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Hamburg, 14 May 2013
- 22002/H -

Convenience translation of the German report: " Bericht über die Prüfung der Angemessenheit der Barabfindung der Minderheitsaktionäre gemäß § 327c Abs. 2 AktG " dated 14 May 2013 (21973/H)

German report is the binding version.

Dyckerhoff Aktiengesellschaft,

Wiesbaden

Report on the Audit of the

Adequacy of the Cash Settlement of

Minority Shareholders

Pursuant to Section 327c (2) AktG

[Aktiengesetz: German Stock Corporation Act]

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List of Abbreviations

AG	Public limited company [*Aktiengesellschaft*]
Akbulak	Settlement in the administrative district of Orenburg, Russia
Akmel	ZAO Akmel, Akbulak, Orenburg region, Russia
AktG	German Stock Corporation Act *[Aktiengesetz]*
BaFin	German Federal Financial Supervisory Authority *[Bundesanstalt für Finanzdienstleistungsaufsicht]*
BGH	German Federal High Court of Justice *[Bundesgerichtshof]*
Buzzi	Buzzi Unicem S.p.A, Italy
BVerfG	German Federal Constitutional Court *[Bundesverfassungsgericht]*
BVerfGE	Decisions of the Federal Constitutional Court
BvR	Register or file no. of the Federal Constitutional Court
CAGR	Compound annual growth rate
CAPM	Capital asset pricing model
CO_2	Carbon dioxide
CRP	Country risk premium
DCF	Discounted cash flow
DYAGZB	Dyckerhoff Aktiengesellschaft Zentralbereich, Wiesbaden
Dyckerhoff / Company	Dyckerhoff Aktiengesellschaft, Wiesbaden
EBIT	Earnings before income and taxes
EBITDA	Earnings before income, taxes, depreciation and amortisation
EBT	Earnings before taxes
EStG	German Income Tax Act *[Einkommensteuergesetz]*
EV	Enterprise Value
EY / Valuation Expert	Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart
FAUB	Expert committee for business valuations and business administration of the IDW *[Fachausschuss für Unternehmensbewertung und Betriebswirtschaft (FAUB) des IDW]*
FC	Forecast

GmbH	Private limited liability company [*Gesellschaft mit beschränkter Haftung*]
HFA	Hauptfachausschuss (Main Committee) at the German Institute of Certified Public Accountants *[Hauptfachausschuss beim Institut der Wirtschaftsprüfer]*
HGB	German Commercial Code *[Handelsgesetzbuch]*
HRB	Commercial Register Section B *[Handelsregister Abteilung B]*
IAS	International Accounting Standards
IDW	German Institute of Certified Public Accountants *[Institut der Wirtschaftsprüfer in Deutschland e.V., Düsseldorf]*
IDW S 1	Standard S 1 of the Institute of Certified Public Accountants "Principles for the Performance of Business Valuations" as amended on 2 April 2008 *[Standard S 1 des Instituts der Wirtschaftsprüfer in Deutschland e.V. "Grundsätze zur Durchführung von Unternehmensbewertungen" in der Fassung vom 2. April 2008]*
IFRS	International Financial Reporting Standards
KStG	German Corporation Tax Act *[Körperschaftsteuergesetz]*
m^3	Cubic meters
m	Million(s)
Oglesby	Factory in Oglesby, Illinois, USA
PwC	PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft, Frankfurt/Main
SolZ	Solidarity surcharge *[Solidaritätszuschlag]*
S.p.A	Societá per azioni (Italian form of a public limited company)
Suchoi	OAO Sukholozhskcement, Suchoi Log, Russia
t	Metric ton
Tax-CAPM	Tax Capital Asset Pricing Model
Volyn	PAT Volyn-Cement, Zdolbuniv, Ukraine
WpÜG	German Securities Acquisition and Takeover Act *[Wertpapiererwerbs- und Übernahmegesetz]*

A. Engagement and Performance

At its general meeting on 12 July 2013,

Dyckerhoff Aktiengesellschaft, Wiesbaden,
- hereinafter referred to as “Dyckerhoff” or “Company“ -

intends to effect a resolution to transfer the shares held by minority shareholders of Dyckerhoff to its principal shareholder Buzzi Unicem S.p.A (hereinafter: “Buzzi”) in return for an adequate cash settlement.

By the decision of 18 February 2013 (file no. 3-05 O 48/13) Frankfurt Regional Court appointed us as expert auditor of the adequacy of the cash settlement pursuant to Section 327c (2) sentence 2 and 3 AktG upon application by the principal shareholder (“Appointment”, cf. decision in Exhibit 1).

Our audit is aimed at assessing the adequacy of the cash settlement for the minority shareholders.

When determining an adequate cash settlement, the principal shareholder was supported by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart (hereinafter: “EY“ or “Valuation Expert“), which established the business value of Dyckerhoff on behalf of Buzzi.

We conducted our audit with interruptions in the months from March to May 2013 on the premises of Dyckerhoff and at our office in Hamburg.

For the purposes of our audit, the following documents (where applicable, copies of the original) were available to us in particular:

- Draft transfer resolution
- Transfer report of the principal shareholder as amended on 10 May 2013

- Excerpt from the Commercial Register dated 6 February 2013
- Articles of Association of Dyckerhoff AG as amended on 10 May 2011
- Audited consolidated financial statements of Dyckerhoff in accordance with IFRS for the fiscal years 2010 to 2012 which were issued an unqualified audit opinion
- Audit reports on the audited consolidated financial statements of Dyckerhoff in accordance with IFRS for the fiscal years 2010 to 2012
- Audit reports on the audited annual financial statements of Dyckerhoff in accordance with HGB for the fiscal years 2010 to 2012
- Audit reports on the audited annual financial statements of significant group companies in accordance with valid national accounting regulations for the fiscal years 2010 to 2011 and, if already available, for the 2012 fiscal year
- Planning handbooks and planning assumptions of significant legal entities
- Detailed corporate planning of Dyckerhoff in accordance with IFRS for the fiscal years 2013 and 2014 as well as updated planning for the fiscal years 2015 to 2017 at group, divisional and segment level
- Information on Forecast I of corporate planning (as per April 2013)
- Forecast balance sheets based on IFRS for 2013 and 2014 at group level
- Information on one-off effects on earnings in the fiscal years 2010 to 2012
- Actuarial reports on the valuation of pension covenants of Dyckerhoff at 31 December 2012 based on IAS 19 for Germany, Luxembourg, Netherlands and USA
- Other documents and information relevant for the valuation
- Determination of the weighted domestic stock exchange price of the common and preferred shares of Dyckerhoff in accordance with the German Securities Acquisition and Takeover Act (WpÜG) by the German Federal Financial Supervisory Authority (BaFin) for the period of three months prior to 8 February 2013

When performing our audit, we took due account of statement HFA 6/1988 made by the Main Committee [Hauptfachausschuss: HFA] of the Institute of Public Auditors in Germany [IDW]

on the audit of mergers in accordance with Section 340b (4) AktG (former version) which, according to the prevailing opinion, is also applicable for the audit on adequacy pursuant to Section 327c AktG in conjunction with Section 293e AktG, and observed IDW Standard 1, "Principles for the Performance of Business Valuations" as amended on 2 April 2008 (hereinafter referred to as “IDW S 1”).

The information and supporting documents that we requested were provided willingly by the Board of Management of Dyckerhoff and the persons it designated for this purpose. In addition to the documents provided to us, we also used oral information in the course of our audit which was provided to us in discussions by the Board of Management and other employees at Dyckerhoff entrusted with planning as well as the employees entrusted with valuation at EY as well as information in the public domain, particularly market and sector information including capital market data. When determining capital market data we used the data supplied by the financial information service provider Bloomberg L.P., New York, in particular.

The completeness and accuracy of the information and documents provided were confirmed to us by the Board of Management of Dyckerhoff in a letter of representation.

We commenced our auditing tasks prior to the completion of the valuation work by EY. This procedure is customary during audits and accepted by court rulings. This is due to the need to submit a final audit opinion soon after the completion of the valuation work. Insofar as there were initially diverging opinions, these were able to be discussed and clarified before finally preparing the valuation report.

The “General Terms of Engagement for German Public Auditors and Auditing Firms” effective from 1 January 2002 enclosed as Exhibit 2 and the statutory limitation of liability pursuant to Section 327c (2) sentence 4 and Section 293d (2) sentence 2 AktG in conjunction with Section 323 (2) HGB are applicable for the performance of our assignment and our responsibility, also in relation to third parties.

B. Subject, Nature and Scope of the Audit Pursuant to Section 327c AktG

Pursuant to Section 327c (2) AktG, the subject of our audit is the adequacy of the cash settlement determined by the principal shareholder. In this context, the valuation object is Dyckerhoff at the time of the general meeting which passes the resolution on 12 July 2013.

We therefore examined whether the cash settlement determined by Buzzi is to be considered adequate when taking account of the company's situation. We did not conduct any further examination of legal matters, particularly in respect of whether the requirements have been met for the transfer of the shares and the tax implications involved.

Pursuant to Section 327c (2) AktG the principal shareholder must submit a written report to the general meeting of the public limited company describing the requirements for the transfer and explaining and justifying the adequacy of the cash settlement. Insofar as the report explains and justifies how the cash settlement was calculated, these comments can be used for the purpose of examining the adequacy. The report of the principal shareholder was thus a source of information for us and we included the information and explanations contained in this report on the calculation of the nature and level of the cash settlement in our audit. However, the report of the principal shareholder was not the subject of our audit.

In accordance with Section 327c (2) sentence 4 in conjunction with Section 293e (1) sentence 3 AktG the cash settlement determined by the principal shareholder must be examined by an expert auditor appointed by the court to establish whether it is adequate. As court-appointed auditors of cash settlements we must report to the company and the shareholders in writing on the outcome of our audit. Our audit report must be concluded with a statement as to whether the cash settlement determined is adequate. In the process, the report must state:

- the methods that were used to determine the cash settlement,
- the reasons why the use of these methods is appropriate,

- the settlement amount that would result from using various different methods, if several methods were used; the report must also state the weighting allocated to the various methods used to determine the proposed settlement, as well as the values underlying this amount, and also what particular difficulties emerged during valuation.

In an opinion on the audit of mergers (6/1988) for the rules applicable until 31 December 1994 of Section 340b (4) AktG (former version), the Main Committee of the Institute of Public Auditors in Germany (HFA) defined essential principles on distinguishing between the tasks of the Board of Management and the merger auditor and above all stated in this context the methods which were to be applied to determine the adequacy. In the prevailing opinion the recommendations given in HFA 6/1988 are also applicable for auditing the settlement pursuant to Section 327c AktG in conjunction with Section 293e AktG. We have therefore based our audit on these in addition to the requirements contained in the ruling on our appointment by Frankfurt Regional Court (cf. Exhibit 1).

Frankfurt Regional Court did not require that the court-appointed auditor independently conducts an audit of the adequacy of the cash settlement and this is generally not specified in HFA 6/1988. Consequently, the adequacy of the cash settlement can generally be assessed by examining the business valuation of Dyckerhoff carried out by the principal shareholder. In the process the auditor must assess the valuation underlying the cash settlement in terms of its methodical consistency and the assumptions made. At the same time, it must be determined whether the methods applied comply with the principles of orderly business valuations as set out in IDW S 1 as revised in 2008. Above all, an examination is to be conducted to determine whether the parameters relevant for the assessment were properly derived and the planned future results are plausible for the valuation relating to the future. When deriving an adequate cash settlement, the stock market price may not be disregarded as the fair market value of the share according to a Supreme Court ruling. In order to examine the extent to which the stock market price actually reflects the fair market value of the share, it is necessary to analyse the relevance of the stock market price.

Frankfurt Regional Court additionally instructed us in the order to take evidence to also state bandwidths of other reasonable variations of essential parameters and assumptions relating to the business valuation. Against this backdrop we carried out sensitivity analyses on the main parameters and assumptions which show the impact of variations on the resulting earnings-based value per share.

The starting point of our audit was a series of talks with representatives of Dyckerhoff and EY. During these talks, the basic planning methodology, the main basis and performance trends of the operative business of Dyckerhoff, special features of the asset, financial and earnings position, the key assumptions of the budgetary planning and their justifications, the procedure adopted when carrying out the valuation, the adjustments made to the budgetary planning in the course of the valuation and the main valuation assumptions were explained to us. In addition, we received the complete documents on the budgetary planning of the company and the valuation model from EY. Representatives of Dyckerhoff and EY answered any questions that arose for us in this regard in further discussions.

In our audit, we focused on the points listed below, taking account of the requirements set out in the order to take evidence of Frankfurt Regional Court:

- whether the valuation method used was appropriate for determining the cash settlement,
- whether the company's own budgetary planning underlying the business valuation including the adjustments made adequately reflects the business and financial potential of the company,
- whether the result expected over the long term has been derived in a logically understandable manner and is plausible in view of the business and market development,
- whether the discount rate including its individual components was correctly and plausibly derived.

We audited the planning system, the consistency and the accuracy of the budgetary planning on the basis of spot checks and plausibility considerations and satisfied ourselves that the budgetary planning is plausible. Furthermore, we examined whether the Valuation Expert carried out the adjustments to the budgetary planning for technical valuation reasons in a logically understandable and justifiable manner. Whilst doing so, we conducted our own analyses and calculations as well as sensitivity analyses.

The main results of our analyses and the discussions with the company and the Valuation Expert are explained under Specific Audit Findings in Annex 1, which is an integral part of our audit report. We recorded the nature and scope of our audit procedures in detail in our working papers in addition to the descriptions given in Annex 1.

C. Audit of the Adequacy of the Cash Settlement

I. Information on the Determination of the Cash Settlement Pursuant to Section 327c (2) Sentence 4 in Conjunction with Section 293e (1) Sentence 3 AktG

1. Preliminary remarks

Pursuant to Section 327a (1) sentence 1 AktG the principal shareholder must determine an adequate cash settlement on the occasion of the transfer of the shares held by minority shareholders. The cash settlement was determined on the basis of the valuation of Dyckerhoff by the Valuation Expert. The results of the valuation are presented in the report on the transfer of the shares held by minority shareholders of Dyckerhoff.

2. Adequacy of the valuation method applied

Pursuant to Section 327b (1) AktG an adequate cash settlement must take account of the situation of the company at the time when its general meeting passes a resolution on the share transfer. Therefore, in the present case, the 12 July 2013 was taken as the valuation date because this is the date scheduled for the general meeting. A settlement is adequate if it reflects the full value of the share held in the company. The withdrawing shareholder should receive whatever his participation in the intrinsic value of the business enterprise is worth as a whole (BVerfGE 14, 263, 284 of 7 August 1962 and BVerfGE 100, 289ff. of 27 April 1999).

The auditor must examine the methodology applied in the valuation to ensure it is suitable for determining an adequate cash settlement. As Section 293e (1) sentence 3 AktG does not contain any relevant valuation method and a method for the valuation of business enterprises has not been prescribed by law otherwise, it is to be examined whether the valuation methodology used generally complies with the valuation rules recognised as correct by the academic field of business administration and the accounting profession and is accepted by court rulings.

The valuation principles and methods regarded today in both theory and practice as secure for business valuations have been set down in the literature and in the statement made by IDW S 1 “Principles for the Performance of Business Valuations” of 2 April 2008 (hereinafter: “IDW S 1”).

According to IDW S 1 the value of a business enterprise is determined as a cash value of the distributable surpluses expected in the future, whereby the substance of the business must be preserved (**capitalised earnings method**). The value of any assets surplus to operating requirements is to be added to the value of the essential operating assets. Based on the provisions of the IDW S 1, a **discounted cash flow (DCF) method** can also be used as an equivalent alternative to the capitalised earnings method. As business valuation methods also based on payment flows, DCF methods have the same theoretical basis as the capitalised earnings method. In both cases the cash value of future financial surpluses are determined. DCF methods and the capitalised earnings method thus produce the same result where the assumptions are the same.

Under certain conditions the valuation of the business substance existing at the valuation date compared to the procedure adopted in a DCF or capitalised earnings method based on future cash flows represents an appropriate way of determining the value of a business. In this context, the determination of the net asset value and a liquidation value are possible.

The determination of the **net asset value** in replacement terms produces the “reconstruction value” of the business which is only a partial reconstruction value due to the fact that the intangible assets cannot generally be reflected and valued in full (e.g. customer base, value of the organization, market position). It only has an informative value of its own when determining the total value of a going concern in a few exceptional cases (which is particularly the case if the provision of goods or services of a business is the focus of attention for the shareholders and not generating financial surpluses, e.g. for business enterprises providing public utilities and public services). In the case involving Dyckerhoff there was no such exception. It is thus right that the Valuation Expert did not determine the net asset value.

If the separate sale of the individual assets in a company proves to be more advantageous overall than the continuance of the company as a going concern, the sum of the net proceeds from the sales, the **liquidation value**, is to be used to determine the value. The Valuation Expert waived separately determining the liquidation value in detail because broad observations, starting from the group equity reported in the balance sheet, taking account of fictive liquidation costs (e.g. winding-up costs and settlements payable within the framework of a social plan that would then be necessary), showed that the business value derived by applying the capitalised earnings method was significantly higher than any fictively determined liquidation value. In addition, there are no other reasons, e.g. special legal requirements, evident for the actual liquidation or break-up of Dyckerhoff. In the course of our audit we followed the considerations of EY about the fictive liquidation. Also our assessment showed that the business value calculated based on the capitalised earnings method was significantly higher than any liquidation value. We therefore waived separately presenting a liquidation value in our audit report.

