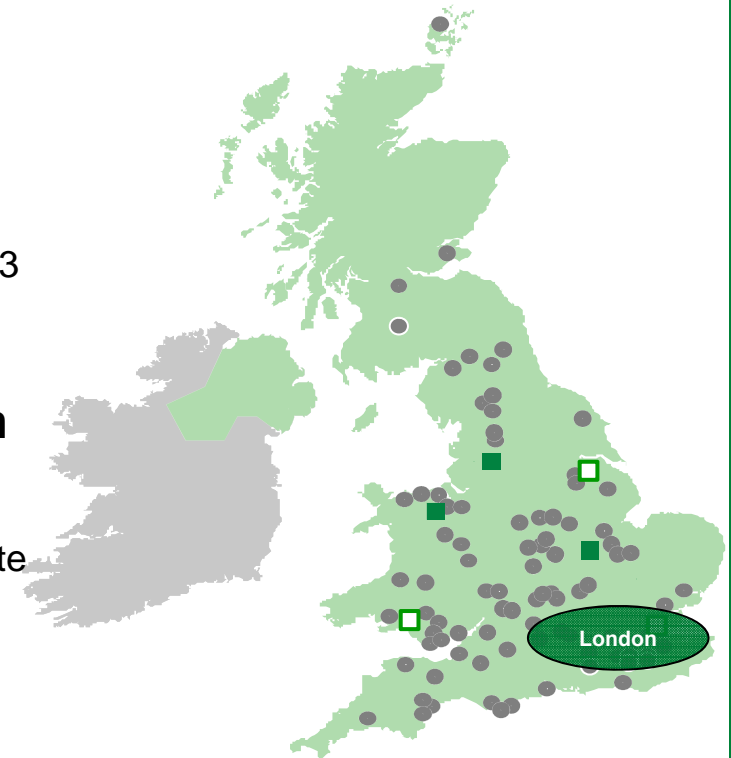
UK: construction recovery visible

■ Residential demand driving short-term recovery

- 12% yoy increase in LTM construction new orders in Q2
- UK bricks market grew 23% in three month period ending July 2013
- House prices increased 5.4% yoy in August 2013

■ Major infrastructure projects drive mid-term growth

- Crossrail - Europe's largest construction project (Key rail-linked cement and aggregates terminals feeding fixed and on-site concrete plants)
- Hinkley Point C nuclear power station
- Mersey Gateway – six lane river crossing
- Thames Tideway Tunnel – 25km sewerage system
- Government's latest spending review pledges £100 billion investment in infrastructure and roads over six years from 2015

