

2021 Full Year Results

24 February 2022

Dr. Dominik von Achten – Group CEO

René Aldach – Group CFO

Key Messages 2021

- **Very strong results 2021** – Revenue +8%, EBITDA +6%, RCO +12% (all like-for-like)
- **Successfully implemented price hikes and fixed cost management** lead to excellent Q4 result
- **Record return on invested capital (ROIC) of 9.3%**
- **High focus on shareholder returns** – Almost 1 billion EUR spent on dividends and share buybacks in 2021; second tranche of buyback program to start latest by 10th March
- **Good progress on ESG** – Net CO₂ emissions reduced by 2% to 565 kg CO₂/t CEM
- **Optimistic outlook for 2022** – Further growth in revenue, EBITDA and RCO despite challenging conditions in the first half of the year

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2021 achievements vs. 2025 targets

EBITDA margin



+300 bps

vs 2019

+171 bps
2021

ROIC



Clearly

>8%

9.3%
2021

Leverage ratio



1.5-2.0x

1.3 x
2021

Sustainability



<525 kg

CO₂/t cementitious

565 kg
CO₂/t cem.
2021

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

Digital transformation

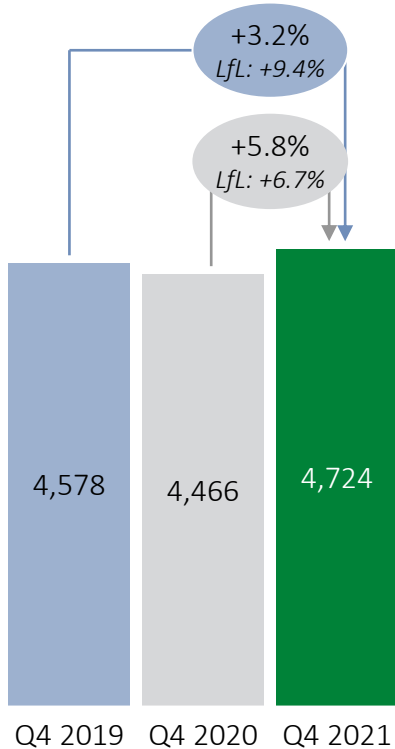


>75% of global sales
volumes covered by HConnect

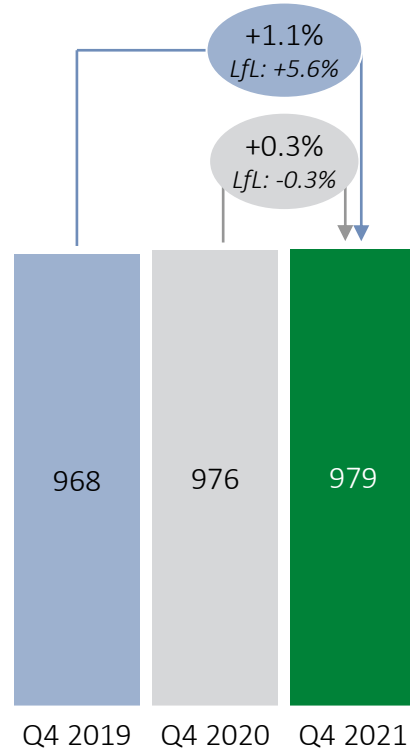
52%
2021

Q4 2021 – Successful price increases ease margin pressure

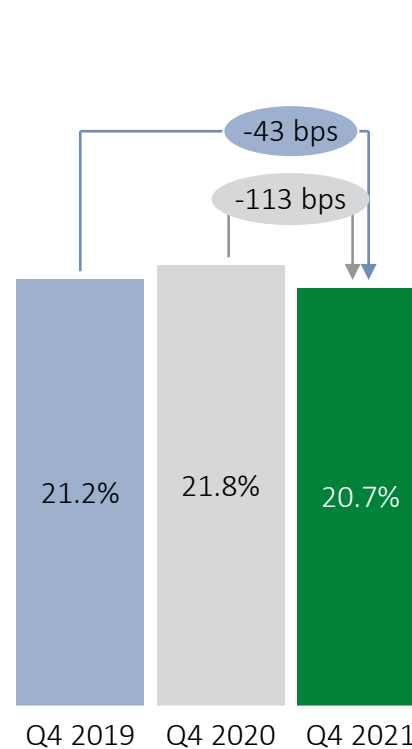
Revenue (m€)



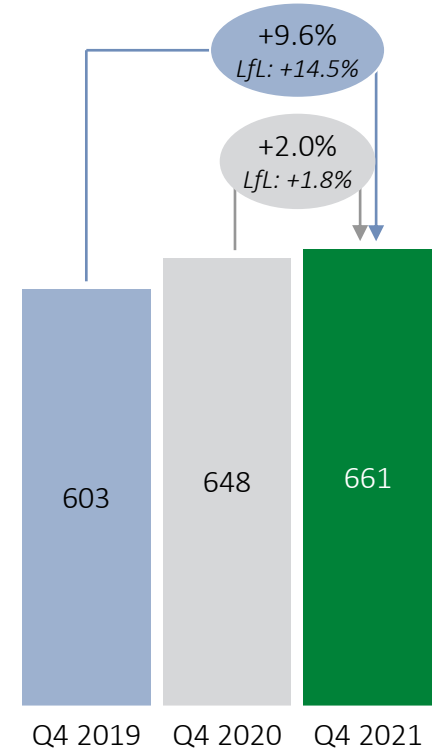
Operating EBITDA (m€)



Operating EBITDA Margin

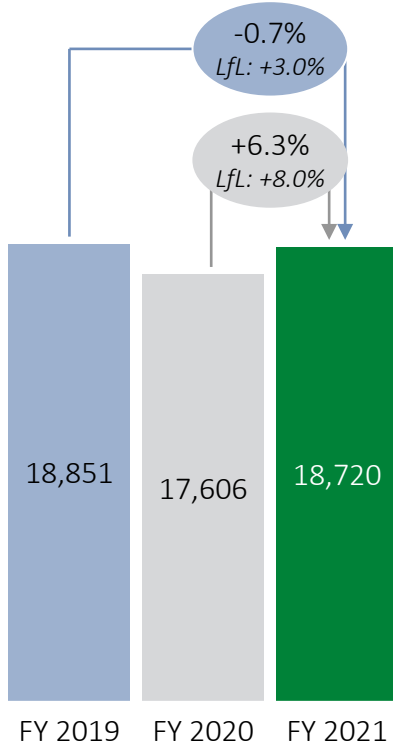


Operating EBIT (RCO) (m€)

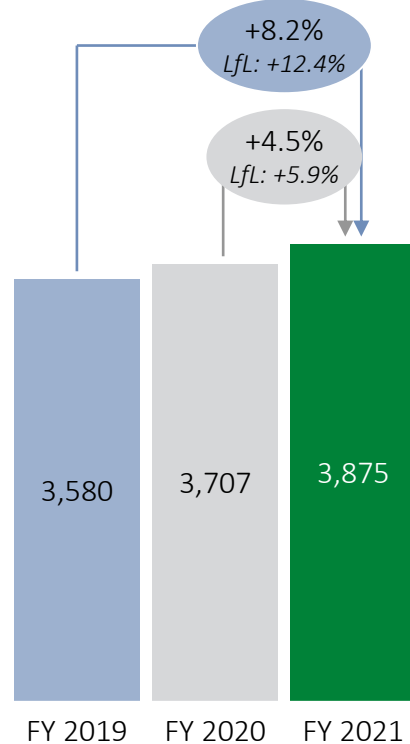


FY 2021 – Strong operating EBITDA growth

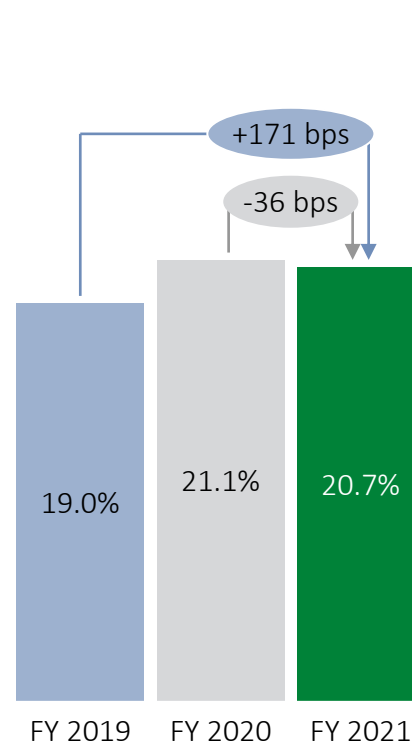
Revenue (m€)



