

Q3 2020 Trading Update

5 November 2020

Dr. Dominik von Achten – Group CEO

Dr. Lorenz Näger – Group CFO



Key Messages Q3 2020

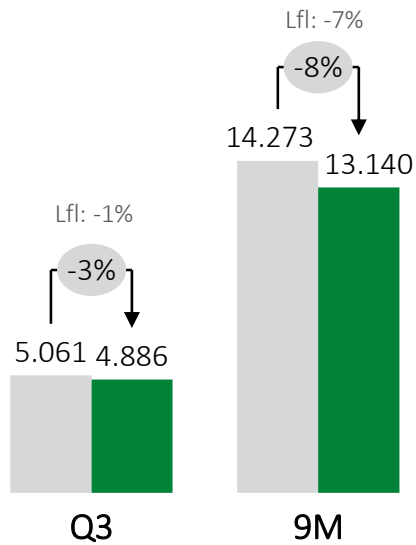
- **Strong operational performance** – LfL EBITDA increases by 17% with nearly flat revenue, leading to significant margin improvement.
- **COPE cash savings plan clearly pays back** – 721 million EUR cash savings achieved in the first 9 months.
- **Excellent financial performance** – LTM FCF up by almost 50% to 2.3b billion EUR. Net debt reduced by 1.8 bn€ year over year.
- **Outlook** – Full year 2020 EBITDA expected to be above previous year. Year-end 2020 leverage ratio expected at $\leq 2.0x$.

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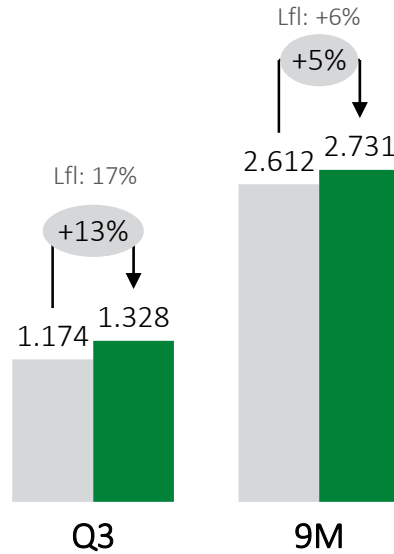


Significant margin improvement with nearly flat revenue

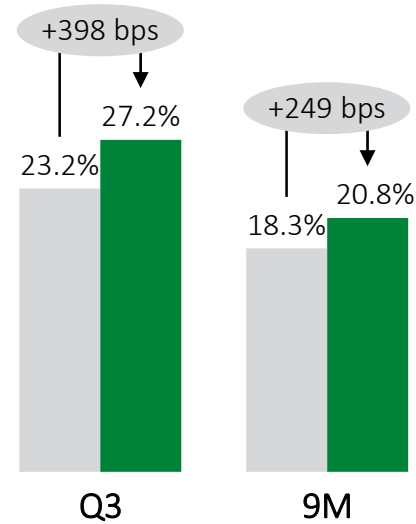
Revenue (m€)



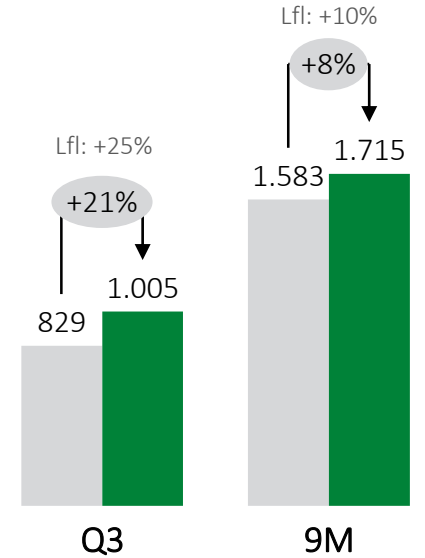
Operating EBITDA (m€)



Operating EBITDA Margin



Operating EBIT (RCO) (m€)



2019 2020

Demand coming back after a very difficult Q2

Volumes	Q3 19	Q3 20	Change	LfL
Cement sales volume (mt)	33.5	33.8	0.2	0.7%
Aggregates sales volume (mt)	87.7	86.1	-1.6	-0.9%
Ready mix sales volume (mt)	13.6	12.7	-0.8	-5.7%

Revenue (mEUR)	Q3 19	Q3 20	Change	LfL
North America	1,487	1,377	-110	-4.1%
Western & Southern Europe	1,312	1,375	63	4.9%
North & Eastern Europe – C.A.	796	792	-4	2.9%
Asia Pacific	867	793	-74	-4.3%
Africa – Eastern Med. Basin	424	455	31	12.8%

Operating EBITDA (mEUR)	Q3 19	Q3 20	Change	LfL
North America	408	415	8	4.8%
Western & Southern Europe	251	332	81	31.9%
North & Eastern Europe – C.A.	230	246	16	11.4%
Asia Pacific	191	211	20	16.1%
Africa – Eastern Med. Basin	106	130	24	29.2%

North America

- EBITDA growth and margin improvement achieved despite continuing pressure on demand.
- NAM specific action plan delivers the first positive results.

