

2021 Half Year Results

29 July 2021

Dr. Dominik von Achten – Group CEO

Dr. Lorenz Näger – Group CFO

Key Messages Q2 2021

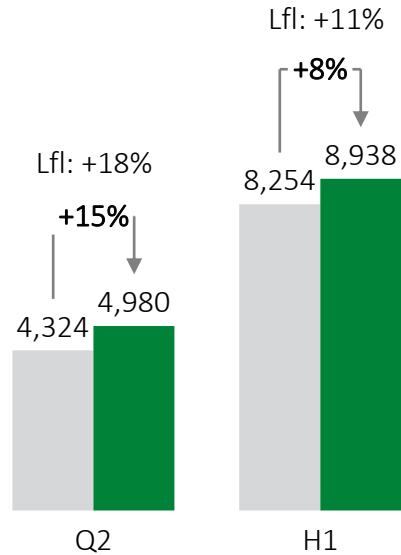
- **Substantial increase in results in Q2 2021** – revenue +18%, operating EBITDA +22%, operating EBIT +36%; margin further improves by +76 bps (all like-for-like vs Q2 2020)
- **Major step in portfolio optimization** – disposal of US West region business
- **High focus on shareholder returns** – share buyback program with a total amount of up to 1 billion EUR announced
- **Significant deleveraging** – net debt down by 1.5 bn € vs. prior year, driven by solid cash flow generation; leverage at 1.9x
- **Leadership position on path to decarbonization underlined** – “Business Ambition for 1.5°C” signed and UN “Race To Zero” joined
- **Guidance raised** – strong operating EBITDA growth expected for the full year 2021

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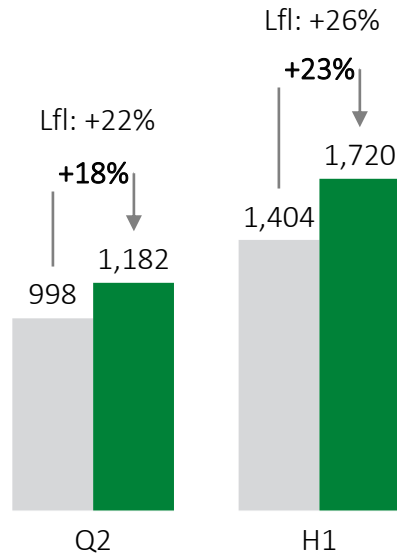


Substantial increase in results – Continuous improvement in all operational metrics

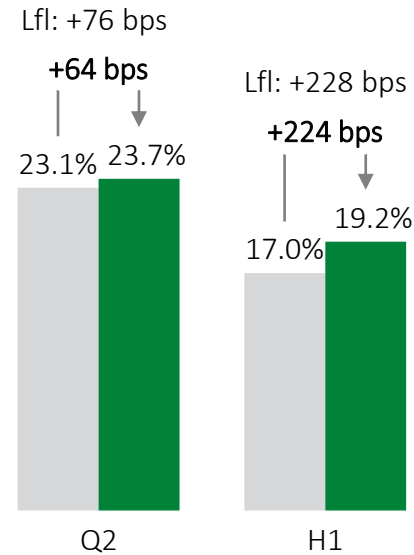
Revenue (m€)



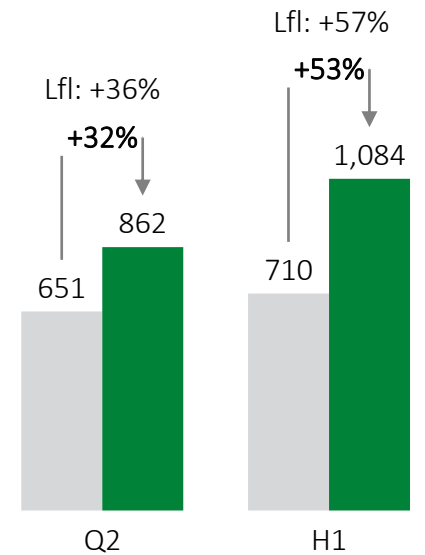
Operating EBITDA (m€)



Operating EBITDA Margin



Operating EBIT (RCO) (m€)



2020 2021

Good volume development in all business lines and regions

Sales volumes

Cement (mt)	2019	2020	2021	2021 vs. 2020*	
Q2	32.4	28.7	33.5	4.8	16.9%
Half year	61.0	56.3	61.8	5.5	10.0%
Aggregates (mt)	2019	2020	2021	2021 vs. 2020*	
Q2	82.7	74.7	83.7	9.0	12.0%
Half year	145.6	134.8	145.0	10.2	7.5%
Ready-Mix (mm ³)	2019	2020	2021	2021 vs. 2020*	
Q2	13.1	11.0	12.7	1.7	15.4%
Half year	24.4	21.7	23.5	1.8	9.0%
Asphalt (mt)	2019	2020	2021	2021 vs. 2020*	
Q2	3.0	2.6	2.9	0.3	11.4%
Half year	4.8	4.3	4.8	0.5	11.5%

