

Annual General Meeting 2020 Report of the Chairman of the Managing Board

Dr. Dominik von Achten

Heidelberg, 4 June 2020



A big „thank you“ to you! Our ...

... shareholders



... customers



... suppliers and service providers



... employees



Ernest Jelito

Member of the
Managing Board
since 1 July 2019

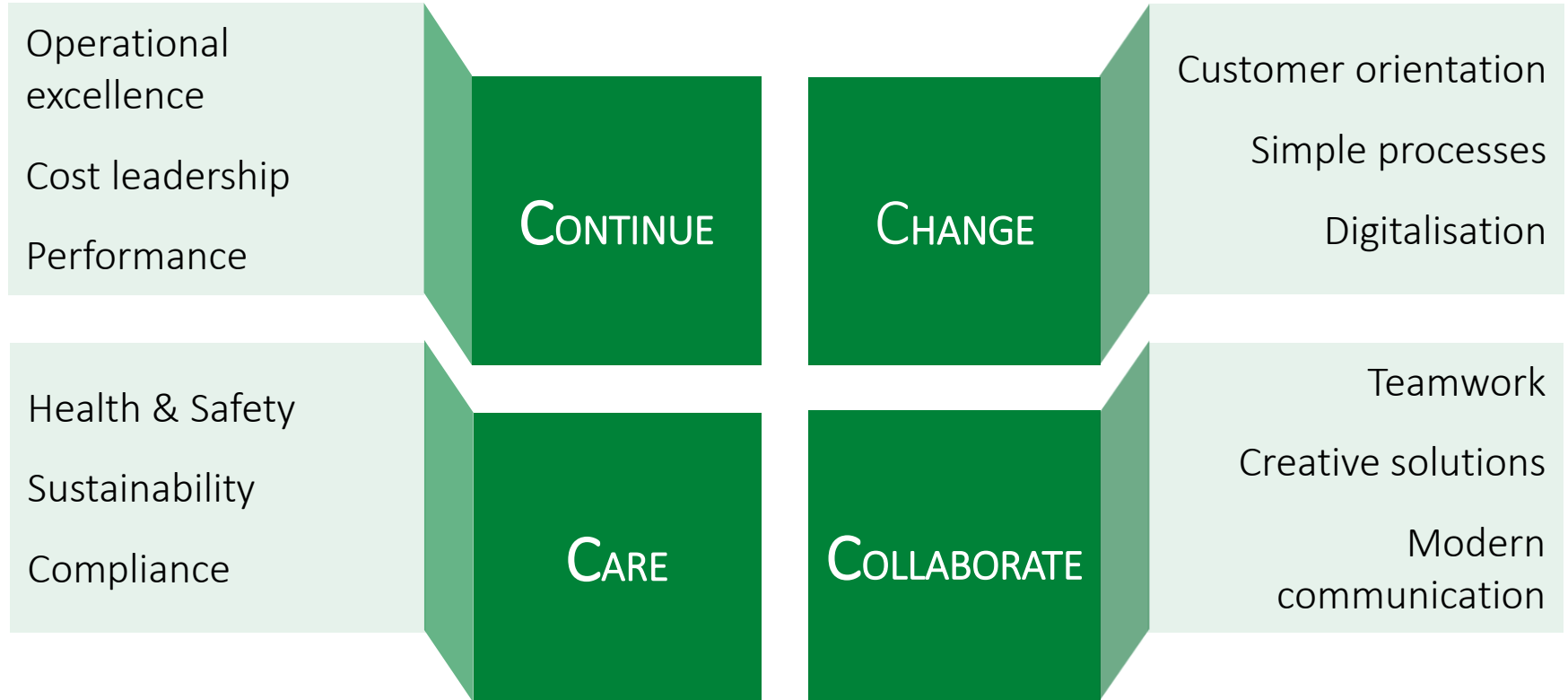


Chris Ward

Member of the
Managing Board
since 1 September 2019



What drives us – our “4C” guidelines

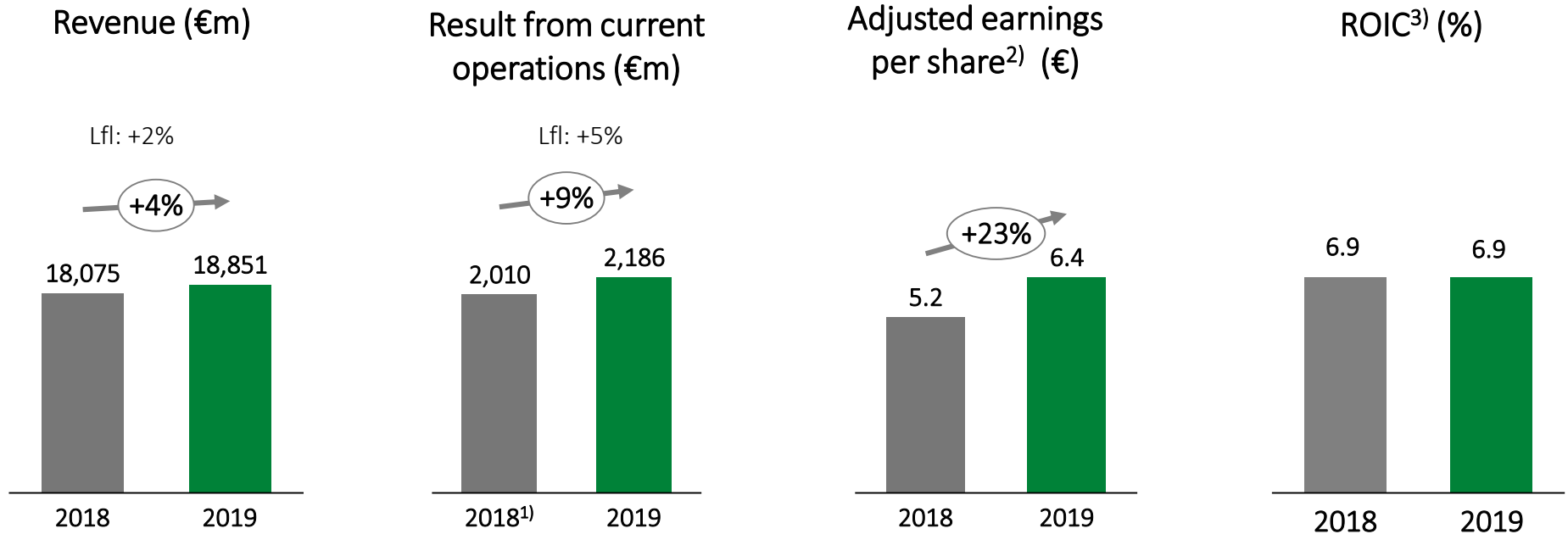


