

Heidelberg Materials

Group Presentation 2023

Group Presentation
23.03.2023





We drive change through innovation

**Heidelberg Materials
Headquarters –
Heidelberg, Germany**

Built of concrete, which actively
reduces the level of air pollutants.



We make cities more sustainable

Biblioteca degli Alberi park – Milan, Italy

The water-draining concrete guarantees higher water permeability, provides high mechanical resistance and improves the appearance of the pavement.



We enable encounters in an outstanding ambience

Elbphilharmonie – Hamburg, Germany

30,000 m³ of concrete for the imposing concert hall in the Hanseatic city.



We protect historical heritage from nature forces

Mose – Venice, Italy

“Marine Concrete”: underwater concrete specifically developed for the Mose project.
Guarantees a lifespan up to 100 years.



We cross borders and build connections

Frederick Douglass Memorial Bridge – Washington DC, USA

This 440 metres long structure is the largest infrastructure project in DC's history. Designed for a 100-year service life, it has 3 above deck arches, 2 piers, 6 traffic lanes, and a pedestrian/bicycle lane with 4 pedestrian overlooks.





**We see challenges
as opportunities to
find new solutions**

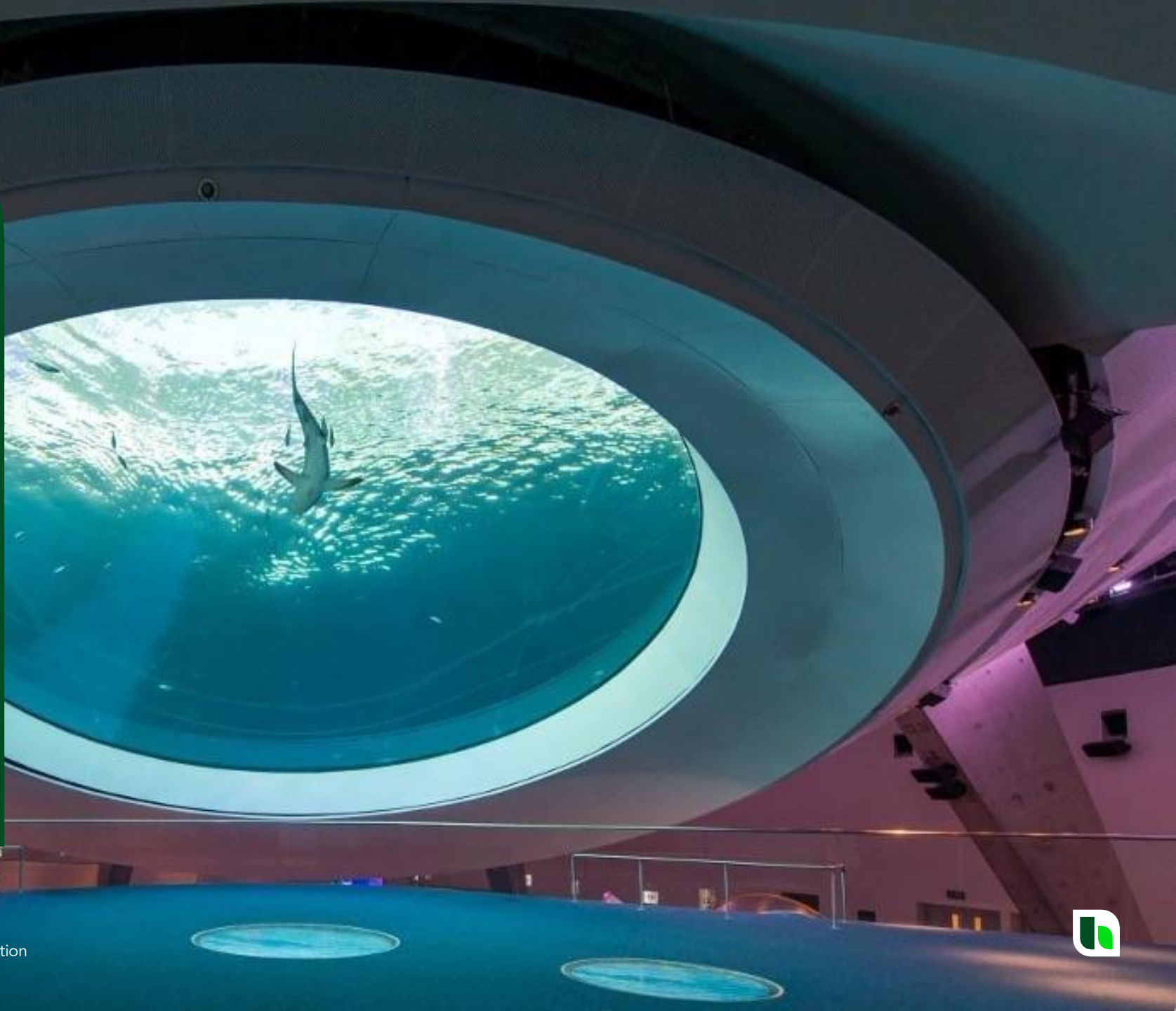
**3D printed house –
Beckum, Germany**

Less material, lower carbon
footprint – thanks to
Heidelberg Materials.

We develop intelligent building materials that inspire

Phillip & Patricia Frost Museum of Science – Miami, USA

Our materials allow to create new levels of architecture. The Museum covers 23,200 m² and is divided into 4 buildings: a planetarium, an aquarium, and 2 separate wings for the science museum.





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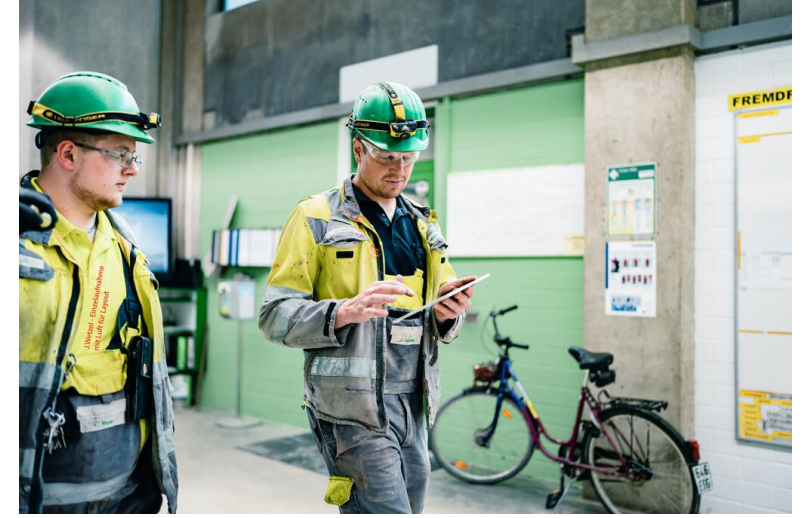
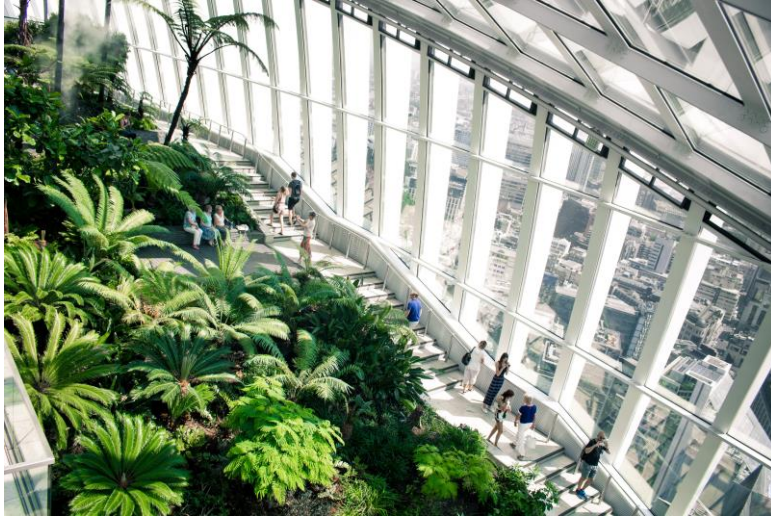


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About Heidelberg Materials



The global building materials industry faces major challenges



Climate change

In order to achieve the goals of the Paris Agreement for climate protection, the building materials industry needs to focus on decarbonisation.

Limited natural resources

For a more sustainable use of natural resources, industry must use fewer primary raw materials and rely more on recycling, for example.

Digitalisation

In production and on construction sites, digital solutions are needed that make processes simpler, faster, safer, more sustainable and efficient.

