

Q3 2021 Trading Update

4 November 2021

Dr. Dominik von Achten – Group CEO

René Aldach – Group CFO

House der Astronomie

Key Messages

- **9M result significantly above prior year** – Q3 result impacted by extraordinary high comparison base and unprecedented energy cost inflation
- **New business excellence program launched** – mitigating cost inflation by at least 500 m€ in 2022
- **Net debt level further reduced** – solid free cash flow and closing of US West divestiture in October
- **Portfolio optimization continues** – divestment of assets in Spain and acquisition of Tanga Cement in Tanzania
- **Strong progress in our two transformational topics:**
 - Up to **10 million t** of CO₂ reduction with current CCU/S projects until 2030
 - Focus on additional **digital revenue potential**
- **Full year 2021 outlook partially raised**
 - Forecast for operating EBITDA and EBIT **confirmed**
 - Forecast for **ROIC** raised to **above 9%**
 - Forecast for **leverage ratio** reduced to **below 1.5x**

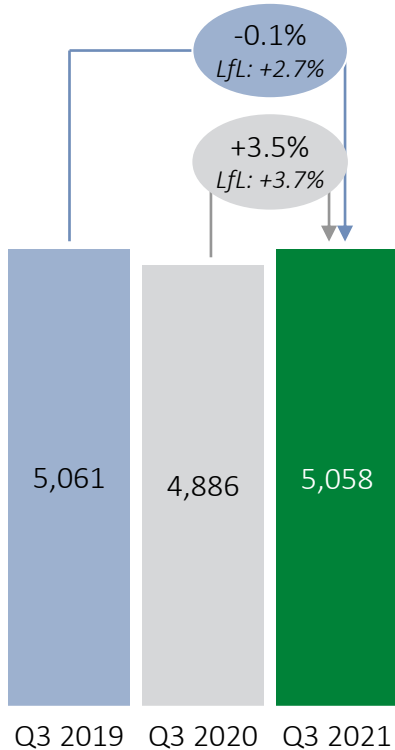
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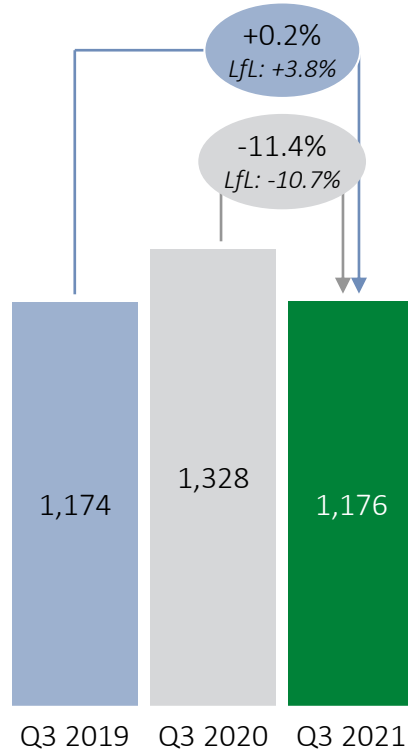
Moesgaard Museum, Denmark

Solid Q3 performance despite headwinds from cost inflation

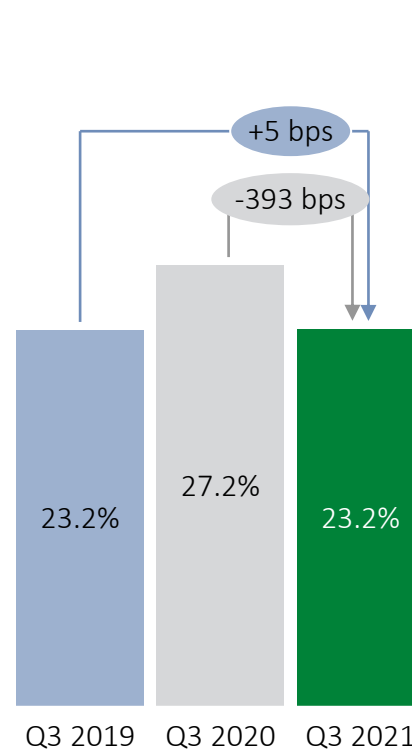
Revenue (m€)



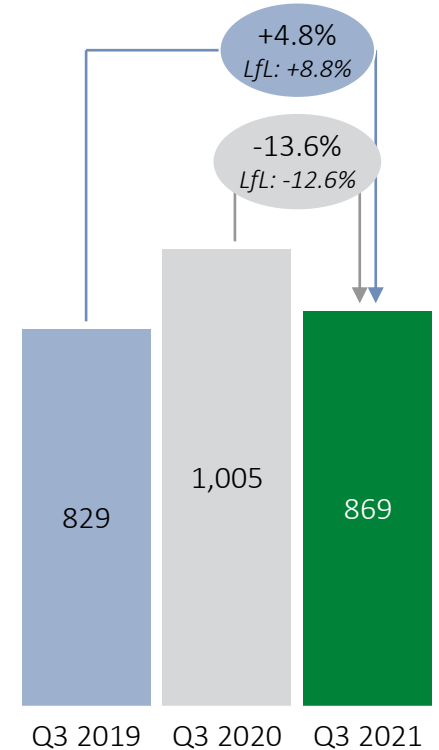
Operating EBITDA (m€)



Operating EBITDA Margin



Operating EBIT (RCO) (m€)

