

HEIDELBERGCEMENT

Results 2003

London, 26 March 2004











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Results 2003 – overview

- **Turnover increased by 3,9% adjusted for currency effects**
- **Cement and clinker sales volume exceeds 50 million tonnes**
- **Results decreased due to price war in Germany**
- **Group share in profit before exceptional effects decreased to 136 EURm (Prior year 207 EURm)**
- **Refinancing program successfully completed**
- **EURm 700 debt reduction**
- **Disposal program on track**

Confirmed financial guidance

	HC guidance	Result 2003		
OIBD	1 EURbn	1,024 EURbn		
Net debts	3,7 EURbn	3,6 EURbn		
Gearing	< 90%	86,1%		
Investments	~600 EURm	612 EURm		
Disinvestments	~300 EURm	321 EURm		

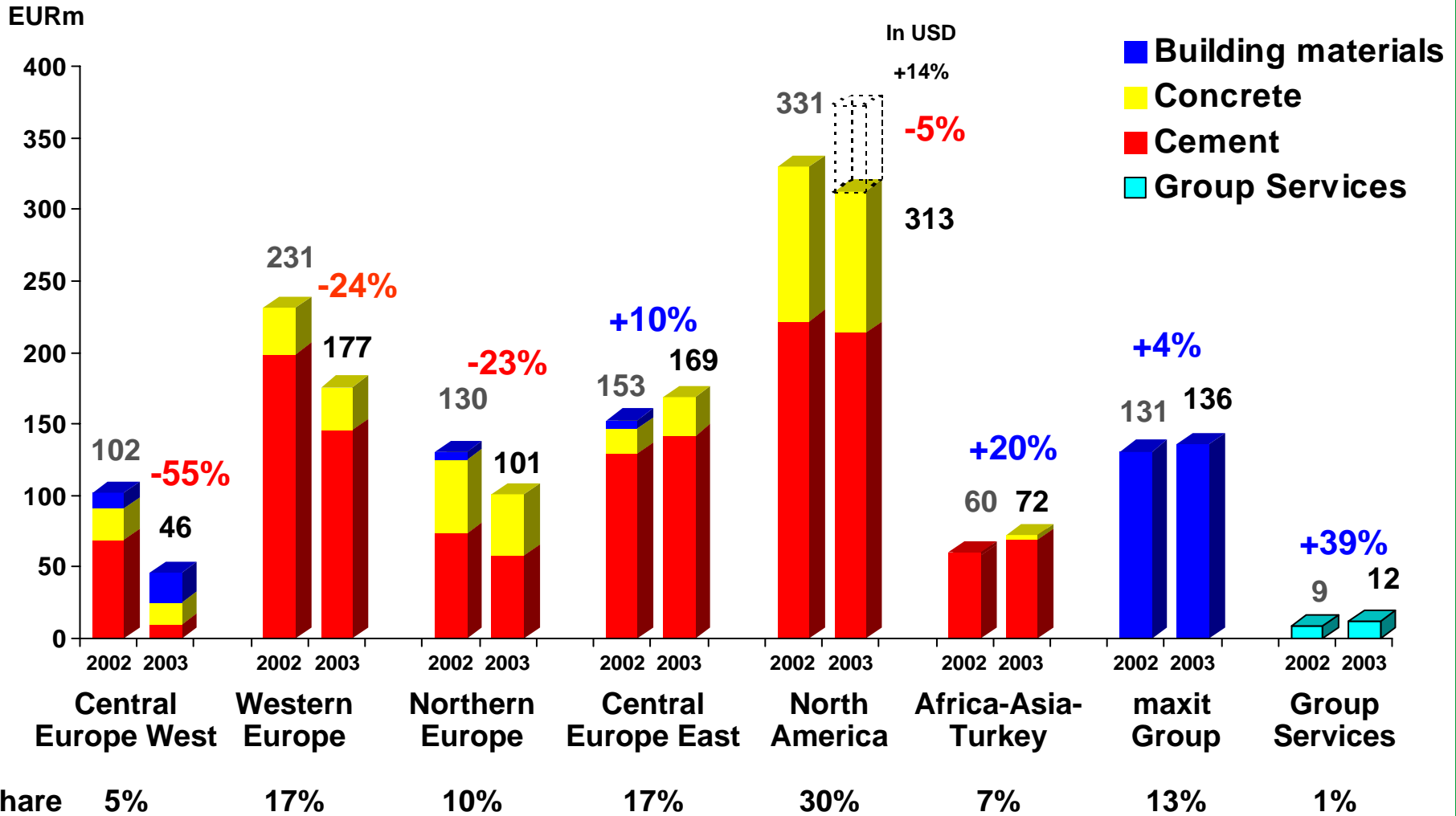
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Financial key figures – variance analysis