During the valuation the principles for the performance of business valuations contained in IDW S 1 as amended in 2008 were observed. The calculation of the business value of Dyckerhoff was carried out accordingly based on the capitalised earnings method described in IDW S 1. As the capitalised earnings method is accepted in literature relating to business administration, court rulings and valuation practice as the authoritative method for establishing the value of companies and Dyckerhoff is not a special case which suggests that a valuation method based on the net asset value should be applied, we believe that the methodical approach selected is appropriate.

According to the rulings of the Federal Constitutional Court (decision of 27 April 1999, BVerfGE 100, 289ff.) the full compensation for external or former shareholders upon the conclusion of a control or profit transfer contract or in the event of incorporation may not be lower than the fair market value of the shares which is to be determined for listed companies taking the **stock market price** into account. In view of the comparability of the provisions set out in Section 327b (1) AktG with those of Section 305 (3) AktG, the rulings of the Federal Constitu-

tional Court are applied to the rulings on the measurement of the cash settlement for minority shareholders to be squeezed out pursuant to Section 327a AktG.

The stock market price is, however, not relevant on its own. For instance, the intrinsic value of the company concerned is relevant if it is higher than the stock market price. Therefore, the value of the business is to be determined through a business valuation at the same time as determining the stock market price. Moreover, the stock market price can be insignificant in exceptional cases regardless of how high it is if the shares of the company concerned are only traded on the stock market to a limited extent and/or the stock market price has been distorted by manipulative interventions in stock trading and/or price formation. In both cases the stock market price does not reflect the fair market value of the share.

The shares of Dyckerhoff are listed on a stock market. The principal shareholder has thus carried out investigations to determine whether the stock market price of Dyckerhoff is relevant for measuring the cash settlement. We refer to section XIII, Specific Audit Findings, of this report regarding the results of our audit on the relevance of the stock market price.

Prices actually paid for the shares in the dependent company by the controlling company (**pre-acquisition prices**) are not taken into account when establishing the value of the business based on rulings of the highest court. However, they may be used as a benchmark to assess the plausibility of business values established at around the same time, whereby specific features of the prior acquisitions, e.g. any package or strategic premiums, are to be taken into account if thresholds of significance under company law were able to be exceeded through an acquisition. Within the framework of our investigations and analyses, the block of shares acquired in November 2012 by Buzzi does not represent any implausible difference to the cash settlement determined.

3. Particular difficulties with the valuation

Based on our reassessments of the valuation results of the business valuation of Dyckerhoff carried out by the principal shareholder with the support of EY and our own analyses and calculations on the key assumptions and parameters of the valuation, the derivation of an average stock market price and after the inspection of the transfer report, we note that no particular difficulties emerged as defined by Section 293e (1) no. 3 in conjunction with Section 327c (2) sentence 4 AktG in the course of our audit during the valuation of Dyckerhoff.

II. Specific Audit Findings and Result of the Audit

The findings and results of our audit carried out according to accepted professional standards are presented in Annex 1 “Specific Audit Findings”, which are an integral part of this audit report.

The business value per share related to the total number of common and preferred shares determined by the Valuation Expert amounts to €47.16 and was determined as the cash settlement by the principal shareholder. The cash settlement is based on the business value of Dyckerhoff amounting to €1,946 million at the valuation date of 12 July 2013 objectively determined by the Valuation Expert according to IDW S 1.

Within the framework of our audit we carried out analyses and performed our own calculations on the plausibility of the approaches and assumptions of the valuation. These confirmed that the Valuation Expert proceeded appropriately and reasonably. Insofar as we consider a different view to be justifiable for individual valuation assumptions, we calculated the effects on the business value of Dyckerhoff based on our own separate calculations.

By applying the multiples method as an alternative valuation method, we checked whether the values calculated in this connection should be taken into account when measuring the cash settlement.

In the final analysis, we concluded that the alternative values ascertained by us cannot call the determined cash settlement into question as a whole.

III. Determined Cash Settlement

The determined cash settlement is broken down as follows:

Dyckerhoff Group **Determined Cash Settlement**	
Capital stock in €	105,639,816
Number of common and preferred shares	41,265,553
Business value at the valuation date in € m	1,946.0
Earnings-based value per share in €	47.16
Determined compensation per share in €	**47.16**

In view of the derivation of the business value presented above, we consider the settlement determined per share to be adequate at the present time based on our audit findings described in Annex 1.

Pursuant to Section 327b (1) AktG the cash settlement determined must take account of the situation of the company at the time when its general meeting passes the resolution to squeeze out the minority shareholders. If, therefore, in the period between the completion of our audit of the adequacy of the cash settlement (14 May 2013) and the time when the resolution is passed by the general meeting of Dyckerhoff on 12 July 2013 on the squeeze out of the minority shareholders, significant changes occur to the asset, financial and earnings position or other factors on which the valuation of Dyckerhoff is based which result in an increase in the business value per share over and above the determined cash settlement, these would need to be taken into account when measuring the cash settlement.

D. Concluding Remarks

According to the concluding result of our audit performed in due form pursuant to Section 327c (2) sentence 4 in conjunction with Section 293e AktG on the basis of the documents, books and papers provided to us as well as the information and documentation given to us, the cash settlement determined by Dyckerhoff is adequate. The calculation of the business value was performed based on the capitalised earnings method. In the prevailing opinion, the capitalised earnings method is recognised by the academic field of business administration and the accounting profession and is accepted by court rulings. Our specific audit findings in this connection are presented in Annex 1. No particular difficulties emerged as defined by Section 293e AktG.

We make the concluding statement pursuant to Section 327c (2) AktG in conjunction with Section 293e AktG as follows:

> According to our audit findings, based on the reasons given, the cash settlement of €47.16 per share determined by the principal shareholder for the minority shareholders of Dyckerhoff Aktiengesellschaft, Wiesbaden, is adequate.

Hamburg, 14 May 2013

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RBS RoeverBroennerSusat GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Dr. Schlüter	Zickmann
Wirtschaftsprüfer	Wirtschaftsprüfer
Auditor	Auditor

Annex 1: Specific Audit Findings

I. Valuation Method

The business value was calculated based on the capitalised earnings method set out in IDW S 1. According to this standard, the value of a business is determined as the present value of the expected future net cash flows to the business owners plus the non-essential operating assets. In the process, the influences of enterprises in which participating interests are held are taken into account in the surpluses and the intrinsic value of the enterprise assessed. The application of this method is appropriate because, according to the prevailing opinion, it is a method recognised in the academic field of business administration and in the accounting profession, which has also developed into customary practice in court rulings. The capitalised earnings method was applied appropriately when calculating the cash settlement.

II. Valuation Object

The valuation object is the Dyckerhoff Group including all affiliated companies and participations and taking account of the existing minority shareholdings in companies of the group. In this context, the earnings-based value of Dyckerhoff was calculated on the basis of the group budgetary planning.

The 48.5% participation in RC Lonestar is reported as a joint venture and was included in the group planning by way of proportional consolidation. According to IFRS 11, the inclusion of joint ventures through proportional consolidation is no longer permitted from 2014 onwards. Instead they must be consolidated using the at-equity method. The budgetary planning assumes for the years from 2013 ff. that proportional consolidation can be applied after 2014 in order to ensure a consistent transferability of relevant key financial figures from the past to the planning years. The auditability of the performance of Dyckerhoff’s US business depicted in the budgetary planning is enhanced in this manner. We point out that the alternative appli-

cation of the equity method would not change the earnings-based value so that the approach involving continuing the method of proportional consolidation selected for the purpose of planning and business valuation is to be considered appropriate.

III. Legal Basis

Dyckerhoff AG has its registered office in Wiesbaden (Germany) and is entered in the Commercial Register of the Local Court [*Amtsgericht*] of Wiesbaden under HRB 2035. The current version of the articles of association is dated 10 May 2011. The fiscal year of Dyckerhoff is the calendar year.

As at 31 December 2012, the capital stock of Dyckerhoff AG amounts to €105,639,815.68 and is divided into 20,667,554 no par value registered common shares (50.08%) and 20,597,999 no par value registered preferred shares without voting rights (49.92%). For the common shares, each share entitles the holder to one vote. No restrictions are known that relate to the transfer of shares.

Bearers of non-voting preferred shares receive a preferred profit share of €0.13 per share preferentially out of the profit to be distributed. Following the distribution of a profit share of €0.13 to be paid on each common share, bearers of non-voting preferred shares receive a dividend out of any further profit to be distributed corresponding to the amount of the capital stock proportionally falling to the shares in the same manner as do the bearers of common shares. If in a particular fiscal year the preferred profit share of €0.13 per share is not distributed, this amount will be paid out preferentially, without interest, out of the distributable profit of subsequent fiscal years; the oldest arrears will be paid up first. As at 31 December 2012, no such subsequent payment obligations existed. In addition, the extra dividend payable on preferred shares has had no effect in recent years as the dividends paid per share were consistently higher than €0.13.

The analysis of the common and preferred shares by EY concluded that in the light of the past dividend policy, both classes of shares of Dyckerhoff AG do not exhibit any value-enhancing or value-reducing factors in relation to the other class respectively and the business value calculated for the squeeze-out based on IDW S 1 is thus to be equally distributed between the two classes of shares (common and preferred shares) in an appropriate manner. An analysis of the price trends of common and preferred shares thus also shows an uneven picture, as the common shares are at times listed at a higher price than the preferred shares and vice versa. In view of this, it appears appropriate to us that any differentiation is dispensed with in the valuation of the preferred and common shares of Dyckerhoff during the valuation by EY.

As at 31 December 2012, Fimedi S.p.A. held 98.08% (2011: 97.98%) of the common shares and 95.20% (2011: 88.66%) of the preferred shares and thus 96.64% (2011: 93.33%) of the shares in the capital stock of Dyckerhoff AG indirectly through its subsidiary Buzzi Unicem S.p.A.

IV. Economic Basis

Dyckerhoff is an internationally operating producer of cement and concrete within the Italian Buzzi Unicem Group. Together with its subsidiaries in Continental Europe and the USA it is one of Europe’s leading producers and suppliers of cement, ready-mixed concrete and aggregates.

Product areas

The market activities in the product area of cement relates to the production and the sale of grey, white and special cements as well as cements and services for specialist foundation engineering. For the product area of concrete, Dyckerhoff produces customer-oriented and high-quality solutions of ready-mixed concrete with different physical properties.

Business divisions and reporting segments

The core business operations are combined into the three regionally shaped divisions of Germany/Western Europe, Eastern Europe and USA and relate to eight country-specific reporting segments. The Germany/Western Europe division comprises the Luxembourg and Netherlands segments in addition to the domestic market of Germany. With a share of around 48% in the total sales of Dyckerhoff Group in 2012, the division is currently the most important sales market in terms of volumes and sales. The Eastern Europe division combines the activities in the segments of Poland, the Czech Republic / Slovakia, Russia and Ukraine. In the 2012 fiscal year, the share from these countries in the groupwide total sales stood at a cumulative total of 39%. The USA division – a joint venture between Dyckerhoff (48.5%) and the major shareholder Buzzi Unicem S.p.A. (51.5%) – is managed through a board comprised of an equal number of representatives. The US contribution to the total sales of Dyckerhoff (based on a proportional inclusion in the consolidated financial statements) amounted to 13% in the 2012 fiscal year.

In the Luxembourg, Russia and USA segments, the group's activities relate solely to cement and in the Netherlands exclusively to concrete. Business activities cover both product areas in the remaining country segments.

V. Derivation of the Results to be Discounted

To check the plausibility of the derived results to be discounted, we conducted an analysis of past performance which is the starting point for our audit.

1. Analysis of past performance and adjustments

During the analysis of past performance, the Valuation Expert analysed the past asset, financial and earnings position of Dyckerhoff and adjusted it for one-off, extraordinary effects.

Earnings position

An overview of the earnings position of Dyckerhoff based on the audited consolidated financial statements for the 2010 to 2012 fiscal years is given in the following table:

Dyckerhoff Group IFRS Income Statement (Original)	Act 2010	Act 2011	Act 2012	CAGR 2010 - 2012
	€ m	€ m	€ m	in %
Total operating performance	**1,416.7**	**1,599.8**	**1,623.8**	**7.1%**
YoY		*12.9%*	*1.5%*	
Cost of materials	-684.0	-766.7	-760.5	5.4%
Personnel expenses	-231.3	-233.0	-245.4	3.0%
Other operating income	55.4	68.7	51.8	-3.3%
Other operating expenses	-338.2	-375.5	-385.5	6.8%
EBITDA	**218.6**	**293.3**	**284.2**	**14.0%**
Depreciation and amortisation	-195.8	-143.4	-166.4	-7.8%
EBIT	**22.8**	**149.9**	**117.8**	**127.2%**
Net investment income	9.7	1.7	6.9	-15.8%
Net interest	-58.6	-47.1	-50.5	-7.2%
Other financial results	5.6	-1.7	-5.0	n/a
EBT	**-20.5**	**102.8**	**69.3**	**n/a**
Income taxes	34.7	-29.5	-34.4	n/a
Result before profit and loss transfer agreement	**14.2**	**73.3**	**34.8**	**56.6%**
Relation to total operating performance				
Cost of materials	*-48.3%*	*-47.9%*	*-46.8%*	
Personnel expenses	*-16.3%*	*-14.6%*	*-15.1%*	
Other operating income	*3.9%*	*4.3%*	*3.2%*	
Other operating expenses	*-23.9%*	*-23.5%*	*-23.7%*	
EBITDA	*15.4%*	*18.3%*	*17.5%*	
EBIT	*1.6%*	*9.4%*	*7.3%*	

Adjustments

The adjustments made in order to derive a normalised result before income taxes is presented below. The extraordinary events of the past three years from 2010 to 2012 defined by Dyckerhoff as well as the related comments by EY served as a basis. On the basis of our own analyses, we supplemented the adjustments by the income and expenses from CO_2 emission rights because (in view of the current developments in the market for CO_2 certificates and the political framework) the company is not planning to receive any income from the sale of or to incur any expenses from the purchase of CO_2 certificates in the future and thus the adjustment of this past income and expenses produces a better estimated value for the long-term earnings position. In addition, methodical congruency with the planning is maintained. A summary of the adjustments is given below:

Dyckerhoff Group **Adjustments**	**Act** **2010**	**Act** **2011**	**Act** **2012**
	€ m	€ m	€ m
EBT original	**-20.5**	**102.8**	**69.3**
Other operating income	-5.9	-9.6	-7.4
of which gains from disposals of fixed assets	*-3.2*	*-8.1*	*-6.8*
of which from the release of provisions	*-1.7*	*-0.6*	*-0.3*
of which other	*-1.0*	*-0.9*	*-0.3*
Other operating expenses	16.6	4.2	2.4
of which set-up of provisions	*0.6*	*0.3*	*2.4*
of which other	*15.9*	*3.9*	*0.0*
Changes in inventories/cap. expenses	0.0	0.0	0.2
Other operating income (Group entries)	0.0	-0.9	0.0
Subsequent IAS 19 adjustment[1]	2.5	0.0	0.0
Special depreciation allowances	75.4	11.5	32.9
Income from CO_2 emission rights	-7.1	-15.8	-1.8
Expenses from CO_2 emission rights	0.0	5.5	0.0
EBT adjusted	**61.0**	**97.6**	**95.5**

[1] only throughout the group

The adjustments to other operating income mainly relate to the release of provisions affecting net income as well as income from the disposal of fixed assets. Among other things, this includes the gain of €7.1 million on the sale of an administration building in Luxembourg in 2011 and on the sale of real estate in the USA (€3.8 million) as well as real estate in the Netherlands (€1.8 million) in the 2012 fiscal year.

The adjustments of extraordinary expenses for the 2010 fiscal year take account of the expenses of €5.7 million in connection with the extension of capacities at the Russian factory in Suchoi Log as well as expenses of €4.8 million in connection with the temporary shutdown of the US factory Oglesby. The expenses to be adjusted in 2011 relate to additional costs for plants at the Suchoi factory (€3.1 million) and to clean-up operations in connection with flood damage in the USA (€0.8 million). In 2012, the provision for expenses in connection with the cartel proceedings in Germany was also increased (€1.0 million) as well as provisions due to restructuring measures at the Akmel works (€0.4 million) and due to recultivation measures in the Netherlands (€0.9 million).

Corresponding to the extraordinary expenses, the write-downs of €73.2 million taken on the closure of the Oglesby factory in 2010 are also adjusted. The neutralised special amortisations in 2011 relate to amortisation concerning postponed investment projects at the works in Volyn (Ukraine) and Akmel (Russia). €5.2 million of the adjusted depreciation and amortisation in 2012 relates to a goodwill impairment on the acquisition of the above-named company Akmel and €20.7 million to the related write-downs on the fixed assets already purchased but no longer utilisable.

The income from CO_2 emissions is to be allocated to the national companies in Germany, Luxembourg, Poland and the Czech Republic. The expenses arising from CO_2 emissions accrued solely in Germany in 2011.

Adjusted earnings position

Dyckerhoff Group IFRS Income Statement (adjusted)	Act 2010	Act 2011	Act 2012
	€ m	€ m	€ m
Total operating performance	**1,416.7**	**1,599.8**	**1,624.0**
YoY		*12.9%*	*1.5%*
Cost of materials (adjusted)	-684.0	-761.2	-760.5
Personnel expenses (adjusted)	-228.8	-233.0	-245.4
Other operating income (adjusted)	42.4	42.3	42.6
Other operating expenses (adjusted)	-321.6	-371.2	-383.1
EBITDA (adjusted)	**224.6**	**276.6**	**277.6**
Depreciation and amortisation	-120.4	-131.9	-133.5
EBIT (adjusted)	**104.3**	**144.7**	**144.1**
Net investment income	9.7	1.7	6.9
Net interest	-58.6	-47.1	-50.5
Other financial results	5.6	-1.7	-5.0
EBT (adjusted)	**61.0**	**97.6**	**95.5**
Relation to total operating performance			
Cost of materials (adjusted)	*-48.3%*	*-47.6%*	*-46.8%*
Personnel expenses (adjusted)	*-16.2%*	*-14.6%*	*-15.1%*
Other operating income (adjusted)	*3.0%*	*2.6%*	*2.6%*
Other operating expenses (adjusted)	*-22.7%*	*-23.2%*	*-23.6%*
EBITDA (adjusted)	*15.9%*	*17.3%*	*17.1%*
EBIT (adjusted)	*7.4%*	*9.0%*	*8.9%*

Sales in the 2011 fiscal year benefited from an unusually mild winter which enabled volumes of cement and concrete to be sold almost throughout the entire year. Overall, the volume of cement rose by around 15% compared with 2010. There was a rise of around 19% in the volume of ready-mixed concrete in the same year. Group sales thus improved by €186.8 million, or 13.2%, to €1.6 billion.

