

# 2022 Half Year Results

28 July 2022

Dr. Dominik von Achten – Group CEO

René Aldach – Group CFO

## Key Messages Q2 2022

- Strong pricing drives top line growth and stabilizes result: Revenue +10%; EBITDA -6%; RCO -6% \*
- Price over cost almost stable for the quarter, turned positive in the month of June
- CO<sub>2</sub> reduction further accelerated by around 2.5%; even before CCUS projects
- Renewal of syndicated credit line linked to the sector's most ambitious CO<sub>2</sub> target
- Outlook – strong revenue growth confirmed, slight decrease in operating EBITDA and RCO expected for full year 2022 \*

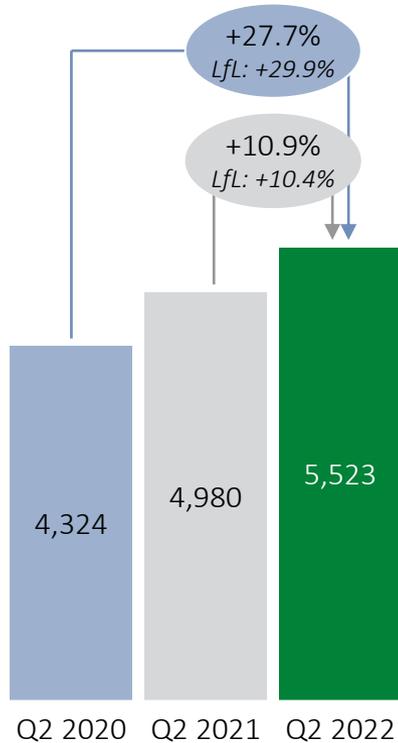
\* LfL, excluding currency and scope impacts.

**HEIDELBERGCEMENT**

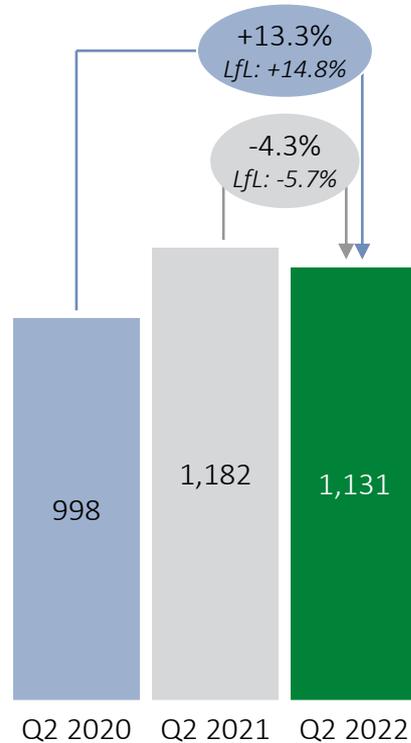
An aerial photograph of a lush green forest. A paved road with a yellow center line curves through the trees on the left side of the image. The trees are dense and vibrant green, filling the rest of the frame.

# Solid result despite a very strong comparison base

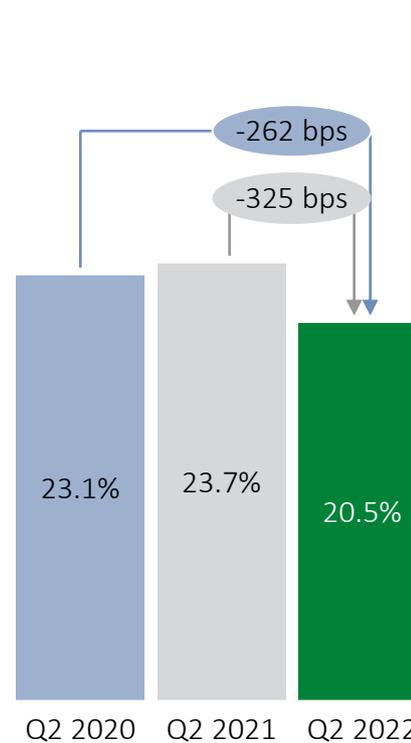
Revenue (m€)



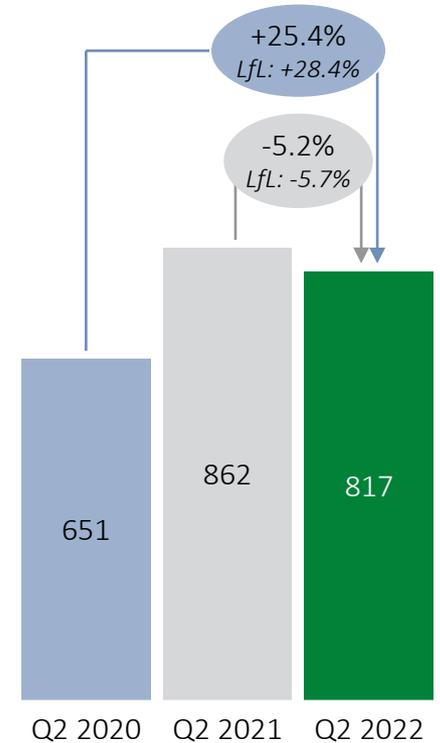
Operating EBITDA (m€)



