

Interim report

January to June 2002



HEIDELBERGCEMENT

- Turnover in the first half of the year nearly at previous year's level
- Sales volumes of cement and aggregates stable, ready-mixed concrete sales volumes slightly reduced
- Markedly declining cement demand and increasing pressure on margins in Germany
- Conversion of preference shares into ordinary shares
- Stable turnover expected for the total year; results influenced by extraordinary proceeds and negative market development in Germany

Financial highlights January to June 2002

EURm	January - June	
	2001	2002
Turnover	3,226	3,205
Operating income before depreciation (OIBD)	514	493
Operating income	208	172
Non-operating result	21	48
Results from participations	49	52
Earnings before interest and income taxes (EBIT)	278	272
Profit before tax	155	154
Profit for the financial year	80	135
Group share in profit	75	130
Investments	671	362

Letter to the shareholders

Ladies and Gentlemen,

Contrary to all expectations, the hesitant improvement in the macro-economic environment slowed down compensating effects of the seasonal impairment from the first quarter. Turnover decreased slightly by 0.7 % to EUR 3,205 million (previous year: 3,226). Adjusted for consolidation and exchange rate effects, we recorded a decline of 2.9 %. Operating cash flow at EUR 493 million (previous year: 514) is still lower than the value for the previous year by 4.0 %, as the unsatisfactory situation in Germany in the last few months persisted and also no clear turnaround emerged in other European and US markets. Operating income at EUR 172 million (previous year: 208) has fallen by 17.4 % compared with the first half-year 2001. Financial results improved due to lower interest expenses.

Change of name finalised

Our Annual General Meeting on 7 May 2002 decided to rename the company HeidelbergCement AG. Meanwhile the change has become legally effective through the entry of this resolution in the register of companies. After having been already calling the Group by the new name since the autumn of last year, the parent company now followed this step. The name of the Group is "HeidelbergCement" and the name of the public limited company is now "HeidelbergCement AG".

Conversion of preference shares into ordinary shares

After the Annual General Meeting had likewise approved the conversion of preference shares into ordinary shares, the HeidelbergCement preference share was traded on the stock exchanges for the last time on 12 July 2002. Since then trading in HeidelbergCement shares only takes place in ordinary shares.

In the meantime, the depository banks have carried out the conversion of the preference shares into ordinary shares automatically and free of charge. The holders of actual preference share certificates were requested to present them to a bank by 31 October 2002 to prevent invalidation.

Change in the Supervisory Board

Mr Ernst-Ludwig Laux and Mr Hanspeter Kern, trade union representatives, left the Supervisory Board. Mr Karl-Heinz Strobl and Mr Heinz-Josef Eichhorn were legally appointed as their successors. Similarly, Mr Günter Schneider, representative of the executives, retired from the Supervisory Board. The alternative member, Mr Meinhard Thrul, has succeeded him.

Cement and clinker sales volumes

Cement and clinker sales volumes throughout the Group at the end of June were at the previous year's level with 22 million tonnes. The increases in Central Europe East and in Northern Europe counterbalanced the decreases, particularly in Central Europe West and in Western Europe. Sales volumes in North America stayed nearly constant. The strategic business unit Africa-Asia-Turkey reached the previous year's sales volumes due to the welcome increase in demand in Asia.

Cement and clinker sales volumes

January - June

million tonnes	2001	2002
Central Europe West	2.8	2.5
Western Europe	4.9	4.6
Northern Europe	2.5	2.6
Central Europe East	3.3	4.0
North America	5.8	5.7
Africa-Asia-Turkey	2.7	2.6
Total	22.0	22.0

Employees

In the first half of 2002, 37,646 (previous year: 35,656) employees were working for HeidelbergCement. The increase compared to the previous year is due exclusively to new consolidations in Central Europe East, Northern Europe, and Asia. In the other regions we have reduced the number of employees according to our restructuring measures.

Investments

The investments declined by 46 % to EUR 362 million (previous year: 671). This reflects our aim to decrease the debts in the course of this year.

