

# HeidelbergCement

Group Presentation 2022







Material to build our future.

HeidelbergCement Headquarters, Heidelberg, Germany  
Built with concrete which actively reduces the level of air pollutants.





We make cities more sustainable -  
and look cooler.

"Biblioteca degli Alberi", park in Milan, Italy

The water-draining concrete improves the appearance of the pavement, guarantees higher water permeability and provides high mechanical resistance.



We enable encounters.



Elbphilharmonie, Hamburg, Germany

30.000 m<sup>3</sup> of concrete for the imposing concert hall in the Hanseatic city.



We drive innovation.



3D printed house, Beckum, Germany

Less material, lower carbon footprint - thanks to HeidelbergCement.





We cross borders.

### Počitelj Bridge, Bosnia and Herzegovina

Cement for the highest and longest bridge of the connecting road "Corridor Vc" through Bosnia and Herzegovina - over 100 meters high and 980 meters long.



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## About HeidelbergCement

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Our Concrete Promises

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Our Targets

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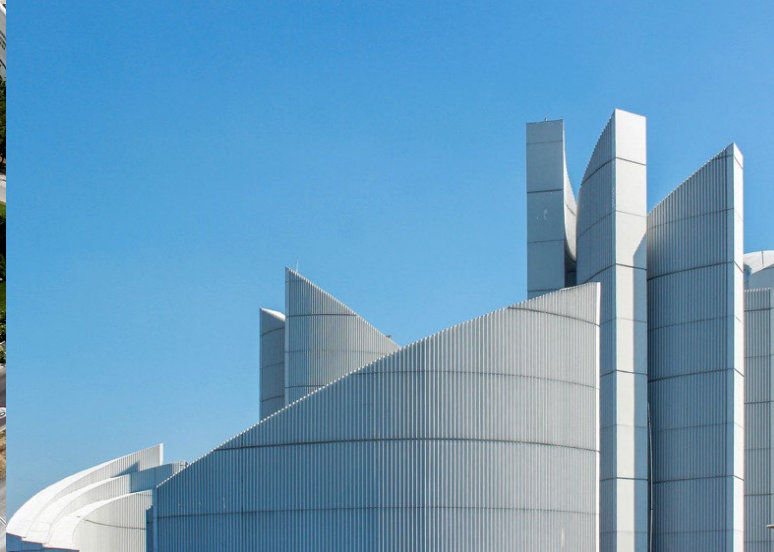
Appendix

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# Concrete is essential for building a sustainable society



- Produced and sold locally
- 100% recyclable
- Durable
- Sound absorbent
- Designable
- Flexible



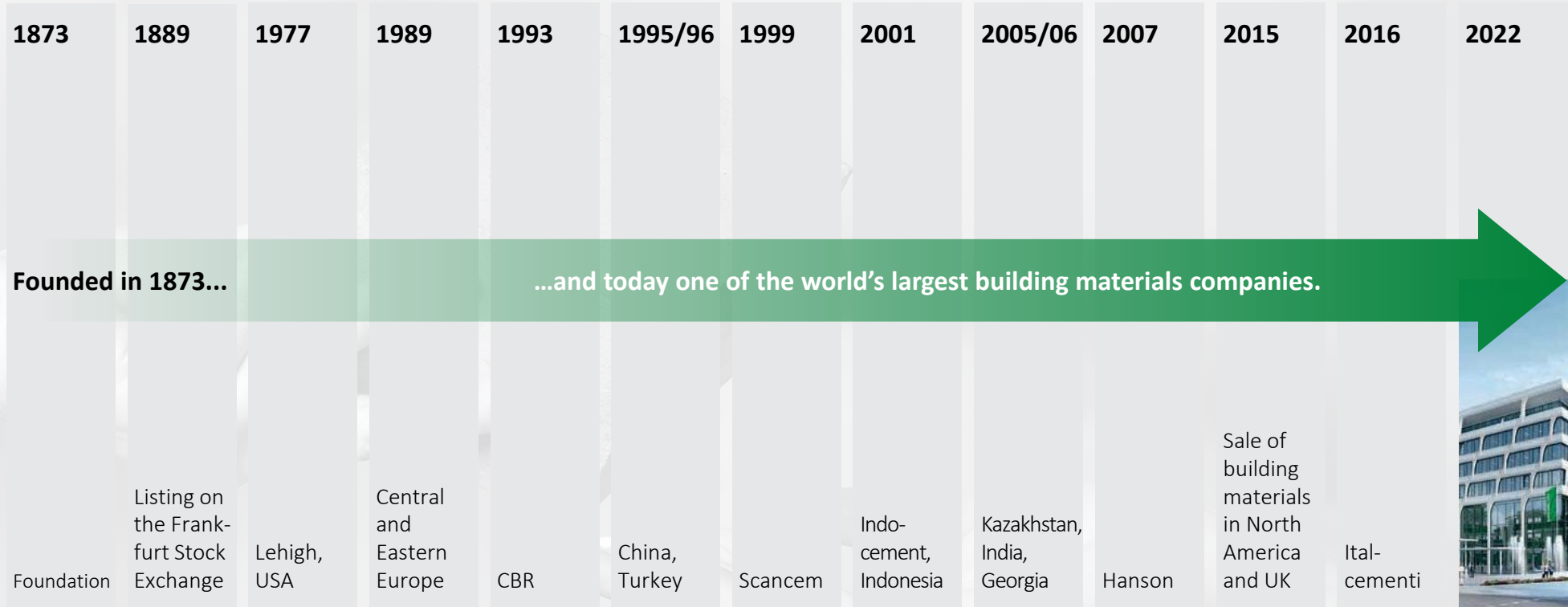
HeidelbergCement is one of the world's largest building materials companies



#2 in cement, #2 in aggregates, #2 in ready-mixed concrete



# HeidelbergCement: history and development





## Our purpose

# Material to build our Future

The world is undergoing profound changes. Our building materials and solutions shape significant development worldwide. We build on one and a half centuries of experience. Now is the time to lay the foundation for our future.

At the center of our actions lies our responsibility for the environment.  
**We want to be the leader in the industry on the path to carbon-neutrality.**

**We deliver long-term financial performance** through operational excellence, dedication, and openness for change.

**We are progressive minds with the ambition to drive transformation.** We push the boundaries to strengthen innovation and deepen partnerships with our customers and other stakeholders. Together we craft material solutions for the future. So that the world can always build on us





## Our culture principles



### Be stronger together and push forward!

Our future needs teamwork. We perform at our best when we build on our global strength. Let's combine our forces across all regions. With our hands-on attitude, we can overcome any challenge.



