

# HEIDELBERGCEMENT

## Results 2004

Frankfurt, 23 March 2005  
London, 24 March 2005

## Content

- **Overview**
- **Financial key figures**
- **Results per region**
- **Financial report**
- **Changes in corporate and management structure**
- **Outlook**

## Results 2004 – overview

- **Turnover increased by 5.8% adjusted for currency and consolidation effects**
- **Cement and clinker sales volume exceeds 65 million tonnes**
- **Results in Germany substantially improved**
- **Additional ordinary result shows one-time charges of 674 EURm due to elimination of balance sheet risks**
- **Changes in the managing and supervisory board**
- **Further debt reduction achieved**

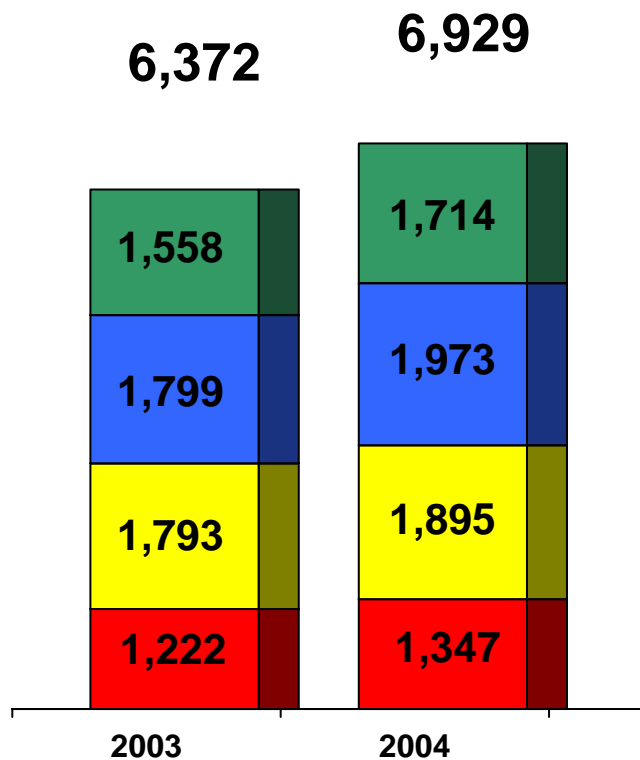
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# Key figures - turnover & OIBD

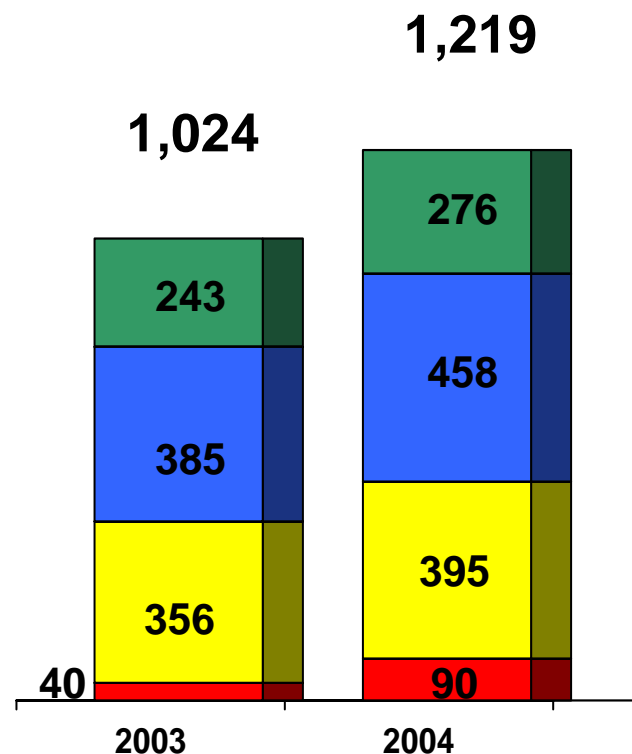
## Turnover (+8.8%)