Europe

- Solid pricing and saving initiatives lead to significant margin improvement in the quarter.
- Demand coming back in key markets.

Asia-Pacific

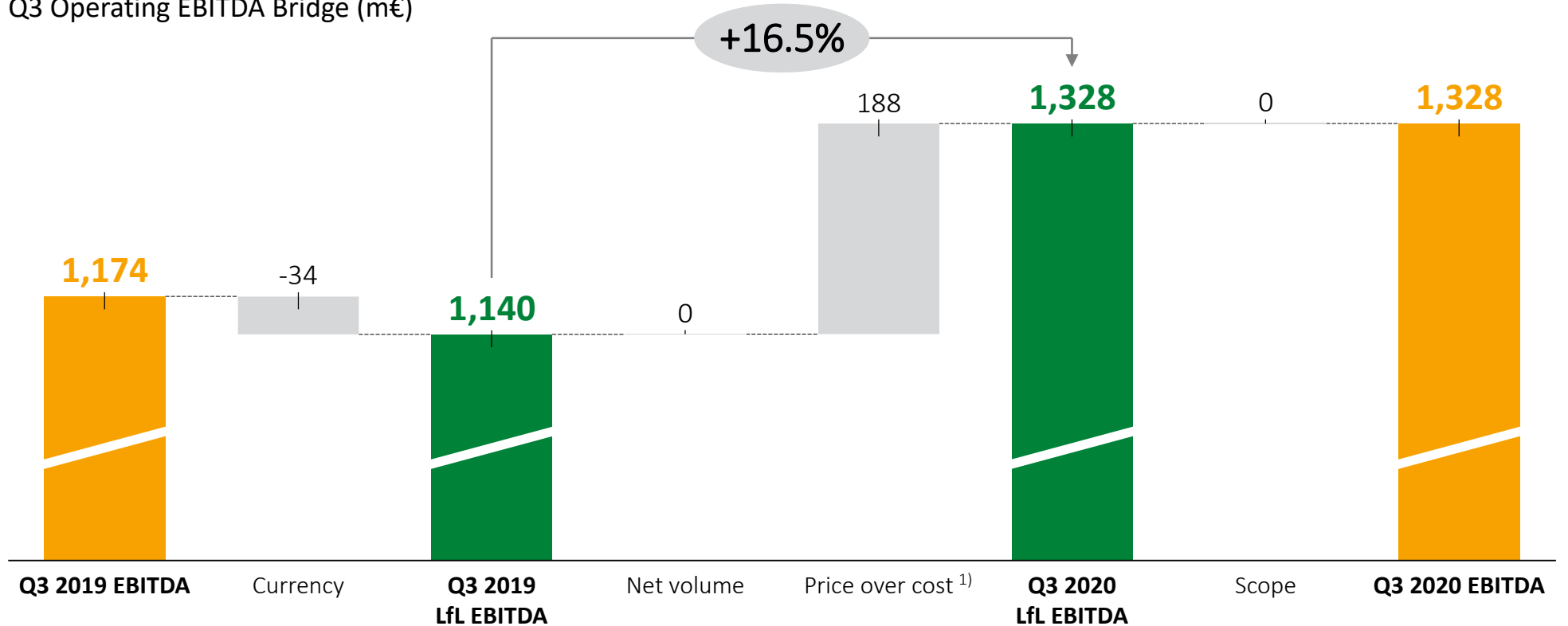
- Margin improvement through COPE savings and tailwind from energy cost inflation despite volumes being under pressure in key markets.

Africa – Eastern Mediterranean

- Solid demand and pricing supported further with cost savings lead to another strong quarterly result.

