Half-Year Financial Report January to June 2017

HEIDELBERGCEMENT

Italcementi acquisition strengthens sales volumes, revenue and result

- Sales volumes: 61 million tonnes of cement (+52 %); 142 million tonnes of aggregates (+20 %); 23 million cubic metres of ready-mixed concrete (+26 %)
- Revenue up by 31 % to €8.4 billion (previous year: 6.4)
- Result from current operations before depreciation and amortisation improved by 21 % to €1.3 billion (previous year: 1.1)
- Financial result increased by €40 million to €-181 million (previous year: -221)
- Group share of profit increased by 17 % to €288 million (previous year: 246); earnings per share improved by 11 % to €1.45

Outlook for 2017 unchanged

- Positive outlook for global economy; higher geopolitical and macroeconomic risks
- Expected growth in sales volumes of cement, aggregates, and ready-mixed concrete
- Moderate increase in revenue and mid-single to double-digit percentage increase in result from current operations on a comparable pro forma basis[1]; significant rise in profit for the financial year before non-recurring effects
- HeidelbergCement is well positioned to benefit from good and stable development in industrial countries, particularly in the USA, Canada, Europe, and Australia

1) Comparable pro forma basis: with the inclusion of Italcementi in the first half of 2016 and adjusted for currency and consolidation effects

Overview January to June 2017	April - June		January - June	
€m	2016	**2017**	2016	**2017**
Revenue	3,575	**4,611**	6,407	**8,394**
Result from joint ventures	50	**48**	81	**79**
Result from current operations before depreciation and amortisation (RCOBD)	791	**964**	1,112	**1,347**
RCOBD margin in %	22.1 %	**20.9 %**	17.4 %	**16.1 %**
Result from current operations	601	**683**	739	**791**
Additional ordinary result	-12	**-20**	-16	**-36**
Result from participations	11	**21**	6	**21**
Earnings before interest and income taxes (EBIT)	599	**684**	728	**775**
Financial result	-107	**-99**	-221	**-181**
Profit before tax	493	**585**	507	**594**
Net income from continuing operations	398	**409**	376	**370**
Net loss from discontinued operations	-12	**-12**	-22	**-8**
Profit for the period	385	**397**	354	**362**
Group share of profit	318	**358**	246	**288**
Investments	187	**325**	444	**520**

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

Interim Group management report

Business trend January to June 2017

Economic environment

Global economic growth is continuing. The national economies of Asia and the African countries south of the Sahara remain on a growth trajectory. In Europe, the moderate recovery is continuing. The US economy has regained momentum following the weak first quarter.

Sales volumes in the first half of the year benefit from consolidation of Italcementi

In the first half of the year, the sales volumes of HeidelbergCement's building materials rose substantially as a result of the consolidation of Italcementi. Excluding consolidation effects, cement deliveries rose slightly, while aggregates sales volumes were almost stable and ready-mixed concrete sales volumes declined slightly. Growth in sales volumes was impaired by fewer working days due to the holidays after Ramadan as well as adverse weather conditions in large parts of North America.

The Group's cement and clinker sales volumes increased by 52.1 % to 60.7 million tonnes (previous year: 39.9). Deliveries showed an improvement in all Group areas. Excluding consolidation effects, volumes rose by 1.0 %. Excluding consolidation effects, the strongest increase was recorded in the Africa-Eastern Mediterranean Basin Group area, followed by North America, Northern and Eastern Europe-Central Asia, and Western and Southern Europe. In Asia-Pacific, cement sales volumes declined.

Deliveries of aggregates also registered an acquisition-related rise of 20.2 % to 142.3 million tonnes (previous year: 118.4). Excluding consolidation effects, sales volumes remained just under the previous year's level, with a decrease of 0.4 %. Deliveries of ready-mixed concrete also rose as a result of the new consolidations by 26.2 % to 22.6 million cubic metres (previous year: 17.9). Excluding consolidation effects, sales volumes declined by 3.6 %. Asphalt sales volumes fell slightly by 1.3 % to 3.9 million tonnes (previous year: 4.0).

Sales volumes	April - June			January - June		
	2016	**2017**	Change	2016	**2017**	Change
Cement and clinker (million tonnes)	22.3	**32.8**	47.3 %	39.9	**60.7**	52.1 %
Aggregates (million tonnes)	69.1	**81.4**	17.9 %	118.4	**142.3**	20.2 %
Ready-mixed concrete (million cubic metres)	10.0	**12.2**	22.5 %	17.9	**22.6**	26.2 %
Asphalt (million tonnes)	2.6	**2.4**	-5.2 %	4.0	**3.9**	-1.3 %

Development of revenue and results

Group revenue in the period from January to June 2017 increased by 31.0 % in comparison with the previous year to €8,394 million (previous year: 6,407). Excluding consolidation and exchange rate effects, Group revenue remained constant. Changes to the scope of consolidation of €1,901 million, primarily owing to the first-time consolidation of the Italcementi Group, had a positive impact on revenue. Exchange rate effects of €88 million also positively affected revenue.

In the reporting period, material costs rose by 31.9 % to €3,338 million (previous year: 2,531). This increase is essentially due to the first-time consolidation of the Italcementi Group. Excluding consolidation and exchange rate effects, the material costs remained slightly below the previous year's level, with a decrease of 0.3 %. The material cost ratio increased marginally from 39.5 % to 39.8 %. Other operating expenses and income were 35.2 % above the previous year's level at € -2,239 million (previous year: -1,656). Excluding exchange rate and consolidation effects, the increase amounted to 4.5 %. Freight, rental, and leasing expenses, as well as expenses for third-party services, rose after exclusion of currency and consolidation effects. Personnel costs increased by 31.4 % to €1,523 million (previous year: 1,159), primarily because of the higher number of employees. The result from joint ventures decreased slightly by 2.7 % to €79 million (previous year: 81).

The result from current operations before depreciation and amortisation improved by 21.1 % to €1,347 million (previous year: 1,112). The increase of €235 million resulted from €348 million in changes to the scope of consolidation and a positive currency effect of €12 million; these factors were counteracted by the rise in expenses. The result from current operations grew by 7.1 % to €791 million (previous year: 739) due to a rise of 49.0 % in depreciation and amortisation. Excluding consolidation and exchange rate effects, depreciation and amortisation fell by 2.4 %.

The additional ordinary result of €-37 million (previous year: -17) primarily relates to expenses arising from the disposal of subsidiaries, integration expenses, and other non-recurring expenses and income.

The financial result improved by €40 million to €-181 million (previous year: -221). Besides the reduction of €27 million in interest expenses, the financial result was positively affected by the improvement of €12 million in the other financial result.

Profit before tax from continuing operations rose significantly by €87 million to €594 million (previous year: 507). Expenses relating to taxes on income increased considerably by €93 million to €224 million (previous year: 131) due to the first-time consolidation of the Italcementi Group and a non-recurring effect in Indonesia in the previous year. As a result, net income from continuing operations fell to €370 million (previous year: 376).

Net loss from discontinued operations of €-8 million (previous year: -22) accounts for operations of the Hanson Group that were discontinued in previous years.

Overall, the profit for the period amounts to €362 million (previous year: 354). The profit attributable to non-controlling interests fell by €33 million to €74 million (previous year: 108). The Group share therefore amounts to €288 million (previous year: 246).

Earnings per share – Group share – in accordance with IAS 33 improved by €0.14 to €1.45 (previous year: 1.31).

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 2017, operating business activities from continuing operations generated a cash outflow totalling €128 million (previous year: cash inflow of 214). This was primarily owing to the stronger rise in working capital of €352 million to €728 million (previous year: 377), which is largely attributable to the revenue-related growth in trade receivables and the acquisition of Italcementi. In contrast, cash flow before interest and tax payments rose by €170 million to €1,368 million (previous year: 1,198). Dividends received exceeded the previous year's level at €150 million (previous year: 112) and mainly include payouts received from joint ventures and associates. Interest received increased by €14 million to €62 million (previous year: 49) in comparison with the same period of the previous year. Interest payments rose by €134 million to €398 million (previous year: 264) as a result of the interest payments for bonds taken over from Italcementi, which fell due in the first and second quarters. At €262 million (previous year: 197), income taxes paid increased by €65 million in comparison with the same period of the previous year. In the reporting period, provisions of €171 million (previous year: 196) were utilised through payments. The higher utilisation in the previous year was essentially due to the endowment of a Group contractual trust agreement (CTA) of €51 million for the insolvency protection of pension entitlements. Payments associated with restructuring measures, which increased by €21 million in comparison with the previous year to a total of €23 million, had a counteracting effect.

Net cash used in investing activities of continuing operations rose by €67 million to €440 million (previous year: 373). The rise is largely attributable to a €44 million increase in comparison with the previous year in investments in property, plant, and equipment, as well as the acquisition of aggregate quarries, ready-mixed concrete plants, and asphalt plants from Cemex in the northwest of the USA in exchange for a cash payment of

€130 million. In the previous year, a business operation in Australia was acquired from Rocla Quarry Products in exchange for a cash payment of €98 million.

Financing activities of continuing operations generated a cash inflow of €301 million in the reporting period (previous year: 1,403). The cash inflow arising from the net proceeds from and repayment of bonds and loans of €806 million (previous year: 1,725) included in this figure covers the change in long-term and short-term interest-bearing liabilities and mainly comprises the issue of three bonds with a total value of €2.25 billion, the repayment of two bonds totalling €1.5 billion, and cash inflows of €385 million from the issue of commercial papers. This item also includes the borrowings and payments relating to bank loans and debt certificates, as well as changes to other short-term interest-bearing liabilities with a high turnover rate. In the previous year, two bonds with a total value of €1.75 billion and debt certificates of €645 million were issued and a bond of €300 million was repaid, as was the syndicated credit line in use. Dividend payments led to an overall cash outflow of €504 million (previous year: 317), with HeidelbergCement AG dividend payments making up €317 million (previous year: 244) of this figure.

