

Q3 2023 Trading Update

2 November 2023

Dr Dominik von Achten - CEO
René Aldach - CFO



Key messages Q3 2023

- Strong operational performance*:
Revenue up +2%; EBITDA up +25%; RCO up +33%
- Solid margin improvement in all regions, driven by positive price over cost which compensates volume pressure
- Free cash flow at around 2 €bn**
- 1 €bn share buyback program just completed. Shares acquired during the first two tranches are fully cancelled
- Good progress on CCUS and CO₂ reduction projects
- 2023 Outlook further upgraded:
 - RCO between 2.85-3.00 €bn (*previously 2.70-2.90 €bn*)
 - ROIC clearly above 9% (*previously around 9%*)
 - Leverage below 1.5x (*previously between 1.5x to 2.0x*)

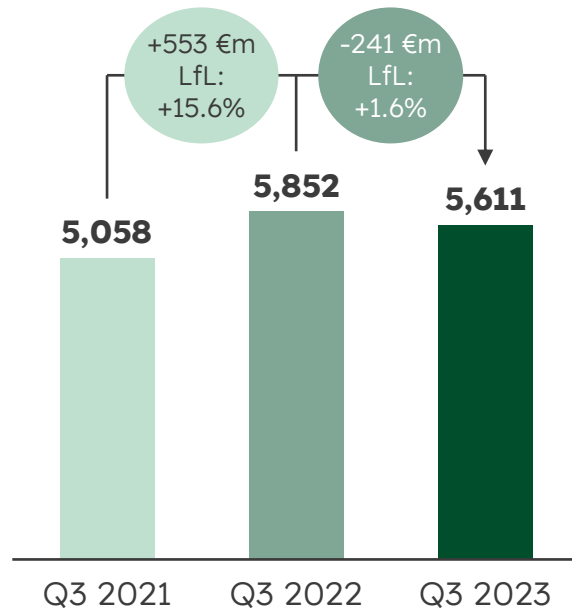
* All like-for-like, excluding currency and scope impacts

** Based on last 12 months rolling figures

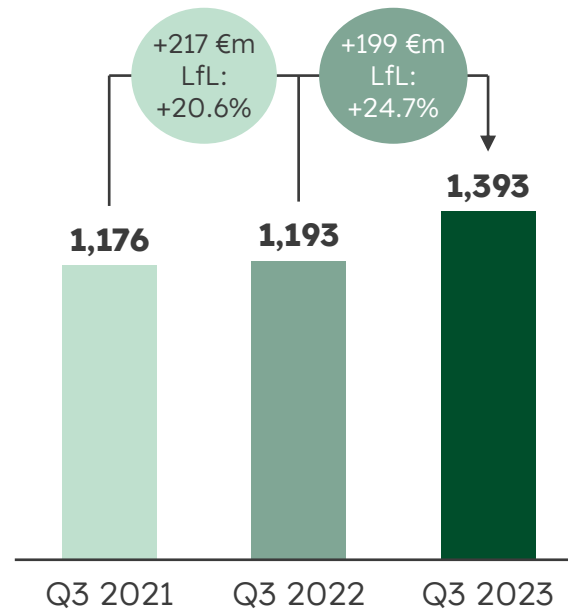


Q3 2023 operational overview

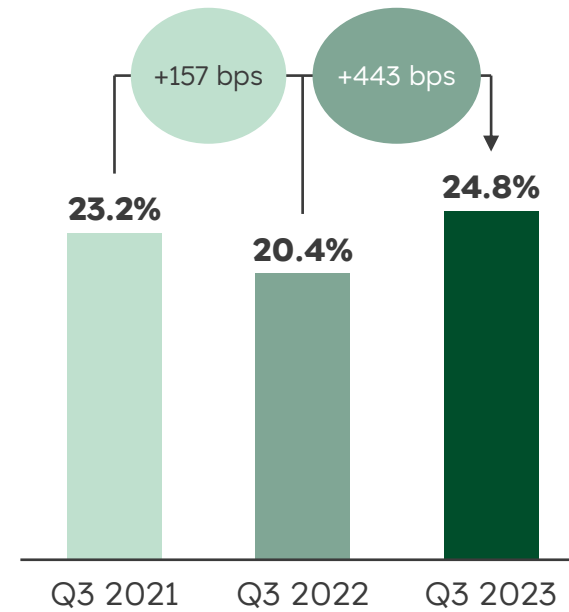
Revenue [€m]



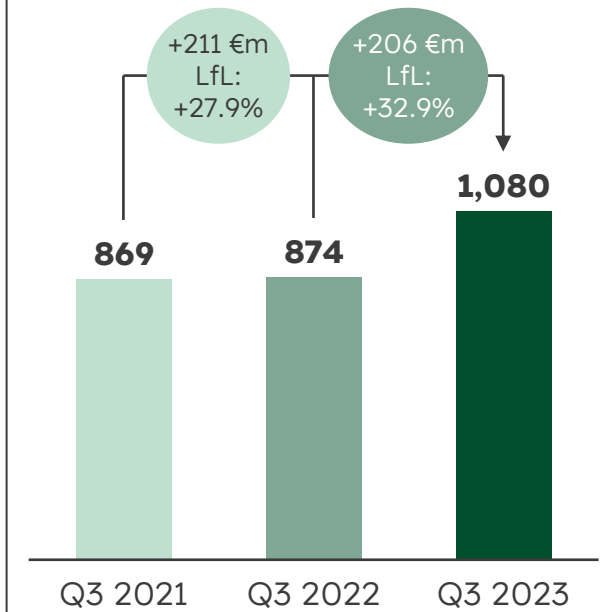
Operating EBITDA [€m]



