Half-Year Financial Report
January to June 2021

HEIDELBERGCEMENT

HeidelbergCement achieves excellent half-year results for 2021

- **Revenue and results increase significantly on a like-for-like basis[1] – Group revenue +11 %; result from current operations before depreciation and amortisation +26 %; result from current operations +57 %**
- **Net debt down by €1.5 billion – leverage ratio at 1.9x**
- **Share buyback programme announced – total amount of up to €1 billion**
- **Significant step in portfolio optimisation achieved – business activities of the US West Region sold**
- **Outlook raised – strong growth in result of current operations before and after depreciation and amortisation [1] expected for the full year 2021**

1) Adjusted for consolidation and currency effects

Overview January to June 2021	January - June	
€m	2020	2021
Revenue	8,254	**8,938**
Result from equity accounted investments (REI)	98	**162**
Result from current operations before depreciation and amortisation (RCOBD)	1,404	**1,720**
RCOBD margin in %	17.0 %	**19.2 %**
Result from current operations	710	**1,084**
Additional ordinary result	-3,490	**148**
Earnings before interest and taxes (EBIT)	-2,779	**1,232**
Financial result	-157	**-84**
Profit/loss before tax	-2,936	**1,148**
Net income/loss from continuing operations	-3,075	**823**
Net income/loss from discontinued operations	-20	**2**
Profit/loss for the period	-3,095	**825**
Group share of profit / loss	-3,133	**755**
Investments [1]	449	**380**

1) Restated due to reclassification of cash acquired in business combinations

Due to rounding, numbers presented in the Half-Year Financial Report may not add up precisely to the totals provided.

Cover photo: HeidelbergCement supplied the building material for Germany's first 3D printed residential building made of concrete. The high-tech material "i.tech 3D" was developed by HeidelbergCement's subsidiary Italcementi especially for 3D printing. Photo: Detlef Podehl, Dortmund, Germany

Interim Group management report

Business trend January to June 2021

Economic environment

The global economy has recovered significantly so far this year after being plunged into a deep crisis by the COVID-19 pandemic in 2020 and slumping by 3.2 %. In its July forecast, the International Monetary Fund (IMF) expects global economic output to increase by 6.0 % in the current year. The growth rate for the advanced economies was raised by 0.5 percentage points to 5.6 % compared to the April forecast due to the progress in vaccination and additional government spending. For the USA, the IMF expects economic growth of 7.0 % in the current year. The forecast for emerging and developing countries, on the other hand, was lowered by 0.4 percentage points to 6.3 % due to the lack of access to vaccines.

Positive development of sales volumes in the first half of the year

The good development of sales volumes in the first quarter continued in the second quarter. Overall, deliveries in the first half of the year rose significantly in all business lines in comparison with the previous year.

Group-wide cement and clinker sales volumes grew by 9.7 % to 61.8 million tonnes (previous year: 56.3) in the first half of the year. Excluding consolidation effects, the increase amounted to 10.0 %. All Group areas contributed to the growth in sales volumes, with Western and Southern Europe and Asia-Pacific in particular achieving significant increases in volumes.

Deliveries of aggregates rose by 7.5 % in comparison with the previous year to 145.0 million tonnes (previous year: 134.8). All Group areas recorded increases in sales volumes. The Western and Southern Europe Group area made the largest contribution by far in this business line too.

Sales volumes of ready-mixed concrete increased by 8.3 % to 23.5 million cubic metres (previous year: 21.7). Excluding consolidation effects, the rise amounted to 9.0 %. Deliveries in all Group areas were above the previous year's level, with Western and Southern Europe and Africa-Eastern Mediterranean Basin achieving the strongest growth. Asphalt deliveries increased by 11.5 % to 4.8 million tonnes (previous year: 4.3).

Development of revenue and results

Group revenue rose by 8.3 % in comparison with the previous year to €8,938 million (previous year: 8,254). Excluding consolidation and exchange rate effects, the increase amounted to 11.4 %. Changes to the scope of consolidation of €25 million and exchange rate effects of €211 million had a negative impact on revenue.

In the reporting period, material costs rose by 8.6 % to €3,400 million (previous year: 3,132). This increase resulted primarily from the greater expenditure on raw materials and energy. Excluding consolidation and exchange rate effects, material costs exceeded the previous year's level by 12.6 %. The material cost ratio remained stable at 38.0 % (previous year: 37.9 %). The balance of other operating expenses and income was 7.0 % above the previous year's level at €-2,384 million (previous year: -2,228). Excluding exchange rate and consolidation effects, the increase amounted to 9.4 %, which was essentially due to the rise in freight costs. Personnel costs rose by 5.1 % to €1,575 million (previous year: 1,499). The personnel cost ratio fell to 17.6 % (previous year: 18.2 %). The result from equity accounted investments (REI) rose by 65.1 % to €162 million, significantly above the previous year's figure of €98 million.

The result from current operations before depreciation and amortisation (RCOBD) grew by 22.6 % to €1,720 million (previous year: 1,404). This rise is primarily attributable to the good operational development and, in particular, the significant increases in sales volumes in all business lines. Excluding consolidation and exchange rate effects, the increase in operational terms amounted to €360 million. The RCOBD margin, i.e. the ratio of result from current operations before depreciation and amortisation to revenue, rose by 224 basis points to 19.2 % (previous year: 17.0 %).

The result from current operations rose by 52.7 % to €1,084 million (previous year: 710). Changes to the scope of consolidation contributed €1 million to the improvement in result, while exchange rate effects reduced the result by €22 million.

The additional ordinary result amounted to €148 million (previous year: -3,490). This includes reversals of impairment losses totalling €131 million in connection with the upcoming sale of business activities in the West region of the USA. Further details can be found in the Disposal groups in the reporting period section of the Notes on page 20 f.

Sales volumes	April - June			January - June		
	2020	2021	Change	2020	2021	Change
Cement and clinker (Mt)	28.7	**33.5**	16.8 %	56.3	**61.8**	9.7 %
Aggregates (Mt)	74.7	**83.7**	12.0 %	134.8	**145.0**	7.5 %
Ready-mixed concrete (Mm^3)	11.0	**12.7**	15.1 %	21.7	**23.5**	8.3 %
Asphalt (Mt)	2.6	**2.9**	11.4 %	4.3	**4.8**	11.5 %

In the previous year, the additional ordinary result was predominantly affected by impairment of goodwill amounting to €2,684 million and of other assets totalling €769 million due to the COVID-19-related revaluation of the asset portfolio of the HeidelbergCement Group.

Earnings before interest and taxes (EBIT) amounted to €1,232 million (previous year: -2,779). In addition to the good operational development, the rise is primarily attributable to the increase in the additional ordinary result.

The financial result improved by €73 million to €-84 million (previous year: -157). Besides the reduction of €24 million in interest expenses, this figure was positively affected by an increase of €3 million in foreign exchange gains in comparison with the previous year. The other financial result rose by €51 million, while lower interest income had a negative impact on the financial result.

Profit before tax from continuing operations rose by €4,084 million to €1,148 million (previous year: -2,936), primarily due to the increase in the additional ordinary result. Expenses for income taxes amounted to €325 million (previous year: 138). Net income from continuing operations increased by €3,898 million to €823 million (previous year: -3,075).

Net income from discontinued operations amounted to €2 million (previous year: -20) and is attributable to operations of the Hanson Group that were discontinued in previous years.

Overall, the result for the period totalled €825 million (previous year: -3,095). The profit relating to non-controlling interests rose by €31 million to €70 million (previous year: 39). The Group share of profit therefore amounts to €755 million (previous year: -3,133). Excluding the additional ordinary result, the Group share improved by 70.6 % to €608 million (previous year: 356).

Earnings per share – Group share – in accordance with IAS 33 increased by €19.60 to €3.81 (previous year: -15.79).

The statement of comprehensive income and the derivation of the earnings per share are shown in detail in the Notes.

Statement of cash flows

In the first half of 2021, operating activities from continuing operations generated a cash inflow totalling €158 million (previous year: 123) as a result of the strong operating business.

At €180 million (previous year: 130), dividends received significantly exceeded the level of the same period of the previous year and mainly included payouts received from joint ventures and associates. Interest received decreased by €20 million to €33 million (previous year: 53) in comparison with the same period of the previous year. Interest payments fell by a further €95 million to €167 million (previous year: 262) as a result of favourable refinancing conditions and the decrease in net debt. At €178 million (previous year: 198), income taxes paid were below the level of the same period of the previous year. In the reporting period, provisions of €109 million (previous year: 106) were utilised through payments. The strong operating business and the rise in revenue led to an increase in the changes in working capital of €372 million to €1,236 million (previous year: 865), which had a negative impact on the cash flow from operating activities.

The cash outflow from operating activities – discontinued operations of €12 million (previous year: 10) relates primarily to cash flows in connection with the settlement of the damages and environmental obligations arising from the takeover of the Hanson Group.

Net cash used in investing activities of continuing operations declined by €159 million to €248 million (previous year: 408). Cash-relevant investments decreased by €69 million to €380 million (previous year: 449). The decrease is mainly due to the reduction of payments for the acquisition of subsidiaries and other business units, less cash and cash equivalents acquired, by €69 million to €2 million (previous year: 71). Amounting to €71 million for the same period of the previous year, the payments, less the cash and cash equivalents acquired, mainly related to acquisitions in Northern Europe and Morocco. Investments in property, plant and equipment and intangible assets decreased slightly by €10 million to €359 million (previous year: 369).

