



*Recygénie, France*  
*The world's first fully recycled concrete building with ECOCycle® inside*

 REUTERS EVENTS™

Winner of Circular Transition Award

# DECARBONIZATION DAY 2023

## EUROPEAN DECARBONIZATION AS A GROWTH OPPORTUNITY

ZURICH, SWITZERLAND

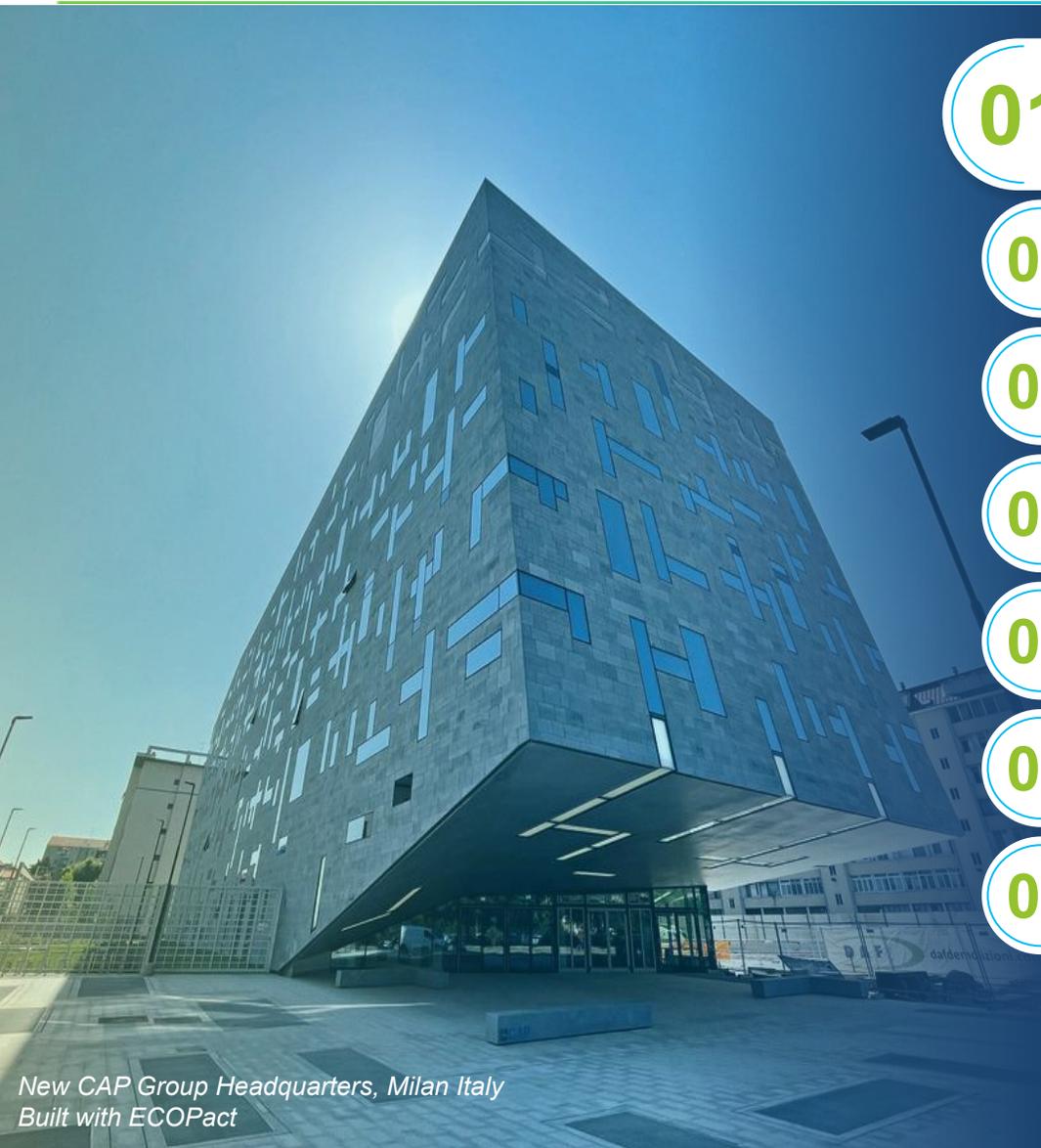
NOVEMBER 7<sup>TH</sup>, 2023

MILJAN GUTOVIC - HEAD OF EUROPE



# EUROPEAN DECARBONIZATION AS A GROWTH OPPORTUNITY

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### 01 Strategy 2025 – Accelerating Green Growth

02 Mega Trends Shaping European Construction

03 Industry-Leading Decarbonization Roadmap

04 Circularity as a Driver of Profitable Growth

05 Meeting Customers' Sustainability Needs

06 Sustainable Solutions & Products

07 Region Europe - Leader in Green Growth

*New CAP Group Headquarters, Milan Italy  
Built with ECOPact*

# STRATEGY 2025 – ACCELERATING GREEN GROWTH

## DELIVERING ON STRATEGY 2025 “ACCELERATING GREEN GROWTH”

### BECOMING THE GLOBAL LEADER IN INNOVATIVE AND SUSTAINABLE BUILDING SOLUTIONS

#### GROWTH

- Rapid expansion in **Solutions & Products**
- **Highly synergistic bolt-ons** in Aggregates and Ready-mix concrete
- Expansion in most **attractive North American** market
- **Growing demand for sustainable & innovative solutions**

#### SUPERIOR PERFORMANCE

- **Record results in 2022**
- New level of **sustainable Free Cash Flow** generation
- Strong balance sheet with fire-power for future **M&A**
- **Capital allocation** focusing on **profitable Growth & Shareholder Returns**

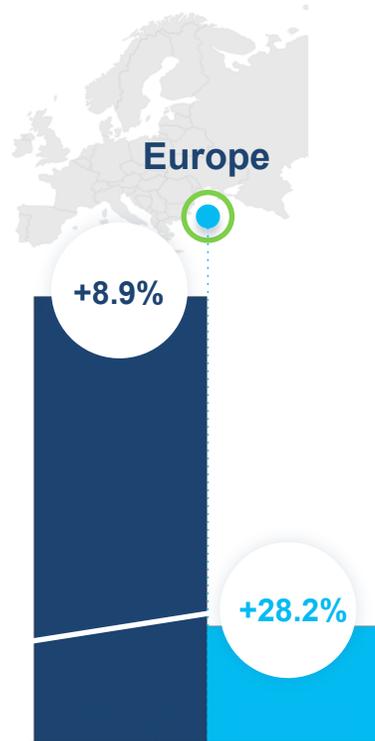
#### LEADER IN SUSTAINABILITY

- **Accelerated reduction of CO2 per Net Sales**
- Leader in **low carbon products & solutions** and **circular construction**
- **Scaling up Carbon Capture projects**
- **The partner of choice to decarbonize building**

# EUROPE – RECORD RECURRING EBIT

## REACHING A NEW LEVEL OF PROFITABILITY

### Europe - 9M 2023 Performance



NET SALES  
to external customers (CHF m)

RECURRING EBIT  
(CHF m)