Cash inflows and outflows from operating activities as well as investing activities of discontinued business lines essentially relate to the costs and proceeds of the disposal of the Belgian Italcementi operations, as well as of the North American Italcementi locations, which were resold to meet the conditions of the competition authorities.

Investments

Cash flow investments increased in the first half of the year to €520 million (previous year: 444). Investments in property, plant, and equipment, including intangible assets, which primarily related to optimisation and environmental protection measures at our production sites, but also expansion projects in growing markets, accounted for €366 million (previous year: 326) of this total. Investments in financial assets and other business units rose to €154 million (previous year: 118); these related primarily to the purchase of the building materials business of Cemex in the Pacific Northwest area of the USA as well as smaller bolt-on acquisitions of shareholdings.

Balance sheet

The balance sheet total decreased by €1,338 million to €35,752 million (previous year: 37,091) as at 30 June 2017.

Non-current assets fell by €1,450 million to €28,958 million (previous year: 30,408). Adjusted for negative exchange rate effects of €1,197 million, the decrease amounted to €253 million and predominantly related to property, plant, and equipment of €114 million and shares in joint ventures of €48 million. The decline in goodwill by €540 million to €11,403 million (previous year: 11,943) was mainly attributable to exchange rate effects amounting to €516 million. The reduction in property, plant, and equipment of €627 million to €13,253 million (previous year: 13,880) mainly resulted from exchange rate effects of €514 million and additions of €359 million to property, plant, and equipment. This was offset by property, plant, and equipment disposals of €23 million as well as depreciation and amortisation of €535 million.

Financial assets were reduced by €121 million to €2,263 million (previous year: 2,383). Adjusted for negative currency effects of €82 million, the decrease amounted to €42 million and is mainly related to the change in joint venture shares.

Current assets increased by €67 million to €6,741 million (previous year: 6,673). As a result of seasonal factors, trade receivables grew by €428 million to €2,232 million (previous year: 1,805). Other current operating receivables also increased by €90 million to €641 million (previous year: 551), whereas cash and cash equivalents declined by €335 million to €1,637 (previous year: 1,972). The changes are explained in the Statement of cash flows section.

On the equity and liabilities side, equity decreased by €1,495 million to €16,283 million (previous year: 17,778). The decline is primarily attributable to the dividends paid amounting to €504 million and the total comprehensive income of €-992 million. The total comprehensive income is composed of the €362 million profit for the period as well as of the currency translation losses of €1,335 million recognised in other comprehensive income, of the actuarial gains of €5 million, and of the losses of €26 million from equity method investments.

Interest-bearing liabilities rose by €790 million to €11,841 million (previous year: 11,051). The increase in net debt (interest-bearing liabilities less cash and cash equivalents) of €1,141 million to €10,140 million (previous year: 8,999) is due to the financing of the seasonal and revenue-related rise in receivables and dividend payments in the second quarter. Total provisions decreased by €305 million to €2,797 million (previous year: 3,102). Of this amount, €91 million was attributable to pension provisions and €215 million to other provisions. The reduction of €355 million in operating liabilities to €4,171 million (previous year: 4,526) relates primarily to the decline of €69 million in trade payables to €2,110 million (previous year: 2,179) in addition to the decrease of €199 million in other current operating liabilities to €1,450 million (previous year: 1,648).

Financing

In the first half of 2017, HeidelbergCement issued three Eurobonds under its €10 billion EMTN programme, thereby strengthening its financing structure. The proceeds will be used for general corporate purposes and the refinancing of upcoming maturities.

On 18 January 2017, HeidelbergCement issued a Eurobond with an issuance volume of €750 million and a maturity date of 18 January 2021. The 4 year bond bears a fixed coupon of 0.500 % p.a. The issue price was at 99.822 %, resulting in a yield to maturity of 0.545 %.

On 4 April 2017, HeidelbergCement issued a further Eurobond of €1 billion. The 9 year bond with a maturity date of 7 April 2026 bears a fixed coupon of 1.625 % p.a. The issue price was at 99.626 %, resulting in a yield to maturity of 1.670 %.

The third bond issue took place on 14 June 2017 with a volume of €500 million and a ten-year term ending on 14 June 2027. The bond bears a fixed coupon of 1.500% p.a. The issue price was at 98.891%, resulting in a yield to maturity of 1.621 %.

According to the terms and conditions of the bonds issued in 2009 and 2010, there is a limitation on incurring additional debt if the consolidated coverage ratio (i.e. the ratio of the aggregate amount of the consolidated EBITDA to the aggregate amount of the consolidated interest expense) of the HeidelbergCement Group is below 2. This covenant is suspended for the other bonds and debt certificates due to the investment grade rating. The consolidated EBITDA of €3,279 million and the consolidated interest expense of €452 million are calculated on a pro forma basis in accordance with the terms and conditions of the bonds. As at 30 June 2017, the consolidated coverage ratio amounted to 7.26.

The net debt increased by €4,275 million in comparison with 30 June 2016, amounting to €10,140 million (previous year: 5,865) as at 30 June 2017. The increase of €1,141 million in comparison with the end of 2016 is primarily due to the rise in working capital, related to seasonal factors, and the dividend payments in the second quarter.

The available liquidity from cash and cash equivalents, liquidable financial investments and derivative financial instruments, and unused credit lines amounted to €4,425 million as at the end of June 2017.

Western and Southern Europe

The economic recovery has continued in the countries of the Western and Southern Europe Group area. The upswing in the German economy continues thanks to the good state of the domestic demand, of the intact labour market, as well as the pickup in global trade. The economic recovery is also ongoing in Belgium and the Netherlands. The British economy has slowed down considerably; in the second quarter of 2017, economic growth amounted to just 0.3 %. France and Spain remain on growth course with an increase in gross domestic product of 0.5 % and 0.9 %, respectively, and construction activity is gradually recovering. In Italy, economic recovery is somewhat subdued.

With the first-time consolidation of Italcementi from 1 July 2016, the Western and Southern Europe Group area was extended to include France and Italy, and our market position in Spain was expanded. In all three countries, the added activities include cement, aggregates, and ready-mixed concrete.

The cement and clinker sales volumes in the Western and Southern Europe Group area rose in the first half of 2017 by 79.6 % to 14.3 million tonnes (previous year: 8.0). This substantial increase is primarily attributable to the newly included activities of Italcementi in France, Italy, and Spain, not to mention the positive development of demand in Germany and Benelux. Excluding consolidation effects, sales volumes increased by 1.8 %. Deliveries from our German plants benefited from the healthy demand development, especially in residential construction. Our sales volumes also improved in Benelux thanks to the ongoing market recovery. In the United Kingdom, volumes remained just under the previous year's level due to a drop in ground granulated blast furnace slag deliveries. While our sales volumes were stable in Italy, deliveries in Spain and France remained slightly below the previous year's level.

The Group area's deliveries of aggregates increased by 45.8 % to 39.7 million tonnes (previous year: 27.2). This was primarily due to the newly included aggregates activities in France, Italy, and Spain. Excluding consolidation effects, sales volumes declined by 4.3 %. Italy and Spain registered the highest growth rates, followed by France and Germany. In the United Kingdom, sales volumes remained just under the previous year's level due to delays in infrastructure projects. In Belgium, aggregate sales volumes also declined.

Ready-mixed concrete sales volumes rose by 52.0 % to 8.7 million cubic metres (previous year: 5.7). Excluding the newly included ready-mixed concrete activities in France, Italy, and Spain, deliveries declined by 1.4 %. While we achieved a substantial rise in volumes in Germany, deliveries in the other countries declined. The sales volumes of the asphalt operating line in the United Kingdom rose by 14.6 % compared with the previous year based on the strong demand from roadworks.

Revenue of the Western and Southern Europe Group area rose by 51.1 % to €2,360 million (previous year: 1,562); excluding consolidation and exchange rate effects, revenue remained at around the previous year's level, with a marginal increase of 0.3 %.

Northern and Eastern Europe-Central Asia

The economic development of the countries in the Northern and Eastern Europe-Central Asia Group area presents a mixed picture. In Sweden, construction activity has benefited from ongoing robust economic development, particularly in residential construction. In Norway, however, the economic momentum has weakened, but demand from major infrastructural projects and residential construction remains strong. In Poland and Czechia, the economy and construction activity are continuing to recover. The Romanian economy is also on a course for growth, but there is still a lack of infrastructure projects. In Kazakhstan, the economy shows signs of a steady recovery. Ukraine and Russia experience an ongoing economic recovery, but the conflict in Ukraine is severely impairing the economy in both countries.

During the first half of 2017, cement and clinker deliveries of the Northern and Eastern Europe-Central Asia Group area grew by 13.8 % to 12.0 million tonnes (previous year: 10.5). The increase in sales volumes is attributable to the first-time inclusion of Italcementi's cement activities in Bulgaria, Greece, and Kazakhstan, in addition to the mainly positive development of cement demand in the Group area. Excluding consolidation effects, this growth amounted to 1.4 %. All Northern European countries including the Baltic States achieved increases in volumes; as a result, overall sales volumes recorded significant growth. In Eastern Europe-Central Asia, the deliveries of the individual countries presented a mixed picture. Kazakhstan, Greece and Poland registered the highest growth rates. Romania, Bulgaria and Georgia also recorded increases in volumes. While sales volumes were stable in Czechia, our deliveries dropped considerably in Russia and Ukraine.

