

2023 Half Year Results

27 July 2023

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



Key messages Q2 2023

- Strong operational performance*:
Revenue up +5%; EBITDA up +12%; RCO up +18%
- Positive price over cost compensates volume pressure in the quarter, leading to margin improvement in all regions
- Third tranche of 1 billion EUR share buyback program starts in July, with an amount of up to €300 m
- Sustainability KPIs on track: further CO₂ and clinker input rate reduction; alternative fuels rate and sustainable revenues in CEM increased
- 2023 Outlook further upgraded:
- RCO between €2.7-2.9 bn (*previously €2.50-2.65 bn*)

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

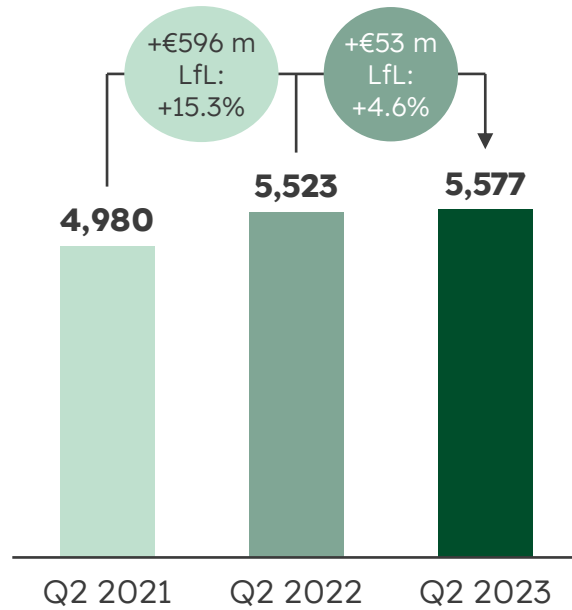


Operational result

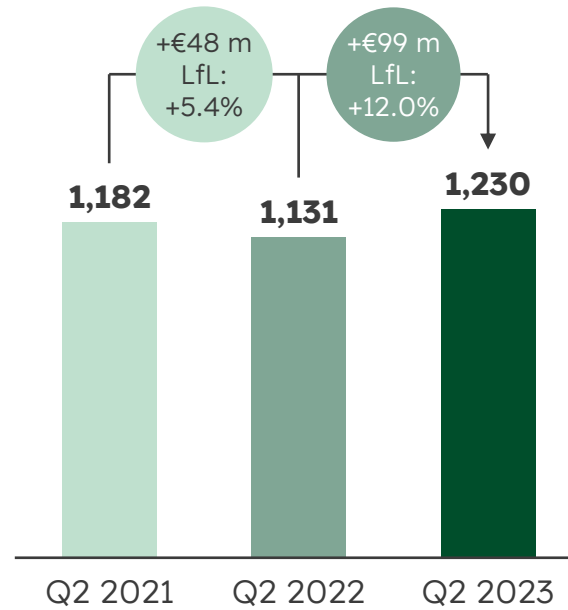


Q2 2023 operational overview

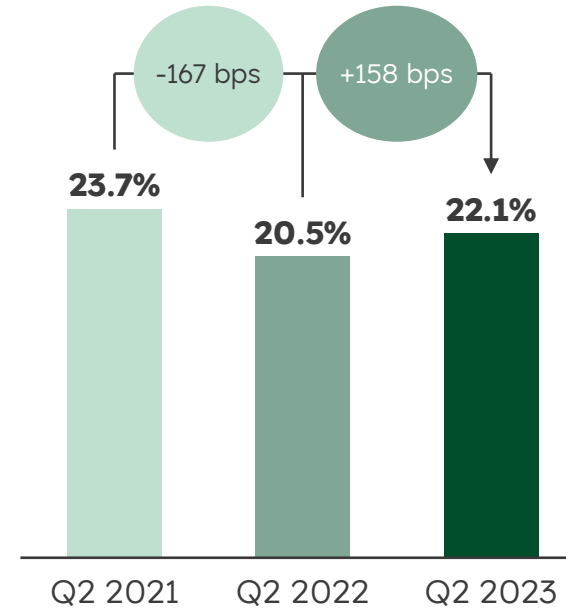
Revenue [€m]



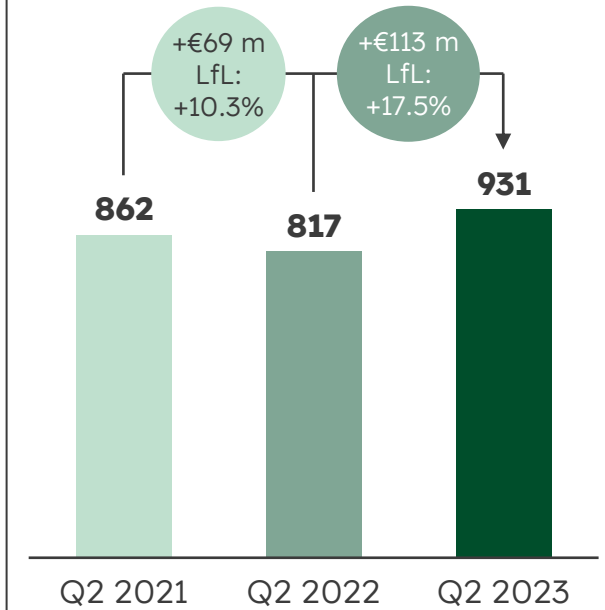
Operating EBITDA [€m]



Operating EBITDA Margin



Operating EBIT (RCO) [€m]