With regard to the cash-relevant divestments of €132 million (previous year: 41), proceeds of €26 million (previous year: payments of 2) related to the disposal of subsidiaries and other business units less the cash and cash equivalents disposed of. These mainly related to divestments in Hong Kong and Kuwait. Further details can be found in the Divestments in the reporting period section of the Notes on page 22f. Proceeds from the sale of intangible assets and property, plant and equipment rose significantly by €70 million to €97 million (previous year: 27). The disposal of financial assets, joint ventures, and associates as well as the repayment of loans resulted in proceeds of €8 million (previous year: 15).

Financing activities of continuing operations resulted in a cash outflow of €919 million (previous year: 754) in the reporting period. The cash outflow arising from the net proceeds from and repayment of bonds and loans of €440 million (previous year: 533) included in this figure covers the change in long-term and short-term interest-bearing liabilities and mainly comprises the repayment of a bond amounting to €500 million, cash inflows of €190 million from the issue of commercial papers, and the repayment of lease liabilities amounting to €129 million. This item also includes the borrowings and payments relating to bank loans as well as changes to other short-term interest-bearing liabilities with a high turnover rate. Significant developments in the previous year were the repayment of two bonds with a total value of €1.5 billion, the issue of a bond of €650 million and commercial papers of

€355 million, and the repayment of lease liabilities of €142 million. With a cash outflow totalling €4 million (previous year: 1), the cash-relevant changes in ownership interests in subsidiaries were of minor importance in the reporting period, as in the same period of the previous year. Dividend payments led to an overall cash outflow of €474 million (previous year: 220). The significant increase in comparison with the same period of the previous year is due to the return to a progressive dividend policy at HeidelbergCement AG with €2.20 (previous year: 0.60) per share, resulting in a total dividend payment of €437 million (previous year: 119).

Investments

Cash-relevant investments decreased by €69 million to €380 million in the first half of the year (previous year: 449). Investments in property, plant and equipment (including intangible assets) accounted for €359 million (previous year: 369). Investments in financial assets and other business units amounted to €21 million (previous year: 80) and essentially related to smaller bolt-on acquisitions of shareholdings in the Western and Southern Europe Group area.

Cash-relevant divestments totalled €132 million in the first half of the year (previous year: 41). These mainly concerned the disposal of property, plant and equipment primarily in the Western and Southern Europe and North America Group areas as well as divestments in Hong Kong and Kuwait.

Portfolio optimisation

Thanks to several transactions in the first half of 2021, HeidelbergCement has made successful progress with its programme of portfolio optimisation within the framework of the “Beyond 2020” strategy.

In a first step, HeidelbergCement sold its 51 % majority participation in the Kuwaiti cement and ready-mixed concrete company Hilal Cement on 24 January 2021.

On 29 April 2021, HeidelbergCement sold the wholly owned subsidiary Pioneer Concrete (Hong Kong) Limited in Hong Kong.

As part of the restructuring of its Greek business, HeidelbergCement signed an agreement on 30 April 2021 to sell its aggregates business and two ready-mixed concrete plants to the Swiss group LafargeHolcim. In Greece, HeidelbergCement is focusing on its core business and will continue cement production through its subsidiary Halyps Cement.

The divestment of business activities in the Western United States marks a significant step in the programme of comprehensive portfolio optimisation and margin improvement. On 23 May 2021, HeidelbergCement signed an agreement to sell Lehigh Hanson’s cement, aggregates, ready-mixed concrete, and asphalt business activities in the West region (California, Arizona, Oregon, and Nevada) to the US company Martin Marietta Materials, Inc. The sales price amounts to US$2.3 billion in cash. The transaction is expected to close in the second half of 2021, subject to official approvals. North America remains a core focus market for HeidelbergCement. The aim is to further expand vertical integration in the four key regions of Canada, the Midwest, the Northeast, and the South through selected acquisitions and capacity expansion projects.

Balance sheet

As at 30 June 2021, the balance sheet total rose by €190 million to €32,525 million (previous year: 32,335) in comparison with 31 December 2020.

Non-current assets fell by €1,045 million to €23,978 million (previous year: 25,023). Adjusted for positive exchange rate effects of €422 million, the decrease amounted to €1,468 million. This resulted in particular from the reclassification of non-current assets as assets held for sale, which essentially occurred in connection with the agreement to dispose of our business activities in the West region of the USA.

Of the reduction in intangible assets, €721 million related to goodwill and €5 million to other intangible assets. Besides the positive currency effects of €156 million, the reclassification of goodwill amounting to €867 million to assets held for sale had a particular impact in the first half of the year.

The reduction in property, plant and equipment of €371 million to €12,442 million (previous year: 12,813) was largely due, alongside the additions to assets of €395 million, to scheduled depreciation of €613 million, reclassifications of property, plant and equipment of €441 million to assets held for sale, and positive exchange rate effects of €204 million.

Financial assets rose by €14 million to €2,007 million (previous year: 1,992). Adjusted for positive currency effects of €27 million, there was a reduction of €13 million.

Current assets decreased by €162 million to €7,108 million (previous year: 7,270). Adjusted for positive currency effects of €91 million, the decrease amounted to €253 million. For seasonal and revenue-related reasons, trade receivables grew by €731 million to €2,293 million (previous year: 1,562). Other current operating receivables and assets also increased by €72 million to €670 million (previous year: 598) and inventories by €57 million to €2,028 million (previous year: 1,971). By contrast, cash and cash equivalents fell by €987 million to €1,871 million (previous year: 2,857). The changes are explained in the Statement of cash flows section.

The assets held for sale amounting to €1,439 million include, in particular, the assets of the West region of the USA.

On the equity and liabilities side, equity increased by €807 million to €15,355 million (previous year: 14,548). This increase is primarily attributable to the total comprehensive income for the period of €1,360 million, which is composed of the profit for the period amounting to €825 million and other comprehensive income of €535 million. The agreed dividends of €544 million, of which €474 million have already been paid, had an opposite effect.

Interest-bearing liabilities decreased by €482 million to €9,422 million (previous year: 9,904). In the first half of 2021, a bond totalling €500 million was repaid, as were lease liabilities of €129 million. For this purpose, mainly cash and cash equivalents were used and commercial papers amounting to €190 million were issued.

The increase in net debt (interest-bearing liabilities less cash and cash equivalents) of €561 million to €7,454 million (previous year: 6,893) is primarily attributable to the financing of the seasonal and revenue-related rise in receivables, the cash flow from investments, and the dividends paid.

Provisions decreased by €99 million to €2,400 million (previous year: 2,499). While pension provisions fell by €101 million to €1,019 million (previous year: 1,120), other provisions remained at the previous year's level at €1,381 million (previous year: 1,379).

The reduction of €232 million in operating liabilities, including liabilities from income taxes, to €4,551 million (previous year: 4,783) is primarily attributable to the decline in other current operating liabilities.

The liabilities associated with assets held for sale amounting to €104 million concern the liabilities of the West region of the USA.

Financing

HeidelbergCement Finance Luxembourg S.A. redeemed the €500 million, 3.25 % Eurobond 2013/2021 maturing on 21 October 2021 early on 21 April 2021.

At the end of the first half of 2021, net debt amounted to €7.5 billion. Thanks to the strong cash flow development, net debt therefore fell significantly by €1.5 billion in comparison with the end of the first half of 2020 (€9.0 billion). The increase of almost €0.6 billion compared with the end of 2020 (€6.9 billion) is primarily due to the usual seasonal rise in working capital and the dividend payments in the second quarter. At the end of June 2021, the leverage ratio, i.e. the ratio of net debt to result from current operations before depreciation and amortisation over the last 12 months, stood at 1.9x.

In mid-April 2021, the rating agencies S&P Global Ratings and Moody's Investors Service each raised HeidelbergCement's corporate rating by one notch to BBB and Baa2, respectively. At both agencies, the outlook for the credit rating is stable. The increase in our credit ratings underlines the confidence of the two leading rating agencies in HeidelbergCement's significantly increased financial strength. With the two current ratings in the solid investment grade range, we have achieved an important target ahead of schedule as part of our "Beyond 2020" strategy.

Western and Southern Europe

In the first half of 2021, the Western and Southern Europe Group area's cement and clinker sales volumes rose by 18.9 % to 15.3 million tonnes (previous year: 12.9). After the weak start in January/February due to winter conditions, deliveries in Germany increased significantly in the subsequent months; overall, we achieved a moderate increase in sales volumes in the first half of the year. Belgium and the Netherlands also recorded a moderate increase in volumes. The United Kingdom, France, Italy, and Spain achieved strong year-on-year increases in sales volumes.

With a rise of 18.6 %, aggregate sales volumes in the Group area also grew significantly to 43.4 million tonnes (previous year: 36.6). In Germany, the volume losses of the first quarter have not yet been recovered. On the other hand, all other countries recorded a positive development of sales volumes, with strong increases in volumes particularly in the United Kingdom, France, and Spain.