### Get the customer excited!

Our future needs strong players. Let's become even better partners for our customers. Their success is our success. We solve their problems. Even before they arise.



### Unleash innovation!

Our future needs creativity. Let's use our freedom to go in new directions. Inventiveness knows no hierarchy. A great idea can come from anywhere and anyone. Own it and push it.



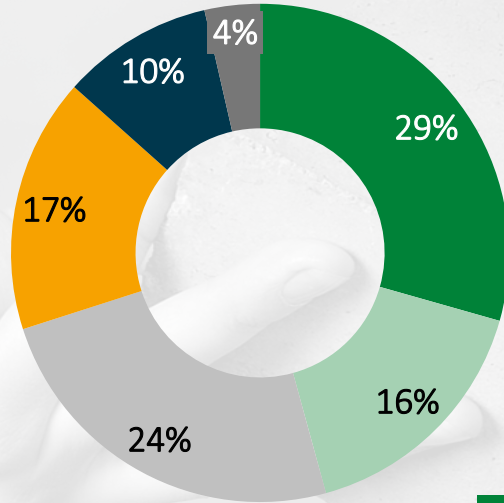
### Think and act long term!

Our future needs solutions that last. That's what we offer. Reliable and sustainable materials. Let's be the leader that turns our industry CO<sub>2</sub>-neutral. Once and for all.



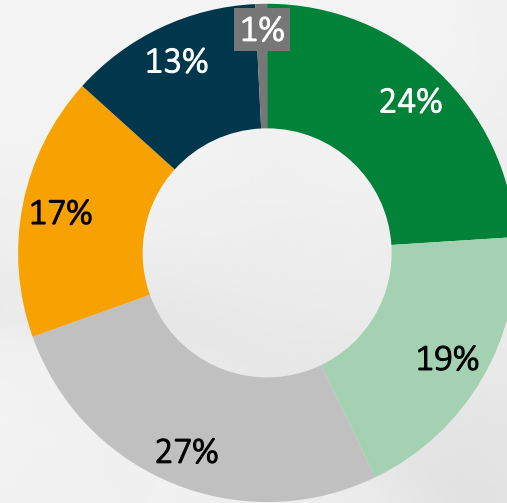
# Diversified asset base with a balanced exposure to mature and emerging markets

Revenue by Group areas

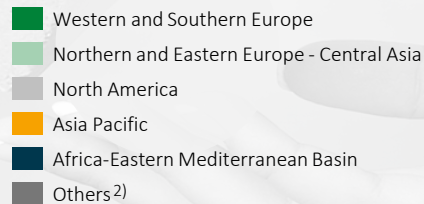


**Revenue 2021:**  
€18,720 m

RCOBD by Group areas <sup>1)</sup>



**RCOBD 2021 :**  
€3,875 m



1) Excludes reconciliation; figures may not add up to 100% due to rounding

2) Others primarily include Trading business, intra-Group sales (only for revenues), JVs (only for RCOBD = Result from current operations before depreciation and amortisation) and other building product businesses



# We can look back on a strong financial year 2021



Revenue

**€18.7**  
billion

**+8 %\***

Solid price and demand growth



Result from current operations

**€2.6**  
billion

**+12 %\***

Strong RCO growth, despite significant cost inflation



Earnings per share

**€7.91**

**+15 %\***

Further optimisation of financial result and taxes



Leverage ratio

**1.3x**

**-0.6x**

Robust cash generation supported by disciplined CapEx



ROIC

**9.3%**

**+1.4 pp**

Record ROIC due to solid operating performance and portfolio optimisation

\* on a like-for-like basis



# Today, HeidelbergCement is a stronger company than ever before



**Well-balanced  
geographic  
portfolio**

**EU, NAM, EM**  
equal exposure



**Strong  
improvement in  
financial metrics**

**ROIC: 9.3%**  
in '21 vs. 6.5% in '19



**Leader in  
decarbonisation**

**10 mt CO<sub>2</sub>**  
reduction through  
CCUS by 2030\*

\*Cumulative



**Strong customer  
focus through  
digital offerings**

**>20,000**  
monthly active users  
80% retention rate



**Focus on  
shareholder  
returns**

**€1 bn**  
returned to  
shareholders in 2021



# We are making good progress in our digital transformation

	Revenue growth	Cost optimisation	
	HConnect	HProduce	HService
Digital strategy	We provide connected solutions for our customers	We drive efficiency in our operations	We optimise our back-office processes
Digital targets	> 75% of global revenue connected	> 50% of operational improvements supported digitally	> 20% efficiency gains in central shared services



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## Our CONCRETE Promises

1. We focus on heavy building materials.
2. We commit to generate 50% of our revenue from sustainable products by 2030.
3. We commit to reduce CO<sub>2</sub> emissions by almost 50% to 400 kg CO<sub>2</sub>/t CEM by 2030.
4. We will make this transition a successful business case:  
on growth, margins, cash flow, ROIC, and leverage.
5. We drive the change for the benefit of our customers, our shareholders, our employees,  
and the society we live in.



# The building materials industry will continue to grow

## Global megatrends that will shape the building materials industry over the next few years

### Market dynamics

- Population growth and urbanisation in emerging markets
- Infrastructure programmes in mature markets, e.g. USA, EU Green Deal

### Society

- Solutions for sustainable building
- Circular economy models
- Regulation via CO<sub>2</sub> taxes / emission caps

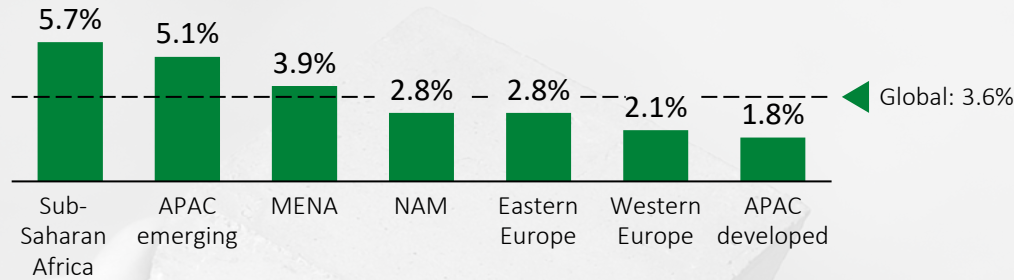
### Technology

New business models:

- Digitalisation & automation
- Innovative and sustainable building materials
- Technologies for CO<sub>2</sub> reduction

# Heavy building materials – an attractive sector with great prospects

Regional  
construction  
real growth  
2021-2030<sup>e</sup>



Infrastructure  
packages in  
key markets

<b>Australia</b> <b>AU\$120 bn</b> Infrastructure Investment Program	<b>UK</b> <b>£337 bn</b> National Infrastructure Investment
<b>Europe</b> <b>€750 bn</b> EU 'Recovery Fund'	<b>USA</b> <b>\$1.2 tn</b> Infrastructure Investment & Jobs Act

**All segments with good growth potential:**

- Infrastructure with a strong pipeline in key markets
- Residential demand continues to be strong
- Non-residential market to see good momentum on the back of e-commerce related projects





Sustainable products are becoming  
the **game changer** for profitable growth.

