Annual Report 2014

GLOBAL LOCAL

HEIDELBERGCEMENT

Financial highlights

Figures in €m	2008	2009	2010	2011	2012	2013[1]	2014
Number of employees as at 31 December	60,841	53,302	53,437	52,526	51,966	45,169	**44,909**
Sales volumes							
Cement and clinker (million tonnes)	89.0	79.3	78.4	87.8	89.0	78.1	**81.8**
Aggregates (million tonnes)	299.5	239.5	239.7	254.1	243.0	230.6	**243.6**
Ready-mixed concrete (million cubic metres)	44.4	35.0	35.0	39.1	39.1	34.9	**36.6**
Asphalt (million tonnes)	12.1	10.0	9.1	9.5	8.6	8.4	**9.3**
Income statement							
Total Group revenue	14,187	11,117	11,762	12,902	14,020	12,128	**12,614**
Operating income before depreciation (OIBD)	2,946	2,102	2,239	2,321	2,477	2,224	**2,288**
Operating income (OI)	2,147	1,317	1,430	1,474	1,604	1,519	**1,595**
Profit for the financial year	1,920	168	511	534	529	933	**687**
Group share of profit	1,808	43	343	348	285	736	**486**
Dividend per share in €	0.12	0.12	0.25	0.35	0.47	0.60	**0.75**[4]
Earnings per share in €	14.55	0.30	1.83	1.86	1.52	3.93	**2.59**
Investments							
Investments in intangible assets and PP&E	1,101	796	734	874	831	861	**941**
Investments in financial assets[2]	150	24	138	85	35	379	**183**
Total investments	1,251	820	872	959	866	1,240	**1,125**
Depreciation and amortisation	799	785	809	847	873	704	**693**
Free cash flow							
Cash flow from operating activities	1,523	1,164	1,144	1,332	1,513	1,167	**1,480**
Cash flow from investing activities[2]	1,113	-539	-648	-758	-582	-1,037	**-973**
Balance sheet							
Equity (incl. non-controlling interests)	8,261	11,003	12,884	13,569	13,708	12,514	**14,245**
Balance sheet total	26,288	25,508	27,377	29,020	28,008	26,276	**28,133**
Net debt[3]	11,566	8,423	8,146	7,770	7,047	7,307	**6,929**
Ratios							
OIBD margin	20.8 %	18.9 %	19.0 %	18.0 %	17.7 %	18.3 %	**18.1 %**
OI margin	15.1 %	11.8 %	12.2 %	11.4 %	11.4 %	12.5 %	**12.6 %**
Net debt/equity (gearing)[3]	139.8 %	76.5 %	62.9 %	57.0 %	51.3 %	58.3 %	**48.6 %**
Net debt/OIBD[3]	3.93x	4.01x	3.64x	3.35x	2.85x	3.29x	**3.03x**

1) 2013: figures were restated and are therefore not comparable with the annual report 2013
2) 2008: including decrease/increase in ownership interests in subsidiaries
3) Without adjustment to IAS 32.18 b) Non-controlling interests with put options in the amount of €28 million (2014), €45 million (2013), €45 million (2012), €98 million (2011), €96 million (2010), €37 million (2009), €50 million (2008)
4) The Managing Board and Supervisory Board will propose to the Annual General Meeting on 7 May 2015 the distribution of a cash dividend of €0.75.

Overview of Group areas

Figures in €m	2008	2009	2010	2011	2012	2013[1]	2014
Western and Northern Europe							
Revenue	4,936	3,848	3,811	4,318	4,201	3,779	**4,012**
Operating income before depreciation	1,014	687	683	734	578	524	**562**
Investments in property, plant, and equipment		248	178	193	177	178	**188**
Employees as at 31 December	15,770	14,640	14,302	13,693	13,438	11,882	**12,441**
Eastern Europe-Central Asia							
Revenue	2,046	1,282	1,138	1,392	1,435	1,243	**1,182**
Operating income before depreciation	718	361	299	327	319	259	**230**
Investments in property, plant, and equipment		270	202	240	181	122	**95**
Employees as at 31 December	11,556	9,481	9,959	9,693	9,435	8,696	**8,453**
North America							
Revenue	3,958	2,892	3,033	3,035	3,441	2,766	**3,049**
Operating income before depreciation	676	340	448	473	572	555	**610**
Investments in property, plant, and equipment		152	146	159	162	181	**214**
Employees as at 31 December	15,739	12,601	11,899	11,586	11,001	7,513	**7,644**
Asia-Pacific							
Revenue	2,177	2,211	2,609	2,957	3,477	2,877	**2,818**
Operating income before depreciation	462	612	718	711	887	778	**743**
Investments in property, plant, and equipment		96	174	215	231	245	**322**
Employees as at 31 December	15,044	14,030	13,682	14,039	14,686	14,133	**13,482**
Africa-Mediterranean Basin							
Revenue	974	837	938	1,023	1,135	949	**910**
Operating income before depreciation	182	157	156	164	204	195	**213**
Investments in property, plant, and equipment		28	34	67	80	135	**122**
Employees as at 31 December	2,680	2,499	3,539	3,460	3,349	2,885	**2,811**
Group Services							
Revenue	701	475	709	652	828	941	**1,077**
Operating income before depreciation	22	30	20	11	22	21	**27**
Investments in property, plant, and equipment							
Employees as at 31 December	52	51	55	55	57	61	**79**

1) Amounts restated

Financial highlights | Overview of Group areas →

GLOBAL PLAYER LOCAL HERO

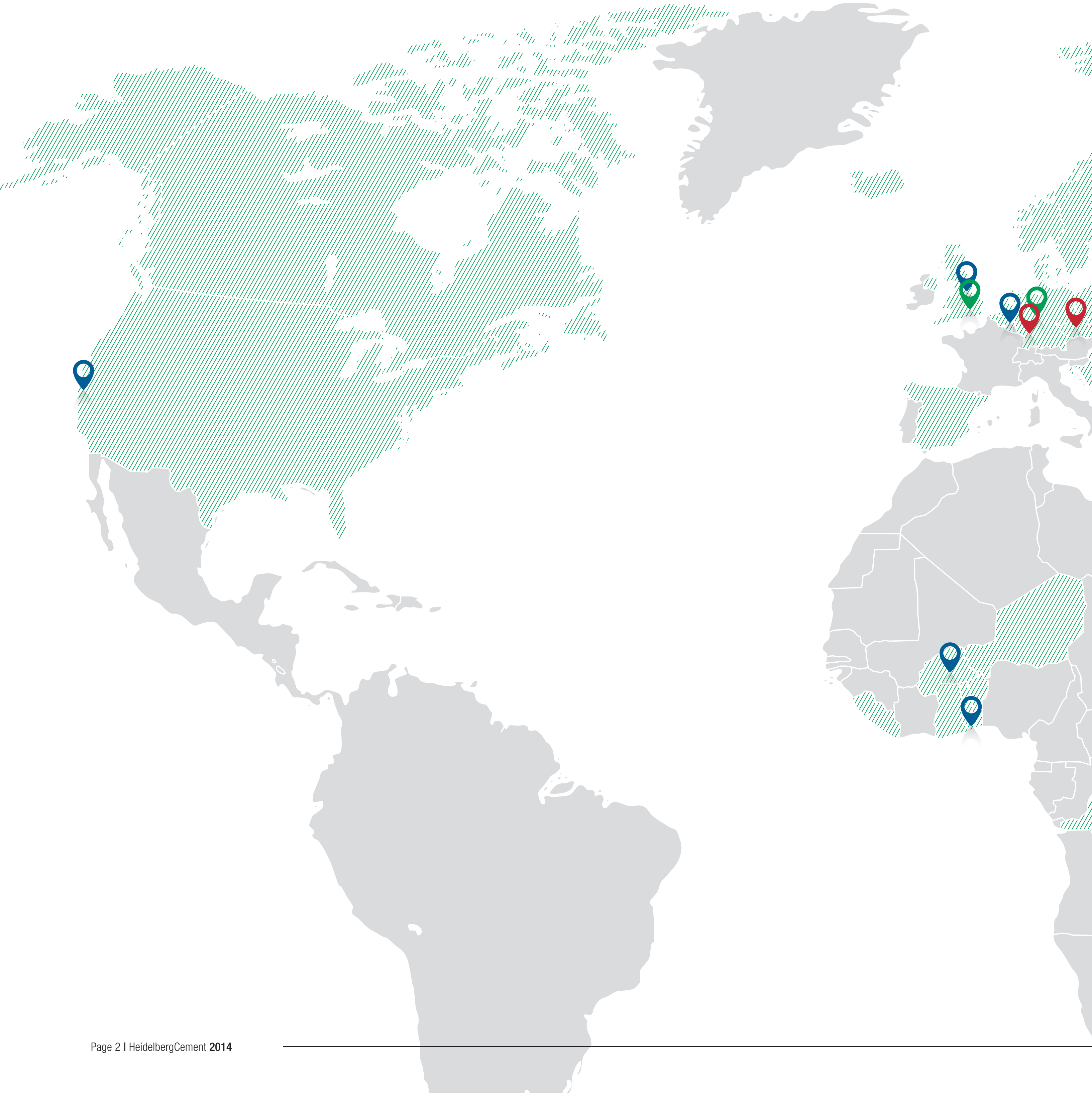
2014

CLOSE TO THE CUSTOMER Passionate about construction
SECURING THE FUTURE Outstanding projects promoting biodiversity
STRONG OPERATORS – STRONG MANAGEMENT Getting better every day with CIP

HEIDELBERGCEMENT

What started in 1873 with the construction of our very first cement plant in Heidelberg, has today become a success story: HeidelbergCement is a global player, a company with 2,300 locations and around 45,000 employees in more than 40 countries worldwide. Our products are in demand everywhere, and we are both active and successful in many markets of the future. On the one hand, our success is based on our local entrepreneurship with efficient, rapid decision-making processes and strong customer focus of our local management.

On the other hand, our Group is characterised by a broad global positioning, first-class industrial expertise, and support to the business of our local units. Across the world, our employees are united by a shared corporate culture with a strong emphasis on performance and results as well as joint goals. Local orientation and global structures are not mutually exclusive to us, but rather a model for success that has been practised for many years.



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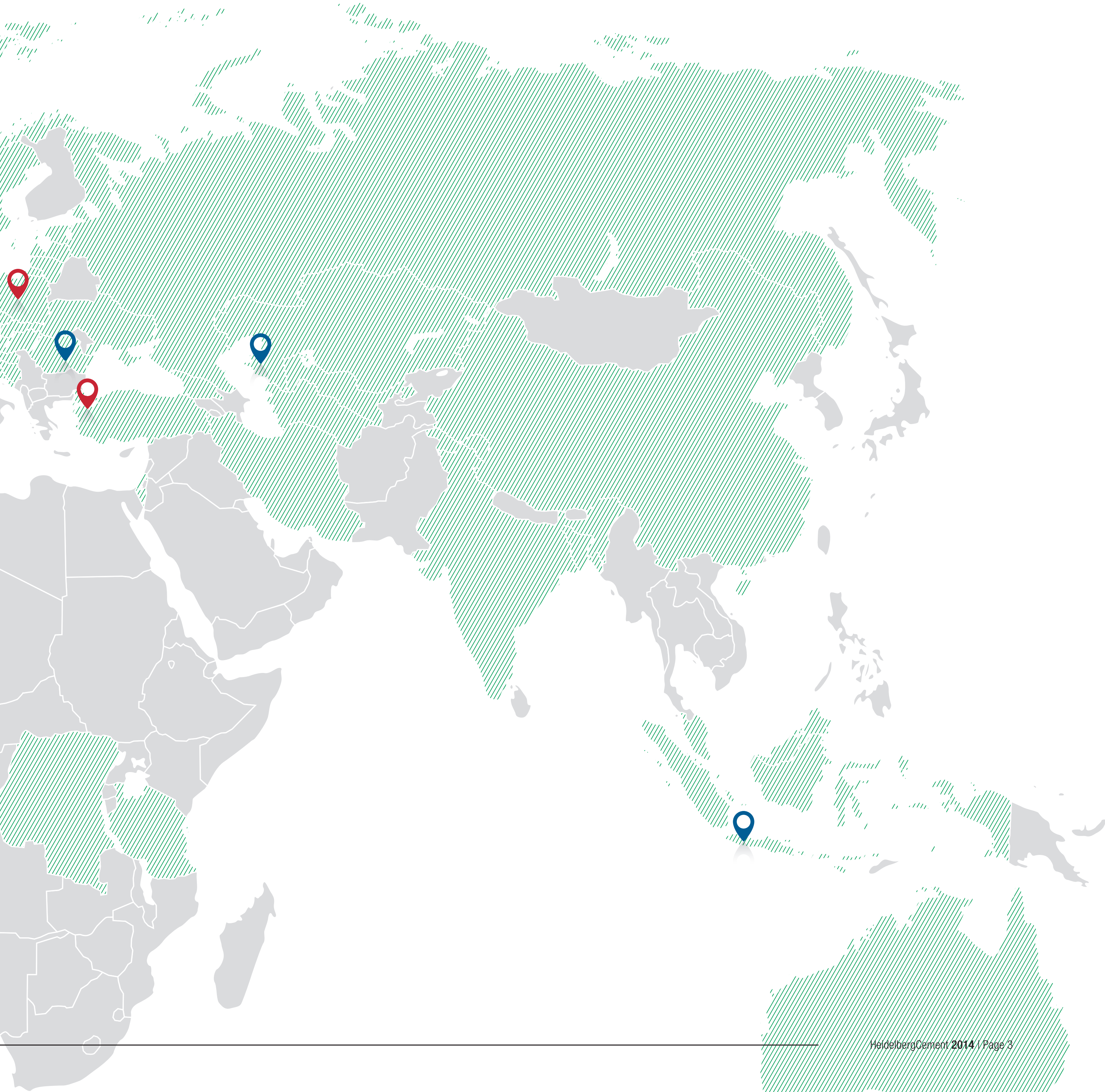


CLOSE TO THE CUSTOMER

Passionate about construction

HeidelbergCement's product range is as diverse as the day-to-day demands on our construction consultants.

Our construction consultants in Germany are true all-rounders – they know all there is to know about cement and concrete. They advise manufacturers of ready-mixed concrete, precast elements, and concrete products, as well as construction companies on the use of HeidelbergCement products. Together with the customer, they develop innovative and cost-effective solutions for challenging projects. But "on-site" consultation is just one of many things our construction consultants do. They also assist with optimisation and development of cements in line with market requirements, conduct trainings, give lectures at conferences and conventions, teach at universities and technical colleges, maintain relationships with authorities and associations, contribute actively to the shaping of standards and norms, and publish specialist articles. They are supported by our application engineers, particularly in practical testing, either on behalf of or for our customers on-site.

For problems that are more complex or for more extensive projects, the construction consultants can call on the central services from the Development and Application (D&A) department. To complement the testing labs at the cement plants, the D&A concrete laboratory provides the possibility to carry out special tests on concretes and mortars. HeidelbergCement employs a total of twelve construction consultants across Germany.

The networked style in which our construction consultants work has definite benefits for the customer. Their close contact with the laboratory, production, and sales, as well as the exchange of experience with colleagues from other regions, enables them to offer practical solutions so that only proven best practices are implemented. This "interface role" allows them to perform useful tasks for both sides. Their proximity to the market means that the construction consultants can communicate to the company what is needed at the building sites and what the planners are asking for. At the same time, they help to convey new technical standards to the outside.

Challenging tasks

The region covered by HeidelbergCement construction consultant Silke Kaminski, who is located in Ennigerloh, Germany, extends from the north of Hesse all the way to the North Sea coast. Every day, she is out and about visiting customers at concrete plants, at the office, or directly at their production sites. She meets engineers or planners at architectural firms, municipal offices, or at the sites of ambitious concrete building projects – e.g. to advise on specific concrete formulations or concrete application methods. Applying her expertise, she supports customers in answering questions on the use of cement-based products. What Silke Kaminski enjoys most about her work is collaborating with a wide variety of people. The challenge is to provide customers with expert technical support – time and time again. And the successful relationships she has built and maintained with customers, in some cases over many years, are proof of her success in meeting that challenge.

Europe’s largest infrastructure project is currently underway in London.

Another record performance for Hanson UK

Yet another superlative effort at one Crossrail project site: in October 2014, a concrete pumping operation over a distance of 1.3 km set a new record in the United Kingdom. The concrete was supplied from the Silvertown plant on the banks of the Thames and then pumped from Plumstead to Woolwich through a 125 mm diameter pipeline for the construction of the tunnel floor in Section C310 of the huge rail project. As the concrete work progressed, the pipeline had to be extended until eventually the concrete took 90 minutes to reach its destination. The final 112 cubic metres of concrete took a whopping nine hours to be poured; at its peak, the pipeline held 16 cubic metres of concrete with a total weight of 38 tonnes!

Europe’s largest infrastructural project

Something’s happening beneath the streets of London! Europe’s largest infrastructure project is currently underway: the Crossrail project is creating a new rail link between the east and west of the United Kingdom’s capital. Hanson UK, a subsidiary of HeidelbergCement, is participating in the project by supplying huge quantities of cement, concrete, sand, and gravel.

The project is valued at £14.8 billion, and more than 10,000 people are working at forty separate construction sites across the city. In addition to considerably reducing travel times, the aim is to significantly increase the number of passengers and frequency of trains. The route spans over 100 km and runs from Reading and Heathrow Airport in the west to Shenfield and Abbey Wood in the east through a large number of new tunnels below the city centre. The first trains should take to the rails in late 2018.

Hanson UK is supplying more than 400,000 cubic metres of ready-mixed concrete to the main building sites in central London. The concrete is used for construction of access shafts, underground stations, and precast tunnel segments. In addition, more than 100,000 tonnes of sand and cement are being supplied to produce shotcrete – a special concrete mix used to line tunnels and provide the necessary stability.

> “Teamwork is a major reason for our success”

“Teamwork is a major reason for our success,” says Sean Hunter, Major Contracts Manager for Hanson UK. “We have a whole network of production sites and depots, as well as the largest fleet of lorries in the industry. All the units work closely together to make sure that everything runs smoothly and deliveries are on time.”

Customer Excellence Program
or
What makes our customers tick?

As a manufacturer of homogeneous bulk goods such as cement, concrete, sand, and gravel, HeidelbergCement has to offer excellent customer service in order to stand out from the competition. The worldwide Customer Excellence Program (CEP) was launched to yield further improvement in this area.

But how do you enhance customer satisfaction worldwide? How do you determine what the customers in the different business lines and markets actually want? In order to find out and implement a standard that can be deployed internationally, a new feedback process was established through a number of pilot projects. Initially, interviews were held with selected customers regarding the individual phases of the sales and distribution process in which they had direct contact with the company.

The aim was to find out what aspects are most important to customers during the respective sales process steps. These include, for example, contact with the sales team, application-related support, information on the precise delivery time or any delays, correct invoicing, or the opportunity to lodge complaints.

Rather than asking customers to complete a simple survey, it was designed as a feedback loop of questions and responses. Continuous dialogue with the customers and implementation of the desired improvements are vital parts of this approach. A project like CEP is not a one-off campaign, but the start of an ongoing process that is of equal relevance worldwide in all of HeidelbergCement's business lines.

Gerald Oerter, Director of Group Sales & Marketing: "Within the Group, we harbour a tremendous amount of knowledge about products and markets."

Group Sales & Marketing
Cooperation is the key to success

International networking and transnational cooperation between the employees and departments of HeidelbergCement are key to the Group's success.

The business lines benefit from exchanging knowledge with one another, while our employees increasingly make use of opportunities to discover new things and learn from their colleagues in other countries. For Gerald Oerter, Director of Group Sales & Marketing, and his team, international cooperation has long been part of the daily routine. One of the department's most important tasks is to gather together the Group's wealth of product and market knowledge and making it systematically available for everyone to benefit from.

"Network groups" made up of professionals from a variety of countries and disciplines play an important role in international communication. These networks are coordinated from Heidelberg via the company's intranet, as well as through video and web conferences. Participants in the individual groups learn about the differing needs of local customers, and new groups are added from time to time, such as the network for supervisors of large-scale projects.

The exchange of experience beyond national borders has also proven its worth when it comes to launching new products. Our innovative special concrete products are particularly attractive for customers in many countries, who benefit from the real added value offered by the special properties of these products. This is why a separate group for "Value Added Products" has been installed. Numerous such innovations have been developed and launched successfully on the German market in recent years.

SECURING THE FUTURE

Outstanding projects promoting biodiversity

> The second Quarry Life Award competition has been a resounding success. Once again, there was a great deal of enthusiasm among the participating researchers, students, nature conservation organisations, and our employees. Thanks to this competition and the associated research projects, we are not only improving our own biodiversity management, but are sharing these best practice examples with the general public as well. The Quarry Life Award plays a significant role in generating a lasting awareness of the biological value of quarrying sites all over the world. It also shows that the extraction of raw materials and nature conservation are not mutually exclusive.

Dr. Michael Rademacher, Director Biodiversity and Natural Resources, HeidelbergCement

On 9 December 2014, the winners of the second edition of the Quarry Life Award were honored in Prague. HeidelbergCement created the Quarry Life Award as a national and international competition with the aim of exploring innovative ideas for the promotion of biodiversity in quarrying sites. This makes perfect sense, as HeidelbergCement operates more than 600 quarrying sites around the world.

For the second edition of the award, almost 400 project ideas were submitted from 22 countries. 95 entries were shortlisted in five different categories: Biodiversity and Education, Innovation and Biodiversity, Biodiversity Enhancement, Raising Public Awareness, and Student Project. The best project in each category was awarded a prize of €10,000 with a "Grand Prize" of €30,000 awarded for the best overall project.

The exciting thing about this competition is that the most interesting projects were implemented at the chosen quarries and aggregate pits between March and September 2014, following preselection by the national juries. After this phase, which included testing the practicability of the projects, the jury members from each participating country selected their winners, who then took part as finalists in the international competition.

The Grand Prize was awarded to the team of Edyta Turniak from the herpetological association, NATRIX in Poland for "a comprehensive inventory of herpetofauna at the Górazdze limestone quarry". The researchers completed a comprehensive inventory of the reptiles and amphibians living in the Górazdze limestone quarry. They discovered that the high biodiversity level in the quarry was primarily due to the presence of many amphibian and reptile species. This prompted them to develop a list of recommendations for restoration of the site.

BirdLife INTERNATIONAL

Cooperation with BirdLife International

Since 2012, HeidelbergCement has cooperated with BirdLife International, one of the world's largest international nature conservation organisations. The objective of this partnership is to further improve the protection and promotion of biological diversity at quarrying sites. The unique structure of BirdLife, which comprises nature conservation organisations from numerous countries across Europe, brings benefits for both cooperation partners. Together, they have developed a biodiversity strategy for HeidelbergCement as a whole, while individual species conservation programmes have been implemented additionally at locations in various European countries.

The creators of the new environmentally friendly cement (from left to right): Dr. Wolfgang Dienemann, Ernest Jelito, Frank Bullerjahn, Dr. Dirk Schmitt, and Dr. Mohsen Ben Haha.

In search of "green" cement

> Wouldn't it be amazing to have a "green" cement that generates up to 30 % less CO_2 in production than normal Portland cement clinker and saves a significant amount of fuel and electricity at the same time?

For the researchers at the HeidelbergCement Technology Center (HTC), this is more than mere fantasy. They have discovered a new and highly promising binder concept with the potential to revolutionise cement production. The focus is on alternative clinkers that offer further potential for reducing CO_2. Calcium sulfoaluminate-belite binder (CSAB) has emerged as one of the most promising concepts. So-called calcium sulfoaluminate (CSA) cements have been produced for use in building chemicals for a long time, predominantly in China. They are mainly employed in screeds, tile glues, and special products. One of their characteristic features is a very high early strength. Experiments had already been performed with a view to using these cements for construction purposes, but their durability was found to be insufficient. However, Dr. Wolfgang Dienemann, Director Global Research & Development HTC, saw a worthwhile approach, taking the idea a step further: "If we combine CSA cements and their high early strength with belite, i.e. the slow-reacting clinker phase in classic Portland cements, it might be possible to combine the advantages of both systems in one cement."

In 2010, the researchers at HTC started investigating the cement chemistry of CSAB under various process conditions. Dr. Dienemann commented: "for the first time, we looked more closely at the ternesite clinker phase, which was considered to be non-reactive until now. This phase does not react with pure water, but if the pore solution contains aluminium, there occurs an immediate chemical reaction and a solid structure is formed." After the first successful burning tests in the lab, HTC registered two patents in the late summer of 2012 for the manufacture of clinker containing ternesite (Belite Calciumsulfoaluminate Ternesite – BCT) and four patents for applications using ternesite clinker in various binder systems.

The advantages of ternesite clinker are obvious: Because of its chemical composition and production at lower temperatures, the new product generates up to 30 % less CO_2 than normal Portland cement clinker. There is also an improvement in energy efficiency, as the burning temperature is 150 to 200° C lower and fuel consumption is reduced by about 10 %. Electricity costs for the manufacturing process are likewise lowered by about 15 %, because less energy is required, particularly for the grinding process.

After the first large-scale industrial trials were successfully completed with the existing plant technology, the name of the new cement was registered as Ternocem®.

Potential for reducing CO_2 emissions in the cement industry

The cement industry is the source of about 5 % of the global CO_2 emissions. On average, the production of one tonne of cement clinker generates around 800 kg of CO_2. Of this amount, about 40 % is due to the energy-intensive burning process; 60 % is attributed to raw materials in the course of the calcination of limestone. By using alternative fuels such as tyres, meat and bone meal, or sewage sludge, among other measures, HeidelbergCement has succeeded in reducing specific CO_2 emissions to 609 kg of CO_2 per tonne of cement. There is only limited scope for further reductions through process-related measures and the use of alternative fuels.

Additives can be used, however, to further improve the CO_2 balance of Portland cement-based products. These alternative materials are by-products from steel manufacturing or coal-fired power plants, and serve as source materials for composite cements. Portland cement clinker is partly replaced, for example, by blast furnace slag, fly ash, or silica fume. The specific use of these additives often actually improves the properties of the resulting cement product. Here too, however, there are certain limits due to the availability of high-quality alternative materials.

Geology at HeidelbergCement

From exploration to quarrying

Raw materials are the foundation of HeidelbergCement's business worldwide. Without them, everything would quite literally grind to a halt. New limestone deposits are developed before construction of a cement plant, and existing quarries need to be expanded from time to time. The raw materials for cement production are the focus for the geologists based at the HeidelbergCement Technology Center (HTC) in Leimen/Germany, who assume global responsibility for identifying new deposit sites and assessing their quality.

What a geologist actually does on-site, explains Dr. Gerhard Friedel, Head of the Global Geology and Raw Materials Department at HTC: "To be a geologist, you need to have a great interest in the natural sciences, because geology is basically a combination of physics, chemistry, and biology. Our main task is to secure the so-called primary raw materials for our cement plants. In addition to that, we're called upon whenever there is a need or potential to expand reserves, or if quality issues suddenly arise with the raw materials at a certain location. A particularly interesting aspect of our work is that we're involved before any new acquisition is made, as every project begins with an evaluation of the raw materials situation. The geologists' tasks on-site include the exploration, identification, and verification of the raw materials reserves, and definition of the reserve quality. Only after we're sure of all the right factors will HeidelbergCement consider the acquisition."

But HeidelbergCement's geologists are responsible for more than just the raw materials extracted from the quarries. "We also look at so-called alternative raw materials," explains Dr. Friedel. At some locations, it may not be possible to find all the necessary types of rock for manufacturing the different cement types. Any lacking materials have to be added to complete the raw mix as corrective materials. All the necessary calculations in this respect are performed in the Geology and Raw Materials department. The percentage of the raw material mix that can be replaced by used sand from foundries, slag, fly ash, or other alternative raw materials is thus determined.

And ultimately, even the longest journey is worthwhile if a perfect deposit site can be found and the local residents are on board, as their approval is crucial for any raw materials extraction plan to go forward.

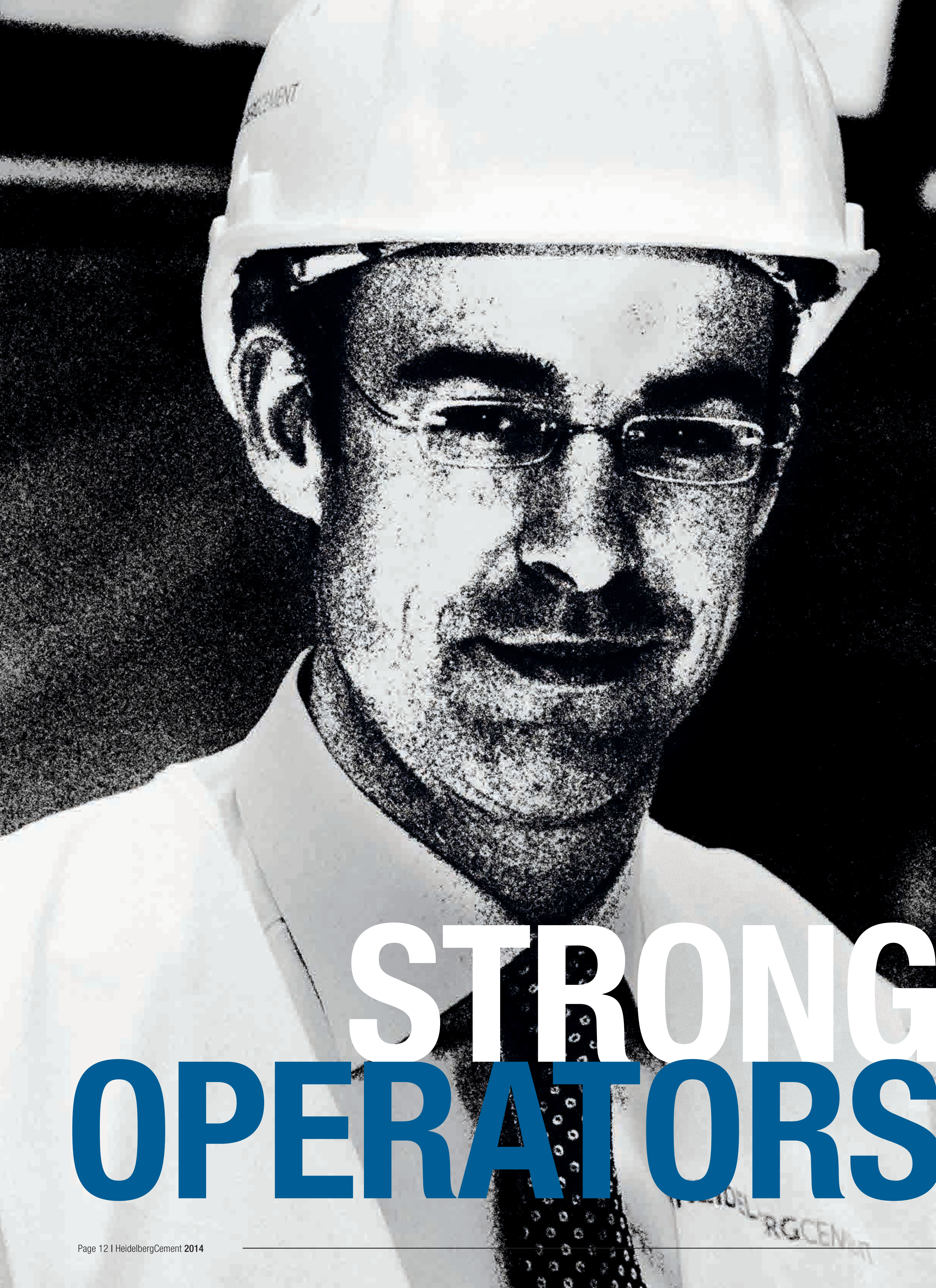
Geology

Geologists deal primarily with rock formations, looking at both the spatial relationships between different bodies of rock and the composition and internal structure of the individual rock types, which all provide information about the conditions under which they were formed. On site, using borehole cores or working underground, the geologist divides the exposed rocks into defined units on the basis of external characteristics. These mapping units are specified in such a way that they can be represented at the selected scale on a geological map or profile. Closer examination of the rocks (petrography, petrology) usually takes place in the laboratory. Investigation of the individual, in some cases microscopic components of the rocks – the minerals – is known as mineralogy, while palaeontology focuses on the fossil content of sedimentary rocks.

Training for greater safety

HeidelbergCement maintains high standards of occupational health & safety, which apply to its own employees as well as those of other companies and visitors who spend time on plant premises. All of them receive regular training to ensure that they are aware of the standards and observe safety regulations.

The joint venture, Akçansa, in Turkey, has taken this to a new level: in 2014, it set up special H&S Academies at its cement plants. These are equipped with state-of-the-art training materials and visual aids to provide a hands-on, interactive experience of various occupational safety aspects, such as how to correctly wear personal protective equipment, what safety measures to take when working at height or during repair and maintenance work, or what to do in the event of a fire. The participants receive training reports on the individual training units and take final examinations.



STRONG OPERATORS

Getting better every day with CIP

"CIP is a systematic approach for generating, prioritising, and implementing employee suggestions. We combine a focus on costs with sustainable processes that add value. The aim is for each individual employee to understand his or her role within the Group more clearly and to realise what contribution he or she can make to the Group's success. We see the Continuous Improvement Program (CIP) as a holistic process that will eventually lead to a new corporate culture."

Axel Conrads, Global Continuous Improvement Process Manager

In June 2014, the Continuous Improvement Program (CIP) was launched as a new worldwide approach for continuously optimising processes in the cement business line. As Global Continuous Improvement Process Manager at HeidelbergCement, Axel Conrads is responsible for the programme, which will have 65 participating cement plants worldwide by the end of 2017. A team of technical directors, plant managers, and consultants has developed eleven modules in advance, which are trained gradually in the plants supported by practical exercises.

The objective of the CIP training in the individual plants is to ensure that each department takes the initiative to have a critical look at its processes and sets itself appropriate, measurable targets for improvement. This definition of own goals allows great freedom for creative ideas, which can be submitted by all employees. Around fifteen months have been scheduled per cement plant for this transformation phase: five months will be spent examining the processes and prioritising possible areas for improvement, after which the CIP managers will provide additional external support for a further ten months.

Before the global kick-off of CIP, there were already three pilot projects, at the cement plants in Ketton/United Kingdom, Fieni/Romania, and Lixhe/Belgium. As the corporate culture is somewhat different in each country, it was particularly interesting to see how the project was received by the local employees. The result was overwhelming: more than 600 suggestions for improvement were submitted from the three pilot plants alone. These ideas alone will add up to around €3.9 million per year in savings or improvements in results.

During the CIP training in the plants, our employees are asked for their ideas.

STRONG MANAGEMENT

In an effort to identify, document, and pass on the best management processes in the aggregates business line, the plant and regional managers of Heidelberger Sand und Kies, Germany, came together to exchange ideas at four Management Cycle Workshops as part of the Aggregates Academy 2014.

Knowledge for all

Aggregates Academy

For the first time, a comprehensive training programme has been developed for HeidelbergCement's aggregates business line: the "Aggregates Academy". The aim is to ensure that plant managers, sales employees, and management throughout the business line and all over the world are trained based on the same principles and content.

"The aim is to identify the best management processes."

The training concept is based on the collective knowledge compiled through intensive international cooperation across the Group. Experts from all Group areas have developed training materials covering important aspects of the business process in the aggregates business line. These were subsequently adapted to the specific requirements of the different countries and translated into the appropriate languages. The trainers are HeidelbergCement employees, which guarantee a higher level of acceptance among the participants and also keeps the knowledge within the Group.

Standards are another important part of the training content. The aim is to identify the best management processes, document them, and use them as a standard for the whole aggregates business line. The next step is to introduce these standards and processes at the plants. This method is not just employed in Germany, but is applied at all HeidelbergCement gravel plants and quarries worldwide. The processes are always the same: managing a gravel plant in Germany is no different – in terms of the fundamental processes – from managing a gravel plant in the USA, the United Kingdom, or Poland. Ultimately, this results in a harmonised management system.

The Academy was designed to act as a permanent institution for the aggregates business line, with ongoing training measures for employees and training documents that are continually updated to reflect the latest developments. This continuous development and constant exchange of ideas ensures the long-term success of the aggregates business line.

Large-scale investment projects launched in Kazakhstan, Togo, Burkina Faso, and Indonesia

Not one but two new HeidelbergCement cement plants and one clinker plant were commissioned in 2014: The cement plant in Shetpe, in the west of Kazakhstan on the Caspian Sea, commenced production at the beginning of July. At the end of the year followed HeidelbergCement's first newly constructed clinker plant in Africa – the Scantogo plant near Tabligbo, Togo – and Cimburkina, a cement grinding plant in Burkina Faso, near the capital of Ouagadougou. In addition, cement capacity at the Citeureup production site in Indonesia, was expanded by almost 2 million tonnes.

The new, state-of-the-art Shetpe plant in western Kazakhstan, owned by CaspiCement, is the only cement plant in the region. As the local oil and gas industry requires large quantities of cement, the plant's sales outlook is highly promising. The use of chalk as a raw material in clinker production is unique throughout the countries of the former Soviet Union. Construction of the plant, with an annual production capacity of 800,000 tonnes, has created around 400 jobs. Apartments for 110 employees were additionally built and the railway station in Shetpe was modernised.

In Togo, HeidelbergCement's first newly constructed clinker plant in Africa started production. The Scantogo plant has an annual capacity of 1.5 million tonnes of cement. In preparation for its commissioning, an extensive training programme was launched to get the new employees ready for operation of the facility. The plant near the city of Tabligbo, around 85 kilometres north of the capital Lomé, will supply clinker to HeidelbergCement's cement grinding plants in Togo and the neighbouring countries of Benin, Burkina Faso, and Ghana, eliminating the need for expensive clinker

A star for energy efficiency

Energy consumption plays a very important role at HeidelbergCement. Large quantities of electricity and fuel are used for manufacturing cement, as well as for quarrying and processing aggregates, such as sand, gravel, and stone. In order to reduce energy consumption at our more than 500 aggregates locations worldwide, HeidelbergCement has an ongoing strategy of launching programmes to increase energy efficiency. These efforts have not only produced measurable results, but also garnered recognition such as the ENERGY STAR® in the USA.

The Mission Valley Rock plant in Sunol, California, was the first aggregates plant to complete the U.S Environmental Protection Agency's (EPA) ENERGY STAR® Challenge for Industry. "We are very proud," said Plant Manager Tom Jackson. "After examining our entire production process for individual energy guzzlers, we were in a position to develop and implement an energy savings plan. This holistic approach has paid off: we were able to reduce our energy consumption by more than 12 % in just one year."

Following the achievement by the Mission Valley Rock plant, an additional four aggregates plants of the North American subsidiary Lehigh Hanson achieved the "ENERGY STAR® Challenge for Industry." Six more aggregates locations in the USA are currently participating in the programme, under the motto "We're doing our part". Incidentally, four of our cement plants were ENERGY STAR® certified in 2014.

ENERGY STAR

The ENERGY STAR® was introduced by the U.S Environmental Protection Agency (EPA) in 1992 to reduce greenhouse gas emissions by increasing energy efficiency. Today, the ENERGY STAR® label can be found on more than sixty types of product in the USA, as well as on new residential, commercial, and industrial buildings that fulfil the EPA's strict energy efficiency standards.

Scantogo clinker plant near Tabligbo, Togo.

imports. HeidelbergCement is currently the biggest German investor in Togo. One of the plants that receives clinker from Scantogo is Cimburkina, the new cement grinding plant in Burkina Faso. It has an annual capacity of 800,000 tonnes and supplies cement to the local construction industry, thereby making a direct contribution to residential construction and infrastructure improvement in the area. By commissioning these two plants, HeidelbergCement is not only strengthening its market position in both countries, but in the region as a whole.

Review

2014

Q1

Increase in liquidity headroom
HeidelbergCement concludes a new €3 billion syndicated credit facility with a term ending at the beginning of 2019. It acts as a liquidity reserve and replaces the previous credit facility, which would have expired in December 2015, at considerably more attractive conditions.

Strengthening of market position in Belgium
Purchase of a modern cement grinding plant in the harbour town of Ghent with an annual capacity of 750,000 tonnes. With the increase of its participation in the Cimescaut Group to 100 %, HeidelbergCement also extends its activities in the aggregates and ready-mixed concrete sectors.

Further expansion of cement capacity in Indonesia
Thanks to the commissioning of a new cement mill at the Citeureup location near the capital Jakarta, the annual cement capacity of Indocement increases by 1.9 million tonnes to 20.5 million tonnes.

Q2

125th anniversary of stock exchange listing
HeidelbergCement is one of the oldest listed industrial companies in Germany. The listing on the stock exchange had a significant impact on the development of the Group. Over the decades, the southern German cement producer has become one of the globally leading building materials groups.

Q3

Official start of production at CaspiCement in Kazakhstan
The new cement plant in Shetpe, western Kazakhstan, has a cement capacity of 0.8 million tonnes. It is the sole cement manufacturer in the region and therefore enjoys good sales prospects. The cement deliveries mainly go to the oil and gas industry.

New cement mill in Tanzania starts operation
With the new cement mill, the subsidiary Tanzania Portland Cement Company increases its annual cement capacity by 0.8 million tonnes to around 2.2 million tonnes. Tanzania is one of the three most important markets of HeidelbergCement in Africa.