In fiscal 2012, the volume of cement sold fell by 2.5% to 15.5 million tons while the volume of ready-mixed concrete declined by 7.6% to 7.3 million m^3. In 2012, the volume of cement and concrete suffered from a severely cold spell in Central Europe at the beginning of the year as well as an early onset of winter particularly in Russia and Ukraine at the end of the same year. After the end of the construction boom stimulated by the European Football Champion-ship from the summer of 2012, there was also a substantial decline in volumes in the Poland

segment. The slack demand in Continental Europe was able to be partially offset by an increase in volumes in the USA, where private demand again recovered in the U.S. construction industry after several years of a deep recession. In addition, due to the completed expansion of capacities at the Russian location, Suchoi Log, it was possible to participate in the market growth there, particularly in the summer months.

The rise in the cost of materials in 2011 is based on higher production-related output quantities and on an increase in energy costs. However, it was possible to reduce the cost-of-materials ratio due to slight economies of scale. In the 2012 fiscal year, there was a slight decline of around €0.8 million in the cost of materials due to the greater use made of secondary fuels and other reductions in costs while production volumes remained almost constant and prices for primary fuels and electricity increased. The cost-of-materials ratio thus improved to 46.8% (2011: 47.6%).

The rise in personnel expenses in 2011 is largely attributable to increases of €3.9 million in collectively agreed wages and salaries. This was offset by a decrease of 173 persons employed to 6,790 employees. The personnel-expenses ratio declined to 14.6% (2010: 16.2%) which was partially caused by the weather-induced dynamic sales performance. The increase in costs for personnel in 2012 consists of further increases in collectively agreed pay, exchange rate effects and companies consolidated for the first time. The number of employees on the reference date rose only slightly in 2012 by 18 employees to 6,808. The personnel-expenses ratio increased by a mere 15.1% due to the stagnating sales in 2012 and is thus 0.5% percentage points above last year's ratio.

Adjusted other operating income primarily consists of income from rentals and leases, the recharging of direct personnel and material costs to third parties, income from insurance compensation, income from side business and other income from former fiscal years. Adjusted other operating income shows a relative stable performance in the period under review.

Other operating expenses mainly include transport costs (outgoing shipping costs), repair costs, outside services, rentals and leases as well as administrative expenses. The adjusted other operating expenses in 2011 reveal a significant increase of €49.7 million, or 15.4%, to €371.2 million on account of higher costs for transport and outside repair costs. The rise in 2012 is caused by a further increase in outside repair costs and a rise in other expense items.

The EBIT decreased by €0.6 million, or 0.4%, in 2012 compared with 2011. In 2011 there was a year-on-year increase of around €40.4 million, or 38.8%, in the EBIT as a result of higher sales caused by positive weather influences (mild winter). The (adjusted) operating margin was improved from 7.4% in 2010 to 9.0% in 2011. In the reporting year 2012, this remained largely stable at 8.9%.

In 2011, the decline of €8.0 million to €1.7 million in net investment income is primarily due to lower contributions to earnings from associated companies, particularly in Germany (quick-Mix Group), Luxembourg and the USA. In addition, the result in 2010 was influenced by the contributions to earnings of Sievert AG & Co., which was an associated company until June 2010, and the associated companies of the Sibo Group. There was no such consolidation effect in 2011.

The tax income of €34.7 million reported in 2010 was caused primarily by the reduction in deferred tax liabilities in connection with the extraordinary write-downs on the Oglesby factory as well as the reduction in deferred tax rates in the USA, an increase in the corporation tax credit balance in Germany and the release of tax provisions in the USA.

Asset situation

The asset situation for the period 2010 to 2012 is as follows:

Dyckerhoff Group **IFRS Statement of Financial Position**	**Act** **2010**	**Act** **2011**	**Act** **2012**
	€ m	€ m	€ m
Intangible assets	134.1	133.8	130.5
Property, plant and equipment	2,303.4	2,213.1	2,139.3
Other fixed assets	59.5	54.9	57.4
Total fixed assets	**2,497.0**	**2,401.8**	**2,327.2**
Other long-term assets	239.2	202.8	163.5
Total long-term assets	**2,736.3**	**2,604.7**	**2,490.7**
Inventories	197.3	199.3	232.0
Trade receivables	117.3	136.9	142.9
Other short-term financial and non-financial assets	116.6	126.5	111.7
Cash and cash equivalents	129.9	391.6	220.0
Total short-term assets	**561.1**	**854.4**	**706.6**
Non-current assets held for sale	1.5	17.0	9.5
Total assets	**3,298.8**	**3,476.0**	**3,206.9**
Total shareholders' equity	**1,642.7**	**1,691.0**	**1,645.7**
Pension and similar obligations	250.2	259.1	319.3
Other long-term provisions	91.5	90.7	99.0
Deferred tax liabilities	327.4	333.7	321.8
Liabilities to banks and from other financial funding	679.7	577.1	434.6
Other long-term liabilities	23.0	20.8	19.6
Total long-term liabilities	**1,371.8**	**1,281.4**	**1,194.3**
Other short-term provisions	23.0	19.9	17.7
Liabilities to banks and from other financial funding	38.4	272.8	140.0
Trade liabilities	95.5	90.7	94.8
Other short-term liabilities	127.5	120.0	114.4
Total short-term liabilities	**284.4**	**503.4**	**366.9**
Total liabilities and shareholders' equity	**3,298.8**	**3,476.0**	**3,206.9**

The reduction in fixed assets mainly stems from depreciation/amortisation and disposals in the current fiscal year which were not offset by any additions at the same amount.

The decline in other long-term assets is chiefly due to the repayment and reclassification of loans to shareholders (loan claim against Buzzi Unicem S.p.A.).

The increase of €32.7 million in inventories in 2012 is due to the long winter, which delayed the sale of appropriate volumes accordingly, and filled the inventory stocks of clinker and cement as well as raw materials and supplies. Furthermore, inventories increased due to the purchase of spare parts.

The reduction in equity in 2012 can mainly be attributed to posting the losses from the revaluation of the pension obligations and the corresponding plan assets according to IAS 19.

The decrease in long-term liabilities in fiscal 2012 is mainly due to the reclassification of long-term liabilities in line with their maturity dates as short-term liabilities. In addition, lower deferred tax liabilities and negative exchange-rate effects contributed to the reduction.

The increase of 23.2% in pensions and similar obligations in 2012 is attributable to the lower discounting rate used compared with the previous year which results from the further drop in the level of interest rates in the capital markets.

The short-term liabilities increased in 2011 on account of the reclassification of a mezzanine loan from the long-term liabilities. The loan was fully repaid in 2012. Since part of the mezzanine financing was funded by banks, the short-term liabilities in 2012 are higher than in 2010.

Net debt (excluding pension obligations) related to the on-balance sheet equity fell to 15.5% in fiscal 2011, which is mainly due to the cash flow from operating activities. In 2012, net debt was further reduced to around €216.6 million, also largely due to the cash flow from operating activities. Based on the on-balance sheet equity, the debt ratio (gearing) for 2012 amounts to 13.2% (2011: 15.5%).

2. Basis of the budgetary planning and planning process

The earnings-based value was determined from the future income using what is known as the “phase method”. We satisfied ourselves that this method was applied appropriately. In this context, phase I comprises a detailed planning period of five years from the first planning year 2013 until the last planning year 2017. The long-term distributable result (phase II from 2018 onwards) was derived taking account of the earnings and balance sheet planning as well as an analysis of the past period and the detailed planning period. In this context, an analysis was conducted in line with IDW S 1 to determine which income and expense components are to be considered to be long term.

The group budgetary planning for the years 2013 to 2014 issued by Dyckerhoff in autumn 2012 in compliance with IFRS and taken note of by the Supervisory Board on 7 December 2012 is taken as a basis. At the same time the income budget for 2013 and 2014 was extrapolated from 2015 to 2017. The budgetary planning comprises a detailed income budget at the level of the legal entities which are consolidated below at the level of the Western, Eastern and Central Units strategic divisions. As a last step, the divisions including the USA are consolidated for group planning.

The planning process is conducted in the 2013 and 2014 detailed planning phase as a counter-current process containing both top-down and bottom-up elements. General structural requirements are specified at group level from the top down, i.e. a system-supported planning handbook, strategic requirements relating to prices and quantities, the specification of the investment budget as well as the balance-sheet and financial planning. The detailed operating planning of the income statement is carried out from the bottom up at the level of the individual companies, taking account of the assumptions defined from the top down. The planning is based on market analyses in the individual countries from various sources and own assumptions on economic growth and the anticipated cement consumption, taking account of historical empirical values and infrastructure measures currently planned in the countries concerned. The resulting planning of volumes serves as a starting point for production planning from which the requirements for raw materials, fuel, electricity and other production factors are then deduced.

RC Lonestar in the USA issues its own budgetary planning in line with the same principles as Dyckerhoff. These are applied in a uniform manner within the Buzzi Group and serve as a basis for the internal reporting system. The proportional share of 48.5% in RC Lonestar is taken account of during the overall consolidation of the group planning at the level of Dyckerhoff.

The underlying exchange rates are generally based on the current expectations at the time of preparing the planning.

In the extrapolation phase from 2015 to 2017 the planning will be conducted based on more generalised assumptions and key figures. At the same time assumptions will be made for the main legal entities regarding the development of prices and quantities, the rates of increase of transport and material costs as well as regarding other operating expenses and personnel expenses.

The balance-sheet and the investment planning as well as the financial planning derived from this in connection with the income budget is carried out centrally at the level of the Dyckerhoff Group. The budgetary planning is reviewed twice in the course of the current budget year on the basis of the actual results achieved and adjusted to cater for any changes in the underlying economic conditions.

We followed and checked the consistency of the planning system and its main assumptions and premises through talks with representatives of Dyckerhoff, through our own analyses and spot checks. The planning data were competently and correctly transferred to the valuation model by EY. In the process the planning data were basically adopted through to the EBIT unchanged. The financial result, the taxes and the minority interests were then recalculated by EY within the integrated valuation model.

3. Budgetary planning of Dyckerhoff

The IFRS income budget for 2013 to 2017 is shown below compared with the adjusted past results for the years 2010 to 2012:

Dyckerhoff Group IFRS Budgetary Planning	Act 2010	Act 2011	Act 2012	Budget 2013	Est 2014	FC 2015	FC 2016	FC 2017
	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m
Total operating performance	**1,416.7**	**1,599.8**	**1,624.0**	**1,659.6**	**1,764.5**	**1,846.1**	**1,926.7**	**2,010.5**
YoY		*12.9%*	*1.5%*	*2.2%*	*6.3%*	*4.6%*	*4.4%*	*4.3%*
Cost of materials (adjusted[1])	-684.0	-761.2	-760.5	-768.6	-822.1	-862.9	-906.5	-952.4
Personnel expenses (adjusted[1])	-228.8	-233.0	-245.4	-249.8	-256.6	-263.5	-270.2	-277.2
Other operating income (adjusted[1])	42.4	42.3	42.6	25.5	25.6	25.1	26.0	26.8
Other operating expenses (adjusted[1])	-321.6	-371.2	-383.1	-381.5	-392.6	-401.2	-414.3	-428.2
EBITDA (adjusted[1])	**224.6**	**276.6**	**277.6**	**285.2**	**318.9**	**343.5**	**361.7**	**379.5**
Depreciation and amortisation	-120.4	-131.9	-133.5	-132.7	-131.4	-132.1	-132.4	-132.7
EBIT (adjusted[1])	**104.3**	**144.7**	**144.1**	**152.5**	**187.5**	**211.4**	**229.4**	**246.8**
Relation to total operating performance								
Cost of materials (adjusted[1])	*-48.3%*	*-47.6%*	*-46.8%*	*-46.3%*	*-46.6%*	*-46.7%*	*-47.0%*	*-47.4%*
Personnel expenses (adjusted[1])	*-16.2%*	*-14.6%*	*-15.1%*	*-15.1%*	*-14.5%*	*-14.3%*	*-14.0%*	*-13.8%*
Other operating income (adjusted[1])	*3.0%*	*2.6%*	*2.6%*	*1.5%*	*1.5%*	*1.4%*	*1.3%*	*1.3%*
Other operating expenses (adjusted[1])	*-22.7%*	*-23.2%*	*-23.6%*	*-23.0%*	*-22.3%*	*-21.7%*	*-21.5%*	*-21.3%*
EBITDA (adjusted[1])	*15.9%*	*17.3%*	*17.1%*	*17.2%*	*18.1%*	*18.6%*	*18.8%*	*18.9%*
EBIT (adjusted[1])	*7.4%*	*9.0%*	*8.9%*	*9.2%*	*10.6%*	*11.5%*	*11.9%*	*12.3%*

[1] Adjustments relate to the period from 2010 to 2012

The budgetary planning presented reflects the status of findings at the time when it was issued in autumn 2012 for the Western and Eastern divisions and Central Units and the status extrapolated in February 2013 for the USA division. The results published in April 2013 for the first three months of 2013 show that actual figures are slightly below the planned figures. The reason for this is much weaker sales in the Western division and in Ukraine due to the sudden cold spell in March 2013 in the Western division. The performance in the USA and Russia, which was better than planned, was unable to compensate this development. The company and the Valuation Expert did not assume that Forecast 1 of 2013 would have any direct effects on the planning for 2013 through to 2017.

Below we summarise the main planning assumptions and plausibility considerations at the level of the Western, Eastern and USA divisions through to the EBIT. The areas of depreciation/amortisation, net investment income, financial results and taxes are explained subsequently at group level.

3.1. Western division

The Western division comprises Germany, Luxembourg and the Netherlands. The earnings position of the division in the planning and extrapolation period from 2013 through to 2017 and in the previous years 2010 through to 2012 is summarised below:

Dyckerhoff - Western devision IFRS Income Statement (adjusted)	Act 2010	Act 2011	Act 2012	Budget 2013	Est 2014	FC 2015	FC 2016	FC 2017
	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m
Total operating performance	**732.4**	**822.6**	**778.1**	**791.3**	**817.5**	**837.9**	**859.5**	**883.0**
YoY		*12.3%*	*-5.4%*	*1.7%*	*3.3%*	*2.5%*	*2.6%*	*2.7%*
Cost of materials (adjusted[1])	-349.9	-382.7	-367.1	-361.6	-369.0	-379.8	-392.2	-406.1
Personnel expenses	-112.3	-117.5	-121.9	-120.6	-122.9	-125.8	-128.4	-131.0
Other operating income (adjusted[1])	24.9	23.0	24.7	12.1	12.6	12.2	12.8	13.3
Other operating expenses (adjusted[1])	-187.3	-219.5	-215.8	-209.2	-210.9	-213.7	-218.9	-224.3
EBITDA (adjusted[1])	**107.9**	**125.9**	**98.0**	**111.9**	**127.4**	**130.9**	**132.9**	**134.9**
Relation to total operating performance								
Cost of materials (adjusted[1])	*-47.8%*	*-46.5%*	*-47.2%*	*-45.7%*	*-45.1%*	*-45.3%*	*-45.6%*	*-46.0%*
Personnel expenses	*-15.3%*	*-14.3%*	*-15.7%*	*-15.2%*	*-15.0%*	*-15.0%*	*-14.9%*	*-14.8%*
Other operating income (adjusted[1])	*3.4%*	*2.8%*	*3.2%*	*1.5%*	*1.5%*	*1.5%*	*1.5%*	*1.5%*
Other operating expenses (adjusted[1])	*-25.6%*	*-26.7%*	*-27.7%*	*-26.4%*	*-25.8%*	*-25.5%*	*-25.5%*	*-25.4%*
EBITDA (adjusted[1])	*14.7%*	*15.3%*	*12.6%*	*14.1%*	*15.6%*	*15.6%*	*15.5%*	*15.3%*

[1] Adjustments relate to the period from 2010 to 2012

Sales

Sales in the Western division initially increase in the two detailed planning years 2013 and 2014 by 2.6% and 3.5% and then as the extrapolation period continues, by between 2.5% and 2.7% per year. In the Germany segment an increase of 3.9% in volumes is expected in 2013 in the field of cement and a decline of 10.4% in the field of concrete. This is attributable to the scheduled completion of a large-scale project (Silberberg Tunnel) and the reclassification of the Béton de Ried works in the Luxembourg reporting segment. At divisional level, this effect is compensated accordingly. It is assumed that the development in volumes will remain largely constant in 2014, both in the field of cement and concrete, due to the stagnating market trend and fierce competition. Sales growth will be generated mainly through price increases which were already announced at the end of 2012 and, according to the information given to us, accepted for the most part by customers.

In the Luxembourg segment (share around 15%) increases both in quantities and prices are expected, which will lead to a rise in sales of 3.0% in 2013 and 6.6% in 2014. These rises are caused by a higher volume of exports to neighbouring countries.