- in EURm -



## OIBD (+19.0%)

- in EURm -



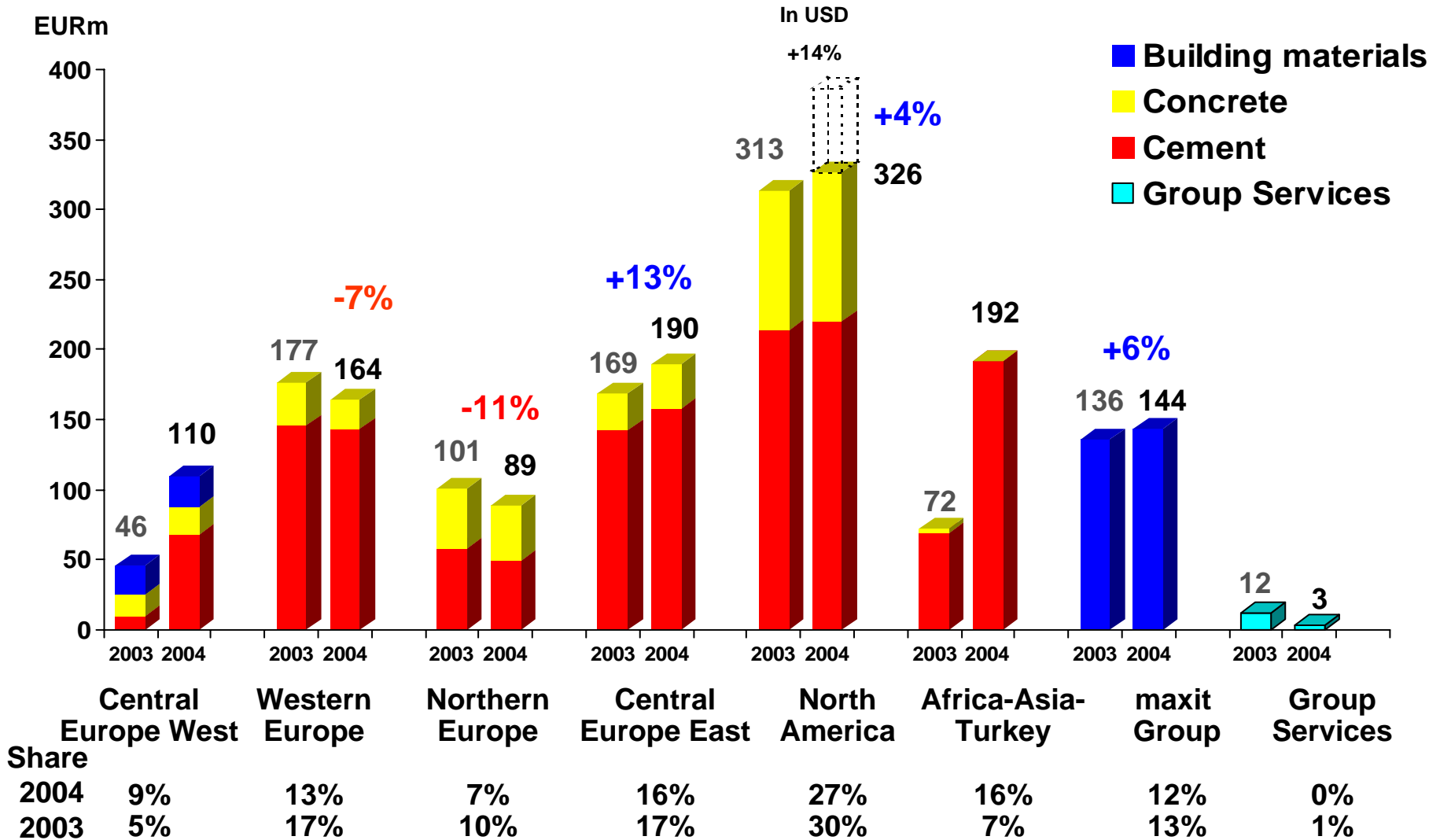
Q1 Q2 Q3 Q4

## Financial key figures – variance analysis

EURm	2003	<b>2004</b>	variance		variance analysis				
					Op.	GW*	Cons.	Curr.	
<b>Turnover</b>	6.372	<b>6.929</b>	558	8,8%	353	5,5%		390	-185
<b>OIBD</b> <i>in % of turnover</i>	1.024 16,1%	<b>1.219</b> <b>17,6%</b>	195	19,0%	121	11,8%		107	-33
<b>Operating income</b>	391	<b>735</b>	344	87,9%	125	31,9%	170	67	-19

\*GW = Effect of cancelation of goodwill amortisation (IFRS 3)

