Interim Financial Report
January to September 2018

HEIDELBERGCEMENT

HeidelbergCement grows sales volumes, revenue and earnings per share – action plan initiated

- **Growth in sales volumes in all business lines and positive pricing lead to organic revenue growth of 7 %**

- **Group share of profit and earnings per share improve by 19 % to €915 million (previous year: 768) and €4.61 (previous year: 3.87), respectively**

- **Action plan initiated focusing on three major levers:**
  – **Portfolio optimisation:** Accelerate disposals and review further divestment potentials
  – **Operational excellence:** Launch of new efficiency programme focusing on SG&A expenses with a €100 million saving target
  – **Cash flow and shareholder return:** Adjust investment hurdle rate to share buyback valuation. Limit growth investments to an average of €350 million per year over the next two years.

Overview January to September 2018	July - September		January - September	
€m	2017	**2018**	2017	**2018**
Revenue	4,610	**4,943**	13,004	**13,375**
Result from joint ventures	62	**63**	141	**151**
Result from current operations before depreciation and amortisation (RCOBD)	1,058	**1,039**	2,405	**2,227**
RCOBD margin in %	23.0 %	**21.0 %**	18.5 %	**16.6 %**
Result from current operations	787	**764**	1,578	**1,411**
Additional ordinary result	-6	**-34**	-42	**94**
Result from participations	19	**21**	40	**29**
Earnings before interest and income taxes (EBIT)	800	**750**	1,576	**1,534**
Financial result	-104	**-92**	-285	**-246**
Profit before tax	697	**658**	1,291	**1,287**
Net income from continuing operations	521	**587**	891	**1,028**
Net loss from discontinued operations	-3	**-7**	-11	**-12**
Profit for the period	518	**580**	880	**1,016**
Group share of profit	481	**539**	768	**915**
Investments	265	**242**	785	**1,216**

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

Interim Group management report

Business trend January to September 2018

Economic environment
Global economic growth is continuing, but the downside risks have increased. The national economies of Asia and the African countries south of the Sahara remain on a growth trajectory. In Europe, the economic recovery is progressing, albeit in a subdued manner. The US economy recorded once again strong growth in the third quarter.

Growth in sales volumes in all business lines in the first nine months
In the period from January to September 2018, the sustained positive market dynamics in all Group areas led to growth in sales volumes in all business lines.

The Group's cement and clinker sales volumes increased by 3.7 % to 97.0 million tonnes (previous year: 93.5). Excluding consolidation effects from the sale of the white cement activities in the USA, the deconsolidation of our activities in Georgia and the acquisition of Cementir Italia, the increase amounted to 3.9 %. The Asia-Pacific and Africa-Eastern Mediterranean Basin Group areas in particular contributed to this growth on a comparable basis, but also Northern and Eastern Europe-Central Asia. Deliveries in Western and Southern Europe as well as North America exceeded marginally the previous year's level.

Deliveries of aggregates rose by 1.7 % to 232.9 million tonnes (previous year: 229.0). Declining sales volumes in the Northern and Eastern Europe-Central Asia and Africa-Eastern Mediterranean Basin Group areas were more than offset by growth in Western and Southern Europe and particularly in North America and Asia-Pacific. Excluding consolidation effects, sales volumes increased by 1.1 %

Deliveries of ready-mixed concrete increased by 2.2% to 35.8 million cubic metres (previous year: 35.0). With the exception of slight volume losses in Western and Southern Europe, all Group areas recorded growth in volumes. Excluding consolidation effects, the increase amounted to 3.3%. Asphalt sales volumes rose significantly by 10.5% to 7.8 million tonnes (previous year: 7.1) owing to the positive development of demand in the United Kingdom and California as well as consolidation effects in the northwest of the USA and Australia. Excluding consolidation effects, the increase amounted to 3.5%.

Development of revenue and results
Group revenue in the period from January to September 2018 rose slightly by 2.9 % in comparison with the previous year to €13,375 million (previous year: 13,004). Excluding consolidation and exchange rate effects, Group revenue increased by 7.4 %. Changes to the scope of consolidation of €39 million had a positive impact on revenue, while exchange rate effects reduced revenue by €575 million.

In the reporting period, material costs rose by 7.3 % to €5,496 million (previous year: 5,122). Excluding consolidation and exchange rate effects, material costs exceeded the previous year's level by 12.9 %. This rise predominantly related to the costs of energy and goods purchased for resale. The material cost ratio increased from 39.4 % to 41.1 %. Other operating expenses and income were 5.3 % above the previous year's level at €-3,544 million (previous year: -3,365). Excluding exchange rate and consolidation effects, the increase amounted to 9.0 %, which was essentially due to the rise in freight costs. Personnel costs decreased by 0.7 % to €2,251 million (previous year: 2,266). The result from joint ventures rose by 7.4 % to €151 million (previous year: 141).

The result from current operations before depreciation and amortisation fell by 7.4 % to €2,227 million (previous year: 2,405). The decrease of €178 million is primarily due to negative exchange rate effects of €121 million and changes to the scope of consolidation amounting to €-22 million. The decline of €36 million in operational terms is predominantly attributable to the rise in material costs. The result from current operations dropped by 10.6 % to €1,411 million (previous year: 1,578). Exchange rate effects of €-86 million and changes to the scope of consolidation of €-31 million reduced the result from current operations.

The additional ordinary result of €94 million (previous year: -42) primarily relates to income from the disposal of subsidiaries and other non-recurring expenses and income. In particular, income from the disposal of subsidiaries in Germany and the USA had a positive impact on the result.

Sales volumes	July - September			January - September		
	2017	**2018**	Change	2017	**2018**	Change
Cement and clinker (Mt)	33.4	**35.1**	5.1 %	93.5	**97.0**	3.7 %
Aggregates (Mt)	86.6	**87.7**	1.3 %	229.0	**232.9**	1.7 %
Ready-mixed concrete (Mm³)	12.4	**12.9**	3.6 %	35.0	**35.8**	2.2 %
Asphalt (Mt)	3.2	**3.4**	5.0 %	7.1	**7.8**	10.5 %

The financial result improved by €38 million to €-246 million (previous year: -285). Besides the reduction of €32 million in interest expenses, the financial result was positively affected by the improvement of €12 million in the other financial result. However, this was offset by the fall of €9 million in interest income.

Profit before tax from continuing operations deteriorated by €4 million to €1,287 million (previous year: 1,291). At €260 million (previous year: 400), expenses relating to taxes on income were 35.0 % below the previous year's level. Net income from continuing operations improved by €136 million to €1,028 million (previous year: 891).

Net loss from discontinued operations of €-12 million (previous year: -11) is attributable to operations of the Hanson Group that were discontinued in previous years.

Overall, the profit for the period totals €1,016 million (previous year: 880). The profit attributable to non-controlling interests fell by €11 million to €101 million (previous year: 112). The Group share of profit therefore amounts to €915 million (previous year: 768).

Earnings per share – Group share – in accordance with IAS 33 improved by €0.74 to €4.61 (previous year: 3.87).

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

Statement of cash flows

From January to September 2018, the cash inflow from operating activities of continuing operations fell by €214 million to €494 million (previous year: 708) compared with the same period of the previous year. This was primarily due to the decrease of €183 million in cash flow before interest and tax payments to €2,226 million (previous year: 2,410) and the rise of €196 million in working capital to €980 million (previous year: 784). Dividends received fell below the previous year's level at €159 million (previous year: 196) and mainly include payouts received from joint ventures and associates. Interest received decreased slightly by €10 million to €79 million (previous year: 89) in comparison with the same period of the previous year. Interest payments declined by €40 million to €393 million (previous year: 433) thanks to significantly more favourable refinancing conditions. At €196 million (previous year: 313), income taxes paid dropped considerably by €117 million in comparison with the same period of the previous year. In the reporting period, provisions of €241 million (previous year: 261) were utilised through payments.

Net cash used in investing activities of continuing operations rose in the reporting period by €225 million to €847 million (previous year: 623). Cash-relevant investments increased by €431 million to €1,216 million (previous year: 785), primarily as a result of business combinations in Italy, Australia, and North America. Further details can be found in the Investments section and in the Business combinations in the reporting period section of the Notes on p. 21. The same period of the previous year saw the acquisition of aggregate pits and production sites for ready-mixed concrete and asphalt from Cemex in the northwest of the USA in exchange for a cash payment of €130 million, and the operating assets of the Saunders Companies in the US state of New York for the provisionally determined purchase price of €30 million, which was settled in cash and increased slightly by €0.6 million during the reporting period. With regard to the cash-relevant divestments of €344 million (previous year: 163), the cash inflow from the disposal of subsidiaries and other business units accounted for €254 million (previous year: 11): in particular, €109 million of this related to the sale of the sand-lime brick business in Germany and €115 million to the sale of Lehigh White Cement in the USA. Further details can be found in the Divestments in the reporting period section of the Notes on p. 23. Proceeds from the sale of other fixed assets essentially resulted from the sale of intangible assets and property, plant and equipment, the disposal of financial assets, joint ventures, and associates, and the repayment of loans. Changes to the scope of consolidation generated a cash inflow of €24 million (previous year: cash outflow of 0.4) in the reporting period, which largely comprised the cash and cash equivalents of €25 million taken over from the acquired Cementir companies in Italy.

Financing activities of continuing operations generated a cash inflow of €139 million (previous year: cash outflow of 406) in the reporting period. The cash inflow arising from the net proceeds from and repayment of bonds and loans of €712 million (previous year: 114) included in this figure covers the change in long-term and short-term interest-bearing liabilities and mainly comprises the issue of two bonds with a total value of €1.5 billion and the repayment of two bonds totalling €980 million. This item also includes the borrowings and payments relating to bank loans as well as changes to other short-term interest-bearing liabilities with a high turnover rate. In the same period of the previous year, three bonds with a total value of €2.25 billion were issued, while two bonds with a total value of €1.5 billion and one debt certificate of €285 million were repaid. Dividend payments led to an overall cash outflow of €553 million (previous year: 519), with HeidelbergCement AG dividend payments making up €377 million (previous year: 317) of this figure.

Investments

In the first nine months, cash-relevant investments rose to €1,216 million (previous year: 785). Investments in property, plant, and equipment (including intangible assets), which primarily relate to optimisation and environmental protection measures at our production sites, but also to expansion projects in growing markets, accounted for €610 million (previous year: 575) of this total. The investments in financial assets and other business units rose to €606 million (previous year: 210); this figure essentially relates to the acquisition of the

Italian cement and concrete manufacturer Cementir Italia and the Australian Alex Fraser Group, as well as the purchase of a cement plant in the Canadian province of Quebec and smaller bolt-on acquisitions of shareholdings.

At the same time, we sold our sand-lime brick business in Germany and the white cement activities in the USA as part of the optimisation of our portfolio. In addition, we sold a paper bag factory in Egypt and a former Cementir Italia cement plant to meet a condition imposed by the Italian competition authority. Cash-relevant divestments totalled €344 million in the first nine months (previous year: 163).