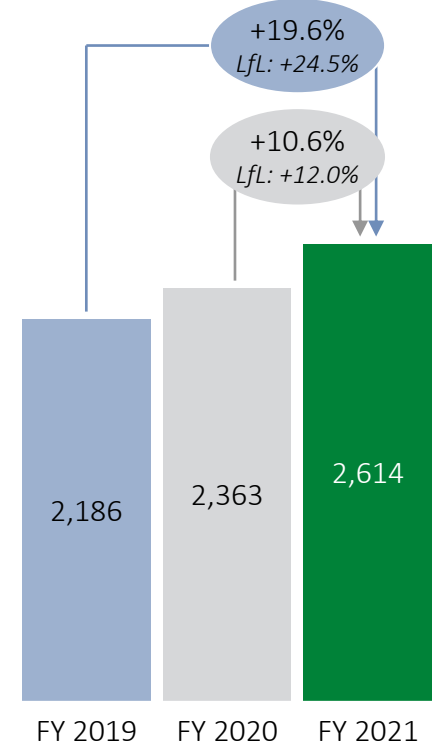
Operating EBITDA (m€)



Operating EBITDA Margin



Operating EBIT (RCO) (m€)



Q4 2021 – Regional overview

Volumes	Q4 19	Q4 20	Q4 21	'21 vs '20 Lfl
Cement sales volume (mt)	31.4	31.9	30.8	-1.0%
Aggregates sales volume (mt)	75.0	75.5	75.1	3.4%
Ready mix sales volume (mt)	12.7	12.5	11.7	-2.4%

Revenue (mEUR)	Q4 19	Q4 20	Q4 21	'21 vs '20 Lfl
North America	1,164	1,104	1,042	5.5%
Western & Southern Europe	1,234	1,299	1,373	3.0%
North & Eastern Europe – C.A.	719	712	787	8.1%
Asia Pacific	886	802	813	-1.3%
Africa – Eastern Med. Basin	425	456	520	10.4%

Operating EBITDA (mEUR)	Q4 19	Q4 20	Q4 21	'21 vs '20 Lfl
North America	292	263	262	3.6%
Western & Southern Europe	200	221	238	5.3%
North & Eastern Europe – C.A.	188	178	167	-7.9%
Asia Pacific	208	203	181	-13.1%
Africa – Eastern Med. Basin	102	129	130	-1.5%

Significant increase in energy costs and high freight rates partly compensated by price increases and operational efficiency improvements

North America

- Revenue and EBITDA improvement driven by solid price and demand growth.
- High freight rates continued to put pressure on result in Q4 but situation is easing now. Demand outlook is positive.

Europe

- Rising energy prices, mainly electricity, partially offset by price increase and fixed costs control.
- Revenue and EBITDA growth achieved in West/South Europe. NEECA under bigger pressure, coming from a difficult comparison base from last year.

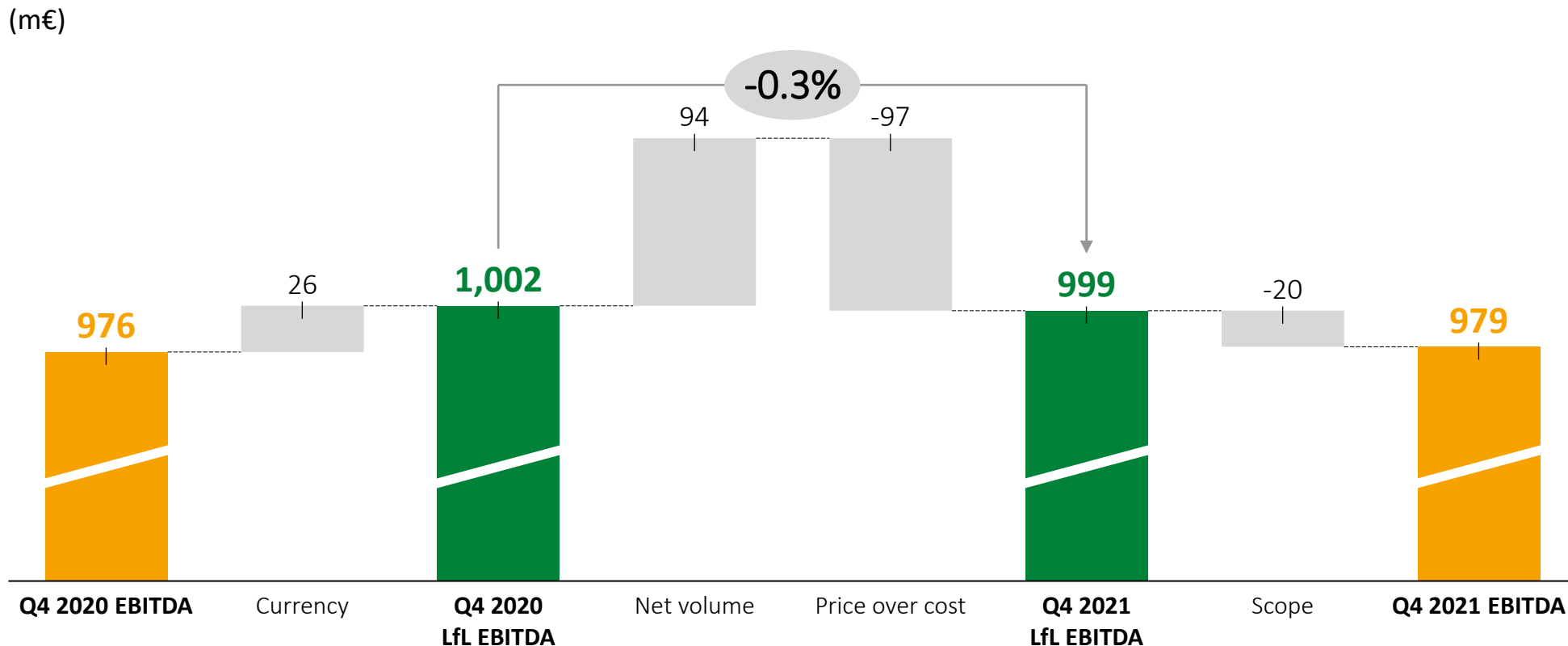
Asia-Pacific

- Volumes in Q4 constrained by Covid disruptions as well as unseasonal weather
- Rapid escalation of energy/logistics costs resulted in margin reduction. Price response underway.

