HEIDELBERGCEMENT

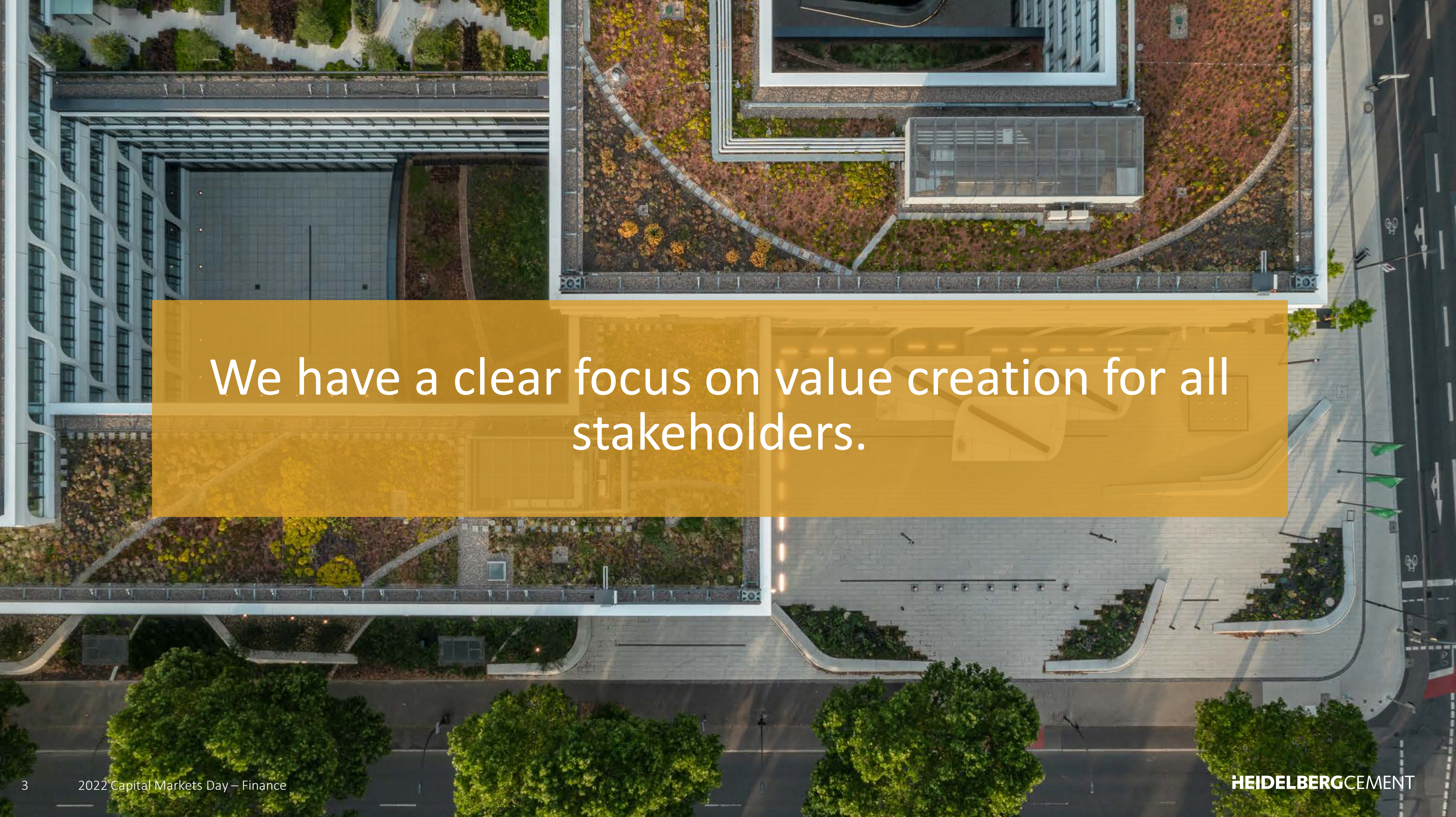
We drive value

2022 Capital Markets Day – 24 May

René Aldach

Member of the Managing Board & CFO

We are stronger today than ever before.



We have a clear focus on value creation for all stakeholders.

We regard the CO_2 transformation as a business opportunity for us.

We are well-aware of CO_2 transformation business impacts and have a clear roadmap

CapEx	CapEx for defined CO_2 roadmap	Reduce clinker incorporation, increase alternative fuels rate and other efficiency measures	– Improved energy cost efficiency – Lower CO_2 exposure
CapEx	CapEx for CCUS	Capturing 10 mt CO_2 by 2030	– First mover advantage – Reduced ETS needs – Premium product offering
OpEx	OpEx for CCUS	Operational costs for capture, transport, and storage of CO_2	– Anticipated to be much lower than CO_2 price – Margin opportunity
OpEx	OpEx for EUA	Additional margin opportunity as advantageous CO_2 position	– Market consolidation, increased pricing power – Competitive differentiation as lower ETS needs

CCUS = Carbon Capture Utilisation, and Storage EUA = European Allowances ETS = Emissions Trading System

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Conventional CO_2 CapEx is already incorporated into our business model

Decrease clinker incorporation

~€ 100-150 m

Net CapEx p.a.

Process excellence & innovation

Increase alternative fuel rate/biomass

Supplementary cementitious material projects

- Key projects already **defined and in execution**
- **Clear roadmap on plant level** to reduce CO_2 emissions per tonne of clinker/cement
- **All CapEx included** within annual Net CapEx target

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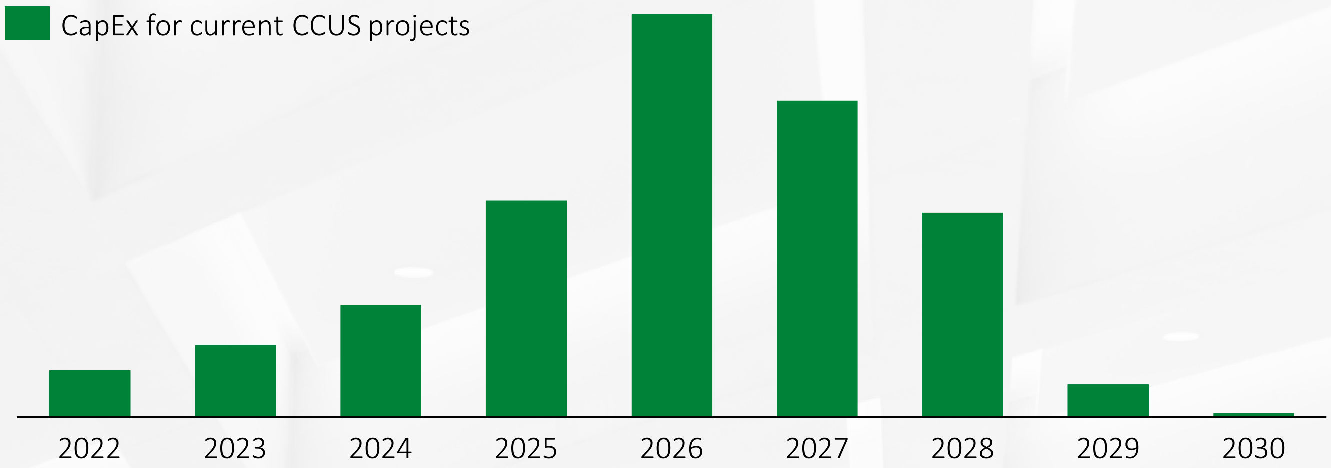
CCUS CapEx will not have any material impact on our cash allocation

