

HEIDELBERGCEMENT

Interim Report



January to September 2004

- Sales volumes, turnover und results increased satisfactorily and according to expectations
- Further price increase in Germany necessary, despite improved revenues
- Dr. Lorenz Näger new CFO at HeidelbergCement
- Squeeze out for Anneliese Zementwerke AG on the way
- Extensive restructuring programme in Benelux initiated
- Third quarter confirmed operational expectations for the full year

Financial highlights

	July - Sept.	January - Sept.	
EURm	2003	2004	2003
Turnover	1,800	1,974	4,814
Operating income before depreciation (OIBD)	385	458	781
Operating income	225	344	306
Additional ordinary result	-8	-26	38
Results from participations	40	38	69
Earnings before interest and income taxes (EBIT)	258	356	413
Profit before tax	213	310	257
Profit for the financial year	133	201	129
Group share in profit	116	171	113
Investments (net)	60	101	185
			159

Letter to the shareholders

Ladies and Gentlemen,

The positive assessment of the global economic environment continued despite further increases in oil prices in the third quarter. Towards the end of 2004 and the beginning of 2005, a slowdown in the global economy is expected. According to the latest forecasts, the weakening of domestic demand in Germany has not yet been overcome.

In the first nine months, Group turnover increased by 8.3 % to EUR 5,215 million (previous year: 4,814). Adjusted for currency and consolidation effects, the increase amounts to 5.7 %. The first-time consolidation of Indocement accounted for EUR 309 million of this total. A decrease of EUR 151 million was due to currency effects – of which EUR 113 million can be attributed to the weak US dollar exchange rate. Besides the expansion of the scope of consolidation and the no longer applied goodwill amortisation amounting to EUR 126 million, the improved earnings situation in Germany was a significant influential factor for the increase in operating income before depreciation (OIBD) to EUR 943 million (previous year: 781) and in operating income to EUR 584 million (previous year: 306).

The additional ordinary result of EUR -26 million (previous year: 38) results essentially from the set-up of provisions, exceptional depreciation (Impairment of Assets) and gains from sales of participations. The results from participations amounting to EUR 70 million (previous year: 69) are affected by positive market-related and seasonal factors as well as by exceptional depreciation.

The financial results changes by EUR 41 million to EUR -197 million (previous year: -156). As the newly consolidated Indocement is financed in US dollars and Japanese yen for historical reasons, there were foreign exchange losses of EUR 25 million. The interest expenses of Indocement amounting to EUR 12 million were added to this figure. The net debt of HeidelbergCement could be reduced by EUR 12 million to EUR million 3,930 (previous year 3,942) including additional net debt of EUR 437 million from the first-time consolidation of Indocement.

Profit before tax increased by EUR 174 million to EUR 431 million (previous year: 257). Taxes on income rose by EUR 2 million to EUR 131 million (previous year: 129). Reimbursement of taxes in the reporting year had a positive impact on the tax rate. The negative tax effects from the previous year resulted from non-tax-deductible expenses (amortisation of goodwill) and additional tax payments.

■ Changes on the Managing Board

As of 1 October 2004, Dr. Lorenz Näger has succeeded Horst R. Wolf as CFO of HeidelbergCement. Dr. Näger previously was member of the Managing Board of PHOENIX Pharmahandel AG & Co KG, in charge of Controlling/Participations/Accounting. Horst R. Wolf, who can look back on a successful career at HeidelbergCement lasting almost 24 years, ten of which were spent as a member of the Managing Board, went into retirement at the end of October.

■ Share swap offer open to Anneliese minority shareholders

From 27 September to 15 October 2004, the minority shareholders of Anneliese Zementwerke AG had the option of exchanging their Anneliese shares at no commission or expense charge for HeidelbergCement shares plus an additional payment or, optionally, for a cash equivalent. Around 87 % of the minority shareholders took up the offer, with 83.3 % opting to exchange for HeidelbergCement shares and an additional payment. HeidelbergCement AG now holds 99.7 % of the share capital of Anneliese AG. At an Extraordinary General Meeting of Anneliese AG on 8 December, a resolution will be proposed to transfer the remaining shares of Anneliese minority shareholders to HeidelbergCement AG in return for appropriate cash compensation (EUR 27.50 per share).

