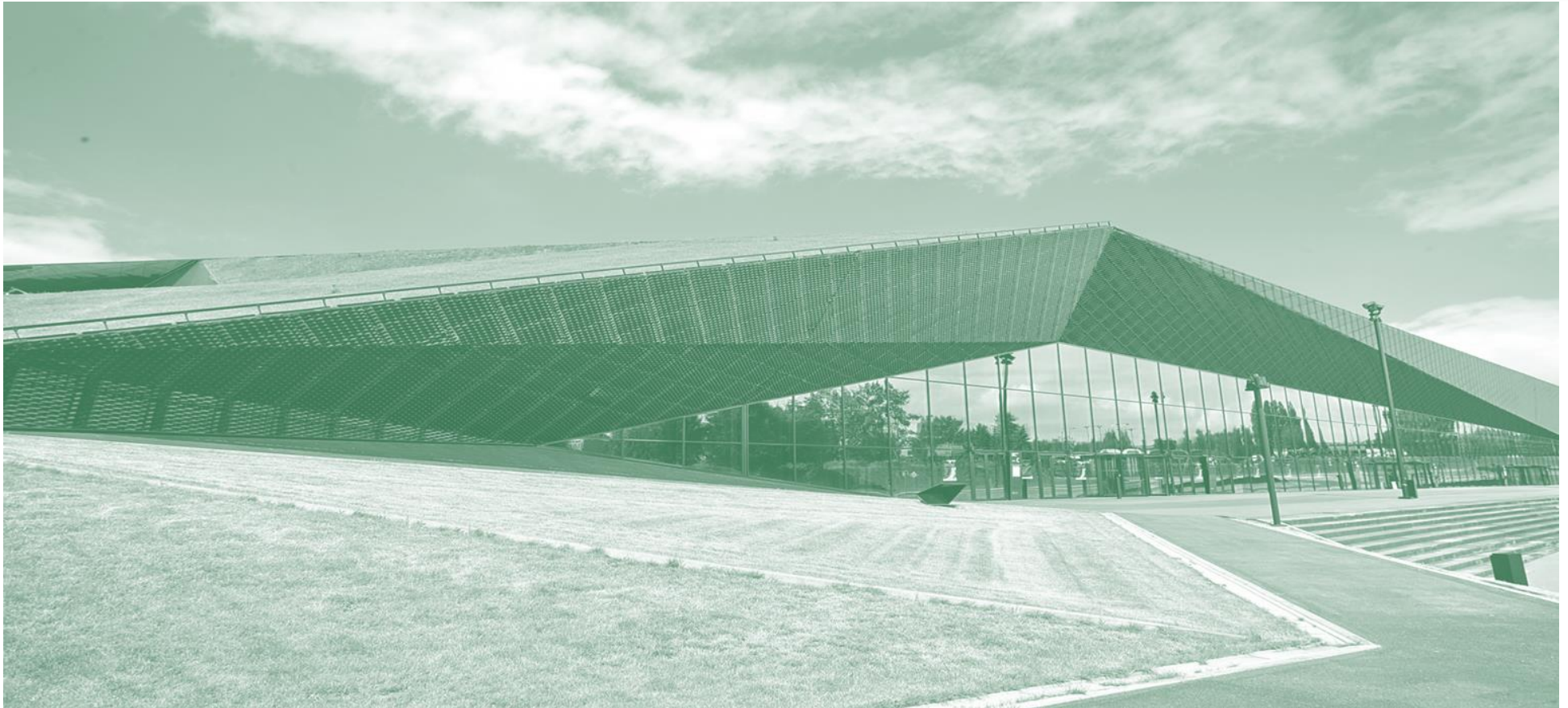


HeidelbergCement

2018 Trading Statement

19 February 2019

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



International Congress Centre. Katowice, Poland

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Key operational and financial figures

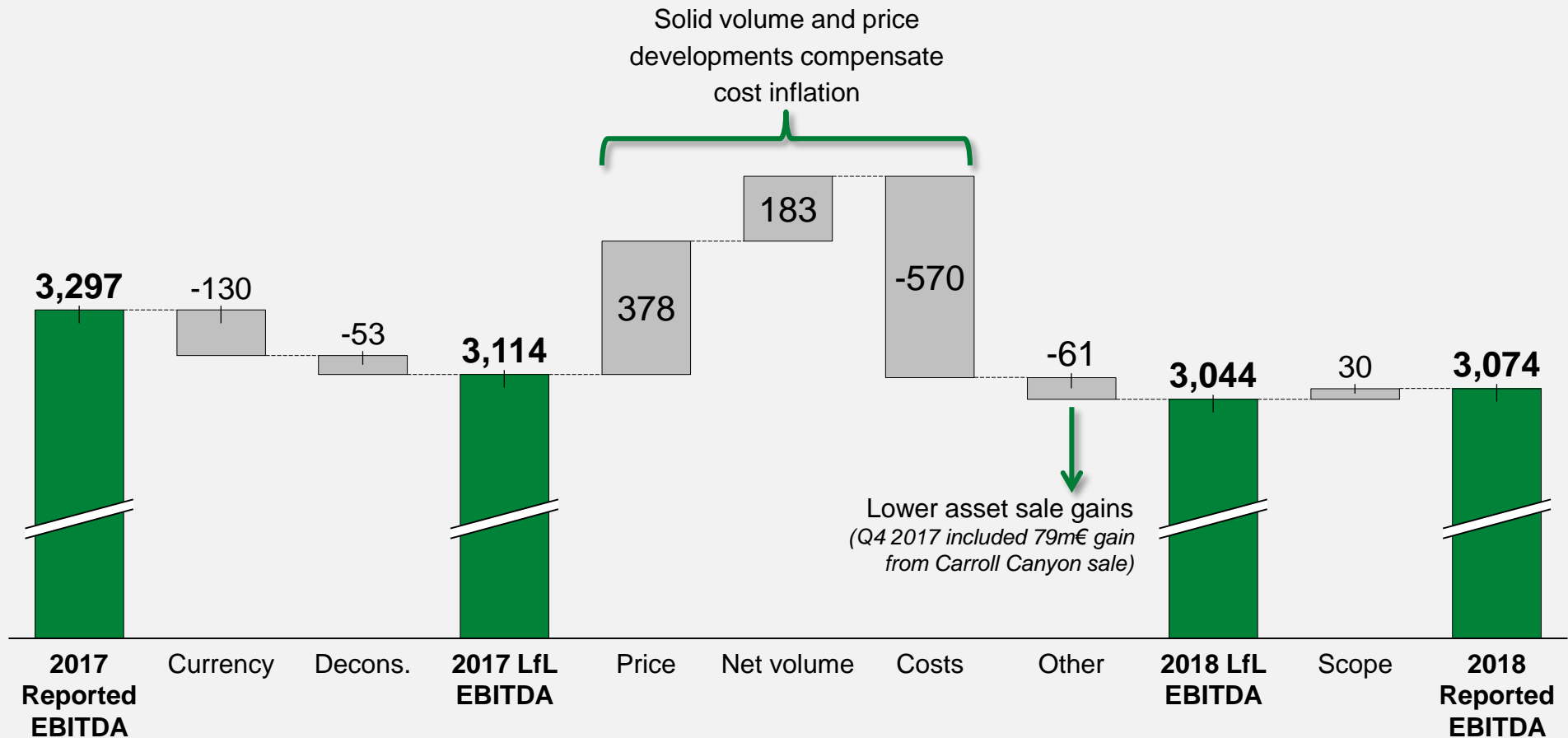
Solid cash generation and debt reduction despite challenging operating environment

