Heidelberg Materials

Quarterly Statement January to March 2024

Revenue –8.3%

€ 4,488 m

RCOBD –2.6%

€ 542 m

RCO –10.4%

€ 232 m

Dividend proposal

€ 3.00

dividend per share

Heidelberg Materials Q1 financial figures

Strict cost management leads to improved RCOBD margin (+71 basis points)

New share buyback programme

Total volume of up to

€ 1.2 bn

3 **tranches**

Start in **Q2 2024**, completion **by the end of 2026** at the latest

Sustainability update

- CCUS project in Mitchell/USA selected for **funding of up to US$500 m**
- **evoBuild®** brand launched for CO_2-reduced and circular products
- **New CCUS project** started in Airvault/France
- Partnership focused on biodiversity with **BirdLife International** extended

Outlook 2024

RCO between €3.0 bn and €3.3 bn, **ROIC** at around 10%, slight reduction in specific **net CO_2 emissions** expected.

Development of volumes, revenue, and results

In the first quarter, volumes declined in all business lines. In addition to the global economic weakness, the lower number of working days and poor weather conditions in North America also contributed to the decline in volumes.

Group revenue decreased by 8.3% in comparison with the previous year to €4,488 million (previous year: 4,896). Excluding scope and currency effects, the decline amounted to 8.1% compared to the very good first quarter of 2023. This is largely due to the drop in volumes in all Group areas , which were partially offset by price adjustments. Changes to the scope of consolidation had a positive impact of €72 million, while currency effects had a negative impact of €89 million on revenue.

The result from current operations before depreciation and amortisation (RCOBD) fell slightly by €14 million or 2.6% to €542 million (previous year: 557). Excluding scope and currency effects, the RCOBD declined by 2.4%. The RCOBD margin, i.e. the ratio of the RCOBD to revenue, increased by 71 basis points to 12.1% (previous year: 11.4). The improved RCOBD margin is due in particular to lower energy costs and a strict cost management.

The result from current operations (RCO) declined by €27 million or 10.4% to €232 million (previous year: 258). Excluding scope and currency effects, the decrease amounted to 8.9%.

New share buyback programme

In October 2023, Heidelberg Materials completed its share buyback programme, which was launched in 2021, and repurchased a total of around 16.3 million shares at a total price of around €1 billion. All shares acquired under this buyback programme were cancelled with a reduction in the subscribed share capital. Following the cancellation of the approximately 4.1 million treasury shares from the third and final tranche on 21 February 2024, the subscribed share capital of Heidelberg Materials AG amounts to €546,204,360 and is divided into 182,068,120 no-par value shares.

The Managing Board and Supervisory Board will propose to the Annual General Meeting on 16 May 2024 the distribution of a dividend of €3.00 per share. This corresponds to an increase of 15% compared to the previous year's dividend.

On 21 February 2024, Heidelberg Materials announced a new share buyback programme with a total volume of up to € 1.2 billion in order to allow its shareholders to continue to participate in the company's success beyond the progressive dividend policy. The share buyback is planned to be carried out in three tranches and completed by the end of 2026 at the latest. The first tranche is scheduled to start in the second quarter of 2024 after the Annual General Meeting.

Portfolio optimisation

In January 2024, Heidelberg Materials sold its French cement transportation business Tratel S.a.s. to five regional transport specialists. Heidelberg Materials France will keep managing order intake, chartering, and dispatch activities, thus ensuring smooth customer service. The divestment of the capital-intensive French transport business enables greater focus on Heidelberg Materials France's key activities and is part of Heidelberg Materials' ongoing portfolio optimisation strategy of focusing on its core businesses in promising market positions.

Furthermore, Heidelberg Materials announced in January 2024 that it would cease clinker production at its Hanover cement plant in the second half of 2024. The Hanover site will continue to operate as a grinding facility. The adjustment comes after a substantial decline in cement volumes following weak construction demand in Germany due to the current economic environment as well as a stronger alignment of the company's cement portfolio towards low-carbon products, leading to the production of cement with reduced clinker content. As a result of the adjustment, the company strengthens the capacity utilisation of its neighboring Westphalian cement plants, which will be supplying cement clinker to Hanover in the future.