In the Netherlands, Dyckerhoff operates solely in the area of concrete. Almost stable quantities are anticipated for 2013 and 2014 similar to the performance in Germany. After the price collapse in 2012 due to the sharp drop in volumes resulting from the crisis, the price level is planned to recover from 2013, resulting in a growth in sales of 8.9% in 2013 and 4.2% in 2014.

The increases in sales in the extrapolation period from 2015 to 2017 are largely determined by higher quantities and prices in Germany. These are based on an extrapolation of economic growth and inflation rates. In the area of cement, an annual increase in volume of 1.0% is expected, while the rates of price increases amount to between 0.5% and 2.0%. In contrast, in the area of cement, the price effect with growth rates of between 1.5% and 2.0% per year outweighs the 2.0% growth in quantity in Germany. In Luxembourg, stagnating sales volumes and only slightly higher price increases of 1.0% per year are expected from 2015 onwards due to a competitive situation that is becoming fiercer at the Dyckerhoff location. The rather subdued development in Luxembourg will, however, be compensated by substantial rises in volumes and prices in the Netherlands, which expects increases in volumes of 3.0% (concrete) and 5.0% (sand and gravel), and increases in prices of 1.0% (concrete) and 2.5% (sand and gravel).

According to our audit, the planned growth rates in the Western division are logically understandable as a whole and were plausibly derived in line with the expectations concerning an expected economic development.

Cost of materials

The cost-of-materials ratio related to the total operating performance in the Western division is almost at the same level as the comparable ratios of the whole group. In the planning period, a decline is initially expected from 47.2% in 2012 to 45.1% in 2014, which is attributable to lower expenses for raw materials and a decline in costs due to a new bypass technology. With regard to fuels, the proportion of cheaper secondary fuels will be increased.

In the extrapolation period, a slight rise in the cost-of-materials ratio to 46.0% is expected in 2017, which is mainly due to a rise in costs as a result of inflation. This is based on the assumption that it will not be possible to pass on the price increases fully to customers as higher selling prices in the three countries, especially for electricity and fuels in the area of cement. This trend will not be compensated for by the disproportionately lower increase in the costs of materials expected in the area of concrete either because the share of concrete in the Western division only has a minor influence on the total EBITDA.

Personnel expenses

Personnel expenses initially were down by 1% in 2013, largely due to a reduction in the number of employees. Starting with a slight rise in total operating performance, the personnel-expenses ratio in the Western division falls from 15.7% in 2012 to 15.2% in 2013. In the rest of the planning period from 2014 to 2017, personnel expenses rise between 1.9% and 2.4% at a slightly lower rate compared to total operating performance, which means that the personnel-expense ratio will continue to decline to 14.8%. The planned personnel expenses in the Western division are based on a largely constant number of employees and an annual rate of increase at the level of the expected inflation rate. Against this backdrop, the disproportionately lower increase in personnel expenses is plausible.

Other operating income

Other operating income mainly comprises income from the costs for materials and personnel recharged to third parties, income from rental and leases, as well as income from other merchandise and from side business. The significant decline in other operating income in the planning compared with in the past is especially due to the fact that various income items are not planned in detail, either for income or for expenses, where these are offset by expenses at a similar level or in other periods. In the planning period afterwards, other operating income remains almost stable and shows a constant ratio to the total operating performance of around 1.5%.

Other operating expenses

Other operating expenses mainly comprise transport costs, outside repair costs, outside services as well as rentals, leases and operating lease instalments. In the 2013 detailed planning year, other operating expenses decrease to €209.2 million, chiefly as a result of cutbacks of €215.8 million in outside services. At the same time, further effects arise from items containing both lower other operating income and lower other operating expenses as a result of the planning, so that other operating expenses are down overall from 27.7% to 26.4% in relation to the total operating performance. In 2014, the expenses remain largely constant and increase in the extrapolation period at a slightly lower rate in relation to the total operating performance to €224.3 million in 2017. In relation to the total operating performance, there is thus a decline in other operating expenses to 25.4% in 2017.

EBITDA

The EBITDA rises in the detailed planning period due to moderate increases in sales and scheduled cost-reducing effects from €98.0 million in 2012 to €127.4 million in 2014. In the extrapolation period, the EBITDA continually rises up to €134.9 million. In view of the largely proportionate cost trend, the EBITDA margin falls only slightly in the extrapolation period to 15.3% in 2017.

3.2. Eastern division

The Eastern division includes Russia, Ukraine, Poland and the Czech Republic/Slovakia. The income budget of the division, including the extrapolated figures from 2015 to 2017 and the adjusted past years 2010 to 2012, are shown below:

Dyckerhoff - Eastern devision IFRS Income Statement (adjusted)	Act 2010	Act 2011	Act 2012	Budget 2013	Est 2014	FC 2015	FC 2016	FC 2017
	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m
Total operating performance	**493.6**	**607.8**	**633.1**	**660.9**	**719.4**	**757.5**	**798.4**	**842.5**
YoY		*23.1%*	*4.2%*	*4.4%*	*8.9%*	*5.3%*	*5.4%*	*5.5%*
Cost of materials	-252.8	-305.2	-302.3	-321.0	-361.5	-384.2	-409.0	-435.7
Personnel expenses	-56.0	-58.1	-61.4	-64.1	-66.8	-69.5	-72.2	-75.1
Other operating income (adjusted[1])	13.3	14.3	12.3	6.7	6.4	6.3	6.7	7.0
Other operating expenses (adjusted[1])	-91.7	-104.5	-113.2	-117.9	-126.0	-130.5	-137.2	-144.4
EBITDA (adjusted[1])	**106.5**	**154.4**	**168.5**	**164.5**	**171.6**	**179.6**	**186.7**	**194.3**
Relation to total operating performance								
Cost of materials	*-51.2%*	*-50.2%*	*-47.7%*	*-48.6%*	*-50.2%*	*-50.7%*	*-51.2%*	*-51.7%*
Personnel expenses	*-11.3%*	*-9.6%*	*-9.7%*	*-9.7%*	*-9.3%*	*-9.2%*	*-9.0%*	*-8.9%*
Other operating income (adjusted[1])	*2.7%*	*2.3%*	*1.9%*	*1.0%*	*0.9%*	*0.8%*	*0.8%*	*0.8%*
Other operating expenses (adjusted[1])	*-18.6%*	*-17.2%*	*-17.9%*	*-17.8%*	*-17.5%*	*-17.2%*	*-17.2%*	*-17.1%*
EBITDA (adjusted[1])	*21.6%*	*25.4%*	*26.6%*	*24.9%*	*23.8%*	*23.7%*	*23.4%*	*23.1%*

[1] Adjustments relate to the period from 2010 to 2012

Sales

Sales continue to increase at substantial growth rates of between 4.4% and 8.9% per year in the 2013 and 2014 detailed planning period as well as when extrapolated to 2017. These planned figures are based particularly on increases in both volumes and prices in the area of cement in Russia and Ukraine and, to a lesser extent, also in Poland, whereas in the Czech Republic/Slovakia a further decline is initially expected in the 2013 budget year, but after an almost constant year in 2014, growth rates in the range of 4% are also expected from 2015 onwards. The sharp rise in sales in 2014 can mainly be attributed to an expected high demand in Ukraine, combined with corresponding increases in volumes, which results in a substantial rise in sales there of almost 20% in 2014. The growth in sales in Russia and Ukraine is mainly based on inflation-induced price effects for the period from 2015 to 2017.

The cement volume in the Eastern division is of minor importance, as no concrete is produced in Russia and only very small quantities in Ukraine. In Poland and the Czech Republic/Slovakia the overall planning in the area of concrete up to 2017 reflects the cautious expectations regarding the macro-economic growth rates and upcoming large-scale construc-

tion measures in the field of infrastructure in these countries. The growth rates included in the planning in the area of concrete are therefore based more on expected price increases.

Much higher quantities than those planned in the extrapolation period from 2015 to 2017 are no longer realistic without investments in plant capacity on account of the capacity limits reached. Dyckerhoff is not currently planning to make any investments in plant capacity over and above the improvements to the measures included in the planning. The reason for this is the increasing competition in Eastern European markets, which has arisen on account of a greater level of supply resulting from new capacities that are emerging, and which is expected to become fiercer in the coming years. While the slump in the economy related to the financial market crisis in the years since 2009, particularly in Russia and Ukraine, prompted Dyckerhoff to stop the investments begun into plant capacity in Akbulak, it is now the increasingly fiercer competition observed, especially also at the Akbulak location, that has led the company management to decide to discontinue the investment project for the time being, even after overcoming the crisis, according to the information we were given. Against this backdrop, the growth rates in the extrapolation period from 2015 to 2017 are based on price effects and further increases in volumes in Ukraine in particular.

According to our audit, the planned rates of increase in Eastern European countries have been planned in a logically understandable manner and are coherent with the expectations available regarding the economic development as a whole and related to the construction sector, taking account of the regional peculiarities relevant for Dyckerhoff. However, in the medium term, they result in a continuation of the currently very high profitability of activities in Russia and Ukraine, which, in view of the increasingly fierce competition, appears at least somewhat ambitious. In addition, it is to be noted that by including the high local inflation rates in the planning of the price growth rates while at the same time keeping the exchange rates of local currencies constant in relation to the euro, a purely inflation-induced dynamic effect occurs in the (euro-based) sales and profit planning of these countries.

Cost of materials

The cost-of-materials ratio in the Eastern division is higher than comparable ratios of the whole group. This is attributable particularly to the high cost-of-materials ratio in Ukraine - averaging almost 65% in the planning period - which is caused by the very energy-intensive production process there coupled with comparatively high fuel costs. Furthermore, an excessively high increase in the cost of materials is forecasted for Russia, compared with the sales growth, due to rising electricity and gas prices. Compared to the Western and USA divisions, older production techniques are also used in Ukraine and in Russia which use an even lower amount of secondary fuels.

The planning is based on a fairly consistent increase in the cost-of-materials ratio from 47.7% in 2012 to 51.7% in 2017, which, in the final analysis, is due to an inflation-related increase in costs. At the same time, it is assumed that the inflation-related price increases cannot be completely added to the sales prices, particularly for fuel and electricity. Therefore, production techniques are to be improved in this respect, also in Eastern Europe, in order to reduce the use of fuel and electricity and to use cheaper secondary fuels to a greater extent. Relative to the current investment planning, however, a low annual cost-increasing effect remains, which results in an increase in the cost-of-materials ratio.

In view of the fact that also in Eastern Europe production processes are expected to be made more environmentally friendly in the long term, and the use of fossil fuels is expected to decrease, we consider an excessive increase in the cost of materials to be plausible. In spite of the assumed dynamics in the area of the cost of materials in relation to total operating performance, the gross yield in the planning period will increase at annual rates of between 2.7% and 5.3%. This can be primarily attributed to the inflation-related sales growth in the planning, as mentioned above, which appears ambitious for euro-based planning.

Personnel expenses

Personnel expenses increase at a lower rate in relation to sales, at an average of around 4% p.a., as a result of which the personnel-expenses ratio decreases slightly in the course of planning from 9.7% in 2012 to 8.9% in 2017. Wages and salaries generally increase in the planning in line with, or even slightly higher than, the inflation rate, partly as a result of collectively agreed increases prescribed by the state. Compared with the cement factories in Western Europe, the production process still currently entails a much higher degree of manual tasks, particularly in Russia and Ukraine. Due to investments in plant capacity and in the course of the progress made in optimising production, a continual reduction in the number of employees is expected at the works in Russia and Ukraine in the planning period. The excessively low increase in personnel expenses is plausible against this backdrop.

Other operating income

At an average of €6.6 million p.a., other operating income of the Eastern division is not significant in the planning period. It consists especially of rental income for real estate and areas not used for business operations as well as income from merchandise and side business (e.g. diesel sales).

Other operating expenses

Other operating expenses include in particular transport costs, maintenance costs for repairs and material and well as outside services. An inflation-related increase is basically assumed for other operating expenses. There is a slight decline from 18.0% in 2012 to 17.1% in 2017 in the ratio of other operating expenses in relation to total operating performance on account of fixed-cost degression effects in the planning period. The fixed-cost degression arises mainly due to the increase in volumes in 2014 in Ukraine, as a result of which the other operating expenses fall in relation to total operating performance by over one percentage point within two years. In addition, investment measures planned for optimising production at all other factories are expected to dampen the rise in other operating expenses.

EBITDA

There is a consistent increase from €164.5 million in 2013 to €194.3 million in 2017 in the EBITDA on account of the initially calculated high sales growth, which is partly due to the high inflation in local currency, as well as planned cost degression effects in the planning period. The EBITDA margin amounts to 23.8% on average in the planning period and shows a slightly downward trend due to the excessive increase in costs in the extrapolation period 2015 to 2017. Overall, based on the explanations already given, we certainly consider the long-term planning of average EBITDA margins in the region of 23% to 24% to be ambitious, particularly regarding the inflation-related sales growth, but also in view of the increasingly intensive competition and a greater environmental awareness in Eastern Europe.

3.3. USA division

The pro-rated (48.5%) adjusted earnings position of the USA division for the period 2010 to 2012 and the income budget and extrapolation from 2015 to 2017 are shown below:

Dyckerhoff - USA devision IFRS Income Statement (adjusted)	Act 2010 € m	Act 2011 € m	Act 2012 € m	Budget 2013 € m	Est 2014 € m	FC 2015 € m	FC 2016 € m	FC 2017 € m
Total operating performance	**191.8**	**171.3**	**213.3**	**207.8**	**227.8**	**251.0**	**269.1**	**286.1**
YoY		*-10.7%*	*24.5%*	*-2.6%*	*9.6%*	*10.2%*	*7.2%*	*6.3%*
Cost of materials	-81.7	-74.6	-90.8	-85.3	-91.0	-98.4	-104.7	-110.9
Personnel expenses	-43.9	-37.3	-41.2	-44.1	-45.4	-46.8	-48.2	-49.7
Other operating income (adjusted[1])	1.6	1.9	2.7	1.1	0.9	0.9	0.9	0.9
Other operating expenses (adjusted[1])	-32.7	-37.2	-43.1	-43.8	-45.4	-46.7	-47.9	-49.3
EBITDA (adjusted[1])	**35.1**	**24.1**	**40.9**	**35.7**	**46.9**	**60.0**	**69.1**	**77.2**
Relation to total operating performance								
Cost of materials	-42.6%	-43.5%	-42.6%	-41.1%	-39.9%	-39.2%	-38.9%	-38.8%
Personnel expenses	-22.9%	-21.8%	-19.3%	-21.2%	-19.9%	-18.7%	-17.9%	-17.4%
Other operating income (adjusted[1])	0.8%	1.1%	1.3%	0.5%	0.4%	0.4%	0.3%	0.3%
Other operating expenses (adjusted[1])	-17.0%	-21.7%	-20.2%	-21.1%	-20.0%	-18.6%	-17.8%	-17.2%
EBITDA (adjusted[1])	18.3%	14.0%	19.2%	17.2%	20.6%	23.9%	25.7%	27.0%

[1] *Adjustments relate to the period from 2010 to 2012*

Sales

Contrary to the expectations of the sector, RC Lonestar expects for 2013 a decline in volumes to begin with which is to be partially offset by a moderate price increase. This can be attributed to the fact that the declines during the crisis in the markets served by RC Lonestar were below average in comparison with the whole US market. For this reason the company proceeds on the assumption that increases in quantities will turn out to be smaller in the re-

covery phase compared with the sector forecast for 2013 for the specific markets served by RC Lonestar. As a result, sales will fall from €213.3 million in 2012 to €207.8 million in 2013. From 2014 onwards, significant increases in volumes slightly lower than the industry forecast are expected which, combined with an assumed average annual price-increase rate of 3%, will result in significant growth in sales. The general market trend is based on the expectation that the US construction industry will recover and stabilise again in the medium term, after significant cut-backs during the real estate crisis. The planned rates of price increases were set slightly higher than the expected inflation rate based on the expectation that inflation-related cost increases can be passed on in full.

According to our audit, the rates of increase expected by RC Lonestar in the USA were generally planned in a logically understandable manner and are coherent with the expectations available regarding the economic recovery of the overall market and the construction sector in the USA. To achieve the planned rates of increase, it is necessary to start up factories again that are currently shutdown in order to hold sufficient production capacities available for the planned quantities according to the information we were given. Against the backdrop that the planned sales volumes of RC Lonestar have not yet reached the pre-crisis level, even at the end of the planning period, the question basically arises as to whether it is necessary to assume for the USA that the market will recover to a pre-crisis state. We believe that the company has accurately assessed the matter, as the phase prior to the US real estate crisis was dominated by a distinct overheating of the property market and thus also construction activity. The very fact that there were bubbles on the property market which then led to a crisis, suggests, in our view, that the level of demand reached immediately before the outbreak of the crisis in 2006 and 2007 (including its positive effects on the margin situation of cement producers at that time) cannot be considered sustainable, and a complete recovery up to the level before the crisis cannot be assumed in the budgetary planning of RC Lonestar.

Cost of materials

The cost-of-materials ratio in the USA division is significantly lower than the comparable ratios of the whole group. This is due to the lower expenses for fuels and slightly lower expenses for electricity and raw materials also in comparison to Western Europe/Germany.

The cost-of-materials ratio declines on account of cost-degression effects from 42.6% in 2012 to 38.8% in 2017. Significant components and cost drivers in the cost of materials are also the expenses for electricity and fuels. For the latter, rates of increase of 5% p.a. are expected in the planning period through the interplay with price and volume effects. The fixed costs increase mainly as a result of inflation at lower growth rates than the prices and quantities on the sales side, while the variable fuel and electricity costs rise by 3.6% p.a. on average and according to the planning, are to be directly offset by the rates of price increases expected at the same level on the sales side.

Based on the assumptions outlined above, we consider the development of the cost-of-materials ratio to be plausible. In particular, we see therein the scope for being able to set prices again on the sales side in the course of the stabilisation of the industry after years of recession as being realistically depicted.

