

# HeidelbergCement

Interim results January to June 2007

Heidelberg, 6 August 2007

Dr. Bernd Scheifele, CEO, and Dr. Lorenz Näger, CFO



Cement plant Jingyang in Shaanxi province, China

# Contents

- **Overview**
- **Key figures and important events in the second quarter of 2007**
- **Results per Group area**
- **Financial report**
- **Prospects**

## Overview: growth continues in the second quarter

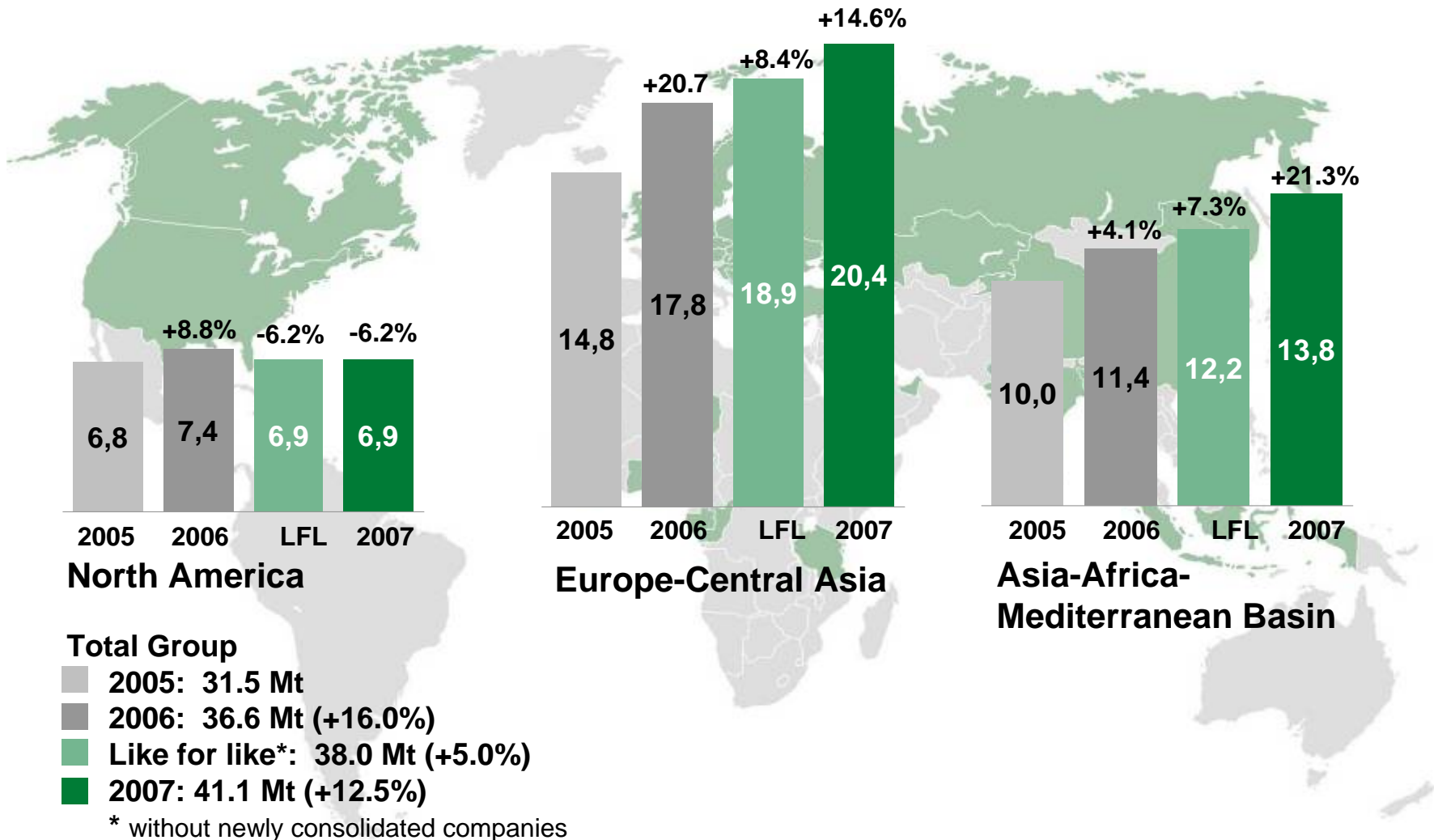
- Turnover rises by 12.5% to EUR 4.8 billion
- High increases especially in Eastern Europe, Norway, Africa and Turkey
- Operating income significantly improved (+28%)
- Profit for the financial year more than trebled because of the sale of the stake in Vicat
- Hanson shareholders approve recommended cash offer with over 99%
- Creation of a new Managing Board position
- Expansion in Russia, China and Turkey

# Contents

- **Overview**
- **Key figures and important events in the second quarter of 2007**
- **Results per Group area**
- **Financial report**
- **Prospects**

