

A hand holding a concrete block over another hand. The background is a blurred green field. A semi-transparent green box is overlaid on the image, containing text.

# We take the CONCRETE lead

2022 Capital Markets Day – 24 May

Dr Dominik von Achten

Chief Executive Officer

A silhouette of a person's head and shoulders is centered in the foreground, looking out over a city skyline at sunset. The sky is a warm, golden yellow, and the buildings in the background are silhouetted against the bright light. A semi-transparent yellow rectangular box is overlaid on the center of the image, containing the text.

**Our world is changing.**  
So is HeidelbergCement.

An aerial photograph of a modern building's courtyard. The courtyard is a large, rectangular space with a white concrete border. In the center, there is a winding concrete path that leads to a small, circular concrete area with a tree. The rest of the courtyard is filled with a lush green roof garden, featuring various plants, shrubs, and trees. The building's facade is visible on the left and right sides, showing a grid of windows and balconies.

**We are taking the CONCRETE lead.**  
And are making five concrete promises.

**#1 Promise**  
We focus on  
what we do best:  
**heavy building  
materials.**



## The underlying demand for our products remains very promising



>80%

of global GDP committed to net zero targets.

1.5x

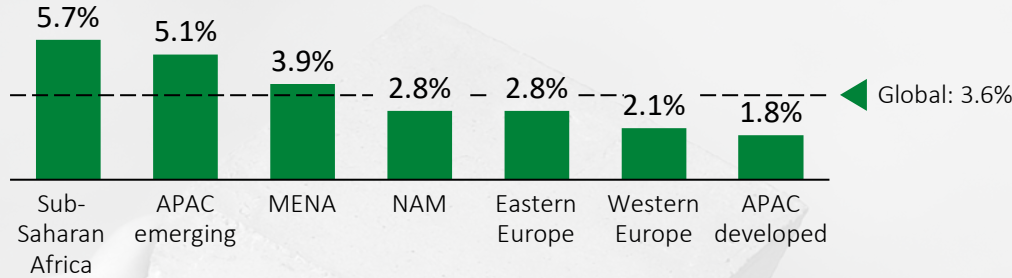
Global urban population will increase by 1.5 times to 6 bn by 2045.

>35%

higher global construction output over this decade by 2030.

# Heavy building materials – an attractive sector with great prospects

Regional construction real growth 2021-2030<sup>e</sup>



Infrastructure packages in key markets

<p><b>Australia</b></p> <p><b>AU\$120 bn</b></p> <p>Infrastructure Investment Program</p>	<p><b>UK</b></p> <p><b>£337 bn</b></p> <p>National Infrastructure Investment</p>
<p><b>Europe</b></p> <p><b>€750 bn</b></p> <p>EU 'Recovery Fund'</p>	<p><b>USA</b></p> <p><b>\$1.2 tn</b></p> <p>Infrastructure Investment &amp; Jobs Act</p>

**All segments with good growth potential:**

- Infrastructure with a strong pipeline in key markets
- Residential demand continues to be strong
- Non-residential market to see good momentum on the back of e-commerce related projects

# Concrete: The most frequently used building material – proven for over 2000 years

Significant advantages, but a few things to solve:

## Customer advantages:

- Locally made, locally sold
- 100% recyclable
- Long-lived
- Sound-absorbing
- Non-flammable
- Customisable & flexible
- Attractive life cycle cost