In the aggregates business line, the individual Group countries experienced varied development of sales volumes. Our deliveries decreased significantly in Sweden, Romania, Slovakia, and Greece. In contrast, substantial growth was achieved in Russia, Kazakhstan, Ukraine, Czechia, and Georgia. As a whole, our deliveries of aggregates in the Group area rose by 67.9 % to 23.4 million tonnes (previous year: 13.9). Consolidation effects arose from the full consolidation of the Mibau Group, the first-time inclusion of Italcementi's aggregate activities in Greece, and the sale of aggregates plants in Sweden in the previous year. Excluding these consolidation effects, the aggregates sales volumes rose by 9.2 %.

Deliveries of ready-mixed concrete increased by 11.3 % to 3.1 million cubic metres (previous year: 2.8). The ready-mixed concrete activities of Italcementi in Greece and Kazakhstan were included for the first time. Adjusted for consolidation effects, deliveries rose by 7.0 %.

Revenue of the Northern and Eastern Europe-Central Asia Group area improved by 24.0 % to €1,338 million (previous year: 1,079); excluding consolidation and exchange rate effects, the growth amounted to 4.0 %.

North America

In the North America Group area, HeidelbergCement is represented in the USA and Canada. In the USA, economic recovery is continuing following the weak first quarter. In the second quarter, gross domestic product grew by 2.6 % according to a preliminary estimate. The upswing in residential construction is also continuing. Housing starts in June were at an annual rate of 1,215,000. This is 8.3 % above the previous month rate and 2.1 % above the June 2016 rate. Building permits were 7.4 % above the May rate and 5.1 % above the June 2016 rate.

In the first half of the year, construction activity was impaired by unfavourable weather conditions in large parts of North America. In the first quarter, the West market region suffered from heavy rains and flooding and the Canada region from exceptionally cold and wet weather in British Columbia. In the second quarter, heavy precipitation adversely affected construction activity in the North and South regions.

Despite partially adverse weather conditions, the cement sales volumes of our North American plants benefited from solid overall demand in the USA. Deliveries grew by 29.1 % to 7.6 million tonnes (previous year: 5.9) in the first six months. The majority of this increase in sales volumes relates to the inclusion of the former Italcementi/Essroc plants in the North region. Excluding this consolidation effect, the growth amounted to 2.5 %. In the West region, the weather-related volume losses of the first quarter could not fully be recovered. Deliveries of the South region also remained slightly below the previous year's level due to the wet weather in the second quarter. The North region recorded a strong increase in sales volumes as a result of consolidation and the positive market development. In the Canada market region, our cement deliveries in British Columbia were negatively impacted by adverse weather conditions in the first quarter; in the Prairie provinces, however, our cement sales volumes benefited from the recovering demand in the oil sector. Deliveries of the Canada region as a whole remained slightly below the previous year's level. Price increases were successfully implemented in all key markets of both the United States and Canada.

In the aggregates business line, increases in volumes in the South and Canada regions could not fully offset weather-related decreases in sales volumes in the North and West regions. Overall, the aggregates sales volumes remained just under the previous year's level, with a decrease of 0.4 % to 53.6 million tonnes (previous year: 53.8). Excluding consolidation effects from the inclusion of the former Italcementi/Essroc activities, a slight decline of 1.6 % was recorded. Prices were increased in all regions.

In the ready-mixed concrete operating line, the strong growth in sales volumes in the North region as a result of consolidation more than offset the decreases in volumes in the other regions. Overall, ready-mixed concrete sales volumes rose by 5.7 % to 3.1 million cubic metres (previous year: 2.9); excluding the consolidation effect of Italcementi/Essroc, volumes decreased by 5.4 %. Asphalt deliveries dropped by 11.2 % to 1.3 million tonnes (previous year: 1.5).

In the service-joint ventures-other business line, the cement sales volumes of our joint venture Texas Lehigh Cement significantly exceeded the previous year's level owing to higher demand from the oil industry.

At the end of June 2017, we acquired the building materials business of Cemex in Oregon and Washington to broaden our vertically integrated market position in the Pacific Northwest area of the USA. The operations include seven aggregate quarries, five ready-mixed concrete plants and three asphalt plants employing about 350 employees. The acquired aggregates reserves and resources amount to 110 million tonnes.

Total revenue in North America rose by 17.3 % to €2,014 million (previous year: 1,717); excluding consolidation and exchange rate effects, the increase amounted to 1.9 %.

Asia-Pacific

Despite the restructuring and slowdown of the Chinese economy, the emerging countries of Asia remain on course for growth. Also in the second quarter, the Chinese economy developed better than expected, with gross domestic product growth of 6.9 %. In India, Indonesia and Thailand, a slight increase in economic growth is anticipated. Despite weak investments in the raw materials sector, Australia is showing robust economic development.

During the first half of the year, cement and clinker deliveries of the Asia-Pacific Group area grew by 42.7 % to 16.6 million tonnes (previous year: 11.7). Excluding the recently added activities of Italcementi in India and Thailand, sales volumes declined by 3.1 %.

In Indonesia, domestic cement consumption decreased by 1.3 % in the first six months of 2017 in comparison with the previous year. The weak growth is mainly due to the timing of Ramadan in June. Domestic cement sales volumes of Indocement fell by 4.4 %. The weaker development of Indocement's sales volumes in comparison with the market as a whole is owing to the restrained demand in the home markets. Market declines of 7.7 %, 4.1 %, and 2.7 % were registered in Jakarta, Banten, and West Java, respectively. Due to the increased competitive pressure, the average sales prices of Indocement were significantly lower than those of the previous year. It was possible to mitigate the decline in margins through strict cost management and by running the most efficient kilns. Including exports, the cement and clinker sales volumes of Indocement declined by 2.4 %.

In India, the cement and clinker deliveries of our central and southern Indian plants rose by 103.6 % in the first half of the year. This increase is mainly owing to the first-time inclusion of the cement activities of Italcementi in southern India. Without taking this consolidation effect into consideration, sales volumes declined by 2.1 %. Higher sales prices, strict cost management, and the accelerated realisation of synergies led to a substantial improvement in margins and results.

In Thailand, the restrained demand in residential construction and delays in infrastructure projects resulted in a decline in cement consumption and our volumes. However, the negative price trend since 2015 could be reversed through successful price increases.

In Bangladesh, our cement deliveries registered a marked decline due to the increased competitive pressure. Revenue and results decreased considerably.

In the aggregates business line, our deliveries rose by 4.9 % to 19.8 million tonnes (previous year: 18.9). Excluding consolidation effects due to the inclusion of the aggregates activities of Italcementi in Thailand, sales volumes increased by 1.1 %. In Australia, the weather-related volume losses of the first quarter were more than offset; as a result, deliveries recorded pleasing growth. Our deliveries in Malaysia were adversely affected by a weak market environment and intense competition. Sales volumes in Indonesia also remained under the previous year's level, while a strong increase in volumes was recorded in Thailand.

In the ready-mixed concrete operating line, sales volumes declined by 2.2 % to 5.0 million cubic metres (previous year: 5.1). Excluding the newly included ready-mixed concrete activities in Thailand, deliveries fell by 11.5 %.

While Australia only registered slight decreases in sales volumes, our deliveries in Indonesia and Malaysia dropped significantly. Thailand achieved a marked increase in volumes. In the asphalt operating line, weak demand in Malaysia led to a decline in sales volumes of 13.3 %.

In China, the cement deliveries of our joint ventures in the provinces of Guangdong and Shaanxi registered a moderate increase. In Australia, our joint venture Cement Australia achieved pleasing growth in sales volumes despite the adverse weather conditions in the first quarter.

Revenue of the Asia-Pacific Group area rose by 20.1 % to €1,567 million (previous year: 1,304); excluding consolidation and exchange rate effects, revenue declined by 4.6 %.

Africa-Eastern Mediterranean Basin

Overall, the African countries south of the Sahara are continuing to experience solid economic development and lively construction activity. In Ghana, economic growth is advancing again. In Egypt, slowing economic growth and lack of liquidity have a negative effect on the construction sector. In Morocco, the economy has gathered considerable momentum in comparison to the previous year. In Turkey, the economy is on a path to recovery, despite numerous risks remaining.

The cement and clinker sales volumes of the Africa-Eastern Mediterranean Basin Group area, which only includes the deliveries from our African subsidiaries, rose by 158.0 % to 9.9 million tonnes (previous year: 3.8). This increase is essentially due to the inclusion of the activities of the former Italcementi Group in North Africa and to the growth in some countries south of the Sahara. Excluding consolidation effects, deliveries rose by 8.0 %. In Togo, Tanzania, and Burkina Faso, our deliveries benefited from the new production capacities as well as from the sustained growth in cement demand. We also recorded pleasing increases in sales volumes in Benin, Liberia, and Ghana, our largest market in Africa south of the Sahara. Sierra Leone and the Democratic Republic of Congo registered a considerable decrease in volumes due to higher imports. In some countries south of the Sahara, cement prices decreased – in some cases significantly – as a result of the increased competitive pressure, particularly from imports, and the commissioning of new production capacities by competitors. In Egypt, our deliveries remained substantially below the previous year's level because of weak market demand. However, higher sales prices were able to offset the decrease in volumes. Morocco and Mauritania achieved pleasing increases in sales volumes.

In light of the good growth prospects, HeidelbergCement is expanding its activities in Africa. In Benin, we concluded the construction of an additional cement mill at the Cotonou grinding plant on schedule. The new mill with a capacity of 250,000 tonnes was commissioned in April 2017. We have also expanded our cement capacity in Togo. In June 2017, we completed a cement grinding plant with a capacity of around 250,000 tonnes in the north of the country. Another planned step towards expansion is the market entry in South Africa, in order to tap into additional growth markets and drive forward diversification in Africa. We are also continually evaluating options for capacity expansions in other African countries.

