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Despite high energy prices: HeidelbergCement with strong results in 2021

- All key figures in the 2021 business year improved – Group revenue +8%; result from current operations before depreciation and amortisation (RCOBD) +6%; result from current operations (RCO) +12% ¹⁾
- Successful price increases and good fixed cost management – basis for strong Q4 results
- Excellent return on invested capital – ROIC increases to 9.3%
- Strong focus on shareholder returns – almost €1 billion spent on dividends and share buybacks
- Good progress on CO₂ reduction – specific net CO₂ emissions reduced by 2% to 565 kg CO₂/t of cementitious material
- Optimistic outlook for 2022 – Further growth in revenue, RCOBD and RCO planned

1) In each case on a like-for-like basis, i.e. excluding consolidation and exchange rate effects

Dr. Dominik von Achten, Chairman of the Managing Board of HeidelbergCement, said: "2021 was a very good year for HeidelbergCement, notwithstanding all challenges. We achieved excellent results in all key figures. Despite the significant increase in energy prices and pandemic-related lockdowns in some key markets in Asia, we were able to increase revenue by 8% on a like-for-like basis and our result by 12%. We were able to further significantly improve HeidelbergCement's capital efficiency and leverage ratio. In addition, we successfully continued the optimisation of our portfolio.

We achieved this excellent result together as global HeidelbergCement team. My thanks therefore go first and foremost to our 51,200 employees for their high level of commitment and outstanding dedication. They all performed exceptionally well last year.

Our shareholders also benefit from the good results. In total, we spent almost €1 billion on dividends and share buybacks. This is a considerable figure which underlines our high focus on returns for our shareholders.

In the area of sustainability, particularly in reducing CO₂ emissions, we are very well on track to achieve our targets by 2025. In 2021, we reduced our specific net CO₂ emissions by a further 2% to 565 kg CO₂/t of cementitious material. The coming years will be a litmus test for ambitious climate protection. We are demonstrating in several lighthouse projects that we can scale the necessary technologies.

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We are optimistic about the further course of 2022. The world-wide infrastructure measures will successively contribute to the sales volumes growth of our products. The momentum in private residential construction will also remain high. On this basis, we expect a significant increase in revenue and a slight rise in result from current operations in the business year 2022."

Positive development of sales volumes, revenue and results

The impact of the coronavirus pandemic did not significantly affect construction activities in 2021 and thus demand for our building materials. The positive market dynamics in many of HeidelbergCement's key markets led to a good overall development of sales volumes. Deliveries increased compared with the previous year in all business lines.

Group revenue increased by 6.3% to €18,720 million (previous year: 17,606) in comparison with the previous year. On a like-for-like basis, the increase was 8.0%. Result from current operations before depreciation and amortisation (RCOBD) increased by €168 million or 4.5% to €3,875 million (previous year: 3,707), on a like-for-like basis, the increase was 5.9%. Result from current operations (RCO) increased significantly by 10.6% to €2,614 million (previous year: 2,363), on a like-for-like basis, the growth amounted to 12.0%.

The additional ordinary result amounted to €481 million (previous year: -3,678). This includes €466 million in connection with the sale of the business activities in the West region in the USA. The financial result improved by €86 million to €-201 million (previous year: -287). Profit for the financial year was €1,902 million (previous year: loss of €-2,009 million). The profit relating to non-controlling interests increased by €13 million to €143 million (previous year: 130). As a result, the Group's share of profit amounts to €1,759 million (previous year: Group share of loss of €-2,139 million). Excluding the additional ordinary result and non-recurring tax effects in the reporting and previous year, the Group share increased by 14.3% to €1,561 million (previous year: 1,365).

Earnings per share attributable to the shareholders of HeidelbergCement AG increased by €19.69 to €8.91 (previous year: -10.78). Excluding the additional ordinary result and the non-recurring tax effects, earnings per share increased by €1.03 to €7.91 (previous year: 6.88).

Return on invested capital at record level

Return on invested capital (ROIC) increased to 9.3% in the reporting year (previous year: 7.9%). "Thanks to the solid operating performance and successful portfolio optimisation, capital efficiency again improved significantly and rose to a record level," said Chief Financial Officer René Aldach. "In line with our guidance, we have thus increased the return on invested capital to over 9% and achieved our strategic medium-term target of well over 8% earlier than expected."