Operating EBITDA Margin

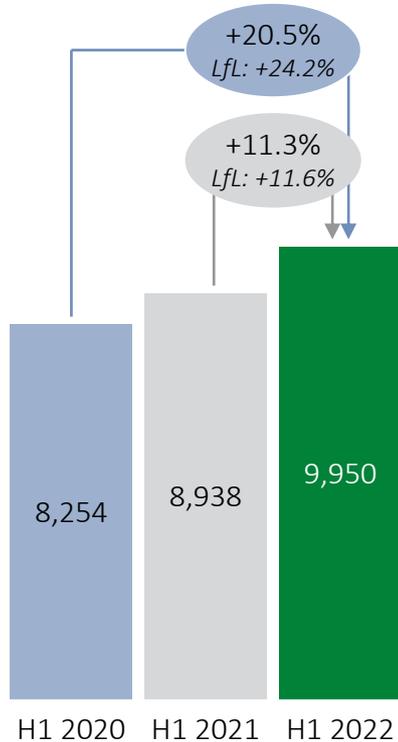


Operating EBIT (RCO) (m€)

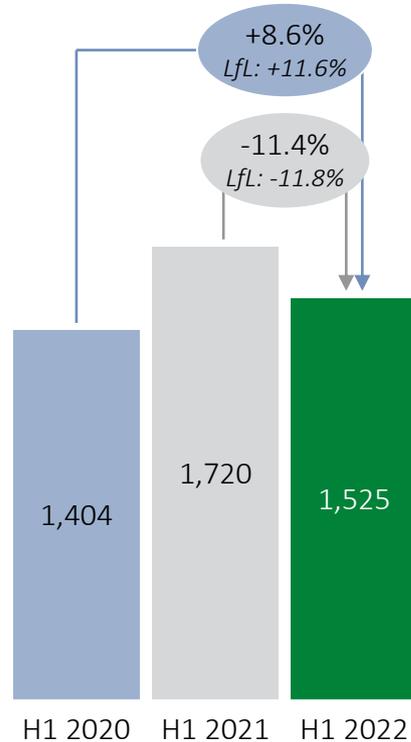


# Successful price increases drive top line growth and stabilize EBITDA & RCO

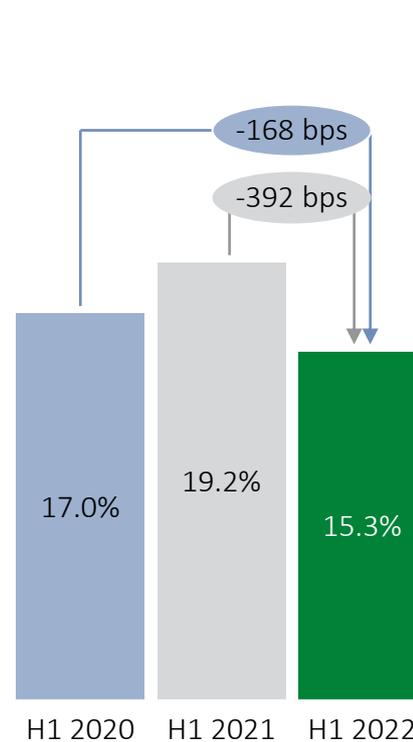
Revenue (m€)



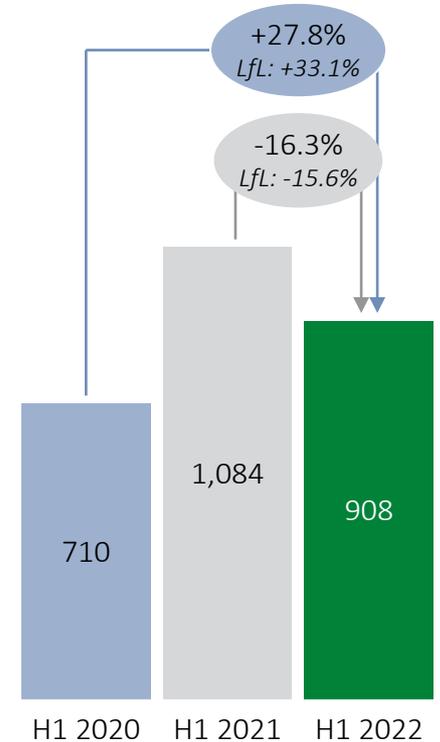
Operating EBITDA (m€)



Operating EBITDA Margin



Operating EBIT (RCO) (m€)



## Q2 2022 – Regional overview

Volumes	Q2 20	Q2 21	Q2 22	'22 vs '21 Lfl
Cement sales volume (mt)	28.7	33.5	30.5	-6.7%
Aggregates sales volume (mt)	74.7	83.7	79.5	-1.0%
Ready mix sales volume (mt)	11.0	12.7	11.9	-2.4%

Revenue (mEUR)	Q2 20	Q2 21	Q2 22	'22 vs '21 Lfl
North America	1,216	1,269	1,300	5.9%
Western & Southern Europe	1,182	1,531	1,709	11.6%
North & Eastern Europe – C.A.	765	867	987	13.8%
Asia Pacific	667	754	873	7.7%
Africa – Eastern Med. Basin	410	460	510	10.4%

Operating EBITDA (mEUR)	Q2 20	Q2 21	Q2 22	'22 vs '21 Lfl
North America	288	335	303	-10.7%
Western & Southern Europe	244	310	336	8.2%
North & Eastern Europe – C.A.	231	254	235	-7.9%
Asia Pacific	149	161	137	-21.3%
Africa – Eastern Med. Basin	96	128	120	-7.5%

Successful price increases to a large extent compensate cost pressure.

### North America

- Stable volume development across business lines with healthy orderbooks in all regions.
- Positive pricing with further upside in the second half of the year.
- General inflation, increased freight rates on imports and labor disruptions put pressure on margin.

### Europe

- WSE: Strong revenue growth driven by very good pricing compensates significant cost inflation.
- NEECA: Revenue increase on back of solid pricing, despite subdued volumes. Fuel and electricity costs continue to put pressure on margin.