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. Deliveries of aggregates rose as a whole by 31.0 % to 6.0 million tonnes (previous year: 4.6); excluding consolidation effects, the increase amounted to 9.5 %. In the ready-mixed concrete operating line, HeidelbergCement is active in Israel, Egypt, and Morocco. Ready-mixed concrete sales volumes grew by 76.5 % to 2.4 million cubic metres (previous year: 1.4); excluding consolidation effects, deliveries declined slightly by 0.8 %. Asphalt activities in Israel recorded a significant rise in volumes of 11.4 %.

The service-joint ventures-other business line essentially includes the cement, aggregates, and ready-mixed concrete activities of our Turkish joint venture Akçansa. The cement and clinker sales volumes of Akçansa declined in the first six months by 3.4 % due to the harsh winter. Deliveries of aggregates and ready-mixed concrete dropped severely.

Revenue of the Africa-Eastern Mediterranean Basin Group area rose by 72.9 % to €803 million (previous year: 465); excluding consolidation and exchange rate effects, revenue declined by 1.5 %.

Group Services

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

HC Trading's trading activities in cement, clinker, and other building materials such as lime and dry mortar rose by 15.3 % to 9.1 million tonnes in the first half of the year (previous year: 7.9). Deliveries of coal and petroleum coke increased by 11.4 % to 3.9 million tonnes (previous year: 3.5).

Revenue of the Group Services business unit rose by 43.2 % to €656 million (previous year: 458); excluding exchange rate effects, revenue increased by 32.1 %.

Employees

At the end of the first half of 2017, the number of employees at HeidelbergCement stood at 60,993 (previous year: 46,632). The increase of 14,361 employees results primarily from the acquisition of Italcementi.

Events after the balance sheet date

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

Outlook

In its latest forecast from July 2017, the International Monetary Fund (IMF) continues to expect a rise in global economic growth from 3.2 % in 2016 to 3.5 % in 2017. Beside accelerating growth in the USA, an improved economic outlook for the Eurozone and increasing growth rates of the emerging markets are drivers behind this trend. Higher growth rates are particularly expected for the countries in Africa south of the Sahara and in the countries of Eastern Europe.

Global risks have increased considerably compared with the previous year. This relates both to geopolitical and macroeconomic risks. Among the geopolitical risks are notably the conflicts in the Middle East and in eastern Ukraine. In terms of macroeconomic risks, special mention must be made of an increase in energy prices and inflation, the unpredictable consequences of a downturn in the Chinese economy, the impact of monetary policy measures, particularly by the US Federal Reserve, and the shift of political measures towards protectionism.

In North America, HeidelbergCement, in conformity with the IMF, expects a stronger economic recovery and consequently a further increase in demand for building materials. In Western and Southern Europe, positive market development is expected. This is based on the continued recovery in the United Kingdom, the consistent solid condition of the German economy, and the stable economic development in Benelux. In Northern Europe, we expect a continuation of the good market conditions. In Eastern Europe, we anticipate growing demand for building materials as a result of the EU infrastructure programme, among other factors. The crisis in eastern Ukraine is continuing to impair the country's sales volumes and result. The economic situation in Russia and Kazakhstan has improved following the increase in the oil price. In the African markets, we expect an acceleration in demand growth together with a persistent level of competition. In Asia, HeidelbergCement anticipates an upturn in demand, thanks in particular to increasing infrastructure investments in Indonesia. Nevertheless, a further decline in demand and an increase in excess capacities are expected in China. The impact on export volumes is limited, however, because a large proportion of Chinese capacities is located inland.

In view of the overall positive development of demand, HeidelbergCement still projects increasing sales volumes of the core products cement, aggregates, and ready-mixed concrete.

HeidelbergCement estimates that the cost base for energy will increase moderately in 2017 as a result of the rising oil and coal prices since the beginning of 2016. A slight to moderate rise in the cost of raw materials and personnel is expected. HeidelbergCement remains focused on the continuous improvement of efficiency and margins. With this in mind, we are implementing "Continuous Improvement" programmes in the cement and aggregates business lines to establish a culture of consistent advancement of operational and commercial work processes at employee level. Process optimisations are expected to achieve a sustainable improvement in results of at least €120 million in both business lines over a three-year period. The "CIP" programme for the cement business line commenced at the beginning of 2015, and the "Aggregates CI" programme for the aggregates business line was introduced at the beginning of 2016. We also continue to optimise our logistics with the "LEO" programme, which has the goal of reducing costs by €150 million over a period of several years. In addition, we launched the new efficiency improvement programme "Competence Center Readymix" (CCR) in the ready-mixed concrete business at the end of 2016. Over a three-year period, the optimisation of logistics and concrete recipes is expected to achieve an improvement in result of €120 million.

In 2017, we anticipate a significant decrease in financing costs on account of our disciplined cash flow management and the refinancing of maturities on more favourable terms.

On the basis of these assumptions, the Managing Board has set the goal for 2017 of increasing revenue moderately and the result from current operations before exchange rate and consolidation effects by a mid-single to double-digit percentage on a pro forma basis – i.e. taking into account the contributions of Italcementi for the first half of 2016 – as well as significantly improving the profit for the financial year before non-recurring effects.

We have seen a clear upward trend since Easter and expect a significantly stronger development in the second half of the year. We confirm our outlook for 2017. Strategically, we will maintain our focus on concluding the integration of Italcementi and reducing net debt through disciplined cash flow management. Our declared aim is to maintain a long-term investment grade rating. We will focus our investments on projects which strengthen our market position and offer synergy potential. In operational terms, we further concentrate on the following five areas: increase in customer satisfaction, high operating leverage, cost leadership, vertical integration, and optimised geographical positioning. As a result, we will increase our efficiency and the satisfaction level of our customers, especially in the world's rapidly growing metropolitan areas. We will continue to drive forward our global programmes to optimise costs and processes. Furthermore, we will deal more intensively with potentials arising from the digitisation of our value chain.

We remain cautiously optimistic about 2017. While the overall outlook for the global economy is positive, major macroeconomic and particularly geopolitical risks remain. HeidelbergCement will benefit from the good and stable economic development in the industrial countries, above all in the USA, Canada, Europe, and Australia. These countries generate more than 60 % of our revenue. With the acquisition of Italcementi and its rapid integration, we have impressively demonstrated our tremendous business potential and strong momentum. From a global perspective, we are well positioned to achieve our strategic goals – continuous growth and sustainable returns for our shareholders.

Additional statements on the outlook

The Managing Board of HeidelbergCement has not seen evidence of developments beyond those mentioned in the previous paragraph that would suggest changes for the business year 2017 regarding the forecasts and other statements made in the 2016 Annual Report in the Outlook chapter on page 110 ff. on the expected development of HeidelbergCement and its business environment.

The expected future development of HeidelbergCement and the business environment over the course of 2017 is described in the outlook. As such, please note that this Half-Year Financial Report contains forward-looking statements based on the information currently available and the current assumptions and forecasts of the Managing Board of HeidelbergCement. Such statements are naturally subject to risks and uncertainties and may therefore deviate significantly from the actual development. HeidelbergCement undertakes no obligation and furthermore has no intention to update the forward-looking statements made in this Half-Year Financial Report.

Risk and opportunity report

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

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

Risks that may have a significant impact on our financial position and performance in the 2017 financial year and in the foreseeable future as well as the opportunities are described in detail in the 2016 Annual Report in the risk and opportunity report chapter on page 120 ff.

The risks arising from volatile energy and raw material prices as well as from exchange rates remain high. Geopolitical risks result in particular from the political crises and armed conflicts in the Middle East and in eastern Ukraine. Challenges in the industrialised countries include the low inflation, the consolidation of state finances, the reform of the financial sector and the fight against unemployment. The emerging countries face risks of further capital outflows and currency depreciation. Uncertainties still remain with regard to the stability of the global financial system.

Interim consolidated financial statements

Consolidated income statement

	April - June		January - June	
€m	2016	2017	2016	2017
Revenue	3,575.3	**4,610.7**	6,407.0	**8,394.4**
Change in finished goods and work in progress	-9.0	**0.7**	-33.2	**-29.1**
Own work capitalised	1.6	**1.5**	3.4	**3.9**
Operating revenue	3,567.8	**4,613.0**	6,377.2	**8,369.1**
Other operating income	70.2	**113.4**	131.7	**255.4**
Material costs	-1,342.1	**-1,757.7**	-2,530.9	**-3,338.1**
Employee and personnel costs	-610.4	**-787.2**	-1,158.8	**-1,523.1**
Other operating expenses	-944.5	**-1,265.7**	-1,787.9	**-2,494.7**
Result from joint ventures	50.1	**48.5**	80.8	**78.7**
Result from current operations before depreciation and amortisation (RCOBD)	791.2	**964.2**	1,112.1	**1,347.3**
Depreciation and amortisation	-190.1	**-281.5**	-373.2	**-556.2**
Result from current operations	601.1	**682.7**	738.9	**791.1**
Additional ordinary income	1.0	**2.1**	5.9	**4.1**
Additional ordinary expenses	-13.4	**-22.6**	-22.4	**-40.6**
Additional ordinary result	-12.4	**-20.5**	-16.5	**-36.5**
Result from associates	9.6	**17.8**	4.0	**17.4**
Result from other participations	1.2	**3.5**	1.8	**3.5**
Result from participations	10.8	**21.3**	5.8	**20.9**
Earnings before interest and taxes (EBIT)	599.5	**683.5**	728.2	**775.5**
Interest income	14.8	**16.4**	31.4	**34.2**
Interest expenses	-105.2	**-90.0**	-208.5	**-181.8**
Foreign exchange gains	2.3	**-3.4**	7.4	**5.6**
Other financial result	-18.5	**-21.7**	-51.3	**-39.2**
Financial result	-106.5	**-98.6**	-221.0	**-181.1**
Profit before tax from continuing operations	493.0	**584.9**	507.3	**594.4**
Income taxes	-95.3	**-175.9**	-131.0	**-224.3**
Net income from continuing operations	397.7	**409.0**	376.3	**370.0**
Net loss from discontinued operations	-12.5	**-11.8**	-22.3	**-8.1**
Profit for the period	385.2	**397.2**	354.0	**362.0**
Thereof non-controlling interests	66.9	**39.3**	107.7	**74.4**
Thereof Group share of profit	318.3	**357.9**	246.3	**287.6**
Earnings per share in € (IAS 33)				
Earnings per share attributable to the parent entity	1.69	**1.80**	1.31	**1.45**
Earnings per share – continuing operations	1.76	**1.86**	1.43	**1.49**
Loss per share – discontinued operations	-0.07	**-0.06**	-0.12	**-0.04**

