Interim Financial Report January to September 2017

HEIDELBERGCEMENT

Italcementi acquisition strengthens sales volumes, revenue and result

- Sales volumes: 94 million tonnes of cement (+29 %); 229 million tonnes of aggregates (+15 %); 35 million cubic metres of ready-mixed concrete (+15 %)
- Revenue up by 19 % to €13.0 billion (previous year: 10.9)
- Result from current operations before depreciation and amortisation improved by 13 % to €2.4 billion (previous year: 2.1)
- Group share of profit increased by 31 % to €768 million (previous year: 585); earnings per share improved by 26 % to €3.87

Outlook for 2017 unchanged

- Positive outlook for global economy; accelerated growth in Europe
- Moderate increase in revenue and mid-single to double-digit percentage increase in result from current operations on a comparable pro forma basis [1]; significant rise in profit for the financial year before non-recurring effects
- HeidelbergCement is well positioned to benefit from good and stable development in industrial countries, particularly in the USA, Canada, Europe, and Australia

1) Comparable pro forma basis: with the inclusion of Italcementi in the first half of 2016 and adjusted for currency and consolidation effects

Overview January to September 2017	July - September		January - September	
€m	2016	**2017**	2016	**2017**
Revenue	4,520	**4,610**	10,927	**13,004**
Result from joint ventures	69	**62**	150	**141**
Result from current operations before depreciation and amortisation (RCOBD)	1,009	**1,058**	2,121	**2,405**
RCOBD margin in %	22.3 %	**23.0 %**	19.4 %	**18.5 %**
Result from current operations	738	**787**	1,477	**1,578**
Additional ordinary result	-81	**-6**	-98	**-42**
Result from participations	18	**19**	24	**40**
Earnings before interest and income taxes (EBIT)	675	**800**	1,403	**1,576**
Financial result	-142	**-104**	-363	**-285**
Profit before tax	533	**697**	1,040	**1,291**
Net income from continuing operations	364	**521**	740	**891**
Net loss from discontinued operations	20	**-3**	-2	**-11**
Profit for the period	384	**518**	737	**880**
Group share of profit	339	**481**	585	**768**
Investments	1,256	**265**	1,699	**785**

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

Interim Group management report

Business trend January to September 2017

Economic environment

Global economic growth is continuing. The national economies of Asia and the African countries south of the Sahara remain on a growth trajectory. While Germany is recording solid economic growth, the uncertainties regarding Brexit negatively affect the economic development of the United Kingdom. The countries in Southern Europe are showing clear signs of recovery. The US economy has regained considerable momentum following the weak first quarter.

Sales volumes benefit from consolidation of Italcementi

In the first nine months of 2017, the sales volumes of HeidelbergCement's building materials rose substantially as a result of the consolidation of Italcementi. Excluding consolidation effects, cement deliveries rose slightly, while aggregates sales volumes were stable and ready-mixed concrete sales volumes declined slightly.

The Group's cement and clinker sales volumes increased by 29.2 % to 94.4 million tonnes (previous year: 73.0). Deliveries showed an improvement in all Group areas. Excluding consolidation effects, volumes rose by 1.4 %. Excluding consolidation effects, the strongest increase was recorded in Africa-Eastern Mediterranean Basin, followed by Western and Southern Europe and North America. In Northern and Eastern Europe-Central Asia as well as Asia-Pacific, sales volumes were at the level of the previous year.

Deliveries of aggregates also registered an acquisition-related rise of 15.3 % to 229.0 million tonnes (previous year: 198.7). Excluding consolidation effects, sales volumes remained at the previous year's level. Deliveries of ready-mixed concrete also rose as a result of the new consolidations by 15.2 % to 35.0 million cubic metres (previous year: 30.4). Excluding consolidation effects, sales volumes declined by 2.9 %. Asphalt sales volumes increased slightly by 0.4 % to 7.1 million tonnes (previous year: 7.1). Excluding consolidation effects, deliveries decreased by 1.6 %.

Sales volumes	July - September			January - September		
	2016	2017	Change	2016	2017	Change
Cement and clinker (million tonnes)	33.2	**33.7**	1.8 %	73.0	**94.4**	29.2 %
Aggregates (million tonnes)	80.3	**86.7**	7.9 %	198.7	**229.0**	15.3 %
Ready-mixed concrete (million cubic metres)	12.5	**12.4**	-0.5 %	30.4	**35.0**	15.2 %
Asphalt (million tonnes)	3.1	**3.2**	2.6 %	7.1	**7.1**	0.4 %

Development of revenue and results

Group revenue in the period from January to September 2017 increased by 19.0 % in comparison with the previous year to €13,004 million (previous year: 10,927). Excluding consolidation and exchange rate effects, Group revenue recorded a slight rise of 1.3 %. Changes to the scope of consolidation of €2,022 million, primarily owing to the first-time consolidation of the Italcementi Group, had a positive impact on revenue. Exchange rate effects, however, reduced revenue by €86 million.

In the reporting period, material costs rose by 21.3 % to €5,122 million (previous year: 4,223). This increase is essentially due to the first-time consolidation of the Italcementi Group. Excluding consolidation and exchange rate effects, the material costs exceed the previous year's level by 3.1 %. The material cost ratio increased from 38.6 % to 39.4 %. Other operating expenses and income were 20.8 % above the previous year's level at €-3,365 million (previous year: -2,786). Excluding exchange rate and consolidation effects, other operating expenses grew slightly by 3.4 %. Freight, rental, and leasing expenses, as well as expenses for third-party services, rose after exclusion of currency and consolidation effects. Personnel costs increased by 18.6 % to €2,266 million (previous year: 1,911), primarily because of the higher number of employees. The result from joint ventures fell by 6.3 % to €141 million (previous year: 150).

The result from current operations before depreciation and amortisation improved by 13.4 % to €2,405 million (previous year: 2,121). The increase of €284 million is due to changes to the scope of consolidation amounting to €361 million, a negative currency effect of €14 million, and a rise in expenses. The result from current operations grew to a lesser extent by 6.8 % to €1,578 million (previous year: 1,477) due to a rise of 28.4 % in depreciation and amortisation. Excluding consolidation and exchange rate effects, depreciation and amortisation fell by 0.6 %.

The additional ordinary result of €-42 million (previous year: -98) primarily relates to restructuring and integration expenses as well as other non-recurring expenses and income.

The financial result improved by €78 million to €-285 million (previous year: -363). Besides the reduction of €58 million in interest expenses, the financial result was positively affected by the improvement of €28 million in the other financial result.

Profit before tax from continuing operations rose significantly by €251 million to €1,291 million (previous year: 1,040). Expenses relating to taxes on income increased considerably by €100 million to €400 million (previous year: 300) owing to the first-time consolidation of the Italcementi Group and a non-recurring effect in Indonesia in the previous year. The net income from continuing operations increased to €891 million (previous year: 740).

Net loss from discontinued operations of €-11 million (previous year: -2) accounts for operations of the Hanson Group that were discontinued in previous years.

Overall, the profit for the period amounts to €880 million (previous year: 737). The profit attributable to non-controlling interests fell by €40 million to €112 million (previous year: 152). The Group share therefore amounts to €768 million (previous year: 585).

Earnings per share – Group share – in accordance with IAS 33 improved by €0.81 to €3.87 (previous year: 3.06).

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

Statement of cash flows

From January to September 2017, the cash inflow from operating activities of continuing operations decreased by €77 million to €708 million (previous year: 785) compared with the same period in the previous year. This was primarily owing to the stronger rise in working capital of €224 million to €784 million (previous year: 560), which is largely attributable to the revenue-related growth in trade receivables. In contrast, cash flow before interest and tax payments rose by €249 million to €2,410 million (previous year: 2,161). Dividends received exceeded the previous year's level at €196 million (previous year: 146) and mainly include payouts received from joint ventures and associates. The decrease of €20 million in interest received to €89 million (previous year: 109) is particularly due to special items arising from the settlement in the same period of the previous year of interest rate swaps of the acquired Italcementi companies. Interest payments rose by €62 million to €433 million (previous year: 371) as a result of the interest payments for bonds taken over from Italcementi, which fell due in the first and second quarters. At €313 million (previous year: 254), income taxes paid increased by €59 million in comparison with the same period of the previous year. In the reporting period, provisions of €261 million (previous year: 300) were utilised through payments. This higher utilisation in the same period of the previous year was essentially due to the endowment of a Group contractual trust agreement (CTA) of €51 million for the insolvency protection of pension entitlements.

Net cash used in investing activities of continuing operations declined in the reporting period by €365 million to €623 million (previous year: 988). The drop was largely due to the net cash outflow of €412 million in the same period in the previous year arising from the acquisition of the Italcementi Group, consisting of payments of €1,026 million made for the shares in Italcementi S.p.A less the cash inflow from acquired cash and cash equivalents amounting to €614 million. The reporting period saw the acquisition of aggregate pits and production sites for ready-mixed concrete and asphalt from Cemex in the northwest of the USA in exchange for a cash payment of €130 million, and the operating assets of the Saunders Companies in the US state of New York for the provisional purchase price of €30 million, which was settled in cash.

Financing activities of continuing operations generated a cash outflow of €406 million (previous year: cash inflow of 594) in the reporting period. The cash inflow arising from the net proceeds from and repayment of bonds and loans of €289 million (previous year: 1,340) included in this figure covers the change in long-term and short-term interest-bearing liabilities and mainly comprises the issue of three bonds with a total value of €2.25 billion, the repayment of two bonds totalling €1.5 billion, and a debt certificate of €285 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. In the same period of the previous year, two bonds with a total value of €1.75 billion and debt certificates of €645 million were issued and two bonds of €971 million were repaid, as was the syndicated credit line in use amounting to €116 million. Dividend payments led to an overall cash outflow of €519 million (previous year: 324), with HeidelbergCement AG dividend payments making up €317 million (previous year: 244) of this figure.

As in the same period of the previous year, cash inflows and outflows from discontinued business lines relate to the Belgian Italcementi operations, as well as the North American Italcementi locations, which were resold in October 2016 to meet the conditions of the competition authorities.

Investments

Cash flow investments decreased in the first nine months to €785 million (previous year: 1,699). Investments in property, plant, and equipment, including intangible assets, which primarily related to optimisation and environmental protection measures at our production sites, but also expansion projects in growing markets, accounted for €575 million (previous year: 554) of this total. Investments in financial assets and other business units fell to €210 million (previous year: 1,146); these related primarily to the purchase of the building materials business of Cemex in the Pacific Northwest area of the USA and of the operating assets of the Saunders Companies in the US state of New York as well as smaller bolt-on acquisitions of shareholdings. In the same period of the previous year, investments were primarily affected by the acquisition of the Italcementi Group, which accounted for cash payments of €1,026 million up to 30 September 2016.

Balance sheet

The balance sheet total fell by €2,022 million to €35,100 million (31 Dec 2016: 37,122) as at 30 September 2017, primarily owing to currency effects.

