

HeidelbergCement

Group presentation



Truck in aggregates quarry

HeidelbergCement: history and development

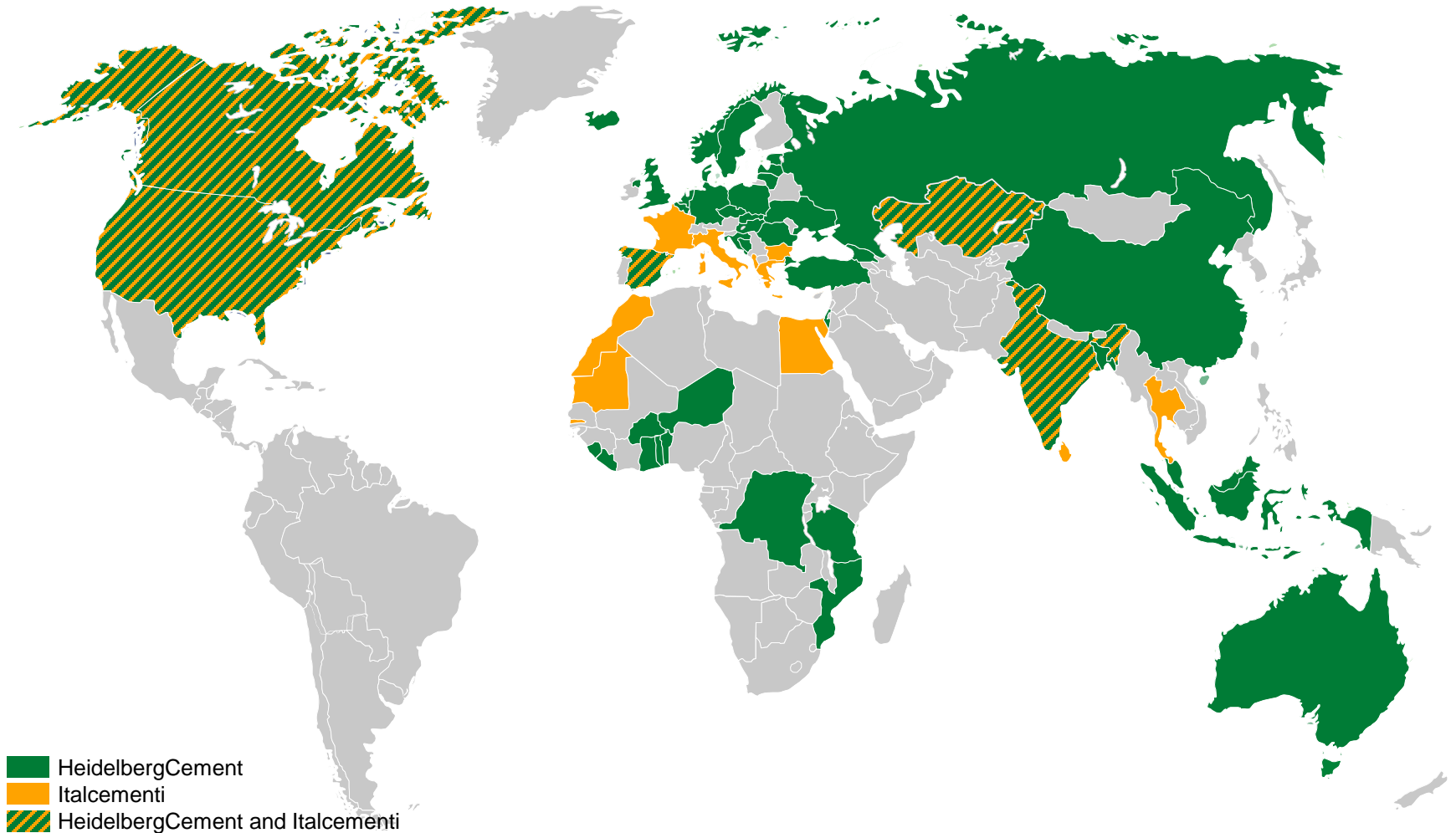
| | |
|----------------|---|
| 1873 | Foundation |
| 1977 | Lehigh, USA |
| 1989 | Central and Eastern Europe |
| 1993 | CBR |
| 1995/96 | China, Turkey |
| 1999 | Scancem |
| 2001 | Indocement, Indonesia |
| 2005/06 | Kazakhstan, India, Georgia |
| 2007 | Hanson |
| 2010 | Democratic Republic Congo |
| 2015 | Sale of building products North America & UK |
| 2016 | Italcementi |

Founded in 1873;
today, leading
market positions in
aggregates, cement,
and ready-mixed
concrete



HeidelbergCement in the world

Number 1 in aggregates, number 2 in cement,
and number 3 in ready-mixed concrete



Expanded HeidelbergCement Group in figures

- **63,000 employees**
- **Core business**
 - Aggregates
 - Cement
 - Downstream activities: ready-mixed concrete and asphalt
- **3,030 locations in around 60 countries (incl. joint ventures)**
 - 620 production sites for sand, gravel, and crushed rock
 - 161 cement and grinding plants
 - 1,740 ready-mixed concrete plants
 - 114 asphalt plants
- **Cement capacity 197 million tonnes (incl. joint ventures)**
- **Aggregates reserves 18 billion tonnes**



