

2022 Full Year Results

23 February 2023

Dr. Dominik von Achten – Group CEO
René Aldach – Group CFO



Key messages Q4 2022

- Highest Q4 result in Heidelberg Materials' history: Revenue up +11%; EBITDA up +3%; RCO up +4%*
- Price over cost substantially positive in Q4 2022; strong pricing momentum continues into 2023
- Specific CO₂ emissions reduced by another -2%** vs 2021
- SBTi validated our CO₂ reduction targets in alignment with its 1.5°C framework
- Scaling circularity through several acquisitions of leading recycling companies
- Outlook:
 - Revenue growth, driven by continuous strong pricing*
 - RCO between €2.35 bn - €2.65 bn

* All like-for-like, excluding currency and scope impacts

** Preliminary and unaudited figures; final and audited figures will be published in the combined Annual and Sustainability Report 2022 on 23 March 2023



Full year 2022: Good improvement in most KPIs



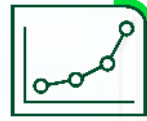
Revenue
€21.1 bn
+12% LfL¹⁾

Strong pricing drives top-line growth



EBITDA
€3.7 bn
-5% LfL¹⁾

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



Clean EPS
€9.5
+20%²⁾

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



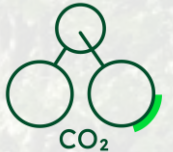
Free cash flow
€1.3 bn

Solid FCF, despite €-800 m working capital outflow



Shareholder return
€1 bn

Second year in row with record high shareholder return



CO₂ reduction
-2%³⁾

Continued good progress in specific CO₂ reduction

1) All like-for-like, excluding currency and scope impacts

2) Figures adjusted for additional ordinary result, and for 2021 US West assets disposal tax impact (€-283 m).

3) Preliminary and unaudited figures; final and audited figures will be published in the combined Annual and Sustainability Report 2022 on 23 March 2023

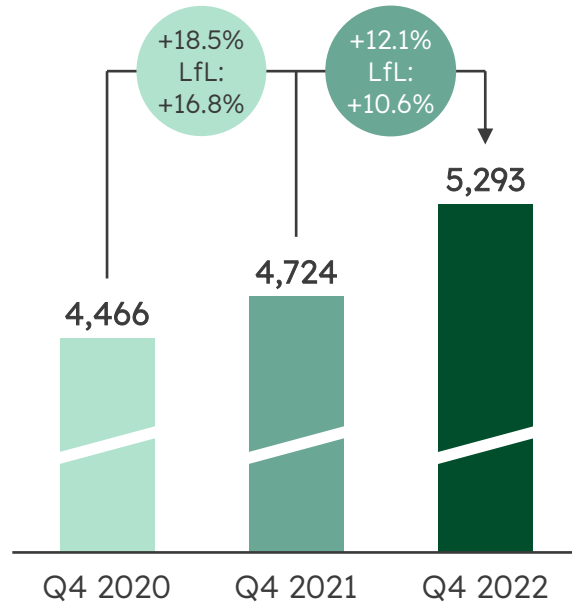


Operational result

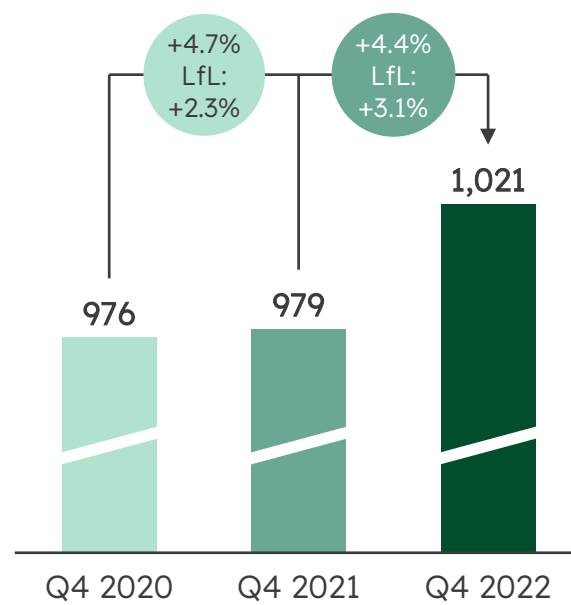


Q4 operational overview

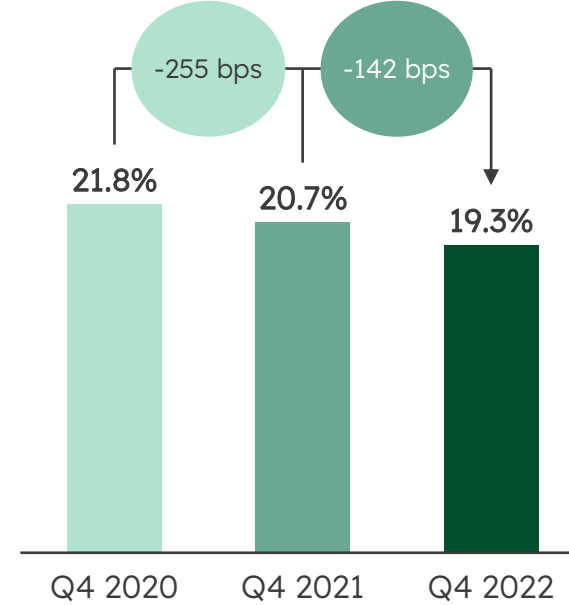
Revenue [€m]



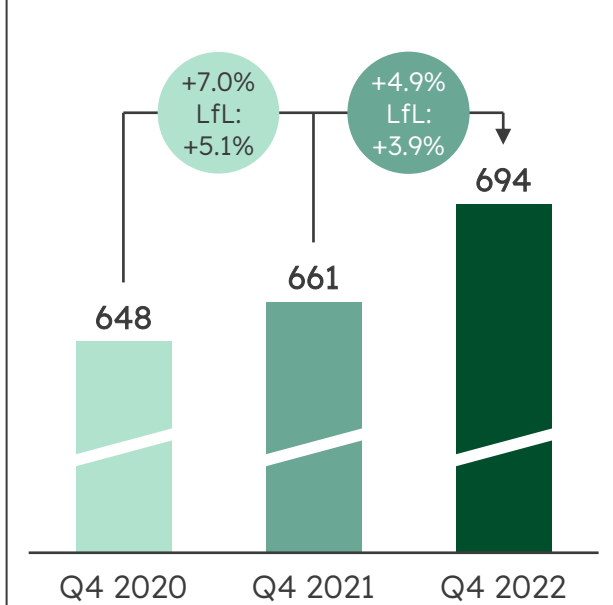
Operating EBITDA [€m]



Operating EBITDA Margin



Operating EBIT (RCO) [€m]

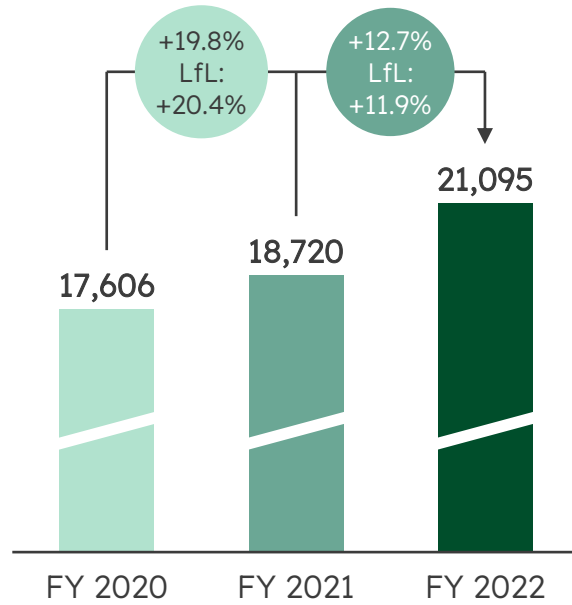


- YoY 2022 vs. 2021
- YoY 2022 vs. 2020

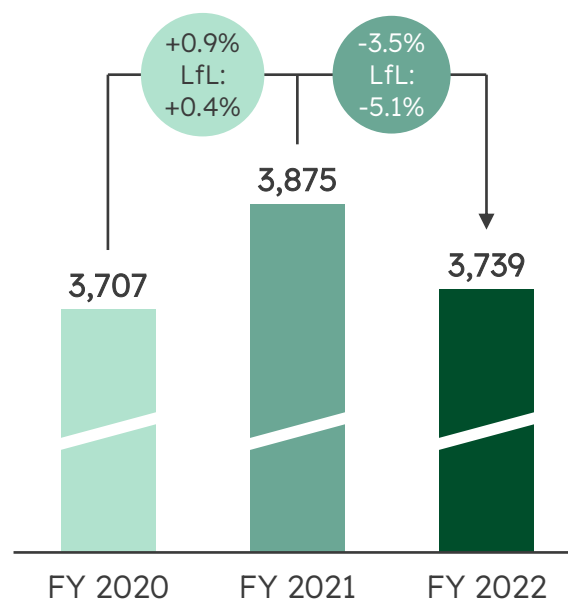


Full year operational overview

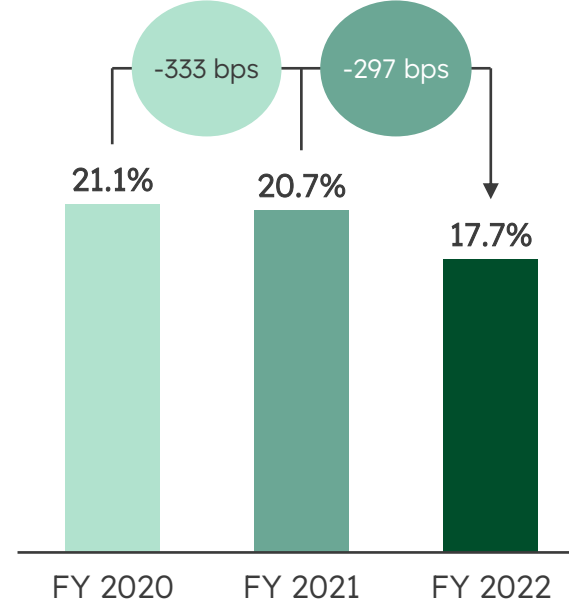
Revenue [€m]