Prospects

The economic recovery process has slowed down somewhat in the industrialised countries due to weakening momentum in the US. However, the economies in the countries of our Central Europe East region are developing much more dynamically than the average in Western Europe. In Germany, the turnaround in economic activity has been delayed further. There are no prospects for improvement of the economic situation due to structural problems.

HeidelbergCement can lessen the burdening effects, particularly from the German market, through its broad geographical distribution. Central Europe East continues to present a positive picture in spite of a slight slow-down in June. Western and Northern Europe are expected to have a rather stable development. In North America, we expect a slightly declining development due to economic uncertainties. In terms of results, favourable development of costs from the restructuring and optimisation measures in Western Europe and Germany are confronted with somewhat weak markets. Our energy costs will fall further also due to the increasing proportion of secondary fuels. Therefore, on the basis of the information available at the moment, we are assuming that profit for the year 2002 will reach at least the previous year's level.

Heidelberg, 7 August 2002

Yours sincerely,



Hans Bauer

Chairman of the Managing Board

HeidelbergCement on the markets

Central Europe West

Turnover by business lines

EURm	January - June	
	2001	2002
Cement	191	166
Concrete	162	160
Building materials	65	55
Intra-Group eliminations	-18	-20
Total turnover	400	361

The economic revival is getting off the ground extremely slowly. Construction activity has dipped once again since the beginning of the year. Slightly positive signals are coming only from the modernisation sector. Additional detrimental factors result from the ongoing strained competitive situation. Although the weakening trend in the last three months slowed down significantly, our cement and clinker sales volumes at 2.5 million tonnes were 10.3 % lower than the previous year, which was already weak. Deliveries in the ready-mixed concrete and sand-lime bricks operating lines also fell significantly in the first six months. The aggregates sector on the other hand achieved welcome increases in sales volumes. In the course of our concentration on the core businesses of cement and concrete, we have sold the Addiment product group of our subsidiary, Heidelberger Bauchemie, to the Swiss company Sika AG. Turnover in the region fell by 9.8 % to EUR 361 million (previous year: 400).

Western Europe

Turnover by business lines

EURm	January - June	
	2001	2002
Cement	402	392
Concrete	149	143
Building materials	19	-
Intra-Group eliminations	-28	-19
Total turnover	542	516

The first half-year was marked by a weak economic in Belgium and the Netherlands. No recovery is expected for the second half of the year. Cement and clinker sales volumes fell in the region by 6.8 % to 4.6 million tonnes. While the Netherlands in particular experienced high losses, sales volumes in Great

Britain were only just under the previous year's level. Weakening construction industry activity and high competitive pressure also impaired the ready-mixed concrete operating line. The aggregates sector likewise performed somewhat weaker than in the previous year. ENCI, our Dutch subsidiary, has decisively strengthened its operations in the domestic market with the acquisition of the company Paes Bouwtoeleveringen, the third largest sand and aggregates producer in the country. Price increases were able to

compensate in part for the fall in turnover. Overall turnover declined by 4.8 % to EUR 516 million (previous year: 542).

Northern Europe

Turnover by business lines

EURm	January - June	
	2001	2002
Cement	177	187
Concrete	216	196
Building materials	16	19
Intra-Group eliminations	-	-14
Total turnover	409	388

Cement and clinker sales volumes of the seven plants in the Northern Europe region rose in the first half-year by 4.6 % to 2.6 million tonnes. The total cement sales volumes of the Scandinavian plants reached the level of the previous year due to the increased domestic shipments in Norway. The

exports slightly declined because additional deliveries from Sweden were not able to offset a fall in Norwegian exports. The increase in sales volumes in the Northern Europe region is basically due to the first-time consolidation of the Russian Cesla cement plant. Meanwhile, we have increased the participation in the plant situated southwest of St. Petersburg to more than 96 %. The concrete business line was impaired by weak demand in Sweden, Finland and Denmark. Turnover decreased by 5.1 % to EUR 388 million (previous year: 409).