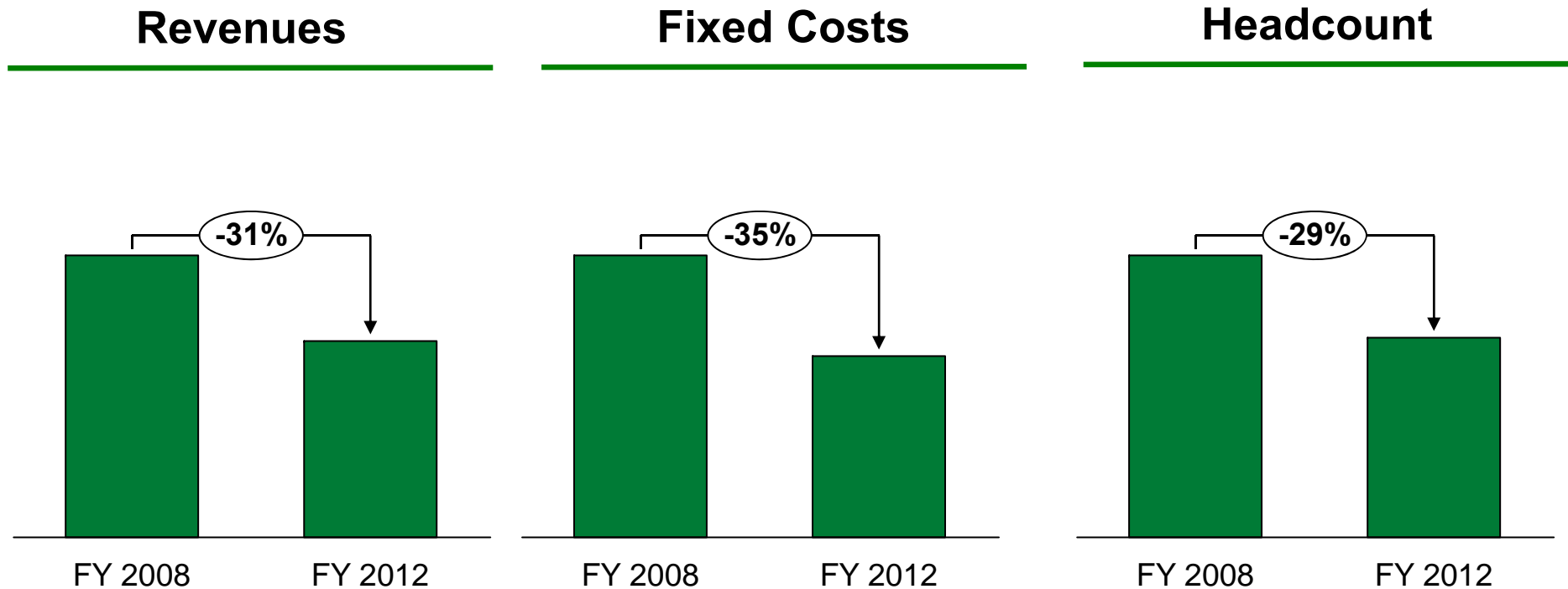


Cement plants	■	3
GGBS plants	□	3
Aggregates	●	54
Ready-Mixed Concrete		178
Asphalt		29
Brick and block plants		14

**HeidelbergCement well positioned
to benefit from UK recovery**

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■ UK: HC is benefitting from improved operating leverage in the upturn



Note: Headcount denotes average number of employees for the year; Revenues and fixed costs in local currency

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Eastern Europe: markets stabilize after long winter

Market environment and potential

- Long and cold winter impacted construction activity
- Budget cuts as part of austerity measures led to low infrastructure spending
- EU funding for infrastructure available but not used to full extent possible
- Cement consumption started to stabilize in summer

HeidelbergCement with strong integrated positions

- Market leading positions in cement and aggregates in Poland, Czech Republic and Romania
- Operations located close to capital cities and major urban centers

Pent-up demand building mid-term recovery potential

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Indonesia: one of the most attractive markets in the world

