

2023 Full Year Results

22 February 2024

Dr Dominik von Achten – CEO
René Aldach – CFO

Heidelberg Materials



A strong run continues...

- Record high year with solid growth:
Full year revenue +4%; EBITDA +19%; RCO +29% *
- EBITDA margin back to target corridor of 20% to 22%
- Full year EPS increased by 23% to above 10 €
- Very strong free cash flow generation of 2.2 €bn
- New share buyback program announced with a total amount of 1.2 €bn, to be completed by the end of 2026 at the latest
- New sustainability brands evoBuild® / evoZero® launched
- 2024 Outlook:
 - Revenue growth *
 - RCO at 3.00-3.30 €bn
 - ROIC at around 10%

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



In our anniversary year we hit historically best levels in all KPIs



Revenue
21.2 €bn
+4% LfL¹⁾

Strong pricing drives top-line growth



RCO
3.0 €bn
+29% LfL¹⁾

Record high RCO, despite volume pressure



EPS
€10.4
+23%

Solid improvement driven by strong operational performance



ROIC
10.3%
(PY: 9.1%)

Record ROIC, we continue to earn premium on our cost of capital



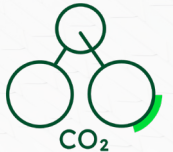
Free cash flow
€2.2 bn

Significant improvement (+0.9 €bn vs. PY) with cash conversion rate above 50%



Shareholder return
~1 €bn

Third year in row with around 1 billion EUR return to shareholders



CO₂
534 kg/tCM
-3% vs. PY

Specific CO₂ emissions reduced further by 17 kg per ton of cem. material²⁾

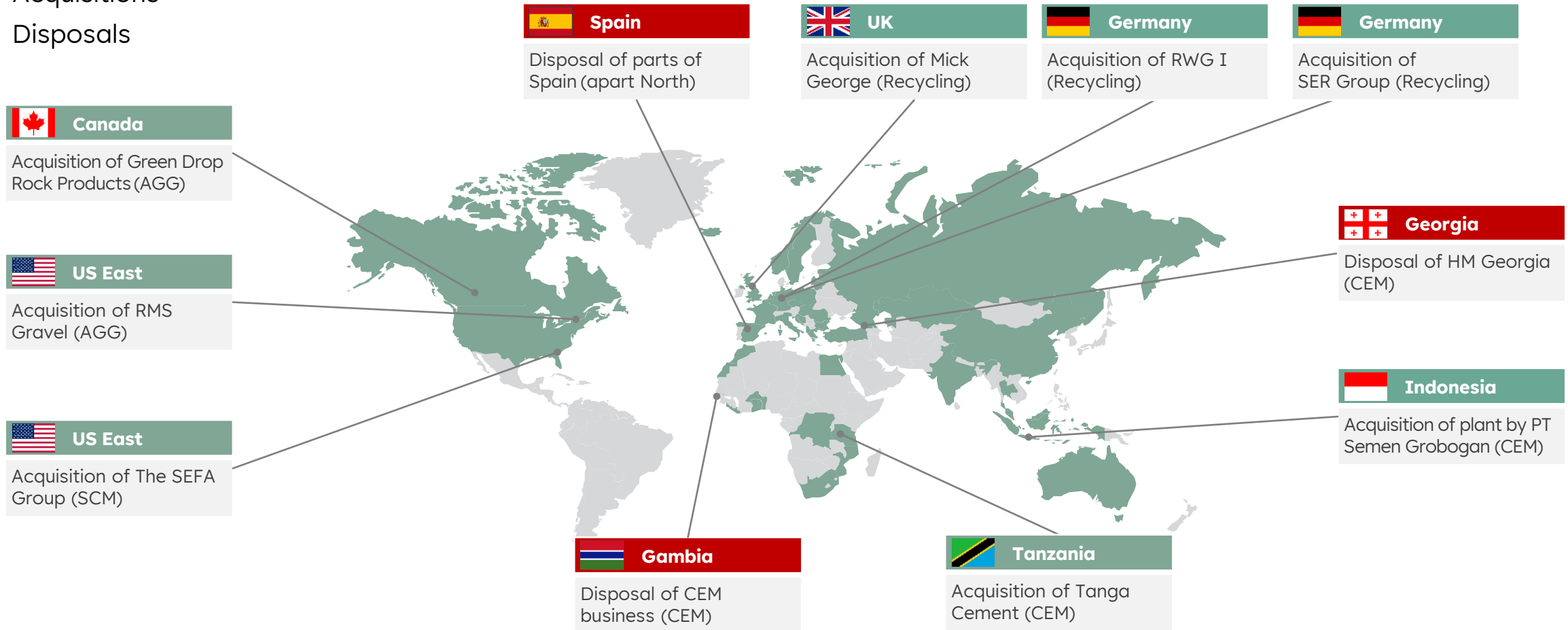
1) All like-for-like, excluding currency and scope impacts

2) Preliminary and unaudited figures; final and audited figures will be published in the combined Annual and Sustainability Report 2023



Portfolio optimization continued – and will so going forward

- Acquisitions
- Disposals



Continuous net growth is the clear target



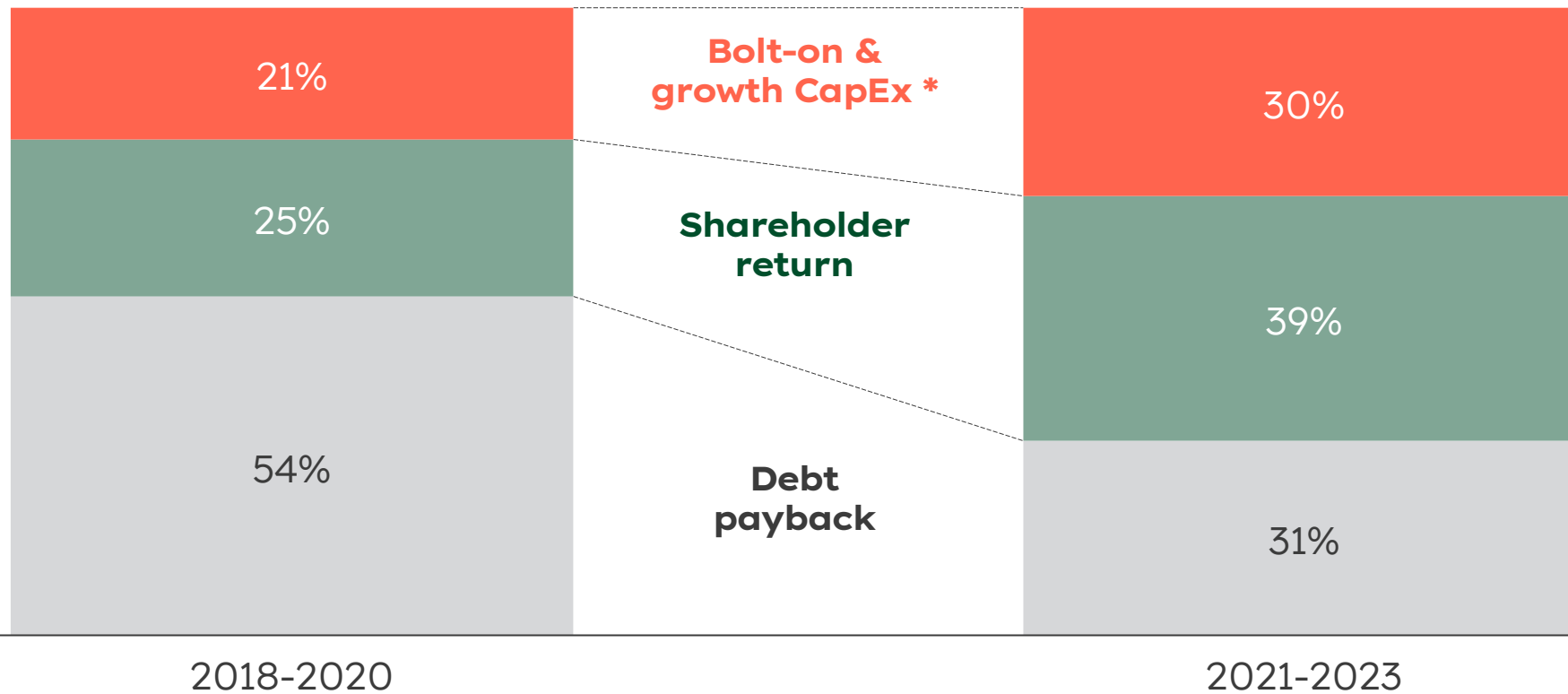
Cash allocation: Clear shift to shareholder return and growth

Cash allocation 2018-2020

Focus was mainly on debt payback

Cash allocation 2021 - 2023

Focus on shareholder return & growth



* Gross strategic CapEx, without disposals.

