Heidelberg Materials

Quarterly Statement January to September 2024

Revenue –2.1%

€ 15,750 m

RCOBD +3.2%

€ 3,280 m

Heidelberg Materials financial figures

Further **increase** in **results** and **margin**

Continued strong development in **North America**

Sustainability update

- Investment in **technologies** for the **processing** of recycled construction and demolition waste
- **Commissioning** of an innovative recycling plant for selective **separation** of **demolition concrete** in Poland
- **Decarbonisation project** launched in Italy

RCO +2.6%

€ 2,327 m

RCOBD margin +106 basis points

20.8 %

Share buyback programme and Green Finance

First tranche of the second share buyback programme almost completed

Two **Green Bonds** issued under the Green Finance Framework

Outlook 2024 upgraded

RCO now between €3.1 bn and €3.3 bn (previously 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 nine months of 2024, construction activity and thus demand for our building materials were determined by the economic weakness, particularly in Europe, and unfavourable weather conditions in North America. While cement and clinker deliveries remained at the previous year's level and asphalt volumes increased slightly, deliveries of aggregates and ready-mixed concrete recorded a moderate decline.

In the first nine months of 2024, Group revenue decreased slightly by 2.1% in comparison with the previous year to €15,750 (previous year: 16,083) million. Excluding scope and exchange rate effects, the decline amounted to 2.9 %. The decrease in revenue is particularly due to the drop in volumes, which was partially offset by price adjustments. Changes to the scope of consolidation had a positive impact of €368 million on revenue, while currency effects had a negative impact of €236 million.

The result from current operations before depreciation and amortisation (RCOBD) rose by €101 million or 3.2% to €3,280 million (previous year: 3,179). Excluding scope and currency effects, the rise amounted to 2.5%. The RCOBD margin, i.e. the ratio of the result from current operations before depreciation and amortisation to revenue, increased by 106 basis points to 20.8% (previous year: 19.8). The improved RCOBD margin is due in particular to lower energy costs and the continued disciplined cost management.

The result from current operations (RCO) rose slightly by €58 million or 2.6% to €2,327 million (previous year: 2,269). Excluding scope and currency effects, the rise amounted to 2.4%.

“Transformation Accelerator” initiative

To further accelerate its transformation towards sustainable products and profitable growth, Heidelberg Materials has embarked on a “Transformation Accelerator” initiative with a focus on cross-border network optimisation, efficiencies across functions, and technical initiatives on a global scale. A particular focus area will be the optimisation of the clinker and cement network in Western Europe. Overall, the initiative is expected to lead to a yearly result contribution of €500 million by the end of 2026.

Portfolio Optimisation

In order to further expand its position in one of its core growth markets in Africa, Heidelberg Materials signed a strategic agreement to acquire Votorantim Cimentos' assets in Morocco. The transaction includes the increase of an existing minority stake in the cement and ready-mixed concrete company Asment de Témara to 63% and the acquisition of 100% of the shares in the aggregates manufacturer Grabemaro by Ciments du Maroc, Heidelberg Materials' subsidiary in Morocco. With this investment, Ciments du Maroc will expand its activities in the attractive region of northern Morocco with a cement plant with an annual capacity of 1.4 million tonnes of cement, two aggregates production sites, and eight ready-mixed concrete plants. In addition, the company will benefit from access to an alternative fuels platform. The transaction is subject to regulatory approval by Moroccan competition authorities.

With three significant acquisitions, Heidelberg Materials has further expanded its presence in three core markets in the USA while also adding to its rapidly growing portfolio of circular solutions across North America. In August 2024, Heidelberg Materials acquired Highway Materials, one of the largest independent suppliers of aggregates, asphalt, and recycled materials in the Greater Philadelphia market. The company, which employs more than 350 people, operates four crushed stone quarries, nine hot-mix asphalt plants, two clean fill operations, a concrete recycling facility and a construction services business. Furthermore, in August 2024, Heidelberg Materials acquired Carver Sand & Gravel, the largest aggregates producer in the Albany, New York, area. Included in this acquisition are four quarries, three sand and gravel pits, two asphalt plants, 70 million tonnes of aggregate reserves, a logistics business, and about 200 employees. In July 2024, Heidelberg Materials acquired the key assets of Victory Rock, a producer of high-quality aggregates for concrete and asphalt with two well-positioned quarries in Texas.

To strengthen its activities in circular economy, Heidelberg Materials acquired B&A Group, one of the leading construction soil and aggregates recycling companies in South West England, in May 2024. The company specialises in the supply of recycled and primary aggregates as well as site clearance, earthworks, land remediation, and sustainable land regeneration. The acquisition of the Mick George Group, which was announced at the end of 2022, was also completed in May 2024. The company is the market leader in the recycling of construction and demolition waste in the east of the United Kingdom and operates four recycling plants, eight waste handling stations, eleven aggregates quarries, and ten ready-mixed concrete plants.