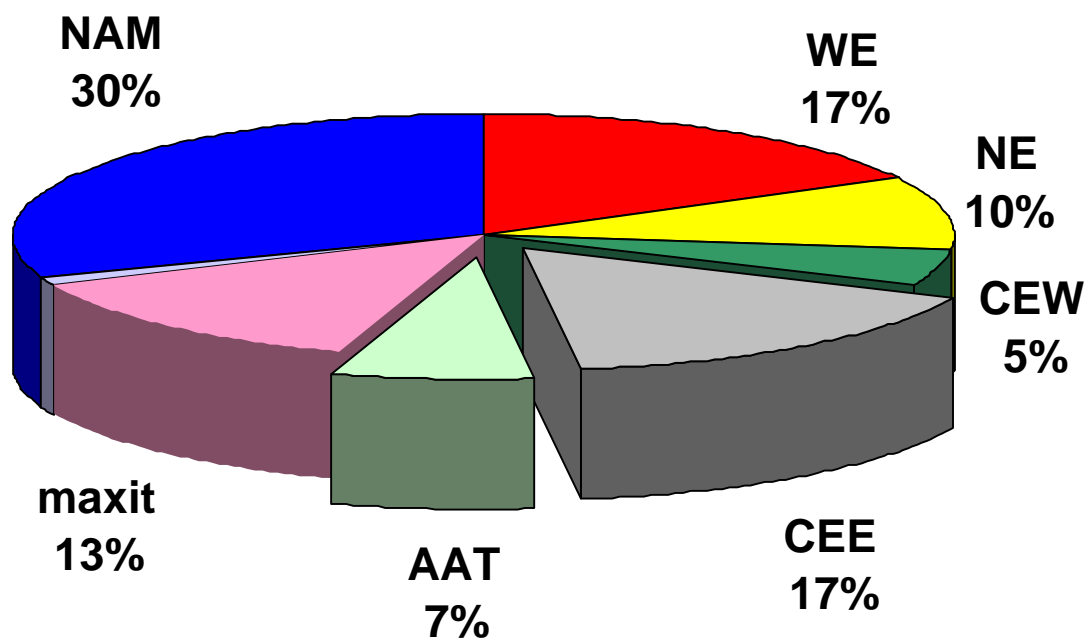
EURm	2002	2003	variance		variance analysis			
					Op.	Cons.	Curr.	
Turnover	6.570	6.372	-198	-3,0%	23	0,3%	232	-453
OIBD	1.147	1.024	-123	-10,7%	-72	-6,3%	34	-85
<i>in % of turnover</i>	17,4%	16,1%						
Operating income	500	391	-109	-21,8%	-70	-14,0%	9	-48

OIBD per region 2003



OIBD – regional split

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



Excl. Group Services 1%

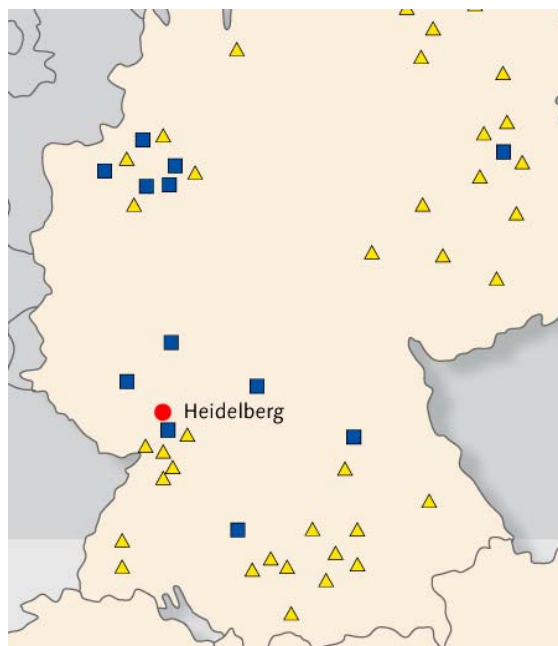
Cement & clinker sales volume 2003

million tonnes	2002	2003	%
Central Europe West	5,262	7,560	43,7%
Western Europe	9,167	8,750	-4,5%
Northern Europe	5,326	5,361	0,7%
Central Europe East	8,751	9,720	11,2%
North America	11,861	12,531	5,6%
Africa-Asia-Turkey	5,427	7,144	31,6%
Total	45,794	51,066	11,5%

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Central Europe West

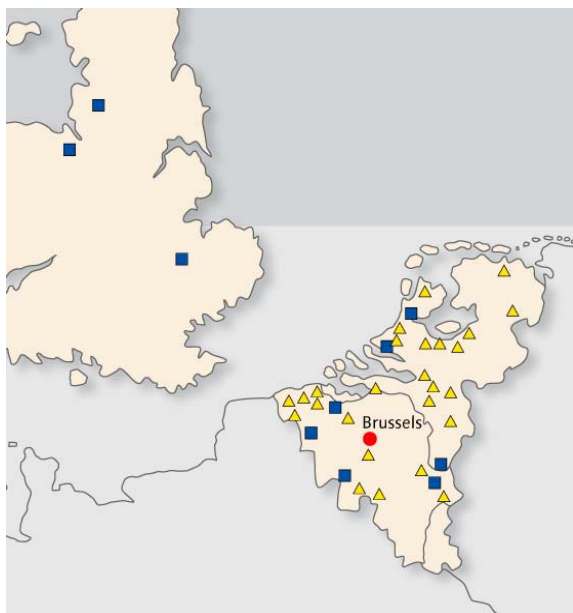


- Restructuring of the German market well on track in 2003 and ongoing
 - Acquisition of Wetzlar plant, Increase in Anneliese, Bosenberg
 - Closure of the Kiefersfelden plant; conversion of Mainz-Weisenau into a grinding plant; shut down of kiln line in Schelklingen
- Price increases more and more in progress
- Cost savings reached 30 EURm

EURm	2002	2003	variance		Op.	Cons.	Curr.
Turnover	755	787	32	4,3%	-108	141	
OIBD	102	46	-56	-55,1%	-65	9	
<i>in % of turnover</i>	13%	6%					
Operating income	17	-42	-59		-54	-6	
Employees	4.470	4.589	119	2,7%	-390	509	
Shipments							
Cement/clinker (mt)	5,26	7,56	43,7%				
Rmc (m cbm)*	8,03	8,75	8,9%				
Aggregates (mt)*	21,88	22,37	2,3%				

