

We drive value

2022 Capital Markets Day – 24 May

René Aldach

Member of the Managing Board & CFO



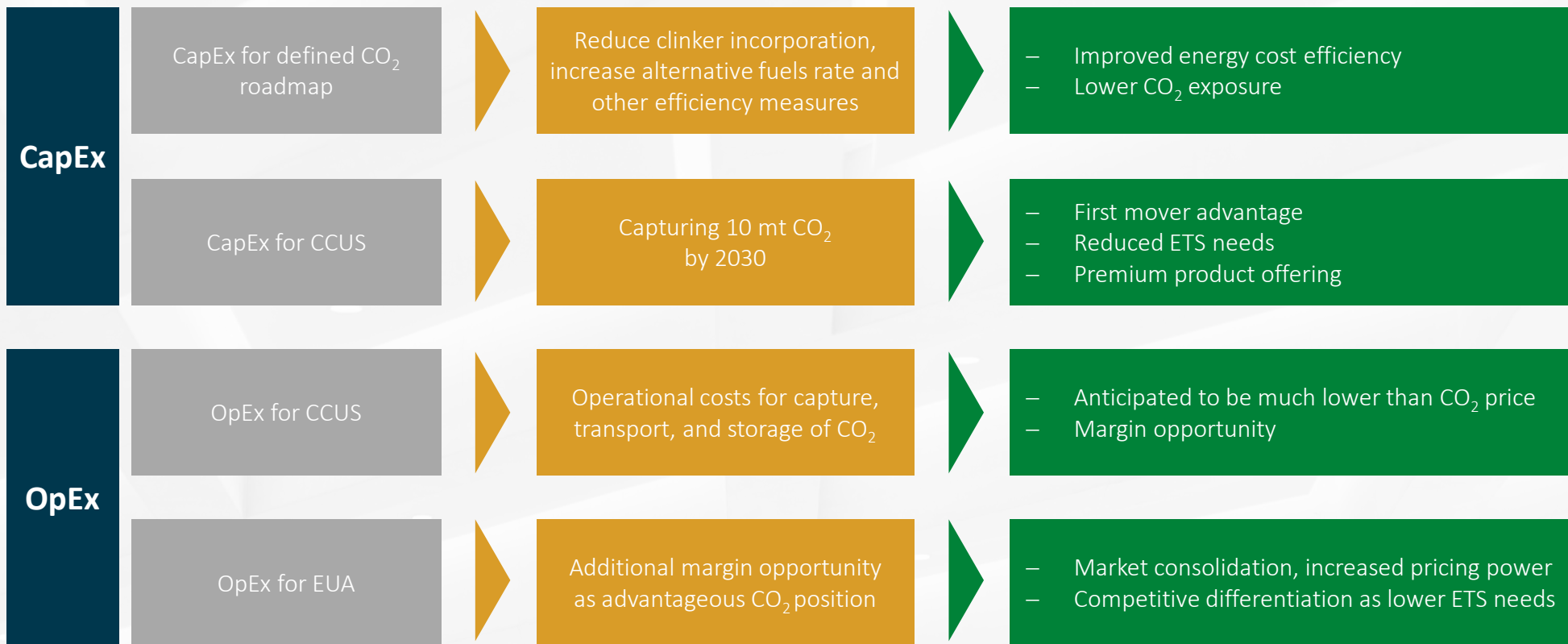
We are stronger today than ever before.

An aerial photograph of a modern building with a green roof. The building features a prominent glass-enclosed staircase and a curved walkway. The surrounding area includes a paved plaza, trees, and a street with a bicycle lane. A semi-transparent yellow banner is overlaid on the center of the image.

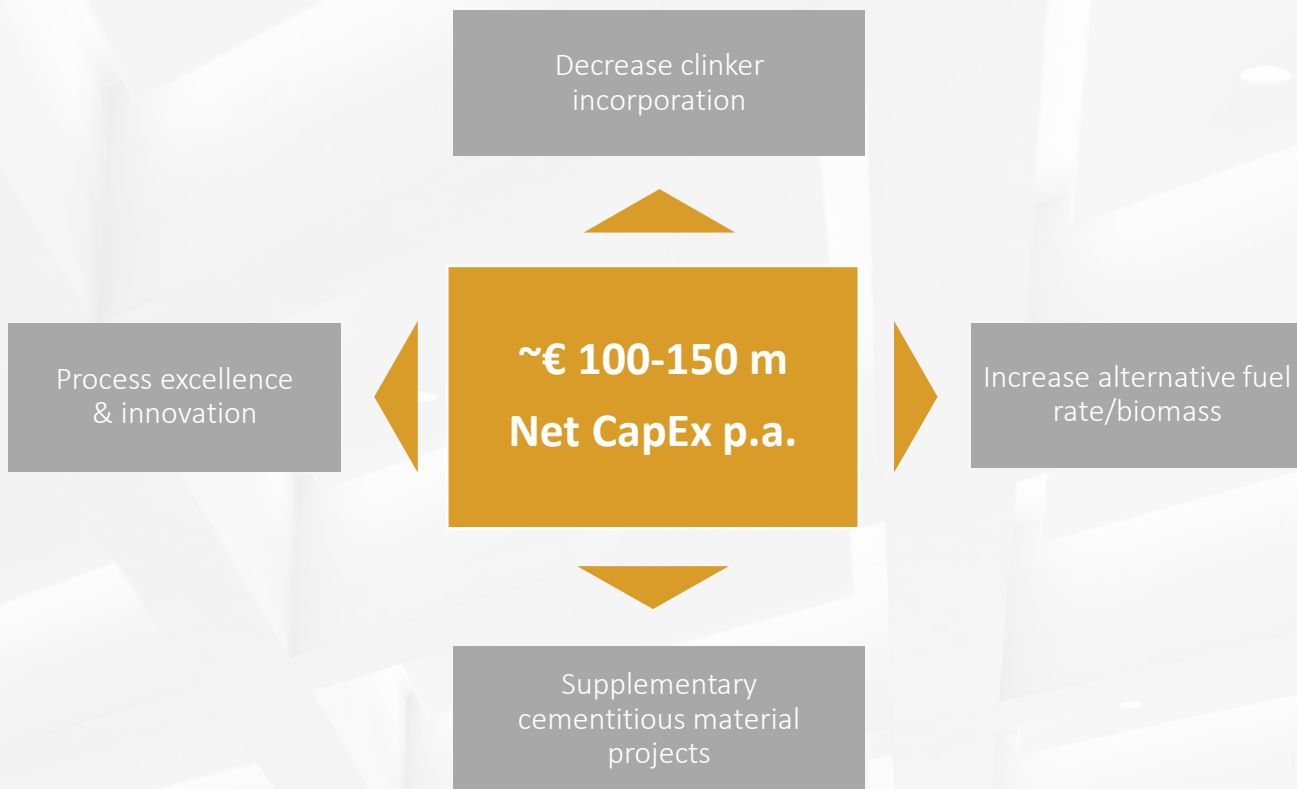
We have a clear focus on value creation for all stakeholders.

We regard the
CO₂ transformation
as a business
opportunity
for us.

