

2024 Half Year Results

2024 Half Year Results | Dr Dominik von Achten, René Aldach

30.07.2024

Heidelberg Materials





Key messages

Q2 2024

Solid result improvement despite lower volumes:

- Revenue -2%; EBITDA +4%; RCO +5% ¹
- EBITDA margin improves by +130 bps

Step change in North America with significant EBITDA margin improvement by +540 bps, driven by good underlying performance and strong contribution from our investments

Last 12 months **free cash flow above 2.2 €bn**

First Green Bond issued with an amount of 700 €m

1st tranche of the new **share buyback programme initiated** with an amount of 350 – 400 €m

CO₂ emissions further reduced by -2% vs. prior year

2024 Outlook confirmed:

- RCO at 3.00 – 3.30 €bn
- ROIC at around 10%

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



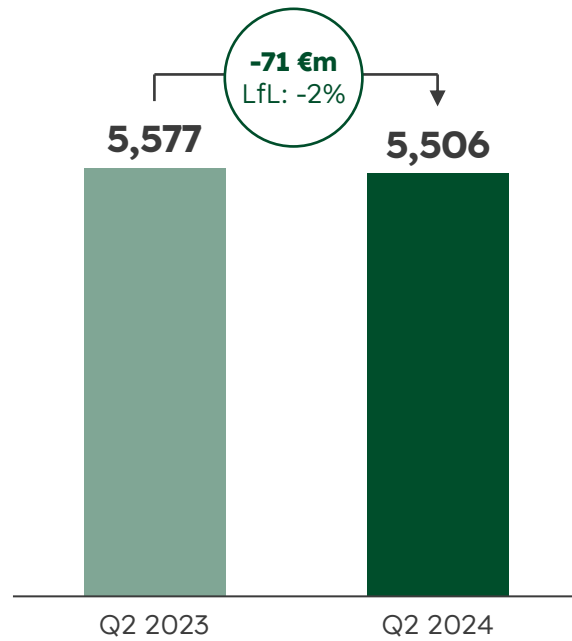


Operational result

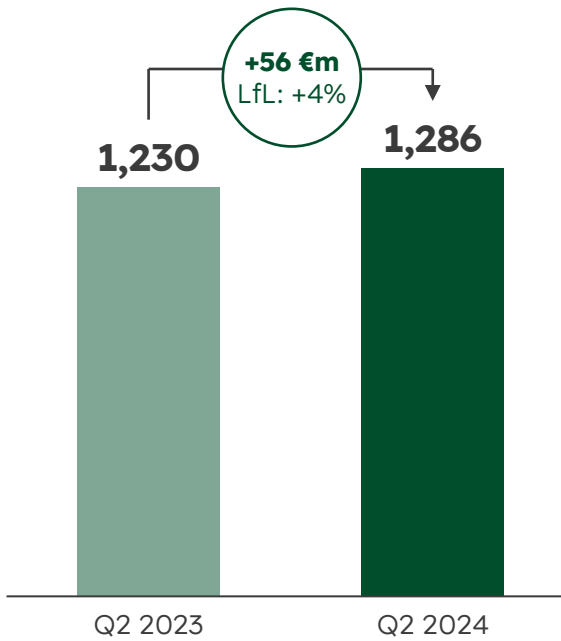


Q2 2024: Solid result driven by margin improvement

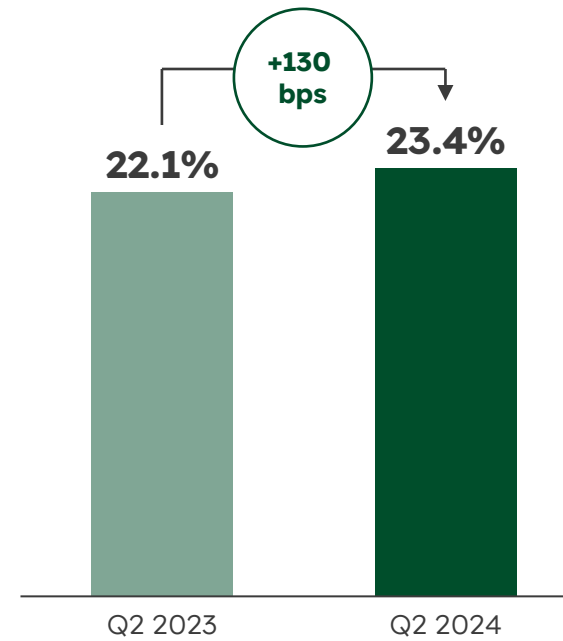
Revenue [€m]



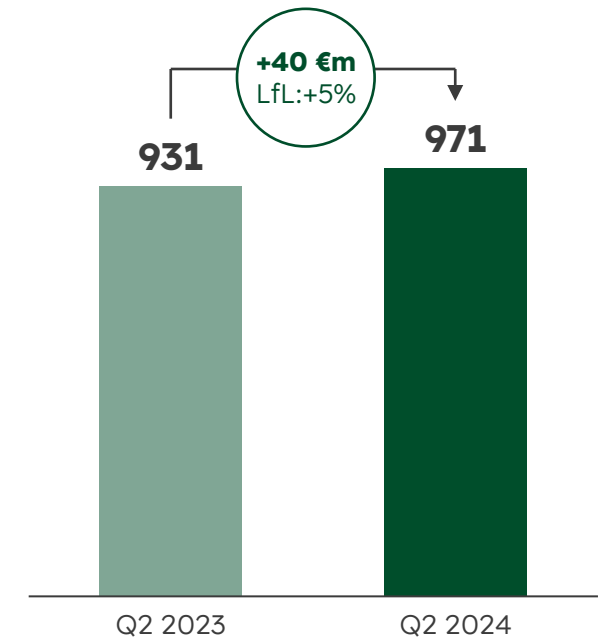
Operating EBITDA [€m]



Operating EBITDA Margin

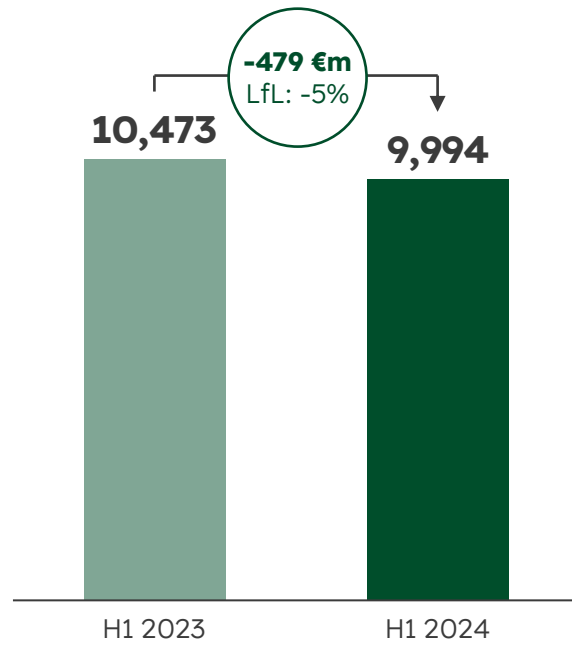


Operating EBIT (RCO) [€m]

