HeidelbergCement

2017 First Quarter Results

10 May 2017

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

Aït Baha plant / Morocco

Contents

Market and financial overview Q1 2017

Italcementi acquisition improves company figures significantly
Values based on IFRS

- Cement volumes up +58%; Aggregates volumes up +23%; RMC volumes up +31%
- Revenue increases by 34%; Operating EBITDA increases by +19%; EPS increases by +7%

Solid results despite strong comparison basis, cost inflation and unfavorable weather
Values based on proforma figures

- Cement and aggregates volumes above prior year
- Operating EBITDA slightly down by -2% (-3% l-f-l)
- Italcementi integration goes full-speed. Improvements clearly visible on results

2017 Outlook confirmed based on Q1 results

- Energy cost outlook improves due to commodities trending down
- Solid demand and steady growth expected in our key markets

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Key operational and financial figures

Operational performance based on proforma figures:

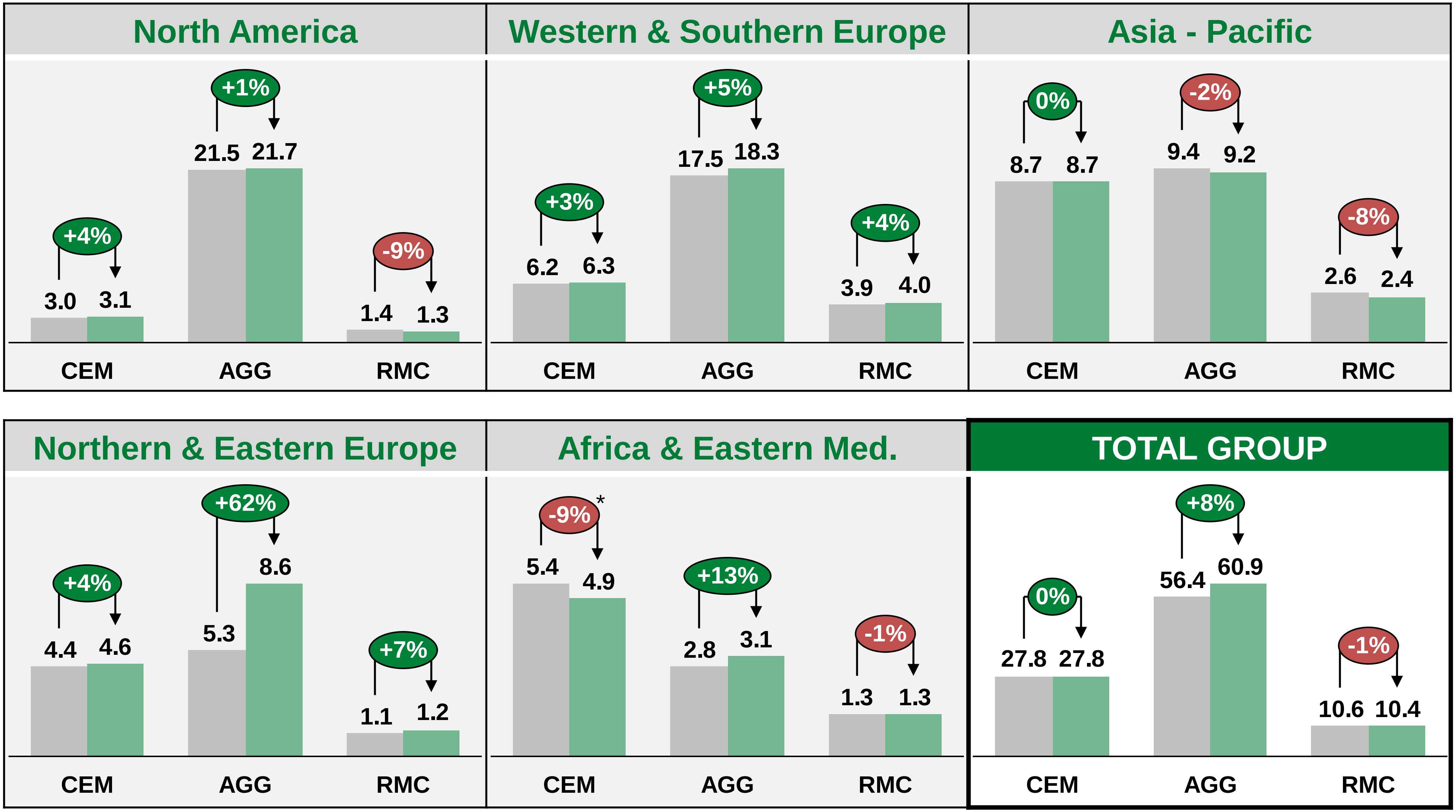
	Q1 2016	Q1 2017	Variance		Cons.	Decons.	Currency	LfL
Cement volume	27,815	27,816	1	0.0 %	37	0	0	-0.1 %
Aggregate volume	56,384	60,855	4,471	7.9 %	3,898	-220	0	1.4 %
Ready Mix volume	10,572	10,423	-149	-1.4 %	0	0	0	-1.4 %
Asphalt volume	1,381	1,463	82	6.0 %	0	0	0	6.0 %
Revenue	3,743	3,784	41	1.1 %	57	-2	-11	-0.1 %
Operating EBITDA	391	383	-8	-2.0 %	5	0	0	-3.4 %
in % of revenue	*10.4 %*	*10.1 %*		*-32 bps*				
Operating income	124	108	-16	-12.6 %	1	0	1	-14.3 %
Cement EBITDA margin	14.1 %	14.8 %		+70 bps				
Aggregates EBITDA margin	16.6 %	13.7 %		-293 bps				
RMC + Asphalt EBITDA margin	-0.7 %	-2.4 %		-163 bps				

Key financial figures based on IFRS (ITC consolidated from 1st July 2016):

	Q1 2016	Q1 2017	Variance
Group share of profit	-72	-70	2
Earnings per share	-0.38	-0.35	0.03
Cash flow from operations	-262	-485	-224
Total CapEx	-257	-195	62
Net Debt	5,890	9,601	3,711
Net Debt / EBITDA	2.2	3.0	0.8