Personnel expenses

At 7.1%, the personnel expenses rise at an excessively high rate compared with sales in 2013, causing the ratio of personnel expenses to total operating performance to increase initially from 19.3% to 21.2% compared with the previous year. However, it is still lower than the personnel-expenses ratio in 2011. In the subsequent planning, the personnel-expenses ratio falls sharply to 17.4% in 2017 on account of disproportionately low growth rates. Considering that the personnel-expenses ratio is substantially higher than both the comparable ratios of the whole group as well as that of the Western division, it appears to be possible to achieve a disproportionately small development in personnel expenses in relation to total operating performance by taking appropriate steps to further optimise production.

Other operating income

Other operating income of the USA division essentially comprises income from trade revenue from cement and fly ash, income from the sale of land and buildings as well as machinery and equipment in the course of normal business activities and also rental and licence income. At around €1 million per year, other operating income in the planning period is, however, of minor significance.

Other operating expenses

Other operating expenses essentially comprise transport costs, maintenance expenses for repairs and material as well as outside services. Furthermore, this item includes other taxes and charges for associations, provisions for bad debts and expenses for risk provisions, losses on the sale of land and buildings as well as machinery and equipment in the course of ordinary business activities. Other operating expenses essentially rise along with the expected inflation rate so that the ratio of 20.2% related to the total operating performance in 2012 is initially up slightly to 21.1% in 2013 but falls substantially to 17.2% in 2017 on account of the excessive sales growth in the subsequent planning period.

EBITDA

Based on the adjusted EBITDA in the past years 2010 to 2012, an operating result is initially planned at a comparable level for 2013. In the following years through to 2017, the EBITDA improves significantly to €77.2 million on the back of the high sales growth rates and planned cost degression effects.

At the same time, the EBITDA margin also rises substantially in the planning period from 17.2% in 2013 to 27.0% in 2017, and is thus significantly higher than the planned EBITDA margin of the Western division and a little higher than that of the Eastern division.

The earnings targets of RC Lonestar imply a recovery of the US economy in the near future. In view of the underlying industry expectations, the planning and the planned growth rates have been comprehensibly and technically plausibly derived. Although the underlying as-

sumption of a recovery actually occurring soon is not ruled out, it nevertheless appears very ambitious, considering the current expectations and uncertainties.

3.4. Central Units division

The Central Units division essentially contains the expenses for the headquarters and all central functions such as the Tax, Finance, Accounting and Controlling departments. The income budget of the division is presented below, including the figures extrapolated from 2015 to 2017 and the past years 2010 to 2012:

Dyckerhoff - Central Units devision IFRS Income Statement (Original)	Act 2010	Act 2011	Act 2012	Budget 2013	Est 2014	FC 2015	FC 2016	FC 2017
	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m
Cost of materials	-0.7	-0.7	-0.8	-0.9	-0.9	-0.9	-0.9	-0.9
Personnel expenses	-19.2	-20.1	-21.0	-21.0	-21.4	-21.4	-21.4	-21.4
Other operating income	2.5	3.2	2.9	5.6	5.6	5.6	5.6	5.6
Other operating expenses	-9.9	-10.1	-11.0	-10.6	-10.3	-10.3	-10.3	-10.3
EBITDA	**-27.3**	**-27.7**	**-29.9**	**-26.9**	**-27.0**	**-27.0**	**-27.0**	**-27.0**

As stated above, the Central Units mainly comprise the administration units at the main location. At around €21 million, the personnel expenses represent the largest cost item in the planning period. The constant level in the planning from 2013 onwards is based on the assumption of moderate wage increases on the basis of the expected inflation rates with simultaneous efficiency enhancements and somewhat lower personnel requirements as a result of this.

The EBITDA development of the Central Units is largely constant from 2013 onwards.

3.5. Depreciation/Amortisation and Investments

In the detailed planning and extrapolation period, depreciation and amortisation include scheduled depreciation and amortisation of the existing tangible and intangible assets as well as write-downs on scheduled investments. From 2015 onwards, the depreciation and amortisation were planned at constant flat-rate amounts, based on the assumption of investment behaviour remaining largely constant, except for USA where a slight growth of around 2% in 2015 and around 1% in 2016 and 2017 is expected.

The investments relate to capital expenditures on replacements and business expansions. At around €124 million in 2013, around €130 million in 2014 and around €105 million in the period between 2015 and 2017, these are significantly lower than the planned depreciation and amortisation at group level, with the exception of 2014. This development is a consequence of the high investments in business expansions in the Eastern and USA divisions in recent years. Furthermore, all the divisions endeavour to post wear-related replacements, e.g. of grinding balls, not as replacement investments but directly as expense, which is reflected in the comparatively high expense for maintenance and repairs.

In view of the different investment cycles in the divisions as described above as well as the group-wide efforts to report replacement investments as an expense, we consider the lower investment level for the planning period compared with the past to be plausible, even though in the long term with an increasing ageing of the replacement investments and investments in business expansion recently made to a higher degree, a higher volume of investments for replacements, modernisation and efficiency enhancement is again to be expected.

4. Reconciliation with the result after income taxes and minority interests

The reconciliation of the budgetary planning as from the EBIT with the result after income taxes and minority interests is shown below:

Dyckerhoff Group Reconsiliation with the result after income taxes and minority interests	Budget 2013	Estimation 2014	FC 2015	FC 2016	FC 2017	Terminal value 2018 ff.
	€ m	€ m	€ m	€ m	€ m	€ m
EBIT	152.5	187.5	211.4	229.4	246.8	250.5
Earnings components in connection with separately valued assets	-1.5	-1.3	-1.3	-1.3	-1.3	0.0
EBIT (excluding the result from separately valued assets)	**150.9**	**186.2**	**210.1**	**228.0**	**245.5**	**250.5**
Net investment income	2.9	2.8	3.7	4.1	4.5	4.5
Interest income	12.9	9.4	7.7	6.0	4.3	3.9
Interest expenses	-45.1	-36.9	-34.9	-30.5	-28.8	-28.2
Net interest	-32.3	-27.5	-27.2	-24.5	-24.5	-24.3
Other financial results	-3.6	-2.1	-2.1	-2.1	-2.1	-2.1
EBT	**117.9**	**159.3**	**184.5**	**205.6**	**223.4**	**228.7**
Income taxes	-28.8	-32.3	-34.4	-37.9	-52.7	-53.0
Result before the profit and loss transfer agreement	**89.1**	**127.0**	**150.1**	**167.6**	**170.6**	**175.7**
Result attributable to other shareholders	-6.1	-6.5	-6.5	-6.6	-5.8	-2.7
Result after income taxes and minority interests	**83.0**	**120.5**	**143.6**	**161.1**	**164.9**	**173.0**

4.1. Net investment income

In the planning process net investment income is only planned for 2013 and 2014 and amounts up to around €2.9 million. A significant portion of around €1.3 million relates to the participation in the quick-mix Group. Around €1 million p.a. relates to participations in Luxembourg, the Czech Republic and the Netherlands. From the planning year 2015 onwards, EY generally extrapolated net investment income at a constant level. The increase is attributable to the positive earnings trend of the 25% participation of RC Lonestar in the Kosmos Cement Company.

Net investment income was planned appropriately and plausibly according to our audit.

4.2. Financial results

The financial results include, in addition to the interest income and interest expenses, also the other financial results.

EY recalculated the main components of net interest based on technical valuation adjustments made to the balance sheet which resulted in a recalculation of the liabilities to banks as well as the liquid funds. In the process, the adjusted financial planning is based on the amounts owed at 31 December 2012, as stated in the audited annual financial statements, and takes account of the existing repayment plans and contractual terms of borrowings, bonds and bank loans. In addition, the company does not issue any balance-sheet and financial planning for the extrapolation period from 2015 to 2017, so that the respective items during the valuation by EY were extrapolated on the basis of the last detailed planning year of 2014.

The interest expense relating to provisions for pensions was also recalculated, taking account of the new recognition and valuation provisions of the amended IAS 19 and the net obligations and discount rates according to the actuarial opinions at 31 December 2012. EY extrapolated the amounts owed for the period from 2014 to 2017 at a constant level.

Net interest also includes the profit shares for partnerships relating to minority interests.

The company plans these shares only for the detailed planning period and EY had to extrapolate them accordingly for the period from 2015 to 2017. We examined the approach adopted in this connection and consider it to be appropriate.

After conducting an analysis of the liquid funds as at 31 December 2012, the Valuation Expert determined surplus liquidity of €80 million as per the valuation date compared with the operational liquidity required for planning. EY used the excess liquidity in the technical valuation to reduce the long-term liabilities to banks. We consider the separate consideration of the excess liquidity to be justified based on the merits and in terms of amount. According to its own statement, Dyckerhoff requires cash and cash equivalents of around €140 million to support its business operations at the end of a calendar year in order to be able to pay the required inventory build-up and finance other seasonal requirements in advance before building season starts.

The interest income or expense of the funding requirement is calculated in the detailed planning and extrapolation period by applying an interest rate calculated on the basis of historical average spreads of Dyckerhoff. We therefore consider the approach adopted by EY appropriate in terms of amount, especially since a higher funding interest rate, which would have been justifiable, would have had a value-reducing effect.

4.3. Income taxes

The pre-tax results in the group planning serve as a starting point for the tax assessment at the level of the legal entities. Taking account of tax additions and reductions as well as tax loss carryforwards, the assessment basis was established and the tax expense calculated based on the tax rates in each specific country.

The results of the budgetary planning at group level thus serve as a starting point. These results contain depreciation and amortisation resulting from purchase price allocations, particularly in the USA, which do not create any potential for tax reductions at the level of the individual legal entities and were thus eliminated for the tax assessment.

For the sake of simplification, any reconciliation of the trading results calculated in the budgetary planning with results in the balance sheet for tax purposes was waived. Significant valuation differences between the balance sheets for commercial and for tax purposes arise especially from longer depreciation periods for property, plant and equipment under commercial law as well as from the lower valuation of pension provisions in the balance sheet for tax purposes. The longer depreciation periods in the commercial balance sheet produce a higher result in the tax balance sheet compared with the result in the commercial balance sheet so that a value-increasing effect is obtained when these results are disregarded. Pension provisions are valued at a higher assumed rate of interest in the tax balance sheet compared with the commercial balance sheet. The value stated in the tax balance sheet is thus lower which leads to deferred tax assets. However, the tax advantage arising in the future does not take effect until the pension obligations mature. For the extrapolation of the pension plans assumed in the budgetary planning, this would produce a higher result in the tax balance sheet compared with the commercial balance sheet so that no objection can be raised to disregarding this effect either.

DYAG is the controlling company of Deuna Zement GmbH, Deuna, Dyckerhoff Beteiligungsverwaltung GmbH, Wiesbaden, and Tubag GmbH, Kruft (controlled subsidiaries). The pre-tax results of the controlling company and the controlled subsidiaries were grouped together by adding non-deductible business expenses for the purpose of calculating taxes.

Within the scope of consolidation the provisions relating to restrictions to the deduction of interest as defined by Section 4h EStG in conjunction with Section 8a KStG (known as the interest barrier) were observed. An interest carryforward of €45 million existing at 31 December 2012 increases in the 2013 planning year due to an interest balance exceeding the tax-offsettable EBITDA and reduces the income of the fiscal unit in the following planning years.

DYAGZB reported a corporate income tax loss carryforward of €93 million at 31 December 2012 resulting from operating losses of previous years. Furthermore, the company declared a corporate income tax loss carryforward of €1.4 billion from restructuring measures in 2002. At the time of drawing up this report, the company and fiscal authorities still had differing

opinions on individual points regarding the recognition of this loss carryforward. The company assumes that the fiscal authorities should recognise the loss carryforward in full under the tax loss carryforwards. The loss carryforwards are nonetheless only taken into account in the company's own planning insofar as it is probable that they will be used within the next five years. This approach is ultimately based on the specific rules set out in IFRS on reporting deferred tax assets. A purely economic perspective was to be taken as a basis for valuation purposes here so that all the existing loss carryforwards were to be included in the valuation with their full tax-reducing effect.

At the end of the detailed planning period both the interest carryforward and the corporate income tax loss carryforward were not completely used up. Therefore, the planning period was technically prolonged for valuation purposes in order to calculate the tax advantage arising after the detailed planning period as an annuity and to state the amount when calculating the long-term tax expense.

The currently applicable corporate income tax rate of 15% plus solidarity surcharge was applied to the corporate income tax assessment base calculated as such.

In order to calculate the trade tax, the income determined for the purpose of corporate income tax before the deduction of losses was taken as a basis. The interest expense was stated when adding financing shares for the purpose of trade tax, insofar as it reduced the income. Any further additions of financing shares were waived. The trade tax was reduced by 1.2% of the unit value of the real estate belonging to the business assets.

As at 31 December 2012, there were trade tax loss carryforwards of €136 million which were applied as reducing taxes when calculating the taxable base. Analogously to the procedure adopted for corporate income tax, the tax-reducing effect after the detailed planning period was calculated based on the loss carryforward and applied on an annuity basis when calculating the long-term tax expense.

An average trade tax rate of 400% was stated to calculate the trade tax. The trade tax burden thus amounts to 14% of the taxable result.

We examined the derivation of corporate income tax and trade tax bases as well as the correct inclusion of loss carryforwards. The average trade tax rate reported was examined and confirmed on the basis of the tax assessment notices available for the past. The tax expense within the scope of consolidation was calculated properly.

For companies not included in the scope of consolidation the tax expense was calculated at the level of each individual legal entity, stating existing loss carryforwards and applying the tax rates of the specific country. Stating the tax burdens arising from distributions within the group (foreign dividends) from abroad to Germany pursuant to Section 8b KStG was waived for the sake of simplification with a value-increasing effect.

The tax rate in the group fluctuates in the planning period between 18.8% and 25.0%. The year-on-year decline in the tax rate in 2014 is mainly due to the improvement in results in the USA, which does not lead to a rise in the tax expense on account of existing loss carryforwards. The use of the loss carryforwards in the USA through to the 2016 planning year causes an increase in the tax expense from 2017. Allowing for the effects depicted on an annuity basis as described above, the long-term tax rate amounts to 23.6%.

The value effect of the loss carryforwards stated in the tax calculation amounts to €39.2 million at the valuation date of 12 July 2013.

4.4. Minority interests

When technically deriving the surplus cash and cash equivalents to be discounted for the purpose of the valuation, the claims of minority shareholders in the consolidated result of Dyckerhoff are to be taken into account as reducing the value in the valuation model.

With respect to the methodical integration of the minority interests by EY in the valuation model at our disposal, a distinction is initially made as to whether the consolidated subsidiar-

ies with minority interests are joint-stock companies or partnerships. While the amount stated as claims of minority shareholders in the annual result of joint-stock companies must be explicitly reported according to IAS 27, the share of external owners in the annual result of partnerships must be entered directly under interest expense according to IAS 32, whereby shares in annual net losses are reported in the balance sheet as interest income whereas shares in the annual net profit are reported as interest expense.

After incorporating the specific planning of 2013 and 2014 into the valuation model, EY extrapolated the development of the results relating to the minority shareholders in due proportion for the planning years from 2015 to 2017. Due to the changes to some shareholdings already taken account of by EY over time, we consider this approach to be appropriate. This includes the planned purchase of the shares in SUCHOI in October 2017 from currently 90.37% to 96.77%.

We were able to logically follow how the minority interests were taken account of in the result of the Dyckerhoff Group and this approach was plausibly derived.

5. Perpetuity

The Valuation Expert estimated the long-term distributable result ("perpetuity") of Dyckerhoff from 2018 at group level. We reconstructed and logically understood the underlying assumptions and parameters applied and supported the assessment of the plausibility through our own analyses.

To derive a long-term EBIT, an EBITDA margin of 18.3% classified as achievable on average was applied to the sales extrapolated by a growth rate of 1% from 2018. In the process it was assumed that the long-term EBITDA margin must reflect a margin which can be achieved on average over the industry cycle based on the distinct cyclical nature of the cement and concrete business. After analysing various periods, an average from 2013 to 2017 was in the end considered to be representative in order to accurately reflect an extrapolation based on the current cycle. At 18.9%, the EBITDA margin of the last planning year of 2017 is somewhat higher than the long-term amount reported.

To review the approach of EY in our analyses, we also examined different periods of time to obtain the representative average of a long-term EBITDA ratio. An analysis of the current development of the EBITDA ratio for a period from 2009 after the completion of the growth phase in Eastern Europe until the end of the detailed planning period in 2014 showed that the average EBITDA ratio stands at 17.8%. Within this period, trends and developments stabilised in the developments of quantities and prices, particularly in the Western and Eastern divisions, due to the increasingly intensive competition whereby an EBITDA ratio permanently above this level does not appear to be particularly realistic when taking account of the cost-cutting measures already largely implemented in all the divisions in recent years. Alternatively, if one analyses the EBITDA margins achieved or planned throughout the past period and the planning period analysed, this produces an average figure of 17.7%. Against this backdrop, the EBITDA margin of 18.3% stated by the Valuation Expert thus does not appear to be too low at all.

This is also confirmed by taking a closer look at the planned development from 2014 to 2017. According to the company's planning, the increase in the EBITDA ratio of 18.1% in the 2014 planning year to 18.9% in the last planning year 2017 is based particularly on inflation-induced rates of increase in Russia and Ukraine as well as unabated growth in the USA. When considering a cycle from 2009 until 2017, the resulting developments can certainly be assumed as being achievable. However, by extrapolating the last planning year 2017 in perpetuity, this would extrapolate without reflection an "economic tailwind" situation in the long term, as the planning for 2017 assumes in our opinion.