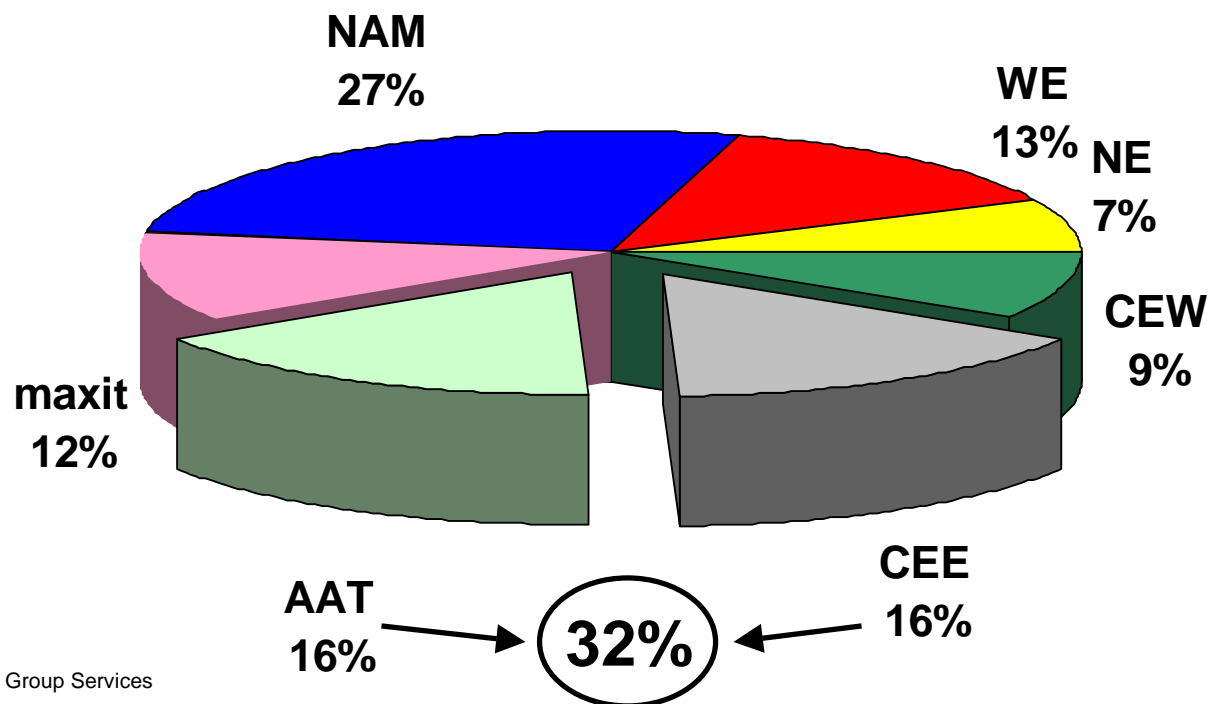
# OIBD per region 2004



OIBD = Operating income before depreciation

## OIBD – regional split

		2000	2001	2002	2003	2004
OIBD	<i>EURm</i>	1.263	1.185	1.147	1.024	<b>1.219</b>
Growth markets	<i>in %</i>	12%	16%	18%	23%	<b>32%</b>
Mature markets	<i>in %</i>	88%	84%	82%	77%	<b>68%</b>



Excl. Group Services

HEIDELBERGCEMENT

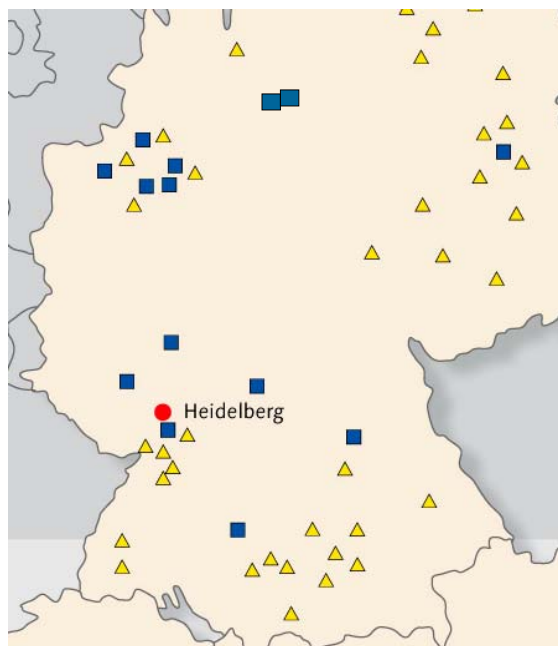
## Cement & clinker sales volume 2004

million tonnes	2003	<b>2004</b>	%
Central Europe West	7,560	<b>7,138</b>	-5,6%
Western Europe	8,750	<b>8,649</b>	-1,2%
Northern Europe	5,361	<b>5,359</b>	0,0%
Central Europe East	9,720	<b>9,804</b>	0,9%
North America	12,531	<b>13,414</b>	7,0%
Africa-Asia-Turkey	7,144	<b>20,822</b>	191,5%
<b>Total</b>	51,066	<b>65,186</b>	27,7%

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## Central Europe West



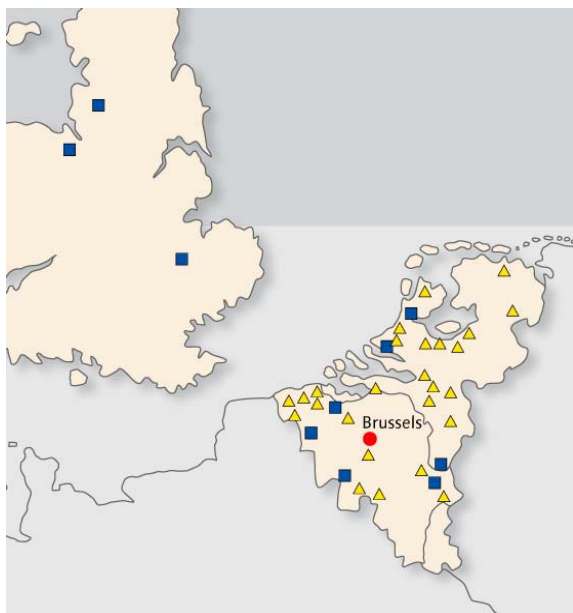
- Cement and clinker shipments decreased by 5.6% to 7.14 mt and by 13% before consolidation effects
- Increase in OIBD due to the end of the price war and cost reduction efforts
- Operating income back to profit
- Further headcount reduction achieved
- Acquisition of Teutonia Zementwerke strengthens market position in Westphalia

EURm	2003	2004	variance		Op.	GW	Cons.	Curr.
Turnover	787	<b>846</b>	59	7,4%	9		50	
OIBD	46	<b>110</b>	64	141,1%	59		5	
<i>in % of turnover</i>	6%	<b>13%</b>						
Operating income	-42	<b>43</b>	85		66	16	3	
Employees	4.589	<b>4.409</b>	-180	-3,9%	-267		87	
<b>Shipments</b>								
Cement/clinker (mt)	7,56	<b>7,14</b>	-5,6%					
Rmc (m cbm)*	8,83	<b>8,37</b>	-5,3%					
Aggregates (mt)*	22,36	<b>24,48</b>	9,5%					

\* incl. non-consolidated volumes

GW = Effect of cancelled  
goodwill amortization (IFRS 3)