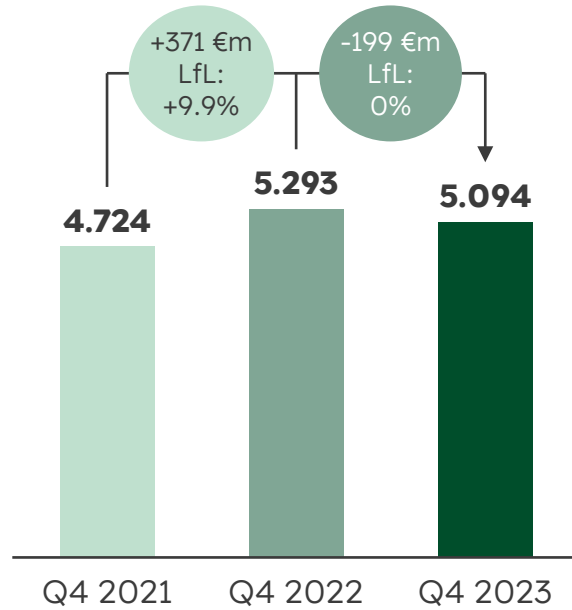


Operational result

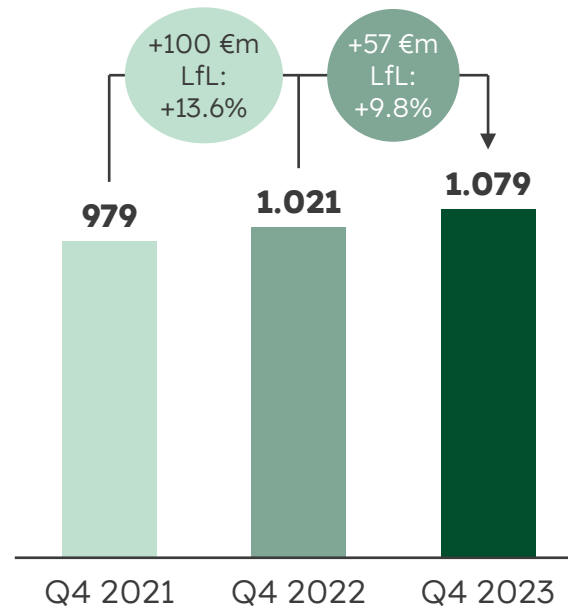


Q4 2024: Ending the year on a high note with solid result and margin increase

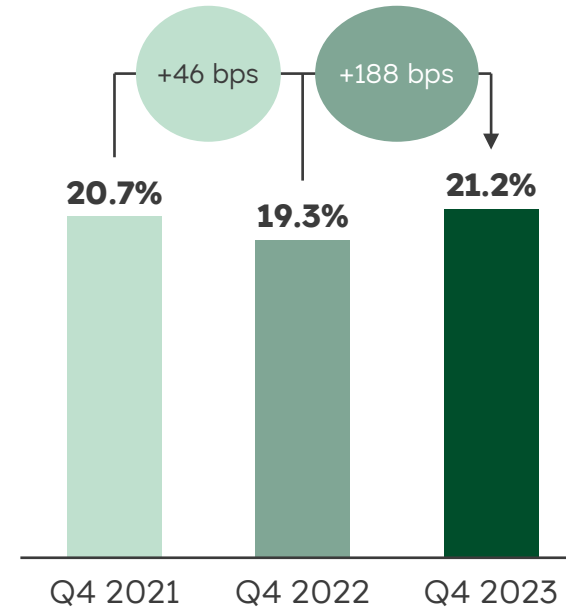
Revenue [€m]



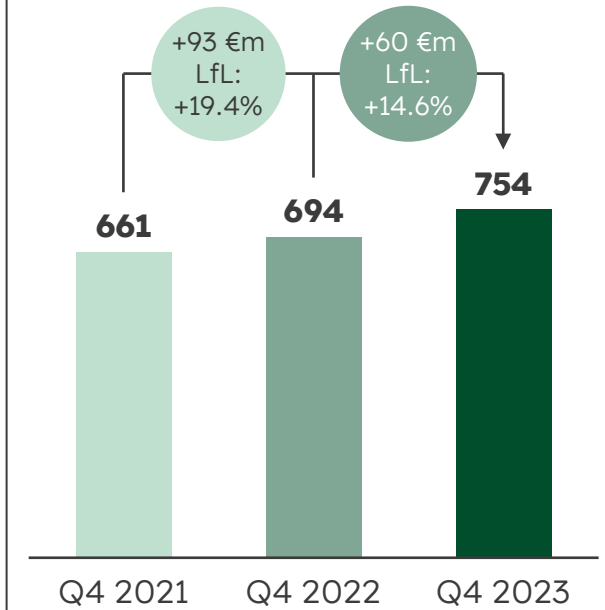
Operating EBITDA [€m]



Operating EBITDA Margin



Operating EBIT (RCO) [€m]

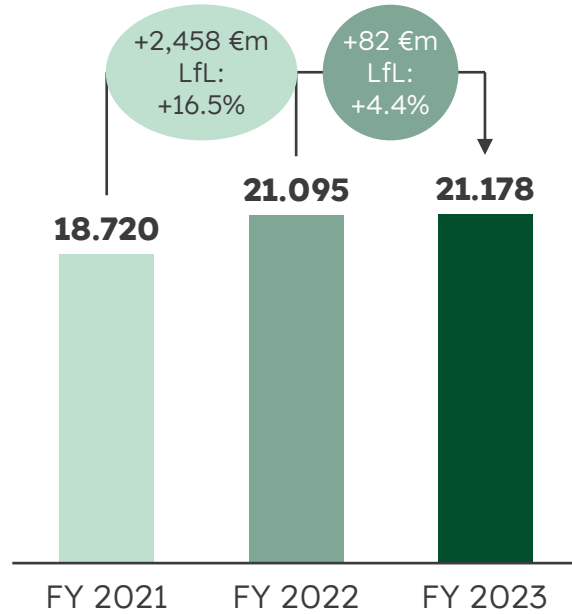


- YoY 2023 vs. 2022
- YoY 2023 vs. 2021

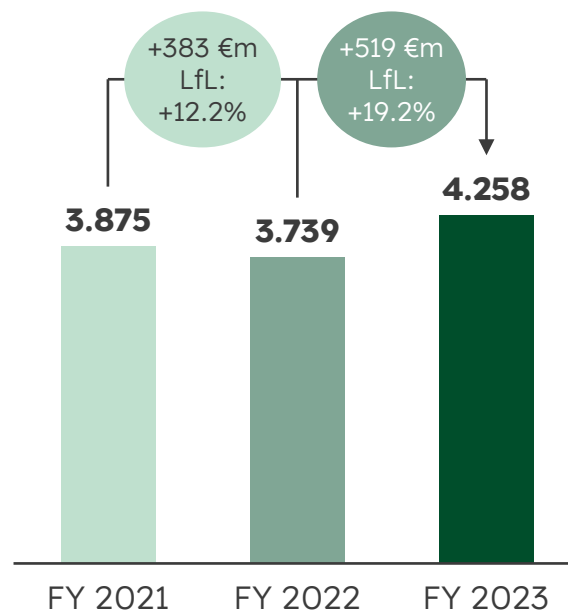


Full year 2023: Historically high revenue, EBITDA and RCO

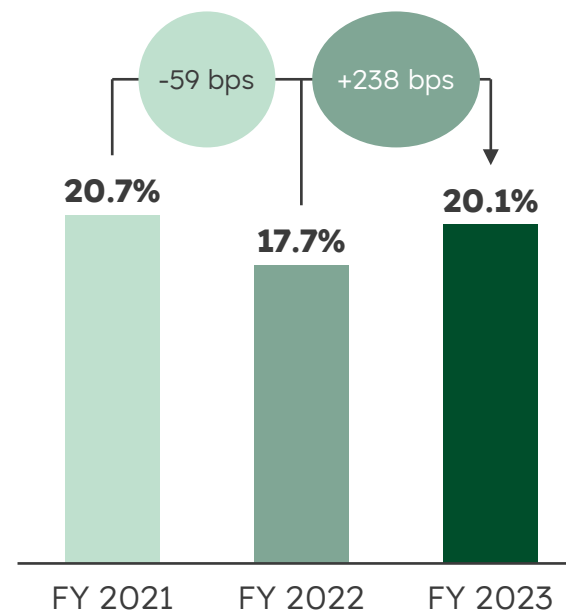
Revenue [€m]



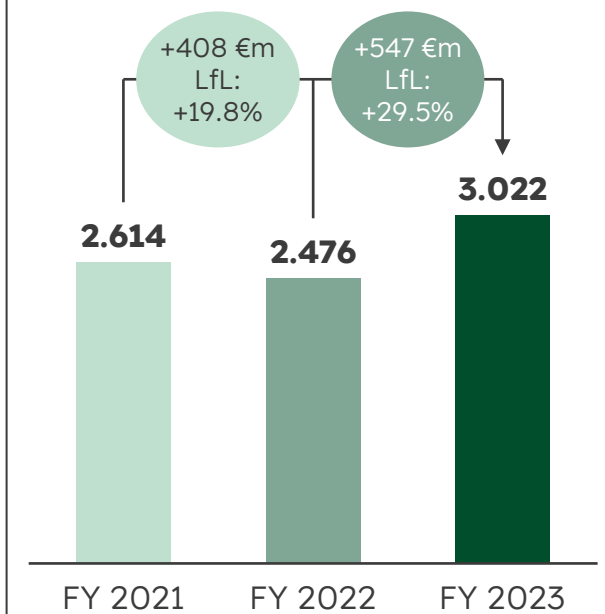
Operating EBITDA [€m]