* % development based on Lfl, excluding scope impacts

Development in key markets in Q2

North America

- Volumes clearly above prior year level driven by easier comparison base and strong underlying business demand
- Canada strongly coming back from low levels as demand improves in infrastructure and commodity sectors

Europe

- Good demand all around Western and Southern Europe
- Solid demand increase in Nordics and Eastern Europe in all business lines driven by residential and infrastructure projects

Asia-Pacific

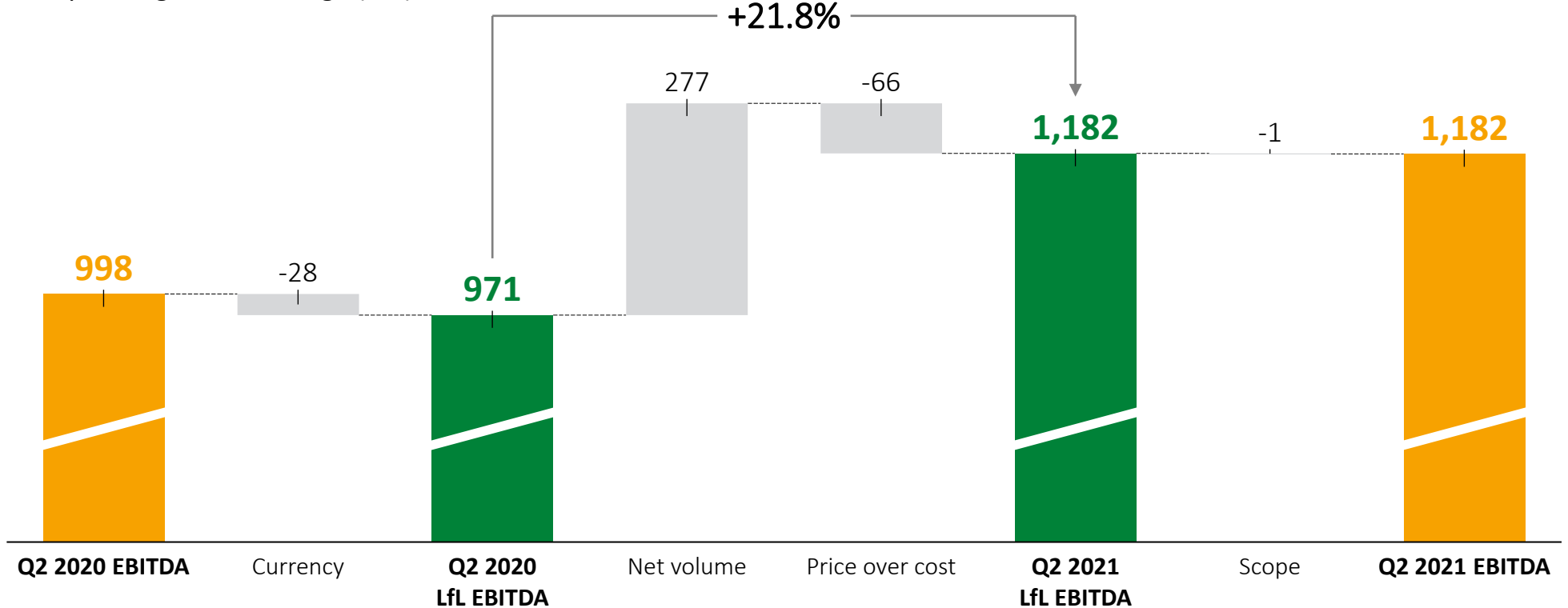
- Volumes improve across the region despite Covid-19 driven uncertainty in most of the countries