Managing Board



Dr. Bernd Scheifele
Chairman of the
Managing Board



Dr. Dominik v. Achten
Deputy Chairman and
Western and Southern Europe



Dr. Lorenz Näger
Chief Financial Officer



Kevin Gluskie
Asia-Pacific



Hakan Gurdal
Africa-Eastern
Mediterranean Basin



Jon Morrish
North America



Dr. Albert Scheuer
Northern and Eastern
Europe-Central Asia

2015 – Best year since the financial crisis

■ Important targets met in 2015

- Revenue up 7% to €13.5 billion
- Operating income and margin significantly increased in all business lines
- Profit for the financial year and earnings per share clearly improved
- Focus on core business realised after the sale of the building products in North America and the United Kingdom
- Net debt significantly decreased below target value of €6.5 billion

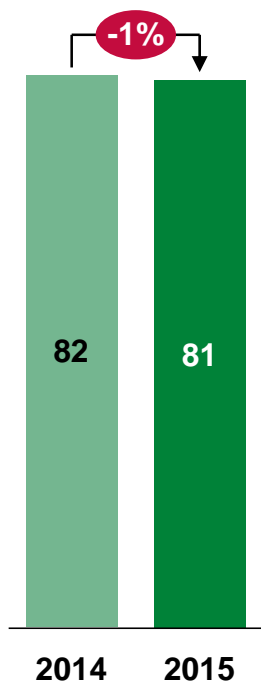
■ Outlook 2016

- Closing of Italcementi acquisition
- Generation change on the Managing Board
- Rise in sales volumes in all business lines
- Moderate increase in revenue, operating income and profit for the financial year before currency and consolidation effects as well as non-recurring items

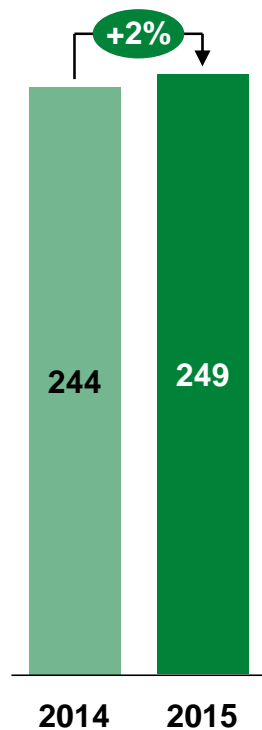
Development of sales volumes

January–December

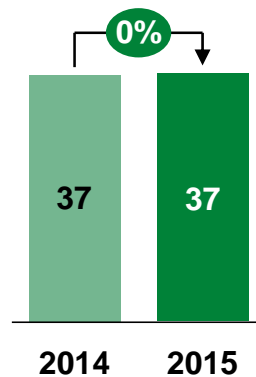
Cement (mt)



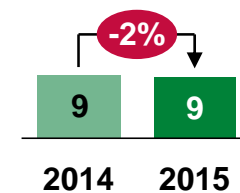
Aggregates (mt)



Ready-mixed concrete (mm³)

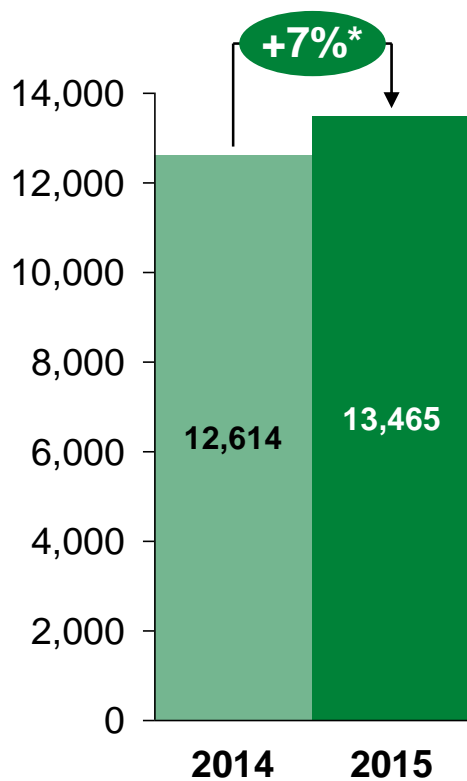


Asphalt (mt)