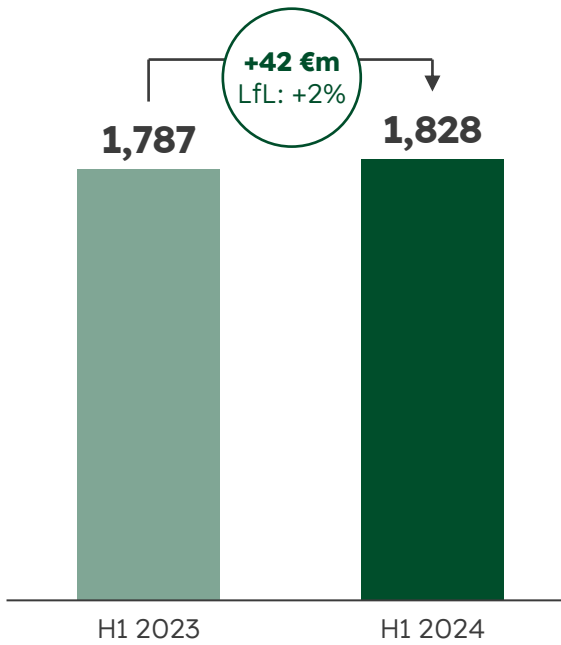


H1 2024: Slower Q1 compensated by stronger 2nd quarter

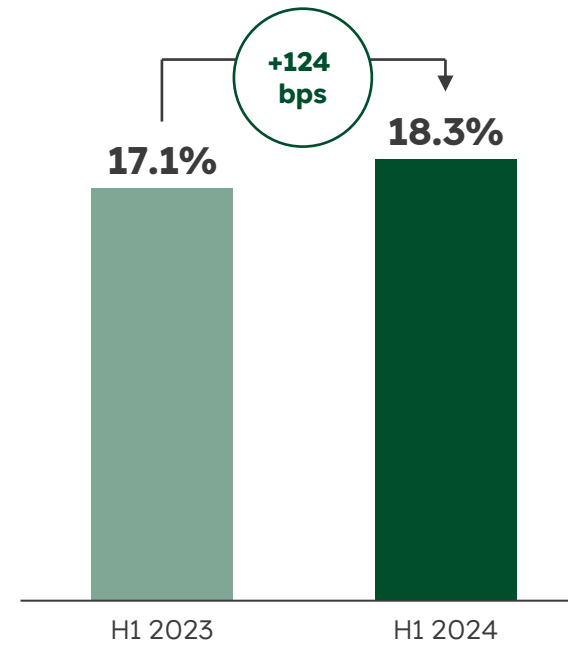
Revenue [€m]



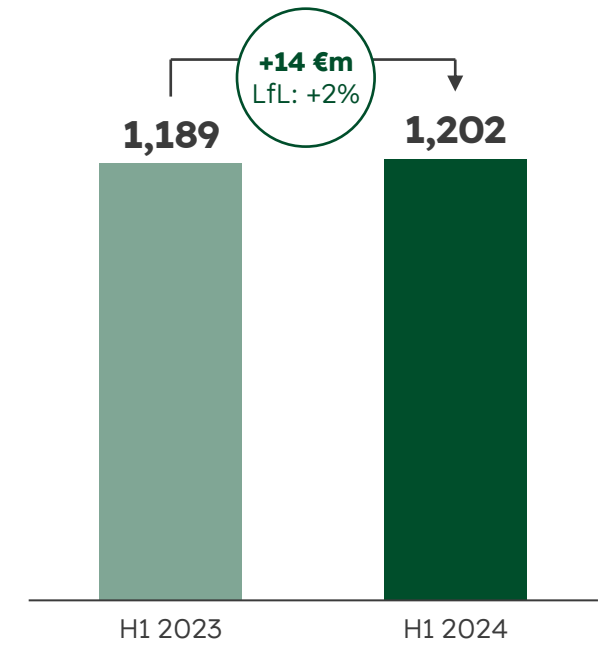
Operating EBITDA [€m]



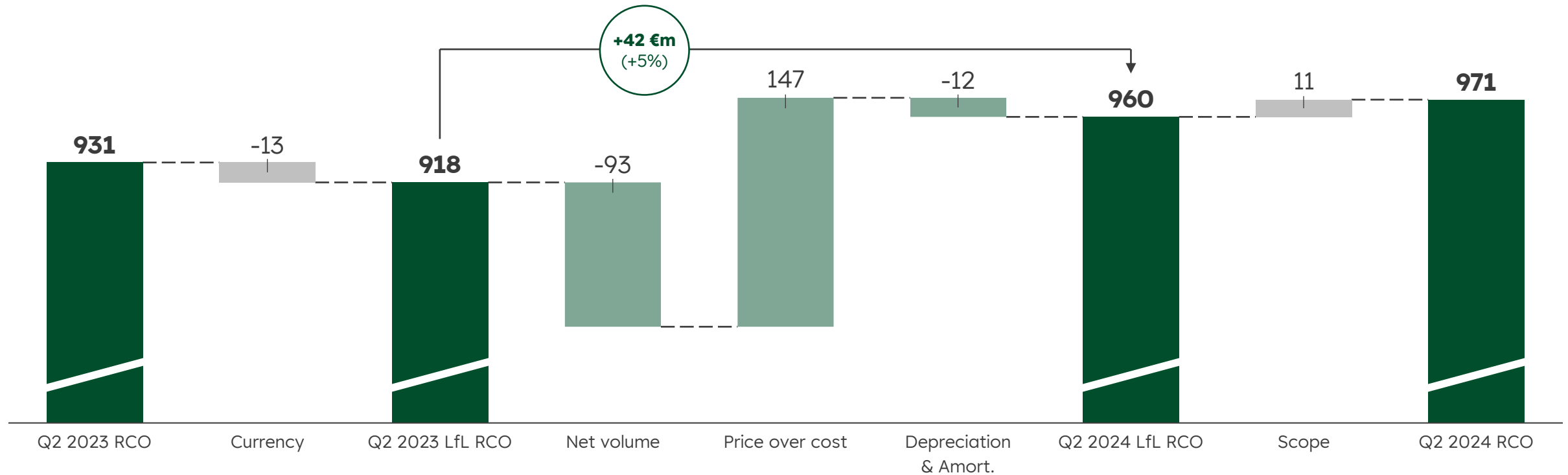
Operating EBITDA Margin



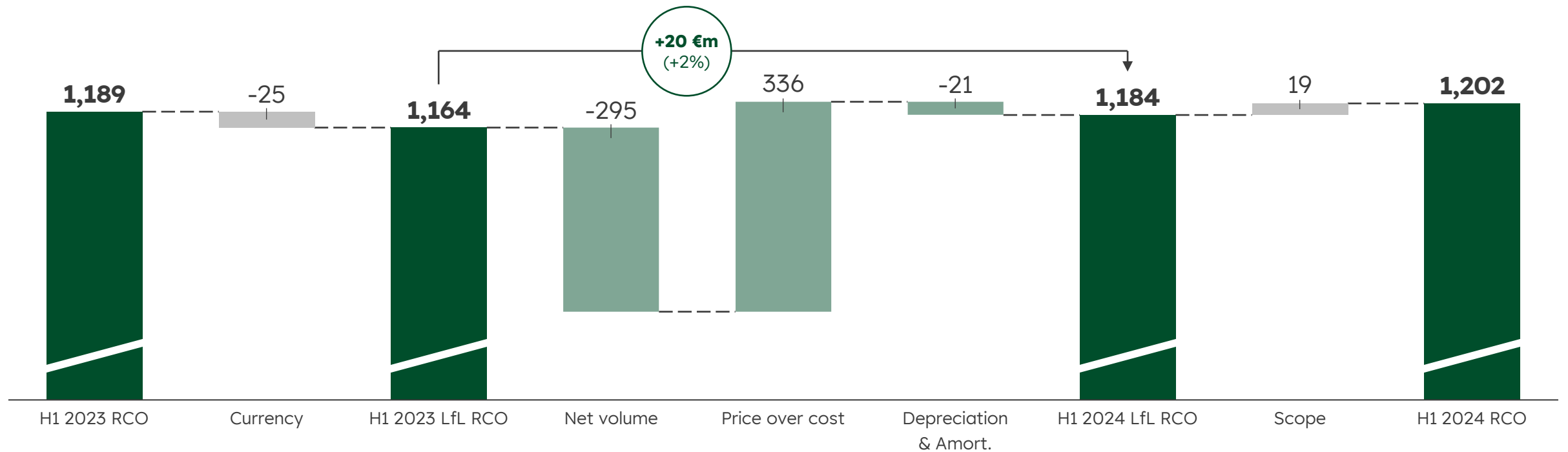
Operating EBIT (RCO) [€m]