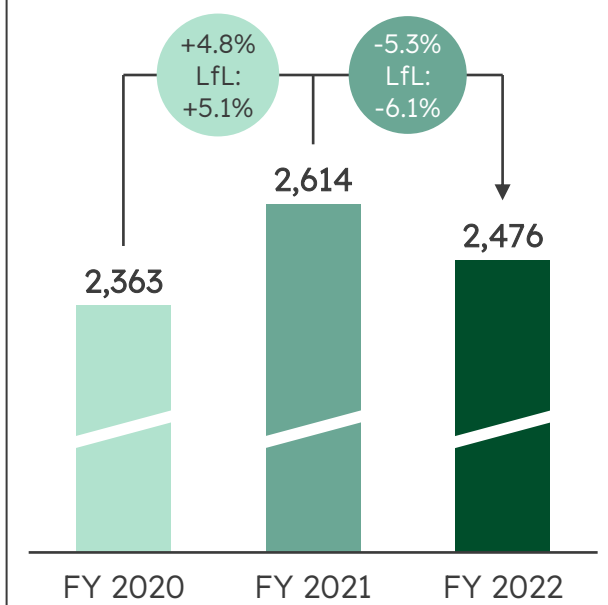
Operating EBITDA [€m]



Operating EBITDA Margin



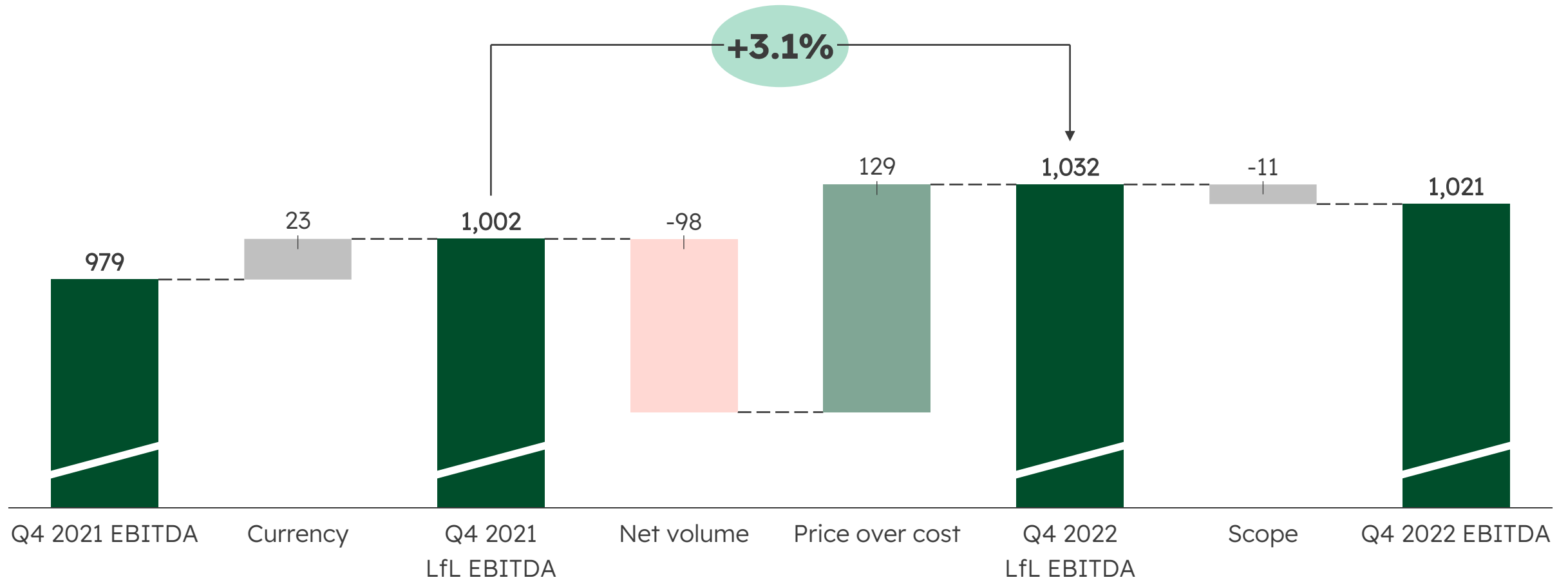
Operating EBIT (RCO) [€m]



- YoY 2022 vs. 2021
- YoY 2022 vs. 2020

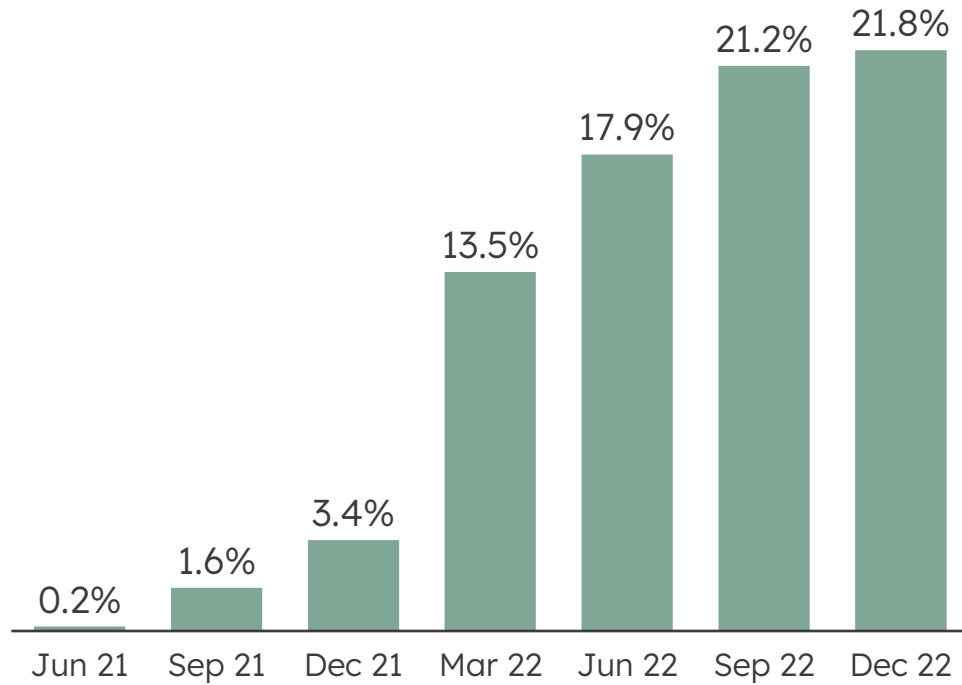


Q4 EBITDA bridge [€m]

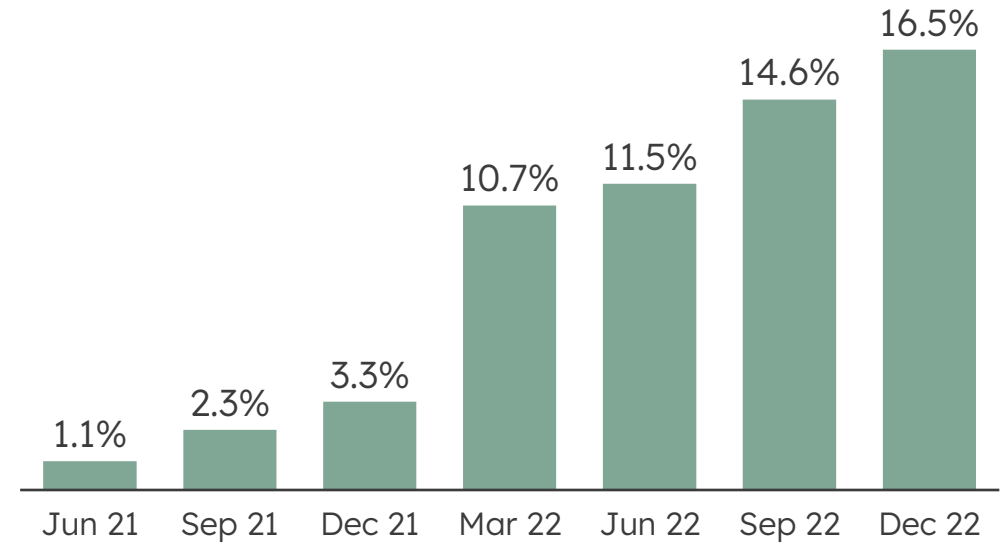


Customer Excellence program clearly pays-off

Year to date CEMENT price increase vs. previous year



Year to date AGGREGATES price increase vs. previous year

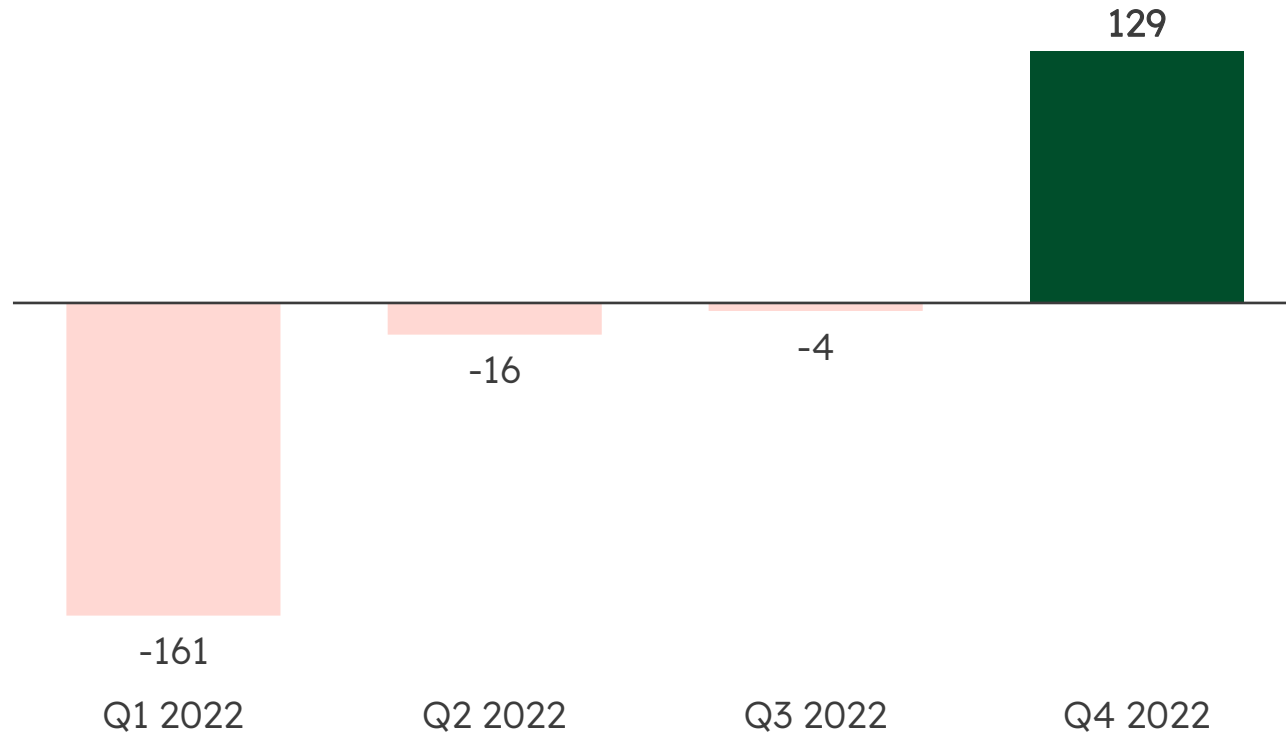


€2.4 b achieved vs. initial target of €350 m !



