

Q4 2020 Trading Update

23 February 2021

Dr. Dominik von Achten – Group CEO

Dr. Lorenz Näger – Group CFO

Key Messages

- **Record EBITDA and significant margin improvement** driven by strong operational performance
- **Exceptional resilience** in very challenging market conditions driven by **COPE cash savings of 1.3 bn€**
- **Step change in net debt reduction** bringing leverage down to our target corridor **below 2.0x**
- Front-running position on the path to carbon neutrality confirmed: Further progress in **industrial scale up of CO₂ capture technologies** and remuneration linked to CO₂ roadmap
- **Good start to the year confirms our optimistic view on 2021**









Strong 2020 allows us to enter into **next phase of “Beyond 2020” strategy** now

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All announced targets outperformed for the year

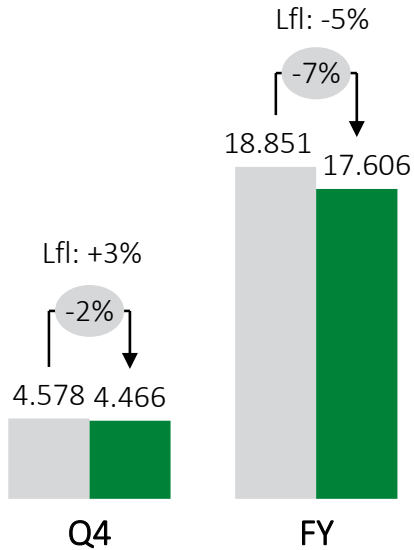
2020 achievements provide a solid step towards our Beyond 2020 targets*

	EBITDA	Net Debt	Leverage	Cash savings
Achievement	EBITDA at 3,707 m€ (+6.1% Lfl)	Net debt at 6.9 bn€	Leverage goes down to 1.86x	1.3 billion EUR cash savings
Announced target	“EBITDA above 3,580 m€”  	“Net Debt below 7.0 bn€”  	“Leverage below 2.0x”  	“1.0 billion EUR COPE savings”  

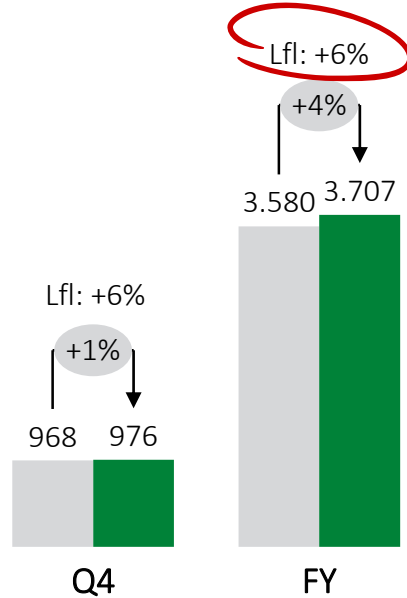
* Status update for “Beyond 2020” will be released with full year results.

Record EBITDA and significant margin improvement despite lower demand

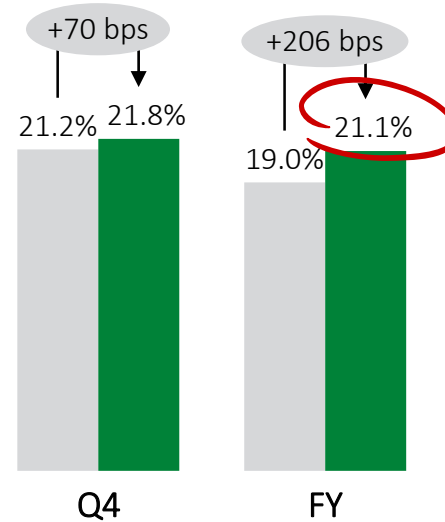
Revenue (m€)



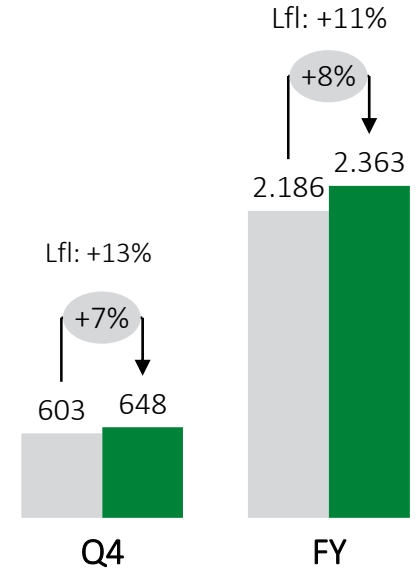
Operating EBITDA (m€)