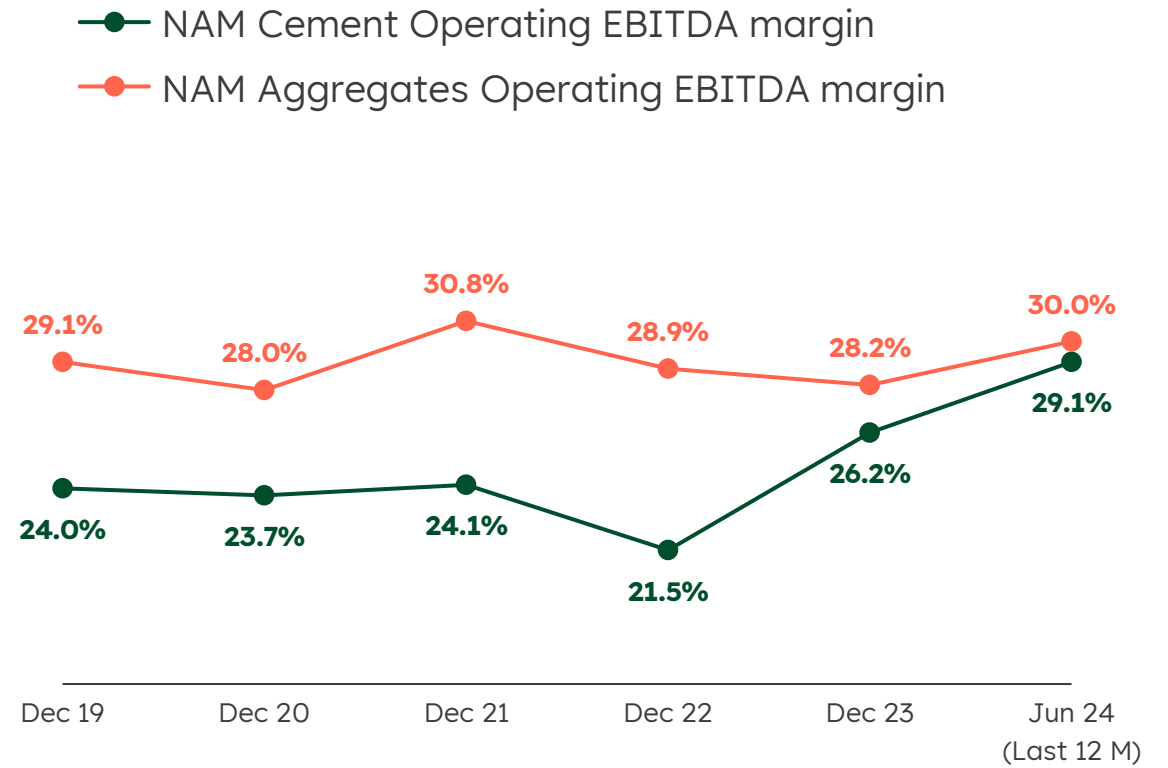
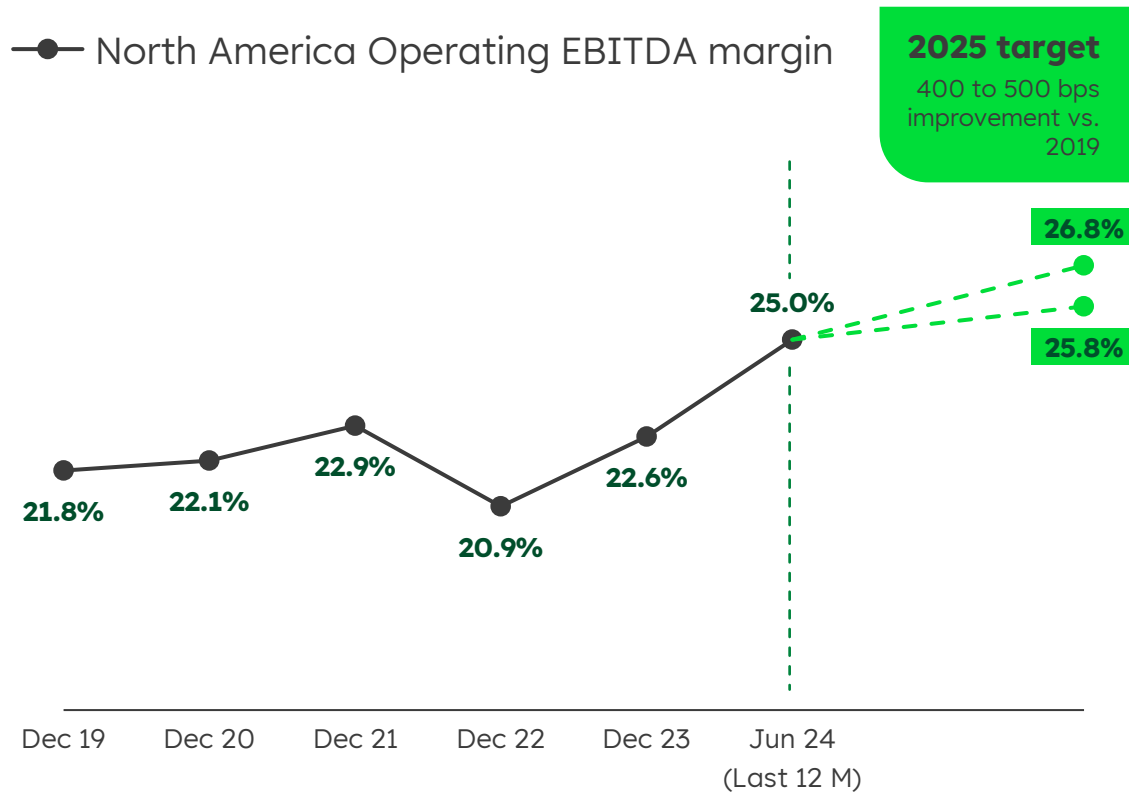
Q2 2024: Operating EBIT (RCO) bridge [€m]



H1 2024: Operating EBIT (RCO) bridge [€m]



Step change in North America with significant EBITDA margin improvement



Mitchell K4 – driving growth, profitability & sustainability

Full ramp-up of our **new state-of-the-art cement plant** in North America progressing as expected