Deliveries of ready-mixed concrete grew by 15.8 % to 9.2 million cubic metres (previous year: 7.9). While our deliveries in Germany were still lagging behind the previous year, all other countries recorded increases in volumes. Deliveries increased sharply, particularly in the United Kingdom, France, and Italy. Sales volumes of the asphalt operating line in the United Kingdom were 24.9 % above the previous year's figure.

Revenue of the Western and Southern Europe Group area rose by 21.0 % to €2,767 million (previous year: 2,287). Excluding consolidation and exchange rate effects, the rise was 21.2 %.

The result from current operations before depreciation and amortisation rose by 40.9 % to €431 million (previous year: 306); on a like-for-like basis, the growth amounted to 41.5 %. With a rise of 133.2 % to €241 million (previous year: 103), the result from current operations more than doubled. At 133.4 %, the same rate of increase was recorded on a like-for-like basis.

Northern and Eastern Europe-Central Asia

In the first half of 2021, the cement and clinker sales volumes of the Northern and Eastern Europe-Central Asia Group area increased by 5.9 % to 11.6 million tonnes (previous year: 10.9). Northern Europe recorded a significant rise in sales volumes overall. All Nordic countries, with the exception of Iceland, benefited from strong domestic demand. Export deliveries increased significantly as well. Price increases in Norway and Sweden also contributed to the improvement in result. In Eastern Europe-Central Asia, the deliveries of the individual countries presented a mixed picture. While our sales volumes were down slightly in Romania and significantly in Greece, significant growth was achieved in Kazakhstan, Bulgaria, and especially in Czechia and Russia. In Poland, deliveries were slightly above the previous year's level.

As a whole, Eastern Europe-Central Asia recorded a moderate increase in sales volumes.

Our deliveries in the aggregates business line rose slightly by 1.8 % to 22.3 million tonnes (previous year: 21.9). In Northern Europe, solid growth in sales by the Mibau Group more than offset the decrease in volumes in Sweden and Norway. The Baltic States and Iceland also recorded a positive development of sales volumes. In Eastern Europe-Central Asia, growth in Czechia, Russia, and Greece stood in contrast to declines in sales volumes in Poland, Romania, and Slovakia.

Deliveries of ready-mixed concrete increased by 3.4 % compared with the previous year to 2.9 million cubic metres (previous year: 2.8). In Northern Europe, Sweden, Denmark, the Baltic States, and Iceland recorded significant volume increases, whereas sales volumes in Norway declined due to postponed projects. In Eastern Europe-Central Asia, Poland, Czechia, Bulgaria, and Greece recorded a positive development of sales volumes. Deliveries in Romania and Slovakia remained below the previous year's level.

At €1,438 million (previous year: 1,349), revenue of the Northern and Eastern Europe-Central Asia Group area was 6.6 % above the previous year.

The result from current operations before depreciation and amortisation rose by 9.5 % to €322 million (previous year: 294); excluding consolidation and exchange rate effects, the growth amounted to 11.0 %. The result from current operations increased by 15.4 % to €228 million (previous year: 197); on a like-for-like basis, it rose by 17.0 %.

North America

In the North America Group area, HeidelbergCement is represented in the USA and Canada.

In the cement business line, the weather-related decline in sales volumes in the first quarter was more than compensated for in the subsequent months. Cement deliveries from our North American plants increased by 6.5 % in the first six months to 7.6 million tonnes (previous year: 7.1). The Canada region recorded strong growth in volumes boosted by strong demand from residential and commercial construction and the resumption of activity in the oil sector. The Northeast and Midwest regions also made significant gains. Deliveries of the South region recovered from the unprecedented winter storm in Texas and reached the previous year's level. In the West region, on the other hand, sales volumes declined significantly due to competitive pressure from imports. In addition to the increase in deliveries, the overall positive price development also contributed to the improvement in result.

All regions except the Midwest achieved growth in sales volumes in the aggregates business line. Total deliveries of aggregates in the first half of the year were 3.7 % higher than the previous year at 58.3 million tonnes (previous year: 56.2). Sales prices developed positively overall.

In the ready-mixed concrete operating line, volume increases in the Canada, Northeast, and West regions more than offset the decrease in the South region. Ready-mixed concrete sales volumes rose by 5.0 % compared with the previous year to 3.8 million cubic metres (previous year: 3.6).

In the asphalt operating line, the West region achieved slight increases and the Canada and Northeast regions achieved significant increases in volumes. Overall, deliveries of asphalt increased by 8.5 % to 2.0 million tonnes (previous year: 1.8).

In the service-joint ventures-other business line, the cement sales volumes of our joint venture Texas Lehigh Cement declined significantly as a result of weather conditions.

At €2,118 million (previous year: 2,136), total revenue in North America was slightly below that of the previous year with a decline of 0.9 %. Excluding consolidation and exchange rate effects, revenue increased by 7.0 %.

The result from current operations before depreciation and amortisation rose by 21.9 % to €414 million (previous year: 340); on a like-for-like basis, the rise amounted to 31.6 %. The result from current operations grew by 69.1 % to €248 million (previous year: 146); on a like-for-like basis, the figure rose by 82.5 %.

Asia-Pacific

During the first half of the year, cement and clinker deliveries of the Asia-Pacific Group area grew by 12.1 % to 16.8 million tonnes (previous year: 15.0).

In Indonesia, the cement and clinker sales volumes of our subsidiary Indocement increased by 11.2 % in the first half of the year. The encouraging rise in domestic deliveries is attributable to the easing of lockdown measures and the incipient recovery in economic activity in the second quarter. However, infrastructure and other large building projects are not expected to pick up until the second half of the year. Clinker exports rose significantly in comparison with the previous year. The good development of sales volumes with largely stable sales prices and strict cost management led to a significant improvement in results.

In India, the cement and clinker deliveries of our central and southern Indian plants also increased significantly. However, the rise in COVID-19 infections in April/May led to a partial lockdown, which impacted the growth in sales volumes.

In Thailand, the construction industry is supported by infrastructure projects, while demand from residential and commercial construction declined. Two new waves of COVID-19 have significantly hampered construction activity in the first half of the year. Deliveries from our plants remained slightly below the previous year's level. In Bangladesh, on the other hand, strong growth was recorded in our cement sales volumes in the second quarter, despite pandemic-related impairments.

In the aggregates business line, our deliveries increased by 4.3 % to 17.2 million tonnes (previous year: 16.5). While our deliveries of aggregates rose sharply in Malaysia and particularly in Indonesia, they remained below the previous year's level in Australia. In Indonesia, the new quarry in Pamoyanan, West Java, which started commercial production in September 2020, contributed significantly to the strong volume growth. In Malaysia, our deliveries were significantly above the previous year's level despite temporary closures of construction sites and a hard lockdown from June onwards. In Australia, increases in sales volumes on the east coast and in the north only partially offset the decreases in volumes in the south and west.

Deliveries of ready-mixed concrete increased by 4.5 % to 5.1 million cubic metres (previous year: 4.9). While Australia and particularly Indonesia and Malaysia achieved increases in volumes, sales volumes in Thailand declined.

The deliveries of the asphalt operating line in Australia and Malaysia rose by 6.7 %. A significant increase in sales volumes in Malaysia more than compensated for the decrease in volumes in Australia.

In China, the cement deliveries of our joint ventures in the provinces of Guangdong and Shaanxi increased significantly. In Australia, our joint venture Cement Australia also recorded a positive development of sales volumes.

Revenue of the Asia-Pacific Group area grew by 8.3 % to €1,520 million (previous year: 1,403); excluding consolidation and exchange rate effects, the rise amounted to 9.4 %.

The result from current operations before depreciation and amortisation increased by 14.1 % to €319 million (previous year: 280); on a like-for-like basis, the rise amounted to 15.4 %. The result from current operations rose by 34.3 % to €201 million (previous year: 150); on a like-for-like basis, it grew by 35.5 %.

Africa-Eastern Mediterranean Basin

The cement and clinker sales volumes of the Africa-Eastern Mediterranean Basin Group area, which essentially include the deliveries from our African subsidiaries, rose by 3.0 % to 10.4 million tonnes (previous year: 10.1).

High growth rates were recorded in Ghana, our country with the greatest sales volumes south of the Sahara, as well as in Gambia, Liberia, and the Democratic Republic of Congo. Tanzania, Mozambique, Benin, and Burkina Faso also achieved increases in volumes, while our deliveries in Togo and Sierra Leone remained below the previous year's level. In North Africa, our deliveries increased moderately in Morocco, while they decreased in Egypt due to competitive pressure.

Aside from minor activities in some African countries south of the Sahara, HeidelbergCement is predominantly active in Israel and Morocco in the aggregates business line. Deliveries of aggregates increased overall by 4.9 % to 3.7 million tonnes (previous year: 3.5). The strong increase in sales volumes in Morocco more than compensated for the decrease in volumes in Israel.

In the ready-mixed concrete operating line, HeidelbergCement is represented in Israel, Egypt, and Morocco. While deliveries of ready-mixed concrete increased sharply in Egypt and particularly in Morocco, they remained slightly above the previous year's level in Israel. Overall, ready-mixed concrete sales volumes rose by 9.7 % to 2.5 million cubic metres (previous year: 2.3). In the first half of 2021, the asphalt business in Israel declined strongly.

