Interim Financial Report January to March 2018

HEIDELBERGCEMENT

Profit for the Q1 2018 period of €6 million achieved – improvement of €41 million

- Successful portfolio optimisation leads to gain of over €100 million
- Financial result improved by 9 % to €-75 million (previous year: -82)
- Result from current operations before depreciation and amortisation decreases by €88 million like-for-like because of bad weather and less working days
- Current order books signal robust growth in mature markets

Outlook for 2018 unchanged

- Growth in sales volumes of cement, aggregates, and ready-mixed concrete expected
- Moderate increase in revenue and result from current operations before currency and consolidation effects; significant improvement in profit for the financial year
- HeidelbergCement is globally well positioned for sustainable and profitable growth

Overview January to March 2018	January - March	
€m	2017	**2018**
Revenue	3,784	**3,626**
Result from joint ventures	30	**27**
Result from current operations before depreciation and amortisation (RCOBD)	383	**252**
RCOBD margin in %	10.1 %	**7.0 %**
Result from current operations	108	**-16**
Additional ordinary result	-16	**118**
Result from participations	0	**-2**
Earnings before interest and income taxes (EBIT)	92	**100**
Financial result	-82	**-75**
Profit before tax	9	**25**
Net income/loss from continuing operations	-39	**8**
Net income/loss from discontinued operations	4	**-2**
Profit/loss for the period	-35	**6**
Group share of profit/loss	-70	**-23**
Investments	195	**716**

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

Interim Group management report

Business trend January to March 2018

Economic environment

The global economy is gathering momentum. The national economies of Asia and the African countries south of the Sahara remain on a growth trajectory. In Europe, the solid recovery is continuing. The USA experienced robust economic growth in the first quarter of 2018 and the outlook continues to be positive.

Sales volumes in the first quarter – positive market dynamics hidden by adverse weather and less working days

In the first quarter, the sales volumes of HeidelbergCement's building materials developed very differently. While sales volumes in Europe and North America were impaired by a long winter and a reduced number of working days, some emerging countries recorded considerable increases.

During the first quarter, the Group's cement and clinker sales volumes rose by 2.3 % to 28.2 million tonnes (previous year: 27.5). Declining sales volumes in Europe and North America were more than offset by significant growth in Asia-Pacific and Africa-Eastern Mediterranean Basin. In Asia, particularly Indonesia and India contributed strongly to this growth. In Africa, substantial increases in sales volumes were recorded in Egypt, Ghana, and Tanzania.

Deliveries of aggregates fell by 2.2 % to 59.5 million tonnes (previous year: 60.9). Strong growth in Asia-Pacific did not fully compensate for the weather-related decline in sales volumes in Europe and North America.

Deliveries of ready-mixed concrete also decreased by 1.8 % to 10.2 million cubic metres (previous year: 10.4) because of the adverse weather conditions. In contrast, asphalt sales volumes improved considerably by 10.8 % to 1.6 million tonnes (previous year: 1.5) owing to the positive development of demand in California and consolidation effects in the northwest of the USA. Excluding consolidation effects, the increase amounted to 2.3 %.

Development of revenue and results

Group revenue in the period from January to March 2018 declined by 4.2 % in comparison with the previous year to €3,626 million (previous year: 3,784). Excluding consolidation and exchange rate effects, Group revenue increased by 1.8 %. Changes to the scope of consolidation had a positive impact of €43 million on revenue, while exchange rate effects reduced revenue by €264 million.

In the reporting period, material costs fell slightly by 1.0 % to €1,564 million (previous year: 1,580). Excluding consolidation and exchange rate effects, material costs exceeded the previous year's level by 5.7 %. This rise predominantly related to the costs of energy and goods purchased for resale. The material cost ratio increased from 41.8 % to 43.1 %. Other operating expenses and income reached the previous year's level at €-1,087 million (previous year: -1,087). Excluding exchange rate and consolidation effects, the balance of other operating expenses and income rose by 5.4 %, which was essentially due to the decreased gains from the disposal of assets. Personnel costs decreased by 2.3 % to €719 million (previous year: 736). The result from joint ventures declined by 10.0 % to €27 million (previous year: 30).

Result from current operations before depreciation and amortisation fell by 34.1 % to €252 million (previous year: 383). The decrease of €131 million was largely due to the change in revenue. Result from current operations decreased considerably to €-16 million (previous year: 108). Changes to the scope of consolidation of €-11 million and exchange rate effects of €-19 million had a negative impact on the result.

The additional ordinary result of €118 million (previous year: -16) primarily relates to income from the disposal of subsidiaries, integration expenses, 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.

The financial result improved by €7 million to €-75 million (previous year: -82). The reduction of €12 million in interest expenses and the improvement of €4 million in the other financial result contributed to this increase; on the other hand, the figure was negatively affected by the decrease of €6 million in interest income.

Profit before tax from continuing operations rose by €15 million to €25 million (previous year: 9), primarily because of the increase in the additional ordinary result. At €17 million (previous year: 48), expenses relating to taxes on income

Sales volumes	January - March		
	2017	2018	Change
Cement and clinker (million tonnes)	27.5	**28.2**	2.3 %
Aggregates (million tonnes)	60.9	**59.5**	-2.2 %
Ready-mixed concrete (million cubic metres)	10.4	**10.2**	-1.8 %
Asphalt (million tonnes)	1.5	**1.6**	10.8 %

were 65.9 % below the previous year's level. Net income from continuing operations improved by €47 million to €8 million (previous year: -39).

Net loss from discontinued operations of €-2 million (previous year: 4) accounts for operations of the Hanson Group that were discontinued in previous years.

Overall, the profit for the period amounts to €6 million (previous year: -35). The profit attributable to non-controlling interests fell by €6 million to €29 million (previous year: 35). The Group share therefore amounts to €-23 million (previous year: -70).

Earnings per share – Group share – in accordance with IAS 33 improved by €0.24 to €-0.11 (previous year: -0.35).