* incl. non-consolidated volume

Western Europe

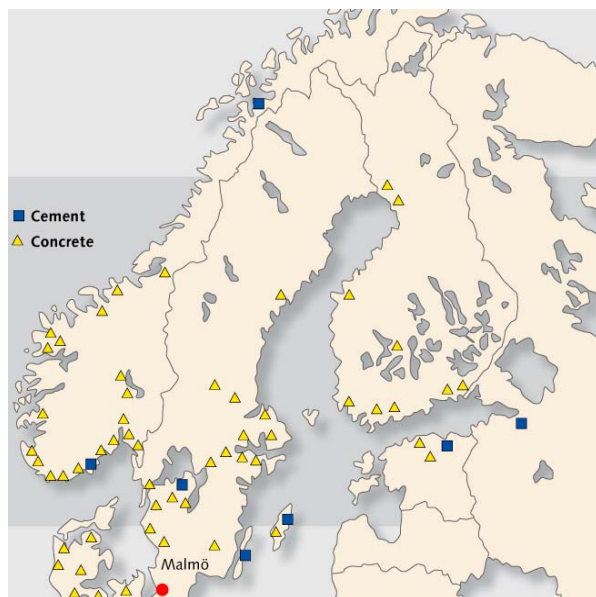


- Cement shipments in UK slightly up, imports from Germany affect the cement market in Belgium and the Netherlands
- Cost saving measures intensified (working capital, investments, maintenance and productivity)
- Construction of oven line in Padeswood well on track
- Uniting of cement activities in Belgium and the Netherlands as of 2004

EURm	2002	2003	variance		Op.	Cons.	Curr.
Turnover	1.023	959	-64	-6,2%	-56	20	-28
OIBD	231	177	-54	-23,6%	-52	4	-6
<i>in % of turnover</i>	23%	18%					
Operating income	105	47	-58		-56	3	-4
Employees	3.894	3.840	-54	-1,4%	-116	62	
Shipments							
Cement/clinker (mt)	9,17	8,75	-4,5%				
Rmc (m cbm)*	4,61	4,28	-7,2%				
Aggregates (mt)*	11,20	15,94	42,3%				

* incl. non-consolidated volume

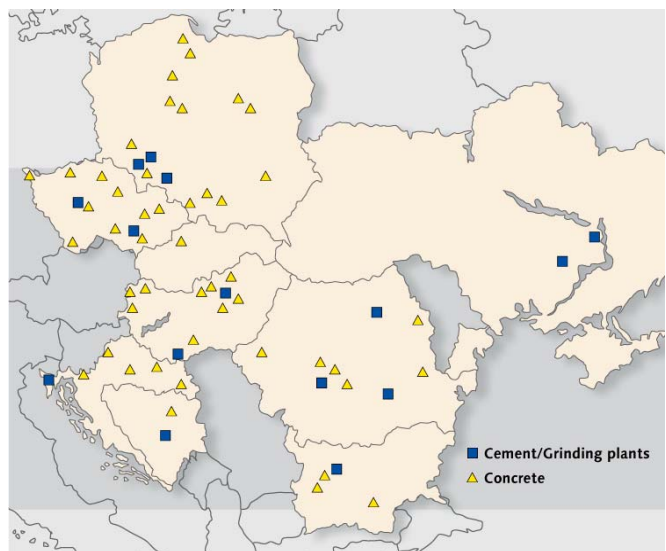
Northern Europe



- Increased shipments of 3% in Sweden and in Norway, strong increase of 16% in Estonia and 30% in Russia,
- Results affected by lower income from exports and higher energy costs in the first half 2003
- Desinvestment of Swedish Rail Construction and Lohja Abetoni (Finland)

<i>EURm</i>	2002	2003	variance		Op.	Cons.	Curr.
Turnover	872	758	-114	-13,1%	15	-130	
OIBD	130	101	-29	-22,7%	-14	-15	
<i>in % of turnover</i>	15%	13%					
Operating income	43	19	-24	-55,4%	-12	-12	
Employees	5.368	4.685	-683	-12,7%	78	-761	
Shipments							
Cement/clinker (mt)	5,33	5,36	0,7%				
<i>Export (mt)</i>	2,34	2,21	-5,6%				
Rmc (m cbm)	0,99	1,17	18,1%				
Aggregates (mt)	9,18	9,87	7,5%				
Cement/Clinker export quote	44%	41%	-6,3%				

Central Europe East



- Overall positive economic development in Central Europe East, cement and clinker shipments increased by 11%
- Recovery of Poland in the 2nd half of 2003
- Strong development in Romania
- Bulgarian assets sold at the end of 2003
- Cement market leader in all our markets