Balance sheet
As at 30 September 2018, the balance sheet total had grown by €1,141 million to €35,699 million (previous year: 34,558) in comparison with 31 December 2017.

Non-current assets increased by €410 million to €28,276 million (previous year: 27,865). The rise predominantly related to intangible assets of €288 million, financial assets of €48 million, and other non-current receivables of €127 million. This was offset by the decline in deferred tax assets of €50 million. The growth of €283 million in goodwill to €11,390 million (previous year: 11,107) was primarily the result of changes to the scope of consolidation in addition to exchange rate effects of €76 million.

Current assets increased by €808 million to €7,401 million (previous year: 6,593). The rise of €79 million in inventories to €1,960 million (previous year: 1,881) related in particular to raw materials and consumables. For revenue-related reasons, trade receivables grew by €724 million to €2,521 million (previous year: 1,798). Cash and cash equivalents fell by €239 million to €1,870 million (previous year: 2,109). The changes are explained in the Statement of cash flows section.

On the equity and liabilities side, equity rose by €469 million to €16,521 million (previous year: 16,052). The increase is particularly due to the profit for the period amounting to €1,016 million and the other comprehensive income of €161 million, which was primarily composed of actuarial gains of €94 million and currency translation differences of €91 million. Equity was impaired by dividend payments of €553 million and changes to the scope of consolidation and ownership interests in subsidiaries totalling €-144 million.

Interest-bearing liabilities grew by €603 million to €11,427 million (previous year: 10,824). The rise in net debt (interest-bearing liabilities less cash and cash equivalents) of €823 million to €9,518 million (previous year: 8,695) is due to the cash flows from investing activities, financing of the seasonal rise in receivables, and dividend payments. Total provisions decreased by €100 million to €2,537 million (previous year: 2,636). Of this amount, €55 million was attributable to pension provisions and €45 million to other provisions. The increase of €174 million in operating liabilities to €4,557 million (previous year: 4,383) relates primarily to the rise of €81 million in trade payables to €2,362 million (previous year: 2,281) in addition to the growth of €77 million in other current operating liabilities to €1,568 million (previous year: 1,491).

Financing
On 12 January 2018, we signed a new €3 billion syndicated credit facility to refinance the existing credit facility which would have expired in February 2019. As there are two prolongation options of one year each, we secured the historically attractive refinancing conditions until 2025. The credit margin was reduced by 20 to 35 basis points, depending on the leverage. The syndicated credit facility is intended as liquidity back-up and can be used for cash drawdowns as well as for letters of credit and guarantees both in euro and in other currencies.

In the first nine months of 2018, HeidelbergCement issued two Eurobonds with a total volume of €1.5 billion under its €10 billion EMTN programme. The issue proceeds will be used for general corporate financing purposes and for the repayment of upcoming maturities.

On 24 April 2018, HeidelbergCement issued a Eurobond with an issue volume of €750 million and a ten-year term ending on 24 April 2028. The bond bears a fixed coupon of 1.750 % p.a. The issue price was at 98.870 %, resulting in a yield to maturity of 1.875 %.

On 9 August 2018, HeidelbergCement issued a further Eurobond of €750 million. The 4-year bond with a maturity date of 9 August 2022 bears a fixed coupon of 0.500 % p.a. The issue price was at 99.335 %, resulting in a yield to maturity of 0.669 %.

According to the terms and conditions of the bonds issued in 2009 and 2010, there is a limitation on incurring additional debt if the consolidated coverage ratio (i.e. the ratio of the aggregate amount of the consolidated EBITDA to the aggregate amount of the consolidated interest expense) of the HeidelbergCement Group is below 2. This covenant is suspended for the other bonds and debt certificates due to the investment grade rating. The consolidated EBITDA of €3,227 million and the consolidated interest expense of €425 million are calculated on a pro forma basis in accordance with the terms and conditions of the bonds. As at 30 September 2018, the consolidated coverage ratio amounted to 7.59.

The net debt decreased by €135 million in comparison with 30 September 2017, amounting to €9,518 million (previous year: 9,653) as at 30 September 2018. The increase of €823 million in comparison with the end of 2017 (€8,695 million) is primarily due to the acquisitions in Italy and Australia as well as the rise in working capital, related to seasonal factors, and the dividend payments in the second quarter.

Western and Southern Europe

The economic upturn continued in the countries of the Western and Southern Europe Group area, but has lost momentum due to political and economic uncertainties. Despite an expected slowdown in the third quarter, the German economy is in a robust shape as a result of the strong domestic demand and the healthy labour market. The economic recovery is also ongoing in Belgium and the Netherlands. In the United Kingdom, uncertainties resulting from the faltering Brexit negotiations continue to impact the economic development and construction activity. In France, economic growth rose to 0.4 % in the third quarter. While Spain remains on course for growth with a rise in GDP of 0.6 %, the Italian economy stagnated in the third quarter.

In the first nine months of 2018, the Western and Southern Europe Group area's cement and clinker sales volumes rose by 5.6 % to 23.0 million tonnes (previous year: 21.8). This growth is mainly attributable to the newly included cement activities of Cementir in Italy and increased volumes in France and Spain. Excluding consolidation effects, deliveries increased marginally by 0.3 %. Even excluding consolidation effects, sales volumes grew moderately in Italy. In Germany, Belgium/Netherlands and the United Kingdom, our deliveries remained slightly below the previous year's level.

In the aggregates business line, slight increases in sales volumes in Belgium/Netherlands, the United Kingdom, France and Spain more than made up for the significant volume loss in Italy. In Germany, our deliveries were at the level of the previous year. Overall, the Group area's aggregates sales volumes increased slightly by 1.2 % in the first nine months to 60.4 million tonnes (previous year: 59.7).

Ready-mixed concrete sales volumes decreased slightly by 0.8 % to 12.9 million cubic metres (previous year: 13.0). While we achieved a significant rise in sales volumes in Italy and our deliveries also increased in France and Spain, volumes fell in Germany, Belgium/Netherlands, and the United Kingdom. The sales volumes of the asphalt operating line in the United Kingdom rose by 11.0 % compared with the previous year.

To expand our market position in Italy, our subsidiary Italcementi S.p.A. acquired from Cementir Holding 100 % of the shareholding in Cementir Italia S.p.A. and its subsidiaries, Cementir Sacci S.p.A. and Betontir S.p.A., on 2 January 2018. The acquisition comprises five cement and two cement grinding plants as well as a network of terminals and ready-mixed concrete plants. Due to the conditions imposed by the Italian competition authority, Italcementi S.p.A. sold the cement plant in Maddaloni via the acquired subsidiary Cementir Italia S.p.A. on 1 June 2018.

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

Revenue of the Western and Southern Europe Group area rose by 3.5 % to €3,678 million (previous year: 3,555). Excluding consolidation and exchange rate effects, growth amounted to 3.4 %.

Northern and Eastern Europe-Central Asia

The Nordic countries continue to record an overall positive economic development and strong construction activity. In Poland and Czechia, the upturn in the economy and in construction activity is ongoing. The Romanian economy is also on a course for growth, but there is still a lack of infrastructure projects and public investments. The economies of Ukraine and Russia are recovering, but the armed conflict in eastern Ukraine is continuing to impact both countries severely.

During the first nine months, cement and clinker deliveries of the Northern and Eastern Europe-Central Asia Group area fell by 2.7 % to 19.3 million tonnes (previous year: 19.8) as a result of consolidation. Excluding the effects of the deconsolidation of our activities in Georgia, the increase in sales volumes amounted to 3.7 %. Growth in volumes in Sweden and Iceland did not fully compensate for volume losses in Norway and Denmark, which led to overall deliveries of the Northern European countries remaining just under the previous year's level. In Eastern Europe-Central Asia, the deliveries of the individual countries also presented a mixed picture. While our sales volumes declined in Bulgaria, Russia, as well as Ukraine and remained stable in Romania, Czechia and Poland achieved a substantial rise in volumes. In Greece and Kazakhstan, our deliveries also exceeded the previous year's level. As a whole, Eastern Europe-Central Asia recorded a moderate increase in sales volumes, excluding the Georgia effect.

Our deliveries in the aggregates business line declined slightly by 0.8 % to 38.7 million tonnes (previous year: 39.1). In Northern Europe, a strong increase in volumes in Sweden and gains of the Mibau Group largely offset the decrease in volumes in Norway, Iceland, and the Baltic States. In Eastern Europe-Central Asia, growth in sales volumes in Poland, Czechia, Romania, Ukraine, Slovakia, and Greece stood in contrast to the dip in volumes in Kazakhstan and Russia.

Deliveries of ready-mixed concrete rose slightly by 1.1 % to 5.1 million cubic metres (previous year: 5.0). Adjusted for the effects of the deconsolidation of our activities in Georgia, deliveries grew by 11.7 %. Overall, the Northern European countries achieved a significant increase in sales volumes. Poland, Czechia, Romania, Slovakia, and Greece also recorded a substantial growth in volumes.

Revenue of the Northern and Eastern Europe-Central Asia Group area improved by 1.2 % to €2,163 million (previous year: 2,138); excluding consolidation and exchange rate effects, the growth amounted to 8.7 %.

North America
In the North America Group area, HeidelbergCement is represented in the USA and Canada. The US economy recorded once again strong growth in the third quarter. Gross domestic product increased by 3.5 % according to a preliminary estimate. Nonresidential investment also contributed to economic growth in the third quarter, while residential investment declined. The labour market is in very good shape and the economic outlook continues to be positive.

In the first nine months of 2018, sales volumes of our building materials were significantly impaired by adverse weather conditions. The long, hard winter impacted significantly construction activity until mid-April, particularly in the northeast of the USA. In September, our deliveries suffered from unusually wet weather in Texas as well as in the midwest and northeast of the USA.

The cement sales volumes of our North American plants decreased by 1.7 % to 12.1 million tonnes (previous year: 12.3) in the first nine months. Excluding consolidation effects from the purchase of a cement plant and the sale of the white cement business, sales volumes exceeded marginally by 0.2 % the previous year's level. The Canada region recorded a pleasing increase in volumes, thanks to the high level of demand on the west coast. The West region benefited from lively construction activity, particularly in California, and achieved substantial growth in sales volumes. Despite heavy rains in the second and third quarter, the volume losses caused by bad weather during the first few months were more than recovered in the South region. In contrast, volumes in the North region declined due to the inclement weather conditions in winter and spring as well as in September. Price increases were successfully implemented in all key markets of both the United States and Canada.

As part of our portfolio optimisation, we sold our 51 % participation in Lehigh White Cement Company, Harrisburg, to the non-controlling shareholders Aalborg Cement Company, Inc. and Cemex, Inc. on 29 March 2018. Lehigh White Cement Company operates two white cement plants in Waco, Texas, and York, Pennsylvania, with an annual production capacity totalling around 255,000 tonnes. On 7 February 2018, we acquired a cement plant in the Canadian province of Quebec.

In the aggregates business line, the Canada, South and West regions achieved growth in sales volumes, while deliveries in the North region remained at the level of the previous year due to weather-related reasons. Overall, aggregate sales volumes grew in the first nine months by 2.9 % to 93.2 million tonnes (previous year: 90.6). Excluding consolidation effects in the North and Canada regions, the rise amounted to 1.1 %. Sales prices were increased in all regions.