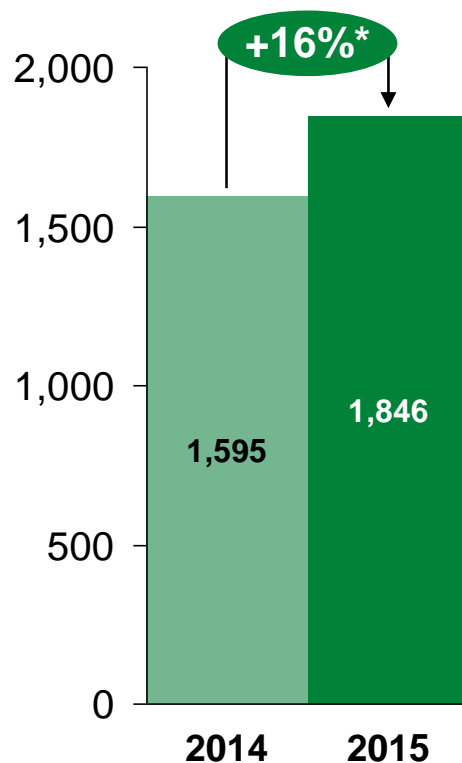


Key figures (€m)

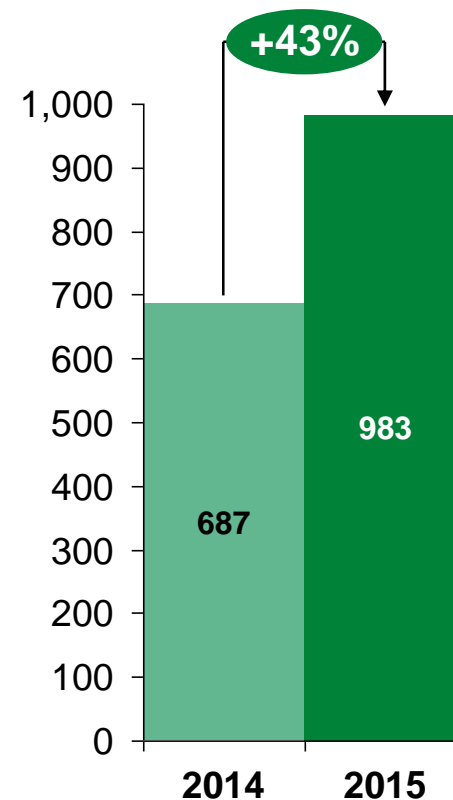
Revenue



Operating income

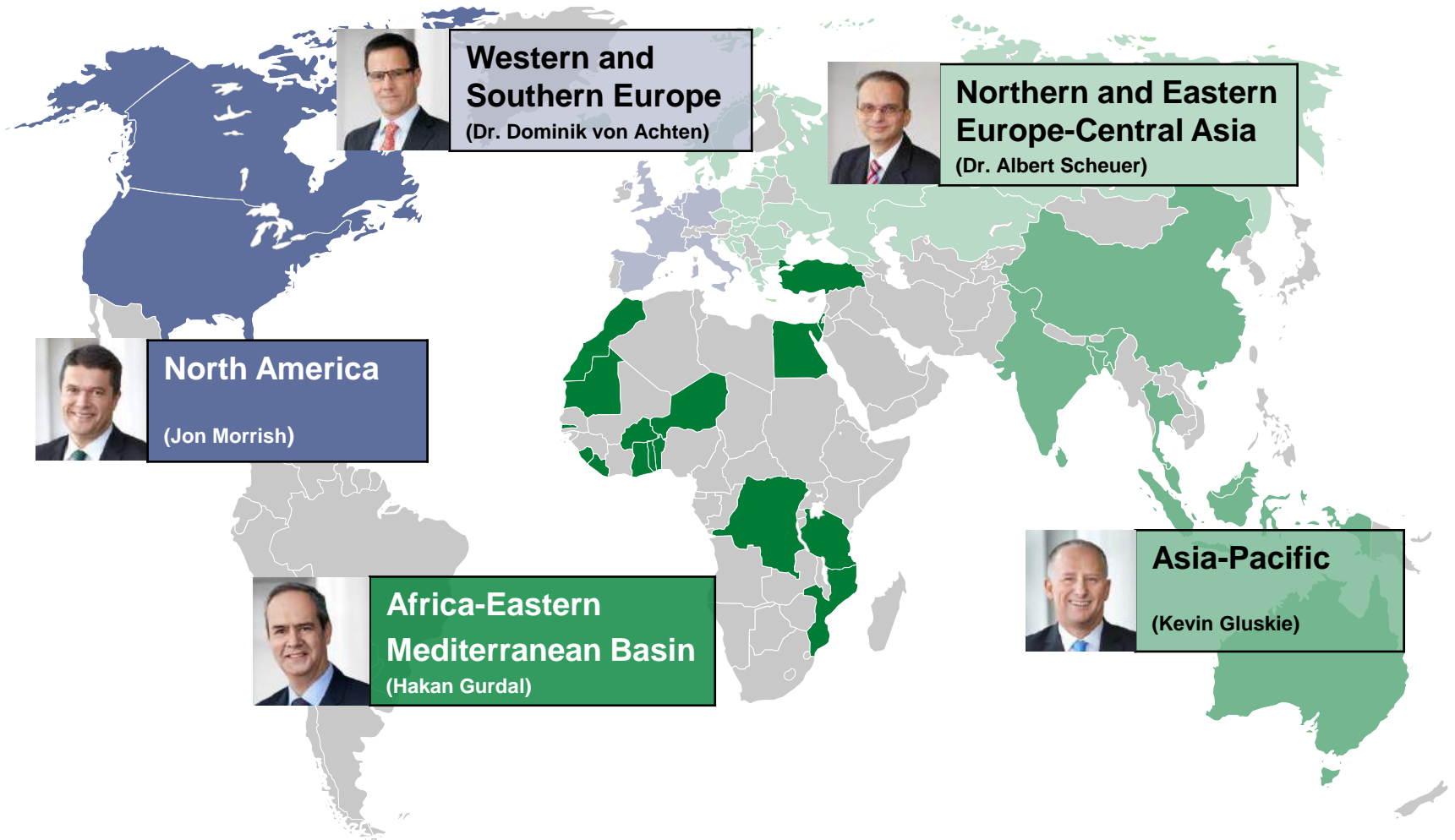


Profit for the financial year



* Adjusted for consolidation and exchange rate effects: revenue 0% and operating income +10%

Split of the Group areas (since 1 July 2016)



Comparison of Group areas: 2015 vs 2016

Group areas in 2015

North America

Western and Northern Europe (Northern Europe)

Eastern Europe-Central Asia

Africa-Mediterranean Basin (Spain)

Asia-Pacific

Group areas in 2016

North America

Western and Southern Europe (Spain)

Northern and Eastern Europe-Central Asia (Northern Europe)

Africa-Eastern Mediterranean Basin

Asia-Pacific



Jon Morrish