Africa – Eastern Mediterranean

- Another solid quarter driven by Sub-Saharan business and Morocco

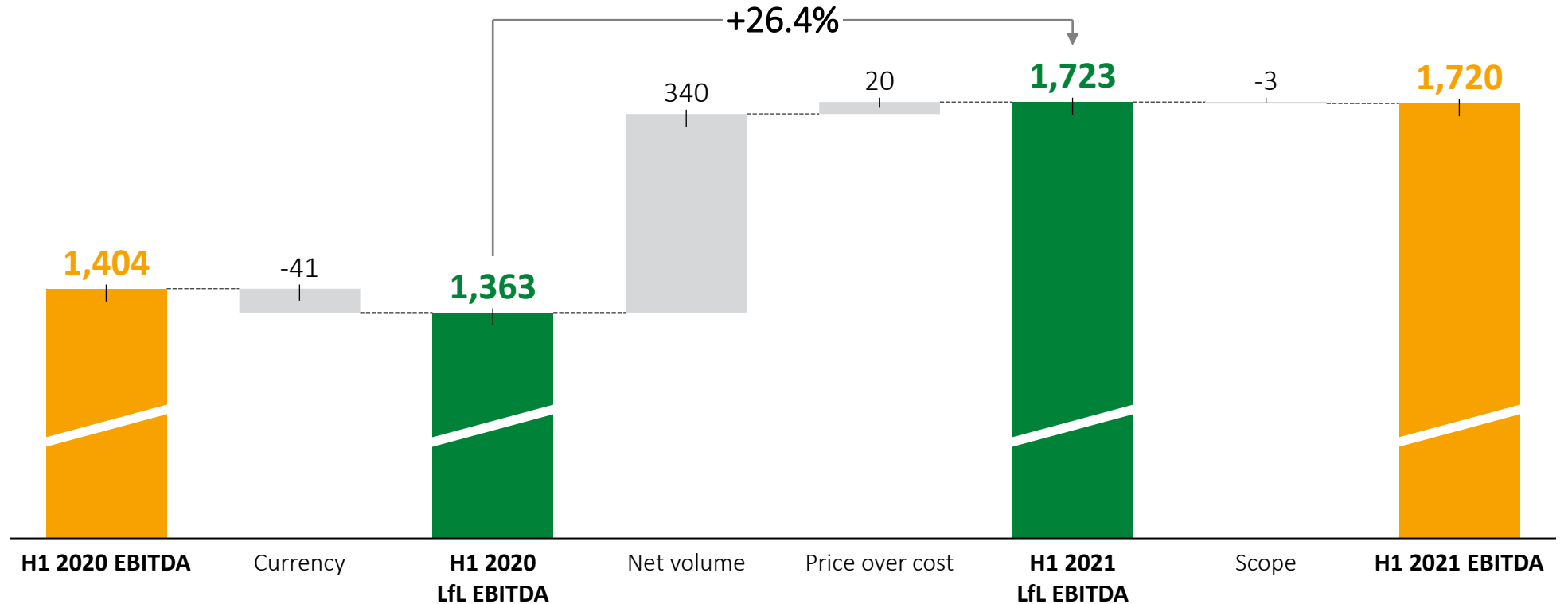
Operating EBITDA increases by 22% in Q2 2021

Q2 Operating EBITDA Bridge (m€)



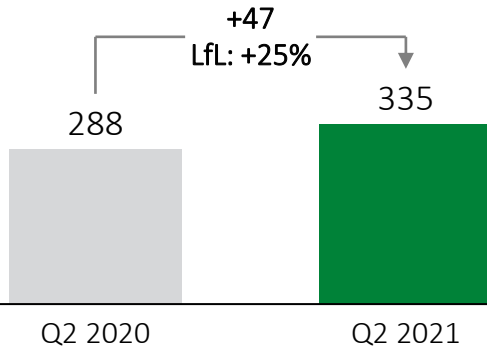
Operating EBITDA improves by 360 m€ in H1 2021

H1 Operating EBITDA Bridge (m€)

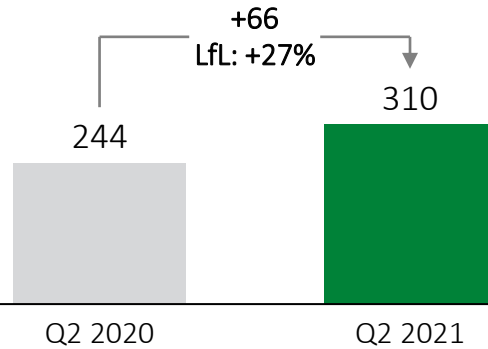


EBITDA growth in all regions during the quarter

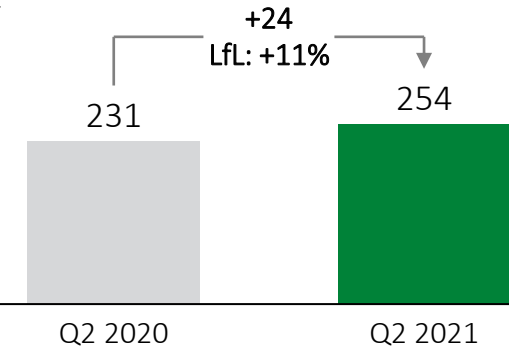
North America
m€



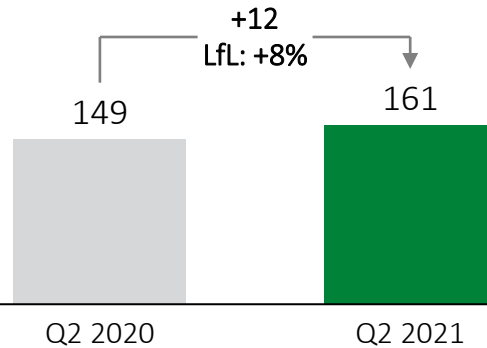
Western & Southern Europe
m€



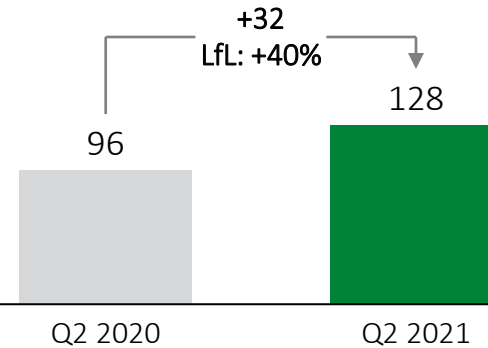
North & Eastern Europe – Central Asia
m€