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

Statement of cash flows

The seasonal cash outflow from operating activities of continuing operations rose by €210 million in the first quarter of 2018 to €692 million (previous year: 482). This was primarily due to the decrease of €151 million in cash flow before interest and tax payments to €277 million (previous year: 429). The figure was also negatively affected by the rise of €114 million in working capital to €689 million (previous year: 575). Interest received increased by €8 million to €27 million (previous year: 20) in comparison with the same period of the previous year, while interest payments fell by €37 million to €170 million (previous year: 206) because of significantly more favourable refinancing. Income taxes paid increased by €6 million to €80 million (previous year: 74). Dividends received remained below the previous year's level at €38 million (previous year: 54) and mainly include dividends collected from joint ventures and associates. In the reporting quarter, provisions of €57 million (previous year: 74) were utilised through payments.

Cash outflow from investing activities of continuing operations rose by €307 million to €448 million (previous year: 140). Cash-relevant investments increased by €522 million to €716 million (previous year: 195), primarily as a result of business combinations in Italy and Australia. Further details can be found in the Investments section and in the Business combinations in the reporting period section of the Notes on p. 21 f. With regard to the cash-relevant divestments of €243 million (previous year: 55), the cash inflow from the disposal of subsidiaries and other business units accounted for €225 million: of this figure, €111 million 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. 22. 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 1) 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 €641 million in the reporting period (previous year: 471). The cash inflow arising from the net proceeds from and repayment of bonds and loans of €673 million (previous year: 487) included in this figure covers the change in long-term and short-term interest-bearing liabilities and mainly comprises cash inflows of €1.34 billion from the issue of commercial papers, the repayment of two bonds totalling €980 million, and the repayment of a bank loan of €180 million. This item also includes borrowings and payments relating to bank loans and debt certificates, as well as changes to other short-term interest-bearing liabilities with a high turnover rate. In the previous year, a bond of €1 billion was repaid, while a bond of €750 million and commercial papers of €932 million were issued. Dividend payments to non-controlling interests led to a cash outflow of €27 million (previous year: 16).

Investments

In the first quarter of 2018, cash-relevant investments rose to €716 million (previous year: 195). 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 €197 million (previous year: 182) of this total. The investments in financial assets and other business units rose to €519 million (previous year: 13); 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.

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. Cash-relevant divestments totalled €243 million in the first quarter (previous year: 55).

Balance sheet

The balance sheet total decreased by €286 million to €34,272 million (previous year: 34,558) between 31 December 2017 and 31 March 2018.

Non-current assets fell by €104 million to €27,761 million (previous year: 27,865). In the first quarter of 2018, there were negative exchange rate effects of €443 million. Adjusted for exchange rate effects, property, plant, and equipment rose by €155 million and goodwill by €116 million as a result of changes to the scope of consolidation. Additions of €190 million to property, plant, and equipment were offset by property, plant, and equipment disposals of €8 million as well as depreciation and amortisation of €258 million.

Excluding currency effects of €-40 million, financial assets remained almost constant at €2,139 million (previous year: 2,181).

Current assets decreased by €127 million to €6,466 million (previous year: 6,593). As a result of seasonal factors, trade receivables grew by €141 million to €1,939 million (previous year: 1,798). Other current operating receivables also increased by €143 million to €689 million (previous year: 546), whereas cash and cash equivalents declined by €533 million to €1,576 (previous year: 2,109). The changes are explained in the Statement of cash flows section.

On the equity and liabilities side, equity decreased by €593 million to €15,459 million (previous year: 16,052). The reduction is essentially due to the total comprehensive income of €-444 million, which is composed of the €6 million profit for the period as well as of the currency translation losses of €484 million recognised in other comprehensive income, of the actuarial gains of €40 million, and of the losses of €10 million from equity method investments. The changes in ownership interests in subsidiaries primarily related to the acquisition of a 40 % share in Nordic Precast AB amounting to €-83 million. In addition, the non-controlling interests decreased by €33 million as a result of the sale of Lehigh White Cement and by €27 million because of dividend payments.

Interest-bearing liabilities rose by €663 million to €11,487 million (previous year: 10,824). The increase in net debt (interest-bearing liabilities less cash and cash equivalents) of €1,184 million to €9,879 million (previous year: 8,695) is attributable to the seasonal financing of the winter business as well as company acquisitions in Italy and Australia in the first quarter. Total provisions decreased by €59 million to €2,577 million (previous year: 2,636). The reduction of €286 million in operating liabilities to €4,097 million (previous year: 4,383) relates primarily to the decline of €257 million in trade payables to €2,024 million (previous year: 2,281).

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.

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 €3,292 million and the consolidated interest expense of €401 million are calculated on a pro forma basis in accordance with the terms and conditions of the bonds. As at 31 March 2018, the consolidated coverage ratio amounted to 8.21.

The net debt increased by €279 million in comparison with 31 March 2017, amounting to €9,879 million (previous year: 9,601) as at 31 March 2018. The increase of €1,184 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.

The available liquidity from cash and cash equivalents, liquidable financial investments and derivative financial instruments, and unused credit lines amounted to €4,368 million as at the end of March 2018.

Western and Southern Europe

The economic upturn continued in the countries of the Western and Southern Europe Group area. As a result of the good state of the domestic economy, the healthy labour market, and increasing global trade, the German economy is in a robust shape. The economic recovery is also ongoing in Belgium and the Netherlands. The British economy suffered from the cold winter weather in the first quarter. However, with a plus of just 0.1 %, the increase in gross domestic product was less than expected. Uncertainties following the Brexit vote continue to impact construction activity. In France, economic growth of 0.3 % fell short of expectations. The Italian economy also grew by 0.3 %. With an increase in gross domestic product of 0.7 %, Spain remains on course for growth.

In the first quarter 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.

The cement and clinker sales volumes in the Western and Southern Europe Group area rose in the first quarter by 2.7 % to 6.5 million tonnes (previous year: 6.3). This slight increase is primarily attributable to the newly included cement activities of Cementir in Italy and to a strong volume growth in Spain. Excluding consolidation effects, deliveries fell by 4.5 %. Sales volumes rose slightly in Italy, even excluding consolidation effects. Germany, France, Belgium/Netherlands and the United Kingdom registered decreases in volumes.