We are well-aware of CO₂ transformation business impacts and have a clear roadmap



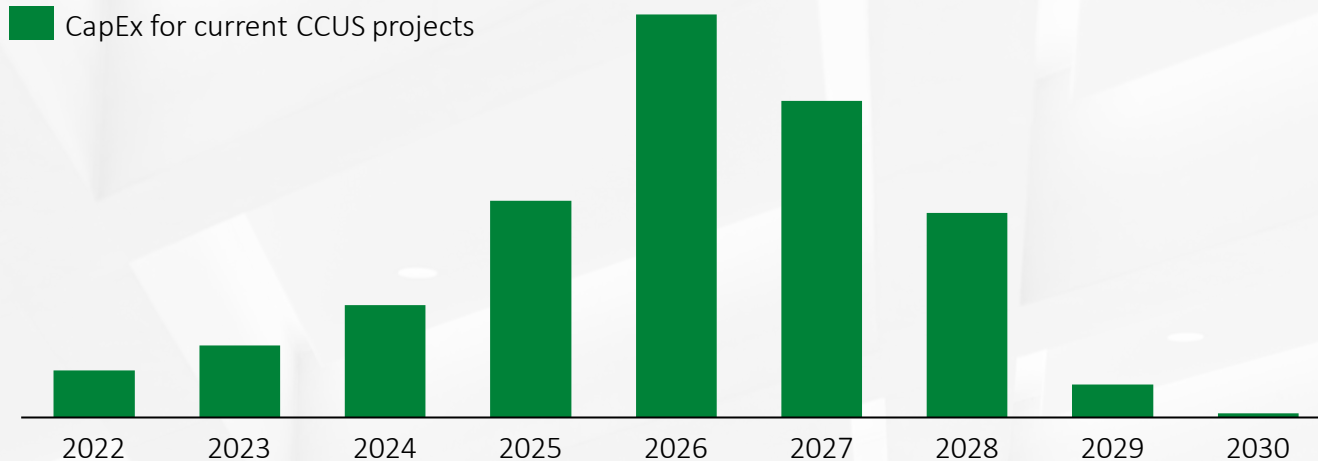
Conventional CO₂ CapEx is already incorporated into our business model



- Key projects already **defined and in execution**
- **Clear roadmap on plant level** to reduce CO₂ emissions per tonne of clinker/cement
- **All CapEx included** within annual Net CapEx target

CCUS CapEx will not have any material impact on our cash allocation

Clear roadmap defined for each project, including sensitivity analysis



~€1.5 bn until 2030 (initial 7 CCUS projects)

Key assumptions:

- All projects to be funded through free cash flow
- Total 6 projects will enable 10 mt CO₂ capture by 2030 *
- Starting capturing already in July 2024 in Brevik
- Fund applications submitted for all projects *

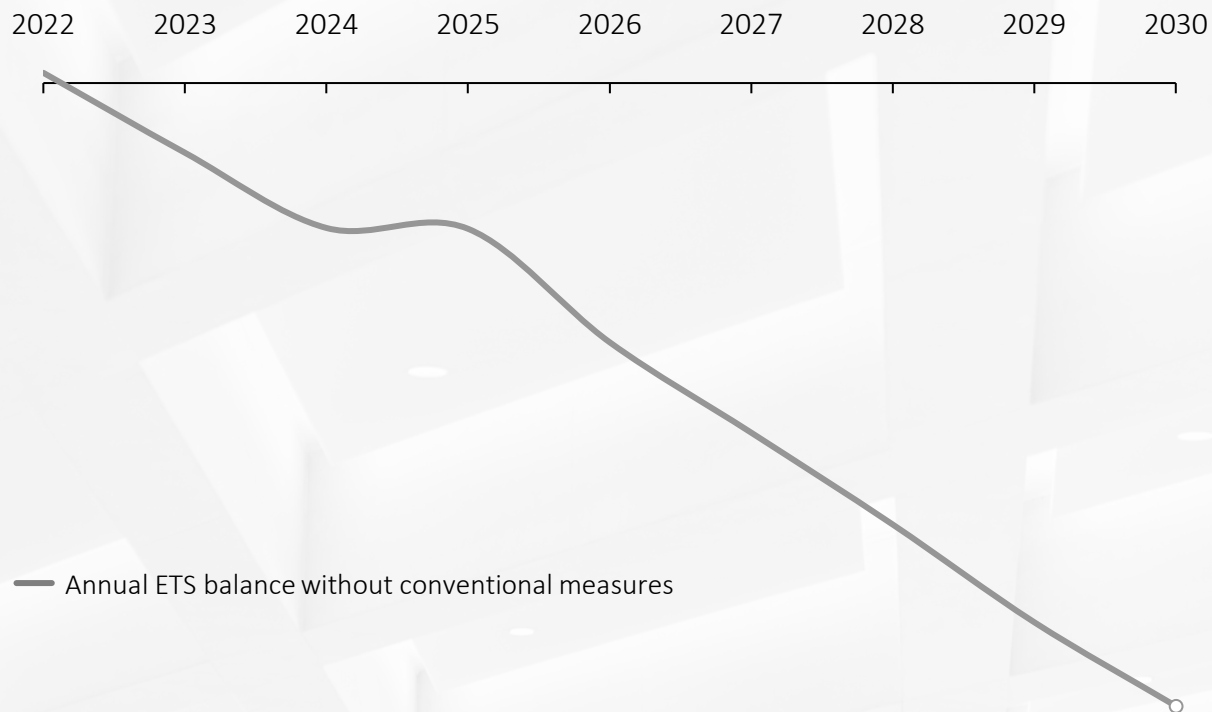
OpEx for capturing and storage is already far below the current ETS price

Currently included CCUS project portfolio until 2030



- Total OpEx for capturing and storage on average **~60 €/t**
 - ~38 €/t CO₂ for **capturing**
 - ~22 €/t CO₂ for **transfer and storage**
- Forecasted CO₂ prices create **material differential** vs. OpEx cost*

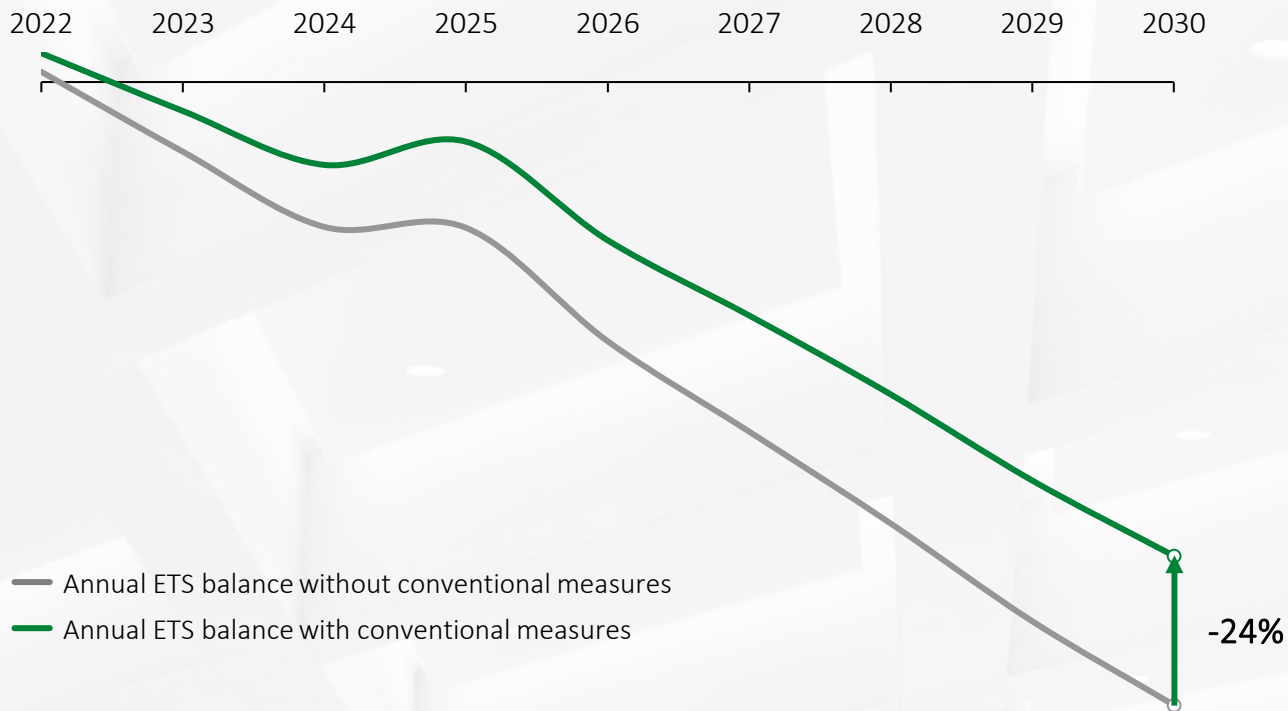
CCUS turns into a competitive advantage in Europe