In the ready-mixed concrete operating line, the deliveries of the North region decreased as a result of unfavourable weather conditions and consolidation effects. In contrast, the South region achieved slight and the Canada and West regions significant increases in volumes, with total ready-mixed concrete sales volumes growing by 5.6 % to 5.3 million cubic metres (previous year: 5.0). Excluding consolidation effects in the North, South, and Canada regions, the increase amounted to 2.1 %.

To strengthen the vertical integration in the Southeast, we acquired the ready-mixed concrete producer Fairburn Ready-Mix on 6 April 2018. Fairburn Ready-Mix operates five ready-mixed concrete plants in the Atlanta metropolitan area and complements our existing cement and aggregates businesses in Georgia.

Asphalt deliveries rose by 6.9 % to 3.2 million tonnes (previous year: 3.0) thanks to good market conditions in the West region. Excluding consolidation effects in the Canada region, sales volumes grew by 3.7 %.

In the service-joint ventures-other business line, the cement sales volumes of our joint venture Texas Lehigh Cement were below the previous year's level as a result of the unfavourable weather conditions.

Total revenue in North America fell by 3.8 % to €3,179 million (previous year: 3,305); excluding consolidation and exchange rate effects, revenue increased by 2.9 %.

Asia-Pacific
Despite the restructuring and slowdown of the Chinese economy, the emerging countries of Asia remain on course for growth. The Chinese economy weakened more than expected in the third quarter, with growth of 6.5 % in gross domestic product. In Indonesia, the economy is showing robust growth. A slight acceleration in economic growth is anticipated in India and Thailand. Despite weak investments in the raw materials sector, Australia is showing robust economic development.

During the first nine months, cement and clinker deliveries of the Asia-Pacific Group area rose by 7.8 % to 27.3 million tonnes (previous year: 25.3).

In Indonesia, cement and clinker sales volumes of our subsidiary Indocement rose by 6.6 % in the first nine months. Price development showed a clear turnaround in the third quarter and further price increases were announced in October. Indocement continues to pursue strict cost management to counteract the rise in logistics and production costs due to inflation in energy costs and the devaluation of the local currency.

In India, the cement and clinker deliveries of our central and southern Indian plants rose considerably in the first nine months owing to the strong demand, particularly from the infrastructure sector. While our plants in central India benefited from a positive development in prices, the markets

in southern India continued to be subject to price pressure. The rise in the cost of fuel was partially offset by the increase in power generated by our waste heat power station in the Damoh cement plant.

Supported by the commencement of major infrastructural projects, Thailand's domestic cement market started to recover in the second quarter. The deliveries of our plants also improved and recorded a slight increase by the end of the reporting period. The sharp rise in export deliveries also contributed to the growth in sales volumes. Despite cost inflation, margins improved as a result of the positive price development. In Bangladesh, our cement deliveries recorded a pleasing increase.

In the aggregates business line, our deliveries rose by 7.2 % to 32.9 million tonnes (previous year: 30.7). In Australia, the ongoing lively construction activity, particularly on the east coast, led to a significant growth in sales volumes. The previous strong demand from residential construction has declined, but is replaced by growth in the infrastructure sector. While our deliveries in Indonesia declined and remained at the level of the previous year in Malaysia, Thailand achieved a strong increase in volumes.

At 8.3 million cubic metres (previous year: 7.9), sales volumes in the ready-mixed concrete operating line exceeded the previous year's level by 5.1 %. Australia was the biggest contributor to the increase, but Indonesia, Malaysia, and Thailand in particular also recorded a positive development of sales volumes.

The sales volumes of the asphalt operating line rose by 24.3 % on account of consolidation effects in Australia. Excluding consolidation effects, sales volumes fell by 8.2 % as a result of the weak demand in Malaysia.

In China, the cement deliveries of our joint ventures in the provinces of Guangdong and Shaanxi remained just under the previous year's level. In contrast, our joint venture Cement Australia achieved pleasing growth in sales volumes.

On 31 January 2018, we acquired the Alex Fraser Group, Australia's leading recycler of building materials, from Swire Investments (Australia) Ltd. This transaction strengthens our market positions in the Melbourne and Brisbane metropolitan areas. The company operates three production sites in Melbourne and two in Brisbane, in addition to producing asphalt at two plants in Melbourne. We also acquired the Suncoast Asphalt Pty Ltd group, a manufacturer of asphalt in the South East Queensland region, on 29 March 2018.

Revenue of the Asia-Pacific Group area increased by 0.2 % to €2,366 million (previous year: 2,361); excluding consolidation and exchange rate effects, revenue rose by 6.0 %.

Africa-Eastern Mediterranean Basin

Overall, the African countries south of the Sahara are continuing to experience robust economic growth and lively construction activity. Despite political risks, Egypt is expected to gather significant economic momentum. In contrast, the outlook for Morocco has somewhat deteriorated. In Turkey, the economic development suffers from the high inflation, the currency crisis and the resulting loss of confidence.

The cement and clinker sales volumes of the Africa-Eastern Mediterranean Basin Group area, which only includes the deliveries from our African subsidiaries, grew by 6.5 % to 14.9 million tonnes (previous year: 14.0). In most countries south of the Sahara, we recorded considerable increases in volumes thanks to lively construction activity. Ghana, Tanzania, and Sierra Leone made particularly strong contributions to this growth in sales volumes. In Ghana, our main market, our deliveries benefited from the strong demand particularly from residential construction. We also recorded pleasing increases in sales volumes in Benin, Liberia, Mozambique, and particularly in the Democratic Republic of Congo. Despite the positive development of domestic volumes, deliveries in Togo remained slightly below the previous year's level as a result of the strong decline in exports in the first half of the year. Overall, the North African countries also achieved a moderate growth in sales volumes. The substantial rise in Egypt outweighed the slight dip in Morocco.

In light of the good growth prospects, HeidelbergCement is expanding its activities in Africa. In February 2018, we laid the foundation stone for the construction of a second cement mill in Burkina Faso; this will double the capacity of our cement grinding plant, located near the capital Ouagadougou, to around 2 million tonnes. In the Democratic Republic of Congo, we are continuing with the expansion of our Cimenterie de Lukala cement plant. The new kiln line at the plant near Kinshasa will be completed by the end of 2019.

In September 2018, our Egyptian subsidiary Helwan Cement entered into an agreement with Emaar Industries to sell its white cement plant in Minya. The disposal is part of our portfolio optimization. The closing of the transaction is subject to customary conditions as well as the de-merger of the white cement plant from Helwan Cement and is expected to occur in the fourth quarter of 2018 or in the first quarter of 2019.

Aside from minor activities in some African countries south of the Sahara, HeidelbergCement is predominantly active in Israel and Morocco in the aggregates business line. While deliveries in Morocco increased significantly, production and sales volumes in Israel declined due to the expiry of a mining concession. Deliveries of aggregates decreased overall by 13.7 % to 7.8 million tonnes (previous year: 9.1). In the ready-mixed concrete operating line, HeidelbergCement is represented in Israel, Egypt, and Morocco. Ready-mixed concrete sales volumes grew by 3.7 % to 3.9 million cubic metres (previous year: 3.7). Asphalt activities in Israel recorded a decline in volumes of 6.1 %.

The service-joint ventures-other business line essentially includes the cement, aggregates, and ready-mixed concrete activities of our Turkish joint venture Akçansa. Lower domestic cement deliveries were partially offset by the growth in exports. Overall, the cement and clinker sales volumes of Akçansa declined by 5.2 % in the first nine months. While deliveries of aggregates declined substantially, sales volumes of ready-mixed concrete remained just under the level of the previous year.

Revenue of the Africa-Eastern Mediterranean Basin Group area grew by 6.0 % to €1,250 million (previous year: 1,179); excluding consolidation and exchange rate effects, the increase amounted to 12.6 %.

Group Services
Group Services comprises the activities of our subsidiary HC Trading, one of the largest international trading companies for cement and clinker. The company is also responsible for purchasing and delivering coal and petroleum coke via sea routes to our own locations and to other cement companies around the world. Group Services also includes our cement and ready-mixed concrete activities in Kuwait.

In the first nine months, the overall trade volume of HC Trading rose significantly by 16.6 % to a record value of 22.7 million tonnes (previous year: 19.5). Deliveries of cement, clinker, and other building materials such as lime and dry mortar increased by 3.8 % to 13.8 million tonnes (previous year: 13.2). Trade in coal and petroleum coke recorded strong growth of 43.6 % to 9.0 million tonnes (previous year: 6.2).

Revenue of the Group Services business unit rose by 29.0 % to €1,277 million (previous year: 990); excluding consolidation and exchange rate effects, the increase amounted to 28.2 %.

Employees
At the end of September 2018, the number of employees at HeidelbergCement stood at 59,589 (previous year: 60,830). The decrease of 1,241 employees essentially results from two opposing developments. On the one hand, more than 2,900 jobs were cut across the Group as a result of portfolio optimisations, the realization of synergies, efficiency increases in sales and administration as well as location optimisations. On the other hand, just under 1,700 new employees joined the Group, particularly as a result of the company acquisitions in Italy and Australia in the first quarter of 2018. Furthermore, there was an increase in some countries in the Western and Southern Europe and Northern and Eastern Europe-Central Asia Group areas, and in particular in Australia, owing to the solid market development.

Personnel change in the Supervisory Board of HeidelbergCement
Mr Frank-Dirk Steininger, employee representative on the Supervisory Board (nominated by the trade union) resigned from the Supervisory Board with effect from 31 January 2018. Following an application of the company, the Local Court (Amtsgericht) of Mannheim/Germany supplemented the Supervisory Board by appointing Ms Barbara Breuninger, nominated by the relevant trade union, as a member in the capacity of employee representative with effect from 5 April 2018. Her term of appointment will expire at the end of the term of the other members of the Supervisory Board, i.e. with the conclusion of the 2019 Annual General Meeting.

With the appointment of Ms Breuninger, the Supervisory Board of HeidelbergCement AG consists of eight men and four women, so that the legal requirement regarding the minimum share of at least 30 % each of woman and men on the Supervisory Board is fulfilled.

Events after the balance sheet date
After the balance sheet date, there were no reportable events.

Outlook

HeidelbergCement partially adapted its outlook for the 2018 financial year on 18 October 2018.

Sales volumes and revenue of the first nine months of 2018 developed in line with expectations and the guidance for the full year remains unchanged.

However, the outlook for 2018 for RCOBD, adjusted for currency and consolidation effects, was adapted to a low to mid single-digit percentage decline (previously: a mid to high single-digit percentage increase). Reason for the adjustment is – besides persistent adverse weather conditions in the core markets of HeidelbergCement in the USA – among others an energy cost inflation that significantly exceeded our expectations and could only partially be compensated by price increases over the course of the year. We expect now energy costs to increase by a high single to low double-digit percentage. In addition, gains from the sale of depleted quarries are anticipated to be lower than in the prior year. Cash-relevant net investments are expected to amount to €1.3 billion for the full year, slightly higher than the €1.1 billion originally planned. Consequently, we expect now that the leverage at year-end will rise to just above the so far anticipated value of 2.5x.

