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Equity Research:
Heidelberg Materials Part 1

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Abstract

This equity report evaluates Heidelberg Materials AG, a global leader in construction materials. Through detailed analysis of its operations, value drivers, and financial forecasts, we developed a valuation model incorporating methodologies such as DCF and DDM, as well as an underlying WACC analysis. Sensitivity analysis highlights the impact of key variables on valuation. Our findings suggest that the company offers attractive value, reflecting its strong market position and commitment to sustainability.

Keywords

Heidelberg Materials, Construction Materials, Cement, DAX40

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This report is part of the Joint Equity Research report on Heidelberg Materials AG (annexed), developed by Kai Kiesinger and Damian Riedmann and should be read as an integral part of it.

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Introduction

This report covers an individual part of the Joint Equity Research report on Heidelberg Materials AG (HEI), a global leader in construction materials, with the purpose of evaluating where the company's target share price is in relation to the current share price. For this purpose, a thorough qualitative and quantitative analysis was conducted, yielding a **target share price of €126.62** (plus dividend of €3.19). This implies a total upside of 3.35% compared to the current share price of €125.60 (as of December 12th, 2024). Therefore, our recommendation is **HOLD**.

The joint report is structured as follows: it starts with a broad description of the company's profile, history, business activities and its strategy moving forward. Additionally, the company description includes information on the recent financial development, the stock and M&A strategy. Afterwards, the report provides information on market and industry, specifically, macroeconomic environment, detailed market analysis and competitive analysis (both by geography) as well as prevalent trends. Thereafter, we outline the main risks, HEI is currently facing, followed by a detailed overview of ESG considerations. Afterwards, we outline the value drivers and respective forecasts we have identified and conducted throughout our analysis. Those include number of production plants, average tons sold per plant, price per ton sold (all three feeding into our bottom-up forecast), business performance and margin progression, capital expenditures, working capital management and dividends and capital structure. The report is then completed by a thorough description of the valuation methodologies applied to arrive at our target share price, including WACC computation, DCF analysis, respective sensitivity analysis and scenario analyses, CCA analysis, CTA analysis, DDM analysis, APV analysis, LBO analysis and a Monte Carlo Simulation. We then conclude our report with a recommendation regarding the company's valuation.

This individual report covers company description, value drivers and forecasts, and certain parts of the valuation chapter (WACC, DCF, sensitivity analysis, DDM).

The individual report of my pair Damian Riedmann covers the market and industry overview, main risks, the remaining parts of the valuation chapter (scenario analysis, CCA analysis, CTA analysis, APV analysis, LBO analysis and the Monte Carlo Simulation) and, finally, our final recommendation.

Company Overview

Company Description



Globally active and a leading player in the construction materials industry

Heidelberg Materials focuses increasingly on sustainability

Heidelberg Materials AG (also “HEI”) is a manufacturer and distributor of an array of building materials for a diverse range of applications. The core activities of production of construction materials are complemented by related activities such as trading of materials. The company was **established in 1873 in Heidelberg, Germany** where it remains in headquarters until this day. Its business activities reach a global customer universe, with production facilities in more than **50 countries** and around **2,700 locations globally, employing 51,000 people**.

Since its founding in 1873, Heidelberg Materials has evolved from a local cement manufacturer in Heidelberg, Germany, into a **global leader in the construction materials industry**. The company’s early success was built on innovation, introducing groundbreaking cement products that addressed the growing demand for durable construction materials during industrial expansion. Over the decades, HEI pursued strategic international growth, entering new markets and expanding its portfolio through acquisitions and partnerships. This allowed the company to develop a comprehensive network of production facilities and supply chains, solidifying its position as a **trusted provider of high-quality building materials**. Today, the company leverages its rich history of innovation and global reach to remain at the forefront of **sustainable construction solutions**.

Heidelberg Materials products and services are applied in the **construction of housing, facilities for commercial and industrial use as well as infrastructure**. The business model incorporates the entire value chain from extraction of the materials to the recycling after the demolition of the construction. The company started as an innovating manufacturer of a new cement material and remains its strong research and development activities to date. Today, most of the company’s research and development of products evolves around the topic of **sustainability** and especially **circular economy**. Circular economy is the idea that in the demolition of constructions, the demolition is selective, allowing the companies to separate the materials into aggregates which can then be recycled in the production of fresh concrete, as well as recycled concrete paste which can then flow straight in the production of cement, also serving as a base material for fresh concrete. This process saves resources for the production of concrete, including sand and gravel. For example, HEI’s ReConcrete 360° pilot program separates concrete waste into its components, recovering valuable low-carbon materials while maintaining the quality of non-recycled products.

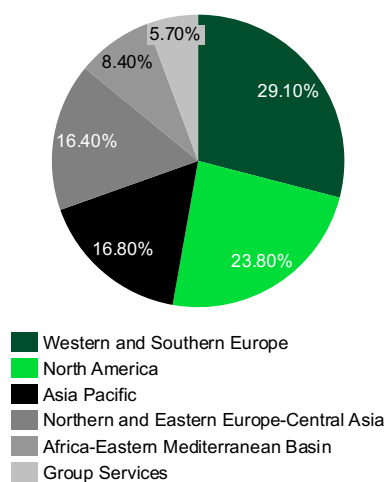


Figure 1: Sales split by group area FY 2023

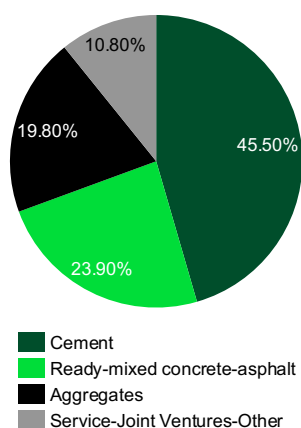


Figure 2: Sales split by product FY 2023

Its business activities are divided into **different Group areas**, separated both by the business lines as well as the geography. The geographic splits were **Western and Southern Europe, Northern and Eastern Europe-Central Asia, North America, Asia-Pacific** as well as **Africa-Eastern Mediterranean Basin**. As of January 2024, most of the Northern and Eastern Europe-Central Asia Group region has been merged with Western and Southern Europe to create the **Europe** Group area.¹ The largest share of sales in FY23 has been made in Western and Southern Europe, where the company is headquartered. North America is the second largest, Asia Pacific the third largest. The Northern and Eastern Europe-Central Asia area also makes up a significant share, while Africa-Eastern Mediterranean Basin and Group Services are the smaller business lines. Within those geographies there are the different operational business lines, those being: **Cement** business line, **Aggregates** business line, **Ready-mixed concrete-asphalt** business line and the **Service-joint ventures-other** business line. Those divisions are then supplemented by a **Group Services** business unit, primarily comprising the Group's trading activities. In the most recent FY23, the Cement business line was by far the most important to the Group. Sales of the ready-mixed concrete-asphalt and Aggregates business lines together make up slightly less than the Cement business and the Service-Joint Ventures-Other business line is the smallest of the business lines in FY23.

The managing board of Heidelberg Materials AG comprises nine members who collectively oversee the company's strategic and operational governance. Led by **Dr. Dominik von Achten, the Chairman** since 2020, the board includes the **Chief Financial Officer, René Aldach**, the newly created position **Chief Technical Officer, held by Axel Conrads**, as well as regional heads for the key geographic areas (Europe, Asia, North America, and Africa-Mediterranean-Western Asia) and leaders responsible for critical functions such as sustainability, digitalization and technology. Responsibilities of the managing board were adjusted to match the recent change in the split of business activities. The board members are appointed by the Supervisory Board for terms of up to five years, with responsibilities spanning areas such as investor relations, human resources, and regulatory compliance. This structure enables Heidelberg Materials to maintain a balanced focus on global strategy, innovation, and regional market needs. For more details on the board, please refer to Appendix 1.

As Heidelberg Materials is included in several major indices (further details will be provided below), the company attracts **significant interest from institutional investors**, resulting in a **highly diversified shareholder base**. 69.4% of the

¹ A slightly new split was introduced over the course of FY24, however, since all historic financials apply the old split, we will be applying the old split for the sake of forecast accuracy.

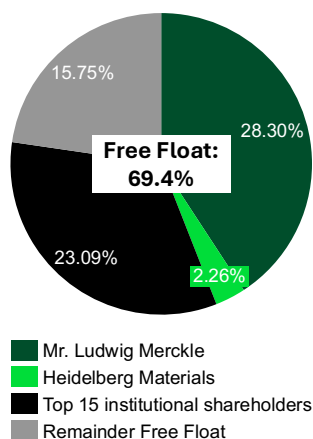


Figure 3: Shareholder structure

shares of Heidelberg Materials are traded publicly as freefloat. **Ludwig Merckle**, member of Supervisory Board as well as Chairman of the Personnel Committee and chairman of the Merckle Group, is the largest and an anchor shareholder in the company holding significantly more than the largest 15 institutional shareholders combined. The Merckle Group has a broad network of shareholdings, primarily in the pharmaceutical industry in addition to building materials and engineering.

Recent Financial Development

In the **first nine months of 2024**, Heidelberg Materials experienced a decline in revenue but an improvement in operational results and margins. HEI generated **sales of €15,570m**, which was 3% less than in 9M 2023 (€16,083m). This decline was primarily due to reduced volumes across all group areas, triggered by the economic downturn in Europe and unfavorable weather conditions in North America. **Operating EBITDA**, on the other hand, increased from €3,179m in 9M 2023 to **€3,280m in 9M 2024**, resulting in a **positive margin effect** of 106 bps from 19.8% to 20.8%.

Sales in Europe fell slightly by 2.7%, due to weaker demand in key countries, but at the same time only partially offset through demand recovery in Eastern Europe. The RCO (result from continuing operations) **margin fell slightly from 14.7% to 14.2%**, even though Q3 was better at 18.0%, driven by positive price over cost. At the same time, sales in North America increased by 0.5%, mainly due to new acquisitions and favorable price developments. The RCO margin increased strongly from 15.8% to 19.1%, driven by solid price development and disciplined cost management. In addition, the company benefited from **highly accretive mergers and acquisitions** in North America, which delivered strong returns.

In Asia-Pacific, sales fell by 5.2%, but the RCO margin remained at 10.2% due to a challenging market environment that put pressure on both demand and pricing, with a positive effect from stable business development in Australia. For Africa-Mediterranean Basin-West Asia (AMEWA), revenue fell by 6.2%, while the RCO margin fell by just 0.7% to 19.1%. Even the third quarter, with a slight increase in revenue and good cost management, was unable to make up for this, due to **devaluation impacts** as a result of a difficult geopolitical and macroeconomic environment in the months before.

Overall, management raised the outlook for the result from continuing operations (RCO) in 2024 slightly, from €3.0-3.3bn to €3.1-3.3bn, with a ROIC of around 10%. Despite lower volumes and declining sales, Heidelberg Materials improved its EBITDA and operating margins in the first nine months of 2024 through effective cost management, strategic price increases and strong contributions from recent

Year	Revenue Development		Change in %
	9M 2023	9M 2024	
Europe	7,291	7,094	(2.7%)
North America	3,956	3,975	0.5%
Asia-Pacific	2,759	2,615	(5.2%)
AMEWA	1,756	1,647	(6.2%)
Group Services	1,019	1,015	(0.4%)

Figure 4: Revenue development by region for 9M 2023 and 9m 2024

Improved margins through efficient cost management despite volume decline in 9M 2024

investments. The company's strategic measures, including portfolio optimization and sustainability initiatives, have had a positive impact on the financial performance.

HEI maintains a balanced capital structure with **total equity at 52.5% of its balance sheet** and a reduced net debt of €6.8bn at the end of H1 2024. The company enhanced its financial flexibility by **issuing two green bonds** throughout 2024 with a **total value of €1.2bn**, resulting in a leverage of 1.5x and underscoring its robust financial position.

Heidelberg Materials Stock

Heidelberg Materials has been listed since 1889 on the Frankfurt stock exchange and is a **member of the DAX40** (then DAX 30) since June 2010, a German index comprising the countries' 40 largest companies on the stock exchange. This makes it the only construction and construction materials company within Germany's largest 40 companies. Besides the DAX40, the company is also a member of the **S&P Global 1200 Construction Materials Index** as well as the **STOXX Europe 600 Construction & Materials Index**. Additionally, it is a member of the sustainability indices **FTSE4Good Europe** and **DAX 50 ESG**. When comparing the development of Heidelberg Materials with the DAX40 and the MSCI Construction Materials Index (both of which HEI uses as a benchmark), it becomes evident that while HEI fluctuates similarly to these indices, its overall growth trend, however is weaker, with the exception of the last 2 years.