Significant mid- and long-term cement growth potential

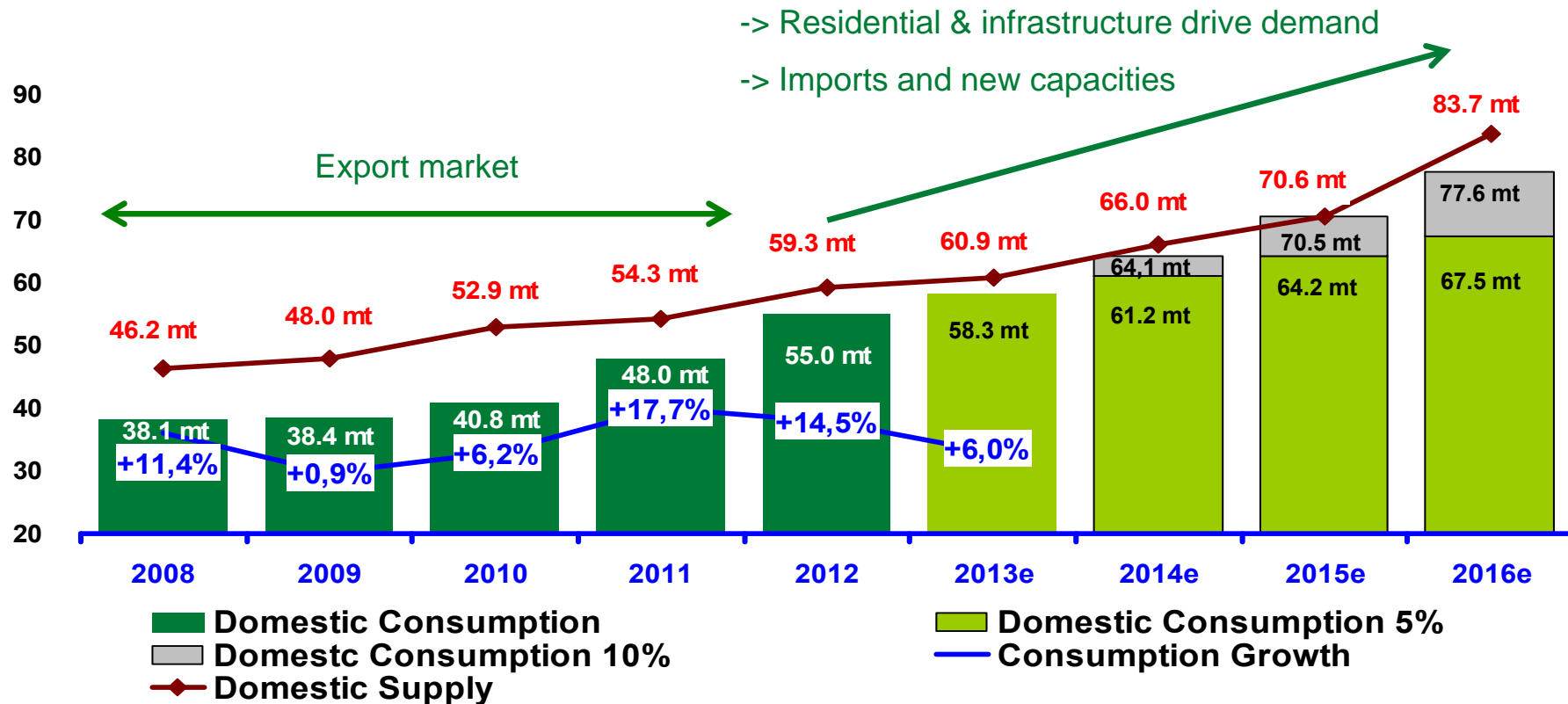
- Worldwide 4th largest population (~ 250 million) -> significant domestic demand
- GDP CAGR > 6% for 2012 - 2018 expected
- Jakarta: Largest City in Southeast Asia (~ 30 million in metropolitan area) -> urbanisation
- Significant upside for cement consumption: 223 kg/capita (VN ~500kg, SIN > 1,000kg)
- \$ 70 bn Infrastructure program 2012 - 17
 - 6,000 km of roads
 - 1,800 km of rail
 - Harbour, airport construction

Highly concentrated market with high entry barriers

- Top 3 suppliers account for 90% market share
- Limited cement import capacities
- Many announcements of new capacities but significant entry barriers
 - Permitting process
 - Land ownership
 - Resistance from local communities
 - Distribution
 - Brand recognition