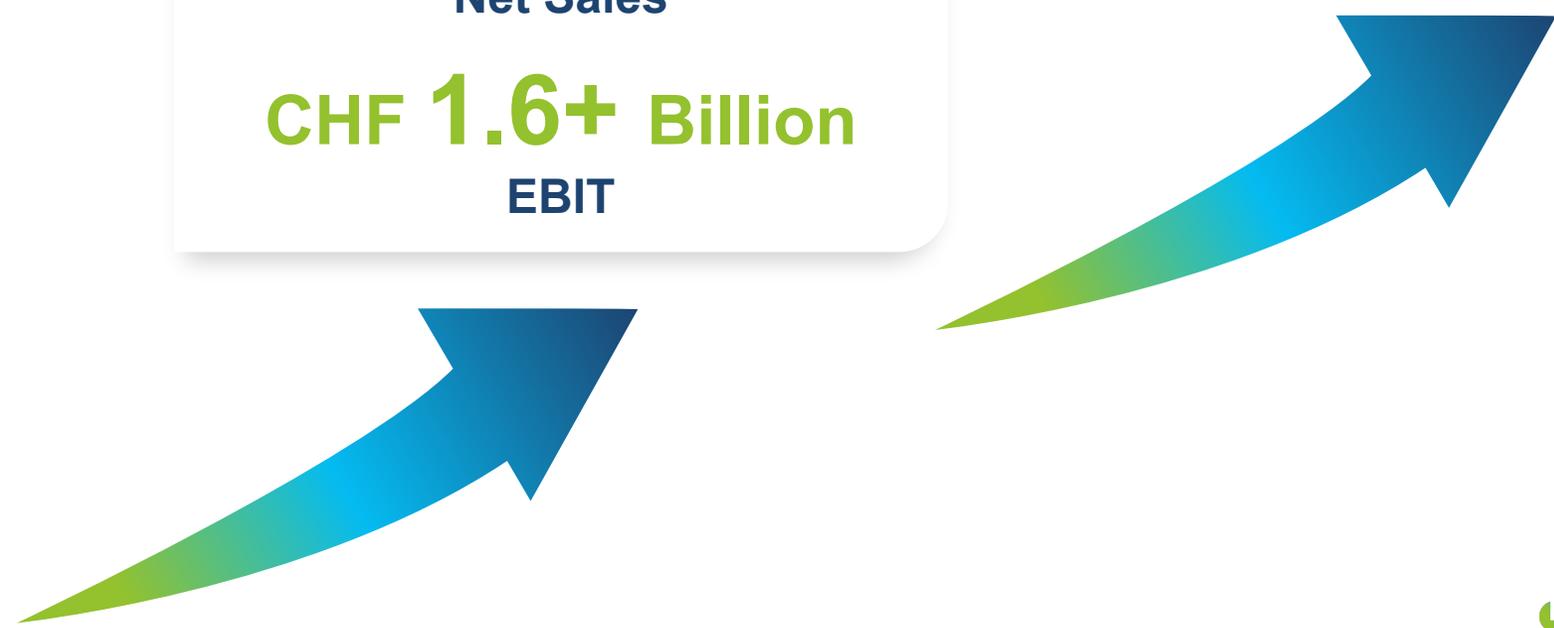
% Total organic  
growth / decline

### Growth Enablers

- ★ Record EBIT Margin driven by Shift from Volume to Value
- ★ Decarbonization Initiatives driving profitable growth
- ★ ECOPact and ECOPlanet becoming multi-billion CHF brands with premium margins
- ★ 8 Bolt-on Acquisitions in Aggregates, Ready-Mix and recycling operations
- ★ 4 Value-accretive Acquisitions in Solutions & Products

# REGION EUROPE'S AMBITION 2030

DECARBONIZATION UNLOCKING THE NEXT LEVEL OF PROFITABLE GROWTH



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Region Europe - Leader in Green Growth

*SQUARE, St. Gallen, Switzerland  
built with Susteno recycled cement*

# MEGA TRENDS SHAPING EUROPEAN CONSTRUCTION

## TRENDS & ENABLERS SHAPING THE FUTURE OF THE CONSTRUCTION SECTOR

### Trends

### Enablers

#### Climate Change

Need for climate resilient infrastructure

#### Scarcity of Resources

Transformation into circular economy

#### Urbanization

Growing cities require sustainable solutions

#### Sustainable Infrastructure

Demand for sustainable infrastructure as well as repair and refurbishment solutions



#### Regulation & Policy

- Revised Building Codes
- EU Taxonomy
- Emission Trading System

#### Breakthrough Technology

- Carbon Capture Technology
- Recycling Technology
- Smart Design

#### Government Funding

- EU Innovation Fund
- EU Green Deal

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Region Europe - Leader in Green Growth

*Ellinikon, Europe's largest urban regeneration project, Athens Riviera, Greece  
Built with ECOPact, the low-carbon concrete*

# INDUSTRY-LEADING DECARBONIZATION ROADMAP

## LEADING PROFITABLE GROWTH

### GREEN OPERATIONS

Decarbonizing Holcim from quarry to lorry



### BUILDING BETTER WITH LESS

Decarbonizing construction with ECOPact and ECOPlanet



### CIRCULAR CONSTRUCTION

Building new from old with ECOCycle



### MAKING BUILDINGS SUSTAINABLE

Decarbonizing cities with sustainable Solutions & Products



# INDUSTRY-LEADING DECARBONIZATION ROADMAP

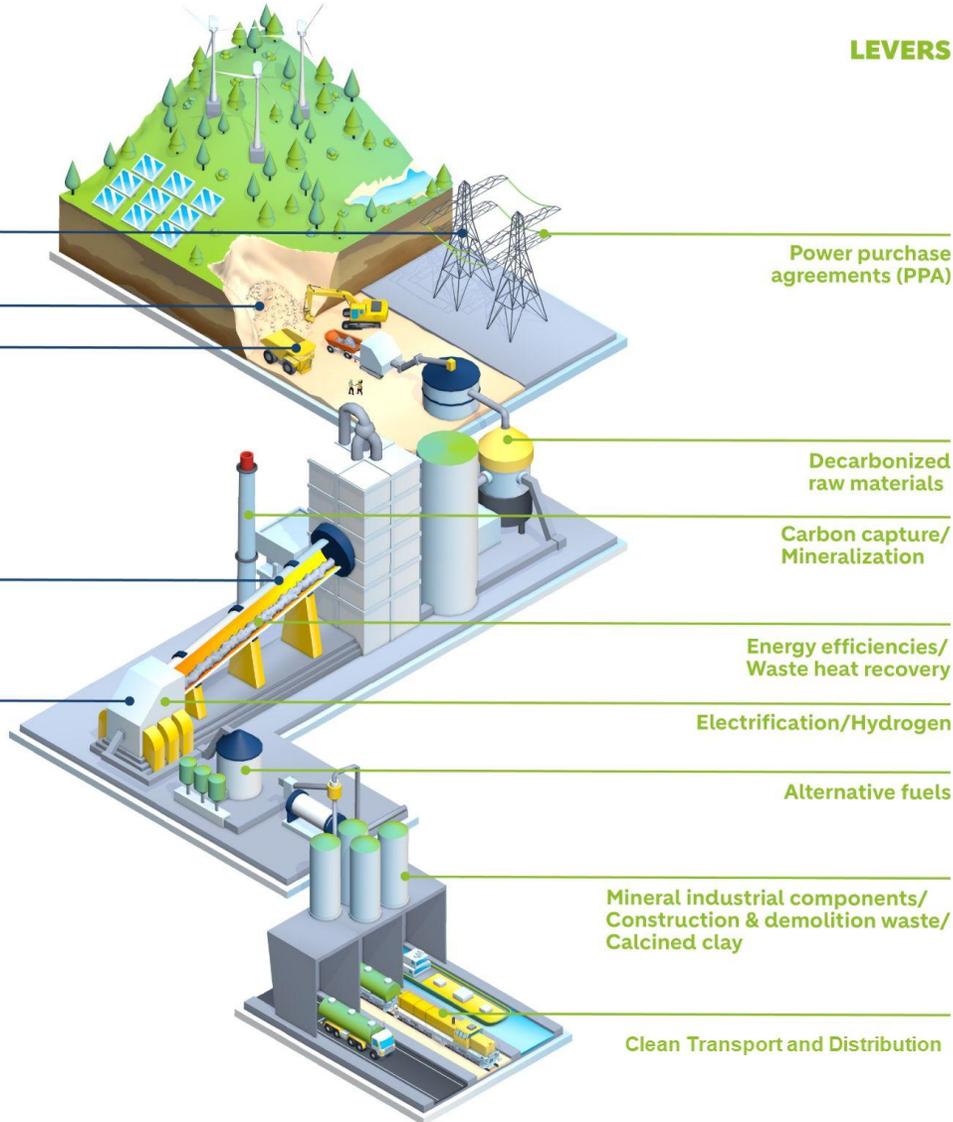
## DECARBONIZING HOLCIM'S OPERATIONS FROM QUARRY TO LORRY

### CO<sub>2</sub> EMISSIONS

Emissions from electricity purchased  
 Quarry  
 On-site vehicles

Process Emissions

Emissions from fuel combustion



### LEVERS

Power purchase agreements (PPA)