Operating EBITDA Margin



Operating EBIT (RCO) [€m]

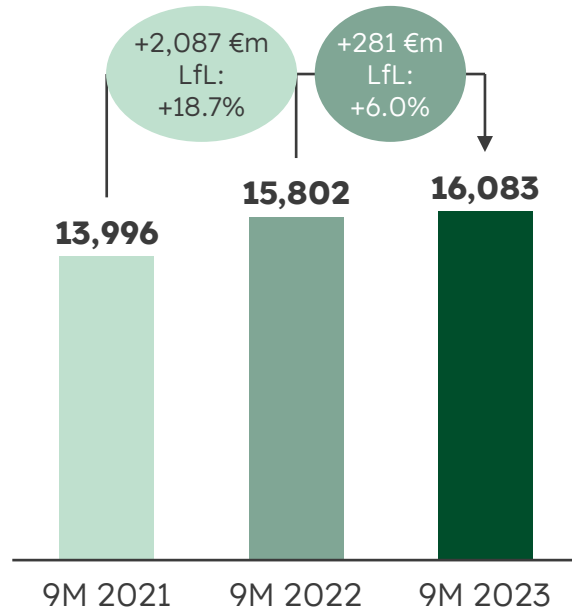


- YoY 2023 vs. 2022
- YoY 2023 vs. 2021

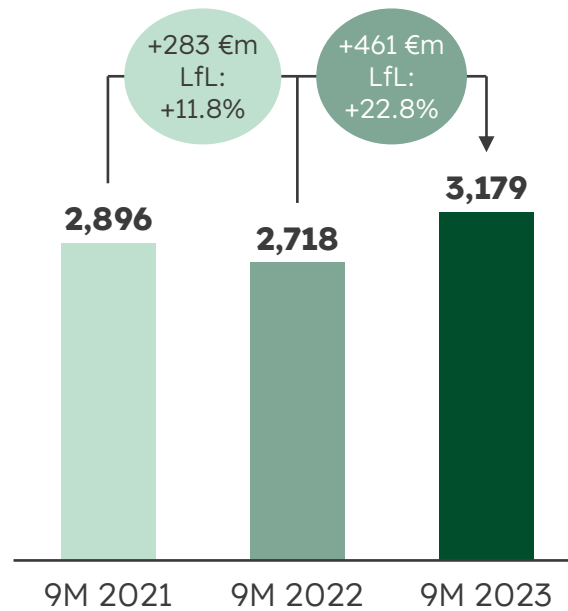


9M 2023 operational overview

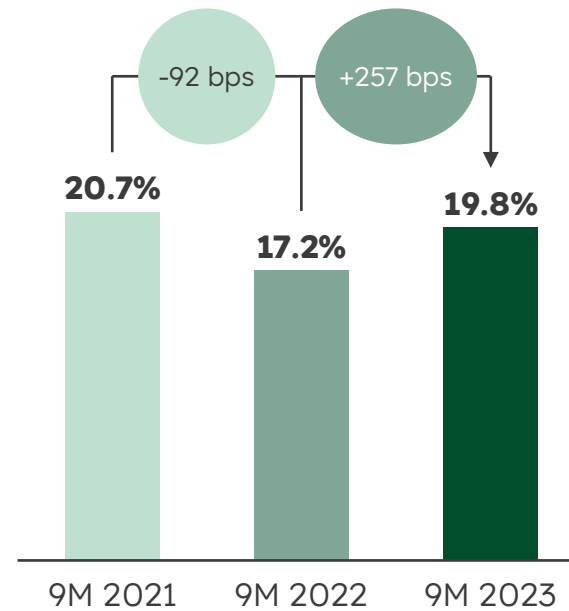
Revenue [€m]



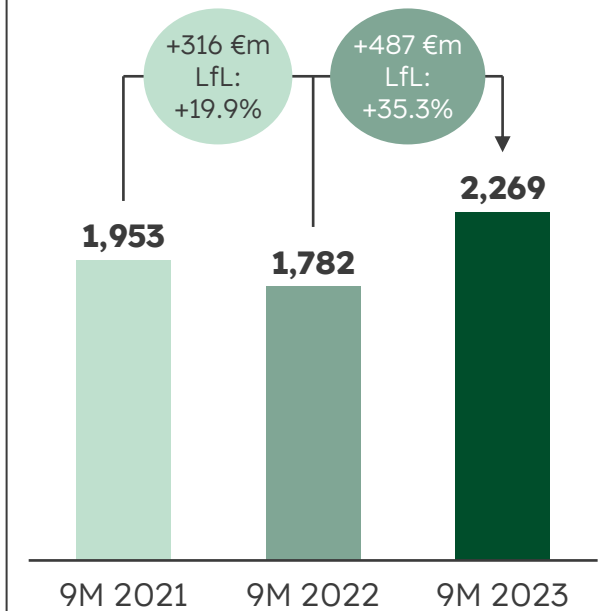
Operating EBITDA [€m]



