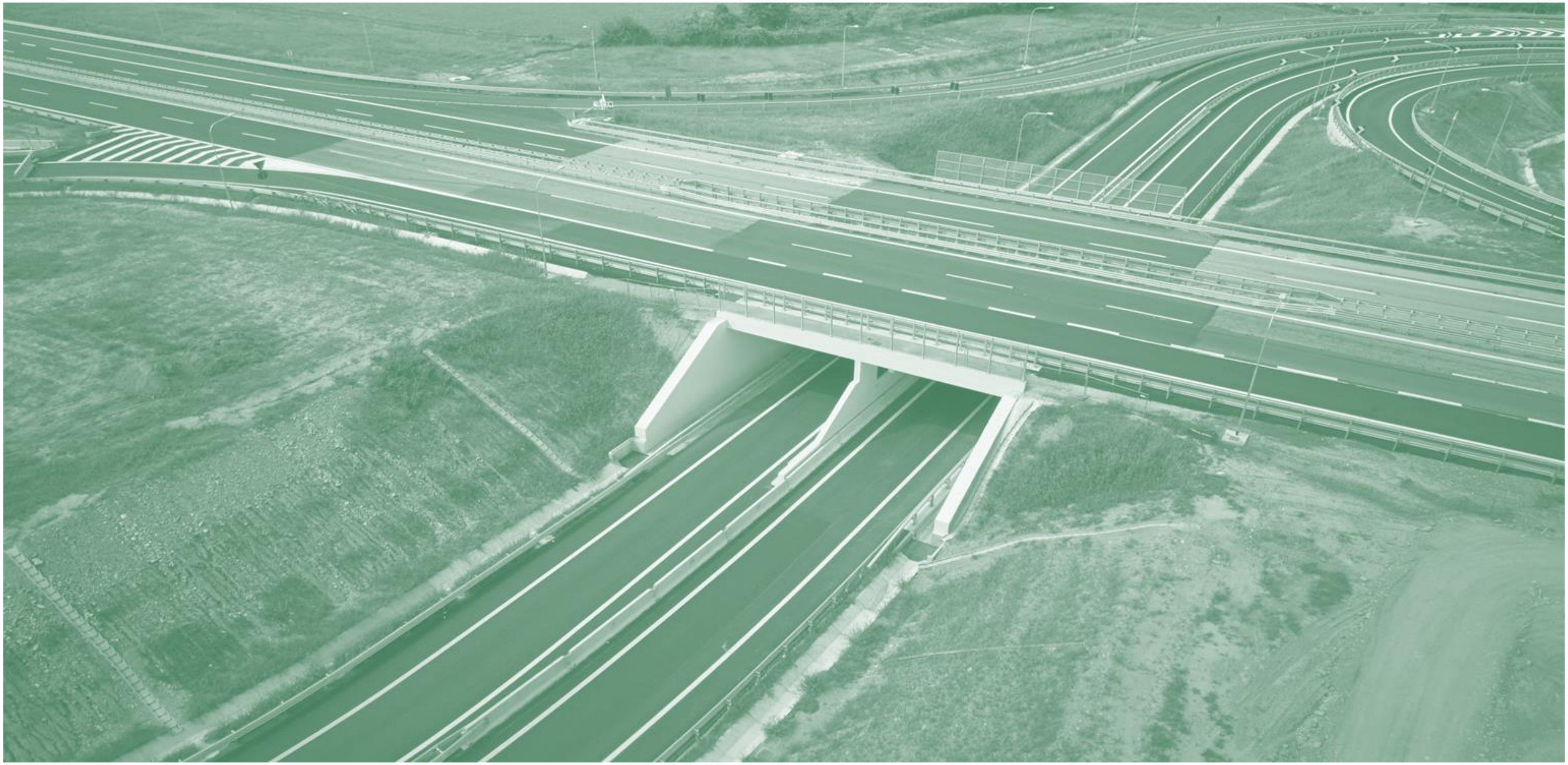
HeidelbergCement

2018 First Quarter Results

9 May 2018

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



A5 Motorway Underpass, Italy

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Market and financial overview Q1 2018

Profit of 6 m€ in Q1 2018 achieved; improvement of 41 m€ vs. prior year

❑ Successful portfolio optimization over-compensates negative weather and calendar effects

- ➢ Group share of profit increases by 47 m€ compared to Q1 2017.
- ➢ German sand lime brick and US-White Cement disposals at attractive conditions strengthen result and cashflow.
- ➢ Financial result further improved by 9% to -75 m€ in Q1; tax expense reduced.

❑ Q1 impacted by weather and less working days; rest of the year looks promising

- ➢ EBITDA declines by 88m€ (LfL) as a result of harsh weather conditions and less working days in the quarter.
- ➢ Encouraging volume development in April and order backlogs signal a solid growth for the rest of the year.
- ➢ Price increases announced in most of the markets. Effects will be visible already in Q2.
- ➢ Difficult comparison base for energy cost in Q1 which will flatten through the year.