- CBAM and -10% EUA reduction starting in 2026 will lead to an increasing shortfall in EUAs
- Pricing in the sector will move up reflecting the average ETS balance

Assumptions: (1) European commission reforms on ETS implemented, namely CBAM in 2026 and free allowances reduced by -10% p.a. starting 2026
(2) ETS price assumptions 2023: €95 and increase of €5 p.a. after 2024

CCUS turns into a competitive advantage in Europe

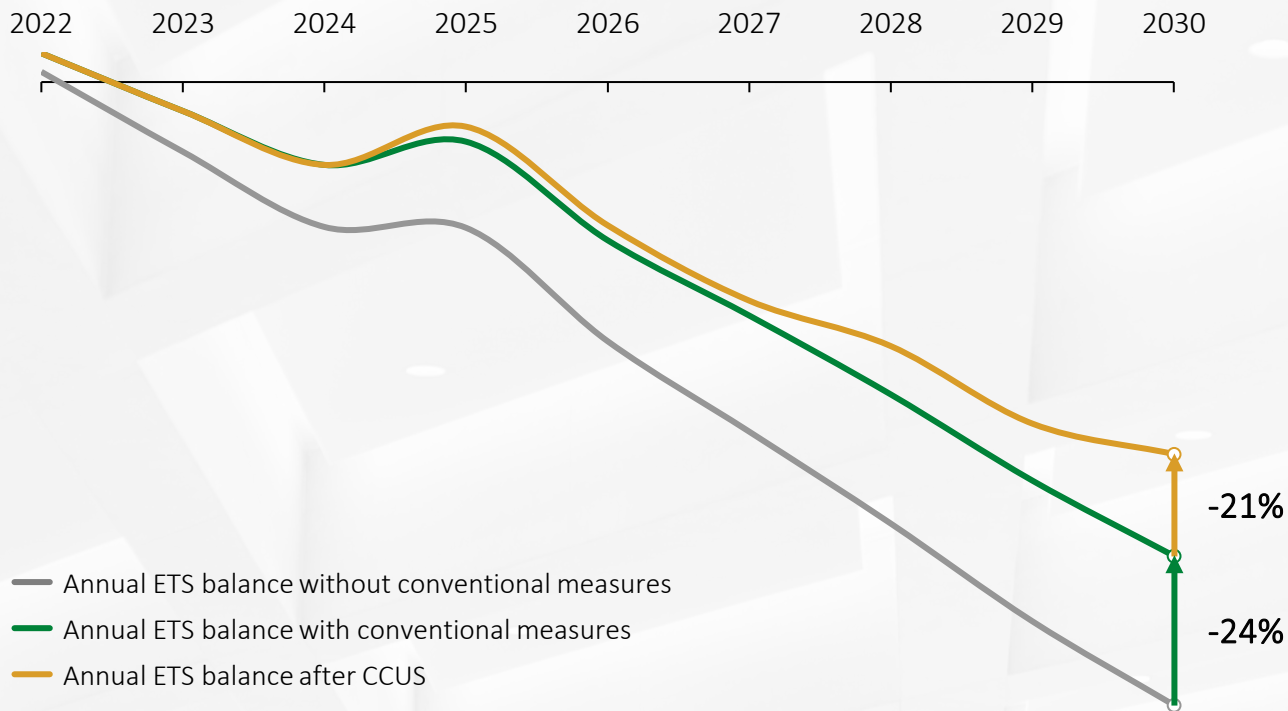


- CBAM and -10% EUA reduction starting in 2026 will lead to an increasing shortfall in EUAs
- Pricing in the sector will move up reflecting the average ETS balance
- CO₂ cost avoidance due to conventional measures: ETS balance 24% better by 2030

-24%

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- CO₂ cost avoidance due to conventional measures: ETS balance 24% better by 2030

- CO₂ footprint of HeidelbergCement (10 mt captured via CCUS) leads to margin opportunity

- Cumulative cost avoidance due to CCUS from 2025 to 2030 around €775 m

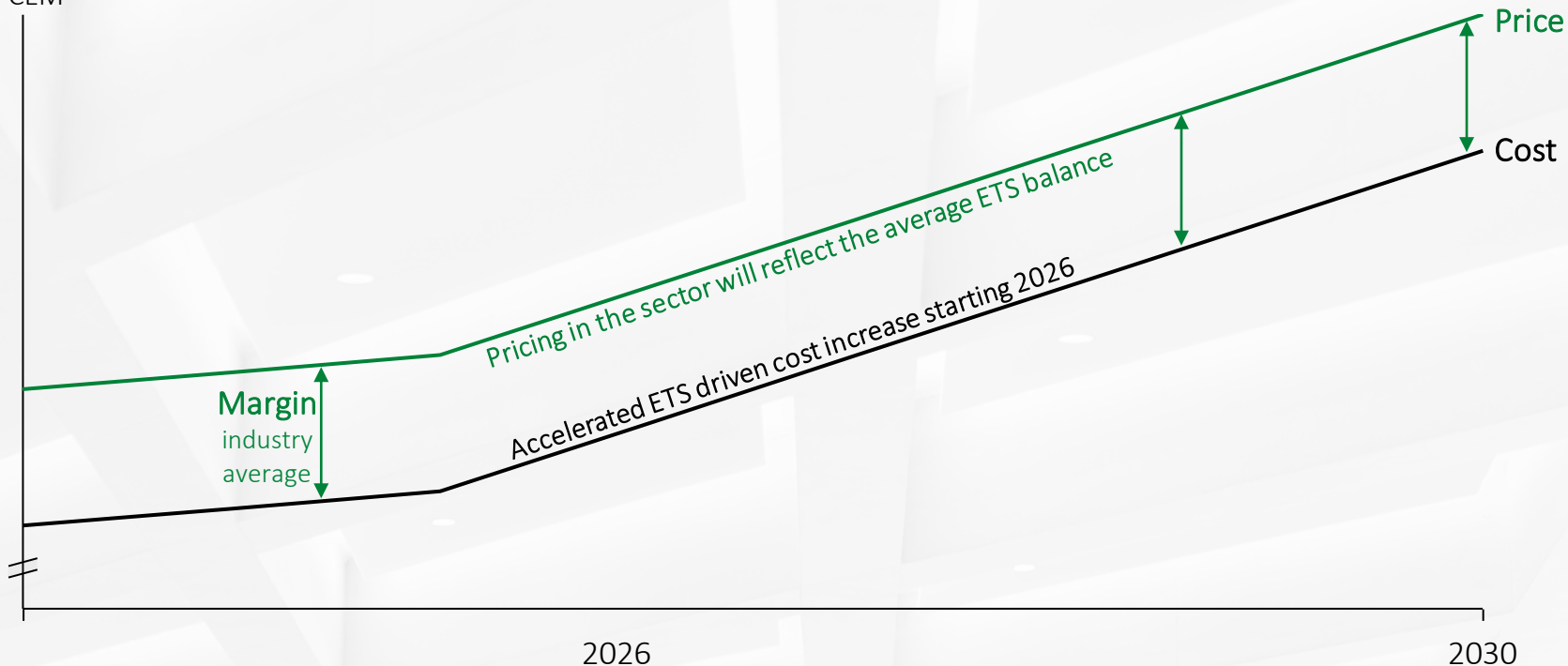
- Additional 21% lower ETS balance in 2030 due to CCUS represents material cost advantage in the industry

