Heidelberg Materials

Welcome to HeidelbergCement AG's Annual General Meeting

Report of the Managing Board

Dr Dominik von Achten

1873

From the beginnings in Bergheim

2023

150 years of progress

Constant change is the new normal for us. Today more than ever.

We are determined to drive change. And we want to get better every day.


We create facts and
make the difference.
Today.
And tomorrow.

Our progress is measurable.

We delivered once again on all key performance indicators

+12%[1]

Revenue

€21.1 bn

-6%

Result[2]

€2.5 bn

+20%

EPS[3]

€9.47

-0.2 %-point

ROIC[4]

9.1%

Free cash flow

€1.3 bn

Shareholder return

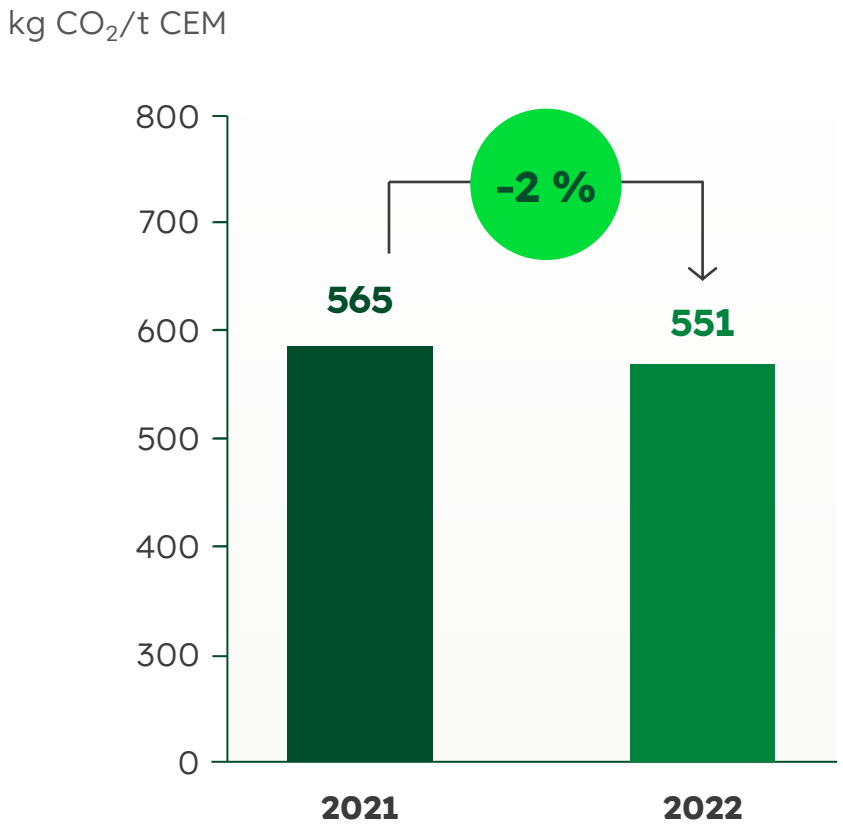
€1 bn

CO_2 reduction

-2%

1 All changes compared to the previous year on a like-for-like basis | 2 RCO: Result from current operations | 3 Adjusted earnings per share | 4 ROIC: Return on Invested Capital

Good progress in reducing our CO_2 emissions – Finance and sustainability go hand in hand



