

HeidelbergCement

Group presentation



Truck in aggregates quarry

HeidelbergCement: history and development

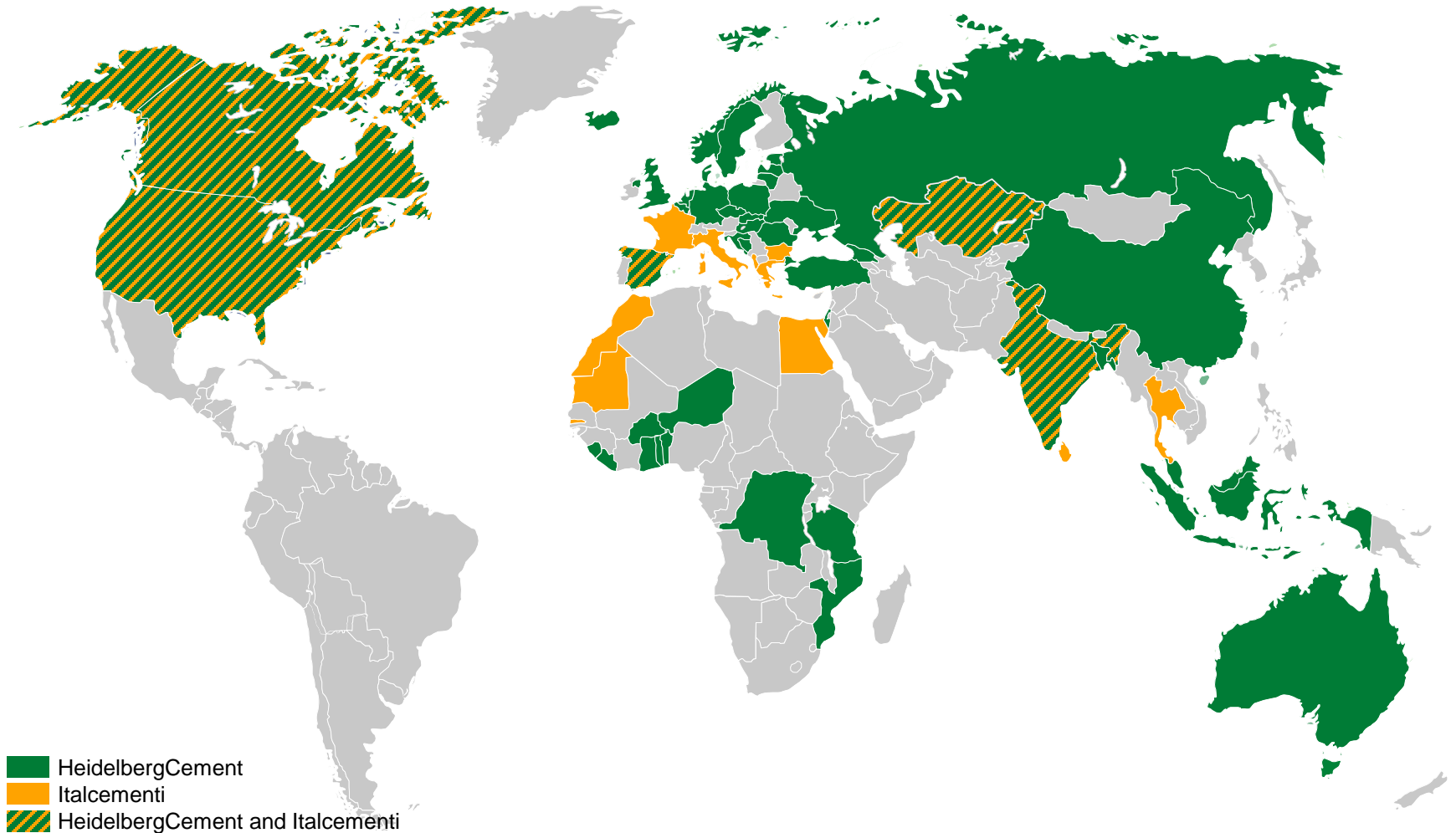
1873	Foundation
1977	Lehigh, USA
1989	Central and Eastern Europe
1993	CBR
1995/96	China, Turkey
1999	Scancem
2001	Indocement, Indonesia
2005/06	Kazakhstan, India, Georgia
2007	Hanson
2010	Democratic Republic Congo
2015	Sale of building products North America & UK
2016	Italcementi