Significant growth driven by positive pricing and cost savings

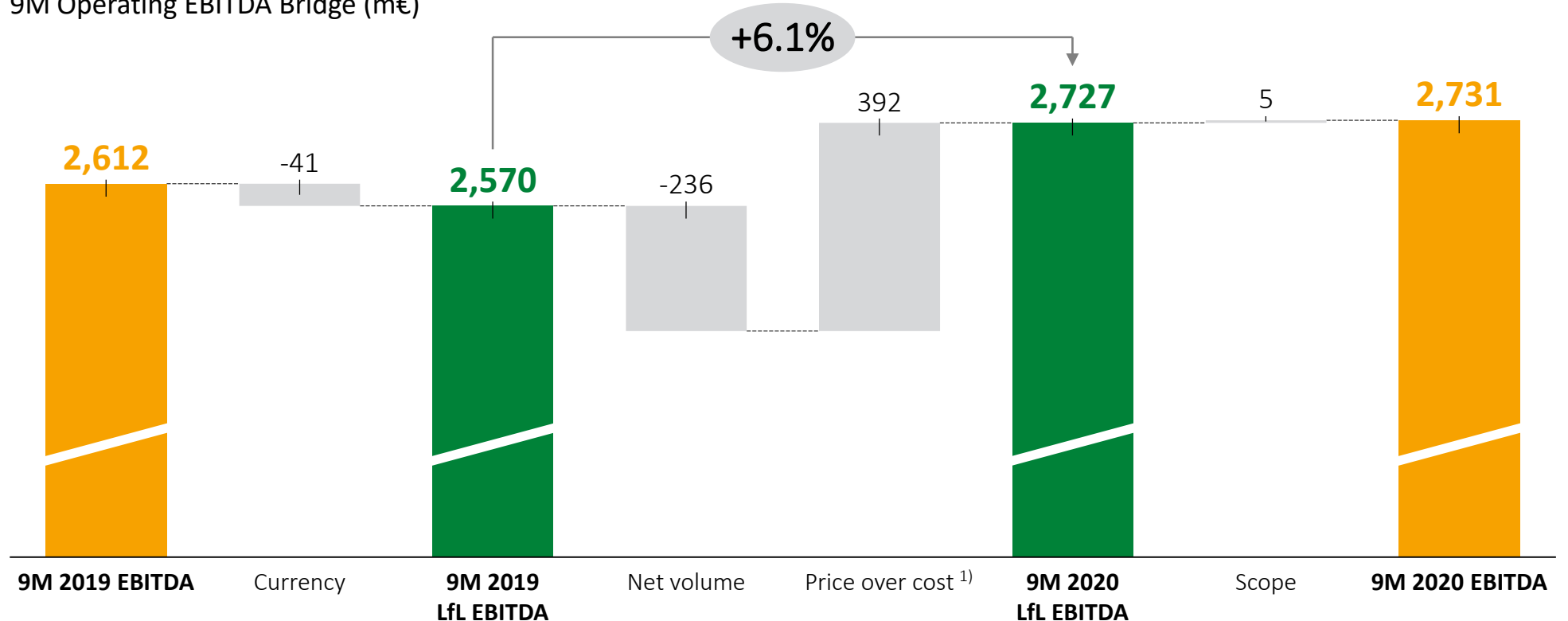
Q3 Operating EBITDA Bridge (m€)



1) Includes COPE cost savings of 101m€

Strong Q3 drives good year to date performance

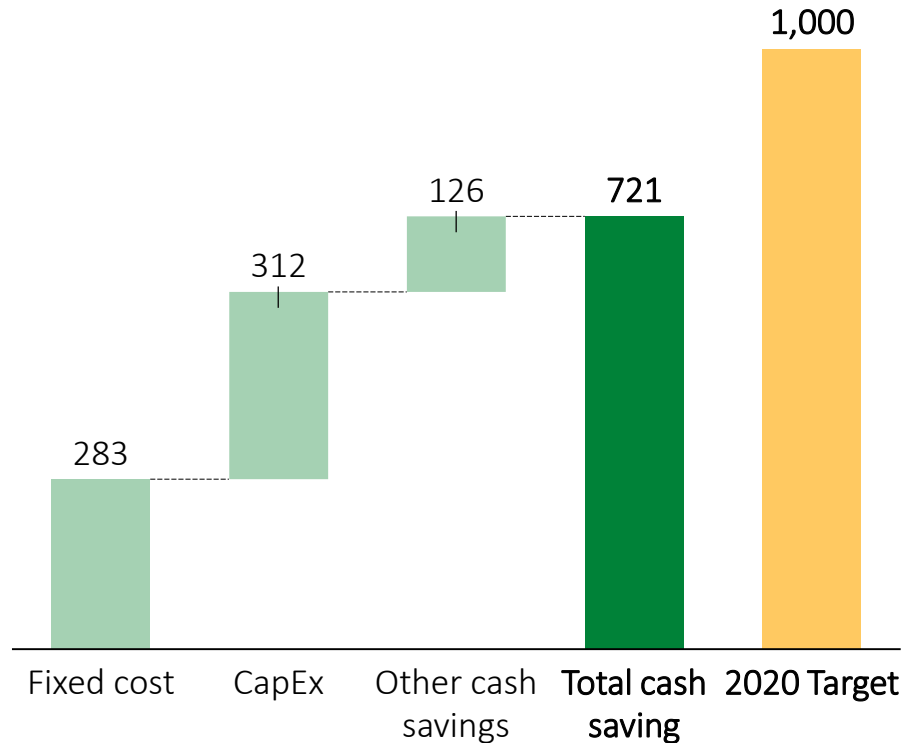
9M Operating EBITDA Bridge (m€)



1) Includes COPE cost savings of 283m€

COPE action plan on track despite much higher revenue than anticipated

COPE cash savings as of September 2020 (m€)

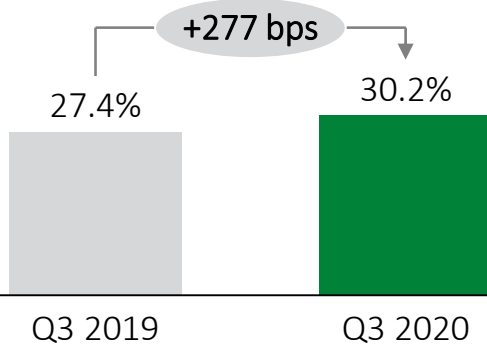


Proactive and successfully implemented action plan

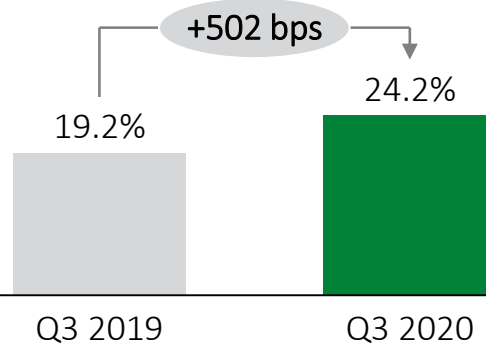
- Cope action plan already initiated in February
- Minimization of all non-essential expenses and reduction of staff costs clearly visible on results
- Maintenance CapEx only for business critical projects
- Suspension of tax prepayments and strict receivables policy

