Half-Year Financial Report January to June 2018

HEIDELBERGCEMENT

Highlights of the first half of the year and outlook

- **Growth in sales volumes in all business lines**
- **Revenue up 6 % like-for-like**
- **Financial result improved by €26 million to €-155 million (previous year: -181)**
- **Group share of profit for the period improves by 30 % to €375 million (previous year: 288)**
- **Outlook for 2018 unchanged:**
  - Growth in sales volumes of cement, aggregates, and ready-mixed concrete expected
  - Moderate increase in revenue and mid- to high-single digit percentage increase in result from current operations before currency and consolidation effects; significant rise in profit for the financial year
  - HeidelbergCement is globally well positioned for sustainable and profitable growth

Overview January to June 2018	April - June		January - June	
€m	2017	**2018**	2017	**2018**
Revenue	4,611	**4,806**	8,394	**8,432**
Result from joint ventures	48	**61**	79	**88**
Result from current operations before depreciation and amortisation (RCOBD)	964	**936**	1,347	**1,188**
RCOBD margin in %	20.9 %	**19.5 %**	16.1 %	**14.1 %**
Result from current operations	683	**663**	791	**647**
Additional ordinary result	-20	**10**	-36	**128**
Result from participations	21	**10**	21	**9**
Earnings before interest and income taxes (EBIT)	684	**683**	775	**784**
Financial result	-99	**-79**	-181	**-155**
Profit before tax	585	**604**	594	**629**
Net income from continuing operations	409	**432**	370	**440**
Net loss from discontinued operations	-12	**-3**	-8	**-5**
Profit for the period	397	**429**	362	**435**
Group share of profit	358	**398**	288	**375**
Investments	325	**258**	520	**974**

Due to rounding, numbers presented in the Half-Year Financial Report may not add up precisely to the totals provided.

Interim Group management report

Business trend January to June 2018

Economic environment

Global economic growth is continuing. The national economies of Asia and the African countries south of the Sahara remain on a growth trajectory. In Europe, the economic recovery is progressing. The US economy gathered significant momentum in the second quarter and the outlook continues to be positive.

Growth in sales volumes in all business lines in the first half of the year

In the first half of 2018, the sustained positive market dynamics in all Group areas led to growth in sales volumes in all business lines.

The Group's cement and clinker sales volumes increased by 3.0 % to 61.9 million tonnes (previous year: 60.1). Excluding consolidation effects from the sale of the white cement activities in the USA, the deconsolidation of our activities in Georgia and the acquisition of Cementir Italia, the increase amounted to 2.8 %. The Asia-Pacific and Africa-Eastern Mediterranean Basin Group areas in particular contributed to this growth, but also Northern and Eastern Europe-Central Asia. In contrast, deliveries in Western and Southern Europe remained slightly below the previous year's level as a result of poor weather in the first quarter.

Deliveries of aggregates rose by 2.0 % to 145.2 million tonnes (previous year: 142.3). Declining sales volumes in Europe and Africa-Eastern Mediterranean Basin were more than offset by growth in North America and particularly in Asia-Pacific. Excluding consolidation effects, sales volumes increased by 1.0 %

Deliveries of ready-mixed concrete increased by 1.4 % to 22.9 million cubic metres (previous year: 22.6). With the exception of Western and Southern Europe, all Group areas recorded growth in volumes. Excluding consolidation effects, the increase amounted to 2.1 %. Asphalt sales volumes rose significantly by 15.1 % to 4.5 million tonnes (previous year: 3.9) owing to the positive development of demand in the United Kingdom and California as well as consolidation effects in the northwest of the USA and Australia. Excluding consolidation effects, the increase amounted to 6.2 %.

Development of revenue and results

Group revenue in the period from January to June 2018 rose slightly by 0.4 % in comparison with the previous year to €8,432 million (previous year: 8,394). Excluding consolidation and exchange rate effects, Group revenue increased by 6.0 %. Changes to the scope of consolidation had a positive impact of €58 million on revenue, while exchange rate effects reduced revenue by €489 million.

In the reporting period, material costs rose by 4.6 % to €3,493 million (previous year: 3,338). Excluding consolidation and exchange rate effects, material costs exceeded the previous year's level by 11.4 %. This rise predominantly related to the costs of energy and goods purchased for resale. The material cost ratio increased from 39.8 % to 41.4 %. Other operating expenses and income were 3.4 % above the previous year's level at €-2,316 million (previous year: -2,239). Excluding exchange rate and consolidation effects, the increase amounted to 8.1 %, which was essentially due to the decreased gains from the disposal of intangible and tangible assets. Personnel costs decreased by 2.0 % to €1,492 million (previous year: 1,523). The result from joint ventures rose by 12.0 % to €88 million (previous year: 79).

The result from current operations before depreciation and amortisation fell by 11.8 % to €1,188 million (previous year: 1,347). The decrease of €159 million was largely due to the increase in material costs. The result from current operations dropped by 18.2 % to €647 million (previous year: 791); the decline in the result from current operations before depreciation and amortisation resulted largely from changes to the scope of consolidation, which accounted for €-19 million, and exchange rate effects of €-60 million.

The additional ordinary result of €128 million (previous year: -36) primarily relates to income from the disposal of subsidiaries and other non-recurring expenses and income. In particular, income from the disposal of subsidiaries in Germany and the USA had a positive impact on the result, which was by contrast adversely affected by an impairment of assets amounting to €18 million.

The financial result improved by €26 million to €-155 million (previous year: -181). Besides the reduction of €23 million in interest expenses, the financial result was positively affected by the improvement of €10 million in the other financial

Sales volumes	April - June			January - June		
	2017	2018	Change	2017	2018	Change
Cement and clinker (Mt)	32.6	**33.7**	3.5 %	60.1	**61.9**	3.0 %
Aggregates (Mt)	81.4	**85.7**	5.2 %	142.3	**145.2**	2.0 %
Ready-mixed concrete (Mm³)	12.2	**12.7**	4.2 %	22.6	**22.9**	1.4 %
Asphalt (Mt)	2.4	**2.9**	17.7 %	3.9	**4.5**	15.1 %

result. However, this was offset by the fall of €10 million in interest income.

Profit before tax from continuing operations rose by €35 million to €629 million (previous year: 594), primarily because of the increase in the additional ordinary result. At €188 million (previous year: 224), expenses relating to taxes on income were 16.0 % below the previous year's level. Net income from continuing operations improved by €70 million to €440 million (previous year: 370).

Net loss from discontinued operations of €-5 million (previous year: -8) accounts for operations of the Hanson Group that were discontinued in previous years.

Overall, the profit for the period totals €435 million (previous year: 362). The profit relating to non-controlling interests fell by €14 million to €60 million (previous year: 74). The Group share of profit therefore amounts to €375 million (previous year: 288).

Earnings per share – Group share – in accordance with IAS 33 improved by €0.44 to €1.89 (previous year: 1.45).

The statement of comprehensive income and the derivation of the earnings per share are shown in detail in the Notes.

Statement of cash flows
In the first half of 2018, operating activities from continuing operations generated a cash outflow totalling €227 million (previous year: 128). This was primarily due to the decrease of €136 million in cash flow before interest and tax payments to €1,232 million (previous year: 1,368) and the rise of €126 million in working capital to €854 million (previous year: 728). Dividends received fell below the previous year's level at €108 million (previous year: 150) and mainly include payouts received from joint ventures and associates. Interest received decreased slightly by €10 million to €52 million (previous year: 62) in comparison with the same period of the previous year. Interest payments declined by €40 million to €358 million (previous year: 398) thanks to significantly more favourable refinancing conditions. At €143 million (previous year: 262), income taxes paid dropped considerably by €119 million in comparison with the same period of the previous year. In the reporting period, provisions of €155 million (previous year: 171) were utilised through payments.

Cash outflow from investing activities of continuing operations rose by €214 million to €654 million (previous year: 440). Cash-relevant investments increased by €454 million to €974 million (previous year: 520), primarily as a result of business combinations in Italy, Australia, and North America. Further details can be found in the Investments section and in the Business combinations in the reporting period section of the Notes on p. 21f. In the previous year, aggregate pits and production sites for ready-mixed concrete and asphalt were acquired from Cemex in the northwest of the USA in exchange for a cash payment of €130 million. With regard to the cash-relevant divestments of €294 million (previous year: 80), the cash inflow from the disposal of subsidiaries and other business units accounted for €247 million: in particular, €111 million of this related to the sale of the sand-lime brick business in Germany and €115 million to the sale of Lehigh White Cement in the USA. Further details can be found in the Divestments in the reporting period section of the Notes on p. 23. Proceeds from the sale of other fixed assets essentially resulted from the sale of intangible assets and property, plant, and equipment, the disposal of financial assets, joint ventures, and associates, and the repayment of loans. Changes to the scope of consolidation generated a cash inflow of €26 million (previous year: cash outflow of 0.4) in the reporting period, which largely comprised the cash and cash equivalents of €25 million taken over from the acquired Cementir companies in Italy.

Financing activities of continuing operations generated a cash inflow of €370 million in the reporting period (previous year: 301). The cash inflow arising from the net proceeds from and repayment of bonds and loans of €879 million (previous year: 806) included in this figure covers the change in long-term and short-term interest-bearing liabilities and mainly comprises the issue of a bond of €750 million, cash inflows of €750 million from the issue of commercial papers, and the repayment of two bonds totalling €980 million. This item also includes the borrowings and payments relating to bank loans as well as changes to other short-term interest-bearing liabilities with a high turnover rate. In the previous year, three bonds with a total value of €2.25 billion were issued, as were commercial papers of €385 million, while two bonds with a total value of €1.5 billion were repaid. Dividend payments led to an overall cash outflow of €491 million (previous year: 504), with HeidelbergCement AG dividend payments making up €377 million (previous year: 317) of this figure.

Investments
In the first half of the year, cash-relevant investments rose to €974 million (previous year: 520). Investments in property, plant, and equipment (including intangible assets), which primarily relate to optimisation and environmental protection measures at our production sites, but also to expansion projects in growing markets, accounted for €417 million (previous year: 366) of this total. The investments in financial assets and other business units rose to €557 million (previous year: 154); this figure essentially relates to the acquisition of the Italian cement and concrete manufacturer Cementir Italia and the Australian Alex Fraser Group, as well as the purchase of a cement plant in the Canadian province of Quebec and smaller bolt-on acquisitions of shareholdings.

At the same time, we sold our sand-lime brick business in Germany and the white cement activities in the USA as part of the optimisation of our portfolio. In addition, we sold a former Cementir Italia cement plant to meet a condition imposed by the Italian competition authority. Cash-relevant divestments totalled €294 million in the first half of the year (previous year: 80).

Balance sheet

The balance sheet total rose by €730 million to €35,288 million (previous year: 34,558) as at 30 June 2018.

Non-current assets increased by €431 million to €28,296 million (previous year: 27,865). Adjusted for negative exchange rate effects of €68 million, the rise amounted to €363 million and predominantly related to intangible assets of €221 million, property, plant, and equipment of €76 million, and other non-current receivables of €144 million. This was offset by the decline in deferred tax assets of €-74 million. The growth of €279 million in goodwill to €11,385 million (previous year: 11,107) was primarily the result of changes to the scope of consolidation in addition to exchange rate effects of €73 million.

