HEIDELBERGCEMENT

Quarterly Statement January to September 2020

HeidelbergCement with significant increase in result in the third quarter of 2020

- **Strong operational performance in third quarter – operating EBITDA*) increases by 17% like-for-like with nearly flat revenue, leading to significant margin improvement**
- **COPE action plan fully on track – cash savings of €721 million in the first nine months**
- **Excellent financial performance – free cash flow over the last twelve months increases by almost 50% to €2.3 billion, net debt reduced by €1.8 billion compared to September 2019**
- **Outlook for full year 2020 – operating EBITDA*) expected to be above previous year; year-end leverage ratio expected at ≤ 2.0x**

*) Result from current operations before depreciation and amortisation (RCOBD)

Dr. Dominik von Achten, Chairman of the Managing Board of HeidelbergCement:

"HeidelbergCement has achieved an excellent result in the third quarter of 2020. In an environment that continues to be characterised by major regional differences and great uncertainty, we were able to increase EBITDA by 17% in comparison with the previous year.

The broad regional setup and strong cohesion within our company are paying off. All Group areas contributed to the improvement in results. The measures launched in February as part of our COPE action plan are taking effect. Since the programme was launched, we have achieved Group-wide cash savings of over €700 million, exactly in line with our plan. All measures have been and continue to be focused on health protection for our employees, customers and service providers.

I would like to express my special thanks to all our employees around the world, who have made this good result possible with extraordinary commitment and under sometimes difficult conditions.

The strong figures speak for themselves. As a result of the very strong development of results in the third quarter of 2020, we anticipate that operating EBITDA for the full year 2020 will be above the previous year. HeidelbergCement is very well positioned, even for difficult times. When the economy picks up again and construction activity in our markets returns to normal, we will have very good prospects for sustainable and profitable growth. We will seize the growth opportunities that present themselves."

Development of sales volumes January to September 2020

The effects of the coronavirus pandemic hampered construction activities and the associated demand for our building materials worldwide in the first nine months.

Group-wide cement and clinker sales volumes fell by 4.7% to 90.1 million tonnes (previous year: 94.5) in the first nine months. Excluding consolidation effects, the decline amounted to 4.0%. On a like-for-like basis, deliveries in the Africa-Eastern Mediterranean Basin Group area recorded a solid increase. In Northern and Eastern Europe-Central Asia, sales volumes remained at the previous year's level. Volumes declined in the other Group areas.

Deliveries of aggregates were 5.3% below the previous year's level at 220.8 million tonnes (previous year: 233.3). A slight increase in sales volumes in Northern and Eastern Europe-Central Asia stood in contrast to significant decreases in volumes in Western and Southern Europe, Asia-Pacific, and Africa-Eastern Mediterranean Basin, while North America remained only slightly below the previous year. Excluding consolidation effects, sales volumes declined by 4.6%.

Sales volumes of ready-mixed concrete fell by 9.2% to 34.4 million cubic metres (previous year: 38.0). With the exception of North America, where deliveries were slightly above the previous year, volumes declined in all Group areas. Excluding consolidation effects, deliveries of ready-mixed concrete declined by 9.5%. Asphalt deliveries decreased by 3.6% to 8.1 million tonnes (previous year: 8.4). Adjusted for consolidation effects, deliveries fell by 5.0%.

Development of revenue and results

Group revenue from January to September 2020 decreased by 7.9% in comparison with the previous year to €13,140 million (previous year: 14,273). Excluding consolidation and exchange rate effects, the decline amounted to 6.9%. Changes to the scope of consolidation of €4 million and exchange rate effects of €159 million had a negative impact on revenue.