The building materials industry will continue to grow

Global megatrends that will shape the building materials industry over the next few years



Market Dynamics

- Population growth and urbanisation in emerging markets
- Infrastructure programmes in mature markets, e.g. USA, EU Green Deal

Society

- Solutions for sustainable building
- Circular economy models
- Regulation via CO₂ taxes/ emission caps

Technology

- New business models: Digitalisation & automation
- Innovative and sustainable building materials
- Technologies for CO₂ reduction



Concrete is essential for building a sustainable society



- Locally produced and sold
- 100% recyclable
- Durable
- Sound absorbent
- Designable
- Flexible



Heidelberg Materials is one of the world's largest building materials companies



51,000

employees
on 5 continents



3,000

locations
worldwide



Leading positions in cement,
aggregates, and ready-mixed
concrete





Our purpose: Material to build our future

The world is undergoing profound changes. Our building materials and solutions shape significant development worldwide. We build on one and a half centuries of experience. Now is the time to lay the foundation for our future.

At the centre of our actions lies our responsibility for the environment. We want to be the leader in the industry on the path to carbon-neutrality.

We deliver long-term financial performance through operational excellence, dedication, and openness for change.

We are progressive minds with the ambition to drive transformation. We push the boundaries to strengthen innovation and deepen partnerships with our customers and other stakeholders. Together we craft material solutions for the future.

So that the world can always build on us.

Very good result in the 2022 financial year



Revenue
€21.1 bn
+12% LfL*

Strong pricing
drives top-line
growth



RCOBD
€3.7 bn
-5% LfL*

+3% growth in
Q4, despite
weaker volumes
and high energy
costs



Adjusted EPS
€9.47
+20%

Strong EPS
improvement
despite pressure
on operational
result



ROIC
9.1%
(PY: 9.3%)

We continue to
earn a premium
on our cost of
capital



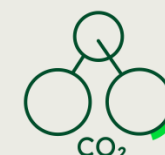
**Free cash
flow**
€1.3 bn

Solid FCF, despite
increase of
working capital of
€800 m



**Shareholder
return**
€1 bn

Second year in
row with record
high shareholder
return



**CO₂
reduction**
-2%

Continued good
progress in
specific CO₂
reduction

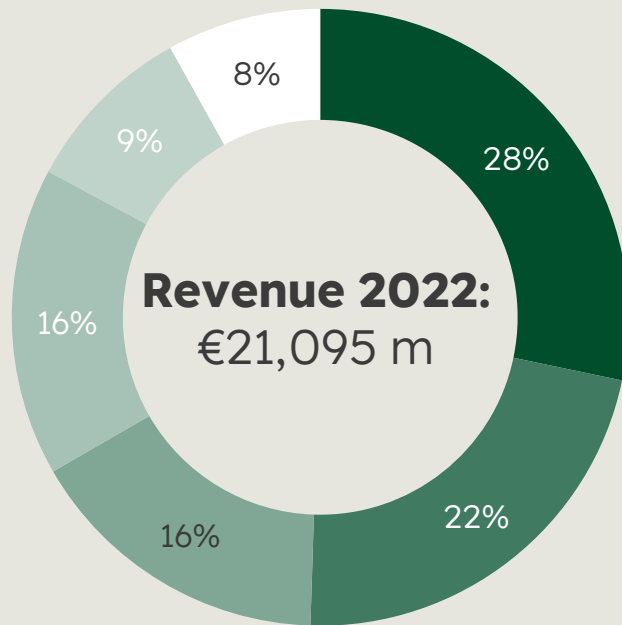
* On a like-for-like basis

RCOBD: Result from current operations before depreciation and amortisation
ROIC: Return on Invested Capital