Operating EBITDA Margin



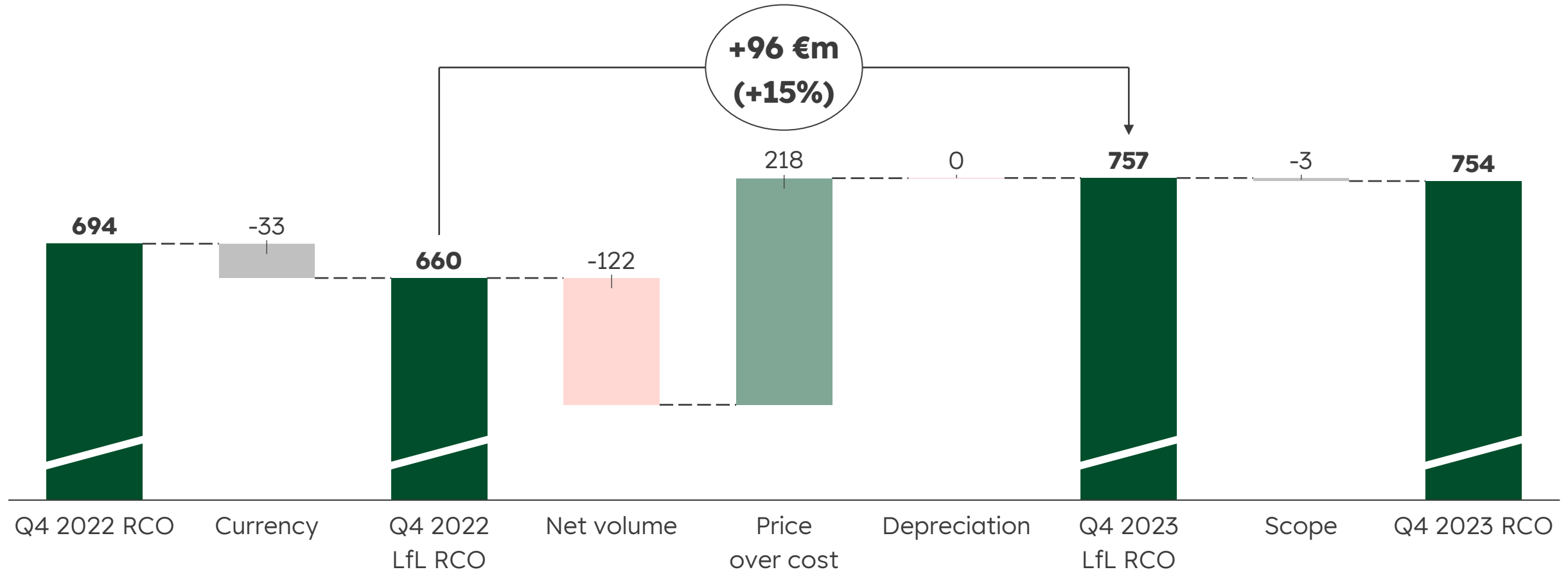
Operating EBIT (RCO) [€m]



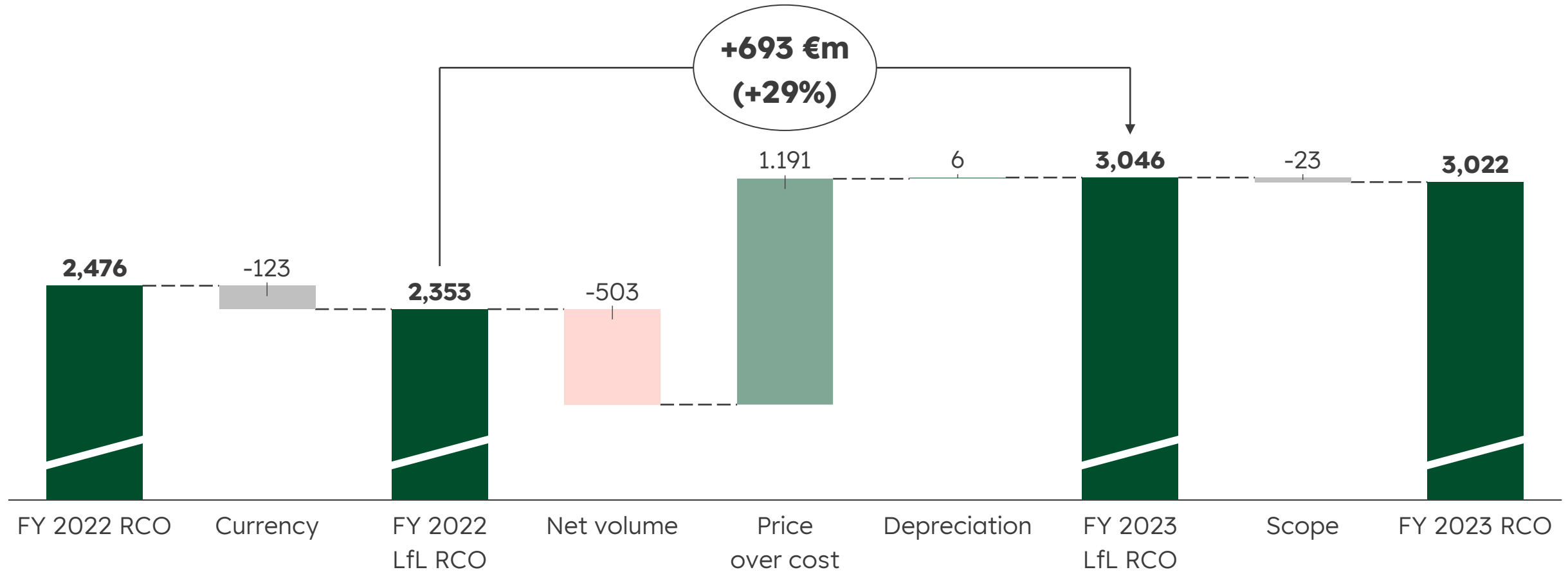
- YoY 2023 vs. 2022
- YoY 2023 vs. 2021



Q4 2023 Operating EBIT (RCO) bridge [€m]

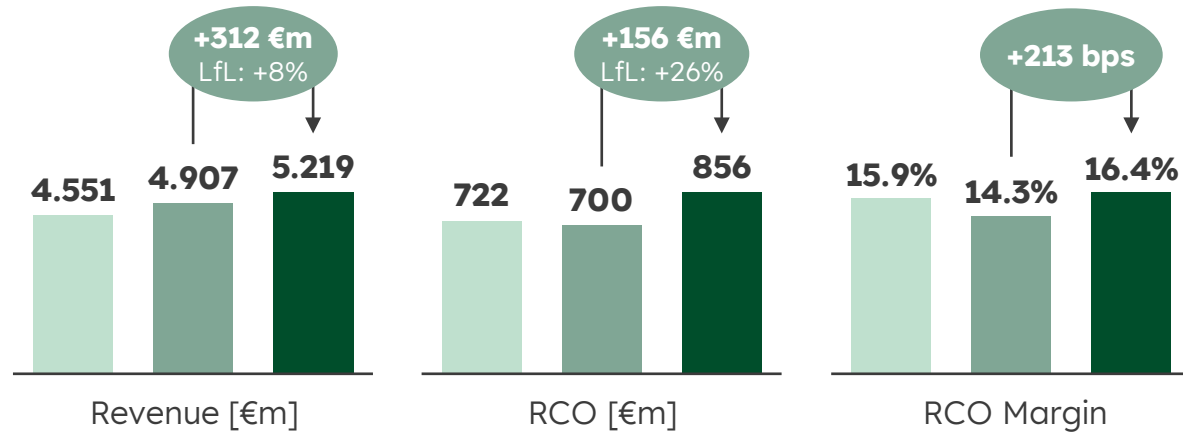


Full year 2023 Operating EBIT (RCO) bridge [€m]



North America

FY 2021 FY 2022 FY 2023

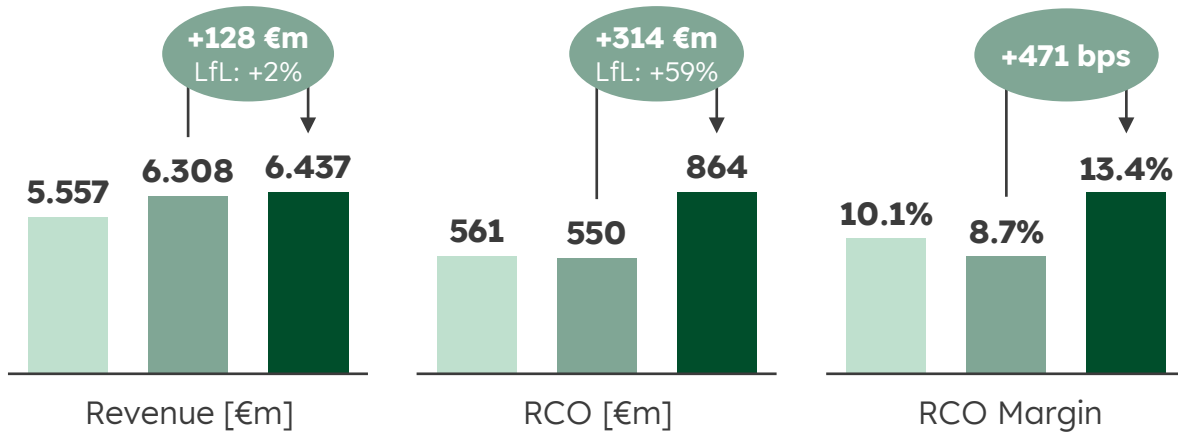


- Solid margin improvement driven by good pricing, despite softer residential demand
- Infrastructure demand continues to remain resilient with significant public investment
- Result contribution from recent investments across North America significantly ahead of initial expectations



