Half-Year Financial Report
January to June 2020

HEIDELBERGCEMENT

HeidelbergCement achieves good half-year results for 2020 in challenging environment

- **Weak demand due to coronavirus in second quarter – revenue decreases by 10 % in first half of 2020**
- **COPE action plan with high cost savings and preservation of liquidity – result [1] declines only slightly by 2 % in the first half of 2020**
- **Group share of net result for the period reduced by non-recurring effect from impairments – adjusted Group share rises by 5 %**
- **Free cash flow at a strong level – net debt decreases by €1.4 billion**
- **Solid start into third quarter but business prospects for second half of 2020 remain uncertain – long-term outlook positive**

1) Result from current operations before depreciation and amortisation

Overview January to June 2020	January - June	
€m	2019 [1]	**2020**
Revenue	9,212	**8,254**
Result from equity accounted investments (REI)	126	**98**
Result from current operations before depreciation and amortisation (RCOBD) [1]	1,438	**1,404**
RCOBD margin in %	15.6 %	**17.0 %**
Result from current operations [1]	754	**710**
Additional ordinary result	-128	**-3,490**
Earnings before interest and taxes (EBIT) [1]	626	**-2,779**
Financial result [1]	-176	**-157**
Profit/loss before tax	450	**-2,936**
Net income/loss from continuing operations	300	**-3,075**
Net loss from discontinued operations	-9	**-20**
Profit/loss for the period	291	**-3,095**
Group share of profit / loss	212	**-3,133**
Investments	501	**458**

1) Changed due to reclassifications

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

Cover photo: New headquarters of HeidelbergCement in Heidelberg; photo Thilo Ross, Heidelberg

Interim Group management report

Business trend January to June 2020

Economic environment

The COVID-19 pandemic has plunged the global economy into a deep crisis. The economic consequences of the lockdowns were more severe than expected in the first half of 2020. In its June forecast, the International Monetary Fund therefore expects the global economy to shrink by 4.9 % in the current year, with the developed countries recording a much sharper decline of 8.0 % than the emerging markets, which are expected to contract by 3.0 %.

Development of sales volumes in the first half of the year

The restrictions imposed in connection with the coronavirus pandemic adversely affected construction activities and the associated demand for our building materials worldwide, particularly in the second quarter.

Group-wide cement and clinker sales volumes fell by 7.7 % to 56.3 million tonnes (previous year: 61.0) in the first half of the year. Excluding consolidation effects from the disposals in the previous year of the Spoleto cement plant in Italy, business activities in Ukraine, and the white cement business in Egypt, as well as the acquisition of a cement grinding plant in Bangladesh, the decline amounted to 6.6 %. On a like-for-like basis, deliveries in the Africa-Eastern Mediterranean Basin Group area recorded a moderate increase and remained at the previous year's level in Northern and Eastern Europe-Central Asia.

Deliveries of aggregates were 7.4 % below the previous year's level at 134.8 million tonnes (previous year: 145.6). A slight increase in sales volumes in Northern and Eastern Europe-Central Asia stood in contrast to significant decreases in volumes in Western and Southern Europe, Asia-Pacific, and Africa-Eastern Mediterranean Basin, while North America remained only slightly below the previous year. Excluding consolidation effects, sales volumes declined by 6.9 %.

Sales volumes of ready-mixed concrete fell by 11.0 % to 21.7 million cubic metres (previous year: 24.4). With the exception of North America, where deliveries were slightly above the previous year, all Group areas recorded significant decreases in volumes. Excluding consolidation effects, deliveries of ready-mixed concrete declined by 11.5 %. Asphalt deliveries decreased by 10.0 % to 4.3 million tonnes (previous year: 4.8). Adjusted for consolidation effects, deliveries fell by 11.2 %.

Revaluation of the asset portfolio

In the second quarter of 2020 and as a consequence of the coronavirus pandemic, HeidelbergCement carried out an extensive review of the business prospects of all of the Group's significant local business units. HeidelbergCement conducted an impairment test of its asset portfolio on this basis. The examination led to impairments of goodwill shown in the consolidated balance sheet to the amount of around €2.7 billion and of other intangible assets and property, plant and equipment of around €0.8 billion. Impairment losses are shown in the additional ordinary expenses and thus impair the result, but do not lead to liquidity outflows. Further details can be found in the Impairments section of the Notes on page 25 f.

Development of revenue and results

Group revenue decreased by 10.4 % in comparison with the previous year to €8,254 million (previous year: 9,212). Excluding consolidation and exchange rate effects, the decline amounted to 10.2 %. Changes to the scope of consolidation of €15.4 million and exchange rate effects of €6.8 million had a negative impact on revenue.

In the reporting period, material costs fell by 19.2 % to €3,132 million (previous year: 3,875). This decline resulted primarily from the reduced expenditure on goods purchased for resale, raw materials, and energy. Excluding consolidation and exchange rate effects, material costs were 19.0 % below the previous year's level. The material cost ratio decreased from 42.1 % to 37.9 %. The balance of other operating expenses and income was 6.9 % below the previous year's level at €-2,228 million (previous year: -2,392). Excluding exchange rate and consolidation effects, the decline amounted to 6.4 %, which was essentially due to the drop in freight costs. Personnel costs decreased by 5.8 % to €1,499 million (previous year: 1,591). The personnel cost ratio increased to 18.2 % (previous year: 17.3). The result from equity accounted investments (REI) fell by 21.9 % to €98 million, significantly below the previous year's figure of €126 million.

Sales volumes	April - June			January - June		
	2019	2020	Change	2019	2020	Change
Cement and clinker (Mt)	32.4	**28.7**	-11.7 %	61.0	**56.3**	-7.7 %
Aggregates (Mt)	82.7	**74.7**	-9.7 %	145.6	**134.8**	-7.4 %
Ready-mixed concrete (Mm³)	13.1	**11.0**	-15.4 %	24.4	**21.7**	-11.0 %
Asphalt (Mt)	3.0	**2.6**	-13.6 %	4.8	**4.3**	-10.0 %

The result from current operations before depreciation and amortisation decreased by 2.4 % to €1,404 million (previous year: 1,438). Excluding consolidation and exchange rate effects, the operational decline amounted to €31 million and is primarily due to the drop in revenue related to COVID-19. However, significant savings resulting particularly from the COPE action plan launched in February 2020 had an offsetting effect. The result from current operations decreased to €710 million (previous year: 754). Changes to the scope of consolidation contributed €4 million to the improvement in the result from current operations, while exchange rate effects reduced the result by €8 million.

The additional ordinary result of €-3,490 million (previous year: -128) was particularly affected by impairment of goodwill amounting to €2,684 million and of other assets totalling €769 million due to the COVID-19-related revaluation of the asset portfolio of the HeidelbergCement Group.

Earnings before interest and taxes (EBIT) declined to €-2,779 million (previous year: 626). Because of the aforementioned charges in the additional ordinary result, the relatively stable result from current operations could not be maintained, leading to a decrease in EBIT of €3,406 million.

The financial result rose by €19 million to €-157 million (previous year: -176). Besides the reduction of €38 million in interest expenses, this figure was positively affected by an increase in foreign exchange gains of €6 million in comparison with the previous year. By contrast, the decrease in other financial result and lower interest income had a negative impact on the financial result.

Profit before tax from continuing operations fell by €3,386 million to €-2,936 million (previous year: 450), primarily due to the lower additional ordinary result. At €138 million (previous year: 150), expenses for income taxes were 7.7 % below the previous year's level. Net income from continuing operations fell by €3,375 million to €-3,075 million (previous year: 300).

Net loss from discontinued operations amounts to €-20 million (previous year: -9) and is attributable to operations of the Hanson Group that were discontinued in previous years.

Overall, the result for the period totalled €-3,095 million (previous year: 291). The profit relating to non-controlling interests declined by €40 million to €39 million (previous year: 79). The Group share therefore amounts to €-3,133 million (previous year: 212). Excluding non-recurring effects from impairment of goodwill and of other assets, the Group share of profit rose by 4.8 % to €356 million (previous year: 340).

Earnings per share – Group share – in accordance with IAS 33 fell by €16.86 to €-15.79 (previous year: 1.07).

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

Statement of cash flows

In the first half of 2020, despite the difficult market environment, operating activities from continuing operations achieved a cash inflow totalling €123 million (previous year: cash outflow of 5). The cost savings and active management of current asset items as part of the COPE COVID-19 action plan had a noticeable impact.

At €130 million (previous year: 121), dividends received exceeded the level of the same period of the previous year and mainly include payouts received from joint ventures and associates. Interest received decreased slightly by €3 million to €53 million (previous year: 56) in comparison with the same period of the previous year. Interest payments declined by a further €49 million to €262 million (previous year: 311) thanks to favourable refinancing conditions. At €198 million (previous year: 142), income taxes paid were above the level of the same period of the previous year. In the reporting period, provisions of €106 million (previous year: 179) were utilised through payments. Strict monitoring and active management reduced the increase in working capital by €55 million to €865 million (previous year: 919), which had a positive impact on the cash flow from operating activities.

Net cash used in investing activities of continuing operations rose by €58 million to €408 million (previous year: 349). Cash-relevant investments decreased by €42 million to €458 million (previous year: 501). Owing to the investment restrictions as part of the COPE action plan, investments in property, plant and equipment (including intangible assets) declined by €56 million to €369 million (previous year: 425). In the reporting period, payments for business combinations amounting to €80 million related mainly to acquisitions in Northern Europe and Morocco, whereas in the same period of the previous year, €62 million was primarily invested in the acquisition of subsidiaries and other business units in France and North America. Further details can be found in the Business combinations in the reporting period section of the Notes on page 21 f.

With regard to the cash-relevant divestments of €45 million (previous year: 154), cash inflows from the disposal of subsidiaries and other business units accounted for €3 million (previous year: 58). The disposals of the same period of the previous year related to divestments in Egypt, Germany, Italy, and Ukraine as part of the portfolio optimisation. Further details can be found in the Divestments in the reporting period section of the Notes on page 23 f. Proceeds from the sale of other fixed assets amounting to €43 million (previous year: 96) essentially resulted from the sale of intangible assets and property, plant and equipment, the disposal of financial assets, joint ventures, and associates, as well as the repayment of loans. Changes to the scope of consolidation generated a cash inflow of €5 million in the reporting period (previous year: cash outflow of 3).