Dr. Dominik v. Achten



Dr. Albert Scheuer



Hakan Gurdal



Kevin Gluskie

Group areas and countries (since 1 July 2016)

Western and Southern Europe

Belgium, France, Germany, Italy, Netherlands, Spain, United Kingdom

Northern and Eastern Europe-Central Asia

Denmark, Estonia, Iceland, Latvia, Lithuania, Norway, Sweden; Albania, Bosnia-Herzegovina, Bulgaria, Croatia, Czech Republic, Georgia, Greece, Hungary, Kazakhstan, Poland, Romania, Russia, Slovakia, Ukraine

North America

Canada, USA (incl. Puerto Rico)

Africa-Eastern Mediterranean Basin

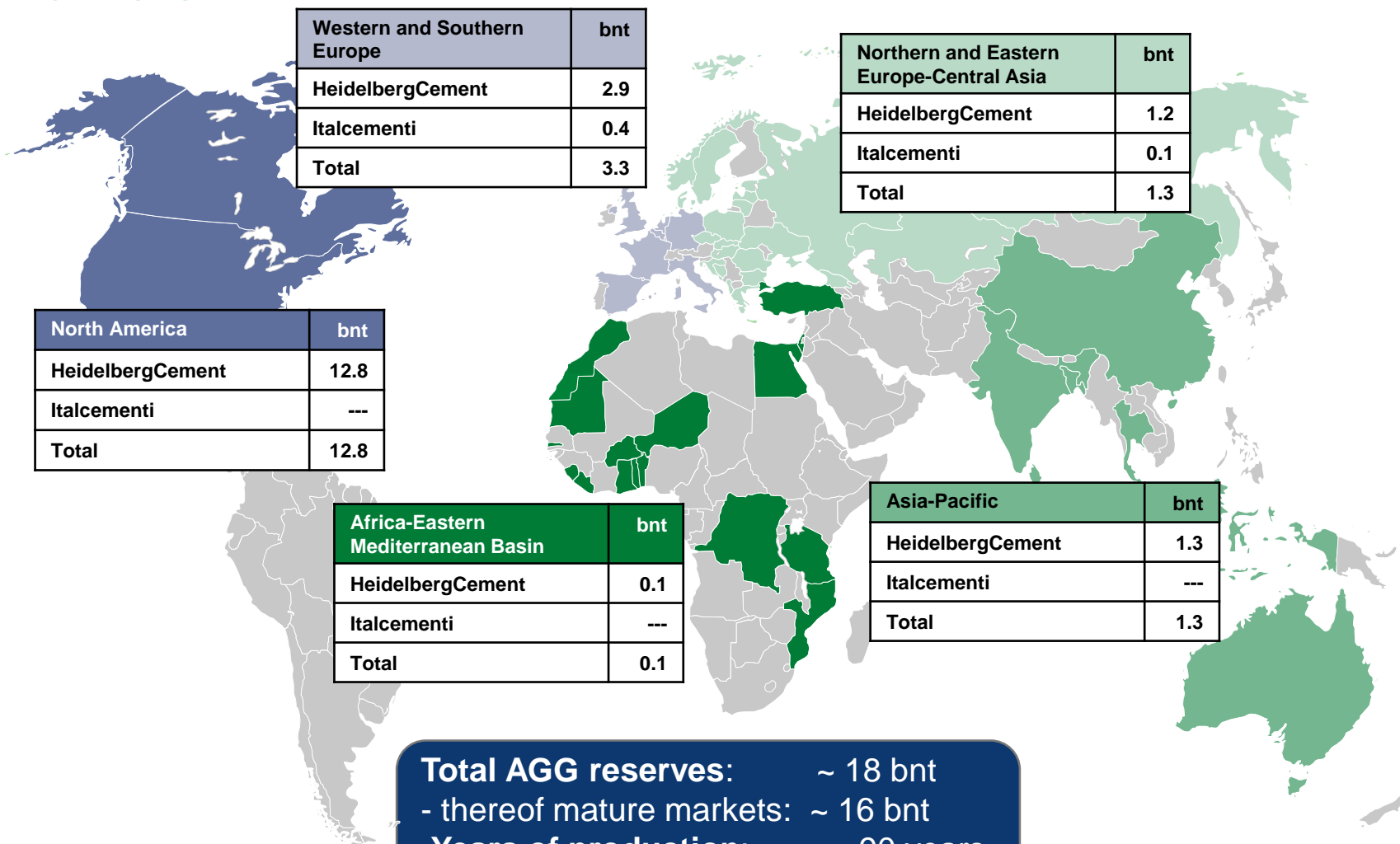
Benin, Burkina Faso, DR Congo, Egypt, Gambia, Ghana, Liberia, Mauritania, Morocco, Mozambique, Sierra Leone, Tanzania, Togo; Israel, Turkey

