
Interim Report
January to March 2007



- Marked increase of 18 % in Group turnover, exceeding EUR 2 billion
- Another significant improvement in operating income
- With EUR 119 million, the profit for the financial year more than trebled
- Review of options regarding Hanson PLC

Overview January - March 2007			
EURm	January - March		
	2006	2007	Change
Turnover	1,744	2,060	18.1 %
Operating income before depreciation (OIBD)	190	283	49.0 %
Operating income	64	159	148.8 %
Additional ordinary result	22	37	69.3 %
Results from participations	27	17	-37.0 %
Earnings before interest and income taxes (EBIT)	113	213	88.3 %
Profit before tax	68	161	136.2 %
Profit for the financial year	37	119	221.7 %
Group share	29	109	272.1 %
Investments	162	240	47.9 %

Letter to the shareholders

Ladies and Gentlemen,

The development of the global economy in the first months of 2007 has been characterised by high dynamics and optimistic economic forecasts. In the US, the economic slowdown has been largely limited to the property market until now.

Excellent start in the year 2007

HeidelbergCement has made a very good start in the first quarter. Cement and clinker sales volumes rose by 20.9% to 17.9 million tonnes (previous year: 14.8). Excluding changes in the consolidation scope, the increase amounted to 12.1%. The growth in Europe-Central Asia was strongest, as a result of impetus related to market and weather conditions.

In the first quarter, turnover rose by 18.1% in comparison with the previous year to EUR 2,060 million (previous year: 1,744). The Eastern European countries, Norway, Germany, Turkey and maxit Group made particularly significant contributions to this rise. In North America, turnover fell noticeably as a result of the decline in residential construction and weather conditions. Excluding exchange rate and consolidation effects, Group turnover grew by 20.3%.

Operating income before depreciation (OIBD) improved by 49% to EUR 283 million (previous year: 190); an even stronger increase was recorded in operating income, which rose by 149% to EUR 159 million (previous year: 64). The highest increases in results were achieved in Europe-Central Asia, followed by Asia and maxit Group, while North America's operating income weakened.

Our French participation Vicat exerted a considerable influence on the results from participations, which amounted to EUR 17.3 million (previous year: 27.5). However, foreign exchange losses of EUR -4.5 million (previous year: +6.5) led to a decrease of EUR -52.3 million (previous year: -45.1) in the financial results. As a result of the overall pleasing development, the profit before tax rose to EUR 160.8 million (previous year: 68.1). The taxes on income increased by EUR 10.6 million to EUR 41.7 million (previous year: 31.1). This is primarily attributable to the positive development of results in Europe-Central Asia. The profit for the financial year improved to EUR 119.1 million (previous year: 37.0). The Group share in profit more than trebled, reaching EUR 108.9 million (previous year: 29.3).

All three major rating agencies – Standard & Poor's, Fitch Ratings and Moody's Investors Service – assess the Group's credit quality as investment grade.

HeidelbergCement is reviewing its options regarding Hanson PLC

Because of the recent movements in the share price of the British building materials producer Hanson PLC, HeidelbergCement noted on 3 May that it was currently reviewing its options with respect to its interest in Hanson PLC; this, it was noted, also included the possibility of seeking to acquire Hanson PLC. It was also made clear, however, that there could be no certainty that an acquisition would result or what the terms of such an acquisition might be.

Employees

In the first three months, 46,227 people (previous year: 41,069) were employed by HeidelbergCement across the Group. The increase of 5,158 employees is mainly due to the consolidation of our activities in Georgia and India and the expansion in Ukraine.

Investments

In the first quarter, cash flow investments amounted to EUR 240 million (previous year: 162). Investments in tangible fixed assets, which primarily relate to maintenance and optimisation measures in our cement plants, accounted for EUR 137 million (previous year: 96) of this total. Investments in financial fixed assets amounted to EUR 103 million (previous year: 66). This mainly includes the purchase of a majority participation in the Georgian cement company Saqcementi and the acquisition of further shares in Mysore Cements in India.

Highest growth in Europe-Central Asia

In the Europe-Central Asia Group area, HeidelbergCement benefited from a generally favourable economic environment. Germany is increasingly regaining its role as Europe's growth engine. We anticipate a steady rise in the gross domestic product throughout the euro zone in 2007. The economic upturn is also continuing in the countries of Eastern Europe and Central Asia.