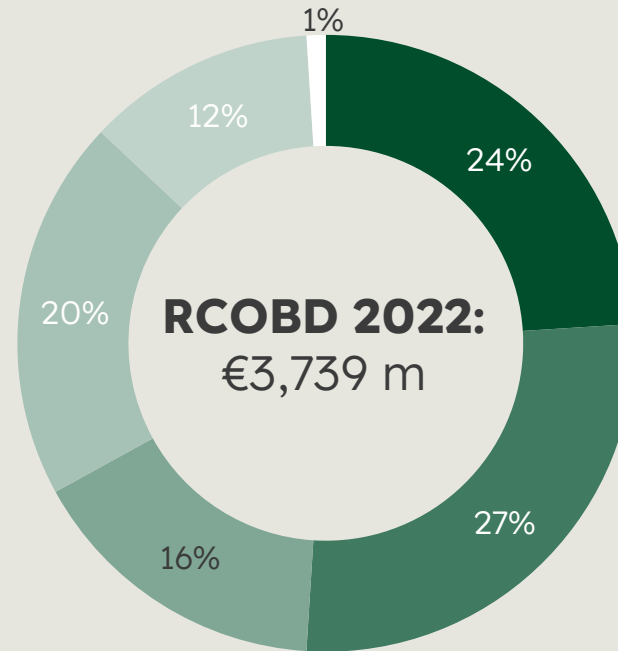


We are well positioned with our asset base in mature and emerging markets

Revenue by Group areas



RCOBD by Group areas¹⁾



- Western and Southern Europe
- North America
- Asia Pacific
- Northern and Eastern Europe-Central Asia
- Africa-Eastern Mediterranean Basin
- Others²⁾

1) Excludes reconciliation; figures may not add up to 100% due to rounding

2) Others primarily include trading business, intra-group sales (only for revenue), JVs (only for RCOBD = Result from current operations before depreciation and amortisation) and other building product businesses



We want to become the first industrial tech company in the sector

Revenue growth

Cost optimisation

HConnect

HProduce

HService

We provide
connected solutions
for our customers

We drive
efficiency
in our operations

We optimise
our back-office
processes

**Digital
strategy**

> 75%
of global revenue
connected

> 50%
of operational
improvements supported
digitally

> 20%
efficiency gains
in central shared
services

**Digital
targets**



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Sustainability

Sustainability Commitments 2030 - stronger and more comprehensive

We drive the **decarbonisation** of our sector and provide **low-carbon** products

We drive **circularity** to reduce and reuse materials and natural resources

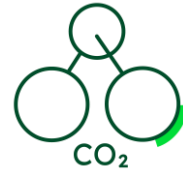


We place the **health and wellbeing** of employees, communities, and suppliers at the core of our business operations

We contribute to a nature positive world through our industry-leading **biodiversity programme** and **sustainable water management**



