

# Q1 2020 Trading Statement

7 May 2020

Dr. Dominik von Achten – Group CEO

Dr. Lorenz Näger – Group CFO

## Key Messages Q1 2020

- **Strong operational performance in Q1 –**  
Result and margin improved despite decline in revenue
- **2020 outlook uncertain –**  
Negative impact expected on revenue and result
- **1 billion EUR cash savings –**  
Covid-19 action plan COPE initiated in February
- **Solid financial position – 5.7 bn € of liquidity**
- **Original dividend proposal adjusted from €2.20 to €0.60 per share –** Preserving additional liquidity of 317 million €
- **Long term prospects favorable –**  
Government stimulus shall support the sector



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Q1 2020 Overview

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Current Business Update

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COPE Action Plan

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AGM & Dividend

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Key Takeaways

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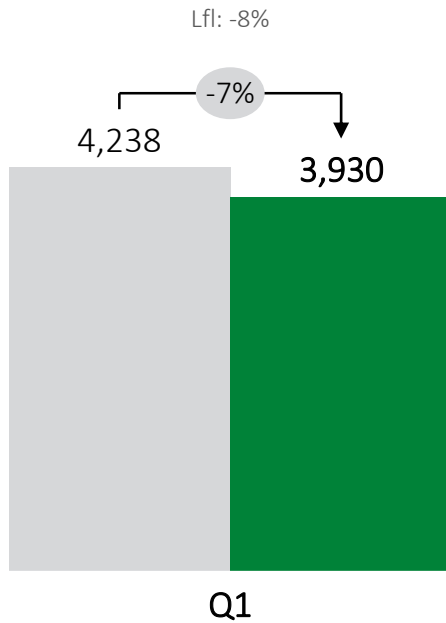
Appendix

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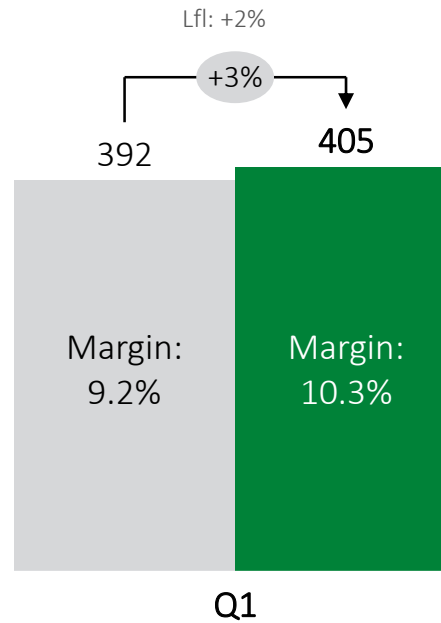


# Strong performance despite decline in revenues

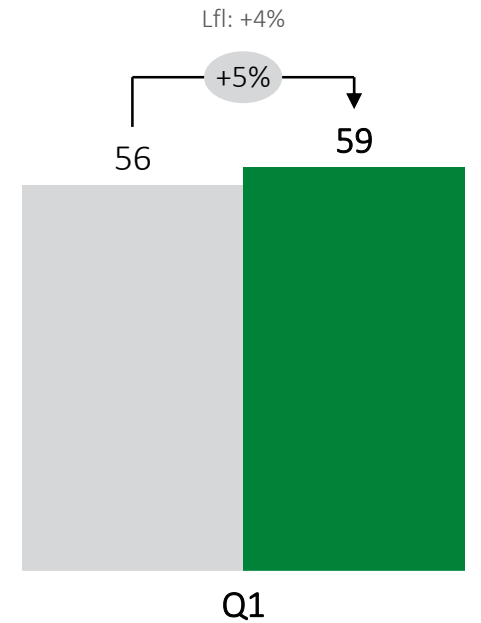
Revenue (m€)



Operating EBITDA (m€)



