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2020 Capital Markets Day

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Focusing on Efficient Cash Generation and Allocation

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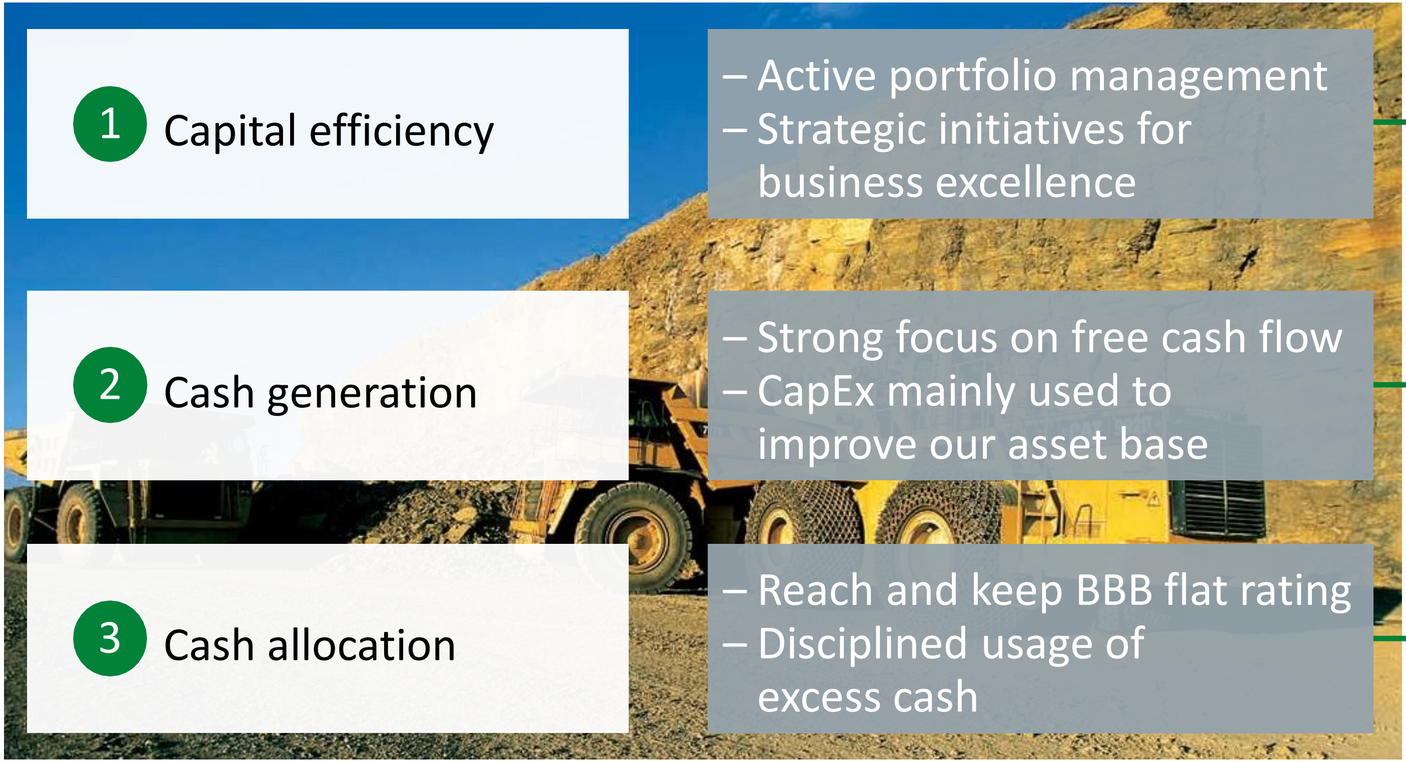
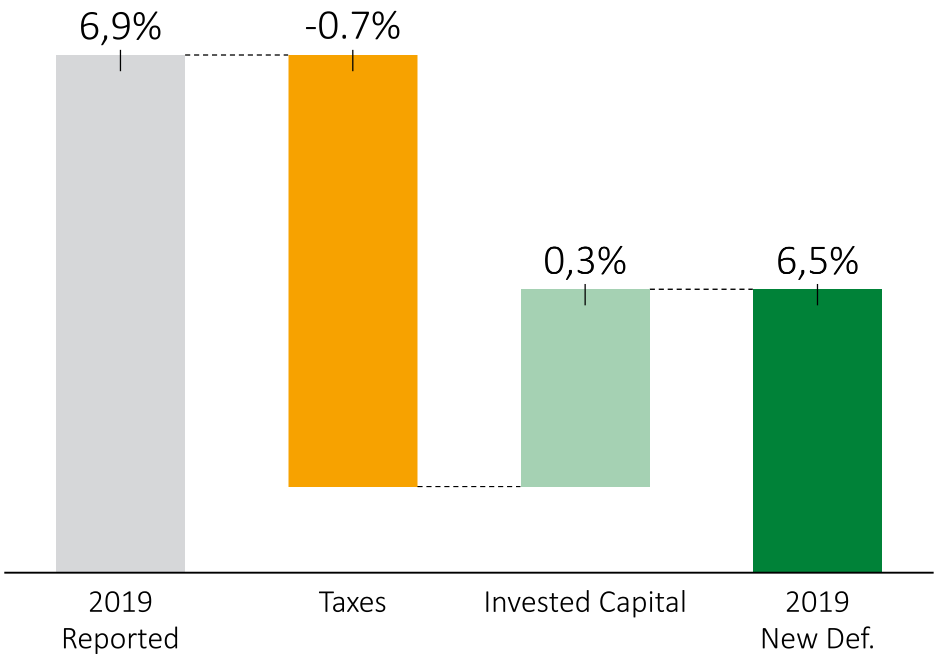
Efficient cash generation and cash allocation