- Historically high sales volumes in all business lines.
- Revenue reaches above 18 billion EUR, driven by solid volume and price development.
- Significant increase in energy cost, harsh weather conditions in US and lower than expected asset sale gains limit Operating EBITDA growth.
- Announced “Action Plan” focusing on margin improvement and cash generation is on track.
- Net debt below 8.4 bEUR. 2018 disposals reach ~600 m€, ahead of initially planned value.

m€	Dec 17	Dec 18	Change	%	LfL %	Q4 17	Q4 18	Change	%	LfL %
Cement volume ('000 t)	125,694	129,932	4,238	3.4 %	3.8 %	32,156	32,922	765	2.4 %	3.5 %
Aggregate volume ('000 t)	305,256	309,400	4,143	1.4 %	0.6 %	76,306	76,486	180	0.2 %	-0.8 %
Ready Mix volume ('000 m ³)	47,231	49,000	1,768	3.7 %	3.9 %	12,192	13,180	988	8.1 %	5.7 %
Asphalt volume ('000 t)	9,634	10,320	685	7.1 %	0.3 %	2,535	2,472	-63	-2.5 %	-8.7 %
Revenue	17,266	18,075	808	4.7 %	8.0 %	4,262	4,700	437	10.3 %	9.6 %
Operating EBITDA (*)	3,297	3,074	-223	-6.8 %	-2.3 %	892	847	-45	-5.0 %	-4.0 %
<i>in % of revenue</i>	19.1 %	17.0 %	-209 bps		-180 bps	20.9 %	18.0 %	-290 bps		-258 bps
Operating income (*)	2,188	1,984	-205	-9.4 %	-3.6 %	610	573	-37	-6.1 %	-4.1 %
Cement EBITDA margin	23.2 %	21.4 %	-180 bps			24.4 %	23.3 %	-107 bps		
Aggregates EBITDA margin	26.6 %	24.2 %	-241 bps			32.4 %	25.5 %	-698 bps		
RMC+ASP EBITDA margin	1.1 %	1.0 %	-13 bps			0.6 %	1.4 %	+77 bps		

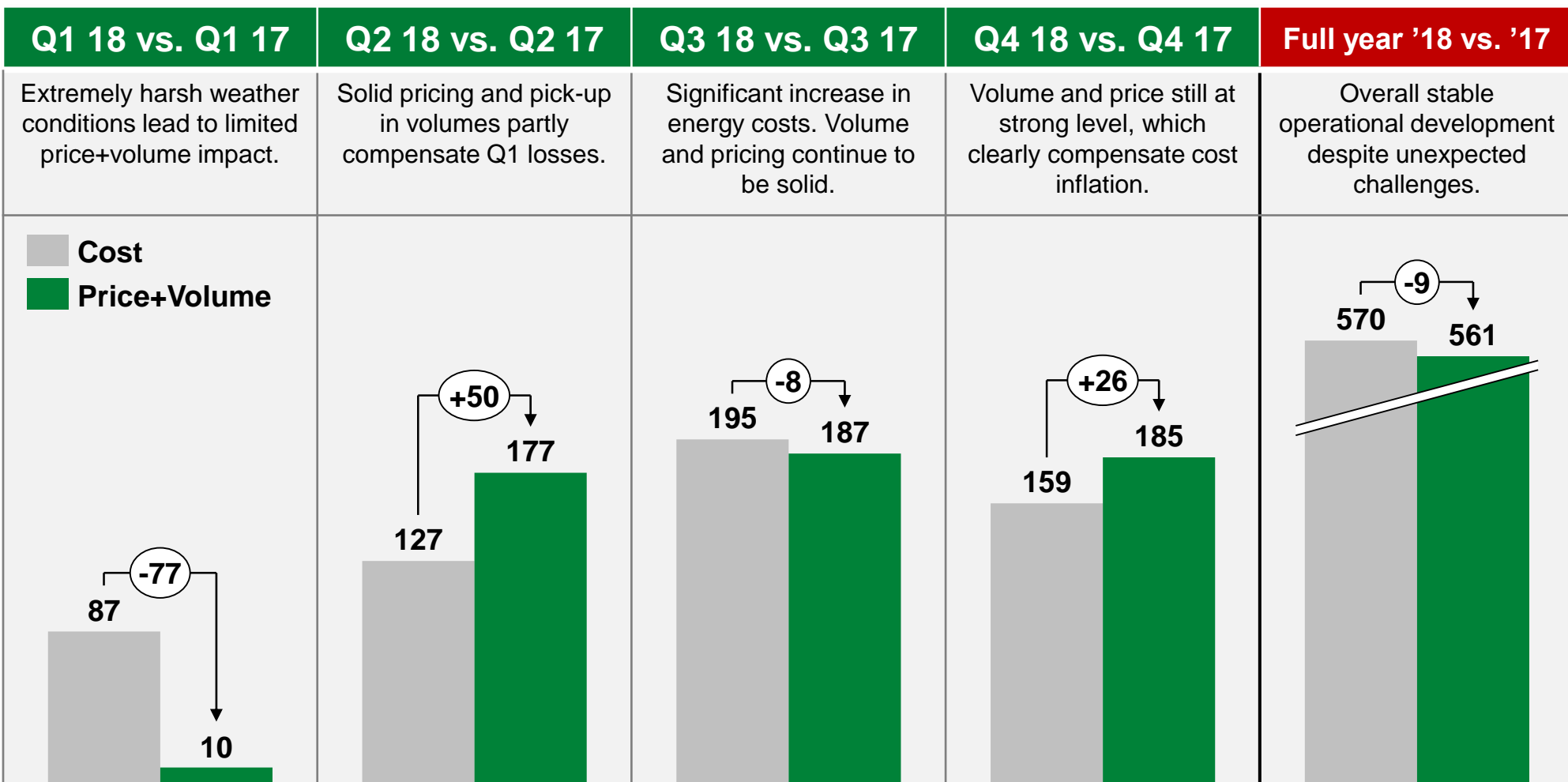
*) Q4 2017 includes 79m€ gain from Carroll Canyon Quarry sale.

Full Year Operating EBITDA Bridge (m€)



Stable result despite significant increase in energy costs and lower asset sale gains

Quarterly operational performance development *


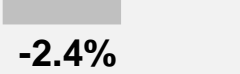

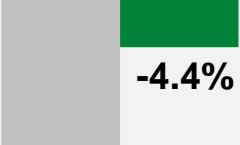
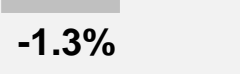

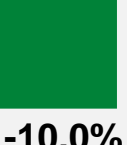
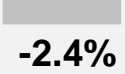
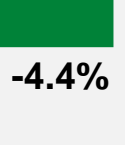
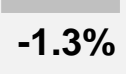
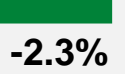


Harsh weather in Q1 and unexpected increase in energy costs impacted results

*) Pure price, volume and cost development; without other operating income and JV result.