Operating EBITDA Margin



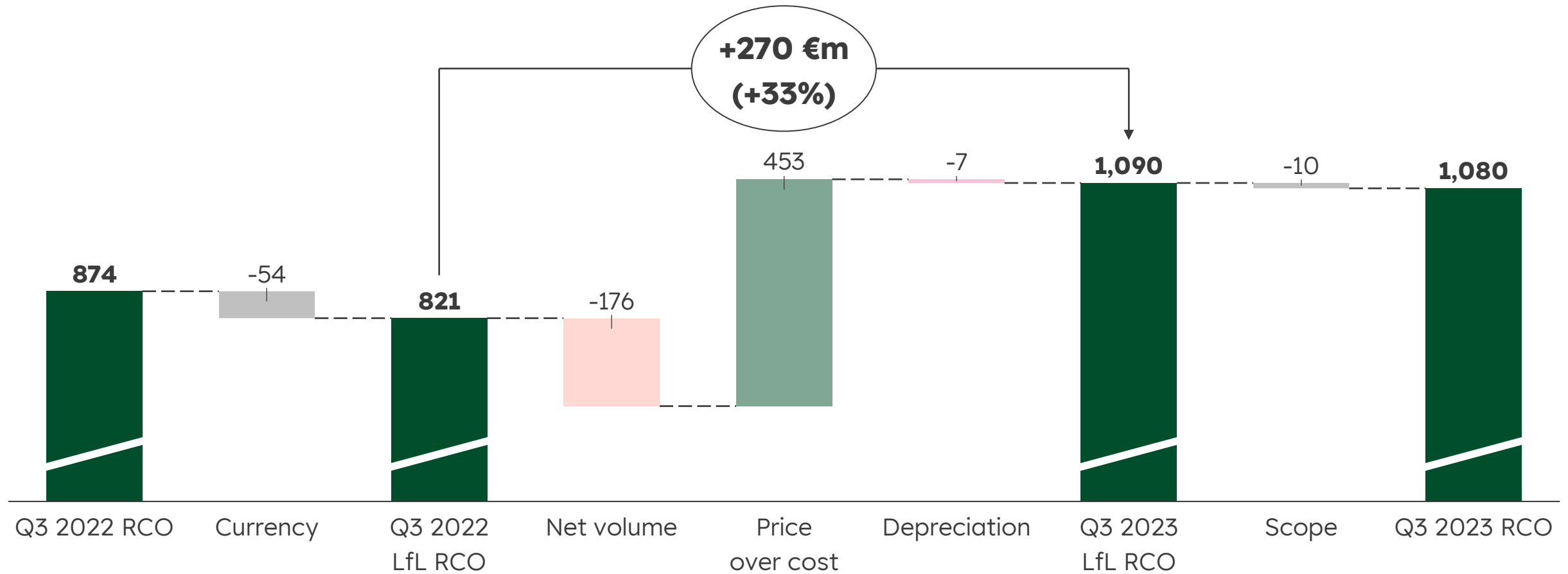
Operating EBIT (RCO) [€m]



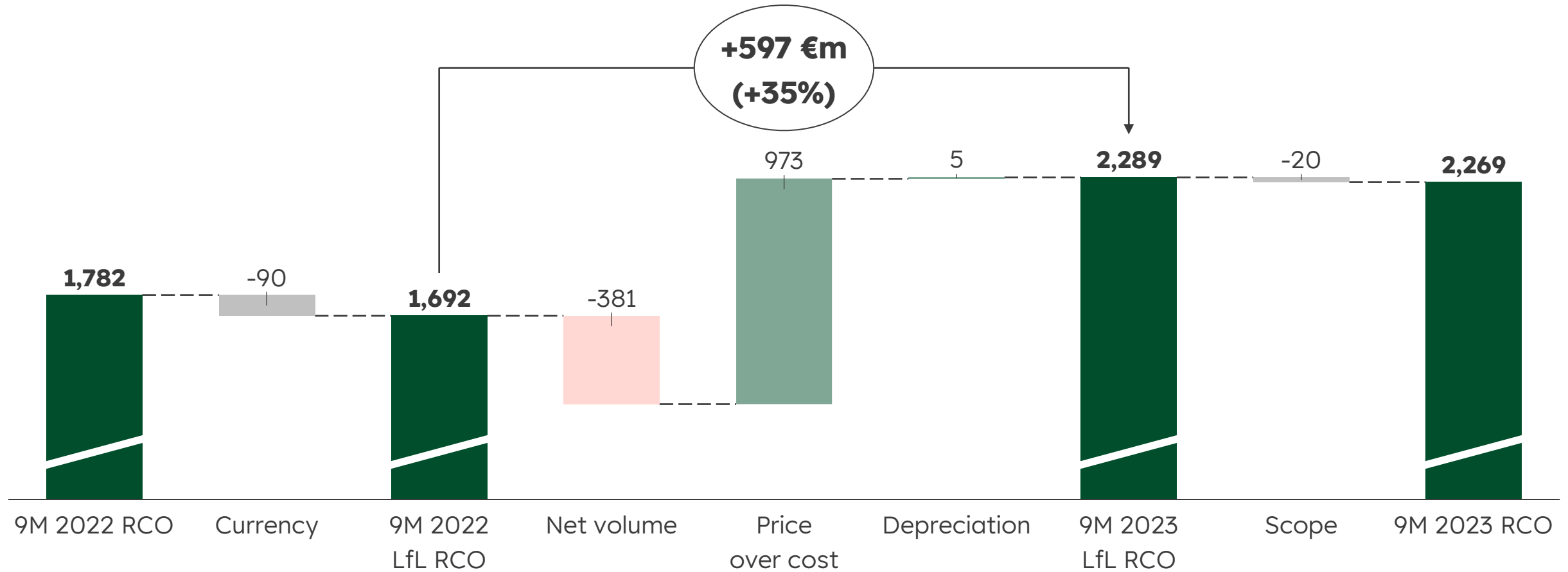
- YoY 2023 vs. 2022
- YoY 2023 vs. 2021



Q3 2023 Operating EBIT (RCO) bridge [€m]

