We drive value

2022 Capital Markets Day – 24 May
René Aldach
Member of the Managing Board & CFO
We are stronger today than ever before.
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 CO$_2$ transformation business impacts and have a clear roadmap.

<table>
<thead>
<tr>
<th>CapEx</th>
<th>CapEx for defined CO$_2$ roadmap</th>
<th>Reduce clinker incorporation, increase alternative fuels rate and other efficiency measures</th>
<th>Improved energy cost efficiency, Lower CO$_2$ exposure</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CapEx for CCUS</td>
<td>Capturing 10 mt CO$_2$ by 2030</td>
<td>First mover advantage, Reduced ETS needs, Premium product offering</td>
</tr>
<tr>
<td>OpEx</td>
<td>OpEx for CCUS</td>
<td>Operational costs for capture, transport, and storage of CO$_2$</td>
<td>Anticipated to be much lower than CO$_2$ price, Margin opportunity</td>
</tr>
<tr>
<td></td>
<td>OpEx for EUA</td>
<td>Additional margin opportunity as advantageous CO$_2$ position</td>
<td>Market consolidation, increased pricing power, Competitive differentiation as lower ETS needs</td>
</tr>
</tbody>
</table>

CapEx = Carbon Capture Utilisation, and Storage  
EUA = European Allowances  
ETS = Emissions Trading System
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

~€ 100-150 m Net CapEx p.a.

- Decrease clinker incorporation
- Increase alternative fuel rate/biomass
- Supplementary cementitious material projects

Process excellence & innovation
CCUS CapEx will not have any material impact on our cash allocation

Clear roadmap defined for each project, including sensitivity analysis

Key assumptions:

- All projects to be funded through free cash flow
- Total 6 projects will enable 10 mt CO$_2$ capture by 2030 *
- Starting capturing already in July 2024 in Brevik
- Fund applications submitted for all projects *

* Based on roadmap to reach 400kg CO$_2$/t CEM by 2030. Funding assumption based on current status and previous projects. CapEx includes 7 projects whereof one starts operating in 2031

~€1.5 bn until 2030 (initial 7 CCUS 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*

*Based on ETS price assumptions: 2023: €95, and increase €5 p.a. after 2024. Funding assumption based on current status and previous projects. Project portfolio includes 7 projects whereof one starts operating in 2031.
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

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- 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

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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
- 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

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 and ETS present a clear margin opportunity for us in Europe

Indicative chart

Price

Cost

Margin industry average

Pricing in the sector will reflect the average ETS balance

Accelerated ETS driven cost increase starting 2026

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 and ETS present a clear margin opportunity for us in Europe

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WE DRIVE VALUE

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

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
**Our CO₂ transformation fits to our capital allocation ambition**

<table>
<thead>
<tr>
<th>CapEx</th>
<th>OpEx</th>
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<tbody>
<tr>
<td>CapEx for conventional CO₂ reduction initiatives</td>
<td>OpEx for CCUS</td>
</tr>
<tr>
<td>CapEx for CCUS</td>
<td>OpEx for EUA</td>
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<tbody>
<tr>
<td>~€100-150 m p.a. already included in Net CapEx target</td>
<td>CapEx for conventional CO₂ reduction initiatives</td>
</tr>
<tr>
<td>~€1.5 bn until 2030 to capture 10 mt CO₂ no major impact on cash allocation</td>
<td>CapEx for CCUS</td>
</tr>
<tr>
<td>~60 €/t of captured CO₂ margin opportunity</td>
<td>OpEx for CCUS</td>
</tr>
<tr>
<td>CCUS leads to lower EUA requirements competitive differentiation providing material margin opportunity</td>
<td>OpEx for EUA</td>
</tr>
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</table>
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

#### Planned in 2022:
- **Pricing adjustment**
  - Sustainability-linked bonds
  - CP-Programme

#### Sustainable/green as % of total financial instruments

<table>
<thead>
<tr>
<th></th>
<th>Today</th>
<th>End of 2022</th>
<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustainable</td>
<td>23%</td>
<td>50%</td>
<td>&gt; 70%</td>
</tr>
<tr>
<td>Total financial instruments</td>
<td>70%</td>
<td>BY 2025</td>
<td></td>
</tr>
</tbody>
</table>
**KPI 1:** Specific net CO₂ emissions per tonne of cementitious material (GCCA definition)

**Target:** 400kg net CO₂ /t cementitious by 2030

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**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:

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Our ambitious target is aligned with the EU Taxonomy*

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*Our ambition is 400kg net CO₂ /t cementitious material (GCCA definition) & ~468 kg gross CO₂ (SBTi definition)
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