Organic EBITDA growth

2017 2018

NAM *	WSE	NEECA	ASPAC	AFMED	GROUP *
<p>+18.7% +10.6% **</p> 	<p>+1.1%</p> 	<p>+11.9% 11.4 %</p> 	<p>-13.2%</p> 	<p>+4.7%</p> 	<p>+5.8% +3.2% **</p> 
<p>-10.0% -2.9% **</p> 	<p>-2.4%</p> 		<p>-4.4%</p> 	<p>-1.3%</p> 	<p>-2.3% +0.3% **</p> 
<p>Lower than expected asset sales and bad weather conditions. Solid growth expected in 2019.</p>	<p>Clear change in trend. Despite harsh weather and significant increase in power cost, positive organic growth achieved.</p>	<p>Solid performance continues, driven by volume and price increases in our key Nordics and Eastern European markets.</p>	<p>Pressure is easing as Indonesia comes back. Positive organic growth expected in 2019.</p>	<p>Positive growth achieved despite high energy cost inflation and volatile market conditions in Egypt.</p>	<p>Challenging year left behind with high energy cost inflation, bad weather and lower than expected asset sale gains.</p>

Organic EBITDA growth rate improves in most of the regions

*) 2017 figure includes 79m€ gain from Carroll Canyon Quarry sale. **) Organic growth excluding Carroll Canyon Quarry sale.

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

New SG&A
program with
100m€ saving
target

Margin
improvement

Aggressive
commercial
excellence
initiatives to
regain margin

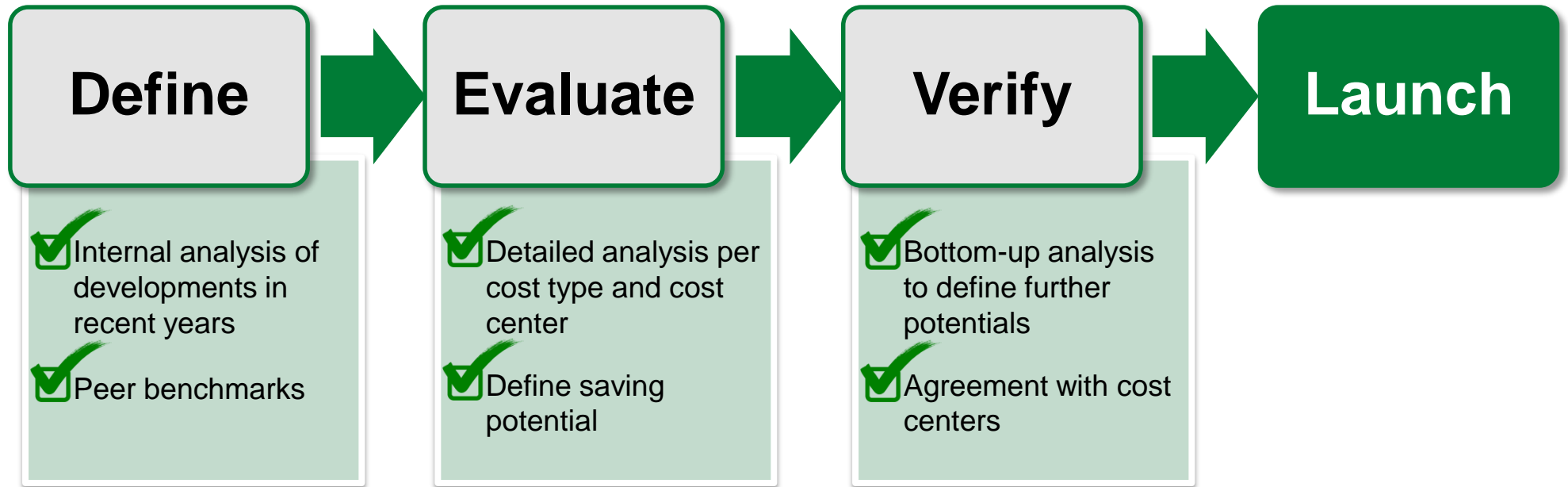
Cash
generation

Accelerated
disposal policy
to reach high
end of the
announced 1 to
1.5 b€ target

Cash
management

Limit growth
CapEx with
total 700m€ for
next 2 years

SG&A initiative launched with 100m€ savings target



**Targets defined and agreed with local management teams.
Further details and update will be provided with Q1 results.**

Portfolio optimization goes full-speed; disposals reach ~600 m€ in 2018

Focusing on 3 main categories, targeting 1.5 billion EUR disposals in 3 years

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
- ✓ Ukraine
- ✓ Syria
- ✓ Ciment Quebec

Idle assets

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

A detailed review of real estates started.

Target is to reduce complexity and risk; limited impact on EBITDA

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Overview of Group Areas

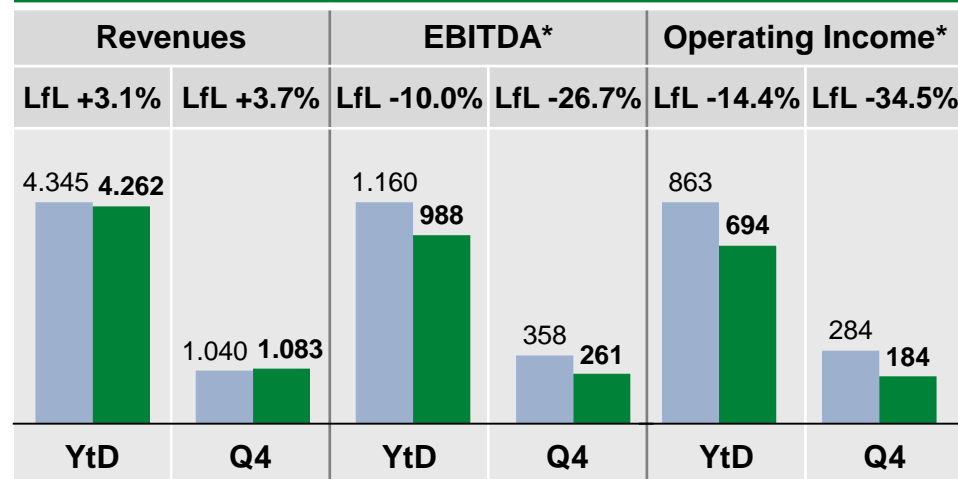
<i>Mio EUR</i>	REVENUES				Operating EBITDA			
	2018	LfL %	Q4 18	LfL%	2018	LfL %	Q4 18	LfL%
North America	4,262	3.1 %	1,083	3.7 %	988	-10.0 %*	261	-26.7 %*
Western & Southern Europe	4,936	4.6 %	1,258	8.6 %	590	1.1 %	196	28.7 %
Northern & Eastern Europe / C. Asia	2,916	9.6 %	753	12.4 %	575	11.4 %	156	18.2 %
Asia / Pacific	3,262	5.8 %	897	5.5 %	601	-4.4 %	171	1.6 %
Africa / Eastern Med. Basin	1,667	10.1 %	417	3.1 %	370	4.7 %	87	0.8 %
Group Total	18,075	8.0 %	4,700	9.6 %	3,074	-2.3 %*	847	-4.0 %*

*) Q4 2017 includes 79m€ gain from Carroll Canyon Quarry sale.

