

2020 Capital Markets Day

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Digital Transformation – Enabling a Step Change in Business Excellence

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1. We aim to be the first industrial tech company in the sector
2. Our three digital pillars *HConnect*, *HProduce* and *HService* will contribute significantly to our Group margin target
3. Our integrated *HConnect* digital products focus on superior customer interaction with the aim to cover >75% of global sales volumes
4. Our *HProduce* and *HService* solutions will enable significant efficiency gains and cost reductions in our processes



Our three digital pillars contribute to our 300 bps margin target

H Connect



End-to-end experience for our customers

Key levers

- Additional (service) revenues
- New customer segments
- Reduced logistics cost
- Reduced back-office workload

H Produce



Real-time insights and advanced analytics optimizers

Key levers

- More throughput
- Reduced energy cost
- Reduced maintenance cost

H Service



Step change in shared service center efficiency

Key levers

- Leverage scale and global footprint
- Fewer back-office resources
- Lower service cost

HConnect

A suite of digital products that offer an end-to-end experience for our customers driving our revenues while reducing cost of service



H Connect: Providing superior customer interaction

Where are we now?

- Scale
20% of global sales volume covered to date
- Capabilities
Transactional use cases

Which benefits do we see already?

- Pilot experience from Australia in last 6 months
- AUD 20 m additional revenues
 - 10% reduction in call volumes from OnSite users
 - Significant amount of sales rep time saved

Our 2025 Target

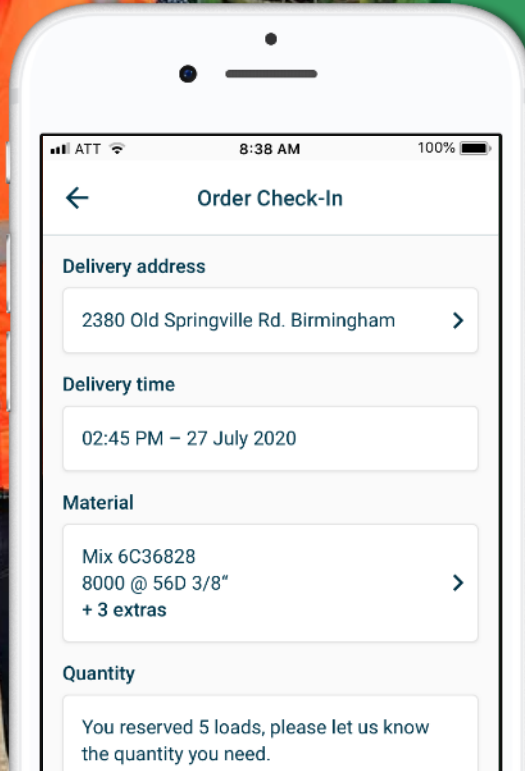
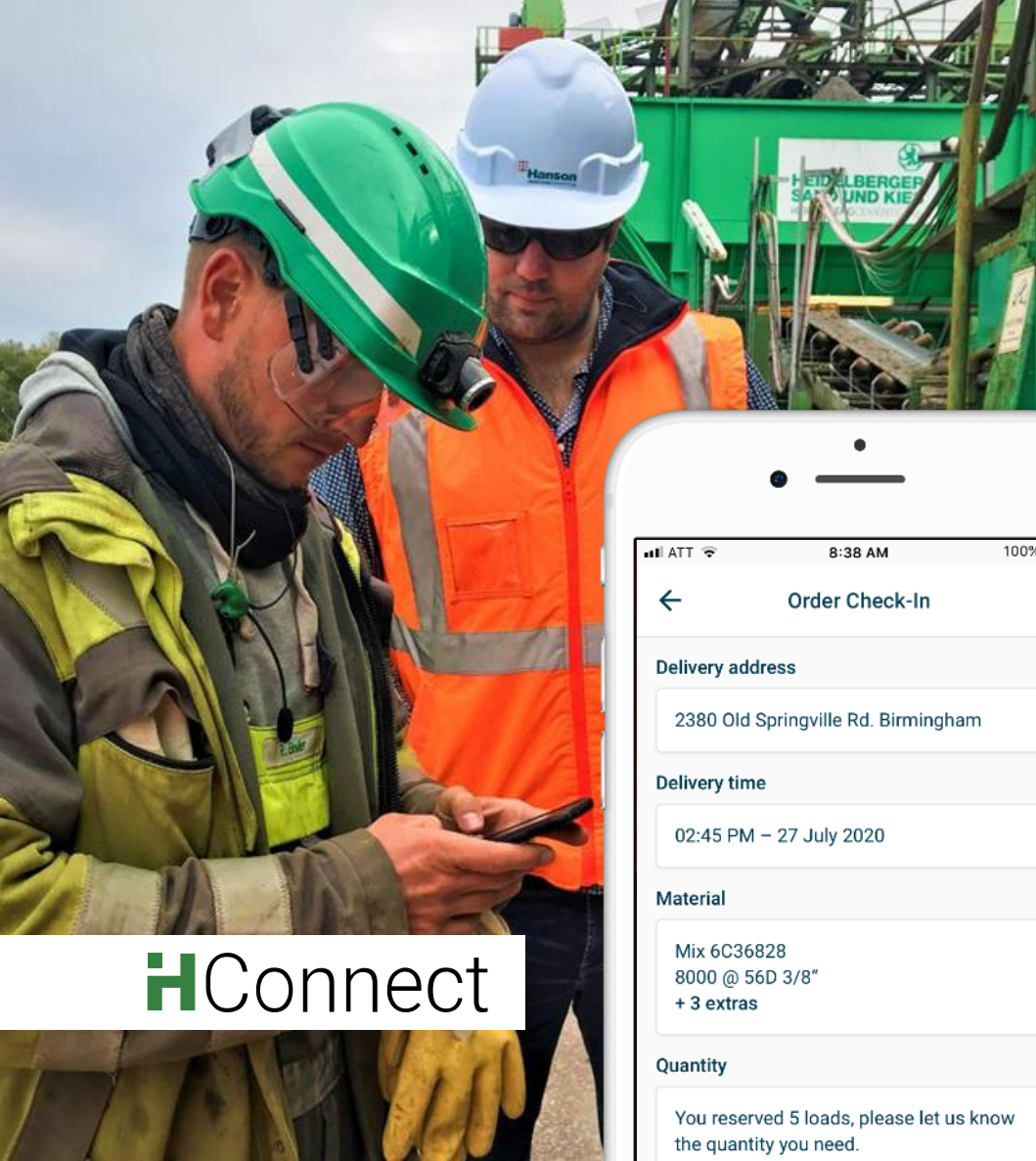


