

HeidelbergCement remains on a solid growth path in the first nine months of 2019 – cash flow rises to record level

- **Revenue increases by 7% to €14.3 billion; result from current operations before depreciation and amortisation increases by 17% to € 2.6 billion ¹⁾**
- **Savings target for sales & general administration costs reached 15 months earlier than planned – target increased by €30 million to €130 million**
- **Net debt declined significantly by €1.1 billion thanks to very strong cash flow development – net debt target at year-end adjusted from previously €7.7 billion to €7.4 billion**
- **Outlook for 2019 confirmed – moderate increase in revenue, result, and profit for the financial year ²⁾**

“HeidelbergCement remains on a solid growth path. We were able to increase revenue and results also in the third quarter of 2019. Price increases and strict cost discipline more than compensated for the slightly weaker demand for our products in the third quarter,” said Dr. Bernd Scheifele, Chairman of the Managing Board of HeidelbergCement.

“In Western and Southern Europe as well as in Asia, we were able to significantly increase our margins. Our business in North America developed well, although profitability was effected by positive one-time effects in the same quarter of the previous year. Group area Africa-Eastern Mediterranean Basin bottomed out and has reached its highest result for five quarters.

Once again, HeidelbergCement benefitted from its broad regional presence and vertical integration. With the exception of Egypt, all other Group countries achieved positive results. This was also due to our efficiency programme that we launched in 2018. We have reached our target of saving €100 million in sales & general administration costs by 2020 more than one year earlier than planned. Now, we intend to reduce costs by additional €30 million by the end of 2020.”

Solid increase in revenue and results

Group revenue rose by 7% to €14.3 billion (previous year: 13.4) from January to September 2019. Excluding consolidation and exchange rate effects, Group revenue grew by 4%.

- 1) Like-for-like growth of revenue and result from current operations before depreciation and amortisation, i.e before exchange rate and consolidation effects as well as adjustments from IFRS 16 Leases, at +4% each.
- 2) 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.

At imprint, specimen copy requested:

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The result from current operations before depreciation and amortisation (RCOBD) rose by 17% to €2.6 (previous year: 2.3) billion. Reasons for this positive development are the growth in sales volumes, successful price increases, which overcompensated rising costs, as well as the first-time application of accounting standard IFRS 16 Leases. On a comparable basis, i.e. excluding consolidation and exchange rate effects as well as adjustments from IFRS 16 Leases, the increase amounted to 4%. The result from current operations rose by 11% to €1,597 (previous year: 1,437) million. On a comparable basis, the growth amounts to 7%.

The profit for the period totals €866 million (previous year: 1,016). The profit relating to non-controlling interests rose by €13 million to €114 million (previous year: 101). This is particularly attributable to the good development of results at Indocement. The Group share of profit therefore amounts to €752 million (previous year: 915). Adjusted for the additional ordinary result, Group share of profit was 1% above previous year's level. Earnings per share amount to €3.79 (previous year: 4.61).

Strong cash flow development – greater than planned decrease in net debt

As a result of the solid operational development, the free cash flow for the last 12 months increased to around €1.7 billion. Adjusted for the accounting of lease liabilities of €1.3 billion, net debt fell by around €1.1 billion to €8.5 billion. The leverage ratio decreased from 3.1x to 2.8x.

“Our strong cash generation and strict capital expenditure discipline are the basis for the significant decrease in net debt,” said Dr. Lorenz Näger, CFO of HeidelbergCement. “We expect this positive dynamic to continue in the fourth quarter. On this basis, we have adjusted our target to reduce net debt from €7.7 billion to €7.4 billion by end of this year.”

Outlook for 2019 confirmed

The positive development of the first nine months is expected to continue in the fourth quarter. HeidelbergCement anticipates that the more 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 and Thailand, will contribute positively to the result in 2019.

In view of these expectations, 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.

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Overview of the HeidelbergCement Group

Key financial figures	January-September				Q3			
	2018	2019	Variance	Like-for-like ¹⁾	2018	2019	Variance	Like-for-like ¹⁾
€m								
Sales volumes								
Cement (Mt)	97.2	94.5	-3%	-1%	35.3	33.5	-5%	-3%
Aggregates (Mt)	232.9	233.3	0%	-1%	87.7	87.7	0%	-1%
Ready-mixed concrete (Mm ³)	35.8	38.0	6%	3%	12.9	13.6	5%	2%
Asphalt (Mt)	7.8	8.4	7%	-3%	3.4	3.6	6%	-4%
Income statement								
Revenue	13,375	14,273	7%	4%	4,943	5,061	2%	0%
Result from current operations before depreciation and amortisation (RCOBD) ²⁾	2,253	2,626	17%	4%	1,058	1,180	12%	1%
<i>in % of revenue</i>	16.8%	18.4%			21.4%	23.3%		
Result from current operations ²⁾	1,437	1,597	11%	7%	783	835	7%	3%
Profit for the period	1,016	866	-15%					
Group share of profit	915	752	-18%					
Adjusted Group share of profit ⁴⁾	821	827	1%					
Earnings per share in € (IAS 33) ³⁾	4.61	3.79	-18%					
Earnings per share adjusted in € ⁴⁾	4.14	4.17	1%					
Statement of cash flows and balance sheet								
Cash flow from operating activities	493	982	488					
Cash flow from investing activities	-847	-507	340					
Net debt	9,518	9,761	243					
Net debt pre IFRS 16	9,518	8,476	-1,042					
Leverage ratio (Net debt/RCOBD) ²⁾	3.1x	2.8x	-0.3x					

- 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, 7 November 2019

Financial calendar

Group annual accounts 2019 and press conference on annual accounts	19 March 2020
First quarter 2020 results	7 May 2020
Annual General Meeting	7 May 2020
Second quarter 2020 results	30 July 2020
Third quarter 2020 results	5 November 2020

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