Commerzbank German Investment Seminar 2019

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Dr. Bernd Scheifele, Group CEO

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Solid business model with strong cash generation

- Consistent improvement in finance cost and tax
- Excellent cash conversion
- Continuous deleveraging
- Outstanding progress in portfolio cleanup
- Earning an increasing premium on cost of capital
- Most efficient company in the sector

We continue to focus on key drivers with initiated action plan

Pulling all levers to improve margin, cash flow and support solid IG rating

Cost management	Margin improvement	Cash generation	Cash management
New SG&A program with 100m€ saving target	Aggressive commercial excellence initiatives to regain margin	Accelerated disposal policy to reach high end of the announced 1 to 1.5 b€ target	Limit growth CapEx with total 700m€ for next 2 years

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Preliminary overview 2018

Solid volume development and improved financials signal a strong Q4 performance

- Solid operational result in Q4
- Improved finance cost and taxes
- Accelerated portfolio optimization

➢ **Strong FCF generation**

➢ **Increase in EPS**

➢ **Further deleveraging**

Despite unexpected external factors, we are confident to deliver solid 2018 results

Overview of business development in 2018; First view 2019

2018: Solid performance despite unexpected factors

Unpredicted issues put pressure on operations:

- Energy costs inflation
- Extreme harsh weather
- Unexpected production issues

Compensated by operational and financial performance:

- Solid volume and price development
- Improved financial result
- Further optimized tax structure

Strong cash generation, clear increase in EPS and further deleveraging.

2019: Strong results and margin improvement expected

- Indonesia turning positive
- Normalized weather in US
- Margin improvement driven by announced "action plan"
- Limited energy cost inflation
- Continued price improvement in Europe

Solid earnings growth

Easy comparison base for 2019; while the trend is clearly improving.

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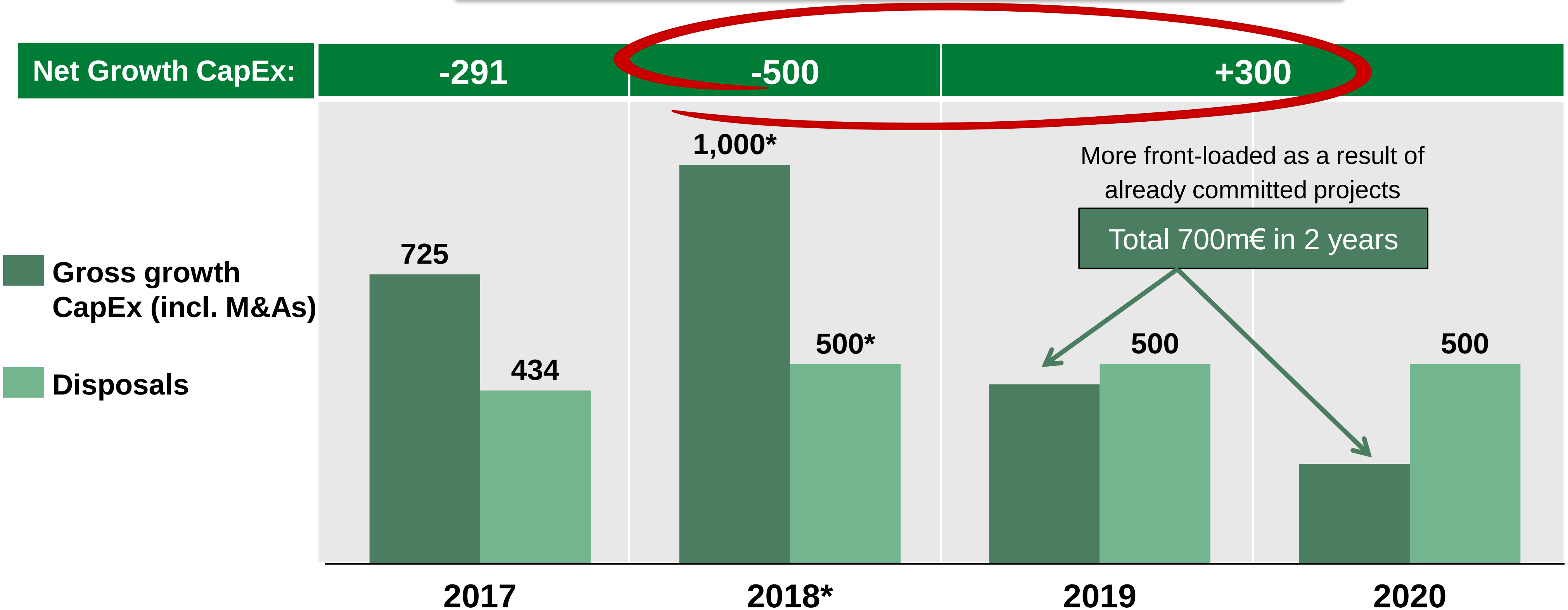
Portfolio Management – Growth CapEx & Disposals