Decarbonized raw materials

Carbon capture/Mineralization

Energy efficiencies/Waste heat recovery

Electrification/Hydrogen

Alternative fuels

Mineral industrial components/  
 Construction & demolition waste/  
 Calcined clay

Clean Transport and Distribution

Key decarbonization drivers

Energy [Decarbonized Power]

Formulation [Alternative Raw Material]

Carbon Capture

Energy [Alternative Fuel]

Formulation [Mineral Components]

Green Mobility

SCOPE 1

# EUROPE - INDUSTRY-LEADING DECARBONIZATION ROADMAP

## MOST AMBITIOUS CO2 REDUCTION TARGET IN THE INDUSTRY

Europe Scope 1: Specific NET Emissions (kg CO2 / t cementitious)



# INDUSTRY-LEADING DECARBONIZATION ROADMAP

## FORMULATION IS LEADING INNOVATION FOR LOW CARBON PRODUCTS

### Growth Enablers

★ **Mineral Components** to increase substitution of clinker in cement

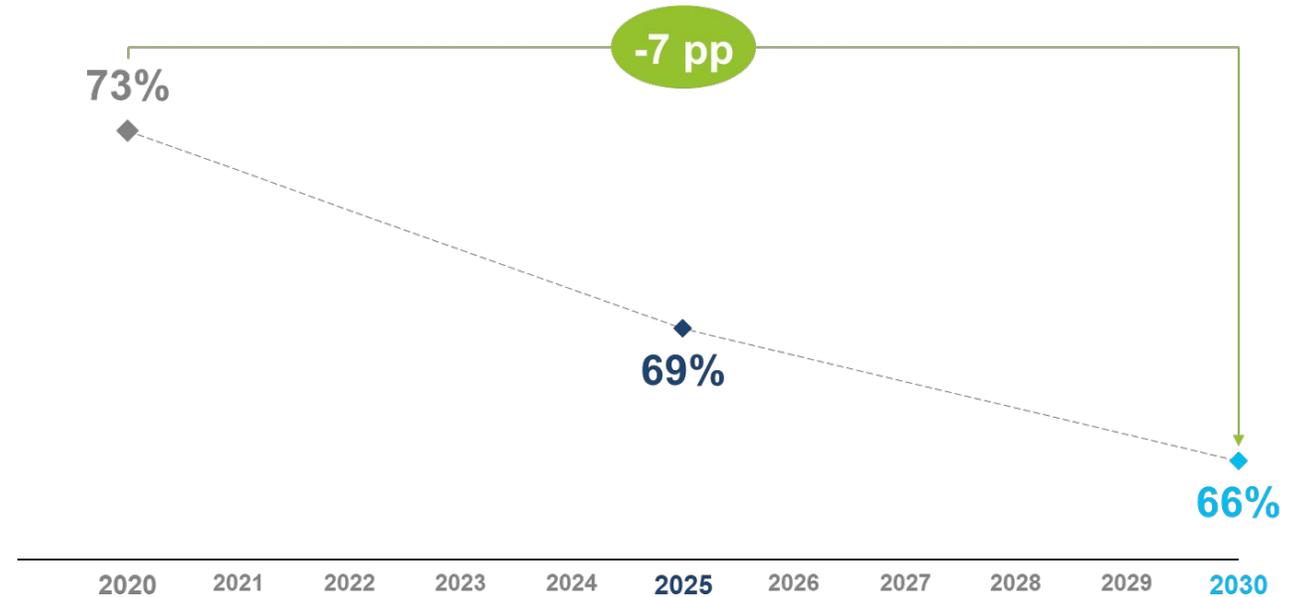
★ Foster **Innovation** to sustain the industry leadership position in formulation

★ **Grow EBIT margin through cost optimization**

1% clinker factor reduction

⇒ implies 3 to 6 kg CO<sub>2</sub> reduction net per ton of cementitious materials

### Clinker Factor in Europe (% clinker per ton of cement)



### Mineral Components (examples):

Construction Demolition Materials

Calcined Clay

Pozzolana

Fly ash

Slag

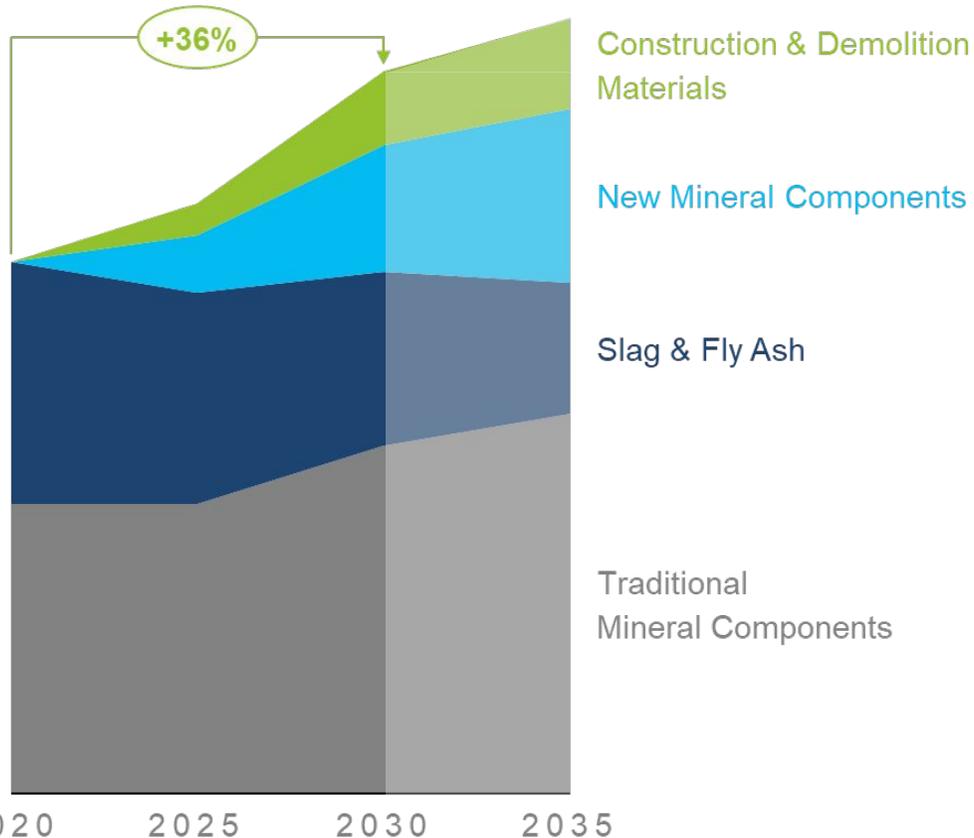
Gypsum

Limestone

# INDUSTRY-LEADING DECARBONIZATION ROADMAP

## FORMULATION: RISING SHARE OF INNOVATIVE MINERAL COMPONENTS

### Mineral Components in Europe (million tons)



### Growth Enablers

#### Construction Demolition Materials

Upcycling fines as cementitious material in low carbon cement

#### Innovative Mineral Components

Calcined Clay, Pozzolana, Reclaimed Ashes gain in significance as a component of the cement in the future

#### Slag & Fly Ash

After 2025, the supply of Slag and Fly Ash is expected to decrease resulting from a lower production of underlying related materials (steel/coal)  
Lower volumes on the market and cost increase

#### Traditional Mineral Components

Limestone and Gypsum (mainly) are and will continue to be a significant share of the Mineral Components  
High availability of sources and lower cost vs. clinker

# INDUSTRY-LEADING DECARBONIZATION ROADMAP

## ENERGY: LEADING THE TRANSITION TO ALTERNATIVE FUELS

### Growth Enablers



**Alternative Fuels** to increase substitution of fossil fuels in the clinker production process



Foster **Innovation** to increase the **Biomass** content and further reduce carbon emissions