Operating EBITDA Margin



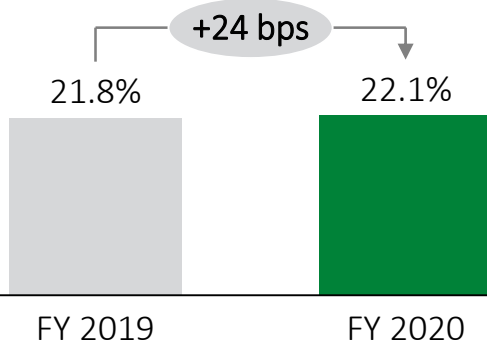
Operating EBIT (RCO) (m€)



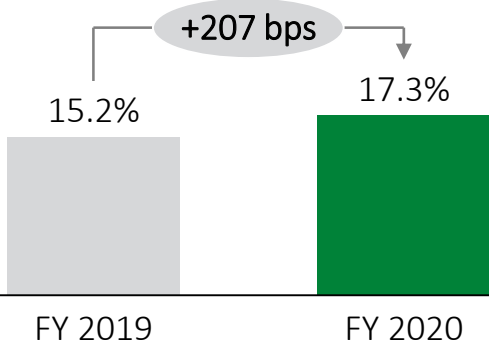
2019 2020

EBITDA margins strongly improved in all regions in 2020

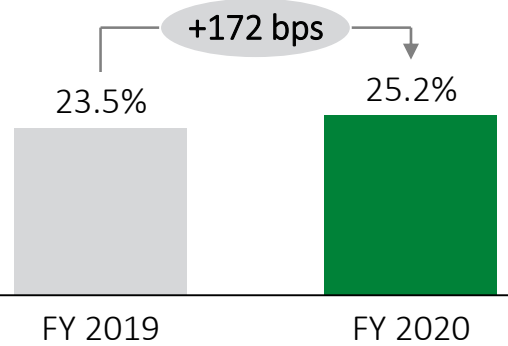
North America



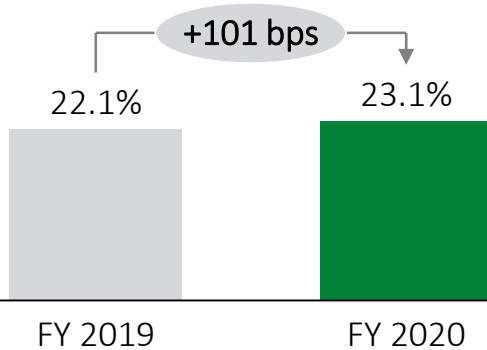
Western & Southern Europe



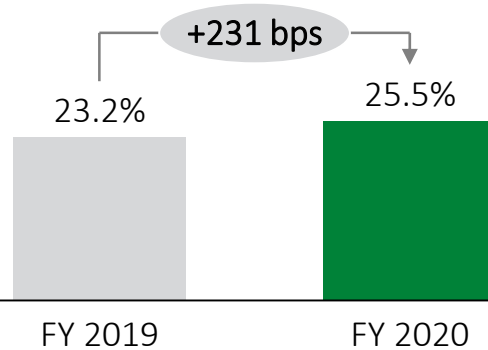
North & Eastern Europe – Central Asia



Asia Pacific



Africa-Eastern Mediterranean Basin



Q4 earnings driven by Western & Southern Europe and Africa regions

Volumes	Q4 19	Q4 20	Change	LfL
Cement sales volume (mt)	31.4	31.9	0.5	1.7%
Aggregates sales volume (mt)	75.0	75.5	0.4	1.2%
Ready mix sales volume (mm3)	12.7	12.5	-0.2	-1.7%

Revenue (m€)	Q4 19	Q4 20	Change	LfL
North America	1,164	1,104	-60	3.3%
Western & Southern Europe	1,234	1,299	65	8.2%
North & Eastern Europe – C.A.	719	712	-6	2.9%
Asia Pacific	886	802	-85	-4.7%
Africa – Eastern Med. Basin	425	456	31	13.7%

Operating EBITDA (m€)	Q4 19	Q4 20	Change	LfL
North America	292	263	-29	-3.7%
Western & Southern Europe	200	221	21	14.0%
North & Eastern Europe – C.A.	188	178	-10	-1.4%
Asia Pacific	208	203	-4	3.1%
Africa – Eastern Med. Basin	102	129	27	32.2%

North America

- Revenue increase driven by solid pricing, growth in most US regions and in Canada
- Operating EBITDA impacted by change in inventories and shift in maintenance spend towards year-end due to Covid-19

Europe

- EBITDA and margin continues to grow in Western and Southern Europe as demand picks up
- Stable business development in Nordics and Eastern European markets despite a very strong comparison base