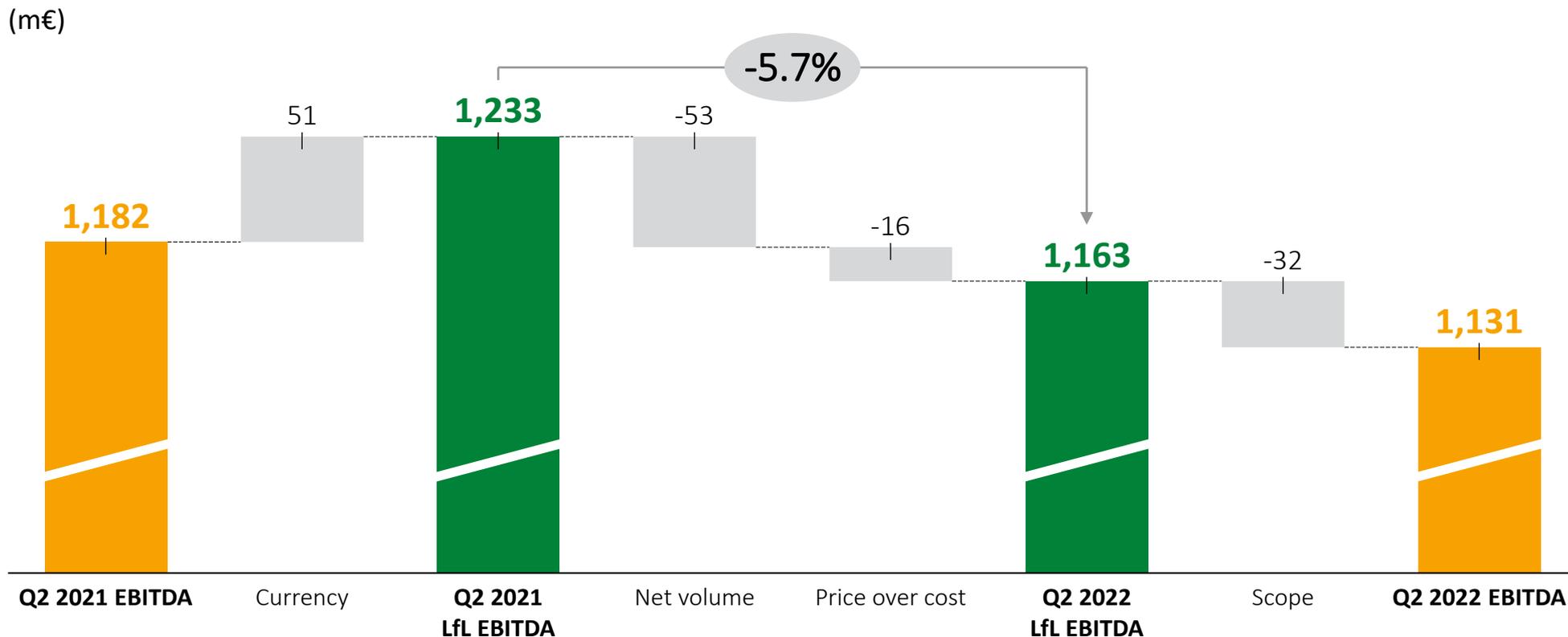
### Asia - Pacific

- Cost inflation could not be offset by price increases. Margin pressure in India and high coal price in Indonesia. Australia impacted by flooding on East Coast.
- Positive pricing momentum building across region – particularly in Indonesia, Thailand and Australia.