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

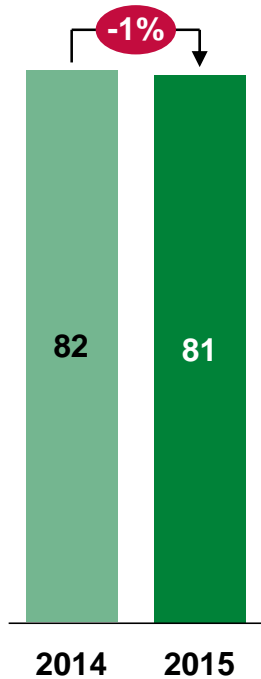
■ Outlook 2016

- 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

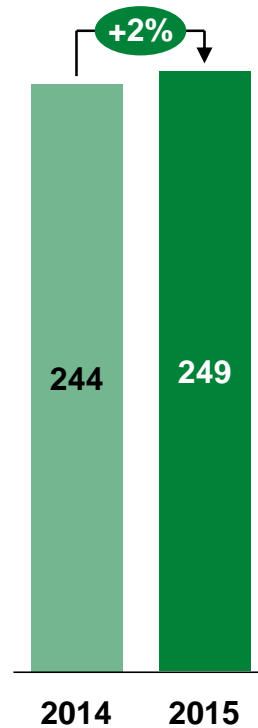
Development of sales volumes

January–December

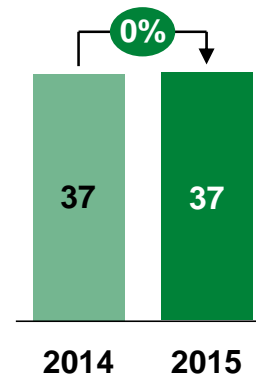
Cement (mt)



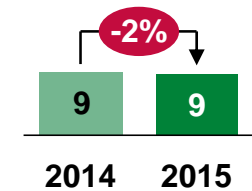
Aggregates (mt)



Ready-mixed concrete (mm³)

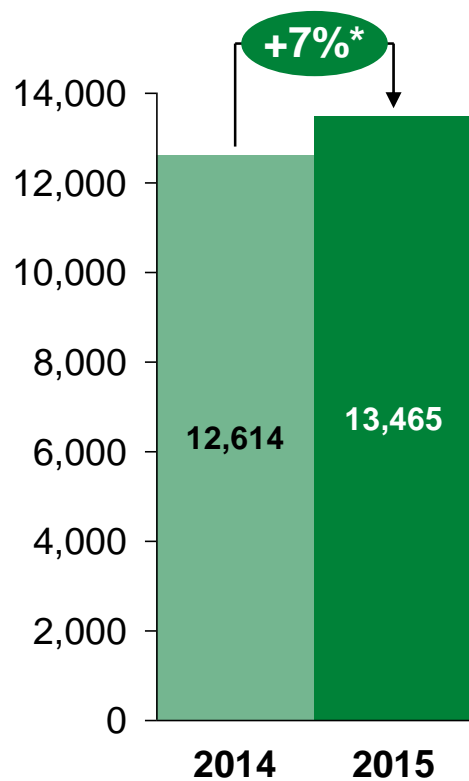


Asphalt (mt)

