

Interim report

January to September 2002



HEIDELBERGCEMENT

- Turnover 1.5 % below the previous year
- Cement sales volumes increase after improvement in the third quarter
- Capacity adjustment in Germany
- Market leader in Romania
- HBE in a rising trend

Financial highlights January to September 2002

EURm	January - September	
	2001	2002
Turnover	5,087	5,011
Operating income before depreciation (OIBD)	915	886
Operating income	458	407
Non-operating result	16	27
Results from participations	75	77
Earnings before interest and income taxes (EBIT)	549	511
Profit before tax	336	340
Profit for the financial year	206	273
Group share in profit	194	257
Investments	957	453

Letter to the shareholders

Ladies and Gentlemen,

International economic development in the third quarter has again not been able to continue the upward trend from spring 2002. Political uncertainties and turmoil on the financial markets still adversely affect the economic environment. Turnover fell in the first nine months by 1.5 % to EUR 5.0 billion (previous year: 5.1). Adjusted for consolidation and exchange rate effects, it decreased by 2.6 %. The slight deterioration compared with the half-year is basically caused by the unrelenting decline in Germany. The situation has improved slightly in Western and Northern Europe as well as in the Africa-Asia-Turkey region. The growth from new consolidations was halved by the depreciation of the US dollar. Operating income before depreciation has improved in all areas – except Central Europe West – in the third quarter and is at EUR 886 million (previous year: 915) around 3.2% lower than the previous year. The same trend is noted with the operating income, which at EUR 407 million (previous year: 458), is behind 2001 by 11.2 %. Once again it was not possible to offset the drop in Central Europe West through improvements in the other business regions.

The profits from the sale of assets that do not belong to the core business as well as the formation of provisions for restructuring measures resulted in an increase in the non-operating result by EUR 11 million. The positive development of the financial results is explained predominantly by the decreased level of market interest rates. The refund of income taxes overpaid in previous years as well as the increase in the credit items for deferred taxes resulted in a decrease in the tax burden by EUR 62 million.

Cement and clinker sales volumes

Cement and clinker sales volumes throughout the Group after nine months were 1.6 % above the previous year's level at 35 million tonnes. Adjusted for increases related to consolidation, sales volumes have decreased slightly against the comparable period of the previous year. The improvement in the third quarter is attributable in particular to sales volume increases in Northern Europe and in Central Europe East. Western Europe remained stable thanks to higher clinker exports. Africa-Asia-Turkey has recovered compared with the previous year, while North America showed a slightly downward trend. The decline in Central Europe West is continuing.

Cement and clinker sales volumes	January - September	
million tonnes	2001	2002
Central Europe West	4.4	4.0
Western Europe	7.2	6.9
Northern Europe	3.8	4.1
Central Europe East	5.8	6.9
North America	9.2	9.0
Africa-Asia-Turkey	4.0	4.0
Total	34.4	34.9

Employees

In the first nine months, 37,330 (previous year: 35,942) employees on average were working at HeidelbergCement. The increase compared with the previous year results from new consolidations in Northern Europe and Central Europe East. The number of employees in the regions Central Europe West and Western Europe has decreased due to our restructuring measures.

Investments

HeidelbergCement halved investments compared with the previous year to EUR 453 million (previous year: 957). Reduction of debts remains the main aim this year.

Prospects

Our expectations for the full year 2002 were largely supported by the progress of the third quarter. The economic recovery in the Western industrialised countries continues to be unstable. Uncertainty prevails also with the assessment of the US economic development. A recovery is expected in the coming years in Eastern Europe, particularly in the EU acceding countries. Domestic demand remains weak in Germany and the pressure for capacity adjustment continues to be high for sectors dependent upon construction. On top of this, a cut-throat slump in proceeds is adding to this situation.

We are assuming that Group turnover remains unchanged at the previous year's level due to our balanced geographical presence. The stable performance in Western and Northern Europe as well as the effects of growth from Central Europe East and the good performance in the building materials area are contributing to this. North America remains at a high level in spite of the slight slow-down. As a result it is possible to nearly offset the heavily decreasing turnover contributions from Central Europe West. We continue assuming that the profit for the financial year will at least attain previous year's level.