# Regulatory changes and sustainability focus will be a big opportunity for us

## 1 Green procurement criteria create significant growth potential

- Strong demand for sustainable products and solutions on the back of green procurement criteria
- Sustainable products with price premium over traditional products

**Growth  
opportunity**

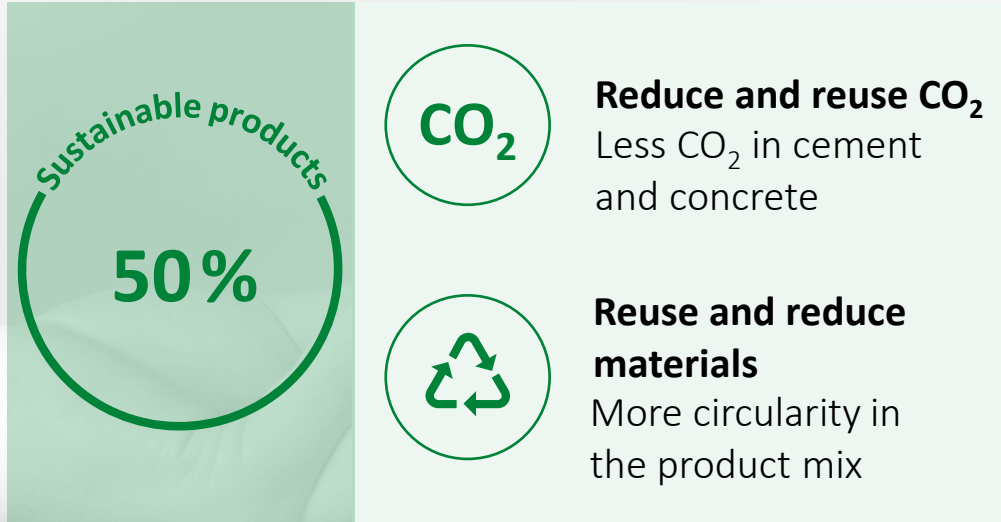
## 2 Carbon regulation creates opportunity for early movers

- Highest incentive to change in Europe given carbon regulations – our European operations will become the blueprint
- Sustainable products with margin premium

**Margin  
improvement  
opportunity**



We commit to generate 50% of our revenue from sustainable products by 2030

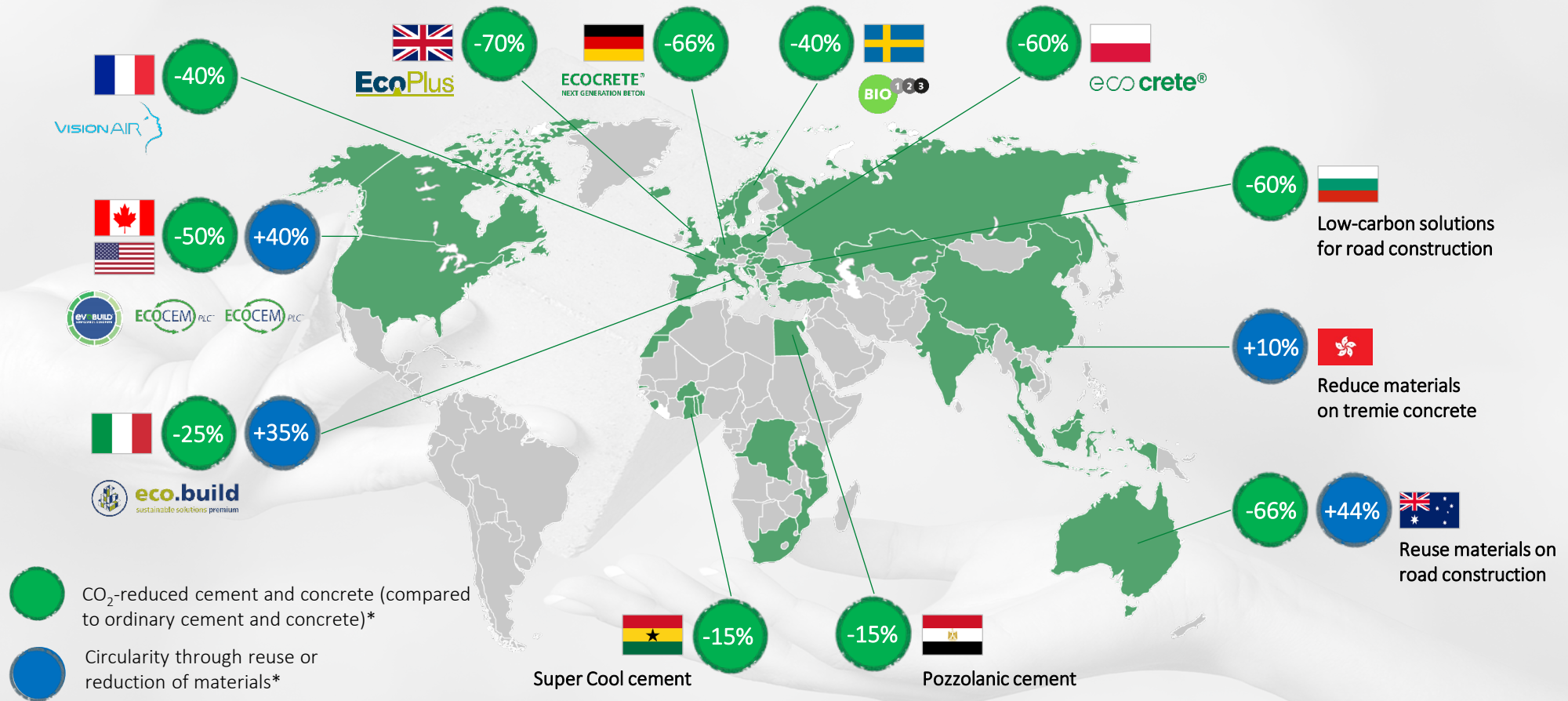


**Commoditisation comes to an end:**

**Sustainable product portfolio will be THE key differentiator!**



# Customers benefit globally from our sustainable products and solutions





## Many strong examples providing local and sustainable products

### Cement



EcoCem substitutes clinker with sustainable alternatives while not compromising on functional attributes