As of the end of December 2023, the market capitalization of HEI was at around €16.6bn, which is up significantly from €10.92bn in December 2022. This movement was mainly driven by a raised outlook for FY23, a completed share buyback, record results in FY23 as well as the increasing focus on sustainable products. The share also rose sharply in the fourth quarter of 2024, mainly due to the good quarterly results and positive analyst opinions (average target share price as of November 2024: €130.58), resulting in a **market cap of €22.5bn** as of December 12th, 2024.²

Stable payout ratio over the last years

With the exception of FY19, Heidelberg Materials has maintained a **payout ratio of around 30% over the recent years**. For FY19, HEI intended to distribute a dividend of €2.20 per stock, however, adjusted the dividend to €0.60 per share in light of the Covid-19 crisis and the concomitant global uncertainty. The medium-term **target for the payout ratio remained at 40%**. Additionally, the company has announced a **second share buyback program** in February 2024, with a **total value of €1.2bn and a maturity of three years**, consisting of three tranches in which the buyback is to be concluded. This is in line with the company financial

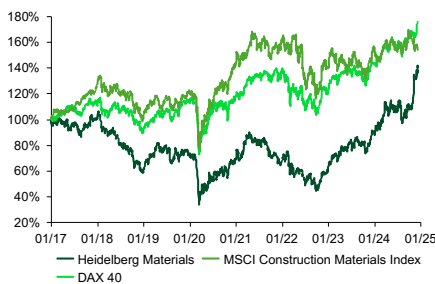


Figure 3: Share price development over the last 5 years (indexed)

² Finanzen.net, "November 2024: Das sind die Expertenmeinungen zur Heidelberg Materials-Aktie"

policy and is in relation to the successful reduction of net debt, the strong performance in the previous year as well as participating investors in the company's success. This buyback will take place on the stock exchange and comes after a buyback program announced in August 2021 was concluded in October 2023 with a total volume of €998m (including transaction costs). The **first tranche of €350-400m** the buyback program will be finalized by the end of FY24.

M&A Strategy

M&A activities with a focus on sustainability as well as expansion in the U.S. market

Heidelberg Materials' M&A strategy focuses on **expanding its portfolio in the core and recycling sectors**, with a strong emphasis on targeted, smaller acquisitions in its main markets of the USA and Europe. Recent acquisitions, such as Aaron Materials (concrete recycler) and Bristol & Avon Transport (aggregate recycling company), highlight the company's **commitment to sustainable and recycled materials**, aligning with its climate targets and dedication to a circular economy. Additionally, several transactions in the USA have further strengthened its geographic footprint. At the same time, HEI is optimizing its portfolio by divesting less strategic assets, such as transport and mining activities. The strategy combines sustainable growth, regional consolidation, and a focus on future-oriented segments like sustainability, digitalization, and decarbonization. While the company is open to deals of various sizes, larger transactions will remain limited to its core markets. Transactions are typically executed at 6-8x EV/EBITDA before synergies.³ Importantly, every transaction must contribute to net profit, and HEI has committed not to raise equity for acquisitions. This **selective approach** balances portfolio optimization with targeted growth, ensuring alignment with the company's long-term strategic goals. An overview of all M&A transactions completed YTD FY24 can be found in Appendix 2.

Value Drivers and Forecasts

In order to obtain an accurate revenue forecast, we have primarily relied on a detailed bottom-up approach. In our opinion, the most important revenue drivers can be broken down into the number of production plants, the average output of metric tons per plant as well as the price per metric ton sold. For the sake of simplicity, we assume that the number of tons produced is equal to the number of tons sold.

Heidelberg Materials has set itself the goal of becoming the **leading technology group** in the construction materials industry. Digital solutions will primarily contribute to the company's growth and increase efficiency in production and administration. The strategy is based on the pillars HConnect, HProduce and

³ JPMorgan, "Heidelberg Materials"

A new initiative is intended to reduce costs on the future

HService: By 2025, more than 75% of the global sales volume is to be handled digitally via HConnect, while HProduce and HService are aimed at efficiency and cost reduction in production and administration.

In November 2024, management introduced the “**Transformation Accelerator**” initiative. This is primarily intended to drive the transformation towards sustainable products and profitable growth. The focus is on optimizing the production network, further efficiency improvements and global technical initiatives, with a particular focus on the cement network in Western Europe. The initiative is expected to contribute €500m annually to earnings by the end of 2026. As HEI is seen as a cost savings benchmark in the industry,⁴ we believe that this initiative is likely to be a success.

As Heidelberg Materials not only appears to be aware of all these changes in the construction materials industry with regard to digitalization and sustainability, but is also proactively addressing them, we believe that the company is well positioned for the future, not only to keep pace with its competitors, but also to be seen as a pioneer in the construction materials industry in the future.

Number of production plants

Heidelberg Materials operates a vast network of production sites worldwide, which are pivotal to the company's strategy for maximizing capacity as a key value driver. The company has approximately **130 cement plants**, around **130 quarries** and aggregate pits (segment aggregates), nearly **1,310 ready-mixed concrete production facilities** globally and a further **600 joint ventures** (according to the annual report, the majority comprises aggregates and concrete plants, for simplicity, we assume an equal split between the two) and a 50% share of own production, which results in 300 own plants). This extensive network enables HEI to respond effectively to market demand, utilizing its large-scale production capabilities to maintain and grow its market share across different regions. Heidelberg Materials' plants are strategically located near key markets, optimizing production to serve local demand within **200 km for cement** and **100 km for aggregates**, ready-mixed concrete, and asphalt, ensuring cost-effective distribution and rapid market response.

The **total number of plants has declined over time**, driven by portfolio optimization, which regularly involves the sale or closure of locations. We believe this trend will continue in the next few years. After, it will turn around in order to meet the rising demand for sustainable construction materials products and the resulting new production requirements.

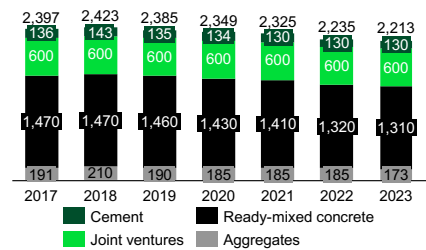


Figure 4: Development in number of production plants

⁴ Olivares, Fabrizio. “Heidelberg Materials – Strategic Growth & Margin Outlook”

Average tons sold per plant

As already mentioned, the total number of tons sold at Heidelberg Materials is subject not only to cyclical fluctuations, but also to a variety of global influences, particularly in the real estate and construction sectors. Currently, **sales figures are still below the level before the Covid-19 pandemic** and have been affected by various factors in recent years, as described above.

We expect a **slight, continuous improvement in tons sold per plant**, driven by portfolio optimization and new initiatives. Heidelberg Materials is undertaking significant projects to **expand and modernize production capacity**, with a strong focus on sustainability. These efforts not only enhance output per plant but also ensure alignment with sustainable practices and regulations, reinforcing the company's long-term value creation potential.

Price per ton sold

In order to forecast unit prices per metric ton, we focus on the company's three main product categories: cement, aggregates and ready-mixed concrete & asphalt. As no more precise split is available for the last category, we consider ready-mixed concrete and asphalt together. Heidelberg Material's business model is exposed to the raw material price volatility, so the price set by the company is primarily driven by the input prices. In the construction material industry, there is no significant potential for differentiation, which means that the demand is only impacted by the pricing of the product, which means that sometimes not all of the price increases can be forwarded to the customer as an increase in the price of the final product. However, due to the large number of locations worldwide and the solid standing in the industry, the average unit prices of HEI show moderate growth with a **CAGR of 5.4% for cement, 4.6% for aggregates and 5.2% for ready-mixed concrete & asphalt** over the historical period.

According to industry experts, 2024 was a challenging year for cement and concrete manufacturers, characterized by falling prices, and further price declines are expected over the next two years.⁵ Nevertheless, we believe that Heidelberg Materials will be able to leverage its strong market position after this period to implement strategic, however, moderate, price increases, as it has successfully done in the past. Given the current difficult situation in the industry, **we expect prices to continue to fall until 2026, but to rise moderately thereafter**, driven by the shift to a more sustainable business model and an associated price premium. From 2030, more and more competitors will also be able to offer sustainable cement and concrete on a large scale, which is why the price level will

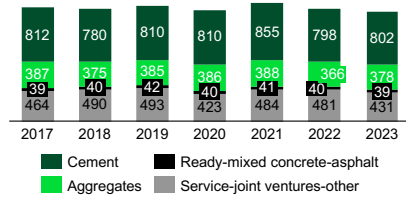


Figure 5: Development in output per plant per segment (in thousand metric tons)

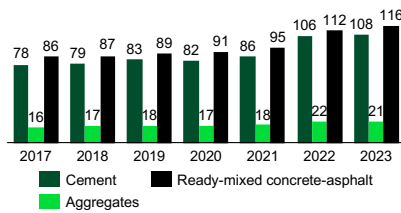


Figure 6: Development of revenue per ton per product group (in €)

⁵ Pissort, Mathieu, "Low-CO2 & Recycled Ready-mix Concrete – Road to Adoption"

decrease and remain slightly above the ECB's long-term inflation target of 2%. We project equal growth for cement and aggregates, with slightly slower growth for ready-mixed concrete -asphalt until 2030.

Business performance and margin progression

Between 2017 and 2023, sales of Heidelberg Materials grew with a **CAGR of approximately 3.5%**, with an **average EBITDA margin of 18.9%** (disregarding 2020, as the margin was negative).

Despite an expected decline in sales in the next two years (after which sales will grow steadily, mainly due to rising costs), we expect the EBITDA margin of Heidelberg Materials to increase slightly in these two years, mainly due to cost-cutting measures such as the “Transformation Accelerator”. However, we do not expect the company to achieve its **target of a 22% EBITDA margin by 2025**. In the upcoming years, HEI should have a competitive advantage due to its focus on more sustainable products, which will have a positive impact on margins. However, this is more and more offset due to increasing price pressure and a growing number of competitors in growth regions such as Asia. Moreover, in the long term, it is expected that other competitors will also increasingly focus on sustainability and that this advantage will therefore diminish. Therefore, we forecast a slight decline in the EBITDA margin to just under 19% over the period.

While revenues are rising, margins will fall in the long term due to price pressure and a shrinking competitive advantage

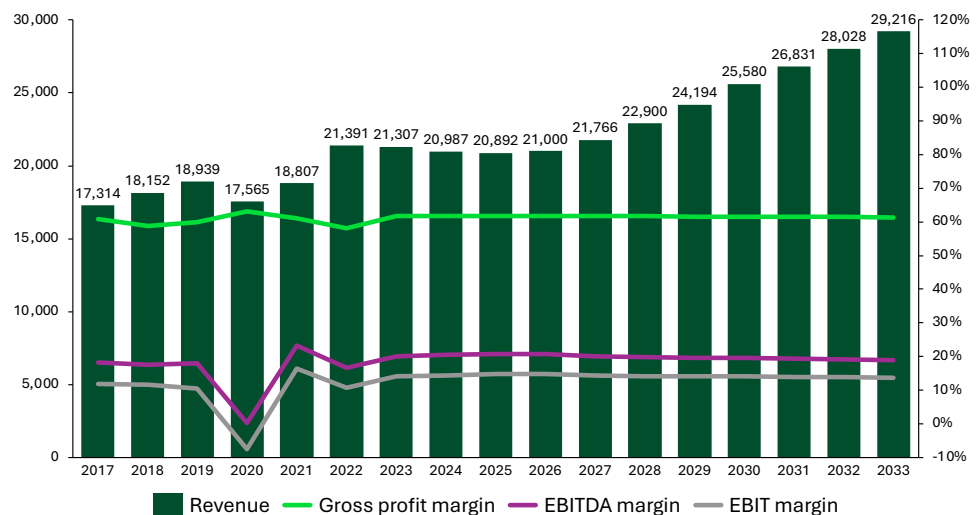


Figure 7: Revenue as well as margin development

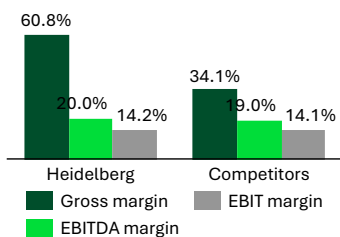


Figure 8: Margin comparison (2023)

Compared to its peer group, Heidelberg Materials is within the range and slightly above the competitor median with an **EBITDA margin of 20.0%** (competitor: 19.0%) and an **EBIT margin of 14.2%** (competitor: 14.1%). The large difference in the gross margin can be explained by a different accounting policy in Germany, especially as the remaining margins are in line.

Capital expenditures

Capex is mainly driven by investments for the production of sustainable cement

In the past, **capital expenditure (capex)** has ranged between 6% and 8% of sales, with a peak in 2021, with a slightly increasing trend visible. This results in approximately €1.5bn annually over the historical period to ensure efficient operations and alignment with market demands. The company plans to invest an additional amount of **€1.74bn until 2030 for the production of sustainable cement**, which is why we expect a slight increase in capex from 2024 onwards. At the same time, we believe that the ongoing modernisation and efficiency improvements, the extensive production infrastructure, as well as the ambitious sustainability targets mentioned above, will have a lasting impact on capex, which means that we expect it to rise. When looking at property, plant and equipment, we see a slight upward trend, although this was very much interrupted by Covid-19, which is why the amounts are not at the pre-pandemic level until 2023. Finally, and due to the focus on sustainability and the associated investments, we expect capex to increase moderately over the next few years. in line with the portfolio optimization strategy and the aforementioned “Transformation Accelerator” strategy, which initially leads to a higher, but slowly decreasing expansion capex. Towards the end of the forecast period and in the long term, we assume that capex will slowly approach a sustainable maintenance investment level.

