HeidelbergCement

2017 Full Year Results

22 March 2018

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Palazzo Italia

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Contents

HeidelbergCement continues to grow and deliver

Solid earnings growth

Continuous EBITDA growth

+6%

Interest expense further down

89m€

Improved tax structure

Income tax rate below 25%

Historically high EPS

6.73 EUR [1)]

Strong cash flow generation

Free cash flow increases to 1.4b EUR

Free cashflow conversion rate reaches 43%, despite Italcementi related integration costs

Well balanced cash allocation strategy

Progressive increase in dividend continues

1.90 € [2)]

Solid debt reduction

583 m€ [3)]

Disciplined growth with selective M&As

HeidelbergCement continues to earn premium on cost of capital.

1) Excluding additional ordinary result and one-off non-cash deferred tax 285m€ related to the enactment of the "US Tax Cuts and Jobs Act" in 2017.
2) Proposal of Managing Board and Supervisory Board to Annual General Meeting.
3) Debt reduction before currency and accounting impacts.

Key operational and financial figures

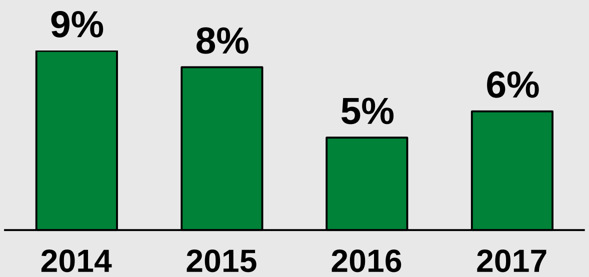
m€	Dec 16	Dec 17	Change	%	LfL %	Q4 16	Q4 17	Change	%	LfL %
Cement volume (‘000 t)	124,178	**125,694**	1,516	1.2 %	1.1 %	30,483	**32,156**	1,673	5.5 %	4.8 %
Aggregate volume (‘000 t)	287,400	**305,256**	17,856	6.2 %	1.1 %	73,337	**76,306**	2,969	4.0 %	3.0 %
Ready Mix volume (‘000 m^3)	48,117	**47,231**	-885	-1.8 %	-2.8 %	12,131	**12,192**	60	0.5 %	-1.0 %
Asphalt volume (‘000 t)	9,371	**9,634**	264	2.8 %	0.7 %	2,300	**2,535**	235	10.2 %	7.8 %
Revenue	17,084	**17,266**	182	1.1 %	2.1 %	4,238	**4,262**	24	0.6 %	5.2 %
Operating EBITDA	3,142	**3,297**	155	4.9 %	5.5 %	765	**892**	127	16.5 %	16.3 %
in % of revenue	*18.4 %*	***19.1 %***	*+70 bps*		*+62 bps*	*18.1 %*	***20.9 %***	*+287 bps*		*+201 bps*
Operating income	2,017	**2,188**	171	8.5 %	10.3 %	451	**610**	159	35.4 %	28.0 %
Cement EBITDA margin	22.5 %	**23.2 %**	+65 bps			21.8 %	**24.4 %**	+262 bps		
Aggregates EBITDA margin	24.4 %	**26.6 %**	+218 bps			22.1 %	**32.4 %**	+1,037 bps		
RMC+ASP EBITDA margin	2.5 %	**1.1 %**	-136 bps			2.4 %	**0.6 %**	-182 bps		

m€	Dec16	Dec 17	Change	Q4 16	Q4 17	Change
Group share of profit	657	**918**	40%	72	**149**	109%
EPS	3.40	**4.62**	36%	0.34	**0.75**	120%
EPS adjusted 1)	5.34	**6.73**	26%			
Dividend per share 2)	1.60	**1.90**	19%			
Cash flow from operations	1,874	**2,038**	164	1,112	**1,333**	222
Total CapEx	-4,039	**-1,278**	2,760	-2,339	**-493**	1,846
Net Debt	8,899	**8,695**	-204			
Net Debt / EBITDA	2.8	**2.6**				

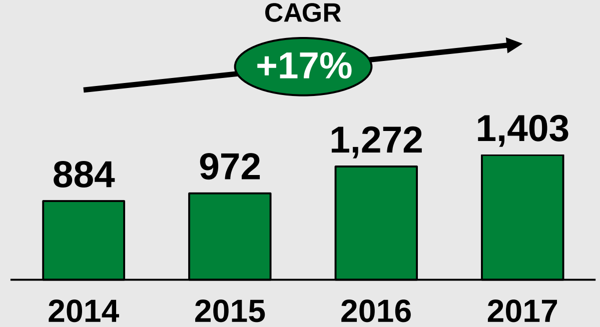
1) Excluding additional ordinary result and one-off non-cash deferred tax 285m€ related to the enactment of the “US Tax Cuts and Jobs Act” in 2017.
2) Proposal of Managing Board and Supervisory Board to Annual General Meeting.
2016 figures are restated upon completion of PPA allocation. LfL % excluding currency, scope and other one-off items. Please see appendix for details.

Reliable earnings growth leads to higher shareholder returns

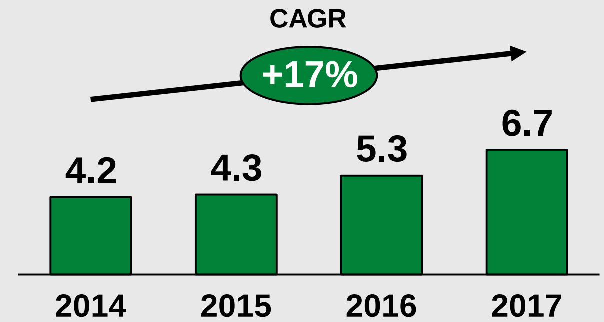
Organic EBITDA growth



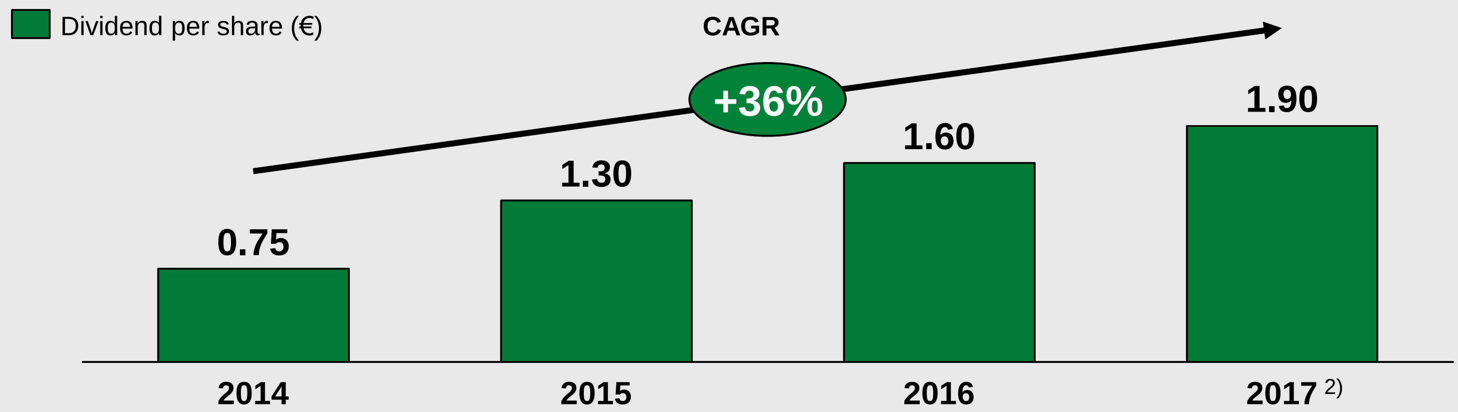
Free cash flow (m€)



Clean EPS (€) 1)

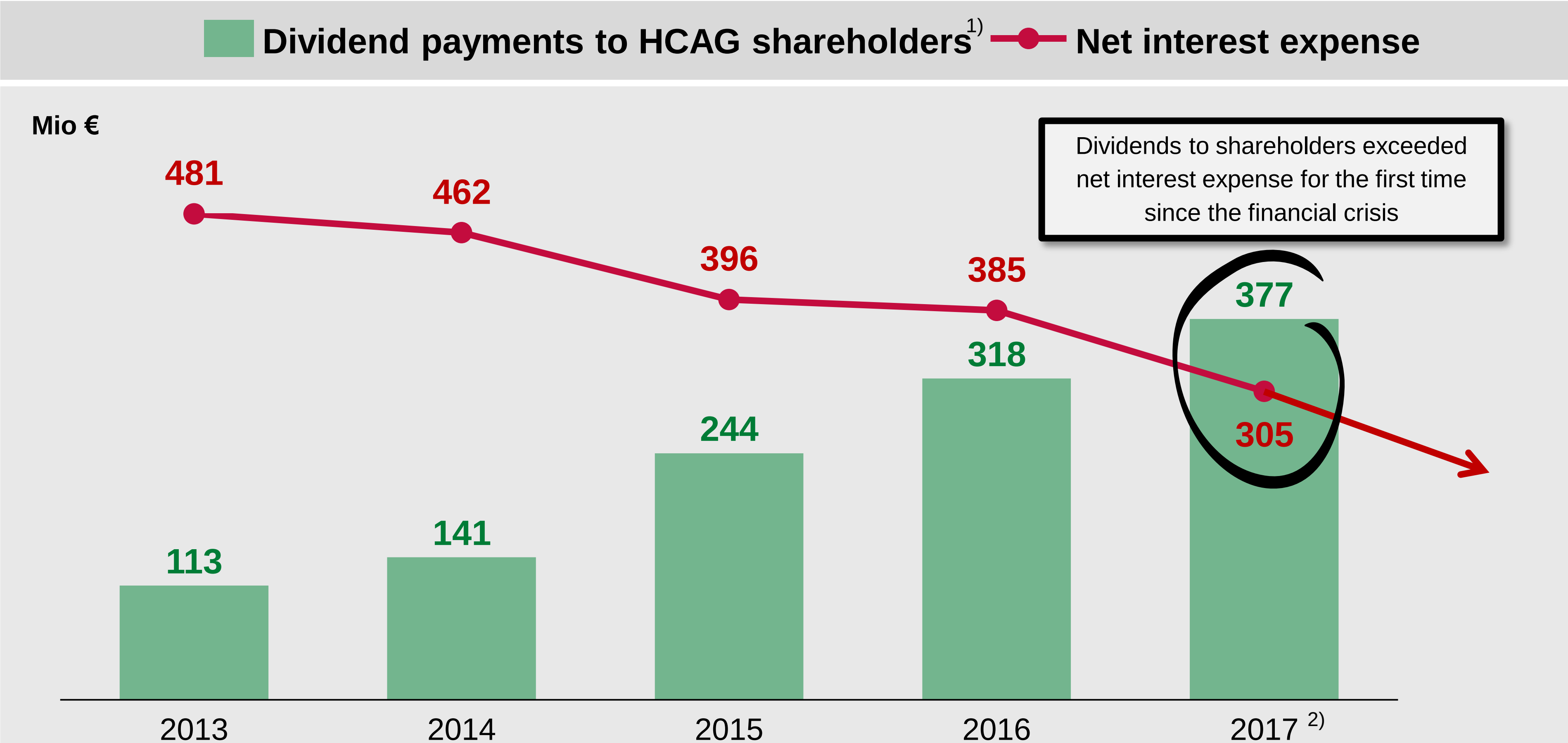


Dividend per share



1) Excluding additional ordinary result and one-off non-cash deferred tax 285m€ related to the enactment of the "US Tax Cuts and Jobs Act" in 2017.
2) Proposal of Managing Board and Supervisory Board to Annual General Meeting.

