

Heidelberg, 4 June 2020 – Pre-version dated 29 May 2020

Annual General Meeting 2020

Report of the Chairman of the Managing Board

Dr. Dominik von Achten

Key Messages

1. New Members of the Managing Board

- Ernest Jelito, Chris Ward

2. What drives us – our “4C” guidelines

- **CONTINUE** – operational excellence, cost leadership, performance
- **CHANGE** – customer orientation, simple processes, digitalisation
- **CARE** – health & safety, sustainability, compliance
- **COLLABORATE** – teamwork, creative solutions, modern communication

3. 2019 business year – we have delivered

- Revenue and results improved, cash flow at record level, net debt reduced, premium on cost of capital earned
- Sustainability activities intensified, CO₂ emissions further reduced
- Smooth management team transition

4. Important key figures developed well

- Revenue €bn 18.9 (+4%, like-for-like +2%); result from current operations (RCO) €bn 2.2 (+9%, like-for-like +5%); profit for the financial year before non-recurring effects €bn 1.4 (+21%); ROIC (6.9%) > WACC

5. Free cash flow at record level – net debt significantly reduced

- Free cash flow at record level €bn 1.5 (+14%)
- Net debt decreased to €bn 8.4(€bn -1.2); Leverage at 2.3x (previous year: 2.7x)

6. Group areas with varying revenue and results growth

- Western and Southern Europe (revenue +4%, RCO +30%), product mix and price amendments drive growth of results
- Northern and Eastern Europe-Central Asia (revenue -1%, RCO +14%), result rises despite lower sales volumes
- North America (revenue +12%, RCO -3%), sales volumes growth for aggregates and ready-mixed concrete
- Asia-Pacific (revenue +3%, RCO +18%), results improve significantly in Indonesia and Thailand
- Africa-Eastern Mediterranean Basin (revenue +1%, RCO +0%), positive development in Morocco and sub-Saharan countries compensates for business decline in Turkey and Egypt

- 7. Good start to the year 2020 despite first COVID-19 related impact in March**
 - Revenue €bn 3.9 (-7%, like-for-like -8%), result from current operations before depreciation and amortisation €m 405 (+3%, like-for-like +2%), result from current operations €m 59 (+5%, like-for-like +4%)

- 8. Health & Safety first – caring for our employees and business partners**
 - Comprehensive hygiene measures and worldwide travel ban already from mid-February
 - Strict hygiene measures at all locations, “smart working” for office staff

- 9. Up to €1 billion cash savings through COPE action plan – depending on business development in 2020**
 - Cost savings: minimisation of non-essential expenses, voluntary salary cuts, reduction of personnel costs
 - Investments: restriction of maintenance investments to business-critical projects, postponement of ongoing projects
 - Taxes and working capital: management of working capital, suspension of tax prepayments and utilisation of loss carry-forwards and -backs

- 10. Dividend proposal adjusted to €0.60 per share – additional liquidity preserved**
 - Progressive dividend policy suspended due to high uncertainty of future development
 - Good financial profile maintained at the beginning of the crisis – additional liquidity of €m 317
 - Return to the previous progressive dividend policy after overcoming the Corona crisis (stable or rising dividend with a payout ratio of around 40%)

- 11. Significant progress in reduction of CO₂-emissions**
 - Specific net CO₂ emissions decreased by 22% compared to 1990
 - On track to reach our 2030 target of a 30% reduction in CO₂ emissions
 - Our goal is to realise carbon neutral concrete by 2050 at the latest

- 12. Internal and external process optimisation through digitalisation**
 - Remotely controlled and maintained production sites, digital exchange with customers and suppliers, automation of workflows

- 13. 2020 outlook remains uncertain**
 - Negative effects on revenue and result expected from corona crisis
 - Long-term prospects remain favourable

- 14. We see the crisis as an opportunity**
 - Focus in 2020 will be on the implementation of the COPE action plan and the continuity of our business activities
 - Definition of strategic priorities – strategy update scheduled for September 2020