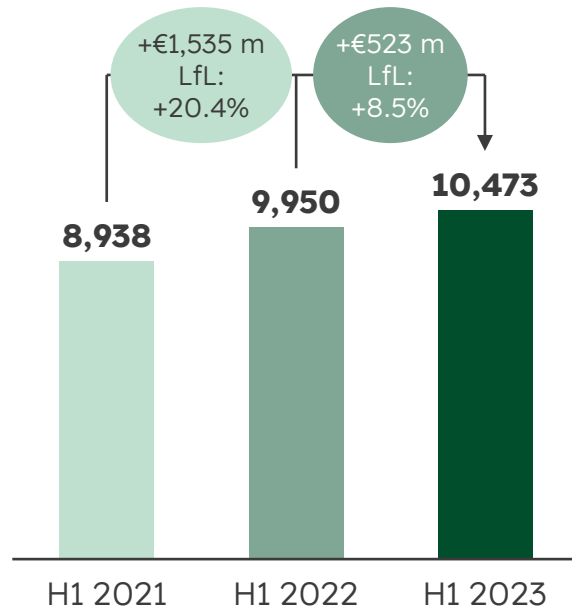


- YoY 2023 vs. 2022
- YoY 2023 vs. 2021

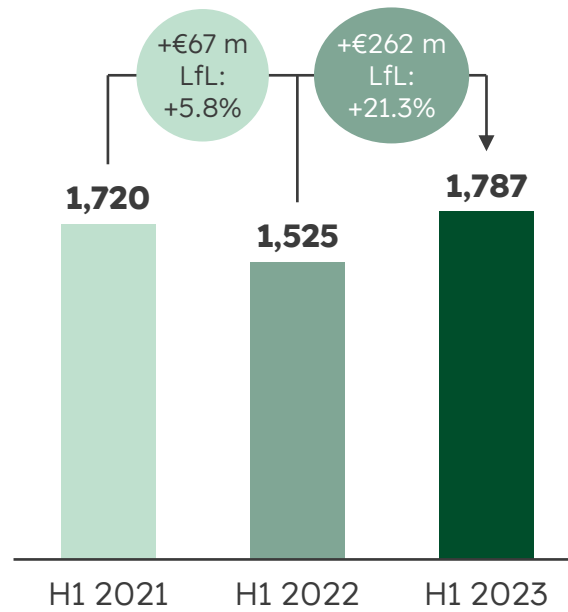


H1 2023 operational overview

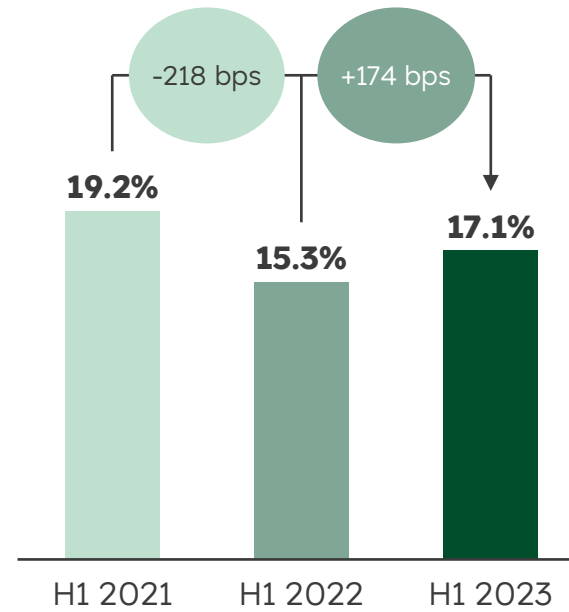
Revenue [€m]



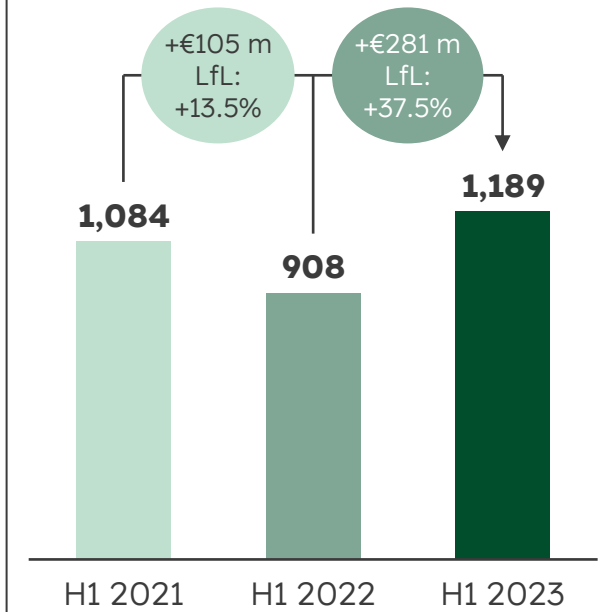
Operating EBITDA [€m]



Operating EBITDA Margin



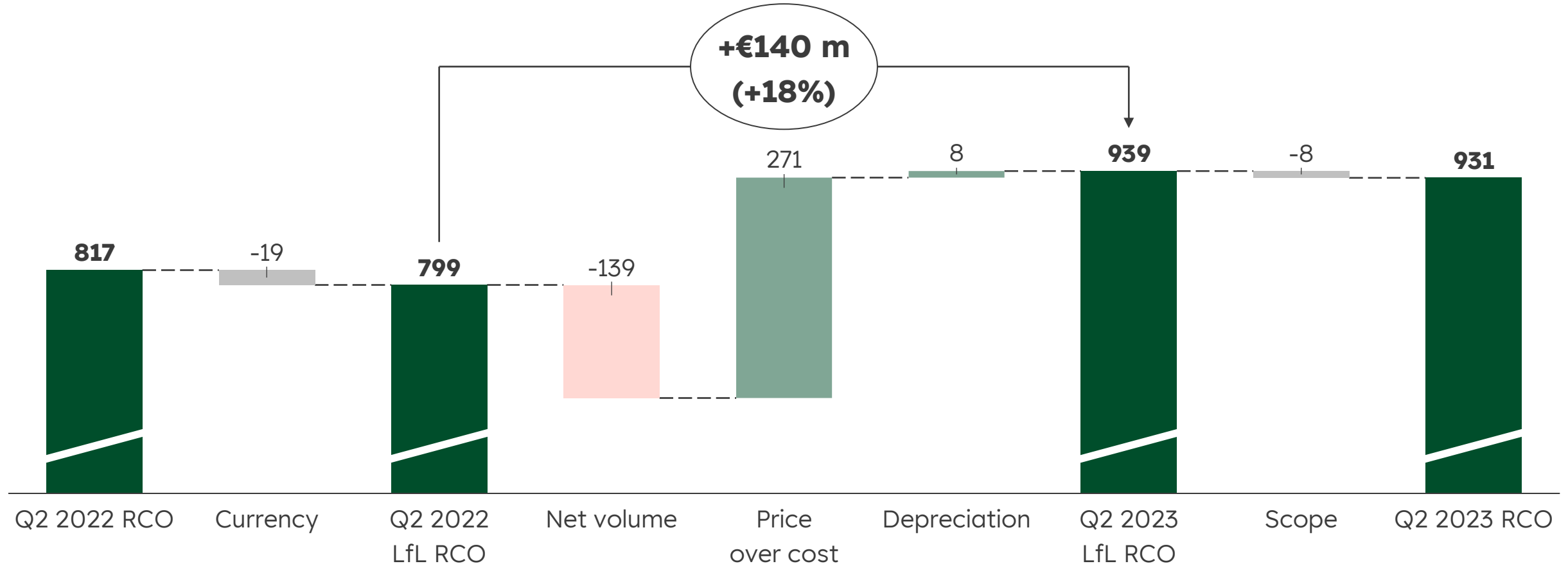
Operating EBIT (RCO) [€m]



