

29 July 2021

HeidelbergCement with excellent half-year results 2021

- Revenue and results increase significantly on a like-for-like basis¹⁾ – Group revenue +11%; result from current operations before depreciation and amortisation +26%; result from current operations +57%
- Net debt down by €1.5 billion – leverage ratio at 1.9x
- Share buyback programme announced – total amount of up to €1 billion
- Significant step in portfolio optimisation achieved – business activities in the US West Region sold
- Leadership role on the path to carbon neutrality underlined – “Business Ambition 1.5°C” signed and UN “Race to Zero” campaign joined
- Outlook raised – strong growth in result from current operations before and after depreciation and amortisation¹⁾ expected for the whole of 2021

1) Adjusted for consolidation and currency effects

“HeidelbergCement has closed the first half of 2021 with an excellent result,” said Dr. Dominik von Achten, Chairman of the Managing Board. “We have achieved record values in relevant key figures. Our ‘Beyond 2020’ strategy is taking effect: we are making good progress in all areas. Against this background, we have announced an extensive share buyback programme for the first time in the company’s history. With this, we want our shareholders to participate appropriately in the economic success of our company.”

Significant increase in sales volume, revenue, and results

The good *sales volume development* of the first quarter continued in the second quarter. In the first half of the year, total sales volumes increased significantly in all business lines in comparison with the previous year. Group-wide cement and clinker sales volumes increased by 9.7% to 61.8 million tonnes (previous year: 56.3). Deliveries of aggregates rose by 7.5% in comparison with the previous year to 145.0 million tonnes (previous year: 134.8). Ready-mixed concrete sales volumes increased by 8.3% to 23.5 million cubic metres (previous year: 21.7). Asphalt deliveries increased by 11.5% to 4.8 million tonnes (previous year: 4.3).

Group revenue rose by 8.3% to €8,938 million (previous year: 8,254) in comparison with the previous year. Excluding consolidation and exchange rate effects, the increase amounted to 11.4%. Both, changes in the consolidation scope and exchange rate effects had a negative impact on revenue with €25 million and €211 million respectively.

Result from current operations before depreciation and amortisation (RCOBD) increased by 22.6% to €1,720 million (previous year: 1,404). The rise is essentially due to the good operational development and in particular to the significant growth of sales volumes in all business lines. Excluding consolidation and currency effects, the increase amounted to 26.4%. The RCOBD margin, i.e. the ratio of result from current operations before depreciation and amortisation to revenue, increased by 224 basis points to 19.2% (previous year: 17.0%). *Result from current operations* increased by 52.7% to € 1,084 million (previous year: 710). Excluding consolidation and currency effects, the increase amounted to 57.4%.

The *additional ordinary result* amounted to €148 million (previous year: -3,490). This includes reversals of impairment losses of €131 million in connection with the pending sale of the business activities of the West Region in the USA. The *result for the period* amounts to €825 million (previous year: -3,095). The profit attributable to non-controlling interests increased by €31 million to €70 million (previous year: 39). As a result, the Group share amounts to €755 million (previous year: -3,133). Excluding the additional ordinary result, the Group share rose by 70.6% to €608 million (previous year: 356).

Earnings per share – Group share – increased by €19.60 to €3.81 (previous year: -15.79). Excluding the additional ordinary result, earnings per share rose by €1.26 to €3.06 (previous year: 1.80).

Net debt decreases by €1.5 billion

Due to the good operating business, a cash inflow from operating activities from continuing operations of €158 million (previous year: 123) was achieved in the first half of 2021. Free cash flow for the last 12 months increased significantly to around €2.3 billion. Net debt amounted to €7.5 billion (previous year: 9.0) at the end of the first half of 2021.

Dr. Lorenz Näger, Chief Financial Officer of HeidelbergCement, said: “Thanks to the good cash flow development, we were able to significantly reduce net debt by a further €1.5 billion compared with the end of the first half of 2020. At the end of June 2021, the leverage ratio of 1.9x was exactly within our target range of 1.5-2.0x. We expect to reach the lower end of this target corridor at the end of the year.”