■ Cement and clinker sales volumes

In the first nine months, cement and clinker sales volumes across the Group reached 49.4 million tonnes (previous year: 38.7). In particular, we were able to achieve increases in sales volumes in Central Europe East, North America, Africa and Asia. However, the total increase of 27.9 % essentially results from the first-time consolidation of Indo cement, which trebled the sales volumes of the Africa-Asia-Turkey region. Excluding consolidation effects, the increase in Group sales volumes amounted to 2.2 %.

Cement and clinker sales volumes January – September

1,000 tonnes	2003	2004
Central Europe West	5,831	5,488
Western Europe	6,674	6,518
Northern Europe	4,146	3,989
Central Europe East	7,460	7,621
North America	9,366	10,051
Africa - Asia - Turkey	5,191	15,776
Total	38,668	49,443

■ Employees

In the first nine months, HeidelbergCement employed 42,589 people (previous year: 38,702) across the Group. The increase of 3,887 employees in comparison with the previous year resulted primarily from the consolidation of Indocement. This new consolidation more than compensates for reductions in the number of employees in all other regions due to disinvestments and restructuring measures.

■ Investments

Cash relevant investments fell by 18 % in comparison with the previous year to EUR 301 million (previous year: 366) in the first nine months. Of this figure, EUR 282 million (previous year: 230) was invested in tangible and intangible fixed assets and EUR 19 million (previous year: 136) in financial fixed assets. Disinvestments of EUR 76 million (previous year: 164) and consolidation scope changes of EUR 66 million (previous year: 17) led to a cash flow from investing activities totalling EUR 159 million (previous year: 185).

■ Prospects

In 2005, the global economy should expand further, albeit at a reduced pace. In North America, the growth rate is levelling off slightly. Eastern Europe and our Asian markets remain the most dynamic areas. Growth in the euro zone continues almost unchanged. In Germany, domestic impetus for investments in equipment is still limited, while the downswing in construction investments has not yet come to an end.

We expect an improvement of at least 5 % in HeidelbergCement's turnover for the whole of 2004, assuming normal seasonal development. We anticipate a double-digit growth rate in OIBD and operating income. Weather conditions and currency effects, particularly caused by the Indonesian Rupiah, and the amount of the to be expected provisions in Western Europe, are definitely adding another element of uncertainty to the expected results for the financial year. By the end of the year, we will have taken another step in improving the financial key figures and the financing structure.

Heidelberg, 9 November 2004

Yours sincerely,



Hans Bauer
Chairman of the Managing Board

HeidelbergCement on the market

■ Central Europe West

The slight recovery of the German economy is not yet providing any positive impetus for construction activity. One-time effects in residential construction have only temporarily slowed down the decline, as the downswing in commercial construction and investments from public and private clients is continuing. In the first nine months, the cement and clinker sales volumes of our plants fell by 5.9% to 5.5 million tonnes (previous year: 5.8). Excluding the first-time consolidation of the Bosenberg plant, this would be a decline of 13%. The drop in quantities is partially a result of price increases. Cost savings and improved revenues are reflected in the development of results. In the face of dramatically increasing electricity and fuel costs, we will have to raise our prices again by EUR 9.50 per tonne from January 2005, as we cannot compensate for the added strain through cost reductions alone. In ready-mixed concrete, we also recorded a decline in sales volumes compared with 2003. On the other hand, in the sand and gravel operating line we exceeded the previous year's volumes significantly as a result of new consolidations and higher export quantities.

Until September, turnover in the Central Europe West region rose by 10.1% to EUR 638 million (previous year: 580).

■ Western Europe

The construction industry in our Western Europe region is characterised by stable development in the United Kingdom on one hand and, on the other hand, the sustained weakness in the Benelux countries. In Belgium, and even more so in the Netherlands, our sales volumes have fallen in the first nine months. Imports from Germany were contributing to this decline. In order to reduce costs and better exploit synergy effects, we combined our Belgian and Dutch cement operations at the beginning of the year to form the unit CEM-BENE. Further incisive measures for capacity and structural adjustment were initiated in October to ensure our future competitiveness in these countries. The planned measures include a reduction in production capacity; in particular, the Dutch cement plant of Maastricht will be converted into a grinding plant. The announced restructuring programme affects around 200 jobs in Belgium and 270 in the Netherlands. In the United Kingdom, the cement sales volumes of our subsidiary Castle Cement reached the previous year's level. In total, cement and clinker sales volumes in the Western

Turnover by business lines January - September

Central Europe West

	2003	2004
Cement	256	295
Concrete	251	280
Building materials	98	101
Intra-Group eliminations	-25	-38
Total turnover	580	638

Western Europe

	2003	2004
Cement	529	518
Concrete	232	211
Building materials		
Intra-Group eliminations	-32	-30
Total turnover	729	699

Europe region fell by 2.3 % to 6.5 million tonnes (previous year: 6.7). The sales volumes for ready-mixed concrete and aggregates also declined.