Non-current assets declined by €1,971 million to €28,468 million (31 Dec 2016: 30,439). Adjusted for negative exchange rate effects of €1,712 million, the decrease amounted to €259 million. The decline in goodwill by €705 million to €11,234 million (31 Dec 2016: 11,939) was mainly attributable to exchange rate effects amounting to €722 million. The reduction in property, plant, and equipment of €928 million to €12,987 million (31 Dec 2016: 13,915) essentially resulted from negative exchange rate effects of €753 million, depreciation and amortisation of €793 million, and fixed asset disposals of €23 million. This was offset by additions to property, plant, and equipment of €731 million. Of this amount, €123 million relates to property, plant, and equipment taken over as part of the company acquisitions in North America.

The carrying amount of the financial assets fell by €119 million to €2,264 million (31 Dec 2016: 2,383). Adjustment for negative currency effects of €122 million resulted in a rise of €3 million.

Current assets remained almost constant at €6,583 million (31 Dec 2016: 6,673). The decline of €124 million in inventories to €1,930 million (31 Dec 2016: 2,054) is primarily attributable to currency effects. For revenue-related reasons, trade receivables grew by €441 million to €2,245 million (31 Dec 2016: 1,805). Cash and cash equivalents fell by €428 million to €1,545 million (31 Dec 2016: 1,972). The changes are explained in the Statement of cash flows section.

On the equity and liabilities side, equity decreased by €1,540 million to €16,260 million (31 Dec 2016: 17,800). The decline is particularly due to negative currency translation differences of €1,788 million, dividend payments of €519 million, and the profit for the period amounting to €880 million.

Interest-bearing liabilities rose by €218 million to €11,269 million (31 Dec 2016: 11,051). The increase in net debt (interest-bearing liabilities less cash and cash equivalents) of €654 million to €9,653 million (31 Dec 2016: 8,999) is due to the financing of the revenue-related rise in receivables and dividend payments in the second quarter. Total provisions decreased by €349 million to €2,753 million (31 Dec 2016: 3,102). Of this amount, €142 million was attributable to pension provisions and €207 million to other provisions. The reduction of €416 million in operating liabilities to €4,110 million (31 Dec 2016: 4,526) relates primarily to the decline of €140 million in trade payables to €2,039 million (31 Dec 2016: 2,179) in addition to the decrease of €249 million in other current operating liabilities to €1,400 million (31 Dec 2016: 1,648).

Financing

In the first nine months of 2017, HeidelbergCement issued three Eurobonds under its €10 billion EMTN programme, thereby strengthening its financing structure. The proceeds will be used for general corporate purposes and the refinancing of upcoming maturities.

On 18 January 2017, HeidelbergCement issued a Eurobond with an issuance volume of €750 million and a maturity date of 18 January 2021. The 4 year bond bears a fixed coupon of 0.500 % p.a. The issue price was at 99.822 %, resulting in a yield to maturity of 0.545 %.

On 4 April 2017, HeidelbergCement issued a further Eurobond of €1 billion. The 9 year bond with a maturity date of 7 April 2026 bears a fixed coupon of 1.625 % p.a. The issue price was at 99.626 %, resulting in a yield to maturity of 1.670 %.

The third bond issue took place on 14 June 2017 with a volume of €500 million and a ten-year term ending on 14 June 2027. The bond bears a fixed coupon of 1.500 % p.a. The issue price was at 98.891 %, resulting in a yield to maturity of 1.621 %.

According to the terms and conditions of the bonds issued in 2009 and 2010, there is a limitation on incurring additional debt if the consolidated coverage ratio (i.e. the ratio of the aggregate amount of the consolidated EBITDA to the aggregate amount of the consolidated interest expense) of the HeidelbergCement Group is below 2. This covenant is suspended for the other bonds and debt certificates due to the investment grade rating. The consolidated EBITDA of €3,344 million and the consolidated interest expense of €445 million are calculated on a pro forma basis in accordance with the terms and conditions of the bonds. As at 30 September 2017, the consolidated coverage ratio amounted to 7.52.

The net debt increased by €785 million in comparison with 30 September 2016, amounting to €9,653 million (previous year: 8,868) as at 30 September 2017. The increase of €654 million in comparison with the end of 2016 is primarily due to the rise in working capital, related to seasonal factors, and the dividend payments in the second quarter.

The available liquidity from cash and cash equivalents, liquidable financial investments and derivative financial instruments, and unused credit lines amounted to €4,347 million as at the end of September 2017.

Western and Southern Europe

The economic recovery has continued in the countries of the Western and Southern Europe Group area. The upswing in the German economy continues thanks to the good state of the domestic demand, of the intact labour market, as well as the pickup in global trade. The economic recovery is also ongoing in Belgium and the Netherlands. The British economy has slowed down considerably; however, gross domestic product growth of 0.4 % in the third quarter was higher than expected. In Spain, the upswing is continuing, with economic growth of 0.8 % in the third quarter. The economies of France and Italy are continuing to recover.

With the first-time consolidation of Italcementi from 1 July 2016, the Western and Southern Europe Group area was extended to include France and Italy, and our market position in Spain was expanded. In all three countries, the added activities include cement, aggregates, and ready-mixed concrete.

The cement and clinker sales volumes in the Western and Southern Europe Group area rose in the first nine months by 42.3 % to 21.8 million tonnes (previous year: 15.3). This substantial increase is primarily attributable to the newly included activities of Italcementi in France, Italy, and Spain, not to mention the positive development of demand in Germany and Benelux. Excluding consolidation effects, sales volumes increased by 1.8 %. Deliveries from our German plants benefited from the healthy demand development, especially in residential construction. Our sales volumes also improved slightly in Benelux thanks to the ongoing market recovery. In the United Kingdom, volumes remained slightly under the previous year’s level due to a drop in ground granulated blast furnace slag deliveries. While our sales volumes increased in Italy and Spain, deliveries in France remained slightly below the previous year’s level.

The Group area’s deliveries of aggregates increased by 24.6 % to 59.7 million tonnes (previous year: 47.9). This was primarily due to the newly included aggregates activities in France, Italy, and Spain. Excluding consolidation effects, sales volumes declined by 3.8 %. Italy and Spain registered the highest growth rates, followed by France and Germany. In the United Kingdom, sales volumes remained just under the previous year’s level due to delays in infrastructure projects. In Belgium, aggregate sales volumes decreased significantly.

Ready-mixed concrete sales volumes rose by 25.1 % to 13.0 million cubic metres (previous year: 10.4). Excluding the newly included ready-mixed concrete activities in France, Italy, and Spain, deliveries declined by 4.4 %. While we achieved a substantial rise in volumes in Germany, deliveries in the other countries declined. The sales volumes of the asphalt operating line in the United Kingdom rose by 10.2 % compared with the previous year based on the strong demand from roadworks.

To expand our market position in Italy, we entered into an agreement with Cementir Holding on 19 September 2017. Via our subsidiary Italcementi, we agreed to buy the whole cement and concrete business of Cementir Italia, including the wholly-owned subsidiaries Cementir Sacci und Betontir. The transaction has an enterprise value of €315 million and comprises five integrated cement plants and two cement grinding centres with a total capacity of 5.5 million tonnes per year, as well as a network of terminals and ready-mixed concrete plants. Italcementi will fully integrate the operations into its existing network, thereby expanding its position in the Italian market. Closing of the transaction, which is subject to final approval by the Italian Antitrust Authority, is expected in early 2018.

Revenue of the Western and Southern Europe Group area rose by 27.4 % to €3,555 million (previous year: 2,790); excluding consolidation and exchange rate effects, revenue remained just under the previous year’s level with a marginal decrease of 0.4 %.

Northern and Eastern Europe-Central Asia

The economic development of the countries in the Northern and Eastern Europe-Central Asia Group area presents a mixed picture. In Sweden, construction activity has benefited from ongoing robust economic development, particularly in residential construction. In Norway, however, the economic momentum has weakened, but demand from major infrastructure projects and residential construction remains strong. In Poland and Czechia, the economy and construction activity are continuing to recover. The Romanian economy is also on a course for growth, but there is still a lack of infrastructure projects. In Kazakhstan, the economic upturn is continuing. Ukraine and Russia experience an ongoing economic recovery, but the conflict in Ukraine is severely impairing the economy in both countries.

During the first nine months, cement and clinker deliveries of the Northern and Eastern Europe-Central Asia Group area grew by 7.2 % to 19.8 million tonnes (previous year: 18.5). The increase in sales volumes is attributable to the first-time inclusion of Italcementi's cement activities in Bulgaria, Greece, and Kazakhstan. Excluding consolidation effects, deliveries were at the level of the previous year. The Northern European countries including the Baltic States achieved pleasing growth in volumes. In Eastern Europe-Central Asia, the deliveries of the individual countries presented a mixed picture. Poland, Romania, Greece and Kazakhstan registered growth in sales volumes. While sales volumes decreased only slightly in Czechia, Bulgaria and Georgia, our deliveries dropped considerably in Russia and Ukraine.

In the aggregates business line, the individual Group countries experienced varied development of sales volumes. Our deliveries decreased significantly in Sweden, Romania, Slovakia, and Greece. In contrast, substantial growth was achieved in Russia, Kazakhstan, Ukraine, Czechia, and Georgia. As a whole, our deliveries of aggregates in the Group area rose by 60.8 % to 39.1 million tonnes (previous year: 24.3). Consolidation effects arose from the full consolidation of the Mibau Group, the first-time inclusion of Italcementi's aggregate activities in Greece, and the sale of aggregates plants in Sweden in the previous year. Excluding these consolidation effects, the aggregates sales volumes rose by 6.2 %.

Deliveries of ready-mixed concrete increased by 8.9 % to 5.0 million cubic metres (previous year: 4.6). The ready-mixed concrete activities of Italcementi in Greece and Kazakhstan were included for the first time. Adjusted for consolidation effects, deliveries rose by 4.6 %.

Revenue of the Northern and Eastern Europe-Central Asia Group area improved by 21.0 % to €2,138 million (previous year: 1,767); excluding consolidation and exchange rate effects, the growth amounted to 3.8 %.

North America

In the North America Group area, HeidelbergCement is represented in the USA and Canada. In the USA, economic recovery is continuing. In the third quarter, gross domestic product grew by 3.0 % according to a preliminary estimate. In September, residential construction showed mixed signals. Housing starts in September were at an annual rate of 1,127,000. This is 4.7 % below the previous month rate, but is 6.1 % above the September 2016 rate. Building permits were 4.5 % below the August rate and 4.3 % below the September 2016 rate.

In the first nine months of 2017, construction activity was impaired by unfavourable weather conditions in large parts of North America. In the first quarter, the West market region suffered from heavy rains and flooding and the Canada region from exceptionally cold and wet weather in British Columbia. In the second quarter, heavy precipitation adversely affected construction activity in the North and South regions and in the third quarter, the South region was impacted by the hurricanes Harvey and Irma.