We have delivered

- ✓ Revenue and result improved
- ✓ Record free cash flow – net debt decreased
- ✓ Premium on cost of capital earned
- ✓ CO₂ emissions further reduced
- ✓ Smooth management team transition



Important key figures developed well



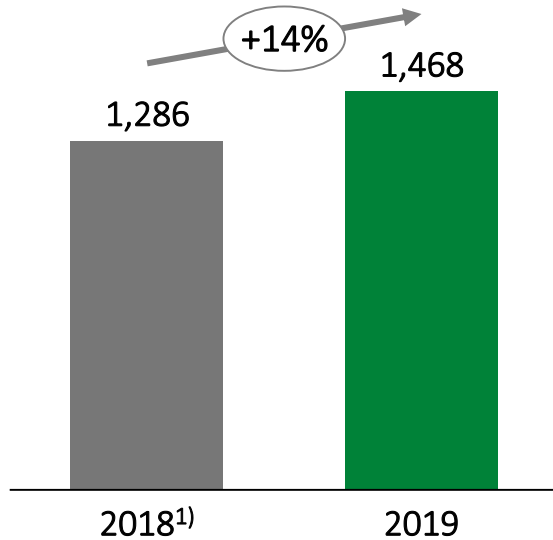
1) 2018 figure was adjusted

2) Adjusted earnings per share excludes additional ordinary result which was negatively affected in 2019 by non-recurring effects of €m-143, primarily due to the disposal of the Ukraine business