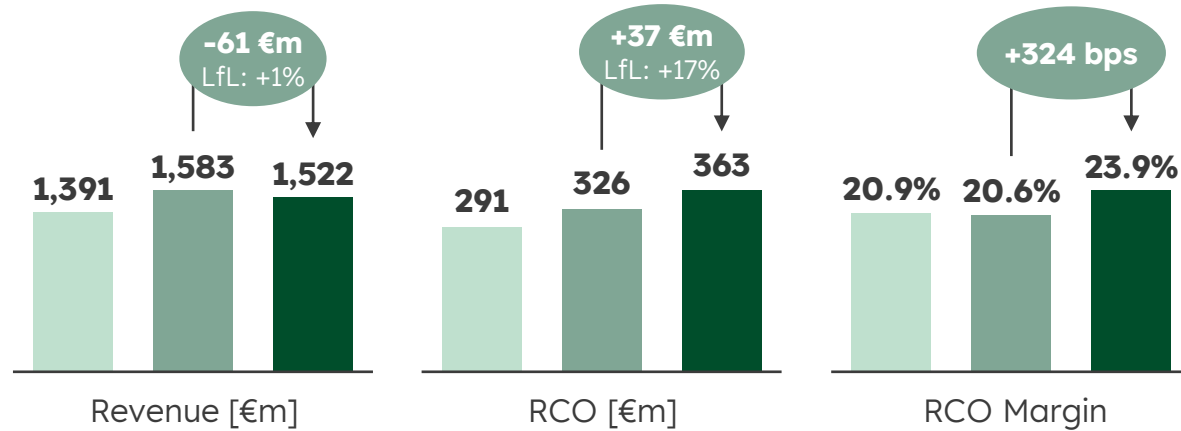


9M 2023 Operating EBIT (RCO) bridge [€m]



North America

Q3 2021 Q3 2022 Q3 2023



- Strong result development despite lower demand, especially in residential sector
- Positive pricing and continuous focus on cost management bring margin back to pre-covid level
- Result contribution from recent investments across North America ahead of initial expectations

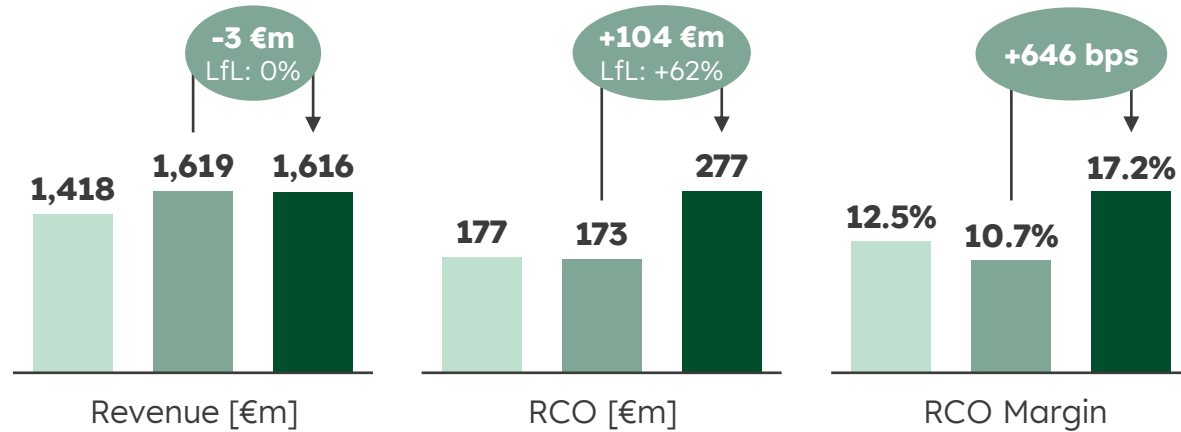


Western & Southern Europe

Q3
2021

Q3
2022

Q3
2023



- Residential sector continues to be weak, visible in demand decline over the entire region
- Effective cost management leads to solid margin improvement
- All countries contribute positively to result development