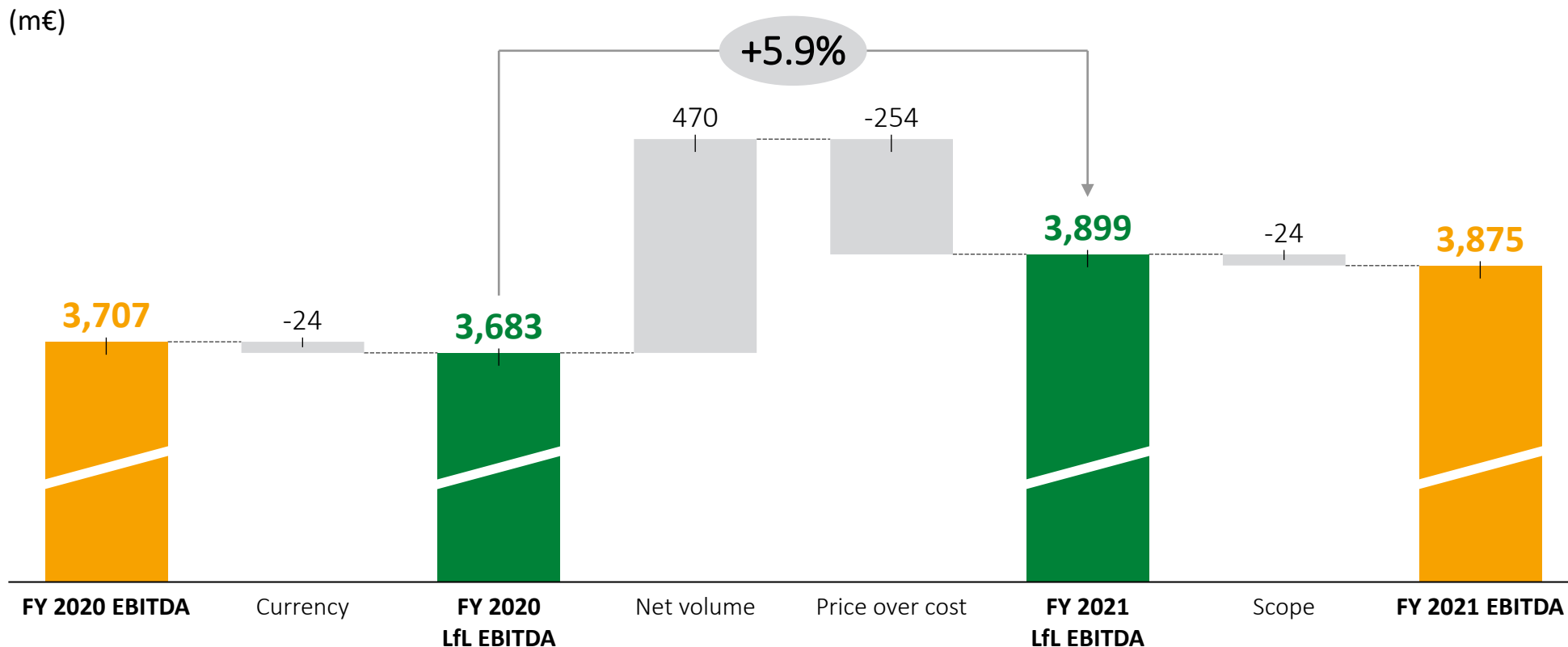
Africa – Eastern Mediterranean

- Strong volume development in Sub-Saharan Africa and price increases compensate the pressure from high freight and fuel costs.
- Egypt still in turnaround, positive result continues to improve.