Continuous increase in dividends, while net interest expense is going down



1) Dividend paid for the respective year. Actual payment in the following year.
2) Dividend payment based on 1.90 € per share proposal of Managing Board and Supervisory Board to Annual General Meeting.

Decreasing interest expenses free up cash, leading to more shareholder return.

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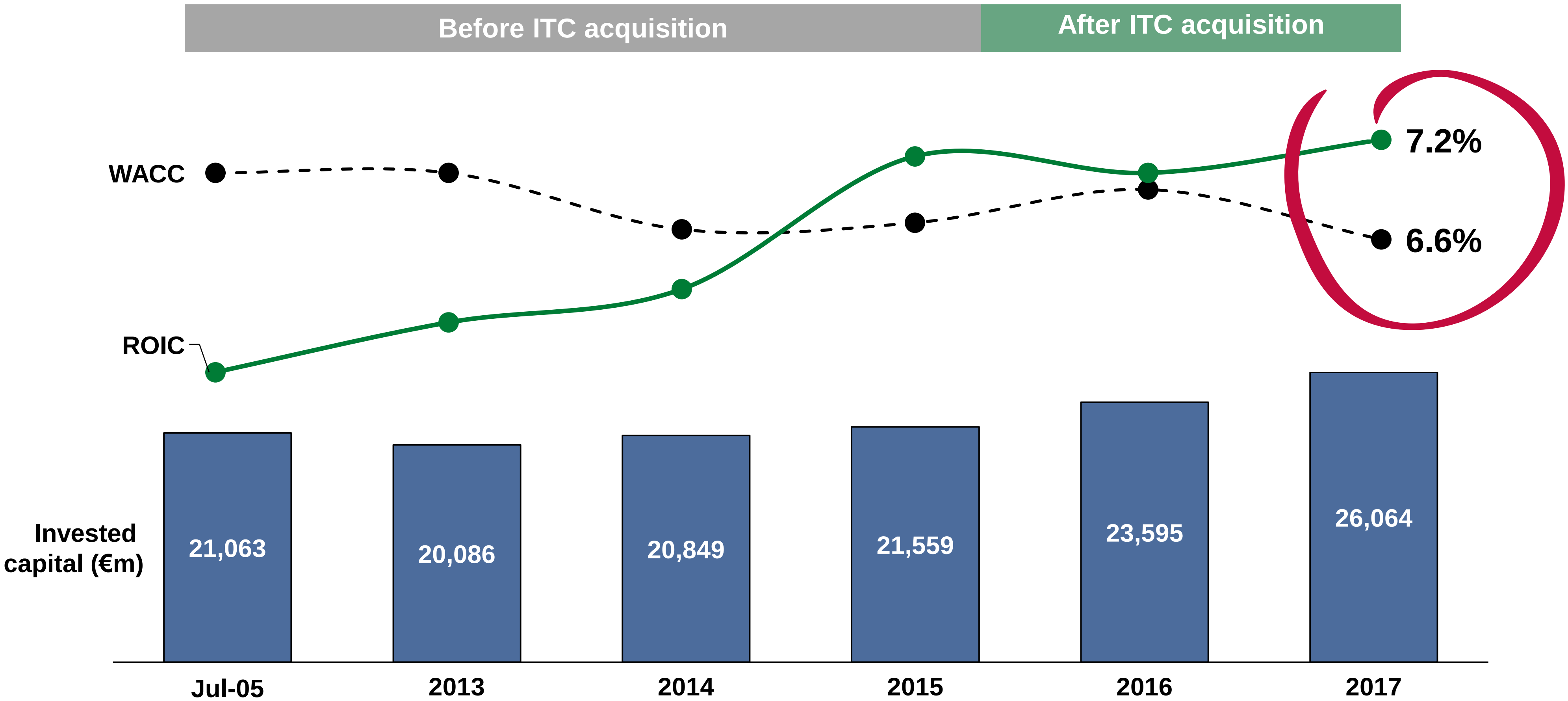
We continue to create value and earn cost of capital



We continue to earn premium on cost of capital after Italcementi acquisition!

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EBITDA growth per region

EBITDA growth per region (m€)	2016	2017	Change	*of which FX*	Change excl. FX
North America	972	1,160	188	-16	205
West & South Europe	612	613	1	-15	16
North & East Europe	461	539	79	5	74
Asia Pacific	757	652	-105	-8	-97
Africa / Med. Basin	439	367	-72	-52	-21
Group Services	28	31	3	0	3
Group Overhead & Other	-126	-65	61	0	61
TOTAL GROUP	**3,142**	**3,297**	**155**	**-85**	**240**

Synergies, efficiency improvements and solid growth in developed markets more than compensate the pressure in Indonesia and Sub-Saharan markets

2016 figures are restated upon completion of PPA allocation. Please see appendix for details.

Italcementi integration completed

Very attractive transaction from asset value perspective		
Enterprise value	m€	6,726
AGG & RMC replacement value	m€	1,297
Cement capacity	mt	71.0
Disposed capacity	mt	4.5
Disposal value	m€	897 (199€/t)
Implied cement value after disposal	m€	4,532
Amount paid per ton cement capacity	**€**	**68.2**

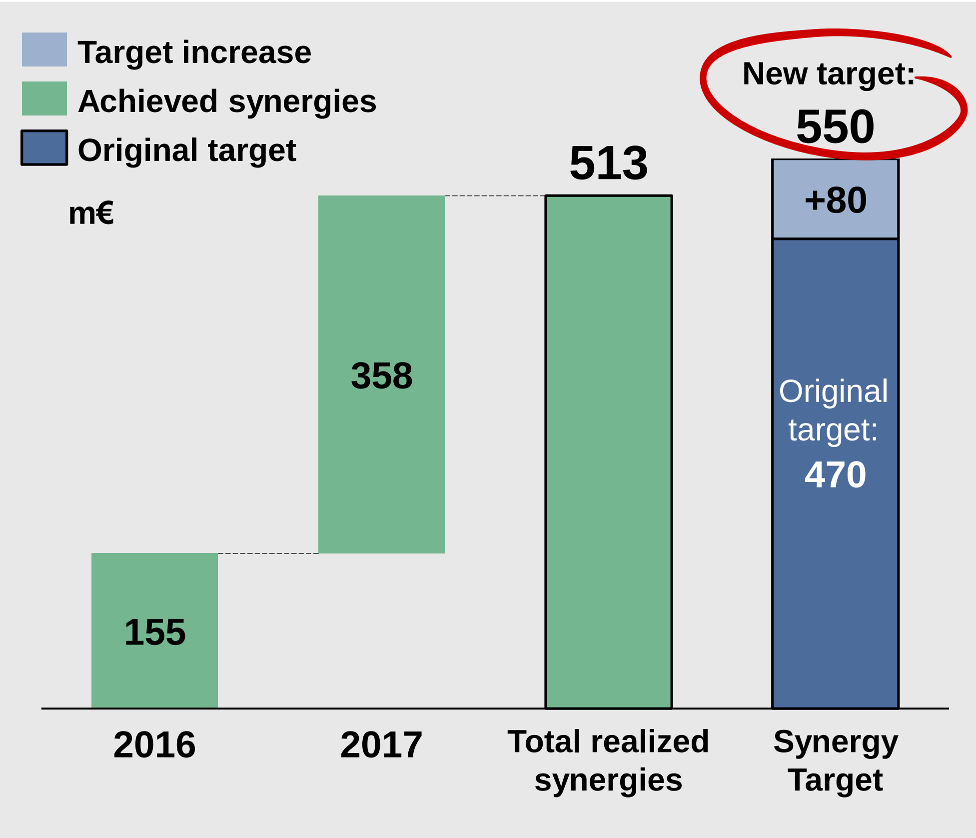
Multiple paid clearly below average sector transactions		
Enterprise value	m€	6,726
ITC 2015 EBITDA	m€	675
EBITDA Synergies	m€	450
EV/EBITDA after synergies		**6.0 X**

Limited integration costs and significant synergies drive the value further up		
Total synergies	550m€	**14% of revenues**
Integration costs	345m€	**62% of synergies**

One of the most successful and attractive transactions in the sector with positive impacts already clearly visible in the results

Synergy targets over-achieved 1 year ahead of original plan

More potential unlocked as a result of successful integration process



2017 incremental synergies	m€
Operations	129
SG&A	58
Purchasing	33
Other (trading, insurance, logistics, IT...)	76
EBITDA synergies 2017	**295**
Treasury & tax	63
Total synergies 2017	**358**