Turnover in the Western Europe region fell by 4.1 % to EUR 699 million (previous year: 729).

■ Northern Europe

The domestic sales volumes of our Scandinavian plants, which improved by 8.3 % in the first nine months, benefited primarily from new residential construction and large infrastructure projects. However, exports were 27 % below the previous year's level, mainly as a result of the conversion of a kiln in the Norwegian Brevik plant to allow increased use of secondary fuels. In the Baltic States and Northwest Russia, the upward trend in construction activity continued. The domestic sales volumes of the Kunda plant in Estonia and the Cesla plant near St. Petersburg recorded a substantial increase with a plus of 28 %. With high capacity utilisation, clinker exports from Kunda had to be cut back in order to meet domestic demand. In total, cement and clinker sales volumes in the Northern Europe region were 3.8 % below the previous year's level at 4.0 million tonnes (previous year: 4.1). The ready-mixed concrete and aggregates activities performed positively, in particular as a result of favourable market conditions in Norway.

Turnover in the Northern Europe region fell by 8 % to EUR 512 million (previous year: 556) as a result of the reduced scope of consolidation.

■ Central Europe East

In the countries of the Central Europe East region, overall economic growth and construction activities are continuing to perform positively. In our main market, Poland, we were able to increase cement and clinker sales volumes by almost 20 %. In Romania, where our previously legally independent plants Moldocim Bicaz, Casial Deva and Romcif Fieni were combined under the name CARPATCEMENT HOLDING S.A., sales volumes also improved by the same order. In Hungary, on the other hand, our cement deliveries remained below the previous year as a result of decreased exports. In total, cement and clinker sales volumes in the Central Europe East region increased by 2.2 % to 7.6 million tonnes (previous year: 7.5). Adjusted for negative consolidation effects due to

Northern Europe

	2003	2004
Cement	283	280
Concrete	273	259
Building materials	23	
Intra-Group eliminations	-23	-27
Total turnover	556	512

Central Europe East

	2003	2004
Cement	387	392
Concrete	115	135
Building materials		
Intra-Group eliminations	-22	-28
Total turnover	480	498

the sale of the Bulgarian cement activities at the end of 2003, the increase in sales volumes amounts to almost 11 %. The ready-mixed concrete and aggregates operating lines also performed satisfactorily, with increases in sales volumes of 6.4 % and around 11 % respectively.

Despite negative currency and consolidation effects, turnover increased by 3.7 % to EUR 498 million (previous year: 480).

■ North America

In the US, the macroeconomic expansion has continued at a moderate rate. Construction activity rose further in all sectors. The continuing strong demand for cement accompanied by tight cargo space for imported cement regionally led to certain bottlenecks. Significantly increased freight costs adversely affected the margins for imported cement. In Canada, the demand trend also remained positive, particularly in British Columbia.

After nine months, the cement and clinker sales volumes of our North American cement plants were 7.3 % above the previous year's level at 10.1 million tonnes (previous year: 9.4). Around 20 % of our sales volumes were covered by imports – mainly from Group-owned locations. In almost all our market regions, we were able to achieve substantial increases in quantities and implement price increases. In Florida and other Southern States, we expect stronger construction activity after the particularly fierce hurricanes this year. Sales volumes were only below the previous year's values in Canada's Prairie Provinces. Sales volumes for ready-mixed concrete increased by 2 % in the first nine months, while demand for aggregates fell by around 4 %.

In the first nine months, turnover increased by 0.5 % to EUR 1,289 million (previous year: 1,283) despite the continuing weakness of the US dollar. In the national currency, however, turnover was 10.2 % above the previous year at USD 1,577 million.

■ Africa-Asia-Turkey

The upward development in this growth region continued in the third quarter. In Africa, our participations in Sierra Leone, Benin, Nigeria, Liberia, Gabon and Tanzania in particular achieved, in part, considerable increases in sales volumes.