Significant cash potential driven by:

1. **Limit gross growth CapEx** with 700m€ for next 2 years.
2. **Accelerate disposal policy** to reach high end of our target.



* Estimated value as of end of the year. 2018 gross growth CapEx includes Alex Fraser (201 mAUD) and Cementir (315 m€).

Announced CapEx cut and disposals will improve the cash position significantly

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1.0 to 1.5 billion EUR 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

Already executed:

✓ US White Cement
✓ German Sand Lime Brick

Weak market positions

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

Already executed:

✓ Saudi Arabia
✓ Georgia
✓ Syria
✓ Ciment Quebec

Idle assets

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

Already executed:

✓ Tourah property in Egypt

A detailed review of real estates started.

Target is to reduce complexity and risk; ~500 m€ already achieved in 2018 . Impact on EBITDA is limited.

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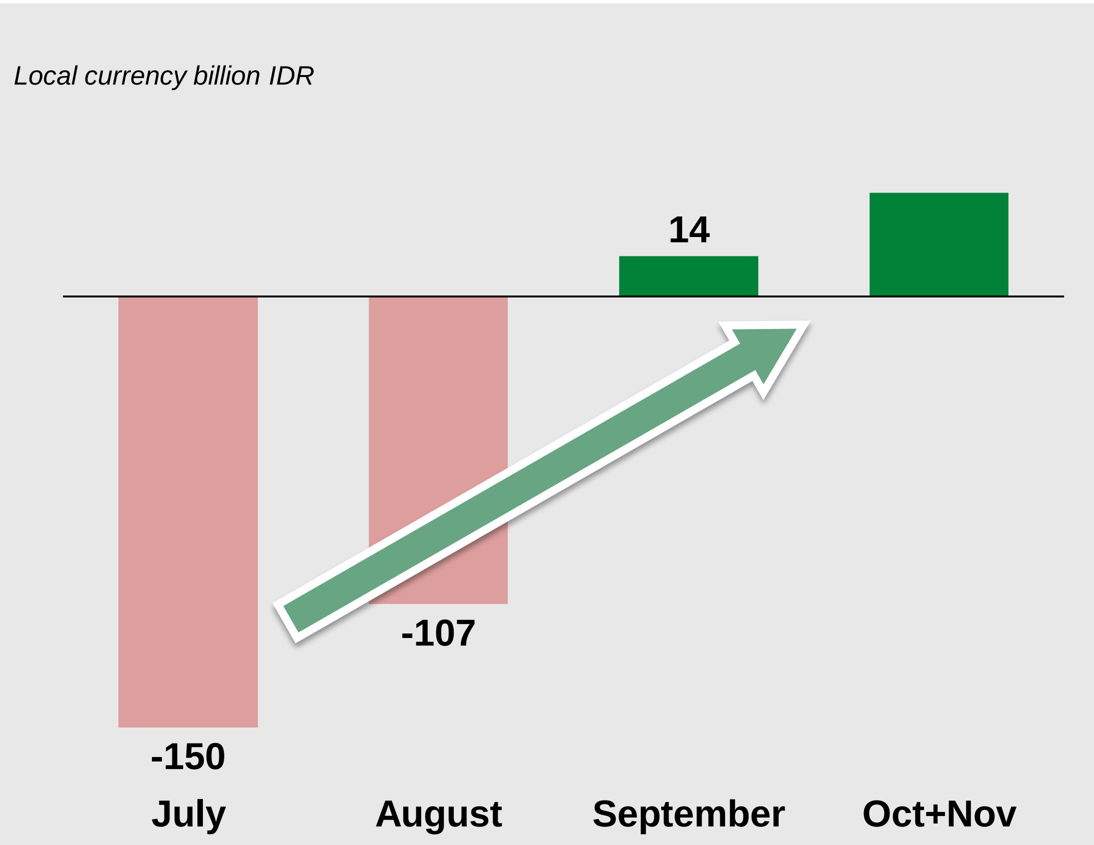
Q3 marked a clear turnaround in Indonesia; trend continues in Q4