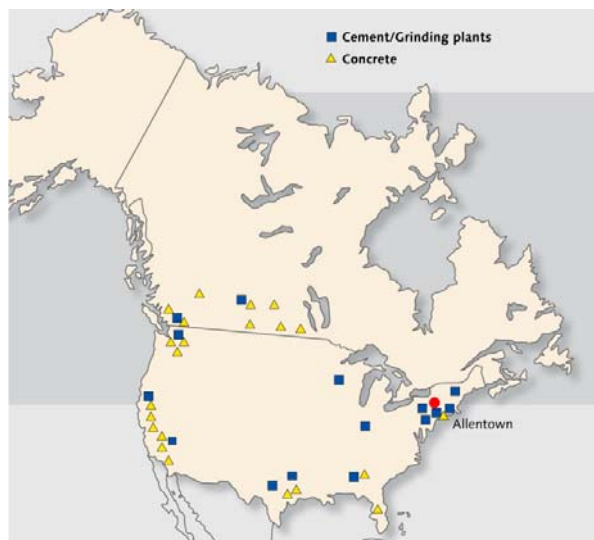
<i>EURm</i>	2002	2003	variance		Op.	Cons.	Curr.
Turnover	610	627	17	2,7%	1	58	-42
OIBD	153	169	16	10,4%	13	14	-11
<i>in % of turnover</i>	25%	27%					
Operating income	84	94	10	11,5%	8	9	-8
Employees	9.600	9.755	155	1,6%	-1.220	1.375	

Shipments

Cement/clinker (mt)	8,75	9,72	11,0%
Rmc (m cbm)*	3,35	3,75	12,0%
Aggregates (mt)*	12,05	14,34	19,0%

* incl. non-consolidated volume

North America



- Overall positive development in the United States and Canada
- Cement and clinker shipments increased by 6%
- Strong volume growth of Canadian market
- Operating income increased by 20% in USD terms
- Extensive cost improvement program initiated
- Conversion to coal in Edmonton leads to better results

<i>EURm</i>	2002	2003	variance		Op.	Cons.	Curr.
Turnover	1.865	1.686	-179	-9,6%	133		-312
OIBD	331	313	-18	-5,4%	40		-57
<i>in % of turnover</i>	18%	19%					
Operating income	180	184	4	2,0%	36		-32
Employees	5.923	5.715	-208	-3,5%	-208		
Shipments							
Cement/clinker (mt)	11,86	12,53		5,6%			
Rmc (m cbm)	6,77	7,10		5,0%			
Aggregates (mt)	25,14	26,30		4,6%			

Africa - Asia - Turkey

- Increase of cement shipments in Africa, especially in Ghana, Togo, Sierra Leone, Angola and Tanzania
- Proportional consolidation of China Century Cement (49%) starting July 2003; Volumes in China are up by 6%
- In Turkey total cement and clinker shipments up 5%, Inflation rate substantially decreased to 14%, reduced income from exports could be offset by cost improvements

<i>EURm</i>	2002	2003	variance		Op.	Cons.	Curr.
Turnover	425	492	67	15,8%	33	105	-71
OIBD	60	72	12	19,7%	5	17	-10
<i>in % of turnover</i>	14%	15%					
Africa	42	48	6	14,7%	2	14	-9
Asia	6	13	7	112,7%	5	4	-1
Turkey	12	11	-1	-9,1%	-1	0	0
Operating income	20	26	6	29,8%	-1	11	-4
Employees	2.513	4.201	1.688	67,2%	-356	2.044	
Shipments							
Cement/clinker (mt)	5,43	7,14	31,6%				
Rmc (million cbm)	1,19	1,79	51,1%				

maxit Group

- Positive development due to cost reduction
- New dry mortar production facilities in Russia and China finished until early 2005
- Operating income before consolidation effects increased by 9 % mainly due to further improvements in Germany
- Realistic growth path for the future due to penetration of new markets and use of products in all countries

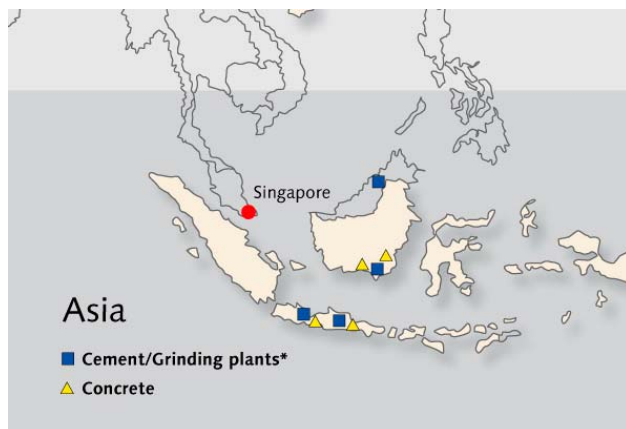
<i>EURm</i>	2002	2003	variance		Op.	Cons.	Curr.
Turnover	1.010	1.021	11	1,1%	-27	38	
OIBD	131	136	5	3,7%	-1	6	
<i>in % of turnover</i>	<i>13%</i>	<i>13%</i>					
Operating income	45	53	8	18,9%	4	4	
Employees	4.885	4.941	56	1,1%	-225	281	

Group Services

- Worldwide leading trading position with volume increase by 7 %
- Decrease of clinker was more than compensated by cement
- HC Fuels secured cost efficient coal deliveries with mid-term contracts for our plants

<i>EURm</i>	2002	2003	variance		Op.	Cons.	Curr.
Turnover	453	417	-36	-7,9%	-36		
OIBD	9	12	3	38,5%	3		
<i>in % of turnover</i>	1,9%	2,9%					
Operating income	6	10	4				
Employees	108	48	-60	-55,6%	-2	-58	
Traded volume							
Cement (mt)	5,4	6,7	23,8%				
Clinker (mt)	5,1	4,3	-16,3%				
Other	0,6	0,9	50,0%				
Total	11,1	11,9	6,7%				

Indocement/Indonesia (not consolidated)