Heidelberg, 11 November 2002

Yours sincerely,



Hans Bauer
Chairman of the Managing Board

HeidelbergCement on the markets

Central Europe West

Turnover by business lines

EURm	January - September	
	2001	2002
Cement	307	263
Concrete	275	267
Building materials	99	83
Intra-Group eliminations	-28	-31
Total turnover	653	582

The economy in Germany continues to be weak in the autumn of 2002. As the downward adjusted growth forecasts for the current and coming year prove, a rapid recovery cannot be expected. Construction activity declined further in the third quarter and will not significantly improve due to the deterioration in the economic environment. The cutback planned

by the Government in the allowances for residential home buildings will have a negative impact particularly on residential construction, which is already heavily decreasing. Business and public sector investments will also not increase. In spite of a slightly slower decrease in the last quarter, cement and clinker sales volumes from our plants at the end of September were at 4.0 million tonnes again around 8.6 % below the weak previous year. Whereas the sale of ready-mixed concrete and sand-lime bricks likewise dropped, demand for aggregates like sand and gravel increased. Higher demand arose in this area particularly in the Eastern German states due to the flood disaster.

The region's turnover decreased by 10.8 % to EUR 582 million (previous year: 653).

HeidelbergCement will close the Kiefersfelden cement plant in Bavaria/Germany at the turn of the year 2002. For the 150 employees affected, a social plan is being prepared. The capacity utilisation of the German cement plants has steadily diminished since the middle of the 90s. Apart from extensive measures to reduce costs, significant capacity adjustments are unavoidable in order to secure the future of production sites in Germany in the long-term.

Western Europe

Turnover by business lines

EURm	January - September	
	2001	2002
Cement	602	584
Concrete	210	221
Building materials	28	-
Intra-Group eliminations	-47	-29
Total turnover	793	776

Economic performance in Belgium and the Netherlands remained subdued in the third quarter. Both the residential and above all the non-residential construction sectors in both countries are declining. The slow-down in the UK turned out comparatively mild. Whereas the British plants lagged just slightly behind the sales volumes of the previous year, the Dutch and

Belgian plants had to suffer partly higher volume losses in the domestic market. Cement and clinker sales volumes fell overall by just 3.0 % to

6.9 million tonnes due to increased clinker exports. The ready-mixed concrete and aggregates operating lines are likewise suffering from the weak economy. Major construction projects already planned are not realised.

Turnover has decreased by just 2.1 % to EUR 776 million (previous year: 793) thanks to slight price increases.

Northern Europe

Turnover by business lines

EURm	January - September	
	2001	2002
Cement	272	285
Concrete	329	312
Building materials	26	32
Intra-Group eliminations	-22	-21
Total turnover	605	608

Northern Europe region rose by 6.1% to 4.1 million tonnes, including the two plants in Estonia and Northwest Russia. The increase in sales volumes is basically attributable to the first-time inclusion of our Russian subsidiary company OAO Cesla. The demand for ready-mixed concrete, aggregates and concrete products in the concrete business line was also impaired in the third quarter by the continuing weak market performance in Sweden, Finland and Denmark.

The turnover for the region rose slightly by 0.5 % to EUR 608 million (previous year: 605) compared with the corresponding period last year.

Central Europe East

Turnover by business lines

EURm	January - September	
	2001	2002
Cement	327	386
Concrete	57	85
Building materials	24	24
Intra-Group eliminations	-11	-16
Total turnover	397	479

The Scandinavian plants were able to maintain their sales volume level of the previous year in the first nine months in spite of the weakness in demand in Sweden. The increased domestic shipments of the Norwegian cement plants and higher exports from Sweden were able to counterbalance the decreasing exports from Norway. Cement sales volumes in the

The countries of the Central Europe East region were able to perform well in an environment that is not easy. Private consumption was the driving force in the last few months. The investment climate should improve further, particularly in the EU acceding countries. The increase in our cement and clinker sales volumes in the first nine months by 17.6 %

to 6.9 million tonnes is related to consolidation. Regional weakness in demand and increasing competitive pressure from imports impaired our sales volumes in Poland, while in Bosnia, Bulgaria and Hungary increases were achieved. Expansion in the consolidation scope also supported the significant sales volume increases in ready-mixed concrete and aggregates.