Despite partially adverse weather conditions, the cement sales volumes of our North American plants benefited from solid overall demand in the USA. Deliveries grew by 16.7 % to 12.3 million tonnes (previous year: 10.6) in the first nine months. The majority of this increase in sales volumes relates to the inclusion of the former Italcementi/Essroc plants in the North region. Excluding this consolidation effect, the growth amounted to 2.3 %. While the West region achieved a slight increase in sales volumes, deliveries of the South region remained below the previous year's level due to the weather-related volume losses in the second and third quarter. The North region recorded a strong increase in sales volumes as a result of consolidation and the positive market development. In the Canada market region, our cement deliveries in British Columbia were negatively impacted by adverse weather conditions in the first quarter; in the Prairie provinces, however, our cement sales volumes benefited from the recovering demand in the oil sector. Deliveries of the Canada region as a whole recorded a moderate increase. Price increases were successfully implemented in all key markets of both the United States and Canada.

In the aggregates business line, increases in sales volumes in the South, West and Canada regions offset weather-related decreases in volumes in the North region. Overall, the aggregates sales volumes were just above the previous year's level with an increase of 0.2 % to 90.6 million tonnes (previous year: 90.4). Excluding consolidation effects, a slight decline of 1.6 % was recorded. Prices were increased in all US key markets.

In the ready-mixed concrete operating line, the strong growth in sales volumes in the North region as a result of consolidation and a slight increase in deliveries in Canada more than offset the decreases in volumes in the South and West regions. Overall, ready-mixed concrete sales volumes rose by 5.4 % to 5.0 million cubic metres (previous year: 4.8); excluding consolidation effects, volumes decreased by 3.5 %. Asphalt deliveries declined by 4.1 % to 3.0 million tonnes (previous year: 3.1).

In the service-joint ventures-other business line, the cement sales volumes of our joint venture Texas Lehigh Cement recorded pleasing growth owing to higher demand from the oil industry.

At the end of June 2017, we acquired the building materials business of Cemex in Oregon and Washington to broaden our vertically integrated market position in the Pacific Northwest area of the USA. The operations include seven aggregate quarries, five ready-mixed concrete plants and three asphalt plants employing about 350 employees. The acquired aggregates reserves and resources amount to 110 million tonnes. To strengthen our market position in aggregates and ready-mixed concrete in the US state of New York, we acquired the operating assets of the Saunders Companies on 1 August 2017. The purchase comprises nine aggregate operations and 15 ready-mixed concrete plants in the Syracuse/Ithaca area.

Total revenue in North America rose by 10.8 % to €3,305 million (previous year: 2,984); excluding consolidation and exchange rate effects, the increase amounted to 2.0 %.

Asia-Pacific

Despite the restructuring and slowdown of the Chinese economy, the emerging countries of Asia remain on course for growth. With GDP growth of 6.8 % in the third quarter, the Chinese economy grew as expected. In India, Indonesia and Thailand, a slight acceleration in economic growth is anticipated. Despite weak investments in the raw materials sector, Australia is showing robust economic development.

During the first nine months, cement and clinker deliveries of the Asia-Pacific Group area grew by 26.9 % to 25.3 million tonnes (previous year: 19.9). Excluding the recently added activities of Italcementi in India and Thailand, sales volumes were at the previous year's level.

In Indonesia, the cement market recovered considerably in the third quarter as a result of increasing construction activity in the infrastructure sector. In the first nine months of 2017, domestic cement consumption increased by 6.6 % in comparison with the previous year. The cement and clinker sales volumes of Indocement increased by 5.2 %. Due to the increased competitive pressure, the average sales prices of Indocement were significantly lower than those of the previous year. It was possible to mitigate the decline in margins through strict cost management and by running the most efficient kilns.

In India, the cement and clinker deliveries of our central and southern Indian plants rose by 49.1 % in the first nine months. This increase is mainly owing to the first-time inclusion of the cement activities of Italcementi in southern India. Without taking this consolidation effect into consideration, sales volumes declined by 4.6 %. Higher sales prices, strict cost management, and the accelerated realisation of synergies led to a substantial improvement in margins and results.

In Thailand, the restrained demand in residential construction and delays in infrastructure projects resulted in a decline in cement consumption and our volumes. Prices continued to recover in the third quarter.

In Bangladesh, our cement deliveries registered a marked decline due to the increased competitive pressure. Revenue and results decreased considerably.

In the aggregates business line, our deliveries rose by 6.5 % to 30.7 million tonnes (previous year: 28.8). Excluding consolidation effects due to the inclusion of the aggregates activities of Italcementi in Thailand, sales volumes increased by 4.0 %. In Australia, our aggregates business benefited from the positive market development and achieved pleasing growth in volumes. Our deliveries in Malaysia were adversely affected by a weak market environment and intense competition. Sales volumes in Indonesia also remained under the previous year's level, while a strong increase in volumes was recorded in Thailand.

In the ready-mixed concrete operating line, sales volumes declined slightly by 1.4 % to 7.9 million cubic metres (previous year: 8.0). Excluding the newly included ready-mixed concrete activities in Thailand, deliveries fell by 7.3 %. While Australia and Thailand registered slight increases in sales volumes, our deliveries in Indonesia and Malaysia dropped significantly. In the asphalt operating line, weak demand in Malaysia led to a decline in sales volumes of 8.2 %.

In China, the cement deliveries of our joint ventures in the provinces of Guangdong and Shaanxi registered a substantial increase. In Australia, our joint venture Cement Australia achieved pleasing growth in sales volumes despite the adverse weather conditions in the first quarter.

Revenue of the Asia-Pacific Group area rose by 13.4 % to €2,361 million (previous year: 2,081); excluding consolidation and exchange rate effects, revenue declined by 0.9 %.

Africa-Eastern Mediterranean Basin

Overall, the African countries south of the Sahara experience solid economic development and lively construction activity. In Ghana, economic growth is advancing again. In Egypt, slowing economic growth and lack of liquidity have a negative effect on the construction sector. In Morocco, the economy has gathered considerable momentum in comparison to the previous year. In Turkey, the economy is on a path to recovery, despite numerous risks remaining.

The cement and clinker sales volumes of the Africa-Eastern Mediterranean Basin Group area, which only includes the deliveries from our African subsidiaries, rose by 71.5 % to 14.9 million tonnes (previous year: 8.7). This increase is essentially due to the inclusion of the activities of the former Italcementi Group in North Africa and to the growth in some countries south of the Sahara. Excluding consolidation effects, deliveries rose by 5.4 %. In Togo, Tanzania, and Burkina Faso, our deliveries benefited from the new production capacities as well as from the sustained growth in cement demand. We also recorded pleasing increases in sales volumes in Benin, Liberia, and Ghana, our largest market in Africa south of the Sahara. Sierra Leone and the Democratic Republic of Congo registered a considerable decrease in volumes due to the weak market development and higher imports. In some countries south of the Sahara, cement prices decreased – in some cases significantly – as a result of the increased competitive pressure, particularly from imports, and the commissioning of new production capacities by competitors. In Egypt, our deliveries remained substantially below the previous year's level because of weak market demand. Price increases could not compensate the cost inflation. In the Helwan plant, a new coal mill, which was commissioned in May, contributes to the reduction in production costs. In Morocco, sales volumes increased considerably in comparison with the previous year.

In light of the good growth prospects, HeidelbergCement is expanding its activities in Africa. In Benin, we concluded the construction of an additional cement mill at the Cotonou grinding plant on schedule. The new mill with a capacity of 250,000 tonnes was commissioned in April 2017. We have also expanded our cement capacity in Togo. In June 2017, we completed a cement grinding plant with a capacity of around 250,000 tonnes in the north of the country. In the Democratic Republic of Congo, the expansion of the cement grinding capacity of the Cimenterie de Lukala (CILU) cement plant has been completed; production start is scheduled by the end of the year. Another planned step towards expansion is the market entry in South Africa, in order to tap into additional growth markets and drive forward diversification in Africa. We are also continually evaluating options for capacity expansions in other African countries.

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 rose as a whole by 25.0 % to 9.1 million tonnes (previous year: 7.3); excluding consolidation effects, the increase amounted to 11.6 %. In the ready-mixed concrete operating line, HeidelbergCement is active in Israel, Egypt, and Morocco. Ready-mixed concrete sales volumes grew by 47.5 % to 3.7 million cubic metres (previous year: 2.5); excluding consolidation effects, deliveries increased by 5.2 %. Asphalt activities in Israel recorded a significant rise in volumes of 9.9 %.

The service-joint ventures-other business line essentially includes the cement, aggregates, and ready-mixed concrete activities of our Turkish joint venture Akçansa. The cement and clinker sales volumes of Akçansa increased slightly in the first nine months by 1.1 %. Deliveries of aggregates and ready-mixed concrete dropped severely.

Revenue of the Africa-Eastern Mediterranean Basin Group area rose by 32.4 % to €1,179 million (previous year: 891); excluding consolidation and exchange rate effects, revenue increased by 2.8 %.

Group Services

Group Services comprises the activities of our subsidiary HC Trading, one of the largest international trading companies for cement and clinker. The company is also responsible for purchasing and delivering coal and petroleum coke via sea routes to our own locations and to other cement companies around the world. Group Services also includes our cement and ready-mixed concrete activities in Kuwait and Saudi Arabia.

HC Trading's trading activities in cement, clinker, and other building materials such as lime and dry mortar rose by 6.1 % to 13.2 million tonnes in the first nine months (previous year: 12.5). Deliveries of coal and petroleum coke increased by 19.4 % to 6.2 million tonnes (previous year: 5.2).

Revenue of the Group Services business unit rose by 34.0 % to €990 million (previous year: 738); excluding exchange rate effects, revenue increased by 29.4 %.

Employees

At the end of September 2017, the number of employees at HeidelbergCement stood at 60,830 (previous year: 61,945). The decrease of 1,115 employees essentially results from two opposing developments. On the one hand, more than 2,400 jobs were cut across the Group – firstly, as part of the realisation of synergies in former Italcementi subsidiaries and, secondly, in connection with efficiency increases in sales and administration as well as location optimisations, in particular in Russia, Indonesia, India, Malaysia and Africa south of the Sahara. On the other hand, the headcount grew by around 700 as a result of the full consolidation of the Mibau Group and the acquisition of construction activities from Cemex in the northwest of the USA as well as the business operations of the Saunders Companies in the US state of New York. Furthermore, there was an increase of a little over 600 employees in some countries in the Group areas of Western and Southern Europe, Northern and Eastern Europe-Central Asia, and in particular in Australia as a result of the solid market development and the insourcing of truck drivers.

HeidelbergCement renews its commitment to sustainability

In October, HeidelbergCement renewed its commitment to sustainability with the publication of the Sustainability Commitments 2030. Focus of the company is on six key areas of action aiming at actively supporting the UN Sustainable Development Goals. Climate protection is a particularly important issue for our industry. HeidelbergCement is committed to fulfill its share to limit global temperature rise to less than 2° C. In line with the objective agreed in Paris, HeidelbergCement aims to reduce specific CO_2 emissions by 30 % by 2030 (compared to 1990). The company has a leading role in large research projects to avoid CO_2 emissions or use them as raw material, such as the carbonation of concrete in the recycling process.