Financing activities of continuing operations generated a cash outflow of €754 million (previous year: 392) in the reporting period. The cash outflow arising from the net proceeds from and repayment of bonds and loans of €533 million (previous year: cash inflow of 74) included in this figure covers the change in long-term and short-term interest-bearing liabilities and mainly comprises the repayment of two bonds totalling €1.5 billion, the issue of a bond of €650 million, cash inflows of €355 million from the issue of commercial papers, and the repayment of lease liabilities amounting to €142 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. Significant developments in the previous year were the issue of commercial papers of €750 million and the repayment of a bond of €500 million, as well as lease liabilities amounting to €129 million. With a cash outflow totalling €1 million, the cash-relevant changes in ownership interests in subsidiaries were of minor importance in the reporting period. In the same period of the previous year, the proceeds from the decrease in ownership interests in subsidiaries amounting to €136 million related to the disposal of shares in the subsidiary Ciments du Maroc, while the payments of €89 million made to increase ownership interests in subsidiaries were mainly related to the acquisition of the remaining shares in the Nordic Precast Group. Dividend payments led to an overall cash outflow of €220 million (previous year: 513). The significant decline in comparison with the same period of the previous year is due to the reduction of the originally proposed dividend payment of HeidelbergCement AG to €0.60 per share, resulting in a total dividend payment of €119 million (previous year: 417).

Investments
As part of the COPE action plan, we reduced cash-relevant investments in the first half of the year by €42 million to €458 million (previous year: 501). Investments in property, plant and equipment (including intangible assets) accounted for €369 million (previous year: 425). Maintenance investments were only made in business-critical projects. The investments in financial assets and other business units amounted to €89 million (previous year: 75) and essentially related to the acquisition of the Scandinavian precast concrete manufacturer Kynningsrud Prefab by our subsidiary Nordic Precast Group and the cement grinding plant Les Cimenteries Marocaines du Sud by our Moroccan subsidiary Ciments du Maroc, as well as smaller bolt-on acquisitions of shareholdings.

Cash-relevant divestments totalled €45 million in the first half of the year (previous year: 154).

Balance sheet
As at 30 June 2020, the balance sheet total decreased by €4,970 million to €33,619 million (previous year: 38,589) in comparison with 31 December 2019.

Non-current assets fell by €4,156 million to €26,076 million (previous year: 30,232). Adjusted for negative exchange rate effects of €523 million, the decline amounted to €3,633 million, which predominantly related to intangible assets of €2,644 million and property, plant and equipment of €1,046 million.

Of the reduction in intangible assets, €-2,669 million related to goodwill, whereas other intangible assets rose slightly by €25 million. Besides the negative currency effects of €125 million, impairment losses of €2,684 million in particular contributed to the decrease in goodwill in the first half of the year.

The reduction in property, plant and equipment of €1,294 million to €13,235 million (previous year: 14,529) was largely due, besides the additions to assets of €404 million, to scheduled depreciation of €670 million, impairments of €747 million, and negative exchange rate effects of €296 million.

Financial assets decreased by €87 million to €2,041 million (previous year: 2,128). Adjusted for negative currency effects of €34 million, the decline amounted to €53 million and is mainly attributable to the change in joint venture shares, loans, and derivative financial instruments.

Current assets decreased by €797 million to €7,543 million (previous year: 8,340). The negative currency effects of €129 million primarily related to inventories of €39 million, trade receivables of €36 million, and cash and cash equivalents of €40 million. As a result of seasonal factors, trade receivables increased by €150 million to €1,896 million (previous year: 1,746). Other current operating receivables and assets also rose by €130 million to €759 million (previous year: 629). By contrast, inventories reduced by €132 million to €2,067 million (previous year: 2,199) and cash and cash equivalents by €1,085 million to €2,457 million (previous year: 3,542). The changes are explained in the Statement of cash flows section.

On the equity and liabilities side, equity declined by €3,867 million to €14,637 million (previous year: 18,504). This decrease is primarily attributable to the total comprehensive income of €-3,600 million, which is composed of the loss for the period amounting to €3,095 million and other comprehensive income of €-505 million. The changes in non-controlling interests with put options amounting to €-29 million, changes to the scope of consolidation of €-17 million, and agreed dividends of €221 million, of which €220 million have already been paid, also contributed to the decline.

Other comprehensive income is predominantly composed of the currency translation losses of €549 million and the actuarial gains of €47 million.

Interest-bearing liabilities decreased by €448 million to €11,580 million (previous year: 12,028). In the first half of 2020, two bonds totalling €1,500 million were repaid, as were lease liabilities of €142 million. For this purpose, mainly cash and cash equivalents were used and commercial papers amounting to €355 million were issued. In addition, a bond of €650 million was issued.

The increase in net debt (interest-bearing liabilities less cash and cash equivalents) of €584 million to €8,994 million (previous year: 8,410) is primarily attributable to the financing of the seasonal and revenue-related rise in receivables, the cash flow from investments, and the dividends paid.

Total provisions increased by €23 million to €2,569 million (previous year: 2,546). Pension provisions grew by €13 million and other provisions by €10 million.

The reduction of €612 million in operating liabilities including liabilities from income taxes to €4,171 million (previous year: 4,783) relates primarily to the decrease of €442 million in trade payables to €2,248 million (previous year: 2,690) in addition to the decline of €170 million in other current operating liabilities to €1,363 million (previous year: 1,533).

Financing

On 9 April 2020, HeidelbergCement issued a Eurobond of €650 million via its €10 billion EMTN programme. The 4.5-year bond with a maturity date of 9 October 2024 bears a fixed coupon of 2.500 % p.a. The issue price was at 99.605 %, resulting in a yield to maturity of 2.596 %. In issuing this bond, HeidelbergCement has once again strengthened its liquidity position and demonstrated that the company has good access to the capital market even in difficult market situations. The issue proceeds will be used for general corporate financing purposes and for the repayment of upcoming maturities.

As at the end of the first half of 2020, net debt amounted to €9.0 billion. In comparison with the end of the first half of 2019 (€10.4 billion), net debt therefore fell significantly by €1.4 billion. The increase of almost €0.6 billion compared with the end of 2019 (€8.4 billion) is primarily due to the usual seasonal rise in working capital and the dividend payments in the second quarter.

Western and Southern Europe

In the countries of the Western and Southern Europe Group area, the economy is expected to have suffered significantly in the first half of 2020 due to the pandemic. The European Commission estimates that the gross domestic product in the eurozone has dropped by 17 % in the first six months. For the full year, the European Commission expects a decline in economic output of 6.3 % in Germany, while decreases of over 10 % are anticipated in Italy, Spain, and France. A similar figure is also expected in the United Kingdom, where the uncertainty surrounding Brexit is putting the economy under additional strain. While the construction industry in Germany has hardly been affected by the corona crisis to date, construction activity in the other Group countries slowed significantly.

In the first half of 2020, the Western and Southern Europe Group area's cement and clinker sales volumes remained 14.5 % below the previous year's level at 12.9 million tonnes (previous year: 15.1). Excluding deconsolidation effects in Italy, the decline amounted to 12.5 %. Whereas we achieved a slight increase in sales volumes in Germany, our deliveries in the other countries remained clearly below the previous year's figures, particularly in the United Kingdom and Italy.

The aggregates sales volumes of the Group area decreased by 13.4 % to 36.6 million tonnes (previous year: 42.3). Excluding consolidation effects in France, sales volumes dropped by 14.8 %. With the exception of Germany, where we benefited from positive market development, our deliveries declined significantly in all countries as a result of the pandemic.

Deliveries of ready-mixed concrete fell by 14.0 % to 7.9 million cubic metres (previous year: 9.2). Excluding consolidation effects, the decrease amounted to 15.1 %. While our deliveries in Germany showed vigorous growth, we suffered considerable decreases in volumes in the other countries. Sales volumes of the asphalt operating line in the United Kingdom were significantly below the previous year with a drop of 16.2 %.

Revenue of the Western and Southern Europe Group area decreased by 10.9 % to €2,287 million (previous year: 2,566). Excluding consolidation and exchange rate effects, the decline amounted to 10.8 %.

The result from current operations before depreciation and amortisation dropped by 6.7 % to €306 million (previous year: 328); on a like-for-like basis, the decline amounted to 8.1 %. The result from current operations decreased by 12.1 % to €103 million (previous year: 118); on a like-for-like basis, a decline of 15.6 % was recorded.

Northern and Eastern Europe-Central Asia

The economic impact of the corona crisis is also clearly felt in the countries of the Northern and Eastern Europe-Central Asia Group area. However, construction activities in both Northern Europe and Eastern Europe-Central Asia were hardly affected by the pandemic in the first half of the year.

The cement and clinker sales volumes of the Northern and Eastern Europe-Central Asia Group area fell by 2.7 % to 10.9 million tonnes (previous year: 11.2) in the first half of 2020. The decrease in volumes is largely attributable to the deconsolidation of our business activities in Ukraine in the previous year and an oversupply of cement in the Baltic States. Excluding consolidation effects, sales volumes were at the level of the previous year. In Northern Europe, a moderate decrease in sales volumes in Sweden was more than offset by price increases and cost savings in particular. Our deliveries recorded a slight increase in Norway and a significant increase in Denmark. In Eastern Europe-Central Asia, the deliveries of the individual countries presented a mixed picture. While our sales volumes in Bulgaria, Czechia, Russia, and Greece weakened, pleasing growth was achieved in Kazakhstan and considerable growth in Poland and Romania. As a whole, Eastern Europe-Central Asia recorded a moderate increase in sales volumes, excluding the Ukraine effect.