Turnover rose by 20.7 % to EUR 479 million (previous year: EUR 397 million). An appreciation in most currencies against the euro as well as price increases in individual markets contributed to this situation.

At the end of October, HeidelbergCement has increased its stake in Romcif S.A. in Fieni, Romania from 19 % to a clear majority participation of 97.5 % under a public tender offer. Including both its cement companies Casial Deva and Moldocim Bicz, HeidelbergCement is currently the market leader in Romania.

North America

Turnover by business lines

EURm	January - September	
	2001	2002
Cement	870	854
Concrete	721	715
Building materials	-	-
Intra-Group eliminations	-84	-117
Total turnover	1,507	1,452

In spite of the weak dynamism of the US economy as a whole, construction activity has so far lost strength only slightly and continues to benefit from residential construction and measures to improve the infrastructure. Cement and clinker sales volumes in the North America region fell slightly in the first nine months of the year by 1.8 % to 9.0 million

tonnes (previous year: 9.2), but performance still varies in the individual marketing areas. We were able to implement price increases in most regions. The sales regions Lehigh East on the East Coast, which is supplied by our modernised Union Bridge plant, as well as Lehigh South in the South of the United States performed positively. We were able to achieve sales volume increases on the southern East Coast, particularly in Florida, and in West Canada. Sales volumes declined in California, in the Mid West as well as in the Canadian Prairie Provinces. Demand increased in a pleasant way in the last few months in the ready-mixed concrete and aggregates sectors.

Turnover fell in the first nine months by 3.6 % to EUR 1,452 million (previous year: 1,507); turnover was 0.3 % below the previous year in national currency.

Africa-Asia-Turkey

Turnover by business lines

EURm	January - September	
	2001	2002
Cement	280	285
Concrete	18	26
Building materials	-	-
Intra-Group eliminations	-	-5
Total turnover	298	306

The situation on the African markets has also improved in the third quarter, whereby our main market Ghana is increasingly stable and Sierra Leone, Niger and Congo continue to show high growth. In Asia, our consolidated cement companies in Bangladesh, Brunei and the Philippines were able to achieve a considerable increase in

sales volumes. Important structural reforms have been initiated in Turkey in the last few months. Cement sales volumes of our participation Akçansa were just slightly lower than the previous year's level in the first nine months.

Cement and clinker sales volumes rose in the Africa-Asia-Turkey region by 1.2 % to 4.0 million tonnes. Turnover increased by 2.7 % to EUR 306 million (previous year: 298).

At our non-consolidated participation Indocement, sales volumes of 8.7 million tonnes for cement and clinker are below the level of the previous year by 2.6 %. It was possible to implement price increases in the domestic market. Turnover and operating income also markedly improved due to positive exchange rate effects.

Heidelberg Building Materials Europe (HBE)

Turnover by business lines

EURm	January - September	
	2001	2002
Cement	-	-
Concrete	14	-
Building materials	801	786
Intra-Group eliminations	-2	-
Total turnover	813	786

Broad geographic diversification as well as successes from cost optimisations and restructuring measures benefited the development of the HBE business unit operating in 27 European countries in the first nine months of 2002.

Turnover fell by 3.3 % to EUR 786 million (previous year: 813) as improvements in Scandinavia and the Benelux countries were not

sufficient to offset losses in Germany. OIBD and operating income achieved double-digit growth in spite of the heavily decreasing German market. A decision regarding the sale of this business unit is emerging.

Group Services

The traded volume of our internationally operating subsidiary HC Trading fell overall by 3.9 % to 8.1 million tonnes. Declining cement volumes exceeded the increases that were achieved with clinker trading. The turnover of the Group Services unit, which also includes the worldwide procurement of fossil fuels, fell by 9.2 % to EUR 347 million (previous year: 382).