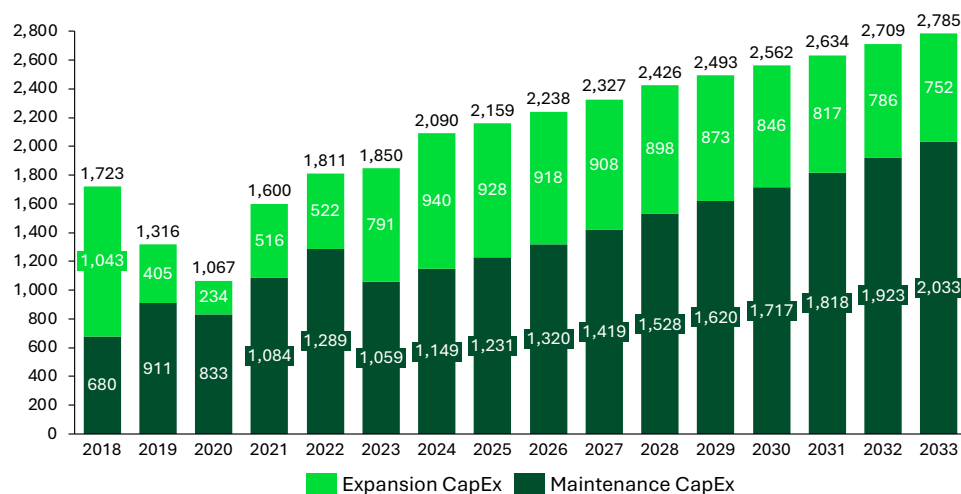


Figure 9: Capex development

Overview of Working Capital Management

Working Capital is a key metric in the analysis of cash management, derives the Cash Conversion Cycle (CCC) and can be benchmarked against industry competitors. To better understand the operational performance of Heidelberg Materials and in order to forecast, we compare its working capital metrics to those of its core peer group.

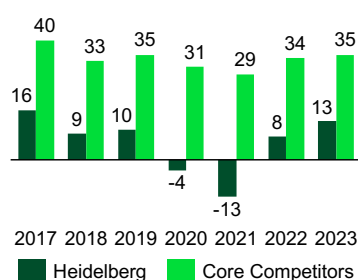


Figure 10: Development of CCC

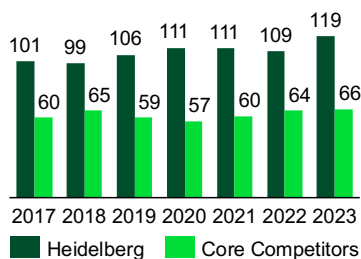


Figure 11: Development of DIO

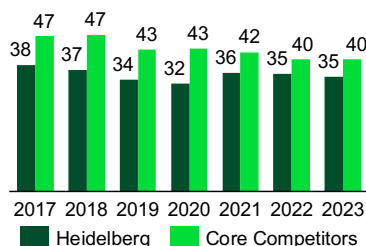


Figure 12: Development of DSO

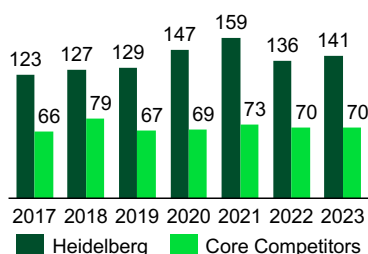


Figure 13: Development of DPO

Heidelberg Materials has high **Days Inventory Outstanding (DIO)**, increasing **from 101 to 119 days** over the historical period. Competitors only increase from 60 to 66 days in the same period. With the shift towards a circular economy, we expect inventory levels to decline in the long term. However, weak demand in the near term is likely to keep inventories elevated, leading to a modest increase in the average over the next two years, followed by a gradual decrease thereafter.

On the other hand, HEI is very efficient when it comes to collecting money from customers. **Days Sales Outstanding (DSO)** fall from **38 to 35**, in the same period the competitors are slightly below from 47 to 40 days. This indicates that Heidelberg Materials is relatively efficient in collecting payments from its customers, contributing to more effective cash flow management. We believe that HEI will be able to maintain this level and even decrease it slightly due to its good standing in the industry.

Additionally, Heidelberg Materials maintains a notably **high Days Payable Outstanding (DPO)**, averaging **138 days** in the historical period, compared to the peer group average of just 71 days. This suggests that HEI is using its strong market position to extend payment terms with suppliers, thereby optimizing its cash flows. We assume that this will remain unchanged in the future, especially since demand is not expected to increase significantly in the coming years, which offsets Heidelberg Materials strong position with his suppliers. Therefore, we use the 141 days (as of the last period) for the forecast. Overall, this is expected to result in a slightly improved cash conversion cycle of approximately 2 days over the forecasted period, driven primarily by effective working capital management and HEI's strong position within the industry, despite weaker expected market conditions in the near future.

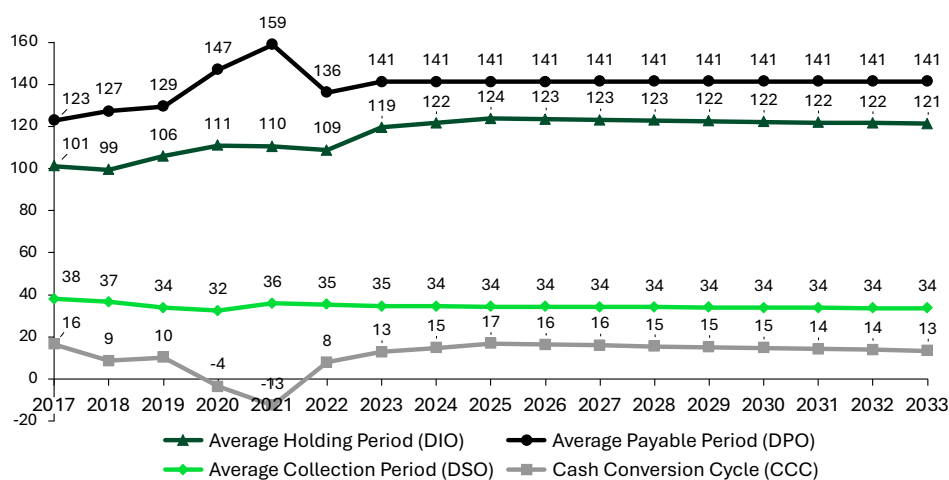


Figure 14: Development of the Cash Conversion Cycle (CCC)

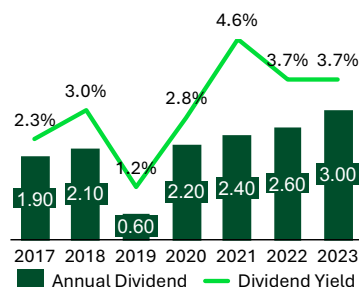


Figure 15: Development of Dividend and Dividend Yield

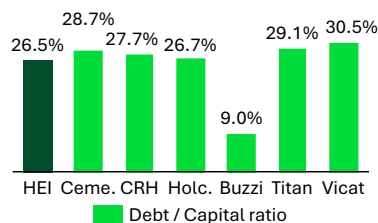


Figure 16: Comparison of Debt to Capital ratio

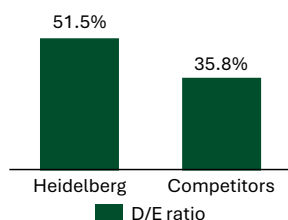


Figure 17: Comparison of D/E ratio

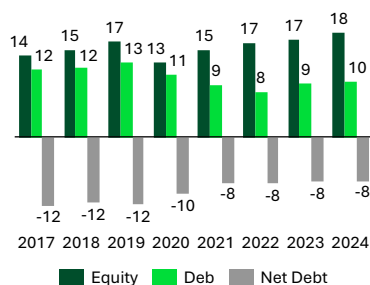


Figure 18: Equity, Debt and Net Debt development

Dividends and Capital Structure

Heidelberg Materials pursues a progressive dividend policy with the aim of increasing the dividend annually, which is why in 2023 the company increased the dividend for the fourth year in a row, from €2.60 in the previous year to **€3.00 per share**.

In cyclical sectors such as building materials, a progressive dividend policy signals stability, which is attractive to investors in the long term. The medium-term target for the payout ratio is approx. 40%. As HEI also has a large number of free-float shareholders we do not expect any changes to the current dividend policy in the future.

With 26.5%, the debt-to-capital ratio is in line with the market average compared with its competitors. Since HEI placed two green placements in the course of the year (each with a volume of €700m and €500m), making them the first European producer in the construction materials industry to do so, we believe they are well positioned financially for the future. In term of debt-to-equity ratio, HEI is above its competitors, which is why we assume that the ratio will fall and align somewhat over the next few years. This development can already be seen in the historical figures.

Valuation

To value Heidelberg Materials, we applied a comprehensive set of valuation methodologies. For the direct valuation of the company, we conducted a **Discounted Cash Flow (DCF)** analysis and a **Dividend Discount Model (DDM)**. Additionally, an **Adjusted Present Value (APV)** analysis was performed. Given our expectation that the company's future capital structure will be based on a Debt-to-Equity ratio, the DCF analysis is considered more relevant, as the APV model assumes a fixed debt level, which we view as an unlikely scenario. To establish a conservative baseline valuation, we conducted a **Leveraged Buyout (LBO)** analysis. Beyond direct valuation methods, we employed relative valuation approaches, including **Comparable Company Analysis (CCA)** and **Comparable Transaction Analysis (CTA)**, to benchmark the company's value against peer companies and recent market transactions. To enhance the robustness and reliability of our valuation framework, we also incorporated a **Monte Carlo simulation**.

WACC

The weighted average cost of capital (WACC) is a result of weighting its components, cost of equity and cost of debt, according to the company's capital

structure. Applying the components as outlined below results in a **WACC of 6.7%**.

- Cost of equity

The dual approach to calculating the cost of equity produces a result of 8.9%.

For Heidelberg Materials, we see a peer group beta as the better choice. Heidelberg Materials operates in a market that is highly dependent on the general economy and infrastructure projects. Here, the peer group beta offers a better and more stable overall assessment of the market risk, especially as there are well comparable peers. We use the same competitors for this as for the CCA and derive at a **beta of 1.2x**. KPMG recommends a market risk premium of 6.75% for Germany.⁶ However, we also calculated an alternative version based on the 10-year German government bond yield of 2.13% (sourced from Capital IQ) and a market return derived from the average annual DAX40 performance over the past 10 years, amounting to 6.6% and finally resulting in a market risk premium of 4.6%. By averaging this with KPMG's recommendation, we arrive at a **market risk premium of 6.8%**. Using the CAPM formula, we therefore obtain **cost of equity of 8.9%**. This dual approach minimizes reliance on a single source and reduces potential bias.

- Cost of debt

Cost of debt was determined based on the market yield of the company's most recent bonds.

For the cost of debt, we looked at the last five issued bonds from HEI. Each bond is a corporate note and senior unsecured. We calculate an average **current market yield of 3.1%**, and use this as the cost of debt. For the tax rate, we took the average of the effective tax rate of the last 5 years (with the exception of 2020, as this value was negative, and we therefore do not consider it to be meaningful). Therefore, the **tax rate is 24.9%** and the **cost of debt after tax is 2.3%**.

Discounted Cash Flow Analysis

The Discounted Cash Flow (DCF) analysis is a common valuation method that estimates the present value of an asset by discounting its expected future cash flows back to their present value using a discount rate that reflects the riskiness of these cash flows. This approach is grounded in the principle that the value of an asset is the present value of the expected cash flows it will generate over time. Part of a valuation using the DCF is the determination of the Terminal Value to account for the value of all cash flows after the forecast period. A common methodology, and the one used in this valuation of Heidelberg Materials, is the **Gordon Growth Model (GGM)**.⁷ As the appropriate discount rate of HEI, we have used the WACC derived in the previous section, reflecting HEI's specific capital structure in the calculation. The DCF requires a calculation of the Free Cash Flows

⁶ KPMG, „Market risk premium as at 30/09/2024“

⁷ Damodaran, Aswath. "Valuation Approaches and Metrics: A Survey of the Theory and Evidence"

The DCF analysis results in a share price of €135.24

of a company, which have been conducted using the **reformulated financial statements** and are a result of the Core result, Change in Core Invested Capital, Non-core result and Change in Non-Core Invested Capital.

For the terminal growth rate, we assumed the long-term growth to be in line with the ECB's **long-term inflation target of 2%**,⁸ but, additionally, also considered the company's **RONIC**. The Terminal Value in our DCF analysis accounts for just **59% of the Enterprise Value**, which is attributable to our extended forecast period. This makes the result of the DCF more accurate overall. The valuation of the Free Cash Flows provides the value of the Core business, while the Non-core business was considered by adding the Non-core Invested Capital to the value from the DCF. Afterwards, the Net financial assets were deducted to account for net debt to compute the value of the equity and the share price. The number of shares outstanding considered for the computation of the share price is derived under the assumption that the **current share buyback program is finalized**, using an average share price of €125.60. Finally, **the share price for Heidelberg Materials resulting from the DCF analysis is €135.24**, suggesting a slightly higher share price than the current level.

