HEIDELBERGCEMENT

Press release

HeidelbergCement closes 2020 financial year with record results

- Result from current operations before depreciation and amortisation grew like-for-like by 6% to €3.7 billion compared to the previous year
- Margin significantly increased from 19.0 % to 21.1 % driven by all Group areas
- COPE action plan overachieved with cash savings of around €1.3 billion
- Net debt significantly reduced by €1.5 billion; leverage ratio of 1.86x already within target range
- CO_2 reduction targets to be embedded in the remuneration systems across the Group as from 2021; major progress in industrial scaling of CO_2 reduction and capture (CCU/S)
- Good start into the year confirms optimistic view of building materials market development in 2021

Today, HeidelbergCement presented preliminary, unaudited figures for the full year 2020, as planned. In a difficult market environment, the result from current operations before depreciation and amortisation rose like-for-like by 6% to a record €3.7 billion. Consistent implementation of the COPE action plan led to cash savings of around €1.3 billion.

"We closed the 2020 financial year with a top result," said Dr. Dominik von Achten, Chairman of the Managing Board of HeidelbergCement. "We were able to not only reach but exceed our forecast for all key figures. The key to this success was the good operational performance across our market regions and business lines. We managed to more than compensate for the coronavirus-related decline in sales volumes through consistent spending discipline. This is a great result of the entire HeidelbergCement team, of which I am very proud. My thanks therefore go to all employees for their extraordinary commitment in the past year."

Significant increase in results despite declining revenue

In 2020, the impact of the coronavirus pandemic affected construction activities and thus demand for building materials. After the sharp drop in sales volumes in the second quarter at the height of the first COVID-19-related lockdowns, demand increased significantly again in the following months, but was unable to fully compensate for the losses by the end of the year. Due to the decline in sales volumes, Group revenue for 2020 decreased by 6.6% to €17.6 billion (previous year: 18.9). Excluding consolidation and currency effects, it fell by 4.6%.

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In order to mitigate the negative effects of the coronavirus crisis, cost-saving programmes were implemented early on in all business lines and Group areas. Together with the economic recovery in the summer and early autumn and a good price development, these measures contributed significantly to the improvement in results.

Result from current operations before depreciation and amortisation rose by 3.5% to €3,707 million (previous year: 3,580) in 2020. On a comparable basis, the rise amounted to 6.1%. Result from current operations increased by 8.1% to €2,363 million (previous year: 2,186). Excluding consolidation and currency effects, the increase amounted to 11.0%.

On a comparable basis, the Africa-Eastern Mediterranean Basin Group area recorded the highest growth in result from current operations before depreciation and amortisation with a growth of 18.7%, followed by Western and Southern Europe (+10.5%) and Northern and Eastern Europe-Central Asia (+9.3%). The result of the operations in North America remained stable (-0.1%), while it declined slightly in the Asia-Pacific Group area (-3.3%). All Group areas were able to increase their profit margins – in some cases significantly.

Significant reduction in net debt

Net debt was reduced even more significantly in the 2020 financial year than in previous years. Compared to 2019, it fell by around €1.5 billion to € 6.9 billion (incl. accounting for lease liabilities). The leverage ratio fell accordingly to 1.86x.

"In our annual forecast, we had previously assumed a leverage ratio at the end of the year at the upper limit of our target range of 1.5x to 2.0x," said Dr. Lorenz Näger, Chief Financial Officer of HeidelbergCement. "With a year-end value of 1.86x, we clearly exceed this forecast. As part of our COPE action plan, we were able to reach cash savings of around €1.3 billion. This contributed significantly to the good cash flow development and the reduction of debt."

Ambitious sustainability goals are anchored in global remuneration systems

HeidelbergCement aims to be a pioneer in the building materials industry in the gradual reduction of CO_2 emissions. By 2025, the company aims to reduce the specific net CO_2 emissions to below 525 kg per tonne of cementitious material, which corresponds to a reduction of 30% compared with 1990. By 2030, this figure is to fall to below 500 kg per tonne of cementitious material. Under the CO_2 Roadmap 2030, each country has specific CO_2 reduction targets to meet.

In order to give the roadmap even more emphasis, the company also anchors its ambitious CO_2 reduction targets in the remuneration systems across the Group. Dr. Dominik von Achten said: “In the future, full achievement of the variable remuneration will only be given if both the financial targets and the sustainability target are met.” The regulation will apply to the members of the Managing Board as well as to every bonus-eligible employee worldwide as of the 2021 financial year.

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The company is making great progress in the industrial scaling of CO_2 reduction and capture (CCU/S) technologies. Three CCU/S projects are now entering the next phase: The CCS project in Brevik, Norway, is the world's first industrial-scale CCS project in the cement industry and is scheduled for completion by 2024. In the "catch4climate" pilot project, HeidelbergCement, together with three other cement manufacturers, will build and operate a demonstration plant for CO2 capture on a semi-industrial scale at the Mergelstetten cement plant, Germany. In the "LEILAC 2" pilot project, the industrial scaling of the LEILAC technology will start at the German HeidelbergCement plant in Hanover; completion is expected by 2025.

