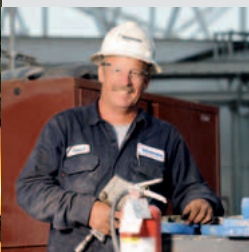


Annual Report 2012



1873



2013

HEIDELBERGCEMENT

Financial highlights

Figures in €m	2006	2007	2008	2009	2010	2011	2012
Number of employees as at 31 December	40,983	67,916	60,841	53,302	53,437	52,526	51,966
Sales volumes							
Cement and clinker (million tonnes)	79.7	87.9	89.0	79.3	78.4	87.8	89.0
Aggregates (million tonnes)	85.8	179.6	299.5	239.5	239.7	254.1	243.0
Asphalt (million tonnes)		4.8	12.1	10.0	9.1	9.5	8.6
Ready-mixed concrete (million cubic metres)	24.9	32.7	44.4	35.0	35.0	39.1	39.1
Income statement							
Total Group revenue	7,997	10,862	14,187	11,117	11,762	12,902	14,020
Operating income before depreciation (OIBD) ¹⁾	1,890	2,423	2,946	2,102	2,239	2,321	2,477
Operating income (OI) ¹⁾	1,429	1,850	2,147	1,317	1,430	1,474	1,613
Profit for the financial year	1,026	2,119	1,920	168	511	534	545
Group share of profit	951	2,022	1,808	43	343	348	301
Dividend per share in €	1.25	1.30	0.12	0.12	0.25	0.35	0.47 ⁴⁾
Earnings per share in €	8.22	17.11	14.55	0.30	1.83	1.86	1.61
Investments							
Investments in intangible assets and PP&E	505	1,039	1,101	796	734	874	831
Investments in financial assets ²⁾	316	11,735	150	24	138	85	35
Total investments	821	12,774	1,251	820	872	959	866
Depreciation and amortisation	461	573	799	785	809	847	864
Free cash flow							
Cash flow from operating activities	1,259	1,911	1,523	1,164	1,144	1,332	1,513
Cash flow from investing activities ²⁾	-665	-10,677	1,113	-539	-648	-758	-582
Balance sheet							
Shareholders' equity and non-controlling interests	5,828	7,519	8,261	11,003	12,884	13,569	13,713
Balance sheet total	12,318	29,201	26,288	25,508	27,377	29,020	28,005
Net debt ³⁾	3,081	14,608	11,566	8,423	8,146	7,770	7,047
Ratios							
OIBD margin	23.6 %	22.3 %	20.8 %	18.9 %	19.0 %	18.0 %	17.7 %
OI margin	17.9 %	17.0 %	15.1 %	11.8 %	12.2 %	11.4 %	11.5 %
Net debt/shareholders' equity (gearing) ³⁾	52.5 %	193.4 %	139.8 %	76.5 %	62.9 %	57.0 %	51.3 %
Net debt/OIBD	1.63x	6.03x	3.93x	4.01x	3.64x	3.35x	2.84x

1) 2006: figures have been restated as a result of the reclassification of emission rights and pension interest (IAS 19).

2) 2006–2008: including decrease/increase in ownership interests in subsidiaries

3) Without adjustment to IAS 32.18 b) Non-controlling interests with put options in the amount of €45 million (2012), €98 million (2011), €96 million (2010), €37 million (2009), €50 million (2008), €86 million (2007), €106 million (2006)

4) The Managing Board and Supervisory Board will propose to the Annual General Meeting on 8 May 2013 the distribution of a cash dividend of €0.47.

Overview of Group areas

Figures in €m	2008	2009	2010	2011	2012
Western and Northern Europe					
Revenue	4,936	3,848	3,811	4,318	4,201
Operating income before depreciation	1,014	687	683	734	577
Investments in property, plant, and equipment		248	178	193	177
Employees as at 31 December	15,770	14,640	14,302	13,693	13,438
Eastern Europe-Central Asia					
Revenue	2,046	1,282	1,138	1,392	1,435
Operating income before depreciation	718	361	299	327	317
Investments in property, plant, and equipment		270	202	240	181
Employees as at 31 December	11,556	9,481	9,959	9,693	9,435
North America					
Revenue	3,958	2,892	3,033	3,035	3,441
Operating income before depreciation	676	340	448	473	577
Investments in property, plant, and equipment		152	146	159	162
Employees as at 31 December	15,739	12,601	11,899	11,586	11,001
Asia-Pacific					
Revenue	2,177	2,211	2,609	2,957	3,477
Operating income before depreciation	462	612	718	711	887
Investments in property, plant, and equipment		96	174	215	231
Employees as at 31 December	15,044	14,030	13,682	14,039	14,686
Africa-Mediterranean Basin					
Revenue	974	837	938	1,023	1,135
Operating income before depreciation	182	157	156	164	203
Investments in property, plant, and equipment		28	34	67	80
Employees as at 31 December	2,680	2,499	3,539	3,460	3,349
Group Services					
Revenue	701	475	709	652	828
Operating income before depreciation	22	30	20	11	22
Investments in property, plant, and equipment					
Employees as at 31 December	52	51	55	55	57



140 Years

HEIDELBERGCEMENT

Quality and reliability for the past 140 years – that is HeidelbergCement.

From our start as a local cement manufacturer in southern Germany, we have grown to become one of the world's largest building materials companies with around 52,000 employees in over 40 countries. We are number one in sand and gravel, as well as one of the leading manufacturers of cement and concrete. High product quality, extensive raw material reserves, close customer relationships, and ecological sustainability are important pillars of our success. And these are values that haven't changed since 1873.

Review

2012

Q₁

New cement mill in Bangladesh

Opening of a new cement mill with a capacity of 0.8 million tonnes at the cement grinding plant in the port city of Chittagong. New government infrastructural projects lead to increased demand for cement.

Liquidity and Group financing secured

The syndicated credit facility of €3 billion is extended to 31 December 2015 and serves primarily as a liquidity reserve. The proceeds from a bond amounting to €300 million are used for general Group financing purposes.

Completion of capacity expansion in Poland

The commissioning of HeidelbergCement's largest cement mill in Europe with a capacity of 1.4 million tonnes supplements clinker capacity, which had been increased in the previous year. Cement capacity in Poland increases to 5.6 million tonnes.

Q₂

Modernisation of the cement kiln in Tanzania

By modernising cement kiln no. 3, clinker capacity increases by 250,000 tonnes to 1.1 million tonnes. Tanzania is HeidelbergCement's second largest market in Africa.

Q₃

Expansion of cement activities in Togo

Construction of a clinker plant with a capacity of 1.5 million tonnes near the town of Tabligbo, around 80 km northeast of the capital Lomé, and a cement grinding facility with a capacity of 200,000 tonnes in Dapaong, located 600 km to the north. Expensive clinker imports from overseas are replaced by domestic production.

Q₄

New cement mill in Ghana inaugurated

The new cement mill at the Tema cement grinding plant increases capacity in Ghana by 1 million tonnes to 3.7 million tonnes. The strong economic growth in the country has also been driven by oil production since 2011.

Premier presentation of the Quarry Life Award

The first round of the Quarry Life Award competition was a huge success with 300 project entries in 18 countries for the preservation and enhancement of biodiversity. The three first places in the international competition were awarded to projects from the Czech Republic, Ghana, and the United Kingdom.

Expansion of cement capacity in central India

HeidelbergCement increases its cement capacity in India by 2.9 million tonnes to 6.2 million tonnes. After successful test runs, the new production facilities at the Damoh and Jhansi locations in central India officially start operation in February 2013.

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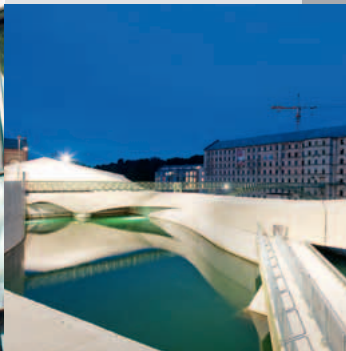
¹⁾ Part of the combined management report of HeidelbergCement Group and HeidelbergCement AG

A regional company takes the lead in Germany



1873

In the 140 years since its foundation in 1873, HeidelbergCement has grown from a regional cement manufacturer with one plant in Heidelberg to one of the world's leading building materials groups with 2,500 locations in over 40 countries. For the first hundred years, expansion of the company was largely limited to the South of Germany. At the end of the 1950s, HeidelbergCement added the production of ready-mixed concrete to its business activities – still a relatively new business segment at that time and HeidelbergCement was one of its pioneers. We are now number one in cement in Germany and hold a strong market position as a manufacturer of ready-mixed concrete and other building materials.



2013
|



In 1873, Johann Philipp Schifferdecker, a former brewer, bought the Bergheim Mill located on the Neckar river in Heidelberg and converted it to a plant for the production of Portland cement. In the 20 years that followed, a successful cement producing operation was grown, until the plant was destroyed by fire in 1895. After this, in the village of Leimen to the south of Heidelberg, the largest and most modern cement plant of its time was constructed nearby the raw material deposits. This plant was an important driver of technological innovation and expansion.

Market leader in attractive regions of Europe



Starting in **1989**, HeidelbergCement took advantage of political developments to establish strong positions in numerous Eastern European countries offering attractive growth potential. For many years, the company was the largest foreign investor in the building materials sector in this region. In **1993** and **1999**, we further expanded our activities into the North and West of Europe – to Benelux, Sweden, Norway, the Baltic States, and the UK – through acquisitions of international building materials companies. Today, we lead the cement market in most European countries where we operate.



1993

After two years of construction, the state-of-the-art TulaCement plant, equipped with environmentally friendly technology, commenced operations in Russia. The roughly two million tonnes of high-quality cement that the plant produces yearly are primarily destined for the nearby booming metropolis of Moscow. HeidelbergCement is among the largest German investors in Russia, which is one of our most important growth markets.

1989

1999



From the first step in the USA to the largest Group area in only thirty years



Following initial investments on the East Coast of the USA in 1977, as well as further acquisitions and investments during the 1980s in the East and South of the United States, HeidelbergCement established its first bases on the US West Coast and in Western Canada in 1993. Through the takeover of Hanson in 2007, an international company with a close-knit network of production sites in the USA and Canada focusing on aggregates, North America became our largest Group area – as well as our strongest revenue-generating region.



In North America, HeidelbergCement is ideally positioned and active in every business line – cement, aggregates, concrete, and building products. The majority of our more than 600 locations are to be found in economically strong areas of the USA and Western Canada. They supply large metropolitan areas of the two countries, where demand for building materials is very high, as well as important segments of the raw materials industry such as oil or gas exploration.

1977
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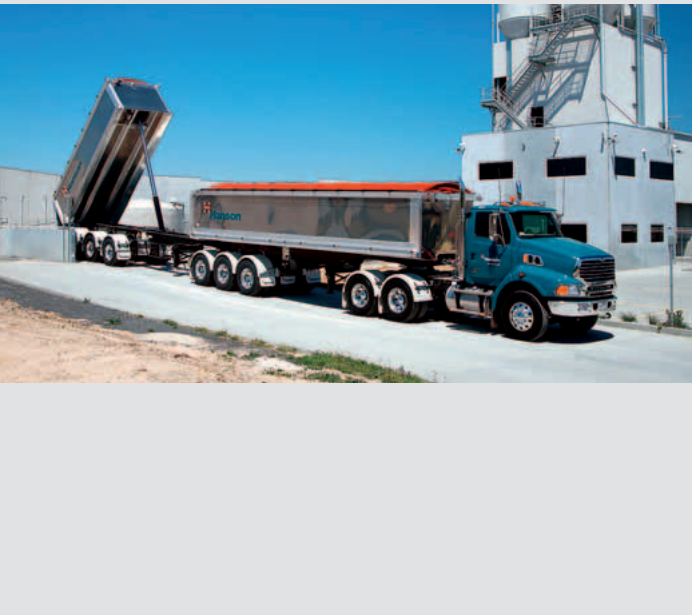


|
1993

|
2007



Number one worldwide for sand, gravel, and crushed rock



Until 2007, production and marketing of cement was our most important core activity. With the acquisition of Hanson in 2007, we not only added new market regions such as Australia or Malaysia, HeidelbergCement also became the world market leader in sand, gravel, and crushed rock – otherwise known as aggregates. Cement and aggregates are the two main key raw materials for the production of concrete – the building material that is used throughout the world. Cement and aggregates form the basis of our dual raw materials and growth strategy.



In 2011, HeidelbergCement launched the "CLIMB" efficiency improvement initiative in order to become not only the largest, but also the most profitable aggregates producer globally. Through continual improvement of our processes, we successfully reduced costs by around €60 million in 2012. In the reporting year, we also launched the "CLIMB Commercial" programme, to improve margins by a further €120 million through optimisation of our product, price, and customer strategy.



|
2007



Cement for tomorrow's growth in Asia and Africa



Beginning in 1995, HeidelbergCement expanded into the emerging markets of Asia and sub-Saharan Africa through company takeovers and investments. In order to profit from the growing economic strength and burgeoning demand for cement in countries like Indonesia, India, Ghana, or Tanzania, our investments have focused for several years on the expansion of cement capacities in these regions.



HeidelbergCement is a top-3 producer of cement in the countries south of the Sahara in Africa. This region is home to more than 800 million people, but cement consumption there is lower than anywhere in the world at less than 100 kg per person. This means enormous potential for economic growth and rising cement demand. HeidelbergCement already operates production plants in nine African countries, and is investing in additional capacities. In 2012, we commissioned new or expanded production lines in Ghana and Tanzania and started the construction of a new cement plant in Togo. Planning and implementation has also begun on further expansion projects.

1995



Sustainability in the past and a commitment for the future



Protecting and promoting diversity has long been a priority for HeidelbergCement at its roughly 800 mineral extraction sites. In order to improve knowledge about the biological value of these sites, we launched the international “Quarry Life Award” for junior researchers, students, and school pupils in 2011. Quarries as well as sand and gravel pits in 18 countries opened their doors to host 80 projects, ranging from new ideas for the protection of rare plant and animal species to concepts for after-use of restored quarrying sites. At the end of 2012, we presented the award to the winners of the competition, which is to be held every two years in the future.



HeidelbergCement is committed to sustainability. The company's strategy is built on the three pillars of economy, ecology, and social responsibility. This commitment is nothing new – it is firmly anchored in the 140-year-old company culture of HeidelbergCement. Even as the focus of our business has changed over the course of the many decades and in the individual countries where we operate, we have always emphasised the importance of technical advancement, resource conservation, environmental and climate protection, as well as social responsibility. And we will continue to build on these values in the future !

|
2012

1

To our shareholders

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Dear Shareholders, Dear Employees and Friends of HeidelbergCement,

In spite of the sovereign debt, euro, and financial market crises, the global economy continued to grow in 2012. The pace of growth, however, slackened over the course of the year. As in 2011, the most important drivers of global economic activity were the emerging markets of Asia. Whereas the expansion of the US economy was moderate, the euro zone fell back into recession due to the significant weakness of growth in southern Europe.

In this environment, HeidelbergCement performed well. We succeeded in meeting every one of our targets. We were able to improve Group revenue, operating income, and – in particular – free cash flow, even in the face of weaker than expected growth in the aggregates business line. This operational success, also in comparison to our competitors, reflects the power of our business model which is focussed on stability, solidity, and sustainability, as well as the quality of our management and the dedication of our entire workforce. We are well-positioned in attractive micro markets and we maintain a balanced product portfolio comprising cement, aggregates, and concrete. On top of this, we've succeeded in further increasing the performance of our operations, with a good example being our "FOX 2013" efficiency improvement initiative. In 2012, we achieved cash-relevant savings totalling €384 million, which far exceed our internal target of €200 million.

For the capital markets, 2012 was a volatile, yet on the whole prosperous year. The HeidelbergCement share performed well, reaching a price of €45.83 by December 2012, an increase of 39.8 % over the 2011 close. We clearly outperformed both the German benchmark DAX index and the international MSCI World Construction Materials Index.

2012: revenue and operating income higher – net debt considerably lower

Group revenue rose by 8.7 % to €14.02 billion mainly driven by persistent solid performance in our growth markets in Asia and Africa, as well as a noticeable pickup in the US economy and favourable exchange rate effects. Sales volumes of cement and clinker were up 1.4 %. Aggregates sales volumes declined by 4.4 % as government infrastructure programmes ran out in North America, the UK, and Eastern Europe. Sales volumes of ready-mixed concrete were on par with last year.

Operating income before depreciation (OIBD) increased by 6.7 % to €2,477 billion; operating income improved by 9.5 % to €1,613 billion. In addition to exchange rate effects, the increase is attributable to the considerable improvement of results in the North America and Asia-Pacific Group areas, as well as in Africa.

The additional ordinary result came in at a loss of €409.1 million, more than 80 % of which is non-cash. This is substantially the result of two factors: In the first place, as the UK was hit by its second recession since the onset of the financial crisis, we denoted non-cash effective impairment on goodwill and property, plant, and equipment totalling €143 million. Secondly, we repositioned our building materials business in the US market by disposals, the launching of joint ventures, and closing of plants. All this led to extraordinary expenses in the amount of €128 million. In the context of this restructuring, we also reduced the number of employees in both countries by more than 900. The income from discontinued operations was positive at €88.5 million, which is down to a substantial reduction in risk from the Hanson asbestos lawsuits in the USA. As a result, we released potential repayment obligations for already received insurance payments.



Dr. Bernd Scheifele, Chairman of the Managing Board

Despite the significant negative influence of one-off effects, profit for the financial year was up from the prior year to €545 million. HeidelbergCement's considerable improvement in results is particularly apparent when looking at cash flow and the reduction in net debt. Even considering weak sales performance in aggregates and concrete, free cash flow was up roughly 22 % from previous-year levels to nearly €1.1 billion. We took advantage of this substantial rise to reduce net debt by more than €700 million to €7 billion. This allowed us to further decrease the ratio of net debt to operating income before depreciation to 2.8x (previous year: 3.3), clearly achieving our interim target of below 3.0x.

In light of this positive business performance, the Managing Board and Supervisory Board will propose raising the dividend from €0.35 per share to €0.47 per share to the Annual General Meeting on 8 May 2013 – an increase of 34 %. With this dividend proposal we are gradually nearing our medium-term goal of a 30 % to 35 % payout ratio. Given the substantial on-going global economic uncertainties, we believe that a cautious, gradual approach, prioritising the further reduction of our debt, is the better choice for the Group and our shareholders.

140 years of HeidelbergCement

This year, HeidelbergCement – as one of the oldest companies in Germany's benchmark DAX index – celebrates 140 years since the company's founding.

The photos in this Annual Report depict important stages in the history of HeidelbergCement, and witness to the stability and solidity of our business model. Traditionally, the cement and aggregates industry takes a very long-term approach to business. Securing raw materials reserves for many years in advance plays a key part in this. At HeidelbergCement, the average range of our cement reserves is around 90 years, and around 60 years for aggregates. These numbers put us at the top of our industry!

And they make clear, that long-term investing and sustainable business practices are essential for the success of our business model.

Achievements in sustainability

We made good progress with our sustainability initiatives in 2012. We implemented numerous planned workplace health and safety measures, in a continuation of the constant improvement in this area over the past several years. Accident frequency rate and accident severity indicator saw a further year-on-year decline. But, as long as there are accidents within the company, we cannot rest on our laurels. And, until then, we will carry on our efforts to improve workplace health and safety unabated.

Preserving biodiversity at our quarries is another important priority of our operations. To emphasise this, we have started up an international competition, the "Quarry Life Award", whose aim is the development of new ideas to help protect and promote biodiversity at raw materials extraction sites. From 18 countries more than 300 project proposals were submitted; we recognized the three best, from the Czech Republic, Ghana, and the UK with the international Quarry Life Award in December 2012. The competition contributes to a lasting improvement of knowledge about the ecological value of quarry sites. Consequently, we will continue to hold it in the future.

Thanks to all our employees

During 2012, our staff faced many challenges. In the end, your personal dedication and unwavering loyalty to the Group were what made the good results in 2012 possible. For that, I – for myself and on behalf of my colleagues on the Managing Board – offer my sincerest thanks and congratulations. Our thanks go out as well to the employee representatives, who in this often difficult time worked very closely, openly, and candidly with the Managing Board for the good of the Group. I would also like to thank and personally express my utmost appreciation, as in the past, for the managers around the globe working at our operations and in administrative functions. You reacted promptly and systematically, taking a disciplined approach to the daily challenges you had to tackle. The substantial increase in operating income and free cash flow, as well as the significant reduction in net debt would have been impossible without you. Our common aim remains the same: to be the best-managed company in our industry.

Strategic orientation unchanged: New focus "PERFORM" and "CLIMB Commercial"

The three strategic targets we specified in 2011 will continue to shape our operations in the year ahead:

- cost leadership through continuous efficiency improvements,
- further reduction of net debt with the aim of attaining investment grade status, and
- targeted investment in cement capacities in growth markets.

Permanent cost management is a defining characteristic of HeidelbergCement. Over the past two years, we've been able to significantly surpass the targets we set in 2011 for our "FOX 2013" efficiency improvement initiative. Consequently, we have increased our commitment to achieving cash effective savings from the original target of €600 million to a new goal of €1,010 million.

In order to improve margins in cement and aggregates business, we launched the sales excellence initiatives "PERFORM" and "CLIMB Commercial" in 2012, implementation of which will form the primary focus in 2013. By 2015, we intend to increase margins in the cement business line by €230 million, and in aggregates by €120 million. Also at the top of the priority list is the consistent reduction of net debt, with the aim of improving the relevant financial key figures to an investment grade level. As we move into the future, we will continue to maintain the strict cost and investment discipline adopted over the past several years.

At the same time, we will continue to pursue our successful strategy of targeted cement capacity expansion in the emerging markets of Asia, Africa, and Central Asia. As before, the focus here is not on new company acquisitions, but on the expansion of our production capacities and the setup of new plants in markets where we already have a presence. In aggregates, we will solidify our global market leadership through investments in raw materials resources and integration of smaller local companies. Nothing has changed in our strategy of avoiding large-scale acquisitions that would increase the company's debt levels.

Outlook 2013

There will be no shortage of challenges in 2013: We anticipate that conditions for business will remain unstable given the persisting debt problems in the euro zone and slower growth in emerging markets. Nonetheless, growth of the global economy looks set to continue in the year ahead. The extent of growth, however, will vary from region to region: In our mature markets (USA, UK, Germany, Benelux, Northern Europe, and Australia), IMF forecasts point to positive growth in 2013 and 2014. For the UK and the Netherlands, however, we do not anticipate a return to growth before 2014. In Eastern Europe and Central Asia, experts foresee economic activity in Poland, the Ukraine, Russia, and Kazakhstan increasing by between 2 % and 6 %. For our key markets in Asia and Africa, forecasts once more call for attractive growth of between 5 % and 8 %.

In terms of costs, we expect a slight to moderate increase in the cost base for energy and raw materials as well as personnel. Targeted measures will be implemented to offset this cost increase, along with a renewed increase of margins in cement and in aggregates business, which had diminished over the past several years. At the same time, we will push ahead with the sales excellence initiatives "PERFORM" and "CLIMB Commercial".

Based on these assumptions, the Managing Board has set a target for higher revenues and further improvement of operating income. Business in the initial two months of 2013 gives us cause for optimism that these targets will be met. As our financing costs decline and one-off effects no longer affect the bottom line, we are planning with a marked improvement in profit before tax.

HeidelbergCement is a company characterised by extraordinary potential and dynamism. We are the world market leader in aggregates. Building on this and our advantageous geographical positioning in attractive markets around the world, we will do our utmost to benefit over-proportionally from the continued growth of the global economy in the interest of our shareholders.

Yours sincerely,



Dr. Bernd Scheifele
Chairman of the Managing Board

Heidelberg, 14 March 2013

Report of the Supervisory Board

Ladies and Gentlemen,

The 2012 financial year for the building materials industry was dominated by the effects of the financial and economic crisis, similar to the previous year, although the individual regions of the Group were impacted in different ways. While the Asian and African building materials markets continued to develop favourably and the recovery of the markets in North America is becoming increasingly evident, the European building materials markets, with the exception of Germany and Northern Europe, fell short of expectations and in some cases recorded a considerable slowdown in growth. As reliable medium- and long-term forecasts are currently difficult to determine and subject to considerable uncertainty, our Group's operational planning and orientation continues to focus on solid management, cost awareness, and disciplined capital spending. On the whole, HeidelbergCement asserted itself very well in the difficult economic environment of 2012, and is well prepared not only for the return of economic recovery, but also for potential new turbulences on the building materials markets. With a total revenue of €14 billion, the Group returned to pre-crisis revenue figures. While operating income increased for the third consecutive year, the respective margin was slightly below the previous year because rising energy, freight, and personnel costs could not be fully offset by price increases. Our plans for 2013 therefore focus on ensuring adequate prices for the quality products of the Group and restoring or increasing operating margins. Price initiatives and cost discipline continue to underpin the Managing Board's dual strategy, which is backed and supported by the Supervisory Board: on the one hand, the free cash flow generated has been and will continue to be consistently used to reduce liabilities, which consequently reached their lowest level in five years at €7 billion at the end of 2012. On the other hand, the free cash flow also provides the Group with the required liquidity for investments in growth regions. In 2012, these were predominantly capacity expansions approved by the Supervisory Board in Russia, Ghana, Bangladesh, and India, which will bring an additional 6.7 million tonnes of cement capacity to the growth markets of Asia and Africa. This strengthens HeidelbergCement's advantageous geographical position with impressive market positions outside the world's current crisis zones. Combined with local leadership excellency, this has been essential for HeidelbergCement to outperform other global building materials companies for years.

The strategic objectives of the Managing Board and the implementation of the strategic plan have been supported in an advisory capacity and closely monitored by the Supervisory Board in 2012 once again: the status of the larger ongoing investment projects, including time and budget planning, were the subject of every Supervisory Board meeting of the reporting year. All corresponding investments were discussed in detail and examined in relation to their effects on the present and future market, results, and financial situation of the Group.

The steady decrease in net debt enabled the early extension of the syndicated credit facility, which secures a liquidity reserve of €3 billion for the Group in an arm's length transaction and reduced the contingency insurance premium for Group loans to its lowest level since 2009. The extension of this credit line was discussed and approved by the Supervisory Board in its February 2012 meeting. At the same time and in connection with the low capital market interest rates at that point, a debenture bond of €300 million was successfully issued under the existing Euro Medium Term Note (EMTN) programme, which has been approved by the Supervisory Board, at a favourable interest rate of 4% p.a. in March 2012. Due to the balanced liability maturity profile and the stable free cash flow, no additional significant financing requirements existed in 2012. The dynamic debt ratio, which shows the ratio of net debt to operating income before depreciation (OIBD), was reduced to 2.8 as at 31 December 2012. As a result, the Group is on course to achieve



Fritz-Jürgen Heckmann, Chairman of the Supervisory Board

the objective set by the Managing Board and the Supervisory Board of regaining the investment grade rating. Net debt will be further systematically reduced in this manner in 2013.

The capital market's confidence in the Group's continued strong performance is demonstrated by a largely unchanged shareholder base, a stable share price with upside potential, as well as a downward trend in interest rates for the refinancing of liabilities. This attests to the future potential of HeidelbergCement among the world's leading building materials manufacturers.

Consultation and monitoring

The Supervisory Board firmly supported the aforementioned measures and discussed them in detail with the Managing Board at the ordinary meetings of the plenary session and its committees as well as through contact outside the scheduled meetings. Additionally, it received regular and detailed reports, both in writing and verbally, about the intended business policies, fundamental issues regarding financial, investment, and personnel planning, the progress of business, and the profitability of the Group. All deviations of the actual business development from the plans were explained in detail by the Managing Board. In particular, the Managing Board agreed the Group's strategy with the Supervisory Board. The Supervisory Board was directly involved in all decisions of fundamental importance to the Group. Investment projects and financing matters requiring authorisation were presented by the Managing Board and discussed before decisions were made. The Supervisory Board is satisfied that the Managing Board has installed an effective risk management system capable of recognising at an early stage any developments that could jeopardise the survival of the Group. The Supervisory Board has also had this certified by the auditor. Furthermore, it is satisfied as to the effectiveness of the compliance programme, which guarantees Group-wide compliance with the law and with internal guidelines. In the relevant meetings, the responsible line managers of the Group below Managing Board level were available together with members of the Managing Board to provide information to the Audit Committee and to answer questions. Outside the scheduled meetings and without the participation of the Managing Board, the Chairman of the Supervisory Board and the Chairman of the Audit Committee discussed topics relating

to the audit in detail with the auditor. The Chairman of the Supervisory Board was also in regular contact with the Chairman of the Managing Board outside the scheduled meetings. In summary, it is evident that the Supervisory Board has duly fulfilled the duties incumbent upon it under the law, the Articles of Association, the Rules of Procedure, and the Corporate Governance Code.

Topics of discussion in the meetings of the Supervisory Board and its committees

The plenary session of the Supervisory Board met five times in the reporting year, and the Audit Committee and the Personnel Committee both met twice. The Arbitration Committee, formed in accordance with § 27, section 3 of the German Codetermination Law, did not need to meet. In addition, the Supervisory Board passed one resolution by way of circulation during the reporting year, while the Audit Committee held three conference calls to discuss the relevant quarterly reports in detail prior to their publication. The Nomination Committee met once and passed an additional resolution by way of circulation. The results of the committees' meetings were reported at the subsequent plenary sessions. Members of the Supervisory Board and its committees are listed in the Corporate Governance chapter on page 139f.

The ordinary plenary sessions in February, March, May, September, and November dealt, amongst other things, with the adoption of the 2011 annual financial statements and consolidated financial statements, the approval of the 2012 operating plan and preparations for the 2012 Annual General Meeting, furthermore reporting on business trends and the reduction and status of financial liabilities, as well as resolutions on current Corporate Governance issues, including decisions on the variable elements of the Managing Board remuneration. The Supervisory Board also approved the early extension of the syndicated credit facility of €3 billion to 31 December 2015 and dealt with the issue of the already mentioned €300 million Eurobond under the existing EMTN programme in March 2012.

At its September meeting, the Supervisory Board dealt with the investment projects in Togo, and Burkina Faso, and approved the investment project in Indonesia. Furthermore, it was regularly informed during the reporting year about the progress of ongoing programmes to improve the operating margins: these include the price initiatives "PERFORM" (cement business line) and "Climb Commercial" (aggregates business line), the "FOX 2013" efficiency improvement initiative with the projects "CLIMB" in the aggregates business line and "OPEX" in the cement business line, as well as the new "LEO" programme to optimise processes and reduce costs in the logistics sector.

In its meeting held in November, the Supervisory Board was once again informed by the Managing Board about the selection and award procedure for large investment projects. Having made a detailed examination of the procedure, the Supervisory Board is confident that the underlying criteria make it possible for the Supervisory Board to carry out a transparent, objective, and traceable review of large investments requiring approval. Under the existing financial conditions, the procedure is suitable for selecting the most advantageous project for the Group's strategy from a range of competing potential projects.

At the end of June, the plenary session passed a resolution by way of circulation, in which the Supervisory Board, in the course of implementing a specification of the German Corporate Governance Code, set out concrete objectives for its future composition, including a specification tailored to the Group regarding the number of women that should be member of the Supervisory Board in the future.

In its meetings, the Audit Committee dealt with the 2011 annual financial statements and consolidated financial statements, the points of focus for the audit, the status quo reports regarding internal audit, risk management, occupational health and safety, and compliance, the half-yearly and quarterly reports for the 2012 financial year, the preparation of the Supervisory Board's

proposal to the 2012 Annual General Meeting for the appointment of the auditor and Group auditor, and – after the Annual General Meeting followed this proposal – the award of the contract to the audit firm Ernst & Young for the auditing of the annual financial statements and consolidated financial statements for the 2012 financial year. In this context, it defined the points of focus for the audit. Finally, the Audit Committee dealt with the already mentioned €300 million Eurobond which was issued under the EMTN programme in March 2012.

The Personnel Committee meetings covered, amongst other things, the preliminary discussion and recommendation to the Supervisory Board regarding the determination of the variable Managing Board remuneration for 2011, as well as the definition of parameters for the variable Managing Board remuneration for 2012 and 2012 to 2014/15, respectively.

The Nomination Committee meetings and resolution covered successor planning for a member of the Supervisory Board who retired during the reporting year.

At 95 %, attendance at the meetings of the Supervisory Board and its committees was, as it has been in the past, once again pleasingly high. There were no conflicts of interest of any Supervisory Board member when dealing with topics within the Supervisory Board. There were also no consulting or other contracts for services or work between any member of the Supervisory Board and the Group.

Corporate Governance

The statement of compliance in the reporting year was submitted by the Managing Board on 7 February 2012 and by the Supervisory Board on 9 February 2012 and updated on 28 June 2012. The statement of compliance for this year was submitted by the Managing Board on 5 February 2013 and by the Supervisory Board on 7 February 2013. The complete text can be found in the section Statement of compliance in accordance with § 161 of the German Stock Company Act in the Corporate Governance chapter on page 124. The statements are made permanently available to the shareholders on the Group's website.

Already in March 2010, the Supervisory Board established that, in its opinion, it had a sufficient number of independent members and that at least one independent member of the Supervisory Board and of the Audit Committee had the required expertise in the areas of accounting or auditing. The Supervisory Board carried out a re-examination and self-assessment in its September 2012 meeting with reference to the Corporate Governance Code, which was altered during the reporting year.

Furthermore, in line with the Corporate Governance Code dated 15 May 2012, the Supervisory Board updated its guidelines regarding the implementation of the diversity principles in the Supervisory Board on 28 June 2012. From now on, it is fully complying with the guidelines of the Corporate Governance Code with regard to its future composition and that of the Managing Board and published this commitment immediately with a corresponding update to its statement of compliance during the year. Regarding its own composition, it implements the diversity goals stipulated in the Code with the following specific objectives: The composition of the Supervisory Board is an appropriate reflection of the national and international alignment of HeidelbergCement as a leading building materials manufacturer. The Supervisory Board comprises at least three members who have been elected by the shareholders and who are independent members in line with point 5.4.2 of the Code. Following the 2014 Annual General Meeting, the newly constituted Supervisory Board shall comprise at least two female members. The standard retirement age for members of the Supervisory Board is 75 years. With these goals, the Supervisory Board aims to make a wide range of expertise available to the Group and to have the broadest possible pool of candidates available for the election of future Supervisory Board members. The Supervisory

Board holds the opinion that its present composition already meets its objectives with the exception of the goal of having two female Board members in 2014 – currently the Supervisory Board has one female member. The Supervisory Board also welcomes and supports the Managing Board's goal of bringing the proportion of women in management positions in line with the proportion of women employed within the Group by 2020. Thereby the proportion of women in management positions in Germany will more than double, from currently 7 % to 15 %.

As regards the remuneration structure for the members of the Managing Board for the 2012 financial year, details on remuneration of the Managing Board are included in the Corporate Governance chapter on page 129f. to avoid repetition. That chapter also describes the current Managing Board remuneration system, which came into force on 1 January 2011 and which was approved by the Annual General Meeting on 5 May 2011 with a large majority, under the agenda item Say on Pay in accordance with § 120 of the German Stock Company Act. As the system for the Managing Board remuneration has remained unchanged since then, it will not be presented for resolution again at the Annual General Meeting on 8 May 2013.

The Supervisory Board last carried out an efficiency audit of its activity in 2011, the results of which were reported here in the previous year.

During the 2012 reporting year, two internal training events for members of the Supervisory Board took place in line with the suggestions of the Code. The methodology for Group strategies and the impact of future IFRS changes were discussed intensively at these events together with external experts. The Supervisory Board thus reaffirmed its commitment to effective Corporate Governance in the Group.

Finally, the changes to the Corporate Governance Code, which were first put to public consultation by the Government Commission and then adopted in May 2012, were discussed in the Supervisory Board meetings.

Auditing and approval of annual financial statements and consolidated financial statements

Before the contract for the auditing of the annual financial statements of the Company and the consolidated financial statements of the Group was awarded, the points of focus for the audit, the content of the audit, and the costs were discussed in detail with the auditors, Ernst & Young GmbH, Wirtschaftsprüfungsgesellschaft, Stuttgart. In February 2013, the Managing Board informed the Supervisory Board about the preliminary, uncertified key figures for the 2012 financial year and provided a status report on the financial statements work. The annual financial statements of HeidelbergCement AG and the consolidated financial statements as of 31 December 2012 as well as the combined management report for the Company and the Group, as prepared by the Managing Board, were examined by the independent auditors. The auditors gave the statements the unqualified confirmation. The financial statements documents and auditors' reports were sent to the members of the Supervisory Board. At first, the Audit Committee dealt intensively with the financial statements in the presence of the auditors. The auditors reported on the main results of their audit. Then, the Supervisory Board discussed the financial statements in detail, once again in the presence of the auditors. The Supervisory Board approved the audit results. It examined the annual financial statements and consolidated financial statements, the combined management report, as well as the Managing Board's proposal for the use of net profit shown in the balance sheet. The results of the pre-audit conducted by the Audit Committee and the results of its own audit correspond fully to the results of the official auditor. The Supervisory Board raised no objections to the final results of this examination. The Supervisory Board has therefore approved the annual financial statements and the consolidated financial statements. The annual financial statements have thus been adopted.

The Supervisory Board approved the Managing Board's proposal for the use of net profit, including the payment of a dividend of €0.47 per share.

Personnel matters and a note of thanks

With the appointment resolution of the Mannheim Local Court (Amtsgericht) of 22 June 2012, the Supervisory Board again has a female member, Prof. Dr. Marion Weissenberger-Eibl. This appointment was necessary because Dr. Herbert Lütkestratkötter, former Chairman of the Managing Board of HOCHTIEF Aktiengesellschaft, resigned from his mandate in March 2012 for personal reasons. The Supervisory Board noted this with regret and thanks Dr. Lütkestratkötter for his committed and highly competent involvement with the Supervisory Board. Following an intensive candidate selection procedure, the Supervisory Board is confident that it has found a suitable member from both a specialist qualification and personal perspective in Prof. Dr. Weissenberger-Eibl and wishes her every success in the fulfillment of her mandate. Prof. Dr. Weissenberger-Eibl will stand for election at the Annual General Meeting on 8 May 2013.

The Supervisory Board would finally like to thank the Group's management and all the employees of the Group for their high level of personal dedication during 2012. Their performance in ensuring the continued successful development of the Group under the still difficult conditions in the building materials industry has been outstanding.

Heidelberg, 13 March 2013

For the Supervisory Board

Yours sincerely,



Fritz-Jürgen Heckmann
Chairman



Managing Board

1 DR. BERND SCHEIFELE

Born in Freiburg (Germany), aged 54 years. Studies in law at the universities of Freiburg, Dijon (France), and the University of Illinois (USA). Since 2005, Chairman of the Managing Board; in charge of Strategy & Development, Communication & Investor Relations, Human Resources, Legal, Compliance, and Internal Audit.

2 DR. LORENZ NÄGER

Born in Ravensburg (Germany), aged 52 years. Studies in business administration at the German universities Regensburg and Mannheim and in Swansea (UK). Since 2004, member of the Managing Board; in charge of Finance, Group Accounting, Controlling, Taxes, Insurance & Risk Management, IT, Shared Service Center, and Logistics.

3 DR. DOMINIK VON ACHTEN

Born in Munich (Germany), aged 47 years. Studies in law and economics at the German universities of Freiburg and Munich. Member of the Managing Board since 2007; in charge of the North America Group area, Purchasing, and worldwide coordination of the Competence Center Materials.

4 DR. ALBERT SCHEUER

Born in Alsfeld (Germany), aged 55 years. Studies in mechanical engineering/process technology at the Clausthal University of Technology (Germany). Since 1992 at HeidelbergCement. Member of the Managing Board since 2007; in charge of the Asia-Pacific Group area and worldwide coordination of the Heidelberg Technology Center.

5 ANDREAS KERN

Born in Neckarsteinach (Germany), aged 54 years. Studies in business administration at the University of Mannheim (Germany). Since 1983 at HeidelbergCement. Member of the Managing Board since 2000; in charge of the Eastern Europe-Central Asia Group area and Germany, Sales and Marketing, and worldwide coordination of secondary cementitious materials.

6 DANIEL GAUTHIER

Born in Charleroi (Belgium), aged 56 years. Studies in mining engineering at the Polytechnic University of Mons (Belgium). Since 1982 at CBR, the Belgian subsidiary of HeidelbergCement. Member of the Managing Board since 2000; in charge of the Group areas Western and Northern Europe (without Germany), Africa-Mediterranean Basin, and Group Services, as well as Environmental Sustainability.

HeidelbergCement in the capital market

Overview

In Germany, the HeidelbergCement share is listed for trading on the Prime Standard stock market segment of the Frankfurt stock exchange and on the Regulated Market of the Stuttgart, Düsseldorf, and Munich stock exchanges. The HeidelbergCement share is listed in the German benchmark index DAX, making HeidelbergCement the only company in the construction and building materials industry to be recognised as one of the 30 largest listed companies in Germany.

Our share ranks among the most important building materials shares in Europe: besides the DAX, it is also included in other indices, such as the FTSEurofirst 300 Economic Sector Index, the S&P Global 1200 Index, and the Dow Jones Construction & Materials Titans 30 Index, which comprises the 30 largest construction shares and second-tier shares in the world.

Development of the HeidelbergCement share

At the start of the year, positive economic data in the USA and falling bond yields in Italy and Spain led to strong price gains in the stock markets. The HeidelbergCement share price, which closed at €32.79 at the end of the previous year, also rose considerably. The intensification of the debt crisis in the euro zone and weakening growth in the USA and China triggered a significant adjustment on the global stock markets as of April 2012. In addition, the aftereffects of sharply rising energy costs put considerable pressure on our profit margins in the first quarter of 2012. On 5 June 2012, the price of our share therefore reached its lowest point, at €32.35. As the year progressed, the promise of the President of the European Central Bank to save the euro at all costs led to a recovery in the stock markets. Furthermore, the fact that our cement margins had picked up and risen again for the first time in the second quarter was met with a positive response from the capital market. Thanks to our good results in the third quarter, solid US economic data, and a recovery of the leading indicators in Germany and China, the price of our share achieved its highest point on 20 December, at €46.67, and closed at the end of 2012 at €45.83.

Overall, our share benefited over-proportionally from the recovery of the stock markets over the course of the year; its price rose by 39.8 % in 2012. However, the global industry index, the MSCI World Construction Materials Index, only rose by 31.1 %. The DAX also recorded a lower increase than the HeidelbergCement share, at 29.1 %. At the end of 2012, HeidelbergCement's market capitalisation amounted to €8.6 billion, considerably higher than the previous year's value of €6.1 billion.

Development of the HeidelbergCement share (ISIN DE0006047004, WKN 604700)

€	2012
Year-end share price 2011	32.79
Highest share price	46.67
Lowest share price	32.35
Year-end share price 2012	45.83
Shareholders' equity per share on 31 Dec. 2012	73.14
Market value on 31 Dec. 2012 (€ '000s)	8,593,125
Change compared with 31 Dec. 2011	
HeidelbergCement share	+39.8%
DAX	+29.1%
MSCI World Construction Materials Index	+31.1%

Performance of the HeidelbergCement share in 2012



Development of the HeidelbergCement share compared to MSCI World Construction Materials Index and DAX in 2012

Index (Base: 31 December 2011 = 100)



Earnings per share

Earnings per share in accordance with IAS 33 for the 2012 financial year were €1.61 (previous year: 1.86). For continuing operations, earnings per share amount to €1.13 (previous year: 1.97).

The calculation of the earnings per share in accordance with IAS 33 is shown in the following table. To determine the average number of shares, additions are weighted in proportion to time; in the 2011 and 2012 financial years, no additions were recorded and so the number of shares remained constant in both years. Further comments are provided in the Notes under item 13.

Earnings per share according to IAS 33		
€m	2011	2012
Group share of profit	348.1	301.2
Number of shares in '000s (weighted average)	187,500	187,500
Earnings per share in €	1.86	1.61
Net income from continuing operations – attributable to the parent entity	369.8	212.6
Earnings per share in € – continuing operations	1.97	1.13
Net income / loss from discontinued operations – attributable to the parent entity	-21.7	88.5
Earnings / loss per share in € – discontinued operations	-0.11	0.48

Dividend

In view of the positive business development, the Managing Board and Supervisory Board will propose to the Annual General Meeting on 8 May 2013 the distribution of a dividend of €0.47 per HeidelbergCement share.

Dividend key figures					
	2008	2009	2010	2011	2012
Dividend per share (in €)	0.12	0.12 ¹⁾	0.25	0.35	0.47 ²⁾
Dividend yield ³⁾ (in %)	0.3	0.3	0.5	0.9	1.0
Group share of profit (in €m)	1,808.2	42.6	342.7	348.1	301.2
Dividends (in €m)	15.0	22.5	46.9	65.6	88.1
Payout ratio (in %)	0.8	52.8	13.7	18.8	29.2

1) The syndicated loan agreement from June 2009 limited the distribution of dividends to the statutory minimum dividend of €0.12 per share.

2) To be proposed to the Annual General Meeting on 8 May 2013

3) Dividend per share/share price on the day of the Annual General Meeting; for the 2012 financial year: dividend per share/share price at the end of the financial year

Shareholder structure and trading volume

A shareholder study conducted in November 2012 showed further stabilisation in our shareholder structure as a whole. Nevertheless, there were changes in the shareholder structure of HeidelbergCement compared with the last study conducted in October 2011. Our intensive efforts to attract more North American investors have been successful. We were able to increase the proportion of institutional investors from North America – primarily from the west coast of the USA. Although the proportion of German and British investors remained more or less stable, the proportion of investors from other regions declined. The study also showed that the proportion of hedge fund investors fell in 2012.

TO OUR SHAREHOLDERS

Letter to the shareholders

Managing Board

Report of the Supervisory Board

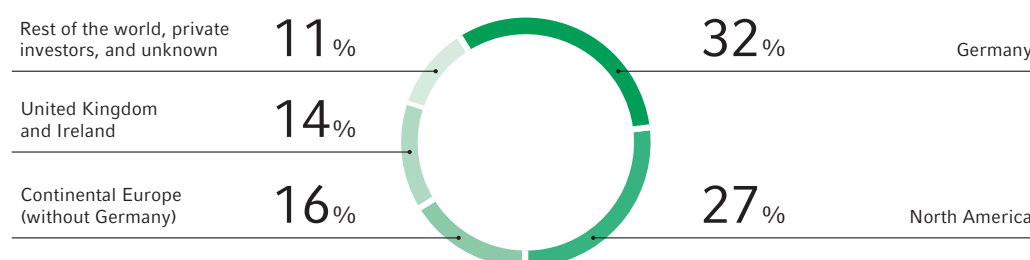
HeidelbergCement in the capital market

In November 2012, investors from Germany formed the largest investor group at 32 %, followed by investors from North America at 27 %, continental Europe excluding Germany at 16 %, and the United Kingdom and Ireland at 14 %.

As at 31 December 2012, the free float amounted to 74.89 %. According to information available to us, Mr Ludwig Merckle holds 25.11 % of the shares.

On average, around 0.94 million HeidelbergCement shares were traded per day in Xetra trading on the Frankfurt Stock Exchange in 2012. In the Equity Indices Ranking published by Deutsche Börse, our share was in place 28 at the end of 2012 for the free float market capitalisation criterion and in place 27 for order book turnover.

Geographical distribution of shareholders (as of November 2012)



Shareholder structure

	31 Dec. 2012
Ludwig Merckle, Ulm/Germany (4 November 2010)	25.11 %
of which via companies controlled by him holding 3 % or more of the voting rights directly or indirectly (21 January 2011)	25.01 %
Free float	74.89 %
Comprising:	
Arnhold and S. Bleichroeder Holdings, Inc., New York/USA (via First Eagle Investment Management, LLC, New York/USA) ¹⁾ (23 June 2011)	5.12 %
BlackRock, Inc., New York/USA ¹⁾ (14 September 2012)	4.998 %
Artisan Partners Limited Partnership, Milwaukee/USA ¹⁾ (24 October 2012)	3.01 %

1) Attribution in accordance with § 22, section 1, sentence 1, no. 6 of the German Securities Trading Law (Wertpapierhandelsgesetz)

In brackets: date on which percentage exceeded or fell below a reporting threshold

HeidelbergCement AG share capital

	Share capital € '000s	Number of shares
1 January 2012	562,500	187,500,000
31 December 2012	562,500	187,500,000

Bonds and credit ratings

In March 2012, despite difficult capital market conditions, we issued a Eurobond of €300 million with a four-year term as part of our €10 billion EMTN programme. The bond is unsecured and ranks pari passu with all other capital market debt of HeidelbergCement. Further information on our corporate bonds can be found in the Group financial management section on page 66 f.

HeidelbergCement's credit quality is assessed by the internationally recognised rating agencies Moody's Investors Service and Fitch Ratings. We cancelled our rating agreement with Standard & Poor's on 21 November 2012. The rating agreements with Moody's Investors Service and Fitch Ratings continue unchanged. In the 2012 financial year, the credit ratings for our Group remained stable. The ratings are Ba1/Not Prime/Outlook Stable from Moody's Investors Service and BB+/B/Outlook Stable from Fitch Ratings. Further information on HeidelbergCement's rating and its development can be found in the Group financial management section on page 69 f.

Investor Relations

The main tasks of our investor relations work were once again to broaden the geographical spread of the shareholder structure and to increase the proportion of long-term investors. These activities focussed on making contact with previously uninvolved investors in North America. By directly addressing institutional investors through road shows and conferences, particularly in the financial centres of Germany, the USA, the United Kingdom, and continental Europe, we succeeded in diversifying the shareholder base further and attracting long-term oriented investors as shareholders.

In June 2012, 30 analysts and investors responded to our invitation to attend a presentation with discussion forum and subsequent quarry visit in Dallas, Texas. At this event, the Managing Board presented the strategy and financial position of the Group in general and the aggregates business line in particular. The presentations shown during this event and at other conferences and visits are available on the Internet, provided they contain significant changes compared with previous presentations. The Investor Relations team supported reporting on HeidelbergCement by regular discussions with analysts. The number of analysts regularly reporting on HeidelbergCement has – with 39 – remained approximately the same since the publication of the last Annual Report.

In 2012, Institutional Investor Magazine conducted a survey that questioned 825 portfolio managers and almost 1,500 analysts about the best investor relations work in Europe. In the construction sector, HeidelbergCement was awarded first place out of 59 companies by the investors. Our knowledge of the industry and the credibility of our Investor Relations team were highlighted as two of our strengths. The Investor Relations team consistently gathered and evaluated feedback from investors following road shows and conferences in order to continually improve the quality and effectiveness of our investor relations work. The results were incorporated into the ongoing development of our investor relations work, with the aim of successfully continuing open dialogue and transparent communication with the capital market and strengthening trust in our Group and our share.

Contact us

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Group Communication & Investor Relations
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2

Combined management report of HeidelbergCement Group and HeidelbergCement AG

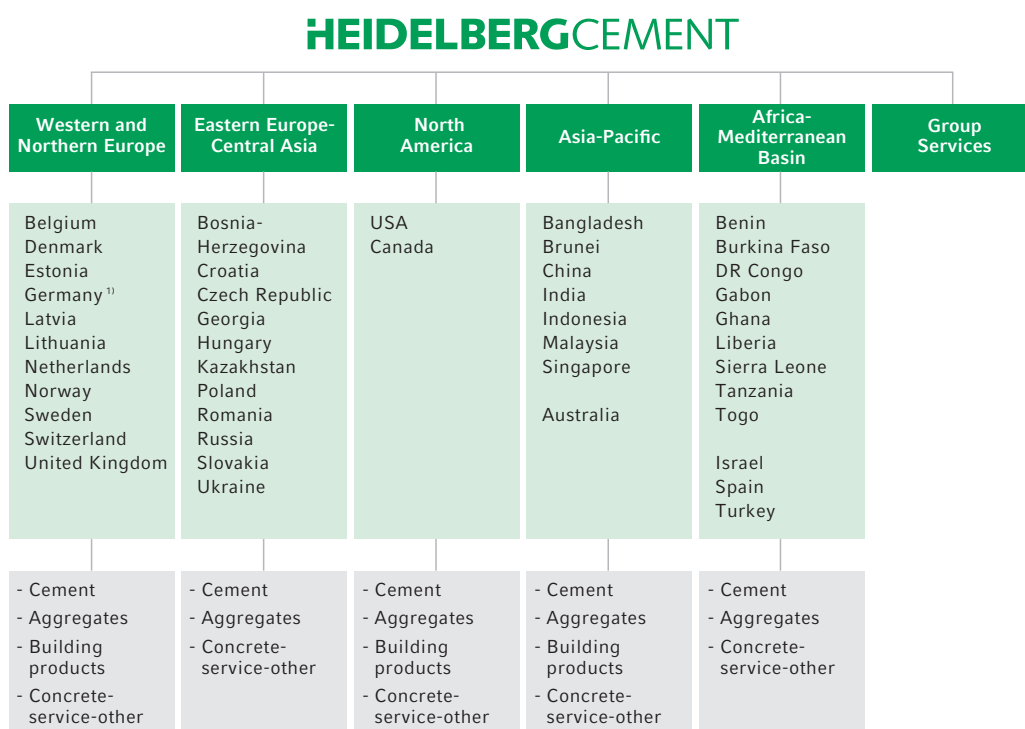
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Due to rounding, numbers presented in the Annual Report may not add up precisely to the totals provided.

Core activities and organisational structure

HeidelbergCement operates on five continents as a fully integrated building materials company. Our core activities include the production and distribution of cement and aggregates, the two essential raw materials for the manufacture of concrete. We supplement our product range with downstream activities, such as ready-mixed concrete, concrete products, and concrete elements, as well as other related products and services. We employ 51,966 people at 2,500 locations in more than 40 countries.

Organisational structure of the Group areas and business lines



1) Germany, as a mature market, is reported on as part of the Western and Northern Europe Group area. For management reasons, however, the country belongs to the area of responsibility of the same Managing Board member who is in charge of Eastern Europe-Central Asia.

HeidelbergCement is divided into five geographical Group areas: Western and Northern Europe, Eastern Europe-Central Asia, North America, Asia-Pacific, and Africa-Mediterranean Basin (see organisation chart for breakdown of countries). Within the geographical Group areas, we have divided our activities into four business lines: cement, aggregates, building products, and concrete-service-other. In Asia-Pacific, however, building products are only represented to a below-average extent, and in the Eastern Europe-Central Asia and Africa-Mediterranean Basin Group areas, they are not represented at all. Our global trading activities, especially the trading of cement, clinker, and fuels, are pooled together in the sixth Group area Group Services.

COMBINED MANAGEMENT REPORT	
Core activities and organisational structure	Sustainability
Strategy, management control, and targets	Employees and society
2012 business trend	Environmental precaution
Additional statements	Research and technology
Risk report	Procurement Outlook

Strategy, management control, and targets

Strategy

Dual growth strategy

Cement and aggregates form the basis of our dual resource and growth strategy. In cement, the focus is on growth markets. As more and more countries industrialise, we are working to secure raw materials resources and increase diversification in the aggregates business, as well as concentrating on vertical integration through investments in ready-mixed concrete in mature markets. The focus is on growth pockets characterised by higher rates of expansion than their surrounding regions. The expansion can be achieved organically, through partnerships, or acquisitions.

Performance culture and local responsibility

An excellent management team and dedicated, qualified employees are the source of our business success. As a company with a focus on performance and results, we greatly value the competence of our employees and management. The focus is on comprehensive efficiency and clear customer-orientation. HeidelbergCement pursues an integrated management approach, the success of which is based on a balance between local operational responsibility, Group-wide standards, and global leadership. Our local operations are key for the success of our business. Local management bears full responsibility for production, market and management development, with the aim of market and cost leadership. They are supported by nationwide shared service centers, which handle administration for all business lines on the basis of a standardised IT infrastructure. In order to ensure transparency, efficiency, and rapid implementation of measures throughout the Group, HeidelbergCement has standardised all important management processes. Group-wide, uniform key performance indicators (KPIs) facilitate direct comparability and provide a foundation for continual benchmarking.

Cost leadership and benchmarking

In a market with largely standardised products, cost leadership is a key factor for success. In addition to our consistent focus on cost cutting programmes, emphasis is placed on continual improvement of operational performance at individual production sites. We engage in intensive benchmarking both internally and in relation to competitors, in order to identify optimisation potentials. When it comes to investment, we also aim to keep costs as low as possible through a combination of HeidelbergCement engineering and low-cost suppliers worldwide for machines, equipment, and services.

Sustainability assures long-term commercial success

We build our long-term success on sustainable business practices. This includes securing access to raw materials reserves with adequate lifetimes and introducing innovative production processes. Alongside the use of alternative raw materials and fuels, and the development of new products, this leads to emission reductions and conservation-oriented handling of our raw materials base. HeidelbergCement is also active in the promotion of biodiversity at its extraction sites, through targeted implementation of biodiversity management plans, partnerships with international and national environmental organisations, as well as organising the international "Quarry Life Award" competition.

Financing strategy

For information on financial management-related targets and policies, please refer to the section Group financial management on page 66 f.

Internal management control and targets

The internal management control system at HeidelbergCement is based primarily on annual operational planning, ongoing management accounting and control, quarterly management meetings, central coordination of investment processes, as well as regular Managing Board meetings and reporting to the Supervisory Board.

Annual planning takes the form of top-down/bottom-up planning, under which the Managing Board first defines a top-down budget on the basis of macroeconomic analyses, its assessment of market conditions and cost targets. From this, specific targets are derived for individual operating units, which are used as the basis of detailed planning for the individual units and setting of targets with local management. The individual operational plans created by the operating units are then consolidated centrally to create the Group-wide plan.

Ongoing management accounting and control of the company is carried out using a comprehensive system of standardised reports on the Group's net assets, financial performance, and results of operations. The indicators used for this purpose are determined and presented uniformly throughout the Group. Reports on financial status and selected sales volumes, and production overviews are prepared weekly. Reports on results of operations and working capital are prepared monthly as well as a detailed cash flow report in order to monitor cash flow as a key management indicator for the company. Detailed reports on the assets positions are submitted at the end of each quarter. Since 2011, internal quarterly reporting has been including a detailed tax reporting. At the quarterly management meetings, the Management Board and country managers discuss business developments, including target achievement, along with the outlook for the relevant year and any measures that need to be taken.

Central departments in the areas of strategy, finance, and technology follow a formalised process to review and assess all major investments and acquisitions. This ensures comparability between different projects and consistent high quality in investment decision making. Investments in expansion are assessed using a discounted cash flow (DCF) model. The standard is that investment projects must generate at least enough income to cover their weighted average cost of capital (WACC). This long-term approach to investment returns is supported by simulated calculations that show the impact of an investment on the consolidated income statement, statement of cash flows, balance sheet, and taxes over a period of five years.

The financial analysis is complemented by a strategic analysis of the planned investments. Here, the strategic value of an investment is determined taking into account the expected market position, growth potential, synergies with other Group units, and the risk structure. The overall result of these analyses is the criterion by which the Managing Board makes its investment decisions.

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Financial targets and management indicators

Earnings, capital expenditure, and return on capital

The most important short-term indicator of the company's earnings strength is operating income, which is determined in detail and analysed for all operating units. The decisive indicator at Group level is Group share of profit. The financial and assets positions of the operating units are monitored short-term primarily via the amount of working capital and investment. Fixed targets are agreed with all operating units for each indicator.

The company uses return on capital employed (ROCE) at operational level and return on invested capital (ROIC) at strategic level for medium-term management control and capital allocation. ROCE is calculated as the ratio of EBIT (earnings before interest and taxes) to invested capital. Taxes and goodwill are not taken into account for calculation. These are strategic-level indicators, and are therefore taken into account for determination of ROIC. Strategic management and capital allocation are based on ROIC, which is defined as the ratio of earnings before interest but after tax to the sum of shareholders' equity and interest-bearing liabilities.

The target is generation of ROCE between 19 % and 20 % and ROIC at least equivalent to weighted average cost of capital (WACC). HeidelbergCement's weighted WACC totalled 7.8 % at the end of the reporting year, and ranged between 6.0 % and 16.6 % in the individual countries. Please see page 66 for more information on capital efficiency.

Financing structure

HeidelbergCement is determined to achieve an investment grade rating to ensure that we retain our high financial stability as a company that is sensitive to business cycles. Furthermore, investment grade rating facilitates access to attractive and cost-effective funding opportunities. To achieve this goal, we are focussing on the financial indicators most watched by rating agencies. An important indicator is the dynamic debt ratio, i.e. the ratio of net debt to operating income before depreciation, which we intend to lower to less than 2.8x. By the end of 2012, we had succeeded in lowering this ratio to 2.8x, as compared to 3.3x at the end of 2011.

Non-financial targets and sustainable performance indicators

Further information on non-financial performance figures is available in the chapters Sustainability, Employees and society, and Environmental precaution.

Lead indicators

HeidelbergCement's core business is in standardised mass products that are generally ordered at short notice. For the most part, suppliers of such products are interchangeable from a customer standpoint. Moreover, the volume of construction activity – and thus sales volumes of building materials – are dependent on local weather conditions in the respective markets. Given this market constellation, no reliable lead indicators are definable for business forecasting. However, selected statistical data and industry association forecasts can be utilised to gauge the business outlook at country level. In mature markets, for instance, figures on building permits or infrastructure budgets serve as important sources of information. In emerging markets, data on population growth and GDP growth forecasts are frequently used indicators.

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Economic environment

General economic conditions

As expected, 2012 was characterised by a worldwide slowdown in economic growth resulting from the effects of the European financial crisis on the world markets. In addition, economic growth cooled further in the two most populated countries, China and India, compared with the previous year. In Eastern Europe, growth rates also fell significantly. Although economic growth in Germany declined slightly, the increase of 0.7 % was considerably higher than the development in the euro zone, where economic output fell by 0.4 %.

In 2012, central banks in Europe, the USA, and China continued their expansionary policy to stabilise the markets. Central banks in Europe and China reduced base rates, and central banks in the USA, the United Kingdom, and Japan expanded their purchases of bonds. The agreement on budgetary discipline adopted by EU countries, the start of the ESM permanent bailout fund, and, last but not least, the promise of the European Central Bank to save the euro at all costs finally stabilised the financial markets. At the end of 2012, solid US economic data and a rise in the Purchasing Managers' Index in China pointed towards an improvement in the economic situation. According to the IMF, the world economy grew by 3.2 % in 2012, following an increase of 3.9 % in the previous year.

Real GDP growth rate in major Group countries					
in %	2011	2012 ¹⁾	in %	2011	2012 ¹⁾
Western and Northern Europe			Asia-Pacific		
Belgium	1.8	-0.2	Australia	2.3	3.1
Germany	3.0	0.7	Bangladesh ^{*)}	6.5	6.1
Netherlands	1.0	-0.9	China	9.2	7.8
Norway	1.2	3.2	India	6.8	4.6
Sweden	3.7	1.0	Indonesia	6.5	6.2
UK	0.9	0.2	Malaysia	5.1	4.8
Eastern Europe-Central Asia			Africa-Mediterranean Basin		
Czech Republic	1.9	-1.1	DR Congo ^{*)}	6.9	7.1
Hungary	1.6	-1.7	Ghana ^{*)}	14.4	8.2
Kazakhstan	7.5	5.5	Tanzania ^{*)}	6.4	6.5
Poland	4.3	2.0	Togo ^{*)}	4.9	5.0
Romania	2.2	0.2	Israel	4.6	3.5
Russia	4.3	3.4	Spain	0.4	-1.4
Ukraine	5.2	0.2	Turkey	8.5	3.0
North America					
Canada	2.6	1.8			
USA	1.8	2.2			

Source: Deutsche Bank Research and ^{*)} CIA World Factbook Estimates

1) 2012 values are based on estimations and forecasts.

As a result of weakening economic growth, the prices of many raw materials fell in 2012. In the first half of 2012, the oil price reached a new record high as a consequence of the conflict in Iran and the oil embargo imposed by the EU in mid-2012. Overall, the oil price only increased slightly

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compared with the previous year. The development of shale gas reserves led to a significant decline in the prices of fuels and energy in North America. However, the prices of raw materials and energy picked up again marginally towards the end of the year due to improved economic growth prospects.

Industry-specific conditions

The construction industry experienced distinctly varied regional development in 2012. According to its projection from December 2012, the European market research network Euroconstruct expects a clear bifurcation of construction activity in Europe in 2012. In the countries of Southern Europe, as well as Ireland, affected by the bursting of the housing bubble or the debt crisis, another significant decline in construction activity is anticipated. Construction activity is also expected to diminish in the Netherlands and the United Kingdom. Both countries have reduced their infrastructure construction spending in connection with budgetary consolidation. In addition, development programmes for private residential construction in the Netherlands have come to an end. Continued growth in construction activity is expected in Belgium, Denmark, and Norway, while it is believed that a slight decline will be recorded in Sweden. In Germany, construction investments did not quite maintain the high level of the previous year, and fell slightly by 1.5 %, while gross domestic product increased by 0.7 %. Construction investments rose significantly in the USA. For the whole of 2012, the national Portland Cement Association (PCA) reports an increase in construction activity of more than 7 %. The gross domestic product grew by 2.2 % in the same period. In Asia, construction activity continued to increase. For example, in Indonesia, our largest Asian market, demand for cement grew by 14.5 %, which is considerably more than the 6.2 % growth of gross domestic product. This was a consequence of the high demand in the residential construction sector, which was strengthened further by the start of infrastructure projects.

Demand for building materials depends on the development of construction investments. The significant recovery of construction activity in North America in 2012 was the result of, among other things, late-cycle investments in commercial construction. With the economic recovery, office, storage and sales space that has become vacant as a result of the crisis has to be filled before companies are ready to build and expand. In the USA, the growth in commercial construction amounted to 5.6 %. In Germany, commercial construction did not meet the weather-related high level of the previous year and declined slightly by 2.2 %.

While the surplus of housing and the high unemployment in some countries, such as Spain, continue to adversely affect new construction activity, residential construction has recovered considerably in the USA. The PCA reports an increase in residential construction of around 21 % in 2012, driven by an increase in demand for both multi-family residential units as well as single-family houses. In Germany, residential construction investments grew slightly by 1.5 % after an already considerable increase in the previous year.

In the area of building construction and civil engineering, demand for building materials was stimulated in recent years in some countries – such as in the USA – by state-funded infrastructure measures. This support was discontinued in 2012. Investments in infrastructure projects also decreased accordingly. In Germany, for example, investments in public building construction fell by 15 %; in the USA infrastructure construction declined by 6 %.

Like the construction industry, building materials markets also showed regionally inconsistent trends in 2012. Global cement consumption rose by around 5.6 %. However, excluding China – responsible for almost 60 % of the world's cement consumption – it only rose by around 3.7 %.

The strong increases in some emerging countries were offset by much lower growth rates in the industrialised countries. In China, for example, cement consumption is thought to have risen by around 6.9 %; Indonesia recorded an increase of 14.5 % in demand, while India's growth rate remained below expectations at around 6 %. There was a significant decline in cement consumption in Poland (-17 %) and the Ukraine (-7 %) after the completion of construction activity in connection with the European Football Championship. Thanks to the recovering economy, demand for cement increased by 13 % in Russia. In Germany, cement consumption remained just under the high level of the previous year, which was favoured by particularly mild winter weather. In the United Kingdom, however, the construction industry experienced a decline due to budgetary consolidation measures. As a result, demand for cement was 7 % lower than the previous year. In the USA, cement consumption increased by 9 % thanks to the considerable recovery in private residential construction.

Development of sales volumes and revenue

In 2012, sales volumes developed very differently for each Group area and business line. While sales volumes of cement, clinker, and ready-mixed concrete benefited from higher demand in the North America and Asia-Pacific Group areas as well as – in the cement business line – in most African countries, there was an overall reduction in deliveries in Europe and Central Asia due to reduced construction investments, some of which were considerable. In all Group areas, aggregates sales volumes in 2012 were lower than in the previous year.

In 2012, cement and clinker sales volumes rose by 1.4 % in comparison with the previous year to 89.0 million tonnes (previous year: 87.8). In North America, sales volumes increased in the double-digit percentage range, primarily driven by strong growth in residential construction. We also recorded pleasing increases in quantities in our growth markets in Asia and Africa. In Europe and Central Asia, however, demand declined, with the exception of some countries such as Sweden, Russia, Kazakhstan, and Georgia.

In 2012, aggregates sales volumes dropped by 4.4 % to 243.0 million tonnes (previous year: 254.1). Here, too, the picture is varied. Sales volumes decreased in all Group areas, but while deliveries in North America and Asia-Pacific were only slightly below the previous year, many European countries saw greatly reduced quantities; the Eastern Europe-Central Asia Group area was most severely affected. The ongoing significant decline in deliveries in Spain also reduced total aggregates sales volumes of the Africa-Mediterranean Basin Group area.

In 2012, ready-mixed concrete sales volumes remained stable at 39.1 million tonnes. The increase in deliveries in our North America and Asia-Pacific Group areas offset the decline in sales volumes in Europe. The Eastern European countries were particularly affected.

In 2012, asphalt shipments fell by 9.8 % in comparison with the previous year to 8.6 million tonnes (previous year: 9.5). This is a result of the sharp drop in quantities in the United Kingdom in the Western and Northern Europe Group area due to significantly lower infrastructure investments. While asphalt deliveries in North America were slightly below the level of the previous year, they rose to a minor extent in the Asia-Pacific and Africa-Mediterranean Basin Group areas as a whole.

In 2012, revenue rose significantly in comparison with the previous year by 8.7 % to €14,020 million (previous year: 12,902). This primarily reflects the continued positive development in our growth markets as well as the continued recovery in North America. Excluding exchange rate and consolidation effects, revenue increased by 4.2 %. The weakening of the euro, particularly in relation to the US dollar, contributed to an increase in revenue of €592 million.

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Sales volumes			
	2011	2012	Change
Cement and clinker (million tonnes)	87.8	89.0	1.4 %
Aggregates (million tonnes)	254.1	243.0	-4.4 %
Asphalt (million tonnes)	9.5	8.6	-9.8 %
Ready-mixed concrete (million cubic metres)	39.1	39.1	0.0 %

Earnings position

The earnings position of HeidelbergCement improved further in the 2012 financial year compared with the previous year.

Cement sales volumes increased slightly year on year because the positive development in sales volumes in the North America, Asia-Pacific, and Africa-Mediterranean Basin Group areas more than offset the weak demand in Europe. The declining infrastructure investments in the USA, the United Kingdom, Benelux, and Eastern Europe led to a decrease in sales volumes of aggregates and asphalt.

Revenue and operating income of the Group rose compared with the previous year as a result of price increases and the successful implementation of our cost reduction and efficiency improvement initiatives. The improvement in the operating margin was primarily attributable to strong development in the Asia-Pacific, Africa-Mediterranean Basin, and North America Group areas. The "FOX 2013" programme significantly exceeded expectations and led to cash-relevant savings of €384 million in 2012.

Group revenue rose considerably in the 2012 financial year by 8.7 % to €14,020 million (previous year: 12,902). In particular, the Asia-Pacific, Africa-Mediterranean Basin, and North America Group areas recorded double-digit growth rates. While moderate growth was achieved in the Eastern Europe-Central Asia Group area, revenue in the Western and Northern Europe Group area declined slightly; the United Kingdom and Benelux were particularly affected. Positive exchange rate effects of €592 million, mainly in the Asia-Pacific, North America, and Western and Northern Europe Group areas, contributed to the rise in revenue. The effects of changes in the consolidation scope were insignificant.

In the reporting year, material costs rose by 10.3 % to €5,936 million (previous year: 5,380). This is primarily attributable to an increase in revenue as well as the expansion of the trading activities of HC Trading.

The rise of 12.9 % in personnel costs to €2,330 million (previous year: 2,064) is essentially attributable to one-off effects of €129 million in the previous year in connection with the renegotiation of several pension schemes in North America and Western Europe, as well as the usual wage and salary increases.

The change in other operating income and expenses of €-152 million is primarily due to the rise of €100 million in freight costs as a result of the expansion of the freight activities of HC Trading, and the increase of €54 million in expenses for repairs and services by third parties. This was offset by book profits of €70 million from the disposal of played out quarries in Canada which were no longer being used operationally.

Operating income before depreciation (OIBD) rose by €156 million (+6.7 %) to €2,477 million (previous year: 2,321).

The decrease of €12 million in the amortisation of intangible assets to €70 million (previous year: 82) is primarily due to the devaluation of CO₂ emission rights by €14 million as a consequence of reduced market prices. The depreciation of property, plant, and equipment only increased slightly to €794 million (previous year: 765). Operating income rose over-proportionally by 9.5 % to €1,613 million (previous year: 1,474).

The additional ordinary result fell by €264 million to €-409 million (previous year: -145). This was mainly due to the increase of €167 million in non-cash impairment of goodwill and other fixed assets to €257 million (previous year: 90). Disposal losses from divestments increased by €31 million to €49 million (previous year: 18). Restructuring expenses declined slightly to €41 million (previous year: 48).

The result from participations decreased by €5 million to €44 million (previous year: 49). The financial result fell by €58 million to €-641 million (previous year: -582). This is essentially due to the drop in discount rates for the valuation of non-current provisions which led to non-cash relevant financial expenses of €-51 million (previous year: -9), in 2012. In addition, the decrease of €13 million in interest result was primarily attributable to pre-financing of the €1 billion Euro-bond that was repaid in January 2012.

The profit before tax from continuing operations decreased by €187 million to €607 million (previous year: 794). Income taxes dropped by €87 million to €151 million (previous year: 238 €). The increase of €57 million in current taxes to €370 million (previous year: 313) is primarily due to the improvement in results in Indonesia and Germany and to the withholding tax charged on dividend payments in Canada. Income from the reduction of long-term tax liabilities led to a decrease in taxes. The increase of €145 million in deferred tax results to €219 million (previous year: 74) relates primarily to the recognition of additional deferred tax assets for losses carried forward.

Net income from continuing operations thus amounts to €457 million (previous year: 556). Net income from discontinued operations of €89 million (previous year: -22) relates to income and expenses in connection with damages and environmental obligations for US subsidiaries of the Hanson Group, which was taken over in 2007.

Overall, the profit for the financial year amounts to €545 million (previous year: 534). The increase of €58 million in profit attributable to non-controlling interests to €244 million (previous year: 186) is largely a consequence of the improvement in Indocement's results. The Group share of profit therefore amounts to €301 million (previous year: 348).

Earnings per share – Group share – in accordance with IAS 33 fell to €1.61 (previous year: 1.86). For continuing operations, earnings per share amount to €1.13 (previous year: 1.97).

In view of the positive business development, the Managing Board and Supervisory Board will propose to the Annual General Meeting on 8 May 2013 the distribution of a dividend of €0.47 (previous year: 0.35) per share.

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Consolidated income statement (short form)

€m	2011	2012	Change
Revenue	12,902	14,020	9 %
Operating income before depreciation (OIBD)	2,321	2,477	7 %
Amortisation and depreciation of intangible assets and property, plant, and equipment	-847	-864	2 %
Operating income	1,474	1,613	9 %
Additional ordinary result	-145	-409	181 %
Result from participations	49	44	-9 %
Earnings before interest and taxes (EBIT)	1,377	1,248	-9 %
Financial result	-582	-641	10 %
Profit before tax from continuing operations	794	607	-24 %
Income taxes	-238	-151	-37 %
Net income from continuing operations	556	457	-18 %
Net income/loss from discontinued operations	-22	89	
Profit for the financial year	534	545	2 %
Group share of profit	348	301	-13 %

Business trend in the Group areas

Western and Northern Europe

HeidelbergCement operates in eleven countries in the Western and Northern Europe Group area. In these mature markets, we manufacture cement, aggregates, asphalt, ready-mixed concrete, and various building products as a fully integrated building materials company. We are the market leader in most of the countries in which we produce cement. We also have a dense network of quarries for aggregates and production facilities for ready-mixed concrete. The United Kingdom is our largest market region in Western and Northern Europe.

Economic development in some countries of the Western and Northern European Group area was heavily impaired by national budgetary problems and the uncertainties resulting from the euro crisis. While the gross domestic product grew in Germany, Norway, and Sweden by 0.7 %, 3.2 %, and 1.0 %, respectively, in the reporting year, it rose only by 0.2 % in the United Kingdom. Economic output declined by 0.9 % in the Netherlands and by 0.2 % in Belgium.

After a recovery in 2011, construction activity in the countries of the Group area showed varied development in the reporting year. Construction investments in Germany fell by 1.5 % despite continued strong demand from residential construction. The increase in private residential construction due to lower construction interest rates and ongoing speculation about the future of the euro could not fully offset this decline, particularly in public construction. In Norway, Estonia, and Latvia, construction activity driven by positive economic development rose in comparison with the previous year, and remained fairly stable in Sweden. In contrast, construction activity in the United Kingdom and the Netherlands noticeably declined. This was due to the low level of infrastructure investments in the United Kingdom, as a result of budgetary consolidation, and – among others – the decrease in private residential construction in the Netherlands following the discontinuation of housing development programmes.

Unlike the previous year, demand for building materials in the Group area in 2012 was not supported by mild winter weather at the start and end of the year. This also contributed to the

single-digit decreases in sales volumes in our core activities of cement, aggregates, and ready-mixed concrete.

In 2012, we reorganised our activities in the United Kingdom as a result of the sharp downturn in the construction industry and a number of locations were temporarily or permanently closed.

Cement business line

In 2012, cement consumption in Germany was 3 % below the previous year, totalling 27 million tonnes, while it fell by 7 % to 7.8 million tonnes in the United Kingdom. In Belgium, cement consumption decreased by 4.3 % and fell by 15.4 % in the Netherlands. Sweden and Norway developed more satisfactorily. While the Swedish market remained fairly stable, cement consumption increased in Norway.

In the cement business line, we experienced varied development in sales volumes in 2012. Cement and clinker sales volumes in the Group area decreased overall by 3.9 % to 21.3 million tonnes (previous year: 22.1). While domestic shipments rose in Norway and remained relatively stable in Germany and in the Baltic States, they were slightly lower than the previous year's level in Sweden, and significantly below this level in Denmark, Benelux, and the United Kingdom. Aside from cement sales volumes, our shipments of ground blast furnace slag also fell noticeably in the United Kingdom. While our plants in Norway, Sweden, and Estonia were able to significantly increase their cement exports, they have declined in Germany and Benelux. Revenue of the business line fell by 3.6 % to €1,731 million (previous year: 1,796).

Investments in 2012 were governed by strict expenditure control. In Belgium and the Netherlands, we invested in facilities to improve environmental protection. In our Kunda cement plant in Estonia, we completed investments that will enable us to utilise commercial and household waste as alternative fuels on a larger scale. In Malmö, Sweden, and in Klaipeda, Lithuania, we opened cement terminals to allow us to supply the markets of both countries more effectively. In Klaipeda, we also built storing and bagging facilities for cement as well as a ready-mixed concrete plant. At our German cement plant in Hanover, we commissioned a blending silo for the production of cement containing blast furnace slag.

Aggregates business line

In the Western and Northern Europe Group area, HeidelbergCement operates an extensive network of production sites. Total aggregates sales volumes fell significantly by 8.7 % to 72.2 million tonnes (previous year: 79.1). While deliveries of aggregates nearly reached the high level of the previous year in Germany and Norway, they remained significantly below this level in our largest market region, the United Kingdom, as well as in Benelux, Sweden, and the Baltic States. Overall, revenue of the business line decreased slightly by 1.5 % to €858 million (previous year: 870).

The aggregates business line was also governed by strict expenditure control in relation to investments. We limited them essentially to the modernisation of conveying systems in the United Kingdom and Norway, as well as the construction of a new production facility in Stockholm, Sweden.

Building products business line

The building products business line essentially comprises Hanson building products in the United Kingdom; it also includes the lime and sand-lime brick operating lines, which predominantly focus on Germany. Our building products are mainly used in residential construction. Hanson is one of the largest manufacturers of bricks and lightweight blocks in the United Kingdom.

Compared to the previous year, there was a moderate decrease in sales volumes of bricks, masonry blocks, and lightweight blocks. We recorded a marked decline in concrete paving blocks as well

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as in shipments from our sand-lime brick plants in Germany. Our lime sales volumes fell slightly in comparison with the previous year. However, we recorded a pleasing growth in revenue from concrete products in Germany.

We invested in the construction of a new state-of-the-art lime kiln at each of our German lime plants, in Istein and Regensburg, in order to increase energy efficiency and thereby improve our competitiveness.

Overall, revenue of the building products business line grew by 4.3 % to €484 million (previous year: 464).

Concrete-service-other business line

This business line primarily includes ready-mixed concrete and asphalt activities. While we have an extensive network of ready-mixed concrete facilities in many parts of the Group area, asphalt activities are mainly limited to the United Kingdom.

In 2012, ready-mixed concrete deliveries fell by 4.6 % to 13.2 million cubic metres (previous year: 13.8). While sales volumes increased pleasingly by a double-digit percentage in the Baltic States and Norway, they remained stable at the previous year's level in Germany. However, a decrease was recorded for the United Kingdom, Sweden, Benelux, and Denmark.

Sales volumes of the asphalt operating line were also significantly below previous year's level at 2.8 million tonnes (previous year: 3.6), which corresponds to a decline of 24.2 %. This was due to decreasing investments in road maintenance and construction in the United Kingdom.

Investments were primarily made in our ready-mixed concrete activities in Belgium, Norway, and the Baltic States.

Revenue of the concrete-service-other business line fell by 3.5 % in 2012 to €1,777 million (previous year: 1,841).

