

29 July 2021

## HeidelbergCement with excellent half-year results 2021

- Revenue and results increase significantly on a like-for-like basis<sup>1)</sup> – Group revenue +11%; result from current operations before depreciation and amortisation +26%; result from current operations +57%
- Net debt down by €1.5 billion – leverage ratio at 1.9x
- Share buyback programme announced – total amount of up to €1 billion
- Significant step in portfolio optimisation achieved – business activities in the US West Region sold
- Leadership role on the path to carbon neutrality underlined – “Business Ambition 1.5°C” signed and UN “Race to Zero” campaign joined
- Outlook raised – strong growth in result from current operations before and after depreciation and amortisation<sup>1)</sup> expected for the whole of 2021

1) Adjusted for consolidation and currency effects

“HeidelbergCement has closed the first half of 2021 with an excellent result,” said Dr. Dominik von Achten, Chairman of the Managing Board. “We have achieved record values in relevant key figures. Our ‘Beyond 2020’ strategy is taking effect: we are making good progress in all areas. Against this background, we have announced an extensive share buyback programme for the first time in the company’s history. With this, we want our shareholders to participate appropriately in the economic success of our company.”

### Significant increase in sales volume, revenue, and results

The good *sales volume development* of the first quarter continued in the second quarter. In the first half of the year, total sales volumes increased significantly in all business lines in comparison with the previous year. Group-wide cement and clinker sales volumes increased by 9.7% to 61.8 million tonnes (previous year: 56.3). Deliveries of aggregates rose by 7.5% in comparison with the previous year to 145.0 million tonnes (previous year: 134.8). Ready-mixed concrete sales volumes increased by 8.3% to 23.5 million cubic metres (previous year: 21.7). Asphalt deliveries increased by 11.5% to 4.8 million tonnes (previous year: 4.3).

*Group revenue* rose by 8.3% to €8,938 million (previous year: 8,254) in comparison with the previous year. Excluding consolidation and exchange rate effects, the increase amounted to 11.4%. Both, changes in the consolidation scope and exchange rate effects had a negative impact on revenue with €25 million and €211 million respectively.

*Result from current operations before depreciation and amortisation (RCOBD)* increased by 22.6% to €1,720 million (previous year: 1,404). The rise is essentially due to the good operational development and in particular to the significant growth of sales volumes in all business lines. Excluding consolidation and currency effects, the increase amounted to 26.4%. The RCOBD margin, i.e. the ratio of result from current operations before depreciation and amortisation to revenue, increased by 224 basis points to 19.2% (previous year: 17.0%). *Result from current operations* increased by 52.7% to € 1,084 million (previous year: 710). Excluding consolidation and currency effects, the increase amounted to 57.4%.

The *additional ordinary result* amounted to €148 million (previous year: -3,490). This includes reversals of impairment losses of €131 million in connection with the pending sale of the business activities of the West Region in the USA. The *result for the period* amounts to €825 million (previous year: -3,095). The profit attributable to non-controlling interests increased by €31 million to €70 million (previous year: 39). As a result, the Group share amounts to €755 million (previous year: -3,133). Excluding the additional ordinary result, the Group share rose by 70.6% to €608 million (previous year: 356).

*Earnings per share – Group share* – increased by €19.60 to €3.81 (previous year: -15.79). Excluding the additional ordinary result, earnings per share rose by €1.26 to €3.06 (previous year: 1.80).

### **Net debt decreases by €1.5 billion**

Due to the good operating business, a cash inflow from operating activities from continuing operations of €158 million (previous year: 123) was achieved in the first half of 2021. Free cash flow for the last 12 months increased significantly to around €2.3 billion. Net debt amounted to €7.5 billion (previous year: 9.0) at the end of the first half of 2021.

Dr. Lorenz Näger, Chief Financial Officer of HeidelbergCement, said: “Thanks to the good cash flow development, we were able to significantly reduce net debt by a further €1.5 billion compared with the end of the first half of 2020. At the end of June 2021, the leverage ratio of 1.9x was exactly within our target range of 1.5-2.0x. We expect to reach the lower end of this target corridor at the end of the year.”

### **Share buyback programme announced**

The successful and rapid implementation of the “Beyond 2020” strategy gives HeidelbergCement the scope to break new ground in capital allocation. The company has decided to launch a share buyback programme with a total amount of up to €1 billion and a term until 30 September 2023. The share buyback programme is in line with the Group's financial policy and should be seen in the context of the successful reduction of net debt and the good business development in the current financial year. The share buyback will be carried out in several tranches. The 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. The repurchased shares will initially be held as treasury shares of the company.