# Increase in cement and clinker sales volumes by 12.5 %

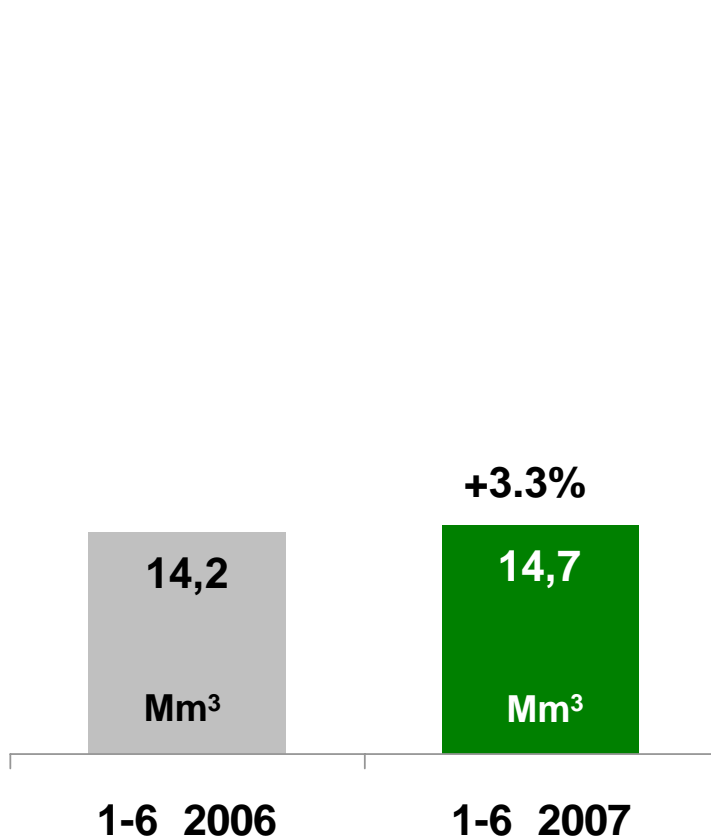
January – June in Mt



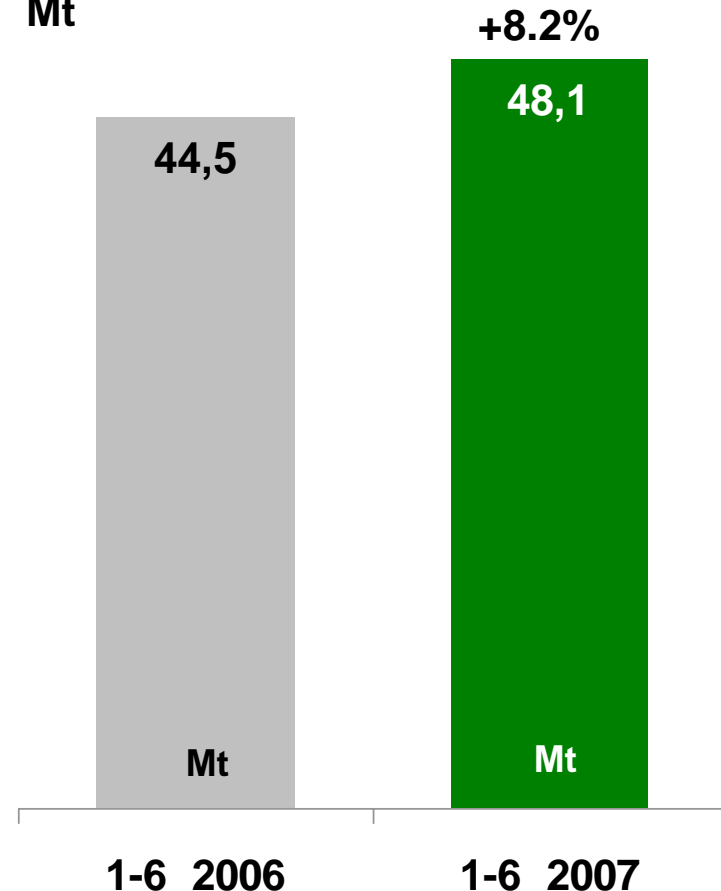
# Rise in ready-mixed concrete and aggregates