Q4

Start of production in new plants in Togo and Burkina Faso
The new clinker plant in Togo, around 80 km to the north east of its capital Lomé, has a capacity of 1.5 million tonnes. It supplies the clinker required for cement production to the recently constructed cement grinding plant in the neighbouring country Burkina Faso, among others. This plant is located near the capital Ouagadougou and has a grinding capacity of 0.8 million tonnes of cement.

Quarry Life Award presented for the second time
The second edition of the Quarry Life Award competition is a huge success with almost 400 projects submitted in 22 countries on four continents for the preservation and enhancement of biodiversity. The winner of the main international prize is a project from Poland.

Sale of building products business in North America and the United Kingdom
Sales agreement with a value of over US$ 1.4 billion concluded with financial investor Lone Star. With this sale, HeidelbergCement focuses on its core products cement and aggregates as well as ready-mixed concrete and asphalt. The proceeds will contribute to the further debt reduction.

Contents

1) Part of the combined management report of HeidelbergCement Group and HeidelbergCement AG

1

To our shareholders

Dear Shareholders,
Dear Employees and Friends of HeidelbergCement,

In 2014, HeidelbergCement delivered what it had promised at the start of the financial year:

- We increased revenue, operating income, and operating margin, despite considerable negative exchange rate effects. This emphasises yet again our operational excellence and outstanding competitive strength.
- We sold our building products business in North America and the United Kingdom for a good price and on schedule at the end of the financial year.
- We reduced net debt considerably and further improved the key financial ratios.

We are particularly proud of our achievements in 2014, because the external parameters were anything but easy:

The global economy developed very inconsistently in the past financial year. The volatility in individual markets remained very high, which was also the case for exchange rates. The complex geopolitical situation made the situation even worse. With over 40 trouble spots worldwide, political uncertainty was at its highest level in decades.

For the capital markets, 2014 was a volatile but overall successful year. The HeidelbergCement share performed well, and at €58.81 at the end of December 2014 was 6.4 % higher than the closing price of 2013, thereby outperforming both the German benchmark index DAX and the international MSCI World Construction Materials Index. After the end of the financial year, the share price rose again and has meanwhile reached its highest level since the end of the financial crisis. It is also encouraging to note that the proportion of German shareholders in our company has further increased. At the same time, the stability of the shareholder structure has continued to improve. This corresponds to our business model, which is geared towards a long-term approach and sustainability.

2014 – the best year in operational terms since the financial crisis

In operational terms, 2014 was by far the best year for HeidelbergCement since the financial crisis. All business lines recorded a noticeable growth in sales volumes. The core business lines cement and aggregates improved on a broad scale in the Group areas. Thanks to this increase in sales volumes and successfully implemented price increases in key markets, we were able to raise revenue and operating income despite the strong headwinds from the currency front. We clearly exceeded our estimates of a moderate increase in revenue and operating income on a comparable basis before exchange rate and consolidation effects, with a growth of 8.4 % in revenue and 12.9 % in operating income. A key factor in the rise in operating income was the systematic and successful implementation of our margin improvement programmes “PERFORM” for the cement business line, “CLIMB” for the aggregates core business, and “LEO” for the optimisation of logistics

Dr. Bernd Scheifele, Chairman of the Managing Board

processes. Furthermore, the stable development of energy costs supported the strong operational performance. From a regional perspective, the North America, Western and Northern Europe, and Africa-Mediterranean Basin Group areas significantly contributed to the improvement in results.

The additional ordinary result shows a shortfall of €63 million, of which more than 90 % is not cash-relevant. We had to amortise goodwill in the Ukraine as a consequence of geopolitical risks. The negative contribution to results from discontinued operations includes depreciation and amortisation of around €169 million in connection with the disposal of the building products business.

With regard to the balance sheet, it is particularly pleasing to note that we were able to reduce the coverage gap for funded pension obligations even though discount rates had reached a historic low. In 2014, the plan assets of our pension funds achieved interest and capital income of €678 million, or 18 % of the plan assets, thereby more than offsetting the actuarial increase in funded pension obligations.

The marked improvement in the quality of profit of HeidelbergCement is particularly evident in the cash flow and reduction in debt. Operating cash flow rose by €313 million. This increase mainly led to a reduction of over €370 million in debt to about €6.9 billion. Thanks to the cash inflow of the proceeds from the sale of the building products business in the region of over €1.2 billion, we will be significantly below the debt target of €6.5 billion that was communicated to the capital market and further improve our key financial ratios.

In view of the positive development of our business, the Managing Board and Supervisory Board will propose to the Annual General Meeting on 7 May an increase in the dividend from €0.60 per share to €0.75 per share, corresponding to a rise of 25 %. With this dividend proposal, we are gradually nearing our medium-term goal of a payout ratio of 30 to 35 %. In light of the considerable global economic and geopolitical uncertainties, we believe that a gradual but steady approach, prioritising the further reduction of our debt, is the better choice for the Group and for our shareholders.

Sustainability as a success factor

Our initiatives for the sustainable development of business activity progressed well in 2014. Numerous measures were implemented in the area of occupational safety. The accident frequency rate and the accident severity indicator fell again in comparison with the previous year. Nevertheless, we are still not satisfied with the level that has been reached thus far and will therefore continue to rigorously pursue our efforts in occupational safety.

Besides occupational health and safety, the promotion of biodiversity is of particular importance to us. In 2014, we therefore completed the second round of the "Quarry Life Award", our international competition for the promotion of biodiversity in our quarries. Around 400 project proposals from 22 Group countries were submitted. 57 projects were honoured in these countries and seven projects won awards at the international ceremony. The global competition promotes the development of new ideas for the preservation and promotion of biodiversity at quarrying sites and raises public awareness of this important topic.

The issue of energy consumption, among others, demonstrates that it is possible for sustainability and business success to go hand in hand: in 2014, four of our cement plants in the USA were awarded the ENERGY STAR® by the U.S. Environmental Protection Agency (EPA) for their outstanding energy efficiency. The Union Bridge plant even received the highest score. Our joint venture Akçansa in Turkey, for example, guarantees sustainability in terms of durability of our products: Akçansa supplies concrete for the construction of the new bridge over the Bosporus with a quality guarantee of over 100 years.

Thanks to our employees

The year 2014 once again demanded a great deal from our employees. Their strong personal dedication and unconditional loyalty to our Group laid the foundation for the good operating income achieved in the 2014 financial year. I would like to express sincere thanks and appreciation on behalf of myself and my colleagues on the Managing Board.

The same goes for the employee representatives, who cooperated very closely, openly, and trustingly with the Managing Board in this often difficult economic environment for the benefit of the Group.

As in previous years, I would like to thank and express my utmost personal appreciation to our managers in the operating units worldwide and the staff functions. They responded to the challenges of 2014 in a timely, disciplined, and consistent manner. Without them, it would not have been possible to achieve the substantial increase in operating income and free cash flow, the significant reduction in debt, and the successful sale of the building products business in North America and the United Kingdom.

Our common aspiration remains the same: we want to be the best-managed company in our industry.

Strategic focal points unchanged

Our strategic focal points remain unchanged:

- cost leadership through continuous efficiency improvements,
- reduction of debt with the aim of attaining investment grade status,
- targeted investment in cement capacities in growth markets,
- investment in raw material deposits to strengthen our global leadership in the core business line of aggregates.

In our industry, cost management is the prerequisite for successful business. Our consistent approach is to take advantage of the global standardisation, digitisation, and acceleration of processes in all key business areas in order to constantly improve our performance. In recent years, we have already noticeably increased our efficiency by means of targeted projects. Moreover, we continue to see major potential for an improvement in the efficiency of our processes and procedures, a reduction in costs, as well as a surge in margins.

In order to secure our achievements and continue to systematically enhance our processes, we launched the "Continuous Improvement Program" (CIP) in 2014. With this new programme, a systematic approach is to be introduced in 65 cement plants around the world to generate, assess, and implement employee suggestions. Process optimisations are expected to achieve a sustainable improvement in results of at least €120 million by the end of 2017.

We continue to have high expectations for the "LEO" project, which aims to significantly simplify the logistics processes in and between the cement, aggregates, and ready-mixed concrete business lines. Completely new control software was commissioned in Poland and the United Kingdom in 2014. The first results are very promising. We are confident of our ability to reach the savings potential of €150 million over the coming years.

We will pursue our strategy of targeted expansion of our cement capacities in the emerging countries of Asia and Africa prudently and with strict financial discipline. Our focus is once again not on acquisitions, but rather on the expansion of existing production facilities and the construction of new plants in markets where we already operate. In this connection, we commissioned capacities of over 5 million tonnes in Africa, Kazakhstan, and Indonesia in the past financial year. The capacity expansion of around 4 million tonnes at our Indonesian Citeureup location, which is to go into operation at the end of this year, also made good progress in 2014.

In the aggregates business line, we will concentrate on strengthening our position as global leader by means of investments in raw material deposits and the integration of smaller local operations.

We will continue to give high priority to financial discipline. As a result, acquisitions with an uncertain value contribution or considerable increases to debt are still not part of our strategy.

Outlook for 2015

We are confident about 2015: the outlook for the global economy is positive, but there are still macroeconomic and especially geopolitical risks. An escalation of the political conflicts in the Middle East or Eastern Europe could have a negative impact on the business environment. The further development of the housing market in China has to be closely monitored. Furthermore, the expected interest rate rise in the USA in the second half of the year could lead to significant devaluations of the currencies in emerging countries. On the other hand, we will clearly benefit from the significantly reduced oil price and the weaker euro, as well as the positive economic development in North America, the United Kingdom, Germany, and Northern Europe. These countries generate almost 50 % of our revenue. By commissioning new capacities in both the previous and the current year, we will continue to expand our market position in growth countries. As a result, we expect an overall increase in the sales volumes of our core products cement and aggregates as well as of ready-mixed concrete.

With regard to costs, we expect a slight to moderate rise in energy and raw material prices, in addition to a moderate growth in personnel costs.

Our programmes to optimise costs and processes and to increase margins will be consistently pursued in 2015. To this end, we will give high priority to the implementation of our sales excellence initiatives “PERFORM” for cement in the USA and Europe as well as “CLIMB Commercial” for aggregates. The same applies to our new “CIP” project, by means of which we intend to create a culture of continuous improvement at employee level.

On the basis of these assumptions, we are confident of noticeably increasing revenue and operating income.

HeidelbergCement has a tremendous amount of business potential and great dynamism. We are well positioned to achieve our goals. In 2015, we will continue our intense efforts to make good on our promises.

Yours sincerely,

Bernd Scheifele

Dr. Bernd Scheifele
Chairman of the Managing Board

Heidelberg, 19 March 2015

Fritz-Jürgen Heckmann, Chairman of the Supervisory Board

Report of the Supervisory Board

Ladies and Gentlemen,

The 2014 financial year developed very positively in operational terms. HeidelbergCement was able to benefit from the economic recovery in the United States and the United Kingdom, in particular, as well as the sustained growth in emerging countries. The programmes that were launched in recent years to improve margins and operational efficiency have continued successfully. Furthermore, price increases were implemented in major markets, while energy costs declined slightly. Despite substantial negative exchange rate effects, the revenue, operating income, and operating margin rose compared with the previous year. Earnings per share fell short of the previous year. Nevertheless, this decrease is solely due to special items in both years.

HeidelbergCement was able to further improve its financing structure and significantly reduce net debt in 2014. In February, the Group took advantage of the favourable market situation and concluded a new five-year syndicated credit facility of €3 billion at considerably more attractive conditions. The removal of granted securities, in particular, represented a major milestone for bond investors. Shortly afterwards, HeidelbergCement successfully issued a five-year bond of €500 million under the existing European Medium Term Note (EMTN) programme, which was approved by the Supervisory Board, at a fixed interest rate of only 2.25 %. The investments were governed by strict expenditure discipline. Company acquisition opportunities that arose from the planned merger of two competitors were examined and discarded based on the lack of added value for the Group and its shareholders. Thanks to operational strength and disciplined cash flow management, it was possible to considerably lower net debt by the end of the year.

By selling the building products business line in North America and the United Kingdom as well as the limestone business in Germany, HeidelbergCement has laid the foundation for a further significant reduction in debt. As a result, the Group is on course to achieve the objective set by the Managing Board and the Supervisory Board of regaining the investment grade rating.

Consultation and monitoring

The Supervisory Board firmly supported the aforementioned measures and discussed them in detail with the Managing Board at the ordinary meetings of the plenary session and its committees as well as through contact outside the scheduled meetings. Additionally, it received regular and detailed reports, both in writing and verbally, about the intended business policies, fundamental issues regarding financial, investment, and personnel planning, the progress of business, and the profitability of the Group. All deviations of the actual business development from the plans were explained in detail by the Managing Board. In particular, the Managing Board agreed the Group's strategy with the Supervisory Board. The Supervisory Board was directly involved in all decisions of fundamental importance to the Group. Investment projects and financing matters requiring authorisation were presented by the Managing Board and discussed before decisions were made. The Supervisory Board is satisfied that the Managing Board has installed an effective risk management system capable of recognising at an early stage any developments that could jeopardise the survival of the Group. The Supervisory Board has also had this certified by the auditor. Furthermore, it is satisfied as to the expansion and effectiveness of the compliance programme, which guarantees Group-wide compliance with the law and with internal guidelines. In the relevant meetings, the responsible line managers of the Group below Managing Board level were available together with members of the Managing Board to provide information to the Audit Committee and to answer questions. Outside the scheduled meetings and without the participation of the Managing Board, the Chairman of the Supervisory Board and the Chairman of the Audit Committee discussed topics relating to the audit in detail with the auditor. The Chairman of the Supervisory Board was also in regular contact with the Chairman of the Managing Board outside the scheduled meetings. In summary, it is evident that the Supervisory Board has duly fulfilled the duties incumbent upon it under the law, the Articles of Association, the Rules of Procedure, and the Corporate Governance Code.

Topics of discussion in the meetings of the Supervisory Board and its committees

The plenary session of the Supervisory Board met seven times in the reporting year, of which four were in its new composition following the Annual General Meeting of 7 May 2014. The Audit Committee and the Nomination Committee both met twice. The Personnel Committee met three times. The Arbitration Committee, formed in accordance with § 27, section 3 of the German Codetermination Law, did not need to meet. In addition, the Audit Committee held three conference calls to discuss the relevant quarterly reports in detail prior to their publication. The results of the committees' meetings were reported at the subsequent plenary sessions. Members of the Supervisory Board and its committees are listed in the Corporate Governance chapter on page 158 f.

There was an attendance rate of 94.4 % at the seven plenary sessions in February, March, May, September, and November; the average attendance at the committees' meetings held in the reporting year was 91.7 %. The sessions in the first half of 2014 dealt, amongst other things, with the adoption of the 2013 annual financial statements and consolidated financial statements, the approval of the 2014 operating plan, and preparations for the 2014 Annual General Meeting, in addition to reporting on the business trends and status of financial liabilities, as well as resolutions on current Corporate Governance issues, including decisions on the variable elements of the Managing Board remuneration.

Consultation and resolution in the Supervisory Board centred on corporate development projects. Several meetings of the Supervisory Board in the reporting year addressed the sale of the building products business line in North America and the United Kingdom for US$1.4 billion to the financial investor Lone Star Funds, which was signed shortly before Christmas 2014, as well as the sale of the German lime operating line with its two lime plants in Baden-Wuerttemberg and Bavaria to the Lhoist Group, which was also signed at the end of 2014, subject to the approval of the German Federal Cartel Office.

The Managing Board prepared and edited information about both projects with particular care, so that the Supervisory Board had recourse to all options and possible alternatives when making its decision. The Supervisory Board unanimously agreed that both sales supported the long-term strategic focus of the Group on its core business and were in the interest of rapidly regaining investment grade credit quality. It consequently approved the sales at fair market conditions.

At the beginning of April 2014, building materials manufacturers Lafarge in France and Holcim in Switzerland announced their intention to merge. This merger, which is planned for the first half of 2015, would give rise to the largest global building materials company. To carry out the merger, Lafarge and Holcim must sell some of their global activities for reasons of competition legislation.

The Managing Board provided the Supervisory Board with timely information about the status of the proposed merger, its impact on HeidelbergCement, and alternative courses of action. The Supervisory Board supported the Managing Board to enter the bidding process and start research on the activities for sale. Lastly, it supported the decision of the Managing Board at the beginning of November 2014 to withdraw from the group of bidders in view of the purchase price expectations and the asset portfolio offered, in order to focus more on the expansion of HeidelbergCement's own shareholdings.

In its meeting held in February, the Supervisory Board approved a smaller capital increase against contributions in kind of 416,477 new shares (corresponding to 0.22 % of the subscribed share capital) from the Authorised Capital II, in order to acquire the remaining shares in the German logistics company Kerpen & Kerpen GmbH & Co. KG. The capital increase against contributions in kind dates back to an option granted to Mr and Mrs Kerpen at the entry of HeidelbergCement into the logistics company over ten years ago. The Managing Board reported on this at the 2014 Annual General Meeting.

Both the Supervisory Board and its Audit Committee once again addressed financing decisions during the reporting year. These included, in particular, the successful conclusion of a new syndicated credit facility in February 2014. Thanks to the steadily improving credit quality of the Group, the interest margins and conditions for the issue of future bonds could again be considerably improved in comparison with the conditions that had applied thus far. They were also involved in decisions concerning drawings under the EMTN Programme, which serves medium- and long-term financing. Furthermore, it dealt with the five-year €500 million Eurobond issued in March, and the four-month US$75 million bond issued in August.

In September 2014, the Supervisory Board also held an extraordinary strategy meeting, in which discussion focused exclusively on the current strategic projects with impact on the future geographical and corporate policy alignment of the Group.

In its meetings, the Audit Committee dealt with the 2013 annual financial statements and consolidated financial statements as well as the focal points for the audit, the status quo reports regarding internal audit, risk management, occupational health and safety, compliance, the quarterly and half-yearly reports for the 2014 financial year, the preparation of the Supervisory Board's proposal to the 2014 Annual General Meeting for the appointment of the auditor and Group auditor, and – after the Annual General Meeting followed this proposal – the award of the contract to the audit firm Ernst & Young for the auditing of the annual financial statements and consolidated financial statements for the 2014 financial year. In this context, it defined the focal points for the audit. The Audit Committee lastly dealt with the issue of the two bonds mentioned above under the EMTN Programme. It also discussed the extension of the syndicated credit facility to February 2019, which grants the Group significantly improved interest conditions and contractual terms in addition to a financial reserve. The Audit Committee was lastly informed about the current status of the lime operating line divestment project in Germany and the building product divestment projects in North America and the United Kingdom, and addressed the effects of the proposed merger of competitors Lafarge and Holcim.

The Personnel Committee meetings covered, amongst other things, the preliminary discussion and recommendation to the Supervisory Board regarding the determination of the variable Managing Board remuneration for 2013, as well as the definition of parameters for the variable Managing Board remuneration for 2014 and 2014–2016/17, respectively. In addition, in its meeting held in March, the Personnel Committee addressed the conclusion and terms of a research contract with the Karlsruhe Institute of Technology, chaired by Prof. Weissenberger-Eibl, through which the Group participated in a "Networked knowledge" work group during the 2014 reporting year with a one-time contractually agreed remuneration in the lower four-digit range. In March, the Personnel Committee also dealt with the creation of the new function of Deputy Chairman of the Managing Board and the assignment of this post to Dr. Dominik von Achten. The Committee also recommended the prolongation and adjustment of the Managing Board agreements of Dr. Bernd Scheifele and Dr. Lorenz Näger, as well as the adjustment of the economic conditions of the Managing Board agreements of Dr. Dominik von Achten and Daniel Gauthier. Finally, the Personnel Committee addressed – on an advisory basis – an adjustment of the Managing Board agreements with regard to the tax implications associated with the level of company car use.

The meetings and resolution of the Nomination Committee dealt with the selection, preliminary deliberations, and nomination of candidates for the re-election of all shareholder representatives on the Supervisory Board, who were proposed at the 2014 Annual General Meeting. The Nomination Committee started the screening process for suitable candidates as early as at the end of 2013. The intense assessment as well as the selection and nomination of candidates then took place in its meetings held in February and March of the reporting year.

There were no conflicts of interest of any Supervisory Board member when dealing with topics within the Supervisory Board. Aside from the aforementioned research contract, there were no consulting or other contracts for services or work between any member of the Supervisory Board and the Group in the 2014 reporting year.

Corporate Governance

The statement of compliance in the reporting year was submitted by the Managing Board on 5 February 2014 and by the Supervisory Board on 6 February 2014. The statement of compliance for this year was submitted by the Managing Board on 9 February 2015 and by the Supervisory Board on 10 February 2015. The complete text can be found in the section Statement of compliance in accordance with § 161 of the German Stock Company Act in the Corporate Governance chapter on page 138. The statements are made permanently available to the shareholders on the Group's website.

With regard to its future composition and that of the Managing Board, from now on the Supervisory Board will thoroughly comply with the guidelines of the German Corporate Governance Code regarding the principles of diversity when appointing committees and leadership roles within the Group. Regarding its own composition, it implements the diversity goals stipulated in the Code with the following specific objectives: The composition of the Supervisory Board is an appropriate reflection of the national and international alignment of HeidelbergCement as a leading building materials manufacturer. The Supervisory Board comprises at least three members who have been elected by the shareholders and who are independent members in line with point 5.4.2 of the Code. Following the 2014 Annual General Meeting, the newly constituted Supervisory Board shall comprise at least two women. The standard retirement age for members of the Supervisory Board is 75 years. With these goals, the Supervisory Board aims to make a wide range of expertise available to the Group and to have the broadest possible pool of candidates at its disposal for the election of future Supervisory Board members.

The Supervisory Board and its Nomination Committee was guided by these criteria for its own composition in the run-up to the re-election of all shareholder representatives at the Annual General Meeting in May 2014. The Annual General Meeting elected or re-elected the proposed candidates with a large majority. The Supervisory Board considers that its current formation corresponds to its goals as well as those of the German Stock Company Act and the German Corporate Governance Code. The Supervisory Board also welcomes and supports the Managing Board's goal of bringing the proportion of women in management positions in line with the proportion of women employed within the Group by 2020. Thereby, the proportion of women in management positions in Germany will more than double, from currently 7 % to 15 %.

As regards the remuneration structure for the members of the Managing Board for the 2014 financial year, details on remuneration of the Managing Board are included in the Corporate Governance chapter on page 144 f. to avoid repetition. It also describes the Managing Board remuneration system that came into force on 1 January 2011 and was adjusted with effect from 1 January 2014.

The Managing Board and Supervisory Board intend to propose to this year's Annual General Meeting that an adjustment is made to the remuneration system of the Supervisory Board. In this adjustment, the Supervisory Board, supported by an independent expert, follows the trend in the supervisory board remuneration systems of DAX companies of replacing the annual variable remuneration element with a purely fixed remuneration. To avoid repetition, details can be found in the Corporate Governance chapter on page 156 f.

In its meeting held in February 2015 and in line with the suggestions of the German Corporate Governance Code, an internal training session took place for the members of the Supervisory Board as in previous years. The Supervisory Board dealt with product innovations in the field of building materials and the positioning of the Group in the development of alternative binders. Further training courses are planned on a regular basis. The Supervisory Board has thus reaffirmed its commitment to effective Corporate Governance in the Group.

Auditing and approval of annual financial statements and consolidated financial statements
Before the contract for the auditing of the annual financial statements of the Company and the consolidated financial statements of the Group was awarded, the points of focus for the audit, the content of the audit, and the costs were discussed in detail with the auditors, Ernst & Young GmbH, Wirtschaftsprüfungsgesellschaft, Stuttgart. In February 2015, the Managing Board informed the Supervisory Board about the preliminary, unaudited key figures for the 2014 financial year and provided a status report on the financial statements work. The annual financial statements of HeidelbergCement AG and the consolidated financial statements as of 31 December 2014 as well as the combined management report for the Company and the Group, as prepared by the Managing Board, were examined by the independent auditors. The auditors gave the statements the unqualified confirmation. The financial statements documents and auditors' reports were sent to the members of the Supervisory Board. At first, the Audit Committee dealt intensively with the financial statements in the presence of the auditors. The auditors reported on the main results of their audit. Then, the Supervisory Board discussed the financial statements in detail, once again in the presence of the auditors. The Supervisory Board approved the audit results. It examined the annual financial statements and consolidated financial statements, the combined management report, as well as the Managing Board's proposal for the use of net profit shown in the balance sheet. The results of the pre-audit conducted by the Audit Committee and the results of its own audit correspond fully to the results of the official auditor. The Supervisory Board raised no objections to the final results of this examination. The Supervisory Board has therefore approved the annual financial statements and the consolidated financial statements. The annual financial statements have thus been adopted.

The Supervisory Board approved the Managing Board's proposal for the use of net profit, including the payout of a dividend of €0.75 per share (previous year: €0.60 per share).

Personnel matters and a note of thanks
The Annual General Meeting and employees elected or re-elected their representatives to the Supervisory Board in 2014. One member representing the shareholders and one member representing the employees were newly elected to the Supervisory Board. Dr. Jürgen M. Schneider was elected to the Supervisory Board as a shareholder representative. The former Chief Financial Officer of Bilfinger Berger AG, and since 2010 Dean of the Business School of the University of Mannheim, took over from Max Dietrich Kley, who did not stand for re-election upon reaching the standard retirement age. Gabriele Kailing, Chairwoman of the DGB District of Hesse-Thuringia, was elected by the employees. She succeeds Robert Feiger, who did not stand for re-election. The Supervisory Board thanks Max Dietrich Kley and Robert Feiger for their committed and highly competent involvement with the Supervisory Board. The Supervisory Board deems the reappointment of the remaining ten members to be evidence of the strong trust placed in the work they carry out in the interests of the Group. The Supervisory Board will do all that is required in the current period of office to continue to justify this vote of confidence.

The Managing Board is also characterised by continuity in its personnel: the Supervisory Board adopted the extension and adjustment of the Managing Board agreements of Dr. Bernd Scheifele (until 31 January 2020) and Dr. Lorenz Näger (until 30 September 2019), as well as the adjustment of the economic conditions of the Managing Board agreements of Dr. Dominik von Achten and Daniel Gauthier, thereby honouring their successful service to the Group for many years and extending it for the coming years. The Supervisory Board also decided to amend the structure of the Managing Board with the position of Deputy Chairman of the Managing Board. With effect from 1 February 2015, Dr. Dominik von Achten has been appointed Deputy Chairman of the Managing Board. This step also ensures continuity as well as a trusting and constructive cooperation between the Supervisory Board and Managing Board.

In conclusion, the Supervisory Board would like to thank all employees of the Group once again for their high level of commitment and their performance on behalf of the Group in the 2014 financial year.

Heidelberg, 18 March 2015

For the Supervisory Board

Yours sincerely,

Fritz-Jürgen Heckmann
Chairman

Managing Board

Andreas Kern, Daniel Gauthier, Dr. Lorenz Näger, Dr. Bernd Scheifele (Chairman),
Dr. Dominik von Achten (Deputy Chairman), Dr. Albert Scheuer (from left to right)

DR. BERND SCHEIFELE

Born in Freiburg (Germany), aged 56 years. Studies in law at the universities of Freiburg, Dijon (France), and the University of Illinois (USA). Since 2005, Chairman of the Managing Board; in charge of Strategy & Development, Communication & Investor Relations, Human Resources, Legal, Compliance, and Internal Audit.

DR. DOMINIK VON ACHTEN

Born in Munich (Germany), aged 49 years. Studies in law and economics at the German universities of Freiburg and Munich. Member of the Managing Board since 2007 and Deputy Chairman of the Managing Board since 1 February 2015; in charge of the North America Group area, Purchasing, and worldwide coordination of the Competence Center Materials.

DANIEL GAUTHIER

Born in Charleroi (Belgium), aged 58 years. Studies in mining engineering at the Polytechnic University of Mons (Belgium). Since 1982 at CBR, the Belgian subsidiary of HeidelbergCement. Member of the Managing Board since 2000; in charge of the Group areas Western and Northern Europe (without Germany), Africa-Mediterranean Basin, and Group Services, as well as Environmental Sustainability.

ANDREAS KERN

Born in Neckarsteinach (Germany), aged 56 years. Studies in business administration at the University of Mannheim (Germany). Since 1983 at HeidelbergCement. Member of the Managing Board since 2000; in charge of the Eastern Europe-Central Asia Group area and Germany, Sales and Marketing, as well as worldwide coordination of secondary cementitious materials.

DR. LORENZ NÄGER

Born in Ravensburg (Germany), aged 54 years. Studies in business administration at the German universities of Regensburg and Mannheim and in Swansea (UK). Since 2004, member of the Managing Board; in charge of Finance, Group Accounting, Controlling, Taxes, Insurance & Risk Management, IT, Shared Service Center, and Logistics.

DR. ALBERT SCHEUER

Born in Alsfeld (Germany), aged 57 years. Studies in mechanical engineering/process technology at the Clausthal University of Technology (Germany). Since 1992 at HeidelbergCement. Member of the Managing Board since 2007; in charge of the Asia-Pacific Group area and worldwide coordination of the Heidelberg Technology Center.

HeidelbergCement in the capital market

Overview

In Germany, the HeidelbergCement share is listed for trading on the Prime Standard segment of the Frankfurt Stock Exchange and on the Regulated Market of the Stuttgart, Düsseldorf, and Munich Stock Exchanges. The HeidelbergCement share is listed in the German benchmark index DAX, making HeidelbergCement the only company in the construction and building materials industry to be recognised as one of the 30 largest listed companies in Germany.

Our share ranks among the most important building materials shares in Europe. Besides the DAX, it is also included in other indices, such as the FTSEurofirst 300 Economic Sector Index, the S&P Global 1200 Index, and the Dow Jones Construction & Materials Titans 30 Index, which comprises the 30 largest construction shares and second-tier construction shares in the world.

Development of the HeidelbergCement share

After closing at €55.15 at the end of 2013, the HeidelbergCement share had a good start to the 2014 stock market year. This was supported by continued low interest rates and abundant liquidity levels on the capital markets, which was a result of the expansive monetary policy of the central banks. Furthermore, construction activity increasingly gained speed in Europe thanks to mild weather conditions. When our largest competitors Holcim and Lafarge announced on 4 April 2014 that they were holding advanced talks regarding a merger, this was viewed by the capital market also as a positive signal for HeidelbergCement. The HeidelbergCement share reached its annual peak at €66.66.

Until the middle of the year, the share experienced a sideways movement. The price of our share declined from July onwards, as a result of geopolitical crises and weaker data relating to European economic and construction activity. The long-awaited recovery in construction activity was slower than anticipated. When weaker than forecast labour market data was reported from the USA, the HeidelbergCement share reached its annual low of €49.68 on 16 October 2014.

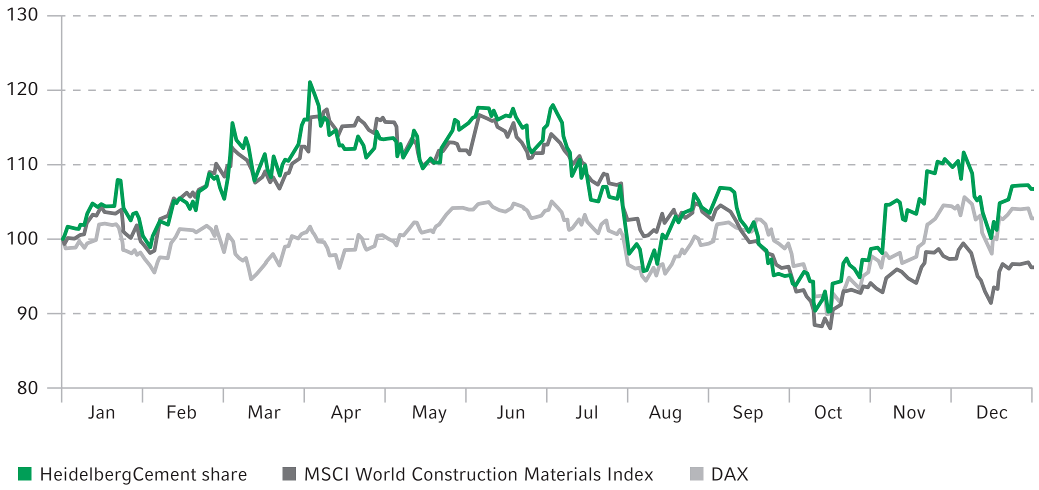
Towards the end of the year, our share price recovered progressively; among other things due to our good results in the third quarter, in which we outperformed our competitors. Moreover, the stock markets received a boost at the end of the year when the European Central Bank decided to further reduce the base rate and announced a bond purchase programme for €1 trillion. The HeidelbergCement share closed at €58.81 at the end of 2014. This represented an increase of 6.6 % in 2014. At 2.7 %, the DAX recorded lower growth in comparison. The worldwide sector index MSCI World Construction Materials Index even closed the year with a decrease of 4.0 %. At the end of 2014, HeidelbergCement's market capitalisation amounted to €11.1 billion, thereby exceeding the previous year's value of €10.3 billion.

Development of the HeidelbergCement share (ISIN DE0006047004, WKN 604700)	
€	2014
Year-end share price 2013	55.15
Highest share price	66.66
Lowest share price	49.68
Year-end share price 2014	58.81
Equity per share on 31 Dec. 2014	75.80
Market value on 31 Dec. 2014 (€ '000s)	11,051,368
Change compared with 31 Dec. 2013	
HeidelbergCement share	+6.6 %
DAX	+2.7 %
MSCI World Construction Materials Index	-4.0 %

Performance of the HeidelbergCement share in 2014

Development of the HeidelbergCement share compared to MSCI World Construction Materials Index and DAX in 2014

Index (Base: 31 December 2013 = 100)



Earnings per share

Earnings per share in accordance with IAS 33 for the 2014 financial year were €2.59 (previous year: 3.93). For continuing operations, earnings per share amount to €3.54 (previous year: 3.27).

The calculation of the earnings per share in accordance with IAS 33 is shown in the following table. To determine the average number of shares, additions are weighted in proportion to time. Further comments are provided in the Notes under Note 14.

Earnings per share according to IAS 33

	2013[1]	2014
Group share of profit in €m	736.0	**485.7**
Number of shares in '000s (weighted average)	187,500	**187,867**
Earnings per share in €	3.93	**2.59**
Net income from continuing operations in €m – attributable to the parent entity	613.3	**664.6**
Earnings per share in € – continuing operations	3.27	**3.54**
Net income / loss from discontinued operations in €m – attributable to the parent entity	122.7	**-178.9**
Earnings per share in € – discontinued operations	0.65	**-0.95**

1) Amounts restated

Dividend

In view of the overall positive business development, the Managing Board and Supervisory Board will propose to the Annual General Meeting on 7 May 2015 the distribution of a dividend of €0.75 per HeidelbergCement share.

Dividend key figures

	2010	2011	2012	2013[1]	2014
Dividend per share in €	0.25	0.35	0.47	0.60	**0.75**[2]
Dividend yield[3] in %	0.5	0.9	0.8	1.0	**1.3**
Group share of profit in €m	342.7	348.1	284.7	736.0	**485.7**
Dividends in €m	46.9	65.6	88.1	112.5	**140.9**
Payout ratio in %	13.7	18.8	30.9	15.3	**29.0**

1) Amounts restated
2) To be proposed to the Annual General Meeting on 7 May 2015
3) Dividend per share/share price on the day of the Annual General Meeting; for the 2014 financial year: dividend per share/share price at the end of the financial year

Shareholder structure and trading volume

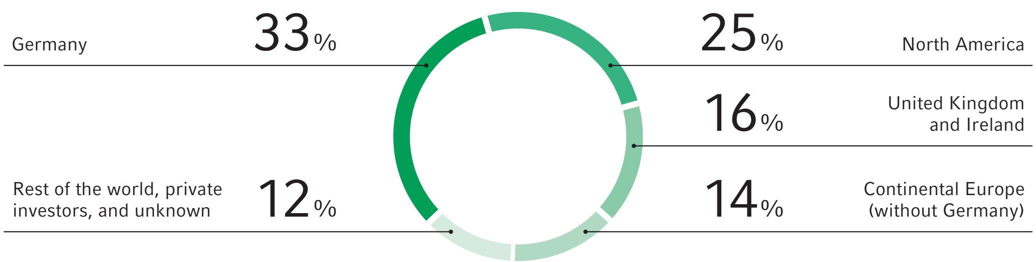
A shareholder study conducted in November 2014 showed very few changes in the shareholder structure of HeidelbergCement in comparison with the last study from October 2013. As in previous years, we have worked to further improve our relations with investors. We were particularly pleased that we could increase the proportion of institutional investors from Germany, France, the United Kingdom, and Ireland. In contrast, the proportion of North American investors slightly declined. In North America, a certain shifting from the West Coast to the Midwest and the South was also evident.

In November 2014, investors from Germany formed the largest investor group at 33 %, followed by investors from North America at 25 %, the United Kingdom and Ireland at 16 %, as well as continental Europe excluding Germany at 14 %.

As at 31 December 2014, the free float amounted to 74.66 %. According to information available to us, Mr Ludwig Merckle holds 25.34 % of the shares.

On average, around 0.8 million HeidelbergCement shares were traded per day in Xetra trading on the Frankfurt Stock Exchange in 2014. In the Equity Indices Ranking published by Deutsche Börse, our share was in place 27 at the end of 2014 for the free float market capitalisation criterion and in place 24 for order book turnover.

Geographical distribution of shareholders (as of November 2014)



Shareholder structure

	31 Dec. 2014
Ludwig Merckle, Ulm/Germany (5 December 2014)	**25.34 %**
Free float	**74.66 %**
Comprising:	
Arnhold and S. Bleichroeder Holdings, Inc., New York/USA (via First Eagle Investment Management, LLC, New York/USA) [1] (23 June 2011)	**5,12 %**
BlackRock, Inc., New York/USA [1] (25 September 2014)	**4.10 %**

1) Attribution in accordance with § 22 of the German Securities Trading Law (Wertpapierhandelsgesetz)
In brackets: date on which percentage exceeded or fell below a reporting threshold

HeidelbergCement AG share capital

	Share capital € '000s	Number of shares
1 January 2014	562,500	187,500,000
31 December 2014	**563,749**	**187,916,477**

Bonds and credit ratings

In the 2014 financial year, HeidelbergCement raised capital on the capital market at very favourable conditions by issuing two bonds under the €10 billion EMTN Programme. In March, we issued a €500 million bond with a five-year term at a yield to maturity of 2.5 %. The second bond was issued in August with an issue volume of US$75 million and a four-month term at a yield to maturity of 0.616 %. The bonds are unsecured and rank pari passu with all other financial liabilities of HeidelbergCement. Further information on our corporate bonds can be found in the Group financial management section on page 81 f.

HeidelbergCement's credit quality is assessed by the internationally recognised rating agencies Moody's Investors Service and Fitch Ratings. In the 2014 financial year, the credit ratings for our Group remained stable. The ratings are Ba1/Not Prime/Outlook Stable from Moody's Investors Service and BB+/B/Outlook Stable from Fitch Ratings. Further information on HeidelbergCement's rating and its development can be found in the Group financial management section on page 85.

Investor Relations

In 2014, our investor relations work mainly focused on fostering existing investor relations, as well as attracting new, long-term investors. These activities focussed on making contact with previously uninvolved investors in North America. By directly addressing institutional investors through road shows and conferences, particularly in the financial centres of Germany, the USA, the United Kingdom, and continental Europe, we succeeded in diversifying the shareholder base further and attracting long-term investors as shareholders.

In July 2014, 33 analysts and investors responded to our invitation to attend a presentation, discussion forum, and subsequent cement plant visit in Cupertino, California. At this event, the Chairman of the Managing Board, the Chief Financial Officer, and the member of the Managing Board responsible for the North America Group area, as well as the Managing Directors for North America and the West Region presented information about market development, strategy, operational development, financial management, and the aggregates business line. The presentations shown during this event and at other conferences and visits are available on the internet, provided they contain significant changes compared with previous presentations. The Investor Relations team supported reporting on HeidelbergCement by regular discussions with analysts. The number of analysts regularly reporting on HeidelbergCement has – with 39 – remained the same since the publication of the last Annual Report.

In 2014, Institutional Investor Magazine conducted a survey that questioned over 830 portfolio managers and more than 1,200 analysts about the best investor relations work in Europe. In the construction sector, HeidelbergCement was awarded first place. The Investor Relations team consistently gathered and evaluated feedback from investors following visits and conferences in order to continually improve the quality and effectiveness of our investor relations work. The results were incorporated into the ongoing development of our investor relations work, with the aim of successfully continuing open dialogue and transparent communication with the capital market and further strengthening trust in our Group and our share.

Contact us

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Combined management report of HeidelbergCement Group and HeidelbergCement AG

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

Fundamentals of the Group

Business model

HeidelbergCement is one of the world's largest building materials companies and operates on five continents. Our products are used for the construction of houses, infrastructure, and commercial and industrial facilities, thus meeting the demands of a growing world population for housing, mobility, and economic development.

Products

Our core activities include the production and distribution of cement and aggregates, the two essential raw materials for the manufacture of concrete. Our product range is substantially complemented by downstream ready-mixed concrete and asphalt activities. Furthermore, HeidelbergCement offers services such as worldwide trading in cement and coal by sea.