Clear roadmap defined for each project, including sensitivity analysis



~€1.5 bn until 2030 (initial 7 CCUS projects)

Key assumptions:

- All projects to be **funded through free cash flow**
- Total 6 projects will enable **10 mt CO_2 capture by 2030** *
- Starting capturing already in **July 2024 in Brevik**
- **Fund applications submitted** for all projects *

* Based on roadmap to reach 400kg CO_2/t CEM by 2030. Funding assumption based on current status and previous projects. CapEx includes 7 projects whereof one starts operating in 2031

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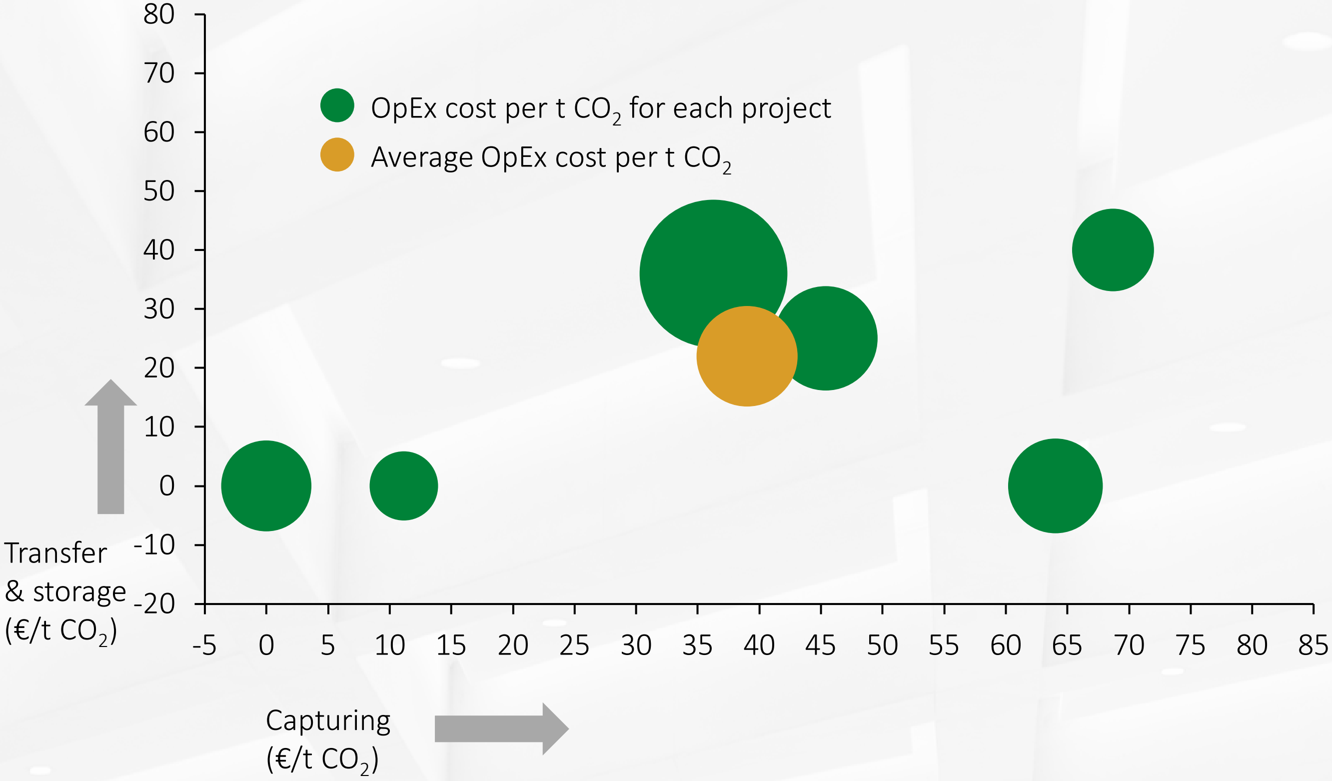
OpEx for capturing and storage is already far below the current ETS price

Currently included CCUS project portfolio until 2030



- Total OpEx for capturing and storage on average **~60 €/t**
  - ~38 €/t CO_2 for **capturing**
  - ~22 €/t CO_2 for **transfer and storage**
- Forecasted CO_2 prices create **material differential** vs. OpEx cost*

* Based on ETS price assumptions: 2023: €95; and increase €5 p.a. after 2024. Funding assumption based on current status and previous projects. Project portfolio includes 7 projects whereof one starts operating in 2031

