# HeidelbergCement

## 2012 Half-Year Results

31 July 2012

Dr. Bernd Scheifele, CEO, and Dr. Lorenz Näger, CFO

**Indocement, Tarjun plant, Indonesia**

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# Market and financial overview Q2 2012

- **Strong operational performance driven by successful price increases and volume growth in North America and Asia-Pacific**
  - Revenue up 11% to €m 3,781
  - Operating EBITDA up 7% to €m 698
  - Improved operating EBITDA margin for cement
- **Financial discipline continued in all areas**
  - Operating cash flow increased by €m 196 from €m 309 in Q2 2011 to €m 505 in Q2 2012
  - Net debt reduced by €m 456 year-on-year
  - Further improvement of working capital
- **Focus on margin improvement continues**
  - "FOX 2013" ahead of schedule to achieve €m 200 savings target 2012
  - "LEO" initiative started to save costs and optimise transport management across all business lines
  - New initiative "PERFORM" for cement margin improvement in Europe and North America
- **Cement capacity expansion projects progressing**
  - New cement capacities in Poland and Bangladesh and clinker refurbishment in Tanzania already on line; 4.4 mt capacity in India, Liberia, and Ghana to be commissioned in H2 2012

# Key figures

| €m | January-June 2011 | January-June 2012 | Variance | Variance L-f-L | April-June 2011 | April-June 2012 | Variance | Variance L-f-L |
|---|---|---|---|---|---|---|---|---|
| **Volumes** | | | | | | | | |
| Cement (Mt) | 41,035 | **42,719** | 4 % | 4% | 23,693 | **24,512** | 3 % | 3 % |
| Aggregates (Mt) | 115,205 | **114,104** | -1 % | -2% | 68,895 | **67,109** | -3 % | -2 % |
| Ready-Mix Concrete (Mm3) | 18,612 | **18,512** | -1 % | -1% | 10,245 | **10,409** | 2 % | 2 % |
| Asphalt (Mt) | 4,122 | **3,668** | -11 % | -11% | 2,511 | **2,278** | -9 % | -9 % |
| **Income statement** | | | | | | | | |
| Revenue | 5,996 | **6,580** | 10 % | 6% | 3,394 | **3,781** | 11 % | 6 % |
| Operating EBITDA | 904 | **912** | 1 % | -2% | 651 | **698** | 7 % | 4 % |
| *in % of revenue* | *15.1%* | ***13.9%*** | | | *19.2%* | ***18.5%*** | | |
| Operating income | 501 | **509** | 2 % | 0% | 441 | **495** | 12 % | 10 % |
| Profit for the period | 88 | **93** | 6 % | | 208 | **249** | 19 % | |
| Earnings per share in € (IAS 33) [1)] | -0.01 | **-0.11** | N/A | | 0.85 | **0.98** | 16 % | |
| **Statement of cash flows** | | | | | | | | |
| Cash flow from operating activities | -165 | **71** | N/A | | 309 | **505** | 63 % | |
| Total investments | -357 | **-332** | 7 % | | -186 | **-169** | 10 % | |
| **Balance sheet** | | | | | | | | |
| Net debt [2)] | 8,574 | **8,117** | -456 | | | | | |
| Gearing | 71.4% | **58.0%** | | | | | | |

1) Attributable to the parent entity
2) Excluding puttable minorities



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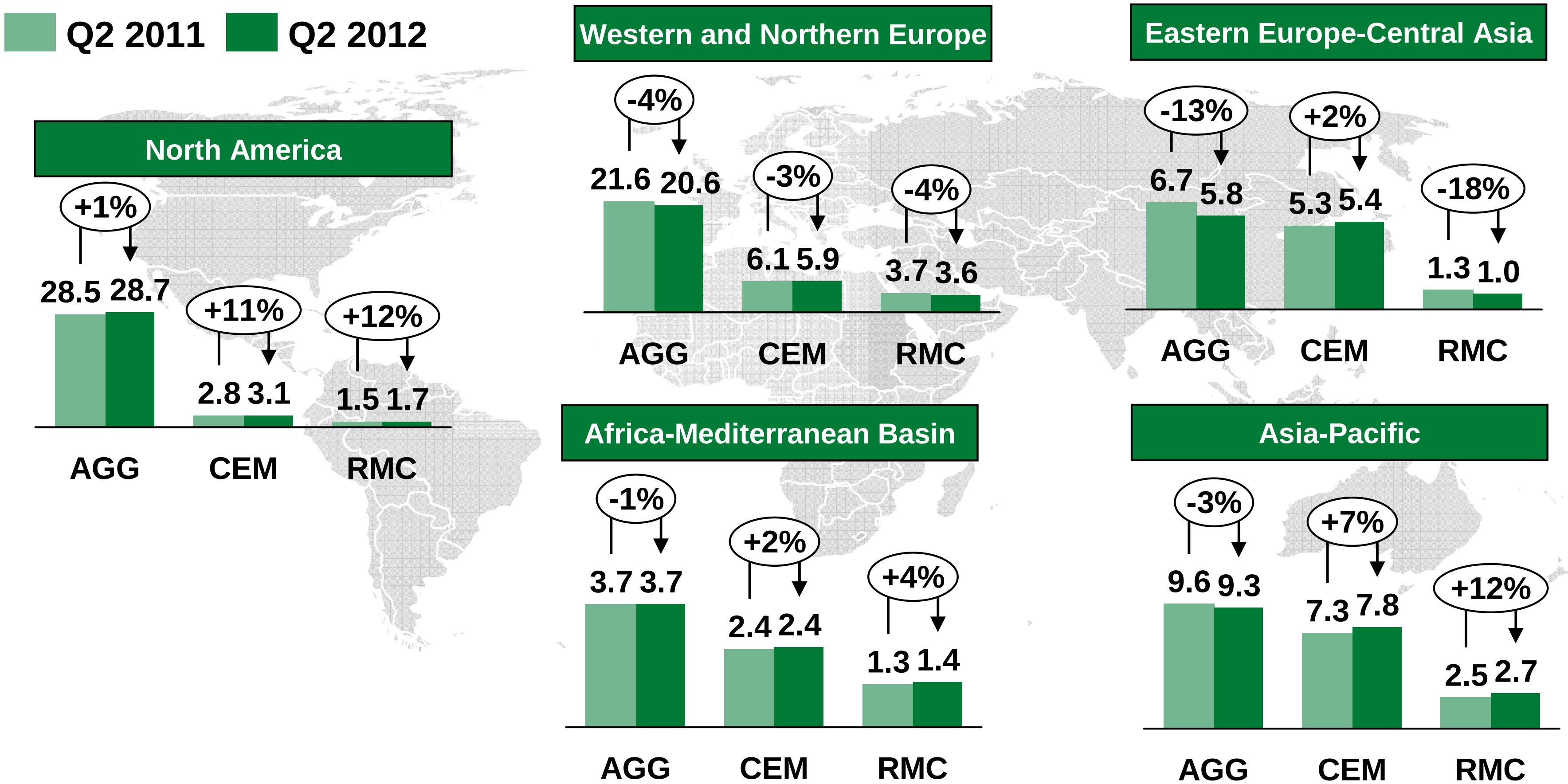
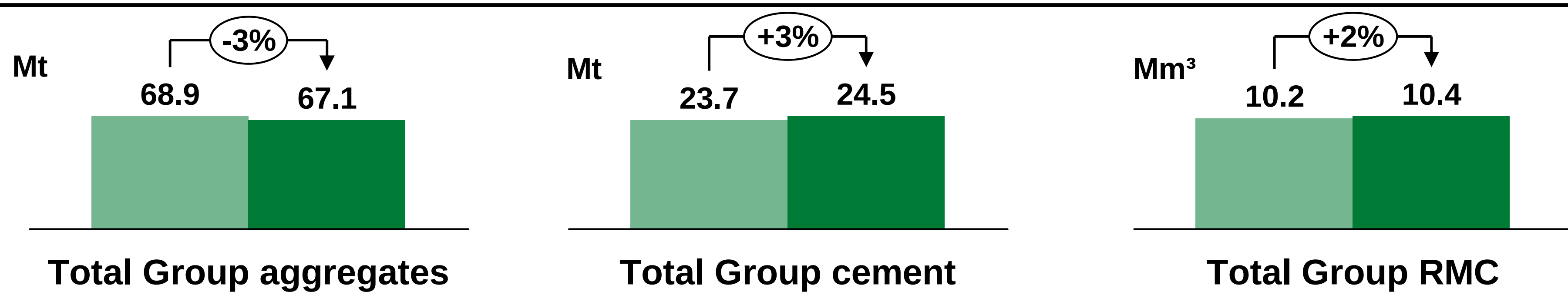
# Good development in North America, Asia, and Africa overcompensates for weakness in Europe