Positive initial market outlook 2021

HeidelbergCement anticipates demand to develop positively in many markets in 2021. "We have made a good start to 2021," said Dr. Dominik von Achten. "There should be a tailwind from infrastructure programmes, for example in the USA, Australia, India and Italy. I am also confident about private residential construction. We will have to wait and see how office and commercial construction develops. All in all, visibility remains relatively low."

Decisive for the actual extent of growth are, in particular, the further course of the coronavirus pandemic and progress with vaccinations, as well as local economic development and the extent of public and private investments.

HeidelbergCement's complete annual financial statements will be published on 18 March 2021.

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Preliminary Group figures

Key financial figures HeidelbergCement Group	January-December				Q4			
€m	2019	2020	Variance	Like-for-like[1)]	2019	2020	Variance	Like-for-like[1)]
Sales volumes								
Cement (Mt)	125.9	**122.0**	-3.1%	**-2.6%**	31.4	**31.9**	1.7%	**1.7%**
Aggregates (Mt)	308.3	**296.3**	-3.9%	**-3.2%**	75.0	**75.5**	0.6%	**1.2%**
Ready-mixed concrete (Mm3)	50.7	**46.9**	-7.4%	**-7.5%**	12.7	**12.5**	-1.9%	**-1.7%**
Asphalt (Mt)	11.3	**11.0**	-2.6%	**-3.1%**	2.9	**2.9**	0.4%	**2.3%**
Income statement								
Revenue	18,851	**17,606**	-6.6%	**-4.6%**	4,578	**4,466**	-2.5%	**2.6%**
Result from current operations before depreciation and amortisation (RCOBD)	3,580	**3,707**	3.5%	**6.1%**	968	**976**	0.8%	**6.0%**
in % of revenue	19.0%	***21.1%***			*21.2%*	***21.8%***		
Result from current operations (RCO)	2,186	**2,363**	8.1%	**11.0%**	603	**648**	7.4%	**12.9%**
in % of revenue	*11.6%*	***13.4%***			*13.2%*	***14.5%***		

1) Adjusted for currency and consolidation effects

Group areas

North America

Key financial figures North America	January-December				Q4			
€m	2019	2020	Variance	Like-for-like[1)]	2019	2020	Variance	Like-for-like[1)]
Sales volumes								
Cement (Mt)	16.1	**15.6**	-3.5%	**-3.5%**	3.9	**3.9**	2.2%	**2.2%**
Aggregates (Mt)	128.1	**125.9**	-1.7%	**-1.7%**	30.2	**31.1**	3.0%	**3.0%**
Ready-mixed concrete (Mm3)	7.7	**7.8**	0.9%	**0.8%**	1.9	**1.9**	1.8%	**2.4%**
Asphalt (Mt)	5.0	**5.0**	-1.9%	**-3.0%**	1.2	**1.2**	-0.3%	**4.4%**
Income statement								
Revenue	4,778	**4,617**	-3.4%	**-1.4%**	1,164	**1,104**	-5.1%	**3.3%**
Result from current operations before depreciation and amortisation (RCOBD)	1,042	**1,019**	-2.3%	**-0.1%**	292	**263**	-9.9%	**-3.7%**
in % of revenue	21.8%	***22.1%***			*25.1%*	***23.8%***		
Result from current operations (RCO)	664	**653**	-1.7%	**0.6%**	188	**177**	-5.6%	**0.5%**
in % of revenue	*13.9%*	***14.1%***			*16.1%*	***16.0%***		

1) Adjusted for currency and consolidation effects

Western and Southern Europe

Key financial figures Western and Southern Europe	January-December				Q4			
€m	2019	2020	Variance	Like-for-like[1)]	2019	2020	Variance	Like-for-like[1)]
Sales volumes								
Cement (Mt)	29.9	**28.2**	-5.6%	**-4.6%**	7.2	**7.5**	3.9%	**3.9%**
Aggregates (Mt)	83.5	**78.2**	-6.4%	**-7.1%**	20.0	**20.4**	2.0%	**2.0%**
Ready-mixed concrete (Mm3)	18.4	**17.2**	-6.4%	**-6.9%**	4.4	**4.6**	4.5%	**4.5%**
Asphalt (Mt)	3.6	**3.5**	-2.8%	**-2.8%**	0.9	**0.9**	8.9%	**8.9%**
Income statement								
Revenue	5,112	**4,960**	-3.0%	**-2.2%**	1,234	**1,299**	5.2%	**8.2%**
Result from current operations before depreciation and amortisation (RCOBD)	779	**859**	10.2%	**10.5%**	200	**221**	10.4%	**14.0%**
in % of revenue	15.2%	***17.3%***			*16.2%*	***17.0%***		
Result from current operations (RCO)	363	**463**	27.6%	**27.0%**	94	**123**	30.6%	**33.7%**
in % of revenue	*7.1%*	***9.3%***			*7.6%*	***9.5%***		