Consolidated statement of comprehensive income

	April - June		January - June	
€m	2016	2017	2016	2017
Profit for the period	385.2	**397.2**	354.0	**362.0**
Other comprehensive income				
Items not being reclassified to profit or loss in subsequent periods				
Remeasurement of the defined benefit liability (asset)	3.3	**-42.4**	33.1	**7.4**
Income taxes	-1.0	**13.3**	-9.6	**-2.2**
Defined benefit plans	2.2	**-29.1**	23.5	**5.1**
Items that maybe be reclassified subsequently to profit or loss				
Cash flow hedges – change in fair value	1.7	**-2.7**	0.3	**-3.7**
Reclassification adjustments for gains/losses included in profit or loss	-1.2	**3.3**	-0.1	**4.4**
Income taxes	-0.2	**0.3**	0.0	**0.2**
Cash flow hedges	0.4	**0.9**	0.2	**0.9**
Currency translation	105.7	**-1,317.9**	-643.5	**-1,342.7**
Income taxes	-2.5	**6.6**	-6.1	**8.1**
Currency translation	103.2	**-1,311.3**	-649.6	**-1,334.6**
Net gains/losses arising from equity method investments	-5.4	**-35.3**	-7.9	**-25.7**
Total	98.2	**-1,345.8**	-657.3	**-1,359.4**
Other comprehensive income	100.4	**-1,374.8**	-633.8	**-1,354.2**
Total comprehensive income	485.6	**-977.6**	-279.8	**-992.3**
Thereof non-controlling interests	96.3	**-45.4**	121.8	**-12.5**
Thereof Group share	389.3	**-932.2**	-401.5	**-979.8**

Consolidated statement of cash flows

	April - June		January - June	
€m	2016	2017	2016	2017
Net income from continuing operations	397.7	**409.0**	376.3	**370.0**
Income taxes	95.3	**175.9**	131.0	**224.3**
Interest income/expenses	90.4	**73.5**	177.1	**147.6**
Dividends received	51.4	**96.2**	112.2	**150.5**
Interest received	23.3	**42.8**	48.5	**62.4**
Interest paid	-123.7	**-191.6**	-264.0	**-398.0**
Income taxes paid	-112.2	**-187.4**	-196.7	**-261.7**
Depreciation, amortisation, and impairment	190.3	**280.3**	373.3	**556.2**
Elimination of other non-cash items	-28.8	**-95.3**	28.3	**-80.3**
Cash flow	583.8	**603.5**	786.1	**771.0**
Changes in operating assets	-199.9	**-367.9**	-343.2	**-646.5**
Changes in operating liabilities	167.0	**214.7**	-33.5	**-81.8**
Changes in working capital	-32.9	**-153.2**	-376.7	**-728.3**
Decrease in provisions through cash payments	-75.5	**-96.5**	-195.6	**-170.9**
Cash flow from operating activities – continuing operations	475.4	**353.7**	213.8	**-128.2**
Cash flow from operating activities – discontinued operations		**0.0**		**-3.3**
Cash flow from operating activities	475.4	**353.7**	213.8	**-131.5**
Intangible assets	-6.8	**-4.9**	-10.6	**-6.9**
Property, plant and equipment	-164.9	**-179.4**	-315.5	**-359.1**
Subsidiaries and other business units	-10.5	**-130.5**	-109.1	**-131.0**
Other financial assets, associates, and joint ventures	-4.9	**-10.6**	-8.6	**-22.8**
Investments (cash outflow)	-187.1	**-325.3**	-443.9	**-519.8**
Subsidiaries and other business units		**-0.3**		**8.9**
Other fixed assets	50.6	**25.5**	69.3	**71.3**
Divestments (cash inflow)	50.6	**25.2**	69.3	**80.2**
Cash from changes in consolidation scope	1.1	**0.3**	1.1	**-0.4**
Cash flow from investing activities – continuing operations	-135.4	**-299.8**	-373.4	**-440.0**
Cash flow from investing activities – discontinued operations		**0.0**		**1.5**
Cash flow from investing activities	-135.4	**-299.8**	-373.4	**-438.5**
Dividend payments – HeidelbergCement AG	-244.3	**-317.5**	-244.3	**-317.5**
Dividend payments – non-controlling interests	-66.2	**-170.4**	-72.7	**-186.6**
Increase in ownership interests in subsidiaries	-5.8	**-0.2**	-5.8	**-0.8**
Proceeds from bond issuance and loans	863.6	**1,473.2**	2,518.0	**2,256.7**
Repayment of bonds and loans	-11.5	**-517.6**	-427.8	**-1,673.7**
Changes in short-term interest-bearing liabilities	-347.6	**-637.0**	-364.8	**222.9**
Cash flow from financing activities – continuing operations	188.2	**-169.3**	1,402.5	**301.1**
Cash flow from financing activities – discontinued operations				
Cash flow from financing activities	188.2	**-169.3**	1,402.5	**301.1**
Net change in cash and cash equivalents – continuing operations	528.2	**-115.4**	1,242.9	**-267.1**
Net change in cash and cash equivalents – discontinued operations		**0.0**		**-1.8**
Net change in cash and cash equivalents	528.2	**-115.4**	1,242.9	**-268.9**
Effect of exchange rate changes	23.8	**-73.2**	5.0	**-66.0**
Cash and cash equivalents at beginning of period	2,046.3	**1,826.1**	1,350.5	**1,972.3**
Cash and cash equivalents at period end	2,598.4	**1,637.5**	2,598.4	**1,637.5**

Consolidated balance sheet

Assets			
€m	30 June 2016	31 Dec. 2016 [1]	30 June 2017
Non-current assets			
Intangible assets			
Goodwill	9,884.4	11,943.2	**11,403.4**
Other intangible assets	327.9	472.9	**412.2**
	10,212.3	12,416.1	**11,815.6**
Property, plant and equipment			
Land and buildings	4,868.9	6,886.9	**6,620.9**
Plant and machinery	3,571.8	5,504.3	**5,055.6**
Other operating equipment	247.8	382.6	**352.2**
Prepayments and assets under construction	976.3	1,106.3	**1,224.4**
	9,664.8	13,880.1	**13,253.0**
Financial assets			
Investments in joint ventures	1,341.8	1,432.9	**1,344.7**
Investments in associates	251.1	486.9	**481.9**
Financial investments	69.4	383.7	**353.3**
Loans and derivative financial instruments	122.4	80.0	**83.1**
	1,784.7	2,383.5	**2,262.9**
Fixed assets	21,661.7	28,679.7	**27,331.5**
Deferred taxes	790.3	900.2	**832.3**
Other non-current receivables	793.9	781.3	**743.3**
Non-current income tax assets	11.0	47.0	**50.7**
Total non-current assets	23,256.9	30,408.1	**28,957.8**
Current assets			
Inventories			
Raw materials and consumables	600.5	913.1	**891.6**
Work in progress	169.9	324.3	**318.3**
Finished goods and goods for resale	597.3	776.3	**720.1**
Prepayments	25.9	40.7	**29.1**
	1,393.6	2,054.4	**1,959.1**
Receivables and other assets			
Current interest-bearing receivables	94.6	108.4	**97.4**
Trade receivables	1,529.2	1,804.6	**2,232.3**
Other current operating receivables	431.0	550.6	**640.9**
Current income tax assets	76.6	103.7	**110.4**
	2,131.4	2,567.3	**3,080.9**
Short-term financial investments		19.4	**17.4**
Derivative financial instruments	56.6	59.9	**45.7**
Cash and cash equivalents	2,598.4	1,972.3	**1,637.5**
Total current assets	6,180.0	6,673.3	**6,740.5**
Assets held for sale and discontinued operations	2.5	9.2	**54.0**
Balance sheet total	29,439.4	37,090.6	**35,752.4**

1) Amounts were restated due to the final Italcementi purchase price allocation (see page 23 f.).