Price over cost substantially positive in Q4 2022

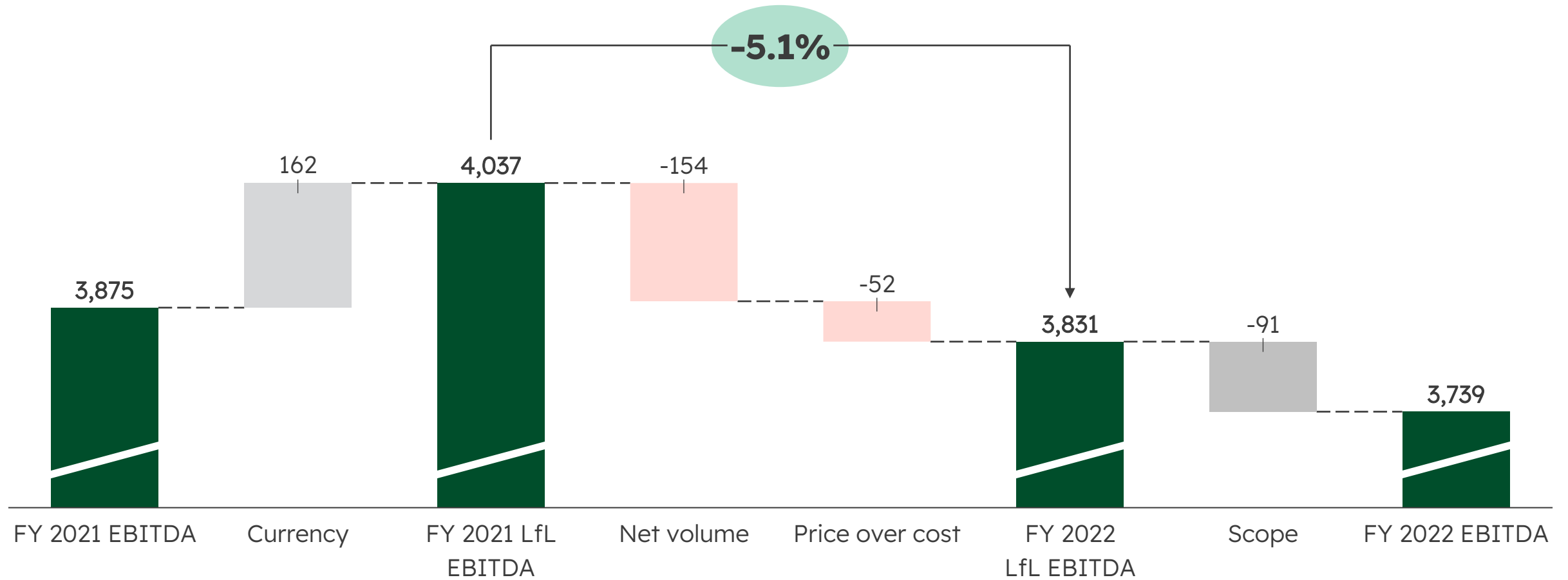
Quarterly price over cost development vs. previous year [€m]



- Price over cost turns positive, driven by successfully implemented customer excellence program and well-managed cost base.
- Current forward/spot energy prices give us confidence to further improve price over cost vs. prior year.
- Positive trend continues into early 2023.
- Excluding JV result: Price over cost is €+150 m in the quarter (full year €+45 m).



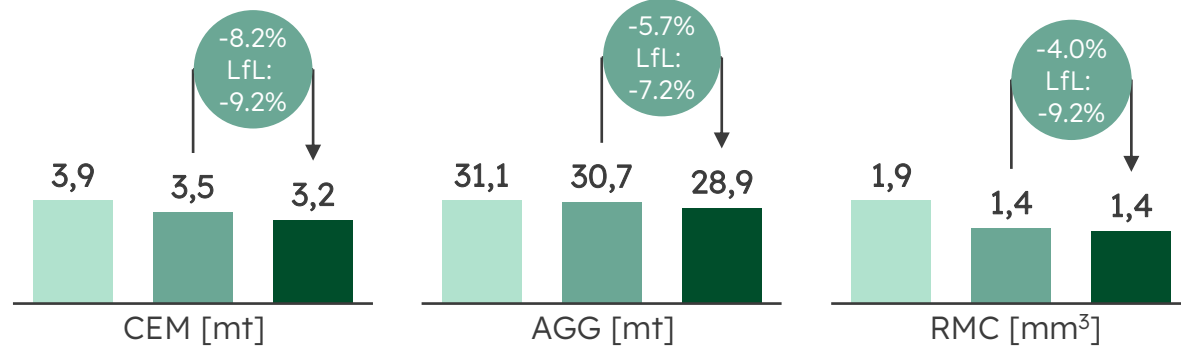
Full year EBITDA bridge [€m]



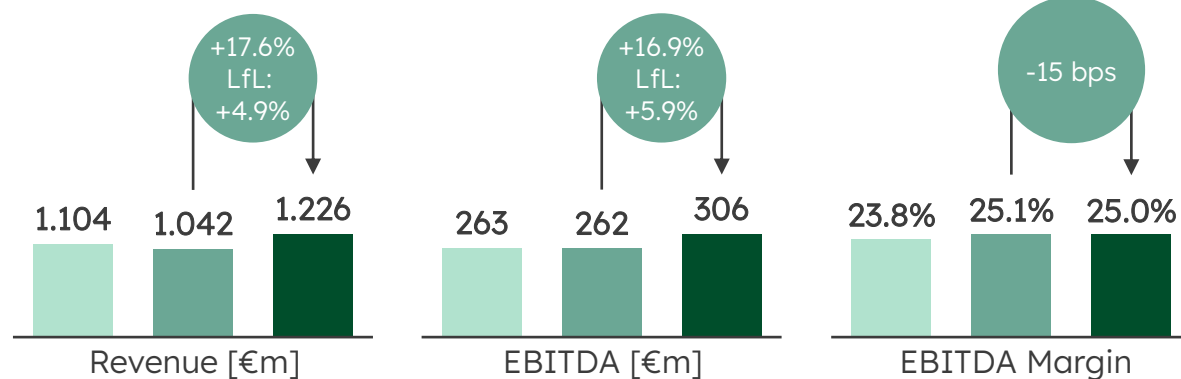
North America

Q4
2020Q4
2021Q4
2022

Sales volumes



Operating result



North America

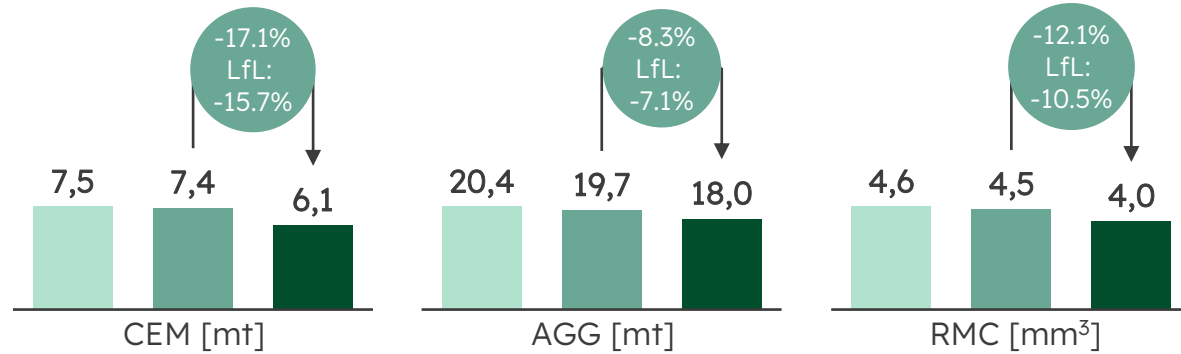
- Strong EBITDA in Q4: Up +5.9 % (LfL)
- Good margin development despite continued high costs inflation
- Accelerated pricing momentum drive revenue growth and positive result development
- Weather impacted volume slowdown compared to very strong Q4 2021; orderbooks across all business lines and regions remain healthy



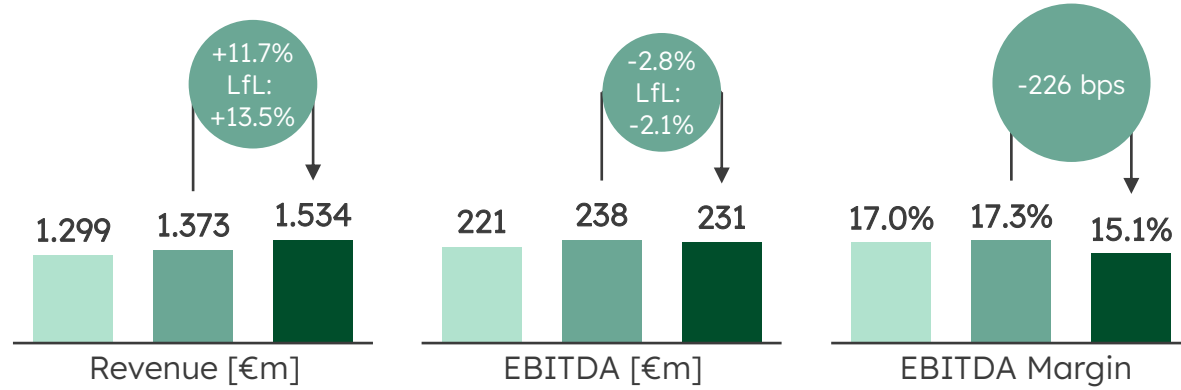
Western & Southern Europe



Sales volumes



Operating result



Western & Southern Europe

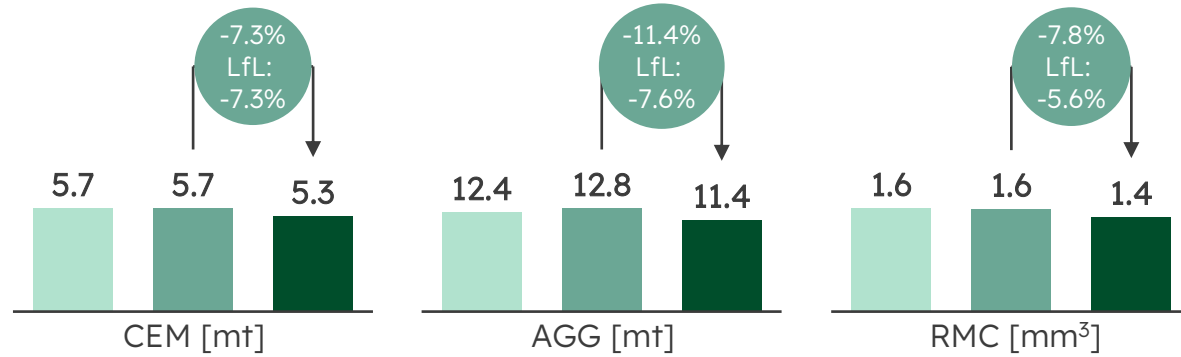
- Strong pricing and well-managed cost control
- Price over cost continues to be positive in the region
- EBITDA stable at previous year level, despite volume pressure and high cost inflation