Western & Southern Europe

FY 2021 FY 2022 FY 2023

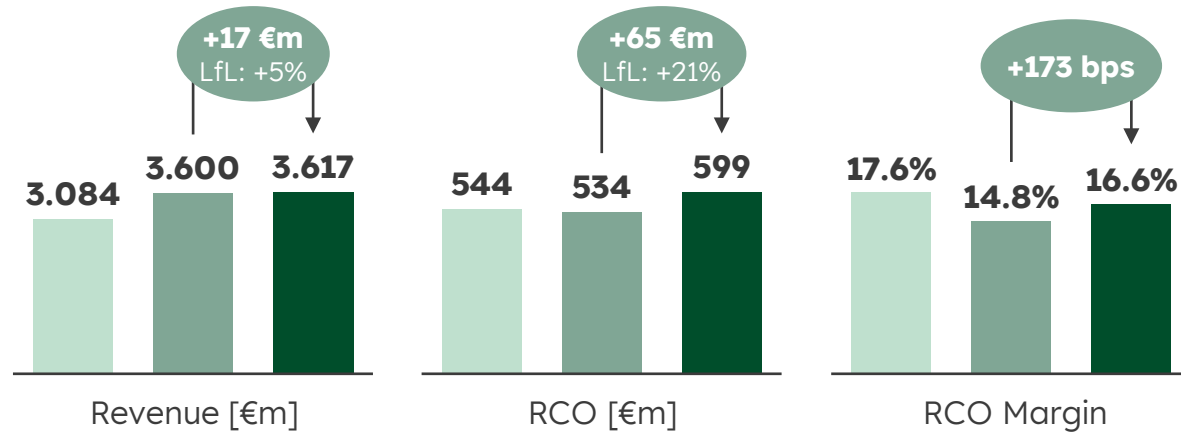


- Effective cost management and disciplined pricing lead to outstanding result and margin improvement
- Weak demand starting to ease by fourth quarter
- All countries contribute positively to results development throughout the year



Northern & Eastern Europe - Central Asia

FY 2021 FY 2022 FY 2023

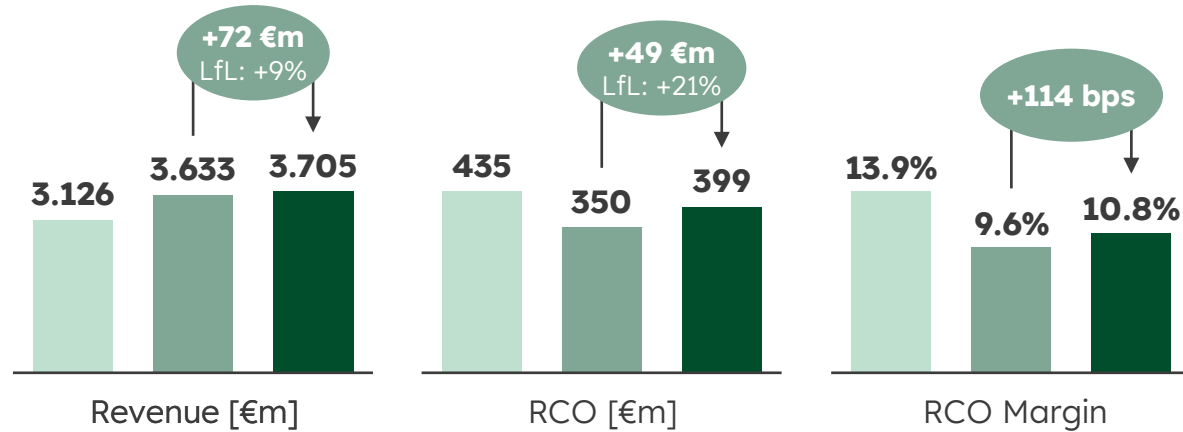


- RCO improvement driven by continuing focus on cost management and positive pricing
- Margin growth despite volume pressure



Asia - Pacific

FY 2021 FY 2022 FY 2023



- Result and margin improvement in the region, driven particularly by Australia and Indonesia
- Moderating energy prices and good cost management
- Result and margin is impacted by result from JVs at equity *

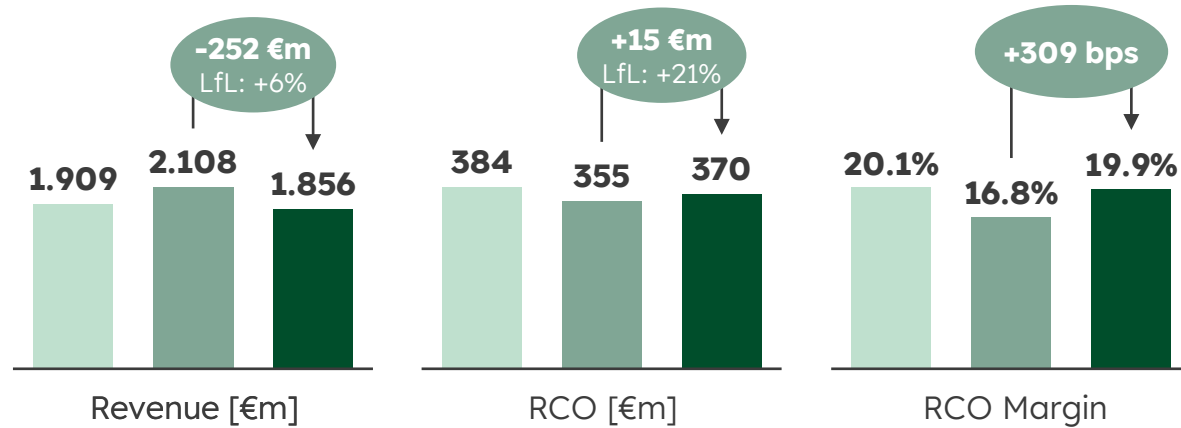
* Based on IFRS, our share of net result from the entities are included directly in EBITDA and RCO, no impact on revenue:

- JV result from China: 2021: 61 €m, 2022: 23 €m, 2023: 15 €m
- JV result from Hong Kong: 2021: 12 €m, 2022: 16 €m, 2023: 3 €m



Africa – Eastern Mediterranean Basin

FY 2021 FY 2022 FY 2023



- Margin improvement achieved after a depressed 2022, which was mainly impacted by currency devaluation
- Stable development in Morocco. Volatile environment continued throughout the year in Sub-Sahara and Egypt



Financial highlights



Key financial messages 2023

- Clean EPS at 10.4 € (vs. 9.5 € prior year)
- Very strong FCF generation of 2.2 €bn. Cash conversion rate above 50%
- Leverage at a very comfortable level with 1.2x
- Record high ROIC at 10.3%
- Focus on shareholder return continues:
 - New share buyback program announced with an amount of 1.2 €bn, which will be finalized latest by the end of 2026
 - All the shares purchased during previous program are cancelled



Adjusted EPS increases by 10%

Income Statement (€m)	2022	2023	Delta
Revenue	21,095	21,178	82
RCOBD (Operating EBITDA)	3,739	4,258	519
Depreciation and amortization	-1,264	-1,236	28
Result from current operations (RCO)	2,476	3,022	547
Additional ordinary result	-193	1	194
Financial result	-65	-174	-109
Income taxes	-485	-659	-174
Net result from discontinued operations	-9	-104	-94
Non-controlling interests	126	158	32
Group share of profit	1,597	1,929	332
Group share of profit – adjusted *	1,790	1,928	138
Earnings per share – adjusted *	9.47 €	10.42 €	0.95 €

* Figures adjusted for additional ordinary result.

Special items below RCO

Additional ordinary result:

- 2022: Impairment of Russian Assets (-100 €m)

Financial result:

- 2022: +127 €m due to change in discount rate

Tax expenses:

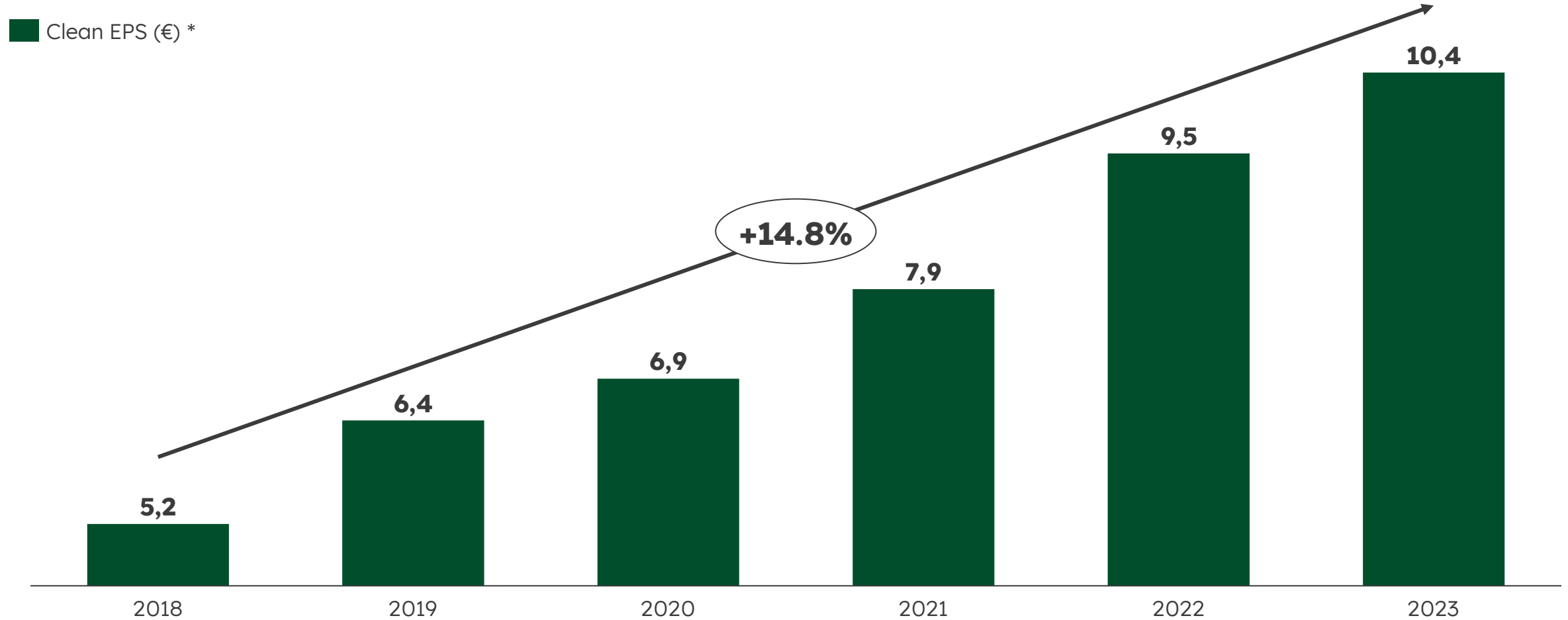
- 2023: Higher income tax mainly driven by higher pre-tax profits.