- More than 75% of global sales volume covered by HConnect
- New digital tools that automate interaction with all partners from quoting to payment

Going live end of 2020: Customers manage deliveries with immediate and automated response

Example of last truck adjustments – advantages:

- Reduces material waste
- Solves recycling issue in many urban sites
- Saves our customers money
- Reduces calls to our customer service centers
- Reduces number of diverted trucks



HConnect

H Produce

Products enabling
real-time insights,
immediate remote
support and advanced
analytics optimizers



HProduce: Driving standardization and efficiency in production

Where are we now?

- Scale
~60% of AGG/RMC plants with access to efficient digital tools
- Capabilities
Key tools for AGG and RMC developed, CEM product development in progress

Which benefits do we see already?

- Remote RMC batching in Indonesia
Reduced 60 FTE, improved asset productivity, product quality and customer service
- German cement-mill-planning pilot
€ 200k annual power cost savings in one pilot plant in Germany

Our 2025 Target



- All sites consuming HProduce product suite
- 50% of operational excellence savings digitally supported

H Produce: Improving cost base and customer service

Example: Batch Control Center in Indonesia

- Consolidating batching, transport, dispatch, call center and quality control in **one central location**
- Increasing trucking fleet efficiency and on-time delivery through **real-time coordination**
- Improving material efficiency, product quality and customer service through better **monitoring and training**



Current scale and initial benefits

- Pilot in Indonesia: reduced operators by 60%
- Benefits: significantly improved efficiency and better customer service

Potential

- Roll out to other emerging and selected mature markets
- Benefits: optimize process quality and asset productivity

H Service

Building the next generation Shared Service Center (SSC) unlocking a step change in efficiency



H Service: Targeting efficiency gains in our Shared Service Centers (SSC)

Where are we now?

- Scale
all HC countries
- Capabilities
Highly automated national SSCs running on a vastly standardized core ERP, Robotic Process Automation build up and in use

Which benefits do we see already?

- Accounts-payables pilot
First activities moved from higher to lower cost SSC locations within WSE region
- Robotics Process Automation
10 use cases piloted; 5,000 man days of work automated

Our 2025 Target



- Most SSC activities consolidated in lower-cost locations
- 20% efficiency gains in consolidated activities

H Initiatives: a significant contribution to our 300 bps margin target

H Connect



Our ambition:
Most widely used customer
experience based on real-time
insights and highest possible
degree of automation

H Produce



Our ambition:
Transfer our best-in-class
production management
to the digital age

H Service



Our ambition:
Cost leadership in
back-office administration

We will be the first industrial tech company in the sector

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