Operating EBITDA vs. prior year same month



- Driven by strong domestic sales growth, price increases initiated already in July.
- Trend expected to maintain in 2019 with more stabilization in the industry after Semen Indonesia's acquisition of LH assets is completed .

Indonesia will start to have positive contribution to earnings with Q4

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Strengths, Performance & Strategies

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	Efficiency Gains	Lean Organization	Sustainable Development
Operate in all core business lines in key urban markets.	Focus on KPIs, savings, technology, innovation.	Strong local teams with flat hierarchy structure.	Actively contribute to the Sustainable Development Goals of UN.
Cover all end-sectors, pricing power, efficient distribution.	Continuous improvement in margins and business standards.	Quick reaction to market changes, high loyalty.	Committed to sustainable growth, environment and society.

Operational strength leading to continuously improved results

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Focus on 3 core business lines

	Cement	Aggregates	RMC & ASP
Well-balanced portfolio	**50%** of Group revenue **61%** of Group EBITDA	**22%** of Group revenue **31%** of Group EBITDA	**28%** of Group revenue **2%** of Group EBITDA
Ideal geographical footprint	Developed **54%** Emerging **46%**	Developed **92%** Emerging **8%**	Developed **84%** Emerging **16%**
Integrated to cover all end-use	Infrastructure 40% Residential 30% Commercial 30%	Infrastructure 60% Residential 20% Commercial 20%	Infrastructure 30% Residential 30% Commercial 40%

Our core business is processing of raw materials

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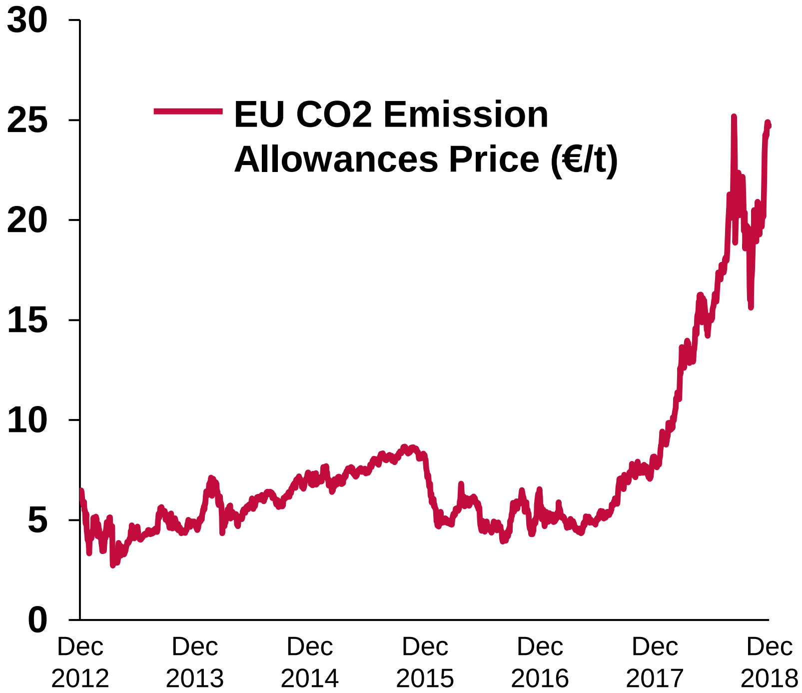
CO_2 will increasingly influence production & investment decisions