Boosted by the mild winter and to some extent by new consolidations, our cement deliveries experienced largely significant increases in almost all countries. The biggest growth rates were recorded by the Eastern European countries, with the exception of Russia, but Germany and Kazakhstan also achieved remarkable increases. Overall, our cement and clinker sales volumes in Europe-Central

Turnover by business lines January to March 2007

Europe-Central Asia			
EURm	2006	2007	
Cement	446	603	
Concrete	250	320	
Building materials	26	39	
Intra Group eliminations	-48	-58	
Total	674	903	

North America			
EURm	2006	2007	
Cement	324	275	
Concrete	270	260	
Building materials			
Intra Group eliminations	-42	-42	
Total	553	493	

Asia rose by 32.8 % to 8.3 million tonnes (previous year: 6.3). Adjusted for consolidation effects, the increase amounted to 24.4 %. Likewise, sales volumes of ready-mixed concrete and aggregates grew considerably in all countries. As part of the strategy of vertical integration, we acquired two quarries in Ukraine for the extraction of aggregates.

The turnover of the Europe-Central Asia Group area rose by 34.0 % to EUR 903 million (previous year: 674).

Full capacity utilisation in North America despite slowdown

In the US, the economy slowed as a result of the decline in the property market. However, the significant decline in residential construction is compensated for, at least to some extent, by the continuing strength of commercial construction. Canada also recorded weakened economic growth because of interest rate increases and the flattening of economic growth in the US.

Overall, the cement sales volumes of our North American subsidiary Lehigh fell by 11.2 % to 3.0 million tonnes (previous year: 3.4) in the first quarter, with regionally varied development. In Canada sales volumes decreased as a result of the weakening of the oil and gas markets. While the losses on the west coast of the US were contained, significant, partly weather-induced declines were recorded on the east coast and in the south. Despite the decline in demand, the capacities of the plants have continued to be fully utilised. In contrast, imports from other Group areas were cut back noticeably. Deliveries of ready-mixed concrete and aggregates were only slightly below the previous year's level.

The turnover of the North America Group area fell by 10.7 % to EUR 493 million (previous year: 553).

Asia-Africa-Mediterranean Basin		
EURm	2006	2007
Cement	270	341
Concrete	17	20
Building materials		
Intra Group eliminations	-6	-8
Total	280	354

maxit Group		
EURm	2006	2007
Cement		
Concrete		
Building materials	217	278
Intra Group eliminations		
Total	217	278

Asia-Africa-Mediterranean Basin with strong impetus for growth

Economic development in the individual regions was varied; once again, the strongest impetus for growth came from China. In Turkey, the economy weakened slightly in the first quarter.

The cement and clinker sales volumes of the Africa-Asia-Mediterranean Basin Group area improved overall in the first quarter by 27.4 % to 6.6 million tonnes (previous year: 5.2). Excluding the consolidation effect from the inclusion of our activities in India, the increase amounted to 12.5 %. Our Turkish joint venture Akçansa achieved market-induced growth of 43 %, the largest rise in sales volumes in this Group area. In Indonesia, the recovery of the cement market continued; our subsidiary Indocement was able to increase its deliveries noticeably as a result of a change in market strategy in the past year. Our sales volumes also rose considerably in China, particularly in the southern Chinese province of Guangdong. In Africa, we recorded significant growth in overall demand with varied development in the individual countries. Our majority participation Tanzania Portland Cement Company will increase its cement capacity to 1.2 million tonnes by 2009.

At EUR 354 million (previous year: 280), the turnover of the Asia-Africa-Mediterranean Basin Group area was 26.3 % above the previous year.

maxit Group continues on the road of success

In the first quarter, the positive development of the previous year continued unabated in most of maxit Group's markets. In the majority of the countries where maxit Group operates, significant double-digit growth rates were achieved in both sales volumes and turnover. In Germany, the earnings position has improved significantly as a result of the comprehensive restructuring measures; the main focus for this year is on increasing the proportion of products with high added value. Improving cost efficiency continues to have the highest priority in all countries. In addition, efforts to bring new products onto the market more quickly and in more countries are being intensified.