Finally, it should also be noted that the current figures of the company do not yet show any improvement in the situation regarding the operating margin. Even if weather influences had an adverse effect in this connection, which by nature are likewise not long term, the Q1/2013 figures certainly do not indicate that there is a trend towards any positive momentum in the development of company's operating profitability which, after all, is supposed to definitely set in over the rest of planning period according to the budgetary planning.

As a next step, the Valuation Expert reconciled this long-term EBITDA with a long-term EBIT, taking account of a long-term reinvestment rate. The long-term reinvestment rate of €120 million stated in this context arises from an analysis of the investing activities of Dyckerhoff in the past and assumed in the planning in the period from 2007 until 2017. The capital expenditure on property, plant and equipment (excluding investment expenditure relating to business expansions) of the respective year was thereby indexed based on the cross-country average price increases through to 2017 and a mean value was calculated from the indexed annual amounts.

We reconstructed and logically understood the mathematics and methodology of the long-term reinvestment rate stated by EY and consider the approach to be appropriate. We believe the considerations underlying the calculation method and the period selected to be coherent. The relation of the long-term reinvestment rate to the sales assumed from 2018 amounts to 5.9%. We compared this percentage with the investment level of the peer group companies defined by us (median 2012: 6.0%; mean value 2012: 7.0%), which generally show similar or slightly higher percentages on average. In view of this, we consider the long-term reinvestment rate applied by EY to be plausible in the final analysis.

In addition, we described the relative influence of the long-term EBITDA and reinvestment rate on the business value in a sensitivity analysis. To this end, we refer to section XII.3 of our Specific Audit Findings.

The long-term net interest and the other financial results in the long term were calculated based on the balances at 31 December 2017 using a long-term interest rate derived by EY. The interest rate is in line with the interest environment assumed to be sustainable and is thus to be considered reasonable. Net investment income was extrapolated at a growth rate of 1% starting in the last planning year 2017.

The effective percentage of minority interests from 2017 was adopted for the period of perpetuity from 2018 onwards.

The long-term tax expense was calculated at the level of the individual national companies. Due to loss carryforwards existing at the end of the detailed planning period as well as interest carryforwards compliant with the interest barrier, the planning period was technically prolonged and the resulting tax-reducing effects were calculated. The long-term tax expense was calculated as the net present value and taken into account as an annuity in perpetuity. The sustained use of tax loss carryforwards and the interest carryforward generally cause an increase in the tax rate. In the detailed planning period, amortisation resulting from purchase price allocations that reduce the consolidated result but do not have any potential for reducing taxes was eliminated. This correction was dispensed with when calculating the long-term tax expense, which produced a lower tax rate. The reduction in the tax expense as a result of reporting the depreciation and amortisation compensates the lapse of the potential of loss carryforwards and interest carryforward to reduce tax, causing the tax rate to fall slightly from 24.1% to 23.6%.

EY covered the effects of financing the sustainable growth in due proportion through equity capital (known as retained earnings for growth purposes), so that a partial amount of €19 million of the long-term result calculated (€173 million) is not available for calculating the value contributions from retained earnings or distributions. Financing through the proportional retention of surplus cash flows creates a constant capital structure in the long-term result whereas financing exclusively with borrowed capital would entail a continual increase in outside debt in the long term. In the light of this we believe that taking account of retained earnings for growth purposes in the valuation is appropriate in technical respects. The value contributions from the retained earnings were not offset against the financing for growth purposes, and rightly so, because the value contributions from retained earnings are directly allocated to the sphere of the shareholders while the amounts retained for financing growth serve solely to maintain the capital structure and are thus not available to shareholders.

6. Distribution ratio

To determine the distribution ratio the business plan documented as at the valuation date and legal restrictions are to be taken into account as a basic principle (cf. IDW sentence 1, item 35). When determining the long-term distribution ratio, it is normally assumed that the

distribution ratio is equivalent to the distribution policy of the alternative investment if there are no particular legal or other factual conditions to be considered (e.g. from the capital structure). It is assumed that the retained amounts will be used without affecting capital (cf. IDW sentence, item 37).

In the detailed planning phase Dyckerhoff stipulates a distribution ratio of 50% at the level of the individual companies which was also applied in 2011 and 2012. Due to the fact that no significant investments in business expansions are pending at the end of the detailed planning period, EY measured the long-term distribution ratio likewise at 50%. At the same time, the Valuation Expert based this also on average distribution ratios of between 40% and 60%, which are stated in the specialist literature for DAX and MDAX enterprises, and on the limited potential for investments in business expansions within the sector due to the increasing excess capacity in the main business regions.

According to the outcome of our audit, the derivation of the long-term distributions was logically understandable and mathematically correct. We also show the effects of a variation in the distribution ratio as part of our sensitivity analyses in section D.XI.3 of our Specific Audit Findings.

7. Personal taxes

To derive the net surplus cash flows to the company owners, their **personal taxes** must be considered according to the IDW S 1 standard for the purpose of the present valuation (calculation of a cash settlement for free float shareholders). In the process, the tax situation of a domestic person subject to unlimited tax liability was taken as a basis, whereby the flat-rate withholding tax of 26.4% (25.0% plus SolZ) according to current tax law was applied for dividend payouts. For increases in value resulting from retained earnings, an effective taxation of price gains of 13.2% was assumed (12.5% as half the amount of the nominal tax rate of 25.0% plus SolZ). This tax rate is based on the assumption that shares are held for a longer period and that although shares purchased prior to 31 December 2008 can be sold tax-free, as from 1 January 2009 there were differing intrinsic share prices on the sellers’ and buyers’ side in the market and thus the effects from the price gain taxation (also 25.0% plus SolZ)

were no doubt already directly included in the price as a negotiated solution. The procedure adopted in the course of the valuation can thus be classified as methodically correct.

VI. Discount Rate

The amount stated as the discount interest rate is determined by the return of the best alternative capital investment opportunity which in terms of risk, term and taxation has characteristics that come as close to those of the valuation object as possible. This was implemented according to IDW S 1 using the Tax Capital Asset Pricing Model (Tax-CAPM). Based on the CAPM the opportunity costs of equity investments equal the return of riskless securities plus a risk premium. The discount rate thereby consists of a base interest rate and a risk premium for taking on entrepreneurial risk.

In addition, the inclusion of a country risk premium has been discussed recently. While there is a hot debate about the opportunities and limits of integrating country risk premiums into common valuation models (particularly into the CAPM and TAX-CAPM) in various specialist articles, models have been developed in valuation practice for some time which take account of country risk premiums. For instance, the IDW also published an opinion on the practical application of the IDW S 1 valuation standard in which it explicitly points out that country risks are to be considered when conducting company valuations and generally recognises the valuation-relevant significance of country risk premiums as a way of depicting country-specific risks. This approach can also be seen as conforming to the theoretical principles of the CAPM inasmuch as country-risk premiums can thereby be interpreted as an approximation of the deductions from planned figures with which the budgetary planning is transformed into a series of payments based on empirical values in relation to country-specific risk factors. Ultimately, the adjustment of a “denominator” in this perspective constitutes a method of estimating the actual CAPM-compliant adjustment of the “numerator” because according to the logic of the CAPM (and the Tax-CAPM) all of the factors relevant for the rate of return on a share demanded on the capital market are already depicted in the following components: base interest rate, market risk premium and beta factor.

EY did not take account of any country risk premiums in its valuation of Dyckerhoff. Considering the view that the budgetary planning of the company does not take special account of the particular political, legal and macro-economic risks which are of relevance particularly in Russia and Ukraine, we included country risk premiums in the sensitivity analyses conducted by us and examined their effect on the business value. These are described in section XIII.6.

We reconstructed the discount rate calculated by EY in terms of how its components were derived: base interest rate, beta factor, market risk premium and growth discount deduction and checked the calculation. In addition, we performed our own calculations to determine the plausibility.

1. Base interest rate

According to the prevailing view, the measurement of the base interest rate as a risk-free rate is based on the expected returns from fixed-interest securities issued by public administrations. The average returns of public issuers' fixed-interest securities in circulation was higher than the current return of comparable securities in recent decades in Germany, although it is not possible to automatically deduce the future interest expected in the long term from the current level of interest rates. The interest expected in the long term is, however, to be taken into account when measuring the base interest rate because an unlimited life of the valuation object is usually assumed in the business valuation. In determining the base interest rate, it thus needs to be borne in mind that the investment in the entity being valued has to be compared with an alternative investment over a similar period of time, therefore the base interest rate must be an interest rate with the same term (equivalent maturity).

According to the method[1] recommended by the IDW's Fachausschuss für Unternehmensbewertung und Betriebswirtschaft (FAUB) which takes the method applied by the Bundesbank as a basis to estimate the return on zero bonds over various periods of time, the base

[1] IDW Fachnachrichten 2005 p. 555f, IDW Fachnachrichten 2006 p. 581 and IDW Fachnachrichten 2008 p. 490f.

interest rate is determined taking account of the current interest rate curve of pseudo risk-free zero bonds.

EY followed this approach and calculated a base interest rate of 2.25% before personal taxes at the end of the valuation work, at the same time following the recommendation of FAUB to round off the base interest rate to ¼ percentage points. The base interest rate was to be reduced by the taxes accruing at shareholder level (26.375%) analogously to deriving the net distributions, resulting in a base interest rate of 1.66% after personal taxes.

We believe that the base interest rate of 2.25% before taxes and 1.66% after taxes established by EY was correctly calculated and is reasonable.

2. Market risk premium

The market risk premium depicts the difference in return between an investment in what is known as the market portfolio and an investment in risk-free securities. It thus represents the excess return which investors demand for taking on the higher risks entailed in equity investments compared with risk-free securities.

Numerous capital market studies have shown that investments in shares in the past generated higher returns for the most part than investments in risk-free, fixed-interest securities. Apart from the markets examined and the periods of analysis, particularly the methods selected for forming an average and the substitutes for risk-free interest vary in these studies. In the final analysis, even the calculated market risk premiums differ from one another whereby the majority of the studies – without differentiating between the above-named variation possibilities and without taking account of personal taxes – arrive at a result for the German stock market of between 2% and 7%.[2]

Studies which differentiate between market risk premium before personal taxes and the market risk premium after personal taxes have shown that the market risk premium after person-

[2] Cf. The studies "Aktie versus Rente" published by the Deutsches Aktieninstitut in 199 and 2004 in this context.

al taxes was around one percentage point higher than the pre-tax market risk premium in the past depending on the period and the tax rate. Considering these results, the FAUB recommended before the 2008 corporate tax reform that the market risk premium is measured after personal taxes within a bandwidth of 5.0% to 6.0%.[3] FAUB modified this recommendation in 2009 in line with the expected effects of the 2008 corporate tax reform and the flat-rate withholding tax introduced in this connection on investment income. In essence, it was assumed in the line of argumentation that the increased tax burden as a result of the tax reform can at least be compensated in part by higher returns demanded by investors and thus the market risk premium after personal taxes will only fall by around one percentage point. The bandwidth of the recommended market risk premium after personal taxes was thus corrected by FAUB from between 4.0% to 5.0% at the end of 2009.[4]

With reference to the meanwhile consistently negative returns of inflation-protected German government bonds and the partially negative nominal returns of federal bonds in the area of short-term maturities, FAUB took the view in its assessment published on 19 September 2012 that the current capital market situation no longer reflects the constellation which could be observed on average in the past and which led to the previously proposed bandwidth for the market risk premium.[5] Based on the considerations of FAUB, the increase in spreads between German and other European government bonds as well as the rise in spreads between the interbank interest rates and government bonds indicate that the risk tolerance of capital market players has changed and higher remuneration is required to take on risks. FAUB recommends that the measurement of the market risk premium after personal taxes is based on a bandwidth from 5.0% to 6.0%. According to the view presented by FAUB, expanding the analysis of historical data to include considerations relating to the performance of real equity returns and results from ex-ante models in order to determine implicit risk premiums also support this adjustment. The latter can be found for the German stock market

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[3] Cf. reporting on the 84th Meeting of the FAUB (formerly “AKU“) in IDW Fachnachrichten 1-2/2005, p. 70-71.

[4] Cf. “Auswirkungen der Finanzmarkt- und Konjunkturkrise auf Unternehmensbewertungen“, IDW-Fachnachrichten 12/2009, p. 696-698.

[5] Cf. “Hinweise des FAUB zur Berücksichtigung der Finanzmarktkrise bei der Ermittlung des Kapitalisierungszinssatzes in der Unternehmensbewertung“ dated 19 September 2012, retrievable in the members‘ section under www.idw.de.

also in a current study conducted by Bassemir/Gebhardt/Ruffing who, as a result of the financial and debt crisis, determine a significant rise in the implied market risk premium.[6]

Overall, we consider the argumentation of FAUB and the conclusions drawn from this to be appropriate and consider the market risk premium after personal taxes of 5.5% stated by EY to be reasonable.

3. Beta factor

The beta factor is generally a yardstick for the risk at individual company level compared with the market risk. At the same time the market risk is depicted in theory by a portfolio consisting of all the risky investment opportunities existing worldwide. On account of the actual impossibility of depicting such a portfolio, it is usually approximated in practice by a stock index.

As the Dyckerhoff share is listed on a stock market, the Valuation Expert initially examined whether the beta factor of the Dyckerhoff shares can be used to derive the discount rate. In the opinion of the Valuation Expert, Dyckerhoff's own beta factor does not reflect the operating business risk but, due to the principal shareholder's de facto control which has existed for some time, it is influenced more strongly by the expected compensation for the outstanding shares which has resulted in noticeable price fluctuations, particularly in a close temporal relation to the publication of information on changes in shareholdings. On the other hand, however, fundamental news about Dyckerhoff or general capital market developments are having hardly any effect on the price trend and thus speak in favour de-coupling the price determination from the operating and capital market performance. The beta factor stated for Dyckerhoff was thus dismissed as inappropriate by the Valuation Expert.

We established the plausibility of the beta factor of Dyckerhoff based on our own analyses using Bloomberg data. In the process we came to the same conclusion as the Valuation Expert that Dyckerhoff's own beta factor is not representative for its operating risk due to the actual long-term de facto control by the principal shareholder. We compared price trends with

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[6] Cf. Bassemir/Gebhardt/Ruffing, "Zur Diskussion um die (Nicht-)Berücksichtigung der Finanz- und Schuldenkrisen bei der Ermittlung der Kapitalkosten", WPg 16/2012, p. 882-892.

publications of company information and general stock market developments and saw that the "de-coupling" described above had occurred. In addition, the beta factor of Dyckerhoff is not statistically significant in a two-year review.

To determine a suitable peer group the Valuation Expert analysed the operating business segment and the regional sales markets of the companies examined in terms of their comparability with Dyckerhoff. In the process particularly the product portfolio, the sales market and the total sales generated were compared with Dyckerhoff. We were able to reconstruct and comprehend with regard to the subject matter and contents how the peer group was compiled by EY. In the course of our own analyses, we included four more companies in an alternative peer group compared with EY. These companies are as follows:

<u>CEMEX, S.A.B. de C.V., Mexico</u>
Cemex is a global producer of cement, concrete and aggregates headquartered in Mexico. The company operates primarily in Mexico and North America (around 42%), in Western Europe (around 29%) and Central America (around 7%). The total sales generated in the 2012 fiscal year amounted to some $11.7 bn. Along with the Holcim Group and Lafarge S.A., Cemex is one of the three largest cement producers worldwide. Considering that both Lafarage S.A. and the Holcim Group are included in the peer group and apart from the high degree of comparability in the product portfolio, Cemex has a regional focus in the USA, we believe it is worth considering including this company in the peer group even though the comparatively high significance of the markets for emerging countries limits the comparability for Cemex.

<u>Texas Industries Inc.</u>
Texas Industries Inc. produces cement, concrete and aggregates and is headquartered in the USA. The total sales generated in fiscal 2012 stood at around $ 647 million. The company operates solely in the USA. As Dyckerhoff has a regional focus in the USA, we see it as being advisable to include a producer which, although it operates exclusively on a regional basis, is easily comparable in terms of the product portfolio, in order to round off the risk profile to be depicted as a whole with the peer group.

Cementos Portland Valderrivas S. A.

Cementos Portland Valderrivas headquartered in Spain is a producer of cement, concrete, mortar and aggregates. Its total sales in fiscal 2012 amounted to around €654 million. The sales markets of the company are Spain (around 49%), the USA (around 25%) and the UK (around 5%). We included this company in the peer group despite a substantial, continual decline in the share price which, in conjunction with a high level of outside debt, can generally lead to distortions particularly in the unlevered beta, due to the otherwise very good comparability of the product portfolio and the regional orientation.

Italcementi S.p.A.

Italcementi S.p.A. is an Italian producer of cement, concrete and aggregates. The company's sales markets are mainly France, Italy and Spain (together around 60%). In addition, Italcementi S.p.A. operates in Egypt and Morocco. Total sales in fiscal 2012 amount to around €4.5 bn. We also believe it is worth considering including this company on account of the good comparability of the product portfolio and its predominantly western European orientation.

EY calculated unindebted beta factors for a five-year period with monthly prices including the widest local national index based on the peer group determined by it. From the perspective of the Valuation Expert, the five-year period is more suitable than a two-year period for extrapolating into the future the high degree of dependency of cement producers on economic cycles and thus the risk at individual company level.

EY stated the resulting mean value of 0.82 as an unindebted beta factor. Taking account of the respective financing structure during the planning period of Dyckerhoff, the unindebted beta factor was reconciled with a company-specific beta factor for each period.

By including the four companies named above in a larger peer group, we calculated a bandwidth of beta factors using different reference periods and market indices in order to establish the plausibility of the unindebted beta factor of 0.82 stated by EY. For this purpose we

varied the parameters stated by EY with regard to the period specified and the market index used.