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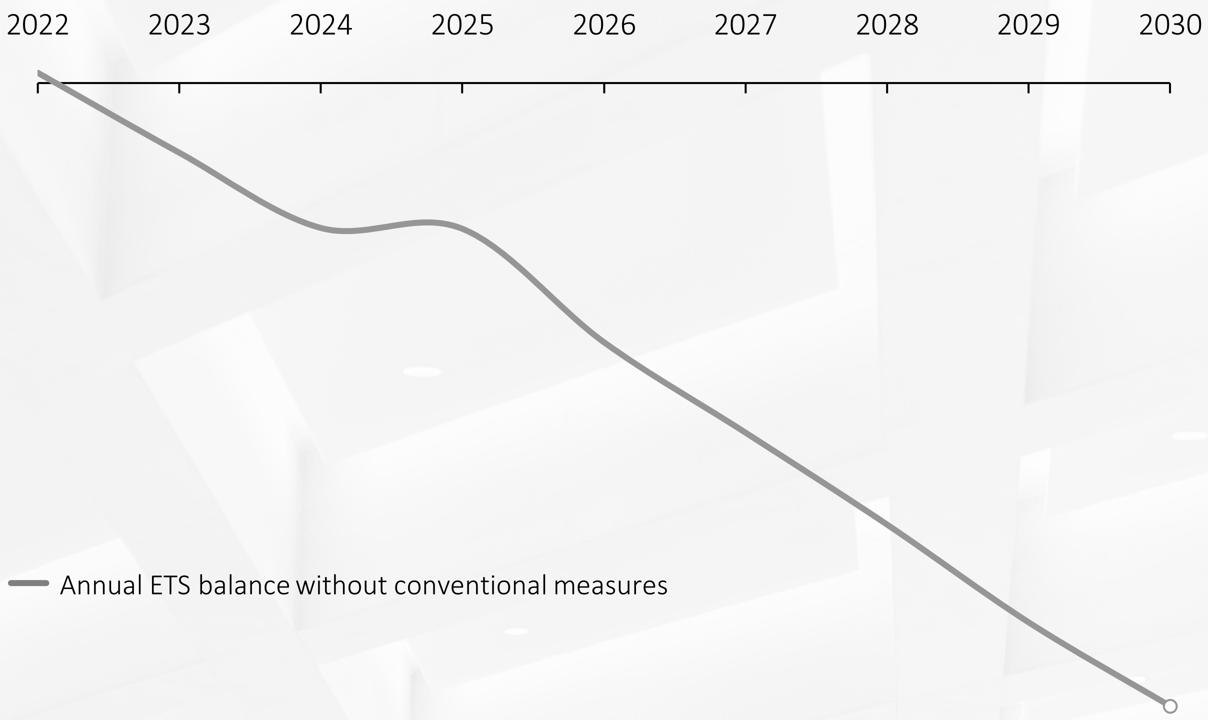
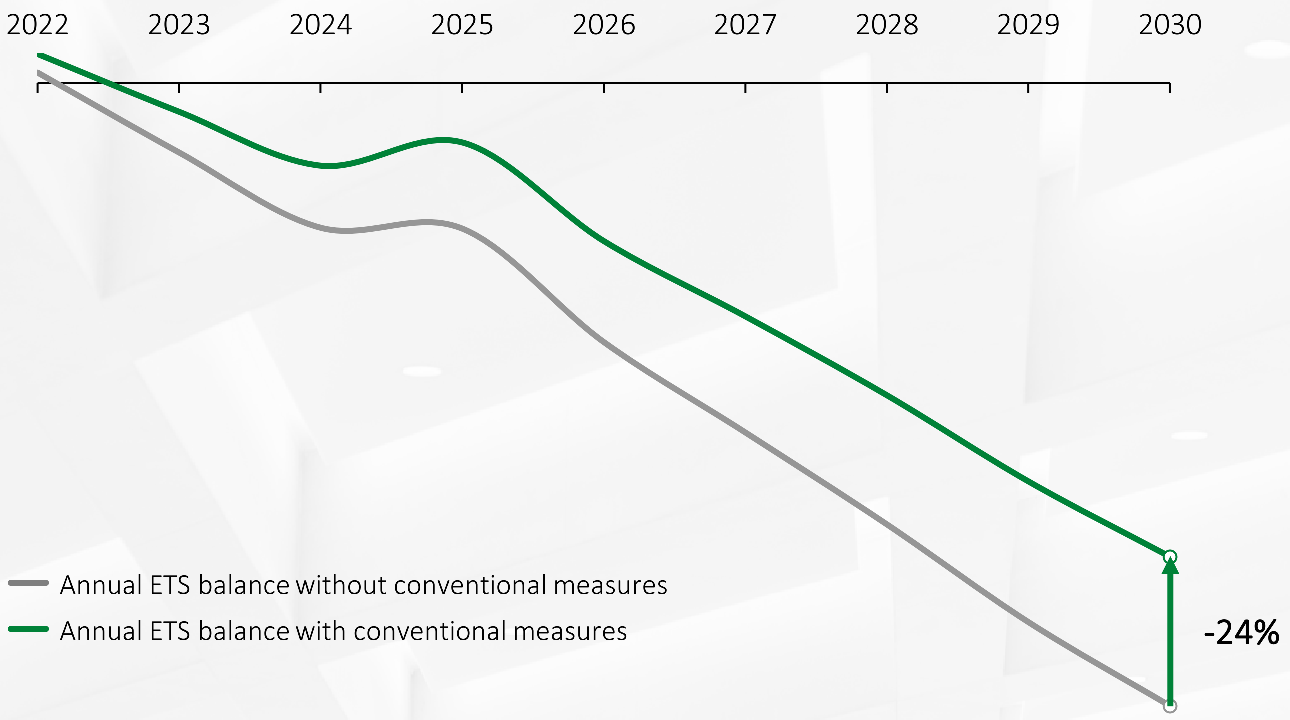
CCUS turns into a competitive advantage in Europe



- CBAM and -10% EUA reduction starting in 2026 will lead to an increasing shortfall in EUAs
- Pricing in the sector will move up reflecting the average ETS balance

Assumptions: (1) European commission reforms on ETS implemented, namely CBAM in 2026 and free allowances reduced by -10% p.a. starting 2026
(2) ETS price assumptions 2023: €95 and increase of €5 p.a. after 2024

CCUS turns into a competitive advantage in Europe



- CBAM and -10% EUA reduction starting in 2026 will lead to an increasing shortfall in EUAs
- Pricing in the sector will move up reflecting the average ETS balance
- CO_2 cost avoidance due to conventional measures: ETS balance 24% better by 2030

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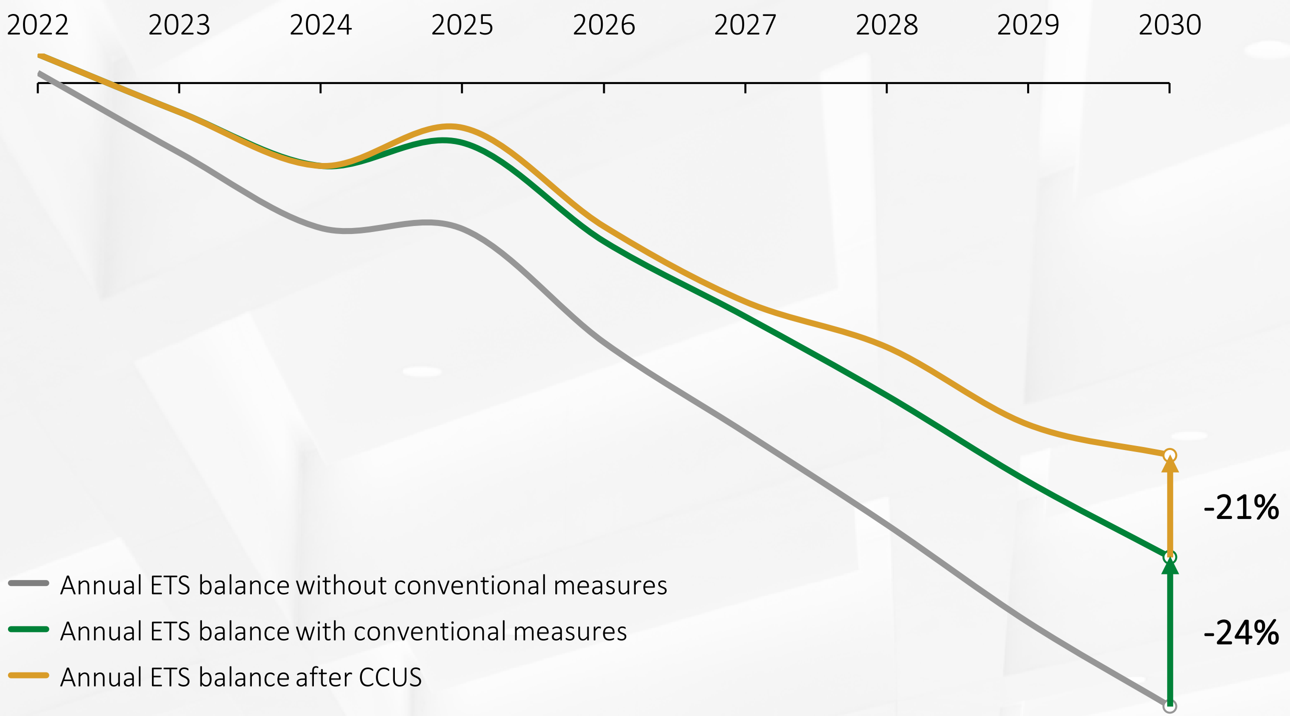

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- Pricing in the sector will move up reflecting the average ETS balance
- CO_2 cost avoidance due to conventional measures: ETS balance 24% better by 2030
- CO_2 footprint of HeidelbergCement (10 mt captured via CCUS) leads to margin opportunity
- Cumulative cost avoidance due to CCUS from 2025 to 2030 around €775 m
- Additional 21% lower ETS balance in 2030 due to CCUS represents material cost advantage in the industry