In Asia, our cement and clinker sales volumes rose tenfold, with 11.2 million tonnes (previous year: 1.1), as a result of the proportionately

Turnover by business lines January - September

North America

EURm	2003	2004
Cement	747	761
Concrete	643	628
Building materials		
Intra-Group eliminations	-108	-99
Total turnover	1,283	1,289

Africa-Asia-Turkey

EURm	2003	2004
Cement	352	698
Concrete	34	54
Building materials		
Intra-Group eliminations	-6	-14
Total turnover	380	739

inclusion of China Century Cement (since 1 July 2003) and, in particular, the consolidation of Indocement on 1 January 2004. On the Indonesian cement market, intense competitive pressure continued to prevail, despite increasing cement consumption. Including exports, the sales volumes of our subsidiary Indocement increased significantly by 10.7% to 9.3 million tonnes (previous year: 8.4). Cement deliveries from our Chinese joint venture China Century Cement almost exceeded the previous year's level with 2.4 million tonnes (consolidated: 1.2 million tonnes).

In Turkey, the sales volumes of our participation Akçansa remained 4% below the previous year as a result of reduced clinker exports. Domestic sales volumes rose substantially compared with the previous year. In total, the cement and clinker sales volumes of the Africa-Asia-Turkey region trebled to 15.8 million tonnes (previous year: 5.2).

Turnover rose to EUR 739 million (previous year: 380).

■ **maxit Group**

During the course of the year, the construction markets have recovered in nearly all the countries where maxit Group operates, with the exception of Germany and the Benelux countries. We were able to achieve double-digit growth in turnover in the Baltic States, Russia, China, France, Spain, Switzerland and the United Kingdom.

Our wide product range is being exploited successfully across the various countries in all markets – except for Germany.

The commissioning of the two new production facilities for dry mortar in China and Russia is planned for spring 2005.

Turnover increased by 3.8% to EUR 814 million (previous year: 785).

■ **Group Services**

With a total volume of 9.0 million tonnes (previous year: 9.1) as of the end of September, HC Trading fell slightly short of the previous year's level. While cement deliveries remained stable, clinker trade volumes were declining.

The significant increase in turnover of 20.1% to EUR 384 million (previous year: 320) in the Group Services unit, which includes worldwide trading in fossil fuels, is attributable to the continuing increase in cargo rates.

maxit Group

EURm	2003	2004
Cement		
Concrete		
Building materials	785	814
Intra-Group eliminations		
Total turnover	785	814

HeidelbergCement interim accounts

Group profit and loss accounts

EUR '000s

Turnover

Change in stocks and
work in progress

Own work capitalised

Operating revenues

Other operating income

Material costs

Employees and personnel costs

Other operating expenses

**Operating income
before depreciation (OIBD)**

Depreciation and amortisation
of tangible fixed assets

Depreciation and amortisation
of intangible fixed assets

Operating income

Additional ordinary result

Results from associated undertakings

Results from other participations

**Earnings before interest
and income taxes (EBIT)**

Interest income and expense

Foreign currency exchange
gains and losses

Profit before tax

Taxes on income

Profit for the financial year

Minority interests

Group share in profit

Earnings per share in EUR (IAS 33)

July - September**January - September**

2003	2004	2003	2004
1,799,835	1,974,040	4,814,388	5,215,292
-31,373	-10,745	-55,459	-27,267
347	235	1,129	983
1,768,809	1,963,530	4,760,058	5,189,008
37,909	45,230	132,152	147,081
-652,080	-726,677	-1,854,447	-1,992,888
-334,919	-334,436	-1,015,014	-1,003,086
-434,449	-489,381	-1,241,495	-1,396,866
385,270	458,266	781,254	943,249
-112,611	-116,105	-335,731	-349,802
-47,388	1,901	-139,420	-9,348
225,271	344,062	306,103	584,099
-7,865	-25,627	37,968	-26,306
34,531	54,468	69,931	94,855
5,863	-16,947	-601	-25,179
257,800	355,956	413,401	627,469
-46,892	-60,189	-151,880	-171,609
2,494	13,939	-4,046	-25,117
213,402	309,706	257,475	430,743
-80,344	-109,175	-128,688	-130,906
133,058	200,531	128,787	299,837
-17,368	-29,124	-15,913	-31,987
115,690	171,407	112,874	267,850
1.51	1.71	1.47	2.67