Our core products cement and aggregates (sand, gravel, and crushed rock) are generally homogeneous bulk goods. Their product characteristics are standardised in order to ensure the required stability, reliability, and processability in the application.

Cements are classified according to their early and final strength as well as their composition. In addition to cements that consist of 100 % clinker, there are so-called composite cements, in which a portion of the clinker is replaced by alternative raw materials, such as fly ash, ground slag, or limestone. As the production of clinker is energy-intensive and releases large amounts of CO_2, the use of alternative raw materials can conserve natural resources and reduce CO_2 emissions. Cement is used as a binder mainly in concrete production.

Aggregates are classified according to their particle size and consistency. They are the main component in the production of concrete and asphalt, but are also used as base courses in the construction of infrastructure, such as roads.

Concrete is a mixture of aggregates (about 80 %), cement (about 12 %), and water. After water, concrete is the most commonly used substance on our planet. Concrete is usually delivered to the building site by ready-mix trucks and is poured locally into forms. Moreover, concrete is also used for the production of precast concrete parts, such as stairs, ceiling elements, or structural components.

Asphalt is a mixture of aggregates (about 95 %) and bitumen, and is generally used as a top layer in road construction.

In 2014, HeidelbergCement sold 81.8 million tonnes (previous year: 78.1) of cement, 243.6 million tonnes (previous year: 230.6) of aggregates, 36.6 million cubic metres (previous year: 34.9) of ready-mixed concrete, and 9.3 million tonnes (previous year: 8.4) of asphalt.

Locations and sales markets

Due to the heavy weight of cement and aggregates compared with their price, production is usually located in close proximity to the sales markets. The cement transportation radius by road normally does not exceed 200 km. The delivery radius for aggregates and ready-mixed concrete by road is less than 100 km. Consequently, we have local production sites in the more than 40 countries in which we offer building materials. We currently operate 87 cement plants (plus 15 as part of joint ventures), more than 600 quarries and aggregate pits, and well over 1,000 ready-mixed concrete production sites worldwide. In total, the Group employs 44,909 people at around 2,300 locations (plus over 100 of joint ventures) on five continents.

Organisational structure

HeidelbergCement is divided into five geographical Group areas: Western and Northern Europe, Eastern Europe-Central Asia, North America, Asia-Pacific, and Africa-Mediterranean Basin (see organisation chart for breakdown of countries). Our global trading activities, especially the trading of cement, clinker, and fuels, are pooled together in the sixth Group area Group Services.

Within the geographical Group areas, we have divided our activities into four business lines. Following the sale of the building products business in North America and the United Kingdom at the end of 2014, we altered this division slightly. The business lines of our core activities cement and aggregates remain unchanged. Here we report on the essential raw materials that are required for the manufacture of downstream ready-mixed concrete and asphalt activities, which are combined in the third business line. The fourth business line, service-joint ventures-other, primarily covers the activities of our joint ventures. It also includes the building products that are still manufactured in a few countries.

Organisational structure of the Group areas and business lines

HEIDELBERGCEMENT

Western and Northern Europe	Eastern Europe-Central Asia	North America	Asia-Pacific	Africa-Mediterranean Basin	Group Services
Belgium Denmark Estonia Germany [1] Iceland Latvia Lithuania Netherlands Norway Sweden United Kingdom	Bosnia-Herzegovina Croatia Czech Republic Georgia Hungary Kazakhstan Poland Romania Russia Slovakia Ukraine	USA Canada	Bangladesh Brunei China India Indonesia Malaysia Singapore Australia	Benin Burkina Faso DR Congo Ghana Liberia Sierra Leone Tanzania Togo Israel Spain Turkey	
- Cement - Aggregates - Ready-mixed concrete-asphalt - Service-joint ventures-other	- Cement - Aggregates - Ready-mixed concrete-asphalt - Service-joint ventures-other	- Cement - Aggregates - Ready-mixed concrete-asphalt - Service-joint ventures-other	- Cement - Aggregates - Ready-mixed concrete-asphalt - Service-joint ventures-other	- Cement - Aggregates - Ready-mixed concrete-asphalt - Service-joint ventures-other	

1) Germany, as a mature market, is reported on as part of the Western and Northern Europe Group area. For management reasons, however, the country belongs to the area of responsibility of the same Managing Board member who is in charge of Eastern Europe-Central Asia.

Business processes
HeidelbergCement operates as a fully integrated building materials company. Key business processes include the extraction of raw materials, the production of building materials, as well as their marketing and distribution to the customers. Operating activities are supported by central competence centers for technology as well as by shared service centers in individual countries and regions. Operating business processes include the geological exploration of raw material deposits, the purchase or lease of the land where the deposits are located, obtaining mining concessions and environmental certifications, the construction of manufacturing facilities in cooperation with external service providers, as well as the actual production of building materials, including the extraction of raw materials and the maintenance of facilities.

External factors of influence
The most significant external factors influencing the economic development of the HeidelbergCement Group are weather conditions, economic and population growth, as well as the development of the regulatory environment and the competition in the markets in which we operate.

Strategy and targets

The target of HeidelbergCement is to increase the value of the Group in the long term through sustainable and result-oriented growth. We want to continue to provide our customers with superior quality and innovative products at competitive prices, open up prospects for our shareholders, and offer all of our employees safe and attractive jobs. We incorporate economic, ecological, and social targets in our business strategy by the measures we take to protect the climate and biodiversity, as well as the social responsibility we assume at all locations worldwide.

Dual growth strategy
Cement and aggregates form the basis of our dual resource and growth strategy. In cement, the focus is on growth markets. As more and more countries industrialise, we are working to secure raw materials resources and increase diversification in the aggregates business, as well as concentrating on vertical integration through investments in ready-mixed concrete in mature markets. The focus is on growth pockets characterised by higher rates of expansion than their surrounding regions. The expansion can be achieved organically, through partnerships, or acquisitions.

In the 2014 financial year, we continued to focus our investments on cement in the growth markets. Our goal is to increase the proportion of cement capacities in these markets to more than 67 % in the medium term. In the interests of capital efficiency, priority will thus be given to the expansion of existing facilities over the building or acquisition of new capacities. In 2014, we raised our cement capacities at existing locations in Indonesia and Africa, and additionally three new plants started production in Togo, Burkina Faso, and Kazakhstan. At the end of the year, the proportion of our cement capacity in the growth markets including joint ventures amounted to around 64 %.

Cost leadership
In a market with largely standardised products, cost leadership is a key factor for success. In addition to our consistent focus on cost cutting programmes, emphasis is placed on continual improvement of operational performance at individual production sites. We engage in intensive benchmarking both internally and in relation to competitors, in order to identify optimisation

potentials. When it comes to investment, we also aim to keep costs as low as possible through a combination of HeidelbergCement's engineering and low-cost suppliers worldwide for machines, equipment, and services.

Performance culture and local responsibility
An excellent management team and dedicated, qualified employees are the source of our business success. As a company with a focus on performance and results, we greatly value the competence of our employees and management. The focus is on comprehensive efficiency and clear customer-orientation. HeidelbergCement pursues an integrated management approach, the success of which is based on a balance between local operational responsibility, Group-wide standards, and global leadership. Our local operations are key for the success of our business. Local management bears full responsibility for production, market, and management development, with the aim of market and cost leadership. They are supported by nationwide shared service centers, which handle administration for all business lines on the basis of a standardised IT infrastructure. In order to ensure transparency, efficiency, and rapid implementation of measures throughout the Group, HeidelbergCement has standardised all important management processes. Group-wide, uniform key performance indicators (KPIs) facilitate direct comparability and provide a foundation for continual benchmarking.

Sustainability
We build our long-term success on sustainable business practices. This includes securing access to raw materials reserves with adequate lifetimes and introducing innovative production processes. Alongside the use of alternative raw materials and fuels, and the development of new products, this leads to emission reductions and conservation-oriented handling of our raw materials base. HeidelbergCement is also active in the promotion of biodiversity at its extraction sites, through targeted implementation of biodiversity management plans, partnerships with international and national environmental organisations, as well as organising the international "Quarry Life Award" competition.

Financing strategy
For information on financial management-related targets and policies, please refer to the section Group financial management on page 81 f.

Internal management control system and indicators

Components and functionality of the control system
The internal management control system at HeidelbergCement is based primarily on annual operational planning, ongoing management accounting and control, quarterly management meetings, central coordination of investment processes, as well as regular Managing Board meetings and reporting to the Supervisory Board.

Annual planning takes the form of top-down/bottom-up planning, under which the Managing Board first defines a top-down budget on the basis of macroeconomic analyses, its assessment of market conditions and cost targets. From this, specific targets are derived for individual operating units, which are used as the basis of detailed planning for the individual units and setting of targets with local management. The individual operational plans created by the operating units are then consolidated centrally to create the Group-wide plan.

Ongoing management accounting and control of the company is carried out using a comprehensive system of standardised reports on the Group's net assets, financial performance, and results of operations. The indicators used for this purpose are determined and presented uniformly throughout the Group. Reports on financial status, selected sales volumes and production overviews are prepared weekly. Reports on results of operations and a detailed cash flow report are prepared monthly in order to monitor cash flow. Detailed reports on the assets positions are submitted at the end of each quarter. Internal quarterly reporting includes a detailed tax reporting. At the quarterly management meetings, the Managing Board and country managers discuss business developments, including target achievement, along with the outlook for the relevant year and any measures that need to be taken.

Central departments in the areas of strategy, finance, and technology follow a formalised process to review and assess all major investments and acquisitions. This ensures comparability between different projects and consistent high quality in investment decision making. Investments in expansion are assessed using a discounted cash flow (DCF) model. The standard is that investment projects must generate at least enough income to cover their weighted average cost of capital (WACC). This long-term approach to investment returns is supported by simulated calculations that show the impact of an investment on the consolidated income statement, statement of cash flows, balance sheet, and taxes over a period of five years.

The financial analysis is complemented by a strategic analysis of the planned investments. Here, the strategic value of an investment is determined taking into account the expected market position, growth potential, synergies with other Group units, and the risk structure. The overall result of these analyses is the criterion by which the Managing Board makes its investment decisions.

Financial targets and management indicators

Earnings, capital expenditure, and return on capital

The most important short-term indicator of the company's earnings strength is operating income, which is determined in detail and analysed for all operating units. The decisive indicator at Group level are earnings before interest and taxes (EBIT) and Group share of profit. The financial and assets positions of the operating units are monitored short-term primarily via the amount of working capital and investment. Fixed targets are agreed with all operating units for each indicator.

Strategic management and capital allocation are based on return on invested capital (ROIC), which is defined as the ratio of earnings before interest but after tax to the sum of shareholders' equity and interest-bearing liabilities. At operating level, the company uses return on capital employed (ROCE) for capital allocation. ROCE is calculated as the ratio of EBIT to invested capital. Taxes and goodwill are not taken into account for calculation. These are strategic-level indicators, and are therefore taken into account for determination of ROIC.

The target is generation of ROIC at least equivalent to weighted av erage cost of capital (WACC). HeidelbergCement's weighted WACC totalled 6.9 % at the end of the reporting year. Please see page 80 f., for more information on capital efficiency.

Financing structure

HeidelbergCement is determined to achieve an investment grade rating to ensure that we retain our high financial stability as a company that is sensitive to business cycles. Furthermore, investment grade rating facilitates access to attractive and cost-effective funding opportunities and makes our share more attractive for an even broader circle of investors. To achieve this goal, we are focussing on the financial indicators most watched by rating agencies. An important indicator is the dynamic gearing ratio, i.e. the ratio of net debt to operating income before depreciation (OIBD). By the end of 2014, we achieved a ratio of 3.0x, as compared to 3.3x at the end of 2013. Our objective is a ratio below 2.8x.

Non-financial targets and sustainable key-performance indicators

Operational health and safety generally plays a major role in the production of building materials and, in addition, emissions in cement production especially. Therefore, essential key-performance indicators include parameters, such as accident frequency rate, accident severity rate, and fatality rate, as well as CO_2 emissions and the use of alternative fuels. Information on these non-financial key-performance indicators is available in the chapters 2014 economic report on page 59, Occupational health and safety on page 101 f., and Environmental responsibility on page 103 f.

Lead indicators

HeidelbergCement's core business is in standardised mass products that are generally ordered at short notice. For the most part, suppliers of such products are interchangeable from a customer standpoint. Moreover, the volume of construction activity – and thus sales volumes of building materials – are dependent on local weather conditions in the respective markets. Given this market constellation, no reliable lead indicators are definable for business forecasting. However, selected statistical data and industry association forecasts can be utilised to gauge the business outlook at country level. In mature markets, for instance, figures on building permits or infrastructure budgets serve as important sources of information. In emerging markets, data on population growth and GDP growth forecasts are frequently used indicators.

Research and technology

The targets of HeidelbergCement's research and development activities are to generate added value for customers and the Group through innovative products as well as through process improvements and new formulations, whilst minimising the use of energy, CO_2 emissions, and hence costs.

Our research and development activities

The innovation work at HeidelbergCement can essentially be divided into four areas of focus:

- Products and applications: Our research and development activities are geared strongly towards the market and our customers. The main priority is the development and improvement of binders and concretes with optimised properties and innovative functionalities. However, our work does not end with the product; it also involves providing our customers with a competent, professional technical service on the application and optimisation of their products.

– Production: The focus lies on the continuous improvement of processes and cost structures. This includes the cost-efficient replacement of fossil fuels and natural raw materials with alternative fuels and raw materials as well as reducing energy requirements in production. These goals were pursued until the end of 2013 as part of the Group-wide "Operational Excellence" initiative, and potential was systematically and very successfully exploited in the cement plants. With the "Continuous Improvement Program" that started in 2014, we intend to not only retain but further improve our achievements. In the aggregates business line, the "CLIMB" project, which was also completed in 2013, reached a similar level of success: throughput was increased, downtimes reduced, and efficiency in the use of energy and working hours systematically improved. The extraction of raw materials was optimised by maximising the manufacture of high-value products and minimising that of products that are hard to sell. The objectives of the follow-up programme "CLIMB Commercial" include further operational improvements.

– Optimisation across production lines: We are building up our vertical integration and are generating benefits through the jointly coordinated optimisation of products and production processes in the aggregates and concrete business lines as well as the cement and concrete business lines. For example, if the sand production in an aggregates plant and the formulation for concrete in a ready-mixed concrete plant are changed so that the raw material deposits are better exploited while maintaining or even improving the quality of the concrete, this has positive financial effects that benefit the environment at the same time.

– Development of cements and concretes with improved CO_2 balance: The main emphasis here is to further develop composite cements with less clinker – even beyond the limits of today's existing standards. Reducing the proportion of clinker is the most important lever when it comes to minimising energy consumption and CO_2 emissions, and in preserving natural raw materials. Finally, we are also researching entirely new kinds of binder systems that dispense with the use of clinker altogether. These innovative alternative products are only in the early stages of research and it will take several years until they are ready for the market and for wide deployment.

Organisation and fields of activities in the area of research and technology

Our global competence center Heidelberg Technology Center Global (HTC Global) pools the knowledge and expertise in our Group and makes it available to the operational units quickly and comprehensively. With its numerous international employees, HTC Global is subdivided into five areas: Research & Development, Engineering, Geology & Raw Materials, Benchmarking & Training, and Mining. The Group-wide activities in the area of research and technology are divided into the following tasks.

Central research and development

We have concentrated the Group-wide research and development activities in the cement, concrete, and aggregates business lines at HTC Global. To match the high importance of the development of CO_2-minimised products, we reinforced this area even more, both financially and in terms of personnel, in recent years. The individual projects are defined and carried out in close coordination with the operating companies. This close collaboration from the very start of the project facilitates the efficient implementation of the development results and a quick market launch.

Technology and innovation

Technical centers support our national companies in the Group areas. In the cement business line these are the Heidelberg Technology Centers (HTC) with two locations in Europe, which also support the Mediterranean Basin, Africa, and Central Asia, one location in North America, and one in Asia with offices in China, India, and Indonesia. They support our cement plants with all technical issues, from securing raw materials and operational optimisations to process control and quality assurance. With investment projects, HTC locations are involved in project management up until a new installation or plant is commissioned or optimisation measures have been finished. Similarly, the technical centers of the Competence Center Materials (CCM) support our Group companies in the aggregates, ready-mixed concrete, and asphalt business areas. The close dialogue between HTC, CCM, and our plants ensures efficient implementation of potential optimisations and a continuous improvement process.

Customer-related development and technical service

Our close proximity to the market requires intensive customer-oriented development and technical service, which is also reflected in high financial expenditure (see the following table). The relevant departments and employees, which are integrated directly into the organisation of the respective national companies, develop and optimise the cements and concretes that are tailored to the local needs, often in close cooperation with the customers.

Expenditure for research and technology

Total expenditure for research and technology amounted to €103.2 million in the reporting year (previous year: 103.9), corresponding to 0.8 % of revenue. Personnel costs accounted for around three quarters of the total expenses. The following table shows a breakdown of expenses for the last five years for each of the three fields of activities mentioned above.

Expenditure for research and technology

€m	2010	2011	2012	2013	2014
Central research and development [1]	4.9	6.6	7.3	7.8	**8.5**
Technology and innovation	32.2	37.1	46.4	49.3	**48.3**
Customer-related development and technical service	30.5	35.2	38.1	46.8	**46.5**
Total	67.6	78.9	91.8	103.9	**103.2**

1) Including capitalised expenses

The structure of the expenditure for research and technology corresponds to the organisational breakdown: Expenses for the development of basic technologies are allocated to the Central research and development section, expenses for process innovations can be found in the Technology and innovation section, while the third section of the table contains the expenses for the optimisation of products and applications according to the wishes of our customers.

The development projects that were capitalised as investments include, amongst others, our innovative special products CemFlow® and TioCem® as well as new composite cements. In 2014, capitalised development costs totalled €2.1 million, which corresponds to around 2.1 % of total expenditure for research and technology. Because this figure is low, we have not presented it separately or shown further key figures.

Employees in research and technology

In the 2014 financial year, a total of 859 people (previous year: 935) were employed in research and technology. The personnel breakdown and development over the last five years is shown in the following table.

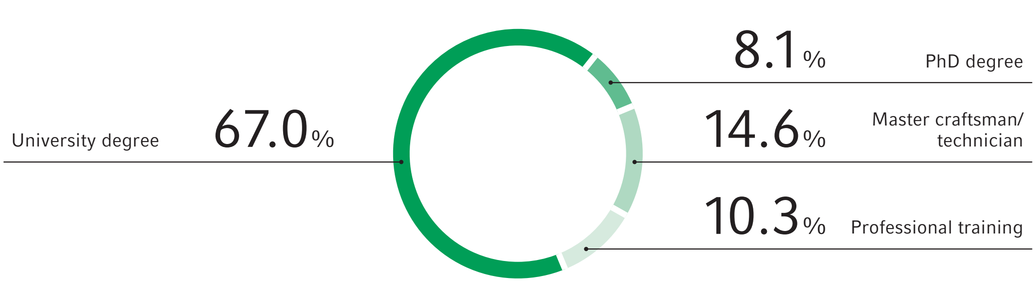
Employees in research and technology

	2010	2011	2012	2013	2014
Central research and development	42	54	54	56	**60**
Technology and innovation	262	283	341	329	**308**
Customer-related development and technical service	366	413	454	550	**491**
Total	670	750	849	935	**859**

The high importance of customer-related development and technical service as well as technology and innovation is reflected not only in the costs but also in the number of employees.

Our employees' high level of expertise in research and technology is a key competitive factor and the qualification requirements are correspondingly high. 67 % of the employees in our technical competence centers have a university degree and more than 8 % have a PhD (see the following graph). Intensive on-going training and a systematic exchange of knowledge in expert networks across the Group ensure a high level of qualification.

Qualification profile of our employees in research and technology



Research cooperations

Close cooperations with institutes and universities at both a local and global level complement our own research and development activities. At a global level, we refer in particular to our participation in Nanocem, the world's most important research network in the cement sector. The network includes cement and admixture companies as well as 24 leading universities in Europe, who all work together to carry out fundamental research, which is supported by public funding.

In terms of product development, we prefer bilateral cooperations with individual universities in order to complement our own expertise in a targeted way. In some cases, cooperation projects with universities are supported by government funding. Compared with total expenditure, the funding ratio is marginal; therefore, we do not record it centrally. Total expenditure for contract research is considerably less than €1 million for the year and is therefore not shown separately;

these expenses are included in the Central research and development section in the table on page 49. Aside from the research cooperations mentioned above, we did not acquire any research and development expertise in 2014.

Major projects and research and development results

Improving cost efficiency and tied-up capital

Following a successful pilot phase in spring 2014, the Managing Board decided to implement the new "Continuous Improvement Program" (CIP) with a focus on the cement plants of our Group. The objective of CIP is not only to sustainably secure the achievements of predecessor programmes, such as "Operational Excellence" (OPEX), "Maintenance Improvement", and "Group Spare Parts", but also combine them in a new management approach. This enables us to tap into improvement potential at all organisational levels. By the end of 2014 we already implemented CIP in around one third of our cement plants. First very good results have already been achieved. In 2015, a further 27 cement plants will follow.

In the aggregates business line, our "CLIMB Commercial" programme completed its second year. It represents the follow-up programme to the "CLIMB" project, which was successfully completed in 2013. The focus of "CLIMB Commercial" is on the optimisation of product, pricing, and customer strategy, while advancing further operational improvements at the same time. The three-year programme is expected to improve the profit margin by €120 million, of which €75 million was already achieved in 2014, demonstrating our strong increase in performance in the aggregates business line. Owing to these optimisation measures, HeidelbergCement is on its way to becoming the most profitable manufacturer of aggregates in the world.

The increase in cost efficiency achieved via these programmes is even more significant because all the measures taken are sustainable and represent a major competitive advantage in the long term. These programmes, along with their precisely tailored training courses, also offer our globally active employees good opportunities for further development.

Cements with lower proportions of clinker

We have made further progress in the development of cements with less clinker, thereby achieving a reduction in both CO_2 emissions and costs. Belgium, the Netherlands, and Poland are countries in which a large portion of clinker has already been replaced by blast furnace slag and fly ash. We made also good progress in the development of cements with less clinker in several African countries and in Indonesia. In addition, we were able to further optimise costs and increase flexibility in production in the reporting year. In Romania, we introduced a new composite cement based on limestone onto the market, thereby reducing our dependence on blast furnace slag. In the United Kingdom, we have started to manufacture cement containing blast furnace slag for the packed products operating line.

Development of alternative clinker

With the discovery of a new reactive clinker phase, we have established the basis for an alternative clinker technology. Based on an altered chemical composition and low burning temperatures, CO_2 output is 30 % lower in comparison with conventional clinker and energy consumption is reduced by around 10 % to 15 %. The basic technology is protected by various patent applications. In 2014, we successfully completed the first research study and determined the structure for a multi-annual development programme. This will be substantially supported by the EU-funded ECOBINDERS project. We thus intend to prepare the ground for future product standardisation.

Preservation of resources, recycling, and CO_2 capture

Our subsidiaries in Benelux, HTC, and external partners are cooperating in the intensive search for new recycling concepts for concrete. The aim of the EU-funded project is to be able to re-use demolition concrete at 100 % with the aid of innovative processing technology. Of great importance in this context is the use of recycled fine materials, such as in cement production.

In the reporting year, we continued the global cement industry's first pilot project to capture CO_2 from combustion exhaust gases at our Brevik plant in Norway. This project is mainly funded by the Norwegian government and is carried out in cooperation with the European Cement Research Academy. HeidelbergCement thus plays a leading role in the development of environmentally friendly technologies of the future.

Innovative binders and concretes

The self-levelling floor finish Cemflow® has become firmly established on the German market as a high-quality product. Cemflow® has proved its performance not only in residential construction, but especially in commercial construction. Cemflow® has also been successfully introduced in the Czech Republic, Poland, and Canada. In order to keep up with the strongly growing demand in Eastern Europe, we will set up a new mixing facility in the Czech Republic.

The PowerCrete® product, which was developed in Germany, was used for the first time in Spain. The concrete containing a special cement enables greatly improved thermal conductivity. It is therefore ideal for the installation of high-voltage power lines, because it ensures improved heat dissipation and lower performance loss in the cables.

With the introduction of Colorcrete® we are enabling the manufacture of ready-mixed concrete in a wide range of colours in the United Kingdom. In this way, we are following the successful example of Imagecrete® in Australia and the general trend towards ever more high-quality concrete applications in the field of architecture.

2014 economic report

Economic environment

General economic conditions

Contrary to the expectations at the beginning of the year, global economic growth did not accelerate in 2014, but remained at the previous year's level. While economic growth in the USA was better than anticipated and the number of new jobs rose significantly, forecasts for the euro zone and most emerging countries had to be revised downwards during the course of the year. Growth in China continued to weaken, as did investments in Russia and in emerging countries. In India, however, economic growth increased slightly compared with the previous year, following the change of government. Gross domestic product in Germany rose by 1.6 %, thereby exceeding that of the euro zone, where economic output increased in contrast to the previous year, but only by 0.8 %. Together with population growth and gross domestic product per capita, economic growth is one of the most important indicators for measuring the development of construction activity and the demand for building materials. The increase in demand for cement in emerging countries is roughly in line with economic growth. During infrastructure expansion phases, however, it can also be exceeded several times.

As expected, the US Federal Reserve completely discontinued its purchase of bonds due to the sustained improvement of the labour market. In contrast, the European Central Bank continued its expansionary policy in 2014 and recently announced a bond purchase programme of over €1 trillion in order to further stabilise the markets. This step progressively led to a weakening of the euro against other currencies in the second half of the year. In the United Kingdom, the positive economic momentum continued. The Bank of England has nonetheless kept interest rates low. According to the IMF, the global economy grew by 3.3 % in 2014 compared with 3.3 % in the previous year.

Real GDP growth rate in major Group countries

in %	2013	2014[1]	in %	2013	2014[1]
Western and Northern Europe			**North America**		
Belgium	0.3	**1.0**	Canada	2.0	**2.5**
Germany	0.1	**1.6**	USA	2.2	**2.4**
Netherlands	-0.7	**0.8**	**Asia-Pacific**		
Norway	0.8	**2.2**	Australia	2.1	**2.5**
Sweden	1.3	**2.1**	China	7.7	**7.4**
UK	1.7	**2.6**	India	5.1	**6.9**
Eastern Europe-Central Asia			Indonesia	5.6	**5.0**
Czech Republic	-0.7	**2.0**	Malaysia	4.7	**6.0**
Hungary	1.1	**3.4**	**Africa-Mediterranean Basin**		
Kazakhstan	6.0	**3.9**	DR Congo[2]	6.2	**n/a**
Poland	1.6	**3.3**	Ghana[2]	7.9	**n/a**
Romania	3.5	**2.5**	Tanzania[2]	7.0	**n/a**
Russia	1.3	**0.6**	Togo[2]	5.5	**n/a**
Ukraine	0.2	**-7.5**	Israel	3.2	**2.4**
			Spain	-1.2	**1.4**
			Turkey	4.1	**2.7**

1) 2014 values are based on estimations and forecasts.
Source: Deutsche Bank Research and 2) CIA World Factbook Estimates

As a result of weakening economic growth in emerging countries, the prices of many raw materials continued to fall in 2014. The prices of fuels such as coal also experienced a further decline. The growing availability of shale oil, especially in North America, and the sustained high oil production of the OPEC also led to a major decrease in the price of oil in the second half of the year.

Industry-specific conditions

Besides the country-specific investment climate for residential, commercial, and infrastructure construction, industry-specific conditions also include local weather conditions, developments in the competitive situation, and the regulatory environment.

The construction industry developed more positively in 2014 than in the previous year. In North America, construction activity continued its upward trend, driven by new housing construction and increasingly by commercial construction. In the United Kingdom, construction activity also rose thanks to the sustained positive development of residential and infrastructure construction. In Northern Europe, the favourable trend of the last few years continued, apart from a slight decline in Norway. The construction industry in Germany benefited from a healthy economic development.

Construction activity also rose in the remaining European countries – apart from Southern Europe and France – driven by an emerging economic recovery and the mild winter weather at the start of the year. In the countries of Asia and Africa, south of the Sahara, the dynamic growth in construction activity persisted, but slowed down to some degree in comparison with the previous year.

According to the American cement association PCA, construction activity in the USA increased by 1.6 % in 2014. While new housing construction rose by 7.8 % and non-residential construction by 7.9 %, public construction decreased by 1.1 %. Cement consumption increased by 8.8 %.

According to its projection from December 2014, the European market research network Euroconstruct expects a clear bifurcation of construction activity in Europe for 2014. In the countries of Southern Europe and France, which are affected by the bursting of the housing bubble or the debt crisis, another partly significant decline in construction activity is anticipated. An end of the decline in the construction industry is expected in other countries, such as Belgium, Ireland, and the Netherlands. In 2014, a slight increase in cement consumption of 0.4 % is projected for Belgium, and growth of 1.0 % for the Netherlands. Construction activity in the Eastern European countries is also forecast to have grown again in 2014, particularly in Hungary by 14.3 % and Poland by 4.9 %. In Norway and Sweden, a rise of 2.1 % and 5.3 %, respectively, is expected for 2014. The United Kingdom is anticipating an upswing in construction activity thanks to the considerable recovery in residential construction. Construction activity in Germany rose again in 2014, thanks to sustained strong demand from residential construction. At 2.2 %, cement consumption exceeded the previous year's level.

Asia experienced a further increase in cement consumption as a result of the continued economic growth. In Indonesia, however, the rise in cement demand slowed down to 3.3 % due to the presidential elections. In India, cement consumption continued to be adversely affected by the government's ongoing restraint with regard to infrastructure projects and by high interest rates. In Central Asia, the commodity-producing countries Russia and Kazakhstan benefited from their respective governments' infrastructure projects.

Sustained positive demand has increased the level of global competition in 2014, particularly in the emerging countries of Africa and Asia. Local as well as regional companies have announced the expansion of cement capacities. Furthermore, increasing import volumes put pressure on local prices to some extent.

Weather conditions also play a major role, as construction activities are considerably restricted or even suspended altogether when temperatures fall well below freezing, during snow, or heavy rainfalls. In 2014, the mild winter weather in Europe in the first quarter led to a significant increase in sales volumes in all business lines. In North America, the sales volumes of building materials were affected by the cold and snowy winter, but still remained at virtually the same level of the previous year.

The EU Emissions Trading Scheme (ETS) is just one of the regulatory conditions that exercise an influence on the results of building materials producers. Owing to the persistent weak economic development in Europe, the price of emission rights remained well below €10 per tonne of CO_2. As in 2013, HeidelbergCement decided not to sell its surplus emission rights on account of the low price, but has kept them for future use.

Relevant changes in reporting

Since the start of the 2014 financial year, HeidelbergCement has applied the new IFRS standards 10 and 11. According to the new rules, proportionate consolidation is abolished for joint ventures. Instead, they are to be accounted for using the equity method. As a result, the individual assets and liabilities as well as income and expenses of joint ventures will no longer be shown proportionately in the relevant balance sheet or income statement items, but will only be reported in a separate line using the equity method: the carrying amount in the balance sheet and the result from joint ventures in the income statement. Among the joint ventures of HeidelbergCement are important operations in Turkey, China (including Hong Kong), Hungary, Bosnia-Herzegovina, the USA (Texas Lehigh Cement Company), and Australia (Cement Australia) which had previously made a significant contribution to operating income. In order to continue with a comprehensive presentation of the operational performance of HeidelbergCement, the result from joint ventures is included in operating income before depreciation (OIBD).

At the end of December 2014, we signed an agreement with the financial investor Lone Star Funds on the sale of the building products business line in North America and the United Kingdom. In accordance with IFRS 5, this business line is no longer included in the 2013/2014 figures for continuing operations, but shown separately under the heading of discontinued operations.

Unless expressly indicated otherwise, all statements and figures in this annual report refer to the continuing operations of HeidelbergCement.

Development of sales volumes

Sales volumes of the Group in 2014 experienced noticeable growth in all business lines, with the exception of a few countries. This was mainly driven by the ongoing recovery in North America and the United Kingdom as well as the general rise in construction activity in Europe, Asia, and Africa. The expansion of our capacities in India, Indonesia, Kazakhstan, and Africa also had a positive impact.

As predicted, cement and clinker sales volumes in 2014 rose moderately compared with the previous year. They increased by 4.7 % to 81.8 million tonnes (previous year: 78.1). Apart from Africa-Mediterranean Basin, where we sold our activities in Gabon, all other Group areas recorded growth. Development in Eastern Europe-Central Asia and Asia-Pacific was particularly pleasing where demand for building materials rose considerably in almost all countries. One exception, however, was the Ukraine, where the sale of cement has significantly declined since the start of the crisis. In all market regions of North America, sales volumes benefited especially from the increasing activity in residential and non-residential construction. The development in Western and Northern Europe – excluding Norway – was likewise positive in all countries. It was greatly influenced by the ongoing recovery in demand for building materials in the United Kingdom, which was stimulated by private residential construction and large infrastructure projects.

As expected, aggregates sales volumes also rose moderately in 2014, by 5.6 % to 243.6 million tonnes (previous year: 230.6). With some exceptions, deliveries in the Eastern Europe-Central Asia countries, in particular, grew significantly, followed by North America and Western and Northern Europe. Here, the United Kingdom was once again the strongest market due to the large infrastructure projects mentioned above. Sales volumes in Germany were just slightly below the level of the previous year. In the Asia-Pacific Group area, excluding Malaysia, sales volumes also increased considerably. The only exception to the positive development of the business line is the Africa-Mediterranean Basin Group area, where aggregates sales volumes in Israel fell below the previous year's level.

Ready-mixed concrete sales volumes rose in 2014 by 4.8 % to 36.6 million cubic metres (previous year: 34.9). Apart from Asia, where sales volumes fell short of the level of the previous year, all other Group areas including Australia registered growing shipments. Once again, the countries in Eastern Europe-Central Asia – with the exception of the Ukraine – as well as North America recorded the greatest gain. The strong demand in Germany dominated the very positive development of sales volumes in the Western and Northern Europe Group area.

In 2014, asphalt deliveries rose sharply by 11.4 % to 9.3 million tonnes (previous year: 8.4). The high demand in the United Kingdom and in the North America Group area was particularly pleasing. In Malaysia and Australia, which belong to the Asia-Pacific Group area, deliveries also increased in comparison with the previous year.

Sales volumes

	2013 [1]	**2014**	Change
Cement and clinker (million tonnes)	78.1	**81.8**	4.7 %
Aggregates (million tonnes)	230.6	**243.6**	5.6 %
Ready-mixed concrete (million cubic metres)	34.9	**36.6**	4.8 %
Asphalt (million tonnes)	8.4	**9.3**	11.4 %

1) Amounts restated

Earnings position

Operating earnings of HeidelbergCement improved significantly in the 2014 reporting year compared with the previous year.

Revenue rose by 4.0 % in comparison with the previous year to €12,614 million (previous year: 12,128). Adjusted for currency and consolidation effects, growth amounted to 8.4 %. This primarily reflects the sustained positive development of sales volumes in all business lines and the successfully implemented price increases in major markets. The negative currency effects of €515 million essentially related to the Eastern Europe-Central Asia, Asia-Pacific, and Africa-Mediterranean Basin Group areas. Positive consolidation effects contributed €33 million to the increase in revenue.

Material costs rose by 4.0 % to €5,320 million (previous year: 5,115). While the costs of energy fell by 2.4 %, they increased by 5.4 % and 9.8 % for raw materials and goods purchased for resale, respectively.

Other operating expenses and income were 5.3 % above the previous year's level at €-3,155 million (previous year: -2,996). While the rise of 1.8 % in freight was disproportionately low compared with revenue, the increases in expenses for third-party repairs and services as well as for rental and leasing were disproportionately high at 7.4 % and 11.2 %, respectively. Furthermore, gains from sale of fixed assets declined by €30 million, or 35.6 %.

The average number of employees rose slightly by 1.1 %. Personnel costs increased by 4.1 % to €2,050 million (previous year: 1,968), while they remained more or less stable in relation to revenue at 16.3 % (previous year: 16.2 %). Result from joint ventures rose by 18.3 % to €171 million (previous year: 144), primarily due to the positive business development of our joint ventures Cement Australia in Australia, Akçansa in Turkey, and Texas Lehigh Cement in the USA. Operating income before depreciation (OIBD) improved by 2.9 % to €2,288 million (previous year: 2,224).

Amortisation and depreciation of intangible assets and property, plant, and equipment decreased by 1.6 % to €693 million (previous year: 704). Operating income rose by 5.0 % to €1,595 million (previous year: 1,519). Adjusted for currency and sonsolidation effects, operating income increased by 12.9 %.

Additional ordinary result decreased by €76 million to €-63 million (previous year: 13). Income of €26 million results for the most part from the sale of subsidiaries and other business units. Expenses of €89 million mainly related to impairment of goodwill in the Ukraine (€41 million), restructuring measures (€19 million), impairment of other fixed assets (€17 million), as well as losses on the disposal of a subsidiary (€3 million). In the previous year, the repayment of capital and the associated deconsolidation of a foreign finance company, as well as the divestment of a non-controlling interest in a precast concrete producer in Saudi Arabia, resulted in high non-recurring income. This was essentially offset by impairment losses on goodwill and fixed assets as well as restructuring expenses.

Result from participations increased slightly by €2 million to €28 million (previous year: 26). At €1,560 million (previous year: 1,559), earnings before interest and taxes (EBIT) remained almost unchanged.

Financial result fell by €92 million to €-629 million (previous year: -537). This decrease was mainly due to the rise of €37 million in currency losses in countries experiencing difficult currency market conditions, such as Ghana, the Ukraine, Georgia, and Russia, as well as a drop of €74 million in other financial result, essentially attributable to interest rate effects from both, the valuation of other provisions (€-48 million) and derivative financial instruments (€-35 million). In contrast, interest income, particularly in Indonesia and Canada, increased by €15 million. Interest expenses fell despite the non-recurring depreciation of the arrangement fee for the prematurely refinanced syndicated credit facility by €4 million.

The profit before tax from continuing operations decreased by €91 million to €931 million (previous year: 1,022).

Expenses for income taxes declined by €147 million to €65 million (previous year: 212). The drop of €35 million in current taxes to €330 million (previous year: 365) is mainly due to lower withholding tax for dividends. In the previous year, withholding tax additionally related to the capital gain from the sale of a non-controlling interest in Saudi Arabia. The income from deferred taxes increased by €113 million to €265 million (previous year: 153), which is largely attributable to the recognition of additional deferred tax assets for losses carried forward in the USA and Luxembourg. As a result, the effective tax rate decreased in comparison with the previous year from 18.6 % to 6.6 %.

Net income from continuing operations thus amounts to €866 million (previous year: 810).

Net income from discontinued operations fell by €302 million to €-179 million (previous year: 123). On 23 December 2014, HeidelbergCement signed an agreement with an American subsidiary of Lone Star Funds on the sale of its building products business in North America (excluding Western Canada) and the United Kingdom – referred to in summary as Hanson Building Products. The result from the discontinued operation Hanson Building Products totalling €-148 million (previous year: 25) includes the result from the operating activities as well as the result from the valuation of the operation at fair value.

In the financial year, expenses of €31 million related to operations of the Hanson Group that were discontinued in previous years. The income of €98 million for the previous year resulted principally from the capitalisation of receivables against primary insurers based on a positive court ruling. Further comments are provided in the Notes on page 213 f.

Overall, a profit of €687 million (previous year: 933) was recorded for the financial year. The profit attributable to non-controlling interests rose by €5 million to €202 million (previous year: 197). The Group share of profit thus amounts to €486 million (previous year: 736).

Earnings per share – Group share – in accordance with IAS 33 fell to €2.59 (previous year: 3.93). For continuing operations, the earnings per share increased to €3.54 (previous year: 3.27).

In view of the overall positive business development, the Managing Board and Supervisory Board will propose to the Annual General Meeting on 7 May 2015 the distribution of a dividend of €0.75 (previous year: 0.60) per share.

Consolidated income statement (short form)

€m	2013 [1]	2014	Change
Revenue	12,128	**12,614**	4 %
Operating income before depreciation (OIBD)	2,224	**2,288**	3 %
Depreciation and amortisation			
Operating income			
Additional ordinary result	13	**-63**	
Result from participations	26	**28**	7 %
Earnings before interest and taxes (EBIT)	1,559	**1,560**	0 %
Financial result	-537	**-629**	17 %
Profit before tax from continuing operations	1,022	**931**	-9 %
Income taxes	-212	**-65**	-70 %
Net income from continuing operations	810	**866**	7 %
Net income / loss from discontinued operations	123	**-179**	
Profit for the financial year	933	**687**	-26 %
Group share of profit	736	**486**	-34 %

1) Amounts restated

Non-financial key performance indicators

In the non-financial area we use several key performance indicators for the internal control and monitoring of occupational safety and CO_2 emissions.

The extraction of raw materials and the production of cement and aggregates in itself harbour various dangers, for example with regard to the transportation of raw materials and finished products, working at great heights, with high voltage currents, or using heavy technical equipment. Therefore, occupational health and safety has top priority at HeidelbergCement. To gauge the effectiveness of our occupational safety measures, we use the following key performance indicators: accident frequency rate, accident severity rate, and fatality rate. For more information on the definition and development of these non-financial key performance indicators, see the section on occupational health and safety on page 101 f.