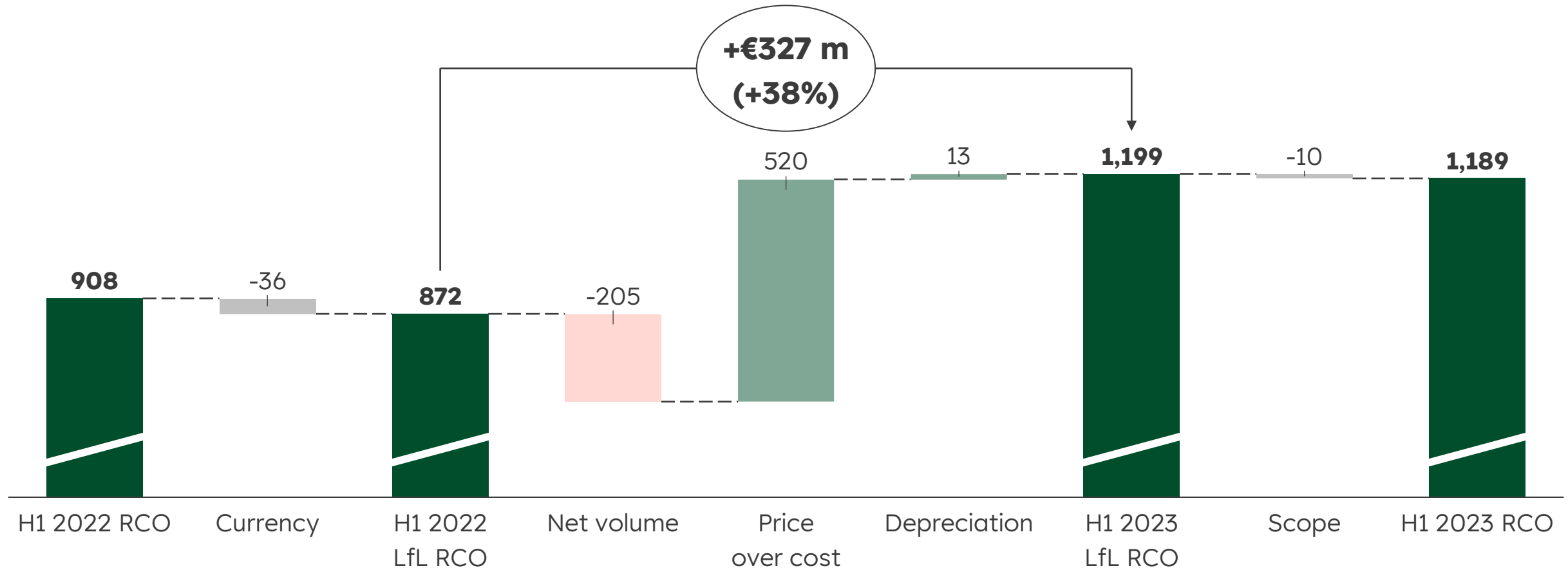
- YoY 2023 vs. 2022
- YoY 2023 vs. 2021



Q2 2023 Operating EBIT (RCO) bridge [€m]

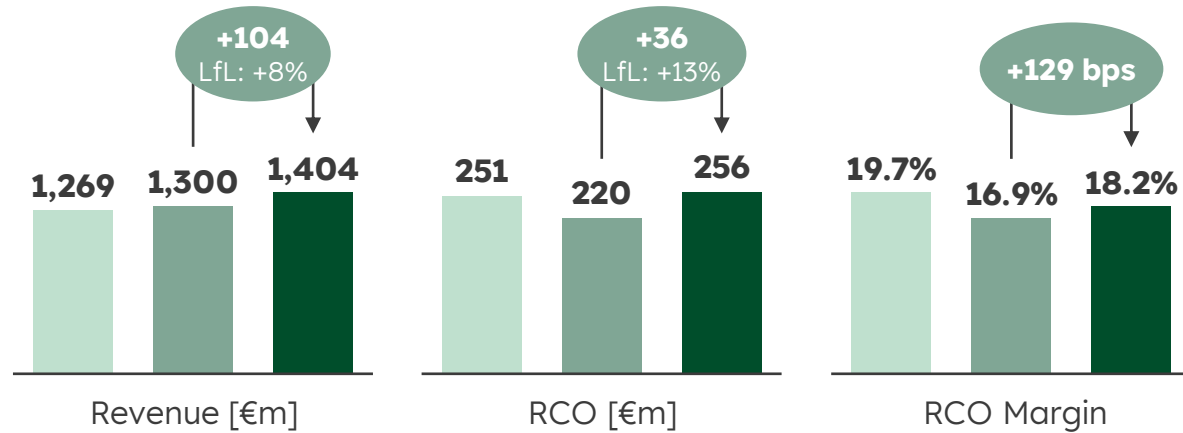


H1 2023 Operating EBIT (RCO) bridge [€m]