Net debt further reduced

Net debt decreased by around €1.9 billion compared with 2020 to €5.0 billion (previous year: 6.9) due to the good operating business and disciplined investment policy. The leverage ratio decreased accordingly to 1.3x and was therefore below the target corridor of 1.5x-2.0x.

Portfolio optimisation successfully progresses

In the 2021 business year, HeidelbergCement successfully continued its portfolio optimisation as part of the "Beyond 2020" strategy with important transactions. The focus is on simplifying the country portfolio and prioritising the strongest market positions. The company sold business activities in Greece, Kuwait, Sierra Leone, Spain, the West region in the USA, and the United Arab Emirates. To further improve the Group's presence in existing, profitable markets with high returns, HeidelbergCement acquired business activities in Australia, Italy, Tanzania, the United Kingdom, and in the Northeast and Pacific Northwest of the USA.

Second tranche of share buy-back programme starts

In July 2021, HeidelbergCement launched a share buyback programme for the first time in the company's history. The programme, with a total volume of up to €1 billion and a term until 30 September 2023, underlines the company's increased focus on shareholder returns. The first tranche of the programme worth €350 million was completed on 2 December 2021. All acquired shares were cancelled with a reduction in share capital in January 2022. The second tranche of €300 to 350 million is to start from 10 March 2022 at the latest and will be completed in the third quarter of 2022.

Lighthouse projects drive CO₂ reduction

HeidelbergCement places climate change and its responsibility as a CO₂-intensive company at the center of its strategy. The company is making good progress on the path to climate neutrality. The Group already has products in its portfolio in many countries, some of which offer significant CO₂ reductions. In Germany, for example, HeidelbergCement offers a variety of concretes with up to almost 70% reduced CO₂ footprints under the EcoCrete® product brand.

In the development and application of innovative technologies for CO₂ capture, utilisation, and storage (CCU/S), the company continues to expand its worldwide pioneering role in the building materials industry. At the Norwegian plant in Brevik, 400,000 tonnes or 50% of the CO₂ produced is to be captured and stored annually as early as mid-2024. In 2030, the expansion of the plant in Slite on the Swedish island of Gotland to become the world's first climate-neutral cement plant is to be completed and up to 1.8 million tonnes of CO₂ will be captured there each year. Overall, the company has set itself the goal of saving at least 10 million tonnes of CO₂ by 2030 with the CCU/S projects currently underway.

Digitisation as an efficiency driver at the customer interface

HeidelbergCement is continuing to drive forward the improvement of its business processes with several digitalisation projects. The company is well on its way to achieving its 2025 target of covering more than 75% of global revenue with its digital flagship HConnect, with 52% already achieved in 2021. HConnect improves processes at the customer interface and is currently actively used by 20,000 users in twelve countries every month. HeidelbergCement is thus activating the digital potential of its core business areas and tapping into new growth opportunities in addition to traditional revenue streams.

Optimistic outlook 2022

HeidelbergCement is optimistic about the further course of 2022, with sales volumes being driven by global infrastructure measures and the continued good momentum in private residential construction. Due to the persistently high energy costs, the general conditions particularly in the first half of the year will nevertheless remain challenging. Strict fixed cost management and further price increases are intended to counteract this.

For the 2022 business year, HeidelbergCement expects a significant increase in revenue on this basis, as well as a slight increase in result from current operations before depreciation and amortisation (RCOBD) and in result from current operations (RCO), both before exchange rate and consolidation effects.

Based on the expected operating business development, the company anticipates a return on invested capital (ROIC) of around 9% for the current business year. The leverage ratio is expected to be within the long-term target corridor of 1.5x-2.0x.

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Financial calendar

Group annual accounts 2021	24 March 2022
First quarter 2022 results	12 May 2022
Annual General Meeting 2022	12 May 2022
Capital Markets Day	24 May 2022
Half-year financial report 2022	28 July 2022
Third quarter 2022 results	3 November 2022

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 51,000 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.

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