The production of cement generates a large amount of CO_2 due to the chemical processes involved in burning clinker and the high temperatures that are required. Climate protection is not only a necessary measure to safeguard the living conditions of future generations, it also has financial benefits. HeidelbergCement is increasingly involved in emission trading systems, which require the additional purchase of emission rights if the assigned amount is exceeded. That is why the continuous reduction of CO_2 emissions is at the heart of our environmental policy. The use of alternative raw materials and fuels is one of the essential levers for reducing CO_2 emissions. In order to control and monitor progress in climate protection, we use the following key performance indicators: specific net CO_2 emissions, alternative fuel rate, and clinker ratio. For more information on the definition and development of these non-financial key performance indicators, see the section on environmental responsibility on page 103 f.

Business trend in the Group areas

Western and Northern Europe

HeidelbergCement operates in eleven countries in the Western and Northern Europe Group area. In these mature markets, we manufacture cement, aggregates, ready-mixed concrete, asphalt, and various building products as a fully integrated building materials company. We are the market leader in most of the countries in which we produce cement. We also have a dense network of quarries for aggregates and production facilities for ready-mixed concrete. The United Kingdom is our largest market region in Western and Northern Europe.

In 2014, the economic recovery continued in Germany and the United Kingdom, as well as in the Northern European countries of Norway and Sweden. Gross domestic product thus rose by 1.6 %, 2.6 %, 2.2 %, and 2.1 % respectively in the reporting year. Belgium and the Netherlands are showing increasing signs of a recovery in the economic situation. Belgium reported slight growth in economic output of 1.0 %, while the Netherlands registered an improvement of 0.8 %.

Construction activity in the countries of the Group area underwent largely positive development in the reporting year. Construction investments in Germany and Sweden rose in comparison with the previous year thanks to continued strong demand from residential construction. Particularly private residential construction – supported by the government's "Help to buy" programme – and infrastructure construction were the principal growth drivers in the United Kingdom. Total construction activity in the United Kingdom increased by 4.7 % in the reporting year. In Norway, it is expected to have risen by 2.1 % in 2014, driven by an upswing in infrastructure construction. Construction activity in the Netherlands is thought to have weakened slightly, while it remained stable or was marginally lower in Belgium.

Business development in Western and Northern Europe during 2014 benefited especially from the continued recuperation in demand for building materials in the United Kingdom. The mild weather and the consequently extended construction period also had a positive impact on demand for building materials. As a result, sales volumes rose in our core activities of cement, aggregates, ready-mixed concrete, and asphalt.

Cement business line

In 2014, cement consumption in Germany surpassed the previous year by 2.2 %, totalling 27.1 million tonnes. While cement consumption in the United Kingdom rose sharply at an estimated 9 %, we expect moderate increases for Sweden, the Netherlands, and Belgium of 3 %, 1 %, and 0.4 %, respectively. In Norway, a minor decline of 0.7 % in comparison with the previous year is anticipated.

Sales volumes in the cement business line rose significantly due to the mild winter weather in the first quarter. Overall, cement and clinker shipments grew by 3.4 % to 21.6 million tonnes (previous year: 20.9). The largest increase in domestic deliveries of cement was recorded in the United Kingdom – mainly as a result of the recovery in residential construction. Sales volumes of ground blast furnace slag were also considerably above the previous year's level. While domestic shipments in Germany, Benelux, the Baltic States, and Denmark increased in comparison with 2013, they declined in Norway and Sweden. Our plants in Norway, Sweden, and Germany were able to raise their cement export volumes, while they remained stable in Benelux and decreased slightly in the Baltic States. Revenue of the business line grew by 3.1 % to €1,780 million (previous year: 1,726).

Investment activities were rather lively in the reporting year. In the first quarter of 2014, we acquired the cement company Espabel NV, which is headquartered in Belgium and operates a cement grinding plant in Ghent. In order to expand our market position in Iceland, we increased each of our shareholdings in four companies that operate in the cement, aggregates, and concrete sectors to 53 % between February and July 2014. "Germany Cement Master Plan", an ambitious investment programme, was launched for the modernisation and rationalisation of our plants and environmental protection. In the United Kingdom, we invested in a packaging facility for plastic bags at the Padeswood plant and optimised the use of solid alternative fuels, while we carried out a range of environmental improvements at our Swedish plants. In Norway, the construction of a cement terminal in Risavika/Stavanger was completed.

We have significantly improved the profitability of our white cement activity by closing our site in Harmignies, Belgium, and replacing it with the new Espabel NV grinding facility, strategically well located in Ghent. We also signed a sales agreement for a piece of land in the Lövholmen district of Stockholm, Sweden, in December as part of the optimisation of our asset structure. The agreed minimum price for the property amounts to around €115 million. HeidelbergCement currently operates a cement terminal there, which is to be transferred to an industrial estate in the Värtan district.

Aggregates business line

In the Western and Northern Europe Group area, HeidelbergCement operates an extensive network of production sites. Total aggregates sales volumes rose by 5.0 % to 65.2 million tonnes (previous year: 62.1). While deliveries of aggregates recorded double-digit growth in the United Kingdom, our largest market region, and the Baltic States, they increased at a single-digit rate in

Sweden and Benelux. Aggregates sales volumes only declined slightly in Germany, but they fell significantly short of the previous year in Norway. This was mainly due to a decrease in exports to the Baltic States and Russia, as well as a slowdown in residential construction activity. Overall, revenue of the business line rose considerably by 10.8 % to €843 million (previous year: 761).

In 2014, we took control of the Belgian Cimescaut Group, which operates in the aggregates and ready-mixed concrete business lines, by increasing our shareholding by around 66 % to 100 %. In Sweden, we sold two quarries in Norrköping in the east of the country as well as the plant in Dimmelsvik, Norway. In the Netherlands, one plant was shut down in Amsterdam.

Ready-mixed concrete-asphalt business line
This newly defined business line covers the ready-mixed concrete and asphalt business. While we have an extensive network of ready-mixed concrete plants in many parts of the Group area, asphalt activities are mainly limited to the United Kingdom.

In the reporting year, deliveries of ready-mixed concrete exceeded the previous year by 7.7 %, at 13.0 million cubic metres (previous year: 12.1). In Germany, Denmark, and the Baltic States, sales volumes increased in the double-digit percentage range. While volumes in the United Kingdom, Benelux, and Sweden were significantly above the previous year's level, the plants in Norway registered a decline.

Sales volumes of asphalt rose considerably by 17.9 % to 3.1 million tonnes (previous year: 2.6). This double-digit growth is owing to the upturn in the construction industry in the United Kingdom and consolidation effects from the acquisition of Midland Quarry Products in 2013. Excluding consolidation effects, sales volumes increased by 5.0 %.

In Germany, acquisitions and additional share purchases of ready-mixed concrete activities were made to enhance vertical integration. In the United Kingdom, we invested in additional mobile ready-mixed concrete plants in order to benefit from the upswing.

Revenue of the ready-mixed concrete-asphalt business line increased by 11.5 % in 2014 to €1,539 million (previous year: 1,380).

Service-joint ventures-other business line
At the end of 2014, HeidelbergCement concluded an agreement with the financial investor Lone Star Funds on the sale of the building products business line in the United Kingdom and North America. This transaction was completed in the first quarter of 2015.

The remaining building products of the Group area fall into the new service-joint ventures-other business line, above all sand-lime bricks, lime, and precast concrete parts in Germany, as well as concrete products in Germany and Sweden. In 2014, we were able to increase revenue of the sand-lime brick plants and precast concrete parts compared with the previous year, yet had to accept a marginal decline in revenue for concrete products.

On 18 December 2014, we concluded an agreement with the Belgian Lhoist Group on the sale of our two lime plants in Germany. Provided the Federal Cartel Office approves the sale, completion of the transaction is expected in mid-2015.

The business line also includes our joint venture Mibau, which operates in the aggregates business, as well as several joint ventures in the ready-mixed concrete operating line in Germany and Norway.

Revenue of the business line fell by 4.7 % to €501 million (previous year: 526).

Revenue and results

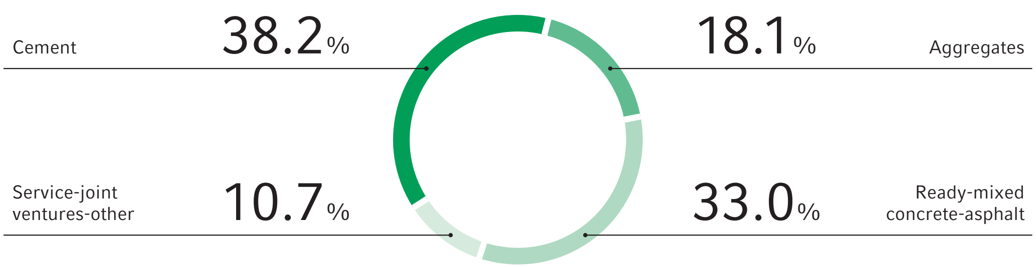
Revenue of the Western and Northern Europe Group area increased by 6.2 % to €4,012 million (previous year: 3,779). In operational terms, i.e. excluding consolidation and exchange rate effects, growth of 4.0 % was recorded. At €562 million (previous year: 524), operating income before depreciation (OIBD) came in at 7.2 % above the level of the previous year. Excluding consolidation and exchange rate effects, the increase amounted to 5.2 %. Operating income rose by 13.6 % to €329 million (previous year: 290). Adjusted for consolidation and exchange rate effects, the rise amounted to 12.4 %.

Key data Western and Northern Europe

€m	2013 [1]	2014	Change
Revenue	3,779	**4,012**	6.2 %
Operating income	290	**329**	13.6 %
Investment in property, plant, and equipment	178	**188**	5.5 %
Cement and clinker sales volumes (Mt)	20.9	**21.6**	3.4 %
Aggregates sales volumes (Mt)	62.1	**65.2**	5.0 %
Ready-mixed concrete sales volumes (Mm^3)	12.1	**13.0**	7.7 %
Asphalt sales volumes (Mt)	2.6	**3.1**	17.9 %
Employees as at 31 December	11,882	**12,441**	4.7 %

1) Amounts restated

Revenue Western and Northern Europe 2014: €4,012 million



Eastern Europe-Central Asia

HeidelbergCement operates in eleven countries in the Eastern Europe-Central Asia Group area. In most of these growth markets, we are the market leader in the cement business. The production of aggregates and ready-mixed concrete is also becoming increasingly important. In terms of revenue, Poland is our largest market region in Eastern Europe-Central Asia, followed by Russia.

In Eastern Europe, the market stabilised following the weak phase experienced during 2013. Despite an economic recovery, the development of some countries in the Group area was still adversely affected by the financial and debt crisis as well as financial restrictions imposed by the governments. The crisis in the Ukraine impaired the Ukrainian and Russian economies, especially due to the outflow of capital and resulting weak investment volume as well as the currency devaluation in both countries. To this effect, a decline of 7.5 % in gross domestic product is predicted for the Ukraine in 2014, and a slight increase of 0.6 % for Russia. In the Czech Republic and Romania, economic growth of 2.0 % and 2.5 %, respectively, is expected. The economy in Poland and Kazakhstan grew by an estimated 3.3 % and 3.9 %, respectively, in 2014. Gross domestic product in Georgia showed the best performance with an expected increase of around 5 %.

Favourable weather conditions encouraged construction activity in large parts of the Group area. In several countries, such as the Czech Republic and especially Poland, the economic recovery had a positive impact on the construction industry. Residential and commercial construction, in particular, gained considerable momentum in Poland. The construction industry also experienced a noticeable upswing in Kazakhstan and Georgia, while it was clearly in decline in Romania. The crisis in eastern Ukraine severely affected construction activity in the country, while no significant impact has yet been evident in Russia, mainly due to the government's investment programmes. For example, investments were made in connection with the expansion of the Moscow city border and the 2018 Football World Cup. However, the currencies of both countries have depreciated considerably against the euro since the crisis began.

Cement business line

Aside from Slovakia, HeidelbergCement produces cement and clinker in all other countries of the Eastern Europe-Central Asia Group area. Total cement and clinker deliveries increased by 7.3 % in 2014 to 17.1 million tonnes (previous year: 16.0).

Poland, Kazakhstan, and Georgia registered growth in sales volumes in the double-digit percentage range. In Poland, the sustained recovery of the construction industry had a positive impact on our sales volumes, as did the favourable weather conditions. In Kazakhstan, the ramp-up of production at our new CaspiCement cement plant contributed to the increase in sales volumes, while significant infrastructure investments spurred growth in Georgia. In Russia, the Czech Republic, and Romania, our cement deliveries also exceeded the previous year's level. In the Ukraine, the conflict in the east of the country led to a double-digit percentage drop in volumes. Revenue of the cement business line fell by 5.4 % to €987 million (previous year: 1,043), mainly as a consequence of the substantial depreciation of the Russian and Ukrainian currencies against the euro.

In 2014, a major part of our investments was made in Kazakhstan. The new CaspiCement cement plant in western Kazakhstan is currently in the process of commissioning. Production had its official start in July. The plant with a capacity of 0.8 million tonnes will strengthen our nationwide presence and allow us to supply the oil- and gas-rich region on the Caspian Sea more cost-effectively. We have also carried out investments to improve environmental protection and productivity in several countries. At our Fieni plant in Romania, we have started the construction of an installation to generate electricity from kiln waste heat that should come into operation in the second half of 2015.

Aggregates business line

The main markets of HeidelbergCement in the aggregates business line are the Czech Republic and Poland. We also run aggregates operations in Russia, Romania, Slovakia, the Ukraine, and Kazakhstan. With the exception of Russia, our deliveries of aggregates rose significantly in all countries. Overall, they increased by 8.9 % to 20.4 million tonnes (previous year: 18.7).

We recorded the strongest growth in Slovakia, followed by Kazakhstan and the Ukraine. In Russia, our deliveries remained slightly below the previous year as a result of a divestment. Revenue of the aggregates business line decreased by 5.4 % to €104 million (previous year: 110). Besides deconsolidation effects, currency effects also had a negative impact on revenue.

Investments in the aggregates business line were governed by strict expenditure control and essentially limited to the modernisation and expansion of production facilities in the Czech Republic and Poland. In Szczytniki, Poland, we completed the construction of our largest and most modern sand and gravel processing plant in the country. In February 2014, we sold our participation in the Russian aggregates company OAO Voronezhskoe Rudoupravlenije, in the Voronezh region, as part of streamlining our portfolio.

Ready-mixed concrete-asphalt business line

This newly defined business line covers the ready-mixed concrete and asphalt business, although we do not produce any asphalt in the Eastern Europe-Central Asia Group area. In the ready-mixed concrete operating line, however, we have a dense network of plants in all countries apart from Russia. The main market regions are located in the Czech Republic and Poland. Ready-mixed concrete sales volumes rose in Eastern Europe-Central Asia by 9.2 % to 2.9 million cubic metres (previous year: 2.7). Georgia and Kazakhstan experienced the strongest growth in sales volumes, at a double-digit percentage rate. Our deliveries in Poland and Romania were slightly above the previous year's level, while they fell marginally short in the Czech Republic. Only in the Ukraine we registered a significant decrease in sales volumes. At €163 million (previous year: 162), revenue in the ready-mixed concrete-asphalt business line rose by 0.5 % in 2014.

In Poland, we acquired three ready-mixed concrete plants in the Wroclaw and Opole area – our core markets – in line with a geographical realignment. In the Czech Republic, systems for the recycling of residual concrete were installed at five production sites. In addition, we opened one new plant and completely renewed the production facilities in another. We commissioned a new ready-mixed concrete plant in both Kazakhstan and Romania and acquired new ready-mix trucks in Georgia.

Service-joint ventures-other business line

In Eastern Europe-Central Asia, this business line is solely made up by our joint ventures. We therefore do not report any revenue.

Our main joint ventures are located in Hungary and Bosnia-Herzegovina. Our joint venture Duna-Dráva Cement Kft is the leading manufacturer of building materials in Hungary. In Bosnia-Herzegovina, we operate one cement plant and four ready-mixed concrete plants. We also operate other joint ventures – particularly in the ready-mixed concrete business – in Croatia, the Czech Republic, Poland, and Slovakia. While we were able to significantly increase cement and ready-mixed concrete sales volumes in Hungary, our joint venture in Bosnia-Herzegovina recorded a decline for both cement and ready-mixed concrete.

Revenue and results

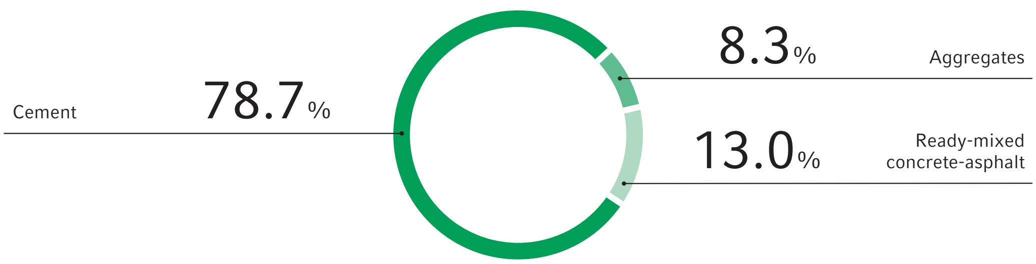
Revenue in the Eastern Europe-Central Asia Group area decreased by a total of 4.9 % in 2014 to €1,182 million (previous year: 1,243). However, adjusted for currency and consolidation effects, revenue rose by 7.2 %. At €230 million (previous year: 259), operating income before depreciation (OIBD) was 11.1 % below the previous year. Excluding exchange rate and consolidation effects, the decrease amounted to 2.3 %. Operating income fell by 14.0 % to €129 million (previous year: 151). Adjusted for currency and consolidation effects, the decline amounted to 6.3 %. The continuing crisis in eastern Ukraine, import-related price pressure, and start-up costs at our new plant in Kazakhstan had a negative impact on both OIBD and operating income.

Key data Eastern Europe-Central Asia

€m	2013 [1]	2014	Change
Revenue	1,243	**1,182**	-4.9 %
Operating income	151	**129**	-14.0 %
Investment in property, plant, and equipment	122	**95**	-22.1 %
Cement and clinker sales volumes (Mt)	16.0	**17.1**	7.3 %
Aggregates sales volumes (Mt)	18.7	**20.4**	8.9 %
Ready-mixed concrete sales volumes (Mm^3)	2.7	**2.9**	9.2 %
Employees as at 31 December	8,696	**8,453**	-2.8 %

1) Amounts restated

Revenue Eastern Europe-Central Asia 2014: €1,182 million



North America

The United States of America and Canada form the North America Group area. In its largest market area, HeidelbergCement is one of the leading manufacturers of cement, aggregates, and ready-mixed concrete. Asphalt is also manufactured in a few US states, and concrete pipes are produced and distributed in Western Canada.

Despite a weak first quarter due to adverse weather conditions, the US economy continued its growth in 2014. At the same time, the labour market situation improved significantly; a total of 2.9 million new jobs were created. By the end of 2014, the unemployment rate fell to 5.6 %. A rise in gross domestic product of 2.4 % is expected, compared with 2.2 % in the previous year. This positive trend has resulted in a noticeable increase in consumer confidence, higher purchasing power, and more tax revenue for the state and local governments, which has had an overall positive effect on the construction industry. Its development, however, was varied in the reporting year. New housing construction was up by 7.8 %, mainly driven by the construction of multi-family residential units. Non-residential construction rose substantially by 7.9 %, as a result of growth in industrial and commercial construction, as well as retail and hotel construction. In contrast, public construction declined slightly in 2014, which should turn around in the future thanks to rising tax revenue.

Following a weak start to the year due to unfavourable weather conditions, the Canadian economy recovered as the year progressed. The gross domestic product grew by 2.5 % in 2014. On the other hand, development in the construction industry was relatively flat. While residential construction increased moderately, infrastructure construction declined.

Cement business line

In 2014, cement consumption in the USA rose by 8.8 % to 89 million tonnes. It is estimated that cement consumption in Canada declined by around 2 % in comparison with 2013.

Cement and clinker sales volumes of our plants, without consideration of our joint venture Texas Lehigh Cement, reached 12.1 million tonnes (previous year: 11.6), an increase of 4.1 %. The highest rise in volumes was recorded in the South Region. Following a weak start to the year due to adverse weather conditions, the North Region also experienced a pleasing development and benefited from lively construction activity in all areas. The West Region likewise achieved considerable growth in sales volumes. The same was true for our plants in Canada, although to a somewhat lesser extent. In the reporting year, the sales volumes of our two white cement plants recorded double-digit growth compared with 2013. Price increases were successfully carried out in all key markets in both the USA and Canada. Revenue of the cement business line rose by 5.8 % in 2014 to €1,115 million (previous year: 1,054).

In the Permanente cement plant in Cupertino, California, major modernisation measures were continued or completed. In the Tehachapi cement plant, also in California, equipment for the recycling of solid biomass was installed. In the North Region, we commenced construction of a replacement terminal near Richmond, Virginia, which will allow markets in the centre and south of Virginia to be supplied more effectively. Furthermore, investments were made in all US cement plants to comply with the new National Emission Standards for Hazardous Air Pollutants (NESHAP) coming into effect in September 2015.

Aggregates business line

In the USA and Western Canada, HeidelbergCement has a dense network of production sites for sand, gravel, and hard rock. Total sales volumes exceeded the previous year by 6.1 %, with 110.5 million tonnes (previous year: 104.1). All regions achieved significant increases in volumes; only the Canada Region fell slightly short of the 2013 figures. Demand in the West Region even rose at a double-digit level, with the strongest growth recorded in the metropolitan areas of San Francisco and Los Angeles. Revenue of the aggregates business line rose by 10.2 % to €1,150 million (previous year: 1,043).

We increased our production and logistics capacities in the South Region, with the opening of a new aggregates rail terminal and the construction of a new processing facility in Texas, among others.

Ready-mixed concrete-asphalt business line

This newly defined business line covers the ready-mixed concrete and asphalt business. While we have an extensive network of ready-mixed concrete plants throughout the Group area, asphalt production is mainly concentrated on the states of New York, Pennsylvania, and California.

In 2014, deliveries of ready-mixed concrete increased in all market regions. In total, they rose by 8.5 % to 6.3 million cubic metres (previous year: 5.8). Excluding consolidation effects, the growth amounted to 7.3 %. We achieved the highest increase – at a double-digit level – in the West Region. The second-highest rise in volumes was recorded in the Canada Region, driven by strong construction activity in the Canadian province of Alberta and in the US state of Washington. The first-time consolidation of the recently acquired production sites in the Saskatchewan province also had an impact in the Canada Region.

In order to strengthen our market position in Canada, we acquired the majority stake in the Cindercrete Products Group in the Saskatchewan province in July. It operates, among other things, ready-mixed concrete plants in the urban centres of Saskatoon and Regina.

Asphalt sales volumes increased by 16.4 % to 3.6 million tonnes (previous year: 3.0) in the reporting year. The market regions, however, showed varying trends: while we achieved high double-digit growth in the states of New York and Pennsylvania due to increasing road construction activity, demand in California declined in comparison with the previous year.

In 2014, total revenue of the ready-mixed concrete-asphalt business line rose by 10.2 % to €874 million (previous year: 794).

Service-joint ventures-other business line
At the end of 2014, HeidelbergCement concluded an agreement with the financial investor Lone Star Funds on the sale of the building products business line in North America and the United Kingdom. This transaction was completed in the first quarter of 2015. As part of an integrated business, the concrete pipes operating line in Western Canada, which has been assigned to the newly defined service-joint ventures-other business line, was excluded from the sales agreement.

Our joint venture Texas Lehigh Cement Company LP, headquartered in Austin, Texas, is also included in this business line. The company, in which we hold a 50 % stake, operates a cement plant in Buda, Texas. With a double-digit increase, the cement sales volumes of the joint venture experienced a good development in the reporting year.

Revenue of the business line, which includes the concrete pipes operating line and other non-core activities, grew by 8.9 % to €257 million (previous year: 236).

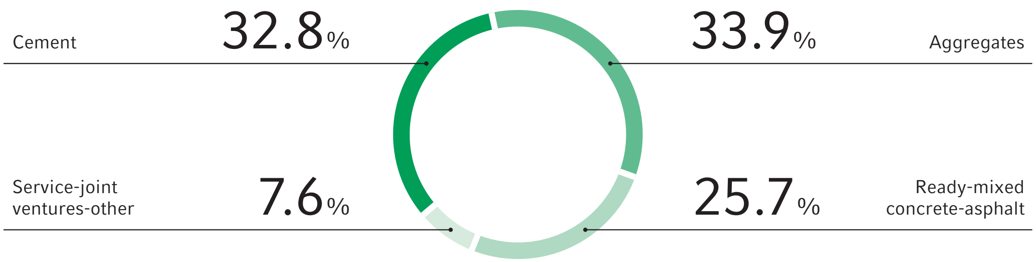
Revenue and results
After conversion to euro, total revenue in the North America Group area increased by 10.2 % to €3,049 million (previous year: 2,766). In operational terms, i.e. excluding consolidation and exchange rate effects, revenue rose by 11.9 %. As a result of the growth in sales volumes, successfully implemented price increases, and strict cost management, we were able to improve operating income before depreciation (OIBD) by 9.9 % to €610 million (previous year: 555); excluding currency and consolidation effects, the improvement amounted to 12.5 %. Operating income even rose by 14.1 % to €412 million (previous year: 362). Excluding consolidation and exchange rate effects, the increase was 17.6 %. Operating income of the previous year even included proceeds of €25 million from the sale of an exhausted quarry.

Key data North America

€m	2013 [1]	2014	Change
Revenue	2,766	**3,049**	10.2 %
Operating income	362	**412**	14.1 %
Investment in property, plant, and equipment	181	**214**	18.2 %
Cement and clinker sales volumes (Mt)	11.6	**12.1**	4.1 %
Aggregates sales volumes (Mt)	104.1	**110.5**	6.1 %
Ready-mixed concrete sales volumes (Mm^3)	5.8	**6.3**	8.5 %
Asphalt sales volumes (Mt)	3.0	**3.6**	16.4 %
Employees as at 31 December	7,513	**7,644**	1.7 %

1) Amounts restated

Revenue North America 2014: €3,049 million



Asia-Pacific

The Asia-Pacific Group area comprises seven Asian countries and Australia. In most of the growth countries of Asia, the focus is on cement production. In Indonesia, in particular, cement capacities are currently undergoing major expansion. In Malaysia, Hong Kong, and Indonesia, HeidelbergCement maintains a strong market position in aggregates and ready-mixed concrete. In Australia, we have significant market positions in ready-mixed concrete and aggregates, with a dense network of production sites. We also hold a 50 % participation in the largest cement company in Australia.

The emerging countries of Asia remained on course for growth in 2014, although the economic dynamics have weakened slightly as a whole. The Chinese economy continued to slow down. In 2014, the Chinese economy grew by 7.4 %, after a rate of 7.7 % in the previous two years. In India, the economy showed signs of recovery in 2014. Economic growth increased slightly to 6.9 %; at the same time, inflation and current account deficit declined significantly. In Indonesia, economic growth has slowed down noticeably due to the declining raw material prices. Economic output rose by only 5.0 % in 2014 compared with 5.6 % in the previous year. Following the presidential elections, the new government introduced structural reforms to stimulate the economy and significantly reduced fuel subsidies. The resources made available are to be used for the urgently required infrastructure expansion. Despite declining investments in the raw materials sector, Australia registered robust economic development; gross domestic product increased by 2.5 % in 2014.

The prospect of a reduction in bond purchases by the US Federal Reserve (tapering) led, in the second half of 2013, to the withdrawal of capital from abroad and a strong currency depreciation in a number of countries, particularly in Indonesia and India. The Australian dollar also weakened noticeably in 2013. The impact of these currency depreciations was still evident, especially in the first three quarters of 2014. The weakness of the euro from the middle of 2014, however, led to positive currency effects in the fourth quarter.

Cement business line

Cement and clinker deliveries of the Asia-Pacific Group area grew by a total of 5.0 % in 2014 to 24.6 million tonnes (previous year: 23.4). Excluding consolidation effects, the increase amounted to 7.0 %.

In Indonesia, our largest Asian market, construction activity slowed down for most of 2014 in the run-up to the presidential elections. But it picked up considerably in the fourth quarter. Total domestic cement consumption was up 3.3 % in comparison with the previous year. Indocement's domestic sales volumes rose by 2.9 %. As Indocement focuses on domestic demand, low-margin export deliveries remained at a very low level, as in the previous year. Total cement and clinker sales volumes increased by 2.5 % to 18.7 million tonnes (previous year: 18.2). The growth in sales volumes and higher sales prices led to an improvement in revenue in local currency, but the result declined slightly. Due to new capacities in the Indonesian cement market and heightened competitive pressure, price increases could not fully offset the notably rising costs, in particular for electricity. In view of the unabated promising growth prospects in Indonesia, Indocement is continuing the expansion of its cement capacity. The construction of an additional cement grinding facility at the Citeureup plant was completed and test runs were started at the end of 2013. The grinding facility with a capacity of 1.9 million tonnes went fully into operation in May 2014. We continue to further expand the Citeureup plant: In October 2013, the foundation stone was laid for the construction of a new integrated production line with a cement capacity of 4.4 million tonnes, which is to be completed by the fourth quarter of 2015.

In India, the restraint of the government with regard to infrastructure projects in the first half of the year and the high level of interest rates continued to have an adverse effect on construction activity and cement demand. In addition, the legal restrictions relating to the extraction of sand negatively impacted construction activity. Domestic cement consumption rose by around 5 % to 6 % in 2014. In contrast, the deliveries of our Indian cement plants increased markedly by 16.1 %, primarily as a result of the expansion of our cement capacities in central India by 2.9 million tonnes. We officially commissioned the new facilities at our Damoh plant in the state of Madya Pradesh and at our Jhansi plant in the state of Uttar Pradesh in February 2013. Production was subsequently ramped up. The sale of the Raigad cement grinding plant in the western Indian state of Maharashtra, which was initiated in 2013, was completed on 3 January 2014. HeidelbergCement now has a total annual cement capacity of 5.6 million tonnes in India. Excluding the consolidation effect, the growth in our sales volumes amounted to 31.3 %. The positive development of sales volumes and price increases resulted in a considerable improvement in revenue and results.

In Bangladesh, our cement shipments rose significantly, although sales prices were below the previous year's level due to increased competition. In the Sultanate of Brunei, our cement sales volumes decreased noticeably; following the completion of several infrastructure projects, new projects have not yet commenced.

Revenue of the cement business line fell by 1.9 % to €1,481 million (previous year: 1,510) as a result of the negative currency effects.

Aggregates business line

In the aggregates business line, HeidelbergCement is represented in Australia, Malaysia, and Indonesia. In 2014, our aggregates activities achieved record sales volumes of 37.7 million tonnes (previous year: 36.2) with a growth rate of 4.2 %. Excluding consolidation effects, the increase in sales volumes amounted to 5.9 %.

In Australia, by far our biggest aggregates market in this Group area, strong demand was recorded especially in the metropolitan areas of Sydney and Perth. This more than offset the marginal declines in volumes in the mining areas of northwestern Australia and Queensland. Although sales prices were lower than the previous year, a moderate increase in revenue was achieved in local currency. At the end of November 2014, we acquired a large sand pit in Axedale, in the state of Victoria, to secure further aggregates reserves in the Melbourne metropolitan region. While our deliveries in Malaysia decreased slightly, our aggregates activities in Indonesia saw a strong rise in volumes. As part of the optimisation of its aggregates business, Indocement sold its 51 % shareholding in PT Gunung Tua Mandiri in August 2014. Despite the positive development of sales volumes, revenue of the aggregates business line dropped by 3.1 % to €530 million (previous year: 547), owing to the negative currency effects.

Ready-mixed concrete-asphalt business line
HeidelbergCement operates ready-mixed concrete activities in Australia, Indonesia, and Malaysia. In Malaysia, we conduct major asphalt activities. We only operate one asphalt plant in Australia.

With a marginal decline of 0.3 %, the business line's ready-mixed concrete sales volumes nearly remained at the previous year's level at 11.4 million cubic metres (previous year: 11.4). While our deliveries fell slightly in Malaysia and a noticeable decrease in volumes was recorded in Indonesia due to the decline in demand in the run-up to the presidential elections, our ready-mixed concrete business in Australia experienced a significant growth in sales volumes.

Deliveries of the asphalt operating line improved by 4.7 % to 2.3 million tonnes (previous year: 2.2) thanks to the sustained strong demand in Malaysia. Revenue of the ready-mixed concrete-asphalt business line almost reached the previous year's level with €1,103 million (previous year: 1,107).

Service-joint ventures-other business line
The service-joint ventures-other business line essentially comprises the cement, aggregates, and ready-mixed concrete activities of our joint ventures in the Chinese provinces of Guangdong and Shaanxi as well as in Hong Kong and our joint venture Cement Australia. Under the new accounting standard IFRS 10, these major operating units are accounted for using the equity method. We also operate two precast concrete plants in Australia in the Sydney metropolitan area, as well as activities for road construction in Malaysia.

In China, we are represented in the cement business with the two joint ventures China Century Cement and Jidong Heidelberg Cement Company in the Guangdong and Shaanxi provinces. Sales volumes of both companies in 2014 increased by 0.3 % in comparison with the previous year. The rise in sales volumes in Shaanxi offset the decrease in volumes in Guangdong. Our shipments of aggregates in Hong Kong registered strong growth, as did our sales volumes for ready-mixed concrete in Hong Kong and Guangdong.

In Australia, our joint venture Cement Australia achieved a moderate increase in sales volumes. After the successful completion of grinding tests, the new grinding facility in the harbour of Port Kembla with a capacity of 1.1 million tonnes has started production.

Revenue of the business line, which is only generated by the two Australian precast concrete plants and the road construction activities in Malaysia, fell by 3.8 % to €36 million (previous year: 38).

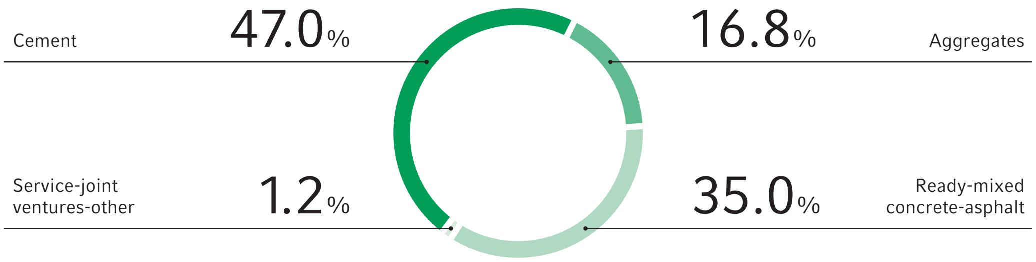
Revenue and results
Revenue of the Asia-Pacific Group area decreased by 2.1 % to €2,818 million (previous year: 2,877). Excluding consolidation and exchange rate effects, however, an increase of 7.3 % was recorded. The negative currency effect amounting to €229 million arose, in particular, from the drastic weakening of the Indonesian rupiah and the Australian dollar against the euro. Operating income before depreciation (OIBD) fell by 4.6 % to €743 million (previous year: 778) compared with the previous year. Excluding consolidation and exchange rate effects, growth of 5.0 % was recorded. Operating income declined by 4.4 % to €623 million (previous year: 651). Excluding consolidation and exchange rate effects, it rose by 5.1 %.

Key data Asia-Pacific

€m	2013 [1]	2014	Change
Revenue	2,877	**2,818**	-2.1 %
Operating income	651	**623**	-4.4 %
Investment in property, plant, and equipment	245	**322**	31.8 %
Cement and clinker sales volumes (Mt)	23.4	**24.6**	5.0 %
Aggregates sales volumes (Mt)	36.2	**37.7**	4.2 %
Ready-mixed concrete sales volumes (Mm^3)	11.4	**11.4**	-0.3 %
Asphalt sales volumes (Mt)	2.2	**2.3**	4.7 %
Employees as at 31 December	14,133	**13,482**	-4.6 %

1) Amounts restated

Revenue Asia-Pacific 2014: €2,818 million



Africa-Mediterranean Basin

In Africa, HeidelbergCement is represented in eight countries south of the Sahara, where it almost exclusively produces cement. Our locations in the Mediterranean Basin are situated in Spain, Israel, and Turkey. In Spain and Israel, HeidelbergCement mainly produces aggregates and ready-mixed concrete. In Turkey, our joint venture Akçansa is one of the country's leading cement manufacturers; in addition, Akçansa also manages ready-mixed concrete and aggregates activities.

The African countries south of the Sahara benefit from the dynamic raw material industry and are continuing to experience robust economic development and lively construction activity. Solid economic growth, population increase, urbanisation, and infrastructure measures are the main drivers in these countries with respect to the rise in construction activity and cement demand. Compared with the previous year, numerous African national currencies weakened. The Ghanaian cedi, in particular, drastically dropped in value against the euro. The Turkish economy has slowed down noticeably in comparison with the previous year. The Turkish economic output should have risen by around 2.7 % in 2014. The construction industry, however, continued to register lively activity, even if the momentum declined in the second half of the year. In Spain, the economy grew again in 2014 for the first time in six years, with an increase in gross domestic product of 1.4 %. However, the construction activity still suffered as a result of the property crisis, the only slowly improving high unemployment rate, and particularly the government's budget cuts, which resulted in a further reduction in infrastructure expenditure. In Israel, economic growth slowed down considerably in 2014 in comparison with previous years, with an estimated rate of 2.4 %. Thanks to numerous infrastructure projects, construction investments remained at a high level despite the decline in residential construction.

Cement business line

In Africa, our cement deliveries fell by 1.9 % to 6.4 million tonnes (previous year: 6.6). The decrease is primarily attributable to the deconsolidation of our cement activities in Gabon and the decline in exports from Togo. In addition, sales volumes decreased in the Democratic Republic of Congo due to rising import pressure. At the end of March 2014, we sold our participation in Cimgabon S.A. in Gabon as part of the optimisation of our portfolio. Excluding this consolidation effect, our sales volumes in Africa increased by 0.3 %. In Togo, our exports declined in comparison with the record volumes of the previous year, while we achieved a significant growth in volumes in the domestic market. Our main market regions, Ghana and Tanzania, recorded a pleasing rise in sales volumes. The outbreak of the Ebola epidemic in Sierra Leone and Liberia did not have a significant impact on cement demand; we registered strong increases in sales in both countries. Sales prices decreased slightly in some countries as a result of increased competitive pressure, particularly through imports.

In light of the good growth prospects, HeidelbergCement is expanding its activities in Africa. In Togo, HeidelbergCement's first newly constructed clinker plant in Africa commenced production at the end of 2014. The plant, with an annual capacity of 1.5 million tonnes, is located near the town of Tabligbo, around 80 km to the northeast of the capital Lomé. It was officially opened at the beginning of March 2015 and will supply clinker to HeidelbergCement's cement grinding plants in Togo and the neighbouring countries of Benin, Burkina Faso, and Ghana, reducing the need for expensive clinker imports. Moreover, we are constructing a cement grinding facility with a capacity of around 250,000 tonnes in the north of Togo, which is scheduled for completion in 2017. In Tanzania, the new cement mill with a capacity of 0.8 million tonnes was commissioned in September 2014, increasing our cement capacity in this country to 2.2 million tonnes. Construction of a new cement grinding plant in Burkina Faso near the capital of Ouagadougou with a capacity of 0.8 million tonnes was completed in the fourth quarter of 2014. The plant was officially opened in March 2015. With the scheduled commissioning of a new cement mill with a capacity of 0.8 million tonnes at the Takoradi plant in the in the second quarter of 2015, our total cement grinding capacity in Ghana will increase to 4.4 million tonnes. Following the successful conclusion of the four projects within the time frame and budget, we are also evaluating options for capacity expansion in other African countries.

Under the new accounting standards IFRS 10 and 11, our Turkish joint venture Akçansa is to be accounted for using the equity method as of 1 January 2014. Since the sales volumes of Akçansa are no longer proportionally included in the Group sales volumes, cement and clinker sales volumes of the Africa-Mediterranean Basin Group area only comprise the deliveries of our African subsidiaries. Consequently, cement and clinker sales volumes of the Group area fell by 1.9 % to 6.4 million tonnes (previous year: 6.6); excluding consolidation effects, an increase in volumes of 0.3 % was recorded. Revenue of the cement business line also decreased by 4.6 % to €622 million (previous year: 651) due to exchange rate effects.

Aggregates business line

HeidelbergCement is active in Spain and Israel in the aggregates business line. Our aggregates sales volumes increased slightly again in Spain for the first time since 2007. In contrast, our aggregates business in Israel recorded a decrease in volumes. As a whole, the Group area's deliveries of aggregates fell by 4.2 % to 10.8 million tonnes (previous year: 11.3). Excluding consolidation effects, the decrease in volumes amounted to 0.5 %. At €86 million (previous year: 86), revenue of the aggregates business line remained at the same level as the previous year.

Ready-mixed concrete-asphalt business line

In this Group area, HeidelbergCement conducts ready-mixed concrete activities in Spain and Israel. The asphalt operating line is only represented in Israel. Deliveries of ready-mixed concrete rose slightly by 1.2 % to 3.0 million cubic metres in 2014 (previous year: 3.0). The increase in sales volumes in Israel more than offset the decrease in volumes in Spain. The asphalt operating line in Israel reported a decline in sales volumes of 22.8 % to 0.4 million tonnes (previous year: 0.5) due to fewer municipal activities and delays in new projects. Revenue of the ready-mixed concrete-asphalt business line decreased overall by 0.7 % to €207 million (previous year: 208).