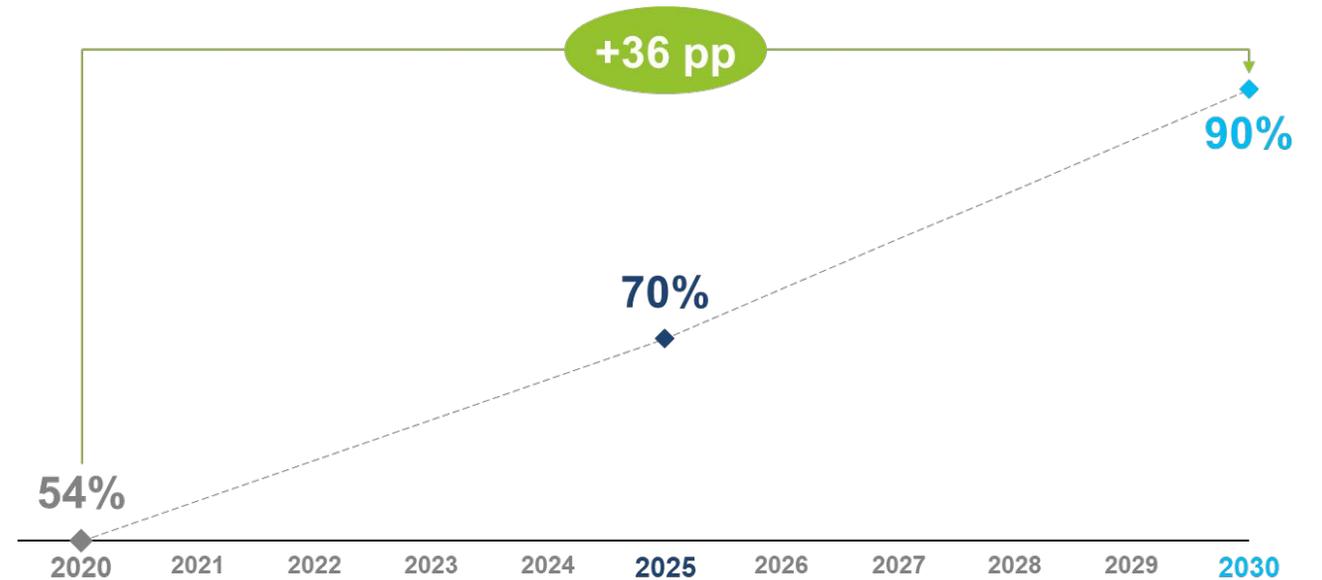
**Grow EBIT margin through cost optimization**

1% Thermal Substitution Rate increase



implies 2 to 4 kg CO<sub>2</sub> reduction  
net per ton of cementitious material

### Thermal Substitution Rate in Europe (% vs. Traditional Fuels)



Transforming waste into energy such as:

Biomass

Sewage sludge

Shredded Waste

Fluff

Solvents

Waste Oils

Tires

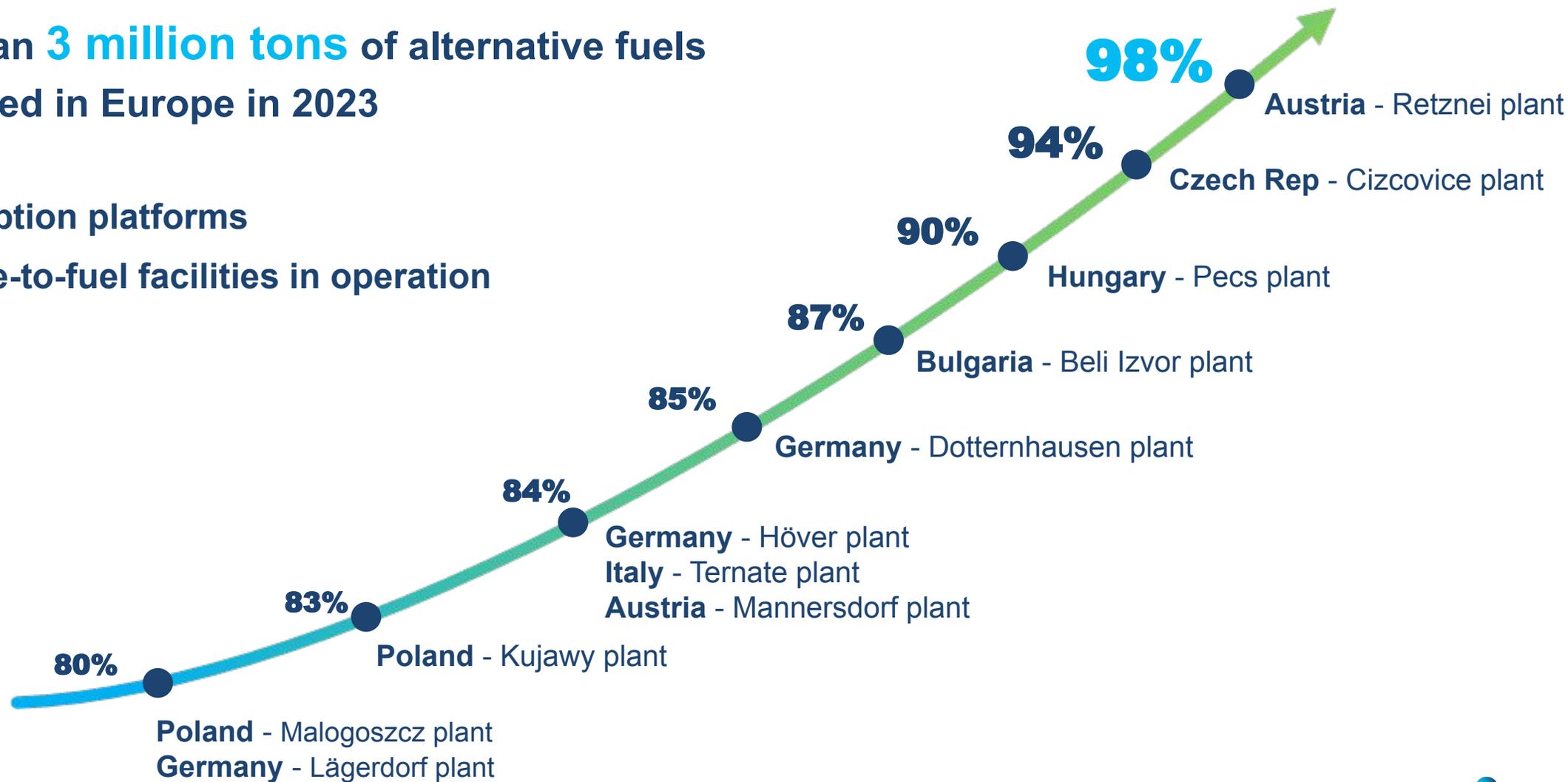
# INDUSTRY-LEADING DECARBONIZATION ROADMAP

ENERGY: ALTERNATIVE FUELS SUBSTITUTION ABOVE 80% IS ALREADY A REALITY

More than **3 million tons** of alternative fuels processed in Europe in 2023

**37** Reception platforms

**14** Waste-to-fuel facilities in operation



# INDUSTRY-LEADING DECARBONIZATION ROADMAP

## 6 GRANTS AWARDED FOR CCUS PROJECTS BY THE EU INNOVATION FUND

### EU INNOVATION FUND

#### 6 GRANTS AWARDED FOR CARBON CAPTURE USAGE AND STORAGE (CCUS)

#### Carbon2Business



Lägerdorf, Germany

**1.2 Mt CO<sub>2</sub>**  
captured p.a. as of 2029  
and utilized as industrial  
raw materials

#### Go4ECOPlanet



Kujawy, Poland

**1.2 Mt CO<sub>2</sub>**  
captured p.a. as of 2027

#### GO4ZERO



Obourg, Belgium

**1.1 Mt CO<sub>2</sub>**  
captured p.a. as of 2028

#### KOdeCO



Koromačno, Croatia

**0.4 Mt CO<sub>2</sub>**  
captured p.a. as of 2028

#### eM-Rhône



Le Teil, France

**0.2 Mt CO<sub>2</sub>**  
captured p.a. as of 2028  
and utilized as E-methanol

#### Olympus



Milaki, Greece

**1.0 Mt CO<sub>2</sub>**  
captured p.a. as of 2029

# INDUSTRY-LEADING DECARBONIZATION ROADMAP

## EUROPE ACCELERATING CCUS WITH 14 PROJECTS

### Growth Enablers

✦ **6 full-scale Carbon Capture Utilization & Storage (CCUS) projects** across Europe will go live at Holcim before 2030