Revenue and results

Revenue of the Western and Northern Europe Group area decreased by 2.7 % to €4,201 million (previous year: 4,318). In operational terms, i.e. excluding consolidation and exchange rate effects, the decline amounted to 4.8 %. At €577 million (previous year: 734), operating income before depreciation (OIBD) was significantly below the previous year. It is to be noted, however, that one-off effects amounting to €90 million as a result of the renegotiation and revised structure of several retirement benefit systems were included in the previous year's figure. Adjusted for these one-off effects, the decrease amounted to 10 % in comparison with the previous year. Operating income declined by 32.1 % to €290 million (previous year: 427). Adjusted for the aforementioned one-off effects, the decrease amounted to 14 %.

Key data Western and Northern Europe			
€m	2011	2012	Change
Revenue	4,318	4,201	-2.7 %
Operating income	427	290	-32.1 %
Investments in property, plant, and equipment	193	177	-8.3 %
Cement and clinker sales volumes (Mt)	22.1	21.3	-3.9 %
Aggregates sales volumes (Mt)	79.1	72.2	-8.7 %
Asphalt sales volumes (Mt)	3.6	2.8	-24.2 %
Ready-mixed concrete sales volumes (Mm³)	13.8	13.2	-4.6 %
Employees as at 31 December	13,693	13,438	-1.9 %

Revenue Western and Northern Europe 2012: €4,201 million



Eastern Europe-Central Asia

HeidelbergCement operates in eleven countries in the Eastern Europe-Central Asia Group area. In most of these growth markets, the Group is the market leader in the cement business. The production of aggregates and ready-mixed concrete is also becoming increasingly important. In terms of revenue, Poland is our largest market region in Eastern Europe-Central Asia. In Poland, we are represented not only in the cement business but also in aggregates and ready-mixed concrete activities.

After the economic recovery in large parts of the Eastern Europe-Central Asia Group area during 2011, the slowdown in the world economy and a decline in demand from the euro zone were noticeable in 2012. In addition, some countries were adversely affected by measures taken to consolidate public finances. Overall, this led to a significant weakening of economic development. As a result, a decrease in gross domestic product of 1.1 % is forecast for the Czech Republic and of 1.7 % for Hungary. In 2012, economic growth in Romania and the Ukraine is anticipated to be 0.2 %, respectively. In Russia and Poland economy grew by 3.4 % and 2 %, respectively. Gross domestic product is expected to have grown strongest by between 6 % and 7 % in Georgia, and by between 5 % and 6 % in Kazakhstan.

Government cost-saving measures for the consolidation of public finances, which also relate to investments in infrastructure projects, adversely affected the construction industry in some countries, such as the Czech Republic and Hungary. In Poland and the Ukraine, public construction expenditure has weakened considerably following the completion of numerous infrastructure projects in connection with the European Football Championship. However, construction activity gained further momentum in Russia and Kazakhstan. The main drivers for growth were primarily the large investment programmes of the respective governments. For example, major investments have been made in Russia in connection with the expansion of the Moscow city border. In the first and fourth quarters, however, severe winter weather hampered construction activity in large parts of the Group area.

Cement business line

Aside from Croatia and Slovakia, HeidelbergCement produces cement and clinker in all other countries of the Eastern Europe-Central Asia Group area. Total cement and clinker deliveries of the Group area decreased slightly by 1.0 % in 2012 to 17.2 million tonnes (previous year: 17.4).

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Our deliveries declined in most countries of Eastern Europe as a result of more unfavourable weather conditions during the winter months compared with the previous year and the major slowdown in construction activity. In Central Asia, however, we saw pleasing growth thanks to positive economic development. Our sales volumes in Russia increased by more than 60 % thanks to healthy market development as well as deliveries from our new TulaCement plant to the Moscow area. This plant considerably increased its production during the reporting year. Georgia also achieved a major rise in quantities. Our deliveries in Kazakhstan were slightly above the previous year's level. While cement sales volumes in Poland, the Czech Republic, Hungary, and Romania were considerably below the previous year, they only fell slightly in the Ukraine. Despite volume decreases, revenue of the cement business line rose by 8.1 % to €1,171 million (previous year: 1,083) as a result of successful price increases.

In 2012, a major part of total investments was made in Poland, Kazakhstan, and Russia. At the end of March 2012, the capacity expansion in the Górażdże cement plant in Poland was completed with the commissioning of a new cement mill. The new mill is HeidelbergCement's largest ball mill in Europe with a capacity of 1.4 million tonnes and is the perfect follow-up to the increase in clinker capacity carried out in the previous year, bringing our total cement capacity in Poland to 5.6 million tonnes. The construction of the new Caspi Cement plant in western Kazakhstan is progressing according to plan. The plant with a capacity of 0.8 million tonnes will strengthen our presence in the country and allow us to supply the oil- and gas-rich region on the Caspian Sea more cost-effectively. We aim to produce the first cement there in 2014. In Russia, we have commissioned a new floating terminal in Murmansk to improve our market coverage.

Aggregates business line

The main market regions of HeidelbergCement in the aggregates business line are the Czech Republic, Poland, Russia, and Romania. We also operate aggregates activities in Hungary, Slovakia, the Ukraine, and Kazakhstan. At 19.2 million tonnes (previous year: 21.7), aggregates deliveries in the Group area in 2012 were 11.5 % lower than the previous year.

While our aggregates sales volumes in Poland, Hungary, Romania, Kazakhstan, and Slovakia recorded double-digit percentage declines, losses in the Czech Republic were much more moderate. In the Ukraine and Russia, however, we achieved significant increases in quantities. Revenue of the aggregates business line fell by 9.1 % to €123 million (previous year: 135).

Investments in the aggregates business line were governed by strict expenditure control. We limited them principally to the opening of a new location in the Czech Republic.

Concrete-service-other business line

HeidelbergCement has ready-mixed concrete activities in almost all countries of the Group area, with a dense network of plants. Our main market regions are located in the Czech Republic and Poland. In 2012, ready-mixed concrete sales volumes in Eastern Europe-Central Asia decreased by 17.5 % in comparison with the previous year to 3.8 million cubic metres (previous year: 4.6).

While sales volumes of ready-mixed concrete rose significantly in Bosnia-Herzegovina, Georgia, and Kazakhstan, they remained considerably below the previous year in all other countries of the Group area. At €238 million (previous year: 286), revenue in the concrete-service-other business line fell by 16.7 % in 2012.

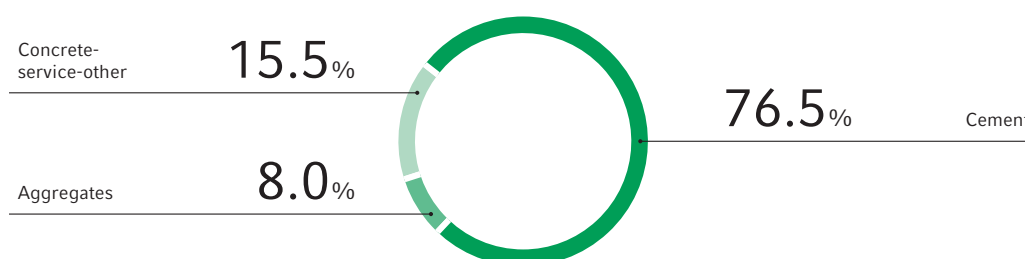
Investments in 2012 were limited to the opening of two ready-mixed concrete plants, one in Georgia and one in Poland, as well as the purchase of a plant in Romania. We have temporarily or permanently closed several ready-mixed concrete plants in Poland as a result of market weakness in this country.

Revenue and results

Total revenue in the Eastern Europe-Central Asia Group area increased by 3.1 % in 2012 to €1,435 million (previous year: 1,392). Adjusted for currency and consolidation effects, revenue rose by 2.8 %. At €317 million (previous year: 327), operating income before depreciation (OIBD) was 3.1 % below the previous year. Excluding exchange rate and consolidation effects, the decrease amounted only to 2.1 %. Operating income fell by 11.5 % to €193 million (previous year: 217). Adjusted for currency and consolidation effects, the decrease amounted to 10.2 %.

Key data Eastern Europe-Central Asia			
€m	2011	2012	Change
Revenue	1,392	1,435	3.1 %
Operating income	217	193	-11.5 %
Investments in property, plant, and equipment	240	181	-24.6 %
Cement and clinker sales volumes (Mt)	17.4	17.2	-1.0 %
Aggregates sales volumes (Mt)	21.7	19.2	-11.5 %
Ready-mixed concrete sales volumes (Mm³)	4.6	3.8	-17.5 %
Employees as at 31 December	9,693	9,435	-2.7 %

Revenue Eastern Europe-Central Asia 2012: €1,435 million



North America

The United States and Canada form the North America Group area. In its largest market area, HeidelbergCement is one of the leading manufacturers of cement, aggregates, ready-mixed concrete, asphalt and building products.

Overall, US economic activity was robust in 2012, despite slightly declining output in the fourth quarter. And, indicators point to a continuation of the upward trend. In the reporting year, gross domestic product grew by 2.2 %, compared to 1.8 % in 2011. The job market has also improved, though unemployment remains high at 7.8 %. Construction was a significant driver of growth in 2012, rising by more than 7 % overall. Residential construction alone was up 21 %. Low mortgage rates, stabilising prices and a slower release of inventory by the banks spurred a significant increase in construction of single and multi-family residential units. Non-residential construction

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rose substantially by 5.6 % as a result of growth in industrial and commercial construction; at the same time, the vacancy rate of office buildings dropped somewhat. In contrast, public construction fell by 6 % on expiration of the national development programme for road construction, ARRA, at the end of 2012. A new road construction programme, MAP-21, was approved in mid-2012, which will receive annual funding on a level with previous years. With a longer duration of 27 months, the programme should have a modestly positive effect on road construction in the USA.

Canada's gross domestic product increased by 1.8 % in 2012. An important growth driver was construction activity, and especially residential construction.

Cement business line

In 2012, cement consumption in the United States rose by 9 % to 78.6 million tonnes; in Canada, consumption was 6.2 % above the previous year's level, to a total of 9.5 million tonnes. In 2013, the Portland Cement Association (PCA) expects further significant growth in cement consumption for both countries.

The volumes of clinker and cement sold by our plants reached 11.7 million tonnes (previous year: 10.6), which is a rise of 10.1 % over the previous year. The largest increase in volumes was in the North Region, where good weather conditions at the start of the year and the expanding economy gave rise to higher demand in all important markets. Deliveries in the South Region also rose by a double-digit percentage. Sales volumes at our production sites in California and Canada increased as well, although to a lesser extent. In Canada, strong demand from the energy and mining sectors in the Prairie Provinces offset the weakness of construction activity in British Columbia. In the reporting year, sales volumes at our two white cement plants were also moderately higher than 2011. Revenue of the cement business line rose by 21.7 % to €1,078 million in 2012 (previous year: 886), partly as a result of positive exchange rate effects; in US dollar terms, revenue increased by 12.4 %.

During the financial year, we installed an SNCR system to reduce nitrogen oxide emissions at our Glens Falls plant. In addition to the alternative raw materials currently in use at our Union Bridge plant, bottom ash (obtained during the combustion of coal in coal-fired power plants) has also been added to the alternative raw materials mix.

Aggregates business line

In the USA and western Canada, HeidelbergCement has a dense network of production sites for sand, gravel and hard rock. Overall, sales volumes were 1.2 % below the previous year at 104.5 million tonnes (previous year: 105.8). With the exception of the South Region, deliveries declined in all other market regions in the USA and Canada, due primarily to a reduction in infrastructure construction activity. However, revenue of the aggregates business line rose by 10.2 % to €1,032 million (previous year: 937) as a result of price increases and, especially, exchange rate effects. In US dollar terms, this translates to an increase of 1.7 %.

Building products business line

The building products business line includes the production of concrete pipes, precast concrete parts, concrete paving blocks, roof tiles and bricks.

In 2012, developments in the building products business line were mixed. On the one hand, strong residential construction activity resulted in a gratifying increase in demand for bricks and concrete pipes. On the other hand, cuts in infrastructure investment led to declines in demand for pressure pipes, primarily in Canada. Sales volumes of precast concrete elements also saw a significant drop.

We sold several production sites during the reporting year in order to streamline our business activities and reduce the liabilities of the HeidelbergCement Group. We have completely withdrawn from the paving block business, which we sold for a fair market price.

Revenue of the building products business line rose by 4.4 % to €723 million (previous year: 693) as a result of exchange rate effects. Revenue in US dollar terms, however, decreased by 3.7 %.

Concrete-service-other business line

This business line primarily comprises ready-mixed concrete and asphalt activities. While we have an extensive network of ready-mixed concrete plants throughout the Group area, asphalt production focuses mainly on New York and Pennsylvania, as well as California.

Ready-mixed concrete sales volumes were up by a substantial 6.9 % year on year to 6.1 million cubic metres (previous year: 5.7). All of the market regions contributed to this growth in volumes, with the exception of the West Region. In this region, we restructured our ready-mixed concrete activities in Los Angeles by leasing out the majority of our sites to two independent California-based ready-mixed concrete companies in exchange for cement and aggregates supply agreements. In 2012, Canada achieved the greatest increase in ready-mixed concrete sales volumes, followed by the South and North Regions. Ready-mixed concrete sales volumes in Canada improved primarily as a result of high demand from the oil and gas industry.

Asphalt sales volumes fell in the reporting year by 1.9 % to 3.4 million tonnes (previous year: 3.5), reflecting the general decline in infrastructure construction and the decrease in government investments in this area.

In 2012, total revenue of the concrete-service-other business line rose by 18.9 % to €995 million (previous year: 837); in US dollar terms, it increased by 9.9 %.

Revenue and results

After conversion to euro, total revenue in the North America Group area rose by 13.4 % to €3,441 million (previous year: 3,035); expressed in US dollars, it increased by 4.5 %. As a result of our intensive cost cutting measures and supported by the disposal of played out quarries in Canada which were no longer being used operationally, operating income before depreciation (OIBD) was up 21.9 % to €577 million (previous year: 473), which is equivalent to 11.4 % in US dollar terms. At €327 million (previous year: 230), operating income rose by 42 %, which equates to an increase of 28.1 % in US dollars.

Key data North America			
€m	2011	2012	Change
Revenue	3,035	3,441	13.4 %
Operating income	230	327	42.0 %
Investments in property, plant, and equipment	159	162	1.9 %
Cement and clinker sales volumes (Mt)	10.6	11.7	10.1 %
Aggregates sales volumes (Mt)	105.8	104.5	-1.2 %
Asphalt sales volumes (Mt)	3.5	3.4	-1.9 %
Ready-mixed concrete sales volumes (Mm ³)	5.7	6.1	6.9 %
Employees as at 31 December	11,586	11,001	-5.1 %

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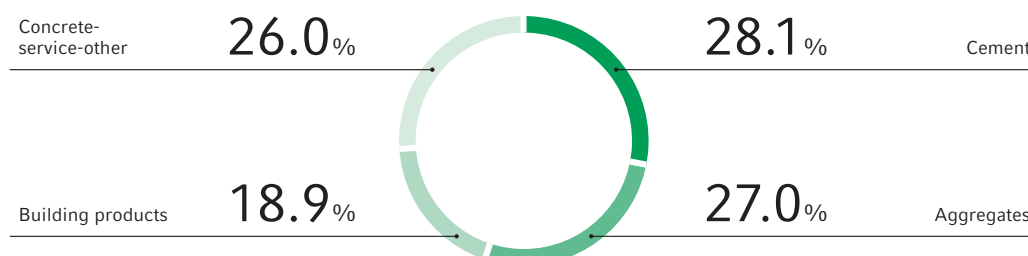
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Revenue North America 2012: €3,441 million



Asia-Pacific

The Asia-Pacific Group area comprises seven Asian countries and Australia. In most of the growth countries of Asia, the focus is on cement production. In India and Indonesia, in particular, cement capacities are currently undergoing major expansion. In Malaysia, Hong Kong, and Indonesia, HeidelbergCement maintains a strong market position in aggregates and ready-mixed concrete. In Australia, we have significant market positions in ready-mixed concrete and aggregates, with a dense network of production sites. We also hold a participation in the largest cement company in Australia.

The emerging countries of Asia remained on growth track in 2012, although the economic dynamics have decreased significantly as a whole. In 2012, the rate of expansion of the Chinese economy declined, but it picked up again in the fourth quarter with an increase of 7.9 % in gross domestic product. Overall, Chinese economic output rose by 7.8 % in 2012. In India, the continued economic slowdown was particularly noticeable with a decrease in economic growth of more than two percentage points to just 5 %. In contrast, Indonesia benefited from strong domestic demand and recorded a healthy rise of 6.2 % in gross domestic product. Despite the temporary decline in raw material prices, the Australian economy continues its course for growth; economic output rose by 3.1 % in 2012.

Cement business line

Total cement and clinker deliveries of the Asia-Pacific Group area grew by 3.9 % in 2012 to 30.0 million tonnes (previous year: 28.8).

In Indonesia, which is our biggest Asian market, our subsidiary Indocement benefited from the continued strong increase in construction activity, particularly in residential and high-rise construction. In 2012, domestic cement consumption was up 14.5 % in comparison with the previous year. Domestic sales volumes of Indocement increased by 16.1 %. As a result of vigorous growth in domestic demand, exports – which are marked by lower margins – were reduced in favour of the domestic market. Overall, cement and clinker sales volumes rose by 12.3 % to 18.0 million tonnes (previous year: 16.0). The strong growth in sales volumes, successful price increases, and a range of measures to increase cost efficiency and optimise purchasing activities led to a significant improvement in results and margins. In order to meet the rising domestic demand for cement also in the future, Indocement is currently constructing a further cement grinding facility at the Citeureup plant with a capacity of 1.9 million tonnes; commissioning is planned

by the end of 2013. In addition, we intend to further expand the Citeureup plant by building a new integrated production line with a cement capacity of 4.4 million tonnes, which is set to be completed by 2015.

In China, HeidelbergCement is represented with the two joint ventures China Century Cement and Jidong Heidelberg Cement Company in the Guangdong and Shaanxi provinces. In 2012, both provinces recorded a decrease in cement consumption due to a decline in infrastructure and residential construction. The consolidated sales volumes of our joint ventures experienced a decrease of 13.8 % and remained significantly below the previous year's level at 6.2 million tonnes (previous year: 7.2). A positive price development was recorded in Shaanxi as a result of continued market consolidation. In contrast, cement prices declined significantly in Guangdong, but showed a distinct upward trend in the fourth quarter. The losses in sales volumes were more than offset by price increases in Shaanxi and positive exchange rate effects.

In India, HeidelbergCement operates two cement plants and three grinding facilities in the south and west, as well as in central India. The Indian construction industry was adversely affected by the government's continued restraint with regard to infrastructural projects and the weakening of the property sector due to high interest rates. In 2012, domestic cement consumption increased by around 6 %. Deliveries from our Indian cement plants remained just below the previous year's level, experiencing a decline of 0.6 %. The positive price development led to a significant improvement in results. The expansion of our cement capacities in central India by 2.9 million tonnes is now complete. After carrying out successful test runs between November 2012 and January 2013, we officially commissioned the new facilities at our Damoh locations in the state of Madhya Pradesh and at our Jhansi plant in the state of Uttar Pradesh in February 2013. HeidelbergCement now has a total annual cement capacity of 6.2 million tonnes in India.

In Bangladesh, our two cement grinding plants benefited from a significant increase in infrastructure and residential construction. We recorded double-digit percentage growth in our sales volumes. Besides the positive increase in demand, the commissioning at the start of 2012 of an additional cement mill at the Chittagong grinding facility with a capacity of 0.8 million tonnes also contributed to this growth. In the Sultanate of Brunei, our cement sales volumes exceeded the previous year's level as a result of government residential construction projects. In Australia, cement deliveries of the proportionately consolidated 25 % participation Cement Australia were adversely affected by heavy rainfall on the east coast, but managed to reach the previous year's quantity.

Revenue of the cement business line rose by 17.1 % to €2,029 million (previous year: 1,732).

Aggregates business line

In the aggregates business line, HeidelbergCement is represented in Australia, Malaysia, Indonesia, and Hong Kong. In 2012, our total deliveries of aggregates came close to the record level of the previous year at 37.0 million tonnes (previous year: 37.1). Excluding consolidation effects, a small decrease of 1.7 % was recorded.

In Australia, by far our largest market in this Group area, the slight weakening of construction activity was noticeable. While demand for building materials from the raw materials and energy sector remained high, commercial and residential construction declined. However, significant price increases more than offset the drop in aggregates sales volumes. To secure raw material reserves, we carried out upgrade projects at numerous quarries and acquired an aggregates company in the coal mining region of Queensland.

The rise in construction activity in Malaysia continued, primarily in infrastructure and in residential construction. Our aggregates activities recorded strong increases in volumes here as well as in

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Indonesia. Our deliveries of aggregates also rose slightly in Hong Kong. Revenue of the aggregates business line grew by 13.0 % to €592 million (previous year: 524).

Building products business line

With two modern precast concrete plants in the Sydney area, we are one of the best diversified precast part manufacturers in Australia. In November 2011, we sold the subsidiary Hanson Precase (S) Pte Ltd., which operates a precast plant in Singapore. Revenue of the building products business line fell by 31.5 % to €26 million (previous year: 38) as a result of this consolidation effect and the decline in construction activity in Australia.

Concrete-service-other business line

In the ready-mixed concrete business, HeidelbergCement operates in Australia, Malaysia, Indonesia, and China. In Malaysia, we conduct major asphalt activities. We now only operate one asphalt plant in Australia, following the sale of the asphalt business in 2009.

Our deliveries of ready-mixed concrete increased by 12.5 % overall to 11.1 million cubic metres (previous year: 9.9). A particularly strong contribution was made by Indonesia with an increase in sales volumes of more than 40 %. In light of the continued positive growth prospects, Indocement strengthened its ready-mixed concrete activities and commissioned new plants and ready-mixed concrete trucks. Malaysia also achieved a double-digit percentage increase in volumes thanks to robust growth in construction activity. In Australia, our shipments just exceeded the previous year's level. Total deliveries from our Chinese ready-mixed concrete plants remained below the previous year's level. While sales volumes in Hong Kong increased, deliveries in the Guangdong province were adversely affected by the closure of a large plant in the previous year and the decline in construction activity.

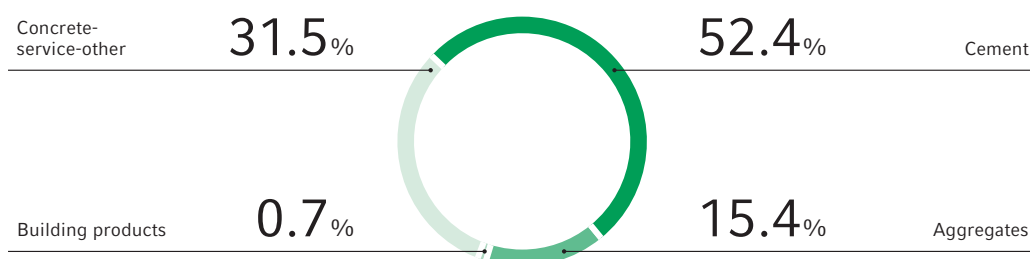
Sales volumes of the asphalt operating line remained at the previous year's level at 1.9 million tonnes (previous year: 1.9). Revenue of the concrete-service-other business line increased by 20.5 % to €1,213 million (previous year: 1,007).

Revenue and results

Revenue of the Asia-Pacific Group area rose by 17.6 % to €3,477 million (previous year: 2,957). Excluding consolidation and exchange rate effects, the increase amounted to 12.3 %. The positive exchange rate effect of €138 million, essentially resulted from the weakening of the euro against the Australian dollar. Operating income before depreciation (OIBD) improved by 24.7 % compared with the previous year and totalled €887 million (previous year: 711); excluding consolidation and exchange rate effects, the increase was 20.2 %. Operating income rose by 28.9 % to €732 million (previous year: 568); excluding consolidation and exchange rate effects, the rise amounted to 24.8 %.

Key data Asia-Pacific			
€m	2011	2012	Change
Revenue	2,957	3,477	17.6 %
Operating income	568	732	28.9 %
Investments in property, plant, and equipment	215	231	7.4 %
Cement and clinker sales volumes (Mt)	28.8	30.0	3.9 %
Aggregates sales volumes (Mt)	37.1	37.0	-0.5 %
Asphalt sales volumes (Mt)	1.9	1.9	0.2 %
Ready-mixed concrete sales volumes (Mm³)	9.9	11.1	12.5 %
Employees as at 31 December	14,039	14,686	4.6 %

Revenue Asia-Pacific 2012: €3,477 million



Africa-Mediterranean Basin

In Africa, HeidelbergCement is represented in nine countries south of the Sahara, where it exclusively produces cement. Our production sites in the Mediterranean Basin are located in Spain, Israel, and Turkey. In Spain and Israel, HeidelbergCement mainly produces aggregates and ready-mixed concrete. In Turkey, our joint venture Akçansa is one of the country's leading cement manufacturers; in addition, Akçansa also operates in the ready-mixed concrete and aggregates business.

The African countries south of the Sahara benefit from the dynamic raw material industry and are continuing to experience sound economic development and lively construction activity. Solid economic growth, population increase, urbanisation, and infrastructural measures are the main drivers in these countries when it comes to the rise in construction activity and cement demand. In Turkey, the general economic dynamics and the growth of the construction industry cooled off considerably in comparison with the previous year; the Turkish economy is expected to show growth of around 3 % in 2012. In Spain, the recession has worsened: in the fourth quarter of 2012, the gross domestic product declined by 0.8 %; overall, economic output fell by 1.4 % in 2012. The dramatically high level of unemployment, the ongoing housing crisis, as well as the austerity packages introduced by the government and the regional administrations, which resulted in heavy cuts in infrastructure expenditure, have once again led to a significant decline in demand for building materials in Spain. According to an initial estimate, Israel recorded economic growth of 3.5 % as well as lively construction activity, which was primarily driven by infrastructural measures.

Cement business line

In the African countries in which HeidelbergCement operates, cement consumption rose by around 6 % on average in 2012. Our cement plants and grinding facilities achieved a slight overall rise in cement shipments, with varied development in the individual markets. Our main markets, Ghana and Tanzania, made a particularly strong contribution to this growth, as did Liberia and Togo. The high demand for cement meant that our plants reached their capacity limits in almost all markets. Overall, cement deliveries from our African subsidiaries rose by 2.6 % to 6.2 million tonnes (previous year: 6.1). The positive price development led to a significant improvement in revenue and results by a double-digit percentage.

In light of the good growth prospects, HeidelbergCement is expanding its activities in Africa. In Tanzania, the modernisation of cement kiln no. 3 in our Tanzania Portland Cement plant was completed by mid-2012, increasing the clinker capacity of the plant by 250,000 tonnes. At the end of November, we inaugurated a new cement mill with a capacity of 1 million tonnes per year at our Tema cement grinding plant in Ghana. Our subsidiary Ghacem, which operates two cement

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grinding facilities in the coastal towns of Tema and Takoradi, now has a cement grinding capacity of 3.7 million tonnes. The construction of an additional cement mill in Liberia with a capacity of 0.5 million tonnes is almost complete; commissioning is planned for the first quarter of 2013. In Togo, we set up a new clinker plant with an annual capacity of 1.5 million tonnes near the town of Tabligbo, around 80 km to the northeast of the capital of Lomé. In addition, we are constructing a cement grinding facility with a capacity of 200,000 tonnes in the north of the country. Commissioning for both plants is planned for 2015. At the end of 2014, new cement grinding capacities will be commissioned in Burkina Faso, Ghana, and Tanzania. We are also evaluating options for capacity expansions in other African countries.

In Turkey, the demand for cement was impaired by unfavourable weather conditions in the first quarter as well as a decline in construction activity. Overall, a slight increase in cement consumption of 2 % is expected for 2012. In the region of Marmara, the principal market of our joint venture Akçansa, cement consumption fell by 7 % as a result of the harsh winter at the start of the year. The domestic cement sales volumes of Akçansa significantly recovered in the second half of the year, but still remained below the quantities of the previous year. While cement exports also fell, clinker exports increased considerably. All in all, the cement and clinker sales volumes of Akçansa decreased by 2.5 % to 7.5 million tonnes (consolidated quantity: 3.0 million tonnes). However, price increases more than offset the drop in volumes.

Overall, cement and clinker sales volumes in the Africa-Mediterranean Basin Group area increased by 0.9 % to 9.2 million tonnes (previous year: 9.1). Revenue of the cement business line rose by 13.6 % to €825 million (previous year: 726).

Aggregates business line

HeidelbergCement is active in Spain, Israel, and Turkey in the aggregates business line. As a whole, the Group area's deliveries of aggregates fell by 3.6 % to 13.7 million tonnes (previous year: 14.2). The decline is primarily due to the consistently weak construction activity in Spain, where our aggregates activities suffered as a result of further cuts in public spending for infrastructural measures. In Turkey, however, the previous year's level was significantly exceeded. In Israel, we recorded a slight increase in our aggregates shipments. Revenue of the aggregates business line reached the previous year's level, at €87 million.

Concrete-service-other business line

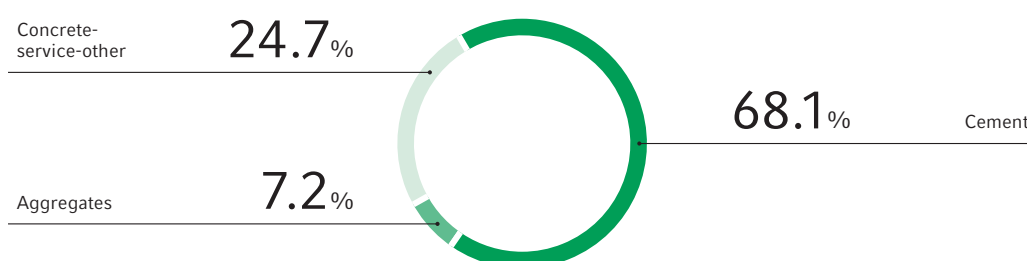
In this Group area, HeidelbergCement operates major ready-mixed concrete activities in Spain, Israel, and Turkey. However, the asphalt operating line is only represented in Israel. In 2012, deliveries of ready-mixed concrete decreased by 3.5 % to 4.9 million cubic metres (previous year: 5.1). While Israel achieved pleasing growth in sales volumes and Turkey remained only slightly below the previous year's level, our Spanish ready-mixed concrete activities suffered significant declines in volumes. As a result of low construction activity in Spain, it was necessary to make further adjustments to our ready-mixed concrete capacities. Our Israeli ready-mixed concrete facilities benefited from the high level of demand from the infrastructure sector. The asphalt operating line in Israel also recorded a slight increase in sales volumes. Total revenue of the concrete-service-other business line rose by 5.4 % to €299 million (previous year: 284).

Revenue and results

Overall, revenue of the Africa-Mediterranean Basin Group area increased by 11.0 % to €1,135 million (previous year: 1,023). In operational terms, i.e. excluding exchange rate effects, the increase amounted to 10.1 %; no consolidation effects were recorded. At €203 million (previous year: 164), operating income before depreciation (OIBD) was 24.1 % above the previous year. Operating income improved by 29.0 % to €166 million (previous year: 128).

Key data Africa-Mediterranean Basin			
€m	2011	2012	Change
Revenue	1,023	1,135	11.0 %
Operating income	128	166	29.0 %
Investments in property, plant, and equipment	67	80	19.4 %
Cement and clinker sales volumes (Mt)	9.1	9.2	0.9 %
Aggregates sales volumes (Mt)	14.2	13.7	-3.6 %
Asphalt sales volumes (Mt)	0.5	0.5	1.7 %
Ready-mixed concrete sales volumes (Mm ³)	5.1	4.9	-3.5 %
Employees as at 31 December	3,460	3,349	-3.2 %

Revenue Africa-Mediterranean Basin 2012: €1,135 million



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.

Thanks to the global trading network of HC Trading, with employees in 18 countries and strategically important locations in Malta, Istanbul, Singapore, Shanghai, and Dubai, we are able to better control the capacity utilisation of our plants and deliver the surplus production from one country to another with higher demand for cement and clinker. Despite the unrest in the world economy and the sustained recession in some important economic areas such as North America and Europe, HC Trading managed to increase its trade volume and revenue in the reporting year to 14.6 million tonnes (previous year: 11.4) and €828 million (previous year: 652), respectively. 17 % of these deliveries were within the Group, while 83 % went to other international companies that make use of our competitive, efficient, and global trading network.

Our deliveries of cement, clinker, and other building products, such as lime and dry mortar, rose by 21.1 % to 10.5 million tonnes (previous year: 8.7) in 2012. The largest volumes were destined for Africa and Bangladesh. The key delivery countries were Turkey, Sweden, South Korea, Spain, the United Arab Emirates, China, Taiwan, Vietnam, Thailand, and Portugal.

International trading in coal and petroleum coke increased in the reporting year by 48 % to 4.1 million tonnes (previous year: 2.8). Besides Group-owned cement plants, the main purchaser was the global cement industry. In the reporting year, we managed to gain new customers in Africa, Europe, the Middle East, Southeast Asia, as well as North and South America. More than

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200 ships, including some with freight capacities of over 140,000 tonnes, were employed to cover the cement industry's high demand for fuel.

In 2012, as part of its proactive environmental protection initiatives, HC Trading founded the subsidiary HC Green Trading, which is responsible for trading in environmentally friendly alternative raw materials and fuels for the cement and concrete industry. These include alternative raw materials such as slag and fly ash, or fuels such as wood chips, bio-oil, biomass, residues from palm oil production, used tires, plastic and paper, sewage and oil sludge, meat and bone meal, or residue derived fuel. The trade volume for HC Green Trading amounted to 141,000 tonnes in the reporting year.

Overall, more than 1,100 ships transported the goods in 2012, mostly via the main sea routes of Asia, the Mediterranean Basin, and Continental Europe to their destinations in Africa, the Middle East, and South America. Thanks to its sophisticated logistics, HC Trading is able to respond quickly to changing market conditions.

Revenue and results

Revenue in Group Services increased by 27.1 % to €828 million (previous year: 652). Operating income before depreciation (OBID) doubled to €22 million (previous year: 11). This increase was due to cement deliveries in countries where the demand for cement was greater than the production capacity, in addition to a considerable increase in fuel deliveries for the cement industry worldwide.

Key data Group Services

€m	2011	2012	Change
Revenue	652	828	27.1 %
Operating income	11	22	100.2 %
Employees as at 31 December	55	57	4.6 %

Discontinued operations

Net income from discontinued operations includes expenses and income relating to damages and environmental obligations for US subsidiaries of the Hanson Group, which was taken over in 2007. Net income from discontinued operations amounted to €89 million (previous year: -22) in the financial year. Liabilities to insurers of €182 million were recognised as income in the reporting year as a result of current court rulings. Furthermore, one-off payments received amounting to €14 million from liquidation proceedings were recorded. As a result, income taxes increased by €39 million to €34 million (previous year: -5). In contrast, expenses rose by €46 million to €73 million (previous year: 27) as a consequence of adjustments to the provisions for damages and environmental obligations.

Statement of cash flows

In the 2012 financial year, we were able to increase our internal financing capability once again and further reduce our financial liabilities thanks to strong growth in our operating income and the consistent continuation of our cost reduction and efficiency improvement initiatives.

The cash inflow from operating activities rose by €181 million to €1,513 million (previous year: 1,332). The increase of €130 million in cash inflow from working capital as well as the improved operating income before depreciation had a particularly positive effect on liquidity. This was counterbalanced to some extent by the reduction of €38 million in cash inflow from interest received. The decrease of €63 million in special items from the settlement of interest rate swaps to €8 million (previous year: 71) was only partially offset by increased inflows in connection with the increase in cash and cash equivalents. The rise of €141 million in interest paid to €765 million (previous year: 624) relates primarily to one-off interest payments resulting from the issue of a Eurobond and a debt certificate in the fourth quarter of 2011. Income tax payments rose by €20 million to €328 million (previous year: 308). Provisions of €213 million were utilised with an impact on cash flow. Operational cash inflow from discontinued operations includes a one-off payment of €14 million (previous year: 0) in connection with operations of the Hanson Group that were discontinued in previous years.

Cash flow from investing activities fell by €176 million to €582 million (previous year: 758). Cash relevant investments declined by €93 million to €866 million (previous year: 959), primarily as a result of reduced payments for property, plant, and equipment as well as for subsidiaries and other business units. Of this figure, €490 million (previous year: 496) related to investments for sustaining and optimising capacity and €376 million (previous year: 463) to capacity expansions.

Other cash inflows from the sale of intangible assets, property, plant, and equipment, and other financial assets rose by €83 million to €284 million (previous year: 201). These include proceeds of €74 million (previous year: 64) from the disposal of emission rights, proceeds of €60 million (previous year: 22) from the disposal of subsidiaries and other business units, and proceeds from the disposal of property, plant, and equipment amounting to €146 million (previous year: 113).

Overall, financing activities generated a net cash outflow of €1,262 million in the reporting year. Besides the repayment in January 2012 of the bond of €1 billion, various drawings under the EMTN programme, debt certificates, and commercial papers were also repaid on schedule. The Eurobond issued in March 2012 led to a cash inflow of €300 million. Other borrowings and repayments arose from the syndicated credit facility that was extended in January 2012. Dividend payments led to a cash outflow of €134 million (previous year: 107). Dividends of €66 million (previous year: 47) were paid to shareholders of HeidelbergCement AG.

In the 2012 financial year, HeidelbergCement was able to meet its payment obligations at all times.

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Consolidated statement of cash flows (short form)			
€m	2011	2012	Difference
Cash flow	1,500	1,537	37
Changes in working capital	45	175	130
Decrease in provisions through cash payments	-213	-213	
Cash flow from operating activities – continuing operations	1,332	1,500	168
Cash flow from operating activities – discontinued operations		14	14
Cash flow from operating activities	1,332	1,513	181
Investments (cash outflow)	-959	-866	93
Other inflows of cash and cash equivalents	201	284	83
Cash flow from investing activities	-758	-582	176
Capital increase – non-controlling shareholders		3	3
Dividend payments	-107	-134	-27
Increase in ownership interests in subsidiaries	-9	-2	7
Net proceeds from/repayment of bonds and loans	516	-1,130	-1,646
Cash flow from financing activities	401	-1,262	-1,663
Effect of exchange rate changes	24	-64	-88
Change in cash and cash equivalents	999	-395	-1,394

Investments

The strict spending discipline regarding investments was again a cornerstone of our rigid and consistent cash management for the 2012 financial year. Cash flow investments totalled €866 million in the reporting year (previous year: 959). This figure is lower than the planned amount of €980 million primarily as a result of project delays. €831 million (previous year: 874) was attributed to investments in property, plant, and equipment, including intangible fixed assets. The investments in financial assets and other business units amounted to €35 million (previous year: 85).

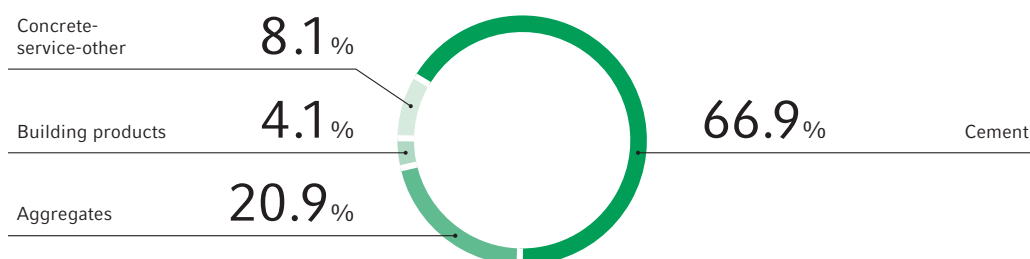
The investments in property, plant, and equipment related on the one hand to maintenance, optimisation, and environmental protection measures at our production sites. These include, in particular, the commissioning of a blending silo at the cement plant in Hanover, Germany, and of two cement terminals in Sweden and Lithuania, as well as numerous projects to improve energy efficiency and environmental protection in all Group areas. For example, we invested in the construction of two state-of-the-art lime kilns at our two German lime plants and installed SNCR systems to reduce nitrogen oxide emissions at two plants in Romania and the USA. On the other hand, HeidelbergCement continued its successful strategy of expanding its cement capacities in growth markets.

In 2012, we again made targeted investments in Asia, Africa, and Eastern Europe-Central Asia, in order to lay the foundations for future growth. Larger projects included the expansion of our cement capacities in central India by 2.9 million tonnes, the construction of an additional cement grinding facility at our Citeureup plant in Indonesia with a capacity of 1.9 million tonnes, the extension of our cement grinding capacities in Ghana by 1 million tonnes and in Liberia by 0.5 million tonnes, the building of a new clinker plant in Togo with an annual capacity of 1.5 million tonnes, the completion of the expansion of capacities at the Polish Górażdze plant by 1.4 million tonnes, and the new construction of the Caspi Cement plant in Kazakhstan with a capacity of 0.8 million tonnes.

The investments in financial assets and other business units related primarily to the acquisition of 100 % of the shares in the aggregates company Yalkara Contracting Pty Ltd in Australia and the purchase of six ready-mixed concrete plants in Belgium as part of two asset deal transactions, in addition to smaller acquisitions to round off shareholdings.

Investments			
€m	2011	2012	Change
Western and Northern Europe	193	177	-8.3 %
Eastern Europe-Central Asia	240	181	-24.6 %
North America	159	162	1.9 %
Asia-Pacific	215	231	7.4 %
Africa-Mediterranean Basin	67	80	19.4 %
Group Services			
Financial assets and other business units	85	35	-58.8 %
Total	959	866	-9.7 %

Investments in property, plant, and equipment by business lines in 2012



Consolidated balance sheet

The balance sheet total fell by €1,015 million to €28,005 million (previous year: 29,020) as at 31 December 2012.

Long-term assets fell by €431 million to €22,964 million (previous year: 23,395). Impairment losses of €257 million and disposals of €260 million from the sale of subsidiaries, other business units, and other property, plant, and equipment contributed to the decrease of €471 million in fixed assets to €22,227 million (previous year: 22,698). Financial assets declined due to the reclassification of a participation to assets held for sale and currency exchange fluctuations of €42 million.

Additions of €834 million to property, plant, and equipment offset depreciation of €794 million. The increase of €63 million in deferred tax assets results essentially from the rise in actuarial losses for pension provisions.

Current assets decreased by €599 million to €5,026 (previous year: 5,625). Despite the increase in business volume, we were able to consistently reduce the days sales outstanding thanks to improved debtor management and measures to pre-finance receivables. As a result, trade receivables fell by €230 million to €1,419 million (previous year: 1,649). Inventories increased only slightly by €42 million to €1,625 (previous year: 1,583). Cash and cash equivalents fell by €395 million

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to €1,475 (previous year: 1,870). The changes are explained in more detail in the Statement of cash flows section on page 62 f.

On the equity and liabilities side, shareholders' equity rose by €144 million to €13,713 million (previous year: 13,569). This was primarily due to the profit for the period of €545 million, as well as the changes in non-controlling interests with put options amounting to €56 million. These factors were counteracted to some extent by actuarial losses of €219 million, currency exchange fluctuations of €123 million, and dividend payments of €134 million. The consolidated statement of changes in equity is presented in detail on page 152 f.

The decline of €1,228 million in interest-bearing liabilities to €8,573 million (previous year: 9,801) is primarily due to the repayment of bonds. The decrease of €61 million in operating liabilities to €2,651 million (previous year: 2,712) relates mainly to other operating liabilities. Provisions grew by €225 million to €2,409 (previous year: 2,184), of which €187 million is attributable to provisions for pensions.

In the 2012 financial year, it was possible to reduce the ratio of net debt to shareholders' equity (gearing) by 5.7 percentage points to 51.3 % (previous year: 57.0 %). The reduction of net debt by €0.7 billion to €7.0 billion (previous year: 7.8) contributed to this decrease.

Consolidated balance sheet (short form)

€m	31 Dec. 2011	31 Dec. 2012	Part of balance sheet total 2012
Intangible assets and property, plant, and equipment	22,145	21,689	77 %
Financial assets	553	538	2 %
Other non-current assets	697	737	3 %
Current assets	5,625	5,026	18 %
Disposal groups held for sale		16	0 %
Shareholders' equity and non-controlling interests	13,569	13,713	49 %
Non-current liabilities	10,783	10,034	36 %
Current liabilities	4,669	4,258	15 %
Balance sheet total	29,020	28,005	100 %

Key financial ratios

	2010	2011	2012
Assets and capital structure ¹⁾			
Shareholders' equity/total capital	47.4 %	47.0 %	49.1 %
Net debt/balance sheet total	29.8 %	26.8 %	25.2 %
Non-current capital/fixed assets	108.4 %	107.4 %	107.1 %
Gearing (net debt/shareholders' equity)	62.9 %	57.0 %	51.3 %
Earnings per share			
Earnings per share (€)	1.83	1.86	1.61
Profitability			
Return on total assets before taxes ¹⁾	4.7 %	4.9 %	4.4 %
Return on equity ¹⁾	4.2 %	4.1 %	3.3 %
Return on revenue	4.6 %	4.3 %	3.3 %

1) Without adjustment to IAS 32.18 b) Non-controlling interests with put options in the amount of €96 million (2010), €98 million (2011), €45 million (2012)

Capital efficiency

Target of HeidelbergCement is to generate a ROCE between 19 % and 20 %. In the Group areas Asia-Pacific and Africa-Mediterranean Basin, the company easily beat this in 2012. Western and Northern Europe, along with North America, were below ROCE targets, primarily as a result of ongoing relative weakness of construction activity in the United Kingdom and USA. Due to the decline in results of some Eastern European countries, ROCE in the Eastern Europe-Central Asia business area fell compared with the previous year and was thereby also below the target range. In addition, we want to achieve a ROIC equivalent to at least the weighted average cost of capital (WACC) which totalled 7.8 % at the end of the reporting year. Due to impairments and restructuring expenses as well as the still weak business environment in some mature markets, ROIC for HeidelbergCement came in at 4.43 %. Excluding impairment on goodwill and property, plant, and equipment as well as restructuring expenses, ROIC would be 5.80 %.

Group financial management

Financial principles and goals

The objective of external financing and safeguarding of liquidity is to ensure sufficient liquidity for the Group at all times. The crisis in the international capital markets has emphasised how important it is to focus on liquidity.

Our external financial flexibility is primarily assured by capital markets and a group of major international banks. Within the Group the principle of internal financing applies, i.e. financing requirements of subsidiaries are – where possible – covered by internal loan relationships. In 2012, our subsidiaries were financed according to this principle primarily by our finance companies HeidelbergCement Finance B.V. (HC Finance B.V.) and HeidelbergCement Finance Luxembourg S.A. (HC Finance Luxembourg S.A.) based in the Netherlands and Luxembourg, respectively, as well as by HeidelbergCement AG. This central financing principle ensures a uniform presence in the capital markets and also in relation to rating agencies, it eliminates structural benefits for individual creditor groups, and strengthens our negotiating position with credit institutions and other market participants. Furthermore, it enables us to allocate liquidity in the most efficient way and to monitor and eliminate the financial risk positions (currencies and interest) across the Group on the basis of net positions.

The Group companies use either liquidity surpluses from other subsidiaries in cash pools (Germany, Scandinavia/Baltic States, United States, Benelux countries, Australia, United Kingdom, Canada, Czech Republic, Russia, Spain, and other countries) or are provided with intra-Group loans from HC Finance B.V., HC Finance Luxembourg S.A., or HeidelbergCement AG. In some cases, the Group Treasury department also arranges credit lines for subsidiaries with local banks in order to accommodate legal, tax, or other conditions. Local financing is mainly used for particularly small volumes.

Financing measures

2012 was characterised by the successful extension of the €3 billion syndicated credit facility and a placement of a bond. On 31 January 2012, HeidelbergCement secured the extension until 31 December 2015 of its €3 billion syndicated credit facility, which was due to mature at the end of 2013. All 17 original lenders have confirmed their participation and two further banks have joined the syndicate. The agreement was signed on 17 February 2012. The €3 billion multicurrency credit facility is intended as back-up facility and can be used for cash drawings and guarantees.

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The successful extension of the syndicated credit facility is proof of the strength of our relationships with our core banks. The fact that, in a difficult financial market environment, two additional banks have joined the syndicate and we were able to limit the margin increase to just 25 basis points, underlines the trust of the institutions in our Group. The extension of the credit facility secures sufficient liquidity until the end of 2015.

As at 31 December 2012, only €260.8 million had been drawn upon the syndicated credit facility. The free credit line amounted to €2,739.2 million at year-end 2012 (see following table). Overall, it is thereby ensured that all Group companies have sufficient cash and available headroom for drawings to enable them to successfully finance operational business and new investments.

Credit line	
€m	31 Dec. 2012
Syndicated facility (SFA)	3,000.0
Utilisation (cash)	10.5
Utilisation (guarantee)	250.3
Free credit line	2,739.2

Despite difficult capital market conditions, on 8 March 2012 we issued a Eurobond with an issue volume of €300 million and a four-year term ending on 8 March 2016 via our €10 billion EMTN programme. The bond was issued at par with a fixed interest rate of 4 %.

The bond issued in 2012 is unsecured and ranks pari passu with all other capital market debt. According to the terms and conditions of all the bonds issued since 2009 and the debt certificate issued in December 2011, 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. The consolidated EBITDA of €2,591 million and the consolidated interest expense of €715 million are calculated on a pro forma basis in accordance with the terms and conditions of the bonds. At the end of 2012, the consolidated coverage ratio amounted to 3.62. In the reporting year, net debt decreased by €0.7 billion, and amounted to €7.0 billion (previous year: 7.8) as at 31 December 2012.

The following table shows the new issues and repayments of HeidelbergCement Group in 2012:

New issues and repayments of HeidelbergCement Group					
Transaction	Offering date	Duration	Maturity date	Nominal volume	Yield
New issue	2012-03-08	4 years	2016-03-08	EURm 300	4.000 %
Repayment	2008-01-25	4 years	2012-01-25	EURm 1,000	7.625 %
Repayment	2008-05-07	4 years	2012-05-07	EURm 73.5	variable
Repayment	2008-05-07	4 years	2012-05-07	EURm 33.5	6.360 %
Repayment	2008-05-07	4 years	2012-05-07	EURm 8.5	variable
Repayment	2007-10-16	5 years	2012-10-16	EURm 200	5.710 %
Repayment	2005-01-20	7 years	2012-01-20	EURm 6	variable
Repayment	2007-01-23	5 years	2012-01-23	EURm 50	variable
Repayment	2007-10-25	5 years	2012-10-25	SEKm 290	variable

The following tables show the financial liabilities of HeidelbergCement Group as at 31 December 2012:

Bonds payable						
Issuer €m	Nominal volume	Book value	Coupon rate in %	Offering date	Maturity date	ISIN
Hanson Australia Funding Limited US\$m 750	568.3	576.6	5.250	2003-03-18	2013-03-15	US411336AA85
HC Finance Luxembourg S.A.	1,000.0	1,024.9	7.500	2009-10-21	2014-10-31	XS0458230082
HC Finance Luxembourg S.A.	650.0	659.6	6.500	2010-01-19	2015-08-03	XS0478802548
HC Finance Luxembourg S.A.	650.0	655.3	6.750	2010-07-01	2015-12-15	XS0520759803
HC Finance Luxembourg S.A.	300.0	308.3	4.000	2012-03-08	2016-03-08	XS0755521142
Hanson Limited US\$m 750	568.3	585.4	6.125	2006-08-16	2016-08-15	US411349AA15
HC Finance B.V.	1,000.0	1,056.8	8.000	2009-10-21	2017-01-31	XS0458230322
HC Finance Luxembourg S.A. CHFm 150	124.2	123.8	7.250	2011-11-14	2017-11-14	CH0140684512
HC Finance B.V.	480.0	479.7	5.625	2007-10-22	2018-01-04	DE000A0TKUU3
HC Finance Luxembourg S.A.	500.0	510.5	9.500	2011-10-05	2018-12-15	XS0686703736
HC Finance Luxembourg S.A.	500.0	490.4	8.500	2009-10-21	2019-10-31	XS0458685913
HC Finance Luxembourg S.A.	750.0	746.8	7.500	2010-01-19	2020-04-03	XS0478803355
Total		7,218.0				

Bank loans					
Issuer €m	Nominal volume	Book value	Coupon rate in %	Offering date	Maturity date
Debt certificates					
HeidelbergCement AG	5.0	5.0	6-M-Euribor + 1.600	2002-09-27	2013-03-27
HC Finance B.V.	40.0	40.2	3-M-Euribor + 1.900	2008-04-18	2013-04-18
HC Finance B.V.	100.0	100.4	3-M-Euribor + 2.100	2008-05-05	2013-05-06
HC Finance B.V.	50.0	50.1	6-M-Euribor + 2.050	2008-06-09	2013-06-10
HC Finance B.V.	25.0	26.1	6.570	2008-05-07	2014-05-07
HC Finance B.V.	18.0	18.1	3-M-Euribor + 2.150	2008-05-07	2014-05-07
HC Finance B.V.	100.0	101.2	6.000	2007-10-16	2014-10-16
HeidelbergCement AG	115.5	115.9	6-M-Euribor + 4.900	2011-12-20	2016-10-31
HeidelbergCement AG	173.5	174.4	6.770	2011-12-20	2016-10-31
Syndicated facility					
HeidelbergCement AG	10.5	-19.9		2010-04-27	2015-12-31
Others					
HeidelbergCement Group		379.7			
Total		991.2			

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Other interest-bearing liabilities						
Issuer €m	Nominal volume	Book value	Coupon rate in %	Offering date	Maturity date	ISIN
European Medium Term Note						
HC Finance B.V.	30.0	30.0	3-M-Euribor + 1.450	2005-06-09	2015-06-09	XS0221489155
Commercial Paper						
HeidelbergCement AG	29.0	29.0				
Others						
HeidelbergCement Group		259.7				
Total		318.7				

Non-controlling interests with put options	
€m	Book value
Non-controlling interests with put options	45.1
Total	45.1

The following table shows the main liquidity instruments as at 31 December 2012:

Liquidity instruments	
€m	31 Dec. 2012
Cash and cash equivalents	1,474.8
Liquidable financial investments and derivative financial instruments	5.9
Free credit line	2,739.2
Free liquidity	4,219.9

Rating

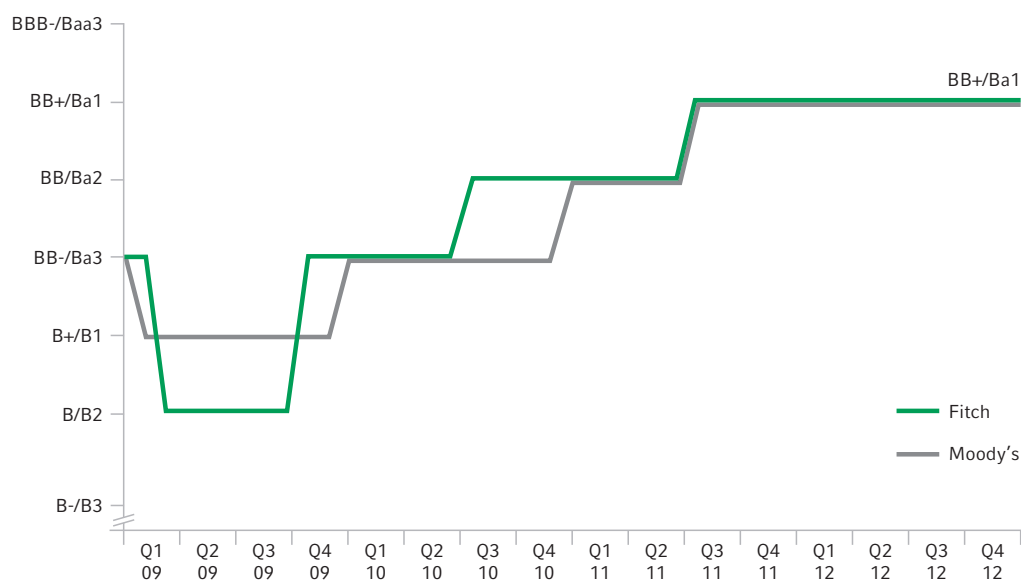
In the financial year, the company's credit rating by the rating agencies Moody's, and Fitch Ratings remained stable at Ba1 and BB+, respectively. On 21 November 2012, we cancelled the rating agreement with Standard & Poor's. The rating agreements with the internationally recognised rating agencies Fitch Ratings and Moody's will continue unchanged.

We were able to successfully continue issuance activity in the money market during the first half of the year and issued a total volume of €2.1 billion via our €1 billion Euro Commercial Paper Programme over the course of 2012. In the second half of the year, issuance activity under the Commercial Paper Programme was gradually reduced in order to limit excess liquidity at the end of the year. As at 31 December 2012, €29 million of the Commercial Paper issued by HeidelbergCement AG remained outstanding. The €3 billion syndicated credit facility thereby serves as a backup line.

Ratings as at 31 December 2012			
Rating agencies	Long-term rating	Outlook	Short-term rating
Moody's	Ba1	stable	Not Prime
Fitch	BB+	stable	B

The consistent and successful reduction of net debt over recent years is reflected by the positive development of our credit ratings between 2009 and 2012:

Development of ratings 2009–2012



Results of operations, asset positions, and financial performance of HeidelbergCement AG

In addition to the Group reporting, the parent company's development is described below. In contrast with the consolidated financial statements, the annual financial statements of HeidelbergCement AG are prepared in accordance with German commercial law. HeidelbergCement AG's management report is combined with that of the HeidelbergCement Group in accordance with § 315, section 3 of the German Commercial Code (Handelsgesetzbuch, HGB), as the business trend, economic position, and future opportunities and risks of the parent company are closely linked with the Group on account of their common activity in the building materials business.

As the controlling company, HeidelbergCement AG plays the leading role in the HeidelbergCement Group. It is also operationally active in Germany in both the cement and the building products business lines, with ten cement plants and grinding facilities as well as a lime plant.

In 2012, construction investments in Germany declined by 1.5 % despite sustained high demand in residential construction. The decrease in public construction was not fully offset by the increase in private residential construction. Our cement and clinker sales volumes fell slightly compared with the previous year as a result of an unusually harsh frost in February 2012 and the early onset of winter in December 2012. Our exports also decreased marginally in 2012. Revenue of HeidelbergCement AG fell by 0.6 % to €530 million (previous year: 533). Material costs rose by 1.2 %, or €3 million, to €229 million (previous year: 226), which is primarily attributable to the increase in fuel prices. Other operating income fell to €125 million (previous year: 132). Personnel costs decreased slightly by €3 million to €165 million (previous year: 167). Other operating expenses rose by €3 million to €236 million (previous year: 233). Overall, earnings before interest and taxes (EBIT) deteriorated by €11 million to €-9 million (previous year: 2).

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The results from participations improved by €9 million to €-9 million (previous year: -18). The interest income from loans fell by €34 million to €44 million (previous year: 78). One reason for this decline is the transfer of a loan of €2.8 billion granted to HeidelbergCement UK Holding Limited, United Kingdom, to HeidelbergCement Finance Luxembourg S.A., Luxembourg, in June 2011 as part of internal Group restructuring measures.

Other interest and similar earnings fell by €38 million to €297 million (previous year: 334). The decrease of €37 million in interest and similar expenses to €249 million (previous year: 286) is due primarily to a reduction in expenses incurred for interest rate swaps.

Through the in-house banking activities, the financing measures of the subsidiaries lead to currency positions that are hedged by means of external foreign exchange transactions, which are appropriate in terms of maturities and amounts. As the hedging transactions do not, as a rule, relate to any valuation units, currency gains or losses may arise at the end of each year in the annual financial statements. In accordance with the prudence principle, provisions for risks arising from hedging transactions were recognised to the extent of the negative market values. Positive market values are not recognised as assets. The foreign currency results in the 2012 financial year amounted to €67 million (previous year: -34).

In the 2012 financial year, €23.1 million was attributable to depreciation on shares in affiliated companies to the lower applicable value and €22.2 million related to a write-up. Other participations were depreciated by a total of €3.6 million.

The income tax of €42 million (previous year: 16) essentially relates to taxes of the reporting year. Tax income from the reversal of provisions for previous years had an opposing effect. Overall, the profit for the 2012 financial year amounted to €90 million (previous year: 57), while balance sheet profit was €94 million (previous year: 70).

The balance sheet total rose by €1.5 billion in comparison with the previous year to €18.8 billion (previous year: 17.4). This increase primarily reflects a rise of €1.4 billion in liabilities to affiliated companies in connection with financing activities of HeidelbergCement AG as the in-house bank of the Group.

On the assets side, shares in affiliated companies rose by €0.8 billion to €12.5 billion (previous year: 11.7). This is essentially due to the increase in the capital reserves of HeidelbergCement International Holding GmbH, Heidelberg, against contributions in kind by way of the transfer of shares in HeidelbergCement Northern Europe AB, Sweden, of €0.2 billion and against cash contributions of €0.8 billion. Overall, the loans to affiliated companies increased by €0.3 billion to €1.1 billion (previous year: 0.8). Financial assets increased by €1.1 billion to just under €13.7 billion (previous year: 12.5). Total fixed assets also rose by a similar amount to €13.9 billion (previous year: 12.8). In current assets, the receivables and other assets rose to €4.7 billion (previous year: 4.0). This increase is essentially due to the rise in receivables from affiliated companies to €4.6 billion (previous year: 4.0). Cash and cash equivalents decreased by €314 million to €156 million (previous year: 470).

On the equity and liabilities side, the shareholders' equity remained largely unchanged at €11.7 billion (previous year: 11.6), as did the provisions at €0.7 billion (previous year: 0.6). In contrast, liabilities increased by €1.4 billion to €6.5 billion (previous year: 5.1). This primarily reflects the rise of €1.4 billion in liabilities to affiliated companies to €6.1 billion (previous year: 4.7) in connection with Group financing activities.

In February 2013, share premium of HeidelbergCement International Holding GmbH, Heidelberg/Germany was increased by €970.0 million by cash contribution in the context of further Group internal restructuring measures.

Evaluation of the economic situation by Group management

2012 was characterised by a divided development in the Group areas of HeidelbergCement. In the emerging countries of Asia and Africa, building materials consumption continued to increase driven by the sustained economic growth. Private residential construction rose significantly in North America and led to a corresponding increase in demand for cement. In Europe, however, demand for building materials decreased significantly in some countries as a result of the cuts in public spending in connection with budgetary consolidation. Overall, the development of results benefited from our advantageous geographical positioning in local growth markets and from the fact that we are not represented, or only to a very limited extent, in the crisis countries of Southern Europe and the countries undergoing political upheaval in North Africa.

As a leading manufacturer of cement we benefited from rising demand in North America, Asia, African countries south of the Sahara, and Russia. Furthermore, we were able to offset the pressure on margins that resulted from the ongoing increase in energy and personnel costs with price increases as well as measures to reduce costs and optimise efficiency in the context of our “FOX 2013” programme. Supported by positive exchange rate effects, we significantly increased operating income compared with the previous year. Although financing costs rose in comparison with the previous year, this is only a temporary effect, which is attributable to the intensified securing of our liquidity on the bond market in contrast to the use of credit lines with banks.

The financing structure of HeidelbergCement improved further in 2012. The sustainably high cash inflow from operating activities enabled us to reduce the net debt of €7.8 billion at the end of 2011 to €7.0 billion at the end of 2012. At the same time, we continued with our disciplined and targeted investments to expand cement capacities in attractive growth markets. With the successful issue of a bond with favourable conditions, we also secured our liquidity reserves in view of the ongoing uncertainties on the financial markets and further improved the maturity profile. At the end of 2012, the available liquidity was €4.2 billion.

Comparison of the business trend with the previous year's forecasts

Revenue forecast

The forecast for 2012 issued by the Managing Board in the 2011 Annual Report indicated that revenue would increase moderately with comparable exchange rates. This forecast was based on the assumption that sales volumes would increase in cement and remain stable in aggregates. In addition, price increases would take on a high priority. Thanks to additional capacities in Russia and Bangladesh, a recovery in cement demand that was higher than expected in North America, and continued growth in demand in the emerging countries of Asia and Africa, cement sales volumes were slightly above the previous year despite a decline in demand in Europe that was more severe than originally anticipated. In contrast, deliveries of aggregates remained below the previous year, primarily as a result of declining infrastructure investments in Europe due to cost-saving measures connected with budgetary consolidation in some countries. Overall, we were able to increase our prices for cement and aggregates. Revenue development also benefited from exchange rate effects of €592 million. As a result, the increase in revenue was somewhat higher than expected, at 8.7%. Excluding exchange rate and consolidation effects, revenue increased by 4.2% and was thus in line with expectations.

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Expenditure forecast

In last year's Annual Report, a slight increase in energy costs was forecast for 2012 in view of declining price indices for energy since mid-2011. Energy costs developed better than expected in 2012 and, as a whole, were only slightly higher compared with the previous year. In absolute terms, energy costs rose by 6.2 %; as percentage of revenue they fell to 11.6 % in 2012 compared to 11.9 % in 2011.

We also expected a slight rise in personnel costs. In 2012, they increased considerably by 12.9 %, with previous years' non-recurring effects no longer applying. As a percentage of revenue, personal costs increased from 16.0 % in 2011 to 16.6 % in 2012. On the one hand, this increase is partly due to renegotiations of several pension schemes in North America and Western Europe, which had a positive effect of €129 million on personnel costs in the previous year. On the other hand, exchange rate effects led to an increase of €109 million in 2012. Excluding these two effects, personnel costs rose only by €27 million (1.2 %). Excluding the one-off pension effect, the share of revenue decreased from 17.0 % in 2011 to 16.6 % in 2012.

The rise in costs was completely offset by price increases in 2012 and the operating margin even saw a slight improvement.

In 2012, our "FOX 2013" programme exceeded the target values for the increase in cash flow by a rise in liquidity of €384 million compared with the planned €200 million.

As expected, financing costs increased moderately compared with the previous year. This was primarily attributable to higher interest margins resulting from the change of financial strategy in autumn 2011 towards intensified liquidity safeguarding on the bond market.

Profit forecast

On the basis of the expected development of revenue and expenditure, we forecast a moderate rise in operating income in the 2011 Annual Report. As a result of the pleasing development in revenue, expenditure, and cost savings, as well as supported by positive exchange rate effects, we were able to increase operating income by 9.5 % compared with the previous year. Excluding exchange rate and consolidation effects, the improvement was 5.6 % and thus in line with expectations.

Comparison of the business trend with the forecast in the 2011 Annual Report

€m	Forecast Annual Report 2011	Actual 2011	Actual 2012	Change
Revenue	Moderate increase	12,902	14,020	8.7 %
Energy costs	Moderate increase	1,536	1,631	6.2 %
Wages and salaries	Moderate increase	2,064	2,330	12.9 %
Financing costs (financial result)	Moderate increase	-582	-641	10.0 %
Operating income	Moderate increase	1,474	1,613	9.5 %

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Statements in accordance with § 289, section 4 and § 315, section 4 of the German Commercial Code (HGB)

On 31 December 2012, the share capital of HeidelbergCement AG amounted to €562,500,000. It is divided into 187,500,000 no-par value bearer shares, each with a notional amount of €3, which corresponds to a proportionate amount of the subscribed share capital. Each share carries one vote at the Annual General Meeting. All shares carry the same rights and obligations; there are no different classes of shares. The Managing Board knows of no restrictions concerning voting rights or the transfer of shares.

According to information available to the company in accordance with the German Securities Trading Law (Wertpapierhandelsgesetz), as at 31 December 2012, Mr Ludwig Merckle, Ulm, holds more than 10 % of the voting rights in the company. He currently holds 25.11 % of the voting rights directly and indirectly via various companies, including UBH Holding GmbH, Zossen, and Spohn Cement Beteiligungen GmbH, Zossen. No holder of shares has been granted special rights giving power of control.

The company's Managing Board is appointed and discharged by the Supervisory Board. The Articles of Association may be amended by the Annual General Meeting with a simple majority of the share capital represented at the time of voting, except where a greater majority is required by law. Amendments affecting only the wording of the Articles of Association may be made by the Supervisory Board.

As at 31 December 2012, there were two authorised capitals: namely, authorisation of the Managing Board and Supervisory Board to increase the capital by issuing new shares in return for cash contributions (Authorised Capital I), and authorisation of the Managing Board and Supervisory Board to increase the capital by issuing new shares in return for contributions in kind (Authorised Capital II). The authorised capitals are summarised as below. The complete text of the authorisations can be found in the Articles of Association, which are published on our website www.heidelbergcement.com under "About us/Corporate Governance/Articles of Association".

Authorised Capital I

The Managing Board is authorised to increase, with the consent of the Supervisory Board, the company's share capital by a total amount of up to €225,000,000 by issuing new no-par value bearer shares in return for cash contributions on one or more occasions until 5 May 2015 (Authorised Capital I). The shareholders must be granted subscription rights. However, the Managing Board is authorised, in certain cases described in more detail in the authorisation, to exclude the subscription rights of shareholders in order to realise residual amounts or to issue shares totalling up to 10 % of the share capital at a near-market price.

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Authorised Capital II

The Managing Board is also authorised to increase, with the consent of the Supervisory Board, the company's share capital by a total amount of up to €56,100,000 by issuing new no-par value bearer shares in return for contributions in kind on one or more occasions until 5 May 2015 (Authorised Capital II). The subscription right of shareholders is generally excluded in the case of capital increases in return for contributions in kind. The authorisation governs, in particular, the possibility of excluding the subscription right insofar as the capital increase in return for contributions in kind is performed for the purposes of acquisition of companies or to service option or conversion rights.

As at 31 December 2012, the authorisation to issue new shares in return for cash contributions or contributions in kind forming the basis of the Authorised Capitals I and II had not been used.

Conditional share capital

In addition, the conditional share capital described below existed as at 31 December 2012. The share capital was conditionally increased by a further amount of up to €187,500,000, divided into up to 62,500,000 new no-par value bearer shares (conditional share capital 2009). The conditional capital increase serves to back the issuance of option or conversion rights, or option or conversion obligations, on HeidelbergCement shares. The conditional capital increase is only carried out insofar as the Managing Board issues warrant or convertible bonds under the authorisation and the bearers of option or conversion rights make use of their rights. Warrant or convertible bonds may also be issued with option or conversion obligations.

The shareholders generally have a subscription right to newly issued warrant or convertible bonds. The authorisation governs specific cases in which the Managing Board may exclude the subscription right of shareholders to warrant or convertible bonds. The complete text of the conditional share capital can also be found in the Articles of Association, which are published on our website www.heidelbergcement.com under "About us/Corporate Governance/ Articles of Association".

As at 31 December 2012, the authorisation to issue warrant or convertible bonds forming the basis of the conditional share capital 2009 had not been used.

The company has no treasury shares and there is no authorisation to acquire treasury shares.

A list of the company's significant agreements contingent on a change of control resulting from a takeover bid, and a summary of the effects thereof, is provided in the following in accordance with § 289, section 4, no. 8 and § 315, section 4, no. 8 of the German Commercial Code (HGB). Please note that we are disregarding agreements whose potential consequences for the company fall below the thresholds of €50 million in a singular instance or €100 million in the case of several similar agreements, as they will not normally affect the decision of a potential bidder. These change of control clauses are standard for this industry and type of transaction and have not been agreed with the intention of hindering any takeover bids.

As at 31 December 2012, the following significant agreements of HeidelbergCement AG were contingent on a change of control within HeidelbergCement AG resulting from a takeover bid.

Name of agreement/date	Type of contract	Nominal amount €m ¹⁾	Repayment	Type of clause
Syndicated credit and aval agreements				
Syndicated credit line and aval credit facility of 27 April 2010, extended on 17 February 2012	Credit and aval credit facility	3,000 ²⁾	to the extent outstanding by 31 December 2015	(1)
Bonds issued by HeidelbergCement Finance B.V., guaranteed by HeidelbergCement AG				
8.0 % bond 2009/2017	Debenture bond	1,000	to the extent outstanding by 31 January 2017	(3)
5.625 % bond 2007/2018	Debenture bond	480	to the extent outstanding by 4 January 2018	(2)
Bonds issued by HeidelbergCement Finance Luxembourg S.A., guaranteed by HeidelbergCement AG				
7.5 % bond 2009/2014	Debenture bond	1,000	to the extent outstanding by 31 October 2014	(3)
6.5 % bond 2010/2015	Debenture bond	650	to the extent outstanding by 3 August 2015	(3)
6.75 % bond 2010/2015	Debenture bond	650	to the extent outstanding by 15 December 2015	(3)
4.0 % bond 2012/2016	Debenture bond	300	to the extent outstanding by 8 March 2016	(3)
7.25 % bond 2011/2017	Debenture bond	CHFm 150	to the extent outstanding by 14 November 2017	(3)
9.5 % bond 2011/2018	Debenture bond	500	to the extent outstanding by 15 December 2018	(3)
8.5 % bond 2009/2019	Debenture bond	500	to the extent outstanding by 31 October 2019	(3)
7.5 % bond 2010/2020	Debenture bond	750	to the extent outstanding by 3 April 2020	(3)
Debt certificates issued by HeidelbergCement Finance B.V., guaranteed by HeidelbergCement AG				
of 18 April 2008	Debt certificate	40	by 18 April 2013	(2)
of 5 May 2008	Debt certificate	100	by 5 Mai 2013	(2)
of 9 June 2008	Debt certificate	50	by 10 June 2013	(2)
of 7 May 2008	Debt certificate	43	by 7 Mai 2014	(2)
of 16 October 2007	Debt certificate	100	by 16 October 2014	(2)
Debt certificates issued by HeidelbergCement AG				
of 20 December 2011	Debt certificate	289	to the extent outstanding by 31 October 2016	(3)
Shareholders agreement				
between HeidelbergCement AG and IFC dated 19 May 2010, supplemented and revised on 19 January 2012	Agreement between HeidelbergCement AG and IFC as well as their associated shareholders in Scancem International DA	to be determined	to be determined	(4)

1) Provided that no other currency is specified

2) Of this figure, €260.8 million was outstanding as at 31 December 2012.

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The relevant change of control clauses give the contractual partner or bearer of the bonds or debt certificates the right to immediately accelerate and to demand repayment of the agreement or outstanding loans, debenture bonds, or debt certificates, or to end the common participation in Scancem International DA in the event of a change in the company's shareholder structure as defined variously below.

The syndicated credit and aval credit facility agreement dated 27 April 2010, extended on 17 February 2012, marked (1) in the type of clause column gives each bank syndicate creditor the right, in the event of a change of control, to accelerate the loan amount it provided (plus any accrued interest) and to demand repayment accordingly. A change of control is deemed to occur when a person or a group of people acting jointly in the sense of § 2, section 5 of the German Securities Acquisition and Takeover Act (WpÜG) has acquired more than 30 % of the shares in the company.

The bonds and debt certificates marked (2) in the type of clause column give each bearer of the debenture bond or debt certificate the right of early termination in the event of changes in the shareholder structure that lead to a change in the control of the company. A change of control is deemed to occur when more than 50 % of the subscribed capital or more than 50 % of the voting rights are controlled contractually or by other means. In connection with a concept of "registered partner", a change of control to (a) SC Vermögensverwaltung GmbH (formerly Spohn Cement GmbH) or (b) any partner of SC Vermögensverwaltung GmbH including successors and legatees of partners of SC Vermögensverwaltung GmbH and persons who are beneficial owners of shares in SC Vermögensverwaltung GmbH or (c) any legal person or foundation or comparable institution managed by such persons to whom shares in HeidelbergCement AG were transferred by persons mentioned under (a) to (c) is exempted from the change of control provision and thus from the regulation regarding a right of early termination.

The bonds and debt certificate marked (3) in the type of clause column give each bearer of the debenture bond or debt certificate the right, in the event of a change of control as described below, to demand full or partial repayment of the debt certificate from the company or, in the case of debenture bonds, at the company's option, the full or partial purchase of his debenture bonds by the company (or, at the company's request, by a third party) at the "early repayment amount". The early repayment amount means, in the case of the debt certificate, 100 % of the nominal amount of the debt certificate or, in the case of debenture bonds, 101 % of the nominal amount of the debenture bond plus accrued and unpaid interest up to (but not including) the repayment date defined in the bond terms.

A change of control is deemed to occur when one of the following events takes place:

- the company becomes aware that a person or group of persons acting in concert in the sense of § 2, section 5 of the German Securities Acquisition and Takeover Act (WpÜG) has become the legal or beneficial owner of more than 30 % of the company's voting rights, or
- the merger of the company with or into a third person or the merger of a third person with or into the company, or the sale of all or substantially all assets (consolidated) of the company to a third person, except in connection with legal transactions, as a result of which (a) in the event of a merger the holders of 100 % of the company's voting rights hold at least the majority of the voting rights in the surviving legal entity immediately after such a merger and (b) in the event of the sale of all or substantially all assets, the acquiring legal entity is or becomes a subsidiary of the company and becomes the guarantor for the debenture bonds.

The US\$750 million 6.125 % bond taken out by Hanson Limited, issued on 16 August 2006 and maturing on 15 August 2016, now guaranteed by HeidelbergCement AG, includes a provision whereby not only the direct but also the indirect acquisition of more than 50 % of the shares or voting rights in Hanson Limited may represent a change of control. The acquisition of 30 % of the voting rights in HeidelbergCement AG, which indirectly holds 100 % of the shares in Hanson Limited, could be regarded as an indirect acquisition. A change of control would grant the bearers of this bond a put option at 101 % of the nominal value plus interest against Hanson Limited if, in connection with this change of control, the bond was downgraded below investment grade by certain rating agencies. As the bond is already classified below investment grade, this change of control provision is currently not applicable.

In May 2010, HeidelbergCement signed a shareholders agreement, marked (4) in the type of clause column, with International Finance Corporation (IFC), a member of the World Bank Group. The agreement was supplemented and revised on 19 January 2012. This agreement governs the rights of the shareholders in the jointly held Norwegian holding partnership Scancem International DA, which brings together the main African activities of HeidelbergCement in the countries south of the Sahara. The agreement provides IFC and its financial partners with the opportunity of selling their indirect holding in Scancem International DA to HeidelbergCement at a price that corresponds to the reference price determined according to certain requirements in the agreement, if an "adverse sponsor change in control" occurs. This is defined as a change in control at HeidelbergCement AG that leads to a mandatory offer, pursuant to the German Securities Acquisition and Takeover Act (WpÜG), for the outside shareholders of HeidelbergCement AG, if the purchaser of the control is either included in one of the sanction lists of the UN, EU, France, USA, or the World Bank specified in the agreement, or if the purchaser of the control takes action or makes decisions that would end or compromise the objectives planned with the IFC's participation in Scancem International DA, i.e. the modernisation and expansion of the jointly led activities in the countries south of the Sahara.

Agreements also exist on pension schemes in the United Kingdom, which stipulate that a change of control (not contractually specified) at HeidelbergCement AG must be communicated to the trustees of these pension schemes. If, according to the corresponding regulatory guidelines, a change of control poses a considerable risk to the fulfilment of the pension obligations (Type A Event), the trustees can request negotiations on the suitability of the safeguarding of the pension cover and these can be verified by means of a clearance procedure before the supervisory authority, which may lead to the adjustment of the securities.

With the introduction of the new Managing Board remuneration system in November 2010, the HeidelbergCement AG Supervisory Board has decided, in the event of new contracts and the extension of Managing Board contracts in accordance with the German Corporate Governance Code (point 4.2.3), to agree that a possible redundancy payment in the case of early termination of membership of the Managing Board be limited to 150 % of the redundancy pay cap, but at the most to the remuneration for the remaining term of the appointment.

The other details required in accordance with § 289, section 4, and § 315, section 4 of the German Commercial Code (HGB) relate to circumstances that do not exist at HeidelbergCement AG.

Regional branches

HeidelbergCement has no regional branches either domestically or internationally.

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Events occurring after the close of the 2012 financial year

On 22 February 2013, HeidelbergCement invoked its right to terminate the debt certificate issued on 20 December 2011 and will redeem at par the tranche of €115.5 million with floating interest rates and an original term ending on 31 October 2016 ahead of schedule on 30 April 2013. In the context of good liquidity development and more favourable refinancing conditions on the market, this measure serves to further reduce financing costs.

Risk report

Risks and opportunities

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, and reducing them systematically is 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. Specific notes on our potential opportunities can be found in the Outlook chapter on page 112f.

Risk management

The Managing Board of HeidelbergCement AG is obliged to set up and supervise an internal control and risk management system. The Managing Board also has overall responsibility for the scope and organisation of the established systems. The Supervisory Board and its Audit Committee also review the effectiveness of the risk management system on a regular basis.

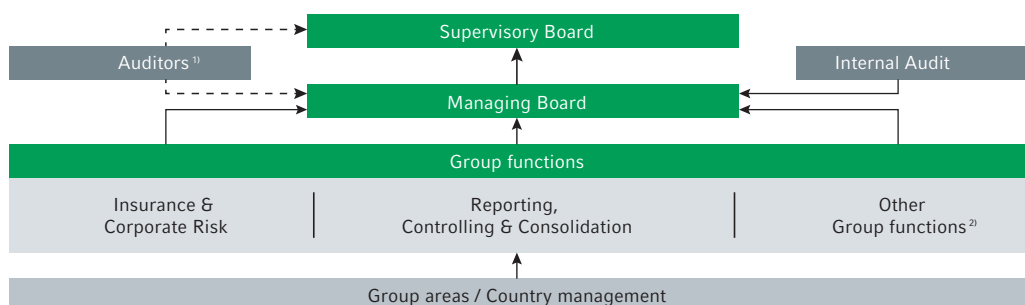
HeidelbergCement has installed transparent regulations to govern competences and responsibilities for risk management that are based on the Group's structure.

A code of conduct, guidelines, and principles apply across the Group for the implementation of systematic and effective risk management. The standardised internal control and risk management system at HeidelbergCement is based on financial resources, operational planning, and the risk management strategy established by the Managing Board. It comprises several components that are carefully coordinated and systematically incorporated into the structure and workflow organisation.

