

HeidelbergCement AG

Berliner Strasse 6
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Translation of the interim report
January to December 2003.
The German version is binding.

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Clinker silo of our cement plant
at Lengfurt, Germany.



Letter to the shareholders

Ladies and Gentlemen,

The difficult economic environment continued to ease throughout 2003. The growth track in the US gave increasing impetus to the euro zone. In Germany, however, gross domestic product growth remained weak also in the last quarter. This varied performance is set to continue – at a slightly higher level – during the current year.

For the first time, HeidelbergCement passed the mark of 50 million tonnes in cement and clinker sales volumes. Turnover decreased in 2003 by 3% overall to EUR 6,372 million (previous year: 6,570). The effect of the devaluation of the US dollar was set against the increase in turnover from new consolidations at EUR 453 million. A minus of EUR 222 million is attributable to disinvestments. Adjusted for consolidation and currency effects, turnover increased slightly by 0.4%. The good performance during the fourth quarter confirmed our expectations for results. The Managing Board will propose to the Supervisory Board at its meeting on 24 March 2004, at which the annual accounts are to be approved, the distribution of a cash dividend for the financial year 2003.

At the end of 2003, the HeidelbergCement share was delisted from the Brussels Stock Exchange. Our share is listed on the Frankfurt Stock Exchange as well as on several regional German stock exchanges.

■ Cement and clinker sales volumes

Cement and clinker sales volumes have increased across the Group in the year 2003 by 11.5% to 51.1 million tonnes. Thereof, 4.7 million tonnes are from locations included for the first time, in Germany as well as in Poland, Romania, China, and Africa. Adjusted for volumes related to consolidation, this rise amounted to 1.7%.

- Cement and clinker sales volume exceeds 50 million tonnes
- Increase of 0.4% in adjusted turnover
- Indocement fully consolidated from 1 January 2004

Cement and clinker sales volumes January to December

1,000 tonnes	2002	2003
Central Europe West	5,262	7,560
Western Europe	9,167	8,750
Northern Europe	5,326	5,361
Central Europe East	8,751	9,720
North America	11,861	12,531
Africa-Asia-Turkey	5,427	7,144
Total	45,794	51,066

■ Employees

On an annual average, 37,774 employees (previous year: 36,761) were working at HeidelbergCement. This includes an increase of 4,094 employees due to new consolidations. Disinvestments and capacity adjustment measures decreased the number of employees by 3,081.

■ Prospects

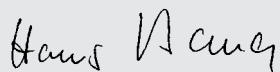
The global economic environment is generally considered to be on a sustained upward trend. Economic optimism is increasingly bolstered by the data. Expectations for Germany remain moderate, yet positive.

In the difficult year 2003, HeidelbergCement further strengthened its core activities and thereby its ability to compete, through numerous structural measures. Thus, we are well prepared to benefit from the economic recovery at above-average levels. Effects from synergies in Germany and Western Europe and favourable prospects for North America and Africa-Asia-Turkey justify our confidence. In the countries of our Central Europe East region, the economy has been growing more dynamically since the mid-90s than it has in the European Union. We expect strong impetus for HeidelbergCement due to our leading market position in these countries. The forthcoming accession of Poland, Slovakia, the Czech Republic, and Hungary into the European Union is expected to provide an extra boost.

The profitable performance of our participation Indocement allowed liabilities to be reduced significantly. Since the obligatory restrictions on use of net profits have thus ceased to apply, the company can be fully included in the Group annual accounts from 1 January 2004. This will likely increase HeidelbergCement's cement and clinker sales volume to over 60 million tonnes.

Heidelberg, 20 February 2004

Yours sincerely,



Hans Bauer
Chairman of the Managing Board

HeidelbergCement on the markets

■ Central Europe West

The fall in German construction investments continued in all sectors in the previous year. A heavy decline in prices and high excess capacities strained the cement market. HeidelbergCement reacted to this development with a further reduction of capacities in South Germany and reinforcement of its market position in North-West and Eastern Germany. Our cement and clinker sales volumes increased by 44 % to 7.6 million tonnes (previous year: 5.3) in 2003. Excluding the new consolidations, growth amounted to 4%. The Bosenberg cement plant in Ahlen/North Rhine-Westphalia acquired at the beginning of 2004 will be changed into a grinding plant in the course of the year. It will strengthen our efficient network of plants in North-West Germany.