Alternative Fuels +2.3 %-point

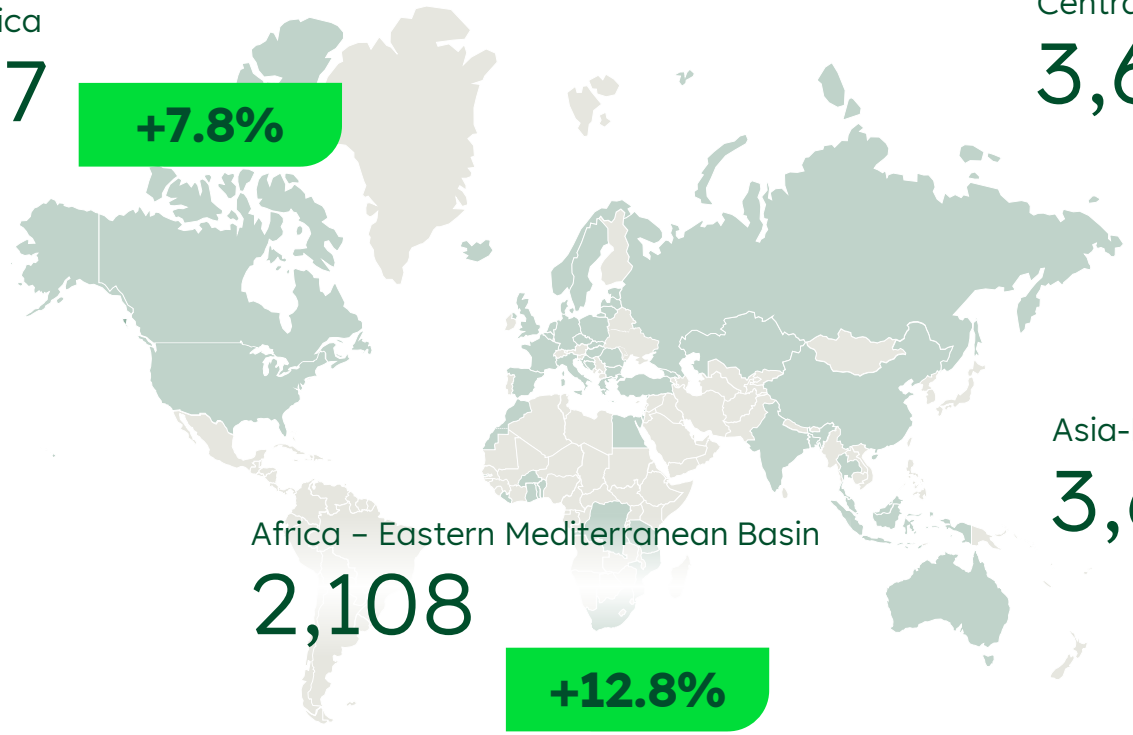
Clinker incorporation -1.3 %-point

We increased our revenue in 2022 in all Group areas

Western and Southern Europe
6,308
+13.8%

North America
4,907
+7.8%

Northern and Eastern Europe – Central Asia
3,600
+17.0%



Asia-Pacific
3,633
+10.0%

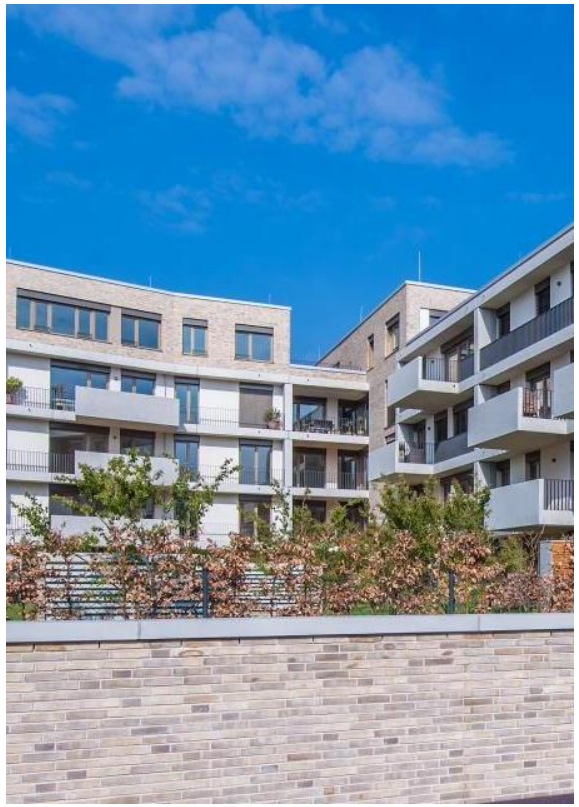
Group
21,095
+11.9%

Africa – Eastern Mediterranean Basin
2,108
+12.8%

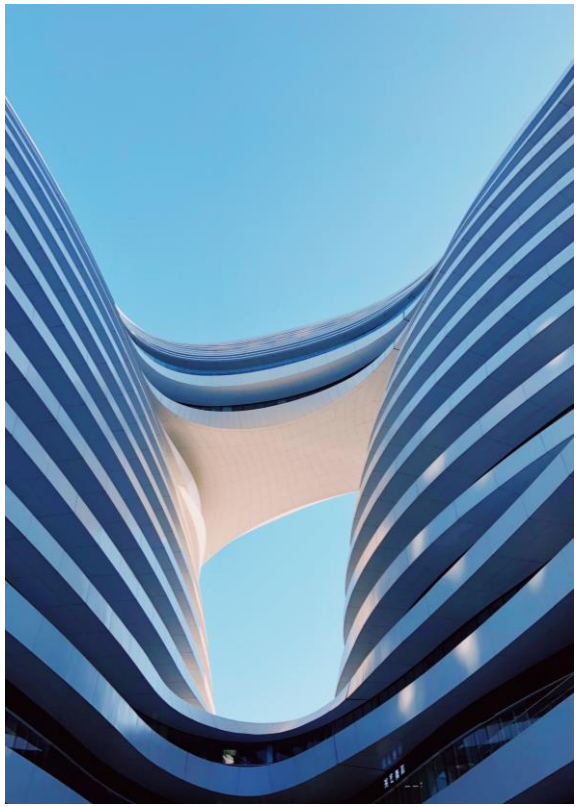
Revenue in €m / All changes compared to the previous year on a like-for-like basis