The result from current operations before depreciation and amortisation (RCOBD) grew by €119 million or 4.6% to €2,731 million (previous year: 2,612). Excluding consolidation and exchange rate effects, the operational increase amounted to €156 million, 6.1% above the previous year. The strong operational performance in the third quarter, with RCOBD up 13.1% and 16.5% on a like-for-like basis, was a major contributory factor. The RCOBD margin improved by almost 400 basis points to 27.2% (previous year: 23.2%). Besides successful price increases and reduced energy costs, significant savings resulting from the COPE action plan launched in February 2020 had a particularly positive impact on the result. The North America action plan is also beginning to take effect. The result from current operations rose by 8.4% to €1,715 million (previous year: 1,583). Changes to the scope of consolidation contributed €3 million to the improvement in the result from current operations, while exchange rate effects reduced the result by €31 million.

Financial position

In the first nine months of 2020, despite the difficult market environment, the cash inflow from operating activities of continuing operations rose by €447 million to €1,489 million (previous year: 992). The cost savings, lower investments, and active management of current asset items as part of the COPE action plan had a noticeable impact.

As a result of the solid operational development, the free cash flow for the last 12 months increased substantially to around €2.3 billion (previous year: 1.6). As at 30 September 2020, net debt amounted to €7.9 billion (previous year: 9.7). In comparison with 30 September 2019, net debt was reduced significantly by €1.8 billion. This highlights the enormous financial strength of the company, which is particularly valuable during the current coronavirus crisis.

Thanks to the strong cash flow development and strict expenditure discipline, net debt decreased by €0.5 billion compared with the end of 2019 (€8.4 billion). At the end of September 2020, the leverage ratio, i.e. the ratio of net debt to result from current operations before depreciation and amortisation over the last 12 months, stood at 2.1x. The long-term target corridor is 1.5x to 2.0x. "We expect a strong cash flow again in the fourth quarter," said Dr. Lorenz Näger, Chief Financial Officer of HeidelbergCement. "We therefore assume that we will already reach the upper limit of our target corridor for the leverage ratio by the end of 2020."

On 12 October 2020, the rating agency S&P Global Ratings confirmed the existing rating of HeidelbergCement (BBB-) and raised the outlook from stable to positive.

Sustainability as a high priority

HeidelbergCement is placing a high priority on addressing the issue of sustainability. In September 2020, the company achieved an AA rating in the MSCI ESG Ratings for the fifth time in a row. The AA rating places HeidelbergCement in the “Leader” category in ESG (Environment Social Governance). The Group received above-average scores in all rating criteria.

The company has also made further progress in developing sustainable and low-carbon products. With i.tech® 3D, HeidelbergCement is delivering an innovative concrete for the first printed residential building in Germany. The high-tech material was developed by HeidelbergCement subsidiary Italcementi specifically for 3D printing and is suitable for versatile use with various types of 3D printers.

By 2025, the company aims to reduce specific net CO_2 emissions to below 525 kg per tonne of cementitious material. This figure represents a 30% reduction compared with 1990 and was previously only targeted for 2030. HeidelbergCement aspires to be forerunner in the building materials industry in the gradual reduction of its CO_2 emissions and aims to offer CO_2-neutral concrete by 2050 at the latest.

Outlook for 2020

HeidelbergCement's operations have proven extremely resilient so far this year. At an early stage, the company took all the necessary measures to cushion the impact of the coronavirus-related decline in construction activity on its revenue and result as far as possible.

Thanks to the very strong development of results in the third quarter of 2020, HeidelbergCement now anticipates that the result from current operations before depreciation and amortisation for the whole of 2020 will exceed that of the previous year. The company expects to further reduce its leverage ratio to 2.0x or lower.

For the future, HeidelbergCement anticipates continued good prospects for sustainable and profitable growth in the medium to long term. The Group believes that construction activity in individual core markets may benefit in the medium term from infrastructural and other economic stimulus programmes announced by governments.

Risks and opportunities

Risks and opportunities that may have a significant impact on our financial position and performance in the 2020 financial year and in the foreseeable future are described in detail in the Annual Report 2019 in the Outlook chapter on page 58 ff. and in the Risk and opportunity report chapter on page 63 ff.