## Western Europe



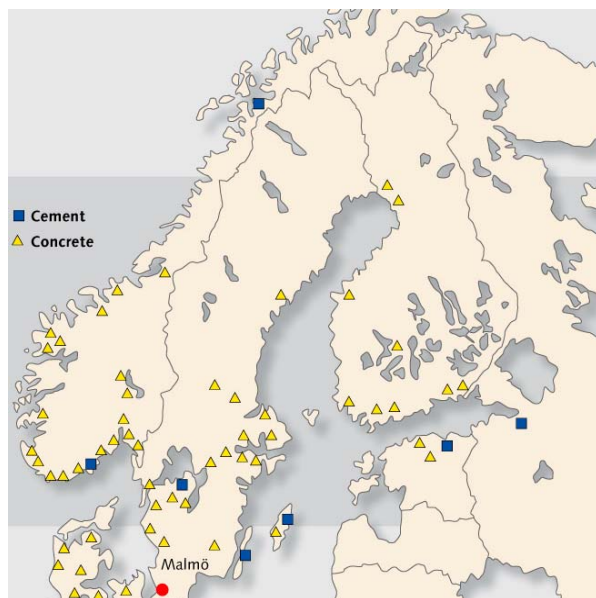
- Cement shipment in UK almost stable
- Belgium and Netherlands affected by imports from Germany, turnaround in Q4 realised
- Restructuring program in Belgium and Netherlands has moved on
- Planned conversion of Dutch cement plant in Maastricht into grinding plant announced

EURm	2003	2004	variance		Op.	GW	Cons.	Curr.
Turnover	959	<b>929</b>	-30	-3,2%	-36			6
OIBD	177	<b>164</b>	-13	-7,1%	-14			1
<i>in % of turnover</i>	18%	<b>18%</b>						
Operating income	47	<b>83</b>	36	77,3%	-9	45		1
Employees	3.840	<b>3.640</b>	-201	-5,2%	-201			
<b>Shipments</b>								
Cement/clinker (mt)	8,75	<b>8,65</b>	-1,2%					
Rmc (m cbm)	2,90	<b>2,73</b>	-5,9%					
Aggregates (mt)*	15,94	<b>15,27</b>	-4,2%					

\* incl. non-consolidated volumes

GW = Effect of cancelled  
goodwill amortization (IFRS 3)

## Northern Europe



- Increased domestic shipments in Norway (16%) and Sweden (7%), strong increase in Estonia and Russia (+26%)
- Kiln line reconstruction in Norway will lead to substantial increase of secondary fuels and cost improvements
- Positive markets in ready-mixed concrete and aggregates

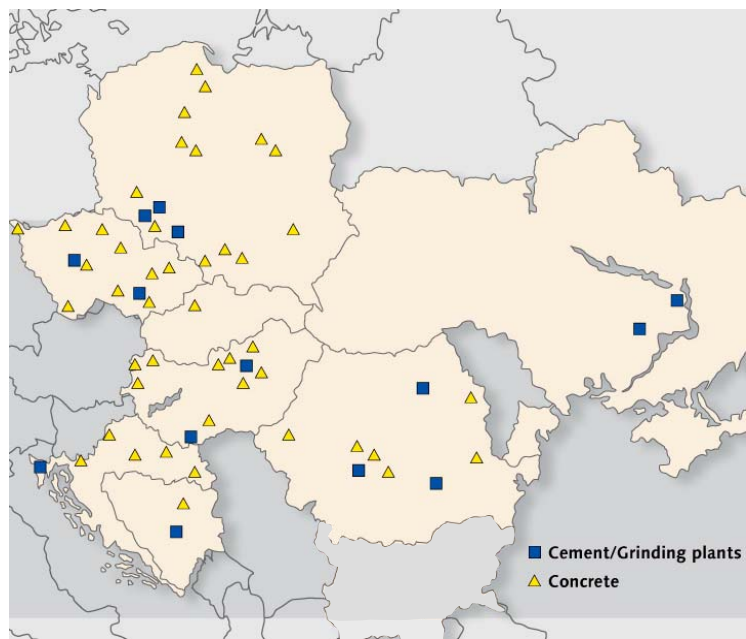
EURm	2003	2004	variance		Op.	GW	Cons.	Curr.
Turnover	758	<b>716</b>	-41	-5,5%	42		-86	3
OIBD	101	<b>89</b>	-12	-11,5%	-6		-6	0
<i>in % of turnover</i>	13%	<b>12%</b>						
Operating income	19	<b>34</b>	15	76,9%	-4	22	-3	0
Employees	4.685	<b>4.084</b>	-601	-12,8%	-35		-566	

### Shipments

Cement/clinker (mt)	5,36	<b>5,36</b>	0,0%
<i>Export (mt)</i>	2,21	<b>1,77</b>	-19,8%
Cem/Cl. export ratio	41%	33%	
Rmc (m cbm)	1,17	<b>1,60</b>	36,0%
Aggregates (mt)	9,87	<b>10,69</b>	8,3%

GW = Effect of cancelled  
goodwill amortization (IFRS 3)

## Central Europe East



**Cement and clinker shipments increased by 9% before deconsolidation of Bulgaria**

**Higher volumes in Romania (20%), Poland (11%) and Ukraine (10%)**

**Better price environment in Romania and Ukraine lead to additional results**

**Further headcount reduction achieved**

<i>EURm</i>	2003	2004	variance		Op.	GW	Cons.	Curr.
Turnover	627	<b>657</b>	30	4,8%	67		-30	-6
OIBD	169	<b>190</b>	21	12,6%	29		-7	-1
<i>in % of turnover</i>	27%	<b>29%</b>						
Operating income	94	<b>135</b>	41	43,9%	28	19	-5	
Employees	9.755	<b>8.363</b>	-1.392	-14,3%	-872		-520	