### **Important step in portfolio optimisation achieved**

In May 2021, HeidelbergCement signed an agreement on the sale of Lehigh Hanson's cement, aggregates, ready-mixed concrete, and asphalt business activities in the US West Region (California, Arizona, Oregon, and Nevada) to the US company Martin Marietta Materials, Inc. The sales price amounts to USD 2.3 billion in cash. Closing of the transaction is expected in the second half of 2021. The aim is to further expand vertical integration in the four key regions of Canada, the Midwest, the Northeast and the South through selected acquisitions and capacity expansion projects.

### **Leadership role on the path to carbon neutrality underlined**

In July, HeidelbergCement signed the “Business Ambition for 1.5°C Commitment”, a global initiative led by SBTi in cooperation with UN Global Compact and the “We Mean Business” coalition, which aims to reduce CO<sub>2</sub> emissions to net zero by 2050 at the latest. Additionally, the company is joining the global “Race To Zero” campaign, which aims to build positive momentum for the transition to a low-carbon economy ahead of the 26<sup>th</sup> UN Climate Change Conference (COP 26) in November 2021. By joining these initiatives, HeidelbergCement underlines its leadership role in the cement industry on the path to carbon neutrality.

### **Outlook raised**

In view of the very good operational development in the first six months, HeidelbergCement is raising its outlook for the whole of 2021. The company now expects a strong increase in result from current operations before depreciation and amortisation and result from current operations, excluding exchange rate and consolidation effects in each case, for the 2021 financial year. HeidelbergCement had previously anticipated a slight increase in these key figures.

Against the background of the expected strong development of results, HeidelbergCement now forecasts a rise in return on invested capital (ROIC) to clearly above 8% for 2021. Previously, the company had assumed an increase of above 8% for 2021.

“The market environment in the construction sector is and remains good,” said Dr Dominik von Achten. “We see continued good demand in private residential construction and infrastructure in all regions. At the same time, raw material, energy and transportation costs have increased significantly in recent months. Nevertheless, in the short and medium term we expect the various country-specific economic stimulus programmes to continue to have a positive impact on construction activity and thus on our sales volumes. We are optimistic about the future.”

## Group overview

HeidelbergCement Group	January-June				Q2			
€m	2020	2021	Variance	Like-for-like <sup>1)</sup>	2020	2021	Variance	Like-for-like <sup>1)</sup>
<b>Sales volumes</b>								
Cement (Mt)	56.3	<b>61.8</b>	10%	<b>10%</b>	28.7	<b>33.5</b>	17%	<b>17%</b>
Aggregates (Mt)	134.8	<b>145.0</b>	8%	<b>8%</b>	74.7	<b>83.7</b>	12%	<b>12%</b>
Ready-mixed concrete (Mm3)	21.7	<b>23.5</b>	8%	<b>9%</b>	11.0	<b>12.7</b>	15%	<b>15%</b>
Asphalt (Mt)	4.3	<b>4.8</b>	11%	<b>11%</b>	2.6	<b>2.9</b>	11%	<b>11%</b>
<b>Income statement</b>								
Revenue	8,254	<b>8,938</b>	8%	<b>11%</b>	4,324	<b>4,980</b>	15%	<b>18%</b>
Result from current operations before depreciation and amortisation (RCOBD)	1,404	<b>1,720</b>	23%	<b>26%</b>	998	<b>1,182</b>	18%	<b>22%</b>
<i>in % of revenue</i>	<i>17.0%</i>	<i><b>19.2%</b></i>			<i>23.1%</i>	<i><b>23.7%</b></i>		
Result from current operations (RCO)	710	<b>1,084</b>	53%	<b>57%</b>	651	<b>862</b>	32%	<b>36%</b>
<i>in % of revenue</i>	<i>8.6%</i>	<i><b>12.1%</b></i>			<i>15.1%</i>	<i><b>17.3%</b></i>		
Profit/loss for the period	-3,095	<b>825</b>	N/A		-3,005	<b>660</b>	N/A	
Group share of profit/loss	-3,133	<b>755</b>	N/A		-3,028	<b>623</b>	N/A	
Adjusted Group share of profit <sup>2)</sup>	356	<b>608</b>	71%		427	<b>474</b>	11%	
Earnings per share <sup>3)</sup> in €	-15.79	<b>3.81</b>	19.60		-15.26	<b>3.14</b>	18.40	
Adjusted earnings per share <sup>3)</sup> in €	1.80	<b>3.06</b>	1.26		2.15	<b>2.39</b>	0.24	
<b>Statement of cash flows and balance sheet</b>								
Cash flow from operating activities	113	<b>146</b>	34					
Cash flow from investing activities	-408	<b>-248</b>	159					
Net debt	8,994	<b>7,454</b>	-1,540					
Gearing	61.4%	<b>48.5%</b>						

- 1) Adjusted for consolidation and currency effects
- 2) Adjusted for the additional ordinary result
- 3) Attributable to the shareholders of HeidelbergCement AG

