We take the CONCRETE lead

2022 Capital Markets Day – 24 May
Dr Dominik von Achten
Chief Executive Officer
Our world is changing.
So is HeidelbergCement.
We are taking the CONCRETE lead.
And are making five concrete promises.
#1 Promise
We focus on what we do best: heavy building materials.
WE TAKE THE CONCRETE LEAD

The underlying demand for our products remains very promising

- >80% of global GDP committed to net zero targets.
- 1.5x Global urban population will increase by 1.5 times to 6 bn by 2045.
- >35% higher global construction output over this decade by 2030.

Source: University of Oxford, Worldbank, Oxford economics
Heavy building materials – an attractive sector with great prospects

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

### Regional construction real growth 2021-2030:

<table>
<thead>
<tr>
<th>Region</th>
<th>Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sub-Saharan Africa</td>
<td>5.7%</td>
</tr>
<tr>
<td>APAC emerging</td>
<td>5.1%</td>
</tr>
<tr>
<td>MENA</td>
<td>3.9%</td>
</tr>
<tr>
<td>NAM</td>
<td>2.8%</td>
</tr>
<tr>
<td>Eastern Europe</td>
<td>2.8%</td>
</tr>
<tr>
<td>Western Europe</td>
<td>2.1%</td>
</tr>
<tr>
<td>APAC developed</td>
<td>1.8%</td>
</tr>
<tr>
<td><strong>Global</strong></td>
<td><strong>3.6%</strong></td>
</tr>
</tbody>
</table>

### Infrastructure packages in key markets

- **Australia**: AU$120 bn (Infrastructure Investment Program)
- **UK**: £337 bn (National Infrastructure Investment)
- **Europe**: €750 bn (EU ‘Recovery Fund’)
- **USA**: $1.2 tn (Infrastructure Investment & Jobs Act)
Concrete: The most frequently used building material – proven for over 2000 years

**WE TAKE THE CONCRETE LEAD**

Significant advantages, but a few things to solve:

**Customer advantages:**
- Locally made, locally sold
- 100% recyclable
- Long-lived
- Sound-absorbing
- Non-flammable
- Customisable & flexible
- Attractive life cycle cost

**Current challenges:**
- CO₂- and energy-intensive
- Low-value recycling
Sustainable products are becoming the **game changer** for profitable growth.
#2 Promise
We commit to generate 50% of our revenue from sustainable products by 2030.
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CO₂ reduction and circularity will be key enablers of our sustainable revenue target

Reduce and reuse CO₂
Less CO₂ in cement and concrete

Reuse and reduce materials
More circularity in the product mix

Commoditisation comes to an end:
Sustainable product portfolio will be THE key differentiator!

Sustainable products
CO₂

50%

Reuse and reduce materials

More circularity in the product mix

Commoditisation comes to an end:
Sustainable product portfolio will be THE key differentiator!
## WE TAKE THE CONCRETE LEAD

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

<table>
<thead>
<tr>
<th>1</th>
<th>Green procurement criteria create significant growth potential</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>- Strong demand for sustainable products and solutions on the back of green procurement criteria</td>
</tr>
<tr>
<td></td>
<td>- Sustainable products with price premium over traditional products</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2</th>
<th>Carbon regulation creates opportunity for early movers</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>- Highest incentive to change in Europe given carbon regulations – our European operations will become the blueprint</td>
</tr>
<tr>
<td></td>
<td>- Sustainable products with margin premium</td>
</tr>
</tbody>
</table>

Growth opportunity

Margin improvement opportunity
We will be the first to offer carbon-free cement and concrete at scale.
#3 Promise
We commit to reduce CO$_2$ emissions by almost 50% to 400 kg CO$_2$/t CEM by 2030.
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We set new standards with our upgraded CO₂ reduction target

We have the speed, knowledge, technology, and partners to lead this 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 CO₂ target for 2030:

400 kg CO₂/t cementitious material

Key levers

<table>
<thead>
<tr>
<th>Products</th>
<th>Clinker incorporation/ circularity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Process</td>
<td>Altern. fuels /Biomass fuels rate</td>
</tr>
<tr>
<td>CCUS</td>
<td>10 mt CO₂ captured (cumulative)</td>
</tr>
</tbody>
</table>
WE TAKE THE CONCRETE LEAD

We strongly accelerate our CO₂ reduction over the next 8 years
#4 Promise
We will make this transition a successful business case.
Today, HeidelbergCement is a stronger company than ever

Well-balanced geographic portfolio

Strong improvement in financial metrics

Leader in decarbonisation

Strong customer focus through digital offerings

Focus on shareholder returns

EU, NAM, EM equal exposure

ROIC: 9.3% in ’21 vs. 6.5% in ’19

10 mt CO₂ reduction through CCUS by 2030*

>20,000 monthly active users 80% retention rate

€1 bn returned to shareholders in 2021

*Cumulative
**WE TAKE THE CONCRETE LEAD**

The CO₂ transition as a very viable business case

<table>
<thead>
<tr>
<th>Revenue</th>
<th>Sustainable products will enable revenue growth above market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Margin</td>
<td>Premium for sustainable products and lower carbon cost, thanks to technology leadership. EU turns into advantage.</td>
</tr>
<tr>
<td>Cash flow</td>
<td>Strong cash-conversion: New net CapEx p.a. target includes all CO₂ measures needed to reach our target of 400 kg CO₂/t CEM</td>
</tr>
</tbody>
</table>
WE TAKE THE CONCRETE LEAD

We set ourselves new and ambitious targets

By 2025

- **Revenue growth**
  - Around 5% p.a. LfL

- **EBITDA margin**
  - 20-22%

- **ROIC**
  - >10%

- **Cash conversion rate**
  - >45%

- **Leverage ratio**
  - 1.5 x-2.0 x

By 2030

- **CO₂ emissions**
  - 400 kg/t

- **Sustainable products**
  - 50%

- **Circular concrete**
  - 50%

*Offer circular alternatives for half of our concrete products – aiming for full coverage.
Our transition is focused on stakeholder value.
#5 Promise
We drive the change for the benefit of our customers, our shareholders, our employees, and the society we live in.
WE TAKE THE CONCRETE LEAD

Five CONCRETE promises – Five colleagues lift the curtain further for you

Dr Nicola Kimm
Member of the Managing Board & CSO

Jon Morrish
Member of the Managing Board, Western & Southern Europe

Dr Wolfgang Dienemann
Director Global Research & Development

Jan Theulen
Director Technologies & Partnerships

René Aldach
Member of the Managing Board & CFO
We are HeidelbergCement. Material to build our future.
1. We focus on what we do best: heavy building materials.

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

3. We commit to reduce CO₂ emissions by almost 50% to 400 kg CO₂/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.