Service-joint ventures-other business line

The service-joint ventures-other business line essentially includes the cement, aggregates, and ready-mixed concrete activities of our Turkish joint venture Akçansa. The domestic cement sales volumes of Akçansa increased by 5 % in the reporting year. In contrast, cement and clinker exports declined. All in all, Akçansa's cement and clinker sales volumes decreased marginally by 0.4 %, thus remaining only slightly below the previous year's level. While ready-mixed concrete shipments also decreased only marginally, aggregates sales volumes recorded a stronger decline. Overall, Akçansa achieved a strong improvement in results due to the good domestic demand for cement and substantial price increases in all business lines.

Revenue of the business line, which only includes some smaller non-core activities in the transport and other services divisions in Israel and Spain, rose by 3.5 % to €35 million (previous year: 34).

Revenue and results

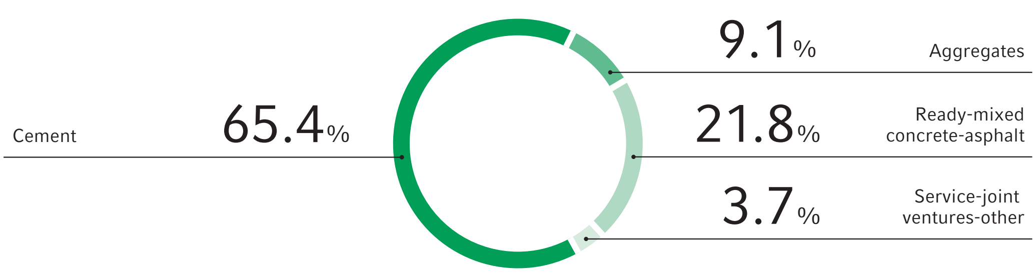
Revenue of the Africa-Mediterranean Basin Group area fell by 4.1 % to €910 million (previous year: 949). In operational terms, i.e. excluding consolidation and exchange rate effects, growth of 11.4 % was recorded. At €213 million (previous year: 195), operating income before depreciation (OIBD) came in 9.0 % above the previous year; excluding exchange rate effects, the increase amounted to 28.1 %. Operating income improved by 10.4 % to €184 million (previous year: 166); excluding consolidation and exchange rate effects, the growth amounted to 31.7 %.

Key data Africa-Mediterranean Basin

€m	2013 [1]	2014	Change
Revenue	949	**910**	-4.1 %
Operating income	166	**184**	10.4 %
Investment in property, plant, and equipment	135	**122**	-9.9 %
Cement and clinker sales volumes (Mt)	6.6	**6.4**	-1.9 %
Aggregates sales volumes (Mt)	11.3	**10.8**	-4.2 %
Ready-mixed concrete sales volumes (Mm³)	3.0	**3.0**	1.2 %
Asphalt sales volumes (Mt)	0.5	**0.4**	-22.8 %
Employees as at 31 December	2,885	**2,811**	-2.6 %

1) Amounts restated

Revenue Africa-Mediterranean Basin 2014: €910 million



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 responsible for the maritime transport of cement, clinker, and other building materials produced by HeidelbergCement plants, as well as for the purchase and delivery of coal and petroleum coke also via sea routes to our own locations and to other cement companies around the world.

Thanks to the global trading network of HC Trading, with employees from 20 countries, strategically important locations in Malta, Istanbul, Singapore, Shanghai, and Dubai, as well as representations in South America, the United Kingdom, Bangladesh, Vietnam, and Madagascar, we are able to better control the capacity utilisation of our plants and deliver the surplus production from one country to another with high demand for cement and clinker. HC Trading managed to increase its trade volume and revenue in the reporting year by 15.2 % to 21.5 million tonnes (previous year: 18.7) and 14.5 % to €1,077 million (previous year: 941), respectively. 9 % of these deliveries were within the Group, while 91 % went to other international companies that make use of our competitive, efficient, and global trading network.

Our deliveries of cement, clinker, and other building products, such as lime and dry mortar, rose by 9.8 % to 15.1 million tonnes (previous year: 13.7) in 2014. The largest volumes were destined for Africa, Bangladesh, and North and South America. The key supply countries were Turkey, Vietnam, Portugal and Spain.

International trading in coal and petroleum coke increased in the reporting year by 30.0 % to 6.4 million tonnes (previous year: 4.9). In addition to Group-owned cement plants, HC Trading supplied also the global cement industry in Africa, Europe, Middle East and Asia. The key supply countries were the USA, South Africa and Australia.

Overall, more than 1,100 ships transported the goods in 2014, mostly via the main sea routes of Asia, the Mediterranean Basin, and Continental Europe to their destinations in Africa, the Middle East, and South America. Thanks to its sophisticated logistics, HC Trading is able to respond quickly to changing market conditions.

Revenue and results

Revenue in Group Services increased by 14.5 % to €1,077 million (previous year: 941). Operating income before depreciation (OIBD) rose by 27.8 % to €27 million (previous year: 21), which was due to increased trading volumes and the diversification of destinations and customers. Operating income rose in the same order of magnitude to €27 million (previous year: 21).

Key data Group Services

€m	2013	2014	Change
Revenue	941	**1,077**	14.5 %
Operating income	21	**27**	27.9 %
Cement and clinker sales volumes (Mt)		**0.5**	
Employees as at 31 December	61	**79**	29.5 %

Discontinued operations

On 23 December 2014, HeidelbergCement signed an agreement with an American subsidiary of Lone Star Funds on the sale of its building products business in North America (excluding Western Canada) and the United Kingdom (referred to as Hanson Building Products).

Hanson Building Products is a leading manufacturer of concrete pressure and sewage pipes in North America and one of the largest brick producers in North America and the United Kingdom. By selling Hanson Building Products, HeidelbergCement is consistently pursuing its strategy of focusing on the refinement of raw materials for its core products cement and aggregates, as well as downstream concrete activities. The total purchase price amounts to US$1.4 billion, of which about US$ 1.3 billion became due upon the conclusion of the transaction and an amount of up to US$100 million is conditional on the success of the business in 2015 and payable in 2016. The transaction was completed in the first quarter of 2015.

Discontinued operations also include expenses and income relating to provisions for damages and environmental obligations for US subsidiaries of the Hanson Group, which was taken over in 2007.

The net loss of €-147.6 million (previous year: 24.8) from the discontinued operation Hanson Building Products and of €-31.3 million (previous year: 97.9) from operations of the Hanson Group that were discontinued in previous years are explained in detail in the Notes on page 213 f.

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Statement of cash flows

Compared with the previous year, the 2014 financial year was characterised by a significant increase in the internal financing capability of the Group. The financial resources gained were used for the slightly declining investments and the reduction in net debt.

The cash inflow from operating activities of continuing operations increased by €269 million to €1,374 million (previous year: 1,105). This rise was mainly attributable to the decline of €143 million in provisions through cash payments to €223 million (previous year: 365), the increase of €88 million in interest received to €193 million (previous year: 105), and the decline of €72 million in income tax payments to €315 million (previous year: 387). The decrease in provisions through cash payments is essentially a result of the disbursement in 2013 of €161 million for the legally confirmed penalty notice by the German Federal Court of Justice for antitrust violations in the years from 1990 to 2002. The increase in interest received while the level of interest paid remained almost unchanged is largely due to special effects arising from the settlement of interest rate swaps.

In contrast, the increase of €213 million in cash outflow from working capital to €27 million (previous year: cash inflow of 186) adversely affected liquidity.

Cash outflow from investing activities of continuing operations declined by €74 million to €959 million (previous year: 1,034). Cash-relevant investments fell by €116 million to €1,125 million (previous year: 1,240). These related mainly to investments in property, plant, and equipment, as well as in subsidiaries and other business units. Acquisitions in this respect included particularly the remaining 65.98 % of shares in the Cimescaut Group, Belgium (€50.3 million), which was previously accounted for at equity, 100 % of the shares in Espabel NV, Belgium (€31.5 million), as well as 87.5 % of the shares in the Cindercrete Products Group, Canada (€41.7 million). Further details on the acquisitions can be found on page 196 f. in the Notes. €489 million (previous year: 436) related to investments for sustaining and optimising our capacities and €635 million (previous year: 804) to capacity expansions.

Financing activities of continuing operations generated a cash outflow of €717 million (previous year: cash inflow of 83) in the reporting year. The net proceeds from and repayment of bonds and loans covers the change in non-current and current financial liabilities and essentially include the issuance of two new bonds for €500 million in March 2014 and US$75 million in August 2014. The issue proceeds were used to refinance existing bank debts and the bond of €1 billion that was repaid in October. The US$75 million bond was fully repaid already in the reporting year. This item also includes the utilisation of the syndicated credit facility, the repayment of several debt certificates, in- and outflows from the repayment of issued commercial papers, and changes to current bank debts with high turnover rate. In the previous year, a bond of US$750 million that matured in March 2013 was repaid; moreover, a bond of €75 million that matured in the course of the year and two multi-year bonds with issue volumes of €300 million and €500 million, respectively, were issued.

The decline of €93 million in the cash outflow from the change in ownership interests in subsidiaries to €17 million (previous year: 110) is essentially attributable to the increase in our participation in the Russian cement company CJSC "Construction Materials" from 51 % to 100 % in the previous year. Dividend payments led to a cash outflow of €278 million (previous year: 180), with dividend payments of HeidelbergCement AG making up €112.5 million (previous year: 88.1) of this figure.

The cash flow from discontinued operations primarily relates to the activities of the building products business in North America and the United Kingdom (Hanson Building Products), which is held for sale.

In the 2014 financial year, HeidelbergCement was able to meet its payment obligations at all times.

Consolidated statement of cash flows (short form)

€m	2013 [1]	2014	Difference
Cash flow	1,284	**1,624**	340
Changes in working capital	186	**-27**	-213
Decrease in provisions through cash payments	-365	**-223**	143
Cash flow from operating activities – continuing operations	1,105	**1,374**	269
Cash flow from operating activities – discontinued operations	62	**106**	44
Cash flow from operating activities	1,167	**1,480**	313
Investments (cash outflow)	-1,240	**-1,125**	116
Other inflows of cash and cash equivalents	207	**165**	-41
Cash flow from investing activities – continuing operations	-1,034	**-959**	74
Cash flow from investing activities – discontinued operations	-3	**-14**	-10
Cash flow from investing activities	-1,037	**-973**	64
Capital increase – non-controlling shareholders	3	**1**	-2
Dividend payments	-180	**-278**	-99
Changes in ownership interests in subsidiaries	-110	**-17**	93
Net proceeds from / repayment of bonds and loans	370	**-422**	-792
Cash flow from financing activities – continuing operations	83	**-717**	-800
Cash flow from financing activities – discontinued operations	0	**-1**	-1
Cash flow from financing activities	83	**-718**	-801
Effect of exchange rate changes	-228	**88**	316
Change in cash and cash equivalents	-15	**-123**	-108

1) Amounts restated

Investments

A strict spending discipline regarding investments continued to form a significant cornerstone of our rigid and consistent cash management in the 2014 financial year. Cash flow investments totalled €1,125 million in the reporting year (previous year: 1,240). Our investments, plus €31 million that was invested in the building products business in North America and the United Kingdom and is shown under discontinued operations in the segment reporting, thus remained slightly below the planned value of €1.2 billion. €941 million (previous year: 861) was attributed to investments in property, plant, and equipment, including intangible assets. Investments in financial assets and other business units amounted to €184 million (previous year: 379).

Investments in property, plant, and equipment related partly to maintenance, optimisation, and environmental protection measures at our production sites, but also included numerous projects to improve energy efficiency and environmental protection in all Group areas. For instance, we extended the use of alternative fuels at our Slite cement plant in Sweden and our Padeswood cement plant in the United Kingdom, in addition to installing a system for the recycling of solid biomass at our Californian cement plant Tehachapi. At the Fieni plant in Romania, an installation that generates electricity from kiln waste heat is under construction and should come into operation in the second half of 2015. We are also building a similar installation at our Damoh plant in India; commissioning is planned for the start of 2016. In the USA, we carried out investments in all cement plants to meet the new National Emission Standards for Hazardous Air Pollutants (NESHAP) coming into effect in September 2015.

In 2014, we also made targeted investments in Asia, Africa, and Central Asia in order to lay the foundations for future growth. Larger expansion projects in Asia included the construction of a cement grinding facility with a capacity of 1.9 million tonnes and a new integrated production line with a cement capacity of 4.4 million tonnes, both at our Citeureup plant in Indonesia. Our most important investment projects in Africa comprise the construction of a new clinker plant in Togo with a capacity of 1.5 million tonnes and the expansion of our cement grinding capacities in Tanzania, Ghana, Togo, and Burkina Faso by a total of 2.7 million tonnes. In Central Asia, we built the new CaspiCement plant in Kazakhstan with a capacity of 0.8 million tonnes.

The investments in financial assets and other business units related primarily to the increase in shares in the Belgian Cimescaut Group, the acquisition of Espabel NV, which is also based in Belgium, and the majority participation in the Canadian Cindercrete Products Group, as well as the purchase of a quarry in Australia as part of an asset deal transaction, in addition to smaller acquisitions to round off shareholdings.

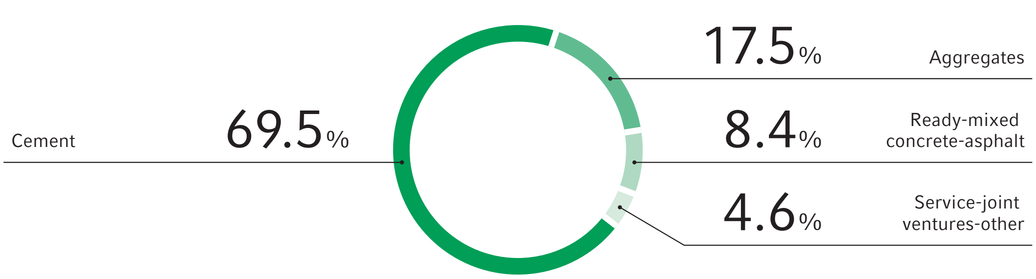
In 2014, more than 5 million tonnes of cement and clinker capacity were put into operation. This expansion includes a further grinding facility in the Indonesian Citeureup plant, additional grinding capacities and a clinker plant in Africa, as well as the CaspiCement plant in Kazakhstan.

Investments

€m	2013[1]	2014	Change
Western and Northern Europe	178	**188**	5.5 %
Eastern Europe-Central Asia	122	**95**	-22.1 %
North America	181	**214**	18.2 %
Asia-Pacific	245	**322**	31.8 %
Africa-Mediterranean Basin	135	**122**	-9.9 %
Group Services	0	**0**	
Financial assets and other business units	379	**184**	-51.6 %
Total	1,240	**1,125**	-9.3 %

1) Amounts restated

Investments in property, plant, and equipment by business lines in 2014



Consolidated balance sheet

The balance sheet total grew by €1,856 million to €28,133 million (previous year: 26,276) as at 31 December 2014.

Non-current assets increased by €664 million to €22,509 million (previous year: 21,845). Fixed assets rose by €272 million to €21,190 million (previous year: 20,918). Exchange rate effects totalled €1,077 million. Due to the impending disposal of the building products business of Hanson Building Products and the lime activities in Germany, fixed assets of €1,151 million have been reclassified to current assets.

Additions of €940 million to property, plant, and equipment were offset by depreciation of €666 million and disposals of €55 million. The increase of €56 million in financial assets mainly results from the joint ventures accounted for at equity.

Deferred tax assets, which originate for the most part from the capitalisation of tax losses carried forward and tax credits, grew by €292 million to €688 million (previous year: 396). The rise in other non-current receivables of €101 million to €616 million (previous year: 515) is largely attributable to the valuation of plan assets from defined benefit pension plans.

Current assets decreased by €156 million to €4,244 million (previous year: 4,401). Inventories fell by €14 million to €1,397 million (previous year: 1,411). Trade receivables declined by €43 million to €1,057 million (previous year: 1,101). Thanks to active receivables management, we were able to further accelerate the receipt of customer payments. The change in cash and cash equivalents is explained in more detail in the Statement of cash flows section on page 76 f.

On the equity and liabilities side, equity rose by €1,731 million to €14,245 million (previous year: 12,514). This is essentially attributable to the profit for the financial year of €687 million, currency translation differences of €1,388 million, and actuarial losses of €86 million. Dividends to shareholders of HeidelbergCement AG of €113 million and to shareholders of non-controlling interests of €166 million reduced equity by a total of €278 million. The consolidated statement of changes in equity is explained in detail on pages 172/173.

The drop of €507 million in interest-bearing liabilities to €8,222 million (previous year: 8,729) primarily resulted from the repayment of a bond of €1 billion in October and the issuance of a new bond of €500 million in March 2014. Moreover, in addition to the utilisation of the syndicated credit facility, several debt certificates and commercial papers were repaid.

Provisions increased by a total of €348 million to €2,445 million (previous year: 2,098). The rise of €204 million in pension provisions is essentially owing to lower discount rates. Other provisions rose by €144 million, of which €48 million is due to compounding and €102 million to currency translation.

The growth of €128 million in operating liabilities to €2,557 million (previous year: 2,428) is largely currency-related.

The liabilities associated with disposal groups concern the liabilities and provisions of the building products business of Hanson Building Products and the lime activities in Germany.

In the 2014 financial year, the net debt-to-equity ratio (gearing) fell by 9.7 percentage points to 48.6 % (previous year: 58.3 %), which was due to exchange rate effects in equity as well as the decrease of €378 million in net debt to €6,929 million (previous year: 7,307).

Consolidated balance sheet (short form)

€m	1 Jan. 2013 [1]	31 Dec. 2013 [1]	31 Dec. 2014	Part of balance sheet total 2014
Intangible assets and property, plant, and equipment	20,337	19,142	**19,358**	69 %
Financial assets	1,709	1,776	**1,832**	7 %
Other non-current assets	703	928	**1,319**	5 %
Current assets	4,691	4,401	**4,244**	15 %
Assets held for sale and discontinued operations	16	31	**1,380**	5 %
Shareholders' equity and non-controlling interests	13,647	12,514	**14,245**	51 %
Non-current liabilities	9,868	8,910	**8,638**	31 %
Current liabilities	3,940	4,844	**5,028**	18 %
Liabilities associated with assets held for sale and discontinued operations		8	**222**	1 %
Balance sheet total	27,455	26,276	**28,133**	100 %

1) Amounts restated

Key financial ratios

	2012	2013 [1]	2014
Assets and capital structure [2]			
Equity/total capital	49.1 %	47.7 %	**50.7 %**
Net debt/balance sheet total	25.2 %	27.8 %	**24.6 %**
Non-current capital/fixed assets	107.0 %	102.6 %	**108.1 %**
Gearing (net debt/equity)	51.3 %	58.3 %	**48.6 %**
Earnings per share			
Earnings per share (€)	1.52	3.93	**2.59**
Profitability			
Return on total assets before taxes [2]	4.3 %	6.0 %	**5.3 %**
Return on equity [2]	3.2 %	6.5 %	**6.1 %**
Return on revenue	3.1 %	6.7 %	**6.9 %**

1) Amounts restated
2) Without adjustment to IAS 32.18 b) non-controlling interests with put options in the amount of €45 million (2012), €45 million (2013), €28 million (2014)

Capital efficiency

Target of HeidelbergCement is to achieve a ROIC (Return On Invested Capital) equivalent to at least the weighted average cost of capital (WACC). HeidelbergCement defines the WACC as weighted average of the country specific cost of capital. The weighting is based on the invested capital. The company specific risk and the capital structure of HeidelbergCement as well as the various country risks are taken into account for determining the cost of capital.

According to HeidelbergCement, weighted cost of capital relevant for evaluating capital efficiency amounted to 6.9 % at the end of 2014. ROIC of HeidelbergCement was 5.9 % (previous year: 6.2 %) for 2014. Impairment, restructuring expenses, and the reclassification of the building products business in North America and the United Kingdom into discontinued operations had a negative effect on ROIC. Excluding these negative effects, ROIC amounted to 6.7 % (previous year: 6.1 %), which is a clear improvement compared to the previous year.

Group financial management

Financial principles and goals
The objective of external financing and safeguarding of liquidity is to ensure sufficient liquidity for the Group at all times. The crisis in the international capital markets has emphasised how important it is to focus on liquidity.

Our external financial flexibility is primarily assured by capital markets and a group of major international banks. Within the Group the principle of internal financing applies, i.e. financing requirements of subsidiaries are – where possible – covered by internal loan relationships. In 2014, our subsidiaries were financed according to this principle primarily by our finance company HeidelbergCement Finance Luxembourg S.A. (HC Finance Luxembourg S.A.) based in Luxembourg and by HeidelbergCement AG. This central financing principle ensures a uniform presence in the capital markets and also in relation to rating agencies, it eliminates structural benefits for individual creditor groups, and strengthens our negotiating position with credit institutions and other market participants. Furthermore, it enables us to allocate liquidity in the most efficient way and to monitor and eliminate the financial risk positions (currencies and interest) across the Group on the basis of net positions

The Group companies use either liquidity surpluses from other subsidiaries in cash pools (Germany, Scandinavia/Baltic States, USA, Benelux countries, Australia, United Kingdom, Canada, Czech Republic, Russia, Spain, and other countries) or are provided with intra-Group loans from HC Finance Luxembourg S.A. or HeidelbergCement AG. In some cases, the Group Treasury department also arranges credit lines for subsidiaries with local banks in order to accommodate legal, tax, or other conditions. Local financing is mainly used for particularly small volumes.

Financing measures
The year 2014 was characterised by the successful placement of two bonds and the signing of a €3 billion self-arranged syndicated credit facility.

On 25 February 2014, we signed a new €3 billion syndicated credit facility with a term ending at the beginning of 2019 to refinance the existing credit facility which would have expired in December 2015. The revolving credit line was early refinanced due to favourable market conditions. The multicurrency credit facility is intended as liquidity back-up and can be used for cash drawdowns as well as for letters of credit and guarantees.

Out of the box margin is reduced from 125 to 95 basis points. In addition, formerly existing upstream guarantees and share pledges could be removed (see the following table).

Syndicated facility agreement (SFA) executed on 25 February 2014		
Borrower	HeidelbergCement AG	
Facility amount	€3,000,000,000	
Facility	A syndicated multi-currency cash and letter of credit facility €500,000,000 letter of credit facility operating as a sub-limit	
Maturity date	25 February 2019	
Margins		
- Cash drawdowns	Initial margin in % p.a.	0.95
	Subsequent margin depending on the ratio of Group net debt to EBITDA:	
	Group net debt : EBITDA	**Margin in % p.a.**
	Greater than or equal to 3.50 : 1	1.15
	Less than 3.50 : 1 but greater than or equal to 3.00 : 1	0.95
	Less than 3.00 : 1 but greater than or equal to 2.50 : 1	0.85
	Less than 2.50 : 1 but greater than or equal to 2.00 : 1	0.75
	Less than 2.00 : 1 but greater than or equal to 1.50 : 1	0.65
	Less than 1.50 : 1	0.55
- Issued letters of credit	75.00 % p.a. of the applicable margin	
Utilisation fee	Depending on the aggregate amount of utilisations outstanding:	
	≤ 33.33 % outstanding	0.10 %
	> 33.33 % outstanding	0.20 %
	> 66.66 % outstanding	0.40 %
Upfront fee	0.60 % on the total commitment	
Commitment fee	35.00 %. p.a. of the applicable margin	
Financial covenants	Max. dynamic gearing ratio of 4.00x Min. interest coverage ratio of 3.50x	
Security	No upstream guarantees or any other kind of security	

The new syndicated credit facility agreement secures sufficient liquidity back-up for our company until 2019 at clearly better conditions. The fact that we were able to maintain the same banking group while securing better terms and conditions without any security reiterates the excellent reputation of HeidelbergCement in the banking sector and reflects the strength of our relationships with the banks. The removal of all securities and upstream guarantees is another important milestone on our way back to improved credit ratings and benefits all bondholders who now rank pari passu with all bank lenders.

The following banks were mandated as bookrunners and Mandated Lead Arrangers in this transaction: Bank of America Merrill Lynch, Bayern LB, BNP Paribas, Citigroup, Commerzbank, Danske Bank, Deutsche Bank, Svenska Handelsbanken, Helaba, ING Bank, Intesa Sanpaolo, LBBW, Mediobanca, Morgan Stanley, Nordea, RBS, RBI, SEB and Standard Chartered. Deutsche Bank is acting as documentation and facility agent.

As at 31 December 2014, only €292.9 million had been drawn upon the syndicated credit facility. The free credit line amounted to €2,707.1 million at year-end 2014 (see following table). Overall, it is thereby ensured that all Group companies have sufficient headroom for cash drawdowns as well as for letters of credit and guarantees to enable them to successfully finance operational business and new investments.

Credit line	
€m	31 Dec. 2014
Syndicated facility (SFA)	3,000.0
Utilisation (cash)	91.9
Utilisation (guarantee)	201.0
Free credit line	**2,707.1**

In 2014, we raised capital on the capital market at very favourable conditions by issuing two bonds under the €10 billion EMTN Programme. The first bond was issued on 12 March with an issue volume of €500 million and a five-year term until 12 March 2019. The bond bears a fixed coupon of 2.25 % p.a. The issue price was at 98.839 %, resulting in a yield to maturity of 2.5 %. The second bond issue followed on 12 August with an issue volume of US$ 75 million and a term of less than a year until 12 December 2014. The bond bore a fixed coupon of 0.60 % p.a. The issue price was at 99.995 %, resulting in a yield to maturity of 0.616 %. The proceeds from both bond issues were used for general corporate financing purposes.

The bonds issued in 2014 are unsecured and rank pari passu with all other financial liabilities. According to the terms and conditions of all the bonds issued since 2009 and the debt certificate issued in December 2011, 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. The consolidated EBITDA of €2,175 million and the consolidated interest expense of €526 million are calculated on a pro forma basis in accordance with the terms and conditions of the bonds. At the end of 2014, the consolidated coverage ratio amounted to 4.14. In the reporting year, net debt fell by €0.4 billion, and amounted to €6.9 billion (previous year: 7.3) as at 31 December 2014.

The following table shows the new issues and repayments of HeidelbergCement Group in 2014.

New issues and repayments of HeidelbergCement Group

Transaction	Offering date	Duration	Maturity date	Nominal volume	Yield
New issue / Repayment	2014-08-12	4 months	2014-12-12	USDm 75	0.600 %
New issue	2014-03-12	5 years	2019-03-12	EURm 500	2.250 %
Repayment	2008-05-07	6 years	2014-05-07	EURm 25	6.570 %
Repayment	2008-05-07	6 years	2014-05-07	EURm 18	variable
Repayment	2007-10-16	7 years	2014-10-16	EURm 100	6.000 %
Repayment	2009-10-21	5 years	2014-10-31	EURm 1,000	7.500 %
Early redemption SFA	2010-04-27	6 years	2014-02-25	EURm 3,000	variable
SFA refinancing	2014-02-25	5 years	2019-02-25	EURm 3,000	variable

The following tables show the financial liabilities of HeidelbergCement Group as at 31 December 2014.

Bonds payable

Issuer €m	Nominal volume	Book value	Coupon rate in %	Offering date	Maturity date	ISIN
HC Finance Luxembourg S.A.	650.0	665.5	6.500	2010-01-19	2015-08-03	XS0478802548
HC Finance Luxembourg S.A.	650.0	653.0	6.750	2010-07-01	2015-12-15	XS0520759803
HC Finance Luxembourg S.A.	300.0	305.4	4.000	2012-03-08	2016-03-08	XS0755521142
Hanson Limited US$m 750	619.9	636.7	6.125	2006-08-16	2016-08-15	US411349AA15
HC Finance Luxembourg S.A.	1,000.0	1,045.3	8.000	2009-10-21	2017-01-31	XS0458230322
HC Finance Luxembourg S.A. CHFm 150	124.7	124.9	7.250	2011-11-14	2017-11-14	CH0140684512
HC Finance Luxembourg S.A.	480.0	490.5	5.625	2007-10-22	2018-01-04	DE000A0TKUU3
HC Finance Luxembourg S.A.	500.0	507.6	9.500	2011-10-05	2018-12-15	XS0686703736
HC Finance Luxembourg S.A.	500.0	514.4	2.250	2014-03-12	2019-03-12	XS1044496203
HC Finance Luxembourg S.A.	500.0	495.3	8.500	2009-10-21	2019-10-31	XS0458685913
HC Finance Luxembourg S.A.	750.0	751.4	7.500	2010-01-19	2020-04-03	XS0478803355
HC Finance Luxembourg S.A.	300.0	316.8	3.250	2013-10-24	2020-10-21	XS0985874543
HC Finance Luxembourg S.A.	500.0	528.7	3.250	2013-12-12	2021-10-21	XS1002933072
Total		**7,035.5**				

Bank loans

Issuer €m	Nominal volume	Book value	Coupon rate in %	Offering date	Maturity date
Debt certificates					
HeidelbergCement AG	173.5	175.0	6.770	2011-12-20	2016-10-31
Syndicated facility					
HeidelbergCement AG	91.9	76.8		2014-02-25	2019-02-25
Others					
HeidelbergCement Group		301.2			
Total		**553.0**			

Other interest-bearing liabilities

Issuer €m	Nominal volume	Book value	Coupon rate in %	Offering date	Maturity date	ISIN
European Medium Term Note						
HC Finance Luxembourg S.A.	30.0	30.0	3-M-Euribor + 1.450	2005-06-09	2015-06-09	XS0221489155
Commercial Paper						
HeidelbergCement AG	433.9	433.9				
Others						
HeidelbergCement Group		141.7				
Total		**605.6**				

Non-controlling interests with put options

€m	Book value
Non-controlling interests with put options	27.7
Total	**27.7**

The following table shows the main liquidity instruments as at 31 December 2014.

Liquidity instruments

€m	31 Dec. 2014
Cash and cash equivalents	1,228.1
Liquidable financial investments and derivative financial instruments	36.9
Free credit line	2,707.1
Free liquidity	**3,972.2**

Rating

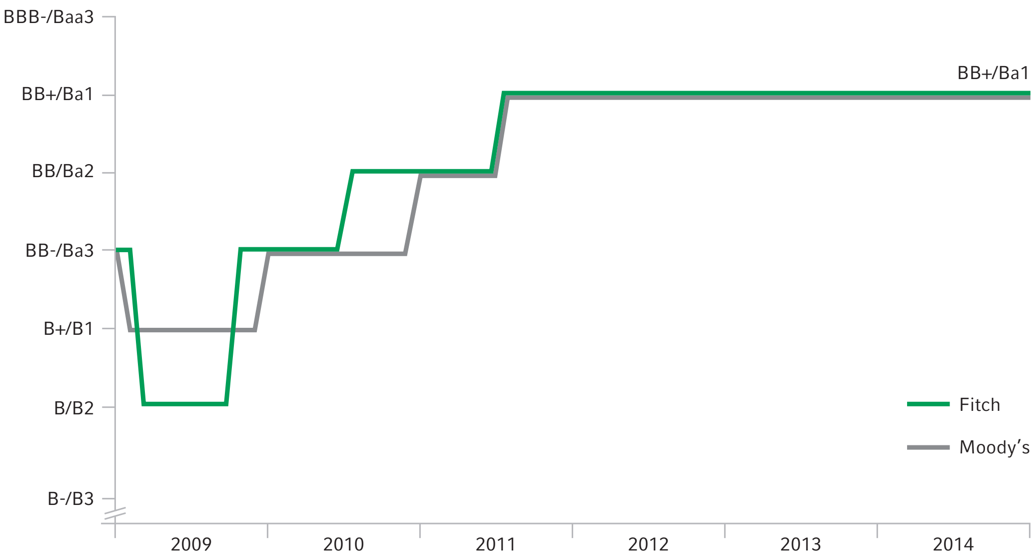
In the 2014 financial year, the company's credit rating by the rating agencies Moody's and Fitch Ratings remained stable at Ba1 and BB+, respectively. We were able to successfully continue issuance activity in the money market during the first ten months and issued a total volume of €3.3 billion via our €1.5 billion Euro Commercial Paper Programme over the course of 2014. In the last two months, issuance activity under the Commercial Paper Programme was gradually reduced in order to limit excess liquidity at the end of the year. As at 31 December 2014, €433.9 million of the Commercial Paper issued by HeidelbergCement AG remained outstanding. The €3 billion syndicated credit facility thereby serves as a backup line.

Ratings as at 31 December 2014

Rating agency	Long-term rating	Outlook	Short-term rating
Moody's	Ba1	stable	Not Prime
Fitch	BB+	stable	B

The consistent and successful reduction of net debt over recent years is reflected by the positive development of our credit ratings between 2009 and 2014:

Development of ratings 2009 – 2014



Results of operations, asset positions, and financial performance of HeidelbergCement AG

In addition to the Group reporting, the parent company's development is described below. In contrast to the consolidated financial statements, the annual financial statements of HeidelbergCement AG are prepared in accordance with German commercial law. HeidelbergCement AG's management report is combined with that of the HeidelbergCement Group in accordance with § 315, section 3 of the German Commercial Code (Handelsgesetzbuch, HGB), as the business trend, economic position, and future opportunities and risks of the parent company are closely linked with the Group on account of their common activity in the building materials business.

As the controlling company, HeidelbergCement AG plays the leading role in the HeidelbergCement Group. It is also operationally active in Germany in the cement business line and the lime operating line, with eleven cement plants and grinding facilities as well as one lime plant.

An agreement on the sale of the German lime operating line was concluded with the Belgian Lhoist Group on 18 December 2014. Subject to the approval of the German Federal Cartel Office, the final closing is anticipated for mid-2015. The sale covers the lime plant owned by HeidelbergCement AG in Istein, close to Lörrach, the lime plant Walhalla Kalk GmbH & Co. KG, a majority participation in Regensburg, as well as their kiln companies.

In 2014, business development in Germany benefited from the continued recovery in demand for building materials. The mild winter weather in the first quarter led to a significant increase in construction activity and therefore in demand for building materials compared with the previous year. This effect also resulted in an overall growth in cement sales volumes for the year. Revenue rose in line with the higher sales volumes and thanks to successfully implemented price increases.

Revenue of HeidelbergCement AG grew by 3.6 % to €545 million (previous year: 526). Material costs declined by 4.5 %, or €9 million, to €202 million (previous year: 211). This is primarily attributable to the ongoing considerable decline in energy costs and reduced clinker production. Other operating income increased to €149 million (previous year: 114). Personnel costs rose by €23 million to €198 million (previous year: 175), in particular due to the higher number of employees. Other operating expenses grew by €21 million to €226 million (previous year: 205). Overall, earnings before interest and taxes (EBIT) increased by €12 million to €31 million (previous year: 19).

The results from participations improved by €9 million to €-5 million (previous year: -14), which is essentially attributable to the decrease in loss compensation at HeidelbergCement International Holding GmbH, Heidelberg/Germany, and higher dividend distributions. Income from loans rose by €8 million to €47 million (previous year: 39). This was mainly due to new loans granted to African and Indian Group companies during the reporting year.

Other interest and similar earnings decreased by €54 million to €275 million (previous year: 329). Interest and similar expenses fell by €76 million to €229 million (previous year: 305). The decline in other interest and similar earnings as well as other interest and similar expenses is primarily attributable to the discontinuation of current interest payments from prematurely closed-out as well as regularly matured interest rate swaps with a nominal value of €2.3 billion. The premature close-out led to one-off earnings of €61.5 million.

Through the in-house banking activities, the financing measures of the subsidiaries lead to currency positions that are hedged by means of external foreign exchange transactions, which are appropriate in terms of maturities and amounts. As these hedging transactions do not, as a rule, relate to any valuation units, currency and interest gains or losses may arise. In accordance with the imparity principle, provisions for risks arising from hedging transactions were recognised at the end of the year to the extent of the negative market values. Positive market values are not recognised as assets. The foreign currency results in the 2014 financial year amounted to €-34 million (previous year: 15).

Reversal of impairment in shares in affiliated companies totalling €3.4 million was carried out in the 2014 financial year.

The income tax of €16 million (previous year: 3) results from taxes of the reporting year and adjustments for previous years. Total profit for the 2014 financial year amounted to €67 million (previous year: 144), while balance sheet profit was €144 million (previous year: 130).

The balance sheet total fell by €0.5 billion to €18.7 billion (previous year: 19.2). This is primarily attributable to a decline of €0.6 billion in receivables from affiliated companies and of €0.5 billion in loans to affiliated companies.

On the assets side, shares in affiliated companies rose by around €50 million to €13.6 billion (previous year: 13.5), which is essentially due to the increase in the capital reserves of Heidelberger Beton GmbH, Heidelberg/Germany, and the issue of new HeidelbergCement shares for the acquisition of shares in Kerpen & Kerpen GmbH & Co. KG, Ochtendung/Germany. Loans to affiliated companies grew to €1.2 billion (previous year: 1.1) due to the issue of new loans. Financial assets rose by €0.2 billion to €14.9 billion (previous year: 14.7). Total fixed assets increased by a comparable amount to €15.1 billion (previous year: 15.0). Inventories decreased by €2.2 million to €62.4 million (previous year: 64.6), essentially as a result of the drop in clinker stock volumes. Trade receivables rose by €0.9 million to €8.5 million (previous year: 7.6) as a result of the mild December and associated growth in sales volumes and revenue. Receivables and other assets fell to €3.4 billion (previous year: 4.1), which is primarily due to the decrease in receivables from affiliated companies to €3.3 billion (previous year: 4.0) related to financing measures within the Group. Cash and cash equivalents declined by €37 million to €40 million (previous year: 77).

On the equity and liabilities side, the subscribed share capital increased by €1,249,431 (corresponding to 0.22 %) to €563,749,431 through the issue of 416,477 new shares. The capital increase against contributions in kind was made in the context of the increase of the participation in the logistics company Kerpen & Kerpen GmbH & Co. KG, Ochtendung, from 30 % to 100 %. The implementation of the capital increase was recorded in the commercial register on 13 February 2014. Overall, the equity remained virtually unchanged at €11.7 billion (previous year: 11.7). Provisions increased slightly to €0.45 billion (previous year: 0.40) in comparison with the previous year. In contrast, liabilities fell by €0.5 billion to €6.6 billion (previous year: 7.1).

Evaluation of the economic situation by Group management

As a whole, 2014 was characterised by good business development in the Group areas of HeidelbergCement. In the emerging countries of Asia and Africa, building materials consumption continued to grow, driven by the sustained economic growth. New housing construction rose significantly in North America and led to a corresponding increase in demand for cement. In Europe, the construction industry benefited from the mild winter weather at the start of the year. The significant upswing in the construction sector in the United Kingdom was driven by private residential construction and infrastructural projects, particularly in the London area. In Eastern Europe, the situation in most countries stabilised; Poland even registered pleasing growth. Only the conflict in eastern Ukraine had a negative impact on regional demand for building materials. Overall, the development of results benefited from our advantageous geographical positioning in local growth markets and from the fact that we are not represented, or only to a very limited extent, in the crisis-stricken countries of Southern Europe and the countries undergoing political upheaval in north Africa.

As a leading building materials producer, we benefited from the positive development of demand particularly in North America, Asia, and Sub-Saharan Africa, as well as in the United Kingdom. Furthermore, we were able to continue improving our operating margin with price increases in key Group countries and measures to reduce costs and optimise efficiency. This pleasing development was also supported by slightly declining energy prices. The overall operating business development was even so strong that revenue and operating income were improved despite significant negative currency effects. After adjustment for exchange rate and consolidation effects, we clearly met or even slightly exceeded our goal of moderately increasing revenue and operating income. The same applies for earnings before interest and taxes (EBIT). Thanks to the successful ongoing optimisation of our financing structure, we were able to further reduce interest costs in comparison with the previous year. However, the financial result deteriorated due to negative currency and interest rate effects. As expected, excluding non-recurring effects from additional ordinary result, taxes, and discontinued operations, we were able to improve the profit for the financial year. We were also able to improve ROIC before non-recurring effects, accordingly.

The cash inflow from operating activities grew considerably in comparison with the previous year, based on the good operational development as well as positive interest rate and tax effects, among other things. The previous year also included the one-off payment of the German anti-trust fine and negative exchange rate effects. We continued with our disciplined and targeted investments to expand cement capacities in attractive growth markets and, as announced, reduced expenditure in this respect to below the level of the previous year. As a consequence of the cash management discipline, net debt fell from €7.3 billion at the end of 2013 to €6.9 billion at the end of 2014. The dynamic gearing ratio improved accordingly from a factor of 3.3x at the end of 2013 to 3.0x at the end of 2014. The sale of the building products business that was signed in December 2014 is, however, dealt with asymmetrically. The contribution of the building products business is no longer included in operating income, while the payment of the purchase price is not yet taken into account in the net debt. If the receipt of the purchase price had been taken into consideration, we would have clearly achieved our goal of a factor under 2.8x. With the successful conclusion of a new syndicated credit facility of €3 billion and the issue of two bonds, we have continued to improve our financing structure and guaranteed our liquidity security at better conditions until 2019. At the end of 2014, the available liquidity was €4.0 billion.