Sensitivity Analysis

As the previously calculated variables in the valuation methodologies can significantly change the final share price, we use several scenario analyses to estimate the impact of a change in those variables. For the WACC, we have identified the **cost of equity and the levered beta as major influencing factors**. The beta in particular offers a large variance, which is why we base it on the median of HEI's peer group in order to avoid distortion from statistical outliers.

		Cost of Equity							Beta Levered				
		6.9%	7.9%	8.9%	9.9%	10.9%			0.7x	1.0x	1.2x	1.5x	1.7x
D/(D+E) ratio	24.34%	5.8%	6.6%	7.3%	8.1%	8.8%	D/(D+E) ratio	24.34%	5.2%	6.3%	7.3%	8.4%	9.5%
	29.34%	5.6%	6.3%	7.0%	7.7%	8.4%		29.34%	5.0%	6.0%	7.0%	8.0%	9.0%
	34.34%	5.4%	6.0%	6.7%	7.3%	8.0%		34.34%	4.8%	5.7%	6.7%	7.6%	8.5%
	39.34%	5.1%	5.7%	6.3%	6.9%	7.6%		39.34%	4.6%	5.5%	6.3%	7.2%	8.0%
	44.34%	4.9%	5.4%	6.0%	6.6%	7.1%		44.34%	4.4%	5.2%	6.0%	6.8%	7.6%

Figure 17: Sensitivity analysis WACC

The same applies to the DCF, where **terminal growth and WACC in particular have a strong influence on the share price**, while the impact of RONIC is comparatively lower. A higher WACC, and therefore a higher discount rate, results in a significantly lower share price. The strongest impact of this change is on the Terminal Value, which accounts for a large part of the Enterprise Value and consequently the share price. The RONIC is considered in the determination of the

⁸ ECB, "Inflation and consumer prices"

Terminal Value and has only a slight impact on the implied share price – a higher RONIC implies a higher share price.

		Terminal Growth							Terminal Growth				
		1.0%	1.5%	2.0%	2.5%	3.0%			1.0%	1.5%	2.0%	2.5%	3.0%
WACC	5.67%	162.6	168.7	176.3	186.5	200.4	RONIC	7.65%	128.1	129.5	131.1	133.2	135.9
	6.17%	144.6	148.5	153.4	159.5	167.6		8.15%	129.0	130.9	133.3	136.3	140.0
	6.67%	129.8	132.2	135.2	139.0	143.7		8.65%	129.8	132.2	135.2	139.0	143.7
	7.17%	117.3	118.8	120.6	122.8	125.4		9.15%	130.5	133.4	137.0	141.4	147.0
	7.67%	106.7	107.6	108.5	109.6	111.0		9.65%	131.1	134.4	138.5	143.5	149.9

Figure 20: Sensitivity analysis DCF

With a constant WACC, the share price is most dependent on the terminal growth rate as this impacts the Terminal Value. In our approach, we use a conservative terminal growth rate in line with inflation expectations of 2% and refrain from assuming long term growth higher than the economic forecast.

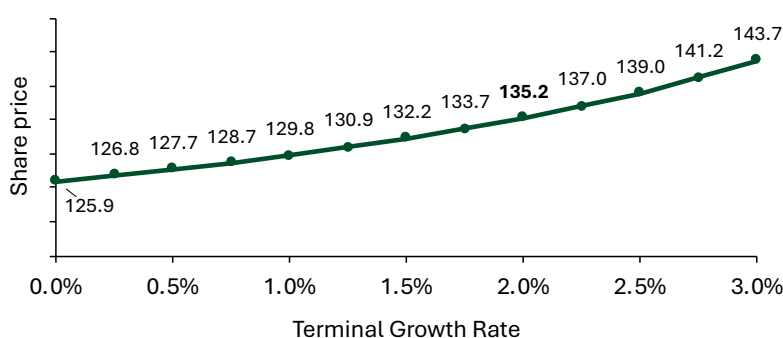


Figure 18: Development of share price depending on the terminal growth rate

Dividend Discount Model

A valuation methodology, **valuing the equity** of the company is the Dividend Discount Model (DDM), where future expected dividends are discounted using the cost of equity as the appropriate discount rate³⁵. The company states that it will be targeting a **payout ratio of 40%** in the future, implying that 60% of the profit attributable to Heidelberg Materials shareholders will be reinvested in the company to drive growth while the remainder is paid out to investors. For this reason, the terminal value is based on a growth rate of 4.9%, which can be derived from multiplying the share of profits remaining in the company with its Return on Invested Capital (ROIC). Additionally, we considered the current **share buyback program of €1.2bn throughout FY24 – FY26**, of which the first tranche of around €400m will be finalized in FY24. Further, we made the likely assumption, that HEI, due to its strong focus on shareholder value, will introduce **another share buyback program of €1.5bn in FY27 with a maturity of three years**. The share price suggested by this analysis is **€83.12**, which is significantly lower than the current share price.

The DDM indicates a share price of €83.12

Appendix

Appendix 1: Overview of the managing board

Name	Role	Board member since	Appointed until	Nationality	Birth year
Dr Dominik von Achten	Chairman of the Board	2007	Jan 25	German	1965
René Aldach	Chief Financial Officer & Australia	2021	Aug 29	German	1979
Roberto Callieri	Asia	2024	Dec 26	Italian	1963
Axel Conrads	Chief Technical Officer	2024	Jan 27	German	1975
Hakan Gurdal	Africa-Mediterranean-Western Asia	2016	Jan 29	Turkish	1968
Dr Nicola Kimm	Chief Sustainability & New Technologies Officer	2021	Aug 24	Canadian/ German	1970
Dennis Lentz	Chief Digital Officer	2021	Aug 29	German	1982
Jon Morrish	Europe	2016	Jan 29	British	1970
Chris Ward	North America	2019	Aug 28	American	1972

Appendix 2: Overview of YTD 2024 M&A deals of Heidelberg Materials

Announced Date	Type	Target	Target Country	Description
28.11.24	Acquisition	Giant Cement	USA	US-based manufacturer of cement, concrete and aggregate. Transaction value of €569.85m
30.07.24	Acquisition	Carver Sand & Gravel	USA	Sand & gravel supplier.
16.07.24	Acquisition	Highway Materials	USA	A construction materials company.
16.07.24	Acquisition	Victory Rock	USA	Producer of high-quality aggregates for concrete and asphalt.
15.07.24	Acquisition	Moroni SA	France	Company specialized in the extraction, processing and sale of sand, gravel and construction materials.
01.07.24	Acquisition	Aaron Materials	USA	Concrete recycler and materials producer.
17.05.24	Acquisition	Bristol & Avon Transport & Recycling	UK	Construction soil and aggregate recycling company.
05.04.24	Sale	Hanson Quarry Products Europe	UK	Ready mix concrete and aggregates production, supply and distribution business including three quarries and four concrete plants.
05.04.24	Sale	Mining Assets (Needingworth Quarry)	UK	Mining assets.
29.01.24	Acquisition	Smiths Concrete	UK	Manufacturer of ready-mixed concrete and mortar, the extraction of sand and gravel and the operation of a land-fill site for household and commercial waste.
11.01.24	Sale	Heidelberg Materials (Transport operations)	France	Transport operations in Airvault, France.
11.01.24	Sale	Heidelberg Materials (Transport operations)	France	Transport operations in Beaucaire and Bussac, France.

Appendix 3: Overview of the CCA results

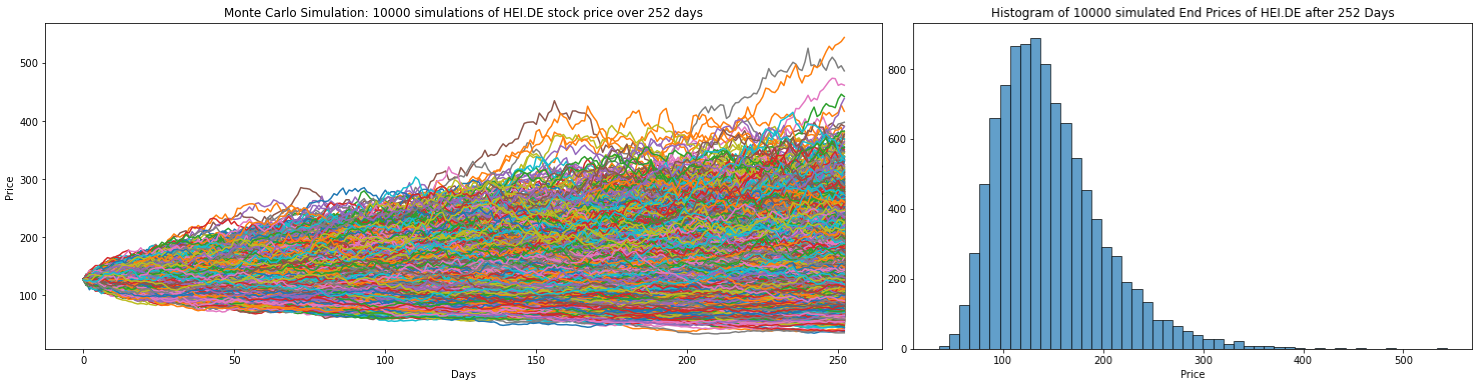
<i>in €m</i>	Market Cap	Net Debt	EV	EV/Revenue	EV/EBITDA	EV/EBIT	P/E
Cement producers							
Buzzi S.p.A.	7,056	-537	6,519	1.5x	5.4x	6.7x	7.3x
CEMEX, S.A.B. de C.V.	7,628	6,357	13,985	0.9x	5.1x	7.5x	46.3x
Holcim AG	54,059	11,331	65,390	2.3x	10.3x	14.2x	16.4x
Vicat S.A.	1,624	1,585	3,209	0.8x	4.8x	7.5x	6.3x
CRH plc	63,799	11,233	75,032	2.4x	13.5x	18.5x	22.2x
Titan Cement International S.A.	2,878	669	3,548	1.4x	6.8x	9.1x	10.7x
Average				1.5x	7.7x	10.6x	18.2x
Median				1.5x	6.1x	8.3x	13.6x
Building materials							
James Hardie Industries plc	14,133	765	14,898	4.3x	17.0x	20.8x	30.0x
Compagnie de Saint-Gobain S.A.	44,777	9,443	54,220	1.1x	8.3x	10.7x	16.8x
Kingspan Group plc	12,950	1,757	14,708	1.8x	14.5x	17.5x	20.2x
Sika AG	40,140	6,152	46,292	3.8x	20.4x	24.6x	35.2x
Wienerberger AG	3,033	1,880	4,913	1.2x	7.0x	10.3x	9.1x
Etex N.V.	1,094	1,174	2,268	0.6x	3.2x	4.9x	4.1x
Rockwool A/S	7,329	-455	6,874	1.9x	9.3x	12.9x	18.8x
Imerys S.A.	2,418	1,794	4,212	1.1x	8.4x	15.9x	47.1x
Breedon Group plc	2,878	669	3,548	2.1x	13.1x	20.0x	23.7x
Average				2.0x	11.3x	15.3x	22.8x
Median				1.8x	9.3x	15.9x	20.2x
Construction							
Acciona, S.A.	6,270	8,240	14,510	0.8x	10.2x	20.2x	11.6x
ACS	0	0	0	0.4x	12.9x	19.0x	15.6x
Bouygues SA	0	0	0	0.4x	5.3x	11.3x	10.4x
Vinci SA	0	0	0	1.2x	7.5x	10.4x	12.2x
Skanska AB (publ)	0	0	0	0.6x	16.3x	23.0x	18.5x
Strabag SE	0	0	0	0.2x	3.2x	5.8x	7.7x
Average				0.6x	9.2x	15.0x	12.7x
Median				0.5x	8.9x	15.2x	11.9x