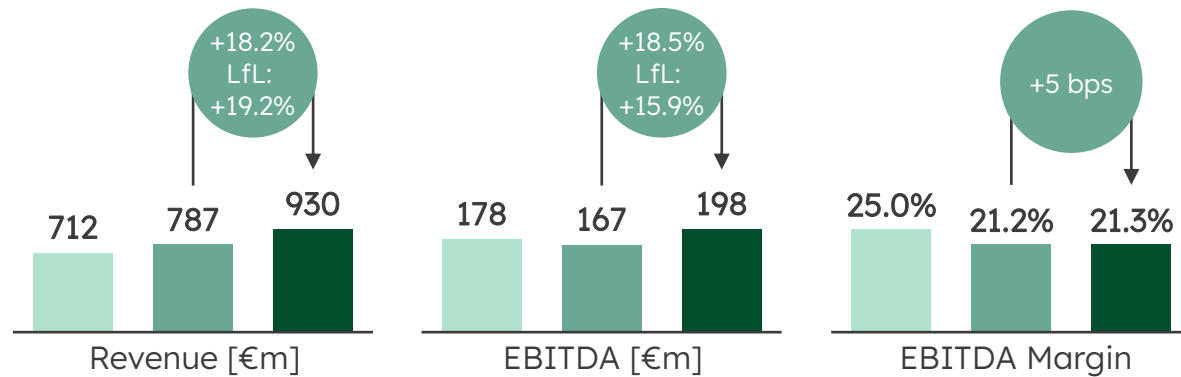
Northern & Eastern Europe - Central Asia



Sales volumes



Operating result



Northern & Eastern Europe - Central Asia

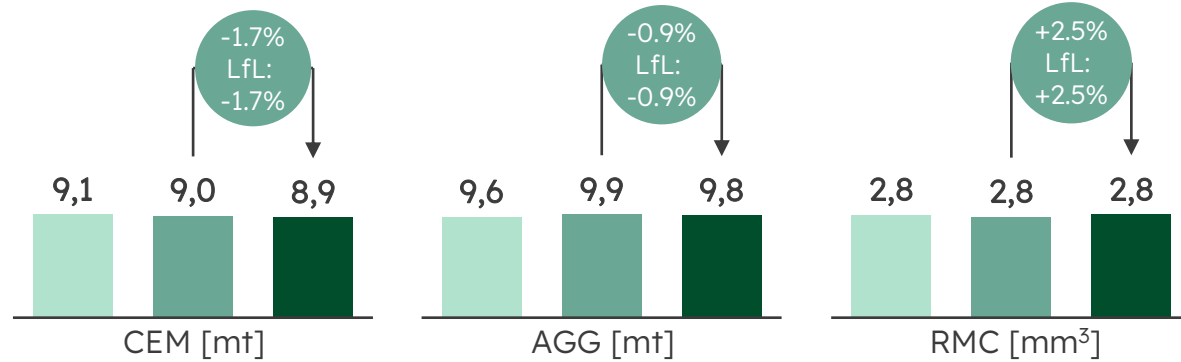
- Positive price over cost development continues in Q4 2022
- EBITDA margin improvement driven by successful price increases
- Volume decline as a result of ongoing subdued demand in most countries



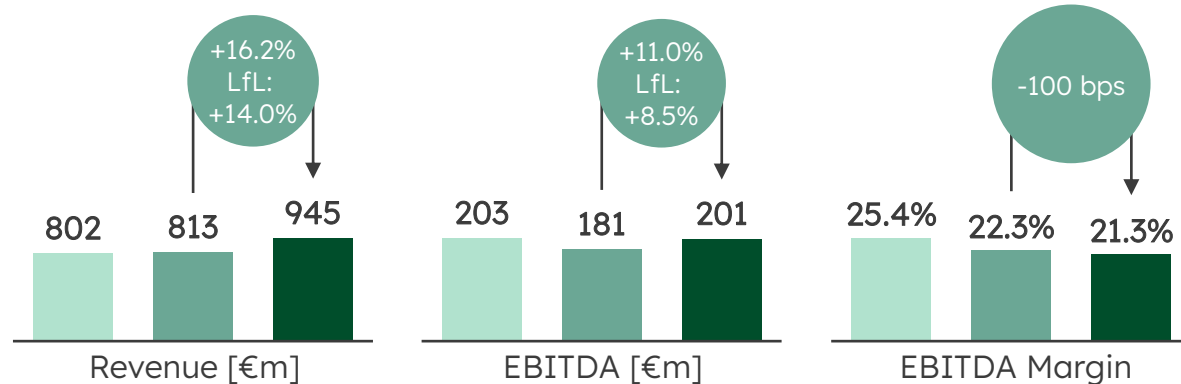
Asia - Pacific



Sales volumes



Operating result



Asia - Pacific

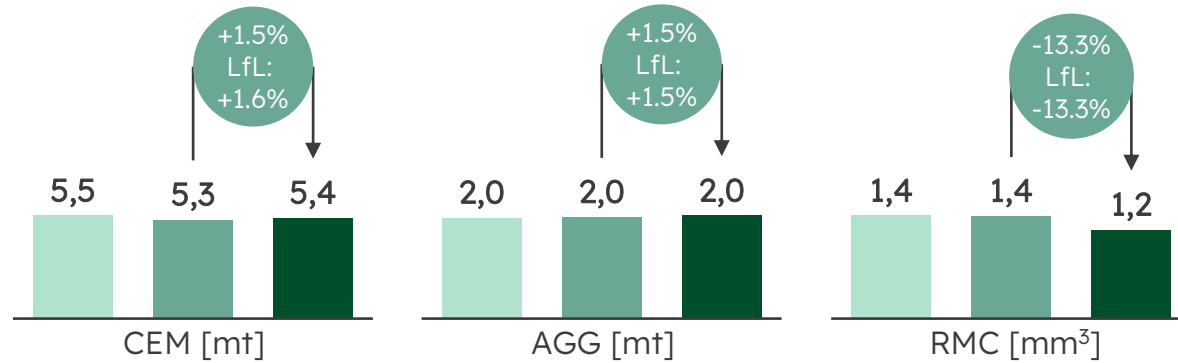
- EBITDA increased by +8.5% as a result of strong pricing momentum across the region
- Price over cost turns positive in the quarter
- Australia markets are affected by rain in the quarter, however underlying demand remains strong
- Indonesia market continued to strengthen, while China and India remained soft



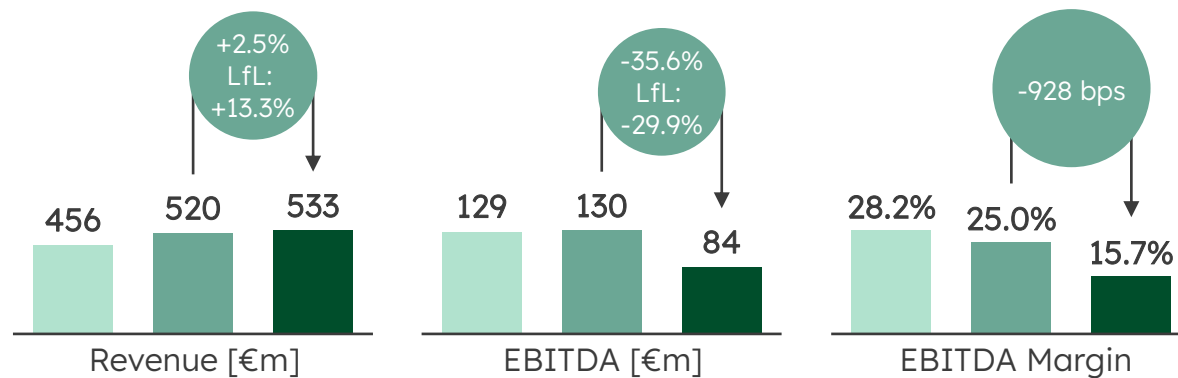
Africa – Eastern Mediterranean Basin



Sales volumes



Operating result



Africa – Eastern Mediterranean Basin

- Solid increase in revenue, driven mainly by price increases
- Q4 2022 EBITDA margin under pressure due to challenging high inflation environment and local currency devaluations
- Signs of stabilization already visible in key markets



Financial highlights



Key financial messages 2022

- Clean EPS at €9.5 (vs. €7.9 prior year)
- Solid FCF generation of €1.3 bn, despite pressure due to building up of working capital (€-0.8 bn)
- Leverage at a very comfortable level of 1.48x
- ROIC at 9.1% despite pressure on operating result and increase in invested capital
- Focus on shareholder return continues – second year with almost €1 bn spent on dividends and share buybacks
- Step change in sustainable financing with first sustainability-linked bond and innovative commercial paper programme



Adjusted EPS increases by 20%

Income Statement [€m]	2021	2022	Delta
Revenue	18,720	21,095	2,375
RCOBD (Operating EBITDA)	3,875	3,739	-135
Depreciation and amortization	-1,261	-1,264	-3
Result from current operations (RCO)	2,614	2,476	-139
Additional ordinary result	481	-193	-674
Financial result	-201	-65	+136
Income taxes	-947	-485	+462
Net result from discontinued operations	-46	-9	+36
Non-controlling interests	-143	-126	+16
Group share of profit	1,759	1,597	-162
Group share of profit - adjusted *	1,561	1,790	+229
Earnings per share - adjusted *	7.91	9.47	+1.56

* Figures adjusted for additional ordinary result, and for 2021 US West assets disposal tax impact (€-283 m).