Outlook for Group share of profit for the year 2018 remains unchanged, which means we continue to expect a significant increase.

In light of the weaker than expected operational result development, we take strong actions to drive earnings and cash flow generation. We remain committed to improving shareholder value and maintaining a solid investment grade rating.

The company has initiated an action plan with focus on three levers: portfolio optimisation, operational excellence as well as cash flow and shareholder return.

- **Portfolio optimisation:** Accelerate disposals and review further divestment potentials.
- **Operational excellence:** Launch of a new efficiency programme focusing on selling, general & administrative expenses with a €100 million savings target over the next two years. Start of an aggressive commercial excellence initiative to regain margins by significant price increases.
- **Cash flow and shareholder return:** Adjust investment hurdle rate to share buyback valuation. Limit growth investments to an average of €350 million per year for the next two years. Share buyback to be considered in mid-2019.

Further details of the portfolio optimisation and operational excellence initiatives will be announced with the full year 2018 results in March 2019.

Additional statements on the outlook

The Managing Board of HeidelbergCement has not seen evidence of developments beyond those mentioned in the previous paragraph that would suggest changes for the business year 2018 regarding the forecasts and other statements made in the 2017 Annual Report in the Outlook chapter on page 66 ff. on the expected development of HeidelbergCement and its business environment.

The expected future development of HeidelbergCement and the business environment over the course of 2018 is described in the outlook. As such, please note that this Interim Financial Report contains forward-looking statements based on the information currently available and the current assumptions and forecasts of the Managing Board of HeidelbergCement. Such statements are naturally subject to risks and uncertainties and may therefore deviate significantly from the actual development. HeidelbergCement undertakes no obligation and furthermore has no intention to update the forward-looking statements made in this Interim Financial Report.

Risk and opportunity report

HeidelbergCement's risk policy is based on the business strategy, which focuses on safeguarding the Group's existence and sustainably increasing its value. Entrepreneurial activity is always forward-looking and therefore subject to certain risks. Identifying risks, understanding them, as well as assessing and reducing them systematically are the responsibility of the Managing Board and a key task for all managers. HeidelbergCement is subject to various risks that are not fundamentally avoided, but instead accepted, provided they are consistent with the legal and ethical principles of entrepreneurial activity and are well balanced by the opportunities they present. Opportunity and risk management at HeidelbergCement is closely linked by Group-wide planning and monitoring systems. Opportunities are recorded in the annual operational plan and followed up as part of monthly financial reporting. Operational management in each country and the central Group departments are directly responsible for identifying and observing opportunities at an early stage.

In a holistic view of individual risks and the overall risk situation, there are, from today's perspective, no identifiable risks that could threaten the existence of the Group or any other apparent significant risks. Our control and risk management system standardised across the Group ensures that major risks, which, if they occurred, would lead to a considerable deterioration of the Group's economic position, are identified at an early stage.

Risks that may have a significant impact on our financial position and performance in the 2018 financial year and in the foreseeable future as well as the opportunities are described in detail in the 2017 Annual Report in the risk and opportunity report chapter on page 73 ff.

The risks arising from volatile energy and raw material prices as well as from exchange rates remain high. Geopolitical risks result in particular from the political crises and armed conflicts in the Middle East and in eastern Ukraine. Macroeconomic risks include in particular the danger of escalating trade conflicts. Uncertainties still remain with regard to the stability of the global financial system.

Interim consolidated financial statements

Consolidated income statement

	July - September		January - September	
€m	2017	2018	2017	2018
Revenue	4,609.6	**4,943.3**	13,003.9	**13,375.0**
Change in finished goods and work in progress	37.5	**20.6**	8.4	**-16.3**
Own work capitalised	1.6	**2.7**	5.5	**8.6**
Operating revenue	4,648.6	**4,966.6**	13,017.8	**13,367.2**
Other operating income	121.3	**169.5**	376.7	**344.7**
Material costs	-1,783.8	**-2,003.1**	-5,121.9	**-5,495.9**
Employee and personnel costs	-743.0	**-759.4**	-2,266.2	**-2,251.4**
Other operating expenses	-1,247.0	**-1,397.8**	-3,741.7	**-3,888.8**
Result from joint ventures	61.9	**62.8**	140.6	**151.0**
Result from current operations before depreciation and amortisation (RCOBD)	1,058.0	**1,038.6**	2,405.3	**2,226.8**
Depreciation and amortisation	-270.8	**-274.8**	-827.0	**-816.0**
Result from current operations	787.2	**763.8**	1,578.3	**1,410.8**
Additional ordinary income	42.2	**4.7**	46.3	**177.7**
Additional ordinary expenses	-47.7	**-39.0**	-88.3	**-84.0**
Additional ordinary result	-5.6	**-34.3**	-42.0	**93.7**
Result from associates	17.7	**19.2**	35.1	**27.5**
Result from other participations	1.1	**1.5**	4.6	**1.8**
Result from participations	18.8	**20.7**	39.6	**29.3**
Earnings before interest and taxes (EBIT)	800.4	**750.1**	1,575.9	**1,533.7**
Interest income	10.2	**11.4**	44.5	**35.4**
Interest expenses	-90.6	**-81.5**	-272.4	**-240.1**
Foreign exchange gains and losses	-3.5	**-3.9**	2.1	**5.4**
Other financial result	-19.8	**-17.7**	-59.0	**-47.1**
Financial result	-103.7	**-91.7**	-284.8	**-246.4**
Profit before tax from continuing operations	696.8	**658.5**	1,291.1	**1,287.4**
Income taxes	-175.7	**-71.4**	-400.0	**-259.9**
Net income from continuing operations	521.1	**587.1**	891.2	**1,027.5**
Net loss from discontinued operations	-2.7	**-6.6**	-10.7	**-11.7**
Profit for the period	518.5	**580.5**	880.4	**1,015.8**
Thereof non-controlling interests	37.8	**41.1**	112.2	**101.2**
Thereof Group share of profit	480.7	**539.4**	768.3	**914.6**
Earnings per share in € (IAS 33)				
Earnings per share attributable to the parent entity	2.42	**2.72**	3.87	**4.61**
Earnings per share – continuing operations	2.44	**2.75**	3.93	**4.67**
Loss per share – discontinued operations	-0.02	**-0.03**	-0.06	**-0.06**

Consolidated statement of comprehensive income

	July - September		January - September	
€m	2017	2018	2017	2018
Profit for the period	518.5	**580.5**	880.4	**1,015.8**
Other comprehensive income				
Items not being reclassified to profit or loss in subsequent periods				
Remeasurement of the defined benefit liability (asset)	26.5	**-13.8**	33.9	**133.0**
Income taxes	-8.3	**4.2**	-10.6	**-39.4**
Defined benefit plans	18.2	**-9.6**	23.3	**93.6**
Items that may be reclassified subsequently to profit or loss				
Cash flow hedges – change in fair value	-4.6	**-0.3**	-8.3	**3.4**
Reclassification adjustments for gains/losses included in profit or loss	5.7	**0.5**	10.1	**-2.4**
Income taxes	-0.2	**-0.2**	0.0	**-0.5**
Cash flow hedges	0.9	**0.0**	1.8	**0.5**
Currency translation	-543.3	**21.2**	-1,886.0	**108.3**
Income taxes	-2.4	**-1.1**	5.7	**-6.5**
Currency translation	-545.7	**20.1**	-1,880.3	**101.8**
Net gains/losses arising from equity method investments	-16.9	**-27.6**	-42.7	**-35.2**
Total	-561.6	**-7.6**	-1,921.2	**67.2**
Other comprehensive income	-543.4	**-17.1**	-1,897.8	**160.8**
Total comprehensive income	-25.0	**563.4**	-1,017.4	**1,176.6**
Thereof non-controlling interests	-7.9	**30.1**	-20.4	**68.1**
Thereof Group share	-17.1	**533.3**	-997.0	**1,108.5**

Consolidated statement of cash flows

	July - September		January - September	
€m	2017	2018	2017	2018
Net income from continuing operations	521.1	**587.1**	891.2	**1,027.5**
Income taxes	175.7	**71.4**	400.0	**259.9**
Interest income/ expenses	80.4	**70.1**	227.9	**204.7**
Dividends received	45.9	**51.2**	196.4	**159.3**
Interest received	26.4	**27.5**	88.8	**79.1**
Interest paid	-35.1	**-35.1**	-433.2	**-393.4**
Income taxes paid	-51.2	**-53.1**	-313.0	**-196.2**
Depreciation, amortisation, and impairment	274.4	**276.0**	830.6	**835.2**
Elimination of other non-cash items	-55.9	**-60.9**	-136.2	**-260.1**
Cash flow	981.5	**934.0**	1,752.5	**1,715.9**
Changes in operating assets	27.6	**-180.8**	-618.9	**-990.4**
Changes in operating liabilities	-83.3	**54.3**	-165.1	**10.0**
Changes in working capital	-55.7	**-126.5**	-784.0	**-980.4**
Decrease in provisions through cash payments	-89.7	**-85.8**	-260.6	**-241.2**
Cash flow from operating activities - continuing operations	836.1	**721.8**	707.9	**494.3**
Cash flow from operating activities - discontinued operations	0.0	**-0.4**	-3.3	**-0.8**
Cash flow from operating activities	836.1	**721.4**	704.6	**493.5**
Intangible assets	-2.0	**-4.9**	-8.8	**-13.1**
Property, plant and equipment	-206.8	**-188.0**	-565.9	**-596.5**
Subsidiaries and other business units	-29.3	**-39.4**	-160.4	**-573.1**
Other financial assets, associates, and joint ventures	-27.2	**-9.3**	-50.0	**-33.1**
Investments (cash outflow)	-265.3	**-241.7**	-785.1	**-1,215.8**
Subsidiaries and other business units	1.9	**7.4**	10.8	**254.3**
Other fixed assets	81.0	**43.3**	152.2	**90.1**
Divestments (cash inflow)	82.8	**50.8**	163.0	**344.5**
Cash from changes in consolidation scope	0.0	**-1.9**	-0.4	**24.2**
Cash flow from investing activities - continuing operations	-182.5	**-192.8**	-622.5	**-847.2**
Cash flow from investing activities - discontinued operations	8.7		10.2	
Cash flow from investing activities	-173.8	**-192.8**	-612.3	**-847.2**
Dividend payments - HeidelbergCement AG			-317.5	**-377.0**
Dividend payments - non-controlling interests	-15.1	**-62.0**	-201.7	**-176.2**
Decrease in ownership interests in subsidiaries		**5.9**		**5.9**
Increase in ownership interests in subsidiaries		**-7.3**	-0.8	**-25.5**
Proceeds from bond issuance and loans	-0.8	**750.0**	2,255.9	**1,685.4**
Repayment of bonds and loans	-293.6	**-10.6**	-1,967.3	**-1,014.7**
Changes in short-term interest-bearing liabilities	-397.9	**-906.9**	-174.9	**41.3**
Cash flow from financing activities - continuing operations	-707.4	**-230.7**	-406.3	**139.2**
Cash flow from financing activities - discontinued operations				
Cash flow from financing activities	-707.4	**-230.7**	-406.3	**139.2**
Net change in cash and cash equivalents - continuing operations	-53.8	**298.2**	-320.8	**-213.7**
Net change in cash and cash equivalents - discontinued operations	8.7	**-0.4**	6.9	**-0.8**
Net change in cash and cash equivalents	-45.1	**297.9**	-313.9	**-214.5**
Effect of exchange rate changes	-47.9	**-7.4**	-113.9	**-24.6**
Cash and cash equivalents at beginning of period	1,637.5	**1,579.3**	1,972.3	**2,108.8**
Cash and cash equivalents at period end	1,544.5	**1,869.7**	1,544.5	**1,869.7**

