Interim Financial Report
January to September 2019

HEIDELBERGCEMENT

Good result for HeidelbergCement in the first nine months of 2019

- **Revenue increases by 7 % to €14.3 billion; increase amounts to 4 % like-for-like [1]**
- **Result from current operations before depreciation and amortisation increases by 17 % to € 2.6 billion; increase amounts to 4 % like-for-like [1]**
- **Savings target for sales & general administration costs reached 15 months earlier than planned; target increased by €30 million to €130 million**
- **Net debt [2] declined significantly by €1.1 billion thanks to very strong cash flow development; net debt target at year-end adjusted from previously €7.7 billion to €7.4 billion**
- **Outlook for 2019 confirmed – moderate increase in revenue, result, and profit for the financial year [1]**

1) Revenue and result from current operations before exchange rate and consolidation effects as well as adjustments from IFRS 16 Leases; profit for the financial year before non-recurring effects

2) Adjusted for IFRS 16 Leases

Overview January to September 2019	July - September		January - September	
€m	2018 [1]	**2019**	2018 [1]	**2019**
Revenue	4,943	**5,061**	13,375	**14,273**
Result from equity accounted investments (REI)	82	**87**	177	**213**
Result from current operations before depreciation and amortisation (RCOBD)	1,058	**1,180**	2,253	**2,626**
RCOBD margin in %	21.4 %	**23.3 %**	16.8 %	**18.4 %**
Result from current operations	783	**835**	1,437	**1,597**
Additional ordinary result	-34	**53**	94	**-74**
Earnings before interest and taxes (EBIT)	749	**888**	1,531	**1,522**
Financial result	-90	**-105**	-244	**-289**
Profit before tax	658	**783**	1,287	**1,233**
Net income from continuing operations	587	**593**	1,028	**893**
Net loss from discontinued operations	-7	**-17**	-12	**-27**
Profit for the period	580	**576**	1,016	**866**
Group share of profit	539	**540**	915	**752**
Investments	242	**262**	1,216	**762**

1) Changed due to reclassifications

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

Interim Group management report

Business trend January to September 2019

Economic environment

Despite various political and economic uncertainties, the global economy is continuing to grow, but has significantly lost momentum. The national economies of Asia and the African countries south of the Sahara remain on a growth path. While the economy significantly weakened in the West and South of Europe, the economic recovery in the East is progressing, albeit in a subdued manner. The US economy slightly lost momentum in the third quarter, but the outlook continues to be positive.

Development of sales volumes in the first nine months

The generally positive market dynamics in many of HeidelbergCement's key markets weakened slightly in the course of the first nine months as a result of uncertainties regarding future economic development.

The Group's cement and clinker sales volumes decreased by 2.7 % to 94.5 million tonnes (previous year: 97.2). Excluding consolidation effects from the sale of cement plants in Italy, the business activities in Ukraine, and the white cement business in the USA and Egypt, sales volumes were below the previous year's level by 1.3 %. On a comparable basis, deliveries in the Western and Southern Europe and North America Group areas increased slightly, whereas volumes almost reached the previous year's level in Africa-Eastern Mediterranean Basin and declined slightly in Northern and Eastern Europe-Central Asia and moderately in Asia-Pacific.

Deliveries of aggregates rose by 0.2 % to 233.3 million tonnes (previous year: 232.9). Declining sales volumes in the Northern and Eastern Europe-Central Asia, Asia-Pacific, and Africa-Eastern Mediterranean Basin Group areas were offset by growth in Western and Southern Europe as well as North America. Excluding consolidation effects, sales volumes decreased by 1.0 %.

Sales volumes of ready-mixed concrete increased by 6.0 % to 38.0 million cubic metres (previous year: 35.8). With the exception of Northern and Eastern Europe-Central Asia, where deliveries remained slightly below the previous year's level, all Group areas recorded growth in volumes. Excluding consolidation effects, the increase amounted to 3.2 %. Asphalt deliveries rose by 6.9 % to 8.4 million tonnes (previous year: 7.8). Adjusted for consolidation effects, deliveries fell by 3.2 %.

Changes in reporting

The new IFRS 16 Leases accounting standard has been applied since 1 January 2019. The application of IFRS 16, which provides new regulations for the accounting of leases, has effects on the presentation of the financial position and performance of the Group. Information on the effects of the initial application of IFRS 16 can be found in the Notes on page 20 f. For the initial application, HeidelbergCement applied the modified retrospective method. The previous year's figures have not been adjusted.

To improve the presentation in the income statement, HeidelbergCement has shown the result from associates together with the result from joint ventures in the item "Result from equity accounted investments (REI)" since 1 January 2019. The result from other participations is shown in the financial result. The previous year's values have been adjusted accordingly.

Development of revenue and results

Group revenue in the period from January to September 2019 rose by 6.7 % in comparison with the previous year to €14,273 million (previous year: 13,375). Excluding consolidation and exchange rate effects, Group revenue grew by 4.4 %. Changes to the scope of consolidation of €59 million and exchange rate effects of €246 million had a positive impact on revenue.

In the reporting period, material costs rose by 5.2 % to €5,782 million (previous year: 5,496). Excluding consolidation and exchange rate effects, material costs exceed the previous year's level by 2.4 %. This rise predominantly related to the costs of goods purchased for resale, energy, and raw materials. The material cost ratio fell from 41.1 % to 40.5 %. The balance of other operating expenses and income was 3.5 % above the previous year's level at €-3,669 million (previous year: -3,544). On a comparable basis, i.e. adjusted for the

Sales volumes	July - September			January - September		
	2018	2019	Change	2018	2019	Change
Cement and clinker (Mt)	35.3	**33.5**	-5.1 %	97.2	**94.5**	-2.7 %
Aggregates (Mt)	87.7	**87.7**	-0.1 %	232.9	**233.3**	0.2 %
Ready-mixed concrete (Mm³)	12.9	**13.6**	5.3 %	35.8	**38**	6.0 %
Asphalt (Mt)	3.4	**3.6**	6.3 %	7.8	**8.4**	6.9 %

initial application of IFRS 16 Leases and excluding exchange rate and consolidation effects, the increase amounted to 8.5 %, which was essentially due to the rise in freight costs. Personnel costs grew by 5.8 % to €2,382 million (previous year: 2,251). The personnel cost ratio fell slightly to 16.7 % (previous year: 16.8). The result from equity accounted investments (REI) rose by 20.2 % to €213 million (previous year: 177); this increase is primarily due to the positive development of results in China.

The result from current operations before depreciation and amortisation grew by 16.5 % to €2,626 million (previous year: 2,253). This is due to the growth in sales volumes, successful price increases that more than offset the rise in costs, and the initial application of the IFRS 16 Leases accounting standard. In accordance with IFRS 16, the right-of-use assets are accounted for in the fixed assets together with a corresponding lease liability. In the income statement, the expenses are divided between amortisation of right-of-use assets and interest expenses. At €236 million, the application of IFRS 16 had a positive impact on the development of the result from current operations before depreciation and amortisation. On a comparable basis, this corresponds to an increase of 3.6 %. The result from current operations rose by 11.1 % to €1,597 million (previous year: 1,437). Exchange rate effects of €29 million and changes to the scope of consolidation of €1 million improved the result from current operations. The application of IFRS 16 contributed around €28 million to this improvement. On a comparable basis, this corresponds to an increase of 7.0 %.

The solid operational development was also due to the efficiency programme that was launched in 2018. The target of saving €100 million in sales & general administration costs by 2020 has been reached more than one year earlier than planned. It is intended to reduce costs by additional €30 million by the end of 2020.

The additional ordinary result of €-74 million (previous year: 94) essentially relates to expenses from the disposal of subsidiaries and other non-recurring expenses and income. In particular, non-recurring effects from the disposal of subsidiaries in Ukraine had a negative impact on the result.

The financial result fell by €45 million to €-289 million (previous year: -244). Besides the reduction of €40 million in other financial result, the application of IFRS 16 had a negative effect of €34 million on this figure in comparison with the previous year. By contrast, the reduction in interest expenses for financial debt positively impacted the financial result.

Profit before tax from continuing operations dropped by €53 million to €1,233 million (previous year: 1,287), primarily due to the poorer additional ordinary result. At €340 million (previous year: 259), expenses relating to taxes on income were 31.5 % above the previous year's level. The increase in tax expenses is primarily due to a higher tax base in the current year and a release of a tax provision in the previous year. Net income from continuing operations fell by €135 million to €893 million (previous year: 1,028).

Net loss from discontinued operations amounts to €-27 million (previous year: -12) and is attributable to operations of the Hanson Group that were discontinued in previous years.

Overall, the profit for the period totals €866 million (previous year: 1,016). The profit relating to non-controlling interests rose by €13 million to €114 million (previous year: 101); this is particularly attributable to the good development of results at Indocement. The Group share of profit therefore amounts to €752 million (previous year: 915). The Group share of profit adjusted for the additional ordinary result rose by 0.7 % to remain around the previous year's level.

Earnings per share – Group share – in accordance with IAS 33 fell by €0.82 to €3.79 (previous year: 4.61).

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

Statement of cash flows

From January to September 2019, the cash inflow from operating activities of continuing operations increased by €488 million to €982 million (previous year: 493) compared with the same period of the previous year.

The significant rise in operating cash inflow is due, on the one hand, to strong operating activities and, on the other, to the change in the presentation of lease payments in the statement of cash flows as a result of IFRS 16. In accordance with IFRS 16, the reduction of lease payments is shown in the cash flow from financing activities. Only the interest payments attributable to the leases remain in the cash flow from operating activities. In the reporting period, the repayment of lease liabilities amounted to €202 million and interest payments to €34 million. In the same period of the previous year, payments resulting from operating leases completely impaired the cash flow from operating activities.

Dividends received slightly exceeded the previous year's level at €171 million (previous year: 159) and mainly include payouts received from joint ventures and associates. Interest received increased by €14 million to €93 million (previous year: 79) in comparison with the same period of the previous year. Interest payments declined by €10 million to €384 million (previous year: 393) thanks to significantly more favourable refinancing conditions. This item also includes interest payments of €34 million attributable to leases. At €224 million (previous year: 196), income taxes paid increased by €28 million in comparison with the same period of the previous year. In the reporting period, provisions of €253 million (previous year: 241) were utilised through payments. The €84 million reduction in the increase in working capital of €896 million (previous year: €980) had a positive impact on the cash flow from operating activities compared with the same period of the previous year.