Asia-Pacific

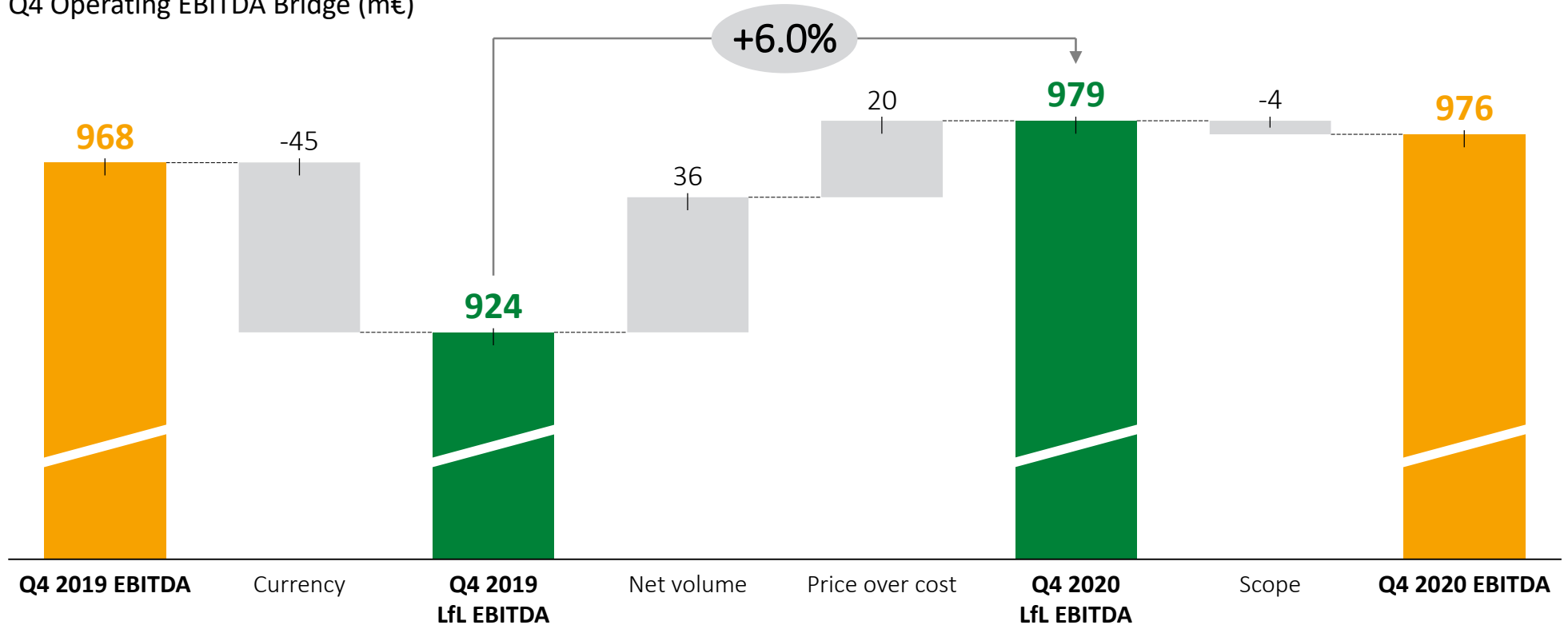
- Margin improvement continues despite pressure on demand in key markets

Africa – Eastern Mediterranean

- Very high demand growth and pricing lead to record margin levels in the region

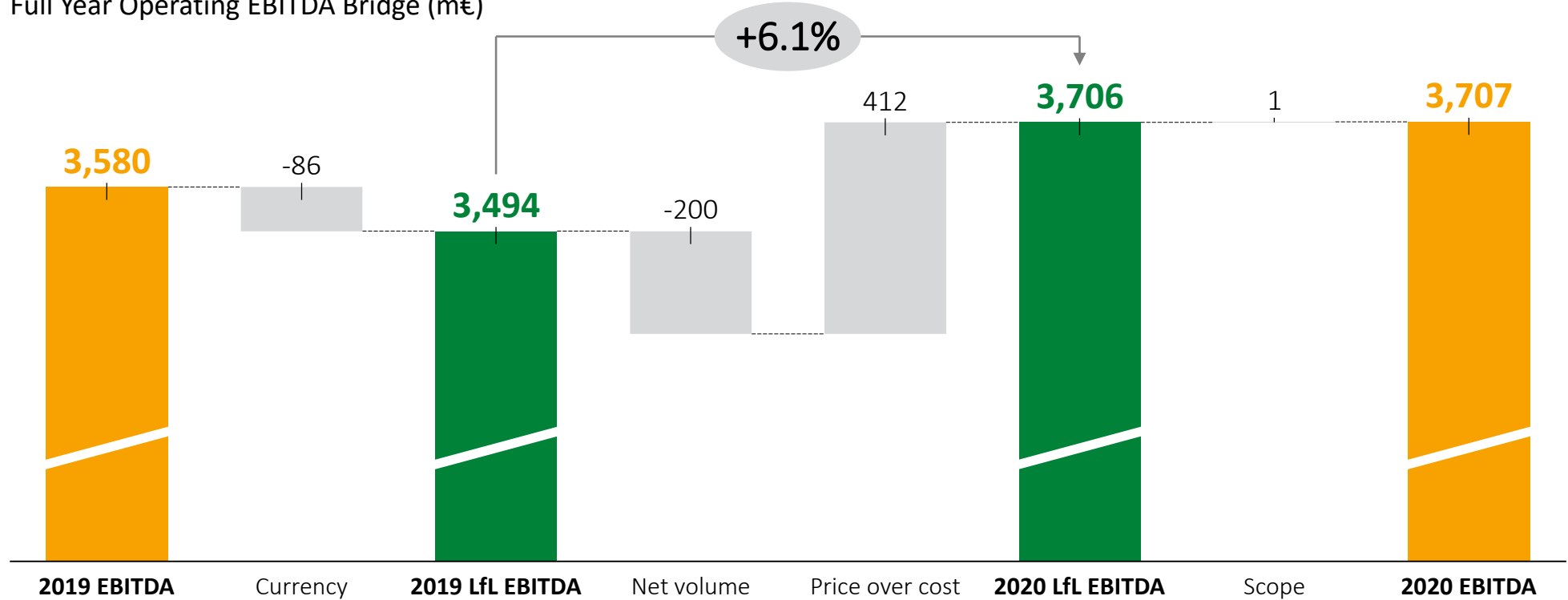
Strong Q4 EBITDA growth on the back of higher demand and solid pricing