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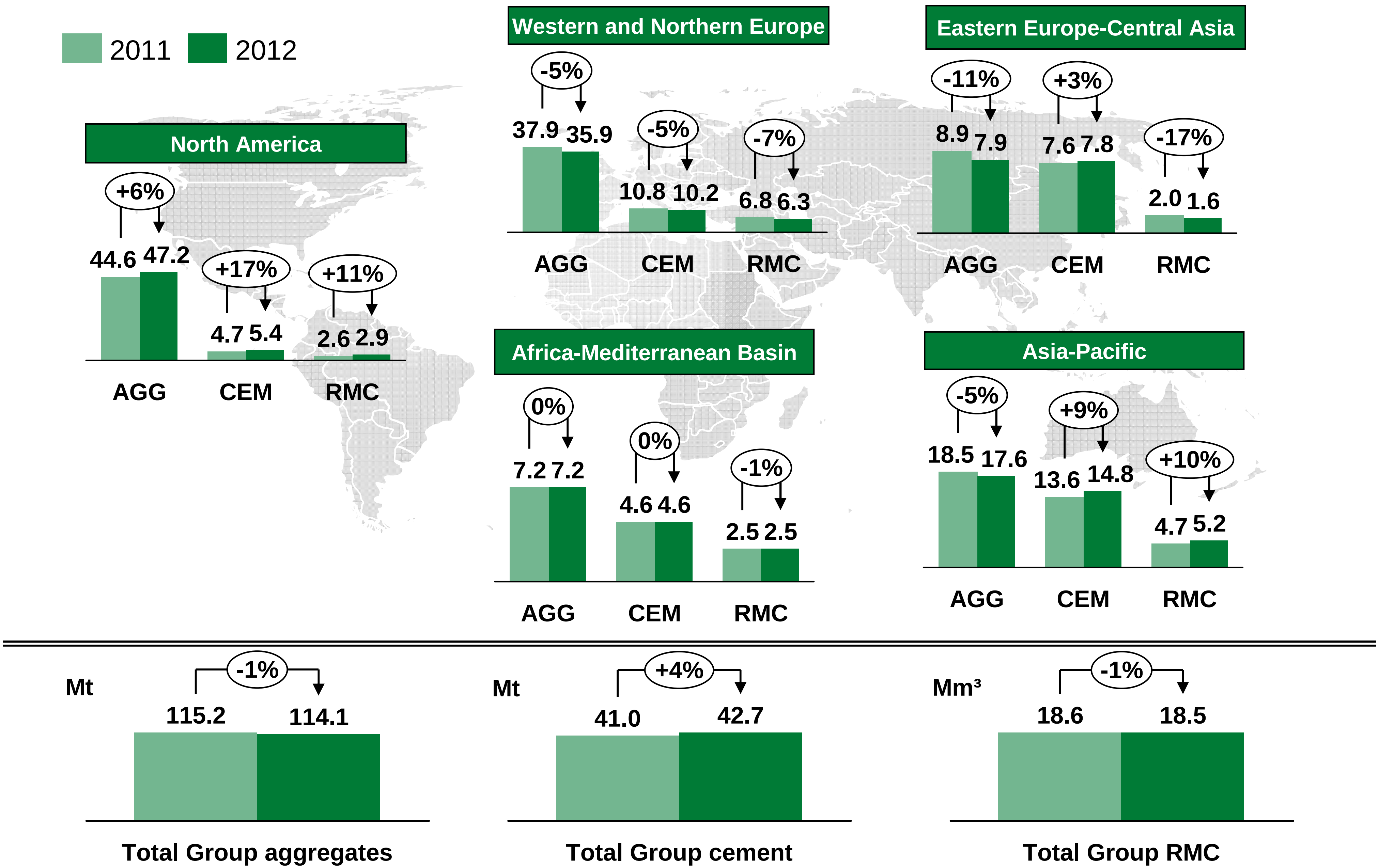
# Sales volumes in H1 2012

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# Overall positive pricing trend in cement and aggregates

## CEMENT

| | Volume | Price | |
|---|---|---|---|
| | Q2 2012 vs. Q2 2011 | Q2 2012 vs. Q2 2011 | Q2 2012 vs. Q1 2012 |
| Bangladesh | ↗ | ↗ | ↗ |
| China North | ↘ | ↗ | ↗ |
| China South | ↘ | ↘ | ↘ |
| India | ↗ | ↗ | ↗ |
| Indonesia | ↗ | ↗ | ↗ |
| Tanzania | ↗ | ↗ | → |
| Ghana | ↗ | ↗ | ↗ |
| Turkey | ↘ | ↗ | ↗ |
| Belgium | ↗ | → | → |
| Netherlands | ↘ | → | → |
| Germany (*) | → | ↗ | ↗ |
| Norway | ↗ | → | → |
| Sweden | ↗ | ↗ | → |
| United Kingdom | ↘ | ↗ | ↗ |
| Czech Rep. | ↘ | ↘ | ↘ |
| Georgia | ↗ | ↗ | ↗ |
| Hungary | ↘ | ↗ | ↗ |
| Kazakhstan | ↗ | ↗ | ↗ |
| Poland | ↘ | ↘ | → |
| Romania | ↘ | ↗ | → |
| Russia | ↗ | ↗ | ↗ |
| Ukraine | → | ↗ | ↗ |
| Canada | ↗ | ↗ | ↗ |
| US | ↗ | → | ↗ |

* before freight adjustments

## AGGREGATES

| | Volume | Price | |
|---|---|---|---|
| | Q2 2012 vs. Q2 2011 | Q2 2012 vs. Q2 2011 | Q2 2012 vs. Q1 2012 |
| Australia | ↘ | ↗ | ↗ |
| Malaysia | ↗ | ↗ | → |
| Israel | ↗ | ↗ | ↗ |
| Spain | ↘ | ↘ | → |
| Belgium | ↘ | ↗ | ↗ |
| Netherlands | ↘ | ↘ | → |
| Germany | ↗ | ↗ | ↗ |
| Norway | ↗ | ↗ | ↗ |
| Sweden | ↘ | ↗ | ↗ |
| United Kingdom | ↘ | ↗ | → |
| Czech Rep. | ↘ | → | ↗ |
| Poland | ↘ | ↘ | ↘ |
| Canada | ↗ | ↗ | ↗ |
| Total US | → | ↗ | → |



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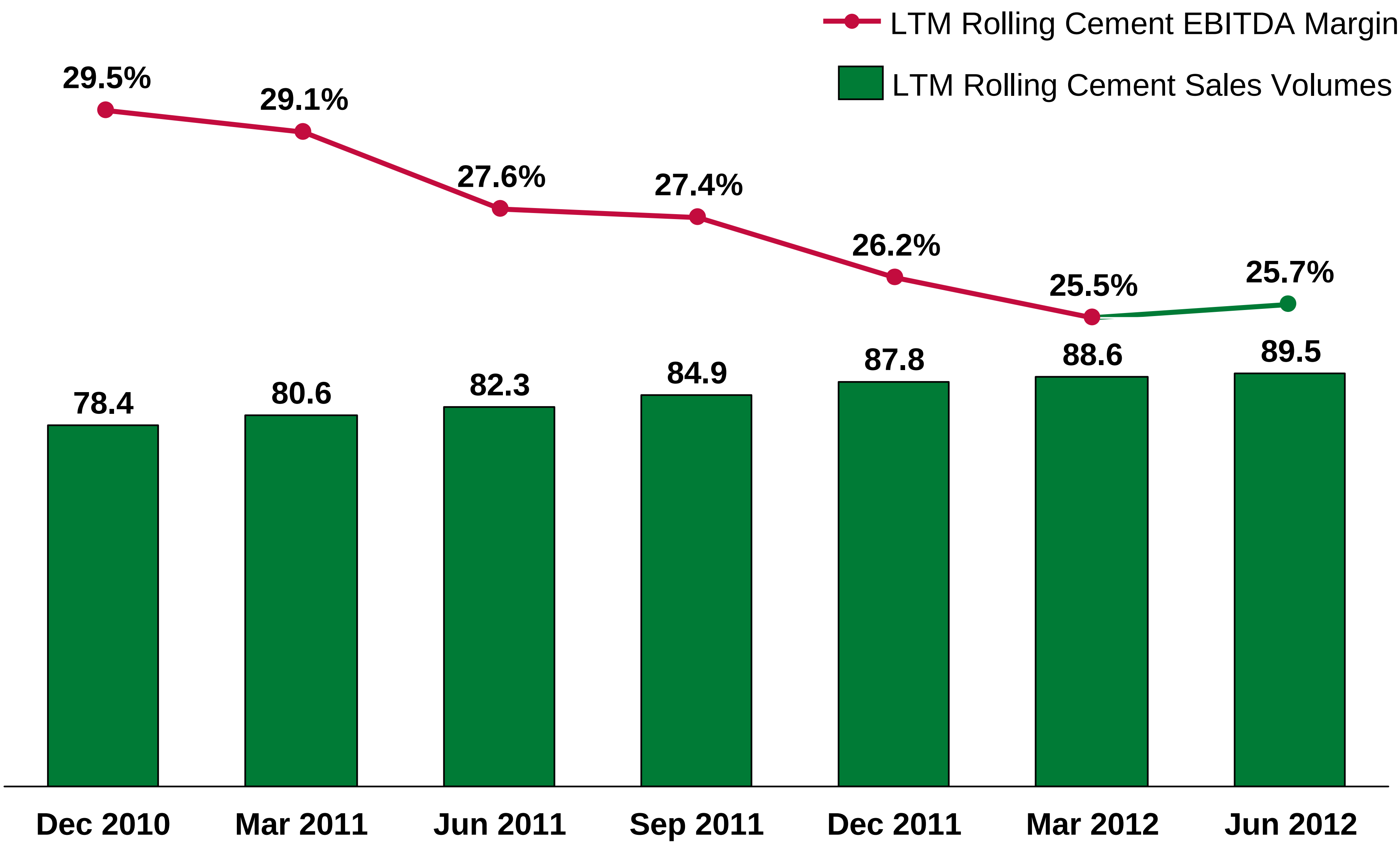
# Cement margins started to improve