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CCUS and ETS present a clear margin opportunity for us in Europe

Indicative chart

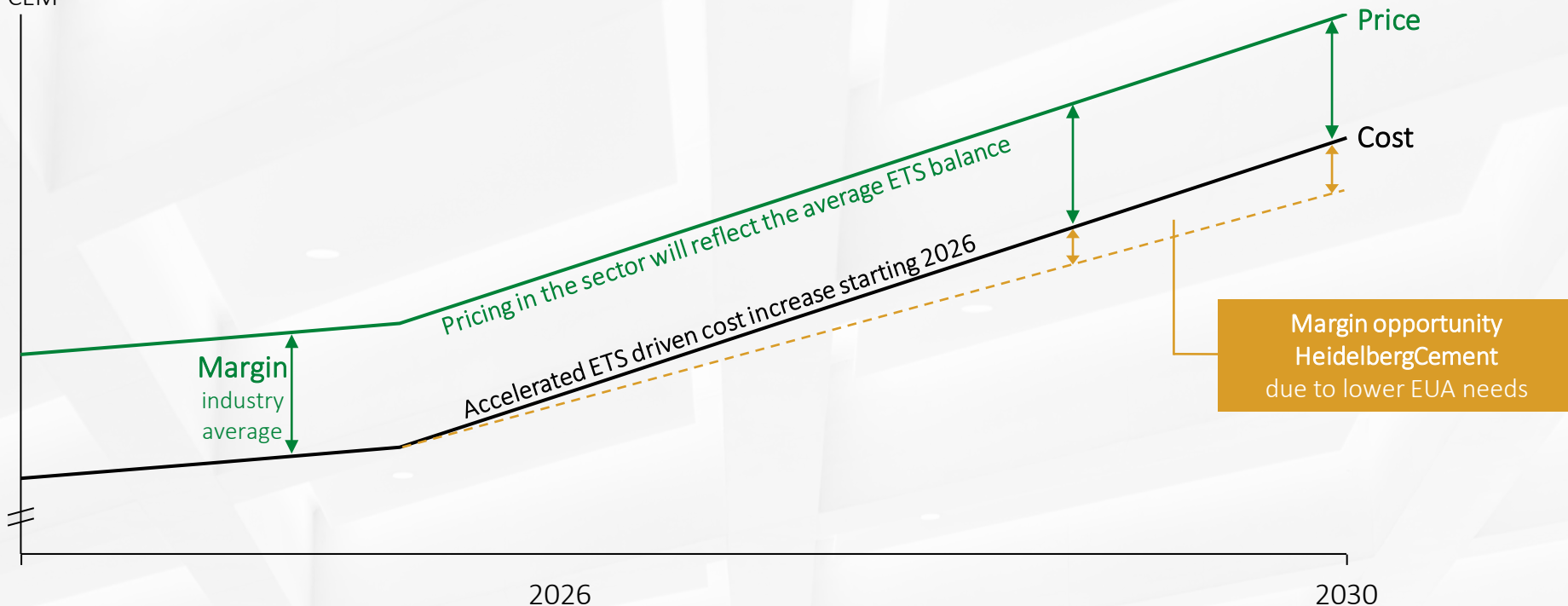
€/t CEM



CCUS and ETS present a clear margin opportunity for us in Europe

Indicative chart

€/t CEM

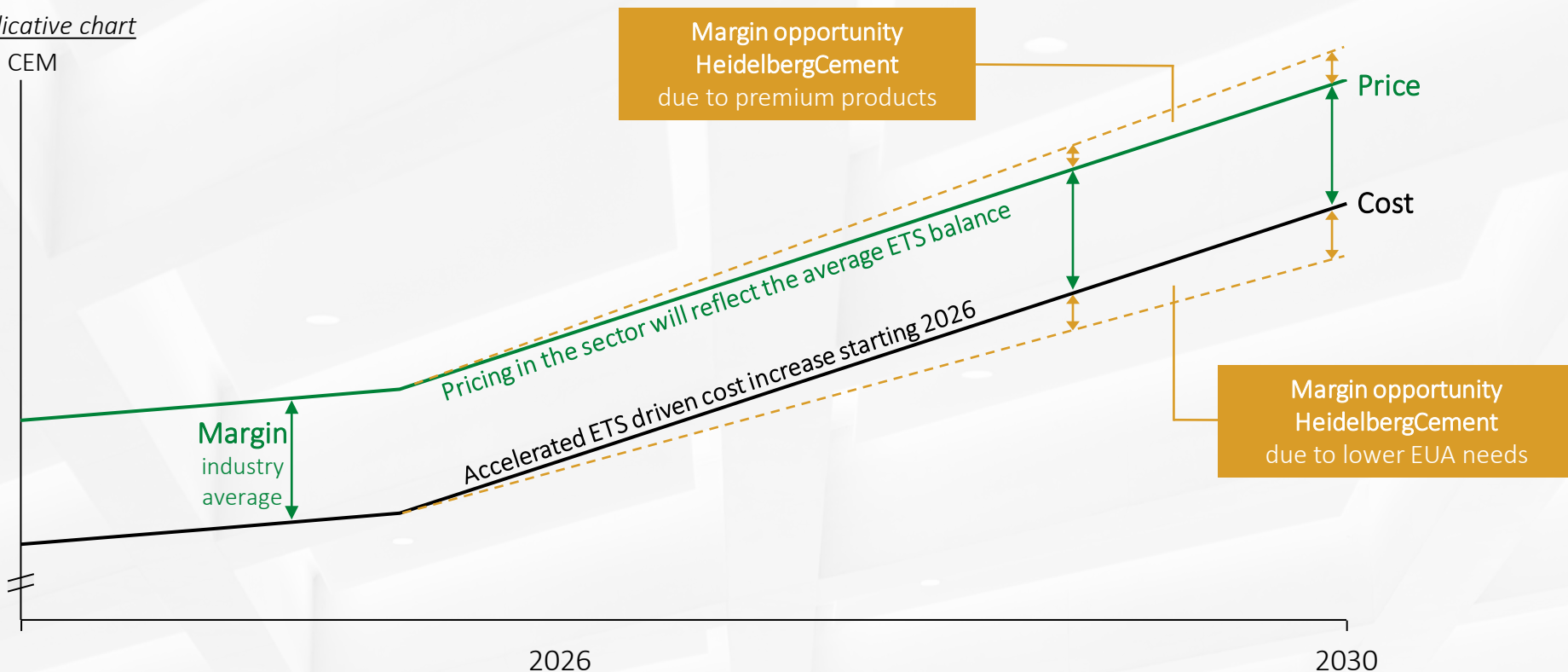


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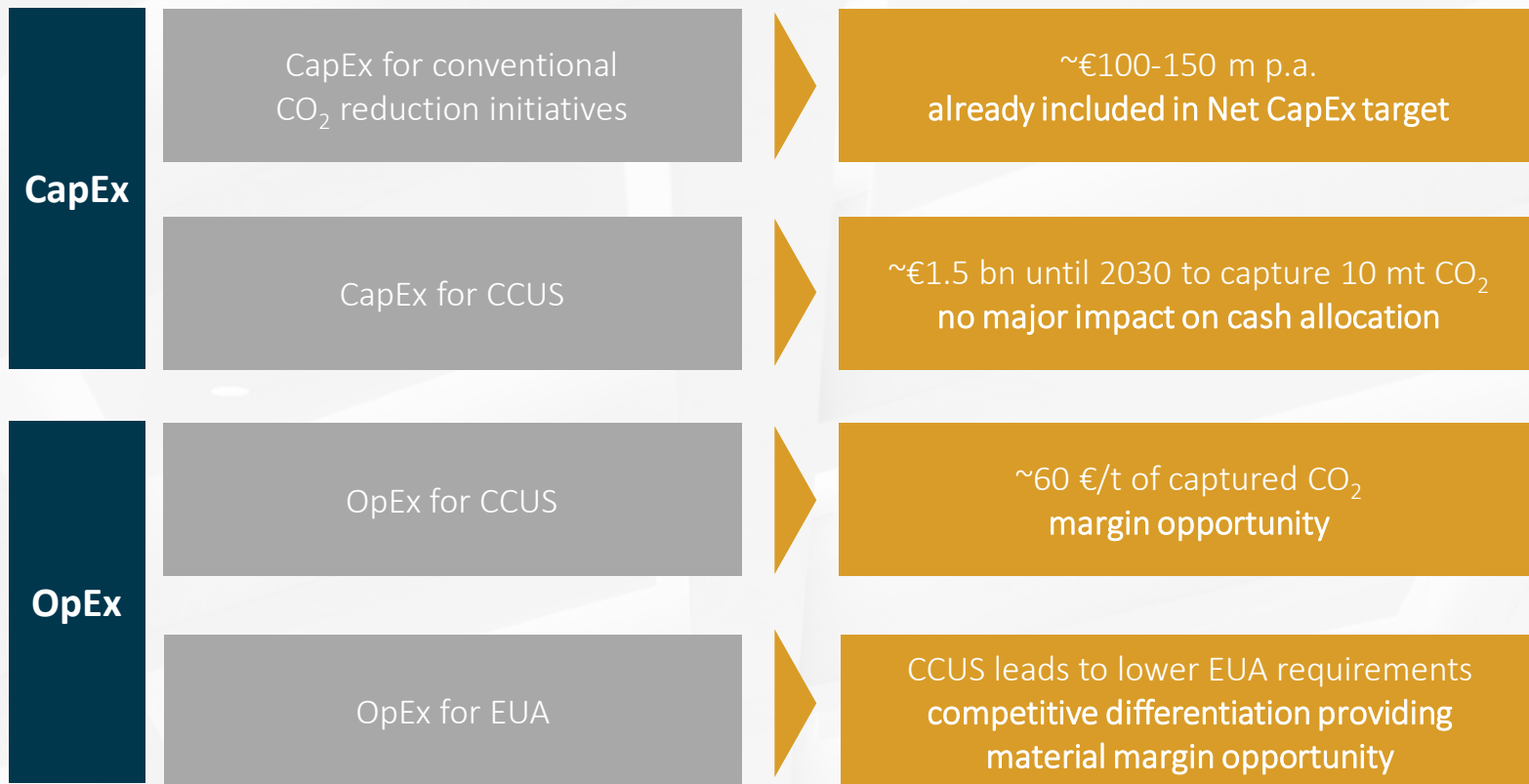