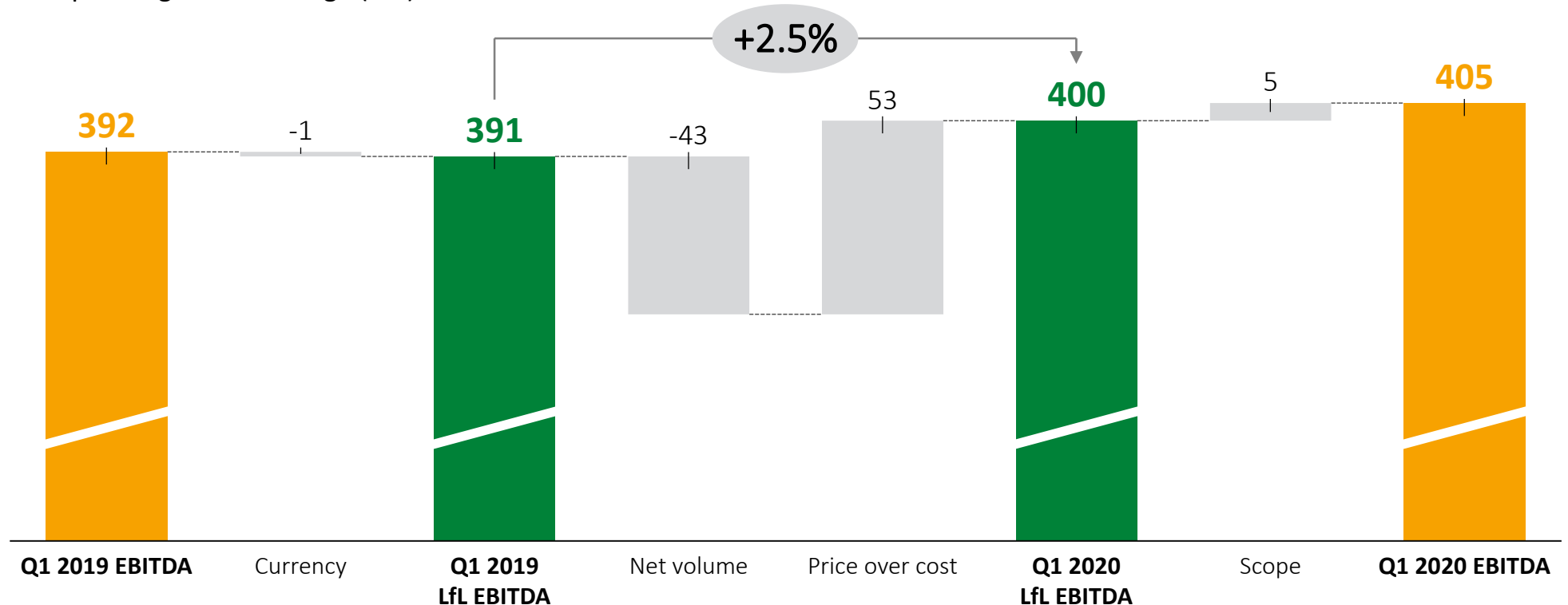
Operating EBIT (RCO) (m€)



Q1 19 Q1 20

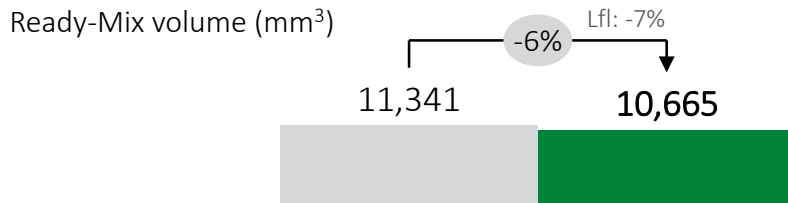
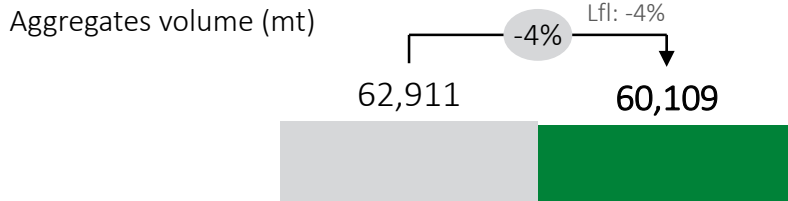
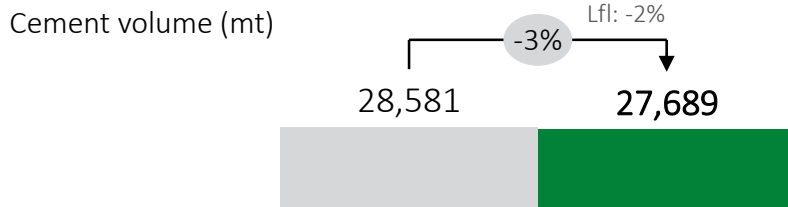
# Operating EBITDA growth achieved in difficult market environment