Q4 2021 – Operating EBITDA bridge

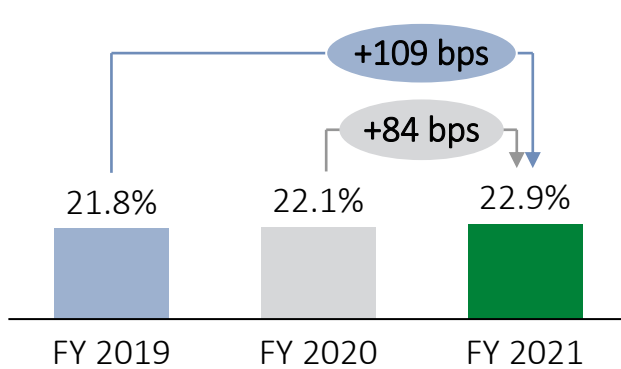


FY 2021 – Operating EBITDA bridge

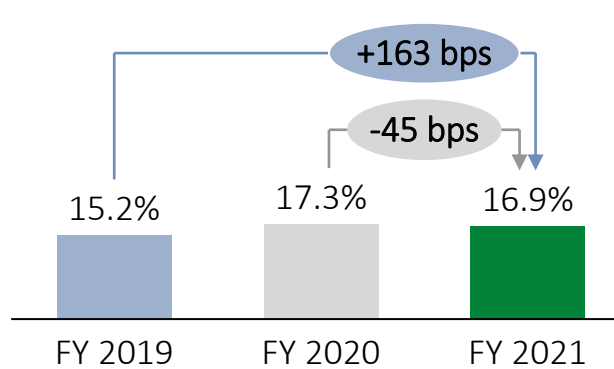


Regional operating EBITDA margins

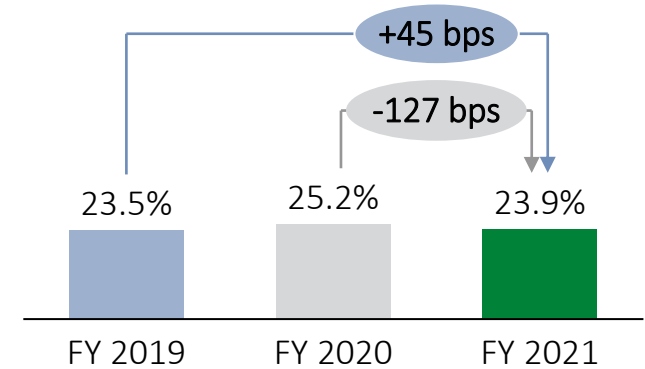
North America



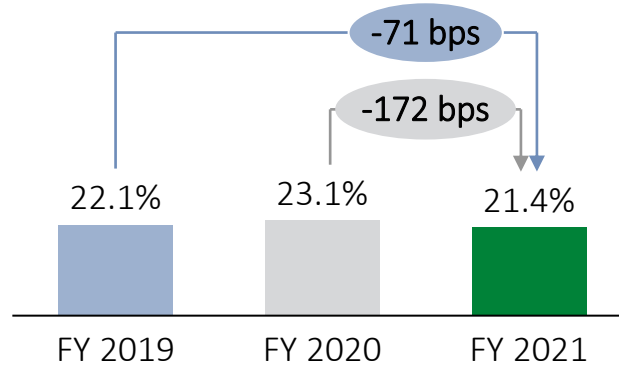
Western & Southern Europe



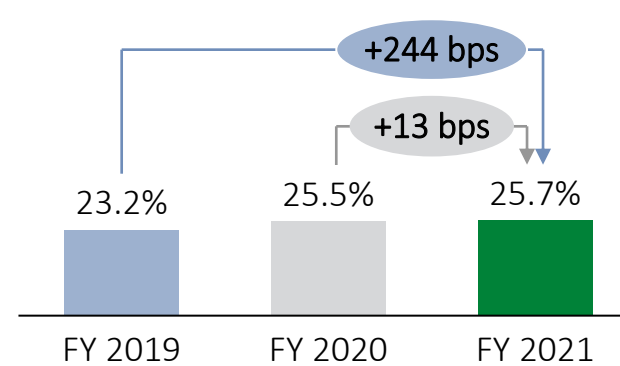
North & Eastern Europe – Central Asia



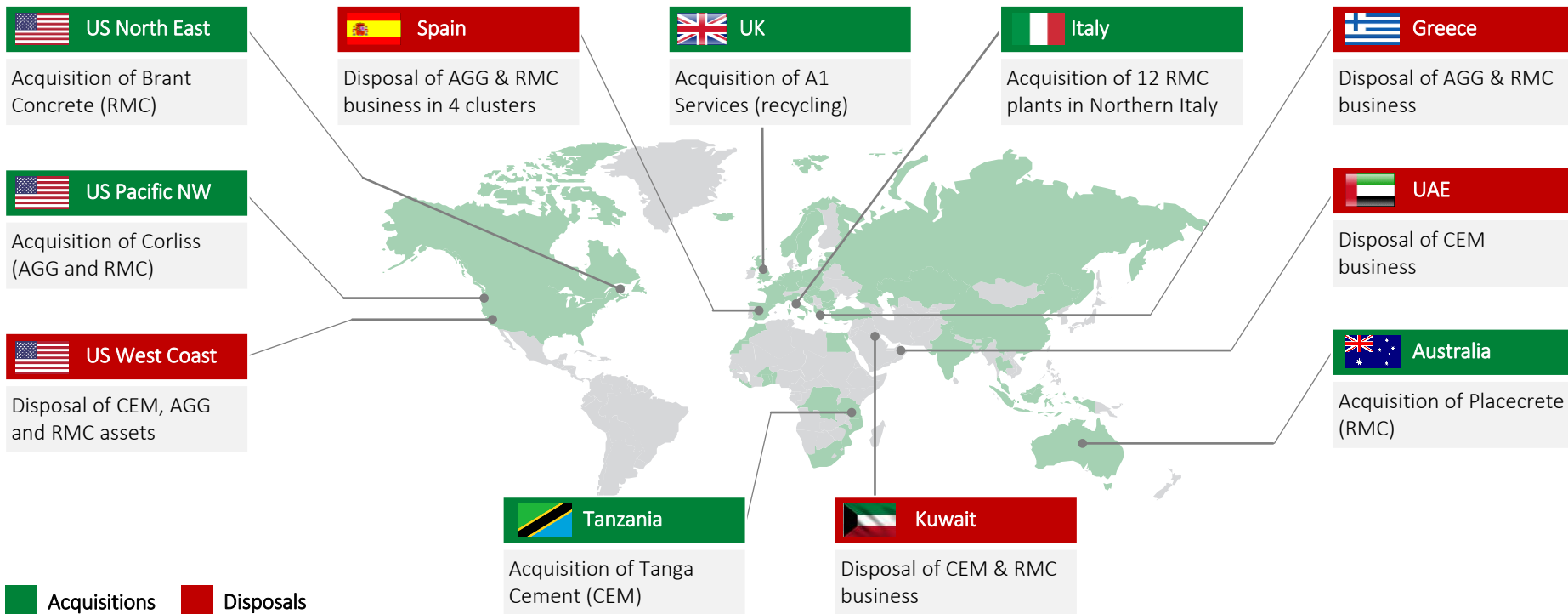
Asia Pacific



Africa-Eastern Mediterranean Basin



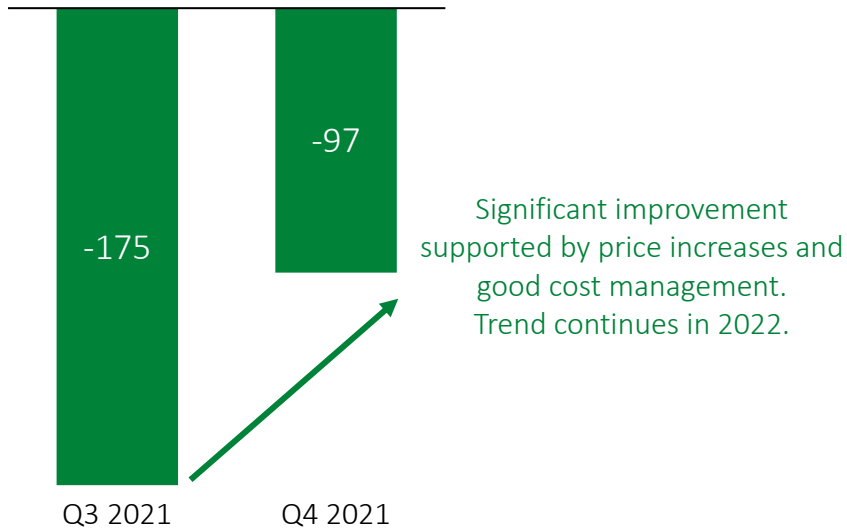
Portfolio optimization continues



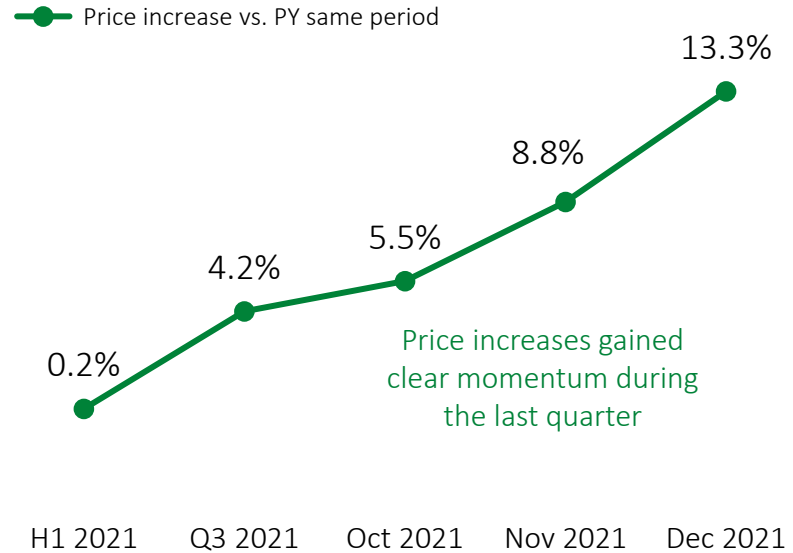
We continue to optimize our asset base by decreasing complexity, while improving footprint in existing profitable markets with high returns

Commercial excellence program kicks-off strongly in 2022

Price over cost (m€)



Domestic cement sales price development



350m EUR target for 2022 will be tracked in the upcoming quarters



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Good improvement in all key financial KPIs