Substantial contribution to strong result and margin development in 2024 with significant further potential to accommodate growing demand in North America

Key driver to **further reduce our CO₂ emission** from clinker production by almost 30% compared to old set-up

Largest CCS-project in the Group with a capture capacity of 2 mt CO₂ p.a. from 2030; up to 500 \$m funding

ROIC clearly above 10%, driven by three-digit million incremental RCO improvement compared to old set-up, as early as 2025



Mitchell K4 – USA



North America – Successful cash recycling with value accretive expansions

High synergy potential through cost reduction, procurement, technology transfer

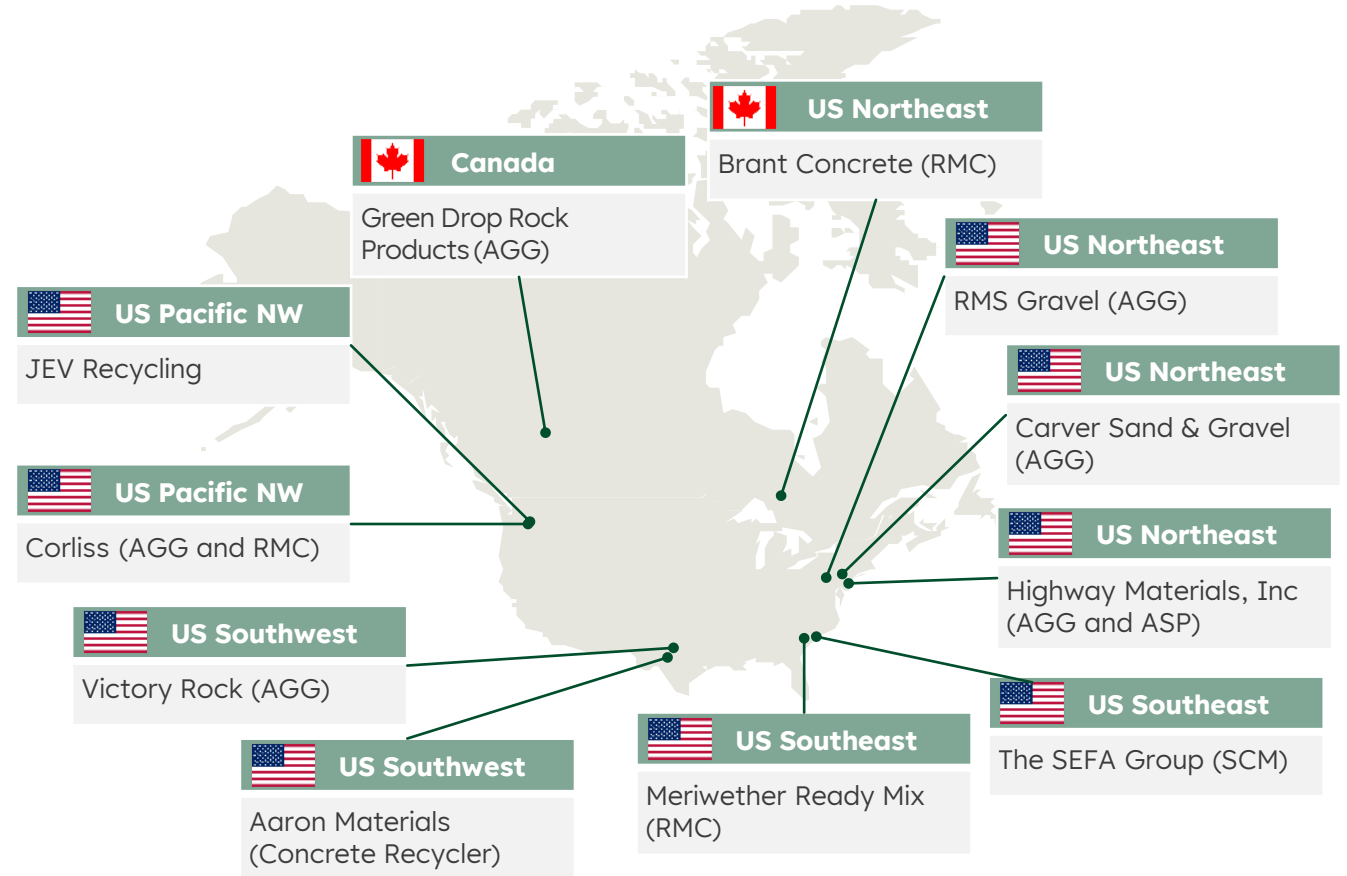
Above 10% ROIC post integration

Clear margin improvement

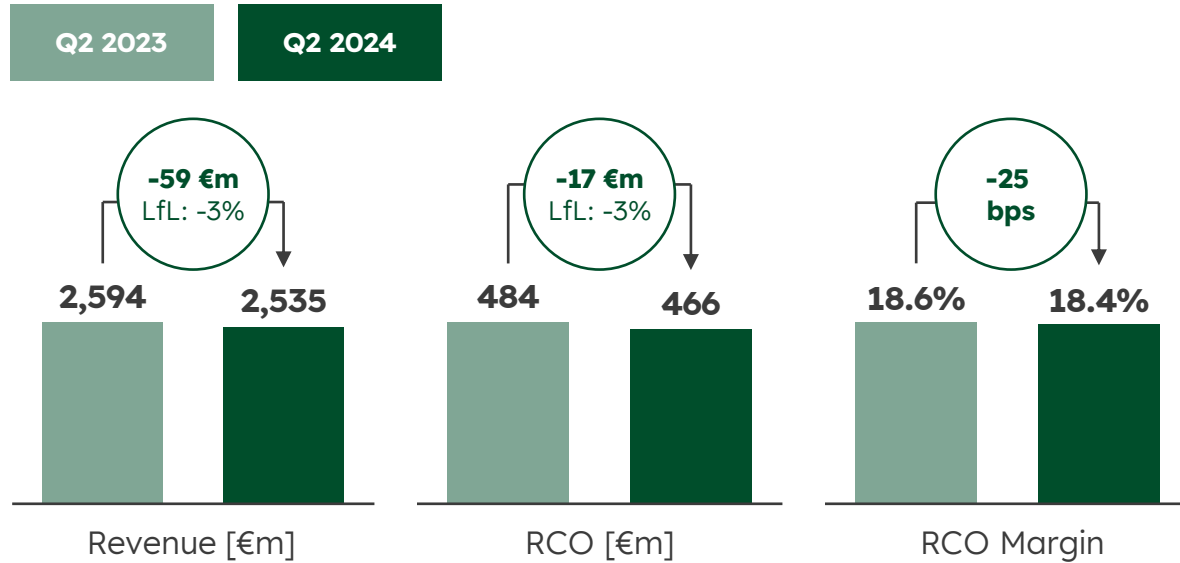
All targets in line with **Heidelberg Material’s sustainability ambition**

Successful cash recycling: Acquiring assets in fast growing existing markets at half the multiple we disposed our US West Coast assets for

Acquisitions in North America over the last 3 years



Europe



Demand recovery continues in Central and Eastern Europe. Volumes impacted by slow construction market in certain Western Europe markets, and weather impact in Southern Europe