When determining the period for calculating the beta, particularly two variants have prevailed in valuation practice, for the selection of which the timeliness of the data and the statistical significance must be weighed up. At the same time, the determination of the return interval is closely related to the selected period as a statistically relevant database should range between 30 and 100 data points.[7] One variant presents the five-year period stated by EY with monthly data sets (60 sets of data) while the other variant analyses a two-year period with weekly data sets (around 104 sets of data).

Monthly returns are supported above all by the fact that the so-called intervalling effect, which in the literature is attributed to trade frictions, lessens as the return interval increases. As especially shares with longer non-trading periods are responsible for this effect and as periods in which individual shares are not traded on the German market for up to one week are not uncommon either, we consider the use of monthly returns to be appropriate as a general principle. Furthermore, an investigation carried out by Stellbrink and Brückner on the effects of the underlying observation periods and return intervals on the basis of the beta factors of DAX and TecDAX companies comes to the conclusion that the highest statistical quality is achieved when combining a five-year period with monthly returns.[8] In contrast, a larger sample size produces a better accuracy of the results from a statistical view, which is more likely to be achieved through a two-year analysis with weekly data points. However, the additional reason given by the Valuation Expert that the risk of Dyckerhoff, which is highly dependent on economic cycles, could be derived better for the future from a longer term analysis over a five-year period is very justifiable in our opinion and is more in favour of using the beta factor derived on the basis of a five-year period. For the sake of comparison and to determine a bandwidth, we nevertheless also calculated the beta factor for a two-year obser-

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[7] Cf. Schneeweiß: Ökonometrie, 4. Auflage, Physica Verlag, Heidelberg, p. 6.

[8] Cf. Stellbrink/Brückner: Beta-Schätzzeitraum und Renditeintervall unter statistischen Gesichtspunkten, Bewertungspraktiker 3/2011, p.8.

vation period as it is not possible to detect a compelling argument in favour of one or the other method.

When selecting the benchmark index, national, regional (i.e. related to international economic areas) or even worldwide indices are possible as a basic rule. While the main advantage of national indices is avoiding distortions caused by exchange rate movements, the argument in favour of regional or global indices is their broader diversification and the depiction of an increasingly international orientation on the investor side. EY took the largest national index as a basis in each case. In view of the increasing internationalisation of the investment portfolios of capital market players, we likewise consider it appropriate to use a regional index, e.g. the Euro Stoxx for European companies, and additionally applied the broadest regional index of each of the benchmark companies in the course of our alternative derivation of the beta factor.

Based on our expanded peer group described above and the possibilities additionally included in the analysis from the reference index used and the observation period, we calculated the following bandwidth of beta factors:

Company	Country	2 years weekly		5 years monthly	
		Local index	Regional index	Local index	Regional index
Lafarge S.A.	France	0.74	0.86	0.95	1.08
Cementos Portland Valderrivas S.A.	Spain	0.20	0.30	0.41	0.54
Italcementi S.p.A.	Italy	0.44	0.59	0.45	0.56
Cementir Holding S.p.A.	Italy	0.33	0.50	0.80	1.01
Buzzi Unicem S.p.A.	Italy	0.67	1.02	0.77	1.04
Holcim Ltd.	Switzerland	0.98	0.91	1.01	1.01
Vicat S.A.	France	0.44	0.53	0.70	0.74
Heidelberg Zement AG	Germany	0.72	0.90	0.79	1.00
Texas Industries Inc.	USA	1.19	1.19	1.50	1.50
Ciments Francais S.A.	France	0.55	0.66	0.75	0.87
Titan Cement Company S.A.	Greece	0.36	0.35	0.59	1.14
CEMEX S.A.B. de C.V.	Mexico	0.95	0.95	0.86	0.86
Mean		**0.63**	**0.73**	**0.80**	**0.94**
Median		**0.61**	**0.76**	**0.78**	**1.00**

Source: Bloomberg

In the final analysis, the beta factor of 0.82 stated by EY is in the middle of the bandwidth we calculated and can thus initially be seen as reasonable. However, the two-year observation also shows significantly lower beta factors, particularly when the national index is used. Due

to the analyses described above, we consider a use of regional indices to be more suitable on account of the international orientation of both Dyckerhoff and the peer group companies. In the light of the arguments above, which are strongly in favour of a five-year analysis for Dyckerhoff, we also consider the lower bandwidth (two-year period/local index) not to be particularly representative.

4. Growth discount

It must be assumed that the capital market return includes compensation for inflation. That is why when comparing the capital market return and the return from corporate profits, the different effects of inflation influences must be taken into account. The compensation for inflation included in the capital market return largely follows the trend in the inflation rate in the medium term.

This is not necessarily the case with corporate profits. The development of corporate profits depends on the market and competitive situation as well as the internal cost development. Increases in costs can be cushioned by rationalisation measures without any losses in profit or, in case of a suitable market position, passed on to customers; but they can also lead to losses in profit if the market does not enable these to be passed on and internal measures to reduce costs cannot be enforced or have already been exhausted. One cannot thus simply assume that corporate profits automatically increase as the inflation rate rises. Empirical analyses show that companies in Germany have not succeeded in reaching profit growth at the same level as the inflation rate on average in the past. Instead the growth rate of profits amounted to about 50% of the average rate of price increases. Although companies aim at and also achieve substantially higher growth rates in individual planning years, it has been seen that companies also suffer significant losses in profit on a regular basis. On average this has resulted in growth below the inflation rate in the past.

If it is to be expected that in the long term a company is able to pass on the effects of general price increases to its buyers at least in part or to achieve long-term growth for other reasons, what is known as a “growth discount” is to be deducted from the discount rate. The level of this growth discount expresses the earnings growth that is expected in the long term for the

company under review. In contrast, such a discount cannot be stated in the planning period because the expected earnings performance has already been fully allowed for in the planning, which represents planning based on nominal values.

The rate of increase in prices aimed at by the European Central Bank amounts to 2.0%. Due to the empirical findings on the actually achieved profit increases of companies in Germany, an average growth rate of 1.0% is to be expected which was also assumed by the Valuation Expert for Dyckerhoff. In view of the high degree of maturity and the distinct stagnation tendencies in most of the geographical markets relevant for Dyckerhoff, we consider this figure to be appropriate and reasonable, especially since the high growth rates specified in the planning for Russia and Ukraine no doubt also depict a large part of the growth potential until the end of the planning period also for these comparatively dynamically developing regions.

5. Summary of the discount rate

Based on the considerations above, the Valuation Expert arrives at the discount rates in the specific periods shown below:

Dyckerhoff Group **Discount rate after taxes**	**Budget** **2013**	**Estimation** **2014**	**FC** **2015**	**FC** **2016**	**FC** **2017**	**Terminal value** **2018 ff.**
Base interest rate after pers. taxes (Germany)	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%
Market risk premium after pers. taxes	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
Beta factor (unlevered)	0.82	0.82	0.82	0.82	0.82	0.82
Beta factor (relevered)	1.05	1.05	1.04	1.03	1.01	1.02
Risk premium after pers. taxes*	5.78%	5.77%	5.74%	5.68%	5.55%	5.60%
Discount rate after pers. taxes**	**7.44%**	**7.43%**	**7.40%**	**7.34%**	**7.21%**	**7.26%**
Growth discount						1.00%
Discount rate after pers. taxes and growth	**7.44%**	**7.43%**	**7.40%**	**7.34%**	**7.21%**	**6.26%**

** MRP after pers. taxes x beta factor relevered; **Base interest rate after pers. taxes + risk premium after pers. taxes*

VII. Earnings-based Value

A summary is given below of the calculation of the earnings-based value at 12 July 2013:

Dyckerhoff Group Earnings-based value	Budget 2013	Estimation 2014	FC 2015	FC 2016	FC 2017	Terminal value 2018 ff.
	€ m	€ m	€ m	€ m	€ m	€ m
Result after income taxes, minority interests and growth financing	**83.0**	**120.5**	**143.6**	**161.1**	**164.9**	**154.2**
Distribution ratio	*52.2%*	*50.0%*	*50.0%*	*50.0%*	*50.0%*	*50.0%*
Distribution	**43.3**	**60.3**	**71.8**	**80.5**	**82.4**	**77.1**
Flat-rate withholding tax incl. SolZ on distribution	-11.4	-15.9	-18.9	-21.2	-21.7	-20.3
Net distribution	**31.9**	**44.4**	**52.9**	**59.3**	**60.7**	**56.8**
Retained earnings	**39.7**	**60.3**	**71.8**	**80.5**	**82.4**	**77.1**
Flat-rate withholding tax incl. SolZ on retained earnings	-5.2	-7.9	-9.5	-10.6	-10.9	-10.2
Fictive net allocation	**34.5**	**52.3**	**62.3**	**69.9**	**71.6**	**66.9**
Surplus cash to be capitalised	**66.4**	**96.7**	**115.2**	**129.2**	**132.3**	**123.7**
Cost of equity	7.44%	7.43%	7.40%	7.34%	7.21%	6.26%
Earnings-based value at 1 January 2013	**1,814.5**	**1,883.1**	**1,926.2**	**1,953.5**	**1,967.6**	**1,977.1**
Discounting factor at 12 July 2013	1.04					
Earnings-based value at 12 July 2013	**1,884.9**					

The capitalised earnings of Dyckerhoff at 12 July 2013 thus amount to around €1,884.9 million.

VIII. Capitalisation as per the Valuation Date

The business value of Dyckerhoff was initially correctly calculated as per the technical valuation date of 31 December 2012 and subsequently compounded to the valuation date (12 July 2013).

IX. Non-essential Operating Assets

Based on IDW S 1, there are non-essential assets if assets may be disposed of without affecting the normal activities of the business. The Valuation Expert identified non-essential operating assets of Dyckerhoff in the form of non-essential land and parts of the fixed assets.

Dyckerhoff owns numerous pieces of land which are not currently used as production or excavation areas and will not be used as such in the foreseeable future. Furthermore, parts of cement factories no longer in use, particularly at the shutdown plant in Akbulak, Russia, are seen as disposable. The investment properties in the consolidated financial statements at 31 December 2012 relate to administration buildings and land in Osnabrück not used for business operations as well as developed land in Luxembourg.

To identify the non-essential operating assets EY designed a questionnaire with the company which was sent to all the major national companies. For the operational assets classified as non-essential, there is no external opinion with the latest fair market values in most cases because this concerns especially partial areas of the works used for agricultural purposes in the various countries. As an alternative, market prices were estimated for the real estate with the management of Dyckerhoff and on the basis of available comparative data.

The following overview shows the values resulting from this analysis for the non-essential operating assets of Dyckerhoff:

Dyckerhoff Group Assets to be valued separately	**Carrying amount 31.12.2012**	**Present market value**
	€ m	€ m
Land, rights equivalent to real property and buildings	23.4	38.9
Investment properties	2.7	8.1
Non-current assets held for sale	9.5	9.5
Other property, plant and equipment	17.3	17.3
Other assets	2.3	3.4
Assets to be valued separately	**55.3**	**77.2**

Income tax effects on the book profit and minority interests to be deducted were taken into account. The net current value reduced by the effects of tax and minority interests amounts to €61.1 million and is posted as a special value.

We reconstructed and understood the determination of the non-essential operating assets and consider the approach and calculation of EY to be appropriate in view of the present data situation. We consider the values stated to be reasonable.

X. Business Value and Value per Share

The business value of Dyckerhoff and the value per share are calculated as shown below based on our calculations:

Dyckerhoff Group **Business value per share**	**12.07.2013**
	€ m
Earnings-based value	1,884.9
Assets to be valued separately	61.1
Business value	**1,946.0**
Shares outstanding	41,265,553
Business value per share (in €)	**47.16**

XI. Sensitivity Analyses

We subjected the earnings-based value calculated by EY to a sensitivity analysis. In the process we calculated sensitivities for the main parameters of the discount rate (base interest rate, market risk premium and beta factor). In addition, we examined the effects of using country-specific discount rates and varying the main assumptions of perpetuity.

1. Parameters of the discount rate

As regards the parameters of the discount rate, we examined the sensitivity of the currently very low base interest rate in a historical comparison.

In the first scenario we examined the sensitivities of varying the base interest rate in combination with varying the market risk premium. In this scenario the beta factor remained stable at 0.82.

Base interest rate	Market risk premium 4.00%	4.50%	5.00%	5.50%	6.00%
2.00%	67.97	60.34	54.07	48.84	44.40
2.25%	64.87	57.85	52.05	47.16	42.99
2.50%	62.05	55.57	50.17	45.59	41.67
2.75%	59.47	53.47	48.43	44.13	40.43
3.00%	57.10	51.52	46.80	42.76	39.26
3.50%	52.90	48.04	43.88	40.28	37.13
4.00%	49.29	45.01	41.30	38.07	35.23

In this assessment, it must be noted that although on the one hand the base interest rate fell to an exceptionally low level by historical comparison in the course of the euro crisis, on the other hand, there has been a considerable increase in the risk premiums demanded on the capital market for risky types of investment. The FAUB at IDW took account of the latter trend by recommending a rise in the risk premium so that we see a balanced set of valuation parameters as a whole in interaction with the low current base interest rate of 2.25% and the market risk premium which increased to 5.5% (after personal income tax).

In a second scenario we examined the sensitivities of the bandwidth of beta factors between 0.70 and 0.90 calculated by us, each of which can be argued as being justifiable.

Beta factor	0.70	0.75	0.82	0.85	0.90
Bandwidth business value per share	55.46	51.72	47.16	45.40	42.71

The bandwidth shows the high degree of sensitivity of the beta factor. As described in section VI.3, we believe that the beta factor of 0.82 is justifiable and reasonable as the mean value of this bandwidth.

2. Country-specific discount rates

In another scenario we examined the effects on the business value when we explicitly took account of country risks.

Due to the current crisis of several countries in the Eurozone and the related visible rise in original country risks, such as the possibility of “sovereign default”, country risks have gained

in importance in valuation practice. Apart from the tense situation regarding public finances and the related risk of substantial macro-economic shocks, e.g. in the event of a state's insolvency, then expressed in radically deteriorating economic conditions particularly for an industry strongly dependent on investments in infrastructure, such as the cement and concrete industry, country risks partly include especially the risks arising from an uncertain legal situation and in some cases also an uncertain security situation which, if the political situation worsens, can lead to a legal or de facto devaluation of the property located there. If original country risks in the form of the financial, political or legal instability of the machinery of state have a negative effect on corporate development, they are referred to as "derivative country risks", i.e. special risks for the asset, financial and earnings position which are caused by the instability of state institutions. In the course of the business valuation, account (only) needs to be taken of such derivative country risks.

Insofar as derivative country risks were not explicitly taken into account in the corporate planning of the company to be valued, it is possible to also include an additional risk surcharge to the cost of capital calculated based on the CAPM and Tax-CAPM.[9]

According to the corporate planning of Dyckerhoff, significant parts of the future cash flows are expected particularly from Ukraine and Russia. Based on our analysis of the respective budgetary planning, no effects arising from derivative country risks were taken into account for these countries or for any of the other countries when planning the expected cash flows. At the same time, price increases based on inflation (in local currency) expected in the individual countries were stated in the planning, which are expressed by corresponding growth rates of sales and the result, and are based on the assumption that the exchange rates between the euro and the partially more inflationary local currencies will remain constant. Therefore, in our opinion, the planning proceeds on the assumption that macro-economic tension will increase and, along with this, the risk that there will be reactions in the form of adjustments, e.g. to the exchange rate. Against this backdrop we consider the inclusion of

[9] On the compatibility of the (Tax) CAPM approach with the use of country risk premiums, please also see our comments in section VI. on Specific Audit Findings.

country risk premiums in the form of a surcharge to the calculated discount rate to be reasonable in sensitivity analyses in order to depict a possible valuation of what are primarily political and legal risks.

To determine the surcharge to the discount rate, the country risk premiums published by Damodaran[10] are used in their current form. The surcharges on the country-specific discount rates deduced from this are summarised in the table below:

Country-specific discount rate incl. CRP according to Damodaran	CRP	Budget 2013	Est 2014	FC 2015	FC 2016	FC 2017	Terminal Value 2018 ff.
	%	%	%	%	%	%	%
Poland	1.50%	9.39%	9.36%	9.31%	9.23%	9.06%	8.14%
Czech Republic/Slovakia[1]	1.28%	9.17%	9.14%	9.09%	9.01%	8.84%	7.91%
Russia	2.25%	10.14%	10.11%	10.06%	9.98%	9.81%	8.89%
Ukraine	9.00%	16.89%	16.86%	16.81%	16.73%	16.56%	15.64%

[1] *On grounds of materiality, Slovakia was analysed with the Czech Republic as a whole*

Allowing for the discount rate presented above, this results in a business value per share of €35.24.

It has been seen that an – in our view - justifiable depiction of particular macro-economic, political and legal risks of certain countries, which were not taken into account in the planning of Dyckerhoff as such, would have resulted in significantly lower earnings-based values per share.

3. Variation of the main assumptions of perpetuity

We also calculated the business value sensitivity by varying the distribution ratio and the long-term EBITDA and reinvestment rate.