Group Sales Volumes

Q1 2016 Q1 2017



***)** The main driver of volume decline is Egypt.

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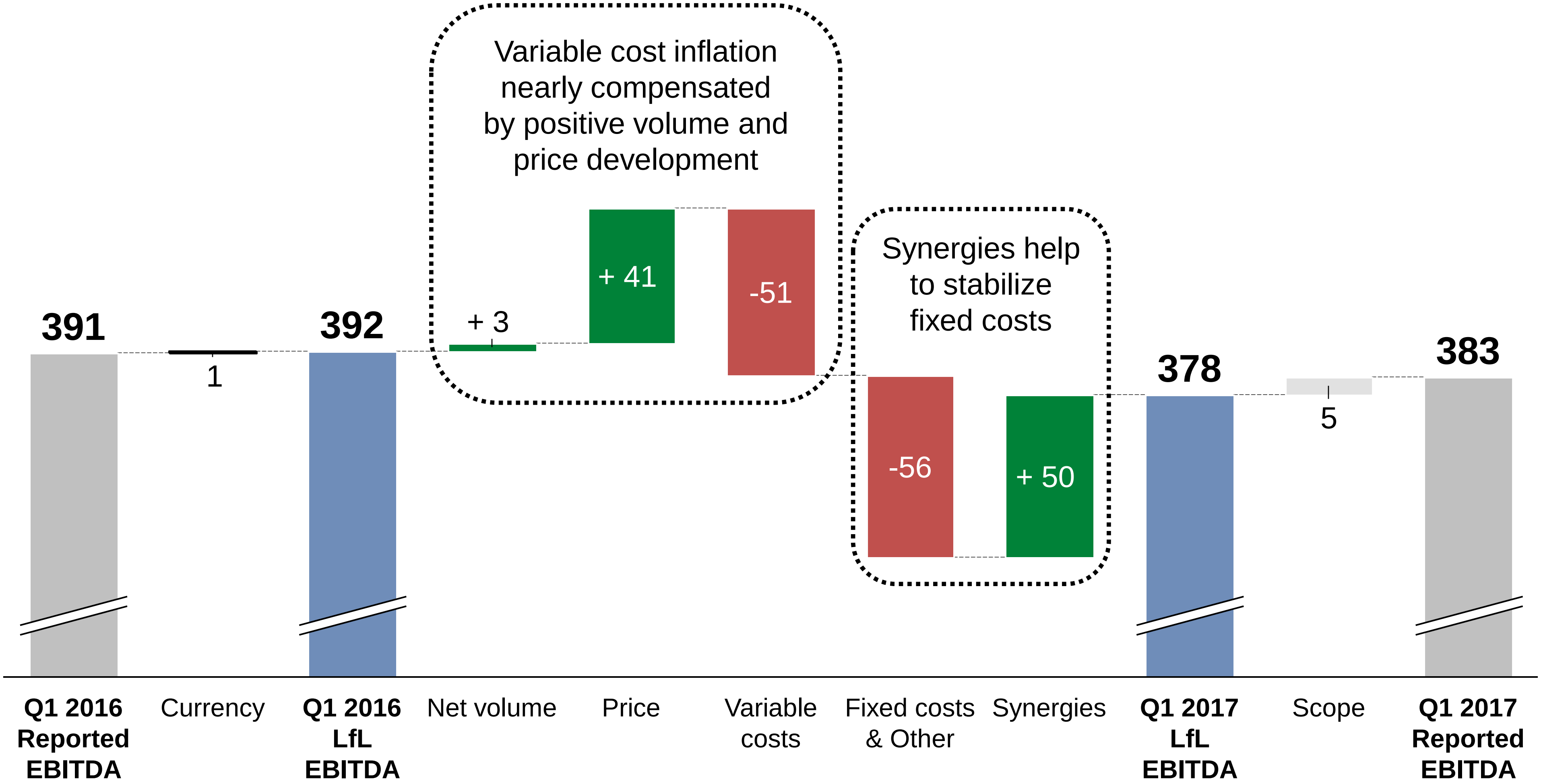
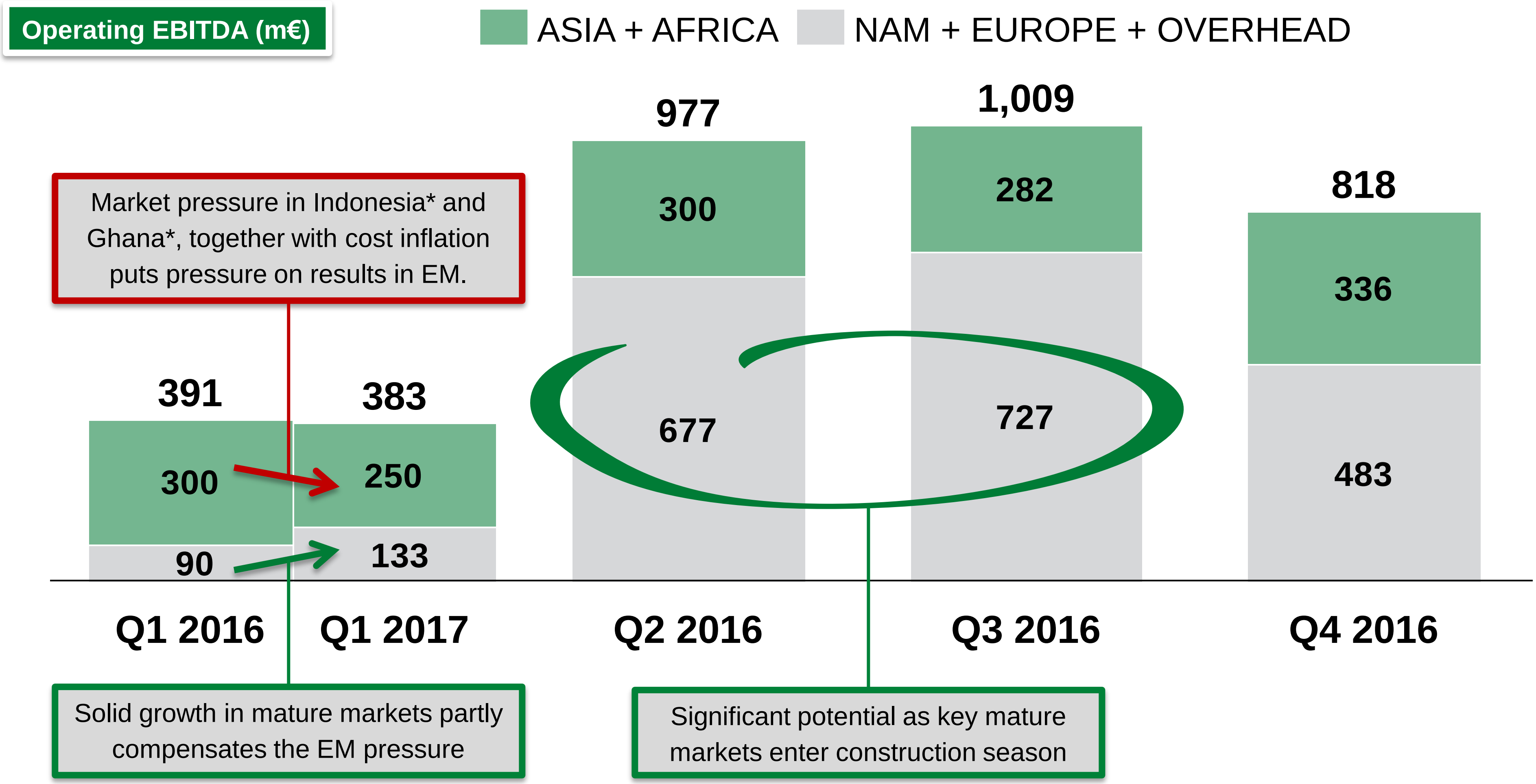
Q1 2017 Operating EBITDA Bridge



Solid result despite a very strong comparison base and increased cost inflation

Strong results in key mature markets

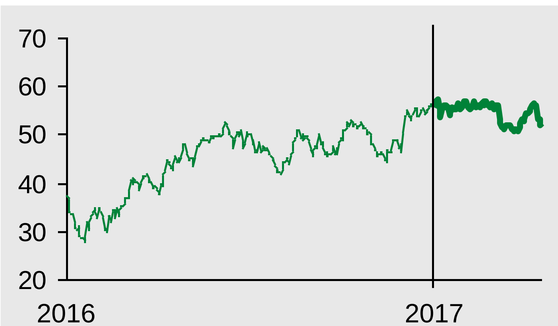


***)** Q1 2016 is a strong comparison basis in terms of pricing. The basis will ease through the year.

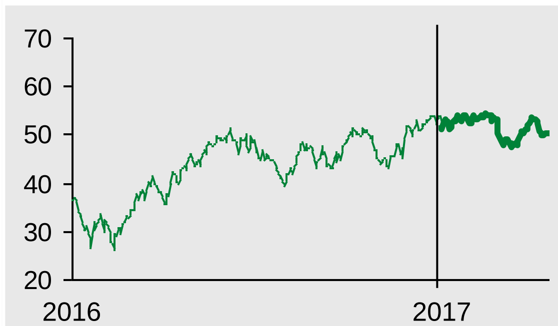
Significant result potential in key mature markets as construction season starts