The increase in property, plant, and equipment of €69 million to €12,883 million (previous year: 12,814) mainly resulted from changes to the scope of consolidation of €202 million and additions of €410 million to property, plant, and equipment. This was offset by property, plant, and equipment disposals of €15 million, depreciation and amortisation of €521 million, impairments of €18 million, and exchange rate effects of €-7 million. Other changes related to reclassifications to assets held for sale.

Financial assets fell by €12 million to €2,169 million (previous year: 2,181). Adjusted for negative currency effects of €4 million, the decrease amounted to €8 million and is mainly related to the change in joint venture shares, associates, and loans.

Current assets increased by €385 million to €6,978 million (previous year: 6,593). As a result of seasonal factors, trade receivables grew by €593 million to €2,390 million (previous year: 1,798). Other current operating receivables also rose by €216 million to €762 million (previous year: 546), whereas cash and cash equivalents declined by €532 million to €1,577 million (previous year: 2,109). The changes are explained in the Statement of cash flows section.

On the equity and liabilities side, equity decreased by €75 million to €15,978 million (previous year: 16,052). The decline is primarily attributable to dividends of €542 million, of which €491 million had already been paid out, total comprehensive income of €613 million, as well as changes to the scope of consolidation and ownership interests in subsidiaries totalling €-134 million.

Total comprehensive income is composed of the €435 million profit for the period as well as of the currency translation gains of €76 million recognised in other comprehensive income, of the actuarial gains of €103 million, and of the losses of €8 million from equity method investments.

Interest-bearing liabilities rose by €771 million to €11,595 million (previous year: 10,824). The increase in net debt (interest-bearing liabilities less cash and cash equivalents) of €1,275 million to €9,970 million (previous year: 8,695) is due to the financing of the seasonal and revenue-related rise in receivables, the cash flow from investments, and the dividends paid. Total provisions decreased by €93 million to €2,543 million (previous year: 2,636). Of this amount, €23 million was attributable to pension provisions and €70 million to other provisions. The increase of €117 million in operating liabilities to €4,500 million (previous year: 4,383) relates primarily to the rise of €77 million in trade payables to €2,358 million (previous year: 2,281) in addition to the growth of €29 million in other current operating liabilities to €1,520 million (previous year: 1,491).

Financing

On 12 January 2018, we signed a new €3 billion syndicated credit facility to refinance the existing credit facility which would have expired in February 2019. As there are two prolongation options of one year each, we secured the historically attractive refinancing conditions until 2025. The credit margin was reduced by 20 to 35 basis points, depending on the leverage. The syndicated credit facility is intended as liquidity back-up and can be used for cash drawdowns as well as for letters of credit and guarantees both in euro and in other currencies.

On 24 April 2018, HeidelbergCement issued a Eurobond with an issue volume of €750 million and a ten-year term ending on 24 April 2028 under its €10 billion EMTN programme. The bond bears a fixed coupon of 1.750 % p.a. The issue price was at 98.870 %, resulting in a yield to maturity of 1.875 %. The issue proceeds will be used for general corporate financing purposes and for the repayment of upcoming maturities.

According to the terms and conditions of the bonds issued in 2009 and 2010, there is a limitation on incurring additional debt if the consolidated coverage ratio (i.e. the ratio of the aggregate amount of the consolidated EBITDA to the aggregate amount of the consolidated interest expense) of the HeidelbergCement Group is below 2. This covenant is suspended for the other bonds and debt certificates due to the investment grade rating. The consolidated EBITDA of €3,256 million and the consolidated interest expense of €422 million are calculated on a pro forma basis in accordance with the terms and conditions of the bonds. As at 30 June 2018, the consolidated coverage ratio amounted to 7.72.

The net debt decreased by €170 million in comparison with 30 June 2017, amounting to €9,970 million (previous year: 10,140) as at 30 June 2018. The increase of €1,275 million in comparison with the end of 2017 (€8,695 million) is primarily due to the acquisitions in Italy and Australia as well as the rise in working capital, related to seasonal factors, and the dividend payments in the second quarter.

Western and Southern Europe

The economic upturn continued in the countries of the Western and Southern Europe Group area, even though the outlook has deteriorated somewhat due to political and economic uncertainties. As a result of the good state of the domestic economy and the healthy labour market, the German economy is in a robust shape. The economic recovery is also ongoing in Belgium and the Netherlands. In the United Kingdom, uncertainties following the Brexit vote continue to impact the economic development and construction activity. In France, economic growth of 0.2 % in the second quarter was below expectations. While the Spanish economy remains on course for growth, political and economic uncertainties weigh on the economic development in Italy.

In the first half of 2018, construction activity and our sales volumes of building materials in the Western and Southern Europe Group area were impaired by the poor weather conditions in February and most notably in March.

In the first half of 2018, the Western and Southern Europe Group area's cement and clinker sales volumes rose by 5.3 % to 15.1 million tonnes (previous year: 14.3). This growth is mainly attributable to the newly included cement activities of Cementir in Italy and the good development of sales volumes in Spain. Excluding consolidation effects, deliveries declined slightly by 0.7 % below the previous year's level. Even excluding consolidation effects, sales volumes grew slightly in Italy. While the decrease in volumes caused by bad weather in the first quarter was more than offset in Germany and France, our deliveries in Belgium/Netherlands and the United Kingdom were still down.

In the aggregates business line, Germany and France more than made up for the decrease in sales volumes during the first quarter. However, our deliveries of aggregates in Belgium/Netherlands, Italy, and Spain remained below the previous year. Our deliveries in the United Kingdom achieved the previous year's level by the end of June, thanks to the good development of sales volumes in the second quarter. Overall, the Group area's aggregates sales volumes declined slightly by 1.0 % in the first half of the year to 39.3 million tonnes (previous year: 39.7).

Ready-mixed concrete sales volumes decreased by 3.1 % to 8.4 million cubic metres (previous year: 8.7). While we achieved a strong increase in sales volumes in Italy and a slight rise in France, our deliveries fell in the other countries. Despite the bad weather conditions in the first quarter, the sales volumes of the asphalt operating line in the United Kingdom rose by 8.6 % compared with the previous year.

To expand our market position in Italy, our subsidiary Italcementi S.p.A. acquired from Cementir Holding 100 % of the shareholding in Cementir Italia S.p.A. and its subsidiaries, Cementir Sacci S.p.A. and Betontir S.p.A., on 2 January 2018. The acquisition comprises five cement and two cement grinding plants as well as a network of terminals and ready-mixed concrete plants. Due to the conditions imposed by the Italian competition authority, Italcementi S.p.A. sold the cement plant in Maddaloni via the acquired subsidiary Cementir Italia S.p.A. on 1 June 2018.

As part of the optimisation of our portfolio, we sold our sand-lime brick business in Germany – including a plant in Switzerland – to the Danish company H+H International A/S on 28 February 2018.

Revenue of the Western and Southern Europe Group area rose by 1.3 % to €2,390 million (previous year: 2,360). Excluding consolidation and exchange rate effects, growth amounted to 1.0 %.

Northern and Eastern Europe-Central Asia

Overall, the economic development of the countries in the Northern and Eastern Europe-Central Asia Group area is positive. The Nordic countries continue to record strong construction activity. In Poland and Czechia, the recovery in the economy and in construction activity is ongoing. The Romanian economy is also on a course for growth, but there is still a lack of infrastructure projects and public investments. The economies of Ukraine and Russia are recovering, but the conflict in Ukraine is continuing to impact both countries severely.

In the Northern and Eastern Europe-Central Asia Group area, our building materials deliveries also suffered as a result of the adverse weather conditions, especially in March.

During the first half of 2018, cement and clinker deliveries of the Northern and Eastern Europe-Central Asia Group area fell by 4.0 % to 11.5 million tonnes (previous year: 12.0) as a result of consolidation. Excluding the effects of the deconsolidation of our activities in Georgia, the increase in sales volumes amounted to 2.3 %. In Norway and Sweden, the decrease in volumes caused by bad weather in the first quarter was not fully recovered, which led to overall deliveries of the Northern European countries falling slightly below the previous year's level. In Eastern Europe-Central Asia, the deliveries of the individual countries presented a mixed picture. Our sales volumes declined in Bulgaria, Russia, Ukraine, and – to a lesser extent – Romania, but growth was pleasing in Czechia and Kazakhstan, and especially strong in Poland and Greece. As a whole, Eastern Europe-Central Asia recorded a moderate increase in sales volumes, excluding the Georgia effect.

Our deliveries in the aggregates business line also declined by 1.5 % to 23.0 million tonnes (previous year: 23.4), which is slightly below the previous year. In Northern Europe, a significant increase in volumes in Sweden and moderate gains of the Mibau Group and the Baltic States largely offset the decrease in volumes in Norway and Iceland. In Eastern Europe-Central Asia, growth in Poland, Czechia, Romania, Ukraine, Slovakia, and Greece stood in contrast to the dip in sales volumes in Kazakhstan and Russia.

Deliveries of ready-mixed concrete rose slightly by 2.1 % to 3.2 million cubic metres (previous year: 3.1). Adjusted for the effects of the deconsolidation of our activities in Georgia, deliveries grew by 13.1 %. Overall, the Northern European countries achieved a significant increase in sales volumes. Poland, Czechia, Romania, Slovakia, and Greece also recorded strong volume developments.

Revenue of the Northern and Eastern Europe-Central Asia Group area improved by 0.5 % to €1,344 million (previous year: 1,338); excluding consolidation and exchange rate effects, the growth amounted to 7.9 %.

North America

In the North America Group area, HeidelbergCement is represented in the USA and Canada. In the USA, economic growth accelerated significantly in the second quarter of 2018. Gross domestic product grew by 4.1 % according to a preliminary estimate. The economic outlook continues to be positive. Nonresidential investment increased by 7.3 % in the second quarter. Residential investment declined slightly by 1.1 %. The labour market continues to be in a robust shape.

In the first half of 2018, sales volumes of our building materials were significantly impaired by the long, hard winter in the Northeast of the USA and in Canada, as well as the wet, cold winter weather followed by heavy rainfalls in the South.

The cement sales volumes of our North American plants decreased by 2.3 % to 7.4 million tonnes (previous year: 7.6) in the first six months. Excluding consolidation effects from the purchase of a cement plant and the sale of the white cement business, sales volumes were 0.7 % below the previous year. Despite the unusually long winter in the Prairie provinces, the Canada region recorded a pleasing increase in volumes, thanks to the high level of demand on the west coast. The West region benefited from lively construction activity, particularly in California, and achieved strong growth in sales volumes. Despite heavy rains in the second quarter, the volume losses caused by bad weather during the first few months were more than recovered in the South region. However, the increase in sales volumes in the Canada, West, and South regions were not able to fully offset the decrease in volumes in the North region. The North region saw a significant decline in deliveries as a result of the cold winter, which lasted into April, and subsequent rainy weather. In the USA, sales prices were increased in all regions.