In May 2024, Heidelberg Materials acquired ACE Group, the largest supplier of pulverised fly ash in Malaysia. The aim of the acquisition is to strengthen the company's footprint in this growing market and meet the rising demand for fly ash in order to reduce the CO_2 intensity of cement.

In the United States, Heidelberg Materials has successfully completed the conversion of its cement plant in Speed, Indiana, into a slag grinding facility. Following the opening of its new state-of-the-art cement plant in Mitchell, Indiana, last year, the company ceased portland cement production at the Speed plant and converted the facility to produce slag cement from locally sourced slag granules. Using slag cement in concrete production can reduce CO_2 emissions significantly. This will enable Heidelberg Materials to better meet the increasing demand for sustainable products in the fast-growing Midwest market.

As announced in January 2024, clinker production at the Hanover cement plant was discontinued in the summer 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 neighbouring Westphalian cement plants, which now supply the cement clinker to Hanover.

Heidelberg Materials will also continue to optimise its cement portfolio in Spain. In June 2024, the company decided to stop clinker production at its Añorga plant in northern Spain and to continue operating the site as a grinding plant. The clinker required to supply the markets in northern Spain and southwest France will be produced at the neighbouring Bilbao plant. This gives Heidelberg Materials the opportunity to focus on the production of cement with a lower proportion of clinker in order to offer customers in Spain and southwest France a wide range of sustainable products.

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. 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.

In January 2024, Heidelberg Materials sold its French cement transportation business Tratel S.a.s. to five regional transport specialists. The divestment of the capital-intensive French transport business is part of Heidelberg Materials' ongoing portfolio optimisation focusing on its core business in promising market positions.

Financing

On 19 June 2024, Heidelberg Materials AG issued its first Green Bond with an issue volume of €700 million and a term ending in 2034 under the €10 billion EMTN programme and the Green Finance Framework introduced in May 2024. On 24 September 2024, a further Green Bond with a volume of €500 million and a term until 2031 was issued. The range of projects financed by these bonds extends from the modernisation of plants, for example to increase the use of alternative fuels, to the expansion of carbon capture technologies.

Second share buyback programme

In order to allow its shareholders to continue participating in the company's success beyond the progressive dividend policy, Heidelberg Materials launched a new share buyback programme on 23 May 2024. The programme has a total volume of up to €1.2 billion and will run until the end of 2026. It is envisaged that the share buyback will be carried out in three tranches. The first tranche with a volume of €350 to €400 million is expected to be completed by 25 November 2024 at the latest. By 1 November 2024, a total of around 3.4 million treasury shares had been acquired via the stock exchange under the first tranche at a total price of around €315.5 million.

On 21 February 2024, the approximately 4.1 million treasury shares from the final tranche of the 2021 share buyback programme were cancelled with a reduction in the subscribed share capital. Since then, the subscribed share capital of Heidelberg Materials AG has amounted to €546,204,360 and has been divided into 182,068,120 no-par value shares.

Sustainability activities

With the investment in the innovative clean-tech start-up EnviCore, which was announced in October 2024, Heidelberg Materials continues to develop and scale circular technologies. Together with EnviCore, Heidelberg Materials will focus on increasing the use of recycled construction and demolition waste (CDW) to save resources as part of its strong commitment to strengthen the circularity of its products. EnviCore has developed advanced proprietary technology reprocessing construction and demolition waste (CDW) into supplementary cementitious materials (SCMs) involving a dry thermochemical process. These can be used to replace part of the energy-intensive clinker in cement or concrete.

During the reporting period, Heidelberg Materials commissioned an innovative recycling plant for selective separation at its production site near Katowice, Poland. It is the first plant of its kind to use a proprietary crushing mechanism that enables separation and sorting capabilities to fully recycle demolition concrete, thus replacing primary raw materials in concrete production. With a capacity of up to 100 tonnes of concrete demolition per hour, Heidelberg Materials is the first company in the industry to introduce such a selective concrete separation at this scale.

The company also continued to drive forward its activities in the area of carbon capture, utilisation, and storage (CCUS). For example, Heidelberg Materials has launched a feasibility study for a decarbonisation project at its Rezzato-Mazzano cement plant in the province of Brescia. It will be the first plant in Italy to produce carbon captured net-zero cement and concrete and is also expected to contribute to the expansion of industrial-scale CCS in Italy. As part of the initiative, Heidelberg Materials will evaluate the feasibility of capturing CO_2 from cement production and transporting it via pipeline to the Ravenna CCS storage hub below the Adriatic Sea. The aim is to capture more than 95% of the CO_2 emissions of the Rezzato-Mazzano plant.