❑ Free Cash Flow (LTM) rises to almost 1.2 bn €

- ➢ Improved interest and tax payments, consequent disposals of non core assets, disciplined spending and Working Capital optimization will further increase Free Cash Flow generation.
- ➢ New bond issued in April with favorable refinancing conditions improves financial flexibility.

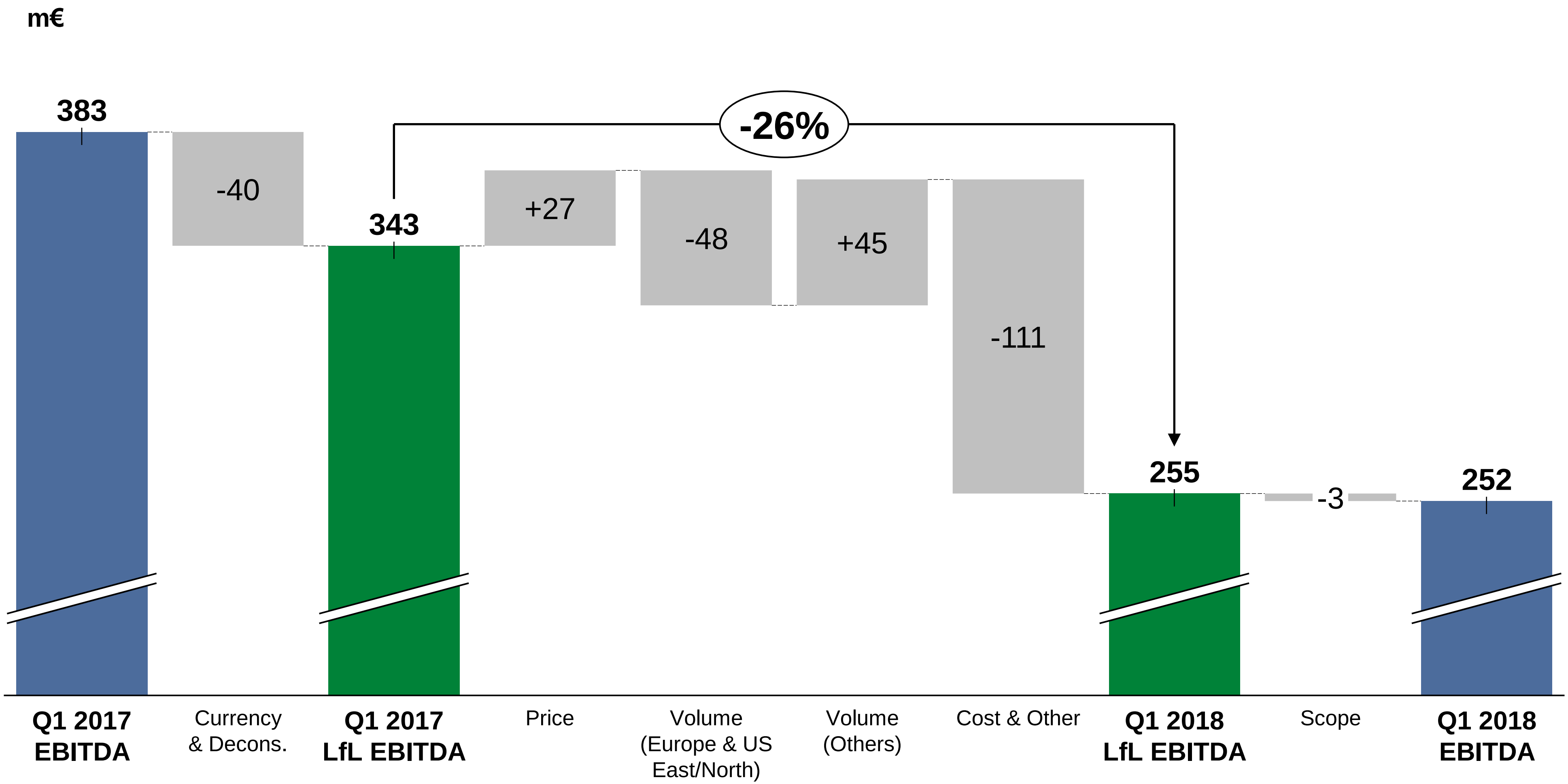
- 2018 Outlook confirmed -

Key operational and financial figures

m€	Mar 2017	Mar 2018	Variance		Cons.	Decons.	Currency	LfL
Cement volume (‘000 t)	27,517	28,157	639	2.3%	533	-312		1.5%
Aggregate volume (‘000 t)	60,855	59,502	-1,354	-2.2%	690	-23		-3.3%
Ready Mix volume (‘000 m^3)	10,423	10,239	-184	-1.8%	38	-166		-0.6%
Asphalt volume (‘000 t)	1,463	1,622	158	10.8%	124	0		2.3%
Revenue	3,784	3,626	-158	-4.2%	73	-30	-264	1.8%
Operating EBITDA	383	252	-131	-34.1%	-3	-2	-38	-25.7%
in % of revenue	*10.1 %*	*7.0 %*		*-316 bps*				*-265 bps*
Operating income	108	-16	-125	N/A	-11	1	-19	N/A
Cement EBITDA margin	14.8 %	11.2 %		-355 bps				
Aggregates EBITDA margin	13.7 %	9.9 %		-378 bps				
RMC + Asphalt EBITDA margin	-2.4 %	-3.6 %		-126 bps				