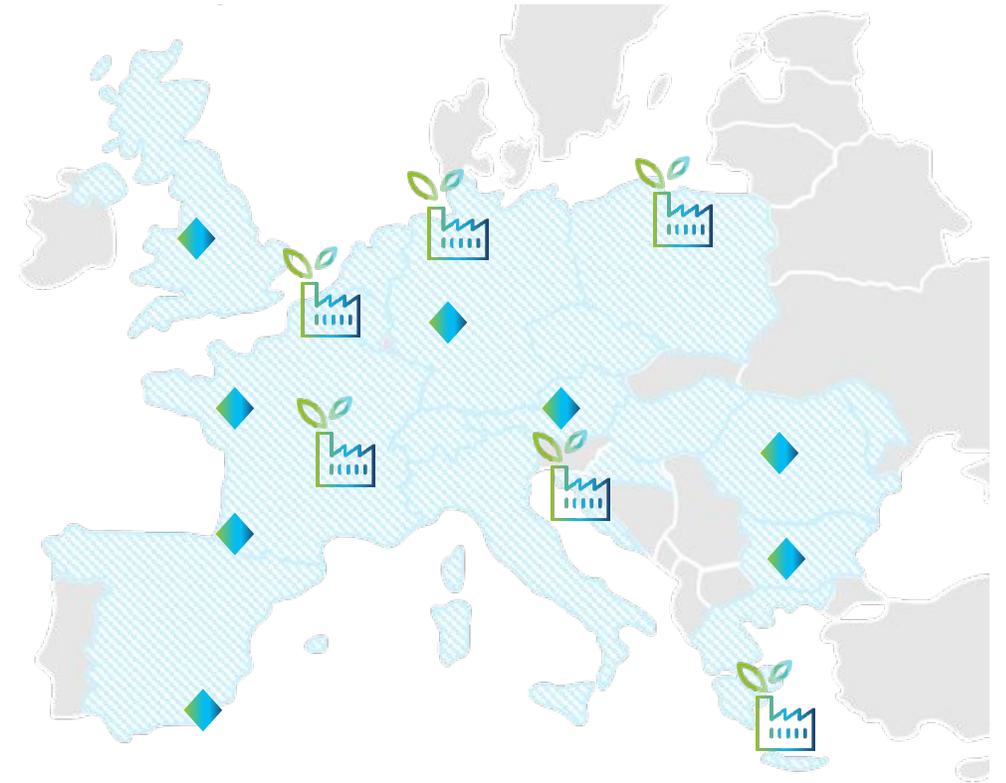
✦ Holcim will capture **5 million tons CO<sub>2</sub> p.a.** in Europe from 2030 and sell **8 million tons p.a. of ECOPlanet Zero decarbonized cement**

✦ **Government funding** has been secured from the EU Innovation Fund for those 6 projects

✦ **8 additional CCUS projects** in development



**6 CCUS projects to go live before 2030**

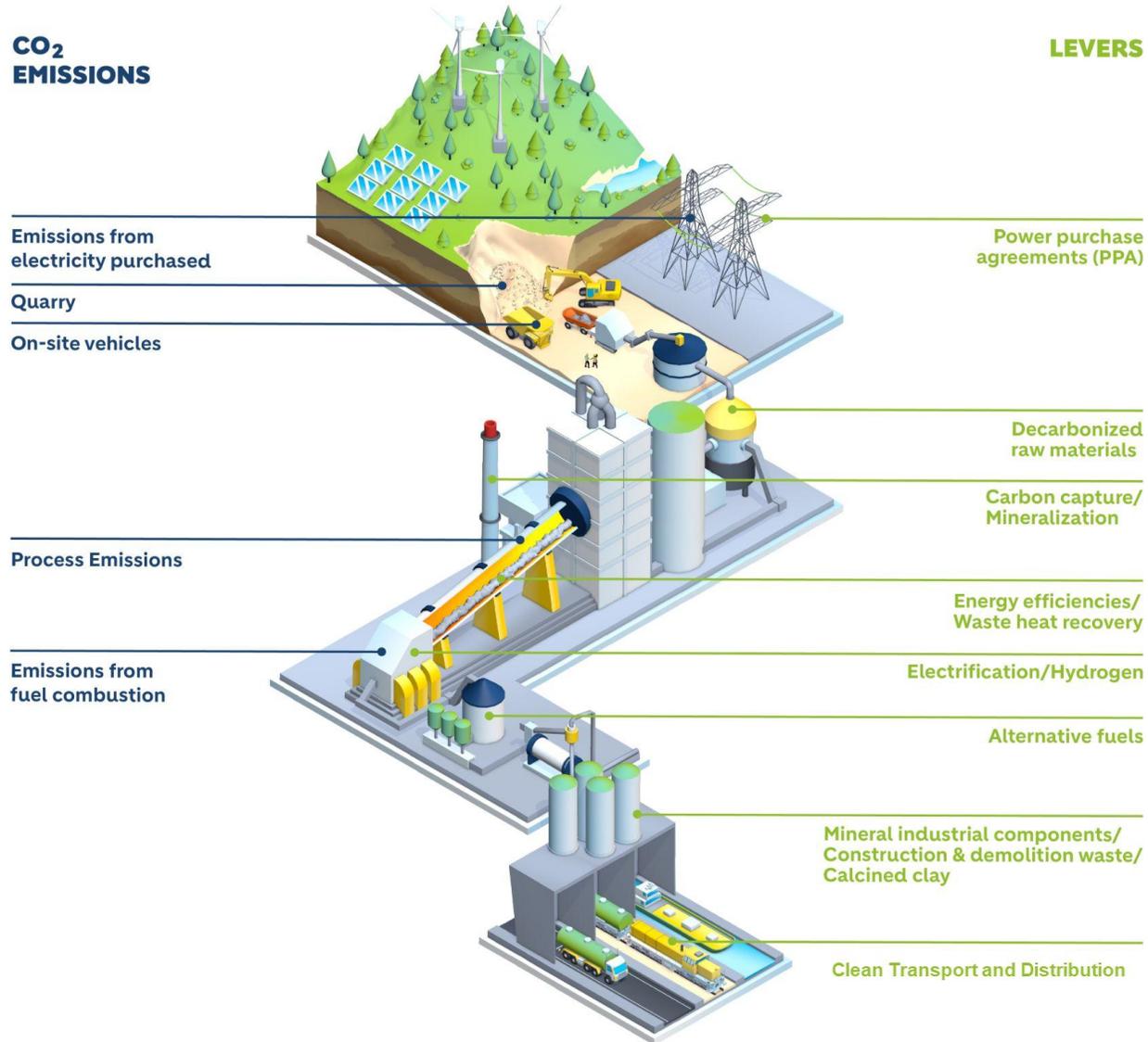


◆ **8 additional CCUS projects** in development

# INDUSTRY-LEADING DECARBONIZATION ROADMAP

## DECARBONIZING HOLCIM'S OPERATIONS FROM QUARRY TO LORRY

### CO<sub>2</sub> EMISSIONS



Key decarbonization drivers

Energy [Decarbonized Power]

SCOPE 2

Formulation [Alternative Raw Material]

Carbon Capture

Energy [Alternative Fuel]

Formulation [Mineral Components]