The service-joint ventures-other business line essentially includes the cement, aggregates, and ready-mixed concrete activities of our Turkish joint venture Akçansa. Increased domestic cement deliveries could not fully offset lower clinker exports. Overall, the cement and clinker sales volumes of Akçansa were 4.4 % below the previous year's level in the first six months of 2021. Both deliveries of aggregates and ready-mixed concrete increased sharply, driven by large infrastructure projects.

Revenue of the Africa-Eastern Mediterranean Basin Group area rose by 5.9 % to €904 million (previous year: 853); excluding consolidation and exchange rate effects, revenue increased by 11.6 %.

The result from current operations before depreciation and amortisation rose by 26.7 % to €243 million (previous year: 192); on a like-for-like basis, the growth amounted to 32.9 %. The result from current operations increased by 38.9 % to €191 million (previous year: 137); on a like-for-like basis, it rose by 46.3 %.

Group Services

The Group Services business unit mainly comprises the activities of the HC Trading Group – one of the largest trading companies worldwide, particularly for cement, clinker, and secondary cementitious materials, but also for solid and alternative fuels as well as other building materials and additives.

In the first half of the year, HC Trading's trade volume rose by 21.4 % to 13.2 million tonnes (previous year: 10.8). Our trading company benefited from the recovery in global trade, which had fallen sharply in the previous year as a result of the COVID-19 pandemic.

Revenue of the Group Services business unit grew by 24.9 % to €623 million (previous year: 499); excluding consolidation and exchange rate effects, the increase amounted to 28.7 %.

The result from current operations before depreciation and amortisation rose by 38.4 % to €13 million (previous year: 10); on a like-for-like basis, growth amounted to 49.6 %. The result from current operations increased by 75.4 % to €13 million (previous year: 7); on a like-for-like basis, it rose by 65.8 %.

Employees

At the end of the first half of 2021, the number of employees at HeidelbergCement stood at 53,327 (previous year: 53,882). The decrease of 555 employees essentially results from two opposing developments: On the one hand, nearly 1,500 jobs were cut across the Group due to portfolio optimisations, the realisation of synergies, efficiency increases in sales and administration, as well as location optimisations. On the other hand, more than 900 new employees joined the Group, of which about two thirds were in the United Kingdom and the USA.

Changes in the Managing Board

In line with HeidelbergCement's "Beyond 2020" strategic targets, the Supervisory Board decided on 26 May 2021 to establish two new positions on the Managing Board in order to further drive the company's major transformation in sustainability and digitalisation.

Both changes reflect the company's ambition to be industry leader on the road to carbon neutrality and become the first industrial technology group in the building materials industry. All changes will become effective as of 1 September 2021.

Dr. Nicola Kimm (51) will take over the newly established Managing Board position as Chief Sustainability Officer of HeidelbergCement, responsible for Environment Social Governance, Global Research & Development, and New Technologies. The trained ecologist and chemical engineer and with a PhD in business engineering is a renowned sustainability expert, currently serving as Executive Committee Member and Chief Sustainability Officer with Signify, the Philips lighting business carve out.

Dennis Lentz (39) will take over the newly established Managing Board position as Chief Digital Officer of HeidelbergCement and will be responsible for the company's digital transformation. Since 2010, he held management positions as Head of Group Energy Purchasing, Director Logistics and Group CIO at HeidelbergCement.

René Aldach (42) will take over the role of Chief Financial Officer at HeidelbergCement from Dr. Lorenz Näger who will retire at the end of August 2021. René Aldach joined the company in 2004 and currently works as Director Group Reporting, Controlling & Consolidation for HeidelbergCement.

By best mutual consent with the Supervisory Board, Dr. Lorenz Näger (61) decided to take his well-deserved retirement after more than 22 years as Chief Financial Officer, thereof 17 years for HeidelbergCement. As Group CFO, he has played an instrumental and successful role in shaping HeidelbergCement for almost two decades.

Events after the reporting period

On 28 July 2021, the Managing Board of HeidelbergCement AG decided on a share buyback programme with a total amount of up to €1 billion which is expected to be completed by September 2023. Information on the share buyback programme is provided in the Notes on page 26.

Outlook

In view of the very good operational development in the first six months, HeidelbergCement is raising its outlook for the whole of 2021. We have not taken into account possible negative effects of a renewed intensification of the COVID-19 pandemic.

HeidelbergCement now expects a strong increase in result from current operations before depreciation and amortisation and result from current operations for the 2021 financial year, excluding exchange rate and consolidation effects in each case. We had previously anticipated a slight increase for these key figures.

In the context of the expected strong development of results, we now forecast a rise in the return on invested capital (ROIC) to clearly above 8 % for 2021. We had previously anticipated an increase of above 8 % for 2021.

We expect net investments in property, plant and equipment (investments in and divestments of property, plant and equipment) for 2021 to be less than €1.2 billion. A figure of approximately €1.2 billion had previously been planned.

Due to the continued good cash flow, we expect a further improvement in the leverage ratio, i.e. the ratio of net debt to the result from current operations before depreciation and amortisation. We now anticipate that we will reach the lower end of the target range of 1.5x - 2.0x at the close of 2021.

The market environment in the construction sector is and remains good. We see continued good demand in private residential construction and infrastructure in all regions. At the same time, raw material, energy and transportation costs have increased significantly in recent months. Nevertheless, in the short and medium term we expect the various country-specific economic stimulus programmes to continue to have a positive impact on construction activity and thus on our sales volumes.

Additional statements on the outlook

The Managing Board of HeidelbergCement has not seen evidence of developments beyond those mentioned in the previous paragraph that would suggest changes for the business year 2021 regarding the other forecasts and statements made in the 2020 Annual Report in the Outlook chapter on page 60 ff. on the expected development of HeidelbergCement and its business environment.

The expected future development of HeidelbergCement and the business environment over the course of 2021 is described in the outlook. As such, please note that this Half-Year Financial Report contains forward-looking statements based on the information currently available and the current assumptions and forecasts of the Managing Board of HeidelbergCement. Such statements are naturally subject to risks and uncertainties and may therefore deviate significantly from the actual development. HeidelbergCement undertakes no obligation and furthermore has no intention to update the forward-looking statements made in this Half-Year Financial Report.

Risk and opportunity report

HeidelbergCement's risk policy is based on the business strategy, which focuses on safeguarding the Group's existence and sustainably increasing its value. Entrepreneurial activity is always forward-looking and therefore subject to certain risks. Identifying risks, understanding them, as well as assessing and reducing them systematically are the responsibility of the Managing Board and a key task for all managers. HeidelbergCement is subject to various risks on account of its international business activity. Provided that they are consistent with the legal and ethical principles of entrepreneurial activity and are well balanced by the opportunities they present, these risks are classified as acceptable. Opportunity and risk management at HeidelbergCement is closely linked by Group-wide planning and monitoring systems. Opportunities are recorded in the annual operational plan and followed up as part of monthly financial reporting. Operational management in each country and the central Group departments are directly responsible for identifying and observing opportunities at an early stage.

Risks that could have a significant impact on our financial position and performance in the 2021 financial year and for the foreseeable future thereafter, as well as opportunities, are presented in detail in the Annual Report 2020 in the Risk and opportunities report on page 65 ff.

From today's perspective, a holistic view of individual risks and the overall risk position does not reveal any risks that could jeopardise the continued existence of the company or any other significant risks.

Interim consolidated financial statements

Consolidated income statement

	January - June	
€m	2020	2021
Revenue	8,254.1	**8,938.1**
Change in finished goods and work in progress	-95.6	**-30.0**
Own work capitalised	5.6	**9.9**
Operating revenue	8,164.1	**8,917.9**
Other operating income	168.3	**213.0**
Material costs	-3,132.2	**-3,400.1**
Employee and personnel costs	-1,498.8	**-1,575.2**
Other operating expenses	-2,396.0	**-2,597.4**
Result from equity accounted investments (REI)	98.1	**162.0**
Result from current operations before depreciation and amortisation (RCOBD)	1,403.5	**1,720.2**
Depreciation and amortisation	-693.4	**-635.9**
Result from current operations	710.1	**1,084.3**
Additional ordinary income	21.8	**184.3**
Additional ordinary expenses	-3,511.4	**-36.7**
Additional ordinary result	-3,489.6	**147.6**
Earnings before interest and taxes (EBIT)	-2,779.5	**1,231.9**
Interest income	22.1	**16.8**
Interest expenses	-123.8	**-100.2**
Foreign exchange gains and losses	0.2	**3.5**
Result from other participations	0.7	**1.3**
Other financial result	-56.1	**-5.3**
Financial result	-156.9	**-83.9**
Profit/loss before tax from continuing operations	-2,936.3	**1,148.0**
Income taxes	-138.4	**-325.0**
Net income/loss from continuing operations	-3,074.8	**823.0**
Net income/loss from discontinued operations	-20.0	**1.9**
Profit/loss for the period	-3,094.8	**824.9**
Thereof non-controlling interests	38.6	**69.5**
Thereof Group share of profit/loss	-3,133.4	**755.4**
Earnings per share in € (IAS 33)		
Earnings/loss per share attributable to the parent entity	-15.79	**3.81**
Earnings/loss per share – continuing operations	-15.69	**3.80**
Earnings/loss per share – discontinued operations	-0.10	**0.01**