3) ROIC = Return on Invested Capital

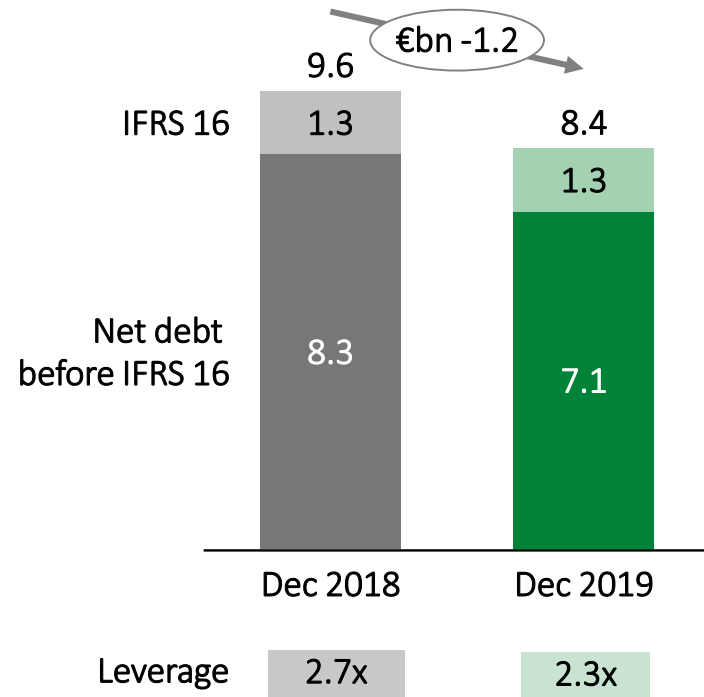
Free cash flow at record level – net debt significantly reduced

Free cash flow (€bn)



1) 2018 figure was adjusted

Net debt (€bn)