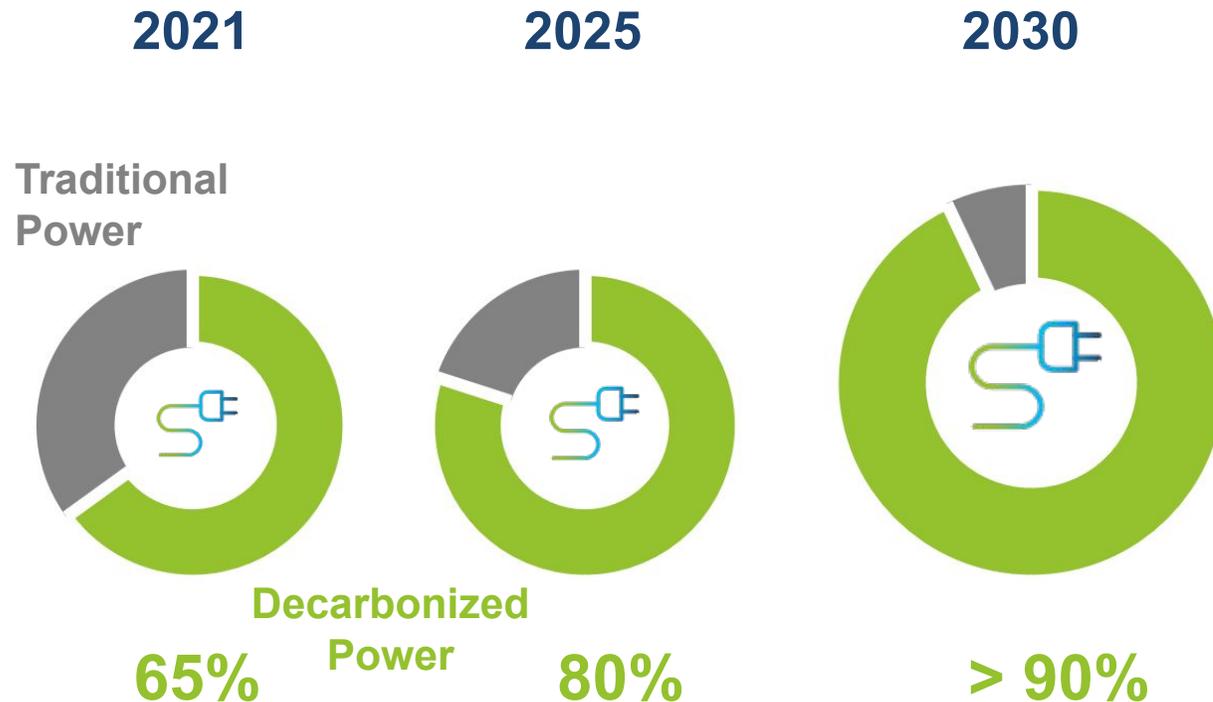
Green Mobility

SCOPE 3

# INDUSTRY-LEADING DECARBONIZATION ROADMAP

## ENERGY: ACCELERATING SHIFT TO DECARBONIZED POWER

### Decarbonized Power in Europe (% of Consumption)



### Growth Enablers

- ★ Power Purchase Agreements
- ★ Bi-lateral **green power contracts** directly with the producer of decarbonized power
- ★ Equity in **renewable power projects** using available space in our quarries and plant areas
- ★ **Cost competitiveness** of decarbonized power vs. fossil fuels generated power

# INDUSTRY-LEADING DECARBONIZATION ROADMAP

## GREEN MOBILITY: WORKING ON 4 KEY LEVERS

### Green Mobility in Europe



Moving to Low Emission Trucks



Dispatch Optimization



Moving to Rail & Waterways



ECO-DRIVING (Fuel Efficiency)



All measures combined drive the reduction of Scope 3 Emissions

2020

7

kg CO<sub>2</sub> / t cementitious

-25%

2030

5

kg CO<sub>2</sub> / t cementitious



# EUROPEAN DECARBONIZATION AS A GROWTH OPPORTUNITY

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Region Europe - Leader in Green Growth

Eight Gardens, London, UK  
Built with ECOPact green concrete with 64% lower CO2

# CIRCULARITY AS A DRIVER OF PROFITABLE GROWTH

## EUROPE IS LEADING THE SHIFT TO CIRCULAR CONSTRUCTION

# ECO Cycle



### Growth Enablers



**Up to 100% construction demolition materials** in concrete, cement and aggregates



**More than 6 million tons of recycled construction demolition materials** in 2023E



**More than 1'000 truck loads per day** in Europe today



**83 recycling sites operating** across Europe today

# CIRCULARITY AS A DRIVER OF PROFITABLE GROWTH

## ECOCYCLE: LEADER IN UPCYCLING CONSTRUCTION DEMOLITION MATERIALS IN EUROPE

### Growth Enablers

#### Accelerating Circular Construction by 2030:

- 150 ECOCycle circular technology platforms in operation
- Recycling 20 million tons of Construction Demolition Materials

#### Invest in advanced technology

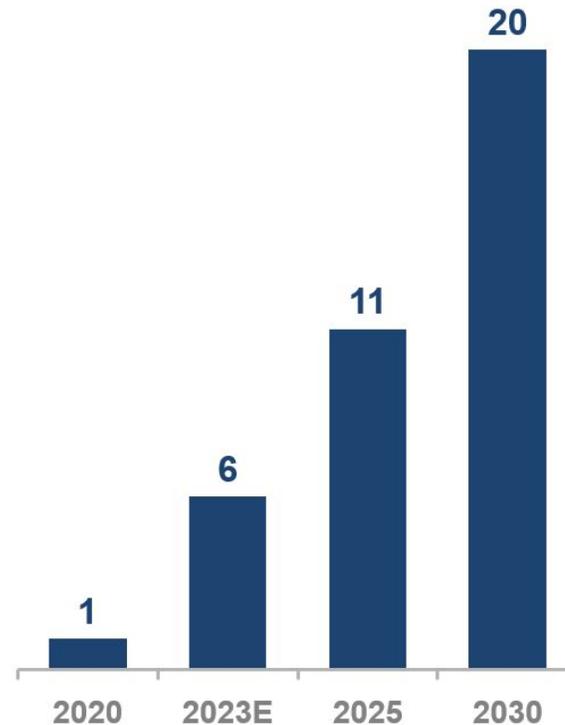
Deploy advanced crushing to reduce by up to 40% the CO2 footprint of cement

#### Develop new standards

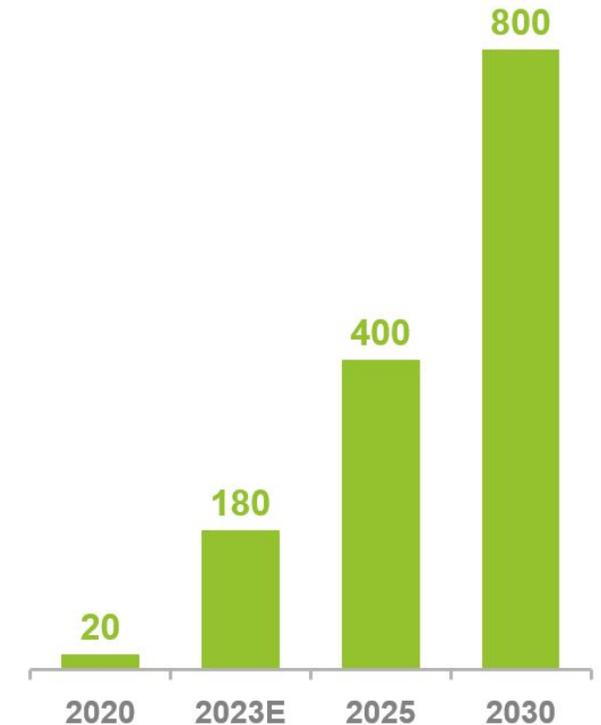
Lead engagement & advocacy to evolve building norms

### Construction and Demolition Materials (CDM) in Europe

**Volume**  
in million tons



**Revenue**  
in million CHF



# EUROPEAN DECARBONIZATION AS A GROWTH OPPORTUNITY

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*Seven Gardens Oak House quarter in Wiesbaden, Germany  
being built with DYNAMAX, the ultimate performance concrete*

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Region Europe - Leader in Green Growth