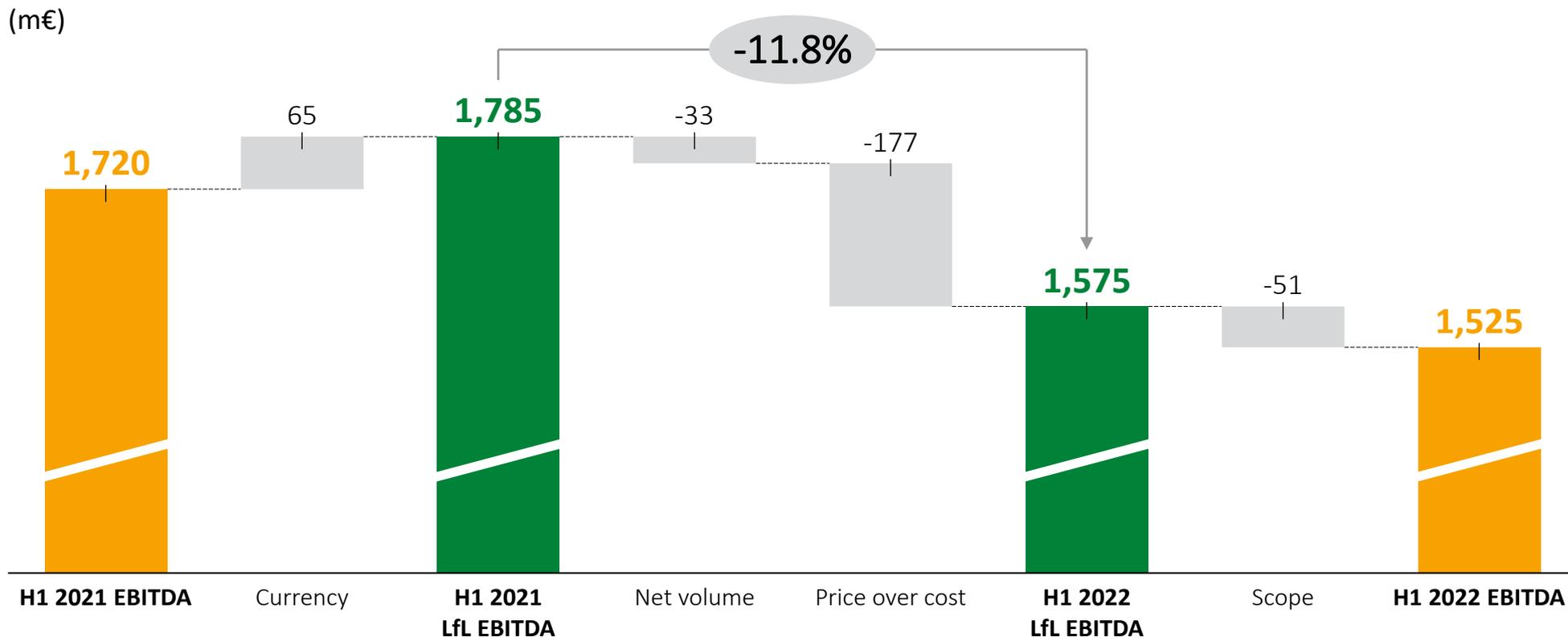
### Africa - Eastern Mediterranean

- Demand remains intact in most of Sub Sahara & North Africa offsetting market pressure in some parts of West Africa.
- Significant increases in the inbound freight, raw material and fuel costs to a large extent compensated by price increases.

## Q2 2022 – Operating EBITDA bridge

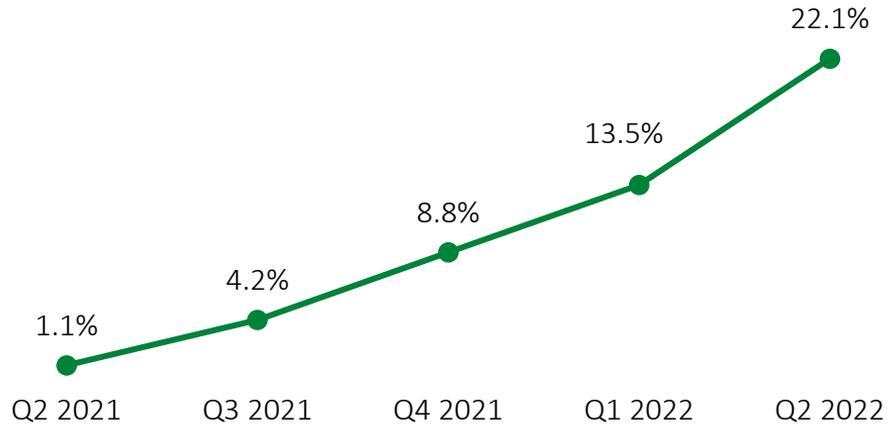


# H1 2022 – Operating EBITDA bridge

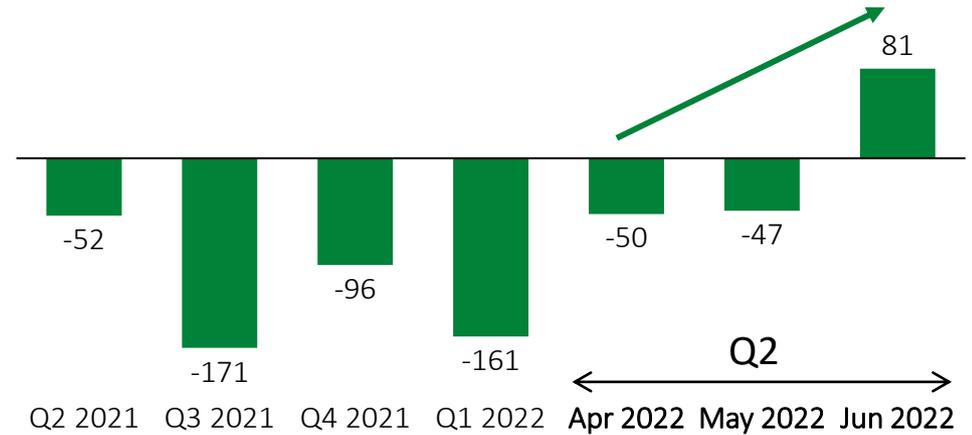


# Commercial Excellence Program clearly pays-off

Domestic cement price increase vs. PY same period



Price over cost



Updated target: ~2 billion EUR \*

**799 m€ already secured \***

**Successfully implemented price increases compensate cost inflation.**

**Price over cost clearly positive in June.**

\* "Above" normal price inflation of 2% p.a.