Group profit and loss account

EUR '000s	July - September		January - September	
	2001	2002	2001	2002
Turnover	1,860,205	1,806,186	5,086,563	5,011,427
Operating income before depreciation (OIBD)	401,622	393,017	915,295	886,202
Depreciation and amortisation	-151,346	-157,992	-457,272	-479,562
Operating income	250,276	235,025	458,023	406,640
Non-operating result	-5,513	-21,093	16,127	26,817
Results from participations	25,658	25,437	74,476	77,448
Earnings before interest and income taxes (EBIT)	270,421	239,369	548,626	510,905
Financial results	-89,203	-53,721	-212,618	-171,023
Profit before tax	181,218	185,648	336,008	339,882
Taxes on income	-55,114	-48,440	-129,758	-67,325
Profit for the financial year	126,104	137,208	206,250	272,557
Minority interests	-7,841	-9,813	-12,631	-15,385
Group share in profit	118,263	127,395	193,619	257,172
Earnings per ordinary share in EUR (IAS 33)*	1.85	2.01	3.03	4.04

* There was no dilution of the earnings per ordinary share in the reporting period.

Group cash flow statement

EUR '000s	January - September	
	2001	2002
Cash flow	733,376	689,348
Changes in operating assets and liabilities	-256,794	-276,056
Net cash from operating activities	476,582	413,292
Intangible fixed assets	-5,597	-14,222
Tangible fixed assets	-596,057	-315,749
Financial fixed assets	-355,498	-122,674
Investments (cash outflow)	-957,152	-452,645
Proceeds from fixed assets disposals	181,774	194,378
Cash from changes in consolidation scope	12,177	12,908
Net cash used in investing activities	-763,201	-245,359
Dividend payments - parent company	-73,736	-73,736
Dividend payments - minority shareholders	-10,056	-8,609
Proceeds from bond issuance and loans	260,771	-161,989
Cash flow from financing activities	176,979	-244,334
Net change in cash and cash equivalents	-109,640	-76,401
Effect of exchange rate changes	538	-24,792
Cash and cash equivalents at 1 January	491,363	567,739
Cash and cash equivalents at 30 September ¹⁾	382,261	466,546

1) In the balance sheet, the item short-term investments additionally lists the market value of hedging transactions and the 'available for sale financial assets' amounting to EUR 196.4 million (previous year: 81.6)

Group balance sheet

Assets

EUR '000s	31 Dec. 2001	30 Sept. 2002
Long-term assets		
Intangible fixed assets	2,497,416	2,402,542
Tangible fixed assets	4,879,251	4,816,224
Financial fixed assets	1,357,791	1,351,816
Fixed assets	8,734,458	8,570,582
Deferred taxes	57,182	114,916
Other long-term receivables	196,144	188,055
	8,987,784	8,873,553
Short-term assets		
Stocks	743,609	684,093
Receivables and other assets	1,339,633	1,548,082
Short-term investments	311,983	390,322
Cash at bank and in hand	391,725	272,667
	2,786,950	2,895,164
Balance sheet total	11,774,734	11,768,717

Liabilities

EUR '000s	31 Dec. 2001	30 Sept. 2002
Shareholders' equity and minority interests		
Capital entitled to shareholders	3,719,659	3,750,505
Minority interests	129,392	160,401
	3,849,051	3,910,906
Long-term provisions and liabilities		
Provisions	1,279,806	1,330,290
Liabilities	3,758,155	4,222,072
	5,037,961	5,552,362
Short-term provisions and liabilities		
Provisions	84,292	73,907
Liabilities	2,803,430	2,231,542
	2,887,722	2,305,449
Balance sheet total	11,774,734	11,768,717

Group equity capital grid

EUR '000s	Capital changes		
	1 Jan. 2002	Increase Decrease	Dividends
Subscribed share capital			
Ordinary shares	147,564	15,904	
Preference shares	15,488	-15,488	
	163,052	416	
Capital reserves	1,517,838	8,178	
Revenue reserves	1,924,103		-73,736
Currency translation	123,864		
Company shares	-9,198		
Capital entitled to shareholders	3,719,659	8,594	-73,736
Minority interests	129,392	30,598	-8,609
	3,849,051	39,192	-82,345