Share buyback programme announced

The successful and rapid implementation of the “Beyond 2020” strategy gives HeidelbergCement the scope to break new ground in capital allocation. The company has decided to launch a share buyback programme with a total amount of up to €1 billion and a term until 30 September 2023. The share buyback programme is in line with the Group's financial policy and should be seen in the context of the successful reduction of net debt and the good business development in the current financial year. The share buyback will be carried out in several tranches. The first tranche

in the amount of €300 to €350 million is scheduled to start in August 2021 and is to be completed by January 2022 at the latest. The repurchased shares will initially be held as treasury shares of the company.

Important step in portfolio optimisation achieved

In May 2021, HeidelbergCement signed an agreement on the sale of Lehigh Hanson's cement, aggregates, ready-mixed concrete, and asphalt business activities in the US West Region (California, Arizona, Oregon, and Nevada) to the US company Martin Marietta Materials, Inc. The sales price amounts to USD 2.3 billion in cash. Closing of the transaction is expected in the second half of 2021. The aim is to further expand vertical integration in the four key regions of Canada, the Midwest, the Northeast and the South through selected acquisitions and capacity expansion projects.

Leadership role on the path to carbon neutrality underlined

In July, HeidelbergCement signed the “Business Ambition for 1.5°C Commitment”, a global initiative led by SBTi in cooperation with UN Global Compact and the “We Mean Business” coalition, which aims to reduce CO₂ emissions to net zero by 2050 at the latest. Additionally, the company is joining the global “Race To Zero” campaign, which aims to build positive momentum for the transition to a low-carbon economy ahead of the 26th UN Climate Change Conference (COP 26) in November 2021. By joining these initiatives, HeidelbergCement underlines its leadership role in the cement industry on the path to carbon neutrality.

Outlook raised

In view of the very good operational development in the first six months, HeidelbergCement is raising its outlook for the whole of 2021. The company now expects a strong increase in result from current operations before depreciation and amortisation and result from current operations, excluding exchange rate and consolidation effects in each case, for the 2021 financial year. HeidelbergCement had previously anticipated a slight increase in these key figures.

Against the background of the expected strong development of results, HeidelbergCement now forecasts a rise in return on invested capital (ROIC) to clearly above 8% for 2021. Previously, the company had assumed an increase of above 8% for 2021.

“The market environment in the construction sector is and remains good,” said Dr Dominik von Achten. “We see continued good demand in private residential construction and infrastructure in all regions. At the same time, raw material, energy and transportation costs have increased significantly in recent months. Nevertheless, in the short and medium term we expect the various country-specific economic stimulus programmes to continue to have a positive impact on construction activity and thus on our sales volumes. We are optimistic about the future.”

Group overview

HeidelbergCement Group	January-June				Q2			
€m	2020	2021	Variance	Like-for-like ¹⁾	2020	2021	Variance	Like-for-like ¹⁾
Sales volumes								
Cement (Mt)	56.3	61.8	10%	10%	28.7	33.5	17%	17%
Aggregates (Mt)	134.8	145.0	8%	8%	74.7	83.7	12%	12%
Ready-mixed concrete (Mm3)	21.7	23.5	8%	9%	11.0	12.7	15%	15%
Asphalt (Mt)	4.3	4.8	11%	11%	2.6	2.9	11%	11%
Income statement								
Revenue	8,254	8,938	8%	11%	4,324	4,980	15%	18%
Result from current operations before depreciation and amortisation (RCOBD)	1,404	1,720	23%	26%	998	1,182	18%	22%
<i>in % of revenue</i>	<i>17.0%</i>	<i>19.2%</i>			<i>23.1%</i>	<i>23.7%</i>		
Result from current operations (RCO)	710	1,084	53%	57%	651	862	32%	36%
<i>in % of revenue</i>	<i>8.6%</i>	<i>12.1%</i>			<i>15.1%</i>	<i>17.3%</i>		
Profit/loss for the period	-3,095	825	N/A		-3,005	660	N/A	
Group share of profit/loss	-3,133	755	N/A		-3,028	623	N/A	
Adjusted Group share of profit ²⁾	356	608	71%		427	474	11%	
Earnings per share ³⁾ in €	-15.79	3.81	19.60		-15.26	3.14	18.40	
Adjusted earnings per share ³⁾ in €	1.80	3.06	1.26		2.15	2.39	0.24	
Statement of cash flows and balance sheet								
Cash flow from operating activities	113	146	34					
Cash flow from investing activities	-408	-248	159					
Net debt	8,994	7,454	-1,540					
Gearing	61.4%	48.5%						