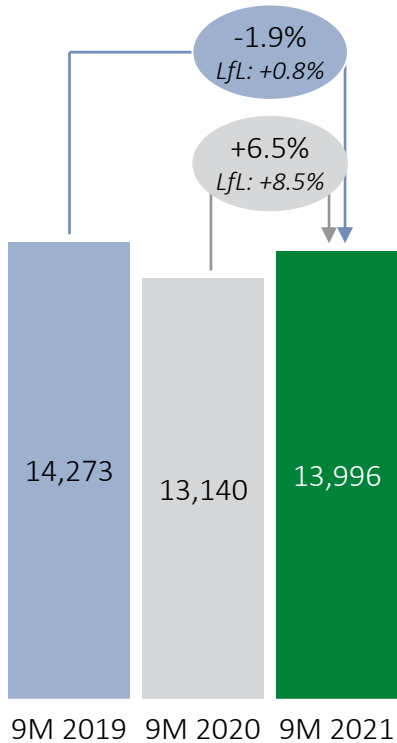


YoY '21 vs. '19

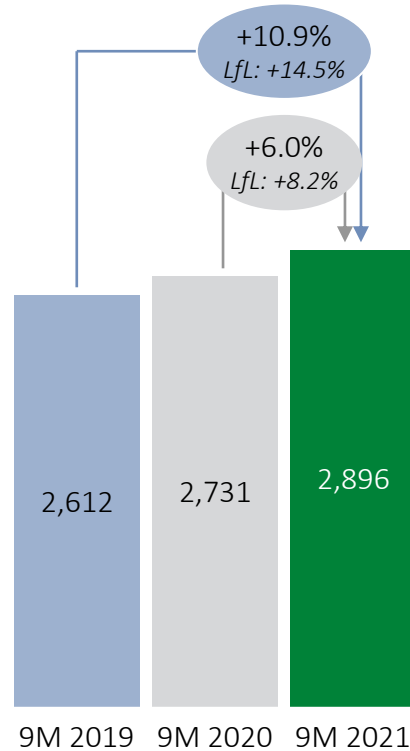
YoY '21 vs. '20

9M operating EBITDA and EBIT significantly above prior year

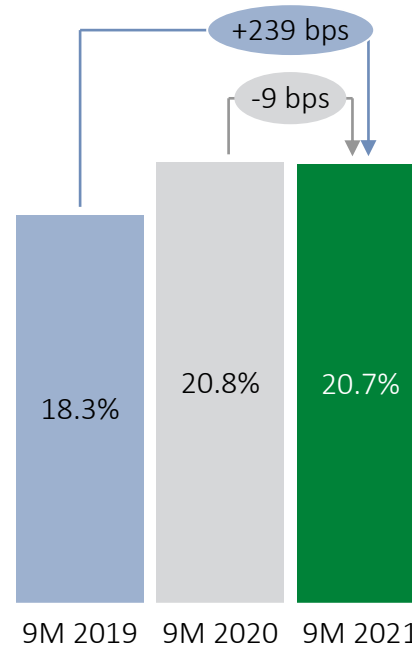
Revenue (m€)



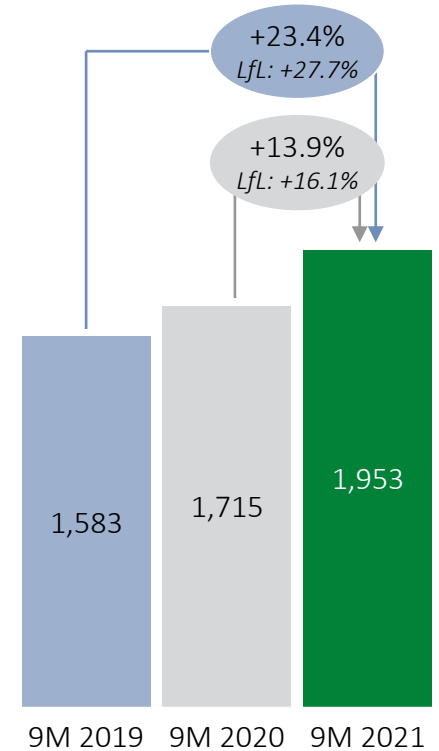
Operating EBITDA (m€)



Operating EBITDA Margin



Operating EBIT (RCO) (m€)



YoY '21 vs. '19

YoY '21 vs. '20

Demand continues to be solid across all regions

Volumes				'21 vs. '20
	Q3 19	Q3 20	Q3 21	LfL
Cement sales volume (mt)	33.5	33.9	33.9	0.8%
Aggregates sales volume (mt)	87.7	86.3	86.3	0.3%
Ready mix sales volume (mt)	13.6	12.2	12.2	-3.7%

Revenue (mEUR)				'21 vs. '20
	Q3 19	Q3 20	Q3 21	LfL
North America	1,487	1,377	1,391	1.9%
Western & Southern Europe	1,312	1,375	1,418	2.3%
North & Eastern Europe – C.A.	796	792	859	8.4%
Asia Pacific	867	793	792	-0.3%
Africa – Eastern Med. Basin	424	455	486	6.0%

Operating EBITDA (mEUR)				'21 vs. '20
	Q3 19	Q3 20	Q3 21	LfL
North America	408	415	366	-9.7%
Western & Southern Europe	251	332	269	-19.3%
North & Eastern Europe – C.A.	230	246	248	1.4%
Asia Pacific	191	211	169	-20.0%
Africa – Eastern Med. Basin	106	130	117	-9.8%

Significant increase in energy costs and high comparison base put short term pressure on margins in all regions

North America

- Positive demand and pricing in Q3; also expect good underlying business demand going into Q4.
- Freight driven high import costs put short term pressure on margin.

Europe

- Continued increase in demand across WSE. Revenue growth despite high comparison base. EBITDA impacted by operational issues in France.
- Solid volumes and pricing in Eastern Europe across all business lines led to strong revenue growth and EBITDA improvement.