Key items below RCO

Additional ordinary result:

- 2022: €-102 m impairment Russia
- 2021: €+466 m net gain from sale of US West assets

Financial result:

- Net interest expense €+72 m better than 2021
- 2022: €+127 m change in discount rates

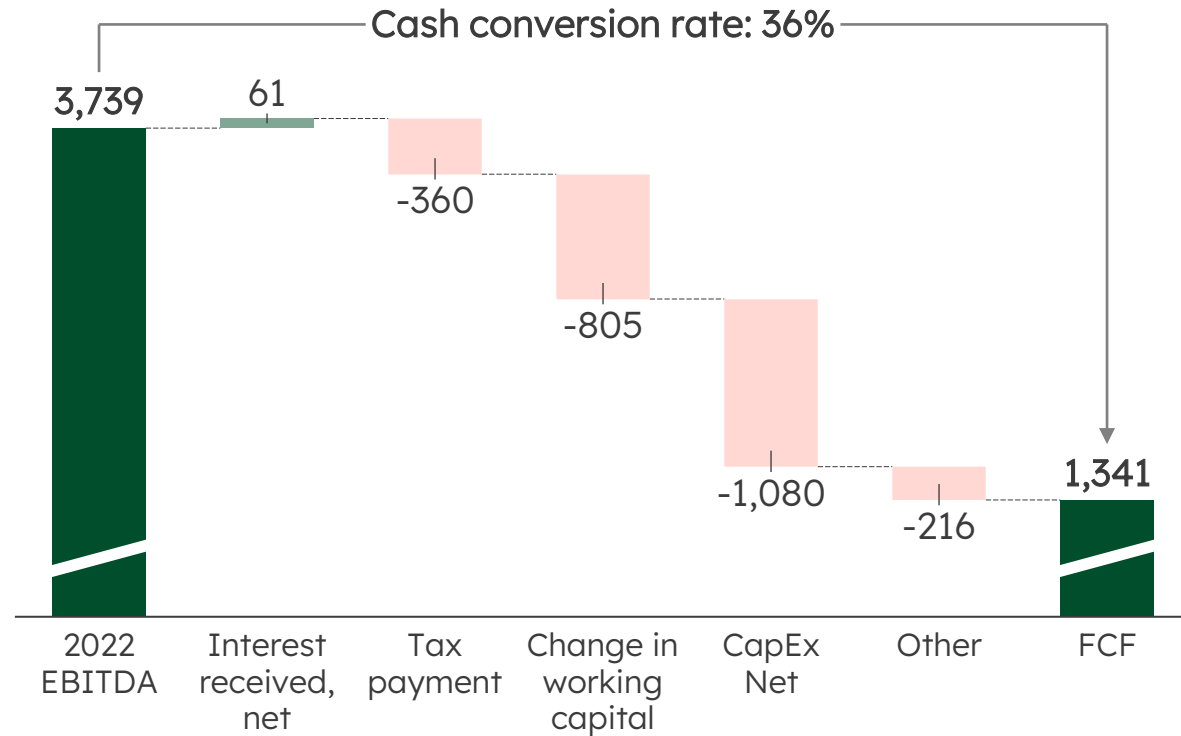
Tax expenses:

- 2021: €-283 m US West assets disposal impact
- 2021: €-49 m due to change in the UK tax rate

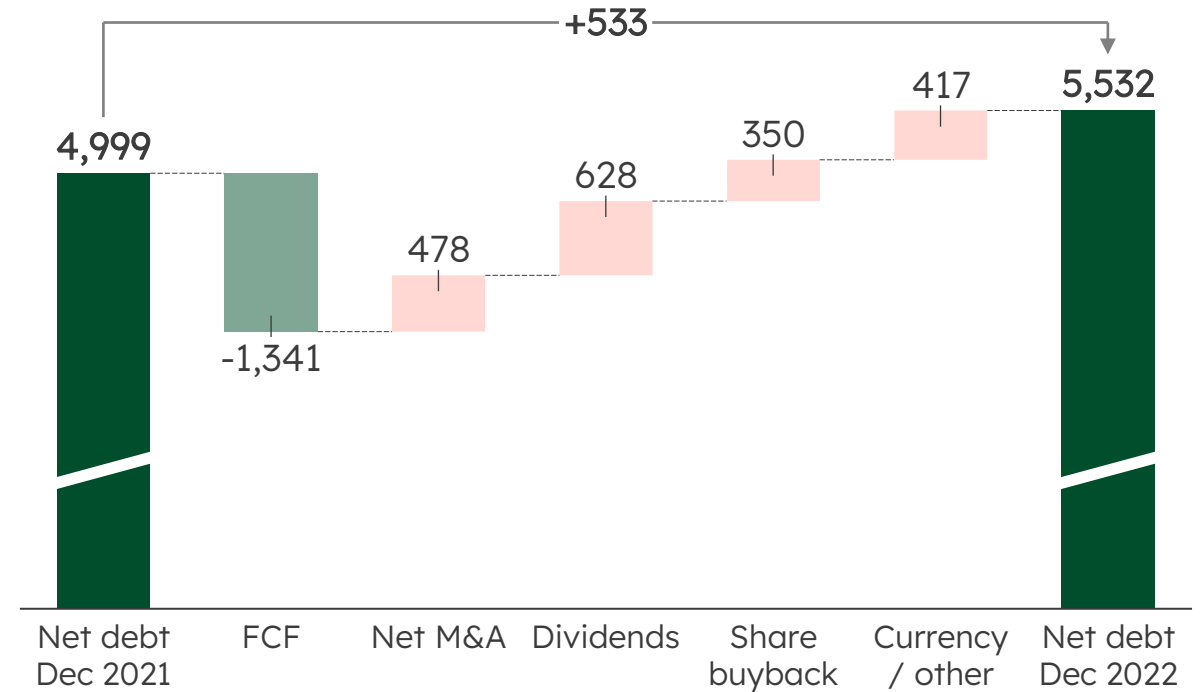


Solid free cash flow generation

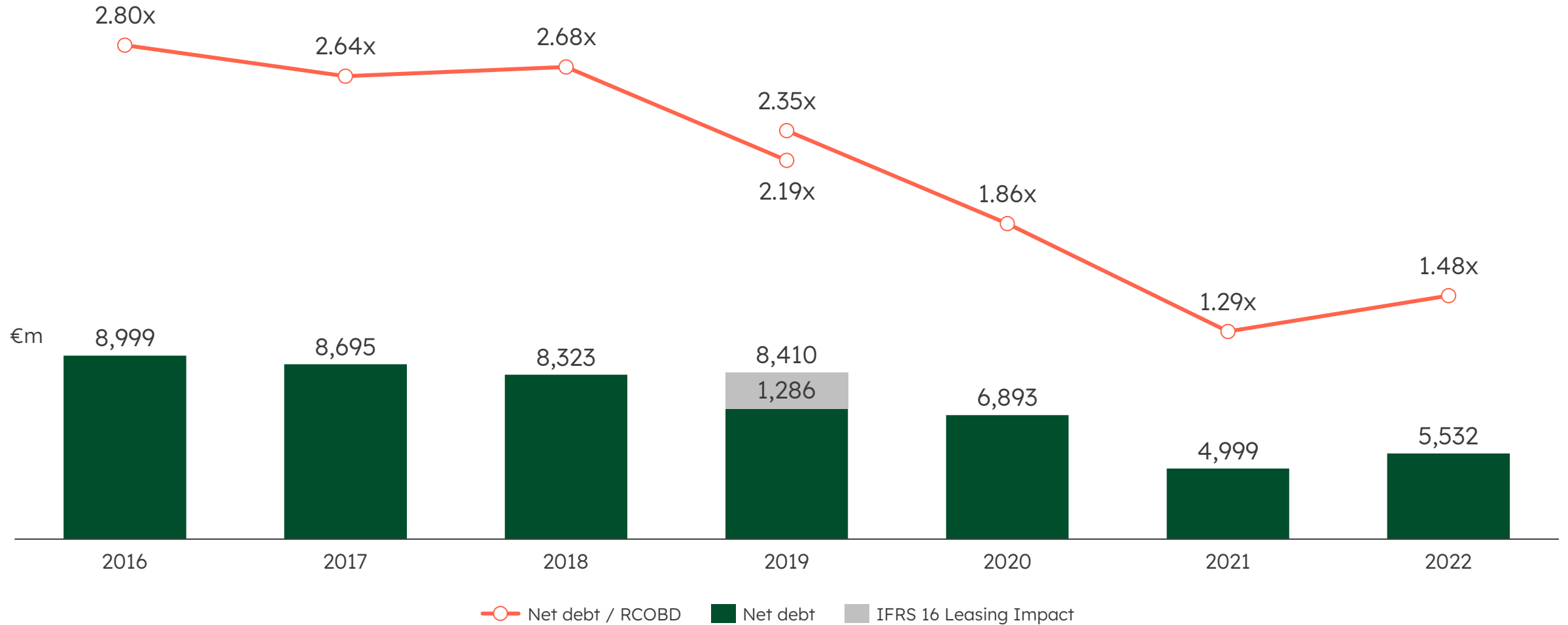
Free cash flow generation [€m]