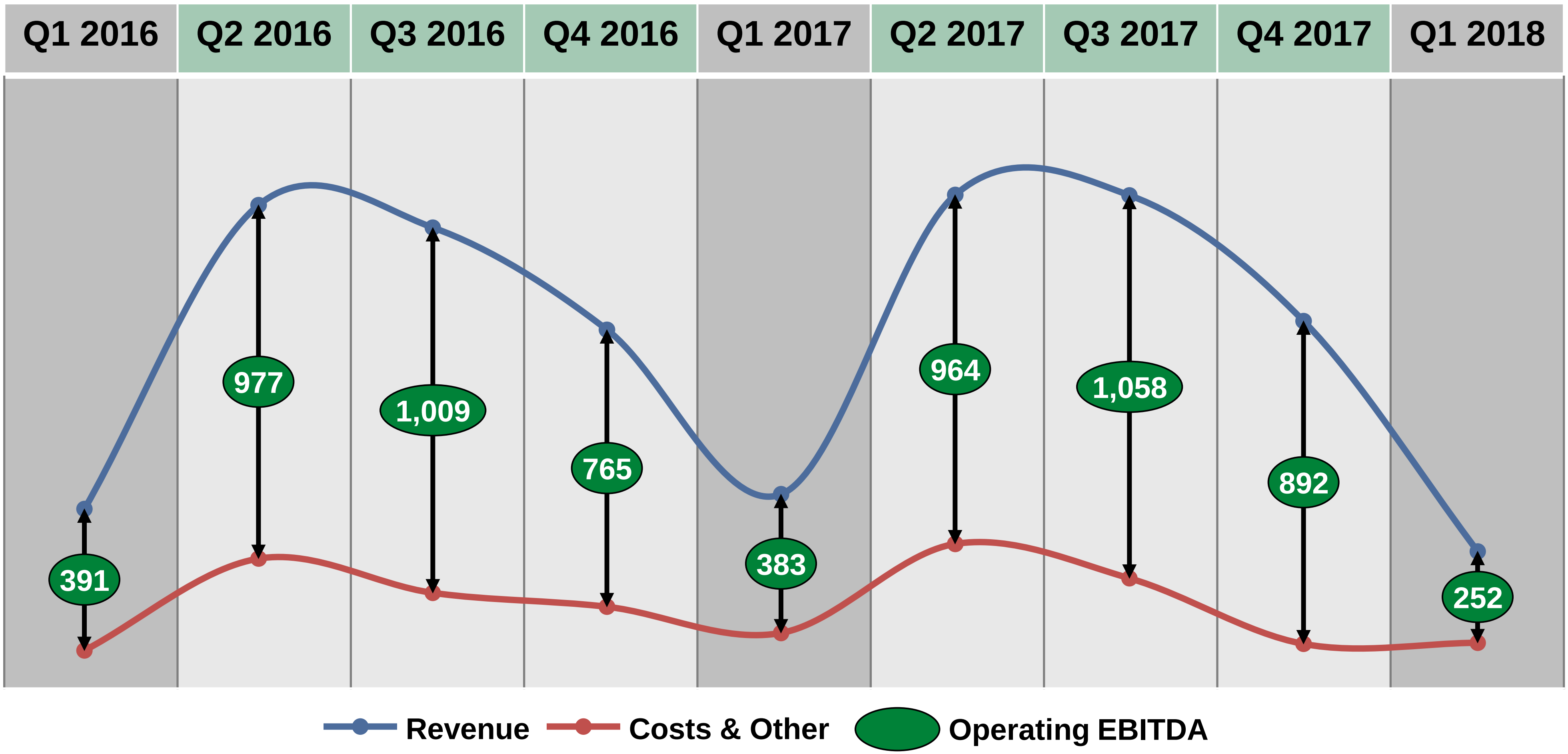
m€	Mar 2017	Mar 2018	Variance
Profit / loss for the period	-35	6	41
Group share of profit	-70	-23	48
Earnings per share	-0.35	-0.11	0.24
Cash flow from operations	-485	-692	-207
Total CapEx	-195	-716	-522
Net Debt	9,601	9,879	278
Net Debt / EBITDA	3.1	3.1	0.1

Operating EBITDA bridge



Significant negative weather and Easter impact in Europe and North America.

Q1 has a minor impact on full year result.