In Bulgaria, the construction of a pilot CO_2 capture plant at Heidelberg Materials' plant in Devnya was successfully completed with CO_2 capture testing starting mid-May. In a first step towards full-scale implementation, the ANRAV.beta pilot project will demonstrate OxyCal capture technology on an industrial scale. Additionally, we will conduct performance tests using 100% alternative fuels. Both are crucial preparatory work for the overall ANRAV project, which, as first project in Eastern Europe, is intended to encompass the entire CCUS value chain.

In mid-June 2024, six oxygen tanks for the oxyfuel kiln were installed at the Mergelstetten cement plant as part of the catch4climate carbon capture project. In the oxyfuel process, pure oxygen is introduced into the kiln system instead of air. The oxyfuel facility, for which over €120 million will be invested, is expected to be commissioned in the first quarter of 2025.

Also in June 2024, Linde and Heidelberg Materials hosted a groundbreaking ceremony for the Cap2U carbon capture project at the Lengfurt cement plant. The facility is expected to go into operation in 2025 with a planned storage capacity of 70,000 tonnes CO_2 per year. Due to its purity, the processed gas will be suitable for use in both the food and chemical industries.

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 utilisation approximately 2 million tonnes of CO_2 each year starting in 2030.

In its CCUS projects, Heidelberg Materials always benefits from the valuable experience gained from its pioneering project in Brevik, Norway. There, 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 under the evoZero® brand.

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 its focus on CO_2 reduction and circularity, Heidelberg Materials is focusing on numerous other sustainability aspects. Together with partner organisations, Heidelberg Materials aims to raise awareness of biodiversity associated with quarries and nature as a whole. In February 2024, our longstanding partnership with BirdLife International, the world's largest network of nature conservation organisations, was extended for a further three years.

In June, Heidelberg Materials launched the sixth edition of the Quarry Life Award, its nature-based competition, across more than 15 countries worldwide. Researchers, students, local communities, and NGOs can pitch ideas for sustainable quarry management. The Quarry Life Award is in line with Heidelberg Materials' commitment to working towards the Global Goal for Nature contributing to nature positive.

At the end of July, Heidelberg Materials has been selected for award negotiation to receive up to $5 million in funding from the US Environmental Protection Agency (EPA) to create a cloud-based tool that can help concrete, cement, aggregates, and asphalt producers to facilitate the creation of high-quality Environmental Product Declarations.

Managing Board members and responsibilities

Since January 2024, the majority of the Northern and Eastern Europe-Central Asia Group area has been combined with Western and Southern Europe to form the Europe Group area. Since then, member of the Managing Board Jon Morrish, previously responsible for Western and Southern Europe, has been responsible for this newly created Group area.

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 prematurely 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.

Dr Katharina Beumelburg has been Chief Sustainability & New Technologies Officer and member of the Managing Board since 1 October 2024. She has taken over from Dr Nicola Kimm, who left the company on 31 August 2024 after completing her three-year term of office. Prior to her appointment to the Managing Board of Heidelberg Materials, Dr Katharina Beumelburg was Chief Strategy and Sustainability Officer and member of the Executive Management of SLB, the world's largest global energy technology company, from May 2021.

Supervisory Board

With the conclusion of the Annual General Meeting on 16 May 2024, the term of office of the former Supervisory Board ended and that of the new Supervisory Board, elected by the Annual General Meeting and the employees respectively, commenced. Birgit Jochens and the previous Deputy Chairman of the Supervisory Board, Heinz Schmitt are no longer as employee representatives members of the Supervisory Board. Their successors are Katja Karcher and Markus Oleynik. Gunnar Groebler, Chief Executive Officer of Salzgitter AG, was newly elected to the Supervisory Board as shareholder representative; he succeeded Prof. Dr Marion Weissenberger-Eibl, who was no longer available for re-election to the Supervisory Board. As before, Dr Bernd Scheifele remains Chairman of the Supervisory Board. Werner Schraeder was elected as Deputy Chairman.

Outlook 2024

Based on the business performance in the first nine months of 2024, the Managing Board has raised the outlook published in the **Annual and Sustainability Report 2023** for the result from current operations (RCO). For the 2024 financial year, it now expects the RCO to be between €3.1 billion and €3.3 billion (Annual and Sustainability Report 2023 forecast: between €3.0 billion and 3.3 billion).

ROIC (return on invested capital) is still expected to be around 10%.

