HEIDELBERGCEMENT

Press release

Good result for HeidelbergCement in the first half of 2019

- **Revenue improved by 7% to €9.2 billion like-for-like[1)]**
- **Result from current operations before depreciation and amortisation increases by 6% like-for-like[1)]**
- **Profit for the period and Group share impaired by non-recurring effect; adjusted Group share rises by 38%**
- **Progress in portfolio management**
- **Outlook for 2019 unchanged: moderate growth in revenue, result, and profit for the financial year[1)]**

1) Revenue and result from current operations before exchange rate and consolidation effects as well as adjustments from IFRS 16 Leases; profit for the financial year before non-recurring effects

HeidelbergCement finished the first half of 2019 with a good result. Thanks to solid demand and price increases, revenue and result increased by around 7% and just under 6% respectively, on a comparable basis.

“Despite a persistently challenging environment, we increased our revenue and result in the first half of 2019,” said Dr. Bernd Scheifele, Chairman of the Managing Board of HeidelbergCement. “In general, the market dynamics weakened slightly in the second quarter in comparison with the first quarter. Nevertheless, we were able to improve our result in the second quarter because of our strong global positioning. Good margins in Asia as well as Western and Southern Europe more than compensated for the weaker business due to adverse weather conditions in North America and the Africa-Eastern Mediterranean Basin Group area.”

Increase in revenue and results

Group revenue rose by 9% to €9.2 billion (previous year: 8.4) from January to June 2019. Excluding consolidation and exchange rate effects, Group revenue grew by 7%.

The result from current operations before depreciation and amortisation (RCOBD) rose by 21% to €1.4 billion (previous year: 1.2). The significant increase is due to the positive development of revenue and the initial application of the new IFRS 16 Leases accounting standard. On a comparable basis, i.e. excluding consolidation and exchange rate effects as well as the adjustments from IFRS 16, the growth amounted to 6%. This is largely due to price increases in all Group areas.

At imprint, specimen copy requested:
HeidelbergCement AG, Group Communication & Investor Relations
PO Box 10 44 20, 69034 Heidelberg, Germany
Phone +49 6221 481-13227, Fax +49 6221 481-13217
www.heidelbergcement.com, e-mail: info@heidelbergcement.com

The result from current operations rose by 17% to €762 million (previous year: 654). On a comparable basis, the increase amounts to 11%.

The additional ordinary result of €-128 million (previous year: 128) essentially relates to expenses from the disposal of subsidiaries and other non-recurring expenses and income. In particular, expenses from the disposal of our business activities in Ukraine had a negative impact on the result. The financial result fell by €30 million to €-184 million (previous year: -154). Besides the reduction of €16 million in other financial result, this figure was negatively affected by foreign exchange losses of €15 million in comparison with the previous year. The expenses for income taxes were 20% below the previous year's level at €150 million (previous year: 188), which was primarily due to the decline in profit before tax.

The profit for the period totals €291 million (previous year: 435). The profit relating to non-controlling interests rose by €18 million to €79 million (previous year: 60); this is particularly attributable to the good development of results at Indocement. The Group share of profit therefore amounts to €212 million (previous year: 375). Excluding non-recurring effects from the disposal of our business activities in Ukraine, the Group share rose by around 38%. Earnings per share amount to €1.07 (previous year: 1.89).

Strong cash flow development – further reduction of net debt

As a result of the solid operational development, the free cash flow for the last 12 months increased to around €1.3 billion after repayment of lease liabilities. As at the end of the first half of 2019, net debt amounted to €10.5 billion. The increase of around €500 million in comparison with the end of the first half of 2018 (€10.0 billion) is attributable to the initial application of the new IFRS 16 Leases accounting standard. Adjusted for the accounting of lease liabilities of around €1.3 billion, net debt fell by around €0.8 billion. In the first half of the year, the dynamic gearing ratio decreased from 3.2x to 3.0x.

Progress in portfolio management

In the first half of 2019, HeidelbergCement made further progress in optimising its portfolio with the conclusion of several important transactions. These include increases in its shareholdings to 100% in California Commercial Asphalt in the USA and in Nordic Precast Group in Northern Europe, from 50% and 60% respectively, and the acquisition of the aggregates and ready-mixed concrete activities of Cemex in Central France. In addition, HeidelbergCement sold 7.8% of the share capital of Ciments du Maroc, the El Minya white cement plant in Egypt, the Spoleto cement plant in Italy, Baustoffwerke Dresden, and the business activities in Ukraine. Overall, cash-relevant maintenance and growth investments, including the increase in ownership interests in subsidiaries, fell to €590 million (previous year: 992) in the first half of the year. Cash-relevant divestments, including the decrease in ownership interests in subsidiaries, amounted to €290 million (previous year: 294).