Net cash used in investing activities of continuing operations declined in the reporting period by €339 million to €508 million (previous year: 847). Cash-relevant investments decreased by €453 million to €762 million (previous year: 1,216), largely as a result of lower cash outflows for the acquisition of subsidiaries and other business units. In the reporting period, payments for business combinations amounting to €71 million related mainly to acquisitions in France and North America, whereas in the same period of the previous year, €573 million was primarily invested in subsidiaries and other business units in Italy, Australia, and North America. Further details can be found in the Portfolio optimisation section and in the Business combinations in the reporting period section of the Notes on page 22 f.

With regard to the cash-relevant divestments of €257 million (previous year: 344), €139 million (previous year: 254) related to cash inflows from the disposal of subsidiaries and other business units, which particularly relates to divestments in Italy, Egypt, Germany, and Ukraine as part of the portfolio optimisation. Further details can be found in the Portfolio optimisation section and in the Divestments in the reporting period section of the Notes on page 24 f. Proceeds in the same period of the previous year mainly related to the sale of the sand-lime brick business in Germany and the sale of Lehigh White Cement in the USA. Proceeds from the sale of other fixed assets essentially resulted from the sale of intangible assets and property, plant and equipment, the disposal of financial assets, joint ventures, and associates, as well as the repayment of loans. Changes to the scope of consolidation generated a cash outflow of €2 million (previous year: cash inflow of 24) in the reporting period.

Financing activities of continuing operations generated a cash outflow of €414 million (previous year: cash inflow of 139) in the reporting period. The cash inflow arising from the net proceeds from and repayment of bonds and loans of €122 million (previous year: 712) included in this figure covers the change in long-term and short-term interest-bearing liabilities and mainly comprises the issue of a bond of €750 million, the repayment of a bond totalling €500 million, and the repayment of lease liabilities amounting to €202 million. This item also includes the borrowings and payments relating to bank loans as well as changes to other short-term interest-bearing liabilities with a high turnover rate. In the previous year, two bonds with a total value of €1.5 billion were issued, while two bonds with a total value of €980 million were repaid. The proceeds of €136 million (previous year: 6) from the decrease in ownership interests in subsidiaries result from the disposal of 7.8 % of the share capital in the subsidiary Ciments du Maroc. The payments of €92 million (previous year: 26) made to increase ownership interests in subsidiaries are mainly related to the acquisition of the remaining shares in the Nordic Precast Group. Dividend payments led to an overall cash outflow of €580 million (previous year: 553), with HeidelbergCement AG dividend payments making up €417 million (previous year: 377) of this figure.

Portfolio optimisation

In the first nine months of 2019, HeidelbergCement made further progress in optimising its portfolio with the conclusion of several important transactions. These include increases in its shareholdings to 100 %, from 50 % and 60 % respectively, in California Commercial Asphalt in the USA and Nordic Precast Group in Northern Europe and the purchase of the aggregates and ready-mixed concrete activities of Cemex in central France. The disposals include the sale of 7.8 % of the share capital in Ciments du Maroc, the divestment of the El Minya white cement plant in Egypt, of the Spoleto and Testi cement plants and two grinding plants in Italy, of Baustoffwerke Dresden, and of the business activities in Ukraine.

Overall, cash-relevant investments in maintenance and expansion including the increase in ownership interests in subsidiaries fell to €855 million (previous year: 1,241) in the first nine months. Cash-relevant disposals including the decrease in ownership interests in subsidiaries amounted to €393 million (previous year: 350).

HeidelbergCement is pursuing its action plan to accelerate the optimisation of its portfolio and is on track to reach its target of €500 million of disposals in the 2019 financial year.

Balance sheet

As at 30 September 2019, the balance sheet total rose by €2,751 million to €38,534 million (previous year: 35,783) in comparison with 31 December 2018. This was mainly influenced by the recognition of right-of-use assets on the assets side and lease liabilities on the equity and liabilities side resulting from the initial application of IFRS 16 Leases.

Non-current assets increased by €2,082 million to €30,374 million (previous year: 28,292). Adjusted for positive exchange rate effects of €817 million, the rise amounted to €1,265 million and predominantly related to intangible assets of €85 million and property, plant and equipment of €1,057 million. Of the growth in intangible assets, €50 million related to goodwill from new acquisitions.

The increase in property, plant and equipment was primarily due to the positive exchange rate effects of €444 million and the initial capitalisation of right-of-use assets amounting to €1,308 million on 1 January 2019, which decreased by €47 million to €1,261 million as at 30 September 2019.

Financial assets rose by €105 million to €2,212 million (previous year: 2,107). Adjusted for currency effects of €36 million, the increase amounted to €69 million and is mainly related to the change in shares in joint ventures and associates and the derivative financial instruments.

Current assets increased by €747 million to €8,160 million (previous year: 7,412). As a result of seasonal factors, trade receivables grew by €400 million to €2,209 million (previous year: 1,809). Other current operating receivables increased by €11 million to €752 million (previous year: 741), with inventories also rising by €108 million to €2,143 million (previous year: 2,035) and cash and cash equivalents by €151 million to €2,737 million (previous year: 2,586). The changes are explained in the Statement of cash flows section.

On the equity and liabilities side, equity increased by €1,364 million to €18,186 million (previous year: 16,822). This increase is attributable to the total comprehensive income of €1,798 million, which is composed of the profit for the period amounting to €866 million and other comprehensive income of €933 million. The change in ownership interests in subsidiaries amounting to €125 million also contributed to the rise, as did non-controlling interests with put options to the sum of €19 million. By contrast, equity was reduced by approved dividends of €580 million, which have already been paid out.

Other comprehensive income is predominantly composed of the currency translation gains of €971 million, the actuarial losses of €34 million, and the change in fair value of the investments in equity instruments of €-14 million.

Interest-bearing liabilities grew by €1,619 million to €12,599 million (previous year: 10,981). The €1,325 million for lease liabilities shown in the opening balance as at 1 January 2019, of which €1,312 million are attributable to the initial application of IFRS 16, decreased by €40 million to €1,285 million as at 30 September 2019. Furthermore, a bond amounting to €500 million was repaid in the first quarter of 2019, and a €750 million bond was issued in the third quarter of 2019.

The increase in net debt (interest-bearing liabilities less cash and cash equivalents) of €1,393 million to €9,761 million (previous year: 8,367) is due to the initial recognition of lease liabilities from operating leases, the financing of the seasonal and revenue-related rise in receivables, the cash flow from investments, and the dividends paid.

Total provisions decreased by €97 million to €2,604 million (previous year: 2,507); pension provisions increased by €109 million, whereas other provisions fell by €12 million.

The reduction of €317 million in operating liabilities to €4,423 million (previous year: 4,740), adjusted for currency effects of €124 million, relates primarily to the decline of €182 million in trade payables to €2,423 million (previous year: 2,605) in addition to the decrease of €242 million in other current operating liabilities to €1,324 million (previous year: 1,566).

Financing

On 1 July 2019, HeidelbergCement issued a Eurobond of €750 million under its €10 billion EMTN programme. The 8.5 year bond with maturity date of 1 December 2027 bears a fixed coupon of 1.125 % p.a. The issue price was at 99.127 %, resulting in a yield to maturity of 1.235 %. With this issue, HeidelbergCement used the historically favourable interest rate environment and secured the lowest long-term financing costs in the history of the company. The proceeds will be used for general corporate purposes and the refinancing of upcoming maturities.

The consolidated EBITDA of €3,531 million and the consolidated interest expense of €409 million are calculated on a pro forma basis in accordance with the terms and conditions of the bonds. As at 30 September 2019, the consolidated coverage ratio amounted to 8.63.

As at 30 September 2019, net debt amounted to €9.8 billion. The increase of €1.4 billion in comparison with the end of 2018 (€8.4 billion) is attributable, on the one hand, to the seasonal rise in working capital as well as to the dividend payments in the second quarter, and, on the other, to the initial application of the new IFRS 16 Leases accounting standard. Net debt rose by around €1.3 billion due to the accounting treatment of lease liabilities. In comparison with 30 September 2018 (€9.5 billion), net debt thus grew by around €0.2 billion. However, on a comparable basis – that is to say, after adjustment of the previous year's figure for the accounting of the lease liabilities – there was a significant fall of around €1.1 billion thanks to the strong cash flow development.

The strong cash generation and strict capital expenditure discipline are the basis for the significant decrease in net debt. This positive dynamic is expected to continue in the fourth quarter. On this basis, the target to reduce net debt before application of IFRS 16 has been adjusted from €7.7 billion to €7.4 billion by end of this year.

Western and Southern Europe

In the current year, the economic development weakened significantly in the countries of the Western and Southern Europe Group area. Global trade tensions affect especially the industry – in particular in Germany. Due to declining unemployment, robust domestic demand, however, leads to growth impulses. In the United Kingdom, the economy continues to suffer under the Brexit uncertainties.

In the first nine months, the Western and Southern Europe Group area's cement and clinker sales volumes fell slightly by 1.5 % to 22.7 million tonnes (previous year: 23.0). Excluding consolidation effects, our deliveries increased slightly by 0.5 %. While Germany, Belgium/Netherlands, and France achieved volume growth, and sales volumes in the United Kingdom remained largely stable, Spain recorded a significant decrease in volumes due to lower export deliveries. In Italy, our deliveries remained slightly below the previous year's level on a comparable basis, i.e. after adjustment for consolidation effects.

As part of our action plan to accelerate the portfolio optimisation, we agreed to sell cement plants in the north and centre of Italy to Buzzi Unicem and Colacem. The disposal of the Spoleto cement plant in Umbria to Colacem was already completed on 1 April 2019. The sale of the Testi cement plant in Tuscany and two grinding plants in Piedmont to Buzzi Unicem followed on 1 July 2019.

In the first nine months, the aggregates sales volumes of the Group area rose by 5.1 % to 63.5 million tonnes (previous year: 60.4). Excluding consolidation effects, the rise amounted to 1.7 %. In Germany, our deliveries remained below the very high level of the previous year. While the United Kingdom recorded a slight rise in sales volumes and France a moderate rise, Belgium/Netherlands, Italy, and Spain achieved significant increases in volumes.

Deliveries of ready-mixed concrete improved by 8.4 % to 13.9 million cubic metres (previous year: 12.9). Adjusted for consolidation effects, the increase amounted to 6.6 %. While we achieved significant volume growth in Germany, Belgium/Netherlands, Italy, and Spain and a moderate increase in sales volumes in France, our deliveries fell in the United Kingdom. Sales volumes of the asphalt operating line in the United Kingdom declined slightly by 1.5 %.

On 28 June 2019, we acquired the aggregates and ready-mixed concrete activities of Cemex in central France to strengthen our vertically integrated market position in the Paris region. The acquisition comprises 7 aggregates quarries und 28 ready-mixed concrete plants.