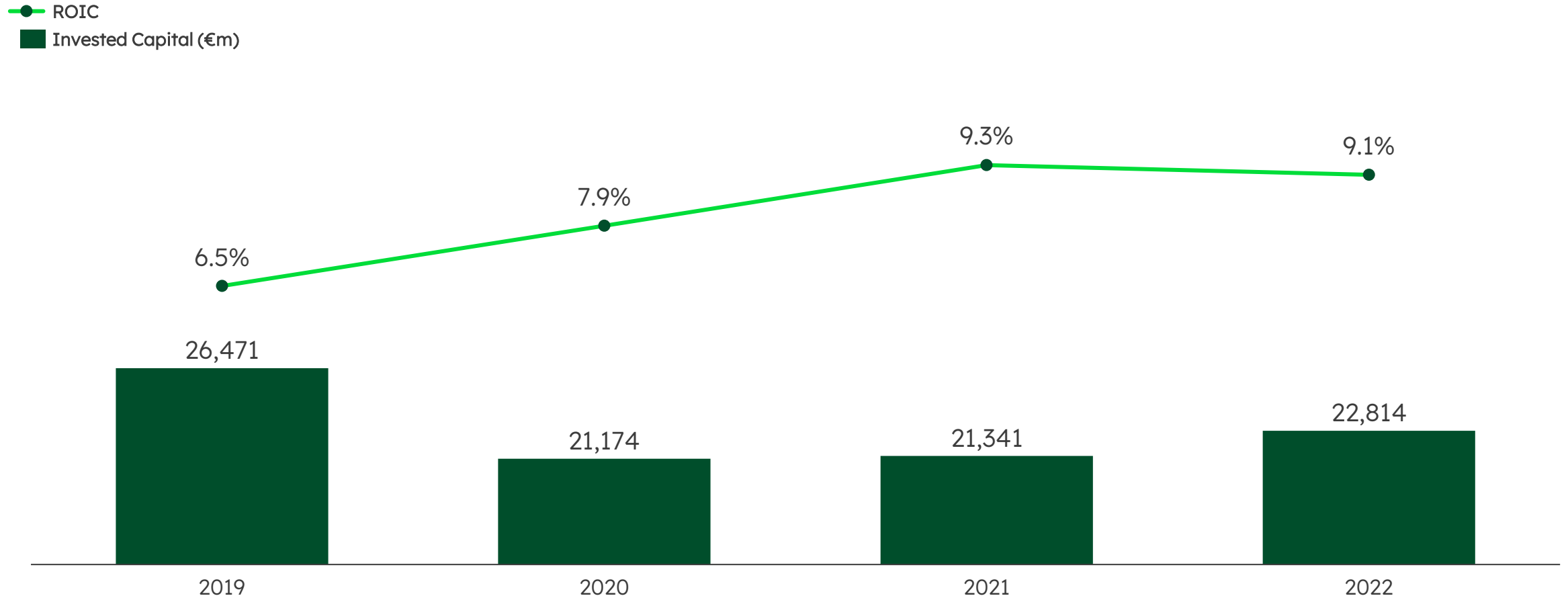
Net debt development [€m]



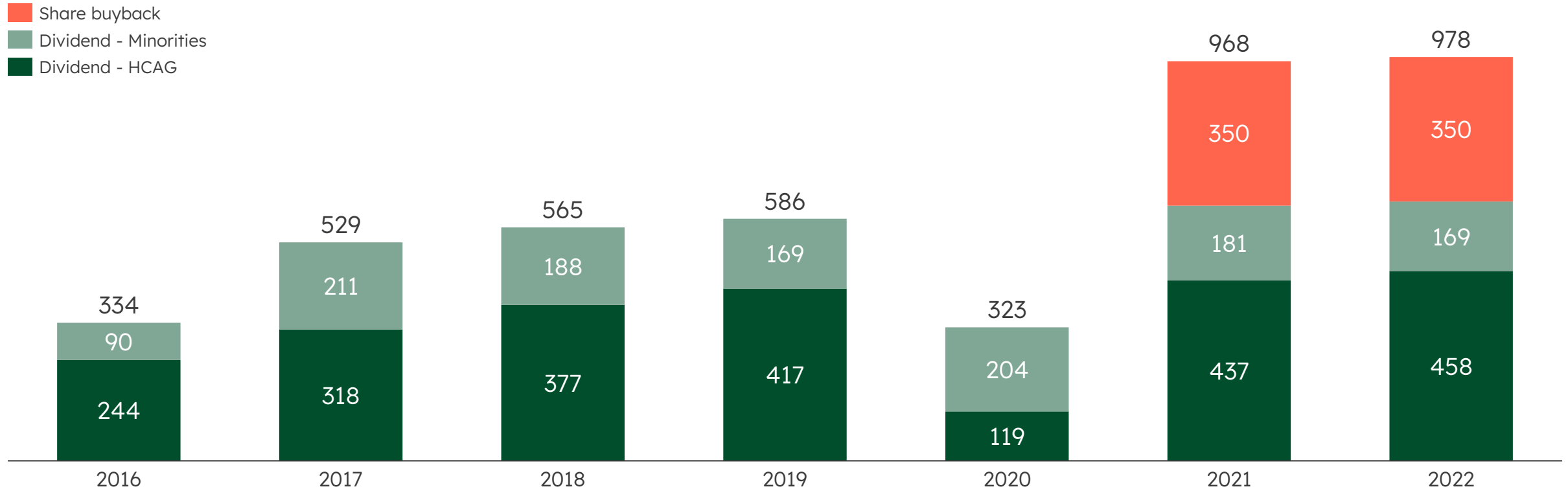
Leverage at 1.48x slightly below our target corridor



ROIC above 9% despite decline in operating result and increase in invested capital



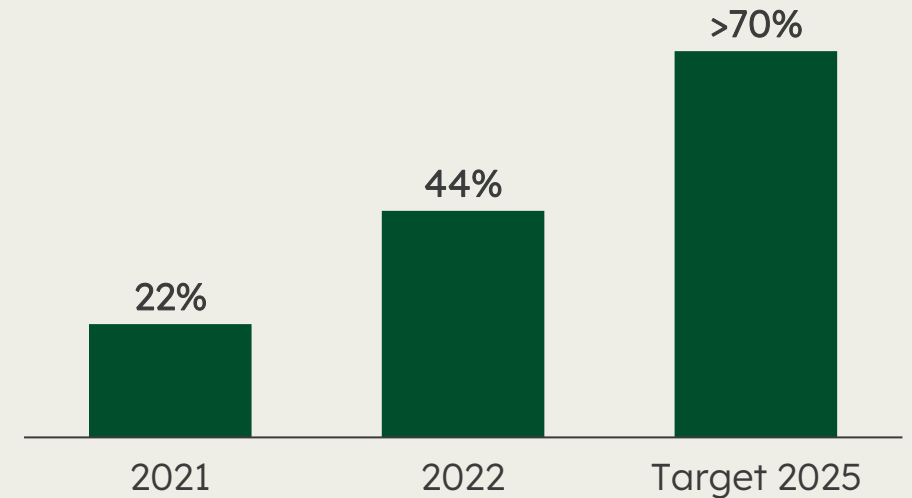
Second year in a row with €~1 b spent on dividends and share buybacks



Step change in sustainable financing

- **Placement of first sustainability-linked bond with an issue volume of € 750 m**
Intermediate (2026) and long-term (2030) targets included
- **€ 2 bn size Commercial Paper Programme**
Design of an innovative financial donation mechanism, receiver of any penalty payment is BirdLife Europe

Sustainable/green as % of total financial instruments



First sustainability-linked bond and innovative commercial paper programme



Sustainability

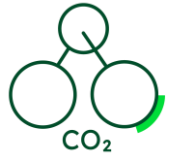


Sustainability highlights

- Accelerated specific CO₂ reduction by another -2%* to 551 kg CO₂/t cementitious material in 2022
 - Increasing alternative fuel rate from 26.4% to 28.7%
 - Further CCUS projects announced to underline most ambitious climate targets in the industry
 - Building circularity platforms by acquiring leading recycling companies in Germany, UK and the US
 - SBTi validated our CO₂ reduction targets in alignment with its 1.5°C framework
 - Upgraded Sustainability Commitments 2030 supporting our goal to build a net zero future
- Preliminary and unaudited figures; final and audited figures will be published in the combined Annual and Sustainability Report 2022 on 23 March 2023

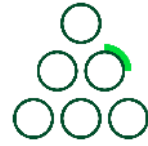
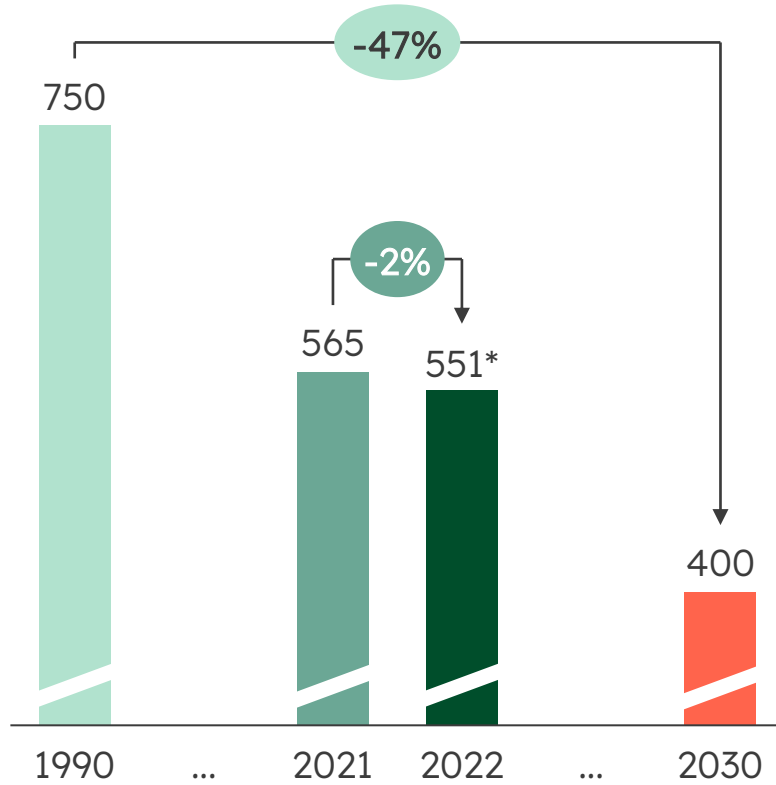