Synergy target increased to 550m€ for the end of 2018

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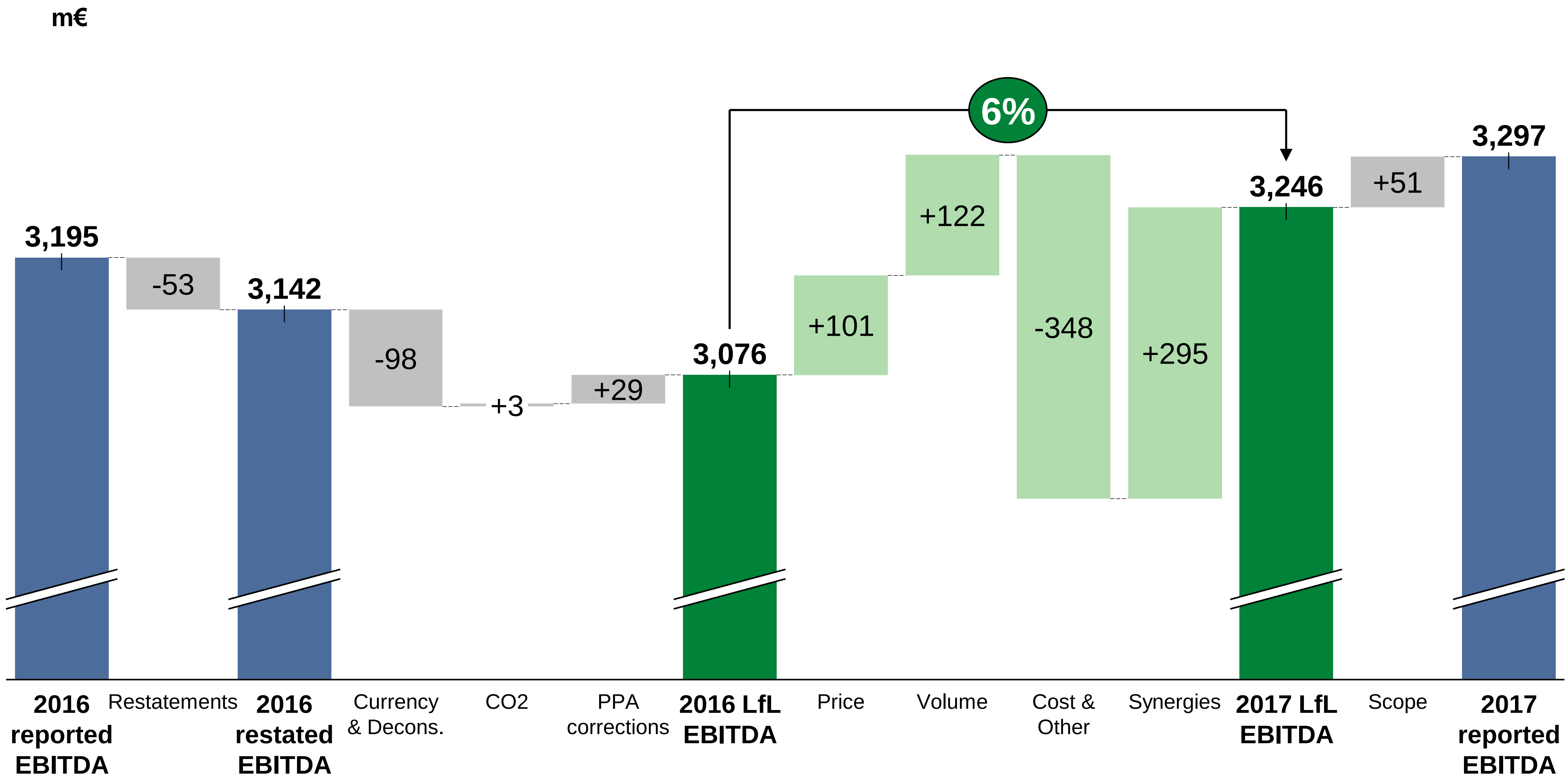
Full year 2017 operating EBITDA bridge

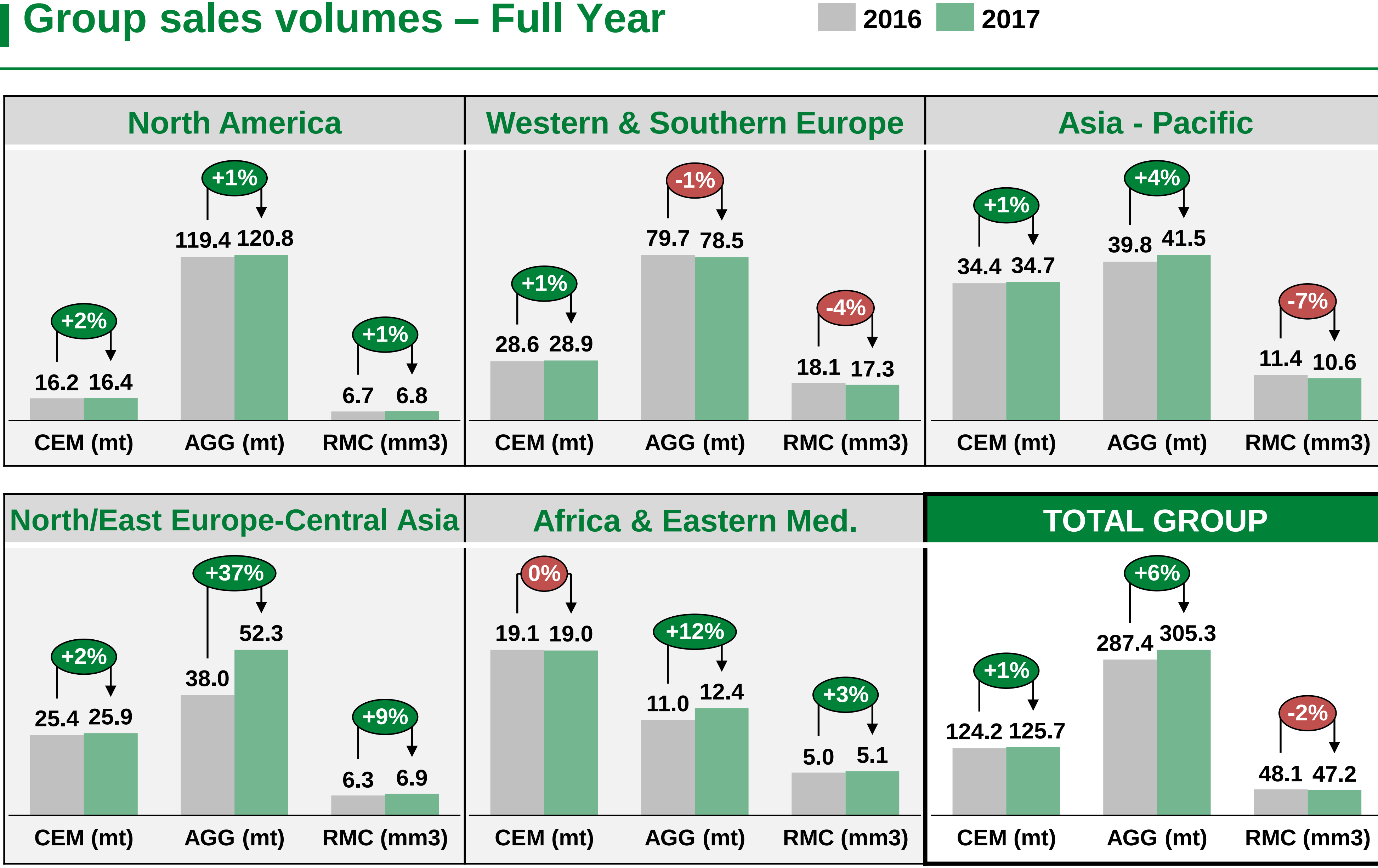


Target organic growth achieved.

Solid operational result, supported by successful synergy program overcompensates headwinds.

2016 figures are restated upon completion of PPA allocation. Please see appendix for details.

Group sales volumes – Full Year



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North America

- **Solid pricing, volume growth , cost management and synergies lead above market average performance.**
- **US EBITDA increases by 26% to 1.2 b$** (+16% without gain from Carroll Canyon disposal**)**

US	Continued pricing strength coupled with favorable demand in the Southeast, Texas and West Coast helped mitigate winter weather in the North-East and Midwest and the remnants of Hurricanes Harvey and Irma and Ready-Mix concrete pricing pressure in heavy oil and gas markets.
	Italcementi synergies met expectations for the year.
	Successful completion of depleted aggregates quarry sale in Southern California further boosts results by 79m€.
Canada	Western Canada demand remains favorable and full year recovered from wet weather in 1H. Prairies construction market stabilizing with positive oil well activity.
	Pacific Northwest acquisition fully integrated with positive net results already recognized.

m€	Dec 16	Dec 17	Change	%	LfL %	Q4 16	Q4 17	Change	%	LfL %
Cement volume (‘000 t)	16,170	**16,434**	264	1.6 %	2.5 %	3,994	**4,087**	94	2.3 %	3.5 %
Aggregate volume (‘000 t)	119,369	**120,800**	1,431	1.2 %	-0.3 %	28,327	**30,152**	1,824	6.4 %	3.6 %
Ready Mix volume (‘000 m^3)	6,679	**6,751**	72	1.1 %	-1.9 %	1,547	**1,704**	157	10.1 %	3.9 %
Asphalt volume (‘000 t)	3,991	**4,035**	44	1.1 %	-3.8 %	861	**1,032**	171	19.9 %	13.4 %
Revenue	4,235	**4,345**	110	2.6 %	3.0 %	1,043	**1,040**	-3	-0.3 %	5.7 %
Operating EBITDA	972	**1,160**	188	19.4 %	18.9 %	250	**358**	108	43.3 %	44.5 %
in % of revenue	*23.0 %*	***26.7 %***	*+376 bps*		*+361 bps*	*24.0 %*	***34.4 %***	*+1,048 bps*		*+942 bps*
Operating income (*)	670	**863**	193	28.8 %	28.6 %	165	**284**	120	72.7 %	59.9 %
Cement EBITDA margin	22.1 %	**25.5 %**	+347 bps			24.9 %	**28.7 %**	+374 bps		
Aggregates EBITDA margin	30.7 %	**37.7 %**	+697 bps			29.0 %	**52.7 %**	+2,373 bps		
RMC+ASP EBITDA margin	6.6 %	**4.6 %**	-209 bps			7.9 %	**5.0 %**	-286 bps		

2016 figures are restated upon completion of PPA allocation. LfL % excluding currency, scope and other one-off items. Please see appendix for details.

Western and Southern Europe

UK situation stabilized, market turnaround in Southern Europe under way.