Group cash flow statement

January - September

EUR '000s	2003	2004
Operating income before depreciation (OIBD)	781,254	943,249
Additional ordinary result before depreciation	49,744	-16,692
Dividends received	23,436	28,636
Interest paid	-169,965	-163,487
Taxes paid	-68,132	-87,777
Elimination of non-cash items	-7,399	68,442
Cash flow	608,938	772,371
Changes in operating assets	-283,428	-303,069
Changes in operating liabilities	-30,756	22,449
Cash flow from operating activities	294,754	491,751
Intangible fixed assets	-5,231	-21,878
Tangible fixed assets	-225,223	-260,441
Financial fixed assets	-135,742	-18,776
Investments (cash outflow)	-366,196	-301,095
Proceeds from fixed asset disposals	164,338	76,234
Cash from changes in consolidation scope	16,478	65,610
Cash flow from investing activities	-185,380	-159,251
Capital increase	404,300	
Dividend payments - HeidelbergCement AG		-114,446
Dividend payments - minority shareholders	-10,251	-8,360
Proceeds from bond issuance and loans	763,008	224,109
Repayment of bonds and loans	-1,195,457	-514,897
Cash flow from financing activities	-38,400	-413,594
Net change in cash and cash equivalents	70,974	-81,094
Effect of exchange rate changes	-18,312	-5,047
Cash and cash equivalents at 1 January	399,473	524,961
Cash and cash equivalents at 30 September*	452,135	438,820

* In the balance sheet, the item "Short-term investments" also lists the market value of hedging transactions and the "available for sale financial assets" amounting to EUR 85.7 million (previous year: 220.9)

Group balance sheet

Assets

EUR '000s	31 Dec. 2003	30 Sept. 2004
Long-term assets		
Intangible fixed assets	2,505,258	2,638,934
Tangible fixed assets		
Land and buildings	1,621,290	1,920,929
Plant and machinery	2,492,667	2,785,553
Fixtures, fittings, tools and equipment	188,732	175,654
Payment on account and assets under construction	240,140	352,855
	4,542,829	5,234,991
Financial fixed assets		
Shares in associated companies	683,649	714,889
Shares in other participations	401,072	203,413
Loans to participations	30,308	15,339
Other loans	62,852	57,851
	1,177,881	991,492
Fixed assets	8,225,968	8,865,417
Deferred taxes	167,776	216,838
Other long-term receivables	101,466	107,553
	8,495,210	9,189,808
Short-term assets		
Stocks		
Raw materials and consumables	343,506	404,766
Work in progress	74,093	72,101
Finished goods and goods for resale	235,361	245,838
Payments on account	13,944	12,171
	666,904	734,876
Receivables and other assets		
Short-term financial receivables	157,659	159,338
Trade receivables	660,486	975,439
Other short-term operating receivables	184,515	209,057
Current income tax assets	40,847	33,820
	1,043,507	1,377,654
Short-term investments	238,579	132,807
Cash at bank and in hand	448,528	391,746
	2,397,518	2,637,083
Balance sheet total	10,892,728	11,826,891

Liabilities

EUR '000s	31 Dec. 2003	30 Sept. 2004
Shareholders' equity and minority interests		
Subscribed share capital	255,104	258,421
Capital reserves	1,888,454	1,930,491
Revenue reserves	2,237,338	2,436,397
Currency translation	-342,286	-312,320
Company shares	-7,465	-7,364
Capital entitled to shareholders	4,031,145	4,305,625
Minority interests	153,902	473,464
	4,185,047	4,779,089
Long-term provisions and liabilities		
Provisions		
Provisions for pensions	461,579	477,941
Deferred taxes	518,737	542,374
Other long-term provisions	354,946	410,431
	1,335,262	1,430,746
Liabilities		
Debenture loans	2,021,152	1,992,090
Bank loans	845,578	1,211,553
Other long-term financial liabilities	529,815	563,439
	3,396,545	3,767,082
Other long-term operating liabilities	30,615	26,732
	3,427,160	3,793,814
	4,762,422	5,224,560
Short-term provisions and liabilities		
Provisions	87,221	83,213
Liabilities		
Bank loans (current portion)	521,667	264,336
Other short-term financial liabilities	372,243	422,903
	893,910	687,239
Trade payables	439,696	453,590
Current income taxes payables	60,622	110,469
Other short-term operating liabilities	463,810	488,731
	1,858,038	1,740,029
	1,945,259	1,823,242
Balance sheet total	10,892,728	11,826,891