Comparison of the business trend with the previous year's forecasts

Revenue forecast

In the 2013 Annual Report, the Managing Board projected a moderate increase in revenue on a comparable basis, i.e. adjusted for exchange rate and consolidation effects, for 2014. This forecast was based on the assumption that sales volumes of cement and aggregates would rise moderately. In addition, price increases were to take on a high priority. Both cement and aggregates sales volumes have developed as expected. Furthermore, we were able to increase our prices for cement and aggregates in key markets. Excluding exchange rate and consolidation effects, revenue rose by 8.4 % and was thus in line with expectations.

Expenditure forecast

In last year's Annual Report, a slight to moderate increase was anticipated for 2014 in the cost base for electricity, fuels, raw materials, and personnel. Energy costs developed better than expected in 2014 and were even marginally lower compared with the previous year. In absolute terms, they fell by 2.3 % or, as percentage of revenue, from 11.0 % 2013 to 10.3 % in 2014. Excluding exchange rate and consolidation effects, the increase of 4.0 % was in line with expectations. Aside from the exchange rate effect, the decisive factor was the declining price of coal, which we were able to use to our advantage by virtue of our rather short-term purchasing strategy in 2014. Electricity costs, on the other hand, increased.

Personnel costs also developed as expected in 2014 and grew moderately by 4.1 %; as a percentage of revenue, they rose from 16.2 % in 2013 to 16.3 % in 2014.

The weakening of numerous currencies against the euro restricted the rise in material and personnel costs. Excluding exchange rate and consolidation effects, the increase was slight to moderate and thus in line with expectations.

As anticipated, interest costs fell in comparison with the previous year due to an improved financing structure and despite the still higher level of debt at the beginning of the year. However, the financial result deteriorated as a consequence of negative currency and interest rate effects arising from the measurement of provisions and derivative financial instruments.

Profit forecast

On the basis of the expected development of revenue and expenditure, we forecast a moderate rise in operating income on a comparable basis before exchange rate and consolidation effects in the 2013 Annual Report. The adjusted operating income rose by 12.9 % and thus exceeded the forecast. The weaker than expected increase in energy costs contributed to this positive difference.

Comparison of the business trend with the forecast in the 2013 Annual Report

€m	Forecast Annual Report 2013	Actual 2013	Actual 2014	Change (adjusted for exchange rate and consolidation effects)
Revenue	Moderate increase on comparable basis	12,128	12,614	+4.0 % (+8.4 %)
Energy costs	Slight to moderate increase	1,333	1,302	-2.3 % (+4.0 %)
Wages and salaries	Slight to moderate increase	1,969	2,050	+4.1 % (+6.7 %)
Financing costs (financial result)	Slight decline	-537	-629	+17.1 % (interest costs -3.9 %)
Operating income	Moderate increase on comparable basis	1,519	1,595	+5.0 % (+12.9 %)

Additional statements

Statements in accordance with § 289, section 4 and § 315, section 4 of the German Commercial Code (HGB)

On 31 December 2014, the share capital of HeidelbergCement AG amounted to €563,749,431. It is divided into 187,916,477 no-par value bearer shares, each with a pro rata amount of €3, which corresponds to a proportionate amount of the subscribed share capital. Each share carries one vote at the Annual General Meeting. All shares carry the same rights and obligations; there are no different classes of shares. The Managing Board knows of no restrictions concerning voting rights or the transfer of shares.

Mr Ludwig Merckle, Ulm/Germany, holds directly and indirectly 25.34 % of the voting rights in the company, according to the notifications available to the company as at 31 December 2014 in accordance with the German Securities Trading Law (Wertpapierhandelsgesetz). No holder of shares has been granted special rights giving power of control.

The company's Managing Board is appointed and discharged by the Supervisory Board. The Articles of Association may be amended by the Annual General Meeting with a simple majority of the share capital represented at the time of voting, except where a greater majority is required by law. Amendments affecting only the wording of the Articles of Association may be made by the Supervisory Board.

As at 31 December 2014, there were two authorised capitals: namely, authorisation of the Managing Board and Supervisory Board to increase the capital by issuing new shares in return for cash contributions (Authorised Capital I), and authorisation of the Managing Board and Supervisory Board to increase the capital by issuing new shares in return for contributions in kind (Authorised Capital II). The Authorised Capitals are summarised as below. The complete text of the authorisations can be found in the Articles of Association, which are published on our website www.heidelbergcement.com under "Company/Corporate Governance/Articles of Association".

Authorised Capital I
The Managing Board is authorised to increase, with the consent of the Supervisory Board, the company's share capital by a total amount of up to €225,000,000 by issuing new no-par value bearer shares in return for cash contributions on one or more occasions until 5 May 2015 (Authorised Capital I). The shareholders must be granted subscription rights. However, the Managing Board is authorised, in certain cases described in more detail in the authorisation, to exclude the subscription rights of shareholders in order to realise residual amounts or to issue shares totalling up to 10 % of the share capital at a near-market price.

Authorised Capital II
The Managing Board is also authorised to increase, with the consent of the Supervisory Board, the company's share capital by a total amount of up to €54,850,569 by issuing new no-par value bearer shares in return for contributions in kind on one or more occasions until 5 May 2015 (Authorised Capital II). The subscription right of shareholders is generally excluded in the case of capital increases in return for contributions in kind. The authorisation governs, in particular,

the possibility of excluding the subscription right insofar as the capital increase in return for contributions in kind is performed for the purposes of acquisition of companies or to service option or conversion rights.

As at 31 December 2014, the authorisation to issue new shares in return for cash contributions forming the basis of the Authorised Capital I had not been exercised; the authorisation to issue new shares in return for contributions in kind forming the basis of the Authorised Capital II was used through the issuance of 416,477 shares (corresponding to an arithmetical nominal value of €1,249,431) in the reporting year 2014 for the acquisition of the remaining shares in Kerpen & Kerpen GmbH & Co. KG.

Conditional Share Capital
In addition, the Conditional Share Capital described below existed as at 31 December 2014. The share capital was conditionally increased by a further amount of up to €168,000,000, divided into up to 56,000,000 new no-par value bearer shares (Conditional Share Capital 2013). The conditional capital increase serves to back the issuance of option or conversion rights, or option or conversion obligations, on HeidelbergCement shares. The conditional capital increase is only carried out insofar as the Managing Board issues warrant or convertible bonds until 7 May 2018 under the authorisation of the Annual General Meeting from 8 May 2013 and the bearers of option or conversion rights make use of their rights. Warrant or convertible bonds may also be issued with option or conversion obligations.

The shareholders generally have a subscription right to newly issued warrant or convertible bonds. The authorisation governs specific cases in which the Managing Board may exclude the subscription right of shareholders to warrant or convertible bonds. The complete text of the Conditional Share Capital can also be found in the Articles of Association, which are published on our website www.heidelbergcement.com under “Company/Corporate Governance/Articles of Association”.

As at 31 December 2014, the authorisation to issue warrant or convertible bonds forming the basis of the Conditional Share Capital 2013 had not been used.

A corresponding volume limit as well as the deduction clauses ensure that the sum of all exclusions of subscription rights in the two existing Authorised Capitals and the Conditional Share Capital 2013 will not exceed a limit of 20 % of the share capital existing at the time the authorisation to exclude the subscription right comes into force. As at 31 December 2014, the company has no treasury shares and there is no authorisation to acquire treasury shares.

A list of the company’s significant agreements contingent on a change of control resulting from a takeover bid, and a summary of the effects thereof, is provided in the following in accordance with § 289, section 4, no. 8 and § 315, section 4, no. 8 of the German Commercial Code (HGB). Please note that we are disregarding agreements whose potential consequences for the company fall below the thresholds of €50 million in a singular instance or €100 million in the case of several similar agreements, as they will not normally affect the decision of a potential bidder. These change of control clauses are standard for this industry and type of transaction and have not been agreed with the intention of hindering any takeover bids.

As at 31 December 2014, the following significant agreements of HeidelbergCement AG were contingent on a change of control within HeidelbergCement AG resulting from a takeover bid.

Name of agreement/date	Type of contract	Nominal amount €m [1]	Repayment	Type of clause
Syndicated credit and aval agreements				
Syndicated credit line and aval credit facility of 25 February 2014	Credit and aval credit facility	3,000 [2]	to the extent outstanding by 25 February 2019	(1)
Bonds issued by HeidelbergCement Finance Luxembourg S.A., guaranteed by HeidelbergCement AG				
6.5 % bond 2010/2015	Debenture bond	650	to the extent outstanding by 3 August 2015	(3)
6.75 % bond 2010/2015	Debenture bond	650	to the extent outstanding by 15 December 2015	(3)
4.0 % bond 2012/2016	Debenture bond	300	to the extent outstanding by 8 March 2016	(3)
8.0 % bond 2009/2017	Debenture bond	1,000	to the extent outstanding by 31 January 2017	(3)
7.25 % bond 2011/2017	Debenture bond	CHFm 150	to the extent outstanding by 14 November 2017	(3)
5.625 % bond 2007/2018	Debenture bond	480	to the extent outstanding by 4 January 2018	(2)
9.5 % bond 2011/2018	Debenture bond	500	to the extent outstanding by 15 December 2018	(3)
2.25 % bond 2014/2019	Debenture bond	500	to the extent outstanding by 12 March 2019	(3)
8.5 % bond 2009/2019	Debenture bond	500	to the extent outstanding by 31 October 2019	(3)
7.5 % bond 2010/2020	Debenture bond	750	to the extent outstanding by 3 April 2020	(3)
3.25 % bond 2013/2020	Debenture bond	300	to the extent outstanding by 21 October 2020	(3)
3.25 % bond 2013/2021	Debenture bond	500	to the extent outstanding by 21 October 2021	(3)
Debt certificates issued by HeidelbergCement AG				
of 20 December 2011	Debt certificate	173.5	to the extent outstanding by 31 October 2016	(3)
Shareholders agreement				
between HeidelbergCement AG and IFC dated 19 May 2010, supplemented and revised on 19 January 2012	Agreement between HeidelbergCement AG and IFC as well as their associated shareholders in Scancem International DA	to be determined	to be determined	(4)

1) Provided that no other currency is specified
2) Of this figure, €292.9 million was outstanding as at 31 December 2014.

The relevant change of control clauses give the contractual partner or bearer of the bonds or debt certificates the right to immediately accelerate and to demand repayment of the agreement or outstanding loans, debenture bonds, or debt certificates, or to end the common participation in Scancem International DA in the event of a change in the company's shareholder structure as defined variously below.

The syndicated credit line and aval credit facility agreement dated 25 February 2014, marked (1) in the type of clause column gives each bank syndicate creditor the right, in the event of a change of control, to accelerate the loan amount it provided (plus any accrued interest) and to demand repayment accordingly. A change of control is deemed to occur when a person or a group of people acting jointly in the sense of § 2, section 5 of the German Securities Acquisition and Takeover Act (WpÜG) has acquired more than 30 % of the shares in the company.

The bonds marked (2) in the type of clause column give each bearer of the debenture bond the right of early termination in the event of changes in the shareholder structure that lead to a change in the control of the company.

A change of control is deemed to occur when more than 50 % of the subscribed capital or more than 50 % of the voting rights are controlled contractually or by other means. In connection with a concept of "registered partner", a change of control to (a) SC Vermögensverwaltung GmbH (formerly Spohn Cement GmbH) or (b) any partner of SC Vermögensverwaltung GmbH including successors and legatees of partners of SC Vermögensverwaltung GmbH and persons who are beneficial owners of shares in SC Vermögensverwaltung GmbH or (c) any legal person or foundation or comparable institution managed by such persons to whom shares in HeidelbergCement AG were transferred by persons mentioned under (a) to (c) is exempted from the change of control provision and thus from the regulation regarding a right of early termination.

The bonds and debt certificates marked (3) in the type of clause column give each bearer of the debenture bond or debt certificate the right, in the event of a change of control as described below, to demand full or partial repayment of the debt certificate from the company or, in the case of debenture bonds, at the company's option, the full or partial purchase of his debenture bonds by the company (or, at the company's request, by a third party) at the "early repayment amount". The early repayment amount means, in the case of the debt certificate, 100 % of the nominal amount of the debt certificate or, in the case of debenture bonds, 101 % of the nominal amount of the debenture bond plus accrued and unpaid interest up to (but not including) the repayment date defined in the bond terms.

A change of control is deemed to occur when one of the following events takes place:
- the company becomes aware that a person or group of persons acting in concert in the sense of § 2, section 5 of the German Securities Acquisition and Takeover Act (WpÜG) has become the legal or beneficial owner of more than 30 % of the company's voting rights, or
- the merger of the company with or into a third person or the merger of a third person with or into the company, or the sale of all or substantially all assets (consolidated) of the company to a third person, except in connection with legal transactions, as a result of which (a) in the event of a merger the holders of 100 % of the company's voting rights hold at least the majority of the voting rights in the surviving legal entity immediately after such a merger and (b) in the event of the sale of all or substantially all assets, the acquiring legal entity is or becomes a subsidiary of the company and becomes the guarantor for the debenture bonds.

The US$750 million 6.125 % bond taken out by Hanson Limited, issued on 16 August 2006 and maturing on 15 August 2016, now guaranteed by HeidelbergCement AG, includes a provision whereby not only the direct but also the indirect acquisition of more than 50 % of the shares or voting rights in Hanson Limited may represent a change of control. The acquisition of 30 % of the voting rights in HeidelbergCement AG, which indirectly holds 100 % of the shares in Hanson Limited, could be regarded as an indirect acquisition. A change of control would grant the bearers of this bond a put option at 101 % of the nominal value plus interest against Hanson Limited if, in connection with this change of control, the bond was downgraded below investment grade by certain rating agencies. As the bond is already classified below investment grade, this change of control provision is currently not applicable.

In May 2010, HeidelbergCement signed a shareholders agreement, marked (4) in the type of clause column, with International Finance Corporation (IFC), a member of the World Bank Group. The agreement was supplemented and revised on 19 January 2012. This agreement governs the rights of the shareholders in the jointly held Norwegian holding partnership Scancem International DA, which brings together the main African activities of HeidelbergCement in the countries south of the Sahara. The agreement provides IFC and its financial partners with the opportunity of selling their indirect holding in Scancem International DA to HeidelbergCement at a price that corresponds to the reference price determined according to certain requirements in the agreement, if an "adverse sponsor change in control" occurs. This is defined as a change in control at HeidelbergCement AG that leads to a mandatory offer, pursuant to the German Securities Acquisition and Takeover Act (WpÜG), for the outside shareholders of HeidelbergCement AG, if the purchaser of the control is either included in one of the sanction lists of the UN, EU, France, USA, or the World Bank specified in the agreement, or if the purchaser of the control takes action or makes decisions that would end or compromise the objectives planned with the IFC's participation in Scancem International DA, i.e. the modernisation and expansion of the jointly led activities in the African countries south of the Sahara.

Agreements also exist on pension schemes in the United Kingdom, which stipulate that a change of control (not contractually specified) at HeidelbergCement AG must be communicated to the trustees of these pension schemes. If, according to the corresponding regulatory guidelines, a change of control poses a considerable risk to the fulfilment of the pension obligations (Type A Event), the trustees can request negotiations on the suitability of the safeguarding of the pension cover and these can be verified by means of a clearance procedure before the supervisory authority, which may lead to the adjustment of the securities.

With the introduction of the new Managing Board remuneration system in November 2010, the HeidelbergCement AG Supervisory Board has decided, in the event of new contracts and the extension of Managing Board contracts in accordance with the German Corporate Governance Code (point 4.2.3, section 5), to agree that a possible redundancy payment in the case of early termination of membership of the Managing Board following a change of control be limited to 150 % of the redundancy pay cap.

The other details required in accordance with § 289, section 4, and § 315, section 4 of the German Commercial Code (HGB) relate to circumstances that do not exist at HeidelbergCement AG.

Regional branches

HeidelbergCement has no regional branches either domestically or internationally.

Events occurring after the close of the 2014 financial year

On 13 March 2015, HeidelbergCement completed the sale of its building products business in North America (excluding Western Canada) and the United Kingdom – referred to as Hanson Building Products – to an American subsidiary of Lone Star Funds.

HeidelbergCement and Lone Star Funds announced the sale on 23 December 2014. The total purchase price amounts to US$1.4 billion, of which around US$1.3 billion was payable on conclusion of the transaction and an amount of up to US$100 million is payable in 2016, depending on the success of the business in 2015.

On 13 March 2015, HeidelbergCement and the Norwegian KB Gruppen Kongswinger AS have signed an agreement on the merger of the concrete product activities of their Swedish subsidiaries Abetong AB and Contiga AB. The combined new group, in which HeidelbergCement shall hold a 60 % stake, is active in Norway, Sweden, Denmark, Germany, Poland, and Latvia. The successful brands Abetong and Contiga will continue to exist. The merger aims at improving our competitiveness and strengthening our technological leadership in the concrete products area in Northern Europe. Pro forma revenue of the new group in 2014 would have been around SEK 3.3 billion (around €360 million). The deal is subject to approval by the relevant competition authorities.

Sustainability

The commitment to sustainable development is a pillar of HeidelbergCement's corporate strategy. The creation of economic added value, ecological competence, and social responsibility secure the Group's future viability. For us, sustainable corporate governance means ensuring a balance between making profit and securing future viability. We strive to act in a socially and ecologically responsible way. We take into account the effects of our entrepreneurial activity on the environment and society, and thereby reduce the risks for our business. Our sustainability strategy is thus derived from our corporate profile.

Sustainability strategy

As a commodity company, people, nature, and society are the focus of our sustainability strategy. We consider concern for the environment, climate protection, and sustainable resource conservation to be the foundation for the future development of our Group. In the same way, our obligation to prevent employees from work-related dangers and to protect their health has become an integral part of our activities for many years. Last but not least, acting in a sustainable way for us also means taking on social responsibility at our locations. Our sustainability strategy and the areas of focus of our sustainability activities are strongly influenced by the expectations of external and internal stakeholders, which are systematically recorded and incorporated into our approach. We therefore conducted a survey among this group in December 2014. Furthermore, the Cement Sustainability Initiative (CSI) of the World Business Council for Sustainable Development (WBCSD) has defined central fields of action for this industry. These are occupational safety, climate protection (CO_2 and energy management), use of alternative raw materials and fuels, pollutant emissions, sustainable land use and species conservation, sustainable construction, water management, supply chain management, and stakeholder dialogue.

Further fields of action are arising from the structure of our sales markets. Competition in the market is limited amongst building materials suppliers in many regions, which is why transparency and fair competition take on particular importance. Our international positioning comes with the need to respect cultural diversity and promote regional development at all our locations.

Sustainability management
The Sustainability Steering Committee, led by the Chairman of the Managing Board, is in charge of the management and control of the sustainability strategy. The committee is made up of people from various business lines and disciplines: the member of the Managing Board responsible for environmental sustainability as well as the heads of the Group departments Human Resources, Legal, Logistics, Sales & Marketing, Purchasing, Research & Technology, Communication & Investor Relations, and Global Environmental Sustainability. Operational responsibility for implementing the sustainability goals and measures lies with the individual Group departments, the country managers, and the Group Environmental Sustainability Committee. It was set up in 2008 with the aim of improving our performance in environmental protection and occupational safety – very important areas for our industry – and promoting the exchange of information between the Group areas and business lines. An interdisciplinary team of experts from the individual business lines and Group areas defines guidelines, goals, and measures and coordinates their implementation.

Employees and society

Employee development

Employees worldwide
At the end of 2014, the number of employees at HeidelbergCement stood at 44,909 (previous year: 45,169). The decrease of 260 employees essentially results from two opposing developments: on the one hand, more than 300 jobs were cut in some Eastern European countries, Benelux, Norway, India, and Malaysia in connection with efficiency increases in sales and administration as well as location optimisations. Furthermore, the number of employees was reduced by around 1,400 due to the sale of the cement grinding plant in Raigad, India, the Russian aggregates company OAO Voronezhskoe Rudoupravlenije, a further aggregates company in Indonesia, and our participation in the cement company Cimgabon S.A. in Gabon as well as a result of further portfolio optimisations.

On the other hand, around 450 new employees were hired in growth markets such as Indonesia, Central Asia, and Africa. In the United Kingdom, Sweden, North America, and Australia, the workforce grew by almost 700 employees as a result of the good market development. Moreover, our number of employees increased by more than 300 due to the increase in shares in Cimescaut Group, Belgium, which was previously accounted for at equity, and in four Icelandic participations, which were previously accounted for as associates, as well as the acquisition of the Belgian company Espabel and a majority stake in Cindercrete Products Group, Canada.

Employees by Group areas			
31 December	2013	2014	Change
Western and Northern Europe	11,882	**12,441**	4.7 %
Eastern Europe-Central Asia	8,696	**8,453**	-2.8 %
North America	7,513	**7,644**	1.7 %
Asia-Pacific	14,133	**13,482**	-4.6 %
Africa-Mediterranean Basin	2,885	**2,811**	-2.6 %
Group Services	61	**79**	29.5 %
Total	45,169	**44,909**	-0.6 %

Personnel costs and social benefits

Expenditure on wages and salaries, social security contributions, costs of retirement benefits, and other personnel cost rose by 4.1 % in comparison with the previous year to €2,050 million (previous year: 1,969). This corresponds to a share in turnover of 16.3 % (previous year: 16.2 %). The increase in personnel costs resulted from our acquisitions and the positive business development as well as increased costs of retirement benefits.

Personnel costs			
€m	2013	2014	Change
Wages, salaries, social security costs	1,878.7	**1,939.4**	3.2 %
Costs of retirement benefits	68.5	**86.4**	26.2 %
Other personnel costs	21.3	**24.1**	13.3 %
Total	1,968.5	**2,049.9**	4.1 %

Communicating with employees

Qualified and motivated employees are an important prerequisite for the sustainable success of HeidelbergCement. Identifying our employees' talents, developing them, and – in competition with other companies – retaining those employees within the Group are therefore at the core of the Group-wide personnel policy. This is supported by the HeidelbergCement competence model, which defines the essential professional and personal capabilities and skills that are critical for the success of our business. It enables the respective superiors to perform systematic, Group-wide assessments of performance and potential in accordance with standardised regulations and serves as a basis for strategic development of managers and successor planning. Superiors and employees discuss development opportunities and prospects within the framework of structured appraisal interviews. The dialogue is primarily targeted at upper and middle management, those in specialist roles, and future executives. We aim to achieve the following three goals:
- to internally fill key positions with top-class candidates worldwide,
- to develop top talent at HeidelbergCement in a targeted way, and
- to retain employees in the Group for the long term by means of personalised development planning.

On-going training

Sustainable personnel work means consistently investing in training, i.e. employing and training qualified talent. The proportion of apprentices in Germany is 5 % (previous year: 6 %). The retention rate of these apprentices stands at 84 % (previous year: 82 %).

Technical skills are essential in ensuring the functionally sound operational management of process technology and maintenance in our plants. In addition to technical training, we also offer master classes every year at the German Cement Works Association (Verein Deutscher Zementwerke e.V.).

As in the previous year, a focus of our training programmes throughout the Group was on occupational safety, which made up around 43 % of the total training measures. Other areas of focus were specialist training (36 %) and the training of our managers (5 %).

Our extensive training programmes in virtually every work area are characterised by practical and business-oriented learning and enable our employees to develop their skills.

Management training

The motivation and skills of our managers play a crucial role in determining how well HeidelbergCement positions itself among its global competitors and how well-prepared the Group is for future challenges. In order to prepare our managers for their future tasks, we offer training programmes tailored specifically to the needs of our Group. This applies both to traditional topics such as strategy, leadership, and management, or the method of capital expenditure budgeting, and to special training topics, for instance in the area of technology. Uniform training content ensures that a common understanding of strategy, integrated management approach, and leadership is developed everywhere.

A strategic Group initiative is to further develop the skills of our senior managers through the “Summit” programme, which was developed in close cooperation with Duke Corporate Education. All senior managers in the Group from 39 countries participate in the three-stage curriculum focusing on general management and leadership, which takes into account global, regional, and local issues. Members of the Managing Board contribute actively to all modules through discussion forums and with their own presentations. The mix of theory and practice is a key factor in the programme’s success, and its ongoing evaluation and adjustment contributes to the fact that the programme is highly valued by the participants.

Securing and advancing future executives

In the reporting year, we consistently pursued our efforts to advance future executives. We offer highly motivated and qualified university graduates international trainee programmes focusing on the following areas: technology, sales, finance, personnel, purchasing, and IT. In 2014, HeidelbergCement was awarded the trainee seal of the “Initiative for career-enhancing and fair trainee programmes” for its high-quality programmes for the advancement of future executives. We also continued to work intensively on expanding our programmes for the advancement of future executives and strengthening our recruitment of university graduates and graduates with first professional experience worldwide. In 2014, we hired 347 university graduates. Currently, around 800 employees take part in programmes which prepare them for more advanced tasks.

In 2011, we started a special programme for highly qualified engineers in the cement business as a pilot project in Europe and Central Asia, in order to prepare these employees for senior engineering positions. Upon completion of the “Engineer in Training” programme, the engineers spend several years completing specifically defined training stages in technical fields at various plants both in Germany and abroad – supplemented by training in general management and leadership. Since 2013, this programme has been extended to other Group areas.

During the reporting year, the Aggregates Academy further expanded its employee training offer in the aggregates business line. More than 1,800 participants from our aggregates business management team have been trained in 116 courses in 17 countries. The target group of the training offered by the Aggregates Academy comprises plant managers, managers, and professionals from quality control and sales. Further “hands-on” training modules are regularly conducted at the plants to ensure essential learning objectives are rapidly put into practice. The Aggregates Academy has also developed a number of introductory e-learning modules for new staff and managers without prior aggregates experience. All of our programmes are geared towards attracting talent and retaining it within the Group as well as directly conveying knowledge and skills that are decisive for the success of our Group.

Demographic development

Our Group, too, is faced with the consequences of demographic change. Around 14% of our employees are younger than 30. The majority of the employees are aged between 30 and 49, making up around 51% of the Group's total workforce. 35% of our employees are above 50 years of age.

We are responding to the effects of demographic change with numerous measures adapted to regional requirements. In Germany, for example, we have continued to develop our health management activities and have incorporated them in the "FIT for LIFE" initiative. It includes a prevention programme for the early diagnosis of illnesses and risk factors, but primarily focuses on the initiative of individuals to adopt a healthy lifestyle. This service covers, among other things, colon cancer screening, flu vaccinations, special health days, and lectures about health. In the future, health management activities will continue to focus on the prevention of typical age-related health risks and change in awareness. We are therefore specifically promoting company sports activities for all age groups.

Diversity as a factor for success

In the Group-wide personnel policy, we consciously aim for a balanced mix of diverse personalities, skills, and experience when putting together teams of employees. We understand diversity as a management concept, which through the inclusion of various cultures, talents, and levels of experience ensures that the composition of our workforce mirrors our presence in the international markets, our customer structure, and our business environment. We aim to achieve this in the following ways:

- local country management and therefore an international management team,
- an international workforce at the Group headquarters,
- a complementary composition of management and other teams (international, specialist, experience, age, sex, etc.),
- women in management positions reflecting the proportion of women in the total workforce in Germany.

The goal is to advance and attract highly qualified and committed employees around the world who can bring various social and professional skills to our company and thus contribute to the success of the Group.

The international composition of our management team enables us to benefit from a broad range of experience and different cultural backgrounds, thereby allowing us to respond more flexibly to both global challenges and local market needs. The proportion of local managers at the upper management level remains unchanged at around 80 %.

At the Group headquarters, we consciously aim to ensure that the workforce is composed of employees from the countries in which we operate. We benefit considerably from their local knowledge and this also facilitates cooperation with the local personnel. We have 560 employees at the Group headquarters and at our technical centers, the Competence Center Materials and Heidelberg Technology Center in Heidelberg and Leimen, with 142 of these employees representing 40 different countries.

For our numerous foreign employees at the Heidelberg and Leimen locations, we have established the "Expatriate Network", which is about helping our employees to help themselves. The company supports this network of employees, friends, and family members to help with the integration into the Rhine-Neckar metropolitan area, e.g. in looking for accommodation, dealing with administrative authorities, and nursery/school affairs.

To aid diversity, we believe it is important for management positions to be held by both men and women, thereby providing a true reflection of our employee structure. Within the Group, women made up 13 % of the total workforce and held 9 % of the upper management positions in 2014. In Germany, women represented 14 % of the total workforce and held 8 % of the upper management positions. Together with other DAX companies, HeidelbergCement signed a self-commitment in 2011. Our goal is to more than double the proportion of women in management positions in Germany to 15 % by 2020. To achieve this goal, we will be devoting increased attention to our programmes for the advancement of future executives. The proportion of women in these programmes is around 21 % across Germany. At the start of 2013, we consciously publicised the fact that we value diversity by signing the Diversity Charter to acknowledge the activities we have carried out to date.

The "Global Ladies Network @ HC Group" is an initiative that brings together women in management positions worldwide both virtually and face-to-face. It allows a regular, informal exchange of ideas on individual career development and aims at promoting female managers.

We consider the diversity of our workforce and management team and the clear focus on commitment, professional expertise, and conformity with our corporate values to be a decisive advantage in global competition.

Work-life balance

In the race for the best employees, we adapt ourselves globally to changing lifestyles. In terms of what we offer to encourage a good work-life balance, we focus on models such as flexitime, part-time, and leave of absence. The part-time ratio at HeidelbergCement AG is 11.1 %. Because of the small size of our locations, cooperation with external networks has proven itself for example in terms of children's daycare, caring for family members, or holiday camps for children. Employees benefit from having easy access to a professional and flexible network at reasonable costs. As part of our "FIT for FAMILY" initiative, we have entered into cooperations with daycare centers for the Heidelberg and Leimen locations. These arrangements allocate us our own quota of places that can be offered to our employees.

Result-oriented remuneration systems

If you expect performance, you need to create a suitable environment. This includes also an attractive remuneration system. Alongside fixed salaries governed by a collective agreement or an individual work contract, HeidelbergCement AG employees also receive variable remuneration elements based on their individual performance and on corporate success. In the case of managers, we consciously aim to achieve a high variable element as part of the total remuneration in order to take into account, in a clear and direct way, collective and personal performances as well as corporate success. The employees in our foreign subsidiaries benefit from attractively designed remuneration systems that relate to the respective local market conditions. For our 160 top managers we have launched a long-term bonus plan for 2014–2016/17 across the Group, which follows the same targets as the long-term bonus plan for the Managing Board.

Occupational health and safety

Group standards
Occupational health and safety has top priority at HeidelbergCement and is an integral part of the key corporate values.

In the reporting year, we have continuously improved the technical and organisational safety standards within the Group by means of additional measures in order to reinforce the safety culture in the company.

Work management systems, such as those in accordance with the internationally accepted OHSAS 18001 standard, have already been implemented in most of our plants. These systems require a structured approach from the location managers with planning, clear work regulations, responsibilities, and controls to ensure an ongoing improvement process and thus prevent accidents. In 2014, plants in Malaysia introduced management systems in accordance with OHSAS 18001 for the first time, while other plants successfully renewed their certification. Additional locations in Malaysia will follow in 2015. Certifications are also planned for our locations in the Democratic Republic of Congo as well as for our new plants in Kazakhstan and Togo.

In addition to the required management audits, we have been conducting health and safety improvement reviews at selected locations since 2014 in order to identify and implement further potential for improvement.

Management responsibility for occupational health and safety
Although we have been continually improving occupational health and safety at a technical and organisational level for a number of years, we still have to report serious accidents – including some fatalities – that are often caused by human error. We therefore continued the Group-wide Safety Leadership Initiative we started in 2012 to make managers at all levels aware of their management responsibility with regard to occupational health and safety. For example, the "Leading with Safety" project was launched in Canada and the USA in order to efficiently reach all leadership levels.

Group-wide security week
At the end of September 2014, we once again organised a Group-wide safety week, in which our employees as well as contractors and family members were sensitised to the topic of occupational health and safety. At various events throughout the safety week, which was opened with a video message from the Chairman of the Managing Board, we made it clear that everyone involved must join forces to achieve effective occupational health and safety. The response to the safety week from both managers and employees was consistently positive.

In our African plants, the safety week was additionally used to provide our own employees and those of external companies detailed with information about the Ebola virus and to practise preventative measures. HeidelbergCement is represented both in Liberia and Sierra Leone. Thanks to intensive educational work and preventative measures, none of our employees in these countries has contracted the Ebola virus.

Accident trends

In 2014, we were able to further reduce both the accident frequency rate and the accident severity rate, whereby especially the former declined once again by 17 %. Meanwhile, many locations have been accident-free for years; others were able to reduce their accident rates drastically. Despite these achievements, the measures must be maintained consistently and further intensified to safely prevent accidents on a sustained basis.

While the trend in the number of accidents is encouragingly positive, this is unfortunately not the case for fatalities. In the reporting year, it was with great regret that we had to announce the death of four of our own employees, who died as a result of accidents at work. Furthermore, the lives of twelve employees from external companies were claimed, one of whom died in a road accident. This development is very painful, but encourages us in our efforts to further improve in the area of occupational health and safety. Each occurrence that results in death is intensively analysed and discussed by the Managing Board. Appropriate measures are being determined and shared across the Group in order to avoid similar accidents from happening elsewhere.

Accident trends [1]

	2010	2011	2012	2013	2014
Accident frequency rate [2]	4.3	3.8	3.4	2.6	**2.1**
Accident severity rate [3]	146	125	115	94	**91**
Fatality rate [4]	1.1	0.6	0.5	1.1	**1.0**

1) Accident trends in the business areas of cement, ready-mixed concrete, and aggregates in companies where HeidelbergCement is in charge of safety management.
2) Number of accidents (with at least one lost working day) suffered by Group employees per 1,000,000 working hours
3) Number of lost working days resulting from accidents suffered by Group employees per 1,000,000 working hours
4) Number of fatalities of Group employees per 10,000 Group employees

Social responsibility

The responsibility we take at our locations around the world is a key factor in the success of our business activity worldwide, according to the motto "think global – act local". We aim to work with local partners to create added value for both our Group and the local communities.

We believe in giving local employees responsibility for local management wherever possible. Each plant collaborates closely with local suppliers and service providers. We invest around 30 % of our purchasing volume in the areas immediately surrounding our plants. Together with the creation of jobs, this helps to create added value and promote economic development at our locations.

Corporate citizenship

Corporate responsibility is not limited to a company's business processes and the areas where they have a direct impact. As a corporate citizen, we are a part of society, and we benefit from being fully involved at the community level at our locations around the world. We are also playing an active role in the search for solutions to social issues that affect these locations. Our understanding of our role is reflected in the Corporate Citizenship Guidelines, which lay down the benchmarks and objectives related to our social commitment. This commitment is focused on areas in which we have specific expertise and can achieve the best results for society:

- Building, architecture, and infrastructure: we provide practical help in the construction of buildings and infrastructure by making products, financial means, and expertise available.
- Environment, climate, and biodiversity: we support initiatives that promote environmental protection and strengthen the diversity of nature at our locations.
- Education, training, and culture: in this area, we are guided by the specific needs of our locations.

Creation of CSR expert group
The Corporate Citizenship Guidelines define the focus and framework conditions of the social commitment in the HeidelbergCement Group. However, the specific measures and projects are the responsibility of the individual national companies and locations. They are in the best position to make decisions about the on-site requirements and the most effective way in which the company can become involved.

In 2014, the CSR expert group was formed in order to better document the various activities in the area of corporate citizenship and corporate social responsibility (CSR) in the future. Its objective is to record good examples of social commitment in all Group areas and to create a platform for the transfer of experience and knowledge.

Commitment to older people in Poland
As early as the start of 2012, our Polish subsidiary Górazdze Group founded the “Active in the Region” foundation. Its objective is to support the communities and people living near the various production locations through the promotion of science, education, culture, and health. Each year, the foundation concentrates on a specific topic taking into account the requirements of the local people: in 2014 the focus of the activities was on older people under the motto “Generation Plus”. The objective of the programme was to integrate people over 60 years of age from the rural area round the town of Opole, where several of our production locations are situated, more fully in social life and to offer specific further education possibilities. Among other things, information events on topics, such as safety, health, or inheritance, as well as computer courses for beginners and sightseeing trips in the region were organised. From 1 August to 30 October 2014, over 130 people, mostly aged between 70 and 80, participated in these free activities.

Environmental responsibility

As an active member and co-chair (2013/2014) of the Cement Sustainability Initiative (CSI) of the World Business Council for Sustainable Development (WBCSD), we are committed to the sustainable development of our business activity and the health and safety of our employees. In recent years, we have made remarkable progress. This progress was confirmed in an external assessment of the implementation of our CSI-related commitments. The improvements are driven by our Sustainability Ambitions 2020, in which the Group’s main sustainability issues and goals are defined.

Biodiversity

In order to increase awareness of the high biological value of our quarrying sites, we launched the “Quarry Life Award” in 2011. The second edition of this international competition, concluded at the end of 2014, was once again a great success and showed an increase in the quality of the projects entered. At national level, 57 projects received prizes, and seven projects won awards at the international ceremony in December 2014.

During the reporting year, we further developed our partnership with the international nature conservation organisation BirdLife International. Together, we implemented biodiversity action plans at our facilities and continued to work on various local partnership projects. Thanks to its network of national partner organisations, BirdLife has set up together with us a programme for joint local projects, making an important contribution to the realisation of our corporate goals and to positive public relations. The programme was cost-effective as our project investments were often significantly co-funded by third parties (e.g. EU, cities and municipalities, or private sources). Together, we have carried out and co-funded 15 projects in nine countries with an overall volume of €423,000. In addition, a second biodiversity training course for our employees was jointly organised.

In Togo, we have commenced the development of a tree nursery in Tabligbo, where our new clinker plant was put into operation. It is located near the public training center that we are currently setting up and will form part of our local CSR activities in the field of environmental education and training.

During the reporting year, we published the fourth book in our series on biodiversity in our quarrying sites with the title “Amphibians and reptiles in quarries and gravel pits”. The book showcases the diversity of amphibian and reptile species and describes the important role that quarrying sites play in their protection.

Sustainable construction

In 2014, the ready-mixed concrete, cement, and aggregates associations in North and South America and in Europe decided to found the Concrete Sustainability Council and outlined a certification system for sustainably produced concrete. With the certification of concrete – taking into account social and ecological aspects along the value chain – the product and the entire industry should receive better recognition in the future from Green Building Councils and in the awarding process of public construction contracts.

HeidelbergCement continues to invest in research and is constantly looking for new application possibilities for concrete. The supply of concrete with a quality guarantee of over 100 years for the construction of the new bridge over the Bosporus in Turkey is an example of a high-quality product being used to reduce traffic problems and facilitate the lives of many commuters.

Use of alternative raw materials and fuels

In order to promote the concept of circular economy, we are increasingly using waste materials as alternative resources to replace finite natural raw materials and fossil fuels in cement production. We are thus helping to solve the waste problems of many municipalities and other industries near our plants while at the same time reducing our own specific CO_2 emissions.

In all the countries in which HeidelbergCement produces clinker – the main component of cement –, we examine the possibilities of recycling waste from municipalities, agriculture, or industry in an economically and ecologically responsible manner. Good cooperation with supervisory authorities, waste producers, neighbours, employees, non-governmental organisations, and other stakeholders is essential for the development of optimal solutions.

In 2014, we successfully employed alternative fuels for the first time in our new cement plant TulaCement in Russia as well as in the plants in Bosnia-Herzegovina and India. In more mature markets, such as Sweden, Norway, the United Kingdom, Hungary, Estonia, Romania, and increasingly in Turkey, we have further raised the proportion of alternative fuels. We were able to increase the substitution rate to over 80 % in the Beremend cement plant in Hungary. As a result, the plant boasts the lowest fuel costs in the Group.

The successful recycling of sewage sludge in our Guangzhou cement plant in China led to requests from the growing city for an increase in our recycling capacity. We are now investigating how to meet this demand.

In Indonesia, we set up a pilot plant for the recycling of local household waste. In the region of Jakarta, the pressure on local landfill sites is growing daily. The cement industry can help to solve the waste disposal problems, provided that economically sustainable models are applied. The pilot plant is used for the technical and economical fine-tuning of larger projects in the future.

HeidelbergCement is well on the way to achieving the Sustainability Ambitions 2020 target of increasing the proportion of alternative fuels within the Group to 30 %.

Climate protection

Climate protection is at the heart of our environmental policy. As an energy-intensive company, we have been striving for many years to minimise our CO_2 emissions. Between 1990 and 2014, we reduced the specific net CO_2 emissions by 21 % to 609 kg CO_2 per tonne of cement. By 2015, we wish to reduce these emissions by 23 % compared with 1990. For the entire Group, this corresponds to around 15 million tonnes of CO_2 per year.

Climate protection

	2012	2013	2014
Specific net CO_2 emissions (kg CO_2/t cement)	615	614	**609**
Alternative fuel rate	20 %	21 %	**21 %**
Clinker ratio	76 %	76 %	**75 %**

In May 2013, we launched the global cement industry's first small-scale pilot project to capture CO_2 from combustion exhaust gases at our Brevik plant in Norway. This project will run until 2016 and is funded by the Norwegian government. It is carried out in cooperation with the European Cement Research Academy. In 2014, we tested small-scale installations in our cement plant in Brevik to capture CO_2 using amines, membranes, and two different solid materials.