UK	Situation stabilized in fourth quarter due to diligent cost management and strengthened commercial function. Readymix remains trouble spot, mainly due to delayed big works.
Germany	Solid market trend with strong result contribution of BL cement. Good cost management cushions increased input costs.
Benelux	Price increases versus previous year and solid cement volumes compensate mixed performance in aggregates and readymix. Further upside potential with programs in place for cost reduction and strengthening of commercial function.
Italy	Favorable cement volume development and price increase. Cost position further improved. Results clearly up.
France	Positive result development due to reduced cost base and solid volume growth. Strong clinker production in the fourth quarter. Negative price trend stopped, remaining flat on high level.
Spain	Continued growth of domestic volumes, mainly driven by South, overcompensate rising export price pressure due to unfavorable EUR/USD forex in the fourth quarter.

m€	Dec 16	Dec 17	Change	%	LfL %	Q4 16	Q4 17	Change	%	LfL %
Cement volume (‘000 t)	28,603	**28,903**	300	1.0 %	1.0 %	7,073	**7,126**	54	0.8 %	0.8 %
Aggregate volume (‘000 t)	79,654	**78,547**	-1,107	-1.4 %	-1.4 %	19,486	**18,878**	-608	-3.1 %	-3.1 %
Ready Mix volume (‘000 m^3)	18,080	**17,296**	-784	-4.3 %	-4.3 %	4,596	**4,320**	-275	-6.0 %	-6.0 %
Asphalt volume (‘000 t)	3,044	**3,266**	221	7.3 %	7.3 %	818	**812**	-6	-0.7 %	-0.7 %
Revenue	4,768	**4,701**	-67	-1.4 %	0.4 %	1,138	**1,146**	8	0.7 %	1.1 %
Operating EBITDA	612	**613**	1	0.2 %	-2.2 %	98	**154**	56	57.4 %	12.2 %
in % of revenue	*12.8 %*	***13.0 %***	*+21 bps*		*-35 bps*	*8.6 %*	***13.4 %***	*+483 bps*		*+133 bps*
Operating income (*)	292	**294**	3	0.9 %	3.6 %	7	**68**	60	817.2 %	35.8 %
Cement EBITDA margin	18.8 %	**20.6 %**	+180 bps			14.7 %	**21.8 %**	+714 bps		
Aggregates EBITDA margin	15.3 %	**15.0 %**	-34 bps			8.4 %	**12.7 %**	+425 bps		
RMC+ASP EBITDA margin	-0.3 %	**-2.8 %**	-251 bps			-2.3 %	**-4.4 %**	-203 bps		

2016 figures are restated upon completion of PPA allocation. LfL % excluding currency, scope and other one-off items. Please see appendix for details.

Northern and Eastern Europe - Central Asia

Continued demand growth, supported by price increases further improves the results

Nordics	Historically high activity level in the construction industry, particularly large infrastructure projects in Norway. Dilution in margin due to first time consolidation of Mibau and margin pressure in cement from high fuel prices and lower AFR.
Poland	Volume impacted by a positive trend in residential sector and weather conditions. Consistent pricing policy and strict execution of the savings program led to the margin improvement.
Czech Rep.	Price increase compensates cost inflation supported by stronger sales volumes.
Romania	Positive trends in residential sector supported by good weather conditions. Focus on the costs optimization continues.
Hungary	Double digit increase of cement sales volumes enabled by essential market development, accompanied with disciplined cost management drives the result improvement.
Russia	Gradually consistent increase in pricing, volume is slightly down. Staff costs savings bring fixed costs down.
Kazakhstan	Positive consumption development in local market. Stable prices despite increased competition.

m€	Dec 16	Dec 17	Change	%	LfL %	Q4 16	Q4 17	Change	%	LfL %
Cement volume (‘000 t)	25,389	**25,937**	548	2.2 %	2.2 %	5,744	**6,150**	406	7.1 %	7.1 %
Aggregate volume (‘000 t)	38,034	**52,265**	14,231	37.4 %	3.8 %	12,748	**13,204**	456	3.6 %	3.6 %
Ready Mix volume (‘000 m^3)	6,324	**6,899**	575	9.1 %	5.3 %	1,629	**1,880**	251	15.4 %	10.3 %
Asphalt volume (‘000 t)	0	**0**	0	N/A	N/A	0	**0**	0	N/A	N/A
Revenue	2,484	**2,836**	352	14.2 %	5.2 %	658	**698**	40	6.0 %	9.0 %
Operating EBITDA	461	**539**	79	17.1 %	12.0 %	115	**136**	21	18.1 %	17.5 %
in % of revenue	*18.6 %*	***19.0 %***	*+47 bps*		*+118 bps*	*17.5 %*	***19.5 %***	*+199 bps*		*+143 bps*
Operating income (*)	293	**365**	72	24.4 %	21.4 %	72	**94**	22	31.1 %	29.4 %
Cement EBITDA margin	23.0 %	**23.9 %**	+92 bps			23.7 %	**26.1 %**	+233 bps		
Aggregates EBITDA margin	14.8 %	**15.5 %**	+69 bps			12.5 %	**16.1 %**	+360 bps		
RMC+ASP EBITDA margin	6.5 %	**6.6 %**	+6 bps			6.9 %	**5.7 %**	-126 bps		

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Asia Pacific

Markets showing signs of recovery going into 2018

Australia	Positive overall growth in consumption in the AGG business, driven by strong demand from the construction sector on the East Coast. RMX volumes remain fairly stable in Q4. Strong upward price development across most markets.
Indonesia	Strong market rebound in Java, resulting in a marked improvement in CEM volumes in Q4 compared to previous year. Pricing appears to have stabilized. Significant increase in coal price had more than 30m€ negative impact in 2017.
India	Central India volume growth starting to show recovery in Q4 from the impact of demonetization and GST implementation. Pricing and volumes in Southern India are becoming increasingly volatile but outlook going into 2018 is positive.
Thailand	Lower public and private demand putting pressure on CEM market volume. Pricing started to recover in the second half. Outlook for 2018 is strong due to upcoming infrastructure program and positive pricing.
China	Continued volume growth as well as further positive price developments in HeidelbergCement markets.

m€	Dec 16	Dec 17	Change	%	LfL %	Q4 16	Q4 17	Change	%	LfL %
Cement volume (‘000 t)	34,386	**34,673**	287	0.8 %	0.8 %	8,799	**9,367**	568	6.5 %	6.5 %
Aggregate volume (‘000 t)	39,807	**41,485**	1,678	4.2 %	4.2 %	10,458	**10,828**	369	3.5 %	3.5 %
Ready Mix volume (‘000 m^3)	11,435	**10,631**	-804	-7.0 %	-7.0 %	3,015	**2,765**	-250	-8.3 %	-8.3 %
Asphalt volume (‘000 t)	1,840	**1,762**	-78	-4.2 %	-4.2 %	506	**537**	31	6.1 %	6.1 %
Revenue	3,186	**3,155**	-31	-1.0 %	-0.4 %	826	**794**	-32	-3.8 %	2.9 %
Operating EBITDA	757	**652**	-105	-13.8 %	-13.3 %	207	**166**	-42	-20.1 %	-15.9 %
in % of revenue	*23.7 %*	***20.7 %***	*-308 bps*		*-309 bps*	*25.1 %*	***20.8 %***	*-426 bps*		*-467 bps*
Operating income (*)	575	**459**	-116	-20.2 %	-18.5 %	156	**117**	-40	-25.5 %	-19.9 %
Cement EBITDA margin	25.6 %	**20.3 %**	-531 bps			23.8 %	**18.5 %**	-525 bps		
Aggregates EBITDA margin	28.8 %	**25.5 %**	-328 bps			32.7 %	**26.7 %**	-594 bps		
RMC+ASP EBITDA margin	0.4 %	**0.9 %**	+50 bps			1.8 %	**0.6 %**	-126 bps		

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Africa - Eastern Mediterranean Basin

Strong demand increase and cost initiatives lead 20% organic EBITDA growth in the quarter

Egypt	Overall market demand was lower than in previous year but market was coming back in Q4. Price increases and synergies compensate cost inflation which is mainly driven by currency devaluation.
Morocco	Market demand was catching up in last quarter. Margin and overall result continues to be strong.
Tanzania	Stable sales volumes compared to prior year, with slow price recovery going on.
Ghana	Volumes significantly higher than in the same quarter last year. Prices are stabilizing.
Togo	Weak market demand in the last quarter, caused by political blockages in the northern part. Keen competition continues.
Israel	Strong volumes and stable prices in the last quarter have contributed positively to the full year results
Turkey	Solid volume growth and price increases have partially compensated cost inflation mainly driven higher fuel prices in USD.

m€	Dec 16	Dec 17	Change	%	LfL %	Q4 16	Q4 17	Change	%	LfL %
Cement volume (‘000 t)	19,102	**19,035**	-67	-0.3 %	-0.6 %	4,753	**5,047**	294	6.2 %	6.2 %
Aggregate volume (‘000 t)	11,000	**12,360**	1,359	12.4 %	12.4 %	2,782	**3,303**	521	18.7 %	18.7 %
Ready Mix volume (‘000 m^3)	4,955	**5,092**	137	2.8 %	2.8 %	1,185	**1,375**	189	16.0 %	16.0 %
Asphalt volume (‘000 t)	496	**572**	76	15.3 %	15.3 %	116	**154**	38	33.1 %	33.1 %
Revenue	1,800	**1,586**	-214	-11.9 %	5.1 %	423	**406**	-17	-3.9 %	14.8 %
Operating EBITDA	439	**367**	-72	-16.5 %	-2.7 %	106	**89**	-18	-16.6 %	20.2 %
in % of revenue	*24.4 %*	***23.1 %***	*-127 bps*		*-186 bps*	*25.1 %*	***21.8 %***	*-332 bps*		*+97 bps*
Operating income (*)	318	**273**	-45	-14.2 %	-3.0 %	75	**65**	-10	-13.3 %	28.6 %
Cement EBITDA margin	25.1 %	**25.9 %**	+73 bps			26.8 %	**24.1 %**	-263 bps		
Aggregates EBITDA margin	21.8 %	**22.8 %**	+104 bps			20.5 %	**21.9 %**	+135 bps		
RMC+ASP EBITDA margin	5.7 %	**3.1 %**	-258 bps			6.1 %	**3.8 %**	-232 bps		

2016 figures are restated upon completion of PPA allocation. LfL % excluding currency, scope and other one-off items. Please see appendix for details.

Group Services

Record year in international sales: Revenue is up by 14%

- HC Trading 2017 sales volume reached 25.3Mt, 5% more than previous year.
- 2017 export volume of former Italcementi plants increased by 22% compared to prior year. International trade synergies achieved are significantly above initial plan.
- Surplus generated in Asia region dried up in Q4 due to capacity & production cuts in China and healthy regional demand. China imported around 800kt of clinker in Q4, mostly from Vietnam.
- Due to mild winter conditions and healthy domestic demand in main cement & clinker export hubs, Mediterranean Basin and Asia, clinker export prices rose by 3-4 $ per ton.
- Strong market outlook for 2018 supported both fuel market and freight market in the last quarter. Local regulations and related uncertainties for the usage of pet-coke in India was the major headwind to pet-coke market, which suffered from high volatility.

m€	Dec 16	Dec 17	Change	%	LfL %	Q4 16	Q4 17	Change	%	LfL %
Revenue	1,162	**1,301**	139	11.9 %	10.1 %	340	**311**	-29	-8.5 %	-14.3 %
Operating EBITDA	28	**31**	3	11.7 %	-13.0 %	7	**11**	4	54.4 %	-36.6 %
in % of revenue	*2.4 %*	***2.4 %***	*-0 bps*		*-51 bps*	*2.2 %*	***3.6 %***	*+148 bps*		*-61 bps*
Operating income (*)	21	**27**	5	25.0 %	7.6 %	7	**10**	4	55.4 %	4.9 %

2016 figures are restated upon completion of PPA allocation. LfL % excluding currency, scope and other one-off items. Please see appendix for details.