Revenue

18.7 billion

+8% LfL

Solid pricing and demand growth



EBITDA

3.9 billion

+6% LfL

Strong EBITDA growth despite significant cost inflation



Clean EPS

7.9 EUR

+15%

Further improvement in financial result and tax



Leverage

1.3x

-0.6x

Strong cash generation supported by disciplined CapEx



ROIC

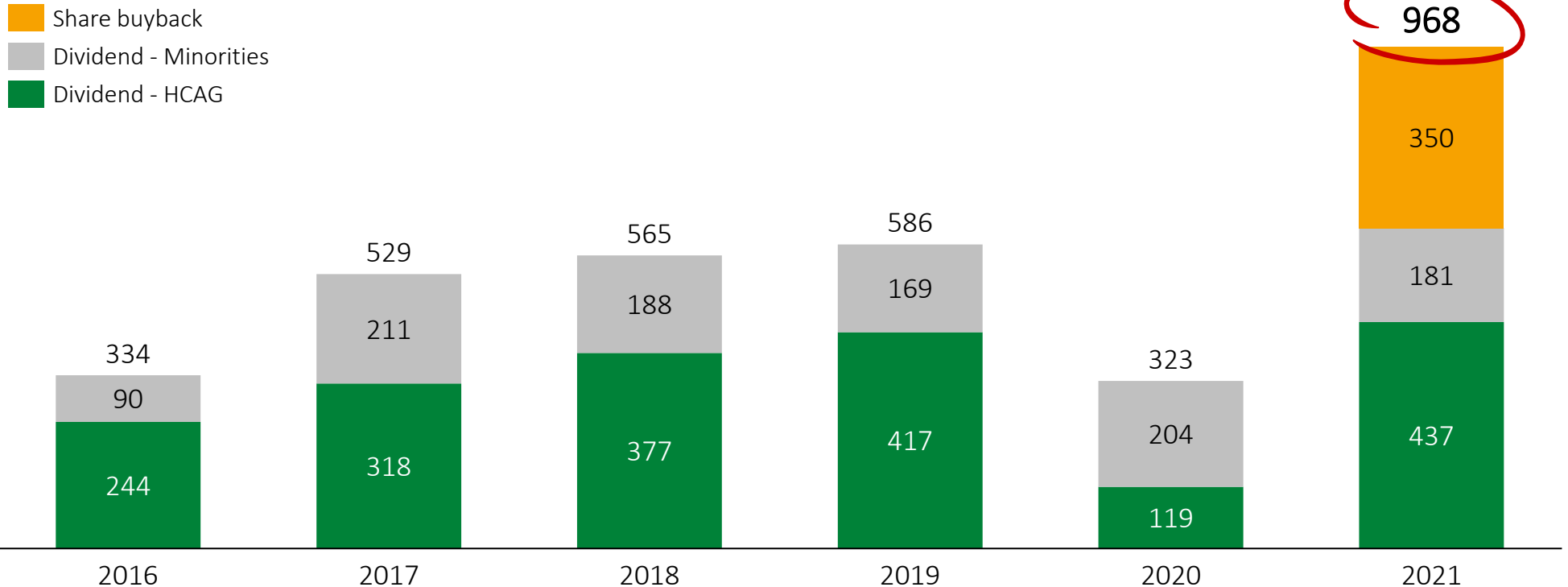
9.3 %

+1.4 %

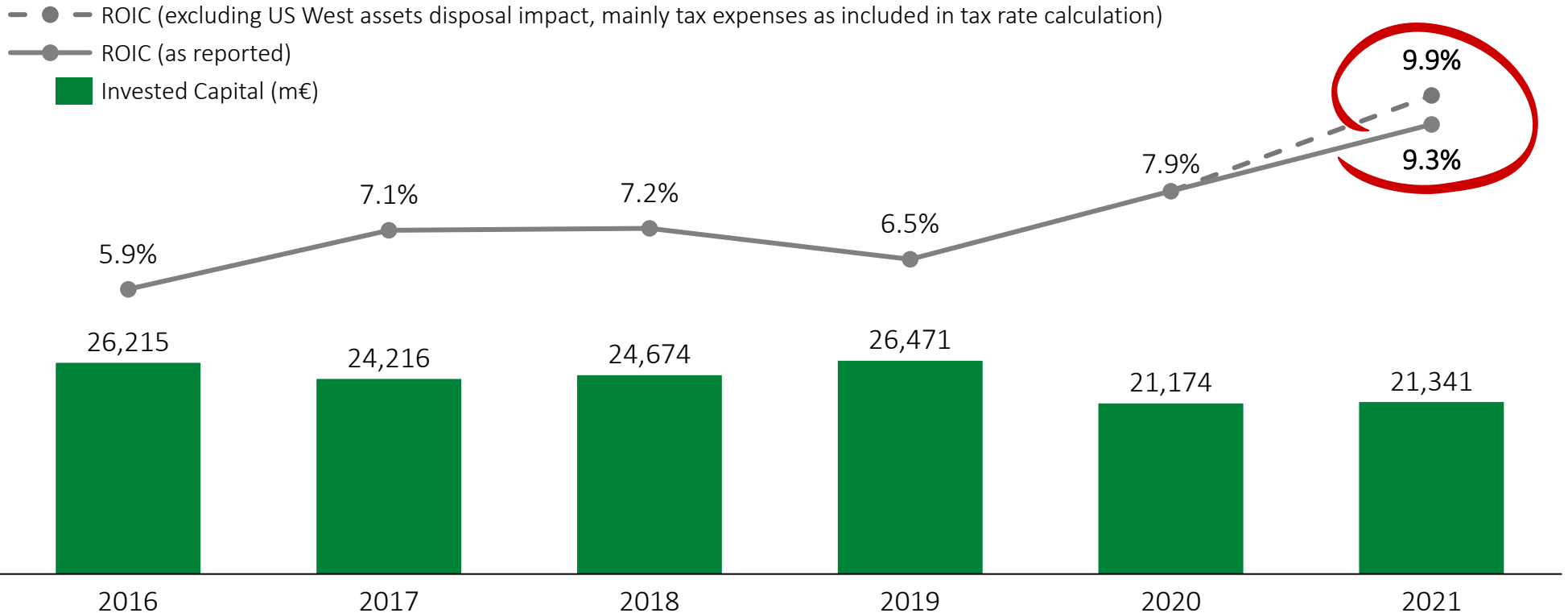
Record high ROIC driven by solid return and portfolio optimization

Shareholder return – 1 billion EUR spent on dividends and share buybacks in 2021

Shareholder return (m€)

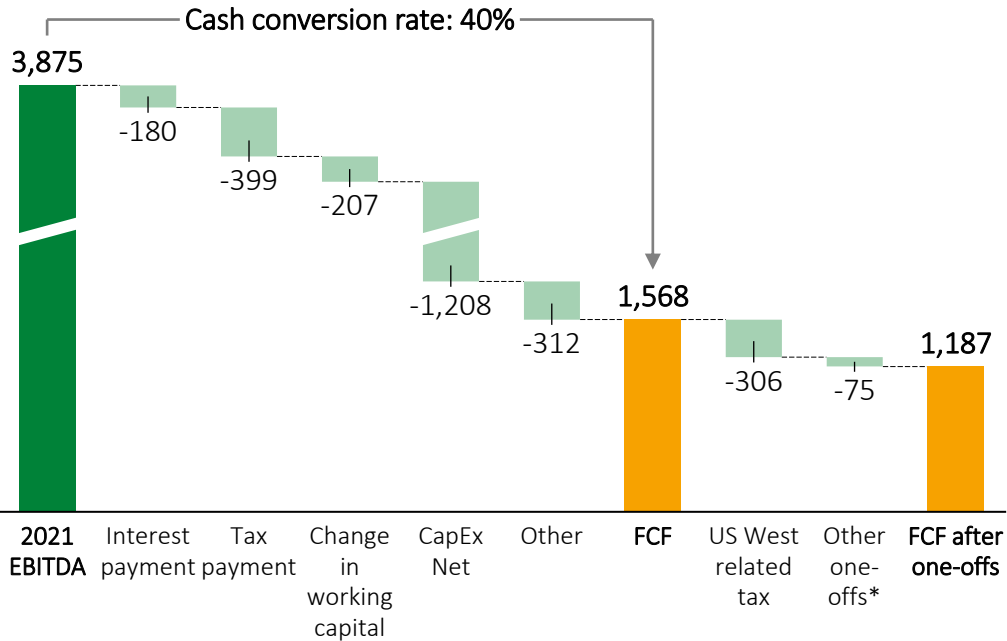


Record high ROIC driven by solid performance and portfolio optimization

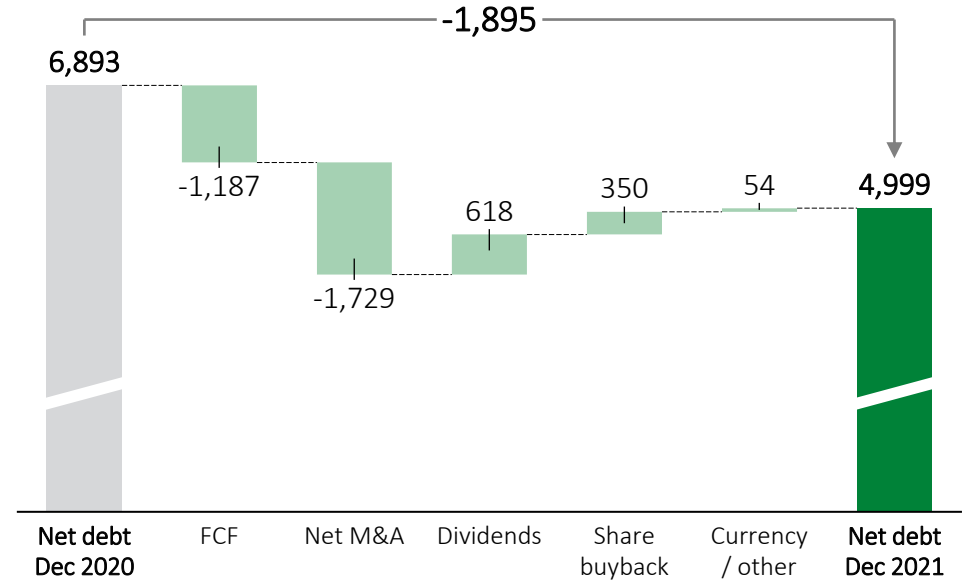


Net debt below 5 billion EUR – Leverage ratio at 1.3x

Free cash flow generation (m€)



Net debt development (m€)



* Other one-offs: -44 m€ tax surplus from previous year due to Covid in 2021; -33 m€ interest expense due to early repayment of bond.