Energy cost outlook improves due to commodities trending down

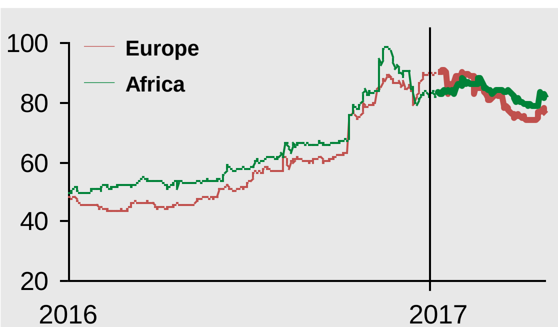
Oil Brent - EU ($/bbl)



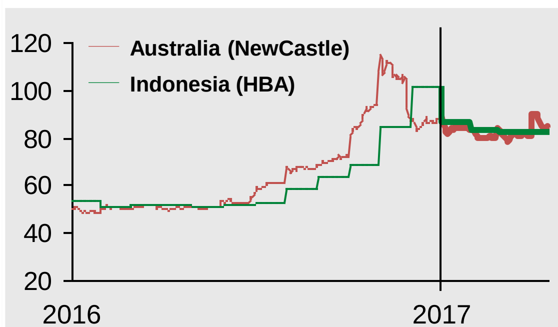
Oil WTI - NAM ($/bbl)



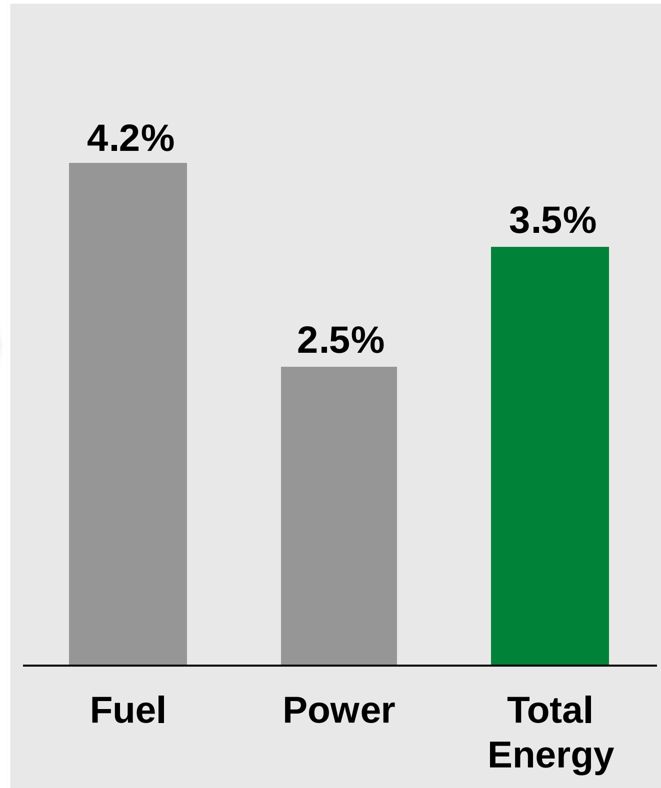
Coal Indices ($/mt)



Coal Indices ($/mt)



Energy Cost
Q1 2017 vs. Q1 2016 *



We expect now "high single digit" cost inflation; rather than "low double digit"

***)** Cement business line

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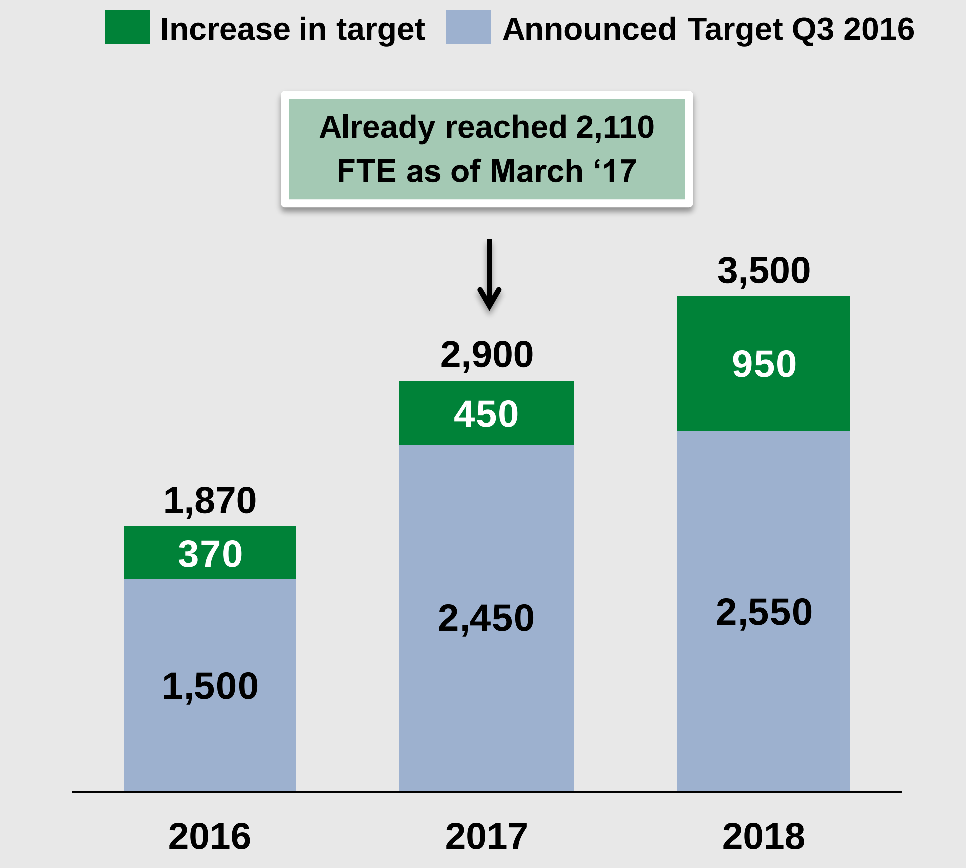
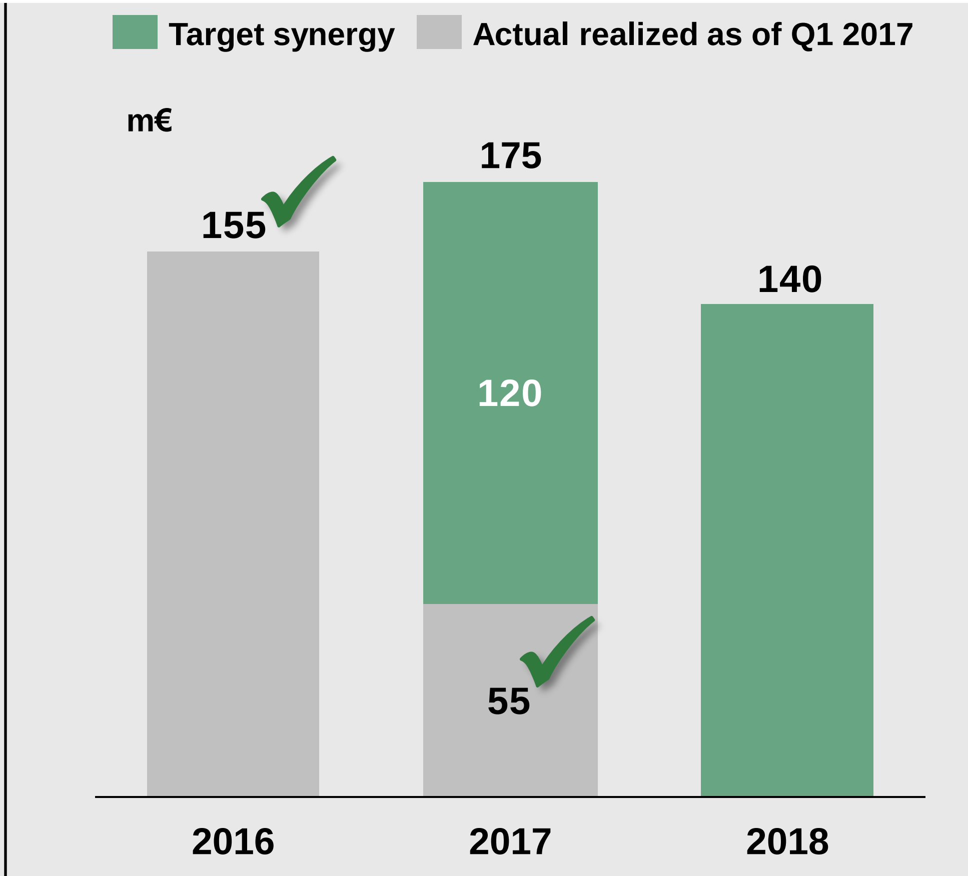
FTE reduction and synergies ahead of targets