The ready-mixed concrete operating line recorded increased volumes, due to the inclusion of new locations. Turnover suffered from heavily declining prices. We have restructured the concrete product activities across Germany. For example, we combined the activities in concrete paving stones by founding the company "Lithonplus", a joint venture with Schwenk Betontechnik. Whereas the sales volumes of aggregates, like sand and gravel, rose slightly against the general market trend, the sales volume for lime was below that of the previous year. We have united the sand-lime brick operations under the brand "Heidelberger Kalksandstein" and strengthened our market position with an extensive range of services.

Turnover in Central Europe West increased by 4.3 % compared with the previous year to EUR 787 million (previous year: 755). Price increases for cement – already implemented or announced - will markedly improve the earnings situation in 2004.

Turnover by business lines January - December

Central Europe West		
EURm	2002	2003
Cement	336	349
Concrete	355	351
Building materials	106	132
Intra-Group eliminations	-42	-45
Total turnover	755	787

■ Western Europe

A largely stable demand in the United Kingdom and continuing weak demand in the Benelux countries characterized the varied economic environment. The markets in Belgium and the Netherlands also suffered from high imports of cement, ready-mixed concrete and concrete products from Germany. The cement and clinker sales volumes of our plants in both countries fell by 7.8 % to 5.6 million tonnes (previous year: 6.1). Despite slight increases in the United Kingdom, the region's total sales volumes decreased by 4.5 % to 8.8 million tonnes (previous year: 9.2). To allow us a better adjustment to the market and to reduce costs, we joined the Belgian and Dutch cement operations in the new organisational unit CEM BENE at the beginning of 2004. The brand names CBR and ENCI remain unaffected by this change. The sales volumes of ready-mixed concrete also dropped in both countries due to low demand and cheaper imports from Germany. In contrast, the sales volume for aggregates rose markedly compared with the previous year due to the inclusion of six new locations in Belgium and of our Dutch participation Paes. The turnover of Western Europe decreased by 6.2 % to EUR 959 million (previous year: 1,023).

■ Northern Europe

In Sweden and Norway, construction industry activity has weakened slightly; in contrast, construction demand in the Baltic States and North-West Russia showed satisfactory development. Whereas the domestic sales volumes of our Scandinavian cement plants achieved only a 3 % rise, both plants in Estonia and Russia recorded considerable growth of 17.3 %. Exports fell slightly. Cement and clinker sales volumes in the Northern Europe region increased by 0.7 % to 5.4 million tonnes (previous year: 5.3). The increases in

ready-mixed concrete are mainly attributable to new acquisitions in Norway, the Baltic States and St. Petersburg; the aggregates operations performed positively. In the concrete products operating line, the Finnish companies were sold as part of our strategic withdrawal from this country. At EUR 758 million (previous year: 872), turnover was 13.1 % below the previous year's level due to the changes in the consolidation scope.

■ Central Europe East

In Central Europe East, the general economic dynamics continued; activity in the construction industry benefited from this, with marked growth rates. Even in Poland, where construction activity remained behind the general economic recovery, the last six months of the year showed signs of recovery. At the end of 2003, we sold the Zlatna Panega plant, our only cement location in Bulgaria, as we could see no possibility of attaining a leading market position there. This means that HeidelbergCement is now the cement market leader in all countries within our Central Europe East region. Cement and clinker sales volumes rose overall due to the new consolidation of the Ekocem plant in Poland and the Romcif Fieni plant in Romania by 11 % to 9.7 million tonnes (previous year: 8.8). Deliveries of ready-mixed concrete and aggregates also rose substantially by 12 and 20 % respectively. Turnover increased by 2.7 % compared with the previous year to EUR 627 million (previous year: 610).