Asia Pacific
m€

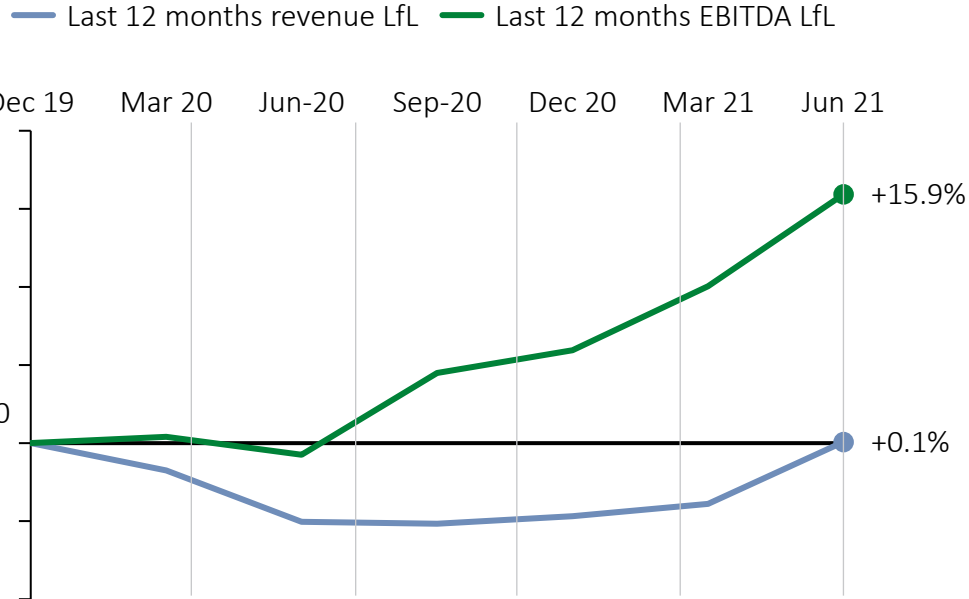


Africa – Eastern Mediterranean
m€

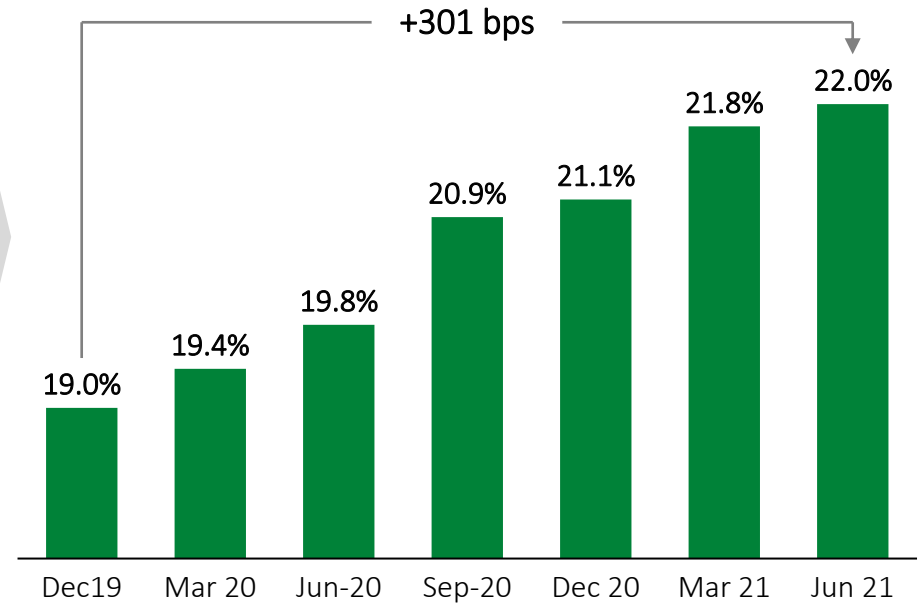


Continuous profitability increase over the last six quarters

Solid increase in profitability despite demand pressure



Last 12 months rolling EBITDA margin development



Executing on Beyond 2020 strategy – Portfolio optimization in progress



U.S. West Region business (announced 05/2021)

- One of the markets which did not meet our investment criteria
- Disposal frees capital to further strengthen our position in our remaining four North American regions through selected bolt-on acquisitions and capacity expansion projects

▶ **Optimized portfolio in North America, focusing on most profitable markets**



Greece AGG & RMC business (announced 05/2021)

- No market leading positions in AGG and RMC

▶ **Focus on core business with potential margin improvement**



Kuwait (announced 01/2021)

- Legacy participation from Italcementi acquisition
- Isolated market with no major returns
- Pessimistic market outlook due to capacity additions and sourcing disadvantages

▶ **Group country portfolio simplified**

Share buyback program with a total amount of up to 1 billion EUR announced

- First share buyback in HeidelbergCement's history
- The company plans to buy back shares of up to 1 billion EUR until September 2023
- 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
- Authorization granted by the AGM on 6 May 2021 to buy back up to 10% of share capital until 5 May 2026
- For the time being, the acquired shares will be held as treasury shares

High focus on shareholder returns as outlined
in our strategy "Beyond 2020"!