Consolidated statement of comprehensive income

	January - June	
€m	2020	**2021**
Profit/loss for the period	-3,094.8	**824.9**
Other comprehensive income		
Items not being reclassified to profit or loss in subsequent periods		
Remeasurement of the defined benefit liability (asset)	76.7	**168.1**
Income taxes	-30.2	**-63.6**
Defined benefit plans	46.5	**104.6**
Net gains/losses arising from equity method investments	0.5	**1.2**
Total	47.1	**105.8**
Items that maybe be reclassified subsequently to profit or loss		
Cash flow hedges – change in fair value	-11.0	**11.1**
Reclassification adjustments for gains/losses included in profit or loss	8.5	**-5.1**
Income taxes	0.1	**-1.5**
Cash flow hedges	-2.4	**4.5**
Currency translation	-539.9	**421.3**
Reclassification adjustments for gains/losses included in profit or loss	0.2	**-15.3**
Income taxes	13.8	
Currency translation	-525.9	**406.1**
Net gains/losses arising from equity method investments	-23.6	**18.3**
Total	-551.9	**428.9**
Other comprehensive income	-504.8	**534.7**
Total comprehensive income	-3,599.6	**1,359.6**
Thereof non-controlling interests	-5.4	**74.3**
Thereof Group share	-3,594.2	**1,285.3**

Consolidated statement of cash flows

	January - June	
€m	2020 [1]	2021
Net income/loss from continuing operations	-3,074.8	**823.0**
Income taxes	138.4	**325.0**
Interest income/expenses	101.7	**83.4**
Dividends received	129.9	**180.4**
Interest received	52.5	**32.6**
Interest paid	-262.0	**-167.2**
Income taxes paid	-197.8	**-177.6**
Depreciation, amortisation, and impairment	4,153.9	**504.1**
Other eliminations	52.0	**-100.7**
Cash flow	1,093.9	**1,502.9**
Changes in operating assets	-323.5	**-959.7**
Changes in operating liabilities	-541.0	**-276.4**
Changes in working capital	-864.5	**-1,236.1**
Decrease in provisions through cash payments	-106.5	**-109.0**
Cash flow from operating activities – continuing operations	122.9	**157.9**
Cash flow from operating activities – discontinued operations	-10.4	**-11.6**
Cash flow from operating activities	112.5	**146.3**
Intangible assets	-31.3	**-11.1**
Property, plant and equipment	-337.8	**-348.0**
Subsidiaries and other business units	-70.5	**-2.0**
Other financial assets, associates, and joint ventures	-9.1	**-19.0**
Investments (cash outflow)	-448.6	**-380.1**
Intangible assets	0.3	**0.1**
Property, plant and equipment	27.1	**97.2**
Subsidiaries and other business units	-2.0	**26.2**
Other financial assets, associates, and joint ventures	15.5	**8.3**
Divestments (cash inflow)	40.8	**131.7**
Cash flow from investing activities	-407.8	**-248.3**
Capital increase/decrease – non-controlling interests	0.3	**-0.5**
Dividend payments – HeidelbergCement AG	-119.1	**-436.5**
Dividend payments – non-controlling interests	-100.7	**-37.4**
Decrease in ownership interests in subsidiaries		**0.4**
Increase in ownership interests in subsidiaries	-1.4	**-4.3**
Proceeds from bond issuance and loans	655.5	**0.1**
Repayment of bonds, loans and lease liabilities	-1,690.0	**-649.3**
Changes in short-term interest-bearing liabilities	501.4	**208.9**
Cash flow from financing activities	-753.9	**-918.6**
Net change in cash and cash equivalents – continuing operations	-1,038.8	**-1,009.1**
Net change in cash and cash equivalents – discontinued operations	-10.4	**-11.6**
Net change in cash and cash equivalents	-1,049.2	**-1,020.7**
Effect of exchange rate changes	-40.2	**17.1**
Cash and cash equivalents at beginning of period	3,546.0	**2,874.3**
Cash and cash equivalents at end of period	2,456.6	**1,870.7**

1) Amounts were adjusted (see Annual Report 2020, Note 3.3 Other changes, page 124 f.).

Consolidated balance sheet

Assets			
€m	30 June 2020	31 Dec. 2020	30 June 2021
Non-current assets			
Intangible assets			
Goodwill	9,012.3	8,588.8	**7,867.5**
Other intangible assets	365.1	361.2	**356.4**
	9,377.4	8,950.0	**8,223.9**
Property, plant and equipment			
Land and buildings	6,695.9	6,500.7	**6,346.2**
Plant and machinery	4,714.7	4,616.3	**4,509.4**
Other operating equipment	896.4	860.9	**810.7**
Prepayments and assets under construction	927.9	835.2	**776.0**
	13,235.0	12,813.1	**12,442.3**
Financial assets			
Investments in joint ventures	1,170.0	1,230.8	**1,205.5**
Investments in associates	526.0	540.5	**564.7**
Financial investments	224.8	78.2	**111.6**
Loans	60.5	103.3	**98.1**
Derivative financial instruments	59.7	39.6	**26.7**
	2,041.0	1,992.4	**2,006.6**
Fixed assets	24,653.4	23,755.6	**22,672.8**
Deferred taxes	269.9	343.2	**284.6**
Other non-current receivables and assets	1,088.5	898.9	**992.7**
Non-current income tax assets	64.1	25.6	**27.9**
Total non-current assets	26,076.0	25,023.2	**23,978.0**
Current assets			
Inventories			
Raw materials and consumables	950.9	882.5	**974.7**
Work in progress	319.6	295.1	**238.9**
Finished goods and goods for resale	776.8	784.5	**788.0**
Prepayments	20.1	9.3	**26.3**
	2,067.5	1,971.3	**2,027.8**
Receivables and other assets			
Current interest-bearing receivables	208.6	85.9	**107.1**
Trade receivables	1,896.4	1,562.4	**2,292.9**
Other current operating receivables and assets	759.5	597.8	**669.6**
Current income tax assets	84.1	80.6	**69.1**
	2,948.5	2,326.6	**3,138.7**
Current derivative financial instruments	70.0	114.4	**70.8**
Cash and cash equivalents	2,456.6	2,857.2	**1,870.7**
Total current assets	7,542.6	7,269.6	**7,108.0**
Assets held for sale		42.5	**1,438.9**
Balance sheet total	33,618.6	32,335.3	**32,524.9**

Equity and liabilities			
€m	30 June 2020	31 Dec. 2020	30 June 2021
Shareholders' equity and non-controlling interests			
Subscribed share capital	595.2	595.2	**595.2**
Share premium	6,225.4	6,225.4	**6,225.4**
Retained earnings	7,774.4	8,527.8	**8,936.6**
Other components of equity	-1,331.0	-2,077.7	**-1,654.4**
Equity attributable to shareholders	13,264.1	13,270.8	**14,102.9**
Non-controlling interests	1,373.2	1,277.6	**1,252.1**
Total equity	14,637.3	14,548.4	**15,355.1**
Non-current liabilities			
Bonds payable	7,625.2	7,131.5	**7,121.4**
Bank loans	692.4	660.2	**277.3**
Other non-current interest-bearing liabilities	968.9	924.0	**849.2**
Non-controlling interests with put options	25.8	25.8	**1.5**
	9,312.3	8,741.5	**8,249.5**
Pension provisions	1,154.3	1,027.4	**925.8**
Deferred taxes	660.8	584.6	**692.6**
Other non-current provisions	1,096.3	1,152.0	**1,122.6**
Other non-current operating liabilities	243.9	221.4	**221.6**
Non-current income tax liabilities	50.2	181.9	**166.8**
	3,205.6	3,167.2	**3,129.4**
Total non-current liabilities	12,517.9	11,908.7	**11,378.9**
Current liabilities			
Bonds payable (current portion)	1,088.2	577.0	**39.3**
Bank loans (current portion)	382.5	181.9	**474.8**
Other current interest-bearing liabilities	730.7	353.3	**584.4**
Non-controlling interests with put options	66.4	50.3	**74.4**
	2,267.7	1,162.5	**1,172.9**
Pension provisions (current portion)	97.2	92.2	**92.9**
Other current provisions	221.7	226.9	**258.6**
Trade payables	2,248.2	2,611.0	**2,599.2**
Other current operating liabilities	1,363.5	1,527.9	**1,310.4**
Current income tax liabilities	265.2	240.5	**253.2**
	4,195.7	4,698.5	**4,514.3**
Total current liabilities	6,463.4	5,861.0	**5,687.2**
Liabilities associated with assets held for sale		17.1	**103.8**
Total liabilities	18,981.3	17,786.8	**17,169.8**
Balance sheet total	33,618.6	32,335.3	**32,524.9**

Consolidated statement of changes in equity

€m	Subscribed share capital	Share premium	Retained earnings
1 January 2020	595.2	6,225.4	10,988.3
Loss for the period			-3,133.4
Other comprehensive income			47.5
Total comprehensive income			-3,085.9
Change in consolidation scope			
Change in ownership interests in subsidiaries			-2.0
Change in non-controlling interests with put options			-8.1
Transfer asset revaluation reserve			0.8
Other changes			0.3
Capital increase from corporate funds			
Dividends			-119.1
30 June 2020	595.2	6,225.4	7,774.4
1 January 2021	595.2	6,225.4	8,527.8
Profit for the period			755.4
Other comprehensive income			105.8
Total comprehensive income			861.2
Change in consolidation scope			
Change in ownership interests in subsidiaries			-2.5
Change in non-controlling interests with put options			-14.3
Transfer asset revaluation reserve			0.8
Other changes			0.1
Repayment of capital			
Dividends			-436.5
30 June 2021	595.2	6,225.4	8,936.6

1) The accumulated currency translation differences included in non-controlling interests changed in 2021 by € 6.7 million (previous year: -44.8) to € -274.4 million (previous year: -227.9). The total currency translation differences recognised in equity thus amount to € -1,963.0 million (previous year: -1,579.8).

