

10 May 2023

Heidelberg Materials off to a good start for the year: Strong growth in revenue and results in the first quarter

- **Revenue increases by 13%¹⁾ to €4,896 million**
- **Strong improvement in result²⁾ by €168 million to €258 million**
- **Sustainability activities further intensified: most ambitious climate targets in the sector validated by SBTi, additional carbon capture projects launched, and circular economy expanded**
- **Outlook upgraded: moderate revenue growth¹⁾, result from current operations now expected to be between €2.50 billion and €2.65 billion (previously: €2.35 billion and €2.65 billion)**

1) Adjusted for scope of consolidation and exchange rate effects; 2) result from current operations

Dr Dominik von Achten, Chairman of the Managing Board, commented: “We have had a good start into the year. In the first quarter, we were able to achieve a strong increase in revenue and results. Our operations in North America and Europe made a particular contribution to this success –we can keep building on this during the rest of the year. We are optimistic about the full year 2023.

The Science Based Targets initiative (SBTi) has validated our ambitious 2030 climate targets and recognised them as science-based, in line with the Paris 1.5°C target. We are making good progress with our extensive sustainability activities. In terms of carbon capture, utilisation, and storage, we are further expanding our pioneering role in the industry with several industrial-scale projects. Additionally, we are consistently driving forward the circular economy with various acquisitions of leading recycling companies. We already offer our customers a wide range of climate-friendly products. And we will continue to expand this range step by step.”

Development of sales volumes, revenue, and results

In the first quarter, sales volumes declined as a result of the economic downturn linked to lower construction activity, especially in residential construction, due to inflation and increased financing costs.

Revenue rose significantly by 10.6% in comparison with the previous year to €4,896 million (previous year: 4,427). Excluding scope of consolidation and exchange rate effects, the growth amounted to 13.4%. In particular, price adjustments in all Group areas contributed to the revenue growth. Exchange rate effects of €109 million had a negative impact on revenue.

The result from current operations before depreciation and amortisation rose significantly by €163 million, i.e. 41.3% to €557 million (previous year: 394) (+ €182 million on a like-for-like basis). The result from current operations also recorded strong growth of €168 million to €258 million (previous year: 91). Excluding scope of consolidation and exchange rate effects, the increase amounted to €187 million. In addition to revenue growth, continuous cost management contributed to the positive development of results.

Sustainability activities further intensified

In February 2023, Heidelberg Materials' CO₂ reduction targets for 2030 were reviewed by the SBTi within its new 1.5°C framework and recognised as science-based following a comprehensive validation process in accordance with the strict SBTi criteria. In addition to specific reduction targets for gross Scope 1 and 2 GHG emissions by 2030, the company also added a Scope 3 reduction target.

Heidelberg Materials is consistently expanding its global pioneering role in the cement industry when it comes to carbon capture, utilisation, and storage (CCUS). Since the beginning of the year, several CCUS projects have been launched or advanced to the next project phase:

- As early as 2024, the world's first industrial-scale CO₂ capture plant in the cement industry is scheduled to go into operation in Brevik, Norway.
- Heidelberg Materials and Linde are using CO₂ as a raw material for use in the food and chemical industries and are building the world's first large-scale CCU plant at the cement plant in Lengfurt, Germany. Capture activity is scheduled to start in 2025.
- Heidelberg Materials and the Canadian government are partnering to build the world's first net-zero carbon capture and storage plant in the cement industry in Edmonton, Canada. The plant is expected to go into operation in 2026.
- The CCUS project in Padeswood, United Kingdom, has qualified for funding from the UK Department for Energy Security and Net Zero, thus entering the next phase of the selection process.
- The European Union is funding the Heidelberg Materials CCUS project in Devnya, Bulgaria, with €190 million through its Innovation Fund.
- Preparations for the construction of a new type of hybrid carbon capture plant at the Antoining cement plant in Belgium have enabled Heidelberg Materials to expand its portfolio of carbon capture initiatives since the beginning of the year. The CCUS facilities in Padeswood, Devnya, and Antoining are scheduled to be commissioned in 2028.

With the acquisition of the SER Group, a leading integrated company in the demolition and building materials recycling business areas, Heidelberg Materials is also expanding its circularity offering in

Germany. Promoting the circular economy through the increased use of by-products and recycled materials from other industries is an essential part of the climate strategy. The acquisition of the SEFA Group, the largest fly ash recycling company in the USA, will significantly reduce the CO₂ intensity of Heidelberg Materials in the USA.

With the sustainability-linked bond issued in January 2023, Heidelberg Materials is also linking financing to its ambitious climate targets.

Outlook for 2023 upgraded

Heidelberg Materials still expects that the good order situation for infrastructure projects and certain areas of commercial construction will largely offset the decline in residential construction. Energy prices have eased slightly in the first months of 2023, but they remain volatile and still well above the previous years.

Against this background, the company upgrades its outlook for the 2023 financial year. Heidelberg Materials expects a moderate increase in revenue (excluding scope of consolidation and exchange rate effects) compared with the previous year and now anticipates a result from current operations of between €2.50 billion and €2.65 billion (outlook Annual Report 2022: between €2.35 billion and €2.65 billion).

An overview of our financial figures for the first quarter of 2023 can be found in the Business Figures January to March 2023 on our website www.heidelbergmaterials.com under Investor Relations/Reports and Presentations.

About Heidelberg Materials

Heidelberg Materials is one of the world's largest integrated manufacturers of building materials and solutions with leading market positions in cement, aggregates, and ready-mixed concrete. We are represented in more than 50 countries with around 51,000 employees at almost 3,000 locations. At the centre of our actions lies the responsibility for the environment. As the front runner on the path to carbon neutrality and circular economy in the building materials industry, we are working on sustainable building materials and solutions for the future. We enable new opportunities for our customers through digitalisation.

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