Adjusted EPS increases by 15%

Income Statement (m€)	2020	2021	Delta
Revenue	17,606	18,720	1,114
RCOBD (Operating EBITDA)	3,707	3,875	168
Depreciation and amortization	-1,344	-1,261	83
Result from current operations (RCO)	2,363	2,614	251
Additional ordinary result	-3,678	481	4,159
Financial result	-287	-201	86
Income taxes	-335	-947	-612
Net result from discontinued operations	-72	-46	27
Non-controlling interests	-130	-143	-13
Group share of profit	-2,139	1,759	3,898
Group share of profit – adjusted *	1,365	1,561	196
Earnings per share – adjusted *	6.88	7.91	1.03

Key developments

- Additional ordinary result:
 - 2021: +466 m€ net gain from sale of US West assets
 - 2020: -3.4 b€ impairment as a result of asset revaluation
- Further improvement of 86 m€ in financial result
- Tax expenses:
 - 2021: -283 m€ US West assets disposal impact
 - 2021: -49 m€ due to change in the UK tax rate
 - 2020: +174 m€ deferred tax income related to impairments

* Figures adjusted for additional ordinary result, deferred tax income impact of impairment (+174 m€) for 2020 and US West assets disposal tax impact (-283 m€) for 2021.



Operating Performance

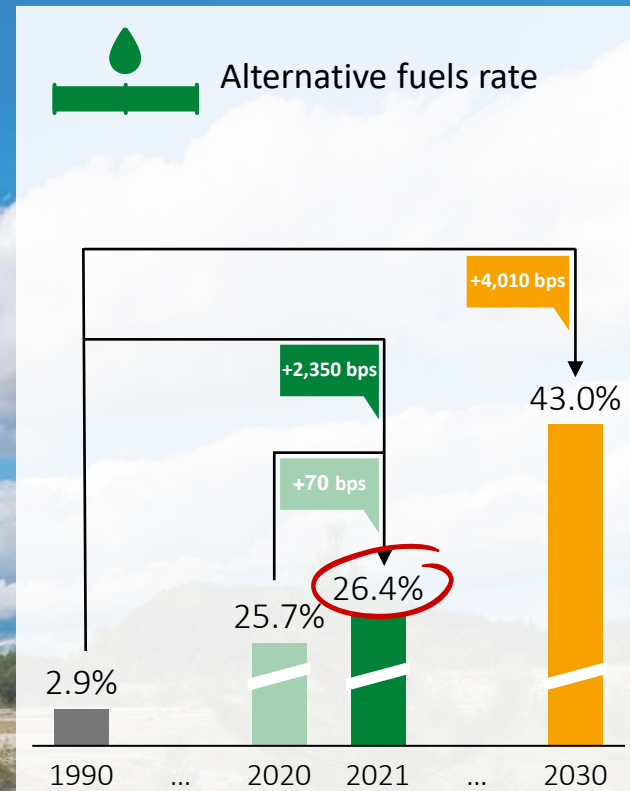
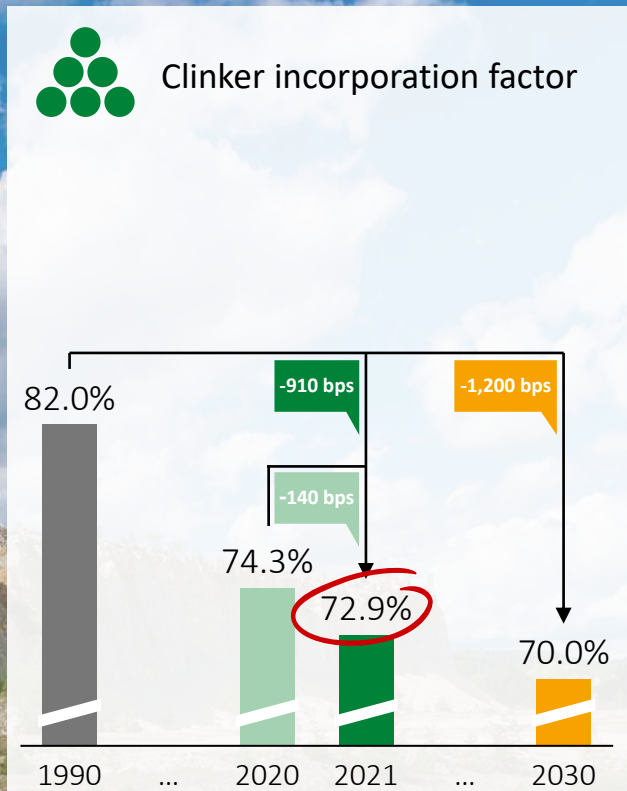
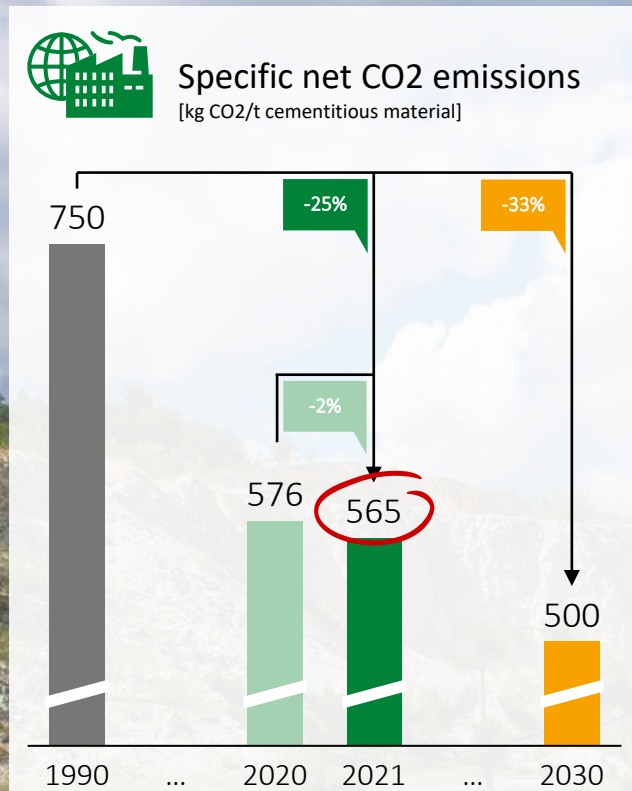
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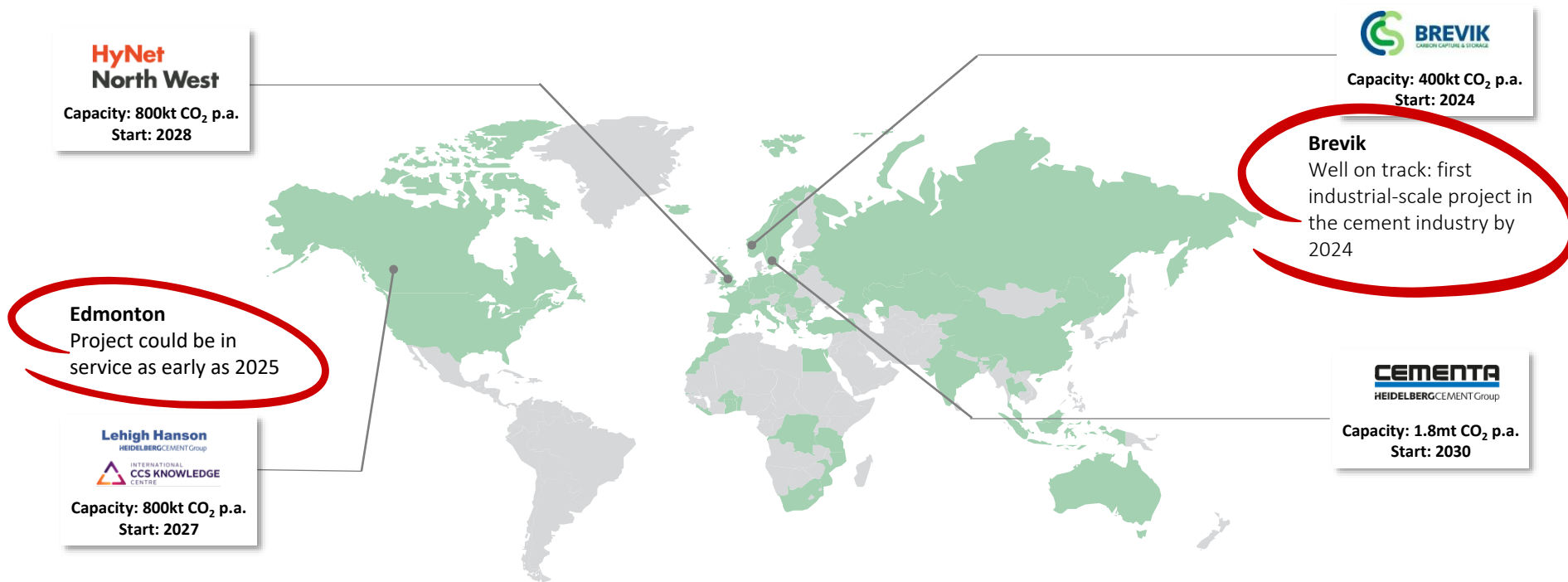
Appendix