FTE reduction faster than planned



Synergies on track



Italcementi integration goes full-speed

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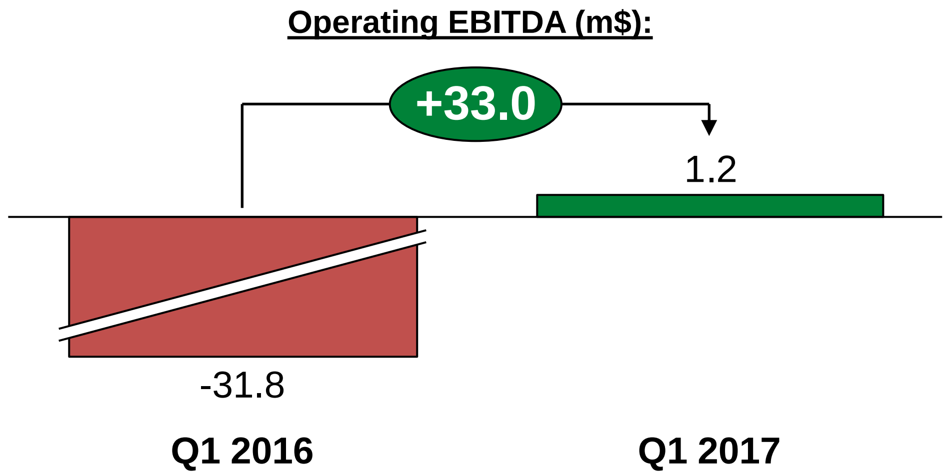
US Italcementi Assets: Significant improvement in efficiency

Key KPIs of Italcementi plants	Q1 2016	Q1 2017	Change
Clinker production volume	313 kt	420 kt	+34%
Clinker daily rate	1,927 mtpd	2,445 mtpd	+27%
Reliability 1)	78%	92%	+14%
MTBF 2)	70 hours	162 hours	+131%

Clear improvement in operations:
~ 10m$ lower SG&A costs
~ 7m$ lower repair & maintenance
~ 7% increase in mill net price



Performance improvement and its' impact on result is clearly visible in all ITC plants

1) Plant's ability to achieve target and plan figures. **2)** Average amount of time kiln functions before failing. Includes only operational time between failures.

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North America

Clear improvement in ITC asset performance surpasses the negative weather impact

US	Overall strong demand despite the significant negative flood impact on the West Coast.
	Clear improvement in Italcementi assets performance drives strong result.
	Cement: Double digit volume increases both in North and South more than compensates the flood impact on West Coast. Prices up over prior year across the country. In Texas, rig counts are significantly up.
	Aggregates: Significant price development; volumes flat to prior year with strong demand in the South and Midwest, offset by rain on the West Coast.
Canada	Snowfall and heavy rains slowed Western Canada activity, however, backlog remains strong.
	Stronger market conditions resulted in price increases; in the Prairies the oil-well sector is improving with rig counts up over the prior year.

	Q1 2016	Q1 2017	Variance		Cons.	Decons.	Currency	LfL
Cement volume	3,018	3,146	129	4.3 %	0	0		4.3 %
Aggregate volume	21,464	21,712	247	1.2 %	0	0		1.2 %
Ready Mix volume	1,449	1,316	-133	-9.2 %	0	0		-9.2 %
Asphalt volume	233	209	-23	-10.1 %	0	0		-10.1 %
Revenue	791	834	43	5.5 %	0	0	34	1.1 %
Operating EBITDA	49	84	35	72.1 %	0	0	2	64.5 %
in % of revenue	*6.2 %*	*10.1 %*	*+392*	*bps*				
Operating income	-21	13	33	N/A	0	0	-1	N/A
Cement EBITDA margin	1.8 %	12.9 %		+1,112 bps				
Aggregates EBITDA margin	16.7 %	15.1 %		-152 bps				
RMC + Asphalt EBITDA margin	-1.3 %	-2.5 %		-121 bps				

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Western and Southern Europe

Quarter impacted by weather and winter repair. Market recovery expected.

UK	Market continues to grow despite Brexit uncertainty; mostly positive price development. Cost inflation, together with timing of the maintenance shut-downs negatively impacted the result. We are involved in key infrastructure projects.
Germany	Volumes in all business lines ahead of prior year; result overall flat despite increased energy cost.
Benelux	Operationally improved result due to mostly positive price / volume developments.
Italy	Cement prices clearly above prior year. Improvement in demand is visible as construction season starts. Benefits from integration measures continue to improve the result.
France	Signs of recovery visible after winter months. Positive volume developments in aggregates and concrete; improved fixed costs show integration benefits. Q1 negatively impacted by inventories and timing of maintenance shut-downs.
Spain	Clear result improvement due to strong volumes in a market showing first signs of recovery.

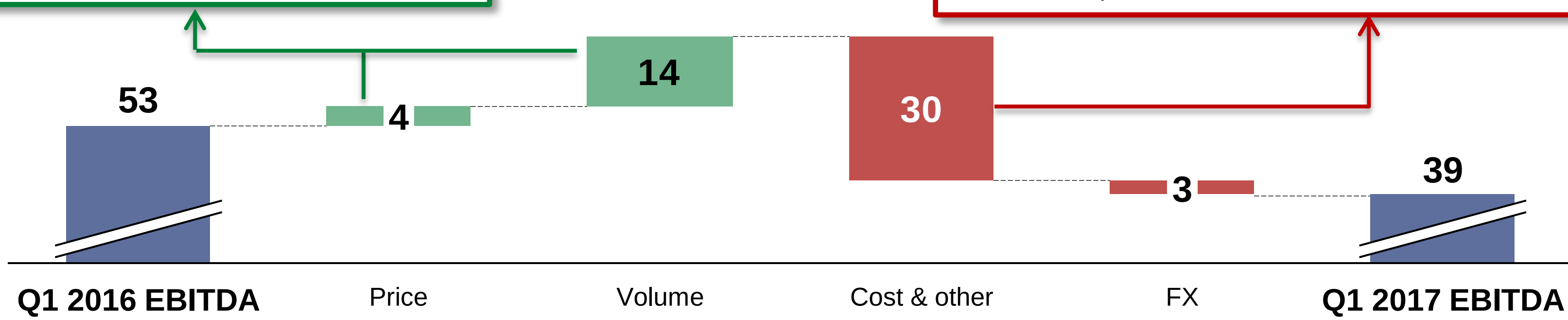
	Q1 2016	Q1 2017	Variance		Cons.	Decons.	Currency	LfL
Cement volume	6,173	6,343	170	2.8 %	0	0		2.8 %
Aggregate volume	17,492	18,332	840	4.8 %	0	0		4.8 %
Ready Mix volume	3,856	4,012	156	4.0 %	0	0		4.0 %
Asphalt volume	643	789	146	22.7 %	0	0		22.7 %
Revenue	1,064	1,065	2	0.2 %	0	0	-34	3.5 %
Operating EBITDA	53	39	-14	-27.1 %	0	0	-3	-22.6 %
in % of revenue	*5.0 %*	*3.7 %*		*-137 bps*				
Operating income	-23	-35	-12	-53.7 %	0	0	-1	-46.7 %
Cement EBITDA margin	6.4 %	6.5 %		+8 bps				
Aggregates EBITDA margin	15.5 %	10.2 %		-533 bps				
RMC + Asphalt EBITDA margin	-1.8 %	-4.0 %		-229 bps				