CO_2 prices significantly increased since last year driven by new regulations and emissions trading schemes

- **Consolidation in the markets**
- **Capacity closure, increased utilization**
- **Limit exports**
- **Pricing power**

HC is well positioned for the future

Strong long position in CO2 rights

Technology leader in carbon reduction projects

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Overview of latest results

Market and financial overview Q3 2018

Organic growth achieved despite cost pressure and harsh weather impacts

- Volume increase in all business lines and positive pricing lead to +10% organic revenue growth.
- Operating EBITDA +2%; Operating Income +2% in LfL basis.
- Group share of profit in Q3 up by 12%; Earnings per share increases from 2.42 € to 2.72 €.

Solid FCF generation; we continue to earn premium on cost of capital

- LTM Free Cash Flow at ~1.2 bn€, same level as prior year despite lower EBITDA.
- Strong business activity reflected in high Working Capital; normalization expected at year-end.
- Net Debt reduced to 9.5 b€ – an improvement of 135 m€ in Q3 2018 vs. prior year.
- ROIC of 7.1% in Q3 2018 exceeds cost of capital of 6.3%.

Action plan initiated focusing on 3 major levers

- Portfolio optimization: Accelerated disposal policy; further divestment potentials under review
- Operational excellence: Launch of new efficiency program focusing on SG&A with 100m€ saving target
- Adjust CapEx hurdle rate to “share buyback valuation”; limit growth Capex with average 350m€ p.a.

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Key operational and financial figures

Operational performance:

m€	Sep 17	Sep 18	Change	%	LfL %	Q3 17	Q3 18	Change	%	LfL %
Cement volume (‘000 t)	93,537	**97,010**	3,473	3.7 %	3.9 %	33,446	**35,145**	1,699	5.1 %	5.9 %
Aggregate volume (‘000 t)	228,950	**232,913**	3,963	1.7 %	1.1 %	86,646	**87,741**	1,095	1.3 %	1.3 %
Ready Mix volume (‘000 m^3)	35,040	**35,820**	780	2.2 %	3.3 %	12,419	**12,871**	452	3.6 %	4.8 %
Asphalt volume (‘000 t)	7,099	**7,848**	748	10.5 %	3.5 %	3,195	**3,353**	158	5.0 %	0.3 %
Revenue	13,004	**13,375**	371	2.9 %	7.4 %	4,610	**4,943**	334	7.2 %	9.9 %
Operating EBITDA	2,405	**2,227**	-179	-7.4 %	-1.6 %	1,058	**1,039**	-19	-1.8 %	2.2 %
in % of revenue	*18.5 %*	***16.6 %***	*-185 bps*		*-154 bps*	*23.0 %*	***21.0 %***	*-194 bps*		*-160 bps*
Operating income (*)	1,578	**1,411**	-168	-10.6 %	-3.4 %	787	**764**	-23	-3.0 %	2.0 %
Cement EBITDA margin	22.8 %	**20.7 %**	-208 bps			27.3 %	**24.8 %**	-249 bps		
Aggregates EBITDA margin	24.7 %	**23.8 %**	-96 bps			30.5 %	**30.7 %**	+13 bps		
RMC+ASP EBITDA margin	1.3 %	**0.8 %**	-45 bps			2.6 %	**2.6 %**	-6 bps		

