HEIDELBERGER ZEMENT

Interim Report January to December 2000

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Dear Shareholders and Business Associates,

After the major expansion steps in 1999, the year 2000 was one of integration, consolidation and the continued expansion of market positions. The Group's internationally well balanced structure guarantees that regional economic fluctuations compensate each other.

Total turnover increased by 6.6% to EUR 6.8 (previous year 6.4) billion. Adjusted for consolidation effects, the increase was 8.8%; currency effects accounted for 5.4%. Group-wide cement and clinker sales volume increased by 2.9% to 46.5 (previous year 45.2) million tons.

On average in the year 2000, 36,472 (previous year 38,327) employees worked for Heidelberger Zement. Important changes resulted from deconsolidation of companies in Central Europe West and in the Group Services area as well as from rationalisation measures in Central Europe East.

Investments

Investments fell to EUR 1,083 (previous year 4,486) million. Of this, tangible fixed assets accounted for around EUR 654 (previous year 581) million. Important financial investments were the final acquisition of all remaining CBR shares, an increase in the shareholding in Maxit by 15.1% to 76.3% and the takeover of the remaining 50% of the Dutch dry-mortar company Beamix. In Central Europe East, Heidelberger Zement acquired majority stakes in the cement companies Casial Deva S.A. in Romania and Tvornica Cementa Kakanj d.d. in Bosnia-Herzegovina. The Group's presence in Southeast Asia was expanded by commitments in Bangladesh and Brunei. In Africa, Heidelberger Zement entered the market in Gabon through acquisition of a 75% participation in the cement manufacturer Société des Ciments du Gabon and strengthened its activities in Nigeria through takeover of a cement plant in Sokoto. The contracts for participation in the second-largest Indonesian cement manufacturer, PT Indocement Tunggal Prakarsa Tbk, were signed at the end of December 2000. Closing is planned for the beginning of April 2001. The main portion of the financial requirements for this commitment falls in the year 2001.

Central Europe West
Construction activity slows further

The recovery in construction demand that was still expected at the start of 2000, particularly for the Western German market, has not occurred. Investment in construction fell last year by 2.5%. In Western and especially in Eastern Germany, declining demand further intensified the problem of overcapacity in concrete and building materials production.

Cement and clinker sales volume rose by just under 1% to 6.6 million tons and so was better than the market trend. Revenues remained almost unchanged compared to the previous year. The decrease in turnover of 6.5% to EUR 1,506 (previous year 1,611) million resulted in part from deconsolidation. In particular, the concrete and building materials business lines were strongly affected by the decline in residential and building construction activity.

Western Europe
Continued growth

Favourable overall conditions determined developments in Belgium, the Netherlands and the United Kingdom. Turnover increased by 5.6% to EUR 1,120 (previous year

Turnover by regions and business lines January to December 2000

	Cement		Concrete		Building materials		Intra Group eliminations		Total	
EURm	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000
Central Europe West	436	447	371	376	832	724	-28	-41	1,611	1,506
Western Europe	774	810	305	301	56	82	-74	-73	1,061	1,120
Northern Europe	327	381	385	452	488	547	-55	-46	1,145	1,334
Central Europe East	300	338	56	74	42	33	-2	-11	396	434
North America	980	1,131	837	931	–	–	-127	-150	1,690	1,912
Africa - Asia - Turkey	348	399	29	37	–	–	-12	-12	365	424
Total	**3,165**	**3,506**	**1,983**	**2,171**	**1,418**	**1,386**	**-298**	**-333**	**6,268**	**6,730**
Group Services									406	497
Inter-region turnover									-285	-418
Total Group									**6,389**	**6,809**

1,061) million, to which all business lines contributed. Cement and clinker sales volume of 9.8 million tons almost reached the previous year's level. Productivity-enhancing modernisation and rationalisation measures were continued in order to combat the constant pressure of imports into Belgium and the Netherlands by improving the competitiveness. Throughout the region, substitute fuels are increasingly being used in order to reduce costs and consumption of non-renewable resources.

In the concrete business line, the sale of sand and gravel increased significantly due to important infrastructure projects in Belgium. Dry mortar sales volume improved, to a large extent thanks to an expansion of the product range. Overall, the building materials business line was rounded out by acquisition of the remaining 50% of the Dutch subsidiary Beamix.

Northern Europe
Stable growth

The Northern European construction markets are on an upswing. But after completion of large infrastructure projects, the focus shifted to building projects that were less cement-intensive.

Because of the markedly increased exports, especially to the USA and Africa, overall cement and clinker sales volume rose by 8.4% to 5.2 million tons. The concrete business line improved largely through growth in ready-mixed concrete and concrete products. The Group’s market presence was strengthened further with acquisition of new locations. Building materials activities of the Europe-wide active Optiroc subsidiary have also developed very encouragingly. The Eastern and Southern European markets showed the most dynamism. The sale of the brick operating line at the start of 2001 is a further step toward concentration on the core business. With EUR 1,334 (previous year 1,145) million, the region achieved an overall increase in turnover of 16.5%.

Central Europe East
Market position strengthened and expanded

Last year, Heidelberger Zement further expanded its leading position in the countries of the Central Europe East region by increasing its shares in existing participations as well as through new acquisitions. Under continually improving overall conditions, turnover rose by 9.6% to EUR 434 (previous year 396) million.