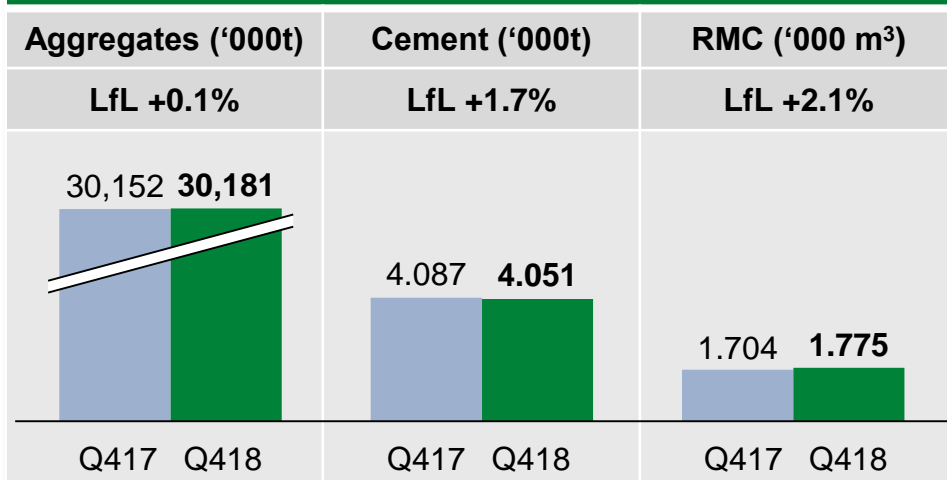
Q4 Market overview

- Volume and revenue improve over prior year despite continued weather issues in some key markets.
- Western Canada and the Pacific Northwest markets remain strong.
- Overall Q4 pricing improved in most markets outside New York / New England.
- 2 acquisitions completed in British Columbia increased exposure to strong, core markets.
- Positive momentum experienced in Q4 will continue into 2019.

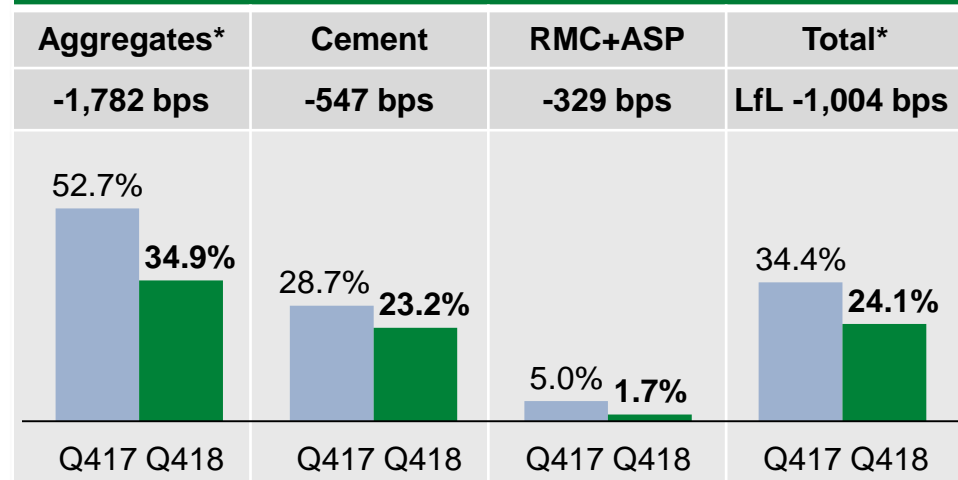
Operational result (m€)



Q4 Volumes



Q4 Operating EBITDA margin (%)

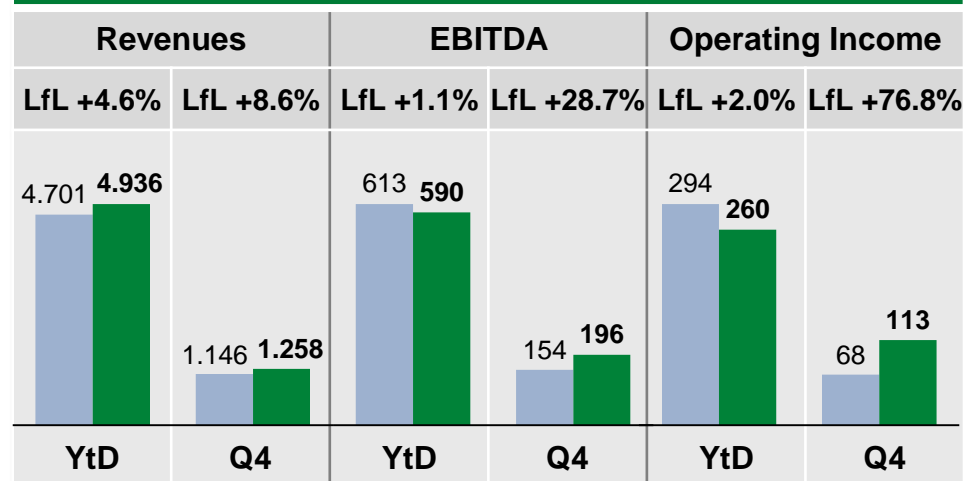


*) Q4 2017 includes 79m€ gain from Carroll Canyon Quarry sale.

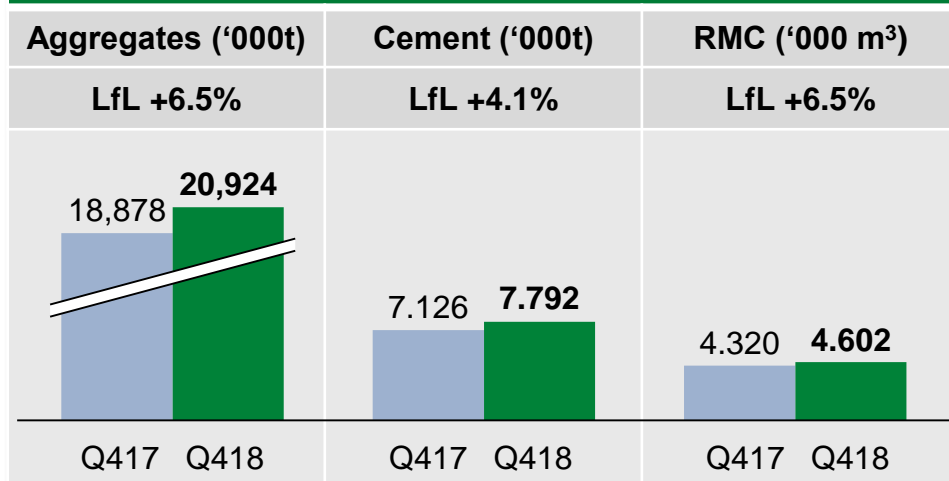
Q4 Market overview

- Strong volumes in all business lines although uncertainty in the UK market continues due to Brexit discussions.
- Continuation of solid demand and price increases in almost all markets lead to +8.6% LfL revenue growth.
- Margin improvement in all business lines despite strong increase in variable costs, driven mainly by electricity price, bitumen and fuel cost.
- As production problems in France and UK are solved, results continue to improve against difficult comparison base.