The essential elements of the risk management system are:

- documentation of the general conditions for a methodical, efficient risk management in a Group guideline. In addition to this Risk Management Policy, the Group's Code of Business Conduct is concerned with the code of conduct and compliance standards to be observed.
- coordination of risk management in the Group Insurance & Corporate Risk department,
- managers responsible for corporate risk at country level,
- direct information and open communication of quantified risks between the Managing Board and country management,
- standardised and regular reporting at Group and country level.

Organisation of risk management at HeidelbergCement



1) Part of the annual audit

2) Legal, Compliance, Tax, IT, Treasury, Corporate Finance, Human Resources, Strategy & Development, Marketing & Sales

Risk management process

At the start of 2012, we continued to optimise our risk management through the Group-wide implementation of comprehensive software that depicts the overall risk management process. By using this software, we have implemented the basic conditions for increasing transparency and efficiency in all phases of the risk management process and for contributing to audit security. The software helps us with, among other things, the clear representation of the Group structure and the assignment of appropriate local responsibilities, the systematic recording and tracking of risks as well as proposed countermeasures over time, or the provision of uniform evaluation schemes. The visualised risk data can now be consolidated in a timely manner, analysed flexibly and in various ways, and depicted using standardised risk reporting.

We plan to introduce risk management working groups for the clarification of specific issues and for the international exchange of information in order to further develop adequate risk awareness.

Identification and assessment of risks

The process of identifying risks is performed regularly on a decentralised basis by the country management and by the globally responsible Group functions. General macro-economic data as well as other industry-specific factors and risk information sources serve as auxiliary parameters for the identification process.

Appropriate thresholds for reporting relevant risks have been established for the individual countries, taking into account their specific circumstances. On the basis of our Group's risk model and according to the defined risk categories, the risks are assessed with reference to a minimum

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probability of occurrence of 10 % and their potential extent of damage. The decline in operating income, which serves as the key parameter for corporate success, represents the scale for the extent of damage.

The risk statement also includes risks that do not have a direct impact on the financial situation, but that can have an effect on non-monetary factors such as reputation or strategy. In the case of risks that cannot be directly calculated, the potential extent of damage is assessed on the basis of qualitative criteria such as low risk or risks constituting a threat to the Group's existence.

The process of regular identification is supplemented with an ad-hoc risk report in the event of the sudden occurrence of serious risks or of sudden damage caused. This can arise, in particular, in connection with political events, trends in the financial markets, or natural disasters.

Aggregating, reporting, monitoring, and controlling risks

The quantitative, updated risk reports for all business lines in our Group countries are presented to the Managing Board on a quarterly basis within the framework of central management reporting to ensure that risks are monitored in a structured and continuous way. Correlations between individual risks and events are considered at local level as far as possible. The quarterly management meetings provide a platform for the Managing Board and responsible country managers to discuss and determine appropriate risk control measures promptly. Decisions are thus made as to which risks will be intentionally borne independently and which will be transferred to other risk carriers, as well as which measures are suitable for reducing or avoiding potential risks.

The Group Insurance & Corporate Risk department is responsible for coordinating the risk management processes. It also carries out an annual survey amongst the Group functions in order to record risks. Furthermore, all significant quantitative and qualitative risks for countries and Group functions are summarised once a year in a central risk map and presented to the Managing Board.

Monitoring and adjustments

The Group Internal Audit department systematically examines and assesses risk management to help increase risk awareness. In addition, the auditor carries out an examination of the risk management system as part of the annual audit in accordance with legal guidelines to determine whether the monitoring system is capable of identifying in good time any issues that could threaten the Group's existence. The Managing Board also regularly informs the Supervisory Board and its Audit Committee about the risk situation.

The internal control and risk management system with regard to the Group accounting process

The internal control system within the HeidelbergCement Group includes all principles, processes, and measures intended to ensure the effectiveness, cost efficiency, and accuracy of the accounting and to ensure observance of the relevant legal provisions.

The internal monitoring system within the HeidelbergCement Group consists of process-independent and process-integrated control measures. The process-integrated auditing activities include controls that are incorporated into the process (e.g. the principle of dual control). Process-independent measures are controls carried out by persons not directly involved in the accounting process (e.g. Group Internal Audit).

Structures and processes

The organisational and management structure of HeidelbergCement AG and its Group companies is clearly defined. The responsibilities within the accounting process (e.g. accounting of HeidelbergCement AG and its Group companies, Group Controlling, Group Treasury, and Group Consolidation) are clearly defined and functionally separated.

Key characteristics of the accounting processes and the consolidation

All departments involved in the accounting process have the requisite qualifications and are equipped in accordance with the requirements. In the case of accounting issues that are complex or require discretionary judgment, we also call upon the expertise of external service providers such as pension experts or recultivation obligation assessors.

The central accounting guideline and a uniform accounting framework are mandatory for all Group companies. They are continuously adapted to current developments, e.g. in the Group's economic or legal environment, and to the International Financial Reporting Standards (IFRS) of the European Union. The central accounting guideline and uniform accounting framework guarantee uniform recognition, measurement, and presentation in the consolidated financial statements. Group-wide deadlines set out in a centrally managed financial calendar and instructions pertaining to the financial statements also help to make the accounting process structured, efficient, and uniform across the Group.

In most countries, the financial statements of the Group companies are prepared in shared service centers in order to centralise and standardise the accounting processes. Accounting systems from SAP and Oracle are used in the majority of cases. To prepare the consolidated financial statements, further information is added to the individual financial statements of the Group companies and these are then consolidated using standardised software developed by SAP. All consolidation adjustments, such as the capital consolidation, the debt consolidation, the expense and income consolidation, and the at equity valuation, are carried out and documented. The various elements that make up the consolidated financial statements, including the Notes, are created entirely from this consolidation program.

At HeidelbergCement, the accounts data is checked at both local and central level. The decentralised checking of the local financial statements is carried out by the responsible Financial Director and country controlling. The central checking of the accounts data is carried out by the Group departments Consolidation, Controlling, Tax, and Treasury.

HeidelbergCement's control system is also supplemented by manual checks, such as regular spot checks and plausibility checks, carried out both locally and centrally. The validations automatically performed by the consolidation program also form an integral part of HeidelbergCement's control system.

Process-independent checks are carried out by the Audit Committee of the Supervisory Board and by Group Internal Audit. The latter checks the internal control system for the structures and processes described and monitors application of the accounting guidelines and accounting framework. The results of the check carried out by Group Internal Audit are reported to the Managing Board and Audit Committee. Additional process-independent monitoring activities are also performed by the Group auditor and other auditing bodies, such as the external tax auditors.

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Measures for identifying, assessing, and limiting risks

In order to identify and assess risks, individual business transactions at HeidelbergCement are analysed using the criteria of potential risk and probability of occurrence. Suitable control measures are then established on the basis of these analyses. To limit the risks, transactions above a certain volume or with a certain complexity are subject to an established approval process. Furthermore, organisational measures (e.g. separation of functions in sensitive areas) and ongoing target/actual comparisons are performed for key accounting figures. The IT systems used for accounting are protected from unauthorised access by appropriate security measures.

The established control and risk management systems are not able to guarantee accurate and complete accounting with absolute certainty. In particular, individual false assumptions, inefficient controls, and illegal activities may limit the effectiveness of the internal control and risk management systems employed. Exceptional or complex circumstances that are not handled in a routine manner also entail a latent risk.

The statements made here apply only to the Group companies included in the consolidated financial statements of HeidelbergCement AG whose financial and operational policies can be determined directly or indirectly by HeidelbergCement AG for the purpose of deriving benefit from the activity of the company.

Risk areas

Risks that may have a significant impact on our assets, financial, and earnings position in the 2013 and 2014 financial years are divided into three categories based on the risk catalogue established in the Group: financial risks, market and strategic risks, and operational risks.

Financial risks

Our significant financial risks are currency risks, interest rate risks, refinancing risks, and credit risks. We manage these risks primarily as part of our ongoing business and financing activities and, when required, by using derivative financial instruments. These risk areas are monitored on a continuous basis by the Group Treasury department in accordance with internal Group guidelines. All Group companies must identify their risks and hedge them in cooperation with Group Treasury on the basis of these guidelines. The activities and processes of Group Treasury are governed by comprehensive guidelines, which, amongst other things, regulate the separation of trade and the processing of financial transactions. As part of our ongoing risk management, we manage the transaction risk, i.e. the risk of fluctuating prices (e.g. currency exchange rates, interest rates, raw material prices) that may affect the Group's earnings position.

Currency risks

Currency risks arising as a result of transactions with third parties in foreign currency (transaction risks) are hedged in certain cases using derivative financial instruments with a hedging horizon of up to twelve months. We primarily use currency swaps and forward exchange contracts for this purpose, as well as currency options in some individual cases. Currency risks arising from intra-Group transactions in goods are not hedged, as the inflows and outflows in the various currency pairs cancel one another out at Group level to a large extent. Through our in-house banking activities, the borrowing and investment of liquidity of the subsidiaries lead to currency positions that are hedged by means of external currency swap transactions, which are appropriate in terms of maturities and amounts.

In general, we do not hedge currency risks arising from converting the financial statements of foreign individual companies or subgroups (translation risks). The associated effects have no impact on cash flow, and influences on the consolidated balance sheet and income statement are monitored on a continuous basis. More information on currency risks can be found in the Notes on page 212 f.

Interest rate risks

Interest rate risks exist as a result of potential changes in the market interest rate and may lead to a change in fair value in the case of fixed interest-bearing financial instruments and to fluctuations in interest payments in the case of variable interest-bearing financial instruments. Interest rate risks are maintained within the parameters set by the Group's Chief Financial Officer. By using financial instruments, primarily interest rate swaps, we are able to hedge both the risk of fluctuating cash flows and the risk of value fluctuations. However, the downgrading of our credit rating by the rating agencies (see Rating section on page 69 f.) could increase the interest margins in the event of a refinancing measure. On the basis of the balanced maturity structure of financial liabilities (see diagram in the Outlook chapter on page 117) and the expected cash inflow from operating activities, there is no significant short- or medium-term need to refinance, meaning that no significant effects on the financial result are to be expected. More information on interest rate risks can be found in the Notes on page 212.

Refinancing/liquidity risks

Refinancing/liquidity risks exist when a company is not able to procure the funds necessary to fulfil operational obligations or obligations entered into in connection with financial instruments.

Possible risks from fluctuating cash flows are considered as part of the Group liquidity planning. Assumptions concerning the expected economic cycle harbour particular uncertainties in liquidity planning, which is why we update them on an ongoing basis and simulate them by means of so-called stress tests. On this basis, we can – if necessary – initiate the appropriate measures, such as the issue of additional money and capital market securities or the raising of fresh funds in the bank market. As a result of our extensive refinancing measures over the last 24 months, including the prolongation of a syndicated credit facility of €3 billion, we have access to substantial amounts of cash and cash equivalents and have thus considerably reduced the refinancing risk. In addition, cash is continuously accruing from our operating activities. As an additional precautionary measure, an appropriate amount for increasing shareholders' equity was decided upon at the 2010 Annual General Meeting.

The revolving syndicated credit facility of €3 billion mentioned above with a term that now runs until the end of December 2015 (previously until the end of 2013), following the extension of the agreement in February 2012, of which only €260.8 million had been drawn upon as at the balance sheet date, is available for financing existing payment obligations. In total, we have €4.2 billion of cash and cash equivalents, of securities, and free credit lines in our portfolio across the Group (see liquidity instruments table in the Group financial management section on page 69). More information on liquidity risks can be found in the Notes on page 210 f.

Credit risks

Credit risks exist when a contractual partner in a business cannot fulfill its obligations, or at least not within the stipulated period. We minimise the risk position arising from this by diversification and ongoing assessment of the creditworthiness of the contracting parties.

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Credit risks from operating activities are monitored continuously as part of our receivables management. We apply strict standards with regard to the creditworthiness of our business partners. In this way – as well as by avoiding concentrations of positions – we are able to minimise the Group's credit risks. We minimise credit risks for our financial investments by only conducting transactions with banks that are particularly creditworthy. We select banks for payment transactions and establish cash pools in exactly the same way.

In connection with credit agreements, we agreed to comply with various financial covenants, which were all met in the reporting period. The most important key financial ratios are the ratio of net debt to EBITDA and the interest coverage ratio. Within the framework of Group planning, compliance with the covenants is monitored consistently, with notification issued to the creditors on a quarterly basis. In the event of a breach of the covenants, the creditors could, under certain conditions, accelerate corresponding loans irrespective of the contractually agreed terms. Depending on the volume of the relevant loan and the refinancing possibilities in the financial markets, this could lead to a refinancing risk for the Group.

The €3 billion syndicated credit facility contains covenants, which were agreed at a level that takes into account the current economic environment and our forecasts. More information on credit risks can be found in the Notes on page 210.

Market and strategic risks

Industry-specific risks and sales market risks

In 2013 and 2014, the International Monetary Fund anticipates a slight acceleration of global economic growth. However, a prerequisite is that industrial countries in North America and Europe continue unabated with their efforts to resolve the debt crisis and to achieve budgetary consolidation. The high level of debt in the USA, the euro debt crisis, and the armed conflicts in the Middle East continue to threaten the development of the world economy.

Economic growth in the individual regions will continue to vary greatly in terms of magnitude and time frame in 2013 and 2014. We see risks in demand and price trends in some countries and regions, particularly in Europe, due to financial restrictions imposed by governments, which already led to significant reductions in infrastructure expenditure in 2012. Although energy prices recently experienced a decline, they have risen significantly since 2009 and above all as a result of the disaster in Fukushima. There is still an increased risk of inflation, primarily in Asia because of the expected significant economic growth.

The global development of demand for building materials naturally represents both an opportunity and a risk for us, and is dependent on a number of different factors. The key factors include population growth and the increasing need for residential property, economic growth, growing industrialisation and urbanisation, and the increased need for infrastructure. Demand for building materials is essentially divided into three sectors: private residential construction, commercial construction, and public construction.

Demand in private residential construction depends on factors such as access to affordable loans, the trend in house prices, and the available household income, which is in turn influenced by additional parameters such as the rate of unemployment or inflation. The development of these factors

and thus the demand in this sector is mostly subject to country-specific risks and uncertainties. In the USA, the bursting of the property bubble led to a high excess of houses and apartments and a corresponding price collapse. The recovery of this market is fraught with uncertainties and depends, for example, on future interest rate developments. In Asia, there is a risk that rising food prices could negatively impact the revenue available for construction projects and thereby also the investments in private residential construction. In China, there still remain risks from speculations in urban residential property. Although the steps taken by the government and central bank to combat overheating in the booming property market have so far been successful, the situation must still be monitored very carefully.

The utilisation of production facilities, office spaces, and storage areas is crucial in determining the level of demand in commercial construction, and in turn depends on the general order situation both at home and abroad. As a result of the economic crisis, the vacancy rate of office and industrial spaces is still marked in some countries, such as in the USA. While this sector has begun the recovery process, its extent and time span is uncertain. Intensified budgetary consolidation or increasing interest rates resulting from rising inflation pressure could have a negative effect on economic growth and the future demand for building materials.

Investments in infrastructure such as roads, railways, airports, and waterways fall into the public construction sector. The demand in this sector depends on national budgets and the implementation of special infrastructure funding programmes. Risks exist insofar as countries could cut back on their infrastructure investments in order to consolidate their budgets. In a few European countries as well as in the USA, spending cuts were also announced for public construction and other areas. Noticeable growth in result from state-funded projects will only be seen with a time lag. The scope of the cutbacks and their effects on the demand for building materials cannot be predicted with absolute certainty.

Building materials are characterised by heavy weight in relation to the sales price and are thus not transported overland for long distances. Excess cement volumes are traded by sea on a regional level as well as between individual continents. If the difference in the price level between two countries, with connection to the sea trade, is so high that it exceeds the transportation costs, there is a danger of increased import pressure and thus of a price drop in the importing market.

A major industry-specific risk is the weather-related sales risk for building materials, which is mainly due to the seasonal nature of demand. Harsh winters with extremely low temperatures or high precipitation impact construction activity and have a negative effect on the demand for building materials. In addition to the winter weather, monsoons in some Group countries, such as India, are another example of the seasonal weather conditions that adversely affect the sales volumes of our products and thus our business results.

We counteract weather-related fluctuations in sales volumes and risks from trends in sales markets with regional diversification, increased customer focus, the development of special products, and, to the extent possible, with operational measures: for example, we adjust the production level to the demand situation and use flexible working time models. In 2012, we reorganised our activities in the United Kingdom as a result of the sharp downturn in the construction industry and a number of locations were temporarily or permanently closed.

In order to further improve relationships with our customers and to respond to country-specific needs, HeidelbergCement carries out customer surveys across the Group and expands research and development operations at Group level. A continuous transfer of knowledge between our

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locations, which is systematically supported and promoted by the employees of our technical centers – HTC (cement and binders) and CCM (aggregates) – working at various locations across the Group, ensures that synergy effects are utilised as effectively as possible.

Our expectations regarding the future development of the industry and our sales markets are presented in the Outlook chapter on page 112f.

Risks from acquisitions and investments

Capacity expansions from acquisitions and investments ensure opportunities, but also risks. Possible risks in the case of acquisitions arise from the integration of employees, processes, technologies, and products. These also include cultural and language barriers in the growing markets as well as a generally increased level of personnel turnover in Asia, which leads to an outflow of valuable knowledge. We counteract these risks by targeted personnel development and an integrative corporate culture, including the creation of local management structures.

Acquisitions can affect the debt to equity ratio and financing structure and lead to increases in fixed assets, including goodwill. In particular, impairments of goodwill due to unforeseen business trends can lead to financial burdens.

Investment projects can span several years from the planning phase to completion. In this process, there are particular risks when it comes to obtaining the necessary permission for mining raw materials or developing infrastructure, including connecting to energy and road networks, as well as risks concerning the requirements for subsequent use plans for quarrying sites.

In the case of future acquisitions, partnerships, and investments, there is a risk that political restrictions may only allow them to be implemented under complicated conditions or may prevent them at all. A resulting shortage in capacity expansion projects could affect the growth prospects of HeidelbergCement. In order to minimise financial burdens and risks and better exploit opportunities, we look for suitable partners, particularly in politically unstable regions.

HeidelbergCement constantly monitors the market environment with respect to embarking on suitable acquisition projects or partnerships. In addition, market potential and raw material deposits are also systematically analysed and turned into proposals for investment projects. We place very high return requirements on every acquisition or investment decision, which are explained in the Strategy, management control, and targets chapter on page 39f. Significant investment and acquisition projects are also subject to subsequent checks. We have many years of experience in integrating companies and have already created the necessary processes and structures.

The cement industry is building up its capacities in the markets of Eastern Europe, Asia, and Africa in order to benefit from the rising domestic demand. HeidelbergCement is likewise pursuing a capacity expansion programme and, is focusing on local markets with exceptional growth potential. In 2012, we commissioned new cement mills in Bangladesh, Ghana, and Poland. At the start of 2013, new clinker and cement capacities were commissioned in Central India; further capacity expansions will be implemented at our locations in Kazakhstan, Indonesia, Liberia, Togo, Tanzania, Ghana, and Burkina Faso. Competitors are also building up new capacities in these regions. If the capacity increases in the markets in which we operate exceed the growth in demand, there is a risk of price collapse, which has negative effects on revenue and operating income. Prior to capacity expansion projects, HeidelbergCement reviews both the market environment and the market potential and responds to excess capacities with cost-saving and efficiency improvement programmes, capacity adjustments, and location enhancements.

Risks resulting from the substitution of products

Cement, sand, gravel, and hard rock are the basic raw materials for the construction of houses, industrial facilities, and infrastructure throughout the world. The use of cement-like binders can be traced back to Roman times. Because cement is highly energy- and CO₂-intensive, research projects are being undertaken to develop alternative binders with a more favourable energy and climate footprint. For example, the Karlsruhe Institute of Technology has developed an alternative binder called Celitement, which won the German Innovation Award at the start of 2012.

Employees of the Heidelberg Technology Center (HTC) are closely monitoring the development of alternative binders and are actively exploring this area. However, because the current state of knowledge regarding alternative binders is not sufficient for the stringent requirements relating to the processability, durability, and cost-effective production of the binders, we generally do not anticipate that the alternative binders currently being developed will replace traditional cement types on a large scale in the next few years. If the production costs for traditional binders increase dramatically, particularly in mature markets, e.g. as a result of further shortages of government-issued CO₂ emission certificates or significant increases in fuel prices, alternative binders could replace traditional binders provided that they fulfil all the aforementioned requirements.

Political risks and risks arising from exceptional external incidents

As is the case for all companies, potential turmoil in a political, legal, or social context poses fundamental risks for us, too. HeidelbergCement operates in more than 40 countries around the world and is therefore also exposed to political risks such as nationalisation, prohibition of capital transfer, terrorism, war, and unrest. At a number of locations, we cannot rule out certain security risks because of internal political circumstances. In isolated cases, cement prices are subject to government regulation, e.g. in Ghana or India. There may also be government intervention in production control, such as the temporary decommissioning orders in China.

Exceptional external incidents, such as natural disasters or pandemics, could also negatively impact our business performance. Appropriate compensation limits of our Group-wide property insurance programme guarantee comprehensive coverage against natural disasters, including earthquakes, for our activities in heavily endangered regions of North America and Asia.

Operational risks

Volatility of energy and raw material prices

For an energy-intensive company such as HeidelbergCement, price trends in energy markets, which are extremely volatile, represent a considerable risk. After energy prices rose considerably in 2011, the trend was stable to downward during 2012. An increased production of shale gas resulted in a significant drop in fuel and electricity prices, particularly in the USA. Production bottlenecks, such as those due to conflicts in the Middle East, could lead to a major increase in energy prices.

In addition to the rise in energy prices, infrastructural bottlenecks also pose a common risk for our Group with regard to electricity supply, especially in Africa. In a few countries, risks also arise from cutbacks in state subsidies for electricity or from the state regulation of oil and gas prices.

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The prices of other raw materials are also subject to economic fluctuations. In 2012, prices for our key raw materials increased as a whole, but developed very differently in the various regions.

We minimise the price risks for energy and raw materials by Group-wide, structured procurement processes. Furthermore, we rely on the increasing use of alternative fuels and raw materials. In this way, we minimise price risks while reducing CO₂ emissions and the proportion of energy-intensive clinker in the end product cement. The Group-wide “Operational Excellence” programme, which was launched in the summer of 2010, aims to sustainably increase the efficiency of the cement production process. By reducing and optimising our consumption of electricity, fuel, and raw materials, we are working directly towards a reduction in energy costs.

At the beginning of 2011, we started the three-year “FOX 2013” programme. This will enable us to further increase the Group’s financial and operational performance and also generate savings in our procurement activities to counteract the rising costs of energy and raw materials. More information on our procurement management can be found on page 111.

In the process of setting prices for our products, we aim to pass on increases in the costs of energy and raw materials to our customers. The success of these price increases is subject to considerable uncertainty, as most of our products are standardised bulk goods whose price is essentially determined by supply and demand. As a result, there is a risk that price increases cannot be passed on or will cause a decline in sales volumes, particularly in markets with excess capacities.

Availability of raw materials and additives

HeidelbergCement requires a considerable amount of raw materials for cement and aggregates production, which is ensured by our own high deposits. In order to emphasise the key role of raw materials in our company and to facilitate the transfer of knowledge and synergy effects beyond national borders, we have combined our geology activities across the Group at HTC Global (see the Research and technology chapter on page 106). There is, however, potential for certain risks in particular locations with regard to obtaining mining concessions. In Malaysia, for example, the expansion of urbanisation may prevent a quarry from continuing to operate and the necessary permissions may be refused in the short term. Ecological factors and environmental regulations for access to raw material deposits also create a degree of uncertainty.

Availability and prices of the additive blast furnace slag, which is used in cement manufacturing and is a by-product in steel manufacturing, are subject to economic fluctuations and therefore entail a cost risk. Blast furnace slag is used primarily in Europe. In 2013, steel production is expected to remain stable compared with the previous year. The transfers of production in connection with European excess capacity adjustments may result in a shortage of blast furnace slag quantities in the short to medium term. As a precaution against potential future supply shortages and price fluctuations, we are optimising our stock holding and range of cement types.

Production-related risks

The cement industry is a facility-intensive industry with complex technology for storing and processing raw materials, additives, and fuels. Because of accident and operating risks, personal injury and material or environmental damage may occur and operations may be interrupted. In order to avoid the potential occurrence of damage and the resulting consequences, we rely on various surveillance and security systems in our plants as well as integrated management systems, which guarantee high safety standards, and regular checks, maintenance, and servicing. To identify the threat of potential dangers, we aim to provide all employees with appropriate training to raise their risk awareness.

As demand for building materials is heavily dependent on weather conditions, there is a risk that capacity utilisation may fluctuate and production downtimes may occur. We minimise this risk by establishing different regional locations and making use of demand-oriented production control and flexible working time models. In addition, we make use of production downtimes, where possible, to carry out any necessary maintenance work.

HeidelbergCement's risk transfer strategy sets deductibles for the main insurance programmes that have been adjusted to the size of the Group and are based on many years of failure analyses. As of 2011, the international liability insurance programme has optimised the cover and liability limits, particularly for risks resulting from environmental damage.

Quality risks

Building materials are subject to a strict standardisation process. If supplied products do not meet the prescribed standards or the customer's quality requirements, we risk losing sales volumes, facing claims for damages, and/or damaging our customer relationships. HeidelbergCement ensures compliance with the standards at the Group's own laboratories by means of fine-meshed quality assurance in parallel with every process step as well as final inspections. Quality assurance controls are also carried out by independent experts as part of the extensive quality assurance programmes already in place.

Regulatory risks

Changes to the regulatory environment can affect the business activities of HeidelbergCement. This concerns mainly legal regulations for environmental protection. Tighter environmental regulations could lead to increasing costs, higher demand for investments, or even the closing of production sites.

As part of the European climate package adopted in December 2008, which concerns the reduction of greenhouse gas emissions, ambitious goals have been set by the European Parliament and the European Commission with regard to climate protection. The cement industry, like other CO₂-intensive industry sectors, will not be affected by the full auction of emission rights from 2013. The emission rights will thus continue to be allocated free of charge, but by 2020 their quantity will have been reduced by 21% compared with 2005. The emission certificates are to be allocated on the basis of demanding, product-specific benchmarks. A rise in climate protection cost may be assumed as the total volume of certificates continues to decrease. In the long term, this could create additional burdens in Europe as a result of higher manufacturing costs and therefore clear competitive disadvantages in comparison with producers from countries not involved in emissions trading.

In the US state of California, emissions trading started with the first auction on 14 November 2012. The new regulation officially takes effect from 1 January 2013. Four auctions are to take place in

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2013. HeidelbergCement is currently still examining the programme in order to make a decision on the correct timing of any participation. Any involvement in the cap-and-trade programme entails the risk of having insufficient emission rights in the future and of incurring additional costs from the acquisition of rights.

On 20 December 2012, the American Environmental Protection Agency conclusively established the National Standards for Hazardous Air Pollutants, NESHAP. The industry was granted an additional two years before having to adopt the new standards, which will be mandatory from September 2015. Our North American subsidiary Lehigh Hanson will have to invest in technical equipment in order to meet these new standards. The standards are stricter than those that already exist in other parts of the world and could have a detrimental effect on the competitiveness of our American plants, if they are not harmonised, for example, with EU regulations.

Climate protection and reducing CO₂ emissions are a focus of HeidelbergCement's sustainability strategy. By increasing energy efficiency, developing cement types with a lower proportion of clinker, and using alternative fuels such as biomass, we were able to reduce our specific net CO₂ emissions from 1990 to 2011 by 19.1 %. Additional measures concerning climate and environmental protection are outlined in the Environmental precaution chapter on page 102f. and the Research and technology chapter on page 105f.

Personnel risks

Personnel risks are divided into four areas: the turnover of qualified employees and managers in key positions, difficulties in filling key positions, assurance of the required qualifications and skills of the workforce, as well as problems with laying off personnel. On the basis of past experience, we consider these to be low-level risks. The occurrence of these events would have a negative effect on revenue and results in the medium to long term. When it comes to reducing these risks, we rely on:

- our distinctive corporate and management culture,
- attractive variable performance and result-oriented remuneration elements,
- consistent substitution rules,
- university partnerships at home and abroad as well as international recruitment,
- targeted and need-based development of skills,
- strategic successor planning,
- sustainable personnel policy through the incorporation of all relevant interest groups, and
- professional, integrated personnel management.

Detailed information on our employee development can be found on page 95f.

Sustainability and compliance risks

As part of its sustainable corporate governance, HeidelbergCement makes a special commitment to protect the environment, preserve resources, conserve biodiversity, and to act in a socially responsible way. We consider concern for the environment, climate protection, and sustainable resource conservation to be the foundation for the future development of our Group. Compliance with current legal and Group regulations forms an integrated part of our corporate culture and is therefore a task and an obligation for every employee. Violations of our commitments or of laws and Group guidelines pose direct sanction risks in addition to strategic and operational risks, and also entail a risk to our reputation.

We have implemented a compliance programme across the Group to ensure conduct that is compliant with both the law and Group guidelines. This comprises, amongst other things, informational leaflets, a compliance hotline, and employee training measures, which are conducted using state-of-the-art technologies and media such as electronic learning platforms, and which focus on the risk areas of antitrust and competition legislation as well as anticorruption regulations. We have developed a plan for the evaluation, as well as the reduction, of corruption risks and potential conflicts of interest, which has been gradually implemented across the Group since 2012.

See page 94 f. for more information on sustainability, page 102 f. for more on our environmental precaution, and page 128 f. for more on compliance.

IT risks

IT systems support not only our global business processes and our internal and external communication but also to an increasing extent sales and production. Risks could primarily arise from the unavailability of IT systems, the delayed provision of important data, and the loss or manipulation of data.

To minimise these risks, our Group uses back-up procedures as well as integrated and standardised IT infrastructures and applications. Furthermore, the critical systems are run at two separate computer centers that comply with the latest security standards.

All important server systems (e-mail, application servers, databases) and all PCs are constantly protected against potential threats by up-to-date antivirus software. In addition, operating system platforms and critical business applications are regularly updated and secured by additional safeguards.

Information security is an integral part of the Group-wide IT strategy and is viewed comprehensively: we prepare, implement, and revise measures to protect data, applications, systems, and networks. One particular focus is access protection as well as the monitoring and filtering of data traffic. The IT security process is structured and divided into a series of guidelines, standards, and recommendations, which help raise our employees' awareness.

A continuous improvement process facilitates corrections, amendments, and a sustainable increase in the efficiency of security measures. We also take measures to counteract the ageing process of equipment and system technology. In the case of existing applications, we are particularly concerned with business-critical resources (e.g. ERP applications, WAN infrastructure), which are updated or replaced in a consolidation programme.

Legal risks

Hanson asbestos-related claims and environmental damage

Some of our Hanson participations in the USA are exposed to particular legal risks and disputes relating to former activities. The most significant of these are asbestos-related claims, which, amongst other things, allege bodily injury and involve several American subsidiaries. Products containing asbestos were manufactured in the period from 1973 to 1984, and thus before these companies belonged to the Hanson Group and to HeidelbergCement. In the USA, these damage claims are being handled and intensively managed by a team of in-house lawyers in collaboration with insurers and external consultants. The dispute is likely to continue for a few more years because of the complexity of the cases and the peculiarities of the American legal system. Adequate

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provisions have been formed on the basis of an extrapolation of the claims, the existing liability insurance coverage, and reliable estimates of the development of costs.

Furthermore, there are a considerable number of environmental and product liability claims against former and existing Hanson participations in the USA, which relate back to business activities discontinued a long time ago. There is partly insufficient insurance cover for law suits and liability loss claims relating to toxic substances such as coal by-products or wood preservatives. Our subsidiaries may also be charged further fines set by the court in addition to the clean-up costs and the compensation; there is, however, a possibility to settle authorised claims for compensation outside of court. Sufficient financial provision has been made for this event.

Cartel proceedings

In the cartel proceedings initiated in 2002 against German cement companies, the Düsseldorf High Court (Oberlandesgericht) imposed a fine of around €170 million against HeidelbergCement in June 2009; an appeal against the fine has been lodged with the Federal Supreme Court in connection with the breach of various procedural and material regulations. A decision is yet to be made on this matter. The proceedings before the Federal Supreme Court will not result in any increase in the fine. No decision has yet been made regarding the action for damages brought by the Belgian company Cartel Damage Claims SA before the District Court (Landgericht) of Düsseldorf, which is based on allegedly inflated cement prices as the result of a cartel between 1993 and 2002. Even after the decision of the Düsseldorf High Court, HeidelbergCement believes that it still has a chance of defending itself successfully against the claims. We have made appropriate financial provision for the two proceedings. In November 2008, HeidelbergCement was confronted with additional cartel allegations, with reviews conducted by the European Commission at locations in Germany, Belgium, the Netherlands, and the UK. The investigations of HeidelbergCement and its external lawyers into the circumstances have not confirmed the alleged cartel law violations. The proceedings were continued with the issuing of questionnaires at the end of September 2009 and additional enquiries in 2010 and 2011, which HeidelbergCement answered by the respective deadlines. In December 2010, the European Commission informed HeidelbergCement that in this connection, proceedings had commenced in several EEA countries on the basis of suspicions concerning the violation of EU competition legislation. The notice from the Commission reads in part: "The initiation of proceedings does not imply that the Commission has conclusive proof of the infringements, but merely signifies that the Commission will deal with the case as a matter of priority."

These and other proceedings motivate us to continuously review and develop intensive internal precautions, particularly regular training initiatives – using, among others, electronic training programmes – in order to avoid cartel law violations.

Assessment of the overall risk situation

The assessment of the Group's overall risk situation is the result of a consolidated examination of all major compound and individual risks. Overall, the Managing Board is not aware of any risks that could threaten the existence of the Group either independently or in combination with other risks. The Group has a solid financial base and the liquidity position is comfortable. Third-party evaluations serve as another indicator for the overall risk assessment. The globally recognised rating agencies Fitch Ratings and Moody's currently assign a credit rating of BB+ and Ba1, respectively, to HeidelbergCement.

HeidelbergCement is aware of the opportunities and risks for its business activity as presented above and in the Outlook chapter. The measures described above play a significant role in allowing HeidelbergCement to make use of the opportunities to further develop the Group without losing sight of the risks. Our control and risk management system, standardised across the Group, ensures that any major risks that could negatively affect our business performance are identified at an early stage.

Sustainability

The commitment to sustainable development is a pillar of HeidelbergCement's corporate strategy. The creation of economic added value, ecological competence, and social responsibility secure the Group's future viability. For us, sustainable corporate governance means ensuring a balance between making profit and securing future viability. We strive to act in a socially and ecologically responsible way. We take into account the effects of our entrepreneurial activity on the environment and society, and thereby reduce the risks for our business. Our sustainability strategy is thus derived from our corporate profile.

Sustainability strategy

As a commodity company, people, nature, and society are the focus of our sustainability strategy. We consider concern for the environment, climate protection, and sustainable resource conservation to be the foundation for the future development of our Group. In the same way, our obligation to prevent employees from work-related dangers and to protect their health has become an integral part of our activities for many years. Last but not least, acting in a sustainable way for us also means taking on social responsibility at our locations.

Our sustainability strategy and the areas of focus of our sustainability activities are strongly influenced by the expectations of external and internal stakeholders, which are systematically recorded and incorporated into our approach. In addition, the Cement Sustainability Initiative (CSI) of the World Business Council for Sustainable Development (WBCSD) has defined the following six key action areas, after conducting a survey among numerous stakeholder groups and experts: energy and CO₂ management, sustainable land use and biodiversity, alternative raw materials and fuels, pollutant emissions, sustainable products and sustainable construction, as well as occupational health and safety.

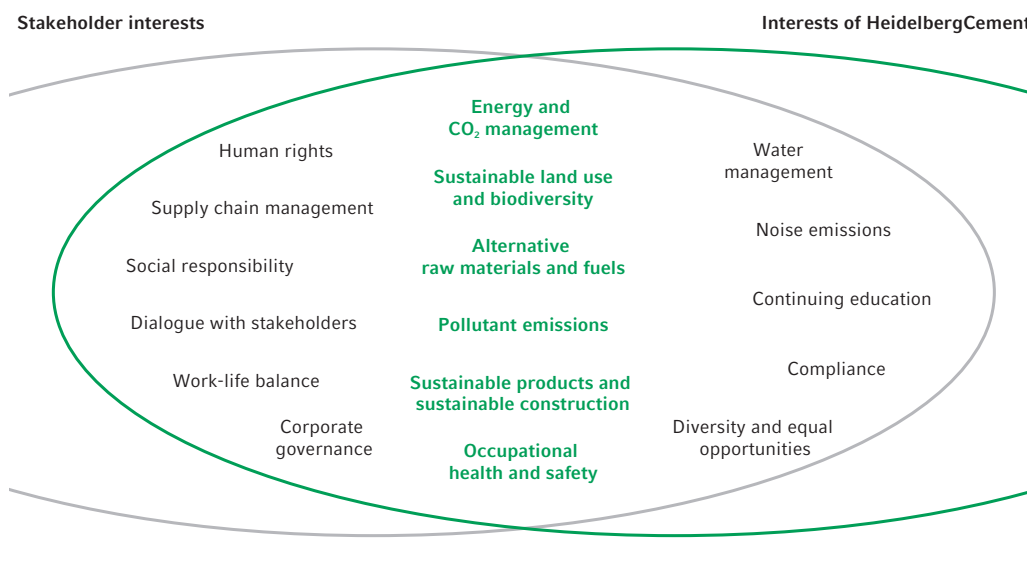
The intersection in the following materiality matrix shows the main interests we have in common with our stakeholders in the area of sustainability, with the above six key areas appearing at the center. These are the major fields of action outlined in our sustainability strategy. We have defined precise goals for these fields in the HeidelbergCement Sustainability Ambitions 2020 which we intend to achieve by 2020.

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Materiality matrix



Sustainability management

The Sustainability Steering Committee, led by the Chairman of the Managing Board, is in charge of the management and control of the sustainability strategy. The committee is made up of people from various business lines and disciplines: the member of the Managing Board responsible for environmental sustainability as well as the heads of the Group departments Human Resources, Purchasing, Research & Technology, Communication & Investor Relations, and Global Environmental Sustainability. Operational responsibility for implementing the sustainability goals and measures lies with the individual Group departments, the country managers, and the Group Environmental Sustainability Committee, which manages environmental protection within the Group. It was set up in 2008 with the aim of improving our performance in environmental protection and occupational safety – very important areas for our industry – and promoting the exchange of information between the Group areas and business lines. An interdisciplinary team of experts from the individual business lines and Group areas defines guidelines, goals, and measures and coordinates their implementation.

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Employee development

Employees worldwide

At the end of 2012, the number of employees at HeidelbergCement stood at 51,966 (previous year: 52,526). The decrease of 560 employees essentially results from two opposing developments. On one hand, around 1,200 jobs were cut in the North America Group area, in the United Kingdom, in Spain, and some Eastern European countries in connection with efficiency increases in sales and administration, location optimisations, and capacity adjustments. On the other hand, we have hired more than 600 new employees in growing markets such as India and Indonesia.

Employees by Group areas			
31 December	2011	2012	Change
Western and Northern Europe	13,693	13,438	-1.9%
Eastern Europe-Central Asia	9,693	9,435	-2.7%
North America	11,586	11,001	-5.1%
Asia-Pacific	14,039	14,686	4.6%
Africa-Mediterranean Basin	3,460	3,349	-3.2%
Group Services	55	57	4.6%
Total	52,526	51,966	-1.1%

Personnel costs and social benefits

Expenditure on wages and salaries, social security contributions, costs of retirement benefits and other personnel cost rose by 12.9 % in comparison with the previous year to €2,330 million (previous year: 2,064). This corresponds to a share in revenue of 16.6 % (previous year: 16.0 %). On the one hand, this increase is partly due to renegotiations of several pension schemes in North America and Western Europe, which had a positive effect of €129 million on personnel costs in the previous year. On the other hand, exchange rate effects led to an increase of €109 million in 2012. Excluding these two effects, personnel costs rose only by €27 million (1.2 %).

Personnel costs			
€m	2011	2012	Change
Wages, salaries, social security costs	2,068.6	2,222.4	7.4%
Costs of retirement benefits	-28.6	87.4	
Other personnel cost	24.1	20.6	-14.5%
Total	2,064.1	2,330.4	12.9%

Communicating with employees

Qualified and motivated employees are an important prerequisite for the sustainable success of HeidelbergCement. Identifying our employees' talents, developing them, and – in competition with other companies – retaining those employees within the Group are therefore at the core of the Group-wide personnel policy. This is supported by the HeidelbergCement competence model, which defines the essential professional and personal capabilities and skills that are critical for the success of our business. It enables the respective superiors to perform systematic, Group-wide assessments of performance and potential in accordance with standardised regulations and serves as a basis for strategic development of managers and successor planning. Superiors and employees discuss development opportunities and prospects within the framework of structured appraisal interviews. The dialogue is primarily targeted at upper and middle management, those in specialist roles, and future executives. We aim to achieve the following three goals:

- to internally fill key positions with top-class candidates worldwide,
- to develop top talent at HeidelbergCement in a targeted way, and
- to retain employees in the Group for the long term by means of personalised development planning.

On-going training

Sustainable personnel work means consistently investing in training, i.e. employing and training qualified talent. The proportion of apprentices at HeidelbergCement AG is 7.4 % (previous year: 7.3 %). The retention rate of apprentices in Germany stands at 82 % (previous year: 70 %). We are continuing to train beyond our needs. The "Training Initiative Germany", which had been started in 2010, was very successful and will be continued in industrial and commercial fields.

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Technical skills are essential in ensuring the functionally sound operational management of process technology and maintenance in our plants. In addition to technical training, we also offer master classes every year at the German Cement Works Association (Verein Deutscher Zementwerke e.V.).

As in the previous year, a focus of our training programmes throughout the Group was on occupational safety, which made up around 41% of the total training measures. Around 31% of the Group-wide training programme was devoted to specialist training and around 8% to the development of our managers.

Our extensive training programmes in virtually every work area are characterised by practical and business-oriented learning and enable our employees to develop their skills.

Management training

The motivation and skills of our managers play a crucial role in determining how well HeidelbergCement positions itself among its global competitors and how well-prepared the Group is for future challenges. In order to prepare our managers for their future tasks, we offer training programmes tailored specifically to the needs of our Group. This applies both to traditional topics such as strategy, leadership, and management, or the method of capital expenditure budgeting, and to special training topics, for instance in the area of technology. Uniform training content ensures that a common understanding of strategy, integrated management approach, and leadership is developed everywhere.

A strategic Group initiative is to further develop the skills of our senior managers. For this purpose, we consistently develop our “Summit” programme each year, in close cooperation with Duke Corporate Education. From our 500 senior managers, 160 from 30 countries have already taken part in the three-stage curriculum focusing on general management and leadership, which takes into account global, regional, and local issues. The participation of the remaining senior managers will be completed by 2015. Members of the Managing Board partake actively in all modules through discussion forums and with their own presentations. The mix of theory and practice is a key factor in the programme’s success, and its ongoing evaluation and adjustment contributes to the fact that the programme is highly valued by the participants.

Securing and advancing future executives

In the reporting year, we consistently pursued our efforts to advance future executives. We offer highly motivated and qualified university graduates international trainee programmes focusing on the following areas: technology, sales, finance, personnel, purchasing, and IT. We also continued to work intensively on expanding our programmes for the advancement of future executives and strengthening our recruitment of university graduates worldwide. In total, 297 people took part in all these programmes.

In 2011, we started a special programme for highly qualified engineers in the cement business as a pilot project in Europe and Central Asia, in order to prepare these employees for senior engineering positions. Upon completion of the “Engineer in Training” programme, the engineers spend several years completing specifically defined training stages in technical fields at various plants both in Germany and abroad – supplemented by training in general management and leadership. In 2013, we will extend this programme to other Group areas. The Aggregates Academy, started in 2011, has been very well received and has proved successful in practice. One of the academy’s areas of focus is training in the aggregates business in accordance with uniform global standards. All of our programmes are geared towards attracting talent and retaining it within the Group as well as directly conveying knowledge and skills that are decisive for the success of our Group.

Demographic development

Our Group, too, is faced with the consequences of demographic change. Around 13 % of our employees are younger than 30. The majority of the employees are aged between 30 and 49, making up around 54 % of the Group's total workforce. 33 % of our employees are above 50 years of age.

We are responding to the effects of demographic change with numerous measures adapted to regional requirements. In Germany, for example, we have continued to develop our health management activities and have incorporated them in the "FIT for LIFE" initiative. It includes a prevention programme for the early diagnosis of illnesses and risk factors, but primarily focuses on the initiative of individuals to adopt a healthy lifestyle. This service covers, among other things, yearly colon cancer screening, flu vaccinations, special health days, and lectures about health. In the future, health management activities will continue to focus on the prevention of typical age-related health risks and change in awareness. We are therefore specifically promoting company sports activities for all age groups.

Diversity as a factor for success

In the Group-wide personnel policy, we consciously aim for a balanced mix of diverse personalities, skills, and experience when putting together teams of employees. We understand diversity as a management concept, which through the inclusion of various cultures, talents, and levels of experience ensures that the composition of our workforce mirrors our presence in the international markets, our customer structure, and our business environment. We aim to achieve this in the following ways:

- with local management at the individual production locations, resulting in the strong international composition of our management teams around the world,
- with an international workforce at the Group headquarters,
- by ensuring that the composition of our management reflects the structure of the workforce, e.g. proportion of men and women (gender diversity),
- by forming teams with a wide range of experience and skills, and
- by ensuring that the age structure of the workforce is balanced.

The goal is to advance and attract highly qualified and committed employees around the world who can bring various social and professional skills to our company and thus contribute to the success of the Group.

The international composition of our management team enables us to benefit from a broad range of experience and different cultural backgrounds, thereby allowing us to respond more flexibly to both global challenges and local market needs. The proportion of local managers at the upper management level remains unchanged at around 80 %.

At the Group headquarters, we consciously aim to ensure that the workforce is composed of employees from the countries in which we operate. We benefit considerably from their local knowledge and this also facilitates cooperation with the local personnel. We have over 700 employees at the headquarters and at our technical centers, the Competence Center Materials and Heidelberg Technology Center in Heidelberg and Leimen, with more than 130 of these employees representing 40 different countries.

For our numerous foreign employees at the Heidelberg and Leimen locations, we have established the "Expatriate Network", which is about helping our employees to help themselves. The company

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supports this network of employees, friends, and family members to help with the integration into the Rhine-Neckar metropolitan area, e.g. in looking for accommodation, dealing with administrative authorities, nursery/school affairs, etc.

To aid diversity, we believe it is important for management positions to be held by both men and women, thereby providing a true reflection of our employee structure. Within the Group, women made up 14 % of the total workforce and held 9 % of the upper management positions in 2012. In Germany, women represent 15 % of the total workforce and hold 7 % of the upper management positions. Together with other DAX companies, HeidelbergCement signed a self-commitment in 2011. Our goal is to more than double the proportion of women in management positions in Germany to 15 % by 2020. To achieve this goal, we will be devoting increased attention to our programmes for the advancement of future executives. The proportion of women in these programmes is around 29 % across Germany. At the start of 2013, we consciously publicised the fact that we value diversity by signing the Diversity Charter to acknowledge the activities we have carried out to date.

The "Global Ladies Network @ HC Group" is an initiative that brings together women in middle and upper management positions worldwide both virtually and face-to-face. It allows a regular, informal exchange of ideas on individual career development and serves to create a mentoring network for female future executives.

We consider the diversity of our workforce and management team and the clear focus on commitment, professional expertise, and conformity with our corporate values to be a decisive advantage in global competition.

Work-life balance

In the race for the best employees, we adapt ourselves globally to changing lifestyles. In terms of what we offer to encourage a good work-life balance, we focus on models such as flexitime, part-time, and leave of absence. The part-time ratio at HeidelbergCement AG is 9.6 %. Because of the small size of our locations, cooperation with external networks has proven itself in terms of children's daycare, caring for family members, or, for example, holiday camps for children. Employees benefit from having easy access to a professional and flexible network at reasonable costs. As part of our "FIT for FAMILY" initiative, we have entered into cooperations with daycare centers for the Heidelberg and Leimen locations. These arrangements allocate us our own quota of places that can be offered to our employees.

Result-oriented remuneration systems

If you expect performance, you need to create a suitable environment. This includes also an attractive remuneration system. Alongside fixed salaries governed by a collective agreement or an individual work contract, HeidelbergCement AG employees also receive variable remuneration elements based on their individual performance and on corporate success. In the case of managers, we consciously aim to achieve a high variable element as part of the total remuneration in order to take into account, in a clear and direct way, collective and personal performances as well as corporate success. The employees in our foreign subsidiaries benefit from attractively designed remuneration systems that relate to the respective local market conditions. For our 160 top managers we have launched a long-term bonus plan for 2012–2014/15 which follows the same targets as the long-term bonus plan for the Managing Board.

Occupational health and safety

Group standards

At HeidelbergCement, occupational health and safety continues to be a top priority. Besides the continued improvement of technical and organisational safety standards within the Group, we intensified our efforts in 2012 to reinforce the awareness of all our employees towards a safety culture.

Having issued a number of Group standards on key risk areas in recent years, we continued to focus on their Group-wide implementation in 2012. With the “Driving Safety” Group standard, we particularly addressed the transportation of our products to customers. In many countries, this transport is carried out on our behalf by forwarding companies. We are striving to continue raising the safety standards of these forwarding companies to ensure that there is no danger to others as a result of the work they perform for us. This is a very ambitious goal, which will continue to require substantial effort in the future, as the ways in which we can have an influence on the forwarding companies are limited. In countries with critical road and traffic conditions, in particular, this presents a huge challenge for everyone involved and is only likely to be overcome with the cooperation of local authorities and decision makers.

Work management systems, such as those in accordance with the internationally accepted OHSAS 18001 standard, have already been implemented in many of our plants. These systems require a structured approach with planning, clear work regulations, responsibilities, and controls to ensure an ongoing improvement process. We have made particular efforts during the reporting year to introduce work management systems in additional plants. At the end of 2012, our cement plants in Tanzania and Benin passed the external certification audits in accordance with OHSAS 18001. Further African plants will follow in 2013. In Germany, a number of additional ready-mixed concrete locations became certified in accordance with the “Safety with System” standard of the professional associations, which was particularly challenging due to the high number of small operating units that had to be taken into consideration.

In order to continue harmonising different local occupational safety organisations within the Group and to ensure that line functions are given the best possible advice regarding occupational health and safety issues, we have revised the relevant Group guideline and defined a standardised matrix of responsibilities that will be implemented in 2013, where this has not already been carried out at a local level.

Management responsibility for occupational health and safety

Although we have been continually improving occupational health and safety at a technical and organisational level for a number of years, we still have to report serious accidents – including some fatalities – that are often caused by human error. In 2012, therefore, we started a Group-wide initiative to make managers at all levels aware of their management responsibility with regard to occupational health and safety. All managers, from foremen through to the Chairman of the Managing Board, are role models when it comes to occupational health and safety. In an effort to familiarise them with the specific requirements, we commenced Group-wide training sessions in 2012. By the end of 2013, all managers right down to foreman level will have participated in this training.

Raising employees’ risk awareness

In mid-October 2012, we organised our second Group-wide safety week, in which both our employees and contractors were trained in occupational safety and made aware of risk situations.

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Strong emphasis was placed on the “Driving Safety” topic. Throughout various events, we made it clear that everyone involved must join forces to achieve effective occupational health and safety. The response to the safety week both from managers and employees was consistently positive.

Accident trends

In 2012, we were able to further reduce the accident frequency rate and accident severity rate. Many of our locations have been accident-free for years or have witnessed drastically reduced accident rates. Despite these achievements, the measures must be kept up consistently and intensified. Unfortunately, we did not succeed in further reducing the number of fatalities in the reporting year. It was with great regret that we had to report the death of two of our own employees, both of whom died as a result of road accidents on our premises. Furthermore, the lives of five employees from external companies were claimed, three of whom died in road accidents. Each occurrence that results in death is intensively analysed and discussed by the Managing Board. Appropriate measures are being determined and shared across the Group in order to avoid similar accidents from happening elsewhere.

Accident trends*					
	2008	2009	2010	2011	2012
Accident frequency rate ¹⁾	4.8	4.5	4.3	3.8	3.4
Accident severity indicator ²⁾	132	171	146	125	115
Fatality rate ³⁾	0.9	1.7	1.1	0.6	0.5

*) Accident trends in companies where HeidelbergCement is in charge of safety management.

1) Number of accidents (with at least one lost working day) suffered by Group employees per 1,000,000 working hours

2) Number of lost working days resulting from accidents suffered by Group employees per 1,000,000 working hours

3) Number of fatalities of Group employees per 10,000 Group employees

Social responsibility

The responsibility we take at our locations around the world is a key factor in the success of our business activity worldwide, according to the motto “think global – act local”. We aim to work with local partners to create added value for both our Group and the local communities.

We believe in giving local employees responsibility for local management wherever possible. Each plant collaborates closely with local suppliers and service providers. We invest around 30 % of our purchasing volume in the areas immediately surrounding our plants. Wages, investments, purchasing, and taxes, as well as the creation of jobs, all help to create added value and promote economic development at our locations.

Corporate citizenship

Corporate responsibility is not limited to a company’s business processes and the areas where they have a direct impact. As a corporate citizen, we are a part of society, and we benefit from being fully involved at the community level at our locations around the world. We are also playing an active role in the search for solutions to social issues that affect these locations. Our understanding of our role is reflected in the Corporate Citizenship Guidelines, which lay down the benchmarks and objectives related to our social commitment. This commitment is focused on areas in which we have specific expertise and can achieve the best results for society:

- Building, architecture, and infrastructure: we provide practical help in the construction of buildings and infrastructure by making products, financial means, and expertise available.

- Environment, climate, and biodiversity: we support initiatives that promote environmental protection and strengthen the diversity of nature at our locations.
- Education, training, and culture: in this area, we are guided by the specific needs of our locations.

Development partnership in Tanzania

In Tanzania, we launched a development partnership with the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) in 2010. The central project is the construction of a nursery that supplies the plants for afforestation of the decommissioned quarry belonging to our subsidiary Tanzania Portland Cement Company (TPCC) and also aims to contribute to the restoration of depleted forest and green areas within and outside the harbour city of Dar es Salaam. We are collaborating closely on this project with the local provincial government and also work with universities and non-governmental organisations to organise training on sustainable land use.

In addition, we have started an educational project with the Jane Goodall Institute in Tanzania. Since April 2012, eight groups of pupils have been formed near the cement plant and have taken on the topic of “protecting species and supporting biodiversity”. They are taught the basics of tree cultivation by the nursery staff and are personally responsible for passing on their knowledge to fellow pupils.

Promoting health in Poland and Georgia

At the start of 2012, our Polish subsidiary Górażdze Group founded the “Active in the Region” foundation. The objective of the foundation is to support the communities at various production sites and the local people through the promotion of science, education, culture, and health.

In October 2012, HeidelbergCement Georgia organised the first Tbilisi marathon in the Georgian capital. Under the motto “Run for your health – Run for charity”, it aims to increase awareness of an active and healthy lifestyle within the population. Already in June 2012, the company, together with the national athletic federation, signed a memorandum of cooperation to promote sports and running activities, aimed to reach and engage a wide public.

Environmental precaution

As an active member of the Cement Sustainability Initiative (CSI) of the World Business Council for Sustainable Development (WBCSD), we take our responsibility for the sustainable development of our business activity seriously. Over the last few years, we have made remarkable progress, particularly with regard to reducing our CO₂ emissions and other environmental effects, utilising waste materials as alternative fuels or raw materials, and promoting biological diversity at our quarrying sites. These improvements are driven by our Sustainability Ambitions 2020, which define the Group’s main sustainability issues and goals.

Biodiversity

In order to increase awareness of the high biological value of our quarries, we launched the “Quarry Life Award” in 2011. In the first round of this biennial competition, we awarded prize money totalling €200,000. In 18 Group countries, academics, students, and school children from

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more than 230 universities and schools applied to carry out research projects on the promotion of biodiversity in our quarries. 80 projects were chosen from a total of 300 applications for practical research at our quarries. The award ceremony for the three best projects in the international competition took place in December 2012. One of the highlights was the keynote speech given by primate research specialist Dr. Jane Goodall.

During the reporting year, we developed a biodiversity strategy in collaboration with the international nature conservation organisation BirdLife International. As a first step, a joint study was conducted to analyse the potential of our European quarries with regard to the protection of species and habitats. We have already started local projects together with partner organisations of BirdLife International in Belgium, Germany, the United Kingdom, the Czech Republic, and Romania.

In 2012, a public-private partnership project with Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH was successfully completed. In Georgia, together with several stakeholders from politics, science, non-governmental organisations, and the general public, we have developed modern renaturation concepts for five quarries that will be implemented in 2013.

Last but not least, in 2012, we published the second book in our series on species diversity in quarrying sites. This book shows a multitude of different types of orchids and describes the important role that quarrying sites play in protecting such threatened plant species.

Sustainable construction

With increasing energy efficiency requirements for new buildings, developers and contractors are focusing more and more on the sustainability of building materials that are used. Correspondingly, the number of requests that we receive for more information and transparency regarding building materials, such as concrete, are steadily rising. This is why HeidelbergCement supports the CSI guidelines for environmental product declarations (EPD) for concrete and the development of a global responsible sourcing scheme for concrete.

By introducing a guideline for energy efficiency and sustainability for all construction and renovation projects across the Group, we are taking steps to implement the WBCSD "Manifesto for Energy Efficiency in Buildings". In our head office in Poland, for example, renovation work has begun that will significantly improve the energy profile of the building.

HeidelbergCement is also investing in the development of new products such as ThermoCem®, a special dry mortar with high thermal conductivity that is used in geothermal drilling. We carry out lifecycle analyses for all new products and processes and for the creation of environmental data sheets for existing products. By 2020, we want to make this type of environmental product information available for all our products. In Belgium, the Netherlands, and Germany, environmental product declarations already exist for almost all types of cement.

Use of alternative raw materials and fuels

HeidelbergCement regards waste materials and by-products from other industries as valuable raw materials and fuels. This is why we are increasing our involvement in waste management in most

Group countries and thus contribute to the protection of natural resources and to the reduction of harmful environmental effects due to landfilling and waste incineration. In 2012, we completed projects in Asia and Turkey that predominantly utilised municipal solid waste, sewage sludge, and hazardous waste in our production sites. In the future, we will transfer our experience in the economic recovery of waste to countries where the waste market is not as developed as in Europe.

Due to the dwindling availability of meat and bone meal, we used more residue-derived fuels (RDF) and hazardous waste as alternative fuels in Europe during the reporting year. In 2012, investments in the storage, supply, and metering of such fuels and waste were predominantly made in plants in Sweden, the United Kingdom, and Romania. The proportion of alternative fuels is already at a level of 70 % and above in eight of our cement plants. At the 2012 CSI Forum in China, we presented our sewage sludge treatment plant in Guangzhou as best practice in the treatment of municipal solid waste.

In North America, we were able to increase the use of alternative fuels by 15 % in the reporting year. The growing interest in renewable energies and the decrease of greenhouse gas emissions, as well as the aim to reduce the dependency on imported fossil fuels, are accompanied by landfill diversion policies and rising tipping fees. HeidelbergCement is making use of this new market situation to promote waste utilisation projects in North America.

HeidelbergCement is well on track to achieving the Sustainability Ambitions 2020 target of increasing the proportion of alternative fuels within the Group to 30 %.

Climate protection

Climate protection is at the heart of our environmental policy. As an energy-intensive company, we have been striving for many years to minimise our CO₂ emissions. Between 1990 and 2011, we reduced the specific net CO₂ emissions by 19.1 % to 621 kg CO₂ per tonne of cement. By 2015, we want to reduce them by 23 % compared with 1990.

Our plant in Cupertino, California/USA, produces more than half the cement used in San Francisco Bay. As part of its commitment to sustainability, the plant has entered into a partnership with Oakbio Inc. in order to explore a new CO₂ capture technology by using microbes to separate the carbon dioxide and convert it into chemical products.

Reducing other environmental effects

In line with the Sustainability Ambitions 2020, we have carried out Group-wide environmental audits in all business lines. Our objective is to audit all locations between 2015 and 2020.

In the reporting year, we further reduced dust emissions at several locations in Europe. By introducing European standard technology in Tanzania, we were able to decrease dust emissions from 100 mg/Nm³ to less than 10 mg/Nm³. In Kazakhstan, the kiln filter system was modernised and also adapted to meet the EU standard. The dust filter in our largest cement plant in India was upgraded and an online stack gas monitoring system was installed. In Romania and the USA, we reduced the nitrogen oxide emissions by installing SNCR systems at two cement plants. In Indonesia, we were able to decrease the amount of freshwater used thanks to the installation of rainwater ponds.

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In Texas/USA, two aggregates plants were awarded the “Environmental Excellence Gold Award” of the National Stone, Sand & Gravel Association (NSSGA). These are two of our largest and most technically advanced aggregates plants in North America; comprehensive guidelines apply to minimise waste or to recycle it as far as possible and avoid environmental pollution. In addition, both locations have extensive reclamation and biodiversity programmes that exceed state regulations.

In 2012, we installed an air separator in a quarry in New South Wales/Australia to mechanically reduce fine particles in the production of aggregates. This project was awarded the “Environment Health & Safety Awards 2012” of the organisation Cement Concrete & Aggregates Australia, because this innovative yet simple concept leads to immediate savings in energy and water consumption as well as in transport volumes.

The largest environmental protection projects in the concrete business line relate mainly to concrete recycling systems in the Czech Republic, Romania, and Hungary. In the Czech Republic and Romania, rainwater collection and wastewater treatment systems are currently being constructed or renewed.

Research and technology

Our research and development activities

The innovation work at HeidelbergCement can essentially be divided into three areas of focus:

- Products and applications: Our research and development activities are geared strongly towards the market and our customers. The main priority is the development and improvement of binders and concretes with optimised properties and innovative functionalities. However, our work does not end with the product; it also involves providing our customers with a competent, professional technical service on the application and optimisation of their products.
- Production: The focus lies on the continuous improvement of processes and cost structures. This includes the cost-efficient replacement of fossil fuels and natural raw materials as well as reducing energy requirements in production. These goals are pursued in the Group-wide “Operational Excellence” initiative, and potential is systematically exploited in the cement plants. In the aggregates business line, the “CLIMB” project is also pursuing the goal of sustainably optimising the cost structure and increasing added value.
- Development of cements and concretes with improved CO₂ balance: The main emphasis here is to further develop composite cements with less clinker – even beyond the limits of today’s existing standards. Reducing the proportion of clinker is the most important lever when it comes to minimising energy consumption and CO₂ emissions, and in preserving natural raw materials. Finally, we are also researching entirely new kinds of binder systems that dispense with the use of clinker altogether. These innovative alternative products are only in the early stages of research and it will take several years until they are ready for the market and for wide deployment.

Organisation and fields of activities in the area of research and technology

Our global competence center Heidelberg Technology Center Global (HTC Global) pools the knowledge and expertise in our Group and makes it available to the operational units quickly and comprehensively. With its numerous international employees, HTC Global is subdivided into four areas: Research & Development, Engineering, Geology & Raw Materials, and Benchmarking & Training. The area of research and technology is divided into the following fields of activities:

Central research and development

We have concentrated the Group-wide research and development activities in the cement, concrete, and aggregates business lines at HTC Global. To match the high importance of the development of CO₂-minimised products, we reinforced this area even more, both financially and in terms of personnel in recent years. The individual projects are defined and carried out in close coordination with the operating companies. This close collaboration from the very start of the project facilitates the efficient implementation of the development results and a quick market launch.

Technology and innovation

Technical centers support our national companies in the Group areas. In the cement business line this is the Heidelberg Technology Center (HTC) with two locations in Europe, which also support the Mediterranean Basin, Africa, and Central Asia, one location in North America, and one in Asia with offices in China, India, and Indonesia. They support our cement plants with all technical issues, from securing raw materials and operational optimisations to process control and quality assurance. With investment projects, HTC locations are involved in project management up until a new installation or plant is commissioned or optimisation measures have been finished. Similarly, the technical centers of the Competence Center Materials (CCM) support our Group companies in the aggregates, ready-mixed concrete, and asphalt business lines. The close dialogue between HTC, CCM, and our plants ensures efficient implementation of potential optimisations and a continuous improvement process.

Customer-related development and technical service

Our close proximity to the market requires intensive customer-oriented development and technical service, which is also reflected in high financial expenditure (see the following table). The relevant departments and employees, which are integrated directly into the organisation of the respective national companies, develop and optimise the cements and concretes that are tailored to the local needs, often in close cooperation with the customers.

Expenditure for research and technology

Total expenditure for research and technology amounted to €91.8 million in the reporting year (previous year: 78.9), corresponding to 0.7 % of revenue. Personnel costs accounted for around three quarters of the total expenses. The following table shows a breakdown of expenses for the last five years for each of the three fields of activities mentioned above.

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Expenditure for research and technology					
€m	2008	2009	2010	2011	2012
Central research and development ¹⁾	4.1	4.3	4.9	6.6	7.3
Technology and innovation	26.9	29.4	32.2	37.1	46.4
Customer-related development and technical service	32.2	29.9	30.5	35.2	38.1
Total	63.2	63.6	67.6	78.9	91.8

1) Including capitalised expenses

The structure of the expenditure for research and technology corresponds to the organisational breakdown: Expenses for the development of basic technologies are allocated to the Central research and development section, expenses for process innovations can be found in the Technology and innovation section, while the third section of the table contains the expenses for the optimisation of products and applications according to the wishes of our customers.

The development projects that were capitalised as investments include, amongst others, our innovative special products CemFlow® and TioCem® as well as composite cements. In 2012, capitalised development costs totalled €1.9 million, which corresponds to around 2 % of total expenditure for research and technology. Because this figure is low, we have not presented it separately or shown further key figures.

Employees in research and technology

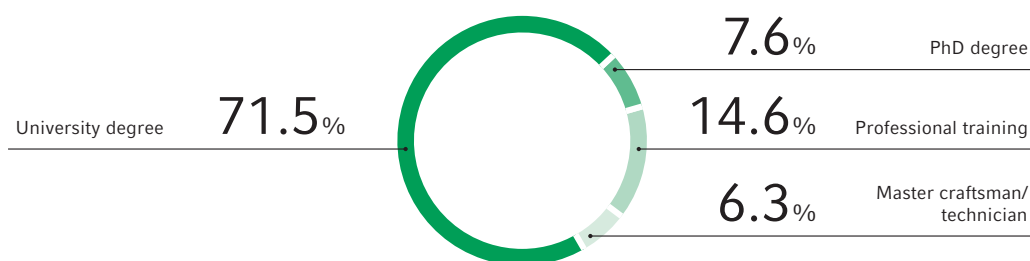
In the 2012 financial year, a total of 849 people (previous year: 750) were employed in research and technology. The personnel breakdown and development over the last five years is shown in the following table.

Employees in research and technology					
	2008	2009	2010	2011	2012
Central research and development	37	38	42	54	54
Technology and innovation	243	260	262	283	341
Customer-related development and technical service	385	359	366	413	454
Total	665	657	670	750	849

The high importance of customer-related development and technical service as well as technology and innovation is reflected not only in the costs but also in the number of employees.

Our employees' high level of expertise in research and technology is a key competitive factor and the qualification requirements are correspondingly high. More than 71 % of the employees in our technical competence centers have a university degree and around 8 % have a PhD (see the following graph). Intensive on-going training and a systematic exchange of knowledge in expert networks across the Group ensure a high level of qualification.

Qualification profile of our employees in research and technology



Research cooperations

Close cooperations with institutes and universities at both a local and global level complement our own research and development activities. At a global level, we refer in particular to our participation in Nanocem, the world's most important research network in the cement sector. The network includes cement and admixture companies as well as 22 leading universities in Europe, who all work together to carry out fundamental research, which is supported by public funding. Another large network linking industry and research institutions is the COIN (COncrete INnovation) project sponsored by the Norwegian government, with a duration of seven years and a total budget of around €25 million. We are involved with this via our Norwegian subsidiaries.

In terms of product development, we prefer bilateral cooperations with individual universities in order to complement our own expertise in a targeted way. In some cases, cooperation projects with universities are supported by government funding. Compared with total expenditure, the funding ratio is marginal; therefore, we do not record it centrally. Total expenditure for contract research is considerably less than €1 million for the year and is therefore not shown separately; these expenses are included in the Central research and development section in the table on page 107. Aside from the research cooperations mentioned above, we did not acquire any research and development expertise in 2012.

Major projects and research and development results

Improving cost efficiency and tied-up capital

In the reporting year, we successfully continued our Group-wide programmes in the cement business to reduce operating costs of the plants and tied-up capital for spare parts.

The "Operational Excellence" initiative achieved far better results than expected, thanks to the successful exploitation of savings potential in electricity and fuel consumption. The "Group Spare Parts" programme, which aims to reduce the tied-up capital for spare parts and optimise our warehouse management, was successfully completed in 2012 and achieved the expected results. We were able to reduce the tied-up capital by approximately 22 % in comparison with 2008, the starting year of the programme.

In the aggregates business, we introduced the Group-wide "CLIMB" project at the start of 2011, with the aim of sustainably optimising all process steps from extraction through processing to the

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sale of aggregates. In this way, we want to achieve an increase of €120 million in results by the end of 2013. In 2012, we already identified more than three quarters of the optimisation potential.

The increase in cost efficiency achieved via these programmes is even more significant because all the measures taken are sustainable and represent a major competitive advantage in the long term. The programmes also provide intensive training opportunities for our globally active employees.

New, expanded, and modernised production sites

In order to strengthen our position in growing markets, we started or concluded a number of strategic investments alongside our investments to optimise and expand existing facilities. You can read more about this in the Investments section on page 63f.

In the reporting year, we completed the capacity expansion at the Górażdze cement plant in Poland with the commissioning of a new cement mill. The new mill, which is one of the largest ball mills in Europe, has a capacity of 1.4 million tonnes. We have increased our cement capacity by 2.9 million tonnes to 6.2 million tonnes in India thanks to a large expansion project. After successful test runs between November 2012 and January 2013, the new kiln line at our Narsingarh location and in the new cement mills in Damoh and Jhansi were officially commissioned in February 2013.

We inaugurated a new cement mill with a capacity of 1 million tonnes in Ghana and increased the clinker capacity in Tanzania by 250,000 tonnes by extending a kiln line.

As part of our investments in attractive growing markets, we continued the expansion of clinker and/or cement capacities in Indonesia, Kazakhstan, Liberia, Togo, Ghana, Tanzania, and Burkina Faso.

In 2012, we consistently implemented also our purchasing strategy of low-cost country sourcing for all investments in our production facilities. This generated positive effects in terms of both the initial investments and the operating costs.

Cements with lower proportions of clinker

We have made further progress in the development of cements with less clinker, thereby achieving a reduction in both CO₂ emissions and costs. In 2012, our Polish subsidiary Górażdze Cement introduced a cement type based on calcium-rich brown coal fly ash for the first time. With sales volumes of over 130,000 tonnes, the market response was very positive. In our Indonesian plants, the clinker content in cement was reduced by over 2 % on average.

New composite cements were also successfully launched in numerous other countries. The production of Portland limestone cement containing around 10 % interground limestone started in the United Kingdom. In Romania, we introduced more cement types with high proportions of blast furnace slag onto the market. In Norway, we developed a cement based on fly ash with a clinker content of only 65 % and tested it successfully in pilot applications. The suitability of dolomite as a cement component was proven for our planned grinding facility in Burkina Faso. The cement standard, which was altered on the basis of our tests, now facilitates the use of this locally available raw material instead of imported limestone.

Development of alternative clinker

With the discovery of a new reactive clinker phase, we have established the basis for an alternative clinker technology. Based on an altered chemical composition and low burning temperatures, CO₂ output is 30 % lower in comparison with conventional clinker and energy consumption is reduced

by around 10 % to 15 %. The basic technology is protected by various patent applications. Over the next years, we plan to continue developing this concept towards market-ready products.

Preservation of resources and recycling

CCM, HTC, and aggregates companies in the Group countries are undertaking joint projects to develop concepts for processing manufactured sands and waste fines that have previously been unusable for concrete production for quality reasons.

In Australia and Hong Kong, we have already successfully converted numerous ready-mixed concrete plants to use manufactured sand. In the United Kingdom, Scandinavia, and the USA, related projects are also at an advanced stage. In the Netherlands and Belgium, our subsidiaries, together with HTC, are involved in various projects that are partly supported by the EU with the aim of increasing the proportion of recycled building materials in concrete.

Innovative binders and concretes

We have also achieved further success in the development and market launch of special binders. Together with a cooperation partner, we have developed Poriment® PRO, a cement-bound aerated light mortar with thermal insulation properties. Following the successful market launch in Germany, production is now being carried out in additional countries such as Denmark, Belgium, or even Hong Kong.

In like manner, CemFlow®, a cement-bound self-levelling floor screed, is being developed for a number of markets. Once more, a technology that had proved successful in Germany was adapted to regional raw materials and the new product was launched onto the market within a short period of time. These two examples show how development times are shortened and synergies within the Group are exploited as a result of the targeted transfer of technology.

In the meantime, TerraFlow®, a liquid soil for the fast, economic, and safe filling of excavations and supply passages, has become well established on the German market and its production has been successfully extended to other countries. A similar product, Liquifill®, is offered by our Australian colleagues.

Systematic market analysis and the introduction of these high-quality concrete products in numerous Group countries have enabled us to increase the margins we achieve with the sale of these value added products by almost 50 % in the past two years.

Besides the new speciality products, the extensive expertise of the Group in concrete technology is also demonstrated by its participation in numerous large projects. Whether it relates to self-compacting concrete at San Diego airport in the USA, large infrastructural projects in Bangladesh, or concrete surfaces permeable by rainwater in Vancouver – our expertise in concrete is in demand around the world and is essential for high customer loyalty.

Procurement

In the 2012 reporting year, goods and services with a total value of €8,658 million were procured at HeidelbergCement. This corresponds to 66.6 % of the total operating costs (incl. depreciation).

Procurement management

Our lead buyer organisation facilitates cost-effective procurement of important commodity groups at Group level. This means that we bundle process-critical goods and services, usually with high volumes, into commodity groups in order to obtain better terms and conditions from our suppliers. The tasks of our lead buyers within the Group include conducting price negotiations, concluding framework agreements, and observing current market and price developments. Thanks to their detailed market knowledge, they make an important contribution to increasing efficiency and to risk management in our Group.

Another important part of procurement management is the local purchasing at our production sites, which strengthens our negotiating position with local suppliers. The local purchasing departments can also obtain goods and services directly via the Group framework agreements. In this way, we combine the advantages of central and local procurement.

Increasing efficiency

At the start of 2011, HeidelbergCement commenced the three-year “FOX 2013” programme to increase the Group’s financial and operational performance. One of the aims of this programme is to make savings in the area of purchasing in order to counteract the rise in costs. In the reporting year, we succeeded in achieving considerable cost savings in comparison with general market trends.

Another aim of “FOX 2013” is to improve payment periods, because our terms of payment represented a competitive disadvantage. Thanks to process optimisations and an improvement of our Group-wide terms of payment, we were able to significantly reduce the gap on our main competitors and achieve a correspondingly high liquidity effect by the end of 2012.

Procurement of energy

Overall, HeidelbergCement’s purchasing policy for the procurement of fuels and electricity focuses primarily on the short term. This means that in 2012, we only concluded agreements with fixed prices and quantities in a few cases. In liquid electricity markets, in particular, such as Northern Europe, Germany, Belgium, Poland, the Czech Republic, and North America, we relied on low day-ahead prices. Our procurement strategy proved successful thanks to in part significantly reduced spot prices in these markets. Since we increasingly used index-based contracts for coal, we were able to benefit from reduced spot prices during the year. In the procurement of diesel, we deliberately set on short-term purchases because of market uncertainties. We were consequently exposed to the high volatility of the markets throughout 2012. By adopting these measures, we were able to limit the anticipated increase in energy prices for the cement business to only 1.5 % in 2012.

Outlook

The expected future development of HeidelbergCement Group, HeidelbergCement AG, and the business environment in 2013 and 2014 is described below. As such, please note that this Annual Report contains forward-looking statements based on the information currently available and the current assumptions and forecasts of the Group management 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 Annual Report.

Economic environment

General economic development

After economic growth continued to weaken in 2012, we anticipate an acceleration of global economic growth once again over the next two years, assuming that the debt crisis is overcome successfully. The International Monetary Fund (IMF) forecasts global economic growth of 3.5 % and 4.1 % for 2013 and 2014, respectively, compared with 3.2 % in 2012. The IMF expects that the differences in growth rates – particularly between emerging countries in Asia and Africa on the one hand and the industrialised countries in North America and Europe on the other – will persist and believes that the decline in price increases for consumer goods will continue for the time being. Accordingly, the rate of inflation in mature markets is expected to fall from 2.0 % in 2012 to 1.6 % in 2013, and then to increase again slightly to 1.8 % in 2014. The inflation rate in emerging countries is forecast to remain stable at 6.1 % in 2013 and to decrease to 5.5 % in 2014.

In Asia, China will continue to be the driving force of industrial development. The IMF forecasts an increase in growth for China from 7.8 % in 2012 to 8.2 % in 2013, and to 8.5 % in 2014. Overall, the IMF predicts an increase for the emerging countries in Asia, from 6.6 % in 2012 to 7.1 % in 2013, followed by another rise to 7.5 % in 2014. Positive developments are also forecast for Africa. This relates primarily to the countries south of the Sahara, where growth rates are expected to rise again from 4.8 % in 2012 to 5.8 % in 2013, and then to fall only slightly to 5.7 % in 2014.

As in the Asian markets, economic growth in the mature markets is forecast to accelerate from 1.3 % in 2012 to 1.4 % and 2.2 % in 2013 and 2014, respectively. However, individual countries are expected to develop very differently. According to IMF forecasts, the important markets for HeidelbergCement in the USA, the United Kingdom, Germany, and Canada will show positive economic growth in 2013 and 2014, although growth rates in the USA, Canada, and Germany will first decline slightly in 2013 and only accelerate again in 2014. The United Kingdom will move on from the recession of 2012, and rising growth rates are expected in both 2013 and 2014. In 2013, the USA is expected to achieve the highest economic growth among these countries with a rate of 2.0 %, followed by Canada with 1.8 %, the United Kingdom with 1.0 %, and Germany with 0.6 %.

Also in Eastern Europe and Central Asia, growth rates are expected to rise overall in 2013 and 2014. As in the mature markets, development of individual countries is said to vary. In the Czech Republic, Hungary, and Romania, as well as in Bosnia and Herzegovina, economic development is expected to accelerate again in the next two years from the low level of 2012 with growth rates

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between 0.7 % and 2.4 % in 2013 and between 1.5 % and 3 % in 2014. It is anticipated that economic growth in Poland will continue to weaken in 2013 and only start to improve again in 2014. Increasing growth rates of between 3.5 % and 6 % are expected in our markets that are rich in raw materials – the Ukraine, Russia, and Kazakhstan.

Realisation of the economic forecasts predicted for the next two years is associated with various uncertainties. The mature markets face the challenge of continuing to implement measures for budgetary consolidation, while at the same time combating unemployment. The growth markets of emerging countries must continue to maintain a healthy balance between growth and inflation. Energy prices passed their peak in 2012 and have recently experienced a slight decline. Conflicts in oil-producing countries or overheating of economic growth in emerging countries may lead to a further price increase. The development of raw material and food prices, unemployment, and the interest rate policy of the central banks are all particularly crucial factors for further growth of the world economy.

Industry development

The varied development of economic growth is reflected in the very different forecasts for the demand for building materials in the various regions. The forecast of the American cement association PCA from December 2012 estimates increases of 4.0 % and 4.2 % in global cement sales volumes for 2013 and 2014, respectively, following a rise of 5.6 % in 2012. While the development in demand in 2013 will still be driven primarily by the emerging countries with a growth rate of 4.1 %, the recovery in North America is essential for an acceleration in growth in 2014. According to the PCA, China remains the largest cement market with a share of around 60 % of global cement production and consumption.

Cement demand in North America is again expected to rise significantly by 8.1 % and 8.3 % in 2013 and 2014, respectively, compared with 9 % in 2012. This growth is driven primarily by the anticipated recovery of private residential construction and commercial construction. In 2013, the PCA expects an increase in the number of starts of construction of single-family houses by 27 % and of multi-family residential units by around 15 %. In mid-2012, a new Federal Highway Bill (MAP-21) was agreed, which is comparable with the previous programme in terms of annual expenditure and should run until September 2014; the associated increase in planning security is expected to trigger a slight growth in demand for infrastructure construction.

In Europe, trends in the demand for building materials are expected to vary greatly by region. For the countries particularly affected by the property and financial crisis – Spain, Italy, Portugal, and Ireland – Euroconstruct's forecasts from December 2012 anticipate a further decline in cement consumption in 2013 as well as, with the exception of Ireland, in 2014. In contrast, in the countries of Northern Europe – such as Sweden, Norway, and Denmark – an increase of up to 6.9 % in cement consumption is expected. While consumption in Belgium should rise slightly in the next two years, a decrease of 3 % followed by a rise of 2 % is predicted for 2013 and 2014, respectively. Following the decline in cement consumption in the United Kingdom in 2012, modest growth is forecast for 2013 and 2014. In Poland, the drop in demand should slow down in 2013, and an increase is expected in 2014. In its medium-term forecast, the Federal Association of the German Cement Industry (BDZ) predicts a stabilisation of the cement market in Germany on the relatively high level of the previous year, largely because of the on-going healthy development in private residential construction, where orders rose by 6.5 % in 2012.