Distribution ratio

First of all, we examined the distribution ratios of the peer group determined in section VI.3. The table below shows the distribution policy in the last 5 years of those companies included

[10] http://people.stern.nyu.edu/adamodar/New_Home_Page/datafile/ctryprem.html.

in the peer group. In this context we calculated the percentage distribution from the profit per share and the dividend per share:

Company	2008	2009	2010	2011	2012	5 years Mean	5 years Median
Lafarge S.A.	24.2%	72.2%	34.6%	24.2%	66.7%	44.4%	34.6%
Cementos Portland Valderrivas S.A.	34.8%	35.6%	0.0%	n/a	n/a	23.4%	34.8%
Italcementi S.p.A.	35.2%	46.9%	73.0%	n/a	n/a	51.7%	46.9%
Cementir Holding S.p.A.	19.5%	31.6%	101.7%	210.5%	38.5%	80.4%	38.5%
Buzzi Unicem S.p.A.	18.8%	26.9%	n/a	41.7%	n/a	29.1%	26.9%
Holcim Ltd.	33.0%	30.4%	40.7%	116.3%	59.9%	56.0%	40.7%
Vicat S.A.	27.5%	35.2%	33.2%	41.2%	52.3%	37.9%	35.2%
Heidelberg Zement AG	0.8%	40.0%	13.7%	18.8%	29.2%	20.5%	18.8%
Texas Industries Inc.	9.4%	n/a	n/a	n/a	27.8%	18.6%	18.6%
Ciments Francais S.A.	41.8%	46.9%	53.8%	50.3%	n/a	48.2%	48.6%
Titan Cement Company S.A.	16.6%	11.9%	6.1%	0.0%	n/a	8.6%	9.0%
Mean	**23.8%**	**37.8%**	**39.6%**	**62.9%**	**45.7%**	**38.1%**	
Median	**24.2%**	**35.4%**	**34.6%**	**41.4%**	**45.4%**		**34.8%**

Generally, it is possible to deduce increasing distribution ratios from the distribution policy of the peer group examined. On average, they amounted to between 35% and 40% and are thus below the long-term distribution ratio of 50% stated for Dyckerhoff. We therefore took a bandwidth of 35% to 60% as a basis for the long-term distribution ratio related to the results of the distribution analysis of the peer group and the distribution ratios of 40% to 60% observed in the past with DAX and MDAX companies:

Long-term distribution ratio	35%	40%	45%	50%	55%	60%
Bandwidth business value per share	48.25	47.88	47.52	47.16	46.79	46.43

Due to the comparatively low sensitivities of the distribution ratio and value-increasing amounts stated at another point, e.g. due to not taking account of tax burdens in the distributions required within the group from the respective countries pursuant to Section 8b KStG, we consider the calculated business value based on a long-term distribution ratio of 50% to be reasonable.

Long-term EBITDA and reinvestment rate

With the long-term reinvestment rate, we examined a bandwidth between €110 million and €130 million to calculate sensitivities relating to the business value. On the basis of our anal-

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ysis, these figures represent the benchmark figures for a bandwidth of justifiable amounts stated for the long-term reinvestment rate. At the same time, we varied the long-term EBITDA margin along a bandwidth of between 17.7% and 18.9%:

Long-term reinvestment (in € m)	Long-term EBITDA-margin		
	17.7%	**18.3%**	**18.9%**
110	46.82	49.35	52.23
120	44.63	**47.16**	50.04
130	42.44	44.97	47.85

In comparison to the effects when varying the beta factor, the variation of the main long-term assumptions in perpetuity shows moderate changes to the business value per share.

XII. Simplified Pricing on the Basis of the Multiples Procedure

In line with the IDW S 1 standard, EY carried out a valuation with the aid of multiples to establish the plausibility of the valuation results. It is customary in valuation practice to use EV/EBIT or EV/EBITDA multiples. The multiples procedure calculates business values through multiples derived from valuations of comparable companies on the capital market. These multiples are applied to appropriate key figures (EBIT, EBITDA) of the company being valued.

On this basis EY calculated a bandwidth of between €1,013.0 million and €1,570.9 million for Dyckerhoff after deducting the net debt and minority interests, which is equivalent to a span in value of €24.55 to €38.07 per common and preferred share.

In addition to the bandwidth determined by EY we performed our own calculations and took the compiled peer group as a basis to establish the plausibility of the beta factor in order to obtain the multiples underlying the comparison. In the process we used estimated figures of Bloomberg, the data service provider, for the profit expectations of the fiscal years analysed.

As several companies within the benchmark group report some negative (historical or forecast) figures for the EBITDA or the EBIT, these are generally unsuitable for deriving multiples and were therefore excluded from the calculation. Another company was also excluded from the peer group for the calculation of the average 2012 EBIT multiple due to high extraordinary depreciation in 2012.

The following multiples are calculated for the EBITDA and EBIT for the peer group adjusted by us:

Dyckerhoff Group		**Median**			**Mean**	
EBITDA multiple	**Trail**	**2013 BD**	**2014 ES**	**Trail**	**2013 BD**	**2014 ES**
EBITDA (adjusted)	277.6	285.2	318.9	277.6	285.2	318.9
x EBITDA multiple	8.5	7.0	6.1	8.0	7.1	6.3
Enterprise value	**2,368.9**	**1,989.1**	**1,950.2**	**2,213.9**	**2,034.4**	**2,010.6**
./. Net financial liabilities	699.9	699.9	699.9	699.9	699.9	699.9
Business value incl. minorities	**1,669.0**	**1,289.2**	**1,250.3**	**1,514.0**	**1,334.5**	**1,310.7**
./. Share of minority interests	45.6	45.6	45.6	45.6	45.6	45.6
Business value DY equity	**1,623.4**	**1,243.6**	**1,204.7**	**1,468.4**	**1,288.9**	**1,265.1**
Shares outstanding	41,265,553	41,265,553	41,265,553	41,265,553	41,265,553	41,265,553
Value per share (in €)	**39.34**	**30.14**	**29.19**	**35.58**	**31.23**	**30.66**

Dyckerhoff Group		**Median**			**Mean**	
EBIT multiple	**Trail**	**2013 BD**	**2014 ES**	**Trail**	**2013 BD**	**2014 ES**
EBIT (adjusted)	144.1	152.5	187.5	144.1	152.5	187.5
x EBIT multiple	18.1	12.2	9.3	20.2	14.3	11.2
Business value	**2,602.3**	**1,854.3**	**1,751.9**	**2,916.4**	**2,172.9**	**2,092.2**
./. Net financial liabilities	699.9	699.9	699.9	699.9	699.9	699.9
Business value incl. minorities	**1,902.4**	**1,154.4**	**1,052.0**	**2,216.5**	**1,473.0**	**1,392.3**
./. Share of minority interests	45.6	45.6	45.6	45.6	45.6	45.6
Business value DY equity	**1,856.8**	**1,108.8**	**1,006.4**	**2,170.9**	**1,427.4**	**1,346.7**
Shares outstanding	41,265,553	41,265,553	41,265,553	41,265,553	41,265,553	41,265,553
Value per share (in €)	**45.00**	**26.87**	**24.39**	**52.61**	**34.59**	**32.64**

The observable multiples EV / EBITDA and EV / EBIT show some considerable bandwidths. Overall, however, the span in value calculated by us is comparable to the one calculated by EY. The present bandwidths are largely below the calculated earnings-based value. Accordingly, the multiples analysis does not indicate that the earnings-based value of Dyckerhoff and thus the cash settlement derived from this might be too low.

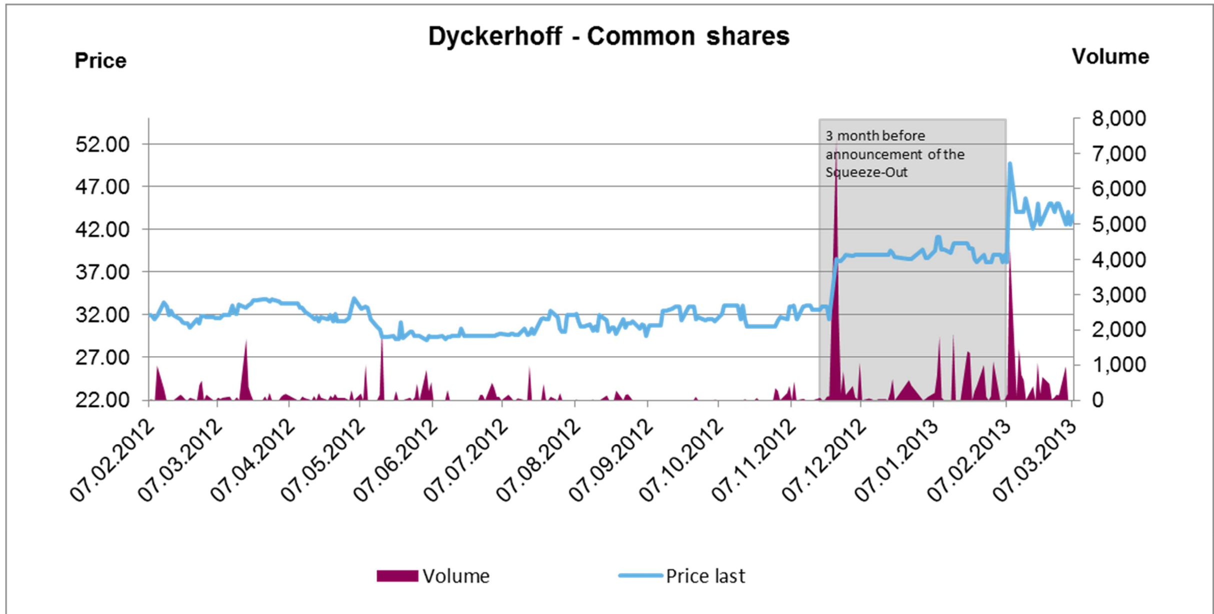
XIII. Stock Market Value

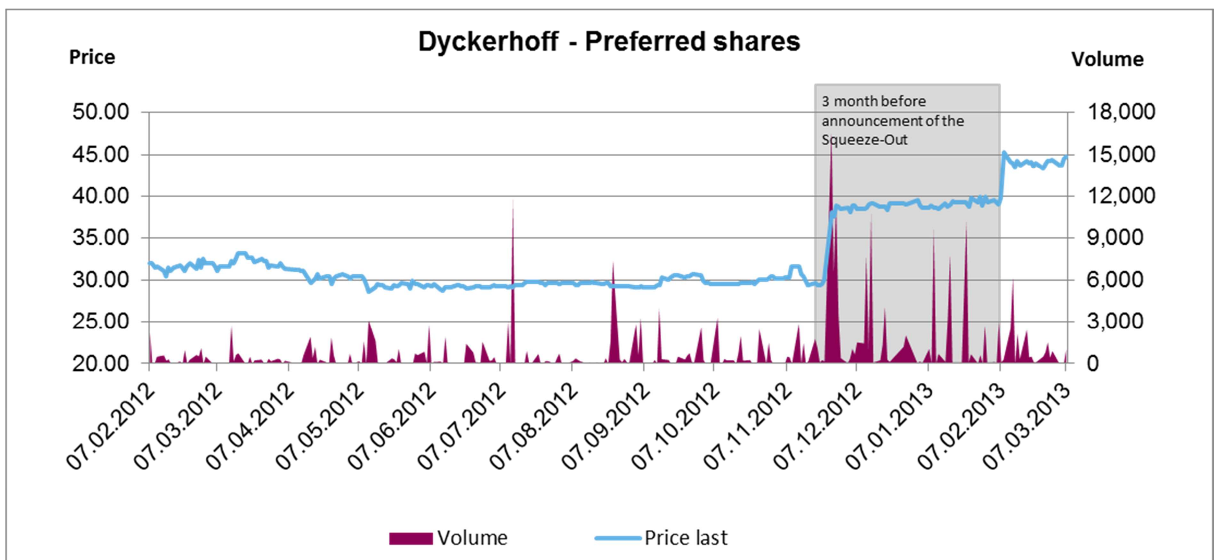
Based on the decision of BVerfG dated 27 April 1999 (file no. 1 BvR 1613/94) the stock market price of the shares is to be stated as the minimum value when determining the cash settlement, provided that the stock market price reflects the fair market value of the shares. It is possible to go below this price when determining the cash settlement if the stock market price does not reflect the fair market value of the share due to illiquid markets (narrow market) or if the stock market price determined has been manipulated.

The share capital of Dyckerhoff has been divided into 20,667,554 no par value registered common shares (50.08%) and 20,597,999 no par value registered preferred shares without voting rights (49.92%). As both classes of shares are traded on the stock market, the criteria named above had to be examined separately for both classes of shares.

Dyckerhoff shares are listed in the Prime Standard segment in Frankfurt/Main and in Düsseldorf in the regulated market and at regional stock markets in the German over-the-counter market. The minimum price valid for the reference date 7 February 2013 calculated by the German Federal Financial Supervisory Authority (“BaFin”) pursuant to Section 31 (1), Section 7 WpÜG in conjunction with Section 5 WpÜG Offer Ordinance on 14 March 2013 amounted to **€39.04** per common share and **€38.29** per preferred share.

The price trend and trading volume of Dyckerhoff common and preferred shares are presented below in a chart for the one-year period prior to the announcement of the measure:





The trading volume stood at a comparatively low level in the period analysed for both classes of shares until the planned transfer of the shares of minority shareholders was announced on 8 February 2013, although the preferred shares showed a somewhat higher level of trading by comparison on account of the number of free-float shares still in circulation.

Relevant reference period

To allow for the stock market price, it is necessary to determine the relevant reference period based on which the stock market price is to be calculated. The Federal High Court of Justice (BGH) assumes in its decision dated 19 July 2010 (decision of the II Civil Senate – II ZB 18/09) that the relevant stock market price is established on the basis of the weighted average price over a period of three months prior to the announcement of the measure. Consequently, the period from 8 November 2012 until 7 February 2013 (day before the announcement) is to be examined.

In court rulings it is assumed that if there is a longer period between the general meeting deciding on the structural measure and the time when the stock market value is established (usually upon announcement of the measure), the stock market value should be extrapolated in line with the general industry-specific performance, taking account of the previous price trend.[11]

In the case of Dyckerhoff, there will be around five months between the time when the measure was announced (8 February 2013) and the time when the general meeting deciding on this will be held (scheduled for 12 July 2013). Court rulings consider a period required for preparing the general meeting after publishing the ad-hoc notification (determination of the cash settlement, audit and invitation period of twelve weeks before the general meeting) of up to six months as being normal and customary.[12] In view of this we consider the period between notification of the introduction of the squeeze-out procedure and the general meeting as not being for “longer” as defined by the BGH rulings and thus do not consider it necessary to adjust the stock market price.

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[11] Cf. BGH, decision of 19 July 2010 - II ZB 18/09.

[12] Cf. Higher Regional Court of Stuttgart, decision of 17 October 2011 - 20 W 7/11.

Relevance of the stock market price

Based on the Supreme Court rulings named above, the stock market price does not reflect the fair market value of the shares if markets are illiquid (narrow market) or if the stock market price determined has been manipulated.

According to the opinion held in the legislation of other fields of law, in the literature and also, in isolated cases, in court rulings, a narrow market can be assumed if

- in the year preceding the announcement of the corporate measure, the shares were traded on average only on every second day (or pursuant to Section 5 (4) WpÜG Offer Ordinance (WpÜG AngebV), if stock market prices were set on less than one third of the trading days in the three months preceding the announcement),
- several stock market prices were set one after the other that deviated from one another by more than 5% (sharp price increases; Section 5 (4) WpÜG AngebV),
- the number of free-float shares is less than 5% and
- the free-float did not turn over in the preceding year at least once.

Generally, an analysis of the common and preferred shares conveyed a similar picture. In the three months prior to the announcement of the squeeze-out demanded by Buzzi on 8 February 2013, the common shares were traded on 42 of 61 trading days and the preferred shares on 52 of 61 trading days. The maximum threshold value of 50-66% of the trading days without any trading in the year before the announcement of the measure which was also seen as relevant was not exceeded for both classes of shares.

Individual sharp price increases were generally able to be determined in both classes of shares in the period analysed. However, this involved a few, isolated cases of sharp price increases and not several one after the other. This means that this criterion has not been fulfilled for the irrelevance of the stock market price for the two classes of shares. The free-float shares of both classes of shares were unable to be turned over completely in the period under review. However, our own evaluations for the German stock market show that this criterion is too strict and was not even met by many stocks indexed in the S-DAX and M-DAX in

the past. Against that backdrop it can thus be assumed that the stock market price of the common shares and preferred shares is relevant.

The criterion of the proportion of shares in free float being less than 5% is inevitably met in the event of a squeeze-out which means that both the BGH and the BVerfG will not generally assume that the stock market price is irrelevant if the threshold of 5% is not reached.

Overall, we come to the conclusion in view of this that the stock market price is to be considered relevant for measuring a lower limit when determining the cash settlement.

We conducted our own calculation for both classes of share to compare with the minimum prices of **€39.04** per common share and **€38.29** per preferred share calculated by BaFin in accordance with Section 31 (1), (7) WpÜG in conjunction with Section 5 WpÜG-AngebV on 14 March 2013. We obtained the information required for this purpose from the Bloomberg financial services system. This resulted in a volume-weighted average price of **€39.19** for the common shares and **€38.44** for the preferred shares.

We did not conduct any further examination of the positive deviations regarding the common and preferred shares because the cash settlement calculated according to the capitalised earnings method produced figures considerably higher than the stock market prices for both classes of shares. As regards the assessment of the higher average stock market price of the common shares compared with the preferred shares related to the three-month reference period, we refer to our comments in section C.I.2 of our audit report.

XIV. Summary of the Result of the Audit Findings

The result of our audit is based on the audit findings presented.

The valuation conducted by EY based on the capitalised earnings method resulted in an earnings-based value per share of €47.16.

In the course of our audit, we examined the valuation and the budgetary planning underlying it in depth. For planning assumptions and technical valuation premises for which a different view would be acceptable in contrast to the approach adopted by the Valuation Expert we determined the effects on the business value of Dyckerhoff on the basis of our own calculations.

In another step, we examined with the aid of alternative valuation methods, namely on the basis of the multiples method, the extent to which the values determined in this manner were to be taken into account when measuring the cash settlement. In the final analysis it is to be noted that the calculated alternative figures are not suitable for calling the earnings-based value per share calculated by EY into question.

Hamburg, 14 May 2013
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