Overall, maxit Group's turnover increased by 28.2 % to EUR 278 million (previous year: 217).

Group Services

The trade volume of our subsidiary HC Trading fell by 2.7 % in the first quarter to 3.0 million tonnes (previous year: 3.1). Declines in dry mortar and related materials were not completely compensated for by the slight increase in cement and clinker trade volumes.

Turnover in the Group Services business unit, which also includes our trading in fossil fuels, increased by 15.2 % to EUR 171 million (previous year: 149).

Prospects

There is widespread confidence that the upturn in the global economy will continue. This is justified by the limited impact of the weakened US economy and an overall moderate rise in the inflation rate. The risks arising from the development of the American property market, the U.S dollar and energy prices must still be taken into account. The expectations for Germany have improved significantly in the past few months; the strongest impetus for growth is expected to come from construction investments and consumer spending.

In 2007, HeidelbergCement is focused on internal growth, consistent cost leadership and strategic investments in order to expand its international market position. The measures initiated to expand our capacities in growing markets will also help us achieve our objectives.

Heidelberg, 9 May 2007

Yours sincerely,

A handwritten signature in black ink that reads "Bernd Scheifele". The script is cursive and fluid, with the first letter 'B' being particularly large and stylized.

Dr. Bernd Scheifele
Chairman of the Managing Board

Group profit and loss accounts

Group profit and loss accounts		January - March	
EUR '000s		2006	2007
Turnover		1,744,279	2,060,262
Change in stocks and work in progress		11,042	9,529
Own work capitalised		122	328
Operating revenues		1,755,443	2,070,119
Other operating income		44,685	46,871
Material costs		-760,582	-883,266
Employees and personnel costs		-354,868	-370,043
Other operating expenses		-494,594	-580,470
Operating income before depreciation (OIBD)		190,084	283,211
Depreciation of tangible fixed assets		-124,041	-121,680
Amortisation of intangible assets		-2,218	-2,759
Operating income		63,825	158,772
Additional ordinary result		21,904	37,094
Result from associated companies ¹⁾		26,005	16,420
Results from other participations		1,466	889
Earnings before interest and income taxes (EBIT)		113,200	213,175
Interest and similar income		6,185	20,948
Interest and similar expenses		-57,817	-68,369
Exchange rates gains and losses		6,517	-4,509
Financial result on puttable minorities			-398
Profit before tax		68,085	160,847
Taxes on income		-31,054	-41,713
Profit for the financial year		37,031	119,134
Minority interests		-7,756	-10,191
Group share in profit		29,275	108,943
Earnings per share in EUR (IAS 33)		0.25	0.94

¹⁾ Net result from associated companies

22,971

11,470

Group Cashflow statement

Group Cashflow statement		January - March	
EUR '000s		2006	2007
Operating income before depreciation (OIBD)		190,084	283,211
Additional ordinary result before depreciation		21,576	36,966
Dividends received		3,781	2,423
Interest paid		-82,857	-89,148
Taxes paid		-50,717	-55,731
Elimination of non-cash items		20,914	7,102
Cash flow		102,781	184,823
Changes in operating assets		-100,016	-128,524
Changes in operating liabilities		-70,140	-78,070
Cash flow from operating activities		-67,375	-21,771
Intangible assets		-553	-2,905
Tangible fixed assets		-95,030	-133,612
Financial fixed assets		-66,381	-102,957
Investments (cash outflow)		-161,964	-239,474
Proceeds from fixed asset disposals		34,670	17,933
Cash from changes in consolidation scope		5,539	873
Cash flow from investing activities		-121,755	-220,668
Dividend payments - minority shareholders		-4,529	-2,091
Proceeds from bond issuance and loans		355,540	285,456
Repayment of bonds and loans		-195,628	-39,461
Cash flow from financing activities		155,383	243,904
Net change in cash and cash equivalents		-33,747	1,465
Effect of exchange rate changes		18,495	-589
Cash and cash equivalents at 1 January		316,816	218,839
Cash and cash equivalents at 31 March ¹⁾		301,564	219,715

¹⁾ In the balance sheet, the item "Securities and similar rights" also lists the market value of hedging transactions and the "available for sale financial assets" amounting to: EUR 6.8 million (previous year: 35.5)