Similar to the general economic forecasts, the development of demand for building materials during 2013 and 2014 is also associated with uncertainties. With greater effort being made to consolidate budgets in some mature markets, the demand for building materials is increasingly dependent on the development of private residential construction as well as commercial construction. Growth can only be achieved with sustained positive economic development, reduced unemployment figures, and affordable property financing. In the growth markets of the emerging countries, continued, steady economic growth also plays an important role, as does income available for private residential construction, which in turn depends on the development of local food prices and consequently inflation.

Anticipated earnings

Revenue

On the basis of the general economic and industry-specific prospects for the building materials industry and the special growth prospects for markets in which HeidelbergCement operates, a moderate increase in revenue is expected for 2013 in comparison with the previous year. Capacity expansions in the cement business, which have already been completed in 2012 or are set to be completed in 2013, will contribute to the increase. These include, in particular, the capacity expansions in our Damoh and Jhansi plants in central India, which were commissioned in February 2013, the new cement mill in Ghana, which was inaugurated in November 2012, and the expansion of the grinding capacity in Liberia and Indonesia, which should be commissioned by the end of March and end of 2013, respectively. Furthermore, our TulaCement plant is producing at its full annual capacity for the first time in 2013. In the cement business, we therefore anticipate rising sales volumes. In the aggregates business, we expect slightly declining sales volumes due to continued restraint with regard to infrastructure investments in mature markets. In 2013, price increases will continue to take on a high priority in order to make up for the loss of margin following sharply rising energy costs in recent years. For this purpose, we launched two price initiatives, "PERFORM" for cement in the USA and Europe, and "Climb Commercial" for aggregates. The revenue forecast for 2013 has been based on a slight appreciation of the euro against other currencies in comparison with 2012.

Group areas

Overall, in the Western and Northern Europe Group area, we expect a slight decline in demand and thus falling sales volumes for cement and aggregates. Contrary to the recent forecasts of market analysts, we anticipate weaker construction activity due to the effects of the debt crisis. We expect cement deliveries to remain stable in Scandinavia.

In our Eastern Europe-Central Asia Group area, we expect growth in sales volumes of cement and aggregates, which will largely be driven by the additional capacities and the on-going increase in demand in Russia, the Ukraine, and Central Asia. In the other countries of Eastern Europe, we expect sales volumes to stabilise in 2013, following the weak development in 2012.

In North America, we anticipate a moderate increase in cement volumes as a result of recovering investments in private residential construction and commercial construction. We anticipate stable development in the aggregates business. Overall, we expect demand for building materials from the raw materials industry in Canada and the USA to support our sales volumes once again in 2013.

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In the Asia-Pacific and Africa-Mediterranean Basin Group areas, we count on a sustainably positive demand trend with strong growth in Indonesia, India, and Bangladesh, as well as stable development in China and Australia. In our African core markets in Tanzania, Gabon, Ghana, and the Democratic Republic of Congo, we expect an above-average rise in demand compared with general economic growth. In contrast, we anticipate demand for building materials to weaken further in Spain. Overall, we anticipate a rise in sales volumes of cement and aggregates for both Group areas due to the recently commissioned capacities.

Costs

Prices for energy and raw materials are expected to remain highly volatile. HeidelbergCement anticipates a slight to moderate increase in the cost base for electricity, fuels, raw materials, and personnel in 2013. In view of this situation, we will continue with our measures to further optimise costs and increase cash flow, which we have combined in the "FOX 2013" programme. The programme focuses on improving efficiency in our core activities of aggregates and cement. In cement production, we are planning to reduce energy costs sustainably as part of the "Operational Excellence" (OPEX) programme. As regards aggregates, we want to achieve a sustainable improvement in margins and best practices by comprehensive, global benchmarking and portfolio optimisations. After "FOX 2013" once again exceeded our expectations in 2012, we have revised the goals and are now planning measures to increase cash flow by a total of €1,010 million for the three-year period of the programme (2011 to 2013). We want to realise a further €240 million of this total in 2013 in comparison with the base year, 2010. In addition, we intend to generate cost reductions of €150 million over the next few years with our new "LEO" programme for the optimisation of logistics. For 2013, we expect a decrease in financing costs due to declining net debt.

Results

In view of the positive business development since the beginning of the year, HeidelbergCement expects a moderate increase in operating income for 2013. This assumption is made on the basis that cement sales volumes will increase as expected and that the planned cost-saving measures and price increases can be implemented. As a result of the anticipated improvement in operating income and lower financing costs, we also expect a noticeable growth in profit before tax.

2014 forecast

For 2014, HeidelbergCement predicts an increase in revenue and results, which is based on the assumption that worldwide economic growth will accelerate once again and trigger a rise in demand for building materials.

Dividend

As in 2012, we will also adjust the dividend to the development of the ratio of net debt to operating income before depreciation and of the cash flow of HeidelbergCement for the next two years, and, in doing so, take into account further general economic development. In the medium term, we aim to achieve an industry-typical payout ratio of 30 % to 35 % of the Group share in profit.

Investments

As in previous years, HeidelbergCement will continue to exercise strict spending discipline regarding investments. Debt reduction remains the most important area of focus. In the 2013 financial year, we will again align the amount of our investments with the development of the debt to equity ratio and the operating income of the HeidelbergCement Group as well as the expected overall economic trend. At €866 million, our investments in 2012 were significantly below our target of €980 million. In 2013, we want to reduce this gap and aim for cash relevant investments of around €1.1 billion. Thereby, we keep our level of investments stable at around €1 billion over the last three years.

HeidelbergCement will thereby consistently continue with its targeted investments in future growth – especially in cement activities – in the emerging countries of Asia, Africa, and Eastern Europe-Central Asia. In the long term, we aim to increase the proportion of our cement capacities in these markets from the current figure of 61 % to 67 % of the total capacity. In 2013, we will have additional cement capacities of more than 5 million tonnes in growth markets with the commissioning of further production facilities in the coming months, including the completion in February of the Damoh and Jhansi plants in India.

In view of the promising growth prospects in Indonesia, Indocement is continuing to expand its cement capacity with the construction of an additional cement grinding facility at the Citeureup production site. The commissioning of the grinding installation with a capacity of 1.9 million tonnes is scheduled to be finished by the end of 2013. In addition, we intend to further expand the Citeureup site by building a new integrated production line with a cement capacity of 4.4 million tonnes, which is set to be completed by 2015. The construction of the new Caspi Cement plant in western Kazakhstan is progressing according to plan. The plant with a capacity of 0.8 million tonnes will strengthen our nationwide presence and allow us to supply the oil- and gas-rich region on the Caspian Sea more cost-effectively. We aim to produce the first cement there in 2014.

Another significant investment focus lies in the expansion of our cement activities in Africa. In Liberia, the construction of an additional cement mill with a capacity of 0.5 million tonnes is almost complete; commissioning is planned for the first quarter of 2013. We are also expanding our cement production capacity in Tanzania with the construction of a new cement mill at our Tanzania Portland Cement plant; the commissioning of the mill with a capacity of 0.7 million tonnes is scheduled for the end of 2014. In addition, a new cement grinding plant in Burkina Faso with a capacity of 650,000 tonnes is to be commissioned near the capital of Ouagadougou at the end of 2014. Following the expansion of the cement capacity at our Tema grinding facility in Ghana, which was completed in November 2012, we are planning a similar project at our Takoradi location. With the scheduled commissioning of a new cement mill with a capacity of 0.8 million tonnes at the Takoradi grinding plant at the end of 2014, we will have a cement grinding capacity of 4.4 million tonnes in Ghana. In Togo, we set up a new clinker plant with an annual capacity of 1.5 million tonnes near the town of Tabligbo, around 80 km to the northeast of the capital of Lomé. In addition, we are constructing a cement grinding facility with a capacity of 200,000 tonnes in the north of the country. Commissioning for both plants is planned for 2015. We are evaluating options for capacity expansions in other African countries.

In addition to capacity expansions, we will also invest in the maintenance and modernisation of our existing capacities in 2013, including investments in the upgrade of our cement plants in order to increase the use of alternative fuels and meet the deadlines of the emission standards (NESHAP) in the USA, which were adopted in December 2012.

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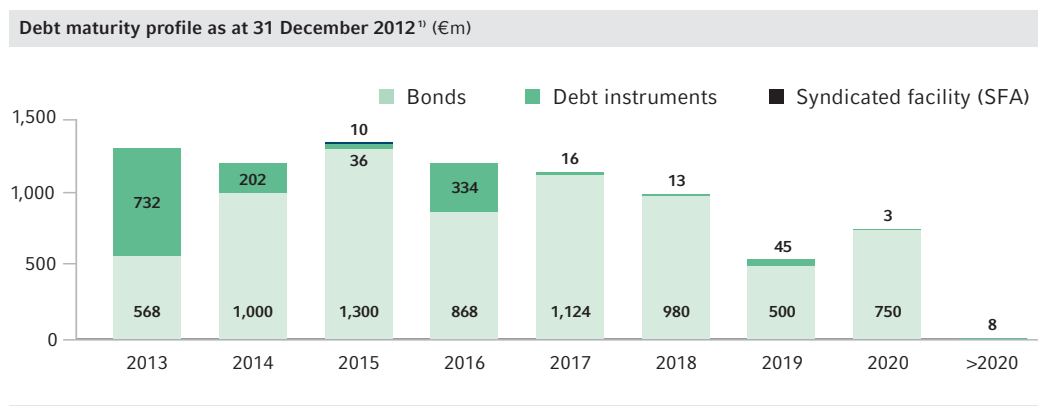
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Expected financing

HeidelbergCement has a stable financing structure for the long term and a well-balanced debt maturity profile (see the following diagram). We will repay the US\$750 million bond becoming due in March 2013 by using available liquidity and making use of credit lines. In addition, we will refinance the maturing financial liabilities in 2013 by making use of available liquidity, issuing on the capital market, or use of open credit lines depending on the capital market situation.

The following diagram shows the maturity profile of HeidelbergCement as at 31 December 2012:



1) Excluding reconciliation adjustments with a total amount of €m 39.2 (transaction costs to be amortized over the term of the SFA, issue prices and fair value adjustments). Excluding puttable minorities with a total amount of €m 45.1.

As at the end of 2012, we had liquidity reserves consisting of cash, securities portfolios, and committed bank credit facilities, amounting to €4.2 billion (see Group financial management section on page 66f.). We also have framework programmes in the money and capital markets in place that allow us to issue the relevant securities within a short period of time (€1 billion Euro Commercial Paper Programme and €10 billion EMTN Programme).

Our objective is to further improve our financial ratios in the coming years in order to achieve the necessary preconditions for our credit rating to be upgraded further by the rating agencies. In particular, we want to reduce the ratio of net debt to operating income before depreciation (OIBD) to below 2.8x by the end of 2013 (31 December 2012: 2.8x). An investment grade rating remains our objective as – given the capital-intensive nature of our business – favourable refinancing opportunities in the banking, money, and capital markets create an important competitive advantage.

Employees and society

Over the next few years, we will continue to focus on improving the identification of internal successor candidates for senior management positions and on the global IT-supported handling of our core personnel processes for all management levels. At the start of 2013, the performance management, goal agreement, remuneration, appraisal interview, and individual development plan processes for senior managers were handled with IT support via the “HR GLOBE” platform for the first time; the next step is to extend this approach to middle and junior management.

The “Summit” management training programme in collaboration with Duke Corporate Education will be the focus of our training measures at Group level until 2015. In the coming years, we will constantly examine the quality of our programmes for the advancement of future executives, such as the trainee programme for new employees from the CIS countries, and develop these programmes across all countries. We have added a follow-up programme to our existing “Engineer in Training” programme. In the aggregates business line, we are continuing with the trainings at the Aggregates Academy. Over a period of four to five years, our talented engineers are specifically prepared for management positions in the technical field both in Germany and abroad.

In 2013, we will devote increased attention to the topic of management responsibility in occupational health and safety as well as in preventative health care and provide specific training for our managers. Consistent implementation of and compliance with existing safety standards takes top priority and is a pre-requisite for preventing accidents, which we will monitor using standardised safety audits. As many transport accidents occur off the company premises, the implementation of our “Driving Safety” Group standard is particularly important. In many of the countries in which we operate, the general traffic safety situation poses a huge challenge in itself, making this aim even more crucial. By providing training and raising the awareness of both our own drivers and those from external companies, we aim to play our part in reducing the number of accidents.

The areas surrounding our plants are as diverse as the people living and working there. That is why our social commitment is geared towards their needs. The voluntary activities we undertake at our locations are in line with our Corporate Citizenship Guidelines. All measures should achieve positive results for the benefit of society. We also want to promote mutual trust and partnership through transparency, open communication, and cooperation. Because we firmly believe that companies play a vital role in tackling social issues, our commitment is an ongoing one.

Environmental precaution

HeidelbergCement has been co-chair of the WBCSD Cement Sustainability Initiative (CSI) since the start of 2013. During our two-year office, our work will mainly focus on two areas: firstly, on occupational health and safety with particular emphasis on reducing the number of fatalities and, secondly, on developing a global responsible sourcing scheme for concrete.

In 2013, we will introduce biodiversity management plans at additional locations within our Group. We will also focus on our collaboration with BirdLife International with respect to biodiversity projects. In addition, we will also jointly develop species conservation programmes for bee eaters, kingfishers, sand martins, and amphibians. Before the second round of the Quarry Life Award competition begins, we will concentrate on implementing projects from the first round and on transferring knowledge in the current year.

In 2013, we will also intensify our use of alternative fuels, focusing on the utilisation of household waste, sewage sludge, and hazardous waste. We will develop specific programmes to further increase the proportion of alternative fuels in our Asian and North American plants. HeidelbergCement is well on the way to achieving the Sustainability Ambitions 2020 objective of increasing the proportion of alternative fuels within the Group to 30 %.

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The legal regulations and the allocations of the emissions certificates for the third phase of the European Emissions Trading System (EU ETS), which began in January 2013, have not yet been completed. As a result, forecasting the effects on our production sites in Europe has become more complicated.

In 2013, we will install a dedusting filter system in the Ukraine. Additional investments in Poland relate, among other things, to the reduction in nitrogen oxides. Noise reduction measures are scheduled for the Czech Republic and Georgia.

In 2013, we will install a system for injecting activated carbon at our cement plant in Tehachapi, California/USA. We want to reduce mercury emissions by more than 90 %, in the same way as at our Cupertino plant in California/USA, where we had excellent results with a similar system.

Environmental protection measures in our Asian plants relate mainly to setting up frequency converters in order to reduce electricity consumption. In Indonesia, we will install a gas scrubber at the Tarjun cement plant to reduce the sulphur oxide emissions of our own power station. We will also complete various noise reduction measures that were commenced in 2012, such as in our Guangzhou plant in China.

Environmental protection investments in the aggregates business line focus on reducing dust levels as well as on the treatment of water. This includes, for example, the construction of a rainwater collecting system in Russia and the modernisation of sewage pipelines in the Czech Republic.

Research and technology

In the next few years, we will continue centring our efforts on developing cement types with reduced clinker proportion and thus lower CO₂ emissions. The alternative raw materials and fuels used will benefit the environment. Significant cost savings are also expected, depending on the future price development for CO₂ emission certificates. In addition, we will promote the development of a new clinker technology as another option to save CO₂ and energy.

Another area of focus is the development of high-quality binders and concrete applications in order to achieve greater benefit for our customers and added value for our company. In the future, we will intensify the successful transfer of technology to further increase the speed of innovation. For the concrete business line, we plan to increase significantly again the profit contribution of special products in mature markets in 2013.

In the cement business line, we will continue the "Operational Excellence" programme introduced in 2010. By the end of 2013, we will systematically identify and exploit savings potentials in energy and fuel costs by optimising the production facilities at all our cement plants. The same applies to our "CLIMB" project in the aggregates business, which was introduced in 2011. By the end of 2013, we aim to achieve a sustainable improvement in results of €120 million through process optimisations and margin increases.

Procurement

Over the current and the next year, we will continue to increase the efficiency of our procurement activities by consistently standardising and optimising our procurement processes. This will include further efforts to bundle commodity groups.

For 2013, we anticipate varying energy price developments in the energy markets that are relevant to us. While significant price increases are still expected in Asia and Central Asia, partly because of the high rates of inflation, we anticipate a more stable price level for Central and Northern Europe in comparison with 2012. In North America, we expect electricity and fuel costs to be higher than in 2012 due to the lately considerable increase in gas prices.

Overall, we plan to maintain the rather short-term focus of our purchasing policy for fuels and electricity. We will only make use of price opportunities arising from price setting on an individual basis.

Estimates for 2013 and 2014 by Group management – risks and opportunities

After world economic growth continued to slow down in 2012, it is expected to start accelerating again from 2013 on, driven primarily by the emerging countries in Asia and Africa. Growth in the mature markets of North America and Europe will continue to be restricted by sustained measures to consolidate public finances.

Risks

The possibility that global economic growth will fall short of expectations and a potential relapse into another recession – also known as a “double-dip” scenario – pose the main risks to on-going development. This could be triggered, for example, by an uncontrolled break-up of the euro zone, a delayed recovery of the US economy, an overheating of the Chinese or Indian economy, or military conflicts in countries rich in raw materials. Measures already implemented and potential future measures to reduce debt in individual national budgets – for example, in the USA and the United Kingdom – may lead to cuts in infrastructure investments and have a negative effect on economic growth and thus on demand in commercial construction and the reduction of the unemployment rate and, in turn, on demand in private residential construction.

The recent decline in demand for building materials – primarily in the United Kingdom, but also in some Eastern European countries – was due to cost-saving measures by national governments. If it takes longer than expected to reduce debt, there is a risk that development in infrastructure construction will be weaker than anticipated. This may, in turn, present a risk to the planned price increases.

The on-going high volatility of electricity and fuel prices presents a risk for the development of earnings in 2013 and 2014. Results would be adversely affected if, for example, electricity and fuel prices rose more sharply than expected as a result of regional unrest in the countries of North Africa or the Middle East, or if HeidelbergCement were unable to offset this increase by raising prices and higher efficiency.

COMBINED MANAGEMENT REPORT

Core activities and organisational structure
Strategy, management control, and targets
2012 business trend
Additional statements
Risk report

Sustainability
Employees and society
Environmental precaution
Research and technology
Procurement | Outlook

The legal regulations and the assignment of the emission certificates for the third phase of the European Emissions Trading System (EU ETS), which began in January 2013, have not yet been completed. At the same time, discussions are being held on European level about the artificial reduction of emission rights. As a result, it is difficult to forecast the effects on our operating income. An additional risk for sales volumes, revenue, and results is that the rise of inflation could turn out to be greater than anticipated, especially in the emerging countries of Asia. As a result, the household income available and thus the demand in the residential construction sector could decrease.

Fluctuations in the exchange rates of foreign currencies against the euro present both risks and opportunities. On the one hand, for example, appreciation of the US dollar against the euro leads to growth in revenue and operating income; on the other, the US dollar-based proportion of purchasing costs measured in euro also increases. This primarily affects raw materials, which are traded in US dollar on the global market.

Opportunities arising from the development of general conditions

In 2013, opportunities could arise from stronger than expected growth in the economies of Europe and North America and the resulting upturn in commercial and private residential construction. Public construction could also benefit as a result of higher tax yield. In the medium and long term, we mainly see opportunities for an increase in demand for building materials for residential, commercial, and public construction as a result of rising population figures, growing wealth, and the on-going trend of urbanisation, especially in the growth markets of emerging countries.

Strategic Group opportunities

Even during the crisis we continued to expand capacities in attractive growth regions in a targeted and highly disciplined way. This enabled us, for example, to continuously increase our cement capacities in the growth markets of Asia, Africa, and Eastern Europe. In 2012, we commissioned a new cement mill in Poland and strengthened our Indian market position by expanding our capacities in central India. With the new cement mills in Ghana and Liberia and the expansion of cement capacities in Indonesia planned for the end of 2013, we have opportunities to benefit from anticipated growth in these regions. We intend to continue with this growth strategy in the coming years.

Opportunities relating to operating performance

The consistent and on-going implementation of measures to improve efficiency and reduce production costs, as well as the realisation of associated opportunities, is an integral part of our strategy. As part of the "FOX 2013" programme, which was launched in early 2011, we are working, among other things, on reducing energy consumption in cement production and improving our margins comprehensively in the aggregates business line. Furthermore, we see opportunities for improving the cost structure by increasing the use of alternative fuels and raw materials, and in doing so, reducing our CO₂ emissions. We are also working on the optimisation of our logistics to achieve further increases in efficiency through the better utilisation of vehicles and drivers.

With its integrated product portfolio, its strong positions in growth markets, and its efficient cost structure, HeidelbergCement considers itself well-equipped to overcome any risks that may materialise and benefit from opportunities presented.

3

Corporate Governance

Part of the combined management report of HeidelbergCement Group
and HeidelbergCement AG

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Corporate Governance statement¹⁾

Statement of compliance in accordance with § 161 of the German Stock Company Act (Aktiengesetz)

On 5 February 2013, the Managing Board and on 7 February 2013, the Supervisory Board resolved to submit the following statement of compliance in accordance with § 161, section 1 of the German Stock Company Act: The Managing Board and Supervisory Board of HeidelbergCement AG declare, in accordance with § 161, section 1 of the German Stock Company Act, that they have complied with, and are in compliance with, the recommendations of the Government Commission on the German Corporate Governance Code (hereafter referred to as the Code), with the following exceptions:

- Some of the Managing Board agreements do not provide for any limit on redundancy payments (redundancy pay cap) in the event of early termination of membership of the Managing Board without good cause or due to a change of control (deviation from point 4.2.3).
Justification: The Supervisory Board respects the provision for the protection of continuance for the existing Managing Board agreements, which do not provide for any corresponding limit on redundancy payments. New future agreements and extensions to existing Managing Board agreements will, however, include a limit on redundancy payments in line with the Code. Four out of six Managing Board agreements already contain a limit on redundancy payments in line with the Code.
- The Chairman of the Supervisory Board does not chair the Personnel Committee, which handles the Managing Board agreements (deviation from point 5.2).
Justification: The Supervisory Board deems this allocation appropriate on the basis of the shareholder structure of the company.
- The performance-oriented element of the remuneration of the Supervisory Board is not geared towards the sustainable development of the Group (deviation from point 5.4.6).
Justification: The variable element of the remuneration of the Supervisory Board introduced in 2010 is dependent on the Group's earnings per share achieved in the respective previous year. As it is not based on a multi-year assessment, this variable element is thus not sustainable in the sense of the Code. Nevertheless, the Managing Board and the Supervisory Board both believe that the remuneration element on a yearly basis pays due consideration to the significance of the advisory and supervisory function of the Supervisory Board and moreover makes it easier to measure the variable remuneration in a timely manner in case of retirement or appointment of a Supervisory Board member during the year.
- The shareholdings of members of the Supervisory Board are not disclosed (deviation from point 6.6).
Justification: The members of the Supervisory Board are bound by the shareholding disclosure requirements under § 21 of the German Securities Trading Law (Wertpapierhandelsgesetz) and the Directors' Dealings disclosure requirements under § 15a of the German Securities Trading Law. This seems to guarantee sufficient transparency as regards the shareholdings of members of the Supervisory Board.

The above statement relates to the version of the Code dated 15 May 2012 and published on 15 June 2012, for the reporting period since 7/9 February 2012 with an update on 28 June 2012 (submission date of previous statement of compliance).

¹⁾ In accordance with § 289a of the German Commercial Code (HGB), likewise the Corporate Governance Report in accordance with point 3.10 of the German Corporate Governance Code

Corporate Governance practices that extend beyond the legal requirements

A Group-wide Code of Business Conduct requires all employees to observe the basic rules of business decorum – irrespective of whether these rules have been expressed in legal regulations or not. In particular, the Code of Business Conduct calls for:

- integrity and professional behaviour towards customers, suppliers, authorities, and business partners,
- consistent avoidance of conflicts of interest,
- careful and responsible handling of the Group's property and assets,
- careful and responsible handling of company and business secrets as well as personal data,
- fair, non-discriminatory employment conditions and fair dialogue with the employee representatives,
- the provision of healthy and safe jobs, and
- considerate handling of natural resources.

The Code of Business Conduct, which is published on our website www.heidelbergcement.com under "About us/Corporate Governance/Code of Business Conduct", is part of the comprehensive compliance programme and its observance is monitored by control mechanisms included in the programme.

Working methods of Managing Board and Supervisory Board, and composition and working methods of their committees

As a German public limited company, HeidelbergCement is required by law to have a two-tier board system: The Managing Board is responsible for independently managing the Group; its members are jointly accountable for the management of the Group; the Chairman of the Managing Board coordinates the work of the members of the Managing Board. The Supervisory Board appoints, monitors, and advises the Managing Board and is directly involved in decisions of fundamental importance to the Group; the Chairman of the Supervisory Board coordinates the work of the Supervisory Board.

Management by the Managing Board

In managing the Group, the Managing Board is obliged to act in the Group's best interests and increase the sustainable value of the Group. It develops the Group's strategy, coordinates it with the Supervisory Board, and ensures its implementation. It ensures that all provisions of law and the Group's internal guidelines are adhered to, and works to achieve compliance by Group companies. It ensures appropriate risk management and risk controlling within the Group. The Managing Board considers diversity when filling management positions within the Group, and in doing so, strives to give due consideration to women; however, the Managing Board is opposed to a fixed quota of women. The Managing Board Rules of Procedure issued by the Managing and Supervisory Boards govern, in connection with the schedule of responsibilities approved by the Supervisory Board, the work of the Managing Board, in particular the departmental responsibilities of individual members of the Managing Board, matters reserved for the full Managing Board, and the required majority for resolutions. In accordance with these rules, each member of the Managing Board runs his management department independently, with the provision that all matters of clearly defined fundamental importance are to be decided upon by the full Managing Board. This takes place in the regular meetings of the Managing Board, led by the Chairman of the Managing Board, on the basis of prepared meeting documents. The results of the meetings are recorded in minutes, which are issued to all members of the Managing Board. There are no Managing Board committees.

Consultation and supervision by the Supervisory Board

The task of the Supervisory Board is to regularly advise and supervise the Managing Board in the management of the Group. The Managing Board must involve the Supervisory Board in decisions of fundamental importance to the Group. The Supervisory Board Rules of Procedure issued by the Supervisory Board govern its organisation and work, in particular the required majority for resolutions, the legal transactions and measures requiring its consent, the standard retirement age for Managing and Supervisory Board members, and the tasks of established committees.

The Supervisory Board meets at least twice every half-year; at these meetings, it usually discusses the open topics and passes the required resolutions, on the basis of reports drawn up by the Managing Board and documents received in advance in preparation for the meeting. Additional meetings are held if necessary. The results of the meetings are recorded in minutes, which are issued to all members of the Supervisory Board. The Supervisory Board comprises a number of independent members – a number which it deems sufficient – and at least one independent member with expertise in either accounting or auditing. In accordance with the Articles of Association, the Supervisory Board has set up a total of four committees, which are entrusted with the tasks and working methods described below. The following respective plenary session of the Supervisory Board is given an account of the results of the committee work.

The Personnel Committee is responsible for preparing the decision of the Supervisory Board concerning the appointment of members of the Managing Board, for preparing the election of the Chairman of the Managing Board, and the establishment of the Managing Board's remuneration structure as well as the remuneration paid to the individual members of the Managing Board. It is also responsible for making a decision concerning the structuring of the non-remuneration-related legal relationships between the company and the members of the Managing Board. The Personnel Committee comprises Messrs Fritz-Jürgen Heckmann, Josef Heumann, Hans Georg Kraut, Ludwig Merckle, Tobias Merckle, and Heinz Schmitt; the Chairman is Mr Ludwig Merckle.

The Audit Committee is responsible for preparing the decision of the Supervisory Board concerning the adoption of the annual financial statements and the approval of the consolidated financial statements. It is also responsible for monitoring the accounting process, the effectiveness of the internal control system, the risk management system, the internal audit system, the compliance programme, and the audit. When dealing with the audit, it is responsible in particular for the preparation of the Supervisory Board's proposal to the Annual General Meeting for the appointment of the auditor, issuing the audit assignment, establishing points of focus for the audit, additional services provided by the auditor, concluding the fee agreement with the auditor, verifying the auditor's independence including obtaining the auditor's statement of independence, and making the decision concerning measures to be taken if reasons emerge during the audit to warrant the possible disqualification of the auditor or suggest a conflict of interest on the part of the auditor. The Audit Committee discusses the half-yearly and quarterly reports with the Managing Board before they are published. The results of the meetings are recorded in minutes, which are issued to all committee members. The Chairman of the Audit Committee has specialist knowledge and experience in the application of accounting principles and internal control processes. In addition to the Chairman, the Audit Committee includes at least one independent member with expertise in either accounting or auditing. The Audit Committee comprises Messrs Robert Feiger, Fritz-Jürgen Heckmann, Max Dietrich Kley, Ludwig Merckle, Heinz Schmitt, and Werner Schraeder; the Chairman is Mr Ludwig Merckle.

The Nomination Committee is responsible for putting suitable candidates forward to the Supervisory Board for its proposals for election to be made to the Annual General Meeting. It comprises Messrs Fritz-Jürgen Heckmann, Ludwig Merckle, and Tobias Merckle as shareholder representatives; the Chairman is Mr Fritz-Jürgen Heckmann.

The Arbitration Committee, formed in accordance with § 27, section 3 and § 31, section 3 of the German Codetermination Law, is responsible for making a proposal to the Supervisory Board for the appointment of members of the Managing Board if the necessary two-thirds majority is not initially achieved. It comprises Messrs Fritz-Jürgen Heckmann, Hans Georg Kraut, Tobias Merckle, and Heinz Schmitt; the Chairman is Mr Fritz-Jürgen Heckmann.

Diversity

On 28 June 2012, the Supervisory Board resolved to adopt the recommendations stated in point 5.4.1 of the Code as amended on 15 May 2012. Consequently, the statement of compliance was updated during the course of the year. The Supervisory Board set the following concrete objectives regarding its composition: The composition of the Supervisory Board is an appropriate reflection of the national and international alignment of HeidelbergCement as a leading building materials producer. The Supervisory Board comprises at least three members who have been elected by the shareholders and who are independent members in line with point 5.4.2 of the Code. Following the 2014 Annual General Meeting, the newly constituted Supervisory Board comprises at least two female members. The standard retirement age for members of the Supervisory Board is 75 years.

Cooperation between Managing Board and Supervisory Board

The Managing Board and Supervisory Board cooperate closely for the benefit of the Group. To this end, the Managing Board coordinates the Group's strategic approach with the Supervisory Board and discusses the current state of strategy implementation with the Supervisory Board at regular intervals. For clearly defined transactions of fundamental importance, the Supervisory Board has specified provisions in the Managing Board Rules of Procedure requiring its approval.

The Managing Board informs the Supervisory Board regularly, without delay and comprehensively, of all issues of importance to the Group with regard to strategy, planning, business development, risk situation, risk management, and compliance. The Managing Board explains deviations of the actual business development from previously formulated plans and goals, indicating the reasons for this. The Supervisory Board has included detailed provisions in the Managing Board Rules of Procedure with regard to the Managing Board's information and reporting duties. Documents required for decisions, in particular, the annual financial statements, the consolidated financial statements, and the Auditors' report, are sent to the members of the Supervisory Board in due time before the meeting. The cooperation between the Managing Board and the Supervisory Board is shaped by mutual trust and a culture of open debate while fully protecting confidentiality.

In the periods between Supervisory Board meetings, the Chairman of the Supervisory Board also maintains regular contact with the Managing Board, especially the Chairman of the Managing Board, to discuss Group issues regarding strategy, planning, business development, risk situation, risk management, and compliance.

Shareholdings of members of the Managing Board and Supervisory Board

The direct or indirect ownership of shares or share-based derivatives by members of the Managing Board has, neither in any individual case nor in total, exceeded the threshold of 1 % of the issued shares.

According to the available reports, Supervisory Board member Ludwig Merckle directly and indirectly holds 25.11 % of the issued shares. As regards the other members of the Supervisory Board, the ownership of shares or share-based derivatives has, neither in any individual case nor in total, exceeded the threshold of 1 % of the issued shares, according to the available reports.

Relationships with shareholders

In line with the options provided for in accordance with the law or the Articles of Association, the shareholders exercise their rights before or during the Annual General Meeting and thereby exercise their voting right. Each share carries one vote at the Annual General Meeting (one-share-one-vote principle). The ordinary Annual General Meeting is normally held in the first five months of the financial year. All important documents for exercising shareholder rights as well as the resolution issues and documentation are duly and easily available on our website for shareholders to access. Both the notice of the agenda for the Annual General Meeting and our website will provide shareholders with the information they need to exercise their rights, and particularly their voting rights at the Annual General Meeting, including by way of proxy or postal vote. A company proxy bound by instructions is also available to shareholders to exercise their voting rights at the Annual General Meeting. The report given by the Chairman of the Managing Board to the Annual General Meeting will be made available on the Internet at the same time. After the Annual General Meeting is over, our website will be updated with the attendance details and the voting results of each agenda item.

As part of our investor relations work, we provide information to shareholders and other investors comprehensively and regularly on a quarterly basis to tell them about the business development as well as the financial situation and earnings position, and also provide them with notifications in accordance with the German Securities Trading Law and information on analyst presentations, press releases, and the annual financial calendar. Details on our investor relations work can be found on page 34.

Compliance

Within the Group's management culture, strong emphasis is placed on the compliance programme, which is firmly anchored in the Group-wide management and supervisory structures. It comprises the entire compliance organisation within the Group, the set up of guidelines, and verification of compliance with these guidelines.

The compliance organisation is under the authority of the Chairman of the Managing Board, to whom the Director Group Compliance reports directly. Each country has its own compliance officer; however, responsibility for ensuring that employees' conduct complies with the law and regulations lies with all managers and, of course, the employees themselves.

The compliance officers are supported by modern technologies and media, such as electronic learning platforms and learning programmes as well as Internet- and telephone-based reporting systems. These tools will be constantly subject to improvements and further developments during the continuous examination of the whole compliance programme.

Group-wide implementation of the compliance programme is monitored by regular and special audits by Group Internal Audit as well as via special half-yearly compliance reporting by the Director Group Compliance to the Managing Board and the Audit Committee of the Supervisory Board. As part of his responsibilities, the Director Group Compliance monitors the effectiveness of the compliance programme and verifies in particular whether it adequately satisfies the legal requirements and recognised compliance standards.

In 2012, key topics of the prevention activities of the compliance officers included observance of competition legislation and anticorruption regulations. This work was also supported by intensified training measures in these areas. Particularly in the context of the provisions of the UK Bribery

Act, which came into effect on 1 July 2011, the compliance programme is currently supplemented by additional tools. A plan for the evaluation, as well as the reduction, of corruption risks and potential conflicts of interest, for example, was thus developed together with external experts in order to ensure the effective prevention of corruption offences. This plan has been progressively introduced across the Group since 2012.

In addition to these key areas, other focuses continue to be occupational safety legislation and environmental law. This reflects the characteristics and specific features of a heavy industry that extracts raw materials and manufactures and markets homogeneous mass goods, and which generally operates locally. Special efforts are also made to observe the prohibition of insider trading, capital market and data protection regulations, regulations on non-discrimination in dealings with employees, and internal purchasing principles.

Remuneration report

The remuneration report contains two parts. The first part shows the Managing Board remuneration system and the remuneration of the Managing Board members for the 2012 financial year. The second part shows the remuneration for the Supervisory Board paid for the 2012 financial year.

Current Managing Board remuneration system 2012

In the context of the Act on the Appropriateness of Managing Board Remuneration, which came into effect on 5 August 2009, the Supervisory Board decided on a new Managing Board remuneration system, applicable for the first time in the 2011 financial year. The new system was approved by the Annual General Meeting on 5 May 2011 with a majority of 96 % of the votes cast, in accordance with § 120, section 4 of the German Stock Company Act.

Principles

The system and amount of remuneration of the Managing Board are determined by the Supervisory Board following a recommendation by the Personnel Committee. They are based on the size and international activity of the Group, its economic and financial situation, its future prospects, the amount and structure of the Managing Board remuneration in comparable companies, and the remuneration structure used for the rest of the Group. In addition, the tasks and performance of the relevant member of the Managing Board, and of the entire Managing Board, are taken into account. The remuneration is calculated in such a way that it is competitive on the market for highly qualified senior managers and provides an incentive for successful work in a business culture with a clear focus on performance and results.

Remuneration elements

The remuneration system applicable since 1 January 2011 consists of a fixed annual salary, a variable annual bonus, and a variable long-term bonus. In comparison with the remuneration system valid until 2010, the new system is geared even more towards the sustainable development of the Group. This requirement was fulfilled by:

- higher weighting of long-term bonus with a multi-year assessment base compared with the annual bonus,
- linking of long-term bonus with performance indicators reflecting result and capital efficiency as well as the relative development of the HeidelbergCement share compared with the DAX 30

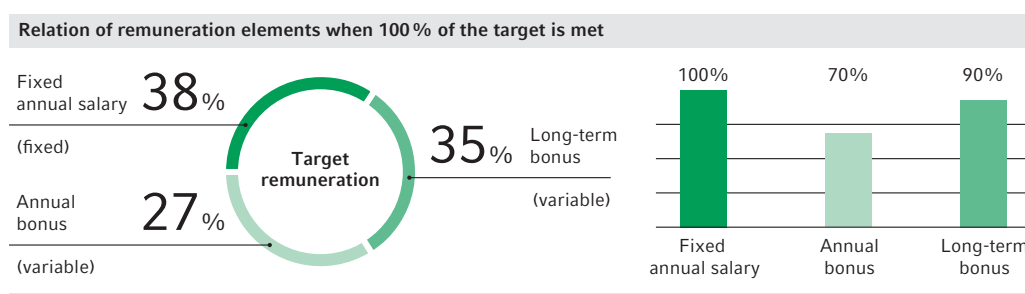
Index and the MSCI World Construction Materials Index, and the absolute development of the HeidelbergCement share,

- obligation for all members of the Managing Board to maintain a fixed number of HeidelbergCement shares as an individual investment.

The amount of remuneration paid to the Managing Board comprises:

1. a fixed annual salary,
2. a variable annual bonus,
3. a variable long-term bonus with long-term incentive,
4. fringe benefits, as well as
5. pension promises.

The following graph shows the relation between fixed and variable remuneration elements of the target remuneration (without fringe benefits and pension promises) as well as a comparison of the amount of the individual variable components – when 100 % of the target is met – with the fixed annual salary.



1. Fixed annual salary

The fixed annual salary is a set cash payment relating to the financial year, which is based on each Managing Board member's area of responsibility and is paid on a monthly basis over the year. It amounts to around 38 % of the target remuneration when 100 % of the target is met.

2. Annual bonus

The annual bonus is a variable remuneration element, which relates to the financial year and is 70 % of the fixed annual salary, when 100 % of the target is met. It amounts to around 27 % of the target remuneration. As before, the Group share of profit, adjusted for one-off items, will be used as the key performance indicator. In addition, individual targets will be agreed with the Chairman of the Managing Board and the Managing Board members.

At the start of the financial year, the Supervisory Board decides on the performance targets and, at the end of the financial year, determines the extent to which the target has been reached.

- Target value (value when 100 % of the target is met)
70 % of fixed annual salary
- Key performance indicators and weighting (value when 100 % of the target is met)
2/3 Group share of profit
1/3 individual targets
- Target achievement range
0–200 % (the maximum value of annual bonus is limited to 140 % of the fixed annual salary and total loss of the entire annual bonus is possible; the determination of the range refers to each individual key performance indicator).

The following table shows a sample calculation for the determination of the annual bonus with a fixed annual salary of €700,000.

Sample calculation annual bonus ¹⁾	
Target	€490,000 (70% of fixed annual salary of €700,000)
Performance period	1 year
Key performance indicators	2/3 Group share of profit (€326,667) 1/3 individual targets (€163,333)
Range	0–200%
Target achievement (example)	Group share of profit 130% (€424,667) individual targets 100% (€163,333)
Example result	Group share of profit €424,667
	+ individual targets €163,333
	= Cash payout €588,000

1) The degrees of target achievement are fictitious and serve only as illustration.

3. Long-term bonus

The long-term bonus is a variable remuneration element based on the long term, which is to be issued in annual tranches starting in 2011. It amounts to 90 % of the fixed annual salary, when 100 % of the target is met. The long-term bonus makes up around 35 % of the target remuneration and comprises two equally weighted components.

The first component (management component with a term of three years) considers the internal added value as measured by earnings before interest and taxes (EBIT) and return on invested capital (ROIC), and is arranged in the form of a bonus with cash payment. The bonus will be paid after the Annual General Meeting in the year following the three-year performance period. The second component (capital market component with a term of four years) considers the external added value as measured by total shareholder return (TSR) – adjusted for the reinvested dividend payments and for changes in the capital – compared with the relevant capital market indices, using performance share units (PSUs). The PSUs are virtual shares used for the calculation of the capital market component.

At the start of every tranche, the Supervisory Board determines the performance targets for both components based on the various key performance indicators, which, if they are achieved, affect the amount of the long-term bonus. After expiry of the respective performance period, the Supervisory Board will ascertain the extent to which the target has been reached.

The target for the management component is based on the Group's relevant three-year operational plan, presented to the Supervisory Board by the Managing Board. The share-based capital market component is measured over a four-year period, on the basis of § 193, section 2, no. 4 of the German Stock Company Act (AktG).

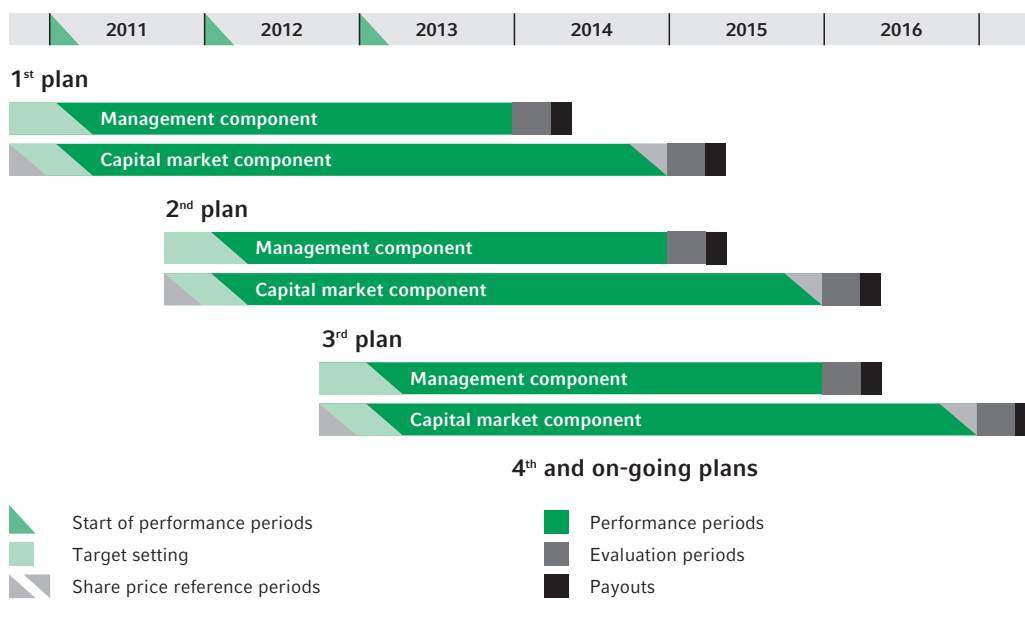
For the capital market component, the number of performance share units (PSUs) initially granted is ascertained in the first instance: the number of PSUs is calculated from 45 % of the fixed annual salary divided by the reference price²⁾ of the HeidelbergCement share as at the time of issue. After expiry of the four-year performance period, the PSUs definitively earned are to be calculated in a second step according to the attainment of the target and paid in cash at the reference price of the HeidelbergCement share valid at that time – adjusted for the reinvested dividend payments and for changes in the capital.

2) The reference price is respectively the average of the daily closing prices of the HeidelbergCement share on the Frankfurt Stock Exchange Xetra trading system for three months retrospectively from the start/expiration of the performance period.

- Target value (value when 100 % of the target is met)
90 % of fixed annual salary (of which 50 % is the management component and 50 % is the capital market component)
- Key performance indicators and weighting (value when 100 % of the target is met)
Management component (three-year performance period):
1/2 average of EBITs attained during the performance period
1/2 target ROIC at the end of the performance period
Capital market component (four-year performance period):
1/2 peer total shareholder return (TSR); calculation of TSR compared with DAX 30 Index
1/2 peer total shareholder return (TSR); calculation of TSR compared with MSCI World Construction Materials Index
- Target achievement range
Management component: target achievement ranges from 0–200 %, i.e. the maximum value of the management component of the long-term bonus is limited to 90 % of the fixed annual salary and total loss of the management component is possible; the range applies separately for each key performance indicator EBIT and ROIC.
Capital market component: target achievement ranges from 0–200 %, i.e. depending on the target achievement, the number of virtual shares (PSUs) can maximally double or reduce to zero (total loss).
- Cap of performance of the HeidelbergCement share before payout
Maximum of 2.5 times the reference price, which was determined at the start of the performance period.

Payment system for the long-term bonus

The following graph shows the payment system for the long-term bonus.



The management component of the long-term bonus plan 2012–2014/15, which was issued in 2012, is paid after the Annual General Meeting 2015, i.e. in the year following the three-year performance period.

The capital market component of the long-term bonus plan 2012–2014/15 is paid after the Annual General Meeting 2016, i.e. in the year following the four-year performance period. In 2016, the management component of the third long-term bonus plan 2013–2015/16, which was issued in 2013, will also be paid after the Annual General Meeting.

During the implementation phase, a disbursement mechanism with a bonus/penalty system forms an element of the long-term bonus plan. According to this mechanism, for the first three years, a third of the target value of the first long-term bonus plan 2011–2013/14 is paid out annually after the following year's Annual General Meeting. These amounts must be repaid to the Group or offset against future payments of variable remuneration elements if and to the extent to which the target value is not reached.

The following table shows a sample calculation for the determination of a long-term bonus with a fixed annual salary of €700,000.

Sample calculation long-term bonus ¹⁾		
Target	€630,000 (90% of fixed annual salary of €700,000)	
Basis	Management component: 50% of €630,000 = €315,000 Capital market component: 50% (€315,000) will be converted into virtual shares; Ø share price of the last 3 months before the beginning of the plan: €42 €315,000 / €42 = 7,500 virtual shares	
Performance period	3 years (from 2012 to 2014) for the management component and 4 years (from 2012 to 2015) for the capital market component	
Key performance indicators	Management component: 315,000 € 1/2 EBIT (€157,500) 1/2 ROIC (€157,500)	Capital market component: €315,000 (7,500 virtual shares) Peer TSR: 1/2 DAX 30 Index (3,750 virtual shares) 1/2 MSCI World Construction Materials Index (3,750 virtual shares)
Range	0–200%	
Target achievement (example)	EBIT 200% (€315,000) ROIC 100% (€157,500)	Relative TSR: DAX 30 Index 100% (3,750 virtual shares) MSCI World Construction Materials Index 150% (5,625 virtual shares)
Example result	Management component: €315,000 + €157,500 = €472,500 Capital market component: 3,750 + 5,625 = 9,375 virtual shares (Ø share price over the last 3 months before the end of the 4 th year e.g.: €110; Cap at 250% = maximum value €105) = 9,375 virtual shares x €105 = €984,375 Management component €472,500 + capital market component €984,375 = €1,456,875	

1) The degrees of target achievement and share prices are fictitious and serve only as illustration.

4. Fringe benefits

The taxable fringe benefits of the members of the Managing Board comprise of the provision of company cars, driving and administration services, mobile phone and communication resources, the reimbursement of expenses, as well as insurance- and assignment-related benefits.

5. Pension promises

The retirement agreements of the German members of the Managing Board contain the promise of an annual retirement pension, which is calculated as a percentage of the pensionable income. The percentage rate depends on the term of the Managing Board membership. After five years of Managing Board membership, the rate is at least 40 % of the pensionable income and can increase to a maximum of 65 % of the pensionable income. The percentage rate for the Chairman of the Managing Board is 4 % of the pensionable income for each year of service or part thereof, but no more than 60 %. The pensionable income is equivalent to a contractually agreed percentage of the fixed annual salary of the Managing Board member. When the Managing Board member's agreement is terminated and he starts receiving the pension benefit, he receives a transitional allowance for six months, equal to the monthly instalments of the fixed annual salary. The pension is paid monthly either:

- after leaving the company upon reaching retirement age (pension benefit paid on individual basis between the 62nd and 65th year of age), or

- in the case of early termination of the agreement for reasons not attributable to the Managing Board member, provided the member has reached 60 years of age at the time the agreement is terminated, or
- due to permanent invalidity as a result of illness.

The retirement agreements include a survivor pension benefit. If a member of the Managing Board dies during the term of his employment contract, or after effectuating the pension benefit, the member's widow and dependent children receive a widow's/orphan's pension. The widow's pension is 60 % of the deceased's pension benefit. The orphan's pension is 10 % of the deceased's pension benefit as long as a widow's pension is being paid at the same time. If a widow's pension is not being paid at the same time, the orphan's pension is 20 % of the deceased's pension benefit.

The retirement provision for Mr Daniel Gauthier is based on the retirement scheme of Cimenteries CBR S.A., a wholly owned subsidiary of HeidelbergCement AG, based in Brussels, Belgium. The pension promise is comparable to the retirement provision for the German members of the Managing Board in terms of the amount, and also contains a survivor pension benefit.

Adjustment of remuneration

The Supervisory Board has the option of discretionary adjustment (administrative discretion) of the annual and the long-term bonus by $\pm 25\%$ of the target value of these variable remuneration elements in order to account for the personal performance of the individual members of the Managing Board and/or for exceptional circumstances.

In accordance with § 87, section 2 of the German Stock Company Act (AktG), the Supervisory Board's right and obligation to reduce the Managing Board remuneration to a reasonable amount remains unaffected, if the position of the Group worsens after the fixing to such an extent that it would be unfair for the Group if remuneration of the Managing Board continued to be granted unchanged.

Individual investment (share ownership)

To support the sustainable development of the Group, the Supervisory Board has decided upon a set of guidelines for the shareholdings of members of the Managing Board. Members of the Managing Board are obliged to invest part of their personal wealth to purchase a fixed number of HeidelbergCement shares and to hold these shares for the term of their membership on the Managing Board. The number of shares to be held by the Chairman of the Managing Board is set at 30,000 HeidelbergCement shares and at 10,000 HeidelbergCement shares for each of the other members of the Managing Board. In order to comply with the guidelines, half of the amount issued for the long-term bonus is to be used to buy shares of the company until the full individual investment is generated. The accumulation of the individual investment can therefore take several years. Following the first payment from the long-term bonus plan, reports will be drawn up on the individual investment of each member of the Managing Board. HeidelbergCement shares that are already held by Managing Board members are taken into account in the individual investment.

D&O liability insurance

The members of the Managing Board are covered in the Group's existing D&O liability insurance. The agreed deductible corresponds to the minimum deductible pursuant to § 93, section 2, sentence 3 of the German Stock Company Act (AktG) in the respective version.

Guidelines in the case of new agreements and extensions to existing Managing Board agreements

The following guidelines on the redundancy pay cap and change of control clause are applicable as of 1 January 2011 for new agreements or extensions to existing Managing Board agreements.

These guidelines entered into force in 2011 for Daniel Gauthier and Andreas Kern; for Dr. Dominik von Achten and Dr. Albert Scheuer, they entered into force in 2012.

Redundancy pay cap

In accordance with the German Corporate Governance Code, when concluding new Managing Board agreements or extending existing Managing Board agreements, it must be ensured that payments to a member of the Managing Board – in the event of the early termination of a Managing Board membership – do not exceed the value of two annual remunerations (including fringe benefits) without serious cause and do not amount to more than the remaining term of the agreement. The redundancy pay cap is calculated based on the amount of the total remuneration for the past financial year and, if necessary, also on the amount of the anticipated total remuneration for the current financial year.

Change of control clause

In accordance with the German Corporate Governance Code, when concluding new Managing Board agreements or extending existing Managing Board agreements, it must be ensured – in the event of the early termination of a Managing Board membership – that benefits promised as a result of a change of control do not exceed 150 % of the redundancy cap.

No change in the remuneration system is planned for 2013. The system and amount of the Managing Board remuneration will be reviewed in 2013, as stipulated in the Managing Board agreements.

Amount of Managing Board remuneration in 2012

Amount of fixed and variable remuneration

The fixed remuneration of the Managing Board changed in comparison with the previous year to €5.0 million (previous year: 4.8). The sum of variable remuneration elements, which only comprised a one-year bonus in 2012, rose to €6.7 million (previous year: 4.5). The remuneration of the Managing Board members for the 2012 financial year is shown in the following table.

Managing Board remuneration for the 2012 financial year							
€ '000s rounded off (previous year in brackets)	Dr. Bernd Scheifele	Dr. Dominik von Achten	Daniel Gauthier	Andreas Kern	Dr. Lorenz Näger	Dr. Albert Scheuer	Total
Non-performance related compensation							
Fixed annual salary	1,320 (1,320)	900 (700)	700 (700)	700 (700)	700 (700)	700 (700)	5,020 (4,820)
Fringe benefits	336 (337)	94 (179)	148 (164)	286 (293)	334 (345)	60 (47)	1,258 (1,365)
Performance related compensation							
Annual bonus	1,884 (1,386)	1,134 (666)	890 (591)	890 (567)	990 (689)	890 (632)	6,678 (4,532)
Deduction of fringe benefits from the annual bonus	-267 (-268)		-132 (-162)	-259 (-269)	-267 (-279)		-925 (-978)
Total cash compensation including fringe benefits	3,273 (2,775)	2,128 (1,545)	1,606 (1,294)	1,617 (1,291)	1,757 (1,455)	1,650 (1,379)	12,031 (9,739)
Compensation with long-term incentive							
Capital market component	482 (457)	329 (243)	256 (243)	256 (243)	256 (243)	256 (243)	1,832 (1,672)
Total compensation	3,755 (3,232)	2,457 (1,788)	1,862 (1,537)	1,872 (1,534)	2,012 (1,698)	1,905 (1,622)	13,864 (11,411)

Long-term bonus plan 2012–2014/15

The members of the Managing Board are participating in the long-term bonus plan 2012–2014/15, issued in 2012. The target values for the plan are €1,188,000 for Dr. Bernd Scheifele, €810,000 for Dr. Dominik von Achten, and €630,000 for each of the other members of the Managing Board. The plan comprises two equally weighted components: the management component and the capital market component. The target value of each component amounts to €594,000 for Dr. Bernd Scheifele, €405,000 for Dr. Dominik von Achten, and €315,000 for each of the other members of the Managing Board. The reference price for the capital market component amounts to €30.45. This equates to 19,507 performance share units (PSUs) for Dr. Bernd Scheifele, 13,300 PSUs for Dr. Dominik von Achten, and 10,345 PSUs for each of the other members of the Managing Board. In accordance with § 314, section 1, no. 6a, sentence 4 German Commercial Code (HGB), the fair value at the grant date must be indicated for the capital market components. For Dr. Bernd Scheifele this amounts to €482,000, for Dr. Dominik von Achten to €329,000, and for each of the other members of the Managing Board to €256,000. The fair value was determined in accordance with a recognised actuarial method (Monte Carlo simulation). No payments were made from the long-term bonus plan 2012–2014/15 in the 2012 financial year. The following table shows the long-term bonus plan 2012–2014/15.

Long-term bonus plan	Target value 2012–2014/15	Management component	Capital market component		
€ '000s		Target value	Target value	Number of PSUs	Fair Value at grant date
Dr. Bernd Scheifele	1,188	594	594	19,507	482
Dr. Dominik von Achten	810	405	405	13,300	329
Daniel Gauthier	630	315	315	10,345	256
Andreas Kern	630	315	315	10,345	256
Dr. Lorenz Näger	630	315	315	10,345	256
Dr. Albert Scheuer	630	315	315	10,345	256
Total	4,518	2,259	2,259	74,187	1,832

Amount of fringe benefits (rounded to €'000s)

The taxable fringe benefits amounted to €1.3 million (previous year: 1.4). For posts and offices held with Group companies, Dr. Bernd Scheifele received €267,000 (previous year: 268,000), Daniel Gauthier €132,000 (previous year: 162,000), Andreas Kern €259,000 (previous year: 269,000), and Dr. Lorenz Näger €267,000 (previous year: 279,000). These amounts are to be offset fully against total remuneration. Furthermore, Dr. Bernd Scheifele and Dr. Lorenz Näger receive compensation of €50,000 for expenses relating to their service on supervisory boards within HeidelbergCement Group and Dr. Dominik von Achten for his service as Managing Board member in charge of the North America Group area. Fringe benefits also relate to taxation of monetary benefits, which amount to €19,000 (previous year: 19,000) for Dr. Bernd Scheifele, €44,000 (previous year: 129,000) for Dr. Dominik von Achten, €16,000 (previous year: 2,000) for Daniel Gauthier, €27,000 (previous year: 25,000) for Andreas Kern, €17,000 (previous year: 15,000) for Dr. Lorenz Näger, and €60,000 (previous year: 47,000) for Dr. Albert Scheuer.

Amount of total remuneration

Total remuneration of the Managing Board in 2012 amounted to €13.9 million (previous year: 11.4).

Pension promises

In 2012, allocations to provisions for pensions (current service cost) for members of the Managing Board amounted to €1.8 million (previous year: 1.8). The present values of the defined benefit obligation amounted to €22.6 million (previous year: 19.9). The figures are shown in the following table.

Pension promises	Service cost		Defined benefit obligation	
€ '000s (rounded off)	2011	2012	2011	2012
Dr. Bernd Scheifele	858	850	5,986	7,186
Dr. Dominik von Achten	236	237	1,028	1,273
Daniel Gauthier	126	131	3,911	4,356
Andreas Kern	138	139	4,006	4,255
Dr. Lorenz Näger	286	285	2,100	2,472
Dr. Albert Scheuer	141	144	2,865	3,088
Total	1,784	1,785	19,897	22,630

Payments to former members of the Managing Board and their surviving dependants amounted to €3.1 million (previous year: 3.0) in 2012. Provisions for pension obligations to former members of the Managing Board amounted to €27.6 million (previous year: 27.8).

Loans to members of the Managing Board

In 2012, no loans were granted to members of the Managing Board of HeidelbergCement AG.

Remuneration of the Supervisory Board in 2012

Supervisory Board remuneration was re-established by the 2010 Annual General Meeting and is set out in § 12 of the Articles of Association of HeidelbergCement AG, which are published on our website www.heidelbergcement.com under "About us/Corporate Governance/Articles of Association". The remuneration consists of fixed amounts and attendance fees. Each member receives a fixed amount of €40,000, with the Chairman receiving two-and-a-half times this amount and the Deputy Chairman one-and-a-half times. The members of the Audit Committee additionally receive fixed remuneration of €15,000 and the members of the Personnel Committee €7,500. The Chairmen of the committees receive twice these respective amounts. In addition, an attendance fee of €1,500 is paid for each meeting of the Supervisory Board and its committees that is personally attended. In addition to the fixed remuneration, each member of the Supervisory Board shall receive a variable remuneration component, which is €58 for each €0.01 earnings per share exceeding the base amount of €2.50 earnings per share. What is decisive are the earnings per share determined in accordance with the International Financial Reporting Standards and reported in the consolidated financial statements for the financial year in which the remuneration is paid. The Chairman of the Supervisory Board shall receive two-and-a-half times this amount, the Deputy Chairman one-and-a-half times. The variable remuneration thus determined shall be limited to the amount of fixed remuneration. The variable remuneration granted to all Supervisory Board members may not exceed the overall balance sheet profit of the company, less 4% of contributions paid towards the lowest issue amount of the shares. No variable remuneration was paid in the 2012 financial year. Total Supervisory Board remuneration (excluding value added tax) paid for the 2012 financial year amounted to €790,978 (previous year: 803,000).

The employee representatives on the Supervisory Board remit a significant portion of their Supervisory Board compensation to the recuperation facility for the employees at HeidelbergCement AG and – with the exception of the representative of the senior managers – to the trade union-linked Hans Böckler Foundation.

The Supervisory Board remuneration paid for the 2012 financial year is divided as shown in the following table.

The Supervisory Board remuneration paid for the 2012 financial year				
€ '000s	Fixed remuneration	Remuneration for committee membership	Attendance fees	Total
Fritz-Jürgen Heckmann (Chairman)	100.0	22.5	7.5	130.0
Heinz Schmitt (Deputy Chairman)	60.0	22.5	7.5	90.0
Robert Feiger	40.0	15.0	6.0	61.0
Josef Heumann	40.0	7.5	7.5	55.0
Max Dietrich Kley	40.0	15.0	7.5	62.5
Hans Georg Kraut	40.0	7.5	7.5	55.0
Dr.-Ing. Herbert Lütkestratkötter	8.1	¹⁾	3.0	11.1
Ludwig Merckle	40.0	45.0	7.5	92.5
Tobias Merckle	40.0	7.5	6.0	53.5
Alan Murray	40.0	¹⁾	7.5	47.5
Werner Schraeder	40.0	15.0	7.5	62.5
Frank-Dirk Steininger	40.0	¹⁾	7.5	47.5
Prof. Dr. Marion Weissenberger-Eibl	19.9	¹⁾	3.0	22.9
Total	548.0	157.5	85.5	791.0

1) No member of committees

Supervisory Board and Managing Board

Supervisory Board

According to the Articles of Association, the Supervisory Board of HeidelbergCement AG consists of twelve members. Half of the members shall be elected by the Annual General Meeting according to the provisions of the German Stock Company Act and half by the employees according to the provisions of the German Codetermination Law. The term of office for the Supervisory Board started with the conclusion of the Annual General Meeting of 7 May 2009 and ends according to schedule with the conclusion of the ordinary Annual General Meeting in 2014.

Fritz-Jürgen Heckmann

Chairman of the Supervisory Board

Stuttgart; Business Lawyer

Member since 8 May 2003, Chairman since 1 February 2005; Chairman of the Arbitration and Nomination Committee and member of the Personnel and Audit Committee

External mandates:

garma AG¹⁾, Stuttgart | HERMA Holding GmbH + Co. KG²⁾, Filderstadt (Chairman) | Infoman AG¹⁾, Stuttgart | Neue Pressegesellschaft mbH & Co. KG²⁾, Ulm | Paul Hartmann AG¹⁾, Heidenheim (Chairman) | Süddeutscher Verlag GmbH²⁾, Munich (Deputy Chairman) | Südwestdeutsche Medien Holding GmbH²⁾, Stuttgart (Deputy Chairman) | URACA GmbH & Co. KG²⁾, Bad Urach (Chairman) | Wieland-Werke AG¹⁾, Ulm (Chairman)

Heinz Schmitt

Deputy Chairman

Heidelberg; Controller; Chairman of the Council of Employees at the headquarters of HeidelbergCement AG

Member since 6 May 2004, Deputy Chairman since 7 May 2009; Member of the Audit, Arbitration, and Personnel Committee

Robert Feiger

Frankfurt; Deputy Chairman of the Federal Executive Committee, IG Bauen-Agrar-Umwelt

Member since 2 January 2008; Member of the Audit Committee

External mandates:

BAUER Aktiengesellschaft¹⁾, Schrobenhausen (Deputy Chairman) | Zusatzversorgungskasse des Baugewerbes AG²⁾, Wiesbaden | Zusatzversorgungskasse des Gerüstbaugewerbes VVaG²⁾, Wiesbaden (Chairman)

Josef Heumann

Burglengenfeld; Kiln Supervisor; Chairman of the Council of Employees at the Burglengenfeld plant, HeidelbergCement AG

Member since 6 May 2004; Member of the Personnel Committee

Max Dietrich Kley

Heidelberg; Attorney

Member since 6 May 2004; Member of the Audit Committee

External mandates: BASF SE¹⁾, Ludwigshafen | SGL CARBON SE¹⁾, Wiesbaden (Chairman)

Hans Georg Kraut

Schelklingen; Director of the Schelklingen plant of HeidelbergCement AG

Member since 6 May 2004; Member of the Personnel and Arbitration Committee

Dr.-Ing. Herbert Lütkestratkötter

Essen; former Chairman of the Executive Board of HOCHTIEF Aktiengesellschaft
Member from 23 January 2010 until 14 March 2012

External mandates:

TÜV Rheinland AG¹⁾, Cologne

Ludwig Merckle

Ulm; Managing Director of Merckle Service GmbH

Member since 2 June 1999; Chairman of the Personnel and Audit Committee and member of the Nomination Committee

External mandates:

Kässbohrer Geländefahrzeug AG¹⁾, Laupheim (Chairman) | MCS Software und Systeme AG¹⁾, Eltville (former Franz Hensmann AG, Ulm) (Chairman) | MerFam AG²⁾, Switzerland (Chairman) | PHOENIX Pharmahandel GmbH & Co KG²⁾, Mannheim | VEM Vermögensverwaltung AG¹⁾, Zossen (Chairman)

Tobias Merckle

Leonberg; Managing Director of the association Seehaus e.V.

Member since 23 May 2006; Member of the Personnel, Nomination, and Arbitration Committee

Alan Murray

Naples, Florida/USA; former member of the Managing Board of HeidelbergCement AG

Member since 21 January 2010

External mandates:

Hanson Pension Trustees Limited, trustee of the Hanson No 2 Pension Scheme²⁾, UK | Wolseley plc²⁾, Jersey, Channel Islands (since 1 January 2013)

Werner Schraeder

Ennigerloh; Building Fitter; Chairman of the General Council of Employees of HeidelbergCement AG and Chairman of the Council of Employees at the Ennigerloh plant of HeidelbergCement AG

Member since 7 May 2009; Member of the Audit Committee

External mandates:

Berufsgenossenschaft Rohstoffe und chemische Industrie²⁾, Heidelberg

Frank-Dirk Steininger

Frankfurt; Specialist in Employment Law for the Federal Executive Committee of IG Bauen-Agrar-Umwelt

Member since 11 June 2008

Univ.-Prof. Dr. Marion Weissenberger-Eibl

Karlsruhe; Head of the Fraunhofer Institute for Systems and Innovation Research ISI in Karlsruhe and holder of the Chair of Innovation Management at the Karlsruhe Institute of Technology (KIT)

Member since 3 July 2012

External mandates:

Steinbeis-Stiftung für Wirtschaftsförderung (StW)²⁾, Stuttgart

The above mentioned indications refer to 31 December 2012 – or in the case of Dr.-Ing. Herbert Lütkestratkötter to the date on which he stepped down from the Supervisory Board of HeidelbergCement AG – and have the following meaning:

1) Membership in other legally required supervisory boards of German companies;

2) Membership in comparable German and foreign supervisory committees of commercial enterprises.

Supervisory Board Committees

Personnel Committee

Ludwig Merckle (Chairman), Fritz-Jürgen Heckmann, Josef Heumann, Hans Georg Kraut, Tobias Merckle, Heinz Schmitt

Audit Committee

Ludwig Merckle (Chairman), Robert Feiger, Fritz-Jürgen Heckmann, Max Dietrich Kley, Heinz Schmitt, Werner Schraeder

Nomination Committee

Fritz-Jürgen Heckmann (Chairman), Ludwig Merckle, Tobias Merckle

Arbitration Committee, according to § 27, section 3 of the German Codetermination Law

Fritz-Jürgen Heckmann (Chairman), Hans Georg Kraut, Tobias Merckle, Heinz Schmitt

Managing Board

At present, there are six members on the Managing Board of HeidelbergCement AG: the Chairman of the Managing Board, the Chief Financial Officer, and four members of the Managing Board with regional responsibilities. The Managing Board organisation is characterised by dual management responsibility: The operating units in the Group areas fall under the line responsibility of individual members of the Managing Board. In addition, they have cross-area responsibility for specific corporate functions with great strategic importance for the Group.

Dr. Bernd Scheifele

Chairman of the Managing Board

Area of responsibility: Strategy and Development, Communication & Investor Relations, Human Resources, Legal, Compliance, Internal Audit

Chairman of the Managing Board since 2005

External mandates:

PHOENIX Pharmahandel GmbH & Co KG¹⁾, Mannheim (Chairman) | Verlagsgruppe Georg von Holtzbrinck GmbH¹⁾, Stuttgart (Deputy Chairman)

Group mandates:

Castle Cement Limited²⁾, UK | ENCI Holding N.V.²⁾, Netherlands | Hanson Limited²⁾, UK | Hanson Pioneer España, S.L.²⁾, Spain | HeidelbergCement Holding S.à.r.l.²⁾, Luxembourg | Heidelberg Cement India Ltd.²⁾, India | HeidelbergCement Netherlands Holding B.V.²⁾, Netherlands | PT Indocement Tunggal Prakarsa Tbk.²⁾, Indonesia | RECEM S.A.²⁾, Luxembourg

Dr. Dominik von Achten

Area of responsibility: North America, Purchasing, worldwide

coordination of Competence Center Materials

Member of the Managing Board since 2007

External mandates:

TITAL Holding GmbH & Co.KG²⁾, Bestwig | Verlag Lensing-Wolff GmbH & Co. KG („Medienhaus Lensing“)²⁾, Dortmund

Group mandates:

HeidelbergCement Canada Holding Limited²⁾, UK | HeidelbergCement UK Holding II Limited²⁾, UK | Lehigh Hanson, Inc.²⁾, USA | Lehigh Hanson Materials Limited²⁾, Canada

Daniel Gauthier

Area of responsibility: Western and Northern Europe (without Germany),
Africa-Mediterranean Basin, Group Services, Environmental Sustainability
Member of the Managing Board since 2000

External mandates:

Akçansa Çimento Sanayi ve Ticaret A.S.²⁾, Turkey (Deputy Chairman) | Carmeuse Holding SA²⁾, Belgium | Genlis Metal²⁾, France

Group mandates:

Castle Cement Limited²⁾, UK | CBR Asset Management S.A.²⁾, Luxembourg (Chairman) | CBR Asset Management Belgien S.A.²⁾, Belgium (Chairman) | CBR Finance S.A.²⁾, Luxembourg (Chairman) | CBR International Services S.A.²⁾, Belgium (Chairman) | Cementum I B.V.²⁾, Netherlands | Cementum II B.V.²⁾, Netherlands | Cimenteries CBR S.A.²⁾, Belgium (Chairman) | Cimenterie de Lukala "CILU" SARL²⁾, Democratic Republic of the Congo | Ciments du Togo SA²⁾, Togo (Chairman) | Civil and Marine Limited²⁾, UK | ENCI Holding N.V.²⁾, Netherlands (Chairman) | Ghacem Ltd.²⁾, Ghana (Chairman) | Hanson Building Products Limited²⁾, UK | Hanson Pioneer España, S.L.²⁾, Spain | Hanson Quarry Products Europe Limited²⁾, UK | HC Green Trading Limited²⁾, Malta | HC Trading International Inc.²⁾, Bahamas (Chairman) | HC Trading B.V.²⁾, Netherlands (Chairman) | HC Trading Malta Ltd²⁾, Malta | HCT Holding Malta Limited²⁾, Malta | HeidelbergCement Asia Pte Ltd²⁾, Singapore | HeidelbergCement Holding S.à.r.l.²⁾, Luxembourg | HeidelbergCement Northern Europe AB²⁾, Sweden (Chairman) | HeidelbergCement UK Holding Limited²⁾, UK | Interlacs SARL²⁾, Democratic Republic of the Congo | International Trading and Finance (ITF) B.V.²⁾, Netherlands (Chairman) | Lehigh B.V.²⁾, Netherlands (Deputy Chairman) | PT Indocement Tunggul Prakarsa Tbk.²⁾, Indonesia | RECEM S.A.²⁾, Luxembourg | Scancem International DA²⁾, Norway (Chairman) | Scancem International a.s.²⁾, Norway (Chairman) | Tadir Readymix Concrete (1965) Ltd²⁾, Israel | TPCC Tanzania Portland Cement Company Ltd.²⁾, Tanzania

Andreas Kern

Area of responsibility: Eastern Europe-Central Asia, Germany, Sales and Marketing,
worldwide coordination of secondary cementitious materials
Member of the Managing Board since 2000

External mandates:

Basalt-Actien-Gesellschaft¹⁾, Linz am Rhein | Kronimus AG¹⁾, Iffezheim (Deputy Chairman) | Lithonplus GmbH & Co. KG²⁾, Lingenfeld (Deputy Chairman)

Group mandates:

Carpatcement Holding S.A.²⁾, Romania | Castle Cement Limited²⁾, UK | Caucasuscement Holding B.V.²⁾, Netherlands (Chairman) | Ceskomoravský cement, a.s., nástupnická společnost²⁾, Czech Republic (Chairman) | Duna-Dráva Cement Kft.²⁾, Hungary | ENCI Holding N.V.²⁾, Netherlands | Górażdze Cement S.A.²⁾, Poland (Chairman) | Hanson Pioneer España, S.L.²⁾, Spain | HeidelbergCement Central Europe East Holding B.V.²⁾, Netherlands (Chairman) | HeidelbergCement Georgia, Ltd.²⁾, Georgia (Deputy Chairman) | HeidelbergCement Netherlands Holding B.V.²⁾, Netherlands | Joint Stock Company - Bukhtarminskaya Cement Company²⁾, Kazakhstan (Chairman) | Limited Liability Company Kartuli Cementi²⁾, Georgia | NCD Nederlandse Cement Deelnemingsmaatschappij B.V.²⁾, Netherlands | OAO Cesla²⁾, Russia | Public Joint Stock Company "HeidelbergCement Ukraine"²⁾, Ukraine | RECEM S.A.²⁾, Luxembourg | Tvornica Cementa Kakanj d.d.²⁾, Bosnia-Herzegovina

Dr. Lorenz Näger

Area of responsibility: Finance, Group Accounting, Controlling, Taxes,
Insurance & Corporate Risk Management, IT, Shared Service Center, Logistics
Member of the Managing Board since 2004

External mandates:

MVV Energie AG¹⁾, Mannheim | PHOENIX Pharmahandel GmbH & Co KG²⁾, Mannheim

Group mandates:

Castle Cement Limited²⁾, UK | Cimenteries CBR S.A.²⁾, Belgium | ENCI Holding N.V.²⁾, Netherlands | Hanson Limited²⁾, UK | Hanson Pioneer España, S.L.²⁾, Spain | HeidelbergCement Canada Holding Limited²⁾, UK | HeidelbergCement Holding S.à.r.l.²⁾, Luxembourg | HeidelbergCement India Ltd.²⁾, India | HeidelbergCement Netherlands Holding B.V.²⁾, Netherlands | HeidelbergCement UK Holding Limited²⁾, UK | HeidelbergCement UK Holding II Limited²⁾, UK | Lehigh B.V.²⁾, Netherlands (Chairman) | Lehigh Hanson, Inc.²⁾, USA | Lehigh Hanson Materials Limited²⁾, Canada | Lehigh UK Limited²⁾, UK | Palatina Insurance Ltd.²⁾, Malta | PT Indocement Tunggal Prakarsa Tbk.²⁾, Indonesia | RECEM S.A.²⁾, Luxembourg

Dr. Albert Scheuer

Area of responsibility: Asia-Pacific, worldwide coordination of Heidelberg Technology Center
Member of the Managing Board since 2007

External mandates:

China Century Cement Ltd.²⁾, Bermuda | Easy Point Industrial Ltd.²⁾, Hong Kong | Guangzhou Heidelberg Yuexiu Enterprise Management Consulting Company Ltd.²⁾, China | Jidong Heidelberg (Fufeng) Cement Company Limited²⁾, China | Jidong Heidelberg (Jingyang) Cement Company Limited²⁾, China | Squareal Cement Ltd²⁾, Hong Kong

Group mandates:

COCHIN Cements Ltd.²⁾, India | Hanson Building Materials (S) Pte Ltd²⁾, Singapore | Hanson Investment Holdings Pte Ltd²⁾, Singapore | Hanson Pacific (S) Pte Ltd²⁾, Singapore | HeidelbergCement Asia Pte Ltd²⁾, Singapore (Chairman) | HeidelbergCement Bangladesh Limited²⁾, Bangladesh | HeidelbergCement Holding HK Limited²⁾, China | HeidelbergCement India Ltd.²⁾, India | PT Indocement Tunggal Prakarsa Tbk.²⁾, Indonesia (Chairman)

The above mentioned indications refer to 31 December 2012 and have the following meaning:

- 1) Membership in other legally required supervisory boards of German companies;
- 2) Membership in comparable German and foreign supervisory committees of commercial enterprises.