In April 2024, Heidelberg Materials also announced a site optimisation in its French cement business. Driving its ambitious decarbonisation strategy, Heidelberg Materials France plans a restructuring that shall result in the closure of its sites in Beffes (Département Cher) and Villiers-au-Bouin (Département Indre-et-Loire) as of October 2025. This restructuring project also follows a stronger alignment of the company's cement portfolio towards low-carbon products which include reduced clinker content, putting a strong focus on investments in the green transformation. At the same time, Heidelberg Materials France is faced with a significant decline in cement volumes caused by weak construction demand due to the current market environment.

Sustainability activities

In the first quarter of 2024, Heidelberg Materials once again expanded its project portfolio for carbon capture, utilisation, and storage (CCUS) and received a significant funding commitment in the USA.

At its Airvault cement plant in the Southwest of France, Heidelberg Materials intends to realise another CCUS project. The AirvaultGOCO$_2$ project, with a planned capture capacity of around 1 million tonnes of CO_2 annually, is part of the GOCO$_2$ initiative to decarbonise the West of France. The project is expected to enable a massive reduction of Heidelberg Materials' carbon footprint in France.

In North America, Heidelberg Materials was selected in March 2024 for funding of up to US$500 million by the U.S. Department of Energy to advance industrial-scale CCUS at its new state-of-the-art cement plant in Mitchell, Indiana. The planned CCUS project will capture and prepare for storage or use approximately 2 million tonnes of CO_2 each year from 2030.

In its CCUS projects, Heidelberg Materials always benefits from the valuable experience gained from its pioneering project in Brevik, Norway. Mechanical completion is scheduled for the end of 2024. In 2025, the first carbon-captured net-zero cement will be ready for delivery to customers in Europe, which was presented under the evoZero® brand in November 2023. Among others, the Nobel Center project has decided to use evoZero for the construction of its new building in Stockholm.

In addition to evoZero, Heidelberg Materials launched the evoBuild® brand in January 2024, under which the company's sustainable products, which are either low-carbon (cement and concrete), circular (concrete) or both, will be marketed in future.

In addition to the focus on CO_2 reduction and circularity, Heidelberg Materials is looking at numerous other aspects of sustainability. This also includes the important topic of biodiversity. In February 2024, the long-standing partnership with BirdLife International, the world's largest network of nature conservation organisations, was extended for a further three years, paving the way for ongoing cooperation.

Managing Board members and responsibilities

In September 2023, Heidelberg Materials announced the Supervisory Board's decisions regarding the composition of and succession within the Managing Board. This has also led to a new structure of the Group areas from the 2024 financial year onwards.

Member of the Managing Board Ernest Jelito, responsible for the Northern and Eastern Europe-Central Asia Group area and the Competence Center Cement until the end of 2023, retired at the end of December 2023. As a result, the majority of the Northern and Eastern Europe-Central Asia Group area was combined with the Western and Southern Europe Group area to form the Europe Group area. Member of the Managing Board Jon Morrish, previously responsible for Western and Southern Europe, assumed responsibility for this newly created Group area in January 2024.

Managing Board member Hakan Gurdal, who was previously responsible for the Group area Africa-Eastern Mediterranean Basin, has also been responsible for Kazakhstan and Russia since January 2024. Since then, the Group area has been called Africa-Mediterranean-Western Asia.

Since January 2024, Roberto Callieri, previously General Manager Italy, has been the new member of the Managing Board responsible for Asia in the Asia-Pacific Group area. He succeeded Kevin Gluskie, whose term as a member of the Managing Board ended at the end of January 2024. Chief Financial Officer René Aldach has assumed additional responsibility for Australia in this Group area since January 2024.

Axel Conrads, previously President of the Midwest region in the USA, assumed the newly created Managing Board position of Chief Technical Officer in February 2024. Since then, he has been responsible for the three global technical Competence Centers: Cement (CCC), Aggregates & Asphalt (CCA), and Readymix (CCR).

On 20 March 2024, the Supervisory Board extended the mandate of the Chairman of the Managing Board Dr Dominik von Achten, which expires at the end of January 2025, by three years until 31 January 2028.