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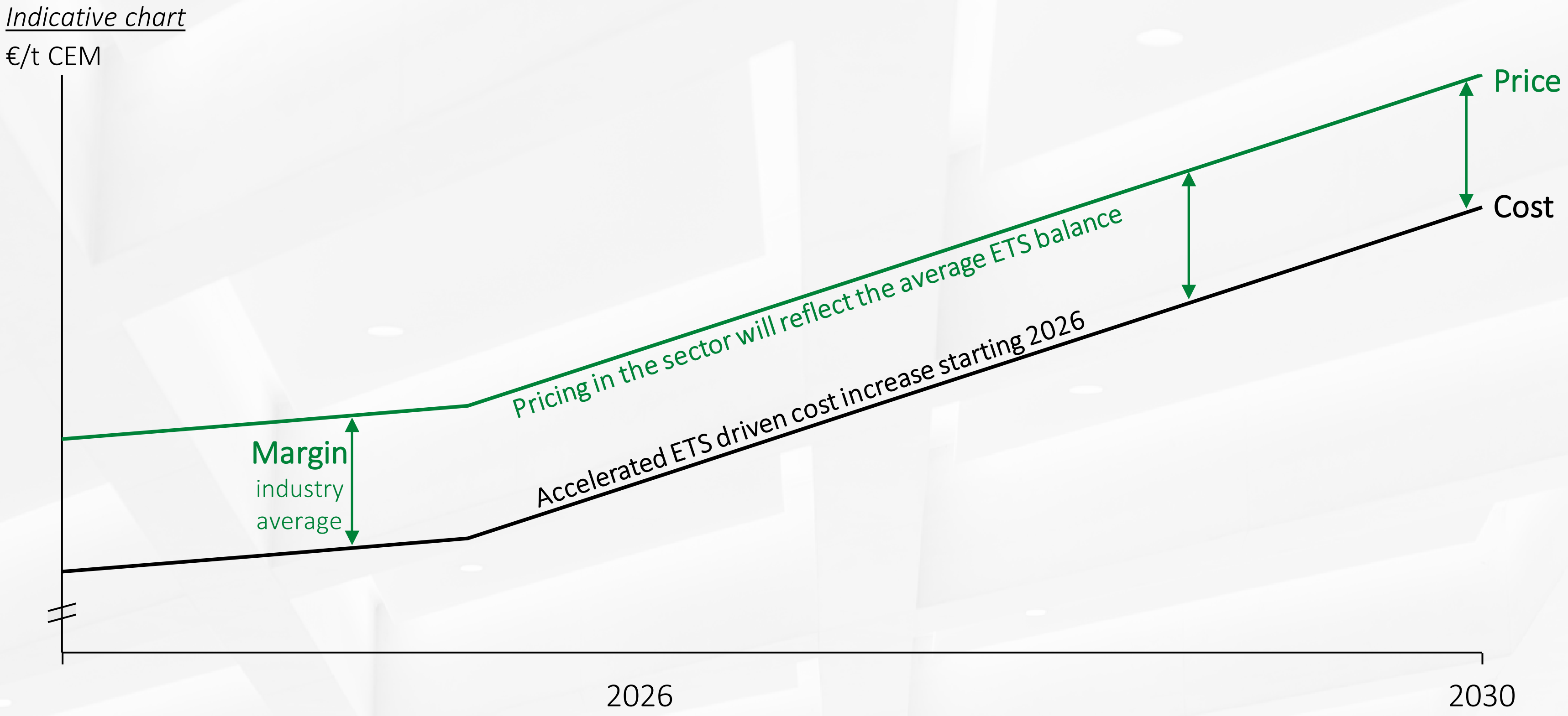
CCUS and ETS present a clear margin opportunity for us in Europe



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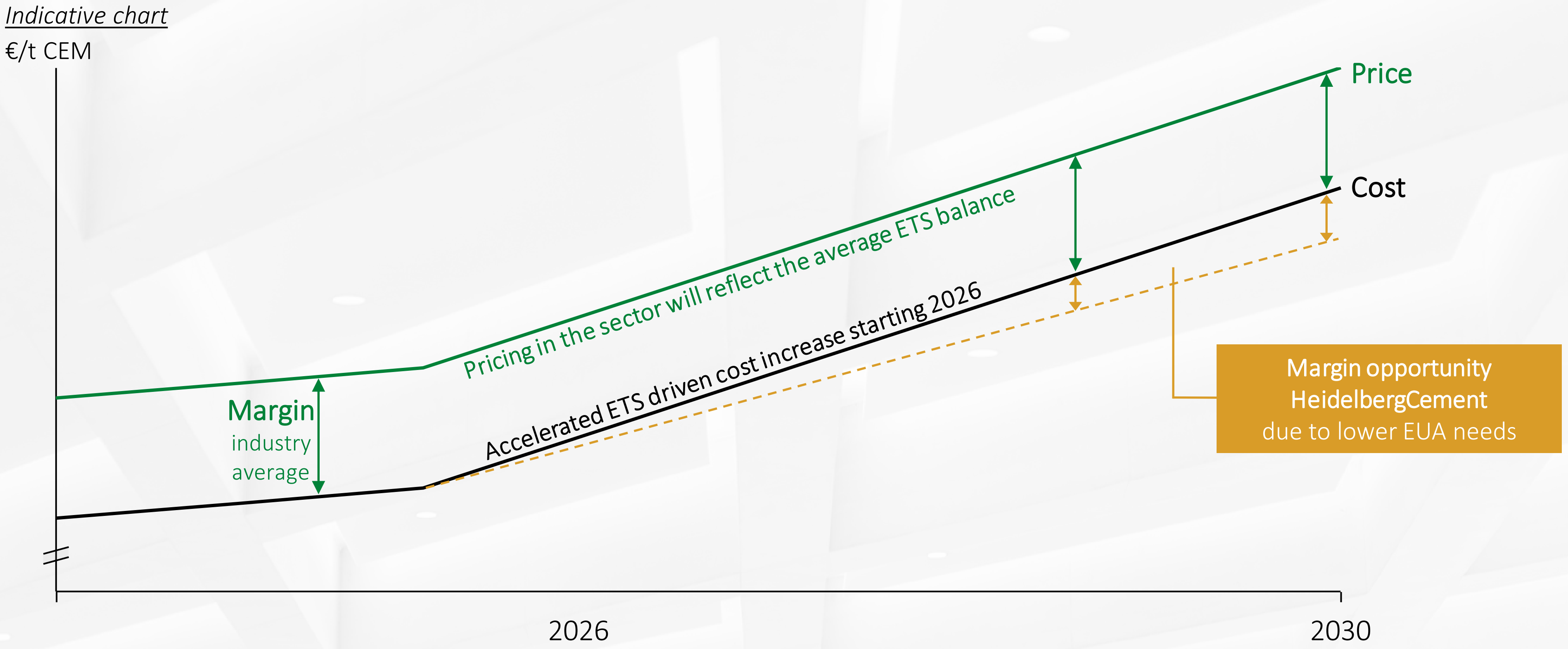