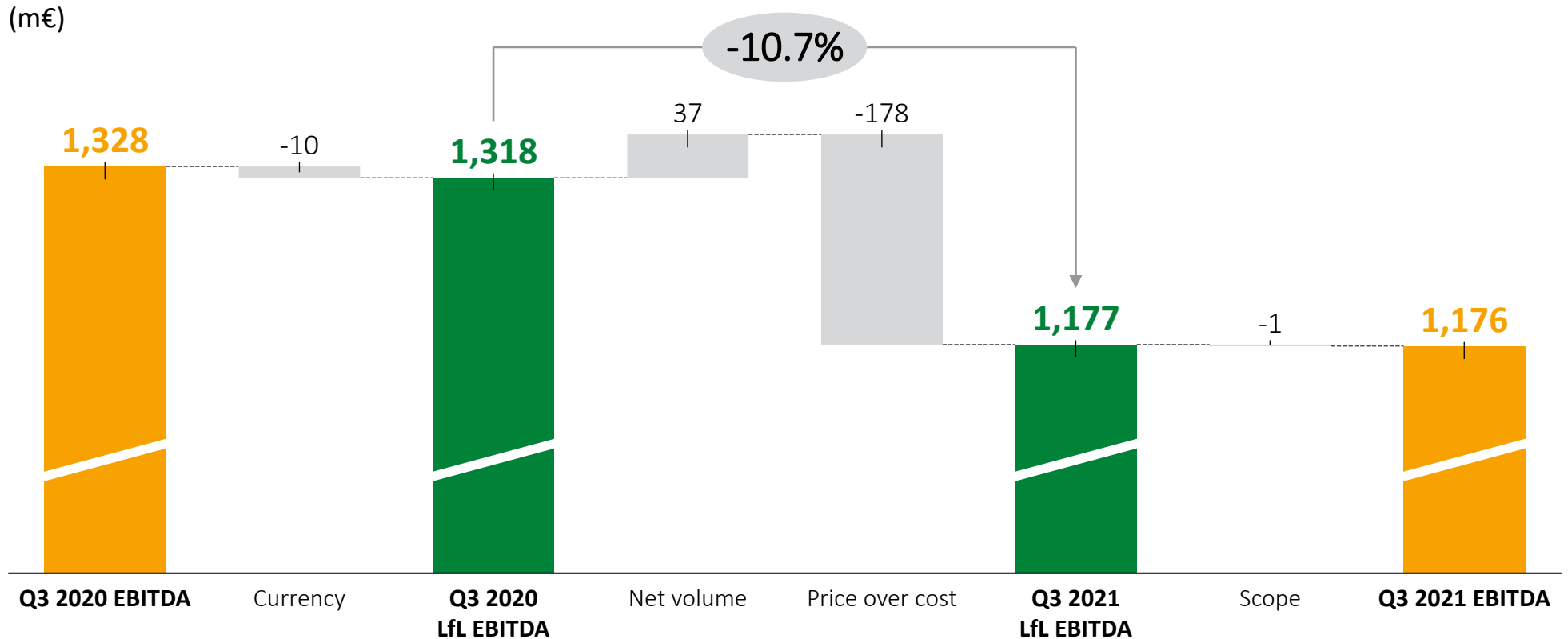
Asia-Pacific

- Covid driven lockdowns put pressure on volumes and EBITDA in Q3.
- Strong demand development expected in Q4 and into next year.

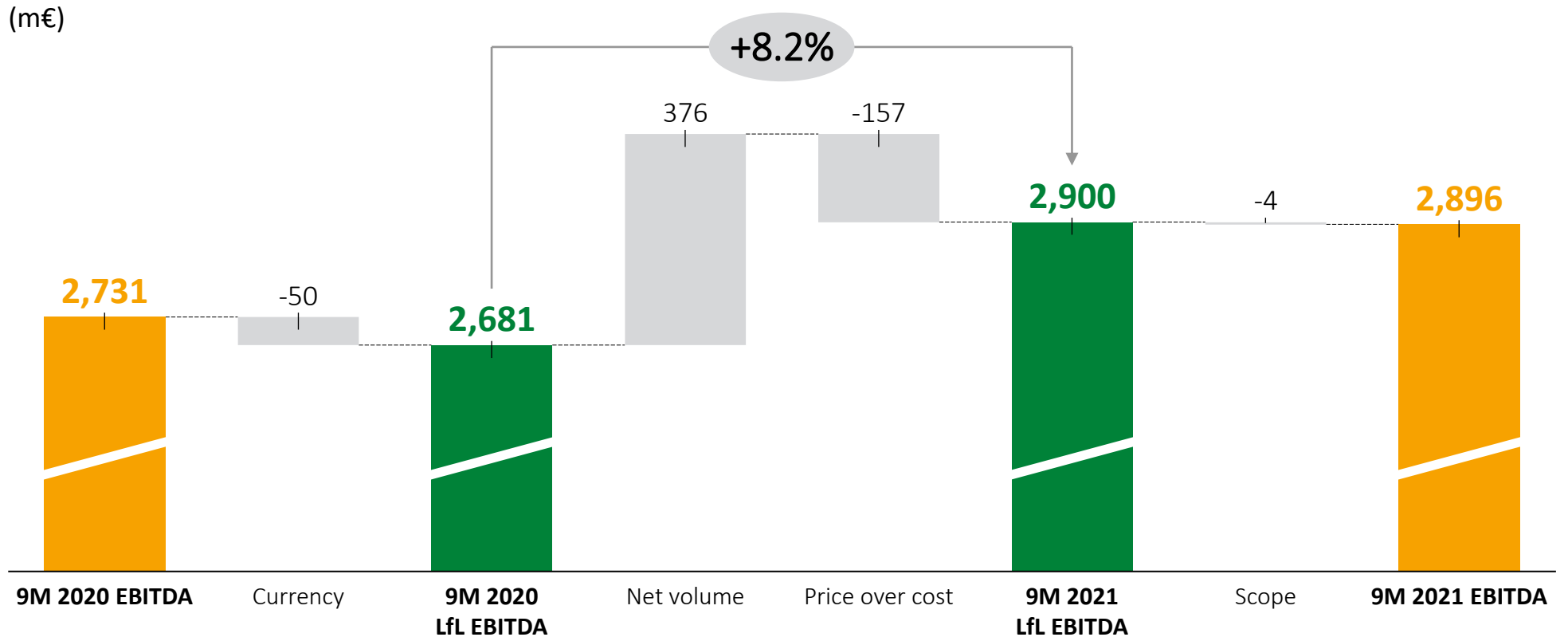
Africa – Eastern Mediterranean

- Continuing volume growth and positive pricing led to revenue growth. Result recovery started in Egypt.
- Result negatively impacted by high freight rates and increased demurrage costs due to port congestion.