## Good improvement in most of the financial KPIs



### Revenue

**10.0 billion**

+12% LfL

Strong pricing drives top-line growth



### EBITDA

**1.5 billion**

-12% LfL

High cost inflation put pressure on H1 result



### Clean EPS

**3.1 EUR**

+3%

Stable EPS despite pressure on operational result



### Net debt reduction

**-662 million**

vs. June 2021

Comfortable net debt and leverage level



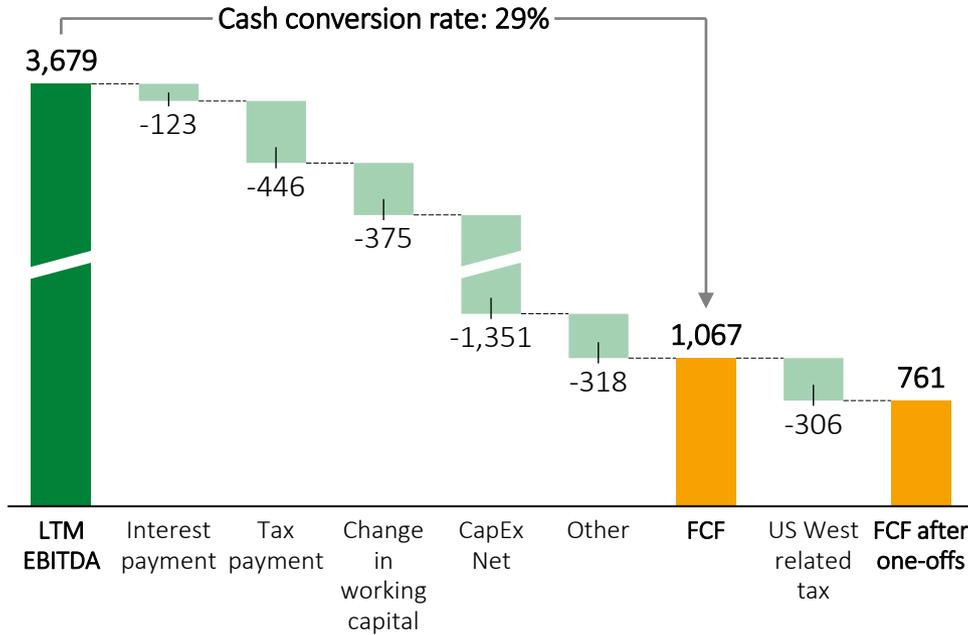
### Shareholder return

**1.3 billion**

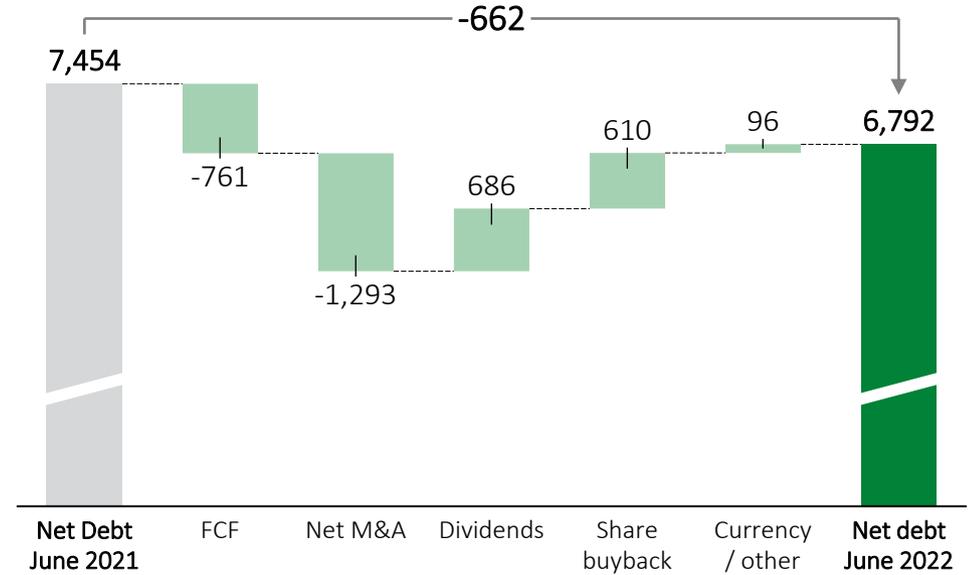
Record high shareholder return in the last 12 months

# Free cashflow and net debt development

Free cash flow generation – Last 12 Months (m€)



Net debt development (m€)