Good cost management partly compensates volume pressure

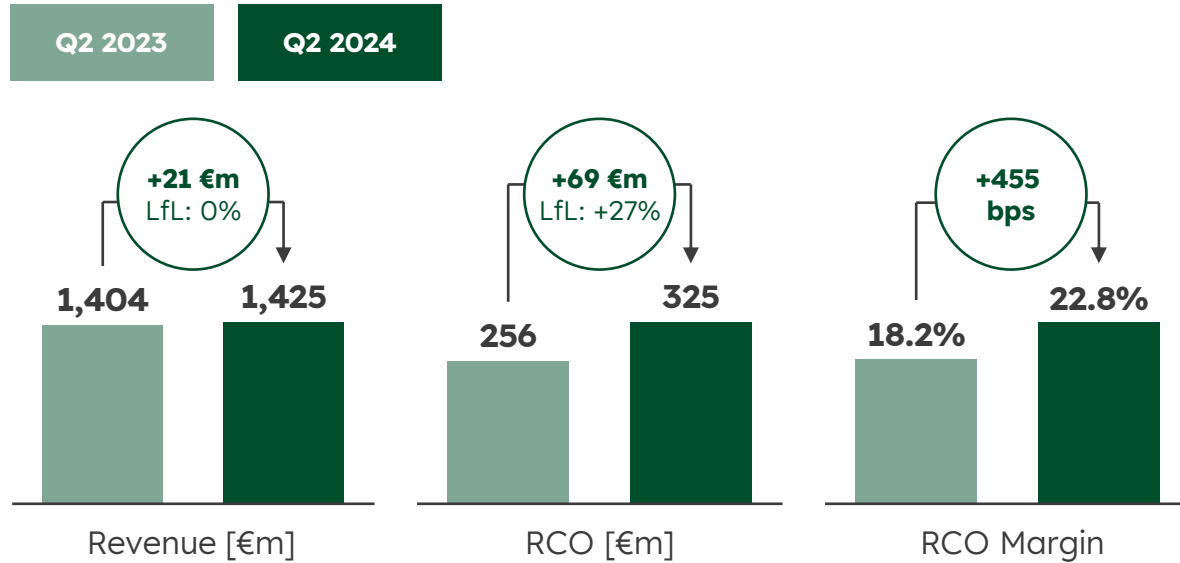
Price over cost continues to be positive



Tresfjord Bridge – Norway



North America



Strong result development despite slower demand and volume developments

Step change in North America with significant margin improvement driven by solid price performance and disciplined cost management

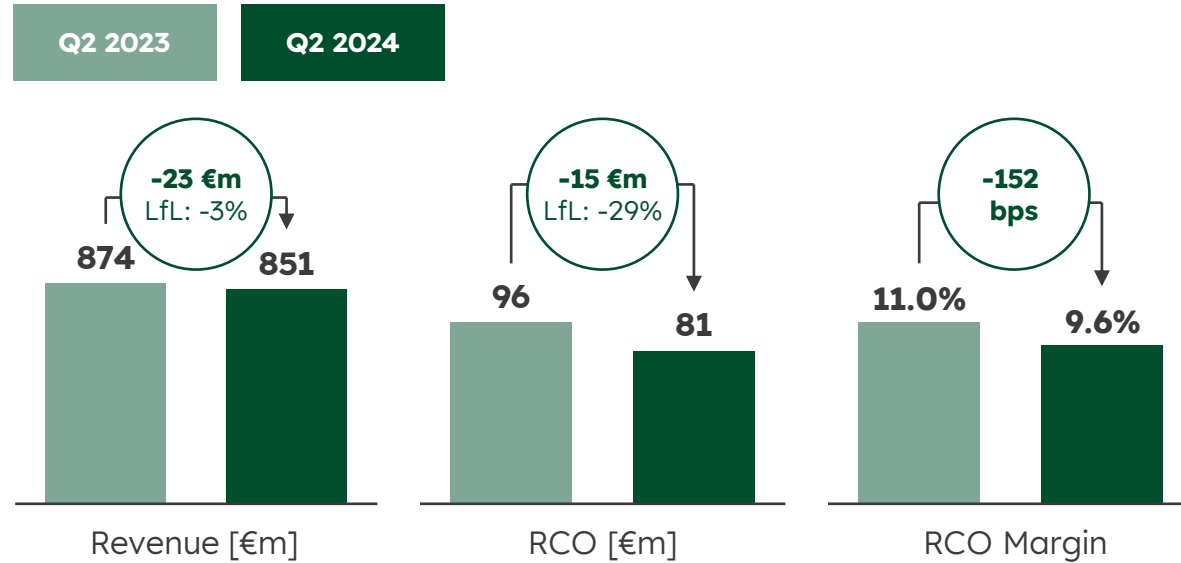
Positive outlook for 2024 with further ramp-up of recent investments and result contributions of recent acquisitions in the Northeast Region and Texas



Golden Ears Bridge – Canada



Asia – Pacific



Challenging market environment due to elections and bad weather conditions puts pressure on pricing and margins

Overall stable business development in Australia

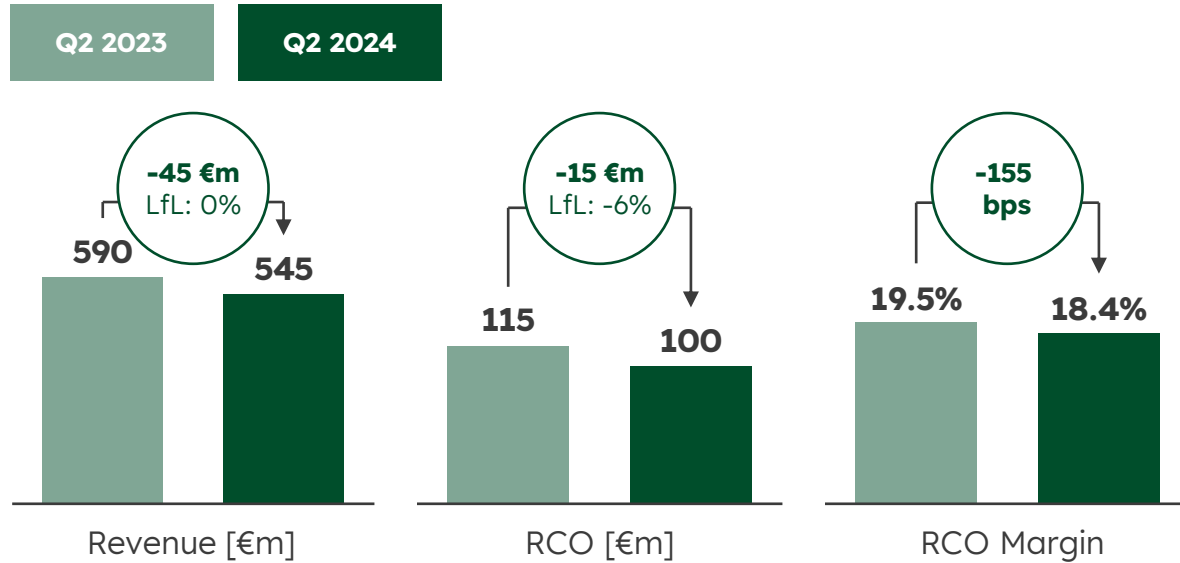
ACE Group and Grobogan investments clearly pay-off



Shah Amanat Bridge – Bangladesh



Africa – Mediterranean – Western Asia



Overall stable demand in the quarter

Positive pricing in local currencies is not enough to compensate on going cost pressure

Despite easing situation, currency devaluation is still a problem



Çanakkale Bridge – Türkiye



Sustainability highlights

Further progress in CO₂ reduction:

-2% of specific net CO₂ emissions year-over-year

New product developments of evoBuild product range
accelerate share of sustainable revenue CEM: +470 bps

Driving circularity and recycling: Mick George and B&A
Group, two leading recycling companies acquired in UK

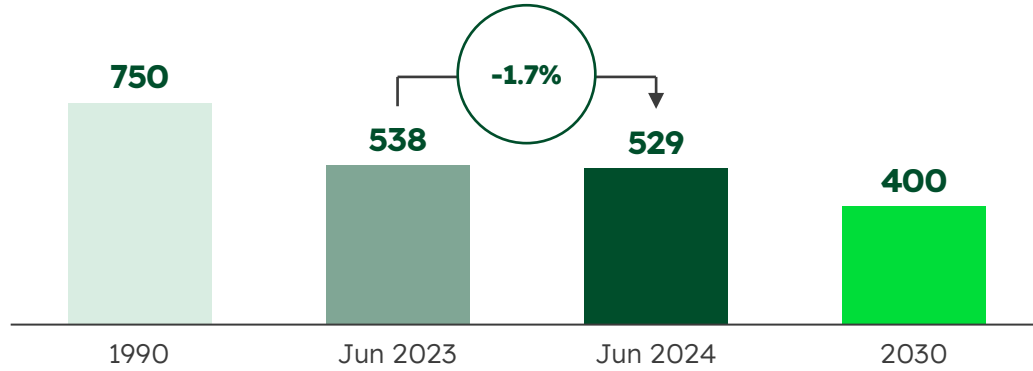
CO₂ as raw material: Construction of “Capture-to-Use” (CAP2U),
the world’s first large-scale CCU facility with a capacity of 70,000 t
p.a. started in Lengfurt, Germany



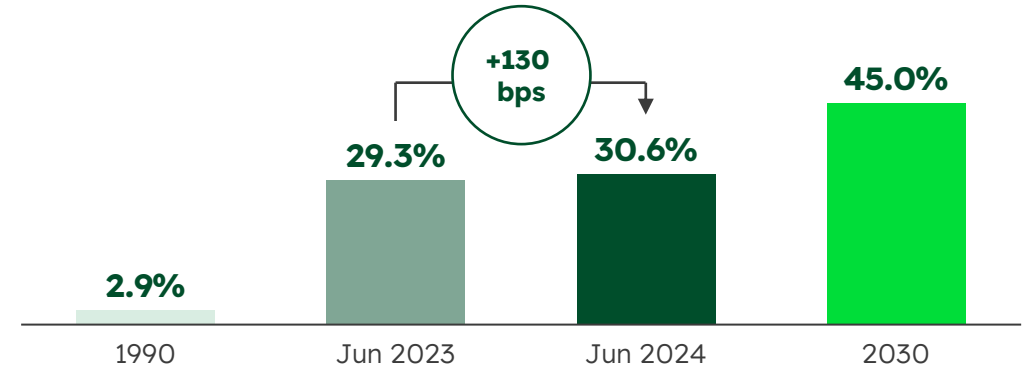
Significant progress in all sustainability KPIs



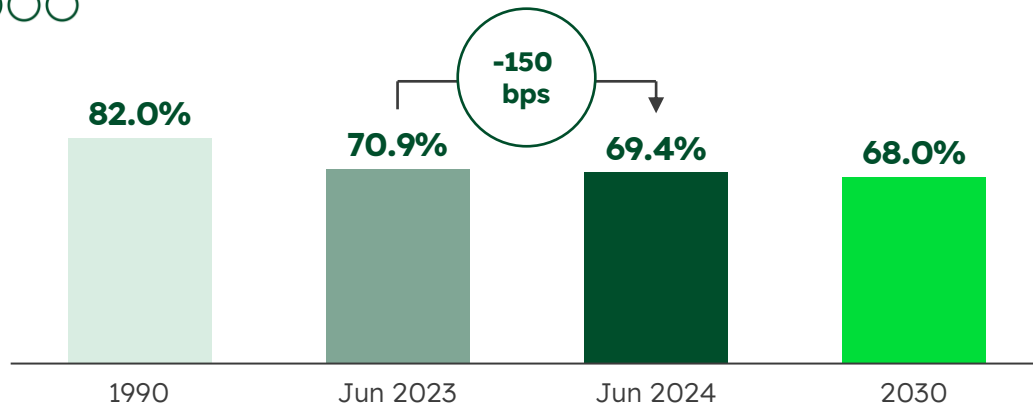
Specific net CO₂ emissions
[kg CO₂/t cementitious material]



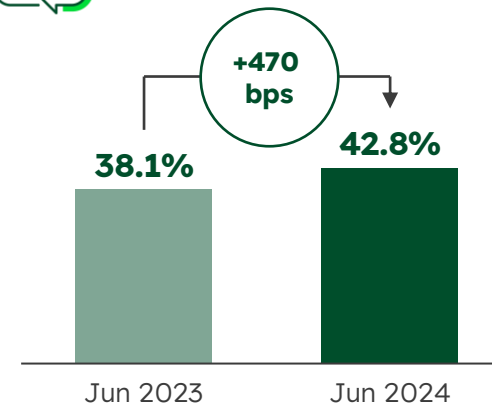
Alternative fuel rate



Clinker incorporation factor



Sustainable revenue CEM



Closing the loop: First-of-its-kind recycling plant applying patented ReConcrete process

Katowice, Poland

Innovative recycling plant for selective separation

Proprietary crushing mechanism enabling sophisticated separation and sorting of demolished concrete

Highest quality aggregates, equivalent to virgin raw materials

ReConcrete process combines circularity with decarbonisation

Recovered recycled concrete paste (RCP) to be used

- as alternative raw material (clinker), or as alternative cementitious material (cement)
- to absorb and permanently bind CO₂

Complete recycling of demolished concrete without loss of quality





Financial highlights

Financial results for the period ending 31.03.2024



Financial highlights

Adjusted EPS increases by 17% to 4.3 €

Last 12 months **free cash flow at 2.2 €bn** ¹, leading to **cash conversion rate of 52%**

Leverage 0.10x below prior year

First Green Bond issued with an amount of 700 €m

1.2 €bn share buyback program announced.
First tranche with an amount of 350 €m to 400 €m started in Q2

¹ Based on last 12 months rolling figures



Adjusted EPS continues to increase

Income Statement [€m]	H1 2023	H1 2024	Delta
Revenue	10,473	9,994	-479
RCOBD (Operating EBITDA)	1,787	1,828	+42
Depreciation and amortization	-598	-626	-28
Result from current operations (RCO)	1,189	1,202	+14
Additional ordinary result	40	-204	-244
Financial result	-102	-107	-5
Income taxes	-305	-263	+42
Net result from discontinued operations	-40	-6	+34
Non-controlling interests	64	49	-15
Group share of profit	719	574	-144
Earnings per share	3.86	3.16	-0.70
Group share of profit – adjusted ¹	678	778	+100
Earnings per share – adjusted ¹	3.64	4.28	+0.63

¹ Figures adjusted for additional ordinary result

Key items below RCO

Additional ordinary result:

2024: -182 €m due to impairment and restructuring of plants in Europe

2023: +40 €m gain from financial asset sales

Financial result:

Stable development

Discontinued operations:

2023: -31 €m increase in provision for obligations attributable to discontinued businesses of the Hanson Group