**50%**

CO<sub>2</sub> reduction



Eco.build cement contains >35% recycled materials



**25%**

CO<sub>2</sub> reduction



EcoCrete provides a progressive sustainable product that is 100% recyclable and contains 100% local materials



**60%**

CO<sub>2</sub> reduction



Ecotera substitutes clinker up to 70% while maintaining or improving functional attributes



**66%**

CO<sub>2</sub> reduction

We will drive sustainable revenue to 50 % by 2030

## We set new standards with our upgraded CO<sub>2</sub> reduction target

We have the speed, knowledge, technology, and partners to lead the transition in the sector.

We are early movers and have a sustainable cost advantage with our CCUS project pipeline.

Carbon-free and carbon-reduced products will allow for differentiated customer offerings.

Upgraded CO<sub>2</sub> target for 2030:

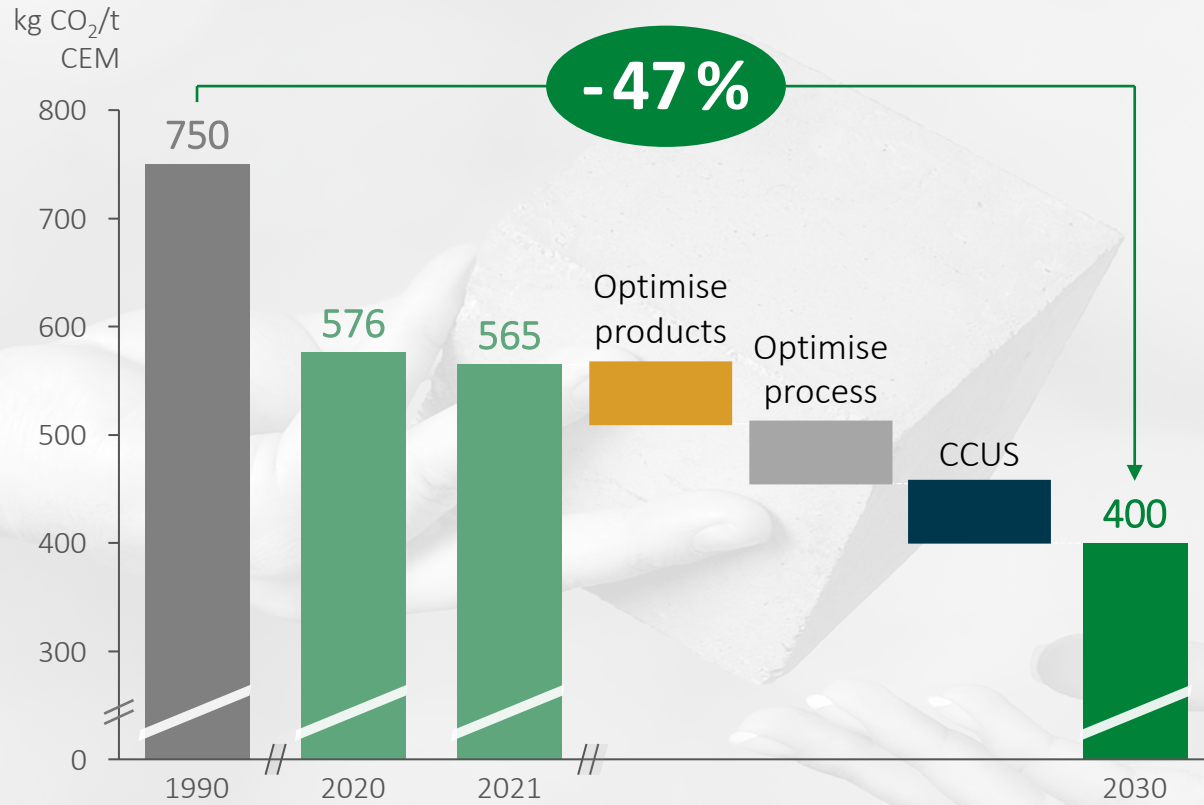
**400 kg CO<sub>2</sub>/t**

cementitious material

Key levers	Products	Clinker incorporation/ circularity
	Process	Altern. fuels /Biomass fuels rate
	CCUS	10 mt CO <sub>2</sub> captured (cumulative)