As part of our portfolio optimisation, we sold our 51 % participation in Lehigh White Cement Company, Harrisburg, to the non-controlling shareholders Aalborg Cement Company, Inc. and Cemex, Inc. on 29 March 2018. Lehigh White Cement Company operates two white cement plants in Waco, Texas, and York, Pennsylvania, with an annual production capacity totalling around 255,000 tonnes. On 7 February 2018, we acquired a cement plant in the Canadian province of Quebec.

In the aggregates business line, weather-related decreases in volumes in the North region were more than offset by increases in sales volumes in the other regions. Deliveries rose considerably on the west coast in particular. Overall, aggregate sales volumes grew in the first half of the year by 3.3 % to 55.3 million tonnes (previous year: 53.6). Excluding consolidation effects in the North and Canada regions, the rise amounted to 0.4 %.

In the ready-mixed concrete operating line, the deliveries of the North and South regions decreased as a result of unfavourable weather conditions. In contrast, the West and Canada regions achieved significant increases in volumes, with total ready-mixed concrete sales volumes growing by 7.3 % to 3.3 million cubic metres (previous year: 3.1). Excluding consolidation effects in the North, South, and Canada regions, the increase amounted to 2.6 %.

To strengthen the vertical integration in the Southeast, we acquired the ready-mixed concrete producer Fairburn Ready-Mix on 6 April 2018. Fairburn Ready-Mix operates five ready-mixed concrete plants in the Atlanta metropolitan area and complements our existing cement and aggregates businesses in Georgia.

Asphalt deliveries rose by 18.4 % to 1.5 million tonnes (previous year: 1.3) thanks to good market conditions in the West region. Excluding consolidation effects in the Canada region, sales volumes grew by 10.9 %.

In the service-joint ventures-other business line, the cement sales volumes of our joint venture Texas Lehigh Cement were below the previous year's level as a result of the unfavourable weather conditions.

Total revenue in North America fell by 7.0 % to €1,873 million (previous year: 2,014); excluding consolidation and exchange rate effects, revenue increased by 1.9 %.

Asia-Pacific

Despite the restructuring and slowdown of the Chinese economy, the emerging countries of Asia remain on course for growth. As expected, the Chinese economy weakened slightly in the second quarter, with growth of 6.7 % in gross domestic product. A slight acceleration in economic growth is anticipated in India and Indonesia. Despite weak investments in the raw materials sector, Australia is showing robust economic development.

During the first half of the year, cement and clinker deliveries of the Asia-Pacific Group area rose by 5.4 % to 17.5 million tonnes (previous year: 16.6).

In the first six months, domestic cement consumption in Indonesia increased by 3.6 % compared with the previous year. In Indocement's main markets in western Java, cement demand also grew by the same amount. While robust growth rates were recorded up until May owing to the favourable government infrastructure programme, cement consumption in June was significantly impaired by the reduced number of working days compared with the previous year due to additional public holidays at the end of Ramadan. Indocement's cement and clinker sales volumes rose by 5.2 % in the first half of the year. Sales prices have stabilised and the first price increases have already been implemented. Indocement continues to pursue strict cost management to counteract the rise in logistics and production costs due to inflation in energy costs and the devaluation of the local currency.

In India, the cement and clinker deliveries of our central and southern Indian plants rose considerably in the first half of the year. While our plants in central India benefited from a positive development in prices, the markets in southern India continued to be subject to price pressure. The rise in the cost of fuel was partially offset by the increase in power generated by our waste heat power station in the Damoh cement plant.

Supported by the commencement of major infrastructural projects, Thailand's domestic cement market started to recover in the second quarter. The deliveries of our plants also recorded an increase in the second quarter but were still below the previous year's level as at the end of the first half of the year. The sharp rise in export deliveries also contributed to the improvement in the development of sales volumes. Price increases had a positive effect on margins. In Bangladesh, our cement deliveries recorded a slight increase.

In the aggregates business line, our deliveries rose by 11.0 % to 22.0 million tonnes (previous year: 19.8). In Australia, the sustained high demand on the east coast led to a significant growth in sales volumes. Residential construction is starting to slow down, but the commencement of major infrastructural projects is on the horizon. While our deliveries in Indonesia and Malaysia remained slightly below the previous year, Thailand achieved a strong increase in volumes.

At 5.3 million cubic metres (previous year: 5.0), sales volumes in the ready-mixed concrete operating line exceeded the previous year's level by 4.6 %. Australia was the biggest contributor to the increase, but Indonesia, Thailand, and Malaysia in particular also recorded a positive development of sales volumes.

The sales volumes of the asphalt operating line rose by 27.3 % on account of consolidation effects in Australia. Excluding consolidation effects, sales volumes fell by 5.4 % as a result of the weak demand in Malaysia.

In China, the cement deliveries of our joint ventures in the provinces of Guangdong and Shaanxi registered a slight increase. In Australia, our joint venture Cement Australia also achieved pleasing growth in sales volumes.

On 31 January 2018, we acquired the Alex Fraser Group, Australia's leading recycler of building materials, from Swire Investments (Australia) Ltd. This transaction strengthens our market positions in the Melbourne and Brisbane metropolitan areas. The company operates three production sites in Melbourne and two in Brisbane, in addition to producing asphalt at two plants in Melbourne. We also acquired the Suncoast Asphalt Pty Ltd group, a manufacturer of asphalt in the South East Queensland region, on 29 March 2018.

Revenue of the Asia-Pacific Group area fell by 2.2 % to €1,532 million (previous year: 1,567); excluding consolidation and exchange rate effects, revenue rose by 5.3 %.

Africa-Eastern Mediterranean Basin

Overall, the African countries south of the Sahara are continuing to experience robust economic growth and lively construction activity. Despite political risks, Egypt is expected to gather further economic momentum. In contrast, the outlook for Morocco has somewhat deteriorated. In Turkey, risks for the economic development result from high inflation, devaluation of the currency and the high current account deficit.

The cement and clinker sales volumes of the Africa-Eastern Mediterranean Basin Group area, which only includes the deliveries from our African subsidiaries, grew by 6.4 % to 9.9 million tonnes (previous year: 9.3). In most countries south of the Sahara, we recorded considerable increases in volumes thanks to lively construction activity. Ghana and Tanzania made particularly strong contributions to this growth in sales volumes. In Ghana, our main market, our deliveries benefited from the strong demand from residential construction. We also recorded pleasing increases in sales volumes in Benin, Liberia, Mozambique, and particularly in Sierra Leone and the Democratic Republic of Congo. In contrast, deliveries in Togo remained below the previous year's level, as the positive volume development in the domestic market did not offset the decline in exports. Overall, the North African countries also achieved a moderate growth in sales volumes. The substantial rise in Egypt outweighed the slight dip in Morocco.

In light of the good growth prospects, HeidelbergCement is expanding its activities in Africa. In February 2018, we laid the foundation stone for the construction of a second cement mill in Burkina Faso; this will double the capacity of our cement grinding plant, located near the capital Ouagadougou, to around 2 million tonnes. In the Democratic Republic of Congo, we are continuing with the expansion of our Cimenterie de Lukala cement plant. The new kiln line at the plant near Kinshasa will be completed by the end of 2019. Another step towards expansion is the planned market entry in South Africa. We are also continually evaluating further options for capacity expansions in other African countries and in the eastern Mediterranean Basin.

Aside from minor activities in some African countries south of the Sahara, HeidelbergCement is predominantly active in Israel and Morocco in the aggregates business line. Due to volume losses in Israel, deliveries of aggregates decreased overall by 6.3 % to 5.6 million tonnes (previous year: 6.0). In the ready-mixed concrete operating line, HeidelbergCement is represented in Israel, Egypt, and Morocco. Ready-mixed concrete sales volumes grew by 3.6 % to 2.5 million cubic metres (previous year: 2.4). Asphalt activities in Israel recorded a rise in volumes of 2.4 %.

The service-joint ventures-other business line essentially includes the cement, aggregates, and ready-mixed concrete activities of our Turkish joint venture Akçansa. Lower domestic cement deliveries were largely offset by the growth in exports. Overall, the cement and clinker sales volumes of Akçansa declined by 1.3 % in the first six months. While deliveries of aggregates declined substantially, a gratifying increase was recorded in sales volumes of ready-mixed concrete.

Revenue of the Africa-Eastern Mediterranean Basin Group area grew by 3.7 % to €833 million (previous year: 803); excluding consolidation and exchange rate effects, the increase amounted to 13.3 %.

Group Services

Group Services comprises the activities of our subsidiary HC Trading, one of the largest international trading companies for cement and clinker. The company is also responsible for purchasing and delivering coal and petroleum coke via sea routes to our own locations and to other cement companies around the world. Group Services also includes our cement and ready-mixed concrete activities in Kuwait.

The overall trade volume of HC Trading rose in the first half of the year by 12.6 % to a record value of 14.7 million tonnes (previous year: 13.0). The decline of 4.9 % to 8.7 million tonnes (previous year: 9.1) in deliveries of cement, clinker, and other building materials such as lime and dry mortar was more than offset by the strong growth of trade in coal and petroleum coke by 54.3 % to 6.0 million tonnes (previous year: 3.9).

Revenue of the Group Services business unit rose by 23.3 % to €809 million (previous year: 656); excluding consolidation and exchange rate effects, the increase amounted to 22.7 %.

Employees

At the end of the first half of 2018, the number of employees at HeidelbergCement stood at 59,642 (previous year: 60,993). The decrease of 1,351 employees essentially results from two opposing developments: On the one hand, around 3,200 jobs were cut across the Group – firstly through portfolio optimisations, particularly the deconsolidation of our Georgia activities, secondly in connection with the realization of synergies in former Italcementi subsidiaries, particularly in Egypt, and lastly as a result of efficiency increases in sales and administration, and location optimisations, especially in Indonesia. On the other hand, around 1,900 new employees joined the Group, particularly as a result of the company acquisitions in Italy and Australia in the first quarter of 2018, and in the USA in the previous year. Furthermore, there was an increase in some countries in the Western and Southern Europe and Northern and Eastern Europe-Central Asia Group areas, and in particular in Australia, owing to the solid market development.

Personnel change in the Supervisory Board of HeidelbergCement

Mr Frank-Dirk Steininger, employee representative on the Supervisory Board (nominated by the trade union), resigned from the Supervisory Board with effect from 31 January 2018. Following an application of the company, the Local Court (Amtsgericht) of Mannheim/Germany supplemented the Supervisory Board by appointing Ms Barbara Breuninger, nominated by the relevant trade union, as a member in the capacity of employee representative with effect from 5 April 2018. Her term of appointment will expire at the end of the term of the other members of the Supervisory Board, i.e. with the conclusion of the 2019 Annual General Meeting.

With the appointment of Ms Breuninger, the Supervisory Board of HeidelbergCement AG consists of eight men and four women, so that the legal requirement regarding the minimum share of at least 30 % each of woman and men on the Supervisory Board is fulfilled.