- Stable cement consumption, intensive competition in the domestic market
- Further orientation towards core business
- Net debts by the end of December at 433 EURm (prior year 667 EURm)
- Consolidation of Indocement from 2004 onwards

EURm	2002	2003	Var.	Op.	Cons.	Curr.
Turnover	448	427	-21 -4,7%	24		-45
OIBD	160	131	-28 -17,8%	-12		-16
<i>in % of turnover</i>	36%	31%				
Operating income	109	84	-25 -23,2%	-14		-11
Net income	120	69	-53 -43,0%	-41		-12

Sales volume

Cement/clinker (m tonnes)	11,47	11,02	-3,9%
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Group profit & loss account 2003

EURm	2002	2003	%
Turnover	6.570	6.372	-3,0%
Operating income before depreciation (OIBD)	1.147	1.024	-10,7%
Depreciation*	-647	-633	
Operating income	500	391	-21,8%
Additional ordinary result	-1	22	
Result from participations	71	89	
Earnings before interest and income taxes (EBIT)	570	502	-11,9%
Financial results	-228	-222	
Profit before tax	343	280	-18,4%
Taxes on income	-81	-146	
Profit for the financial year	262	133	-49,2%
Group share in profit	248	117	-52,8%

* Including goodwill amortisation of 170 EURm (prior year 158 EURm)

Results from participations and financial results 2003

EURm	2002	2003
Results from associated undertakings	103,5	94,6
Income from other participations	11,3	11,6
Write-offs to other participations	-27,2	-10,6
Write-offs loans	-6,2	-6,5
Amortisation of securities	-10,0	0,0
Results from participations	71,4	89,1

EURm	2002	2003
Income from loans	18,9	6,5
Other interests receivables and similar charges	36,9	28,1
Interest payables and similar charges	-288,1	-243,1
Foreign exchange gains/losses	4,7	-13,7
Financial results	-227,6	-222,2

Financial result

EURm	2002	2003
Average net debt	-4.565	-3.994
Average interest rate	5,1%	4,5%
Theoretical interest costs	-232,8	-179,7
Higher financing		
- High yield bond		-19,1
- New syndicated loans		-5,4
- Redemption on subsidiary level		-1,0
		<u>-25,5</u>
Other	0,5	-3,3
	<u>-232,3</u>	<u>-208,5</u>
Foreign exchange gains/losses	4,7	-13,7
	<u>-227,6</u>	<u>-222,2</u>

- **Decrease of interest rate due to market development**
- **Higher refinancing costs**
 - Higher risk premium
 - Higher share of long term interest
- **Foreign exchange losses**
 - Portion of receivables and liabilities were not held in local currency

Taxes 2003

EURm	2002	2003
Profit before tax	342,8	279,8
Amortisation of goodwill	159,5	190,0
Result before taxes and amortisation of Goodwill	502,3	469,7
Theoretical tax expense at 27,2% (Vj. 32,1%) ¹⁾	161,2	127,9
- tax-free earnings and non-deductible expenses	3,0	-1,7
- tax reduction due to dividends of HeidelbergCement AG	-11,3	
- tax increase (+), reduction (-) for prior years	-53,3	22,1
- changes in tax rate	-19,2	-2,0
Prior year effects	-80,9	18,4
Taxes on income	80,4	146,3

1) weighted average tax rate

Group cash flow 2003

EURm	2002	2003	variance
OIBD	1.147	1.024	-123
Additional ordinary result before depreciation	17	69	52
Dividends received	23	28	5
Interest paid	-271	-227	44
Taxes paid	-61	-139	-78
Elimination of non-cash items	99	36	-64
Cash flow	953	790	-163

Group cash flow statement 2003

EURm	2002	2003
Cashflow	953	790
Changes in working capital	-8	-129
Net Cash from operating activities	945	661
Intangible fixed assets	-19	-9
Tangible fixed assets	-439	-377
Financial fixed assets	-218	-226
Investments	-675	-612
Other proceeds	277	321
Net cash used in investing activities	-398	-291
Capital increase	-1	392
Dividend payments	-87	-17
Proceeds from bonds issuance and loans	-586	-597
Cash flow from financing activities	-674	-222
Cash & cash equivalents at 31 Dec 2003	399	525

Investments in financial fixed assets 2003: 227 EURm

Major acquisitions 2003

- **Acquisitions in Germany to become market leader**
 - **Anneliese Zementwerke AG**
 - Increase share from 41% to 97%
 - **Hüttenzement, Königs Wusterhausen**
 - **HC Produktionsgesellschaft, Wetzlar**

- **China Century Cement**
 - Share raised by 19% to 49%

- **Ekocem sp. z. o. o. Poland**

- **Increase stake in other consolidated companies**

Other proceeds 2003: 321 EURm

Major disposals 2003

- **Zlatna Panega, Bulgaria**
- **Limay Grinding, Philippines**
- **Paes Bouwtoelevering B.V., Netherlands (50%)**
- **Swedish Rail Construction, Sweden**
- **Lohja Abetoni, Finland**
- **Lime activities in Czech Republik, Hungary and Poland**

Group balance sheet 31 December 2003

EURm	2002	2003	Var.
Assets			
Intangible fixed assets	2.397	2.505	108
Tangible assets	4.665	4.543	-122
Financial assets	1.399	1.178	-221
Total	8.462	8.226	-236
Deferred taxes	148	168	20
Receivables	1.230	1.145	-85
Stocks	693	667	-26
Cash & cash eq.	606	687	81
Balance sheet total	11.139	10.893	-246
Liabilities			
Equity	3.846	4.185	339
Provisions	882	904	22
Deferred taxes	496	519	22
Operating liabilities	1.003	995	-9
Financial liabilities	4.911	4.290	-621
Balance sheet total	11.139	10.893	-246
Net debt	4.305	3.603	-702
Gearing	111,9%	86,1%	