At the time of compiling the Annual Report on 18 March 2020, it was not possible to predict the extent to which global economic development would be affected by the spread of the coronavirus. After the unprecedented slump in spring, the global economy has recovered somewhat, but the renewed escalation of the pandemic in autumn with further lockdowns in many countries has somewhat dampened hopes of a rapid upturn. Nevertheless, in a holistic view of individual risks and the overall risk situation, the company, from today's perspective, does not expect identifiable risks that could threaten the existence of the Group.

Group overview

Group overview	January-September				Q3			
€m	2019	2020	Variance	Like-for-like[1)]	2019	2020	Variance	Like-for-like[1)]
Sales volumes								
Cement (Mt)	94.5	**90.1**	-4.7%	**-4.0%**	33.5	**33.8**	0.7%	**0.7%**
Aggregates (Mt)	233.3	**220.8**	-5.3%	**-4.6%**	87.7	**86.1**	-1.9%	**-0.9%**
Ready-mixed concrete (Mm^3)	38.0	**34.4**	-9.2%	**-9.5%**	13.6	**12.7**	-6.0%	**-5.7%**
Asphalt (Mt)	8.4	**8.1**	-3.6%	**-5.0%**	3.6	**3.7**	5.0%	**3.4%**
Income statement								
Revenue	14,273	**13,140**	-7.9%	**-6.9%**	5,061	**4,886**	-3.5%	**-0.7%**
Result from current operations before depreciation and amortisation (RCOBD)[2)]	2,612	**2,731**	4.6%	**6.1%**	1,174	**1,328**	13.1%	**16.5%**
in % of revenue	*18.3%*	***20.8%***			*23.2%*	***27.2%***		
Result from current operations (RCO)[2)]	1,583	**1,715**	8.4%	**10.3%**	829	**1,005**	21.2%	**24.7%**
in % of revenue	*11.1%*	***13.1%***			*16.4%*	***20.6%***		

1) Adjusted for currency and consolidation effects.
2) Amounts restated because of the reclassification of credit card fees

Development in the Group areas

North America	January-September				Q3			
€m	2019	2020	Variance	Like-for-like[1)]	2019	2020	Variance	Like-for-like[1)]
Sales volumes								
Cement (Mt)	12.3	**11.6**	-5.3%	**-5.3%**	4.8	**4.5**	-5.9%	**-5.9%**
Aggregates (Mt)	97.9	**94.8**	-3.2%	**-3.2%**	40.4	**38.6**	-4.5%	**-4.5%**
Ready-mixed concrete (Mm^3)	5.8	**5.9**	0.6%	**0.2%**	2.3	**2.3**	0.3%	**-0.1%**
Asphalt (Mt)	3.8	**3.7**	-2.4%	**-5.4%**	1.9	**1.9**	0.2%	**-2.8%**
Income statement								
Revenue	3,614	**3,513**	-2.8%	**-2.9%**	1,487	**1,377**	-7.4%	**-4.1%**
Result from current operations before depreciation and amortisation (RCOBD)[2)]	750	**755**	0.7%	**1.2%**	408	**415**	2.0%	**4.8%**
in % of revenue	*20.8%*	***21.5%***			*27.4%*	***30.2%***		
Result from current operations (RCO)[2)]	476	**476**	-0.1%	**0.7%**	308	**329**	6.9%	**9.2%**
in % of revenue	*13.2%*	***13.5%***			*20.7%*	***23.9%***		

1) Adjusted for currency and consolidation effects
2) Amounts restated because of the reclassification of credit card fees