Building a Net Zero future

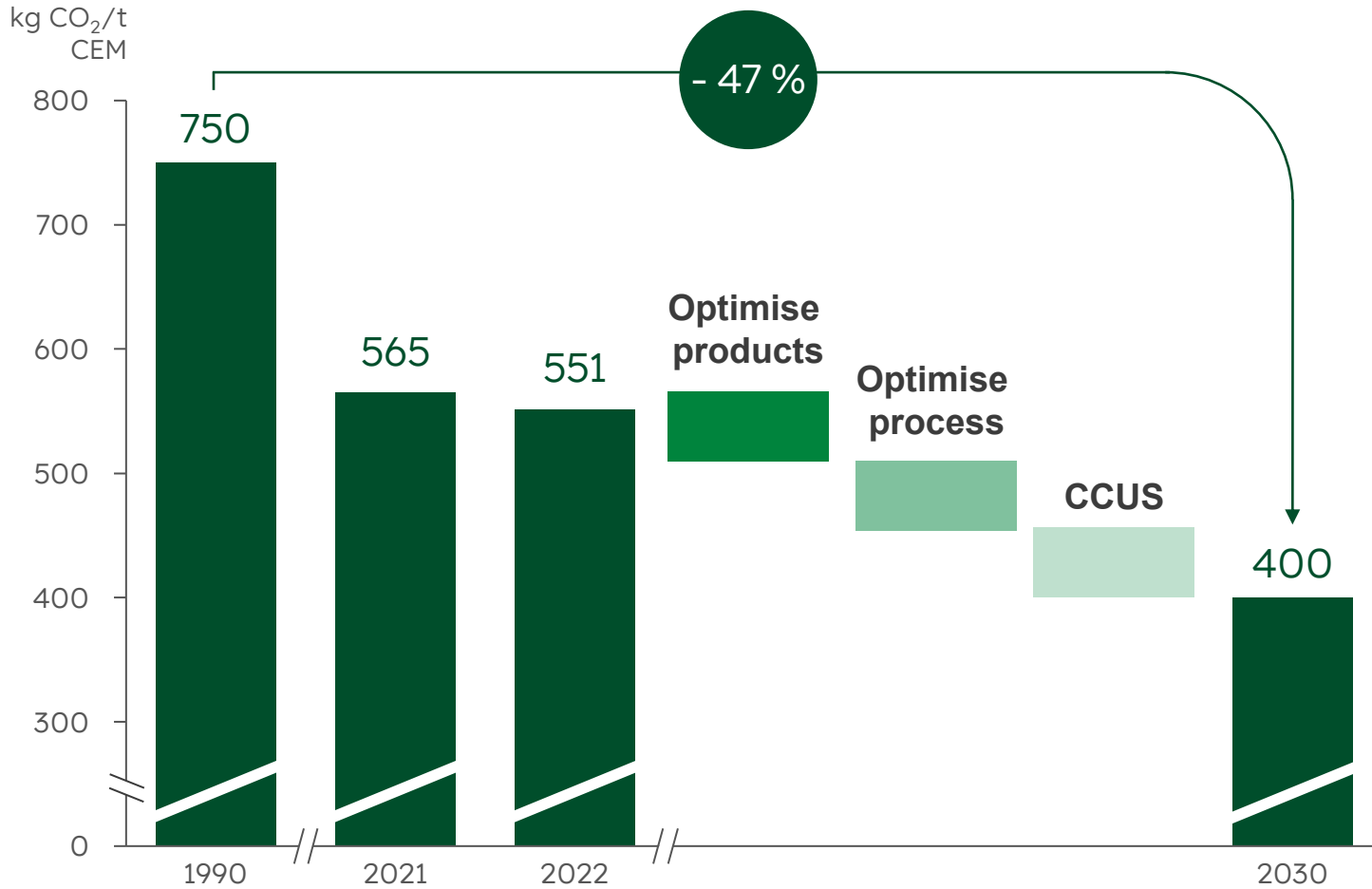


We drive the decarbonisation of our sector and provide low-carbon products

- **Under construction:** Our CCS project in Brevik, Norway, will start operation as early as 2024
- **Funded in 2022:** With ANRAV in Devnya, Bulgaria, we are creating the first full-chain CCUS project in Eastern Europe
- **Launched in 2022:** Our biggest CCUS project to date in Mitchell, USA



By 2030, we want to reduce our CO₂ emissions by almost 50% vs. 1990



Levers to reach our 2030 targets

● Products

Clinker incorporation <68%
Drive circularity

● Process

45% Alternative fuels rate
20% Biomass fuels rate

● CCUS

10 mt CO₂ captured by
2030 (cumulative)



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**Sustainable products
are becoming the game
changer for profitable
growth.**