Equity and liabilities

€m	30 June 2016	31 Dec. 2016 [1]	30 June 2017
Shareholders' equity and non-controlling interests			
Subscribed share capital	563.7	595.2	**595.2**
Share premium	5,539.4	6,225.4	**6,225.4**
Retained earnings	8,464.3	8,928.3	**8,894.8**
Other components of equity	-294.2	295.6	**-977.7**
Equity attributable to shareholders	14,273.3	16,044.6	**14,737.8**
Non-controlling interests	1,103.8	1,733.5	**1,545.3**
Total equity	15,377.1	17,778.1	**16,283.1**
Non-current liabilities			
Bonds payable	5,411.4	7,651.9	**8,864.2**
Bank loans	770.5	785.3	**484.9**
Other non-current interest-bearing liabilities	21.8	62.7	**55.8**
Non-controlling interests with put options	4.3	22.5	**21.7**
	6,207.9	8,522.5	**9,426.5**
Pension provisions	1,009.9	1,284.6	**1,198.1**
Deferred taxes	416.1	633.9	**660.8**
Other non-current provisions	1,037.0	1,366.5	**1,260.2**
Other non-current operating liabilities	97.7	253.3	**240.2**
Non-current income tax liabilities	72.3	249.3	**207.7**
	2,633.0	3,787.6	**3,567.1**
Total non-current liabilities	8,840.9	12,310.0	**12,993.6**
Current liabilities			
Bonds payable (current portion)	1,780.2	1,853.5	**1,219.4**
Bank loans (current portion)	361.6	457.1	**558.3**
Other current interest-bearing liabilities	147.0	166.2	**590.2**
Non-controlling interests with put options	23.0	51.3	**46.3**
	2,311.9	2,528.1	**2,414.3**
Pension provisions (current portion)	89.4	102.8	**98.7**
Other current provisions	248.9	347.9	**239.6**
Trade payables	1,457.6	2,178.9	**2,109.6**
Other current operating liabilities	1,025.1	1,648.5	**1,449.8**
Current income tax liabilities	88.4	196.2	**163.7**
	2,909.4	4,474.3	**4,061.5**
Total current liabilities	5,221.4	7,002.4	**6,475.7**
Total liabilities	14,062.3	19,312.4	**19,469.3**
Balance sheet total	29,439.4	37,090.6	**35,752.4**

Consolidated statement of changes in equity

€m	Subscribed share capital	Share premium	Retained earnings	Cash flow hedge reserve
1 January 2016	563.7	5,539.4	8,434.4	2.9
Profit for the period			246.3	
Other comprehensive income			23.5	-0.3
Total comprehensive income			269.8	-0.3
Changes in ownership interests in subsidiaries			4.2	
Changes in non-controlling interests with put options			-0.7	
Transfer asset revaluation reserve			0.7	
Other changes			0.2	
Dividends			-244.3	
30 June 2016	563.7	5,539.4	8,464.3	2.6
1 January 2017	595.2	6,225.4	8,982.3	3.3
Adjustment purchase price allocation Italcementi [2]			-54.0	
1 January 2017 (restated)	595.2	6,225.4	8,928.3	3.3
Profit for the period			287.6	
Other comprehensive income			5.1	0.3
Total comprehensive income			292.7	0.3
Changes in consolidation scope				
Changes in ownership interests in subsidiaries			-0.8	
Changes in non-controlling interests with put options			-7.4	
Transfer asset revaluation reserve			0.7	
Other changes			-1.2	-0.1
Dividends			-317.5	
30 June 2017	595.2	6,225.4	8,894.8	3.5

1) The accumulated currency translation differences included in non-controlling interests changed in 2017 by € -84.3 million (previous year: 19.0) to € -220.7 million (previous year: -107.9). The total currency translation differences recognised in equity thus amounts to € -1,262.5 million (previous year: -466.5).

2) Amounts were restated due to the final Italcementi purchase price allocation (see page 23 f.).

Other components of equity						
Available for sale reserve	Asset revaluation reserve	Currency translation	Total other components of equity	Equity attributable to shareholders	Non-controlling interests[1]	**Total equity**
32.5	30.2	312.3	377.9	14,915.4	1,060.9	**15,976.4**
				246.3	107.7	**354.0**
-0.1		-671.0	-671.3	-647.8	14.0	**-633.8**
-0.1		-671.0	-671.3	-401.5	121.8	**-279.8**
				4.2	-10.0	**-5.8**
				-0.7	3.5	**2.8**
	-0.7		-0.7			
				0.2	0.4	**0.5**
				-244.3	-72.7	**-317.0**
32.4	29.5	-358.7	-294.2	14,273.3	1,103.8	**15,377.1**
33.2	28.8	224.7	290.1	16,093.1	1,779.5	**17,872.6**
		5.5	5.5	-48.5	-46.0	**-94.5**
33.2	28.8	230.2	295.6	16,044.6	1,733.5	**17,778.1**
				287.6	74.4	**362.0**
-0.8		-1,272.1	-1,272.5	-1,267.4	-86.9	**-1,354.2**
-0.8		-1,272.1	-1,272.5	-979.8	-12.5	**-992.3**
					1.5	**1.5**
				-0.8	-0.1	**-1.0**
				-7.4	13.4	**5.9**
	-0.7		-0.7			
			-0.1	-1.3	-3.9	**-5.2**
				-317.5	-186.6	**-504.0**
32.4	28.2	-1,041.8	-977.7	14,737.8	1,545.3	**16,283.1**

Segment reporting / Notes

Group areas January - June	Western and Southern Europe		Northern and Eastern Europe-Central Asia		North America	
€m	2016	2017	2016	2017	2016	2017
External revenue	1,556	**2,329**	1,058	**1,295**	1,717	**2,014**
Inter-Group areas revenue	6	**31**	21	**44**		
Revenue	1,562	**2,360**	1,079	**1,338**	1,717	**2,014**
Change to previous year in %		**51.1 %**		**24.0 %**		**17.3 %**
Result from joint ventures	1	**0**	9	**5**	16	**16**
Result from current operations before depreciation and amortisation (RCOBD)	220	**257**	147	**201**	366	**409**
as % of revenue	14.1 %	**10.9 %**	13.6 %	**15.0 %**	21.3 %	**20.3 %**
Depreciation	-85	**-157**	-72	**-89**	-123	**-149**
Result from current operations	135	**101**	75	**112**	243	**260**
as % of revenue	8.6 %	**4.3 %**	7.0 %	**8.3 %**	14.1 %	**12.9 %**
Result from associates	5	**6**	0	**0**	-2	**1**
Result from other participations	1	**2**	0	**0**	0	**0**
Result from participations	6	**8**	0	**0**	-2	**1**
Additional ordinary result						
Earnings before interest and taxes (EBIT)	141	**108**	75	**112**	241	**261**
Capital expenditures [2]	94	**93**	38	**50**	115	**127**
Segment assets [3]	4,984	**7,354**	2,398	**2,748**	8,319	**9,141**
RCOBD as % of segment assets	4.4 %	**3.5 %**	6.1 %	**7.3 %**	4.4 %	**4.5 %**
Number of employees as at 30 June	9,774	**15,686**	12,702	**13,776**	8,453	**9,419**
Average number of employees	9,703	**15,688**	12,641	**13,669**	8,195	**9,113**

1) Includes corporate functions, eliminations of intra-Group relationships between the segments and additional ordinary result.
2) Capital expenditures = in the segment columns: property, plant and equipment as well as intangible assets investments; in the reconciliation column: investments in non-current financial assets and other business units.
3) Segment assets = property, plant and equipment as well as intangible assets.

	Asia-Pacific		Africa-Eastern Mediterranean Basin		Group Services		Reconciliation [1]		Continuing operations	
	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
	1,296	**1,555**	464	**787**	316	**416**			6,407	**8,394**
	8	**12**	0	**17**	142	**240**	-177	**-343**		
	1,304	**1,567**	465	**803**	458	**656**	-177	**-343**	6,407	**8,394**
		20.1 %		**72.9 %**		**43.2 %**				**31.0 %**
	38	**51**	17	**6**					81	**79**
	315	**318**	121	**186**	11	**15**	-69	**-37**	1,112	**1,347**
	24.2 %	**20.3 %**	26.1 %	**23.1 %**	2.4 %	**2.2 %**			17.4 %	**16.1 %**
	-66	**-99**	-20	**-47**	0	**-2**	-7	**-13**	-373	**-556**
	250	**219**	101	**138**	11	**12**	-75	**-50**	739	**791**
	19.2 %	**14.0 %**	21.7 %	**17.2 %**	2.4 %	**1.9 %**			11.5 %	**9.4 %**
	1	**0**		**7**		**3**			4	**17**
	1	**2**		**0**					2	**3**
	2	**2**		**7**		**3**			6	**21**
							-16	**-36**	-16	**-36**
	252	**221**	101	**145**	11	**15**	-92	**-87**	728	**775**
	55	**57**	24	**39**	0	**0**	118	**154**	444	**520**
	3,427	**4,210**	713	**1,560**	35	**55**			19,877	**25,069**
	9.2 %	**7.5 %**	17.0 %	**11.9 %**	31.8 %	**26.5 %**			5.6 %	**5.4 %**
	13,049	**14,385**	2,576	**7,213**	79	**515**			46,632	**60,993**
	13,098	**14,450**	2,574	**7,335**	82	**518**			46,293	**60,772**

Notes to the interim consolidated financial statements

Accounting and valuation principles

The interim consolidated financial statements of HeidelbergCement AG as at 30 June 2017 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 2016, 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 2016. Detailed explanations can be found on pages 184 f. in the Notes to the 2016 Annual Report, which forms the basis for these interim financial statements.

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

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

Application of new accounting standards

No new or amended IASB standards and interpretations were applicable for the first time in these interim consolidated financial statements.

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 figures for the first and fourth quarters are adversely affected by the winter months, whereas the warmer months contribute to higher sales and profit in the second and third quarters.