Q4 Operating EBITDA Bridge (m€)



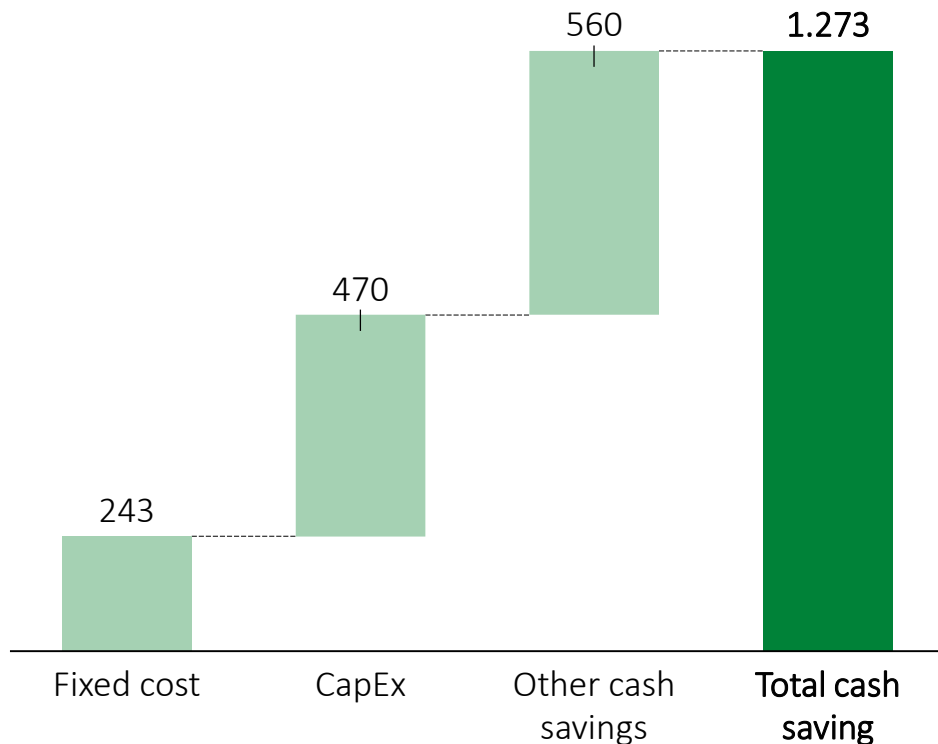
Outstanding EBITDA performance in a very challenging year

Full Year Operating EBITDA Bridge (m€)



COPE action plan with 1.3 bn€ cash savings despite higher revenue than anticipated