## Development in the Group areas

North America	January-June				Q2			
€m	2020	2021	Variance	Like-for-like <sup>1)</sup>	2020	2021	Variance	Like-for-like <sup>1)</sup>
<b>Sales volumes</b>								
Cement (Mt)	7.1	<b>7.6</b>	6%	<b>6%</b>	3.8	<b>4.5</b>	17%	<b>17%</b>
Aggregates (Mt)	56.2	<b>58.3</b>	4%	<b>4%</b>	33.7	<b>35.2</b>	4%	<b>4%</b>
Ready-mixed concrete (Mm3)	3.6	<b>3.8</b>	5%	<b>5%</b>	2.0	<b>2.1</b>	7%	<b>7%</b>
Asphalt (Mt)	1.8	<b>2.0</b>	9%	<b>9%</b>	1.4	<b>1.4</b>	6%	<b>6%</b>
<b>Income statement</b>								
Revenue	2,136	<b>2,118</b>	-1%	<b>7%</b>	1,216	<b>1,269</b>	4%	<b>12%</b>
Result from current operations before depreciation and amortisation (RCOBD)	340	<b>414</b>	22%	<b>32%</b>	288	<b>335</b>	16%	<b>25%</b>
<i>in % of revenue</i>	15.9%	<b>19.6%</b>			23.7%	<b>26.4%</b>		
Result from current operations (RCO)	146	<b>247</b>	69%	<b>83%</b>	191	<b>251</b>	32%	<b>42%</b>
<i>in % of revenue</i>	6.9%	<b>11.7%</b>			15.7%	<b>19.7%</b>		

1) Adjusted for consolidation and currency effects

Western and Southern Europe	January-June				Q2			
€m	2020	2021	Variance	Like-for-like <sup>1)</sup>	2020	2021	Variance	Like-for-like <sup>1)</sup>
<b>Sales volumes</b>								
Cement (Mt)	12.9	<b>15.3</b>	19%	<b>19%</b>	6.7	<b>8.5</b>	26%	<b>26%</b>
Aggregates (Mt)	36.6	<b>43.4</b>	19%	<b>19%</b>	18.4	<b>23.5</b>	28%	<b>28%</b>
Ready-mixed concrete (Mm3)	7.9	<b>9.2</b>	16%	<b>16%</b>	4.1	<b>5.0</b>	21%	<b>21%</b>
Asphalt (Mt)	1.5	<b>1.8</b>	25%	<b>25%</b>	0.7	<b>0.9</b>	34%	<b>34%</b>
<b>Income statement</b>								
Revenue	2,287	<b>2,767</b>	21%	<b>21%</b>	1,182	<b>1,531</b>	30%	<b>29%</b>
Result from current operations before depreciation and amortisation (RCOBD)	306	<b>431</b>	41%	<b>42%</b>	244	<b>310</b>	27%	<b>27%</b>
<i>in % of revenue</i>	13.4%	<b>15.6%</b>			20.6%	<b>20.3%</b>		
Result from current operations (RCO)	103	<b>241</b>	133%	<b>133%</b>	143	<b>214</b>	50%	<b>50%</b>
<i>in % of revenue</i>	4.5%	<b>8.7%</b>			12.1%	<b>14.0%</b>		

1) Adjusted for consolidation and currency effects

Northern & Eastern Europe-Central Asia	January-June				Q2			
€m	2020	2021	Variance	Like-for-like <sup>1)</sup>	2020	2021	Variance	Like-for-like <sup>1)</sup>
<b>Sales volumes</b>								
Cement (Mt)	10.9	<b>11.6</b>	6%	<b>6%</b>	6.3	<b>7.2</b>	13%	<b>13%</b>
Aggregates (Mt)	21.9	<b>22.3</b>	2%	<b>2%</b>	12.9	<b>14.3</b>	11%	<b>11%</b>
Ready-mixed concrete (Mm3)	2.8	<b>2.9</b>	3%	<b>3%</b>	1.6	<b>1.8</b>	14%	<b>14%</b>
Asphalt (Mt)								
<b>Income statement</b>								
Revenue	1,349	<b>1,438</b>	7%	<b>7%</b>	765	<b>867</b>	13%	<b>12%</b>
Result from current operations before depreciation and amortisation (RCOBD)	294	<b>322</b>	9%	<b>11%</b>	231	<b>254</b>	10%	<b>11%</b>
<i>in % of revenue</i>	21.8%	<b>22.4%</b>			30.2%	<b>29.3%</b>		
Result from current operations (RCO)	197	<b>228</b>	15%	<b>17%</b>	183	<b>207</b>	13%	<b>15%</b>
<i>in % of revenue</i>	14.6%	<b>15.8%</b>			23.9%	<b>23.9%</b>		