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CONSOLIDATED FINANCIAL STATEMENTS

Consolidated income statement

Consolidated statement of comprehensive income

Consolidated statement of cash flows

Consolidated balance sheet

Consolidated statement of changes in equity

Segment reporting/Notes to the consolidated financial statements

Notes to the 2012 consolidated financial statements

Audit opinion | Responsibility statement

Consolidated income statement

€m	Notes	2011	2012
Revenue	1	12,901.9	14,020.2
Change in finished goods and work in progress		23.0	37.3
Own work capitalised		15.1	13.5
Operating revenue		12,940.0	14,070.9
Other operating income	2	426.4	549.8
Material costs	3	-5,380.2	-5,936.2
Employee and personnel costs	4	-2,064.1	-2,330.4
Other operating expenses	5	-3,601.5	-3,877.0
Operating income before depreciation (OIBD)		2,320.7	2,477.2
Depreciation of property, plant and equipment	6	-765.3	-794.1
Amortisation of intangible assets	6	-81.9	-69.8
Operating income		1,473.6	1,613.3
Additional ordinary income	7	32.0	6.3
Additional ordinary expenses	7	-177.5	-415.4
Additional ordinary result		-145.4	-409.1
Result from associated companies ¹⁾	8	51.5	44.0
Result from other participations	8	-3.0	0.1
Earnings before interest and taxes (EBIT)		1,376.6	1,248.3
Interest income		90.7	62.4
Interest expenses		-636.5	-621.1
Foreign exchange gains		2.7	4.5
Other financial result	9	-39.3	-86.7
Financial result		-582.4	-640.9
Profit before tax from continuing operations		794.2	607.4
Income taxes	10	-238.3	-150.9
Net income from continuing operations		555.9	456.5
Net income / loss from discontinued operations	11	-21.7	88.5
Profit for the financial year		534.2	545.1
Thereof non-controlling interests		186.1	243.9
Thereof Group share of profit		348.1	301.2
Thereof proposed dividend	12	65.6	88.1
Earnings per share in € (IAS 33)	13		
Earnings per share attributable to the parent entity		1.86	1.61
Earnings per share – continuing operations		1.97	1.13
Earnings / loss per share – discontinued operations		-0.11	0.48

1) Net result from associated companies

43.5

34.6

Consolidated statement of comprehensive income

€m	2011	2012
Profit for the financial year	534.2	545.1
Actuarial gains and losses	-173.3	-243.4
Income taxes	18.1	23.8
	-155.2	-219.5
Cash flow hedges – change in fair value	-8.6	3.0
Reclassification of gains / losses included in the income statement		2.8
Income taxes	1.6	-0.6
	-7.1	5.2
Available for sale assets – change in fair value	-5.1	3.3
Income taxes	0.3	-0.2
	-4.8	3.2
Currency translation	436.5	-112.8
Income taxes	-1.3	-10.4
	435.2	-123.1
Other comprehensive income	268.1	-334.3
Total comprehensive income	802.3	210.8
Relating to non-controlling interests	194.7	177.0
Relating to HeidelbergCement AG shareholders	607.6	33.8

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€m	Notes	2011	2012
Net income from continuing operations		555.9	456.5
Income taxes		238.3	150.9
Interest income/ expenses		545.8	558.7
Dividends received		28.5	32.1
Interest received	14	168.3	129.7
Interest paid	15	-624.3	-764.9
Income taxes paid	16	-308.4	-328.4
Depreciation, amortisation, and impairment		942.7	1,125.1
Elimination of other non-cash items	17	-47.0	177.6
Cash flow		1,499.9	1,537.4
Changes in operating assets	18	-301.5	76.0
Changes in operating liabilities	19	346.7	99.0
Changes in working capital		45.2	175.0
Decrease in provisions through cash payments	20	-212.7	-212.9
Cash flow from operating activities - continuing operations		1,332.4	1,499.6
Cash flow from operating activities - discontinued operations			13.8
Cash flow from operating activities		1,332.4	1,513.4
Intangible assets		-21.4	-28.1
Property, plant and equipment		-853.0	-803.3
Subsidiaries and other business units		-63.2	-11.4
Other financial assets		-21.6	-23.1
Investments (cash outflow)	21	-959.2	-865.9
Subsidiaries and other business units		22.3	60.1
Other fixed assets		177.5	219.9
Divestments (cash inflow)	22	199.7	280.0
Cash from changes in consolidation scope	23	1.4	3.6
Cash flow from investing activities		-758.0	-582.4
Capital increase - non-controlling shareholders			3.4
Dividend payments - HeidelbergCement AG		-46.9	-65.6
Dividend payments - non-controlling shareholders	24	-59.9	-67.9
Increase in ownership interests in subsidiaries	25	-8.5	-2.3
Proceeds from bond issuance and loans	26	6,597.8	1,873.7
Repayment of bonds and loans	27	-6,081.7	-3,003.7
Cash flow from financing activities		400.8	-1,262.4
Net change in cash and cash equivalents		975.3	-331.4
Effect of exchange rate changes		24.0	-63.6
Cash and cash equivalents at 1 January		870.5	1,869.8
Cash and cash equivalents at 31 December	28	1,869.8	1,474.8

Consolidated balance sheet

Assets			
€m	Notes	31 Dec. 2011	31 Dec. 2012
Non-current assets			
Intangible assets	29		
Goodwill		10,763.3	10,609.4
Other intangible assets		345.9	297.7
		11,109.2	10,907.1
Property, plant and equipment	30		
Land and buildings		5,296.7	5,272.7
Plant and machinery		4,380.1	4,315.3
Other operating equipment		297.8	334.8
Prepayments and assets under construction		1,061.4	859.2
		11,036.1	10,782.0
Financial assets			
Investments in associates	31	390.7	379.7
Financial investments	32	63.9	68.1
Loans to participations	33	17.0	14.1
Other loans and derivative financial instruments	33	81.0	75.8
		552.6	537.6
Fixed assets		22,697.8	22,226.7
Deferred taxes	10	379.2	442.0
Other non-current receivables	33	294.0	275.4
Non-current income tax assets		23.9	19.8
Total non-current assets		23,394.9	22,963.9
Current assets			
Inventories	34		
Raw materials and consumables		705.8	725.8
Work in progress		171.0	193.1
Finished goods and goods for resale		672.3	685.4
Prepayments		34.0	21.2
		1,583.1	1,625.4
Receivables and other assets	35		
Current interest-bearing receivables		60.5	93.5
Trade receivables		1,648.8	1,418.8
Other current operating receivables		359.0	365.6
Current income tax assets		41.1	41.6
		2,109.3	1,919.5
Derivative financial instruments	36	63.1	5.9
Cash and cash equivalents	37	1,869.8	1,474.8
Total current assets		5,625.4	5,025.6
Disposal groups held for sale	38		15.7
Balance sheet total		29,020.3	28,005.2

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Equity and liabilities			
€m	Notes	31 Dec. 2011	31 Dec. 2012
Shareholders' equity and non-controlling interests			
Subscribed share capital	39	562.5	562.5
Share premium	40	5,539.4	5,539.4
Retained earnings	41	6,623.1	6,673.5
Other components of equity	42	-108.0	-160.8
Equity attributable to shareholders		12,617.0	12,614.6
Non-controlling interests	43	951.6	1,098.8
Total equity		13,568.6	13,713.4
Non-current liabilities			
	46		
Bonds payable		6,793.6	6,509.2
Bank loans		770.9	529.8
Other non-current interest-bearing liabilities		131.4	109.2
		7,695.9	7,148.2
Non-controlling interests with put options		75.0	
		7,770.9	7,148.2
Pension provisions	44	832.6	1,018.7
Deferred taxes	10	754.3	659.1
Other non-current provisions	45	1,078.7	1,067.0
Other non-current operating liabilities		253.7	89.0
Non-current income tax liabilities		93.0	52.2
		3,012.3	2,886.0
Total non-current liabilities		10,783.2	10,034.2
Current liabilities			
	46		
Bonds payable (current portion)		1,218.6	708.8
Bank loans (current portion)		539.8	461.4
Other current interest-bearing liabilities		248.9	209.5
		2,007.2	1,379.7
Non-controlling interests with put options		22.9	45.1
		2,030.1	1,424.9
Pension provisions (current portion)	44	86.8	87.4
Other current provisions	45	186.0	235.5
Trade payables		1,344.8	1,372.3
Other current operating liabilities		908.3	989.8
Current income tax liabilities		112.5	147.6
		2,638.4	2,832.7
Total current liabilities		4,668.5	4,257.5
Total liabilities		15,451.7	14,291.8
Balance sheet total		29,020.3	28,005.2

Consolidated statement of changes in equity

€m	Subscribed share capital	Share premium	Retained earnings	Cash flow hedge reserve	
1 January 2011	562.5	5,539.4	6,481.6	-4.2	
Profit for the financial year			348.1		
Other comprehensive income			-153.8	-7.0	
Total comprehensive income			194.2	-7.0	
Changes in ownership interests in subsidiaries			-3.7		
Changes in non-controlling interests with put options			-0.9		
Other changes			-1.2	2.3	
Dividends			-46.9		
31 December 2011	562.5	5,539.4	6,623.1	-8.9	
1 January 2012	562.5	5,539.4	6,623.1	-8.9	
Profit for the financial year			301.2		
Other comprehensive income			-216.0	5.2	
Total comprehensive income			85.2	5.2	
Capital increase from loan conversion					
Changes in ownership interests in subsidiaries			0.2		
Changes in non-controlling interests with put options			29.4		
Other changes			1.3		
Dividends			-65.6		
31 December 2012	562.5	5,539.4	6,673.5	-3.7	

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Other components of equity							
	Available for sale reserve	Asset revaluation reserve	Currency translation	Total other components of equity	Equity attributable to shareholders	Non-controlling interests	Total equity
	23.9	37.1	-578.9	-522.1	12,061.4	822.8	12,884.2
					348.1	186.1	534.2
	-4.8		425.2	413.4	259.5	8.6	268.1
	-4.8		425.2	413.4	607.6	194.7	802.3
					-3.7	-4.5	-8.2
					-0.9	-1.4	-2.4
		-1.6		0.7	-0.5		-0.5
					-46.9	-59.9	-106.8
	19.1	35.5	-153.7	-108.0	12,617.0	951.6	13,568.6
	19.1	35.5	-153.7	-108.0	12,617.0	951.6	13,568.6
					301.2	243.9	545.1
	3.2		-59.7	-51.3	-267.4	-66.9	-334.3
	3.2		-59.7	-51.3	33.8	177.0	210.8
						10.8	10.8
					0.2	0.8	1.0
					29.4	26.6	56.0
		-1.5		-1.5	-0.2		-0.2
					-65.6	-67.9	-133.6
	22.3	34.0	-213.5	-160.8	12,614.6	1,098.8	13,713.4

Segment reporting/Notes to the consolidated financial statements

Group areas	Western and Northern Europe		Eastern Europe-Central Asia		North America	
€m	2011	2012	2011	2012	2011	2012
External revenue	4,261	4,132	1,392	1,435	3,036	3,441
Inter-Group areas revenue	56	69		0	0	
Revenue	4,318	4,201	1,392	1,435	3,035	3,441
Change to previous year in %		-2.7 %		3.1 %		13.4 %
Operating income before depreciation (OIBD)	734	577	327	317	473	577
as % of revenue	17.0 %	13.7 %	23.5 %	22.1 %	15.6 %	16.8 %
Depreciation	-306	-286	-109	-124	-243	-250
Operating income	427	290	217	193	230	327
as % of revenue	9.9 %	6.9 %	15.6 %	13.4 %	7.6 %	9.5 %
Results from associated companies	42	28	2	2	-1	4
Results from other participations	-6	-4	-1	0	0	0
Results from participations	36	24	1	3	-1	4
Additional ordinary result						
Earnings before interest and taxes (EBIT)	463	315	219	195	230	331
Capital expenditures ¹⁾	193	177	240	181	159	162
Segment assets ²⁾	6,853	6,725	2,197	2,277	8,313	7,896
OIBD as % of segment assets	10.7 %	8.6 %	14.9 %	13.9 %	5.7 %	7.3 %
Segment liabilities ³⁾	2,252	2,279	334	320	1,924	1,877
Number of employees as at 31 December	13,693	13,438	9,693	9,435	11,586	11,001
Average number of employees	14,039	13,633	9,767	9,812	12,733	12,336

Business lines	Cement		Aggregates		Building products	
€m	2011	2012	2011	2012	2011	2012
External revenue	5,396	5,978	1,852	1,918	1,189	1,227
Inter-business lines revenue	815	841	701	773	6	6
Revenue	6,211	6,819	2,553	2,692	1,195	1,233
Change to previous year in %		9.8 %		5.4 %		3.2 %
Operating income before depreciation (OIBD)	1,630	1,760	586	634	118	107
as % of revenue	26.3 %	25.8 %	23.0 %	23.6 %	9.9 %	8.7 %
Capital expenditures ¹⁾	614	556	160	174	42	34
Segment assets ²⁾	6,941	6,971	12,905	12,603	1,129	986
OIBD as % of segment assets	23.5 %	25.2 %	4.5 %	5.0 %	10.5 %	10.9 %

1) Capital expenditures = in the segment columns: property, plant and equipment as well as intangible assets investments;
in the reconciliation column: investments in financial fixed assets and other business units

2) Segment assets = property, plant and equipment as well as intangible assets

3) Segment liabilities = liabilities and provisions; the financial liabilities are recorded in the reconciliation column

4) Includes corporate functions, eliminations of intra-Group relationships between the segments and additional ordinary result.

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	Asia-Pacific		Africa-Mediterranean Basin		Group Services		Reconciliation ⁴⁾		Continuing operations	
	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012
	2,940	3,472	991	1,100	282	440			12,902	14,020
	17	6	31	35	370	388	-475	-498		
	2,957	3,477	1,023	1,135	652	828	-475	-498	12,902	14,020
	17.6 %			11.0 %		27.1 %				8.7 %
	711	887	164	203	11	22	-99	-105	2,321	2,477
	24.0 %	25.5 %	16.0 %	17.9 %	1.7 %	2.6 %			18.0 %	17.7 %
	-143	-155	-35	-38	0	0	-10	-11	-847	-864
	568	732	128	166	11	22	-109	-116	1,474	1,613
	19.2 %	21.0 %	12.6 %	14.6 %	1.7 %	2.6 %			11.4 %	11.5 %
	6	8	2	1					52	44
	1	1	2	2	2	1			-3	0
	7	9	3	3	2	1			49	44
							-145	-409	-145	-409
	575	741	132	168	13	23	-254	-525	1,377	1,248
	215	231	67	80			85	35	959	866
	4,008	4,004	738	749	37	38			22,145	21,689
	17.7 %	22.1 %	22.2 %	27.1 %	30.3 %	57.3 %			10.5 %	11.4 %
	713	807	330	338	98	97	9,801	8,573	15,452	14,292
	14,039	14,686	3,460	3,349	55	57			52,526	51,966
	13,811	14,355	3,490	3,425	50	56			53,889	53,617

	Concrete-service-other		Reconciliation ⁴⁾		Total	
	2011	2012	2011	2012	2011	2012
	4,465	4,896			12,902	14,020
	441	455	-1,963	-2,075		
	4,906	5,351	-1,963	-2,075	12,902	14,020
	9.1 %					8.7 %
	84	81	-98	-106	2,321	2,477
	1.7 %	1.5 %			18.0 %	17.7 %
	58	67	85	35	959	866
	1,170	1,130			22,145	21,689
	7.2 %	7.2 %			10.5 %	11.4 %

Notes to the 2012 consolidated financial statements

General information

HeidelbergCement AG is a public limited company based in Germany. The company has its registered office in Heidelberg, Germany. Its address is: HeidelbergCement AG, Berliner Strasse 6, 69120 Heidelberg.

The core activities of HeidelbergCement include the production and distribution of cement, aggregates, concrete, and building products. Further details are given in the management report.

Accounting and valuation principles

Accounting principles

The consolidated financial statements of HeidelbergCement AG were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and the additional requirements of German Commercial Law pursuant to § 315a, section 1 of the German Commercial Code. All binding IFRS for the 2012 financial year adopted into European law by the European Commission, including the interpretations of the IFRS Interpretations Committee (IFRIC), were applied.

The previous year's figures were determined according to the same principles. The consolidated financial statements are prepared in euro. The financial statements show a true and fair view of the financial position and performance of the HeidelbergCement Group.

In accordance with IAS 1 (Presentation of Financial Statements), the consolidated financial statements contain a balance sheet as at the reporting date, an income statement, a statement of comprehensive income, a statement of changes in equity, and a statement of cash flows in accordance with the principles of IAS 7 (Statement of Cash Flows). The segment reporting is prepared in accordance with the regulations of IFRS 8 (Operating Segments).

For reasons of clarity, some individual items have been combined in the income statement and in the balance sheet. Explanations of these items are contained in the Notes. To improve the level of information, the additional ordinary result is shown separately in the income statement and in the segment reporting. The income statement classifies expenses according to their nature.

Estimation uncertainty and assumptions

The presentation of the financial position and performance in the consolidated financial statements is dependent on estimates and assumptions made by the management, which affect the amounts and presentation of the assets and liabilities, expenses and income, and contingent liabilities accounted for in the period. The actual values may differ from these estimates. The assumptions and estimates relate particularly to the necessity and calculation of impairment of goodwill, the recognition of deferred tax assets, and the measurement of pension provisions and other provisions.

A cash flow-based method in accordance with IAS 36 (Impairment of Assets) is used to determine the recoverable amount of cash-generating units as part of the impairment test for goodwill. In particular, estimates are required here in relation to future cash flows of the cash-generating units as well as to the discount rates used (discounted cash flow method). Further details are given on page 162 f. A change in the influencing factors may have a significant impact on the amount of impairment.

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To assess the future probability that deferred tax assets can be utilised, various estimates must be adopted, e.g. operational plans, periods of loss carried forward, and tax planning strategies. If the actual results deviate from these estimates, this may impact the financial position and performance.

The obligations arising from defined benefit pension plans are determined on the basis of actuarial methods, which are based on assumptions and estimates concerning the discount rate, expected return on plan assets, future salary increases, development of health care costs, and other influencing factors. A change in the underlying parameters may lead to changes in the amounts recognised in the balance sheet. Further details are given under item 44 Provisions for pensions.

Provisions for damages and environmental obligations are measured on the basis of an extrapolation of the claims and estimates of the development of costs. A change in the influencing parameters may have an impact on the income statement as well as the amounts recognised in the balance sheet.

The recognition and measurement of the other provisions takes place with the aid of estimates of the probabilities of future outflow of resources and on the basis of empirical values and the circumstances known at the reporting date. The actual outflow of resources may differ from the outflow of resources expected at the reporting date and may have an impact on the recognition and measurement.

The recognition of liabilities in connection with reimbursements from insurance companies depends on the outcome of pending lawsuits.

Consolidation principles

The consolidation is performed using the acquisition method in accordance with IFRS 3 (Business Combinations). In this process, the acquirer measures the identifiable assets acquired and liabilities assumed at their fair values at the acquisition date. The acquiring entity's investment, measured at the fair value of the consideration transferred, is eliminated against the revalued equity of the newly consolidated subsidiary at acquisition date. The residual positive difference between the fair value of the consideration transferred and the fair value of acquired assets and liabilities is shown as goodwill. A residual negative difference is recognised in profit or loss after further review. Non-controlling interests can be recognised either at their proportionate share of the acquiree's net assets or at fair value. This option can be applied separately for every business combination. Transaction costs relating to business combinations are recorded as expenses. Goodwill is tested for impairment according to IAS 36 (Impairment of Assets) at least once a year in the fourth quarter according to the current operational plan or upon the occurrence of significant events or changes in circumstances that indicate an impairment requirement. Business combinations achieved in stages are accounted for on the basis of the regulations of IFRS 3.41 f. Differences between the carrying amount and the fair value of previously held shares are recognised in profit or loss, accordingly. Changes in the ownership interest that do not lead to a loss of control over a subsidiary are recognised outside profit or loss as equity transactions, in accordance with IAS 27.30. In the case of transactions that lead to a loss of control, any residual interests are revalued at fair value in profit or loss.

The consolidated financial statements comprise the subsidiaries in which HeidelbergCement is able to govern the financial and operating policies. Normally, this is the case when more than 50 % of the shares are owned. If contractual regulations stipulate that a company can be controlled despite a shareholding of less than 50 %, this company is included in the consolidated financial statements as a subsidiary.

If a company cannot be controlled with a shareholding of more than 50 % as a result of contractual regulations, this company is not included in the consolidated financial statements as a subsidiary.

The share of equity and the share of profit or loss for the financial year attributable to non-controlling interests are shown separately. In the case of put options held by non-controlling interests (including non-controlling interests in German partnerships), the proportionate share of the period's comprehensive income attributable to the non-controlling interests as well as the dividend payments to non-controlling interests are shown over the course of the year as changes in equity. As at the reporting date, a liability from the put option is shown as a financial liability at the present value of the redemption amount and the non-controlling interests are derecognised. The excess of the present value of the liability over the carrying amount of the non-controlling interests is recognised directly in equity. In the statement of changes in equity, this is reported in the line changes in non-controlling interests with put options.

Significant joint ventures of the HeidelbergCement Group are included in the consolidated financial statements as proportionately consolidated companies (IAS 31 Interests in Joint Ventures). Using this method, the Group accounts for its share of the assets, liabilities, income, expenses, and cash flows in the corresponding lines of the consolidated financial statements.

Investments in associates, in cases where HeidelbergCement exerts significant influence on the operating and financial policies of the participation through a shareholding of between 20 % and 50 % are accounted for in accordance with the equity method (IAS 28 Investments in Associates) in the consolidated financial statements. Initially, the acquired investments are recognised at cost and in subsequent years the proportionate results are recorded in the carrying amount of the investment. In order to present the results from participations in a more meaningful way, the Group's share of income from associates is shown before income taxes. The proportionate income tax expense is shown under income taxes. The net result from associated companies is shown separately below the income statement.

Income and expenses as well as receivables and payables between consolidated companies are eliminated according to IAS 27 (Consolidated and Separate Financial Statements). Profits and losses from intra-Group sales of assets are eliminated.

The consequences of consolidation on income tax are taken into account by recognising deferred taxes.

Application of new accounting standards

In the 2012 financial year, HeidelbergCement applied the following revised standards of the International Accounting Standards Board (IASB) for the first time.

- According to the amendments to IFRS 7 (Financial Instruments: Disclosures), for financial assets that – despite a transferral of rights – have not been completely derecognised, additional information must be provided on the assets not derecognised and the associated liabilities. In addition, in the case of a continuing involvement, an entity must disclose information that enables users of its financial statements to better understand the nature of, and risks associated with, the continuing involvement in derecognised assets.
- The amendment to IAS 12 (Income Taxes) provides a practical solution to the problem of differentiating whether the carrying amount of an asset is recovered through use or sale. For the measurement of deferred

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taxes, it introduces the rebuttable presumption that the carrying amount of investment property measured at fair value is normally recovered through sale. The remaining guidance contained in SIC-21 (Income Taxes - Recovery of Revalued Non-depreciable Assets) is integrated into IAS 12.

The first-time application of the standards had no impact on the financial position and performance of the Group.

The IASB and IFRIC also adopted the standards and interpretations listed below, whose application was not yet mandatory for the 2012 financial year.

- The amendments to IAS 1 (Presentation of Financial Statements) concern the future breakdown of the items shown in other comprehensive income into two categories, depending on whether, in the future, they are reclassified to the profit or loss or not. The amendments are to be applied for the first time for financial years beginning on or after 1 July 2012.
- In June 2011, the IASB published amendments to IAS 19 (Employee Benefits). The former option of either recognising actuarial gains and losses immediately in the income statement, recognising them immediately in other comprehensive income, or deferring them in accordance with the corridor method, was abolished. In future, these gains or losses may only be recognised in other comprehensive income. HeidelbergCement already exercises the existing option set out in IAS 19 in this form. In addition, the return on the plan assets will, in the future, be recognised not on the basis of the expected return but on the basis of the discount rate. Past service costs must, in the future, be recognised fully in the period in which the related plan amendment occurs. The requirements for post-employment benefits are also amended. The amended version of IAS 19 results in more extensive disclosures. The amendments are to be applied for the first time for financial years beginning on or after 1 January 2013. Pension expenses are expected to rise by €16 million for the year 2012 with the first-time application of the amended version of IAS 19 in 2013. Compared with the previous version of IAS 19, the provision for pensions and similar obligations will increase against equity by around €9 million before taxes.
- The amendment to IAS 32 (Offsetting Financial Assets and Financial Liabilities) clarifies details concerning the netting of financial assets and liabilities. The amendment is to be applied for the first time for financial years beginning on or after 1 January 2014.
- The amendment to IFRS 7 (Disclosures – Offsetting Financial Assets and Financial Liabilities) results in additional disclosures relating to the netting of financial instruments. The amendment is to be applied for the first time for financial years beginning on or after 1 January 2013.
- The publication of IFRS 9 (Financial Instruments) concludes phase 1 of the three-part IASB project to completely revise the accounting of financial instruments. IFRS 9 pursues a new, less complex approach for the categorisation and measurement of financial assets and financial liabilities. Instead of the previous four measurement categories for financial instruments on the assets side, there are now only two. The categorisation is based firstly on the company's business model for the group of financial instruments under consideration and secondly on the characteristics of the contractual cash flows of the relevant financial asset. The accounting of financial liabilities pursuant to IFRS 9 is essentially performed in the same way as set out in the previous regulations of IAS 39 (Financial Instruments: Recognition and Measurement). The only changes made were those within the context of the fair value option: changes in the fair value attributable to changes in the entity's own credit risk are to be recognised outside profit or loss in other comprehensive income. Furthermore, there

will no longer be an option to measure derivative liabilities at cost for unquoted equity instruments in future. IFRS 9 is to be applied for financial years beginning on or after 1 January 2015 (not yet adopted by EU law).

- IFRS 10 (Consolidated Financial Statements) establishes a single definition of the term control and sets out the existence of parent-subsidiary relationships in concrete terms. Control exists when an investor has decision-making powers, is exposed to variable returns, and is able to influence the level of the variable returns as a result of the decision-making powers. IFRS 10 replaces the requirements of IAS 27 (Consolidated and Separate Financial Statements), related to consolidated financial statements, and SIC-12 Consolidation – Special Purpose Entities). The first-time application of IFRS 10 may have an impact on the composition of the consolidation scope. IFRS 10 is to be applied to companies with registered offices in a European Union Member State for the first time for financial years beginning on or after 1 January 2014.
- IFRS 11 (Joint Arrangements) governs accounting in situations where a company exercises joint control over a joint venture or a joint operation. The economic substance of the arrangement, not its legal form, is the decisive factor in its classification. IFRS 11 supersedes IAS 31 (Interests in Joint Ventures). The most significant effect of the new standard is the abolition of proportionate consolidation for joint ventures. In the future, all joint ventures are to be accounted for using the equity method in accordance with the amended version of IAS 28 (Investments in Associates and Joint Ventures). Assets and liabilities as well as income and expenses of a joint operation will continue to be included proportionately in the consolidated financial statements. The first-time application of IFRS 11 will have an impact on the structure of HeidelbergCement's consolidated financial statements. The assets and liabilities as well as the income and expenses of joint ventures will no longer be shown proportionately in the relevant balance sheet or income statement items, but will only be shown in a separate line using the equity method: the carrying amount in the balance sheet and the result from participations in the income statement. IFRS 11 is to be applied to companies with registered offices in a European Union Member State for the first time for financial years beginning on or after 1 January 2014.
- IFRS 12 (Disclosure of Interests in Other Entities) includes all of the disclosure requirements for subsidiaries, joint arrangements, and associates, which were previously included in IAS 27, IAS 31, and IAS 28, and extends the disclosure requirements in relation to the consolidation scope and subsidiaries with non-controlling interests. IFRS 12 is to be applied to companies with registered offices in a European Union Member State for the first time for financial years beginning on or after 1 January 2014.
- The amendments to IFRS 10, IFRS 11, and IFRS 12 (Transitional Guidance) include clarifications and exemptions in connection with the initial application of the aforementioned standards and are applicable for the first time for financial years beginning on or after 1 January 2013 (not yet adopted by EU law).
- The amendments to IFRS 10, IFRS 12, and IAS 27 (Investment Entities) concern the accounting of investment companies and are to be applied for the first time for financial years beginning on or after 1 January 2014 (not yet adopted by EU law).
- IFRS 13 (Fair Value Measurement) introduces a uniform framework for the measurement of the fair value of assets and liabilities, which applies to all IFRS with a few exceptions (IFRS 2 Share-based Payment and IAS 17 Leases). IFRS 13 also extends the required disclosures in connection with the measurement at fair value. IFRS 13 is to be applied for the first time for financial years beginning on or after 1 January 2013.

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- IFRIC 20 (Stripping Costs in the Production Phase of a Surface Mine) describes the accounting of stripping costs during the production phase in surface mining and clarifies when production stripping costs should lead to the recognition of an asset and how that asset should be classified and measured both initially and in subsequent periods. IFRIC 20 is to be applied for the first time for financial years beginning on or after 1 January 2013.
- As part of the annual improvement process (Improvements to IFRS 2009–2011), the IASB made minor amendments to five standards. The amendments are to be applied for the first time for financial years beginning on or after 1 January 2013 (not yet adopted by EU law).

HeidelbergCement will not apply these standards and interpretations until the date when their application first becomes mandatory and after ratification by the EU Commission. The effects of the initial application of IFRS 9, IFRS 10, IFRS 11, and IFRS 12 are currently being analysed. According to current estimates, the first-time application of the other standards will not have a significant impact on the financial position and performance of the Group.

Recognition and measurement principles

The consolidated financial statements are generally prepared using the historical cost principle. Exceptions to this are derivative financial instruments and available-for-sale investments, which are measured at fair value. Furthermore, the carrying amounts of the assets and liabilities recognised in the balance sheet, which represent the hedged items in the fair value hedges and are otherwise accounted at cost, are adjusted as a result of changes in the fair values assigned to the hedged risks. The fundamental recognition and measurement principles are outlined below.

According to IAS 38 (Intangible Assets), an **intangible asset** is an identifiable non-monetary asset without physical substance. The definition requires an intangible asset to be identifiable in order to distinguish it from goodwill. An asset meets the identifiability criterion if it is separable or arises from contractual or other legal rights. Intangible assets are initially measured at cost. In subsequent periods, intangible assets with a finite useful life are measured at cost less accumulated amortisation and impairment, and intangible assets with an indefinite useful life are measured at cost less impairment. Intangible assets with a finite useful life are amortised using the unit of production method, in the case of quarrying licences, otherwise using the straight-line method

Emission rights are shown as intangible assets. Emission rights granted free of charge are initially measured at a nominal value of zero. Emission rights acquired for consideration are accounted for at cost and are subject to write-down in the event of impairment. The second national allocation plan (NAP II) for the allocation of CO₂ emissions allowances (EUA – European Union Allowances) spans a period of five years (2008–2012). This period serves as a basis for assessing the deficit or surplus. Provisions for the obligation to return emission rights are recognised if the actual CO₂ emissions up to the reporting date are not covered by emission rights granted free of charge. The amount of provision for emission rights already acquired for consideration is measured at the carrying amount and, for emission rights yet to be acquired in order to fulfil the obligation, at the market value as at the reporting date. In a series of swap transactions, the Group swapped emission allowances (EUA) in exchange for emission reductions (CER-Certified Emission Reductions and ERU-Emission Reduction Units) and CER for ERU. In accordance with IAS 38.45 for exchange transactions, the swaps are accounted for as a sale of the emission rights given up and an acquisition of the emission rights received, at the fair value at the transaction date.

In accordance with IFRS 3 (Business Combinations), **goodwill** arising from business combinations is not amortised. Instead, an impairment test in accordance with IAS 36 (Impairment of Assets) is carried out. 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 the basis of the sales and management structure, a group of cash-generating units is defined generally as a country or region.

As soon as the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in profit or loss to reduce the asset to its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. The fair value is the amount obtainable from the sale of an asset in an arm's length transaction. The value in use is calculated by discounting estimated future cash flows after taxes with a post-tax risk-adjusted discount rate (WACC).

Cash flow estimates extend over a five-year planning period, after which a terminal value is applied. A three-year detailed bottom-up operational plan approved by management forms the basis for these estimates. This is extended by a top-down plan for a further two years, which incorporates medium-term expectations of the management based on estimates about market volume, market shares, and cost and price development.

As a general rule, the top-down plan is derived by applying growth rates to the detailed three-year operational plan. A detailed plan is created for all CGUs operating in unstable markets. This applies especially to those markets, in which demand for building materials and building products has decreased substantially due to the financial and economic crisis. It is generally assumed that demand in these markets will recover. As the recovery in Europe is expected to be slow as a result of the sovereign debt crisis, the planned levels of demand in some CGUs at the end of the planning period are significantly below the pre-crisis levels. The sales volumes derived thereof are generally based on the assumption of constant market shares.

Variable costs are assumed to evolve in line with the expected development of sales volumes and prices. As a rule, it is assumed that the contribution margin in per cent of revenue remains on a stable level. With increasing sales volumes, this leads to an improvement in the operating margin. Furthermore, it was assumed that the savings achieved by cost reduction programmes ("Fitness 2009", "FitnessPlus 2010", "Fox 2013", and "LEO") positively influence the operating margins.

The assumptions for the estimated growth rates of the terminal value are based on country-specific long-term inflation rates.

The WACC rates for the Group were calculated using a two-phase approach, whereby a phase one WACC rate was used to discount the cash flows for the first five years and a phase two WACC was applied for the determination of the terminal value. The difference between the two WACC rates results from the adjustment of the perpetual growth rate in phase two. The credit spread was derived from the rating of the homogenous peer group.

The following key assumptions were applied in the determination of the recoverable amount based on the value in use for the CGUs.

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Assumptions made in the calculation of impairment of goodwill

Group area/CGU ¹⁾	Carrying amount of goodwill in €m		Weighted average cost of capital after taxes ²⁾		Perpetual growth rate	
	31 Dec. 2011	31 Dec. 2012	31 Dec. 2011	31 Dec. 2012	31 Dec. 2011	31 Dec. 2012
Western and Northern Europe	3,388.7	3,363.4	6.4 % - 9.2 %	6.2 % - 9.0 %	1.5 % - 2.0 %	1.6 % - 2.3 %
Denmark	24.3	24.2	6.5 %	6.2 %	1.5 %	2.0 %
United Kingdom	2,193.0	2,157.4	6.7 %	6.9 %	1.5 %	2.0 %
Eastern Europe-Central Asia	621.9	623.6	8.6 % - 14.7 %	7.2 % - 15.0 %	1.5 % - 2.0 %	2.0 % - 3.7 %
Hungary	10.3	10.4	14.7 %	11.5 %	1.5 %	2.3 %
North America	4,476.2	4,371.5	6.5 %	6.7 %	2.0 %	2.0 %
Asia-Pacific	1,954.5	1,942.7	6.7 % - 12.7 %	6.0 % - 13.3 %	1.5 % - 2.0 %	1.6 % - 4.9 %
Australia	1,484.0	1,479.5	8.1 %	8.0 %	1.5 %	2.5 %
Malaysia	164.5	167.3	8.6 %	8.7 %	2.0 %	2.0 %
Africa-Mediterranean Basin	285.7	270.6	9.3 % - 15.4 %	9.1 % - 16.6 %	1.5 % - 2.0 %	1.8 % - 7.5 %
Spain	17.9		10.2 %	11.0 %	1.5 %	2.0 %
Group Services	36.2	37.6	6.5 %	6.3 %	1.5 %	1.6 %
Total	10,763.3	10,609.4				

1) CGU = Cash-generating unit

2) The weighted average cost of capital shown for 2012 is the phase one WACC, before adjustment for growth. The second phase WACC, used to calculate the terminal value, is equal to the phase one WACC, after adjustment for growth.

As a result of the impairment testing procedures performed, the Group recognised a total impairment of goodwill of €110.2 million. This impairment relates to the CGUs United Kingdom (€92.3 million) and Spain (€17.9 million), where the carrying amount calculated with the value in use method, described above, exceeded the recoverable amount. The impairment results from the management assumption that the recovery of the construction industry in Spain and the United Kingdom will proceed slower than expected due to the sovereign debt crisis.

In the previous year, the Group recognised total impairment of goodwill of €32.3 million, which primarily concerned Spain (€31.7 million).

For the CGUs in Denmark, Malaysia, and Hungary, management has identified that a marginal change in the key assumptions (WACC and perpetual growth rate) would cause the carrying amount to exceed its recoverable amount. Management does not rule out such a development. The following table shows the excess of the recoverable amount over the carrying amount and changes to the key assumptions required for the recoverable amount to be equal to the carrying amount.

Assumptions changes giving rise to recoverable amount equal to carrying amount

	CGU ¹⁾ Denmark	CGU Malaysia	CGU Hungary
Excess of recoverable amount over carrying amount in €m	5.6	16.1	4.9
WACC sensitivity ²⁾	0.4	0.5	0.4
Perpetual growth rate sensitivity ²⁾	0.9	0.7	1.2

1) CGU = Cash-generating unit

2) Increase and decrease in percentage points

All other groups of CGUs remain unaffected by a WACC increase of up to 0.5 percentage points or with a reduction of 1.0 percentage points in the perpetual growth rate.

Property, plant and equipment are accounted for according to IAS 16 (Property, Plant and Equipment) at cost less accumulated depreciation and impairment. Cost includes all costs that can be attributed to the manufacturing process and appropriate amounts of production overheads. Costs for repair and maintenance of property, plant and equipment are expensed as incurred. Capitalisation takes place if the measures lead to an extension or significant improvement of the asset. Property, plant and equipment are depreciated on a straight-line basis unless there is another depreciation method more appropriate for the pattern of use. Borrowing costs that can be allocated directly or indirectly to the construction of large facilities with a creation period of more than twelve months (Qualifying Assets) are capitalised as part of the cost in accordance with IAS 23 (Borrowing Costs).

Inventories are measured in accordance with IAS 2 (Inventories) at the lower of cost and net realisable value, using the weighted average cost method. Adequate provisions are made for risks relating to quality and quantity. Besides direct expenses, the costs for finished goods and work in progress include production-related indirect materials and indirect labour costs, as well as production-related depreciation. The overhead rates are calculated on the basis of the average operating performance rate. Borrowing costs are not recognised as part of the costs because the production period is less than twelve months. Spare parts for equipment are reported under inventories or fixed assets if purchased in connection with the acquisition of the facility.

Long-term service and construction contracts spanning a longer period of time are accounted according to the stage of completion (Percentage of Completion Method).

Provisions for pensions and similar obligations are determined in accordance with IAS 19 (Employee Benefits). For numerous employees, the Group makes provision for retirement either directly or indirectly through contributions to pension funds. Various retirement benefit systems are in place, depending on the legal, economic, and tax framework in each country, which are generally based on employees' years of service and remuneration. The pension provisions include those from current pensions and from entitlements from pensions to be paid in the future.

At HeidelbergCement, the company pension schemes include both defined contribution and defined benefit plans. In defined contribution plans, the Group pays contributions into earmarked funds. After paying the contributions, the Group has no further benefit obligations. In defined benefit plans, the Group's obligation is to provide the agreed benefits to current and former employees. A distinction is made between benefit systems financed by provisions and those financed by funds.

The most significant retirement benefit plans financed by funds exist in Belgium, the Netherlands, the United Kingdom, the United States, Canada, Norway, India, and Indonesia. The retirement benefit system in Indonesia consists of a statutory defined benefit plan and a company-based defined contribution plan financed by funds, the benefits from which may be set off against the statutory benefits. In Germany and Sweden, the retirement benefit plans are financed by means of provisions. HeidelbergCement also has a retirement benefit system financed by provisions to cover the medical care costs of pension recipients in Belgium, Indonesia, Canada, and the United States, and for early retirement commitments in Belgium.

The pension obligations and the available plan assets are valued annually by independent experts for all major Group companies. The pension obligations and the expenses required to cover this obligation are measured in accordance with the internationally accepted projected unit credit method.

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The actuarial assumptions are dependent on the economic situation in each individual country. The interest rate is based on the interest rate level obtained on the measurement date for high-quality fixed interest-bearing corporate bonds with a duration corresponding to the pension plans concerned in the relevant country. In countries or currency areas without a deep market for corporate bonds, the interest rate is determined on the basis of government bonds or using other approximation methods. During the financial year, the portfolio was extended in the euro zone due to market changes in high-quality corporate bonds, which serve as a basis for determining the interest rate: the portfolio now includes bonds that were rated AA by at least one rating agency. In addition, the minimum volume taken into consideration was reduced to €50 million, and information from corporate bonds with a rating of A (after adjusting the spread between AA and A) was also taken into account. It is not possible to assess the effects of this extension at the end of the financial year because the discount rate is no longer determined on the basis of the present database. If the extended database had already been in use at the start of the financial year, defined benefit obligations would have been around €4.3 million higher at that time. The expected return on plan assets is determined using a uniform method based on long-term actual historical yields, the portfolio structure, and the future yields expected in the long term.

Actuarial gains and losses may result from increases or decreases in the present value of the defined benefit obligations or the fair value of the plan assets. These may be caused by, for example, changes in the calculation parameters, changes in estimates of the risk experience of the pension obligations, or differences between the actual and expected return on plan assets. HeidelbergCement records the actuarial gains and losses outside profit or loss in retained earnings through other comprehensive income in accordance with IAS 19.93A and shows these in the statement of comprehensive income. This method of presentation is one of three options permitted under IAS 19. According to HeidelbergCement's assessment, this option produces the most economically meaningful representation of pension obligations. The corridor method also permitted under IAS 19 would smooth out the balance sheet values in comparison with the approach chosen by HeidelbergCement. The other option set out in IAS 19, which requires the actuarial gains and losses to be recognised in profit or loss, would make the income statement more volatile year on year.

Gains and losses that have to be shown in profit or loss may arise from plan changes (curtailments or past service costs) or plan settlements. Curtailments and settlements have to be amortised immediately, while past service costs are to be amortised over the period until they are vested.

Other provisions are recognised in accordance with IAS 37 (Provisions, Contingent Liabilities, and Contingent Assets) if, as a result of past events, there are legal or constructive obligations towards third parties that are likely to lead to outflows of resources embodying economic benefits that can be reliably determined. The provisions are calculated on the basis of the best estimate, taking into account all identifiable risks.

The capital market components of the Group-wide virtual stock option plan are accounted for as cash-settled, share-based payment transactions in accordance with IFRS 2 (Share-based Payment). As at the reporting date, a provision is recognised pro rata temporis in the amount of the fair value of the payment obligation. Changes in the fair value are recognised in profit or loss. The fair value of the options is determined using a recognised option price model.

Deferred tax assets and liabilities are recognised in accordance with the balance sheet liability method (IAS 12 Income Taxes). This means that, with the exception of goodwill arising on capital consolidation, deferred taxes are recognised for all temporary differences between the IFRS financial statements and the tax accounts regardless of the period of time within which these differences are likely to reverse. Furthermore, deferred tax assets are recognised on unused tax losses carried forward, to the extent that the probability of their recovery

in subsequent years is sufficiently high. Deferred tax liabilities are considered in connection with undistributed profits from subsidiaries, joint ventures, and associates, unless HeidelbergCement is able to control the dividend policy of the companies and no dividend distribution or disposal is anticipated in the foreseeable future. The deferred taxes are measured using the rates of taxation that, as of the reporting date, are applicable or have been announced as applicable in the individual countries for the period when the deferred taxes are realised. Deferred tax assets and liabilities are offset if there is an enforceable right to set off current tax assets and liabilities and if they relate to income taxes levied by the same taxing authority and the Group intends to settle its current tax assets and liabilities on a net basis. In principle, changes in the deferred taxes in the balance sheet lead to deferred tax expense or income. If circumstances that lead to a change in the deferred taxes are recognised outside profit or loss in other comprehensive income or directly in equity, the change in deferred taxes is also taken into account in other comprehensive income or directly in equity. If deferred taxes were recognised via other comprehensive income, they are also subsequently released via other comprehensive income.

A **financial instrument** is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The financial instruments include non-derivative and derivative financial instruments.

Non-derivative financial instruments are, in principle, measured at fair value when first recognised. These include non-current and current investments, loans and receivables granted, and financial liabilities.

Financial instruments classified as held for trading are measured at fair value through profit or loss.

Non-current and current investments that are categorised as available for sale in accordance with IAS 39 (Financial Instruments – Recognition and Measurement) are regularly measured at fair value if it can be reliably ascertained. This class of instrument is referred to in the following as investments available for sale at fair value. The unrealised gains and losses resulting from the subsequent measurement are recognised outside profit or loss in equity through other comprehensive income. The stock market price at the reporting date forms the basis of the fair value. If the fair values of investments available for sale at fair value fall below the cost and there is objective evidence of a significant or permanent impairment, the accumulated gains and losses previously recognised in equity are recognised directly in profit or loss. Investments in equity instruments, for which no listed price on an active market exists and whose fair values cannot be reliably determined with justifiable expense, are measured at cost. This class of instruments is referred to in the following as investments available for sale at cost. This concerns other participations that are not listed on the stock exchange. If there is objective evidence of significant or permanent impairment, these impairment losses are directly recognised in profit or loss. The recognition of reversals of impairment in profit or loss for equity instruments held is not permitted.

Loans and receivables are measured at amortised cost, using the effective interest method if applicable, provided that they are not linked with hedging instruments. This concerns non-current, interest-bearing receivables, trade receivables, and other current operating receivables. In principle, the amortised cost in the case of current receivables corresponds to the nominal value or the redemption amount. Receivables are derecognised from the balance sheet when all risks and rewards were transferred and the receipt of payment associated with the receivables is ensured. In case not all chances and risks are transferred, the receivables are derecognised when the control over the receivables has been transferred. If there is objective evidence of impairment of the loans and receivables (e.g. significant financial difficulties or negative changes in the market environment of

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the debtor), impairment losses are recognised in profit or loss. For trade receivables, the impairment losses are recognised through the use of a provision for doubtful debts account. A derecognition is booked as soon as a default of receivables occurs. Reversals are carried out if the reasons for the impairment losses no longer apply. In the past reporting year, there were no financial assets (as in the previous year) whose terms have been changed which would otherwise have been overdue or impaired.

Non-derivative financial liabilities are recognised for the first time at the fair value of the consideration received or at the value of the cash received less transaction costs incurred, if applicable. These instruments are subsequently measured at amortised cost, using the effective interest method if applicable. This includes trade payables, other current operating liabilities, and current and non-current financial liabilities. Non-current financial liabilities are discounted. In principle, the amortised cost in the case of current financial liabilities corresponds to the nominal value or the redemption amount.

The Group has not yet made use of the possibility of designating non-derivative financial instruments, when first recognised, as financial instruments at fair value through profit or loss. All non-derivative financial instruments are accounted for at the settlement date.

A **derivative financial instrument** is a contract whose value is dependent on a variable, which usually requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors, and which is settled at a later date. All derivative financial instruments are measured at fair value on the trade date when first recognised. The fair values are also relevant for the subsequent measurement. The fair value of traded derivative financial instruments corresponds to the market value. This value can be positive or negative. For derivative financial instruments, the fair value corresponds to the amount that HeidelbergCement would either receive or have to pay at the reporting date in the case of early termination of this financial instrument. This amount is calculated on the basis of the relevant exchange and interest rates on the reporting date. Average rates are used for the calculation.

In the HeidelbergCement Group, derivative financial instruments such as currency forwards, currency option contracts, interest rate swaps, or interest rate options are, in principle, used to minimise financial risks. The focus is on hedging interest, currency, and other market price risks. The market valuations are monitored regularly by the Group Treasury department. No derivative financial instruments are contracted or held for speculative purposes.

Contracts concluded for the purpose of receiving or supplying non-financial items in accordance with the company's expected purchase, sale, or usage requirements and held as such (own use contracts) are accounted for as pending transactions rather than derivative financial instruments. Written options for the purchase or sale of non-financial items that can be cash-settled are not classified as own use contracts.

Hybrid financial instruments consist of a non-derivative host contract and an embedded financial derivative. The two components are legally inseparable. These are usually contracts with riders. Separate accounting of the embedded derivative and the host contract is required if the economic characteristics and risks are not closely linked with the host contract, the embedded derivative fulfils the same definition criteria as a stand-alone derivative, and the hybrid financial instrument is not measured at fair value through profit or loss. The contract of the hybrid financial instrument may also be measured in total at fair value through profit or loss unless the embedded derivative changes the resulting cash flows to an insignificant degree or separation of the embedded derivative is not permitted.

Hedge accounting denotes a specific accounting method that modifies the accounting of the hedged item and hedging instrument of a hedging relationship so that the results of measuring the hedged item or hedging instrument are recognised in the period incurred directly in equity or in profit or loss. Accordingly, hedge accounting is based on matching the offsetting values of the hedging instrument and the hedged item.

For accounting purposes, three types of hedges exist in accordance with IAS 39, provided that the stringent conditions for hedge accounting are fulfilled in each individual case.

– Cash flow hedges

Where necessary, HeidelbergCement hedges the risk of fluctuation in future cash flows. The risk of interest rate fluctuations in the case of variable interest is hedged by means of swaps that convert variable interest payments into fixed interest payments. This method is also used for hedging currency risks of transactions to be executed in foreign currency in the future. The market value of the derivatives used for hedging is shown in the balance sheet. As an offsetting item, the other components of equity are adjusted to the amount of the effective portion, taking deferred taxes into account. They are only recognised in profit or loss when the hedged future cash flows are realised. The ineffective portion is recognised directly in the profit or loss for the period.

– Fair value hedges

The Group hedges against fluctuations in the fair value of assets or liabilities. In particular, the foreign exchange risk that arises when financial instruments are accounted for in a currency other than the functional currency is hedged. In addition, the fair value of fixed interest-bearing liabilities is selectively hedged by means of conversion to variable interest. In the case of hedging against fluctuations in the fair value of certain balance sheet items (fair value hedges), both the hedging instrument and the hedged portion of the risk of the underlying transaction are recognised at fair value. Changes in fair value are recognised in profit or loss.

– Hedging a net investment in a foreign operation

When acquiring foreign companies, the investment can, for example, be hedged with loans in the functional currency of the foreign company. In these cases, the currency risk arising on the subsidiary's equity through fluctuations in exchange rates (translation risk) is designated as a hedged risk. The loans are translated using the exchange rate applicable at the reporting date. As an offsetting item, the foreign currency translation reserves in equity are adjusted. Consequently, translation differences are recognised outside profit or loss in equity through other comprehensive income until the net investment is sold, and are recognised in profit or loss on its disposal.

Derivative financial instruments for which no hedge accounting is used nevertheless represent an effective hedge in an economic sense within the context of the Group strategy. In accordance with IAS 39, these instruments are classified for accounting purposes as held for trading. The changes in the market values of these derivative financial instruments recognised in profit or loss are almost offset by changes in the market values of the hedged items.

Assets held for sale and discontinued operations are shown separately in the balance sheet if they can be sold in their present condition and the sale is highly probable. Assets classified as held for sale are recognised at the lower of their carrying amount and fair value less costs to sell. According to their classification, liabilities directly connected with these assets are shown in a separate line on the liability side of the balance sheet.

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For discontinued operations, the profit after tax is shown in a separate line in the income statement. In the statement of cash flows, the cash flows are broken down into continuing and discontinued operations. Likewise, the discontinued operations are shown separately in the segment reporting. For discontinued operations, the previous year's values in the income statement, the statement of cash flows, and the segment reporting are restated. The Notes include additional details on the assets held for sale and discontinued operations.

Contingent liabilities and assets are current or possible obligations or assets arising from past events and whose existence is due to the occurrence or non-occurrence of one or more uncertain future events that are not within the Group's control. Contingent liabilities are recognised in the balance sheet at their fair value if they have been assumed as a result of a business combination. Contingent assets are only recognised in the balance sheet if they are virtually certain. Insofar as an outflow or inflow of economic benefits is possible, details of contingent liabilities and assets are provided in the Notes.

Finance leases, for which all risks and rewards incidental to ownership of the leased asset are transferred to the lessee, lead to capitalisation of the leased asset at the inception of the lease. The leased asset is recognised at the lower of its fair value and the present value of the minimum lease payments. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability so as to produce a constant rate of interest on the remaining balance of the liability over the term of the lease. The finance charge is recognised in profit or loss. Leased assets are depreciated over the useful life of the asset. If, however, there is insufficient certainty that the transfer of title to the Group will take place at the end of the lease term, the leased asset is depreciated fully over the shorter of the expected useful life and the lease term.

Lease payments for operating leases are recognised as an expense in the income statement over the lease term on a straight-line basis.

Income is recognised if it is sufficiently probable that the Group will receive future economic benefits that can be reliably determined. It is measured at the fair value of the consideration received; sales tax and other duties are not taken into account. Revenue is recognised as soon as the goods have been delivered and the risks and rewards have passed to the purchaser. Interest income is recognised pro rata temporis using the effective interest method. Dividend income is realised when the legal entitlement to payment arises.

Foreign currency translation

The individual financial statements of the Group's foreign subsidiaries are translated into euro according to IAS 21 (The Effects of Changes in Foreign Exchange Rates) using the concept of functional currency. In general, for operating companies, the functional currency is that of the country in which the subsidiary is based, since all foreign subsidiaries are financially, economically, and organisationally independent in the conduct of their business. Assets and liabilities are translated using the closing rates at the reporting date, with equity, in contrast, using the historical exchange rates. The translation differences resulting from this are recognised outside profit or loss in other components of equity through other income until the subsidiary is disposed of. The share of equity of the foreign associates is translated using the same method. Income and expenses are translated using average annual exchange rates.

Foreign currency transactions in the companies' individual financial statements are recorded at the spot exchange rate at the date of the transaction. Exchange gains or losses from the measurement of monetary items in foreign currency at the closing rate up to the reporting date are recognised in profit or loss. Exchange differences arising from foreign currency borrowings, to the extent that they are part of a net investment in a foreign operation, form an exception to recognition in profit or loss. They are part of a net investment in a foreign operation if settlement is neither planned nor likely to occur in the foreseeable future. Translation differences are recognised directly in equity through other comprehensive income until the net investment is sold and are not recognised in profit or loss until its disposal. Non-monetary items in foreign currency are recorded at historical exchange rates.

The following key exchange rates were used in the translation of the separate financial statements denominated in foreign currencies into euro.

Exchange rates		Exchange rates at reporting date		Average annual exchange rates	
EUR		31 Dec. 2011	31 Dec. 2012	2011	2012
USD	USA	1.2948	1.3197	1.3925	1.2860
AUD	Australia	1.2654	1.2693	1.3483	1.2419
CAD	Canada	1.3194	1.3090	1.3764	1.2853
CNY	China	8.1453	8.2218	9.0000	8.1126
GBP	Great Britain	0.8331	0.8117	0.8679	0.8112
GEL	Georgia	2.1626	2.1863	2.3478	2.1235
GHS	Ghana	2.0747	2.5089	2.1413	2.3636
HKD	Hong Kong	10.0512	10.2227	10.8386	9.9752
IDR	Indonesia	11,740.79	12,761.02	12,216.79	12,112.07
INR	India	68.6090	72.4030	64.8540	68.5970
KZT	Kazakhstan	192.1600	198.7850	204.1811	191.7860
MYR	Malaysia	4.1025	4.0355	4.2569	3.9697
NOK	Norway	7.7411	7.3435	7.7978	7.4782
PLN	Poland	4.4662	4.0795	4.1205	4.1818
RON	Romania	4.3239	4.4453	4.2382	4.4576
RUB	Russia	41.6730	40.2910	40.8927	39.9081
SEK	Sweden	8.9200	8.5802	9.0327	8.7059
CZK	Czech Republic	25.5700	25.0815	24.5786	25.1352
HUF	Hungary	315.1500	291.3550	279.4021	289.1916
TZS	Tanzania	2,088.73	2,145.42	2,193.60	2,076.43
TRY	Turkey	2.4438	2.3546	2.3388	2.3155

Scope of consolidation

In addition to HeidelbergCement AG, the consolidated financial statements include 896 companies that have been fully or proportionately consolidated, of which 56 are German and 840 are foreign. The changes in comparison with 31 December 2011 are shown in the following table.

Number of fully and proportionately consolidated companies			
	Germany	Abroad	Total
31 December 2011	55	877	932
First-time consolidations		2	2
Divestments		-1	-1
Incorporations / mergers / liquidations / method changes	1	-38	-37
31 December 2012	56	840	896

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A complete list of shareholdings of the HeidelbergCement Group as at 31 December 2012 is provided on page 217f. This contains an exhaustive list of all subsidiaries that make use of the exemption from disclosure obligations in accordance with § 264b of the German Commercial Code (HGB).

The contributions of the proportionately consolidated joint ventures to the financial position and performance of the HeidelbergCement Group are shown in the table below.

Impact of proportionately consolidated joint ventures		
€m	2011	2012
Balance sheet		
Non-current assets	940.9	962.2
Current assets	506.8	436.4
	1,447.7	1,398.6
Non-current liabilities	327.3	202.4
Current liabilities	449.2	417.3
	776.5	619.7
Income statement		
Revenue	1,158.8	1,194.3
Other income	51.9	48.9
Expenses	-1,117.9	-1,128.3
Profit for the financial year	92.8	114.9
Statement of cash flows		
Cash flow from operating activities	170.7	169.5
Cash flow from investing activities	-50.6	-48.7
Cash flow from financing activities	2.4	-4.9

Business combinations in the reporting year

On 31 July 2012, HeidelbergCement acquired 100 % of the shares in Yalkara Contracting Pty Ltd, Brisbane, Australia, in order to safeguard aggregates reserves for the supply of key mining and infrastructural projects in the coalfields of Queensland. The purchase price of €5.0 million was paid in cash. The net assets amount to €10.2 million. The difference between the purchase price and the net assets results from a bargain purchase and is shown in the additional ordinary income. The transaction costs of €39,000 were accounted for in the additional ordinary expenses. Receivables with a gross value of €0.6 million were acquired, of which €0.5 million are likely to be recoverable. The fair value of the receivables amounts to €0.5 million. The purchase price allocation has not yet been completed, as not all valuation reports are yet available. The figure may be revised following the adjustment of the fair values of the intangible assets, property, plant and equipment, and the deferred taxes applicable to these assets.

HeidelbergCement acquired six ready-mixed concrete plants in Belgium on 30 March 2012 and 10 September 2012 as part of two asset deals. These acquisitions support the strategy of vertically integrating deliveries of cement, aggregates, and ready-mixed concrete in Belgium. The purchase price amounted to €5.9 million and was paid in cash. The net assets purchased totalled €3.8 million. The goodwill of €2.1 million, which is not tax-deductible, represents growth prospects arising from the improved market position. The transaction costs of €0.2 million were recognised in other operating expenses. The purchase price allocation has not yet been completed, as not all valuation reports are yet available. The figure may be revised following the adjustment of the fair values of property, plant and equipment.

The assets and liabilities at the date of first-time consolidation are shown in the following table.

Preliminary fair values recognised as at the acquisition date			
€m	Australia	Belgium	Total
Intangible assets	10.4		10.4
Property, plant and equipment	1.7	3.8	5.5
Other assets	0.7		0.7
Total assets	12.8	3.8	16.6
Liabilities	0.4		0.4
Deferred taxes	2.2		2.2
Total liabilities	2.6		2.6
Net assets	10.2	3.8	14.0

The acquired property, plant and equipment relates to technical equipment and machinery (€5.0 million) and other equipment (€0.5 million).

From the date of first-time consolidation to 31 December 2012, Yalkara Contracting Pty Ltd and the ready-mixed concrete plants in Belgium contributed €18.1 million to revenue and €1.5 million to profit for the financial year. If Yalkara Contracting Pty Ltd had been initially consolidated on 1 January 2012, revenue and profit would be higher by €2.9 million and €0.3 million, respectively. As the ready-mixed concrete plants in Belgium were accounted for as part of existing business operations prior to the acquisition, the revenue and results from 1 January 2012 are not available.

Divestments in the reporting year

On 23 May 2012, HeidelbergCement sold 100 % of its shares in Perstrup Beton Industri A/S, Kolind, Denmark. The sales price of €2.8 million was collected in cash.

In August 2012, HeidelbergCement sold operations in the building products and concrete-service-other business lines in North America as part of two asset deals. The sales price amounted to €57.3 million and was likewise collected in cash.

The assets and liabilities at the date of disposal are shown in the following table.

Assets and liabilities at date of disposal			
€m	Denmark	North America	Total
Intangible assets	2.4	21.4	23.8
Property, plant and equipment	2.2	67.7	69.9
Inventories	2.5	7.8	10.3
Other assets	2.0	4.5	6.4
Total assets	9.1	101.3	110.4
Current liabilities	2.5		2.5
Total liabilities	2.5		2.5
Net assets	6.6	101.3	107.9

The gains and losses on disposals are shown in the additional ordinary result.

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Business combinations in the previous year

In order to expand its activities in the aggregates business line in the north of the Swedish capital, Stockholm, HeidelbergCement acquired 100 % of the shares in Ledinge Fastighets AB, Rimbo, and its subsidiaries on 31 January 2011. The acquired group's area of activity primarily comprises the operation of sand, gravel, and crushed stone pits. The goodwill of €6.1 million arising on the difference between the purchase price of €10.0 million and the net assets of €3.9 million represents growth prospects resulting from the improved market position. The purchase price was paid in cash. The transaction costs of €0.2 million were recognised in the income statement as additional ordinary expenses. The purchase price allocation has been completed. There have been no changes from the values published on 31 December 2011.

To secure the aggregates reserves in the Melbourne metropolitan region, HeidelbergCement acquired 100 % of the shares in Galli Quarries Pty Ltd, Bundoora, Australia, and its subsidiaries on 1 August 2011. The purchase price of €25.3 million was paid in cash. The net assets amount to €29.8 million. The difference between the purchase price and the net assets results from a bargain purchase and was shown in the additional ordinary income. The transaction costs of €0.2 million were recognised in the additional ordinary expenses. The purchase price allocation has been completed. There have been no changes from the values published on 31 December 2011.

On 6 September 2011, HeidelbergCement acquired the operations of a limestone quarry in Barcelona, Spain, for a cash purchase price of €11.8 million as part of an asset deal to secure raw material reserves. An advance payment of €1.0 million on the purchase price was made in the previous year. The taxable goodwill of €3.6 million arising on the difference between the purchase price and the net assets of €8.2 million represents synergy effects in the ready-mixed concrete business. The transaction costs of €0.8 million were recognised in the additional ordinary expenses. The purchase price allocation has been completed. There have been no changes from the values published on 31 December 2011.

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

Fair values recognised as at the acquisition date				
€m	Sweden	Australia	Spain	Total
Intangible assets		23.6		23.6
Property, plant and equipment	7.1	5.9	8.4	21.4
Inventories	1.2	0.2		1.4
Trade receivables	1.4	1.7		3.1
Cash and cash equivalents	0.4	0.1		0.5
Other assets	0.6			0.6
Total assets	10.7	31.5	8.4	50.6
Provisions	0.6	0.1	0.2	0.9
Liabilities	5.0	1.6		6.6
Deferred taxes	1.2			1.2
Total liabilities	6.8	1.7	0.2	8.7
Net assets	3.9	29.8	8.2	41.9

The acquired property, plant and equipment relates to land and buildings (€9.1 million), technical equipment and machinery (€11.3 million), and advance payments (€1.0 million).

From the time of acquisition to 31 December 2011, Ledinge Fastighets AB and Galli Quarries Pty Ltd contributed €8.5 million to revenue and €1.0 million to profit for the financial year. If the companies had been first-time consolidated on 1 January 2011, revenue and profit would be higher by €5.0 million and €2.7 million, respectively. The revenue and results of the acquired operation in Spain cannot be determined separately as the unit was integrated into the existing business following its acquisition.

HeidelbergCement also effected smaller business combinations in the 2011 financial year in the Asia-Pacific and Western and Northern Europe Group areas, which did not have a significant impact on the financial position and performance of the Group.

In addition, in the North America Group area, HeidelbergCement acquired 50 % of the shares in the joint venture Building Products & Concrete Supply Limited Partnership, Winnipeg, Canada, in December 2011. The company is included proportionately in the consolidated financial statements in accordance with IAS 31 (Interests in Joint Ventures). The purchase price was €14.3 million, made up of a cash payment of €13.7 million and a liability of €0.6 million. The amount of €9.9 million arising from the difference between the purchase price and the proportionate net assets of €4.4 million was capitalised as goodwill. The following table shows the proportionate fair values of the identifiable assets and liabilities of the company:

Fair values recognised as at the acquisition date	
€m	Total
Non-current assets	3.3
Current assets	3.3
Cash and cash equivalents	2.0
Total assets	8.6
Non-current liabilities	0.5
Current liabilities	3.7
Total liabilities	4.2
Net assets	4.4

Divestments in the previous year

On 1 January 2011, the 50% proportionately consolidated Mibau Group sold all shares in the shipping partnership MS "Splittnes" GmbH & Co. KG, Cadenberge, Germany, for €7.7 million. The purchase price was offset against a liability of €7.0 million; the remainder was paid in cash.

On 9 February 2011, HeidelbergCement disposed of all shares in the proportionately consolidated company Heidelberger Betonelemente GmbH & Co. KG (HDBB), Baden-Baden, Germany, for a sales price of €7.0 million, which was paid in cash.

On 5 September 2011, HeidelbergCement sold Solvent Resource Management Limited (SRM), Maidenhead, United Kingdom. The sales price of €13.2 million is made up of a cash payment of €12.6 million and a receivable of €0.6 million.

On 30 November 2011, Hanson Precast (S) Pte Ltd., Singapore, was disposed of for €2.2 million. The sales price was paid in cash.

The (proportionate) assets and liabilities of the companies at the date of disposal are shown in the following table.

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Assets and liabilities at date of disposal					
€m	HDBB	MS "Splittnes"	SRM	Hanson Precast	Total
Non-current assets	5.6	1.9	19.1	0.2	26.8
Current assets	7.6	0.1	12.0	2.8	22.5
Cash and cash equivalents		0.8	0.2	0.2	1.2
Total assets	13.2	2.8	31.3	3.2	50.5
Non-current liabilities	0.2	3.6	1.4		5.2
Current liabilities	4.3	0.2	7.0	1.1	12.6
Total liabilities	4.5	3.8	8.4	1.1	17.8
Net assets	8.7	-1.0	22.9	2.1	32.7

Notes to the segment reporting

HeidelbergCement's segment reporting is based on the Group's internal division into geographical regions and business lines. It reflects the management organisation and divides the Group into geographical regions. In addition, a voluntary breakdown into business activities is provided.

HeidelbergCement is geographically divided into the following six Group areas:

- Western and Northern Europe
- Eastern Europe-Central Asia
- North America
- Asia-Pacific
- Africa-Mediterranean Basin and
- Group Services.

The Western and Northern Europe Group area includes the Benelux countries, Denmark, the United Kingdom, Norway, Sweden, and the Baltic States. Germany was integrated into the Group area Western and Northern Europe. Bosnia-Herzegovina, Georgia, Kazakhstan, Croatia, Poland, Romania, Russia, the Czech and the Slovak Republic, the Ukraine, and Hungary are part of the Eastern Europe-Central Asia Group area. The Group area Asia-Pacific includes Bangladesh, Brunei, China, India, Indonesia, Malaysia, Singapore, and Australia. The Group area Africa-Mediterranean Basin is made up of the African countries as well as Israel, Spain, and Turkey. North America includes the United States and Canada. Our trading activities are grouped together in the Group Services Group area.

HeidelbergCement is also divided into four business lines: cement, aggregates, building products, and concrete-service-other. In the concrete-service-other business line, we report primarily on the downstream activities such as ready-mixed concrete and asphalt.

HeidelbergCement evaluates the performance in the segments primarily on the basis of the operating income. Group financing (including financing expenses and income) and income taxes are managed centrally by the Group, and are therefore not allocated to segments.

The IFRSs used in these financial statements form the basis for the valuation principles of the segment reporting.

Revenue with other Group areas or business lines represents the revenue between segments. In the column "reconciliation", intra-Group relationships between the segments are eliminated.

The following table shows a breakdown of the revenue with external customers and the non-current assets by country in accordance with IFRS 8.33.

Information by country	Revenue with external customers		Non-current assets ¹⁾	
€m	2011	2012	2011	2012
United States	2,219	2,578	7,783	7,399
Indonesia	1,121	1,422	797	765
United Kingdom	1,416	1,329	3,749	3,639
Australia	1,089	1,246	2,294	2,291
Germany	1,105	1,109	1,066	1,067
Canada	816	864	532	506
Sweden	493	484	452	460
Belgium	454	441	850	838
Other countries	4,189	4,548	4,623	4,725
Total	12,902	14,020	22,145	21,689

1) Intangible assets and property, plant and equipment

Revenue is allocated to countries according to the company's country of origin.

Notes to the income statement

1 Revenue

Revenue development by Group areas and business lines	Cement		Aggregates		Building products		Concrete-service-other		Intra-Group eliminations		Total	
€m	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012
Western and Northern Europe	1,796	1,731	870	858	464	484	1,841	1,777	-653	-648	4,318	4,201
Eastern Europe-Central Asia	1,083	1,171	135	123			286	238	-112	-97	1,392	1,435
North America	886	1,078	937	1,032	693	723	837	995	-317	-387	3,035	3,441
Asia-Pacific	1,732	2,029	524	592	38	26	1,007	1,213	-345	-383	2,957	3,477
Africa-Mediterranean Basin	726	825	87	87			284	299	-75	-76	1,023	1,135
Group Services							652	828			652	828
Inter-Group area revenue within business lines	-13	-15									-13	-15
Total	6,211	6,819	2,553	2,692	1,195	1,233	4,906	5,351	-1,501	-1,592	13,364	14,503
Inter-Group area revenue between business lines									-462	-483	-462	-483
Continuing operations									-1,963	-2,075	12,902	14,020

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2 Other operating income**Other operating income**

€m	2011	2012
Gains from sale of fixed assets	138.0	227.2
Income from sale of non-core products	62.9	56.4
Rental income	31.6	32.6
Foreign exchange gains	46.6	43.4
Write back of provisions	21.4	22.1
Income from reduction of bad debt provision	8.4	9.5
Other income	117.5	158.5
	426.4	549.8

The gains from sale of fixed assets include gains from the sale of excess emission rights amounting to €102.8 million (previous year: 93.9), as well as gains of €70.3 million from the sale of quarries in Canada that are depleted and no longer in operational use. The foreign exchange gains concern trade receivables and payables. Foreign exchange gains from interest-bearing receivables and liabilities are shown in the financial results. Significant non-recurring transactions occurring in the course of ordinary business activities are shown in the additional ordinary income and explained in Note 7.

3 Material costs**Material costs**

€m	2011	2012
Raw materials	2,120.0	2,315.2
Supplies, repair materials, and packaging	843.2	908.5
Costs of energy	1,536.1	1,631.2
Goods purchased for resale	703.6	891.4
Miscellaneous	177.3	189.8
	5,380.2	5,936.2

Material costs amounted to 42.3 % of revenue (previous year: 41.7 %). The rise in material costs is primarily due to the expansion of the trading activities.

4 Employees and personnel costs**Personnel costs**

€m	2011	2012
Wages, salaries, social security costs	2,068.6	2,222.4
Costs of retirement benefits	-28.6	87.4
Other personnel costs	24.1	20.6
	2,064.1	2,330.4

Personnel costs equalled 16.6 % of revenue (previous year: 16.0 %). The development of expenses for retirement benefits is explained in Note 44 Provisions for pensions.

Annual average number of employees		
(categories of employees)	2011	2012
Blue-collar employees	38,265	37,855
White-collar employees	15,326	15,463
Apprentices	298	299
	53,889	53,617

The average number of employees in the proportionately consolidated companies amounted to 3,357 (previous year: 3,177).

Long-term bonus – capital market component

As a long-term variable remuneration element, the members of the Managing Board of HeidelbergCement AG and certain managers within the HeidelbergCement Group receive a long-term bonus made up of a management component and a capital market component. The capital market component with a term of four years considers the external added value as measured by total shareholder return (TSR) – adjusted for the reinvested dividend payments and for changes in the capital – compared with the relevant capital market indices, using performance share units (PSUs). The PSUs are virtual shares used for the calculation of the capital market component.

For the capital market component, the number of PSUs initially granted is determined in a first step: the number of PSUs is calculated from a set percentage of the fixed annual salary divided by the reference price of the HeidelbergCement share as at the time of issue. The reference price in each case is the average of the daily closing prices of the HeidelbergCement share on the Frankfurt Stock Exchange Xetra trading system for three months retrospectively from the start/expiration of the performance period. After expiry of the four-year performance period, the PSUs definitively earned are to be calculated in a second step according to the attainment of the target (0–200 %) and paid in cash at the reference price of the HeidelbergCement share valid at that time – adjusted for the reinvested dividend payments and for changes in capital.

The following table shows the key parameters of the 2011 and 2012 plans.

Key parameters of the long-term bonus plan		
	Plan 2011	Plan 2012
Date of issuance	1 January 2011	1 January 2012
Term	4 years	4 years
Reference price at issuance	€41,30	€30,45
Maximum payment amount per PSU	€103,25	€76,13

The reconciliation of the number of PSUs from 1 January 2011 to 31 December 2012 is shown in the following table.

Number of PSUs		
	Plan 2011	Plan 2012
Granted as of 1 January 2011		
Additions	151,169	
Disposals	-3,430	
Granted as of 31 December 2011 / as of 1 January 2012	147,739	
Additions		216,828
Disposals	-954	-3,020
Granted as of 31 December 2012	146,785	213,808

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For accounting in accordance with IFRS 2 (Share-based Payment), the fair value of the PSUs is calculated using a recognised option price model. A large number of different development paths for the HeidelbergCement share – taking into account the effects of reinvested dividends – and the benchmark indices are simulated (Monte Carlo simulation). As at the reporting date, the benchmark index DAX 30 had 7,612 points (previous year: 5,898) and the benchmark index MSCI World Construction Materials 154.5 points (previous year: 117.9). The fair value and additional valuation parameters are shown in the tables below.

Fair value		
in €	Plan 2011	Plan 2012
Fair value as of 31 December 2011	21.26	
Fair value as of 31 December 2012	32.31	39.51

Measurement parameters	31 Dec. 2011	31 Dec. 2012
	Plan 2011	Plan 2011 / Plan 2012
Expected dividend yield	8 %	8 %
Share price	€ 32.79	€ 45.83
Volatility of HeidelbergCement share ¹⁾	42 %	41 %
Volatility of MSCI World Construction Materials Index ¹⁾	33 %	31 %
Volatility of DAX 30 Index ¹⁾	24 %	25 %
Correlation HeidelbergCement share / MSCI World Construction Materials Index ¹⁾	93 %	94 %
Correlation HeidelbergCement share / DAX 30 Index ¹⁾	71 %	89 %
Correlation DAX 30 Index / MSCI World Construction Materials Index ¹⁾	52 %	86 %

1) Average over the last two years

The total expense for the capital market component of the long-term bonus plan for the 2012 financial year amounted to €5.4 million (previous year: 0.8). At the reporting date, the provisions amounted to €4.8 million (previous year: 0.8). The capital market component of the long-term bonus plan 2011–2013/14 is paid after the Annual General Meeting 2015 and the capital market component of the long-term bonus plan 2012–2014/15 is paid after the Annual General Meeting 2016, i.e. in the year following the four-year performance period.

5 Other operating expenses

Other operating expenses		
€m	2011	2012
Selling and administrative expenses	899.2	978.5
Freight	1,378.0	1,477.8
Expenses for third party repairs and services	977.5	1,031.7
Rental and leasing expenses	174.8	204.5
Other taxes	44.6	51.8
Foreign exchange losses	48.7	51.0
Other expenses	78.7	81.8
	3,601.5	3,877.0

The foreign exchange losses concern trade receivables and payables. Foreign exchange losses from interest-bearing receivables and liabilities are shown in the financial results. The other expenses include expenses from the sale or return of acquired emission rights amounting to €38.8 million (previous year: 33.2).

Expenses of €90.0 million (previous year: 77.3) for research and development are not capitalised according to the conditions stated in IAS 38 (Intangible Assets).

Significant non-recurring transactions occurring in the course of ordinary business activities are shown in the additional ordinary expenses and explained in Note 7.

6 Amortisation and depreciation of intangible assets and property, plant and equipment

Scheduled amortisation and depreciation of intangible assets and property, plant and equipment is determined on the basis of the following Group-wide useful lives:

Useful lives	
	Years
Standard software	3
SAP applications	3 to 5
Buildings	20 to 40
Technical equipment and machinery	10 to 20
Plant and office equipment	5 to 10
IT hardware	4 to 5

Impairment is shown in the additional ordinary expenses and explained in Note 7.

7 Additional ordinary result

The additional ordinary result includes transactions which, although occurring in the course of ordinary business activities, are not shown in operating income because they are non-recurring.

Additional ordinary result		
€m	2011	2012
Additional ordinary income		
Gains from the disposal of subsidiaries and other business units	2,2	0,2
Gains from the disposal of other non-current assets	23,7	0,1
Reversal of impairment losses	0,9	0,7
Other non-recurring income	5,2	5,4
	32,0	6,3
Additional ordinary expenses		
Losses from the disposal of subsidiaries and other business units	-17,7	-49,3
Impairment of goodwill	-32,3	-110,2
Impairment of other intangible assets and property, plant and equipment	-57,7	-147,3
Restructuring expenses	-48,3	-41,3
Other non-recurring expenses	-21,5	-67,3
	-177,5	-415,4
	-145,4	-409,1

Additional ordinary income

Gains from the disposal of non-current assets from the previous year result from the disposal of land no longer required.

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Reversals of impairment losses to the value in use, amounting to €0.7 million (previous year: 0.3), were recognised for property, plant and equipment impaired in previous years. No reversals of impairment losses for intangible assets were recognised (previous year: €0.6 million).

The other non-recurring income in the reporting year contains the excess of €4.9 million from the acquisition of Yalkara Contracting Pty Ltd, Australia. In the previous year, this item showed the excess of €4.8 million from the acquisition of Galli Quarries Pty Ltd, Australia.

Additional ordinary expenses

The losses from the disposal of subsidiaries and other business units primarily include the disposal losses from divestments in North America and Denmark. In the previous year, this included disposal losses from divestments in the United Kingdom and Germany.

Following the goodwill impairment test, goodwill impairment losses of €92.3 million and €17.9 million were recognised in the reporting year in the United Kingdom and Spain, respectively. In the previous year, impairment losses related primarily to Spain (€31.7 million). Detailed explanations of the impairment test can be found on page 162 f.

Impairment losses amounting to €147.3 million (previous year: 53.6) were recognised on property, plant and equipment, of which €98.4 million was impaired to the value in use and €48.9 million was impaired to the fair value less cost to sell. The main items were impairment losses on land and buildings as well as on technical equipment and machinery in North America (€75.4 million) and the United Kingdom (€51.0 million) in connection with shutdowns or closures of locations. Further impairments were made in the Group areas Africa-Mediterranean Basin (€8.3 million), Western and Northern Europe (€6.2 million), Eastern Europe-Central Asia (€5.6 million) and Asia-Pacific (€0.8 million). There were no impairment losses on other intangible assets in the financial year (previous year: €4.1 million).

The restructuring expenses of €41.3 million in the financial year related primarily to the United Kingdom, Belgium, and North America. The restructuring expenses of €48.3 million in the previous year arose mainly in North America and the United Kingdom.

The other non-recurring expenses include numerous one-off expenses, which related primarily to North America and the United Kingdom in the 2012 financial year.

8 Result from participations

Result from participations		
€m	2011	2012
Result from associated companies	51.5	44.0
Income from financial investments	3.4	4.4
Impairment of other participations	-4.9	-4.1
Impairment of loans	-1.5	-0.2
	48.5	44.1

The results from associated companies are measured using the gross amounts, i.e. they are shown before income taxes. The Group's share of their tax expense is reported under Income taxes. The net profit amounted to €34.6 million (previous year: 43.5). The decline in results is largely due to participations in Belgium. The income from financial investments essentially includes profit distributions from corporations and partnerships. The impairment losses on participations relate mostly to associated companies in Germany.

9 Other financial result

Other financial result		
€m	2011	2012
Interest balance from defined benefit pension plans	-23.6	-33.5
Interest portion from the valuation of other provisions	-5.3	-51.8
Valuation result of financial derivatives	-0.3	13.3
Miscellaneous other financial result	-10.1	-14.7
	-39.3	-86.7

The rise in the interest portion from the valuation of other provisions is primarily due to interest rate changes as well as the effects of unwinding.

10 Income taxes

Income taxes from continuing operations		
€m	2011	2012
Current taxes	-312.7	-370.1
Deferred taxes	74.4	219.2
	-238.3	-150.9

The increase of €57.4 million in current taxes is essentially attributable to the improvements in results in Indonesia and Germany as well as withholding tax charged on dividend payments in Canada. However, the proceeds from the reduction of long-term tax liabilities lowered tax expenses. Adjusted for additional tax payments and tax refunds for previous years, which amounted to €26.3 million (previous year: -3.7), the current taxes increased by €87.4 million. The proportionate tax expense of associated companies accounted for at equity and amounting to €9.4 million (previous year: 8.0) is included in the current taxes.

Deferred taxes contain €164.4 million relating to temporary differences. This includes deferred tax income of €65.5 million, which is the opposite effect resulting from the reversal of long-term operating liabilities of discontinued operations in the USA. The reversal of these liabilities for discontinued operations led to a deferred tax expense of the same amount. Further details on the results from discontinued operations are provided in Note 11 Discontinued operations. Deferred tax assets created in previous years for losses carried forward were impaired by €11.2 million (previous year: 28.8) during the reporting year. The reduction in the tax expense for deferred taxes as a result of tax losses not recognised in previous years amounted to €103.7 million (previous year: 34.5) in the financial year. As in the previous year, upon recognition of deferred tax assets of €144.6 million (previous year: 147.4) in the USA, which were not covered by deferred tax liabilities, the assessment regarding the recoverability of the losses carried forward within the next five years was considered in accordance with the forecast income and on the basis of the tax planning.

Tax losses carried forward and tax credits for which no deferred tax is recognised amount to €3,153.9 million (previous year: 3,029.2), of which €458.3 (previous year: 220.0) has a limited term of 20 years. The remaining losses carried forward both in Germany and abroad have essentially vested. In addition, no deferred tax assets were recognised for deductible temporary differences of €222.0 million (previous year: 55.8). Unrecognised deferred tax assets amounted to €956.0 million (previous year: 852.8) in the reporting year.

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In 2012, €12.7 million (previous year: 18.6) of deferred taxes, resulting primarily from the measurement of pension provisions in accordance with IAS 19 and from the measurement of financial instruments in accordance with IAS 39, were charged directly to equity. The deferred tax liability increased by €2.8 million (previous year: 0.4) as a result of changes in the scope of consolidation; the increase was recognised directly in equity.

The long-term tax liabilities of €52.2 million (previous year: 93.0) include contingent liabilities recognised in connection with the acquisition of the Hanson Group in accordance with IFRS 3.23.

In accordance with IAS 12, deferred taxes must be recognised on the difference between the share of shareholder's equity of a subsidiary recognised in the consolidated balance sheet and the carrying amount for this subsidiary in the parent company's tax accounts, if realisation is expected (outside basis differences). On the basis of the regulations for the application of IAS 12.39, deferred taxes of €2.9 million were recognised on the shares held for sale of a participation and of €23.8 (previous year: 23.0) on future planned dividends. Further details regarding the disposal of the shares are provided in Note 38 Assets held for sale. No deferred tax liabilities were recognised for outside basis differences from retained earnings of the subsidiaries of HeidelbergCement AG amounting to €4.8 billion (previous year: 4.2), as no further dividend payments are planned. In accordance with the regulations of IAS 12.87, the amount of unrecognised deferred tax liabilities was not computed.

To measure deferred taxes, a combined income tax rate of 29.42 % is applied for the domestic companies. This is made up of the statutory corporation tax rate of 15.0 % plus the solidarity surcharge of 5.5 % levied on the corporation tax to be paid, as well as an average trade tax burden of 13.6 %. For 2011, the combined income tax rate was also 29.42 %.

The calculation of the expected income tax expense at the domestic tax rate is carried out using the same combined income tax rate that is used in the calculation of deferred taxes for domestic companies.

The profit before tax of the Group companies based abroad is taxed at the applicable rate in the relevant country of residence. The local income tax rates range between 0 % and 40 %, thus resulting in corresponding tax rate differentials.

A weighted average tax rate is produced by taking the tax rate differentials into account. The decrease in this rate in comparison with the previous year is primarily due to the change in the relative weighting of the companies' results. Due to the anticipated recovery in our mature markets, such as the USA or the United Kingdom, the weighted average tax rate is expected to rise in the future.

Tax reconciliation of continuing operations		
€m	2011	2012
Profit before tax	794.2	607.4
Impairment of goodwill	-32.3	-110.2
Profit before tax and impairment of goodwill	826.5	717.6
Expected tax expense at national tax rate of 29.4 % (2011: 29.4 %)	-243.2	-211.1
Tax rate differentials	82.3	74.4
Expected tax expense at weighted average tax rate of 19.1 % (2011: 19.5 %)	-160.9	-136.8
Tax-free earnings (+) and non deductible expenses (-)	1.8	-26.1
Effects from loss carry forwards	5.9	92.5
Not recognised deferred tax assets	-126.6	-145.4
Tax increase (-), reduction (+) for prior years ¹⁾	23.8	39.8
Changes in tax rate	16.1	23.5
Others	1.6	1.6
Income taxes	-238.3	-150.9

1) Reclassification of tax effect due to deferred tax true ups for prior years from tax-free earnings and non deductible expenses amounting to €27.5 million.

Deferred tax by type of temporary difference		
€m	2011	2012
Deferred tax assets		
Fixed assets	83.0	91.6
Other assets	60.2	141.5
Provisions and liabilities	658.0	561.3
Carry forward of unused tax losses and tax credits	564.7	597.2
Gross amount	1,365.9	1,391.6
Netting	-986.7	-949.6
	379.2	442.0
Deferred tax liabilities		
Fixed assets	1,528.5	1,409.9
Other assets	18.5	11.0
Provisions and liabilities	194.1	187.8
Gross amount	1,741.0	1,608.7
Netting	-986.7	-949.6
	754.3	659.1

11 Discontinued operations

The following table shows the composition of the results from discontinued operations.