OPERATIONAL PERFORMANCE
Q3 operating EBITDA bridge

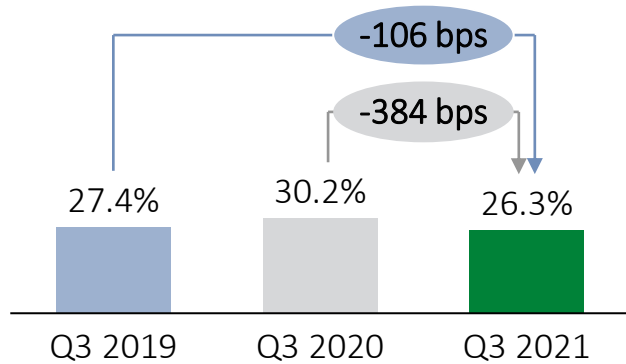


OPERATIONAL PERFORMANCE
9M operating EBITDA bridge

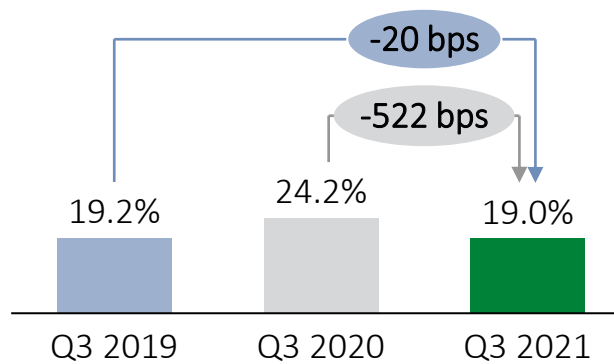


Q3 EBITDA margins impacted by unprecedented cost inflation

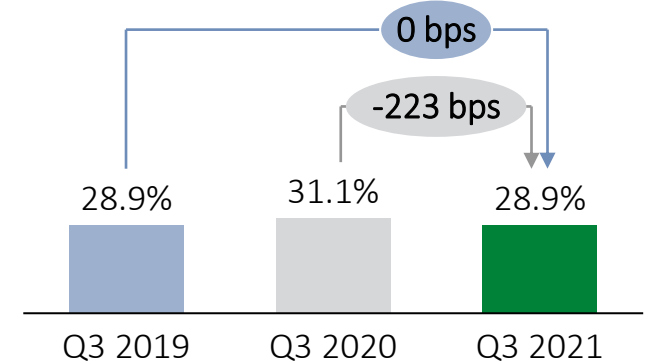
North America



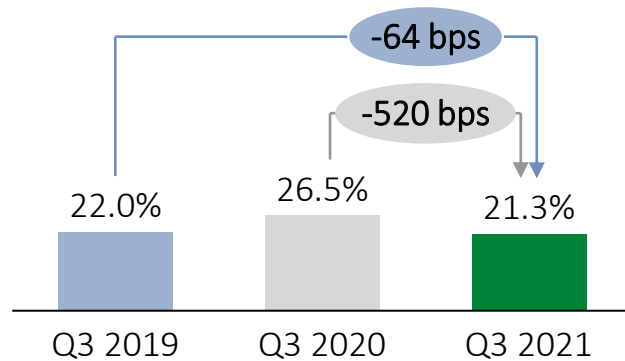
Western & Southern Europe



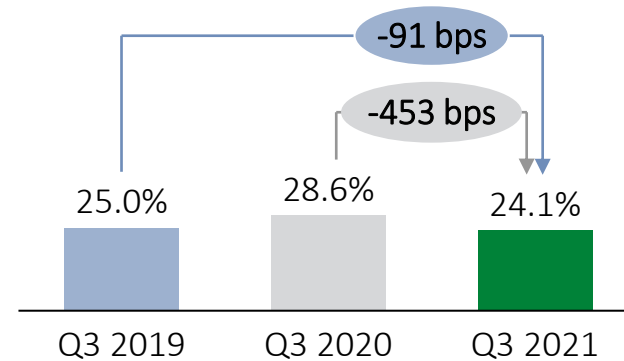
North & Eastern Europe – Central Asia



Asia Pacific



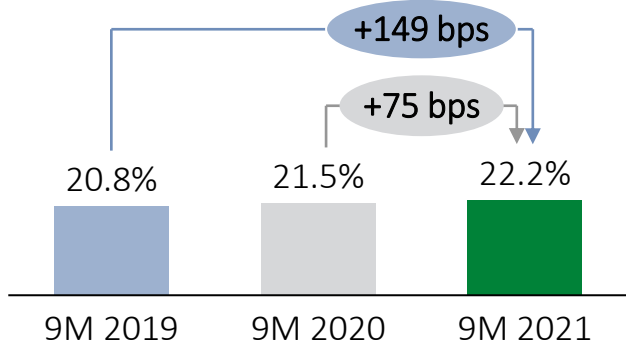
Africa-Eastern Mediterranean Basin



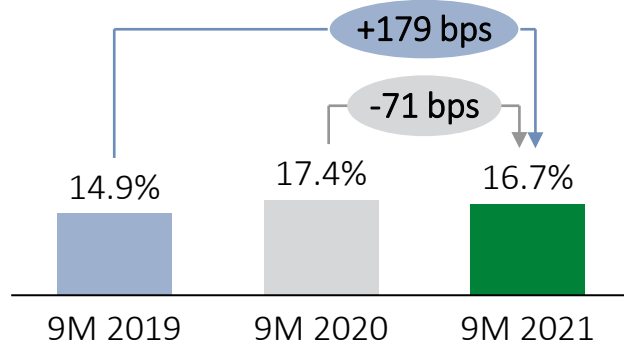
YoY '21 vs. '19
YoY '21 vs. '20

9M EBITDA margins are above 2019 levels in almost all the markets

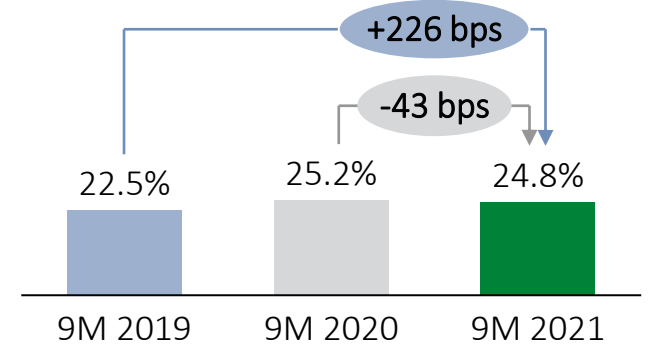
North America



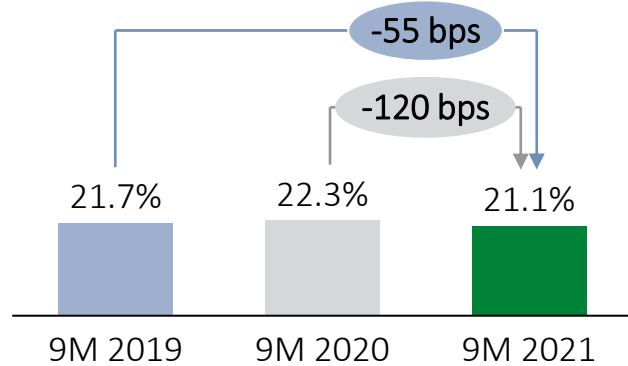
Western & Southern Europe



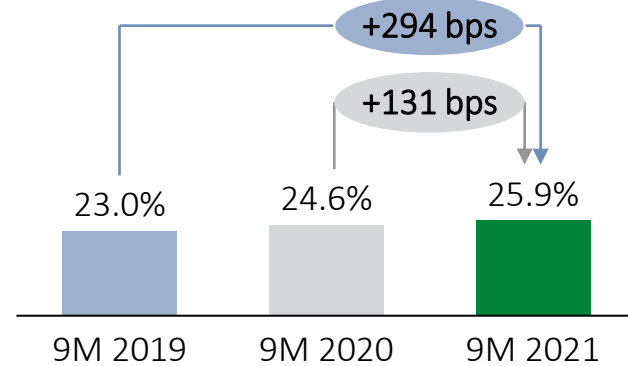
North & Eastern Europe – Central Asia



Asia Pacific

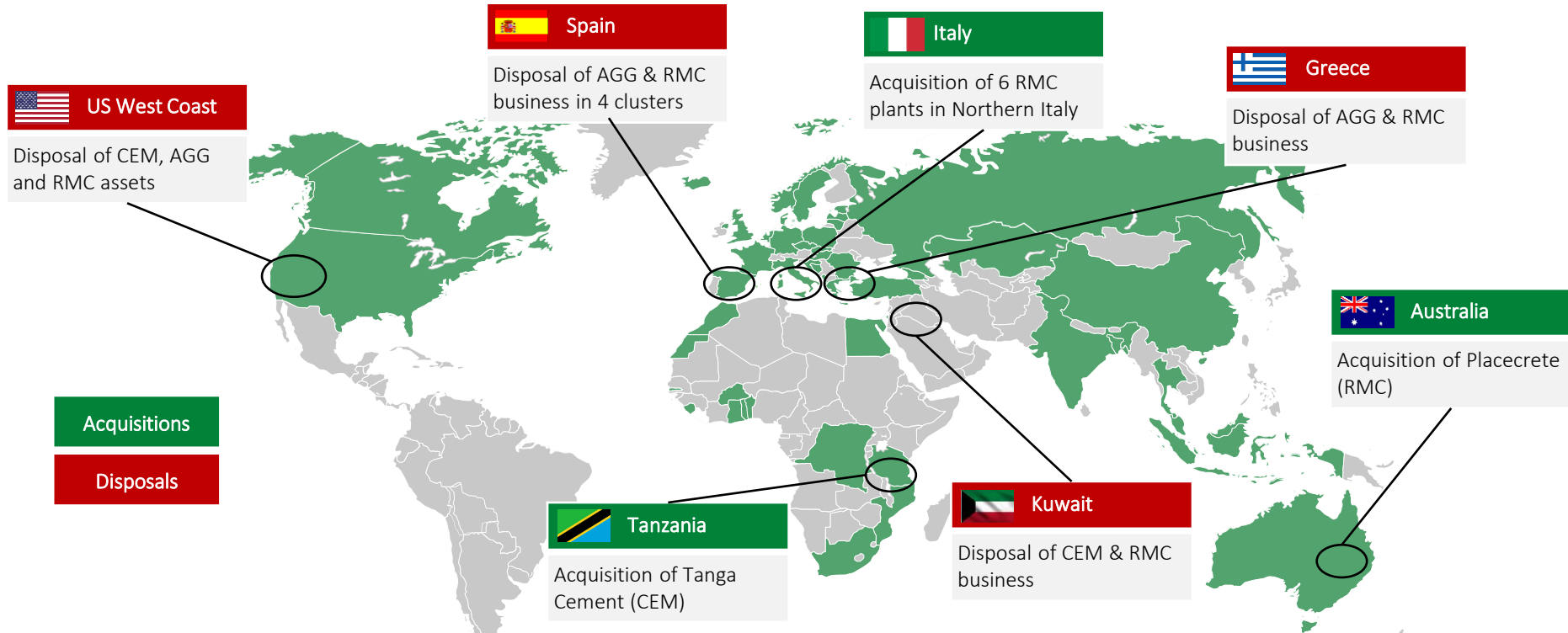