Appendix 4: Overview of the CTA results

Target Company	Country	Buyer Company	Seller Company	Announced Date	EV (€m)	Net Debt (€m)	Implied Equity Value (€m)	EV/Sales	EV/EBIT	EV/EBITDA	Deal Value (€m)	Target Description
Lafarge Africa	Nigeria	Huaxin Cement Co	Holcim	01.12.24	894	-52	946	2.9x	11.4x	9.4x	946	Manufacturer and marketer of cement, aggregates and ready mix concrete.
Summit Materials	USA	Quikrete Holdings	Vanguard, Cementos Argos	25.11.24	11,377	1,954	9,423	3.5x	28.9x	16.2x	11,377	Producer and seller of heavy-side construction materials and related downstream products.
Mannok Holdings DAC (94.7% Stake)	Ireland	Cimsa Cimento	Silver Point Capital	28.08.24	330	n.a.	330	1.1x	n.a.	5.7x	313	Manufacturer of cement, downstream cement products, insulation materials, and recycled plastic packaging products.
Siam City Cement pcl (53.66% Stake)	Thailand	Sunrise Equity	Jardine Cycle & Carriage	16.08.24	1,628	385	1,243	1.6x	14.7x	8.6x	1,052	Manufacturer of cement, such as mixed cement and portland cement.
Bamburi Cement plc	Kenya	Amsons Group	Holcim	10.07.24	138	-31	170	1.1x	19.6x	8.7x	170	Cemet manufacturer.
China-Africa Jidong Construction Material	China	Tangshan Jidong Cement Co.	Jidong Development Group, China-Africa Development Fund	27.04.24	65	n.a.	65	n.a.	n.a.	n.a.	65	Cement maker.
CEMEX Holdings Philippines	Philippines	DMCI; Semirara Mining & Power; Dacon	Cemex SAB de CV	25.04.24	691	381	309	2.3x	n.a.	n.m.	691	Manufacturer of cement.
BMC Enterprises	USA	Breedon Group	n.a.	06.03.24	276	n.a.	276	1.7x	n.a.	8.5x	276	Provider of ready-mix concrete manufacturing
CSR	Australia	Compagnie de Saint-Gobain	n.a.	21.02.24	2,698	94	2,605	1.7x	21.4x	15.2x	2,698	Building and construction materials company.
ADBRI Ltd (57.25% Stake)	Australia	CRH; Barro Group	n.a.	18.12.23	1,751	466	1,285	1.6x	30.8x	12.8x	1,202	Manufacturer of cement & lime.
Daiken Corp (63.66% Stake)	Japan	Itochu Corp; BP Investment	n.a.	10.08.23	557	64	493	0.4x	9.0x	5.2x	378	Manufacturer of building materials and construction parts.
Oman Cement (59.58% Stake)	Oman	Huaxin Cement Co	Sultanate of Oman	13.03.23	199	-104	303	1.2x	14.5x	6.2x	180	Cement manufacturing company.
Eagle Cement Corporation	Philippines	San Miguel Corp	Private Individuals; Far East Holdings	04.10.22	1,686	-205	1,892	3.8x	15.4x	12.8x	1,892	Listed Philippines-based company engaged in manufacturing, marketing, sale and distribution of cement
Semen Baturaja PT	Indonesia	PT Semen Indonesia (Persero) Tbk	Republic of Indonesia	30.06.22	404	76	328	3.4x	27.5x	15.5x	404	Listed Indonesia based cement producer
Cembrit Holding	Denmark	Swisspearl Group	Solix Group	21.06.22	594	n.a.	594	2.1x	16.5x	10.6x	594	Denmark-based manufacturer and distributor of fibre-cement products
Ambuja Cements (63.06% Stake)	India	Adani Enterprises	Holcim	15.05.22	8,176	-1,356	9,532	2.3x	14.2x	14.2x	6,011	Cement manufacturer.
Shanxi Huarun Fulong Cements (72% Stake)	China	Tangshan Jidong Cement Co.	China Resources Co	16.12.21	67	n.a.	67	0.9x	4.1x	1.9x	48	China-based cement seller
Calucem doo	Croatia	Cementos Molins	Ambienta SGR	02.08.21	150	n.a.	n.a.	2.6x	n.a.	9.4x	150	Cement manufacturer.
US Concrete Inc	USA	Vulcan Materials Co.	n.a.	07.06.21	1,777	583	1,194	1.6x	28.3x	12.3x	1,777	Producer of ready-mixed concrete and related products.
CHRYSO	France	Compagnie de Saint-Gobain	Cinven	20.05.21	1,020	n.a.	n.a.	2.6x	n.a.	12.0x	1,020	France-based designer and manufacturer of admixtures and additives for concrete, cement and gypsum

Over the Last 2 years											
25th percentile								1.1x	14.6x	6.1x	
Average								1.7x	18.8x	9.7x	1,612
Median								1.6x	17.2x	8.7x	534
75th percentile								1.7x	20.9x	9.7x	
Over the Last 3 years											
25th percentile								1.4x	14.3x	8.5x	
Average								2.0x	18.3x	10.3x	1,562
Median								1.7x	15.9x	10.0x	642
75th percentile								2.6x	26.0x	12.8x	

Appendix 5: Results of the Monte Carlo Simulation



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Financial Statements

Balance Sheet Forecast	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033
<i>in €m</i>	Act	Act	Act	Act	Act	Act	Act	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC
Non current assets																	
Goodwill	11,106.6	11,450.2	11,782.6	8,588.8	8,164.7	8,368.1	8,341.7	8,673.5	8,947.0	9,229.3	9,520.4	9,820.7	10,130.4	10,450.0	10,779.6	11,119.6	11,470.4
Other intangible assets	364.5	370.3	372.5	361.2	206.9	209.3	342.9	285.0	295.0	304.3	313.9	323.8	334.0	344.5	355.4	366.6	378.2
Intangible assets	11,471.1	11,820.5	12,155.1	8,950.0	8,371.6	8,577.4	8,684.6	8,958.5	9,242.0	9,533.5	9,834.3	10,144.4	10,464.4	10,794.5	11,135.0	11,486.2	11,848.5
Land and buildings	6,313.0	6,519.2	7,137.1	6,500.7	6,866.8	6,763.6	7,131.2	7,204.9	7,365.5	7,562.9	7,792.5	8,048.5	8,312.9	8,586.1	8,868.2	9,159.5	9,460.5
Plant and machinery	5,049.8	4,980.2	5,296.9	4,616.3	4,511.6	4,354.0	4,988.2	4,974.5	5,085.4	5,221.7	5,380.2	5,557.0	5,739.6	5,928.1	6,122.9	6,324.1	6,531.9
Other operating equipment	338.8	325.1	959.0	860.9	869.7	841.0	858.8	919.5	940.1	965.2	994.5	1,027.2	1,061.0	1,095.8	1,131.8	1,169.0	1,207.4
Prepayments and assets under constru	1,112.2	1,137.1	1,136.1	835.2	1,382.7	1,701.9	1,171.4	1,302.4	1,331.5	1,367.1	1,408.6	1,454.9	1,502.7	1,552.1	1,603.1	1,655.8	1,710.2
Property, plant and equipment	12,813.8	12,961.6	14,529.1	12,813.1	13,630.8	13,660.5	14,149.6	14,401.4	14,722.5	15,117.0	15,575.8	16,087.6	16,616.2	17,162.1	17,726.0	18,308.4	18,910.0
Investments in joint ventures	1,334.1	1,200.8	1,223.7	1,230.8	1,281.1	1,743.2	1,698.4	1,698.4	1,698.4	1,698.4	1,698.4	1,698.4	1,698.4	1,698.4	1,698.4	1,698.4	1,698.4
Investments in associates	502.4	512.2	537.1	540.5	583.5	688.3	659.0	659.0	659.0	659.0	659.0	659.0	659.0	659.0	659.0	659.0	659.0
Financial investments	256.1	252.5	213.5	78.2	148.7	87.5	95.6	95.6	95.6	95.6	95.6	95.6	95.6	95.6	95.6	95.6	95.6
Loans	88.5	141.4	122.8	103.3	92.9	156.2	197.0	134.4	134.4	134.4	134.4	134.4	134.4	134.4	134.4	134.4	134.4
Derivative financial instruments	-	-	31.1	39.6	16.6	40.3	6.9	26.9	26.9	26.9	26.9	26.9	26.9	26.9	26.9	26.9	26.9
Deferred taxes	517.9	314.4	313.3	343.2	262.9	268.2	295.5	463.8	477.2	487.7	493.6	518.3	546.3	581.9	608.7	630.4	652.2
Other non-current receivables and asset	829.0	1,026.6	1,044.8	898.9	1,151.2	888.6	840.0	964.7	964.7	964.7	964.7	964.7	964.7	964.7	964.7	964.7	964.7
Non-current income tax assets	52.4	61.9	61.9	25.6	29.0	26.7	22.5	29.1	30.0	30.6	31.0	32.5	34.3	36.5	38.2	39.6	40.9
Total non-current assets	27,865.3	28,291.9	30,232.4	25,023.2	25,568.3	26,136.9	26,649.1	27,431.8	28,050.7	28,747.8	29,513.7	30,362.0	31,240.3	32,154.1	33,086.9	34,043.6	35,030.6
Current assets																	
Raw materials and consumables	823.4	920.4	970.9	882.5	1,112.1	1,330.9	1,273.7	1,272.0	1,289.7	1,295.9	1,342.6	1,412.0	1,491.2	1,575.9	1,652.3	1,725.3	1,797.7
Work in progress	308.7	336.2	346.3	295.1	261.6	380.6	378.3	382.2	391.9	392.3	404.8	424.1	446.1	469.5	490.3	509.9	529.1
Finished goods and goods for resale	733.3	767.9	861.7	784.5	819.7	931.4	989.6	984.4	994.3	998.5	1,034.0	1,086.9	1,147.3	1,211.9	1,269.9	1,325.4	1,380.3
Prepayments	15.3	10.3	20.0	9.3	18.1	26.2	28.7	28.2	28.1	28.3	29.3	30.9	32.7	34.6	36.3	38.0	39.7
Inventories	1,880.7	2,034.8	2,198.9	1,971.4	2,211.5	2,669.1	2,670.3	2,666.8	2,704.1	2,714.9	2,810.8	2,953.9	3,117.2	3,291.9	3,448.9	3,598.6	3,746.7
Current interest-bearing receivables	122.1	122.0	107.6	85.9	76.4	98.5	143.9	102.5	102.5	102.5	102.5	102.5	102.5	102.5	102.5	102.5	102.5
Trade receivables	1,797.7	1,808.8	1,746.1	1,562.4	1,837.3	2,040.0	2,005.2	1,971.7	1,957.1	1,961.4	2,027.0	2,126.4	2,240.0	2,361.3	2,469.4	2,572.0	2,673.1
Other current receivables and assets	546.2	741.3	629.3	597.8	534.5	602.1	606.9	613.0	619.1	625.3	631.5	637.9	644.2	650.7	657.2	663.8	670.4
Current income tax assets	117.7	92.2	71.6	80.6	147.5	121.9	53.9	135.9	139.8	142.9	144.6	151.8	160.0	170.5	178.3	184.7	191.0
Current financial investments	10.3	10.0	10.0	-	-	-	12.3	13.0	13.8	14.6	15.4	16.2	17.0	17.8	18.6	19.4	20.2
Current derivative financial instruments	9.6	17.3	34.8	114.4	95.2	83.3	39.9	73.5	73.5	73.5	73.5	73.5	73.5	73.5	73.5	73.5	73.5
Cash and cash equivalents	2,108.6	2,585.9	3,541.5	2,857.2	3,115.1	1,454.1	3,266.5	4,049.4	5,104.8	6,437.5	7,258.8	8,206.0	9,323.0	11,270.8	12,534.4	13,765.2	15,014.4
Total current assets	6,592.9	7,412.3	8,339.8	7,269.7	8,017.5	7,069.0	8,798.9	9,625.8	10,714.7	12,072.5	13,064.1	14,268.0	15,677.4	17,938.9	19,482.7	20,979.6	22,491.8
Assets held for sale	99.7	79.2	16.3	42.5	125.4	49.6	23.3	51.4	51.4	51.4	51.4	51.4	51.4	51.4	51.4	51.4	51.4
Balance sheet total	34,557.9	35,783.4	38,588.5	32,335.4	33,711.2	33,255.5	35,471.3	37,109.0	38,816.8	40,871.7	42,629.2	44,681.4	46,969.1	50,144.4	52,621.1	55,074.7	57,573.9
Equity																	
Subscribed share capital	595.2	595.2	595.2	595.2	595.2	579.3	558.6	584.7	584.7	584.7	584.7	584.7	584.7	584.7	584.7	584.7	584.7
Share premium	6,225.4	6,225.4	6,225.4	6,225.4	6,225.4	6,241.4	6,262.1	6,235.9	6,235.9	6,235.9	6,235.9	6,235.9	6,235.9	6,235.9	6,235.9	6,235.9	6,235.9
Retained earnings	9,494.8	10,256.6	10,988.3	8,527.8	10,015.7	10,809.1	11,854.0	13,183.8	14,455.5	15,705.1	16,919.9	18,197.1	19,544.8	20,982.2	22,487.1	24,046.7	25,661.2
Other components of equity	(1,822.4)	(1,647.7)	(821.8)	(2,077.7)	(1,049.4)	(741.9)	(1,135.5)	(1,165.3)	(1,234.0)	(1,065.2)	(1,068.4)	(1,133.7)	(1,133.3)	(1,126.9)	(1,105.5)	(1,113.5)	(1,122.6)
Treasury shares	-	-	-	-	(349.8)	(350.0)	(298.0)	(400.0)	(400.0)	(400.0)	(500.0)	(500.0)	(500.0)	-	-	-	-
Total shareholders' equity of Heidelber	14,493.0	15,429.5	16,987.1	13,270.7	15,437.1	16,537.9	17,241.2	18,439.2	19,642.2	21,060.6	22,172.2	23,384.1	24,732.1	26,675.9	28,202.3	29,753.8	31,359.3
Non-controlling interests	1,494.3	1,392.0	1,517.2	1,277.6	1,222.3	1,086.3	1,133.5	1,194.7	1,257.6	1,322.3	1,387.5	1,456.2	1,528.7	1,605.9	1,686.8	1,770.7	1,857.5
Total equity	15,987.3	16,821.5	18,504.3	14,548.3	16,659.4	17,624.2	18,374.7	19,633.9	20,899.8	22,382.8	23,559.7	24,840.3	26,260.8	28,281.8	29,889.1	31,524.5	33,216.7
Non-current liabilities																	
Bonds payable	8,345.9	8,805.1	7,706.5	7,131.5	5,363.6	5,269.4	5,389.9	6,035.3	6,296.1	6,605.4	6,808.1	7,025.6	7,266.1	7,651.7	7,903.0	8,141.9	8,375.0
Bank loans	459.4	631.3	705.9	660.2	262.4	62.6	46.6	93.2	97.2	102.0	105.1	108.5	112.2	118.1	122.0	125.7	129.3
Other non-current financial liabilities	57.1	51.4	1,064.7	924.0	906.8	1,001.0	1,022.9	988.0	1,030.7	1,081.4	1,114.5	1,150.2	1,189.5	1,252.7	1,293.8	1,332.9	1,371.1
Non-controlling interests with put option:	18.5	21.1	25.0	25.8	-	-	-	-	-	-	-	-	-	-	-	-	-
Pension provisions	1,136.8	1,100.6	1,141.7	1,027.4	908.1	639.1	666.6	846.6	883.2	926.6	955.0	985.5	1,019.3	1,073.4	1,108.6	1,142.1	1,174.8
Deferred taxes	649.7	722.8	726.3	584.6	832.1	886.3	948.5	933.6	960.7	981.6	993.5	1,043.4	1,099.7	1,171.3	1,225.3	1,268.9	1,312.8
Other non-current provisions	1,204.0	1,053.5	1,034.7	1,152.0	1,503.0	1,364.5	1,370.9	1,351.9	1,345.8	1,352.7	1,402.1	1,475.1	1,558.5	1,647.7	1,728.3	1,805.4	1,882.0
Other non-current operating liabilities	229.9	249.7	233.4	221.4	50.6	53.6	70.3	69.2	68.9	69.3	71.8	75.6	79.8	84.4	88.5	92.5	96.4
Non-current income tax liabilities	173.5	61.3	54.6	181.9	178.6	208.8	196.5	181.1	186.3	190.4	192.7	202.4	213.3	227.2	237.7	246.1	254.7
Total non-current liabilities	12,274.8	12,696.8	12,692.8	11,908.8	10,005.2	9,485.3	9,712.2	10,498.9	10,868.9	11,309.4	11,642.8	12,066.2	12,538.4	13,226.5	13,707.2	14,155.6	14,596.0
Current liabilities																	
Bonds payable (current portion)	1,668.4	1,134.6	1,930.2	577.0	806.3	52.5	1,471.6	870.3	801.0	895.2	903.6	1,103.1	1,012.5	1,058.7	1,111.1	1,153.0	1,200.9
Bank loans (current portion)	116.0	115.1	173.7	181.9	474.0	258.6	243.7	487.3	508.3	533.3	549.7	567.2	586.7	617.8	638.1	657.4	676.2
Other current financial liabilities	111.0	159.8	383.1	353.3	413.2	465.8	444.7	413.4	440.1	469.2	481.4	492.5	509.0	538.3	556.7	572.6	588.4
Non-controlling interests with put option:	47.7	62.3	38.7	50.3	-	-	-	-	-	-	-	-	-	-	-	-	-
Pension provisions (current portion)	82.6	97.7	96.7	92.2													