Our deliveries in the aggregates business line rose slightly by 0.4 % to 21.9 million tonnes (previous year: 21.8). Excluding deconsolidation effects in Ukraine and Kazakhstan, the increase amounted to 1.3 %. In Northern Europe, strong growth in sales in Sweden more than offset the decrease in volumes in Norway. The Mibau Group also recorded a solid development of sales volumes. In Eastern Europe-Central Asia, growth in Czechia and Russia stood in contrast to declines in sales volumes in Romania, Slovakia, and Greece. In Poland, deliveries remained more or less at the previous year's level.

At 2.8 million cubic metres (previous year: 3.2), deliveries of ready-mixed concrete remained 10.0 % below the previous year's level. Excluding consolidation effects in Eastern Europe-Central Asia, deliveries fell by 8.0 %. In Northern Europe, Sweden and Denmark recorded slight volume increases, whereas sales volumes in Norway declined. In Eastern Europe-Central Asia, deliveries were slightly below the previous year's level in Poland and Czechia. Romania, Slovakia, and Greece recorded substantial volume losses.

On 31 March 2020, we acquired the Scandinavian precast concrete manufacturer Kynningsrud Prefab. With this acquisition, we have expanded our market presence in the precast concrete business in western Sweden and in the eastern part of Norway.

At €1,349 million (previous year: 1,373), revenue of the Northern and Eastern Europe-Central Asia Group area decreased slightly by 1.8 %; excluding consolidation and exchange rate effects, revenue increased by 2.4 %.

The result from current operations before depreciation and amortisation rose by 13.4 % to €294 million (previous year: 259); on a like-for-like basis, the growth amounted to 15.0 %. The result from current operations increased by 25.0 % to €197 million (previous year: 158); on a like-for-like basis, it rose by 26.0 %.

North America

In the North America Group area, HeidelbergCement is represented in the USA and Canada. In the USA, the impact of the coronavirus pandemic on the economy was significant in the first half of 2020. Following a drop of 5.0 % in gross domestic product in the first quarter, an even more severe contraction is expected in the second quarter. Although the US economy began to recover surprisingly quickly, the renewed rise in infections means that future economic development is extremely uncertain.

The cement deliveries of our North American plants recorded a decrease of 4.9% to 7.1 million tonnes (previous year: 7.5) in the first six months due to the negative impact of the coronavirus pandemic on the construction industry. In the Canada region, our sales volumes were also impaired by unusually cold weather in the Prairie provinces and weak activities in the oil sector, coming in significantly below the previous year's level. Relatively strong demand from commercial and infrastructure construction in British Columbia mitigated the decrease in volumes. The Midwest and West regions – particularly Northern California, including the key market of San Francisco – were also significantly affected by the pandemic. By contrast, our deliveries only declined slightly in the Northeast and South regions. Sales prices were increased in all regions despite the volume decreases.

In the aggregates business line, increases in sales volumes in the Midwest and West regions were offset by decreases in volumes in the Canada, Northeast, and South regions. Overall, aggregates sales volumes in the first half year declined slightly by 2.2 % to 56.2 million tonnes (previous year: 57.5). All regions recorded positive price development.

In the ready-mixed concrete operating line, volume increases in the Northeast, South, and West regions more than offset the decrease in Canada. Ready-mixed concrete sales volumes rose by 0.8 % compared with the previous year to 3.6 million cubic metres (previous year: 3.6). Excluding consolidation effects in the Canada region, the rise amounted to 0.5 %.

In the asphalt operating line, increases in the West region could not offset the decreases in volumes in the Canada and Northeast regions. Overall, asphalt deliveries fell by 5.0 % to 1.8 million tonnes (previous year: 1.9). Excluding consolidation effects, the decline amounted to 8.0 %.

In the service-joint ventures-other business line, the cement sales volumes of our joint venture Texas Lehigh Cement were slightly above the previous year's level.

Total revenue in North America was slightly above the previous year with an increase of 0.5 % to €2,136 million (previous year: 2,127); excluding consolidation and exchange rate effects, revenue decreased by 2.1 %.

The result from current operations before depreciation and amortisation fell by 0.8 % to €340 million (previous year: 343); on a like-for-like basis, the decline amounted to 2.8 %. The result from current operations dropped by 12.9 % to €146 million (previous year: 168); on a like-for-like basis, the figure fell by 14.3 %.

Asia-Pacific

In China, the economy is recovering more quickly than expected following the slump in the first quarter caused by the corona crisis. In the second quarter, gross domestic product achieved surprisingly strong growth of 3.2 %. The Indian economy was severely impacted by the long nationwide lockdown, causing the International Monetary Fund to forecast a decline in economic output of 4.5 % for the current year. The Australian economy is also expected to contract at the same rate, whereas only a slight decrease is expected for Indonesia.

During the first half of the year, cement and clinker deliveries of the Asia-Pacific Group area decreased by 12.0 % to 15.0 million tonnes (previous year: 17.1). Excluding consolidation effects, the decline amounted to 12.4 %.

In Indonesia, the cement and clinker sales volumes of our subsidiary Indocement fell by 12.4 % in the first half of the year. The reasons for this decline were the heavy rainfall and flooding in Java in the first two months of 2020, followed by the effects of the coronavirus pandemic in the second quarter, which led to the interruption of infrastructure and other large building projects. Slightly improved sales prices and strict cost management countered the drop in results.

In India, the cement and clinker deliveries of our central and southern Indian plants remained significantly below the previous year's level. All plants had to stop production for several weeks in March/April because of the nationwide lockdown. Since then, sales volumes have recovered considerably and in June, sales volumes were higher than in the previous year.

In Thailand, government investments stabilised the construction industry. While demand from the private sector weakened significantly, infrastructure projects were continued during the lockdown. The deliveries of our plants increased slightly in the first half of the year despite weak export levels. In Bangladesh, our cement deliveries recorded a substantial decline; in June, the cement market started to recover after two-and-a-half months.

In the aggregates business line, our deliveries fell by 16.0 % to 16.5 million tonnes (previous year: 19.7). The decline is primarily due to the expiry of a lease for a quarry in Thailand at the end of 2019 and the delay in granting an operating license in Indonesia. In Malaysia, our deliveries declined strongly as a result of the pandemic-related temporary closure of our plants. In Australia, however, increases in sales volumes in the north, and especially in the south, more than compensated for lower volumes on the east coast. In Indonesia, we put a quarry into operation in July in Pamoyanan, West Java, with an annual capacity of 2.5 million tonnes. This new quarry will help to safeguard the supply of aggregates to our ready-mixed concrete activities in the greater Jakarta area.

Deliveries of ready-mixed concrete fell by 12.2 % to 4.9 million cubic metres (previous year: 5.6). Excluding consolidation effects, the decline amounted to 13.4 %. While sales volumes decreased in Australia, and particularly in Indonesia and Malaysia, Thailand achieved a moderate increase in volumes.

The deliveries of the asphalt operating line in Australia and Malaysia fell by 10.9 %. Significant growth in sales volumes in Australia could not offset the decrease in volumes in Malaysia.

In China, the cement deliveries of our joint ventures in the provinces of Guangdong and Shaanxi remained considerably below the previous year. In Australia, our joint venture Cement Australia recorded a moderate decline in sales volumes.

Revenue of the Asia-Pacific Group area decreased by 13.3 % to €1,403 million (previous year: 1,618); excluding consolidation and exchange rate effects, revenue fell by 11.7 %.

Result from current operations before depreciation and amortisation declined by 19.6 % to €280 million (previous year: 348); on a like-for-like basis, the decrease amounted to 17.3 %. The result from current operations dropped by 32.3 % to €150 million (previous year: 221); on a like-for-like basis, the figure declined by 29.8 %.

Africa-Eastern Mediterranean Basin

Overall, the African countries south of the Sahara recorded robust economic growth during the first half of the year. Construction activity continued in most countries despite the restrictions imposed in connection with the corona crisis. In Egypt and Morocco, on the other hand, the economy slumped significantly during the first half of the year. The same applies to Israel and Turkey, where construction projects were interrupted or not started due to the pandemic.

The cement and clinker sales volumes of the Africa-Eastern Mediterranean Basin Group area, which essentially include the deliveries from our African subsidiaries, rose by 3.0 % to 10.1 million tonnes (previous year: 9.8). Excluding consolidation effects from the disposal of our business activities in Mauritania at the start of 2020 and the white cement business in Egypt in 2019, cement sales volumes increased by 4.2 %. The countries with the highest sales volumes south of the Sahara – Ghana, Togo, and Tanzania – recorded high growth rates. Demand also increased significantly in Burkina Faso, Mozambique, and the Democratic Republic of Congo, and rose slightly in Benin, while it remained below the previous year in Gambia, Sierra Leone, and Liberia. In North Africa, the sales volumes of our plants in Morocco and Egypt declined in comparison with the first half of 2019, largely because of the effects of the coronavirus pandemic on the construction industry. However, sales volumes rose significantly again in both countries in June.

We sold our activities in Mauritania on 8 January 2020 as part of the optimisation of our portfolio. On 4 May 2020, our Moroccan subsidiary Ciments du Maroc acquired the grinding plant Les Cimenteries Marocaines du Sud.

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. Owing to pandemic-related restrictions in both Israel and Morocco, deliveries of aggregates decreased overall by 20.2 % to 3.5 million tonnes (previous year: 4.4). While demand in Morocco rose significantly at the end of the first half of the year, it declined further in Israel following the new coronavirus outbreak in June. In the ready-mixed concrete operating line, HeidelbergCement is represented in Israel, Egypt, and Morocco. Ready-mixed concrete sales volumes fell significantly in Morocco and Egypt in particular and decreased slightly in Israel. Overall, volumes declined by 13.1 % to 2.3 million cubic metres (previous year: 2.6). However, demand increased again in all three countries at the end of the first half of the year. In the first half of 2020, the asphalt business in Israel was at the previous year's level.

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 almost offset by the growth in exports. Overall, the cement and clinker sales volumes of Akçansa were 0.9 % below the previous year's level in the first six months of 2020. Owing to the pandemic-related slowdown in the construction industry, both deliveries of aggregates and sales volumes of ready-mixed concrete fell substantially.