Q1 Operating EBITDA Bridge (m€)



# Strong volumes in January and February – March impacted by Covid-19 restrictions

## Q1 2020 volumes



## Development in key markets

### North America:

- Positive pricing supported by demand growth also in most of the regions lead to a solid quarter in US.
- Margin and result improvement in Canada.

### Europe:

- Strong start to the year disturbed by strict lock downs in Italy, France, Spain, and UK. Business continued to be stable in rest of Europe. Solid business development in Eastern Europe. Stable demand in Northern Europe.

### Asia-Pacific:

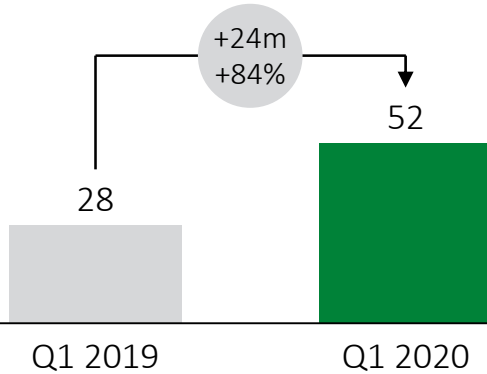
- Significant weather effects in January in Indonesia (floods) and Australia (bushfires) put pressure on volumes. Margin improvement in most of the countries.

### Africa:

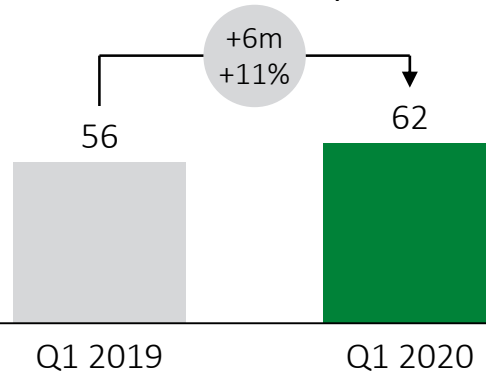
- Overall stable demand in the quarter. No major negative impacts from Covid-19 until the end of March.