Furthermore, as part of the portfolio optimisation, we sold our 51 % share in Baustoffwerke Dresden, which operates a sand-lime brick plant in Dresden, on 29 April 2019.

Revenue of the Western and Southern Europe Group area rose by 5.4 % to €3,878 million (previous year: 3,678). Excluding consolidation and exchange rate effects, growth amounted to 5.1 %.

The result from current operations before depreciation and amortisation grew by 42.0 % to €579 million (previous year: 408). The result from current operations rose by 67.2 % to €268 million (previous year: 161).

Northern and Eastern Europe-Central Asia

While the economic development and construction activity slowed down in Sweden, Norway recorded an increase in economic growth and construction activity. In Poland and Czechia, the recovery in the economy and construction activity is continuing, albeit at a slower pace. In Romania and Bulgaria, the economy also remains on a course for growth. In contrast, economic development in Russia significantly slowed down compared to the previous year.

During the first nine months, cement and clinker deliveries in the Northern and Eastern Europe-Central Asia Group area declined by 5.2 % to 18.3 million tonnes (previous year: 19.3). The decrease in volumes is attributable in part to the deconsolidation of our business activities in Ukraine. Excluding consolidation effects, sales volumes remained 2.0 % below the previous year's level. In the countries of Northern Europe, our deliveries declined significantly, particularly as a result of the weak demand from residential construction, completed infrastructure projects, and lower export volumes. However, demand is expected to pick up substantially in infrastructure construction. In Eastern Europe-Central Asia, the deliveries of the individual countries presented a mixed picture. While our sales volumes in Bulgaria and Poland weakened, Greece achieved pleasing growth and Romania significant growth. In Czechia, Russia, and Kazakhstan, our deliveries slightly exceeded the previous year's level. As a whole, Eastern Europe-Central Asia recorded a slight increase in sales volumes, excluding the Ukraine effect.

Our deliveries in the aggregates business line also remained below the previous year with a decline of 8.2 % to 35.6 million tonnes (previous year: 38.7). Adjusted for the effects of the deconsolidation of our activities in Ukraine, the deterioration amounted to 6.2 %. In Northern Europe, the development of sales volumes was adversely affected by the expiry of major infrastructure projects and declining construction activity in the main export markets of the Mibau Group. In Eastern Europe-Central Asia, growth in Romania and Greece and stable sales volumes in Poland stood in contrast to the dip in sales volumes in Czechia, Slovakia, Russia, and Kazakhstan.

Deliveries of ready-mixed concrete declined slightly by 0.9 % to 5.0 million cubic metres (previous year: 5.1). Excluding the deconsolidation of our activities in Ukraine, sales volumes remained around the previous year's level, with a reduction of 0.2 %. Overall, the Northern European countries recorded a slight decrease in volumes. Adjusted for the Ukraine effect, deliveries in Eastern Europe-Central Asia were just above the previous year's level.

As part of the portfolio optimisation, we sold our business activities in Ukraine in the cement, aggregates, and ready-mixed concrete sectors on 25 April 2019.

With effect from 2 January 2019, we increased our shareholding in the Nordic Precast Group, which manufactures concrete products in Sweden, Norway, Denmark, Germany, Poland, and Estonia, from 60 % to 100 %.

Revenue of the Northern and Eastern Europe-Central Asia Group area increased by 0.3 % to €2,170 million (previous year: 2,163); excluding consolidation and exchange rate effects, the growth amounted to 3.7 %.

The result from current operations before depreciation and amortisation grew by 16.6 % to €489 million (previous year: 419). The result from current operations rose by 12.9 % to €338 million (previous year: 300).

North America

In the North America Group area, HeidelbergCement is represented in the USA and Canada. In the USA, economic growth slowed down slightly in the third quarter of 2019. Gross domestic product grew by 1.9 % according to a preliminary estimate. Growth was driven by consumer spending, public spending, exports, and residential construction. Investments in non-residential construction declined. The labour market remains in robust shape.

The cement deliveries of our North American plants recorded a slight increase of 1,0 % to 12.3 million tonnes (previous year: 12.1) in the first nine months. Excluding consolidation effects from the sale of the white cement business in the previous year, growth amounted to 2.2 %. In the Canada region, our deliveries remained slightly below the previous year's level due to prolonged wet weather and lower demand in the oil sector. Lively construction activity in British Columbia mitigated the decrease in volumes. In the West region, our deliveries were negatively affected by the general market softness in California. Deliveries in the North region benefited from significantly better weather conditions than in the previous year and high order volumes. The South region achieved a significant growth in sales volumes thanks to the good market development. Sales prices were increased in all regions.

In the aggregates business line, the decrease in sales volumes in the West region was more than offset by growth in volumes in the North and South regions. Deliveries in Canada were flat. Overall, aggregates sales volumes grew in the first nine months by 5.0 % to 97.9 million tonnes (previous year: 93.2). Excluding consolidation effects in the Canada region, the rise amounted to 3.6 %. All regions recorded positive price development.

In the ready-mixed concrete operating line, all regions recorded increased sales volumes; particularly the South region achieved a significant volume growth. Total ready-mixed concrete sales volumes increased by 9.3 % to 5.8 million cubic metres (previous year: 5.3). Excluding consolidation effects in the South and Canada regions, the rise amounted to 5.8 %. All regions recorded positive price development.

Asphalt deliveries grew by 19.0 % to 3.8 million tonnes (previous year: 3.2) as a result of consolidation and thanks to pleasing volume growth in the North region. Excluding consolidation effects in the Canada and West regions, sales volumes remained below the previous year's level, with a decline of 3.7 %.

To strengthen our market position in southern California, we increased our shareholding in California Commercial Asphalt (CCA) from 50 % to 100 % with effect from 4 January 2019. CCA operates four asphalt plants in the San Diego area.

In the service-joint ventures-other business line, our joint venture Texas Lehigh Cement achieved a moderate growth in cement sales volumes.

Total revenue in North America rose by 13.7 % to €3,614 million (previous year: 3,179); excluding consolidation and exchange rate effects, revenue increased by 6.0 %.

The result from current operations before depreciation and amortisation grew by 5.1 % to €762 million (previous year: 725). The result from current operations declined by 4.0 % to €488 million (previous year: 508).

Asia-Pacific

Despite the restructuring and slowdown of the Chinese economy, the emerging countries of Asia remain on course for growth, albeit in a subdued manner. The Chinese economy weakened more than expected in the third quarter, with a growth in gross domestic product of 6.0 %. While economic growth slowed down in India, Thailand, and Australia in the current year, Indonesia is showing a largely stable economic development.

During the first nine months, cement and clinker deliveries of the Asia-Pacific Group area declined by 4.1 % to 26.2 million tonnes (previous year: 27.3).

In the first nine months, domestic cement consumption in Indonesia decreased by around 2 % in comparison with the previous year. The cement and clinker sales volumes of our subsidiary Indocement declined slightly by 1.9 % in the first nine months. However, price increases, a decline in fuel prices, and strict cost management led to a clearly positive development of results and significantly improved margins.

In India, the cement and clinker deliveries of our central and southern Indian plants remained below the previous year's level in the first nine months. The decline in sales volumes was mainly due to the elections in April and heavy rainfall and floods in southern India in the third quarter. However, price increases contributed to a significant improvement in results.

In Thailand, delays in infrastructure projects and the reluctance of private investors due to the political uncertainty led to a slowdown in the cement market. In addition, construction activity in the northeast of the country was negatively affected by heavy rainfall in the third quarter. The deliveries of our plants remained slightly below the previous year's level in the first nine months. Price increases more than offset the weaker demand and led to a significant improvement in results. In Bangladesh, our cement deliveries were slightly above the previous year's level.

In the aggregates business line, our deliveries fell by 9.3 % to 29.8 million tonnes (previous year: 32.9). Our sales volumes in Australia remained below the high level of the previous year due to weakening construction activity. The previously strong demand from residential construction has considerably slowed down and many large infrastructure projects have been partially postponed by up to 18 months. Our deliveries in Indonesia and Thailand also declined, whereas Malaysia achieved a slight growth in sales volumes.

Deliveries of ready-mixed concrete increased by 7.3 % to 8.9 million cubic metres (previous year: 8.3). Consolidation effects in Australia and Malaysia and the strong demand in Thailand in particular contributed to this development. Excluding consolidation effects, sales volumes almost reached the previous year's level, with a decline of 0.2 %

To expand our market position in Malaysia, we acquired the ready-mixed concrete company Cemix on 1 March 2019. Cemix operates five ready-mixed concrete plants and holds a strategic position in the capital Kuala Lumpur.

The sales volumes of the asphalt operating line in Australia and Malaysia rose by 2.1 %. Australia achieved a significant growth in volumes as a result of consolidation effects and increased demand in the third quarter. Excluding consolidation effects, sales volumes fell by 2.2 % due to the weak demand in Malaysia.

In China, the cement deliveries of our joint ventures in the provinces of Guangdong and Shaanxi registered a significant increase. In Australia, our joint venture Cement Australia achieved a slight growth in sales volumes.

Revenue of the Asia-Pacific Group area rose by 5.1 % to €2,486 million (previous year: 2,366); excluding consolidation and exchange rate effects, revenue increased by 0.6 %.

The result from current operations before depreciation and amortisation grew by 25.6 % to €541 million (previous year: 431). The result from current operations rose by 21.0 % to €354 million (previous year: 292).

Africa-Eastern Mediterranean Basin

Overall, the African countries south of the Sahara are experiencing robust economic growth and lively construction activity. Despite risks, stable economic growth is expected for Morocco and Egypt in the current year. In Turkey, the economy is recovering gradually, but construction activity is significantly below the previous year's level.

The cement and clinker sales volumes of the Africa-Eastern Mediterranean Basin Group area, which essentially include the deliveries from our African subsidiaries, decreased slightly by 1.4 % to 14.7 million tonnes (previous year: 14.9). Excluding a consolidation effect in Egypt, sales volumes remained around the previous year's level, with a reduction of 0.2 %. In sub-Saharan Africa, our overall deliveries were slightly above the previous year's level. Growth in Togo, Sierra Leone, Benin, Burkina Faso, Liberia, the Democratic Republic of Congo, and Tanzania was offset by decreases in volumes in Ghana and Mozambique. The decline in sales volumes in Ghana results from the additional capacities of competitors and the weak demand from government infrastructure projects. In Togo, our sales volumes benefited from the strong domestic demand and increased clinker deliveries to our grinding plants in neighbouring countries. In North Africa, our deliveries recorded a moderate decline. Volume growth in Morocco did not offset the lower sales volumes in Egypt.