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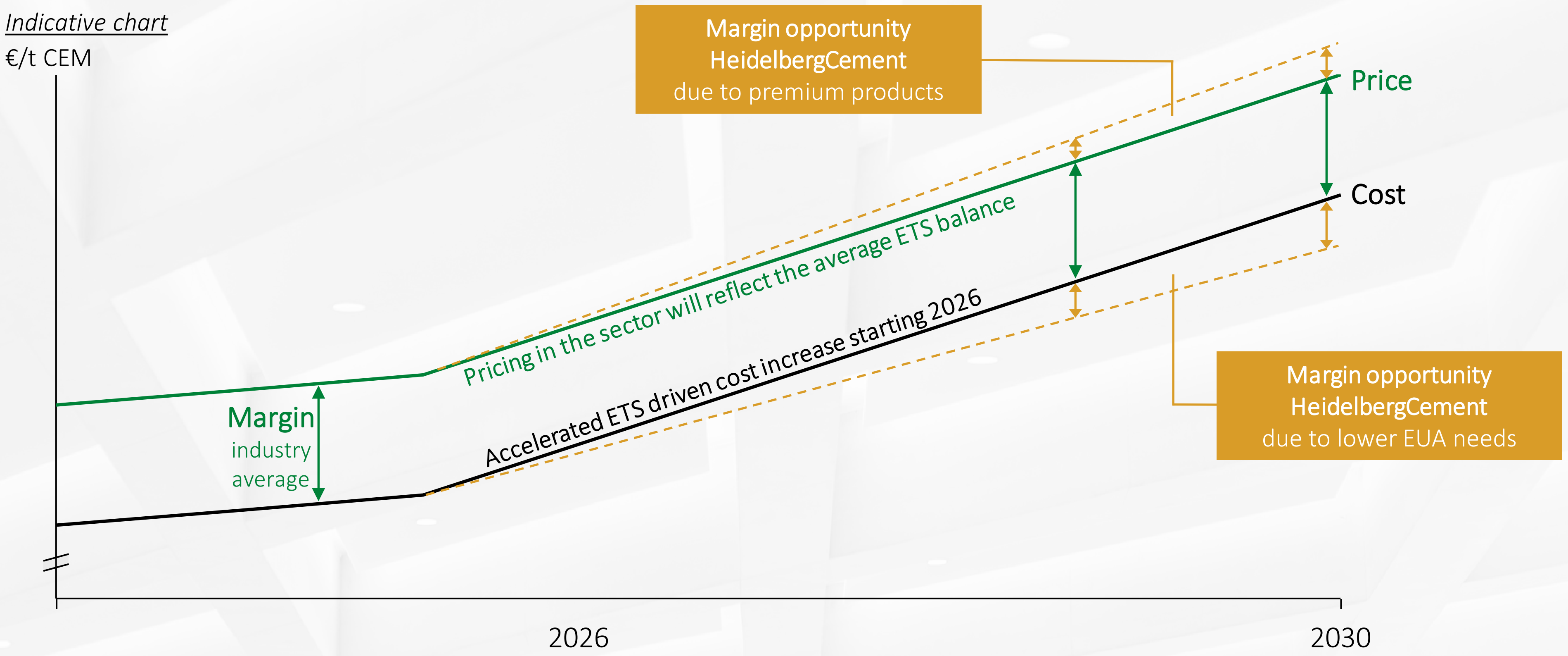

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Our CO_2 transformation fits to our capital allocation ambition

CapEx	CapEx for conventional CO_2 reduction initiatives	~€100-150 m p.a. **already included in Net CapEx target**
	CapEx for CCUS	~€1.5 bn until 2030 to capture 10 mt CO_2 **no major impact on cash allocation**
OpEx	OpEx for CCUS	~60 €/t of captured CO_2 **margin opportunity**
	OpEx for EUA	CCUS leads to lower EUA requirements **competitive differentiation providing material margin opportunity**

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We are aligning our financing with our sustainability targets.

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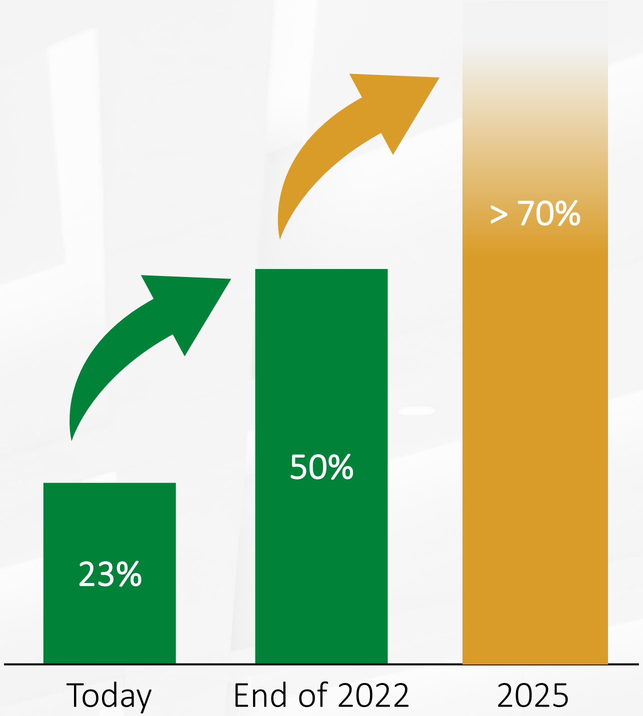
More than 70% of our financial instruments will be sustainable by 2025

Linking financing to climate change and innovation

Overview as of today:	Pricing adjustment
Sustainability-linked loan (RCF)	✓
KfW / EIB loans	Use of proceeds concept
Planned in 2022:	**Pricing adjustment**
Sustainability-linked bonds	✓
CP-Programme	✓

Sustainable/green as % of total financial instruments



SUSTAINABLE FINANCING: MORE THAN **70%** BY 2025

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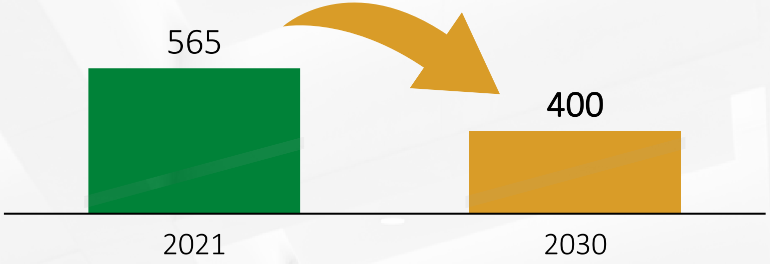
W E D R I V E V A L U E

Our ambitious target is aligned with the EU Taxonomy*

KPI 1: Specific net CO_2 emissions per tonne of cementitious material (GCCA definition)

Target: 400kg net CO_2 /t cementitious by 2030



KPI 2: Tonnes of CO_2 emissions avoided using CCUS

Target: 10 mt cumulative until end of 2030

Framework reviewed and Second Party Opinion provided by:

DNV

"HC's targets are leading, have set a benchmark for the industry, and outperform the level of ambitiousness of the sector"

Sustainable Financing Framework follows the principles of:

The Sustainability-Linked Bond Principles

Sustainability Linked Loan Principles

*Our ambition is 400kg net CO_2 /t cementitious material (GCCA definition) ≙ ~468 kg gross CO_2 (SBTi definition)

We are further improving our financial position until 2025.