Current order backlog, announced price increases and easier comparison base provide a solid profit growth for the rest of the year

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Small quarter impacted mainly by weather, Easter and base effects

Key drivers for Q1 result

Weather	**Less working days**	**Energy cost**	**Indonesia**
Extreme harsh weather in Europe and mainly on US North & East	Almost 4% volume impact in Europe & NAM due to Easter	Most difficult quarter as the comparison base is low	Prior year prices were still relatively at high level in Q1 2016
Current order backlogs signal solid growth for the rest of the year.	Negative impact due to Easter will be reversed in Q2 already.	Energy cost inflation will flatten through the rest of the year.	Negative price impact is expected to ease as demand improves.

We are committed to reach our targets for the full year

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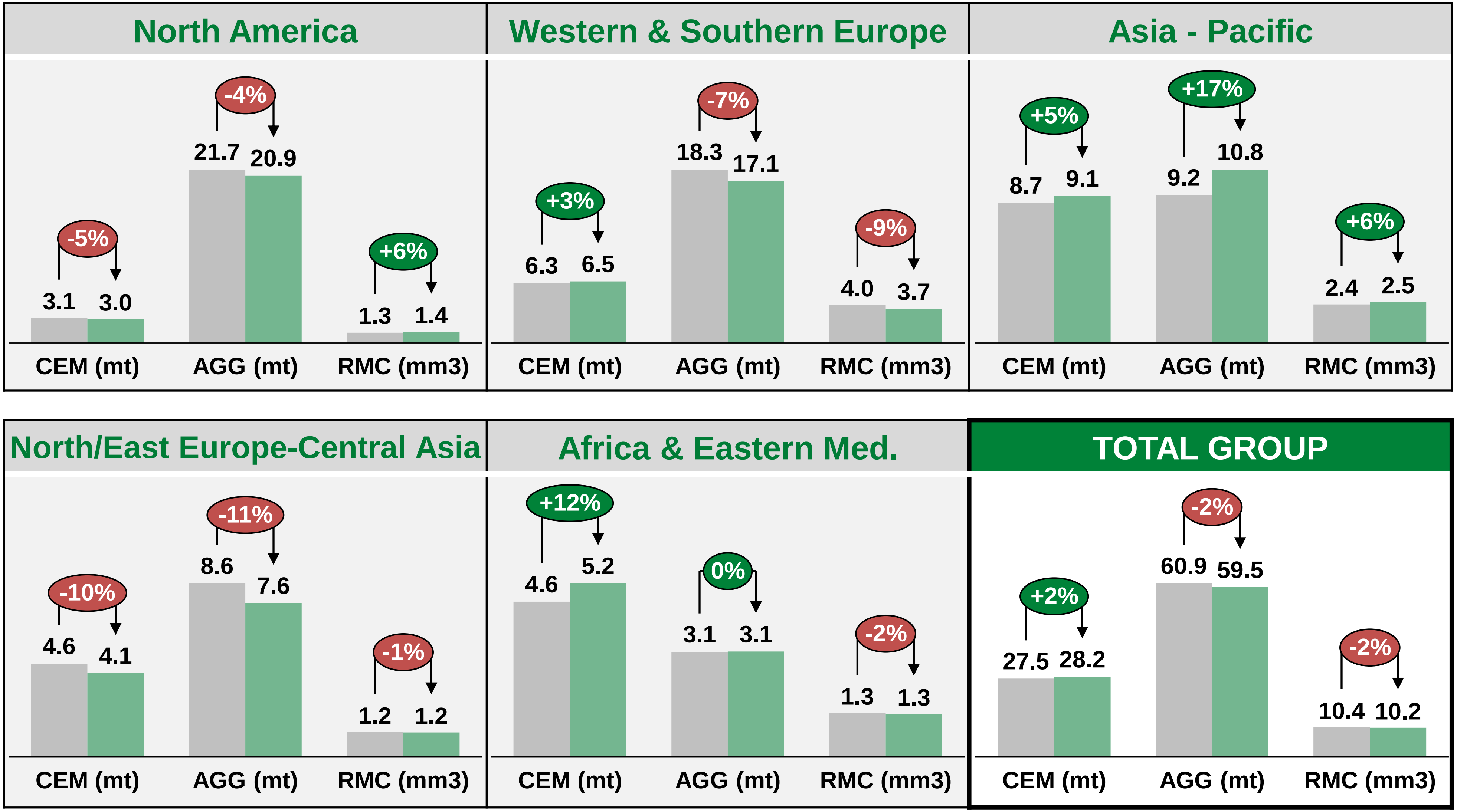
Group sales volumes

Mar 2017 Mar 2018



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North America

- Result impacted by extreme harsh weather in East, Mid-West and South.
- Strong order backlog in all key markets.