CCUS and ETS present a clear margin opportunity for us in Europe

Indicative chart

€/t CEM



Our CO₂ transformation fits to our capital allocation ambition



We are aligning
our financing
with our
sustainability
targets.



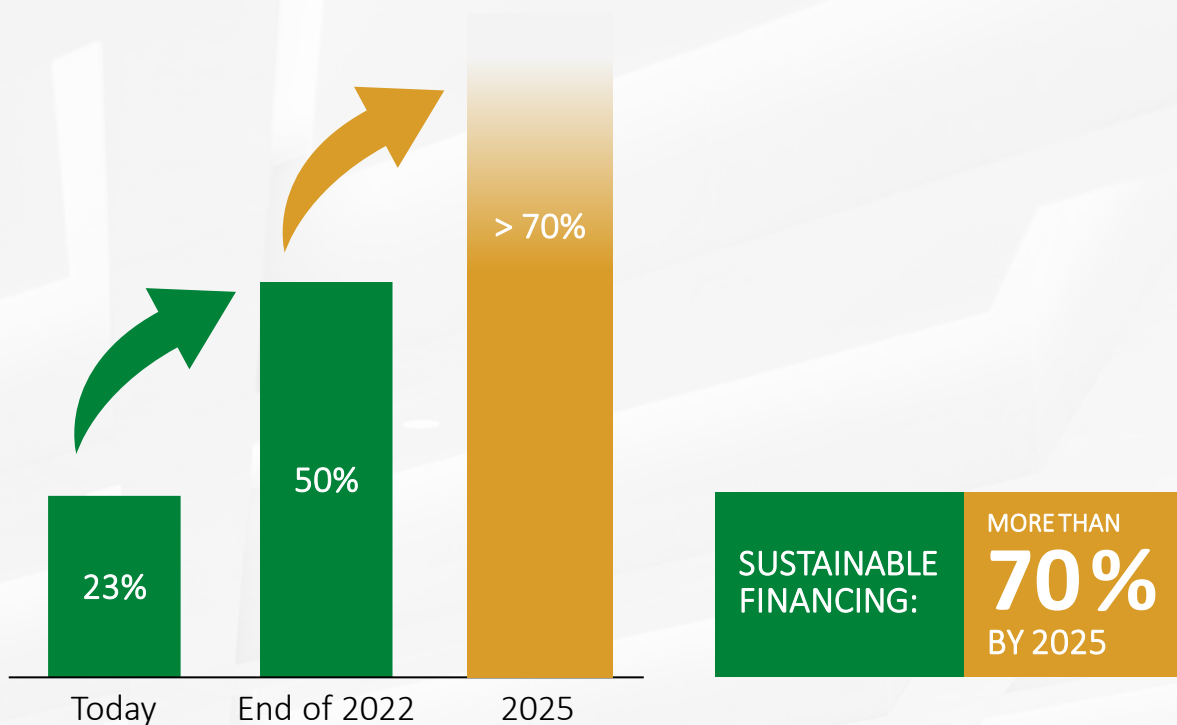
More than 70% of our financial instruments will be sustainable by 2025