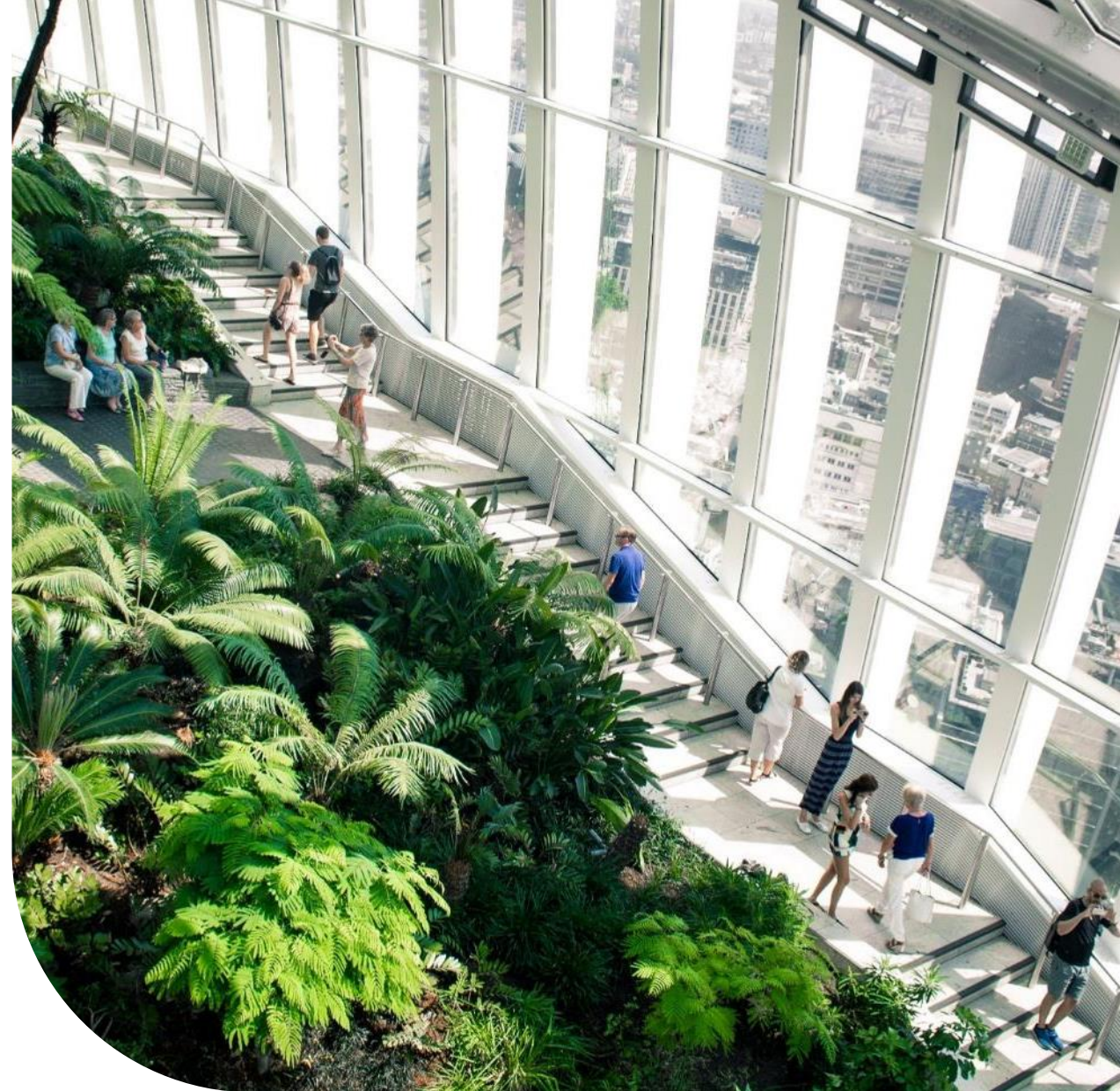
North America

Q2 2021* Q2 2022 Q2 2023



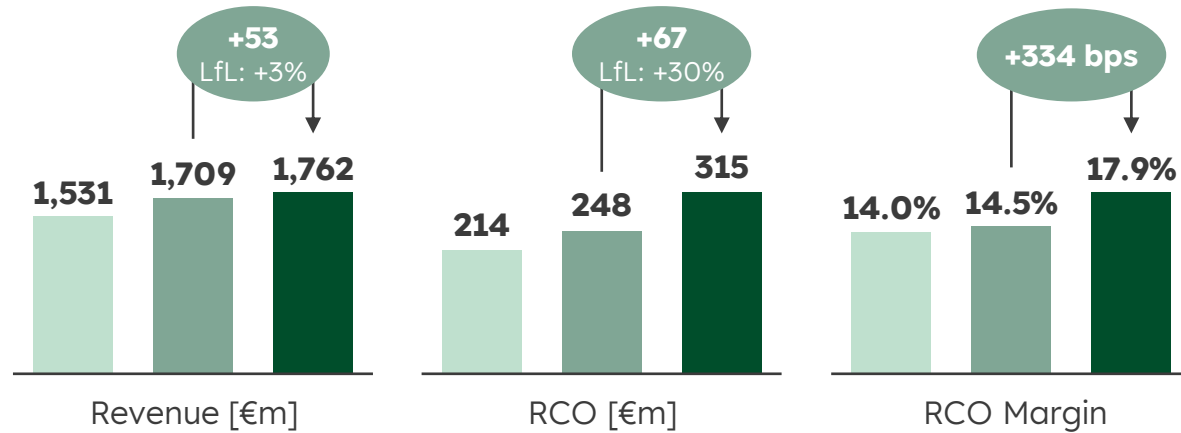
- Good result and margin development despite continuing weakness in residential sector
- Price over cost continues to be positive
- Orderbooks across all business lines and regions remain healthy

* Figures include US West operations.



Western & Southern Europe

Q2 2021 Q2 2022 Q2 2023



- Residential sector driven volume weakness continues
- Positive price over cost delivers solid margin improvement
- All countries contribute positively to result development

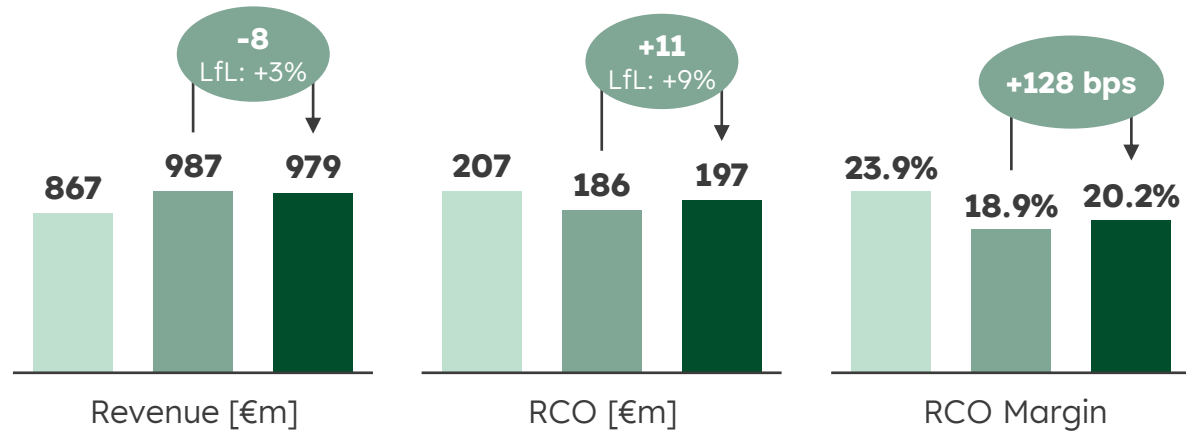


Northern & Eastern Europe - Central Asia

Q2
2021

Q2
2022

Q2
2023



- Persisting subdued demand in most countries
- RCO improvement driven by solid operational performance
- Margin growth achieved in the quarter despite challenging environment