Other components of equity						
Cash flow hedge reserve	Asset revaluation reserve	Currency translation	Total other components of equity	Equity attributable to shareholders	Non-controlling interests [1]	**Total equity**
-0.5	24.8	-846.1	-821.8	16,987.2	1,517.2	**18,504.4**
				-3,133.4	38.6	**-3,094.8**
-2.6		-505.7	-508.3	-460.8	-43.9	**-504.8**
-2.6		-505.7	-508.3	-3,594.2	-5.4	**-3,599.6**
					-17.4	**-17.4**
				-2.0	-0.3	**-2.3**
				-8.1	-20.4	**-28.6**
	-0.8		-0.8			
				0.3	1.3	**1.6**
					0.5	**0.5**
				-119.1	-102.4	**-221.4**
-3.1	24.0	-1,351.9	-1,331.0	13,264.1	1,373.2	**14,637.3**
4.7	23.2	-2,105.6	-2,077.7	13,270.8	1,277.6	**14,548.4**
				755.4	69.5	**824.9**
7.1		417.0	424.1	529.9	4.8	**534.7**
7.1		417.0	424.1	1,285.3	74.3	**1,359.6**
					-7.9	**-7.9**
				-2.5	1.2	**-1.3**
				-14.3	14.5	**0.2**
	-0.8		-0.8			
				0.1		**0.1**
					-0.5	**-0.5**
				-436.5	-107.0	**-543.5**
11.8	22.4	-1,688.6	-1,654.4	14,102.9	1,252.1	**15,355.1**

Segment reporting / Notes

Group areas January - June	Western and Southern Europe		Northern and Eastern Europe-Central Asia		North America	
€m	2020	**2021**	2020	**2021**	2020	**2021**
External revenue	2,265	**2,739**	1,339	**1,427**	2,136	**2,118**
Inter-Group areas revenue	22	**28**	10	**11**		
Revenue	2,287	**2,767**	1,349	**1,438**	2,136	**2,118**
Change to previous year in %		**21.0 %**		**6.6 %**		**-0.9 %**
Result from equity accounted investments (REI)	9	**13**	12	**47**	14	**14**
Result from current operations before depreciation and amortisation (RCOBD)	306	**431**	294	**322**	340	**414**
as % of revenue (operating margin)	13.4 %	**15.6 %**	21.8 %	**22.4 %**	15.9 %	**19.6 %**
Depreciation and amortisation	-202	**-190**	-97	**-94**	-194	**-167**
Result from current operations	103	**241**	197	**228**	146	**247**
as % of revenue	4.5 %	**8.7 %**	14.6 %	**15.8 %**	6.9 %	**11.7 %**
Additional ordinary result						
Earnings before interest and taxes (EBIT)						
Capital expenditures [3]	107	**96**	55	**53**	106	**143**
Segment assets [4]	5,239	**5,130**	2,602	**2,611**	9,084	**7,468**
RCOBD as % of segment assets	5.8 %	**8.4 %**	11.3 %	**12.3 %**	3.7 %	**5.6 %**
Number of employees as at 30 June	14,780	**15,038**	11,328	**11,185**	9,283	**9,516**
Average number of employees	14,978	**15,125**	11,398	**11,129**	8,930	**9,053**

1) Amounts were adjusted (see Annual Report 2020, Note 3.3 Other changes, page 124 f.).

2) Reconciliation includes:
   a. intra-Group revenues = eliminations of intra-Group relationships between the segments
   b. results from current operations before depreciation and amortisation / depreciation from corporate functions
   c. additional ordinary result and earnings before interest and taxes

3) Capital expenditures = in the segment columns: cash effective investments in property, plant and equipment as well as intangible assets; in the reconciliation column: cash effective investments in non-current financial assets and other business units

4) Segment assets = property, plant and equipment as well as intangible assets

Asia-Pacific		Africa-Eastern Mediterranean Basin		Group Services		Reconciliation [2]		Continuing operations	
2020	2021	2020	2021	2020	2021	2020 [1]	2021	2020 [1]	2021
1,391	**1,505**	837	**878**	285	**272**			8,254	**8,938**
12	**15**	16	**26**	214	**352**	-274	**-433**		
1,403	**1,520**	853	**904**	499	**623**	-274	**-433**	8,254	**8,938**
	8.3 %		**5.9 %**		**24.9 %**				**8.3 %**
58	**76**	4	**10**	1	**2**			98	**162**
280	**319**	192	**243**	10	**13**	-18	**-23**	1,404	**1,720**
19.9 %	**21.0 %**	22.5 %	**26.9 %**	1.9 %	**2.1 %**			17.0 %	**19.2 %**
-130	**-118**	-55	**-53**	-2	**0**	-14	**-14**	-693	**-636**
150	**201**	137	**191**	7	**13**	-32	**-37**	710	**1,084**
10.7 %	**13.2 %**	16.1 %	**21.1 %**	1.5 %	**2.1 %**			8.6 %	**12.1 %**
						-3,490	**148**	-3,490	**148**
						-2,779	**1,232**	-2,779	**1,232**
58	**39**	44	**24**	0	**3**	80	**21**	449	**380**
4,106	**3,913**	1,565	**1,544**	16	**1**			22,612	**20,666**
6.8 %	**8.2 %**	12.3 %	**15.8 %**	59.8 %	**>100.0 %**			6.2 %	**8.3 %**
12,826	**12,488**	5,231	**5,006**	435	**95**			53,882	**53,327**
13,001	**12,562**	5,256	**5,088**	444	**103**			54,006	**53,060**

Notes to the interim consolidated financial statements

Accounting and valuation principles

The interim consolidated financial statements of HeidelbergCement AG as at 30 June 2021 were prepared on the basis of IAS 34 (Interim Financial Reporting). All International Financial Reporting Standards (IFRS), including the interpretations of the IFRS Interpretations Committee (IFRS IC), that were binding as at the reporting date and had been adopted into European law by the European Commission were applied.

In accordance with the regulations of IAS 34, a condensed report scope in comparison with the consolidated financial statements as at 31 December 2020, with selected explanatory notes, was chosen. The accounting and valuation principles applied in the preparation of the interim consolidated financial statements correspond in principle to those of the consolidated financial statements as at 31 December 2020. Detailed explanations can be found on page 114 f. in the Notes to the Annual Report 2020, which forms the basis for these interim financial statements.

In accordance with IAS 34, the income tax expense in the reporting period was accrued on the basis of the tax rate expected for the whole financial year.

The interim consolidated financial statements were not subject to any audits or reviews.

Application of new accounting standards

The following new or amended IASB standards and interpretations were applicable for the first time in these interim consolidated financial statements:

The **amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2** clarify that, when determining contractual cash flows as a result of the IBOR reform, an update to the effective interest rate is sufficient to reflect the change in the alternative benchmark rate. Furthermore, the amendments provide for additional time-limited relief with regard to the application of specific hedge accounting requirements to hedging relationships directly affected by the IBOR reform. The amendments did not have any significant impact on the financial position and performance of the Group.

Seasonal nature of the business

The production and sales of building materials are seasonal due to regional weather patterns. Particularly in our important markets of Europe and North America, business results for the first and fourth quarters are adversely affected by the winter months, whereas the warmer months contribute to higher sales volumes and profits in the second and third quarters.

Exchange rates

The following table contains the key exchange rates used in the translation into euro of the separate financial statements denominated in foreign currencies.

Exchange rates		Exchange rates at reporting date		Average exchange rates	
EUR		31 Dec. 2020	30 June 2021	01-06/2020	01-06/2021
USD	USA	1.2216	**1.1858**	1.1019	**1.2050**
AUD	Australia	1.5876	**1.5813**	1.6785	**1.5628**
CAD	Canada	1.5545	**1.4702**	1.5034	**1.5030**
GBP	Great Britain	0.8937	**0.8572**	0.8748	**0.8682**
INR	India	89.7598	**88.3888**	81.6674	**88.3610**
IDR	Indonesia	17,231	**17,189**	16,245	**17,304**
MAD	Morocco	10.8848	**10.5888**	10.7679	**10.7490**

Disposal groups in the reporting period

As part of its portfolio optimisation and margin improvement programme, HeidelbergCement signed an agreement on 23 May 2021 to sell its business activities in the West region of the USA to the US company Martin Marietta Materials, Inc. The transaction includes the sale of Lehigh Hanson's cement, aggregates, ready-mixed concrete, and asphalt business activities in the West region of the USA (California, Arizona, Oregon, and Nevada), with the exception of the Permanente cement plant and quarry (USA Region West). The sale comprises two cement production facilities with associated distribution terminals, 17 active aggregates locations, and several downstream operating units in the ready-mixed concrete and asphalt sectors. The sales price amounts to US$2.3 billion in cash and is subject to the usual purchase price adjustments. The transaction is expected to close in the second half of 2021, subject to regulatory approvals.