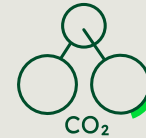


We commit to generate 50% of our revenue from sustainable products by 2030



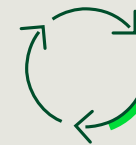
50%

Sustainable
products



Reduce and reuse CO₂

Less CO₂ in cement and concrete



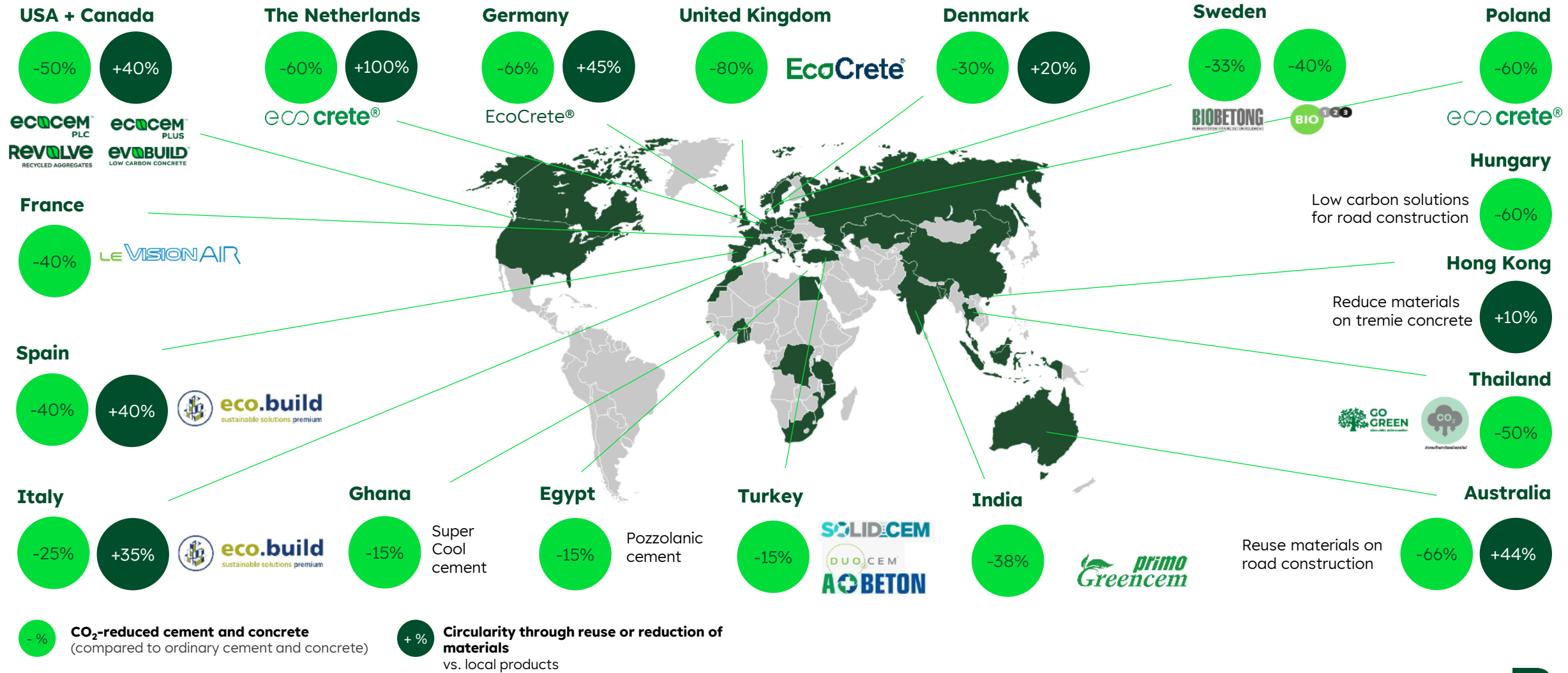
Reuse and reduce materials

More circularity in the product mix

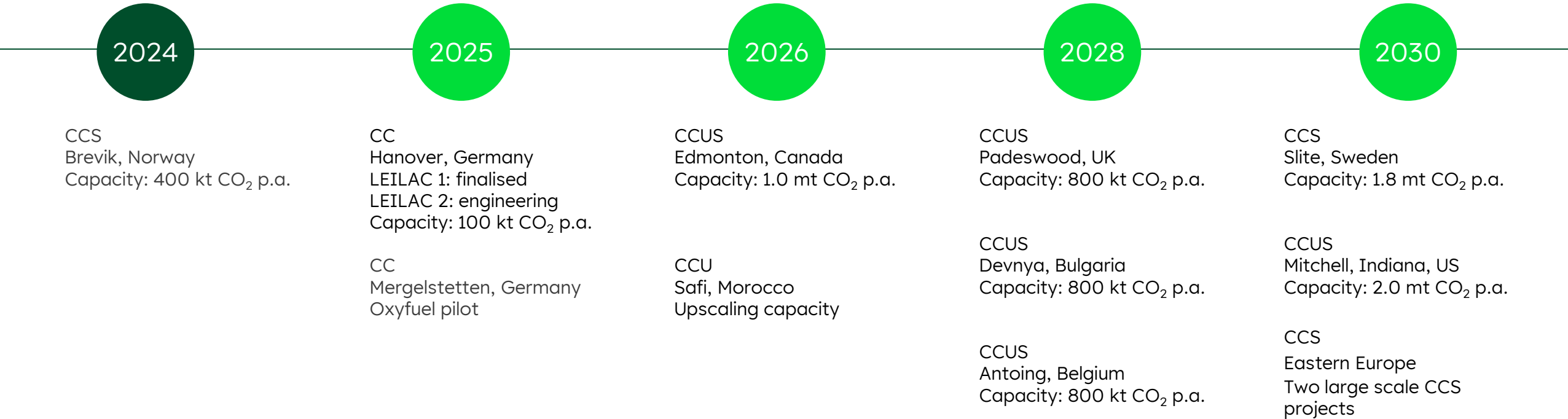
**Commoditisation comes to an end:
Sustainable product portfolio will be THE key differentiator!**



Customers benefit globally from our sustainable products and solutions



Significant carbon reduction through sector's first CCS project already in 2024



We are confident to deliver on our target of reducing CO₂ emissions by 10 mt through CCUS by 2030

All dates estimated start of operations, timing dependent on various factors, incl. funding decision.