Personnel change in the Supervisory Board of HeidelbergCement

In August 2017, following an application of the company, the Local Court (Amtsgericht) of Mannheim/Germany supplemented the Supervisory Board of HeidelbergCement AG by appointing Margret Suckale as a member in the capacity of shareholder representative. She succeeds Alan Murray, who had resigned from his position. Her term of appointment will expire on the occasion of the by-election held at the next Annual General Meeting of HeidelbergCement AG on 9 May 2018.

Events after the balance sheet date

On 27 October 2017, HeidelbergCement bought back 6.06 % of the shares in Scancem International Group. Details of this transaction are provided in the Notes on page 35.

Outlook

In its latest forecast from October 2017, the International Monetary Fund (IMF) anticipates a stronger rise in global economic growth from 3.2 % in 2016 to 3.6 % (July forecast: 3.5 %) in 2017. Accelerating growth in Europe and Canada and increasing growth rates in the emerging countries are the drivers behind this trend. Higher growth rates are expected in particular for the countries of Eastern Europe as well as the ASEAN-5 countries.

Global risks have increased considerably compared with the previous year. This relates both to geopolitical and macroeconomic risks. Among the geopolitical risks, the conflicts in the Middle East and in eastern Ukraine are especially noteworthy. In terms of macroeconomic risks, special mention must be made of the unpredictable consequences of a downturn in the Chinese economy, the impact of monetary policy measures, particularly by the US Federal Reserve, and the shift of political measures towards protectionism.

In North America, HeidelbergCement, in conformity with the IMF, expects a stronger economic recovery and consequently a further increase in demand for building materials. In Western and Southern Europe, positive market development is expected. This is based on the consistent solid condition of the German economy, the stable economic development in Benelux, and the beginning recovery in Southern Europe. For Northern Europe, we expect the strong market conditions to continue. In Eastern Europe, we anticipate growing demand for building materials as a result of the EU infrastructural programme, among other factors. The crisis in eastern Ukraine is continuing to impair the country's sales volumes and result. The economic situation in Russia and Kazakhstan has improved following the increase in the oil price. In the African markets, we expect an acceleration in demand growth together with a persistent level of competition. In Asia, HeidelbergCement anticipates an upturn in demand, thanks in particular to increasing infrastructure investments in Indonesia. In China, we expect a continued market recovery supported by stable macroeconomics and government mandated production stops.

In view of the overall positive development of demand, HeidelbergCement continues to project increasing sales volumes of the core products cement, aggregates, and ready-mixed concrete.

HeidelbergCement estimates that the cost base for energy will increase moderately in 2017 as a result of the rise in oil and coal prices since the beginning of 2016. A slight to moderate rise in the cost of raw materials and personnel is also expected. HeidelbergCement remains focused on the continuous improvement of efficiency and margins. With this in mind, we are implementing Continuous Improvement programmes in the cement and aggregates business lines to establish a culture of consistent advancement of operational and commercial work processes at employee level. Process optimisations are expected to achieve a sustainable improvement in results of at least €120 million in both business lines over a three-year period. The CIP programme for the cement business commenced at the beginning of 2015, and the Aggregates CI programme for the aggregates business line was introduced at the start of 2016. We also continue to optimise our logistics with the LEO programme, which has the goal of reducing costs by €150 million over a period of several years. In addition, we launched the new efficiency improvement programme Competence Center Readymix (CCR) in the ready-mixed concrete business at the end of 2016. Over a three-year period, the optimisation of logistics and concrete formulations is expected to achieve an improvement in result of €120 million.

In 2017, we anticipate a significant decrease in financing costs on account of our disciplined cash flow management and the refinancing of maturities on more favourable terms.

On the basis of these assumptions, the Managing Board maintains unchanged the goal for 2017 of increasing revenue moderately and the result from current operations before exchange rate and consolidation effects by a mid-single to double-digit percentage rate on a pro forma basis – i.e. taking into account the contributions of Italcementi for the first half of 2016 – as well as significantly improving the profit for the financial year before non-recurring effects.

As a consequence of our disciplined capital spending, we reduce our cash-relevant investments planned for 2017 from €1.4 billion to €1.2 billion. The reduction relates only to investments in growth.

The result for the third quarter confirms our expectations for the full year. From a strategic perspective, we will maintain our focus on concluding the integration of Italcementi and reducing net debt through disciplined cash flow management and the sale of non-core assets. Our declared aim remains to achieve a long-term investment grade rating. We will focus our investments on projects that strengthen our market position and offer synergy potential. In operational terms, we will continue to concentrate on these five areas: an increase in customer satisfaction, high operating leverage, cost leadership, vertical integration, and optimised geographical positioning. As a result, we will increase our efficiency and the satisfaction level of our customers, especially in the world's rapidly growing metropolitan areas. We will continue to drive forward our global programmes to optimise costs and processes as well as focus more strongly on the potential presented by the digitisation of our value chain.

While the overall outlook for the global economy is positive, substantial macroeconomic and particularly geopolitical risks continue to exist at the same time. HeidelbergCement will benefit from the good and stable economic development in the industrial countries, above all in the United States, Canada, Europe, and Australia. These countries generate more than 60 % of our revenue. With the acquisition of Italcementi and its rapid integration, we have impressively demonstrated our tremendous business potential and strong momentum. From a global perspective, we are well positioned to achieve our strategic goals – continuous growth and sustainable value enhancement for our shareholders.

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 2017 regarding the forecasts and other statements made in the 2016 Annual Report in the Outlook chapter on page 110 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 2017 is described in the outlook. As such, please note that this Interim 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 Interim 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 that are not fundamentally avoided, but instead accepted, provided they are consistent with the legal and ethical principles of entrepreneurial activity and are well balanced by the opportunities they present. 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.

In a holistic view of individual risks and the overall risk situation, there are, from today's perspective, no identifiable risks that could threaten the existence of the Group or any other apparent significant risks. Our control and risk management system standardised across the Group ensures that major risks, which, if they occurred, would lead to a considerable deterioration of the Group's economic position, are identified at an early stage.

Risks that may have a significant impact on our financial position and performance in the 2017 financial year and in the foreseeable future as well as the opportunities are described in detail in the 2016 Annual Report in the risk and opportunity report chapter on page 120 ff.

The risks arising from volatile energy and raw material prices as well as from exchange rates remain high. Geopolitical risks result in particular from the political crises and armed conflicts in the Middle East and in eastern Ukraine. Challenges in the industrialised countries include the low inflation, the consolidation of state finances, the reform of the financial sector and the fight against unemployment. The emerging countries face risks of further capital outflows and currency depreciation. Uncertainties still remain with regard to the stability of the global financial system.

Interim consolidated financial statements

Consolidated income statement

	July - September		January - September	
€m	2016	2017	2016	2017
Revenue	4,520.4	**4,609.6**	10,927.5	**13,003.9**
Change in finished goods and work in progress	-10.1	**37.5**	-43.3	**8.4**
Own work capitalised	3.2	**1.6**	6.5	**5.5**
Operating revenue	4,513.5	**4,648.6**	10,890.7	**13,017.8**
Other operating income	97.6	**121.3**	229.3	**376.7**
Material costs	-1,691.6	**-1,783.8**	-4,222.6	**-5,121.9**
Employee and personnel costs	-752.1	**-743.0**	-1,910.9	**-2,266.2**
Other operating expenses	-1,227.4	**-1,247.0**	-3,015.3	**-3,741.7**
Result from joint ventures	69.2	**61.9**	150.1	**140.6**
Result from current operations before depreciation and amortisation (RCOBD)	1,009.1	**1,058.0**	2,121.3	**2,405.3**
Depreciation and amortisation	-270.8	**-270.8**	-644.0	**-827.0**
Result from current operations	738.3	**787.2**	1,477.2	**1,578.3**
Additional ordinary income	-1.1	**42.2**	4.8	**46.3**
Additional ordinary expenses	-80.4	**-47.7**	-102.8	**-88.3**
Additional ordinary result	-81.5	**-5.6**	-98.0	**-42.0**
Result from associates	18.5	**17.7**	22.5	**35.1**
Result from other participations	-0.7	**1.1**	1.1	**4.6**
Result from participations	17.8	**18.8**	23.6	**39.6**
Earnings before interest and taxes (EBIT)	674.6	**800.4**	1,402.9	**1,575.9**
Interest income	16.6	**10.2**	48.1	**44.5**
Interest expenses	-122.2	**-90.6**	-330.8	**-272.4**
Foreign exchange gains	-0.2	**-3.5**	7.2	**2.1**
Other financial result	-35.9	**-19.8**	-87.2	**-59.0**
Financial result	-141.7	**-103.7**	-362.7	**-284.8**
Profit before tax from continuing operations	532.9	**696.8**	1,040.1	**1,291.1**
Income taxes	-169.3	**-175.7**	-300.3	**-400.0**
Net income from continuing operations	363.5	**521.1**	739.8	**891.2**
Net loss from discontinued operations	20.0	**-2.7**	-2.3	**-10.7**
Profit for the period	383.5	**518.5**	737.5	**880.4**
Thereof non-controlling interests	44.3	**37.8**	152.1	**112.2**
Thereof Group share of profit	339.2	**480.7**	585.4	**768.3**
Earnings per share in € (IAS 33)				
Earnings per share attributable to the parent entity	1.75	**2.42**	3.06	**3.87**
Earnings per share – continuing operations	1.64	**2.44**	3.07	**3.93**
Loss per share – discontinued operations	0.11	**-0.02**	-0.01	**-0.06**

Consolidated statement of comprehensive income

	July - September		January - September	
€m	2016	2017	2016	2017
Profit for the period	383.5	**518.5**	737.5	**880.4**
Other comprehensive income				
Items not being reclassified to profit or loss in subsequent periods				
Remeasurement of the defined benefit liability (asset)	-207.4	**26.5**	-174.3	**33.9**
Income taxes	61.0	**-8.3**	51.4	**-10.6**
Defined benefit plans	-146.4	**18.2**	-122.8	**23.3**
Items that maybe be reclassified subsequently to profit or loss				
Cash flow hedges – change in fair value	-1.0	**-4.6**	-0.7	**-8.3**
Reclassification adjustments for gains/losses included in profit or loss	0.4	**5.7**	0.4	**10.1**
Income taxes	0.1	**-0.2**	0.1	**0.0**
Cash flow hedges	-0.4	**0.9**	-0.2	**1.8**
Currency translation	-266.1	**-543.3**	-909.7	**-1,886.0**
Income taxes	-6.3	**-2.4**	-12.4	**5.7**
Currency translation	-272.4	**-545.7**	-922.0	**-1,880.3**
Net gains/losses arising from equity method investments	-4.9	**-16.9**	-12.8	**-42.7**
Total	-277.8	**-561.6**	-935.0	**-1,921.2**
Other comprehensive income	-424.1	**-543.4**	-1,057.9	**-1,897.8**
Total comprehensive income	-40.6	**-25.0**	-320.4	**-1,017.4**
Thereof non-controlling interests	42.2	**-7.9**	163.9	**-20.4**
Thereof Group share	-82.8	**-17.1**	-484.3	**-997.0**