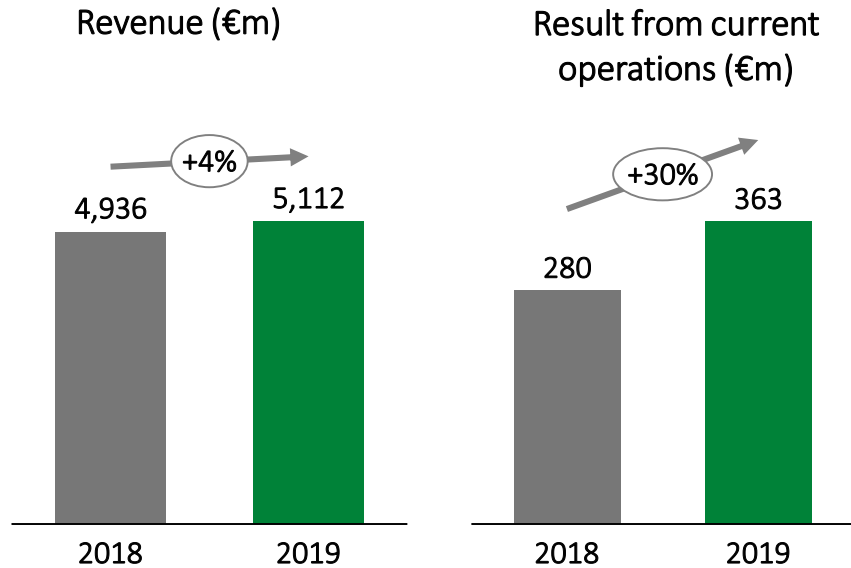




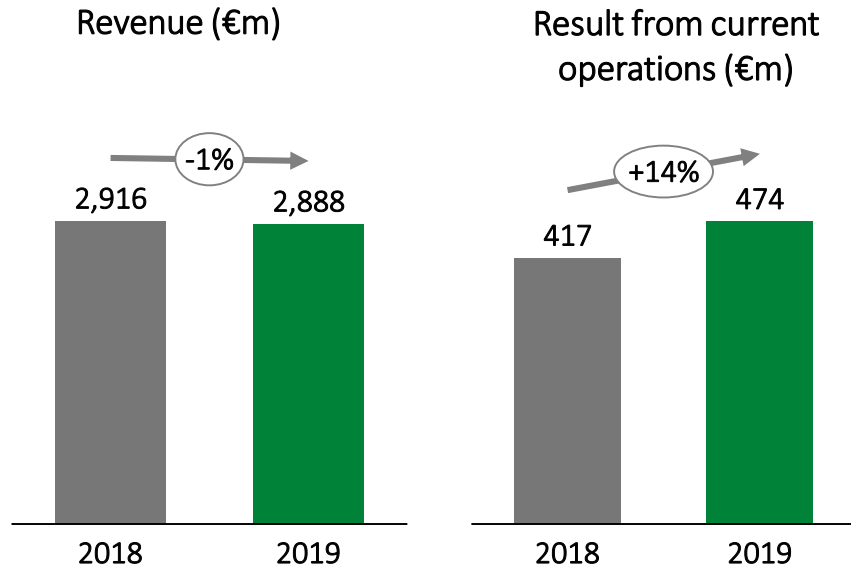
We cross borders.

Brenner base tunnel, Austria and Italy

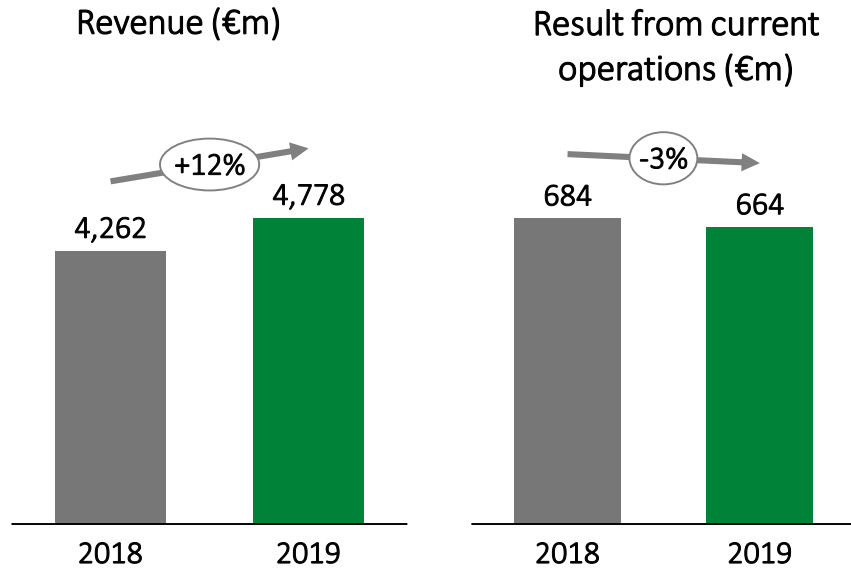
Western and Southern Europe – product mix and price amendments drive result growth



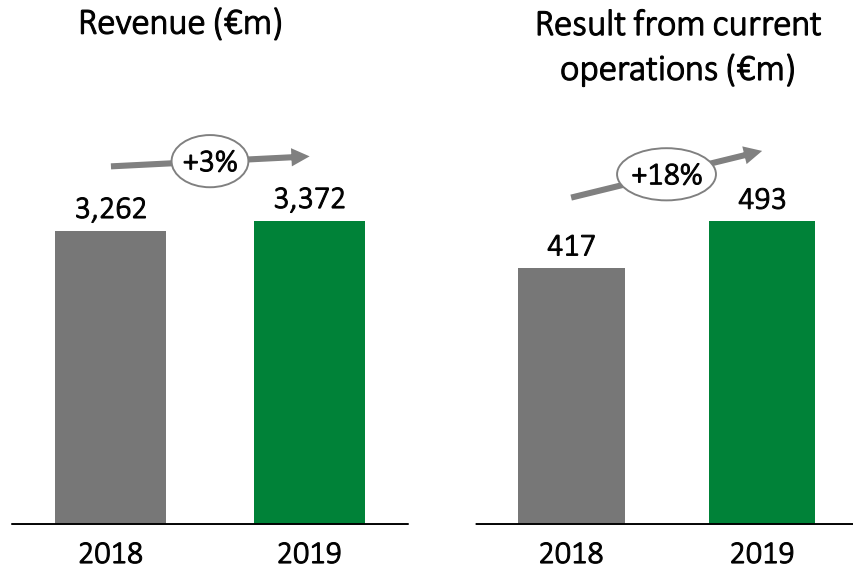
Northern and Eastern Europe-Central Asia – result rises despite lower sales volumes