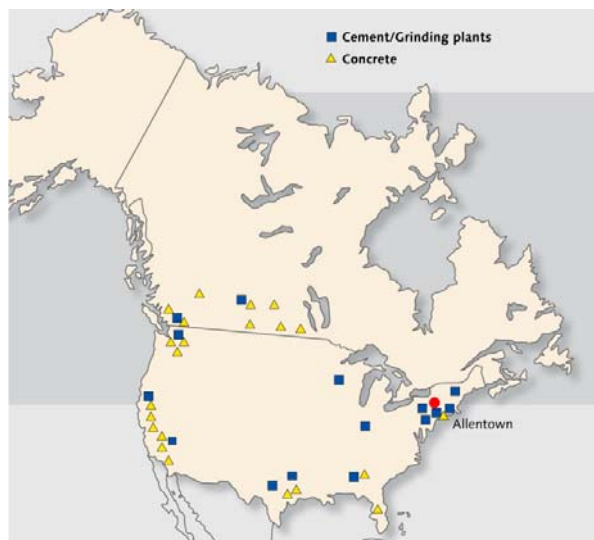
### Shipments

Cement/clinker (mt)	9,72	<b>9,80</b>	0,9%					
Rmc (m cbm)*	3,75	<b>3,99</b>	6,3%					
Aggregates (mt)*	14,93	<b>16,70</b>	11,9%					

GW = Effect of cancelled goodwill amortization (IFRS 3)

\* incl. non-consolidated volumes

## North America



- Cement and clinker shipments increased by 7%
- Highest turnover in North America in the 107 year history of Lehigh
- Operating income before goodwill amortization increased by 19% in USD terms
- Strong improvement due to positive price development and cost cutting after finalization of extensive repairs
- Further price increases announced

<i>EURm</i>	2003	2004	variance		Op.	GW	Cons.	Curr.
Turnover	1.686	<b>1.699</b>	13	0,8%	158			-145
OIBD	313	<b>326</b>	14	4,4%	42			-28
<i>in % of turnover</i>	19%	<b>19%</b>						
Operating income	184	<b>230</b>	46	25,2%	38	25		-17
Employees	5.715	<b>5.551</b>	-164	-2,9%	-164			
<b>Shipments</b>								
Cement/clinker (mt)	12,53	<b>13,41</b>	7,0%					
Rmc (m cbm)	7,10	<b>7,14</b>	0,6%					
Aggregates (mt)	26,30	<b>25,33</b>	-3,7%					

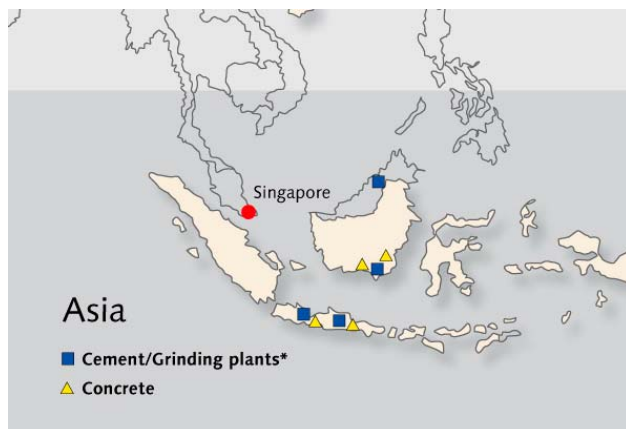
GW = Effect of cancelled goodwill amortization (IFRS 3)

## Africa - Asia - Turkey

- Cement and clinker volume increases like for like by 11%
- Africa, Asia, Turkey represents 16% of the groups OIBD
- Strong increase of operating income in Turkey due to higher prices and better cost structure

<i>EURm</i>	2003	<b>2004</b>	variance		Op.	GW	Cons.	Curr.
Turnover	492	<b>1.007</b>	515	104,8%	113		445	-42
OIBD	72	<b>192</b>	120	167,6%	11		116	-6
<i>in % of turnover</i>	<i>15%</i>	<i><b>19%</b></i>						
Africa	48	<b>45</b>	-3	-5,5%	7		-5	-4
Asia	13	<b>132</b>	119		-1		121	-1
Turkey	11	<b>23</b>	13	122,2%	14			-1
Operating income	26	<b>119</b>	93		5	18	73	-3
Employees	4.201	<b>11.059</b>	6.858	163,2%	-176		7.034	
<b>Shipments</b>								
Cement/clinker (mt)	7,14	<b>20,82</b>	191,5%		GW = Effect of cancelled			
Rmc (million cbm)	1,79	<b>2,55</b>	42,0%		goodwill amortization (IFRS 3)			

## Indocement/Indonesia



- Cement and clinker volume increases by 13%
- Favourable operational development
- 46 EURm currency loss from debt in USD and Yen
- No damages from Tsunami disaster

EURm	2003	2004	Var.		Op.	Curr.
Turnover	427	<b>413</b>	-14	-3,3%	41	-55
OIBD	131	<b>118</b>	-13	-10,1%	4	-17
<i>in % of turnover</i>	31%	<b>29%</b>				
Operating income	84	<b>75</b>	-9	-10,3%	2	-11
Net income	69	<b>10</b>	-60	-85,5%	-51	-9

### Sales volume

Cement/clinker (m tonnes)	11,02	<b>12,47</b>	13,1%
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All numbers according to audited local GAAP. 2003 numbers were not consolidated in Group accounts