Central Europe East

Turnover by business lines

EURm	January - June	
	2001	2002
Cement	189	228
Concrete	36	49
Building materials	15	16
Intra-Group eliminations	-6	-10
Total turnover	234	283

Economic growth slowed down marginally in the second quarter, but remained above the average of the remaining European countries. The increase in sales volumes in the first half-year 2002, by 18.2 % to just under 4 million tonnes of cement, is basically attributable to the new consolidation of the

Ukrainian plants of Kryvyi Rih and Dniprocement as well as the Kakanj plant in Bosnia. The extended consolidation scope also resulted in the significant increase in the ready-mixed concrete and aggregates operating lines. Turnover increased in the first half-year by 20.9 % to EUR 283 million (previous year: 234). Apart from the improvement in sales volumes, price increases as well as exchange rate effects have contributed to this growth.

North America

Turnover by business lines

EURm	January - June	
	2001	2002
Cement	567	557
Concrete	434	448
Building materials	-	-
Intra-Group eliminations	-66	-74
Total turnover	935	931

The recovery of the US economy has slowed down. Measures to improve the infrastructure and a robust residential construction activity benefited the cement market both in the US and in Western Canada. At the end of June, our cement and clinker sales volumes with

just under 5.7 million tonnes were only slightly lower than the high level of the previous year. Slight price increases were realized in nearly all sales regions. The Union Bridge plant started operation as planned. Increased amortisation, however, led to a decrease in operating income. The Lehigh East sales region, which is supplied by our modernised Union Bridge plant, and Lehigh South performed positively. Cement sales volumes rose particularly on the southern East Coast, especially in Florida, and in Texas, while demand fell in the Mid West, California and Canada. We achieved slight increases in sales volumes in ready-mixed concrete and with aggregates. Turnover fell in the first six months by 0.4 % to EUR 931 million (previous year: 935). Costs rose due to higher power prices in Canada and increased repair costs.

Africa-Asia-Turkey

Turnover by business lines

EURm	January - June	
	2001	2002
Cement	195	189
Concrete	13	17
Building materials	-	-
Intra-Group eliminations	-3	-3
Total turnover	205	203

The situation on the African markets has improved clearly in the second quarter, whereby even our main market in Ghana is benefiting from an increasingly positive performance. Our cement plants in the Asian countries of Bangladesh, the Philippines and Brunei were

able to increase their sales volumes considerably. There was a slight recovery in Turkey in the second quarter in the construction demand, which was greatly impaired at the beginning of the year by poor weather conditions in addition to the economic and

financial crisis. The cement and clinker sales volumes in the Africa-Asia-Turkey region reached the level of the previous year in the first half-year with 2.6 million tonnes. Turnover fell by 1.0 % to EUR 203 million (previous year: 205). The cement and clinker sales volumes of our non-consolidated participation Indocement remained just under the previous year at 5.5 million tonnes. However, Indocement's operating income improved significantly.

Heidelberger Building Materials Europe (HBE)

Turnover by business lines

EURm	January - June	
	2001	2002
Cement	-	-
Concrete	9	-
Building materials	508	500
Intra-Group eliminations	-1	-
Total turnover	516	500

The operating business unit HBE, which operates in 27 European countries, was able to benefit from the strong demand in Scandinavia, Eastern and Southern Europe. Restructuring measures, which affect the German market in particular, already have a positive impact. The main emphasis

for the company in the future will again be the expansion of the broad range of products and the regional distribution. Turnover fell in the first six months by 3.1 % to EUR 500 million (previous year: 516). The margin of operating income before depreciation (OIBD) in percent of turnover rose from 10 % to 12 %.

Group Services

The internationally operating HC Trading was able to increase its trade volume by 3.6 % to 5.5 million tonnes. Increases for clinker were able to compensate for the drop in cement volumes. Turnover fell by 4.1 % to EUR 236 million (previous year: 246).