Group equity capital grid

EUR '000s

	Subscribed share capital	Capital reserves
1 January 2003	163,468	1,526,016
Profit for the financial year		
Capital increase		
from issuance of new shares	84,616	397,809
out of revenue reserves	7,019	
Issuance of company shares		
Dividends		
Changes without effects on results		
Consolidation adjustments		
Financial instruments IAS 39		
Exchange rate		
30 September 2003	255,103	1,923,825
1 January 2004	255,104	1,888,454
Profit for the financial year		
Capital increase		
from issuance of new shares	3,317	42,037
Issuance of company shares		
Dividends		
Changes without effects on results		
Consolidation adjustments		
Financial instruments IAS 39		
Exchange rate		
30 September 2004	258,421	1,930,491

¹⁾ Thereof '000s EUR 25,562 from adjustment according to IFRS 3.81

²⁾ Realised currency translation adjustments

Revenue reserves	Currency translation	Company shares	Capital entitled to shareholders	Minority interests	Total
2,123,302	-110,613	-10,123	3,692,050	153,957	3,846,007
112,874			112,874	15,913	128,787
			482,425		482,425
-7,019		2,658	2,658		2,658
				-10,251	-10,251
141			141	2,932	3,073
-19,736			-19,736		-19,736
-1,095 ²⁾	-125,528		-126,623	-3,296	-129,919
2,208,467	-236,141	-7,465	4,143,789	159,255	4,303,044
2,237,338	-342,286	-7,465	4,031,145	153,902	4,185,047
267,850			267,850	31,987	299,837
			45,354		45,354
		101	101		101
-114,446			-114,446	-8,360	-122,806
25,262 ¹⁾			25,262	321,512	346,774
22,499			22,499		22,499
-2,106 ²⁾	29,966		27,860	-25,577	2,283
2,436,397	-312,320	-7,364	4,305,625	473,464	4,779,089

Notes to the interim accounts

■ Accounting and consolidation principles

The Group accounts of HeidelbergCement as of 30 September 2004 have been prepared in accordance with the International Financial Reporting Standards (IFRS) applicable at the balance sheet date.

The only significant change in the accounting and valuation principles compared with 31 December 2003 was that IFRS 3 (Business Combinations) was used for the first time. According to the standard published by IASB at the end of March 2004, all business combinations must be accounted for using the purchase method. Goodwill amortisation is now prohibited under IFRS 3. Instead goodwill must be tested for impairment at least annually in accordance with IAS 36 (Impairment of Assets). In addition, IFRS 3 states that negative goodwill cannot be recognised as a liability. If the purchase of a company leads to negative goodwill, it must be recognised immediately as a gain in the income statement. This meant that, as of 30 September 2004, a gain of EUR 3 million was recorded as income. Negative goodwill from previous years amounting to EUR 26 million has been charged directly to revenue reserves, with no effect on results.

The significant goodwill resulting from the first-time consolidation of PT Indocement Tunggal Prakarsa Tbk. and Bosenberg Bücker-Flürenbrock GmbH & Co. KG amounts to EUR 52 million and EUR 45 million respectively. The goodwill comprises market shares purchased that cannot be assigned to any other determinable and separable intangible fixed assets. The purchase of Bosenberg Bücker-Flürenbrock GmbH & Co. KG took place in exchange for issuing new HeidelbergCement shares.

As of 30 September 2004, there was extraordinary amortisation (Impairment of Assets) of EUR 5 million for goodwill and EUR 5 million for tangible fixed assets. There was no need for further extraordinary amortisation.

Results from participations comprise both income from other participations and depreciation of financial fixed assets.

■ **Material events subsequent to the end of the interim period**

In October 2004, restructuring measures for the cement production in Belgium and the Netherlands were announced. Besides the reduction of production capacity due to the shutdown of the cement kiln in the Dutch cement plant of Maastricht, around 470 jobs will be affected. At present, an exact estimation of the financial effects is not yet possible.

■ **Seasonal nature of the business**

HeidelbergCement's production and sales position is influenced to a large extent by regional weather conditions. During the year, especially the summer and autumn months positively influence the production and sales situation. The positive growth in volumes and results witnessed in the second and third quarter of 2004 is also a reflection of the global economic recovery.

■ **Scope of consolidation**

We detail below the regional changes in the scope of consolidation since 31 December 2003.

With the exception of Lithonplus GmbH & Co. KG and TBG Transportbeton Franken GmbH & Co. KG, which were proportionately included, all companies that are fully consolidated for the first time have been included in the Group accounts. The percentage of shares owned by the Group in each case is given in brackets.