## maxit Group

- Growth on all markets with the exception of Germany, Poland and Benelux. Especially good development in Denmark, Baltic, Norway, France, Switzerland, Spain and m-tec.
- Favourable development of cross sales project. (Utilising our whole product on all markets)
- Weak construction market and strong price pressure in Germany

<i>EURm</i>	2003	<b>2004</b>	variance		Op.	GW	Cons.	Curr.
Turnover	1.021	<b>1.053</b>	32	3,2%	21		11	
OIBD	136	<b>144</b>	8	5,9%	8		0	
<i>in % of turnover</i>	<i>13%</i>	<i><b>14%</b></i>						
Operating income	53	<b>88</b>	35	64,8%	11	24	0	
Employees	4.941	<b>4.902</b>	-39	-0,8%	-89		50	

GW = Effect of cancelled  
goodwill amortization (IFRS 3)

## Group Services

- Worldwide leading trading position with a total volume of 12.1 m tons
- Higher turnover is mainly due to higher freight costs
- HC Fuels secured cost efficient coal deliveries with mid-term contracts for our plants

<i>EURm</i>	2003	<b>2004</b>	variance	Op.	GW	Cons.	Curr.
Turnover	417	<b>505</b>	88	21,1%	88		
OIBD	12	<b>3</b>	-9		-9		
<i>in % of turnover</i>	3%	<b>1%</b>					
Operating income	10	<b>2</b>	-7		-9	2	
Employees	48	<b>54</b>	6	12,5%	6		
<b>Traded volume</b>							
Cement (mt)	6,7	<b>6,7</b>	0,8%				
Clinker (mt)	4,3	<b>4,2</b>	-3,6%				
Other	0,9	<b>1,2</b>	32,8%				
Total	11,9	<b>12,1</b>	1,6%				

GW = Effect of cancelled  
goodwill amortization (IFRS 3)

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## Group profit & loss account 2004

EURm	2003	2004	%
Turnover	6.372	<b>6.929</b>	8,8%
<b>Operating income before depreciation (OIBD)</b>	1.024	<b>1.219</b>	19,0%
Depreciation	-633 *	<b>-484</b>	
<b>Operating income</b>	391	<b>735</b>	87,9%
Additional ordinary result	22	<b>-674</b>	
Result from participations	89	<b>67</b>	
<b>Earnings before interest and income taxes (EBIT)</b>	502	<b>128</b>	-74,5%
Financial results	-222	<b>-280</b>	
<b>Profit before tax</b>	280	<b>-152</b>	-154,2%
Taxes on income	-146	<b>-181</b>	
<b>Profit for the financial year</b>	133	<b>-333</b>	
<b>Group share in profit</b>	117	<b>-366</b>	

\* Including goodwill amortisation of 170 EURm

## Additional ordinary result 2004

EURm	2003	2004
Non recurring income and expenses	68,8	-228,1
Exceptional amortization	-47,1	-445,8
<b>Additional ordinary result</b>	<b>21,7</b>	<b>-673,9</b>

Exceptional amortization by region	EURm
- Central Europe West	58
- Western Europe	119
- Northern Europe	163
- Central Europe East	10
- Africa - Asia - Turkey	85
- maxit Group	11
	446

## Group profit & loss account before extraordinary effects

	reported	extraordinary	results before
		effects	effects
EURm	2004		2004
<b>Operating income</b>	<b>735</b>		<b>735</b>
Additional ordinary result	-674	674	0
Result from participations	67	37	104
<b>Earnings before interest and income taxes (EBIT)</b>	<b>128</b>	<b>711</b>	<b>839</b>
Financial results	-280		-280
<b>Profit before tax</b>	<b>-152</b>	<b>711</b>	<b>560</b>
Taxes on income	-181	-11	-192
<b>Profit for the financial year</b>	<b>-333</b>	<b>700</b>	<b>367</b>

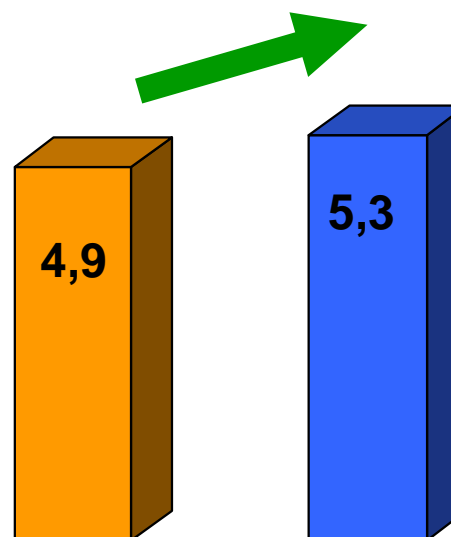
## Results from participations 2004

EURm	2003	2004
Results from associated undertakings	94,6	<b>97,6</b>
Income from other participations	11,6	<b>11,2</b>
Write-offs to other participations	-10,6	<b>-9,3</b>
Write-offs loans	-6,5	<b>-16,3</b>
Amortisation of securities	0,0	<b>-16,4</b>
<b>Results from participations</b>	<b>89,1</b>	<b>66,8</b>

## Financial results 2004

EURm	2003	2004	thereof Indocement	thereof rest of Group
Income from loans	6,5	5,0	0,0	5,0
Other interest receivable and similar income	28,1	31,5	1,7	29,8
Interest payable and similar charges	-243,1	-266,1	-17,6	-248,5
Foreign exchange gains/losses	-13,7	-50,2	-46,7	-3,5
<b>Financial results</b>	<b>-222,2</b>	<b>-279,8</b>	<b>-62,5</b>	<b>-217,3</b>