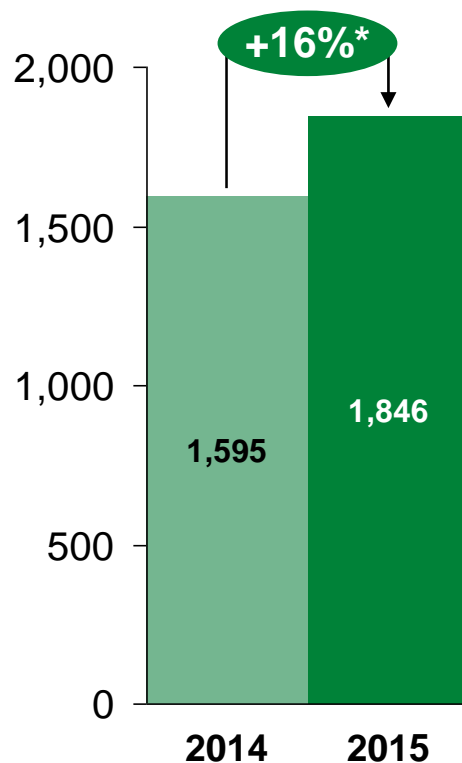


Key figures (€m)

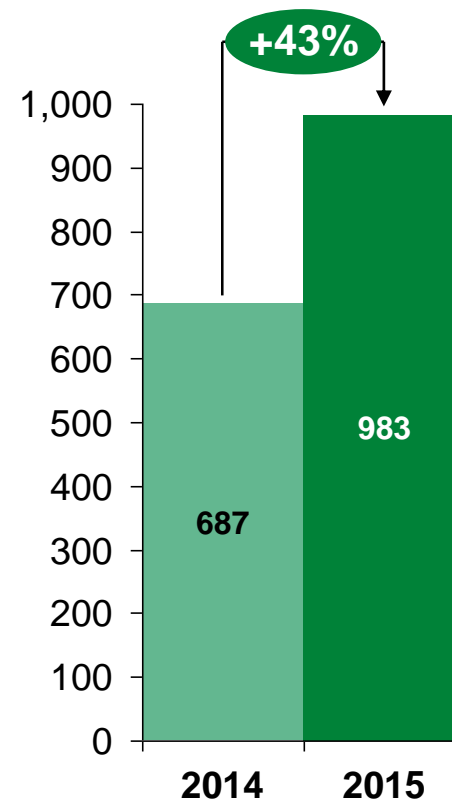
Revenue



Operating income