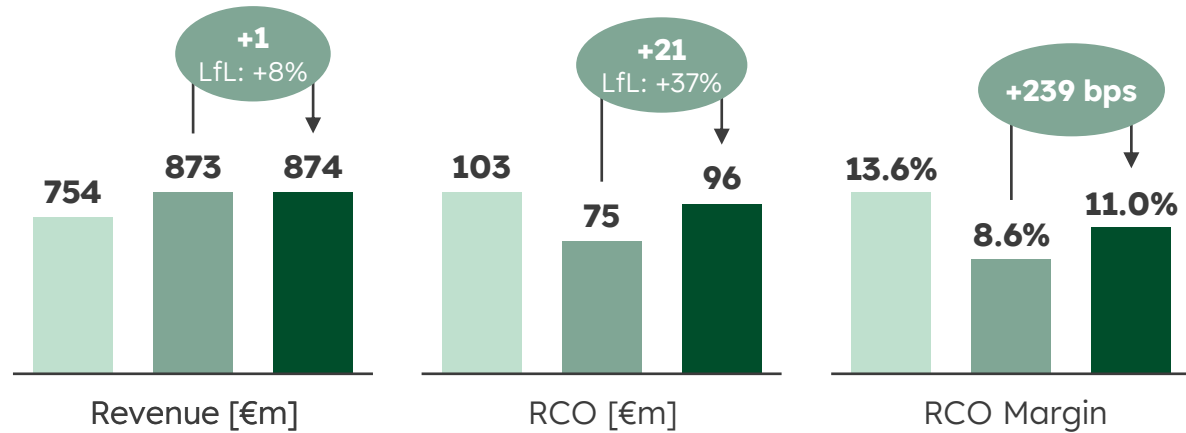


Asia - Pacific

Q2
2021

Q2
2022

Q2
2023



- Solid increase in region RCO and margin
- Positive price over cost driven by price increases and moderating energy prices
- Clear positive development in Australia and Indonesia
- China and India continue to remain soft

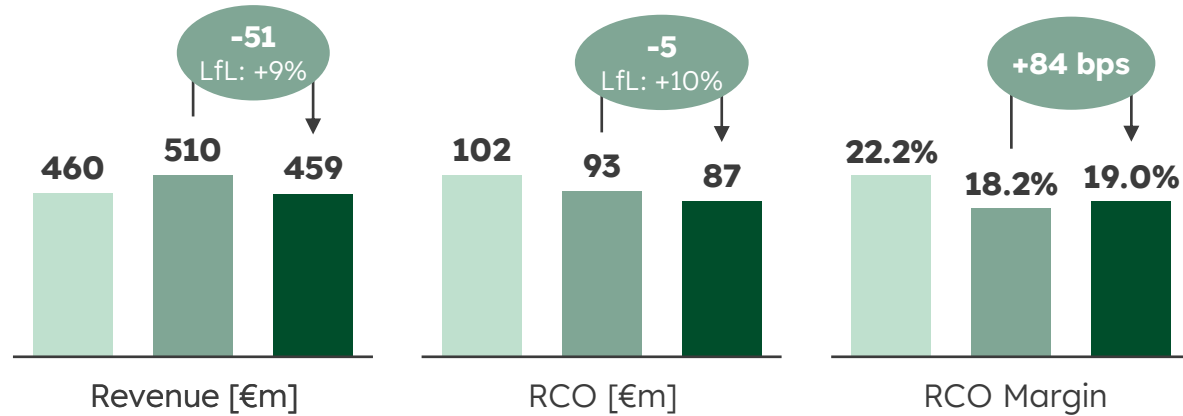


Africa – Eastern Mediterranean Basin

Q2
2021

Q2
2022

Q2
2023



- LfL revenue increases +9%, despite a difficult comparison base driven by very strong demand in prior year
- Margin improvement achieved in the quarter
- Signs of currency stabilization visible in key markets combined with better cost development



Financial highlights



H1 2023: Good improvement in all financial KPIs



Revenue

€10.5 bn
+9% LfL

Solid pricing drives top-line growth



RCO

€1,189 m
+38% LfL

Price over cost continues to be positive



Clean EPS

€3.64
+16%

Significant increase, driven by operational result



Net debt reduction

€-106 m
vs. June 2022

Solid FCF generation



Shareholder return (LTM)

€695 m

Focus on shareholder return continues. 3rd tranche of share buyback is initiated



Adjusted EPS increases by 16%

Income Statement [€m]	H1 2022	H1 2023	Delta
Revenue	9,950	10,473	523
RCOBD (Operating EBITDA)	1,525	1,787	262
Depreciation and amortization	-617	-598	19
Result from current operations (RCO)	908	1,189	281
Additional ordinary result	-63	40	103
Financial result	-20	-102	-81
Income taxes	-239	-305	-66
Net result from discontinued operations	11	-40	-51
Non-controlling interests	-55	-64	-9
Group share of profit	542	719	177
Group share of profit – adjusted *	604	678	74
Earnings per share – adjusted *	3.15	3.64	0.49

* Figures adjusted for additional ordinary result.

Key items below RCO

Additional ordinary result:

- 2023: +€40 m gain from financial asset sales
- 2022: -€87 m impairment of assets in Russia

Financial result:

- Previous year includes +€45 m positive impact due to change in discount rates

Discontinued operations:

- 2022: +€21 m due to change in discount rate
- 2023: -€31 m increase in provision for obligations attributable to discontinued businesses of the Hanson Group
- **Tax expenses:**
- Higher taxes mainly as a result of increased profit before tax



Solid increase in free cash flow leads to higher cash conversion

Free cash flow (€m)	H1 2022	H1 2023	Delta
Operating EBITDA	1,525	1,787	262
Change in working capital	-1,404	-1,265	139
Net interest	-45	-122	-77
Taxes paid	-182	-314	-132
Share of JV result and net dividends	14	9	-5
Non cash items and other	-45	-70	-25
Cash flow from operating activities	-138	25	163
CapEx Net	-393	-409	-16
Free cash flow	-531	-384	147
Cash conversion (last 12 months)	20.7%	37.2%	+1,645 bps

Free cash flow drivers

Working capital:

- Seasonal build-up as construction activity increases, slightly better than previous year

Net interest:

- Higher short term interest rates and first coupon of January bond led to an increase of net interest payment