Deliveries of aggregates were down in all countries of the Group area due to adverse weather conditions. Belgium/Netherlands, Italy, and Spain recorded considerable decreases in volumes. Total aggregates sales volumes fell by 6.7 % to 17.1 million tonnes (previous year: 18.3).

The unfavourable weather conditions also had a distinctly negative impact on our deliveries in the ready-mixed concrete operating line. Only Italy recorded strong, double-digit-percentage sales growth. Deliveries of ready-mixed concrete in the Group area declined by 9.0 % overall to 3.7 million cubic metres (previous year: 4.0). Sales volumes of the asphalt operating line in the United Kingdom were down by 3.4 %.

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.

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

Revenue of the Western and Southern Europe Group area decreased by 3.6 % to €1,027 million (previous year: 1,065); excluding consolidation and exchange rate effects, the decline amounted to 4.7 %.

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. There is an indication of economic recovery in Ukraine and Russia, 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. The Northern European countries as well as Czechia, Romania, Bulgaria, and Ukraine were particularly affected.

During the first quarter of 2018, cement and clinker deliveries of the Northern and Eastern Europe-Central Asia Group area fell by 10.2 % to 4.2 million tonnes (previous year: 4.6) as a result of consolidation and poor weather. Excluding the effects of the deconsolidation of our activities in Georgia, the decline amounted to 3.7 %. As a whole, the countries in Northern Europe reported a marked decrease in volumes. In Eastern Europe-Central Asia, the deliveries of the individual countries presented a mixed picture. Our sales volumes declined considerably in Russia, Romania, and Ukraine, and to a lesser extent in Czechia and Bulgaria. By contrast, Greece, Kazakhstan, and Poland in particular achieved pleasing growth.

In the aggregates business line, the unfavourable weather conditions had a negative impact both on production and on deliveries of sand and gravel. Overall, sales volumes of aggregates fell by 11.4 % to 7.6 million tonnes (previous year: 8.6) in the Group area. In Northern Europe, a sharp rise in volumes in Sweden and a marginal gain in the Baltic States did not offset the decrease in volumes in the Mibau Group and in the other countries. In Eastern Europe-Central Asia, growth in Poland, Romania, Ukraine, Slovakia, and Greece stood in contrast to the drop in sales volumes in Kazakhstan and Russia, while Czechia only registered a small decrease in volumes.

Deliveries of ready-mixed concrete remained approximately at the previous year's level, with a slight decline of 0.5 % to 1.2 million cubic metres (previous year: 1.2). Adjusted for the effects of the deconsolidation of our activities in Georgia, deliveries rose by 11.7 %. As a whole, the Northern European countries achieved a small increase in sales volumes. Poland, Czechia, Romania, Slovakia, and Greece also recorded positive volume developments.

Revenue of the Northern and Eastern Europe-Central Asia Group area fell by 5.5 % to €514 million (previous year: 544); excluding consolidation and exchange rate effects, revenue increased by 1.3 %.

North America

In the North America Group area, HeidelbergCement is represented in the USA and Canada. The USA recorded robust economic growth in the first quarter of 2018. Gross domestic product grew by 2.3 % according to a preliminary estimate. The economic outlook continues to be positive. Nonresidential investment increased by 6.1 % in the first quarter. Residential investment remained stable. Housing starts in March were at an annual rate of 1,319,000. This is 1.9 % above the previous month rate and is 10.9 % above the March 2017 rate. Building permits were 2.5 % above the February rate and 7.5 % above the March 2017 rate.

In the first quarter 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 weather in the South. However, the high order volumes point to robust growth in demand for the year as a whole.

The cement sales volumes of our North American plants decreased by 4.6 % to 3.0 million tonnes (previous year: 3.1) in the first three months. Despite the harsh winter in the Prairie provinces, the Canada region recorded a moderate 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. However, the increased volumes in the Canada and West regions were not able to offset the weather-related decreases in sales volumes in the North and South regions. The North region in particular saw a significant decline in deliveries as a result of the cold winter weather, which lasted into April. In the USA, sales prices were increased in all regions.

On 7 February 2018, we acquired a cement plant in the Canadian province of Quebec.

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.

In the aggregates business line, increases in sales volumes in the West and Canada regions did not fully compensate for weather-related decreases in volumes in the North and South regions. Overall, the aggregates sales volumes fell by 3.6 % in the first quarter to 20.9 million tonnes (previous year: 21.7). Excluding consolidation effects in the North and Canada regions, the decline amounted to 6.8 %.

The deliveries of the North and South regions also decreased significantly in the ready-mixed concrete operating line. In contrast, the West and Canada regions achieved pleasing increases in volumes, with total ready-mixed concrete sales volumes growing by 5.6 % to 1.4 million cubic metres (previous year: 1.3). Excluding consolidation effects in the North and Canada regions, the increase amounted to 2.8 %.

Asphalt deliveries rose by 53.5 % to 0.3 million tonnes (previous year: 0.2) thanks to good market conditions in the West region. Excluding consolidation effects in the Canada region, sales volumes grew by 37.3 %.

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 12.6 % to €729 million (previous year: 834); excluding consolidation and exchange rate effects, the decline amounted to 2.6 %.

Asia-Pacific

Despite the restructuring and slowdown of the Chinese economy, the emerging countries of Asia remain on course for growth. In China, the economy developed better than expected in the first quarter, with growth of 6.8 % in the gross domestic product. A slight acceleration in economic growth is anticipated in India and Indonesia. Australia is showing robust economic development.

During the first quarter, cement and clinker deliveries of the Asia-Pacific Group area grew by 5.0 % to 9.1 million tonnes (previous year: 8.7).