In light of the ongoing good growth prospects, HeidelbergCement is continuing to expand its cement activities in Africa. In the Democratic Republic of Congo, we completed the expansion of our Cimenterie de Lukala cement plant in the third quarter of 2019. The modernisation measures at the plant near Kinshasa, including the construction of a new kiln line, have not only expanded our capacity and reduced energy consumption, but also led to an increase in cost efficiency. In addition, we commissioned a terminal for the import of cement in Israel in February 2019 to create vertically integrated market positions in cement, aggregates, and ready-mixed concrete.

As part of the portfolio optimisation, we sold 7.8 % of the share capital in our Moroccan subsidiary Ciments du Maroc on 21 February 2019. Following this transaction, HeidelbergCement will retain a majority participation of 54.6 % and continue to fully consolidate the company. In addition, we sold the El Minya white cement plant in Egypt on 6 February 2019.

Aside from minor activities in some African countries south of the Sahara, HeidelbergCement is predominantly active in Israel and Morocco in the aggregates business line. Due to volume losses in both Israel and Morocco, deliveries of aggregates decreased overall by 15.1 % to 6.6 million tonnes (previous year: 7.8). In the ready-mixed concrete operating line, HeidelbergCement is represented in Israel, Egypt, and Morocco. Ready-mixed concrete sales volumes grew by 1.3 % to 3.9 million cubic metres (previous year: 3.9). Asphalt activities in Israel recorded a decrease in volumes of 15.0 % due to unfavourable weather conditions in the first quarter and a lack of projects.

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 could not quite be offset by the growth in exports. Overall, the cement and clinker sales volumes of Akçansa declined by 2.3 % in the first nine months. While the aggregates operating line recorded moderate decreases in volumes, ready-mixed concrete sales volumes fell significantly.

Revenue of the Africa-Eastern Mediterranean Basin Group area grew by 0.9 % to €1,261 million (previous year: 1,250); excluding consolidation and exchange rate effects, revenue declined by 0.7 %.

The result from current operations before depreciation and amortisation declined by 0.9 % to €290 million (previous year: 292). The result from current operations fell by 5.1 % to €207 million (previous year: 219).

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.

The overall trade volume of HC Trading rose in the first nine months by 8.5 % to a record value of 24.7 million tonnes (previous year: 22.7). Deliveries of cement, clinker, and other building materials such as lime and dry mortar increased by 2.1 % to 14.0 million tonnes (previous year: 13.8). Trade in coal and petroleum coke recorded significant growth of 18.5 % to 10.6 million tonnes (previous year: 9.0).

Revenue of the Group Services business unit rose by 3.8 % to €1,325 million (previous year: 1,277); excluding consolidation and exchange rate effects, revenue increased by 3.5 %.

The result from current operations before depreciation and amortisation declined by 41.3 % to €18 million (previous year: 30). The result from current operations fell by 48.7 % to €14 million (previous year: 28).

Employees

At the end of September 2019, the number of employees at HeidelbergCement stood at 56,591 (previous year: 59,589). The decrease of around 3,000 employees essentially results from two opposing developments. On the one hand, around 3,800 jobs were cut across the Group as a result of portfolio optimisations, the realisation of synergies, efficiency increases in sales and administration as well as location optimisations. On the other hand, around 800 new employees joined the Group, particularly as a result of first-time consolidations in North America and Australia as well as new hires in some countries in the Northern and Eastern Europe-Central Asia Group area.

Changes to the Supervisory Board

With the conclusion of the Annual General Meeting on 9 May 2019, the term of office of the former Supervisory Board came to an end and that of the new Supervisory Board, elected by the Annual General Meeting and the employees respectively, commenced. Mr. Josef Heumann, Ms. Gabriele Kailing and Mr. Stephan Wehning are no longer employee-representative members of the Supervisory Board. Their successors are Ms. Birgit Jochens, Mr. Peter Riedel as representative of the trade unions and Dr. Ines Ploss as representative of the senior managers. Mr. Luka Mucic, Chief Financial Officer of SAP SE, was elected as a new shareholder representative to the Supervisory Board; he succeeded Dr. Jürgen M. Schneider, who did not stand for reelection after having reached the standard retirement age. As before, Mr. Fritz-Jürgen Heckmann remains Chairman of the Supervisory Board. Mr. Heinz Schmitt was reelected as Deputy Chairman.

Events after the reporting period

Information on the events occurring after the reporting period is provided in the Notes on page 30.

Outlook

In October 2019, the International Monetary Fund (IMF) lowered its forecast of global economic growth for 2019 to 3.0 %, a decrease of 0.3 percentage points in comparison with the forecast of April 2019. The main drivers for the adjustment were lower growth expectations in the emerging countries, especially in Latin America and the Middle East. Growth expectations in the developed countries weakened only slightly. The forecast for the USA was revised slightly upwards and the forecast for the eurozone slightly downwards.

The IMF acknowledges increased risks with regard to the forecast. These include, in particular, the risk of escalating trade conflicts as well as more restrictive financing conditions as a result of increased government and private sector debt. Further risks to the economy could arise from the disorderly exit of the United Kingdom from the European Union, a faster slowdown in growth in China and geopolitical tensions.

HeidelbergCement expects that the favourable development of energy costs in comparison with the previous year as well as the solid development in Europe, North America, and Asia, especially in Indonesia and Thailand, will contribute positively to results.

In view of these expectations and the solid business development in the first nine months, HeidelbergCement confirms its outlook for the whole of 2019. The company anticipates a rise in sales volumes for the core products cement, aggregates, and ready-mixed concrete, and continues to assume that revenue, result from current operations before IFRS 16, exchange rate and consolidation effects, and the profit for the financial year before non-recurring effects will increase moderately (+3 % to +9 %) in 2019.

Additional statements on the outlook

The Managing Board of HeidelbergCement has not seen evidence of developments beyond those mentioned in the previous paragraph that would suggest changes for the business year 2019 regarding the forecasts and other statements made in the 2018 Annual Report in the Outlook chapter on page 67 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 2019 is described in the outlook. As such, please note that this Interim Financial Report contains forward-looking statements based on the information currently available and the current assumptions and forecasts of the Managing Board of HeidelbergCement. Such statements are naturally subject to risks and uncertainties and may therefore deviate significantly from the actual development. HeidelbergCement undertakes no obligation and furthermore has no intention to update the forward-looking statements made in this Interim Financial Report.

Risk and opportunity report

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

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

Risks that may have a significant impact on our financial position and performance in the 2019 financial year and in the foreseeable future as well as the opportunities are described in detail in the 2018 Annual Report in the risk and opportunity report chapter on page 74 ff.

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

Interim consolidated financial statements

Consolidated income statement

	July - September		January - September	
€m	2018 [1]	2019	2018 [1]	2019
Revenue	4,943.3	**5,061.2**	13,375.0	**14,272.8**
Change in finished goods and work in progress	20.6	**9.9**	-16.3	**-40.6**
Own work capitalised	2.7	**6.0**	8.6	**14.8**
Operating revenue	4,966.6	**5,077.1**	13,367.2	**14,247.0**
Other operating income	169.5	**77.9**	344.7	**276.2**
Material costs	-2,003.1	**-1,907.8**	-5,495.9	**-5,782.4**
Employee and personnel costs	-759.4	**-791.7**	-2,251.4	**-2,382.4**
Other operating expenses	-1,397.8	**-1,363.2**	-3,888.8	**-3,945.6**
Result from equity accounted investments (REI)	82.0	**87.2**	177.1	**212.9**
Result from current operations before depreciation and amortisation (RCOBD)	1,057.8	**1,179.6**	2,252.9	**2,625.6**
Depreciation and amortisation	-274.8	**-344.9**	-816.0	**-1,029.0**
Result from current operations	783.0	**834.7**	1,436.9	**1,596.6**
Additional ordinary income	4.7	**60.1**	177.7	**150.3**
Additional ordinary expenses	-39.0	**-6.6**	-84.0	**-224.5**
Additional ordinary result	-34.3	**53.5**	93.7	**-74.2**
Earnings before interest and taxes (EBIT)	748.6	**888.1**	1,530.6	**1,522.4**
Interest income	11.4	**11.0**	35.4	**40.0**
Interest expenses	-81.5	**-80.5**	-240.1	**-242.2**
Foreign exchange gains and losses	-3.9	**8.6**	5.4	**2.6**
Result from other participations	1.5	**-2.6**	3.1	**-2.0**
Other financial result	-17.7	**-41.4**	-47.9	**-87.6**
Financial result	-90.2	**-105.0**	-244.1	**-289.1**
Profit before tax from continuing operations	658.5	**783.1**	1,286.5	**1,233.3**
Income taxes	-71.4	**-190.5**	-259.0	**-340.5**
Net income from continuing operations	587.1	**592.7**	1,027.5	**892.8**
Net loss from discontinued operations	-6.6	**-17.2**	-11.7	**-26.6**
Profit for the period	580.5	**575.5**	1,015.8	**866.3**
Thereof non-controlling interests	41.1	**35.4**	101.2	**113.9**
Thereof Group share of profit	539.4	**540.1**	914.6	**752.4**
Earnings per share in € (IAS 33)				
Earnings per share attributable to the parent entity	2.72	**2.72**	4.61	**3.79**
Earnings per share – continuing operations	2.75	**2.81**	4.67	**3.93**
Loss per share – discontinued operations	-0.03	**-0.10**	-0.06	**-0.14**

1) Amounts were restated (see section "Other changes", page 22 and Annual Report 2018, section "Application of new accounting standards and other changes", page 125 f.).

Consolidated statement of comprehensive income

	July - September		January - September	
€m	2018 [1]	**2019**	2018 [1]	**2019**
Profit for the period	580.5	**575.5**	1,015.8	**866.3**
Other comprehensive income				
Items not being reclassified to profit or loss in subsequent periods				
Remeasurement of the defined benefit liability (asset)	-13.8	**14.0**	133.0	**-77.5**
Income taxes	4.2	**14.4**	-39.4	**43.5**
Defined benefit plans	-9.6	**28.3**	93.6	**-34.0**
Financial investments in equity instruments – change in fair value		**-0.1**		**-14.0**
Net gains/losses arising from equity method investments	-1.3	**0.6**	-3.9	**-1.1**
Total	-10.9	**29.0**	89.7	**-49.1**
Items that may be reclassified subsequently to profit or loss				
Cash flow hedges – change in fair value	-0.3	**-2.6**	3.4	**-1.3**
Reclassification adjustments for gains/losses included in profit or loss	0.5	**1.1**	-2.4	**0.9**
Income taxes	-0.2	**0.2**	-0.5	**0.0**
Cash flow hedges	0.0	**-1.4**	0.5	**-0.4**
Currency translation	21.2	**568.3**	108.3	**819.7**
Reclassification adjustments for gains/losses included in profit or loss				**151.4**
Income taxes	-1.1	**3.4**	-6.5	**0.2**
Currency translation	20.1	**571.7**	101.8	**971.3**
Net gains/losses arising from equity method investments	-26.4	**8.9**	-31.3	**10.8**
Total	-6.3	**579.2**	71.0	**981.7**
Other comprehensive income	-17.2	**608.2**	160.7	**932.6**
Total comprehensive income	563.3	**1,183.6**	1,176.5	**1,798.9**
Thereof non-controlling interests	30.1	**84.7**	68.1	**205.0**
Thereof Group share	533.2	**1,098.9**	1,108.4	**1,593.9**

1) Amounts were restated (see Annual Report 2018, section "Application of new accounting standards and other changes", page 125 f.).

