# Interim Report
## January to December 2001

HEIDELBERGCEMENT

- **Turnover level almost stable, slight minus in sales volumes**
- **Central Europe East markedly in plus, slight increase in North America, sharp decrease in Germany, weak demand in the remaining regions**
- **Market entry in Russia through the acquisition of the Tsesla cement plant near St. Petersburg**
- **Future course is set for improvement in results performance in 2002 - following restructuring and modernisation measures**
- **Managing Board proposes an unchanged dividend**

## Dear Shareholders and Business Associates,

In a difficult environment, HeidelbergCement was able to keep the effects of world-wide weak economic activity within limits thanks to its broad geographical base. The unexpectedly quick downward trend in the course of 2001 has gathered pace in nearly all the industrialised countries. Optimistic forecasts suggest that the economy shall bottom out from the middle of 2002, as a result of improved prospects for the US.

Group turnover of EUR 6,689 million (previous year: 6,809) was 1.8% below the previous year's high level. Adjusted for the effects of consolidation and exchange rates total turnover remained nearly stable.

The results for 2001 are considerably impaired by weakness in demand in Germany and in Western Europe, as well as by comprehensive modernisation and restructuring measures. A direct comparison with the figures for the previous year is only possible with caution because of the exceptional effects, which produced a non-recurring benefit for the 2000 accounts.

The Managing Board intends to recommend to the Supervisory Board at its meeting on 22 March 2002, during which the annual accounts are approved, a dividend for the business year 2001 unchanged from the previous year of EUR 1.15 per ordinary share and of EUR 1.26 per preference share.

## Cement and clinker sales volumes

Cement and clinker sales volumes from the Group decreased in comparison with the year before by 3.3% to 45 million tonnes (previous year: 46.6 million tonnes). The fourth quarter suffered in practically all the regions from intense seasonal impairment.

### Cement and clinker sales volumes

| in million tonnes | January - December | |
|---|---|---|
| | 2000 | **2001** |
| Central Europe West | 6.6 | **5.8** |
| Western Europe | 9.9 | **9.4** |
| Northern Europe | 5.2 | **5.1** |
| Central Europe East | 7.1 | **7.5** |
| North America | 12.1 | **12.0** |
| Africa-Asia-Turkey | 5.7 | **5.2** |
| **Total** | 46.6 | **45.0** |

## Employees

On average for 2001 there were 34,846 employees (previous year: 36,472) working for HeidelbergCement throughout the world. The reduction mainly resulted from restructuring measures in Central Europe West and Central Europe East and the sale of the clay brick operating line in Northern Europe.

## Prospects

It is expected that there will be a gradual improvement in the economic environment in the current year. At the same time, growth in Germany should remain declining, whereas Western Europe - particularly Great Britain - and Northern Europe should fare better. The strongest growth region again in 2002 will be Central Europe East. We expect variable progress for the Africa-Asia-Turkey business unit. The restructuring and modernisation measures carried out in 2001 as well as lower energy and interest costs will have a positive effect on the 2002 results.

Heidelberg, 22 February 2002

Yours sincerely,

Hans Bauer

Hans Bauer
Chairman of the Managing Board

## Central Europe West

The sharp decrease in construction investments in Germany was determined to a considerable extent by the fall in demand in residential construction. Further losses in public sector construction and a weak commercial construction resulted in an overall reduction in construction activity of 5.7 %.

The downward trend in demand for building materials has continued unabated in the fourth quarter. Cement and clinker sales volumes in 2001 sunk by 12.7 % to 5.8 million tonnes. Sales volumes for concrete and building materials were also below the level of the previous year. Turnover decreased in Central Europe West by 7.1 % to EUR 1,399 million overall (previous year: 1,506). The adjustment of building materials activities in particular to the changed market structures has continued and to a large degree has now been concluded.

**Turnover by business lines**

| | January - December | |
|---|---|---|
| EURm | 2000 | **2001** |
| Cement | 447 | **401** |
| Concrete | 376 | **388** |
| Building materials | 724 | **646** |
| Intra-Group eliminations | -41 | **-36** |
| **Total turnover** | 1,506 | **1,399** |

## Western Europe

Whereas construction activity in Great Britain increased by around 2.5 %, the Benelux countries recorded a decrease of approximately 2 %. Cement sales volumes for the region of 9.4 million tonnes remained 4.2 % below the previous year's volumes. Only our British subsidiary, Castle Cement, reached the sales volume level of the previous year. With extensive rationalisation and modernisation measures, competitiveness of the plants has been improved and costs reduced. Last year in Belgium, an efficient dry kiln started production at the Lixhe plant. A further focal point for investment in the region is the increased use of secondary fuels in order to preserve primary resources and to relieve the environment.