1 Capital efficiency	– Active portfolio management – Strategic initiatives for business excellence	ROIC clearly above 8%
2 Cash generation	– Strong focus on free cash flow – CapEx mainly used to improve our asset base	Cash conversion rate: around 45%
3 Cash allocation	– Reach and keep BBB flat rating – Disciplined usage of excess cash	Leverage: 1.5x to 2.0x

ROIC definition changed to widely accepted standard

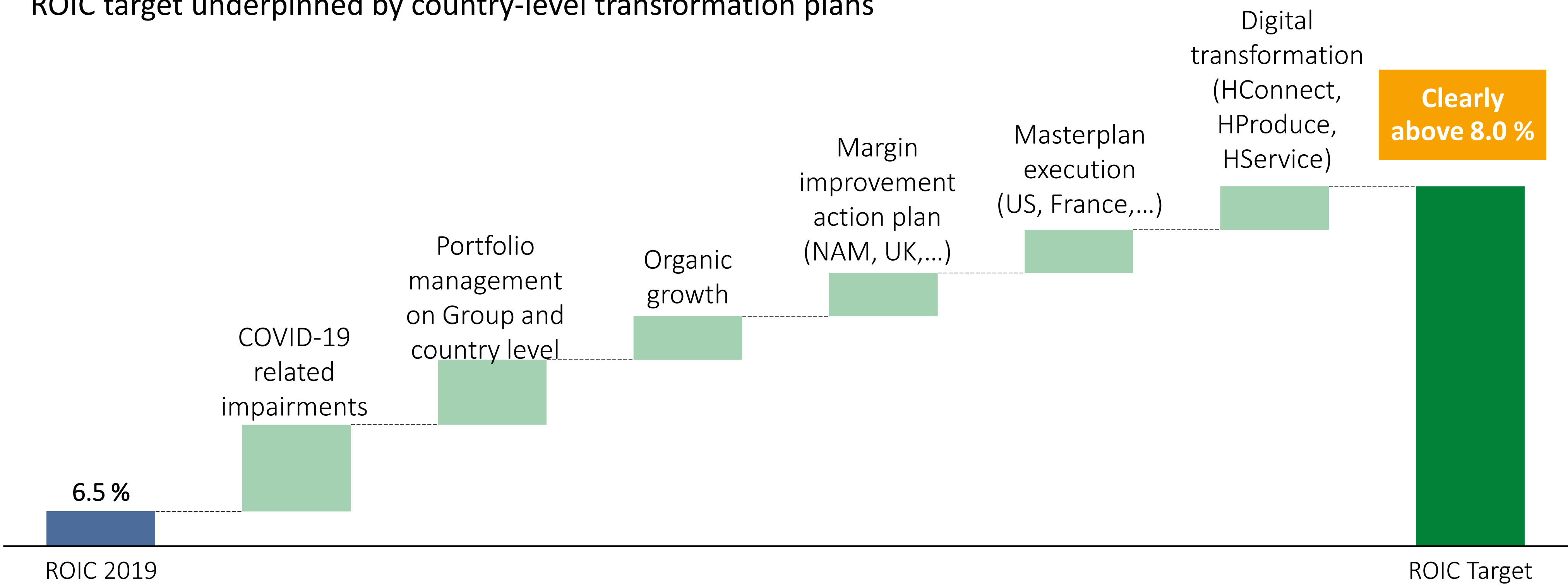
ROIC: changed calculation of taxes and average invested capital