Western and Southern Europe	January-September				Q3			
€m	2019	2020	Variance	Like-for-like[1)]	2019	2020	Variance	Like-for-like[1)]
Sales volumes								
Cement (Mt)	22.7	**20.7**	-8.7%	**-7.4%**	7.6	**7.8**	2.9%	**2.9%**
Aggregates (Mt)	63.5	**57.8**	-9.0%	**-10.0%**	21.2	**21.1**	-0.3%	**-0.3%**
Ready-mixed concrete (Mm^3)	13.9	**12.6**	-9.8%	**-10.5%**	4.8	**4.7**	-1.8%	**-1.7%**
Asphalt (Mt)	2.7	**2.5**	-6.6%	**-6.6%**	0.9	**1.1**	10.9%	**10.9%**
Income statement								
Revenue	3,878	**3,662**	-5.6%	**-5.5%**	1,312	**1,375**	4.8%	**4.9%**
Result from current operations before depreciation and amortisation (RCOBD)	579	**638**	10.2%	**9.2%**	251	**332**	32.3%	**31.9%**
in % of revenue	*14.9%*	***17.4%***			*19.2%*	***24.2%***		
Result from current operations (RCO)	268	**340**	26.6%	**24.7%**	151	**236**	56.7%	**56.2%**
in % of revenue	*6.9%*	***9.3%***			*11.5%*	***17.2%***		

1) Adjusted for currency and consolidation effects

Northern and Eastern Europe-Central Asia	January-September				Q3			
€m	2019	2020	Variance	Like-for-like[1]	2019	2020	Variance	Like-for-like[1]
Sales volumes								
Cement (Mt)	18.3	**17.9**	-1.9%	**-0.3%**	7.0	**7.0**	-0.7%	**-0.7%**
Aggregates (Mt)	35.6	**36.4**	2.3%	**3.5%**	13.8	**14.5**	5.3%	**6.9%**
Ready-mixed concrete (Mm^3)	5.0	**4.4**	-11.9%	**-9.8%**	1.9	**1.6**	-14.9%	**-12.9%**
Asphalt (Mt)								
Income statement								
Revenue	2,170	**2,141**	-1.3%	**2.6%**	796	**792**	-0.5%	**2.9%**
Result from current operations before depreciation and amortisation (RCOBD)	489	**540**	10.5%	**13.3%**	230	**246**	7.1%	**11.4%**
in % of revenue	*22.5%*	***25.2%***			*28.9%*	***31.1%***		
Result from current operations (RCO)	338	**396**	17.0%	**19.9%**	180	**199**	10.1%	**14.5%**
in % of revenue	*15.6%*	***18.5%***			*22.6%*	***25.1%***		

1) Adjusted for currency and consolidation effects

Asia-Pacific	January-September				Q3			
€m	2019	2020	Variance	Like-for-like1)	2019	2020	Variance	Like-for-like[1]
Sales volumes								
Cement (Mt)	26.2	**23.8**	-9.0%	**-9.4%**	9.1	**8.8**	-3.3%	**-3.9%**
Aggregates (Mt)	29.8	**26.5**	-11.2%	**-5.2%**	10.1	**9.9**	-1.9%	**3.8%**
Ready-mixed concrete (Mm^3)	8.9	**7.7**	-12.7%	**-13.4%**	3.3	**2.8**	-13.5%	**-13.5%**
Asphalt (Mt)	1.6	**1.6**	1.8%	**1.8%**	0.6	**0.7**	23.7%	**23.7%**
Income statement								
Revenue	2,486	**2,197**	-11.6%	**-9.2%**	867	**793**	-8.5%	**-4.3%**
Result from current operations before depreciation and amortisation (RCOBD)[2]	539	**490**	-9.0%	**-5.7%**	191	**211**	10.4%	**16.1%**
in % of revenue	*21.7%*	***22.3%***			*22.0%*	***26.5%***		
Result from current operations (RCO)[2]	351	**302**	-14.0%	**-10.7%**	130	**152**	17.1%	**22.5%**
in % of revenue	*14.1%*	***13.8%***			*15.0%*	***19.2%***		

1) Adjusted for currency and consolidation effects
2) Amounts restated because of the reclassification of credit card fees