Group profit and loss account

EUR '000s	April - June		January - June	
	2001	2002	2001	2002
Turnover	1,891,898	1,851,227	3,226,358	3,205,241
Operating income before depreciation (OIBD)	393,667	394,773	513,673	493,185
Depreciation and amortisation	-154,750	-158,794	-305,926	-321,570
Operating income	238,917	235,979	207,747	171,615
Non-operating result	21,640	42,050	21,640	47,910
Results from participations	29,458	39,121	48,818	52,011
Earnings before interest and income taxes (EBIT)	290,015	317,150	278,205	271,536
Financial results	-56,540	-60,560	-123,415	-117,302
Profit before tax	233,475	256,590	154,790	154,234
Taxes on income	-95,232	-42,089	-74,644	-18,885
Profit for the financial year	138,243	214,501	80,146	135,349
Minority interests	-7,869	-7,109	-4,790	-5,572
Group share in profit	130,374	207,392	75,356	129,777
Earnings per ordinary share in EUR (IAS 33)	2.05	3.25	1.18	2.03
Earnings per preference share in EUR (IAS 33)	2.07	3.29	1.23	2.09

* There was no dilution of the earnings per ordinary share in the reporting period.

Group cash flow statement

EUR '000s	January-June	
	2001	2002
Cash flow	304,551	495,799
Changes in operating assets and liabilities	-119,352	-303,092
Net cash from operating activities	185,199	192,707
Intangible fixed assets	-2,034	-12,394
Tangible fixed assets	-389,283	-222,351
Financial fixed assets	-279,980	-119,126
Investments (cash outflow)	-671,297	-353,871¹⁾
Proceeds from fixed assets disposals	155,379	35,320
Cash from changes in consolidation scope	12,864	13,094
Net cash used in investing activities	-503,054	-305,457
Cash capital increase	-	33,554
Dividend payments – parent company	-73,736	-73,736
Dividend payments – minority shareholders	-8,058	-6,660
Proceeds from bond issuance and loans	330,782	58,128
Cash flow from financing activities	248,988	11,286
Net change in cash and cash equivalents	-68,867	-101,464
Effect of exchange rate changes	6,547	-17,315
Cash and cash equivalents at 1 January	491,363	567,739
Cash and cash equivalents at 30 June ²⁾	429,043	448,960

1) Not included are non-cash relevant investments in the amount of EUR '000s: 8,594

2) In the balance sheet, the item short-term investments also lists the market value of hedging transactions amounting to EUR 100.7 million (31 Dec. 2001: EUR 100.2 million) and the available for sale financial assets amounting to EUR 5.2 million (31 Dec. 2001: EUR 35.8 million).

Group balance sheet

Assets

EUR '000s	31 Dec. 2001	30 June 2002
Long-term assets		
Intangible fixed assets	2,497,416	2,478,306
Tangible fixed assets	4,879,251	4,852,339
Financial fixed assets	1,357,791	1,319,480
Fixed assets	8,734,458	8,650,125
Deferred taxes	57,182	94,530
Other long-term receivables	196,144	172,113
	8,987,784	8,916,768
Short-term assets		
Stocks	743,609	718,858
Receivables and other assets	1,339,633	1,596,216
Short-term investments	311,983	229,938
Cash at bank and in hand	391,725	276,162
	2,786,950	2,821,174
Balance sheet total	11,774,734	11,737,942

Liabilities

EUR '000s	31 Dec. 2001	30 June 2002
Shareholders' equity and minority interests		
Capital entitled to shareholders	3,719,659	3,635,328
Minority interests	129,392	147,537
	3,849,051	3,782,865
Long-term provisions and liabilities		
Provisions	1,279,806	1,275,829
Liabilities	3,758,155	4,249,665
	5,037,961	5,525,494
Short-term provisions and liabilities		
Provisions	84,292	79,389
Liabilities	2,803,430	2,350,194
	2,887,722	2,429,583
Balance sheet total	11,774,734	11,737,942

Group equity capital grid

EUR '000s	Capital changes		
	1 Jan. 2002	Increase Decrease	Dividends
Subscribed share capital			
Ordinary shares	147,564	416	
Preference shares	15,488		
	163,052	416	
Capital reserves	1,517,838	8,178	
Revenue reserves	1,924,103		-73,736
Currency translation	123,864		
Company shares	-9,198		
Capital entitled to shareholders	3,719,659	8,594	-73,736
Minority interests	129,392	24,960	-6,660
	3,849,051	33,554	-80,396