Events after the balance sheet date

After the balance sheet date, there were no reportable events.

Outlook

In July 2018, the International Monetary Fund (IMF) confirmed its forecast of a further acceleration of global economic growth to 3.9 % in 2018. The main drivers behind this trend are, on the one hand, the further acceleration of growth in the USA and, on the other hand, the economic recovery of oil exporting emerging markets. Growth expectations for the Euro zone and the United Kingdom, however, were adjusted downwards due to the weak start of the year.

The IMF points to increased risks to the forecast. These include in particular the risk of escalating trade actions and of tighter global financial conditions due to a faster than anticipated rise in inflation and interest rate in the USA.

HeidelbergCement continues to expect to benefit from the good and stable economic development in the industrial countries, above all in the USA, Canada, Germany, the countries of Northern Europe, and Australia. The continued economic upturn, particularly in the countries of Eastern Europe, as well as in France, Spain – and to a lesser extent – in Italy, will also be to our advantage. These countries generate approximately 75 % of our revenue. In the growth countries, such as Egypt, Indonesia, Thailand, India, and Morocco, as well as in Western and Eastern Africa, we anticipate an ongoing economic recovery.

In view of the overall positive development of demand, HeidelbergCement projects an increase in the sales volumes of the core products cement, aggregates, and ready-mixed concrete.

In terms of costs, we anticipate a further rise in the prices of energy and raw materials. In contrast, the personnel costs will only increase moderately. Our global programmes to optimise costs and processes as well as increase margins will be consistently pursued in 2018. These include the continuous improvement programmes for the aggregates ("Aggregates CI"), cement ("CIP"), and concrete ("CCR") business lines, as well as "FOX" for purchasing. As in previous years, we expect these programmes to contribute significantly to further improving our efficiency and result.

On the basis of these assumptions, the Managing Board remains committed to the goal for 2018 of increasing revenue moderately and result from current operations by a mid- to high-single digit percentage before exchange rate and consolidation effects, and of significantly improving the profit for the financial year.

With the positive underlying market dynamics, we are confident about 2018. HeidelbergCement is globally well positioned for sustainable and profitable growth. We are on track to meet our strategic goals: to achieve continuous growth, create long-term value for our shareholders, and safeguard high-quality jobs.

Additional statements on the outlook

The Managing Board of HeidelbergCement has not seen evidence of developments beyond those mentioned in the previous paragraph that would suggest changes for the business year 2018 regarding the forecasts and other statements made in the 2017 Annual Report in the Outlook chapter on page 66 ff. on the expected development of HeidelbergCement and its business environment.

The expected future development of HeidelbergCement and the business environment over the course of 2018 is described in the outlook. As such, please note that this Half-Year Financial Report contains forward-looking statements based on the information currently available and the current assumptions and forecasts of the Managing Board of HeidelbergCement. Such statements are naturally subject to risks and uncertainties and may therefore deviate significantly from the actual development. HeidelbergCement undertakes no obligation and furthermore has no intention to update the forward-looking statements made in this Half-Year Financial Report.

Risk and opportunity report

HeidelbergCement's risk policy is based on the business strategy, which focuses on safeguarding the Group's existence and sustainably increasing its value. Entrepreneurial activity is always forward-looking and therefore subject to certain risks. Identifying risks, understanding them, as well as assessing and reducing them systematically are the responsibility of the Managing Board and a key task for all managers. HeidelbergCement is subject to various risks that are not fundamentally avoided, but instead accepted, provided they are consistent with the legal and ethical principles of entrepreneurial activity and are well balanced by the opportunities they present. Opportunity and risk management at HeidelbergCement is closely linked by Group-wide planning and monitoring systems. Opportunities are recorded in the annual operational plan and followed up as part of monthly financial reporting. Operational management in each country and the central Group departments are directly responsible for identifying and observing opportunities at an early stage.

In a holistic view of individual risks and the overall risk situation, there are, from today's perspective, no identifiable risks that could threaten the existence of the Group or any other apparent significant risks. Our control and risk management system standardised across the Group ensures that major risks, which, if they occurred, would lead to a considerable deterioration of the Group's economic position, are identified at an early stage.

Risks that may have a significant impact on our financial position and performance in the 2018 financial year and in the foreseeable future as well as the opportunities are described in detail in the 2017 Annual Report in the Risk and opportunity report chapter on page 73 ff.

The risks arising from volatile energy and raw material prices as well as from exchange rates remain high. Geopolitical risks result in particular from the political crises and armed conflicts in the Middle East and in eastern Ukraine. Macroeconomic risks include in particular the danger of escalating trade conflicts. Uncertainties still remain with regard to the stability of the global financial system.

Interim consolidated financial statements

Consolidated income statement

	April - June		January - June	
€m	2017	2018	2017	2018
Revenue	4,610.7	**4,805.8**	8,394.4	**8,431.6**
Change in finished goods and work in progress	0.7	**-3.1**	-29.1	**-36.9**
Own work capitalised	1.5	**2.3**	3.9	**5.9**
Operating revenue	4,613.0	**4,805.0**	8,369.1	**8,400.6**
Other operating income	113.4	**85.9**	255.4	**175.2**
Material costs	-1,757.7	**-1,928.5**	-3,338.1	**-3,492.8**
Employee and personnel costs	-787.2	**-773.1**	-1,523.1	**-1,492.0**
Other operating expenses	-1,265.7	**-1,314.5**	-2,494.7	**-2,491.1**
Result from joint ventures	48.5	**61.0**	78.7	**88.2**
Result from current operations before depreciation and amortisation (RCOBD)	964.2	**935.8**	1,347.3	**1,188.2**
Depreciation and amortisation	-281.5	**-272.7**	-556.2	**-541.2**
Result from current operations	682.7	**663.1**	791.1	**647.0**
Additional ordinary income	2.1	**44.1**	4.1	**173.0**
Additional ordinary expenses	-22.6	**-34.1**	-40.6	**-45.0**
Additional ordinary result	-20.5	**10.0**	-36.5	**128.0**
Result from associates	17.8	**9.8**	17.4	**8.3**
Result from other participations	3.5	**0.6**	3.5	**0.3**
Result from participations	21.3	**10.4**	20.9	**8.6**
Earnings before interest and taxes (EBIT)	683.5	**683.5**	775.5	**783.6**
Interest income	16.4	**12.0**	34.2	**24.1**
Interest expenses	-90.0	**-78.5**	-181.8	**-158.7**
Foreign exchange gains and losses	-3.4	**2.5**	5.6	**9.3**
Other financial result	-21.7	**-15.4**	-39.2	**-29.4**
Financial result	-98.6	**-79.4**	-181.1	**-154.7**
Profit before tax from continuing operations	584.9	**604.1**	594.4	**628.9**
Income taxes	-175.9	**-172.0**	-224.3	**-188.5**
Net income from continuing operations	409.0	**432.2**	370.0	**440.4**
Net loss from discontinued operations	-11.8	**-3.1**	-8.1	**-5.1**
Profit for the period	397.2	**429.0**	362.0	**435.3**
Thereof non-controlling interests	39.3	**31.1**	74.4	**60.2**
Thereof Group share of profit	357.9	**397.9**	287.6	**375.2**
Earnings per share in € (IAS 33)				
Earnings per share attributable to the parent entity	1.80	**2.01**	1.45	**1.89**
Earnings per share – continuing operations	1.86	**2.02**	1.49	**1.92**
Loss per share – discontinued operations	-0.06	**-0.02**	-0.04	**-0.03**

Consolidated statement of comprehensive income

	April - June		January - June	
€m	2017	2018	2017	2018
Profit for the period	397.2	**429.0**	362.0	**435.3**
Other comprehensive income				
Items not being reclassified to profit or loss in subsequent periods				
Remeasurement of the defined benefit liability (asset)	-42.4	**90.3**	7.4	**146.8**
Income taxes	11.1	**-26.8**	-2.2	**-43.6**
Defined benefit plans	-31.3	**63.4**	5.1	**103.2**
Items that may be reclassified subsequently to profit or loss				
Cash flow hedges – change in fair value	-2.7	**3.1**	-3.7	**3.7**
Reclassification adjustments for gains/losses included in profit or loss	3.3	**-2.2**	4.4	**-2.9**
Income taxes	0.3	**-0.3**	0.2	**-0.3**
Cash flow hedges	0.9	**0.7**	0.9	**0.5**
Currency translation	-1,317.9	**557.8**	-1,342.7	**87.1**
Income taxes	6.6	**-2.4**	8.1	**-5.4**
Currency translation	-1,311.3	**555.4**	-1,334.6	**81.7**
Net gains/losses arising from equity method investments	-35.3	**2.4**	-25.7	**-7.5**
Total	-1,345.8	**558.4**	-1,359.4	**74.7**
Other comprehensive income	-1,377.1	**621.8**	-1,354.2	**177.9**
Total comprehensive income	-979.9	**1,050.9**	-992.3	**613.2**
Thereof non-controlling interests	-45.4	**45.1**	-12.5	**38.0**
Thereof Group share	-934.5	**1,005.8**	-979.8	**575.3**