Africa-Eastern Mediterranean Basin	January-September				Q3			
€m	2019	2020	Variance	Like-for-like[1]	2019	2020	Variance	Like-for-like[1]
Sales volumes								
Cement (Mt)	14.7	**15.7**	6.7%	**7.9%**	4.8	**5.5**	14.2%	**15.3%**
Aggregates (Mt)	6.6	**5.4**	-18.3%	**-18.3%**	2.2	**1.9**	-14.4%	**-14.4%**
Ready-mixed concrete (Mm^3)	3.9	**3.6**	-8.0%	**-8.0%**	1.3	**1.3**	2.2%	**2.2%**
Asphalt (Mt)	0.3	**0.3**	-19.5%	**-19.5%**	0.1	**0.1**	-47.8%	**-47.8%**
Income statement								
Revenue	1,261	**1,308**	3.8%	**4.5%**	424	**455**	7.3%	**12.8%**
Result from current operations before depreciation and amortisation (RCOBD)	290	**322**	11.2%	**14.1%**	106	**130**	22.9%	**29.2%**
in % of revenue	*23.0%*	***24.6%***			*25.0%*	***28.6%***		
Result from current operations (RCO)	207	**241**	16.0%	**20.7%**	79	**104**	31.0%	**38.4%**
in % of revenue	*16.5%*	***18.4%***			*18.6%*	***22.8%***		

1) Adjusted for currency and consolidation effects

Group Services	January-September				Q3			
€m	2019	2020	Variance	Like-for-like[1)]	2019	2020	Variance	Like-for-like[1)]
Income statement								
Revenue	1,325	**759**	-42.7%	**-42.7%**	308	**260**	-15.6%	**-15.3%**
Result from current operations before depreciation and amortisation (RCOBD)	18	**19**	8.6%	**8.9%**	1	**10**	617.2%	**683.8%**
in % of revenue	*1.3%*	***2.5%***			*0.4%*	***3.7%***		
Result from current operations (RCO)	14	**16**	11.9%	**12.0%**	0	**9**	4062.8%	**5862.5%**
in % of revenue	*1.1%*	***2.1%***			*0.1%*	***3.3%***		

1) Adjusted for currency and consolidation effects

Heidelberg, 5 November 2020

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Financial calendar

Group annual accounts 2020	18 March 2021
Press conference on annual accounts	18 March 2021
First quarter 2021 results	6 May 2021
Annual General Meeting 2021	6 May 2021
Second quarter 2021 results	29 July 2021
Third quarter 2021 results	4 November 2021

About HeidelbergCement
HeidelbergCement is one of the world's largest integrated manufacturers of building materials and solutions, with leading market positions in aggregates, cement, and ready-mixed concrete. Around 54,000 employees at more than 3,000 locations in over 50 countries deliver long-term financial performance through operational excellence and openness for change. At the center of actions lies the responsibility for the environment. As forerunner on the path to carbon-neutrality, HeidelbergCement crafts material solutions for the future.

Disclaimer – forward-looking statements

This document contains forward-looking statements. Such forward-looking statements do not constitute forecasts regarding results or any other performance indicator, but rather trends or targets, as the case may be, including with respect to plans, initiatives, events, products, solutions and services, their development and potential. Although HeidelbergCement believes that the expectations reflected in such forward-looking statements are based on reasonable assumptions as at the time of publishing this document, investors are cautioned that these statements are not guarantees of future performance. Actual results may differ materially from the forward-looking statements as a result of a number of risks and uncertainties, many of which are difficult to predict and generally beyond the control of HeidelbergCement, including but not limited to the risks described in the HeidelbergCement annual report available on its website (www.heidelbergcement.com) and uncertainties related to the market conditions and the implementation of our plans. Accordingly, we caution you against relying on forward-looking statements. HeidelbergCement does not undertake to provide updates of these forward-looking statements.

This quarterly statement was published on 5 November 2020.