## Current challenges:

- CO<sub>2</sub>- and energy-intensive
- Low-value recycling





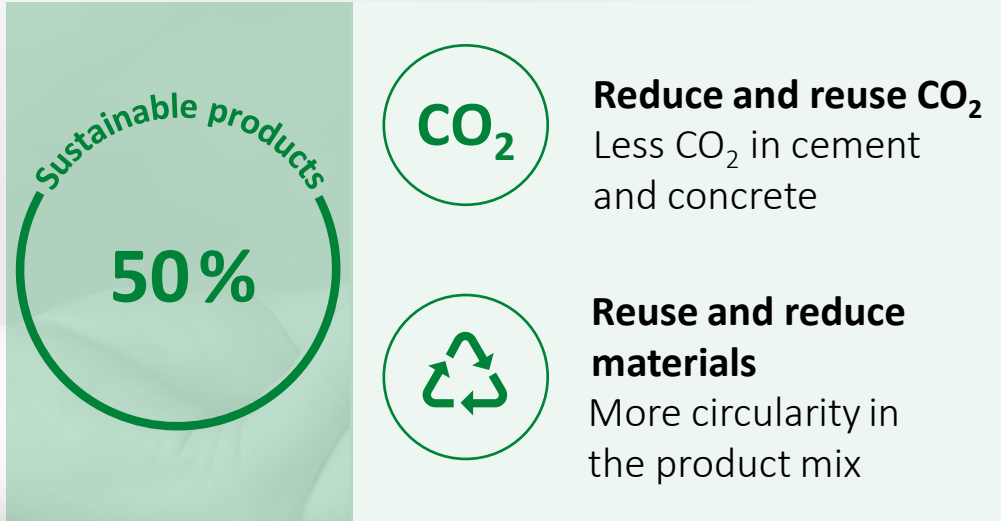
Sustainable products are becoming  
the **game changer** for profitable growth.