In the Narsingarh clinker plant in central India, we started a waste heat recovery project. With the equipment to produce electricity from kiln waste heat, the plant will be able to generate 13 MW of electricity on its own. A similar equipment to produce electricity from kiln waste heat is also being installed at the Romanian cement plant in Fieni.

Reducing other environmental effects

In line with the Sustainability Ambitions 2020, we have conducted Group-wide environmental audits in all business lines. Our objective is to audit all locations between 2015 and 2020. The improvement measures resulting from the previous audits have already been implemented and contribute to improved environmental performance.

During the reporting year, we made technical improvements in numerous plants in Europe, such as in Bosnia-Herzegovina and the Ukraine, as well as in Turkey, China, India, and Indonesia, to reduce dust, nitrogen oxide, and sulphur oxide emissions. In the Czech Republic, we continued the long-term project to reduce noise and dust in our two cement plants Mokra and Radotin.

In 2014, four of our cement plants in the USA – Leeds/Alabama, Union Bridge/Maryland, Glens Falls/New York, and Redding/California – were awarded the prestigious ENERGY STAR® by the U.S. Environmental Protection Agency (EPA) for their outstanding energy efficiency. The four plants are among the top 25 cement plants in the USA in terms of energy efficiency and meet the strict criteria of the EPA. Our Union Bridge/Maryland plant has received this award for two years running – this time, however, with the highest possible score. In order to comply with NESHAP (National Emission Standards for Hazardous Air Pollutants), we have invested in equipment to reduce dust and mercury emissions at several cement plants in the USA.

In 2014, our Indonesian subsidiary Indocement was again among the winners of the prestigious "Indonesian Green Awards" for its commitment to the environment. The company received awards in the four categories "Waste management pioneer", "Use of new and renewable energies", "Prevention of environmental pollution", and "Green training".

In Hungary, we were awarded an environmental prize for a project that aimed to reduce waste and CO_2 emissions by co-incinerating waste.

In the aggregates business line, we carried out several environmental measures in the Czech Republic for the reduction of noise and dust. As part of the "ENERGY STAR® Challenge for Industry" programme, two locations in the USA received awards from the American EPA in 2014: Downington Quarry in Pennsylvania and Romeoville Quarry in Illinois.

We carried out several projects in 2014 to recycle concrete and collect rainwater in the Czech Republic, Georgia, and Romania. We invested in various measures to reduce the environmental impact (including noise) in Australia and Asia. In Hong Kong, ready-mixed concrete plants were equipped with wastewater systems. In Australia and Hong Kong, we implemented programmes to increase efficiency (including fuel consumption and transport) and replaced ready-mixed concrete trucks with environmentally friendly and energy-saving Euro 5 vehicles.

Procurement

In the 2014 reporting year, goods and services with a total value of €8,678 million were procured at HeidelbergCement. This corresponds to 68.8 % of the total operating costs (including depreciation).

Procurement management
Our lead buyer organisation facilitates efficient procurement of important commodity groups at Group level. This means that we bundle process-critical goods and services, usually with high volumes, into commodity groups in order to obtain better terms and conditions from our suppliers. The tasks of our lead buyers within the Group include conducting price negotiations, concluding framework agreements, supplier management, and observing current market and price developments. Thereby, they make an important contribution to increasing efficiency and to risk management in our Group.

The second component of procurement management is the local purchasing at our production sites, which strengthens our negotiating position with local suppliers. The local purchasing departments can also obtain goods and services directly via the Group framework agreements. In this way, we combine the advantages of central and local procurement.

Increasing efficiency
Another savings initiative in procurement that continues the successful three-year "FOX 2013" programme commenced in 2014 to further increase the Group's financial and operational performance on the long term. In view of the generally persisting cost pressure, the current programme also targets additional savings in procurement. In the reporting year, we succeeded in achieving considerable cost savings.

Another objective is to improve payment periods, because our terms of payment represent a key success factor for competitiveness. Thanks to continuous process optimisations and an improvement in our Group-wide terms of payment, we were able to achieve a correspondingly high liquidity effect already at the end of 2014.

Procurement of energy
Overall, HeidelbergCement's purchasing policy for the procurement of fuels and electricity focuses primarily on the short term. This means that in 2014, we only concluded agreements with fixed prices and quantities in a few cases. In liquid electricity markets, in particular, such as Northern Europe, the UK, Germany, Belgium, the Czech Republic, and Hungary, we relied on low day-ahead prices. Our procurement strategy proved successful thanks to in part significantly reduced spot prices in these markets. Since we further increasingly used index-based contracts for coal, we were able to benefit from reduced coal prices during the year. By adopting these measures, we successfully reduced electricity and fuel costs in many markets during 2014 and maintained energy costs stable in the cement business for the Group as a whole. In the sand and gravel sector, in particular, we benefited from falling international oil prices in the third and fourth quarter.

Outlook

The expected future development of the HeidelbergCement Group, HeidelbergCement AG, and the business environment in 2015 is described in the following. In this context, please note that this Annual Report contains forward-looking statements based on the information presently available and the current assumptions and forecasts of the Group management 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 Annual Report.

Assumptions underlying our forecasts

Our business is subject to a multitude of external influencing factors that are beyond our control. These include geopolitical, macroeconomic, and regulatory factors. This outlook is based on the assumption that the global political environment will not undergo any critical changes during the forecast period. In particular, this implies that the political crises in eastern Ukraine and Russia as well as the political and religious conflicts in the Middle East will not have a global impact on our business activity. We also reckon that China will not experience a significant decline in economic growth and the euro zone will not be fundamentally destabilised as a result of the Greek crisis.

Moreover, our assumptions for exchange rates and raw material prices in 2015 are based on their levels at the end of 2014. We therefore believe that the euro will weaken against our key currencies, such as particularly the US dollar, in comparison with 2014. We continue to expect that in the forecast period the prices of fuel, energy, electricity, and key raw materials will remain at their relatively low levels registered at the end of 2014.

Furthermore, we have not taken account of any material changes to balance sheet positions or any associated expense or earnings positions in our forecasts below that may result from changes to macroeconomic parameters, such as discount rates, interest rates, inflation rates, future salary developments, or similar.

Economic environment

General economic development

After economic growth in 2014 remained almost unchanged in comparison with the previous year, we anticipate a somewhat accelerated global economic expansion in 2015. In its outlook published in January 2015, the International Monetary Fund (IMF) forecasts global economic growth of 3.5 % for 2015, compared with 3.3 % in 2014. The IMF perceives the accelerated recovery in the USA, the continued, albeit slow, recuperation in the euro zone, and the almost stable growth rates in the emerging countries to be the main drivers behind this development. The positive impact of the significant fall in the oil price on the economy should offset the weaker investment environment owing to lower expectations for medium-term global economic development. In particular, the emerging countries that depend on the export of raw materials must cope with the challenges of higher interest rates and weakening currencies.

In Asia, China will continue to be the driving force of industrial development. However, the IMF forecasts a decline in growth for China, from 7.4 % in 2014 to 6.8 % in 2015. The Chinese government recently announced a target value of 7 %. For Indonesia, growth of 5.5 % is anticipated. Positive developments are also forecast for Africa. This relates primarily to the countries south of the Sahara, where growth rates are expected to rise slightly from 4.8 % in 2014 to 4.9 % in 2015.

In the mature markets, economic growth is estimated to accelerate from 1.8 % in 2014 to 2.4 % in 2015. Varying development is expected for individual countries. According to IMF forecasts, the important markets for HeidelbergCement in the USA, the United Kingdom, Germany, and Canada will show positive economic growth in 2015. Nevertheless, the growth rate in Canada is forecast to weaken slightly in comparison with the previous year, while the increase will be slight in the United Kingdom and significant in the USA. For Germany, banks and institutes recently raised their forecasts. Out of these countries, the USA is expected to achieve the highest increase in economic output in 2015 at 3.6 %, followed by the United Kingdom with 2.7 %, Canada with 2.3 %, and Germany with 1.5 % to 2 %. Additional economic growth of 2.9 % is anticipated for Australia, where increasing residential construction is expected to offset the decline in mining activities.

Further expansion is also predicted in Eastern Europe and Central Asia in 2015. As in the mature markets, development of individual countries is said to vary. In the markets of Eastern and South-eastern Europe, with the exception of Hungary, economic growth is estimated to remain virtually unchanged or only increase slightly, achieving growth rates between 2.3 % and 3.5 %. The conflict situation in eastern Ukraine, however, is expected to have a negative impact on economic development in the Ukraine and Russia. A decline of 3 % in economic output is projected for Russia. Kazakhstan and Georgia should achieve the highest growth rates in the region, with values between 4.7 % and 5 %.

With regard to consumer goods prices, the IMF expects a decline in mature markets and a slight increase in emerging countries. Prices for raw materials, oil in particular, are likely to fall significantly short of the previous year in 2015.

Industry development
The development of economic output is also reflected in the demand estimates for building materials. As the production and marketing of building materials is very localised and global trade in building materials only represents a small percentage of the total volume, we focus on the relevant regions and countries instead of considering a global view of the demand trend.

For the USA, a further major increase of 8.0 % in cement demand is anticipated for 2015. The growth rate is thus slightly below the level of 2014 (+8.8 %). This rise is mainly driven by the sustained recovery of private residential construction and commercial construction. In 2015, the American cement association PCA expects an increase in the number of starts of construction of single-family houses by 12 % and of multi-family residential units by around 31 %. The extension of the current federal programme for road construction (MAP-21) will expire at the end of May 2015. Details of a possible follow-up programme are not yet known. Overall, a considerable backlog in demand exists due to the low infrastructure investments in recent years. The PCA estimates a moderate increase in infrastructure construction in the coming years based on rising tax revenues and the financing support from the TIFIA programme (Transportation Infrastructure Finance and Innovation Act).

In Europe, trends in the demand for building materials are expected to vary by region. For the countries particularly affected by the property and financial crisis, such as Italy and Portugal, Euroconstruct in its forecast from November 2014 anticipates a further decline or stagnation in cement consumption in 2015. A decrease in sales volumes is also expected for Belgium. In Spain and France, the weakness of the markets continues despite a slight recovery. For the remaining countries of Western Europe, as well as Hungary, Poland, the Czech Republic, and Slovakia, a rise in cement consumption is anticipated as a result of the positive economic development. The recovery in the United Kingdom should continue and lead to a growth of 7 % in 2015, following 9 % in 2014. Thanks to an ongoing rise in infrastructure projects, an increase of 7 % is also expected in Poland in 2015. In its forecast from November 2014, the German Cement Works Association (VDZ) predicts slight growth for the German cement market in 2015, based on the positive economic development. Almost all construction sectors are contributing to this trend, particularly the continuing dynamic development in private residential construction. Orders in Germany rose by 2.6 % in 2014.

Just as the general economic forecasts, the development of demand for building materials during 2015 is also associated with uncertainties. With efforts being made to consolidate budgets in some mature markets, the demand for building materials is still dependent on the trend in private residential construction as well as commercial construction. Rising demand for building materials can only be achieved in line with positive economic development, reduced unemployment figures, and affordable property financing. In the growth markets of the emerging countries, the continuation of solid economic growth also plays an important role, as does income available for private residential construction, which in turn depends on the development of local food prices and thus inflation. Political conflicts, such as the one in the Ukraine, can also influence the development of sales volumes.

Due to the continuing capacity expansion and strong development of demand at the same time, we expect the level of competition to continue to increase in 2015, especially in the emerging countries of Asia and Africa. The devaluation of some currencies in these regions, however, should slow down the investment activities of local producers.

At the start of 2014, the European Union adopted a regulation to reduce CO_2 pollution rights. The so-called “backloading” plan envisages the reduction of 900 million emission rights within three years, 400 million of which in 2014, and the remainder in 2015 and 2016. The price of emission rights has already risen since this new arrangement was introduced, but is still well below the level of previous years. HeidelbergCement has more than sufficient emission rights for 2015.

Anticipated earnings

Revenue

Taking into account the general economic and industry-specific outlook for the building materials industry and the special growth prospects for markets in which HeidelbergCement operates, we expect a distinct increase in revenue for 2015. Excluding exchange rate effects, we anticipate this rise to be moderate.

Capacity expansions in the cement business, which have already been completed in 2014 or are set to be finalised in 2015, support this forecast. These include, in particular, the capacity expansions in our Indonesian production site Citeureup, which was commissioned in May 2014, the new clinker plant in Togo and the new grinding capacities in Tanzania and Burkina Faso, which were commissioned in the second half of 2014, as well as the new integrated cement plant in Kazakhstan, which officially started operations in July 2014. In the cement business, we therefore anticipate moderately rising sales volumes. In the aggregates business, we also expect a moderate increase in sales volumes thanks to the recovery of infrastructure investments in mature markets.

In 2015, price increases will continue to take on a high priority in order to further improve margins. To this end, the Group will continue its two price initiatives "PERFORM" in the cement business in the USA and Europe as well as "CLIMB Commercial" in the aggregates business.

Group areas

In the Western and Northern Europe Group area, we expect a slight rise in sales volumes of cement and aggregates, driven by the recovery or continuation of demand growth in the countries in which we operate. In the United Kingdom, potential growth will be adversely impacted by the sale of a blast furnace slag grinding plant.

In our Eastern Europe-Central Asia Group area, we anticipate a moderate growth in sales volumes of cement, which will largely be stimulated by the additional capacities in Kazakhstan, the ongoing recovery in Poland, and the further increase in demand in Russia. In the other countries of Eastern Europe, we predict a slight rise in sales volumes.

In North America, we expect a moderate increase in cement and aggregates volumes as a result of the continuing economic recovery, which should also affect commercial and public construction besides residential construction.

In the Asia-Pacific and Africa-Mediterranean Basin Group areas, we count on a consistently positive demand trend. Cement sales volumes should increase noticeably, particularly in Indonesia and India, thanks to the capacity build-up. In Africa, we also expect tangible growth in cement sales volumes owing to the recently commissioned capacities. Overall, we anticipate a moderate rise in sales volumes of cement and aggregates for both Group areas due to the expanded capacities.

Costs

For 2015, HeidelbergCement anticipates a slight to moderate increase in the cost base for energy due to the expected rise in sales volumes, the discontinuation of subsidies for electricity and fuel in Indonesia, and the weakening of the euro. A moderate increase in the cost of raw materials and personnel is anticipated, also driven by the weaker euro among other things.

One area of focus in 2015 will not only be to safeguard but to continuously improve the cost savings and efficiency increases in cement and aggregates that were achieved in the past few years. With this in mind, we started the "Continuous Improvement Program" (CIP) in 2014 that will also establish a culture of continuous improvement of work processes at employee level. Process optimisations are expected to achieve a sustainable improvement in results of at least €120 million by the end of 2017. We also continue to optimise our logistics with the "LEO" programme, which has the goal of reducing costs by a total of €150 million over a period of several years. For 2015, we expect a significant decrease in financing costs due to the noticeable decline in net debt thanks to cash inflow from operating activities and the sale of the building products business.

Results

In view of the forecasts for revenue and cost development, HeidelbergCement expects a significant increase in operating income for 2015. This assumption is made on the basis that building materials sales volumes will grow as anticipated and price increases can be implemented. Excluding currency and consolidation effects, we forecast a moderate rise. The same applies for earnings before income and taxes (EBIT), excluding major non-recurring effects. Excluding non-recurring effects, especially in the areas of additional ordinary result, taxes, and discontinued operations, we expect a significant increase in profit for the financial year. This estimation is based on an improvement in operating income and lower financing costs. Due to the increase in results and decrease in net debt, we anticipate a corresponding improvement in ROIC.

Dividend
As in 2014, we will also adjust the dividend to the development of the dynamic gearing ratio and the cash flow of HeidelbergCement for the next year, and thus take into account the further general economic development. In the medium term, we aim to achieve an industry-typical payout ratio of 30 % to 35 % of the Group share of profit for the financial year.

Investments

As in previous years, HeidelbergCement will continue to exercise strict spending discipline regarding investments in 2015. After the sale of the building products business, debt will drop significantly. In the 2015 financial year, we will once again align the amount of our investments with the attractiveness of potential investment projects, the development of the operating income of the Group, as well as with the expected general economic trend. Compared with 2014, the Managing Boards expects a slight increase in cash-relevant investments to around €1.2 billion.

HeidelbergCement will consistently continue with its targeted investments in future growth – especially in cement activities – in the emerging countries of Asia and Africa. In the long term, we strive to increase the proportion of the cement capacities of HeidelbergCement, including its joint ventures, in the growth markets from currently 64 % to 67 % of the total capacity. With the commissioning of new production facilities in 2015, we will have around 5 million tonnes of additional cement capacities in Indonesia and the African countries south of the Sahara.

Due to the unabated promising growth prospects in Indonesia, Indocement is continuing to increase its cement capacity with the expansion of the Citeureup plant. The construction of a new integrated production line with a cement capacity of 4.4 million tonnes is progressing according to plan; completion is scheduled for the fourth quarter of 2015. Another significant investment focus is on the expansion of our cement activities in Africa. With the commissioning of a new cement mill with a capacity of 0.8 million tonnes at the Takoradi grinding plant in the second quarter of 2015, our total cement grinding capacity in Ghana will increase to 4.4 million tonnes. We are constructing a cement grinding plant with a capacity of around 250,000 tonnes in the north of Togo, which is scheduled for completion in 2017. We are also evaluating options for capacity expansions in other African countries. Moreover, several smaller capacity expansion and modernisation investments are planned in growth markets.

In addition to these capacity expansions, we will invest in the maintenance and modernisation of our existing capacities in 2015. We will be making investments to upgrade our cement plants, among other things, in order to increase the use of alternative fuels and meet the new emission limits (NESHAP) in the USA, which will come into force in September 2015, in due time. The installations currently under construction for generating electricity from kiln waste heat at the Fieni plant in Romania and the Damoh plant in India are to be commissioned in the second half of 2015 and the beginning of 2016, respectively. In line with the “Germany Cement Master Plan”, which was launched in 2014, we will implement an ambitious investment programme for modernisation and efficiency improvements, as well as environmental protection in our German cement plants over the next few years.

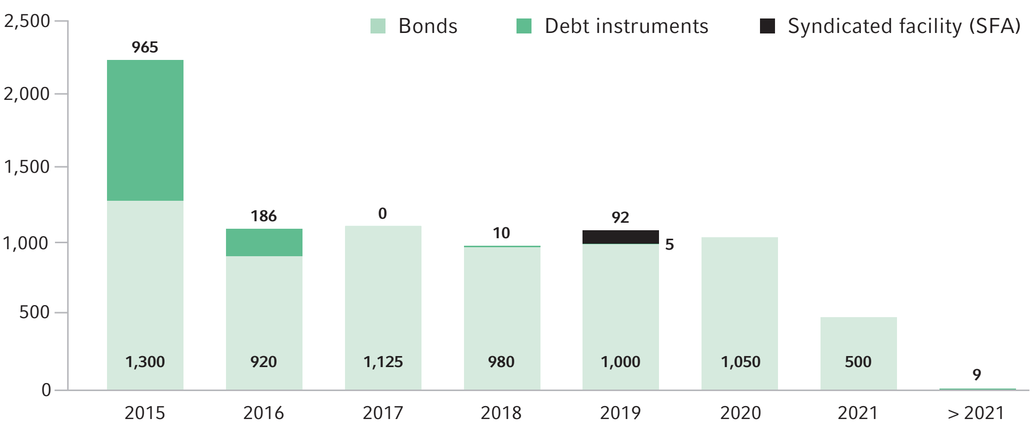
Besides pursuing the successful strategy for the targeted and disciplined expansion of our cement capacities in attractive growth markets, we will continue to carry out divestments to optimise our assets structure following the sale of the building products business in North America and the United Kingdom. This includes the disposal of unused property, plant, and equipment that is not essential for our operations, as well as the sale of exhausted quarries.

Expected financing

HeidelbergCement has a stable financing structure for the long term and a well-balanced debt maturity profile (see the following diagram). We will refinance the Eurobonds of €650 million, respectively, that are due in August and December 2015, as well as the financial liabilities maturing in 2015, by making use of available liquidity, in particular, from the sales proceeds from our building products business, by issuing on the capital market or using free credit lines, depending on the capital market situation.

The following graph shows the maturity profile of HeidelbergCement as at 31 December 2014.

Debt maturity profile as at 31 December 2014[1] (€m)



1) Excluding reconciliation adjustments of liabilities of €10.4 million (accrued transaction costs, issue prices, and fair value adjustments) as well as derivative liabilities of €42.4 million. Excluding also puttable minorities with a total amount of €27.7 million.

As at the end of 2014, we had liquidity reserves consisting of cash, securities portfolios, and committed bank credit facilities, amounting to €4.0 billion (see Group financial management section on page 85). We also have framework programmes in the money and capital markets in place that allow us to issue the relevant securities within a short period of time (€1.5 billion Euro Commercial Paper Programme and €10 billion EMTN Programme).

Our objective is to further improve our financial ratios in the coming years in order to achieve the necessary preconditions for our credit rating to be upgraded further by the rating agencies. In particular, we want to reduce the dynamic gearing ratio to below 2.8x by the end of 2015 (31 December 2014: 3.0x). An investment grade rating remains our objective as – given the capital-intensive nature of our business – favourable refinancing opportunities in the banking, money, and capital markets create an important competitive advantage.

Employees and society

Over the next few years, we will continue to focus on improving the identification of internal successor candidates for senior management positions and on the global IT-supported handling of our core personnel processes for all management levels. Since the beginning of 2013, the performance management, goal agreement, remuneration, appraisal interview, and individual development plan processes for senior managers have been handled with IT support via the "HR GLOBE" platform. The extension of this approach to middle management and future executives commenced at the end of 2013 and is scheduled to finish at the end of 2015.

The "Summit" management training programme in collaboration with Duke Corporate Education will be the focus of our training measures at Group level until 2015. In the coming years, we will constantly examine the quality of our programmes for the advancement of future executives, such as the trainee programme for new employees from the CIS countries, and develop these programmes across all countries. We have added a follow-up programme to our existing "Engineer in Training" programme. In the aggregates business line, we are continuing with the trainings at the Aggregates Academy. Over a period of four to five years, our talented engineers are specifically prepared for management positions in the technical field both in Germany and abroad.

In 2015, we will again proceed with the training of middle and junior management in the topic of management responsibility in occupational health and safety. Consistent implementation of and compliance with existing safety standards continues to take top priority and is a pre-requisite for the prevention of accidents, which we will monitor in a targeted manner by means of standardised site inspections.

The areas surrounding our plants are as diverse as the people living and working there. That is why our social commitment is geared towards their needs. The voluntary activities we undertake at our locations are in line with our Corporate Citizenship Guidelines. All measures should achieve positive results for the benefit of society. We also want to promote mutual trust and partnership through transparency, open communication, and cooperation.

Our subsidiary ScanTogo, for example, launched a pilot project with respect to corporate social responsibility as part of the construction of the new clinker plant near the town of Tabligbo, Togo. A training center is being constructed near the plant. After its opening at the start of 2015, local residents will be offered training either to work in the cement plant or to become self-employed. The development of a tree nursery managed by the villagers has already started.

Environmental responsibility

We will increase the number of biodiversity management plans and continue to monitor existing plans in 2015. With our partner BirdLife International, we will further intensify cooperation in Europe and launch new joint activities in Africa and Asia. The third edition of the "Quarry Life Award" will begin in the second half of 2015. In 2015, we will also link projects for the promotion of biodiversity and nature conservation with activities in the field of water management and corporate social responsibility.

We will increase the proportion of waste materials used in countries with more developed waste management, such as the USA, Canada, and the United Kingdom, and in the plants that started using waste as alternative fuel in 2014. We will exploit all viable opportunities to promote waste utilisation in China and Indonesia.

The legal position remains difficult and uncertain due to the as yet pending structural reform of the EU Emissions Trading System (EU ETS). Due to the difficult discussions, the EU authorities are proposing an interim solution for the EU ETS in order to improve price stability. After the confirmation of the European Union that the cement industry is named on the Carbon Leakage List, the free allocation of emissions certificates is guaranteed for the cement industry for the period from 2015 to 2019.

In 2015, HeidelbergCement will be a founding member of the Concrete Sustainability Council, which will introduce a certification for sustainably produced concrete. It enables companies to demonstrate their leading position in terms of their commitment to ecological and social aspects along the entire concrete value chain.

We will continue our Group-wide environmental audit of all business lines in 2015 in order to achieve our goal of auditing all locations between 2015 and 2020.

Our environmental protection initiatives in 2015 will continue to focus on reducing dust, nitrogen oxide, and sulphur oxide emissions. We will therefore invest in new technical equipment at several locations in Europe, Turkey, Bangladesh, Indonesia, and Tanzania.

In 2015, all our cement plants in the USA will comply with the National Emission Standards for Hazardous Air Pollutants (NESHAP), which implies lower dust, mercury, hydrochloric acid, and hydrocarbon emissions. The legal regulations of US federal authorities for industrial enterprises in the USA remain challenging. However, we will focus on leading the American building materials industry with regard to environmental protection.

In Indonesia, we will install a flue gas desulphurisation plant at the Tarjun location in order to comply with the announced national regulations.

The focus of the aggregates business line continues to be on dust and noise reduction. In Norway, we will install systems to reduce particulate matter in water, thus being able to reuse it for the washing of aggregates. A water recycling project will also be carried out in the Norwegian aggregates plant in Tau.

At our European ready-mixed concrete plants we will add new concrete recycling systems and wastewater recycling equipment.

Research and technology

In the next few years, we will continue centering our efforts on developing cement types with reduced clinker proportion and thus lower CO_2 emissions. The alternative raw materials and fuels used will benefit the environment. Significant cost savings are also expected, depending on the future price development for CO_2 emission certificates. In addition, we will promote the development of our new clinker technology as another option to save CO_2 and energy.

Another area of focus is the development of high-quality binders and concrete applications in order to achieve greater benefit for our customers and added value for our company. In the future, we will intensify the successful transfer of technology to further increase the speed of innovation. For the concrete business, we plan to increase again the profit contribution of special products in mature markets in 2015.

In 2015, we will carry on the "Continuous Improvement Program", which was launched in the reporting year. It focuses on retaining the achievements of its predecessor programme "Operational Excellence" in the cement business in the long term, as well as implementing further improvements and exploiting savings potential.

In the aggregates business line, we will continue to drive forward the three-year "CLIMB Commercial" programme. The emphasis of this programme is on the optimisation of product, pricing, and customer strategy, while continuously advancing further operational improvements at the same time. We intend to improve our results by €120 million by the end of 2015.

Procurement

Over the current and the next year, we will continue to increase the efficiency of our procurement activities by consistently standardising and optimising our procurement processes. This will include further efforts to bundle commodity groups.

For 2015, we anticipate varying energy price developments in the energy markets that are relevant to us. While significant price increases are still expected in Asia and parts of Africa because of the high rates of inflation, we only anticipate a moderate increase in energy prices for Central and Northern Europe in comparison with 2014. In North America, we also expect stable electricity and fuel costs due to the development of fracking.

Overall, we plan to maintain the rather short-term focus of our purchasing policy for fuels and electricity. We will only make use of price opportunities arising from price setting on an individual basis. We will also follow a strategy of rather short-term purchasing for the diesel procurement in our quarries in order to benefit from lower international oil prices.

Risk and opportunity report

Risks and opportunities

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 is 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.

Risk management

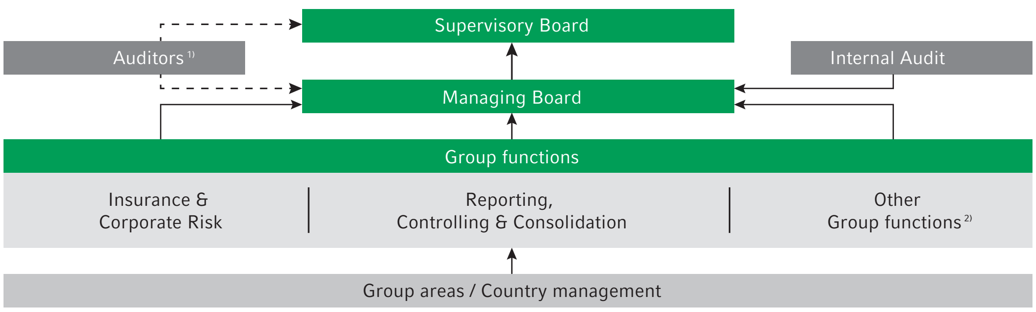
The Managing Board of HeidelbergCement AG is obliged to set up and supervise an internal control and risk management system. The Managing Board also has overall responsibility for the scope and organisation of the established systems. The Supervisory Board and its Audit Committee also review the effectiveness of the risk management system on a regular basis.

HeidelbergCement has installed transparent regulations to govern competences and responsibilities for risk management that are based on the Group's structure.

A code of conduct, guidelines, and principles apply across the Group for the implementation of systematic and effective risk management. The standardised internal control and risk management system at HeidelbergCement is based on financial resources, operational planning, and the risk management strategy established by the Managing Board. It comprises several components that are carefully coordinated and systematically incorporated into the structure and workflow organisation.

The essential elements of the risk management system are:
- documentation of the general conditions for a methodical, efficient risk management in a Group guideline. In addition to this Risk Management Policy, the Group's Code of Business Conduct is concerned with the code of conduct and compliance standards to be observed.
- coordination of risk management in the Group Insurance & Corporate Risk department,
- managers responsible for corporate risk at country level,
- direct information and open communication of quantified risks between the Managing Board and country management,
- standardised and regular reporting at Group and country level.

Organisation of risk management at HeidelbergCement



1) Part of the annual audit
2) Legal, Compliance, Tax, IT, Treasury, Corporate Finance, Human Resources, Strategy & Development, Marketing & Sales

Risk management process

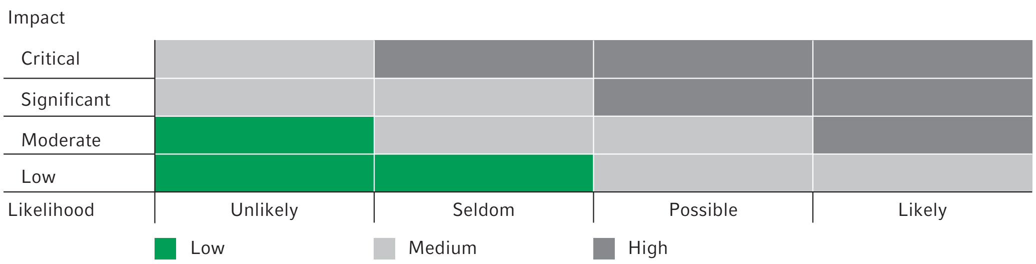
In order to optimise risk management, we are employing comprehensive software across the Group to map the entire risk management process. By using this software, we have implemented the basic conditions for increasing transparency and efficiency in all phases of the risk management process and for contributing to audit security. The software helps us with, among other things, the clear representation of the Group structure and the assignment of appropriate local responsibilities, the systematic recording and tracking of risks as well as proposed countermeasures over time, or the provision of uniform evaluation schemes. The visualised risk data can now be consolidated in a timely manner, analysed flexibly and in various ways, and depicted using standardised risk reporting.

Identification and assessment of risks

The process of identifying risks is performed regularly on a decentralised basis by the country management and by the globally responsible Group functions. General macro-economic data as well as other industry-specific factors and risk information sources serve as auxiliary parameters for the identification process.

Appropriate thresholds for reporting relevant risks have been established for the individual countries, taking into account their specific circumstances. On the basis of our Group's risk model and according to the defined risk categories, the risks are assessed with reference to a minimum probability of occurrence of 10 % and their potential extent of damage. The operational planning cycle is used as the base period for the probability forecast. In addition to this risk quantification, geared towards a duration of twelve months, there exists also an obligation to report on new and already known risks with medium- or long-term risk tendencies. The impacts on the key parameters – operating income, profit after tax, and cash flow – are used as a benchmark to assess damage potential. Both dimensions of risk assessment can be visualised by means of a risk map.

Dimensions of risk assessment



The underlying scaling is as follows:

Likelihood

Unlikely	1 to 20 %
Seldom	21 % to 40 %
Possible	41 % to 60 %
Likely	61 % to 100 %

Impact	Definition of impact on business activity, financial performance and results of operations, and cash flow
Low	Negligible negative impact (≤ €20 million)
Moderate	Limited negative impact (> €20 million)
Significant	Significant negative impact (> €120 million)
Critical	Harmful negative impact (> €220 million)

The risk statement also includes risks that do not have a direct impact on the financial situation, but that can have an effect on non-monetary factors such as reputation or strategy. In the case of risks that cannot be directly calculated, the potential extent of damage is assessed on the basis of qualitative criteria such as low risk or risks constituting a threat to the Group's existence.

The process of regular identification is supplemented with an ad-hoc risk report in the event of the sudden occurrence of serious risks or of sudden damage caused. This can arise, in particular, in connection with political events, trends in the financial markets, or natural disasters.

Aggregating, reporting, monitoring, and controlling risks

The quantitative, updated risk reports for all business lines in our Group countries are presented to the Managing Board on a quarterly basis within the framework of central management reporting to ensure that risks are monitored in a structured and continuous way. Correlations between individual risks and events are considered at local level as far as possible. The quarterly management meetings provide a platform for the Managing Board and responsible country managers to discuss and determine appropriate risk control measures promptly. Decisions are thus made as to which risks will be intentionally borne independently and which will be transferred to other risk carriers, as well as which measures are suitable for reducing or avoiding potential risks.

The Group Insurance & Corporate Risk department is responsible for coordinating the risk management processes. It summarises all significant quantitative and qualitative risks for countries and Group functions on a quarterly basis in a central risk map. The Group's detailed risk report is presented to the Managing Board once a year. In addition, interim reporting to the Supervisory Board is effected in the course of the year.

Monitoring and adjustments

The Group Internal Audit department systematically examines and assesses risk management to help increase risk awareness. In addition, the auditor carries out an examination of the risk management system as part of the annual audit in accordance with legal guidelines to determine whether the monitoring system is capable of identifying in good time any issues that could threaten the Group's existence. The Managing Board also regularly informs the Supervisory Board and its Audit Committee about the risk situation.

The internal control and risk management system with regard to the Group accounting process

In accordance with § 289, section 5 and § 315, section 2, number 5 of the German Commercial Code (HGB), the internal control system within the HeidelbergCement Group includes all principles, processes, and measures intended to ensure the effectiveness, cost efficiency, and accuracy of the accounting and to ensure observance of the relevant legal provisions.

The internal monitoring system within the HeidelbergCement Group consists of process-independent and process-integrated control measures. The process-integrated auditing activities include controls that are incorporated into the process (e.g. the principle of dual control). Process-independent measures are controls carried out by persons not directly involved in the accounting process (e.g. Group Internal Audit).

Structures and processes

The organisational and management structure of HeidelbergCement AG and its Group companies is clearly defined. The responsibilities within the accounting process (e.g. accounting of HeidelbergCement AG and its Group companies, Group Controlling, Group Treasury, and Group Consolidation) are clearly defined and functionally separated.

Key characteristics of the accounting processes and the consolidation

All departments involved in the accounting process have the requisite qualifications and are equipped in accordance with the requirements. In the case of accounting issues that are complex or require discretionary judgement, we also call upon the expertise of external service providers such as pension experts or recultivation obligation assessors.

The accounting guideline and uniform accounting framework, both of which are centrally administered by the Group Reporting, Controlling, and Consolidation department, are mandatory for all Group companies. New laws, accounting standards, and current developments (e.g. in the Group's economic and legal environment) are analysed and taken into account with regard to their relevance and impact on the consolidated financial statements. The central accounting guideline and uniform accounting framework guarantee uniform recognition, measurement, and presentation in the consolidated financial statements. Group-wide deadlines set out in a centrally managed financial calendar and instructions pertaining to the financial statements also help to make the accounting process structured, efficient, and uniform across the Group.

In most countries, the financial statements of the Group companies are prepared in shared service centers in order to centralise and standardise the accounting processes. Accounting systems from SAP and Oracle are used in the majority of cases. To prepare the consolidated financial statements, further information is added to the individual financial statements of the Group companies and these are then consolidated using standardised software developed by SAP. All consolidation adjustments, such as the capital consolidation, the debt consolidation, the expense and income consolidation, and the at equity valuation, are carried out and documented. The various elements that make up the consolidated financial statements, including the Notes, are created entirely from this consolidation programme.

At HeidelbergCement, the accounts data is checked at both local and central level. The decentralised checking of the local financial statements is carried out by the responsible Financial Director and country controlling. The central checking of the accounts data is carried out by the Group departments Consolidation, Controlling, Tax, and Treasury.

HeidelbergCement's control system is also supplemented by manual checks, such as regular spot checks and plausibility checks, carried out both locally and centrally. The validations automatically performed by the consolidation program also form an integral part of HeidelbergCement's control system.

Process-independent checks are carried out by the Audit Committee of the Supervisory Board and by Group Internal Audit. The latter checks the internal control system for the structures and processes described and monitors application of the accounting guidelines and accounting framework. The results of the check carried out by Group Internal Audit are reported to the Managing Board and Audit Committee. Additional process-independent monitoring activities are also performed by the Group auditor and other auditing bodies, such as the external tax auditors.

Measures for identifying, assessing, and limiting risks
In order to identify and assess risks, individual business transactions at HeidelbergCement are analysed using the criteria of potential risk, likelihood of occurrence, and impact. Suitable control measures are then established on the basis of these analyses. To limit the risks, transactions above a certain volume or with a certain complexity are subject to an established approval process. Furthermore, organisational measures (e.g. separation of functions in sensitive areas) and ongoing target/actual comparisons are performed for key accounting figures. The IT systems used for accounting are protected from unauthorised access by appropriate security measures.

The established control and risk management systems are not able to guarantee accurate and complete accounting with absolute certainty. In particular, individual false assumptions, inefficient controls, and illegal activities may limit the effectiveness of the internal control and risk management systems employed. Exceptional or complex circumstances that are not handled in a routine manner also entail a latent risk.

The statements made here apply only to the Group companies included in the consolidated financial statements of HeidelbergCement AG whose financial and operational policies can be determined directly or indirectly by HeidelbergCement AG for the purpose of deriving benefit from the activity of the company.

Risk areas

Risks that may have a significant impact on our assets, financial, and earnings position in the 2015 financial year are divided into four categories based on the risk catalogue established in the Group: financial risks, strategic risks, operational risks, as well as legal and compliance risks. In the following, we assess only the risk situation of risks that are significant for us.

Financial risks

Our significant financial risks are currency risks, interest rate risks, refinancing risks, and credit risks. We manage these risks primarily as part of our ongoing business and financing activities and, when required, by using derivative financial instruments. These risk areas are monitored on a continuous basis by the Group Treasury department in accordance with internal Group guidelines. All Group companies must identify their risks and hedge them in cooperation with Group Treasury on the basis of these guidelines. The activities and processes of Group Treasury are governed by comprehensive guidelines, which, amongst other things, regulate the separation of trade and the processing of financial transactions. As part of our ongoing risk management, we manage the transaction risk, i.e. the risk of fluctuating prices (e.g. currency exchange rates, interest rates, raw material prices) that may affect the Group's earnings position. Financial risks have slightly risen in comparison with the previous year due to the slight rise in currency risks.

Currency risks
The most significant risk position overall and naturally also with respect to financial risks is related to currency risks, particularly translation risks. In the second half of 2014, the volatility of exchange rates in relation to the euro continued to rise considerably. By the end of January 2015, the euro had fallen significantly against our key currencies, such as the US dollar and the Indonesian rupiah. This drop in value is not fully taken into account in the planning for 2015, thus presenting an opportunity if exchange rates remain unchanged for the rest of the year. Due to the high volatility of the exchange rates, we cannot rule out the possibility of negative translation and transaction effects during the course of the year, should an interest rate increase in the USA lead to a further devaluation of the currencies of emerging countries. We consider these currency risks to represent a medium risk with a rare likelihood but a significant impact.

Currency risks arising as a result of transactions with third parties in foreign currency (transaction risks) are hedged in certain cases using derivative financial instruments with a hedging horizon of up to twelve months. We primarily use currency swaps and forward exchange contracts for this purpose, as well as currency options in some individual cases. Currency risks arising from intra-Group transactions in goods are not hedged, as the inflows and outflows in the various currency pairs cancel one another out at Group level to a large extent. Through our in-house banking activities, the borrowing and investment of liquidity of the subsidiaries lead to currency positions that are hedged by means of external currency swap transactions, which are appropriate in terms of maturities and amounts.

In general, we do not hedge currency risks arising from converting the financial statements of foreign individual companies or subgroups (translation risks). The associated effects have no impact on cash flow, and influences on the consolidated balance sheet and income statement are monitored on a continuous basis. More information on currency risks can be found in the Notes on page 250.

Pension risks
Primarily in North America, HeidelbergCement is involved in various defined contribution pension plans for unionised employees (Multi-employer Pension Plans). The funding status of these pension plans could be affected by adverse developments in the capital markets, demographic changes, and increases in pension benefits. If one of the participating companies no longer pays contributions into the pension plan, all other parties concerned will be held liable for the obligations that have not been covered. Regarding the year 2015, we consider the pension risks as a medium risk with a rare likelihood and moderate impact.