**Positive trend expected to continue in H2 2012**

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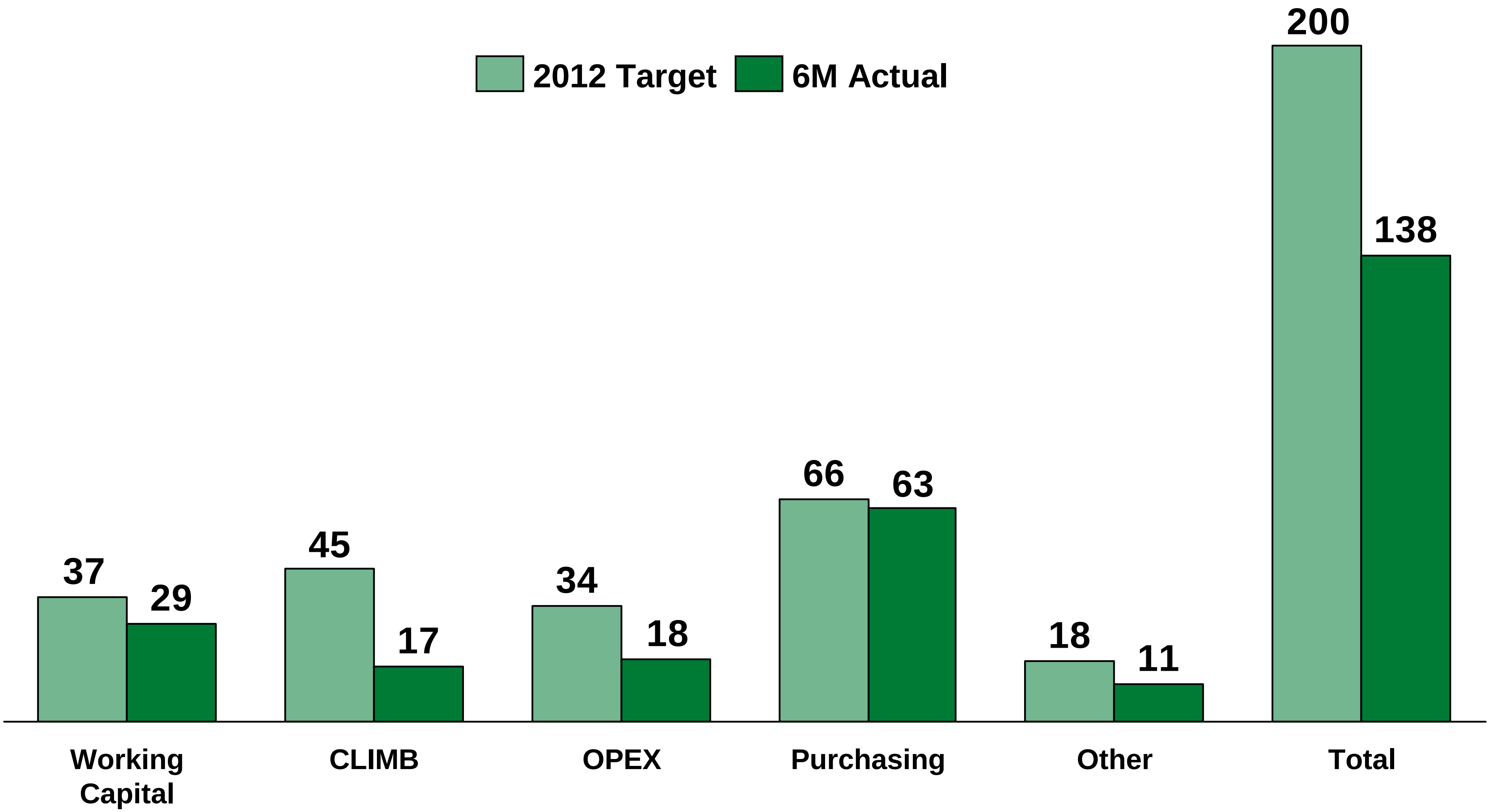
# “FOX 2013” programme ahead of schedule for 2012

**(cash savings in €m)**




**€m138 cash savings secured as of June (target for full year: €m 200)**

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# Logistics optimisation project: “LEO”

## €m 150 potential on top of “FOX 2013”

### Identified key levers

1. **Centralised dispatching system**
2. **Bundling of demands**
3. **Fleet optimisation RMC**
4. **Bundling and sourcing of trucks**

### Improvements based on new, integrative SCM structures

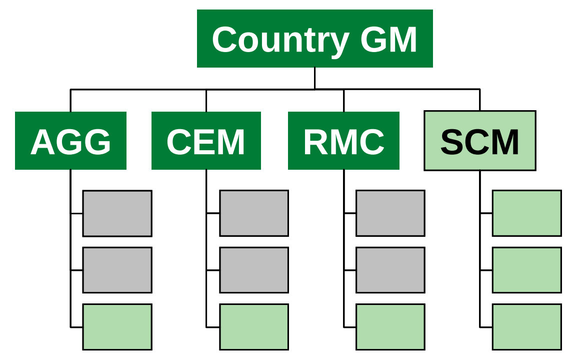

### HeidelbergCement’s challenges

**High transport cost in overall company**

**High diversity of practices, processes, and organisations**

**Objective: Reduce transport cost globally by at least 10%**

### Integrative SCM organisation




**Pilots start in Poland and Hungary in H2 2012; first results expected to be visible H2 2013**

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# "PERFORM": new Group initiative to improve margins with optimised pricing

**P**ricing **E**xcellence And **R**ealization **For** **M**argin improvement

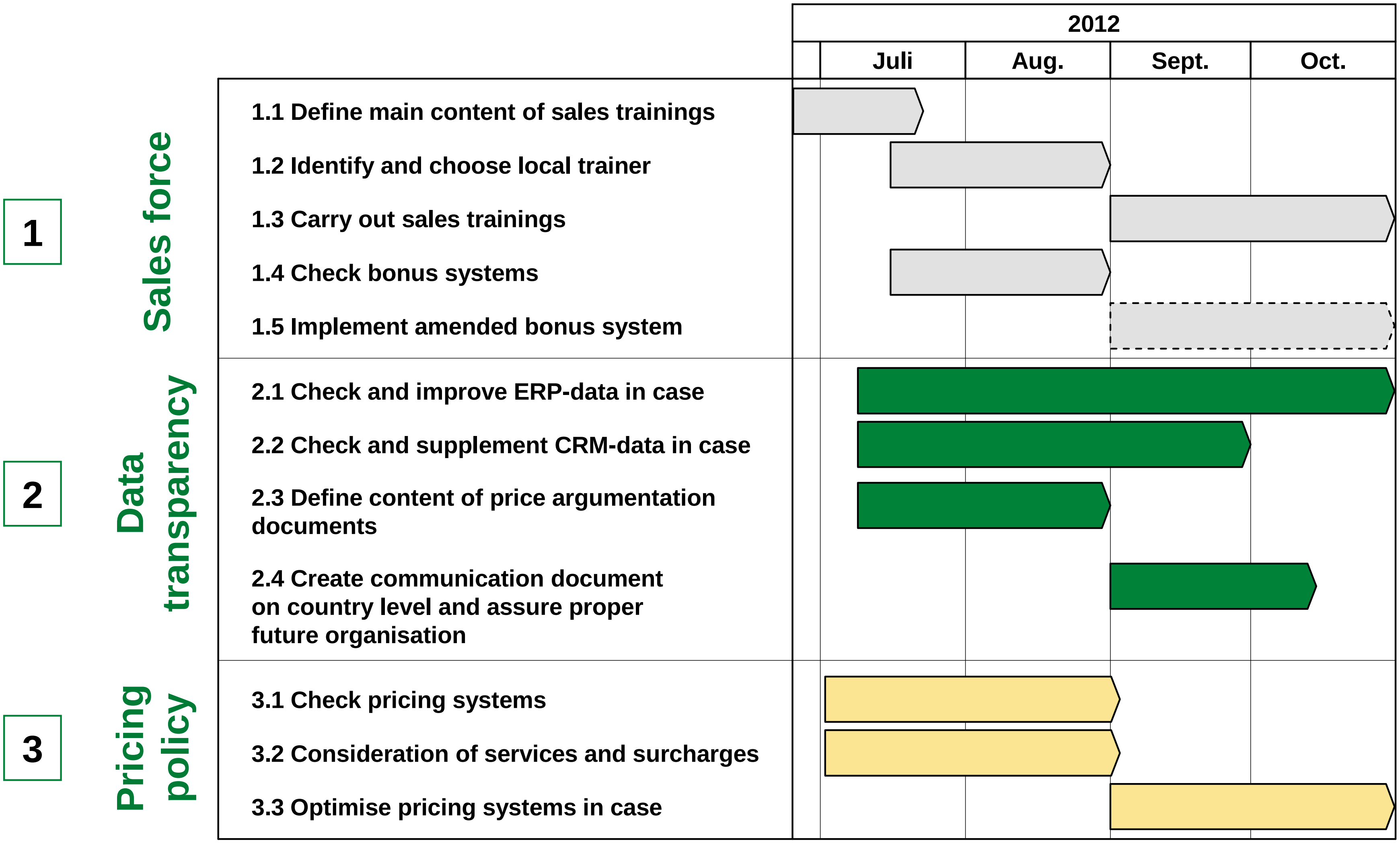
**P E R F O R M**

| Operating Lines | Areas |
|---|---|
| **CEM & RMC** | **Europe & USA** |

**Actions prepared on country level with involvement from the Group (for cement) during concept phases**

# First effects from “PERFORM” expected within 2012

## Focus on three levers and a straight timeline




**Full benefit to be reached in 2013 / 2014**

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# Western and Northern Europe