Key financial figures:

m€	Sep 17	Sep 18	Change	Q3 17	Q3 18	Change
Group share of profit	768	**915**	19%	481	**539**	12%
Earnings per share	3.87	**4.61**	19%	2.42	**2.72**	12%
Cash flow from operations	705	**493**	-211	836	**721**	-115
Total Net CapEx	-612	**-847**	-235	-174	**-193**	-19
Net Debt	9,653	**9,518**	-135			
Net Debt / EBITDA	3.0	**3.1**				

LfL figures excluding currency and scope.

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Overview of Group Areas

	REVENUES				Operating EBITDA			
Mio EUR	**Sep 18**	**LfL %**	**Q3 18**	**LfL%**	**Sep 18**	**LfL %**	**Q3 18**	**LfL%**
North America	**3,179**	2.9 %	**1,307**	4.3 %	**727**	-1.9 %	**406**	7.7 %
Western & Southern Europe	**3,678**	3.4 %	**1,289**	8.0 %	**394**	-8.2 %	**185**	-3.5 %
Northern & Eastern Europe / C. Asia	**2,163**	8.7 %	**819**	10.0 %	**418**	9.1 %	**215**	12.7 %
Asia / Pacific	**2,366**	6.0 %	**833**	7.3 %	**430**	-6.6 %	**163**	-0.9 %
Africa / Eastern Med. Basin	**1,250**	12.6 %	**417**	11.2 %	**283**	6.0 %	**82**	-10.4 %
Group Total	**13,375**	**7.4 %**	**4,943**	**9.9 %**	**2,227**	**-1.6 %**	**1,039**	**2.2 %**

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Drivers behind Outlook downgrade

<table>
<tr><th>Q1</th><th>Q2</th><th>Q3</th><th>Q4</th></tr>
<tr><td>• Solid order backlog
• Strong growth in Africa</td><td>• Robust volume growth
• Solid pricing
• Positive organic growth</td><td>• Volume increase in all BL
• Solid pricing continues
• Indonesia result turns positive in September</td><td rowspan="4">+ Indonesia expected to deliver positive EBITDA growth
+ Positive tone of NAM business in October
+ Easier energy cost comparison base
+ Full impact of price increases

- Lower gain from asset sales

? Timing and strength of winter start will be important for Europe and US</td></tr>
<tr><td>• Extreme harsh weather in North Hemisphere
• Less working days
• Significant energy cost</td><td>• Continued energy cost increase
• Unexpected production issues</td><td>• Strong increase in electricity and other variable costs in Europe
• Harsh weather in core US markets</td></tr>
<tr><td>First quarter impacted mainly by weather, Easter and base effects</td><td>Turn-around in Q2; stabilization in Indonesia and in UK</td><td>Positive organic growth despite cost pressure and harsh weather impacts</td></tr>
<tr><td>Organic growth -25.7% (-90 m€)</td><td>Organic growth +3.4% (+31 m€)</td><td>Organic growth +2.2% (+22 m€)</td></tr>
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Organic growth continues to be positive but not enough to compensate the harsh weather impacts in Q1/Q3 and energy cost inflation