## EBITDA growth in all regions except of Asia

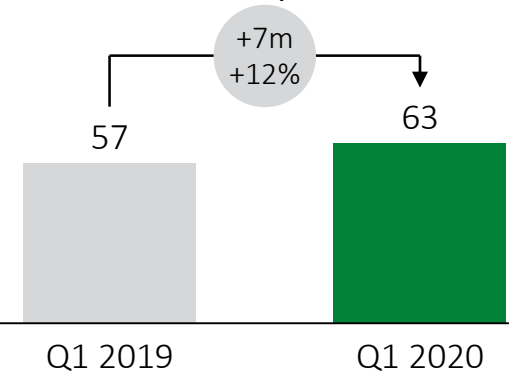
North America



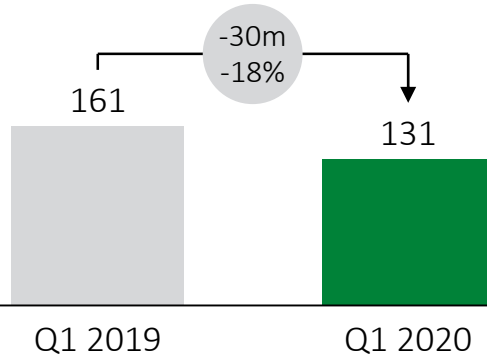
Western & Southern Europe



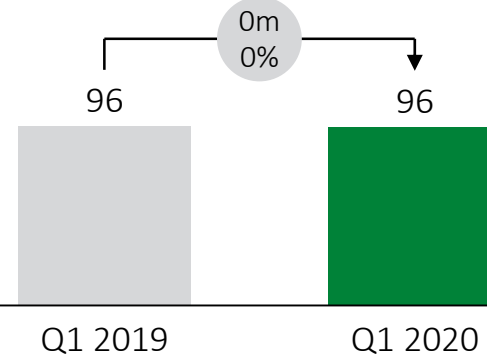
North & Eastern Europe – Central Asia



Asia Pacific

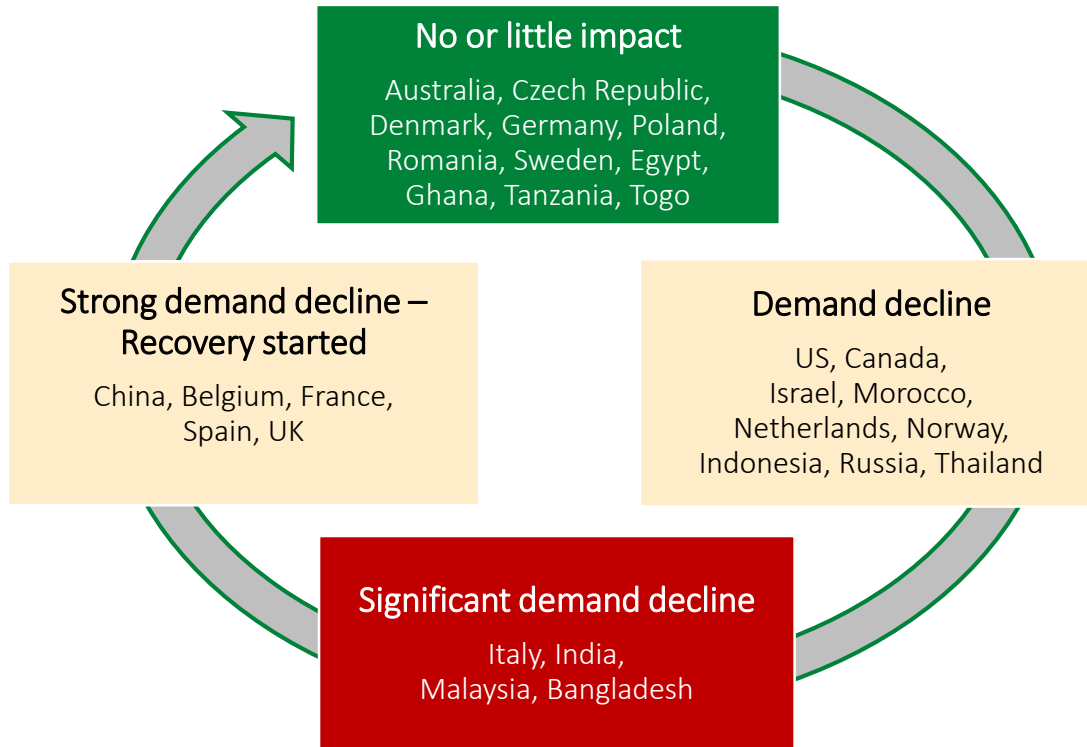


Africa – Mediterranean Basin



# Severe volume drop in several countries from mid March onwards

## Volume impact in selected countries from mid March



## Expected business impact

- Loss of contribution margin
- Temporary increase of Working Capital
- Less disposal proceeds



# 1 billion EUR cash savings through COPE\* action plan

## Cost savings

- Minimization of all non-essential expenses including external services for maintenance and travel costs (since February)
- 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

## CapEx reduction

- Reduction of maintenance CapEx to business critical projects
- Postponement of ongoing projects where possible