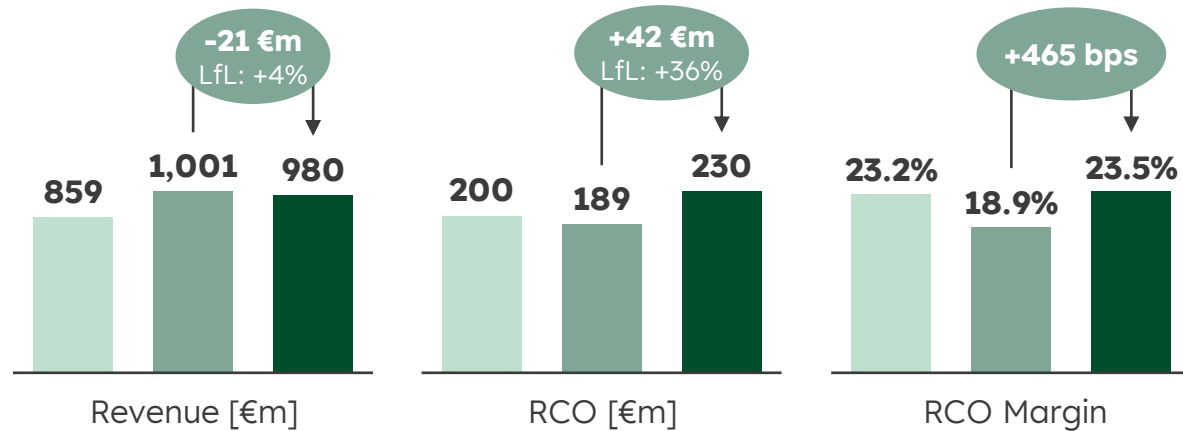


Northern & Eastern Europe - Central Asia

Q3
2021

Q3
2022

Q3
2023

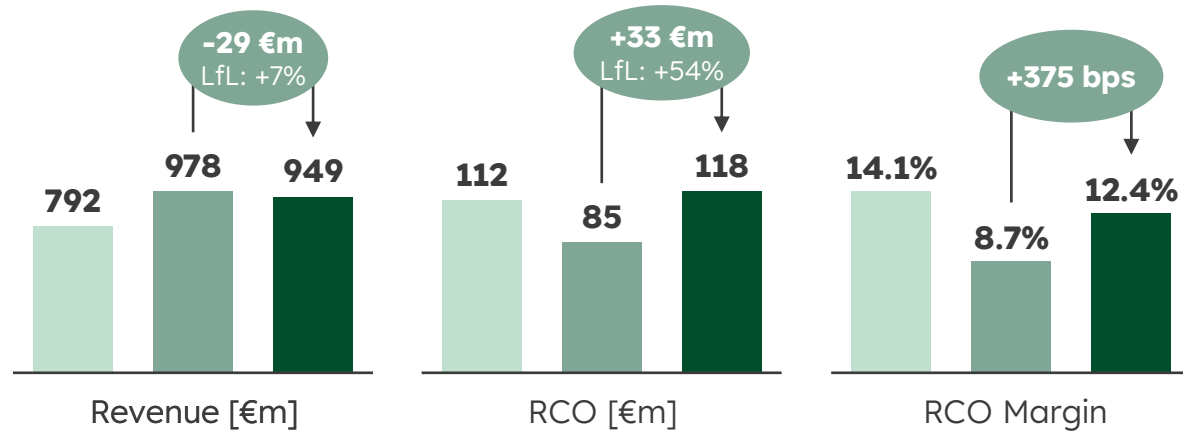


- Revenue decline in absolute terms caused by demand pressure and currency impact
- RCO improvement driven by continuing focus on cost management and positive pricing
- Margin growth despite volume pressure



Asia - Pacific

Q3 2021 Q3 2022 Q3 2023

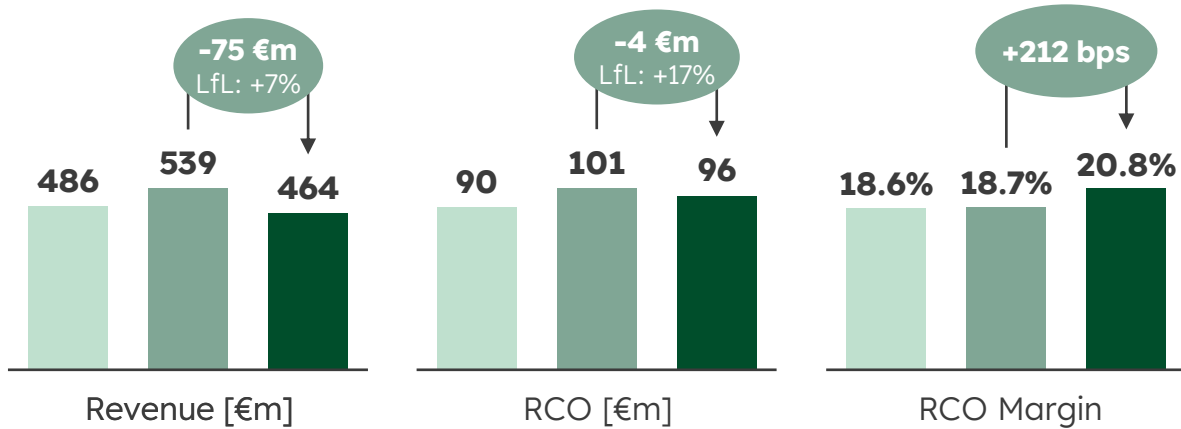


- Recovery continues in Asia, particularly in Australia and Indonesia
- Solid increase in region RCO and margin, driven by moderating energy prices
- China market remains soft



Africa – Eastern Mediterranean Basin

Q3 2021 Q3 2022 Q3 2023



- LfL revenue increases +7%, despite a difficult comparison base driven by very strong demand in prior year
- Margin improvement continues
- Signs of currency stabilization visible in key markets



Financial highlights

- Last 12 months free cash flow at around 2 €bn, with cash conversion rate of ~50%
- Net CapEx below 1.1 €bn*, disciplined approach continues
- Net debt reduced by 0.6 €bn**; leverage 0.35x below prior year, at a very comfortable level
- 1 €bn share buyback program completed. Shares acquired during the first two tranches are fully cancelled

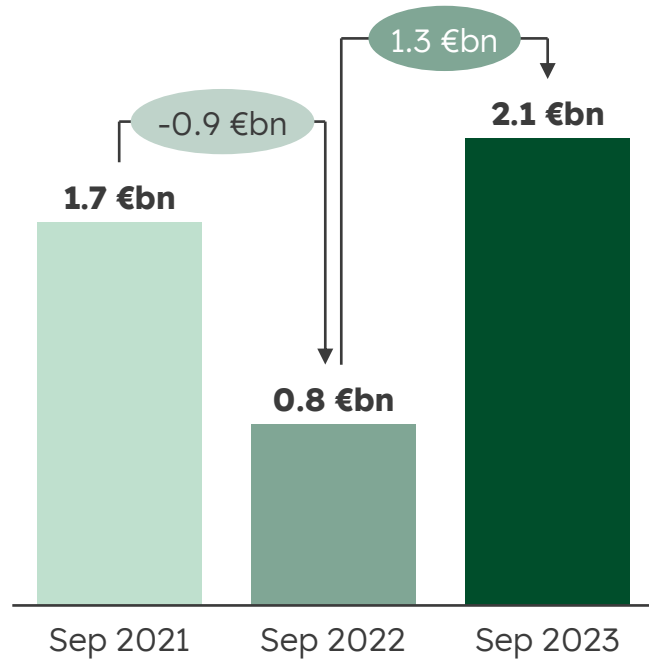
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** vs. September 2022