1) Adjusted for consolidation and currency effects

Asia-Pacific	January-June				Q2			
€m	2020	2021	Variance	Like-for-like <sup>1)</sup>	2020	2021	Variance	Like-for-like <sup>1)</sup>
<b>Sales volumes</b>								
Cement (Mt)	15.0	<b>16.8</b>	12%	<b>12%</b>	6.7	<b>8.0</b>	21%	<b>21%</b>
Aggregates (Mt)	16.5	<b>17.2</b>	4%	<b>4%</b>	8.2	<b>8.8</b>	6%	<b>6%</b>
Ready-mixed concrete (Mm3)	4.9	<b>5.1</b>	4%	<b>4%</b>	2.4	<b>2.6</b>	11%	<b>11%</b>
Asphalt (Mt)	0.9	<b>0.9</b>	7%	<b>7%</b>	0.4	<b>0.4</b>	-1%	<b>-1%</b>
<b>Income statement</b>								
Revenue	1,403	<b>1,520</b>	8%	<b>9%</b>	667	<b>754</b>	13%	<b>13%</b>
Result from current operations before depreciation and amortisation (RCOBD)	280	<b>319</b>	14%	<b>15%</b>	149	<b>161</b>	8%	<b>8%</b>
<i>in % of revenue</i>	19.9%	<b>21.0%</b>			22.3%	<b>21.4%</b>		
Result from current operations (RCO)	150	<b>201</b>	34%	<b>35%</b>	85	<b>103</b>	21%	<b>20%</b>
<i>in % of revenue</i>	10.7%	<b>13.2%</b>			12.7%	<b>13.6%</b>		

1) Adjusted for consolidation and currency effects

Africa-Eastern Mediterranean Basin	January-June				Q2			
€m	2020	2021	Variance	Like-for-like <sup>1)</sup>	2020	2021	Variance	Like-for-like <sup>1)</sup>
<b>Sales volumes</b>								
Cement (Mt)	10.1	<b>10.4</b>	3%	<b>3%</b>	5.0	<b>5.2</b>	5%	<b>5%</b>
Aggregates (Mt)	3.5	<b>3.7</b>	5%	<b>5%</b>	1.4	<b>1.9</b>	37%	<b>37%</b>
Ready-mixed concrete (Mm3)	2.3	<b>2.5</b>	10%	<b>10%</b>	1.0	<b>1.2</b>	21%	<b>21%</b>
Asphalt (Mt)	0.2	<b>0.1</b>	-39%	<b>-39%</b>	0.1	<b>0.1</b>	-18%	<b>-18%</b>
<b>Income statement</b>								
Revenue	853	<b>904</b>	6%	<b>12%</b>	410	<b>460</b>	12%	<b>17%</b>
Result from current operations before depreciation and amortisation (RCOBD)	192	<b>243</b>	27%	<b>33%</b>	96	<b>128</b>	33%	<b>40%</b>
<i>in % of revenue</i>	22.5%	<b>26.9%</b>			23.5%	<b>27.9%</b>		
Result from current operations (RCO)	137	<b>191</b>	39%	<b>46%</b>	69	<b>102</b>	48%	<b>57%</b>
<i>in % of revenue</i>	16.1%	<b>21.1%</b>			17.5%	<b>22.2%</b>		

1) Adjusted for consolidation and currency effects

Group Services	January-June				Q2			
€m	2020	2021	Variance	Like-for-like <sup>1)</sup>	2020	2021	Variance	Like-for-like <sup>1)</sup>
<b>Income statement</b>								
Revenue	499	<b>623</b>	25%	<b>29%</b>	201	<b>360</b>	79%	<b>82%</b>
Result from current operations before depreciation and amortisation (RCOBD)	10	<b>13</b>	38%	<b>50%</b>	4	<b>7</b>	74%	<b>70%</b>
<i>in % of revenue</i>	1.9%	<b>2.1%</b>			2.1%	<b>2.0%</b>		
Result from current operations (RCO)	7	<b>13</b>	75%	<b>66%</b>	2	<b>7</b>	220%	<b>129%</b>
<i>in % of revenue</i>	1.5%	<b>2.1%</b>			1.1%	<b>2.0%</b>		

1) Adjusted for consolidation and currency effects

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## Financial calendar

Third quarter 2021 results

4 November 2021

## About HeidelbergCement

HeidelbergCement is one of the world's largest integrated manufacturers of building materials and solutions, with leading market positions in aggregates, cement, and ready-mixed concrete. Around 53,000 employees at more than 3,000 locations in over 50 countries deliver long-term financial performance through operational excellence and openness for change. At the center of actions lies the responsibility for the environment. As forerunner on the path to carbon neutrality, HeidelbergCement crafts material solutions for the future.

## Disclaimer – forward-looking statements

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