Consolidated statement of cash flows

	April - June		January - June	
€m	2017	2018	2017	2018
Net income from continuing operations	409.0	**432.2**	370.0	**440.4**
Income taxes	175.9	**172.0**	224.3	**188.5**
Interest income / expenses	73.5	**66.5**	147.6	**134.6**
Dividends received	96.2	**70.3**	150.5	**108.1**
Interest received	42.8	**24.6**	62.4	**51.7**
Interest paid	-191.6	**-188.5**	-398.0	**-358.3**
Income taxes paid	-187.4	**-62.8**	-261.7	**-143.1**
Depreciation, amortisation, and impairment	280.3	**290.8**	556.2	**559.2**
Elimination of other non-cash items	-95.3	**-77.5**	-80.3	**-199.2**
Cash flow	603.5	**727.5**	771.0	**781.9**
Changes in operating assets	-367.9	**-462.8**	-646.5	**-809.6**
Changes in operating liabilities	214.7	**298.1**	-81.8	**-44.3**
Changes in working capital	-153.2	**-164.7**	-728.3	**-854.0**
Decrease in provisions through cash payments	-96.5	**-98.0**	-170.9	**-155.4**
Cash flow from operating activities – continuing operations	353.7	**464.7**	-128.2	**-227.4**
Cash flow from operating activities – discontinued operations	0.0	**-0.3**	-3.3	**-0.5**
Cash flow from operating activities	353.7	**464.4**	-131.5	**-227.9**
Intangible assets	-4.9	**-1.2**	-6.9	**-8.2**
Property, plant and equipment	-179.4	**-218.5**	-359.1	**-408.5**
Subsidiaries and other business units	-130.5	**-24.3**	-131.0	**-533.6**
Other financial assets, associates, and joint ventures	-10.6	**-13.8**	-22.8	**-23.8**
Investments (cash outflow)	-325.3	**-257.7**	-519.8	**-974.1**
Subsidiaries and other business units	-0.3	**21.9**	8.9	**246.9**
Other fixed assets	25.5	**28.8**	71.3	**46.8**
Divestments (cash inflow)	25.2	**50.7**	80.2	**293.7**
Cash from changes in consolidation scope	0.3	**0.2**	-0.4	**26.0**
Cash flow from investing activities – continuing operations	-299.8	**-206.9**	-440.0	**-654.4**
Cash flow from investing activities – discontinued operations	0.0		1.5	
Cash flow from investing activities	-299.8	**-206.9**	-438.5	**-654.4**
Dividend payments – HeidelbergCement AG	-317.5	**-377.0**	-317.5	**-377.0**
Dividend payments – non-controlling interests	-170.4	**-86.9**	-186.6	**-114.3**
Increase in ownership interests in subsidiaries	-0.2	**-13.9**	-0.8	**-18.3**
Proceeds from bond issuance and loans	1,473.2	**752.6**	2,256.7	**935.4**
Repayment of bonds and loans	-517.6	**-6.2**	-1,673.7	**-1,004.1**
Changes in short-term interest-bearing liabilities	-637.0	**-539.7**	222.9	**948.1**
Cash flow from financing activities – continuing operations	-169.3	**-271.2**	301.1	**369.9**
Cash flow from financing activities – discontinued operations				
Cash flow from financing activities	-169.3	**-271.2**	301.1	**369.9**
Net change in cash and cash equivalents – continuing operations	-115.4	**-13.3**	-267.1	**-511.9**
Net change in cash and cash equivalents – discontinued operations	0.0	**-0.3**	-1.8	**-0.5**
Net change in cash and cash equivalents	-115.4	**-13.7**	-268.9	**-512.4**
Effect of exchange rate changes	-73.2	**17.4**	-66.0	**-17.1**
Cash and cash equivalents at beginning of period	1,826.1	**1,575.5**	1,972.3	**2,108.8**
Cash and cash equivalents at period end	1,637.5	**1,579.3**	1,637.5	**1,579.3**
Reclassification of cash and cash equivalents according to IFRS 5		**-2.7**		**-2.7**
Cash and cash equivalents presented in the balance sheet at period end	1,637.5	**1,576.5**	1,637.5	**1,576.5**

Consolidated balance sheet

Assets			
€m	30 June 2017 [1]	31 Dec. 2017	30 June 2018
Non-current assets			
Intangible assets			
Goodwill	11,399.3	11,106.6	**11,385.3**
Other intangible assets	412.2	364.5	**378.3**
	11,811.5	11,471.2	**11,763.6**
Property, plant and equipment			
Land and buildings	6,641.9	6,313.0	**6,457.0**
Plant and machinery	5,067.8	5,049.8	**4,925.4**
Other operating equipment	352.2	338.8	**363.0**
Prepayments and assets under construction	1,224.4	1,112.2	**1,137.3**
	13,286.2	12,813.8	**12,882.7**
Financial assets			
Investments in joint ventures	1,344.7	1,334.1	**1,311.9**
Investments in associates	481.9	502.4	**502.2**
Financial investments	353.3	256.1	**259.4**
Loans and derivative financial instruments	83.1	88.5	**95.4**
	2,262.9	2,181.1	**2,168.7**
Fixed assets	27,360.6	26,466.1	**26,815.0**
Deferred taxes	832.3	517.9	**446.4**
Other non-current receivables	743.3	829.0	**978.0**
Non-current income tax assets	50.7	52.4	**57.0**
Total non-current assets	28,986.9	27,865.3	**28,296.3**
Current assets			
Inventories			
Raw materials and consumables	891.6	823.4	**896.6**
Work in progress	318.3	308.7	**314.0**
Finished goods and goods for resale	720.1	733.3	**696.1**
Prepayments	29.1	15.3	**19.5**
	1,959.1	1,880.7	**1,926.2**
Receivables and other assets			
Current interest-bearing receivables	97.4	122.1	**137.1**
Trade receivables	2,232.3	1,797.7	**2,390.4**
Other current operating receivables	640.9	546.2	**761.9**
Current income tax assets	110.4	117.7	**137.9**
	3,080.9	2,583.7	**3,427.3**
Short-term financial investments	17.4	10.3	**10.1**
Derivative financial instruments	45.7	9.6	**37.8**
Cash and cash equivalents	1,637.5	2,108.6	**1,576.5**
Total current assets	6,740.5	6,593.0	**6,977.9**
Assets held for sale	54.0	99.7	**14.0**
Balance sheet total	35,781.5	34,558.0	**35,288.3**

1) Amounts were restated (see Annual Report 2017, section "Business combinations in the previous year", page 124 f.).

Equity and liabilities			
€m	30 June 2017 [1]	31 Dec. 2017	30 June 2018
Shareholders' equity and non-controlling interests			
Subscribed share capital	595.2	595.2	**595.2**
Share premium	6,225.4	6,225.4	**6,225.4**
Retained earnings	8,899.6	9,494.8	**9,504.5**
Other components of equity	-972.5	-1,757.4	**-1,658.4**
Equity attributable to shareholders	14,747.8	14,558.0	**14,666.8**
Non-controlling interests	1,548.8	1,494.3	**1,310.9**
Total equity	16,296.6	16,052.4	**15,977.7**
Non-current liabilities			
Bonds payable	8,864.2	8,345.9	**8,568.4**
Bank loans	484.9	459.4	**634.4**
Other non-current interest-bearing liabilities	55.8	57.1	**47.0**
Non-controlling interests with put options	21.7	18.5	**19.7**
	9,426.5	8,880.9	**9,269.6**
Pension provisions	1,198.1	1,136.8	**1,115.2**
Deferred taxes	669.1	649.7	**668.3**
Other non-current provisions	1,267.6	1,204.0	**1,131.5**
Other non-current operating liabilities	240.2	164.9	**170.0**
Non-current income tax liabilities	207.7	173.5	**177.6**
	3,582.7	3,328.9	**3,262.5**
Total non-current liabilities	13,009.2	12,209.8	**12,532.0**
Current liabilities			
Bonds payable (current portion)	1,219.4	1,668.4	**1,064.9**
Bank loans (current portion)	558.3	116.0	**312.8**
Other current interest-bearing liabilities	590.2	111.0	**900.7**
Non-controlling interests with put options	46.3	47.7	**46.9**
	2,414.3	1,943.1	**2,325.3**
Pension provisions (current portion)	98.7	82.6	**81.3**
Other current provisions	239.6	212.8	**215.5**
Trade payables	2,109.6	2,281.1	**2,358.2**
Other current operating liabilities	1,449.8	1,491.0	**1,520.0**
Current income tax liabilities	163.7	272.3	**273.9**
	4,061.5	4,339.8	**4,448.9**
Total current liabilities	6,475.7	6,282.9	**6,774.2**
Liabilities associated with assets held for sale		12.9	**4.3**
Total liabilities	19,484.9	18,505.7	**19,310.5**
Balance sheet total	35,781.5	34,558.0	**35,288.3**

Consolidated statement of changes in equity

€m	Subscribed share capital	Share premium	Retained earnings	Cash flow hedge reserve
1 January 2017 [2)]	595.2	6,225.4	8,933.1	3.3
Profit for the period			287.6	
Other comprehensive income			5.1	0.3
Total comprehensive income			292.7	0.3
Changes in consolidation scope				
Changes in ownership interests in subsidiaries			-0.8	
Changes in non-controlling interests with put options			-7.4	
Transfer of asset revaluation reserve			0.7	
Other changes			-1.2	-0.1
Dividends			-317.5	
30 June 2017 [2)]	595.2	6,225.4	8,899.6	3.5
1 January 2018	595.2	6,225.4	9,494.8	4.6
Adjustment IFRS 9 and IFRS 15			-12.2	
1 January 2018 adjusted	595.2	6,225.4	9,482.6	4.6
Profit for the period			375.2	
Other comprehensive income			103.2	1.3
Total comprehensive income			478.3	1.3
Changes in consolidation scope				
Changes in ownership interests in subsidiaries			-75.1	
Changes in non-controlling interests with put options			-1.7	
Transfer of asset revaluation reserve			0.5	
Other changes			-3.2	
Dividends			-377.0	
30 June 2018	595.2	6,225.4	9,504.5	5.8

1) The accumulated currency translation differences included in non-controlling interests changed in 2018 by €-1.8 million (previous year: -84.3) to €-288.8 million (previous year: -220.7). The total currency translation differences recognised in equity thus amounts to €-2,011.0 million (previous year: -1,257.3).

2) Amounts were restated (see Annual Report 2017, section "Business combinations in the previous year", page 124 f.).

	Other components of equity						
	Available for sale/ FVOCI-reserve	Asset revaluation reserve	Currency translation	Total other components of equity	Equity attributable to shareholders	Non-controlling interests [1]	**Total equity**
	33.2	28.8	235.5	300.8	16,054.6	1,737.0	**17,791.6**
					287.6	74.4	**362.0**
	-0.8		-1,272.1	-1,272.5	-1,267.4	-86.9	**-1,354.2**
	-0.8		-1,272.1	-1,272.5	-979.8	-12.5	**-992.3**
						1.5	**1.5**
					-0.8	-0.1	**-1.0**
					-7.4	13.4	**5.9**
		-0.7		-0.7			
				-0.1	-1.3	-3.9	**-5.2**
					-317.5	-186.6	**-504.0**
	32.4	28.2	-1,036.6	-972.5	14,747.8	1,548.8	**16,296.6**
	31.0	27.5	-1,820.5	-1,757.4	14,558.0	1,494.3	**16,052.4**
	2.7			2.7	-9.4		**-9.4**
	33.7	27.5	-1,820.5	-1,754.7	14,548.6	1,494.3	**16,042.9**
					375.2	60.2	**435.3**
	-2.6		98.2	96.9	200.1	-22.2	**177.9**
	-2.6		98.2	96.9	575.3	38.0	**613.2**
						-19.7	**-19.7**
					-75.1	-39.4	**-114.6**
					-1.7	1.3	**-0.4**
		-0.5		-0.5			
					-3.3	1.2	**-2.1**
					-377.0	-164.7	**-541.7**
	31.2	27.0	-1,722.3	-1,658.4	14,666.8	1,310.9	**15,977.7**

Segment reporting / Notes

Group areas January - June	Western and Southern Europe		Northern and Eastern Europe-Central Asia		North America	
€m	2017	**2018**	2017	**2018**	2017	**2018**
External revenue	2,329	**2,353**	1,295	**1,307**	2,014	**1,873**
Inter-Group areas revenue	31	**37**	44	**37**		
Revenue	2,360	**2,390**	1,338	**1,344**	2,014	**1,873**
Change to previous year in %		**1.3 %**		**0.5 %**		**-7.0 %**
Result from joint ventures	0	**0**	5	**8**	16	**13**
Result from current operations before depreciation and amortisation (RCOBD)	257	**209**	201	**203**	409	**321**
as % of revenue (operating margin)	10.9 %	**8.7 %**	15.0 %	**15.1 %**	20.3 %	**17.1 %**
Depreciation	-157	**-166**	-89	**-80**	-149	**-142**
Result from current operations	101	**42**	112	**123**	260	**179**
as % of revenue	4.3 %	**1.8 %**	8.3 %	**9.1 %**	12.9 %	**9.6 %**
Result from associates	6	**6**	0	**1**	1	**-8**
Result from other participations	2	**2**	0	**0**	0	**-1**
Result from participations	8	**9**	0	**1**	1	**-9**
Additional ordinary result						
Earnings before interest and taxes (EBIT)	108	**51**	112	**123**	261	**170**
Capital expenditures [2]	93	**139**	50	**46**	127	**128**
Segment assets [3] [4]	7,352	**7,590**	2,780	**2,524**	9,140	**8,875**
RCOBD as % of segment assets	3.5 %	**2.8 %**	7.2 %	**8.1 %**	4.5 %	**3.6 %**
Number of employees as at 30 June	15,686	**15,881**	13,776	**12,716**	9,419	**9,742**
Average number of employees	15,688	**15,910**	13,669	**12,566**	9,113	**9,386**

1) Includes corporate functions, eliminations of intra-Group relationships between the segments and additional ordinary result.
2) Capital expenditures = in the segment columns: property, plant and equipment as well as intangible assets investments; in the reconciliation column: investments in non-current financial assets and other business units.
3) Segment assets = property, plant and equipment as well as intangible assets
4) Prior year amounts were restated (see Annual Report 2017, section "Business combinations in the previous year", page 124 f.).