* Mainly IAS 39

Changes without effects on results			
Profit for the financial year	Exchange rates	Other changes	30 September 2002
			163,468
			163,468
			1,526,016
257,172		-9,812*	2,097,727
	-151,372		-27,508
			-9,198
257,172	-151,372	-9,812	3,750,505
15,385	-6,365		160,401
272,557	-157,737	-9,812	3,910,906

Notes to the interim report

Accounting and consolidation principles

The accounting and consolidation principles as of 30 September 2002 remained unchanged compared to 31 December 2001.

Results from associated undertakings, revenues from other participations and depreciation of financial fixed assets were combined as results from participations. Income from loans, other interest receivable and similar income, and interest payable as well as similar charges are included in the financial results.

Seasonal nature of the business

As a manufacturer of building materials, in many regions due to poor weather conditions HeidelbergCement produces and sells fewer products in the winter and spring than in the summer and autumn months. These seasonal volatilities are mirrored in the figures for the first quarters.

Scope of consolidation

The main changes in the scope of consolidation against 31 December 2001 were the initial incorporation of the German ready-mixed concrete company TBG Transportbeton Schweinfurt GmbH & Co. KG, Schweinfurt and of Silo Plus Internationale Speditionsgesellschaft mbH, Munich into the scope of consolidation. Additionally included into the scope of consolidation were the companies Norsk Stein A/S, Sand/Norway, OAO Cesla, Slancy/Russia, Stema Shipping Ltd., London/UK, Tvornika Cementa Kakanj d.d., Kakanj/Bosnia-Herzegovina, Kryvyi Rih Cement Mining Combine, Kryvyi Rih/Ukraine, OAO Dniprocement, Dniprodzerschynsk/Ukraine, RMC Romania Beton S.R.L., Mogosoaia/Romania, TBG Hungaria Group, Budapest/Hungary, Vlatavske Sterkopisky Zalezlice A.S., Zalezlice/Czech Republic and Guangzhou Xingyao Concrete Co. Ltd., Guangzhou City/China. The following companies were removed from the

scope of consolidation: Górazdze Wapno Sp. z o.o., Opole/Poland, Safar N.V., Antwerp/Belgium, Nederlands Cement Transp. Cetra B.V., Uithoorn/Netherlands, Rederij Cement Tankvaart B.V., Papendrecht/Netherlands, and ZEAG Zementwerk Lauffen-Elektrizitätswerk Heilbronn AG.

Beamix Holding B.V., Eindhoven/Netherlands, Heidelberger maxit GmbH, Breisach, Heidelberger Bauchemie GmbH, Heidelberg, and Optiroc Group AB, Sollentuna/Sweden, are consolidated in the strategic business unit Heidelberg Building Materials Europe (HBE).

Segment reporting

Changes occurred in the primary reporting format due to the creation of the new strategic business unit HBE. For reasons of clarity and regional responsibility, eight strategic business units are shown in the segment reporting as of the beginning of the year 2002.

Segment reporting

Regions January to September (Primary reporting format under IAS 14 No. 50 ff.)

EURm	Central Europe West		Western Europe	
	2001	2002	2001	2002
External turnover	634	567	787	768
Inter-region turnover	19	15	6	8
Turnover	653	582	793	776
<i>Change to prior year in %</i>		-10.8 %		-2.1 %
Operating income before depreciation (OIBD)	129	82	179	179
<i>in % of turnover</i>	19.8 %	14.1 %	22.6 %	23.1 %
Depreciation	57	56	95	93
Operating income	72	26	84	86
<i>in % of turnover</i>	11.0 %	4.5 %	10.6 %	11.1 %
Results from participations	59	61	7	5
Non-operating result				
Earnings before interest and income taxes (EBIT)	131	87	91	91
Investments (1)	37	34	93	63
Employees	4,645	4,429	4,292	3,943

(1) Investments = in the segments columns: tangible and intangible fixed asset investments;
in the reconciliation column: financial fixed asset investments