- Strong resiliency of cement operating EBITDA margin in Q2
- **UK*:** Negative volume development due to recession, government austerity measures, and extremely bad weather; pricing clearly above prior year
- **Germany:** Good demand environment; Q2 volumes in line with 2011 after weather induced decline in Q1; price increases partially successful
- **Benelux:** Decline in operating EBITDA due to low construction activity − particularly in the Netherlands
- **Northern Europe:** Strong domestic markets; price increases offset higher costs; solid results

| Western & Northern Eur. | January - June 2011 | January - June 2012 | variance | | L-f-L | April - June 2011 | April - June 2012 | variance | | L-f-L |
|---|---|---|---|---|---|---|---|---|---|---|
| **Volumes** | | | | | | | | | | |
| Cement volume ('000 t) | 10,794 | 10,239 | -554 | -5.1 % | -5.1 % | 6,059 | 5,895 | -164 | -2.7 % | -2.7 % |
| Aggregates volume ('000 t) | 37,886 | 35,898 | -1,988 | -5.2 % | -7.0 % | 21,577 | 20,645 | -933 | -4.3 % | -1.9 % |
| Ready mix volume ('000 $m^3$) | 6,774 | 6,274 | -501 | -7.4 % | -7.4 % | 3,702 | 3,571 | -132 | -3.6 % | -3.6 % |
| Asphalt volume ('000 t) | 1,839 | 1,470 | -369 | -20.1 % | -20.1 % | 881 | 716 | -165 | -18.8 % | -18.8 % |
| **Operational result (EURm)** | | | | | | | | | | |
| Revenue | 2,109 | 2,029 | -80 | -3.8 % | -4.8 % | 1,162 | 1,141 | -20 | -1.8 % | -3.8 % |
| Operating EBITDA * | 298 | 186 | -112 | -37.5 % | -38.5 % | 219 | 161 | -58 | -26.3 % | -28.0 % |
| *in % of revenue* | *14.1 %* | *9.2 %* | | | | *18.8 %* | *14.1 %* | | | |
| Operating income | 161 | 58 | -103 | -64.2 % | -64.8 % | 142 | 97 | -45 | -31.6 % | -33.1 % |
| **Revenue (EURm)** | | | | | | | | | | |
| Cement | 885 | 830 | -55 | -6.2 % | | 496 | 474 | -23 | -4.6 % | |
| Aggregates | 423 | 426 | 3 | 0.7 % | | 235 | 242 | 7 | 3.1 % | |
| Building Products | 224 | 231 | 7 | 3.2 % | | 120 | 127 | 7 | 5.9 % | |
| **Opr. EBITDA margin (%)** | | | | | | | | | | |
| Cement | 17.3 % | 13.9 % | | | | 20.8 % | 21.3 % | | | |
| Aggregates * | 20.4 % | 13.1 % | | | | 26.0 % | 17.1 % | | | |
| Building Products * | 15.1 % | 9.9 % | | | | 22.6 % | 11.6 % | | | |

* Note: 2011 op. EBITDA and operating income include a non-recurring pension provision release in the amount of €m 38

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# Eastern Europe-Central Asia

- **Russia**: Strong market demand and additional sales from our new plant near Moscow lead to double-digit increase in volumes and prices
- **Kazakhstan & Ukraine:** Good pricing trend and solid demand
- **Poland:** Lower volume and reduced profitability attributable to slowdown of public investments after EURO 2012 and financial problems of construction companies
- **Czech Republic:** Volume decline caused by delayed infrastructure projects; price pressure from imports is offset by good cost control
- **Romania:** Stabilisation on low activity levels; price increases successfully implemented
- **Hungary:** Market continues to be weak

| Eastern Eur. - Cent. Asia | January - June | | | | L-f-L | April - June | | | | L-f-L |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2011 | 2012 | variance | | | 2011 | 2012 | variance | | |
| **Volumes** | | | | | | | | | | |
| Cement volume ('000 t) | 7,558 | 7,786 | 228 | 3.0 % | 3.0 % | 5,282 | 5,408 | 126 | 2.4 % | 2.4 % |
| Aggregates volume ('000 t) | 8,909 | 7,934 | -976 | -11.0 % | -11.0 % | 6,680 | 5,791 | -889 | -13.3 % | -13.3 % |
| Ready mix volume ('000 $m^3$) | 1,958 | 1,620 | -338 | -17.2 % | -17.2 % | 1,251 | 1,021 | -230 | -18.4 % | -18.4 % |
| **Operational result (EURm)** | | | | | | | | | | |
| Revenue | 607 | 642 | 35 | 5.8 % | 7.9 % | 420 | 446 | 26 | 6.3 % | 8.2 % |
| Operating EBITDA | 106 | 88 | -18 | -17.0 % | -13.2 % | 109 | 97 | -12 | -10.8 % | -7.4 % |
| *in % of revenue* | *17.5 %* | *13.8 %* | | | | *25.9 %* | *21.7 %* | | | |
| Operating income | 56 | 37 | -19 | -34.1 % | -29.2 % | 82 | 72 | -11 | -13.1 % | -9.1 % |
| | | | | | | | | | | |
| **Revenue (EURm)** | | | | | | | | | | |
| Cement | 473 | 530 | 57 | 12.0 % | | 331 | 372 | 41 | 12.4 % | |
| Aggregates | 56 | 50 | -5 | -9.7 % | | 42 | 37 | -5 | -12.0 % | |
| | | | | | | | | | | |
| **Opr. EBITDA margin (%)** | | | | | | | | | | |
| Cement | 20.3 % | 16.8 % | | | | 28.0 % | 23.6 % | | | |
| Aggregates | 5.0 % | -3.8 % | | | | 19.7 % | 14.8 % | | | |

# North America

- Positive impact from good weather and easing energy cost (natural gas, coal, electricity)
- **USA:** Improved result driven by sustained market recovery along with successful price increases
- **Canada:** Solid volume development driven by demand from commodity industry; strong pricing

| North America | January - June | | | | L-f-L | April - June | | | | L-f-L |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2011 | 2012 | variance | | | 2011 | 2012 | variance | | |
| **Volumes** | | | | | | | | | | |
| Cement volume ('000 t) | 4,664 | 5,443 | 779 | 16.7 % | 16.7 % | 2,808 | 3,124 | 316 | 11.2 % | 11.2 % |
| Aggregates volume ('000 t) | 44,553 | 47,219 | 2,666 | 6.0 % | 6.0 % | 28,477 | 28,745 | 268 | 0.9 % | 0.9 % |
| Ready mix volume ('000 $m^3$) | 2,623 | 2,923 | 300 | 11.4 % | 11.4 % | 1,514 | 1,700 | 186 | 12.3 % | 12.3 % |
| Asphalt volume ('000 t) | 1,153 | 1,099 | -54 | -4.7 % | -4.7 % | 982 | 943 | -39 | -4.0 % | -4.0 % |
| **Operational result (EURm)** | | | | | | | | | | |
| Revenue | 1,311 | 1,538 | 227 | 17.3 % | 8.4 % | 787 | 922 | 135 | 17.1 % | 5.6 % |
| Operating EBITDA | 122 | 190 | 68 | 55.7 % | 43.8 % | 132 | 194 | 61 | 46.2 % | 35.5 % |
| *in % of revenue* | *9.3 %* | *12.3 %* | | | | *16.8 %* | *21.0 %* | | | |
| Operating income | 0 | 66 | 66 | N/A | N/A | 72 | 130 | 58 | 80.6 % | 73.0 % |
| **Revenue (EURm)** | | | | | | | | | | |
| Cement | 385 | 489 | 104 | 27.0 % | | 226 | 284 | 58 | 25.6 % | |
| Aggregates | 385 | 457 | 72 | 18.6 % | | 242 | 280 | 38 | 15.6 % | |
| Building Products | 329 | 335 | 5 | 1.6 % | | 185 | 193 | 8 | 4.2 % | |
| **Opr. EBITDA margin (%)** | | | | | | | | | | |
| Cement | 15.1 % | 17.7 % | | | | 20.4 % | 24.8 % | | | |
| Aggregates | 15.7 % | 23.2 % | | | | 26.1 % | 37.5 % | | | |
| Building Products | 8.1 % | 5.4 % | | | | 13.2 % | 9.8 % | | | |

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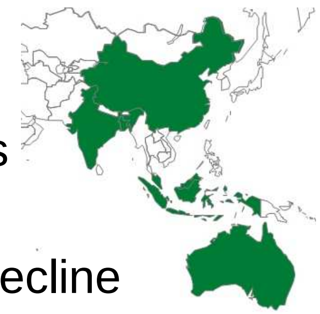
# Asia-Pacific



- **Indonesia:** Very strong volume development and successful price increases led to record operating EBITDA
- **China:** Improved pricing in North China overcompensates for total volume decline
- **India:** Good demand and positive price development led to improved Q2 result
- **Bangladesh**: Strong volume and price development
- **Australia:** Wet weather on the east coast and a softening residential market adversely affect sales volumes; solid orders from mining industry

| Asia - Pacific | January - June 2011 | 2012 | variance | | L-f-L | April - June 2011 | 2012 | variance | | L-f-L |
|---|---|---|---|---|---|---|---|---|---|---|
| **Volumes** | | | | | | | | | | |
| Cement volume ('000 t) | 13,555 | 14,840 | 1,285 | 9.5 % | 9.5 % | 7,260 | 7,788 | 527 | 7.3 % | 7.3 % |
| Aggregates volume ('000 t) | 18,462 | 17,583 | -879 | -4.8 % | -6.4 % | 9,571 | 9,283 | -288 | -3.0 % | -4.5 % |
| Ready mix volume ('000 m$^3$) | 4,710 | 5,182 | 472 | 10.0 % | 10.0 % | 2,466 | 2,750 | 284 | 11.5 % | 11.5 % |
| Asphalt volume ('000 t) | 899 | 815 | -84 | -9.3 % | -9.3 % | 507 | 479 | -28 | -5.5 % | -5.5 % |
| **Operational result (EURm)** | | | | | | | | | | |
| Revenue | 1,390 | 1,655 | 265 | 19.1 % | 13.8 % | 734 | 873 | 139 | 19.0 % | 13.2 % |
| Operating EBITDA | 343 | 395 | 51 | 15.0 % | 10.3 % | 183 | 218 | 35 | 19.1 % | 13.8 % |
| *in % of revenue* | *24.7 %* | *23.8 %* | | | | *24.9 %* | *24.9 %* | | | |
| Operating income | 272 | 319 | 47 | 17.2 % | 13.1 % | 147 | 179 | 33 | 22.2 % | 17.3 % |

| Revenue (EURm) | January - June 2011 | 2012 | variance | | April - June 2011 | 2012 | variance | |
|---|---|---|---|---|---|---|---|---|
| Cement | 813 | 987 | 174 | 21.4 % | 427 | 519 | 92 | 21.5 % |
| Aggregates | 250 | 276 | 27 | 10.7 % | 131 | 144 | 13 | 9.6 % |
| Building Products | 21 | 14 | -8 | -35.5 % | 10 | 7 | -3 | -33.9 % |

| Opr. EBITDA margin (%) | January - June 2011 | 2012 | April - June 2011 | 2012 |
|---|---|---|---|---|
| Cement | 31.4 % | 31.4 % | 30.6 % | 32.7 % |
| Aggregates | 31.2 % | 25.6 % | 32.9 % | 26.2 % |
| Building Products | -1.2 % | -8.0 % | -5.7 % | -9.2 % |