Consolidated statement of cash flows

	July - September		January - September	
€m	2016	**2017**	2016	**2017**
Net income from continuing operations	363.5	**521.1**	739.8	**891.2**
Income taxes	169.3	**175.7**	300.3	**400.0**
Interest income/expenses	105.6	**80.4**	282.7	**227.9**
Dividends received	33.7	**45.9**	145.9	**196.4**
Interest received	60.5	**26.4**	109.0	**88.8**
Interest paid	-107.4	**-35.1**	-371.4	**-433.2**
Income taxes paid	-57.7	**-51.2**	-254.4	**-313.0**
Depreciation, amortisation, and impairment	277.5	**274.4**	650.9	**830.6**
Elimination of other non-cash items	13.4	**-55.9**	41.7	**-136.2**
Cash flow	858.5	**981.5**	1,644.6	**1,752.5**
Changes in operating assets	-16.2	**27.6**	-359.4	**-618.9**
Changes in operating liabilities	-166.7	**-83.3**	-200.2	**-165.1**
Changes in working capital	-182.9	**-55.7**	-559.6	**-784.0**
Decrease in provisions through cash payments	-104.7	**-89.7**	-300.4	**-260.6**
Cash flow from operating activities – continuing operations	570.9	**836.1**	784.6	**707.9**
Cash flow from operating activities – discontinued operations	-22.4	**0.0**	-22.4	**-3.3**
Cash flow from operating activities	548.5	**836.1**	762.2	**704.6**
Intangible assets	-6.6	**-2.0**	-17.2	**-8.8**
Property, plant and equipment	-221.0	**-206.8**	-536.5	**-565.9**
Subsidiaries and other business units	-1,026.9	**-29.3**	-1,136.0	**-160.4**
Other financial assets, associates, and joint ventures	-1.2	**-27.2**	-9.8	**-50.0**
Investments (cash outflow)	-1,255.6	**-265.3**	-1,699.5	**-785.1**
Subsidiaries and other business units	4.3	**1.9**	4.3	**10.8**
Other fixed assets	23.0	**81.0**	92.4	**152.2**
Divestments (cash inflow)	27.3	**82.8**	96.6	**163.0**
Cash from changes in consolidation scope	614.2	**0.0**	615.3	**-0.4**
Cash flow from investing activities – continuing operations	-614.1	**-182.5**	-987.6	**-622.5**
Cash flow from investing activities – discontinued operations	-0.4	**8.7**	-0.4	**10.2**
Cash flow from investing activities	-614.6	**-173.8**	-988.0	**-612.3**
Capital increase – non-controlling interests	17.8	**0.0**	17.8	**0.0**
Dividend payments – HeidelbergCement AG		**0.0**	-244.3	**-317.5**
Dividend payments – non-controlling interests	-6.7	**-15.1**	-79.4	**-201.7**
Increase in ownership interests in subsidiaries	-0.1		-5.9	**-0.8**
Proceeds from bond issuance and loans	3.0	**-0.8**	2,521.0	**2,255.9**
Repayment of bonds and loans	-753.0	**-293.6**	-1,180.8	**-1,967.3**
Changes in short-term interest-bearing liabilities	-69.6	**-397.9**	-434.4	**-174.9**
Cash flow from financing activities – continuing operations	-808.6	**-707.4**	593.9	**-406.3**
Cash flow from financing activities – discontinued operations	-0.2		-0.2	
Cash flow from financing activities	-808.8	**-707.4**	593.7	**-406.3**
Net change in cash and cash equivalents – continuing operations	-851.9	**-53.8**	391.0	**-320.8**
Net change in cash and cash equivalents – discontinued operations	-23.1	**8.7**	-23.1	**6.9**
Net change in cash and cash equivalents	-875.0	**-45.1**	368.0	**-313.9**
Effect of exchange rate changes	-0.3	**-47.9**	4.7	**-113.9**
Cash and cash equivalents at beginning of period	2,598.4	**1,637.5**	1,350.5	**1,972.3**
Cash and cash equivalents at period end	1,723.1	**1,544.5**	1,723.1	**1,544.5**
Reclassification of cash and cash equivalents according to IFRS 5	-3.2		-3.2	
Cash and cash equivalents presented in the balance sheet at period end	1,719.9	**1,544.5**	1,719.9	**1,544.5**

Consolidated balance sheet

Assets			
€m	30 Sep. 2016 [1]	31 Dec. 2016 [1]	**30 Sep. 2017**
Non-current assets			
Intangible assets			
Goodwill	11,997.2	11,939.1	**11,233.9**
Other intangible assets	441.8	472.9	**396.7**
	12,438.9	12,412.0	**11,630.6**
Property, plant and equipment			
Land and buildings	5,776.9	6,909.8	**6,469.2**
Plant and machinery	5,075.5	5,516.5	**4,920.9**
Other operating equipment	320.0	382.6	**346.6**
Prepayments and assets under construction	1,241.8	1,106.3	**1,250.8**
	12,414.2	13,915.2	**12,987.4**
Financial assets			
Investments in joint ventures	1,467.1	1,432.9	**1,344.4**
Investments in associates	347.8	486.9	**492.5**
Financial investments	360.1	383.7	**332.7**
Loans and derivative financial instruments	136.5	80.0	**94.6**
	2,311.5	2,383.5	**2,264.2**
Fixed assets	27,164.6	28,710.7	**26,882.2**
Deferred taxes	882.1	900.2	**777.8**
Other non-current receivables	571.6	781.3	**756.1**
Non-current income tax assets	47.3	47.0	**51.6**
Total non-current assets	28,665.7	30,439.1	**28,467.7**
Current assets			
Inventories			
Raw materials and consumables	952.7	913.1	**860.3**
Work in progress	316.2	324.3	**331.6**
Finished goods and goods for resale	711.1	776.3	**713.5**
Prepayments	47.9	40.7	**25.1**
	2,027.9	2,054.4	**1,930.4**
Receivables and other assets			
Current interest-bearing receivables	128.4	108.4	**94.2**
Trade receivables	2,071.9	1,804.6	**2,245.3**
Other current operating receivables	588.3	550.6	**549.7**
Current income tax assets	124.9	103.7	**147.8**
	2,913.5	2,567.3	**3,037.1**
Short-term financial investments	24.8	19.4	**17.4**
Derivative financial instruments	22.6	59.9	**53.9**
Cash and cash equivalents	1,719.9	1,972.3	**1,544.5**
Total current assets	6,708.7	6,673.3	**6,583.4**
Assets held for sale and discontinued operations	1,118.9	9.2	**48.5**
Balance sheet total	36,493.3	37,121.6	**35,099.6**

1) Amounts were restated (see page 24 f.).

Equity and liabilities

€m	30 Sep. 2016 [1]	31 Dec. 2016 [1]	30 Sep. 2017
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	8,670.7	8,940.9	**9,406.3**
Other components of equity	-570.2	295.6	**-1,494.1**
Equity attributable to shareholders	14,921.2	16,057.1	**14,732.9**
Non-controlling interests	1,635.1	1,743.2	**1,527.2**
Total equity	16,556.3	17,800.3	**16,260.1**
Non-current liabilities			
Bonds payable	6,821.1	7,651.9	**8,855.4**
Bank loans	1,014.6	785.3	**477.6**
Other non-current interest-bearing liabilities	44.8	62.7	**52.2**
Non-controlling interests with put options	30.6	22.5	**21.4**
	7,911.1	8,522.5	**9,406.6**
Pension provisions	1,331.1	1,284.6	**1,150.9**
Deferred taxes	497.8	642.6	**707.8**
Other non-current provisions	1,070.1	1,366.5	**1,253.7**
Other non-current operating liabilities	248.9	253.3	**232.6**
Non-current income tax liabilities	219.7	249.3	**175.0**
	3,367.7	3,796.3	**3,520.0**
Total non-current liabilities	11,278.8	12,318.8	**12,926.6**
Current liabilities			
Bonds payable (current portion)	1,699.8	1,853.5	**1,301.8**
Bank loans (current portion)	683.8	457.1	**267.8**
Other current interest-bearing liabilities	285.5	166.2	**245.4**
Non-controlling interests with put options	55.1	51.3	**47.4**
	2,724.2	2,528.1	**1,862.5**
Pension provisions (current portion)	94.6	102.8	**94.6**
Other current provisions	233.0	347.9	**253.4**
Trade payables	1,860.1	2,178.9	**2,038.5**
Other current operating liabilities	3,370.7	1,648.5	**1,399.8**
Current income tax liabilities	194.6	196.2	**264.1**
	5,753.0	4,474.3	**4,050.5**
Total current liabilities	8,477.2	7,002.4	**5,912.9**
Liabilities associated with assets held for sale and discontinued operations	181.0		
Total liabilities	19,937.0	19,321.2	**18,839.5**
Balance sheet total	36,493.3	37,121.6	**35,099.6**

Consolidated statement of changes in equity

€m	Subscribed share capital	Share premium	Retained earnings	Cash flow hedge reserve
1 January 2016	563.7	5,539.4	8,434.4	2.9
Profit for the period			585.4	
Other comprehensive income			-122.8	-0.5
Total comprehensive income			462.6	-0.5
Changes in consolidation scope [2]				
Changes in ownership interests in subsidiaries			16.9	
Changes in non-controlling interests with put options			0.1	
Transfer asset revaluation reserve			1.1	
Other changes			-0.1	-0.2
Capital increase from issuance of new shares	31.5	686.1		
Dividends			-244.3	
30 September 2016	595.2	6,225.4	8,670.7	2.2
1 January 2017	595.2	6,225.4	8,982.3	3.3
Adjustment purchase price allocation Italcementi and Mibau [2]			-41.4	
1 January 2017 (restated)	595.2	6,225.4	8,940.9	3.3
Profit for the period			768.3	
Other comprehensive income			23.3	1.1
Total comprehensive income			791.6	1.1
Changes in consolidation scope				
Changes in ownership interests in subsidiaries			-1.4	
Changes in non-controlling interests with put options			-8.1	
Transfer asset revaluation reserve			1.0	
Other changes			-0.3	
Dividends			-317.5	
30 September 2017	595.2	6,225.4	9,406.3	4.4

1) The accumulated currency translation differences included in non-controlling interests changed in 2017 by € -129.5 million (previous year: 16.9) to € -265.9 million (previous year: -109.9). The total currency translation differences recognised in equity thus amounts to € -1,823.6 million (previous year: -743.5).

2) Amounts were restated (see page 24 f.).