In Indonesia, domestic cement consumption increased by 6.6 % in the first three months in comparison with the previous year, supported by the government infrastructure programme. In Indocement's main markets on Java, cement demand also experienced strong growth. Indocement's cement and clinker sales volumes rose by 8.9 %. As a consequence of the high competitive pressure, the average sales prices of Indocement fell short of the previous year's level. We anticipate a recovery in prices after the end of Ramadan. The use of the most efficient kiln lines and strict cost management helped to limit the decline in margins.

In India, our central and southern Indian plants generated a moderate increase in cement and clinker deliveries in the first quarter. While our plants in central India benefited from solid demand and a positive development in prices, the markets in southern India continued to be subject to price pressure.

In Thailand, deliveries from our plants were below the previous year's level, but we anticipate increasing volumes and prices from the second quarter owing to the start of scheduled infrastructure projects. In Bangladesh, our cement deliveries recorded a significant increase.

In the aggregates business line, our deliveries rose by 17.4 % to 10.8 million tonnes (previous year: 9.2). In Australia, the sustained high demand from infrastructure projects led to a strong growth in sales volumes. Our deliveries in Malaysia were adversely affected by a weak market environment. In contrast, sales volumes in Indonesia rose significantly and a considerable increase in volumes was recorded in Thailand.

At 2.5 million cubic metres (previous year: 2.4), sales volumes in the ready-mixed concrete operating line exceeded the previous year's level by 6.3 %. Australia and particularly Indonesia and Malaysia contributed to this positive development, whereas deliveries in Thailand declined. The sales volumes of the asphalt operating line rose by 18.3 % on account of consolidation effects in Australia. Excluding consolidation effects, sales volumes fell by 8.3 % 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 decline. In Australia, however, our joint venture Cement Australia 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 4.3 % to €747 million (previous year: 780); 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 significant economic momentum. In contrast, the outlook for Morocco has somewhat deteriorated. In Turkey, risks for the economic development result from political uncertainty, 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 11.7 % to 5.2 million tonnes (previous year: 4.6). 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, Gambia, and particularly in the Democratic Republic of Congo, Burkina Faso, and Mozambique. In contrast, deliveries in Sierra Leone and Togo remained below the previous year's level. In Togo, higher sales prices offset the declining exports. Overall, the North African countries also achieved significant growth in sales volumes. While our deliveries in Morocco were only slightly above the previous year's level, our sales volumes in Egypt benefited from the strong construction demand from the public sector in the run-up to the presidential elections.

In light of the good growth prospects, HeidelbergCement is expanding its activities in Africa. In 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. Slight declines in sales volumes in Israel and Morocco were offset by growth in the countries south of the Sahara. Overall, deliveries of aggregates were approximately at the previous year's level, with a slight rise of 0.2 % to 3.1 million tonnes (previous year: 3.1). In the ready-mixed concrete operating line, HeidelbergCement is represented in Israel, Egypt, and Morocco. Owing to unfavourable weather conditions in Morocco, sales volumes of ready-mixed concrete fell slightly by 2.0 % to 1.3 million cubic metres (previous year: 1.3). Asphalt activities in Israel recorded a significant rise in volumes of 8.8 %.

The service-joint ventures-other business line essentially includes the cement, aggregates, and ready-mixed concrete activities of our Turkish joint venture Akçansa. In the first quarter, the domestic sales volumes of Akçansa benefited from favourable weather conditions and strong demand from infrastructure projects. Lower-margin clinker exports were reduced considerably. Overall, the cement and clinker sales volumes of Akçansa increased by 2.1 % in the first three months. While deliveries of aggregates declined substantially, a strong increase was recorded in sales volumes of ready-mixed concrete.

Revenue of the Africa-Eastern Mediterranean Basin Group area rose by 2.2 % to €420 million (previous year: 411); excluding consolidation and exchange rate effects, revenue increased by 13.4 %.

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.

HC Trading's trading activities in cement, clinker, and other building materials such as lime and dry mortar rose by 9.8 % to 4.5 million tonnes in the first quarter (previous year: 4.1). Deliveries of coal and petroleum coke increased by 46.4 % to 2.5 million tonnes (previous year: 1.7).

Revenue of the Group Services business unit rose by 19.1 % to €359 million (previous year: 301); excluding exchange rate effects, revenue increased by 18.9 %.

Employees

At the end of the first quarter of 2018, the number of employees at HeidelbergCement stood at 58,751 (previous year: 60,481). The decrease of 1,730 employees essentially results from two opposing developments. On the one hand, more than 3,500 jobs were cut across the Group – firstly through portfolio optimisations, particularly the deconsolidation of our Georgia activities, secondly in connection with the realisation 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, almost 1,800 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 and the insourcing of truck drivers.

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

Information on the events after the balance sheet date is provided in the Notes on page 26.

Outlook

In April 2018, the International Monetary Fund (IMF) confirmed its forecast of a further acceleration of global economic growth to 3.9 % in 2018. In many countries, the economy has started to recover, resulting in a synchronous economic upturn on the broadest scale since 2010. The main drivers behind this trend are, on the one hand, the further acceleration of growth in the USA, boosted by the recently adopted tax reform, and the continuing economic recovery in the eurozone. On the other hand, it is also anticipated that the growth rates in the emerging countries will increase again, despite a further economic slowdown in China. Stronger growth is expected in particular for countries in North Africa, the Middle East, and in Africa south of the Sahara, partly because of the considerable increase in the oil price over the past year.

Despite the positive outlook for the global economy, macroeconomic as well as geopolitical risks remain. Regarding macroeconomic risks, special mention must be made of the faster than anticipated rise in inflation and in the interest rate in the USA, possible trade restrictions, and the unpredictable consequences of the downturn in the Chinese economy. The geopolitical risks include, especially, the conflicts in the Middle East, in Ukraine, or with North Korea. Any escalation of these situations could have a negative impact on the business environment.