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# Africa-Mediterranean Basin

- **Africa:** Good price development in main markets led to clearly improved result; continued volume growth in Ghana, Tanzania, and Benin
- **Turkey:** Lower volumes more than offset by strong pricing; solid earnings development
- **Israel:** Increasing volumes and prices in all business lines
- **Spain:** Further market deterioration in Q2

| Africa - Med. Basin | January - June | | | | L-f-L | April - June | | | | L-f-L |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2011 | 2012 | variance | | | 2011 | 2012 | variance | | |
| **Volumes** | | | | | | | | | | |
| Cement volume ('000 t) | 4,593 | 4,586 | -6 | -0.1 % | -0.1 % | 2,356 | 2,395 | 39 | 1.6 % | 1.6 % |
| Aggregates volume ('000 t) | 7,189 | 7,180 | -9 | -0.1 % | -0.1 % | 3,688 | 3,667 | -21 | -0.6 % | -0.6 % |
| Ready mix volume ('000 $m^3$) | 2,547 | 2,513 | -34 | -1.3 % | -1.3 % | 1,312 | 1,368 | 56 | 4.3 % | 4.3 % |
| Asphalt volume ('000 t) | 231 | 284 | 53 | 22.9 % | 22.9 % | 141 | 141 | 0 | 0.0 % | 0.0 % |
| **Operational result (EURm)** | | | | | | | | | | |
| Revenue | 513 | 557 | 44 | 8.7 % | 8.8 % | 263 | 292 | 29 | 11.1 % | 9.8 % |
| Operating EBITDA | 84 | 96 | 12 | 14.4 % | 15.4 % | 42 | 52 | 10 | 24.7 % | 23.5 % |
| *in % of revenue* | *16.3 %* | *17.2 %* | | | | *15.9 %* | *17.8 %* | | | |
| Operating income | 66 | 78 | 12 | 17.9 % | 19.2 % | 33 | 43 | 10 | 30.5 % | 29.5 % |
| **Revenue (EURm)** | | | | | | | | | | |
| Cement | 366 | 401 | 35 | 9.5 % | | 187 | 210 | 23 | 12.2 % | |
| Aggregates | 44 | 45 | 1 | 1.8 % | | 23 | 23 | 0 | 0.6 % | |
| **Opr. EBITDA margin (%)** | | | | | | | | | | |
| Cement | 20.8 % | 21.3 % | | | | 19.8 % | 22.0 % | | | |
| Aggregates | 17.7 % | 17.1 % | | | | 19.3 % | 16.8 % | | | |

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# Group Services

- Further decline in export prices from major Asian exporters such as China, South Korea, and Vietnam due to lower fuel prices and weakening domestic demand; however, export prices still remain higher than one year ago
- More exports from Europe especially from Spain and Greece due to weak local demand
- Coal markets are at two-year low and expected to remain the same for 2012

| Group Services | January - June | | | | L-f-L | April - June | | | | L-f-L |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2011 | 2012 | variance | | | 2011 | 2012 | variance | | |
| **Operational result (EURm)** | | | | | | | | | | |
| Revenue | 285 | 395 | 110 | 38.7 % | 28.1 % | 142 | 226 | 84 | 59.4 % | 42.2 % |
| Operating EBITDA | 6 | 11 | 5 | 90.6 % | 76.0 % | 2 | 5 | 3 | 120.5 % | 96.0 % |
| *in % of revenue* | *1.9 %* | *2.7 %* | | | | *1.7 %* | *2.4 %* | | | |
| Operating income | 5 | 10 | 5 | 95.9 % | 80.9 % | 2 | 5 | 3 | 127.7 % | 102.3 % |

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# Income statement

| €m | April-June | | Variance | January-June | | Variance |
|---|---|---|---|---|---|---|
| | 2011 | 2012 | Q2 | 2011 | 2012 | YtD |
| Revenue | 3,394 | **3,781** | 11 % | 5,996 | **6,580** | 10 % |
| **Operating EBITDA** | 651 | **698** | 7 % | 904 | **912** | 1 % |
| in % of revenue | 19.2% | **18.5%** | | 15.1% | **13.9%** | |
| Amortisation and depreciation of intangible assets and property, plant, and equipment | -210 | **-203** | -4 % | -403 | **-403** | 0 % |
| **Operating income** | 441 | **495** | 12 % | 501 | **509** | 2 % |
| Additional ordinary result | 4 | **-44** | N/A | 2 | **-54** | N/A |
| Result from participations | 27 | **17** | -38 % | 22 | **16** | -30 % |
| **Earnings before interest and income taxes (EBIT)** | 472 | **468** | -1 % | 526 | **471** | -10 % |
| Financial result | -153 | **-150** | -2 % | -293 | **-297** | 1 % |
| **Profit before tax** | 319 | **318** | 0 % | 233 | **174** | -25 % |
| Income taxes | -101 | **-83** | -17 % | -130 | **-87** | -33 % |
| **Net income from continuing operations** | 219 | **235** | 7 % | 103 | **87** | -15 % |
| Net income / loss from discontinued operations | -10 | **14** | N/A | -15 | **6** | N/A |
| **Profit for the period** | 208 | **249** | 19 % | 88 | **93** | 6 % |
| **Group share of profit** | 159 | **184** | 16 % | -1 | **-20** | N/A |

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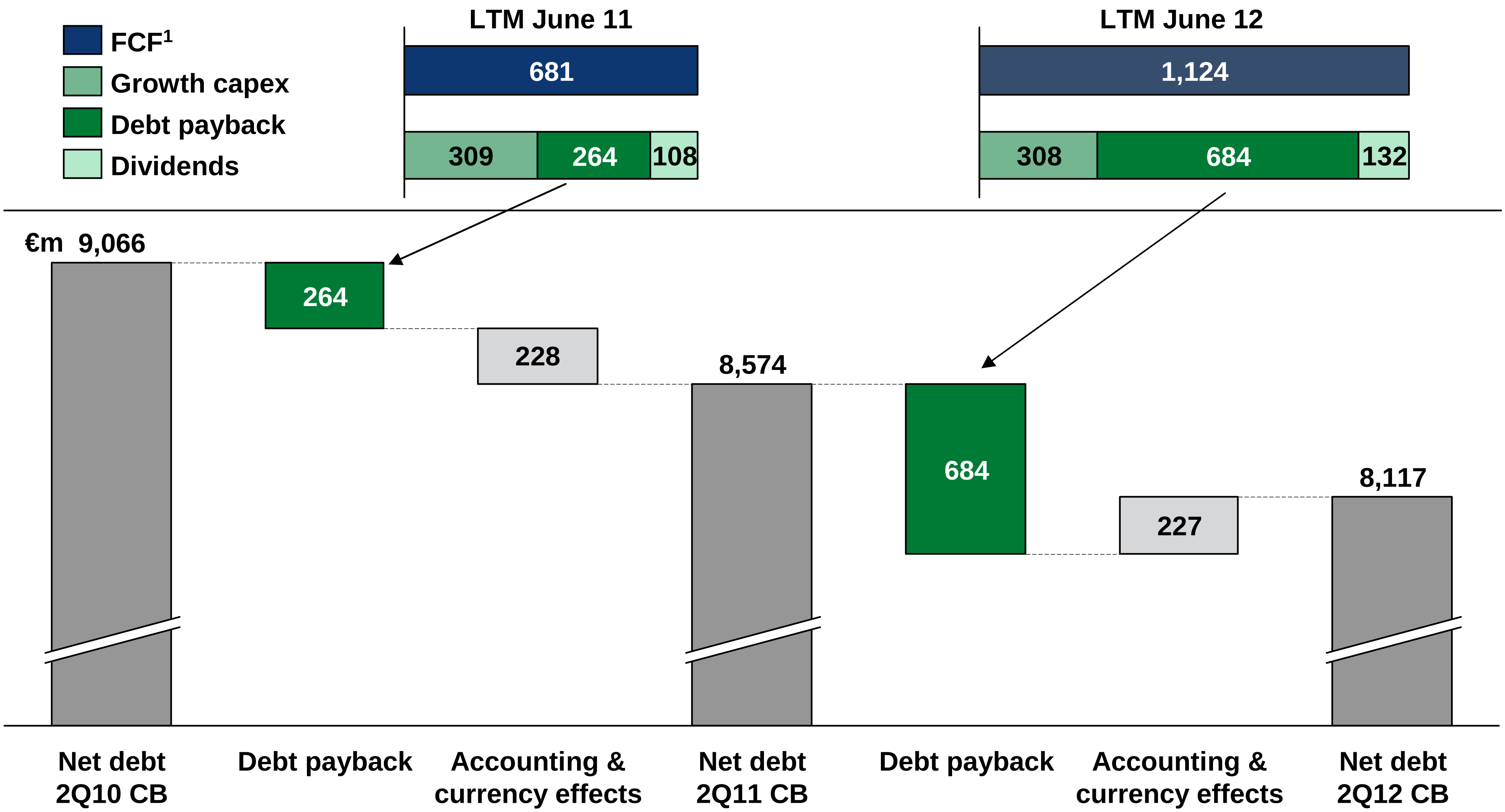
# Statement of cash flows