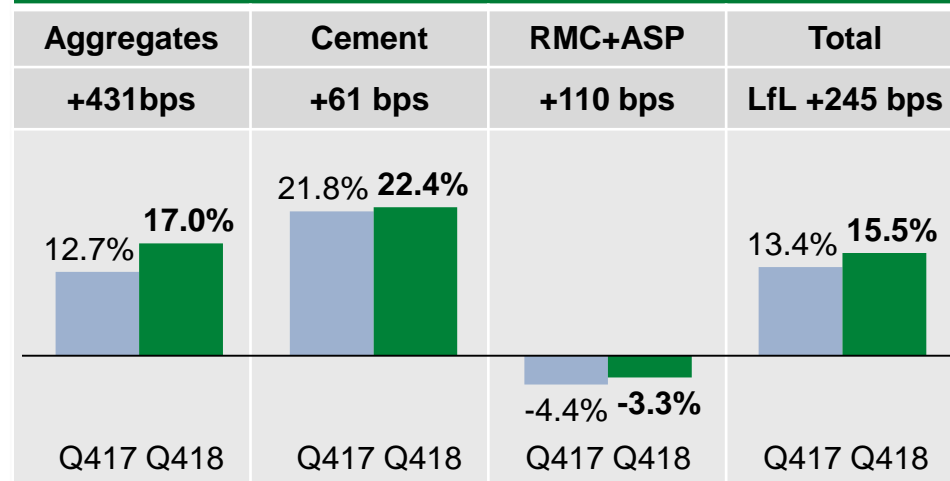
Operational result (m€)



Q4 Volumes



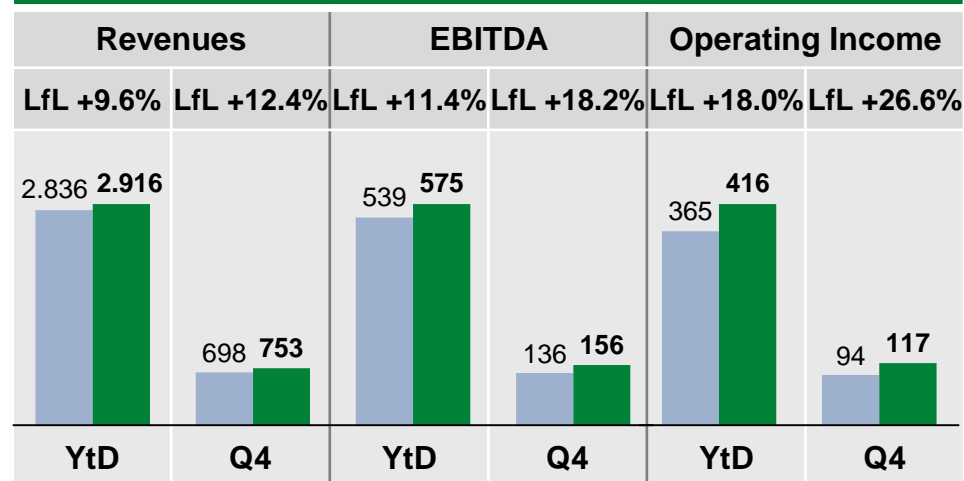
Q4 Operating EBITDA margin (%)



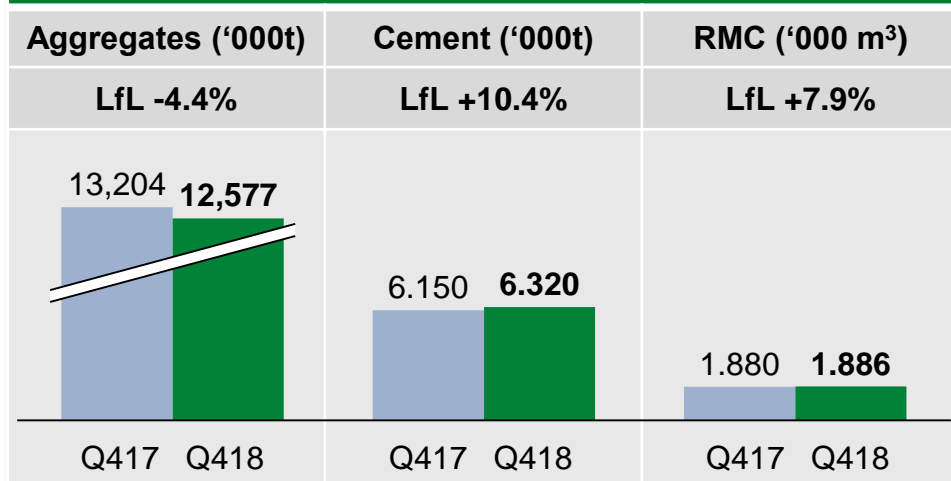
Q4 Market overview

- Strong earnings growth and margin improvement in all business lines, despite high energy cost inflation.
- Double digit volume growth achieved in CEM and RMC, decline in AGG driven mainly by Northern Europe, Ukraine and Russia.
- Solid cement volume development continues in Poland, Czechia and Hungary.
- Focus on price improvement and cost efficiency across all countries lead to positive operating leverage in the quarter.

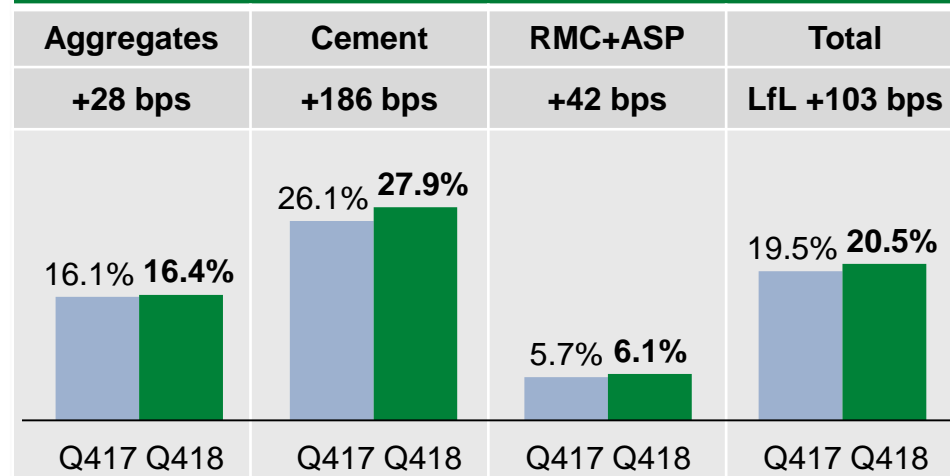
Operational result (m€)