# MEETING CUSTOMERS' SUSTAINABILITY NEEDS

## FAST GROWING MULTI-BILLION BRANDS DELIVERING PREMIUM MARGINS

 **ECOPACT**

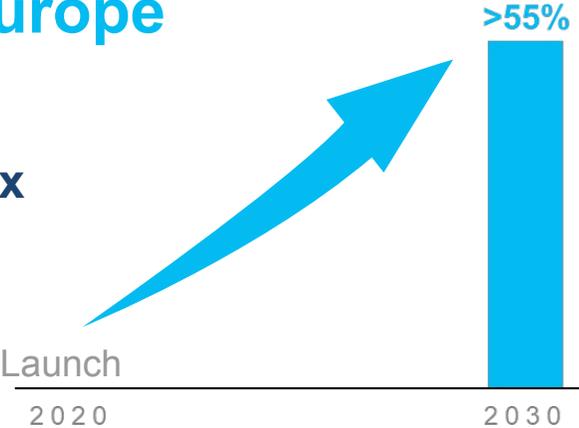
A “One-Billion”  
Brand in 2023



**19%** of Group Ready-Mix Net Sales  
in 9M 2023

 **ECOPACT in Europe**

**>55%** of Ready-Mix  
Net Sales by 2030



Year	Ready-Mix Net Sales
Launch 2020	0%
2030	>55%

 **ECOPLANET**

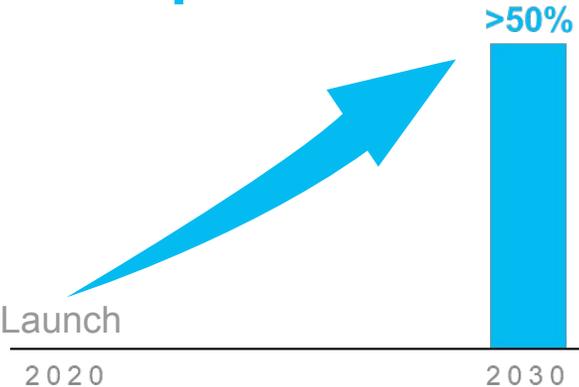
A “Two-Billion”  
Brand in 2023



**19%** of Group Cement  
Net Sales in 9M 2023

 **ECOPLANET in Europe**

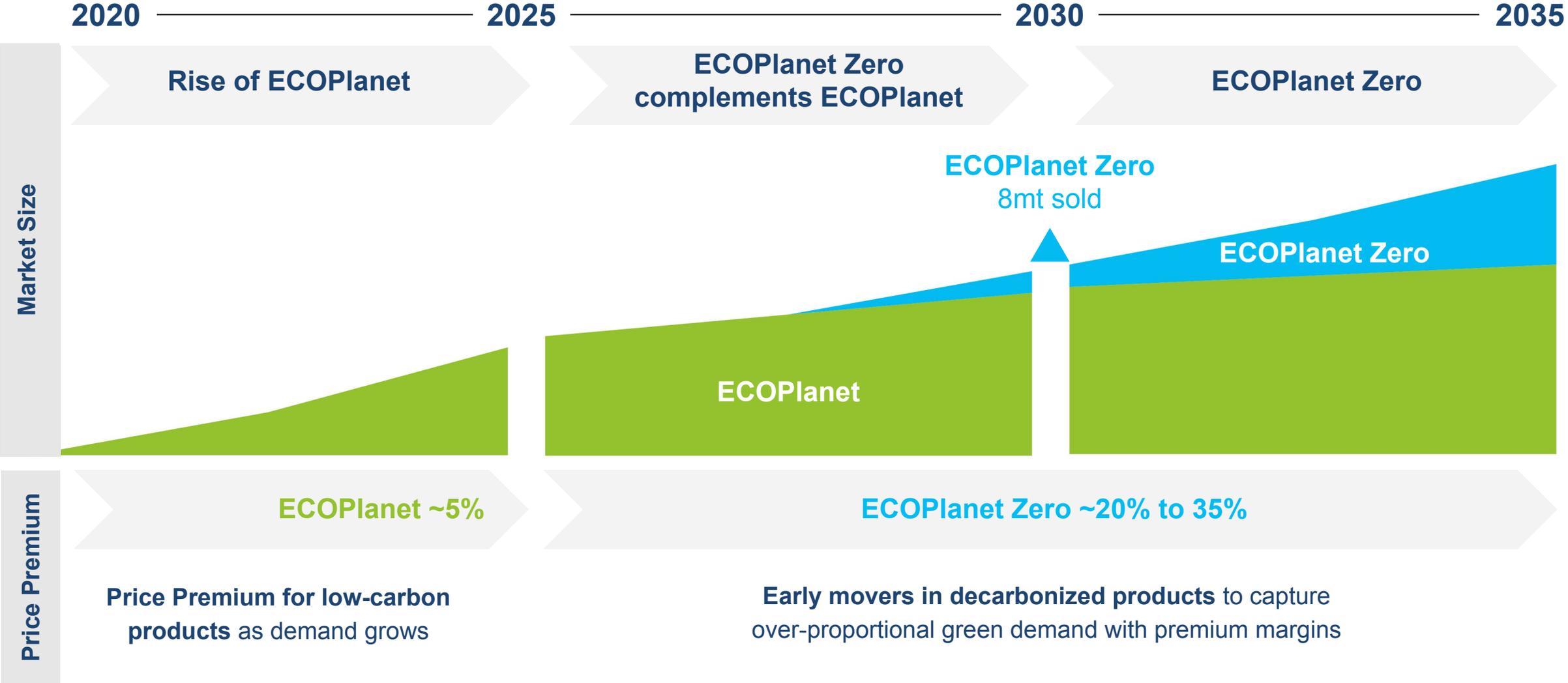
**>50%** of Cement  
Net Sales by 2030



Year	Cement Net Sales
Launch 2020	0%
2030	>50%

# MEETING CUSTOMERS' SUSTAINABILITY NEEDS

## GREEN PRICE PREMIUM BECOMES PROFITABILITY DRIVER IN EUROPE



# EUROPEAN DECARBONIZATION AS A GROWTH OPPORTUNITY

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*San Raffaele Hospital, Milan, Italy  
Built with Holcim's Innovative building solutions*

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Region Europe - Leader in Green Growth

# EXPANDING SOLUTIONS & PRODUCTS IN EUROPE

## FROM ADVANCED MORTARS TO ROOFING



Technologies and innovation offering **sustainable** and **energy efficient solutions**



Growing and resilient demand from **repair** and **refurbishment**



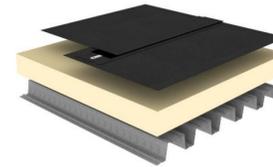
High profitability through **system** and **specification selling**