Central Europe West

On 1 January 2004, HeidelbergCement acquired the Westphalian Portland Zementwerk Bosenberg Bücker-Flürenbrock GmbH & Co. KG, Ahlen (100%). In addition, the companies Lithonplus GmbH & Co. KG, Lingenfeld (60.0%), TBG Fertigbeton Köln GmbH & Co. KG, Cologne (97.6%), TBG Transportbeton Rhein-Haardt GmbH & Co. KG, Speyer (70.0%), TBG Transportbeton Franken GmbH & Co. KG, Nuremberg (51.0%), and Wetterauer Lieferbeton GmbH & Co. KG, Bad Nauheim (57.5%) have been included for the first time. TBG Transportbeton GmbH & Co. Franken KG, Nuremberg, left the scope of consolidation.

Western Europe

In Western Europe, the company HC UK Ltd., Birmingham (100%) has been included in the scope of consolidation for the first time. This is counterbalanced by the deconsolidation of the two Dutch companies Enci-IJmuiden B.V., IJmuiden, and Enci-Maastricht B.V., Maastricht.

Northern Europe

On 1 January 2004, the scope of consolidation was extended to include the Estonian company Kunda Port AS, Kunda (75.0%), the Icelandic company Norcem a Islandi Ehf (100%) in Reykjavik and the Swedish company SRS Rail Vehicles AB, Stockholm (100%). However, the Danish company H+H Fiboment A/S, Vejle, and the Swedish company SRS Industri AB, Ystad, were deconsolidated.

Central Europe East

The Bulgarian companies Zlatna Panega AD, Zlatna Panega, and Zlatna Panega Beton EOOD Group, Zlatna Panega, left the scope of consolidation.

Africa-Asia-Turkey

The Indonesian company PT Indocement Tunggal Prakarsa Tbk. (32.8 %) in Jakarta is included in the Group accounts for the first time as a result of the restrictions on capital transfer being lifted on 1 January 2004. In addition, Heidelberger Zement South East Asia GmbH, Heidelberg (50.3 %) and Meghna Energy Ltd., Bangladesh (100 %) are consolidated for the first time.

maxit Group

The British company m-tec UK Ltd., Warrington, Cheshire (100 %), the Austrian company maxit Baustoffe GmbH, Lassee (100 %), and the Chinese company Beijing maxit Building Materials CO Ltd., Beijing (100 %), were included in the consolidation scope of the maxit Group for the first time.

The opening balance sheet values and results of companies included for the first time in the Group accounts in the first nine months of the year are as follows, in accordance with IFRS 3.67 ff (Business Combinations):

Assets

EUR '000s	Indocement	Others	Total
Long-term assets			
Intangible fixed assets		3,124	3,124
Tangible fixed assets	851,941	15,531	867,472
Financial fixed assets	2,284	15,748	18,032
Fixed assets	854,225	34,403	888,628
Deferred taxes	321		321
Other long-term receivables	7,487		7,487
	862,033	34,403	896,436
Short-term assets			
Stocks	71,453	2,836	74,289
Receivables and other assets	36,194	8,408	44,602
Short-term investments	519		519
Cash at bank and in hand	62,834	9,665	72,499
	171,000	20,909	191,909
Balance sheet total	1,033,033	55,312	1,088,345

Results for the companies consolidated for the first time in the first three quarters 2004

EUR '000s	Indocement	Others	Total
Profit for the financial year			
13,893	-1,087		12,806
Minority interests	5		-9,086
Group share in profit	4,802	-1,082	3,720

Liabilities

EUR '000s	Indocement	Others	Total
Shareholders' equity and minority interests			
Capital entitled to shareholders	478,914	22,702	501,616
Long-term provisions and liabilities			
Provisions	30,082	1,313	31,395
Liabilities	450,477	12,352	462,829
	480,559	13,665	494,224
Short-term provisions and liabilities			
Provisions		339	339
Liabilities	73,560	18,606	92,166
	73,560	18,945	92,505
Balance sheet total	1,033,033	55,312	1,088,345

Segment reporting

Regions January to September 2004 (primary reporting format under IAS 14 No. 50 ff.)