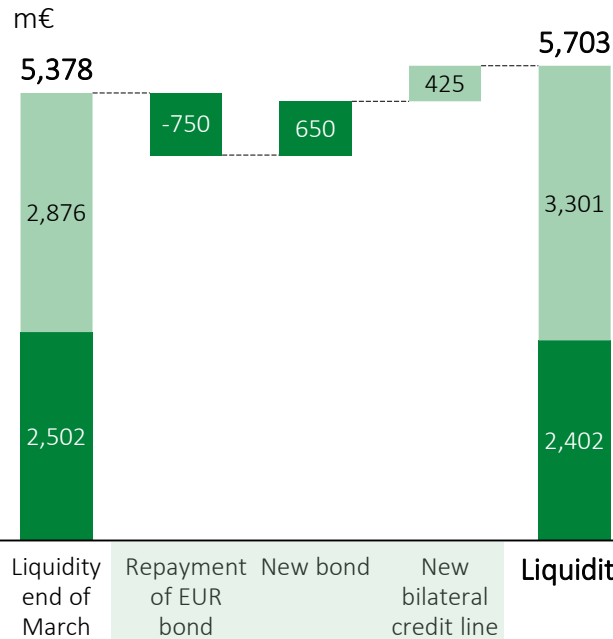
## Tax and working capital

- Active management of all working capital items
- Strict credit control and receivables policy in cooperation with customers
- Suspension of tax prepayments
- Utilization of loss carry-backs

\* COPE = **C**OVID **C**ontingency **P**lan **E**xecution

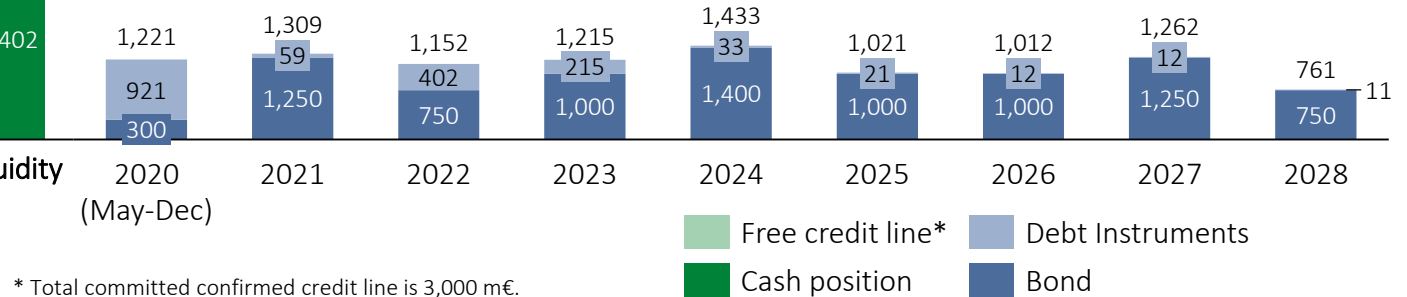
# Liquidity situation further strengthened by tapping bond and loan markets

## Significant liquidity headroom and well balanced maturity profile



## Company recently reinforced its financing sources

- A €650 million bond issue on April 2 with a 4.5 year maturity and a 2.50% coupon
- An enhancement of our bilateral credit line by €425 million totaling €3.3 billion of confirmed and undrawn credit lines
- Access to the new commercial paper Pandemic Emergency Purchase Program (PEPP) launched by the European Central Bank on March 18, 2020



\* Total committed confirmed credit line is 3,000 m€.

Free credit line\*    Debt Instruments  
 Cash position        Bond

# Dividend proposal of 0.60 € per share will preserve 317 million € of cash

## Dividend proposal

- Managing Board and Supervisory Board will propose to the Annual General Meeting **a dividend of 0.60 € per share** for the financial year 2019.
- In view of the scope and extent of the Corona crisis and the still high level of uncertainty regarding future developments, HeidelbergCement has decided to **suspend the progressive dividend policy** for the time being. The aim is to maintain the good financial profile.
- **317 million €** out of the originally proposed dividend payment of 437 million € **will be preserved as cash** beyond the savings under COPE.
- We reaffirm our fundamental position of **returning to the previous dividend policy** after overcoming the Corona crisis (stable or rising dividend with payout ratio of around 40%).

## Virtual Annual General Meeting on 4 June 2020, 10am CEST

- AGM can be followed via **live stream**; access to general debate restricted to shareholders and other selected stakeholders; no public access.
- **Voting by** (electronic) **postal vote** (“*Briefwahl*”) and (electronic) **proxy authorization** (“*Vollmacht*”):
  - Letter, fax, email until 3 June 2020, 12 midnight
  - via investor portal until start of voting
- Questions can be submitted through online tool **until 2 June 2020, 4pm** to be answered in the meeting.
- **Formal objection** (“*Widerspruch*”) against resolutions of the meeting possible **through online tool** until end of meeting.