Net income / loss from discontinued operations		
€m	2011	2012
Income		195.8
Expenses	-26.8	-73.1
Income taxes	5.1	-34.2
Net income / loss from discontinued operations	-21.7	88.5

The results include income and expenses incurred in connection with operations of the Hanson Group discontinued in previous years and which result essentially from provisions for damages and environmental obligations. Further details on the obligations are provided in Note 45 Other provisions. Due to current court rulings, the

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management has altered its estimate of reimbursements to insurers and reversed liabilities of €182.0 million. The reversal of the liabilities was recognised in the income from discontinued operations, which also includes proceeds of €13.8 million, resulting primarily from settlement proceedings.

12 Proposed dividend

The Managing Board and Supervisory Board propose the following dividend: €0.47 per share. Based on 187,500,000 no-par value shares, entitled to participate in dividends for the 2012 financial year, the amount for dividend payment is €88,125,000 (previous year: 65,625,000).

13 Earnings per share

Earnings per share		
€m	2011	2012
Profit for the financial year	534.2	545.1
Non-controlling interests	186.1	243.9
Group share of profit	348.1	301.2
Number of shares in '000s (weighted average)	187,500	187,500
Earnings per share in €	1.86	1.61
Net income from continuing operations – attributable to the parent entity	369.8	212.6
Earnings per share in € – continuing operations	1.97	1.13
Net income / loss from discontinued operations – attributable to the parent entity	-21.7	88.5
Earnings / loss per share in € – discontinued operations	-0.11	0.48

The basic earnings per share are calculated in accordance with IAS 33 (Earnings per Share), by dividing the Group share of profit for the financial year by the weighted average of the number of issued shares. The diluted earnings per share indicator takes into account not only currently issued shares but also shares potentially available through option rights. The earnings per share were not diluted in the reporting period in accordance with IAS 33.30.

Notes to the statement of cash flows

The statement of cash flows shows how the Group's cash and cash equivalents changed through inflows and outflows during the reporting year. In accordance with IAS 7 (Statement of Cash Flows), a distinction is made between cash flows from operating, investing, and financing activities. The changes in the relevant balance sheet items cannot be directly derived from the consolidated balance sheet, as non-cash transactions – such as effects arising from foreign currency translation and changes in the consolidation scope – are adjusted.

The cash flow is calculated as net income from continuing operations adjusted for income taxes, net interest, depreciation, amortisation, impairment losses, and other non-cash items. Cash flows from dividends received from non-consolidated companies, from interest received and paid, and from taxes paid are also recognised. Changes in working capital and decrease in provisions through cash payments are taken into account when determining the cash flow from operating activities of continuing operations.

Cash flows from the acquisition or sale of intangible assets as well as property, plant and equipment and financial assets are recognised in the cash flow from investing activities. If these relate to the acquisition or disposal of subsidiaries or other business units (gain or loss of control), the effects on the statement of cash flows are shown in separate items.

The cash flow from financing activities mainly results from changes in capital and dividend payments, as well as proceeds from and repayments of bonds and loans. In addition, cash flows from changes in ownership interests in subsidiaries that do not result in a loss of control are classified as financing activities.

The cash flows from foreign Group companies shown in the statement are generally translated into euro using the average annual exchange rates. By contrast, cash is translated using the exchange rate at year end, as in the consolidated balance sheet. The effects of exchange rate changes on cash are shown separately.

The significant individual items in the statement of cash flows are explained below.

14 Interest received

The cash inflow from interest received decreased by €38.6 million to €129.7 million (previous year: 168.3). As in the previous year, this was essentially attributable to lower inflows from the settlement of interest rate swaps combined with an increase in inflows due to a rising cash reserve.

15 Interest paid

Interest payments increased by €140.6 million to €764.9 million (previous year: 624.3). This rise is primarily due to increased refinancing costs as a result of the successful placement of bond issues and bonded loans in the fourth quarter of 2011.

16 Income taxes paid

This item includes payments relating to income taxes amounting to €328.4 million (previous year: 308.4).

17 Elimination of other non-cash items

The other non-cash items mainly include additions to and releases of provisions as well as write-downs and reversals of write-downs of current assets. Furthermore, the profits were adjusted for the book profits and losses from fixed asset disposals. The total amount earned from these disposals is shown under divestments in investing activities.

18 Changes in operating assets

Operating assets consist of inventories, trade receivables, and other assets used in operating activities.

19 Changes in operating liabilities

Operating liabilities include trade payables and other liabilities from operating activities.

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20 Decrease in provisions through cash payments

This item includes the cash outflow of provisions for pensions and other provisions.

21 Investments (cash outflow)

The payments for investments differ from additions in the fixed-asset movement schedule, which shows, for instance, non-cash items as additions, e.g. additions in connection with barter transactions or contributions in kind.

Of the total cash flow investments of €865.9 million (previous year: 959.2), €490.3 million (previous year: 496.3) related to investments to sustain and optimise capacity and €375.6 million (previous year: 462.9) to capacity expansions.

Investments in intangible assets and property, plant and equipment amounted to €831.4 million (previous year: 874.4) and concerned maintenance, optimisation, and environmental protection measures at our production sites, as well as expansion projects in growth markets.

Expenditure for the acquisition of subsidiaries and other business units totalled €11.4 million (previous year: 63.2) and related mainly to the acquisition of 100 % of the shares of Yalkara Contracting Pty Ltd, Australia for €5.0 million in cash, as well as the acquisition of the ready-mixed concrete companies in Belgium for €5.9 million as part of an asset deal. No cash and cash equivalents were transferred in connection with the investments in subsidiaries and other business units.

22 Divestments (cash inflow)

The cash inflow from the disposal of subsidiaries and other business units amounted to €60.1 million (previous year: 22.3) and related to proceeds from the sale of 100 % of the shares in Perstrup Beton Industri A/S, Denmark, for €2.8 million in cash. In addition, HeidelbergCement sold operations in the building products and concrete-service-other business lines in North America for €57.3 million in cash as part of two asset deals. No cash and cash equivalents were transferred in connection with the disposal of subsidiaries and other business units.

Proceeds from the disposal of other fixed assets amounting to €219.9 million (previous year: 177.5) essentially include proceeds from the disposal of intangible assets and property, plant, and equipment totalling €211.4 million (previous year: 169.2). These include, in particular, net proceeds from the sale of excess emission rights amounting to €73.6 million (previous year: 63.5) and proceeds of €78.8 million (previous year: 63.6) from the disposal of property, plant and equipment in North America.

23 Cash from changes in consolidation scope

This line shows the change in cash and cash equivalents in connection with a gain or loss of control over subsidiaries and other business units and with other changes in the consolidation scope.

24 Dividend payments to non-controlling shareholders

This item shows dividends paid to non-controlling shareholders during the financial year.

25 Increase in ownership interests in subsidiaries

This item shows cash flows from the increase of ownership interests in subsidiaries. The transactions in the reporting year were of subordinate importance. In the previous year, this item included the acquisition of 33.35 % of the shares in HKS Hunziker Kalksandstein AG, Switzerland, for €6.2 million.

26 Proceeds from bond issuance and loans

This item essentially includes the proceeds from the syndicated facility agreement of €3 billion. In addition, a new bond was issued, with the issue proceeds being used to refinance existing bank debts. The bond was issued in March and has a term of four years (€300 million).

In the previous year, this item essentially included the proceeds from the syndicated facility agreement of €3 billion. In addition, new bonds and a debt certificate loan were issued, with the issue proceeds being used entirely for refinancing existing bank debts. The bonds of €500 million and CHF 150 million and the debt certificate of €289 million were placed in October, November, and December 2011.

27 Repayment of bonds and loans

This item includes the scheduled repayments of financial liabilities and the balance from the proceeds and payments for items with a high turnover rate, large amounts, and short terms from financing activities.

This mainly relates to the partial repayment of the syndicated facility agreement of €3 billion in the 2012 financial year. Furthermore, the €1 billion bond was repaid on schedule in January, as were various drawings under the EMTN programme, bonded loans, and commercial papers.

In the previous year, this item included the partial repayment of the syndicated facility agreement of more than €3 billion. Scheduled repayments of commercial papers were also carried out.

28 Cash and cash equivalents

Cash and cash equivalents with a remaining term of less than three months are included. Of this cash, €32.2 million (previous year: 28.4) is not available for use by HeidelbergCement. This relates to short-term cash deposits at banks that were placed as security for various business transactions – such as outstanding recultivation payments – or in connection with energy trading.

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Notes to the balance sheet – Assets

29 Intangible assets

Intangible assets			
€m	Goodwill	Other intangible assets	Total
Cost			
1 January 2011	11,726.0	636.6	12,362.6
Currency translation	254.7	10.8	265.5
Change in consolidation scope		22.4	22.4
Additions	20.3	93.3	113.6
Disposals	-21.9	-104.8	-126.7
Reclassifications		13.8	13.8
31 December 2011	11,979.1	672.1	12,651.2
Amortisation and impairment			
1 January 2011	1,164.7	284.7	1,449.4
Currency translation	25.3	4.4	29.7
Change in consolidation scope		-2.3	-2.3
Additions		81.9	81.9
Impairment	32.3	4.1	36.4
Reversal of impairment		-0.6	-0.6
Disposals	-6.5	-45.7	-52.2
Reclassifications		-0.3	-0.3
31 December 2011	1,215.8	326.2	1,542.0
Carrying amount at 31 December 2011	10,763.3	345.9	11,109.2
Cost			
1 January 2012	11,979.1	672.1	12,651.2
Currency translation	-3.0	0.3	-2.7
Change in consolidation scope		11.0	11.0
Additions	14.8	60.3	75.1
Disposals	-48.1	-101.8	-149.9
Reclassifications		-5.0	-5.0
31 December 2012	11,942.8	636.9	12,579.7
Amortisation and impairment			
1 January 2012	1,215.8	326.2	1,542.0
Currency translation	7.4	-0.3	7.1
Additions		69.8	69.8
Impairment	110.2		110.2
Disposals		-50.8	-50.8
Reclassifications		-5.7	-5.7
31 December 2012	1,333.4	339.2	1,672.6
Carrying amount at 31 December 2012	10,609.4	297.7	10,907.1

Larger individual items of goodwill are connected with the acquisition of the Hanson Group, London, United Kingdom; S.A. Cimenteries CBR, Brussels, Belgium; Lehigh Hanson, Inc., Wilmington, USA; HeidelbergCement Northern Europe AB, Stockholm, Sweden; Akçansa Cimento Sanayi ve Ticaret A.S., Istanbul, Turkey; and ENCI N.V., 's-Hertogenbosch, Netherlands. Goodwill comprises acquired market shares and synergy effects that cannot be assigned to any other determinable and separable intangible asset.

Goodwill impairment tests are carried out annually in accordance with IAS 36 (Impairment of Assets). Impairment losses of €110.2 million were recognised in the reporting year. These impairment losses are accounted for in the additional ordinary expenses. A detailed explanation of the impairment test can be found on page 162f. During the financial year, the increase in goodwill along with additions through business combinations amounted to €2.1 million, essentially as a result of the founding of a joint venture.

Quarrying rights, concessions, and software, as well as emission rights acquired through emissions trading, are shown under other intangible assets. Emission rights have been accounted for with a carrying amount of €0.8 million (previous year: 36.3). The amortisation includes expenses from the devaluation of emission rights as a result of reduced market prices amounting to €38.4 million (previous year: 52.8). Impairment of other intangible assets amounting to €0.0 million (previous year: 4.1) was recognised in the additional ordinary expenses. Development costs of €1.9 million (previous year: 1.6) were capitalised as intangible assets in the financial year. The carrying amount of intangible assets which were pledged as security amounts to €36.0 million (previous year: 16.8).

Intangible assets with finite useful lives amounted to €284.5 million (previous year: 330.7) and those with indefinite useful lives to €13.2 million (previous year: 15.2). Intangible assets with indefinite useful lives relate to trademark rights in the United Kingdom.

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30 Property, plant and equipment

Property, plant and equipment					
€m	Land and buildings	Plant and machinery	Other operating equipment	Prepayments and assets under construction	Total
Cost					
1 January 2011	7,380.3	10,516.4	773.4	865.4	19,535.5
Currency translation	105.3	81.2	7.9	-19.0	175.4
Change in consolidation scope	15.3	-20.3	39.5	-9.4	25.1
Additions	62.2	126.9	19.9	659.7	868.7
Disposals	-99.0	-205.6	-36.4	-2.7	-343.7
Reclassifications	122.0	148.3	148.5	-432.6	-13.8
31 December 2011	7,586.1	10,646.9	952.8	1,061.4	20,247.2
Depreciation and impairment					
1 January 2011	2,146.9	5,931.5	533.3		8,611.7
Currency translation	8.7	38.8	3.4		50.8
Change in consolidation scope	4.6	-24.5	40.8		20.9
Additions	171.0	530.7	63.6		765.3
Impairment	20.7	32.8	0.1		53.6
Reversal of impairment			-0.3		-0.3
Disposals	-72.4	-187.5	-31.3		-291.2
Reclassifications	9.9	-55.0	45.4		0.3
31 December 2011	2,289.4	6,266.8	655.0		9,211.1
Carrying amount at 31 December 2011	5,296.7	4,380.1	297.8	1,061.4	11,036.1
Cost					
1 January 2012	7,586.1	10,646.9	952.8	1,061.4	20,247.2
Currency translation	-7.1	8.8	2.2	-4.9	-1.0
Change in consolidation scope	18.9	21.9	1.8	2.3	44.9
Additions	42.6	128.4	31.3	631.6	833.9
Disposals	-99.7	-253.2	-41.0	-4.6	-398.5
Reclassifications	238.4	493.9	99.3	-826.6	5.0
31 December 2012	7,779.2	11,046.8	1,046.4	859.2	20,731.6
Depreciation and impairment					
1 January 2012	2,289.4	6,266.8	655.0		9,211.1
Currency translation	4.9	23.0	2.9		30.8
Change in consolidation scope	-1.0	-0.9	0.4		-1.5
Additions	176.3	550.8	67.0		794.1
Impairment	78.8	64.2	4.3		147.3
Reversal of impairment		-0.6			-0.6
Disposals	-47.9	-152.8	-36.7		-237.4
Reclassifications	6.0	-19.0	18.7		5.7
31 December 2012	2,506.5	6,731.5	711.6		9,949.5
Carrying amount at 31 December 2012	5,272.7	4,315.3	334.8	859.2	10,782.0

Property, plant and equipment includes €27.2 million (previous year: 26.5) of capitalised lease assets, of which €25.1 million (previous year: 23.9) relates to technical equipment and machinery, €1.2 million (previous year: 1.3) to plant and office equipment, and €0.9 million (previous year: 1.3) to land and buildings. The carrying amount of property, plant and equipment which were pledged as security amounts to €121.0 million.

Borrowing costs of €21.1 million (previous year: 17.1) were recognised, relating in particular to capacity expansion investments in India and Eastern Europe. The average capitalisation rate applied was 7 % (previous year: 7 %).

In the reporting year, impairment losses of €147.3 million and reversals of €0.6 million were recognised; these are shown in the additional ordinary result and explained in Note 7.

31 Investments in associates

The following table contains the summarised financial information concerning the investments in associates of the HeidelbergCement Group.

Investments in associates		
€m	2011	2012
Investments in associates – balance sheet		
Assets	761.6	709.8
Liabilities	-332.3	-284.7
	429.3	425.1
Impairment	-47.9	-51.2
Net assets	381.4	373.9
Investments in associates – income statement		
Revenue	737.7	750.3
Profit	41.1	32.8
Unrecognised share of losses for the period	-2.1	-2.3
Unrecognised share of losses cumulated	-9.3	-5.8
Carrying amount of associates	390.7	379.7

In the reporting year a participation was classified as held for sale in accordance with IFRS 5.

32 Financial investments

This item includes investments in equity securities acquired on the basis of long-term investment planning. As at the reporting date, the fair value of investments categorised as available for sale at fair value amounts to €18.7 million (previous year: 14.9). In the period, changes in the fair value of €3.8 million (previous year: -8.5) were recognised directly in equity. The carrying amount of the investments classified as available for sale at cost amounts to €49.4 million (previous year: 49.0).

33 Long-term receivables and derivative financial instruments

The following table shows the composition of the long-term receivables and derivative financial instruments.

Long-term receivables and derivative financial instruments		
€m	2011	2012
Loans to participations	17.0	14.1
Other loans	67.1	58.5
Derivative financial instruments	13.9	17.3
Other long-term operating receivables	183.2	147.4
Other long-term non-financial receivables	110.8	128.0
	392.0	365.3

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The long-term derivative financial instruments relate to cross-currency interest rate swaps of €17.3 million (previous year: 12.7) and currency swaps of €0.0 million (previous year: 1.2). Because of the separation into long-term and short-term components of the cross-currency interest rate swaps, the market values were shown on both the assets and liabilities sides. Additional statements on the derivative financial instruments are provided on page 205 f.

Other long-term operating receivables particularly include claims for reimbursement against insurance companies for environmental and third-party liability damages amounting to €102.2 million (previous year: 141.1). The other long-term non-financial receivables primarily include overfunding of pension schemes as well as prepaid expenses.

The following table shows the due term structure of the long-term financial receivables.

Due terms of long-term financial receivables	Loans to participations		Other loans		Other long-term receivables		Total	
€m	2011	2012	2011	2012	2011	2012	2011	2012
Not impaired, not overdue	16.9	14.1	66.2	58.1	177.8	143.2	260.9	215.4
Not impaired, overdue 1 – 60 days			0.1		3.2	2.1	3.3	2.1
Not impaired, overdue 61 – 360 days			0.2		2.1		2.3	
Not impaired, overdue > 360 days	0.1		0.4	0.4	0.1		0.6	0.4
Impaired			0.2			2.1	0.2	2.1
	17.0	14.1	67.1	58.5	183.2	147.4	267.3	220.0

As at the reporting date, there are no indications that the debtors of the receivables shown as not impaired and not overdue will not meet their payment obligations.

34 Inventories

In the reporting year, write downs of inventories of €50.3 million (previous year: 27.7) and reversals of €8.4 million (previous year: 8.4) were recognised. Of the inventories, €7.8 million (previous year: 3.1) is pledged as collateral for liabilities of a joint venture.

35 Receivables and other assets

The following overview shows the composition of the receivables and other assets.

Receivables and other assets		
€m	2011	2012
Current interest-bearing receivables	60.5	93.5
Trade receivables	1,648.8	1,418.8
Miscellaneous short-term operating receivables	195.2	222.3
Non-financial other assets	163.7	143.3
Current income tax assets	41.1	41.6
	2,109.3	1,919.5

The miscellaneous short-term operating receivables include claims for damages as well as claims for reimbursement against insurance companies for environmental and third-party liability damages amounting to €26.6 million (previous year: 27.3). The carrying amount for the reserve account covering credit losses of pre-financed receivables amounts to €16.3 million and substantially represents the maximum exposure to loss from the continuing involvement. Non-financial other assets, which do not fall within the scope of IAS 39, essentially include prepaid expenses.

The following table shows the due term structure of the short-term financial receivables.

Due terms of short-term financial receivables	Current interest-bearing receivables		Trade receivables		Miscellaneous short-term operating receivables		Total	
	2011	2012	2011	2012	2011	2012	2011	2012
€m								
Not impaired, not overdue	58.9	91.1	1,047.0	991.5	179.4	210.7	1,285.3	1,293.3
Not impaired, overdue 1 – 60 days	0.1	0.8	439.9	333.2	7.1	5.6	447.1	339.6
Not impaired, overdue 61 – 360 days	1.4	0.2	136.5	75.9	4.8	2.8	142.7	78.9
Not impaired, overdue > 360 days	0.1	1.4	22.9	15.1	3.8	1.7	26.8	18.2
Impaired			2.5	3.1	0.1	1.5	2.6	4.6
	60.5	93.5	1,648.8	1,418.8	195.2	222.3	1,904.5	1,734.6

As at the reporting date, there are no indications that the debtors of the receivables shown as not impaired and not overdue will not meet their payment obligations.

The valuation allowances on trade receivables have developed as follows:

Valuation allowances on trade receivables		
€m	2011	2012
Valuation allowances at 1 January	45.2	43.9
Additions	24.5	44.0
Use and reversal	-26.7	-34.7
Currency translation and other adjustments	0.9	1.3
Valuation allowances at 31 December	43.9	54.5

The impairments are essentially based on historical default probabilities and due terms. They primarily relate to collective impairments.

36 Derivative financial instruments

The short-term derivatives with positive market values include foreign exchange swaps of €5.6 million (previous year: 62.9) and commodities of €0.3 million (previous year: 0.2). Additional statements on the derivative financial instruments are provided on page 205 f.

37 Cash and cash equivalents

Cash and cash equivalents include cash balances and deposits at banks with a first-class credit rating. Restrictions on cash and cash equivalents are explained in Note 28.

38 Assets and liabilities held for sale

On the basis of an agreement dated 21 November 2012, HeidelbergCement is obliged to dispose of its shares in a participation in the Middle East. The notarial transfer of the shares to the purchaser and the receipt of the proceeds are expected for the first half of 2013. Until this date, the company, previously accounted for as an associated company, remains an asset held for sale.

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Notes to the balance sheet – Equity and liabilities

39 Subscribed share capital

As at the reporting date of 31 December 2012, the subscribed share capital amounts to €562,500,000 – unchanged from the previous year – and is divided into 187,500,000 shares; the shares are no-par value bearer shares. The nominal value of each share is €3.00, which corresponds to a proportionate amount of the subscribed share capital.

Authorised capital

As at 31 December 2012, there were two authorised capitals: namely, authorisation of the Managing Board and Supervisory Board to increase the capital by issuing new shares in return for cash contributions (Authorised Capital I), and authorisation of the Managing Board and Supervisory Board to increase the capital by issuing new shares in return for contributions in kind (Authorised Capital II). The authorised capitals are summarised below; the complete text of the authorisations can be found in the Articles of Association, which are published on our website www.heidelbergcement.com under “About us/Corporate Governance/Articles of Association”.

Authorised Capital I

The Annual General Meeting held on 6 May 2010 authorised the Managing Board, with the consent of the Supervisory Board, to increase the Company’s subscribed share capital by a total amount of up to €225,000,000 by issuing up to 75,000,000 new no-par value bearer shares in total in return for cash contributions on one or more occasions until 5 May 2015 (Authorised Capital I). The shareholders must be granted subscription rights. However, the Managing Board is authorised, in certain cases described in more detail in the authorisation, to exclude the subscription rights of shareholders in order to realise residual amounts or to issue shares totalling up to 10 % of the subscribed share capital at a near-market price.

Authorised Capital II

Furthermore, the Annual General Meeting of 6 May 2010 authorised the Managing Board, with the consent of the Supervisory Board, to increase the Company’s subscribed share capital by a total amount of up to €56,100,000 by issuing up to 18,700,000 new no-par value bearer shares in total against contributions in kind on one or more occasions until 5 May 2015 (Authorised Capital II). The subscription right of shareholders is generally excluded in the case of capital increases in return for contributions in kind. The authorisation governs, in particular, the possibility of excluding the subscription right insofar as the capital increase in return for contributions in kind is performed for the purposes of acquisition of companies or to service option or conversion rights. As at 31 December 2012, the authorisation to issue new shares in return for cash contributions or contributions in kind forming the basis of the Authorised Capitals I and II had not been used.

Conditional share capital

The conditional share capital described below existed as at 31 December 2012: The Annual General Meeting of 7 May 2009 decided to conditionally increase the subscribed share capital by a further amount of up to €187,500,000, divided into up to 62,500,000 new no-par value bearer shares (Conditional Share Capital 2009). The conditional capital increase serves to back the issuance of option or conversion rights, or option or conversion obligations, on HeidelbergCement shares. The conditional capital increase is only carried out insofar as the Managing Board issues warrant or convertible bonds under the authorisation and the bearers of option or conversion rights make use of their rights. Warrant or convertible bonds may also be issued with option or conversion obligations. The shareholders generally have a subscription right to newly issued warrant or convertible bonds. The authorisation governs specific cases in which the Managing Board may exclude the subscription right of shareholders to warrant or convertible bonds. The complete text of the conditional share capital can

also be found in the Articles of Association, which are published on our website (www.heidelbergcement.com under "About us/Corporate Governance/Articles of Association"). As at 31 December 2012, the authorisation to issue warrant or convertible bonds forming the basis of the Conditional Share Capital 2009 had not been used.

As at the reporting date of 31 December 2012, the Company has no treasury shares and there is no authorisation to acquire treasury shares.

40 Share premium

The share premium of €5,539.4 million is unchanged from the previous year. It was essentially created from the premium from capital increases.

41 Retained earnings

Retained earnings include profits earned by HeidelbergCement AG and its subsidiaries which have not yet been distributed, as well as changes in the pension provisions recognised directly in equity. Retained earnings rose by €50.4 million to €6,673.5 million in the reporting period. The increase is made up of the profit for the period of €301.2 million as well as the actuarial losses and limitations in accordance with IAS 19.58B recognised in other comprehensive income, totalling €-216.0 million, a decrease resulting from other consolidation measures of €30.9 million, and dividend payments to the shareholders of HeidelbergCement AG of €65.6 million (€0.35 per share). The changes in comparison with the previous year are explained in the consolidated statement of comprehensive income and the consolidated statement of changes in equity.

42 Other components of equity

The other components of equity include foreign currency translation differences, reserves from investments categorised as available for sale at fair value, reserves from cash flow hedges, and revaluation reserves. The changes in the financial year totalling €-52.8 million relate to currency translation (€-59.7 million), the cash flow hedge reserve (€5.2 million), the revaluation reserve (€-1.5 million), and the available-for-sale reserve (€3.2 million). The changes are explained in the consolidated statement of comprehensive income and the consolidated statement of changes in equity.

43 Non-controlling interests

The major non-controlling interests in the shareholders' equity relate to PT Indocement Tunggal Prakasa Tbk., Indonesia; HeidelbergCement India Ltd, India; Kunda Nordic Cement Corp., Estonia; CJSC "Construction Materials", Russia; TPCC Tanzania Portland Cement Company Ltd, Tanzania; Lehigh White Cement Company, USA; La Cimenterie de Lukala S.A.R.L., Democratic Republic of the Congo; and HeidelbergCement Bangladesh Limited, Bangladesh.

As at the reporting date, the non-controlling interests totalled €1,098.9 million (previous year: 951.6). The non-controlling interests were increased by the profit for the financial year of €243.9 million and reduced by the other comprehensive income of €-66.9 million. This includes the actuarial losses of €-3.5 million and the currency translation of €-63.4 million. At the reporting date, the non-controlling interests include currency translation differences of €-57.5 (previous year: 5.9). Consolidation adjustments increased the non-controlling interests by €38.2 million. These related essentially to the increase of the non-controlling interests with put options of €26.6 million as a result of contractual amendments and capital increases through the conversion of shareholder loans. In the reporting year, dividends totalling €67.9 million were paid to non-controlling shareholders. Major payments were made to the non-controlling shareholders of PT Indocement and our African subsidiaries.

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The changes in comparison with the previous year are explained in the consolidated statement of comprehensive income and the consolidated statement of changes in equity.

The profit for the financial year attributable to the non-controlling interests totals €243.9 million (previous year: 186.1) and primarily includes the results of PT Indocement Tunggul Prakasa Tbk., Indonesia; TPCC Tanzania Portland Cement Company Ltd, Tanzania; Ghacem Ltd, Ghana; CJSC "Construction Materials", Russia; and HeidelbergCement Bangladesh Limited, Bangladesh.

44 Provisions for pensions

Defined contribution plans

The sum of all pension expenses in connection with defined contribution plans amounted to €46.0 million (previous year: 42.8). In 2012, the contributions to the statutory pension insurance fund amounted to €61.6 million (previous year: 58.4).

Actuarial assumptions

The actuarial assumptions on which the calculations are based are summarised in the following table (weighted presentation).

Actuarial assumptions		
	2011	2012
Discount rate	4.84 %	4.27 %
Expected return on plan assets	5.07 %	4.32 %
Future salary increases	3.92 %	3.59 %
Expected increase in health care costs	8.56 %	8.56 %

The weighted discount rate of 4.27 % was significantly affected by discount rates in the United Kingdom (4.50 %), the USA (4.11 %), and the euro zone (3.60 %).

Due to the application of IFRIC 14 (The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction), the pension assets in the United Kingdom are limited to €31.1 million (previous year: 41.9). In Belgium, the pension assets are limited to an amount of €0.3 million (previous year: 0) in accordance with IFRIC 14.

Overview of provisions for pensions for the different types of retirement benefit plans

The following tables show obligations arising from defined benefit pension plans and benefit plans for health care costs, as well as their balance sheet presentation.

Types of retirement benefit plans		
€m	2011	2012
Defined benefit pension plans	608.2	778.1
Plans for health care costs	234.2	242.0
	842.4	1,020.1
Presentation in the balance sheet		
€m	2011	2012
Non-current pension provisions	832.6	1,018.7
Current pension provisions	86.8	87.4
Overfunding of pension schemes	-77.0	-86.0
	842.4	1,020.1

Pension obligations and pension funds

In 2012, pension obligations amounting to €3,995.1 million (previous year: 3,796.5) existed in the Group, which were essentially covered by outside pension funds. In addition, there were direct agreements of €581.4 million (previous year: 519.2). Obligations in the USA, Indonesia, Belgium, and Canada for health care costs for pension recipients amounted to €241.1 million (previous year: 232.9). The following table shows the financing status of these plans and their balance sheet presentation.

Pension obligations and pension funds	Pension plans		Plans for health care costs		Total	
€m	2011	2012	2011	2012	2011	2012
Present value of funded obligations	3,796.5	3,995.1			3,796.5	3,995.1
Fair value of plan assets	-3,747.3	-3,828.0			-3,747.3	-3,828.0
Recognised limitation acc. to IAS 19.58 B	41.9	31.3			41.9	31.3
Fair value of plan assets after limitation acc. to IAS 19.58 B	-3,705.4	-3,796.7			-3,705.4	-3,796.7
Deficit (+) / surplus (-)	91.1	198.4			91.1	198.4
Present value of unfunded obligations	519.2	581.4	232.9	241.1	752.1	822.5
Total liability	610.3	779.8	232.9	241.1	843.2	1,020.9
Obligation in the balance sheet	608.2	778.1	234.2	242.0	842.4	1,020.1
Unrecognised past service cost	2.1	1.7	-1.3	-0.9	0.8	0.8

Actuarial gains and losses

The pension plans and the plans for health care costs include actuarial losses as well as recognised limitations of plan assets in accordance with IAS 19.58B totalling €828.6 million (previous year: 675.6), which have been recognised directly in equity through other comprehensive income.

The following table shows the development of the actuarial gains and losses and the limitation of the plan assets in accordance with IAS 19.58B.

Actuarial gains/losses and limitation on plan assets			
€m		2011	2012
1 January		486.8	675.6
Change during the year		173.3	156.1
Exchange rate changes		15.5	-3.1
31 December		675.6	828.6

The change of €153.0 million (previous year: 188.8) during the 2012 financial year is primarily due to two reverse effects:

The change in the actuarial assumptions led to an increase in actuarial losses of €255.0 million, essentially due to the decrease in the discount rate on which the actuarial calculation is based. The weighted discount rate as at the end of the year is 0.57 percentage points (previous year: 0.48) lower than the weighted discount rate as at the end of the previous year. This decrease results primarily from the development of the discount rate in the euro zone and North America. The discount rate fell by 1.20 percentage points in Germany and the Netherlands, 1.50 percentage points in Belgium, 1.11 percentage points in the USA, and 0.40 percentage points in Canada.

The positive development of the plan assets, the limitation on plan assets in the amount of €-11.6 million in accordance with IAS 19.58B, exchange rate effects, and the offsetting of actuarial losses of €-87.3 million in equity against retained earnings had the opposite effect. This was due to the conversion of a defined benefit plan to a defined contribution plan.

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With the plan assets developing more positively than expected, experience gains of €61.9 million (previous year: 214.1) arose in 2012. In contrast, experience losses on obligations (i.e. not from the change in the actuarial assumptions) of €5.5 million (previous year: 42.8) were incurred in 2012.

Development in the income statement

The expenses for retirement benefits for the significant pension plans consist of the following:

Development in the income statement	Pension plans		Plans for health care costs		Total	
€m	2011	2012	2011	2012	2011	2012
Current service cost	45.2	40.6	1.6	1.9	46.8	42.5
Interest cost	209.0	207.2	10.9	11.2	219.9	218.4
Expected return on plan assets	-196.4	-184.9			-196.4	-184.9
Past service cost recognised	-29.4	-1.9	2.5	-0.3	-26.9	-2.2
Curtailment or settlement gains / losses recognised	-102.0	-10.8			-102.0	-10.8
Expenses recognised in the income statement	-73.6	50.2	15.0	12.8	-58.6	63.0

Of the total pension expenses of €63.0 million (previous year: pension income of 58.6), expenses of €29.5 million (previous year: income of 82.1) were shown in the personnel costs, and expenses of €33.5 million (previous year: 23.6) in the other financial results.

The pension returns of the previous year resulted primarily from the renegotiation and changed design of several company pension schemes in the North America and Western and Northern Europe Group areas.

In May 2012, the German Federal Labour Court decided that in the case of pension plans and pension promises that were granted before the Statutory Pension Age Adjustment Act came into effect in 2008, the fixed age limit of 65 is to be interpreted as meaning the standard retirement age in the statutory pension insurance scheme. The application of this jurisprudence of the German Federal Labour Court led to income of €3.0 million, which was shown under past service cost recognised. By paying off former employees with vested rights in the USA, income of €11.5 million was realised and shown under settlement losses recognised.

The actual return on plan assets amounted to €246.8 million (previous year: 410.5), i.e. €61.9 million higher (previous year: 214.1) than the expected asset returns.

Sensitivity analysis of the expected health care costs

Developments in the cost of health care affect the income statement and the pension obligations. The following table shows the effects of a one per cent increase or decrease in the expected costs of health care.

Sensitivity analysis of the expected health care costs	Changes in health care costs			
	by + 1 %		by - 1 %	
€m	2011	2012	2011	2012
Effect on the service cost and interest cost	0.4	1.2	-1.1	-0.5
Effect on defined benefit obligation	18.6	15.4	-15.9	-14.3

Development of the pension obligations and the plan assets

The following table shows the development of the pension obligations and the plan assets.

Development of pension obligations and plan assets	Pension plans		Plans for health care costs		Total	
€m	2011	2012	2011	2012	2011	2012
Defined benefit obligation at 1 January	4,206.3	4,315.7	218.9	232.9	4,425.2	4,548.6
Change in scope of consolidation	-0.2	-1.4			-0.2	-1.4
Current service cost	45.2	40.6	1.6	1.9	46.8	42.5
Interest cost	209.0	207.2	10.9	11.2	219.9	218.4
Employee contributions	3.0	2.3			3.0	2.3
Actuarial gains / losses	354.8	298.0	10.0	18.9	364.8	316.9
Benefits paid by the company	-37.6	-41.7	-18.3	-19.9	-55.9	-61.6
Benefits paid by the fund	-186.3	-200.0			-186.3	-200.0
Expenses, taxes, and premiums paid	-1.2	-1.1			-1.2	-1.1
Past service cost	-26.2	-2.1	3.0		-23.2	-2.1
Plan curtailments	-53.9	0.6			-53.9	0.6
Plan settlements	-308.3	-81.2			-308.3	-81.2
Exchange rate changes	111.1	39.6	6.8	-3.9	117.9	35.7
Defined benefit obligation at 31 December	4,315.7	4,576.5	232.9	241.1	4,548.6	4,817.6
Funded obligation	3,796.5	3,995.1			3,796.5	3,995.1
Unfunded obligation	519.2	581.4	232.9	241.1	752.1	822.5
Fair value of plan assets at 1 January	3,619.7	3,747.3			3,619.7	3,747.3
Expected return on plan assets	196.4	184.9			196.4	184.9
Actuarial gains / losses	214.1	61.9			214.1	61.9
Employer contributions	50.7	54.7			50.7	54.7
Employee contributions	3.0	2.3			3.0	2.3
Benefits, expenses, taxes, and premiums paid	-186.3	-200.0			-186.3	-200.0
Plan settlements	-260.2	-69.9			-260.2	-69.9
Exchange rate changes	109.9	46.8			109.9	46.8
Fair value of plan assets at 31 December	3,747.3	3,828.0			3,747.3	3,828.0

HeidelbergCement paid €61.6 million (previous year: 55.9) directly to the pension recipients and €54.7 million (previous year: 50.7) as employer contributions to the funds. In 2013, HeidelbergCement expects to make payments (pension payments and contributions to funds) totalling €116.4 million (previous year: 112.4).

Breakdown of the plan assets

The plan assets originate primarily from North America with 30 % (previous year: 31 %), the United Kingdom with 66 % (previous year: 64 %), and the Netherlands with 2 % (previous year: 2 %). The plan assets can be divided into the following categories on a percentage basis:

Breakdown of the plan assets		
	2011	2012
Equities North America	11 %	12 %
Equities Western Europe	5 %	7 %
Equities other regions	6 %	7 %
Bonds North America	23 %	19 %
Bonds Western Europe	41 %	36 %
Bonds other regions	1 %	2 %
Others	13 %	17 %

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The plan assets do not include any significant own financial instruments, property occupied by, or other assets used by HeidelbergCement.

Five-year comparison

The development of the pension obligations and the plan assets is shown in the following table.

Five-year comparison: Continuing operations					
€m	2008	2009	2010	2011	2012
Pension plans					
Present value of funded obligations for pension plans	2,976.7	3,397.0	3,652.8	3,796.5	3,995.1
Present value of unfunded obligations for pension plans	461.6	464.9	553.5	519.2	581.4
Present value of unfunded obligations for health care plans	198.9	201.1	218.9	232.9	241.1
Total present value of obligations	3,637.2	4,063.0	4,425.2	4,548.6	4,817.6
Fair value of plan assets after limitation according to IAS 19.58 B	-3,004.4	-3,198.6	-3,602.0	-3,705.4	-3,796.7
Deficit (+) / surplus (-)	632.8	864.4	823.2	843.2	1,020.9
Experience losses / gains on pension obligations	0.6	-22.0	-85.3	42.8	5.5
Experience losses / gains on plan assets	260.3	8.9	-166.2	-214.1	-61.9
Expected development of pension obligations	40.8	37.2	20.5	9.7	-25.4
Expected development of plan assets	71.1	75.7	59.5	43.9	0.0

HeidelbergCement also participates in Multi-Employer Pension Plans (MEP), predominantly in the USA, which award some unionised employees fixed benefits after their retirement. Multi-Employer Pension Plans are accounted for as defined contribution plans, as it is not possible to isolate the individual components of these plans. The contributions are determined on the basis of collective bargaining. As at 31 December 2012, the withdrawal liability of these plans totalled €110.5 million (previous year: 108.5). Contributions of €11.9 million (previous year: 10.7) were paid in 2012.

45 Other provisions

The following table explains the development of other provisions. The adjustment line includes changes in the scope of consolidation and adjustments from foreign currency translation. The reclassification line shows other reclassifications. The release of unused provisions of €104.6 million, the offsetting of obligations against the corresponding claims for reimbursement and the offsetting of obligations in kind against other assets totalling €41.3 million are shown in the reduction line.

Provisions				
€m	Provisions for damages and environmental obligations	Other environmental provisions	Other	Total
1 January 2012	479.3	316.2	469.2	1,264.7
Adjustment	-8.4	-1.3	0.7	-9.0
Reclassification		3.9	-0.5	3.4
Utilisation	-25.8	-32.2	-64.2	-122.2
Reduction	-86.0	-18.6	-41.3	-145.9
Addition	87.1	87.5	136.9	311.5
31 December 2012	446.2	355.5	500.8	1,302.5

The maturities of the provisions accounted for in the 2012 financial year can be broken down as follows:

Maturities				
€m	Provisions for damages and environmental obligations	Other environmental provisions	Other	Total
Maturity ≤ 1 year	58.2	29.8	147.5	235.5
Maturity > 1 year ≤ 5 years	275.1	138.7	325.2	739.0
Maturity > 5 years	112.9	187.0	28.1	328.0
	446.2	355.5	500.8	1,302.5

Provisions for damages and environmental obligations

Provisions for damages and environmental obligations result from discontinued operations that were transferred to the HeidelbergCement Group as part of the takeover of the Hanson Group in 2007. The obligations are therefore not linked to the continuing operations of the HeidelbergCement Group.

The provisions for damages relate to legal proceedings before US courts. The claims relate to health problems allegedly caused by the sale of products containing asbestos from 1973 to 1984. The environmental obligations relate to remediation obligations in connection with the sale of chemical products by a former Hanson participation. The provisions are measured at the present value of the expected expenses, using reliable estimates of the development of costs.

The provisions are offset by claims for reimbursement against environmental and third-party liability insurers amounting to €128.8 million (previous year: 168.4), of which €102.2 million (previous year: 141.1) is shown under other long-term operating receivables and €26.6 million (previous year: 27.3) under other short-term operating receivables.

Other environmental provisions

The other environmental provisions include recultivation, environmental, and asset retirement obligations.

Recultivation obligations relate to legal and actual obligations to backfill and restore raw material quarrying sites. The provisions formed for these obligations are measured in accordance with the progress of quarrying on the basis of the best estimate of the costs of fulfilling the obligation. As at the reporting date, these provisions amounted to €229.8 million (previous year: 216.5).

Provisions for environmental obligations are recognised on the basis of contractual or official regulations and essentially include expenses connected with the cleaning up of contaminated areas and remediation of pollutant emissions and quarrying damage. These provisions are measured on the basis of the expenses expected to be incurred in order to fulfil the obligations. These provisions amount to a total of €50.9 million (previous year: 48.6).

The provisions for asset retirement obligations relate to obligations arising in connection with the removal of installations (e.g. conveying systems at rented locations), so that a location can be restored to its contractually agreed or legally defined state after the end of its useful life. As at the reporting date, provisions for asset retirement obligations amounting to €74.8 million (previous year: 51.1) had been formed.

Other provisions

Other provisions exist, in particular, for restructuring obligations, other process risks, and compensation obligations.

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The provisions for restructuring obligations concern expenses for various optimisation programmes, such as the closure of plants or relocation of activities. Provisions of €48.7 million (previous year: 37.6) had been recognised for this purpose as at the reporting date.

Because of pending legal action against the Group, provisions for process risks, including those relating to pending antitrust proceedings, amounted to €216.1 million (previous year: 194.5) and were recognised in the balance sheet.

Provisions for compensation obligations relate to the Group's obligations arising from occupational accidents. As at the reporting date, provisions of €70.8 million (previous year: 73.7) had been set up for this purpose.

Other provisions were also recognised for a variety of minor issues.

Impact of interest rate effects

Provisions are measured at their present value, which is determined using a pre-tax interest rate that reflects current market expectations regarding the interest rate effect and the risks specific to the liability. To this effect, HeidelbergCement uses the risk-free interests rates of government bonds from the respective countries, taking into account the relevant term.

Interest rate effects of €26.4 million for provisions for damages and environmental obligations are included in the expenses for discontinued operations. Changes in the interest rate of €39.1 million and compounding of €12.7 million led to an increase in other provisions.

46 Liabilities

The following table splits up the liabilities into interest-bearing and operating liabilities.

Liabilities		
€m	2011	2012
Interest-bearing liabilities		
Bonds payable	8,012.2	7,218.0
Bank loans	1,310.7	991.2
Other interest-bearing liabilities		
Miscellaneous interest-bearing liabilities	339.7	216.6
Liabilities from finance lease	18.7	17.2
Derivative financial instruments	21.8	85.0
	380.2	318.8
Non-controlling interests with put options	97.9	45.1
	9,801.0	8,573.1
Operating liabilities		
Trade payables	1,344.8	1,372.3
Income tax liabilities	205.5	199.8
Liabilities relating to personnel	259.3	275.7
Miscellaneous operating liabilities	783.4	660.3
Deferred income and non-financial liabilities	119.2	142.8
	2,712.2	2,650.9
	12,513.2	11,224.0

The decline in bond liabilities is essentially attributable to the scheduled repayment of the €1 billion bond in January 2012. The decrease in bank loans resulted primarily from scheduled repayments of bonded loans. The other interest-bearing liabilities primarily include drawings under the Euro Medium Term Note programme and outstanding drawings under the Euro Commercial Paper programme.

Of the interest-bearing liabilities to third parties, €111.7 million (previous year: 111.5) is secured by mortgages. Of this figure, €109.9 million (previous year: 110.2) relates to joint ventures that are essentially financed independently. Furthermore, subsidiaries have provided collateral of €1.8 million (previous year: 1.3) – independent of Group financing – which may essentially be refinanced in the short term. In addition, mortgages of €34.6 million (previous year: 15.6) were created to secure tax liabilities of a subsidiary.

Derivative financial instruments with negative market values include currency forwards of €0.9 million (previous year: 1.6), foreign exchange swaps of €70.2 (previous year: 9.6), currency swaps of €2.7 million (previous year: 1.9), cross-currency interest rate swaps of €6.8 (previous year: 4.0), interest rate swaps of €0.9 million (previous year: 0.9), commodities of €1.0 million (previous year: 3.8), and other interest rate and currency derivatives of €2.5 million (previous year: 0.0). Additional information on the derivative financial instruments is provided on page 205 f.

The following table gives an overview of the maturities of the interest-bearing liabilities.

Maturities of interest-bearing liabilities				
€m	< 1 year	1–5 years	> 5 years	Total
31 December 2012				
Bonds payable	708.8	4,331.2	2,178.0	7,218.0
Bank loans	461.4	485.0	44.8	991.2
Miscellaneous interest-bearing liabilities	124.2	78.4	14.0	216.6
Liabilities from finance lease	5.4	9.7	2.1	17.2
Derivative financial instruments	79.9	5.1		85.0
Non-controlling interest with put options	45.1			45.1
	1,424.8	4,909.4	2,238.9	8,573.1
31 December 2011				
Bonds payable	1,218.6	3,473.4	3,320.2	8,012.2
Bank loans	539.8	752.6	18.3	1,310.7
Miscellaneous interest-bearing liabilities	226.2	73.7	39.8	339.7
Liabilities from finance lease	5.2	10.2	3.3	18.7
Derivative financial instruments	17.4	4.4	0.0	21.8
Non-controlling interest with put options	22.9	52.7	22.3	97.9
	2,030.1	4,367.0	3,403.8	9,801.0

The following table contains further details of the finance lease liabilities. It shows the reconciliation of the total future minimum lease payments at the reporting date to their present value.

Minimum lease payments of finance leases				
€m	< 1 year	1–5 years	> 5 years	Total
31 December 2012				
Present value of future minimum lease payments	5.4	9.7	2.1	17.2
Interest of future minimum lease payments	1.4	2.0	0.2	3.6
Future minimum lease payments	6.8	11.7	2.3	20.8
31 December 2011				
Present value of future minimum lease payments	5.2	10.2	3.3	18.7
Interest of future minimum lease payments	1.8	3.1	0.4	5.3
Future minimum lease payments	7.0	13.3	3.7	24.0

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Additional disclosures on financial instruments

The following table assigns the individual balance sheet items for the financial instruments to classes and measurement categories of IAS 39. In addition, the aggregate carrying amounts for each measurement category and the fair values for each class are shown.

Carrying amounts, measurement and fair values by measurement categories							
€m	Category of IAS 39 ¹⁾	Amortised cost	Cost	Fair value with P/L effect	Fair value without P/L effect	Carrying amount	Fair value
31 December 2012							
Assets							
Financial investments – available for sale at cost	AfS		49.4			49.4	
Financial investments – available for sale at fair value	AfS				18.7	18.7	18.7
Loans and other interest-bearing receivables	LaR	166.1				166.1	169.6
Trade receivables and other operating receivables	LaR	1,788.5				1,788.5	1,788.9
Cash and cash equivalents	LaR	1,474.8				1,474.8	1,474.8
Derivatives – hedge accounting	Hedge				0.3	0.3	0.3
Derivatives – held for trading	HfT			22.9		22.9	22.9
Liabilities							
Bonds payable, bank loans and miscellaneous financial liabilities	FLAC	8,425.8				8,425.8	9,510.1
Trade payables, liabilities relating to personnel, and miscellaneous operating liabilities	FLAC	2,308.3				2,308.3	2,308.3
Liabilities from finance lease	FLAC	17.2				17.2	17.2
Derivatives – hedge accounting	Hedge				4.8	4.8	4.8
Derivatives – held for trading	HfT			80.2		80.2	80.2
Non-controlling interests with put options ²⁾	FLAC		23.0		22.1	45.1	22.1
31 December 2011							
Assets							
Financial investments – available for sale at cost	AfS	49.0				49.0	
Financial investments – available for sale at fair value	AfS				14.9	14.9	14.9
Loans and other interest-bearing receivables	LaR	144.6				144.6	144.6
Trade receivables and other operating receivables	LaR	2,027.2				2,027.2	2,027.1
Cash and cash equivalents	LaR	1,869.8				1,869.8	1,869.8
Derivatives – hedge accounting	Hedge	1.2			1.2	1.2	1.2
Derivatives – held for trading	HfT	75.8		75.8		75.8	75.8
Liabilities							
Bonds payable, bank loans and miscellaneous financial liabilities	FLAC	9,662.6				9,662.6	9,834.7
Trade payables, liabilities relating to personnel, and miscellaneous operating liabilities	FLAC	2,387.5				2,387.5	2,387.5
Liabilities from finance lease	FLAC	18.7				18.7	18.7
Derivatives – hedge accounting	Hedge				7.3	7.3	7.3
Derivatives – held for trading	HfT			14.5		14.5	14.5
Non-controlling interests with put options ²⁾	FLAC		22.6		75.3	97.9	75.3

1) AfS: Available for sale, LaR: Loans and receivables, Hedge: Hedge accounting, HfT: Held for trading, FLAC: Financial liabilities at amortised cost

2) The non-controlling interests with put options accounted for at cost are not taken into account in the fair value data.

Available for sale at cost investments are equity investments measured at cost, for which no listed price on an active market exists and whose fair values cannot be reliably determined. Therefore, no fair value is indicated for these instruments. Available for sale at fair value investments are measured at fair value on the basis of the stock market prices on the reporting date. Derivative financial instruments, both those designated as hedges and those held for trading, are also measured at fair value. In these items, the fair value always corresponds to the carrying amount.

The fair values of the long-term loans, other long-term operating receivables, bank loans, finance lease liabilities, and other long-term interest-bearing and operating liabilities correspond to the present values of the future payments, taking into account the interest parameters at the time of payment.

The fair values of the listed bonds correspond to the nominal values multiplied by the price quotations on the reporting date. For the financial instruments with short-term maturities, the carrying amounts on the reporting date represent reasonable estimates of the fair values.

The following table shows the fair value hierarchies of the financial instruments measured at fair value.

Fair value hierarchy	31 December 2011		31 December 2012	
	Hierarchy 1	Hierarchy 2	Hierarchy 1	Hierarchy 2
€m				
Assets				
Financial investments – available for sale at fair value	14.9		18.7	
Derivatives				
Currency forwards		0.0		0.0
Foreign exchange swaps		62.9		5.6
Currency swap		1.2		
Cross-currency interest rate swaps		12.7		17.3
Commodities		0.2		0.3
Liabilities				
Derivatives				
Currency forwards		1.6		0.9
Foreign exchange swaps		9.6		70.2
Currency swap		1.9		2.7
Cross-currency interest rate swaps		4.0		6.8
Interest rate swaps		0.9		0.9
Commodities		3.8		1.0
Other interest rate and currency derivatives				2.5

In hierarchy 1, the fair value is calculated using prices quoted on an active market (unadjusted) for identical assets or liabilities to which the company has access on the measurement date. For hierarchy 2, the fair value is determined using a discounted cash flow model on the basis of input data that does not involve quoted prices classified in level 1, and which is directly or indirectly observable.

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The following table shows the net gains or losses from the financial instruments by category.

Net gains or losses		
€m	2011	2012
Loans and receivables	-59.9	74.2
Financial investments – available for sale	-9.6	3.4
Financial instruments – held for trading	53.3	-110.6
Financial liabilities at amortised cost	-7.9	6.2
	-24.1	-26.8

The net results from loans and receivables include impairments of €-44.8 million (previous year: -28.7) and exchange rate effects of €119.0 million (previous year: -31.2).

The measurement of the available for sale at fair value investments produced a result of €3.8 million (previous year: -8.5) recognised in other comprehensive income. This amount includes foreign exchange gains of €0.5 million (previous year: foreign exchange losses of €-3.4 million). A net loss of €-0.4 million (previous year: -1.1) is attributable to impairments of financial investments available for sale at cost.

The net result from the subsequent measurement of the financial instruments held for trading includes foreign exchange and interest rate effects. In financial liabilities, the net result includes effects from foreign currency translation of €6.2 million (previous year: -7.9).

The following table shows the total interest income and expenses for the financial instruments not measured at fair value through profit or loss.

Total interest income and expense		
€m	2011	2012
Total interest income	90.7	62.4
Total interest expense	-636.5	-621.1
	-545.8	-558.7

The impairment of financial assets by class is shown in the following table.

Impairment		
€m	2011	2012
Financial investments – available for sale at cost	-1.1	-0.4
Loans and other interest-bearing receivables	-2.0	-0.3
Trade receivables and other operating receivables	-26.7	-44.5
	-29.8	-45.2

Derivative financial instruments

The following table shows the nominal values and market values of the derivative financial instruments and commodities, which fall within the scope of IAS 39.

Derivative financial instruments €m	31 December 2011		31 December 2012	
	Nominal value	Fair value	Nominal value	Fair value
Assets				
Cash flow hedges				
Currency forwards ¹⁾			0.7	0.0
Currency swaps ²⁾		1.2		
Commodities ³⁾				0.3
Derivatives held for trading				
Currency forwards ¹⁾			3.2	0.0
Foreign exchange swaps	2,435.3	62.9	1,097.6	5.6
Cross-currency interest rate swaps ⁴⁾	69.5	12.7	94.7	17.3
Commodities ³⁾		0.2		
	2,504.8	77.0	1,196.2	23.2
Liabilities				
Cash flow hedges				
Currency forwards	12.4	1.3	7.2	0.9
Currency swaps ²⁾	123.5	1.9	124.2	2.7
Interest rate swaps	19.8	0.3	19.7	0.2
Commodities ³⁾	0.0	3.8		1.0
Derivatives held for trading				
Currency forwards ¹⁾	44.7	0.3	1.2	0.0
Foreign exchange swaps	434.0	9.6	3,041.5	70.2
Cross-currency interest rate swaps ⁴⁾		4.0	3.4	6.8
Interest rate swaps	17.5	0.6	13.0	0.7
Commodities ⁵⁾				0.0
Other interest rate and currency derivatives			9.0	2.5
	651.8	21.8	3,219.2	85.0

1) The fair value amounts to less than €50,000.

2) The nominal value relates to currency swaps with a negative fair value of €-2.7 million (previous year: -0.7), which were designated as hedging instruments in a cash flow hedge. In the previous year, the negative fair value was shown on both the assets and liabilities sides because of the separation into long-term and short-term components of the foreign exchange swaps.

3) The positive fair values of €0.3 million (previous year: 0.0) of the electricity derivatives and the negative fair values of €-1.0 million (previous year: -3.8) of the electricity derivatives relate to a supply quantity of 0.3 million MWh (previous year: 0.2).

4) The nominal value of €94.7 million (previous year: 69.5) relates to a cross-currency interest rate swap with a positive fair value of €11.6 million (previous year: 8.7), shown on both the assets and liabilities sides because of the separation into long-term and short-term components of the swap. In addition, cross-currency interest rate swaps exist with a negative fair value of €1.1 million (previous year: 0.0) which have a nominal value of €3.4 million.

5) The negative fair value of €47,000 (previous year: positive market value of 0.2 million) of the fuel derivatives relates to a supply quantity of 5.6 tonnes (previous year: 14.5).

Cash flow hedges

The interest rate swap hedges the future interest rate risks of a variable interest-bearing loan. This swap with a fair value of €-0.2 million (previous year: -0.3) matures in June 2013. During the reporting period, €0.1 million (previous year: 0.1) was recognised directly in equity through other comprehensive income.

The currency forwards hedge the currency risks of future purchases of raw materials in US\$. These forward contracts with a market value of €-0.9 million (previous year: -1.3) mature in the course of 2013. During the reporting period, €-0.7 million (previous year: -0.6) was recognised directly in equity through other comprehensive income and €1.1 million (previous year: 0.0) was released to profit or loss.

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The currency swap with a market value of €-2.7 million (previous year: -0.7) hedges the currency risk of the fixed interest-bearing CHF 150 million bond, which matures in 2017. The currency swap matures in the following time bands: A portion with a negative fair value of €-1.9 million (previous year: -1.9) matures within one year, the portion with a negative fair value of €-0.8 million (previous year: -6.4) has a term of between 1 and 5 years and the portion with a positive fair value of €0.0 million (previous year: 7.6) has a term of more than 5 years. During the reporting period, €-2.1 million (previous year: -0.4) was recognised directly in equity through other comprehensive income and €-0.7 million (previous year: -1.9) was released to profit or loss. The accrued interest of €-0.2 million (previous year: 0.3) included in the fair value was recognised in profit or loss in the interest expenses.

The commodities of €-0.7 million (previous year: -3.8) hedge future electricity prices and mature in 2013. In the reporting year, valuation effects of €5.8 million (previous year: -8.2) were recognised directly in equity through other comprehensive income. The release of electricity derivatives caused effects of €2.4 million (previous year: 1.9) to be reclassified from equity to profit or loss.

There was no appreciable ineffectiveness in the cash flow hedges.

Fair value hedges

In 2012, interest rate swaps were designated as hedging instruments in connection with fair value hedges that were sold in December 2012. The fair value excluding accrued interest of €5.7 million (previous year: 37.7) was recognised in profit or loss in the hedging result. Accordingly, the change in the fair value of the loan underlying the hedged risk amounting to €-6.0 million (previous year: -39.7) was also shown in the hedging result. The fair value adjustment of the loan is amortised over the remaining term of the loan in the interest expenses. The accrued interest of €3.1 million (previous year: 33.5) included in the fair value of the interest rate swaps was recognised in profit or loss in the interest expenses.

Derivatives not accounted for as hedges (held for trading)

Of the derivatives with a fair value of €-57.3 million (previous year: 61.3), which were not accounted for as hedges in accordance with IAS 39, €-70.4 million (previous year: 49.2) matures within a year. The fair value of €13.1 million (previous year: 12.1) has a term of between 1 and 5 years.

Risks from financial instruments

As regards its assets, liabilities, firm commitments, and planned transactions, HeidelbergCement is particularly exposed to risks arising from changes in foreign exchange rates, interest rates, and market and stock market prices. These market price risks may have a negative impact on the Group's financial position and performance. The Group manages these risks primarily as part of its ongoing business and financing activities and, when required, by using derivative financial instruments. The main aspects of the financial policy are determined by the Managing Board. The Group Treasury department is responsible for implementation of the financial policy and ongoing risk management.

The Group Treasury department acts on the basis of existing binding guidelines, which determine the decision criteria, competences, responsibilities, and processes for managing the financial risks. Certain transactions also require the prior approval of the Managing Board. The Group Treasury department informs the Managing Board on an ongoing basis about the amount and scope of the current risk exposure and the current market development on the global financial markets. The Group Internal Audit department monitors the observance of the guidelines mentioned above and the corresponding legal framework by means of targeted auditing.

Credit risk

HeidelbergCement is exposed to credit risks through its operating activities and certain financial transactions. The credit risk is the risk that a contracting party unexpectedly does not fulfil, or only partially fulfils, the obligations agreed when signing a financial instruments contract. The Group limits its credit risk by only concluding contracts for financial investments and derivative financial instruments with partners that have a first-class credit rating.

Credit rating

The rating agencies Moody's and Fitch Ratings assess the creditworthiness of HeidelbergCement as Ba1/Not Prime (Outlook Stable) and BB+/B (Outlook Stable) as at the end of 2012. Any potential downgrading of the ratings awarded by the rating agencies could have a negative impact on HeidelbergCement's cost of capital and refinancing possibilities.

Cash and cash equivalents

This item essentially comprises cash. The Group is exposed to losses arising from credit risks in connection with the investment of cash and cash equivalents if contracting parties do not fulfil their obligations. HeidelbergCement manages the resulting risk position by diversification of contracting parties. Cash and cash equivalents are invested in selected companies, banks, and financial institutions following a thorough credit analysis. At present, no cash or cash equivalents are overdue or impaired as a result of defaults. The maximum credit risk of cash and cash equivalents corresponds to the carrying amount.

Trade receivables

Trade receivables result mainly from the sale of cement, concrete, and aggregates. In operating activities, the outstanding debts are monitored on an ongoing basis. Credit risks are taken into account by means of individual impairments and collective individual impairments. The maximum risk position from trade receivables corresponds to the carrying amount.

Other receivables and assets

The credit risk position from other receivables and assets corresponds to the carrying amount of these instruments. HeidelbergCement regards this credit risk as insignificant.

Derivative financial instruments

Derivative financial instruments are generally used to reduce risks. In the course of its business activity, HeidelbergCement is exposed to interest rate, currency, and energy price risks. For accounting purposes, a significant portion of the derivatives are not accounted for as hedges in accordance with IAS 39, but as instruments in the category held for trading. However, from a commercial perspective, the changes in the fair values of these instruments represent an economically effective hedge within the context of the Group strategy. The maximum credit risk of this item corresponds to the fair value of the derivative financial instruments that have a positive market value and are shown as financial assets at the reporting date. Interest rate swaps and currency interest rate swaps were contracted to hedge the fair value risk and were designated as hedging instruments in accordance with IAS 39. In order to reduce the credit risk, the hedging transactions are, in principle, only concluded with leading financial institutions with a first-class credit rating. The contracting parties have very good credit ratings, awarded by external rating agencies, such as Moody's or Fitch Ratings. There are currently no past-due derivative financial instruments in the portfolio.

Liquidity risk

The liquidity risk describes the risk of a company not being able to fulfil its financial obligations to a sufficient degree. To manage HeidelbergCement's liquidity, the Group maintains sufficient cash and extensive credit lines with banks, besides the cash inflow from operating activities. The operating liquidity management includes a

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daily reconciliation of cash and cash equivalents; the Group Treasury department, based in Heidelberg, acts as an in-house bank. This allows liquidity surpluses and requirements to be managed in accordance with the needs of the entire Group and of individual Group companies.

As at the end of the year, HeidelbergCement still has as yet undrawn, confirmed credit lines of €2.7 billion available in order to secure liquidity, in addition to available cash. A framework agreement for an unlimited period for the issue of short-term bearer bonds (Commercial Paper) of €1.0 billion is available to cover short-term liquidity peaks. Within the framework of the programme, individual tranches with different terms will be issued at different times depending on the market situation. As at the end of 2012, Commercial Papers totalling €29.0 million were outstanding. Further information on liquidity risks can be found in the Management report, Risk report chapter, on page 84.

As the financial contracts of HeidelbergCement do not contain any clauses that trigger a repayment obligation in the event of the credit rating being downgraded, the maturity structure will remain unaffected even if the credit quality assessments change. Margin calls that could lead to an outflow of liquidity are not agreed in any of the material financial instruments. All derivative financial instruments are contracted on the basis of existing framework agreements that contain netting agreements for the purpose of reducing credit and liquidity risks.

In March 2012, a new bond of €300 million with a term until March 2016 was issued, with the issue proceeds being used to refinance existing bank debts.

The following maturity overview shows how the cash flows of the liabilities as at 31 December 2012 affect the Group's liquidity position. The overview describes the progress of:

- undiscounted repayments and interest payments for debenture loans
- undiscounted bank loans and interest payments to banks
- undiscounted other liabilities
- undiscounted contractually agreed payments for derivative financial instruments, as a total for the year

The trade payables are assigned to short-term maturities (within a year). For variable interest payments, the current interest rate is taken as a basis. Payments in foreign currency are translated using the exchange rate at year end.

Cash flows of interest-bearing liabilities and derivative financial instruments						
€m	Carrying amount 31 Dec. 2012	Cash flows 2013	Cash flows 2014	Cash flows 2015	Cash flows 2016	Cash flows 2017–2024
Bonds payable	7,218.0	1,053.4	1,470.2	1,695.2	1,171.4	3,876.6
Bank loans	991.2	499.6	193.4	548.8	358.8	72.9
Other interest-bearing liabilities	216.6	128.8	51.5	34.0	0.6	12.0
Derivatives with positive fair value						
Cash flow hedges	0.3	0.7				
Derivatives held for trading	22.9	1,108.3	7.6	7.6	4.1	1.0
Derivatives with negative fair value						
Cash flow hedges	4.8	18.6	10.9	10.9	10.9	9.7
Derivatives held for trading	80.2	3,043.8	1.1	1.1	0.7	

Cash flows of interest-bearing liabilities and derivative financial instruments						
€m	Carrying amount 31 Dec. 2011	Cash flows 2012	Cash flows 2013	Cash flows 2014	Cash flows 2015	Cash flows 2016–2024
Bonds payable	8,012.2	1,574.1	1,052.9	1,458.5	1,683.5	4,752.7
Bank loans	1,310.7	601.5	821.5	184.3	29.1	397.5
Other interest-bearing liabilities	339.7	228.0	35.9	24.8	48.2	15.0
Derivatives with positive fair value						
Cash flow hedges ¹⁾	1.2					
Derivatives held for trading	75.8	2,440.9	5.6	5.6	5.6	2.0
Derivatives with negative fair value						
Cash flow hedges	7.3	24.0	10.9	10.9	10.9	20.5
Derivatives held for trading	14.5	479.1	0.5	0.5	0.5	0.5

1) The contractually agreed payments are shown in the payments from cash flow hedges with negative fair value.

The inflow of liquidity of €55.0 million (previous year: 64.3) from interest rate and currency swaps has not been taken into account in the table.

The undiscounted contractual cash flows of the finance lease liabilities are shown in a separate table on page 204.

Interest rate risk

Interest rate risks exist as a result of potential changes in the market rate of interest and may lead to a change in fair value in the case of fixed interest-bearing financial instruments and to fluctuations in interest payments in the case of variable interest-bearing financial instruments. The Managing Board and Supervisory Board of HeidelbergCement AG have decided against hedging the variable interest-bearing financial instruments. This strategy is based on the historically strong correlation between increasing profits and rising interest rates. For financial instruments with fixed interest that are measured at amortised cost, interest rate risks have no impact on the results and equity.

The average proportion of variable interest-bearing financial instruments is 14.5 % (previous year: 40 %). If the market interest rate level had been 100 basis points higher (lower) on 31 December 2012, the interest cost of the HeidelbergCement Group would have risen (fallen) by €13.3 million (previous year: 34)

Currency risk

HeidelbergCement's currency risks result from its investing, financing, and operating activities. Risks from foreign currencies are primarily hedged insofar as they affect the Group's cash flows. By contrast, foreign currency risks that do not affect the Group's cash flows (i.e. the risks resulting from the translation of the assets and liabilities of foreign subsidiaries into the Group reporting currency) generally remain unhedged. However, if necessary, HeidelbergCement can also hedge this foreign currency risk. Currency forwards and foreign exchange swaps are used in the elimination of existing currency risks.

Through the in-house banking activities of HeidelbergCement AG, the borrowing and investment of liquidity of the subsidiaries leads to currency positions that are hedged by means of external foreign exchange swap transactions, which are appropriate in terms of maturities and amounts. Consequently, currency fluctuations in connection with the in-house banking activities would have no impact on results or equity.

The hypothetical result implications, considering the external financial instruments (primarily foreign exchange swap transactions) in isolation and in the event of a 10 % increase (decrease) in the value of the euro against all other currencies would be as follows:

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On 31 Dec. 2012: EUR/USD: EUR +108.6 million, EUR/AUD: EUR +84.6 million, EUR/CHF: EUR -1.0 million, EUR/SEK: EUR -6.0 million, EUR/GBP: EUR +27.2 million, EUR/NOK: EUR +32.6 million, EUR/CAD: € +76.7 million, EUR/DKK: EUR -1.4 million, EUR/CZK: EUR +1.8 million, EUR/RUB: EUR -36.1 million, EUR/ILS: EUR +6.9 million, EUR/LTL: EUR -0.3 million, EUR/PLN: EUR -2.4 million, EUR/SGD: EUR +1.0 million, EUR/HKD: EUR +0.1 million, EUR/KZT: EUR -1.4 million, EUR/RON: EUR +1.1 million, AUD/USD: EUR +0.2 million, DKK/CHF: EUR -0.1 million, CNY/USD: EUR -0.2 million, TRY/USD: EUR -0.6 million, CNY/HKD: EUR -0.1 million.

On 31 Dec. 2011: EUR/USD: EUR +103.0 million, EUR/AUD: EUR +58.5 million, EUR/CHF: EUR -4.0 million, EUR/SEK: EUR -6.0 million, EUR/GBP: EUR +13.7 million, EUR/NOK: EUR +22.7 million, EUR/CAD: EUR +12.4 million, EUR/DKK: EUR -1.6 million, EUR/CZK: EUR +1.5 million, EUR/RUB: EUR -38.3 million, EUR/ILS: EUR +5.2 million, EUR/LTL: EUR -0.2 million, EUR/PLN: EUR +1.5 million, EUR/SGD: EUR +0.9 million, EUR/HKD: EUR +0.2 million, EUR/KZT: EUR -5.0 million, EUR/RON: EUR +5.6 million, AUD/USD: EUR -0.3 million, GEL/USD: EUR -1.6 million, DKK/CHF: EUR -0.7 million, CNY/USD: EUR -1.6 million, TRY/USD: EUR -0.6 million.

Other disclosures

Capital management

The objective of capital management is to ensure sufficient liquidity for the Group at all times. Therefore, the Group uses external and internal financing opportunities (see Management report page 66 f.).

The net debt as well as the ratio of net debt to operating income before depreciation (OIBD) is of fundamental importance in the monitoring of the Group's capital.

Net debt/OIBD		
€m	31 Dec. 2011	31 Dec. 2012
Cash and derivative financial instruments	1,932.9	1,480.7
Interest-bearing liabilities	9,801.0	8,573.1
Non-controlling interests with put options	-97.9	-45.1
Net debt	7,770.2	7,047.3
Operating income before depreciation (OIBD)	2,320.7	2,477.2
Net debt / OIBD	3.35	2.84

In connection with credit agreements, we agreed to comply with various financial covenants, which were all met in the reporting period. The most important key financial ratios are the ratio of net debt to EBITDA and the interest coverage ratio. The EBITDA key figure is derived from the credit agreements and therefore differs from the operating income before depreciation key figure as it takes elements of the additional ordinary result and adjustments from changes in the scope of consolidation into consideration. Further explanations are given in the Management report on page 67.

Within the framework of the Group planning, compliance with the credit agreements is monitored consistently, with notification issued to the creditors on a quarterly basis. In the event of a breach of the covenants, the creditors could, under certain conditions, accelerate corresponding loans irrespective of the contractually agreed terms.

Contingent liabilities

As at the reporting date, there were contingent liabilities of €45.5 million (previous year: 34.5) in connection with 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 may 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. Regardless of this, the fiscal authorities may be of a deviating opinion in this area, which may give rise to additional tax liabilities.

Other financial commitments

The following table shows the other financial commitments of the HeidelbergCement Group.

Other financial commitments		
€m	2011	2012
Rental and leasing contracts		
Total of all leasing payments mature within 1 year	142.5	148.8
Total of all leasing payments mature within 1 to 5 years	313.0	343.4
Total of all leasing payments mature after more than 5 years	412.6	442.9
	868.10	935.1
Other financial commitments for planned investments in property, plant and equipment and financial assets	244.6	323.4

Other financial commitments are listed with their nominal values. The future rental and leasing obligations refer primarily to property and other assets used by HeidelbergCement.

Related parties disclosures

IAS 24 requires a statement concerning the most important relationships with related parties that may exert a significant influence on HeidelbergCement AG. This applies also to companies accounted for as joint ventures or associates and key management personnel.

As at 31 December 2012, Mr Ludwig Merckle, Ulm, directly and indirectly holds a 25.11 % share in HeidelbergCement AG via Spohn Cement Beteiligungen GmbH, Zossen. HeidelbergCement AG provided services with a net amount of €117,600 (previous year: 215,000) to PHOENIX Pharmahandel GmbH & Co KG, Mannheim, a company of the Merckle Group.

Business transactions with associates include revenue and other sales amounting to €14.7 million (previous year: 15.1), the procurement of goods and services amounting to €35.9 million (previous year: 22.7), and services provided amounting to €0.7 million (previous year: 0.5). Receivables amounting to €21.7 million (previous year: 23.9) and liabilities of €8.3 million (previous year: 12.0) exist in connection with these activities and financial transactions. Receivables of €0.0 million (previous year: 1.0) were impaired. In addition, capital increases of €2.0 million (previous year: 0.4) were carried out at associated companies in 2012. Guarantees of €0.9 million were outstanding to associated companies.

Intra-Group revenue and other sales with joint ventures amounted to €150.1 million (previous year: 153.3). Raw materials, goods, and other services amounting to €330.9 million (previous year: 342.5) were procured from these joint ventures. A total of €7.8 million (previous year: 7.6) was generated in financial and other services. Receivables amounting to €170.1 million (previous year: 169.4) and liabilities of €87.5 million (previous year: 74.8) exist in connection with these activities and financial transactions. In addition, capital increases of €5.4 million (previous year: 18.2) were carried out for joint ventures. These relate primarily to capital increases carried out by Heidelberger Beton GmbH in Lithonplus GmbH & Co. KG for €1.2 million, by Hanson Aggregates LLC in Terrell Materials LLC for €1.1 million and by Heidelberger Sand und Kies GmbH in Mibau Holding GmbH for €2.0 million. Guarantees of €13.4 million (previous year: 58.4) were outstanding to joint ventures.

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Supervisory Board and Managing Board

We refer to the details given in the Corporate Governance chapter of the management report (page 129 f.)

The fixed remuneration of the Managing Board changed in comparison with the previous year to €5.0 million (previous year: 4.8). The sum of short-term variable remuneration elements increased to €6.7 million (previous year: 4.5).

The members of the Managing Board are participating in the long-term bonus plan 2012–2014/15, issued for the first time in 2012. The target values for the plan are €1,188,000 for Dr. Bernd Scheifele, €810,000 for Dr. Dominik von Achten, and €630,000 for each of the other members of the Managing Board. The plan comprises two equally weighted components: the management component and the capital market component. The target value of each component amounts to €594,000 for Dr. Bernd Scheifele, €405,000 for Dr. Dominik von Achten, and €315,000 for each of the other members of the Managing Board. The reference price for the capital market component amounts to €30.45. This equates to 19,507 Performance Share Units (PSUs) for Dr. Bernd Scheifele, 13,300 PSUs for Dr. Dominik von Achten, and 10,345 PSUs for each of the other members of the Managing Board. In accordance with § 314, section 1, no. 6a, sentence 4 German Commercial Code (HGB), the fair value at the grant date must be indicated for the capital market components. For Dr. Bernd Scheifele this amounts to €482,000, for Dr. Dominik von Achten €329,000, and for each of the other members of the Managing Board €256,000.

The expenses from the long-term capital market component in accordance with IFRS 2.51a amounted to €1.3 million (previous year: 0.3), of which €348,000 (previous year: 76,500) relate to Dr. Scheifele, €214,000 (previous year: 40,500) to Dr. Dominik von Achten, and €185,000 (previous year: 40,500) relate to each of the other members of the management board. The expenses recognised relating to the long-term management component amounted to €0.6 million (previous year: 0).

According to the established bonus/penalty system during the implementation phase described within the remuneration report, one third of the target value of the first long-term bonus plan 2011-2013/14 of € 1.4 million has been paid in the financial year 2012. These amounts must be repaid to the Group or offset against future payments of variable remuneration elements if the target value is not reached.

Other remuneration elements totalled €1.3 million (previous year: 1.4). The other remuneration elements consisted of payments for committee activities at subsidiaries of HeidelbergCement AG and taxable fringe benefits consisting of the provision of company cars, driving and administration services, mobile phone and communication resources, the reimbursement of expenses, as well as insurance- and assignment-related benefits.

Total remuneration of the Managing Board in 2012 amounted to €13.9 million (previous year: 11.4).

Allocations to provisions for pensions (current service cost) for members of the Managing Board amounted to €1.8 million (previous year: 1.8). The present values of the defined benefit obligation amounted to €22.6 million (previous year: 19.9). Payments to former members of the Managing Board and their surviving dependants amounted to €3.1 million (previous year: 3.0). Provisions for pension obligations to former members of the Managing Board amounted to €27.6 million (previous year: 27.8).

The total Supervisory Board remuneration (excluding value added tax) paid for the 2012 financial year amounted to €790,978 (previous year: 803,000). Employee representatives in the Supervisory Board who are employees of the HeidelbergCement Group also received remuneration in accordance with their contracts of employment, the level of which corresponded to an equitable remuneration for the relevant functions and tasks within the Group. In addition, companies of the HeidelbergCement Group have not carried out reportable transactions of any kind with members of the Supervisory Board or of the Managing Board as persons in key positions or with companies in whose executive or governing bodies these persons are represented.

Statement of compliance with the German Corporate Governance Code

The statement of compliance with the German Corporate Governance Code required by §161 of the German Stock Company Act was submitted by the Managing Board and the Supervisory Board of HeidelbergCement AG on 9 February 2012 and updated on 28 June 2012. The statement for 2013 was published on the website www.heidelbergcement.com on 7 February 2013.

Fees of the auditor

In 2012, the auditor Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft received fees amounting to €3.9 million (previous year: 4.2).

Fees of the independent auditors		
€m	2011	2012
Audit services ¹⁾	3,1	3,2
Other assurance services	0,3	0,2
Tax services	0,5	0,4
Other services	0,3	0,1
	4,2	3,9

1) Thereof for the previous year: 2011: €0,2 million, 2012: €0,4 million €

Events occurring after the close of the 2012 financial year

On 22 February 2013, HeidelbergCement invoked its right to terminate the bonded loan issued on 20 December 2011, and will repay at par the tranche of €115.5 million with floating interest rates and an original term ending on 31 October 2016 ahead of schedule on 30 April 2013. In the context of good liquidity development and more favourable refinancing conditions on the market, this measure serves to further reduce financing costs.

Approval of the consolidated financial statements

The consolidated financial statements were prepared by the Managing Board and adopted on 13 March 2013. They were then submitted to the Supervisory Board for approval.