Net debt 2003

Net Debt	Dec 02	Dec 03
	EURm	EURm
Financial Liabilities	4.911	4.290
Cash & cash equivalents	411	555
IAS 39 valuation adjustment	195	132
Total Net Debt	4.305	3.603

	Dec 02	Dec 03
Net Debt maturity structure	EURm	EURm
1 year	594	207
2 years	733	160
3 years	588	216
4 years	237	1.087
5 years	1.134	391
> 5 years	1.019	1.542
Total Net Debt	4.305	3.603

Financial key ratios 2003

	2002	2003
Return on turnover	4,0%	2,1%
Return on equity	6,8%	3,2%
Gearing	111,9%	86,1%
Long-term capital/fixed assets	106,6%	108,8%
Net debt/OIBD	3,8	3,5
OIBD/financial results	5,0	4,6

* *OIBD* (Operating Income before depreciation) EURm

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Outlook 2004 for HC's major markets - Europe

Euroconstruct		2004 growth	HC comment
(Nov 2003)		in construction	
CEW	Germany	-0,3%/+0,7%	Stabilization expected
WE	Belgium	+2,3 %	Increased construction output expected
	Netherlands	+0,1 %	Moderate growth for 2004-2006
	UK	+3,3 %	Slightly increasing growth for next 3 yrs
NE	Sweden	+3,1 %	Strong growth for private sector
	Norway	+1,0 %	Stable to slight increase expected
CEE	Poland	+3,3 %	Further better than average growth in total region
	Czech Republic	+4,7 %	
	Hungary	+7,0 %	