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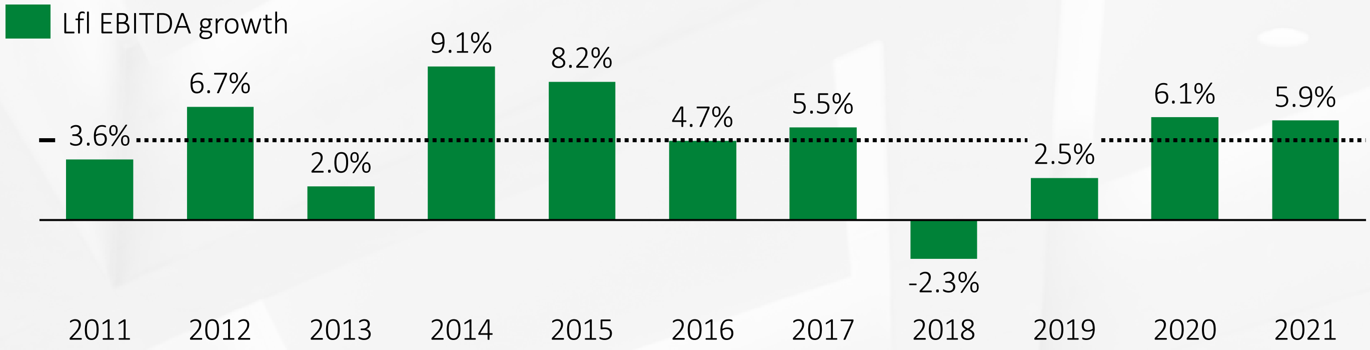
Low EBITDA volatility and strong growth combined with a high cash generation

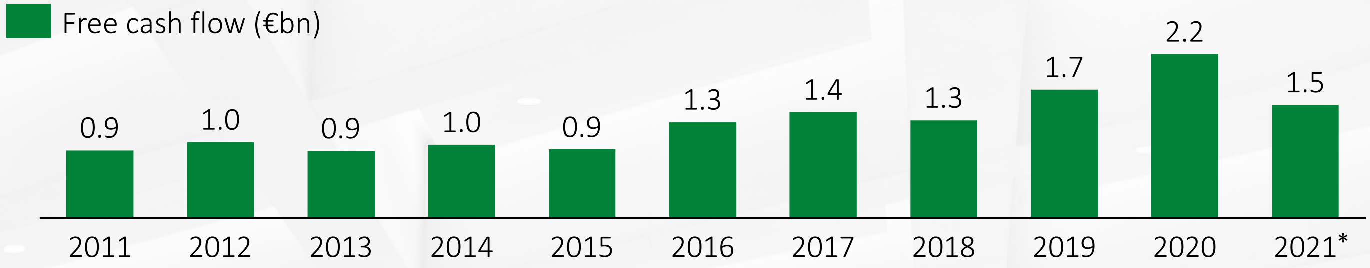
Well balanced footprint and product portfolio >> Stable and solid EBITDA development



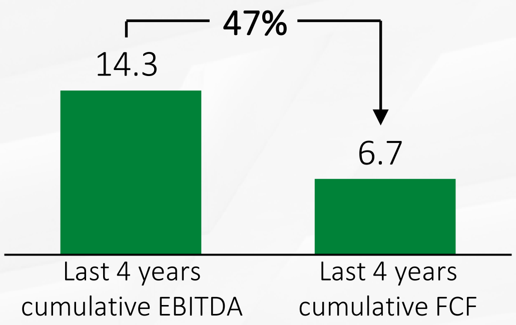
Ø 5% vs. global GDP growth of 2.7%

NEW CASH CONVERSION TARGET: ABOVE **45%**

Clear focus on cash >> High cash conversion rate leading to strong FCF generation



Last 4 year cash conversion rate



* Excluding tax payments US West disposal

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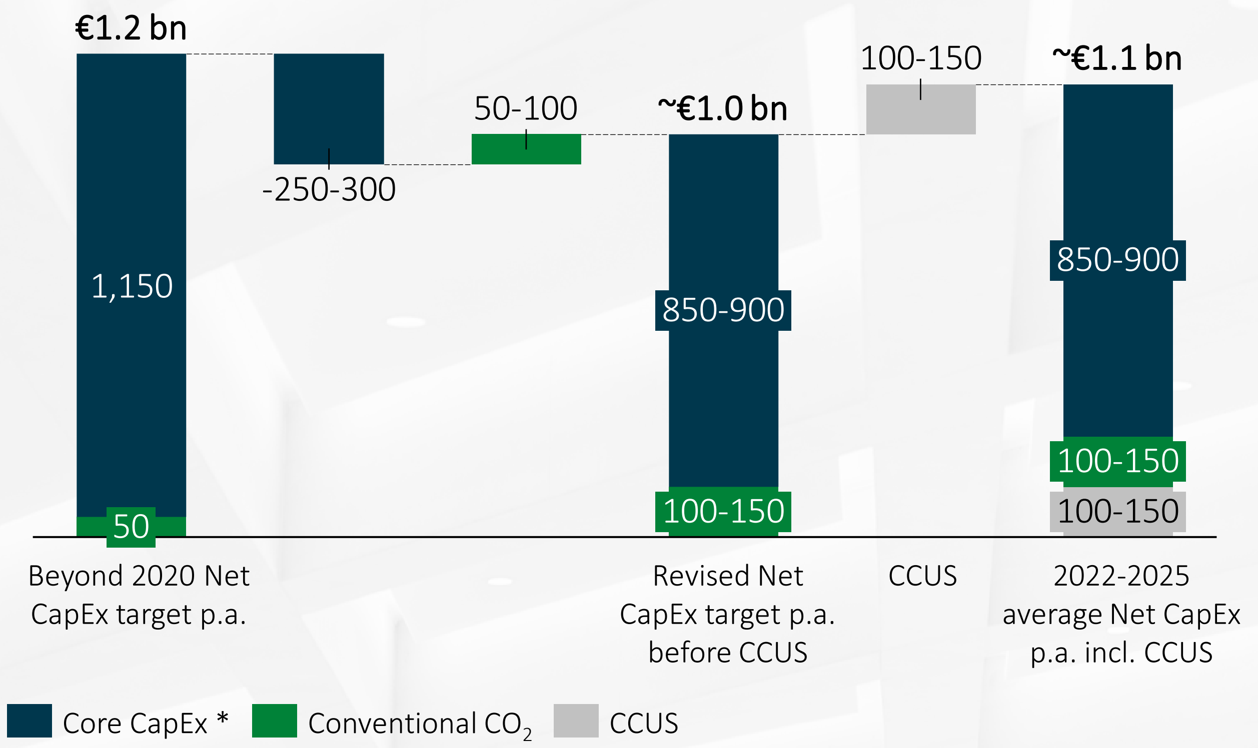
Core Capex drastically reduced in favour of conventional CO_2 and CCUS capex

Net CapEx spending p.a.



1. **Core CapEx** down by €250-300 m p.a.
2. **Conventional CO_2 CapEx** up +€50-100 m p.a.
3. **CCUS** added as new category
4. **Total Net CapEx until 2024 will be below €1.1 bn** as major CCUS spend accelerating only during 2025-2028
5. Indicative CCUS CapEx **2025-2030** around **€200m p.a.** on average

NEW NET CAPEX TARGET INCL. CCUS: AROUND **€1.1 bn**

* Core CapEx: Maintenance, improvement and other tangible FA related CapEx, including brown & green field projects.