West & South Europe: Market recovery is clearly visible

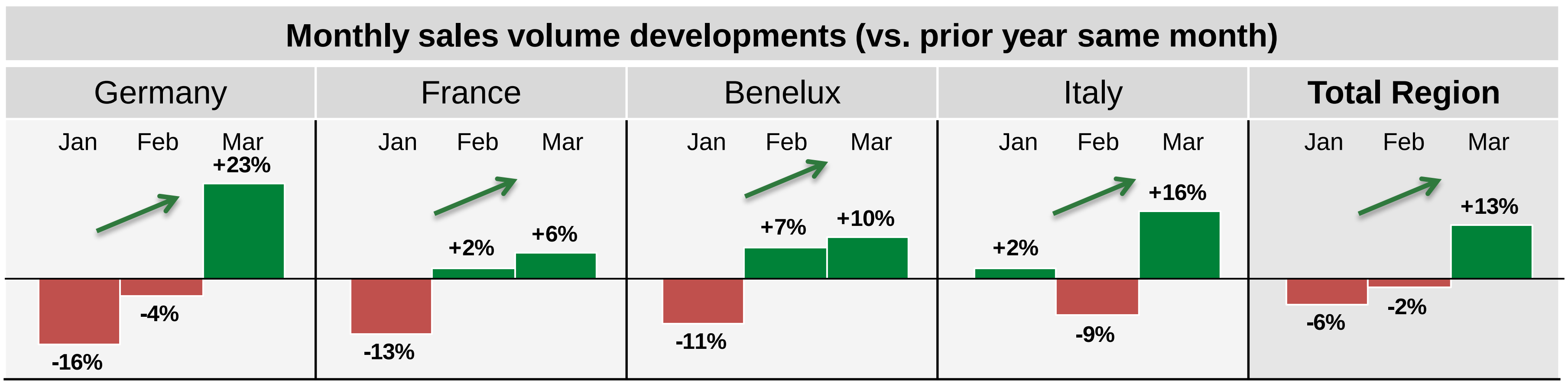
Quarter usually impacted by weather and shut-down timings:

- Solid price and volume development despite a very hard comparison base

- ~10m€ repair & maintenance timing impacts in UK and France
- ~5m€ impact from bitumen cost increase



Underlying business demand growth is solid in our key markets:



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Northern and Eastern Europe-Central Asia

Demand growth together with improved prices lead to significant result increase

Nordics	Strong sales volume development due to high building materials demand, especially in the housing sector Sweden and as a result of big infrastructure projects we are involved in. Strong outlook.
Poland	Solid sales volume development; prices increases launched in the first quarter.
Czech Rep.	Increase in sales volumes and pricing compensates cost inflation.
Romania	Market impacted by harsh winter. Stable result driven by higher pricing and well managed costs.
Russia	Strong price development and stable volumes in our key markets. Further price increases planned.
Ukraine	Substantial sales volume development and strong price increase in the first quarter. Further price increases planned.
Kazakhstan	Solid volume and price growth eases the pressure from cost inflation. Further price increases planned.

	Q1 2016	Q1 2017	Variance		Cons.	Decons.	Currency	LfL
Cement volume	4,422	4,621	199	7.0 %	0	0		4.5 %
Aggregate volume	5,286	8,584	3,298	62.4 %	3,898	-220		-7.5 %
Ready Mix volume	1,146	1,221	75	6.6 %	0	0		6.6 %
Asphalt volume	0	0	0	N/A	0	0		N/A
Revenue	443	544	100	22.6 %	53	-2	19	6.5 %
Operating EBITDA	12	28	17	144.6 %	4	0	2	83.5 %
in % of revenue	*2.6 %*	*5.2 %*		*+260 bps*				
Operating income	-30	-16	13	45.1 %	0	0	0	44.4 %
Cement EBITDA margin	4.0 %	6.2 %		+ 226 bps				
Aggregates EBITDA margin	-15.5 %	0.7 %		+1,618 bps				
RMC + Asphalt EBITDA margin	0.7 %	2.6 %		+194 bps				

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Asia Pacific

Markets are stabilizing in Indonesia and Thailand

Australia	Positive price developments across most Australian states with continued uptrend expected. However, extreme weather in NSW and cyclone Debbie in Queensland adversely affected volumes in Q1.
Indonesia	Weaker than expected growth in domestic consumption and fierce competitive pressures had made pricing challenging; strict cost management partially compensates margin pressure from lower prices.
India	Encouraging volume and price developments, strict cost management and expedited realization of synergies greatly improved margins and earnings.
Thailand	Lack of private investment and slowdown in government projects contributed to lackluster market growth; Coupled with the commissioning of new capacities in traditional export markets, pricing has been a challenge.
China	Market showing obvious signs of recovery. Encouraging volume developments and significant price recovery in HC's Chinese markets in Q1 had greatly improved results.

	Q1 2016	Q1 2017	Variance		Cons.	Decons.	Currency	LfL
Cement volume	8,661	8,676	15	0.2 %	0	0		0.2 %
Aggregate volume	9,368	9,160	-208	-2.2 %	0	0		-2.2 %
Ready Mix volume	2,612	2,395	-218	-8.3 %	0	0		-8.3 %
Asphalt volume	406	338	-68	-16.7 %	0	0		-16.7 %
Revenue	782	780	-1	-0.2 %	0	0	43	-5.4 %
Operating EBITDA	178	150	-28	-15.6 %	0	0	10	-19.9 %
in % of revenue	*22.8 %*	*19.3 %*		*-353 bps*				
Operating income	135	101	-35	-25.6 %	0	0	7	-29.4 %
Cement EBITDA margin	27.6 %	22.8 %		-473 bps				
Aggregates EBITDA margin	25.5 %	21.2 %		-436 bps				
RMC + Asphalt EBITDA margin	-1.8 %	-3.6 %		-182 bps				

Africa - Eastern Mediterranean Basin

Challenging market conditions in Q1

Egypt	Lower demand which is mainly driven by lack of liquidity in the country. Solid pricing and efficiency improvements lead to increase in operational result. Energy shift will further improve the result in the upcoming quarters.
Morocco	Improved result driven by stable demand and solid price increases. Market continues to be strong.
Tanzania	Good market demand; price pressure from increased competition; stable result development.
Ghana	Increase in demand was not able to compensate the sharp price decline in Q1. Significant price increase in April.
Togo	Production volumes continue to improve as a result of increase in exports.
Israel	Strong growth in volumes and solid pricing drive profit increase.
Turkey	Decline in earnings as a result of low demand, increase in USD driven pet-coke prices and weak currency. Price increase in April.