Consolidated statement of cash flows

	July - September		January - September	
€m	2018	2019	2018 [1]	2019
Net income from continuing operations	587.1	**592.7**	1,027.5	**892.8**
Income taxes	71.4	**190.5**	259.0	**340.5**
Interest income/expenses	70.1	**69.5**	204.7	**202.2**
Dividends received	51.2	**50.5**	159.3	**171.4**
Interest received	27.5	**37.0**	79.1	**92.9**
Interest paid	-35.1	**-72.8**	-393.4	**-383.6**
Income taxes paid	-53.1	**-82.0**	-196.2	**-224.0**
Depreciation, amortisation, and impairment	276.0	**355.8**	835.2	**1,039.2**
Elimination of other non-cash items	-60.9	**-102.7**	-259.2	**0.4**
Cash flow	934.0	**1,038.4**	1,715.9	**2,131.8**
Changes in operating assets	-180.8	**82.5**	-990.4	**-464.6**
Changes in operating liabilities	54.3	**-60.3**	10.0	**-431.5**
Changes in working capital	-126.5	**22.2**	-980.4	**-896.1**
Decrease in provisions through cash payments	-85.8	**-67.0**	-241.2	**-253.3**
Cash flow from operating activities – continuing operations	721.8	**993.6**	494.3	**982.4**
Cash flow from operating activities – discontinued operations	-0.4	**-0.3**	-0.8	**-0.6**
Cash flow from operating activities	721.4	**993.3**	493.5	**981.9**
Intangible assets	-4.9	**-7.9**	-13.1	**-27.9**
Property, plant and equipment	-188.0	**-238.9**	-596.5	**-644.2**
Subsidiaries and other business units	-39.4	**-8.3**	-573.1	**-70.7**
Other financial assets, associates, and joint ventures	-9.3	**-6.7**	-33.1	**-19.6**
Investments (cash outflow)	-241.7	**-261.8**	-1,215.8	**-762.4**
Subsidiaries and other business units	7.4	**80.5**	254.3	**139.0**
Other fixed assets	43.3	**22.0**	90.1	**117.6**
Divestments (cash inflow)	50.8	**102.5**	344.5	**256.6**
Cash from changes in consolidation scope	-1.9	**0.4**	24.2	**-2.5**
Cash flow from investing activities – continuing operations	-192.8	**-158.9**	-847.2	**-508.2**
Cash flow from investing activities – discontinued operations				**0.9**
Cash flow from investing activities	-192.8	**-158.9**	-847.2	**-507.3**
Capital decrease – non-controlling interests				**-0.2**
Dividend payments – HeidelbergCement AG			-377.0	**-416.7**
Dividend payments – non-controlling interests	-62.0	**-67.4**	-176.2	**-163.5**
Decrease in ownership interests in subsidiaries	5.9		5.9	**136.3**
Increase in ownership interests in subsidiaries	-7.3	**-3.3**	-25.5	**-92.2**
Proceeds from bond issuance and loans	750.0	**836.8**	1,685.4	**841.0**
Repayment of bonds, loans and lease liabilities	-10.6	**-81.7**	-1,014.7	**-736.0**
Changes in short-term interest-bearing liabilities	-906.9	**-707.2**	41.3	**17.0**
Cash flow from financing activities – continuing operations	-230.7	**-22.8**	139.2	**-414.4**
Cash flow from financing activities – discontinued operations				
Cash flow from financing activities	-230.7	**-22.8**	139.2	**-414.4**
Net change in cash and cash equivalents – continuing operations	298.2	**811.9**	-213.7	**59.8**
Net change in cash and cash equivalents – discontinued operations	-0.4	**-0.3**	-0.8	**0.3**
Net change in cash and cash equivalents	297.9	**811.6**	-214.5	**60.1**
Effect of exchange rate changes	-7.4	**52.0**	-24.6	**88.3**
Cash and cash equivalents at the beginning of period	1,579.3	**1,873.0**	2,108.8	**2,588.1**
Cash and cash equivalents at period end	1,869.7	**2,736.5**	1,869.7	**2,736.5**

1) Amounts were restated (see Annual Report 2018, section "Application of new accounting standards and other changes", page 125 f.).

Consolidated balance sheet

Assets			
€m	30 Sep. 2018	31 Dec. 2018	30 Sep. 2019
Non-current assets			
Intangible assets			
Goodwill	11,390.1	11,450.2	**11,827.1**
Other intangible assets	368.8	370.3	**391.4**
	11,759.0	11,820.5	**12,218.4**
Property, plant and equipment			
Land and buildings	6,491.1	6,519.2	**7,249.1**
Plant and machinery	4,900.9	4,980.2	**5,109.1**
Other operating equipment	319.4	325.1	**895.1**
Prepayments and assets under construction	1,093.0	1,137.1	**1,209.1**
	12,804.4	12,961.6	**14,462.3**
Financial assets			
Investments in joint ventures	1,314.5	1,200.8	**1,230.8**
Investments in associates	524.7	512.2	**534.7**
Financial investments	255.7	252.5	**243.7**
Loans and derivative financial instruments	134.6	141.4	**203.1**
	2,229.4	2,106.8	**2,212.3**
Fixed assets	26,792.8	26,889.0	**28,893.1**
Deferred taxes	468.3	314.4	**316.9**
Other non-current receivables and assets	955.8	1,026.6	**1,102.5**
Non-current income tax assets	58.8	61.9	**61.7**
Total non-current assets	28,275.8	28,291.8	**30,374.2**
Current assets			
Inventories			
Raw materials and consumables	907.1	920.4	**1,001.3**
Work in progress	302.4	336.2	**317.3**
Finished goods and goods for resale	732.8	767.9	**808.4**
Prepayments	17.9	10.3	**15.9**
	1,960.1	2,034.8	**2,143.0**
Receivables and other assets			
Current interest-bearing receivables	117.7	122.0	**106.3**
Trade receivables	2,521.2	1,808.8	**2,208.8**
Other current operating receivables and assets	785.9	741.3	**752.1**
Current income tax assets	106.8	92.2	**111.0**
	3,531.7	2,764.3	**3,178.2**
Short-term financial investments	10.0	10.0	**10.0**
Derivative financial instruments	29.3	17.3	**91.9**
Cash and cash equivalents	1,869.7	2,585.9	**2,736.5**
Total current assets	7,400.9	7,412.3	**8,159.6**
Assets held for sale	22.0	79.2	
Balance sheet total	35,698.6	35,783.3	**38,533.8**

1) Amounts were restated (see Annual Report 2018, section “Application of new accounting standards and other changes”, page 125 f.).

Equity and liabilities			
€m	30 Sep. 2018 [1]	31 Dec. 2018	30 Sep. 2019
Shareholders' equity and non-controlling interests			
Subscribed share capital	595.2	595.2	**595.2**
Share premium	6,225.4	6,225.4	**6,225.4**
Retained earnings	9,995.3	10,256.6	**10,643.1**
Other components of equity	-1,685.0	-1,647.7	**-758.2**
Equity attributable to shareholders	15,131.0	15,429.7	**16,705.6**
Non-controlling interests	1,325.1	1,392.0	**1,480.0**
Total equity	16,456.1	16,821.7	**18,185.5**
Non-current liabilities			
Bonds payable	9,303.8	8,805.1	**8,031.9**
Bank loans	629.5	631.3	**699.7**
Other non-current interest-bearing liabilities	48.1	51.4	**1,076.8**
Non-controlling interests with put options	20.2	21.1	**23.7**
	10,001.6	9,508.9	**9,832.0**
Pension provisions	1,083.5	1,100.6	**1,211.0**
Deferred taxes	656.2	722.8	**721.2**
Other non-current provisions	1,091.5	1,053.5	**1,069.5**
Other non-current operating liabilities	236.9	249.7	**274.6**
Non-current income tax liabilities	203.3	61.3	**80.6**
	3,271.5	3,187.8	**3,356.9**
Total non-current liabilities	13,273.0	12,696.7	**13,188.9**
Current liabilities			
Bonds payable (current portion)	1,144.6	1,134.6	**2,141.2**
Bank loans (current portion)	115.5	115.1	**151.5**
Other current interest-bearing liabilities	117.3	159.8	**434.0**
Non-controlling interests with put options	48.3	62.3	**40.7**
	1,425.8	1,471.8	**2,767.4**
Pension provisions (current portion)	81.2	97.7	**96.3**
Other current provisions	318.5	255.2	**227.4**
Trade payables	2,362.1	2,605.3	**2,423.1**
Other current operating liabilities	1,567.7	1,565.5	**1,323.6**
Current income tax liabilities	214.2	258.2	**321.5**
	4,543.7	4,781.9	**4,392.0**
Total current liabilities	5,969.4	6,253.7	**7,159.4**
Liabilities associated with assets held for sale	0.1	11.2	
Total liabilities	19,242.6	18,961.6	**20,348.2**
Balance sheet total	35,698.6	35,783.3	**38,533.8**

Consolidated statement of changes in equity

€m	Subscribed share capital	Share premium	Retained earnings	Cash flow hedge reserve
1 January 2018	595.2	6,225.4	9,494.8	4.6
Transfer of AfS reserve due to IFRS 9			-34.0	
Adjustment IFRS 9 and IFRS 15			-9.4	
1 January 2018 adjusted	595.2	6,225.4	9,451.3	4.6
Profit for the period			914.6	
Other comprehensive income [2]			89.7	0.9
Total comprehensive income [2]			1,004.3	0.9
Changes in consolidation scope				
Changes in ownership interests in subsidiaries			-81.2	
Changes in non-controlling interests with put options			-2.3	
Transfer asset revaluation reserve			0.8	
Other changes			-0.7	
Dividends			-377.0	
30 September 2018 [2]	595.2	6,225.4	9,995.3	5.5
1 January 2019	595.2	6,225.4	10,256.6	3.4
Profit for the period			752.4	
Other comprehensive income			-49.1	-1.6
Total comprehensive income			703.2	-1.6
Changes in consolidation scope				
Changes in ownership interests in subsidiaries			98.4	
Changes in non-controlling interests with put options			0.2	
Transfer asset revaluation reserve			1.2	
Other changes				
Capital increase from contribution in kind				
Repayment of capital				
Dividends			-416.7	
30 September 2019	595.2	6,225.4	10,643.1	1.8

1) The accumulated currency translation differences included in non-controlling interests changed in 2019 by € 99.9 million (previous year: -12.5) to € -167.8 million (previous year: -299.4). The total currency translation differences recognised in equity thus amounts to € -953.1 million (previous year: -2,016.7).