Sales volumes January to June

Ready-mixed concrete\*  
Mm<sup>3</sup>



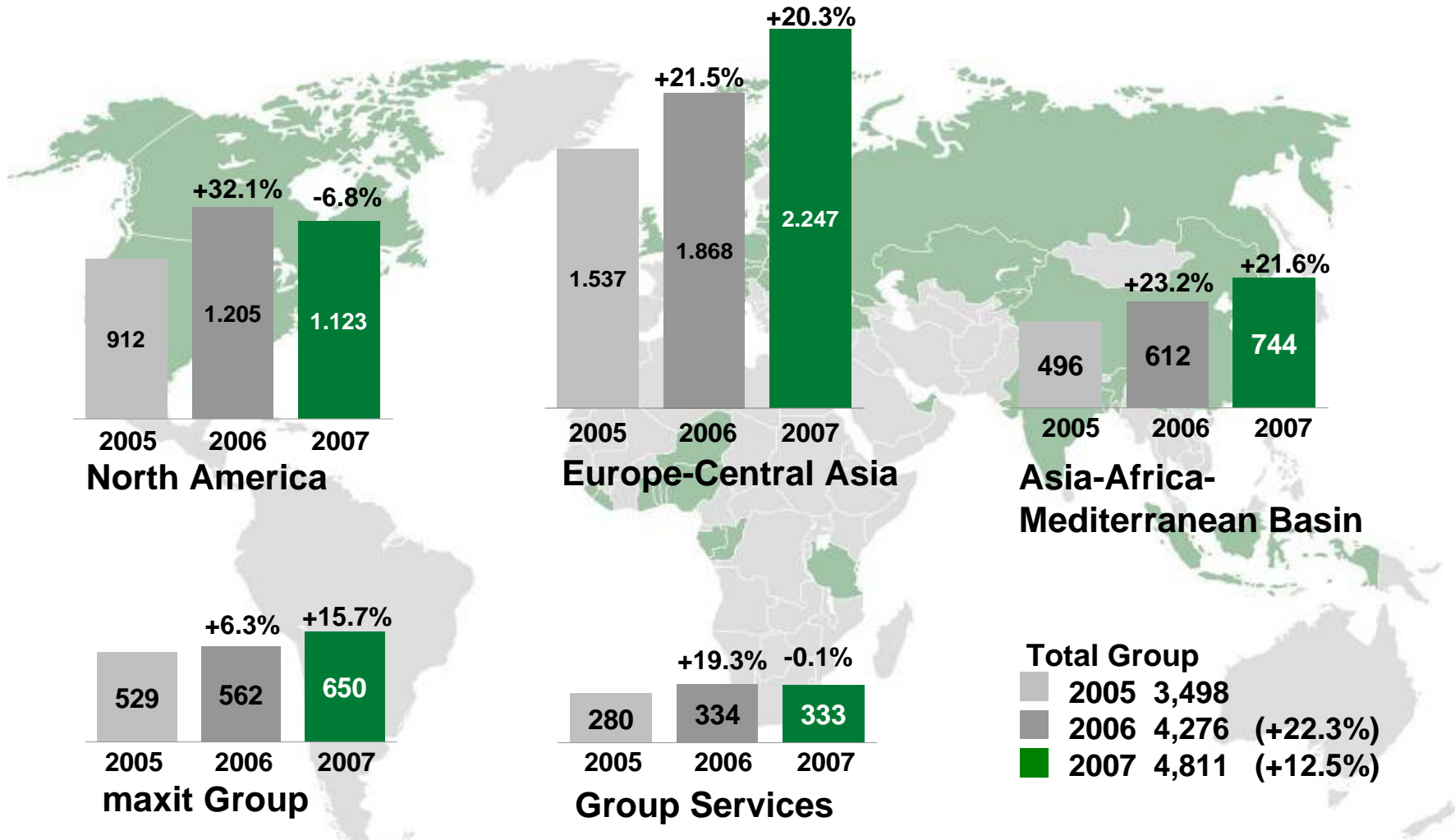
Aggregates\*  
Mt



(\*Including non-consolidated volumes)

# Turnover rises by 12.5%

January – June in EURm



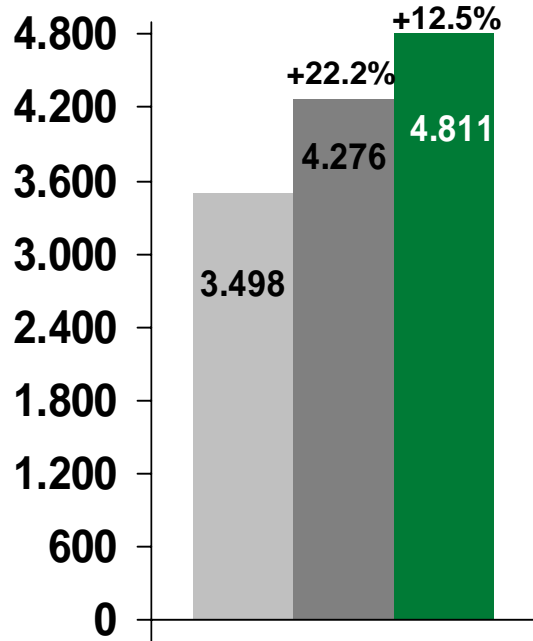
# Operating income with strong organic growth

EURm	June 2007								
	PY	Act	Var. PY	%	Operative	%	Cons.	Decons.	Currency
Europe-Central Asia	214	363	148	69,2%	140	65,3%	10	-3	2
North America	199	170	-29	-14,6%	-14	-7,4%			-16
Asia-Africa- Mediterranean Basin	92	114	22	24,1%	11	13,0%	18	1	-8
maxit Group	46	67	21	46,0%	21	46,0%			
Group Services	11	6	-5	-44,6%	-4	-40,2%			-1
<b>Total</b>	<b>562</b>	<b>720</b>	<b>158</b>	<b>28,1%</b>	<b>154</b>	<b>28,6%</b>	<b>27</b>	<b>-2</b>	<b>-22</b>