OIBD / Financial results  
(excl. Exchange gains/losses)



## Taxes 2004

EURm	2003	2004
Current taxes	188,9	<b>195,2</b>
Deferred taxes	-42,6	<b>-14,0</b>
	<u>146,3</u>	<u><b>181,2</b></u>
<b>Reconciliation</b>		
EURm	2003	2004
Profit before tax	279,7	<b>-151,7</b>
Impairment of goodwill (2003: amortisation)	190,0	<b>345,3</b>
Profit before tax and impairment of goodwill	<u>469,7</u>	<u><b>193,6</b></u>
Theoretical tax expense at 26,5 % (Vj. 27,2%) <sup>1)</sup>	127,9	<b>51,3</b>
Changes to the theoretical tax expense due to:		
tax-free earnings (-) and non deductible expenses (+)	-1,7	<b>136,3</b>
tax increase (+), reduction (-) for prior years	22,1	<b>-2,8</b>
changes in tax rate	-2,0	<b>-3,6</b>
<b>Taxes on income</b>	<u>146,3</u>	<u><b>181,2</b></u>

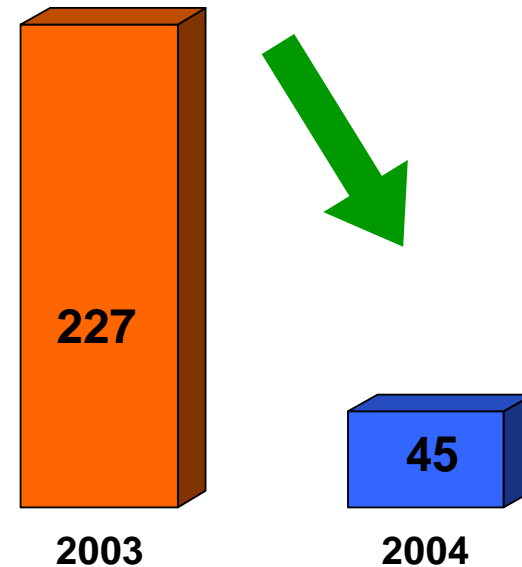
1) w eighted average tax rate

## Group cash flow statement 2004

EURm	2003	2004
<b>Cashflow</b>	790	<b>1.009</b>
Changes in working capital	-130	<b>-72</b>
<b>Net cash from operating activities</b>	660	<b>937</b>
Intangible fixed assets	-9	<b>-16</b>
Tangible fixed assets	-377	<b>-451</b>
Financial fixed assets	-226	<b>-45</b>
<b>Investments</b>	-612	<b>-511</b>
Proceeds from fixed asset disposals	305	<b>138</b>
Cash from changes in consolidation scope	17	<b>65</b>
<b>Net cash used in investing activities</b>	-291	<b>-309</b>
Capital increase	392	<b>0</b>
Dividend payments	-17	<b>-125</b>
Net repayment from bonds and loans	-596	<b>-704</b>
<b>Cash flow from financing activities</b>	-222	<b>-829</b>
Cash & cash equivalents on 31 December	525	<b>305</b>

## Investments in financial fixed assets 2004: 45 EURm

Investments decreased  
to 45 EURm (prior year 227)  
to achieve further debt reduction



### Major investments in 2004

- Increase shareholding in
  - Anneliese Zementwerke AG
  - China Century Cement
- Increase stake in other consolidated companies

## **Disposals 2004: 138 EURm**

### **Major disposals 2004**

- **NOVA Cimangola, Angola**
- **HZ Beton, Austria**
- **SRS Industries, Sweden**
- **HH Fiboment, Sweden**
- **Lime activities, Romania**

## Group balance sheet 31 December 2004

EURm	Dec 2003	Dec 2004	Variance
<b>Assets</b>			
Intangible fixed assets	2.505	<b>2.298</b>	-208
Tangible assets	4.543	<b>5.059</b>	516
Financial assets	1.178	<b>926</b>	-252
Total	8.226	<b>8.282</b>	56
Deferred taxes	168	<b>168</b>	0
Receivables	1.145	<b>1.122</b>	-23
Stocks	667	<b>758</b>	92
Cash & cash eq.	687	<b>385</b>	-302
<b>Balance sheet total</b>	10.893	<b>10.716</b>	<b>-177</b>
<b>Liabilities</b>			
Capital entitled to shareholders	4.031	<b>3.534</b>	-497
Minority interests	154	<b>429</b>	275
Equity	4.185	<b>3.963</b>	-222
Provisions	904	<b>1.236</b>	332
Deferred taxes	519	<b>470</b>	-48
Operating liabilities	995	<b>993</b>	-2
Financial liabilities	4.290	<b>4.054</b>	-237
<b>Balance sheet total</b>	10.893	<b>10.716</b>	<b>-177</b>
Net debt	3.603	<b>3.668</b>	65
Gearing	86,1%	<b>92,6%</b>	

## Net debt maturity structure 2004

<b>Net debt</b>	Dec 03	<b>Dec 04</b>
	EURm	EURm
Financial liabilities	4.290	4.054
Cash & cash equivalents	555	319
IAS 39 valuation adjustment	132	66
<b>Total net debt</b>	<b>3.603</b>	<b>3.668</b>