Indocement as #2 player perfectly positioned for growth

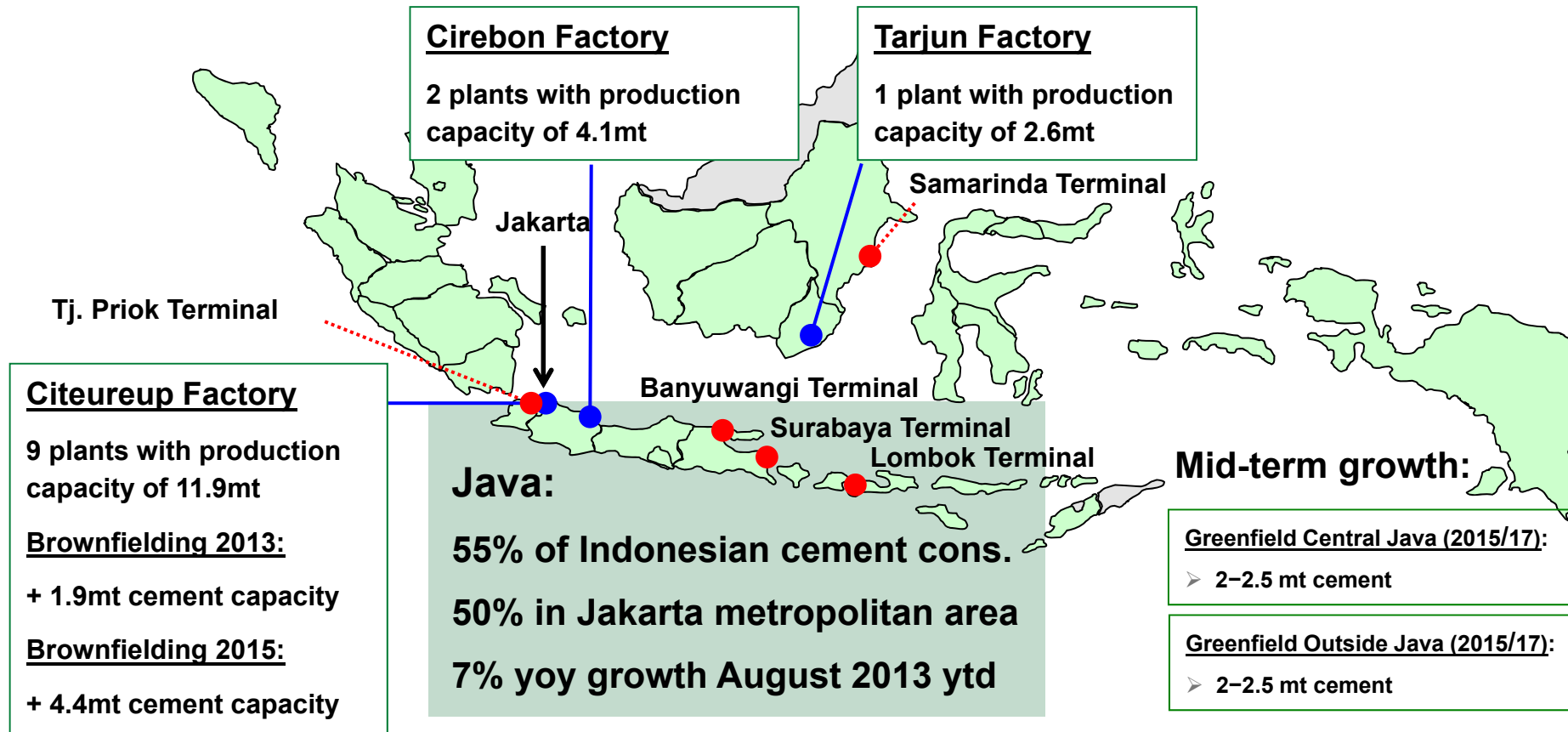
Indonesia: Demand and Supply balanced until at least 2016