	Asia-Pacific		Africa-Eastern Mediterranean Basin		Group Services		Reconciliation [1]		Continuing operations	
	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017 [1]	**2018**
	1,555	**1,528**	787	**816**	416	**555**			8,394	**8,432**
	12	**4**	17	**16**	240	**254**	-343	**-349**		
	1,567	**1,532**	803	**833**	656	**809**	-343	**-349**	8,394	**8,432**
		-2.2 %		**3.7 %**		**23.3 %**				**0.4 %**
	51	**58**	6	**9**					79	**88**
	318	**267**	186	**201**	15	**19**	-37	**-32**	1,347	**1,188**
	20.3 %	**17.4 %**	23.1 %	**24.1 %**	2.2 %	**2.4 %**			16.1 %	**14.1 %**
	-99	**-92**	-47	**-47**	-2	**-1**	-13	**-12**	-556	**-541**
	219	**175**	138	**154**	12	**18**	-50	**-44**	791	**647**
	14.0 %	**11.4 %**	17.2 %	**18.5 %**	1.9 %	**2.2 %**			9.4 %	**7.7 %**
	0	**0**	7	**6**	3	**3**			17	**8**
	2	**-1**	0	**0**					3	**0**
	2	**0**	7	**6**	3	**3**			21	**9**
							-36	**128**	-36	**128**
	221	**175**	145	**160**	15	**21**	-87	**84**	775	**784**
	57	**73**	39	**26**	0	**5**	154	**557**	520	**974**
	4,210	**4,110**	1,560	**1,498**	55	**48**			25,098	**24,646**
	7.5 %	**6.5 %**	11.9 %	**13.4 %**	26.5 %	**40.1 %**			5.4 %	**4.8 %**
	14,385	**14,288**	7,213	**6,553**	515	**463**			60,993	**59,642**
	14,450	**14,293**	7,335	**6,615**	518	**421**			60,772	**59,192**

Notes to the interim consolidated financial statements

Accounting and valuation principles

The interim consolidated financial statements of HeidelbergCement AG as at 30 June 2018 were prepared on the basis of IAS 34 (Interim Financial Reporting). All International Financial Reporting Standards (IFRS), including the interpretations of the IFRS Interpretations Committee (IFRS IC), that were binding as at the reporting date and had been adopted into European law by the European Commission were applied.

In accordance with the regulations of IAS 34, a condensed report scope in comparison with the consolidated financial statements as at 31 December 2017, with selected explanatory notes, was chosen. The accounting and valuation principles applied in the preparation of the interim consolidated financial statements correspond in principle to those of the consolidated financial statements as at 31 December 2017. Detailed explanations can be found on page 112 f. in the Notes to the 2017 Annual Report, which forms the basis for these interim financial statements.

In accordance with IAS 34, the expenses relating to income taxes in the reporting period were accrued on the basis of the tax rate expected for the whole financial year.

The interim consolidated financial statements were not subject to any audits or reviews.

Application of new accounting standards

The following new or amended IASB standards and interpretations were applicable for the first time in these interim consolidated financial statements.

- **IFRS 9 Financial Instruments** governs the accounting of financial instruments and replaces IAS 39 (Financial Instruments: Recognition and Measurement). IFRS 9 pursues a new approach for the categorisation and measurement of financial assets. In this approach, the classification and measurement of financial assets is based on the cash flow characteristics and the business model in use.

  Financial assets held within a business model whose objective is to hold assets to collect the contractual cash flows are measured at amortised cost. If the business model includes the collection of contractual cash flows as well as selling financial assets, these assets are measured at fair value through other comprehensive income. If neither of the two business models applies, the financial assets are measured at fair value through profit or loss.

  Participations in subsidiaries, joint ventures, and associates of minor importance, as well as participations on which HeidelbergCement has no significant influence, were classified as available for sale and measured at cost in accordance with IAS 39. In accordance with IFRS 9, the participations without significant influence have been reclassified and are measured at fair value through profit or loss. Under IAS 39, participations without controlling influence of HeidelbergCement and current financial investments were classified as available for sale and measured at fair value through other comprehensive income. In accordance with IFRS 9, these are measured at fair value through other comprehensive income or at fair value through profit or loss. Changes in the fair value recognised in other comprehensive income are recorded in the fair value through other comprehensive income reserve (FVOCI reserve). For each participation, an individual decision can be made as to whether it is measured at fair value through profit or loss or through other comprehensive income. Participations in subsidiaries, joint ventures, and associates of minor importance are still measured at cost as they are not in the scope of IFRS 9.

  The majority of the loans, trade receivables, and other operating receivables continue to fulfil the criteria for accounting at amortised cost. If financial assets cannot be assigned to either of the two business models or the financial assets did not solely contain payments of principal and interest, these were reclassified and measured at fair value through profit or loss in accordance with IFRS 9.

IFRS 9 introduces a new impairment model that is applicable to all financial assets that are either measured at amortised cost or at fair value through other comprehensive income. This model provides for the recognition of expected credit losses at the time of initial recognition. This has led to an increase in risk provisions. For trade receivables, the simplified impairment approach from IFRS 9 is applied. For bank deposits, loans, and other financial receivables not classified as fair value through profit or loss, the general impairment approach of IFRS 9 is used. The effect within equity of the initial application of the new impairment model amounts to €2.2 million in trade receivables, which meant that the accumulated valuation allowances of €88.6 million as at 31 December 2017 increased to €90.8 million on 1 January 2018. In loans and other interest-bearing receivables, impairment losses of €3.2 million were recognised directly in equity as at 1 January 2018.

With regard to hedge accounting, IFRS 9 provides for the removal of the thresholds applied as part of retrospective effectiveness testing. Instead, evidence is to be documented of the economic relationship between the hedged item and the hedging instrument. Furthermore, the number of potential hedged items and the disclosures for hedge accounting were extended. The new regulations on hedge accounting will be applied prospectively. All currently existing hedges meet the requirements for hedge accounting in accordance with IFRS 9 and can be continued without amendment.

As the regulations for the classification and measurement of financial liabilities in accordance with IFRS 9 essentially correspond to the previous regulations in IAS 39, this has not resulted in any changes.

The transitional effects resulting from the initial application on 1 January 2018 led to a decrease of €11.0 million in retained earnings on 1 January 2018, not taking into account deferred taxes. As a result of the conversion to IFRS 9, the carrying amount of participations accounted for under the equity method increased on 1 January 2018. This led to an increase of €2.7 million in the FVOCI reserve.

The following table shows the reconciliation of the original measurement categories and carrying amounts of the financial assets and liabilities under IAS 39 as at 31 December 2017 with the new measurement categories and carrying amounts in accordance with IFRS 9 as at 1 January 2018.

Reconciliation IFRS 9 - classification and measurement							
€m	Category of IAS 39 [1]	Carrying amount IAS 39 31 Dec. 2017	Reclassification	Not in scope of IFRS 9	Measurement adjustment	Category of IFRS 9 [2]	Carrying amount IFRS 9 1 Jan. 2018
Assets							
Financial investments – available for sale at cost	AfS	87.1					
Non-current investments – no significant influence			36.9		-5.3	**FVTPL**	**31.6**
Non-current investments of minor importance – significant influence			50.2	-50.2		-	
Financial investments – available for sale at fair value	AfS	179.3					
Non-current investments – no controlling influence			169.0			**FVOCI**	**169.0**
Current financial investments			10.3			**FVTPL**	**10.3**
Loans and other interest-bearing receivables	LaR	203.5	203.5		-3.2	**AC**	**200.3**
Trade receivables and other operating receivables	LaR	2,265.4					
Trade receivables and other operating receivables – amortised cost			1,999.4	-158.2	-2.2	**AC**	**1,839.0**
Trade receivables and other operating receivables – fair value through profit or loss			266.0		-0.3	**FVTPL**	**265.7**
Cash and cash equivalents	LaR	2,108.6					
Cash and cash equivalents – amortised cost			1,902.2			**AC**	**1,902.2**
Cash and cash equivalents – fair value through profit or loss			206.4			**FVTPL**	**206.4**
Derivatives – hedge accounting	Hedge	1.7	1.7			**Hedge**	**1.7**
Derivatives – held for trading	HfT	15.0	15.0			**FVTPL**	**15.0**
		4,860.6	**4,860.6**	**-208.4**	**-11.0**		**4,641.2**
Liabilities							
Bonds payable, bank loans, and miscellaneous financial liabilities	FLAC	10,703.3	10,703.3			**AC**	**10,703.3**
Trade payables, liabilities relating to personnel, and miscellaneous operating liabilities	FLAC	3,675.3	3,675.3	-436.0		**AC**	**3,239.3**
Liabilities from finance lease	FLAC	16.6	16.6	-16.6		-	
Derivatives – hedge accounting	Hedge	0.0	0.0			**Hedge**	**0.0**
Derivatives – held for trading	HfT	37.8	37.8			**FVTPL**	**37.8**
Non-controlling interests with put options	FLAC	66.2	66.2			**AC**	**66.2**
		14,499.2	**14,499.2**	**-452.6**			**14,046.6**

1) AfS: Available for sale, LaR: Loans and receivables, Hedge: Hedge accounting, HfT: Held for trading, FLAC: Financial liabilities at amortised cost
2) AC: Amortised cost, FVTPL: Fair value through profit or loss, FVOCI: Fair value through other comprehensive income, Hedge: Hedge accounting

- **IFRS 15 Revenue from Contracts with Customers** replaces the regulations of IAS 18 (Revenue) and IAS 11 (Construction Contracts) as well as the associated interpretations, and was applied for the first time on 1 January 2018. For the transition to IFRS 15, the modified retrospective approach was selected and the cumulative adjustment amount from the first-time application was recognised directly in the retained earnings on 1 January 2018. The comparative figures for the same periods of the previous year were not adjusted. In addition, the option to simplify the initial application was exercised and IFRS 15 has been applied only to contracts that had not yet been fulfilled on 1 January 2018.