	Q1 2016	Q1 2017	Variance		Cons.	Decons.	Currency	LfL
Cement volume	5,389	4,916	-473	-8.8 %	37	0		-9.4 %
Aggregate volume	2,773	3,129	355	12.8 %	0	0		12.8 %
Ready Mix volume	1,314	1,308	-7	-0.5 %	0	0		-0.5 %
Asphalt volume	100	128	28	28.2 %	0	0		28.2 %
Revenue	504	411	-93	-18.4 %	3	0	-83	-3.0 %
Operating EBITDA	122	99	-23	-18.8 %	1	0	-10	-12.0 %
in % of revenue	*24.2 %*	*24.1 %*		*-11 bps*				
Operating income	92	75	-18	-19.0 %	1	0	-4	-15.8 %
Cement EBITDA margin	24.8 %	27.0 %		+217 bps				
Aggregates EBITDA margin	23.5 %	25.3 %		+182 bps				
RMC + Asphalt EBITDA margin	5.9 %	3.0 %		-294 bps				

Group Services

Positive signs are emerging in the international sales

- Export volume of former Italcementi plants increased by 40% compared to prior year Q1.
- Abundant surplus generated from Asia region has partially dried up because of production cuts in China and healthy domestic demand in some Asian countries such as S. Korea, Thailand and Vietnam.
- Mediterranean region continues to be major exporter.
- Improvement on the demand-side may lead to a global price correction. FOB clinker price in China up ca. 1.5 USD in March.
- In the US, seaborne imports grow together with an expected increase in cement consumption in the medium term.
- Freight rates are expected to be significantly higher in 2017 vs. 2016 due to increased tonnage demand.

	Q1 2016	Q1 2017	Variance		Cons.	Decons.	Currency	LfL
Revenue	268	301	33	12.3 %	0	0	10	8.4 %
Operating EBITDA	10	6	-5	-43.4 %	0	0	0	-45.4 %
in % of revenue	*3.9 %*	*2.0 %*		*-192 bps*				
Operating income	9	4	-4	-52.2 %	0	0	0	-53.9 %

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Key financial messages Q1 2017

➢ Financial integration of ITC completed

- Central cash pooling implemented for all former ITC operating entities
- Disposal of idle and non business-related assets (land, buildings etc.) well on track
- Purchase price allocation stable and almost finalized

➢ Financial result significantly improved

- Despite the costs of the ITC acquisition, financial result improved vs. Q1 2016 by 36 m€
- Successful placement of a 1 bn€ bond at historically good conditions

➢ Strong cash flow with further room for improvements

- Free cash flow of more than 1 bn € in the last twelve months
- Increase in working capital due to high business activity in March 2017
- Further improvement of cash flow expected through: disposal of idle assets, working capital optimization and disciplined spending
- Year-end target: At or below 2.5X leverage

Significant liquidity reserve, well-balanced maturity profile and high financing flexibility

Income Statement Q1 2017

m€	January - March		
	2016	2017	*Variance*
Revenue	2.832	**3.784**	34%
Result from joint ventures	31	**30**	-2%
Result from current operations before depreciation and amortization (RCOBD)	321	**383**	19%
Depreciation and amortization	-183	**-275**	50%
Result from current operations	138	**108**	-21%
Additional ordinary result	-4	**-16**	-291%
Result from participations	-5	**0**	91%
Financial result	-114	**-82**	28%
Income taxes	-36	**-48**	-36%
Net result from continued operations	-21	**-39**	-82%
Net result from discontinued operations	-10	**4**	N/A
Minorities	-41	**-35**	14%
Group share of profit	-72	**-70**	2%

Financial result improved despite financing costs of ITC acquisition

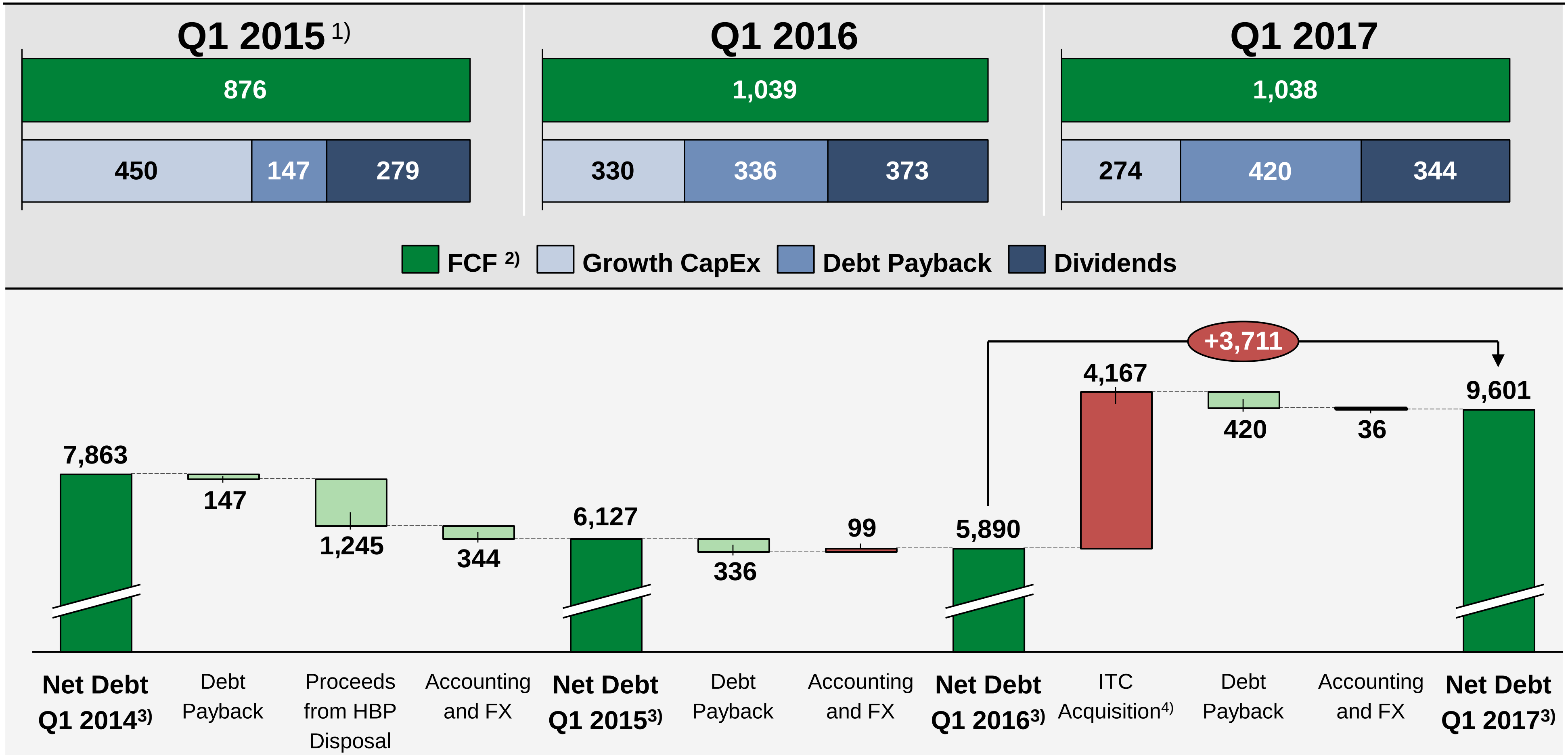
Cash flow statement Q1 2017

m€	January-March		
	2016	**2017**	*Variance*
Cash flow	202	**167**	-35
Changes in working capital	-344	**-575**	-231
Decrease in provisions through cash payments	-120	**-74**	46
Cash flow from operating activities - discontinued operations	0	**-3**	-3
Cash flow from operating activities	-262	**-485**	-224
Total investments	-257	**-195**	62
Proceeds from fixed asset disposals/consolidation	19	**54**	36
Cash flow from investing activities - discontinued operations	0	**2**	2
Cash flow from investing activities	-238	**-139**	99
Free cash flow	-500	**-624**	-124
Dividend payments	-7	**-16**	-10
Transactions between shareholders	0	**-1**	-1
Net change in bonds and loans	1.221	**487**	-734
Cash flow from financing activities	1.214	**470**	-744
Net change in cash and cash equivalents	715	**-153**	-868
Effect of exchange rate changes	-19	**7**	26
Change in cash and cash equivalents	696	**-146**	-842