US	Strong market conditions on West Coast partly helped mitigate weather in the North-East and Midwest. South market was also impacted by wet weather in March. Current order backlog levels signal solid demand growth for the full year.
	Negative inventory impact of around -20m$ due to early winter repairs.
	Price increases announced in all markets for all business lines.
Canada	Pacific Northwest acquisition partly compensates the harsh weather impact on volumes in Prairies. Overall solid demand growth is expected to continue for the full year.
	Positive pricing in all business lines.

m€	Mar 2017	Mar 2018	Change	%	Cons	Decons	Currency	LfL %
Cement volume (‘000 t)	3,146	3,001	-145	-4.6%	9	0		-4.9%
Aggregate volume (‘000 t)	21,712	20,935	-777	-3.6%	690	0		-6.8%
Ready Mix volume (‘000 m^3)	1,316	1,390	74	5.6%	37	0		2.8%
Asphalt volume (‘000 t)	209	321	112	53.5%	34	0		37.3%
Revenue	834	729	-105	-12.6%	23	-3	-105	-2.6%
Operating EBITDA	84	18	-66	-78.5%	-1	0	-11	-74.4%
in % of revenue	*10.1 %*	*2.5 %*		*-763 bps*				*-748 bps*
Operating income (*)	13	-50	-62	N/A	-2	0	-1	N/A
Cement EBITDA margin	12.9 %	3.5 %		-942 bps				
Aggregates EBITDA margin	15.1 %	9.5 %		-560 bps				
RMC+ASP EBITDA margin	-2.5 %	-7.3 %		-479 bps				

Western and Southern Europe

Bad weather impacts and less working days in Q1 will be compensated throughout the year.

UK	Adverse weather conditions in February and March. Strong volumes in AGG and ASP. Challenging market condition in RMC with pull through impact in Sand & Gravel and Cement.
Germany	Volumes in early March strongly influenced by bad weather conditions. Solid price development in all business lines.
Benelux	Volumes lower mainly due to bad weather. Price increases on track for CEM and RMC NL. AGG price increase announced and expected to materialize in Q2.
Italy	Significant price increase for ITC & Cementir applied effective March, volume leakage due to weather conditions. Consolidation Cementir well on track. Election result leaves uncertainty with unpredictable impact on economic activity.
France	Challenging start in 2018 due to weather conditions with strong impact on sales volumes. Cost impact of strikes and plant operations will be compensated during 2018.
Spain	Continued growth of domestic volumes, mainly driven by residential in the South & Public Works reactivation in the North. Price increases announced in all business lines.

m€	Mar 2017	Mar 2018	Change	%	Cons	Decons	Currency	LfL %
Cement volume ('000 t)	6,343	6,515	172	2.7%	459	0		-4.5%
Aggregate volume ('000 t)	18,332	17,097	-1,235	-6.7%	0	0		-6.7%
Ready Mix volume ('000 m^3)	4,012	3,653	-359	-9.0%	1	0		-9.0%
Asphalt volume ('000 t)	789	762	-27	-3.4%	0	0		-3.4%
Revenue	1,065	1,027	-38	-3.6%	26	-7	-8	-4.7%
Operating EBITDA	39	-5	-44	N/A	-9	-1	0	-89.2%
in % of revenue	*3.7 %*	*-0.5 %*		*-411 bps*				*-314 bps*
Operating income (*)	-35	-88	-53	-150.4%	-15	-1	0	-102.9%
Cement EBITDA margin	6.5 %	3.3 %		-322 bps				
Aggregates EBITDA margin	10.2 %	6.1 %		-406 bps				
RMC+ASP EBITDA margin	-4.0 %	-6.2 %		-219 bps				

Northern and Eastern Europe - Central Asia

Positive underlying market momentum in all geographies.

Poland	Price increases across all business lines and higher volumes versus last year supported by good situation in construction industry compensate production cost increases.
Czech Rep.	Successful price increase compensates lower sales volume driven by bad weather and less working days.
Nordics	Weather conditions and timing of Easter together with higher energy costs and periodization of the maintenance stop in Cement Sweden had a severe impact on Q1 results. Estimated to recap on full year basis.
Hungary	Performance below prior year: Material first time consolidation effect of Readymix Hungária. Also unfavourable one time P&L effects from the start of Vác kiln modernization project and remedies connected to Readymix Hungára acquisition.
Kazakhstan	Positive consumption development in local market, strong demand in Uzbekistan continues. HC maintained prices at stable level despite increased competition.
Romania	Cost optimization remains top priority. Slow start for the year due to bad weather.

m€	Mar 2017	Mar 2018	Change	%	Cons	Decons	Currency	LfL %
Cement volume ('000 t)	4,621	4,150	-471	-10.2%	0	-310		-3.7%
Aggregate volume ('000 t)	8,584	7,607	-977	-11.4%	0	-23		-11.1%
Ready Mix volume ('000 m^3)	1,221	1,215	-6	-0.5%	0	-133		11.7%
Asphalt volume ('000 t)	0	0	0	N/A	0	0		N/A
Revenue	544	514	-30	-5.5%	2	-18	-21	1.3%
Operating EBITDA	28	20	-9	-30.2%	1	-1	-1	-25.1%
in % of revenue	*5.2 %*	*3.9 %*		*-136 bps*				*-132 bps*
Operating income (*)	-16	-20	-4	-25.5%	1	0	0	-29.9%
Cement EBITDA margin	6.2 %	6.1 %		-15 bps				
Aggregates EBITDA margin	0.7 %	-1.4 %		-215 bps				
RMC+ASP EBITDA margin	2.6 %	-0.9 %		-355 bps				