- Adjusted effective current tax rate is applied on NOPAT
- Tax rate calculated as current tax expenses of the current year divided by pre-tax profit excl. impairment
  - Previous year tax expenses not considered
  - Deferred taxes not considered: high volatility, non-cash
- Invested capital defined as equity plus net debt less long-term financial assets (excl. JVs & associates) less short-term interest-bearing receivables
- Increased transparency
- Unfavorable impact on ROIC (-0.4%)

Our ROIC target: clearly above 8%

ROIC target underpinned by country-level transformation plans



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Cash conversion rate target around 45%

Free Cash Flow: changed CapEx definition

2019 Old definition (€m)		2019 New definition (€m)	
Cash flow from operating activities	2,664	Cash flow from operating activities	2,664
Sustaining CapEx	-911	CapEx Net	-962
Free Cash Flow	1,753	Free Cash Flow	1,702
Operating EBITDA	3,580	Operating EBITDA	3,580
Cash conversion	49%	Cash conversion	48%

CapEx Net reflects investments in and divestments of tangible fixed assets and is replacing the internal ‘Sustaining CapEx definition.

Free cash flow is now reconcilable with legal cash flow statement.

Drivers for reaching target

– Strict monitoring of investments based on clear criteria limiting CapEx Net to approx. €1.2 bn p.a.

– Further reduction of interest payments through improved financing conditions, deleveraging and solid investment grade rating

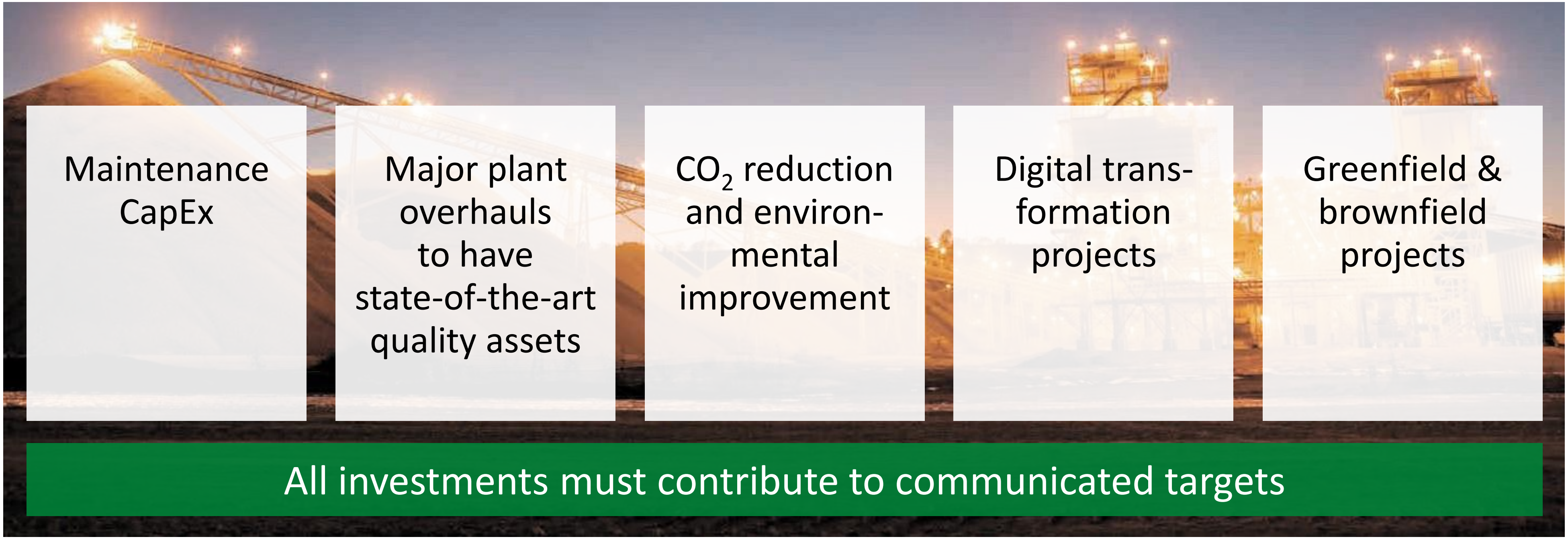
– Continue active working capital management

– Keeping cash tax payments below 25% of adjusted profit before taxes

We achieved our target of 45% cash conversion rate. Now we keep it around this level!

CapEx with clear focus on asset base improvement

CapEx Net limited at approx. €1.2 bn p.a.