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Key financial messages 2017

➢ Group share of profit increased by 40% from 657 m€ to 918 m€ in 2017

- Result from current operations increased by 14% despite cost inflation and negative FX impacts.
- Additional ordinary result improved by 59% as the majority of the ITC restructuring is done.
- Good refinancing conditions and Investment Grade Rating result in a further improvement of the financial result by 102 m€ to -391 m€ (PY: -493 m€).
- Income tax expense negatively impacted by write-off of 285 m€ of deferred tax assets on loss carryforwards in the US (US tax reform).

➢ Free cash flow increased to 1.4 b€ and net debt improved by 304 m€

- Strict cost discipline, reduced interest costs and Working Capital improvement are the key drivers.
- Disposal of non-core and idle assets further improves the cash flow.
- Strong reduction of 583 m€ in net debt partly overshadowed by negative FX and accounting impacts of 279 m€.
- Balanced cash allocation will be continued.

HeidelbergCement continues to earn and increase the premium on cost of capital

Income Statement December 2017

m€	2016 [1)]	2017	Change	Q4 16	Q4 17	Change
Revenue	15,166	**17,266**	*14 %*	4,238	**4,262**	*1 %*
Result from joint ventures	212	**204**	*-4 %*	62	**64**	*3 %*
Result from current operations before depreciation and amortization (RCOBD)	2,887	**3,297**	*14 %*	765	**892**	*17 %*
Depreciation and amortization	-959	**-1.109**	*-16 %*	-315	**-282**	*10 %*
Result from current operations	1,928	**2,188**	*14 %*	451	**610**	*35 %*
Additional ordinary result	-324	**-133**	*59 %*	-226	**-91**	*60 %*
Result from participations	38	**51**	*34 %*	15	**12**	*-20 %*
Financial result	-493	**-391**	*21 %*	-131	**-107**	*18 %*
Income taxes [2)]	-314	**-606**	*-93 %*	-14	**-206**	*-1,375 %*
Net result from continued operations	834	**1,109**	*33 %*	94	**218**	*131 %*
Net result from discontinued operations	-3	**-51**	*N/A*	-1	**-40**	*N/A*
Minorities	-174	**-141**	*19 %*	-22	**-28**	*-30 %*
Group share of profit	657	**918**	*40 %*	72	**149**	*109 %*

1) 2016 figures are restated upon completion of PPA allocation.

2) Income taxes include one-off non-cash deferred tax 284m€ related to the enactment of the “US Tax Cuts and Jobs Act” in 2017.

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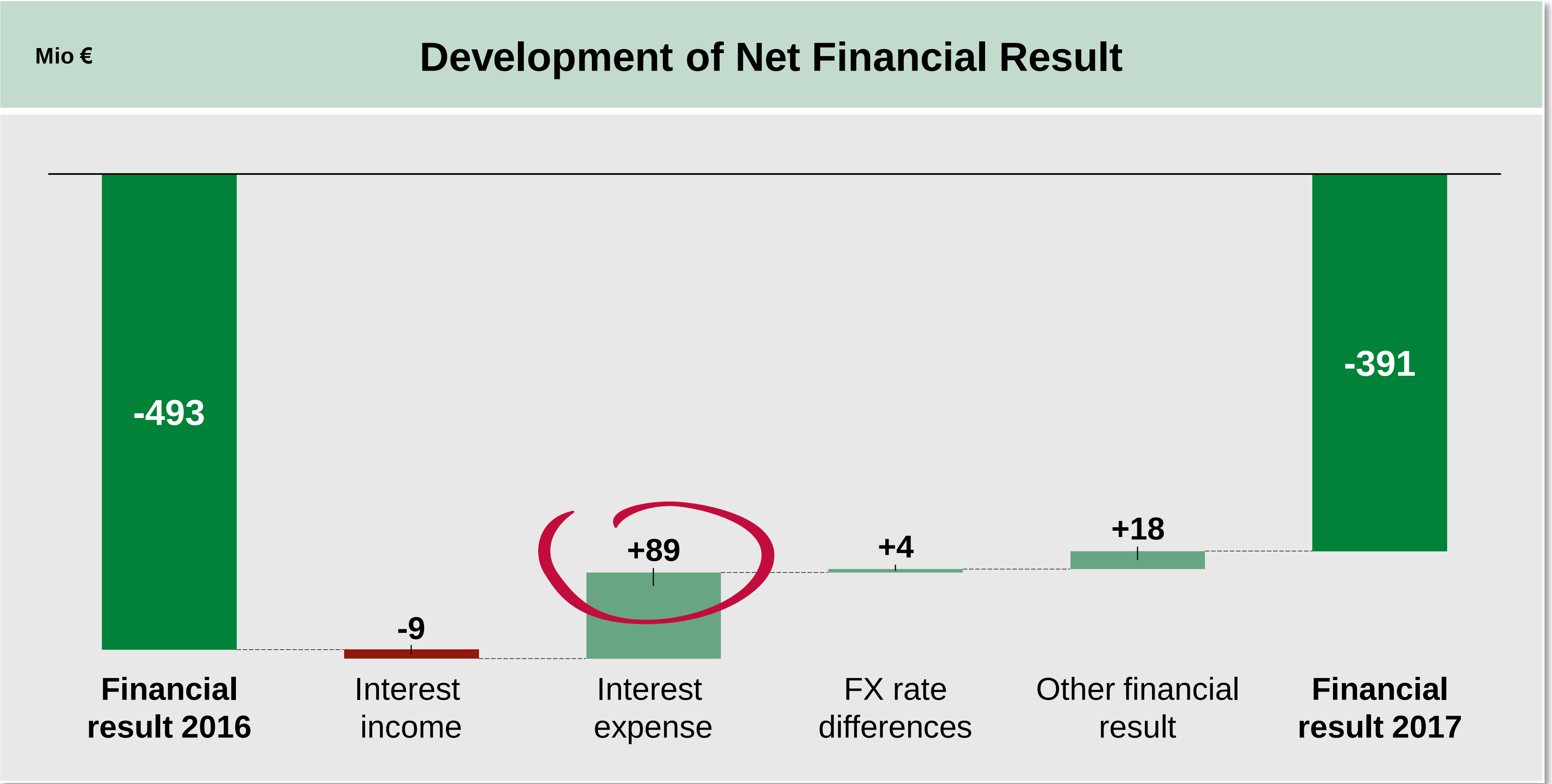
Significant reduction in "Additional Ordinary Result"

Additional ordinary income (m€)	2016	2017	Change
Gains from disposal of business units and repayment of capital	47	**12**	*-35*
Other non-recurring income	36	**86**	*50*
Total additional ordinary income	**83**	**98**	***15***

Additional ordinary expense (m€)	2016	2017	Change
Losses from disposal of business units and repayment of capital	-25	**-9**	*16*
Impairment of goodwill	-41	**0**	*41*
Impairment of other intangible assets, property, plant and equipment	-34	**-68**	*34*
Restructuring expenses (mainly ITC restructuring)	-97	**-78**	*19*
Other non-recurring expenses	-211	**-77**	*134*
Total additional ordinary expenses	**-407**	**-231**	***176***

Additional ordinary result	**-324**	**-133**	***191***

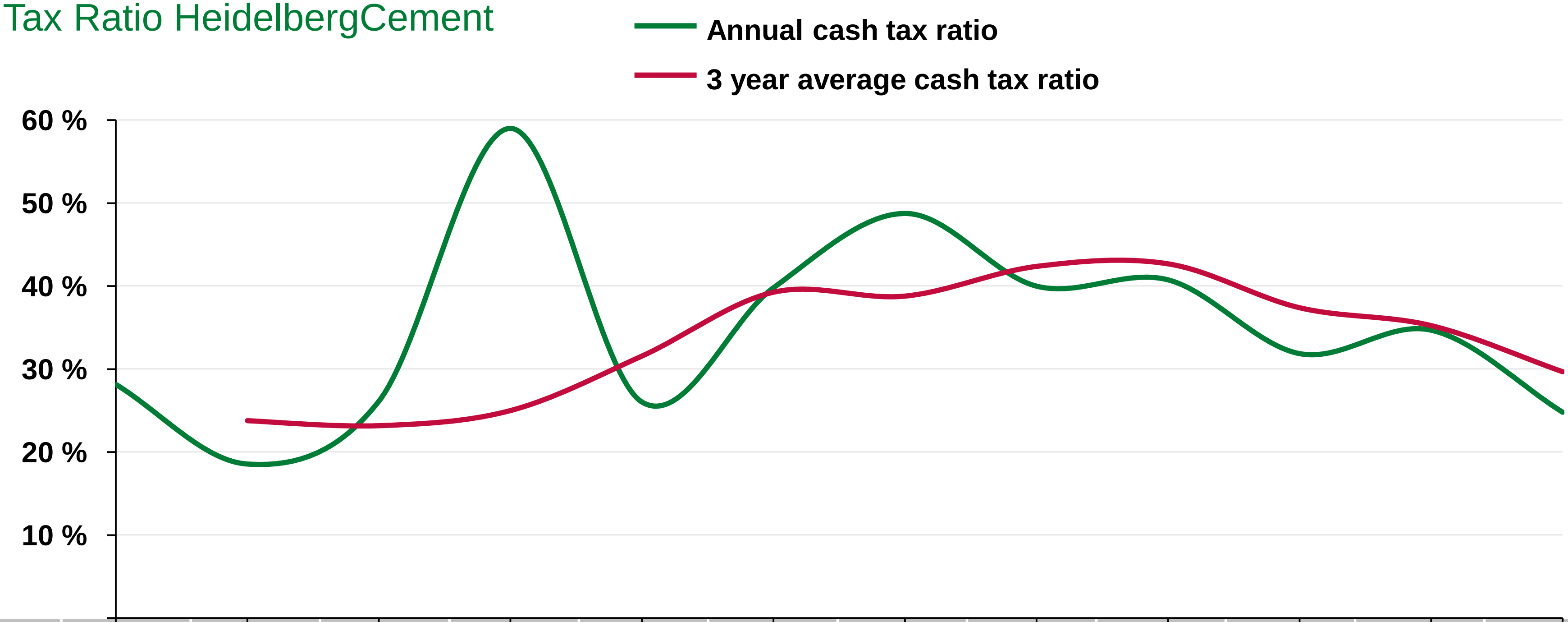
Further improvement in “Financial Result”



Improved refinancing conditions and IG Rating lead to reduction in interest expense

Continuous improvement in "Cash Tax Ratio"

Cash Tax Ratio HeidelbergCement



Cash tax ratio	2006	2007	2008	2009	2010	2011	2012	2013[1)2)]	2014[2)]	2015[2)]	2016[2)3)]	2017[2)]
Annual	28.2%	18.6%	26.1%	59.0%	26.0%	39.8%	48.8%	40.0%	40.8%	31.9%	34.7%	24.8%
3Y average	N/A	23.8%	23.2%	25.0%	31.6%	39.3%	38.8%	42.4%	42.7%	37.4%	35.2%	29.7%

1) Restated upon retrospective application of IFRS 10 and IFRS 11.
2) Excluding net result from joint ventures and associates.
3) Restated upon PPA finalization of ITC and EWH.