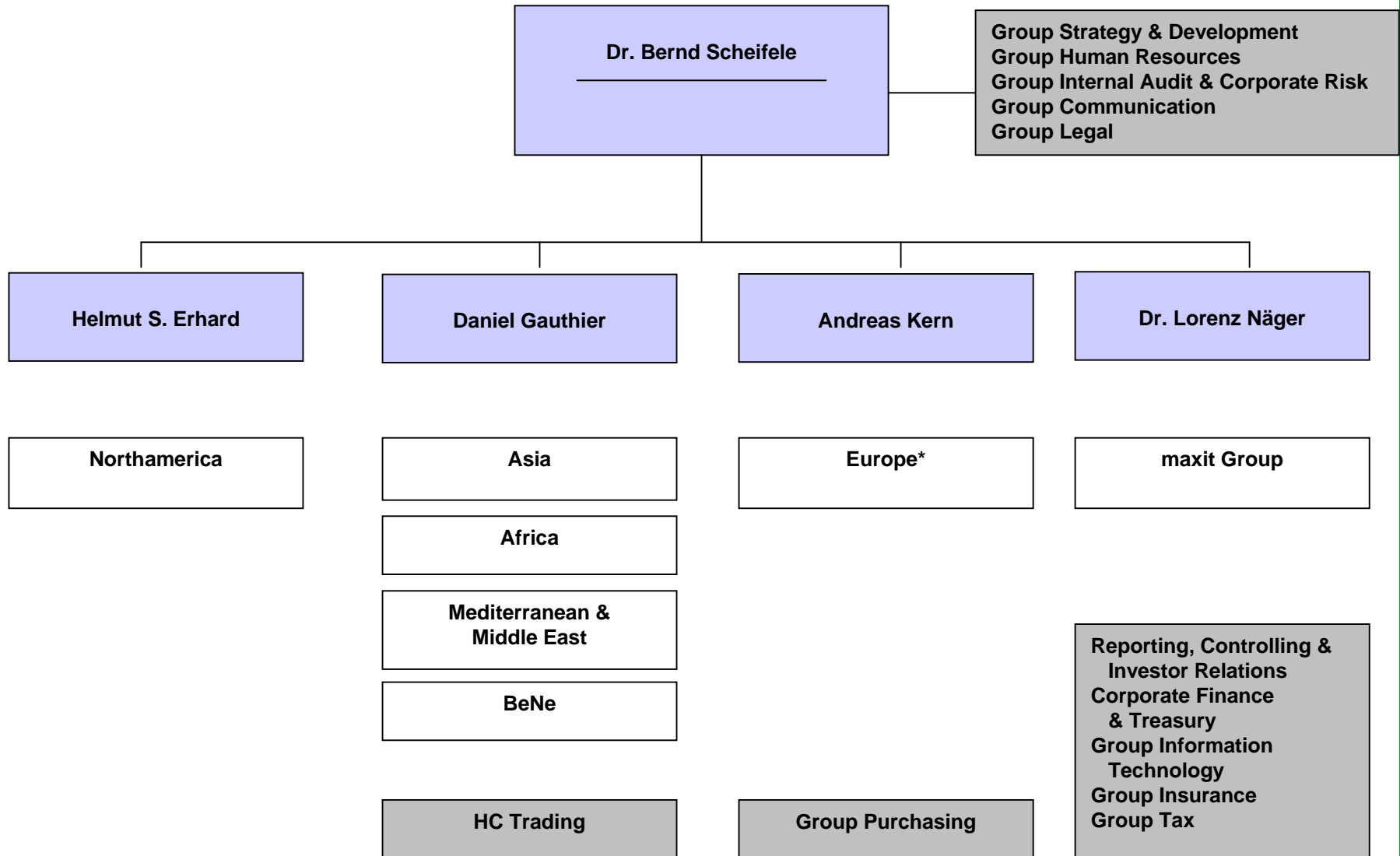
	Dec 03	<b>Dec 04</b>
<b>Net debt maturity structure</b>	EURm	EURm
1 year	207	169
2 years	160	259
3 years	216	1.100
4 years	1.087	477
5 years	391	392
> 5 years	1.542	1.271
<b>Total net debt</b>	<b>3.603</b>	<b>3.668</b>

\* Thereof Indocement 322 EURm; net debt without Indocement 3.346 EURm

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# Reorganisation of the managing board



\*without BeNe

## Centralization of administration functions

### **Planned reorganisation of Group functions from Brussels and Malmö to Heidelberg**

- **Group Strategy & Development until 30.09.2005**
- **Group Internal Audit until 30.09.2005**
- **Corporate Finance / Treasury until 31.12.2005**

### **Planned closure of administration locations**

- **The headquarters in Singapore will be closed as of 30.09.2005**
- **The operating units China, Indonesia, Brunei and Bangladesh will report directly to the responsible board member**
- **The headquarters in Malmö will be closed as of 30.06.2006**

### **Brussels Headquarters**

- **The future personnel and functional structure of the departments in Brussels will be decided after a detailed study**

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- Changes in corporate and management structure
- **Outlook**

## HeidelbergCement Outlook

- **Moderate increase in volumes and sales prices in 2005**
- **North America and emerging markets again the strongest contributors to the growth**
- **Cold and long winter affects Central Europe in Q1 2005**
- **Management focus on efficiency improvement and cost cutting**
- **Planned participation in the global industry consolidation**
- **Elimination of balance sheet risks and capital increase leads to a solid base for further expansion**

# HEIDELBERGCEMENT

Results 2004

Thank you for your attention

Frankfurt, 23 March 2005

London, 24 March 2005