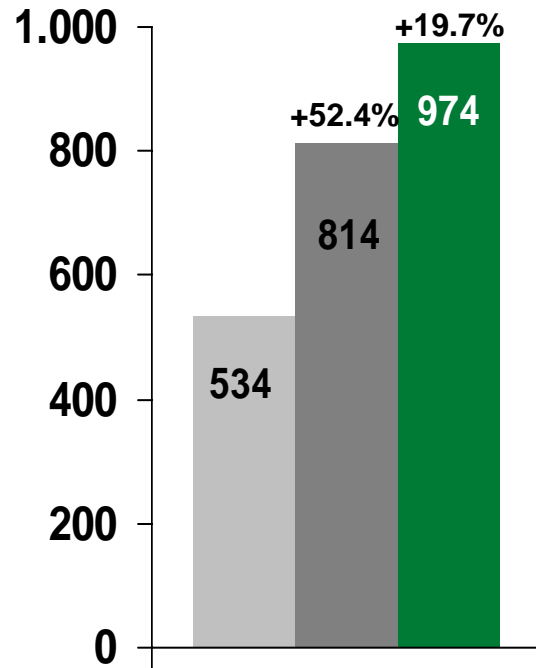
# Pleasing increase in key figures

EURm

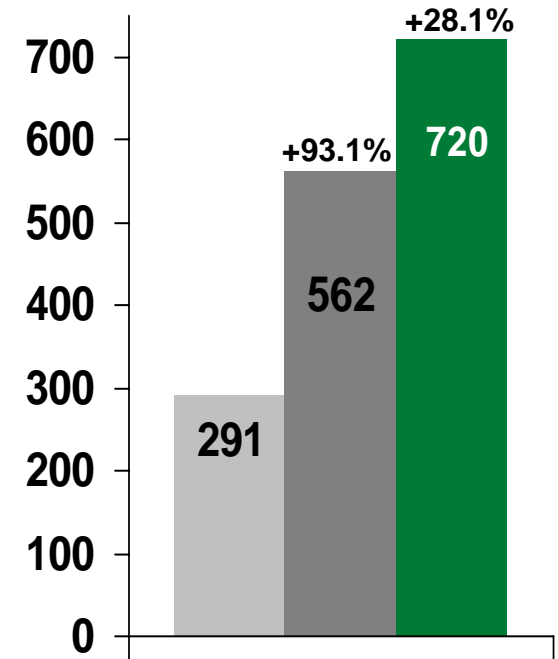
Turnover



OIBD



Operating income



1-6 2005  
1-6 2006  
1-6 2007

# Major events in the second quarter of 2007

## ■ Acquisition of Hanson PLC

- Shareholders approve the recommended cash offer
- Approvals of the anti-trust authority of the US and EU Commission are still pending
- We are confident to finalize the transaction by the end of August

## ■ Creation of a new Managing Board position in order to ensure a rapid integration of Hanson

## ■ Sale of the 35% stake in Vicat for EUR 1.4 billion. The proceeds will be used for the financing of the Hanson acquisition

## ■ Examination of strategic options for maxit Group

# Expansion in the second quarter of 2007

## ■ Expansion in Russia

- Ground-breaking ceremony at Tulacement:
  - 2 Mt capacity
  - cement supplies for the Moscow area

## ■ Construction of new plant in China

- Commissioning of Jingyang:
  - 2.3 Mt capacity
  - cement supplies for the growth market of Xi'an, capital of Shaanxi province
- Ground-breaking ceremony of Fufeng II:
  - 2.3 Mt capacity

## ■ Acquisition in Turkey

- Cement plant Ladik:
  - 1.2 Mt capacity
  - expansion of activities in central Black Sea region



# Publication of the new Sustainability Report

- Sustainability is an important pillar of our Group strategy
- Successes and goals in areas such as climate protection, biodiversity, occupational health and safety
- Best practice for social responsibility in emerging countries
- Cement – sustainable raw material for construction



# Contents

- Overview
- Key figures and important events in the second quarter of 2007
- **Results per Group area**
- Financial report
- Prospects

# Continued strong growth in Europe-Central Asia

- Robust economic growth continued
- Double-digit rise in sales volumes and turnover in Eastern Europe
- Drop in sales volumes in UK; Germany slightly above the previous year
- Results continued to improve strongly



EURm	January - June		variance	Op.	Cons.	Curr.	
	2006	2007					
Turnover	1.868	<b>2.247</b>	379	20,3%	347	24	9
OIBD	352	<b>502</b>	150	42,7%	149	-2	3
<i>in % of turnover</i>	19%	<b>22%</b>					
Operating income	214	<b>363</b>	148		140	7	2
<b>Shipments</b>							
Cement/clinker (mt)	17,82	<b>20,42</b>	14,6%				
Rmc (m cbm)*	8,70	<b>9,00</b>	3,4%				
Aggregates (mt)*	31,16	<b>34,67</b>	11,2%				

\* incl. non-consolidated volumes

# Continuing high level of results in North America

- Infrastructure projects and commercial construction cannot compensate for decline in the housing sector
- Adverse weather conditions aggravated the decrease in sales volumes in the US; Canada reached level of previous year
- Total capacity utilization of cement plants through cutbacks in cement imports
- Slight increase in turnover in USD because of improvements in the concrete and aggregates sectors



EURm	January - June		variance		Op.	Cons.	Curr.
	2006	2007					
Turnover	1.205	<b>1.123</b>	-82	-6,8%	7		-89
OIBD	249	<b>216</b>	-33	-13,2%	-14		-19
<i>in % of turnover</i>	21%	<b>19%</b>					
Operating income	199	<b>170</b>	-29	-14,6%	-14		-16
<b>Shipments</b>							
Cement/clinker (mt)	7,38	<b>6,92</b>		-6,2%			
Rmc (m cbm)	4,45	<b>4,49</b>		0,8%			
Aggregates (mt)	13,33	<b>13,45</b>		0,9%			