  HeidelbergCement primarily generates revenue from simply structured sales of building materials, such as cement, aggregates, ready-mixed concrete, and asphalt, for which the control passes to the customer at a specific point in time.

  The shift in timing of revenue recognition in individual cases due to the initial application of IFRS 15 led to a decrease of €2.7 million in retained earnings as at 1 January 2018.

  Contract assets and contract liabilities are not shown separately in the balance sheet but under other operating receivables and other operating liabilities respectively. As at 1 January 2018, current contract assets of €11.7 million arose from the fulfilment of contractual obligations for which no unconditional right to payment exists as yet, and current contract liabilities of €80.0 million arose from customer prepayments. As at 30 June 2018, the current contract assets amounted to €31.0 million and the current contract liabilities to €136.3 million.

– The **amendments to IFRS 2: Group Cash-settled Share-based Payment Arrangements** have a narrow scope of application and concern specific areas of the classification and measurement of share-based payment transactions. The amendments did not have any impact on the financial position and performance of the Group.

– **IFRIC Interpretation 22 Foreign Currency Transactions and Advance Considerations** determines the timing of the exchange rate to be used for the translation of foreign currency transactions that include a prepayment made or received. The date used to determine the exchange rate for the underlying asset, income, or expense is generally the date of initial recognition of the asset or liability arising from the prepayment. The interpretation did not have any impact on the financial position and performance of the Group.

Seasonal nature of the business

The production and sales of building materials are seasonal due to regional weather patterns. Particularly in our important markets of Europe and North America, business results for the first and fourth quarters are adversely affected by the winter months, whereas the warmer months contribute to higher sales and profits in the second and third quarters.

Exchange rates

The following table contains the key exchange rates used in the translation of the individual financial statements denominated in foreign currencies into euro.

Exchange rates		Exchange rates at reporting date		Average exchange rates	
EUR		31 Dec. 2017	**30 June 2018**	01-06/ 2017	**01-06/ 2018**
USD	USA	1.2005	**1.1684**	1.0830	**1.2104**
AUD	Australia	1.5372	**1.5787**	1.4361	**1.5695**
CAD	Canada	1.5089	**1.5347**	1.4452	**1.5462**
EGP	Egypt	21.3378	**20.9034**	19.4498	**21.4541**
GBP	Great Britain	0.8881	**0.8847**	0.8601	**0.8798**
INR	India	76.5327	**79.7790**	71.1156	**79.4976**
IDR	Indonesia	16,264	**16,830**	14,436	**16,765**
MAD	Morocco	11.2218	**11.0788**	10.7810	**11.2466**

Business combinations in the reporting period

On 2 January 2018, our subsidiary Italcementi S.p.A. completed its acquisition of a 100 % shareholding in Cementir Italia and its subsidiaries. All conditions for the closing of the transaction have been fulfilled following the approval of the Italian competition authorities. To expand our market position in Italy, we made an agreement, via Italcementi, with Cementir Holding regarding the purchase of the entire cement and concrete business line of Cementir Italia S.p.A., Rome, including the fully controlled subsidiaries Cementir Sacci S.p.A. and Betontir S.p.A., on 19 September 2017. The purchase price amounted to €315.0 million and was paid in cash. The acquisition comprises five cement and two cement grinding plants as well as a network of terminals and ready-mixed concrete plants. The purchase price allocation has not yet been completed, as the valuations for property, plant and equipment and deferred taxes in particular have not yet been finalised. The provisionally recognised goodwill of €95.0 million is not tax-deductible and represents synergy potential.

On 31 January 2018, our Australian subsidiary Hanson Holdings Australia Limited, Victoria, (Hanson Australia) acquired 100 % of the shares in Alex Fraser Pty. Ltd. Group, Victoria, one of Australia's leading manufacturers of recycled building materials and asphalt, from Swire Investments (Australia) Ltd. The purchase price amounts to €134.1 million and is subject to the usual post-closing purchase price adjustments. The company operates three production sites in Melbourne and two in Brisbane. The Alex Fraser Group also produces asphalt at two plants in Melbourne. The purchase strengthens our market positions in the urban centres of Melbourne and Brisbane. Hanson Australia is also gaining expertise in the production of asphalt and recycled building materials, which ideally complements the existing business and can be leveraged for entry into additional markets. The purchase price allocation has not yet been completed, as the valuations are still to be finalised, particularly with regard to property, plant and equipment. The provisionally recognised goodwill of €67.1 million represents synergy potential and is not tax-deductible.

Hanson Australia also acquired 100 % of the shares in the Suncoast Asphalt Pty Ltd Group, Queensland, on 29 March 2018. The company produces asphalt and supplies customers in the private and public sectors in the South East Queensland region. The purchase price amounted to €18.7 million and was paid in cash. The purchase price allocation has not yet been completed, as the valuations are still to be finalised, particularly with regard to property, plant and equipment. The provisionally recognised, non-tax-deductible goodwill of €10.7 million represents synergy potential.

To strengthen its market position in Canada, HeidelbergCement acquired a cement plant in the province of Quebec on 7 February 2018 as part of an asset deal. The purchase price of €42.2 million, paid in cash, is subject to a standard working capital adjustment clause. The purchase price allocation has not yet been completed, as the valuations are still to be finalised, particularly with regard to property, plant and equipment. The provisionally recognised, tax-deductible goodwill of €37.3 million represents synergy potential.

In addition, HeidelbergCement purchased 100 % of the shares in both Fairburn Ready-Mix, Inc., Tyrone, and Harrell Aggregate Hauling, Inc., Tyrone, on 6 April 2018 via its US subsidiary Sherman Industries LLC, Wilmington. Fairburn Ready-Mix operates five ready-mixed concrete plants in the Atlanta metropolitan area. This acquisition complements HeidelbergCement's core business and provides a platform for further growth. The purchase price totalling €18.0 million, paid in cash, is subject to the usual post-closing purchase price adjustments. The purchase price allocation has not yet been completed, as the valuations are still to be finalised, particularly with regard to property, plant and equipment. The provisionally recognised, tax-deductible goodwill of €11.8 million represents synergy and growth potential.

The following table shows the provisional fair values of the assets and liabilities acquired as part of the transactions described above.

Provisional fair values recognised as at the acquisition date

€m	Italy	Australia	North America	**Total**
Intangible assets	12.3	10.2	7.6	**30.1**
Property, plant and equipment	156.3	52.5	6.9	**215.6**
Financial fixed assets	2.0			**2.0**
Deferred taxes	2.9	0.3		**3.2**
Inventories	30.7	1.9	4.9	**37.6**
Trade receivables	63.3	19.2	1.7	**84.2**
Cash and cash equivalents	25.3	6.4	0.4	**32.1**
Other assets	18.2	0.7	0.1	**19.1**
Assets held for sale	42.1			**42.1**
Total assets	353.1	91.3	21.7	**466.2**
Provisions	38.0	3.3	6.7	**47.9**
Non-current liabilities		13.0	1.2	**14.2**
Current liabilities	93.0	0.0	2.6	**95.7**
Liabilities associated with assets held for sale	2.1			**2.1**
Total liabilities	133.1	16.3	10.6	**160.0**
Net assets	220.0	75.1	11.1	**306.2**

The acquired property, plant and equipment relates to land and buildings (€89.4 million), plant and machinery (€109.9 million), other equipment (€9.6 million), and prepayments and assets under construction (€6.7 million).

As part of the business combinations, receivables with a fair value of €98.5 million were acquired. These concern trade receivables amounting to €84.2 million and other operating receivables to the amount of €13.9 million. The gross value of the contractual receivables totals €126.6 million, of which €28.3 million is likely to be irrecoverable.

The companies have contributed €108.0 million to revenue and €-14.4 million to consolidated results since their acquisition. If the acquisitions had taken place on 1 January 2018, contributions to revenue and consolidated results would be €14.6 million and €1.0 million higher, respectively.

The transaction costs of €3.7 million for the business combinations were recognised in the additional ordinary expenses.

Furthermore, HeidelbergCement effected other business combinations during the reporting period that are of minor importance for the presentation of the financial position and performance of the Group.

Business combinations in the same period of the previous year

On 30 June 2017, HeidelbergCement finalised the acquisition of aggregate pits and production sites for ready-mixed concrete and asphalt from Cemex in the northwest of the USA. The business activities taken over from Cemex include seven aggregates quarries, five ready-mixed concrete plants, and three asphalt plants. The aggregates reserves and resources that have been acquired amount to 110 million tonnes. With this acquisition, HeidelbergCement has strengthened its vertically integrated market position in the US states of Washington and Oregon. The purchase price of €129.8 million was settled in cash. The purchase price allocation has been completed. This resulted in a decrease of €1.1 million in property, plant and equipment and a rise of €0.3 million in provisions in comparison with 31 December 2017. The final goodwill of €38.0 million is tax-deductible and represents synergy potential.

The following table shows the final fair values of the assets and liabilities as at the acquisition date.

Fair values recognised as at the acquisition date

€m	North America
Intangible assets	3.1
Property, plant and equipment	99.3
Inventories	7.7
Other assets	2.6
Total assets	112.7
Provisions	19.9
Current liabilities	1.0
Total liabilities	20.9
Net assets	91.8

Divestments in the reporting period

On 15 December 2017, HeidelbergCement announced that it had signed an agreement with H+H International A/S and its subsidiary H+H Deutschland GmbH regarding the sale of the sand-lime brick activities. The sale was completed on 28 February 2018 and comprises the participations in the indirect subsidiaries Heidelberger Kalksandstein GmbH, KS-QUADRO Bausysteme GmbH, Durmersheim, Germany, and Hunziker Kalksandstein AG, Brugg, Switzerland. Additionally, it includes property belonging to subsidiaries of HeidelbergCement AG. As at 31 December 2017, the divested assets and liabilities were shown as disposal groups in the consolidated balance sheet. The sales price of €110.6 million was paid in cash and is subject to the usual post-closing purchase price adjustments. The divestment resulted in a gain of €69.8 million, which has been shown in the additional ordinary income.

On 14 February 2018, our US subsidiary Lehigh Cement Company LLC, Wilmington, signed an agreement for the sale of its 51 % participation in Lehigh White Cement Company, Harrisburg, to the non-controlling shareholders Aalborg Cement Company Inc. and Cemex, Inc. The sale was completed on 29 March 2018. The sales price amounted to €115.1 million and was paid in cash. It is subject to the usual post-closing purchase price adjustments. The profit on disposal of €46.3 million was recognised in the additional ordinary income.

On 1 June 2018, our Italian subsidiary Italcementi S.p.A. completed the sale of the cement plant in Maddaloni, Italy, via its subsidiary Cementir Italia S.p.A. With the disposal, HeidelbergCement met a condition imposed by the Italian competition authorities in connection with the acquisition of the Cementir activities in Italy. At the time of Cementir's acquisition, the divested assets and liabilities were shown as disposal groups. The sales price of €40.0 million is made up of a cash payment of €10.0 million and a non-current receivable of €30.0 million. It is subject to the usual post-closing adjustments. The provisional profit on disposal of €1.6 million was recorded in the additional ordinary income.