Furthermore, HeidelbergCement signed an agreement on 30 April 2021 to sell its aggregates business and two ready-mixed concrete plants in Greece to the Swiss group LafargeHolcim. In Greece, HeidelbergCement will focus on its core business in the future and will continue cement production through its subsidiary Halyps Cement. The divestment is also related to the portfolio optimisation as part of the "Beyond 2020" strategy.

The assets and liabilities are shown in the balance sheet as disposal groups in accordance with IFRS 5. The following overview shows the main groups of assets and liabilities classified as held for sale.

Assets and liabilities classified as held for sale

€m	USA Region West	Greece	**Total**
Goodwill	881.3		**881.3**
Other intangible assets	1.0	0.2	**1.1**
Property, plant and equipment	434.1	14.3	**448.4**
Other non-current assets	2.6		**2.6**
Inventories	89.6		**89.6**
Other current assets	15.9		**15.9**
Assets held for sale	1,424.4	14.5	**1,438.9**
Other non-current provisions	17.7		**17.7**
Deferred Taxes	55.6		**55.6**
Non-current liabilities	16.7		**16.7**
Current provisions	0.6		**0.6**
Current liabilities	13.2		**13.2**
Liabilities associated with assets held for sale	103.8		**103.8**
Net assets	1,320.6	14.5	**1,335.1**

Other components of equity as at 30 June 2021 contains income of €16.6 million connected with disposal groups.

In relation to the upcoming sale, reversals of impairment losses amounting to €131.4 million were carried out on the assets of the USA Region West; these are shown in the additional ordinary income. The USA Region West forms a new cash-generating unit for the purpose of estimating the recoverable amount, as the cash flows are primarily composed of the sales price. The assets and liabilities of the USA Region West were previously allocated to a total of four cash-generating units, subdivided according to business lines and regions. The recoverable amount of the USA Region West is €1.9 billion and corresponds to the fair value less costs to sell.

The following overview shows the reversal of impairment losses for each group of assets:

Reversal of impairment losses

€m	**USA Region West**
Land and buildings	**38.6**
Plant and machinery	**82.9**
Other operating equipment	**9.8**
Total	**131.4**

Business combinations in the reporting period

HeidelbergCement effected no significant business combinations during the reporting period that are of importance for the presentation of the financial position and performance of the Group.

Business combinations in the same period of the previous year

On 31 March 2020, our subsidiary Nordic Precast Group AB, Stockholm, Sweden, acquired 100 % of the shares in Kynningsrud Kasen AB, Uddevalla, Sweden, and Kynningsrud Prefab Holding AS, Halden, Norway, including its two 100 % subsidiaries (Kynningsrud Group). The two Norwegian companies Kynningsrud Prefab Holding AS, Halden, and Kynningsrud Prefab AS, Rolvsøy, were subsequently merged into our subsidiary Contiga AS, Moss, Norway, with retroactive effect from 31 March 2020. The acquisition expands our market presence in the precast concrete business in western Sweden and eastern Norway. The companies are established actors on the precast market in western Sweden, southern Norway, and Oslo, with production sites in Uddevalla, Sweden, and Fredrikstad, Norway. The purchase price amounted to €41.0 million and was paid in cash. The final goodwill of €24.3 million is not tax-deductible and represents synergy and growth potential.

On 4 May 2020, our subsidiary Ciments du Maroc S.A., Casablanca, Morocco, completed its acquisition of a 100 % shareholding in Les Cimenteries Marocaines du Sud S.A., Laâyoune (Cimsud). Subsequently, Cimsud was merged into our subsidiary Industrie Sakia El Hamra “Indusaha” S.A., Laâyoune, with retroactive effect from 4 May 2020. Cimsud operates a grinding plant in Laâyoune with an annual capacity of 500,000 tonnes. The acquisition increases our market share and is a further step in the development of activities in the cement, aggregates, and ready-mixed concrete sectors. The purchase price amounted to €26.2 million and was paid in cash. The final goodwill of €11.0 million, attributable to HeidelbergCement on a pro rata basis, is not tax-deductible and represents synergy potential.

The following table shows the final fair values of the assets and liabilities as at the acquisition date.

Fair values recognised as at the acquisition date

€m	Kynningsrud Group	Cimsud	Total
Intangible assets		0.1	**0.1**
Property, plant and equipment	25.4	18.6	**43.9**
Inventories	0.7	0.3	**1.0**
Trade receivables	12.4	0.3	**12.8**
Cash and cash equivalents	5.3	1.7	**7.0**
Other assets	7.7	0.1	**7.8**
Total assets	51.5	21.1	**72.6**
Deferred taxes	2.9		**2.9**
Non-current liabilities	10.6	14.3	**24.8**
Current liabilities	21.5	2.1	**23.5**
Total liabilities	34.9	16.3	**51.2**
Net assets	16.6	4.8	**21.4**

Furthermore, HeidelbergCement effected other business combinations during the same period of the previous year that are of minor importance for the presentation of the financial position and performance of the Group.

Divestments in the reporting period

On 29 November 2020, HeidelbergCement signed an agreement to sell its shares in Hilal Cement Company KSCP and its subsidiaries Al Mahaliya Ready Mix Concrete W.L.L., Kuwait German Company for RMC W.L.L., and Gulf Ready Mix Concrete Company W.L.L., based in Safat, Kuwait. The Hilal Group operates four ready-mixed concrete plants and two cement terminals on the local port site in Kuwait. The sale was completed on 24 January 2021. The sales price amounted to €8.2 million and was paid in cash. The divestment resulted in a gain of €0.9 million, which is shown in the additional ordinary income. The divestment is related to the simplification of the country portfolio as part of the “Beyond 2020” strategy.

On 29 April 2021, HeidelbergCement sold 100 % of the shares in Pioneer Concrete (Hong Kong) Limited, Kowloon, Hong Kong (Pioneer Ltd). The sales price amounted to €28.0 million and was paid in cash. The divestment resulted in a gain of €20.8 million, which is shown in the additional ordinary income.

The following table shows the assets and liabilities as at the date of divestiture.

Assets and liabilities as at the date of divestiture			
€m	Hilal Group	Pioneer Ltd	Total
Goodwill		6.7	**6.7**
Property, plant and equipment		0.5	**0.5**
Cash and cash equivalents		0.0	**0.0**
Other assets		0.0	**0.0**
Assets held for sale	44.5		**44.5**
Total assets	44.5	7.2	**51.7**
Liabilities		0.0	**0.0**
Liabilities associated with assets held for sale	28.1		**28.1**
Total liabilities	28.1	0.0	**28.1**
Net assets	16.4	7.2	**23.6**

Incidental disposal costs of €1.0 million arose in connection with the divestments and were recognised in the additional ordinary expenses.

Furthermore, HeidelbergCement effected other divestments during the reporting period that are of minor importance for the presentation of the financial position and performance of the Group.

Divestments in the same period of the previous year

HeidelbergCement signed an agreement on 17 December 2019 regarding the sale of its 56.93 % shareholding in Mauritano-Française des Ciments S.A., Mauritania. The sale was completed on 8 January 2020. The sales price totals €7.2 million, of which a prepayment of €4.5 million was already received during the 2019 financial year. The remaining amount was collected in the 2020 financial year. The divestment resulted in a gain of €0.1 million, which is shown in the additional ordinary income.

The following table shows the assets and liabilities as at the date of divestiture.

Assets and liabilities as at the date of divestiture	
€m	Mauritania
Assets held for sale	**16.6**
Total assets	**16.6**
Liabilities associated with assets held for sale	**4.5**
Total liabilities	**4.5**
Net assets	**12.1**

Furthermore, HeidelbergCement effected other divestments during the same period of the previous year that were of minor importance for the presentation of the financial position and performance of the Group.

Revenue development by Group areas and business lines

January - June	Cement		Aggregates		Ready-mixed concrete-asphalt		Service-other		Intra-Group eliminations		Total	
€m	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
Western and Southern Europe	1,166	**1,432**	505	**656**	874	**1,052**	173	**176**	-431	**-549**	2,287	**2,767**
Northern and Eastern Europe-Central Asia	720	**756**	244	**256**	267	**288**	217	**240**	-99	**-103**	1,349	**1,438**
North America	828	**859**	826	**773**	582	**598**	122	**128**	-222	**-239**	2,136	**2,118**
Asia-Pacific	756	**805**	246	**269**	511	**564**	23	**22**	-132	**-140**	1,403	**1,520**
Africa-Eastern Mediterranean Basin	705	**752**	38	**37**	163	**164**	18	**20**	-71	**-69**	853	**904**
Group Services					11		491	**623**	-3		499	**623**
Inter-Group area revenue within business lines	-17	**-13**	-16	**-18**			3	**4**			-30	**-27**
Total	4,158	**4,591**	1,843	**1,973**	2,408	**2,666**	1,046	**1,213**	-958	**-1,099**	8,498	**9,344**
Inter-Group area revenue between business lines									-244	**-406**	-244	**-406**
Total									-1,202	**-1,505**	8,254	**8,938**

Earnings per share

Earnings per share	January - June	
€m	2020	2021
Profit/loss for the period	-3,094.8	**824.9**
Non-controlling interests	38.6	**69.5**
Group share of profit/loss	-3,133.4	**755.4**
Number of shares in '000s (weighted average)	198,416	**198,416**
Earnings/loss per share in €	-15.79	**3.81**
Net income/loss from continuing operations – attributable to the parent entity	-3,113.4	**753.5**
Earnings/loss per share in € – continuing operations	-15.69	**3.80**
Net income/loss from discontinued operations – attributable to the parent entity	-20.0	**1.9**
Earnings/loss per share in € – discontinued operations	-0.10	**0.01**

Impairments

Goodwill
An impairment test on goodwill in accordance with IAS 36 (Impairment of Assets) is generally performed annually within the HeidelbergCement Group, in the fourth quarter once the operational three-year plan has been prepared or if there are indications for impairment. In this impairment test, the carrying amount of a group of cash-generating units (CGUs) to which goodwill is allocated is compared with the recoverable amount of this group of CGUs. On 30 June 2021, the management carried out an impairment review, which indicated that no impairment loss needed to be recognised.