Decline in demand in 2022, particularly in private residential construction

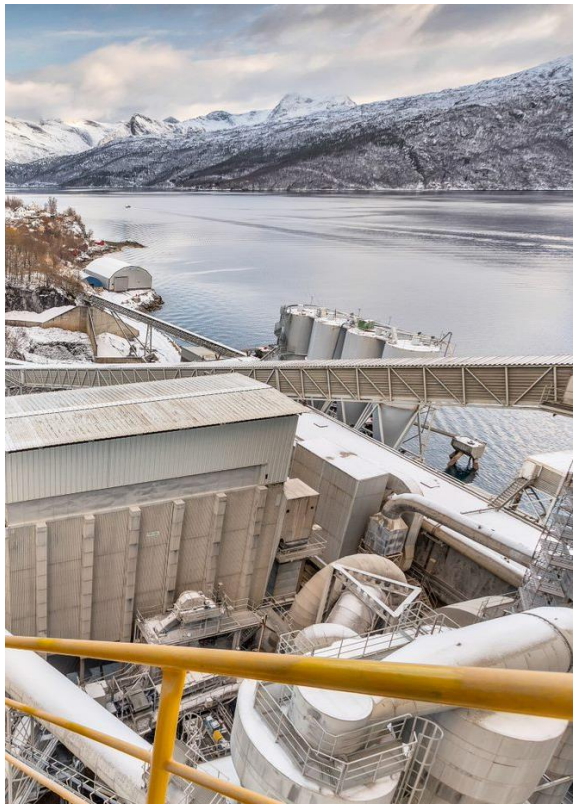
Private residential construction ↓



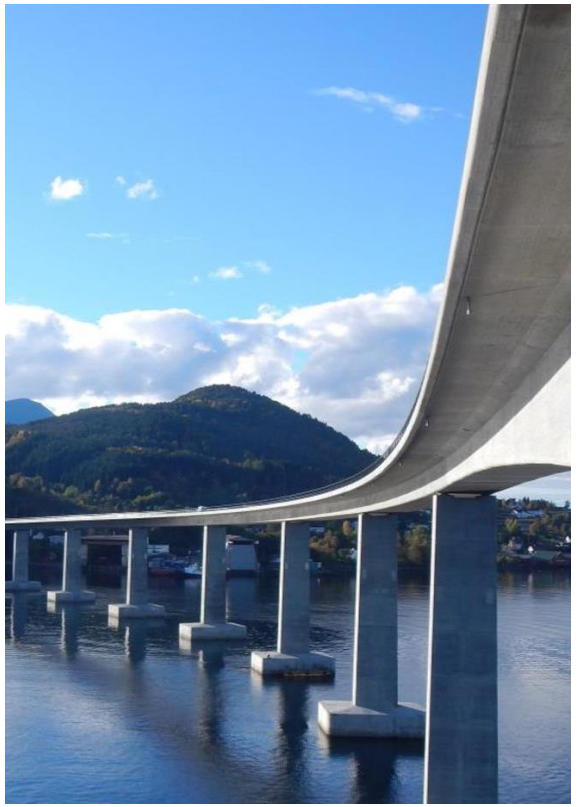
Office building construction ↘



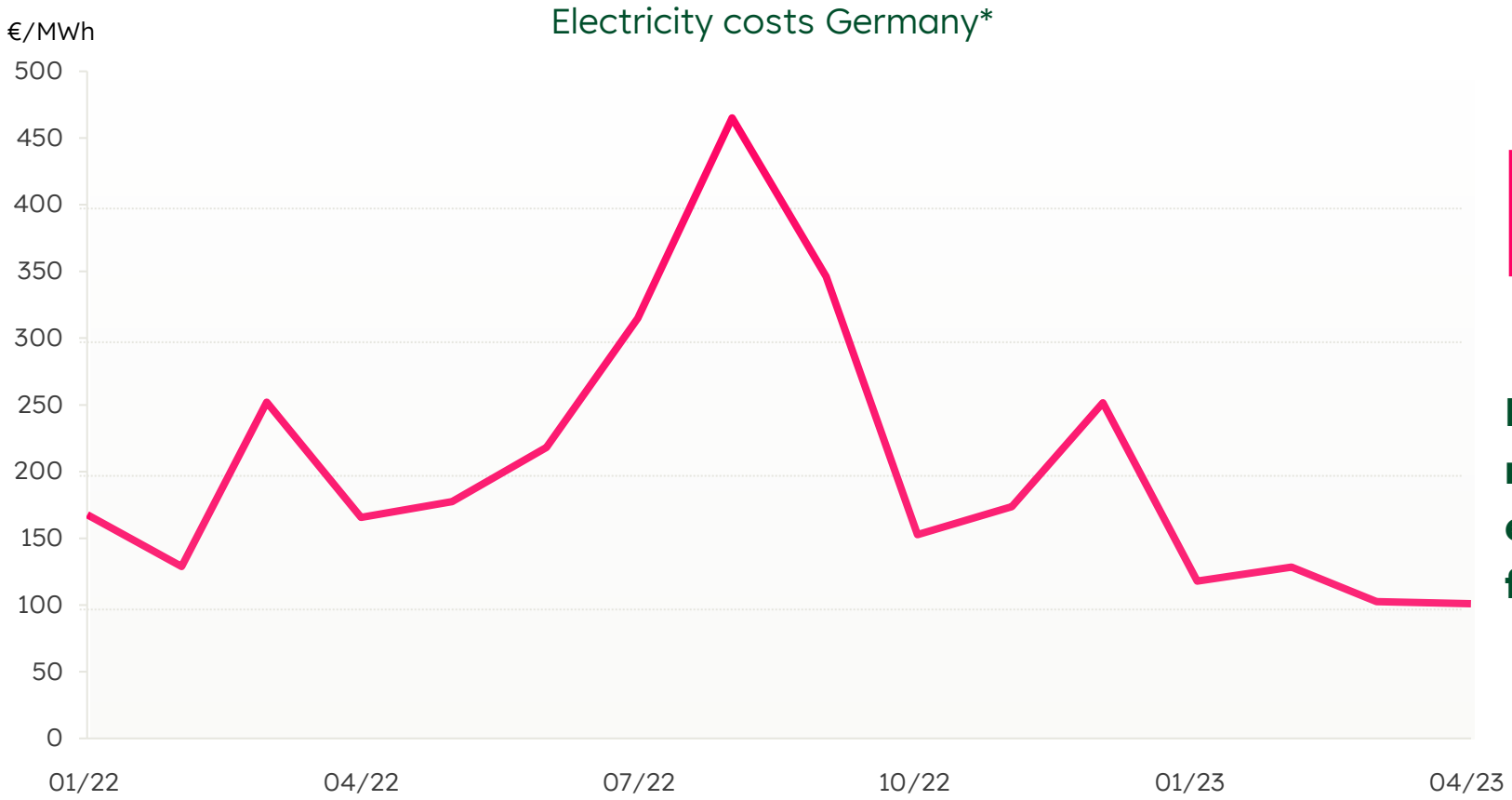
Industrial construction ↗



Infrastructure construction ↗



2022 was characterised by very high energy prices and general cost inflation



Costs exploded by up to +350%

Price adjustments could not fully compensate for energy price inflation and for general cost inflation

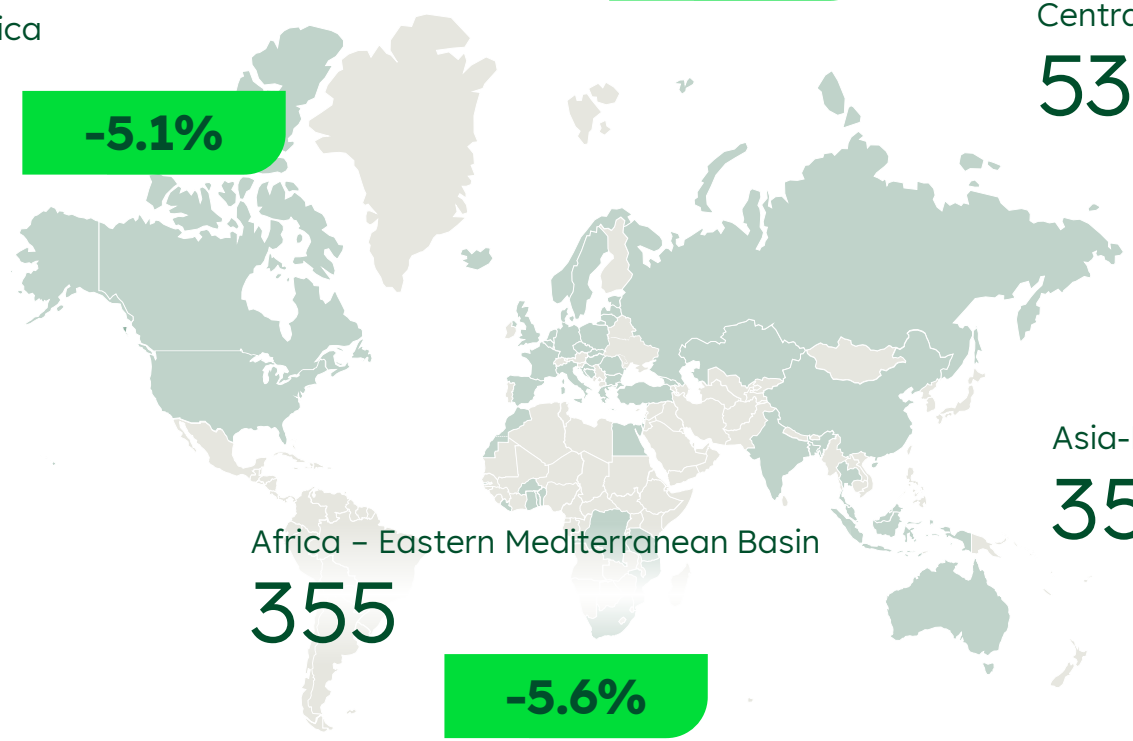
Source: Refinitiv, 25 April 2023 | * Electricity prices are shown as monthly averages for better readability.