	Other components of equity						
	Available for sale reserve	Asset revaluation reserve	Currency translation	Total other components of equity	Equity attributable to shareholders	Non-controlling interests [1]	**Total equity**
	32.5	30.2	312.3	377.9	14,915.4	1,060.9	**15,976.4**
					585.4	152.1	**737.5**
	-0.6		-945.8	-946.9	-1,069.8	11.9	**-1,057.9**
	-0.6		-945.8	-946.9	-484.3	163.9	**-320.4**
						527.3	**527.3**
					16.9	-4.8	**12.1**
					0.1	-51.0	**-51.0**
		-1.1		-1.1			
				-0.2	-0.2	0.4	**0.1**
					717.6	17.8	**735.3**
					-244.3	-79.4	**-323.7**
	32.0	29.2	-633.5	-570.2	14,921.2	1,635.1	**16,556.3**
	33.2	28.8	224.7	290.1	16,093.1	1,779.5	**17,872.6**
			5.5	5.5	-36.0	-36.3	**-72.3**
	33.2	28.8	230.2	295.6	16,057.1	1,743.2	**17,800.3**
					768.3	112.2	**880.4**
	-1.9		-1,787.9	-1,788.6	-1,765.3	-132.5	**-1,897.8**
	-1.9		-1,787.9	-1,788.6	-997.0	-20.4	**-1,017.4**
					-1.4		**-1.3**
					-8.1	9.7	**1.6**
		-1.0		-1.0			
					-0.3	-3.8	**-4.0**
					-317.5	-201.7	**-519.2**
	31.3	27.8	-1,557.6	-1,494.1	14,732.9	1,527.2	**16,260.1**

Segment reporting / Notes

Group areas January - September	Western and Southern Europe		Northern and Eastern Europe-Central Asia		North America	
€m	2016	2017	2016	2017	2016	2017
External revenue	2,765	**3,508**	1,731	**2,074**	2,984	**3,305**
Inter-Group areas revenue	24	**47**	36	**65**		
Revenue	2,790	**3,555**	1,767	**2,138**	2,984	**3,305**
Change to previous year in %		**27.4 %**		**21.0 %**		**10.8 %**
Result from joint ventures	2	**2**	18	**12**	31	**30**
Result from current operations before depreciation and amortisation (RCOBD)	428	**459**	329	**403**	728	**802**
as % of revenue	15.4 %	**12.9 %**	18.6 %	**18.9 %**	24.4 %	**24.3 %**
Depreciation	-161	**-233**	-113	**-133**	-197	**-223**
Result from current operations	267	**227**	216	**270**	531	**579**
as % of revenue	9.6 %	**6.4 %**	12.2 %	**12.6 %**	17.8 %	**17.5 %**
Result from associates	13	**14**	0	**0**	4	**6**
Result from other participations	-2	**-1**	2	**4**	0	**0**
Result from participations	11	**13**	2	**5**	4	**6**
Additional ordinary result						
Earnings before interest and taxes (EBIT)	278	**240**	218	**275**	535	**585**
Capital expenditures [2]	154	**153**	68	**76**	178	**187**
Segment assets [3), 4]	6,885	**7,314**	2,777	**2,731**	8,518	**8,904**
RCOBD as % of segment assets	6.2 %	**6.3 %**	11.9 %	**14.8 %**	8.5 %	**9.0 %**
Number of employees as at 30 September	15,820	**15,588**	13,336	**13,774**	9,596	**9,755**
Average number of employees	11,741	**15,683**	12,883	**13,701**	8,662	**9,327**

1) Includes corporate functions, eliminations of intra-Group relationships between the segments and additional ordinary result.

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

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

4) Amounts were restated (see page 24 f.).

	Asia-Pacific		Africa-Eastern Mediterranean Basin		Group Services		Reconciliation [1]		Continuing operations	
	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**
	2,062	**2,345**	889	**1,156**	496	**616**			10,927	**13,004**
	19	**16**	2	**23**	242	**373**	-324	**-523**		
	2,081	**2,361**	891	**1,179**	738	**990**	-324	**-523**	10,927	**13,004**
		13.4 %		**32.4 %**		**34.0 %**				**19.0 %**
	71	**86**	28	**10**					150	**141**
	498	**486**	221	**278**	16	**20**	-99	**-44**	2,121	**2,405**
	23.9 %	**20.6 %**	24.8 %	**23.6 %**	2.2 %	**2.0 %**			19.4 %	**18.5 %**
	-110	**-144**	-49	**-71**	-2	**-3**	-11	**-20**	-644	**-827**
	388	**342**	171	**208**	14	**16**	-110	**-64**	1,477	**1,578**
	18.6 %	**14.5 %**	19.2 %	**17.6 %**	1.9 %	**1.7 %**			13.5 %	**12.1 %**
	1	**0**	3	**11**	1	**3**			23	**35**
	1	**2**	0	**0**					1	**5**
	2	**2**	3	**11**	1	**3**			24	**40**
							-98	**-42**	-98	**-42**
	390	**344**	174	**218**	15	**20**	-208	**-106**	1,403	**1,576**
	107	**106**	46	**52**	0	**0**	1,146	**210**	1,699	**785**
	4,342	**4,093**	2,235	**1,522**	96	**53**			24,853	**24,618**
	11.5 %	**11.9 %**	9.9 %	**18.3 %**	16.9 %	**36.7 %**			8.5 %	**9.8 %**
	14,669	**14,220**	8,000	**7,044**	524	**451**			61,945	**60,830**
	13,604	**14,373**	4,405	**7,236**	231	**493**			51,526	**60,812**

Notes to the interim consolidated financial statements

Accounting and valuation principles

The interim consolidated financial statements of HeidelbergCement AG as at 30 September 2017 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 2016, 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 2016. Detailed explanations can be found on pages 184 f. in the Notes to the 2016 Annual Report, which forms the basis for these interim financial statements.

In accordance with IAS 34, the expenses relating to income taxes in the reporting period were 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

No new or amended IASB standards and interpretations were applicable for the first time in these interim consolidated financial statements.

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 figures for the first and fourth quarters are adversely affected by the winter months, whereas the warmer months contribute to higher sales and profit in the second and third quarters.

Exchange rates

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

Exchange rates		Exchange rates at reporting date		Average exchange rates	
EUR		31 Dec. 2016	**30 Sep. 2017**	01-09/2016	**01-09/2017**
USD	USA	1.0516	**1.1814**	1.1166	**1.1142**
AUD	Australia	1.4607	**1.5082**	1.5050	**1.4538**
CAD	Canada	1.4137	**1.4736**	1.4750	**1.4546**
EGP	Egypt	19.0655	**20.8431**	9.6152	**19.9352**
GBP	Great Britain	0.8521	**0.8820**	0.8031	**0.8729**
IDR	Indonesia	14,129	**15,939**	14,876	**14,873**
MAD	Morocco	10.6496	**11.1421**	10.8854	**10.9043**
THB	Thailand	37.7577	**39.3113**	39.3234	**38.1382**

Business combinations in the reporting period

On 30 June 2017, HeidelbergCement has finalised the acquisition of Cemex's Pacific Northwest Materials Business consisting of aggregate, asphalt and ready-mixed concrete operations. The business activities taken over from Cemex include seven aggregates quarries, five ready-mixed concrete plants, and three asphalt operations. The aggregates reserves and resources that have been acquired amount to 110 million tonnes.

With this acquisition, HeidelbergCement has strengthened its vertically integrated market position in the US states of Washington and Oregon. The provisional purchase price of €129.8 million was settled in cash and is subject to the usual post-closing purchase price adjustments. The purchase price allocation has not yet been completed, as the valuations are still to be finalised. The provisionally recognised goodwill of €36.4 million is tax-deductible. The transaction costs of €3.3 million were recognised in the additional ordinary expenses.

To strengthen its market position in aggregates and ready-mixed concrete in the US state of New York, HeidelbergCement acquired the operating assets of the Saunders Companies on 1 August 2017. The provisional purchase price of €29.7 million was settled in cash and is subject to the usual post-closing purchase price adjustments. The purchase price allocation has not yet been completed, as the valuations are still to be finalised. The provisionally recognised goodwill of €4.7 million is tax-deductible. The transaction costs of €0.6 million were recognised in the additional ordinary expenses.

The following table shows the provisional fair values of the assets and liabilities acquired as part of the above-described transactions.

Provisional fair values recognised as at the acquisition date

€m	North Amerika
Intangible assets	3.2
Property, plant and equipment	122.7
Inventories	9.2
Trade receivables	3.1
Other assets	3.3
Total assets	**141.5**
Provisions	20.7
Current liabilities	2.4
Total liabilities	**23.1**
Net assets	**118.4**

Divestments in the reporting period

On 8 February 2017, HeidelbergCement sold 100 % of the shares in Essroc San Juan Inc., Puerto Rico. The company was acquired as part of the Italcementi acquisition. The sales price for Essroc San Juan amounted to €6.5 million and was paid in cash. It is subject to the usual post-closing adjustments. The disposal resulted in a loss of €6.0 million, which was recognised in the additional ordinary expenses.

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

Assets and liabilities as at the date of disposal

€m	North America
Property, plant and equipment	4.8
Inventories	7.8
Cash and cash equivalents	1.0
Other assets	1.4
Total assets	**15.0**
Liabilities	2.5
Total liabilities	**2.5**
Net assets	**12.5**

Business combinations in the same period of the previous year

Acquisition of Italcementi

During the period from 1 July to 12 October 2016, HeidelbergCement acquired 100% of the shares in the Italcementi Group as part of a linked transaction and recognised the acquisition as a business combination with effect from 1 July 2016. Detailed explanations relating to the Italcementi acquisition can be found on pages 198 f. in the Notes to the 2016 Annual Report.

Because of the size and complexity of the transaction, the purchase price allocation as at 31 December 2016 was only provisional. As at 30 June 2017, the final fair values of the assets and liabilities as at the acquisition date were determined on the basis of external and internal valuations. The following table shows the adjustments to the fair values as at 1 July 2016.