Source: ASI Published data, company estimates

High utilization expected until at least 2016

Indonesia: INDOCEMENT located in strongest growth regions

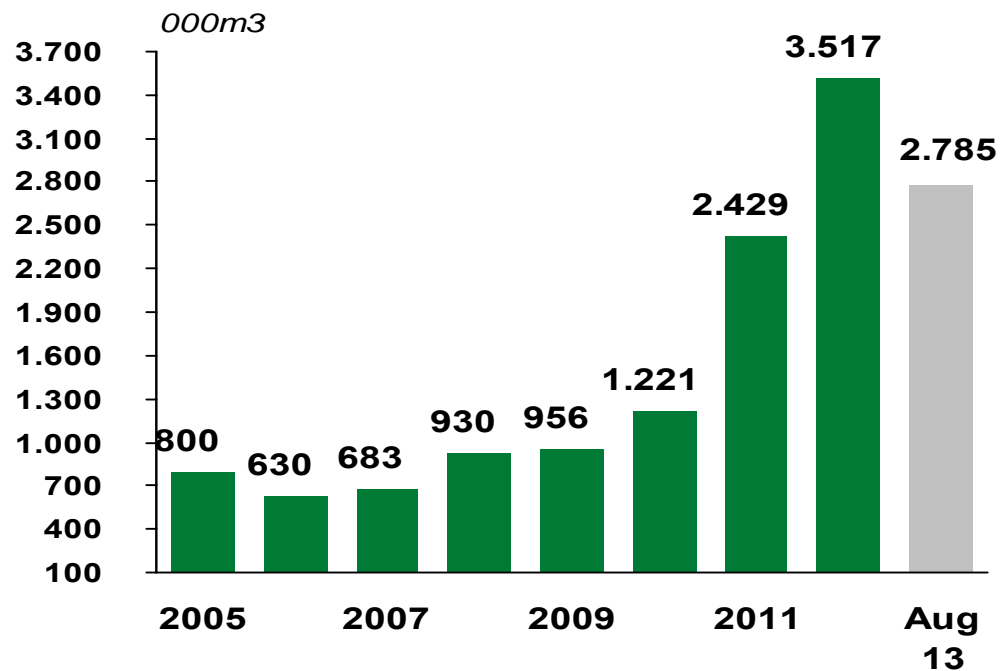


Advantageous regional setup close to attractive micromarkets

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Indocement perfectly positioned to capture infrastructure growth

- Early invest in mixer trucks and batching plants
- Significant sales growth in urban Jakarta
- Benefitting from increasing infrastructure works



Indocement is a market leader in RMC in West Java and Jakarta

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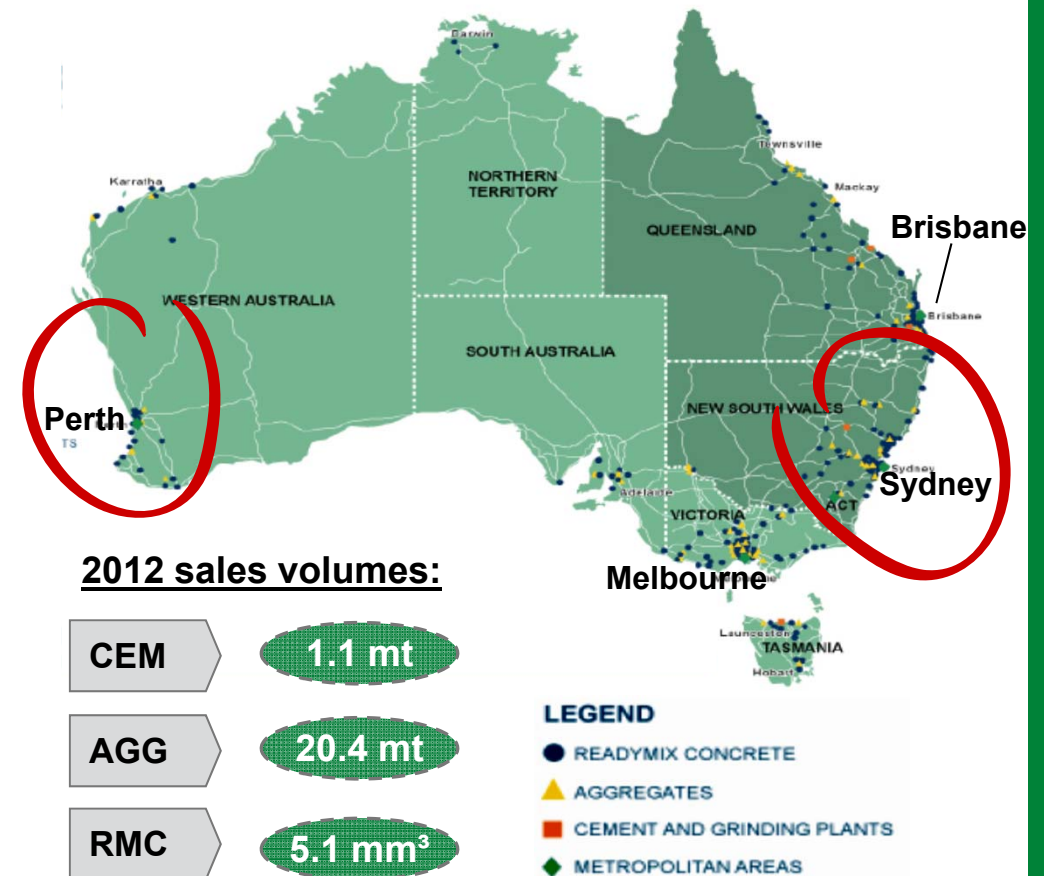
Australia: improved setup in a profitable market