Significant EBITDA margin improvement in all regions

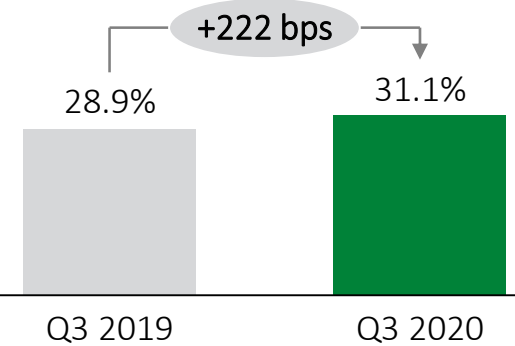
North America



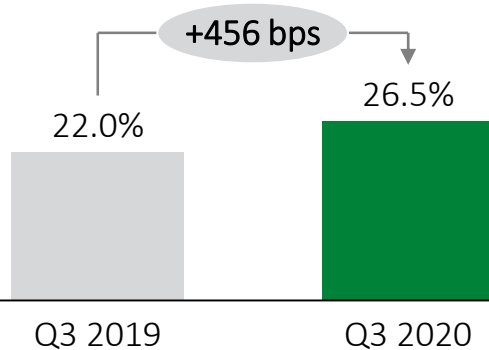
Western & Southern Europe



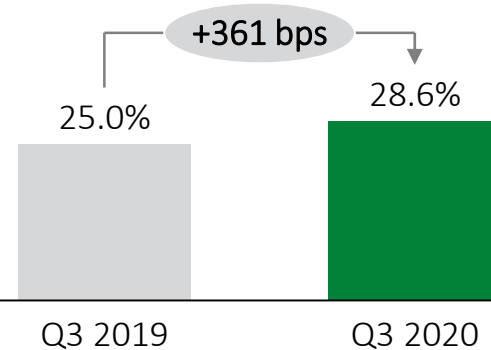
North & Eastern Europe – Central Asia



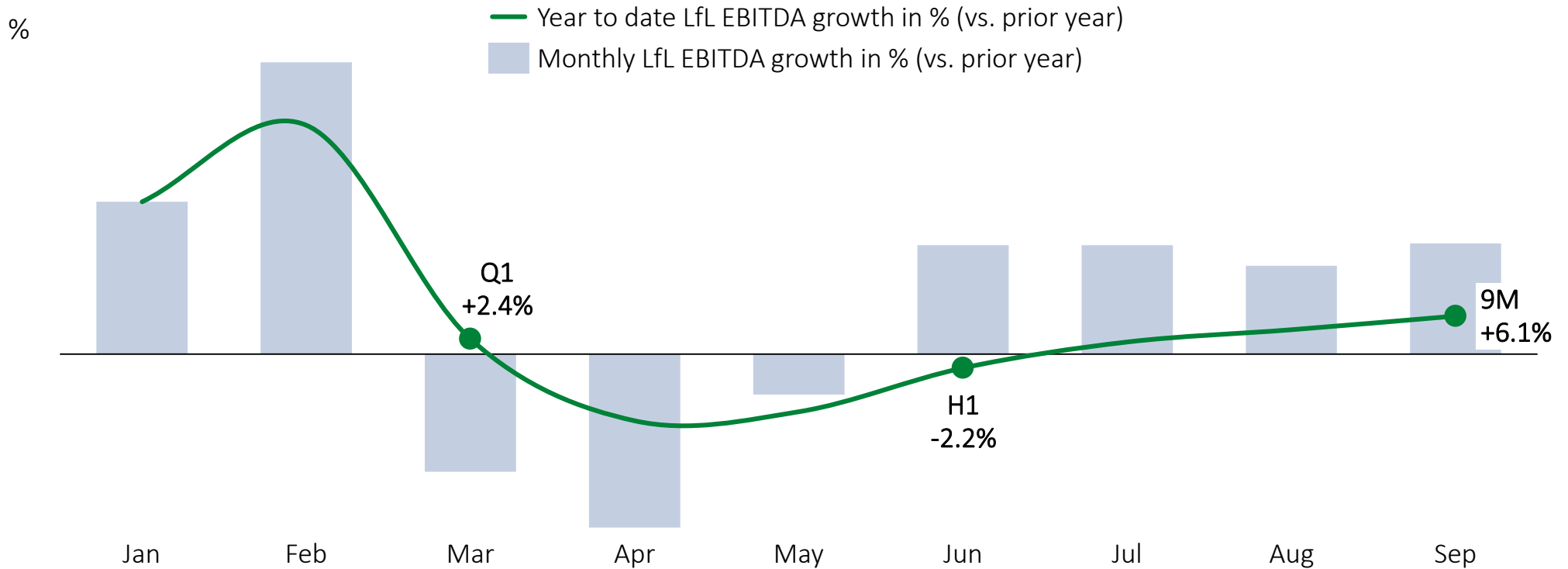
Asia Pacific



Africa-Eastern Mediterranean Basin



Covid-19 impact clearly mitigated by COPE action plan and well-balanced portfolio