# Asia-Africa-Mediterranean Basin

- High dynamic growth continued in emerging countries
- Strong domestic demand led to 15% rise in sales volumes in Turkey
- Significant recovery of Indonesia in recent months
- Double-digit increase in sales volumes in Africa
- Expansion of our activities in China in plan



EURm	January - June		variance	Op.	Cons.	Curr.
	2006	2007				
Turnover	611	<b>744</b>	132 21,6%	95	77	-40
OIBD	131	<b>156</b>	24 18,4%	13	21	-10
<i>in % of turnover</i>	21%	21%				
Asia	84	<b>97</b>	13 15,3%	-2	21	-6
Africa	27	<b>35</b>	8 28,6%	10		-2
Med. Basin	20	<b>23</b>	3 17,3%	5		-1
Operating income	92	<b>114</b>	22 24,1%	11	19	-8
Shipments						
Cement/clinker (mt)	11,37	<b>13,80</b>	21,3%			
Rmc (million cbm)	1,06	<b>1,19</b>	13,0%			

## Group Services

- Trading volume of HC Trading fell by 16% to 5.7 Mt
- Heavy decrease in cement deliveries, partly due to declining imports into the USA
- Rise in turnover of HC Fuels compensates for decrease at HC Trading

EURm	January - June		variance	Op.	Cons.	Curr.
	2006	2007				
Turnover	334	333	0 -0,1%	22		-23
OIBD	11	6	-5 -43,4%	-4		-1
<i>in % of turnover</i>	3%	2%				
Operating income	11	6	-5 -44,6%	-4		-1
Traded volume						
Cement (mt)	4,0	3,0	-24,0%			
Clinker (mt)	2,3	2,4	1,7%			

# maxit Group continues success story

- Noticeable increase in turnover in almost all countries, especially in Northern and Eastern Europe
- Significant improvement in results because of cost reductions and restructuring in Germany
- Goldman Sachs charged with the task to examine all strategic options for maxit Group

EURm	January - June		variance	Op.	Cons.	Curr.
	2006	2007				
Turnover	562	<b>650</b>	88 15,7%	88		
OIBD	71	<b>95</b>	23 32,9%	23		
<i>in % of turnover</i>	13%	<b>15%</b>				
Operating income	46	<b>67</b>	21	21		

# Contents

- Overview
- Key figures and important events in the second quarter of 2007
- Results per Group area
- **Financial report**
- Prospects

# Financial key figures further significantly improved

EURm	January - June				variance analysis			
	2006	2007	variance		Op.	Cons.	Curr.	
<b>Turnover</b>	4.276	<b>4.811</b>	535	12,5%	577	13,5%	101	-144
<b>OIBD</b>	814	<b>974</b>	160	19,7%	167	20,6%	20	-27
<i>in % of turnover</i>	19,0%	<b>20,3%</b>						
<b>Operating income</b>	562	<b>720</b>	158	28,1%	154	27,4%	26	-22
<b>Group share in profit</b>	375	<b>1.303</b>	927	246,9%				
<b>EPS in EUR (IAS 33)</b>	3,25	<b>11,20</b>						
<b>Investing activities</b>								
Fixed assets	213	<b>385</b>	172					
Financial assets	91	<b>3.254</b>	3.163					
<b>Total investments</b>	304	<b>3.639</b>	3.335					

# Profit and loss accounts January - June 2007

EURm	June 2005	June 2006	June 2007	Change 2007/2006
Turnover	3.498	4.276	4.811	13 %
<b>Operating income before depreciation (OIBD)</b>	534	814	974	20 %
Depreciation of tangible fixed assets and intangible asset	-243	-252	-255	1 %
<b>Operating income</b>	291	562	720	28 %
Additional ordinary result	15	61	829	1271 %
Results from other participations	53	82	107	29 %
<b>Earnings before interest and income taxes (EBIT)</b>	359	705	1.656	135 %
Financial result	-115	-102	-120	17 %
<b>Profit/loss before tax</b>	244	603	1.536	155 %
Taxes on income	-106	-188	-194	3 %
<b>Profit for the financial year</b>	138	415	1.342	223 %
<b>Group share in profit</b>	113	375	1.303	247 %

# Profit and loss accounts without Vicat

EURm	June 2006	June 2007 Excl. Vicat	Change 2007/2006	June Total 2007
<b>Operating income</b>	562	<b>720</b>	28 %	<b>720</b>
Additional ordinary result	61	<b>24</b>	-61 %	<b>829</b>
Results from other participations	82	<b>107</b>	29 %	<b>107</b>
<b>Earnings before interest and income taxes (EBIT)</b>	705	<b>850</b>	21 %	<b>1.656</b>
Financial result	-102	<b>-120</b>	17 %	<b>-120</b>
<b>Profit/loss before tax</b>	603	<b>730</b>	21 %	<b>1.536</b>
Taxes on income	-188	<b>-183</b>	-2 %	<b>-194</b>
<b>Profit for the financial year</b>	415	<b>547</b>	32 %	<b>1.342</b>
<b>Group share in profit</b>	375	<b>508</b>	35 %	<b>1.303</b>