Key Financial Messages June 2021

- **Significant increase in EPS** – adjusted for the additional ordinary result, EPS increases by 71% to 3.1€ year-over-year
- **Strong cash generation** – LTM free cash flow at 2.3 bn€, leading to a cash conversion rate of 56%
- **Solid deleveraging** – net debt reduced by 1.5 bn€ year-over-year
- **Leverage at very comfortable level** – year end leverage targeted at the lower end of our guidance 1.5x to 2.0x

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Adjusted EPS increases by 71%

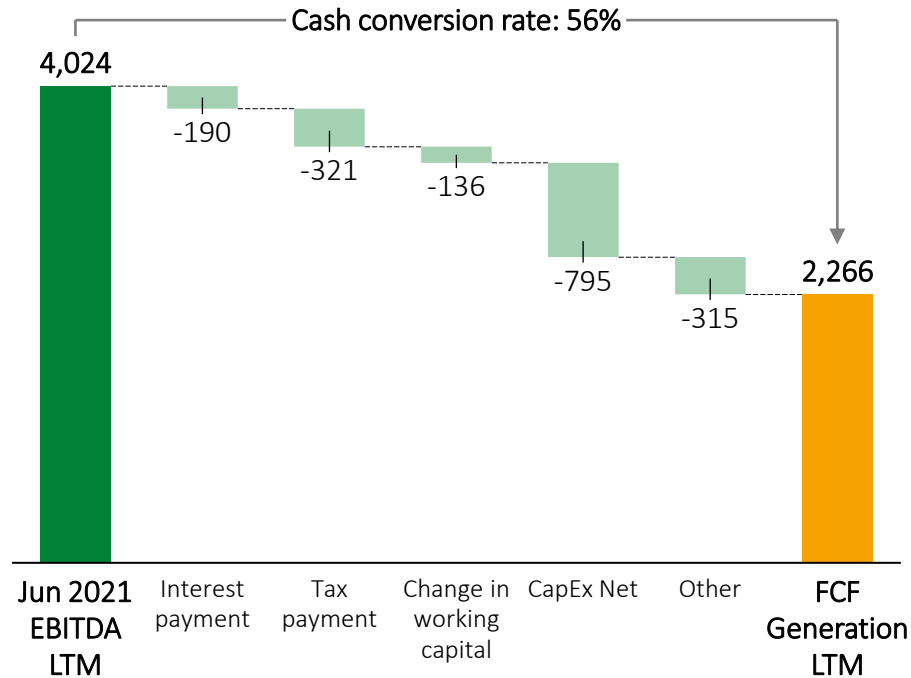
Income Statement per June (m€)	2020	2021	Delta
Revenue	8,254	8,938	+684
RCOBD (Operating EBITDA)	1,404	1,720	+317
Depreciation and amortization	-693	-636	+58
Result from current operations (RCO)	710	1,084	+374
Additional ordinary result	-3,490	148	+3,637
Financial result	-157	-84	+73
Income taxes	-138	-325	-187
Net result from discontinued operations	-20	2	+22
Non-controlling interests	-39	-69	-31
Group share of profit	-3,133	755	+3,888
Group share of profit adjusted for AOR	356	608	+252
Earnings per shared adjusted for AOR	1.80	3.06	+1.26

Key developments

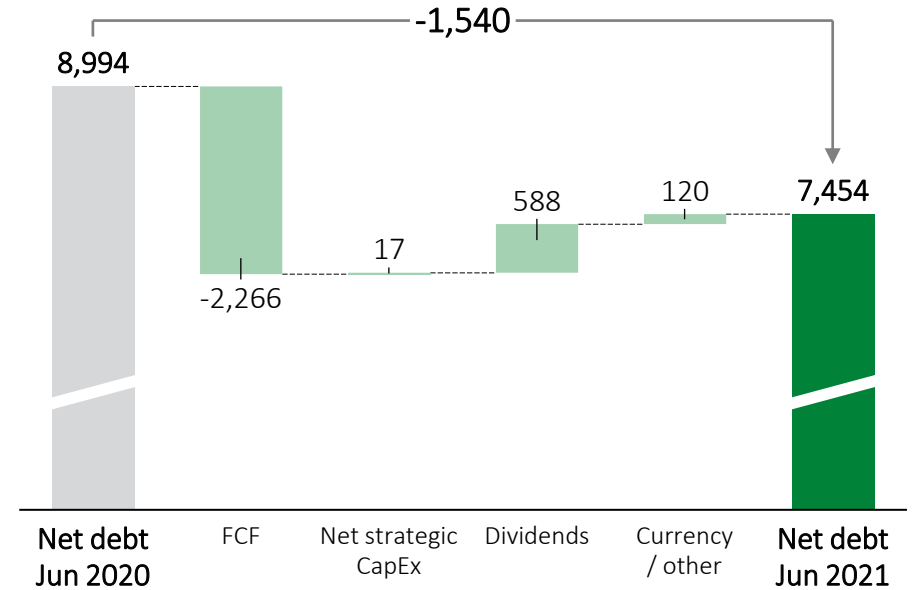
- In the current year, the AOR includes a reversal of past asset impairments related to U.S. West Region disposal
- Financial result further improved due to reduced interest expenses (+24 m€) and a positive non-cash impact based on IFRS 37
- Swing in deferred taxes from income in previous year to expense in current year (non-cash)