# We reduce our CO<sub>2</sub> emissions by almost 50% vs. 1990

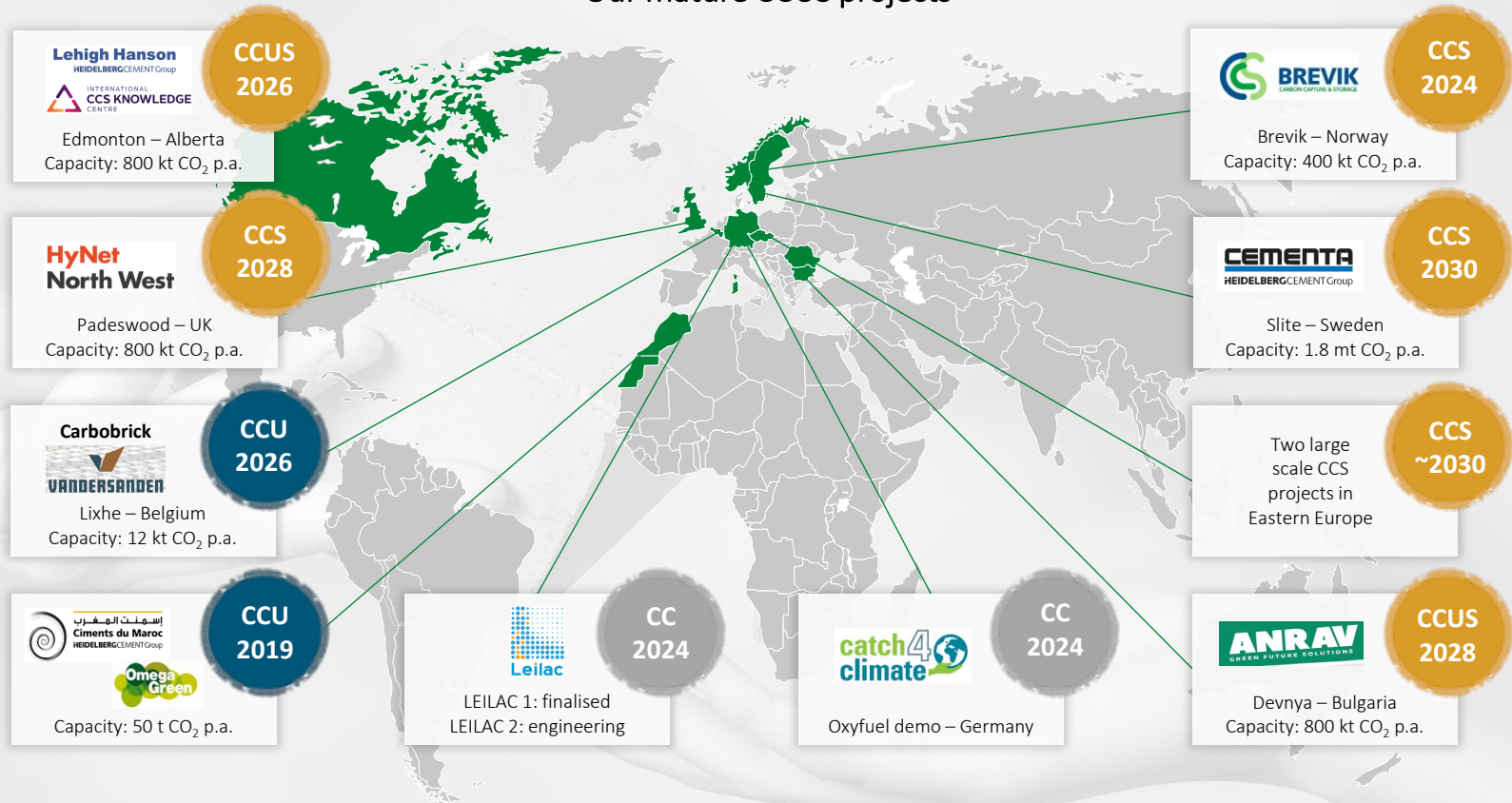


## Levers to reach our 2030 targets

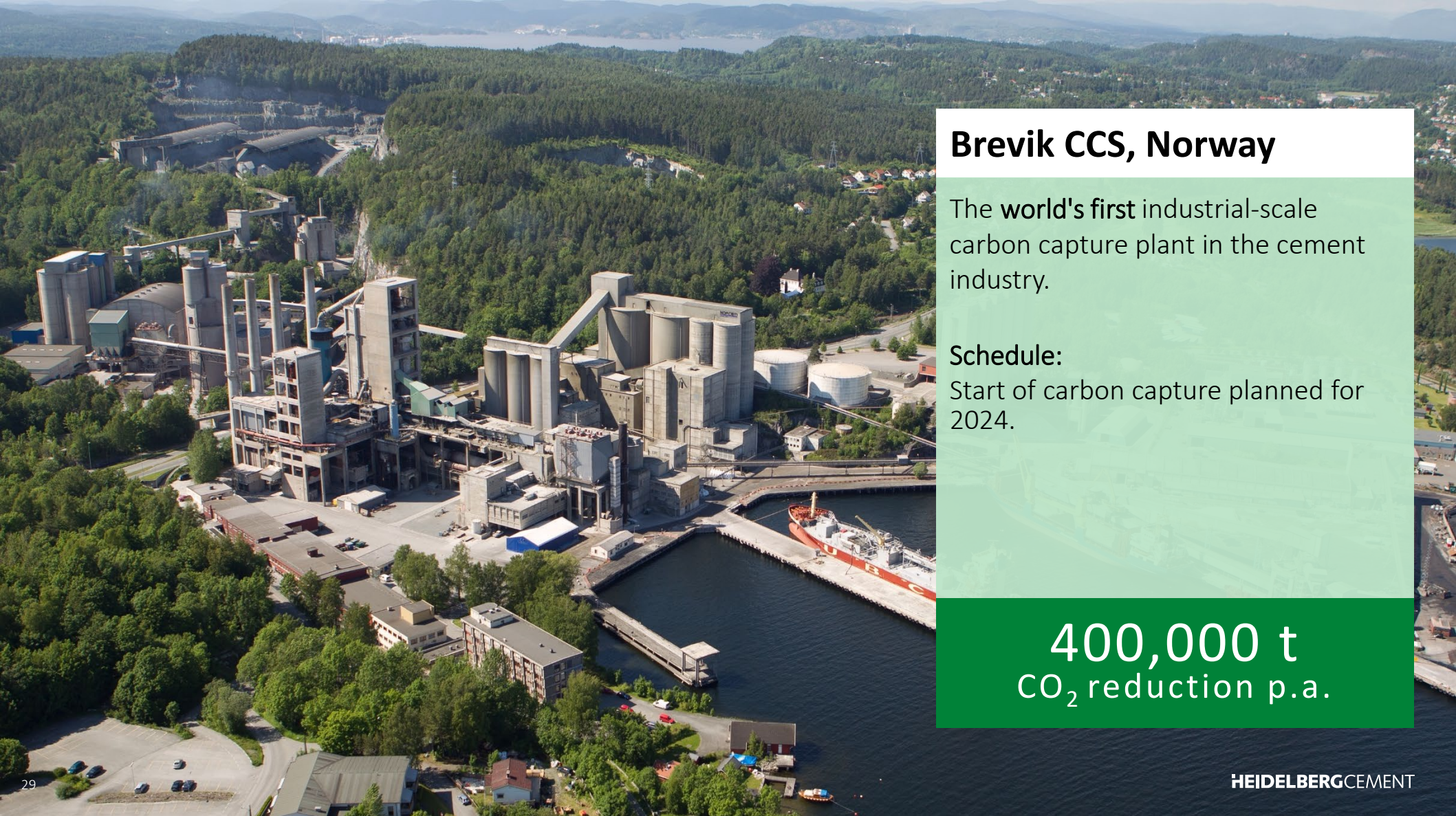
<b>Products</b>	Clinker incorporation <b>&lt; 68%</b> and drive circularity
<b>Process</b>	<b>45%</b> Alternative fuels rate <b>20%</b> Biomass fuels rate
<b>CCUS</b>	<b>10 mt CO<sub>2</sub></b> captured (cumulative)