Q4 Volumes



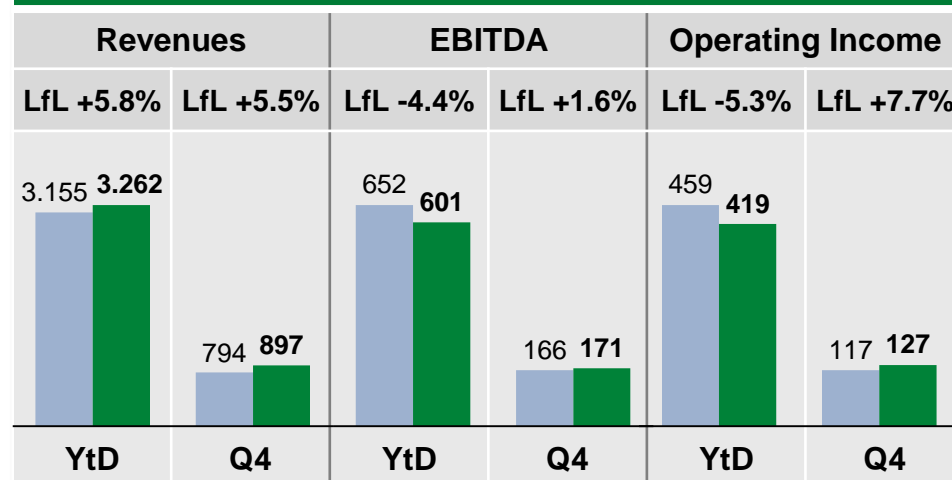
Q4 Operating EBITDA margin (%)



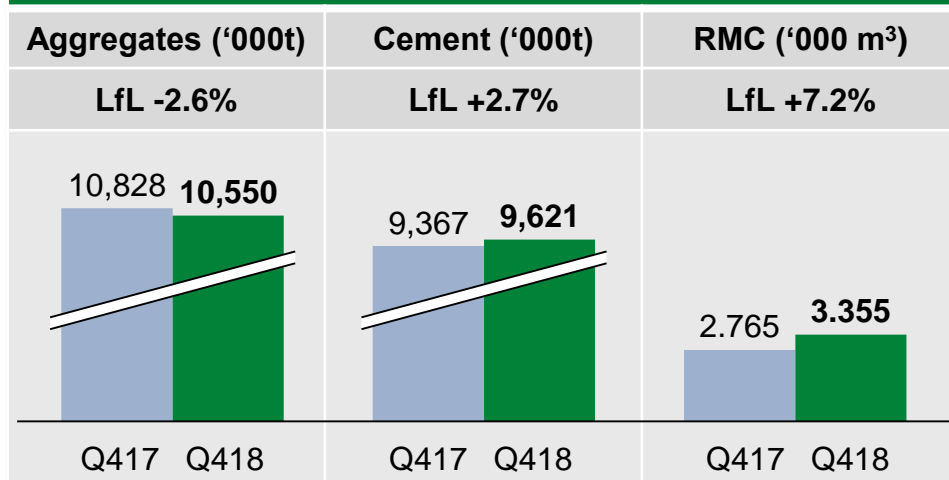
Q4 Market overview

- Indonesia: EBITDA growth turns positive in Q4 driven by solid sales volumes and price increases.
- India showing strong volume growth and improving pricing – particularly in the Central area.
- Demand remains strong in Australia as slowing residential activity is offset by significant pipeline of infrastructure projects.
- Strong volume development and price improvement leads to solid increase in revenue and positive EBITDA growth.

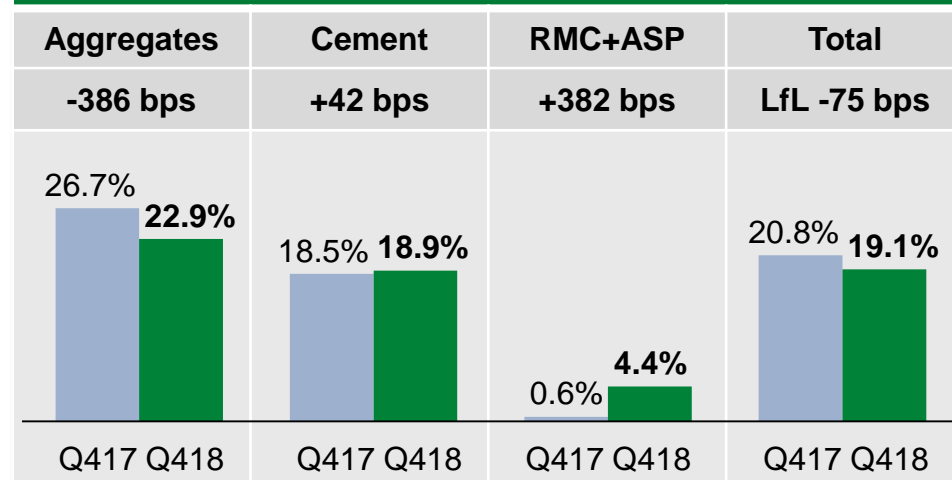
Operational result (m€)



Q4 Volumes



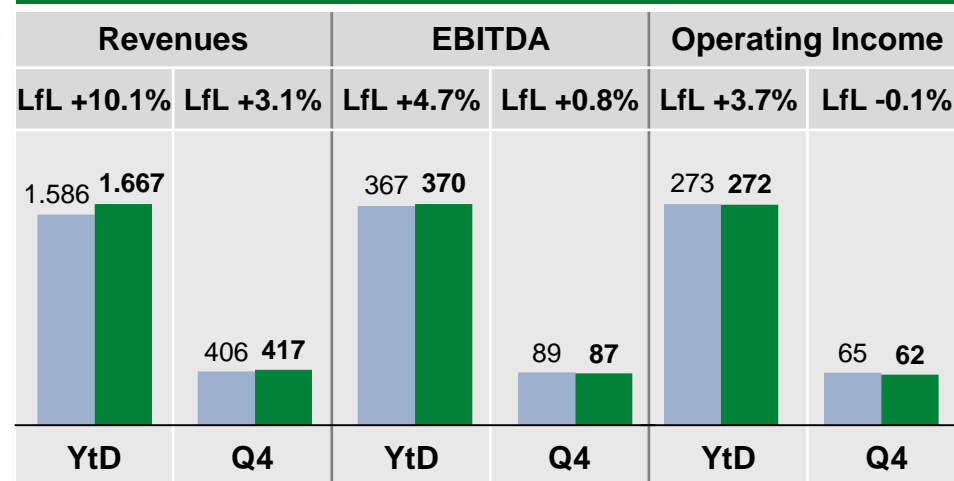
Q4 Operating EBITDA margin (%)