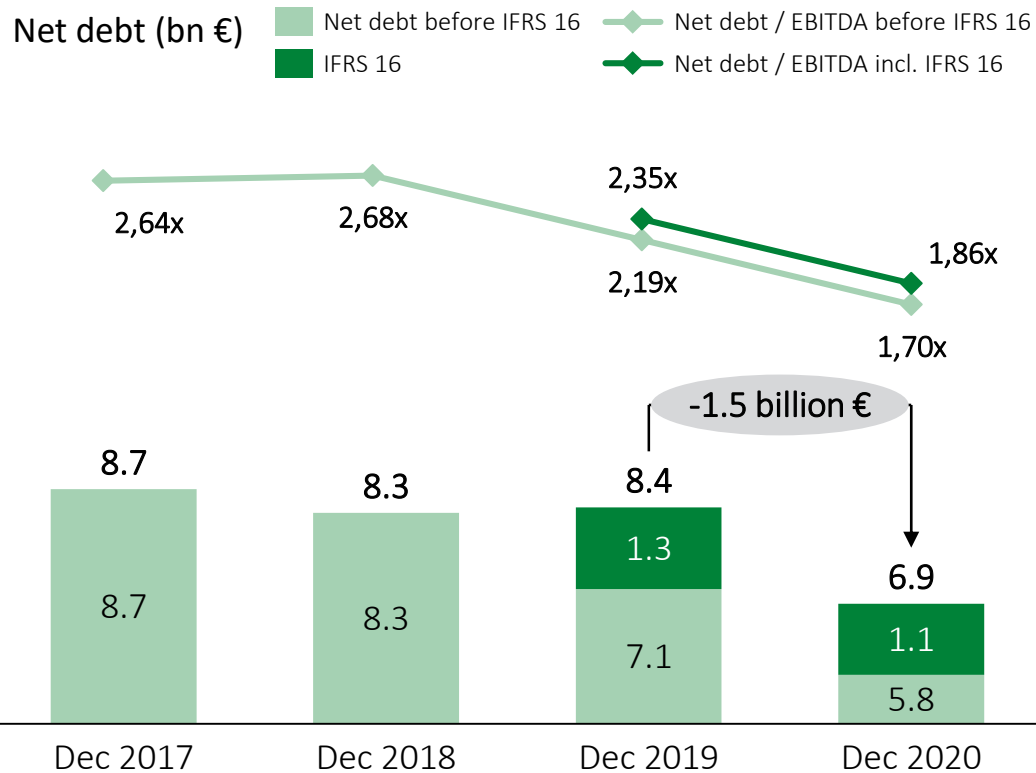
COPE cash savings (m€)



COPE action plan clearly overachieved

- Cope action plan initiated as early as February 2020
- Focus on cost savings clearly visible on results:
 - Minimization of all non-essential expenses including external services for maintenance and travel costs
 - Voluntary reductions of 20% fixed salaries of Supervisory Board, Managing Board and Senior Management
 - Reduction of staff costs through short time working, redundancies and furloughing in affected countries
- Maintenance CapEx limited to only business critical projects
- Suspension of tax prepayments and strict working capital management
- Fixed costs: Postponed maintenances deliberately took place in 4th quarter to be fit for 2021

Step change in net debt reduction brings leverage down to 1.86x



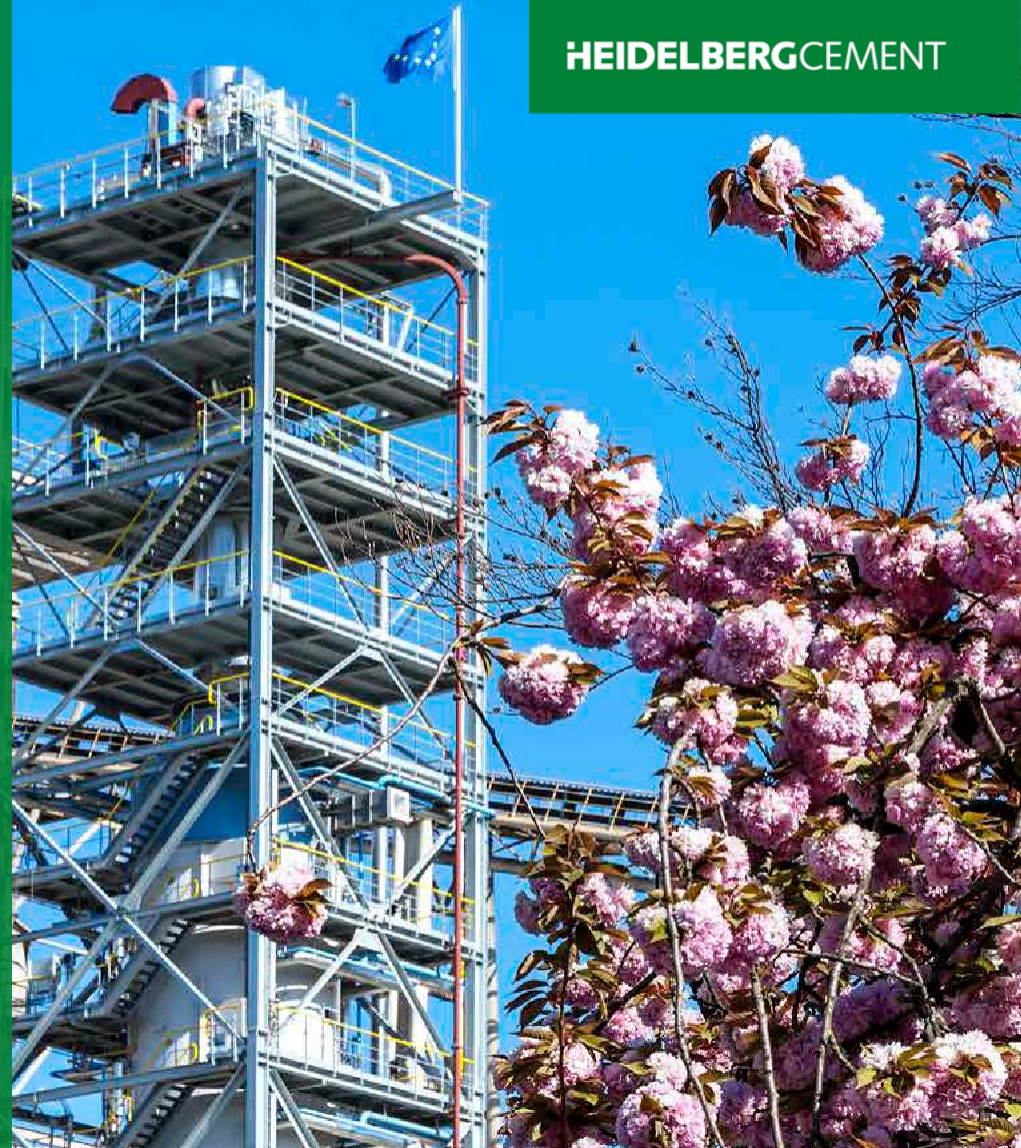
Outstanding financial performance in the crisis