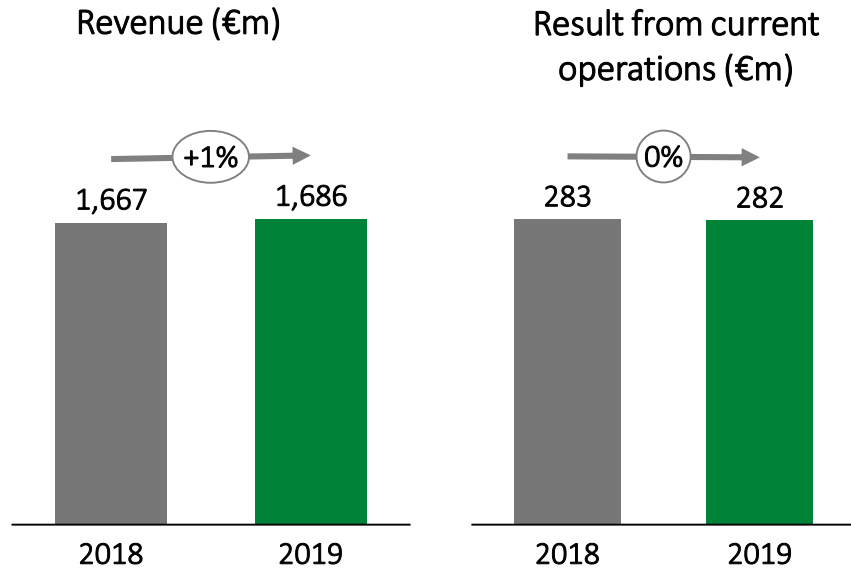
North America – sales volumes growth for aggregates and concrete



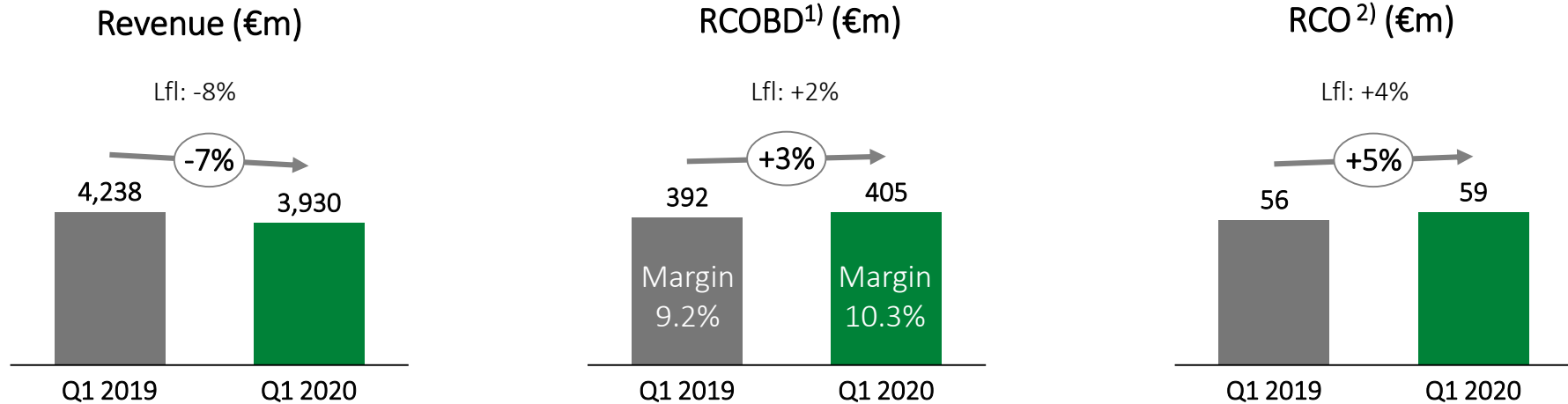
Asia-Pacific – results improve significantly in Indonesia and Thailand