Linking financing to climate change and innovation



Overview as of today:	Pricing adjustment
Sustainability-linked loan (RCF)	✓
KfW / EIB loans	Use of proceeds concept
Planned in 2022:	Pricing adjustment
Sustainability-linked bonds	✓
CP-Programme	✓

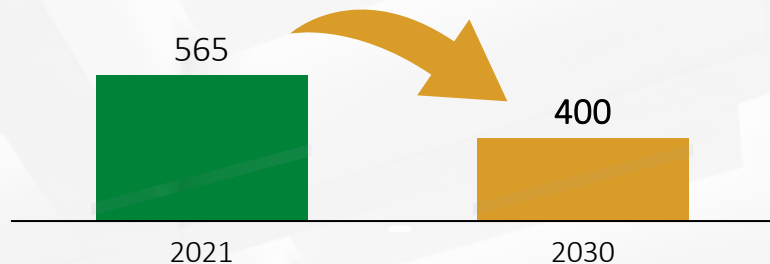
Sustainable/green as % of total financial instruments



Our ambitious target is aligned with the EU Taxonomy*

KPI 1: Specific net CO₂ emissions per tonne of cementitious material (GCCA definition)

Target: 400kg net CO₂ /t cementitious by 2030



KPI 2: Tonnes of CO₂ emissions avoided using CCUS

Target: 10 mt cumulative until end of 2030

Framework reviewed and Second Party Opinion provided by:



“HC’s targets are leading, have set a benchmark for the industry, and outperform the level of ambitiousness of the sector”

Sustainable Financing Framework follows the principles of:

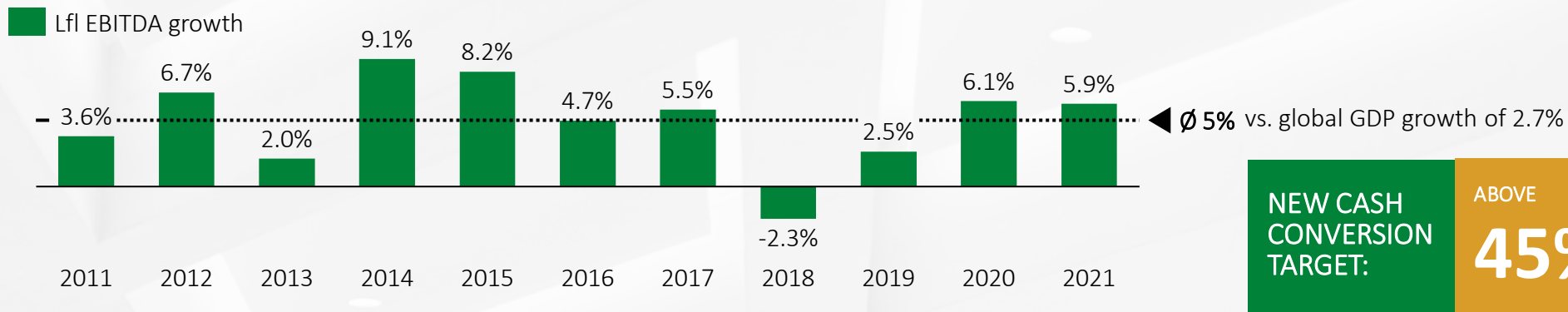


We are further
improving
our financial
position until
2025.

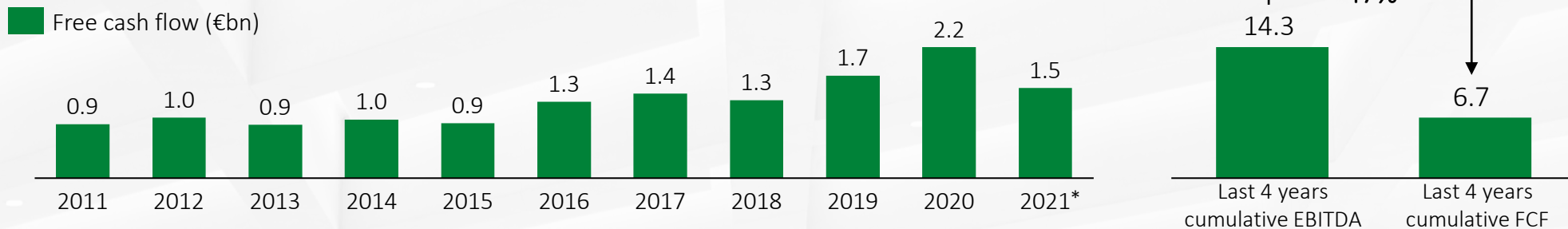


Low EBITDA volatility and strong growth combined with a high cash generation

Well balanced footprint and product portfolio >> **Stable and solid EBITDA development**

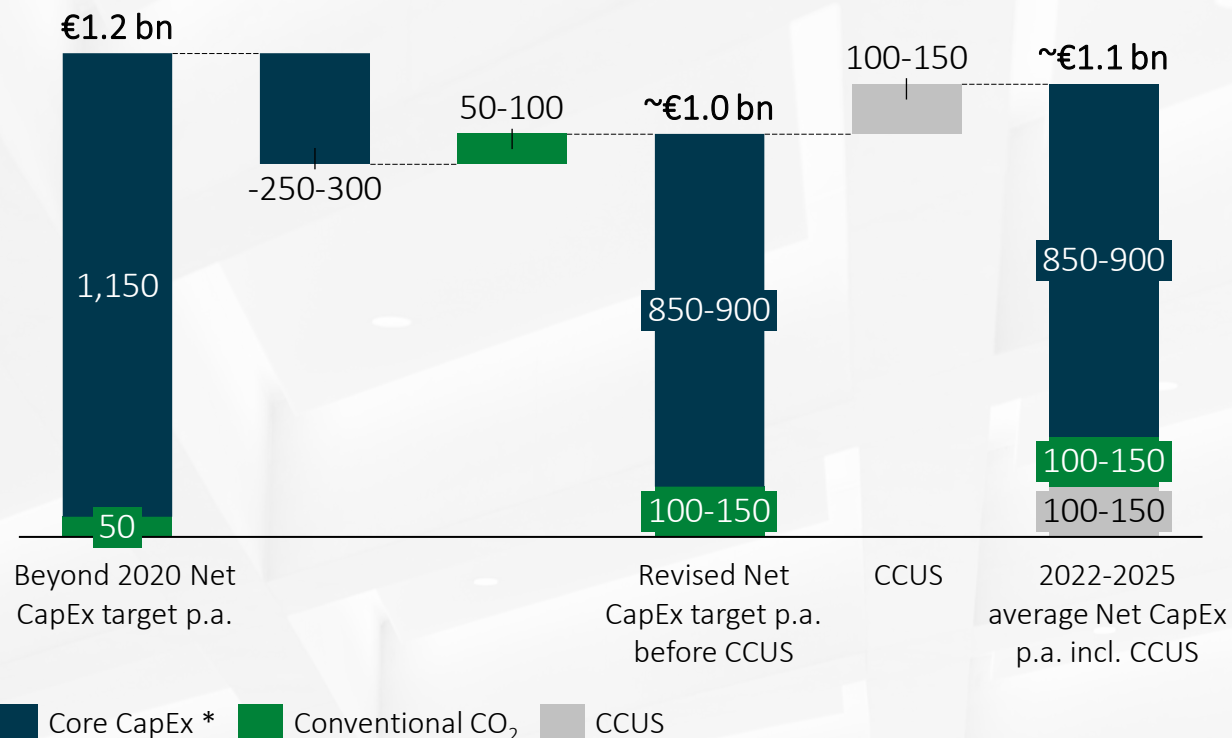


Clear focus on cash >> **High cash conversion rate leading to strong FCF generation**