Asia-Pacific

Bangladesh, Brunei, China (incl. Hong Kong), India, Indonesia, Malaysia, Singapore, Sri Lanka, Thailand; Australia

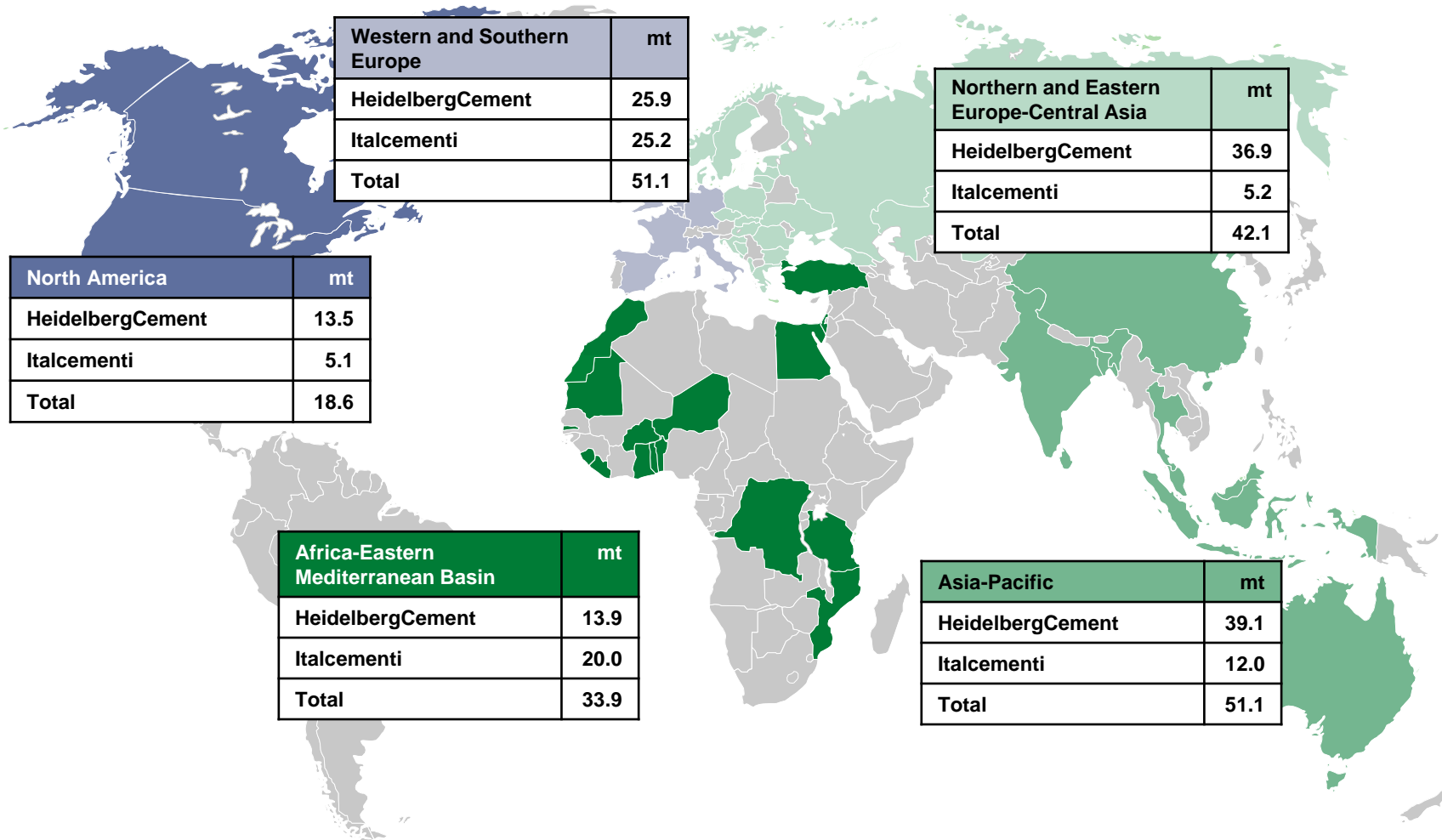
Group Services

High aggregates reserves of 18 bnt: focus on mature markets



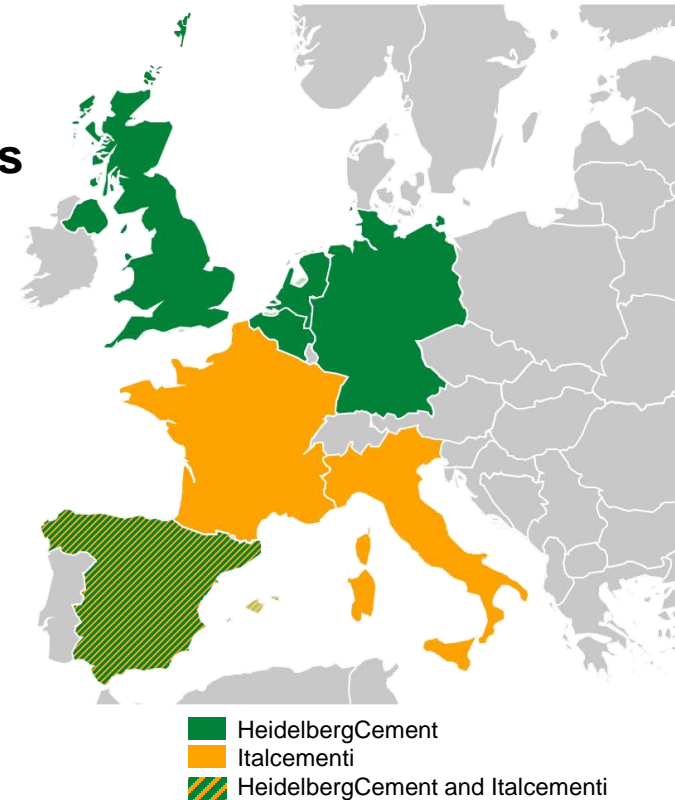
Total AGG reserves: ~ 18 bnt
 - thereof mature markets: ~ 16 bnt
Years of production: ~ 90 years
 High intrinsic value potential

Cement capacity of 197 mt (incl. joint ventures)



Western and Southern Europe

- Production sites in 7 countries – mature markets
 - Addition of the strong market regions France and Italy
- In most countries we are the market leader in cement
- Dense network of production sites for aggregates and ready-mixed concrete

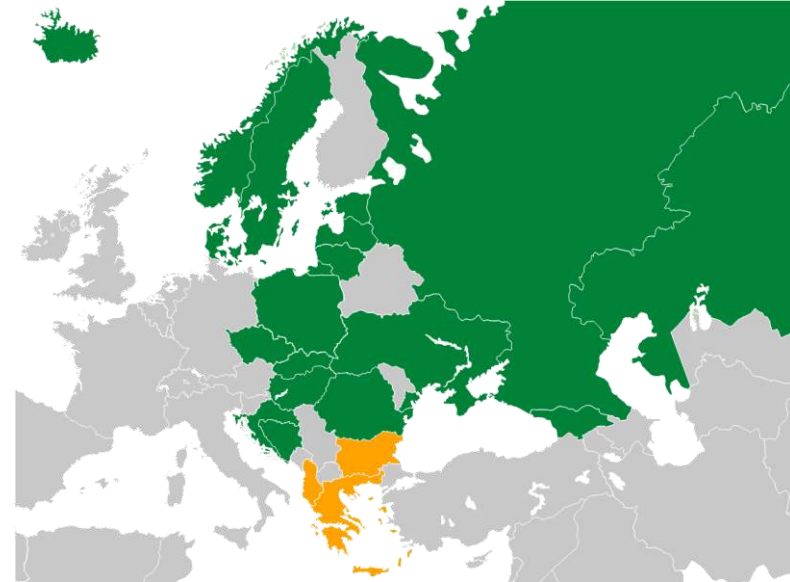


| Production sites | HC | ITC | Total |
|----------------------|-----|-----|-------|
| Cement/grinding/GGBS | 23 | 28 | 51 |
| Cement terminals | 5 | 13 | 18 |
| Aggregates | 120 | 94 | 214 |
| Aggregates terminals | 38 | 14 | 52 |
| Ready-mixed concrete | 474 | 304 | 778 |
| Asphalt | 42 | | 42 |
| Concrete products | 22 | | 22 |



Northern and Eastern Europe-Central Asia

- **Production sites in 21 countries – mature and emerging markets**
 - Addition of important market positions in Bulgaria and Greece
- **We are either the market leader or hold leading market positions in cement in most countries**
- **Dense network of ready-mixed concrete plants in Northern and Eastern Europe; expansion of aggregates extraction**



■ HeidelbergCement
■ Italcementi

| Production sites | HC | ITC | Total |
|----------------------|-----|-----|-------|
| Cement/grinding | 28 | 4 | 32 |
| Cement terminals | 76 | 4 | 80 |
| Aggregates | 102 | 2 | 104 |
| Aggregates terminals | 15 | --- | 15 |
| Ready-mixed concrete | 329 | 4 | 333 |
| Concrete products | 20 | --- | 20 |