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Asia Pacific

Indonesian and Thai markets remain challenging despite recovering performance

Australia	Ongoing strong demand from infrastructure projects, particularly in Melbourne and Sydney provided robust volumes in Q1. Housing demand, whilst expected to soften, has remained reasonably resilient. Strong price development in both RMX and AGG across most markets.
Indonesia	Strong Q1 volume growth, pricing stabilized with first signals of a trend change. High fuel costs put pressure on margins. Price recovery expected after Ramadan season.
India	Strong performance in Central India due to solid volumes and price growth. Price pressure in most South India markets continue to be a challenge.
Thailand	Volumes and prices expected to improve going into Q2 due to commencement of planned infrastructure projects.
China	Strong volumes and continued price growth drive pleasing Q1 performance, particularly in South.

m€	Mar 2017	Mar 2018	Change	%	Cons	Decons	Currency	LfL %
Cement volume (‘000 t)	8,676	9,107	431	5.0%	0	0		5.0%
Aggregate volume (‘000 t)	9,160	10,755	1,594	17.4%	0	0		17.4%
Ready Mix volume (‘000 m^3)	2,395	2,545	150	6.3%	0	0		6.3%
Asphalt volume (‘000 t)	338	400	62	18.3%	90	0		-8.3%
Revenue	780	747	-34	-4.3%	17	0	-87	5.3%
Operating EBITDA	150	122	-28	-18.8%	4	-1	-18	-10.7%
in % of revenue	*19.3 %*	*16.4 %*		*-291 bps*				*-290 bps*
Operating income (*)	101	75	-26	-25.9%	3	-1	-12	-18.8%
Cement EBITDA margin	22.8 %	17.2 %		-562 bps				
Aggregates EBITDA margin	21.2 %	20.4 %		-81 bps				
RMC+ASP EBITDA margin	-3.6 %	-0.7 %		+291 bps				

Africa - Eastern Mediterranean Basin

Market recovery and efficiency improvements lead to 10% LfL increase in Operating EBITDA.	
Egypt	Solid volume growth, double digit price increase, saving initiatives and fuel flexibility lead to strong results.
Morocco	Rainy weather had negative impact on volumes. Efficiency programs contribute positively to overall results. Price increase executed in January.
Tanzania	Strong increase in sales volumes compared to prior year. Price recovery clearly visible.
Ghana	Sales volumes are significantly above last year. Pricing continues to improve.
Togo	Kara grinding mill investment impacted positively in the first quarter, resulting in higher sales volumes. Competitive pressure in the market has increased.
Israel	Volumes and prices are stable on high level.
Turkey	Solid volume growth and strong pricing compensate increased fuel and electricity cost.

m€	Mar 2017	Mar 2018	Change	%	Cons	Decons	Currency	LfL %
Cement volume (‘000 t)	4,617	5,159	541	11.7%	0	-2		11.8%
Aggregate volume (‘000 t)	3,129	3,135	6	0.2%	0	0		0.2%
Ready Mix volume (‘000 m^3)	1,308	1,282	-26	-2.0%	0	0		-2.0%
Asphalt volume (‘000 t)	128	139	11	8.8%	0	0		8.8%
Revenue	411	420	9	2.2%	0	0	-40	13.4%
Operating EBITDA	99	102	3	2.6%	0	1	-7	9.5%
in % of revenue	*24.1 %*	*24.2 %*		*+10 bps*				*-85 bps*
Operating income (*)	75	78	4	5.3%	0	1	-5	11.9%
Cement EBITDA margin	27.0 %	26.9 %		-7 bps				
Aggregates EBITDA margin	25.3 %	26.0 %		+70 bps				
RMC+ASP EBITDA margin	3.0 %	3.1 %		+11 bps				

Group Services

Record Q1 results; revenue is up by 19%

- Historically high international sales volume for Q1. Total 7 million tones, 21% above prior year.
- Exports from former Italcementi units increase by 6% compared to previous year.
- Abundant clinker surplus generated from Asia has partially declined; China has imported 2.3Mt of clinker from Vietnam in period 2017Q4 –2018Feb while reducing its exports.
- Increased seaborne clinker import costs; Higher FOB clinker prices with strong domestic cement demand, soaring fuel costs and higher freight rates as a result of positive macroeconomic outlook & rising bunker prices.
- Saudi Arabia and Egypt are expected to be new exporter countries in international cement market.

m€	Mar 2017	Mar 2018	Change	%	Cons	Decons	Currency	LfL %
Revenue	301	359	58	19.1%	5	-2	-2	18.9%
Operating EBITDA	6	9	3	48.0%	2	0	0	15.5%
in % of revenue	*2.0 %*	*2.4 %*		*+47 bps*				*-6 bps*
Operating income (*)	4	8	4	98.6%	2	1	0	16.7%

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Result of the period increased by 41 Mio € to 6 Mio € in Q1 2018

➢ Successful portfolio optimization and good financial management overcompensate seasonal and weather related pressure on operational result

- Portfolio optimization strategy pays-off: Sale of German sand lime brick and US White Cement businesses at attractive conditions strengthens result and cash flow.
- Further improvement of financial result by 9% vs. Q1 2017 to -75 Mio €.
- Tax expense decreases by 31 m€ (66%) to -17 m€ in Q1 2018.
- New bond issued in April with favorable refinancing conditions improves financial flexibility.