2) Amounts were restated (see Annual Report 2018, section "Application of new accounting standards and other changes", page 125 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**
	-34.0	27.5	-1,820.5	-1,822.5	14,493.0	1,494.3	**15,987.4**
	34.0			34.0			
					-9.4		**-9.4**
		27.5	-1,820.5	-1,788.4	14,483.6	1,494.3	**15,977.9**
					914.6	101.2	**1,015.8**
			103.3	104.2	193.9	-33.2	**160.7**
			103.3	104.2	1,108.5	68.1	**1,176.5**
						-39.0	**-39.0**
					-81.2	-23.6	**-104.8**
					-2.3		**-2.3**
		-0.8		-0.8			
					-0.7	1.2	**0.5**
					-377.0	-175.8	**-552.8**
		26.7	-1,717.2	-1,685.0	15,131.0	1,325.1	**16,456.1**
		26.5	-1,677.5	-1,647.7	15,429.7	1,392.0	**16,821.7**
					752.4	113.9	**866.3**
			892.3	890.7	841.5	91.1	**932.6**
			892.3	890.7	1,593.9	205.0	**1,798.9**
						-0.6	**-0.6**
					98.4	26.3	**124.7**
					0.2	18.8	**19.0**
		-1.2		-1.2			
						1.9	**1.9**
						0.3	**0.3**
						-0.2	**-0.2**
					-416.7	-163.4	**-580.1**
		25.2	-785.3	-758.2	16,705.6	1,480.0	**18,185.5**

Segment reporting / Notes

Group areas January - September	Western and Southern Europe		Northern and Eastern Europe-Central Asia		North America	
€m	2018 [1]	2019	2018 [1]	2019	2018 [1]	2019
External revenue	3,622	**3,845**	2,105	**2,132**	3,179	**3,614**
Inter-Group areas revenue	57	**33**	58	**37**		**0**
Revenue	3,678	**3,878**	2,163	**2,170**	3,179	**3,614**
Change to previous year in %		**5.4 %**		**0.3 %**		**13.7 %**
Result from equity accounted investments (REI)	15	**22**	17	**33**	25	**31**
Result from current operations before depreciation and amortisation (RCOBD)	408	**579**	419	**489**	725	**762**
as % of revenue (operating margin)	11.1 %	**14.9 %**	19.4 %	**22.5 %**	22.8 %	**21.1 %**
Depreciation and amortisation	-247	**-311**	-120	**-151**	-217	**-274**
Result from current operations	161	**268**	300	**338**	508	**488**
as % of revenue	4.4 %	**6.9 %**	13.9 %	**15.6 %**	16.0 %	**13.5 %**
Additional ordinary result						
Earnings before interest and taxes (EBIT)	161	**268**	300	**338**	508	**488**
Capital expenditures [3]	226	**254**	69	**86**	165	**178**
Segment assets [4]	7,613	**8,057**	2,494	**2,745**	8,921	**9,708**
RCOBD as % of segment assets	5.4 %	**7.2 %**	16.8 %	**17.8 %**	8.1 %	**7.8 %**
Number of employees as at 30 September	16,010	**15,764**	12,727	**11,522**	9,748	**9,962**
Average number of employees	15,923	**15,813**	12,628	**12,084**	9,507	**9,715**

1) Amounts were restated (see section "Other changes", page 22).
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	
2018 [1]	**2019**	2018 [1]	**2019**	2018 [1]	**2019**	2018	**2019**	2018 [1]	**2019**
2,355	**2,476**	1,226	**1,243**	888	**962**			13,375	**14,273**
10	**10**	24	**17**	389	**362**	-538	**-460**		
2,366	**2,486**	1,250	**1,261**	1,277	**1,325**	-538	**-460**	13,375	**14,273**
	5.1 %		**0.9 %**		**3.8 %**				**6.7 %**
95	**112**	21	**12**	4	**4**			177	**213**
431	**541**	292	**290**	30	**18**	-52	**-53**	2,253	**2,626**
18.2 %	**21.8 %**	23.4 %	**23.0 %**	2.4 %	**1.3 %**			16.8 %	**18.4 %**
-138	**-187**	-74	**-82**	-2	**-3**	-18	**-20**	-816	**-1,029**
292	**354**	219	**207**	28	**14**	-70	**-73**	1,437	**1,597**
12.4 %	**14.2 %**	17.5 %	**16.5 %**	2.2 %	**1.1 %**			10.7 %	**11.2 %**
						94	**-74**	94	**-74**
292	**354**	219	**207**	28	**14**	23	**-148**	1,531	**1,522**
105	**115**	40	**40**	5	**0**	606	**90**	1,216	**762**
4,007	**4,507**	1,480	**1,616**	48	**47**			24,563	**26,681**
10.7 %	**12.0 %**	19.8 %	**17.9 %**	62.6 %	**37.3 %**			9.2 %	**9.8 %**
14,263	**13,400**	6,388	**5,481**	454	**463**			59,589	**56,591**
14,280	**13,744**	6,514	**5,752**	437	**468**			59,288	**57,575**

Notes to the interim consolidated financial statements

Accounting and valuation principles

The interim consolidated financial statements of HeidelbergCement AG as at 30 September 2019 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 2018, 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 2018. Detailed explanations can be found on page 116 f. in the Notes to the Annual Report 2018, which forms the basis for these interim financial statements.

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

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

Application of new accounting standards

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

- **IFRS 16 Leases** provides new regulations for the accounting of leases and replaces IAS 17 (Leases) and related interpretations. For all leases, according to IFRS 16, the lessee has a fundamental obligation to account for rights and obligations arising under leases. In future, lessees will account for the right-of-use asset in the fixed assets as well as a corresponding lease liability. The lease liability is measured at the present value of the lease payments made during the term of the lease. The costs of the right-of-use asset include the initially recognised amount of the lease liability as well as any additional costs connected with the lease. The lease liability is compounded in subsequent periods and reduced by the amount of the lease payments made. The right-of-use asset is amortised on a straight-line basis over the term of the lease contract. Leases with a term of up to 12 months and contracts for low-value assets are exempted from the accounting obligation. For these leases, the lessee has the option of accounting on the basis of the former operating leases.

  The application of IFRS 16 leads to an increase in property, plant and equipment in the balance sheet due to the recognition of right-of-use assets. At the same time, financial liabilities will increase as a result of the recognition of lease liabilities. In the income statement, the expenses are reflected in the depreciation of right-of-use assets and in the interest expenses. In the statement of cash flows, the payments are divided into interest payments and principal payments. While the interest payments are shown in cash flow from operating activities, the principal payments are presented in cash flow from financing activities.

  For the initial application on 1 January 2019, HeidelbergCement applied the modified retrospective method. The previous year’s figures are not adjusted.

  As part of the transition to IFRS 16, payment obligations from existing operating leases will be discounted at the corresponding incremental borrowing rates. The rates were calculated on the basis of the remaining term of the leases. The resulting present values were reported as lease liabilities. The right-of-use assets were capitalised in the amount of the lease liabilities, less the amount of prepaid or accrued lease payments as well as provisions for onerous contracts in connection with leases. Initial direct costs were excluded from the measurement of the right-of-use assets as at 1 January 2019. In determining the lease term, hindsight was used where there were indications that it is reasonably certain that options to extend or terminate the lease will be exercised.

  The existing procedure in accordance with IAS 17 and IFRIC 4 for determining the existence of leases will be retained for existing contracts. HeidelbergCement accounts for leases with a remaining term of less than 12 months as at 1 January 2019 as short-term leases and recognises lease payments as an expense on a straight-line basis. Likewise, lease payments for low-value assets are recognised directly in the income statement. In the case of lease contracts for vehicles and ships containing lease and non-lease components, the components are separated so that only the lease components are accounted for in accordance with the regulations of IFRS 16.

Leases classified as finance leases in accordance with IAS 17 were shown with the carrying amounts of the assets and liabilities as at 31 December 2018.

The adjustments made as at 1 January 2019 in connection with the initial application of IFRS 16 in the consolidated balance sheet are as follows:

Adjustment of the opening balance due to IFRS 16

€m	1 Jan. 2019
Land and buildings	602.4
Plant and machinery	160.5
Other operating equipment	544.6
Other non-financial receivables	-1.9
Total assets	1,305.7
Lease liabilities	1,311.9
Other non-financial liabilities	-1.3
Other provisions	-4.9
Total liabilities	1,305.7

The following table shows the reconciliation of the obligations from future minimum lease payments under non-cancellable operating leases as at 31 December 2018 with the opening balance sheet value of the lease liabilities as at 1 January 2019.

Reconciliation of opening balance of lease liabilities

€m	1 Jan. 2019
Obligations arising from operating leases as of 31 December 2018	1,599.3
Short-term leases	-67.5
Leases of low-value assets	-1.5
Extension options	5.9
Other	90.9
	1,627.0
Discounting	-315.1
Lease liabilities IFRS 16 as at 1 January 2019	1,311.9
Lease liabilities from finance lease IAS 17 as at 31 December 2018	12.7
Lease liabilities as at 1 January 2019	1,324.6

The weighted average incremental borrowing rate applied to the lease liabilities as at 1 January 2019 amounted to 3.4 %.

- **IFRIC Interpretation 23 Uncertainty over Income Tax Treatments** clarifies the accounting of current and deferred tax liabilities and assets in accordance with IAS 12, where there is uncertainty over income tax treatments. The initial application had no impact on the financial position and performance of the Group.

- The **amendments to IAS 28: Long-term Interests in Associates and Joint Ventures** clarify that a company is obliged to apply IFRS 9 (Financial Instruments), including its impairment requirements, to long-term interests in associates or joint ventures that form a substantial part of the net investment in this company and are not accounted for using the equity method. The initial application had no impact on the financial position and performance of the Group.