Our 2022 result held up fairly well despite a decline in sales volumes and high energy costs

Western and Southern Europe
550
-2.6%

North America
700
-5.1%

Northern and Eastern Europe – Central Asia
534
-3.1%



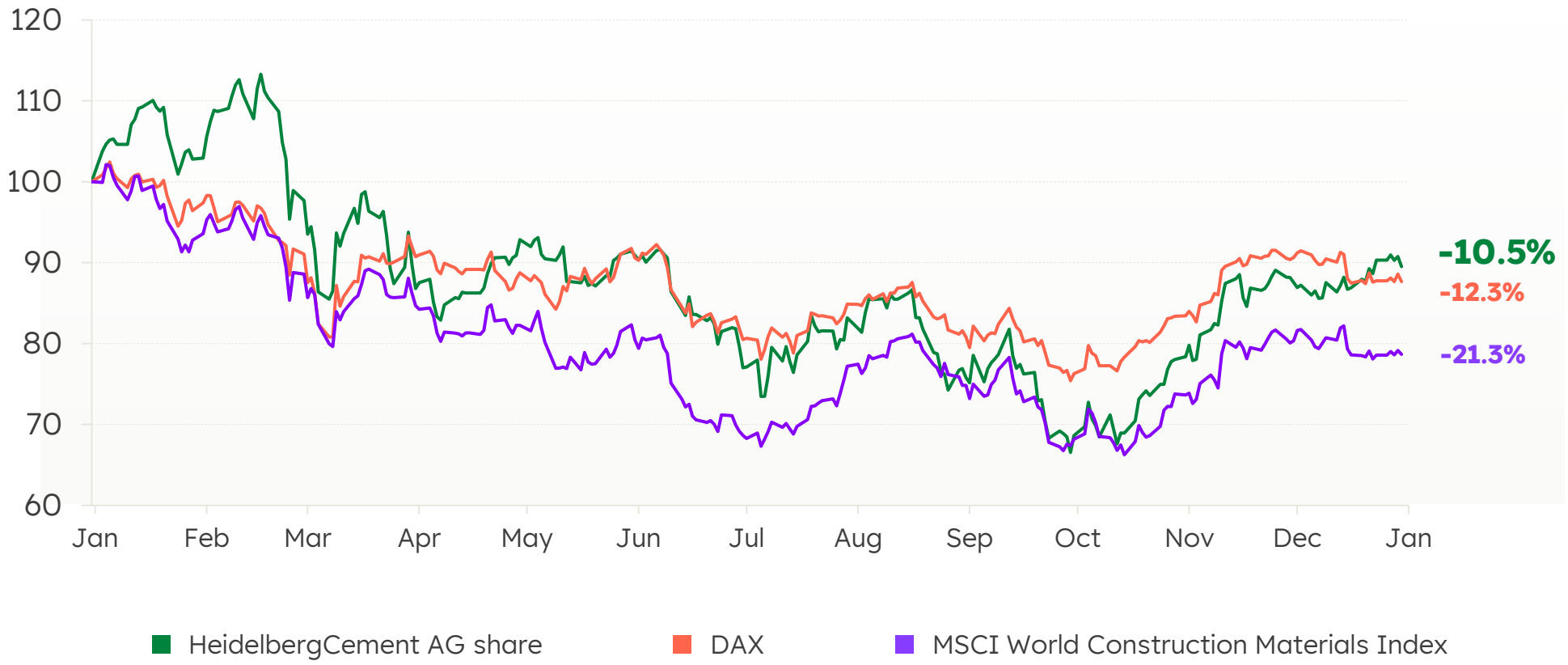
Asia-Pacific
350
-24.3%

Group
2,476
-6.1%

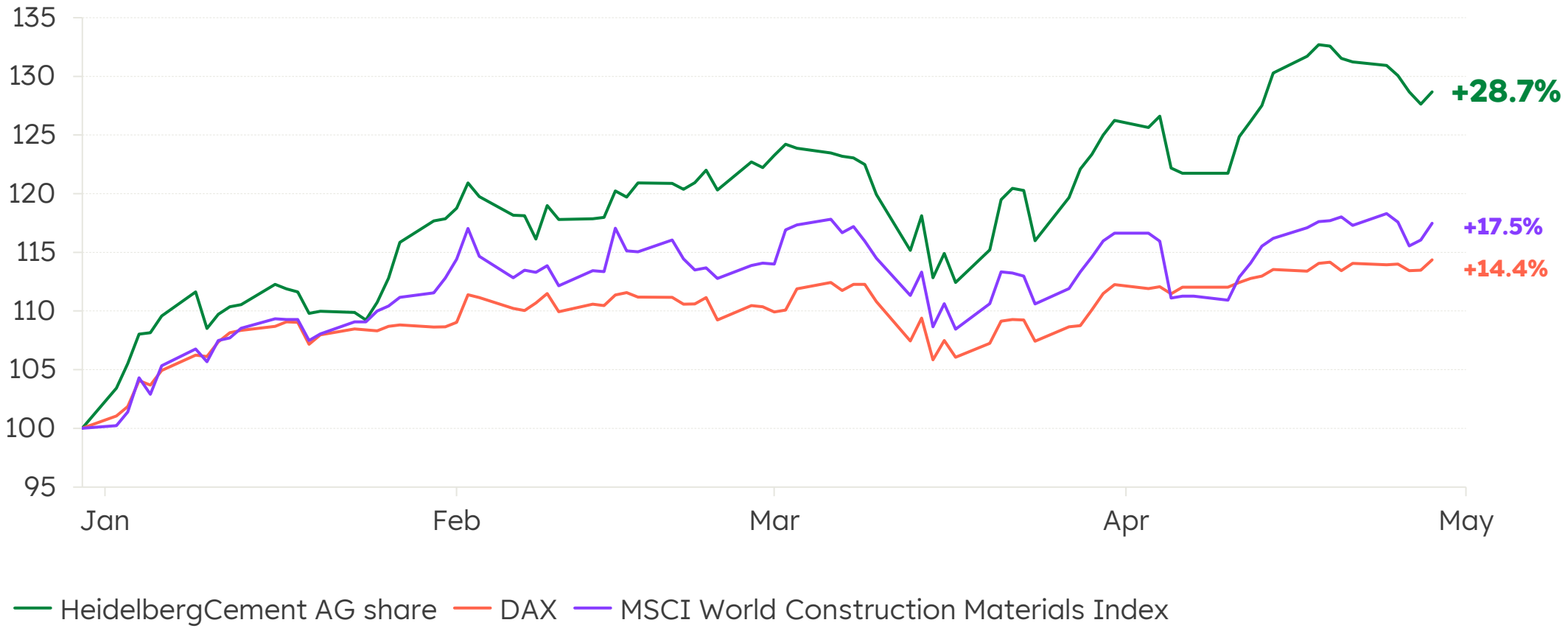
Africa – Eastern Mediterranean Basin
355
-5.6%

Result from current operations in €m / All changes compared to the previous year on a like-for-like basis