Africa-Eastern Mediterranean Basin



YoY '21 vs. '19
YoY '21 vs. '20

Portfolio optimization continues

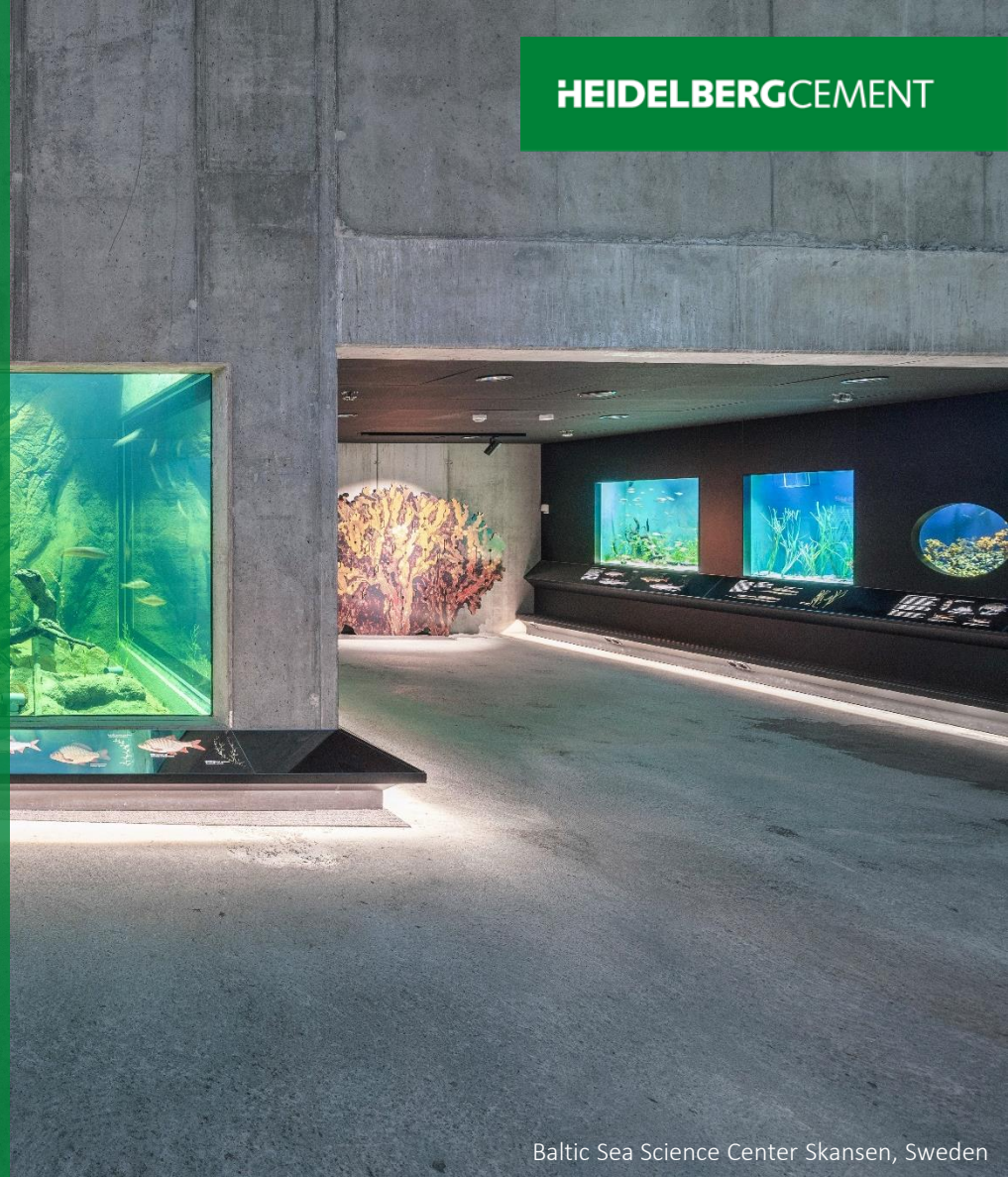


We continue to optimize our asset base by decreasing complexity, while improving footprint in existing profitable markets with high returns

Key Financial Messages Q3

- **FCF comes back to normalized level of 1.7 bn€ (LTM)** after backswing in working capital and tax payments following the completion of the COPE action plan in Dec 2020
- **Strong focus on shareholder value** – first tranche of 1 bn€ share buyback program well on track
- **Comfortable leverage position** – net debt reduced by 0.8 bn€ year over year despite increased dividend and share buyback
- **US West disposal** proceeds received in October
- **Early repayment of March 2023 1bn€ bond** in December 2021

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New business excellence program to mitigate cost inflation