On 30 June 2020, as a result of the coronavirus pandemic and the increase in the cost of capital, HeidelbergCement had recognised a total impairment of goodwill of €2,684.1 million in connection with the impairment testing procedures performed. Further explanations are provided on page 25 f. in the Notes to the interim consolidated financial statements 2020.

Intangible assets and property, plant and equipment
On 30 June 2020, owing to the coronavirus pandemic and the increased country risk premiums, HeidelbergCement had also conducted an impairment review of intangible assets and property, plant and equipment. The impairments totalling €768.7 million resulting from the review were shown in the additional ordinary expenses. Further explanations are provided on page 27 in the Notes to the interim consolidated financial statements 2020. In the reporting period, reversals of impairment losses of €131.4 million were carried out; these are explained in the Disposal groups in the reporting period section.

Consolidated statement of changes in equity
The change of €417.0 million in the currency translation reserve is essentially attributable to the appreciation of the US dollar and the British pound against the euro.

In the financial year, dividends of €436.5 million (€2.20 per share) were paid to shareholders of HeidelbergCement AG. Dividends to non-controlling interests are primarily the result of dividends of our Moroccan subsidiaries, amounting to €67.4 million.

Pension provisions
The actuarial gains and losses, which are recognised directly in equity in other comprehensive income, were determined on the basis of the interest rates for the key countries applicable as at the reporting date. As at 30 June 2021, overall gains arising from the revaluation amounted to €168.1 million. These include actuarial gains relating to defined benefit obligations of €335.1 million, arising from an increase in the weighted discount rate of approximately 0.5 percentage points, as well as losses from the revaluation of the plan assets amounting to €158.3 million. The effect of the asset ceiling led to losses of €8.7 million.

Disclosures on financial instruments
The following table shows the carrying amounts and fair values for the individual classes of financial instruments as well as the fair value hierarchies for the assets and liabilities that are measured at fair value in the balance sheet.

Carrying amounts and fair values of financial instruments						
€m	Category of IFRS 9 [1]	Carrying amount	Fair value	Thereof level 1	Thereof level 2	Thereof level 3
30 June 2021						
Assets						
Financial investments – fair value through profit or loss	FVTPL	**64.6**	**64.6**	13.6		51.0
Loans and other interest-bearing receivables	AC	**205.2**	**208.8**			
Trade receivables and other operating receivables – amortised cost	AC	**1,984.7**	**1,984.7**			
Trade receivables and other operating receivables – fair value through profit or loss	FVTPL	**606.7**	**606.7**		606.7	
Cash and cash equivalents – amortised cost	AC	**1,645.5**	**1,645.5**			
Cash and cash equivalents – fair value through profit or loss	FVTPL	**225.2**	**225.2**	225.2		
Derivatives – hedge accounting	Hedge	**36.5**	**36.5**		29.8	6.7
Derivatives – held for trading	FVTPL	**61.0**	**61.0**		61.0	
Liabilities						
Bonds payable, bank loans and miscellaneous financial liabilities	AC	**8,263.2**	**8,701.0**			
Trade payables and miscellaneous operating liabilities	AC	**3,291.1**	**3,291.1**			
Derivatives – hedge accounting	Hedge	**0.0**	**0.0**		0.0	
Derivatives – held for trading	FVTPL	**66.6**	**66.6**		66.6	
Non-controlling interests with put options	AC	**76.0**	**76.0**			
31 December 2020						
Assets						
Financial investments – fair value through profit or loss	FVTPL	**33.6**	**33.6**	12.2		21.4
Loans and other interest-bearing receivables	AC	**189.2**	**193.8**			
Trade receivables and other operating receivables – amortised cost	AC	**1,564.0**	**1,564.0**			
Trade receivables and other operating receivables – fair value through profit or loss	FVTPL	**300.0**	**300.0**		300.0	
Cash and cash equivalents – amortised cost	AC	**2,615.5**	**2,615.5**			
Cash and cash equivalents – fair value through profit or loss	FVTPL	**241.7**	**241.7**	241.7		
Derivatives – hedge accounting	Hedge	**39.6**	**39.6**		38.5	1.1
Derivatives – held for trading	FVTPL	**114.4**	**114.4**		114.4	
Liabilities						
Bonds payable, bank loans and miscellaneous financial liabilities	AC	**8,643.1**	**9,149.9**			
Trade payables and miscellaneous operating liabilities	AC	**3,599.3**	**3,599.3**			
Derivatives – hedge accounting	Hedge	**1.3**	**1.3**		0.2	1.1
Derivatives – held for trading	FVTPL	**58.8**	**58.8**		58.8	
Non-controlling interests with put options	AC	**76.1**	**76.1**			

1) AC: Amortised cost, FVTPL: Fair value through profit or loss, Hedge: Hedge accounting

The financial investments at fair value through profit or loss include participations of €51.0 million (previous year: 21.4) on which HeidelbergCement has no significant influence. These investments were primarily measured using the multiplier method, which determines the proportionate enterprise value based on company-specific variables using EBITDA or revenue multipliers. With respect to possible uncertainties regarding the determination of the fair value of these financial investments, we refer to the explanations on page 163 in the Notes to the Annual Report 2020. During the reporting period, there were no significant changes to these explanations. The increase of €29.6 million in the financial year was almost exclusively due to the addition of a participation of €29.6 million.

The fair values of the other financial assets measured at fair value through profit or loss were primarily determined using the prices of recent transactions.

Derivative financial instruments, both those designated as hedges and those held for trading, are measured at fair value. For these items, the fair value always corresponds to the carrying amount.

The "Trade receivables and other operating receivables" and "Trade payables and miscellaneous operating liabilities" classes cannot be immediately reconciled with the related balance sheet items, as these contain not only financial assets and liabilities but also non-financial assets to the amount of €1,363.8 million (previous year: 1,195.1) as well as non-financial liabilities of €840.1 million (previous year: 761.0). Lease liabilities of €1,016.5 million (previous year: 1,124.7) should be taken into account for the reconciliation of the "Bonds payable, bank loans, and miscellaneous financial liabilities" class with the related balance sheet items.

Detailed explanations on the procedure regarding the fair value measurement according to IFRS 13 can be found on page 161 f. in the Notes to the Annual Report 2020. The assessment as to whether financial assets and liabilities that are accounted for at fair value are to be transferred between the levels of the fair value hierarchy will take place at the end of each reporting period. No reclassifications were carried out in the reporting period.

Related party disclosures
No reportable transactions with related parties took place in the reporting period beyond normal business relations.

Contingent liabilities
As at the reporting date, contingent liabilities amounted to €188.1 million (previous year: 171.9) and essentially concern risks related to income taxes. The timing of the possible cash outflows for the contingent liabilities is uncertain, because they depend on various external factors that remain outside HeidelbergCement's control. The application of taxation regulations might not yet be determined at the time that tax refund claims and liabilities are calculated. The calculation of tax items is based on the regulations most likely to be applied in each case. Nevertheless, the fiscal authorities may be of a different opinion, which could give rise to additional tax liabilities.

Events after the reporting period
On 28 July 2021, the Managing Board of HeidelbergCement AG decided on a share buyback programme with a total amount of up to €1 billion which is expected to be completed by September 2023. The share buyback programme is in line with the company's financial policy and should be seen in the context of the successful net debt reduction as well as the good business development in the current financial year. The share buyback will be carried out in several tranches. The first tranche in the amount of €300 to €350 million is scheduled to start in August 2021 and is to be completed by January 2022 at the latest.

The share buyback will be carried out via the stock exchange. In doing so, the Managing Board will make use of the authorisation granted by the Annual General Meeting on 6 May 2021, according to which the company may acquire its own shares up to a total of 10 % of the share capital until the end of 5 May 2026; this corresponds to 19,841,647 shares. HeidelbergCement AG intends to hold the acquired shares as treasury shares for the time being.

Responsibility statement
To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Heidelberg, 29 July 2021

HeidelbergCement AG
The Managing Board

The Company has its registered office in Heidelberg, Germany.
It is registered with the Commercial Register at the Local Court of Mannheim (Amtsgericht Mannheim) under HRB 330082.

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The Half-Year Financial Report January to June 2021 was published on 29 July 2021.

Financial calendar	
Third quarter 2021 results	4 November 2021

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