Our share price performed well despite the challenging environment…

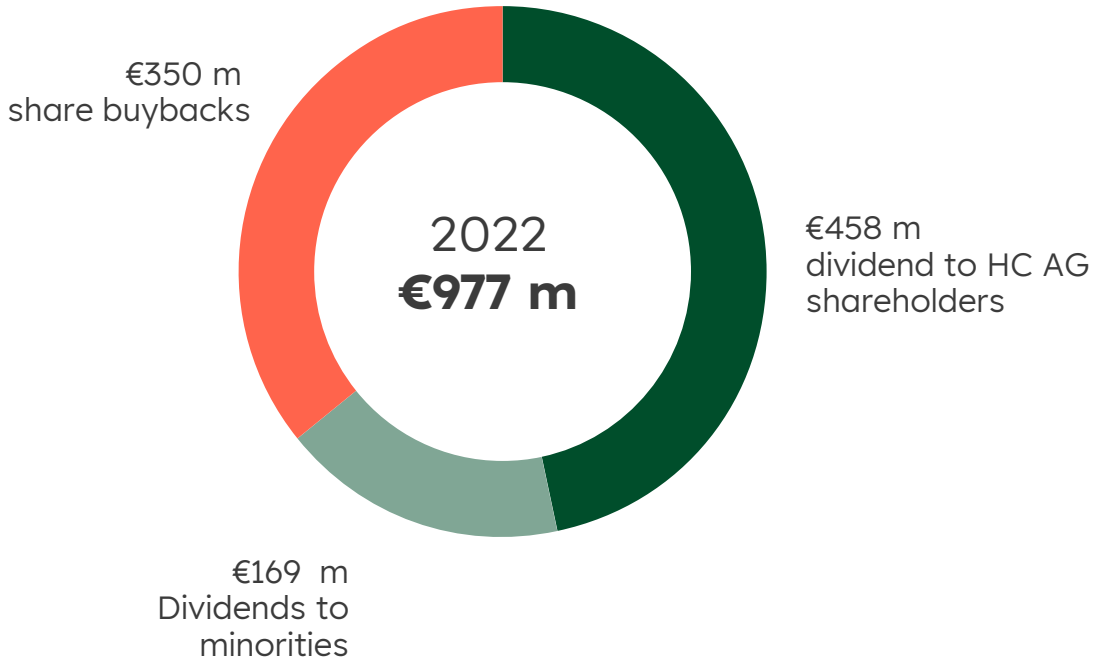


...and significantly increased in the current year (Jan-Apr 2023)

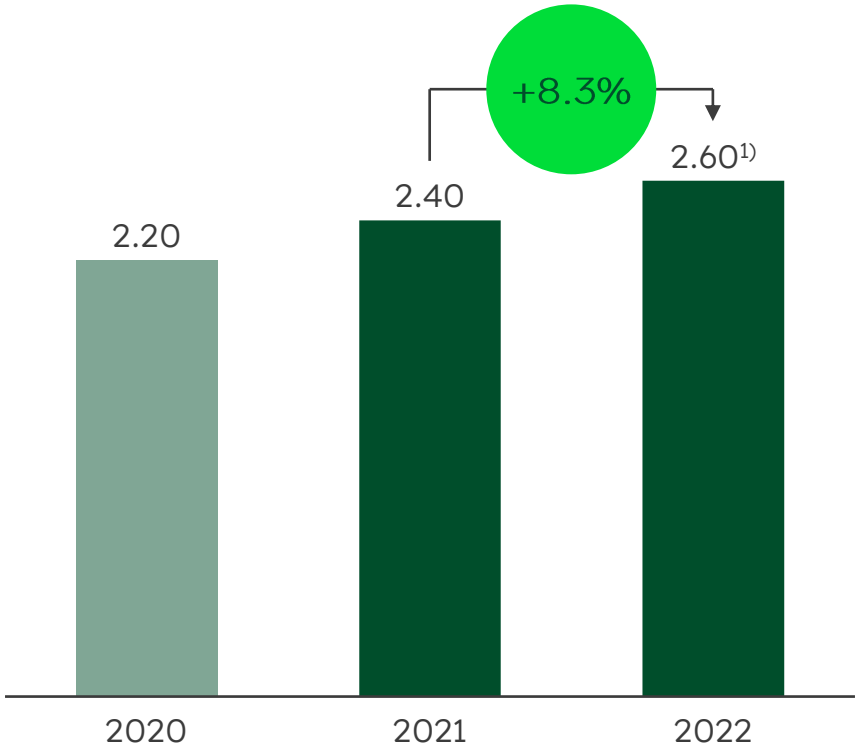


We continue our progressive dividend policy

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



HeidelbergCement AG – dividend per share in €



1) Proposal to the Annual General Meeting on 11 May 2023

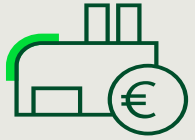
We got off to a good start in 2023 – First quarter 2023

+13%

Revenue

€4,896 m

+256%



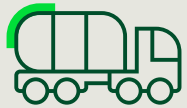
Result*

€258 m

* Result from current operations (RCO)

We are confident about the full year 2023 and upgrade our outlook

Outlook 2023



Good order situation for infrastructure projects and parts of non-residential construction expected to largely offset slowdown in private residential construction

Balance between volumes, prices, and costs essential

Focus on cash generation

Prognose 2023

Revenue growth*

Result* between €2.50 bn and €2.65 bn (previously: between €2.35 bn and €2.65 bn)

CapEx Net at around €1.1 bn

ROIC at around 9%

Leverage ratio between 1.5x to 2.0x

* Result from current operations (RCO), adjusted for scope of consolidation and exchange rate effects

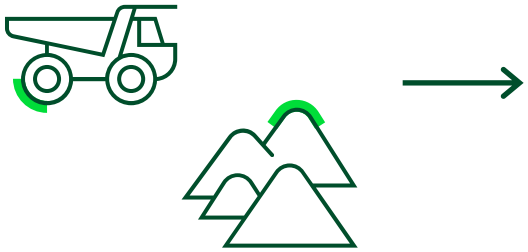

We are building on this foundation and driving forward the transformation into a sustainable future.

By 2030 we will generate 50% of our revenue through sustainable products.

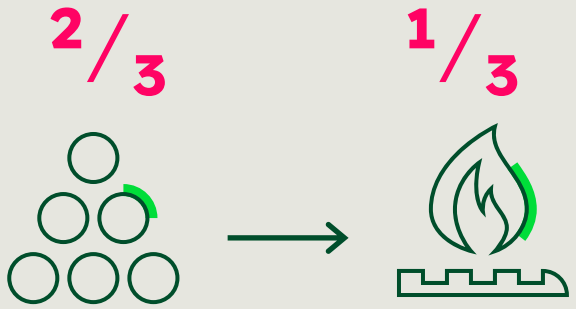
We are leading the transformation of the sector, offering decarbonised cement and concrete as early as 2024.