# Income statement

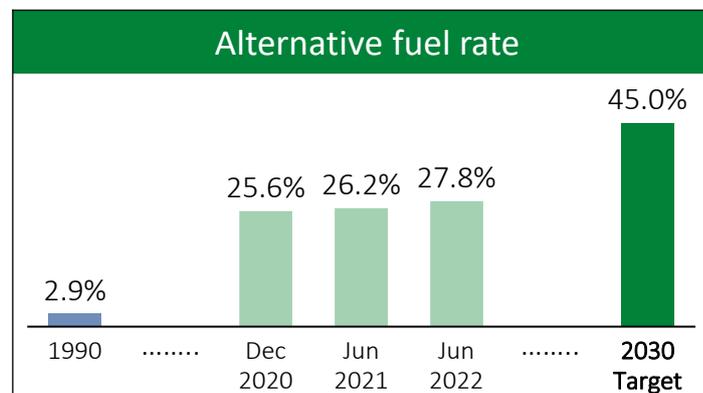
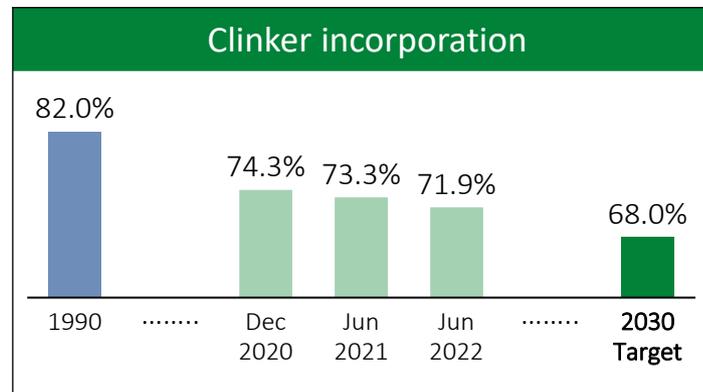
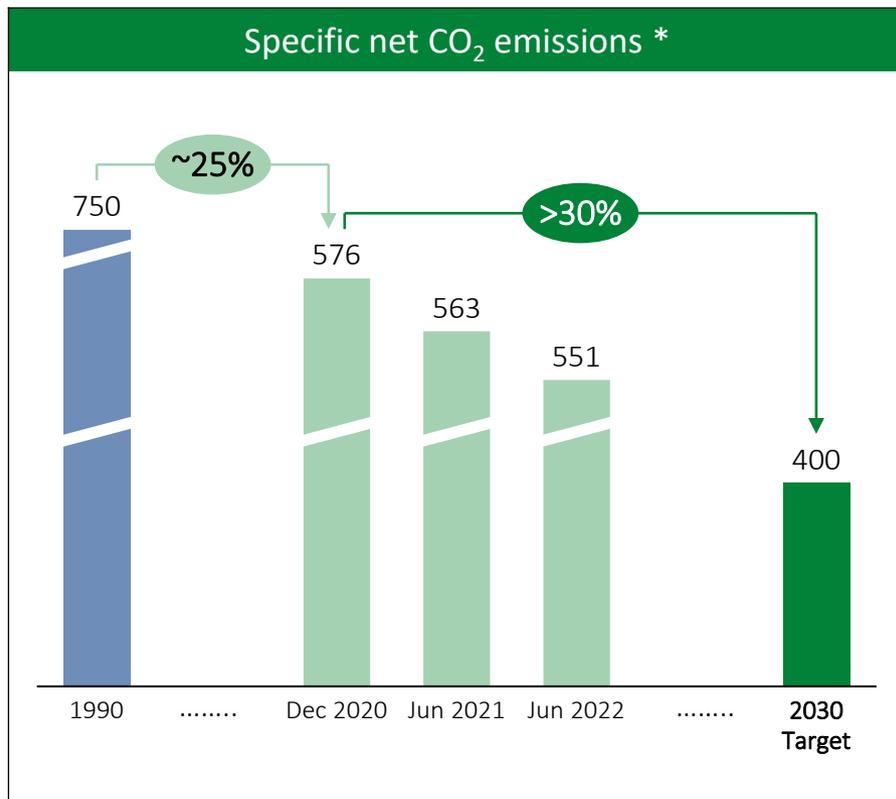
Income Statement (m€)	Jun 2021	June 2022	Delta
Revenue	8,938	9,950	+1,012
<b>RCOBD (Operating EBITDA)</b>	<b>1,720</b>	<b>1,525</b>	<b>-195</b>
Depreciation and amortization	-636	-617	+19
<b>Result from current operations (RCO)</b>	<b>1,084</b>	<b>908</b>	<b>-176</b>
Additional ordinary result	148	-63	-210
Financial result	-84	-20	+63
Income taxes	-325	-239	+86
Net result from discontinued operations	2	11	+9
Non-controlling interests	-69	-55	+14
<b>Group share of profit</b>	<b>755</b>	<b>542</b>	<b>-214</b>
<b>Earnings per share</b>	<b>3.81</b>	<b>2.82</b>	<b>-0.98</b>
<b>Earnings per share – adjusted *</b>	<b>3.06</b>	<b>3.15</b>	<b>+0.09</b>

## Key developments:

- Additional ordinary result:
  - 2022: -87 m€ asset impairment in Russia.
  - 2021: Reversal of past asset impairments for U.S. West disposal.
- Further improvement of 63 m€ in financial result. Net interest expense was reduced by further 20 m€.
- Tax expenses are 86 m€ lower compared to prior year, mainly due to decline in earnings.
- Adjusted EPS above last year.

\* Figures adjusted for additional ordinary result.

# Sustainability: We are well on-track to reach our ambitious CO<sub>2</sub> targets



\* Kg CO<sub>2</sub>/t cementitious material; Half-year figures unaudited

## Outlook 2022



Strong increase in revenue, slight decrease in operating EBITDA and RCO (all LfL)



CapEx Net <1.2 bn EUR



ROIC at around 9%



Leverage between 1.5x to 2.0x

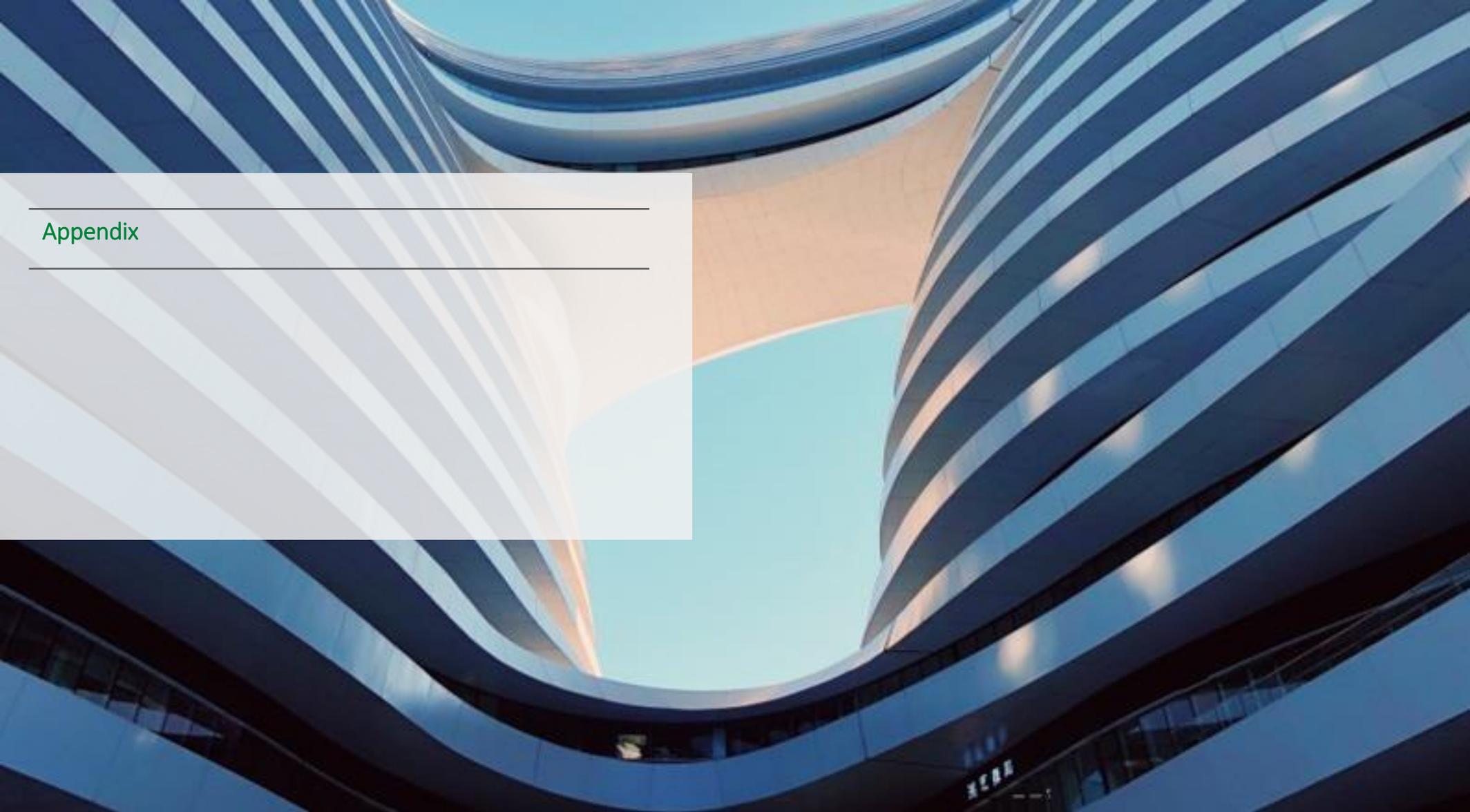
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\* LfL, excluding currency and scope impacts.