Decarbonisation on track: specific CO₂-emissions reduced by another -2% in 2022

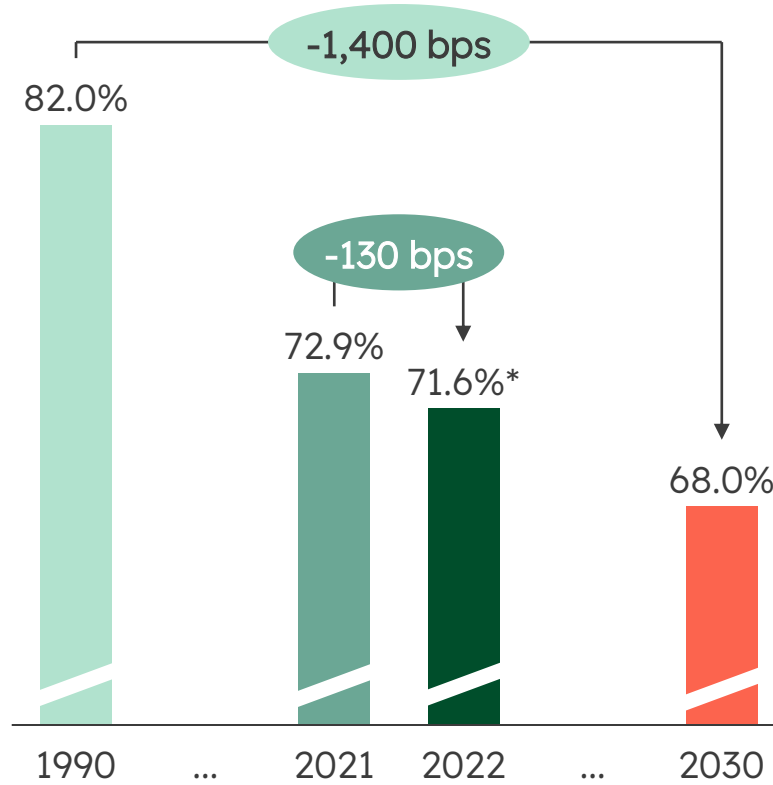


Specific net CO₂ emissions

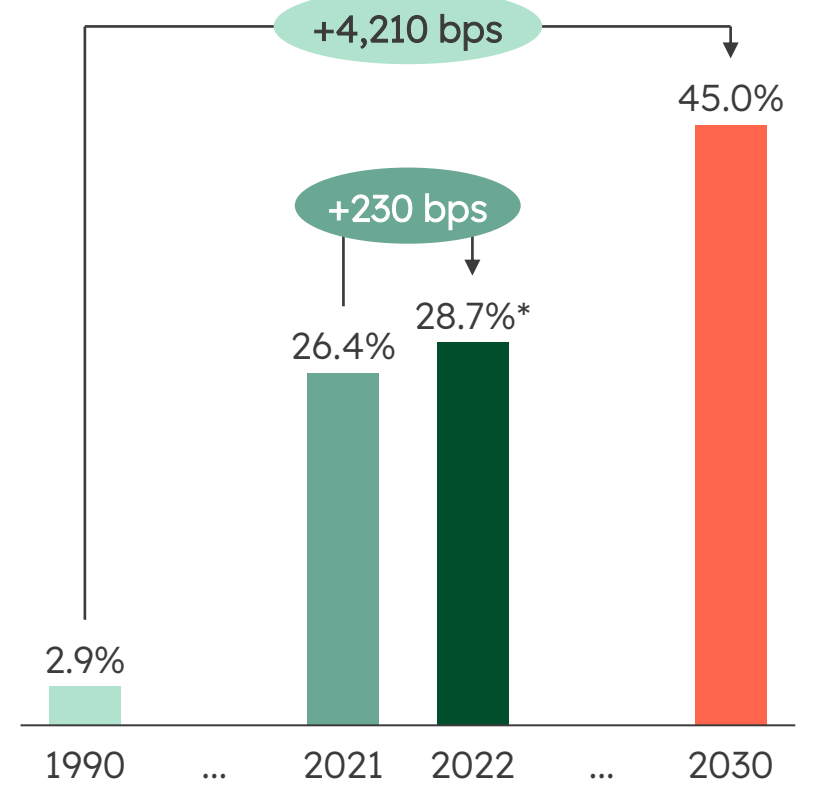
[kg CO₂/t cementitious material]



Clinker incorporation factor



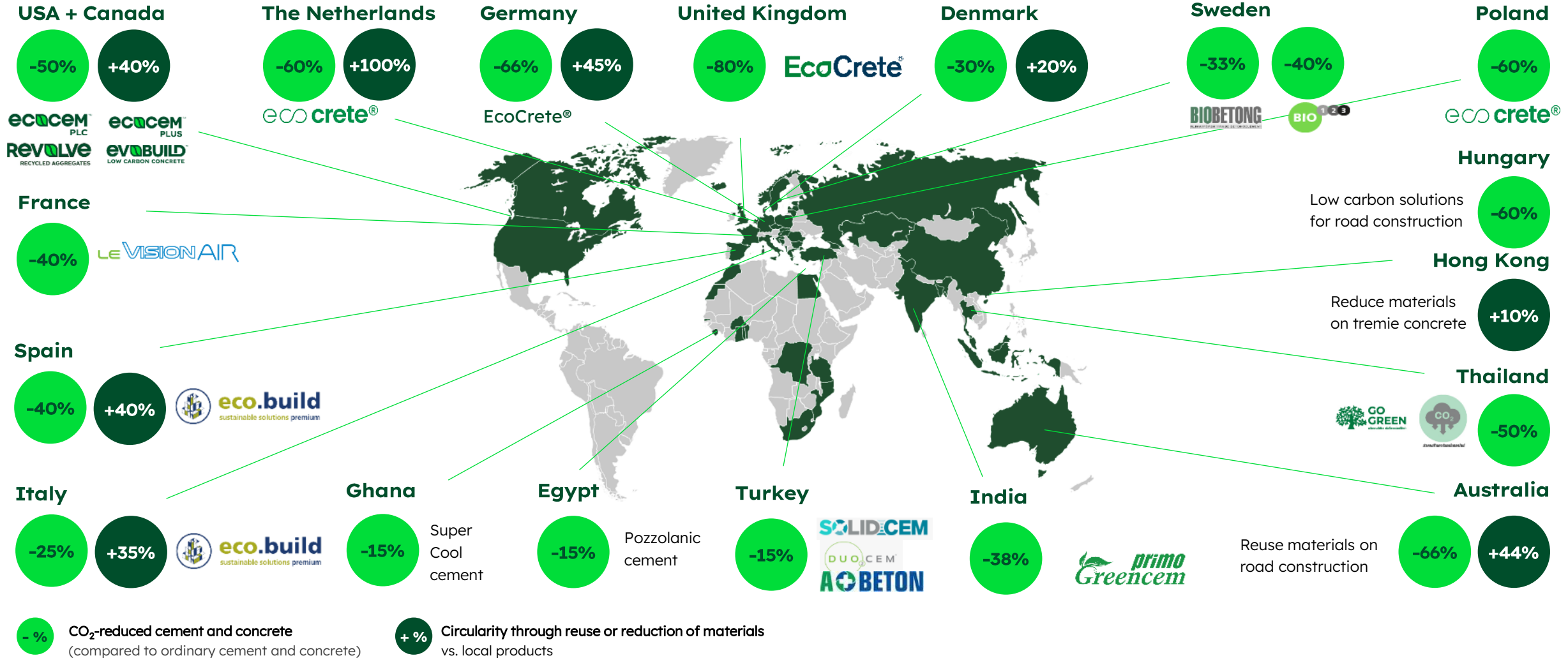
Alternative fuels rate



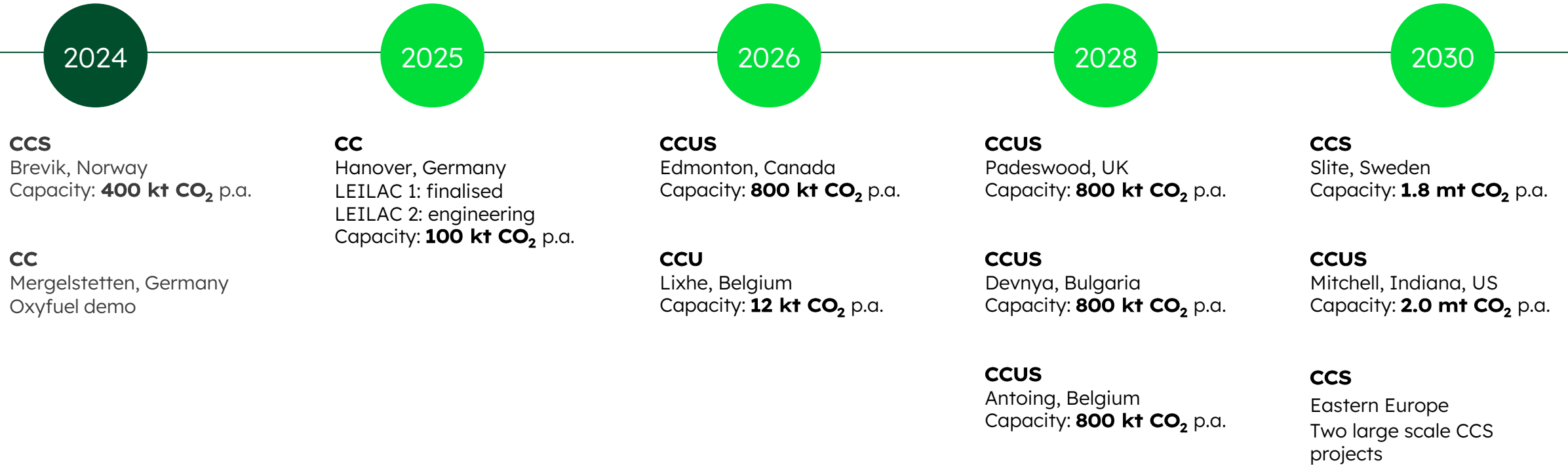
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Customers benefit globally from our sustainable products and solutions



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.



Brevik CCS, Norway

World's first industrial-scale carbon capture plant in the cement industry.

Schedule:

Start of carbon capture planned for 2024.

400,000 tonnes

CO₂ reduction p.a. (50% of plant's total CO₂ emission)

For more info visit:

[Video Gallery | Brevik CSS \(brevikccs.com\)](https://brevikccs.com)



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 sound operating assets located in North Seattle.