A large proportion of CO_2 is generated in the clinker production process

Limestone (among others)
Crushing, storing, and grinding



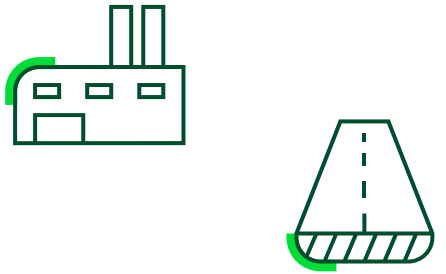
Clinker production



Emissions from the reaction of the limestone in the burning process

Emissions from the use of fossil fuels

Cement
Grinding & transport



We focus on sustainable products - 4 concrete examples

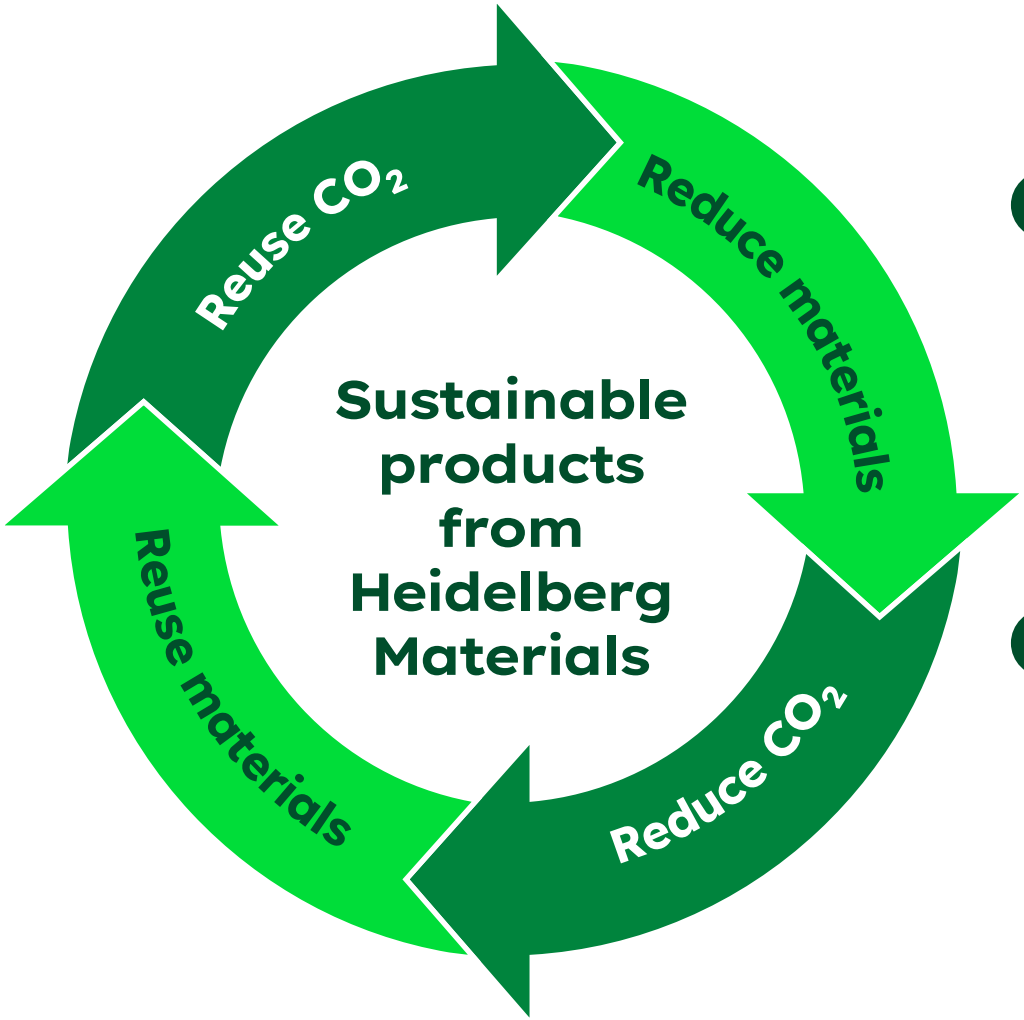
2 Decarbonised products

Examples:

- CCS Brevik
- CCU Lengfurt

3 Circular products

- Recycled content in products
- Reuse of materials and precast concrete parts



4 Material-reduced products

Example:

- 3D printing

1 Carbon-reduced products

Examples:

Clinker substitution through

- Fly ash
- calcined clay

1 CO_2-reduced products with fly ash: example SEFA

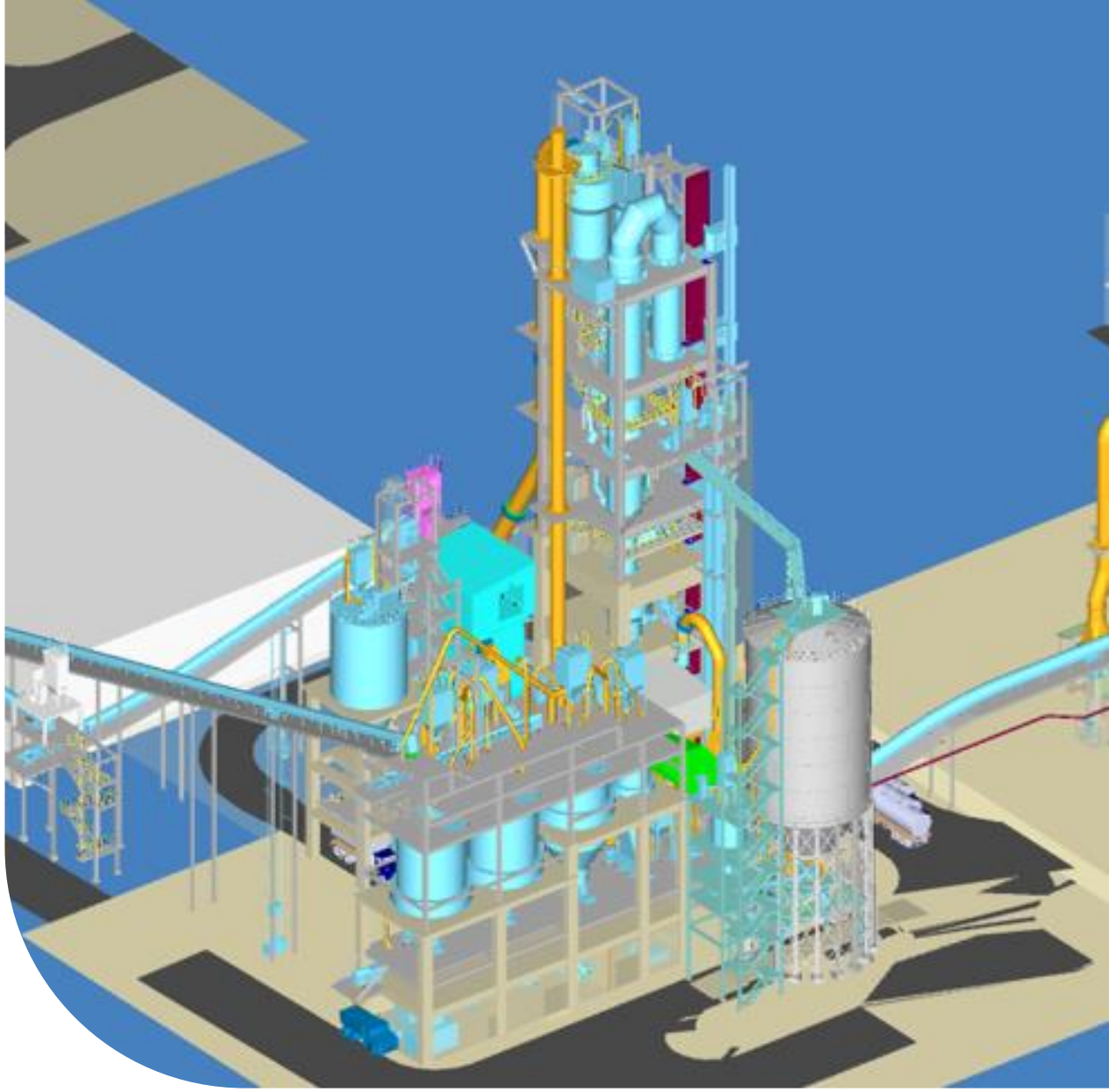
- Fly ash is produced, for example, in energy generation
- As a secondary cementitious material (SCM), fly ash helps to reduce the CO_2 intensity in concrete
- Used for example in composite cements and in ready-mixed concrete - this is how we strengthen the circular economy
- Latest investment: acquisition of the largest US fly ash recycler SEFA Group