**#2 Promise**  
We commit to  
generate **50%** of  
our revenue from  
**sustainable**  
**products** by  
**2030.**



# CO<sub>2</sub> reduction and circularity will be key enablers of our sustainable revenue target

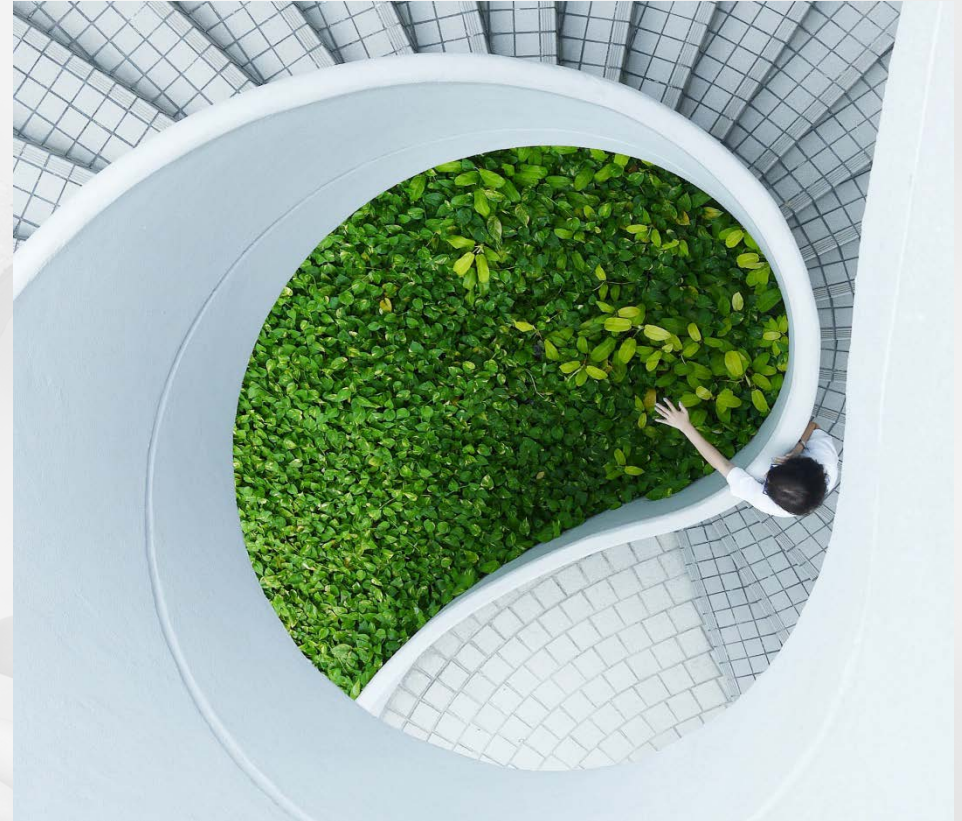


**Sustainable products**  
**50%**

**CO<sub>2</sub>**  
**Reduce and reuse CO<sub>2</sub>**  
Less CO<sub>2</sub> in cement and concrete

**Reuse and reduce materials**  
More circularity in the product mix

**Commoditisation comes to an end:  
Sustainable product portfolio will be THE key differentiator!**



# Regulatory changes and sustainability focus will be a big opportunity for us

## 1 Green procurement criteria create significant growth potential

- Strong demand for sustainable products and solutions on the back of green procurement criteria
- Sustainable products with price premium over traditional products

**Growth  
opportunity**

## 2 Carbon regulation creates opportunity for early movers

- Highest incentive to change in Europe given carbon regulations – our European operations will become the blueprint
- Sustainable products with margin premium

**Margin  
improvement  
opportunity**



**We will be the first to offer carbon-free  
cement and concrete at scale.**

### #3 Promise

We commit

to reduce CO<sub>2</sub>

emissions

by almost **50%** to

**400 kg CO<sub>2</sub>/t CEM**

by 2030.



# We set new standards with our upgraded CO<sub>2</sub> reduction target

We have the speed, knowledge, technology, and partners to lead this transition in the sector.

We are early movers and have a sustainable cost advantage with our CCUS project pipeline.

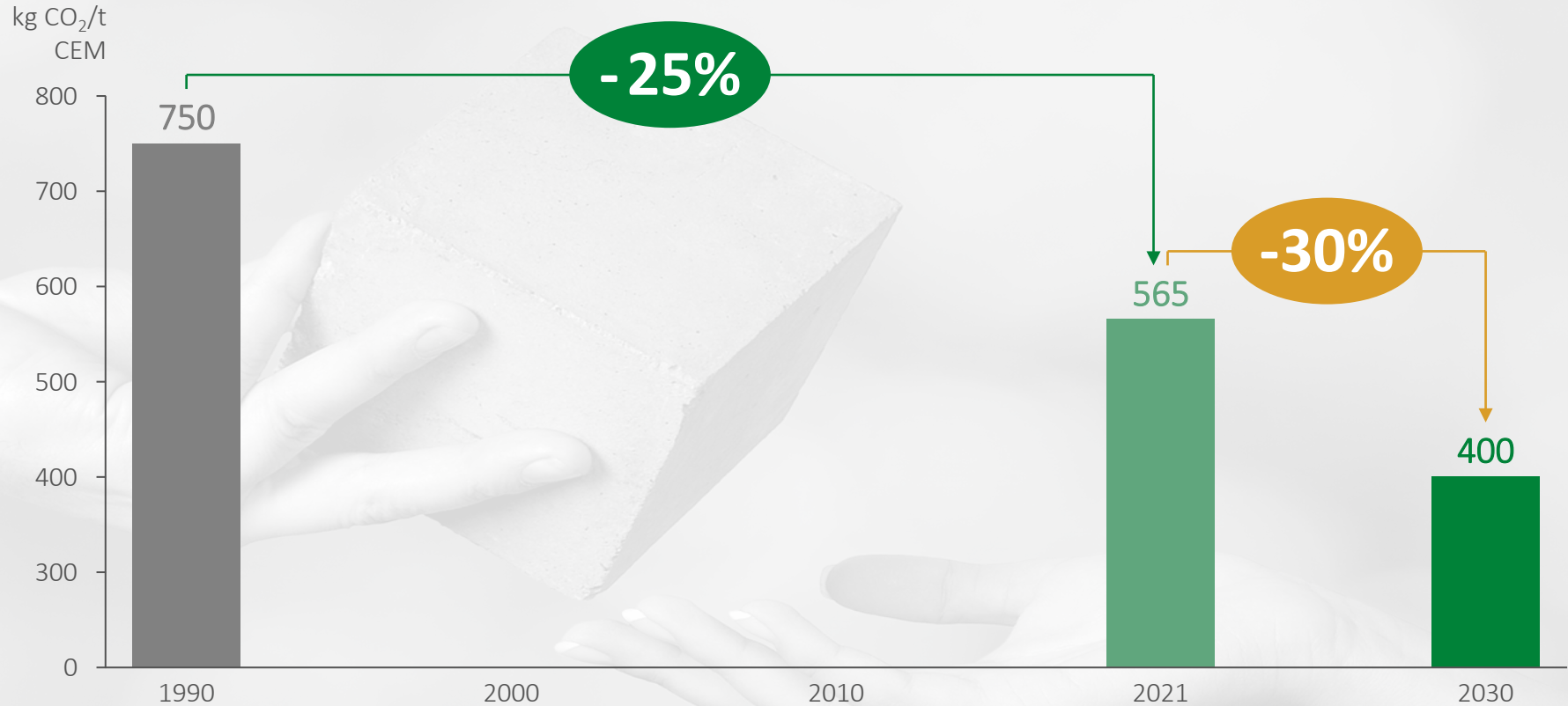
Carbon-free and carbon-reduced products will allow for differentiated customer offerings.