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

Key data

Heidelberg Materials

€m	January – September				July – September			
	2023	**2024**	Change	Like-for-like[1]	2023	**2024**	Change	Like-for-like[1]
Revenue	16,083	15,750	-2.1%	-2.9%	5,611	5,756	2.6%	0.2%
Result from current operations before depreciation and amortisation (RCOBD)	3,179	3,280	3.2%	2.5%	1,393	1,451	4.2%	2.7%
RCOBD margin in %	19.8%	20.8%	106 bps[2]	110 bps	24.8%	25.2%	39 bps	62 bps
Result from current operations (RCO)	2,269	2,327	2.6%	2.4%	1,080	1,124	4.1%	3.2%
RCO margin in %	14.1%	14.8%	67 bps	78 bps	19.2%	19.5%	29 bps	58 bps

Europe

€m	January – September				July – September			
	2023[3]	**2024**	Change	Like-for-like[1]	2023[3]	**2024**	Change	Like-for-like[1]
Revenue	7,291	7,094	-2.7%	-4.8%	2,444	2,521	3.1%	-1.5%
Result from current operations before depreciation and amortisation (RCOBD)	1,458	1,398	-4.1%	-4.1%	593	590	-0.5%	-1.5%
RCOBD margin in %	20.0%	19.7%	-29 bps[2]	15 bps	24.3%	23.4%	-85 bps	1 bps
Result from current operations (RCO)	1,072	1,004	-6.3%	-5.8%	461	453	-1.8%	-2.0%
RCO margin in %	14.7%	14.2%	-55 bps	-15 bps	18.9%	18.0%	-91 bps	-9 bps

North America

€m	January – September				July – September			
	2023	**2024**	Change	Like-for-like[1]	2023	**2024**	Change	Like-for-like[1]
Revenue	3,956	3,975	0.5%	-1.6%	1,522	1,572	3.3%	0.9%
Result from current operations before depreciation and amortisation (RCOBD)	857	1,024	19.5%	17.7%	448	501	11.7%	9.7%
RCOBD margin in %	21.7%	25.8%	411 bps[2]	424 bps	29.5%	31.8%	238 bps	257 bps
Result from current operations (RCO)	623	759	21.8%	20.8%	363	409	12.6%	11.1%
RCO margin in %	15.8%	19.1%	334 bps	357 bps	23.9%	26.0%	214 bps	242 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 – September				July – September			
	2023	**2024**	Change	Like-for-like [1]	2023	**2024**	Change	Like-for-like [1]
Revenue	2,759	2,615	-5.2%	-5.9%	949	924	-2.6%	-5.8%
Result from current operations before depreciation and amortisation (RCOBD)	464	446	-3.9%	-11.3%	178	176	-0.8%	-11.3%
RCOBD margin in %	16.8%	17.1%	24 bps [2]	-97 bps	18.7%	19.1%	35 bps	-108 bps
Result from current operations (RCO)	281	267	-5.1%	-16.5%	118	116	-1.4%	-15.4%
RCO margin in %	10.2%	10.2%	1 bps	-115 bps	12.4%	12.6%	15 bps	-126 bps

Africa-Mediterranean-Western Asia

€m	January – September				July – September			
	2023 [3]	**2024**	Change	Like-for-like [1]	2023 [3]	**2024**	Change	Like-for-like [1]
Revenue	1,756	1,647	-6.2%	0.6%	601	606	0.9%	9.2%
Result from current operations before depreciation and amortisation (RCOBD)	439	410	-6.6%	-0.5%	172	179	4.0%	11.6%
RCOBD margin in %	25.0%	24.9%	-10 bps [2]	-29 bps	28.7%	29.6%	87 bps	65 bps
Result from current operations (RCO)	349	315	-9.7%	-1.7%	143	148	3.8%	13.7%
RCO margin in %	19.9%	19.1%	-74 bps	-46 bps	23.8%	24.4%	67 bps	99 bps

Group Services

€m	January – September				July – September			
	2023	**2024**	Change	Like-for-like [1]	2023	**2024**	Change	Like-for-like [1]
Revenue	1,019	1,015	-0.4%	-0.4%	296	315	6.5%	6.5%
Result from current operations before depreciation and amortisation (RCOBD)	25	31	26.1%	26.1%	8	9	2.0%	2.0%
RCOBD margin in %	2.4%	3.1%	65 bps [2]	65 bps	2.9%	2.7%	-12 bps	-12 bps
Result from current operations (RCO)	25	31	25.9%	25.9%	8	8	1.7%	1.7%
RCO margin in %	2.4%	3.0%	63 bps	63 bps	2.8%	2.7%	-13 bps	-13 bps

1) Adjusted for scope and currency effects
2) Change in basis points (bps)
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Financial calendar 2025

25 Feb **Full Year Results 2024**

25 Mar **Annual and Sustainability Report 2024**

8 May **Quarterly Statement January to March 2025**

15 May **Annual General Meeting 2025**

31 Jul **Half-Year Financial Report 2025**

6 Nov **Quarterly Statement January to September 2025**

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