■ North America

In the US and Canada, the economic recovery in the last few months of the previous year intensified further. The construction industry also benefited from this favourable climate. The cement and clinker sales volumes of our North American plants increased

Turnover by business lines January - December

Western Europe			Northern Europe			Central Europe East		
EURm	2002	2003	EURm	2002	2003	EURm	2002	2003
Cement	764	691	Cement	380	377	Cement	485	497
Concrete	300	310	Concrete	430	383	Concrete	118	159
Building materials	-	-	Building materials	90	29	Building materials	28	-
Intra-Group eliminations	-40	-42	Intra-Group eliminations	-28	-32	Intra-Group eliminations	-21	-30
Total turnover	1,023	959	Total turnover	872	758	Total turnover	610	627

by 5.6% to 12.5 million tonnes (previous year: 11.9). This allowed us to raise our sales volumes in almost all market regions and win back market shares that had previously been lost. We achieved particularly satisfactory volume increases in Canada. The sales volumes of ready-mixed concrete and aggregates also performed positively, with varying figures across the region. As a result of the heavy devaluation of the US dollar against the euro, turnover decreased by 9.6% to EUR 1,686 million (previous year: 1,865). In national currency, however, turnover was 8.6% above the previous year with US dollar 1,915 million (previous year: 1,764).

■ Africa-Asia-Turkey

In Africa, demand continued to develop positively in the last months. In particular, our participations in Ghana, Togo, Sierra Leone, Angola, and Tanzania achieved marked increases in sales volumes. In Asia, our cement sales volumes rose considerably as a result of the consolidation of the Chinese participation China Century Cement. This company, proportionally included after the increase of our share to 49%, was able to increase its sales volumes by 6.4% to 3.3 million tonnes (consolidated volume since 1 July 2003: 0.8 million tonnes). In Turkey, the sales volume of our participation Akçansa was also above the previous year's level. The Africa-Asia-Turkey region's cement and clinker sales volumes rose overall by 31.6% to 7.1 million tonnes (previous year: 5.4). Turnover improved by 15.8% to EUR 492 million (previous year: 425).

In Indonesia, stable cement demand and intensive competitive pressure determined the market conditions. The sales volumes of our non-consolidated participation Indocement decreased only by

3.9% to 11.0 million tonnes (previous year: 11.5) despite an increase in sales prices. Indocement's net indebtedness was cut back significantly.

■ maxit Group

The economic environment of maxit Group's most important markets was unsatisfactory, even in the last few months. The restructuring measures primarily carried out for cost and marketing reasons contributed to the business unit's overall positive performance. For the purposes of expanding operations in growing markets, we are building a new production facility for dry mortar in both China and Russia. Turnover rose compared with the previous year by 1.1% to EUR 1,021 million (previous year: 1,010).

■ Group Services

With a trade volume of 11.9 million tonnes (previous year: 11.1), HC Trading exceeded the record volume of the previous year by a further 6%. Cement deliveries, which increased by 24%, more than compensated for the declining trade volume of clinker. Our Group company HC Fuels was able to secure cost-effective supply of coal to our plants by medium-term futures contracts. The decline in turnover of 7.9% to EUR 417 million (previous year: 453) in the Group Services business unit is basically attributable to the devaluation of the US dollar.

Turnover by business lines January - December

North America		
EURm	2002	2003
Cement	1,101	982
Concrete	915	846
Building materials	-	-
Intra-Group eliminations	-151	-142
Total turnover	1,865	1,686

Africa-Asia-Turkey		
EURm	2002	2003
Cement	395	452
Concrete	37	50
Building materials	-	-
Intra-Group eliminations	-7	-10
Total turnover	425	492

maxit Group		
EURm	2002	2003
Cement	-	-
Concrete	-	-
Building materials	1,010	1,021
Intra-Group eliminations	-	-
Total turnover	1,010	1,021

Turnover development

by regions and business lines January to December 2003

EURm	Cement		Concrete		Building materials		Intra Group eliminations		Total	
	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003
Central Europe West	336	349	355	351	106	132	-42	-45	755	787
Western Europe	764	691	300	310			-40	-42	1,023	959
Northern Europe	380	377	430	383	90	29	-28	-32	872	758
Central Europe East	485	497	118	159	28		-21	-30	610	627
North America	1,101	982	915	846			-151	-142	1,865	1,686
Africa-Asia-Turkey	395	452	37	50			-7	-10	425	492
maxit Group					1,010	1,021			1,010	1,021
Total	3,461	3,349	2,154	2,099	1,234	1,182	-290	-301	6,559	6,330
Group Services									453	417
Inter-region turnover									-443	-375
Total Group									6,570	6,372

Financial calendar 2004

Analysts' and press conference on annual accounts

Heidelberg	25 March 2004
London	26 March 2004
Interim report January to March 2004	6 May 2004
Annual General Meeting	6 May 2004
Interim report January to June 2004 and analysts' and press conference	5/6 August 2004
Interim report January to September 2004	9 November 2004