Reformulated Balance Sheet in €m, as of December 31st	FY 2017 Act	FY 2018 Act	FY 2019 Act	FY 2020 Act	FY 2021 Act	FY 2022 Act	FY 2023 Act	FY 2024 FC	FY 2025 FC	FY 2026 FC	FY 2027 FC	FY 2028 FC	FY 2029 FC	FY 2030 FC	FY 2031 FC	FY 2032 FC	FY 2033 FC
Goodwill	11,106.6	11,450.2	11,782.6	8,588.8	8,164.7	8,368.1	8,341.7	8,673.5	8,947.0	9,229.3	9,520.4	9,820.7	10,130.4	10,450.0	10,779.6	11,119.6	11,470.4
Other intangible assets	364.5	370.3	372.5	361.2	206.9	209.3	342.9	285.0	295.0	304.3	313.9	323.8	334.0	344.5	355.4	366.6	378.2
Land and buildings	6,313.0	6,519.2	7,137.1	6,500.7	6,866.8	6,763.6	7,131.2	7,204.9	7,365.5	7,562.9	7,792.5	8,048.5	8,312.9	8,586.1	8,868.2	9,159.5	9,460.5
Plant and machinery	5,049.8	4,980.2	5,296.9	4,616.3	4,511.6	4,354.0	4,988.2	4,974.5	5,085.4	5,221.7	5,380.2	5,557.0	5,739.6	5,928.1	6,122.9	6,324.1	6,531.9
Other operating equipment	338.8	325.1	959.0	860.9	869.7	841.0	858.8	919.5	940.1	965.2	994.5	1,027.2	1,061.0	1,095.8	1,131.8	1,169.0	1,207.4
Prepayments and assets under construc	1,112.2	1,137.1	1,136.1	835.2	1,382.7	1,701.9	1,171.4	1,302.4	1,331.5	1,367.1	1,408.6	1,454.9	1,502.7	1,552.1	1,603.1	1,655.8	1,710.2
Deferred tax assets, net	(775.0)	(895.6)	(893.7)	(641.0)	(812.1)	(884.9)	(980.0)	(705.0)	(725.5)	(741.3)	(750.3)	(788.0)	(830.5)	(884.6)	(925.3)	(958.3)	(991.4)
Other receivables and assets, current &	358.7	476.7	392.3	341.7	233.9	645.4	652.7	711.7	714.5	717.2	720.1	722.9	725.8	728.7	731.6	734.6	737.6
Income tax assets, net, current & non-cu	(238.6)	(165.4)	(192.6)	(316.2)	(194.9)	(285.3)	(344.6)	(305.8)	(314.7)	(321.6)	(325.5)	(341.8)	(360.2)	(383.7)	(401.4)	(415.7)	(430.1)
Raw materials and consumables	823.4	920.4	970.9	882.5	1,112.1	1,330.9	1,273.7	1,272.0	1,289.7	1,295.9	1,342.6	1,412.0	1,491.2	1,575.9	1,652.3	1,725.3	1,797.7
Work in progress	308.7	336.2	346.3	295.1	261.6	380.6	378.3	382.2	391.9	392.3	404.8	424.1	446.1	469.5	490.3	509.9	529.1
Finished goods and goods for resale	733.3	767.9	861.7	784.5	819.7	931.4	989.6	984.4	994.3	998.5	1,034.0	1,086.9	1,147.3	1,211.9	1,269.9	1,325.4	1,380.3
Prepayments	15.3	10.3	20.0	9.3	18.1	26.2	28.7	28.2	28.1	28.3	29.3	30.9	32.7	34.6	36.3	38.0	39.7
Trade receivables	1,797.7	1,808.8	1,746.1	1,562.4	1,837.3	2,040.0	2,005.2	1,971.7	1,957.1	1,961.4	2,027.0	2,126.4	2,240.0	2,361.3	2,469.4	2,572.0	2,673.1
Operating cash and cash equivalents	865.7	907.6	947.0	878.2	940.3	1,069.6	1,065.4	1,049.4	1,044.6	1,050.0	1,088.3	1,145.0	1,209.7	1,279.0	1,341.5	1,401.4	1,460.8
Other provisions, current & non-current	(731.8)	(725.5)	(796.8)	(838.0)	(1,193.0)	(1,099.9)	(1,183.4)	(1,162.8)	(1,157.5)	(1,163.4)	(1,205.9)	(1,268.7)	(1,340.4)	(1,417.2)	(1,486.5)	(1,552.8)	(1,618.7)
Other operating liabilities, current & non-	(1,720.9)	(1,815.2)	(1,766.5)	(1,749.3)	(1,592.5)	(1,482.6)	(1,501.2)	(1,478.7)	(1,472.0)	(1,479.6)	(1,533.6)	(1,613.4)	(1,704.6)	(1,802.2)	(1,890.4)	(1,974.8)	(2,058.5)
Trade payables	(2,281.1)	(2,605.3)	(2,690.0)	(2,611.0)	(3,180.4)	(3,343.1)	(3,156.5)	(3,098.4)	(3,088.9)	(3,109.4)	(3,227.6)	(3,400.7)	(3,598.2)	(3,809.8)	(4,002.0)	(4,186.7)	(4,370.5)
Core invested capital	23,440.3	23,803.0	25,628.9	20,361.3	20,252.5	21,566.2	22,062.1	23,008.7	23,626.1	24,278.8	25,013.5	25,767.6	26,539.3	27,320.0	28,146.9	29,013.0	29,907.5
Other receivables and assets, current &	1,016.5	1,291.2	1,281.8	1,155.0	1,451.8	845.3	794.2	866.0	869.3	872.7	876.2	879.6	883.1	886.7	890.2	893.9	897.5
Investments in joint ventures	1,334.1	1,200.8	1,223.7	1,230.8	1,281.1	1,743.2	1,698.4	1,698.4	1,698.4	1,698.4	1,698.4	1,698.4	1,698.4	1,698.4	1,698.4	1,698.4	1,698.4
Investments in associates	502.4	512.2	537.1	540.5	583.5	688.3	659.0	659.0	659.0	659.0	659.0	659.0	659.0	659.0	659.0	659.0	659.0
Financial investments, current & non-cu	266.4	262.5	223.5	78.2	148.7	87.5	107.9	108.6	109.4	110.2	111.0	111.8	112.6	113.4	114.2	115.0	115.8
Derivative financial instruments, current	9.6	17.3	65.9	154.0	111.8	123.6	46.8	100.4	100.4	100.4	100.4	100.4	100.4	100.4	100.4	100.4	100.4
Deferred tax assets, net	643.2	487.2	480.6	399.5	242.9	267.1	327.0	235.3	242.1	247.4	250.4	262.9	277.1	295.2	308.8	319.8	330.8
Assets held for sale, net	86.8	68.0	14.9	25.4	100.5	49.3	21.1	42.2	42.2	42.2	42.2	42.2	42.2	42.2	42.2	42.2	42.2
Other provisions, current & non-current	(722.2)	(583.1)	(511.1)	(540.9)	(632.3)	(540.8)	(500.6)	(491.9)	(489.6)	(492.2)	(510.1)	(536.7)	(567.0)	(599.5)	(628.8)	(656.9)	(684.7)
Non-core invested capital	3,136.8	3,256.1	3,316.4	3,042.5	3,288.0	3,263.5	3,153.8	3,218.1	3,231.2	3,238.2	3,227.4	3,217.7	3,205.9	3,195.8	3,184.4	3,171.8	3,159.5
Loans	88.5	141.4	122.8	103.3	92.9	156.2	197.0	134.4	134.4	134.4	134.4	134.4	134.4	134.4	134.4	134.4	134.4
Current interest-bearing receivables	122.1	122.0	107.6	85.9	76.4	98.5	143.9	102.5	102.5	102.5	102.5	102.5	102.5	102.5	102.5	102.5	102.5
Excess cash and cash equivalents	1,242.9	1,678.3	2,594.5	1,979.0	2,174.8	384.5	2,201.2	3,000.1	4,060.2	5,387.5	6,170.5	7,061.0	8,113.3	9,991.8	11,192.8	12,363.8	13,553.6
Bonds payable	(10,014.3)	(9,939.7)	(9,636.7)	(7,708.5)	(6,169.9)	(5,321.9)	(6,861.5)	(6,905.6)	(7,204.0)	(7,558.0)	(7,789.9)	(8,038.8)	(8,314.0)	(8,755.1)	(9,042.7)	(9,316.0)	(9,582.8)
Bank loans	(575.4)	(746.4)	(879.6)	(842.1)	(736.4)	(321.2)	(290.3)	(580.5)	(605.6)	(635.3)	(654.8)	(675.7)	(698.9)	(735.9)	(760.1)	(783.1)	(805.5)
Other financial liabilities, current & non-i	(168.1)	(211.2)	(1,447.8)	(1,277.3)	(1,320.0)	(1,466.8)	(1,467.6)	(1,401.4)	(1,461.9)	(1,533.8)	(1,580.8)	(1,631.3)	(1,687.2)	(1,776.7)	(1,835.1)	(1,890.5)	(1,944.7)
Non-controlling interests with put option:	(66.2)	(83.4)	(63.7)	(76.1)	-	-	-	-	-	-	-	-	-	-	-	-	-
Pension provisions, current & non-curren	(1,219.4)	(1,198.3)	(1,238.4)	(1,119.6)	(998.6)	(734.6)	(763.8)	(942.4)	(983.1)	(1,031.5)	(1,063.1)	(1,097.1)	(1,134.6)	(1,194.8)	(1,234.1)	(1,271.4)	(1,307.8)
Non-controlling interests	(1,494.3)	(1,392.0)	(1,517.2)	(1,277.6)	(1,222.3)	(1,086.3)	(1,133.5)	(1,194.7)	(1,257.6)	(1,322.3)	(1,387.5)	(1,456.2)	(1,528.7)	(1,605.9)	(1,686.8)	(1,770.7)	(1,857.5)
Net financial assets	(12,084.2)	(11,629.3)	(11,958.5)	(10,133.0)	(8,103.1)	(8,291.6)	(7,974.7)	(7,787.6)	(7,215.2)	(6,456.4)	(6,068.8)	(5,601.2)	(5,013.1)	(3,839.8)	(3,129.1)	(2,431.0)	(1,707.7)
Total shareholders equity	14,492.9	15,429.8	16,986.8	13,270.8	15,437.4	16,538.1	17,241.2	18,439.2	19,642.2	21,060.6	22,172.2	23,384.1	24,732.1	26,675.9	28,202.3	29,753.8	31,359.3