CO_2 reduction of up to 30%

1 CO_2-reduced products with calcined clay: example Ghana

- Cement clinker replaced by thermally activated clay
- In Ghana, we are currently building the largest clay calcination plant of its kind in the world
- CO_2 footprint in Ghana can thus be significantly reduced
- Enables local production and independence from clinker imports

CO_2 reduction of up to 40%

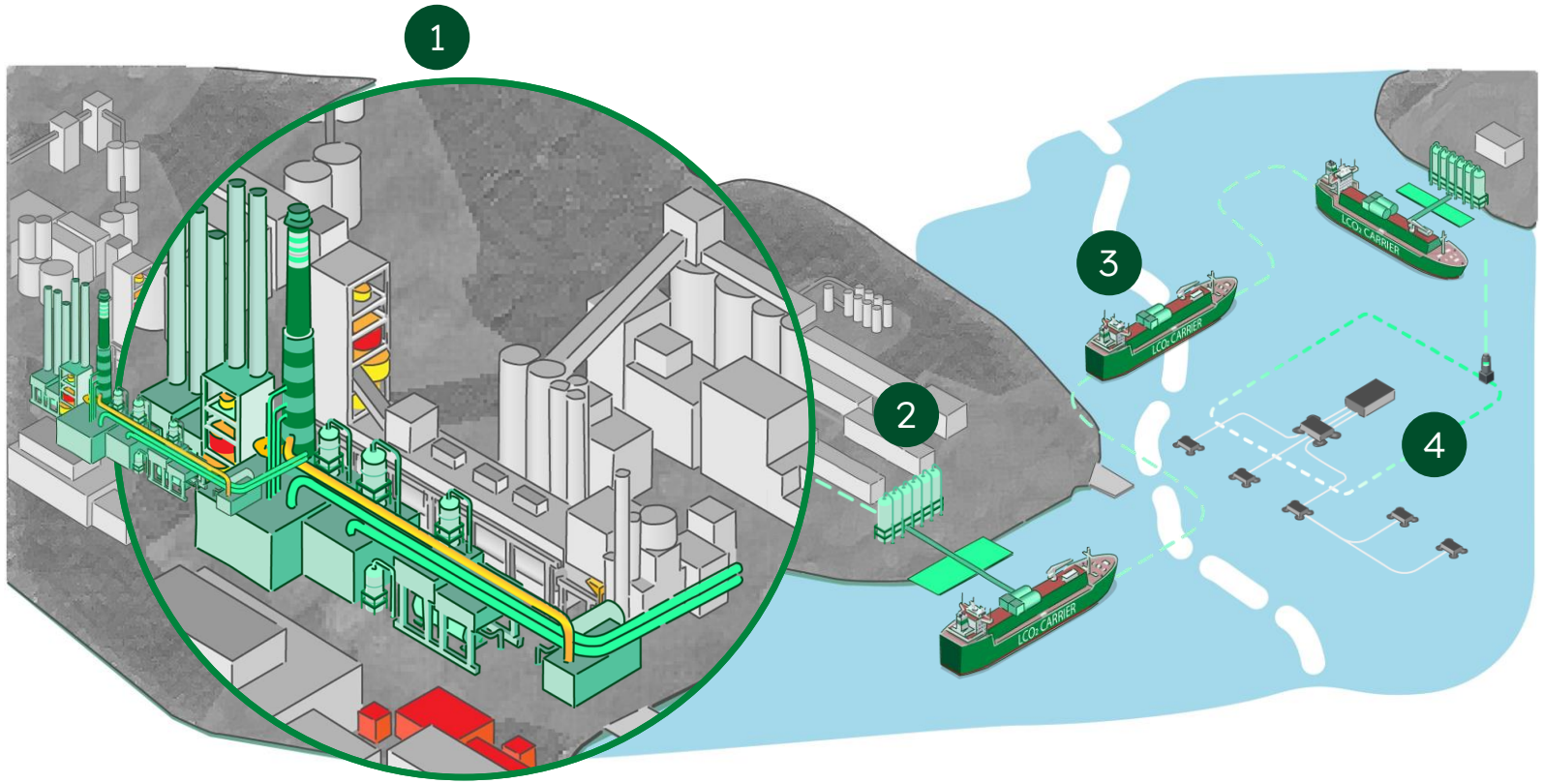


2 Decarbonised products: example Brevik CCS

- First large-scale industrial CCS plant worldwide at a cement plant in Brevik, Norway
- Start of capture activity as early as 2024 with a capacity of 400,000 t CO_2 per year
- Equivalent to the emissions of 180,000 cars
- Very good construction progress - construction of the capture plant in summer 2023 on schedule

CO_2 reduction of up to 100% possible

2 The route of CO_2 from Brevik to permanent storage under the North Sea



1 Carbon capture

via amine-based capture technology

2 Transit silos

Connected to a pipeline system

3 Carbon transport via ship

Ships transport the liquid CO_2 at -26°C within 4 days to Øygården

4 Permanent Storage

Permanent storage of CO_2 via 110,000 m of pipeline, 2,600 m below the North Sea

2 Decarbonised products – CO_2 as raw material: example Lengfurt CCU

- Heidelberg Materials and Linde build world's first large-scale CCU facility in a cement plant
- Facility in Lengfurt with a capture capacity of around 70,000 t of CO_2 p.a.
- Start of capture activity as early as 2025
- Thanks to its purity, the processed gas can be used in both the food and chemical industries
- Supported by the German Federal Ministry for Economic Affairs and Climate Action (BMWK)

CO_2 usage of up to 100% possible

2 Our CCUS project portfolio is the most advanced in the cement industry

2024

CCS
Brevik, Norway
Capacity: 400 kt CO_2 p.a.