Africa-Eastern Mediterranean Basin – positive development in Morocco and sub-Saharan



Good start to the year 2020 despite first COVID-19 related impact in March



- 1) RCOBD = Result from current operations before depreciation and amortization; equivalent to operating EBITDA
- 2) RCO = Result from current operations; equivalent to operating EBIT

A nighttime photograph of the Genoa Bridge under construction. The bridge's structure is illuminated with vibrant green lights, while the construction site below is lit with bright white lights. In the background, the city of Genoa is visible with its lights and buildings. A green banner is overlaid on the top right of the image.

We connect people.

Bridge, Genoa, Italy

Health & Safety first – caring for our employees and business partners



Up to €1 billion cash savings through COPE* action plan

Cost savings

- **Minimisation of all non-essential expenses**
- **Voluntary salary cuts** of Management
- **Reduction of personnel costs** through short-time working, staff reductions and furloughing in affected countries

Reduction of investments

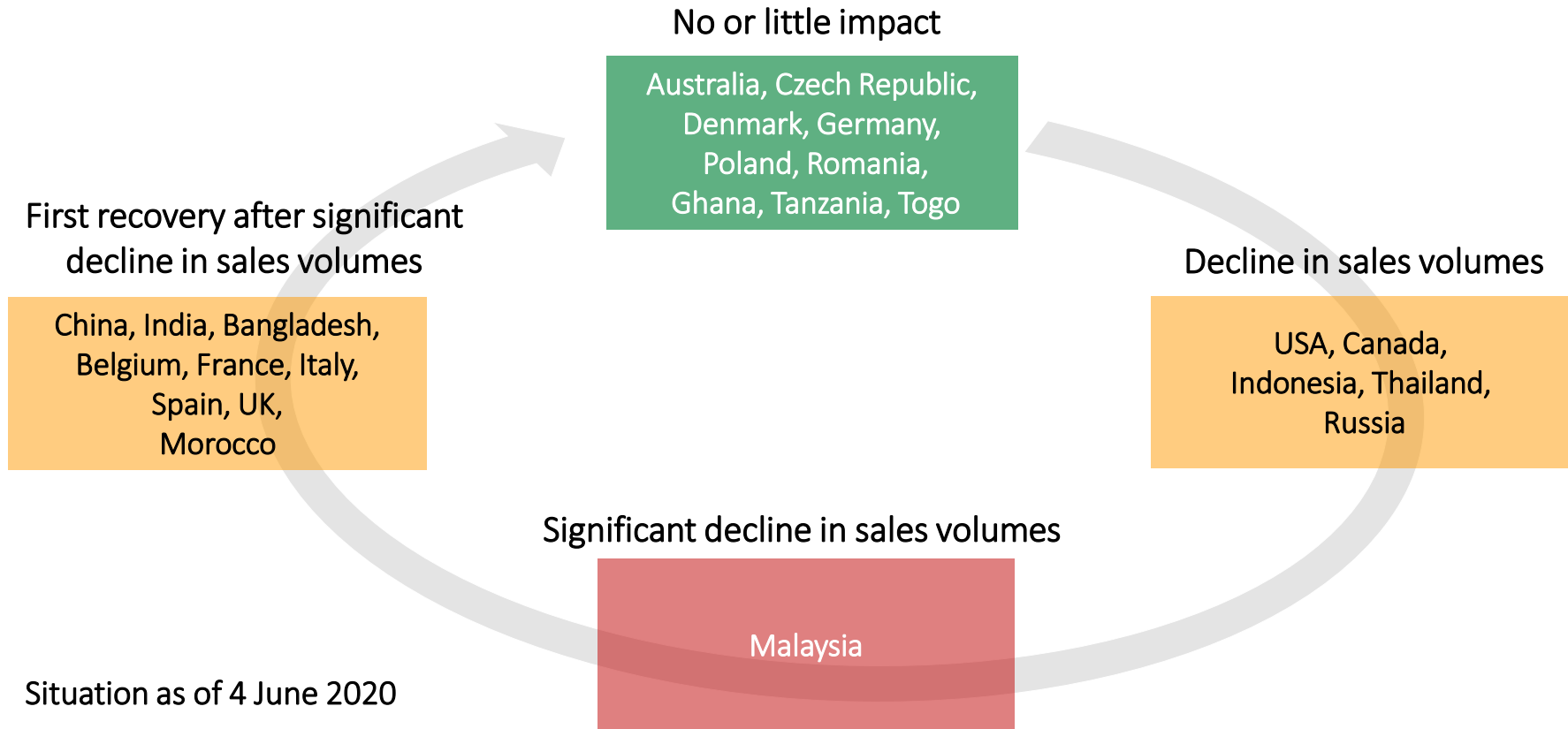
- **Restriction of maintenance investments** to business critical projects
- **Postponement of ongoing projects** where possible