Economic environment & market outlook

- Change in government expected to improve business environment & consumer sentiment
- Weaker currency positive for tourism and manufacturing
- Investment in coal and LNG declining, iron ore projects still attractive
- Infrastructure and commercial strong in Perth and Sydney; housing slow

Country overview:

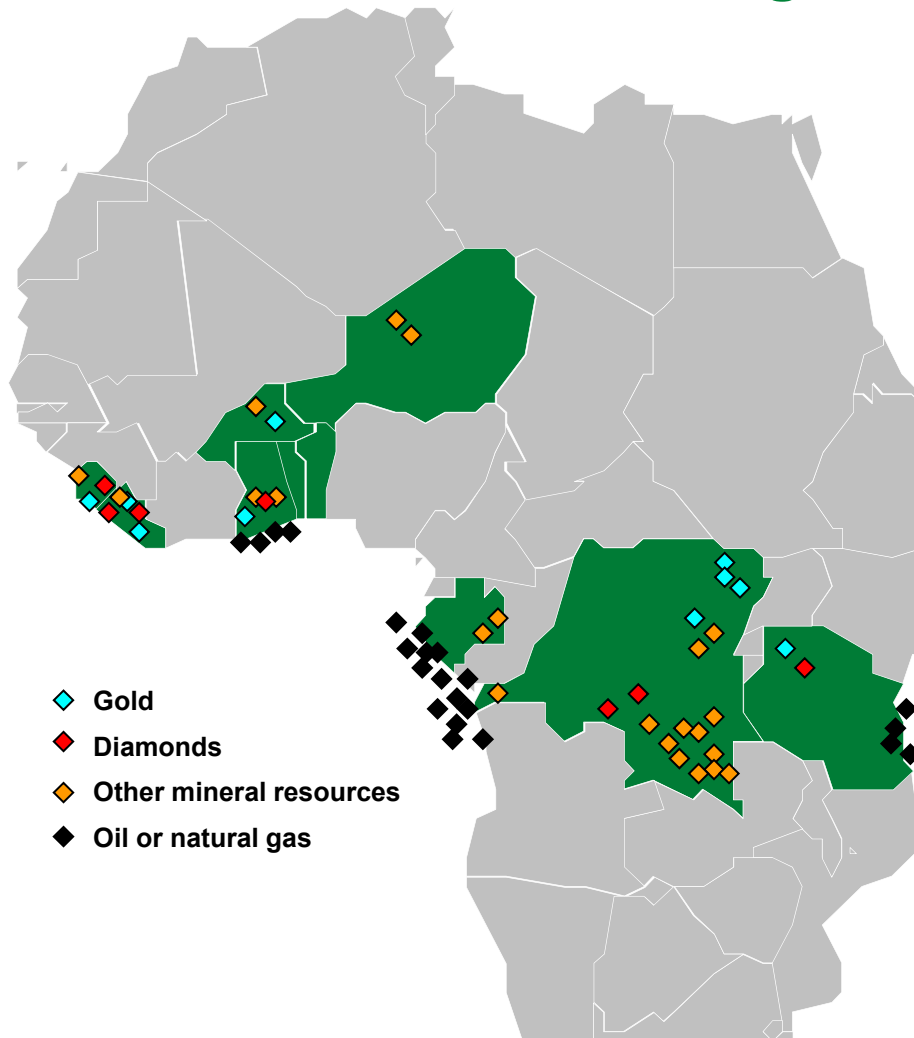
strong footprint near urban centers



Position strengthened with increase of stake in Cement Australia to 50%

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Sub-Saharan Africa: significant growth potential