# Driving CCUS with extensive and most advanced project portfolio in the sector

## Our mature CCUS projects







## Brevik CCS, Norway

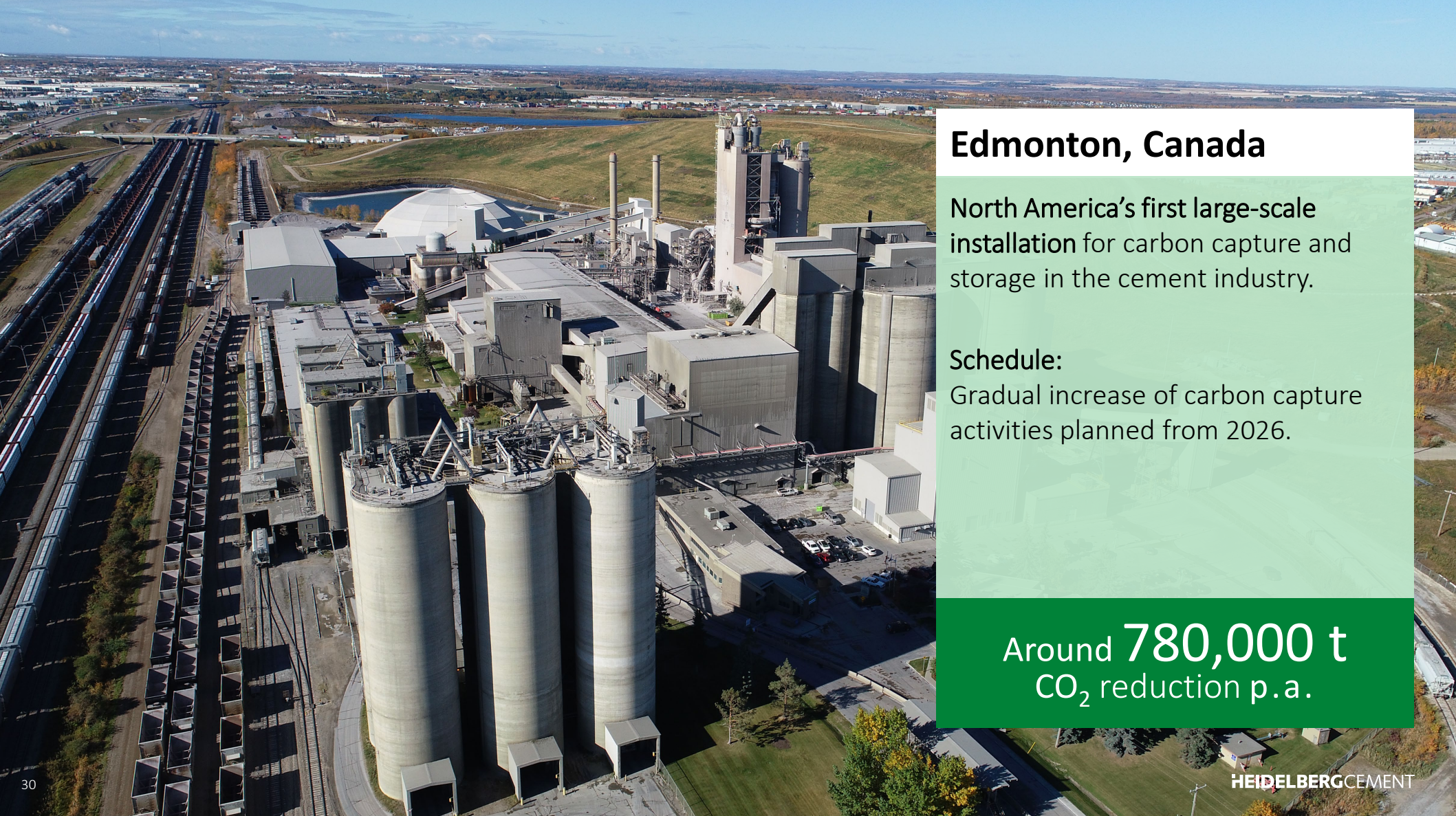
The world's first industrial-scale carbon capture plant in the cement industry.

### Schedule:

Start of carbon capture planned for 2024.

400,000 t  
CO<sub>2</sub> reduction p.a.





## Edmonton, Canada

North America's first large-scale installation for carbon capture and storage in the cement industry.

### Schedule:

Gradual increase of carbon capture activities planned from 2026.

Around **780,000 t**  
CO<sub>2</sub> reduction p.a.





## Padeswood, UK

Part of the **HyNet North West** project to create the world's first low-carbon industry cluster.

Connection of the carbon capture unit to HyNet's planned transport and storage system.

### Schedule:

Start of carbon capture activities planned for 2028.

Up to **800,000 t**  
CO<sub>2</sub> reduction p.a.



The background image shows the interior of a massive conservatory, likely the Jewel Changi Airport. It features a complex, geometric glass and steel dome that allows natural light to filter through. Below the dome, a dense forest of tropical plants and trees fills the space. A prominent feature is a large, circular waterfall cascading into a pool of water. Several people can be seen walking on a path that winds through the greenery, providing a sense of scale to the vast interior.

**We will be the first to offer carbon-free  
cement and concrete at scale.**



# The CO<sub>2</sub> transition as a very viable business case

## Revenue



Sustainable products will enable revenue growth above market

## Margin



Premium for sustainable products and lower carbon cost, thanks to technology leadership. EU turns into advantage.