Key Financial Messages September 2020

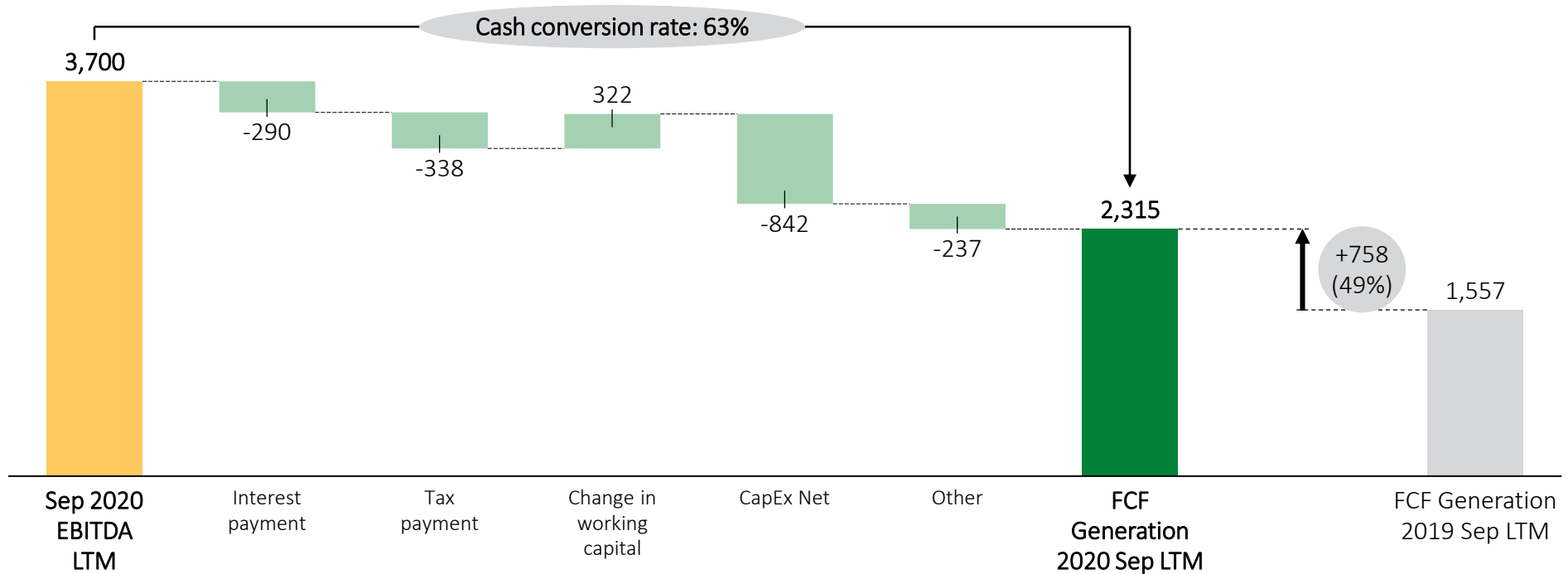
- 2.3 bn€ free cash flow over the last twelve months, up by 0.8 bn€ (cash conversion rate 63%)
- Strong cash generation shows ability of the company to manage costs & spending very flexibly and react quickly to external shocks
- Net debt reduced by 1.8 bn€ year over year: year-end 2020 leverage ratio expected at $\leq 2.0x$
- S&P upgraded rating outlook to BBB- positive
- Early repayment of Jan '21 bond (750 m EUR) in Q4

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Strong free cashflow generation continues