Lfl EBITDA growth

<table>
<thead>
<tr>
<th>Year</th>
<th>Lfl EBITDA Growth</th>
</tr>
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<tbody>
<tr>
<td>2011</td>
<td>3.6%</td>
</tr>
<tr>
<td>2012</td>
<td>2.0%</td>
</tr>
<tr>
<td>2013</td>
<td>6.7%</td>
</tr>
<tr>
<td>2014</td>
<td>9.1%</td>
</tr>
<tr>
<td>2015</td>
<td>8.2%</td>
</tr>
<tr>
<td>2016</td>
<td>4.7%</td>
</tr>
<tr>
<td>2017</td>
<td>5.5%</td>
</tr>
<tr>
<td>2018</td>
<td>-2.3%</td>
</tr>
<tr>
<td>2019</td>
<td>2.5%</td>
</tr>
<tr>
<td>2020</td>
<td>6.1%</td>
</tr>
<tr>
<td>2021</td>
<td>5.9%</td>
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</tbody>
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Clear focus on cash >> High cash conversion rate leading to strong FCF generation

Free cash flow (€bn)

<table>
<thead>
<tr>
<th>Year</th>
<th>Free Cash Flow (€bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>0.9</td>
</tr>
<tr>
<td>2012</td>
<td>1.0</td>
</tr>
<tr>
<td>2013</td>
<td>0.9</td>
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<tr>
<td>2014</td>
<td>1.0</td>
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<tr>
<td>2015</td>
<td>0.9</td>
</tr>
<tr>
<td>2016</td>
<td>1.3</td>
</tr>
<tr>
<td>2017</td>
<td>1.4</td>
</tr>
<tr>
<td>2018</td>
<td>1.3</td>
</tr>
<tr>
<td>2019</td>
<td>1.7</td>
</tr>
<tr>
<td>2020</td>
<td>2.2</td>
</tr>
<tr>
<td>2021*</td>
<td>1.5</td>
</tr>
</tbody>
</table>

NEW CASH CONVERSION TARGET: ABOVE 45%

Last 4 year cash conversion rate

<table>
<thead>
<tr>
<th>Year</th>
<th>Last 4 years cumulative EBITDA</th>
<th>Last 4 years cumulative FCF</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>14.3</td>
<td>6.7</td>
</tr>
</tbody>
</table>

* Excluding tax payments US West disposal
Core Capex drastically reduced in favour of conventional CO$_2$ and CCUS capex

Net CapEx spending p.a.

1. Core CapEx down by €250-300 m p.a.
2. Conventional CO$_2$ 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 €200 m p.a. on average

* Core CapEx: Maintenance, improvement and other tangible FA related CapEx, including brown & green field projects.
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)

2018: 2.7x
2019: 2.3x
2020: 1.9x
2021: 1.3x

Target: Between 1.5x to 2.0x

Beyond 2020 target: Between 1.5x to 2.0x
Target confirmed: No change in leverage target: 1.5x to 2.0x
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)

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>Last 4 years total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>677</td>
<td>271</td>
<td>167</td>
<td>310</td>
<td>1,425</td>
</tr>
</tbody>
</table>

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

**Cash generation 2018-2021**

- €6.7 bn FCF in last 4 years

**Cash allocation 2018-2021**

- Focus was mainly on debt payback

**Cash allocation 2022-2025**

- Focus on shareholder return and growth

Clear commitments unchanged:
- Leverage 1.5x to 2.0x
- Progressive dividend increase

Further allocation potential going forward – but disciplined excess cash usage continues:
- Profitable growth
- Share buyback as flexible option
We are fully committed to deliver on our ambitious financial targets.
We set ambitious new targets for 2025

<table>
<thead>
<tr>
<th>Key figure</th>
<th>Beyond 2020 target</th>
<th>Current status</th>
<th>New targets 2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA margin</td>
<td>22% by 2025 (+300 bps vs. 2019)</td>
<td>End of 2021: 20.7% (+171 bps vs. 2019)</td>
<td>20-22% by 2025</td>
</tr>
<tr>
<td>ROIC</td>
<td>Clearly above 8%</td>
<td>End of 2021: 9.3%</td>
<td>Above 10%</td>
</tr>
<tr>
<td>Leverage</td>
<td>1.5x to 2.0x</td>
<td>End of 2021: 1.3x</td>
<td>1.5x to 2.0x</td>
</tr>
<tr>
<td>Net CapEx</td>
<td>Below €1.2 bn p.a. excl. CCUS</td>
<td>2020-2021 average €1.0 bn</td>
<td>Around €1.1 bn p.a. incl. CCUS</td>
</tr>
<tr>
<td>Cash conversion rate</td>
<td>Around 45%</td>
<td>Achieved 2019-2021</td>
<td>Above 45%</td>
</tr>
<tr>
<td>Sustainable financing</td>
<td>-</td>
<td>23%</td>
<td>&gt;70%</td>
</tr>
<tr>
<td>Dividend policy</td>
<td>Progressive increase</td>
<td>Yes</td>
<td>Progressive increase confirmed</td>
</tr>
<tr>
<td>Share buyback</td>
<td>Flexible option</td>
<td>€1 bn announced in 2021</td>
<td>Flexible option</td>
</tr>
</tbody>
</table>
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.
We are HeidelbergCement. Sustainable value for our stakeholders.