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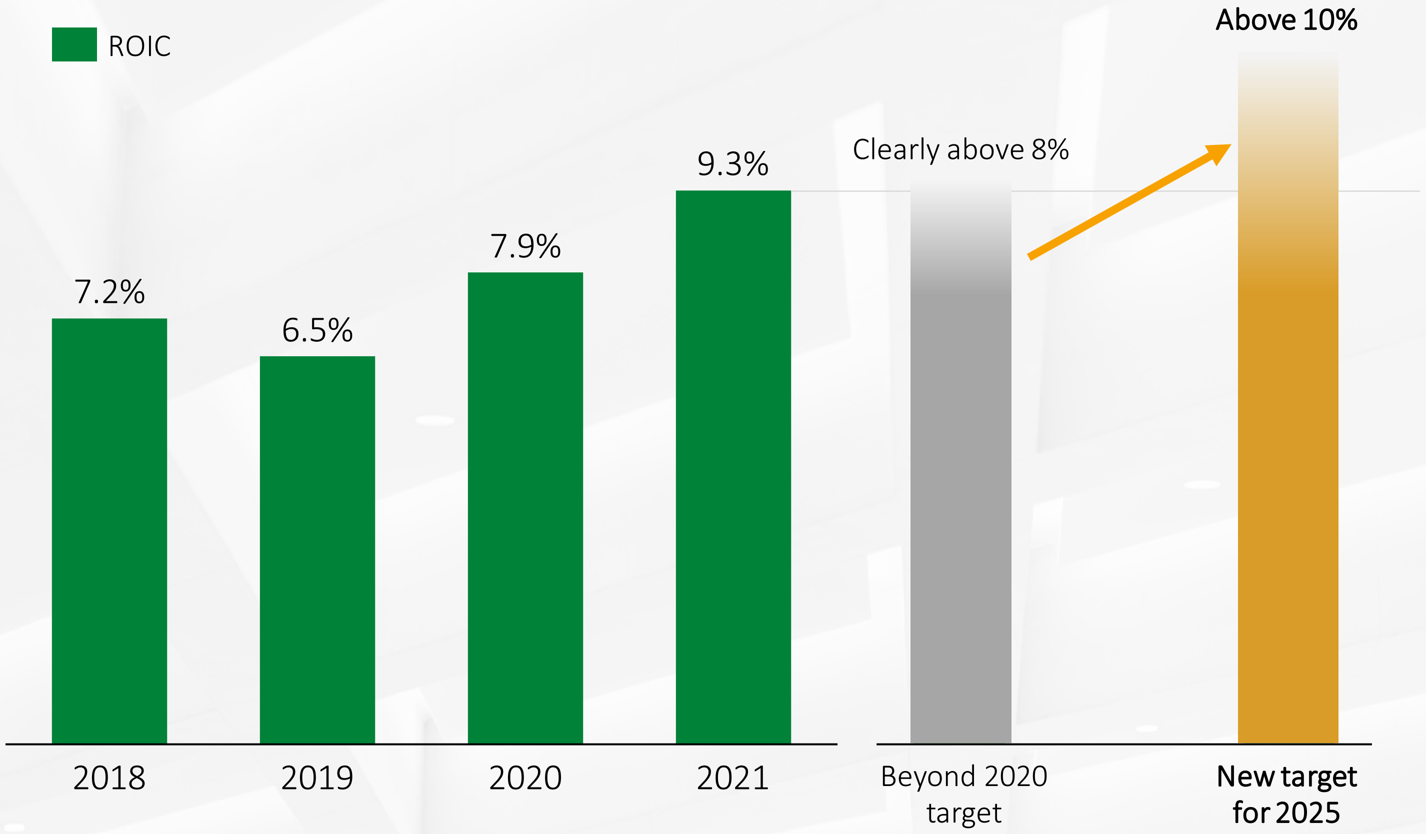
We will further increase our ROIC target to >10%



NEW ROIC TARGET: ABOVE **10%** BY 2025

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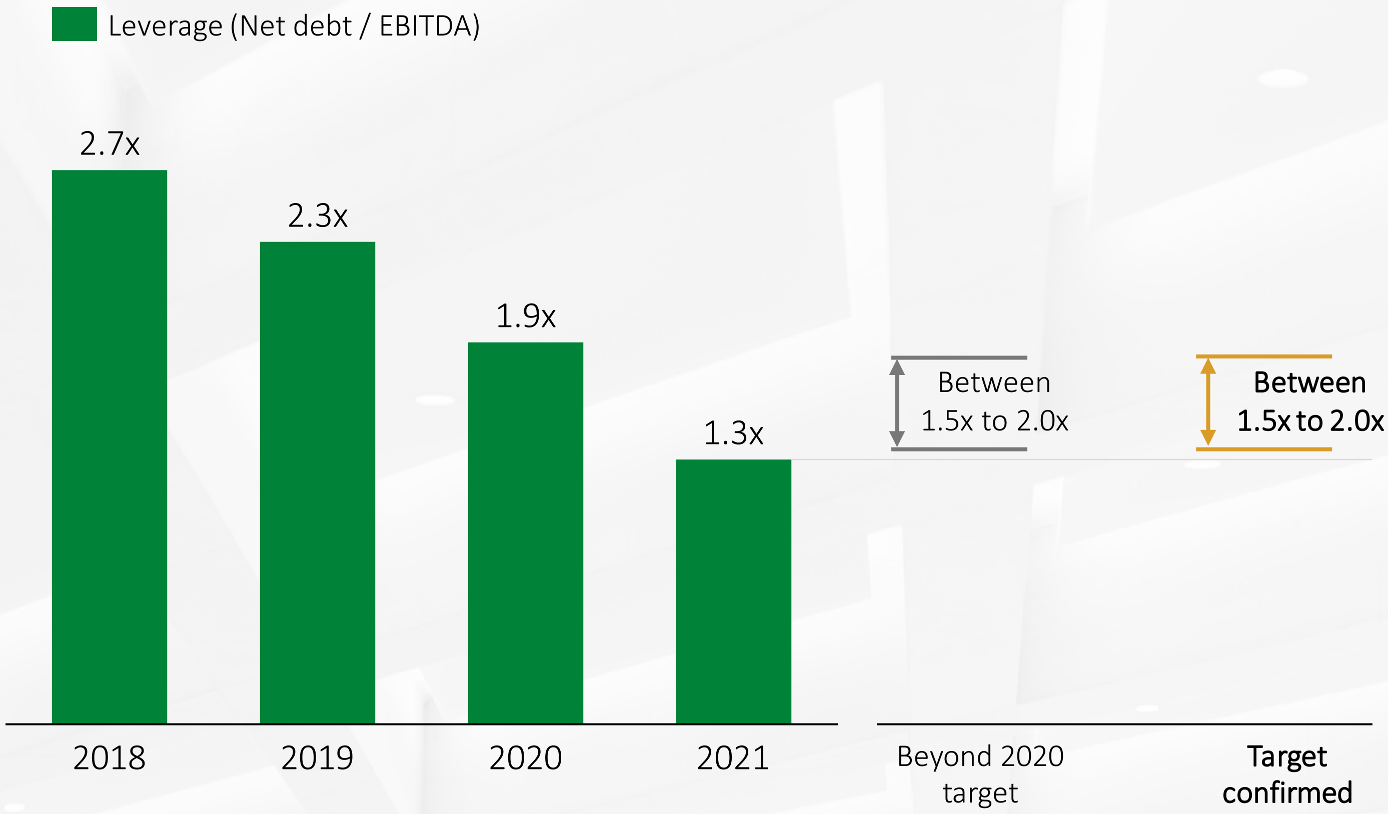
Our leverage is at a very comfortable level, target BBB flat rating well-secured



NO CHANGE IN LEVERAGE TARGET: **1.5x to 2.0x**

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Our cash allocation will further shift to shareholder return and growth.