HeidelbergCement will 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 degree – 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 to 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. The outlook for the global economy is positive. Nevertheless, major macroeconomic and particularly geopolitical risks still exist. 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 Interim 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 Interim 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

	January - March	
€m	2017	2018
Revenue	3,783.6	**3,625.8**
Change in finished goods and work in progress	-29.8	**-33.8**
Own work capitalised	2.3	**3.6**
Operating revenue	3,756.2	**3,595.6**
Other operating income	142.0	**89.4**
Material costs	-1,580.4	**-1,564.3**
Employee and personnel costs	-736.0	**-719.0**
Other operating expenses	-1,228.9	**-1,176.6**
Result from joint ventures	30.2	**27.2**
Result from current operations before depreciation and amortisation (RCOBD)	383.1	**252.4**
Depreciation and amortisation	-274.7	**-268.5**
Result from current operations	108.4	**-16.2**
Additional ordinary income	2.0	**128.9**
Additional ordinary expenses	-18.0	**-10.8**
Additional ordinary result	-16.0	**118.0**
Result from associates	-0.4	**-1.5**
Result from other participations	-0.1	**-0.2**
Result from participations	-0.4	**-1.7**
Earnings before interest and taxes (EBIT)	91.9	**100.1**
Interest income	17.8	**12.0**
Interest expenses	-91.9	**-80.2**
Foreign exchange gains and losses	9.1	**6.7**
Other financial result	-17.5	**-14.0**
Financial result	-82.5	**-75.4**
Profit before tax from continuing operations	9.5	**24.8**
Income taxes	-48.4	**-16.5**
Net income / loss from continuing operations	-39.0	**8.3**
Net income / loss from discontinued operations	3.7	**-2.0**
Profit / loss for the period	-35.2	**6.3**
Thereof non-controlling interests	35.1	**29.0**
Thereof Group share of profit / loss	-70.4	**-22.7**
Earnings per share in € (IAS 33)		
Loss per share attributable to the parent entity	-0.35	**-0.11**
Loss per share – continuing operations	-0.37	**-0.10**
Earnings / loss per share – discontinued operations	0.02	**-0.01**

Consolidated statement of comprehensive income

	January - March	
€m	2017	2018
Profit / loss for the period	-35.2	**6.3**
Other comprehensive income		
Items not being reclassified to profit or loss in subsequent periods		
Remeasurement of the defined benefit liability (asset)	49.8	**56.5**
Income taxes	-13.3	**-16.8**
Defined benefit plans	36.4	**39.7**
Items that may be reclassified subsequently to profit or loss		
Cash flow hedges – change in fair value	-1.0	**0.6**
Reclassification adjustments for gains/losses included in profit or loss	1.0	**-0.7**
Income taxes	-0.1	**0.0**
Cash flow hedges		**-0.2**
Currency translation	-24.8	**-470.7**
Income taxes	1.6	**-3.0**
Currency translation	-23.3	**-473.6**
Net gains/losses arising from equity method investments	9.7	**-9.9**
Total	-13.6	**-483.7**
Other comprehensive income	22.8	**-443.9**
Total comprehensive income	-12.4	**-437.7**
Thereof non-controlling interests	32.9	**-7.1**
Thereof Group share	-45.3	**-430.5**

Consolidated statement of cash flows

	January - March	
€m	2017	2018
Net income (loss) from continuing operations	-39.0	**8.3**
Income taxes	48.4	**16.5**
Interest income / expenses	74.0	**68.1**
Dividends received	54.2	**37.8**
Interest received	19.5	**27.1**
Interest paid	-206.4	**-169.8**
Income taxes paid	-74.3	**-80.3**
Depreciation, amortisation, and impairment	275.9	**268.4**
Elimination of other non-cash items	15.1	**-121.7**
Cash flow	167.5	**54.4**
Changes in operating assets	-278.6	**-346.8**
Changes in operating liabilities	-296.5	**-342.4**
Changes in working capital	-575.0	**-689.2**
Decrease in provisions through cash payments	-74.4	**-57.3**
Cash flow from operating activities – continuing operations	-481.9	**-692.1**
Cash flow from operating activities – discontinued operations	-3.3	**-0.1**
Cash flow from operating activities	-485.2	**-692.3**
Intangible assets	-2.0	**-7.0**
Property, plant and equipment	-179.7	**-190.0**
Subsidiaries and other business units	-0.6	**-509.4**
Other financial assets, associates, and joint ventures	-12.2	**-10.0**
Investments (cash outflow)	-194.5	**-716.4**
Subsidiaries and other business units	9.3	**225.0**
Other fixed assets	45.8	**18.1**
Divestments (cash inflow)	55.0	**243.1**
Cash from changes in consolidation scope	-0.7	**25.8**
Cash flow from investing activities – continuing operations	-140.2	**-447.5**
Cash flow from investing activities – discontinued operations	1.5	
Cash flow from investing activities	-138.7	**-447.5**
Dividend payments - non-controlling interests	-16.2	**-27.3**
Increase in ownership interests in subsidiaries	-0.6	**-4.4**
Proceeds from bond issuance and loans	783.5	**182.8**
Repayment of bonds and loans	-1,156.1	**-997.9**
Changes in short-term interest-bearing liabilities	859.9	**1,487.8**
Cash flow from financing activities – continuing operations	470.5	**641.0**
Cash flow from financing activities – discontinued operations		
Cash flow from financing activities	470.5	**641.0**
Net change in cash and cash equivalents – continuing operations	-151.7	**-498.6**
Net change in cash and cash equivalents – discontinued operations	-1.8	**-0.1**
Net change in cash and cash equivalents	-153.5	**-498.8**
Effect of exchange rate changes	7.2	**-34.6**
Cash and cash equivalents at beginning of period [1]	1,972.3	**2,108.8**
Cash and cash equivalents presented in the balance sheet at period end	1,826.1	**1,575.5**