Core Capex drastically reduced in favour of conventional CO₂ and CCUS capex

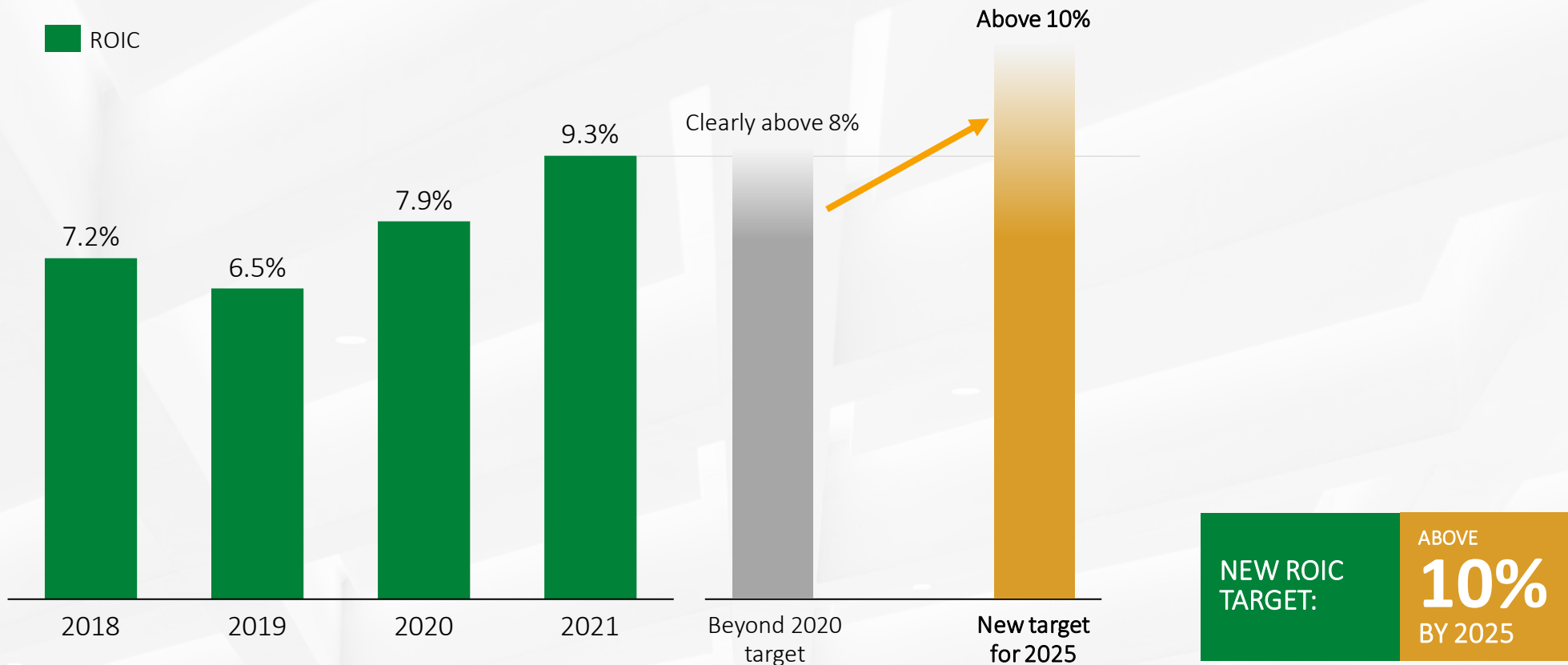
Net CapEx spending p.a.



1. Core CapEx down by €250-300 m p.a.
2. Conventional CO₂ CapEx up +€50-100 m p.a.
3. CCUS added as new category
4. Total Net CapEx until 2024 will be below €1.1 bn as major CCUS spend accelerating only during 2025-2028
5. Indicative CCUS CapEx 2025-2030 around €200m p.a. on average

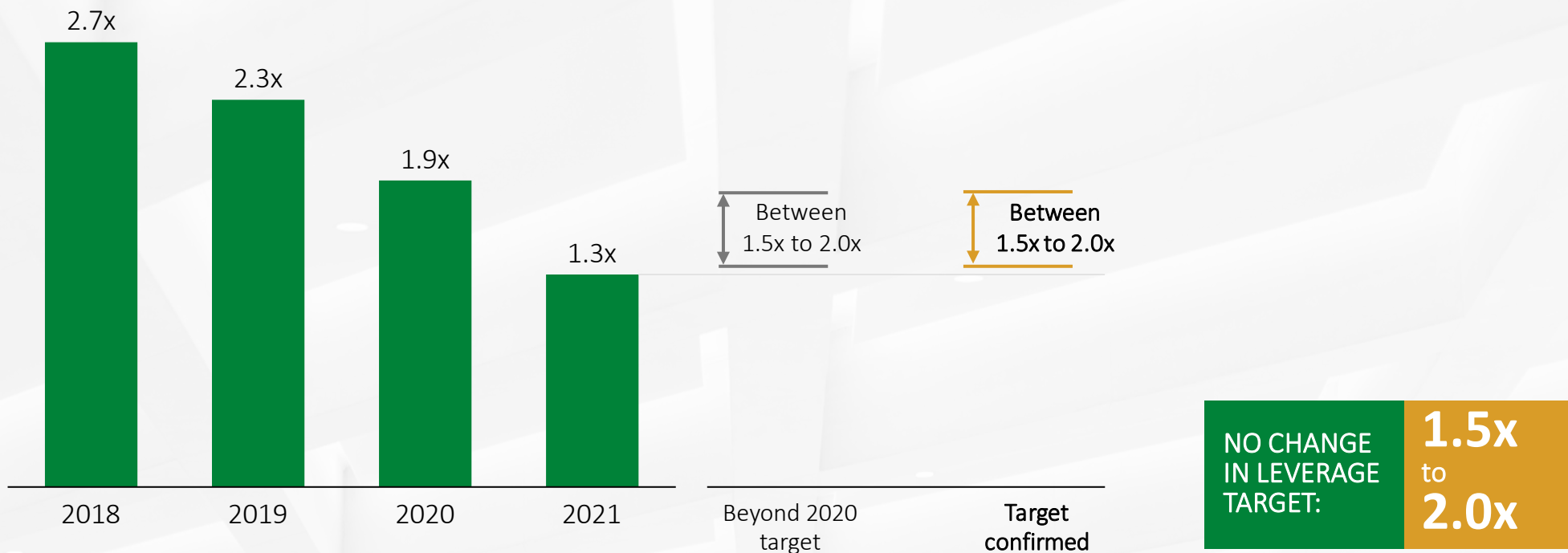
NEW NET CAPEX TARGET INCL. CCUS: AROUND **€1.1 bn**

We will further increase our ROIC target to >10%



Our leverage is at a very comfortable level, target BBB flat rating well-secured

■ Leverage (Net debt / EBITDA)