Income Statement Forecast	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033
	Act	Act	Act	Act	Act	Act	Act	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC
Revenue	17,266.1	18,074.6	18,851.3	17,605.9	18,719.9	21,095.1	21,177.6	20,884.0	20,789.5	20,896.4	21,658.9	22,787.1	24,075.0	25,453.6	26,698.6	27,890.2	29,072.4
Change in finished goods and work in pro	38.2	57.6	67.0	(55.6)	66.8	274.4	100.6	80.9	80.5	81.0	83.9	88.3	93.3	98.6	103.4	108.1	112.6
Own work capitalised	9.7	19.9	21.0	14.4	20.0	21.9	28.8	22.5	22.4	22.6	23.4	24.6	26.0	27.5	28.8	30.1	31.4
Operating revenue	17,314.0	18,152.1	18,939.3	17,564.7	18,806.7	21,391.4	21,307.0	20,987.5	20,892.5	20,999.9	21,766.2	22,900.0	24,194.3	25,579.7	26,830.9	28,028.4	29,216.4
Other operating income	632.7	523.7	431.3	379.5	517.7	623.8	561.6	532.2	529.8	532.5	552.0	580.7	613.5	648.7	680.4	710.8	740.9
Material costs	(6,781.6)	(7,478.1)	(7,586.1)	(6,482.9)	(7,305.4)	(8,961.3)	(8,160.1)	(8,008.6)	(7,982.7)	(8,034.2)	(8,338.2)	(8,783.9)	(9,292.4)	(9,837.3)	(10,331.8)	(10,806.8)	(11,279.4)
Personnel costs	(2,989.7)	(3,031.7)	(3,187.4)	(3,025.4)	(3,108.0)	(3,216.7)	(3,414.8)	(3,357.5)	(3,352.6)	(3,380.3)	(3,514.5)	(3,709.0)	(3,930.6)	(4,168.5)	(4,385.7)	(4,595.4)	(4,804.7)
Other operating expenses	(5,082.4)	(5,295.3)	(5,306.6)	(5,007.5)	(5,392.5)	(6,359.6)	(6,269.3)	(6,155.3)	(6,137.8)	(6,179.8)	(6,416.2)	(6,761.8)	(7,156.0)	(7,578.5)	(7,962.5)	(8,331.8)	(8,699.5)
Result from equity accounted investmer	204.3	203.5	289.6	278.5	356.1	261.8	233.7	283.9	283.9	283.9	283.9	283.9	283.9	283.9	283.9	283.9	283.9
Result from current operations before c	3,297.3	3,074.2	3,580.1	3,706.9	3,874.6	3,739.4	4,258.1	4,282.4	4,233.1	4,222.0	4,333.3	4,510.0	4,712.7	4,928.2	5,115.3	5,289.1	5,457.6
Depreciation and amortisation	(1,109.0)	(1,090.5)	(1,394.0)	(1,343.9)	(1,260.5)	(1,263.9)	(1,235.6)	(1,250.5)	(1,244.6)	(1,243.3)	(1,260.8)	(1,299.1)	(1,341.8)	(1,385.8)	(1,431.2)	(1,478.2)	(1,526.7)
Result from current operations	2,188.3	1,983.7	2,186.1	2,363.0	2,614.1	2,475.5	3,022.5	3,031.9	2,988.5	2,978.7	3,072.4	3,210.9	3,371.0	3,542.4	3,684.1	3,810.9	3,931.0
Additional ordinary income	98.4	240.2	164.7	27.4	775.1	124.9	164.8	125.3	219.8	246.9	172.4	174.7	173.0	203.6	199.0	187.4	183.5
Additional ordinary expenses	(231.3)	(131.8)	(342.9)	(3,705.5)	(294.0)	(318.1)	(163.9)	(123.3)	(123.3)	(123.3)	(123.3)	(123.3)	(123.3)	(123.3)	(123.3)	(123.3)	(123.3)
Additional ordinary result	(132.9)	108.4	(178.2)	(3,678.1)	481.1	(193.2)	0.9	2.0	96.5	123.6	49.1	51.4	49.7	80.3	75.7	64.1	60.2
Earnings before interest and taxes (EBI)	2,055.4	2,092.1	2,007.9	(1,315.1)	3,095.2	2,282.3	3,023.4	3,033.9	3,085.0	3,102.3	3,121.5	3,262.2	3,420.7	3,622.7	3,759.7	3,875.0	3,991.2
Interest income	56.6	49.1	52.0	40.1	29.1	31.7	74.7	76.3	80.9	85.9	112.5	128.1	146.0	167.0	204.6	228.6	252.0
Interest expenses	(362.0)	(320.8)	(316.9)	(233.0)	(220.8)	(151.2)	(206.8)	(281.5)	(245.7)	(205.1)	(215.2)	(221.8)	(228.9)	(236.7)	(249.3)	(257.4)	(265.2)
Foreign exchange gains and losses	(12.5)	1.4	(6.8)	(11.7)	9.8	(98.7)	(24.7)	(20.5)	(20.5)	(20.5)	(20.5)	(20.5)	(20.5)	(20.5)	(20.5)	(20.5)	(20.5)
Result from other participations	51.3	39.3	(15.2)	16.9	28.9	12.6	5.8	19.9	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8
Other financial result	(100.4)	(96.4)	(88.2)	(99.9)	(48.3)	140.3	(23.3)	(23.9)	(23.9)	(23.9)	(23.9)	(23.9)	(23.9)	(23.9)	(23.9)	(23.9)	(23.9)
Financial result	(367.0)	(327.4)	(375.1)	(287.6)	(201.3)	(65.3)	(174.3)	(229.6)	(199.4)	(153.7)	(137.2)	(128.2)	(117.4)	(104.2)	(79.2)	(63.4)	(47.7)
Profit before tax from continuing operat	1,688.4	1,764.7	1,632.8	(1,602.7)	2,893.9	2,217.0	2,849.1	2,804.3	2,885.6	2,948.6	2,984.3	3,134.1	3,303.3	3,518.5	3,680.5	3,811.6	3,943.4
Income taxes	(579.5)	(464.1)	(358.4)	(334.5)	(294.7)	(485.0)	(658.6)	(698.6)	(718.9)	(734.6)	(743.5)	(780.8)	(823.0)	(876.6)	(916.9)	(949.6)	(982.4)
Net income from continuing operations	1,108.9	1,300.6	1,274.4	(1,937.2)	1,947.2	1,732.0	2,190.5	2,105.6	2,166.7	2,214.0	2,240.8	2,353.3	2,480.3	2,641.9	2,763.6	2,862.0	2,961.0
Net loss from discontinued operations	(50.8)	(14.2)	(32.4)	(72.3)	(45.5)	(9.1)	(103.5)	(52.6)	(52.6)	(52.6)	(52.6)	(52.6)	(52.6)	(52.6)	(52.6)	(52.6)	(52.6)
Profit for the financial year	1,058.1	1,286.4	1,242.0	(2,009.5)	1,901.7	1,722.9	2,087.0	2,053.1	2,114.2	2,161.4	2,188.2	2,300.7	2,427.7	2,589.3	2,711.0	2,809.4	2,908.4
Thereof attributable to non-controlling in	140.5	143.2	151.3	130.0	142.8	126.4	157.9	153.4	157.7	162.1	163.6	172.0	181.7	193.6	202.8	210.2	217.5
Thereof attributable to Heidelberg Mat	917.6	1,143.2	1,090.7	(2,139.5)	1,758.9	1,596.5	1,929.1	1,900.0	1,956.0	1,999.4	2,024.7	2,128.7	2,246.1	2,395.7	2,508.2	2,599.3	2,690.9
For information:																	
Gross profit	10,532.4	10,674.0	11,353.2	11,081.8	11,501.3	12,430.1	13,146.9	12,978.9	12,909.8	12,965.7	13,428.0	14,116.1	14,901.9	15,742.5	16,499.1	17,221.6	17,937.0
Gross margin in %	60.8%	58.8%	59.9%	63.1%	61.2%	58.1%	61.7%	61.8%	61.8%	61.7%	61.7%	61.6%	61.6%	61.5%	61.5%	61.4%	61.4%
EBITDA	3,164.4	3,182.6	3,401.9	28.8	4,355.7	3,546.2	4,259.0	4,284.4	4,329.5	4,345.6	4,382.3	4,561.4	4,762.5	5,008.5	5,190.9	5,353.2	5,517.8
in % of sales	18.3%	17.5%	18.0%	0.2%	23.2%	16.6%	20.0%	20.4%	20.7%	20.7%	20.1%	19.9%	19.7%	19.6%	19.3%	19.1%	18.9%
EBIT	2,055.4	2,092.1	2,007.9	(1,315.1)	3,095.2	2,282.3	3,023.4	3,033.9	3,085.0	3,102.3	3,121.5	3,262.2	3,420.7	3,622.7	3,759.7	3,875.0	3,991.2
in % of sales	11.9%	11.5%	10.6%	-7.5%	16.5%	10.7%	14.2%	14.5%	14.8%	14.3%	14.2%	14.2%	14.1%	14.2%	14.0%	13.8%	13.7%
Other comprehensive income	-2,258.6	272.4	808.5	-1,564.6	1,285.2	249.7	-544.0	-250.2	-250.2	-250.2	-250.2	-250.2	-250.2	-250.2	-250.2	-250.2	-250.2
Reformulated Consolidated Income St	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033
<i>in €m</i>	<i>Act</i>	<i>Act</i>	<i>Act</i>	<i>Act</i>	<i>Act</i>	<i>Act</i>	<i>Act</i>	<i>FC</i>	<i>FC</i>	<i>FC</i>	<i>FC</i>	<i>FC</i>	<i>FC</i>	<i>FC</i>	<i>FC</i>	<i>FC</i>	<i>FC</i>
Revenue	17,266.1	18,074.6	18,851.3	17,605.9	18,719.9	21,095.1	21,177.6	20,884.0	20,789.5	20,896.4	21,658.9	22,787.1	24,075.0	25,453.6	26,698.6	27,890.2	29,072.4
Change in finished goods and work in pro	38.2	57.6	67.0	(55.6)	66.8	274.4	100.6	80.9	80.5	81.0	83.9	88.3	93.3	98.6	103.4	108.1	112.6
Own work capitalised	9.7	19.9	21.0	14.4	20.0	21.9	28.8	22.5	22.4	22.6	23.4	24.6	26.0	27.5	28.8	30.1	31.4
Operating revenue	17,314.0	18,152.1	18,939.3	17,564.7	18,806.7	21,391.4	21,307.0	20,987.5	20,892.5	20,999.9	21,766.2	22,900.0	24,194.3	25,579.7	26,830.9	28,028.4	29,216.4
Material costs	(6,781.6)	(7,478.1)	(7,586.1)	(6,482.9)	(7,305.4)	(8,961.3)	(8,160.1)	(8,008.6)	(7,982.7)	(8,034.2)	(8,338.2)	(8,783.9)	(9,292.4)	(9,837.3)	(10,331.8)	(10,806.8)	(11,279.4)
Personnel costs	(2,801.8)	(2,816.0)	(2,975.1)	(2,822.9)	(2,908.8)	(3,011.1)	(3,198.9)	(3,154.9)	(3,150.4)	(3,176.4)	(3,302.5)	(3,485.2)	(3,693.5)	(3,917.0)	(4,121.1)	(4,318.2)	(4,514.9)
Other operating expenses	(5,044.4)	(5,243.5)	(5,243.5)	(4,939.1)	(5,353.5)	(6,205.8)	(6,129.5)	(6,087.7)	(6,070.4)	(6,112.0)	(6,345.7)	(6,687.5)	(7,077.4)	(7,495.3)	(7,875.1)	(8,240.4)	(8,604.0)
Depreciation and amortization	(1,109.0)	(1,090.5)	(1,394.0)	(1,343.9)	(1,260.5)	(1,263.9)	(1,235.6)	(1,250.5)	(1,244.6)	(1,243.3)	(1,260.8)	(1,299.1)	(1,341.8)	(1,385.8)	(1,431.2)	(1,478.2)	(1,526.7)
Result before taxes	1,577.2	1,524.0	1,740.6	1,975.9	1,978.5	1,943.9	2,582.9	2,485.8	2,444.4	2,434.0	2,519.0	2,644.1	2,789.1	2,944.4	3,071.7	3,184.8	3,291.4
Statutory taxes	(468.5)	(452.6)	(517.0)	(587.0)	(587.6)	(579.1)	(767.3)	(738.4)	(726.1)	(723.0)	(748.3)	(785.4)	(828.5)	(874.6)	(912.4)	(946.1)	(977.7)
Core tax adjustments	38.0	29.1	133.0	81.0	(64.8)	176.9	161.1	138.0	138.0	138.0	138.0	138.0	138.0	138.0	138.0	138.0	138.0
Core result	1,146.7	1,100.5	1,356.6	1,469.9	1,326.1	1,547.1	1,976.7	1,885.4	1,856.3	1,849.0	1,908.7	1,996.7	2,098.6	2,207.8	2,297.2	2,376.8	2,451.7
Other operating income	632.7	523.7	431.3	379.5	517.7	623.8	561.6	532.2	529.8	532.5	552.0	580.7	613.5	648.7	680.4	710.8	740.9
Personnel costs	(187.9)	(215.7)	(212.3)	(202.5)	(199.2)	(205.6)	(215.9)	(219.2)	(218.8)	(220.7)	(229.4)	(242.1)	(256.6)	(272.1)	(286.3)	(300.0)	(313.6)
Other operating expenses	(38.1)	(51.7)	(63.1)	(68.3)	(39.0)	(153.7)	(139.8)	(98.0)	(97.7)	(98.4)	(102.2)	(107.7)	(114.0)	(120.7)	(126.8)	(132.7)	(138.5)
Result from equity accounted investmer	204.3	203.5	289.6	278.5	356.1	261.8	233.7	283.9	283.9	283.9	283.9	283.9	283.9	283.9	283.9	283.9	283.9
Additional ordinary result	(132.9)	108.4	(178.2)	(3,678.1)	481.1	(193.2)	0.9	2.0	96.5	123.6	49.1	51.4	49.7	80.3	75.7	64.1	60.2
Interest income	5																