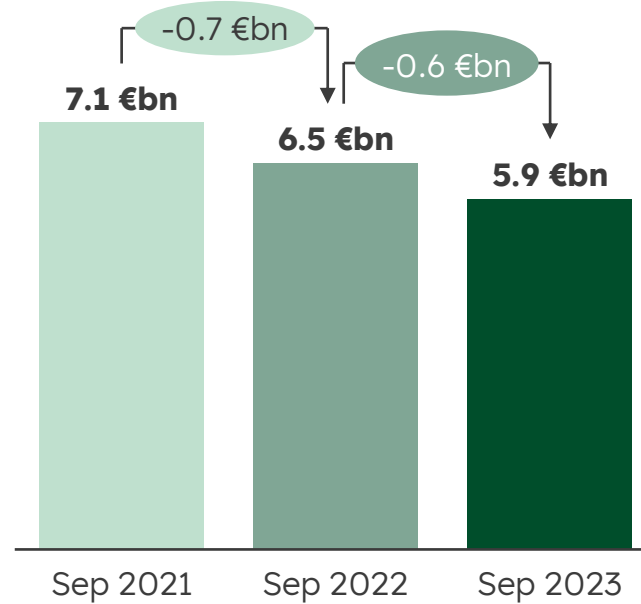


Solid improvement in key financial figures

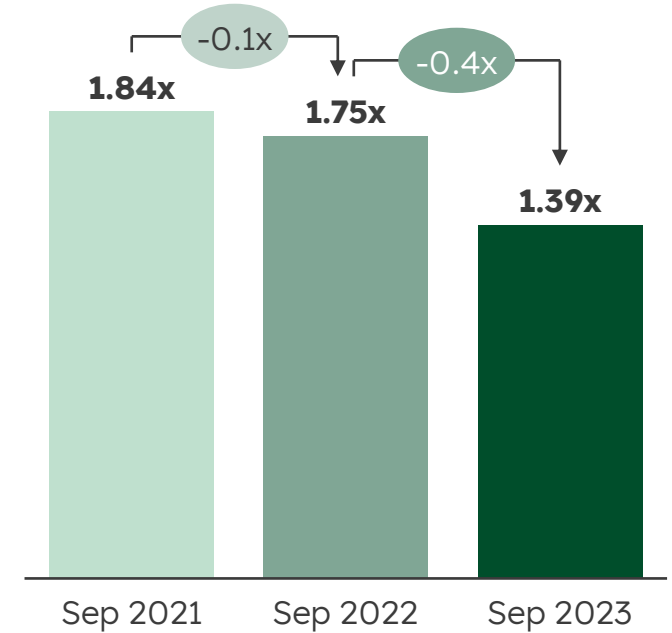
Last 12 months free cashflow



Net debt

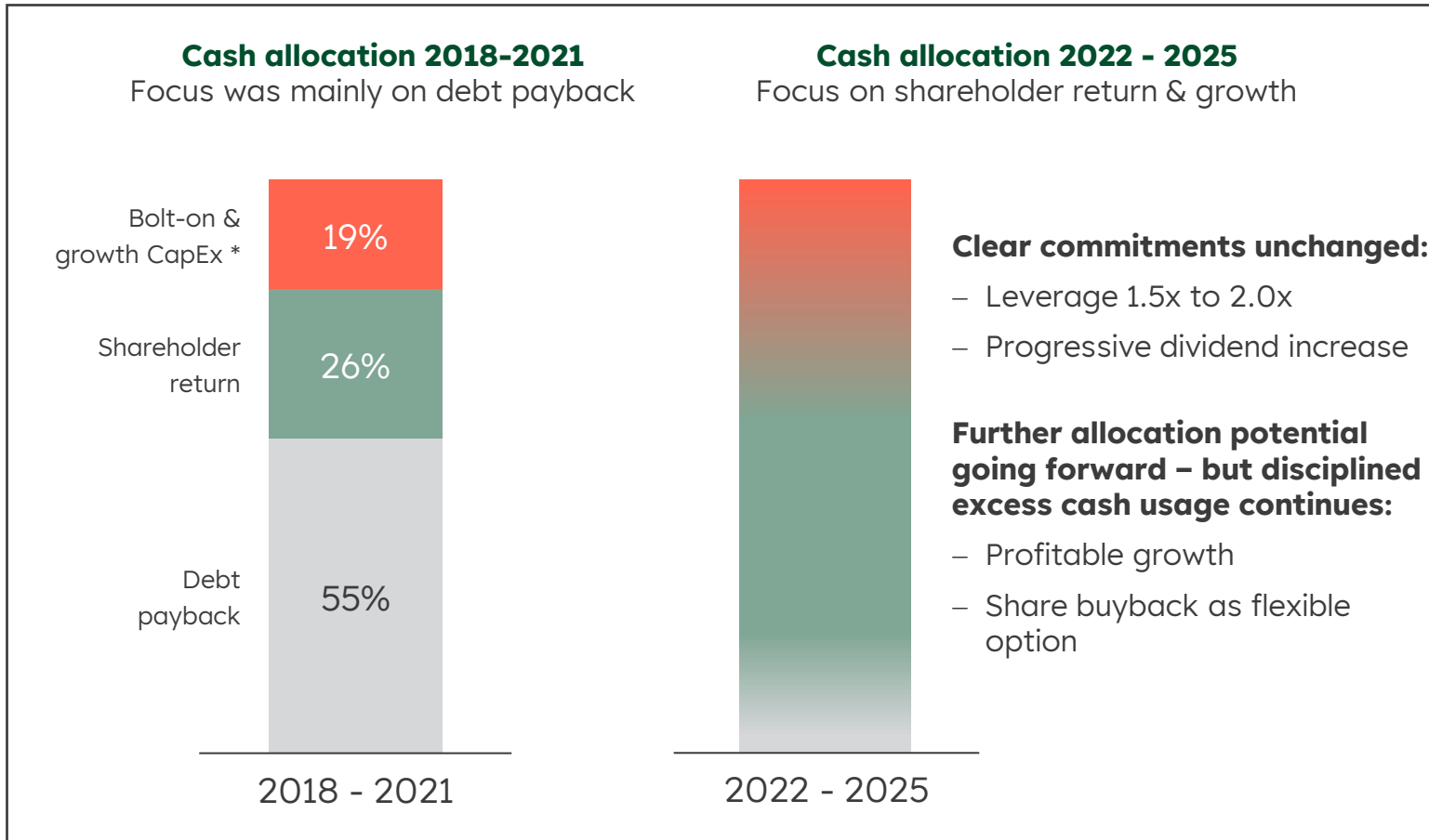


Leverage

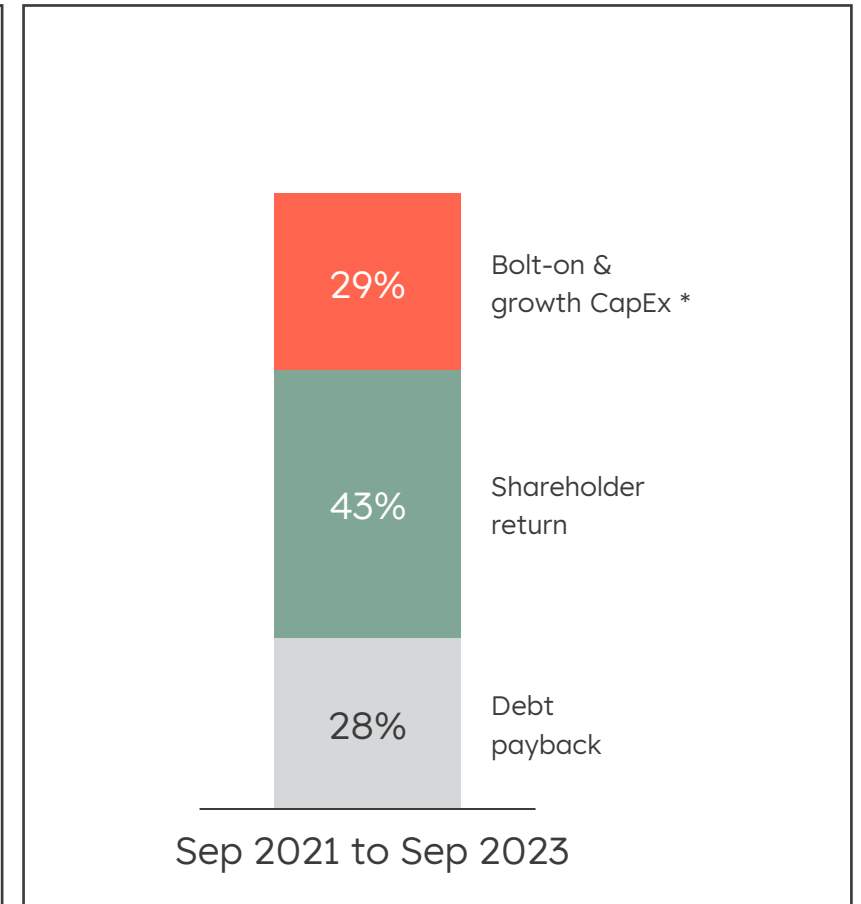


Committed to our announced cash allocation strategy

What we promised (2022 CMD)...



What we delivered so far...



* Gross strategic CapEx, without disposals.



Continuous focus on portfolio optimization – Simplify and Grow

Clearly defined M&A framework

Simplify

~2.5 €bn
disposal *

- Right-size the business
- Reduce complexity
- Improve profitability

Grow

~1.5 €bn
M&A *

- Expand focus markets
- Support transformation
- Support/improve financial performance

Strategic rationale

- Grow in focus markets within our portfolio
- Re-balancing earnings towards profitable businesses
- Complementarity with our existing asset base

Financial rationale

- Synergy potential
- To be financed through disposal proceeds and sustainability-linked bonds
- Fulfills all financial criteria for M&A

- In line with:
 - communicated 2025 financial targets
 - shareholder return policy
- Value creation for all stakeholders

Target remains: Balanced disciplined and profitable growth + good shareholder return

* Cumulated values from Jan 2020 until Sep 2023.