Solid increase in free cash flow leads to higher cash conversion

Free cash flow [€m]	H1 2023	H1 2024	Delta
Operating EBITDA	1,787	1,828	+42
Change in working capital	-1,265	-1,264	+1
Net interest	-122	-98	+24
Taxes paid	-314	-309	+5
Share of JV result and net dividends	9	-15	-24
Non-cash items and other	-70	-86	-16
Cash flow from operating activities	25	56	+31
CapEx Net	-409	-372	+37
Free cash flow	-384	-316	+68
Last 12 months free cash flow	1,487	2,230	+743
Cash conversion rate	37.2%	51.9%	

Free cash flow drivers

Working capital:

Seasonal build-up as construction activity increases, same level as prior year

Net interest:

Further improvement driven by strict financial management

Taxes paid:

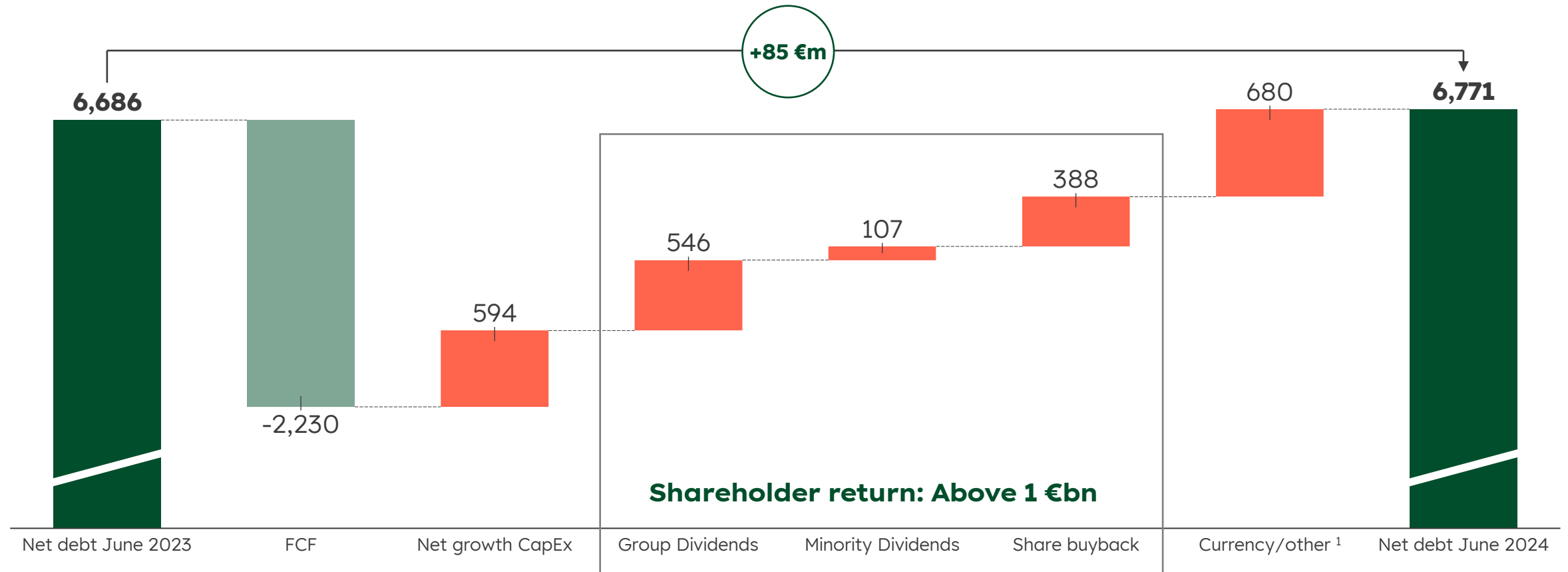
Stable development versus prior year

CapEx Net:

Disciplined approach continues



Net debt development [€m]



¹ Includes consolidation impacts on Net Debt from Indonesia Grobogan (248 €m), Tanzania Tanga Cement (76 €m) and other acquisitions in UK (62 €m).








Outlook



Guidance confirmed

Key steering KPIs	2024 Target
 RCO	3.00 to 3.30 €bn
 ROIC	At around 10%
 CO₂ emission (kg CO ₂ /t cementitious material)	Slight reduction





Key messages

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- Revenue -2%; EBITDA +4%; RCO +5% ¹
- EBITDA margin improves by +130 bps

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CO₂ emissions further reduced by -2% vs. prior year

2024 Outlook confirmed:

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Appendix



Scope & currency impacts

Scope & currency Q2 2024 [€m]

	Revenue		Operating EBITDA		Operating EBIT (RCO)	
	Scope	Currency	Scope	Currency	Scope	Currency
Europe	14	12	-5	3	-5	2
North America	15	7	1	0	-1	0
Asia – Pacific	32	-26	17	-5	14	-3
Africa – Med. - Western Asia	17	-59	5	-13	3	-12
Group Service & Other	0	0	0	0	0	0
Total GROUP	78	-66	17	-15	11	-13

Scope & currency H1 2024 [€m]

	Revenue		Operating EBITDA		Operating EBIT (RCO)	
	Scope	Currency	Scope	Currency	Scope	Currency
Europe	18	26	-9	4	-9	3
North America	48	-4	8	-1	2	0
Asia – Pacific	54	-71	26	-12	21	-7
Africa – Med. - Western Asia	29	-105	8	-24	5	-21
Group Service & Other	0	0	0	0	0	0
Total GROUP	150	-155	33	-33	19	-25



Operating result

Operating result Q2 2024 [€m]

	Revenue				Operating EBITDA				Operating EBITDA Margin				Operating EBIT (RCO)			
	Q2 23	Q2 24	Change	LfL	Q2 23	Q2 24	Change	LfL	Q2 23	Q2 24	Change	LfL	Q2 23	Q2 24	Change	LfL
Europe	2,594	2,535	-2.3%	-3.3%	610	595	-2.5%	-2.0%	23.5%	23.5%	-5 bps	+30 bps	484	466	-3.6%	-3.0%
North America	1,404	1,425	1.5%	-0.1%	332	414	24.6%	24.2%	23.7%	29.1%	+540 bps	+575 bps	256	325	26.8%	27.3%
Asia – Pacific	874	851	-2.6%	-3.5%	158	140	-11.1%	-19.1%	18.0%	16.5%	-156 bps	-291 bps	96	81	-16.0%	-28.5%
Africa – Med. - Western Asia	590	545	-7.6%	-0.4%	145	132	-9.2%	-3.8%	24.5%	24.1%	-41 bps	-85 bps	115	100	-13.0%	-5.9%
Group Service & Other	114	150	31.2%	31.2%	-14	6			-12.6%	3.9%			-20	-1		
Total GROUP	5,577	5,506	-1.3%	-1.5%	1,230	1,286	4.6%	4.5%	22.1%	23.4%	+130 bps	+134 bps	931	971	4.3%	4.6%

Operating result H1 2024 [€m]