North America

- **Leading positions in aggregates, cement, ready-mixed concrete, and asphalt**
- **Production sites mainly in the eastern part of the USA, Texas, the Gulf Coast, the Pacific Coast as well as western Canada**
 - **With the acquisition of Italcementi, activities have been expanded in the northeastern USA and extended into eastern Canada**
- **Integrated market approach for cement, aggregates, asphalt, and ready-mixed concrete in four regions: North, South, West, and Canada**



 HeidelbergCement and Italcementi

| Production sites | HC | ITC | Total |
|----------------------|-----|-----|-------|
| Cement/grinding/GGBS | 17 | 9 | 26 |
| Cement terminals | 49 | 18 | 67 |
| Aggregates | 187 | 3 | 190 |
| Aggregates terminals | 17 | --- | 17 |
| Ready-mixed concrete | 149 | 30 | 179 |
| Asphalt | 51 | --- | 51 |
| Concrete products | 3 | --- | 3 |



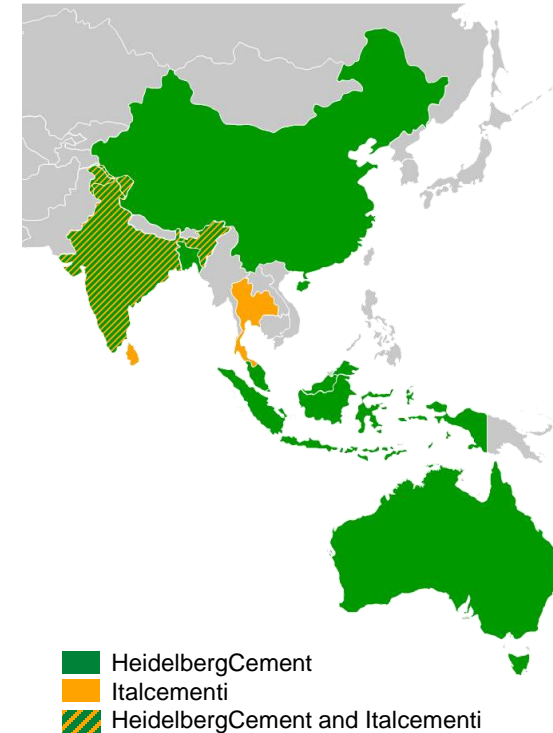
Asia-Pacific

■ Asia

- **Activities in 9 countries: Bangladesh, Brunei, China, India, Indonesia, Malaysia, Singapore**
 - **Extension to Thailand and Sri Lanka through Italcementi**
- **Strong market position in ready-mixed concrete in Malaysia, Thailand, and Indonesia**
- **Aggregates production mainly in Malaysia**

■ Australia

- **Mainly production of aggregates and ready-mixed concrete**
 - **Network expanded with acquisition of Rocla Quarry Products**
- **Production sites on the east coast, Tasmania, and in the southwest**
- **Joint venture in four cement plants**



| Production sites | HC | ITC | Total |
|----------------------|-----|-----|-------|
| Cement/grinding | 18 | 7 | 25 |
| Cement terminals | 10 | 2 | 12 |
| Aggregates | 104 | 1 | 105 |
| Ready-mixed concrete | 304 | 35 | 339 |
| Aphalt | 19 | --- | 19 |
| Concrete products | 2 | --- | 2 |



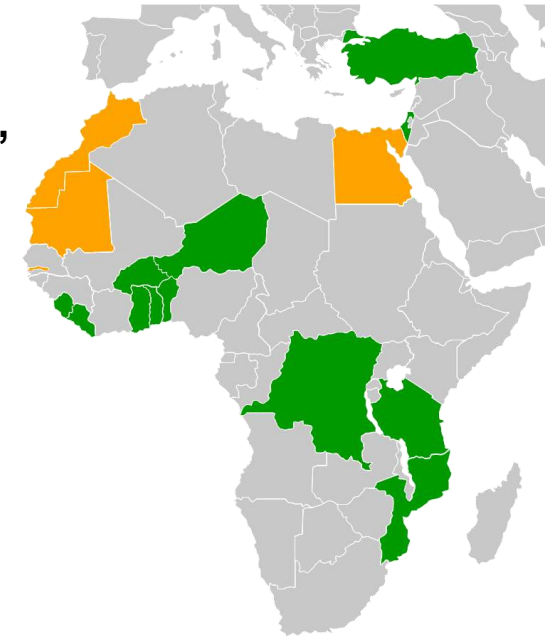
Africa-Eastern Mediterranean Basin

Africa

- Production sites in 13 countries: Benin, Burkina Faso, DR Congo, Ghana, Liberia, Mozambique, Sierra Leone, Tanzania, and Togo
 - Extension to Egypt, Mauritania, Morocco, and Gambia through Italcementi
- Mainly cement production in Sub-Saharan countries; market leader in most countries
- Cement capacities expanded in Togo, Tanzania, and Burkina Faso