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An aerial photograph of a lush green forest. A paved road with a yellow center line curves through the trees, starting from the bottom left and moving towards the top right. The trees are dense and vibrant green, with some variations in shade suggesting different tree species or lighting. The overall scene is a natural, serene landscape.



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## Appendix

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## APPENDIX

## Sales volumes

Sales Volumes QUARTER	Cement ('000 t)				Aggregates ('000 t)				Ready Mix ('000 m3)				Asphalt ('000 t)			
	Q2 21	Q2 22	Change	LfL	Q2 21	Q2 22	Change	LfL	Q2 21	Q2 22	Change	LfL	Q2 21	Q2 22	Change	LfL
North America	4,485	3,786	-699	-1.6%	35,155	33,312	-1,844	1.9%	2,097	1,642	-455	-2.1%	1,432	712	-720	0.0%
West / South Europe	8,532	7,625	-907	-10.6%	23,491	21,177	-2,314	-8.7%	4,966	4,632	-334	-5.3%	938	882	-56	-5.9%
North / East Europe	7,153	6,445	-708	-9.9%	14,317	13,400	-918	-2.7%	1,781	1,672	-109	-3.9%	0	0	0	0.0%
Asia Pacific	8,032	7,707	-325	-4.0%	8,752	9,773	1,021	11.7%	2,626	2,741	115	4.4%	434	531	98	22.5%
Africa / Med. Basin	5,219	4,921	-297	-4.0%	1,935	1,831	-103	-5.3%	1,242	1,191	-51	-4.1%	65	80	15	22.2%
Group Service	39	0	-39	0.0%	0	49	49	0.0%	0	0	0	0.0%	0	0	0	0.0%
<b>HC GROUP</b>	<b>33,461</b>	<b>30,480</b>	<b>-2,980</b>	<b>-6.7%</b>	<b>83,651</b>	<b>79,542</b>	<b>-4,109</b>	<b>-1.0%</b>	<b>12,710</b>	<b>11,878</b>	<b>-832</b>	<b>-2.4%</b>	<b>2,869</b>	<b>2,206</b>	<b>-663</b>	<b>2.0%</b>

Sales Volumes YEAR TO DATE	Cement ('000 t)				Aggregates ('000 t)				Ready Mix ('000 m3)				Asphalt ('000 t)			
	Jun 21	Jun 22	Change	LfL	Jun 21	Jun 22	Change	LfL	Jun 21	Jun 22	Change	LfL	Jun 21	Jun 22	Change	LfL
North America	7,569	6,334	-1,235	-1.9%	58,287	55,683	-2,605	3.4%	3,782	2,851	-931	-4.8%	1,970	762	-1,207	-0.2%
West / South Europe	15,332	14,459	-872	-5.7%	43,434	40,706	-2,729	-5.6%	9,157	8,864	-292	-2.3%	1,815	1,737	-77	-4.3%
North / East Europe	11,554	10,900	-655	-5.7%	22,296	22,194	-102	4.0%	2,937	2,934	-3	2.5%	0	0	0	0.0%
Asia Pacific	16,836	16,812	-24	-0.1%	17,225	19,021	1,796	10.4%	5,144	5,299	154	3.0%	936	979	44	4.7%
Africa / Med. Basin	10,448	10,342	-106	0.6%	3,718	3,762	44	1.2%	2,482	2,507	24	1.0%	121	113	-8	-6.3%
Group Service	76	0	-76	0.0%	0	99	99	0.0%	0	0	0	0.0%	0	0	0	0.0%
<b>HC GROUP</b>	<b>61,816</b>	<b>58,839</b>	<b>-2,977</b>	<b>-2.6%</b>	<b>144,961</b>	<b>141,464</b>	<b>-3,496</b>	<b>1.7%</b>	<b>23,502</b>	<b>22,454</b>	<b>-1,048</b>	<b>-0.6%</b>	<b>4,841</b>	<b>3,592</b>	<b>-1,249</b>	<b>-0.9%</b>