Turnover development

by regions and business lines January to September 2002

EURm	Cement	
	2001	2002
Central Europe West	307	263
Western Europe	602	584
Northern Europe	272	285
Central Europe East	327	386
North America	870	854
Africa-Asia-Turkey	280	285
HBE		
Total	2,658	2,657
Group Services		
Inter-region turnover		
Total Group		

Northern Europe		Central Europe East		North America		Africa-Asia-Turkey	
2001	2002	2001	2002	2001	2002	2001	2002
534	541	387	469	1,507	1,452	284	292
71	67	10	10			14	14
605	608 0.5 %	397	479 20.7 %	1,507	1,452 -3.6 %	298	306 2.7 %
99 16.4 %	95 15.6 %	110 27.7 %	127 26.5 %	257 17.1 %	249 17.1 %	41 13.8 %	43 14.1 %
63	66	47	53	103	115	28	31
36 6.0 %	29 4.8 %	63 15.9 %	74 15.4 %	154 10.2 %	134 9.2 %	13 4.4 %	12 3.9 %
3	3	-2		4	4	4	2
39	32	61	74	158	138	17	14
28	24	35	51	342	116	30	22
4,963	5,518	7,259	9,715	6,746	6,230	2,436	2,448

Concrete		Building materials		Intra Group eliminations		Total	
2001	2002	2001	2002	2001	2002	2001	2002
275	267	99	83	-28	-31	653	582
210	221	28		-47	-29	793	776
329	312	26	32	-22	-21	605	608
57	85	24	24	-11	-16	397	479
721	715			-84	-117	1,507	1,452
18	26				-5	298	306
14		801	786	-2		813	786
1,624	1,626	978	925	-194	-219	5,066	4,989
						382	347
						-361	-325
						5,087	5,011

HBE		Group Services		Reconciliation		Group	
2001	2002	2001	2002	2001	2002	2001	2002
794	779	160	143			5,087	5,011
19	7	222	204	-361	-325		
813	786 -3.3 %	382	347 -9.2 %	-361	-325	5,087	5,011 -1.5 %
94 11.6 %	104 13.2 %	6 1.6 %	7 2.0 %			915 18.0 %	886 17.7 %
62	63	2	2			457	479
32 3.9 %	41 5.2 %	4 1.0 %	5 1.4%			458 9.0 %	407 8.1 %
	2					75	77
				16	27	16	27
32	43	4	5	16	27	549	511
37	20			355	123	957	453
5,555	4,939	46	108			35,942	37,330

Exchange rates

		Exchange rates on reporting day		Average exchange rates	
		31 Dec. 2001	30 Sept. 2002	01-09/2001	01-09/2002
	Country	EUR	EUR	EUR	EUR
USD	US	0.8895	0.9866	0.8963	0.9274
CAD	Canada	1.4172	1.5654	1.3781	1.4553
GBP	Great Britain	0.6109	0.6291	0.6223	0.6261
BGL	Bulgaria	1.9592	1.9601	1.9487	1.9405
HRK	Croatia	7.3713	7.3475	7.4321	7.4114
NOK	Norway	7.9748	7.3041	8.0730	7.5770
PLN	Poland	3.5405	4.0920	3.6748	3.8082
ROL	Romania	28,115	32,604	¹⁾	¹⁾
SEK	Sweden	9.3081	9.1548	9.1768	9.1840
CZK	Czech Republic	31.7150	30.3230	34.3693	30.7827
HUF	Hungary	244.6000	242.9300	258.2606	243.7201
TRL	Turkey	1,292,300	1,640,300	¹⁾	¹⁾

¹⁾ In accordance with IAS 21.30 (b) the income and expenses are converted using the exchange rates on the reporting day.

Financial calendar

First overview of the financial year 2002	21 February 2003
Analysts' and press conference on annual accounts	
Frankfurt	24 March 2003
London	25 March 2003
Annual General Meeting	8 May 2003
Interim Report January to March 2003	8 May 2003
Dividend payment	9 May 2003



for better building

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Translation of the interim report January to September 2002.
The German version is binding. You find further information on
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