Good tax management pays-off. Cash tax ratio in line with guidance of 25%.

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Cash flow statement December 2017

m€	2016	2017	Change	Q4 16	Q4 17	Change
Cash flow	2.188	**2.370**	181	544	**617**	73
Changes in working capital	97	**7**	-90	656	**791**	135
Decrease in provisions through cash payments	-383	**-335**	48	-82	**-74**	8
Cash flow from operating activities – disc. operations	-28	**-4**	25	-6	**0**	6
Cash flow from operating activities	1.874	**2.038**	164	1,112	**1,333**	222
Total investments	-4.039	**-1.278**	2.760	-2,339	**-493**	1,846
Proceeds from fixed asset disposals/consolidation	816	**431**	-386	105	**268**	164
Cash flow from investing activities - discontinued operations	901	**10**	-891	902	**0**	-902
Cash flow from investing activities	-2.321	**-837**	1.484	-1,333	**-225**	1,108
Free cash flow	-447	**1.201**	1.648	-221	**1,108**	1,330
Dividend payments	-335	**-529**	-194	-11	**-10**	1
Transactions between shareholders	12	**-91**	-103	18	**-91**	-108
Net change in bonds and loans	1.381	**-302**	-1.683	475	**-416**	-891
Cash flow from financing activities	1.056	**-922**	-1.978	462	**-516**	-978
Net change in cash and cash equivalents	609	**279**	-331	241	**592**	351
Effect of exchange rate changes	13	**-142**	-155	8	**-28**	-36
Change in cash and cash equivalents	622	**137**	-485	249	**564**	315

Increase in operating cash flow, together with reduced Capex lead to strong free cash flow generation

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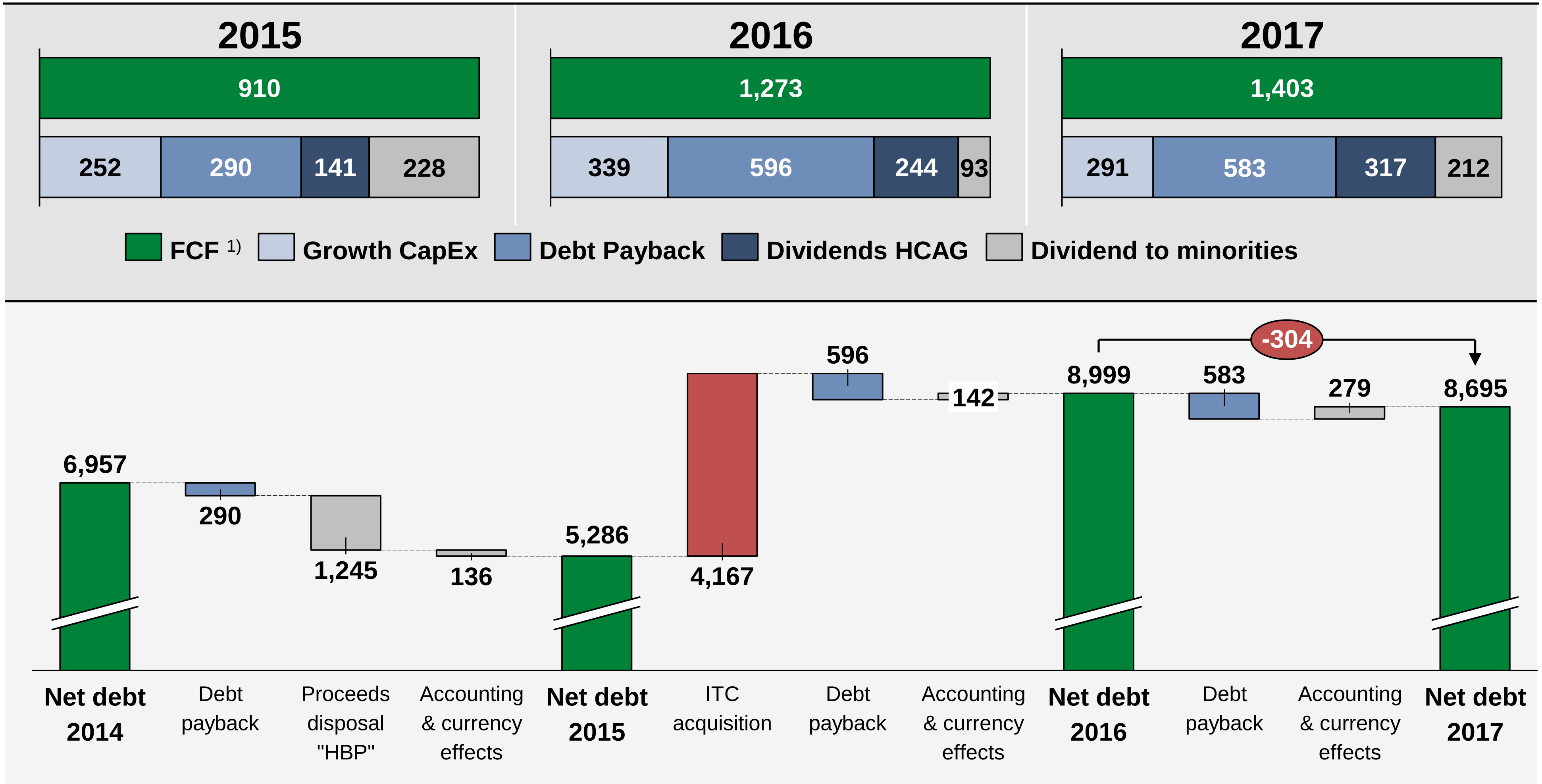
Well balanced cash allocation strategy continues

Usage of free cash flow *(m€)*



1) Before growth CapEx and disposals (incl. cashflow from discontinued operations)

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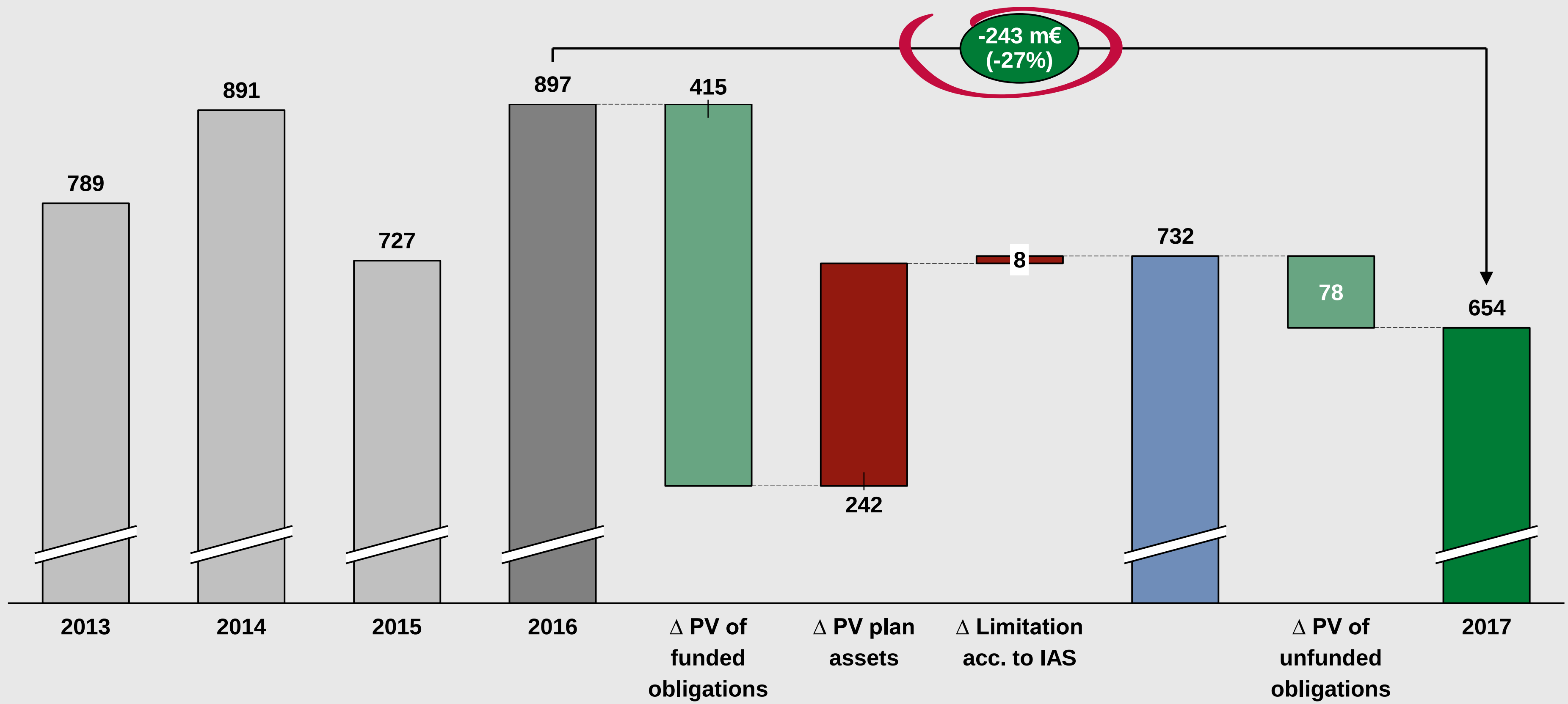
Group balance sheet

m€	Dec 2016 [1]	Dec 2017	Dec 17 / Dec 16 Variance (m€)	Dec 17 / Dec 16 Variance (%)
Assets				
Intangible assets	12.412	**11.471**	-941	-8 %
Property, plant and equipment	13.913	**12.814**	-1.099	-8 %
Financial assets	2.383	**2.181**	-202	-8 %
Fixed assets	28.709	**26.466**	-2.243	-8 %
Deferred taxes	900	**518**	-382	-42 %
Receivables	3.396	**3.465**	70	2 %
Inventories	2.054	**1.881**	-174	-8 %
Cash and short-term financial instruments/derivatives	2.052	**2.129**	77	4 %
Assets held for sale and discontinued operations	9	**100**	91	989 %
Balance sheet total	37.120	**34.558**	-2.562	-7 %
Equity and liabilities				
Equity attributable to shareholders	16.055	**14.558**	-1.497	-9 %
Non-controlling interests	1.737	**1.494**	-243	-14 %
Equity	17.792	**16.052**	-1.739	-10 %
Debt	11.051	**10.824**	-227	-2 %
Provisions	3.109	**2.636**	-473	-15 %
Deferred taxes	642	**650**	8	1 %
Operating liabilities	4.526	**4.383**	-143	-3 %
Liabilities associated with assets held for sale		**13**	13	
Balance sheet total	37.120	**34.558**	-2.562	-7 %
Net Debt	8,999	**8,695**	-303	-3 %
Gearing	50.6 %	**54.2 %**		

1) 2016 figures are restated upon completion of PPA allocation.