Outlook 2004 for HC's major markets – NAM & AAT

North America: Continuous economic pickup in the US and Canada

GDP growth between 3% and 4%

Africa

Positive trend for 2004, especially in Ghana, Togo, Liberia and Sierra Leone

Asia

Continuing high dynamic growth of GDP

China: 8-10%, Indonesia: >4%, Bangladesh: >5%

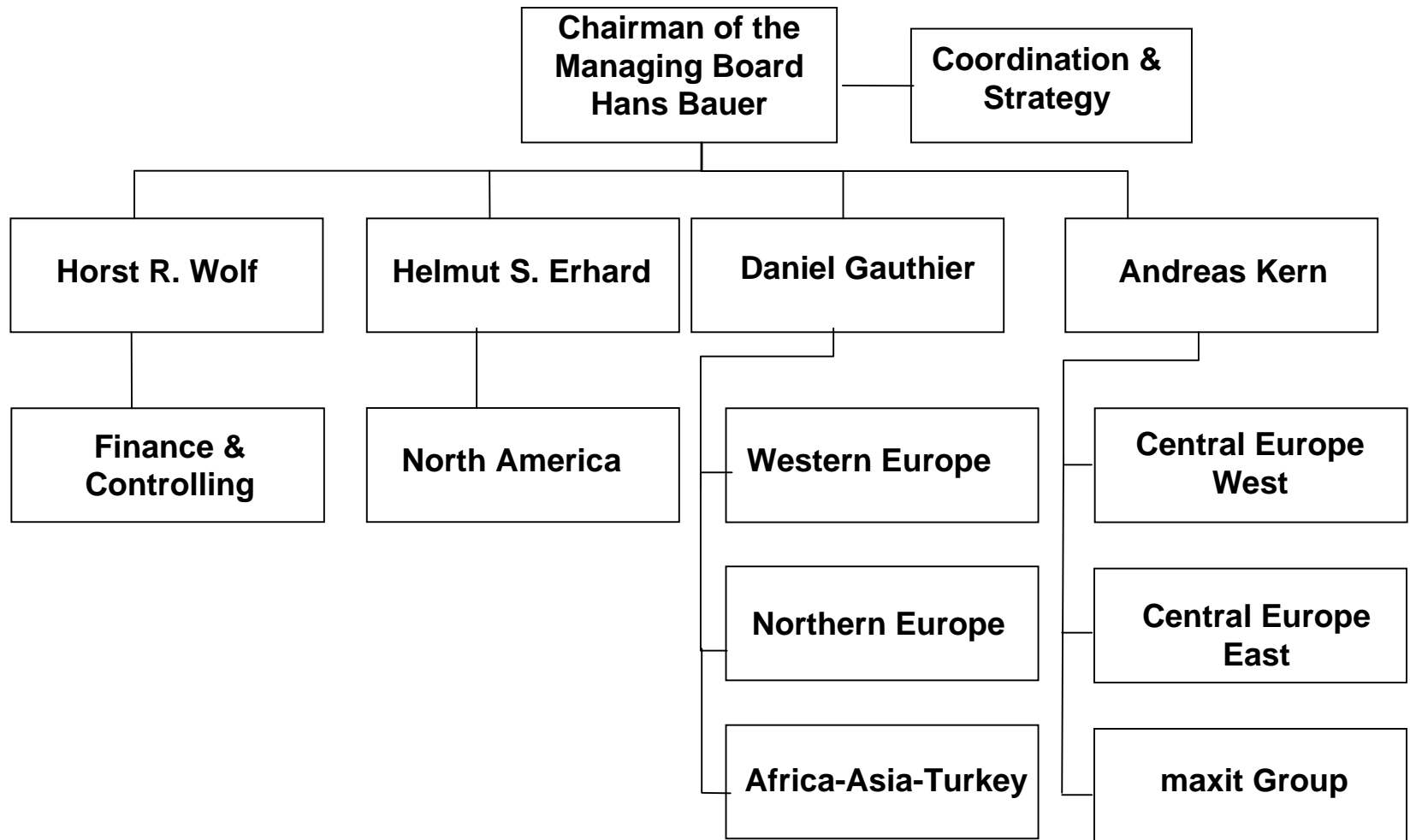
Turkey

Growth on same level as 2003 by 5% expected

HeidelbergCement outlook

- **Benefits from turnaround in Germany**
 - **Cement price increases**
 - **Market consolidation**
 - **Cost improvements**
- **Increase of market share in Benelux**
- **Ongoing favorable outlook for North America**
- **Focus on debt reduction in 2004 to be continued**
 - **Further disposal program**
 - **Modest capital expenditure program**
- **Consolidation of Indocement starts January 1st 2004**
- **New structure of the Managing Board**

Changes in the Managing Board*



*as of July 2004

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Sales volumes 2003

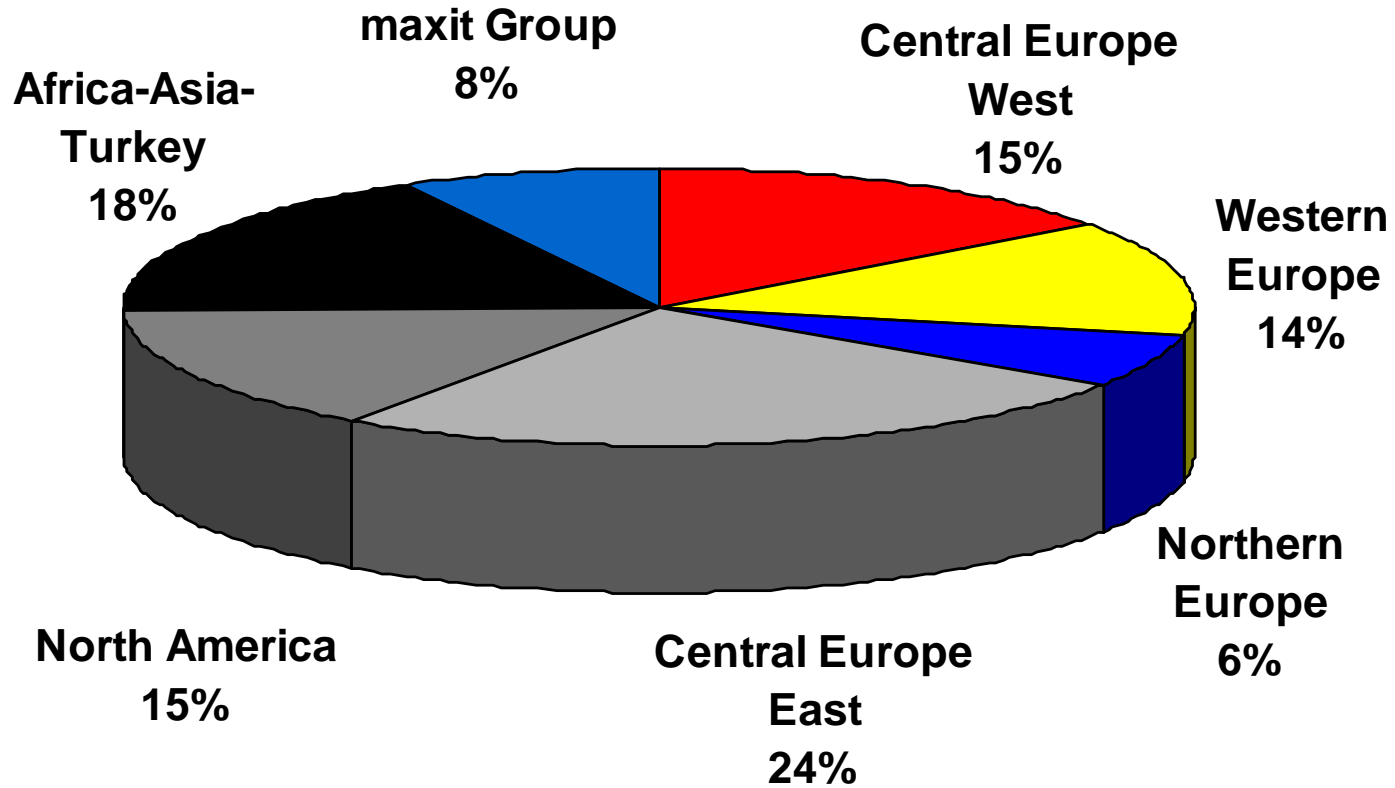
Sales volumes 2003	2002	2003	%
Cement & Clinker (m tonnes)	45,8	51,1	11,5%
Ready-mixed concrete (m cbm*)	24,9	26,9	7,8%
Aggregates (m tonnes*)	79,9	88,8	11,2%
* including non-consolidated volume			