Exchange rates

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

Exchange rates		Exchange rates at reporting date		Average exchange rates	
EUR		31 Dec. 2016	**30 June 2017**	01-06/2016	**01-06/2017**
USD	USA	1.0516	**1.1426**	1.1167	**1.0830**
AUD	Australia	1.4607	**1.4858**	1.5216	**1.4361**
CAD	Canada	1.4137	**1.4811**	1.4847	**1.4452**
EGP	Egypt	19.0655	**20.7039**	9.4641	**19.4498**
GBP	Great Britain	0.8521	**0.8771**	0.7792	**0.8601**
IDR	Indonesia	14,129	**15,218**	14,986	**14,436**
MAD	Morocco	10.6496	**11.0160**	10.8828	**10.7810**
THB	Thailand	37.7577	**38.8523**	39.5672	**37.5934**

Business combinations in the reporting period

On 30 June 2017, HeidelbergCement has finalised the acquisition of Cemex's Pacific Northwest Materials Business consisting of aggregate, asphalt and ready-mixed concrete operations. The business activities taken over from Cemex include seven aggregates quarries, five ready-mixed concrete plants, and three asphalt operations. The aggregates reserves and resources that have been acquired amount to 110 million tonnes. With this acquisition, HeidelbergCement has strengthened its vertically integrated market position in the states of Washington and Oregon. The provisional purchase price of €130.1 million was settled in cash and is subject to the usual post-closing purchase price adjustments. The purchase price allocation has not yet been completed, as the valuations are still to be finalised. The provisionally recognised goodwill of €0.7 million is tax-deductible. The transaction costs of €2.1 million were recognised in the additional ordinary expenses.

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

Provisional fair values recognised as at the acquisition date

€m	North Amerika
Intangible assets	**3.4**
Property, plant and equipment	**117.7**
Inventories	**8.3**
Total assets	**129.4**

Business combinations in the same period of the previous year

Acquisition of Italcementi

During the period from 1 July to 12 October 2016, HeidelbergCement acquired 100% of the shares in the Italcementi Group as part of a linked transaction and recognised the acquisition as a business combination with effect from 1 July 2016. Detailed explanations relating to the Italcementi acquisition can be found on pages 198 f. in the Notes to the 2016 Annual Report.

Because of the size and complexity of the transaction, the purchase price allocation as at 31 December 2016 was only provisional. As at 30 June 2017, the final fair values of the assets and liabilities as at the acquisition date were determined on the basis of external and internal valuations. The following table shows the adjustments to the fair values as at 1 July 2016.

Italcementi - Fair values recognised as at the acquisition date			
€m	Provisional fair values	Adjustment	Final fair values
Non-current assets			
Intangible assets	168.5	-21.4	**147.2**
Property, plant and equipment			
Land and buildings	1,891.4	4.7	**1,896.1**
Plant and machinery	1,938.9	-70.2	**1,868.7**
Other operating equipment	88.2	27.6	**115.8**
Prepayments and assets under construction	197.3	-39.8	**157.6**
	4,115.9	-77.7	**4,038.1**
Investments in joint ventures	85.5	-1.0	**84.4**
Investments in associates	206.3		**206.3**
Financial investments, loans and derivative financial instruments	53.1	-3.4	**49.7**
Fixed assets	4,629.2	-103.5	**4,525.7**
Deferred taxes	209.7	-45.2	**164.5**
Other non-current receivables and income tax assets	120.5	-0.1	**120.4**
Total non-current assets	4,959.4	-148.8	**4,810.6**
Current assets			
Inventories	593.9	17.0	**611.0**
Current interest-bearing receivables	38.3		**38.3**
Trade receivables	507.5	0.5	**508.0**
Other current operating receivables and income tax assets	313.6	0.6	**314.2**
Short-term financial investments and derivative financial instruments	124.8		**124.8**
Cash and cash equivalents	617.0		**617.0**
Total current assets	2,195.2	18.1	**2,213.3**
Disposal groups held for sale	999.8	2.5	**1,002.2**
Total assets	8,154.3	-128.2	**8,026.1**
Non-current liabilities			
Bonds payable	1,428.1		**1,428.1**
Bank loans	282.8		**282.8**
Other non-current interest-bearing liabilities	21.4		**21.4**
Pension provisions	249.5		**249.5**
Deferred taxes	479.3	-72.9	**406.4**
Other non-current provisions	508.7	47.8	**556.5**
Other non-current operating and income tax liabilities	96.0	55.6	**151.6**
Total non-current liabilities	3,065.9	30.5	**3,096.3**
Current liabilities			
Bonds payable (current portion)	542.9		**542.9**
Bank loans (current portion)	288.6		**288.6**
Other current interest-bearing liabilities incl. non-controlling interests with put options	344.6		**344.6**
Other current provisions	22.2		**22.2**
Trade payables	612.6		**612.6**
Other current operating and income tax liabilities	539.5	-7.6	**531.9**
Total current liabilities	2,350.4	-7.6	**2,342.7**
Liabilities associated with disposal groups	172.7		**172.7**
Total liabilities	5,588.9	22.8	**5,611.8**
Net assets	2,565.4	-151.1	**2,414.3**

The adjustment to the fair values resulted in an increase in goodwill of €115.0 million as at the date of first-time consolidation. The final goodwill arising from the business combination thus amounts to €1,781.0 million. The calculation is shown in the following table.

Calculation of the goodwill

€m	Provisional	Adjustment	Final
Acquisition costs	3,590.8		**3,590.8**
Fair value of acquired net assets	2,565.4	-151.1	**2,414.3**
Non-controlling interest within Italcementi Group	-640.6	36.0	**-604.5**
Goodwill	1,665.9	115.0	**1,781.0**

The consolidated balance sheet as at 31 December 2016 was adjusted on the basis of the final purchase price allocation. The adjustments are shown in the following table.

Consolidated balance sheet	31 December 2016		
€m	Before adjustment	Adjustment	Adjusted
Assets			
Non-current assets			
Intangible assets			
Goodwill	11,828.2	115.0	**11,943.2**
Other intangible assets	491.5	-18.7	**472.9**
	12,319.7	96.4	**12,416.1**
Property, plant and equipment			
Land and buildings	6,883.7	3.2	**6,886.9**
Plant and machinery	5,578.9	-74.5	**5,504.3**
Other operating equipment	355.9	26.7	**382.6**
Prepayments and assets under construction	1,146.0	-39.8	**1,106.3**
	13,964.5	-84.4	**13,880.1**
Investments in joint ventures	1,433.5	-0.6	**1,432.9**
Investments in associates	486.9		**486.9**
Financial investments	378.5	5.2	**383.7**
Loans and derivative financial instruments	88.5	-8.5	**80.0**
Fixed assets	28,671.7	8.0	**28,679.7**
Deferred taxes	946.0	-45.8	**900.2**
Other non-current receivables and income tax assets	828.2	0.0	**828.3**
Total non-current assets	30,445.9	-37.7	**30,408.1**
Current assets			
Inventories	2,083.4	-29.0	**2,054.4**
Receivables and other assets	2,566.2	1.1	**2,567.3**
Short-term financial investments, derivative financial instruments and cash and cash equivalents	2,051.7	0.0	**2,051.6**
Total current assets	6,701.2	-27.9	**6,673.3**
Assets held for sale and discontinued operations	6.7	2.5	**9.2**
Balance sheet total	37,153.8	-63.2	**37,090.6**
Equity and liabilities			
Shareholders' equity and non-controlling interests			
Subscribed share capital and share premium	6,820.7		**6,820.7**
Retained earnings	8,982.3	-54.0	**8,928.3**
Other components of equity	290.1	5.5	**295.6**
Non-controlling interests	1,779.5	-46.0	**1,733.5**
Total equity	17,872.6	-94.5	**17,778.1**
Non-current liabilities			
Non-current interest-bearing liabilities	8,522.7	-0.2	**8,522.5**
Pension provisions	1,284.6		**1,284.6**
Deferred taxes	657.4	-23.5	**633.9**
Other non-current provisions	1,359.5	7.0	**1,366.5**
Other non-current operating liabilities	255.7	-2.4	**253.3**
Non-current income tax liabilities	191.3	58.0	**249.3**
Total non-current liabilities	12,271.2	38.9	**12,310.0**
Current liabilities			
Current interest-bearing liabilities	2,528.1		**2,528.1**
Pension provisions (current portion) and other current provisions	450.7		**450.7**
Trade payables	2,178.9		**2,178.9**
Other current operating liabilities	1,655.9	-7.5	**1,648.5**
Current income tax liabilities	196.4	-0.2	**196.2**
Total current liabilities	7,010.0	-7.6	**7,002.4**
Total liabilities	19,281.2	31.2	**19,312.4**
Balance sheet total	37,153.8	-63.2	**37,090.6**

Further business combinations in the same period of the previous year

To secure raw material reserves and to strengthen its market position in Australia, HeidelbergCement acquired the business of Rocla Quarry Products and 100 % of the shares in Calga Sands Pty Ltd, New South Wales, (together: RQP) on 29 January 2016 as part of an asset deal. RQP operates 12 large sand pits in the metropolitan regions of Perth, Adelaide, Melbourne, and Sydney with a production of about 6 million tonnes per year. It also has a number of smaller production locations and mineral reserves. The purchase price settled in cash amounted to €98.2 million. The goodwill of €0.6 million is not tax-deductible and represents synergy potential.

On 21 April 2016, HeidelbergCement acquired 100 % of the shares in both the holding company ACH Investments Limited, Mauritius, and its subsidiary Austral Cimentos Sofala, SA, Maputo, Mozambique. Austral Cimentos Sofala operates a grinding plant in Dondo, near the port of Beira, with an annual capacity of around 350,000 tonnes. With this acquisition, HeidelbergCement has strengthened its market presence in southeast Africa. The purchase price for the companies totalled €8.8 million and was paid in cash. The recognised goodwill resulting from the business combinations, which is not deductible for tax purposes, amounts to €18.6 million and represents growth potential.