1) Adjusted for currency and consolidation effects

Northern and Eastern Europe-Central Asia

Key financial figures Northern & Eastern Europe-Central Asia	January-December				Q4			
€m	2019	2020	Variance	Like-for-like[1)]	2019	2020	Variance	Like-for-like[1)]
Sales volumes								
Cement (Mt)	23.9	**23.6**	-1.4%	**-0.1%**	5.7	**5.7**	0.3%	**0.3%**
Aggregates (Mt)	48.2	**48.7**	1.0%	**2.1%**	12.7	**12.4**	-2.5%	**-1.7%**
Ready-mixed concrete (Mm3)	6.8	**6.0**	-11.5%	**-9.8%**	1.7	**1.6**	-10.6%	**-9.8%**
Asphalt (Mt)								
Income statement								
Revenue	2,888	**2,854**	-1.2%	**2.7%**	719	**712**	-0.9%	**2.9%**
Result from current operations before depreciation and amortisation (RCOBD)	677	**718**	6.0%	**9.3%**	188	**178**	-5.4%	**-1.4%**
in % of revenue	23.5%	***25.2%***			*26.2%*	***25.0%***		
Result from current operations (RCO)	474	**526**	11.2%	**14.3%**	135	**130**	-3.6%	**0.3%**
in % of revenue	*16.4%*	***18.4%***			*18.8%*	***18.3%***		

1) Adjusted for currency and consolidation effects

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Asia-Pacific

Key financial figures Asia-Pacific	January-December				Q4			
€m	**2019**	**2020**	**Variance**	**Like-for-like[1)]**	**2019**	**2020**	**Variance**	**Like-for-like[1)]**
Sales volumes								
Cement (Mt)	35.8	**32.9**	-7.9%	**-8.4%**	9.6	**9.1**	-5.1%	**-5.6%**
Aggregates (Mt)	39.8	**36.1**	-9.3%	**-3.9%**	10.0	**9.6**	-3.6%	**0.2%**
Ready-mixed concrete (Mm3)	12.0	**10.6**	-11.9%	**-12.4%**	3.1	**2.8**	-9.6%	**-9.6%**
Asphalt (Mt)	2.3	**2.3**	0.6%	**0.6%**	0.7	**0.7**	-2.2%	**-2.2%**
Income statement								
Revenue	3,372	**2,998**	-11.1%	**-8.0%**	886	**802**	-9.6%	**-4.7%**
Result from current operations before depreciation and amortisation (RCOBD)	746	**694**	-7.0%	**-3.3%**	208	**203**	-2.0%	**3.1%**
in % of revenue	22.1%	***23.1%***			*23.4%*	***25.4%***		
Result from current operations (RCO)	493	**446**	-9.5%	**-5.9%**	142	**144**	1.6%	**6.3%**
in % of revenue	*14.6%*	***14.9%***			*16.0%*	***18.0%***		

1) Adjusted for currency and consolidation effects

Africa-Eastern Mediterranean Basin

Key financial figures Africa-Eastern Mediterranean Basin	January-December				Q4			
€m	**2019**	**2020**	**Variance**	**Like-for-like[1)]**	**2019**	**2020**	**Variance**	**Like-for-like[1)]**
Sales volumes								
Cement (Mt)	19.5	**21.2**	8.6%	**9.7%**	4.8	**5.5**	14.3%	**15.3%**
Aggregates (Mt)	8.9	**7.4**	-16.7%	**-16.7%**	2.3	**2.0**	-12.0%	**-12.0%**
Ready-mixed concrete (Mm3)	5.3	**5.0**	-4.7%	**-4.7%**	1.4	**1.4**	4.6%	**4.6%**
Asphalt (Mt)	0.4	**0.3**	-26.1%	**-26.1%**	0.1	**0.05**	-49.1%	**-49.1%**
Income statement								
Revenue	1,686	**1,765**	4.7%	**6.8%**	425	**456**	7.3%	**13.7%**
Result from current operations before depreciation and amortisation (RCOBD)	392	**451**	15.1%	**18.7%**	102	**129**	26.2%	**32.2%**
in % of revenue	23.2%	***25.5%***			*23.9%*	***28.2%***		
Result from current operations (RCO)	282	**342**	21.2%	**26.4%**	74	**101**	35.6%	**42.6%**
in % of revenue	*16.7%*	***19.4%***			*17.5%*	***22.1%***		

1) Adjusted for currency and consolidation effects

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Group Services

Key financial figures Group Services	January-December				Q4			
€m	2019	2020	Variance	Like-for-like[1)]	2019	2020	Variance	Like-for-like[1)]
Income statement								
Revenue	1,611	**1,010**	-37.3%	**-37.2%**	286	**252**	-12.1%	**-11.6%**
Result from current operations before depreciation and amortisation (RCOBD)	18	**24**	28.0%	**28.9%**	1	**4**	505.1%	**587.5%**
in % of revenue	1.1%	***2.3%***			*0.3%*	***1.7%***		
Result from current operations (RCO)	14	**20**	41.2%	**41.5%**	-0.5	**3**	n/a	**n/a**
in % of revenue	*0.9%*	***2.0%***			*n/a*	***1.4%***		

1) Adjusted for currency and consolidation effects

Heidelberg, 23 February 2021

Financial calendar

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

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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.

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