The concrete and building materials business lines also suffered losses. Overall, turnover fell by 2.4% to EUR 1,093 million (previous year: 1,120).

**Turnover by business lines**

| | January - December | |
|---|---|---|
| EURm | 2000 | **2001** |
| Cement | 810 | **789** |
| Concrete | 301 | **289** |
| Building materials | 82 | **85** |
| Intra-Group eliminations | -73 | **-70** |
| **Total turnover** | 1,120 | **1,093** |

# Development in the regions

## Northern Europe

**Turnover by business lines**

| | January - December | |
|---|---|---|
| EURm | 2000 | **2001** |
| Cement | 381 | **361** |
| Concrete | 452 | **446** |
| Building materials | 547 | **483** |
| Intra-Group eliminations | -46 | **-43** |
| **Total turnover** | 1,334 | **1,247** |

In 2001, economic growth in the countries belonging to the region of Northern Europe was on average with 1% clearly lower than in the previous year. Because of decreasing domestic demand in Norway, higher imports and a decrease in exports, cement and clinker sales volumes fell by 2.1% to 5.1 million tonnes in total. At the end of the year, HeidelbergCement acquired a majority interest in the Russian Tsesla cement plant in the greater St. Petersburg area, the control of which will strengthen our market position in the Baltic States and Northwest Russia.

In the concrete business line, the operating lines ready-mixed concrete, aggregates and concrete products in particular benefited from prolonged favourable market conditions in Sweden. In the building materials business line, the sales volume figures for the operating lines dry mortar and expanded clay reached the level of the previous year. With the sale of the clay brick operating line at the start of 2001, HeidelbergCement has continued its concentration on core activities.

Turnover in the national currency increased by 2.1%. Mainly negative exchange rate effects at conversion into euros resulted in a minus of 6.5% to EUR 1,247 million (previous year: 1,334).

## Central Europe East

**Turnover by business lines**

| | January - December | |
|---|---|---|
| EURm | 2000 | **2001** |
| Cement | 338 | **422** |
| Concrete | 74 | **77** |
| Building materials | 33 | **30** |
| Intra-Group eliminations | -11 | **-15** |
| **Total turnover** | 434 | **514** |

Slow economic growth in the EU countries also had repercussions in the fourth quarter in Central Europe East. While exports decreased in the last months, domestic demand - with the exception of Poland - remained on a growth course.

Cement and clinker sales volumes increased by just under 6% to 7.5 million tonnes with a sustained, positive trend for the whole year. Improvements were achieved in Hungary in particular. Sales volumes remained stable in the Czech Republic, in Bulgaria and also - against the market trend - in Poland. In Romania, the Casial Deva plant was included in the consolidation scope in 2001 for the first time. Exports from the region have fallen markedly to 0.6 million tonnes. Slight increases for ready-mixed concrete and for the lime operating lines rounded off the positive picture for the region, which produces - with a continuously expanding base - the strongest growth rates in the Group.

Turnover increased in total by 18.5% to EUR 514 million (previous year: 434). Contributions to growth, apart from positive market development, came from extension of the consolidation scope and exchange rate effects.

## North America

The US economy fell into recession in 2001, which moderated growth in gross domestic product to a slight plus of approximately 1 %. The economy in Canada developed in a similar way. The decrease in commercial construction contrasts with a sustained, strong demand in public sector construction and moderate growth in residential construction.

Against this backdrop, it was possible to maintain cement and clinker sales volumes at approximately 12 million tonnes - in spite of slight weakening in the last months - at the record level of the previous year. Cement imports were necessary to the East Coast and California in order to satisfy demand. To a large extent, Group-internal deliveries from our plants in Scandinavia and Turkey covered the necessary imports. The construction of our new plant in Union Bridge, Maryland, was completed in November on schedule. The commissioning of the plant has progressed successfully so far.

Demand in the concrete business line also varied in the individual sales regions. However, overall it was below the level of the previous year. While the sales volumes in ready-mixed concrete reached last year's level, those for aggregates decreased in all the marketing areas.

Revenues developed with regional variations in the US and Canada. The increase in turnover of 4.1 % to EUR 1,990 million (previous year: 1,912) is attributable in part to the higher valuation of the USD. In USD the increase amounted to 1 %.