* IAS 39

Changes without effects on results			
Profit for the financial year	Exchange rates	Other changes	30 June 2002
			147,980
			15,488
			163,468
			1,526,016
129,777		-27,339*	1,952,805
	-121,627		2,237
			-9,198
129,777	-121,627	-27,339	3,635,328
5,572	-5,727		147,537
135,349	-127,354	-27,339	3,782,865

Notes to the interim report

Accounting and consolidation principles

The accounting and consolidation principles as of 30 June 2002 remained unchanged compared to 31 December 2001.

Results from associated undertakings, revenues from other participations and depreciation of financial fixed assets were combined as results from participations. Income from loans, other interest receivable and similar income, and interest payable as well as similar charges were combined as financial results.

Seasonal nature of the business

As a manufacturer of building materials, in many regions due to poor weather conditions HeidelbergCement produces and sells fewer products in the winter and spring than in the summer and autumn months. The figures for the first quarters of the year, which are generally lower than those of the following quarters, reflect this seasonal variation.

Scope of consolidation

The main changes in the scope of consolidation against 31 December 2001 were the initial incorporation of the German ready-mixed concrete company TBG Transportbeton Schweinfurt GmbH & Co. KG, Schweinfurt and of Silo Plus Internationale Speditionsgesellschaft mbH, Munich into the scope of consolidation. Additionally included into the scope of consolidation were the companies Norsk Stein A/S, Sand/Norway, OAO Cesla, Slancy/Russia, Stema Shipping Ltd., London/United Kingdom, Tvornika Cementa Kakanj d.d., Kakanj/Bosnia-Herzegovina, Kryvyi Rih Cement Mining Combine, Kryvyi Rih/Ukraine, OAO Dniprocement, Dniprodzerschynsk/Ukraine, RMC Romania Beton S.R.L., Mogosoaia/Romania, TBG Hungaria Group, Budapest/Hungary, Vlatavske Sterkopisky Zalezlice A.S., Zalezlice/Czech Republic, Guangzhou Xingyao Concrete Co. Ltd., Guangzhou

City/China. The following companies were removed from the scope of consolidation: Safar N.V., Antwerp/Belgium, Nederlands Cement Transp. Cetra B.V., Uithoorn/Netherlands, Rederij Cement Tankvaart B.V., Papendrecht/Netherlands, and ZEAG Zementwerk Lauffen-Elektrizitätswerk Heilbronn AG.

Beamix Holding B.V., Eindhoven/Netherlands, Heidelberger maxit GmbH, Breisach, Heidelberger Bauchemie GmbH, Heidelberg, and Optiroc Group AB, Sollentuna/Sweden, are consolidated in the strategic business unit Heidelberger Building Materials Europe (HBE).

Segment reporting

Changes occurred in the primary reporting format due to the creation of the new strategic business unit HBE. For reasons of clarity and regional responsibility, eight strategic business units are shown in the segment reporting as of the beginning of the year 2002.

Segment reporting

Regions January to June (Primary reporting format under IAS 14 No. 50 ff)

EURm	Central Europe West		Western Europe	
	2001	2002	2001	2002
External turnover	388	350	538	511
Inter-region turnover	12	11	4	5
Turnover	400	361	542	516
<i>Change to prior year in %</i>		-9.8%		-4.8%
Operating income before depreciation (OIBD)	64	41	115	110
<i>in % of turnover</i>	16.0%	11.4%	21.2 %	21.3%
Depreciation	39	38	61	61
Operating income	25	3	54	49
<i>in % of turnover</i>	6.3%	0.8%	10.0%	9.5%
Results from participations	42	43	5	5
Non-operating result				
Earnings before interest and income taxes (EBIT)	67	46	59	54
Investments (1)	25	24	66	45
Employees	4,627	4,408	4,286	3,953