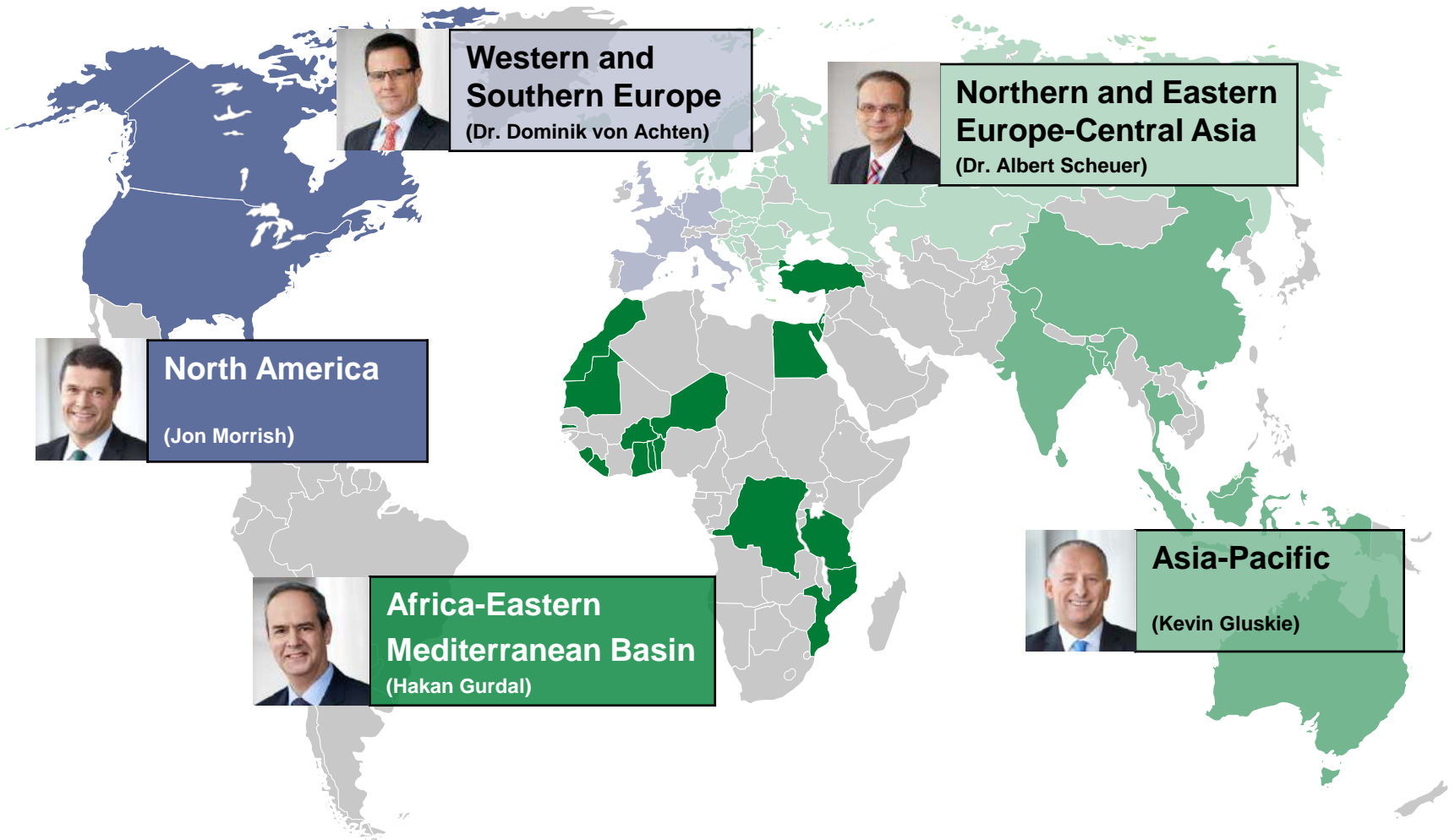


Profit for the financial year



* 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

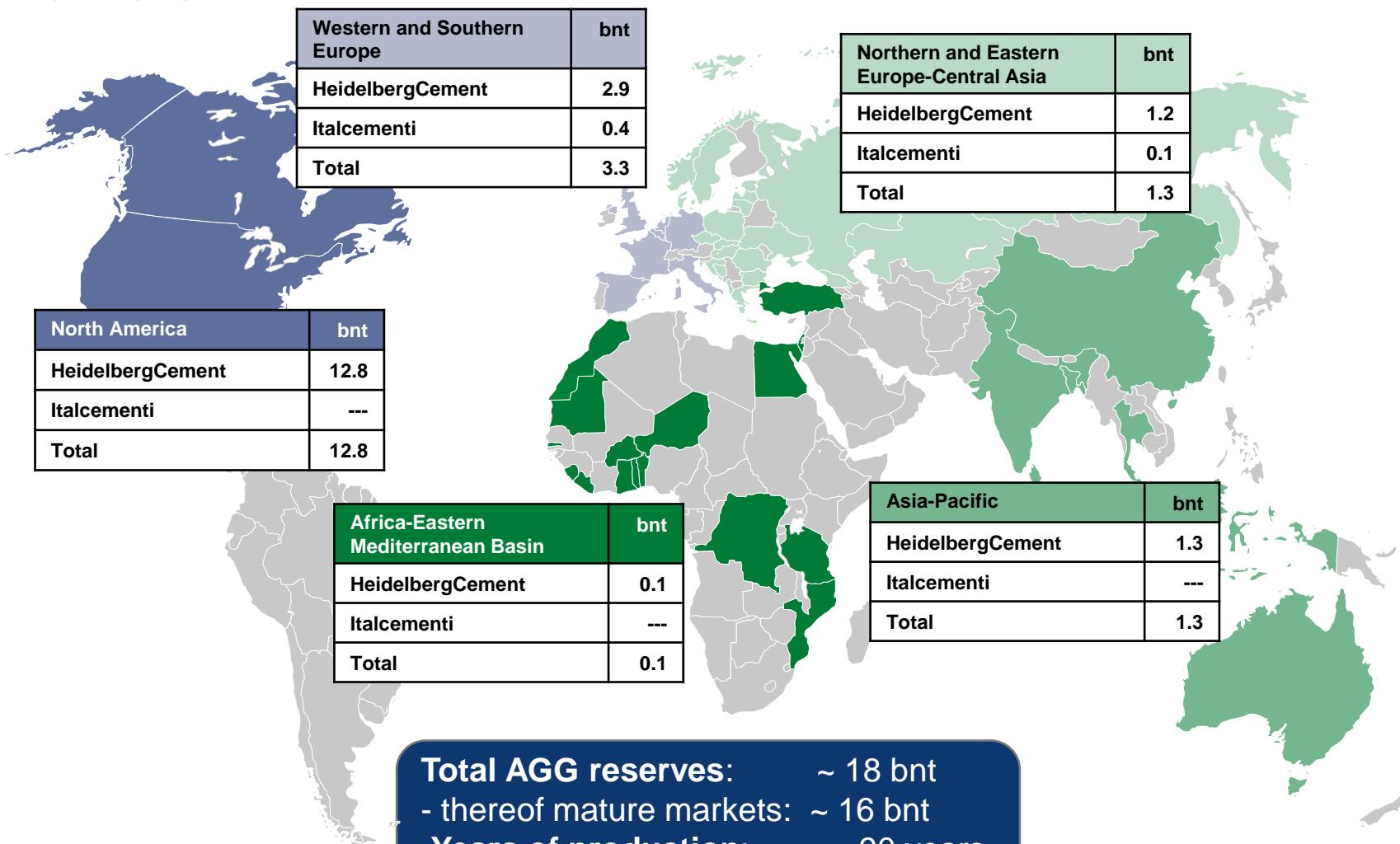
Benin, Burkina Faso, DR Congo, Egypt, Gambia, Ghana, Liberia, Mauritania, Morocco, Mozambique, Sierra Leone, Tanzania, Togo; Israel, Turkey