- Maintenance CapEx
- Major plant overhauls to have state-of-the-art quality assets
- CO_2 reduction and environ-mental improvement
- Digital trans-formation projects
- Greenfield & brownfield projects

All investments must contribute to communicated targets

Growth CapEx / M&A based on stringent investment criteria

Focus on value creation

- ✓ Selective bolt-on growth CapEx and M&A with high synergy potential
- ✗ No multi-country or multi-business M&A

Investment criteria strictly applied

- Strategic fit, aligned with portfolio strategy
- Contribute to net profit in year 1 after acquisition
- ROIC clearly above 8% after full integration

Targeted and disciplined approach to investment projects

Focus on disciplined implementation aligned with portfolio strategy:

Strategy	**Technical**	**Sustainability**	**Finance**
Strategic fit, markets and competition	Technical aspects of any project	Compatibility with sustainability commitments	Financial attractiveness and risk evaluation
– Market attractiveness – Fit with current footprint – Synergies	– Project resources – Geological assessment – Engineering requirements – Supply constraints	– Analysis of impact on CO_2 – Environment – Human rights – Reputation	– Tools: DCF analysis, Monte Carlo simulation, risk assessment – Projected ROIC – EPS accretion – Financial targets analysis

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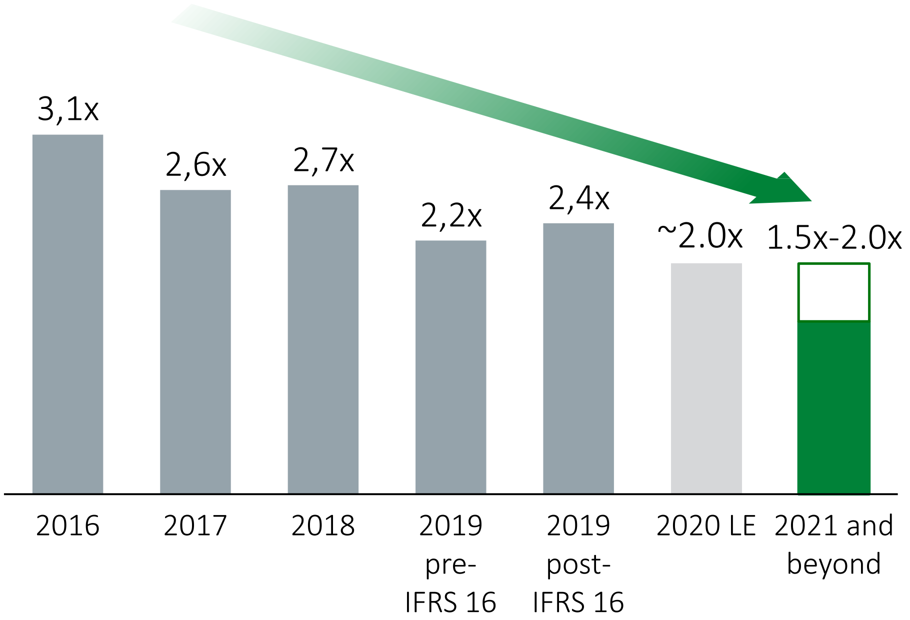
Committed to strong balance sheet – reducing leverage ratio to 1.5x-2.0x

Leverage ratio (Net Debt / EBITDA)



Clear commitment to reach leverage target

- HeidelbergCement has a history of consistent deleveraging over the last years
- We will most likely achieve leverage of 2 or below incl. IFRS16 already by end of this year
- Commitment to mid-term target of 1.5x to 2.0x from 2021 onwards
- Deleveraging commitment is embedded in our capital allocation strategy