Excellent **brand recognition** with long-lasting customer loyalty

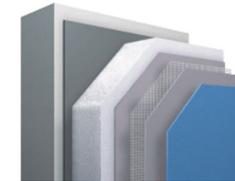


**Attractive margins, high returns** and **high cash conversion**



### Roofing

From commercial flat roofs to residential roofs



### Insulation

Thermal insulation systems for energy efficiency & green retrofitting



### Tile adhesives

Advanced systems, decorative and functional



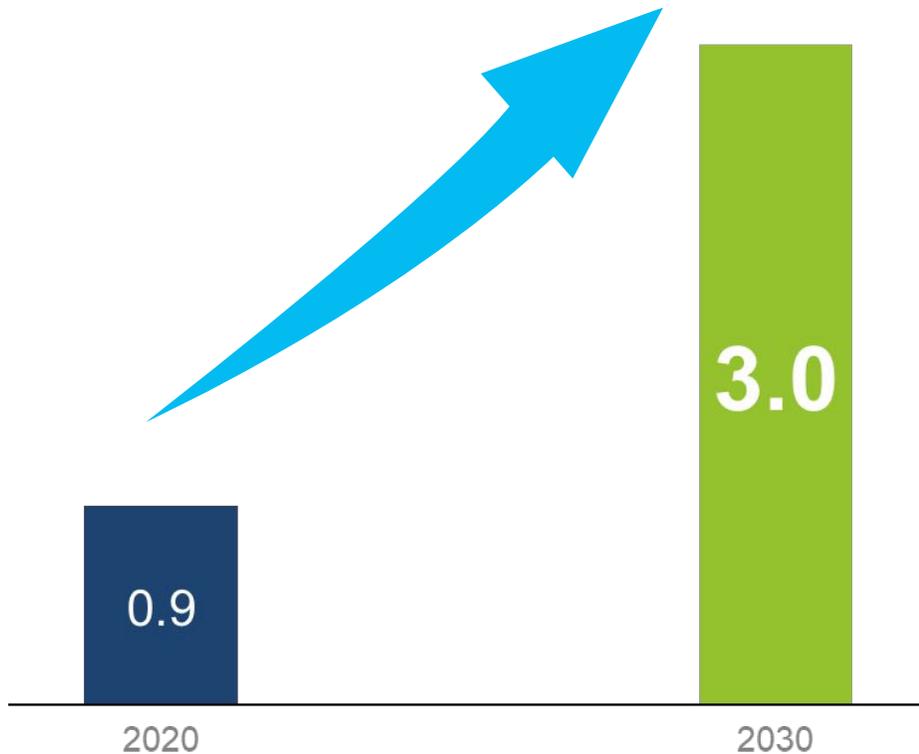
### Facade

Internal and external wall systems from decoration to protection

# SUSTAINABLE SOLUTIONS & PRODUCTS

GROWING OVER PROPORTIONALLY WITH INNOVATIVE PRODUCT PORTFOLIO

## Net Sales Ambition in Europe (CHF billion)



## Growth Enablers

★ **Regulatory push towards thermal efficiency & insulation** will increase demand

★ **Government funding** for sustainable repair and renovation

★ **Organic growth in current segments** with more specialized solutions & products

★ **M&A activity** to further accelerate growth around Holcim's iconic brands

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**Region Europe - Leader in Green Growth**

*Miro, the BREEAM-excellence certified office complex in Bucharest, Romania  
Built with DYNAMax, the ultimate performance concrete*

# REGION EUROPE'S AMBITION 2030

DECARBONIZATION UNLOCKING THE NEXT LEVEL OF PROFITABLE GROWTH

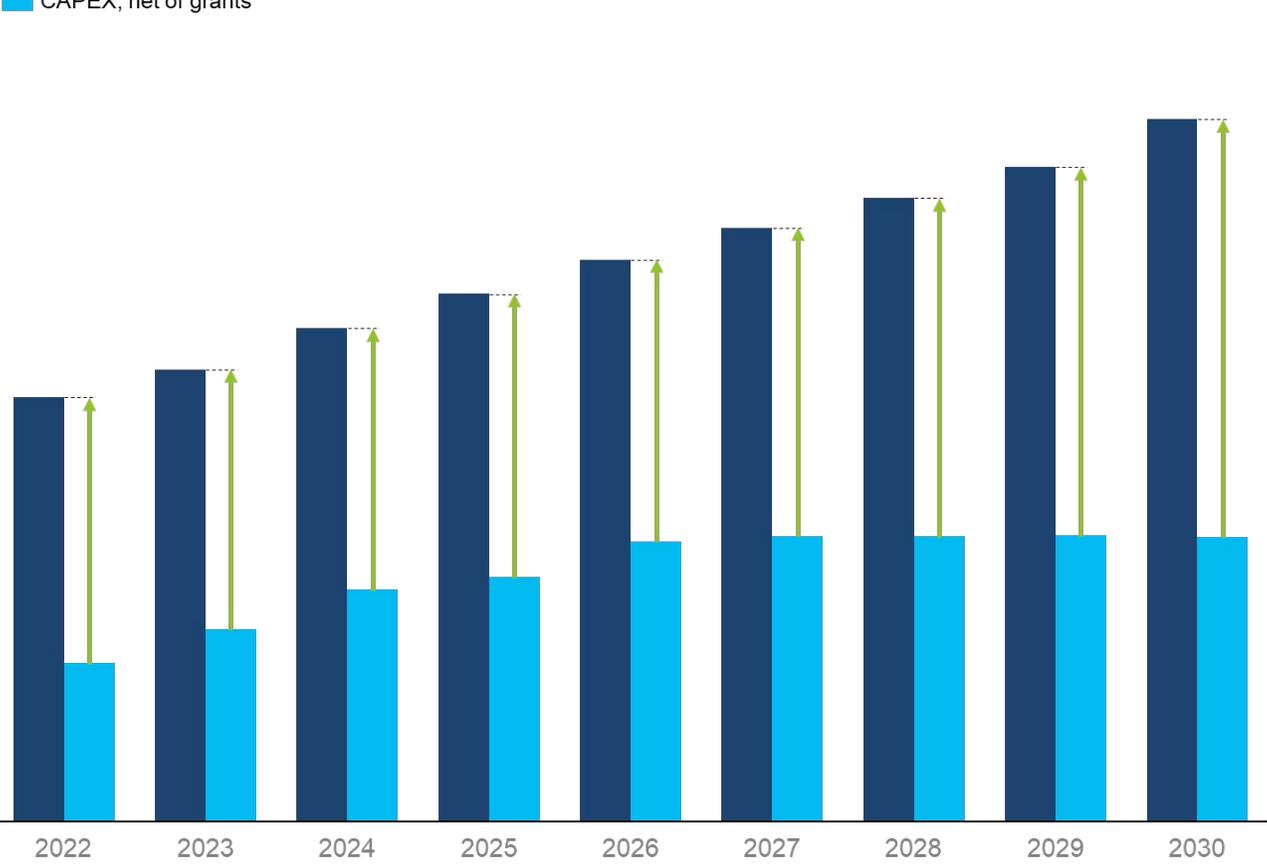


# EUROPE DECARBONIZATION ROADMAP

## INCREASING PROFIT MARGINS AND HIGH CASH GENERATION

### Free Cash Flow over 2023-2030 (CHF)

■ Cash from Operations  
■ CAPEX, net of grants



### Cash Generation and Capex

- ✦ Increasing profit margins and high cash generation

---

- ✦ Around 70% of total CAPEX 2023-2030 is **taxonomy-aligned** invested to execute the full decarbonisation roadmap
  - **1/3 to grow & decarbonize** formulation, energy and process
  - **2/3 for CCUS projects** (top 6 projects in execution and 8 anticipated projects)

# INDUSTRY-LEADING DECARBONIZATION ROADMAP

## LEADING PROFITABLE GROWTH

### GREEN OPERATIONS

Decarbonizing Holcim from quarry to lorry

**285kg**  
of Scope 1 emissions  
by 2030



### CIRCULAR CONSTRUCTION

Building new from old with ECOCycle

**20 million tons** of recycled  
construction demolition  
materials by 2030



**>60%**  
reduction of  
Scope 1 and 2 CO<sub>2</sub>  
per Net Sales  
2020-2030

### BUILDING BETTER WITH LESS

Decarbonizing construction  
with ECOPact and  
ECOPlanet

**>50%** of Net Sales  
by 2030



### MAKING BUILDINGS SUSTAINABLE

Decarbonizing cities  
with sustainable  
Solutions & Products

**CHF 3bn** in Net Sales  
by 2030



# EUROPEAN DECARBONIZATION AS A GROWTH OPPORTUNITY

## INDUSTRY-LEADING DECARBONIZATION ROADMAP DRIVING PROFITABLE GROWTH



Driving Profitable Growth in Europe with CHF **10+ Billion Net Sales** and CHF **1.6+ Billion EBIT** by 2026 with increasing EBIT Margins driven by Decarbonization



**Industry-leading Decarbonization** delivering above **60% Reduction** of CO<sub>2</sub> per Net Sales from 2020 to 2030



Largest Number of **EU-Funded CCUS Projects** to Capture **5 Million Tons of CO<sub>2</sub> p.a.** by 2030 and **8 Further Projects** ahead, all with **High Return on Investment**



Fast-growing **Multi-billion Brands ECOPact** and **ECOPlanet** meeting Customers' Sustainability Needs and driving Profitable Growth



Making Circularity a Driver of Profitable Growth with **150 ECOCycle®** Technology Platforms **Recycling 20 Million Tons of Construction Demolition Materials** p.a. by 2030

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