The decline in cement and clinker sales volume of 2.5% to 7.1 million tons was mainly caused by lower exports. Improvements in revenues were achieved in almost all domestic markets. With majority stakes in the cement companies Kakanj in Bosnia-Herzegovina and Casial Deva in Romania, Heidelberger Zement markedly strengthened its market presence. Further investments are planned.

New ready-mixed concrete sites, particularly in Poland, Hungary and the Czech Republic, as well as expansion of aggregates positions have strengthened the concrete business line. The heavy competitive pressure was met in the building materials area with an expanded assortment of dry mortar products.

North America
Top-selling region

Despite slowing economic growth, gross domestic product achieved a plus of 5% over the previous year. The continued strong demand for business and public construction increased cement and clinker sales volume by about 1.4% to the record level of 12.1 million tons. Deliveries fell slightly in California and the Midwest. The mainly Group-internal imports contributed to covering the cement needs with around 22%. There is a slight weakening of cement revenue levels in some regions, especially where new cement capacity is coming onto the market.

The development of individual markets in the concrete business line did not run uniformly. The ready-mixed concrete activities were expanded through acquisition of five sites in Alabama.

Total turnover of the region rose by 13.1% to EUR 1,912 (previous year 1,690) million. North America thus remains the top-selling region in the Group.

Africa-Asia-Turkey
Markets of the future enjoy tailwind

The expansion of the Group’s positions in the markets of the future is making good progress. In Africa, cement sales volume grew despite the competitive pressure in Ghana and Togo. Heidelberger Zement expanded its network of locations in 11 countries south of the Sahara with participations in cement companies in Nigeria and Gabon. Considerable growth is expected in Africa over the long term.

Asian cement activities were also markedly expanded in 2000. Focal points were a joint venture in Bangladesh and a participation in Brunei. The planned new construction of a plant in the southern Chinese city of Guangzhou, which will probably start operations in 2004, and the capacity expansion connected with this will also permanently strengthen the Group’s position in the rapidly growing market in the province of Guangdong.

In Turkey, construction activity rose in the second half of the year, especially in the areas affected by the earthquake. The still-subdued domestic demand was more than offset by high export quantities. Sales volume of ready-mixed concrete and aggregates also increased encouragingly. But domestic revenues have not yet reached their earlier level.

Cement and clinker sales volume of the strategic business unit Africa-Asia-Turkey rose last year by 19.7% to 5.7 million tons. Turnover of EUR 424 (previous year 365) million achieved a plus of 16.2%.

Cement and clinker sales volume
January to December 2000

in 1,000 tons	1999	2000
Central Europe West	6,545	6,590
Western Europe	9,892	9,841
Northern Europe	4,810	5,216
Central Europe East	7,269	7,084
North America	11,899	12,062
Africa - Asia - Turkey	4,772	5,710
Total	**45,187**	**46,503**

Group Services
Trade activities expanded

The cement and clinker trade of HC Trading rose considerably to 10.6 million tons. The main customers were the markets in the USA, West Africa and the Mediterranean. The growing importance of the Asian region was met by the opening of an office in Singapore. Group Services' turnover, which includes the activities of the worldwide trade in fossil fuels, rose by 22.4% to EUR 497 (previous year 406) million.

Dividends

The Managing Board has the intention to recommend to the Supervisory Board at its meeting on 24 April 2001, during which the annual accounts are approved, a rise in dividend payment for fiscal year 2000 to EUR 1.15 (previous year 1.05) per ordinary share and to EUR 1.26 (previous year 1.16) per preference share.

Outlook
Confidence for 2001

Overall economic conditions in most of the countries in the individual business regions remain largely favourable. In North America, the growth trend should continue, despite the slight cooling off of the economy. In Germany, the still weak construction demand requires continued cost optimisation, particularly in the concrete and building materials area. In contrast, sales volume opportunities in Central Europe East should continue to improve. In Asia, Heidelberger Zement stands before a major growth step through the planned participation in Indocement. In 2001, Heidelberger Zement will continue the successful developments of the last few years.

Heidelberg, 26 February 2001

Yours sincerely,

THE MANAGING BOARD

Financial calendar 2001:

Analysts' and press conference on annual accounts	
Frankfurt	3 May 2001
London	4 May 2001
Interim report January to March 2001	30 May 2001
Annual General Meeting 2001	19 June 2001
Dividend payment	20 June 2001
Interim report January to June 2001 and analysts' and press conference	
Frankfurt	4 September 2001
London	5 September 2001
Interim report January to September 2001	21 November 2001

HEIDELBERGER ZEMENT AKTIENGESELLSCHAFT · BERLINER STRASSE 6 · 69120 HEIDELBERG · GERMANY
Chairman of the Supervisory Board: Dr. Wolfgang Röller · Managing Board: Hans Bauer, Chairman · Helmut S. Erhard · Paul Vanfrachem · Horst R. Wolf · Deputies: Håkan Fernvik, Daniel Gauthier, Andreas Kern · Corporate seat is Heidelberg; registered with the Heidelberg registration court, HRB No. 82
Corporate Communication · Phone ++49(0)6221/481-227 · Fax ++49(0)6221/481-217 · info@hzag.de · www.hzag.com