

Zug | 27 October 2023

Ad hoc announcement pursuant to Art. 53 LR

Continued Profitable Growth in Q3 with Record Recurring EBIT

- Q3 net sales of CHF 7,340m, +4.3% organic growth
- Record Q3 recurring EBIT of CHF 1'600m
- New roofing systems ambition to reach above USD 6 billion in net sales and above USD 1.3 billion in EBIT by 2026
- 20% reduction of CO₂ per net sales in 9M 2023
- Industry-leading profitability, upgrading full-year guidance for recurring EBIT margin to above 17%

Jan Jenisch, Chairman and CEO: "I thank all members of the Holcim family for delivering profitable growth in Q3 despite challenging economic conditions, marked by softer demand in some markets and foreign exchange headwinds. This is a testimony to our teams' resilience and efforts across all our markets to lead the transition to sustainable building.

"Q3 confirms Holcim's strong earnings profile, with broad-based growth drivers delivering another increase in profitability. This performance gives us the confidence to upgrade our 2023 guidance to an industry-leading recurring EBIT margin of above 17% for the year, and advance our roofing systems ambition to reach above USD 6 billion in net sales and USD 1.3 billion in EBIT by 2026.

"Leading the transition to sustainable building, we reduced our CO₂ per net sales by 20% in the first nine months of the year. We continue to build momentum with our sustainable brands generating billions in net sales, from ECOPact low-carbon concrete to Elevate advanced roofing systems. Driving circular construction, we increased our recycling of construction demolition materials by 17% in the first nine months and are scaling up our ECOCycle® technology. As part of our net zero journey, we continue to advance our carbon capture, utilization and storage projects and secured a sixth European Union innovation fund grant, partnering to scale up our impact."

Performance overview Q3

Group (in million CHF)	Q3 2023	Q3 2022	±%	±%Organic
Net sales	7,340	8,045	-8.8	4.3
Recurring EBIT	1,600	1,551	3.1	14.1

Performance overview 9M

Group (in million CHF)	9M 2023	9M 2022	±%	±%Organic
Net sales	20,407	22,725	-10.2	6.2
Recurring EBIT	3,643	3,724	-2.2	13.8

Continued profitable growth

Profitable growth continued in Q3 2023 despite economic headwinds. Net sales were CHF 7,340 million, up 4.3% organically compared to the prior-year period. Net sales over the first nine months of 2023 were CHF 20,407 million, or 6.2% higher organically than in the prior-year period.

Recurring EBIT reached a record CHF 1,600 million in the third quarter of 2023, a 14.1% rise on an organic basis compared to the prior-year period. The absolute CHF 49 million increase in recurring EBIT versus the prior-year period came despite softer demand in some markets and a negative foreign exchange impact of CHF 157 million. Recurring EBIT for the nine months was CHF 3,643 million, an increase of 13.8% organically. Holcim's recurring EBIT margin for the first nine months is at a record 17.9%, up 1.5 percentage points. Holcim has upgraded its 2023 recurring EBIT margin guidance for the full year to above 17%, up from above 16%.

New ambition for roofing systems

Advancing its leadership in roofing systems, Holcim announced its new ambition to reach above USD 6 billion in net sales and above USD 1.3 billion in EBIT by 2026, at its investor day in September. This new ambition is driven by Holcim's above-market growth and over-proportional increase in profitability.

With more than 40 state-of-the-art production facilities, Holcim makes 80% of sales in systems selling - manufacturing and supplying the complete roofing system - and generates 70% of sales from re-roofing in the resilient repair and refurbishment market. Building on its North American footprint, Holcim is expanding its advanced roofing systems in Europe and Latin America.

Investing for growth

Holcim continues to invest for profitable growth, and has made a total of 21 value accretive acquisitions this year. The latest acquisitions include a UK provider of construction demolition materials to advance circular construction across this key market, a ready-mix concrete acquisition in Australia to strengthen Holcim's position in the Victoria market, and a roofing company in Germany to continue the expansion of advanced roofing systems in Europe.

Accelerating climate action

Decarbonizing its building solutions, Holcim has reduced its CO₂ per net sales by 43% since 2020. Accelerating green growth, ECOPact low-carbon concrete accounted for 19% of Holcim's ready-mix net sales in the first nine months, and is on track to be a CHF 1 billion brand this year. ECOPlanet low-carbon cement accounted for 19% of cement net sales in the first nine months, on course to becoming a CHF 2 billion brand this year. Holcim increased its recycling of construction demolition materials by 17% in the first nine months compared to the prior-year period, and is driving circular construction with the scale-up of its ECOCycle® technology.