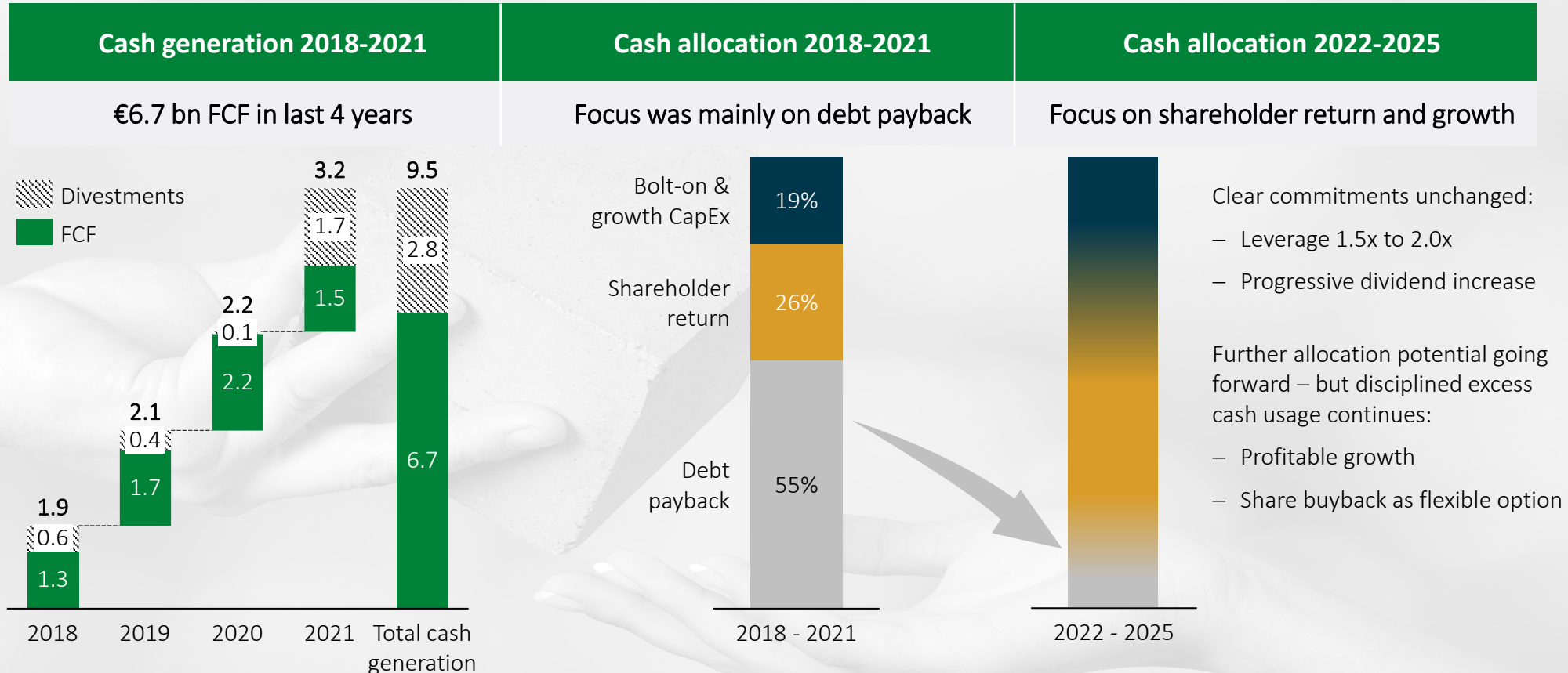
## Cash flow



Strong cash-conversion:  
New net CapEx p.a. target includes all CO<sub>2</sub> measures needed to reach our target of 400 kg CO<sub>2</sub>/t CEM



# Strong cash generation, focus on shareholder return and growth





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**Our Targets**

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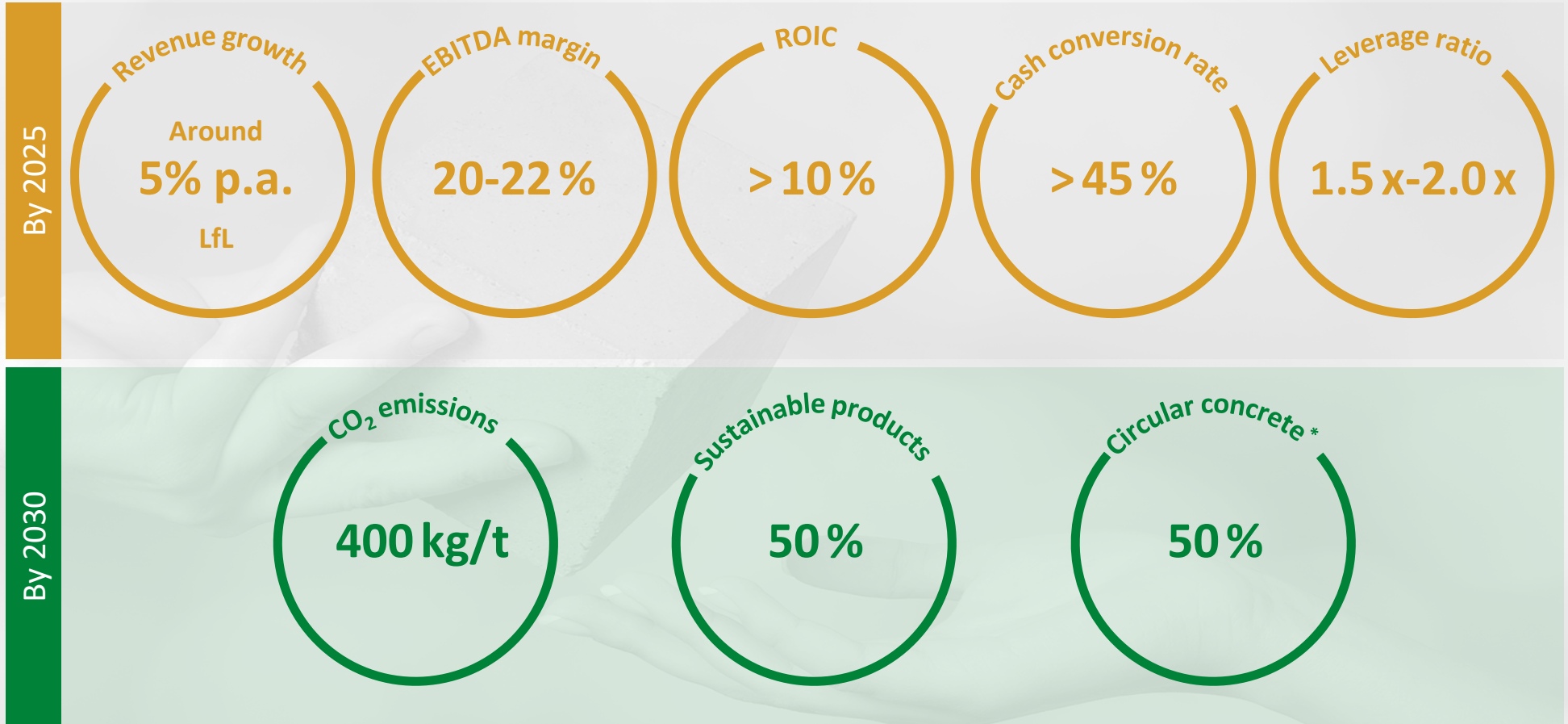