# Cash flow statement January - June 2007

EURm	January-June 2005		January-June 2006		January-June 2007	
<b>Cash flow from operating activities</b>						
Cash flow	349		620		818	
Changes in working capital	-355	-6	-389	231	-435	383
<b>Cash flow from investing activities</b>						
Intangible assets	-3		-1		-37	
Tangible fixed assets	-205		-212		-348	
Financial fixed assets	-213		-91		-3.254	
Proceed from fixed asset disposals/consolidation	120	-301	95	-209	1.439	-2.200
<b>Cash flow from financing activities</b>						
Capital increase	272		0		527	
Dividend payments	-76		-156		-168	
Net proceeds from bonds and loans	189	385	50	-106	1.510	1.869
		78		-84		52
<b>Change in cash &amp; cash equivalents</b>						
Cash & cash equivalents at 1 January	305		317		219	
Effect of exchange rate changes	-30		35		1	
Cash & cash equivalents on 30 June (*)	353	78	268	-84	272	52

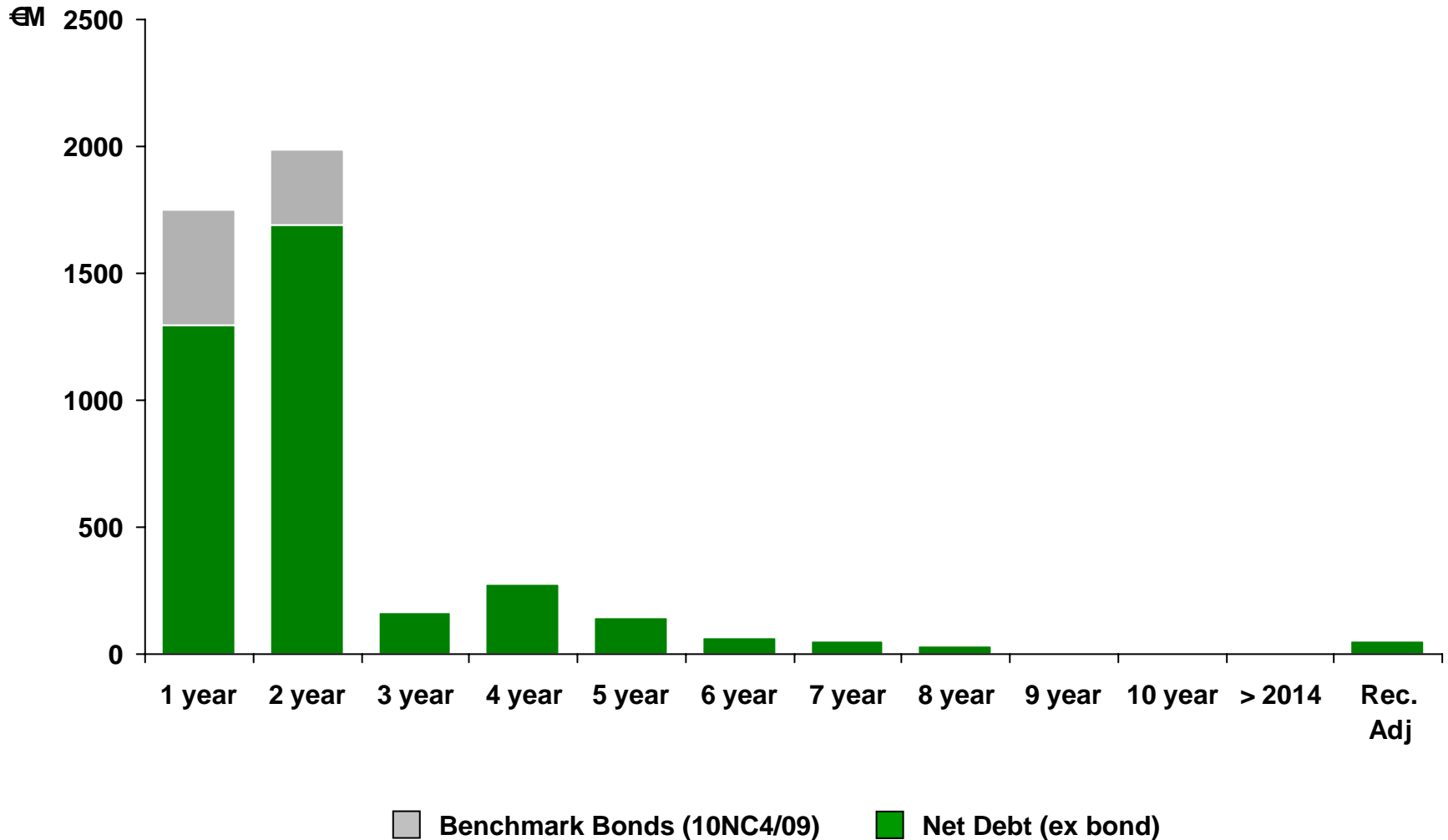
(\*) In the balance sheet, the item "Securities and similar rights" also lists the market value of hedging transactions and the "available for sale financial assets" amounting to:  
EUR 21,4 million (previous year: 51,8)