Taxes paid:

- Higher taxes mainly as a result of increased profit before tax

CapEx Net:

- Same level as in previous year



1 €bn share buyback program

	1 st tranche	2 nd tranche
Period	Aug – Dec 2021	Mar – Jul 2022
Shares outstanding	198,416,477	193,091,900
# shares repurchased	5,324,577	6,906,281
% of outstanding shares	2.68%	3.58%
Average price	€65.68	€50.16
Amount spent	€350 m	€346 m

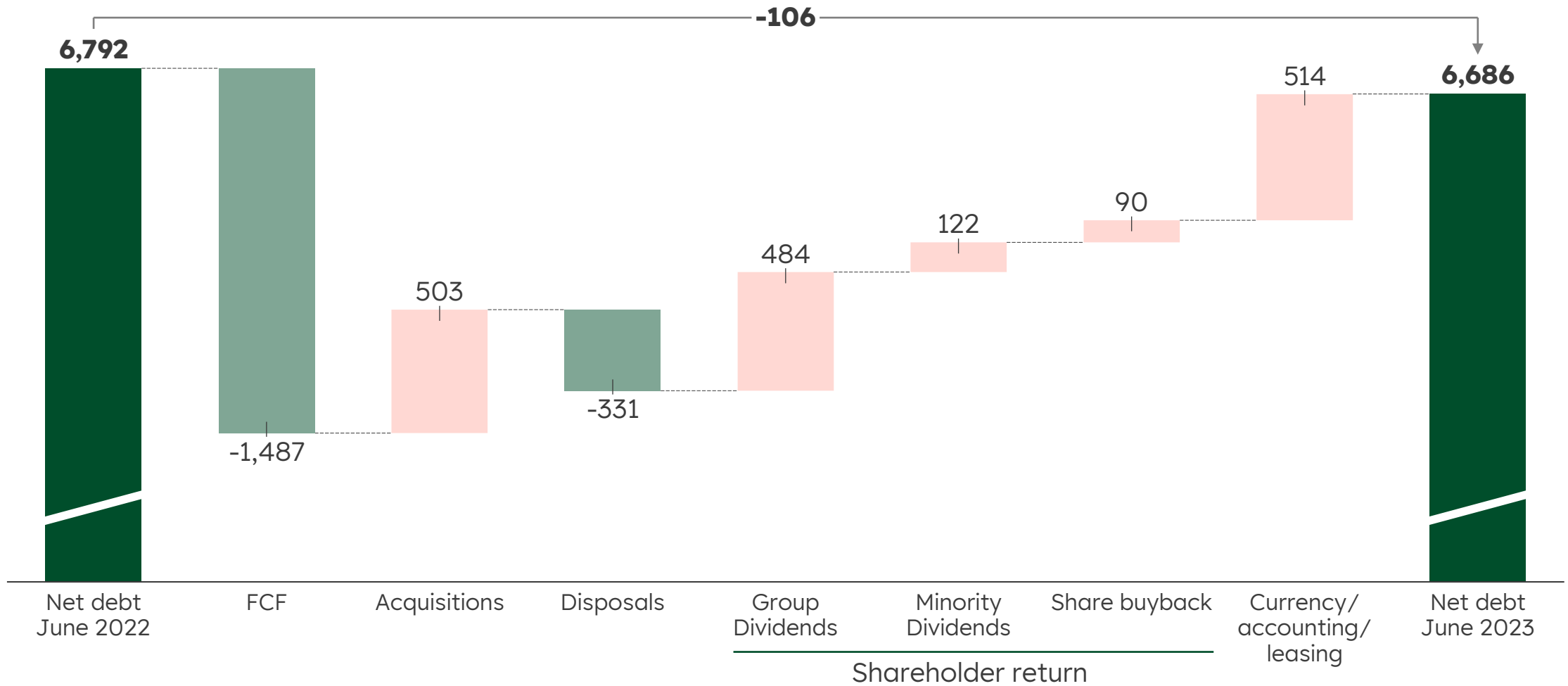
3rd tranche starts in July 2023

- Amount up to €300 m
- To be completed in 2023
- Shares acquired during the 2nd tranche intended to be cancelled in Q3*

* Subject to Board resolution



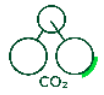
Net debt development (€m)