In the third quarter, Holcim secured a sixth European Union innovation fund grant for the development of carbon capture, utilization and storage technology. The grant was awarded to Holcim's plant in Milaki, Greece, which aims to capture 1 million tons of CO₂ per annum as of 2029. This is a further step on Holcim's decarbonization journey, and its commitment to invest CHF 2 billion by 2030 in carbon capture, utilization and storage technology and to capture 5 million tons of CO₂ annually by 2030.

Upgrading 2023 guidance

Based on the positive results over the first nine months, Holcim is confirming its outlook and upgrading its full-year guidance for recurring EBIT margin:

- Organic Net Sales growth above 6%
- Organic recurring EBIT growth above 10%
- Industry-leading recurring EBIT margin above 17%, up from above 16%
- Free Cash Flow after leases of around CHF 3 billion
- Reduction of CO₂ per Net Sales above 10%

Key Group figures

Group 9M	2023	2022	±%	±%Organic
Net sales (CHFm)	20,407	22,725	-10.2	6.2
Recurring EBIT (CHFm)	3,643	3,724	-2.2	13.8

Group results by product 9M	2023	2022	±%	±%Organic
Net sales of Cement (CHFm)	10,392	12,956	-19.8	11.5
Recurring EBIT of Cement (CHFm)	2,509	2,580	-2.8	20.6
Recurring EBIT margin of Cement (%)	24.1	19.9		
Net sales of Aggregates (CHFm)	3,347	3,164	5.8	9.7
Recurring EBIT of Aggregates (CHFm)	493	467	5.6	12.8
Recurring EBIT margin of Aggregates (%)	14.7	14.8		
Net sales of Ready-Mix Concrete (CHFm)	4,509	4,336	4.0	11.7
Recurring EBIT of Ready-Mix Concrete (CHFm)	190	114	66.5	59.5
Recurring EBIT margin of Ready-Mix Concrete (%)	4.2	2.6		
Net sales of Solutions & Products (CHFm)	4,250	4,283	-0.8	-12.0
Recurring EBIT of Solutions & Products (CHFm)	451	563	-19.9	-22.6
Recurring EBIT margin of Solutions & Products (%)	10.6	13.2		

Segment performance

North America

In the first nine months, North America delivered record net sales and recurring EBIT, leading to a recurring EBIT margin of 21.7%. There was an over-proportional organic growth of 19.8% in recurring EBIT over the same timeframe, with good performance expected to continue in Q4.

North America Q3	2023	2022	±%	±%Organic
Net sales to external customers (CHFm)	2,027	2,026	0.0	8.7
Recurring EBIT (CHFm)	595	565	5.3	15.1
Recurring EBIT margin (%)	28.6	27.2		

North America 9M	2023	2022	±%	±%Organic
Net sales to external customers (CHFm)	5,071	4,759	6.6	12.8
Recurring EBIT (CHFm)	1,123	1,005	11.7	19.8
Recurring EBIT margin (%)	21.7	20.7		

Latin America

The third quarter was Latin America's thirteenth consecutive quarter of profitable organic growth, with a strong reduction in CO₂ per ton of cementitious material. Strong performance in Mexico was driven by demand for infrastructure projects. Holcim sees the good performance continuing in Q4.

Latin America Q3	2023	2022	±%	±%Organic
Net sales to external customers (CHFm)	713	785	-9.2	20.8
Recurring EBIT (CHFm)	251	272	-8.0	17.6
Recurring EBIT margin (%)	34.9	34.1		

Latin America 9M	2023	2022	±%	±%Organic
Net sales to external customers (CHFm)	2,116	2,213	-4.4	22.6
Recurring EBIT (CHFm)	739	725	2.0	16.9
Recurring EBIT margin (%)	34.6	32.2		

Europe

Holcim reported a strong increase in profitability in Europe for the first nine months of the year, with strong margin expansion and record recurring EBIT. The increase in profitability was broad-based across all key markets and decarbonization progress has accelerated.

Europe Q3	2023	2022	±%	±%Organic
Net sales to external customers (CHFm)	1,858	1,717	8.2	6.5
Recurring EBIT (CHFm)	401	328	22.2	22.4
Recurring EBIT margin (%)	20.7	18.1		

Europe 9M	2023	2022	±%	±%Organic
Net sales to external customers (CHFm)	5,552	5,200	6.8	8.9
Recurring EBIT (CHFm)	934	746	25.2	28.2
Recurring EBIT margin (%)	16.1	13.7		

Asia, Middle East & Africa

In Asia, Middle East & Africa, Holcim delivered broad-based profitable organic growth in the first nine months, with strong margin expansion of 5.5 percentage points despite a soft market in China. These strong trends are expected to continue in the fourth quarter.