Revenue of the Africa-Eastern Mediterranean Basin Group area rose by 2.0 % to €853 million (previous year: 837); excluding consolidation and exchange rate effects, revenue increased by 0.6 %.

The result from current operations before depreciation and amortisation rose by 4.4 % to €192 million (previous year: 184); on a like-for-like basis, the growth amounted to 5.7 %. The result from current operations increased by 6.8 % to €137 million (previous year: 128); on a like-for-like basis, it rose by 10.1 %.

Group Services

Group Services mainly 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 half of the year, the trade volume of HC Trading fell by 41.6 % to 10.8 million tonnes (previous year: 18.6). The decline was largely due to the heavy slump in global trade in the first half of the year as a result of the coronavirus pandemic. In addition, we significantly reduced fuel trading with external customers from the fourth quarter of 2019 on the grounds of risk considerations.

Revenue of the Group Services business unit decreased by 50.9 % to €499 million (previous year: 1,017).

The result from current operations before depreciation and amortisation declined by 40.9 % to €10 million (previous year: 16). The result from current operations dropped by 47.3 % to €7 million (previous year: 14).

Employees

At the end of the first half of 2020, the number of employees at HeidelbergCement stood at 53,882 (previous year: 57,341). The decrease of 3,459 employees essentially results from two opposing developments: On the one hand, around 4,000 jobs were cut across the Group due to portfolio optimisations, the realisation of synergies, efficiency increases in sales and administration, as well as location optimisations. On the other hand, approximately 600 new employees joined the Group, particularly as a result of first-time consolidations in France, Asia, and in the Nordic Precast Group in Northern Europe.

Events after the reporting period

There were no reportable events after the reporting date.

Outlook

Construction activities gradually recovered in most countries over the course of the second quarter. Nevertheless, the business outlook for the second half of 2020 remains uncertain. Development in the construction industry remains highly dynamic. A further wave of infections may occur at any time, which would have an impact on construction projects already started or announced in the individual countries. Against this backdrop, it is still not possible to estimate the full effect of the corona crisis on the company results for 2020.

HeidelbergCement has made a solid start into the third quarter. The company will maintain its focus on cost savings and preserving liquidity. With the good result in the second quarter, HeidelbergCement has proven that it will weather the crisis well.

The development in the second half of the year will be a decisive indicator of how quickly and sustainably the construction industry can return to pre-crisis levels. HeidelbergCement anticipates that construction activity in individual core markets may benefit in the medium term from infrastructural and other economic stimulus programmes announced by governments.

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 on account of its international business activity. Provided that they are consistent with the legal and ethical principles of entrepreneurial activity and are well balanced by the opportunities they present, these risks are classified as acceptable. 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.

Risks and opportunities that may have a significant impact on our financial position and performance in the 2020 financial year and in the foreseeable future are described in detail in the Annual Report 2019 in the Outlook chapter on page 58 ff. and in the Risk and opportunity report chapter on page 63 ff.

At the time of compiling the Annual Report on 18 March 2020, it was not possible to predict the extent to which global economic development would be affected by the spread of the coronavirus. In the meantime, the coronavirus pandemic has plunged the global economy into a deep crisis. Even though there are already initial signs of recovery in some countries, the risk of further economic disruption remains high due to a renewed rise in the number of infections. Nevertheless, in a holistic view of individual risks and the overall risk situation, the company, from today's perspective, does not expect identifiable risks that could threaten the existence of the Group or any other apparent significant risks.

Interim consolidated financial statements

Consolidated income statement

	January - June	
€m	2019 [1]	2020
Revenue	9,211.6	**8,254.1**
Change in finished goods and work in progress	-50.5	**-95.6**
Own work capitalised	8.8	**5.6**
Operating revenue	9,169.9	**8,164.1**
Other operating income	198.3	**168.3**
Material costs	-3,874.6	**-3,132.2**
Employee and personnel costs	-1,590.7	**-1,498.8**
Other operating expenses	-2,590.4	**-2,396.0**
Result from equity accounted investments (REI)	125.7	**98.1**
Result from current operations before depreciation and amortisation (RCOBD)	1,438.1	**1,403.5**
Depreciation and amortisation	-684.1	**-693.4**
Result from current operations	754.0	**710.1**
Additional ordinary income	90.2	**21.8**
Additional ordinary expenses	-217.9	**-3,511.4**
Additional ordinary result	-127.7	**-3,489.6**
Earnings before interest and taxes (EBIT)	626.3	**-2,779.5**
Interest income	29.0	**22.1**
Interest expenses	-161.7	**-123.8**
Foreign exchange gains and losses	-5.9	**0.2**
Result from other participations	0.7	**0.7**
Other financial result	-38.2	**-56.1**
Financial result	-176.2	**-156.9**
Profit / loss before tax from continuing operations	450.1	**-2,936.3**
Income taxes	-150.0	**-138.4**
Net income / loss from continuing operations	300.1	**-3,074.8**
Net loss from discontinued operations	-9.4	**-20.0**
Profit / loss for the period	290.7	**-3,094.8**
Thereof non-controlling interests	78.5	**38.6**
Thereof Group share of profit / loss	212.2	**-3,133.4**
Earnings per share in € (IAS 33)		
Earnings / loss per share attributable to the parent entity	1.07	**-15.79**
Earnings / loss per share – continuing operations	1.12	**-15.69**
Loss per share – discontinued operations	-0.05	**-0.10**

1) Amounts were adjusted (see Annual Report 2019, section “Other changes”, page 119 f.).

Consolidated statement of comprehensive income

	January - June	
€m	2019	2020
Profit/loss for the period	290.7	**-3,094.8**
Other comprehensive income		
Items not being reclassified to profit or loss in subsequent periods		
Remeasurement of the defined benefit liability (asset)	-91.5	**76.7**
Income taxes	29.1	**-30.2**
Defined benefit plans	-62.4	**46.5**
Investments in equity instruments – change in fair value	-13.9	
Net gains/losses arising from equity method investments	-1.7	**0.5**
Total	-78.1	**47.1**
Items that maybe be reclassified subsequently to profit or loss		
Cash flow hedges – change in fair value	1.3	**-11.0**
Reclassification adjustments for gains/losses included in profit or loss	-0.2	**8.5**
Income taxes	-0.1	**0.1**
Cash flow hedges	1.0	**-2.4**
Currency translation	251.4	**-539.9**
Reclassification adjustments for gains/losses included in profit or loss	151.4	**0.2**
Income taxes	-3.2	**13.8**
Currency translation	399.6	**-525.9**
Net gains/losses arising from equity method investments	2.0	**-23.6**
Total	402.6	**-551.9**
Other comprehensive income	324.5	**-504.8**
Total comprehensive income	615.3	**-3,599.6**
Thereof non-controlling interests	120.3	**-5.4**
Thereof Group share	495.0	**-3,594.2**

Consolidated statement of cash flows

	January - June	
€m	2019 [1]	2020
Net income from continuing operations	300.1	**-3,074.8**
Income taxes	150.0	**138.4**
Interest income/expenses	132.7	**101.7**
Dividends received	121.0	**129.9**
Interest received	55.9	**52.5**
Interest paid	-310.8	**-262.0**
Income taxes paid	-142.0	**-197.8**
Depreciation, amortisation, and impairment	683.4	**4,153.9**
Other eliminations	103.1	**52.0**
Cash flow	1,093.4	**1,093.9**
Changes in operating assets	-548.1	**-323.5**
Changes in operating liabilities	-371.2	**-541.0**
Changes in working capital	-919.3	**-864.5**
Decrease in provisions through cash payments	-178.8	**-106.5**
Cash flow from operating activities – continuing operations	-4.7	**122.9**
Cash flow from operating activities – discontinued operations	-6.7	**-10.4**
Cash flow from operating activities	-11.4	**112.5**
Intangible assets	-20.0	**-31.3**
Property, plant and equipment	-405.3	**-337.8**
Subsidiaries and other business units	-62.4	**-80.2**
Other financial assets, associates, and joint ventures	-13.0	**-9.1**
Investments (cash outflow)	-500.6	**-458.3**
Subsidiaries and other business units	58.5	**2.5**
Other fixed assets	95.6	**42.9**
Divestments (cash inflow)	154.1	**45.4**
Cash from changes in consolidation scope	-2.9	**5.2**
Cash flow from investing activities – continuing operations	-349.3	**-407.8**
Cash flow from investing activities – discontinued operations	0.9	
Cash flow from investing activities	-348.4	**-407.8**
Capital increase/decrease – non-controlling interests	-0.2	**0.3**
Dividend payments – HeidelbergCement AG	-416.7	**-119.1**
Dividend payments – non-controlling interests	-96.1	**-100.7**
Decrease in ownership interests in subsidiaries	136.3	
Increase in ownership interests in subsidiaries	-88.9	**-1.4**
Proceeds from bond issuance and loans	4.2	**655.5**
Repayment of bonds, loans and lease liabilities	-654.3	**-1,690.0**
Changes in short-term interest-bearing liabilities	724.2	**501.4**
Cash flow from financing activities – continuing operations	-391.6	**-753.9**
Cash flow from financing activities – discontinued operations		
Cash flow from financing activities	-391.6	**-753.9**
Net change in cash and cash equivalents – continuing operations	-745.6	**-1,038.8**
Net change in cash and cash equivalents – discontinued operations	-5.8	**-10.4**
Net change in cash and cash equivalents	-751.4	**-1,049.2**
Effect of exchange rate changes	36.3	**-40.2**
Cash and cash equivalents at the beginning of period	2,588.1	**3,546.0**
Cash and cash equivalents at period end	1,873.0	**2,456.6**

1) Amounts were adjusted (see section "Other changes", page 20 f.).