Strong free cashflow and significant net debt reduction

Free cash flow generation (m€) ¹⁾



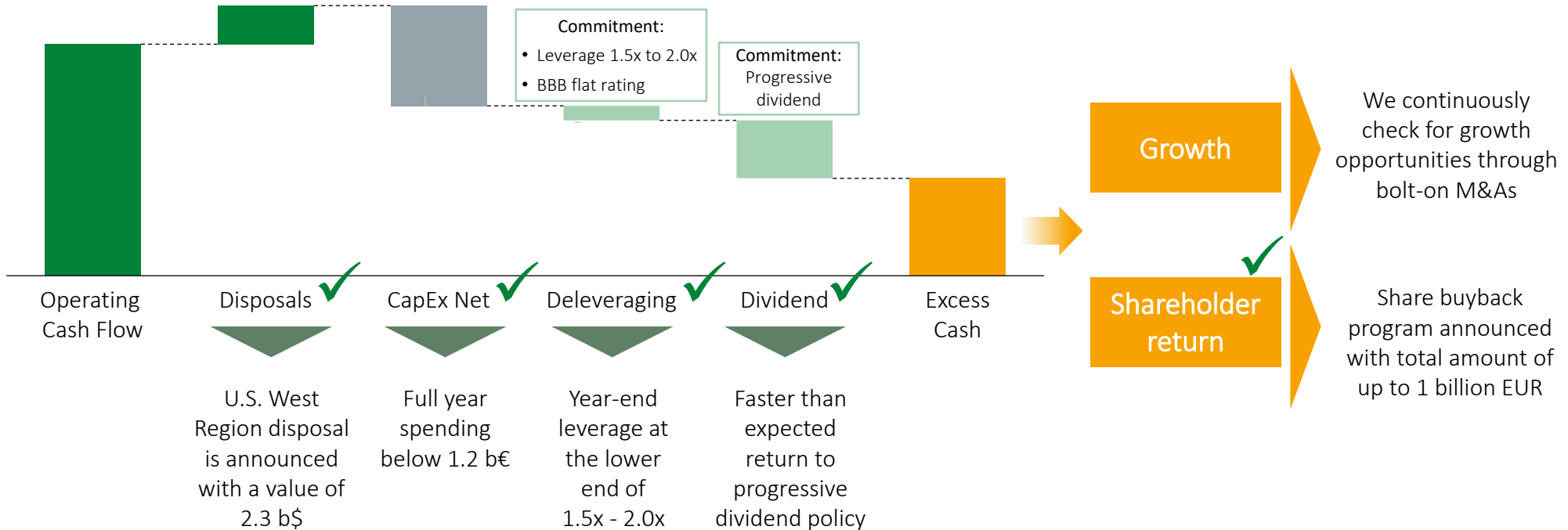
Net debt development (m€)



1) FCF = Operating cash flow minus Capex Net

First half of the year marks major milestones in Beyond 2020 Strategy

Already announced cash generation and cash allocation priorities:



Delivering on our ESG agenda – Q2 2021 highlights

Rating upgrades from S&P to BBB with stable outlook and Moody's to Baa2



Apr



Quarry Life Award – we open our quarries for the unique biodiversity competition



Dr. Nicola Kimm to become new Board Member responsible for ESG, Global R&D, and New Technologies

May

Building the world's first carbon-neutral cement plant at our Slite plant in Sweden



Jun

AGM resolution to include CO₂ target in compensation scheme



German Innovation Award for 3D printed house



Publication of our Sustainability Report 2021

EU program “Fit for 55” – CBAM can improve carbon leakage protection in Europe



We welcome the Commission’s ambition to align the EU rules with the Green Deal



We support a strengthened carbon price in combination with a Carbon Border Adjustment Mechanism (CBAM) in order to support the industrial transformation and much needed breakthrough technologies



We request a seamless transition from free allocation with the objective to avoid carbon leakage



We ask not to exclude any individual sector to allow for the desired effect and keep a level playing field



We expect contributions from all stakeholders including industry, politics, and society to reach the increased ambition



CARBON NEUTRAL

We will analyse the impact of the proposal in more detail and closely monitor and engage in the political discussions and negotiations over the coming years

“Business Ambition for 1.5°C” signed and UN “Race To Zero” joined

Reassuring our commitment towards carbon neutrality

- Signed the **Business Ambition for 1.5°C Commitment** (limit global warming to 1.5°C and achieving net zero carbon emissions by 2050), further acknowledging our commitment towards carbon neutrality
- Joined the UNFCC **Race to Zero** campaign, underlining our continuous leadership to drive the sector’s decarbonisation
- Intensifying the collaboration with **Science Based Targets initiative (SBTi)** to further substantiate the path leading to decarbonisation by 2050 with detailed, scientifically validated targets and measures



Solid demand growth in all major countries



U.S.