Italcementi – Fair values recognised as at the acquisition date

€m	Provisional fair values	Adjustment	Final fair values
Non-current assets			
Intangible assets	168.5	-21.4	**147.2**
Property, plant and equipment			
Land and buildings	1,891.4	4.7	**1,896.1**
Plant and machinery	1,938.9	-70.2	**1,868.7**
Other operating equipment	88.2	27.6	**115.8**
Prepayments and assets under construction	197.3	-39.8	**157.6**
	4,115.9	-77.7	**4,038.1**
Investments in joint ventures	85.5	-1.0	**84.4**
Investments in associates	206.3		**206.3**
Financial investments, loans and derivative financial instruments	53.1	-3.4	**49.7**
Fixed assets	4,629.2	-103.5	**4,525.7**
Deferred taxes	209.7	-45.2	**164.5**
Other non-current receivables and income tax assets	120.5	-0.1	**120.4**
Total non-current assets	4,959.4	-148.8	**4,810.6**
Current assets			
Inventories	593.9	17.0	**611.0**
Current interest-bearing receivables	38.3		**38.3**
Trade receivables	507.5	0.5	**508.0**
Other current operating receivables and income tax assets	313.6	0.6	**314.2**
Short-term financial investments and derivative financial instruments	124.8		**124.8**
Cash and cash equivalents	617.0		**617.0**
Total current assets	2,195.2	18.1	**2,213.3**
Disposal groups held for sale	999.8	2.5	**1,002.2**
Total assets	8,154.3	-128.2	**8,026.1**
Non-current liabilities			
Bonds payable	1,428.1		**1,428.1**
Bank loans	282.8		**282.8**
Other non-current interest-bearing liabilities	21.4		**21.4**
Pension provisions	249.5		**249.5**
Deferred taxes	479.3	-72.9	**406.4**
Other non-current provisions	508.7	47.8	**556.5**
Other non-current operating and income tax liabilities	96.0	55.6	**151.6**
Total non-current liabilities	3,065.9	30.5	**3,096.3**
Current liabilities			
Bonds payable (current portion)	542.9		**542.9**
Bank loans (current portion)	288.6		**288.6**
Other current interest-bearing liabilities incl. non-controlling interests with put options	344.6		**344.6**
Other current provisions	22.2		**22.2**
Trade payables	612.6		**612.6**
Other current operating and income tax liabilities	539.5	-7.6	**531.9**
Total current liabilities	2,350.4	-7.6	**2,342.7**
Liabilities associated with disposal groups	172.7		**172.7**
Total liabilities	5,588.9	22.8	**5,611.8**
Net assets	2,565.4	-151.1	**2,414.3**

The adjustment to the fair values resulted in an increase in goodwill of €115.0 million as at the date of first-time consolidation. The final goodwill arising from the business combination thus amounts to €1,781.0 million. The calculation is shown in the following table.

Calculation of the goodwill			
€m	Provisional	Adjustment	Final
Acquisition costs	3,590.8		**3,590.8**
Fair value of acquired net assets	2,565.4	-151.1	**2,414.3**
Non-controlling interest within Italcementi Group	-640.6	36.0	**-604.5**
Goodwill	1,665.9	115.0	**1,781.0**

Acquisition of the Mibau Group

To exploit synergy potential in the aggregates business line, Norbetong AS, a Norwegian subsidiary of HeidelbergCement, incorporated the business activities of two quarries in Norsk Stein A/S (part of the Mibau Group, which was previously accounted for using the equity method), also based in Norway, against the allocation of company rights on 4 October 2016. The new shareholding in Norsk Stein A/S was then transferred as an intra-Group transaction from Norbetong AS to Heidelberger Sand und Kies GmbH, Heidelberg, and incorporated by this company against the allocation of company rights in Mibau Holding GmbH, Cadenberge. With these linked transactions, HeidelbergCement, which already held 50 % of the shares in the Mibau Group, acquired a further 10 % of the shares and gained control of the Mibau Group, which was therefore fully consolidated with effect from 1 October 2016. The purchase price allocation was finalised on 30 September 2017.

The following table shows the adjustments to the fair values as at acquisition date.

Mibau Group – Fair values recognised as at the acquisition date			
€m	Provisional fair values	Adjustment	Final fair values
Intangible assets	0.8		**0.8**
Property, plant and equipment	129.7	35.6	**165.2**
Financial fixed assets	2.4		**2.4**
Inventories	24.6		**24.6**
Trade receivables	41.7		**41.7**
Cash and cash equivalents	12.0		**12.0**
Other assets	6.1		**6.1**
Total assets	217.3	35.6	**252.9**
Deferred taxes		8.9	**8.9**
Provisions	0.4		**0.4**
Non-current liabilities	81.3		**81.3**
Current liabilities	61.1		**61.1**
Total liabilities	142.9	8.9	**151.8**
Net assets	74.5	26.7	**101.1**

The total acquisition costs of the business combination are made up of the fair value of the previous equity interest of €84.8 million as well as the proportionate interest in the fair value of the incorporated business activities effectively transferred of €10.2 million. The revaluation of the previous shareholding resulted overall in a profit of €47.5 million, which was recognised in the additional ordinary income. The non-controlling interests of €39.6 million were measured on the basis of their proportionate interest in the fair value of the identifiable net assets.

The adjustment of the acquisition costs and the fair values resulted in a decrease in goodwill of €4.1 million as at the date of first-time consolidation. The final goodwill arising from the business combination thus amounts to €33.5 million. The calculation is shown in the following table.

Calculation of the goodwill

€m	Provisional	Adjustment	Final
Acquisition costs	82.2	12.8	**95.0**
Fair value of acquired net assets	74.5	26.7	**101.1**
Non-controlling interest	-29.8	-9.8	**-39.6**
Goodwill	37.5	-4.1	**33.5**

The consolidated balance sheet as at 30 September 2016 and 31 December 2016 respectively was adjusted on the basis of the final purchase price allocations arising from the acquisition of Italcementi and the Mibau Group. The adjustments as at 31 December 2016 are shown in the following table.

Consolidated balance sheet	31 December 2016		
€m	Before adjustment	Adjustment	Adjusted
Assets			
Non-current assets			
Intangible assets			
Goodwill	11,828.2	110.9	**11,939.1**
Other intangible assets	491.5	-18.7	**472.9**
	12,319.7	92.3	**12,412.0**
Property, plant and equipment			
Land and buildings	6,883.7	26.1	**6,909.8**
Plant and machinery	5,578.9	-62.4	**5,516.5**
Other operating equipment	355.9	26.7	**382.6**
Prepayments and assets under construction	1,146.0	-39.8	**1,106.3**
	13,964.5	-49.3	**13,915.2**
Investments in joint ventures	1,433.5	-0.6	**1,432.9**
Investments in associates	486.9		**486.9**
Financial investments	378.5	5.2	**383.7**
Loans and derivative financial instruments	88.5	-8.5	**80.0**
Fixed assets	28,671.7	39.0	**28,710.7**
Deferred taxes	946.0	-45.8	**900.2**
Other non-current receivables and income tax assets	828.2	0.0	**828.3**
Total non-current assets	30,445.9	-6.8	**30,439.1**
Current assets			
Inventories	2,083.4	-29.0	**2,054.4**
Receivables and other assets	2,566.2	1.1	**2,567.3**
Short-term financial investments, derivative financial instruments and cash and cash equivalents	2,051.7	0.0	**2,051.6**
Total current assets	6,701.2	-27.9	**6,673.3**
Assets held for sale and discontinued operations	6.7	2.5	**9.2**
Balance sheet total	37,153.8	-32.2	**37,121.6**
Equity and liabilities			
Shareholders' equity and non-controlling interests			
Subscribed share capital and share premium	6,820.7		**6,820.7**
Retained earnings	8,982.3	-41.4	**8,940.9**
Other components of equity	290.1	5.5	**295.6**
Non-controlling interests	1,779.5	-36.3	**1,743.2**
Total equity	17,872.6	-72.2	**17,800.3**
Non-current liabilities			
Non-current interest-bearing liabilities	8,522.7	-0.2	**8,522.5**
Pension provisions	1,284.6		**1,284.6**
Deferred taxes	657.4	-14.7	**642.6**
Other non-current provisions	1,359.5	7.0	**1,366.5**
Other non-current operating liabilities	255.7	-2.4	**253.3**
Non-current income tax liabilities	191.3	58.0	**249.3**
Total non-current liabilities	12,271.2	47.6	**12,318.8**
Current liabilities			
Current interest-bearing liabilities	2,528.1		**2,528.1**
Pension provisions (current portion) and other current provisions	450.7		**450.7**
Trade payables	2,178.9		**2,178.9**
Other current operating liabilities	1,655.9	-7.5	**1,648.5**
Current income tax liabilities	196.4	-0.2	**196.2**
Total current liabilities	7,010.0	-7.6	**7,002.4**
Total liabilities	19,281.2	40.0	**19,321.2**
Balance sheet total	37,153.8	-32.2	**37,121.6**

Further business combinations in the same period of the previous year

To secure raw material reserves and to strengthen its market position in Australia, HeidelbergCement acquired the business of Rocla Quarry Products and 100 % of the shares in Calga Sands Pty Ltd, New South Wales, (together: RQP) on 29 January 2016 as part of an asset deal. RQP operates 12 large sand pits in the metropolitan regions of Perth, Adelaide, Melbourne, and Sydney with a production of about 6 million tonnes per year. It also has a number of smaller production locations and mineral reserves. The purchase price settled in cash amounted to €98.2 million. The goodwill of €0.6 million is not tax-deductible and represents synergy potential.

On 21 April 2016, HeidelbergCement acquired 100 % of the shares in both the holding company ACH Investments Limited, Mauritius, and its subsidiary Austral Cimentos Sofala, SA, Maputo, Mozambique. Austral Cimentos Sofala operates a grinding plant in Dondo, near the port of Beira, with an annual capacity of around 350,000 tonnes. With this acquisition, HeidelbergCement has strengthened its market presence in southeast Africa. The purchase price for the companies totalled €8.8 million and was paid in cash. The recognised goodwill resulting from the business combinations, which is not deductible for tax purposes, amounts to €18.6 million and represents growth potential.

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

Fair values recognised as at the acquisition date

€m	Australia	Mozambique	Total
Intangible assets	71.4	0.0	**71.4**
Property, plant and equipment	24.5	7.7	**32.3**
Inventories	2.5	3.9	**6.5**
Cash and cash equivalents		0.6	**0.6**
Other assets	2.7	0.7	**3.4**
Total assets	101.2	13.0	**114.2**
Provisions	3.4		**3.4**
Non-current liabilities		0.5	**0.5**
Current liabilities	0.3	22.3	**22.6**
Total liabilities	3.7	22.8	**26.5**
Net assets	97.6	-9.8	**87.7**

Discontinued operations in the same period of the previous year

HeidelbergCement has entered into an agreement via its subsidiary Ciments Français S.A.S. with Aalborg Portland Holding A/S, a wholly owned subsidiary controlled indirectly by Cementir Holding SpA, to sell business activities in Belgium, primarily comprising Italcementi's Belgian subsidiary Compagnie des Ciments Belges S.A. (CCB). With the disposal, HeidelbergCement meets the condition of the European Commission to eliminate competitive concerns caused by the acquisition of Italcementi. The agreement needed to be approved by the European Commission. The sale was completed on 25 October 2016.

HeidelbergCement has entered into an agreement via its subsidiaries Essroc Corp. and Lehigh Hanson, Inc. with Argos USA LLC, a subsidiary of Cementos Argos S.A., to sell the cement plant in Martinsburg, West Virginia, and eight related cement terminals. With the disposal, HeidelbergCement meets the condition of the US competition authorities (Federal Trade Commission – FTC) to eliminate competitive concerns related to the acquisition of Italcementi. The company was disposed of on 30 November 2016.

These business activities were acquired exclusively with a view to resale and are therefore shown in the income statement, in the statement of cash flows, and in the consolidated balance sheet as a discontinued operation in accordance with IFRS 5.