Asia-Pacific

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

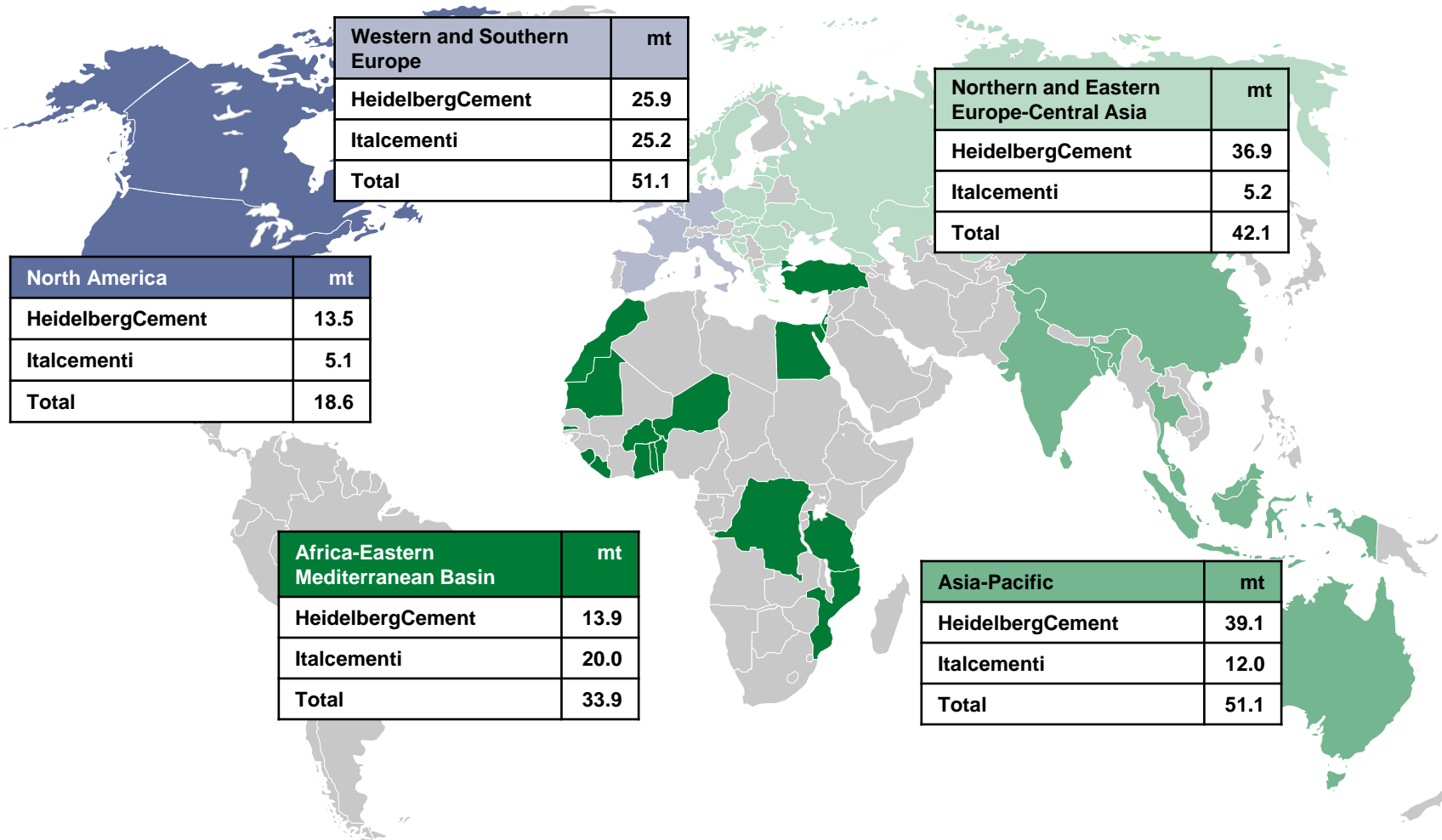
Group Services

High aggregates reserves of 18 bnt: focus on mature markets



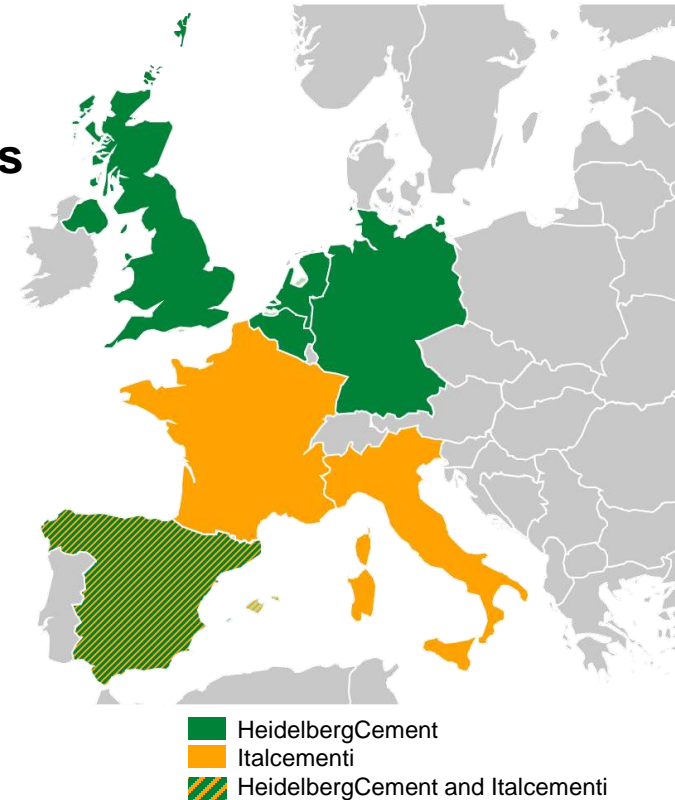
Total AGG reserves: ~ 18 bnt
 - thereof mature markets: ~ 16 bnt
Years of production: ~ 90 years
 High intrinsic value potential