Accelerating our CO₂ roadmap – Reducing our specific CO₂ emissions by 2% in 2021



Previous year figures are presented as published in the reporting year.

We target up to 10mt* of CO₂ reduction with our current CCU/S projects until 2030



We are the frontrunner in the industrial scale-up of CCU/S technologies in the sector

* Include accumulated contribution from CCU/S projects Brevik, Edmonton, Slite, and HyNet from 2024 to 2030; our current 2025 and 2030 CO₂ reduction targets do not include any contributions from CCU/S activities yet

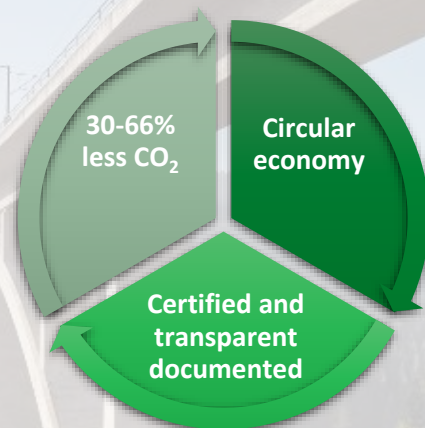
EcoCrete® – Sustainable and recyclable concrete with a significant lower CO₂-footprint

EcoCrete® characteristics

- Min. 30% and currently up to 66% CO₂ reduction*
- Recycled aggregates content*
- 100% green energy with HeiVoltage
- Water management
- No offsetting measures
- CO₂ definition according to GCCA licensed Environmental Product Declarations (EPD) tool

* Input of CO₂ reduction and recycled aggregates can be chosen separately or in combination

The EcoCrete® concept



EcoCrete® brand stands for a holistic view of sustainability over the entire product life cycle








Up to
66%
less CO₂



100% in
quality and strength

Continuously improving ESG ratings and state-of-the-art reporting standards

Ratings

MSCI	Sustainalytics	VigeoEiris	CDP	ISS ESG
<p>AA: Stable rating for the 4th consecutive time</p> 	<p>28.6 Medium Risk improved from 29.3 (0 to 40+)</p> 	<p>63 points up from 46 (out of 100 points)</p> 	<p>Top grade A "Climate Change" "Supplier Engagement Leaderboard" A- in water</p> 	<p>Prime Status C+ (stable since 2019)</p> 

Alignment with

			<p>New: adopted for FY 2021</p> 	
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* To be published with FY 2021 report on March 24th, 2022



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Clear focus on pricing and cost efficiency to drive further growth

Business outlook 2022



Demand increase in all business lines driven by infrastructure projects and ongoing residential growth.



Strong pricing across all markets.



High energy cost inflation, especially during the first half of the year.



Solid cash generation.

Guidance 2022



Strong increase in LfL revenue, slight increase in operating EBITDA and RCO (all like-for-like)



CapEx Net <1.2 bn EUR



ROIC at around 9%



Leverage between 1.5x to 2.0x

Key Messages 2021

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- **Record return on invested capital (ROIC) of 9.3%**
- **High focus on shareholder returns** – Almost 1 billion EUR spent on dividends and share buybacks in 2021; second tranche of buyback program to start latest by 10th March
- **Good progress on ESG** – Net CO₂ emissions reduced by 2% to 565 kg CO₂/t CEM
- **Optimistic outlook for 2022** – Further growth in revenue, EBITDA and RCO despite challenging conditions in the first half of the year

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Save the date

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Capital Markets Day 2022 24 May 2022

To be held as a hybrid event
(physically at HeidelbergCement Headquarters in Heidelberg, Germany)

More details will follow soon.



MATERIAL
TO BUILD OUR FUTURE



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Sales volumes

Sales Volumes QUARTER	Cement ('000 t)				Aggregates ('000 t)				Ready Mix ('000 m3)				Asphalt ('000 t)			
	Q4 20	Q4 21	Change	LfL	Q4 20	Q4 21	Change	LfL	Q4 20	Q4 21	Change	LfL	Q4 20	Q4 21	Change	LfL
North America	3,942	3,447	-495	2.0%	31,103	30,678	-425	8.1%	1,947	1,423	-524	-5.6%	1,222	574	-649	-0.7%
West / South Europe	7,488	7,405	-83	-1.1%	20,389	19,667	-721	-3.5%	4,646	4,531	-115	-2.5%	947	956	9	1.0%
North / East Europe	5,689	5,692	3	0.1%	12,361	12,841	480	3.9%	1,563	1,551	-11	-0.7%	0	0	0	0.0%
Asia Pacific	9,122	9,020	-103	-1.1%	9,620	9,891	271	2.8%	2,813	2,755	-58	-2.1%	715	577	-139	-19.4%
Africa / Med. Basin	5,507	5,294	-213	-3.3%	1,984	1,993	9	0.5%	1,440	1,430	-9	-0.7%	49	66	17	34.8%
Group Service	165	0	-165	0.0%	0	0	0	0.0%	93	0	-93	0.0%	0	0	0	0.0%
HC GROUP	31,913	30,829	-1,083	-1.0%	75,456	75,071	-386	3.4%	12,500	11,690	-810	-2.4%	2,933	2,172	-761	-4.1%

Sales Volumes YEAR TO DATE	Cement ('000 t)				Aggregates ('000 t)				Ready Mix ('000 m3)				Asphalt ('000 t)			
	Dec 20	Dec 21	Change	LfL	Dec 20	Dec 21	Change	LfL	Dec 20	Dec 21	Change	LfL	Dec 20	Dec 21	Change	LfL
North America	15,554	15,669	115	4.4%	125,925	128,311	2,387	4.2%	7,808	7,388	-420	-0.1%	4,951	4,369	-582	1.2%
West / South Europe	28,193	30,405	2,212	7.8%	78,151	84,046	5,895	7.5%	17,223	18,224	1,001	5.8%	3,452	3,729	277	8.0%
North / East Europe	23,588	24,586	999	4.2%	48,739	49,789	1,050	2.2%	5,996	6,215	219	3.7%	0	0	0	0.0%
Asia Pacific	32,939	34,730	1,792	5.4%	36,081	36,552	471	1.3%	10,558	10,447	-111	-1.0%	2,299	2,027	-272	-11.8%
Africa / Med. Basin	21,172	21,102	-70	-0.2%	7,403	7,653	249	3.4%	5,032	5,115	83	1.6%	318	256	-62	-19.5%
Group Service	579	76	-503	-2.8%	0	0	0	0.0%	330	0	-330	0.0%	0	0	0	0.0%
HC GROUP	122,025	126,542	4,516	4.6%	296,299	306,351	10,052	4.4%	46,947	47,389	442	2.5%	11,020	10,380	-640	0.0%