## We set ambitious new targets for 2025

Key figure	Beyond 2020 target	Current status		New targets 2025	
EBITDA margin	22% by 2025 (+300 bps vs. 2019)	End of 2021: 20.7% (+171 bps vs. 2019)		20-22% by 2025	=
ROIC	Clearly above 8%	End of 2021: 9.3%	✓	Above 10%	+
Leverage	1.5x to 2.0x	End of 2021: 1.3x	✓	1.5x to 2.0x	=
Net CapEx	Below €1.2 bn p.a. <u>excl.</u> CCUS	2020-2021 average €1.0 bn	✓	Around €1.1 bn p.a. <u>incl.</u> CCUS	=
Cash conversion rate	Around 45%	Achieved 2019-2021	✓	Above 45%	+
Sustainable financing	-	23%		>70 %	+
Dividend policy	Progressive increase	Yes	✓	Progressive increase confirmed	=
Share buyback	Flexible option	€1 bn announced in 2021	✓	Flexible option	=



## We set ourselves new and ambitious targets



# HeidelbergCement as a competent partner to all stakeholders

1. **Solid growth** – We are benefiting from growth trends thanks to our balanced presence in mature and emerging markets.
2. **Strong results** – We are on track to achieve our medium-term financial targets.
3. **Added value for our customers** – We offer our customers a high-quality and sustainable product portfolio.
4. **Leading the way in decarbonization** – We have the speed, knowledge and technology to successfully manage the transformation to climate neutrality.
5. **All stakeholders in view** – We are shaping the transformation for the benefit of our customers, our shareholders, our employees, and society.







**We are HeidelbergCement.**  
Material to build our future.



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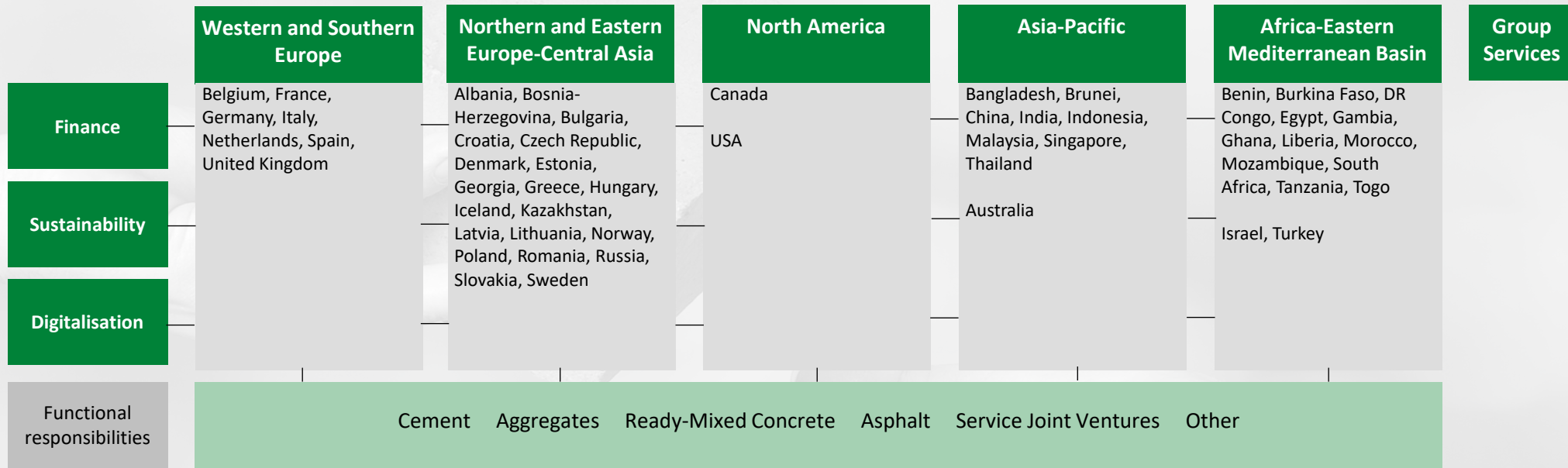
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# Our organisational structure



# The Managing Board of HeidelbergCement





# Disclaimer

Unless otherwise indicated, the financial information provided herein has been prepared under International Financial Reporting Standards (IFRS).

This presentation contains forward-looking statements and information. Forward-looking statements and information are statements that are not historical facts, related to future, not past, events. They include statements about our beliefs and expectations and the assumptions underlying them. These statements and information are based on plans, estimates, projections as they are currently available to the management of HeidelbergCement. Forward-looking statements and information therefore speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events.

By their very nature, forward-looking statements and information are subject to certain risks and uncertainties. A variety of factors, many of which are beyond HeidelbergCement's control, could cause actual results to differ materially from those that may be expressed or implied by such forward-looking statement or information. For HeidelbergCement particular uncertainties arise, among others, from changes in general economic and business conditions in Germany, in Europe, in the United States and elsewhere from which we derive a substantial portion of our revenues and in which we hold a substantial portion of our assets; the possibility that prices will decline as result of continued adverse market conditions to a greater extent than currently anticipated by HeidelbergCement's management; developments in the financial markets, including fluctuations in interest and exchange rates, commodity and equity prices, debt prices (credit spreads) and financial assets generally; continued volatility and a further deterioration of capital markets; a worsening in the conditions of the credit business and, in particular, additional uncertainties arising out of the subprime,

financial market and liquidity crises; the outcome of pending investigations and legal proceedings and actions resulting from the findings of these investigations; events of force majeure including natural disasters, pandemics, acts of terrorism, political unrest, armed conflicts, industrial accidents and their effects on our sales, purchasing, production or service activities as well as various other factors. More detailed information about certain of the risk factors affecting HeidelbergCement is contained throughout this presentation and in HeidelbergCement's financial reports, which are available on the HeidelbergCement website, [www.heidelbergcement.com](http://www.heidelbergcement.com). Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the relevant forward-looking statement or information as expected, anticipated, intended, planned, believed, sought, estimated or projected.

In addition to figures prepared in accordance with IFRS, HeidelbergCement also presents alternative performance measures, including, among others Operating EBITDA, EBITDA margin, Adjusted EPS, free cash flow and net debt. These alternative performance measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with IFRS. Alternative performance measures are not subject to IFRS or any other generally accepted accounting principles. Other companies may define these terms in different ways.

"Operating EBITDA" definition included in this presentation represents "Result from current operations before depreciation and amortization (RCOBD)" and "Operating Income" represents "Result from current operations (RCO)" lines in the annual and interim reports.