Consolidated balance sheet

Assets			
€m	30 Sep. 2017 [1]	31 Dec. 2017	30 Sep. 2018
Non-current assets			
Intangible assets			
Goodwill	11,233.9	11,106.6	**11,390.1**
Other intangible assets	396.7	364.5	**368.8**
	11,630.6	11,471.2	**11,759.0**
Property, plant and equipment			
Land and buildings	6,467.3	6,313.0	**6,491.1**
Plant and machinery	4,920.9	5,049.8	**4,900.9**
Other operating equipment	346.6	338.8	**319.4**
Prepayments and assets under construction	1,250.8	1,112.2	**1,093.0**
	12,985.6	12,813.8	**12,804.4**
Financial assets			
Investments in joint ventures	1,344.4	1,334.1	**1,314.5**
Investments in associates	492.5	502.4	**524.7**
Financial investments	332.7	256.1	**255.7**
Loans and derivative financial instruments	94.6	88.5	**134.6**
	2,264.2	2,181.1	**2,229.4**
Fixed assets	26,880.3	26,466.1	**26,792.8**
Deferred taxes	777.8	517.9	**468.3**
Other non-current receivables	756.1	829.0	**955.8**
Non-current income tax assets	51.6	52.4	**58.8**
Total non-current assets	28,465.8	27,865.3	**28,275.8**
Current assets			
Inventories			
Raw materials and consumables	860.3	823.4	**907.1**
Work in progress	331.6	308.7	**302.4**
Finished goods and goods for resale	713.5	733.3	**732.8**
Prepayments	25.1	15.3	**17.9**
	1,930.4	1,880.7	**1,960.1**
Receivables and other assets			
Current interest-bearing receivables	94.2	122.1	**117.7**
Trade receivables	2,245.3	1,797.7	**2,521.2**
Other current operating receivables	549.7	546.2	**785.9**
Current income tax assets	147.8	117.7	**106.8**
	3,037.1	2,583.7	**3,531.7**
Short-term financial investments	17.4	10.3	**10.0**
Derivative financial instruments	53.9	9.6	**29.3**
Cash and cash equivalents	1,544.5	2,108.6	**1,869.7**
Total current assets	6,583.4	6,593.0	**7,400.9**
Assets held for sale	48.5	99.7	**22.0**
Balance sheet total	35,097.7	34,558.0	**35,698.6**

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

Equity and liabilities			
€m	30 Sep. 2017 [1]	31 Dec. 2017	30 Sep. 2018
Shareholders' equity and non-controlling interests			
Subscribed share capital	595.2	595.2	**595.2**
Share premium	6,225.4	6,225.4	**6,225.4**
Retained earnings	9,398.5	9,494.8	**10,030.5**
Other components of equity	-1,488.8	-1,757.4	**-1,655.2**
Equity attributable to shareholders	14,730.4	14,558.0	**15,196.0**
Non-controlling interests	1,520.9	1,494.3	**1,325.1**
Total equity	16,251.3	16,052.4	**16,521.1**
Non-current liabilities			
Bonds payable	8,855.4	8,345.9	**9,303.8**
Bank loans	477.6	459.4	**629.5**
Other non-current interest-bearing liabilities	52.2	57.1	**48.1**
Non-controlling interests with put options	21.4	18.5	**20.2**
	9,406.6	8,880.9	**10,001.6**
Pension provisions	1,150.9	1,136.8	**1,083.5**
Deferred taxes	707.3	649.7	**656.2**
Other non-current provisions	1,261.1	1,204.0	**1,091.5**
Other non-current operating liabilities	232.6	164.9	**171.9**
Non-current income tax liabilities	175.0	173.5	**203.3**
	3,526.8	3,328.9	**3,206.5**
Total non-current liabilities	12,933.4	12,209.8	**13,208.0**
Current liabilities			
Bonds payable (current portion)	1,301.8	1,668.4	**1,144.6**
Bank loans (current portion)	267.8	116.0	**115.5**
Other current interest-bearing liabilities	245.4	111.0	**117.3**
Non-controlling interests with put options	47.4	47.7	**48.3**
	1,862.5	1,943.1	**1,425.8**
Pension provisions (current portion)	94.6	82.6	**81.2**
Other current provisions	253.4	212.8	**280.4**
Trade payables	2,038.5	2,281.1	**2,362.1**
Other current operating liabilities	1,399.8	1,491.0	**1,567.7**
Current income tax liabilities	264.1	272.3	**252.2**
	4,050.5	4,339.8	**4,543.7**
Total current liabilities	5,912.9	6,282.9	**5,969.4**
Liabilities associated with assets held for sale		12.9	**0.1**
Total liabilities	18,846.4	18,505.7	**19,177.6**
Balance sheet total	35,097.7	34,558.0	**35,698.6**

Consolidated statement of changes in equity

€m	Subscribed share capital	Share premium	Retained earnings	Cash flow hedge reserve
1 January 2017 [2]	595.2	6,225.4	8,933.1	3.3
Profit for the period			768.3	
Other comprehensive income			23.3	1.1
Total comprehensive income			791.6	1.1
Changes in consolidation scope				
Changes in ownership interests in subsidiaries			-1.4	
Changes in non-controlling interests with put options			-8.1	
Transfer of asset revaluation reserve			1.0	
Other changes			-0.3	
Dividends			-317.5	
30 September 2017	595.2	6,225.4	9,398.5	4.4
1 January 2018	595.2	6,225.4	9,494.8	4.6
Adjustment IFRS 9 and IFRS 15			-12.2	
1 January 2018 adjusted	595.2	6,225.4	9,482.6	4.6
Profit for the period			914.6	
Other comprehensive income			93.6	0.9
Total comprehensive income			1,008.2	0.9
Changes in consolidation scope				
Changes in ownership interests in subsidiaries			-81.2	
Changes in non-controlling interests with put options			-2.3	
Transfer of asset revaluation reserve			0.8	
Other changes			-0.7	-0.1
Dividends			-377.0	
30 September 2018	595.2	6,225.4	10,030.5	5.5

1) The accumulated currency translation differences included in non-controlling interests changed in 2018 by € -12.5 million (previous year: -129.5) to € -299.4 million (previous year: -265.9). The total currency translation differences recognised in equity thus amounts to € -2,016.7 million (previous year: -1,818.3).

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

Other components of equity							
	Available for sale/ FVOCI reserve	Asset revaluation reserve	Currency translation	Total other components of equity	Equity attributable to shareholders	Non-controlling interests [1]	**Total equity**
	33.2	28.8	235.5	300.8	16,054.6	1,737.0	**17,791.6**
					768.3	112.2	**880.4**
	-1.9		-1,787.9	-1,788.6	-1,765.3	-132.5	**-1,897.8**
	-1.9		-1,787.9	-1,788.6	-997.0	-20.4	**-1,017.4**
					-1.4		**-1.3**
					-8.1	9.7	**1.6**
		-1.0		-1.0			
					-0.3	-3.8	**-4.0**
					-317.5	-201.7	**-519.2**
	31.3	27.8	-1,552.4	-1,488.8	14,730.4	1,520.9	**16,251.3**
	31.0	27.5	-1,820.5	-1,757.4	14,558.0	1,494.3	**16,052.4**
	2.7			2.7	-9.4		**-9.4**
	33.7	27.5	-1,820.5	-1,754.7	14,548.6	1,494.3	**16,042.9**
					914.6	101.2	**1,015.8**
	-3.9		103.3	100.3	193.9	-33.2	**160.8**
	-3.9		103.3	100.3	1,108.5	68.1	**1,176.6**
						-39.0	**-39.0**
					-81.2	-23.6	**-104.8**
					-2.3		**-2.3**
		-0.8		-0.8			
				-0.1	-0.7	1.2	**0.5**
					-377.0	-175.8	**-552.8**
	29.8	26.7	-1,717.2	-1,655.2	15,196.0	1,325.1	**16,521.1**

Segment reporting / Notes

Group areas January - September	Western and Southern Europe		Northern and Eastern Europe-Central Asia		North America	
€m	2017	**2018**	2017	**2018**	2017	**2018**
External revenue	3,508	**3,622**	2,074	**2,105**	3,305	**3,179**
Inter-Group areas revenue	47	**57**	65	**58**		
Revenue	3,555	**3,678**	2,138	**2,163**	3,305	**3,179**
Change to previous year in %		**3.5 %**		**1.2 %**		**-3.8 %**
Result from joint ventures	2	**2**	12	**16**	30	**27**
Result from current operations before depreciation and amortisation (RCOBD)	459	**394**	403	**418**	802	**727**
as % of revenue (operating margin)	12.9 %	**10.7 %**	18.9 %	**19.3 %**	24.3 %	**22.9 %**
Depreciation	-233	**-247**	-133	**-120**	-223	**-217**
Result from current operations	227	**147**	270	**299**	579	**510**
as % of revenue	6.4 %	**4.0 %**	12.6 %	**13.8 %**	17.5 %	**16.0 %**
Result from associates	14	**15**	0	**1**	6	**-2**
Result from other participations	-1	**3**	4	**0**	0	**-1**
Result from participations	13	**18**	5	**2**	6	**-4**
Additional ordinary result						
Earnings before interest and taxes (EBIT)	240	**165**	275	**300**	585	**506**
Capital expenditures [2]	153	**226**	76	**69**	187	**165**
Segment assets [3] [4]	7,312	**7,613**	2,732	**2,494**	8,903	**8,921**
RCOBD as % of segment assets	6.3 %	**5.2 %**	14.8 %	**16.8 %**	9.0 %	**8.1 %**
Number of employees as at 30 September	15,588	**16,010**	13,774	**12,727**	9,755	**9,748**
Average number of employees	15,683	**15,923**	13,701	**12,628**	9,327	**9,507**

1) Includes corporate functions, eliminations of intra-Group relationships between the segments and additional ordinary result.
2) Capital expenditures = in the segment columns: property, plant and equipment as well as intangible assets investments;
in the reconciliation column: investments in non-current financial assets and other business units
3) Segment assets = property, plant and equipment as well as intangible assets
4) Prior year amounts were restated (see Annual Report 2017, section "Business combinations in the previous year", page 124 f.).