Taxes and working capital

- **Active management** of all **working capital** items
- **Strict control of receivables** in cooperation with our customers
- **Suspension of tax prepayments** and utilisation of loss carry-forwards and -backs

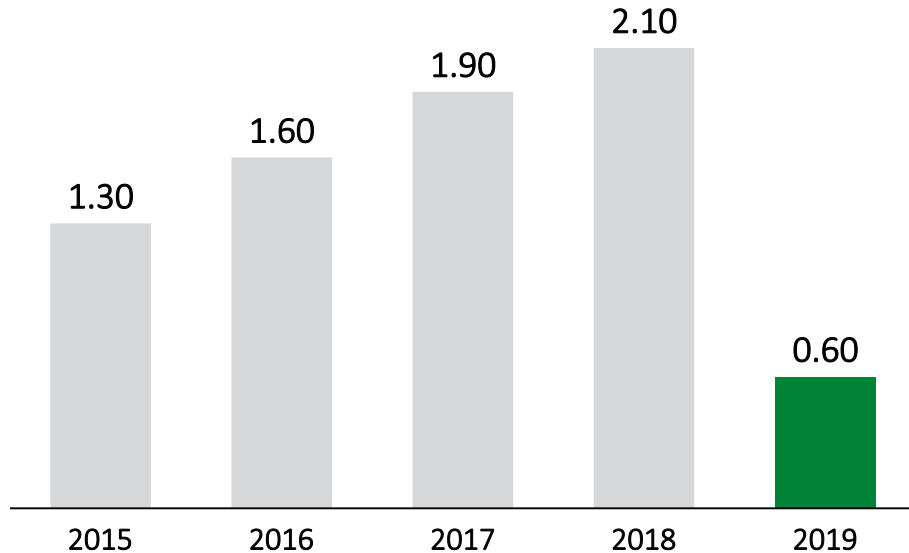
* COPE = COVID Contingency Plan Execution

Different impact of COVID-19 on local sales volumes



Dividend proposal adjusted to €0.60 per share – additional liquidity preserved

Dividend development (€)