	Revenue				Operating EBITDA				Operating EBITDA Margin				Operating EBIT (RCO)			
	H1 23	H1 24	Change	LfL	H1 23	H1 24	Change	LfL	H1 23	H1 24	Change	LfL	H1 23	H1 24	Change	LfL
Europe	4,846	4,573	-5.7%	-6.5%	864	808	-6.6%	-5.9%	17.8%	17.7%	-17 bps	+12 bps	611	551	-9.7%	-8.7%
North America	2,434	2,403	-1.3%	-3.1%	409	524	28.2%	26.5%	16.8%	21.8%	+501 bps	+512 bps	260	350	34.6%	34.1%
Asia – Pacific	1,811	1,691	-6.6%	-5.9%	287	270	-5.8%	-11.3%	15.8%	16.0%	+13 bps	-91 bps	164	151	-7.8%	-17.3%
Africa – Med. - Western Asia	1,156	1,041	-9.9%	-3.7%	266	231	-13.4%	-8.3%	23.0%	22.1%	-90 bps	-111 bps	206	167	-19.0%	-12.3%
Group Service & Other	226	286	26.8%	26.8%	-39	-3			-17.4%	-1.2%			-52	-17		
Total GROUP	10,473	9,994	-4.6%	-4.6%	1,787	1,828	2.3%	2.3%	17.1%	18.3%	+124 bps	+124 bps	1,189	1,202	1.1%	1.7%



Operating result – Business lines

Quarterly Figures

Business line CEMENT [€m]	Revenue			Operating EBITDA			Operating EBITDA Margin		
	Q2 23	Q2 24		Q2 23	Q2 24		Q2 23	Q2 24	
Europe	1,380	1,345	-2.5%	423	435	2.8%	30.6%	32.3%	+169 bps
North America	586	607	3.6%	156	206	31.7%	26.7%	33.9%	+724 bps
Asia - Pacific	449	422	-6.1%	69	56	-18.7%	15.2%	13.2%	-204 bps
Africa – Med. - Western Asia	513	481	-6.3%	127	116	-8.2%	24.7%	24.2%	-49 bps
Total GROUP	2,929	2,854	-2.5%	774	813	5.0%	26.4%	28.5%	+204 bps

Year to Date Figures

Business line CEMENT [€m]	Revenue			Operating EBITDA			Operating EBITDA Margin		
	H1 23	H1 24		H1 23	H1 24		H1 23	H1 24	
Europe	2,571	2,424	-5.7%	591	612	3.5%	23.0%	25.2%	+226 bps
North America	1,030	1,037	0.7%	209	274	31.4%	20.3%	26.5%	+619 bps
Asia - Pacific	958	871	-9.1%	142	125	-12.3%	14.9%	14.3%	-52 bps
Africa – Med. - Western Asia	995	908	-8.8%	230	206	-10.6%	23.1%	22.7%	-46 bps
Total GROUP	5,554	5,240	-5.7%	1,170	1,217	4.0%	21.1%	23.2%	+215 bps

Quarterly Figures

Business line AGGREGATES [€m]	Revenue			Operating EBITDA			Operating EBITDA Margin		
	Q2 23	Q2 24		Q2 23	Q2 24		Q2 23	Q2 24	
Europe	554	609	10.0%	132	133	0.9%	23.8%	21.8%	-195 bps
North America	575	583	1.4%	173	201	15.9%	30.2%	34.5%	+432 bps
Asia - Pacific	164	166	1.6%	42	36	-13.3%	25.4%	21.7%	-371 bps
Africa – Med. - Western Asia	21	17	-19.1%	4	2	-35.1%	17.4%	14.0%	-346 bps
Total GROUP	1,323	1,375	3.9%	338	372	10.1%	25.6%	27.1%	+152 bps

Year to Date Figures

Business line AGGREGATES [€m]	Revenue			Operating EBITDA			Operating EBITDA Margin		
	H1 23	H1 24		H1 23	H1 24		H1 23	H1 24	
Europe	1,023	1,091	6.7%	207	206	-0.5%	20.2%	18.9%	-137 bps
North America	977	975	-0.3%	216	253	16.9%	22.1%	25.9%	+381 bps
Asia - Pacific	339	321	-5.2%	78	63	-19.2%	23.1%	19.7%	-342 bps
Africa – Med. - Western Asia	46	36	-22.6%	8	5	-28.7%	16.4%	15.1%	-130 bps
Total GROUP	2,385	2,423	1.6%	509	527	3.6%	21.3%	21.8%	+42 bps



2023 restated figures ¹

Operating EBITDA [€m]	Q1 23	Q2 23	H1 23	Q3 23	9M 23	Q4 23	FY 23
Europe	255	610	864	593	1,458	425	1,883
North America	76	332	409	448	857	325	1,181
Asia - Pacific	129	158	287	178	464	179	643
Africa – Med. - Western Asia	121	145	266	172	439	152	590
Group Service & Other	-25	-14	-39	1	-38	-2	-40
Total GROUP	557	1,230	1,787	1,393	3,179	1,079	4,258

RCO [€m]	Q1 23	Q2 23	H1 23	Q3 23	9M 23	Q4 23	FY 23
Europe	127	484	611	461	1,072	295	1,367
North America	4	256	260	363	623	233	856
Asia - Pacific	67	96	164	118	281	117	399
Africa – Med. - Western Asia	91	115	206	143	349	117	466
Group Service & Other	-31	-20	-52	-5	-57	-8	-65
Total GROUP	258	931	1,189	1,080	2,269	754	3,022

Revenue [€m]	Q1 23	Q2 23	H1 23	Q3 23	9M 23	Q4 23	FY 23
Europe	2,252	2,594	4,846	2,444	7,291	2,275	9,566
North America	1,030	1,404	2,434	1,522	3,956	1,263	5,219
Asia - Pacific	937	874	1,811	949	2,759	945	3,705
Africa – Med. - Western Asia	566	590	1,156	601	1,756	533	2,289
Group Service & Other	112	114	226	95	321	78	399
Total GROUP	4,896	5,577	10,473	5,611	16,083	5,094	21,178

	Q1 23	Q2 23	H1 23	Q3 23	9M 23	Q4 23	FY 23
	11.3%	23.5%	17.8%	24.3%	20.0%	18.7%	19.7%
	7.4%	23.7%	16.8%	29.5%	21.7%	25.7%	22.6%
	13.8%	18.0%	15.8%	18.7%	16.8%	18.9%	17.4%
	21.5%	24.5%	23.0%	28.7%	25.0%	28.5%	25.8%
	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total GROUP	11.4%	22.1%	17.1%	24.8%	19.8%	21.2%	20.1%

	Q1 23	Q2 23	H1 23	Q3 23	9M 23	Q4 23	FY 23
	5.6%	18.6%	12.6%	18.9%	14.7%	13.0%	14.3%
	0.4%	18.2%	10.7%	23.9%	15.8%	18.4%	16.4%
	7.2%	11.0%	9.0%	12.4%	10.2%	12.4%	10.8%
	16.0%	19.5%	17.8%	23.8%	19.9%	22.0%	20.4%
	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total GROUP	5.3%	16.7%	11.4%	19.2%	14.1%	14.8%	14.3%

¹ Figures are restated due to change in segment structure as of 1st January 2024. “Western & Southern Europe” and “Northern & Eastern Europe” are merged into “Europe”. Russia & Kazakhstan are moved from “Northern & Eastern Europe” to “Africa – Mediterranean – Western Asia” region, as a result of change in Management Board structure and responsibilities.



Financial Calendar & IR Contacts

Upcoming events:

7th November 2024:
Third quarter trading update

Contact:

Investor Relations:

ir-info@heidelbergmaterials.com

+49 6221 481 13227

Press & Media:

info@heidelbergmaterials.com



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