Asia-Pacific		Africa-Eastern Mediterranean Basin		Group Services		Reconciliation [1]		Continuing operations	
2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**
2,345	**2,355**	1,156	**1,226**	616	**888**			13,004	**13,375**
16	**10**	23	**24**	373	**389**	-523	**-538**		
2,361	**2,366**	1,179	**1,250**	990	**1,277**	-523	**-538**	13,004	**13,375**
	0.2 %		**6.0 %**		**29.0 %**				**2.9 %**
86	**94**	10	**12**					141	**151**
486	**430**	278	**283**	20	**26**	-44	**-52**	2,405	**2,227**
20.6 %	**18.2 %**	23.6 %	**22.7 %**	2.0 %	**2.1 %**			18.5 %	**16.6 %**
-144	**-138**	-71	**-74**	-3	**-2**	-20	**-18**	-827	**-816**
342	**292**	208	**209**	16	**24**	-64	**-70**	1,578	**1,411**
14.5 %	**12.3 %**	17.6 %	**16.8 %**	1.7 %	**1.9 %**			12.1 %	**10.5 %**
0	**1**	11	**9**	3	**4**			35	**27**
2	**-1**	0	**0**					5	**2**
2	**0**	11	**9**	3	**4**			40	**29**
						-42	**94**	-42	**94**
344	**292**	218	**219**	20	**28**	-106	**23**	1,576	**1,534**
106	**105**	52	**40**	0	**5**	210	**606**	785	**1,216**
4,093	**4,007**	1,522	**1,480**	53	**48**			24,616	**24,563**
11.9 %	**10.7 %**	18.3 %	**19.1 %**	36.7 %	**54.7 %**			9.8 %	**9.1 %**
14,220	**14,263**	7,044	**6,388**	451	**454**			60,830	**59,589**
14,373	**14,280**	7,236	**6,514**	493	**437**			60,812	**59,288**

Notes to the interim consolidated financial statements

Accounting and valuation principles

The interim consolidated financial statements of HeidelbergCement AG as at 30 September 2018 were prepared on the basis of IAS 34 (Interim Financial Reporting). All International Financial Reporting Standards (IFRS), including the interpretations of the IFRS Interpretations Committee (IFRS IC), that were binding as at the reporting date and had been adopted into European law by the European Commission were applied.

In accordance with the regulations of IAS 34, a condensed report scope in comparison with the consolidated financial statements as at 31 December 2017, with selected explanatory notes, was chosen. The accounting and valuation principles applied in the preparation of the interim consolidated financial statements correspond in principle to those of the consolidated financial statements as at 31 December 2017. Detailed explanations can be found on page 112 f. in the Notes to the 2017 Annual Report, which forms the basis for these interim financial statements.

In accordance with IAS 34, the expenses relating to income taxes in the reporting period were accrued on the basis of the tax rate expected for the whole financial year.

The interim consolidated financial statements were not subject to any audits or reviews.

Application of new accounting standards

The following new or amended IASB standards and interpretations were applicable for the first time in these interim consolidated financial statements.

- **IFRS 9 Financial Instruments** governs the accounting of financial instruments and replaces IAS 39 (Financial Instruments: Recognition and Measurement). IFRS 9 pursues a new approach for the categorisation and measurement of financial assets. In this approach, the classification and measurement of financial assets is based on the cash flow characteristics and the business model in use.

  Financial assets held within a business model whose objective is to hold assets to collect the contractual cash flows are measured at amortised cost. If the business model includes the collection of contractual cash flows as well as selling financial assets, these assets are measured at fair value through other comprehensive income. If neither of the two business models applies, the financial assets are measured at fair value through profit or loss.

  Participations in subsidiaries, joint ventures, and associates of minor importance, as well as participations on which HeidelbergCement has no significant influence, were classified as available for sale and measured at cost in accordance with IAS 39. In accordance with IFRS 9, the participations without significant influence have been reclassified and are measured at fair value through profit or loss. Under IAS 39, participations without controlling influence of HeidelbergCement and current financial investments were classified as available for sale and measured at fair value through other comprehensive income. In accordance with IFRS 9, these are measured at fair value through other comprehensive income or at fair value through profit or loss. Changes in the fair value recognised in other comprehensive income are recorded in the fair value through other comprehensive income reserve (FVOCI reserve). For each participation, an individual decision can be made as to whether it is measured at fair value through profit or loss or through other comprehensive income. Participations in subsidiaries, joint ventures, and associates of minor importance are still measured at cost as they are not in the scope of IFRS 9.

  The majority of the loans, trade receivables, and other operating receivables continue to fulfil the criteria for accounting at amortised cost. If financial assets cannot be assigned to either of the two business models or the financial assets did not solely contain payments of principal and interest, these were reclassified and measured at fair value through profit or loss in accordance with IFRS 9.

IFRS 9 introduces a new impairment model that is applicable to all financial assets that are either measured at amortised cost or at fair value through other comprehensive income. This model provides for the recognition of expected credit losses at the time of initial recognition. This has led to an increase in risk provisions. For trade receivables, the simplified impairment approach from IFRS 9 is applied. For bank deposits, loans, and other financial receivables not classified as fair value through profit or loss, the general impairment approach of IFRS 9 is used. The effect within equity of the initial application of the new impairment model amounts to €2.2 million in trade receivables, which meant that the accumulated valuation allowances of €88.6 million as at 31 December 2017 increased to €90.8 million on 1 January 2018. In loans and other interest-bearing receivables, impairment losses of €3.2 million were recognised directly in equity as at 1 January 2018.

With regard to hedge accounting, IFRS 9 provides for the removal of the thresholds applied as part of retrospective effectiveness testing. Instead, evidence is to be documented of the economic relationship between the hedged item and the hedging instrument. Furthermore, the number of potential hedged items and the disclosures for hedge accounting were extended. The new regulations on hedge accounting will be applied prospectively. All currently existing hedges meet the requirements for hedge accounting in accordance with IFRS 9 and can be continued without amendment.

As the regulations for the classification and measurement of financial liabilities in accordance with IFRS 9 essentially correspond to the previous regulations in IAS 39, this has not resulted in any changes.

The transitional effects resulting from the initial application on 1 January 2018 led to a decrease of €11.0 million in retained earnings on 1 January 2018, not taking into account deferred taxes. As a result of the conversion to IFRS 9, the carrying amount of participations accounted for under the equity method increased on 1 January 2018. This led to an increase of €2.7 million in the FVOCI reserve.

The following table shows the reconciliation of the original measurement categories and carrying amounts of the financial assets and liabilities under IAS 39 as at 31 December 2017 with the new measurement categories and carrying amounts in accordance with IFRS 9 as at 1 January 2018.

Reconciliation IFRS 9 - classification and measurement							
€m	Category of IAS 39 [1]	Carrying amount IAS 39 31 Dec. 2017	Reclassi-fication	Not in scope of IFRS 9	Measure-ment adjust-ment	**Category of IFRS 9 [2]**	**Carrying amount IFRS 9 1 Jan. 2018**
Assets							
Financial investments – available for sale at cost	AfS	87.1					
Non-current investments – no significant influence			36.9		-5.3	**FVTPL**	**31.6**
Non-current investments of minor importance – significant influence			50.2	-50.2		-	
Financial investments – available for sale at fair value	AfS	179.3					
Non-current investments – no controlling influence			169.0			**FVOCI**	**169.0**
Current financial investments			10.3			**FVTPL**	**10.3**
Loans and other interest-bearing receivables	LaR	203.5	203.5		-3.2	**AC**	**200.3**
Trade receivables and other operating receivables	LaR	2,265.4					
Trade receivables and other operating receivables – amortised cost			1,999.4	-158.2	-2.2	**AC**	**1,839.0**
Trade receivables and other operating receivables – fair value through profit or loss			266.0		-0.3	**FVTPL**	**265.7**
Cash and cash equivalents	LaR	2,108.6					
Cash and cash equivalents – amortised cost			1,902.2			**AC**	**1,902.2**
Cash and cash equivalents – fair value through profit or loss			206.4			**FVTPL**	**206.4**
Derivatives – hedge accounting	Hedge	1.7	1.7			**Hedge**	**1.7**
Derivatives – held for trading	HfT	15.0	15.0			**FVTPL**	**15.0**
		4,860.6	**4,860.6**	**-208.4**	**-11.0**		**4,641.2**
Liabilities							
Bonds payable, bank loans, and miscellaneous financial liabilities	FLAC	10,703.3	10,703.3			**AC**	**10,703.3**
Trade payables, liabilities relating to personnel, and miscellaneous operating liabilities	FLAC	3,675.3	3,675.3	-436.0		**AC**	**3,239.3**
Liabilities from finance lease	FLAC	16.6	16.6	-16.6		-	
Derivatives – hedge accounting	Hedge	0.0	0.0			**Hedge**	**0.0**
Derivatives – held for trading	HfT	37.8	37.8			**FVTPL**	**37.8**
Non-controlling interests with put options	FLAC	66.2	66.2			**AC**	**66.2**
		14,499.2	**14,499.2**	**-452.6**			**14,046.6**

1) AfS: Available for sale, LaR: Loans and receivables, Hedge: Hedge accounting, HfT: Held for trading, FLAC: Financial liabilities at amortised cost
2) AC: Amortised cost, FVTPL: Fair value through profit or loss, FVOCI: Fair value through other comprehensive income, Hedge: Hedge accounting

– **IFRS 15 Revenue from Contracts with Customers** replaces the regulations of IAS 18 (Revenue) and IAS 11 (Construction Contracts) as well as the associated interpretations, and was applied for the first time on 1 January 2018. For the transition to IFRS 15, the modified retrospective method was selected and the cumulative adjustment amount from the initial application was recognised directly in the retained earnings on 1 January 2018. The comparative figures for the same periods of the previous year were not adjusted. In addition, the option to simplify the initial application was exercised and IFRS 15 has been applied only to contracts that had not yet been fulfilled on 1 January 2018.

  HeidelbergCement primarily generates revenue from simply structured sales of building materials, such as cement, aggregates, ready-mixed concrete, and asphalt, for which the control passes to the customer at a specific point in time.

  The shift in timing of revenue recognition in individual cases due to the initial application of IFRS 15 led to a decrease of €2.7 million in retained earnings as at 1 January 2018.

  Contract assets and contract liabilities are not shown separately in the balance sheet but under other operating receivables and other operating liabilities respectively. As at 1 January 2018, current contract assets of €11.7 million arose from the fulfilment of contractual obligations for which no unconditional right to payment exists as yet, and current contract liabilities of €80.0 million arose from customer prepayments. As at 30 September 2018, the current contract assets amounted to €34.4 million and the current contract liabilities to €141.9 million.

- The **amendments to IFRS 2: Group Cash-settled Share-based Payment Arrangements** have a narrow scope of application and concern specific areas of the classification and measurement of share-based payment transactions. The amendments did not have any impact on the financial position and performance of the Group.