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**

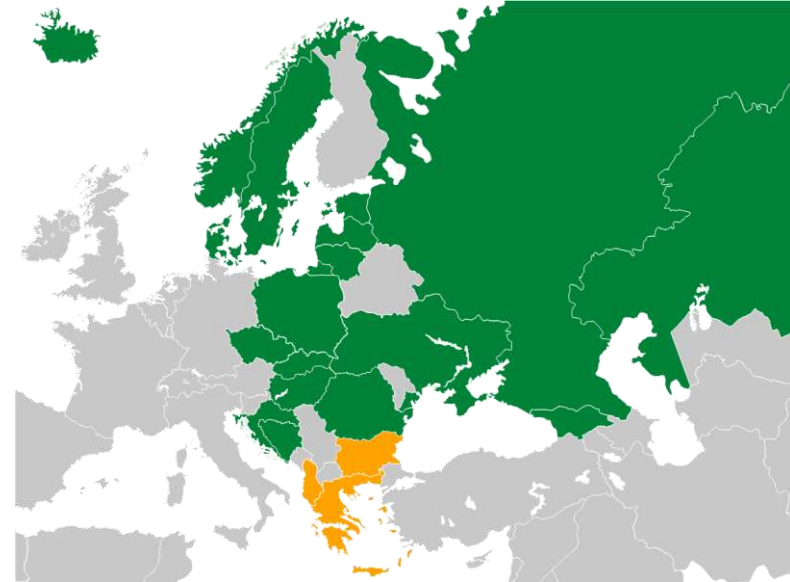


Production sites	HC	ITC	Total
Cement/grinding/GGBS	23	28	51
Cement terminals	5	13	18
Aggregates	120	94	214
Aggregates terminals	38	14	52
Ready-mixed concrete	474	304	778
Asphalt	42		42
Concrete products	22		22