HeidelbergCement is consistently pursuing its action plan to accelerate the optimisation of its portfolio and is on track to achieve its disposal target of €500 million in the 2019 financial year. On 1 July 2019, the sale of the Testi cement plant and of two grinding plants was completed in Italy.

Number of employees decreased

At the end of the first half of 2019, the number of employees at HeidelbergCement amounted to about 57,300 (previous year: 59,600). The decrease of around 2,300 employees essentially results from two opposing developments. On the one hand, around 3,200 jobs were cut across the Group as a result of portfolio optimisations, the realisation of synergies, efficiency increases in sales and administration, as well as location optimisations. On the other hand, around 900 new employees joined the Group as a result of first-time consolidations in North America and Australia as well as new hires in some countries in the Western and Southern Europe and Northern and Eastern Europe-Central Asia Group areas.

Sustainability Report published

On 24 July 2019, HeidelbergCement published its Sustainability Report for the 2018 financial year. In view of its ambitious emission reduction targets, HeidelbergCement is setting clear priorities when it comes to climate protection. By 2030, the company has committed itself to the goal of decreasing its specific net CO_2 emissions per tonne of cement by 30% compared with 1990. HeidelbergCement intends to realise its vision of CO_2-neutral concrete by 2050 at the latest.

Besides climate protection goals, the report documents the company's CSR activities in areas such as human rights and compliance, occupational health and safety, supply chain and supplier management, research and development, biodiversity, as well as sustainable land use and water conservation.

Outlook for 2019 confirmed

HeidelbergCement expects that the favourable development of energy costs in comparison with the previous year as well as the solid development in Europe, North America, and Asia, especially in Indonesia, will contribute positively to the result in 2019.

In view of these expectations, the overall positive economic development, and the solid first half of the year, HeidelbergCement confirms its outlook for the whole of 2019.

The company anticipates a rise in sales volumes for the core products cement, aggregates, and ready-mixed concrete, and continues to assume that in 2019, revenue, result from current operations before IFRS 16, exchange rate and consolidation effects, and the profit for the financial year before non-recurring effects will increase moderately (+3% to +9%).

“We are confident about the second half of the year,” remarked Dr. Bernd Scheifele. “We are continuing to focus on our action plan to accelerate the portfolio optimisation and increase our margins as well as cash flow.”

Overview of the HeidelbergCement Group

Key financial figures	January-June				Q2			
€m	2018	2019	Variance	Like-for-like[1)]	2018	2019	Variance	Like-for-like[1)]
Sales volumes								
Cement (Mt)	61.9	**61.0**	-1%	0%	33.7	**32.4**	-4%	-2%
Aggregates (Mt)	145.2	**145.6**	0%	-1%	85.7	**82.7**	-3%	-4%
Ready-mixed concrete (Mm^3)	22.9	**24.4**	6%	4%	12.7	**13.1**	3%	-1%
Asphalt (Mt)	4.5	**4.8**	7%	-3%	2.9	**3.0**	4%	-4%
Income statement								
Revenue	8,432	**9,212**	9%	7%	4,806	**4,973**	3%	1%
Result from current operations before depreciation and amortisation[3)]	1,195	**1,446**	21%	6%	945	**1,050**	11%	1%
in % of revenue	*14.2%*	***15.7%***			*19.7%*	***21.1%***		
Result from current operations[3)]	654	**762**	17%	11%	673	**702**	4%	1%
Profit for the period	435	**291**	-33%					
Group share of profit	375	**212**	-43%					
Earnings per share in € (IAS 33) [2)]	1.89	**1.07**	-43%					
Earnings per share adjusted in € [4)]	1.24	**1.71**	38%					
Statement of cash flows and balance sheet								
Cash flow from operating activities	-228	**-11**	217					
Cash flow from investing activities	-654	**-348**	306					
Net debt	9,970	**10,483**	513					
Gearing[3)]	62.7%	**61.6%**						

1) Adjusted for currency and consolidation effects as well as adjustments from IFRS 16 Leases
2) Attributable to the shareholders of HeidelbergCement AG
3) 2018 figures were restated due to the change in the item ‘result from equity accounted investments’
4) Adjusted for the ‘additional ordinary result’

Heidelberg, 30 July 2019

Financial calendar
Interim Financial Report January to September 2019 — 7 November 2019

7,500 characters

At imprint, specimen copy requested:
HeidelbergCement AG, Group Communication & Investor Relations
PO Box 10 44 20, 69034 Heidelberg, Germany
Phone +49 6221 481-13227, Fax +49 6221 481-13217
www.heidelbergcement.com, e-mail: info@heidelbergcement.com