Order backlogs and economic conditions are generally solid in most of the markets. Demand growth expected. Recent leading indicators and large government stimulus provides further potential.



Canada

Positive volume development in key markets with carry-over projects from PY, low interest rates, surge in residential and stimulus funding.



U.K.

Demand growth expected in all business lines, driven mainly by increase in infrastructure activity.



Italy

Solid market driven by both announced infrastructure projects and pick up in residential demand.



Germany

Market demand expected to continue on high levels driven by residential and infrastructure segments.



Poland

Positive demand growth in all business lines driven by good development of the residential and some infrastructure projects.



Australia

Solid demand across the country expected to continue in the second half. Recent Covid-related shutdowns may put pressure in short term.



Indonesia





Underlying market demand continues to be reassuring, but Covid-19 challenges remain for H2.



Egypt

Market stabilization expected with the implementation of government-controlled production quota.

Full year 2021 guidance raised as a result of very good business development

		Initial guidance	Updated guidance
	Operational Performance	Slight increase in LfL operating EBITDA and operating EBIT	<u>Strong</u> increase in LfL operating EBITDA and operating EBIT
	CapEx Net *	1.2 billion EUR	<u>Below</u> 1.2 billion EUR
	ROIC	Above 8%	<u>Clearly</u> above 8%
	Leverage	1.5x to 2.0x	<u>At the lower end of</u> “1.5x to 2.0x”

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

Key Messages Q2 2021

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Appendix



Sales volumes

Sales Volumes QUARTER	Cement ('000 t)				Aggregates ('000 t)				Ready Mix ('000 m3)				Asphalt ('000 t)			
	Q2 20	Q2 21	Change	LfL	Q2 20	Q2 21	Change	LfL	Q2 20	Q2 21	Change	LfL	Q2 20	Q2 21	Change	LfL
North America	3,847	4,481	633	16.5%	33,711	35,155	1,444	4.3%	1,952	2,097	145	7.4%	1,356	1,432	76	5.6%
West / South Europe	6,748	8,532	1,784	26.4%	18,365	23,502	5,137	28.0%	4,090	4,966	876	21.4%	700	938	238	34.0%
North / East Europe	6,324	7,153	829	13.1%	12,930	14,317	1,387	10.7%	1,566	1,781	215	13.7%	0	0	0	0.0%
Asia Pacific	6,659	8,032	1,373	20.6%	8,244	8,752	508	6.2%	2,372	2,626	253	10.7%	439	434	-5	-1.2%
Africa / Med. Basin	4,983	5,219	236	4.7%	1,413	1,935	522	37.0%	1,029	1,242	213	20.7%	80	65	-15	-18.5%
Group Service	97	39	-58	-1.2%	0	0	0	0.0%	31	0	-31	0.0%	0	0	0	0.0%
HC GROUP	28,659	33,456	4,797	16.9%	74,682	83,661	8,979	12.0%	11,039	12,710	1,671	15.4%	2,575	2,869	294	11.4%

Sales Volumes YEAR TO DATE	Cement ('000 t)				Aggregates ('000 t)				Ready Mix ('000 m3)				Asphalt ('000 t)			
	Jun 20	Jun 21	Change	LfL	Jun 20	Jun 21	Change	LfL	Jun 20	Jun 21	Change	LfL	Jun 20	Jun 21	Change	LfL
North America	7,108	7,569	462	6.5%	56,225	58,287	2,063	3.7%	3,601	3,782	181	5.0%	1,815	1,970	154	8.5%
West / South Europe	12,891	15,332	2,441	18.9%	36,614	43,434	6,820	18.6%	7,910	9,157	1,246	15.8%	1,453	1,815	362	24.9%
North / East Europe	10,910	11,554	645	5.9%	21,895	22,296	401	1.8%	2,841	2,937	96	3.4%	0	0	0	0.0%
Asia Pacific	15,015	16,836	1,821	12.1%	16,514	17,225	711	4.3%	4,924	5,144	220	4.5%	877	936	59	6.7%
Africa / Med. Basin	10,147	10,448	301	3.0%	3,543	3,718	175	4.9%	2,262	2,482	221	9.7%	198	121	-77	-38.9%
Group Service	278	76	-202	-5.8%	0	0	0	0.0%	166	0	-166	0.0%	0	0	0	0.0%
HC GROUP	56,348	61,816	5,467	10.0%	134,791	144,961	10,170	7.5%	21,705	23,502	1,797	9.0%	4,343	4,841	498	11.5%