- Leverage clearly below 2.0x, well inside “Beyond 2020” target range of 1.5x to 2.0x
- Strong ability to generate high cashflow in a crisis situation
- COPE action plan redirected approx. 1.3 bn€ cash immediately
- Exceptional financial resilience in crisis situation thanks to outstanding agility, flexibility and implementation strength

Sustainability

- Significant compensation change underlining clear commitment to CO₂ roadmap 2030: Annual CO₂ targets are now embedded in compensation schemes for bonus eligible employees
- Further progress in industrial scale up of CO₂ capture technologies:
 - LEILAC 2 pilot project to be located at Hanover cement plant
 - Norway Brevik CCS fully on track for 2024
- Several other CCU/S projects advance to the next phases:
 - CCU: Project “catch4climate” in Germany
 - CCS: Feasibility study in Canada

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CO₂ targets embedded in incentive scheme for all the employees as of 2021*

CO₂ reduction target in new global bonus scheme

- Structured as a multiplier, the CO₂ target in our bonus scheme ensures a balance between financial and sustainability targets
- No full bonus payment without reaching our CO₂ target!
- Applicable for Board of Managing Directors, all country heads and all bonus eligible employees globally
- Embedding CO₂ reduction targets in our compensation schemes confirms importance of sustainability

Detailed roadmaps to ensure that CO₂ targets are met

- Detailed bottom-up carbon roadmaps for each country and each plant
- Carbon roadmaps rolled out globally – not just in the EU
- Carbon roadmaps are embedded in management incentive schemes both as individual performance and company performance targets



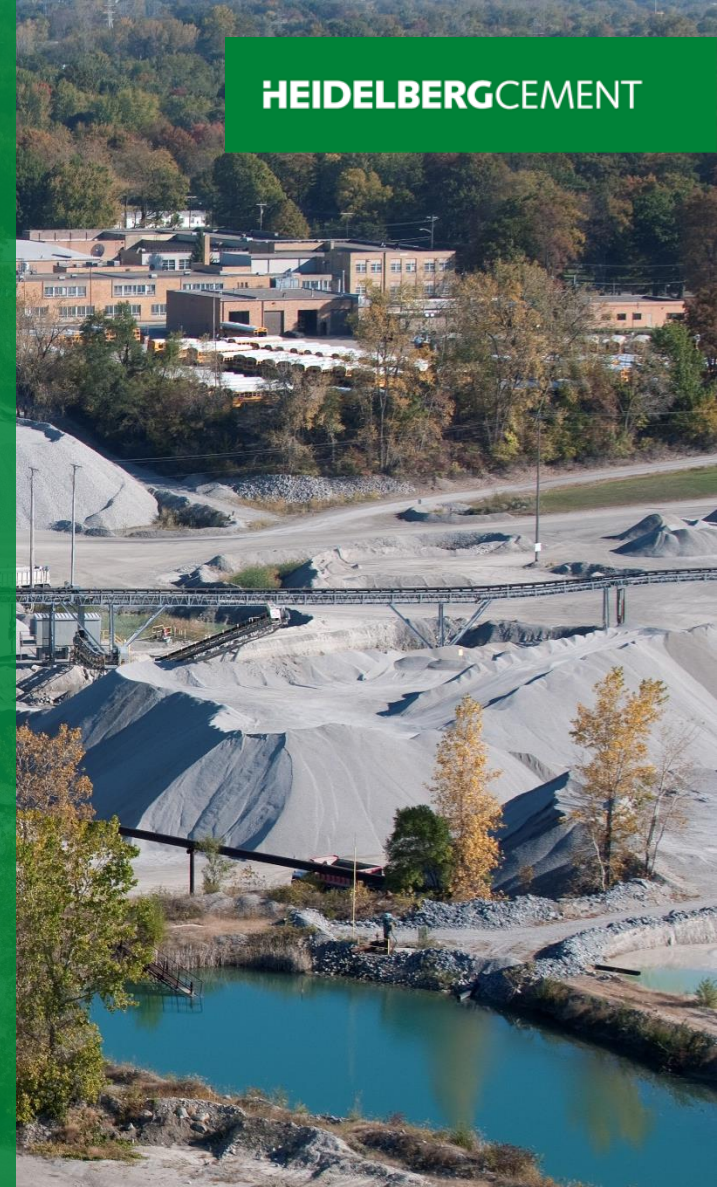
* Those eligible for bonus.