Discontinued operations:

- 2022: +38 €m due to change in discount rate
- 2023: -€61 m increase in provision for obligations attributable to discontinued businesses of the Hanson Group



Continuous EPS improvement with impressive 14.8% CAGR

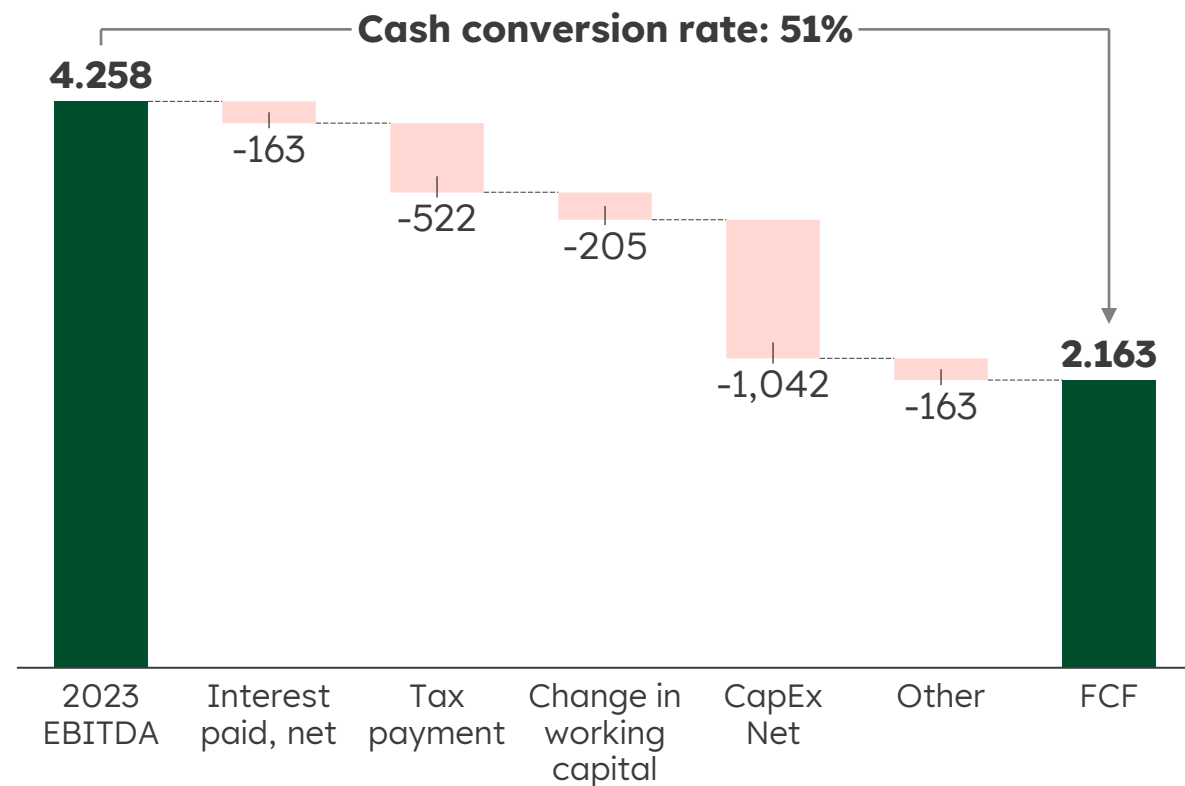


* Clean EPS: Figures adjusted for additional ordinary result. In 2020 one-off deferred tax income related to impairments and for 2021 US West assets disposal tax impact.

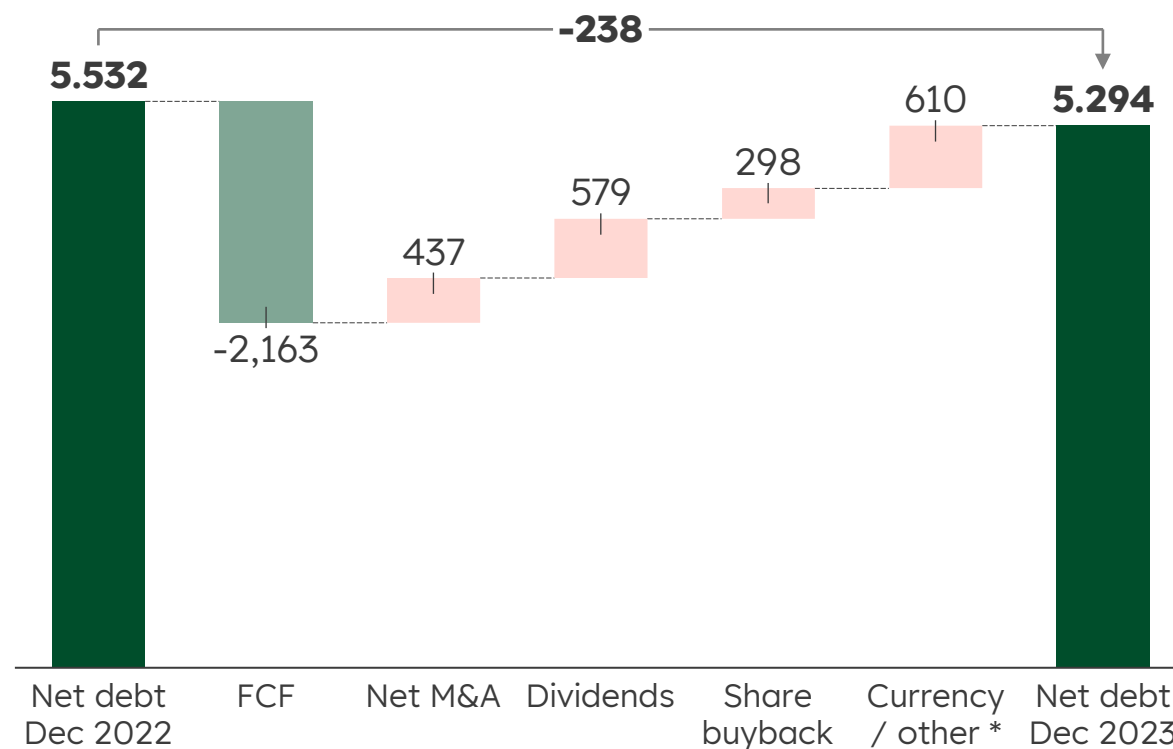


Very strong free cash flow generation

Free cash flow generation (€m)



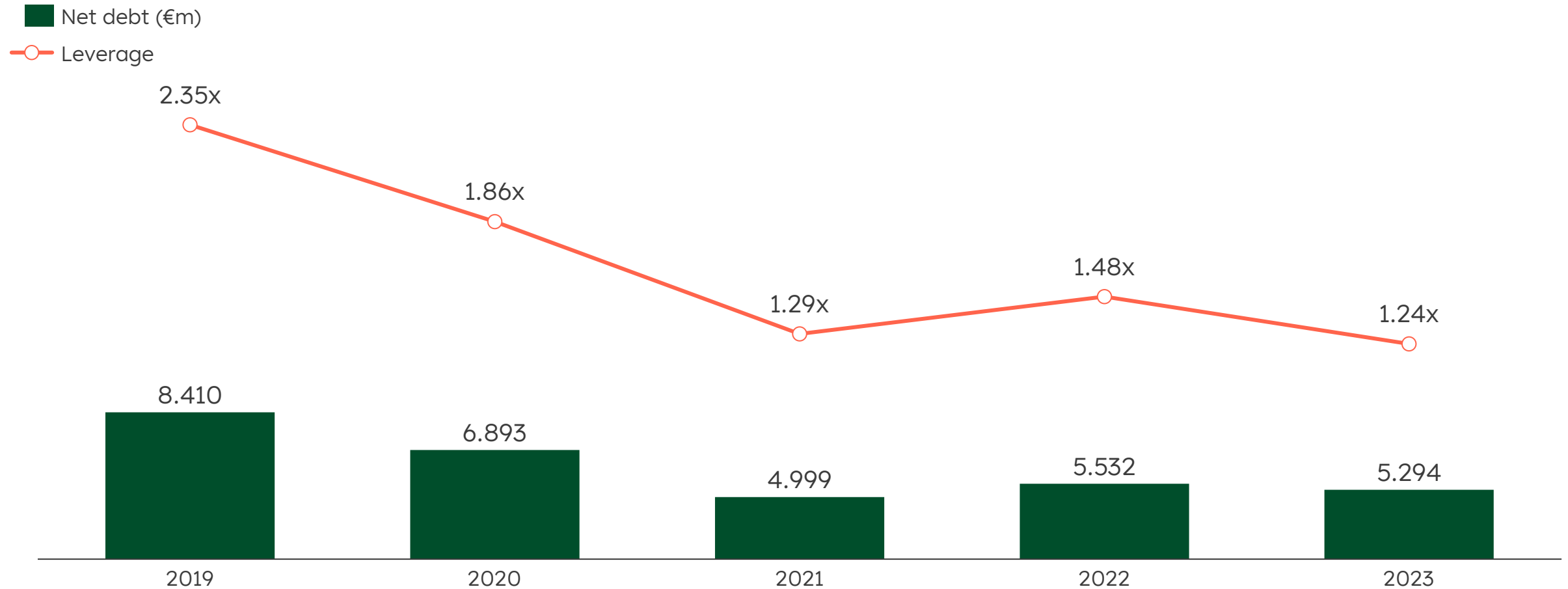
Net debt development (€m)



