Heidelberg, 4 June 2020 – Pre-version dated 29 May 2020

Annual General Meeting 2020
Report of the Chairman of the Managing Board
Dr. Dominik von Achten

Key Messages

1. New Members of the Managing Board
   – Ernest Jelito, Chris Ward

2. What drives us – our “4C” guidelines
   – CONTINUE – operational excellence, cost leadership, performance
   – CHANGE – customer orientation, simple processes, digitalisation
   – CARE – health & safety, sustainability, compliance
   – COLLABORATE – teamwork, creative solutions, modern communication

3. 2019 business year – we have delivered
   – Revenue and results improved, cash flow at record level, net debt reduced, premium on cost of capital earned
   – Sustainability activities intensified, CO₂ emissions further reduced
   – Smooth management team transition

4. Important key figures developed well
   – Revenue €bn 18.9 (+4%, like-for-like +2%); result from current operations (RCO) €bn 2.2 (+9%, like-for-like +5%); profit for the financial year before non-recurring effects €bn 1.4 (+21%); ROIC (6.9%) > WACC

5. Free cash flow at record level – net debt significantly reduced
   – Free cash flow at record level €bn 1.5 (+14%)
   – Net debt decreased to €bn 8.4(€bn -1.2); Leverage at 2.3x (previous year: 2.7x)

6. Group areas with varying revenue and results growth
   – Western and Southern Europe (revenue +4%, RCO +30%), product mix and price amendments drive growth of results
   – Northern and Eastern Europe-Central Asia (revenue -1%, RCO +14%), result rises despite lower sales volumes
   – North America (revenue +12%, RCO -3%), sales volumes growth for aggregates and ready-mixed concrete
   – Asia-Pacific (revenue +3%, RCO +18%), results improve significantly in Indonesia and Thailand
   – Africa-Eastern Mediterranean Basin (revenue +1%, RCO +0%), positive development in Morocco and sub-Saharan countries compensates for business decline in Turkey and Egypt
7. **Good start to the year 2020 despite first COVID-19 related impact in March**
   - Revenue €bn 3.9 (-7%, like-for-like -8%), result from current operations before depreciation and amortisation €m 405 (+3%, like-for-like +2%), result from current operations €m 59 (+5%, like-for-like +4%)

8. **Health & Safety first – caring for our employees and business partners**
   - Comprehensive hygiene measures and worldwide travel ban already from mid-February
   - Strict hygiene measures at all locations, “smart working” for office staff

9. **Up to €1 billion cash savings through COPE action plan – depending on business development in 2020**
   - Cost savings: minimisation of non-essential expenses, voluntary salary cuts, reduction of personnel costs
   - Investments: restriction of maintenance investments to business-critical projects, postponement of ongoing projects
   - Taxes and working capital: management of working capital, suspension of tax prepayments and utilisation of loss carry-forwards and -backs

10. **Dividend proposal adjusted to €0.60 per share – additional liquidity preserved**
    - Progressive dividend policy suspended due to high uncertainty of future development
    - Good financial profile maintained at the beginning of the crisis – additional liquidity of €m 317
    - Return to the previous progressive dividend policy after overcoming the Corona crisis (stable or rising dividend with a payout ratio of around 40%)

11. **Significant progress in reduction of CO₂-emissions**
    - Specific net CO₂ emissions decreased by 22% compared to 1990
    - On track to reach our 2030 target of a 30% reduction in CO₂ emissions
    - Our goal is to realise carbon neutral concrete by 2050 at the latest

12. **Internal and external process optimisation through digitalisation**
    - Remotely controlled and maintained production sites, digital exchange with customers and suppliers, automation of workflows

13. **2020 outlook remains uncertain**
    - Negative effects on revenue and result expected from corona crisis
    - Long-term prospects remain favourable

14. **We see the crisis as an opportunity**
    - Focus in 2020 will be on the implementation of the COPE action plan and the continuity of our business activities
    - Definition of strategic priorities – strategy update scheduled for September 2020