Target: achieve and maintain BBB flat rating

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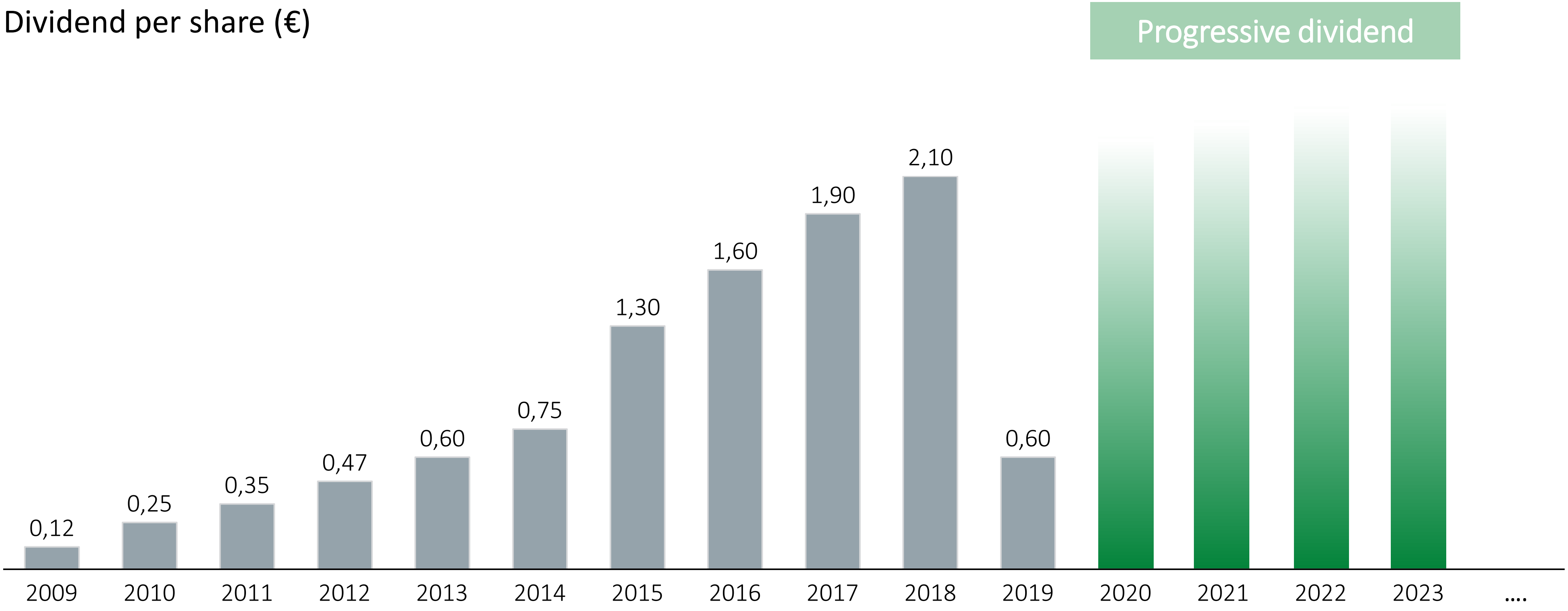
Dividends as important part of shareholder returns

Dividend per share (€)



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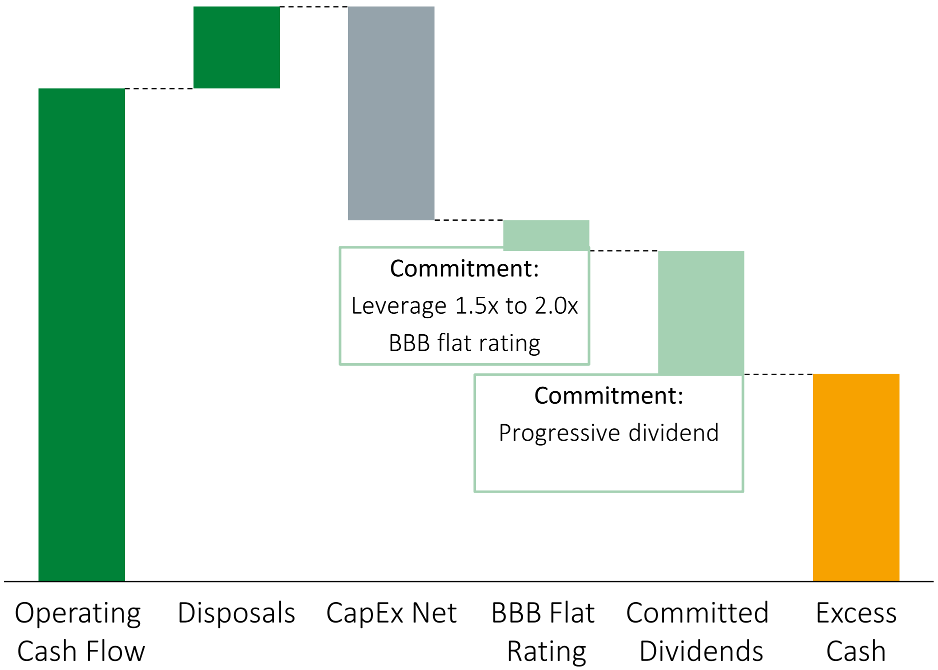
Strictly defined capital allocation framework

Cash generation & allocation over the next 3 years



Growth CapEx / Bolt-on M&A

– Only if net debt & dividend commitment are not at risk
– Aligned with focus markets identified in portfolio review
– ROIC clearly above 8% after full integration
– Contribute to net profit in year 1 after acquisition

Share buyback

– Flexible option for additional shareholder return in stable environment

Efficient cash generation and cash allocation

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