The following table shows the assets and liabilities as at the date of divestiture.

Assets and liabilities at date of divestiture				
€m	Sand-lime brick activities	North America	Italy	Total
Intangible assets		33.6		**33.6**
Property, plant and equipment		27.4		**27.4**
Inventories		28.9		**28.9**
Cash and cash equivalents		2.9		**2.9**
Other assets		19.7		**19.7**
Disposal groups held for sale	51.5		39.8	**91.4**
Total assets	51.5	112.5	39.8	**203.9**
Provisions		0.7		**0.7**
Liabilities		11.7		**11.7**
Liabilities associated with disposal groups	11.3		1.4	**12.7**
Total liabilities	11.3	12.3	1.4	**25.1**
Net assets	40.2	100.2	38.4	**178.8**

Incidental disposal costs of €5.1 million arose in connection with the divestments and were recognised in the additional ordinary expenses.

Divestments in the same period of the previous year

On 8 February 2017, HeidelbergCement sold 100 % of the shares in Essroc San Juan Inc., Puerto Rico. The company was acquired as part of the Italcementi acquisition. The sales price for Essroc San Juan amounted to €6.5 million and was paid in cash. The divestment resulted in a loss of €6.0 million, which was recognised in the additional ordinary expenses.

The following table shows the assets and liabilities as at the date of divestiture.

Assets and liabilities at date of divestiture	
€m	North America
Property, plant and equipment	4.8
Inventories	7.8
Cash and cash equivalents	1.0
Other assets	1.4
Total assets	15.0
Liabilities	2.5
Total liabilities	2.5
Net assets	12.5

Revenue development by Group areas and business lines

January - June	Cement		Aggregates		Ready-mixed concrete-asphalt		Service-joint ventures-others		Intra-Group eliminations		Total	
€m	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
Western and Southern Europe	1,177	**1,237**	511	**517**	899	**888**	196	**269**	-423	**-520**	2,360	**2,390**
Northern and Eastern Europe-Central Asia	734	**710**	229	**244**	274	**294**	203	**206**	-101	**-109**	1,338	**1,344**
North America	885	**782**	740	**703**	462	**467**	104	**107**	-178	**-186**	2,014	**1,873**
Asia-Pacific	880	**813**	310	**295**	523	**541**	17	**38**	-164	**-154**	1,567	**1,532**
Africa-Eastern Mediterranean Basin	622	**649**	56	**49**	161	**161**	17	**22**	-52	**-48**	803	**833**
Group Services					21	**20**	642	**796**	-7	**-6**	656	**809**
Inter-Group area revenue within business lines	-29	**-29**	-13	**-13**			0	**4**			-42	**-39**
Total	4,269	**4,163**	1,832	**1,794**	2,340	**2,370**	1,180	**1,440**	-925	**-1,024**	8,696	**8,742**
Inter-Group area revenue between business lines									-301	**-311**	-301	**-311**
Total									-1,227	**-1,335**	8,394	**8,432**

Earnings per share

Earnings per share	January - June	
€m	2017	2018
Profit for the period	362.0	**435.3**
Non-controlling interests	74.4	**60.2**
Group share of profit	287.6	**375.2**
Number of shares in '000s (weighted average)	198,416	**198,416**
Earnings per share in €	1.45	**1.89**
Net income from continuing operations – attributable to the parent entity	295.6	**380.3**
Earnings per share in € – continuing operations	1.49	**1.92**
Net loss from discontinued operations – attributable to the parent entity	-8.1	**-5.1**
Loss per share in € – discontinued operations	-0.04	**-0.03**

Goodwill
An impairment test on goodwill in accordance with IAS 36 (Impairment of Assets) is generally performed annually within the HeidelbergCement Group, in the fourth quarter once the operational three-year plan has been prepared or if there are indications for impairment. In this impairment test, the carrying amount of a group of cash-generating units (CGUs) to which goodwill is allocated is compared with the recoverable amount of this group of CGUs. On 30 June 2018, the management carried out an impairment review, which indicated that no impairment loss needed to be recognised.

Consolidated statement of changes in equity
The decrease in non-controlling interests due to changes in the consolidation scope primarily relates to the disposal of the US subsidiary Lehigh White Cement Company. Changes in ownership interests in subsidiaries result primarily from the acquisition of the remaining 40 % of the shares in Nordic Precast Group AB, Stockholm, Sweden.

In the financial year, dividends of €377.0 million (€1.90 per share) were paid to shareholders of HeidelbergCement AG. Dividend payments to non-controlling interests are primarily the result of dividend payments made by our Indonesian subsidiary PT Indocement Tunggal Prakasa Tbk., amounting to €75.3 million, as well as dividends from our Moroccan subsidiaries Ciments du Maroc S.A. and Industrie Sakia El Hamra “Indusaha” S.A., which totalled €51.6 million and had not yet been paid as at the reporting date.

Pension provisions
The actuarial gains and losses, which are recognised directly in equity in other comprehensive income, were determined on the basis of the interest rates for the key countries applicable as at the reporting date. As at 30 June 2018, the overall gains arising from the revaluation amounted to €146.8 million. These include actuarial gains relating to pension obligations of €267.5 million, arising from the increase in the weighted discount rate of approximately 0.4 percentage points, as well as losses from the revaluation of the plan assets amounting to €105.8 million. The effect of the asset ceiling led to losses of €14.9 million.

Disclosures on financial instruments
The following table shows the carrying amounts and fair values for the individual classes of financial instruments as well as the fair value hierarchy for the assets and liabilities that are measured at fair value in the balance sheet.

Carrying amounts and fair values of financial instruments

€m	Carrying amount	Fair value	Thereof Level 1	Thereof Level 2	Thereof Level 3
30 June 2018 (IFRS 9)					
Assets					
Financial investments – fair value through other comprehensive income	173.6	173.6			173.6
Financial investments – fair value through profit or loss	40.9	40.9	10.1		30.8
Loans and other interest-bearing receivables	220.7	224.9			
Trade receivables and other operating receivables – amortised cost	2,437.9	2,437.9			
Trade receivables and other operating receivables – fair value through profit or loss	361.9	361.9		361.9	
Cash and cash equivalents – amortised cost	1,301.8	1,301.8			
Cash and cash equivalents – fair value through profit or loss	274.7	274.7	274.7		
Derivatives – hedge accounting	2.6	2.6		2.6	
Derivatives – held for trading	47.0	47.0		47.0	
Liabilities					
Bonds payable, bank loans, and miscellaneous financial liabilities	11,487.4	11,943.2			
Trade payables and miscellaneous operating liabilities	3,272.7	3,272.7			
Derivatives – hedge accounting	0.0	0.0		0.0	
Derivatives – held for trading	26.1	26.1		26.1	
Non-controlling interests with put options	66.6	66.6			
31 December 2017 (IAS 39)					
Assets					
Financial investments – available for sale at cost	87.1				
Financial investments – available for sale at fair value	179.3	179.3	10.3		169.0
Loans and other interest-bearing receivables	203.5	208.6			
Trade receivables and other operating receivables	2,265.4	2,265.4			
Cash and cash equivalents	2,108.6	2,108.6			
Derivatives – hedge accounting	1.7	1.7		1.7	
Derivatives – held for trading	15.0	15.0		15.0	
Liabilities					
Bonds payable, bank loans, and miscellaneous financial liabilities	10,703.4	11,324.6			
Trade payables, liabilities relating to personnel, and miscellaneous operating liabilities	3,675.3	3,675.3			
Liabilities from finance lease	16.6	16.6			
Derivatives – hedge accounting	0.0	0.0		0.0	
Derivatives – held for trading	37.8	37.8		37.8	
Non-controlling interests with put options	66.2	66.2			

The financial investments "Fair value through other comprehensive income" include the fair values of the US participations Hanson Permanente Cement, Inc. and Kaiser Gypsum Company, Inc. The change in the fair values of the participations resulted from exchange rate effects. The other valuation parameters remained unchanged. With respect to possible uncertainties regarding the determination of the fair value of this financial investment, we refer to the explanations on page 130 in the Notes to the 2017 Annual Report. During the reporting period, there were no significant changes to the explanations in the Notes.

The financial investments "Fair value through profit or loss" include participations of €30.8 million on which HeidelbergCement has no significant influence. These investments were primarily measured using the multiplier method, which determines the proportionate enterprise value based on company-specific variables and multipliers. Furthermore, financial investments amounting to €10.1 million for which the fair value was determined using the stock market price at the reporting date are recognised here. These financial investments were deposited as security for existing and future reinsurance services.

Cash and cash equivalents "Fair value through profit or loss" include highly liquid investment funds whose fair value was determined using the stock market price at the reporting date.

The “Trade receivables and other operating receivables” and “Trade payables and miscellaneous operating liabilities” classes cannot be immediately reconciled with the related balance sheet items, as these contain not only financial assets and liabilities but also non-financial assets to the amount of €1,330.5 million as well as non-financial liabilities of €790.2 million.

Detailed explanations on the procedure regarding the fair value measurement according to IFRS 13 can be found on page 166 f. in the Notes to the 2017 Annual Report, which forms the basis for these interim financial statements.

The assessment as to whether financial assets and liabilities that are accounted for at fair value are to be transferred between the levels of the fair value hierarchy will take place at the end of each reporting period. No reclassifications were carried out in the reporting period.

Related parties disclosures
No reportable transactions with related parties took place in the reporting period beyond normal business relations.

Contingent liabilities
As at the reporting date, contingent liabilities amounted to €71.0 million (previous year: 71.2), which essentially concern legal and tax-related risks. The timing of the possible cash outflows for the contingent liabilities is uncertain because they depend on various external factors that remain outside HeidelbergCement’s control. The application of taxation regulations might not yet be determined at the time that tax refund claims and liabilities are calculated. The calculation of tax items is based on the regulations most likely to be applied in each case. Nevertheless, the fiscal authorities may be of a different opinion, which may give rise to additional tax liabilities.

Other financial commitments
The total future minimum lease payments for operating leases as at the reporting date are shown in the following table.

Other financial commitments

€m	31 Dec. 2017	30 June 2018
Future minimum lease payments under non-cancellable operating leases		
Due within one year	265.5	**270.0**
Due between one and five years	602.8	**631.5**
Due after five years	464.5	**547.9**
	1,332.8	**1,449.4**

Events after the reporting period
There were no reportable events after the reporting date.

Responsibility statement
To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Heidelberg, 31 July 2018

HeidelbergCement AG
The Managing Board

The Company has its registered office in Heidelberg, Germany. It is registered with the Commercial Register at the Local Court of Mannheim (Amtsgericht Mannheim) under HRB 330082.

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The Half-Year Financial Report January to June 2018 was published on 31 July 2018.

Financial calendar	
Interim Financial Report January to September 2018	8 November 2018
Annual General Meeting 2019	9 May 2019

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