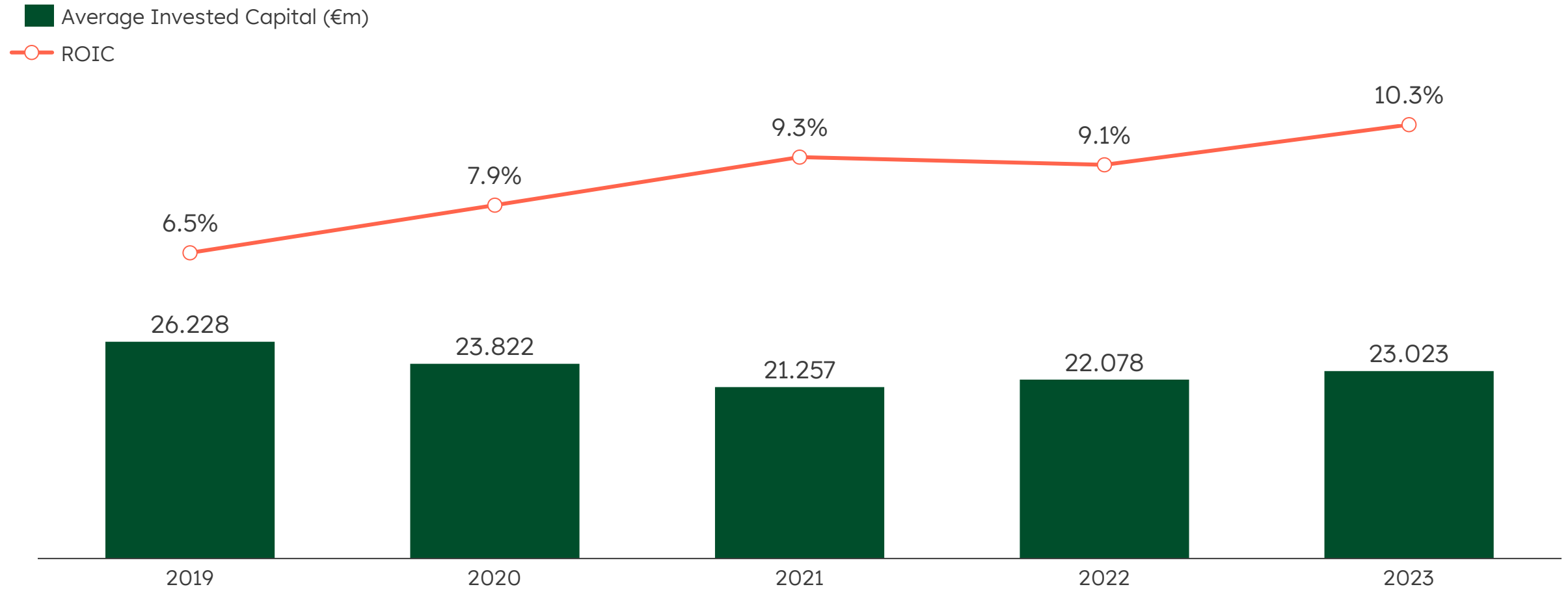
* Includes consolidation impacts on Net Debt from recycling business acquisitions (104 €m), Indonesia Grobogan (248 €m) and Tanzania Tanga Cement (76 €m).



Leverage at a very comfortable level with 1.2x



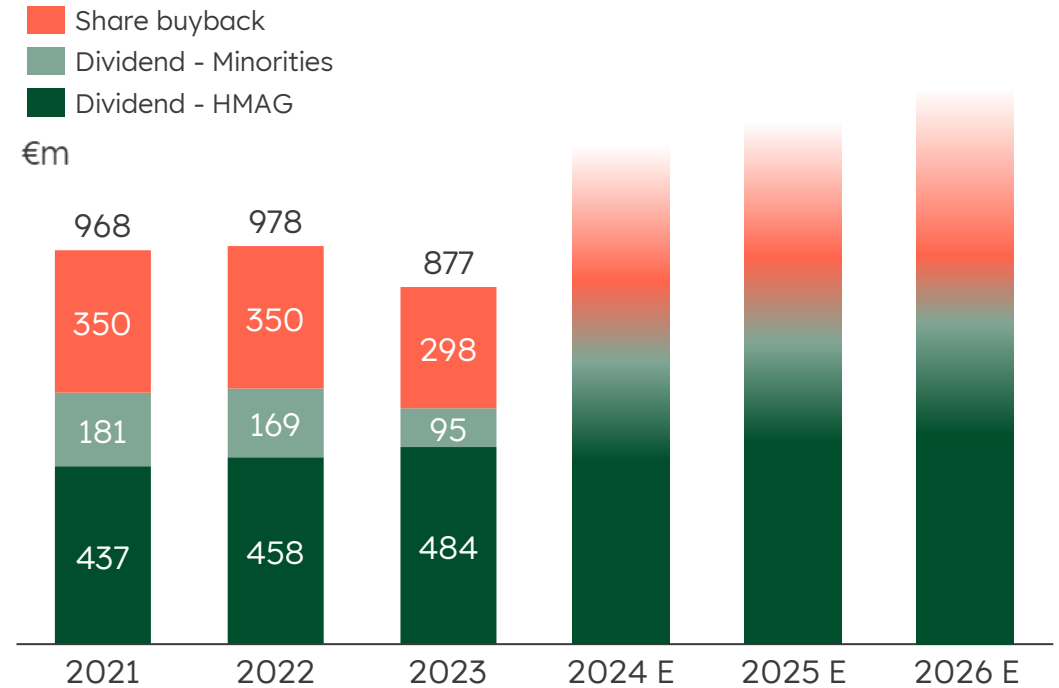
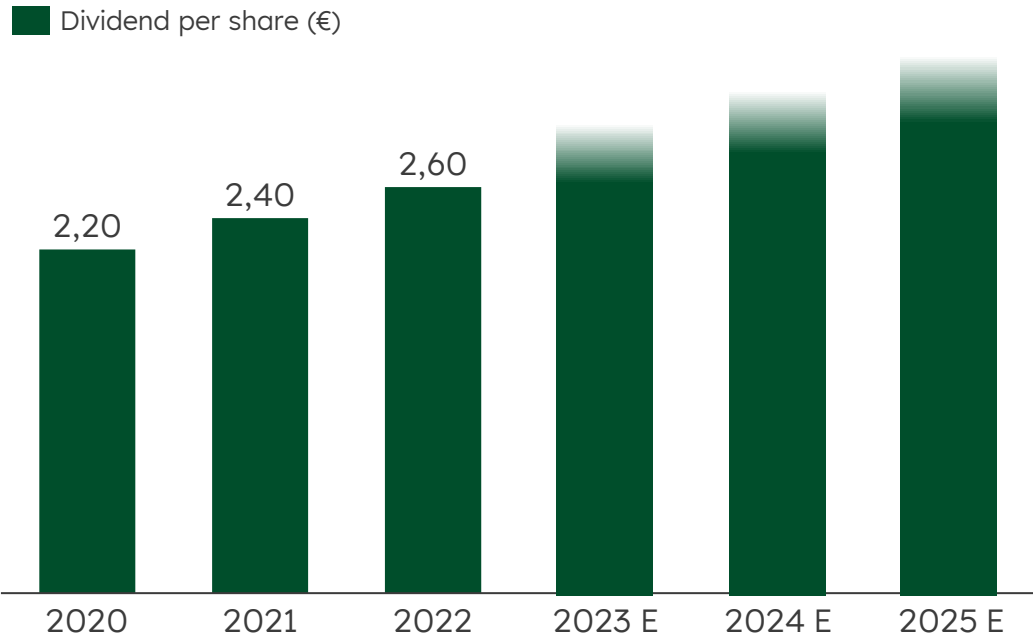
ROIC at historically high level at 10.3%



Dividends & Share buyback: A clear priority in capital allocation policy

Progressive dividend increase will continue in the upcoming years

New share buyback program of 1.2 €bn (2024-2026)
20% increase vs. previous program



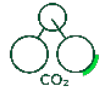
Sustainability highlights

- Specific CO₂ emissions reduced by more than 3%* to 534 kg CO₂/t cementitious material in 2023
- Sustainable revenue (CEM) increased from 37.2% to 39.4%
- Launch of new global brand for sustainable low-carbon and circular products: evoBuild®
- The future of construction: Launch of evoZero®, the world's first carbon captured net-zero cement
- GeZero project to enable first fully decarbonised cement plant in Germany: EU Innovation Fund support of 191 €m
- Top grade A in CDP Climate Score and stable A- for water
- 2050 CO₂ reduction targets submitted to Science Based Targets initiative (SBTi) for validation