➢ Further improvement in cash flow expected

- Free Cash Flow (LTM) rises to almost 1.2 bn € .
- Further improvement of Free Cash Flow expected for 2018 on the back of improved interest and tax payments, consequent disposals of non core assets, disciplined spending and Working Capital optimization.

Improved financial result, lower tax expense and gains from disposals result in a further increase in Group share of profit

Income Statement March 2018

m€	March 2017	March 2018	Change
Revenue	3,784	**3,626**	-4%
Result from joint ventures	30	**27**	-10%
Result from current operations before depreciation and amortization (RCOBD)	383	**252**	-34%
Depreciation and amortization	-275	**-269**	2%
Result from current operations	108	**-16**	n/a
Additional ordinary result	-16	**118**	n/a
Result from participations	0	**-2**	308%
Financial result	-82	**-75**	n/a
Income taxes	-48	**-17**	66%
Net result from discontinued operations	4	**-2**	n/a
Profit / loss for the period	**-35**	**6**	**n/a**
thereof:			
Non controlling shareholders	35	**29**	-17%
Controlling shareholders of the Group	-70	**-23**	68%

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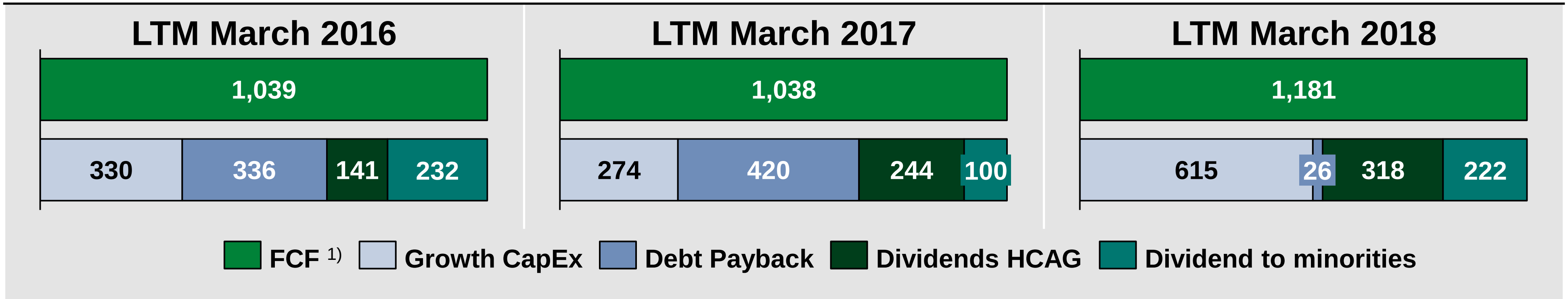
Cash flow statement March 2018