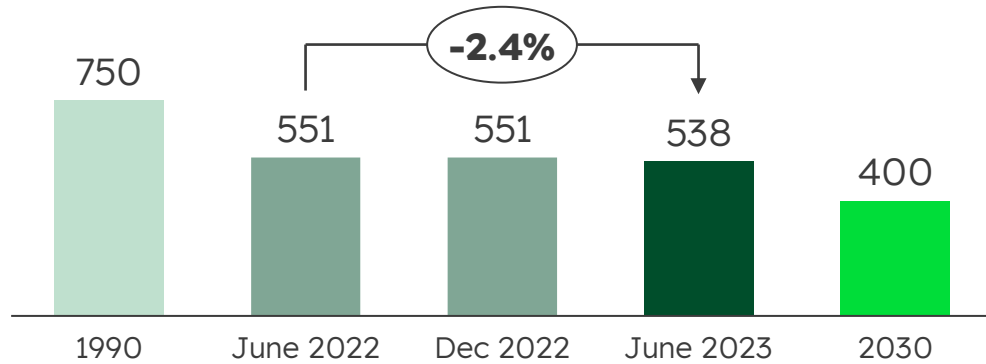
Sustainability



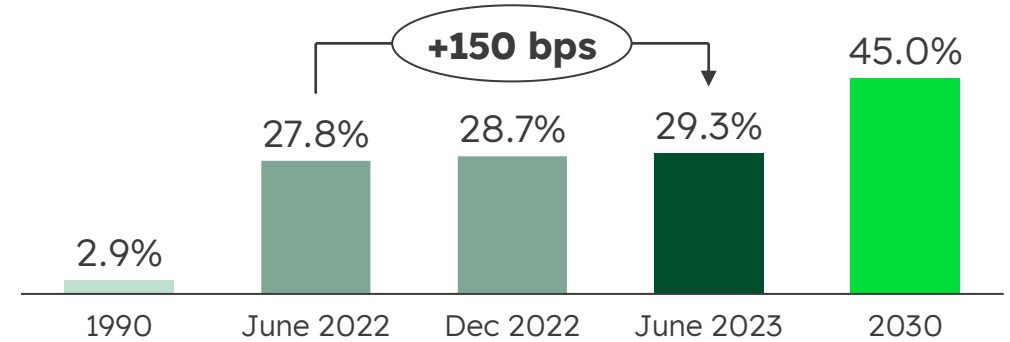
All sustainability KPIs on track



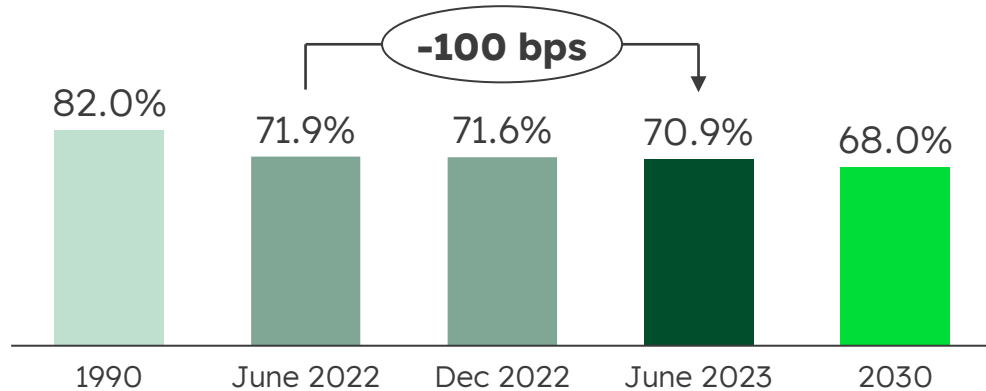
Specific net CO₂ emissions
[kg CO₂/t cementitious material]



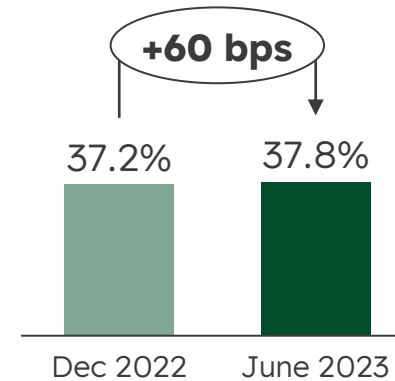
Alternative fuel rate



Clinker incorporation factor



Sustainable revenue CEM



GeZero – first fully decarbonised cement plant in Germany

- GeZero showcasing an entire CCS value chain solution for an inland location
- Project includes a transport solution to bridge the gap until the necessary pipeline infrastructure will be available
- Facility also captures emissions from biomass substituting fossil fuels, which enables the cement plant to offer fully decarbonised cement and clinker
- Funding by EU Innovation Fund supports flagship project

Capture capacity:
700kt CO₂ p.a. from 2029



Outlook



Guidance further upgraded

Business outlook 2023



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

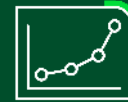


Continuous high focus on pricing and cost management across all markets



Focus on cash generation

Guidance 2023



LfL revenue growth*



RCO between €2.7-2.9 bn

(previously: between €2.50-2.65 bn)



CapEx Net at around €1.1 bn



ROIC around 9%



Leverage between 1.5x to 2.0x

* Excluding currency and scope impacts



Key messages Q2 2023

- Strong operational performance*:
Revenue up +5%; EBITDA up +12%; RCO up +18%
- Positive price over cost compensates volume pressure in the quarter, leading to margin improvement in all regions
- Third tranche of €1 bn share buyback program starts in July, with an amount of up to €300 m
- Sustainability KPIs on track: further CO₂ and clinker input rate reduction; alternative fuels rate and sustainable revenues in CEM increased
- 2023 Outlook further upgraded:
- RCO between €2.7-2.9 bn (*previously €2.50-2.65 bn*)

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





Appendix



Currency and scope impacts

Scope & Currency Q2 2023	Revenue (€m)		Operating EBITDA (€m)		Operating EBIT (RCO) (€m)	
	Scope	Currency	Scope	Currency	Scope	Currency
North America	25	-25	6	1	3	3
West / South Europe	8	-12	-3	-3	-5	-2
North / East Europe	0	-37	-4	-3	-4	-1
Asia Pacific	0	-62	0	-9	0	-5
Africa / Med. Basin	0	-87	0	-16	0	-13
Group Service & Other	0	0	-3	0	-3	0
Total GROUP	33	-222	-3	-30	-8	-19

Scope & Currency H1 2023	Revenue (€m)		Operating EBITDA (€m)		Operating EBIT (RCO) (€m)	
	Scope	Currency	Scope	Currency	Scope	Currency
North America	29	1	7	1	4	1
West / South Europe	3	-34	0	-4	-3	-3
North / East Europe	0	-47	-4	-1	-4	1
Asia Pacific	0	-80	0	-10	0	-6
Africa / Med. Basin	0	-171	0	-35	0	-30
Group Service & Other	0	0	-7	0	-7	0
Total GROUP	32	-331	-4	-49	-10	-36