Challenges already visible for upcoming year

- Energy cost inflation (especially in H1)
- High inflation rates around the globe
- High freight rates and supply chain issues
- CO₂ related cost increases in Europe

Proactive management of risks and challenges

- Measures are already discussed with Management teams
- Clear action plan defined on local level to mitigate cost increases
- Commitment on each level of organization

Operational Excellence

Most efficient use of asset base

- Increase kiln efficiency
- Higher alternative fuel rate
- Improved maintenance

Target:
150 m€

Commercial Excellence

Pricing with step change to compensate cost inflation*

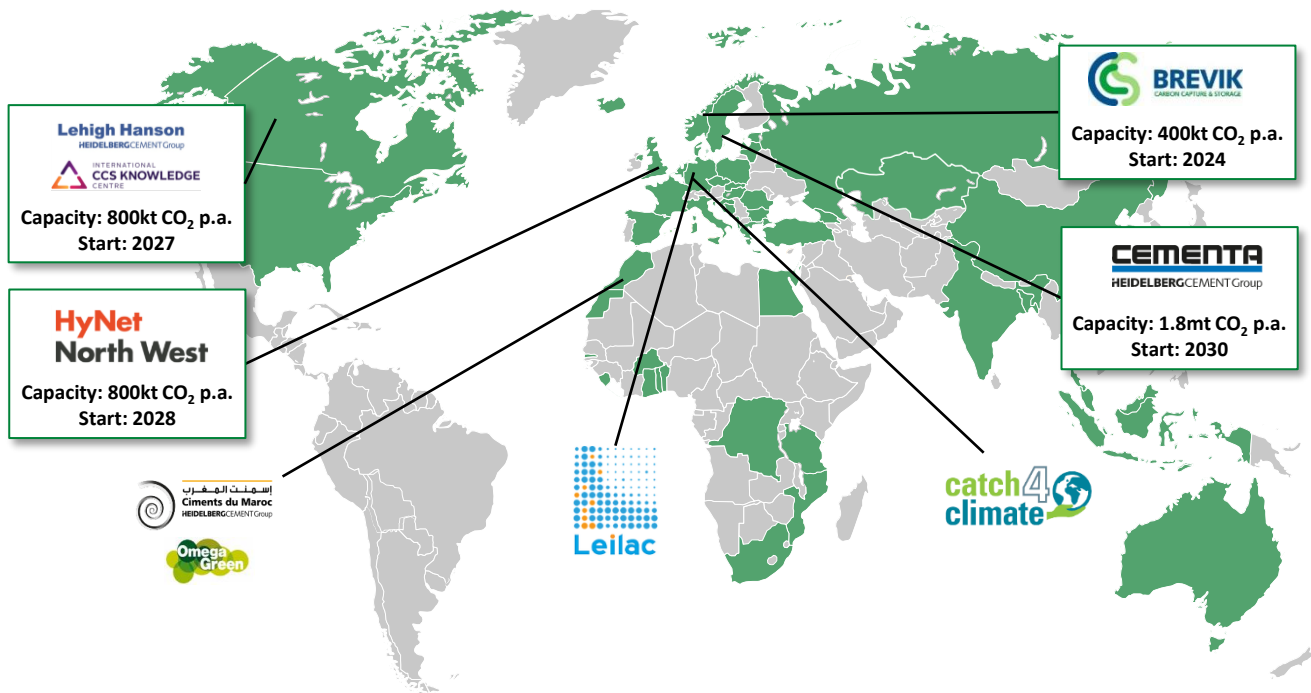
- Pricing structure incl. CO₂ cost elements
- Change price increase frequency
- Product mix focus
- Segment optimization

Target:
>350 m€

Cost mitigation measures of more than 500 m€ defined – progress will be tracked

* "Above" normal price inflation of 2% p.a.