EURm	Central Europe West		Western Europe	
	2003	2004	2003	2004
External turnover	565	627	716	685
Inter-region turnover	15	11	13	14
Turnover	580	638	729	699
Change to prior year in %		10.1%		-4.1%
Operating income before depreciation (OIBD)	40	82	135	126
in % of turnover	6.9%	12.9%	18.5%	18.1%
Depreciation	67	50	96	60
Operating income	-28	32	39	66
in % of turnover	-4.7%	5.0%	5.4%	9.5%
Results from participations	53	58	5	6
Additional ordinary result				
Earnings before interest and income taxes (EBIT)	26	90	44	72
Investments¹⁾	102	33	33	34
Employees	4,645	4,498	3,857	3,656

¹⁾ Investments = in the segment 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 2004

EURm	Cement	
	2003	2004
Central Europe West	256	295
Western Europe	529	518
Northern Europe	283	280
Central Europe East	387	392
North America	747	761
Africa-Asia-Turkey	352	698
maxit Group		
Total	2,554	2,943
Group Services		
Inter-region turnover		
Total Group		

Northern Europe		Central Europe East		North America		Africa-Asia-Turkey	
2003	2004	2003	2004	2003	2004	2003	2004
501	472	474	492	1,283	1,289	366	686
55	40	6	7			14	52
556	512	480	498	1,283	1,289	380	739
	-8.0%		3.7%		0.5%		94.6%
73	61	134	159	227	240	55	152
13.1%	11.9%	27.9%	31.9%	17.7%	18.6%	14.4%	20.6%
61	41	55	39	98	73	34	53
12	20	79	120	129	167	21	99
2.1%	3.8%	16.4%	24.0%	10.0%	12.9%	5.6%	13.5%
2	1	1		1	5	6	-3
13	21	80	120	130	172	27	96
19	38	50	38	63	58	25	47
4,814	4,150	9,873	8,349	6,105	5,914	4,403	11,067

Concrete		Building materials		Intra Group eliminations		Total	
2003	2004	2003	2004	2003	2004	2003	2004
251	280	98	101	-25	-38	580	638
232	211			-32	-30	729	699
273	259	23		-23	-27	556	512
115	135			-22	-28	480	498
643	628			-108	-99	1,283	1,289
34	54			-6	-14	380	739
		785	814			785	814
1,549	1,568	905	915	-216	-237	4,792	5,190
						320	384
						-297	-359
						4,814	5,215

maxit Group		Group Services		Reconciliation		Group	
2003	2004	2003	2004	2003	2004	2003	2004
782	813	128	151			4,814	5,215
3	1	192	233	-297	-359		
785	814	320	384	-297	-359	4,814	5,215
	3.8%		20.1%				8.3%
105	118	12	5			781	943
13.4%	14.4%	3.7%	1.3%			16.2%	18.1%
62	42	2				475	359
44	76	10	5			306	584
5.6%	9.3%	3.2%	1.2%			6.4%	11.2%
2	2			38	-26	69	70
45	78	10	5	38	-26	413	627
19	33			136	19	447	301
4,958	4,908	46	47			38,702	42,589

Exchange rates

Country	Exchange rates on reporting day		Average exchange rates	
	31 Dec. 2003	30 Sept. 2004	01-09/ 2003	01-09/ 2004
USD US	1.2578	1.2431	1.1156	1.2230
CAD Canada	1.6307	1.5685	1.5844	1.6257
GBP Great Britain	0.7047	0.6862	0.6920	0.6719
HRK Croatia	7.6516	7.5661	7.5517	7.4570
IDR Indonesia	10,647.28	11,399.23	9,588.69	10,929.30
NOK Norway	8.3887	8.3377	7.9645	8.4069
PLN Poland	4.6922	4.3655	4.3281	4.6097
ROL Romania	41,155	41,140	1)	1)
SEK Sweden	9.0514	9.0429	9.2044	9.1605
CZK Czech Republic	32.2902	31.5250	31.7383	32.1036
HUF Hungary	262.5909	244.5178	251.7824	252.3718
TRL Turkey	1,762,304	1,865,271	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 2004	22 February 2005
Analysts' and press conferences on annual accounts	23/24 March 2005
Interim Report January to March 2005	4 May 2005
Annual General Meeting	4 May 2005
Interim Report January to June 2005	9 August 2005
Interim Report January to September 2005	8 November 2005

HeidelbergCement AG
Berliner Strasse 6
69120 Heidelberg, Germany

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You find this Interim Report
and further information on
HeidelbergCement on the Internet:
www.heidelbergcement.com

Contact:
Group Communication
Phone: +49 (0) 62 21/4 81-227
Fax: +49 (0) 62 21/4 81-217
info@heidelbergcement.com

Investor Relations
Phone: +49 (0) 62 21/4 81-696
Fax: +49 (0) 62 21/4 81-498
IR-info@heidelbergcement.com

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