Cash Flow Statement Forecast	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033
in €m	Act	Act	Act	Act	Act	Act	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC
Net income from continuing operations	1,300.3	1,274.6	(1,937.0)	1,947.3	1,732.0	2,190.4	2,105.6	2,166.7	2,214.0	2,240.8	2,353.3	2,480.3	2,641.9	2,763.6	2,862.0	2,961.0
Income taxes	464.1	358.4	334.5	946.7	485.0	658.6	698.6	718.9	734.6	743.5	780.8	823.0	876.6	916.9	949.6	982.4
Interest income/expenses	271.7	264.9	192.9	191.7	119.5	132.1	205.2	164.8	119.2	102.7	93.6	82.9	69.7	44.7	28.8	13.2
Dividends received	249.8	216.9	223.3	301.8	209.3	203.4	197.3	197.4	197.4	197.4	197.4	197.4	197.4	197.4	197.4	197.4
Interest received	107.3	132.6	102.3	75.0	272.5	158.9	215.9	466.5	337.3	290.6	265.0	234.7	197.3	126.5	81.6	37.4
Interest paid	(507.9)	(485.2)	(367.6)	(287.6)	(211.6)	(321.9)	(419.9)	245.9	177.7	153.2	139.7	123.7	104.0	66.6	43.0	19.7
Income taxes paid	(260.8)	(294.1)	(340.9)	(747.3)	(359.9)	(522.3)	(550.3)	(566.3)	(578.6)	(585.6)	(615.0)	(648.2)	(690.5)	(722.3)	(748.0)	(773.9)
Depreciation, amortisation, and impairment	1,129.8	1,468.1	4,832.8	1,104.9	1,402.3	1,233.3	1,250.5	1,244.6	1,243.3	1,260.8	1,299.1	1,341.8	1,385.8	1,431.2	1,478.2	1,526.7
Other eliminations	(354.9)	(33.1)	98.7	(607.4)	(168.0)	(78.8)	151.2	(823.3)	(499.2)	(470.9)	(536.8)	(120.8)	(172.4)	(572.6)	(530.3)	(467.0)
Cash flow	2,399.4	2,903.1	3,139.0	2,925.1	3,481.1	3,653.7	3,854.1	3,815.2	3,945.5	3,932.4	3,977.0	4,514.6	4,609.7	4,252.0	4,362.4	4,496.9
Changes in operating assets	(332.4)	118.6	125.1	(650.5)	(900.0)	(83.4)	(84.6)	(32.8)	(24.4)	(169.5)	(256.0)	(291.5)	(312.9)	(279.5)	(265.2)	(262.2)
Changes in operating liabilities	225.8	(45.2)	110.5	443.7	95.3	(121.6)	(383.8)	(53.0)	159.9	212.4	501.6	253.1	430.4	387.7	360.9	364.8
Changes in working capital	(106.6)	73.4	235.6	(206.8)	(804.7)	(205.0)	(468.4)	(85.8)	135.5	42.9	245.7	(38.4)	117.5	108.2	95.7	102.6
Decrease in provisions through cash payments	(323.7)	(300.3)	(328.2)	(244.8)	(241.1)	(220.5)										
Cash flow from operating activities – continuing operation	1,969.1	2,676.2	3,046.4	2,473.5	2,435.3	3,228.2	3,385.7	3,729.4	4,081.0	3,975.3	4,222.7	4,476.2	4,727.2	4,360.2	4,458.1	4,599.5
Cash flow from operating activities – discontinued operations	(0.9)	(12.7)	(19.5)	(77.4)	(15.2)	(23.1)										
Cash flow from operating activities	1,968.2	2,663.5	3,026.9	2,396.1	2,420.1	3,205.1	3,385.7	3,729.4	4,081.0	3,975.3	4,222.7	4,476.2	4,727.2	4,360.2	4,458.1	4,599.5
Intangible assets	(24.2)	(47.8)	(47.4)	(27.2)	(35.1)	(57.8)	(304.0)	(313.5)	(323.5)	(333.7)	(344.2)	(355.1)	(366.3)	(377.8)	(389.7)	(402.0)
Property, plant and equipment	(1,036.6)	(1,135.0)	(921.9)	(1,484.2)	(1,300.1)	(1,271.9)	(1,485.7)	(1,548.1)	(1,619.5)	(1,700.7)	(1,791.2)	(1,850.1)	(1,910.9)	(1,973.6)	(2,038.5)	(2,105.5)
Government grants	-	-	-	91.9	75.6	94.4	-	-	-	-	-	-	-	-	-	-
Subsidiaries and other business units	(623.9)	(89.6)	(76.3)	(144.8)	(63.5)	(414.2)	(226.1)	(226.1)	(226.1)	(226.1)	(226.1)	(226.1)	(226.1)	(226.1)	(226.1)	(226.1)
Other financial assets, associates, and joint ventures	(38.7)	(41.4)	(21.8)	(35.0)	(487.8)	(200.2)	(74.0)	(71.5)	(69.1)	(66.6)	(64.2)	(61.7)	(59.3)	(56.8)	(54.4)	(51.9)
Investments (cash outflow)	(1,723.4)	(1,313.8)	(1,067.4)	(1,599.3)	(1,810.9)	(1,849.7)	(2,089.7)	(2,159.3)	(2,238.1)	(2,327.0)	(2,425.7)	(2,492.9)	(2,562.5)	(2,634.4)	(2,708.7)	(2,785.5)
Intangible assets	-	3.1	0.3	0.3	-	0.5	0.5	0.6	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.7
Property, plant and equipment	-	173.1	67.1	183.8	144.8	135.2	136.5	138.9	142.0	145.8	150.2	155.1	160.2	165.5	170.9	176.6
Subsidiaries and other business units	280.4	159.2	1.9	2,004.9	144.8	26.6	109.3	109.3	109.3	109.3	109.3	109.3	109.3	109.3	109.3	109.3
Other financial assets, associates, and joint ventures	282.0	71.8	48.9	30.1	39.0	207.8	74.0	71.5	69.1	66.6	64.2	61.7	59.3	56.8	54.4	51.9
Divestments (cash inflow)	562.4	407.2	118.2	2,219.1	328.6	370.1	320.2	320.3	320.9	322.3	324.3	326.8	329.5	332.3	335.3	338.5
Cash from changes in consolidation scope	26.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash flow from investing activities – continuing operation	(1,134.3)	(906.6)	(949.2)	619.8	(1,482.3)	(1,479.6)	(1,769.5)	(1,839.0)	(1,917.2)	(2,004.7)	(2,101.4)	(2,166.1)	(2,233.0)	(2,302.1)	(2,373.4)	(2,447.0)
Cash flow from investing activities – discontinued operations	-	0.9	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash flow from investing activities	(1,134.3)	(905.7)	(949.2)	619.8	(1,482.3)	(1,479.6)	(1,769.5)	(1,839.0)	(1,917.2)	(2,004.7)	(2,101.4)	(2,166.1)	(2,233.0)	(2,302.1)	(2,373.4)	(2,447.0)
Capital increase of/repayment to non-controlling interests	7.6	(0.2)	(10.2)	(0.5)	(1.7)	0.7	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)
Dividend to Heidelberg Materials AG shareholders	(377.0)	(416.7)	(119.1)	(436.5)	(458.3)	(484.1)	(569.9)	(684.8)	(749.8)	(809.9)	(851.5)	(898.4)	(958.3)	(1,003.3)	(1,039.7)	(1,076.4)
Dividends to non-controlling interests	(187.5)	(169.4)	(203.8)	(181.2)	(169.4)	(94.9)	(92.2)	(94.8)	(97.4)	(98.3)	(103.4)	(109.2)	(116.4)	(121.9)	(126.3)	(130.7)
Acquisition of treasury shares	-	-	-	(349.8)	(350.0)	(298.0)	(400.0)	(400.0)	(400.0)	(500.0)	(500.0)	(500.0)	-	-	-	-
Decrease in ownership interests in subsidiaries	5.9	209.2	1.8	2.9	2.7	-	-	-	-	-	-	-	-	-	-	-
Increase in ownership interests in subsidiaries	(25.6)	(92.2)	(21.8)	(102.5)	(78.4)	-	-	-	-	-	-	-	-	-	-	-
Proceeds from bond issuance and loans	1,693.1	860.5	659.1	1.7	1.9	1,504.6										
Repayment of bonds, loans and lease liabilities	(1,520.1)	(1,324.7)	(2,893.4)	(1,803.8)	(1,393.7)	(737.5)	268.0	384.1	455.5	298.4	320.3	354.2	567.8	370.1	351.7	343.3
Changes in short-term financial liabilities	55.4	60.1	(53.8)	30.0	(92.0)	243.9										
Cash flow from financing activities	(348.2)	(873.4)	(2,641.2)	(2,839.7)	(2,538.9)	134.7	(794.8)	(796.2)	(792.4)	(1,110.4)	(1,135.2)	(1,154.1)	(507.6)	(755.8)	(815.0)	(864.5)
Net change in cash and cash equivalents – continuing operation	486.9	897.1	(544.0)	253.6	(1,585.9)	1,883.3	821.5	1,094.2	1,371.5	860.1	986.0	1,155.9	1,986.6	1,302.4	1,269.7	1,288.0
Net change in cash and cash equivalents – discontinued operation	(0.9)	(12.7)	(19.5)	(77.4)	(15.2)	(23.1)	(24.8)	(24.8)	(24.8)	(24.8)	(24.8)	(24.8)	(24.8)	(24.8)	(24.8)	(24.8)
Net change in cash and cash equivalents	486.0	884.4	(563.5)	176.2	(1,601.1)	1,860.2	796.7	1,069.4	1,346.7	835.3	961.2	1,131.1	1,961.8	1,277.6	1,244.9	1,263.2
Effect of exchange rate changes	(6.7)	73.5	(108.1)	64.8	(60.1)	(47.6)	(14.0)	(14.0)	(14.0)	(14.0)	(14.0)	(14.0)	(14.0)	(14.0)	(14.0)	(14.0)
Cash and cash equivalents at 1 January	2,108.8	2,588.1	3,546.0	2,874.4	3,115.4	1,454.2	3,266.8	4,049.4	5,104.8	6,437.5	7,258.8	8,206.0	9,323.0	11,270.8	12,534.4	13,765.2
Cash and cash equivalents at 31 December	2,588.1	3,546.0	2,874.4	3,115.4	1,454.2	3,266.8	4,049.4	5,104.8	6,437.5	7,258.8	8,206.0	9,323.0	11,270.8	12,534.4	13,765.2	15,014.4

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Report Recommendations

Buy	Expected total return (including expected capital gains and expected dividend yield) of more than 10% over a 12-month period.
Hold	Expected total return (including expected capital gains and expected dividend yield) between 0% and 10% over a 12-month period.
Sell	Expected negative total return (including expected capital gains and expected dividend yield) over a 12-month period.

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