Eastern Mediterranean Basin

- Turkey: leading position in cement and ready-mixed concrete; production of aggregates
- Israel: ready-mixed concrete, aggregates, and asphalt



■ HeidelbergCement
■ Italcementi

| Production sites | HC | ITC | Total |
|----------------------|----|-----|-------|
| Cement/grinding | 16 | 11 | 27 |
| Cement terminals | 7 | 1 | 8 |
| Aggregates | 7 | 5 | 12 |
| Ready-mixed concrete | 64 | 49 | 113 |
| Aphalt | 2 | --- | 2 |



Group Services

- **International trading activities of HeidelbergCement**
 - **HC Trading is one of the largest cement and clinker trading companies in the world**
 - **Deliveries via sea routes to own locations and other cement companies**
 - **14.6 mt cement, clinker, and other building products in 2015**
 - **7.2 mt coal and petroleum coke in 2015**
 - **Worldwide trading network with offices in 12 countries**
 - **Inclusion of Interbulk Trading, the trading network of Italcementi**
 - **Global maritime trading activities with cement, clinker, and solid fuels**



HeidelbergCement strategy

- **New strategic priorities announced for 2015-2019**
 - **Attractive rate of return for shareholders**
 - **Continuous growth in mature and emerging countries**
- **Vertical integration in urban centres**
- **Maintenance of cost leadership**
 - **Continuous improvement in cement and aggregates business**
- **Performance and result-oriented corporate culture**
- **Proximity to operating business**
- **Openness and fairness as soft factors of success**

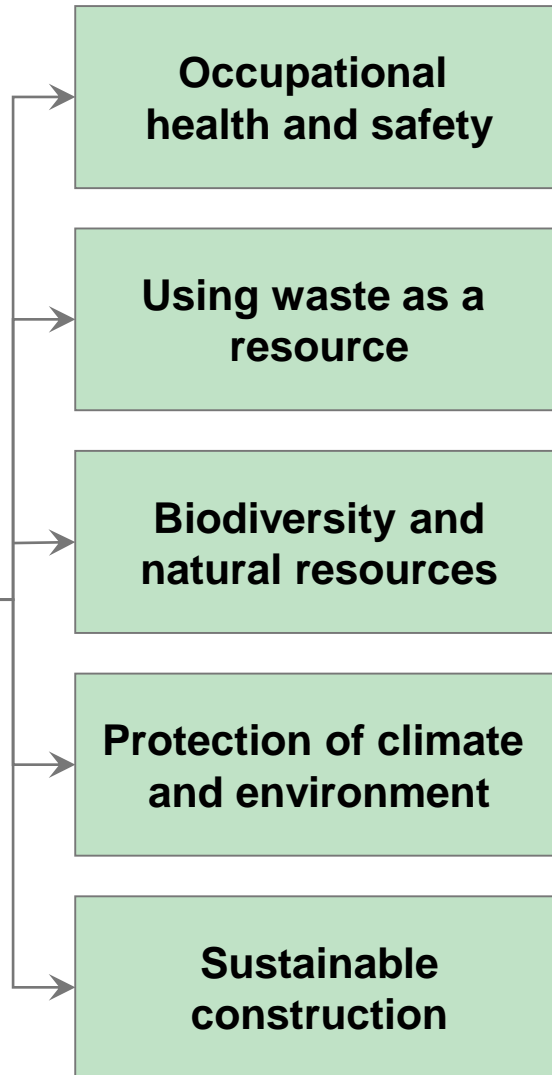


Building on sustainability

- **Economy**
 - Long-term prospects to everyone connected with our economic activities
- **Ecology**
 - Climate protection, saving natural resources, minimising environmental impacts
- **Social responsibility towards our employees and communities**
 - Opportunities for personal and professional development
 - Open dialogue with local communities
 - Involvement in numerous local social activities



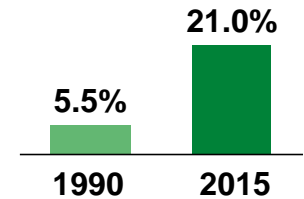
Long-term commitment for sustainability



- Zero accidents mentality
- Policies introduced
- Compliance



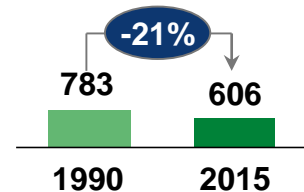
- Alternative fuel rate (in % of fuel mix)



- Conservation of resources
- Restoration of quarries
- Promotion of biodiversity
- Dialogue with stakeholders



- Reduction of specific CO₂ emissions (kg CO₂/t cement)



- Cement with low clinker content
- Recyclable products
- Innovative products: e.g. TioCem®



Conclusion

- HeidelbergCement is a company with
 - excellent market positions and attractive product portfolio
 - strong corporate culture with strict focus on costs
- HeidelbergCement focuses on
 - attractive rate of return for shareholders
 - continuous growth in mature and emerging countries

Consistently develop the characteristics that set HeidelbergCement apart from the competitors:

> Cost Leadership and Operational Excellence <

for better building