Sustainability highlights

- Continuous good progress in CO₂ reduction: Well on track with our roadmap towards 400kg CO₂/CEM in 2030
- ANRAV project: Construction start for a pilot installation of the first full-chain CCUS project in Eastern Europe covering CCUS incl. transport
- GeZero project: First fully decarbonized cement plant in Germany gets funding by EU Innovation Fund
- First 3D printed apartment building with a ~55% CO₂ reduction compared to Portland cement in Germany
- Calcined clay project launched in France offering a new range of low-carbon cements and reduce the site's CO₂ emissions by 20%
- Project CIRCO₂BETON® to produce low-carbon cement from demolished concrete in France



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 2.85-3.00 €bn
(previously: between 2.70-2.90 €bn)



CapEx Net at around 1.1 €bn



ROIC clearly above 9%
(previously: around 9%)



Leverage below 1.5x
(previously: between 1.5x to 2.0x)

* Excluding currency and scope impacts



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Appendix



Currency and scope impacts

Scope & Currency Q3 2023	Revenue (€m)		Operating EBITDA (€m)		Operating EBIT (RCO) (€m)	
	Scope	Currency	Scope	Currency	Scope	Currency
North America	29	-100	3	-20	-2	-13
West / South Europe	7	-3	0	-1	-1	-1
North / East Europe	0	-61	-8	-16	-8	-13
Asia Pacific	0	-95	0	-14	0	-8
Africa / Med. Basin	-2	-103	0	-22	0	-18
Group Service & Other	0	0	0	0	0	0
Total GROUP	35	-362	-5	-73	-10	-54

Scope & Currency 9M 2023	Revenue (€m)		Operating EBITDA (€m)		Operating EBIT (RCO) (€m)	
	Scope	Currency	Scope	Currency	Scope	Currency
North America	58	-99	9	-19	2	-12
West / South Europe	11	-37	0	-5	-4	-4
North / East Europe	0	-109	-12	-17	-12	-12
Asia Pacific	0	-174	0	-24	0	-14
Africa / Med. Basin	-2	-275	0	-57	0	-48
Group Service & Other	0	0	-7	0	-7	0
Total GROUP	67	-693	-9	-121	-20	-90



Operational result

Operating Result Quarter [€m]	Revenue				Operating EBITDA				Operating EBITDA Margin				Operating EBIT (RCO)			
	Q3 22	Q3 23	Change	LfL	Q3 22	Q3 23	Change	LfL	Q3 22	Q3 23	Change	LfL	Q3 22	Q3 23	Change	LfL
North America	1,583	1,522	-3.9%	0.7%	412	448	8.9%	13.8%	26.0%	29.5%	+345 bps	+344 bps	326	363	11.3%	16.5%
West / South Europe	1,619	1,616	-0.2%	-0.5%	261	367	40.8%	41.5%	16.1%	22.7%	+661 bps	+677 bps	173	277	60.0%	61.7%
North / East Europe	1,001	980	-2.1%	4.3%	238	277	16.8%	28.8%	23.7%	28.3%	+457 bps	+552 bps	189	230	22.1%	35.6%
Asia Pacific	978	949	-3.0%	7.4%	149	178	19.5%	32.0%	15.2%	18.7%	+352 bps	+349 bps	85	118	39.0%	53.6%
Africa / Med. Basin	539	464	-13.9%	6.9%	128	121	-5.3%	13.5%	23.8%	26.1%	+236 bps	+151 bps	101	96	-4.1%	16.7%
Group Service & Other	131	80	-39.5%	-39.5%	7	1	-83.7%	-83.7%	5.1%	1.4%	-376 bps	-378 bps	0	-5	N/A	N/A
Total GROUP	5,852	5,611	-4.1%	1.6%	1,193	1,393	16.7%	24.7%	20.4%	24.8%	+443 bps	+465 bps	874	1,080	23.5%	32.9%

Operating Result Year to Date [€m]	Revenue				Operating EBITDA				Operating EBITDA Margin				Operating EBIT (RCO)			
	9M 22	9M 23	Change	LfL	9M 22	9M 23	Change	LfL	9M 22	9M 23	Change	LfL	9M 22	9M 23	Change	LfL
North America	3,681	3,956	7.5%	8.8%	722	857	18.7%	20.5%	19.6%	21.7%	+205 bps	+211 bps	479	623	30.0%	33.0%
West / South Europe	4,774	4,941	3.5%	4.1%	677	964	42.4%	43.5%	14.2%	19.5%	+533 bps	+537 bps	414	703	69.8%	72.3%
North / East Europe	2,670	2,736	2.5%	6.8%	532	590	11.0%	16.9%	19.9%	21.6%	+166 bps	+190 bps	386	450	16.6%	23.5%
Asia Pacific	2,688	2,759	2.6%	9.8%	396	464	17.1%	24.8%	14.7%	16.8%	+208 bps	+202 bps	212	281	32.6%	41.7%
Africa / Med. Basin	1,576	1,413	-10.3%	8.7%	380	343	-9.8%	5.8%	24.1%	24.3%	+13 bps	-67 bps	298	268	-10.0%	7.0%
Group Service & Other	414	278	-32.8%	-32.8%	11	-39	N/A	N/A	2.8%	-13.9%	N/A	N/A	-8	-57	N/A	N/A
Total GROUP	15,802	16,083	1.8%	6.0%	2,718	3,179	17.0%	22.8%	17.2%	19.8%	+257 bps	+272 bps	1,782	2,269	27.3%	35.3%



Financial Calendar & IR Contacts

Upcoming events:

- 22 February 2024 - Full Year Results 2023
- 21 March 2024 - Annual and Sustainability Report 2023
- 7 May 2024 - Q1 2024 Trading Update
- 16 May 2024 - Annual General Meeting
- 30 July 2024 - Half-Year Results
- 7 November 2024 - Q3 2024 Trading Update

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