Goodwill amortisation per region 2003

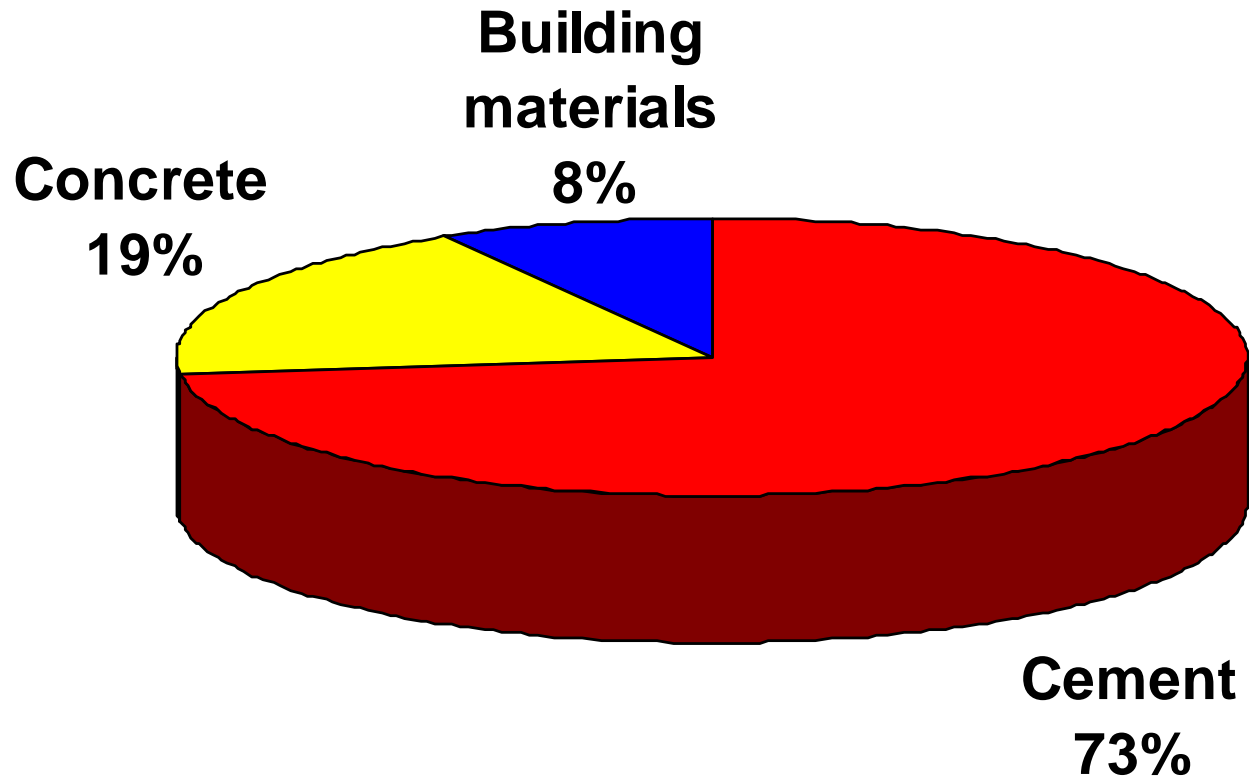
EURm	2002	2003
Central Europe West	11,2	16,0
Western Europe	43,6	44,6
Northern Europe	22,1	22,1
Central Europe East	16,3	18,7
North America	25,3	24,9
Africa-Asia-Turkey	15,2	18,0
maxit Group	22,7	24,2
Group Services	1,7	1,7
Total	158,0	170,3

*plus exceptional amortisation of Goodwill EURm 19,6 (prior year EURm 1,5)

Investments 2003 per region: 613 EURm



Investments 2003 per business lines: 612 EURm



Indocement – Pro forma analysis for 2003

Mio. EUR	Pro forma 2003
Net debt	433
Sales	427
OIBD	131
Operating income	84
Financial result	-17
Net income part of the group	23
Net debt/ OIBD	3,3
OIBD / Net interest	7,7

- **Full consolidation starts 2004**
- **Conversion of accounting to IFRS**
- **Opening balances revaluation according to IFRS**
- **HeidelbergCement share in intermediate holding is 51%**
- **Intermediate holding has 65.1% of Indocement**
- **Minorities (66,8%) consists of the share of WestLB (31,9%) and free float (34,9%)**

Pension obligations and funds - development in the balance sheet

EUR '000	2002	2003
Present value of funded obligations	819.224	798.962
Fair value of plan assets	-690.808	-722.545
Deficit (+) / surplus (-)	128.416	76.417
Present value of unfunded obligations	514.172	543.063
Total obligation	642.588	619.480
Pension provisions	503.915	513.783
Overfunding	-61.503	-60.414
Recognised in balance sheet*	442.412	453.369
Unrecognised in balance sheet	-200.176	-166.111
Unrecognised actuarial gain (+) / loss (-)	-198.765	-164.492
Unrecognised past service cost	-1.411	-1.619
Unrecognised in balance sheet	-200.176	-166.111

Pension obligations and funds - development in the P&L

EUR '000	2002	2003
Curent service cost	45.150	45.268
Interest cost	79.955	75.443
Expected return on plan assets	-56.833	-45.392
Actuarial loss (gain) recognised	3.258	10.226
Past service cost recognised	3.134	-1.508
Other adjustment	0	-625
Realisation of loss (+)/gain (-)	-469	0
Other	69	-564
Total	74.265	82.848

Actual return from plan assets 80,8 (prior year: 26,1) EURm

Development of pension provisions in the balance sheet 2003

EUR '000	2002	2003
January 1st	441.846	442.412
First time consolidation/deconsolidation	504	-1.273
Total expense as above	74.265	82.849
Contributions paid	-64.880	-60.173
Exchange rate loss (+)/ gain (-)	-9.324	-10.446
December 31st	442.412	453.369