- The **amendments to IAS 19: Plan Amendment, Curtailment or Settlement** clarify that, following the amendment, curtailment, or settlement of a defined benefit pension plan during the year, the current service cost and net interest for the remaining period are to be remeasured. This remeasurement is to be based on the actuarial assumptions valid at the time that the plan was changed. The amendments did not have any impact on the financial position and performance of the Group.

- As part of the **Annual Improvements to IFRS Standards 2015–2017 Cycle**, the IASB made minor amendments to a total of four standards. The amendments did not have any impact on the financial position and performance of the Group.

Other changes

To improve presentation in the income statement, HeidelbergCement has changed the way the result from associates is shown. HeidelbergCement exclusively holds participations in associates that are engaged in the operating activities of the Group. The associates are managed in a similar way as joint ventures in the cash-generating units of the Group. For this reason, the result from associates is now presented together with the result from joint ventures in the item "Result from equity accounted investments (REI)". The result from other participations is reported in the financial result. The previous year's values have been adjusted accordingly.

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. 2018	**30 Sep. 2019**	01-09/2018	**01-09/2019**
USD	USA	1.1467	**1.0899**	1.1943	**1.1234**
AUD	Australia	1.6268	**1.6146**	1.5764	**1.6069**
CAD	Canada	1.5636	**1.4430**	1.5370	**1.4930**
EGP	Egypt	20.5498	**17.7437**	21.2348	**19.1537**
GBP	Great Britain	0.8990	**0.8869**	0.8840	**0.8829**
INR	India	79.9970	**77.3030**	80.1672	**78.8027**
IDR	Indonesia	16,605	**15,448**	16,874	**15,922**
MAD	Morocco	10.9579	**10.6224**	11.1587	**10.7964**

Business combinations in the reporting period

On 4 January 2019, HeidelbergCement acquired 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, which is subject to usual post-closing adjustments, is made up of a cash payment of €18.9 million and a pre-existing loan receivable against the company in an amount 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 provisionally recognised goodwill of €34.8 million is tax-deductible pro rata. The purchase price allocation has not yet been completed, as the valuations are still to be finalised, particularly with regard to intangible assets and property, plant and equipment as well as corresponding deferred taxes.

On 28 June 2019, HeidelbergCement finalised the acquisition of the aggregates and ready-mixed concrete activities of Cemex in central France. By acquiring 100 % of the shares in Cemex Bétons Centre et Ouest S.A.S., Rungis, France, 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 €25.7 million was paid in cash and is subject to a usual adjustment clause. The provisionally recognised goodwill of €1.9 million, which is not expected to be tax-deductible, represents synergy potential. The purchase price allocation is provisional, primarily because the valuation of property, plant and equipment and deferred taxes 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	North America	France	Total
Intangible assets	1.1		**1.1**
Property, plant and equipment	16.3	26.7	**42.9**
Financial fixed assets		0.1	**0.1**
Inventories	1.2	2.7	**3.9**
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	40.1	**74.3**
Deferred taxes		0.7	**0.7**
Provisions	1.6	4.9	**6.4**
Non-current liabilities	3.5	0.5	**4.0**
Current liabilities	14.7	10.3	**25.0**
Total liabilities	19.8	16.3	**36.1**
Net assets	14.4	23.8	**38.2**

As part of the business combinations, receivables with a fair value of €21.7 million were acquired. These concern trade receivables amounting to €21.6 million and other operating receivables to the amount of €0.1 million. The gross value of the contractual receivables totals €22.3 million, of which €0.6 million is likely to be irrecoverable.

The business combinations have contributed €68.1 million to revenue and €1.2 million to the profit for the period since their acquisition. If the acquisitions had taken place on 1 January 2019, contributions to revenue and the profit for the period would be €29.4 million higher and €0.7 million lower, respectively. The transaction costs of €1.2 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 2 January 2018, our subsidiary Italcementi S.p.A. completed its acquisition of a 100 % shareholding in Cementir Italia and its subsidiaries. All conditions for the closing of the transaction have been fulfilled following the approval of the Italian competition authorities. To expand our market position in Italy, we made an agreement, via Italcementi, with Cementir Holding regarding the acquisition of the entire cement and concrete business line of Cementir Italia S.p.A., Rome, including the fully controlled subsidiaries Cementir Sacci S.p.A. and Betontir S.p.A., on 19 September 2017. The purchase price amounted to €316.0 million and was paid in cash. The acquisition comprises five cement and two cement grinding plants as well as a network of terminals and ready-mixed concrete plants. The goodwill of €98.3 million is not tax-deductible and represents synergy potential.

On 31 January 2018, our Australian subsidiary Hanson Holdings Australia Limited, Victoria, (Hanson Australia) acquired 100 % of the shares in Alex Fraser Pty. Ltd. Group, Victoria, one of Australia's leading manufacturers of recycled building materials and asphalt, from Swire Investments (Australia) Ltd. The purchase price amounted to €134.1 million and was paid in cash. The company operates three production sites in Melbourne and two in Brisbane. The Alex Fraser Group also produces asphalt at two plants in Melbourne. The purchase strengthens our market positions in the urban centers of Melbourne and Brisbane. Hanson Australia is also gaining expertise in the production of asphalt and recycled building materials, which ideally complements the existing business and can be leveraged for entry into additional markets. The goodwill of €67.8 million represents synergy potential and is not tax-deductible.

Hanson Australia also acquired 100 % of the shares in the Suncoast Asphalt Pty Ltd Group, Queensland, on 29 March 2018. The company produces asphalt and supplies customers in the private and public sectors in the South East Queensland region. The final purchase price amounted to €19.0 million and was paid in cash. The purchase price allocation has been completed. The finally recognised, non-tax-deductible goodwill of €12.7 million represents synergy potential. In comparison with the values reported as at 31 December 2018, there were no material adjustments.

To strengthen its market position in Canada, HeidelbergCement acquired a cement plant in the province of Quebec on 7 February 2018 as part of an asset deal. The purchase price of €43.1 million was paid in cash. The purchase price allocation has been completed. The tax-deductible goodwill of €38.4 million represents synergy potential.

In addition, HeidelbergCement acquired 100 % of the shares in both Fairburn Ready-Mix, Inc., Tyrone, and Harrell Aggregate Hauling, Inc., Tyrone, on 6 April 2018 via its US subsidiary Sherman Industries LLC, Wilmington. Fairburn Ready-Mix operates five ready-mixed concrete plants in the Atlanta metropolitan area. Harrell Aggregate Hauling provides transport services. This acquisition complements HeidelbergCement's core business and provides a platform for further growth. The purchase price of €20.9 million is made up of a cash payment of €18.7 million and a purchase price liability of €2.2 million, which was reduced by €0.4 million in the 2019 financial year by means of payments. The purchase price allocation has been completed. The tax-deductible goodwill of €11.7 million represents synergy and growth potential.

On 31 August 2018, HeidelbergCement acquired the business operations of five aggregates quarries in Belgium as part of an asset deal in order to increase its market presence in the aggregates business. The purchase price of €33.3 million was paid in cash. The goodwill of €4.1 million is tax-deductible and represents synergy potential.

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

Fair values recognised as at the acquisition date

€m	Italy	Australia	North America	Belgium	Total
Intangible assets	12.3	10.2	6.6		**29.1**
Property, plant and equipment	166.7	48.7	6.7	27.0	**249.0**
Financial fixed assets	0.9				**0.9**
Deferred taxes	15.1	2.5			**17.6**
Inventories	31.0	1.9	5.1	2.2	**40.2**
Trade receivables	51.2	17.8	2.4		**71.3**
Cash and cash equivalents	25.9	6.4	0.4		**32.8**
Other assets	15.1	0.9	0.1		**16.2**
Assets held for sale	44.2				**44.2**
Total assets	362.4	88.5	21.3	29.2	**501.4**
Deferred taxes	0.5				**0.5**
Provisions	46.3	3.3	6.6		**56.3**
Non-current liabilities	0.0	1.5			**1.5**
Current liabilities	95.9	11.0	0.6		**107.5**
Liabilities associated with disposal groups	2.0				**2.0**
Total liabilities	144.7	15.8	7.3		**167.8**
Net assets	217.7	72.7	14.0	29.2	**333.6**

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

Divestments in the reporting period

As part of its action plan for portfolio optimisation, HeidelbergCement effected a number of divestments during the reporting period, which are described below.

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 amounts to €34.5 million, of which a prepayment of €11.9 million was already received during the 2018 financial year. The divestment resulted in a gain of €23.3 million, which is 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 usual adjustment clause. The loss of €8.4 million resulting from the divestment is reported 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, HeidelbergBeton 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 €144.6 million was due to the realisation of currency translation differences recognised in equity, and was recognised in the additional ordinary expenses.

On 29 April 2019, HeidelbergCement sold its 51 % share in Baustoffwerke Dresden GmbH & Co. KG. The sales price of €9.9 million was paid in cash. The profit on disposal of €4.7 million was recognised in the additional ordinary income.

On 1 July 2019, HeidelbergCement completed the sale of the Testi cement plant in Tuscany, Italy, as well as that of two grinding plants in Piedmont, Italy. The sales price of €76.8 million was paid in cash. The divestment resulted in a gain of €46.0 million, which has been recorded in the additional ordinary income.

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

Assets and liabilities 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**
Assets held for sale	13.7	34.2	23.0		**70.9**
Total assets	13.7	61.0	23.0	12.3	**109.9**
Provisions		0.6		1.1	**1.7**
Liabilities		0.2		5.5	**5.7**
Liabilities associated with disposal groups	1.9	3.4	12.0		**17.3**
Total liabilities	1.9	4.2	12.0	6.6	**24.6**
Net assets	11.7	56.8	11.1	5.7	**85.3**

Incidental disposal costs of €6.1 million arose in connection with the divestments and were recognised in the additional ordinary expenses.

Furthermore, HeidelbergCement effected other divestments that were 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 15 December 2017, HeidelbergCement announced that it had signed an agreement with H+H International A/S and its subsidiary H+H Deutschland GmbH regarding the sale of the sand-lime brick activities. The sale was completed on 28 February 2018. The sale comprises the participations in the indirect subsidiaries Heidelberger Kalksandstein GmbH; KS-QUADRO Bausysteme GmbH, Durmersheim, Germany; and Hunziker Kalksandstein AG, Brugg, Switzerland. Additionally, it includes property belonging to subsidiaries of HeidelbergCement AG. As at 31 December 2017, the divested assets and liabilities were shown as disposal groups in the consolidated balance sheet. The sales price of €109.4 million was paid in cash. The divestment resulted in a gain of €68.6 million, which has been shown in the additional ordinary income.