Group balance sheet

Assets		
EUR '000s	31 Dec. 2006	31 Mar. 2007
Long-term assets		
Intangible assets	2,802,535	2,849,167
Tangible fixed assets		
Land and buildings	2,048,053	2,024,991
Plant and machinery	2,916,338	2,865,639
Fixtures, fittings, tools and equipment	197,138	193,593
Payment on account and assets under construction	379,799	433,971
	<u>5,541,328</u>	<u>5,518,194</u>
Financial fixed assets		
Shares in associated companies	850,561	849,348
Shares in other participations	234,493	267,798
Loans to participations	32,052	41,757
Other loans	45,416	40,985
	<u>1,162,522</u>	<u>1,199,888</u>
Fixed assets	<u>9,506,385</u>	<u>9,567,249</u>
Deferred taxes	132,829	136,301
Other long-term receivables	75,932	77,051
	<u>9,715,146</u>	<u>9,780,601</u>
Short-term assets		
Stocks		
Raw materials and consumables	504,088	505,573
Work in progress	91,095	102,875
Finished goods and goods for resale	283,881	290,890
Payments on account	16,970	25,726
	<u>896,034</u>	<u>925,064</u>
Receivables and other assets		
Short-term financial receivables	100,818	147,264
Trade receivables	1,024,255	1,122,078
Other short-term operating receivables	291,497	288,531
Current income tax assets	56,516	65,204
	<u>1,473,086</u>	<u>1,623,077</u>
Short-term investments and similar rights	19,261	9,977
Cash at bank and in hand	214,919	216,567
	<u>2,603,300</u>	<u>2,774,685</u>
Balance sheet total	<u>12,318,446</u>	<u>12,555,286</u>

¹⁾ Includes puttable minorities with an amount of 67,914 (previous year: 105,974) EUR '000s

Liabilities		
EUR '000s	31 Dec. 2006	31 Mar. 2007
Shareholders' equity and minority interests		
Subscribed share capital	346,974	346,974
Capital reserves	2,462,144	2,462,144
Revenue reserves	2,845,682	2,978,202
Currency translation	-303,455	-340,829
Company shares	-2,934	-2,934
Capital entitled to shareholders	5,348,411	5,443,557
Minority interests	479,511	503,657
	5,827,922	5,947,214
Long-term provisions and liabilities		
Provisions		
Provisions for pensions	678,906	676,284
Deferred taxes	506,583	516,130
Other long-term provisions	459,597	455,692
	1,645,086	1,648,106
Liabilities		
Debenture loans	748,207	751,790
Bank loans	694,061	672,876
Other long-term financial liabilities	475,307	502,434¹⁾
	1,917,575	1,927,100
Other long-term operating liabilities	13,327	13,851
	1,930,902	1,940,951
	3,575,988	3,589,057
Short-term provisions and liabilities		
Provisions	143,762	134,109
Liabilities		
Debenture loans (current portion)	672,400	0
Bank loans (current portion)	437,943	1,125,624
Other short-term financial liabilities	392,869	564,003¹⁾
	1,503,212	1,689,627
Trade payables	657,362	560,710
Current income taxes payables	72,646	65,986
Other short-term operating liabilities	537,554	568,583
	2,770,774	2,884,906
	2,914,536	3,019,015
Balance sheet total	12,318,446	12,555,286

Statement of recognised income and expense

Statement of recognised income and expense		January - March	
EUR '000s			
		2006	2007
IAS 39 Financial instruments: Recognition and Measurement		8,514	24,044
Currency translation		-33,585	-72,235
Other consolidation adjustments		1,829	100
Income and expense directly recognised in equity		-23,242	-48,091
Profit for the financial year		37,031	119,134
Total earnings for the period		13,789	71,043
Part of minorities		-10,474	-24,103
Part of shareholders HeidelbergCement AG		24,263	95,146