# Operating result

Operating Result QUARTER	Revenues (m€)				Operating EBITDA (m€)				Operating EBIT / RCO (m€)				EBITDA Margin			
	Q2 21	Q2 22	Change	LfL	Q2 21	Q2 22	Change	LfL	Q2 21	Q2 22	Change	LfL	Q2 21	Q2 22	Change	LfL
North America	1,269	1,300	2.4%	5.9%	335	303	-9.6%	-10.7%	251	220	-12.2%	-11.1%	26.4%	23.3%	-308 bps	-409 bps
West / South Europe	1,531	1,709	11.6%	11.6%	310	336	8.2%	8.2%	214	248	16.0%	15.8%	20.3%	19.6%	-62 bps	-62 bps
North / East Europe	867	987	13.8%	13.8%	254	235	-7.7%	-7.9%	207	186	-10.2%	-10.1%	29.3%	23.8%	-556 bps	-558 bps
Asia Pacific	754	873	15.9%	7.7%	161	137	-15.0%	-21.3%	103	75	-26.7%	-32.2%	21.4%	15.7%	-571 bps	-578 bps
Africa / Med. Basin	460	510	10.8%	10.4%	128	120	-6.5%	-7.5%	102	93	-8.9%	-9.7%	27.9%	23.5%	-436 bps	-451 bps
Group Service	360	512	42.0%	42.6%	7	10	32.2%	39.1%	7	9	31.9%	38.9%	2.0%	1.9%	-14 bps	-5 bps
<b>HC GROUP</b>	<b>4,980</b>	<b>5,523</b>	<b>10.9%</b>	<b>10.4%</b>	<b>1,182</b>	<b>1,131</b>	<b>-4.3%</b>	<b>-5.7%</b>	<b>862</b>	<b>817</b>	<b>-5.2%</b>	<b>-5.7%</b>	<b>23.7%</b>	<b>20.5%</b>	<b>-325 bps</b>	<b>-345 bps</b>

Operating Result YEAR TO DATE	Revenues (m€)				Operating EBITDA (m€)				Operating EBIT / RCO (m€)				EBITDA Margin			
	Jun 21	Jun 22	Change	LfL	Jun 21	Jun 22	Change	LfL	Jun 21	Jun 22	Change	LfL	Jun 21	Jun 22	Change	LfL
North America	2,118	2,098	-1.0%	5.5%	414	310	-25.2%	-22.0%	247	153	-38.2%	-30.6%	19.6%	14.8%	-479 bps	-510 bps
West / South Europe	2,767	3,155	14.0%	13.5%	431	416	-3.5%	-3.7%	241	241	-0.3%	-0.7%	15.6%	13.2%	-239 bps	-236 bps
North / East Europe	1,438	1,668	16.0%	16.9%	322	294	-8.7%	-8.4%	228	197	-13.4%	-13.2%	22.4%	17.6%	-477 bps	-485 bps
Asia Pacific	1,520	1,710	12.5%	6.6%	319	248	-22.5%	-26.7%	201	127	-36.7%	-40.2%	21.0%	14.5%	-653 bps	-661 bps
Africa / Med. Basin	904	1,037	14.7%	13.4%	243	252	3.7%	2.4%	191	198	3.7%	2.9%	26.9%	24.3%	-259 bps	-258 bps
Group Service	623	973	56.1%	56.8%	13	19	41.4%	46.3%	13	19	42.1%	47.1%	2.1%	1.9%	-20 bps	-14 bps
<b>HC GROUP</b>	<b>8,938</b>	<b>9,950</b>	<b>11.3%</b>	<b>11.6%</b>	<b>1,720</b>	<b>1,525</b>	<b>-11.4%</b>	<b>-11.8%</b>	<b>1,084</b>	<b>908</b>	<b>-16.3%</b>	<b>-15.6%</b>	<b>19.2%</b>	<b>15.3%</b>	<b>-392 bps</b>	<b>-403 bps</b>

## 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	-626	-2,506	-410	-721	-198	145	-28	35	-25	25
West / South Europe	0	-259	-73	0	-8	7	-1	1	-1	1
North / East Europe	0	-535	-39	0	-4	4	0	0	0	0
Asia Pacific	0	0	0	0	4	54	0	12	0	8
Africa / Med. Basin	-88	0	0	0	-6	7	0	2	0	1
Group Service	-39	0	0	0	-3	0	-1	0	-1	0
<b>HC GROUP</b>	<b>-753</b>	<b>-3,300</b>	<b>-522</b>	<b>-721</b>	<b>-215</b>	<b>217</b>	<b>-32</b>	<b>51</b>	<b>-28</b>	<b>34</b>

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	-1,092	-4,613	-748	-1,204	-356	208	-45	41	-36	25
West / South Europe	0	-314	-86	0	-9	22	-1	3	-1	2
North / East Europe	0	-993	-77	0	-9	-3	0	-1	0	-1
Asia Pacific	0	0	0	0	6	78	0	19	0	12
Africa / Med. Basin	-171	0	0	0	-11	21	-1	4	0	2
Group Service	-76	0	0	0	-5	0	-1	0	-1	0
<b>HC GROUP</b>	<b>-1,339</b>	<b>-5,920</b>	<b>-910</b>	<b>-1,204</b>	<b>-384</b>	<b>326</b>	<b>-51</b>	<b>65</b>	<b>-40</b>	<b>39</b>

# Contact information and financial calendar

Date	Events
3 November 2022	Third Quarter Results

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