On 14 February 2018, our US subsidiary Lehigh Cement Company LLC, Wilmington, signed an agreement for the sale of its 51 % participation in Lehigh White Cement Company, Harrisburg, to the non-controlling shareholders Aalborg Cement Company Inc. and Cemex, Inc. The sale was completed on 29 March 2018. The sales price amounted to €117.1 million and was paid in cash. The profit on disposal of €48.1 million was recognised in the additional ordinary income.

On 1 June 2018 and 4 October 2018, our Italian subsidiary Italcementi S.p.A. completed the sale of the cement plant in Maddaloni, Italy, and a terminal in Calabria, Italy, via its subsidiary Cementir Italia S.p.A. With the disposal, HeidelbergCement met a condition imposed by the Italian competition authorities in connection with the acquisition of the Cementir activities in Italy. At the time of Cementir's acquisition, the divested assets and liabilities were shown as disposal groups. The disposal price is made up of a cash payment of €12.5 million and a discounted purchase price receivable of €31.4 million. The profit on disposal amounted to €1.7 million and was recognised in the additional ordinary income. A payment of €7.0 million was received in the 2019 financial year.

On 6 August 2018, HeidelbergCement completed the disposal of its shares in Suez Bags Company S.A.E., Cairo, Egypt. The sales price amounted to €7.8 million and was paid in cash. The divestment resulted in a gain of €4.4 million, which has been recorded in the additional ordinary income.

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

Assets and liabilities as at the date of divestiture

€m	Sand-lime brick activities	North America	Italy	Egypt	Total
Intangible assets		33.6			**33.6**
Property, plant and equipment		27.4		1.3	**28.6**
Inventories		28.9		3.5	**32.4**
Cash and cash equivalents		2.9		2.9	**5.8**
Other assets		19.7		3.4	**23.2**
Assets held for sale	51.9		44.3		**96.2**
Total assets	51.9	112.5	44.3	11.1	**219.8**
Provisions		0.7		0.2	**0.8**
Liabilities		11.7		3.8	**15.5**
Liabilities associated with disposal groups	11.1		2.1		**13.2**
Total liabilities	11.1	12.3	2.1	4.0	**29.5**
Net assets	40.8	100.2	42.2	7.1	**190.2**

Furthermore, HeidelbergCement effected other divestments 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.

Revenue development by Group areas and business lines

January - September	Cement		Aggregates		Ready-mixed concrete-asphalt		Service-other		Intra-Group eliminations		Total	
€m	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019
Western and Southern Europe	1,890	**1,967**	795	**854**	1,365	**1,503**	275	**263**	-648	**-710**	3,678	**3,878**
Northern and Eastern Europe-Central Asia	1,177	**1,180**	397	**391**	461	**466**	297	**292**	-168	**-159**	2,163	**2,170**
North America	1,301	**1,410**	1,197	**1,380**	811	**974**	201	**244**	-331	**-394**	3,179	**3,614**
Asia-Pacific	1,257	**1,349**	447	**425**	847	**910**	56	**39**	-242	**-237**	2,366	**2,486**
Africa-Eastern Mediterranean Basin	972	**1,001**	71	**70**	248	**268**	32	**22**	-72	**-99**	1,250	**1,261**
Group Services					29	**26**	1,257	**1,306**	-9	**-7**	1,277	**1,325**
Inter-Group area revenue within business lines	-43	**-37**	-23	**-23**		**0**	5	**6**			-61	**-54**
Total	6,553	**6,870**	2,885	**3,097**	3,760	**4,146**	2,124	**2,172**	-1,470	**-1,607**	13,852	**14,678**
Inter-Group area revenue between business lines									-477	**-405**	-477	**-405**
Total									-1,947	**-2,012**	13,375	**14,273**

Earnings per share

Earnings per share	January - September	
€m	2018	2019
Profit for the period	1,015.8	**866.3**
Non-controlling interests	101.2	**113.9**
Group share of profit	914.6	**752.4**
Number of shares in '000s (weighted average)	198,416	**198,416**
Earnings per share in €	4.61	**3.79**
Net income from continuing operations – attributable to the parent entity	926.3	**778.9**
Earnings per share in € – continuing operations	4.67	**3.93**
Net loss from discontinued operations – attributable to the parent entity	-11.7	**-26.6**
Loss per share in € – discontinued operations	-0.06	**-0.14**

Goodwill

An impairment test on goodwill in accordance with IAS 36 (Impairment of Assets) is generally performed annually within the HeidelbergCement Group, in the fourth quarter once the operational three-year plan has been prepared or if there are indications for impairment. In this impairment test, the carrying amount of a group of cash-generating units (CGUs) to which goodwill is allocated is compared with the recoverable amount of this group of CGUs. On 30 September 2019, the management carried out an impairment review, which indicated that no impairment loss needed to be recognised.

Consolidated statement of changes in equity

Changes in ownership interests in subsidiaries result primarily from the disposal of 7.8 % of the shares in our Moroccan subsidiary Ciments du Maroc S.A.

In the financial year, dividends of €416.7 million (€2.10 per share) were paid to shareholders of HeidelbergCement AG. Dividend payments to non-controlling interests are primarily the result of dividend payments made by our Indonesian subsidiary PT Indocement Tunggal Prakasa Tbk., amounting to €61.9 million, as well as dividends from our Moroccan subsidiaries Ciments du Maroc S.A. and Industrie Sakia El Hamra "Indusaha" S.A., which totalled €53.2 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 September 2019, overall losses arising from the revaluation amounted to €77.5 million. These include actuarial losses relating to the defined benefit obligation of €714.5 million, arising from the decline in the weighted discount rate of approximately 1.1 percentage points, as well as gains from the revaluation of the plan assets amounting to €632.5 million. The effect of the asset ceiling led to gains of €4.5 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 September 2019						
Assets						
Financial investments – fair value through other comprehensive income	FVOCI	**159.3**	**159.3**			159.3
Financial investments – fair value through profit or loss	FVTPL	**45.2**	**45.2**	21.2		24.0
Loans and other interest-bearing receivables	AC	**244.0**	**247.1**			
Trade receivables and other operating receivables – amortised cost	AC	**2,062.6**	**2,062.6**			
Trade receivables and other operating receivables – fair value through profit or loss	FVTPL	**544.0**	**544.0**		544.0	
Cash and cash equivalents – amortised cost	AC	**2,533.5**	**2,533.5**			
Cash and cash equivalents – fair value through profit or loss	FVTPL	**203.1**	**203.1**	203.1		
Derivatives – hedge accounting	Hedge	**37.2**	**37.2**		37.2	
Derivatives – held for trading	FVTPL	**120.2**	**120.2**		120.2	
Liabilities						
Bonds payable, bank loans and miscellaneous financial liabilities	AC	**11,132.4**	**11,673.7**			
Trade payables and miscellaneous operating liabilities	AC	**3,203.0**	**3,203.0**			
Derivatives – hedge accounting	Hedge	**3.6**	**3.6**		3.6	
Derivatives – held for trading	FVTPL	**114.2**	**114.2**		114.2	
Non-controlling interests with put options	AC	**64.4**	**64.4**			
31 December 2018						
Assets						
Financial investments – fair value through other comprehensive income	FVOCI	**165.2**	**165.2**			165.2
Financial investments – fair value through profit or loss	FVTPL	**47.8**	**47.8**	19.6		28.2
Loans and other interest-bearing receivables	AC	**219.2**	**222.8**			
Trade receivables and other operating receivables – amortised cost	AC	**2,043.8**	**2,043.8**			
Trade receivables and other operating receivables – fair value through profit or loss	FVTPL	**218.2**	**218.2**		218.2	
Cash and cash equivalents – amortised cost	AC	**2,363.7**	**2,363.7**			
Cash and cash equivalents – fair value through profit or loss	FVTPL	**222.2**	**222.2**	222.2		
Derivatives – hedge accounting	Hedge	**7.7**	**7.7**		7.7	
Derivatives – held for trading	FVTPL	**53.8**	**53.8**		53.8	
Liabilities						
Bonds payable, bank loans and miscellaneous financial liabilities	AC	**10,808.7**	**11,002.3**			
Trade payables and miscellaneous operating liabilities	AC	**3,649.6**	**3,649.6**			
Derivatives – hedge accounting	Hedge	**0.9**	**0.9**		0.9	
Derivatives – held for trading	FVTPL	**75.0**	**75.0**		75.0	
Non-controlling interests with put options	AC	**83.4**	**83.4**			

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 €159.3 million (previous year: 165.2). The change in the fair value of the participation is affected by the development of the voluntary insolvency proceedings currently open in accordance with Chapter 11 of the US Bankruptcy Code, and results primarily from currency effects and the reassessment of environmental obligations, which are reported at the value of the expected deductible to be paid, taking into account insurance coverage. The other valuation parameters remained unchanged compared to the 2018 consolidated financial statements. With respect to further possible uncertainties regarding the determination of the fair value of this financial investment, we refer to the explanations on page 170 in the Notes to the Annual Report 2018. During the reporting period, there were no significant changes to the explanations provided there.

The financial investments at fair value through profit or loss include participations of €24.0 million (previous year: 28.2) 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. The decline was primarily due to the disposal of participations. In this context, an overall loss on measurement of €2.8 million was recognised in profit or loss in the result from other participations. With respect to possible uncertainties regarding the determination of the fair value of these financial investments, we refer to the explanations on page 170 in the Notes to the Annual Report 2018. During the reporting period, there were no significant changes to the explanations provided there.

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 €1,456.8 million (previous year: 1,314.7) as well as non-financial liabilities of €818.3 million (previous year: 770.9). Lease liabilities of €1,284.7 million (previous year: 12.7) 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 168 f. in the Notes to the Annual Report 2018. 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 €40.6 million (previous year: 37.6) and essentially concern tax-related 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 different opinion, which could give rise to additional tax liabilities.

Events after the reporting period

On 27 September 2019, HeidelbergCement announced that its North American subsidiary Lehigh Hanson, Inc., had agreed the acquisition of the Keystone cement plant in Bath, Pennsylvania, from Giant Cement, a subsidiary of Elementia S.A.B. de C.V. The Keystone cement plant supplies the markets in Pennsylvania, New Jersey, and New York with bulk and bagged cement. The agreed acquisition price amounts to US$151 million, free of cash and cash equivalents and liabilities. The transaction, which still has to be approved by the competition authorities, is expected to close in the next few months.

Heidelberg, 7 November 2019

HeidelbergCement AG
The Managing Board

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

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The Interim Financial Report January to September 2019 was published on 7 November 2019.

Financial calendar	
Group annual accounts 2019	19 March 2020
Press conference on annual accounts	19 March 2020
First quarter 2020 results	7 May 2020
Annual General Meeting	7 May 2020
Second quarter 2020 results	30 July 2020
Third quarter 2020 results	5 November 2020

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