| €m | April-June | | January-June | |
|---|---|---|---|---|
| | 2011 | 2012 | 2011 | 2012 |
| Gross cash flow | 420 | **534** | 382 | **527** |
| Changes in working capital | -62 | **21** | -448 | **-353** |
| Decrease in provisions through cash payments | -49 | **-50** | -98 | **-102** |
| **Cash flow from operating activities** | 309 | **505** | -165 | **71** |
| | | | | |
| Total investments | -186 | **-169** | -357 | **-332** |
| Proceeds from fixed asset disposals/consolidation | 43 | **41** | 69 | **61** |
| **Cash flow from investing activities** | -143 | **-128** | -289 | **-272** |
| | | | | |
| **Free cash flow** | 166 | **377** | -453 | **-201** |
| | | | | |
| Dividend payments | -94 | **-118** | -96 | **-121** |
| Net change in bonds and loans | 63 | **-33** | 656 | **-263** |
| **Cash flow from financing activities** | -32 | **-151** | 559 | **-384** |
| | | | | |
| **Net change in cash and cash equivalents** | 134 | **225** | 106 | **-585** |
| Effect of exchange rate changes | -15 | **23** | -46 | **-10** |
| **Change in cash and cash equivalents** | 119 | **248** | 60 | **-595** |

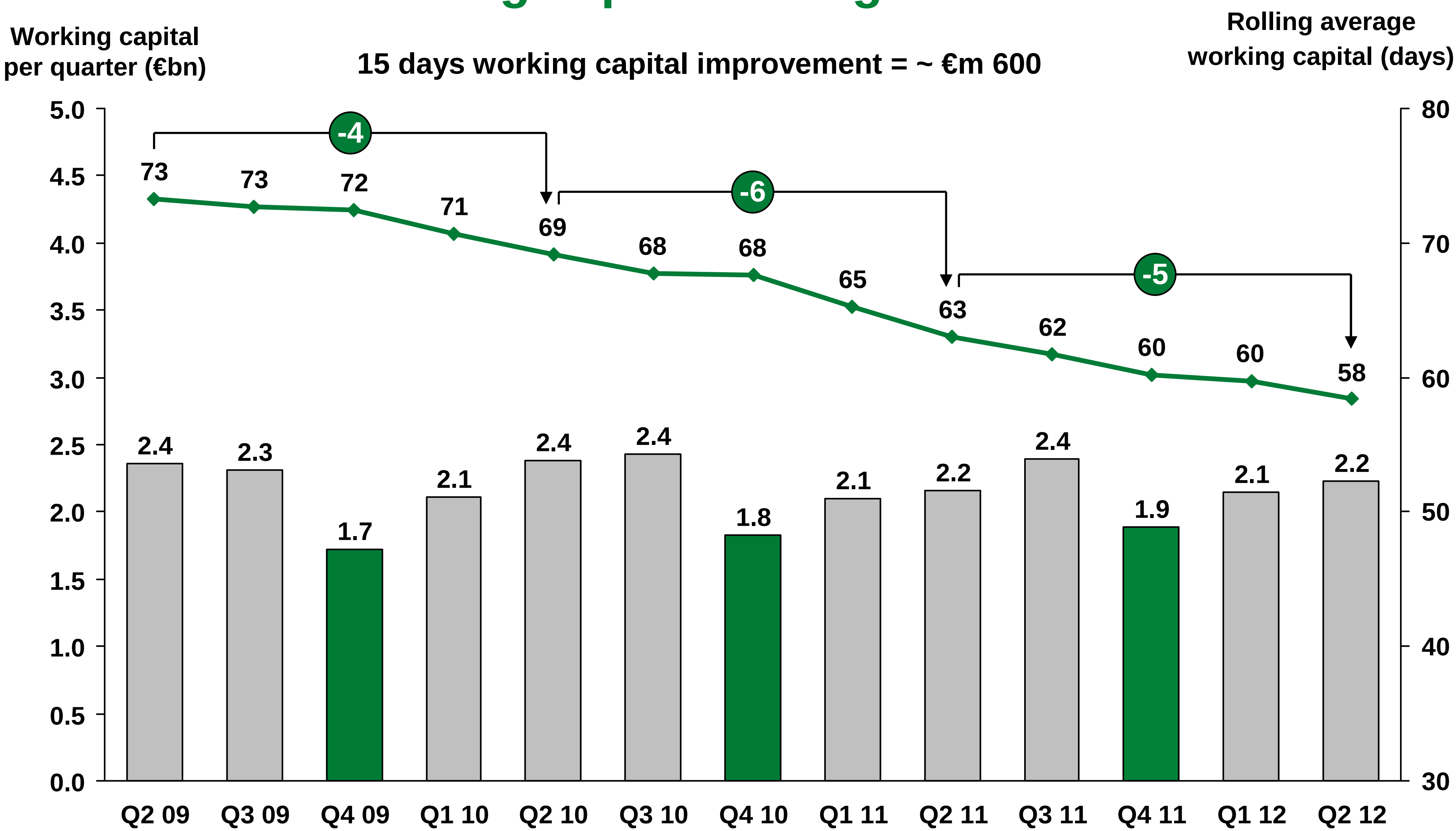
# Free cash flow (FCF) used for continuous net debt reduction




**Disciplined use of FCF[1]**
**Repayment target of €m 300–500 fully reached**

1) Net operating cash generated by operating activities less sustainable CapEx.

# Successful working capital management




**Average working capital days constantly decreasing**

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# Group balance sheet

| €m | 30 June 2011 | 31 Dec. 2011 | 30 June 2012 | Variance Jun 12/June 11 |
|---|---|---|---|---|
| **Assets** | | | | |
| Intangible assets | 10,401 | 11,109 | **11,293** | 893 |
| Property, plant, and equipment | 10,356 | 11,036 | **11,117** | 761 |
| Financial assets | 478 | 553 | **552** | 74 |
| **Fixed assets** | 21,235 | 22,698 | **22,962** | 1,728 |
| Deferred taxes | 324 | 379 | **401** | 78 |
| Receivables | 2,894 | 2,427 | **2,933** | 39 |
| Inventories | 1,432 | 1,583 | **1,676** | 244 |
| Cash and short-term derivatives | 950 | 1,933 | **1,305** | 355 |
| **Balance sheet total** | 26,835 | 29,020 | **29,278** | 2,443 |
| | | | | |
| **Equity and liabilities** | | | | |
| Equity attributable to shareholders | 11.114 | 12,617 | **12,949** | 1,835 |
| Non-controlling interests | 828 | 952 | **1,017** | 190 |
| **Equity** | 11,941 | 13,569 | **13,966** | 2,025 |
| Debt [1)] | 9,617 | 9,801 | **9,467** | -150 |
| Provisions | 2,086 | 2,184 | **2,348** | 262 |
| Deferred taxes | 763 | 754 | **709** | -55 |
| Operating liabilities | 2,427 | 2,712 | **2,788** | 360 |
| **Balance sheet total** | 26,835 | 29,020 | **29,278** | 2,443 |
| | | | | |
| Net Debt (excl. puttable minorities) | 8,574 | 7,770 | **8,117** | -456 |
| Gearing | 71.4 | 57.0% | **58.0%** | |

1) Includes non-controlling interests with put options in the amount of €m 93 (June 2011), €m 98 (Dec. 2011), €m 45 (June 2012).