Outlook 2024

As published in the **Annual and Sustainability Report 2023**, the Managing Board expects a result from current operations (RCO) of between €3.0 billion and €3.3 billion for the 2024 financial year.

ROIC is expected to be around 10%.

For specific net CO_2 emissions per tonne of cementitious material, the Managing Board expects a further slight reduction compared to 2023.

Key data

Heidelberg Materials

€m	January – March			
	2023	**2024**	Change	Like-for-like[1]
Revenue	4,896	4,488	–8.3%	–8.1%
Result from current operations before depreciation and amortisation (RCOBD)	557	542	–2.6%	–2.4%
RCOBD margin in %	11.4%	12.1%	71 bps[2]	70 bps
Result from current operations (RCO)	258	232	–10.4%	–8.9%
RCO margin in %	5.3%	5.2%	–12 bps	–4 bps

Europe

€m	January – March			
	2023[3]	**2024**	Change	Like-for-like[1]
Revenue	2,252	2,038	–9.5%	–10.3%
Result from current operations before depreciation and amortisation (RCOBD)	255	213	–16.3%	–15.2%
RCOBD margin in %	11.3%	10.5%	–85 bps[2]	–62 bps
Result from current operations (RCO)	127	85	–33.0%	–30.5%
RCO margin in %	5.6%	4.2%	–146 bps	–127 bps

North America

€m	January – March			
	2023	**2024**	Change	Like-for-like[1]
Revenue	1,030	977	–5.1%	–7.2%
Result from current operations before depreciation and amortisation (RCOBD)	76	109	43.6%	36.3%
RCOBD margin in %	7.4%	11.2%	380 bps[2]	347 bps
Result from current operations (RCO)	4	25	510.4%	463.6%
RCO margin in %	0.4%	2.6%	219 bps	204 bps

1) Adjusted for scope and currency effects
2) Change in basis points (bps)
3) Previous year's figures have been adjusted due to the new structure of the Group areas.

Figures are shown excluding corporate functions, reconciliation as well as other and thus may not add up to the Group totals.

Asia-Pacific

€m	January–March			
	2023	**2024**	Change	Like-for-like[1]
Revenue	937	840	–10.3%	–8.2%
Result from current operations before depreciation and amortisation (RCOBD)	129	130	0.6%	–1.6%
RCOBD margin in %	13.8%	15.5%	167 bps[2]	98 bps
Result from current operations (RCO)	67	70	3.9%	–0.8%
RCO margin in %	7.2%	8.3%	114 bps	57 bps

Africa-Mediterranean-Western Asia

€m	January–March			
	2023[3]	**2024**	Change	Like-for-like[1]
Revenue	566	496	–12.3%	–7.1%
Result from current operations before depreciation and amortisation (RCOBD)	121	99	–18.5%	–13.7%
RCOBD margin in %	21.5%	19.9%	–152 bps[2]	–152 bps
Result from current operations (RCO)	91	67	–26.6%	–20.5%
RCO margin in %	16.0%	13.4%	–262 bps	–225 bps

Group Services

€m	January–March			
	2023	**2024**	Change	Like-for-like[1]
Revenue	378	349	–7.7%	–7.7%
Result from current operations before depreciation and amortisation (RCOBD)	8	11	42.1%	42.1%
RCOBD margin in %	2.1%	3.3%	115 bps[2]	115 bps
Result from current operations (RCO)	8	11	42.5%	42.5%
RCO margin in %	2.1%	3.2%	114 bps	114 bps

1) Adjusted for scope and currency effects
2) Change in basis points (bps)
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Financial calendar 2024

16 May **Annual General Meeting 2024**

30 Jul **Half-Year Financial Report 2024**

7 Nov **Quarterly Statement January to September 2024**

Contact

Group Communication

Phone:
+49 6221 481-13227

Fax:
+49 6221 481-13217

info@heidelbergmaterials.com

Investor Relations

Phone Institutional investors:
+49 6221 481-41326
+49 6221 481-13925
+49 6221 481-41016
+49 6221 481-39670

Phone Private investors:
+49 6221 481-13256

Fax:
+49 6221 481-13217

ir-info@heidelbergmaterials.com

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Group Communication & Investor Relations,
Heidelberg Materials

hw.design gmbh, Munich, Germany

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