Consolidated balance sheet

Assets			
€m	30 June 2019 [1]	31 Dec. 2019 [1]	30 June 2020
Non-current assets			
Intangible assets			
Goodwill	11,559.9	11,782.6	**9,012.3**
Other intangible assets	356.3	372.5	**365.1**
	11,916.1	12,155.1	**9,377.4**
Property, plant and equipment			
Land and buildings	7,119.6	7,137.1	**6,695.9**
Plant and machinery	5,101.5	5,296.9	**4,714.7**
Other operating equipment	877.1	959.0	**896.4**
Prepayments and assets under construction	1,133.7	1,136.1	**927.9**
	14,231.9	14,529.2	**13,235.0**
Financial assets			
Investments in joint ventures	1,185.5	1,223.7	**1,170.0**
Investments in associates	512.9	537.1	**526.0**
Financial investments	240.6	213.5	**224.8**
Loans	138.3	122.8	**60.5**
Derivative financial instruments	46.7	31.1	**59.7**
	2,124.0	2,128.2	**2,041.0**
Fixed assets	28,272.0	28,812.5	**24,653.4**
Deferred taxes	328.8	313.3	**269.9**
Other non-current receivables and assets	1,023.2	1,044.8	**1,088.5**
Non-current income tax assets	62.3	61.9	**64.1**
Total non-current assets	29,686.3	30,232.5	**26,076.0**
Current assets			
Inventories			
Raw materials and consumables	1,027.0	970.9	**950.9**
Work in progress	303.8	346.3	**319.6**
Finished goods and goods for resale	783.8	861.7	**776.8**
Prepayments	14.8	20.0	**20.1**
	2,129.4	2,199.0	**2,067.5**
Receivables and other assets			
Current interest-bearing receivables	126.8	107.6	**208.6**
Trade receivables	2,187.1	1,746.1	**1,896.4**
Other current operating receivables and assets	795.0	629.3	**759.5**
Current income tax assets	132.6	71.6	**84.1**
	3,241.6	2,554.6	**2,948.5**
Current financial investments	10.0	10.0	
Current derivative financial instruments	25.1	34.8	**70.0**
Cash and cash equivalents	1,873.0	3,541.5	**2,456.6**
Total current assets	7,279.0	8,339.9	**7,542.6**
Assets held for sale	33.6	16.3	
Balance sheet total	36,998.9	38,588.7	**33,618.6**

1) Amounts were adjusted (see section "Other changes", page 20 f.).

Equity and liabilities			
€m	30 June 2019	31 Dec. 2019	30 June 2020
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	10,071.2	10,988.3	**7,774.4**
Other components of equity	-1,287.7	-821.8	**-1,331.0**
Equity attributable to shareholders	15,604.3	16,987.2	**13,264.1**
Non-controlling interests	1,419.7	1,517.2	**1,373.2**
Total equity	17,024.0	18,504.4	**14,637.3**
Non-current liabilities			
Bonds payable	7,275.8	7,706.5	**7,625.2**
Bank loans	620.1	705.9	**692.4**
Other non-current interest-bearing liabilities	1,072.1	1,064.7	**968.9**
Non-controlling interests with put options	22.3	25.0	**25.8**
	8,990.3	9,502.0	**9,312.3**
Pension provisions	1,155.9	1,141.7	**1,154.3**
Deferred taxes	721.7	726.3	**660.8**
Other non-current provisions	998.2	1,034.7	**1,096.3**
Other non-current operating liabilities	256.6	233.4	**243.9**
Non-current income tax liabilities	65.1	54.6	**50.2**
	3,197.5	3,190.6	**3,205.6**
Total non-current liabilities	12,187.8	12,692.6	**12,517.9**
Current liabilities			
Bonds payable (current portion)	2,084.5	1,930.2	**1,088.2**
Bank loans (current portion)	140.9	173.7	**382.5**
Other current interest-bearing liabilities	1,137.8	383.1	**730.7**
Non-controlling interests with put options	37.8	38.7	**66.4**
	3,401.0	2,525.7	**2,267.7**
Pension provisions (current portion)	94.1	96.7	**97.2**
Other current provisions	252.2	273.3	**221.7**
Trade payables	2,513.8	2,690.0	**2,248.2**
Other current operating liabilities	1,238.7	1,533.1	**1,363.5**
Current income tax liabilities	283.9	271.5	**265.2**
	4,382.7	4,864.6	**4,195.7**
Total current liabilities	7,783.7	7,390.3	**6,463.4**
Liabilities associated with assets held for sale	3.4	1.4	
Total liabilities	19,974.9	20,084.3	**18,981.3**
Balance sheet total	36,998.9	38,588.7	**33,618.6**

Consolidated statement of changes in equity

€m	Subscribed share capital	Share premium	Retained earnings
1 January 2019	595.2	6,225.4	10,256.6
Profit for the period			212.2
Other comprehensive income			-78.1
Total comprehensive income			134.2
Changes in consolidation scope			
Changes in ownership interests in subsidiaries			93.8
Changes in non-controlling interests with put options			2.2
Transfer asset revaluation reserve			0.8
Other changes			0.2
Capital increase from contribution in kind			
Repayment of capital			
Dividends			-416.7
30 June 2019	595.2	6,225.4	10,071.2
1 January 2020	595.2	6,225.4	10,988.3
Loss for the period			-3,133.4
Other comprehensive income			47.5
Total comprehensive income			-3,085.9
Changes in consolidation scope			
Changes in ownership interests in subsidiaries			-2.0
Changes in non-controlling interests with put options			-8.1
Transfer asset revaluation reserve			0.8
Other changes			0.3
Capital increase from contribution in kind			
Dividends			-119.1
30 June 2020	595.2	6,225.4	7,774.4

1) The accumulated currency translation differences included in non-controlling interests changed in 2020 by € -44.8 million (previous year: 50.3) to € -227.9 million (previous year: -217.5). The total currency translation differences recognised in equity thus amounts to € -1,579.8 million (previous year: -1,533.7).

Other components of equity						
Cash flow hedge reserve	Asset revaluation reserve	Currency translation	Total other components of equity	Equity attributable to shareholders	Non-controlling interests [1]	**Total equity**
3.4	26.5	-1,677.5	-1,647.7	15,429.7	1,392.0	**16,821.7**
				212.2	78.5	**290.7**
-0.6		361.4	360.8	282.7	41.8	**324.5**
-0.6		361.4	360.8	495.0	120.3	**615.3**
					0.2	**0.2**
				93.8	34.4	**128.2**
				2.2	21.1	**23.3**
	-0.8		-0.8			
				0.2	1.1	**1.3**
					0.3	**0.3**
					-0.2	**-0.2**
				-416.7	-149.3	**-566.0**
2.8	25.6	-1,316.1	-1,287.7	15,604.3	1,419.7	**17,024.0**
-0.5	24.8	-846.1	-821.8	16,987.2	1,517.2	**18,504.4**
				-3,133.4	38.6	**-3,094.8**
-2.6		-505.7	-508.3	-460.8	-43.9	**-504.8**
-2.6		-505.7	-508.3	-3,594.2	-5.4	**-3,599.6**
					-17.4	**-17.4**
				-2.0	-0.3	**-2.3**
				-8.1	-20.4	**-28.6**
	-0.8		-0.8			
				0.3	1.3	**1.6**
					0.5	**0.5**
				-119.1	-102.4	**-221.4**
-3.1	24.0	-1,351.9	-1,331.0	13,264.1	1,373.2	**14,637.3**

Segment reporting / Notes

Group areas January - June	Western and Southern Europe		Northern and Eastern Europe-Central Asia		North America	
€m	2019 [1]	2020	2019 [1]	2020	2019 [1]	2020
External revenue	2,545	**2,265**	1,347	**1,339**	2,127	**2,136**
Inter-Group areas revenue	20	**22**	26	**10**		
Revenue	2,566	**2,287**	1,373	**1,349**	2,127	**2,136**
Change to previous year in %		**-10.9 %**		**-1.8 %**		**0.5 %**
Result from equity accounted investments (REI)	9	**9**	19	**12**	12	**14**
Result from current operations before depreciation and amortisation (RCOBD)	328	**306**	259	**294**	343	**340**
as % of revenue (operating margin)	12.8 %	**13.4 %**	18.9 %	**21.8 %**	16.1 %	**15.9 %**
Depreciation and amortisation	-210	**-202**	-101	**-97**	-175	**-194**
Result from current operations	118	**103**	158	**197**	168	**146**
as % of revenue	4.6 %	**4.5 %**	11.5 %	**14.6 %**	7.9 %	**6.9 %**
Additional ordinary result						
Earnings before interest and taxes (EBIT)						
Capital expenditures [3]	166	**107**	55	**55**	98	**106**
Segment assets [4]	8,019	**5,239**	2,782	**2,602**	9,281	**9,084**
RCOBD as % of segment assets	4.1 %	**5.8 %**	9.3 %	**11.3 %**	3.7 %	**3.7 %**
Number of employees as at 30 June	15,784	**14,780**	11,623	**11,328**	10,000	**9,283**
Average number of employees	15,889	**14,978**	12,271	**11,398**	9,591	**8,930**

1) Amounts were adjusted (see section “Other changes”, page 20 f., and Annual Report 2019, section “Other changes”, page 119 f.).
2) Reconciliation includes:
   a. intra Group revenues = eliminations of intra-Group relationships between the segments
   b. results from current operations before depreciation and amortisation / depreciation from corporate functions
   c. additional ordinary result and earnings before interest and taxes
3) Capital expenditures = in the segment columns: cash effective investments in property, plant and equipment as well as intangible assets; in the reconciliation column: cash effective investments in non-current financial assets and other business units
4) Segment assets = property, plant and equipment as well as intangible assets