Solid cash flow development in Q1 2017

Growth CapEx reduced; Operational debt payback increased

Usage of free cash flow

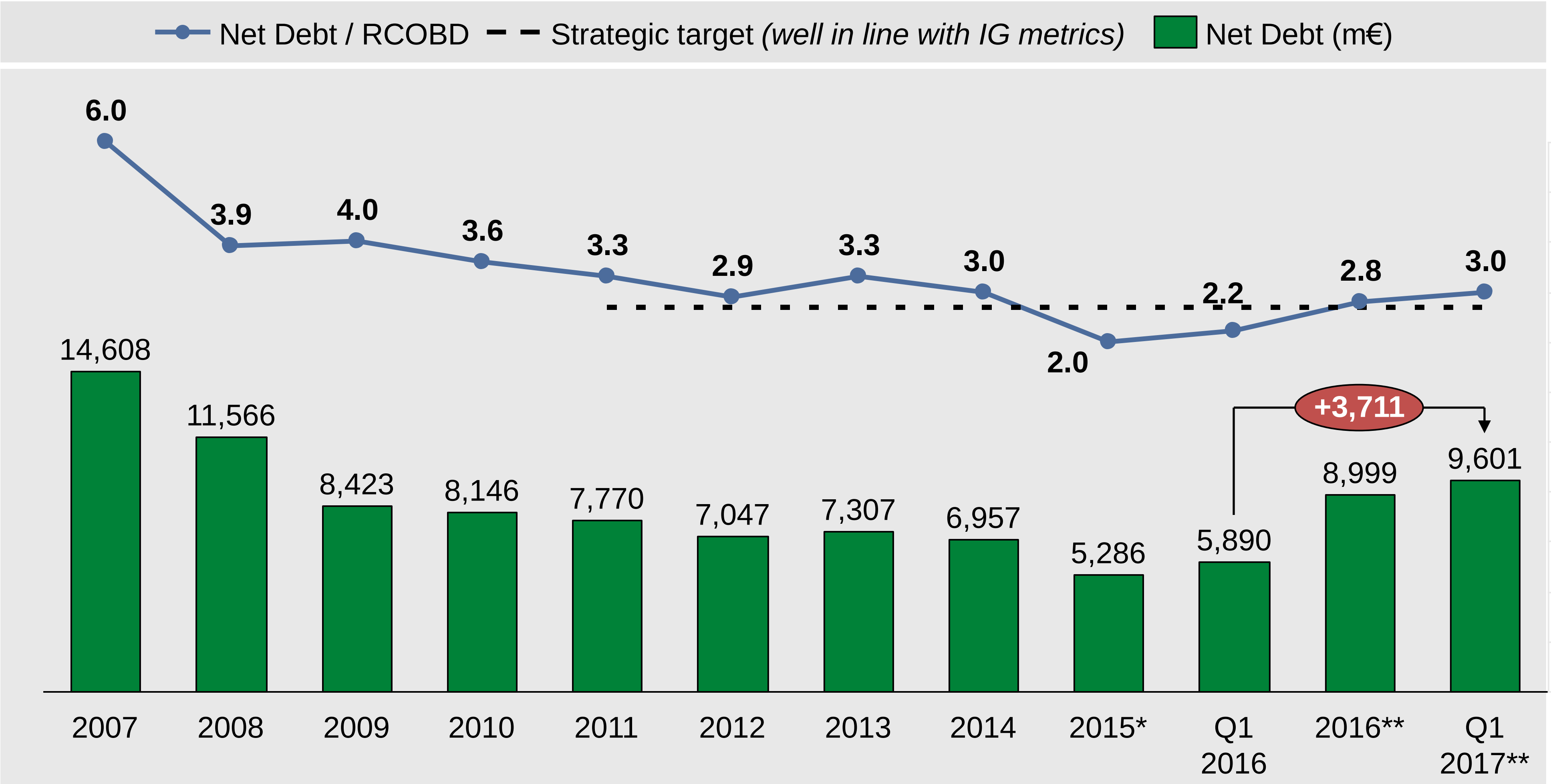


1) Values restated
2) Before growth CapEx and disposals (incl. cashflow from discontinued operations)
3) Incl. put-option minorities
4) Includes the cash part of the acquisition price and the net financial position of ITC less cash proceeds from disposals of ITC Belgium (CCB) and ITC US assets (Martinsburg)

Group balance sheet

m€	31.03.2016	31.12.2016	31.03.2017	*March 2017 / December 2016*	
				Variance (m€)	*Variance (%)*
Assets					
Intangible assets	10.171	12.320	**12.327**	7	0%
Property, plant and equipment	9.601	13.965	**13.893**	-71	-1%
Financial assets	1.747	2.387	**2.389**	1	0%
Fixed assets	21.519	28.672	**28.609**	-63	0%
Deferred taxes	812	946	**903**	-43	-5%
Receivables	2.700	3.394	**3.743**	349	10%
Inventories	1.409	2.083	**2.070**	-13	-1%
Cash and short-term financial instruments/derivatives	2.087	2.052	**1.902**	-149	-7%
Assets held for sale and discontinued operations		7	**6**	-1	-16%
Balance sheet total	28.527	37.154	**37.233**	80	0%
Equity and liabilities					
Equity attributable to shareholders	14.131	16.093	**16.045**	-48	0%
Non-controlling interests	1.078	1.780	**1.797**	18	1%
Equity	15.209	17.873	**17.842**	-30	0%
Debt	7.977	11.051	**11.503**	452	4%
Provisions	2.334	3.095	**3.052**	-43	-1%
Deferred taxes	440	657	**682**	25	4%
Operating liabilities	2.567	4.478	**4.154**	-325	-7%
Balance sheet total	28.527	37.154	**37.233**	80	0%
Net Debt	5.890	8.999	**9.601**		
Gearing	38,7%	50,4%	**53,8%**		

Net Debt development



* Includes put-option minorities ** Calculated on pro-forma RCOBD basis.