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Appendix



APPENDIX

Sales volumes

Sales Volumes QUARTER	Cement ('000 t)				Aggregates ('000 t)				Ready Mix ('000 m3)				Asphalt ('000 t)			
	Q4 19	Q4 20	Change	LfL	Q4 19	Q4 20	Change	LfL	Q4 19	Q4 20	Change	LfL	Q4 19	Q4 20	Change	LfL
North America	3,855	3,942	87	2.3%	30,207	31,103	897	3.0%	1,912	1,947	35	2.4%	1,226	1,222	-3	4.4%
West / South Europe	7,206	7,488	282	3.9%	19,994	20,389	394	2.0%	4,445	4,646	202	4.5%	870	947	77	8.9%
North / East Europe	5,670	5,689	19	0.3%	12,680	12,361	-319	-1.7%	1,748	1,563	-185	-9.8%	0	0	0	0.0%
Asia Pacific	9,613	9,122	-490	-5.6%	9,975	9,620	-355	0.2%	3,111	2,813	-299	-9.6%	731	715	-16	-2.2%
Africa / Med. Basin	4,817	5,507	690	15.3%	2,254	1,984	-270	-12.0%	1,377	1,440	63	4.6%	96	49	-47	-49.1%
Group Service	210	165	-44	-21.2%	0	0	0	0.0%	146	93	-53	-36.4%	0	0	0	0.0%
HC GROUP	31,370	31,913	543	1.7%	75,041	75,456	416	1.2%	12,737	12,500	-237	-1.7%	2,922	2,933	11	2.3%

Sales Volumes YEAR TO DATE	Cement ('000 t)				Aggregates ('000 t)				Ready Mix ('000 m3)				Asphalt ('000 t)			
	Dec 19	Dec 20	Change	LfL	Dec 19	Dec 20	Change	LfL	Dec 19	Dec 20	Change	LfL	Dec 19	Dec 20	Change	LfL
North America	16,114	15,554	-560	-3.5%	128,143	125,925	-2,218	-1.7%	7,737	7,808	71	0.8%	5,046	4,951	-95	-3.0%
West / South Europe	29,873	28,193	-1,680	-4.6%	83,493	78,151	-5,343	-7.1%	18,393	17,223	-1,170	-6.9%	3,552	3,452	-100	-2.8%
North / East Europe	23,922	23,588	-334	-0.1%	48,244	48,739	495	2.1%	6,777	5,996	-781	-9.8%	0	0	0	0.0%
Asia Pacific	35,783	32,939	-2,844	-8.4%	39,781	36,081	-3,700	-3.9%	11,980	10,558	-1,422	-12.4%	2,286	2,299	13	0.6%
Africa / Med. Basin	19,495	21,172	1,677	9.7%	8,887	7,403	-1,483	-16.7%	5,280	5,032	-248	-4.7%	430	318	-112	-26.1%
Group Service	729	579	-149	-20.5%	0	0	0	0.0%	520	330	-191	-36.7%	0	0	0	0.0%
HC GROUP	125,916	122,025	-3,891	-2.6%	308,323	296,299	-12,023	-3.2%	50,688	46,947	-3,741	-7.5%	11,314	11,020	-294	-3.1%