We target up to 10mt* of CO₂ reduction with our current CCU/S projects until 2030



- CCU/S is a key cornerstone in our carbon reduction roadmap
- In 2024, first industrial scale project in Brevik operational (0.4mt CO₂ p.a.)
- Targeting ~4mt** CO₂ reduction p.a. from 2030 with our announced CCU/S projects
- Further CCS projects with significant CO₂ reduction potential in Eastern Europe in the pipeline
- Our current 2025 and 2030 CO₂ reduction targets do not include any contributions from CCU/S activities yet






We are the frontrunner in the industrial scale-up of CCU/S technologies in the sector

* Include accumulated contribution from CCU/S projects Brevik, Edmonton, Slite, and HyNet from 2024 to 2030

** Include yearly contribution from CCU/S projects Brevik, Edmonton, Slite, and HyNet as of 2030

Improved ESG ratings and state-of-the-art reporting standards

Ratings

MSCI	Sustainalytics	VigeoEiris	CDP	ISS ESG
<p>AA: Stable rating for the 4th consecutive time</p> 	<p>28.6 Medium Risk improved from 29.3 (0 to 40+)</p> 	<p>Clear improvement in 2021</p> <p>63 points up from 46 (out of 100 points)</p> 	<p>Top grade A “A-List Climate Change” (stable since 2019)</p> 	<p>Prime Status C+ (stable since 2019)</p> 

Alignment with

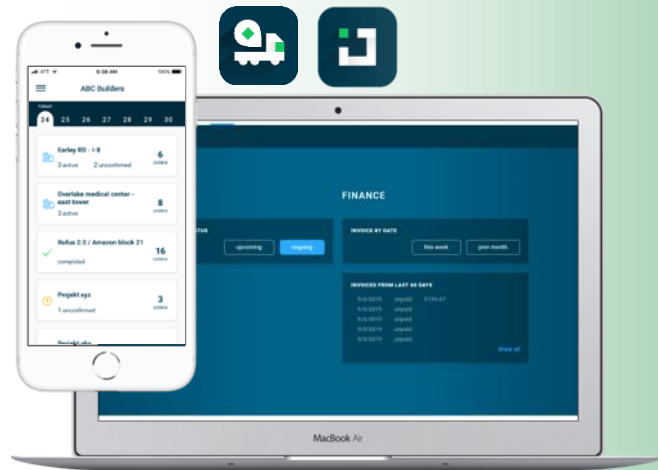
**New: adopted in Q4/21
for FY 2020**

				
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* To be published by end of 2021; ** To be published with FY 2021 report

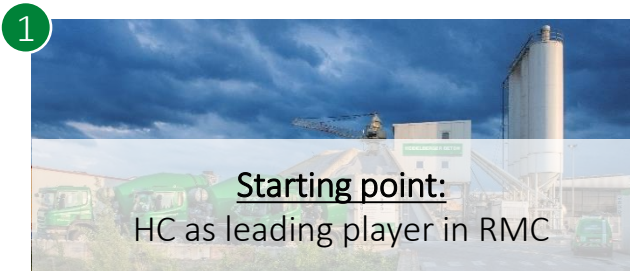
Strong progress in HConnect adoption rate: 200% year-to-date growth

HConnect



- >18,000 Monthly active users (+200%) in 12 countries
- 52% (+19%-pts) of global revenue coverage
- All basic functionality shipped
- Now: real-time order management w/o any labor being involved
- Great customer feedback reflected in a retention rate >80%, customer service efficiency up

Strategic relevance of RMC increases: digital revenue potential ahead



- HC with **strong local market positions** as well as good **technical and management capabilities** in RMC
- **HConnect** makes micro market driven business **significantly more accessible**

Carbon challenge:

Optimizing RMC mixes for CO₂

- **Sensors** in plants, transit, jobsites
- **Recipe optimization** as a service

Efficiency challenge:





More standardized, less labor and interphase intense **ways of building**

- **Insights and optimization** at a finger-tip
- **Sharing and collaboration platform**

Strong position in RMC + HConnect + Command Alkon = Pole position to capture digital revenue potential

* ACDC: Automated Concrete Data Collection system connects local production, quality control and logistics system to SAP HANA and allows centralized and standardized analysis of RMC data.

Full year 2021 outlook partially raised

	KPI	Full year 2021 outlook	Outlook change
	Operational Performance	Strong increase in LfL operating EBITDA (RCOBD) and operating EBIT (RCO)	Confirmed
	CapEx Net *	Below 1.2 billion EUR	Confirmed
	ROIC	Above 9%	Raised from previously “clearly above 8%”
	Leverage	Below 1.5x	Reduced from previously “at the lower end of 1.5-2.0x”

* Tangible fixed assets only, without M&A and growth CapEx

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Moesgaard Museum, Denmark

Appendix



APPENDIX

Sales volumes

Sales Volumes QUARTER	Cement ('000 t)				Aggregates ('000 t)				Ready Mix ('000 m3)				Asphalt ('000 t)			
	Q3 20	Q3 21	Change	LfL	Q3 20	Q3 21	Change	LfL	Q3 20	Q3 21	Change	LfL	Q3 20	Q3 21	Change	LfL
North America	4,505	4,653	148	3.3%	38,596	39,346	749	1.9%	2,261	2,184	-77	-3.4%	1,913	1,825	-88	-4.6%
West / South Europe	7,814	7,668	-146	-1.9%	21,148	20,944	-204	-1.0%	4,667	4,537	-130	-2.8%	1,053	958	-95	-9.0%
North / East Europe	6,989	7,340	351	5.0%	14,484	14,653	168	1.2%	1,592	1,727	135	8.5%	0	0	0	0.0%
Asia Pacific	8,801	8,875	74	0.8%	9,947	9,436	-511	-5.1%	2,821	2,547	-273	-9.7%	707	515	-192	-27.2%
Africa / Med. Basin	5,518	5,360	-158	-2.9%	1,876	1,941	65	3.5%	1,331	1,202	-128	-9.6%	71	69	-2	-2.9%
Group Service	136	0	-136	0.0%	0	0	0	0.0%	71	0	-71	0.0%	0	0	0	0.0%
HC GROUP	33,764	33,896	132	0.8%	86,052	86,320	268	0.3%	12,742	12,197	-544	-3.7%	3,744	3,367	-377	-10.1%