Asia-Pacific		Africa-Eastern Mediterranean Basin		Group Services		Reconciliation [2]		Continuing operations	
2019 [1]	2020	2019	2020	2019	2020	2019 [1]	2020	2019 [1]	2020
1,610	**1,391**	821	**837**	762	**285**			9,212	**8,254**
8	**12**	16	**16**	255	**214**	-326	**-274**		
1,618	**1,403**	837	**853**	1,017	**499**	-326	**-274**	9,212	**8,254**
	-13.3 %		**2.0 %**		**-50.9 %**				**-10.4 %**
75	**58**	8	**4**	2	**1**			126	**98**
348	**280**	184	**192**	16	**10**	-40	**-18**	1,438	**1,404**
21.5 %	**19.9 %**	22.0 %	**22.5 %**	1.6 %	**1.9 %**			15.6 %	**17.0 %**
-127	**-130**	-56	**-55**	-2	**-2**	-13	**-14**	-684	**-693**
221	**150**	128	**137**	14	**7**	-54	**-32**	754	**710**
13.7 %	**10.7 %**	15.3 %	**16.1 %**	1.4 %	**1.5 %**			8.2 %	**8.6 %**
						-128	**-3,490**	-128	**-3,490**
						626	**-2,779**	626	**-2,779**
83	**58**	23	**44**	0	**0**	75	**89**	501	**458**
4,449	**4,106**	1,570	**1,565**	47	**16**			26,148	**22,612**
7.8 %	**6.8 %**	11.7 %	**12.3 %**	34.8 %	**59.8 %**			5.5 %	**6.2 %**
13,849	**12,826**	5,619	**5,231**	466	**435**			57,341	**53,882**
13,939	**13,001**	5,888	**5,256**	467	**444**			58,044	**54,006**

Notes to the interim consolidated financial statements

Accounting and valuation principles

The interim consolidated financial statements of HeidelbergCement AG as at 30 June 2020 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 2019, 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 2019. Detailed explanations can be found on page 108 f. in the Notes to the Annual Report 2019, 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:

- The **amendments to References to the Conceptual Framework in IFRS Standards** contain editorial changes to IFRS standards that became necessary following the revision of the framework, as well as clarifications as to which version of the framework is applicable in individual cases. The amendments did not have any impact on the financial position and performance of the Group.

- The **amendments to IAS 1 and IAS 8: Definition of Material** concern the definition of the concept of materiality of information in the financial statements and should, in particular, make it easier for anyone preparing IFRS financial statements to assess materiality. The amendments also ensure that the definition of materiality is applied uniformly within the IFRS regulations. The initial application had no impact on the financial position and performance of the Group.

- The **amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform** provide certain reliefs for hedge accounting in connection with the IBOR reform. These reliefs have the effect that the IBOR reform should not cause hedge accounting to terminate. The amendments did not have any impact on the financial position and performance of the Group.

- The **amendments to IFRS 3 Business Combinations** provide a concrete definition of a business and introduce an optional concentration test. This test permits a simplified assessment of whether acquired business activities and assets represent a business or not. The amendments did not have any impact on the financial position and performance of the Group.

Other changes

In the 2020 financial year, HeidelbergCement changed its presentation of acquired emission rights to better reflect the character of emission rights from the standpoint of cement production. Previously reported under other intangible assets, emission rights are now shown as part of the inventories under raw materials and consumables. This reporting change led to an increase of €28.9 million in inventories and a corresponding decrease in other intangible assets for the 2019 financial year. As at 30 June 2020, the acquired emission rights amount to €13.6 million.

In addition, the presentation of cash flows in connection with the settlement of the damages and environmental obligations arising from the takeover of the Hanson Group has changed in the statement of cash flows. Similar to the income and expenses arising in this context, which are presented in the result from discontinued operations, all cash flows are now shown in the cash flow from discontinued operations. The cash inflows from reimbursement claims against insurance companies of €1.0 million and cash outflows from the utilisation of provisions of €7.5 million, which were included in the changes in operating assets in the same period of the previous year, were therefore reported as cash flows from operating activities from discontinued operations. This change in presentation increased the cash flow from operating activities from continuing operations in the same period of the previous year by €6.4 million. In the reporting period, the corresponding cash outflow from operating activities from discontinued operations amounted to €9.4 million. This includes payments from insurance companies amounting to €1.5 million and cash outflows from the utilisation of provisions amounting to €10.9 million.

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 translation into euro of the separate financial statements denominated in foreign currencies.

Exchange rates		Exchange rates at reporting date		Average exchange rates	
EUR		31 Dec. 2019	**30 June 2020**	01-06/2019	**01-06/2020**
USD	USA	1.1213	**1.1234**	1.1295	**1.1019**
AUD	Australia	1.5971	**1.6273**	1.5992	**1.6785**
CAD	Canada	1.4567	**1.5250**	1.5060	**1.5034**
EGP	Egypt	17.9955	**18.1448**	19.5512	**17.4527**
GBP	Great Britain	0.8459	**0.9059**	0.8732	**0.8748**
INR	India	80.0858	**84.7773**	79.0963	**81.6674**
IDR	Indonesia	15,587	**16,067**	16,024	**16,245**
MAD	Morocco	10.7287	**10.9042**	10.8467	**10.7679**

Business combinations in the reporting period
On 31 March 2020, our subsidiary Nordic Precast Group AB, Stockholm, Sweden, acquired 100 % of the shares in Kynningsrud Kasen AB, Uddevalla, Sweden, and Kynningsrud Prefab Holding AS, Halden, Norway, including its two 100 % subsidiaries. The acquisition expands our market presence in the precast concrete business in western Sweden and in the eastern part of Norway. The companies are established actors on the precast market in western Sweden, southern Norway, and Oslo, with production sites in Uddevalla, Sweden, and Fredrikstad, Norway. The purchase price amounted to €41.0 million and was paid in cash. The provisionally recognised goodwill of €30.1 million is not tax-deductible and represents synergy and growth potential. The purchase price allocation is provisional, primarily because the valuation of property, plant and equipment has not yet been completed.

On 4 May 2020, our subsidiary Ciments du Maroc S.A., Casablanca, Morocco, completed its acquisition of a 100 % shareholding in Les Cimenteries Marocaines du Sud S.A., Laâyoune (Cimsud). Cimsud operates a grinding plant in Laâyoune with an annual capacity of 500,000 tonnes. The acquisition increases our market share and is a further step in the development of the cement, aggregates, and ready-mixed concrete activities. The provisional purchase price amounts to €26.2 million and was paid in cash. The provisionally recognised goodwill of €11.7 million, attributable to HeidelbergCement on a pro rata basis, is not tax-deductible and represents synergy potential. The purchase price allocation is provisional, primarily because the valuation of property, plant and equipment and provisions has not yet been completed.

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

Provisional fair values recognised as at the acquisition date			
€m	Nordic Precast Group	Morocco	Total
Intangible assets		0.1	**0.1**
Property, plant and equipment	18.1	17.2	**35.3**
Deferred taxes	0.0		**0.0**
Inventories	0.8	0.3	**1.1**
Trade receivables	12.4	0.3	**12.8**
Cash and cash equivalents	5.3	1.7	**7.0**
Other assets	7.7	0.1	**7.8**
Total assets	44.4	19.7	**64.1**
Deferred taxes	1.5		**1.5**
Non-current liabilities	10.6	14.2	**24.8**
Current liabilities	21.5	2.2	**23.6**
Total liabilities	33.5	16.4	**49.9**
Net assets	10.9	3.3	**14.2**

As part of the business combinations, receivables with a fair value of €13.3 million were acquired. These concern trade receivables amounting to €12.8 million and other operating receivables to the amount of €0.5 million. The gross value of the contractual receivables, totalling €13.3 million, is likely to be fully recoverable.

The business combinations have contributed €23.9 million to revenue and €2.2 million to the profit for the period since their acquisition. If the acquisitions had taken place on 1 January 2020, contributions to revenue and the profit for the period would be €30.5 million and €0.3 million higher, respectively. The transaction costs of €0.7 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 4 January 2019, HeidelbergCement purchased an additional 50 % of the shares in California Commercial Asphalt LLC, Wilmington, Delaware, USA – previously accounted for at equity – and its subsidiaries, thereby raising its shareholding to 100 %. The company operates four asphalt plants in southern California, USA. The acquisition strengthens our market presence in the region and contributes towards improving efficiency and utilising existing synergy potential, particularly through vertical integration. The purchase price is made up of a cash payment of €19.1 million and a pre-existing loan receivable against the company of €4.2 million. The fair value of the previously held equity interest amounted to €26.1 million as at the acquisition date. The revaluation of the interest resulted in a loss of €0.3 million, which was recognised in the additional ordinary expenses. The goodwill of €35.1 million is tax-deductible in the amount of €19.0 million.

On 28 June 2019, HeidelbergCement finalised the acquisition of the aggregates and ready-mixed concrete activities of Cemex in central France. By purchasing 100 % of the shares in Cemex Bétons Centre et Ouest S.A.S., Rungis, as well as production sites and distribution facilities for aggregates, HeidelbergCement has acquired 28 ready-mixed concrete plants and 7 aggregates quarries and has strengthened its vertically integrated market position in central France. The purchase price of €28.0 million was paid in cash. The purchase price allocation has been completed. This primarily resulted in an increase of €8.0 million in property, plant and equipment in comparison with 31 December 2019. The final goodwill of €6.1 million, which is not tax-deductible, 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	France	Total
Intangible assets	1.1		**1.1**
Property, plant and equipment	16.3	25.7	**42.0**
Financial fixed assets		0.8	**0.8**
Deferred taxes		0.1	**0.1**
Inventories	1.2	2.8	**4.0**
Trade receivables	13.0	8.6	**21.6**
Cash and cash equivalents	0.8	1.3	**2.1**
Other assets	1.9	0.7	**2.6**
Total assets	34.2	40.0	**74.2**
Deferred taxes	1.0	1.0	**2.0**
Provisions	0.5	5.9	**6.4**
Non-current liabilities	1.5	1.2	**2.7**
Current liabilities	16.8	10.0	**26.8**
Total liabilities	19.8	18.1	**37.9**
Net assets	14.4	21.9	**36.3**

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

Divestments in the reporting period

HeidelbergCement signed an agreement on 17 December 2019 regarding the sale of its 56.93 % shareholding in Mauritano-Française des Ciments S.A., Mauritania. The sale was completed on 8 January 2020. The sales price totals €7.0 million, of which a prepayment of €4.5 million was already received during the 2019 financial year. Payment for the outstanding amount is expected in 2020. The divestment resulted in a gain of €0.1 million, which is shown in the additional ordinary income.