Operating result

Operating Result QUARTER	Revenues (m€)				Operating EBITDA (m€)				Operating EBIT / RCO (m€)				EBITDA Margin			
	Q4 20	Q4 21	Change	LfL	Q4 20	Q4 21	Change	LfL	Q4 20	Q4 21	Change	LfL	Q4 20	Q4 21	Change	LfL
North America	1,104	1,042	-5.6%	5.5%	263	262	-0.6%	3.6%	177	184	3.6%	8.0%	23.8%	25.1%	+126 bps	-43 bps
West / South Europe	1,299	1,373	5.7%	3.0%	221	238	7.7%	5.3%	123	143	16.1%	15.0%	17.0%	17.3%	+32 bps	+37 bps
North / East Europe	712	787	10.4%	8.1%	178	167	-6.1%	-7.9%	130	116	-10.9%	-12.6%	25.0%	21.2%	-374 bps	-369 bps
Asia Pacific	802	813	1.5%	-1.3%	203	181	-10.9%	-13.1%	144	122	-15.3%	-17.3%	25.4%	22.3%	-309 bps	-304 bps
Africa / Med. Basin	456	520	13.9%	10.4%	129	130	1.0%	-1.5%	101	103	2.2%	0.0%	28.2%	25.0%	-320 bps	-301 bps
Group Service	252	429	70.5%	75.1%	4	10	128.3%	137.7%	3	10	180.8%	173.5%	1.7%	2.3%	+59 bps	+62 bps
HC GROUP	4,466	4,724	5.8%	6.7%	976	979	0.3%	-0.3%	648	661	2.0%	1.8%	21.8%	20.7%	-113 bps	-142 bps

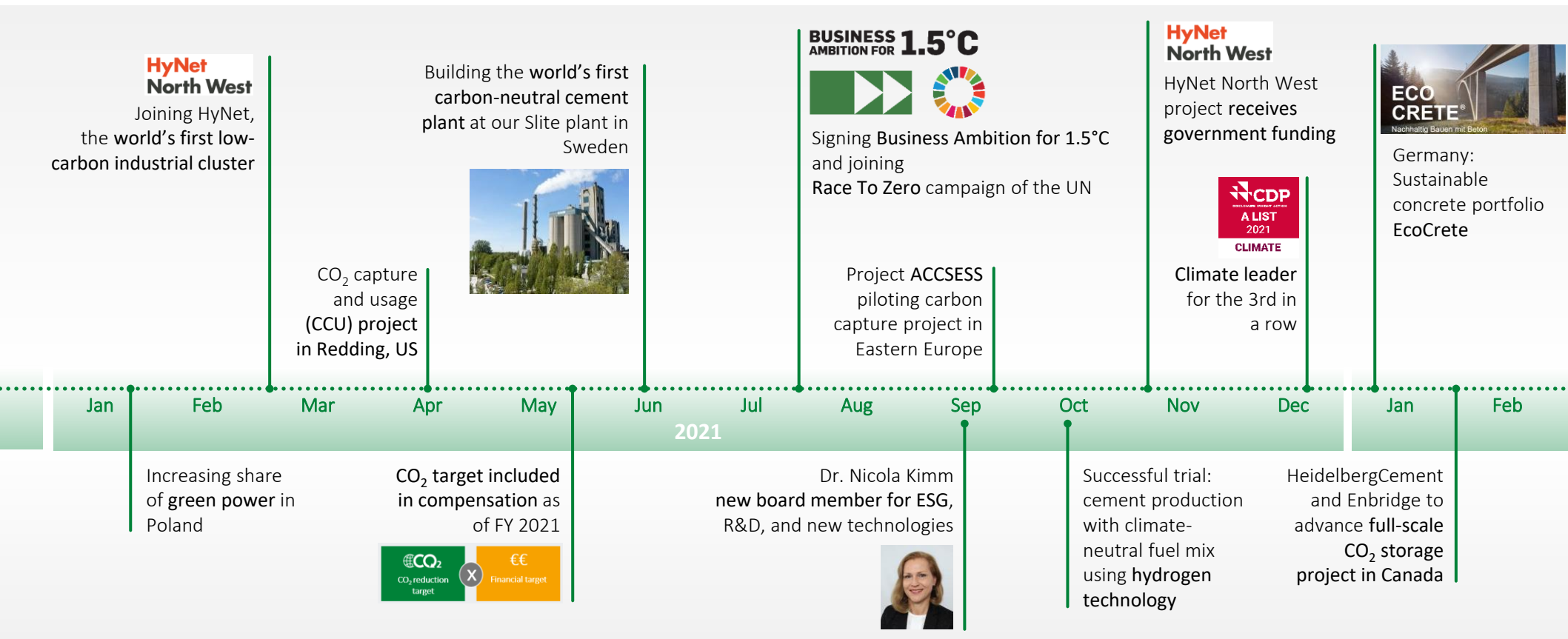
Operating Result YEAR TO DATE	Revenues (m€)				Operating EBITDA (m€)				Operating EBIT / RCO (m€)				EBITDA Margin			
	Dec 20	Dec 21	Change	LfL	Dec 20	Dec 21	Change	LfL	Dec 20	Dec 21	Change	LfL	Dec 20	Dec 21	Change	LfL
North America	4,617	4,551	-1.4%	5.0%	1,019	1,042	2.3%	7.0%	653	722	10.6%	15.4%	22.1%	22.9%	+84 bps	+42 bps
West / South Europe	4,960	5,557	12.0%	11.2%	859	937	9.1%	8.6%	463	561	21.2%	20.7%	17.3%	16.9%	-45 bps	-40 bps
North / East Europe	2,854	3,084	8.1%	7.5%	718	737	2.6%	2.9%	526	544	3.3%	3.7%	25.2%	23.9%	-127 bps	-106 bps
Asia Pacific	2,998	3,126	4.3%	3.9%	694	670	-3.5%	-3.9%	446	435	-2.4%	-3.0%	23.1%	21.4%	-172 bps	-174 bps
Africa / Med. Basin	1,765	1,909	8.2%	9.8%	451	490	8.7%	10.3%	342	384	12.4%	14.3%	25.5%	25.7%	+13 bps	+11 bps
Group Service	1,010	1,421	40.7%	44.8%	24	30	29.6%	36.9%	20	30	53.2%	45.4%	2.3%	2.1%	-18 bps	-13 bps
HC GROUP	17,606	18,720	6.3%	8.0%	3,707	3,875	4.5%	5.9%	2,363	2,614	10.6%	12.0%	21.1%	20.7%	-36 bps	-42 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	-574	-2,942	-415	-640	-181	56	-23	11	-15	7
West / South Europe	0	0	0	0	16	18	3	2	0	1
North / East Europe	0	0	0	0	0	16	0	4	0	3
Asia Pacific	0	0	0	0	1	21	0	5	0	4
Africa / Med. Basin	-28	0	0	0	-2	16	0	3	0	2
Group Service	-165	0	-93	0	-12	1	-1	0	0	0
HC GROUP	-767	-2,942	-507	-640	-178	128	-20	26	-15	16

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	-574	-2,942	-415	-640	-181	-112	-23	-24	-15	-14
West / South Europe	0	0	0	0	0	39	0	4	0	2
North / East Europe	0	0	0	0	0	16	0	-2	0	-2
Asia Pacific	0	0	0	0	3	7	0	3	0	3
Africa / Med. Basin	-28	0	0	0	-2	-24	0	-6	0	-6
Group Service	-487	0	-330	0	-40	-1	-2	0	2	0
HC GROUP	-1,089	-2,942	-744	-640	-220	-74	-24	-24	-14	-17

Increasing our ESG activities in 2021 – More to come...



Contact information and financial calendar

Date	Events
12 May 2022	Annual General Meeting
12 May 2022	First Quarter Results
24 May 2022	Capital Markets Day 2022
28 July 2022	Half Year Results
3 November 2022	Third Quarter Results

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