Operating result

Operating Result QUARTER	Revenues (m€)				Operating EBITDA (m€)				Operating EBIT / RCO (m€)				EBITDA Margin			
	Q4 19	Q4 20	Change	Lfl	Q4 19	Q4 20	Change	Lfl	Q4 19	Q4 20	Change	Lfl	Q4 19	Q4 20	Change	Lfl
North America	1,164	1,104	-5.1%	3.3%	292	263	-9.9%	-3.7%	188	177	-5.6%	0.5%	25.1%	23.8%	-126 bps	-172 bps
West / South Europe	1,234	1,299	5.2%	8.2%	200	221	10.4%	14.0%	94	123	30.6%	33.7%	16.2%	17.0%	+79 bps	+87 bps
North / East Europe	719	712	-0.9%	2.9%	188	178	-5.4%	-1.4%	135	130	-3.6%	0.3%	26.2%	25.0%	-120 bps	-110 bps
Asia Pacific	886	802	-9.6%	-4.7%	208	203	-2.0%	3.1%	142	144	1.6%	6.3%	23.4%	25.4%	+195 bps	+193 bps
Africa / Med. Basin	425	456	7.3%	13.7%	102	129	26.2%	32.2%	74	101	35.6%	42.7%	23.9%	28.2%	+422 bps	+392 bps
Group Service	286	252	-12.1%	-11.6%	1	4	505.1%	587.5%	0	3	-801.3%	-777.1%	0.3%	1.7%	+148 bps	+151 bps
HC GROUP	4,578	4,466	-2.5%	2.6%	968	976	0.8%	6.0%	603	648	7.4%	12.9%	21.2%	21.8%	+70 bps	+70 bps

Operating Result YEAR TO DATE	Revenues (m€)				Operating EBITDA (m€)				Operating EBIT / RCO (m€)				EBITDA Margin			
	Dec 19	Dec 20	Change	Lfl	Dec 19	Dec 20	Change	Lfl	Dec 19	Dec 20	Change	Lfl	Dec 19	Dec 20	Change	Lfl
North America	4,778	4,617	-3.4%	-1.4%	1,042	1,019	-2.3%	-0.1%	664	653	-1.7%	0.6%	21.8%	22.1%	+24 bps	+30 bps
West / South Europe	5,112	4,960	-3.0%	-2.2%	779	859	10.2%	10.5%	363	463	27.6%	27.0%	15.2%	17.3%	+207 bps	+198 bps
North / East Europe	2,888	2,854	-1.2%	2.7%	677	718	6.0%	9.3%	474	526	11.2%	14.3%	23.5%	25.2%	+172 bps	+150 bps
Asia Pacific	3,372	2,998	-11.1%	-8.0%	746	694	-7.0%	-3.3%	493	446	-9.5%	-5.9%	22.1%	23.1%	+101 bps	+114 bps
Africa / Med. Basin	1,686	1,765	4.7%	6.8%	392	451	15.1%	18.7%	282	342	21.2%	26.4%	23.2%	25.5%	+231 bps	+256 bps
Group Service	1,611	1,010	-37.3%	-37.2%	18	24	28.0%	28.9%	14	20	41.2%	41.5%	1.1%	2.3%	+119 bps	+119 bps
HC GROUP	18,851	17,606	-6.6%	-4.6%	3,580	3,707	3.5%	6.1%	2,186	2,363	8.1%	11.0%	19.0%	21.1%	+206 bps	+212 bps

Scope and currency impacts

Scope & Currency QUARTER	Scope Impact on Volumes				Revenue		Operating EBITDA		Operating EBIT (RCO)	
	CEM	AGG	RMC	ASP	Scope	Currency	Scope	Currency	Scope	Currency
North America	0	-3	-11	-57	-8	-87	0	-19	1	-12
West / South Europe	0	0	0	0	-20	-15	-5	-2	-2	-1
North / East Europe	0	-105	-13	0	1	-27	1	-9	1	-6
Asia Pacific	47	-371	0	0	7	-53	1	-11	0	-7
Africa / Med. Basin	-48	0	0	0	-3	-21	0	-5	0	-4
Group Service	0	0	0	0	0	-1	0	0	0	0
HC GROUP	-1	-479	-24	-57	-24	-204	-4	-45	0	-29

Scope & Currency YEAR TO DATE	Scope Impact on Volumes				Revenue		Operating EBITDA		Operating EBIT (RCO)	
	CEM	AGG	RMC	ASP	Scope	Currency	Scope	Currency	Scope	Currency
North America	0	3	11	57	8	-101	0	-22	-1	-14
West / South Europe	-294	596	96	0	-22	-17	0	-2	3	-1
North / East Europe	-299	-529	-115	0	-21	-88	5	-24	5	-18
Asia Pacific	158	-2,156	68	0	26	-139	1	-29	0	-19
Africa / Med. Basin	-216	0	0	0	-18	-16	-4	-8	-4	-9
Group Service	0	0	0	0	0	-2	0	0	0	0
HC GROUP	-651	-2,086	60	57	-28	-363	1	-86	3	-60

Contact information and financial reporting calendar

Date	Event
18 March 2021	Full Year Results
6 May 2021	AGM & First Quarter Results
29 July 2021	Half Year Results
4 November 2021	Third Quarter Results

Contact Information

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