

28 July 2022

HeidelbergCement half-year results: significant revenue growth, high energy costs almost offset in the second quarter

- Revenue in the first half of 2022 increases significantly by 12%¹⁾ to €9,950 million
- Substantially higher expenses for energy and raw materials burden half-year result
- Commercial Excellence Programme gains significant momentum in second quarter – strong cost increase almost offset by price adjustments
- Reduction of specific CO₂ emissions by around 2.5% in the first half of the year
- Outlook: strong revenue growth confirmed, slight decline in result from current operations ¹⁾ expected for full year 2022

¹⁾ Adjusted for consolidation and exchange rate effects.

"The first half of 2022 was characterised by the strong increase in energy and raw material prices. In this persistently difficult market environment we were again able to significantly increase our revenue," said Dr Dominik von Achten, Chairman of the Managing Board of HeidelbergCement.

"Our Commercial Excellence Programme launched at the end of last year is taking effect. Through targeted price adjustments, we were able to almost offset the significant increase in energy and raw material costs in this quarter.

However, in view of the unprecedented increase in energy prices in recent weeks, the second half of the year remains challenging. For the full year, we continue to expect a significant increase in revenue, while for the result from current operations we now anticipate a slight decline on a comparable basis compared to the strong previous year.

We are making great progress in the area of climate protection. In the first half of the year, we were again able to reduce CO₂ emissions beyond our expectations. Our CCUS projects are developing according to plan. I am confident that we will achieve our ambitious climate targets."

Price adjustments cannot fully compensate for cost inflation

After the *development of sales volumes* in the first quarter of 2022 was almost at the previous year's level, sales volumes declined in the second quarter due to consolidation and the economic slowdown in Europe. Overall, sales volumes in the first half of 2022 were slightly below the previous year's level in all business lines. Group-wide cement and clinker sales volumes decreased by 4.8% to 58.8 million tonnes (previous year: 61.8). Deliveries of aggregates fell slightly by 2.4% in comparison with the previous year to 141.5 million tonnes (previous year: 145.0). Ready-mixed concrete sales volumes decreased by 4.5% to 22.5 million cubic metres (previous year: 23.5). Asphalt deliveries decreased significantly by 25.8% to 3.6 million tonnes (previous year: 4.8).

Group revenue rose significantly by 11.3% to €9,950 million (previous year: 8,938) in comparison with the first half of the previous year. Excluding consolidation and exchange rate effects, the increase amounted to 11.6%. This is primarily due to successful price adjustments in all business lines.

Significantly increased expenses for energy, raw materials and freight led to a decline of 11.4% in the *result from current operations before depreciation and amortisation (RCOBD)* to €1,525 million (previous year: 1,720). Excluding consolidation and currency effects, the decrease amounted to 11.8%. The RCOBD margin, i.e. the ratio of the result from current operations before depreciation and amortisation to revenue, decreased by 392 basis points to 15.3% (previous year: 19.2%). The *result from current operations* decreased by 16.3% to €908 million (previous year: 1,084). Excluding consolidation and exchange rate effects, the decrease was 15.6%.

The *profit for the period* amounted to €597 million (previous year: 825). The profit attributable to HeidelbergCement AG shareholders amounted to €542 million (previous year: 755). Excluding the additional ordinary result, the profit attributable to HeidelbergCement AG shareholders almost reached the previous year's value at €604 million (previous year: 608).

Earnings per share attributable to HeidelbergCement AG shareholders adjusted for the additional ordinary result increased by €0.09 to €3.15 (previous year: 3.06).

Further reduction of net debt

As a result of the challenging market environment and the significant increase in prices for energy and raw materials compared with the corresponding period of the previous year, there was a cash outflow from operating activities of continuing operations of €133 million (previous year: cash inflow of 158) in the first half of 2022. Net debt amounted to €6.8 billion (previous year:

7.5) at the end of the first half of 2022. The leverage ratio was 1.85x (previous year: 1.85x) and thus within the target corridor of 1.5x to 2.0x.

René Aldach, Chief Financial Officer of HeidelbergCement, said: "Even though we had to record a declining result in the first half of the year, we were able to further reduce our net debt and expand our financial cushion. With our new syndicated credit line and the bond issuance programme, both of which are now linked to the achievement of our climate targets, we have taken a major step towards sustainable financing. The company's liquidity is secured even in challenging times."

Good progress in reducing the carbon footprint

In the first half of 2022, HeidelbergCement reduced the specific CO₂ emissions by around 2.5% compared with the end of 2021. In May 2022, HeidelbergCement significantly tightened its CO₂ reduction targets at the Capital Markets Day and aims to achieve a value of 400kg CO₂/t of cementitious material already in 2030. In addition to optimising products and processes, the company is focusing in particular on the capture, utilisation, and storage of CO₂ (CCUS). Solely with CCUS projects that have already been launched, the company aims to save 10mt of CO₂ cumulatively by 2030.

Outlook slightly adjusted

The company continues to expect a strong increase in revenue for the 2022 business year and now anticipates a slight decline in the result from current operations compared to the strong development of the previous year, in each case before consolidation and exchange rate effects.

You can find an overview of our sales volumes and financial figures for the first half of 2022 in the half-year financial report 2022 and in the business figures January to June 2022 under [Reports and Presentations \(heidelbergcement.com\)](https://www.heidelbergcement.com/reports-and-presentations).

About HeidelbergCement

HeidelbergCement is one of the world's largest integrated manufacturers of building materials and solutions, with leading market positions in aggregates, cement, and ready-mixed concrete. More than 51,000 employees at nearly 3,000 locations in over 50 countries deliver long-term financial performance through operational excellence and openness for change. At the center of actions lies the responsibility for the environment. As forerunner on the path to carbon neutrality, HeidelbergCement crafts material solutions for the future.