(1) Investments = in the segments columns: tangible and intangible fixed asset investments;
in the reconciliation column: financial fixed asset investments

Turnover development

by regions and business lines January to June 2002

EURm	Cement	
	2001	2002
Central Europe West	191	166
Western Europe	402	392
Northern Europe	177	187
Central Europe East	189	228
North America	567	557
Africa-Asia-Turkey	195	189
HBE		
Total	1,721	1,719
Group Services		
Inter-region turnover		
Total Group		

Northern Europe		Central Europe East		North America		Africa-Asia-Turkey	
2001	2002	2001	2002	2001	2002	2001	2002
352	342	226	277	935	931	195	193
57	46	8	6			10	10
409	388 -5.1%	234	283 20.9%	935	931 -0.4%	205	203 -1.0%
57 13.9%	53 13.7%	55 23.5%	63 22.3%	142 15.2%	132 14.2%	27 13.2%	28 13.8%
42	44	33	36	69	78	19	21
15 3.7%	9 2.3%	22 9.4%	27 9.5%	73 7.8%	54 5.8%	8 3.9%	7 3.4%
3	2	-2	-1	-1		2	2
18	11	20	26	72	54	10	9
16	20	24	32	207	88	27	12
4,917	5,449	7,368	9,901	6,171	6,262	2,393	2,460

Concrete		Building materials		Intra Group eliminations		Total	
2001	2002	2001	2002	2001	2002	2001	2002
162	160	65	55	-18	-20	400	361
149	143	19		-28	-19	542	516
216	196	16	19		-14	409	388
36	49	15	16	-6	-10	234	283
434	448			-66	-74	935	931
13	17			-3	-3	205	203
9		508	500	-1		516	500
1,019	1,013	623	590	-122	-140	3,241	3,182
						246	236
						-261	-213
						3,226	3,205

HBE		Group Services		Reconciliation		Group	
2001	2002	2001	2002	2001	2002	2001	2002
502	495	90	106			3,226	3,205
14	5	156	130	-261	-213		
516	500 -3.1%	246	236 -4.1%	-261	-213	3,226	3,205 -0.7%
50	60	4	6			514	493
9.7%	12.0%	1.6%	2.5%			15.9%	15.4%
42	42	1	1			306	321
8	18	3	5			208	172
1.6%	3.6%	1.2%	2.1%			6.4%	5.4%
	1					49	52
				21	48	21	48
8	19	3	5	21	48	278	272
26	13			280	128	671	362
5,839	5,106	55	107			35,656	37,646


Exchange rates

		Exchange rates on reporting day		Average exchange rates	
		31 Dec. 2001	30 June 2002	01-06/2001	01-06/2002
	Country	EUR	EUR	EUR	EUR
USD	US	0.8895	0.9914	0.8982	0.8984
CAD	Canada	1.4172	1.5059	1.3779	1.4134
GBP	Great Britain	0.6109	0.6467	0.6235	0.6216
BGL	Bulgaria	1.9592	1.9731	1.9497	1.9377
HRK	Croatia	7.3713	7.3800	7.5485	7.3715
NOK	Norway	7.9748	7.4302	8.1056	7.6659
PLN	Poland	3.5405	4.0144	3.6289	3.6667
ROL	Romania	28,115	33,191	¹⁾	¹⁾
SEK	Sweden	9.3081	9.0831	9.0594	9.1586
CZK	Czech Republic	31.7150	29.4160	34.5471	31.0604
HUF	Hungary	244.6000	244.4500	261.6651	243.1938
TRL	Turkey	1,292,300	1,572,200	¹⁾	¹⁾

¹⁾ In accordance with IAS 21.30 (b) the income and expenses are converted using the exchange rates on the reporting day.

Financial calendar

Interim Report January to September 2002	11 November 2002
First overview of the financial year 2002	21 February 2003
Analysts' and press conference on annual accounts	
Frankfurt	24 March 2003
London	25 March 2003
Annual General Meeting 2003	8 May 2003
Dividend payment	9 May 2003



for better building

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Translation of the interim report January to June 2002.
The German version is binding. You find further information on
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