Integrated recycling & earthmoving, AGG and RMC business in East of England



Waste removal and recycling of soil, concrete hardcore and general waste from building, construction and civil engineering projects



Leading integrated recycling and environmental services company in Berlin



Demolition and construction materials recycling business, based in Southern Germany



Sustainability Commitments 2030* - stronger and more comprehensive

Sector leading with **the most ambitious CO₂ reduction target** for 2030 and carbon capture at scale



Targeting **zero fatalities and -50% LTIFR** (lost time incident frequency rate)

Offering **circular alternatives for 50%** of our concrete products by 2030, hence conserving natural resources

Contributing to a nature positive world with **water management plans** and a **comprehensive biodiversity program**

* Details are included in appendix



Outlook



Business outlook & guidance

Business outlook 2023



Increase in infrastructure projects and parts of non-residential expected to compensate slowdown in residential sector

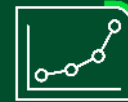


Continuous high focus on pricing across all markets



Focus on cash generation

Guidance 2023



LfL revenue growth*



RCO between €2.35 bn - €2.65 bn



CapEx Net at around €1.1 bn



ROIC at around 9%



Leverage between 1.5x to 2.0x

* Excluding currency and scope impacts



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- Price over cost substantially positive in Q4 2022; strong pricing momentum continues into 2023
- Specific CO₂ emissions reduced by another -2%** vs 2021
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- Scaling circularity through several acquisitions of leading recycling companies
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Appendix



Currency and scope impacts

Scope & Currency Q4 2022	Scope Impact on Volumes				Revenue (€m)		EBITDA (€m)		Operating EBIT (RCO) (€m)	
	CEM (kt)	AGG (kt)	RMC (km ³)	ASP (kt)	Scope	Currency	Scope	Currency	Scope	Currency
North America	35	466	74	0	21	107	0	28	-2	19
West / South Europe	-102	-241	-73	0	-14	-9	-1	-1	3	-1
North / East Europe	0	-486	-34	0	-4	-3	0	3	0	3
Asia Pacific	0	0	0	0	4	12	0	4	0	3
Africa / Med. Basin	-2	0	0	0	1	-51	0	-11	0	-9
Group Service & Other	0	0	0	0	0	0	-11	0	-11	0
Total GROUP	-69	-261	-33	0	8	56	-11	23	-9	15

Scope & Currency Full year 2022	Scope Impact on Volumes				Revenue (€m)		EBITDA (€m)		Operating EBIT (RCO) (€m)	
	CEM (kt)	AGG (kt)	RMC (km ³)	ASP (kt)	Scope	Currency	Scope	Currency	Scope	Currency
North America	-1,704	-7,058	-1,028	-2,037	-562	524	-69	120	-64	83
West / South Europe	-102	-803	-233	0	-31	12	-2	2	3	1
North / East Europe	0	-1,945	-144	0	-17	7	1	8	1	6
Asia Pacific	0	0	0	0	16	163	1	39	0	26
Africa / Med. Basin	-242	0	0	0	-15	-27	0	-7	0	-8
Group Service & Other	-76	0	0	0	-5	1	-20	0	-20	0
Total GROUP	-2,124	-9,806	-1,406	-2,037	-614	680	-91	162	-80	108



Sales volumes

Sales Volumes	Cement (kt)				Aggregates (kt)				Ready Mix (km ³)				Asphalt (kt)			
	Q4 21	Q4 22	Change	LfL	Q4 21	Q4 22	Change	LfL	Q4 21	Q4 22	Change	LfL	Q4 21	Q4 22	Change	LfL
North America	3,494	3,206	-287	-9.2%	30,678	28,940	-1,738	-7.2%	1,423	1,366	-57	-9.2%	574	461	-112	-19.6%
West / South Europe	7,405	6,137	-1,268	-15.7%	19,667	18,035	-1,632	-7.1%	4,531	3,983	-548	-10.5%	956	884	-72	-7.5%
North / East Europe	5,692	5,274	-418	-7.3%	12,841	11,376	-1,465	-7.6%	1,551	1,430	-121	-5.6%	0	0	0	0.0%
Asia Pacific	9,020	8,867	-153	-1.7%	9,891	9,802	-90	-0.9%	2,755	2,823	68	2.5%	577	560	-16	-2.8%
Africa / Med. Basin	5,294	5,375	81	1.6%	1,993	2,023	30	1.5%	1,430	1,240	-190	-13.3%	66	58	-8	-12.8%
Group Service & Other	0	0	0	0.0%	0	49	49	0.0%	0	0	0	0.0%	0	0	0	0.0%
Total GROUP	30,876	28,859	-2,017	-6.3%	75,071	70,225	-4,846	-6.1%	11,690	10,842	-848	-7.0%	2,172	1,964	-209	-9.6%

Sales Volumes	Cement (kt)				Aggregates (kt)				Ready Mix (km ³)				Asphalt (kt)			
	FY 21	FY 22	Change	LfL	FY 21	FY 22	Change	LfL	FY 21	FY 22	Change	LfL	FY 21	FY 22	Change	LfL
North America	15,669	13,530	-2,139	-2.8%	128,311	121,925	-6,387	0.5%	7,388	6,024	-1,364	-4.5%	4,369	2,215	-2,154	-2.7%
West / South Europe	30,405	27,353	-3,053	-9.7%	84,046	78,181	-5,865	-6.0%	18,224	17,004	-1,220	-5.4%	3,729	3,645	-84	-2.2%
North / East Europe	24,586	22,657	-1,930	-7.8%	49,789	47,061	-2,729	-1.6%	6,215	5,979	-236	-1.5%	0	0	0	0.0%
Asia Pacific	34,730	34,473	-258	-0.7%	36,552	38,735	2,183	6.0%	10,447	11,038	591	5.7%	2,027	2,061	34	1.7%
Africa / Med. Basin	21,102	20,830	-273	-0.1%	7,653	7,671	18	0.2%	5,115	4,966	-149	-2.9%	256	257	1	0.4%
Group Service & Other	76	0	-76	0.0%	0	148	148	0.0%	0	0	0	0.0%	0	0	0	0.0%
Total GROUP	126,542	118,832	-7,709	-4.4%	306,351	293,721	-12,631	-0.9%	47,389	45,011	-2,378	-2.1%	10,380	8,178	-2,202	-1.6%



Operational result

Operating Result Quarter [€m]	Revenue				Operating EBITDA				Operating EBITDA Margin				Operating EBIT (RCO)			
	Q4 21	Q4 22	Change	LfL	Q4 21	Q4 22	Change	LfL	Q4 21	Q4 22	Change	LfL	Q4 21	Q4 22	Change	LfL
North America	1,042	1,226	17.6%	4.9%	262	306	16.9%	5.9%	25.1%	25.0%	-15 bps	+25 bps	184	221	20.4%	10.0%
West / South Europe	1,373	1,534	11.7%	13.5%	238	231	-2.8%	-2.1%	17.3%	15.1%	-226 bps	-239 bps	143	136	-4.6%	-6.6%
North / East Europe	787	930	18.2%	19.2%	167	198	18.5%	15.9%	21.2%	21.3%	+5 bps	-60 bps	116	148	27.0%	23.8%
Asia Pacific	813	945	16.2%	14.0%	181	201	11.0%	8.5%	22.3%	21.3%	-100 bps	-109 bps	122	137	12.6%	9.8%
Africa / Med. Basin	520	533	2.5%	13.3%	130	84	-35.6%	-29.9%	25.0%	15.7%	-928 bps	-965 bps	103	57	-45.2%	-40.2%
Group Service & Other	429	375	-12.6%	-12.6%	10	6	-35.4%	-35.5%	2.3%	1.7%	-60 bps	-60 bps	10	6	-36.2%	-36.2%
Total GROUP	4,724	5,293	12.1%	10.6%	979	1,021	4.4%	3.1%	20.7%	19.3%	-142 bps	-142 bps	661	694	4.9%	3.9%

Operating Result Year to Date [€m]	Revenue				Operating EBITDA				Operating EBITDA Margin				Operating EBIT (RCO)			
	FY 21	FY 22	Change	LfL	FY 21	FY 22	Change	LfL	FY 21	FY 22	Change	LfL	FY 21	FY 22	Change	LfL
North America	4,551	4,907	7.8%	7.8%	1,042	1,028	-1.4%	-5.6%	22.9%	20.9%	-196 bps	-285 bps	722	700	-3.0%	-5.1%
West / South Europe	5,557	6,308	13.5%	13.8%	937	908	-3.2%	-3.1%	16.9%	14.4%	-248 bps	-251 bps	561	550	-1.9%	-2.6%
North / East Europe	3,084	3,600	16.7%	17.0%	737	730	-1.0%	-2.2%	23.9%	20.3%	-363 bps	-396 bps	544	534	-1.8%	-3.1%
Asia Pacific	3,126	3,633	16.2%	10.0%	670	598	-10.8%	-15.7%	21.4%	16.4%	-498 bps	-504 bps	435	350	-19.7%	-24.3%
Africa / Med. Basin	1,909	2,108	10.4%	12.8%	490	464	-5.3%	-3.8%	25.7%	22.0%	-366 bps	-378 bps	384	355	-7.6%	-5.6%
Group Service & Other	1,421	1,783	25.4%	25.8%	30	35	13.5%	15.7%	2.1%	1.9%	-20 bps	-17 bps	30	34	13.8%	16.0%
Total GROUP	18,720	21,095	12.7%	11.9%	3,875	3,739	-3.5%	-5.1%	20.7%	17.7%	-297 bps	-316 bps	2,614	2,476	-5.3%	-6.1%



2030 sustainability strategy and programmes focusing on 4 key building blocks

Building a Net Zero Future

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

CO₂ & Energy	<p>Reduce our Scope 1 CO₂ emissions to 400 kg per tonne of cementitious material</p> <p>Reduce our total CO₂ footprint according to the SBTi 1.5°C pathway¹</p> <p>Capture 10 million tonnes of CO₂ cumulatively through our CCUS projects</p>	
Additional Emissions	Reduce sulphur and nitrogen oxide emissions (SOx and NOx) by 40% compared with 2008	
Sustainable Revenue	Achieve 50% of our revenue from sustainable products that are either low-carbon or circular	

Building a Safe & Inclusive Future

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

Diversity, Equity & Inclusion	Ensure that 25% of leadership positions are filled by women	
Occupational Health & Safety	Achieve zero fatalities and reduce lost time incident frequency rate (LTIFR) by 50% compared with 2020	
Community Engagement	<p>100% of our sites have community engagement plans</p> <p>All employees are offered one day per year of paid leave for voluntary community work</p>	
Sustainable Suppliers	80% of critical supplier spend confirmed with a green ESG rating	

Building a Circular & Resilient Future

We drive circularity to recycle and reuse materials and reduce the use of natural resources.

Circularity	Offer circular alternatives for 50% of our concrete products – aiming for full coverage	
Sustainable Revenue	Achieve 50% of our revenue from sustainable products that are either low-carbon or circular	

Building a Nature Positive Future

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

Biodiversity	100% of active quarries contribute to the global goal of nature positive, with 15% space for nature	
Water	100% of sites in water-risk areas implement water management plans and water recycling systems	

¹ SBTi business ambition for 1.5°C



Financial Calendar & IR Contacts

Upcoming events:

- 10 May 2023: Q1 Trading Update
- 11 May 2023: Annual General Meeting
- 27 July 2023: Half Year Results
- 03 November 2023: Q3 Trading Update

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Disclaimer

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For Heidelberg Materials particular uncertainties arise, among others, from changes in general economic and business conditions in Germany, in Europe, in the United States and elsewhere from which we derive a substantial portion of our revenues and in which we hold a substantial portion of our assets; the possibility that prices will decline as result of continued adverse market conditions to a greater extent than currently anticipated by Heidelberg Materials' management; developments in

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