Seasonal increase in key metric Net debt / RCOBD

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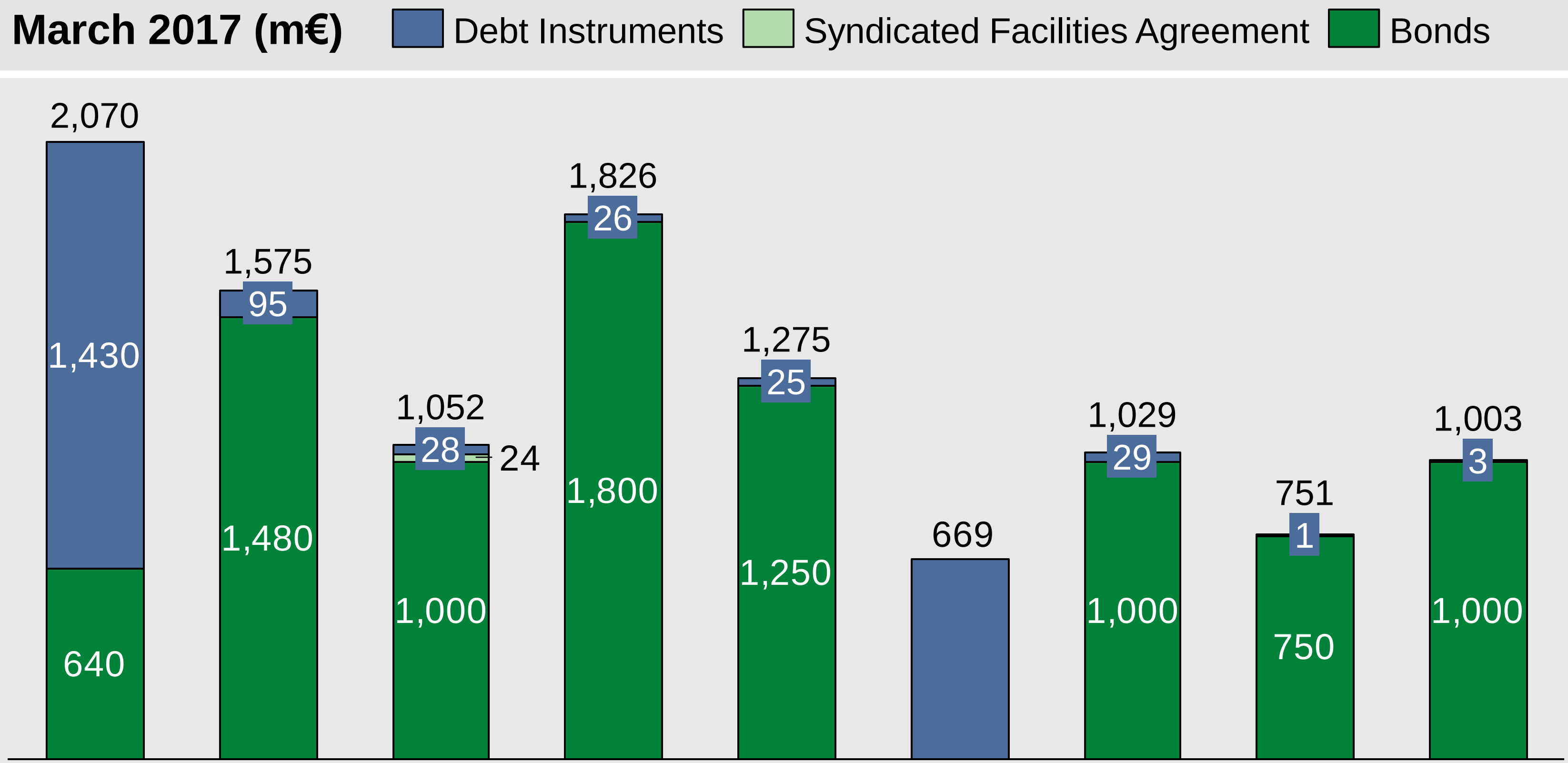
Debt maturity profile

As per 31 March 2017 (m€)



Average coupon rate :	2017	2018	2019	2020	2021	2022	2023	2024	2025
	6.9 %	7.1 %	5.4 %	5.9 %	1.6 %	1.8 %	2.3 %	2.3 %	1.5 %

Significant decrease potential in interest expense as we pay back high coupon bonds

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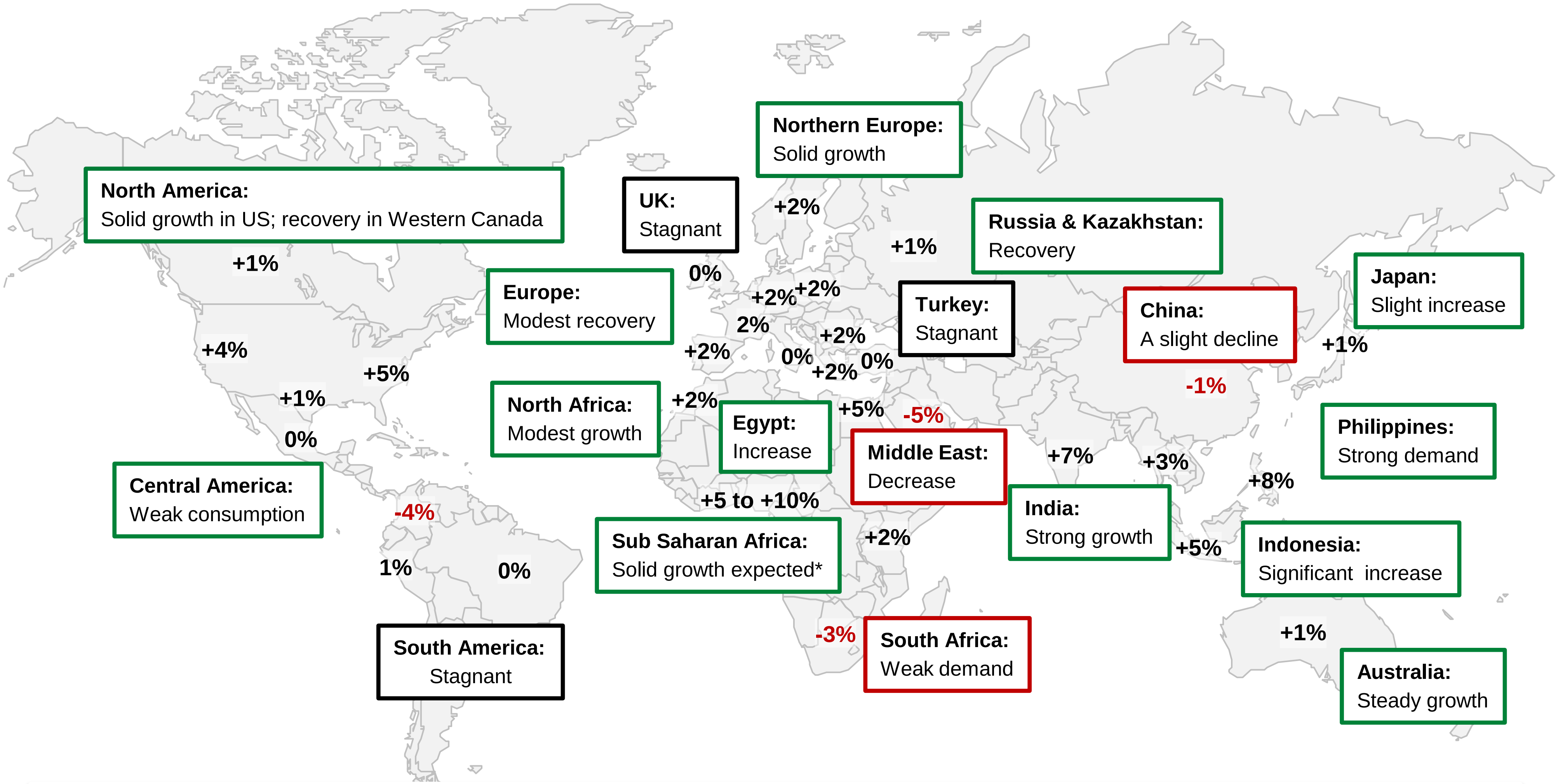
Global cement demand outlook 2017



Solid demand and steady growth expected in our key markets

*) Except for oil countries Nigeria, Gabon and Angola.

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Targets 2017

	2017 Target
Volumes	**Increase in all business lines**
Operating EBITDA	**Mid single to double digit organic growth**
CapEx	**€bn 1.4**
Maintenance	*€m 700*
Expansion	*€m 700*
Energy cost per tonne of cement produced	**High single digit increase**
Current tax rate	**~25 %**

Contents

Volume and price development

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

Contact information and event calendar

Event calendar

01 August 2017	2017 half year results
08 November 2017	2017 third quarter results

Contact information

Investor Relations

Mr. Ozan Kacar

Phone: +49 (0) 6221 481 13925

Fax: +49 (0) 6221 481 13217

Mr. Piotr Jelitto

Phone: +49 (0) 6221 481 39568

Fax: +49 (0) 6221 481 13217

ir-info@heidelbergcement.com

www.heidelbergcement.com

Corporate Communications

Mr. Andreas Schaller

Phone: +49 (0) 6221 481 13249

Fax: +49 (0) 6221 481 13217

info@heidelbergcement.com

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