Divestments in the same period of the previous year

The US companies Hanson Permanente Cement, Inc., Phoenix, and Kaiser Gypsum Company, Inc., Raleigh, report claims for compensation arising from legal disputes, which were transferred to the HeidelbergCement Group as part of the takeover of the Hanson Group in 2007. The claims relate to health problems allegedly caused by the sale of products containing asbestos. On 30 September 2016, these two companies filed a voluntary bankruptcy petition to a US bankruptcy court in accordance with Chapter 11 of the US Bankruptcy Code. The objective is, among other things, to establish a trust to which all current and future asbestos personal injury claims will be channelled pursuant to section 524(g) of the US Bankruptcy Code. These companies are subject to court proceedings as a result of the voluntary bankruptcy filing. The control of the HeidelbergCement Group is therefore no longer given according to IFRS 10, and the companies were deconsolidated with their subsidiaries on 30 September 2016.

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

Assets and liabilities as at the date of divestiture

€m	Total
Intangible assets	1.0
Property, plant and equipment	161.5
Other non-current receivables	390.2
Cash and cash equivalents	0.1
Other assets	82.9
Total assets	**635.6**
Provisions	310.9
Liabilities	57.0
Total liabilities	**367.9**
Net assets	**267.7**

The additional ordinary expenses arising from the deconsolidation amounted to €19.1 million. The disposal of the net assets is offset by the investments retained in the companies at a fair value of €248.6 million as at the date of divestiture. The participations are shown as financial investments available for sale at fair value. The fair value as at the reporting date is €236.6 million (previous year: 265.8).

Revenue development by Group areas and business lines

January - September	Cement		Aggregates		Ready-mixed concrete-asphalt		Service-joint ventures-other		Intra-Group eliminations		Total	
€m	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
Western and Southern Europe	1,264	**1,774**	635	**759**	1,117	**1,339**	295	**307**	-522	**-624**	2,790	**3,555**
Northern and Eastern Europe-Central Asia	1,046	**1,196**	166	**380**	396	**433**	303	**290**	-143	**-160**	1,767	**2,138**
North America	1,184	**1,423**	1,154	**1,208**	763	**793**	169	**196**	-286	**-315**	2,984	**3,305**
Asia-Pacific	1,105	**1,301**	427	**469**	776	**814**	32	**28**	-259	**-251**	2,081	**2,361**
Africa-Eastern Mediterranean Basin	677	**909**	65	**83**	182	**241**	25	**21**	-58	**-75**	891	**1,179**
Group Services					10	**29**	736	**970**	-7	**-9**	738	**990**
Inter-Group area revenue within business lines	-33	**-44**		**-21**			-7	**0**			-39	**-65**
Total	5,243	**6,558**	2,447	**2,878**	3,244	**3,649**	1,553	**1,812**	-1,275	**-1,435**	11,212	**13,462**
Inter-Group area revenue between business lines									-284	**-458**	-284	**-458**
Total									-1,560	**-1,894**	10,927	**13,004**

Earnings per share

Earnings per share	January - September	
€m	2016	2017
Profit for the period	737.5	**880.4**
Non-controlling interests	152.1	**112.2**
Group share of profit	585.4	**768.3**
Number of shares in ’000s (weighted average)	191,212	**198,416**
Earnings per share in €	3.06	**3.87**
Net income from continuing operations – attributable to the parent entity	587.8	**779.0**
Earnings per share in € – continuing operations	3.07	**3.93**
Net loss from discontinued operations – attributable to the parent entity	-2.3	**-10.7**
Loss per share in € – discontinued operations	-0.01	**-0.06**

Statement of cash flows

Detailed notes to the statement of cash flows can be found in the "Statement of cash flows" section of the Management Report.

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 September 2017, the management carried out an impairment review, which indicated that no impairment loss needed to be recognised.

Consolidated statement of changes in equity

The decrease of €1,787.9 million in the currency translation reserve is essentially attributable to the devaluation of the US dollar against the euro.

In the financial year, dividends of €317.5 million (€1.60 per share) were paid to shareholders of HeidelbergCement AG. Dividend payments to non-controlling interests totalling €201.7 million include payments of €116.1 million to the non-controlling interests of our Indonesian subsidiary PT Indocement Tunggal Prakasa Tbk.

Pension provisions

The actuarial gains and losses, which are directly recognised 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 September 2017, gains arising from the revaluation amounted to €33.9 million. These include actuarial losses relating to pension obligations of €4.0 million, arising from the decrease in the weighted discount rate of approximately 0.1 percentage point, as well as gains from the revaluation of the plan assets amounting to €44.5 million. The effect of the asset ceiling led to gains of €4.1 million. Losses of €10.8 million resulted from the adjustment of demographic assumptions.

Disclosures on financial instruments

The following table assigns the individual balance sheet items for the financial instruments to classes and measurement categories. In addition, the aggregate carrying amounts for each measurement category and the fair values for each class are depicted.

Carrying amounts, measurement and fair values by measurement categories

€m	Category of IAS 39 [1]	Amortised cost	Cost	Fair value with P/L effect	Fair value without P/L effect	Carrying amount	Fair value
30 September 2017							
Assets							
Financial investments – available for sale at cost	AfS		96.1			**96.1**	
Financial investments – available for sale at fair value	AfS				253.9	**253.9**	**253.9**
Loans and other interest-bearing receivables	LaR	180.5				**180.5**	**185.8**
Trade receivables and other operating receivables	LaR	2,733.0				**2,733.0**	**2,733.0**
Cash and cash equivalents	LaR	1,544.5				**1,544.5**	**1,544.5**
Derivatives – hedge accounting	Hedge				10.6	**10.6**	**10.6**
Derivatives – held for trading	HfT			51.7		**51.7**	**51.7**
Liabilities							
Bonds payable, bank loans, and miscellaneous interest-bearing liabilities	FLAC	11,155.3				**11,155.3**	**11,815.0**
Trade payables, liabilities relating to personnel, and miscellaneous operating liabilities	FLAC	3,365.0				**3,365.0**	**3,365.0**
Liabilities from finance lease	FLAC	17.1				**17.1**	**17.1**
Derivatives – hedge accounting	Hedge				0.5	**0.5**	**0.5**
Derivatives – held for trading	HfT			27.4		**27.4**	**27.4**
Non-controlling interests with put options	FLAC	68.9				**68.9**	**68.9**
31 December 2016 [2]							
Assets							
Financial investments – available for sale at cost	AfS		117.9			**117.9**	
Financial investments – available for sale at fair value	AfS				285.2	**285.2**	**285.2**
Loans and other interest-bearing receivables	LaR	187.5				**187.5**	**193.6**
Trade receivables and other operating receivables	LaR	2,336.4				**2,336.4**	**2,336.4**
Cash and cash equivalents	LaR	1,972.3				**1,972.3**	**1,972.3**
Derivatives – hedge accounting	Hedge				18.3	**18.3**	**18.3**
Derivatives – held for trading	HfT			42.5		**42.5**	**42.5**
Liabilities							
Bonds payable, bank loans, and miscellaneous interest-bearing liabilities	FLAC	10,869.5				**10,869.5**	**11,645.6**
Trade payables, liabilities relating to personnel, and miscellaneous operating liabilities	FLAC	3,848.2				**3,848.2**	**3,848.2**
Liabilities from finance lease	FLAC	21.9				**21.9**	**21.9**
Derivatives – hedge accounting	Hedge				0.3	**0.3**	**0.3**
Derivatives – held for trading	HfT			85.0		**85.0**	**85.0**
Non-controlling interests with put options	FLAC	73.8				**73.8**	**73.8**

1) AfS: Available for sale, LaR: Loans and receivables, Hedge: Hedge accounting, HfT: Held for trading, FLAC: Financial liabilities at amortised cost
2) Amounts were restated (see page 24 f.).

The categories "Trade receivables and other operating receivables" and "Trade payables, liabilities relating to personnel, and miscellaneous operating liabilities" 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 €818.1 million (previous year: 800.1) as well as non-financial liabilities of €305.9 million (previous year: 232.5).

The following table shows the fair value hierarchies for the assets and liabilities, which are measured at fair value in the balance sheet.

Fair value hierarchy	31 December 2016			30 September 2017		
€m	Level 1	Level 2	Level 3	**Level 1**	**Level 2**	**Level 3**
Assets						
Financial investments – available for sale at fair value	19.4		265.8	**17.4**		**236.6**
Derivatives – hedge accounting		18.3			**10.6**	
Derivatives – held for trading		42.5			**51.7**	
Liabilities						
Derivatives – hedge accounting		0.3			**0.5**	
Derivatives – held for trading		85.0			**27.4**	

Detailed explanations on the procedure regarding the fair value measurement according to IFRS 13 can be found on pages 247 f. in the Notes to the 2016 Annual Report, which forms the basis for these interim financial statements.

The change in the fair value of the participations Hanson Permanente Cement, Inc. and Kaiser Gypsum Company, Inc., USA, which are reported as financial investments available for sale at fair value in level 3, resulted from exchange rate effects. The other valuation parameters remained unchanged. With respect to possible uncertainties regarding the determination of the fair value of the financial investments available for sale at fair value, we refer to the explanations on page 204 f. in the Notes to the 2016 Annual Report. In the reporting period, there were no significant changes to the explanations in the Notes.

Related parties 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 €357.4 million (previous year: 416.6), which are essentially related to tax and legal risks. 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 may 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 deviation opinion, which may give rise to additional tax liabilities.

Other financial commitments

The total future minimum lease payments for operating leases as at the reporting date are shown in the following table.

Other financial commitments		
€m	31 Dec. 2016	30 Sep. 2017
Future minimum lease payments under non-cancellable operating leases		
Due within one year	239.0	**240.7**
Due between one and five years	552.2	**568.7**
Due after five years	482.5	**465.5**
	1,273.7	**1,274.9**

Events after the reporting period

On 27 October 2017, HeidelbergCement bought back 6.06 % of the shares in Scancem International Group from the IFC, a World Bank member, and its financial partners. The purchase price for the shares amounted to US$105 million and was paid in cash.

Heidelberg, 8 November 2017

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.

Contact:
Group Communication
Phone: +49 (0) 6221 481-13 227
Fax: +49 (0) 6221 481-13 217
E-mail: info@heidelbergcement.com

Investor Relations
Phone:
Institutional investors USA and UK: +49 (0) 6221 481-13 925
Institutional investors EU and rest of the world: +49 (0) 6221 481-39568
Private investors: +49 (0) 6221 481-13 256
Fax: +49 (0) 6221 481-13 217
E-mail: ir-info@heidelbergcement.com

The Interim Financial Report January to September 2017 was published on 8 November 2017.

Financial calendar	
Group annual accounts 2018	22 March 2018
Press conference on annual accounts	22 March 2018
Interim Financial Report January to March 2018	9 May 2018
Annual General Meeting 2018	9 May 2018
Half-Year Financial Report January to June 2018	31 July 2018
Interim Financial Report January to September 2018	8 November 2018

HeidelbergCement AG
Berliner Strasse 6
69120 Heidelberg, Germany
www.heidelbergcement.com