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

Consolidated balance sheet

Assets			
€m	31 Mar. 2017[1]	31 Dec. 2017	31 Mar. 2018
Non-current assets			
Intangible assets			
Goodwill	11,947.6	11,106.6	**11,032.8**
Other intangible assets	471.6	364.5	**367.4**
	12,419.2	11,471.2	**11,400.2**
Property, plant and equipment			
Land and buildings	6,867.3	6,313.0	**6,349.9**
Plant and machinery	5,397.4	5,049.8	**4,960.2**
Other operating equipment	380.8	338.8	**356.7**
Prepayments and assets under construction	1,196.3	1,112.2	**1,095.9**
	13,841.9	12,813.8	**12,762.7**
Financial assets			
Investments in joint ventures	1,438.1	1,334.1	**1,288.0**
Investments in associates	494.6	502.4	**493.8**
Financial investments	368.0	256.1	**266.7**
Loans and derivative financial instruments	84.0	88.5	**90.1**
	2,384.7	2,181.1	**2,138.6**
Fixed assets	28,645.8	26,466.1	**26,301.5**
Deferred taxes	857.6	517.9	**541.1**
Other non-current receivables	813.5	829.0	**864.9**
Non-current income tax assets	49.6	52.4	**54.0**
Total non-current assets	30,366.6	27,865.3	**27,761.5**
Current assets			
Inventories			
Raw materials and consumables	929.2	823.4	**896.4**
Work in progress	329.8	308.7	**312.0**
Finished goods and goods for resale	736.2	733.3	**660.3**
Prepayments	46.2	15.3	**21.4**
	2,041.4	1,880.7	**1,890.1**
Receivables and other assets			
Current interest-bearing receivables	116.9	122.1	**187.5**
Trade receivables	1,958.1	1,797.7	**1,939.2**
Other current operating receivables	659.7	546.2	**689.0**
Current income tax assets	146.3	117.7	**152.5**
	2,881.1	2,583.7	**2,968.2**
Short-term financial investments	19.4	10.3	**10.6**
Derivative financial instruments	56.7	9.6	**21.4**
Cash and cash equivalents	1,826.0	2,108.6	**1,575.5**
Total current assets	6,824.6	6,593.0	**6,465.8**
Assets held for sale	8.1	99.7	**44.5**
Balance sheet total	37,199.3	34,558.0	**34,271.7**

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

Equity and liabilities			
€m	31 Mar. 2017 [1]	31 Dec. 2017	31 Mar. 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	8,897.0	9,494.8	**9,427.9**
Other components of equity	289.0	-1,757.4	**-2,202.5**
Equity attributable to shareholders	16,006.7	14,558.0	**14,046.0**
Non-controlling interests	1,754.8	1,494.3	**1,412.8**
Total equity	17,761.5	16,052.4	**15,458.9**
Non-current liabilities			
Bonds payable	7,386.0	8,345.9	**7,836.8**
Bank loans	799.0	459.4	**630.1**
Other non-current interest-bearing liabilities	62.3	57.1	**51.5**
Non-controlling interests with put options	22.6	18.5	**18.6**
	8,270.0	8,880.9	**8,537.1**
Pension provisions	1,240.6	1,136.8	**1,105.1**
Deferred taxes	666.7	649.7	**650.0**
Other non-current provisions	1,385.9	1,204.0	**1,165.9**
Other non-current operating liabilities	254.6	164.9	**163.1**
Non-current income tax liabilities	240.5	173.5	**162.9**
	3,788.4	3,328.9	**3,247.1**
Total non-current liabilities	12,058.3	12,209.8	**11,784.2**
Current liabilities			
Bonds payable (current portion)	1,767.9	1,668.4	**1,136.2**
Bank loans (current portion)	307.5	116.0	**313.5**
Other current interest-bearing liabilities	1,110.5	111.0	**1,455.1**
Non-controlling interests with put options	47.0	47.7	**44.9**
	3,232.9	1,943.1	**2,949.7**
Pension provisions (current portion)	102.1	82.6	**80.1**
Other current provisions	337.9	212.8	**226.0**
Trade payables	1,991.0	2,281.1	**2,024.3**
Other current operating liabilities	1,501.0	1,491.0	**1,500.2**
Current income tax liabilities	214.5	272.3	**246.4**
	4,146.5	4,339.8	**4,076.9**
Total current liabilities	7,379.4	6,282.9	**7,026.6**
Liabilities associated with assets held for sale		12.9	**2.1**
Total liabilities	19,437.8	18,505.7	**18,812.9**
Balance sheet total	37,199.3	34,558.0	**34,271.7**

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
Loss for the period			-70.4	
Other comprehensive income			36.4	-0.6
Total comprehensive income			-33.9	-0.6
Changes in consolidation scope				
Changes in ownership interests in subsidiaries			-0.8	
Changes in non-controlling interests with put options			-0.9	
Transfer of asset revaluation reserve			0.3	
Other changes			-0.8	
Dividends				
31 March 2017 [2]	595.2	6,225.4	8,897.0	2.6
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			-22.7	
Other comprehensive income			39.7	0.1
Total comprehensive income			17.0	0.1
Changes in consolidation scope				
Changes in ownership interests in subsidiaries			-69.4	
Changes in non-controlling interests with put options			-2.7	
Transfer of asset revaluation reserve			0.3	
Other changes				
Dividends				
31 March 2018	595.2	6,225.4	9,427.9	4.7

1) The accumulated currency translation differences included in non-controlling interests changed in 2018 by € -33.3 million (previous year: -2.7) to € -320.3 million (previous year: -139.2). The total currency translation differences recognised in equity thus amounts to € -2,588.3 million (previous year: 85.9).