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**We will be the first
to offer Net Zero
cement and concrete
at scale.**



Building a Circular & Resilient Future



We drive circularity to reduce and reuse materials and natural resources.

- New acquisitions add to our portfolio of recycled aggregates
- Our goal: closing the carbon loop
- **2022 awarded:** Innovative concrete recycling with ReConcrete 360°



Scaling circularity through several acquisitions of leading recycling companies

Building a platform of circular businesses with selective recycling acquisitions in key developed markets



Concrete and asphalt recycler with operating assets in the Greater Seattle area



Integrated recycling & earthmoving, AGG and RMC business in the east of UK



Concrete and civil engineering waste removal and recycling, Manchester



Leading integrated recycling and environmental services company in Berlin



Demolition and construction materials recycling business, based in Southern Germany



Building a Nature Positive Future



We contribute to a nature positive world through our industry-leading biodiversity programme and sustainable water management

- Heidelberg Materials' Quarry Life Award: Opening up our quarries and gravel pits
- Participants implement their projects – we turn them into best practices
- **2022 implemented:** 76 projects in 19 countries – with the top prize for an educational project by the Normandy Bird Protection League



Building a Safe & Inclusive Future



We place the health and wellbeing of employees, communities, and suppliers at the core of our business operations

- We will roll out Community Engagement Plans at all sites
- Volunteering is part of our CSR strategy
- **2022 in focus:** Projects in the areas of culture, environment, infrastructure & education



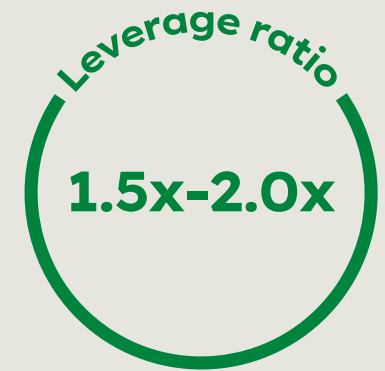
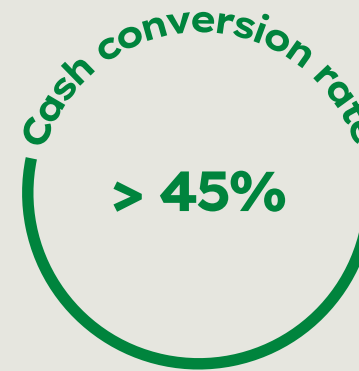
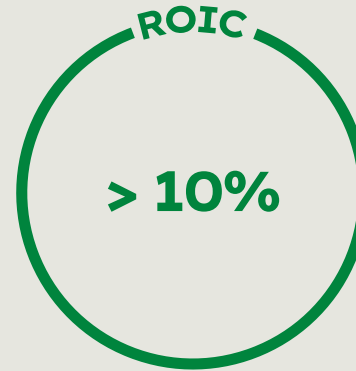
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Our targets

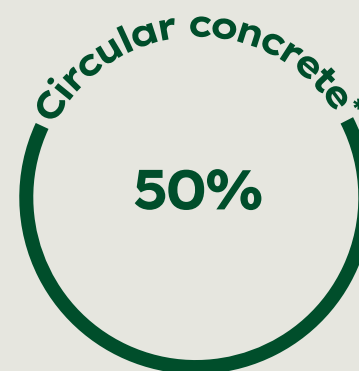


We set ourselves ambitious targets

By 2025



By 2030



*Offer circular alternatives for half of our concrete products – aiming for full coverage.