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List of shareholdings of HeidelbergCement Group and HeidelbergCement AG as at 31 December 2012 (§ 313, section 2, resp. § 285, no. 11 of the German Commercial Code (HGB))

Company name	Corporate seat	HC AG direct ownership %	Capital Share % ⁴⁾	Group Ownership %	Currency	Equity in million ⁵⁾	Net income in million ⁵⁾
Subsidiaries							
Western and Northern Europe							
"Exakt" Kiesaufbereitung-Gesellschaft mit beschränkter Haftung & Co. Kommanditgesellschaft *	Paderborn, DEU	100.00	100.00	100.00	EUR	1	0**
A.R.C. (Western) Limited	Maidenhead, GBR		100.00	100.00	GBP	6	0**
Abetong AB	Växjö, SWE		100.00	100.00	SEK	725	440
Alexandre Limited	Maidenhead, GBR		100.00	100.00	GBP	4	0**
Amey Group Limited (The)	Maidenhead, GBR		100.00	100.00	GBP	13	0**
Amey Roadstone International Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
Appleby Group Limited	Maidenhead, GBR		100.00	100.00	GBP	75	0**
ARC Aggregates Limited	Maidenhead, GBR		100.00	100.00	GBP	3	0**
ARC Building Limited	Maidenhead, GBR		100.00	100.00	GBP	-18	0**
ARC Concrete (Anglia) Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
ARC Concrete Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
ARC Holdings Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
ARC Land Holdings Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
ARC Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
ARC Property Investments Limited	Maidenhead, GBR		100.00	100.00	GBP	39	0**
ARC Slimline Limited	Maidenhead, GBR		100.00	100.00	GBP	-3	0**
ARC South Wales Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
ARC South Wales Mortar Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
ARC South Wales Quarries Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
ARC South Wales Surfacing Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
ARC Wales Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
Aridos Sanz S.L.	Valladolid, ESP		100.00	100.00	EUR	6	0
AS Abetong	Oslo, NOR		100.00	100.00	NOK	5	0**
Attendflower Limited	Maidenhead, GBR		100.00	100.00	GBP	1,000	0**
B.V. Betoncentrale De Schelde	Bergen op Zoom, NLD		60.00	60.00	EUR	-1	0**
B.V. Betonmortelcentrale "BEMA"	Alkmaar, NLD		66.67	66.67	EUR	0	0**
B.V. Bouwgrondstoffen A.G.M.	Amsterdam, NLD		90.00	90.00	EUR	2	0**
Baltic Saule	Riga, LVA		100.00	100.00	LVL	1	1**
Banbury Alton Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
Bath and Portland Stone (Holdings) Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
Baustoffwerke Dresden GmbH & Co. KG *	Dresden, DEU		51.00	51.00	EUR	1	1**
Beazer Insurance Services Limited	Douglas, IMN		100.00	100.00	GBP	1	0**
Beazer Limited	Maidenhead, GBR		100.00	100.00	GBP	3	0**
Beforebeam Limited	Maidenhead, GBR		100.00	100.00	GBP	400	0**
Beforeblend Limited	Maidenhead, GBR		100.00	100.00	GBP	204	0**
Berec Holdings B.V.	Amsterdam, NLD		100.00	100.00	EUR	188	12**
Beton Baguette Marcel S.A.	Bruxelles, BEL		85.46	85.43	EUR	1	0**
Betong Sör AS	Oslo, NOR		67.50	67.50	NOK	19	4**
Betongindustri AB	Stockholm, SWE		100.00	100.00	SEK	92	0
Bickleylake Limited	Maidenhead, GBR		100.00	100.00	GBP	231	224**
Birchwood Concrete Products Limited	Maidenhead, GBR		100.00	100.00	GBP	159	0**
Birchwood Omnia Limited	Maidenhead, GBR		100.00	100.00	GBP	1,012	32**
BLG Betonlieferungsgesellschaft mit beschränkter Haftung	München, DEU		100.00	100.00	EUR	5	0**
Bonny Holding Limited	Irish Town, GIB		100.00	93.94	USD	0	0**
Boons Granite Quarries Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
Brazier Aggregates Limited	Maidenhead, GBR		100.00	100.00	GBP	2	0**
Bristol Sand and Gravel Company Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
British Agricultural Services Limited	Maidenhead, GBR		100.00	100.00	GBP	345	0**
British Ever Ready Limited	Maidenhead, GBR		100.00	100.00	GBP	24	0**
Buckland Sand & Silica Company Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
Building Material Holdings B.V.	Amsterdam, NLD		100.00	100.00	EUR	1	1**

Company name	Corporate seat	HC AG direct ownership %	Capital Share % ⁴⁾	Group Ownership %	Currency	Equity in million ⁵⁾	Net income in million ⁵⁾
Bulldog Company Limited	St. Peter Port, GGY		100.00	100.00	USD	60	-1**
Butterley Brick Investments (No 2) Limited	Maidenhead, GBR		100.00	100.00	GBP	26	0**
Butterley Brick Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
C.B.R. Finance S.A.	Luxembourg, LUX		100.00	100.00	EUR	4	0**
Calumite Limited	Maidenhead, GBR		51.00	51.00	GBP	3	1**
Cantera El Hoyon, S.A.	Madrid, ESP		100.00	100.00	EUR	5	0
Canteras Mecánicas Cárcaba, S.A.	Oviedo, ESP		100.00	100.00	EUR	9	-1
Carrières d'Antoing S.A.	Tournai, BEL		100.00	100.00	EUR	14	0**
Castle Building Products Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
Castle Cement (Chatburn) Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
Castle Cement (Clyde) Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
Castle Cement (Ketton) Limited	Maidenhead, GBR		100.00	100.00	GBP	23	0**
Castle Cement (Padeswood) Limited	Maidenhead, GBR		100.00	100.00	GBP	6	0**
Castle Cement (Pitstone) Limited	Maidenhead, GBR		100.00	100.00	GBP	10	0**
Castle Cement (Ribblesdale) Limited	Maidenhead, GBR		100.00	100.00	GBP	21	0**
Castle Cement Limited	Maidenhead, GBR		100.00	100.00	GBP	152	38**
Castle Lime Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
Castle Pension Scheme Trustees Limited ⁵⁾	Maidenhead, GBR		100.00	100.00	-	-	-
CaucasusCement Holding B.V.	's-Hertogenbosch, NLD		75.00	75.00	EUR	95	0**
CBR Asset Management Belgium S.A.	Bruxelles, BEL		100.00	100.00	EUR	9	0**
CBR Baltic B.V.	's-Hertogenbosch, NLD		100.00	100.00	EUR	206	31**
CBR International Services S.A.	Bruxelles, BEL		100.00	100.00	EUR	1,337	42
CBR Portland B.V.	's-Hertogenbosch, NLD		100.00	100.00	EUR	74	0**
Cem Invest Limited ¹⁾	Irish Town, GIB		50.00	46.97	USD	3	0**
Cementa AB	Stockholm, SWE		100.00	100.00	SEK	428	1
Cementa Fastighets AB	Stockholm, SWE		100.00	100.00	SEK	0	0**
Cementum I B.V.	's-Hertogenbosch, NLD		100.00	100.00	EUR	4	-1**
Cementum II B.V.	's-Hertogenbosch, NLD		100.00	100.00	EUR	1	0**
CGF Capital B.V.	Amsterdam, NLD		100.00	100.00	EUR	0	12**
CHB Exeter Limited	Maidenhead, GBR		100.00	100.00	GBP	6	0**
CHB Group Limited	Maidenhead, GBR		100.00	100.00	GBP	609	194**
CHB P H R Limited	Maidenhead, GBR		100.00	100.00	GBP	-35	-2**
CHB Products Limited	Maidenhead, GBR		100.00	100.00	GBP	2,000	0**
Chemical Manufacture and Refining Limited	Maidenhead, GBR		100.00	100.00	GBP	5	0**
Chester Road Sand and Gravel Company Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
City of London Heliport Limited	Maidenhead, GBR		55.56	55.56	GBP	-2	0**
Civil and Marine (Holdings) Limited	Maidenhead, GBR		100.00	100.00	GBP	12	0**
Civil and Marine Limited	Maidenhead, GBR		100.00	100.00	GBP	295	20**
Civil and Marine Slag Cement Limited	Maidenhead, GBR		100.00	100.00	GBP	161	0**
Claughton Manor Brick Limited (The)	Maidenhead, GBR		100.00	100.00	GBP	0	0**
Clyde Cement Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
Coln Gravel Company Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
Conbloc Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
Cradley Special Brick Company Limited	Maidenhead, GBR		100.00	100.00	GBP	2	0**
Creamix N.V.	Bruxelles, BEL		99.50	99.46	EUR	0	0**
Creative Land Developers Limited ¹⁾	Maidenhead, GBR		50.00	50.00	GBP	0	0**
Crispway Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
Cromhall Quarries, Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
Cumbrian Industrials Limited	Maidenhead, GBR		100.00	100.00	GBP	20	0**
D. & H. Sand Supplies Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
Delmorgal Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
Desimpel Brick Limited	Maidenhead, GBR		100.00	100.00	GBP	3	0**
Devon Concrete Works, Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
DK Beton A/S	Ringsted, DNK		100.00	100.00	DKK	70	3
DK Cement A/S	Copenhagen, DNK		100.00	100.00	DKK	39	4**
DUPAMIJ Holding GmbH	Kalkar, DEU		88.00	88.00	EUR	2	0**
E & S Retail Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
E Sub Limited	Maidenhead, GBR		100.00	100.00	GBP	6	0**
Effectengage Limited	Maidenhead, GBR		100.00	100.00	GBP	264	0**

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ENCI B.V.	Maastricht, NLD		100.00	100.00	EUR	115	-4
ENCI Holding N.V.	's-Hertogenbosch, NLD		100.00	100.00	EUR	424	6**
Ensign Park Limited ¹⁾	Maidenhead, GBR		50.00	50.00	GBP	-2	0**
F.C. Precast Concrete Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
Fastighets AB Limhamns Kalkbrott	Stockholm, SWE		100.00	100.00	SEK	23	0**
Ferrersand Aggregates Limited	Maidenhead, GBR		100.00	100.00	GBP	1	0**
Formpave Holdings Limited	Maidenhead, GBR		100.00	100.00	GBP	3	0**
Formpave Limited	Maidenhead, GBR		100.00	100.00	GBP	5	0**
Fruitbat Company	Maidenhead, GBR		100.00	100.00	AUD	1,450	68**
Fulber Limited	St. Peter Port, GGY		100.00	100.00	GBP	213	0**
Garkalnes Grants SIA	Riga, LVA		100.00	100.00	LVL	3	0**
Granor S.A.S.	Loos, FRA		100.00	100.00	EUR	1	1**
Greenways Environmental and Waste Management Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
Greenwoods (St. Ives) Limited	Maidenhead, GBR		100.00	100.00	GBP	2	0**
Guidelink	Maidenhead, GBR		100.00	99.99	USD	0	0**
Habfield Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
Hanson (CGF) (No 1) Limited	Maidenhead, GBR		100.00	100.00	GBP	2,835	0**
Hanson (CGF) (No 2) Limited	Maidenhead, GBR		100.00	100.00	GBP	4,002	-1**
Hanson (CGF) Finance Limited	Maidenhead, GBR		100.00	100.00	GBP	828	9**
Hanson (CGF) Holdings Limited	Maidenhead, GBR		100.00	100.00	GBP	229	69**
Hanson (ER-No 10) Limited	Maidenhead, GBR		100.00	100.00	GBP	254	0**
Hanson (ER-No 5) Limited	Maidenhead, GBR		100.00	100.00	GBP	147	0**
Hanson (ER-No 8) Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
Hanson (ER-No 9) Limited	Maidenhead, GBR		100.00	100.00	GBP	3	0**
Hanson (FP) Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
Hanson (MR) Limited	Maidenhead, GBR		100.00	99.99	GBP	2,195	0**
Hanson (NAIL) Limited	Maidenhead, GBR		100.00	100.00	GBP	5	0**
Hanson Aggregates (North) Limited	Maidenhead, GBR		100.00	100.00	GBP	40	0**
Hanson Aggregates Belgium N.V.	Zeebrugge, BEL		100.00	100.00	EUR	10	1**
Hanson Aggregates Holding Nederland B.V.	Amsterdam, NLD		100.00	100.00	EUR	4	0**
Hanson Aggregates Limited	Maidenhead, GBR		100.00	100.00	GBP	82	0**
Hanson Aggregates Marine Limited	Maidenhead, GBR		100.00	100.00	GBP	111	8**
Hanson Aggregates Nederland B.V.	Amsterdam, NLD		100.00	100.00	EUR	0	0**
Hanson Aggregates South Wales Holdings Limited	Maidenhead, GBR		100.00	100.00	GBP	7	0**
Hanson Aggregates South Wales Limited	Maidenhead, GBR		100.00	100.00	GBP	39	0**
Hanson Aggregates UK Limited	Maidenhead, GBR		100.00	100.00	GBP	2,000	0**
Hanson America Holdings (1) Limited	Maidenhead, GBR		100.00	100.00	GBP	1,902	0**
Hanson America Holdings (2) Limited	Maidenhead, GBR		100.00	100.00	GBP	476	0**
Hanson America Holdings (3) Limited	Maidenhead, GBR		100.00	100.00	GBP	471	0**
Hanson America Holdings (4) Limited	Maidenhead, GBR		100.00	100.00	GBP	41	0**
Hanson Aruba Limited	St. Peter Port, GGY		99.99	99.99	USD	2,111	0**
Hanson Bath and Portland Stone Limited	Maidenhead, GBR		100.00	100.00	GBP	-2	0**
Hanson Batteries Limited	Maidenhead, GBR		100.00	100.00	GBP	46	0**
Hanson Blocks North Limited ¹⁾	Maidenhead, GBR		50.00	50.00	GBP	13	0**
Hanson Brick Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
Hanson Building Materials Europe Limited	Maidenhead, GBR		100.00	100.00	GBP	2,254	39**
Hanson Building Materials Limited	Maidenhead, GBR		100.00	100.00	GBP	3,204	-4**
Hanson Building Products (2003) Limited	Maidenhead, GBR		100.00	100.00	GBP	1,515	0**
Hanson Building Products Limited	Maidenhead, GBR		100.00	100.00	GBP	-54	-3**
Hanson Canada Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
Hanson Clay Products Limited	Maidenhead, GBR		100.00	100.00	GBP	15	0**
Hanson Concrete Products Limited	Maidenhead, GBR		100.00	100.00	GBP	52	0**
Hanson Crewing Services Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
Hanson Devon Limited	Shannon, IRL		100.00	100.00	USD	5,265	0**
Hanson Facing Bricks Limited	Maidenhead, GBR		100.00	100.00	GBP	248	0**
Hanson Finance (2003) Limited	Maidenhead, GBR		100.00	100.00	GBP	452	12**
Hanson Finance Limited	Maidenhead, GBR		100.00	100.00	GBP	802	-26**
Hanson Financial Services Limited	Maidenhead, GBR		100.00	100.00	GBP	98	2**
Hanson Fletton Bricks Limited	Maidenhead, GBR		100.00	100.00	GBP	32	0**

Company name	Corporate seat	HC AG direct ownership %	Capital Share % ⁴⁾	Group Ownership %	Currency	Equity in million ⁵⁾	Net income in million ⁵⁾
Hanson Foods Limited	Maidenhead, GBR		100.00	100.00	GBP	180	0**
Hanson FP Holdings B.V.	Amsterdam, NLD		100.00	100.00	EUR	387	0**
Hanson Funding (G) Limited	Maidenhead, GBR		100.00	100.00	GBP	174	0**
Hanson Germany GmbH & Co. KG *	Leinatal, DEU		100.00	100.00	EUR	1	0**
Hanson Gerrard Limited	St. Peter Port, GGY		100.00	100.00	GBP	0	0**
Hanson H4 Limited	Maidenhead, GBR		100.00	100.00	GBP	1,549	0**
Hanson H5	Maidenhead, GBR		100.00	100.00	GBP	0	0**
Hanson Hedging (Dollars) (1) Limited	Maidenhead, GBR		100.00	100.00	GBP	194	0**
Hanson Hedging (Dollars) (2) Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
Hanson Hispania, S.A.U.	Madrid, ESP		100.00	100.00	EUR	158	-14
Hanson Holdings (1) Limited	Maidenhead, GBR		100.00	100.00	GBP	38,003	61**
Hanson Holdings (2) Limited	Maidenhead, GBR		100.00	100.00	GBP	1,050	0**
Hanson Holdings (3) Limited	Maidenhead, GBR		100.00	100.00	GBP	829	0**
Hanson Holdings Limited	Maidenhead, GBR		100.00	100.00	GBP	2,008	-28**
Hanson Iceland EHF	Reykjavik, ISL		100.00	100.00	GBP	2,000	0**
Hanson Industrial (Engineering Holdings) Limited	Maidenhead, GBR		100.00	100.00	GBP	5	0**
Hanson Industrial Limited	Maidenhead, GBR		100.00	100.00	GBP	157	0**
Hanson International Holdings Limited	Maidenhead, GBR		100.00	100.00	GBP	11,302	0**
Hanson Island Management Limited	St. Peter Port, GGY		100.00	100.00	GBP	0	0**
Hanson Land Development Limited	Maidenhead, GBR		100.00	100.00	GBP	-30	0**
Hanson LHA Limited	Maidenhead, GBR		100.00	100.00	GBP	25	0**
Hanson Limited	Maidenhead, GBR		100.00	100.00	GBP	6,522	-31**
Hanson Marine Holdings Limited	Maidenhead, GBR		100.00	100.00	GBP	7	0**
Hanson Marine Limited	Maidenhead, GBR		100.00	100.00	GBP	48	0**
Hanson Overseas Corporation Limited	Maidenhead, GBR		100.00	100.00	GBP	1,887	0**
Hanson Overseas Holdings Limited	Maidenhead, GBR		100.00	100.00	GBP	17,863	-16**
Hanson Peabody Limited	Maidenhead, GBR		100.00	100.00	GBP	1,003	0**
Hanson Pioneer España, S.L.	Madrid, ESP		100.00	100.00	EUR	410	-4
Hanson Quarry Products Europe Limited	Maidenhead, GBR		100.00	100.00	GBP	39,692	42**
Hanson Quarry Products Holdings Limited	Maidenhead, GBR		100.00	100.00	GBP	42	0**
Hanson Quarry Products Overseas Limited	Maidenhead, GBR		100.00	100.00	GBP	2	0**
Hanson Quarry Products Trade Finance Limited	Maidenhead, GBR		100.00	100.00	GBP	23	0**
Hanson Quarry Products Transport Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
Hanson Quarry Products Ventures Limited	Maidenhead, GBR		100.00	100.00	GBP	43	0**
Hanson Recycling Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
Hanson Retail Limited	Maidenhead, GBR		100.00	100.00	GBP	101	0**
Hanson Ship Management Limited	St. Peter Port, GGY		100.00	100.00	GBP	0	0**
Hanson Thermalite Limited	Maidenhead, GBR		100.00	100.00	GBP	42	0**
Hanson TIS Holdings Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
Hanson TIS Limited	Maidenhead, GBR		100.00	100.00	GBP	-2	0**
Hanson Trust Limited	Maidenhead, GBR		100.00	100.00	GBP	97	0**
Hanson Trustees Limited	Maidenhead, GBR		100.00	100.00	GBP	-1	0**
Harrisons Limeworks Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
Hartsholme Property Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
HB Hotels Limited	Maidenhead, GBR		100.00	100.00	GBP	-1	0**
HC Asia Holding GmbH	Heidelberg, DEU	100.00	100.00	100.00	EUR	21	9**
HC Betons SIA	Riga, LVA		100.00	100.00	LVL	0	-1**
HC Betocon AS, Estonia	Tallinn, EST		100.00	100.00	EUR	6	1**
HC Fuels Limited	London, GBR		100.00	100.00	GBP	9	1**
HC Green Trading Limited	St. Julian's, MLT		100.00	100.00	EUR	0	0**
HC Hanson Holding B.V.	's-Hertogenbosch, NLD		100.00	100.00	EUR	326	0**
HC Italia S.R.L.	Rome, ITA		100.00	100.00	EUR	1	-1**
HC Kalkproduktionsgesellschaft Istein mbH	Efringen-Kirchen, DEU	100.00	100.00	100.00	EUR	16	-1
HC Trading B.V.	's-Hertogenbosch, NLD		100.00	100.00	EUR	14	0**
HC Trading Malta Limited	St. Julian's, MLT		100.00	100.00	USD	0	17**
HCT Holding Malta Limited	St. Julian's, MLT	100.00	100.00	100.00	USD	95	29**
Heidelberg Cement Iceland	Reykjavik, ISL		100.00	100.00	EUR	0	0**
HeidelbergCement Baustoffe für Geotechnik GmbH & Co. KG *	Ennigerloh, DEU	100.00	100.00	100.00	EUR	6	2
Heidelbergcement Canada Holding Limited	Maidenhead, GBR		100.00	100.00	CAD	4,539	112**

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Company name	Corporate seat	HC AG direct ownership %	Capital Share % ⁴⁾	Group Ownership %	Currency	Equity in million ³⁾	Net income in million ³⁾
HeidelbergCement Central Europe East Holding B.V.	's-Hertogenbosch, NLD		100.00	100.00	EUR	962	45**
HeidelbergCement Danmark A/S	Ringsted, DNK		100.00	100.00	DKK	116	2**
HeidelbergCement Finance B.V.	's-Hertogenbosch, NLD	100.00	100.00	100.00	EUR	68	68**
HeidelbergCement Finance Luxembourg S.A.	Luxembourg, LUX		100.00	100.00	EUR	3	59**
HeidelbergCement Grundstücksgesellschaft mbH & Co. KG *	Heidelberg, DEU	100.00	100.00	100.00	EUR	18	1
HeidelbergCement Holding Coöperatief U.A.	's-Hertogenbosch, NLD		100.00	100.00	EUR	1,126	31**
HeidelbergCement Holding S.A.R.L.	Luxembourg, LUX		100.00	100.00	EUR	17,758	290**
HeidelbergCement Holdings Limited	Maidenhead, GBR	100.00	100.00	100.00	GBP	2	0**
HeidelbergCement International Holding GmbH	Heidelberg, DEU	100.00	100.00	100.00	EUR	10,848	0**
HeidelbergCement Luxembourg S.A.R.L.	Luxembourg, LUX		100.00	100.00	EUR	0	0**
HeidelbergCement Mediterranean Basin Holdings S.L.	Madrid, ESP		100.00	100.00	EUR	300	6**
HeidelbergCement Miljö AB	Stockholm, SWE		100.00	100.00	SEK	28	0**
HeidelbergCement Netherlands Holding B.V.	's-Hertogenbosch, NLD		100.00	100.00	EUR	693	1**
HeidelbergCement Northern Europe AB	Stockholm, SWE		100.00	100.00	SEK	5,666	332**
HeidelbergCement Northern Europe Pumps & Trucks A/S	Ringsted, DNK		100.00	100.00	DKK	2	1**
HeidelbergCement Norway a.s.	Oslo, NOR		100.00	100.00	NOK	1,962	124**
HeidelbergCement Shared Service Centre AB	Stockholm, SWE		100.00	100.00	SEK	374	0**
HeidelbergCement Sweden AB	Stockholm, SWE		100.00	100.00	SEK	7,005	-58**
HeidelbergCement UK Holding II Limited	Maidenhead, GBR		100.00	100.00	USD	16,948	2,104**
HeidelbergCement UK Holding Limited	Maidenhead, GBR		100.00	100.00	EUR	10,285	4,290**
HeidelbergCement UK Limited	Maidenhead, GBR	100.00	100.00	100.00	GBP	80	1**
Heidelberger Beton Donau-Naab GmbH & Co. KG *	Burglengenfeld, DEU		85.00	85.00	EUR	1	1**
Heidelberger Beton GmbH	Heidelberg, DEU	100.00	100.00	100.00	EUR	19	-15**
Heidelberger Betonelemente GmbH & Co. KG *	Chemnitz, DEU		83.00	83.00	EUR	3	2**
Heidelberger Betonpumpen Rhein-Main-Nahe GmbH & Co. KG *	Frankfurt/Main, DEU		100.00	93.77	EUR	1	0**
Heidelberger Kalksandstein GmbH	Durmersheim, DEU	100.00	100.00	100.00	EUR	17	3**
Heidelberger Kalksandstein Grundstücks- und Beteiligungs-GmbH & Co. KG *	Durmersheim, DEU		100.00	100.00	EUR	17	-1**
Heidelberger Kieswerke Niederrhein GmbH	Essen, DEU		100.00	100.00	EUR	1	0**
Heidelberger Kieswerke Rhein-Ruhr GmbH	Essen, DEU		100.00	100.00	EUR	-1	0**
Heidelberger KS Beteiligungen Deutschland GmbH & Co. KG *	Heidelberg, DEU		100.00	100.00	EUR	5	0**
Heidelberger Sand und Kies GmbH	Heidelberg, DEU	100.00	100.00	100.00	EUR	76	-2**
Heidelberger Sand und Kies Handels- und Vertriebs-GmbH	Heidelberg, DEU		100.00	100.00	EUR	0	0**
HIPS (Trustees) Limited	Bedford, GBR		100.00	100.00	GBP	0	0**
HK Holdings (No 2) Limited	Maidenhead, GBR		100.00	100.00	GBP	64	0**
HK Holdings (No1) Limited	Maidenhead, GBR		100.00	100.00	GBP	28	0**
HKS Hunziker Kalksandstein AG	Brugg, CHE		100.00	100.00	CHF	10	2**
Holms Sand & Gravel Company (1985) (The)	Maidenhead, GBR		100.00	100.00	GBP	0	0**
Holms Sand & Gravel Company Limited (The)	Maidenhead, GBR		100.00	100.00	GBP	0	0**
Homes (East Anglia) Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
Hormigones y Aridos, S.A.	Bilbao, ESP		100.00	100.00	EUR	3	-1
Housemotor Limited	Maidenhead, GBR		100.00	100.00	GBP	1,544	0**
Houseprice Limited	Maidenhead, GBR		100.00	100.00	GBP	586	0**
Houerate Limited	Maidenhead, GBR		100.00	100.00	GBP	1,381	6**
HPL Albany House Developments Limited ¹⁾	Maidenhead, GBR		50.00	50.00	GBP	-1	0**
HPL Estates Limited	Maidenhead, GBR		100.00	100.00	GBP	4	0**
HPL Investments Limited	Maidenhead, GBR		100.00	100.00	GBP	403	0**
HPL Properties Limited	Maidenhead, GBR		100.00	100.00	GBP	40	0**
HPL Property Limited	Maidenhead, GBR		100.00	100.00	GBP	41	2**
HPL West London Developments Limited ¹⁾	Maidenhead, GBR		50.00	50.00	GBP	0	0**
Hurst and Sandler Limited	Maidenhead, GBR		100.00	100.00	GBP	5	0**
Imperial Foods Holdings Limited	Maidenhead, GBR		100.00	100.00	GBP	1	0**
Imperial Group Limited	Maidenhead, GBR		100.00	100.00	GBP	16	0**
Imperial Potted Shrimps Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
Imperial Seafoods Limited	Maidenhead, GBR		100.00	100.00	GBP	1	1**
Inter-Beton S.A.	Bruxelles, BEL		99.96	99.96	EUR	63	-13
International Trading and Finance (ITF) B.V.	's-Hertogenbosch, NLD		100.00	100.00	EUR	12	1**
Irvine - Whitlock Limited	Maidenhead, GBR		100.00	100.00	GBP	7	-1**
J A Crabtree & Co. Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**

Company name	Corporate seat	HC AG direct owner- ship %	Capital Share % ⁴⁾	Group Owner- ship %	Cur- rency	Equity in million ⁵⁾	Net income in million ⁵⁾
J. Riera, S.A.	Barcelona, ESP		100.00	100.00	EUR	11	-2
James Grant & Company (West) Limited	Edinburgh, GBR		100.00	100.00	GBP	2	0**
Joseph Wones (Holdings) Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
Judkins Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
K.M. Property Development Company Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
KalininCement Holding B.V.	's-Hertogenbosch, NLD		74.90	74.90	EUR	4	0**
Kazakhstan Cement Holding B.V.	's-Hertogenbosch, NLD		100.00	100.00	EUR	85	0**
Kerpen & Kerpen GmbH & Co. KG * ¹⁾	Ochtendung, DEU		30.00	30.00	EUR	0	1
Ketton Cement Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
Kieswerk Maas-Roeloffs GmbH & Co. KG	Kalkar, DEU		100.00	88.00	EUR	1	0**
Kieswerk Maas-Roeloffs Verwaltungsgesellschaft mbH	Kalkar, DEU		96.00	84.48	EUR	0	0**
Kieswerke Andresen GmbH	Damsdorf, DEU		100.00	100.00	EUR	1	0**
Kingston Minerals Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
Kivel Properties Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
Kommanditbolaget Cementen	Stockholm, SWE		100.00	100.00	SEK	209	4**
Kunda Nordic Cement Corp.	Kunda, EST		75.00	75.00	EUR	145	9
L.B. (Stewartby) Limited	Maidenhead, GBR		100.00	100.00	GBP	50	0**
Leamaat Omikron B.V.	Amsterdam, NLD		100.00	100.00	EUR	12	0**
Leca (Great Britain) Limited	Maidenhead, GBR		100.00	100.00	GBP	1	0**
Lehigh B.V.	's-Hertogenbosch, NLD		100.00	100.00	EUR	7,927	0**
Lehigh UK Limited	Maidenhead, GBR		100.00	100.00	GBP	13,307	0**
Lindustries Limited	Edinburgh, GBR		100.00	100.00	GBP	45	0**
Localdouble Limited	Maidenhead, GBR		100.00	100.00	GBP	644	0**
London Brick Company Limited	Maidenhead, GBR		100.00	100.00	GBP	22	0**
London Brick Engineering Limited	Maidenhead, GBR		100.00	100.00	GBP	2	0**
M E Sub Limited	Maidenhead, GBR		100.00	100.00	GBP	18	0**
Maatschappij tot Exploitatie van Betoncentrale De Zilvermewu MATOZ v.o.f. ¹⁾	Rotterdam, NLD		50.00	50.00	EUR	1	0**
Magnatool AB	Malmö, SWE		100.00	75.00	SEK	0	0**
Malmö-Limhamns Järnvägsaktiebolag	Stockholm, SWE		100.00	100.00	SEK	1	0**
Mantle & Llay Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
Marnee Limited	Maidenhead, GBR		100.00	100.00	GBP	54	0**
Marples Ridgway Limited	Maidenhead, GBR		100.00	100.00	GBP	-4	0**
Marples Ridgway Overseas Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
Mebin B.V.	's-Hertogenbosch, NLD		100.00	100.00	EUR	37	-9
Mebin Leeuwarden B.V.	Leeuwarden, NLD		79.79	79.79	EUR	1	0**
Meppeler Betoncentrale B.V.	Meppel, NLD		66.67	66.67	EUR	0	0**
Milton Hall (Southend) Brick Company Limited (The)	Maidenhead, GBR		100.00	100.00	GBP	1	0**
Minster Quarries Limited	Maidenhead, GBR		100.00	100.00	GBP	-1	0**
Mixconcrete Holdings Limited	Maidenhead, GBR		100.00	100.00	GBP	4	0**
Mixconcrete Limited	Maidenhead, GBR		100.00	100.00	GBP	-2	0**
Mold Tar Macadam Co.Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
Morebeat Limited	Maidenhead, GBR		100.00	100.00	GBP	123	0**
Motioneager Limited	Maidenhead, GBR		100.00	100.00	GBP	213	0**
National Brick Company Limited	Maidenhead, GBR		100.00	100.00	GBP	2	0**
National Star Brick and Tile Holdings Limited	Maidenhead, GBR		100.00	100.00	GBP	2	0**
National Star Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
NedCem Holding B.V.	's-Hertogenbosch, NLD		100.00	60.00	EUR	1	0**
Norbetong AS	Oslo, NOR		100.00	100.00	NOK	522	13
Norbetong Pumping AS	Oslo, NOR		75.50	75.50	NOK	2	1**
Norcem AS	Oslo, NOR		100.00	100.00	NOK	348	18
Nord-fosen Pukkverk AS	Steinsdalen, NOR		60.00	60.00	NOK	13	-2**
Norstone AS	Oslo, NOR		100.00	100.00	NOK	136	23
P. & B. J. Dallimore Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
Paderborner Transport - Beton - Gesellschaft mit beschränkter Haftung & Co. KG *	Paderborn, DEU		87.50	87.50	EUR	1	0**
Padyear Limited ¹⁾	Maidenhead, GBR		50.00	50.00	GBP	0	0**
Palatina Insurance Limited	Sliema, MLT		100.00	100.00	EUR	46	2**
Paperbefore Limited	Maidenhead, GBR		100.00	100.00	GBP	301	0**

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Company name	Corporate seat	HC AG direct ownership %	Capital Share % ⁴⁾	Group Ownership %	Currency	Equity in million ⁵⁾	Net income in million ⁵⁾
Pencrete Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
Penfolds Builders Merchants Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
Picon Overseas Limited	St. Peter Port, GGY		100.00	100.00	GBP	178	30**
Piedras y Derivados, S.A.	Barcelona, ESP		100.00	100.00	EUR	18	-1
PILC Limited	St. Peter Port, GGY		100.00	100.00	USD	24	0**
Pinden Plant & Processing Co. Limited (The)	Maidenhead, GBR		100.00	100.00	GBP	6	0**
Pioneer Aggregates (UK) Limited	Maidenhead, GBR		100.00	100.00	GBP	4	0**
Pioneer Asphalts (U.K.) Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
Pioneer Concrete (U.K.) Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
Pioneer Concrete Development Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
Pioneer Concrete Holdings Limited	Maidenhead, GBR		100.00	100.00	GBP	116	0**
Pioneer International Group Holdings Limited	Maidenhead, GBR		100.00	100.00	GBP	885	0**
Pioneer International Investments Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
Pioneer Investments UK Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
Pioneer Overseas Investments Limited	St. Peter Port, GGY		100.00	100.00	USD	144	0**
Pioneer Willment Concrete Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
Premix Concrete Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
Protenna AB	Stockholm, SWE		75.00	75.00	SEK	254	4**
Recem S.A.	Luxembourg, LUX		100.00	100.00	EUR	3	0**
Red Bank Manufacturing Company Limited	Maidenhead, GBR		100.00	100.00	GBP	12	0**
Redshow Limited	Maidenhead, GBR		100.00	100.00	GBP	110	0**
Renor AS	Aurskog, NOR		100.00	100.00	NOK	37	4**
Rezincote (1995) Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
Ribblesdale Cement Limited	Maidenhead, GBR		100.00	100.00	GBP	2	0**
Roads Reconstruction Limited	Maidenhead, GBR		100.00	100.00	GBP	9	0**
Roewekamp GmbH & Co. Kommanditgesellschaft *	Gelsenkirchen, DEU		100.00	100.00	EUR	1	0**
S Sub Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
S.A. CBR Asset Management	Luxembourg, LUX		100.00	100.00	EUR	0	0**
S.A. Cimenteries CBR	Bruxelles, BEL		100.00	100.00	EUR	677	-10
Sabine Limited	St. Peter Port, GGY		100.00	100.00	GBP	213	0**
Sagrex B.V.	's-Hertogenbosch, NLD		100.00	100.00	EUR	-1	0**
Sagrex Holding B.V.	's-Hertogenbosch, NLD		100.00	100.00	EUR	19	1**
Sagrex Productie B.V.	's-Hertogenbosch, NLD		100.00	100.00	EUR	4	0**
SAGREX S.A.	Bruxelles, BEL		100.00	100.00	EUR	60	11**
Sailtown Limited	Maidenhead, GBR		100.00	100.00	EUR	280	2**
Saint Hubert Investments S.A.R.L.	Luxembourg, LUX		100.00	100.00	USD	488	0**
Samuel Wilkinson & Sons Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
Sand- & Grusaktiebolag Jehander	Stockholm, SWE		100.00	100.00	SEK	145	7
Sand Supplies (Western) Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
Sandwerke Biesern GmbH	Penig, DEU		100.00	100.00	EUR	10	0**
Saunders (Ipswich) Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
Scancem Central Africa Holding 1 AB	Stockholm, SWE		100.00	100.00	SEK	259	-3**
Scancem Central Africa Holding 2 AB	Stockholm, SWE		100.00	100.00	SEK	158	0**
Scancem Central Africa Holding 3 AB	Stockholm, SWE		100.00	100.00	SEK	133	0**
Scancem Central Africa Holding 4 AB	Stockholm, SWE		100.00	100.00	SEK	131	0**
Scancem East OY AB	Helsinki, FIN		100.00	100.00	EUR	6	1**
Scancem Energy and Recovery Limited	Maidenhead, GBR		100.00	100.00	GBP	16	-2**
Scancem International a.s	Oslo, NOR		100.00	100.00	NOK	1,882	297**
Scancem International DA	Oslo, NOR		93.94	93.94	NOK	1,995	351**
Scancem International Limited	Maidenhead, GBR		100.00	100.00	GBP	18	0**
Scancem Recovery Limited	Maidenhead, GBR		100.00	100.00	GBP	16	6**
Scancem Supply Limited	Maidenhead, GBR		100.00	100.00	GBP	-2	0**
Seagoe Concrete Products Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
Second City Properties Limited	Maidenhead, GBR		100.00	100.00	GBP	12	0**
Shanon Limited Partnership	Edinburgh, GBR		100.00	99.99	USD	2	0**
Shapedirect Limited	Maidenhead, GBR		100.00	100.00	GBP	6,164	11**
SJP 1 Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
Slotcount Limited	Maidenhead, GBR		100.00	100.00	GBP	1,590	0**
Small Lots (Mix-It) Limited	Maidenhead, GBR		100.00	100.00	GBP	11	0**

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Solrec Limited	Maidenhead, GBR		100.00	100.00	GBP	8	0**
SQ Corporation Limited	Maidenhead, GBR		100.00	100.00	GBP	2,426	0**
SQ Finance No 2 Limited	Maidenhead, GBR		100.00	100.00	GBP	2,511	11**
St Edouard S.A.R.L.	Luxembourg, LUX		100.00	99.99	USD	3,288	0**
St Jude S.A.R.L.	Luxembourg, LUX		100.00	100.00	GBP	2,000	0**
ST LUKE S.A.R.L.	Luxembourg, LUX		100.00	100.00	EUR	14	0**
St Marius S.A.R.L.	Luxembourg, LUX		100.00	100.00	EUR	146	0**
St Nicolas S.A.R.L.	Luxembourg, LUX		100.00	100.00	EUR	420	0**
St Pierre S.A.R.L.	Luxembourg, LUX		100.00	99.99	USD	1	0**
Stahlsaiten Betonwerke GmbH	Ennigerloh, DEU		74.00	74.00	EUR	0	0**
Stephen Toulson & Sons Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
Stewartby Housing Association, Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
Structherm Holdings Limited	Maidenhead, GBR		100.00	100.00	GBP	2	1**
Structherm Limited	Maidenhead, GBR		100.00	100.00	GBP	2	0**
Supamix Limited	Maidenhead, GBR		100.00	100.00	GBP	6	0**
Svensk Returindustri AB	Stockholm, SWE		100.00	100.00	SEK	0	0**
Svenska Cementföreningen UPA	Stockholm, SWE		100.00	100.00	SEK	0	0**
TBG Transportbeton Kurpfalz GmbH & Co. KG *	Eppelheim, DEU		51.11	51.11	EUR	4	1**
TBH Transportbeton Hamburg GmbH & Co. KG *	Hamburg, DEU		85.00	85.00	EUR	0	-1**
The Purfleet Ship to Shore Conveyor Company Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
Thistleton Quarries Limited	Maidenhead, GBR		100.00	100.00	GBP	-1	0**
Tillotson Commercial Motors Limited	Maidenhead, GBR		100.00	100.00	GBP	-19	0**
Tillotson Commercial Vehicles Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
Tilmanstone Brick Limited	Maidenhead, GBR		100.00	100.00	GBP	7	0**
Timesound	Maidenhead, GBR		100.00	100.00	EUR	1	0**
TLQ Limited	Edinburgh, GBR		100.00	100.00	GBP	0	0**
TMC Pioneer Aggregates Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
Tunnel Cement Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
U.D.S. Holdings B.V.	Amsterdam, NLD		100.00	100.00	EUR	613	0**
UAB Gerdukas	Vilnius, LTU		70.00	70.00	LTL	7	2**
UAB Heidelberg Cement Klaipeda	Klaipeda, LTU		100.00	100.00	LTL	0	-1**
UDS (No 10)	Maidenhead, GBR		100.00	100.00	GBP	0	0**
UDS (No 3) Limited	Maidenhead, GBR		100.00	100.00	GBP	6	0**
UDS Corporation Limited	Maidenhead, GBR		100.00	100.00	GBP	365	0**
UDS Finance Limited	Maidenhead, GBR		100.00	100.00	GBP	41	0**
UDS Group Limited	Maidenhead, GBR		100.00	100.00	GBP	110	0**
UDS Holdings (1) Limited	Maidenhead, GBR		100.00	100.00	GBP	186	-1**
UGI Group Limited	Maidenhead, GBR		100.00	100.00	GBP	96	6**
United Gas Industries Limited	Maidenhead, GBR		100.00	100.00	GBP	12	0**
UralCement Holding B.V.	's-Hertogenbosch, NLD		51.00	51.00	EUR	66	0**
V.E.A. Limited	St. Peter Port, GGY		100.00	100.00	GBP	158	0**
V.O.F. "Bouwdoek Barendrecht"	Barendrecht, NLD		60.01	60.01	EUR	0	0**
Visiongrove Investments Limited	Maidenhead, GBR		100.00	100.00	GBP	6,391	0**
Visionfocus Limited	Maidenhead, GBR		100.00	100.00	GBP	360	0**
Visionrefine Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
Walhalla Kalk GmbH & Co. KG *	Regensburg, DEU	79.91	79.91	79.91	EUR	12	4
Walhalla Kalkproduktionsgesellschaft mbH	Regensburg, DEU		100.00	79.91	EUR	39	0
Welbecson Group Limited	Maidenhead, GBR		100.00	100.00	GBP	0	0**
WIKASand und Kies GmbH & Co. KG *	Bremen, DEU		100.00	100.00	EUR	0	0**
Wineholm Limited	Maidenhead, GBR		100.00	100.00	GBP	-2	0**
Subsidiaries							
Eastern Europe-Central Asia							
BayKaz Beton LLP	Almaty, KAZ		100.00	100.00	KZT	1,039	-182
BEKTAS Group LLP	Almaty, KAZ		100.00	100.00	KZT	179	-112
Betonpumpy a doprava SK a.s.	Bratislava, SVK		100.00	100.00	EUR	0	0**
BETOTECH, s.r.o.	Beroun, CZE		100.00	91.50	CZK	18	4**
BT Poznan Sp. z o.o.	Janikowo, POL		75.00	75.00	PLN	4	0**
BT Topbeton Sp. z o.o. ¹⁾	Gorzów Wielkopolski, POL		50.00	50.00	PLN	34	10**

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Calumite s.r.o.	Ostrava, CZE		100.00	51.00	CZK	120	19**
Carpat Agregate S.A.	Bucharest, ROU		100.00	100.00	RON	40	-19**
Carpat Beton S.R.L.	Bucharest, ROU		100.00	100.00	RON	79	-4**
Carpat Beton Servicii Pompe S.R.L.	Bucharest, ROU		100.00	100.00	RON	7	0**
Carpat Cemtrans S.R.L.	Bucharest, ROU		100.00	100.00	RON	14	1**
Carpacement Holding S.A.	Bucharest, ROU		100.00	100.00	RON	1,096	190
CaspiCement Limited Liability Partnership	Shetpe, KAZ		100.00	100.00	KZT	20,858	96
Caspinerud Limited Liability Partnership	Aktau, KAZ		75.10	75.10	KZT	2,397	-55
Ceskomoravsky beton, a.s.	Beroun, CZE		100.00	100.00	CZK	928	160**
Českomoravský cement, a.s.	Mokra, CZE		100.00	100.00	CZK	4,912	807
Ceskomoravsky sterk, a.s.	Mokra, CZE		100.00	100.00	CZK	1,390	96**
Closed Jointed Stock Company "Construction Materials"	Sterlitamak, RUS		100.00	51.00	RUB	3,754	163**
Góraždze Beton Sp. z o.o.	Chorula, POL		100.00	100.00	PLN	96	-9
Góraždze Cement S.A.	Chorula, POL		100.00	100.00	PLN	1,009	185
Góraždze Kruszywa Sp. z o.o.	Chorula, POL		100.00	100.00	PLN	119	13**
HeidelbergCement Georgia, Limited	Tbilisi, GEO		100.00	75.00	GEL	41	6
Joint Stock Company - Bukhtarminskaya Cement Company	Oktyabrsky village, KAZ		100.00	100.00	KZT	12,714	1,715
Kamenivo Slovakia a.s.	Bytča-Hrabové, SVK		100.00	100.00	EUR	1	0**
Limited Liability Company "HeidelbergBeton Ukraine"	Kyryvi Rih, UKR		100.00	99.97	UAH	51	0**
Limited Liability Company "KSL"	Busheve, UKR		100.00	100.00	UAH	50	-3**
Limited Liability Company "Rybalsky Quarry"	Dnepropetrovsk, UKR		100.00	100.00	UAH	14	-8**
LLC "HeidelbergGranit Ukraine"	Kyryvi Rih, UKR		100.00	99.91	UAH	31	1**
LLC "HeidelbergBeton Georgia"	Tbilisi, GEO		100.00	100.00	GEL	4	1**
LLC "HeidelbergCement Rus"	Podolsk, RUS		100.00	100.00	RUB	59	-23**
LLC "Kartuli Cementi"	Tbilisi, GEO		73.00	73.00	GEL	-16	-4**
LLC "Terjola-Quarry"	Tbilisi, GEO		100.00	100.00	GEL	2	0**
OOO Voronezhskoe Rudoupravlenije	Strelica, RUS		100.00	100.00	RUB	118	8**
OOO "Norcem Kola"	Murmansk, RUS		100.00	100.00	RUB	12	4**
OOO KaliningradCement	Kaliningrad, RUS		100.00	74.90	RUB	177	26**
Open Joint Stock Company Gurovo-Beton	Novogurovskiy, RUS		100.00	100.00	RUB	-20	-23**
Open Joint-Stock Company "Slantsy Cement Plant "Cesla"	Slantsy, RUS		99.77	99.77	RUB	1,398	-276
Precon Polska Sp.z.o.o.	Warsaw, POL		100.00	100.00	PLN	10	2**
Public Joint Stock Company "HeidelbergCement Ukraine"	Kyryvi Rih, UKR		99.73	99.73	UAH	617	-72
Recyfuel S.R.L.	Bucharest, ROU		100.00	100.00	RON	1	0**
TBG BETONMIX a. s.	Brno, CZE		66.00	66.00	CZK	312	52**
TBG BETONPUMPY MORAVA s.r.o.	Brno, CZE		90.00	84.90	CZK	22	3**
TBG Plzen Transportbeton s.r.o.	Beroun, CZE		50.10	50.10	CZK	57	9**
TBG SEVEROZAPADNI CECHY s.r.o.	Chomutov, CZE		66.00	66.00	CZK	110	9**
TBG Východní Čechy s.r.o.	Trutnov, CZE		90.00	70.04	CZK	72	13**
TBG Vysocina s.r.o.	Kozichovice, CZE		90.00	59.40	CZK	52	6**
TBG ZNOJMO s. r. o.	Dyje, CZE		100.00	66.00	CZK	50	1**
Tulacement - Limited Liability Company	Novogurovskiy, RUS		100.00	100.00	RUB	2,718	-114**

Subsidiaries							
North America							
Allied Ready Mix Concrete Limited	Vancouver, CAN		100.00	100.00	CAD	-1	-1**
Amangani S.A.	Panama City, PAN		100.00	100.00	GBP	0	0**
Amcord, Inc.	Dover, USA		100.00	100.00	USD	25	-3**
Anche Holdings Inc.	Panama City, PAN		100.00	100.00	USD	2,111	0**
Asian Carriers Inc.	Panama City, PAN		100.00	100.00	GBP	27	0**
Astravance Corp.	Panama City, PAN		100.00	100.00	GBP	44,027	0**
Beazer East, Inc.	Wilmington, USA		100.00	100.00	USD	-148	-5**
Cadman (Black Diamond), Inc.	Olympia, USA		100.00	100.00	USD	11	0**
Cadman (Rock), Inc.	Olympia, USA		100.00	100.00	USD	16	1**
Cadman (Seattle), Inc.	Wilmington, USA		100.00	100.00	USD	54	3**
Cadman Holding Co., Inc. ⁵⁾	Olympia, USA		100.00	100.00	-	-	-
Cadman, Inc.	Olympia, USA		100.00	100.00	USD	59	-2**
Calaveras Materials Inc.	Sacramento, USA		100.00	100.00	USD	112	-1**
Calaveras-Standard Materials, Inc.	Sacramento, USA		100.00	100.00	USD	37	-3**

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Campbell Concrete & Materials LLC	Austin, USA		100.00	100.00	USD	20	-20
Campbell Transportation Services LLC ⁵⁾	Austin, USA		99.00	99.00	-	-	-
Cascapedia Corporation	Panama City, PAN		100.00	100.00	GBP	0	0**
Cavenham Forest Industries LLC	Wilmington, USA		100.00	100.00	USD	6	-2**
Civil and Marine Inc.	Wilmington, USA		100.00	100.00	USD	50	0**
Commercial Aggregates Transportation and Sales LLC	Wilmington, USA		100.00	100.00	USD	2	1**
Conservation Resources Corporation ⁵⁾	Springfield, USA		100.00	100.00	-	-	-
Constar LLC	Wilmington, USA		100.00	100.00	USD	278	1**
Continental Florida Materials Inc.	Tallahassee, USA		100.00	100.00	USD	98	-18
Cowichan Corporation	Panama City, PAN		100.00	100.00	GBP	1,997	0**
Deroche Gravel Sales Limited ⁵⁾	Richmond, CAN		100.00	100.00	-	-	-
Dual Fishing Club ⁵⁾	Chicago, USA		100.00	100.00	-	-	-
EPC VA 121, LLC ⁵⁾	Richmond, USA		100.00	100.00	-	-	-
Essex NA Holdings LLC	Wilmington, USA		100.00	100.00	USD	53	0**
Ferndale Ready Mix & Gravel, Inc.	Olympia, USA		100.00	100.00	USD	22	0**
Gypsum Carrier Inc.	Panama City, PAN		100.00	100.00	GBP	55	0**
H P & P Portland, Inc. ⁵⁾	Harrisburg, USA		100.00	100.00	-	-	-
HA Properties IN, LLC ⁵⁾	Indianapolis, USA		100.00	100.00	-	-	-
HA Properties KY, LLC ⁵⁾	Frankfort, USA		100.00	100.00	-	-	-
HA Properties NY II, LLC ⁵⁾	Albany, USA		100.00	100.00	-	-	-
HA Properties NY, LLC ⁵⁾	Albany, USA		100.00	100.00	-	-	-
HA Properties SC, LLC ⁵⁾	Greenville, USA		100.00	100.00	-	-	-
HACM, Inc.	Wilmington, USA		100.00	100.00	USD	16	0**
HAMW Minerals, Inc.	Wilmington, USA		100.00	100.00	USD	9	0**
Hanson (ER-No 16) Inc. ⁵⁾	Wilmington, USA		100.00	100.00	-	-	-
Hanson Aggregates LLC	Wilmington, USA		100.00	100.00	USD	1,008	-8
Hanson Aggregates BMC, Inc.	Harrisburg, USA		100.00	100.00	USD	299	6
Hanson Aggregates Contracting, Inc. ⁵⁾	Sacramento, USA		100.00	100.00	-	-	-
Hanson Aggregates Davon LLC	Columbus, USA		100.00	100.00	USD	134	-4**
Hanson Aggregates East LLC	Wilmington, USA		100.00	100.00	USD	757	0**
Hanson Aggregates Mid-Pacific, Inc.	Wilmington, USA		100.00	100.00	USD	299	-4
Hanson Aggregates Midwest LLC	Frankfort, USA		100.00	100.00	USD	367	19
Hanson Aggregates New York LLC	Albany, USA		100.00	100.00	USD	444	26
Hanson Aggregates Pacific Southwest, Inc.	Wilmington, USA		100.00	100.00	USD	404	2**
Hanson Aggregates Pennsylvania LLC	Wilmington, USA		100.00	100.00	USD	277	16
Hanson Aggregates Properties TX, LLC ⁵⁾	Austin, USA		100.00	100.00	-	-	-
Hanson Aggregates Southeast LLC	Wilmington, USA		100.00	100.00	USD	650	5
Hanson Aggregates WRP, Inc.	Wilmington, USA		100.00	100.00	USD	80	-1**
Hanson BC Limited	Hamilton, BMU		100.00	100.00	GBP	1,035	0**
Hanson Brick America, Inc. ⁵⁾	Lansing, USA		100.00	100.00	-	-	-
Hanson Brick East, LLC	Wilmington, USA		100.00	100.00	USD	193	-20
Hanson Brick Limited	Burlington, CAN		100.00	100.00	CAD	242	5
Hanson Building Materials America LLC	Wilmington, USA		100.00	100.00	USD	1,012	0**
Hanson Canada Acquisition #1 Limited	Toronto, CAN		100.00	100.00	CAD	59	0**
Hanson Canada Acquisition #2 Limited	Toronto, CAN		100.00	100.00	CAD	33	0**
Hanson Finance America, Inc. ⁵⁾	Wilmington, USA		100.00	100.00	-	-	-
Hanson Green Limited	Hamilton, BMU		100.00	100.00	GBP	0	0**
Hanson Hardscape Products Inc.	Toronto, CAN		100.00	100.00	CAD	90	2**
Hanson Hardscape Products LLC	Wilmington, USA		100.00	100.00	USD	44	-6**
Hanson Holdings Esker, Inc.	Wilmington, USA		100.00	100.00	USD	193	-20
Hanson Marine Finance, Inc.	Sacramento, USA		100.00	100.00	USD	0	0**
Hanson Marine Operations, Inc.	Sacramento, USA		100.00	100.00	USD	9	0**
Hanson Micronesia Cement, Inc.	Wilmington, USA		100.00	100.00	USD	5	0**
Hanson Permanente Cement of Guam, Inc.	Sacramento, USA		100.00	100.00	USD	44	2**
Hanson Permanente Cement, Inc.	Phoenix, USA		100.00	100.00	USD	178	-3**
Hanson Pipe & Precast LLC	Wilmington, USA		100.00	100.00	USD	485	-74
Hanson Pipe & Precast Quebec Limited	Montreal, CAN		100.00	100.00	CAD	38	1**
Hanson Pipe & Precast, Limited	Toronto, CAN		100.00	100.00	CAD	107	10

CONSOLIDATED FINANCIAL STATEMENTS

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Consolidated statement of comprehensive income	Segment reporting/Notes to the consolidated financial statements
Consolidated statement of cash flows	Notes to the 2012 consolidated financial statements
Consolidated balance sheet	Audit opinion Responsibility statement

Company name	Corporate seat	HC AG direct ownership %	Capital Share % ⁴⁾	Group Ownership %	Currency	Equity in million ⁵⁾	Net income in million ⁵⁾
Hanson Pressure Pipe Inc.	Montreal, CAN		100.00	100.00	CAD	124	2
Hanson Pressure Pipe, Inc.	Columbus, USA		100.00	100.00	USD	76	9**
Hanson Roof Tile, Inc.	Wilmington, USA		100.00	100.00	USD	89	-14**
Hanson Structural Precast, Inc.	Los Angeles, USA		100.00	100.00	USD	59	-12**
HBMA Holdings LLC	Wilmington, USA		100.00	100.00	USD	4,200	0**
HC Trading Americas, Inc. ⁵⁾	Fort Lauderdale, USA		100.00	100.00	-	-	-
HC Trading International Inc.	Nassau, BHS		100.00	100.00	USD	18	-7
HNA Investments	Wilmington, USA		100.00	100.00	USD	5,099	0**
HP&P SE Properties SC LLC ⁵⁾	Columbia, USA		100.00	100.00	-	-	-
HP&P SE Properties VA LLC ⁵⁾	Richmond, USA		100.00	100.00	-	-	-
HSC Cocoa Property Reserve, LLC ⁵⁾	Tallahassee, USA		100.00	100.00	-	-	-
HSPP Properties BMC Ohio LLC ⁵⁾	Olympia, USA		100.00	100.00	-	-	-
HSPP Properties Idaho LLC ⁵⁾	Boise, USA		100.00	100.00	-	-	-
HSPP Properties Ohio LLC ⁵⁾	Columbus, USA		100.00	100.00	-	-	-
HSPP Properties PMA Ohio LLC ⁵⁾	Olympia, USA		100.00	100.00	-	-	-
HSPP Properties Tennessee LLC ⁵⁾	Nashville, USA		100.00	100.00	-	-	-
HSPP Properties Utah LLC ⁵⁾	Salt Lake City, USA		100.00	100.00	-	-	-
Indocement (Cayman Island) Limited	George Town, CYM		99.99	51.00	IDR	1,108	0**
Kaiser Gypsum Company, Inc.	Olympia, USA		100.00	100.00	USD	-362	-24**
KH 1 Inc.	Dover, USA		100.00	100.00	USD	259	0**
Lehigh Cement Company LLC	Wilmington, USA		100.00	100.00	USD	1,151	49
Lehigh Hanson Materials Limited	Calgary, CAN		100.00	100.00	CAD	1,467	256
Lehigh Hanson Receivables LLC	Wilmington, USA		100.00	100.00	USD	11	1**
Lehigh Hanson, Inc.	Wilmington, USA		100.00	100.00	USD	9,362	-318
Lehigh Northeast Cement Company ⁵⁾	Albany, USA		100.00	100.00	-	-	-
Lehigh Northwest Cement Company	Olympia, USA		100.00	100.00	USD	177	-5**
Lehigh Northwest Marine, LLC	Wilmington, USA		100.00	100.00	USD	3	0**
Lehigh Portland Holdings, LLC	Wilmington, USA		100.00	100.00	USD	0	0**
Lehigh Portland Investments, LLC	Wilmington, USA		100.00	100.00	USD	50	27**
Lehigh Portland New York LLC ⁵⁾	Albany, USA		100.00	100.00	-	-	-
Lehigh Realty Company	Richmond, USA		100.00	100.00	USD	2	0**
Lehigh Sherman Holdings, Inc. ⁵⁾	Wilmington, USA		100.00	100.00	-	-	-
Lehigh Southwest Cement Company	Sacramento, USA		100.00	100.00	USD	337	-6
Lehigh White Cement Company	Harrisburg, USA		51.00	51.00	USD	54	10
Lucas Coal Company, Inc. ⁵⁾	Harrisburg, USA		100.00	100.00	-	-	-
Magnum Minerals, Inc. ⁵⁾	Harrisburg, USA		100.00	100.00	-	-	-
Material Service Corporation	Wilmington, USA		100.00	100.00	USD	67	10
Material Service Foundation ⁵⁾	Springfield, USA		100.00	100.00	-	-	-
Mayco Mix Limited	Langley, CAN		100.00	100.00	CAD	0	-1**
Mays Landing Sand & Gravel Company	Trenton, USA		100.00	100.00	USD	3	-2**
Mineral and Land Resources Corporation	Wilmington, USA		100.00	100.00	USD	37	1**
Mission Valley Rock Co.	Sacramento, USA		100.00	100.00	USD	110	-1**
MLRB, Inc. ⁵⁾	Springfield, USA		100.00	100.00	-	-	-
Navastone USA, Inc.	Albany, USA		100.00	100.00	USD	0	-1**
Navastone, Inc.	Lansing, USA		100.00	100.00	USD	6	0**
PCAz Leasing, Inc.	Phoenix, USA		100.00	100.00	USD	9	0**
Permanente Cement Company ⁵⁾	Sacramento, USA		100.00	100.00	-	-	-
Pioneer International Overseas Corporation	Cardiff, VGB		100.00	100.00	USD	172	1**
Plum Run Lake, LLC ⁵⁾	Columbus, USA		100.00	100.00	-	-	-
Real Brick Products, Inc. ⁵⁾	Wilmington, USA		100.00	100.00	-	-	-
Rempel Bros. Concrete Limited	Langley, CAN		100.00	100.00	CAD	-7	-7
Rimarcal Corporation	Panama City, PAN		100.00	100.00	GBP	2,249	25**
Sherman Industries LLC	Wilmington, USA		100.00	100.00	USD	93	-11**
Sherman-Abetong, Inc. ⁵⁾	Montgomery, USA		100.00	100.00	-	-	-
Shrewsbury Properties LLC ⁵⁾	Austin, USA		100.00	100.00	-	-	-
Sinclair General Corporation	Panama City, PAN		100.00	100.00	GBP	7,096	0**
South Coast Materials Company ⁵⁾	Sacramento, USA		100.00	100.00	-	-	-
South Valley Materials, Inc.	Sacramento, USA		100.00	100.00	USD	22	1**

Company name	Corporate seat	HC AG direct ownership %	Capital Share % ⁴⁾	Group Ownership %	Currency	Equity in million ⁵⁾	Net income in million ⁵⁾
Standard Concrete Products, Inc.	Sacramento, USA		100.00	100.00	USD	14	-7**
SunCrete Rooftile, Inc. ⁵⁾	Sacramento, USA		100.00	100.00	-	-	-
Three Rivers Management, Inc. ⁵⁾	Wilmington, USA		100.00	100.00	-	-	-
Vestur Insurance (Bermuda) Limited	Hamilton, BMU		100.00	100.00	USD	0	0**
Wire Products Investment Company	Lansing, USA		100.00	100.00	USD	0	0**

Subsidiaries

Asia-Pacific

Bitumix Granite Sdn Bhd	Kuala Lumpur, MYS		100.00	100.00	MYR	12	0**
Butra HeidelbergCement Sdn Bhd	Bandar Seri Begawan, BRN		70.00	70.00	BND	22	14**
CGF Pty Limited	New South Wales, AUS		100.00	100.00	AUD	340	0**
Christies Stone Quarries Pty Limited	South Australia, AUS		100.00	100.00	AUD	0	0**
COCHIN Cements Limited	Kottayam, IND		98.72	98.72	INR	42	44**
Concrete Materials Laboratory Sdn Bhd	Kuala Lumpur, MYS		100.00	100.00	MYR	0	0**
Consolidated Quarries Pty Limited	Victoria, AUS		100.00	100.00	AUD	0	0**
Excel Quarries Pty Limited	Queensland, AUS		100.00	100.00	AUD	0	0**
Fairfield Pre-Mix Concrete Pty Limited	Victoria, AUS		100.00	100.00	AUD	0	0**
Galli Quarries Pty Limited	Victoria, AUS		100.00	100.00	AUD	36	7**
Gerak Harapan Sdn Bhd	Kuala Lumpur, MYS		70.00	70.00	MYR	5	1**
Hanson Australia (Holdings) Proprietary Limited	Victoria, AUS		100.00	100.00	AUD	1,871	70**
Hanson Australia Cement Pty Limited	New South Wales, AUS		100.00	100.00	AUD	36	7**
Hanson Australia Funding Limited	New South Wales, AUS		100.00	100.00	USD	0	0**
Hanson Australia Investments Pty Limited	New South Wales, AUS		100.00	100.00	AUD	38	8**
Hanson Australia Pty Limited	New South Wales, AUS		100.00	100.00	AUD	1,338	2**
Hanson Building Materials (S) Pte. Limited	Singapore, SGP		100.00	100.00	SGD	-1	0**
Hanson Building Materials Cartage Sdn Bhd	Kuala Lumpur, MYS		100.00	100.00	MYR	0	0**
Hanson Building Materials Industries Sdn Bhd	Kuala Lumpur, MYS		100.00	100.00	MYR	0	0**
Hanson Building Materials Malaysia Sdn Bhd	Kuala Lumpur, MYS		100.00	100.00	MYR	104	35
Hanson Building Materials Manufacturing Sdn Bhd	Kuala Lumpur, MYS		100.00	100.00	MYR	3	0**
Hanson Building Materials Production Sdn Bhd	Kuala Lumpur, MYS		100.00	100.00	MYR	79	52**
Hanson Building Materials Transport Sdn Bhd	Kuala Lumpur, MYS		100.00	100.00	MYR	1	0**
Hanson Building Materials-KTPC Sdn Bhd	Kuala Lumpur, MYS		65.00	65.00	MYR	1	0**
Hanson Building Materials-KTPC-PBPM Sdn Bhd	Kuala Lumpur, MYS		100.00	67.50	MYR	4	0**
Hanson Building Materials-PBPM Sdn Bhd	Kuala Lumpur, MYS		70.00	70.00	MYR	1	0**
Hanson Concrete (M) Sdn Bhd	Kuala Lumpur, MYS		100.00	100.00	MYR	-2	1**
Hanson Construction Materials Pty Limited	Queensland, AUS		100.00	100.00	AUD	155	53
Hanson Finance Australia Limited	Australian Capital Territory, AUS		100.00	100.00	AUD	235	-7**
Hanson Holdings (M) Sdn Bhd	Kuala Lumpur, MYS		100.00	100.00	MYR	15	17**
Hanson Investment Holdings Pte Limited	Singapore, SGP		100.00	100.00	SGD	55	12**
Hanson Landfill Services Pty Limited	Victoria, AUS		100.00	100.00	AUD	14	7**
Hanson Pacific (S) Pte Limited	Singapore, SGP		100.00	100.00	SGD	-11	0**
Hanson Precast Pty Limited	New South Wales, AUS		100.00	100.00	AUD	-5	2**
Hanson Pty Limited	Victoria, AUS		100.00	100.00	AUD	4,026	0**
Hanson Quarries Victoria Pty Limited	New South Wales, AUS		100.00	100.00	AUD	0	0**
Hanson Quarry Products (Batu Pahat) Sdn Bhd	Kuala Lumpur, MYS		100.00	100.00	MYR	1	0**
Hanson Quarry Products (EA) Sdn Bhd	Kuala Lumpur, MYS		100.00	100.00	MYR	7	0**
Hanson Quarry Products (Holdings) Sdn Bhd	Kuala Lumpur, MYS		100.00	100.00	MYR	299	74**
Hanson Quarry Products (Kluang) Sdn Bhd ⁵⁾	Kuala Lumpur, MYS		100.00	100.00	-	-	-
Hanson Quarry Products (Kuantan) Sdn Bhd	Kuala Lumpur, MYS		100.00	100.00	MYR	14	1**
Hanson Quarry Products (Kulai) Sdn Bhd	Kuala Lumpur, MYS		100.00	100.00	MYR	25	4**
Hanson Quarry Products (Land) Sdn Bhd	Kuala Lumpur, MYS		100.00	100.00	MYR	23	2
Hanson Quarry Products (Masai) Sdn Bhd	Kuala Lumpur, MYS		100.00	100.00	MYR	3	0**
Hanson Quarry Products (Northern) Sdn Bhd	Kuala Lumpur, MYS		100.00	100.00	MYR	10	0**
Hanson Quarry Products (Pengerang) Sdn Bhd	Kuala Lumpur, MYS		100.00	100.00	MYR	1	0**
Hanson Quarry Products (Perak) Sdn Bhd	Kuala Lumpur, MYS		100.00	100.00	MYR	11	2**
Hanson Quarry Products (Premix) Sdn Bhd	Kuala Lumpur, MYS		100.00	100.00	MYR	4	0**
Hanson Quarry Products (Rawang) Sdn Bhd	Kuala Lumpur, MYS		100.00	100.00	MYR	6	1**
Hanson Quarry Products (Segamat) Sdn Bhd	Kuala Lumpur, MYS		100.00	100.00	MYR	1	0**

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Hanson Quarry Products (Tempoyak) Sdn Bhd	Kuala Lumpur, MYS		100.00	100.00	MYR	-2	0**
Hanson Quarry Products (Terengganu) Sdn Bhd	Kuala Lumpur, MYS		100.00	100.00	MYR	6	0**
Hanson Quarry Products (Transport) Sdn Bhd ⁵⁾	Kuala Lumpur, MYS		100.00	100.00	-	-	-
Hanson Quarry Products Sdn Bhd	Kuala Lumpur, MYS		100.00	100.00	MYR	179	50
HCT Asia Services Pte. Limited	Singapore, SGP		100.00	100.00	SGD	1	0**
HeidelbergCement Asia Pte Limited	Singapore, SGP		100.00	100.00	SGD	11	3**
HeidelbergCement Bangladesh Limited	Chittagong, BGD		60.67	60.66	BDT	5,966	1,306
HeidelbergCement Holding HK Limited	Hong Kong, HKG		100.00	100.00	HKD	752	364**
HeidelbergCement India Limited	Gurgaon, IND		68.55	68.55	INR	8,466	308
Hymix Australia Pty Limited	New South Wales, AUS		100.00	100.00	AUD	154	15
Meghna Energy Limited	Dhaka, BGD		100.00	100.00	BDT	855	52
Pioneer Concrete (Hong Kong) Limited	Hong Kong, HKG		100.00	100.00	HKD	165	18**
Pioneer Concrete (Tasmania) Proprietary Limited	Tasmania, AUS		100.00	100.00	AUD	8	0**
Pioneer Concrete (WA) Pty Limited	Western Australia, AUS		100.00	100.00	AUD	0	0**
Pioneer Concrete Services (Malaysia) S/B ⁵⁾	Kuala Lumpur, MYS		100.00	100.00	-	-	-
Pioneer International (Labuan) Limited	Labuan, MYS		100.00	100.00	USD	1	0**
Pioneer International Holdings Pty Limited	New South Wales, AUS		100.00	100.00	AUD	1,548	26**
Pioneer North Queensland Pty Limited	Queensland, AUS		100.00	100.00	AUD	26	4**
Plentong Granite Industries Sdn Bhd	Kuala Lumpur, MYS		70.00	70.00	MYR	12	5**
PT Bahana Indonor	Jakarta, IDN		100.00	50.98	IDR	119,844	29,259**
PT Bhakti Sari Perkasa Abadi	Jakarta, IDN		100.00	50.99	IDR	4	0**
PT Dian Abadi Perkasa	Jakarta, IDN		100.00	50.98	IDR	344,260	95,075**
PT Gunung Tua Mandiri ¹⁾	Bogor, IDN		51.00	26.01	IDR	57,762	11,472**
PT Indocement Tunggal Prakarsa Tbk.	Jakarta, IDN		51.00	51.00	IDR	18,864,654	4,559,187
PT Indomix Perkasa	Jakarta, IDN		100.00	51.00	IDR	49,230	-4,054**
PT Lentera Abadi Sejahtera	Jakarta, IDN		100.00	51.00	IDR	4	0**
PT Mandiri Sejahtera Sentra (MSS)	Jakarta, IDN		100.00	50.98	IDR	64,833	-3,424**
PT Mineral Industri Sukabumi	Sukabumi, IDN		100.00	50.98	IDR	13,812	188**
PT Multi Bangun Galaxy	Lombok, IDN		100.00	50.98	IDR	1,801	283**
PT Pionirbeton Industri	Jakarta, IDN		100.00	51.00	IDR	-14,873	-13,882**
PT Sahabat Mulia Sakti	Semarang, IDN		100.00	50.98	IDR	248	-1**
Rajang Perkasa Sdn Bhd	Kuala Lumpur, MYS		60.00	60.00	MYR	2	2**
Realistic Sensation Sdn Bhd	Kuala Lumpur, MYS		70.00	70.00	MYR	5	0**
Sofinaz Holdings Sdn Bhd	Kuala Lumpur, MYS		100.00	100.00	MYR	1	0**
South Coast Basalt Pty Limited	New South Wales, AUS		100.00	100.00	AUD	2	0**
Tanah Merah Quarry Sdn Bhd	Kuala Lumpur, MYS		100.00	100.00	MYR	-13	1**
Valscot Pty Limited	New South Wales, AUS		100.00	100.00	AUD	0	0**
Waterfall Quarries Pty Limited	Victoria, AUS		100.00	100.00	AUD	0	0**
Yalkara Contracting Pty Limited	Queensland, AUS		100.00	100.00	EUR	0	0**

Subsidiaries							
Africa-Mediterranean Basin							
Calcim S.A.	Cotonou, BEN		100.00	93.94	XOF	11	-23**
Cimbenin S.A.	Cotonou, BEN		55.90	52.51	XOF	7,885	4,116**
CimBurkina S.A.	Ouagadougou, BFA		55.00	51.66	XOF	75	0**
Ciments du Togo S.A.	Lomé, TGO		99.63	93.59	XOF	9,763	2,306
Cimgabon S.A.	Libreville, GAB		75.00	70.46	XAF	5,028	-727**
Ghacem Limited	Accra, GHA		93.10	87.46	GHS	184	123
Hanson (Israel) Limited	Ramat Gan, ISR		99.98	99.98	ILS	564	88
Hanson Quarry Products (Israel) Limited	Ramat Gan, ISR		100.00	99.98	ILS	593	47**
Hanson Yam Limited Partnership	Ramat Gan, ISR		100.00	99.98	ILS	7	1**
HC MAG S.A.R.L.	Algier, DZA		70.00	70.00	DZD	2	-3**
Heidelberg Cement Afrique Service	Lomé, TGO		99.99	93.94	XOF	0	0
Interlacs S.A.R.L.	Lubumbashi, COD		70.00	70.00	CDF	300	413**
La Cimenterie de Lukala S.A.R.L.	Kinshasa, COD		55.00	55.00	CDF	17,684	8,729**
La Societe GRANUTOGO S.A.	Lomé, TGO		100.00	93.94	XOF	-128	-138**
Liberia Cement Corporation Limited	Monrovia, LBR		77.10	72.43	USD	1	-1**
Pioneer Beton Muva Umachzavot Limited	Ramat Gan, ISR		100.00	99.98	ILS	1	0**
Scantogo Mines S.A.	Lomé, TGO		100.00	93.94	XOF	10	0**

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Sierra Leone Cement Corp. Limited ¹⁾	Freetown, SLE		100.00	46.97	SLL	64,683	16,046**
Tadir Readymix Concrete (1965) Limited	Ramat Gan, ISR		100.00	100.00	ILS	0	0**
TPCC Tanzania Portland Cement Company Limited	Dar Es Salaam, TZA		69.25	65.05	TZS	213,030	61,579
West Africa Quarries Limited	Accra, GHA		100.00	87.46	GHS	1	0**

Proportionately consolidated companies

Western and Northern Europe

Betong Öst AS	Kongsvinger, NOR		50.00	50.00	NOK	19	17**
Betongtransport Öst AS	Kongsvinger, NOR		100.00	50.00	NOK	4	1**
BLG Betonlieferungsgesellschaft mbH Freising-Erding ²⁾	Freising, DEU		75.60	57.12	EUR	1	0**
BLG Transportbeton GmbH & Co. KG ²⁾	München, DEU		100.00	61.37	EUR	7	0**
CEEM Investment Fund B.V.	's-Hertogenbosch, NLD		100.00	50.00	EUR	56	11**
GAM Greifswalder Asphaltmischwerke GmbH & Co. KG	Greifswald, DEU		51.00	25.50	EUR	0	0**
GriVaLim S.A.	Bruxelles, BEL		50.00	50.00	EUR	-1	-1**
Hanse-Asphalt Gesellschaft mbH	Wismar, DEU		50.00	25.00	EUR	2	0**
Heidelberger Beton Aschaffenburg GmbH & Co. KG ²⁾	Aschaffenburg, DEU		70.95	70.95	EUR	0	1**
Heidelberger Beton Rhein-Nahe GmbH & Co. KG ²⁾	Bad Kreuznach, DEU		83.15	83.15	EUR	1	0**
Heidelberger Beton Schwandorf GmbH ²⁾	Schwandorf, DEU		67.60	57.46	EUR	0	0**
Heidelberger Beton Zwickau GmbH & Co. KG ²⁾	Zwickau, DEU		60.00	60.00	EUR	1	0**
Lithonplus GmbH & Co. KG ²⁾	Lingenfeld, DEU		60.00	60.00	EUR	28	4**
Mibau Baustoffhandel GmbH	Cadenberge, DEU		100.00	50.00	EUR	1	3**
Mibau Holding GmbH	Cadenberge, DEU		50.00	50.00	EUR	35	5**
Mibau Nederland B.V.	Venlo, NLD		100.00	50.00	EUR	0	0**
Midland Quarry Products Limited	Whitwick, GBR		50.00	50.00	GBP	54	6**
Norsk Stein A/S	Jelsa, NOR		100.00	50.00	NOK	297	-33**
Purfleet Aggregates Limited	Maidenhead, GBR		50.00	50.00	GBP	0	0**
Reederei Hans Jürgen Hartmann MS "Beltnes" GmbH & Co. KG	Cadenberge, DEU		50.00	50.00	EUR	9	2**
Reederei Hans-Jürgen Hartmann MS "Bulknes" GmbH & Co. KG	Cadenberge, DEU		50.00	50.00	EUR	9	2**
Rostocker Zementumschlagsgesellschaft mbH	Rostock, DEU		100.00	50.00	EUR	0	0**
RSA Betongpumping AS	Kongsvinger, NOR		100.00	50.00	NOK	1	-1**
Sola Betong AS	Tananger, NOR		33.33	33.33	NOK	11	3**
Specialstabilisering i Stockholm AB	Stockholm, SWE		50.00	50.00	SEK	0	0**
Splitt Chartering Aps	Aabenraa, DNK		100.00	50.00	DKK	23	18**
Stema Shipping (UK) Limited	Tilbury, GBR		100.00	50.00	GBP	1	0**
Stema Shipping A/S	Aabenraa, DNK		100.00	50.00	DKK	302	-35**
Stema Shipping S.A.R.L.	Le Treport, FRA		100.00	50.00	EUR	0	0**
TBG Transportbeton Franken GmbH & Co. KG ²⁾	Fürth, DEU		51.00	51.00	EUR	1	1**
TBG Transportbeton GmbH & Co. KG Naabbeton	Nabburg, DEU		50.00	50.00	EUR	1	1**
TBG Transportbeton Mainfranken GmbH & Co. KG ²⁾	Sand am Main, DEU		57.00	57.00	EUR	2	0**
TBG Transportbeton Oder-Spree GmbH & Co. KG	Wriezen, DEU		50.00	50.00	EUR	2	0**
TBG Transportbeton Saalfeld GmbH & Co. KG ²⁾	Saalfeld, DEU		56.67	56.67	EUR	0	0**
Trapobet Transportbeton GmbH Kaiserslautern Kommanditgesellschaft	Kaiserslautern, DEU		50.00	50.00	EUR	1	1**
UTE Adossat	Barcelona, ESP		33.33	33.33	EUR	1	0
UTE Port	Barcelona, ESP		33.33	33.33	EUR	1	0**
Wetterauer Lieferbeton GmbH & Co. KG ²⁾	Bad Nauheim, DEU		57.50	57.50	EUR	1	1**
WIKING Baustoff- und Transport GmbH & Co. Kommanditgesellschaft	Soest, DEU		50.00	50.00	EUR	0	0**

Proportionately consolidated companies

Eastern Europe-Central Asia

Duna-Dráva Cement Kft.	Vác, HUN		50.00	50.00	HUF	47,185	84
Dunai Kavicsüzem Kft.	Vác, HUN		100.00	50.00	HUF	1,485	-208**
Faber Kavics Kft.	Budapest, HUN		100.00	50.00	HUF	34	22**
Mibau Polska Sp. z o.o.	Gdansk, POL		100.00	50.00	PLN	1	-3**
PISKOVNY MORAVA spol. s.r.o.	Brno, CZE		50.00	50.00	CZK	44	9**
Pražské betonpumpy a doprava s.r.o.	Praha, CZE		83.00	50.00	CZK	32	2**
TBG BH d.o.o.	Kakanj, BIH		100.00	46.64	BAM	12	0**
TBG Doprastav, a.s.	Bratislava, SVK		60.00	50.00	EUR	10	-1**

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TBG Dunakeszi Transportbetongyarto es Forgalmazó Kft.	Dunakeszi, HUN		50.00	25.00	HUF	88	-16**
TBG Hungaria-Beton Befektető, Gyarto es Forgalmazó Kft.	Vác, HUN		100.00	50.00	HUF	2,633	-572**
TBG METROSTAV s.r.o.	Praha, CZE		50.00	50.00	CZK	470	70**
TBG Prazske malty, s.r.o.	Praha, CZE		100.00	50.00	CZK	89	22**
TBG SWIETELSKY s.r.o. ²⁾	Ceske Budejovice, CZE		51.00	51.00	CZK	30	4**
Tvornica cementa Kakanj dionicko drustvo	Kakanj, BIH		93.27	46.64	BAM	155	9
Vltavske sterkopisky s.r.o.	Chlumin, CZE		50.00	50.00	CZK	121	10**

Proportionately consolidated companies

North America

Able Concrete Holdings Limited ⁵⁾	Winnipeg, CAN		100.00	50.00	-	-	-
Able Concrete Limited	Winnipeg, CAN		100.00	50.00	CAD	1	0**
ABM Concrete Limited	Winnipeg, CAN		100.00	50.00	CAD	1	0**
All-Star Concrete (2011) Limited	Winnipeg, CAN		100.00	50.00	CAD	0	0
Bless Concern Limited	Tortola, VGB		100.00	50.00	HKD	-1	0**
Boom Victory Investments Limited	Tortola, VGB		50.00	25.00	HKD	-9	-6**
BP General Partner Limited ^{2) 5)}	Winnipeg, CAN		100.00	100.00	-	-	-
Building Products & Concrete Supply Limited Partnership	Winnipeg, CAN		50.00	50.00	CAD	19	0**
China Century Cement Limited	Hamilton, BMU		50.00	50.00	HKD	211	-14**
Concrete Pipe & Precast, LLC	Wilmington, USA		50.00	50.00	USD	87	-2
Enmore Limited	Tortola, VGB		100.00	50.00	HKD	4	4**
Fast Fortune Limited	Tortola, VGB		50.00	25.00	HKD	1	0**
Fortune Hover Limited	Tortola, VGB		28.20	14.10	HKD	0	0**
Forward Move	Tortola, VGB		100.00	50.00	HKD	5	7**
Fu Cheong Limited	Tortola, VGB		100.00	50.00	HKD	12	15**
Guangzhou Investments (Industries) Co. Limited	Tortola, VGB		100.00	50.00	HKD	23	0**
K.Wah Materials and Development (Huidong) Co. Limited	Tortola, VGB		100.00	25.00	HKD	0	0**
Kin Hing Concrete (H.K.) Company Limited	Tortola, VGB		100.00	25.00	HKD	0	0**
Master Win Group	Tortola, VGB		100.00	50.00	HKD	0	0**
Moving Up International Limited	Tortola, VGB		100.00	50.00	HKD	3	0**
New Grand Global Limited	Tortola, VGB		100.00	50.00	HKD	-4	0**
Parsons Creek Aggregates	Fort McMurray, CAN		50.00	50.00	CAD	7	1**
Rocket Growth Limited	Tortola, VGB		100.00	50.00	HKD	0	0**
Texas Lehigh Cement Company LP	Austin, USA		50.00	50.00	USD	38	32
True Honour Enterprises Limited	Tortola, VGB		100.00	50.00	HKD	0	0**
Two Rivers Cement LLC	Dover, USA		50.00	50.00	USD	11	-1**

Proportionately consolidated companies

Asia-Pacific

AHK Aggregates Limited	Hong Kong, HKG		63.50	31.75	HKD	1	2**
AHK Concrete Limited	Hong Kong, HKG		50.00	25.00	HKD	1	0**
Alliance Construction Materials Limited	Hong Kong, HKG		50.00	50.00	HKD	106	31**
Anderson Concrete Limited	Hong Kong, HKG		100.00	50.00	HKD	278	209**
Asia Stone Co. Limited	Hong Kong, HKG		100.00	50.00	HKD	79	46**
Australian Admixture Corporation Pty Limited	Queensland, AUS		100.00	25.00	AUD	0	0**
Australian Kaolite Company Pty Limited	Queensland, AUS		100.00	25.00	AUD	0	0**
Australian Steel Mill Services Pty Limited	New South Wales, AUS		50.00	12.50	AUD	21	-3**
Cement Australia (Coal) Pty Limited	Victoria, AUS		100.00	25.00	AUD	0	0**
Cement Australia (Darra) Pty Limited	Queensland, AUS		100.00	25.00	AUD	4	1**
Cement Australia (Exploration) Pty Limited	Queensland, AUS		100.00	25.00	AUD	-11	0**
Cement Australia (Goliath) Pty Limited	Tasmania, AUS		100.00	25.00	AUD	342	35**
Cement Australia (Kandos) Pty Limited	Victoria, AUS		100.00	25.00	AUD	2	-58**
Cement Australia (Queensland Transport) Pty Limited	Queensland, AUS		100.00	25.00	AUD	10	0**
Cement Australia (Queensland) Pty Limited	Victoria, AUS		100.00	25.00	AUD	104	45**
Cement Australia Holdings Pty Limited	New South Wales, AUS		25.00	25.00	AUD	479	67**
Cement Australia Packaged Products (Qld) Pty Limited	Queensland, AUS		100.00	25.00	AUD	29	1**
Cement Australia Packaged Products Pty Limited	Victoria, AUS		100.00	25.00	AUD	42	4**
Cement Australia Partnership	New South Wales, AUS		25.00	25.00	AUD	52	63**
Cement Australia Pty Limited	Victoria, AUS		25.00	25.00	AUD	0	0**