### Turnover by business lines

| | January - December | |
|---|---|---|
| EURm | 2000 | **2001** |
| Cement | 1,131 | **1,175** |
| Concrete | 931 | **962** |
| Building materials | - | **-** |
| Intra-Group eliminations | -150 | **-147** |
| **Total turnover** | 1,912 | **1,990** |

# Development in the regions

**Turnover by business lines**

| | January - December | |
|---|---|---|
| EURm | 2000 | **2001** |
| Cement | 399 | **389** |
| Concrete | 37 | **27** |
| Building materials | - | **-** |
| Intra-Group eliminations | -12 | **-5** |
| **Total turnover** | 424 | **411** |

## Africa-Asia-Turkey

Angola, Benin, Nigeria, Tanzania and Sierra Leone showed positive market developments. The market in Ghana continued to be difficult. The completed overhaul of the Sokoto plant will strengthen our market position in Nigeria. The cement sales volumes of our consolidated subsidiaries fell in 2001 by 4.4% to 2.6 million tonnes, while the total quantity sold, including those of the associated companies, recorded an increase of 6% to 4.7 million tonnes.

In Asia, cement sales volumes of our consolidated plants in Bangladesh, Brunei and the Philippines decreased by nearly 10% to 1 million tonnes. In April 2001, HeidelbergCement extended its presence in Southeast Asia in a crucial way through the acquisition of a majority stake in Indocement. Indonesia's second-largest cement manufacturer, which is not consolidated, increased its sales volumes by 12.6% to 11.6 million tonnes.

The economic and financial crisis in Turkey had an impact also on the sales volumes of our participations, Akçansa and Karçimsa. While exports of cement and clinker nearly reached the previous year's volumes, domestic shipments suffered a decrease of more than 20%. Therefore, total cement and clinker sales volumes fell by 16.1% to 4.0 million tonnes (1.6 million tonnes pro rata). Demand in the ready-mixed concrete and aggregates operating lines also decreased.

Overall, cement and clinker sales volumes of the strategic business unit Africa-Asia-Turkey, at 5.2 million tonnes, remained 9.3% less than the previous year. Turnover decreased by 3.1% to EUR 411 million (previous year: 424).

## Group Services

The traded volume of internationally operating HC Trading remained unchanged compared with the previous year with 10.6 million tonnes of cement and clinker. The turnover of the Group Services business unit, which also covers world-wide procurement of fossil fuels, improved in comparison with the previous year by 2.6% to EUR 510 million (previous year: 497).

## Turnover development by regions and business lines January to December 2001

| EURm | **Cement** | | **Concrete** | | **Building materials** | | **Intra Group eliminations** | | **Total** | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2000 | **2001** | 2000 | **2001** | 2000 | **2001** | 2000 | **2001** | 2000 | **2001** |
| Central Europe West | 447 | **401** | 376 | **388** | 724 | **646** | -41 | **-36** | 1,506 | **1,399** |
| Western Europe | 810 | **789** | 301 | **289** | 82 | **85** | -73 | **-70** | 1,120 | **1,093** |
| Northern Europe | 381 | **361** | 452 | **446** | 547 | **483** | -46 | **-43** | 1,334 | **1,247** |
| Central Europa East | 338 | **422** | 74 | **77** | 33 | **30** | -11 | **-15** | 434 | **514** |
| North America | 1,131 | **1,175** | 931 | **962** | | | -150 | **-147** | 1,912 | **1,990** |
| Africa-Asia-Turkey | 399 | **389** | 37 | **27** | | | -12 | **-5** | 424 | **411** |
| Total | 3,506 | **3,537** | 2,171 | **2,189** | 1,386 | **1,244** | -333 | **-316** | 6,730 | **6,654** |
| Group Services | | | | | | | | | 497 | **510** |
| Inter-region turnover | | | | | | | | | -418 | **-475** |
| **Total Group** | | | | | | | | | 6,809 | **6,689** |

# Financial calendar

| | |
|---|---|
| Analysts' and press conference on annual accounts | |
| Frankfurt | 26 March 2002 |
| London | 27 March 2002 |
| Annual General Meeting 2002 | 7 May 2002 |
| Interim report January to March 2002 | 7 May 2002 |
| Dividend payment | 8 May 2002 |
| Interim report January to June 2002 as well as analysts' and press conference | |
| Frankfurt | 7 August 2002 |
| London | 8 August 2002 |
| Interim report January to September 2002 | 11 November 2002 |

Translation of the interim report January to December 2001.
The German version is binding.

You find this interim report, further information and photos on HeidelbergCement on the Internet:

www.heidelbergcement.com

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