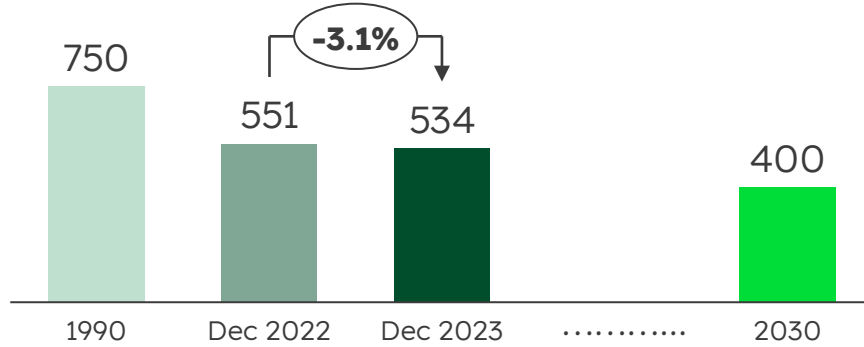
• Preliminary and unaudited figures; final and audited figures will be published in the combined Annual and Sustainability Report 2023 on 21 March 2024



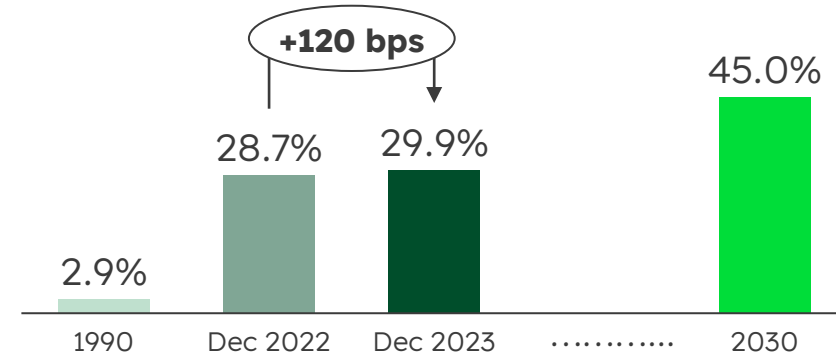
Strong progress in all sustainability KPIs



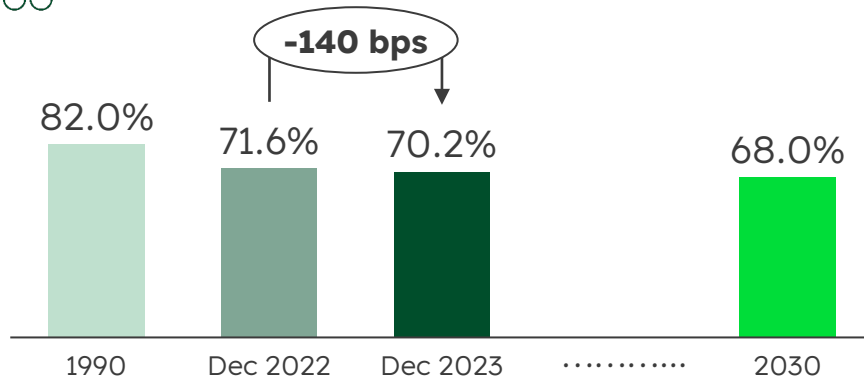
Specific net CO₂ emissions
[kg CO₂/t cementitious material]



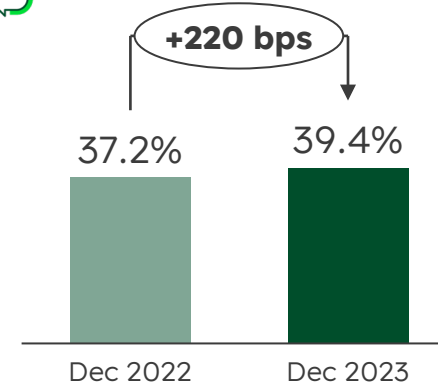
Alternative fuel rate



Clinker incorporation factor



Sustainable revenue CEM



Leading in transparency and reliability, all numbers will be audited with reasonable assurance

Preliminary and unaudited figures; final and audited figures will be published in the combined Annual and Sustainability Report 2023 on 21 March 2024

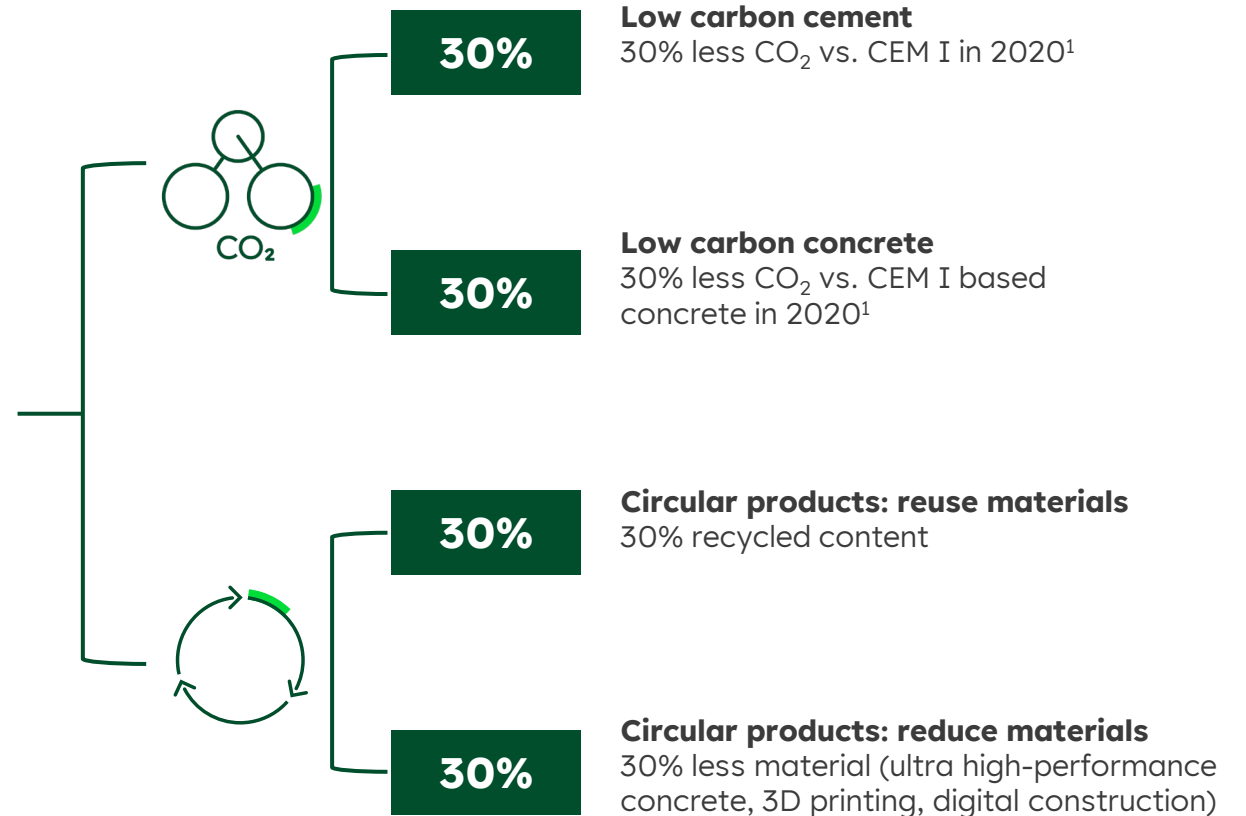


Our new global evoBuild® product range is setting a new global standard

evoBUILD

Applies to all business lines: cement, concrete, aggregates, asphalt

- Sustainability brand for low-carbon and circular products
- One global brand with one global, unified definition applicable for all products



¹ at least 30% in CO₂ reduction vs. GCCA CEM I in 2020, translates to ≤ 552 kg CO₂/t cementitious materials and ≤ 5.5 kg CO₂/m³/Mpa for ready-mixed concrete

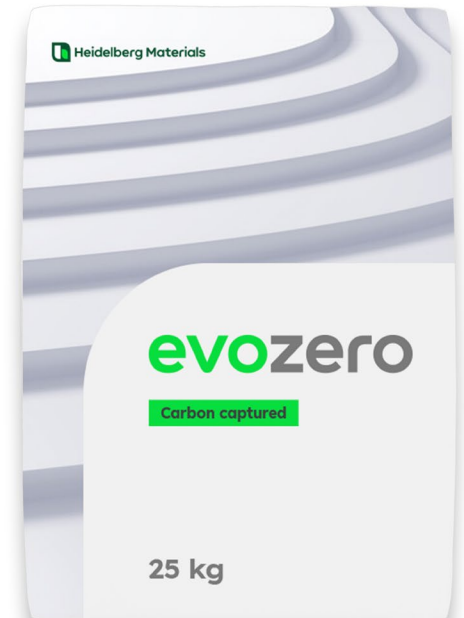
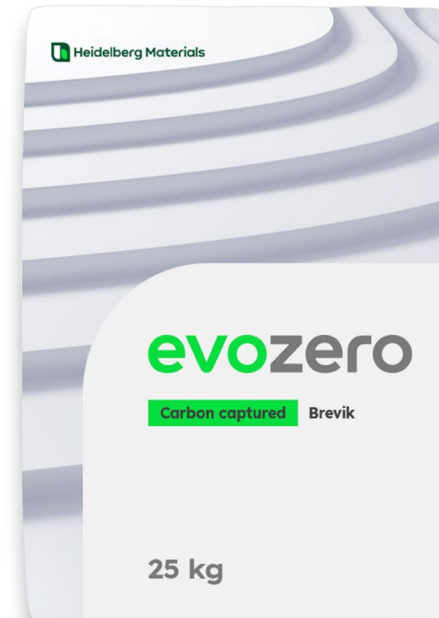


evoZero®: The world's first carbon captured net-zero cement

evozero

Applies to cement and concrete products

- Globally unique product: CCS technology, applied for the first time at a large scale in Brevik, enables net-zero carbon footprint of evoZero®
- Broadest product application combined with lowest CO₂ footprint: customers benefit from trusted product performance
- Transparent CO₂ capturing and accounting process: each tonne of captured CO₂ only accounted for once, independently reviewed by third-party verifier and secured by blockchain technology
- Innovative go-to-market approach: evoZero® will be available in two versions, depending on the customer location