# Balance sheet as of 30 June 2007

EURm	31 Dec. 2006	30 Jun. 2006	30 Jun. 2007	Var. June 2007/2006
<b>Assets</b>				
Intangible assets	2.803	2.622	<b>2.932</b>	310
Tangible fixed assets	5.541	5.349	<b>5.635</b>	285
Financial fixed assets	1.162	1.108	<b>3.795</b>	2.688
<b>Fixed assets</b>	<b>9.506</b>	<b>9.079</b>	<b>12.362</b>	<b>3.282</b>
Deferred taxes	133	161	<b>133</b>	-29
Receivables	1.549	1.716	<b>1.921</b>	206
Stocks	896	875	<b>960</b>	86
Cash at bank and in hand	234	320	<b>294</b>	-27
<b>Balance sheet total</b>	<b>12.318</b>	<b>12.151</b>	<b>15.670</b>	<b>3.520</b>
<b>Liabilities</b>				
Capital entitled to shareholders	5.348	4.739	<b>7.078</b>	2.339
Minority interests	480	448	<b>512</b>	64
<b>Equity</b>	<b>5.828</b>	<b>5.187</b>	<b>7.590</b>	<b>2.403</b>
Provisions	1.282	1.311	<b>1.294</b>	-17
Deferred taxes	507	510	<b>520</b>	11
Operating liabilities	1.280	1.204	<b>1.386</b>	183
Financial liabilities	3.421	3.939	<b>4.880</b>	942
<b>Balance sheet total</b>	<b>12.318</b>	<b>12.151</b>	<b>15.670</b>	<b>3.520</b>
Net Debt (excl. puttable Minorities)	3.081	3.619	<b>4.498</b>	879
<b>Gearing</b>	<b>52,5 %</b>	<b>69,8 %</b>	<b>58,9 %</b>	