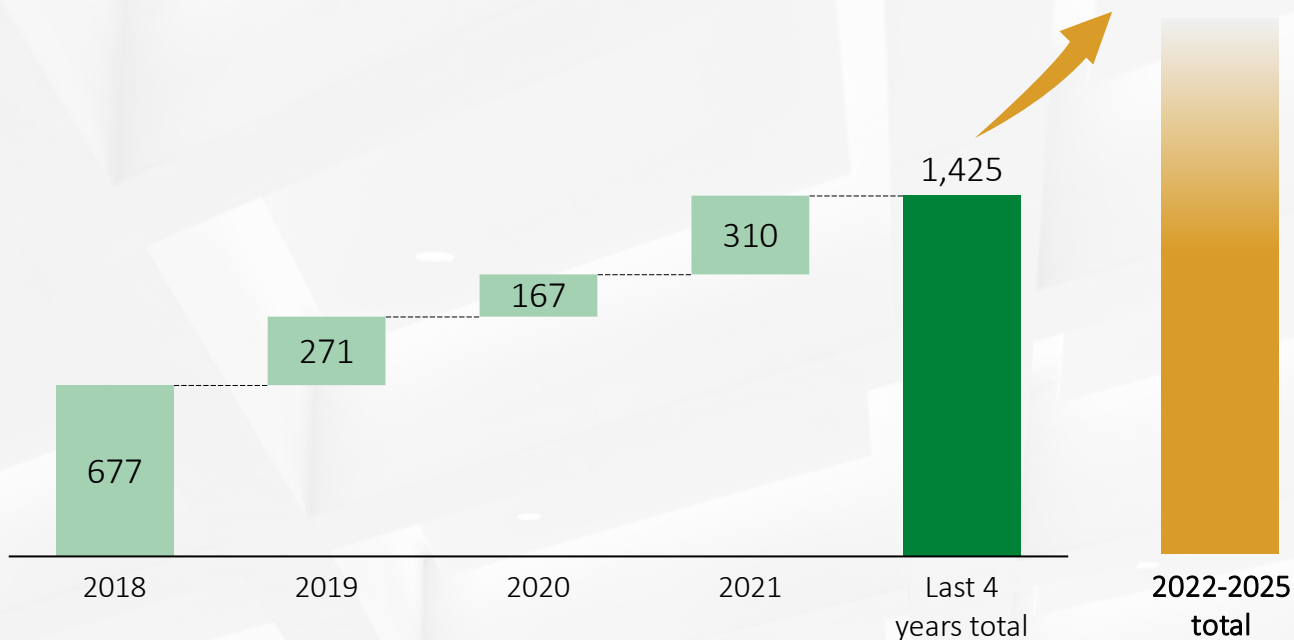


Our cash allocation will further shift to shareholder return and growth.



We will continue to grow the business through bolt-on acquisitions

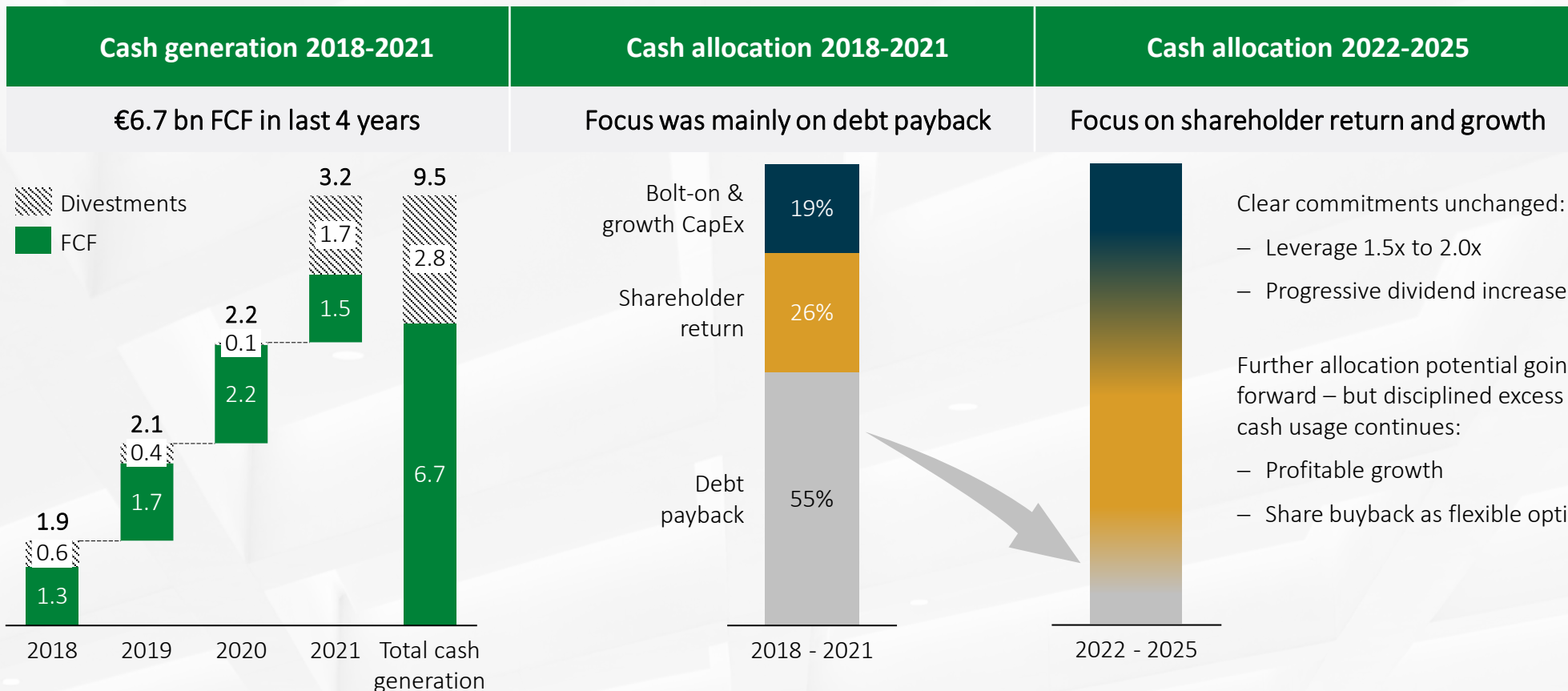
Gross Non-PPE (M&A) CapEx (€m)



Key criteria:

- **Strategic fit** aligned with portfolio and financial targets
- **Contribution to net profit** after year 1
- **ROIC around 10%** after reaching acquisition's full potential
- **Immediate contribution to sustainability** targets and proactively support transformation
- Clear focus on **value creation**

Strong cash generation, focus on shareholder return and growth



We are
fully committed
to deliver on
our ambitious
financial targets.



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 =

1.

We further expect profitable growth, driven by good demand, strong pricing and – importantly – our sustainable products.

2.

As an early mover in CCUS, we see a substantial margin growth opportunity in Europe. But not only there!

3.

We will make this transition – including CCUS – happen within our own FCF and leverage targets.

4.

We continue with our well-balanced cash allocation strategy with a focus on value creation and set new ambitious targets for 2025.

5.

Our financing is linked to sustainability targets and aligned with the EU taxonomy CO₂ threshold.

A modern office interior with a high ceiling, concrete pillars, and a polished floor. A green semi-transparent overlay covers the center of the image, containing white text. The background shows a reception area with a wooden counter and a black sofa.

We are HeidelbergCement.
Sustainable value for our stakeholders.