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

Assets and liabilities as at the date of divestiture	
€m	Mauritania
Disposal groups held for sale	**16.6**
Total assets	**16.6**
Liabilities associated with disposal groups	**4.5**
Total liabilities	**4.5**
Net assets	**12.1**

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 21 September 2018, HeidelbergCement announced that its Egyptian subsidiary Helwan Cement Company S.A.E. had entered into an agreement with Emaar Industries to sell its white cement plant in Minya, Egypt. The sale was completed on 6 February 2019. The sales price totals €36.3 million, of which a prepayment of €11.3 million was already received during the 2018 financial year. As at 30 June 2020, €1.6 million of the sales price was still outstanding; the payment is expected in 2020. The divestment resulted in a gain of €23.6 million, which has been shown in the additional ordinary income.

On 1 April 2019, HeidelbergCement completed the disposal of the Spoleto cement plant in Umbria, Italy. The sales price of €17.6 million is made up of a cash payment of €2.0 million and a non-current receivable of €15.6 million carried at amortised costs. The sales price is subject to a standard adjustment clause. The loss of €8.4 million resulting from the divestment has been shown in the additional ordinary expenses.

HeidelbergCement signed an agreement with Overin Limited, Cyprus, on 19 December 2018 regarding the sale of its participations in Ukraine. The sale was completed on 25 April 2019. The sale comprises the participations in the subsidiaries HeidelbergCement Ukraine Private Joint Stock Company, HeidelbergGranit Ukraine Limited Liability Company, Heidelberg-Beton Ukraine Limited Liability Company, and Rybalsky Quarry Limited Liability Company. The sales price amounts to €13.0 million and was paid in cash. The divestment resulted in a loss of €142.6 million, of which €144.5 million was due to the realisation of currency translation differences recognised in equity, and was reported in the additional ordinary expenses.

On 29 April 2019, HeidelbergCement sold its 51 % share in Baustoffwerke Dresden GmbH & Co. KG, Dresden. The sales price of €9.8 million was paid in cash. The profit on disposal of €4.7 million was recognised in the additional ordinary income.

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

Assets and liabilities as at the date of divestiture

€m	Egypt	Italy	Ukraine	Germany	Total
Intangible assets		2.0		2.7	**4.8**
Property, plant and equipment		19.9		4.7	**24.5**
Inventories		4.9		1.0	**5.8**
Cash and cash equivalents				1.4	**1.4**
Other assets				2.5	**2.5**
Disposal groups held for sale	16.6		23.0		**39.6**
Total assets	16.6	26.8	23.0	12.3	**78.7**
Provisions		0.6		1.1	**1.7**
Liabilities		0.2		5.5	**5.7**
Liabilities associated with disposal groups	2.0		11.9		**13.9**
Total liabilities	2.0	0.8	11.9	6.6	**21.3**
Net assets	14.6	26.0	11.1	5.7	**57.4**

Furthermore, HeidelbergCement effected other divestments during the same period of the previous year that were of minor importance for the presentation of the financial position and performance of the Group.

Revenue development by Group areas and business lines

January - June	Cement		Aggregates		Ready-mixed concrete-asphalt		Service-other		Intra-Group eliminations		Total	
€m	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**
Western and Southern Europe	1,311	**1,166**	568	**505**	990	**874**	162	**173**	-465	**-431**	2,566	**2,287**
Northern and Eastern Europe-Central Asia	723	**720**	247	**244**	297	**267**	207	**217**	-101	**-99**	1,373	**1,349**
North America	842	**828**	807	**826**	567	**582**	133	**122**	-222	**-222**	2,127	**2,136**
Asia-Pacific	877	**756**	283	**246**	585	**511**	25	**23**	-153	**-132**	1,618	**1,403**
Africa-Eastern Mediterranean Basin	664	**705**	46	**38**	175	**163**	14	**18**	-62	**-71**	837	**853**
Group Services					20	**11**	1,003	**491**	-5	**-3**	1,017	**499**
Inter-Group area revenue within business lines	-30	**-17**	-14	**-16**	0		5	**3**			-39	**-30**
Total	4,387	**4,158**	1,937	**1,843**	2,633	**2,408**	1,550	**1,046**	-1,008	**-958**	9,498	**8,498**
Inter-Group area revenue between business lines									-287	**-244**	-287	**-244**
Total									-1,295	**-1,202**	9,212	**8,254**

Earnings per share

Earnings per share	January - June	
€m	2019	2020
Profit / loss for the period	290.7	**-3,094.8**
Non-controlling interests	78.5	**38.6**
Group share of profit / loss	212.2	**-3,133.4**
Number of shares in '000s (weighted average)	198,416	**198,416**
Earnings / loss per share in €	1.07	**-15.79**
Net income / loss from continuing operations – attributable to the parent entity	221.6	**-3,113.4**
Earnings / loss per share in € – continuing operations	1.12	**-15.69**
Net loss from discontinued operations – attributable to the parent entity	-9.4	**-20.0**
Loss per share in € – discontinued operations	-0.05	**-0.10**

Impairments

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. As a result of the coronavirus pandemic and the increase in the cost of capital, the Group recognised a total impairment of goodwill of €2.7 billion in connection with the impairment testing procedures performed.

This impairment relates to the CGUs Benelux, France, Italy, United Kingdom, Bulgaria, Kazakhstan, Slovakia, Malaysia, Liberia, Mozambique, Togo, and Group Services, where the carrying amount exceeded the recoverable amount in accordance with the value-in-use method.

The following table shows the parameters used in the impairment test and the resulting impairments:

Assumptions made in the calculation of impairment of goodwill	Carrying amount of goodwill in €m		Impairment €m	Recoverable amount €m	Weighted average cost of capital after taxes [2]		Perpetual growth rate	
Group area / CGU [1]	31.12.19	30.06.20	30.06.20	30.06.20	31.12.19	30.06.20	31.12.19	30.06.20
Western and Southern Europe	3,398.6	**912.5**	**2,426.3**		4.9 - 6.9 %	**5.5 - 8.7 %**	1.3 - 2.2 %	**1.5 - 2.1 %**
Benelux	627.2	**222.3**	**404.9**	**772.5**	5.3 %	**6.0 %**	2.0 %	**1.9 %**
France	686.7	**190.7**	**488.0**	**1,178.8**	5.3 %	**6.2 %**	2.0 %	**1.7 %**
Italy	90.8	**0.0**	**90.8**	**778.9**	6.9 %	**8.7 %**	1.9 %	**1.5 %**
United Kingdom	1,628.1	**132.9**	**1,442.6**	**1,257.5**	6.3 %	**6.9 %**	2.2 %	**2.0 %**
Northern and Eastern Europe-Central Asia	856.9	**808.0**	**64.4**		5.1 - 11.7 %	**5.8 - 13.0 %**	1.7 - 5.5 %	**1.9 - 4.0 %**
Bulgaria	13.2	**0.0**	**13.2**	**152.3**	6.4 %	**9.8 %**	2.6 %	**2.2 %**
Kazakhstan	51.8	**0.0**	**50.3**	**134.2**	11.7 %	**13.0 %**	5.5 %	**4.0 %**
Mibau Group	33.5	**33.5**			5.8 %	**6.6 %**	1.9 %	**2.1 %**
Norway	86.1	**84.7**			6.7 %	**6.3 %**	2.0 %	**2.0 %**
Slovakia	0.9	**0.0**	**0.9**	**9.1**	5.5 %	**7.4 %**	2.1 %	**2.0 %**
North America	5,489.4	**5,474.7**			6.8 %	**6.6 %**	2.1 %	**2.1 %**
Asia-Pacific	1,564.8	**1,389.4**	**143.1**		6.1 - 12.2 %	**5.6 - 15.3 %**	1.9 - 4.2 %	**0.2 - 5.5 %**
Australia	1,040.5	**1,026.0**			6.3 %	**6.6 %**	2.5 %	**2.5 %**
Malaysia	146.1	**0.0**	**143.1**	**77.6**	8.6 %	**8.0 %**	2.5 %	**2.3 %**
Thailand	37.7	**36.6**			7.1 %	**8.0 %**	2.7 %	**2.0 %**
Africa-Eastern Mediterranean Basin	442.1	**427.8**	**19.9**		6.2 - 18.8 %	**6.3 - 30.6 %**	2.0 - 8.5 %	**2.0 - 8.3 %**
Liberia	2.4	**0.0**	**2.4**	**30.3**	12.9 %	**29.6 %**	4.2 %	**2.3 %**
Mozambique	15.8	**7.3**	**7.6**	**14.0**	18.2 %	**23.5 %**	5.4 %	**5.5 %**
Sierra Leone	2.2	**2.2**			15.5 %	**30.6 %**	6.0 %	**8.3 %**
Togo	10.0	**0.0**	**9.9**	**168.9**	12.7 %	**16.7 %**	2.0 %	**2.0 %**
Group Services	30.9	**0.0**	**30.4**	**60.2**	4.9 %	**9.2 %**	1.3 %	**2.3 %**
Total	11,782.6	**9,012.3**	**2,684.1**					

1) CGU = Cash-generating unit

2) 2019: Stated figure is the phase one WACC, before adjustment for growth. The second phase WACC, used to calculate the terminal value, is equal to the phase one WACC after adjustment for growth.
2020: Stated figure is the phase one WACC, before adjustment for growth. The second phase WACC, used to calculate the terminal value, is equal to the phase one WACC after adjustment for growth and long-term inflation differential.

The impairment of the CGUs Benelux, France, United Kingdom, Kazakhstan, Group Services, and Slovakia mainly resulted from a significantly weaker development of results as well as an increased cost of capital due to the adjustment of the market risk premium and the rise in the country risk premiums.

The impairment of the CGU Malaysia resulted from a considerably poorer development of results.

The impairment of the CGUs Bulgaria, Italy, Liberia, Mozambique, and Togo primarily resulted from an increase in the cost of capital, particularly of the market risk premium, in addition to the rise in the country risk premium.