Group equity capital grid / notes

Group equity capital grid / notes EUR '000s	Subscribed share capital	Capital reserves	Revenue reserves	Currency translation	Company shares	Capital entitled to shareholders	Minority interests	Total
1 January 2006	296,065	2,512,679	1,999,286	-174,938	-2,936	4,630,156	427,709	5,057,865
Profit for the financial year			29,275			29,275	7,756	37,031
Dividends							-4,529	-4,529
Changes without effects on results								
Consolidation adjustments			1,829			1,829	25,872	27,701
IAS 39 Financial instruments: Recognition and Measurement			9,745			9,745	-1,231	8,514
Exchange rate				-16,586		-16,586	-16,999	-33,585
31 March 2006	296,065	2,512,679	2,040,135	-191,524	-2,936	4,654,419	438,578	5,092,997
1 January 2007	346,974	2,462,144	2,845,682	-303,455	-2,934	5,348,411	479,511	5,827,922
Profit for the financial year			108,943			108,943	10,191	119,134
Dividends							-2,091	-2,091
Changes without effects on results								
Consolidation adjustments			100			100	50,340	50,440
IAS 39 Financial instruments: Recognition and Measurement			23,477			23,477	567	24,044
Exchange rate				-37,374		-37,374	-34,861	-72,235
31 March 2007	346,974	2,462,144	2,978,202	-340,829	-2,934	5,443,557	503,657	5,947,214

Segment reporting/notes

Group areas January to March 2007 (Primary reporting format under IAS 14 No. 50 ff.)				
EURm	Europe-Central Asia		North America	
	2006	2007	2006	2007
External turnover	651	887	553	493
Inter-area turnover	23	15		
Turnover	674	903	553	493
Change to prior year in %		34.0 %		-10.7 %
Operating income before depreciation (OIBD)	36	107	88	77
in % of turnover	5.4 %	11.9 %	15.9 %	15.6 %
Depreciation	68	67	25	23
Operating income	-32	40	63	54
in % of turnover	-4.8 %	4.5 %	11.4 %	11.0 %
Results from participations	16	16	0	-1
Total additional ordinary result				
Earnings before interest and income taxes (EBIT)	-16	57	63	53
Investments¹⁾	41	65	9	26
Employees	20,165	22,281	5,973	5,936

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

Asia-Africa-Mediterranean Basin		maxit Group		Group Services		Reconciliation		Group	
2006	2007	2006	2007	2006	2007	2006	2007	2006	2007
259	336	216	277	65	67			1,744	2,060
21	18	0	1	83	105	-128	-139		
280	354	217	278	149	171	-128	-139	1,744	2,060
26.3 %			28.2 %		15.2 %				18.1 %
54	68	8	29	4	2			190	283
19.1 %	19.2 %	3.9 %	10.3 %	2.7 %	1.4 %			10.9 %	13.7 %
20	21	13	14	0	0			126	124
33	47	-4	15	4	2			64	159
11.9 %	13.3 %	-2.1 %	5.2 %	2.6 %	1.3 %			3.7 %	7.7 %
3	1	9	2					27	17
						22	37	22	37
37	48	4	16	4	2	22	37	113	213
37	36	9	10			66	103	162	240
10,063	13,025	4,817	4,934	51	50			41,069	46,227

Notes to the interim report

Accounting and consolidation principles

The Group's quarterly accounts were prepared according to the International Financial Reporting Standards (IFRS) applicable at the balance sheet date. There were no significant changes in the accounting and valuation methods compared with 31 December 2006.

Results from participations comprise both income from other participations and amounts written off financial fixed assets.

Seasonal nature of the business

The mild weather in the first quarter had a positive effect on the production and sales position of HeidelbergCement, particularly in Europe.

Scope of consolidation

In the following Group areas, there were changes in the consolidation scope in comparison with 31 December 2006 as detailed below. The percentage of shares owned by the Group in each case is given in brackets.

Europe-Central Asia

CaucasusCement Holding B.V., 's-Hertogenbosch (75%), a Dutch company, was included in the Group annual accounts for the first time on 1 February 2007 as a fully consolidated company. This company in turn holds a share of 100% in the Georgian subsidiaries Limited Liability Company KaspiCementi, Kaspi City, Limited Liability Company RustavCementi, Rustavi City and Limited Liability Company SaqCementi, Manglisi village, Tetrtskaro. The acquisition costs for these companies amounted to EUR 95.4 million, giving rise to a provisional goodwill of EUR 85.2 million.