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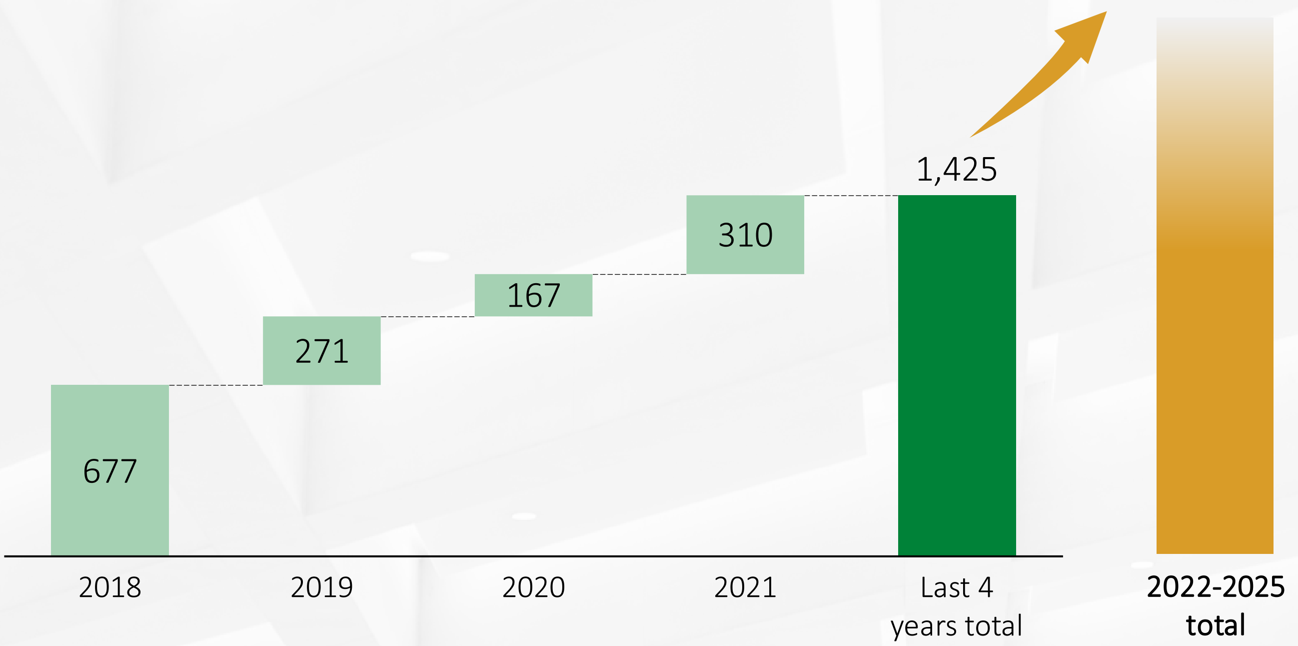
We will continue to grow the business through bolt-on acquisitions

Gross Non-PPE (M&A) CapEx (€m)

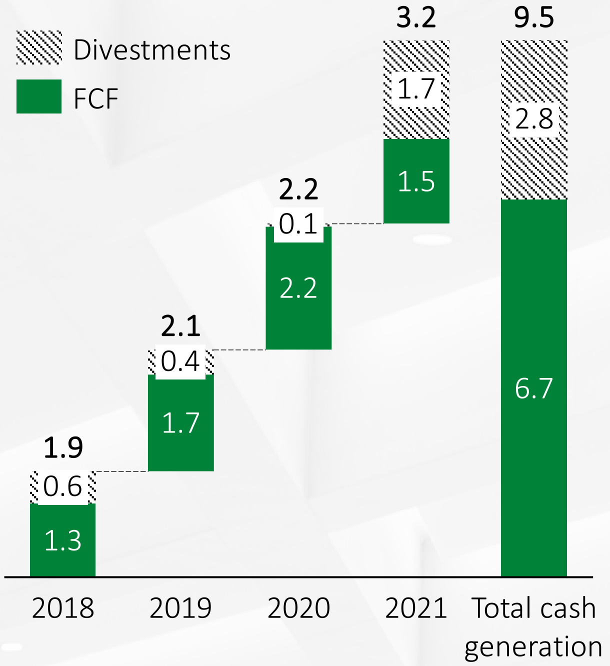


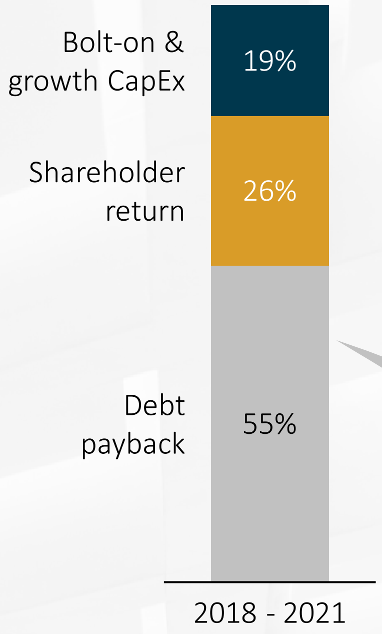
Key criteria:

- **Strategic fit** aligned with portfolio and financial targets
- **Contribution to net profit** after year 1
- **ROIC around 10%** after reaching acquisition's full potential
- **Immediate contribution to sustainability** targets and proactively support transformation
- Clear focus on **value creation**

Strong cash generation, focus on shareholder return and growth

Cash generation 2018-2021	Cash allocation 2018-2021	Cash allocation 2022-2025
€6.7 bn FCF in last 4 years	Focus was mainly on debt payback	Focus on shareholder return and growth





Clear commitments unchanged:

- Leverage 1.5x to 2.0x
- Progressive dividend increase

Further allocation potential going forward – but disciplined excess cash usage continues:

- Profitable growth
- Share buyback as flexible option

We are fully committed to deliver on our ambitious financial targets.

WE DRIVE VALUE

We set ambitious new targets for 2025

Key figure	Beyond 2020 target	Current status	New targets 2025
EBITDA margin	22% by 2025 (+300 bps vs. 2019)	End of 2021: 20.7% (+171 bps vs. 2019)	20-22% by 2025 =
ROIC	Clearly above 8%	End of 2021: 9.3% ✓	Above 10% +
Leverage	1.5x to 2.0x	End of 2021: 1.3x ✓	1.5x to 2.0x =
Net CapEx	Below €1.2 bn p.a. excl. CCUS	2020-2021 average €1.0 bn ✓	Around €1.1 bn p.a. incl. CCUS =
Cash conversion rate	Around 45%	Achieved 2019-2021 ✓	Above 45% +
Sustainable financing	-	23%	>70 % +
Dividend policy	Progressive increase	Yes ✓	Progressive increase confirmed =
Share buyback	Flexible option	€1 bn announced in 2021 ✓	Flexible option =

1. We further expect profitable growth, driven by good demand, strong pricing and – importantly – our sustainable products.
2. As an early mover in CCUS, we see a substantial margin growth opportunity in Europe. But not only there!
3. We will make this transition – including CCUS – happen within our own FCF and leverage targets.
4. We continue with our well-balanced cash allocation strategy with a focus on value creation and set new ambitious targets for 2025.
5. Our financing is linked to sustainability targets and aligned with the EU taxonomy CO_2 threshold.


We are HeidelbergCement.
Sustainable value for our stakeholders.