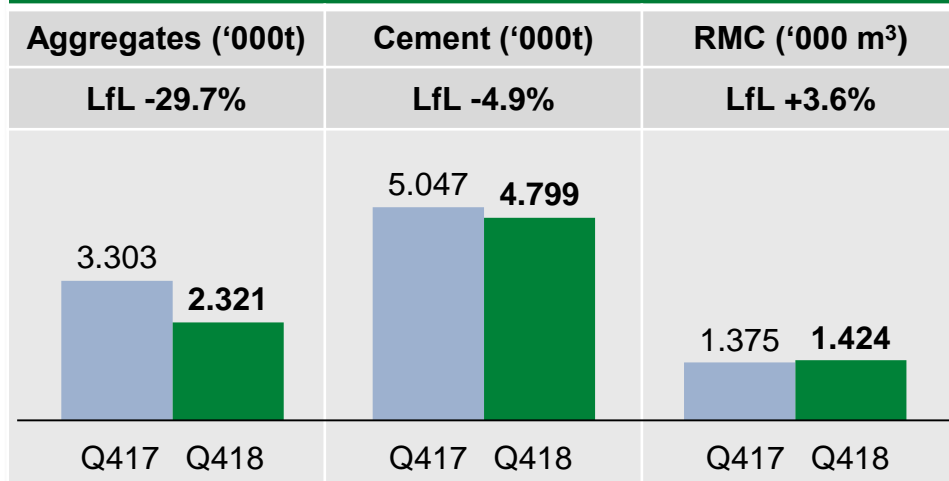
Q4 Market overview

- Solid revenue growth and operational results on the back of cement volumes and margin improvement, supported by the implementation of the cost saving program.
- High energy cost inflation across the region, with strong impact in Egypt and Turkey, despite good volumes.
- Strong contributions from Ghana, Togo, Tanzania and Morocco supported by demand growth and commercial initiatives.
- License expiry in Israel impacted aggregates business line.

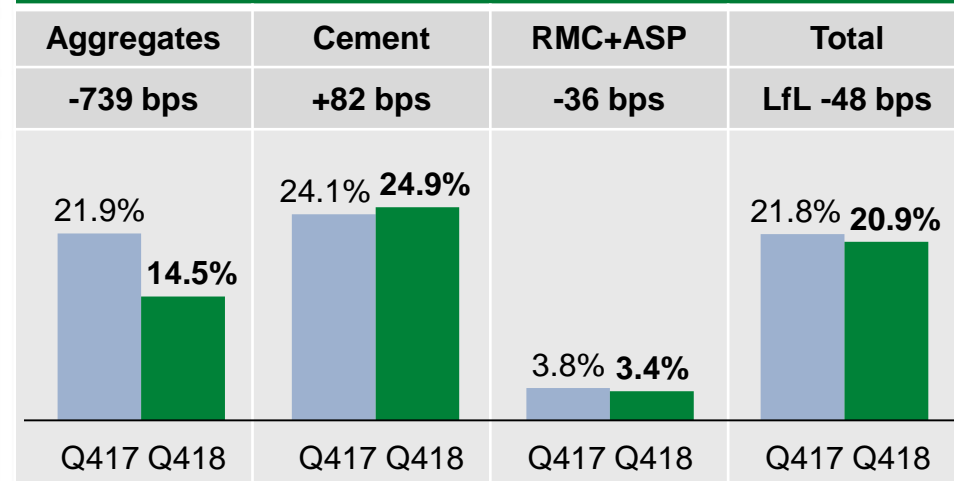
Operational result (m€)



Q4 Volumes



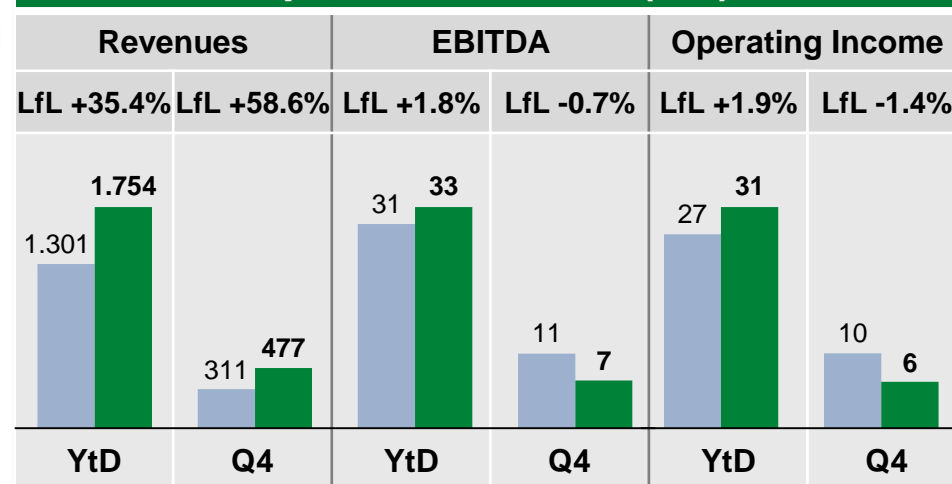
Q4 Operating EBITDA margin (%)



Q4 Market overview

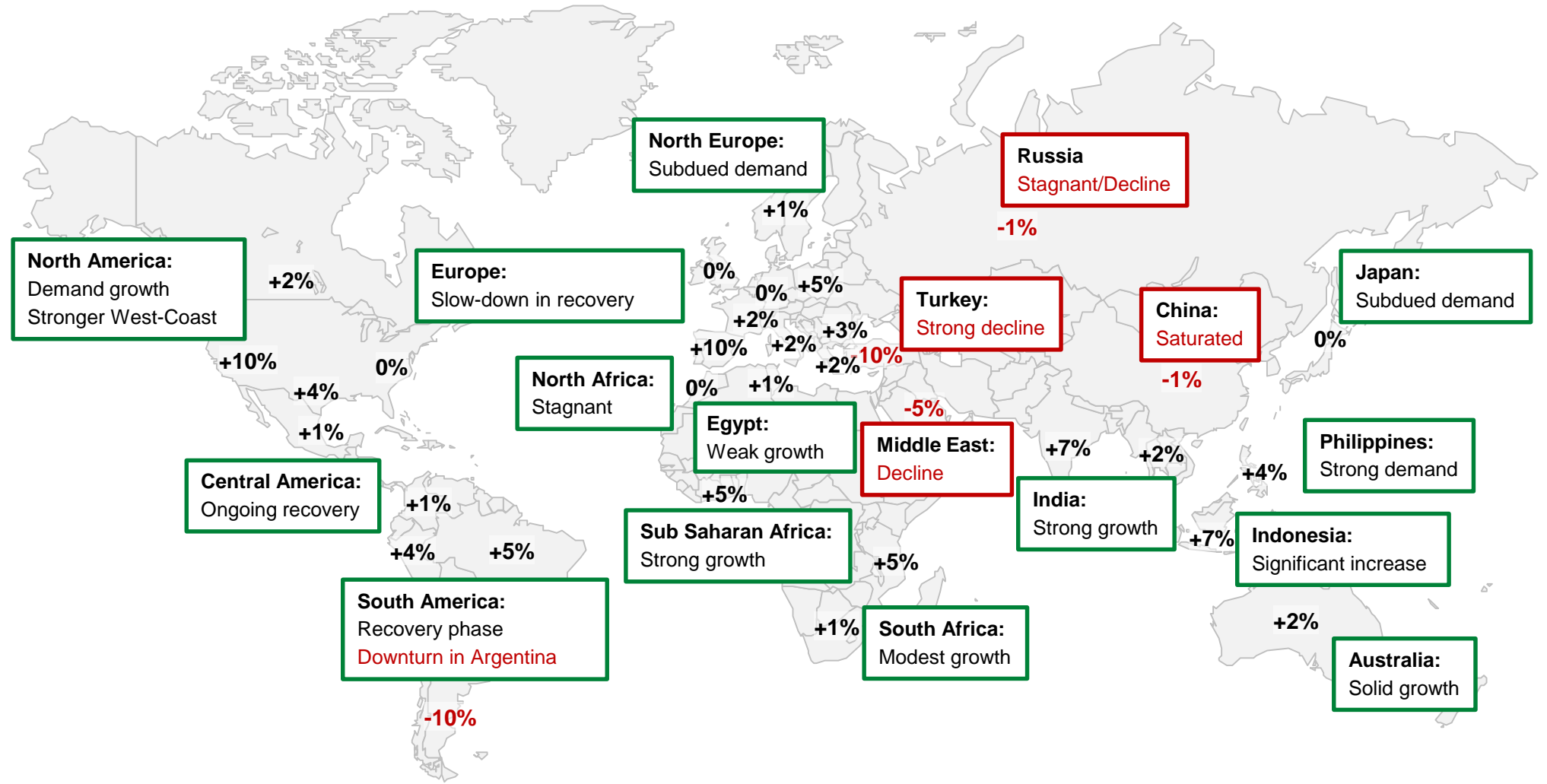
- The total trade volume of HC Trading increased in the reporting year by 22.1% to a historic peak of 30.9 million tons and remarkably outperformed the market seeing a deceleration in the cement demand growth after Q1 2018 due to escalated global risks.
- China becomes one of the most attractive markets worldwide for clinker exports due to ongoing production cuts in the country. Clinker export prices remain high in South East Asia.
- Clinker surplus in the Mediterranean Basin is on rise; the domestic downturn risk and depreciated currency in Turkey put pressure on export prices, down by US\$ 2-3 YoY.
- HC Trading's diversified international fuel supply sources and effective procurement with competitive market prices continue contributing to the Group savings.