Upgraded CO<sub>2</sub> target for 2030:

**400 kg CO<sub>2</sub>/t**  
cementitious material

Key levers	Products	Clinker incorporation/ circularity
	Process	Altern. fuels /Biomass fuels rate
	CCUS	10 mt CO <sub>2</sub> captured (cumulative)

# We strongly accelerate our CO<sub>2</sub> reduction over the next 8 years








# #4 Promise

We will make  
this transition  
a **successful  
business case.**





# Today, HeidelbergCement is a stronger company than ever

 <b>Well-balanced geographic portfolio</b>	 <b>Strong improvement in financial metrics</b>	 <b>Leader in decarbonisation</b>	 <b>Strong customer focus through digital offerings</b>	 <b>Focus on shareholder returns</b>
EU, NAM, EM equal exposure	<b>ROIC: 9.3%</b> in '21 vs. 6.5% in '19	<b>10 mt CO<sub>2</sub></b> reduction through CCUS by 2030*	<b>&gt;20,000</b> monthly active users 80% retention rate	<b>€1 bn</b> returned to shareholders in 2021

# The CO<sub>2</sub> transition as a very viable business case

## Revenue



Sustainable products will enable revenue growth above market

## Margin



Premium for sustainable products and lower carbon cost, thanks to technology leadership. EU turns into advantage.