- 1) Adjusted for consolidation and currency effects
- 2) Adjusted for the additional ordinary result
- 3) Attributable to the shareholders of HeidelbergCement AG

Development in the Group areas

North America	January-June				Q2			
€m	2020	2021	Variance	Like-for-like ¹⁾	2020	2021	Variance	Like-for-like ¹⁾
Sales volumes								
Cement (Mt)	7.1	7.6	6%	6%	3.8	4.5	17%	17%
Aggregates (Mt)	56.2	58.3	4%	4%	33.7	35.2	4%	4%
Ready-mixed concrete (Mm3)	3.6	3.8	5%	5%	2.0	2.1	7%	7%
Asphalt (Mt)	1.8	2.0	9%	9%	1.4	1.4	6%	6%
Income statement								
Revenue	2,136	2,118	-1%	7%	1,216	1,269	4%	12%
Result from current operations before depreciation and amortisation (RCOBD)	340	414	22%	32%	288	335	16%	25%
<i>in % of revenue</i>	15.9%	19.6%			23.7%	26.4%		
Result from current operations (RCO)	146	247	69%	83%	191	251	32%	42%
<i>in % of revenue</i>	6.9%	11.7%			15.7%	19.7%		

1) Adjusted for consolidation and currency effects

Western and Southern Europe	January-June				Q2			
€m	2020	2021	Variance	Like-for-like ¹⁾	2020	2021	Variance	Like-for-like ¹⁾
Sales volumes								
Cement (Mt)	12.9	15.3	19%	19%	6.7	8.5	26%	26%
Aggregates (Mt)	36.6	43.4	19%	19%	18.4	23.5	28%	28%
Ready-mixed concrete (Mm3)	7.9	9.2	16%	16%	4.1	5.0	21%	21%
Asphalt (Mt)	1.5	1.8	25%	25%	0.7	0.9	34%	34%
Income statement								
Revenue	2,287	2,767	21%	21%	1,182	1,531	30%	29%
Result from current operations before depreciation and amortisation (RCOBD)	306	431	41%	42%	244	310	27%	27%
<i>in % of revenue</i>	13.4%	15.6%			20.6%	20.3%		
Result from current operations (RCO)	103	241	133%	133%	143	214	50%	50%
<i>in % of revenue</i>	4.5%	8.7%			12.1%	14.0%		

1) Adjusted for consolidation and currency effects

Northern & Eastern Europe-Central Asia	January-June				Q2			
€m	2020	2021	Variance	Like-for-like ¹⁾	2020	2021	Variance	Like-for-like ¹⁾
Sales volumes								
Cement (Mt)	10.9	11.6	6%	6%	6.3	7.2	13%	13%
Aggregates (Mt)	21.9	22.3	2%	2%	12.9	14.3	11%	11%
Ready-mixed concrete (Mm3)	2.8	2.9	3%	3%	1.6	1.8	14%	14%
Asphalt (Mt)								
Income statement								
Revenue	1,349	1,438	7%	7%	765	867	13%	12%
Result from current operations before depreciation and amortisation (RCOBD)	294	322	9%	11%	231	254	10%	11%
<i>in % of revenue</i>	21.8%	22.4%			30.2%	29.3%		
Result from current operations (RCO)	197	228	15%	17%	183	207	13%	15%
<i>in % of revenue</i>	14.6%	15.8%			23.9%	23.9%		