Business Outlook & Guidance



2024 market overview

North America:

- Infrastructure Investment & Jobs Act and Inflation Reduction Act continue to support project demand
- High mortgage rates easing, but still put pressure on residential
- Commercial sector demand driven by reshoring and energy sectors. Office constructions remain at low levels

Europe:

- Demand decline expected to stabilize at low levels, second half expected to be better
- Continued focus on price and strict cost controls are in place in all markets to compensate for cost inflation

Africa-Med. Basin:

- Solid growth expected in all regions
- Profitability increase as currency driven pressure eases

Asia Pacific:

- Recovery to continue in our key markets, Australia and Indonesia. Good trend in Thailand
- India slowly coming back, China remains difficult



Guidance

	Original 2023 Target & Achievement	2024 Target
 Revenue	LfL Growth *	+4.4 % 
 RCO	2.35 to 2.65 €bn	3.02 €bn 
 ROIC	At around 9%	10.3 % 
 CapEx Net	Around 1.1 €bn	1.0 €bn 
 Leverage	In line with mid-term target: Between 1.5x-2.0x	In line with mid-term target: Between 1.5x-2.0x

* Excluding currency and scope impacts



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 - Revenue growth *
 - RCO at 3.00-3.30 €bn
 - ROIC at around 10%



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



Appendix



Currency and scope impacts

Scope & Currency Q4 2023	Revenue (€m)		Operating EBITDA (€m)		Operating EBIT (RCO) (€m)	
	Scope	Currency	Scope	Currency	Scope	Currency
North America	31	-63	4	-15	-2	-10
West / South Europe	21	3	1	0	-1	0
North / East Europe	0	-46	-4	-15	-4	-12
Asia Pacific	9	-53	3	-11	3	-8
Africa / Med. Basin	2	-85	3	-5	2	-3
Group Service & Other	0	0	0	0	0	0
Total GROUP	63	-244	6	-45	-3	-33

Scope & Currency FY 2023	Revenue (€m)		Operating EBITDA (€m)		Operating EBIT (RCO) (€m)	
	Scope	Currency	Scope	Currency	Scope	Currency
North America	89	-162	13	-33	0	-23
West / South Europe	32	-34	1	-5	-6	-3
North / East Europe	0	-154	-16	-31	-16	-25
Asia Pacific	9	-227	3	-35	3	-21
Africa / Med. Basin	0	-360	3	-62	2	-51
Group Service & Other	0	0	-7	0	-7	0
Total GROUP	130	-937	-3	-166	-23	-123



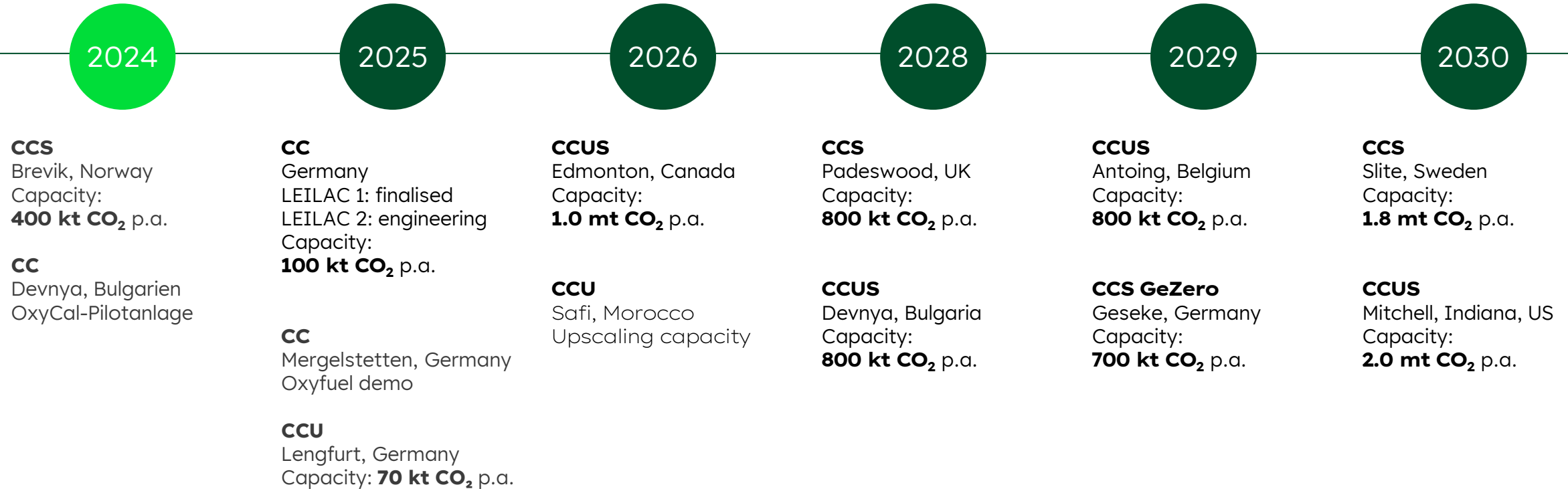
Operational result

Operating Result Quarter [€m]	Revenue				Operating EBITDA				Operating EBITDA Margin				Operating EBIT (RCO)			
	Q4 22	Q4 23	Change	LfL	Q4 22	Q3 23	Change	LfL	Q4 22	Q4 23	Change	LfL	Q4 22	Q4 23	Change	LfL
North America	1,226	1,263	3.0%	5.9%	306	325	6.1%	10.1%	25.0%	25.7%	+75 bps	+99 bps	221	233	5.3%	11.3%
West / South Europe	1,534	1,495	-2.5%	-4.1%	231	248	7.4%	6.9%	15.1%	16.6%	+154 bps	+172 bps	136	161	18.6%	19.5%
North / East Europe	930	882	-5.2%	-0.3%	198	197	-0.6%	9.6%	21.3%	22.3%	+104 bps	+208 bps	148	149	0.7%	13.0%
Asia Pacific	945	945	0.0%	5.0%	201	179	-11.1%	-7.7%	21.3%	18.9%	-237 bps	-258 bps	137	117	-14.7%	-11.7%
Africa / Med. Basin	533	443	-16.8%	-1.4%	84	131	56.7%	63.9%	15.7%	29.6%	+1,387 bps	+1,158 bps	57	101	79.2%	86.4%
Group Service & Other	125	66	-47.4%	-47.4%	1	-1	-157.1%	-148.5%	1.2%	-1.3%	-242 bps	-259 bps	-5	-7	N/A	N/A
Total GROUP	5,293	5,094	-3.8%	-0.3%	1,021	1,079	5.6%	9.8%	19.3%	21.2%	+188 bps	+197 bps	694	754	8.7%	14.6%

Operating Result Year to Date [€m]	Revenue				Operating EBITDA				Operating EBITDA Margin				Operating EBIT (RCO)			
	FY 22	FY 23	Change	LfL	FY 22	FY 23	Change	LfL	FY 22	FY 23	Change	LfL	FY 22	FY 23	Change	LfL
North America	4,907	5,219	6.4%	8.1%	1,028	1,181	15.0%	17.5%	20.9%	22.6%	+169 bps	+181 bps	700	856	22.2%	26.3%
West / South Europe	6,308	6,437	2.0%	2.1%	908	1,212	33.5%	34.1%	14.4%	18.8%	+444 bps	+452 bps	550	864	57.1%	59.2%
North / East Europe	3,600	3,617	0.5%	5.0%	730	787	7.9%	15.0%	20.3%	21.8%	+149 bps	+193 bps	534	599	12.2%	20.7%
Asia Pacific	3,633	3,705	2.0%	8.5%	598	643	7.6%	13.8%	16.4%	17.4%	+91 bps	+80 bps	350	399	14.0%	20.6%
Africa / Med. Basin	2,108	1,856	-12.0%	6.1%	464	474	2.2%	17.1%	22.0%	25.5%	+353 bps	+238 bps	355	370	4.2%	21.0%
Group Service & Other	538	344	-36.2%	-36.2%	13	-39	N/A	N/A	2.4%	-11.5%	-1,388 bps	-1,185 bps	-13	-65	N/A	N/A
Total GROUP	21,095	21,178	0.4%	4.4%	3,739	4,258	13.9%	19.2%	17.7%	20.1%	+238 bps	+252 bps	2,476	3,022	22.1%	29.5%



Significant carbon reduction through sector's first CCS project already in 2024



We are confident to deliver on our target of reducing CO₂ emissions by 10 mt through CCUS by 2030

All dates estimated start of operations, timing dependent on various factors, incl. funding decision



Financial Calendar & IR Contacts

Upcoming events:

- 7 May 2024: First quarter trading update
- 16 May 2024 : Annual General Meeting
- 30 July 2024 : Half year results
- 7 November 2024 : Third quarter trading update

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