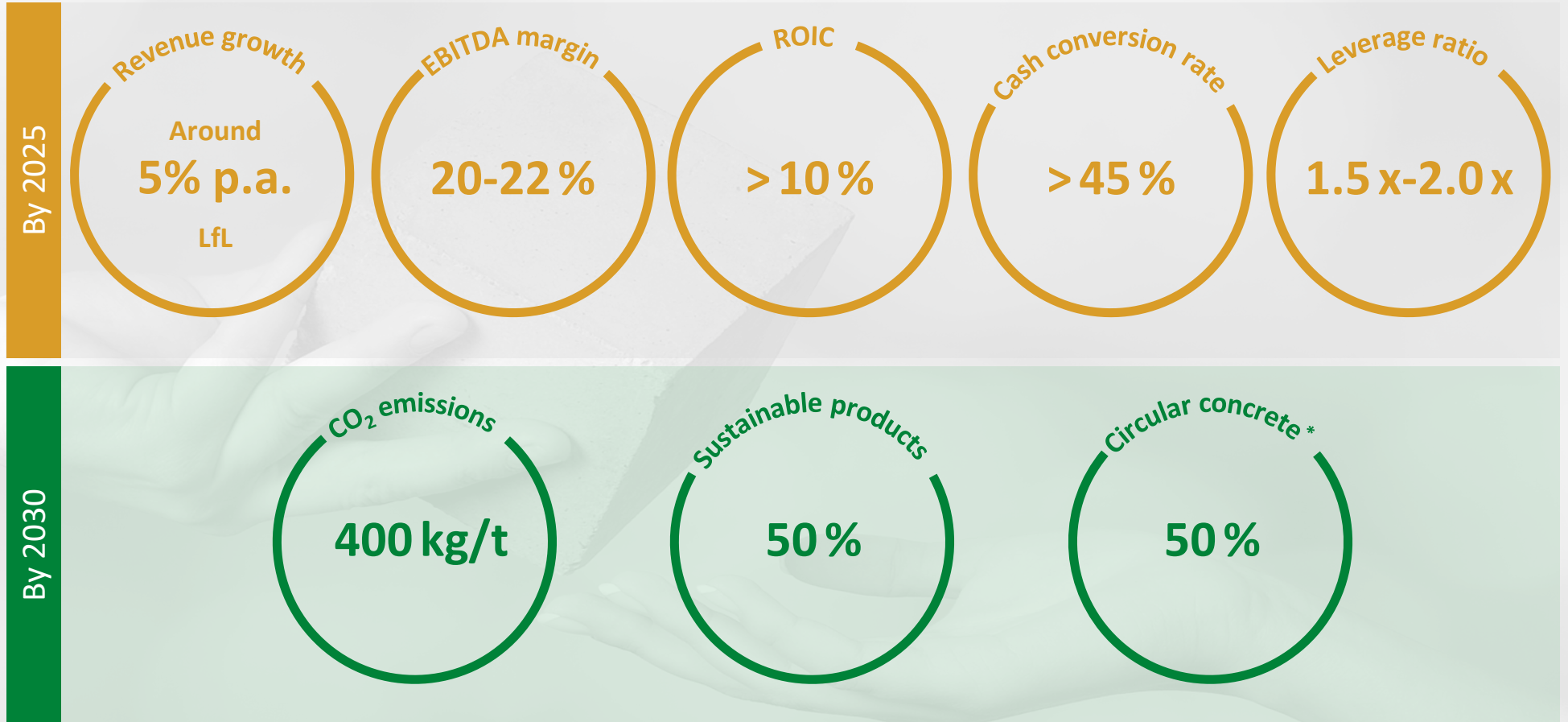
## Cash flow



Strong cash-conversion:  
New net CapEx p.a. target includes all CO<sub>2</sub> measures needed to reach our target of 400 kg CO<sub>2</sub>/t CEM



## We set ourselves new and ambitious targets





Our **transition** is focused on  
**stakeholder value.**

## #5 Promise

We drive the change for the benefit of our **customers**, our **shareholders**, our **employees**, and the **society** we live in.



WE TAKE THE CONCRETE LEAD

# Five CONCRETE promises – Five colleagues lift the curtain further for you



**Dr Nicola Kimm**

Member of the  
Managing Board & CSO



**Jon Morrish**

Member of the  
Managing Board,  
Western & Southern  
Europe



**Dr Wolfgang Dienemann**

Director  
Global Research &  
Development



**Jan Theulen**

Director  
Technologies &  
Partnerships



**René Aldach**

Member of the  
Managing Board & CFO



**We are HeidelbergCement.**  
Material to build our future.



1.

We focus on what we do best: heavy building materials.

2.

We commit to generate 50% of our revenue from sustainable products by 2030.

3.

We commit to reduce CO<sub>2</sub> emissions by almost 50% to 400 kg CO<sub>2</sub>/t CEM by 2030.

4.

We will make this transition a successful business case: on growth, margins, cash flow, ROIC, and leverage.

5.

We drive the change for the benefit of our customers, our shareholders, our employees, and the society we live in.