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

Fair values recognised as at the acquisition date

€m	Australia	Mozambique	Total
Intangible assets	71.4	0.0	**71.4**
Property, plant and equipment	24.5	7.7	**32.3**
Inventories	2.5	3.9	**6.5**
Cash and cash equivalents		0.6	**0.6**
Other assets	2.7	0.7	**3.4**
Total assets	101.2	13.0	**114.2**
Provisions	3.4		**3.4**
Non-current liabilities		0.5	**0.5**
Current liabilities	0.3	22.3	**22.6**
Total liabilities	3.7	22.8	**26.5**
Net assets	97.6	-9.8	**87.7**

Divestments in the reporting period

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

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

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

Revenue development by Group areas and business lines

January - June	Cement		Aggregates		Ready-mixed concrete-asphalt		Service-joint ventures-other		Intra-Group eliminations		Total	
€m	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
Western and Southern Europe	668	**1,177**	374	**511**	640	**899**	180	**196**	-300	**-423**	1,562	**2,360**
Northern and Eastern Europe-Central Asia	606	**734**	101	**229**	248	**274**	212	**203**	-88	**-101**	1,079	**1,338**
North America	655	**885**	686	**740**	438	**462**	103	**104**	-166	**-178**	1,717	**2,014**
Asia-Pacific	675	**880**	278	**310**	500	**523**	20	**17**	-168	**-164**	1,304	**1,567**
Africa-Eastern Mediterranean Basin	335	**622**	41	**56**	102	**161**	17	**17**	-32	**-52**	465	**803**
Group Services						**21**	458	**642**		**-7**	458	**656**
Inter-Group area revenue within business lines	-21	**-29**		**-13**			-1	**0**			-22	**-42**
Total	2,919	**4,269**	1,480	**1,832**	1,927	**2,340**	989	**1,180**	-753	**-925**	6,562	**8,696**
Inter-Group area revenue between business lines									-155	**-301**	-155	**-301**
Total									-909	**-1,227**	6,407	**8,394**

Earnings per share

Earnings per share	January - June	
€m	2016	2017
Profit for the period	354.0	**362.0**
Non-controlling interests	107.7	**74.4**
Group share of profit	246.3	**287.6**
Number of shares in '000s (weighted average)	187,916	**198,416**
Earnings per share in €	1.31	**1.45**
Net income from continuing operations – attributable to the parent entity	268.5	**295.6**
Earnings per share in € – continuing operations	1.43	**1.49**
Net loss from discontinued operations – attributable to the parent entity	-22.3	**-8.1**
Loss per share in € – discontinued operations	-0.12	**-0.04**

Statement of cash flows

Detailed notes to the statement of cash flows can be found in the "Statement of cash flows" section of the Management Report.

Goodwill

An impairment test on goodwill in accordance with IAS 36 (Impairment of Assets) is generally performed annually within the HeidelbergCement Group, in the fourth quarter once the operational three-year plan has been prepared or if there are indications for impairment. In this impairment test, the carrying amount of a group of cash-generating units (CGUs) to which goodwill is allocated is compared with the recoverable amount of this group of CGUs. On 30 June 2017, the management carried out an impairment review, which indicated that no impairment loss needed to be recognised.

Statement of changes in equity

The decrease of €1,272.1 million in the currency translation reserve is essentially attributable to the devaluation of the US dollar against the euro.

In the financial year, dividends of €317.5 million (€1.60 per share) were paid to shareholders of Heidelberg-Cement AG. Dividend payments to non-controlling interests totalling €186.6 million include payments of €116.1 million to the non-controlling interests of our Indonesian subsidiary PT Indocement Tunggal Prakasa Tbk.

Pension provisions

The actuarial gains and losses, which are directly recognised in equity in other comprehensive income, were determined on the basis of the interest rates for the key countries applicable at the reporting date. As at 30 June 2017, gains arising from the revaluation amounted to €7.4 million. These include actuarial losses relating to pension obligations of €48.6 million, arising from the decrease in the weighted discount rate of approximately 0.1 percentage points, as well as gains from the revaluation of the plan assets amounting to €48.0 million. The effect of the asset ceiling led to gains of €8.0 million.

Disclosures on financial instruments

The following table assigns the individual balance sheet items for the financial instruments to classes and measurement categories. In addition, the aggregate carrying amounts for each measurement category and the fair values for each class are depicted.

Carrying amounts, measurement and fair values by measurement categories

€m	Category of IAS 39 [1]	Amortised cost	Cost	Fair value with P/L effect	Fair value without P/L effect	Carrying amount	Fair value
30 June 2017							
Assets							
Financial investments – available for sale at cost	AfS		108.7			**108.7**	
Financial investments – available for sale at fair value	AfS				262.0	**262.0**	**262.0**
Loans and other interest-bearing receivables	LaR	175.1				**175.1**	**180.9**
Trade receivables and other operating receivables	LaR	2,780.2				**2,780.2**	**2,780.2**
Cash and cash equivalents	LaR	1,637.5				**1,637.5**	**1,637.5**
Derivatives – hedge accounting	Hedge				16.5	**16.5**	**16.5**
Derivatives – held for trading	HfT			34.6		**34.6**	**34.6**
Liabilities							
Bonds payable, bank loans, and miscellaneous interest-bearing liabilities	FLAC	11,659.0				**11,659.0**	**12,309.8**
Trade payables, liabilities relating to personnel, and miscellaneous operating liabilities	FLAC	3,486.1				**3,486.1**	**3,486.1**
Liabilities from finance lease	FLAC	19.0				**19.0**	**19.0**
Derivatives – hedge accounting	Hedge				0.8	**0.8**	**0.8**
Derivatives – held for trading	HfT			94.0		**94.0**	**94.0**
Non-controlling interests with put options	FLAC	68.0				**68.0**	**68.0**
31 December 2016 [2]							
Assets							
Financial investments – available for sale at cost	AfS		117.9			**117.9**	
Financial investments – available for sale at fair value	AfS				285.2	**285.2**	**285.2**
Loans and other interest-bearing receivables	LaR	187.5				**187.5**	**193.6**
Trade receivables and other operating receivables	LaR	2,336.4				**2,336.4**	**2,336.4**
Cash and cash equivalents	LaR	1,972.3				**1,972.3**	**1,972.3**
Derivatives – hedge accounting	Hedge				18.3	**18.3**	**18.3**
Derivatives – held for trading	HfT			42.5		**42.5**	**42.5**
Liabilities							
Bonds payable, bank loans, and miscellaneous interest-bearing liabilities	FLAC	10,869.5				**10,869.5**	**11,645.6**
Trade payables, liabilities relating to personnel, and miscellaneous operating liabilities	FLAC	3,848.2				**3,848.2**	**3,848.2**
Liabilities from finance lease	FLAC	21.9				**21.9**	**21.9**
Derivatives – hedge accounting	Hedge				0.3	**0.3**	**0.3**
Derivatives – held for trading	HfT			85.0		**85.0**	**85.0**
Non-controlling interests with put options	FLAC	73.8				**73.8**	**73.8**

1) AfS: Available for sale, LaR: Loans and receivables, Hedge: Hedge accounting, HfT: Held for trading, FLAC: Financial liabilities at amortised cost
2) Amounts were restated due to the final Italcementi purchase price allocation (see page 23 f.).

The categories "Trade receivables and other operating receivables" and "Trade payables, liabilities relating to personnel, and miscellaneous operating liabilities" 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 €836.4 million (previous year: 800.1) as well as non-financial liabilities of €313.5 million (previous year: 232.5).

The following table shows the fair value hierarchies for the assets and liabilities, which are measured at fair value in the balance sheet.

Fair value hierarchy	31 December 2016			30 June 2017		
€m	Level 1	Level 2	Level 3	**Level 1**	**Level 2**	**Level 3**
Assets						
Financial investments – available for sale at fair value	19.4		265.8	**17.4**		**244.6**
Derivatives – hedge accounting		18.3			**16.5**	
Derivatives – held for trading		42.5			**34.6**	
Liabilities						
Derivatives – hedge accounting		0.3			**0.8**	
Derivatives – held for trading		85.0			**94.0**	

Detailed explanations on the procedure regarding the fair value measurement according to IFRS 13 can be found on pages 247 f. in the Notes to the 2016 Annual Report, which forms the basis for these interim financial statements.

The change in the fair value of the participations Hanson Permanente Cement, Inc. and Kaiser Gypsum Company, Inc., USA, which are reported as financial investments available for sale at fair value in level 3, resulted from exchange rate effects. The other valuation parameters remained unchanged. With respect to possible uncertainties regarding the determination of the fair value of the financial investments available for sale at fair value, we refer to the explanations on page 204 f. in the Notes to the 2016 Annual Report. In the reporting period, there were no significant changes to the explanations in the Notes.

Related parties disclosures

In the reporting period, no reportable transactions with related parties took place beyond normal business relations.

Contingent liabilities

As at the reporting date, contingent liabilities amounted to €375.6 million (previous year: 416.6), which are essentially related to tax and legal risks. The timing of the possible cash outflows for the contingent liabilities is uncertain because they depend on various external factors that remain outside HeidelbergCement's control. The application of taxation regulations may not yet be determined at the time that tax refund claims and liabilities are calculated. The calculation of tax items is based on the regulations most likely to be applied in each case. Nevertheless, the fiscal authorities may be of a deviating opinion, which may give rise to additional tax liabilities.

Other financial commitments

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

Other financial commitments		
€m	31 Dec. 2016	30 June 2017
Future minimum lease payments under non-cancellable operating leases		
Due within one year	239.0	**221.5**
Due between one and five years	552.2	**540.2**
Due after five years	482.5	**596.8**
	1,273.7	**1,358.5**

Events after the balance sheet date
There were no reportable events after the balance sheet date.

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 principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Heidelberg, 1 August 2017

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 2017 was published on 1 August 2017.

Financial calendar	
Interim Financial Report January to September 2017	8 November 2017
Annual General Meeting 2018	9 May 2018

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