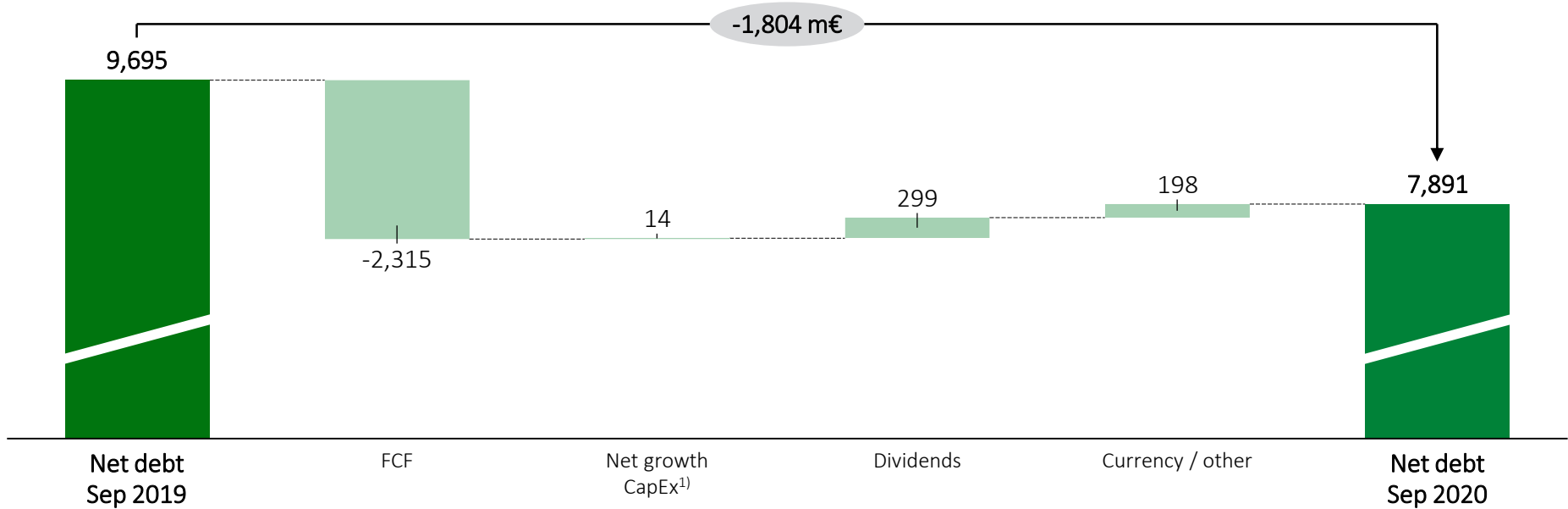
Free cash flow¹⁾ generation (m€)



1) Free cash flow before repayment of lease liabilities (292 m€ LTM September 2020; 202 m€ LTM September 2019) = operating cash flow minus Capex Net.
 FCF definition based on new calculation method as communicated during CMD.

Significant net debt reduction driven by strong cash generation and disciplined CapEx

Net debt development (m€)



1) Net growth capex incl. capital decrease in non-controlling interests.

SUSTAINABILITY

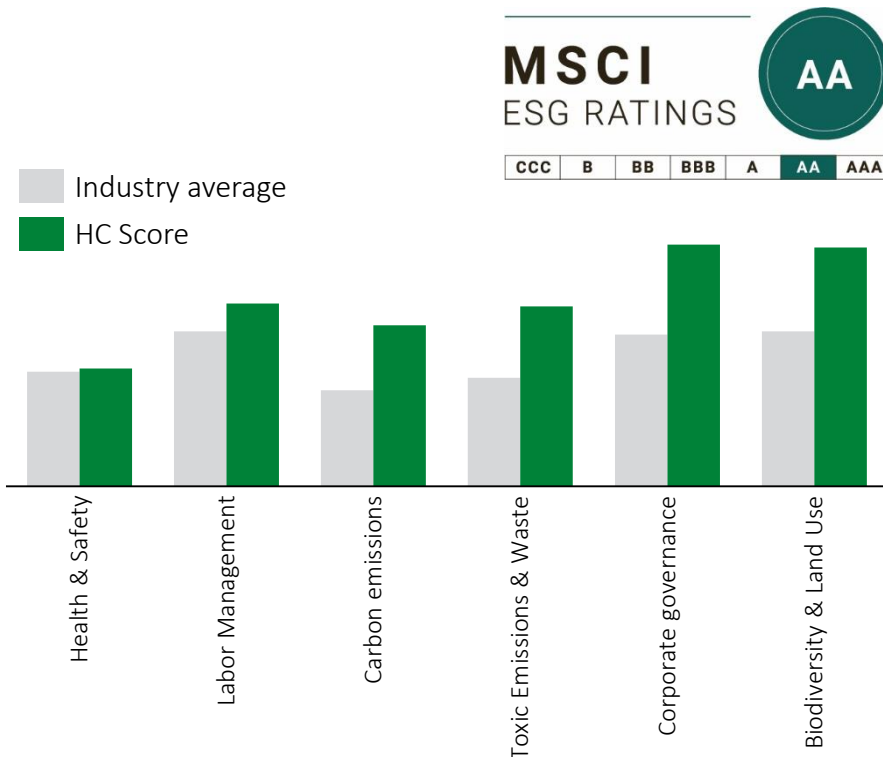
- **Strong commitment to ESG**
HeidelbergCement maintains an AA rating (category of Leader) in the MSCI ESG Rating
- **Continued progress in leveraging our sustainable/ low-carbon product portfolio**
i.tech® 3D: HeidelbergCement's Innovative concrete for Germany's first printed residential house
- **CCS project in Norway as a major step towards our goal of carbon neutral concrete**
Norwegian Parliament expected to give the final approval to Norcem carbon capture project in December 2020

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HeidelbergCement with an AA MSCI ESG rating for the fifth time in a row

MSCI's ESG rating scorecard (as of September 21, 2020)



- In September 2020, HeidelbergCement achieved an AA rating in the MSCI ESG Rating for the fifth time in a row
- AA rating puts HeidelbergCement in the category of Leader in the area of ESG indicating resilience to disruptions arising from ESG events
- Above average scoring in all ESG rating criteria
- Our goal is to reach a AAA rating in the near term

i.tech® 3D: Innovative concrete for Germany's first printed residential house

3D-printed Beckum house, Germany



Product description:

Innovative concrete i.tech® 3D developed for 3D extrusion printing with rapid load-bearing capacity

Project details:

Construction of a 160m² two-storey detached house in Beckum, NRW, Germany; Project partners: PERI GmbH, COBOD

Passed all official approval processes in recent weeks and months!

