

## **Annual General Meeting**

May 8, 2024, 9.00 a.m.

Bossard Arena, General-Guisan-Strasse 4  
6300 Zug, Switzerland

## **Speech by the Chief Financial Officer**

Check against delivery

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### **Steffen Kindler, Chief Financial Officer**

Thank you, Jan and good morning from my side!  
Verehrte Aktionärinnen und Aktionäre,  
Chers Actionnaires,  
Dear Shareholders

My name is Steffen Kindler, I am a member of the Executive Committee of Holcim and I joined Holcim just over a year ago from Nestle, where I spent 25 years of my career.

In my role as Group CFO, I thank you for attending our AGM today, and I'd like to extend an especially warm welcome to all of you who made it here to Zug in order to be with us in person.

Today, I have the honour of presenting Holcim's 2023 results to you.

2023 was Holcim's most successful business year so far. In almost all of our relevant Key Performance Indicators, or KPIs, we achieved new record levels.

We also achieved our 2025 financial targets two years ahead of plan, as you can see on these two slides, from Net Sales growth and over-proportional growth in Recurring Earnings Before Interest and Tax, all the way to our cash conversion, Return on Invested Capital and so-called debt leverage, or net financial debt over EBITDA.

Allow me to walk you through a few of the highlights, as well as the drivers, of our results.

Recurring EBIT, which is an important measure of our operating performance, reached CHF 4.76 bn, an organic increase of 14.7%.

The EBIT margin, so the recurring EBIT over Sales, reached 17.6%, an increase of 1.3 percentage points since 2022 and an increase of 3.8 pp since 2018. This is both a measure of the successful strategic shift of our company from volume to value and proof of increasing efficiency.

With a margin of 17.6% we are the leading company in our industry, and you can see its evolution in the slide on the screen.

Free Cash Flow of CHF 3.7 bn and cash conversion of 58%. Our free cash flow exceeded CHF 3bn for the last 5 years and Holcim has built a track record of reliability in delivering strong cash flow.

These operational results are rooted in Holcim's deeply embedded **performance culture**, which plays a key role in setting Holcim apart, in its industry and beyond.

Coming into Holcim from the outside, it is impressive to see how Holcim's performance culture is decentralised, while clearly aligned with group targets. Individual leadership is encouraged: there are more than 500 P&L leaders around the world empowered for customer-centric decision-making.

Continuing with the earnings figures: our Earnings Per Share, or EPS, before Impairments and Divestments reached 5.42 CHF/share, an increase of 9.2% and an indicator of very disciplined cost and business management all the way down to the bottom line - our net profit.

Next, I would like to mention our return on invested capital, or ROIC, which also reached a new record level at 10.6%. This is proof of careful capital management - both in CAPEX and M&A - an efficient use of our existing asset base as well as increased profitability.

Holcim's **M&A process** is another standout attribute of the company.

Between 2018 and 2023, Holcim executed 97 value-accretive transactions, including 6 major acquisitions in Solutions & Products and 72 so called bolt-ons, of which 80% were family-owned companies bringing significant synergy upside. Holcim made 19 divestments over this period.

In the first quarter of this year, we continued to execute value-accretive transactions, making five acquisitions and closing four divestments, with net M&A adding more than 3% to our net sales in the first quarter.

Our superior value creation through the M&A process is based on our target for acquisitions to be EPS accretive from year 1 and ROIC accretive in year 3.

Our M&A process is disciplined, with an average time from signing to closing of 4 months. There is full accountability of local management for integration and synergy delivery.

During the last 5-6 years, M&A has indeed played a key role in Holcim successfully shifting to the most attractive geographic markets with strong growth drivers and margins.

Europe was 34% of net sales in 2023, up from 28% in 2018, and North America 39%, up from 22% in 2018. Solutions & Products has grown from 9% of net sales in 2018 to 21%.

Lastly, our debt leverage, which as a reminder is net financial debt over EBITDA, is low at 1.2 times, which puts us comfortably into a strong investment grade credit rating. BBB+ currently.

We achieved these results also by making decarbonization a driver of profitable growth, especially in Europe, which you can see in the fact that we produced these results while reducing CO2 per million of net sales by 20% in 2023 and by a total of 42% since 2020.

Offering our customers the most advanced building solutions, Holcim generated 30% of 2023 net sales from our multi-billion Swiss franc brands from ECOPact and ECOPlanet to OneCem & Elevate.

When we look at the evolution of Holcim's performance over 2023, we can see increasing momentum with the last and fourth quarter being the strongest for EBIT growth versus the same period in 2022.

We have also had a strong start to this year, as shown at our Q1 trading update two weeks ago, with recurring EBIT in local currency up 17.1% and further expansion of our industry-leading EBIT margin.

With this strong performance, we have confirmed our guidance for 2024 and have proposed a dividend per share of CHF 2.80, an increase of 12%, and exempt from Swiss withholding tax.

With this dividend, we're one of the leading companies in the SMI in terms of dividend yield after tax.

Additionally, given our record free cash flow, strong balance sheet and positive outlook for this year, we announced at our FY results in February a new share buyback program of CHF 1 billion to be completed by the end of 2024.

This began on 18 March. Dividends will be paid out of foreign capital contribution reserves and will not be subject to Swiss withholding tax. I would emphasise that Holcim remains committed to its strong investment grade credit rating.

I'll conclude my review of our 2023 full-year results by noting that we have reinforced our track record of increasing shareholder returns while strengthening the balance sheet.

Between 2018 and 2024, Holcim expects to have returned CHF 11.4 billion in cash to shareholders cumulatively through share buybacks and dividends, even as we have reduced our net debt leverage ratio from 2.2x to 1.2x.

With that, it gives me great pleasure to hand you over to Holcim's new CEO, Miljan Gutovic.