In addition two more companies have been included in the Group's scope of consolidation at the purchase price of EUR 7.8 million since the beginning of this year. The resulting provisional goodwill amounts to EUR 4.8 million.

The formerly fully consolidated Swedish companies Reci Industrie AB, Danderyd and Millfill AB, Örebro left the consolidation scope as a result of being sold.

The goodwill comprises market shares purchased that cannot be assigned to any other determinable and separable intangible fixed assets.

The opening balance sheet values and earnings for the first quarter of 2007 of companies acquired and included for the first time in the Group annual accounts (Business Combinations) are as follows, in accordance with IFRS 3.67 ff.:

Assets	
EUR '000s	
Long-term assets	
Intangible assets	413
Tangible fixed assets	6,311
Financial fixed assets	638
Fixed assets	7,362
Deferred taxes	174
Other long-term receivables	3,071
	10,607
Short-term assets	
Stocks	6,500
Receivables and other assets	8,922
Cash at bank and in hand	353
	15,775
Balance sheet total	26,382

Liabilities	
EUR '000s	
Shareholders' equity and minority interests	12,398
Long-term provisions and liabilities	
Provisions	895
Liabilities	6,962
	7,857
Short-term liabilities	6,127
Balance sheet total	26,382

Results of the companies consolidated for the first time in the first quarter of 2007	
EUR '000s	
Turnover	9,602
Profit for the financial year	1,027
Minority interests	-300
Group share in profit	726

Assuming that the first-time consolidations took place on 1 January 2007, the Group turnover would have been EUR '000s 3,703 higher.

For reasons of materiality, we refrained from individual disclosures (IFRS 3.68). In accordance with IFRS 3.61 ff., the acquired assets and liabilities of CaucasuCement Holding B.V. and its subsidiaries Limited Liability Company KaspiCementi, Kaspi City/Georgia, Limited Liability Company RustavCementi, Rustavi City/Georgia, Limited Liability Company SaqCementi, Manglisi village, Tetrtskaro/Georgia, Bialostockie Kopalnie Surowców Mineralnych Sp.z.o.o., Bialostockie/Poland and Limited Liability Company "Rybalsky Quarry", Dnipropetrovsk/Ukraine are included in the Group annual accounts of HeidelbergCement AG on the basis of provisional information.

Turnover development by Group areas and business lines January to March 2007							Intra Group eliminations		Total	
EURm	Cement		Concrete		Building materials					
	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007
Europe-Central Asia	446	603	250	320	26	39	-48	-58	674	903
North America	324	275	270	260			-42	-42	553	493
Asia-Africa-Mediterranean Basin	270	341	17	20			-6	-8	280	354
maxit Group					217	278			217	278
Total	1,039	1,219	537	600	243	316	-96	-107	1,723	2,028
Group Services									149	171
Inter-area turnover									-128	-139
Total Group									1,744	2,060

Exchange rates		Exchange rates at		Average exchange rates	
		31 Dec. 2006	31 Mar. 2007	01-03/2006	01-03/2007
Country		EUR	EUR	EUR	EUR
USD US		1.3196	1.3355	1.2033	1.3109
CAD Canada		1.5373	1.5398	1.3891	1.5357
CNY China		10.3015	10.3231	9.6844	10.1729
GBP Great Britain		0.6737	0.6786	0.6864	0.6706
GEL Georgia		2.2544	2.2610	2.1812	2.2351
HRK Croatia		7.3502	7.3753	7.3418	7.3602
IDR Indonesia		11,902.79	12,177.09	11,110.15	11,959.32
INR India		58.2076	57.5601	53.4140	57.6626
KZT Kazakhstan		167.46	165.32	157.48	163.57
NOK Norway		8.2248	8.1196	8.0191	8.1662
PLN Poland		3.8279	3.8656	3.8296	3.8832
RON Romania		3.3808	3.3440	3.5611	3.3786
SEK Sweden		9.0331	9.3124	9.3450	9.1822
SKK Slovakia		34.4442	33.1992	37.4309	34.3308
CZK Czech Republic		27.4741	27.9761	28.5655	28.0106
HUF Hungary		251.0803	247.6685	254.1535	252.0767
TRY Turkey		1.8672	1.8563	1.6005	1.8475

Financial calendar

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Annual General Meeting 2008

8 May 2008

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