Advantages:

- Less concrete leading to less CO₂ emissions/element
- Higher rapidity, productivity & lower labor costs¹⁾
- Flexibility: usable for complex shapes & different 3D printing technologies

“Beyond 2020” Targets

EBITDA margin



+300 bps
vs 2019

ROIC



Clearly

>8%

Leverage ratio



1.5-2.0x

Sustainability



<525 kg
CO₂/t cementitious

CO₂ reduction
target accelerated
by 5 years:
-30% vs 1990

Digital transformation



>75% of global sales volumes
covered by HConnect

Key Messages Q3 2020

- **Strong operational performance** – LfL EBITDA increases by 17% with nearly flat revenue, leading to significant margin improvement.
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Appendix



Sales volumes

Sales Volumes QUARTER	Cement ('000 t)				Aggregates ('000 t)				Ready Mix ('000 m3)				Asphalt ('000 t)			
	Q3 19	Q3 20	Change	LfL	Q3 19	Q3 20	Change	LfL	Q3 19	Q3 20	Change	LfL	Q3 19	Q3 20	Change	LfL
North America	4,786	4,505	-281	-5.9%	40,421	38,596	-1,824	-4.5%	2,253	2,261	8	-0.1%	1,910	1,913	4	-2.8%
West / South Europe	7,596	7,814	218	2.9%	21,222	21,148	-74	-0.3%	4,754	4,667	-88	-1.7%	950	1,053	103	10.9%
North / East Europe	7,041	6,989	-52	-0.7%	13,758	14,484	726	6.9%	1,872	1,592	-280	-12.9%	0	0	0	0.0%
Asia Pacific	9,099	8,801	-298	-3.9%	10,144	9,947	-197	3.8%	3,261	2,821	-440	-13.5%	571	707	136	23.7%
Africa / Med. Basin	4,831	5,518	687	15.3%	2,191	1,876	-315	-14.4%	1,301	1,331	29	2.2%	135	71	-65	-47.8%
Group Service	168	136	-32	-18.9%	0	0	0	0.0%	114	71	-43	-38.1%	0	0	0	0.0%
HC GROUP	33,521	33,764	243	0.7%	87,677	86,052	-1,625	-0.9%	13,556	12,742	-814	-5.7%	3,566	3,744	178	3.4%

Sales Volumes YEAR TO DATE	Cement ('000 t)				Aggregates ('000 t)				Ready Mix ('000 m3)				Asphalt ('000 t)			
	Sep 19	Sep 20	Change	LfL	Sep 19	Sep 20	Change	LfL	Sep 19	Sep 20	Change	LfL	Sep 19	Sep 20	Change	LfL
North America	12,260	11,612	-647	-5.3%	97,936	94,821	-3,115	-3.2%	5,826	5,861	35	0.2%	3,820	3,729	-92	-5.4%
West / South Europe	22,667	20,705	-1,962	-7.4%	63,499	57,762	-5,737	-10.0%	13,948	12,577	-1,371	-10.5%	2,682	2,506	-177	-6.6%
North / East Europe	18,252	17,899	-353	-0.3%	35,565	36,379	814	3.5%	5,030	4,433	-596	-9.8%	0	0	0	0.0%
Asia Pacific	26,171	23,816	-2,354	-9.4%	29,806	26,461	-3,345	-5.2%	8,869	7,745	-1,124	-13.4%	1,555	1,584	29	1.8%
Africa / Med. Basin	14,678	15,665	987	7.9%	6,633	5,419	-1,214	-18.3%	3,903	3,592	-311	-8.0%	333	269	-65	-19.5%
Group Service	519	414	-105	-20.2%	0	0	0	0.0%	375	237	-138	-36.8%	0	0	0	0.0%
HC GROUP	94,546	90,112	-4,434	-4.0%	233,282	220,843	-12,439	-4.6%	37,951	34,446	-3,505	-9.5%	8,391	8,087	-305	-5.0%