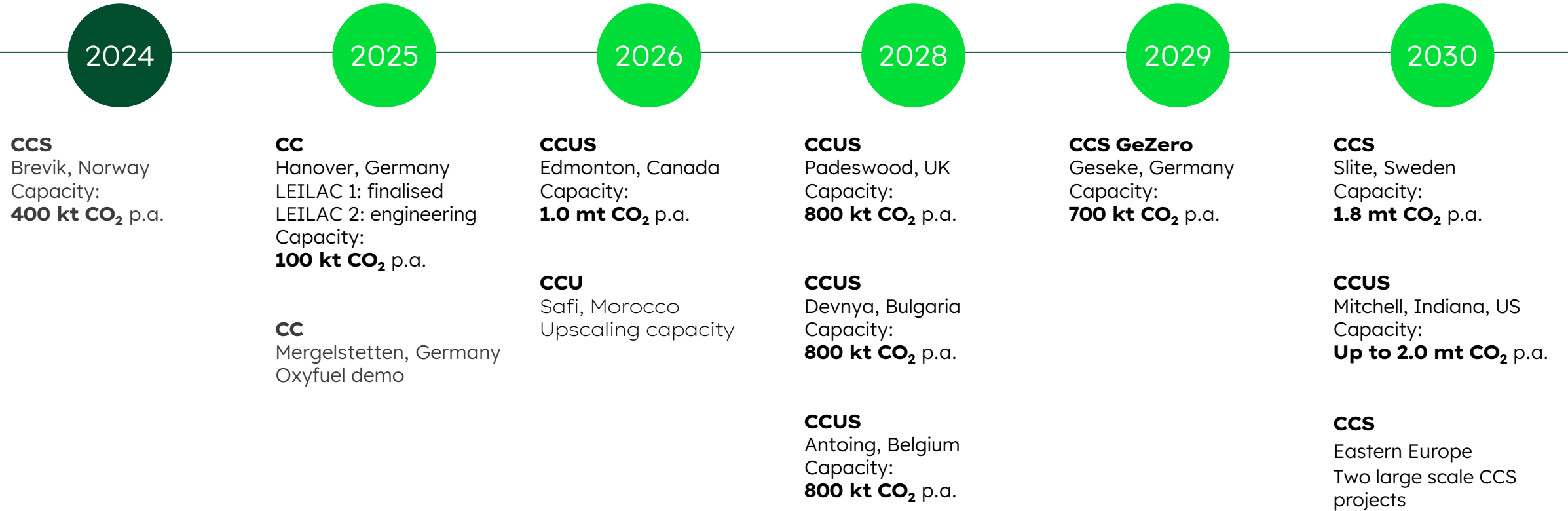
Operational result

Operating Result Quarter [€m]	Revenue				Operating EBITDA				Operating EBITDA Margin				Operating EBIT (RCO)			
	Q2 22	Q2 23	Change	LfL	Q2 22	Q2 23	Change	LfL	Q2 22	Q2 23	Change	LfL	Q2 22	Q2 23	Change	LfL
North America	1,300	1,404	8.0%	8.1%	303	332	9.7%	7.4%	23.3%	23.7%	+37 bps	-16 bps	220	256	16.3%	13.1%
West / South Europe	1,709	1,762	3.1%	3.4%	336	400	19.1%	20.9%	19.6%	22.7%	+305 bps	+333 bps	248	315	26.8%	30.0%
North / East Europe	987	979	-0.8%	3.0%	235	243	3.7%	6.7%	23.8%	24.9%	+109 bps	+88 bps	186	197	5.9%	8.7%
Asia Pacific	873	874	0.1%	7.7%	137	158	15.0%	22.9%	15.7%	18.0%	+234 bps	+223 bps	75	96	27.9%	36.9%
Africa / Med. Basin	510	459	-10.0%	8.5%	120	112	-6.7%	7.8%	23.5%	24.4%	+85 bps	-16 bps	93	87	-5.9%	10.0%
Group Service & Other	144	99	-31.4%	-31.4%	1	-15	N/A	N/A	0.6%	-14.9%	N/A	N/A	-5	-21	N/A	N/A
Total GROUP	5,523	5,577	1.0%	4.6%	1,131	1,230	8.8%	12.0%	20.5%	22.1%	+158 bps	+148 bps	817	931	13.9%	17.5%

Operating Result Year to Date [€m]	Revenue				Operating EBITDA				Operating EBITDA Margin				Operating EBIT (RCO)			
	H1 22	H1 23	Change	LfL	H1 22	H1 23	Change	LfL	H1 22	H1 23	Change	LfL	H1 22	H1 23	Change	LfL
North America	2,098	2,434	16.0%	14.6%	310	409	31.8%	29.1%	14.8%	16.8%	+201 bps	+187 bps	153	260	70.2%	66.7%
West / South Europe	3,155	3,325	5.4%	6.4%	416	597	43.4%	44.8%	13.2%	17.9%	+476 bps	+475 bps	241	426	76.9%	80.0%
North / East Europe	1,668	1,755	5.2%	8.3%	294	313	6.3%	7.9%	17.6%	17.8%	+19 bps	-6 bps	197	220	11.4%	12.8%
Asia Pacific	1,710	1,811	5.9%	11.1%	248	287	15.7%	20.7%	14.5%	15.8%	+134 bps	+126 bps	127	164	28.3%	34.2%
Africa / Med. Basin	1,037	949	-8.5%	9.6%	252	222	-12.1%	2.0%	24.3%	23.4%	-97 bps	-174 bps	198	172	-13.0%	2.3%
Group Service & Other	282	198	-29.7%	-29.7%	5	-40	N/A	N/A	1.7%	-20.0%	N/A	N/A	-8	-52	N/A	N/A
Total GROUP	9,950	10,473	5.3%	8.5%	1,525	1,787	17.2%	21.3%	15.3%	17.1%	+174 bps	+180 bps	908	1,189	31.0%	37.5%



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.



Financial Calendar & IR Contacts

Upcoming events:

2 November 2023: Q3 Trading Update

Contacts:

Christoph Beumelburg

Group Director COM & IR / +49 6221 48113249

Ozan Kacar

Head of Investor Relations / +49 6221 48113925

Katharina Forster

Senior Manager IR / +49 6221 48141016

Samuel Jacob

IR Manager / +49 6221 48139670



Disclaimer

- Unless otherwise indicated, the financial information provided herein has been prepared under International Financial Reporting Standards (IFRS). All the figures included in this presentation are preliminary, unaudited and subject to revision upon completion of the Company's closing and audit processes.
- This presentation contains forward-looking statements and information. Forward-looking statements and information are statements that are not historical facts, related to future, not past, events. They include statements about our beliefs and expectations and the assumptions underlying them. These statements and information are based on plans, estimates, projections as they are currently available to the management of Heidelberg Materials. Forward-looking statements and information therefore speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events.
- By their very nature, forward-looking statements and information are subject to certain risks and uncertainties. A variety of factors, many of which are beyond Heidelberg Materials' control, could cause actual results to differ materially from those that may be expressed or implied by such forward-looking statement or information.
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 the financial markets, including fluctuations in interest and exchange rates, commodity and equity prices, debt prices (credit spreads) and financial assets generally; continued volatility and a further deterioration of capital markets; a worsening in the conditions of the credit business and, in particular, additional uncertainties arising out of the subprime, financial market and liquidity crises; the outcome of pending investigations and legal proceedings and actions resulting from the findings of these investigations; as well as various other factors.
- More detailed information about certain of the risk factors affecting Heidelberg Materials is contained throughout this presentation and in Heidelberg Materials' financial reports, which are available on the Heidelberg Materials website, www.heidelbergmaterials.com. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the relevant forward-looking statement or information as expected, anticipated, intended, planned, believed, sought, estimated or projected.
- In addition to figures prepared in accordance with IFRS, Heidelberg Materials also presents alternative performance measures, including, among others Operating EBITDA, EBITDA margin, Operating EBIT, Adjusted EPS, free cash flow and net debt. These alternative performance measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with IFRS. Alternative performance measures are not subject to IFRS or any other generally accepted accounting principles. Other companies may define these terms in different ways.





Heidelberg
Materials