Heidelberg Materials as a competent partner

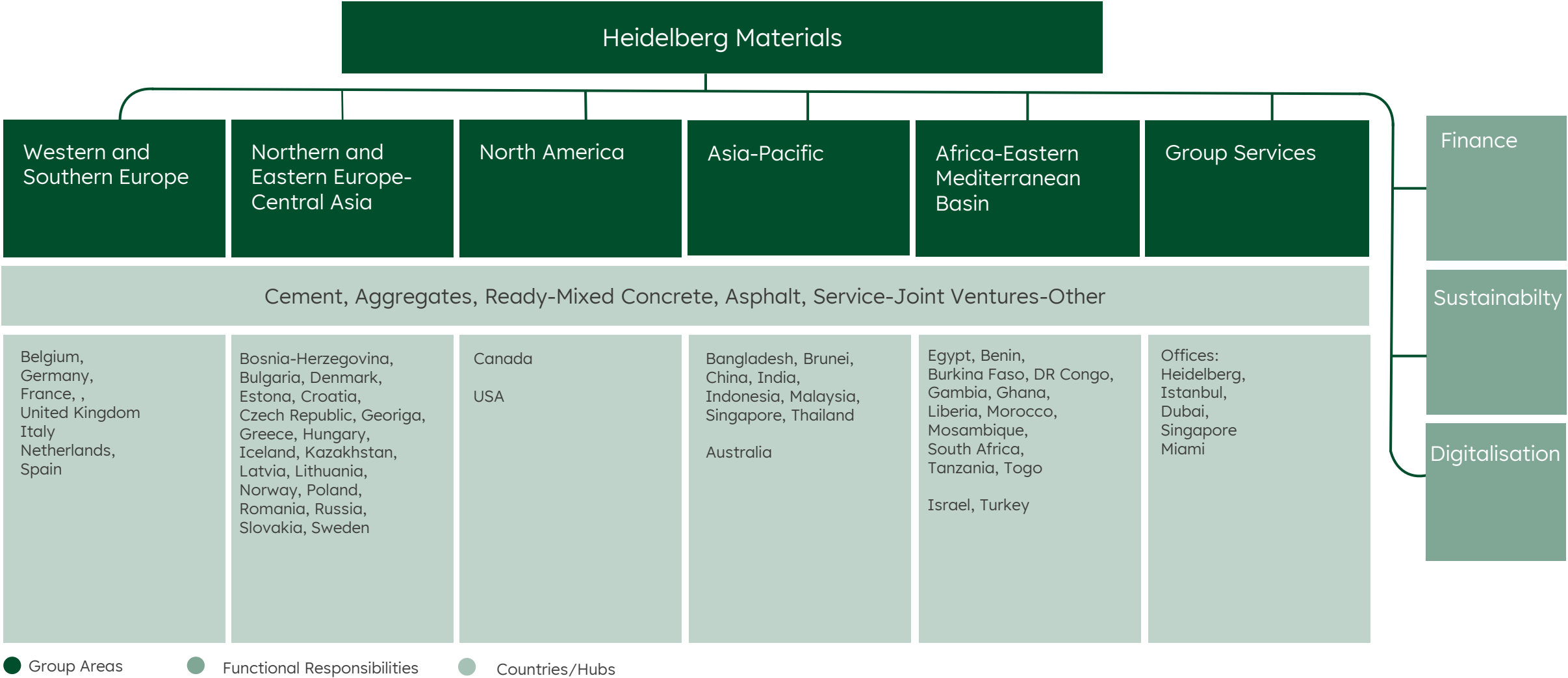
1. **Solid growth** – We are benefiting from growth trends thanks to our balanced presence in mature and emerging markets.
2. **Strong results** – We are on track to achieve our medium-term financial targets.
3. **Added value for our customers** – We offer our customers a high-quality and sustainable product portfolio.
4. **Leading the way in decarbonisation** – We have the speed, knowledge, and technology to successfully manage the transformation to climate neutrality.
5. **All stakeholders in view** – We are shaping the transformation for the benefit of our customers, our shareholders, our employees, and society.

4

Appendix



Our organisational structure



Heidelberg Materials Trading

Heidelberg Materials Trading is one of the largest trading companies serving the global cement industry



Availability across the globe:

Covering over 100 countries with our trading hubs in Heidelberg, Miami, Singapore, Dubai, and Shanghai



Cement & clinker trade:

Lifting more than 10% of the global seaborne cement trading volume



For a greener industry:

Sourcing reliable clinker substitutes and additives



Our Managing Board



Dr Dominik von Achten

Chairman of the Managing Board



René Aldach

Chief Financial Officer



Kevin Gluskie

Asia-Pacific



Hakan Gurdal

Africa-Eastern Mediterranean Basin



Ernest Jelito

Northern and Eastern Europe-Central Asia



Dr Nicola Kimm

Chief Sustainability Officer



Dennis Lentz

Chief Digital Officer



Jon Morrish

Western and Southern Europe



Chris Ward

North America



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**We are
Heidelberg Materials.
Material to build
our future.**



Thank You.



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"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.





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