Operating result

Operating Result QUARTER	Revenues (m€)				Operating EBITDA (m€)				Operating EBIT / RCO (m€)				EBITDA Margin			
	Q3 19	Q3 20	Change	LfL	Q3 19	Q3 20	Change	LfL	Q3 19	Q3 20	Change	LfL	Q3 19	Q3 20	Change	LfL
North America	1,487	1,377	-7.4%	-4.1%	408	415	2.0%	4.8%	308	329	6.9%	9.2%	27.4%	30.2%	+277 bps	+257 bps
West / South Europe	1,312	1,375	4.8%	4.9%	251	332	32.3%	31.9%	151	236	56.7%	56.2%	19.2%	24.2%	+502 bps	+495 bps
North / East Europe	796	792	-0.5%	2.9%	230	246	7.1%	11.4%	180	199	10.1%	14.5%	28.9%	31.1%	+222 bps	+237 bps
Asia Pacific	867	793	-8.5%	-4.3%	191	211	10.4%	16.1%	130	152	17.1%	22.5%	22.0%	26.5%	+456 bps	+471 bps
Africa / Med. Basin	424	455	7.3%	12.8%	106	130	22.9%	29.2%	79	104	31.0%	38.4%	25.0%	28.6%	+361 bps	+362 bps
Group Service	308	260	-15.6%	-15.3%	1	10	617.2%	683.8%	0	9	4062.8%	5862.5%	0.4%	3.7%	+323 bps	+327 bps
HC GROUP	5,061	4,886	-3.5%	-0.7%	1,174	1,328	13.1%	16.5%	829	1,005	21.2%	24.7%	23.2%	27.2%	+398 bps	+402 bps

Operating Result YEAR TO DATE	Revenues (m€)				Operating EBITDA (m€)				Operating EBIT / RCO (m€)				EBITDA Margin			
	Sep 19	Sep 20	Change	LfL	Sep 19	Sep 20	Change	LfL	Sep 19	Sep 20	Change	LfL	Sep 19	Sep 20	Change	LfL
North America	3,614	3,513	-2.8%	-2.9%	750	755	0.7%	1.2%	476	476	-0.1%	0.7%	20.8%	21.5%	+74 bps	+87 bps
West / South Europe	3,878	3,662	-5.6%	-5.5%	579	638	10.2%	9.2%	268	340	26.6%	24.7%	14.9%	17.4%	+249 bps	+233 bps
North / East Europe	2,170	2,141	-1.3%	2.6%	489	540	10.5%	13.3%	338	396	17.0%	19.9%	22.5%	25.2%	+269 bps	+236 bps
Asia Pacific	2,486	2,197	-11.6%	-9.2%	539	490	-9.0%	-5.7%	351	302	-14.0%	-10.7%	21.7%	22.3%	+65 bps	+83 bps
Africa / Med. Basin	1,261	1,308	3.8%	4.5%	290	322	11.2%	14.1%	207	241	16.0%	20.7%	23.0%	24.6%	+164 bps	+206 bps
Group Service	1,325	759	-42.7%	-42.7%	18	19	8.6%	8.9%	14	16	11.9%	12.0%	1.3%	2.5%	+119 bps	+120 bps
HC GROUP	14,273	13,140	-7.9%	-6.9%	2,612	2,731	4.6%	6.1%	1,583	1,715	8.4%	10.3%	18.3%	20.8%	+249 bps	+253 bps

Scope and currency impacts

Scope & Currency QUARTER	Scope Impact on Volumes				Revenue		Operating EBITDA		Operating EBIT (RCO)	
	CEM	AGG	RMC	ASP	Scope	Currency	Scope	Currency	Scope	Currency
North America	0	3	11	57	8	-60	0	-11	-1	-6
West / South Europe	0	0	-7	0	0	-1	1	0	1	0
North / East Europe	0	-223	-39	0	-1	-26	0	-9	0	-7
Asia Pacific	53	-582	0	0	9	-48	1	-10	1	-6
Africa / Med. Basin	-52	0	0	0	-4	-17	-1	-4	-1	-3
Group Service	0	0	0	0	0	-1	0	0	0	0
HC GROUP	1	-803	-35	57	12	-152	0	-34	0	-23

Scope & Currency YEAR TO DATE	Scope Impact on Volumes				Revenue		Operating EBITDA		Operating EBIT (RCO)	
	CEM	AGG	RMC	ASP	Scope	Currency	Scope	Currency	Scope	Currency
North America	0	6	21	115	16	-14	-1	-3	-2	-2
West / South Europe	-294	596	96	0	-2	-2	6	0	5	0
North / East Europe	-299	-424	-102	0	-22	-61	4	-16	4	-11
Asia Pacific	111	-1,785	68	0	18	-87	0	-19	-1	-12
Africa / Med. Basin	-168	0	0	0	-15	5	-4	-4	-3	-5
Group Service	0	0	0	0	0	0	0	0	0	0
HC GROUP	-651	-1,607	84	115	-4	-159	5	-41	3	-31

Contact information and financial reporting calendar

Date	Event
18 March 2021	Full Year Results
6 May 2021	AGM & First Quarter Results
29 July 2021	Half Year Results
4 November 2021	Third Quarter Results

Contact Information

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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 HeidelbergCement's control, could cause actual results to differ materially from those that may be expressed or implied by such forward-looking statement or information. For HeidelbergCement 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 HeidelbergCement's 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.

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In addition to figures prepared in accordance with IFRS, HeidelbergCement also presents alternative performance measures, including, among others Operating EBITDA, EBITDA margin, 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. "Operating EBITDA" definition included in this presentation represents "Result from current operations before depreciation and amortization (RCOBD)" and "Operating Income" represents "Result from current operations (RCO)" lines in the annual and interim reports.