# Maturity Profile – Net Debt

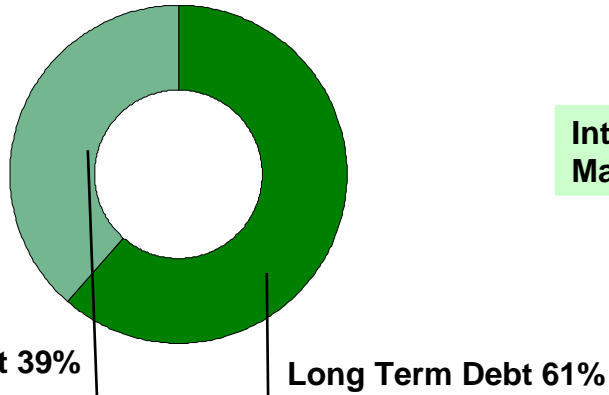
as per 30 June 2007



# Net Debt Composition

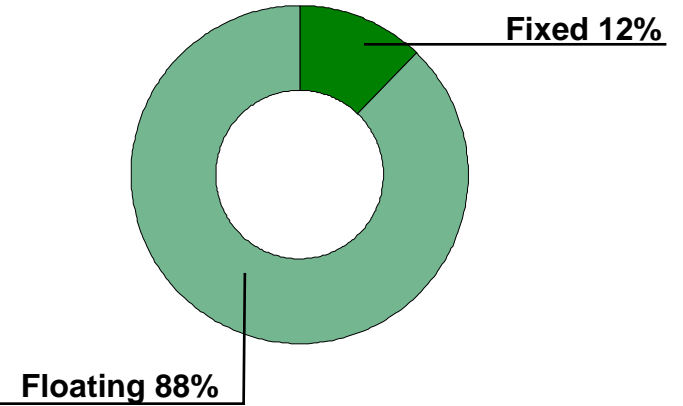
as per 30 June 2007

## Financial Term Structure

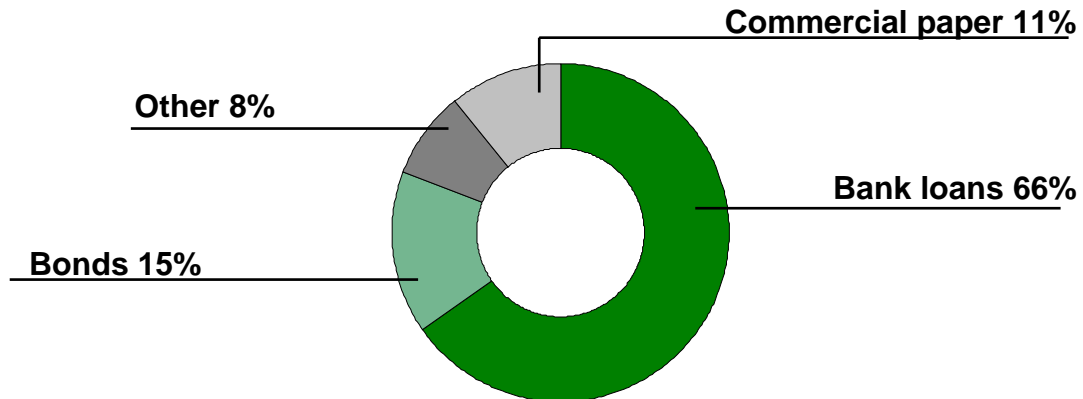


Interest Rate Management

## Interest Rate Exposure

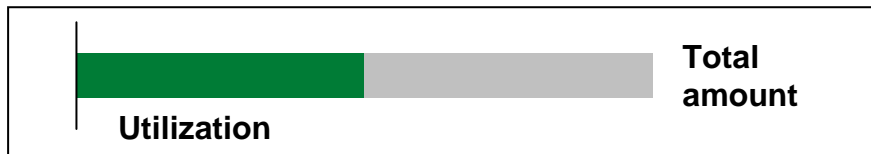
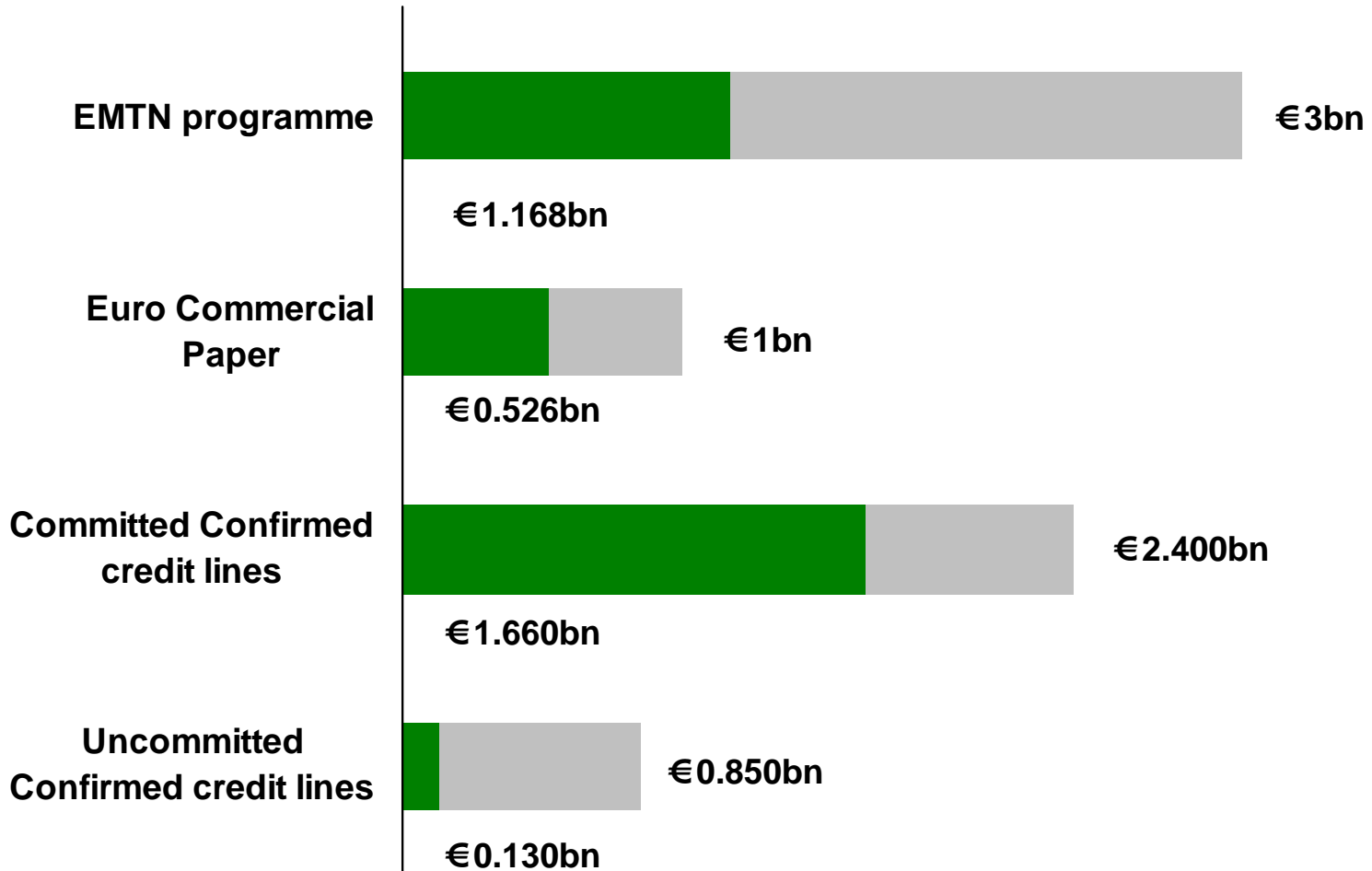


## Net Debt Composition



# Flexible Funding Structure

as per 30 June 2007



# Contents

- Overview
- Key figures and important events in the second quarter of 2007
- Results per Group area
- Financial report
- **Prospects**

# Prospects

- Expansion of global economy will continue in the second half of 2007
- Dynamic development of economy in China and India
- Above-average growth in Eastern Europe
- German economy especially driven by exports
- Temporary slow-down in US economy
- Continuing risks arising from the weak US housing sector and development of dollar
- HeidelbergCement is confident of double-digit growth in turnover and results for 2007