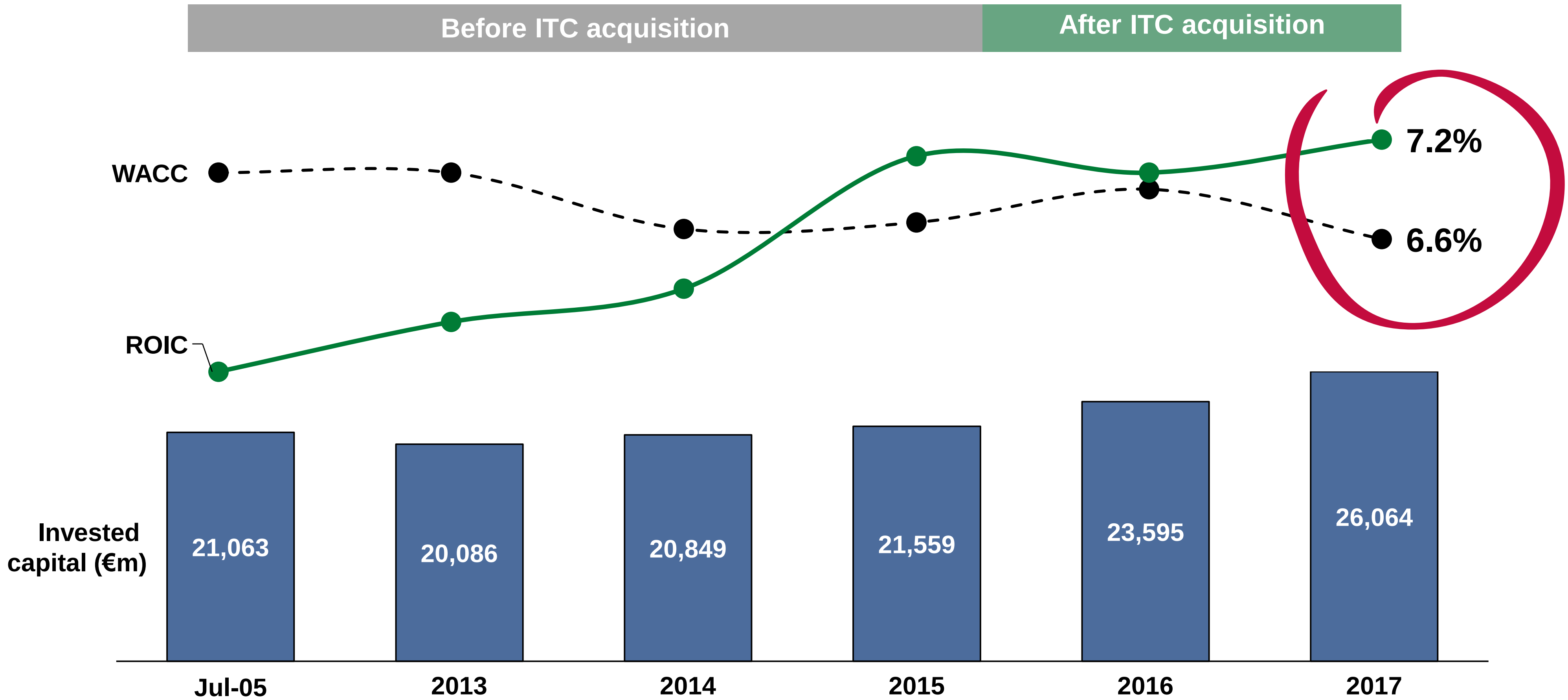
Favorable development of pension obligations continues

Net pension obligations (in m€)



Good management: further decrease in pension obligations

We continue to create value and earn cost of capital



We continue to earn premium on cost of capital after Italcementi acquisition!

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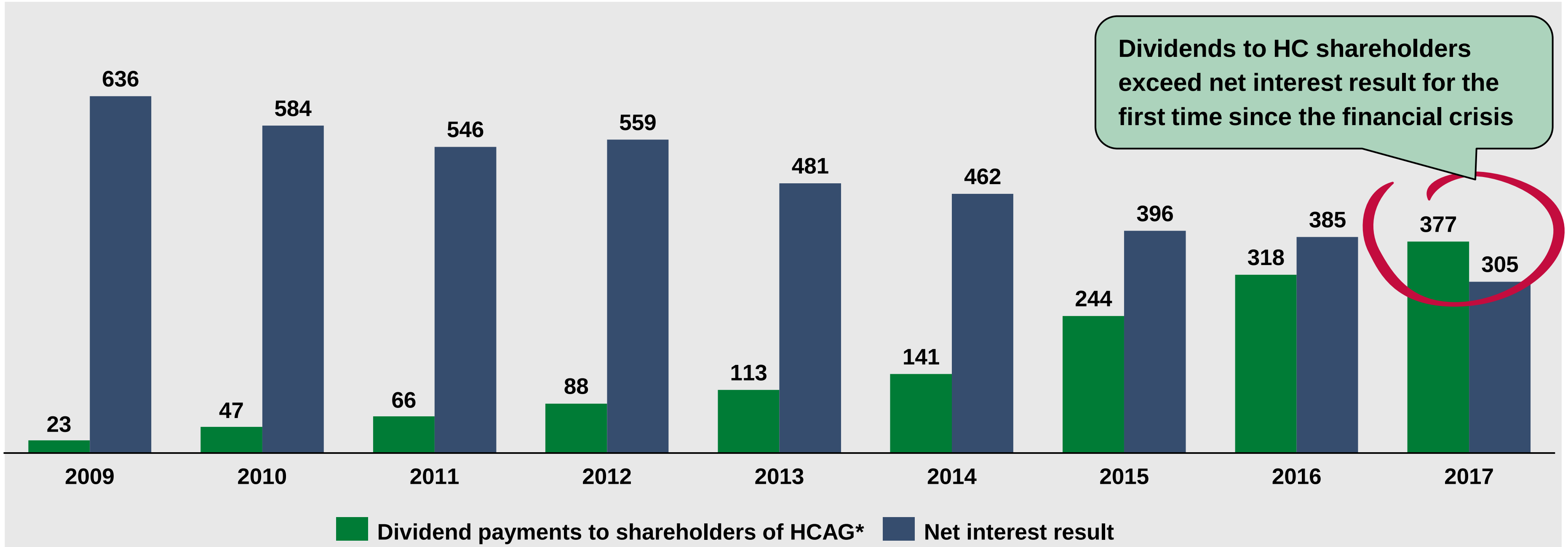
Shift in cash allocation from debtors to shareholders

Dividend payments to HC shareholders and net interest result (in m€)



8th increase in dividends in a row

2nd record dividend in a row

8th straight increase in dividends and payment of another record dividend for 2017

* Dividend paid for the respective year. Actual payment in the following year.

Contents

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Outlook 2018

- **South**: Post-hurricane rebuild especially in Texas/Houston.
- **West Coast (California)**: State infrastructure program, strong residential.
- **North West:** Increasing trends in residential and commercial.
- **North East / Mid-West:** Continuing steady growth after a harsh winter start.
- **New state infrastructure spending in most of the key states.**

- **Southern Europe**: Solid improvement as a result of price increases in Italy, demand and price growth in France.
- **Western Europe**: Recovery continues in Benelux; Germany stable at high level supported with solid price increase.
- **UK:** Market stabilization, worst is left behind.
- **Nordics:** Continuation of solid market demand.
- **Eastern Europe:** Focus on price increases as demand growth continues.
- **Price recovery in Europe to catch up with US profitability**

- **North Africa:** Solid market in Morocco, promising start for the year in Egypt.
- **Sub Saharan Africa:** Improvement in results as demand and price increase in key markets Ghana, Tanzania, Togo.

- **Indonesia:** Strong demand growth, price already stabilized in low levels.
- **Australia:** Another solid year with growth in all business lines.
- **India:** Demand improvement after a difficult year.
- **Thailand:** Recovery as a result of upcoming infrastructure program.