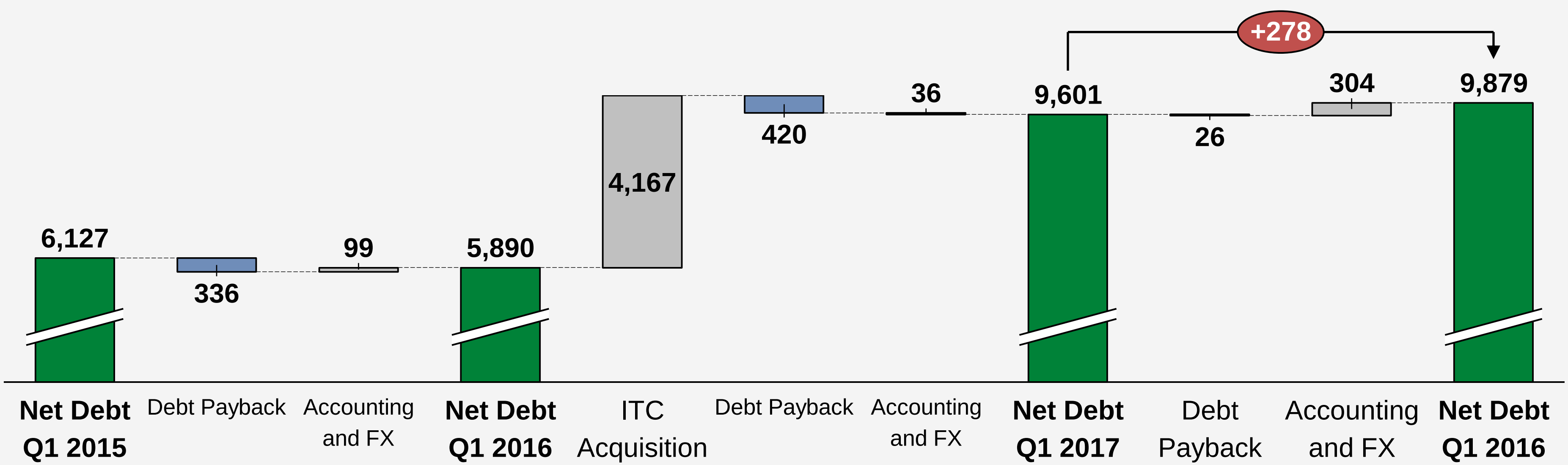
m€	March 2017	March 2018	Change
Cash flow	167	**54**	-113
Changes in working capital	-575	**-689**	-114
Decrease in provisions through cash payments	-74	**-57**	17
Cash flow from operating activities – disc. operations	-3	**0**	3
Cash flow from operating activities	**-485**	**-692**	**-207**
Total investments	-195	**-716**	-522
Proceeds from fixed asset disposals/consolidation	54	**269**	215
Cash flow from investing activities - discontinued operations	2		-2
Cash flow from investing activities	**-139**	**-448**	**-309**
Free cash flow	**-624**	**-1.140**	**-516**
Dividend payments	-16	**-27**	-11
Transactions between shareholders	-1	**-4**	-4
Net change in bonds and loans	487	**673**	185
Cash flow from financing activities	**470**	**641**	**171**
Net change in cash and cash equivalents	**-153**	**-499**	**-345**
Effect of exchange rate changes	7	**-35**	-42
Change in cash and cash equivalents	**-146**	**-533**	**-387**

Strong increase in Working Capital due to harsh weather and early winter repairs; Normalization expected during the course of the year

Further increase in Free Cashflow by 143 m€

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€	Mar 2017	Dec 2017	Mar 2018	Mar 18 / Mar 17 Variance (m€)	Mar 18 / Mar 17 Variance (%)
Assets					
Intangible assets	12,419	11,471	**11,400**	-1,019	-8 %
Property, plant and equipment	13,842	12,814	**12,763**	-1,079	-8 %
Financial assets	2,385	2,181	**2,139**	-246	-10 %
Fixed assets	28,646	26,466	**26,302**	-2,344	-8 %
Deferred taxes	858	518	**541**	-316	-37 %
Receivables	3,744	3,465	**3,887**	143	4 %
Inventories	2,041	1,881	**1,890**	-151	-7 %
Cash and short-term financial instruments/derivatives	1,902	2,129	**1,608**	-295	-15 %
Assets held for sale and discontinued operations	8	100	**44**	36	452 %
Balance sheet total	37,199	34,558	**34,272**	-2,928	-8 %
Equity and liabilities					
Equity attributable to shareholders	16,007	14,558	**14.046**	-1.961	-12 %
Non-controlling interests	1,755	1,494	**1.413**	-342	-19 %
Equity	17,761	16,052	**15,459**	-2.303	-13 %
Debt	11,503	10,824	**11,487**	-16	0 %
Provisions	3,067	2,636	**2,577**	-489	-16 %
Deferred taxes	667	650	**650**	-17	-3 %
Operating liabilities	4,202	4,383	**4,097**	-105	-2 %
Liabilities associated with assets held for sale	0	13	**2**	2	n/a
Balance sheet total	37,199	34,558	**34,272**	-2,928	-8 %
Net Debt	9,601	8,695	**9,879**		
Gearing	54.1%	54.2%	**63.9%**		

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Outlook is confirmed

We are committed to reach our full year target despite difficult start

- Strong order backlog in US and Europe
- Continued recovery in Indonesia and Africa
- Positive pricing in almost all markets
- Easing energy cost inflation pressure

Mid to high single digit organic EBITDA growth for the full year.

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**

Commitment for access to safe water, sanitation and hygiene

HeidelbergCement signs the WASH Pledge of the World Business Council for Sustainable Development (WBCSD)

- According to the UN, 1.8 billion people have no access to safe drinking water and 4.1 billion lack access to adequate sanitation (SDG 6)
- Commitment to provide access to safe drinking water and appropriate sanitation and hygiene at the workplace (WASH) for all employees at all operation sites worldwide

World Business Council for Sustainable Development

SUSTAINABLE DEVELOPMENT GOALS

6 CLEAN WATER AND SANITATION

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 (Q1 2018 vs. Q1 2017)

Negative due to PNW consolidation. Pricing positive in local level.

Negative due to regional mix.

Country average price impacted by Cementir consolidation. Pricing positive in both ITC and Cementir operations.

	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	++	++	++	+	++	++
Romania	- -	++	++	- -	++	+
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%

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Contact information and event calendar

Date	Event
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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