Operating result

Operating Result QUARTER	Revenues (m€)				Operating EBITDA (m€)				Operating EBIT / RCO (m€)				EBITDA Margin			
	Q2 20	Q2 21	Change	LfL	Q2 20	Q2 21	Change	LfL	Q2 20	Q2 21	Change	LfL	Q2 20	Q2 21	Change	LfL
North America	1,216	1,269	4.4%	12.2%	288	335	16.2%	25.2%	191	251	31.6%	42.1%	23.7%	26.4%	+268 bps	+274 bps
West / South Europe	1,182	1,531	29.5%	29.0%	244	310	27.3%	27.4%	143	214	49.6%	49.7%	20.6%	20.3%	-35 bps	-26 bps
North / East Europe	765	867	13.4%	12.4%	231	254	10.3%	11.4%	183	207	13.2%	14.7%	30.2%	29.3%	-83 bps	-25 bps
Asia Pacific	667	754	13.0%	13.5%	149	161	8.4%	8.4%	85	103	21.3%	20.1%	22.3%	21.4%	-92 bps	-100 bps
Africa / Med. Basin	410	460	12.3%	17.4%	96	128	33.4%	40.0%	69	102	48.5%	57.1%	23.5%	27.9%	+442 bps	+451 bps
Group Service	201	360	79.2%	81.7%	4	7	74.0%	70.3%	2	7	219.7%	129.3%	2.1%	2.0%	-6 bps	-13 bps
HC GROUP	4,324	4,980	15.2%	17.9%	998	1,182	18.4%	21.8%	651	862	32.3%	36.0%	23.1%	23.7%	+64 bps	+76 bps

Operating Result YEAR TO DATE	Revenues (m€)				Operating EBITDA (m€)				Operating EBIT / RCO (m€)				EBITDA Margin			
	Jun 20	Jun 21	Change	LfL	Jun 20	Jun 21	Change	LfL	Jun 20	Jun 21	Change	LfL	Jun 20	Jun 21	Change	LfL
North America	2,136	2,118	-0.9%	7.0%	340	414	21.9%	31.6%	146	247	69.1%	82.5%	15.9%	19.6%	+366 bps	+366 bps
West / South Europe	2,287	2,767	21.0%	21.2%	306	431	40.9%	41.5%	103	241	133.2%	133.4%	13.4%	15.6%	+221 bps	+224 bps
North / East Europe	1,349	1,438	6.6%	6.6%	294	322	9.5%	11.0%	197	228	15.4%	17.0%	21.8%	22.4%	+59 bps	+89 bps
Asia Pacific	1,403	1,520	8.3%	9.4%	280	319	14.1%	15.4%	150	201	34.3%	35.3%	19.9%	21.0%	+107 bps	+109 bps
Africa / Med. Basin	853	904	5.9%	11.6%	192	243	26.7%	32.9%	137	191	38.9%	46.3%	22.5%	26.9%	+443 bps	+432 bps
Group Service	499	623	24.9%	28.7%	10	13	38.4%	49.6%	7	13	75.4%	65.8%	1.9%	2.1%	+21 bps	+31 bps
HC GROUP	8,254	8,938	8.3%	11.4%	1,404	1,720	22.6%	26.4%	710	1,084	52.7%	57.4%	17.0%	19.2%	+224 bps	+228 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	-85	0	-21	0	-14
West / South Europe	0	0	0	0	-4	8	-1	0	0	0
North / East Europe	0	0	0	0	0	7	0	-2	0	-3
Asia Pacific	0	0	0	0	0	-3	0	0	0	1
Africa / Med. Basin	0	0	0	0	0	-18	0	-5	0	-4
Group Service	-57	0	-31	0	-4	0	0	0	2	0
HC GROUP	-57	0	-31	0	-8	-91	-1	-28	2	-20

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	-156	0	-25	0	-11
West / South Europe	0	0	0	0	-10	4	-2	0	0	0
North / East Europe	0	0	0	0	0	0	0	-4	0	-3
Asia Pacific	0	0	0	0	1	-15	0	-3	0	-1
Africa / Med. Basin	0	0	0	0	0	-43	0	-9	0	-7
Group Service	-186	0	-166	0	-16	-2	-1	0	1	0
HC GROUP	-186	0	-166	0	-25	-211	-3	-41	1	-22

Contact information and financial calendar

Date	Events
7 September 2021	Exane BNP Paribas ESG Conference
9 September 2021	Davy Building Materials & Industrials Conference
21 September 2021	GS / Berenberg German Corporate Conference
23 September 2021	Metzler Dialogue
29 September 2021	Barclays Construction and Infra Conference
30 September 2021	JP Morgan European All Stars Conference
7 October 2021	Société Générale ESG / SRI Conference
4 November 2021	Q3 2021 Results
9 November 2021	UBS European Virtual 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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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.

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