- **FOB clinker price increased by 20% vs. prior year**
- **Freight rates are 30% above prior year**
- **China continues to import clinker**

Clear signs for strong local price increases

Targets 2018

	2018 Target
Volumes	**Increase in all business lines**
Operating EBITDA	**Mid to high single digit organic growth**
Net CapEx	**€bn 1.1**
Maintenance	*€m 700*
Expansion	*€m 400*
Energy cost per tonne of cement produced	**2% to 5%**
Leverage	**Below 2.5X**

Sustainability Commitments 2030

SUSTAINABILITY COMMITMENTS 2030

SUSTAINABLE DEVELOPMENT GOALS

Six themes signify HC's commitment to sustainable growth, to the environment and to society

Driving Economic Strength and Innovation	8 Decent work and economic growth; 9 Industry, innovation and infrastructure; 11 Sustainable cities and communities
Achieving excellence in Occupational Health and Safety	3 Good health and well-being; 4 Quality education
Reducing our Environmental Footprint	6 Clean water and sanitation; 7 Affordable and clean energy; 9 Industry, innovation and infrastructure; 12 Responsible consumption and production; 13 Climate action; 15 Life on land
Enabling the Circular Economy	8 Decent work and economic growth; 11 Sustainable cities and communities; 12 Responsible consumption and production
Being a Good Neighbour	4 Quality education; 17 Partnerships for the goals
Ensuring Compliance *and creating* Transparency	5 Gender equality; 16 Peace, justice and strong institutions; 17 Partnerships for the goals

The Sustainability Commitments 2030 are a policy designed to actively contribute to the Sustainable Development Goals of UN

Capital Markets Day 2018

12 June 2018

Bergamo, ITALY

Details and registration under:

www.heidelbergcement.com/en/capital-markets-day-2018

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Volume and price development (2017 vs. 2016)

	Domestic gray cement Volume	Domestic gray cement Price	Aggregates Volume	Aggregates Price	Ready Mix Volume	Ready Mix Price
Total US	+	++	-	++	- -	+
Canada	++	+	++	-	++	-
Benelux	++	+	- -	- -	- -	++
Germany	++	-	++	++	++	++
France	- -	+/-	++	-	+	++
Italy	-	++	++	+	- -	-
Spain	++	-	++	-	- -	+
United Kingdom	-	+	-	-	- -	-
Norway	++	+	- -	++	- -	++
Sweden	++	+	- -	++	++	+
Czech Republic	- -	+	++	-	++	+
Georgia	++	-				
Hungary	++	+				
Kazakhstan	-	++				
Poland	++	++	++	-	++	+
Romania	++	+	- -	-	++	-
Russia	- -	++				
Ukraine	- -	++				
Australia	++	+	++	-	+	++
Indonesia	++	- -	- -	- -	- -	- -
India	+	++				
Thailand	- -	- -			-	- -
China	++	++				
Bangladesh	- -	- -				
Malaysia			- -	- -	- -	- -
Ghana	++	- -				
Tanzania	++	- -				
Egypt	- -	++			- -	++
Morocco	- -	++			++	+
Turkey	++	+				++

Only slightly negative due to regional mix. (Germany)

Price decline driven by regional and product mix (Spain)

Pricing already stabilized in Tanzania, improving in Ghana.

++ = >2%
+ = 0 to +2%
+/- = stable
- = -2% to 0
-- = <-2%

Currency & Scope Impacts

Revenues	Full Year Cons.	Full Year Decons.	Full Year Curr.	Q4 Cons.	Q4 Decons.	Q4 Curr.
North America	74	-19	-70	32	-6	-84
West & South Europe	0	0	-87	0	0	-4
North & East Europe	233	-21	12	4	0	-22
Asia - Pacific	0	0	-19	0	0	-54
Africa - Med. Basin	4	0	-295	0	0	-69
Group Services	22	0	-1	22	0	-3
TOTAL GROUP	**333**	**-40**	**-459**	**58**	**-6**	**-235**

Operating EBITDA	Full Year Cons.	Full Year Decons.	Full Year Curr.	Q4 Cons.	Q4 Decons.	Q4 Curr.
North America	10	-1	-16	4	2	-19
West & South Europe	0	0	-15	0	0	-1
North & East Europe	34	-12	5	-1	0	-2
Asia - Pacific	0	0	-8	0	0	-14
Africa - Med. Basin	1	0	-52	0	0	-21
Group Services	6	0	0	6	0	0
TOTAL GROUP	**51**	**-13**	**-85**	**10**	**2**	**-58**

Operating Income	Full Year Cons.	Full Year Decons.	Full Year Curr.	Q4 Cons.	Q4 Decons.	Q4 Curr.
North America	6	2	-11	3	3	-13
West & South Europe	0	0	-10	0	0	-1
North & East Europe	21	-10	3	-1	0	-1
Asia - Pacific	0	0	-7	0	0	-11
Africa - Med. Basin	1	0	-30	0	0	-16
Group Services	6	0	0	6	0	0
TOTAL GROUP	**34**	**-9**	**-55**	**9**	**3**	**-43**

Cement Volume	Full Year Cons.	Full Year Decons.	Q4 Cons.	Q4 Decons.
North America	0	-136	0	-45
Africa - Med. Basin	47	0	0	0
Group Services	261	0	261	0
TOTAL GROUP	**308**	**-136**	**261**	**-45**

Aggregates Volume	Full Year Cons.	Full Year Decons.	Q4 Cons.	Q4 Decons.
North America	1,771	0	805	0
North & East Europe	15,551	-2,654	0	0
TOTAL GROUP	**17,322**	**-2,654**	**805**	**0**

RMC Volume	Full Year Cons.	Full Year Decons.	Q4 Cons.	Q4 Decons.
North America	200	0	96	0
North & East Europe	241	0	83	0
TOTAL GROUP	**441**	**0**	**179**	**0**

Asphalt Volume	Full Year Cons.	Full Year Decons.	Q4 Cons.	Q4 Decons.
North America	195	0	55	0
TOTAL GROUP	**195**	**0**	**55**	**0**

Restatements and LfL Growth

FULL YEAR EBITDA	NAM	WSE	NCA	ASP	AFM	SER	OVH	GROUP
2016 EBITDA	**990**	**622**	**461**	**756**	**462**	**28**	**-123**	**3,195**
Restatements	-18.1	-10.5		0.9	-22.9	0.1	-2.4	-52.8
2016 restated EBITDA	**972**	**612**	**461**	**757**	**439**	**28**	**-126**	**3,142**
FX impact	16.1	14.7	-4.7	7.7	51.6	0.0		85.4
CO2		-6.1	3.3					-2.8
PPA corrections	-12.3	-23.7	-0.6	-3.6	11.6	-0.7		-29.2
Scope (Decons.)	0.6		12.0					12.6
2016 Clean EBITDA	**968**	**627**	**451**	**752**	**376**	**28**	**-126**	**3,076**
2017 EBITDA	**1,160**	**613**	**539**	**652**	**367**	**31**	**-65**	**3,297**
PPA impact current year								
Scope (Cons.)	9.6		34.4		1.2	6.3		51.4
2017 Clean EBITDA	**1,151**	**613**	**505**	**652**	**366**	**25**	**-65**	**3,246**
Organic growth	183	-14	54	-100	-10	-4	60	170
Organic growth	**18.9%**	**-2.2%**	**12.0%**	**-13.3%**	**-2.7%**	**-13.0%**		**5.5%**

FULL YEAR RCO	NAM	WSE	NCA	ASP	AFM	SER	OVH	GROUP
2016 RCO	**690**	**310**	**293**	**573**	**338**	**20**	**-150**	**2,073**
Restatements	-20.0	-17.9	0.4	2.5	-20.6	1.5	-2.4	-56.5
2016 restated RCO	**670**	**292**	**293**	**575**	**318**	**21**	**-153**	**2,017**
FX impact	10.9	9.8	-2.7	7.0	29.6	-0.1		54.6
CO2		-6.1	3.3					-2.8
PPA corrections	-25.1	-41.5	0.1	-6.1	8.1	2.7		-61.9
Scope (Decons.)	-1.9		10.4					8.5
2016 Clean RCO	**687**	**330**	**282**	**574**	**280**	**19**	**-153**	**2,018**
2017 RCO	**863**	**294**	**365**	**459**	**273**	**27**	**-92**	**2,188**
PPA impact current year	-25.7	-47.2	1.4	-9.1	0.1	0.4	8.3	-72.0
Scope (Cons.)	6.1		21.0		0.9	6.2		34.2
2017 Clean RCO	**883**	**342**	**342**	**468**	**272**	**20**	**-100**	**2,226**
Organic growth	196	12	60	-106	-8	1	52	208
Organic growth	**28.6%**	**3.6%**	**21.4%**	**-18.5%**	**-3.0%**	**7.6%**		**10.3%**

Q4 EBITDA	NAM	WSE	NCA	ASP	AFM	SER	OVH	GROUP
2016 EBITDA	**268**	**108**	**115**	**206**	**129**	**7**	**-16**	**818**
Restatements	-18.1	-10.5		0.9	-22.9	0.1	-2.4	-52.8
2016 restated EBITDA	**250**	**98**	**115**	**207**	**106**	**7**	**-18**	**765**
FX impact	19.3	1.3	2.1	14.0	20.9	0.1		57.8
CO2		-17.0	-2.5					-19.5
PPA corrections	-12.3	-23.7	-0.6	-3.6	11.6	-0.7		-29.2
Scope (Decons.)	-2.0							-2.0
2016 Clean EBITDA	**245**	**137**	**116**	**197**	**74**	**8**	**-18**	**758**
2017 EBITDA	**358**	**154**	**136**	**166**	**89**	**11**	**-21**	**892**
PPA impact current year								
Scope (Cons.)	4.4		-0.6			6.3		10.1
2017 Clean EBITDA	**354**	**154**	**137**	**166**	**89**	**5**	**-21**	**882**
Organic growth	109	17	20	-31	15	-3	-3	124
Organic growth	**44.5%**	**12.2%**	**17.5%**	**-15.9%**	**20.2%**	**-36.6%**		**16.3%**

Q4 RCO	NAM	WSE	NCA	ASP	AFM	SER	OVH	GROUP
2016 RCO	**185**	**25**	**72**	**154**	**95**	**5**	**-29**	**507**
Restatements	-20.0	-17.9	0.4	2.5	-20.6	1.5	-2.4	-56.5
2016 restated RCO	**165**	**7**	**72**	**156**	**75**	**7**	**-31**	**451**
FX impact	13.3	1.1	1.2	11.2	16.3	0.0		43.0
CO2		-17.0	-2.5					-19.5
PPA corrections	-25.1	-41.5	0.1	-6.1	8.1	2.7		-61.9
Scope (Decons.)	-2.8							-2.8
2016 Clean RCO	**179**	**65**	**73**	**151**	**50**	**4**	**-31**	**492**
2017 RCO	**284**	**68**	**94**	**117**	**65**	**10**	**-28**	**610**
PPA impact current year	-5.5	-20.4	0.4	-4.8	0.1	0.0	2.1	-28.3
Scope (Cons.)	3.3		-0.6			6.2		8.9
2017 Clean RCO	**287**	**88**	**95**	**121**	**65**	**4**	**-30**	**629**
Organic growth	107	23	21	-30	14	0	1	138
Organic growth	**59.9%**	**35.8%**	**29.4%**	**-19.9%**	**28.6%**	**4.9%**		**28.0%**

Contact information and event calendar

Date	Event
09 May 2018	2018 First Quarter Results & AGM
12 June 2018	2018 Capital Markets Day
31 July 2018	2018 Half Year Results
08 November 2018	2018 Third Quarter Results

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Disclaimer

Unless otherwise indicated, the financial information provided herein has been prepared under International Financial Reporting Standards (IFRS).

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