Substantial growth drivers

- More than 800 million people living in Sub-Saharan Africa (North Africa: < 200 million)
- Cement consumption less than 100 kg per capita (North Africa ~600kg per capita)
- Attractive raw material reserves driving economic growth

HeidelbergCement expands position

- Top 1 supplier in important growth markets Ghana and Tanzania
- Investing about \$ 400 million by 2015:
 - 1.5mt clinker capacity in Togo
 - 3mt cement capacity in Burkina, Ghana, Togo, Tanzania and Liberia (done)

HeidelbergCement is Top 3 player in sub-Saharan Africa

Investing into 3mt cement and 1.5mt clinker capacities by 2015

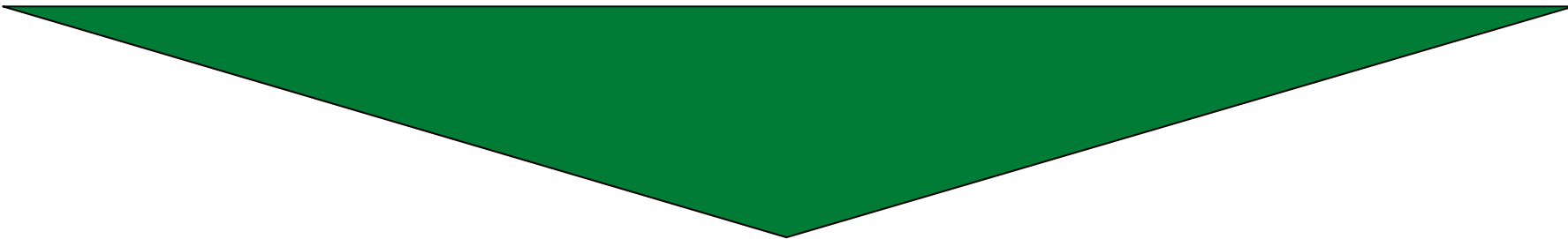
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■ Outlook 2013 unchanged

- Continued recovery in the USA with a strong momentum in Sunbelt states.
- Demand growth in Asia and Africa
- Positive development in UK, Germany and Northern Europe
- Benelux and Eastern Europe weak; positive trend in July / August; good demand but some competitive pressure in Central Asia
- Price increases around the globe supported by “PERFORM” and “CLIMB commercial” programs
- Target is to keep energy cost flat; slight to moderate increase in raw materials and staff

- 
- Volume growth in cement
 - Increase in revenue, operating income and pre-tax profit
 - Further reduction of net debt
 - Transfer deleveraging into reduced finance costs to boost EPS

Targets 2013

	2013 Target
Cash savings	€m 240
CapEx *	~ €m 1,100
Maintenance **	~ €m 525
Expansion	~ €m 575
Cost of gross debt	~ 6.4 %
Operational tax rate ***	18% - 20%
Mid cycle targets unchanged	
Operating EBITDA	€3 billion
Net debt / operating EBITDA	Stay below 2.8x; proforma 2.2x

Based on the increase in the stake of Cement Australia, MQP, and CSJC “Construction Materials” (~€m 400), we will probably exceed our CapEx target and reach €m 1,350

* before any currency impacts; ** Including improvement CapEx; *** Assuming full US tax asset recognition

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Management priorities 2013

1. Top line growth: Pricing

- **PERFORM** : Pricing excellence and margin improvement in cement
- **CLIMB Commercial**: Pricing excellence and margin improvement in aggregates

2. Operational Excellence

- **FOX 2013** : 240€m cash savings in 2013
- **LEO**: Save costs and optimise transport management across all business lines

3. Deleveraging with clear goal to reach investment grade metrics

4. Targeted growth in emerging markets

5. Significant improvement of Earnings Per Share

Contact information and event calendar

Event calendar

07 November 2013 2013 third quarter results

Contact information

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