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



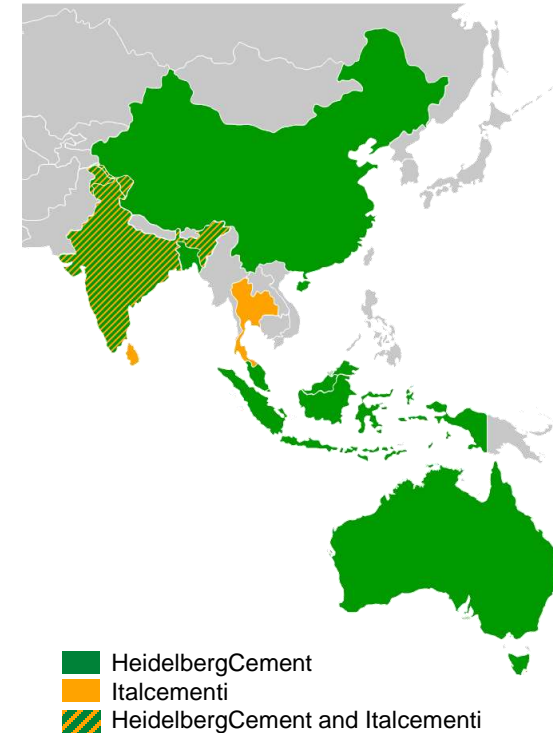
Asia-Pacific

■ 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



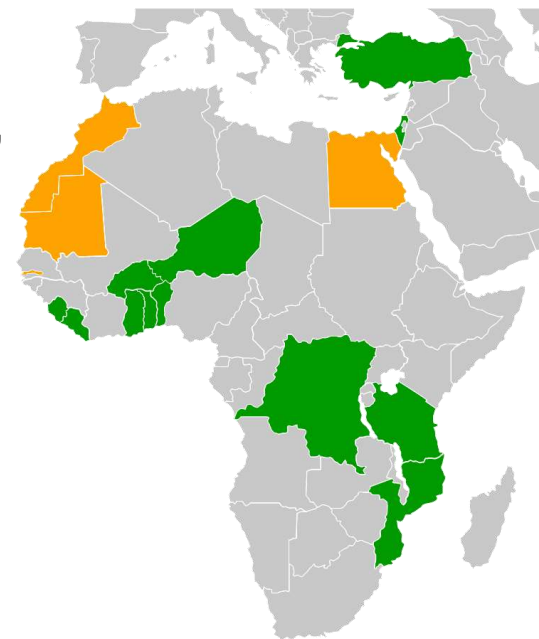
Africa-Eastern Mediterranean Basin

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**

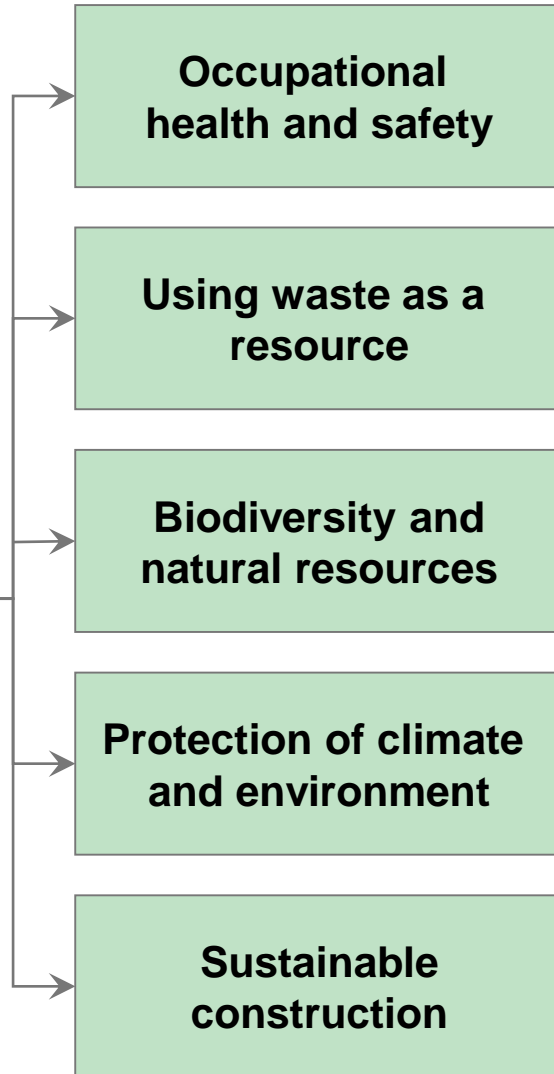


Building on sustainability

- **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



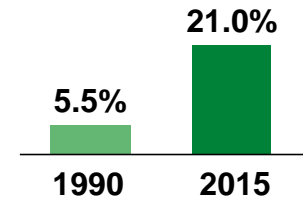
Long-term commitment for sustainability



- Zero accidents mentality
- Policies introduced
- Compliance



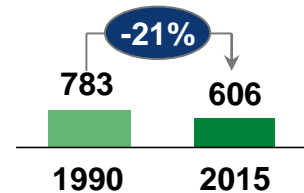
- Alternative fuel rate (in % of fuel mix)



- 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