- **IFRIC Interpretation 22 Foreign Currency Transactions and Advance Considerations** determines the timing of the exchange rate to be used for the translation of foreign currency transactions that include a prepayment made or received. The date used to determine the exchange rate for the underlying asset, income, or expense is generally the date of initial recognition of the asset or liability arising from the prepayment. The interpretation did not have any impact on the financial position and performance of the Group.

Seasonal nature of the business

The production and sales of building materials are seasonal due to regional weather patterns. Particularly in our important markets of Europe and North America, business results for the first and fourth quarters are adversely affected by the winter months, whereas the warmer months contribute to higher sales volumes and profits in the second and third quarters.

Exchange rates

The following table contains the key exchange rates used in the conversion into euro of the separate financial statements denominated in foreign currencies.

Exchange rates		Exchange rates at reporting date		Average exchange rates	
EUR		31 Dec. 2017	**30 Sep. 2018**	01-09/ 2017	**01-09/ 2018**
USD	USA	1.2005	**1.1604**	1.1142	**1.1943**
AUD	Australia	1.5372	**1.6069**	1.4538	**1.5764**
CAD	Canada	1.5089	**1.4979**	1.4546	**1.5370**
EGP	Egypt	21.3378	**20.7483**	19.9352	**21.2348**
GBP	Great Britain	0.8881	**0.8904**	0.8729	**0.8840**
INR	India	76.5327	**83.9550**	72.5939	**80.1672**
IDR	Indonesia	16,264	**17,324**	14,873	**16,874**
MAD	Morocco	11.2218	**10.9376**	10.9043	**11.1587**

Business combinations in the reporting period

On 2 January 2018, our subsidiary Italcementi S.p.A. completed its acquisition of a 100 % shareholding in Cementir Italia and its subsidiaries. All conditions for the closing of the transaction have been fulfilled following the approval of the Italian competition authorities. To expand our market position in Italy, we made an agreement, via Italcementi, with Cementir Holding regarding the acquisition of the entire cement and concrete business line of Cementir Italia S.p.A., Rome, including the fully controlled subsidiaries Cementir Sacci S.p.A. and Betontir S.p.A., on 19 September 2017. The purchase price amounted to €316.0 million and was paid in cash. The acquisition comprises five cement and two cement grinding plants as well as a network of terminals and ready-mixed concrete plants. The purchase price allocation has not yet been completed, as the valuations for property, plant and equipment and deferred taxes in particular have not yet been finalised. The provisionally recognised goodwill of €93.2 million is not tax-deductible and represents synergy potential.

On 31 January 2018, our Australian subsidiary Hanson Holdings Australia Limited, Victoria, (Hanson Australia) acquired 100 % of the shares in Alex Fraser Pty. Ltd. Group, Victoria, one of Australia's leading manufacturers of recycled building materials and asphalt, from Swire Investments (Australia) Ltd. The purchase price amounts to €134.1 million and is subject to the usual post-closing purchase price adjustments. The company operates three production sites in Melbourne and two in Brisbane. The Alex Fraser Group also produces asphalt at two plants in Melbourne. The purchase strengthens our market positions in the urban centres of Melbourne and Brisbane. Hanson Australia is also gaining expertise in the production of asphalt and recycled building materials, which ideally complements the existing business and can be leveraged for entry into additional markets. The purchase price allocation has not yet been completed, as the valuations are still to be finalised, particularly with regard to property, plant and equipment. The provisionally recognised goodwill of €67.1 million represents synergy potential and is not tax-deductible.

Hanson Australia also acquired 100 % of the shares in the Suncoast Asphalt Pty Ltd Group, Queensland, on 29 March 2018. The company produces asphalt and supplies customers in the private and public sectors in the South East Queensland region. The purchase price amounted to €18.7 million and was paid in cash. The purchase price allocation has not yet been completed, as the valuations are still to be finalised, particularly with regard to property, plant and equipment. The provisionally recognised, non-tax-deductible goodwill of €10.7 million represents synergy potential.

To strengthen its market position in Canada, HeidelbergCement acquired a cement plant in the province of Quebec on 7 February 2018 as part of an asset deal. The purchase price of €43.1 million, paid in cash, is subject to a standard working capital adjustment clause. The purchase price allocation has not yet been completed, as the valuations are still to be finalised, particularly with regard to property, plant and equipment. The provisionally recognised, tax-deductible goodwill of €38.4 million represents synergy potential.

In addition, HeidelbergCement acquired 100% of the shares in both Fairburn Ready-Mix, Inc., Tyrone, and Harrell Aggregate Hauling, Inc., Tyrone, on 6 April 2018 via its US subsidiary Sherman Industries LLC, Wilmington. Fairburn Ready-Mix operates five ready-mixed concrete plants in the Atlanta metropolitan area. This acquisition complements HeidelbergCement's core business and provides a platform for further growth. The purchase price totalling €18.0 million, paid in cash, is subject to the usual post-closing purchase price adjustments. The purchase price allocation has not yet been completed, as the valuations are still to be finalised, particularly with regard to property, plant and equipment. The provisionally recognised, tax-deductible goodwill of €11.9 million represents synergy and growth potential.

On 31 August 2018, HeidelbergCement acquired the business operations of three aggregate quarries in Belgium as part of an asset deal. The purchase price amounted to €28.8 million and is subject to the usual post-closing adjustments. The purchase price allocation has not yet been completed, as the measurements are still to be finalised.

The following table shows the provisional fair values of the assets and liabilities acquired as part of the transactions described above.

Provisional fair values recognised as at the acquisition date

€m	Italy	Australia	North America	Belgium	Total
Intangible assets	12.3	10.2	6.6		**29.1**
Property, plant and equipment	166.5	52.5	6.8	28.8	**254.6**
Financial fixed assets	0.2				**0.2**
Deferred taxes	14.7	0.3			**15.0**
Inventories	31.2	1.9	5.1		**38.3**
Trade receivables	51.2	19.2	1.7		**72.1**
Cash and cash equivalents	25.9	6.4	0.4		**32.8**
Other assets	17.3	0.7	0.1		**18.1**
Assets held for sale	47.8				**47.8**
Total assets	367.1	91.3	20.8	28.8	**508.0**
Deferred taxes	0.5				**0.5**
Provisions	45.9	3.3	6.6		**55.8**
Non-current liabilities	0.0	13.0	1.2		**14.2**
Current liabilities	96.0	0.0	2.0		**98.0**
Liabilities associated with assets held for sale	2.0				**2.0**
Total liabilities	144.3	16.3	9.9		**170.5**
Net assets	222.8	75.1	10.9	28.8	**337.5**

As part of the business combinations, receivables with a fair value of €77.4 million were acquired. These concern trade receivables amounting to €72.1 million and other operating receivables to the amount of €5.1 million. The gross value of the contractual receivables totals €112.4 million, of which €35.0 million is likely to be irrecoverable.

The business combinations in Italy, Australia, Canada, and the USA have contributed €147.2 million to revenue and €-16.6 million to the profit for the period since their acquisition. If the acquisitions had taken place on 1 January 2018, contributions to revenue and the profit for the period would be €15.0 million higher and €1.0 million higher, respectively.

The transaction costs of €4.5 million for the business combinations were recognised in the additional ordinary expenses.

Furthermore, HeidelbergCement effected other business combinations during the reporting period that are of minor importance for the presentation of the financial position and performance of the Group.

Business combinations in the same period of the previous year
On 30 June 2017, HeidelbergCement finalised the acquisition of aggregate pits and production sites for ready-mixed concrete and asphalt from Cemex in the northwest of the USA. The business activities taken over from Cemex include seven aggregate quarries, five ready-mixed concrete plants, and three asphalt plants. The aggregates reserves and resources that have been acquired amount to 110 million tonnes. With this acquisition, HeidelbergCement has strengthened its vertically integrated market position in the US states of Washington and Oregon. The purchase price of €129.8 million was settled in cash. The purchase price allocation has been completed. This resulted in a decrease of €1.1 million in property, plant and equipment and a rise of €0.3 million in provisions in comparison with 31 December 2017. The final goodwill of €38.0 million is tax-deductible and represents synergy potential.

To strengthen its market position in aggregates and ready-mixed concrete in the US state of New York, HeidelbergCement concluded the purchase of the operating assets and liabilities of the Saunders Companies on 1 August 2017. The final purchase price after adjustment amounted to €30.9 million and was settled in cash. The purchase price allocation has been completed. The tax-deductible goodwill following the purchase price adjustment amounts to €5.3 million and represents synergy potential.

The following table shows the final fair values of the assets and liabilities as at the acquisition date.

Fair values recognised as at the acquisition date

€m	North America
Intangible assets	3.2
Property, plant and equipment	121.6
Inventories	9.6
Trade receivables	3.2
Other assets	3.4
Total assets	141.0
Provisions	21.3
Current liabilities	2.2
Total liabilities	23.6
Net assets	117.4

Divestments in the reporting period
On 15 December 2017, HeidelbergCement announced that it had signed an agreement with H+H International A/S and its subsidiary H+H Deutschland GmbH regarding the sale of the sand-lime brick activities. The sale was completed on 28 February 2018 and comprises the participations in the indirect subsidiaries Heidelberger Kalksandstein GmbH, KS-QUADRO Bausysteme GmbH, Durmersheim, Germany, and Hunziker Kalksandstein AG, Brugg, Switzerland. Additionally, it includes property belonging to subsidiaries of HeidelbergCement AG. As at 31 December 2017, the divested assets and liabilities were shown as disposal groups in the consolidated balance sheet. The sales price of €109.4 million was paid in cash. The divestment resulted in a gain of €69.2 million, which has been shown in the additional ordinary income.

On 14 February 2018, our US subsidiary Lehigh Cement Company LLC, Wilmington, signed an agreement for the sale of its 51 % participation in Lehigh White Cement Company, Harrisburg, to the non-controlling shareholders Aalborg Cement Company Inc. and Cemex, Inc. The sale was completed on 29 March 2018. The sales price amounted to €115.1 million and was paid in cash. It is subject to the usual post-closing purchase price adjustments. The profit on disposal of €46.3 million was recognised in the additional ordinary income.

On 1 June 2018, our Italian subsidiary Italcementi S.p.A. completed the sale of the cement plant in Maddaloni, Italy, via its subsidiary Cementir Italia S.p.A. With the disposal, HeidelbergCement met a condition imposed by the Italian competition authorities in connection with the acquisition of the Cementir activities in Italy. At the time of Cementir's acquisition, the divested assets and liabilities were shown as disposal groups. The disposal price is made up of a cash payment of €10.0 million and a discounted purchase price receivable of €33.2 million, which includes an estimated price adjustment.

On 6 August 2018, HeidelbergCement completed the disposal of its shares in Suez Bags Company S.A.E., Cairo, Egypt. The sales price amounted to €7.7 million and was paid in cash. The divestment resulted in a gain of €4.3 million, which has been recorded in the additional ordinary income.

The following table shows the assets and liabilities as at the date of divestiture.