2025

CCU
Lengfurt
Capacity: 70 kt CO_2 p.a.

CC
Hannover, Germany
LEILAC 2
Capacity: 100 kt CO_2 p.a.

CC
Mergelstetten, Germany
Oxyfuel pilot

2026

CCUS
Edmonton, Canada
Capacity: 1.0 mt CO_2 p.a.

CCU
Safi, Morocco
Upscaling capacity

2028

CCUS
Padeswood, UK
Capacity: 800 kt CO_2 p.a.

CCUS
Devnya, Bulgaria
Capacity: 800 kt CO_2 p.a.

CCUS
Antoing, Belgium
Capacity: 800 kt CO_2 p.a.

2030

CCS
Slite, Sweden
Capacity: 1.8 mt CO_2 p.a.

CCUS
Mitchell, Indiana, US
Capacity: 2.0 mt CO_2 p.a.

CCS
Eastern Europe
Two large-scale CCS projects

We are confident to reduce CO_2 emissions by 10 million tonnes cumulatively by 2030 through CCUS

Dates refer to the expected start of operation, depending on various factors incl. funding approvals.

3 Circular products

- **JEV Recycling,** Seattle, USA: recycled concrete, recycled asphalt, services
- **SER,** Heilbronn: processing of construction and demolition waste and reuse in construction
- **RWG I Abbruch und Tiefbau,** Berlin: leading recycling and environmental services company
- **A1 Services,** Manchester, UK: Recycled aggregates, concrete, and waste recycling
- **Mick George,** East of England: recycled aggregates, ready-mixed concrete, integrated recycling, and earthworks business

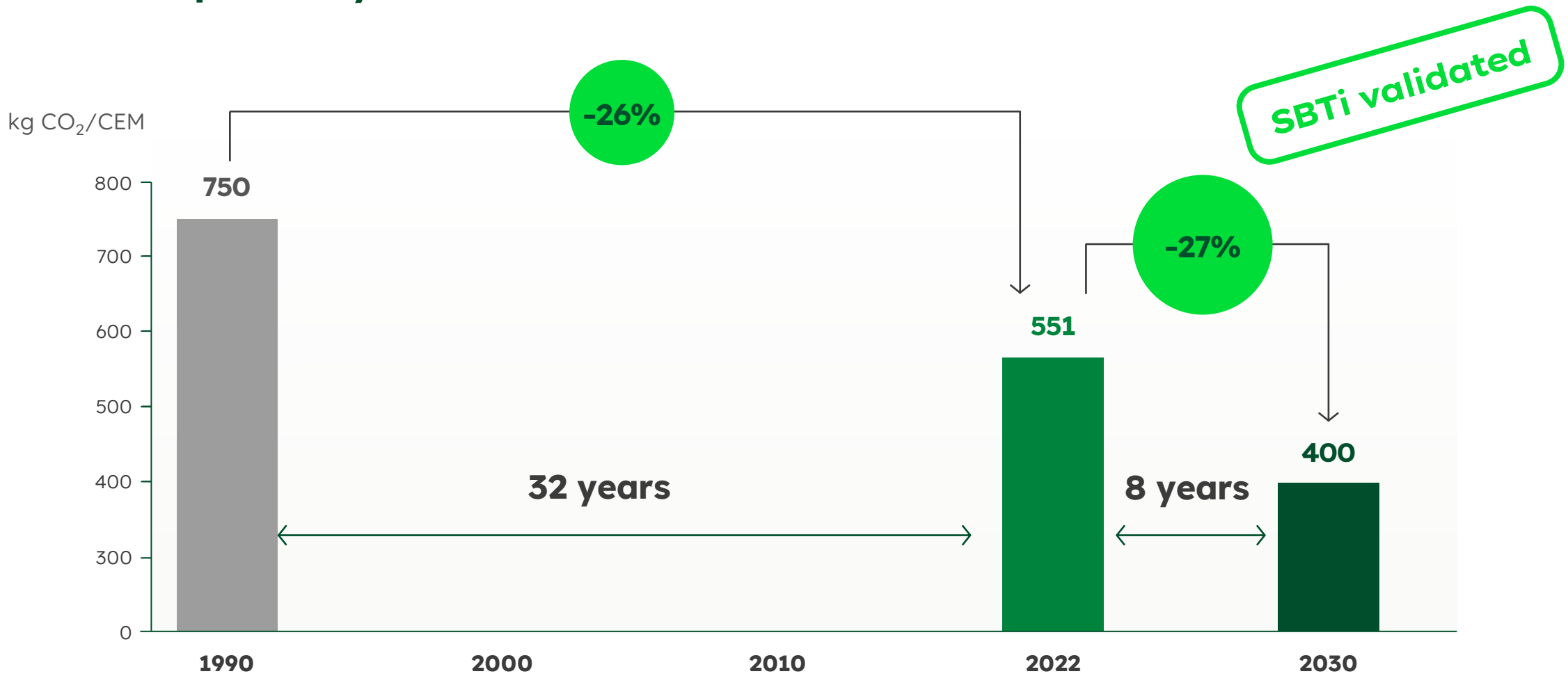
Up to 100% use of recyclate technically possible

4 Material-reduced products: example 3D printing

- Europe's largest 3D printed building is currently under construction in Heidelberg, Germany
- Heidelberg Materials supplies around 450 tonnes of the high-tech special mortar i.tech® 3D, which contains a CO_2-optimised binder
- Material is 100% recycleable
- Concrete printing allows design freedom and safe work on the construction site
- Addressing shortage of skilled workers and ongoing quality assurance

Up to 70% less material used

With all these measures, we are accelerating our CO_2 reduction on the 1.5 °C pathway



SBTi: Science Based Targets initiative

Heidelberg Materials

We use our strong, 150 years old foundation …

… to now lead the decarbonisation in the building materials industry worldwide

Employees

Press

Analysts

Business partners

Clients

Local communities

Politics

Science

Shareholders

NGOs

Suppliers

Public

Associations

We can only achieve
all this together.

Thank you very much
for your loyalty.

150 years of progress

With our measures,
we are setting new standards.
Now and in the years to come.

Heidelberg Materials