Operational result (m€)



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Global cement demand outlook 2019



World cement demand is expected to continue its growth especially in Indonesia, India, Sub Saharan Africa and NAM

2019: Strong result and margin improvement expected



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Volume and price development (Full year 2018 vs. 2017)

	Domestic gray cement		Aggregates		Ready Mix	
	Volume	Price	Volume	Price	Volume	Price
USA	-	+	+	+	++	+
Canada	++	++	++	++	++	+
Benelux	+	++	++	+	-	++
France	++	+	++	++	++	++
Germany	+	++	++	+	-	++
Italy	++	++	--	-	++	-
Spain	++	+	++	++	++	++
United Kingdom	+	-	++	++	-	--
Norway	-	+	--	-	++	++
Sweden	++	++	++	--	++	++
Bulgaria	++	-				
Czech Republic	++	+	++	++	++	++
Kazakhstan	--	++	--	++	--	++
Hungary - 100%	++	++	++	--	++	--
Poland	++	++	++	++	++	++
Russia	+	++	--	++		
Ukraine	--	++	++	++	+	++
Indonesia	++	--	--	++	+	++
Australia	++	++	++	--	++	++
Bangladesh	++	++				
China - 100%	+	++			++	--
India	++	-				
Malaysia			+	+	++	--
Thailand	--	++	++	-	++	+
Ghana	++	++	++	++		
Tanzania	++	++				
Egypt	+	++			++	++
Morocco	--	+	++	--	--	-
Turkey - 100%	--	++	--	++	--	++

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

AGG price negative due to product mix.



Currency & Scope Impacts

Cement Volume	Full Year			Q4		
	Cons.	Decons.	Curr.	Cons.	Decons.	Curr.
North America	117	-452		35	-139	
West & South Europe	1,637	-102		391	-15	
North & East Europe		-1,642			-426	
Asia - Pacific						
Africa - Med. Basin		-3				
Group Services				-190		
TOTAL GROUP	1,754	-2,199		236	-580	
Aggregates Volume	Full Year			Q4		
	Cons.	Decons.	Curr.	Cons.	Decons.	Curr.
North America	1,583					
West & South Europe	825			825		
North & East Europe		-204			-54	
Asia - Pacific						
Africa - Med. Basin						
Group Services						
TOTAL GROUP	2,408	-204		825	-54	
RMC Volume	Full Year			Q4		
	Cons.	Decons.	Curr.	Cons.	Decons.	Curr.
North America	334	-117		48	-12	
West & South Europe						
North & East Europe	87	-686		57	-186	
Asia - Pacific	392			392		
Africa - Med. Basin						
Group Services		-65				
TOTAL GROUP	813	-869		497	-199	
Asphalt Volume	Full Year			Q4		
	Cons.	Decons.	Curr.	Cons.	Decons.	Curr.
North America	98					
West & South Europe						
North & East Europe						
Asia - Pacific	556			157		
Africa - Med. Basin						
Group Services						
TOTAL GROUP	654			157		

Revenues	Full Year			Q4		
	Cons.	Decons.	Curr.	Cons.	Decons.	Curr.
North America	88	-109	-186	8	-31	28
West & South Europe	106	-73	-12	32	-18	0
North & East Europe	12	-87	-100	10	-18	-19
Asia - Pacific	162		-226	86		-26
Africa - Med. Basin		-5	-66		-3	1
Group Services		-3	-3	-15	0	-1
TOTAL GROUP	367	-277	-592	122	-70	-17
Operating EBITDA	Full Year			Q4		
	Cons.	Decons.	Curr.	Cons.	Decons.	Curr.
North America	6	-20	-50	1	-5	2
West & South Europe	-8	-21	-1	4	-4	0
North & East Europe	2	-10	-16	1	-2	-3
Asia - Pacific	30	-6	-48	13	-4	-5
Africa - Med. Basin		1	-14		-1	-1
Group Services		2	0	-4	0	0
TOTAL GROUP	30	-53	-130	14	-16	-8
Operating Income	Full Year			Q4		
	Cons.	Decons.	Curr.	Cons.	Decons.	Curr.
North America	1	-17	-37	0	-4	0
West & South Europe	-21	-18	-1	0	-4	0
North & East Europe	1	-4	-10	1	0	-2
Asia - Pacific	23	-6	-35	11	-4	-4
Africa - Med. Basin		1	-12		-1	-1
Group Services		3	0	-4	1	0
TOTAL GROUP	5	-41	-94	8	-13	-8

Vision: Carbon neutral concrete by 2050

Levers

Reduce CO₂ content of clinker

- Improve energy efficiencies of plants
- Increase use of alternative fuels (biomass), raw materials and binder concepts

Lower CO₂ content of cement and concrete

- Use low-CO₂ clinker and secondary cementitious materials in cement production
- Optimize concrete recipes with limestone filler material

Capture process CO₂ and recycle through carbonation

- Process integrated CO₂-sequestration in clinker production
- Carbonation of recycled concrete fines and other mineral waste

HeidelbergCement best positioned to realize carbon neutral concrete vision

- Leading in R&D: Alternative binder concepts, Carbon Capture technologies, Carbonation
- Technical expertise and investment in modern plant upgrades (e.g. Masterplan Germany)
- Leading vertically integrated player with activities along the value chain

Concrete has the potential to become the most sustainable building material

Contact information and event calendar

Date	Event
21 March 2019	Full Year Results
09 May 2019	Q1 Results & AGM
30 July 2019	H1 Results
7 November 2019	Q3 Results

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