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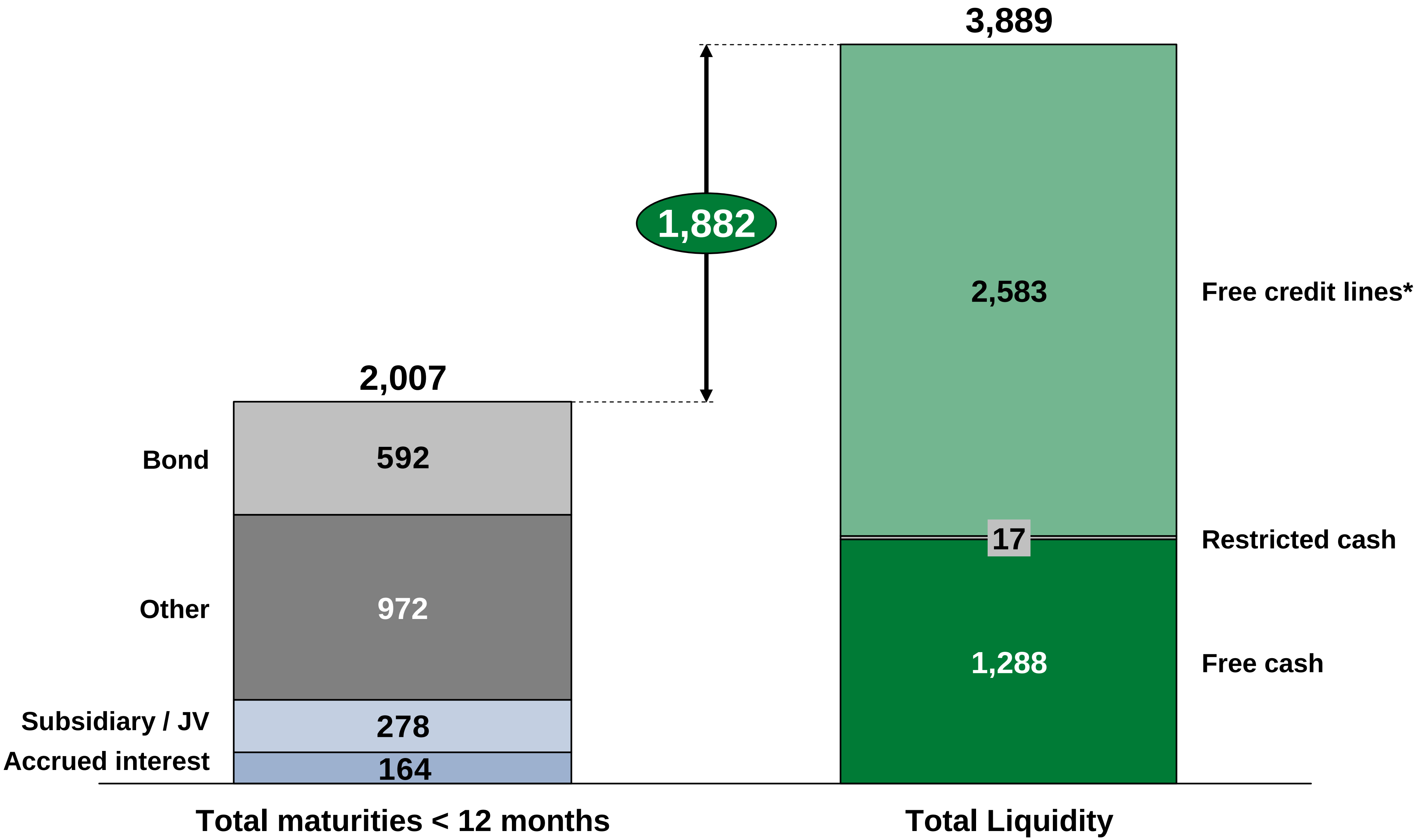
# Large short-term liquidity headroom

**as per 30 June 2012 in €m**




*) Total committed confirmed credit line €m 3,000 (guarantee utilisation €m257)

Excluding reconciliation adjustments with a total amount of €m36 (transaction costs to be amortised over the term of the SFA, issue prices and fair value adjustments) and putable minorities with a total amount of €m22.

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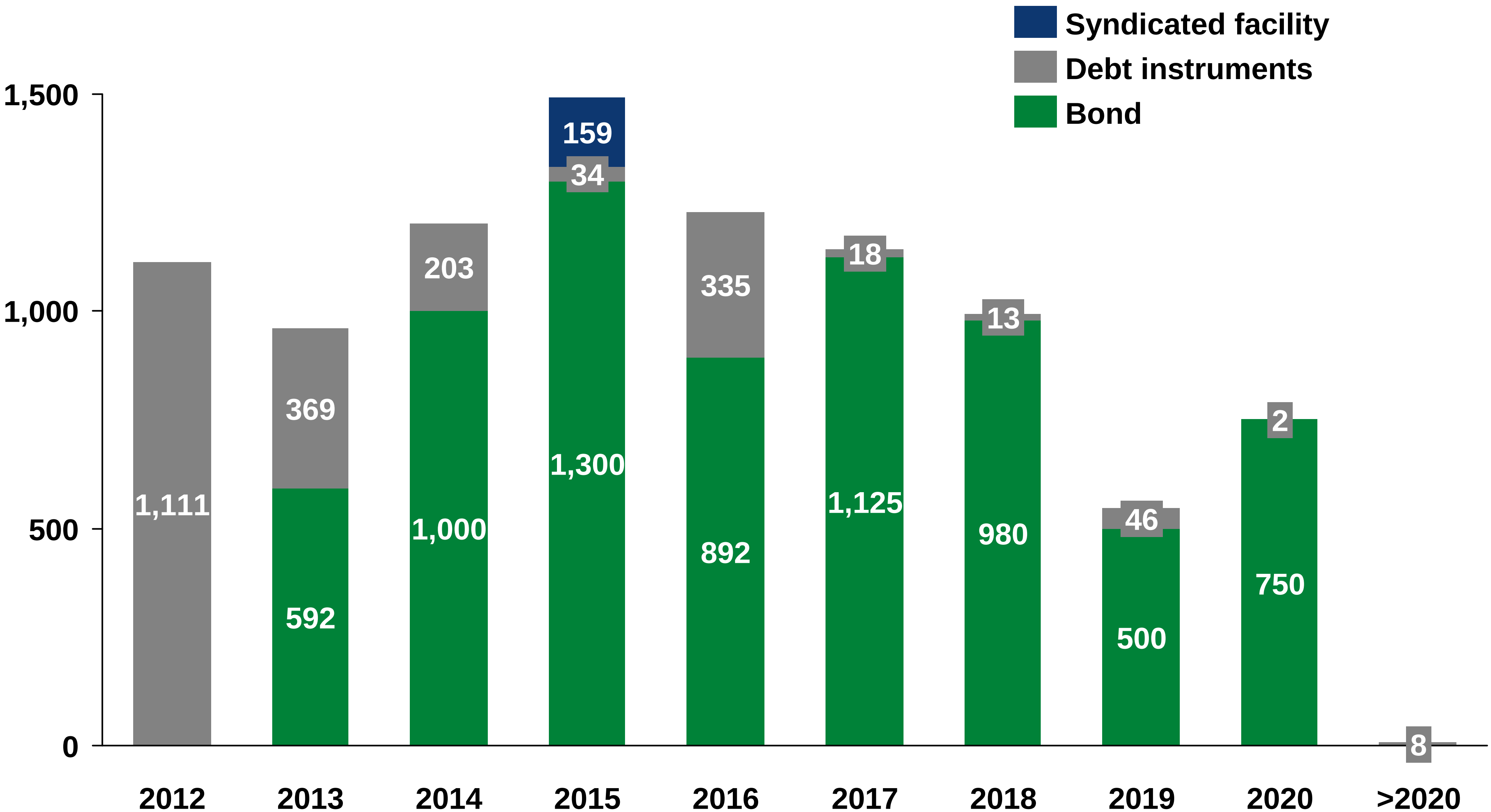
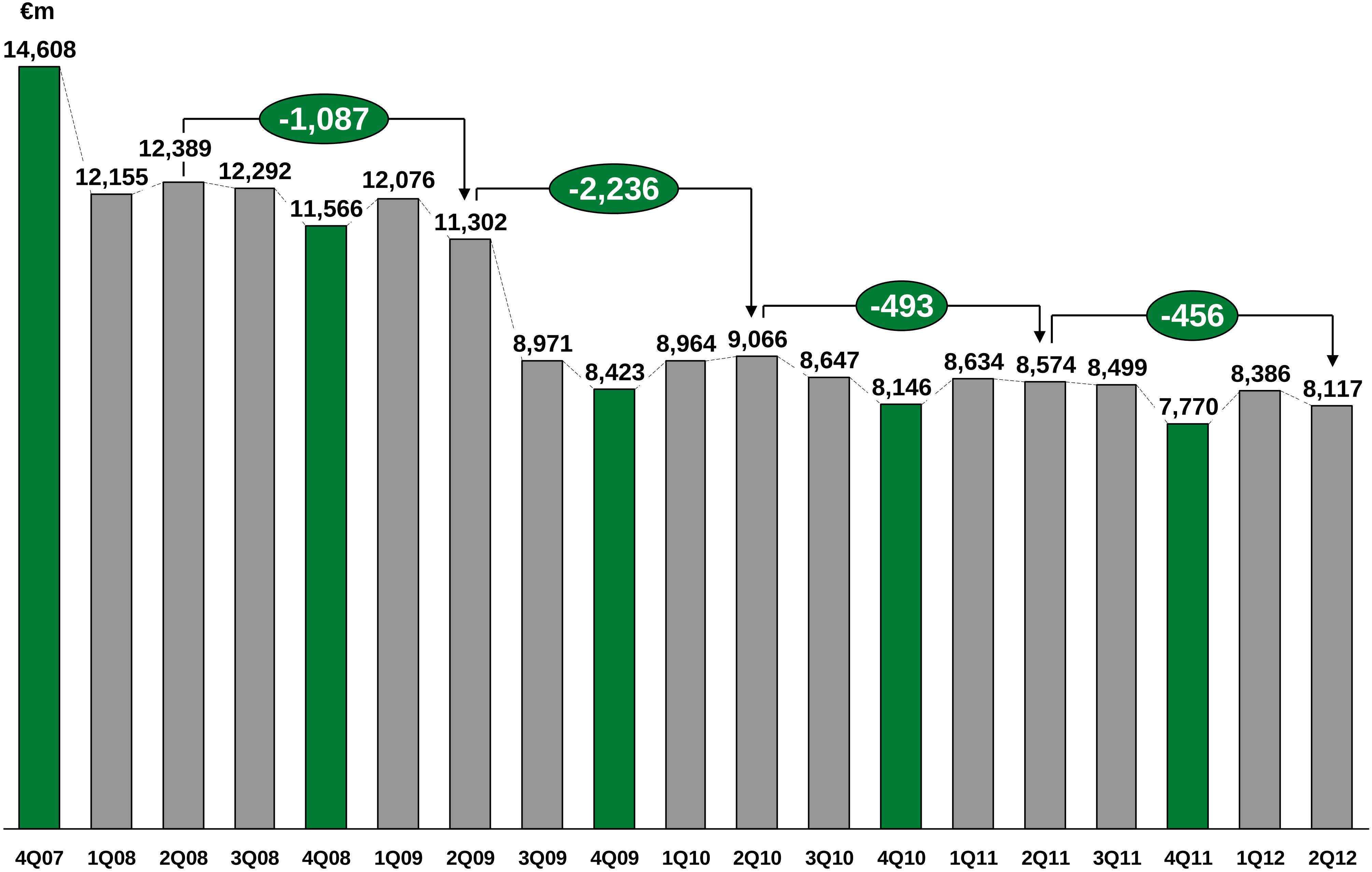
# Balanced debt maturity profile