Impairment losses are shown in the additional ordinary expenses.

For the CGUs Australia, North America, and Norway, marginal changes in the sustainable growth rate or in the operational plan as the basis for cash flow estimates or the weighted average cost of capital could cause the carrying amount to exceed the recoverable amount. Management does not rule out such a development. With a reduction of the growth rate of around 0.3 percentage points for the CGU Australia, around 1.0 percentage points for the CGU Norway, and around 1.1 percentage points for the CGU North America, the recoverable amount corresponds to the respective carrying amount. With a decline in the planned results (EBIT) for each year of planning as well as in the terminal value of around 8.0 % for the CGU Australia, the recoverable amount and carrying amount are equal. With an increase in the weighted average cost of capital of around 0.3 percentage points for the CGU Australia and around 0.8 percentage points for the CGU North America and CGU Norway, the recoverable amount corresponds to the respective carrying amount.

Without the aforementioned changes, the recoverable amount exceeds the carrying amount of the CGU Australia by €134.6 million, of the CGU North America by €1,950.6 million, and of the CGU Norway by €67.8 million as at the reporting date.

For the CGUs Mibau Group, Sierra Leone, and Thailand, management believes there are reasonably possible changes in the sustainable growth rate or in the operational plan as the basis for cash flow estimates or the weighted average cost of capital that could also cause the carrying amount to exceed the recoverable amount. The goodwill of these CGUs amounts to a total of €72.3 million.

With a reduction of 1.9 percentage points in the growth rate, a WACC increase of 0.9 percentage points, or a decline of 13.0 % in the planned result (EBIT) for each year of planning as well as in the terminal value, the recoverable amount for all other CGUs continues to exceed the carrying amount.

Intangible assets and property, plant and equipment

Owing to the coronavirus pandemic and the increased country risk premiums, HeidelbergCement has also conducted an impairment review of intangible assets and property, plant and equipment.

The impairments resulting from the review are shown in the table below.

Impairment of other intangible assets and property, plant and equipment

€m	Other intangible assets	Land and buildings	Plant and machinery	Other operating equipment	Prepayments and assets under construction	Total
Western and Southern Europe	-5.1	-153.7	-167.5	-3.6	-0.1	**-330.0**
United Kingdom		-85.8	-94.6	-2.0		**-182.4**
Other	-5.1	-67.9	-72.9	-1.6	-0.1	**-147.6**
Northern and Eastern Europe-Central Asia	-0.6	-5.7	-10.3	-0.7	0.0	**-17.3**
North America		-155.6	-141.9	-16.4	-33.8	**-347.7**
Africa-Eastern Mediterranean Basin			-0.5		-0.3	**-0.8**
Asia-Pacific	-16.1	-22.5	-23.7	-1.0	-9.8	**-73.0**
Total	-21.7	-337.5	-343.8	-21.7	-44.0	**-768.7**

Impairment losses are shown in the additional ordinary expenses.

The main impairments relate to the CGUs North America and United Kingdom.

In the case of North America, the impairment of assets was tested on the basis of management units in the regions and individual assets were impaired. The impairment in the West Region Cement management unit is equal to the total carrying amount of €180.4 million with a fair value of €0.0 million, largely as a result of the negative economic outlook related to the consequences of the coronavirus pandemic. The impairment of the Canada Region Prairies management unit amounts to a total of €115.0 million with a value in use or fair value of €102.0 million and a carrying amount of €214.8 million, caused by the negative outlook of the oil and gas industry in Canada, the investment climate, and the trade conflict with China. The impairment of individual assets amounts to €48.8 million. A cost of capital of 6.6 % was used.

In the case of the United Kingdom, the impairment of assets was tested on the basis of local cash-generating units (CGUs). Assets within the CGU Closed Sites were impaired by €18.1 million, with a carrying amount of €18.1 million and a value in use of €0.7 million. Assets within the CGU Hanson Quarry Products Europe were impaired by €109.3 million, with a carrying amount of €192.0 million and a value in use or fair value less costs to sell totalling €86.5 million. Assets within the CGU Cementitious were impaired by €54.8 million, with a carrying amount of €69.8 million and a value in use or fair value less costs to sell of €16.9 million. Assets within the CGU Marine were impaired by €0.2 million, with a carrying amount of €0.2 million and a fair value less costs to sell of €0.0 million. The main reasons for the impairment were the negative outlook due to the impact of the coronavirus pandemic and the rise in the cost of capital to 6.9 %.

Consolidated statement of changes in equity

The change of €505.7 million in the currency translation reserve is essentially attributable to the devaluation of the British pound and the Canadian dollar against the euro.

In the financial year, dividends of €119.1 million (€0.60 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 Moroccan subsidiaries Ciments du Maroc S.A. and Industrie Sakia El Hamra "Indusaha" S.A., which totalled €67.2 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 June 2020, overall gains arising from the revaluation amounted to €76.7 million. These include actuarial losses relating to the defined benefit obligation of €275.6 million, arising from a decline in the weighted discount rate of approximately 0.4 percentage points, as well as gains from the revaluation of the plan assets amounting to €362.1 million. The effect of the asset ceiling led to losses of €9.8 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	Category of IFRS 9 [1]	Carrying amount	Fair value	Thereof Level 1	Thereof Level 2	Thereof Level 3
30 June 2020						
Assets						
Financial investments – fair value through other comprehensive income	FVOCI	**133.1**	**133.1**			133.1
Financial investments – fair value through profit or loss	FVTPL	**30.5**	**30.5**	11.8		18.7
Loans and other interest-bearing receivables	AC	**269.1**	**270.6**			
Trade receivables and other operating receivables – amortised cost	AC	**1,803.8**	**1,803.8**			
Trade receivables and other operating receivables – fair value through profit or loss	FVTPL	**489.1**	**489.1**		489.1	
Cash and cash equivalents – amortised cost	AC	**2,267.6**	**2,267.6**			
Cash and cash equivalents – fair value through profit or loss	FVTPL	**189.0**	**189.0**	189.0		
Derivatives – hedge accounting	Hedge	**34.7**	**34.7**		34.7	
Derivatives – held for trading	FVTPL	**95.0**	**95.0**		95.0	
Liabilities						
Bonds payable, bank loans and miscellaneous financial liabilities	AC	**10,246.7**	**10,478.9**			
Trade payables and miscellaneous operating liabilities	AC	**3,026.4**	**3,026.4**			
Derivatives – hedge accounting	Hedge	**6.0**	**6.0**		6.0	
Derivatives – held for trading	FVTPL	**60.4**	**60.4**		60.4	
Non-controlling interests with put options	AC	**92.2**	**92.2**			
31 December 2019						
Assets						
Financial investments – fair value through other comprehensive income	FVOCI	**133.3**	**133.3**			133.3
Financial investments – fair value through profit or loss	FVTPL	**40.6**	**40.6**	21.9		18.7
Loans and other interest-bearing receivables	AC	**230.4**	**232.8**			
Trade receivables and other operating receivables – amortised cost	AC	**1,788.2**	**1,788.2**			
Trade receivables and other operating receivables – fair value through profit or loss	FVTPL	**317.0**	**317.0**		317.0	
Cash and cash equivalents – amortised cost	AC	**3,207.0**	**3,207.0**			
Cash and cash equivalents – fair value through profit or loss	FVTPL	**334.5**	**334.5**	334.5		
Derivatives – hedge accounting	Hedge	**13.8**	**13.8**		13.8	
Derivatives – held for trading	FVTPL	**52.1**	**52.1**		52.1	
Liabilities						
Bonds payable, bank loans and miscellaneous financial liabilities	AC	**10,628.1**	**11,050.4**			
Trade payables and miscellaneous operating liabilities	AC	**3,703.8**	**3,703.8**			
Derivatives – hedge accounting	Hedge	**7.0**	**7.0**		7.0	
Derivatives – held for trading	FVTPL	**43.3**	**43.3**		43.3	
Non-controlling interests with put options	AC	**63.7**	**63.7**			

1) AC: Amortised cost, FVTPL: Fair value through profit or loss, FVOCI: Fair value through other comprehensive income, Hedge: Hedge accounting

The financial investments at fair value through other comprehensive income include the fair value of the participation in the Permanente Group of €133.1 million (previous year: 133.3). The change in the fair value results from currency effects. The other valuation parameters remained unchanged in comparison with the 2019 consolidated financial statements. With respect to other possible uncertainties regarding the determination of the fair value of this financial investment, we refer to the explanations on page 155 in the Notes to the Annual Report 2019. During the reporting period, there were no significant changes to these explanations.

The financial investments at fair value through profit or loss include participations of €18.7 million (previous year: 18.7) 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 using EBITDA or revenue multipliers. With respect to possible uncertainties regarding the determination of the fair value of these financial investments, we refer to the explanations on page 155 in the Notes to the Annual Report 2019. During the reporting period, there were no significant changes to these explanations.

The fair values of the other financial assets measured at fair value through profit or loss were primarily determined using the prices of recent transactions.

Derivative financial instruments, both those designated as hedges and those held for trading, are measured at fair value. For these items, the fair value always corresponds to the carrying amount.

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 €1,451.5 million (previous year: 1,314.9) as well as non-financial liabilities of €829.2 million (previous year: 752.7). Lease liabilities of €1,174.8 million (previous year: 1,285.7) should be taken into account for the reconciliation of the “Bonds payable, bank loans and miscellaneous financial liabilities” class with the related balance sheet items.

Detailed explanations on the procedure regarding the fair value measurement according to IFRS 13 can be found on page 153 f. in the Notes to the Annual Report 2019. 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 party 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 €195.3 million (previous year: 180.8) and essentially concern risks related to income taxes. 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 could give rise to additional tax liabilities.

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

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Heidelberg, 30 July 2020

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 Half-Year Financial Report January to June 2020 was published on 30 July 2020.

Financial calendar	
Capital Markets Day	16 September 2020
Third quarter 2020 results	5 November 2020

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