Assets and liabilities at date of divestiture					
€m	Sand-lime brick activities	North America	Italy	Egypt	Total
Intangible assets		33.6			**33.6**
Property, plant and equipment		27.4		1.3	**28.6**
Inventories		28.9		3.5	**32.4**
Cash and cash equivalents		2.9		2.9	**5.8**
Other assets		19.7		3.4	**23.2**
Disposal groups held for sale	51.5		45.1		**96.6**
Total assets	51.5	112.5	45.1	11.1	**220.2**
Provisions		0.7		0.2	**0.8**
Liabilities		11.7		3.8	**15.5**
Liabilities associated with disposal groups	11.3		1.9		**13.2**
Total liabilities	11.3	12.3	1.9	4.0	**29.5**
Net assets	40.2	100.2	43.2	7.1	**190.7**

Incidental disposal costs of €5.4 million arose in connection with the divestments and were recognised in the additional ordinary expenses.

Furthermore, HeidelbergCement effected other divestments during the reporting period that are of minor importance for the presentation of the financial position and performance of the Group.

Divestments in the same period of the previous year

On 8 February 2017, HeidelbergCement sold 100 % of the shares in Essroc San Juan Inc., Puerto Rico. The company was acquired as part of the Italcementi acquisition. The sales price for Essroc San Juan amounted to €6.5 million and was paid in cash. The divestment resulted in a loss of €6.0 million, which was recognised in the additional ordinary expenses.

The following table shows the assets and liabilities as at the date of divestiture.

Assets and liabilities at date of divestiture	
€m	North America
Property, plant and equipment	4.8
Inventories	7.8
Cash and cash equivalents	1.0
Other assets	1.4
Total assets	15.0
Liabilities	2.5
Total liabilities	2.5
Net assets	12.5

Revenue development by Group areas and business lines

January - September	Cement		Aggregates		Ready-mixed concrete-asphalt		Service-joint ventures-others		Intra-Group eliminations		Total	
€m	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**
Western and Southern Europe	1,774	**1,890**	759	**795**	1,339	**1,365**	307	**426**	-624	**-798**	3,555	**3,678**
Northern and Eastern Europe-Central Asia	1,196	**1,177**	380	**397**	433	**461**	290	**297**	-160	**-168**	2,138	**2,163**
North America	1,423	**1,301**	1,208	**1,197**	793	**811**	196	**201**	-315	**-331**	3,305	**3,179**
Asia-Pacific	1,301	**1,257**	469	**447**	814	**847**	28	**56**	-251	**-242**	2,361	**2,366**
Africa-Eastern Mediterranean Basin	909	**972**	83	**71**	241	**248**	21	**32**	-75	**-72**	1,179	**1,250**
Group Services					29	**29**	970	**1,257**	-9	**-9**	990	**1,277**
Inter-Group area revenue within business lines	-44	**-43**	-21	**-23**			0	**5**			-65	**-61**
Total	6,558	**6,553**	2,878	**2,885**	3,649	**3,760**	1,812	**2,275**	-1,435	**-1,620**	13,462	**13,852**
Inter-Group area revenue between business lines									-458	**-477**	-458	**-477**
Total									-1,894	**-2,098**	13,004	**13,375**

Earnings per share

Earnings per share	January - September	
€m	2017	**2018**
Profit for the period	880.4	**1,015.8**
Non-controlling interests	112.2	**101.2**
Group share of profit	768.3	**914.6**
Number of shares in '000s (weighted average)	198,416	**198,416**
Earnings per share in €	3.87	**4.61**
Net income from continuing operations – attributable to the parent entity	779.0	**926.3**
Earnings per share in € – continuing operations	3.93	**4.67**
Net loss from discontinued operations – attributable to the parent entity	-10.7	**-11.7**
Loss per share in € – discontinued operations	-0.06	**-0.06**

Goodwill

An impairment test on goodwill in accordance with IAS 36 (Impairment of Assets) is generally performed annually within the HeidelbergCement Group, in the fourth quarter once the operational three-year plan has been prepared or if there are indications for impairment. In this impairment test, the carrying amount of a group of cash-generating units (CGUs) to which goodwill is allocated is compared with the recoverable amount of this group of CGUs. On 30 September 2018, the management carried out an impairment review, which indicated that no impairment loss needed to be recognised.

Consolidated statement of changes in equity

The decrease in non-controlling interests due to changes in the consolidation scope primarily relates to the disposal of the US subsidiary Lehigh White Cement Company. Changes in ownership interests in subsidiaries result primarily from the acquisition of the remaining 40% of the shares in Nordic Precast Group AB, Stockholm, Sweden.

In the financial year, dividends of €377.0 million (€1.90 per share) were paid to shareholders of HeidelbergCement AG. Dividend payments to non-controlling interests are primarily the result of dividend payments made by our Indonesian subsidiary PT Indocement Tunggal Prakasa Tbk., amounting to €75.3 million, as well as dividends from our Moroccan subsidiaries Ciments du Maroc S.A. and Industrie Sakia El Hamra "Indusaha" S.A., which totalled €51.6 million.

Pension provisions

The actuarial gains and losses, which are recognised directly in equity in other comprehensive income, were determined on the basis of the interest rates for the key countries applicable as at the reporting date. As at 30 September 2018, the overall gains arising from the revaluation amounted to €133.0 million. These include actuarial gains relating to pension obligations of €310.8 million, arising from the increase in the weighted discount rate of approximately 0.5 percentage points, as well as

losses from the revaluation of the plan assets amounting to €154.8 million. The effect of the asset ceiling led to losses of €16.3 million.

Disclosures on financial instruments

The following table shows the carrying amounts and fair values for the individual classes of financial instruments as well as the fair value hierarchy for the assets and liabilities that are measured at fair value in the balance sheet.

Carrying amounts and fair values of financial instruments

€m	Carrying amount	Fair value	Thereof Level 1	Thereof Level 2	Thereof Level 3
30 September 2018 (IFRS 9)					
Assets					
Financial investments – fair value through other comprehensive income	173.9	173.9			173.9
Financial investments – fair value through profit or loss	41.1	41.1	10.0		31.1
Loans and other interest-bearing receivables	206.9	210.7			
Trade receivables and other operating receivables - amortised cost	2,638.6	2,638.6			
Trade receivables and other operating receivables - fair value through profit or loss	316.6	316.6		316.6	
Cash and cash equivalents – amortised cost	1,684.8	1,684.8			
Cash and cash equivalents – fair value through profit or loss	184.9	184.9	184.9		
Derivatives – hedge accounting	6.0	6.0		6.0	
Derivatives – held for trading	68.8	68.8		68.8	
Liabilities					
Bonds payable, bank loans, and miscellaneous financial liabilities	11,303.7	11,675.7			
Trade payables and miscellaneous operating liabilities	3,275.5	3,275.5			
Derivatives – hedge accounting	3.2	3.2		3.2	
Derivatives – held for trading	38.6	38.6		38.6	
Non-controlling interests with put options	68.5	68.5			
31 December 2017 (IAS 39)					
Assets					
Financial investments – available for sale at cost	87.1				
Financial investments – available for sale at fair value	179.3	179.3	10.3		169.0
Loans and other interest-bearing receivables	203.5	208.6			
Trade receivables and other operating receivables	2,265.4	2,265.4			
Cash and cash equivalents	2,108.6	2,108.6			
Derivatives – hedge accounting	1.7	1.7		1.7	
Derivatives – held for trading	15.0	15.0		15.0	
Liabilities					
Bonds payable, bank loans, and miscellaneous financial liabilities	10,703.4	11,324.6			
Trade payables, liabilities relating to personnel, and miscellaneous operating liabilities	3,675.3	3,675.3			
Liabilities from finance lease	16.6	16.6			
Derivatives – hedge accounting	0.0	0.0		0.0	
Derivatives – held for trading	37.8	37.8		37.8	
Non-controlling interests with put options	66.2	66.2			

The financial investments “Fair value through other comprehensive income” include the fair values of the US participations Hanson Permanente Cement, Inc. and Kaiser Gypsum Company, Inc. The change in the fair values of the participations resulted from exchange rate effects. The other valuation parameters remained unchanged. With respect to possible uncertainties regarding the determination of the fair value of this financial investment, we refer to the explanations on page 130 in the Notes to the 2017 Annual Report. During the reporting period, there were no significant changes to the explanations in the Notes.

The financial investments "Fair value through profit or loss" include participations of €31.1 million on which HeidelbergCement has no significant influence. These investments were primarily measured using the multiplier method, which determines the proportionate enterprise value based on company-specific variables and multipliers. Furthermore, financial investments amounting to €10.0 million for which the fair value was determined using the stock market price at the reporting date are recognised here. These financial investments were deposited as security for existing and future reinsurance services.

Cash and cash equivalents "Fair value through profit or loss" include highly liquid investment funds whose fair value was determined using the stock market price at the reporting date.

The "Trade receivables and other operating receivables" and "Trade payables and miscellaneous operating liabilities" classes cannot be immediately reconciled with the related balance sheet items, as these contain not only financial assets and liabilities but also non-financial assets to the amount of €1,307.6 million as well as non-financial liabilities of €839.6 million.

Detailed explanations on the procedure regarding the fair value measurement according to IFRS 13 can be found on page 166 f. in the Notes to the 2017 Annual Report, which forms the basis for these interim financial statements.

The assessment as to whether financial assets and liabilities that are accounted for at fair value are to be transferred between the levels of the fair value hierarchy will take place at the end of each reporting period. No reclassifications were carried out in the reporting period.

Related parties disclosures
No reportable transactions with related parties took place in the reporting period beyond normal business relations.

Contingent liabilities
As at the reporting date, contingent liabilities amounted to €70.3 million (previous year: 71.2), which essentially concern legal and tax-related risks. The timing of the possible cash outflows for the contingent liabilities is uncertain because they depend on various external factors that remain outside HeidelbergCement's control. The application of taxation regulations might not yet be determined at the time that tax refund claims and liabilities are calculated. The calculation of tax items is based on the regulations most likely to be applied in each case. Nevertheless, the fiscal authorities may be of a different opinion, which may give rise to additional tax liabilities.

Other financial commitments
The total future minimum lease payments for operating leases as at the reporting date are shown in the following table.

Other financial commitments

€m	31 Dec. 2017	30 Sep. 2018
Future minimum lease payments under non-cancellable operating leases		
Due within one year	265.5	**285.2**
Due between one and five years	602.8	**664.5**
Due after five years	464.5	**648.0**
	1,332.8	**1,597.7**

Events after the reporting period
There were no reportable events after the reporting date.

Heidelberg, 8 November 2018

HeidelbergCement AG
The Managing Board

The Company has its registered office in Heidelberg, Germany.
It is registered with the Commercial Register at the Local Court
of Mannheim (Amtsgericht Mannheim) under HRB 330082.

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The Interim Financial Report January to September 2018 was published on 8 November 2018.

Financial calendar	
Consolidated financial statements 2018	21 March 2019
Press conference on annual accounts	21 March 2019
Interim Financial Report January to March 2019	9 May 2019
Annual General Meeting 2019	9 May 2019
Half-Year Financial Report January to June 2019	30 July 2019
Interim Financial Report January to September 2019	7 November 2019

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