**as per 30 June 2012 in €m**




Excluding reconciliation adjustments with a total amount of €m -15 (transaction costs to be amortised over the term of the SFA, issue prices, and fair value adjustments) and puttable minorities with a total amount of €m 44.5

# 4 years of continued net debt reduction



# Scenario analysis: HeidelbergCement well prepared for any crisis scenario

| Scenario | Eurozone collapse | Grexit | Muddling through - bumpy flight in low altitude | Quick resolution of sovereign debt crisis "Bazooka" |
|---|---|---|---|---|
| Probability | very low | moderate, but increasing | high | very low |
| Effect for eurozone | back to national currencies or north and south euro | shock with risk of further countries failing, very weak euro, possibly recovering | continued uncertainty, weak markets, weak euro | fiscal union or stability union, strong euro |
| Effect for HC | denomination of HC-debt unclear (new DM?); simulation not possible | 80% of debt denominated in euro, 10% of EBITDA in euro; high liquidity, long term secured ➔HC well prepared | | HC bought expensive protection |

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# Contents



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# Company outlook 2012 confirmed

## Assumptions:

- Recovery in North America continues, recession in southern Europe and UK
- Demand growth in emerging markets persists; no hard landing of China
- Increasing costs for energy, raw materials, and personnel, but at slower pace
- Successful implementation of price increases, cost savings, and efficiency improvements to compensate for rising input costs and to gain back margins

## Prospects:

- **Sales volumes growth** based on demand development and capacity expansions in 2011 and 2012
- **Increase in revenue and operating income** driven by sales volumes growth, price increases, and cost savings
- **Further reduction of net debt** based on continued free cash flow generation

**HeidelbergCement to benefit from further economic growth and cost-saving measures in 2012**

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# Outlook 2012

| OUTLOOK 2012 | CEMENT | | AGGREGATES | |
|---|---|---|---|---|
| | Volume | Price | Volume | Price |
| North America | +8% to +11% | ↗ | 0% to +2% | ↗ |
| Western and Northern Europe | -2% to +1% | ↗↘ | -6% to -9% | ↗ |
| Eastern Europe-Central Asia | +5% to +8% | ↗ | -5% to -8% | ↗ |
| Asia-Pacific | +6% to +9% | ↗ | +3% to 5% | ↗ |
| Africa-Med. Basin | +5% to +8% | ↗ | -4% to -7% | ↗ |
| | | | | |
| **TOTAL GROUP** | **+4% to +6%** | ↗ | **-2% to 0%** | ↗ |

- Volumes and prices reflect HeidelbergCement‘s market exposure
- Volume assumptions include additional capacity coming online

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# Strict energy management − cost inflation outlook lowered

**Positive market development in 1H 2012:**

- **Compared to coal, cheaper gas prices in various US states**
- **Lower than expected electricity prices in North America and Europe**
- **Lower than expected coal prices in Asia and Europe**
- **Attractive buying opportunities for petcoke in early 2012**

**STRATEGY**

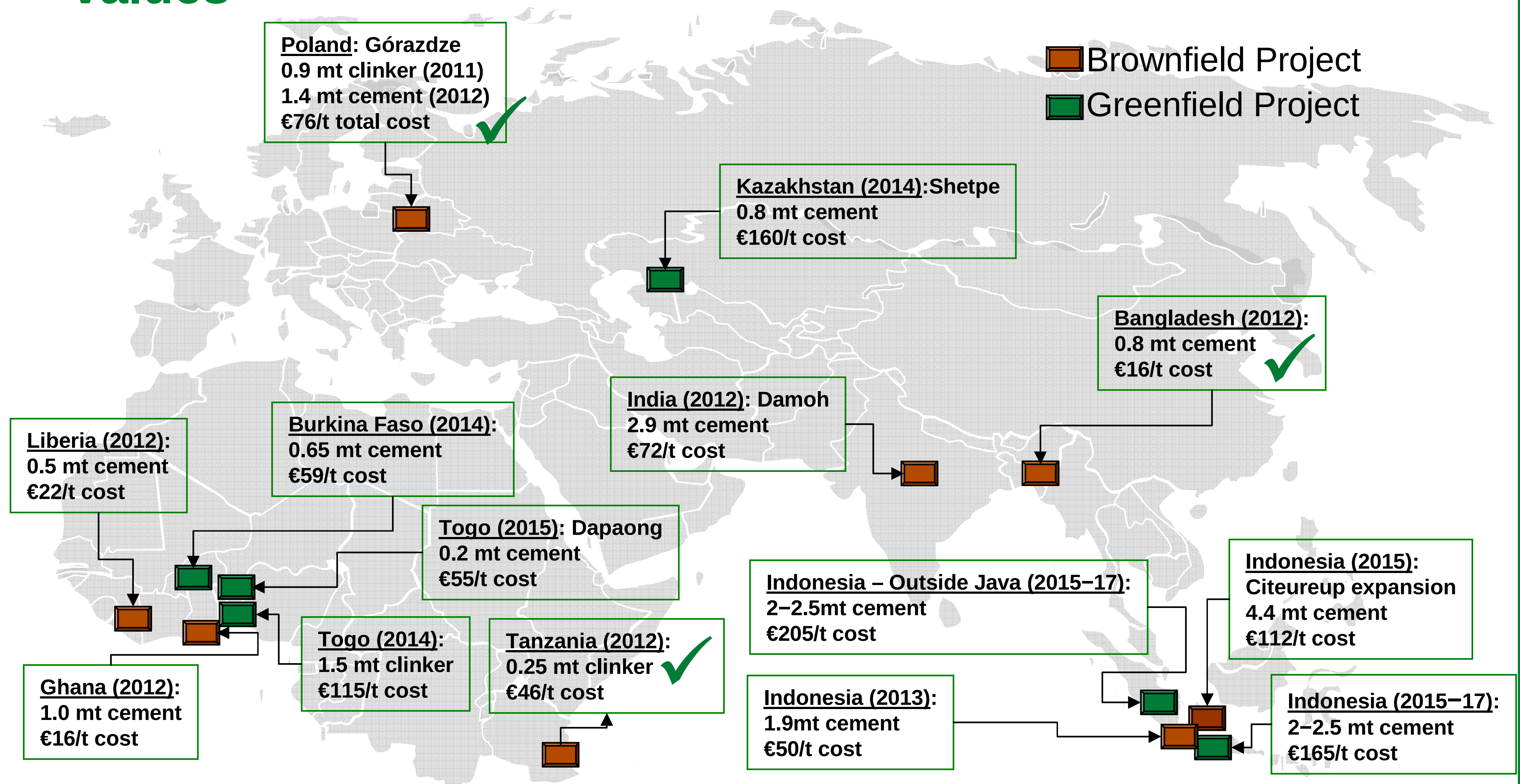
**Exploiting opportunities:**

- **Switch between coal and natural gas**
- **Switch to petcoke where commercially and technically feasible**
- **Renegotiate coal contracts**
- **Focus on international coal spot markets for Asia**

**OUTLOOK**

**3% to 4% energy cost inflation in 2012**

# Growth in attractive emerging markets at efficient Capex values




**4.4 mt additional capacity in H2 2012**
**11 mt additional capacity from 2011 until 2013**

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# Targets 2012 unchanged

| | 2012 |
|---|---|
| Cash savings | **€m 200** |
| CAPEX (*) | **~ €m 980** |
| Maintenance (**) | **~ €m 490** |
| Expansion | **~ €m 490** |
| Cost of gross debt | **~ 6.7%** |
| Operational tax rate (***) | **18% - 20%** |

**Mid-cycle targets unchanged**

| | |
|---|---|
| Operating EBITDA | **€bn 3** |
| Net debt / operating EBITDA | **< 2.8x** |

(*) Before any currency impacts
(**) Including improvement capex
(***) Assuming full US tax asset recognition

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# Management priorities 2012/2013

## 1 Operational excellence, strict cost management and improved pricing

- **Aggregates:** "CLIMB" – to become the most efficient aggregates company worldwide
- **Cement:** "OPEX" – for global reduction of fuel and electricity costs
  "PERFORM" – for pricing excellence and margin improvement
- **Supply Chain:** "LEO" – to save costs and optimise transport management across all business lines

## 2 Continued deleveraging with clear goal to regain investment grade rating

- **"FOX 2013" programme targets €m 850 cash savings by 2013**
- **Increased focus on disposals of non-core assets as economic growth continues**

## 3 Targeted growth in emerging markets

- **Implementation of cement capacity expansion programme in emerging markets**
- **Expansion of capacities in Sub-Saharan Africa**
- **Focus on synergy driven bolt-on investments with high value creation**

**Further strengthening of HeidelbergCement's competitive position in the upturn**

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# Contact information and event calendar

## Event calendar

November 8, 2012 2012 third-quarter results

## Contact information


**Investor Relations**

**Mr. Ozan Kacar**

Phone: +49 (0) 6221 481 13925

Fax: +49 (0) 6221 481 13217

**Mr. Steffen Schebesta, CFA**

Phone: +49 (0) 6221 481 39568

Fax: +49 (0) 6221 481 13217

ir-info@heidelbergcement.com

www.heidelbergcement.com

**Corporate Communications**

**Mr. Andreas Schaller**

Phone: +49 (0) 6221 481 13249

Fax: +49 (0) 6221 481 13217

info@heidelbergcement.com


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