Company name	Corporate seat	HC AG direct ownership %	Capital Share % ⁴⁾	Group Ownership %	Currency	Equity in million ⁵⁾	Net income in million ⁵⁾
Cementco Investments Pty Limited	Queensland, AUS		100.00	25.00	AUD	44	0**
Cementco Steel Pty Limited	Queensland, AUS		100.00	25.00	AUD	22	4**
Central Milling Facility Management Pty Limited	Victoria, AUS		100.00	18.75	AUD	0	0**
Central Milling Facility Unincorporated JV	New South Wales, AUS		85.00	21.25	AUD	0	0**
Centre Full Enterprises Limited	Hong Kong, HKG		100.00	50.00	HKD	-115	6**
Century Cement Trading Company Limited	Hong Kong, HKG		100.00	50.00	HKD	1	0**
Concrete Services Limited	Hong Kong, HKG		100.00	50.00	HKD	3	0**
Double Crown Investment Limited	Hong Kong, HKG		100.00	50.00	HKD	0	0**
Easy Point Industrial Limited	Hong Kong, HKG		50.00	50.00	HKD	-3	1**
Ecocem Pty Limited	New South Wales, AUS		50.00	12.50	AUD	20	8**
Flyash Australia Pty Limited	New South Wales, AUS		50.00	12.50	AUD	5	4**
Geocycle Pty Limited	Queensland, AUS		100.00	25.00	AUD	-6	1**
Geocycle SBF Pty Limited	Victoria, AUS		100.00	25.00	AUD	13	1**
Guangdong Yue Sheng Concrete Co. Limited	Guangzhou, CHN		90.00	45.00	CNY	8	0**
Guangdong Yuequn Concrete Co. Limited	Guangzhou, CHN		90.00	45.00	CNY	18	3**
Guangzhou Asia Stone Trading Co. Limited	Guangzhou, CHN		100.00	50.00	CNY	1	0**
Guangzhou Cement Factory	Guangzhou, CHN		70.00	35.00	CNY	240	8**
Guangzhou Heidelberg Yuexiu Cement Company Limited	Guangzhou, CHN		90.00	45.00	CNY	1,075	115**
Guangzhou Heidelberg Yuexiu Enterprise Management Consulting Company Limited	Guangzhou, CHN		100.00	50.00	CNY	3	1**
Guangzhou Yue Xiu Concrete Company Limited	Guangzhou, CHN		100.00	39.13	CNY	18	-11**
Guangzhou-Zhujiang Cement Company Limited	Guangzhou, CHN		71.00	35.50	CNY	1,045	78**
Holkem Pty Limited	Queensland, AUS		100.00	25.00	AUD	18	-1**
Huadu Cement Limited	Guangzhou, CHN		50.00	25.00	CNY	24	-123**
Jidong Heidelberg (Fufeng) Cement Company Limited	Baoji, CHN		48.11	48.11	CNY	575	-6**
Jidong Heidelberg (Jingyang) Cement Company Limited	Xianyang City, CHN		50.00	50.00	CNY	647	66**
K.Wah Materials (Huidong) Limited	Huizhou City, CHN		100.00	25.00	HKD	0	0**
Kandos Collieries Pty Limited	New South Wales, AUS		100.00	25.00	AUD	-1	0**
Kimbolton Coal Company Pty Limited	Victoria, AUS		100.00	25.00	AUD	3	-1**
KWP Quarry Co. Limited	Hong Kong, HKG		36.50	18.25	HKD	19	13**
Lytton Unincorporated Joint Venture	Queensland, AUS		50.00	50.00	AUD	0	0**
Master Jet Industrial Limited	Hong Kong, HKG		100.00	50.00	HKD	0	5**
Melbourne Cement Facilities Unincorporated Joint Venture	Victoria, AUS		50.00	12.50	AUD	0	0**
Multi-Way Industries Limited	Hong Kong, HKG		50.00	25.00	HKD	75	45**
Pacific Lime Pty Limited	Queensland, AUS		100.00	25.00	AUD	0	0**
Pioneer Quarries (CSC) Limited	Hong Kong, HKG		100.00	50.00	HKD	16	-6**
Pioneer Quarries (Hong Kong) Limited	Hong Kong, HKG		100.00	50.00	HKD	41	8**
Pozzolanic Australia Pty Limited	Queensland, AUS		100.00	25.00	AUD	-2	0**
Pozzolanic Enterprises Pty Limited	Queensland, AUS		100.00	25.00	AUD	67	3**
Pozzolanic Holdings Pty Limited	Queensland, AUS		100.00	25.00	AUD	30	0**
Pozzolanic Industries Pty Limited	Queensland, AUS		100.00	25.00	AUD	5	0**
Ready Mixed Concrete (Tianhe) Limited	Hong Kong, HKG		100.00	50.00	HKD	0	0**
Shek O Quarry Limited	Hong Kong, HKG		100.00	50.00	HKD	-15	-9**
Shine Bonus International	Hong Kong, CHN		100.00	25.00	HKD	-1	0**
Squareal Cement Limited	Hong Kong, HKG		50.00	50.00	HKD	146	11**
Tai On Quarry Limited	Hong Kong, HKG		92.50	46.25	HKD	-24	0**
The Cornwall Coal Company Pty Limited	Tasmania, AUS		100.00	25.00	AUD	11	0**
Yue Chi Cement Company Limited	Hong Kong, HKG		50.00	25.00	HKD	12	8**
Yue Xiu Concrete Company Limited	Hong Kong, HKG		75.00	18.75	HKD	51	31**
Zhuhai Guishan Reclamation Project Co. Limited	Zhuhai, CHN		100.00	50.00	HKD	0	0**
Proportionately consolidated companies							
Africa-Mediterranean Basin							
Akçansa Çimento Sanayi ve Ticaret A.S.	Istanbul, TUR		39.72	39.72	TRY	640	127
Karcimsa Cimento San.Ve Tic. A.S.	Karabük, TUR		51.00	20.26	TRY	28	2
Associated companies							
Western and Northern Europe							
B.V. Mortel Installatie Assen 'M.I.A.' ^{1,2)}	Assen, NLD		66.67	66.67	EUR	1	0**

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BetonMarketing Nordost Gesellschaft für Bauberatung und Marktförderung mbH ³⁾	Hannover, DEU	50.00	50.00	50.00	EUR	0	0**
Betonmortelcentrale De Mark B.V.	Breda, NLD		28.57	28.57	EUR	1	0**
Betonmortelfabriek Tilburg Bemoti B.V.	Tilburg, NLD		38.67	38.67	EUR	-1	-1**
Betonpumpendienst Simonis GmbH & Co. KG ²⁾	Ubstadt-Weiher, DEU		100.00	56.74	EUR	3	0**
Betonpumpen-Service Niedersachsen GmbH & Co. KG ³⁾	Hannover, DEU		50.00	50.00	EUR	0	0**
Betotech GmbH & Co. KG ²⁾	Heidelberg, DEU		100.00	100.00	EUR	0	0**
Betotech GmbH, Baustofftechnisches Labor ²⁾	Eppelheim, DEU		100.00	59.31	EUR	0	0**
Betotech GmbH, Baustofftechnisches Labor ²⁾	Nabburg, DEU		89.42	61.85	EUR	0	0**
betotech München GmbH & Co. KG ²⁾	München, DEU		100.00	62.12	EUR	0	0**
Betuwe Beton B.V. ³⁾	Tiel, NLD		100.00	50.00	EUR	1	0**
BÜG Beton-Überwachung GmbH ²⁾	Leimen, DEU		100.00	100.00	EUR	0	0**
BVS Beton-Vertrieb-Südbayern GmbH & Co. KG ²⁾	Rohrdorf, DEU		100.00	61.37	EUR	2	0**
Condroz Béton S.A. ²⁾	Bruxelles, BEL		100.00	66.99	EUR	0	0**
Cugla B.V. ³⁾	Breda, NLD		50.00	50.00	EUR	6	3**
Demula N.V. ³⁾	Laarne, BEL		99.34	50.00	EUR	1	1**
Donau Kies GmbH & Co. KG ²⁾	Plattling, DEU		75.00	75.00	EUR	5	1**
DONAU MÖRTEL - GmbH & Co. KG ³⁾	Neuburg a. Inn, DEU		50.00	50.00	EUR	0	0**
Eemshaven Betoncentrale v.o.f.	Groningen, NLD		50.00	33.16	EUR	0	0**
Ernst Marschall GmbH & Co. KG Kies- und Schotterwerke	Kressbronn, DEU		20.50	20.50	EUR	4	0**
Fertigbeton (FBU) GmbH & Co. Kommanditgesellschaft Unterwittbach ²⁾	Unterwittbach, DEU		57.14	57.14	EUR	0	0**
Gebrüder Willersinn Industriesandwerk GmbH & Co. KG	Raunheim, DEU		33.33	33.33	EUR	2	0**
GENAMO Gesellschaft zur Entwicklung des Naherholungsgebietes Misburg-Ost mbH ³⁾	Hannover, DEU	50.00	50.00	50.00	EUR	0	0**
H.H. & D.E. Drew Limited	New Milton, GBR		49.00	49.00	GBP	11	1**
Hafenbetriebsgesellschaft mbH & Co. KG Stade ³⁾	Stade, DEU		50.00	50.00	EUR	1	0**
Heidelberger Beton Donau-Iller GmbH & Co. KG ²⁾	Elchingen, DEU		50.48	50.48	EUR	1	0**
Heidelberger Beton GmbH & Co. Stuttgart KG	Remseck a. N., DEU		33.33	33.33	EUR	0	-1**
Heidelberger Beton Grenzland GmbH & Co. KG ³⁾	Marktredwitz, DEU		50.00	50.00	EUR	1	1**
Heidelberger Beton Karlsruhe GmbH & Co. KG	Karlsruhe, DEU		41.25	41.25	EUR	1	0**
Heidelberger Beton Personal-Service GmbH ²⁾	Heidelberg, DEU		100.00	100.00	EUR	0	0
Heidelberger Fließestrich München GmbH ²⁾	München, DEU		100.00	61.37	EUR	0	0
Heidelberger Fließestrich Südwest GmbH ²⁾	Eppelheim, DEU		100.00	59.54	EUR	0	0**
Hessisches Bausteinwerk Dr. Blasberg GmbH & Co. KG	Mörfelden-Walldorf, DEU		47.08	47.08	EUR	4	1**
Humber Sand and Gravel Limited ³⁾	Egham, GBR		50.00	50.00	GBP	0	0**
ISAR-DONAU MÖRTEL-GmbH & Co. KG	Passau, DEU		33.33	33.33	EUR	0	0**
Joyce Green Aggregates Limited ³⁾	Dartford, GBR		50.00	50.00	GBP	0	0**
Kalksandsteinwerke Birkenmeier Gesellschaft mit beschränkter Haftung	Breisach am Rhein, DEU		40.00	40.00	EUR	3	1**
KANN Beton GmbH & Co. KG ³⁾	Bendorf, DEU		50.00	50.00	EUR	2	0**
Kieswerk Langsdorf GmbH ²⁾	Langsdorf, DEU		100.00	62.45	EUR	2	0**
Kieswerke Flemmingen GmbH ²⁾	Penig, DEU		54.00	54.00	EUR	2	1**
Kronimus Aktiengesellschaft	Iffezheim, DEU	24.90	24.90	24.90	EUR	17	1**
Kronimus SAS	Metz, FRA		100.00	43.60	EUR	5	0**
KVB Kies- Vertrieb GmbH & Co. KG	Karlsdorf-Neuthard, DEU		22.13	22.13	EUR	0	0**
MDB Mörteldienst GmbH & Co. KG Berlin-Brandenburg ²⁾	Berlin, DEU		100.00	90.00	EUR	0	0**
MDF MÖRTEL- UND ESTRICH-DIENST FRANKEN GmbH & Co. KG	Nürnberg, DEU		52.00	26.52	EUR	0	0**
Mendip Rail Limited ³⁾	Markfield, GBR		50.00	50.00	GBP	4	1**
MERMANS BETON N.V.	Arendonk, BEL		50.00	49.98	EUR	0	-1**
Misburger Hafengesellschaft mit beschränkter Haftung	Hannover, DEU	39.66	39.66	39.66	EUR	1	0**
Mittelschwäbische Transport- und Frischbeton- Gesellschaft mit beschränkter Haftung & Co. Kommanditgesellschaft	Thannhausen, DEU		30.23	30.23	EUR	0	0**
MM MAIN-MÖRTEL GmbH & Co. KG ²⁾	Aschaffenburg, DEU		84.19	59.74	EUR	0	0**
NCD Nederlandse Cement Deelnemingsmaatschappij B.V.	Nieuwegein, NLD	36.88	36.88	36.88	EUR	1	1**
Nederlands Cement Transport Cetra B.V. ³⁾	Amsterdam, NLD		50.00	50.00	EUR	2	0**
New Milton Concrete Limited	New Milton, GBR		100.00	49.00	GBP	1	0**
North Tyne Roadstone Limited ³⁾	Wolverhampton, GBR		50.00	50.00	GBP	1	0**

Company name	Corporate seat	HC AG direct owner- ship %	Capital Share % ⁴⁾	Group Owner- ship %	Cur- rency	Equity in million ⁵⁾	Net income in million ⁵⁾
Pack2pack Renor AS ³⁾	Björkelangen, NOR		50.00	50.00	NOK	0	-1**
Partenreederei H.-J. Hartmann - MS Stones	Cadenberge, DEU		30.00	15.00	EUR	-4	1**
Peene Kies GmbH	Jarmen, DEU		24.90	24.90	EUR	4	0**
Peters Cementoverslagbedrijf B.V. Den Hout	Breda, NLD		46.30	30.86	EUR	1	0**
Raunheimer Sand- und Kiesgewinnung Blasberg GmbH & Co. KG	Raunheim, DEU		23.53	23.53	EUR	1	0**
Rederij Cement-Tankvaart B.V. ²⁾	Terneuzen, NLD		66.66	66.66	EUR	5	0**
S.A. Cimescaut	Tournai, BEL		34.02	34.02	EUR	25	0**
SAFA GmbH & Co. KG	Baden-Baden, DEU	48.70	48.70	48.70	EUR	1	3**
SBU Sandwerke Dresden GmbH	Dresden, DEU		24.00	24.00	EUR	2	0**
Schwaben Mörtel GmbH u. Co. KG	Stuttgart, DEU		30.00	30.00	EUR	0	0**
Shire Business Park Limited ³⁾	London, GBR		50.00	50.00	GBP	0	0**
Smiths Concrete Limited	Oxford, GBR		49.00	49.00	GBP	8	1**
SMW Sand und Mörtelwerk GmbH & Co. KG ²⁾	Niederlehme, DEU		100.00	100.00	EUR	1	0**
Solent Industrial Estates Limited	New Milton, GBR		81.50	39.94	GBP	3	0**
Steengoed Projecten CVBA ⁵⁾	Tongeren, BEL		19.29	19.29	-	-	-
Südbayerisches Portland-Zementwerk Gebr. Wiesböck & Co. GmbH	Rohrdorf, DEU	23.90	25.33	24.25	EUR	268	17**
Tangen Eiendom AS ³⁾	Brevik, NOR		50.00	50.00	NOK	20	2**
TBG Bayerwald Transportbeton GmbH & Co. KG ³⁾	Straubing, DEU		50.00	50.00	EUR	0	0**
TBG Deggenendorfer Transportbeton GmbH	Deggendorf, DEU		33.33	33.33	EUR	1	0**
TBG Ilm-Beton GmbH & Co. KG ²⁾	Arnsdorf, DEU		55.00	55.00	EUR	1	0**
TBG KANN Beton Guben GmbH & Co. KG ³⁾	Guben, DEU		50.00	50.00	EUR	0	0**
TBG Pegnitz-Beton GmbH & Co. KG	Hersbruck, DEU		28.00	28.00	EUR	0	0**
TBG Rott Kies und Transportbeton GmbH	Kelheim, DEU		24.00	20.40	EUR	1	0**
TBG Saale-Beton GmbH & Co. KG	Hammelburg, DEU		76.00	43.32	EUR	1	0**
TBG Transportbeton Aue-Schwarzenberg GmbH & Co. KG ²⁾	Schwarzenberg, DEU		90.00	54.00	EUR	0	0**
TBG Transportbeton Bad Mergentheim GmbH & Co. KG	Bad Mergentheim, DEU		66.67	38.00	EUR	0	0**
TBG Transportbeton Caprano GmbH & Co. KG ³⁾	Pirmasens, DEU		50.00	50.00	EUR	0	0**
TBG Transportbeton Elsenz GmbH & Co. KG ²⁾	Bammental, DEU		100.00	51.11	EUR	0	0**
TBG Transportbeton Elster-Spree GmbH & Co. KG ²⁾	Cottbus, DEU		60.00	60.00	EUR	1	0**
TBG Transportbeton Gemmingen GmbH & Co. KG	Gemmingen, DEU		36.00	18.40	EUR	0	0**
TBG Transportbeton Gesellschaft, Eck-Beton, Eck GmbH & Co. KG	Bad Windsheim, DEU		50.00	28.50	EUR	0	0**
TBG Transportbeton Glöckle GmbH & Co. KG	Grafenrheinfeld, DEU		55.00	31.35	EUR	0	0**
TBG Transportbeton GmbH & Co. KG Betonpumpendienst ²⁾	Nabburg, DEU		68.41	52.54	EUR	1	1**
TBG Transportbeton GmbH & Co. Kommanditgesellschaft INN-BETON	Altötting, DEU		52.58	29.24	EUR	1	1**
TBG Transportbeton GmbH & Co. KG Lohr-Beton ³⁾	Lohr a. Main, DEU		50.00	50.00	EUR	0	0**
TBG Transportbeton Haidenaab GmbH & Co. KG	Weiden i. d. OPf., DEU		75.00	37.50	EUR	0	0**
TBG Transportbeton Herzog GmbH & Co. KG	Oberviechtach, DEU		50.00	25.00	EUR	0	0**
TBG Transportbeton Meier GmbH & Co. KG ³⁾	Wilkau-Haßlau, DEU		50.00	50.00	EUR	0	0**
TBG Transportbeton Mittweida GmbH & Co. KG	Mittweida, DEU		40.00	40.00	EUR	0	0**
TBG Transportbeton Pfaffenhofen GmbH & Co. KG	Pfaffenhofen, DEU		35.61	35.61	EUR	0	0**
TBG Transportbeton Reichenbach GmbH & Co. KG ²⁾	Reichenbach, DEU		70.00	70.00	EUR	1	0**
TBG Transportbeton Rhein-Donau-Raum GmbH & Co. KG	Singen, DEU		36.90	36.90	EUR	0	0**
TBG Transportbeton Schleiz GmbH & Co. KG ³⁾	Schleiz, DEU		50.00	50.00	EUR	0	0**
TBG Transportbeton Selb GmbH & Co. KG	Selb, DEU		33.33	33.33	EUR	0	0**
TBG Transportbeton Weiden GmbH & Co. KG	Weiden i. d. OPf., DEU		75.00	37.50	EUR	0	0**
TBG Transportbeton Werner GmbH & Co. KG	Dietfurt a.d. Altmühl, DEU		50.00	42.50	EUR	0	0**
TBM Transportbeton-Gesellschaft mbH Marienfeld & Co. Kommanditgesellschaft ²⁾	Marienfeld, DEU		75.00	64.69	EUR	0	0**
Trans CBR S.A. ²⁾	Bruxelles, BEL		100.00	100.00	EUR	1	0**
Transbeton Gesellschaft mit beschränkter Haftung & Co. Kommanditgesellschaft	Löhne, DEU		26.81	26.81	EUR	1	1**
Transportbeton - Gesellschaft m.b.H. 'Garant' & Co., Kommanditgesellschaft	Bad Salzungen, DEU	30.00	30.00	30.00	EUR	1	0**
Transportbeton Amberg-Sulzbach GmbH & Co. KG	Amberg, DEU		50.00	25.00	EUR	1	1**
Transportbeton Bad Waldsee GmbH & Co. KG ²⁾	Bad Waldsee, DEU		64.00	64.00	EUR	0	0**
Transportbeton Beuschlein GmbH & Co. KG	Würzburg, DEU		50.00	28.50	EUR	0	0**

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Company name	Corporate seat	HC AG direct ownership %	Capital Share % ⁴⁾	Group Ownership %	Currency	Equity in million ⁵⁾	Net income in million ⁵⁾
Transportbetongesellschaft Kressbronn mit beschränkter Haftung & Co. Kommanditgesellschaft	Kressbronn, DEU		79.41	35.85	EUR	0	-1**
Union Beton Werke GmbH	Söchtenau, DEU		72.82	45.23	EUR	2	0**
Vlissingse Transportbeton Onderneming B.V. ³⁾	Middelburg, NLD		50.00	50.00	EUR	2	1**
Waardo Beton B.V. ³⁾	Tiel, NLD		100.00	50.00	EUR	2	0**
WEIDEMANN GmbH	Beckum, DEU	22.00	22.00	22.00	EUR	2	0**
Westfalia Transportbetonunion GmbH & Co. KG ²⁾	Werl, DEU		100.00	100.00	EUR	0	0**
WTG Walhalla Transportbeton GmbH	Regensburg, DEU		33.33	28.33	EUR	0	0**
Zement- und Kalkwerke Otterbein GmbH & Co. KG	Müs, DEU	38.10	38.10	38.10	EUR	3	0**

Associated companies

Eastern Europe-Central Asia

Beton Technologia Centrum Fejlesztő és Minősegvizsgalo Kft ³⁾	Budapest, HUN		100.00	50.00	HUF	18	-4**
BETONIKA plus s.r.o.	Luzec nad Vltavou, CZE		33.33	33.33	CZK	84	8**
CEMET S.A.	Warsaw, POL		42.91	42.91	PLN	55	17**
Centrum Technologiczne Betotech Sp. z o.o. ²⁾	Dąbrowa Górnicza, POL		100.00	100.00	PLN	4	0**
DAKO-PUMPA Betonipari Szolgáltató Kft.	Budaörs, HUN		40.00	20.00	HUF	346	0**
Danubiusbeton-Veszprém Betongyártó Kft	Veszprém, HUN		50.00	25.00	HUF	127	26**
Dunav-Drava Cement d.o.o.	Zagreb, HRV		100.00	46.64	HRK	1	0**
Open Joint Stock Company "Mineral Resources Company"	Ishimbay, RUS		50.00	25.50	RUB	893	58**
Podgrodzie Sp. z o.o.	Wroclaw, POL		100.00	100.00	PLN	16	-1**
PREFA Grygov a.s. ²⁾	Grygov, CZE		53.73	53.73	CZK	71	1**
SP Bohemia, k.s. ²⁾	Kraluv Dvur, CZE		77.32	75.00	CZK	178	6**
TBG Balatonboglár Transzportbeton Kft.	Balatonboglár, HUN		50.00	25.00	HUF	122	7**
TBG Beton d.o.o.	Zagreb, HRV		100.00	46.64	HRK	60	0**
TBG Betonove stavby Klatovy s.r.o.	Beroun, CZE		50.00	25.05	CZK	44	3**
TBG Dunakanyar Kavics-Beton Transzportbeton Gyártó és Kavicsosztályozó Kft.	Esztergom, HUN		70.00	35.00	HUF	145	-16**
TBG Frissbeton Betongyártó Kft.	Pécs, HUN		50.00	25.00	HUF	182	79**
TBG INTERBETON Transzportbetongyártó Kft.	Siófok, HUN		75.00	37.50	HUF	67	-17**
TBG Kallai Transzportbeton Gyártó és Forgalmazó Kft.	Hajdúszoboszló, HUN		60.00	30.00	HUF	20	-29**
TBG Louny s.r.o.	Louny, CZE		33.33	33.33	CZK	36	7**
TBG Otolecz Transzportbeton Kft.	Kaposvár, HUN		50.00	25.00	HUF	111	51**
TBG PKS a.s.	Zdar nad Sazavou, CZE		50.00	29.70	CZK	33	4**
TBG Szeged Betongyártó Kft.	Szeged, HUN		50.00	25.00	HUF	165	29**
TBG Tisza Beton Építőipari Kereskedelmi és Szolgáltató Kft	Tiszaújváros, HUN		50.00	25.00	HUF	76	0**

Associated companies

North America

Allied Cement Company, d/b/a CPC Terminals (Limited Partnership Interest) ³⁾	Austin, USA		50.50	50.00	USD	1	-1**
American Stone Company ³⁾	Raleigh, USA		50.00	50.00	USD	3	0**
California Commercial Asphalt, LLC ³⁾	Wilmington, USA		50.00	50.00	USD	8	0**
Campat ⁵⁾	Annapolis, USA		25.00	6.25	-	-	-
Campbell Sand and Gravel Company, LLLP ⁵⁾	Olympia, USA		48.00	12.00	-	-	-
Cemstone Products Company	St. Paul, USA		58.03	49.45	USD	10	-2**
Cemstone Ready-Mix, Inc.	Madison, USA		44.01	44.01	USD	4	0**
Chandler Concrete/Piedmont, Inc.	Raleigh, USA		33.33	33.33	USD	6	0**
Chaney Enterprises Limited Partnership	Olympia, USA		25.00	25.00	USD	12	0**
Cornerstone Partners I, LLC ^{3) 5)}	Carson City, USA		50.00	50.00	-	-	-
CPC Terminals, Inc. ^{3) 5)}	Sacramento, USA		50.00	50.00	-	-	-
Great River Spec Mix, LLC ⁵⁾	Mendota Heights, USA		50.00	16.81	-	-	-
KSA Limited Partnership ³⁾	Columbus, USA		50.00	50.00	USD	1	0**
Newbury Development Associates, LP ^{2) 5)}	Bridgeville, USA		100.00	100.00	-	-	-
Newbury Development Management, LLC ^{2) 5)}	Bridgeville, USA		100.00	100.00	-	-	-
Owatonna Concrete Products, LLC ⁵⁾	St. Paul, USA		100.00	49.45	-	-	-
Quikrete Wisconsin, Inc. ⁵⁾	Madison, USA		33.00	11.10	-	-	-
Randall Ready Mix, LLC ⁵⁾	Des Moines, USA		100.00	49.45	-	-	-
Red Bluff Sand & Gravel, LLC ³⁾	Montgomery, USA		50.00	50.00	USD	2	0**

Company name	Corporate seat	HC AG direct ownership %	Capital Share % ⁴⁾	Group Ownership %	Currency	Equity in million ⁵⁾	Net income in million ⁵⁾
Roberts Concrete Products, Inc. ⁵⁾	Madison, USA		100.00	33.63	-	-	-
Southstar Limited Partnership	Annapolis, USA		25.00	25.00	USD	15	0**
Spec/Mix, Inc. ⁵⁾	St. Paul, USA		51.00	17.15	-	-	-
Terrell Materials LLC ²⁾	Austin, USA		100.00	100.00	USD	3	0**
Twin City Concrete Products Co.	St. Paul, USA		33.63	33.63	USD	12	3**
Upland Ready Mix Limited ³⁾	Campbell River, CAN		50.00	50.00	CAD	1	0**

Associated companies

Asia-Pacific

Jidong Cement Fufeng Transportation Company	Baoji, CHN		76.25	36.68	CNY	24	0**
Jidong Heidelberg (Shaanxi) Logistics Company Limited ³⁾	Xianyang City, CHN		100.00	50.00	CNY	34	1**
Lantau Concrete (H.K.) Co. Limited	Hong Kong, HKG		50.00	12.50	HKD	7	0**
M&H Quarries Partnership ³⁾	Victoria, AUS		50.00	50.00	AUD	-2	0**
Metromix Pty Limited ³⁾	New South Wales, AUS		50.00	50.00	AUD	22	-1**
Penrith Lakes Development Corporation Limited	New South Wales, AUS		20.00	20.00	AUD	-298	3
PT Cibinong Center Industrial Estate	Jakarta, IDN		50.00	25.50	IDR	46,320	10,698**
PT Pama Indo Mining	Jakarta, IDN		40.00	20.39	IDR	41,158	7,564**
West Australian Landfill Services Pty Limited ³⁾	Victoria, AUS		50.00	50.00	AUD	3	7**
Western Suburbs Concrete Partnership ³⁾	New South Wales, AUS		50.00	50.00	AUD	6	4

Associated companies

Africa-Mediterranean Basin

Alrashid Abetong Company Limited	Riyadh, SAU		45.00	45.00	SAR	193	103**
Fortia Cement S.A.	Lomé, TGO		50.00	46.97	XOF	7,779	853**

The following companies are reflected in the consolidated financial statements at cost (Available for sale at cost) due to their immateriality.

Immaterial subsidiaries

Western and Northern Europe

Bausteinwerk Bott - Blasberg GmbH & Co. Kommanditgesellschaft	Heppenheim (Bergstraße), DEU		93.33	61.58	EUR	1	0**
Betonpumpendienst Simonis Verwaltungsgesellschaft mbH	Ubstadt-Weiher, DEU		100.00	56.69	EUR	0	0**
betotech München Verwaltungs GmbH	München, DEU		100.00	62.12	EUR	0	0**
Betotech Verwaltungs-GmbH	Heidelberg, DEU		100.00	100.00	EUR	0	0**
BLG Beteiligungen GmbH	München, DEU		100.00	61.37	EUR	0	0**
BVS Beton-Vertrieb-Südbayern Verwaltung GmbH	Rohrdorf, DEU		100.00	61.37	EUR	0	0**
Donau Kies Verwaltungs GmbH	Plattling, DEU		75.00	75.00	EUR	0	0**
Etablissement F.S. Bivois S.A.R.L.	Strasbourg, FRA		100.00	60.00	EUR	0	0**
Exakt Kiesaufbereitung GmbH	Paderborn, DEU	100.00	100.00	100.00	EUR	0	0**
Fertigbeton (FBU) GmbH	Unterwittbach, DEU		100.00	57.14	EUR	0	0**
Hanson Aggregates Verwaltungs-GmbH	Leinatal, DEU		100.00	100.00	EUR	0	0**
HC River Logistics and Shipping Limited ⁵⁾	Birkirkara, MLT		100.00	100.00	-	-	-
HeidelbergCement Baustoffe für Geotechnik Verwaltungs-GmbH	Ennigerloh, DEU	100.00	100.00	100.00	EUR	0	0**
HeidelbergCement Grundstücksverwaltungsgesellschaft mbH	Heidelberg, DEU	100.00	100.00	100.00	EUR	0	0**
HeidelbergCement Shared Services GmbH	Leimen, DEU	100.00	100.00	100.00	EUR	0	0**
HeidelbergCement Technology Center GmbH	Heidelberg, DEU		100.00	100.00	EUR	0	0**
Heidelberger Beton Aschaffenburg Verwaltungs-GmbH	Aschaffenburg, DEU		70.74	70.74	EUR	0	0**
Heidelberger Beton Donau-Iller Verwaltungs-GmbH	Unterelchingen, DEU		50.46	50.46	EUR	0	0**
Heidelberger Beton Donau-Naab Verwaltungsgesellschaft mbH	Burglengenfeld, DEU		100.00	85.00	EUR	0	0**
Heidelberger Beton Rhein-Nahe Verwaltungs-GmbH	Bad Kreuznach, DEU		83.08	83.08	EUR	0	0**
Heidelberger Beton Zwickau Verwaltungs-GmbH	Zwickau, DEU		60.00	60.00	EUR	0	0**
Heidelberger Betonelemente Verwaltungs-GmbH	Chemnitz, DEU		83.00	83.00	EUR	0	0**
Heidelberger Betonpumpen Rhein-Main-Nahe Verwaltungs-GmbH	Frankfurt/ Main, DEU		99.91	93.74	EUR	0	0**
Heidelberger Kalksandstein Grundstücks- und Beteiligungs-Verwaltungs-GmbH	Durmersheim, DEU		100.00	100.00	EUR	0	0**
Heidelberger KS Beteiligungen Deutschland Verwaltungs-gesellschaft mbH	Heidelberg, DEU		100.00	100.00	EUR	0	0**

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Heidelberger Sand und Kies Handel & Logistik GmbH	Essen, DEU		100.00	100.00	EUR	-1	0
Kalksandsteinwerk Amberg GmbH & Co. KG	Ebermannsdorf, DEU		50.10	50.10	EUR	2	0**
Kalksandsteinwerk Amberg Verwaltungs-GmbH	Ebermannsdorf, DEU		50.10	50.10	EUR	0	0**
Kieswerke Kieser GmbH & Co. KG	Gotha, DEU		51.00	51.00	EUR	0	0**
Kieswerke Kieser Verwaltungs-GmbH	Gotha, DEU		51.00	51.00	EUR	0	0**
KS-QUADRO Bausysteme GmbH	Durmshheim, DEU		100.00	80.00	EUR	0	0**
Lieferbeton Gesellschaft mit beschränkter Haftung	Bad Nauheim, DEU		57.60	57.60	EUR	0	0**
Lithonplus Verwaltungs-GmbH	Lingenfeld, DEU		60.00	60.00	EUR	0	0**
Materiaux de Boran S.A.	Boran-sur-Oise, FRA		99.84	99.84	EUR	0	0**
MDB Mörteldienst Verwaltungs-GmbH Berlin-Brandenburg	Berlin, DEU		100.00	90.00	EUR	0	0**
Mellersta Skånes Kraft Ekonomisk förening ⁵⁾	Malmö, SWE		100.00	100.00	-	-	-
MM MAIN-MÖRTEL Verwaltungsgesellschaft mbH	Aschaffenburg, DEU		100.00	59.74	EUR	0	0**
NAAB Mörtel GmbH ⁶⁾	Schwandorf, DEU		100.00	63.32	EUR	0	0
Paderborner Transport - Beton - Gesellschaft mit beschränkter Haftung	Paderborn, DEU		75.00	75.00	EUR	0	0**
RLG Rohstoffe GmbH & Co. KG	Essen, DEU		100.00	100.00	EUR	0	0**
RLG Rohstoffe Verwaltungsgesellschaft mbH	Mülheim a. d. Ruhr, DEU		100.00	100.00	EUR	0	0**
Roewekamp GmbH	Gelsenkirchen, DEU		100.00	100.00	EUR	0	0**
SBM Systembaumontagen GmbH	Chemnitz, DEU		100.00	83.00	EUR	0	0**
SCI Bicowal	Strasbourg, FRA		100.00	60.00	EUR	0	0**
SMW Sand und Mörtelwerk Verwaltungs-GmbH	Niederlehme, DEU		100.00	100.00	EUR	0	0**
SPRL Ferme de Wisempierre	Saint-Maur-Ere, BEL		100.00	100.00	EUR	2	1**
SRS Rail Vehicles AB	Osby, SWE		100.00	100.00	SEK	1	0**
SRS Sjölanders AB	Stockholm, SWE		100.00	100.00	SEK	10	6**
Svabo Kaross & Hydraulservice AB	Stockholm, SWE		51.00	51.00	SEK	1	0**
TBG Ilm-Beton Verwaltungs-GmbH	Arnstadt, DEU		55.00	55.00	EUR	0	0**
TBG Transportbeton Elsenz Verwaltungsgesellschaft mbH	Bammental, DEU		100.00	51.11	EUR	0	0**
TBG Transportbeton Elster-Spree Verwaltungs-GmbH	Cottbus, DEU		100.00	60.00	EUR	0	0**
TBG Transportbeton Franken Geschäftsführung GmbH	Fürth, DEU		100.00	51.00	EUR	0	0**
TBG Transportbeton Kurpfalz Verwaltungsgesellschaft mbH	Eppelheim, DEU		100.00	51.11	EUR	0	0**
TBG Transportbeton Mainfranken Geschäftsführungs GmbH	Sand am Main, DEU		100.00	57.00	EUR	0	0**
TBG Transportbeton Reichenbach Verwaltungs-GmbH	Reichenbach, DEU		70.00	70.00	EUR	0	0**
TBG Transportbeton Saalfeld Verwaltungs-GmbH	Saalfeld, DEU		56.67	56.67	EUR	0	0**
TBG Transportbeton Schwarzenberg Verwaltungs-GmbH	Schwarzenberg, DEU		100.00	60.00	EUR	0	0**
TBG WIK-A-Beton Verwaltungs-GmbH	Stade, DEU		100.00	100.00	EUR	0	0**
TBH Transportbeton Hamburg Verwaltungs-GmbH	Hamburg, DEU		85.00	85.00	EUR	0	0**
TBM Transportbeton-Gesellschaft mit beschränkter Haftung Marienfeld	Harsewinkel, DEU		75.00	64.69	EUR	0	0**
TopCem Holding B.V.	's-Hertogenbosch, NLD		100.00	100.00	EUR	0	0**
Transportbeton Bad Waldsee Geschäftsführungs GmbH	Bad Waldsee, DEU		100.00	64.00	EUR	0	0**
Transportbeton-Gesellschaft Kressbronn mit beschränkter Haftung	Kressbronn, DEU		100.00	52.30	EUR	0	0**
Transportbetonunion Gesellschaft mit beschränkter Haftung	Werl, DEU		100.00	100.00	EUR	0	0**
Verwaltungsgesellschaft Baustoffwerke Dresden mbH	Dresden, DEU		100.00	51.00	EUR	0	0
Walhalla Kalk Verwaltungsgesellschaft mbH	Regensburg, DEU	80.00	80.00	80.00	EUR	0	0
WESTFALIA Transportbeton GmbH	Werl, DEU		100.00	100.00	EUR	0	0
WIK-A Sand und Kies Verwaltungs-GmbH	Bremen, DEU		100.00	100.00	EUR	0	0**

Immaterial subsidiaries

Eastern Europe-Central Asia							
8 Vershin LLP	Almaty, KAZ		100.00	100.00	KZT	63	1
Bratislavské štrkopiesky, s.r.o.	Blatne, SVK		100.00	75.00	EUR	-1	0**
Budejovicke Sterkopisky, spol. s.r.o.	Budweis, CZE		99.91	74.93	CZK	44	3
Bukhtarma TeploEnergo LLP	Oktyabrskiy village, KAZ		100.00	100.00	KZT	-308	0
Bukhtarma Vodokanal LLP	Oktyabrskiy village, KAZ		100.00	100.00	KZT	-85	0
Calnor S.A. (Poland) ⁵⁾	Warsaw, POL		100.00	100.00	-	-	-
Center Cement Plus Limited Liability Partnership	Astana, KAZ		100.00	100.00	KZT	424	103
Donau Kies Bohemia Verwaltungs, s.r.o.	Pilsen, CZE		77.33	75.00	CZK	0	0**
Ekoelektro Slovakia s.r.o.	Blatne, CZE		100.00	86.57	EUR	0	0**
Euroc AB S.p.z.o.o. ⁵⁾	Warsaw, POL		100.00	100.00	-	-	-

Company name	Corporate seat	HC AG direct ownership %	Capital Share % ⁴⁾	Group Ownership %	Currency	Equity in million ⁵⁾	Net income in million ⁵⁾
Geo Nieruchomości Spółka z ograniczoną odpowiedzialnością	Opole, POL		100.00	100.00	PLN	0	0**
Heidelberg Vostok-Cement LLP	Almaty, KAZ		100.00	100.00	KZT	438	-52
HeidelbergCement Services - LLP	Almaty, KAZ		100.00	100.00	KZT	3	4
Klatovské sterkopisky s.r.o.	Pilsen, CZE		100.00	75.00	CZK	-8	0**
Labské sterkopisky a beton s.r.o.	Litomerice, CZE		80.00	60.00	CZK	-4	0**
LLC 'HeidelbergCement Caucasus	Tbilisi, GEO		100.00	100.00	GEL	0	0**
MIXT Sp. z o. o.	Chorula, POL		100.00	100.00	PLN	5	1**
OOO StrelicaCement	Strelica, RUS		100.00	100.00	RUB	39	-1**
Plzenské sterkopisky s.r.o.	Pilsen, CZE		80.00	60.00	CZK	1	4**
Polgrunt Sp. z o. o.	Chorula, POL		100.00	100.00	PLN	0	-1**
PZP Bohemia, k.s.	Kraluv Dvur, CZE		100.00	75.00	CZK	0	0**
ROBA sterkovny Nové Sedlo s.r.o.	Nové Sedlo, CZE		100.00	75.00	CZK	-8	2**
SABIA spol. s.r.o.	Bohusovice nad Ohri, CZE		99.00	59.40	CZK	9	0**
Severočeské pískovny a štěrkovny, s. r. o.	Žatec, CZE		98.00	73.50	CZK	54	4**
TRANS-SERVIS spol. s.r.o.	Kraluv Dvur, CZE		100.00	100.00	CZK	74	-4**
VAPIS stavební hmoty s.r.o.	Praha, CZE		100.00	51.00	CZK	3	2**

Immaterial subsidiaries

North America

Cementi Meridionali Limited ⁵⁾	Tortola, VGB		100.00	100.00	-	-	-
Industrial Del Fresno S.A. ⁵⁾	Mexico City, MEX		76.00	76.00	-	-	-
Kidde Industries, Inc. ⁵⁾	Wilmington, USA		100.00	100.00	-	-	-
Mediterranean Carriers, Inc.	Panama City, PAN		100.00	100.00	USD	3	0
Piedras y Arenas Baja S.A. de CV ⁵⁾	Tijuana, MEX		100.00	100.00	-	-	-
PUSH NA Holdings, Inc. ⁵⁾	Wilmington, USA		100.00	100.00	-	-	-
Total Limited ⁵⁾	Wilmington, USA		100.00	100.00	-	-	-

Immaterial subsidiaries

Asia-Pacific

PT Makmur Abadi Perkasa Mandiri	Jakarta, IDN		100.00	51.00	IDR	11	0**
PT Sari Bhakti Sejati	Jakarta, IDN		100.00	51.00	IDR	4	0**

The following associates and joint ventures are accounted for at cost (available for sale at cost) due to their immateriality.

Immaterial associates and joint ventures

Western and Northern Europe

AB Stebo	Göteborg, SWE		50.00	50.00	SEK	1	0**
AB Strömstadsbetong	Göteborg, SWE		33.00	33.00	SEK	0	0**
AB Strömstadsbetong & Co. Kommanditbolag	Göteborg, SWE		33.00	33.00	SEK	7	7**
Alzagri N.V.	Brugge, BEL		50.00	50.00	EUR	1	0**
B.V. Autotransport Sint Pieter	Maastricht, NLD		50.00	50.00	EUR	0	0**
Bausteinwerk Bott-Blasberg Gesellschaft mit beschränkter Haftung	Bensheim, DEU		100.00	47.08	EUR	0	0**
Baustoff- und Umschlags-GmbH	Mosbach, DEU		66.66	38.14	EUR	0	0**
Beton Lana GmbH	Lana (Bozen), ITA		100.00	24.25	EUR	6	0**
BetonCenter Swinkels B.V.	Helmond, NLD		50.00	50.00	EUR	0	1**
Betonmortel Grevelingen B.V.	Zierikzee, NLD		50.00	50.00	EUR	1	0**
Betonprüfgesellschaft Löhne GmbH	Löhne, DEU		100.00	26.81	EUR	0	0**
Betonpumpen-Service Niedersachsen Verwaltungs-GmbH	Hannover, DEU	50.00	50.00	50.00	EUR	0	0**
betoserv GmbH	Kufstein, AUT		100.00	24.25	EUR	0	0**
Betuwe Beton Holding B.V.	Tiel, NLD		50.00	50.00	EUR	5	0**
Beuschlein Verwaltung-GmbH	Randersacker, DEU		50.00	28.50	EUR	0	0**
BOST Baustoffhandelsgesellschaft mbH & Co. KG	Niederlehme, DEU		100.00	30.00	EUR	1	0**
BOST Baustoffhandelsverwaltungsgesellschaft mbH	Niederlehme, DEU		100.00	30.00	EUR	0	0**
BWL Betonwerk Linden GmbH & Co. KG	Rohrdorf, DEU		100.00	24.25	EUR	15	2**
BWL Linden Verwaltung GmbH	Rohrdorf, DEU		100.00	24.25	EUR	0	0**
C. & G. Concrete Limited ⁵⁾	Leeds, GBR		23.48	23.48	-	-	-
C.V. Projectbureau Grensmaas	Born, NLD		8.22	8.22	EUR	-8	1**
Calcaires de la Rive Gauche I SPRL	Obourg, BEL		35.00	35.00	EUR	7	0**

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Company name	Corporate seat	HC AG direct ownership %	Capital Share % ⁴⁾	Group Ownership %	Currency	Equity in million ⁵⁾	Net income in million ⁵⁾
Cotrano B.V.	Krimpen aan den IJssel, NLD		7.41	7.41	EUR	7	3**
DONAU MÖRTEL-Verwaltungs-GmbH	Passau, DEU		50.00	50.00	EUR	0	0**
Dörgeloh GmbH & Co. Kommanditgesellschaft	Löhne, DEU		100.00	26.81	EUR	0	0**
Dörgeloh Verwaltungs GmbH	Löhne, DEU		100.00	26.81	EUR	0	0**
Eemsmond Betoncentrale B.V.	Delfzijl, NLD		66.66	50.00	EUR	1	0**
ETG Erzgebirge Transportbeton GmbH	Freiberg, DEU		40.00	20.00	EUR	0	0**
Europomp B.V.	Heerlen, NLD		55.96	47.25	EUR	1	0**
GAM Greifswalder Asphaltmischwerke VerwaltungsGmbH	Greifswald, DEU		51.00	25.50	EUR	0	0**
Gebrüder Willersinn Industriesandwerk Verwaltungsgesellschaft mit beschränkter Haftung	Raunheim, DEU		33.33	33.33	EUR	0	0**
Geosystems Spezialbaustoffe GmbH	Rohrdorf, DEU		100.00	24.25	EUR	2	0**
Geosystems Spezialbaustoffe GmbH, Gmunden	Gmunden, AUT		100.00	24.25	EUR	0	0**
Green Land GmbH	Lana (Bozen), ITA		100.00	24.25	EUR	0	0**
Greystone Ambient & Style GmbH & Co. KG	Lingenfeld, DEU		75.00	45.00	EUR	0	0**
Greystone Ambient & Style Verwaltungsgesellschaft mbH	Lingenfeld, DEU		75.00	45.00	EUR	0	0**
Gutbrod GmbH	Rohrdorf, DEU		100.00	24.25	EUR	0	0**
Gutbrod Kieswerk GmbH & Co. KG	Rohrdorf, DEU		100.00	24.25	EUR	6	1**
Hafenbetriebs- und Beteiligungs-GmbH, Stade	Stade, DEU		50.00	50.00	EUR	0	0**
Heidelberger Beton Grenzland Verwaltungs-GmbH	Marktredwitz, DEU		100.00	50.00	EUR	0	0**
Heidelberger Beton Karlsruhe Verwaltungs-GmbH	Karlsruhe, DEU		100.00	41.25	EUR	0	0**
Heidelberger Beton Verwaltungs GmbH Stuttgart	Remseck a. N., DEU		100.00	33.33	EUR	0	0**
Herrig Kies GmbH ⁵⁾	Damsdorf, DEU		100.00	50.00	-	-	-
Hormigones Mecanizados, S.A.	Palma de Mallorca, ESP		25.00	25.00	EUR	0	0**
ISAR-DONAU MÖRTEL-Verwaltungs-GmbH	Plattling, DEU		33.33	33.33	EUR	0	0**
Kalksandstein-Service Rhein-Main-Neckar GmbH ⁵⁾	Bensheim, DEU		100.00	47.08	-	-	-
KANN Beton Verwaltungsgesellschaft mbH	Bendorf, DEU		50.00	50.00	EUR	0	0**
KVB Verwaltungs- und Beteiligungs-GmbH	Karlsdorf-Neuthard, DEU		24.80	24.80	EUR	0	0**
Martin Milch Gesellschaft mit beschränkter Haftung	Ochtendung, DEU		30.00	30.00	EUR	0	0**
MDF MÖRTEL-DIENST FRANKEN Verwaltungs-GmbH	Nürnberg, DEU		52.00	26.52	EUR	0	0**
Mittelschwäbische Transport- und Frischbeton Gesellschaft mit beschränkter Haftung	Thannhausen, DEU		20.00	20.00	EUR	0	0**
Mortel Produktie Vianen (MPV) B.V.	Utrecht, NLD		50.00	50.00	EUR	0	0**
MWK Kies Verwaltungs-GmbH	Kressbronn, DEU		20.00	20.00	EUR	0	0**
Noorder Betonpompen Centrale (N.B.C.) B.V.	Zuidbroek, NLD		100.00	25.00	EUR	0	0**
Noorder Isolatiebeton B.V.	Zuidbroek, NLD		100.00	25.00	EUR	0	0**
Nordhafen Stade-Bützfleth Verwaltungsgesellschaft mbH	Stade, DEU		20.00	20.00	EUR	0	0**
NORMENSAND GMBH	Beckum, DEU	48.37	48.37	48.37	EUR	2	1**
Otterbein Gesellschaft mit beschränkter Haftung	Großenlütder, DEU	20.00	20.00	20.00	EUR	0	0**
Otterbein Spedition und Service GmbH & Co. KG	Großenlütder, DEU		100.00	38.10	EUR	0	0**
RBW Fertigaragen GmbH	Rohrdorf, DEU		100.00	24.25	EUR	1	0**
RBW Rohrdorfer Betonwerke GmbH & Co. KG	Rohrdorf, DEU		100.00	24.25	EUR	33	5**
RBW Verwaltung GmbH	Rohrdorf, DEU		100.00	24.25	EUR	0	0**
Recycling Assen v.o.f.	Assen, NLD		40.00	33.33	EUR	0	0**
Recyfuel S.A.	Bruxelles, BEL		50.00	50.00	EUR	15	0**
Reederei B & B Beteiligungs GmbH ⁵⁾	Cadenberge, DEU		50.00	50.00	-	-	-
Rohrdorfer Baustoffe Vertrieb GmbH	Rohrdorf, DEU		100.00	24.25	EUR	0	0**
Rohrdorfer Sand und Kies GmbH	Rohrdorf, DEU		100.00	24.25	EUR	33	3**
Rohrdorfer Transportbeton GmbH	Rohrdorf, DEU		100.00	24.25	EUR	32	-5**
RSK Rohrdorfer Sand und Kies GmbH	Kufstein, AUT		100.00	24.25	EUR	4	0**
RTB Rohrdorfer Transportbeton GmbH	Kufstein, AUT		100.00	24.25	EUR	6	0**
Ruperti Beton GmbH	Salzburg, AUT		100.00	24.25	EUR	4	0**
Ruperti Beton GmbH & Co. KG	Rohrdorf, DEU		100.00	24.25	EUR	3	0**
Ruperti Beton Verwaltung GmbH	Rohrdorf, DEU		100.00	24.25	EUR	0	0**
SAFA Verwaltungsgesellschaft mbH	Baden-Baden, DEU	48.70	48.70	48.70	EUR	0	0**
Schmitt Beton GmbH & Co. KG	Markt Schwaben, DEU		45.00	27.61	EUR	1	0**
Schmitt Beton Verwaltungs GmbH	Markt Schwaben, DEU		100.00	27.61	EUR	0	0**
Schwaben Mörtel Beteiligungs GmbH	Stuttgart, DEU		100.00	30.00	EUR	0	0**
Sifun B.V.	IJzendoorn, NLD		25.00	25.00	EUR	0	2**
Société de Traitement De Produits Industriels Sprl ⁵⁾	Charleroi, BEL		74.00	37.00	-	-	-

Company name	Corporate seat	HC AG direct owner- ship %	Capital Share % ⁴⁾	Group Owner- ship %	Cur- rency	Equity in million ⁵⁾	Net income in million ⁵⁾
Split Import B.V.	Amsterdam, NLD		100.00	50.00	EUR	0	0**
SPZ Austria Beteiligungs GmbH	Salzburg, AUT		100.00	24.25	EUR	59	9**
SPZ Rohrdorfer Grundbesitzverwaltung GmbH & Co. KG	Rohrdorf, DEU		100.00	24.25	EUR	0	0**
SPZ Service GmbH	Rohrdorf, DEU		100.00	24.25	EUR	0	0**
SPZ Service GmbH, Gmunden	Gmunden, AUT		100.00	24.25	EUR	0	0**
SPZ Zementwerk Eiberg GmbH & Co. KG	Kufstein, AUT		100.00	24.25	EUR	14	5**
SPZ Zementwerk Rohstoff Verwertungs GmbH & Co. KG	Kufstein, AUT		100.00	24.25	EUR	14	0**
SPZ Zementwerk Verwaltungs GmbH	Kufstein, AUT		100.00	24.25	EUR	0	0**
Südkalk - Vertriebsgesellschaft mit beschränkter Haftung	Freiburg i. Breisgau, DEU		50.00	50.00	EUR	0	0
T Beton GmbH & Co. KG	Bösel, DEU		100.00	26.81	EUR	1	1**
T Beton Verwaltungs- und Beteiligungs GmbH	Bösel, DEU		100.00	26.81	EUR	0	0**
TBG Bayerwald Verwaltungs-GmbH	Straubing, DEU		50.00	50.00	EUR	0	0**
TBG Eck Verwaltungsgesellschaft mbH	Bad Windsheim, DEU		50.00	28.50	EUR	0	0**
TBG Gersdorfer Transportbeton GmbH & Co. KG	Gersdorf, DEU		50.00	30.00	EUR	0	0**
TBG Gersdorfer Transportbeton Verwaltungs- und Beteiligungs-GmbH	Gersdorf, DEU		50.00	30.00	EUR	0	0**
TBG Hallertau Verwaltung GmbH	Mainburg, DEU		63.00	24.37	EUR	0	0**
TBG KANN Beton Guben Verwaltungs-GmbH	Guben, DEU		50.00	50.00	EUR	0	0**
TBG Pegnitz-Beton Verwaltungs-GmbH	Hersbruck, DEU		25.61	25.61	EUR	0	0**
TBG Saale-Beton Verwaltungsgesellschaft mbH	Hammelburg, DEU		100.00	43.32	EUR	0	0**
TBG Transportbeton Bad Mergentheim Verwaltungs-GmbH	Bad Mergentheim, DEU		66.60	37.96	EUR	0	0**
TBG Transportbeton Caprano Verwaltungs-GmbH	Pirmasens, DEU		50.00	50.00	EUR	0	0**
TBG Transportbeton Glöckle Verwaltungs-GmbH	Grafenrheinfeld, DEU		100.00	31.35	EUR	0	0**
TBG Transportbeton Haidenaab Verwaltungsgesellschaft mbH	Weiden i. d. OPf., DEU		100.00	37.50	EUR	0	0**
TBG Transportbeton Hallertau GmbH & Co. KG	Mainburg, DEU		63.00	24.37	EUR	0	0**
TBG Transportbeton Herzog Verwaltungsgesellschaft mit beschränkter Haftung	Oberviechtach, DEU		50.00	25.00	EUR	0	0**
TBG Transportbeton Lohr Verwaltungsgesellschaft mbH	Lohr a. Main, DEU		50.00	50.00	EUR	0	0**
TBG Transportbeton Meier Verwaltungs-GmbH	Wilkau-Haßlau, DEU		50.00	50.00	EUR	0	0**
TBG Transportbeton Mittweida Verwaltungs-GmbH	Mittweida, DEU		40.00	40.00	EUR	0	0**
TBG Transportbeton Oder-Spree Verwaltungs-GmbH	Wriezen, DEU		50.00	50.00	EUR	0	0**
TBG Transportbeton Pfaffenhofen Verwaltungsgesellschaft mbH	Pfaffenhofen, DEU		35.40	35.40	EUR	0	0**
TBG Transportbeton Rhein-Donau-Raum Verwaltungs-GmbH	Singen, DEU		100.00	36.90	EUR	0	0**
TBG Transportbeton Schleiz Verwaltungs-GmbH	Schleiz, DEU		50.00	50.00	EUR	0	0**
TBG Transportbeton Selb Verwaltungsgesellschaft mbH	Selb, DEU		33.33	33.33	EUR	0	0**
TBG Transportbeton Verwaltungsgesellschaft mbH	Altötting, DEU		100.00	29.24	EUR	0	0**
TBG Transportbeton Verwaltungsgesellschaft mbH	Nabburg, DEU		50.00	50.00	EUR	0	0**
TBG Transportbeton Weiden Verwaltungsgesellschaft mbH	Weiden i. d. OPf., DEU		75.00	37.50	EUR	0	0**
TBG Transportbeton Werner Verwaltungsgesellschaft mbH	Dietfurt a.d. Altmühl, DEU		50.00	42.50	EUR	0	0**
TBG Transportbeton Westpfalz GmbH & Co. KG	Pirmasens, DEU		72.00	36.00	EUR	0	0**
TBG Transportbeton Westpfalz Verwaltungs GmbH	Pirmasens, DEU		72.00	36.00	EUR	0	0**
Tournai Ternaire S.A.	Tournai, BEL		50.00	50.00	EUR	0	0**
Transbeton Gesellschaft mit beschränkter Haftung	Löhne, DEU		100.00	26.81	EUR	0	0**
Transportbeton Amberg-Sulzbach Verwaltungsgesellschaft mbH	Amberg, DEU		50.00	25.00	EUR	0	0**
Transportbeton Meschede Gesellschaft mit beschränkter Haftung	Meschede, DEU		100.00	44.15	EUR	0	0**
Transportbeton Meschede Gesellschaft mit beschränkter Haftung & Co. Kommanditgesellschaft	Meschede, DEU		100.00	44.15	EUR	0	0**
Transportbeton-Gesellschaft mit beschränkter Haftung Garant	Bad Salzuflen, DEU	23.33	23.33	23.33	EUR	0	0**
Urzeit Weide GbR ⁵⁾	Schelklingen, DEU	50.00	50.00	50.00	-	-	-
Van Zanten Holding B.V.	Zuidbroek, NLD		25.00	25.00	EUR	2	0**
Verwaltungsgesellschaft mit beschränkter Haftung TRAPOBET	Kaiserslautern, DEU		50.00	50.00	EUR	0	0**
Transportbeton Kaiserslautern	Kaiserslautern, DEU		50.00	50.00	EUR	0	0**
Waalwijkse Beton Centrale (W.B.C.) B.V.	Waalwijk, NLD		100.00	38.67	EUR	0	0**
Westland Beton B.V.	Maassluis, NLD		50.00	50.00	EUR	0	0**
WIKING Baustoff- und Transport Gesellschaft mit beschränkter Haftung	Soest, DEU		50.00	50.00	EUR	0	0**
Woerdense Betonmortel Centrale B.V.	Utrecht, NLD		50.00	50.00	EUR	0	0**
Zementwerk Hatschek GmbH	Wels, AUT		98.52	23.89	EUR	33	5**
Zementwerk Leube Gesellschaft m.b.H.	Salzburg, AUT		26.00	6.30	EUR	29	7**

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Immaterial associates and joint ventures							
Eastern Europe-Central Asia							
ASDAG Kavicsbanya es Epitő Kft.	Janossomorja, HUN		64.91	48.68	HUF	630	44**
Asdeka Kft.	Hegyeshalom, HUN		50.00	24.34	HUF	15	4**
Bukhtarma Teplo Tranzit LLP	New Bukhtarma village, KAZ		20.00	20.00	KZT	-30	0
CEMET SERWIS Sp.z o.o.	Małogoszcz, POL		100.00	42.91	PLN	7	1**
Duna-Dráva Cement sro	Bratislava, SVK		100.00	50.00	EUR	0	0**
Duna-Dráva Logisztikai Kft.	Beremend, HUN		100.00	50.00	HUF	2	0**
Duna-Dráva Vendéglátó és Kereskedelmi Kft.	Vác, HUN		100.00	50.00	HUF	3	-1**
Gradevinski agregati d.o.o.	Kakanj, BIH		100.00	46.64	BAM	0	0**
Kopalnia Kruszyw Rokitki Sp. z o.o.	Rokitki, POL		47.63	23.81	PLN	7	1**
LOMY MORINA spol. s r.o.	Morina, CZE		48.95	48.95	CZK	373	10**
OAO "Cementnyj Elevator"	St. Petersburg, RUS		49.20	49.04	RUB	56	9**
RS Czech Republic, s.r.o.	Kraluv Dvur, CZE		50.00	37.50	CZK	4	3**
SPEX CZ, s.r.o.	Cheb, CZE		50.00	25.00	CZK	5	0**
TBG PANNONBETON Betongyarto Kft.	Mosonmagyaróvár, HUN		50.00	25.00	HUF	2	-10**
TBG Rába Betongyártó és Forgalmazó Kft.	Győr, HUN		100.00	50.00	HUF	-11	-14**
TBG STRABAG d.o.o.	Zagreb, HRV		50.00	23.32	HRK	11	0**
Transportservis d.o.o.	Kakanj, BIH		100.00	46.64	BAM	0	0**
Üzemi Vendéglátó és Kereskedelmi Kft.	Beremend, HUN		100.00	50.00	HUF	11	0**
Velkolom Certovy schody, akciová společnost	Tman, CZE		50.00	50.00	CZK	204	2**
Immaterial associates and joint ventures							
North America							
Transportadora Maritima de Baja California, S.A. de C.V. ⁵⁾	Tijuana, MEX		50.00	50.00	-	-	-
Immaterial associates and joint ventures							
Asia-Pacific							
Diversified Function Sdn Bhd	Kuala Lumpur, MYS		50.00	50.00	MYR	0	0**
Pomphen Prathan Company Limited ⁵⁾	Bangkok, THA		49.70	49.70	-	-	-
Immaterial associates and joint ventures							
Africa-Mediterranean Basin							
Akcansa Tasimicilik Tic. A.S. ⁵⁾	Canakkale, TUR		96.61	38.37	-	-	-
Union Cement Norcem C.o. (W.L.L.)	Ras Al Khaimah, UAE		40.00	40.00	AED	4	30**

* The company makes use of the exemption from disclosure obligations in accordance with § 264b of the German Commercial Code (HGB).

** Equity and Annual result 2011

1) Controlling influence through contractual arrangements and/or legal regulations

2) Absence of controlling influence through contractual arrangements and/or legal regulations

3) Absence of joint control through contractual arrangements and/or legal regulations

4) Share pursuant to Section 16 of the German Stock Corporation Act (AktG)

5) Information on equity and earnings is omitted pursuant to Section 286 Subsection 3 Sentence 1 No. 1 of the HGB if such information is of minor relevance for a fair presentation of the financial position, cash flows and profitability of HC AG

6) In Liquidation

Heidelberg, 13 March 2013

HeidelbergCement AG

The Managing Board

Audit Opinion

We have issued the following opinion on the consolidated financial statements and the combined management report of HeidelbergCement Group and HeidelbergCement AG:

“We have audited the consolidated financial statements prepared by the HeidelbergCement AG, Heidelberg, comprising the income statement, the statement of comprehensive income, the statement of cash flows, the balance sheet, the statement of changes in equity and the notes to the consolidated financial statements, together with the combined management report of HeidelbergCement Group and HeidelbergCement AG for the fiscal year from 1 January to 31 December 2012. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB [“Handelsgesetzbuch”: “German Commercial Code”] and supplementary provisions of the articles of incorporation and bylaws are the responsibility of the parent company’s management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Sec. 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB and supplementary provisions of the articles of incorporation and bylaws and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group’s position and suitably presents the opportunities and risks of future development.”

Stuttgart, 13 March 2013
Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Prof. Dr. Wollmert
Wirtschaftsprüfer
[German Public Auditor]

Viering
Wirtschaftsprüfer
[German Public Auditor]

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Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group, and the Group management report, which has been combined with the management report of HeidelbergCement AG, includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Heidelberg, 13 March 2013

HeidelbergCement AG

The Managing Board



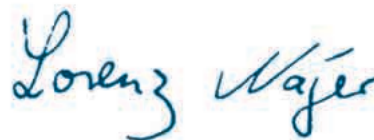
Dr. Bernd Scheifele



Andreas Kern



Dr. Dominik von Achten



Dr. Lorenz Näger



Daniel Gauthier



Dr. Albert Scheuer

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Global functions and Country Managers

Global functions

Global functions	
Böttcher, Henner	Director Group Treasury
Day, Gareth	Director Group Strategy & Development and Cementitious
Kozelka, Rolf	Director Group Tax
Schaffernak, Dr. Ingo	Director Group Legal
Schaller, Andreas	Director Group Communication & Investor Relations
Schnurr, Andreas	Director Group Human Resources and Group Compliance
Schwind, Klaus	Director Group Shared Service Centers
Sijbring, Henk	Director Group Purchasing
Standhaft, Dr. Wolfgang	Director Group Information Technology
Vandenberghe, Marc	Director Group Insurance & Corporate Risk Management
Weingardt, Stefan	Director Group Internal Audit
Wendt, Dr. Carsten	Director Group Reporting, Controlling & Consolidation

Heidelberg Technology Center (HTC)	
Jelito, Ernest	Director Global HTC
Breyer, Robert	Director Manufacturing & Engineering Central Europe-Central Asia and Head of HTC Central Europe-Central Asia
Fritz, Daniel	Director Manufacturing & Engineering Asia-Oceania and Head of HTC Asia-Oceania
Gupta, Akhilesh	Director Manufacturing & Engineering TEAM and Head of HTC TEAM
Tomlinson, Stuart	Senior Vice President Manufacturing & Engineering, President HTC North America

Competence Center Materials (CCM)	
Smith, Chuck	Director Global Competence Center Materials

Global Environmental Sustainability	
Theulen, Jan	Director Global Environmental Sustainability

Global Logistics	
Middendorf, Kay	Director Global Logistics

Global Sales & Marketing	
Oerter, Gerald	Director Global Sales & Marketing

ADDITIONAL INFORMATION	
Global functions and Country Managers	Imprint
Glossary and index	Cement capacities and aggregates reserves
Photo captions	

Country Managers

Western and Northern Europe		
Baltics/Denmark/Norway/Sweden	Syvertsen, Gunnar	General Manager Northern Europe
Belgium/Netherlands	Jacquemart, André	General Manager Benelux
Germany	Knell, Christian	General Manager Germany
United Kingdom	O'Shea, Patrick	Chief Executive Officer UK

Eastern Europe-Central Asia		
Bosnia & Herzegovina	Muidza, Branimir	Country Manager Bosnia & Herzegovina
Czech Republic	Hrozek, Jan	General Manager Czech Republic
Georgia	Hampel, Michael	General Manager Georgia
Hungary	Szarkándi, János	General Manager Hungary
Kazakhstan	Kempe, Roman	General Manager Kazakhstan
Poland	Balcerek, Andrzej	General Manager Poland
Romania	Aldea, Dr. Florian	General Manager Romania
Russia	Polendakov, Mihail	General Manager Russia
Ukraine	Thiede, Silvio	General Manager Ukraine

North America	
Harrington, Dan	Chief Executive Officer USA
Derkatch, Jim	Regional President Canada
Dolan, Dennis	Regional President North
Jordanoff, Plamen	President Building Products
Morrish, Jon	Regional President South
Saragusa, Kari	Regional President West

Asia-Pacific		
Australia	Gluskie, Kevin	Chief Executive Officer Australia
Bangladesh/Brunei	Ugarte, Marcelino	General Manager Bangladesh & Brunei
China	Jamar, Jean-Claude	Chief Executive Officer China
India	Guha, Ashish	Chief Executive Officer India
Indonesia – South East Asia	Lavallé, Daniel	Chief Executive Officer South East Asia
Malaysia	Thornton, John	General Manager Malaysia

Africa-Mediterranean Basin		
Africa	Junon, Jean-Marc	Chief Operating Officer Africa
Israel	Priel, Eliezer	Country Manager Israel
Mediterranean Basin/HC Trading	Adigüzel, Emir	Chief Operating Officer Mediterranean Basin & Middle East and HC Trading
Spain	Ortiz, Jesus	Country Manager Spain
Turkey	Gürdal, Hakan	General Manager Akçansa

Glossary and index¹⁾

Aggregates

Aggregates in the form of sand, gravel and crushed rock are used principally for concrete manufacturing or for road construction and maintenance.

Alternative fuels

p. 39, 48, 61, 89, 91, 94f., 102f., 116, 118f., 121

Combustible substances and materials used in place of fossil fuels in the clinker-burning process.

Alternative raw materials

p. 39, 53, 61, 89, 94f., 102f., 119, 121

By-products or waste from other industries, whose chemical components make them suitable substitutes for natural raw materials. Alternative raw materials are used both in the production of clinker, the most important intermediate product in cement production, and as additives in cement grinding, in order to conserve natural raw material resources and reduce the proportion of energy-intensive clinker in cement, the end product. By using alternative raw materials and fuels, HeidelbergCement is actively contributing to the preservation of resources as well as to waste management and recycling.

Asphalt

p. 44f., 49, 54, 57, 59f., 106, 175

Asphalt is manufactured from a mixture of graded aggregates, sand, filler and bitumen. It is used primarily for road construction and maintenance.

Biodiversity

p. 20, 39, 91, 94f., 102f., 105, 118

Biodiversity or biological diversity is the genetic diversity within species, diversity between species and diversity of ecosystems.

Blast furnace slag

p. 48, 89, 109

Finely ground, glassy by-product from steel production. Additive for cement.

Cement

Cement is a hydraulic binder, i.e. a finely ground inorganic material that sets and hardens by chemical interaction with water and that is capable of doing so also under water. Cement is mainly used to produce concrete. It binds the sand and gravel into a solid mass.

Cement mill

p. 51, 56, 58f., 87, 109, 114, 116, 121

Cement grinding is the final stage of the cement manufacturing process. In cement mills, the clinker is ground into cement, with the addition of gypsum and anhydrite, as well as other additives, such as limestone, blast furnace slag or fly ash, depending on the type of cement.

Cement Sustainability Initiative

p. 94, 102, 118

HeidelbergCement is a founding member of the Cement Sustainability Initiative (CSI), an association of 24 leading cement manufacturers worldwide to promote sustainable development under the auspices of the World Business Council for Sustainable Development (WBCSD).

Clinker (cement clinker)

p. 38, 51, 58f., 63, 89, 91, 105, 109, 116, 119

Intermediate product in the cement production process that is made by heating a finely-ground raw material mixture to around 1,450° C in the cement kiln. For the manufacture of cement, the greyish-black clinker nodules are extremely finely ground. Clinker is the main ingredient in most cement types.

¹⁾ The index indicates the main references.

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Commercial Paper p. 62, 69, 117, 188, 203, 211
 Bearer notes issued by companies within the framework of a Commercial Paper Programme (CP Programme) to meet short-term financing needs.

Composite cement p. 105, 107, 109
 In composite cements, a proportion of the clinker is replaced with alternative raw materials, usually by-products from other industries, such as blast furnace slag or fly ash. Decreasing the proportion of energy-intensive clinker in cement is of critical importance for reducing energy consumption and CO₂ emissions as well as for preserving natural raw materials.

Concrete
 Building material that is manufactured by mixing cement, aggregates (gravel, sand or crushed stone) and water.

Euro Medium Term Note (EMTN) programme p. 22, 24f., 34, 62, 67, 117, 188, 203
 An EMTN programme represents a framework agreement made between the company and the banks appointed to be dealers. HeidelbergCement has the option of issuing debenture bonds up to a total volume of €10 billion under its EMTN programme.

Fly ash p. 61, 109
 Solid, particulate combustion residue from coal-fired power plants. Additive for cement.

Grinding plant p. 56, 58f., 70, 109, 116
 A grinding plant is a cement production facility without clinker-burning process. Delivered clinker and selected additives, depending on the type of cement, are ground into cement. Grinding plants are particularly operated at locations where suitable raw material deposits for cement production are not available.

Net debt p. 18f., 22f., 41, 65, 67, 70, 72, 85, 115, 117, 213
 The sum of all non-current and current financial liabilities minus cash and cash equivalents, short-term investments and short-term derivatives

Rating (credit rating) p. 23, 34, 41, 69f., 84, 93, 117, 165, 210f.
 Classification of the credit standing of debt instruments and their issuers. Specialised agencies such as Standard & Poor's, Fitch Ratings and Moody's produce such ratings. Ratings range from AAA or Aaa as the highest credit standing to C or D as the lowest.

Ready-mixed concrete
 Concrete that is manufactured in a ready-mixed concrete facility and transported to the building site using ready-mix trucks.

SNCR installation p. 53, 63, 104
 An installation to reduce nitrogen oxide emissions by the SNCR process (selective non-catalytic reduction).

Sustainability p. 20, 39, 91f., 94f., 102f., 118
 Sustainable development signifies a development that fulfils the economic, ecological and social needs of people alive today without endangering the ability of future generations to fulfil their own needs.

Syndicated loan p. 22, 24, 62, 66f., 76f., 84f., 117, 188
 Large-sized loan which is distributed ("syndicated") among several lenders for the purpose of risk spreading.

Photo captions

Cover



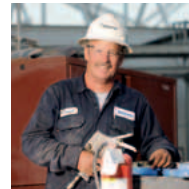
Pipe system at a cement plant



Leimen cement plant, Germany, commissioned in 1896



Vohenbronnen quarry of the Schelklingen cement plant, Germany



Employee in the USA



Employee in the USA



Company logo from the 1890s

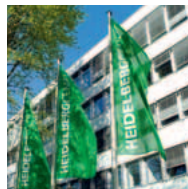
Pages 4 - 5



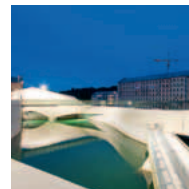
Workers at the Burg-lengenfeld cement plant, Germany, in the 1920s



Heidelberg cement plant, built in 1873



Company headquarters in Heidelberg



Iller power plant in Kempten, Germany



Mixer truck for CemFlow®, a cement-bound self-levelling floor screed



Lengfurt cement plant in Germany

Pages 6 - 7



Ennigerloh cement plant in Germany



New TulaCement plant in Russia



View of Kjølpsvik cement plant in Norway



Górażdze cement plant in Poland

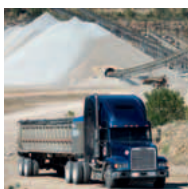


European Commission in Brussels



New ready-mixed concrete plant, Batumi, in Georgia

Pages 8 - 9



Transport of aggregates in the USA



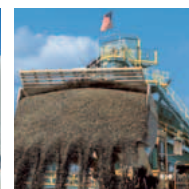
Golden Gate Bridge in San Francisco, USA



Conveyor belt at the Bridgeport aggregates plant in Texas, USA



Big trucks are in operation at all quarries



Gravel production in the USA



Mason City cement plant in Iowa, USA

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Cement capacities and aggregates reserves

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Supply of aggregates to the Dandenong concrete plant in Australia



Quality check in the Netherlands



Quality check in the USA



Bridgeport aggregates plant in Texas, USA



Aggregates production in Ardmore, Texas, USA

Pages 12-13



Clinker kiln at the Wazo Hill cement plant, Tanzania



Employees at the Citeureup cement plant, Indonesia



Largest cement plant of the Group: Citeureup, Indonesia



Employees at the Lomé cement plant in Togo



Petronas Twin Towers in Kuala Lumpur, Malaysia

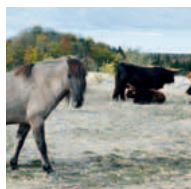


Employees at the Citeureup cement plant in Indonesia

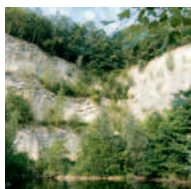
Pages 14-15



Check of water quality in Australia



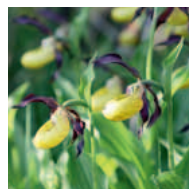
Konik horses and Heck cattle at the Gerhausen quarry, Germany



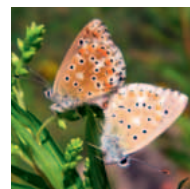
Restored quarry in the Netherlands



Project for pupils in Tanzania: support of the reforestation at the quarry



Cypripedium orchids grow in our quarries



The Adonis Blue butterfly can be found in our quarries

Imprint

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zadiraka vladislav (Kuala Lumpur) page 13

Translation of the Annual Report 2012. The German version is binding.

Copies of the 2012 financial statements of HeidelbergCement AG and further information are available on request. Kindly find this Annual Report and further information about HeidelbergCement on the Internet: www.heidelbergcement.com

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← HeidelbergCement in the world – cement capacities and aggregates reserves

Financial calendar 2013	
Interim Financial Report January to March 2013	8 May 2013
Annual General Meeting	8 May 2013
Half-Year Financial Report January to June 2013	31 July 2013
Interim Financial Report January to September 2013	7 November 2013

HeidelbergCement in the world – cement capacities and aggregates reserves

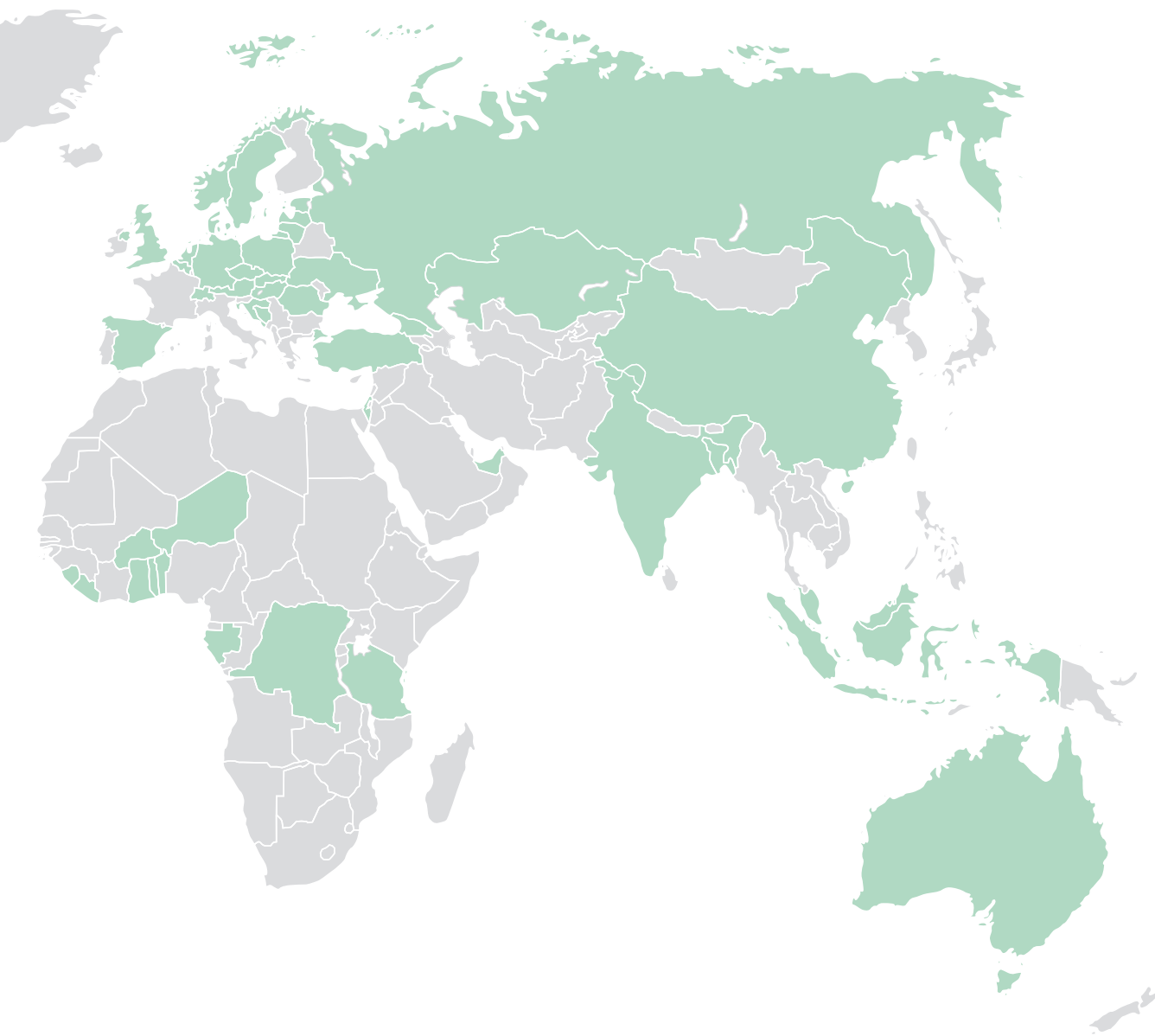
Cement capacities	Million tonnes
Western and Northern Europe	
Belgium	3.8
Estonia	1.5
Germany	11.0
Netherlands	4.3
Norway	1.6
Sweden	3.3
United Kingdom	6.3
	31.8
Eastern Europe-Central Asia	
Bosnia-Herzegovina ¹⁾	0.4
Czech Republic	2.2
Georgia	1.8
Hungary ¹⁾	1.7
Kazakhstan	1.7
Poland	6.0
Romania	6.0
Russia	5.1
Ukraine	5.2
	30.1
North America	
USA ¹⁾	10.7
Canada	2.6
	13.3
Asia-Pacific	
Bangladesh	2.2
Brunei	0.5
China ¹⁾	7.1
India	6.2
Indonesia	18.6
Australia ¹⁾	1.0
	35.6
Africa-Mediterranean Basin	
Benin	0.3
DR Congo	0.5
Gabon	0.4
Ghana	3.7
Liberia	0.2
Sierra Leone	0.6
Tanzania	1.3
Togo	0.7
Turkey ¹⁾	3.8
	11.5
HeidelbergCement total	122.3

1) Proportionately included cement capacities



Aggregates reserves ²⁾	Billion tonnes
Western and Northern Europe	3.3
Eastern Europe-Central Asia	0.9
North America	12.9
Asia-Pacific	1.3
Africa-Mediterranean Basin	0.4
HeidelbergCement total	18.7

2) Owned and leased reserves



HeidelbergCement is member of:



World Business Council for
Sustainable Development

econsense
Forum Nachhaltige Entwicklung



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