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**
				-70.4	35.1	**-35.2**
-0.4		-10.4	-11.4	25.0	-2.2	**22.8**
-0.4		-10.4	-11.4	-45.3	32.9	**-12.4**
					-3.8	**-3.8**
				-0.8		**-0.8**
				-0.9	5.1	**4.2**
	-0.3		-0.3			
				-0.9	-0.2	**-1.1**
					-16.2	**-16.2**
32.8	28.5	225.1	289.0	16,006.7	1,754.8	**17,761.5**
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**
				-22.7	29.0	**6.3**
-0.2		-447.5	-447.5	-407.8	-36.2	**-443.9**
-0.2		-447.5	-447.5	-430.5	-7.1	**-437.7**
					-33.5	**-33.5**
				-69.4	-19.1	**-88.5**
				-2.7	5.4	**2.7**
	-0.3		-0.3			
					0.1	**0.1**
					-27.3	**-27.3**
33.6	27.2	-2,268.0	-2,202.5	14,046.0	1,412.8	**15,458.9**

Segment reporting / Notes

Group areas January - March	Western and Southern Europe		Northern and Eastern Europe-Central Asia		North America	
€m	2017	2018	2017	2018	2017	2018
External revenue	1,051	**1,012**	522	**498**	834	**729**
Inter-Group areas revenue	14	**15**	21	**16**		
Revenue	1,065	**1,027**	544	**514**	834	**729**
Change to previous year in %		**-3.6 %**		**-5.5 %**		**-12.6 %**
Result from joint ventures	-1	**0**	-2	**-1**	6	**4**
Result from current operations before depreciation and amortisation (RCOBD)	39	**-5**	28	**20**	84	**18**
as % of revenue (operating margin)	3.7 %	**-0.5 %**	5.2 %	**3.9 %**	10.1 %	**2.5 %**
Depreciation	-74	**-83**	-45	**-40**	-72	**-68**
Result from current operations	-35	**-88**	-16	**-20**	13	**-50**
as % of revenue	-3.3 %	**-8.6 %**	-3.0 %	**-4.0 %**	1.5 %	**-6.8 %**
Result from associates	-4	**-4**	0	**0**	-2	**-2**
Result from other participations	0	**2**	0	**0**		**-1**
Result from participations	-4	**-2**	0	**0**	-2	**-3**
Additional ordinary result						
Earnings before interest and taxes (EBIT)	-39	**-90**	-16	**-20**	11	**-53**
Capital expenditures [2]	42	**59**	18	**21**	67	**79**
Segment assets [3] [4]	7,567	**7,537**	2,872	**2,591**	9,655	**8,456**
RCOBD as % of segment assets	0.5 %	**-0.1 %**	1.0 %	**0.8 %**	0.9 %	**0.2 %**
Number of employees as at 31 March	15,697	**15,959**	13,540	**12,531**	8,806	**8,899**
Average number of employees	15,694	**15,938**	13,490	**12,495**	8,806	**9,030**

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**
774	**745**	406	**410**	196	**233**			3,784	**3,626**
6	**2**	5	**9**	106	**126**	-152	**-169**		
780	**747**	411	**420**	301	**359**	-152	**-169**	3,784	**3,626**
	-4.3 %		**2.2 %**		**19.1 %**				**-4.2 %**
23	**21**	3	**4**					30	**27**
150	**122**	99	**102**	6	**9**	-24	**-13**	383	**252**
19.3 %	**16.4 %**	24.1 %	**24.2 %**	2.0 %	**2.4 %**			10.1 %	**7.0 %**
-50	**-48**	-25	**-23**	-2	**-1**	-8	**-6**	-275	**-269**
101	**75**	75	**78**	4	**8**	-32	**-19**	108	**-16**
12.9 %	**10.0 %**	18.1 %	**18.7 %**	1.4 %	**2.3 %**			2.9 %	**-0.4 %**
0	**0**	4	**3**	1	**1**			0	**-2**
	-1							0	**0**
0	**0**	4	**3**	1	**1**			0	**-2**
						-16	**118**	-16	**118**
101	**74**	78	**81**	5	**9**	-48	**99**	92	**100**
33	**24**	22	**10**	0	**4**	13	**519**	195	**716**
4,502	**4,057**	1,607	**1,475**	58	**47**			26,261	**24,163**
3.3 %	**3.0 %**	6.2 %	**6.9 %**	10.2 %	**18.4 %**			1.5 %	**1.0 %**
14,512	**14,231**	7,404	**6,742**	523	**389**			60,481	**58,751**
14,512	**14,231**	7,277	**6,734**	523	**376**			60,302	**58,805**

Notes to the interim consolidated financial statements

Accounting and valuation principles

The interim consolidated financial statements of HeidelbergCement AG as at 31 March 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 are 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 & 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 first-time 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 first-time application of IFRS 15 led to a decrease of €2.7 million in retained earnings as at 1 January 2018.

  Contractual assets and 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 contractual assets of €11.7 million arose

from the fulfilment of contractual obligations for which no unconditional right to payment exists as yet, and current contractual liabilities of €80.0 million arose from customer prepayments. As at 31 March 2018, the current contractual assets amounted to €21.9 million and the current contractual liabilities to €126.7 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 into euro of the individual financial statements denominated in foreign currencies.

Exchange rates		Exchange rates at reporting date		Average exchange rates	
EUR		31 Dec. 2017	**31 Mar. 2018**	01-03/ 2017	**01-03/ 2018**
USD	USA	1.2005	**1.2324**	1.0656	**1.2291**
AUD	Australia	1.5372	**1.6037**	1.4063	**1.5640**
CAD	Canada	1.5089	**1.5896**	1.4106	**1.5543**
EGP	Egypt	21.3378	**21.7551**	18.9794	**21.7126**
GBP	Great Britain	0.8881	**0.8791**	0.8602	**0.8833**
INR	India	76.5327	**80.8081**	71.3578	**79.1259**
IDR	Indonesia	16,264	**16,953**	14,212	**16,746**
MAD	Morocco	11.2218	**11.3379**	10.7077	**11.3174**

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 €315.2 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 €14.6 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 €133.3 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 €87.7 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 €9.1 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 €21.3 million represents synergy 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	2.9		7.6	**10.5**
Property, plant and equipment	167.9	42.9	16.4	**227.2**
Financial fixed assets	20.3			**20.3**
Deferred taxes	28.6	0.3		**28.9**
Inventories	42.4	2.0	4.7	**49.0**
Trade receivables	67.6	19.1		**86.7**
Cash and cash equivalents	25.9	6.4		**32.3**
Other assets	16.3	0.7		**17.1**
Assets held for sale	43.8			**43.8**
Total assets	415.6	71.5	28.6	**515.7**
Provisions	19.9	2.4	6.7	**28.9**
Non-current liabilities		13.0		**13.0**
Current liabilities	93.0	0.9	1.0	**94.9**
Liabilities associated with assets held for sale	2.1			**2.1**
Total liabilities	115.0	16.3	7.7	**138.9**
Net assets	300.6	55.2	20.9	**376.8**

The acquired property, plant and equipment relates to land and buildings (€75.9 million), plant and machinery (€137.6 million), other equipment (€6.5 million), and prepayments and assets under construction (€7.2 million).