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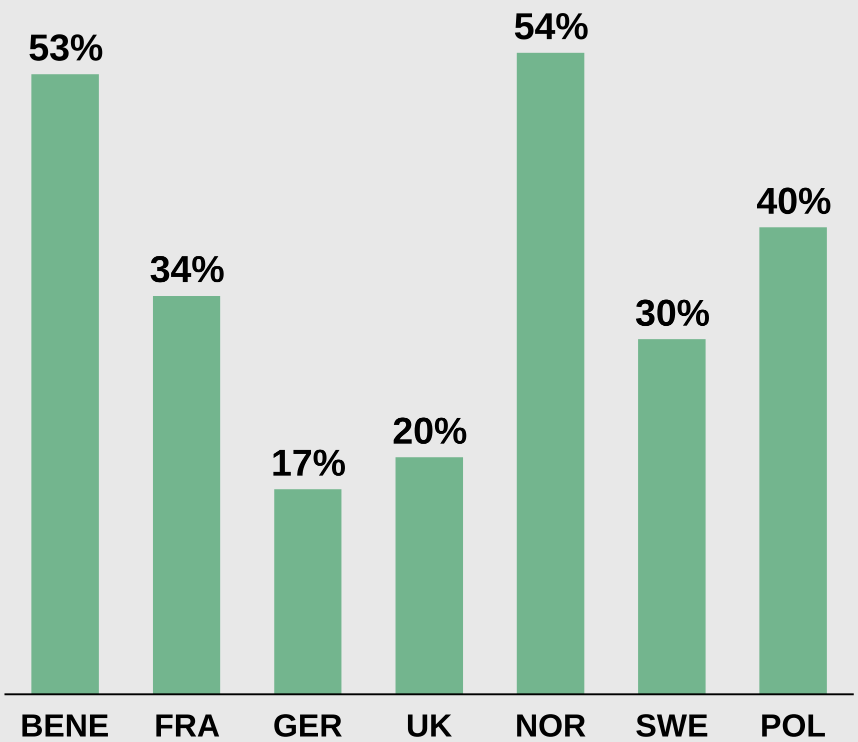
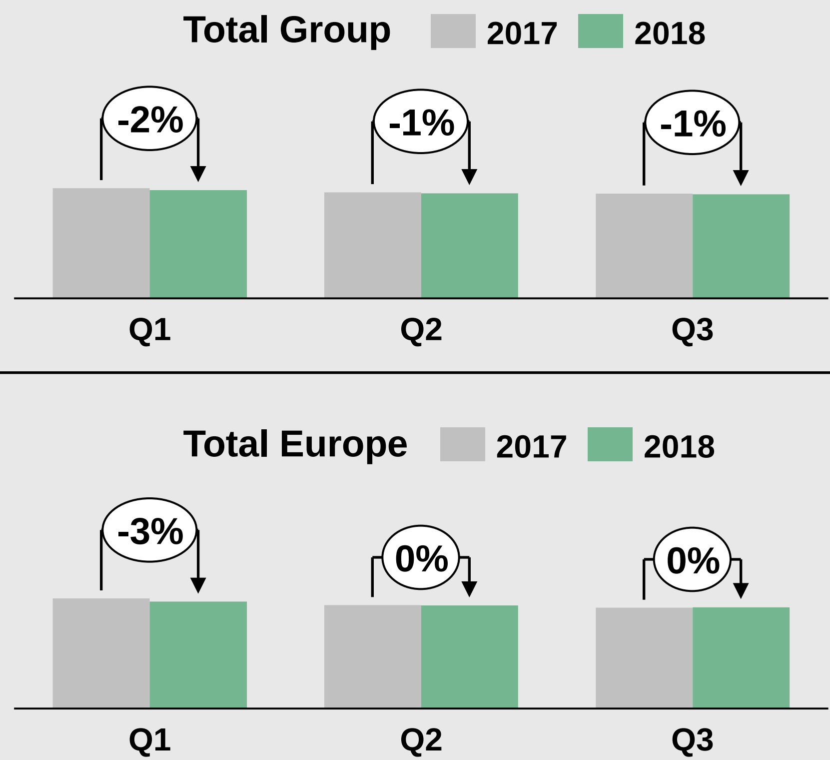
Significant increase in power cost in Europe

Electricity cost inflation Q3 18 vs. Q3 17



Clinker Power consumption (kwh/t clinker)