1) Adjusted for consolidation and currency effects

Asia-Pacific	January-June				Q2			
€m	2020	2021	Variance	Like-for-like ¹⁾	2020	2021	Variance	Like-for-like ¹⁾
Sales volumes								
Cement (Mt)	15.0	16.8	12%	12%	6.7	8.0	21%	21%
Aggregates (Mt)	16.5	17.2	4%	4%	8.2	8.8	6%	6%
Ready-mixed concrete (Mm3)	4.9	5.1	4%	4%	2.4	2.6	11%	11%
Asphalt (Mt)	0.9	0.9	7%	7%	0.4	0.4	-1%	-1%
Income statement								
Revenue	1,403	1,520	8%	9%	667	754	13%	13%
Result from current operations before depreciation and amortisation (RCOBD)	280	319	14%	15%	149	161	8%	8%
<i>in % of revenue</i>	19.9%	21.0%			22.3%	21.4%		
Result from current operations (RCO)	150	201	34%	35%	85	103	21%	20%
<i>in % of revenue</i>	10.7%	13.2%			12.7%	13.6%		

1) Adjusted for consolidation and currency effects

Africa-Eastern Mediterranean Basin	January-June				Q2			
€m	2020	2021	Variance	Like-for-like ¹⁾	2020	2021	Variance	Like-for-like ¹⁾
Sales volumes								
Cement (Mt)	10.1	10.4	3%	3%	5.0	5.2	5%	5%
Aggregates (Mt)	3.5	3.7	5%	5%	1.4	1.9	37%	37%
Ready-mixed concrete (Mm3)	2.3	2.5	10%	10%	1.0	1.2	21%	21%
Asphalt (Mt)	0.2	0.1	-39%	-39%	0.1	0.1	-18%	-18%
Income statement								
Revenue	853	904	6%	12%	410	460	12%	17%
Result from current operations before depreciation and amortisation (RCOBD)	192	243	27%	33%	96	128	33%	40%
<i>in % of revenue</i>	22.5%	26.9%			23.5%	27.9%		
Result from current operations (RCO)	137	191	39%	46%	69	102	48%	57%
<i>in % of revenue</i>	16.1%	21.1%			17.5%	22.2%		

1) Adjusted for consolidation and currency effects

Group Services	January-June				Q2			
€m	2020	2021	Variance	Like-for-like ¹⁾	2020	2021	Variance	Like-for-like ¹⁾
Income statement								
Revenue	499	623	25%	29%	201	360	79%	82%
Result from current operations before depreciation and amortisation (RCOBD)	10	13	38%	50%	4	7	74%	70%
<i>in % of revenue</i>	1.9%	2.1%			2.1%	2.0%		
Result from current operations (RCO)	7	13	75%	66%	2	7	220%	129%
<i>in % of revenue</i>	1.5%	2.1%			1.1%	2.0%		

1) Adjusted for consolidation and currency effects

Contact

Group Communication:

Phone: + 49 (0) 6221 481- 13 227

Fax: + 49 (0) 6221 481- 13 217

E-mail: info@heidelbergcement.com

Investor Relations:

Phone: Institutional investors: + 49 (0) 6221 481-13925, +49 (0) 6221 481-41016, and +49 (0) 6221 -39670

Phone: Private investors: + 49 (0) 6221 481-13256

Fax: + 49 (0) 6221 481- 13 217

E-Mail: ir-info@heidelbergcement.com

Financial calendar

Third quarter 2021 results

4 November 2021

About HeidelbergCement

HeidelbergCement is one of the world's largest integrated manufacturers of building materials and solutions, with leading market positions in aggregates, cement, and ready-mixed concrete. Around 53,000 employees at more than 3,000 locations in over 50 countries deliver long-term financial performance through operational excellence and openness for change. At the center of actions lies the responsibility for the environment. As forerunner on the path to carbon neutrality, HeidelbergCement crafts material solutions for the future.

Disclaimer – forward-looking statements

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