Asia, Middle East & Africa Q3	2023	2022	±%	±%Organic
Net sales to external customers (CHFm)	968	1,664	-41.9	6.8
Recurring EBIT (CHFm)	218	225	-3.2	18.9
Recurring EBIT margin (%)	21.2	13.0		

<i>Of which Asia Pacific Q3</i>	2023	2022	±%	±%Organic
Net sales to external customers (CHFm)	476	1,091	-56.4	3.0
Recurring EBIT (CHFm)	127	137	-7.1	12.7
Recurring EBIT margin (%)	26.5	12.5		

<i>Of which Middle East Africa Q3</i>	2023	2022	±%	±%Organic
Net sales to external customers (CHFm)	492	573	-14.2	10.3
Recurring EBIT (CHFm)	91	88	2.8	28.1
Recurring EBIT margin (%)	16.5	14.0		

Asia, Middle East & Africa 9M	2023	2022	±%	±%Organic
Net sales to external customers (CHFm)	3,014	5,815	-48.2	8.6
Recurring EBIT (CHFm)	678	935	-27.5	16.4
Recurring EBIT margin (%)	21.1	15.6		

<i>Of which Asia Pacific 9M</i>	2023	2022	±%	±%Organic
Net sales to external customers (CHFm)	1,531	4,072	-62.4	10.6
Recurring EBIT (CHFm)	370	652	-43.2	5.3
Recurring EBIT margin (%)	24.1	16.0		

<i>Of which Middle East Africa 9M</i>	2023	2022	±%	±%Organic
Net sales to external customers (CHFm)	1,483	1,743	-14.9	6.8
Recurring EBIT (CHFm)	308	282	9.0	32.3
Recurring EBIT margin (%)	18.4	14.8		

Solutions & Products

Within Solutions & Products, underlying market demand in the US and Europe is healthy, and strong growth in roofing is expected in the fourth quarter. For Q3, Solutions & Products recorded a margin improvement in roofing and achieved a positive price over cost.

Solutions & Products Q3	2023	2022	±%	±%Organic
Net sales to external customers (CHFm)	1,642	1,663	-1.2	-8.8
Recurring EBIT (CHFm)	247	246	0.4	-1.0
Recurring EBIT margin (%)	15.0	14.7		

Solutions & Products 9M	2023	2022	±%	±%Organic
Net sales to external customers (CHFm)	4,232	4,258	-0.6	-11.9
Recurring EBIT (CHFm)	481	583	-17.4	-21.0
Recurring EBIT margin (%)	11.3	13.6		

Reconciliation to Group accounts

Reconciling measures of profit and loss:

In million CHF	9M 2023 (unaudited)	9M 2022 (unaudited)
Recurring EBITDA	5,095	5,371
Depreciation of right-of-use assets	(266)	(270)
Recurring EBITDA after leases	4,829	5,101
Depreciation and amortization	(1,185)	(1,377)
Recurring EBIT	3,643	3,724

Alternative Performance Measure definitions

Some Alternative Performance Measures are used in this release to help describe the performance of Holcim. A full set of these Alternative Performance Measure definitions can be found on our [website](#).

Media conference: 09:00 CEST

Analysts' conference: 10:00 CEST

In order to participate in the analysts' conference, please register [here](#).

About Holcim

Holcim is a global leader in innovative and sustainable building solutions with net sales of CHF 29.2 billion in 2022. Driven by its purpose to build progress for people and the planet, its 60,000 employees are on a mission to decarbonize building, while improving living standards for all. The company empowers its customers across all regions to build better with less, with its broad range of low-carbon and circular solutions, from ECOPact to ECOPlanet. With its innovative systems, from Elevate roofing to PRB's insulation, Holcim makes buildings more sustainable in use, driving energy efficiency and green retrofitting. With sustainability at the core of its strategy, Holcim is becoming a net-zero company with 1.5°C targets validated by the Science Based Targets initiative (SBTi).

Learn more about Holcim on www.holcim.com, and by following us on [LinkedIn](#).

Sign up for Holcim's Building Progress newsletter [here](#) and follow our journey to a net-zero future.

Important disclaimer – forward-looking statements:

This document contains forward-looking statements. Such forward-looking statements do not constitute forecasts regarding results or any other performance indicator, but rather trends or targets, as the case may be, including with respect to plans, initiatives, events, products, solutions and services, their development and potential. Although Holcim believes that the expectations reflected in such forward-looking statements are based on reasonable assumptions as at the time of publishing this document, investors are cautioned that these statements are not guarantees of future performance. Actual results may differ materially from the forward-looking statements as a result of a number of risks and uncertainties, many of which are difficult to predict and generally beyond the control of Holcim, including but not limited to the risks described in the Holcim's annual report available on its website (www.holcim.com) and uncertainties related to the market conditions and the implementation of our plans. Accordingly, we caution you against relying on forward-looking statements. Holcim does not undertake to provide updates of these forward-looking statements.