Significant cost inflation partly compensated by operational improvements

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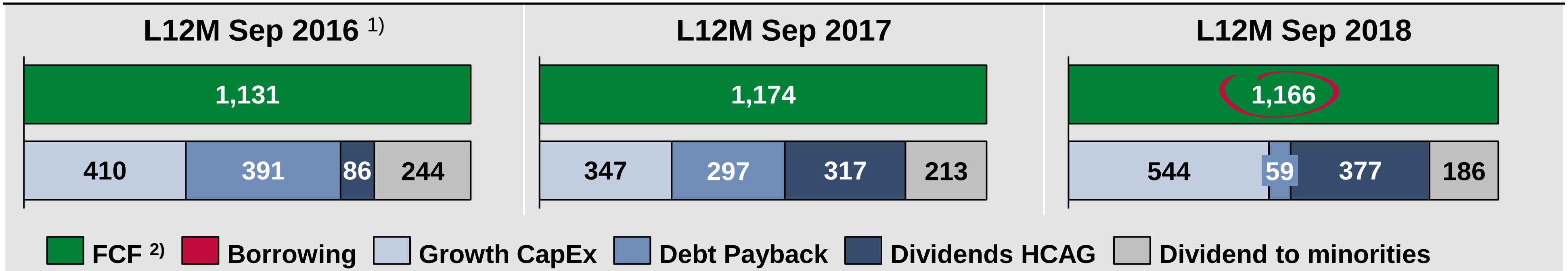
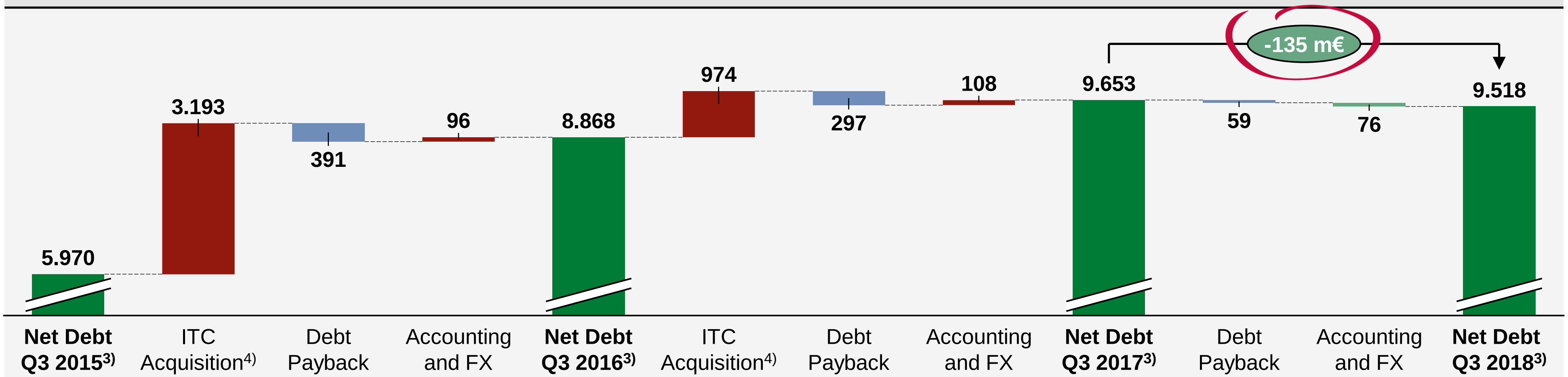
Free Cash Flow stable at roughly 1.2 bn€

Usage of free cash flow *(m€)*





1) Values restated ; 2) Before growth CapEx and disposals (incl. cashflow from discontinued operations) ; 3) Incl. put-option minorities;4)Includes the cash part of the acquisition price and the net financial position of ITC less cash proceeds from disposals of ITC Belgium (CCB) and ITC US assets (Martinsburg)

Net Debt reduced by 135 m€ despite weaker-than-expected RCOBD in Q3 2018

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