

Annual General Meeting 2024 of Heidelberg Materials AG

Key messages Dr Dominik von Achten
Chairman of the Managing Board

Key messages Annual General Meeting 2024

1. **We look back at an outstanding financial year 2023**
 2. **We have also made significant progress in terms of sustainability**
 3. **We successfully combine growth, profitability, and sustainability under one roof**
 4. **We pull all levers to further reduce our CO₂ emissions – on a global scale**
 5. **Our strong focus on shareholder return continues**
 6. **We got off to a solid start in the 2024 financial year and confirm our outlook**
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1. **We look back at an outstanding financial year 2023**

- Despite declining demand for our building materials, we closed the past financial year with a record result.
- While our revenue rose slightly by 4% to €21.2 billion, the result from current operations rose by 29% to €3.0 billion.
- Profit for the financial year increased significantly – earnings per share at €10.4 (+23%); for the first time exceeding €10 per share.
- The return on invested capital (ROIC) increased to 10.3% in 2023, exceeding 10% for the first time.
- With a strong cash flow of €2.2 billion, capital efficiency improved again despite higher invested capital.

2. **We have also made significant progress in terms of sustainability**

- We managed to reduce our specific net CO₂ emissions by a further 3% compared with the previous year.
- This was due to both a reduced clinker ratio of around 70% and the increased proportion of non-fossil fuels amounting to almost 30%.

3. **We successfully combine growth, profitability, and sustainability under one roof**

- Over a third of our revenue is already generated with sustainable products, and we aim to increase this to 50% by 2030.
- We set new standards: With the introduction of our new evoBuild® brand, we now apply globally consistent and stringent criteria for sustainable products.
 - CO₂ reduction and circularity form the basis of our evoBuild® brand.

- The consistent evoBuild tiering is based on our sustainability strategy and significantly increases transparency towards our customers.
- In order to be part of the product family, one of three criteria have to be met. evoBuild® products are either
 - 1) low-carbon (cement and concrete),
 - 2) circular (concrete)
 - 3) or feature a combination of both attributes.
- The beginning of a new era: Under the evoZero® brand, we have introduced the world's first carbon captured net-zero cement and concrete.
 - evoZero achieves its net-zero footprint through the application of carbon capture and storage technology at our plant in Brevik, Norway.
 - Mechanical completion of the facility is on track and scheduled for the end of 2024. With our CCS pioneering project, we enable the capture of 400,000 tonnes of CO₂ per year and transportation for permanent storage.
 - The Nobel Center Project has opted to use evoZero® for its new prestigious Nobel Center building in Stockholm.

4. We pull all levers to further reduce our CO₂ emissions – on a global scale

Selected examples:

- **Net-zero products:** In March 2024, we announced that we have been selected for funding of up to US\$500 million for our largest CCUS project to date in Mitchell, Indiana, USA.
- **Products using less material:** End of January 2024, the keys to Europe's largest 3D-printed building were officially handed over, for which we delivered our high-tech construction material.
- **Carbon-reduced products:** We expect our calciner in Ghana to be operational by the end of this year. This paves the way to produce low-carbon calcined clay cements containing less carbon-intensive clinker.
- **Decarbonising our production processes:** We expect a new waste heat recovery system in Egypt to be operational by the third quarter 2024. This way, CO₂ emissions at the site can be reduced.
- **Circular products:**
 - Innovations turn into reality: After first successful trials, we recently opened a novel recycling plant for selective separation of demolition concrete in Poland. With our novel, patented ReConcrete-360° process waste concrete can be fully recycled.
 - To meet the growing demand for sustainable building materials, we are continuously investing in companies, assets, and technologies that pave the

way to a circular economy.

5. Our strong focus on shareholder return continues

- Investments in our future are paying off.
- Our shareholders can once more participate to a large extent in our success.
- We continue to pursue a progressive dividend policy. We are therefore proposing to the Annual General Meeting the distribution of a dividend of €3.00 per share. This corresponds to an increase of €0.40 per share or 15% compared to the previous year's dividend of €2.60 per share.
- In October 2023, we completed our first share buyback programme started in 2021. We announced a second share buyback programme in February 2023 with a volume of €1.2 billion, which will start in the second quarter of 2024.
- Since January 2023, our stock has been performing well above the DAX average.

6. We got off to a solid start in the 2024 financial year and confirm our outlook

- Despite declining revenues compared to a strong prior-year quarter, we have further increased our operational margin. This was in particular due to the very good start to the year in North America and strict cost management.
- Poor weather conditions in key regions and a reduced number of working days in the first quarter of 2024 contributed to declining sales volumes. These were partially offset by positive price momentum in individual core markets.
- Revenue fell by 8% to €4,488 million (previous year: 4,896) compared with the strong prior-year quarter.
- The result from current operations (RCO) decreased by €27 million or 10% to €232 million (previous year: 258).
- Thanks to strict cost management and lower energy prices, the RCOBD margin increased to 12.1% (previous year: 11.4).
- We continue to carefully review our portfolio and pursue dedicated measures to optimize our cost structure. Since January 2023, we have conducted a range of acquisitions and disposals.
- We expect for the current 2024 financial year that demand in the construction sector will increasingly stabilise at a low level.
- We expect cost developments on the energy and raw materials markets to remain volatile.
- Against this backdrop, we confirm our outlook for the full year 2024. Heidelberg Materials anticipates a result from current operations in a corridor of €3.0 billion to €3.3 billion. ROIC is expected to be around 10%.