## Key Takeaways

- Strong operational performance in Q1
- 2020 outlook uncertain – negative impact from Corona crisis
- 1 billion EUR cash savings
- Solid financial position
- Original dividend proposal adjusted from €2.20 to €0.60 per share
- Long term prospects favorable

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COPE Action Plan

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Appendix

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## Sales volumes and operational result

Sales Volumes Quarter	Cement (mt)		Aggregates (mt)		Ready Mix (mm <sup>3</sup> )		Asphalt (mt)	
	Q1 19	Q1 20	Q1 19	Q1 20	Q1 19	Q1 20	Q1 19	Q1 20
North America	3,032	3,260	22,592	22,514	1,474	1,649	416	459
West / South Europe	6,884	6,143	20,015	18,249	4,282	3,821	874	753
North / East Europe	4,445	4,585	8,315	8,964	1,338	1,275	0	0
Asia Pacific	8,953	8,356	9,760	8,270	2,730	2,552	464	438
Africa / Med. Basin	5,075	5,164	2,247	2,130	1,374	1,233	91	118
Group Service	192	181	0	0	143	135	0	0
<b>HC GROUP</b>	<b>28,581</b>	<b>27,689</b>	<b>62,911</b>	<b>60,109</b>	<b>11,341</b>	<b>10,665</b>	<b>1,845</b>	<b>1,768</b>

Operating result (m€) Quarter	Revenues		Operating EBITDA		Operating EBIT (RCO)		EBITDA Margin	
	Q1 19	Q1 20	Q1 19	Q1 20	Q1 19	Q1 20	Q1 19	Q1 20
North America	829	920	28	52	-57	-44	3.4%	5.6%
West / South Europe	1,178	1,105	56	62	-46	-39	4.7%	5.6%
North / East Europe	574	584	57	63	6	14	9.9%	10.8%
Asia Pacific	814	737	161	131	97	65	19.8%	17.8%
Africa / Med. Basin	429	444	96	96	69	69	22.4%	21.6%
Group Service	567	298	9	5	8	5	1.6%	1.8%
<b>HC GROUP</b>	<b>4,238</b>	<b>3,930</b>	<b>392</b>	<b>405</b>	<b>56</b>	<b>59</b>	<b>9.2%</b>	<b>10.3%</b>

## Organic growth, scope and currency impacts

Operating EBITDA Quarter (m€)	Q1 19	Currency	Q1 19 LfL	Q1 20	Scope	Q1 20 LfL	LfL Growth
North America	28	1	29	52	0	52	79.5%
West / South Europe	56	0	56	62	3	59	5.2%
North / East Europe	57	-1	56	63	3	60	8.0%
Asia Pacific	161	-3	158	131	0	131	-17.1%
Africa / Med. Basin	96	1	98	96	-1	97	-0.5%
Group Service	9	0	9	5	0	5	-42.3%
<b>HC GROUP</b>	<b>392</b>	<b>-1</b>	<b>391</b>	<b>405</b>	<b>5</b>	<b>400</b>	<b>2.5%</b>

Scope & Currency Quarter	Scope Impact on Volumes				Revenue (m€)		EBITDA (m€)		Operating EBIT (RCO) (m€)	
	CEM (mt)	AGG (mt)	RMC (mm <sup>3</sup> )	ASP (mt)	Scope	Currency	Scope	Currency	Scope	Currency
North America	0	3	11	57	8	23	0	1	-1	-2
West / South Europe	-171	296	59	0	-2	3	3	0	3	0
North / East Europe	-195	-65	-30	0	-14	-8	3	-1	3	0
Asia Pacific	37	-624	86	0	7	-14	0	-3	0	-2
Africa / Med. Basin	-61	0	0	0	-5	17	-1	1	-1	0
Group Service	0	0	0	0	0	0	0	0	0	0
<b>HC GROUP</b>	<b>-390</b>	<b>-391</b>	<b>125</b>	<b>57</b>	<b>-6</b>	<b>22</b>	<b>5</b>	<b>-1</b>	<b>4</b>	<b>-4</b>

# Contact information and financial reporting calendar

Date	Event
4 June 2020	Annual General Meeting
30 July 2020	Half Year Results
16 September 2020	Capital Market Day
5 November 2020	Third Quarter Results

## Contact Information

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