Sales Volumes YEAR TO DATE	Cement ('000 t)				Aggregates ('000 t)				Ready Mix ('000 m3)				Asphalt ('000 t)			
	Sep 20	Sep 21	Change	LfL	Sep 20	Sep 21	Change	LfL	Sep 20	Sep 21	Change	LfL	Sep 20	Sep 21	Change	LfL
North America	11,612	12,222	610	5.2%	94,821	97,633	2,812	3.0%	5,861	5,965	104	1.8%	3,729	3,795	66	1.8%
West / South Europe	20,705	23,000	2,295	11.1%	57,762	64,379	6,616	11.5%	12,577	13,693	1,116	8.9%	2,506	2,773	267	10.7%
North / East Europe	17,899	18,895	996	5.6%	36,379	36,949	570	1.6%	4,433	4,664	231	5.2%	0	0	0	0.0%
Asia Pacific	23,816	25,711	1,895	8.0%	26,461	26,661	200	0.8%	7,745	7,692	-53	-0.7%	1,584	1,450	-134	-8.4%
Africa / Med. Basin	15,665	15,808	143	0.9%	5,419	5,659	240	4.4%	3,592	3,685	92	2.6%	269	190	-79	-29.4%
Group Service	414	76	-338	-3.9%	0	0	0	0.0%	237	0	-237	0.0%	0	0	0	0.0%
HC GROUP	90,112	95,712	5,600	6.6%	220,843	231,280	10,438	4.7%	34,446	35,699	1,253	4.3%	8,087	8,208	121	1.5%

Operating result

Operating Result QUARTER	Revenues (m€)				Operating EBITDA (m€)				Operating EBIT / RCO (m€)				EBITDA Margin			
	Q3 20	Q3 21	Change	LfL	Q3 20	Q3 21	Change	LfL	Q3 20	Q3 21	Change	LfL	Q3 20	Q3 21	Change	LfL
North America	1,377	1,391	1.0%	1.9%	415	366	-11.8%	-9.7%	329	291	-11.7%	-8.8%	30.2%	26.3%	-384 bps	-337 bps
West / South Europe	1,375	1,418	3.1%	2.3%	332	269	-19.2%	-19.3%	236	177	-25.2%	-25.5%	24.2%	19.0%	-522 bps	-507 bps
North / East Europe	792	859	8.5%	8.4%	246	248	0.7%	1.4%	199	200	0.5%	1.5%	31.1%	28.9%	-223 bps	-200 bps
Asia Pacific	793	792	-0.1%	-0.3%	211	169	-19.7%	-20.0%	152	112	-26.4%	-26.6%	26.5%	21.3%	-520 bps	-525 bps
Africa / Med. Basin	455	486	6.7%	6.0%	130	117	-10.2%	-9.8%	104	90	-13.0%	-12.0%	28.6%	24.1%	-453 bps	-421 bps
Group Service	260	369	42.0%	46.2%	10	7	-24.3%	-22.1%	9	7	-17.9%	-24.0%	3.7%	2.0%	-171 bps	-172 bps
HC GROUP	4,886	5,058	3.5%	3.7%	1,328	1,176	-11.4%	-10.7%	1,005	869	-13.6%	-12.6%	27.2%	23.2%	-393 bps	-373 bps

Operating Result YEAR TO DATE	Revenues (m€)				Operating EBITDA (m€)				Operating EBIT / RCO (m€)				EBITDA Margin			
	Sep 20	Sep 21	Change	LfL	Sep 20	Sep 21	Change	LfL	Sep 20	Sep 21	Change	LfL	Sep 20	Sep 21	Change	LfL
North America	3,513	3,509	-0.1%	4.9%	755	781	3.4%	8.4%	476	538	13.1%	18.4%	21.5%	22.2%	+75 bps	+71 bps
West / South Europe	3,662	4,185	14.3%	14.1%	638	700	9.6%	9.8%	340	418	23.1%	22.8%	17.4%	16.7%	-71 bps	-66 bps
North / East Europe	2,141	2,297	7.3%	7.2%	540	570	5.5%	6.6%	396	427	7.9%	9.2%	25.2%	24.8%	-43 bps	-15 bps
Asia Pacific	2,197	2,313	5.3%	5.9%	490	489	-0.4%	0.1%	302	313	3.7%	3.9%	22.3%	21.1%	-120 bps	-123 bps
Africa / Med. Basin	1,308	1,389	6.2%	9.6%	322	360	11.8%	15.2%	241	281	16.6%	20.7%	24.6%	25.9%	+131 bps	+127 bps
Group Service	759	992	30.7%	34.7%	19	21	7.3%	13.6%	16	20	25.4%	17.5%	2.5%	2.1%	-45 bps	-39 bps
HC GROUP	13,140	13,996	6.5%	8.5%	2,731	2,896	6.0%	8.2%	1,715	1,953	13.9%	16.1%	20.8%	20.7%	-9 bps	-6 bps

Scope and currency impacts

Scope & Currency QUARTER	Scope Impact on Volumes				Revenue		Operating EBITDA		Operating EBIT (RCO)	
	CEM	AGG	RMC	ASP	Scope	Currency	Scope	Currency	Scope	Currency
North America	0	0	0	0	0	-12	0	-10	0	-11
West / South Europe	0	0	0	0	-6	17	-1	2	0	1
North / East Europe	0	0	0	0	0	0	0	-2	0	-2
Asia Pacific	0	0	0	0	0	1	0	1	0	0
Africa / Med. Basin	0	0	0	0	0	3	0	-1	0	-1
Group Service	-136	0	-71	0	-11	0	0	0	1	0
HC GROUP	-136	0	-71	0	-17	9	-1	-10	1	-12

Scope & Currency YEAR TO DATE	Scope Impact on Volumes				Revenue		Operating EBITDA		Operating EBIT (RCO)	
	CEM	AGG	RMC	ASP	Scope	Currency	Scope	Currency	Scope	Currency
North America	0	0	0	0	0	-168	0	-35	0	-21
West / South Europe	0	0	0	0	-16	21	-3	2	0	1
North / East Europe	0	0	0	0	0	1	0	-6	0	-5
Asia Pacific	0	0	0	0	1	-14	0	-2	0	-1
Africa / Med. Basin	0	0	0	0	0	-40	0	-9	0	-8
Group Service	-322	0	-237	0	-27	-2	-1	0	1	0
HC GROUP	-322	0	-237	0	-42	-202	-4	-50	1	-34

Contact information and financial calendar

Date	Events
9 November 2021	UBS European Virtual Conference
16 November 2021	Goldman Sachs Carbonomics Conference
30 November 2021	BofA Materials & Infrastructure Conference
1 December 2021	Goldman Sachs Industrial Conference
2 December 2021	Société Générale Premium Review Conference

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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; 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. 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.