As part of the business combinations, receivables with a fair value of €99.5 million were acquired. These concern trade receivables amounting to €86.7 million and other operating receivables to the amount of €12.8 million. The gross value of the contractual receivables totals €123.4 million, of which €23.9 million is likely to be irrecoverable.

The companies have contributed €43.1 million to revenue and €-12.5 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 €8.3 million and €1.1 million higher, respectively.

The transaction costs of €1.5 million for the business combinations were recognised in the additional ordinary expenses.

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.

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	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		**51.5**
Total assets	51.5	112.5	**164.0**
Provisions		0.7	**0.7**
Liabilities		11.7	**11.7**
Liabilities associated with disposal groups	11.3		**11.3**
Total liabilities	11.3	12.3	**23.7**
Net assets	40.2	100.2	**140.4**

Incidental disposal costs of €5.0 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 - March	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	526	**531**	238	**226**	421	**384**	80	**114**	-200	**-229**	1,065	**1,027**
Northern and Eastern Europe-Central Asia	285	**259**	86	**84**	115	**119**	99	**98**	-41	**-46**	544	**514**
North America	372	**313**	310	**269**	186	**179**	36	**36**	-70	**-68**	834	**729**
Asia-Pacific	462	**419**	146	**138**	244	**246**	9	**16**	-80	**-72**	780	**747**
Africa-Eastern Mediterranean Basin	314	**328**	29	**27**	86	**81**	9	**10**	-28	**-26**	411	**420**
Group Services					12	**10**	293	**352**	-4	**-3**	301	**359**
Inter-Group area revenue within business lines	-13	**-17**	-5	**-5**			0	**2**			-18	**-20**
Total	1,945	**1,832**	804	**739**	1,064	**1,019**	527	**628**	-423	**-444**	3,917	**3,775**
Inter-Group area revenue between business lines									-133	**-149**	-133	**-149**
Total									-557	**-593**	3,784	**3,626**

Earnings per share

Earnings per share	January - March	
€m	2017	2018
Profit / loss for the period	-35.2	**6.3**
Non-controlling interests	35.1	**29.0**
Group share of profit / loss	-70.4	**-22.7**
Number of shares in '000s (weighted average)	198,416	**198,416**
Loss per share in €	-0.35	**-0.11**
Net loss from continuing operations – attributable to the parent entity	-74.1	**-20.8**
Loss per share in € – continuing operations	-0.37	**-0.10**
Net income / loss from discontinued operations – attributable to the parent entity	3.7	**-2.0**
Earnings / loss per share in € – discontinued operations	0.02	**-0.01**

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 31 March 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.

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 31 March 2018, the overall gains arising from the revaluation amounted to €56.5 million. These include actuarial gains relating to pension obligations of €141.8 million, arising from the increase in the weighted discount rate of approximately 0.2 percentage points, as well as losses from the revaluation of the plan assets amounting to €74.2 million. The effect of the asset ceiling led to losses of €11.0 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
31 March 2018 (IFRS 9)					
Assets					
Financial investments – fair value through other comprehensive income	164.6	164.6			164.6
Financial investments – fair value through profit or loss	43.0	43.0	10.6		32.4
Loans and other interest-bearing receivables	266.0	270.5			
Trade receivables and other operating receivables – amortised cost	1,984.4	1,984.4			
Trade receivables and other operating receivables – fair value through profit or loss	295.0	295.0		295.0	
Cash and cash equivalents – amortised cost	1,335.9	1,335.9			
Cash and cash equivalents – fair value through profit or loss	239.6	239.6	239.6		
Derivatives – hedge accounting	1.4	1.4		1.4	
Derivatives – held for trading	31.6	31.6		31.6	
Liabilities					
Bonds payable, bank loans, and miscellaneous financial liabilities	11,380.6	11,906.9			
Trade payables and miscellaneous operating liabilities	2,876.0	2,876.0			
Derivatives – hedge accounting	0.1	0.1		0.1	
Derivatives – held for trading	26.9	26.9		26.9	
Non-controlling interests with put options	63.5	63.5			
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 €32.4 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 €10.6 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 €1,213.6 million as well as non-financial liabilities of €827.2 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 €72.4 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	31 Mar. 2018
Future minimum lease payments under non-cancellable operating leases		
Due within one year	265.5	**263.3**
Due between one and five years	602.8	**621.5**
Due after five years	464.5	**536.0**
	1,332.8	**1,420.8**

Events after the reporting period
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 in the course of 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.

Heidelberg, 9 May 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.

Contact:
Group Communication
Phone: +49 (0) 6221 481-13 227
Fax: +49 (0) 6221 481-13 217
E-mail: info@heidelbergcement.com

Investor Relations
Phone:
Institutional investors USA and UK: +49 (0) 6221 481-13 925
Institutional investors EU and rest of the world: +49 (0) 6221 481-39568
Private investors: +49 (0) 6221 481-13 256
Fax: +49 (0) 6221 481-13 217
E-mail: ir-info@heidelbergcement.com

The Interim Financial Report January to March 2018 was published on 9 May 2018.

Financial calendar	
Half-Year Financial Report January to June 2018	31 July 2018
Interim Financial Report January to September 2018	8 November 2018
Annual General Meeting 2019	9 May 2019

HeidelbergCement AG
Berliner Strasse 6
69120 Heidelberg, Germany
www.heidelbergcement.com