Fundamental dividend policy confirmed

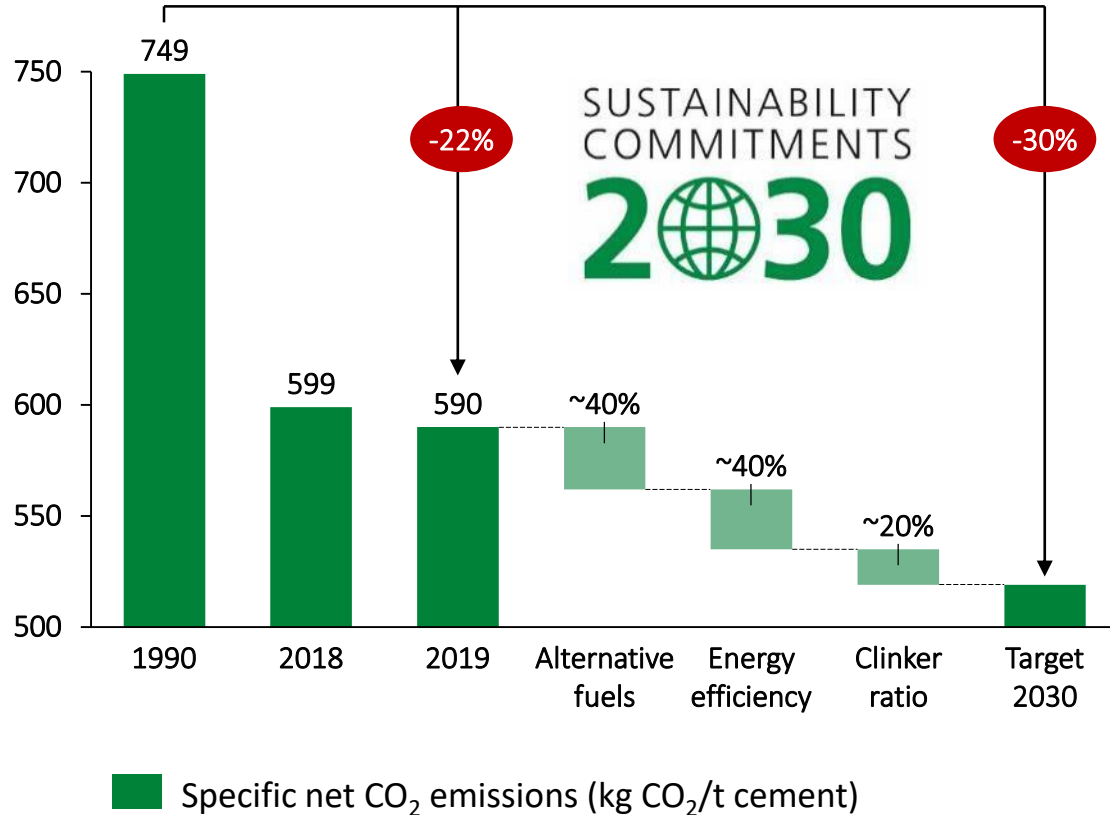
- **Progressive dividend policy suspended** due to high level of uncertainty of future development
- Original dividend proposal adjusted **from €2.20 to €0.60 per share**
- **Good financial profile** maintained from the beginning of the crisis
- **Additional liquidity of €317 million** preserved
- **Return to previous progressive dividend policy** after overcoming the corona crisis (stable or rising dividend with payout ratio of around 40%)

We enable future.



Particle accelerator FAIR, Darmstadt, Germany

Significant progress in reduction of CO₂ emissions





Our Vision 2050

Our goal is to realise **carbon neutral concrete** by **2050** at the latest.

- Lowering CO₂ content in our products
- Reduction of CO₂ in clinker
- Recycling of concrete
- Capturing of CO₂



Internal and external process optimisation through digitalisation

Remotely controlled and maintained production sites

Big data analytics for concrete mix design and workflow analysis

Digital exchange with customers and suppliers

Workflow automation



Outlook 2020

- 2020 outlook uncertain – negative effects from Corona crisis expected
- Long-term prospects remain favourable
- **Strategy** update in **September 2020**



We see the crisis as an opportunity – our focus areas in 2020

COPE Action Plan



- Implementing **COPE action plan** with focus on costs, cash, taxes and working capital management
- Maintaining **sufficient liquidity** headroom

Business Continuity



- **Country-specific business approach** enables maximum customer focus during Corona crisis
- Continuous **focus on product availability**

Sustainability



- Implementing our **Sustainability Commitments 2030**
- Developing roadmap for **Vision 2050** “carbon-neutral concrete”

Strategy



- Defining **strategic priorities**
- **Strategy update** in September 2020



Concrete.
The most versatile building material.



Forward looking statements

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These factors include those discussed in HeidelbergCement's public reports, which are available on the HeidelbergCement website at www.heidelbergcement.com.

The company assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.