Interest rate risks

Interest rate risks exist as a result of potential changes in the market interest rate and may lead to a change in fair value in the case of fixed interest-bearing financial instruments and to fluctuations in interest payments in the case of variable interest-bearing financial instruments. Interest rate risks are maintained within the parameters set by the Group's Chief Financial Officer. By using financial instruments, primarily interest rate swaps, we are able to hedge both the risk of fluctuating cash flows and the risk of value fluctuations. However, the downgrading of our credit rating by the rating agencies (see Rating section on page 85) could increase the interest margins in the event of a refinancing measure. On the basis of the balanced maturity structure of financial liabilities (see diagram in the Outlook chapter on page 113) and the expected cash inflow from operating activities, there is no significant short- or medium-term need to refinance, meaning that no significant effects on the interest result are to be expected. Therefore, we see here only a low risk. More information on interest rate risks can be found in the Notes on page 249 f.

Refinancing/liquidity risks

Refinancing/liquidity risks exist when a company is not able to procure the funds necessary to fulfil operational obligations or obligations entered into in connection with financial instruments.

Possible risks from fluctuating cash flows are considered as part of the Group liquidity planning. Assumptions concerning the expected economic cycle harbour particular uncertainties in liquidity planning, which is why we update them on an ongoing basis and simulate them by means of so-called stress tests. On this basis, we can – if necessary – initiate the appropriate measures, such as the issue of additional money and capital market securities or the raising of fresh funds in the bank market. As a result of our extensive refinancing measures over the last 24 months, including the conclusion of a new syndicated credit facility of €3 billion, we have access to substantial amounts of cash and cash equivalents and have thus considerably reduced the refinancing risk. In addition, cash is continuously accruing from our operating activities. As an additional precautionary measure, an appropriate amount for increasing shareholders' equity was decided upon at the 2013 Annual General Meeting. We consider the refinancing/liquidity risks as a low risk.

The revolving syndicated credit facility of €3 billion mentioned above with a term that runs until the end of February 2019, following the conclusion of a new agreement in February 2014, of which only €292.9 million had been drawn upon as at the balance sheet date, is available for financing existing payment obligations. In total, we have €4.0 billion of cash and cash equivalents, of securities, and free credit lines in our portfolio across the Group (see Liquidity instruments table in the Group financial management section on page 85).

In connection with credit agreements, we agreed to comply with various financial covenants, which were all met in the reporting period. The most important key financial ratios are the ratio of net debt to EBITDA and the interest coverage ratio. Within the framework of Group planning, compliance with the covenants is monitored consistently, with notification issued to the creditors on a quarterly basis. In the event of a breach of the covenants, the creditors could, under certain conditions, accelerate corresponding loans irrespective of the contractually agreed terms. Depending on the volume of the relevant loan and the refinancing possibilities in the financial markets, this could lead to a refinancing risk for the Group.

The €3 billion syndicated credit facility contains covenants, which were agreed at a level that takes into account the current economic environment and our forecasts. More information on liquidity risks can be found in the Notes on page 248 f.

Credit risks
Credit risks exist when a contractual partner in a business cannot fulfil its obligations, or at least not within the stipulated period. We minimise the risk position arising from this by diversification and ongoing assessment of the creditworthiness of the contracting parties.

Credit risks from operating activities are monitored continuously as part of our receivables management. We apply strict standards with regard to the creditworthiness of our business partners. In this way – as well as by avoiding concentrations of positions – we are able to minimise the Group's credit risks. We minimise credit risks for our financial investments by only conducting transactions with banks that are particularly creditworthy. We select banks for payment transactions and establish cash pools in exactly the same way. We consider the credit risks as a low risk. More information on credit risks can be found in the Notes on page 247.

Strategic risks

Strategic risks particularly include risks related to the development of our sales markets in terms of demand, pricing, and the level of competition. In this category we also take into account risks arising from acquisitions and investments, product substitution, and political risks. Strategic risks have slightly increased in comparison with the previous year due to the growing geopolitical conflicts.

Industry-specific risks and sales market risks
The International Monetary Fund anticipates a slight acceleration of global economic growth for 2015. However, this is subject to the industrial countries in North America and Europe continuing their recovery, and that the economic growth in Asia, particularly in China, does not decline to a level critical to global economic growth. The significant decline in the oil price since mid-2014 can have varying effects on individual countries: in oil-importing countries, expenditure on fuel will decrease and more funds will potentially be available for consumption, while oil-exporting countries will have less income to invest in projects.

In general, we expect a positive economic development in the individual Group areas for 2015. Aside from general risks due to fluctuations in demand, we also see risks regarding sales volumes, prices, and customer relationships due to the increase in competition, particularly through the entry of new competitors in emerging countries such as Indonesia or in Sub-Saharan Africa. Overall, however, we rate this as a low risk.

The global development of demand for building materials naturally represents both an opportunity and a risk for us, and is dependent on a number of different factors. The key factors include population growth and the increasing need for housing, economic growth, growing industrialisation and urbanisation, and the increased need for infrastructure. Demand for building materials is essentially divided into three sectors: private residential construction, commercial construction, and public construction.

Demand in private residential construction depends on factors such as access to affordable loans, the trend in house prices, and the available household income, which is in turn influenced by additional parameters such as the rate of unemployment or inflation. The development of these factors and thus the demand in this sector is mostly subject to country-specific risks and uncertainties. In the USA, the bursting of the property bubble at the start of the financial crisis in 2008 led to a high excess of houses and apartments as well as a corresponding price collapse. Since 2013, we have observed a considerable recovery of the housing market in the USA. The number of sales and construction starts as well as house prices have risen. The continuing recovery of this market is subject to uncertainties and depends, among other things, on the further development of interest rates. In Asia, there is a risk that rising cost of living could negatively impact the revenue available for construction projects and thereby also the investments in private residential construction. In China, there still remain risks from speculations in urban residential property. Although the steps taken by the government and central bank to combat overheating in the booming property market have so far been successful, the situation must still be monitored very carefully.

The utilisation of production facilities, office spaces, and storage areas is crucial in determining the level of demand in commercial construction, and in turn depends on the general order situation both at home and abroad. As a result of the economic crisis, the vacancy rate of office and industrial spaces is still high in some countries, such as in the USA. While the recovery process in this sector has become more noticeable, its extent and time span is still uncertain. Intensified budgetary consolidation or increasing interest rates resulting from rising inflation pressure could have a negative effect on economic growth and the future demand for building materials.

Investments in infrastructure such as roads, railways, airports, and waterways fall into the public construction sector. The demand in this sector depends on national budgets and the implementation of special infrastructure funding programmes. Risks exist insofar as countries could cut back on their infrastructure investments in order to consolidate their budgets. Noticeable growth in result from state-funded projects will only be seen with a time lag. The scope of the cutbacks and their effects on the demand for building materials cannot be predicted with absolute certainty.

Building materials are characterised by heavy weight in relation to the sales price and are thus not transported overland for long distances. Excess cement volumes are traded by sea on a regional level as well as between individual continents. If the difference in the price level between two countries, with connection to the sea trade, is so high that it exceeds the transportation costs, there is a danger of increased import pressure and thus of a price drop in the importing market.

A major industry-specific risk is the weather-related sales risk for building materials, which is mainly due to the seasonal nature of demand. Harsh winters with extremely low temperatures or high precipitation impact construction activity and have a negative effect on the demand for building materials. In addition to the winter weather, monsoons in some Group countries, such as India, are another example of the seasonal weather conditions that adversely affect the sales volumes of our products and thus our business results.

We counteract weather-related fluctuations in sales volumes and risks from trends in sales markets with regional diversification, increased customer focus, the development of special products, and, to the extent possible, with operational measures: for example, we adjust the production level to the demand situation and use flexible working time models. In 2013, we reorganised our activities in Spain as a result of the sharp downturn in the construction industry, and a number of locations were temporarily or permanently closed.

In order to further improve relationships with our customers and to respond to country-specific needs, HeidelbergCement carries out customer surveys across the Group and expands research and development operations at Group level. A continuous transfer of knowledge between our locations, which is systematically supported and promoted by the employees of our technical centers – HTC (cement and binders) and CCM (aggregates) – working at various locations across the Group, ensures that synergy effects are utilised as effectively as possible.

Our expectations regarding the future development of the industry and our sales markets are presented in the Outlook chapter on page 109 f.

Risks from acquisitions and investments
Capacity expansions from acquisitions and investments ensure opportunities, but also risks. Possible risks in the case of acquisitions arise from the integration of employees, processes, technologies, and products. These also include cultural and language barriers in the growing markets as well as a generally increased level of personnel turnover in Asia, which leads to an outflow of valuable knowledge. We counteract these risks by targeted personnel development and an integrative corporate culture, including the creation of local management structures.

Acquisitions can affect the net debt to equity ratio and financing structure and lead to increases in fixed assets, including goodwill. In particular, impairments of goodwill due to unforeseen business trends can lead to financial burdens.

Investment projects can span several years from the planning phase to completion. In this process, there are particular risks when it comes to obtaining the necessary permission for mining raw materials or developing infrastructure, including connecting to energy and road networks, as well as risks concerning the requirements for subsequent use plans for quarrying sites.

In the case of future acquisitions, partnerships, and investments, there is a risk that political restrictions may only allow them to be implemented under complicated conditions or may prevent them at all. A resulting shortage in capacity expansion projects could affect the growth prospects of HeidelbergCement. In order to minimise financial burdens and risks and better exploit opportunities, we look for suitable partners, particularly in politically unstable regions.

HeidelbergCement constantly monitors the market environment with respect to embarking on suitable acquisition projects or partnerships. In addition, market potential and raw material deposits are also systematically analysed and turned into proposals for investment projects. We place very high return requirements on every acquisition or investment decision, which are explained in the Internal management control and indicators section on page 45 f. Significant investment and acquisition projects are also subject to subsequent checks. We have many years of experience in integrating companies and have already created the necessary processes and structures.

The cement industry is building up its capacities in the markets of Eastern Europe, Asia, and Africa in order to benefit from the rising domestic demand. HeidelbergCement is likewise pursuing a capacity expansion programme and is focusing on local markets with exceptional growth potential. In 2014, we commenced production in a new clinker plant in Togo, a new integrated cement plant in Kazakhstan, and a new cement mill in Burkina Faso, as well as increased our cement grinding capacities in Tanzania and Indonesia. In 2015, we will expand our production capacities in Ghana. Moreover, the commissioning of additional cement capacities in Indonesia is planned for this year. Competitors are also building up new capacities in these regions to some extent. If the capacity increases in the markets in which we operate exceed the growth in demand, there is a risk of price collapse, which has negative effects on revenue and operating income. Prior to capacity expansion projects, HeidelbergCement reviews both the market environment and the market potential and responds to excess capacities with cost-saving and efficiency improvement programmes, capacity adjustments, and location enhancements. Overall, we consider the risks from acquisitions and investments as a low risk.

Risks resulting from the substitution of products
Cement, sand, gravel, and hard rock are the basic raw materials for the construction of houses, industrial facilities, and infrastructure throughout the world. The use of cement-like binders can be traced back to Roman times. Because cement is highly energy- and CO_2-intensive, research projects are being undertaken to develop alternative binders with a more favourable energy and climate footprint.

Employees of the Heidelberg Technology Center (HTC) are closely monitoring the development of alternative binders and are actively exploring this area. However, when comparing the current state of knowledge regarding alternative binders with the stringent requirements relating to the processability, durability, and cost-effective production of the binders, we generally do not anticipate that the alternative binders currently being developed will replace traditional cement types on a large scale in the next few years. If the production costs for traditional binders increase dramatically, particularly in mature markets, e.g. as a result of further shortages of government-issued CO_2 emission certificates or significant increases in energy prices, alternative binders could replace traditional binders provided that they fulfil all the aforementioned requirements. However, since this is currently not foreseeable, the risk is not included in our risk reporting.

Political risks and risks arising from exceptional external incidents
As is the case for all companies, potential turmoil in a political, legal, or social context poses fundamental risks for us, too. HeidelbergCement operates in more than 40 countries around the world and is therefore also exposed to political risks such as nationalisation, prohibition of capital transfer, terrorism, war, and unrest. At a number of locations, we cannot rule out certain security risks because of internal political circumstances. Armed conflicts in eastern Ukraine have led to the temporary closure of one of our cement plants. If the situation in this region does not improve, we may lose the plant. We consider this development as a medium risk with a possible likelihood and moderate impact.

In isolated cases, cement prices are subject to government regulation, e.g. in Togo. There may also be government intervention in production control, such as the temporary decommissioning orders in China. Overall, we consider this as a low risk.

Exceptional external incidents, such as natural disasters or pandemics, could also negatively impact our business performance. Liberia and Sierra Leone experienced an Ebola outbreak in 2014. At the time of preparing the Annual Report, new cases of infection were still being recorded. If the number of new cases does not see a significant reduction or should even rise again, there is the risk that a sufficient amount of raw materials necessary for cement production cannot be imported to these countries. As we have been able to secure sufficient transportation capacities thus far, we rate this as a low risk. Appropriate compensation limits of our Group-wide property insurance programme guarantee comprehensive coverage against natural disasters, including earthquakes, for our activities in heavily endangered regions of North America and Asia.

Operational risks

Operational risks particularly include risks related to the availability and cost development of energy, raw materials, and qualified personnel. In this category we also take into account regulatory risks associated with environmental constraints, as well as production, quality, and IT risks. Operational risks almost remained unchanged in comparison with the previous year.

Volatility of energy and raw material prices
For an energy-intensive company such as HeidelbergCement, price trends in energy markets, which are extremely volatile, represent a considerable risk. In 2014, energy prices remained stable or decreased slightly. This development was favoured by an increase in the production of shale gas and oil in North America. However, in some countries, such as Indonesia, energy prices rose considerably.

Production bottlenecks, such as those owing to conflicts in the Middle East, could lead to a major increase in energy prices. In a few countries, risks also arise from cutbacks in state subsidies for electricity or from the state regulation of oil and gas prices. In Indonesia, subsidies for electricity and diesel have been considerably reduced in the last twelve months. If the fuel subsidies continue to decrease, the transportation costs of our raw materials and finished products will rise. As a countermeasure, we are planning a corresponding increase in sales prices to offset the rising costs. We consider this a medium risk with a possible likelihood and moderate impact.

In addition to the volatility of energy prices, infrastructural bottlenecks also pose a common risk for our Group with regard to electricity supply, especially in Africa. The prices of other raw materials are also subject to economic fluctuations. In 2014, prices for our key raw materials rose slightly, but developed very differently in the various regions.

We minimise the price risks for energy and raw materials by Group-wide, structured procurement processes. Furthermore, we rely on the increasing use of alternative fuels and raw materials. In this way, we minimise price risks while reducing CO_2 emissions and the proportion of energy-intensive clinker in the end product cement. We have sustainably improved the efficiency of the cement manufacturing process with the Group-wide "Operational Excellence" programme, which was carried out between 2011 and 2013. By reducing and optimising our consumption of electricity, fuel, and raw materials, we are working directly towards a reduction in energy costs. With the "Continuous Improvement Program" that was launched in 2014, we intend to not only retain but further improve our achievements.

Another savings initiative in purchasing that continues the successful three-year "FOX 2013" programme commenced in 2014 to further increase the Group's financial and operational performance in the long term. In view of the generally persisting cost pressure, the current programme also targets additional savings in purchasing. More information on our procurement management can be found on page 107.

In the process of setting prices for our products, we aim to pass on increases in the costs of energy and raw materials to our customers. The success of these price increases is subject to considerable uncertainty, as most of our products are standardised bulk goods whose price is essentially determined by supply and demand. As a result, there is a risk that price increases cannot be passed on or will cause a decline in sales volumes, particularly in markets with excess capacities.

Availability of raw materials and additives
HeidelbergCement requires a considerable amount of raw materials for cement and aggregates production, which is ensured by our own high deposits. In order to emphasise the key role of raw materials in our company and facilitate the transfer of knowledge and synergy effects beyond national borders, we have combined our geology activities across the Group at HTC Global (see the Research and technology section on page 48). There is, however, potential for certain risks in particular locations with regard to obtaining mining concessions. In Malaysia, for example, the expansion of urbanisation may prevent a quarry from continuing to operate. Necessary permissions may be refused in the short term or disputes may arise regarding mining fees. Ecological factors and environmental regulations for access to raw material deposits also create a degree of uncertainty. In some regions of the world, for example in West Africa south of the Sahara, raw materials for cement production are so scarce that cement or clinker needs to be imported by sea. Rising transportation costs and capacity constraints in the port facilities can lead to an increase in product costs. Overall, we rate this as a low risk.

Availability and prices of the additive blast furnace slag, which is used in cement manufacturing and is a by-product in steel manufacturing, are subject to economic fluctuations and therefore entail a cost risk. Blast furnace slag is used primarily in Europe. In 2015, steel production is expected to remain stable or increase slightly compared with the previous year.

The transfers of production in connection with adjustments of European excess steel capacity may result in a shortage of blast furnace slag quantities in the short to medium term. As a precaution against potential future supply shortages and price fluctuations, we are optimising our stock holding and range of cement types.

Production-related risks
The cement industry is a facility-intensive industry with complex technology for storing and processing raw materials, additives, and fuels. Because of accident and operating risks, personal injury and material or environmental damage may occur and operations may be interrupted. In order

to avoid the potential occurrence of damage and the resulting consequences, we rely on various surveillance and security systems in our plants as well as integrated management systems, which guarantee high safety standards, and regular checks, maintenance, and servicing. To identify the threat of potential dangers, we aim to provide all employees with appropriate training to raise their risk awareness. Overall, we consider the production-related risks as low risks.

As demand for building materials is heavily dependent on weather conditions, there is a risk that capacity utilisation may fluctuate and production downtimes may occur. We minimise this risk by establishing different regional locations, making use of demand-oriented production control and flexible working time models. In addition, we make use of production downtimes, where possible, to carry out any necessary maintenance work.

HeidelbergCement's risk transfer strategy sets deductibles for the main insurance programmes that have been adjusted to the size of the Group and are based on many years of failure analyses. As of 2011, the international liability insurance programme has optimised the cover and liability limits, particularly for risks resulting from environmental damage.

Quality risks

Building materials are subject to a strict standardisation. If supplied products do not meet the prescribed standards or the customer's quality requirements, we risk losing sales volumes, facing claims for damages, and/or damaging our customer relationships. HeidelbergCement ensures compliance with the standards at the Group's own laboratories by means of fine-meshed quality assurance in parallel with every process step as well as final inspections. Quality assurance controls are also carried out by independent experts as part of the extensive quality assurance programmes already in place. We consider the quality risks as a low risk.

Regulatory risks in environmental protection

Changes to the regulatory environment can affect the business activities of HeidelbergCement. This concerns mainly legal regulations for environmental protection. Tighter environmental regulations could lead to increasing costs, higher demand for investments, or even the closing of production sites.

As part of the European climate package adopted in December 2008, which concerns the reduction of greenhouse gas emissions, ambitious goals have been set by the European Parliament and the European Commission with regard to climate protection. The cement industry, like other CO_2-intensive industry sectors, has not been affected by the full auction of emission rights since 2013. The emission rights will thus continue to be allocated free of charge, but by 2020 their quantity will have been reduced by 21 % compared with 2005. The emission certificates are to be allocated on the basis of demanding, product-specific benchmarks, and will be further reduced by the annually growing cross-sectoral correction factor. A rise in climate protection cost may be assumed as the total volume of certificates continues to decrease. In the long term, this could create additional burdens in Europe as a result of higher manufacturing costs and therefore clear competitive disadvantages in comparison with producers from countries not involved in emissions trading.

The US state of California has had a cap-and-trade programme for emission rights since November 2012. Four auctions were held in the reporting year. Our subsidiary Lehigh Hanson did not take part because the state of California allocated sufficient emission rights free of charge to the cement industry. We do not expect this to change in the short term. Furthermore, Lehigh Hanson is actively examining approaches to maintain the CO_2 output below the declining upper limit by improving kiln efficiency and the use of biomass, among other things. However, we will monitor the programme closely to ensure we make a timely decision regarding participation. Any involvement in the cap-and-trade programme entails the risk of having insufficient emission rights in the future and of incurring additional costs from the acquisition of rights.

An emissions trading system was introduced as pilot project in the Chinese province of Guangdong in 2013. In 2014, 97 % of the emission certificates assigned for the year 2013 were allocated free of charge. As we required less than 97 % of the allocated emission rights, these remain free of charge for us. Guangdong is one of China's first provinces to introduce the emissions trading system; it is still in the development stage. The full extent of the impact on our cement plants there cannot be conclusively assessed at this point.

The implementation of the European Industrial Emissions Directive 2010/75 into national law in 2013 led to more stringent environmental requirements for the European cement industry. In Germany, in particular, the limits for dust and ammonia emissions from 2016 and for nitrogen oxide emissions from 2019 were significantly tightened and even exceed EU requirements. Considerable investment is needed in order for us to meet these more stringent environmental regulations.

On 7 February 2013, the American Environmental Protection Agency (EPA) introduced the New Emission Standards for Hazardous Air Pollutants (NESHAP), which also apply to the cement industry. The industry was granted an additional two years before having to adopt the new standards, which will be mandatory from September 2015. Our North American subsidiary Lehigh Hanson has invested in technical equipment in order to meet these new standards, which are more stringent than standards already existing in other parts of the world.

Climate protection and reducing CO_2 emissions are a focus of HeidelbergCement's sustainability strategy. By increasing energy efficiency, developing cement types with a lower proportion of clinker, and using alternative fuels, such as biomass, we were able to reduce our specific net CO_2 emissions from 1990 to 2014 by 21 %. Additional measures concerning climate and environmental protection are outlined in the Environmental responsibility chapter on page 103 f. and the Research and technology section on page 47 f.

IT risks

IT systems support not only our global business processes and our internal and external communication but also to an increasing extent sales and production. Risks could primarily arise from the unavailability of IT systems, the delayed provision of important data, the loss or manipulation of data as well as attacks from outside.

To minimise these risks, our Group uses back-up procedures as well as standardised IT infrastructures. Furthermore, the critical systems are run at two separate computer centres per region that comply with the latest security standards.

All important server systems and all PCs are constantly protected against potential threats by up-to-date antivirus software. In addition, operating system platforms and critical business applications are regularly updated and secured by additional safeguards.

Information security is an integral part of the Group-wide IT strategy. We prepare, implement, and revise measures to protect data, applications, systems, and networks. One particular focus is access protection as well as the monitoring and filtering of data traffic. The IT security process is structured and divided into guidelines, standards, and recommendations, which help raise our employees' awareness.

A continuous improvement process ensures a sustainable increase in the efficiency of security measures. We also take measures to counteract the ageing process of equipment and system technology. In the case of existing applications, we are particularly concerned with business-critical resources (e.g. ERP applications, net infrastructure), which are updated or replaced in a consolidation programme.

Legal and compliance risks

Our principal legal and compliance risks include risks from ongoing proceedings and investigations, as well as risks arising from changes in the regulatory environment and the non-observance of compliance requirements. Legal and compliance risks have decreased in comparison with the previous year following the closing of risks regarding the changes to the German Renewable Energy Act (Erneuerbare-Energien-Gesetz).

Hanson asbestos-related claims and environmental damage
Some of our Hanson participations in the USA are exposed to particular legal risks and disputes relating to former activities. The most significant of these are asbestos-related claims, which, amongst other things, allege bodily injury and involve several American subsidiaries. Products containing asbestos were manufactured before these companies belonged to the Hanson Group and to HeidelbergCement. In the USA, these damage claims are being handled and intensively managed by a team of in-house lawyers in collaboration with insurers and external consultants. The dispute is likely to continue for a few more years because of the complexity of the cases and the peculiarities of the American legal system. Adequate provisions have been formed on the basis of an extrapolation of the claims, the existing liability insurance coverage, and reliable estimates of the development of costs.

Furthermore, there is a considerable number of environmental and product liability claims against former and existing Hanson participations in the USA, which relate back to business activities discontinued a long time ago. There is partly insufficient insurance cover for law suits and liability loss claims relating to toxic substances such as coal by-products or wood preservatives. Our subsidiaries may also be charged further fines set by the court in addition to the clean-up costs and the compensation; there is, however, a possibility to settle authorised claims for compensation outside of court. Sufficient financial provision has been made for this event. Overall, we consider the risks related to environmental damages in North America as a medium risk.

Cartel proceedings
In the cartel proceedings initiated in 2002 against German cement companies, the Düsseldorf High Regional Court imposed a fine of around €170 million against HeidelbergCement in June 2009, which was reduced in the last instance by the Federal Court of Justice in 2013 to approximately €161.4 million and ultimately settled. The action for damages brought by the Belgian company Cartel Damage Claims SA (CDC) before the Düsseldorf District Court, which was based on allegedly inflated cement prices as the result of a cartel between 1993 and 2002, was indeed rejected in the first instance for legal reasons on 17 December 2013. The appeal that called into question this verdict was rejected by the Düsseldorf High Court on 18 February 2015. CDC can

appeal against this judgement to the German Federal Court of Justice. CDC is claiming jointly and severally at least €132 million in damages plus interest exceeding this amount from HeidelbergCement and five other cement manufacturers, against whom a fine has also been imposed in the cement cartel proceedings, on the basis of alleged claims that it professes to have acquired from 36 cement customers. In particular, it is questionable whether the acquisition of said claims was effective and whether they have become statute-barred in the meantime, as well as to what extent any damages can be substantiated. Appropriate financial provision has been made for the proceeding. We assign a medium risk to this case.

In November 2008, HeidelbergCement was confronted with additional cartel allegations, with reviews conducted by the European Commission at locations in Germany, Belgium, the Netherlands, and the UK. The investigations of HeidelbergCement and its external lawyers into the circumstances have not confirmed the alleged cartel law violations. The proceedings were continued with the issuing of questionnaires at the end of September 2009 and additional enquiries in 2010 and 2011, which HeidelbergCement answered by the respective deadlines. In December 2010, the European Commission informed HeidelbergCement that in this connection, proceedings had commenced in several EEA countries on the basis of suspicions concerning the violation of EU competition legislation. The notice from the Commission reads in part: "The initiation of proceedings does not imply that the Commission has conclusive proof of the infringements, but merely signifies that the Commission will deal with the case as a matter of priority."

These and other proceedings motivate us to continuously review and develop intensive internal precautions, particularly regular training initiatives – using, among others, electronic training programmes – in order to avoid cartel law violations.

Market investigation in the United Kingdom
In recent years, the Competition Commission in the United Kingdom has investigated the market structures of cement and aggregates activities and published its final report in mid-January 2014. It ascertained that there is still an insufficient level of competition in the cement market. In order to improve the competitive situation, the Competition Commission has adopted a set of measures that, among other things, foresees the sale of one of our blast furnace slag grinding plants to an independent producer. The sale is currently being prepared. We rate the uncertainty regarding the amount of the sale proceeds and possible selling expenses as a low risk.

Sustainability and compliance risks
As part of its sustainable corporate governance, HeidelbergCement makes a special commitment to protect the environment, preserve resources, conserve biodiversity, and to act in a socially responsible way. We consider concern for the environment, climate protection, and sustainable resource conservation to be the foundation for the future development of our Group. Compliance with applicable law and Group regulations forms an integrated part of our corporate culture and is therefore a task and an obligation for every employee. Violations of our commitments or of laws and Group guidelines pose direct sanction risks in addition to strategic and operational risks, and also entail a risk to our reputation.

We have implemented a compliance programme across the Group to ensure conduct that is compliant with both the law and Group guidelines. This comprises, amongst other things, informational leaflets, a compliance hotline, and employee training measures, which are conducted using state-of-the-art technologies and media such as electronic learning modules, and which focus on the risk areas of antitrust and competition legislation as well as anticorruption regulations.

Violations of applicable laws and internal guidelines will be appropriately sanctioned. In addition, corresponding corrective and preventive measures will be taken to help prevent similar incidents from arising in the future.

Moreover, we have developed a concept for the evaluation and reduction of corruption risks and potential conflicts of interest. The risk assessment and creation of action plans in the individual countries started at the beginning of 2014 and will be completed in the course of 2015. An additional focus of the further development of our compliance programme was the introduction of a guideline on international trade sanctions to ensure that we comply with the relevant sanctions regulations in the countries in which we are active, in particular those of the United Nations, the European Union, and the USA. In 2015, the processes for the automated verification procedure against international sanctions lists will be further optimised.

See page 95 f. for more information on sustainability, page 103 f. for more on environmental responsibility, and page 143 for more on compliance.

Opportunity areas

Business opportunities are recognized at Group level and at operational level in the individual countries and taken into account as part of the strategy and planning processes. In the opportunities outlined below, we refer to possible future developments or events that can lead to a positive deviation from our forecast. Usually, we do not assess opportunities as their probability of occurrence is difficult to estimate.

Financial opportunities
Exchange rate and interest risks described under financial risks are also offset by opportunities that can turn the identified factors of influence to our advantage. Fluctuations in the exchange rates of foreign currencies against the euro present both risks and opportunities. On the one hand, for example, appreciation of the US dollar against the euro leads to growth in revenue and operating income; on the other, the US dollar-based proportion of purchasing costs measured in euro also increases. This primarily affects raw materials, which are traded in US dollar on the global market. We see opportunities for the development of results if the euro exchange rate against the other currencies remains the same as at the end of January 2015.

Strategic opportunities
Industry and sales market risks are also offset by opportunities that can turn the identified factors of influence to our advantage. In 2015, opportunities could arise from stronger-than-expected economic growth in oil-importing countries owing to the significantly reduced oil price since the middle of 2014. Public construction might also benefit as a result of higher tax yield. In the medium and long term, we particularly see opportunities for an increase in demand for building materials in residential, commercial, and public construction as a result of rising population numbers, growing prosperity, and the ongoing trend of urbanisation, especially in the growth markets of emerging countries.

Risks arising from acquisitions and investments are also counterbalanced by opportunities. In recent years, we continuously expanded our cement capacities in growth markets and will commission new capacities in emerging countries in 2015 as well, especially in Indonesia and the

African countries south of the Sahara. The opportunity exists to complete investment projects more quickly than expected, which in turn will provide a higher contribution to growth in earnings than anticipated. In the Outlook chapter on page 112 f., only acquisitions that have already been completed are taken into account.

Operational opportunities
Risks from the increase in prices for energy, raw materials, and additives are offset by opportunities that can turn the identified factors of influence to our advantage. The significantly reduced oil price since the middle of 2014 could lead to lower fuel costs and positive secondary effects for our logistics subcontractors. Overall, the development of the energy price could be more advantageous if the supply of coal, shale gas, and oil exceeds demand, or if tariff increases for energy sources in emerging countries are lower or introduced later than expected.

The consistent and ongoing implementation of measures to increase efficiency, reduce costs, and improve margins in production, logistics, and distribution is an integral part of our business strategy. As part of the “LEO” programme, which was launched in 2012, we are working on the optimisation of our logistics to achieve further improvements in efficiency and reduce costs through the better utilisation of vehicles and drivers. The first pilot projects were completed in 2014. In addition, the projects “CLIMB Commercial” in the aggregates business line and “PERFORM” in the cement business line aim to improve margins by setting appropriate prices for our high-quality products. The opportunity exists for all projects to produce higher-than-anticipated results and margin improvements that exceed previous expectations.

Assessment of the overall risk and opportunity situation by Group management

The assessment of the Group’s overall risk situation is the result of a consolidated examination of all major compound and individual risks. Compared with the previous year, there is no significant change in the composition of the risk matrix. The overall risk situation has improved in comparison with the previous year due to the decline in legal and compliance risks.

Overall, the Managing Board is not aware of any risks that could threaten the existence of the Group either independently or in combination with other risks. There has been no notable change in the Group’s risk situation between the reporting date of 31 December 2014 and the preparation of the 2014 consolidated financial statements. The company has a solid financial base and its liquidity situation is comfortable.

HeidelbergCement is aware of the opportunities and risks for its business activity as presented in this chapter. The measures described above play a significant role in allowing HeidelbergCement to make use of the opportunities to further develop the Group without losing sight of the risks. Our control and risk management system, standardised across the Group, ensures that any major risks that could negatively affect our business performance are identified at an early stage.

With its integrated product portfolio, its strong positions in growth markets, and its efficient cost structure, HeidelbergCement considers itself well-equipped to overcome any risks that may materialise and benefit from opportunities presented.

3

Corporate Governance

Part of the combined management report of HeidelbergCement Group and HeidelbergCement AG

Corporate Governance statement [1)]

Statement of compliance in accordance with § 161 of the German Stock Company Act (Aktiengesetz)

On 9 February 2015, the Managing Board and on 10 February 2015, the Supervisory Board resolved to submit the following statement of compliance in accordance with § 161, section 1 of the German Stock Company Act: The Managing Board and Supervisory Board of HeidelbergCement AG declare, in accordance with § 161, section 1 of the German Stock Company Act, that they have complied with, and are in compliance with, the recommendations of the Government Commission on the German Corporate Governance Code (hereafter referred to as the Code), with the following exceptions:

– Until 18 March 2014, some of the Managing Board agreements did not provide for any limit on redundancy payments (redundancy pay cap) in the event of early termination of membership of the Managing Board without good cause or due to a change of control (deviation from point 4.2.3).
  Justification: The Supervisory Board respected the provision in force until 18 March 2014 for the protection of continuance for the existing Managing Board agreements, which did not provide for any corresponding limit on redundancy payments. Limits on redundancy payments in line with the Code for new agreements and extensions to existing Managing Board agreements have been introduced from 2011. Since 18 March 2014, all Managing Board agreements have been in accordance with the Code.

– The performance-oriented element of the remuneration of the Supervisory Board is not geared towards the sustainable development of the Group (deviation from point 5.4.6).
  Justification: The variable element of the remuneration of the Supervisory Board introduced in 2010 is dependent on the Group earnings per share achieved in the respective previous year. As it is not based on a multi-year assessment, this variable element is thus not sustainable in the sense of the Code. To date, the Managing Board and the Supervisory Board have felt that the remuneration element on a yearly basis pays due consideration to the significance of the advisory and supervisory function of the Supervisory Board and moreover makes it easier to measure the variable remuneration in a timely manner in case of retirement or appointment of a Supervisory Board member during the year. The Annual General Meeting on 7 May 2015 is expected to propose a change to the remuneration structure of the Supervisory Board for resolution, which suggests that the variable remuneration of members of the Supervisory Board ceases to apply overall with effect from 1 January 2015.

– The shareholdings of members of the Supervisory Board are not disclosed (deviation from point 6.3).
  Justification: The members of the Supervisory Board are bound by the shareholding disclosure requirements under § 21 of the German Securities Trading Law (Wertpapierhandelsgesetz) and the Directors' Dealings disclosure requirements under § 15a of the German Securities Trading Law. This seems to guarantee sufficient transparency as regards the shareholdings of members of the Supervisory Board.

For the reporting period from 5/6 February 2014 (submission date of previous statement of compliance) to 30 September 2014, the above statement relates to the version of the Code published in the German Federal Gazette (Bundesanzeiger) dated 13 May 2013. For the period from 1 October 2014, it relates to the version of the Code dated 24 June 2014, published on 30 September 2014.

1) In accordance with § 289a of the German Commercial Code (HGB), likewise the Corporate Governance Report in accordance with point 3.10 of the German Corporate Governance Code

Corporate Governance practices that extend beyond the legal requirements

A Group-wide Code of Business Conduct requires all employees to observe the basic rules of business decorum – irrespective of whether these rules have been expressed in legal regulations or not. In particular, the Code of Business Conduct calls for:

- integrity and professional behaviour towards customers, suppliers, authorities, and business partners,
- consistent avoidance of conflicts of interest,
- careful and responsible handling of the Group's property and assets,
- careful and responsible handling of company and business secrets as well as personal data,
- fair, non-discriminatory employment conditions and fair dialogue with the employee representatives,
- the provision of healthy and safe jobs, and
- considerate handling of natural resources.

The Code of Business Conduct, which is published on our website www.heidelbergcement.com under "Company/Corporate Governance/Declaration of Corporate Governance", is part of the comprehensive compliance programme and its observance is monitored by control mechanisms included in the programme.

Working methods of Managing Board and Supervisory Board, and composition and working methods of their committees

As a German stock company, HeidelbergCement is required by law to have a two-tier board system. The Managing Board is responsible for independently managing the Group; its members are jointly accountable for the management of the Group; the Chairman of the Managing Board coordinates the work of the members of the Managing Board. The Supervisory Board appoints, monitors, and advises the Managing Board and is directly involved in decisions of fundamental importance to the Group; the Chairman of the Supervisory Board coordinates the work of the Supervisory Board.

Management by the Managing Board

In managing the Group, the Managing Board is obliged to act in the Group's best interests. It takes into account the interests of shareholders, its employees, and other stakeholders with the aim of creating sustainable added value. The Managing Board develops the Group's strategy, coordinates it with the Supervisory Board, and ensures its implementation. It ensures that all provisions of law and the Group's internal guidelines are adhered to, and works to achieve compliance by Group companies. It ensures appropriate risk management and risk controlling within the Group. The Managing Board considers diversity when filling management positions within the Group, and in doing so, strives to give due consideration to women; the Managing Board is opposed to a fixed quota of women, in particular with respect to current legislation. The Managing Board Rules of Procedure issued by the Managing and Supervisory Boards govern, in connection with the schedule of responsibilities approved by the Supervisory Board, the work of the Managing Board, in particular the departmental responsibilities of individual members of the Managing Board, matters reserved for the full Managing Board, and the required majority for resolutions. In accordance with these rules, each member of the Managing Board runs his management department independently, with the provision that all matters of clearly defined fundamental importance are to be decided upon by the full Managing Board. This takes place in the regular meetings of the Managing Board, led by the Chairman of the Managing Board, on the basis of prepared meeting documents. The results of the meetings are recorded in minutes, which are issued to all members of the Managing Board. There are no Managing Board committees.

Consultation and supervision by the Supervisory Board

The task of the Supervisory Board is to regularly advise and supervise the Managing Board in the management of the Group. The Managing Board must involve the Supervisory Board in decisions of fundamental importance to the Group. The rules of procedure issued by the Supervisory Board for the Managing Board and the Supervisory Board govern the organisation and work of the Supervisory Board, in particular the required majority for resolutions, the legal transactions and measures requiring their consent, the standard retirement age for Managing and Supervisory Board members, and the tasks of established committees.

The Supervisory Board meets at least twice every half-year; at these meetings, it usually discusses the open topics and passes the required resolutions, on the basis of reports drawn up by the Managing Board and documents received in advance in preparation for the meeting. Additional or extraordinary meetings are held if necessary. The results of the meetings are recorded in minutes, which are issued to all members of the Supervisory Board. The Supervisory Board comprises a number of independent members – a number which it deems sufficient – and at least one independent member with expertise in either accounting or auditing. In accordance with the Articles of Association, the Supervisory Board has set up a total of four committees, which are entrusted with the tasks and working methods described below. The following respective plenary session of the Supervisory Board is given an account of the results of the committee work.

The Personnel Committee is responsible for preparing the decision of the Supervisory Board concerning the appointment of members of the Managing Board, for preparing the election of the Chairman of the Managing Board, and the establishment of the Managing Board's remuneration structure as well as the remuneration paid to the individual members of the Managing Board. It is also responsible for making a decision concerning the structuring of the non-remuneration-related legal relationships between the company and the members of the Managing Board. The Personnel Committee comprises Messrs Fritz-Jürgen Heckmann, Josef Heumann, Hans Georg Kraut, Ludwig Merckle, Alan Murray, and Heinz Schmitt; the Chairman is Mr Ludwig Merckle.

The Audit Committee is responsible for preparing the decision of the Supervisory Board concerning the adoption of the annual financial statements and the approval of the consolidated financial statements. It is also responsible for monitoring the accounting process, the effectiveness of the internal control system, the risk management system, the internal audit system, the compliance programme, and the audit. When dealing with the audit, it is responsible in particular for the preparation of the Supervisory Board's proposal to the Annual General Meeting for the appointment of the auditor, issuing the audit assignment, establishing points of focus for the audit, additional services provided by the auditor, concluding the fee agreement with the auditor, verifying the auditor's independence including obtaining the auditor's statement of independence, and making the decision concerning measures to be taken if reasons emerge during the audit to warrant the possible disqualification of the auditor or suggest a conflict of interest on the part of the auditor. The Audit Committee discusses the half-yearly and quarterly reports with the Managing Board before they are published. The Chairman of the Audit Committee has specialist knowledge and experience in the application of accounting principles and internal control processes. In addition to the Chairman, the Audit Committee includes at least one independent member with expertise in either accounting or auditing. The Audit Committee comprises Messrs Robert Feiger (until 7 May 2014; thereafter Frank-Dirk Steininger), Fritz-Jürgen Heckmann, Max Dietrich Kley (until 7 May 2014; thereafter Dr. Jürgen M. Schneider), Ludwig Merckle, Heinz Schmitt, and Werner Schraeder; the Chairman is Mr Ludwig Merckle.

The Nomination Committee is responsible for putting suitable candidates forward to the Supervisory Board for its proposals for election to be made to the Annual General Meeting. It comprises Messrs Fritz-Jürgen Heckmann, Ludwig Merckle, and Tobias Merckle as shareholder representatives; the Chairman is Mr Fritz-Jürgen Heckmann.

The Arbitration Committee, formed in accordance with § 27, section 3 and § 31, section 3 of the German Codetermination Law, is responsible for making a proposal to the Supervisory Board for the appointment of members of the Managing Board if the necessary two-thirds majority is not initially achieved. It comprises Messrs Fritz-Jürgen Heckmann, Hans Georg Kraut, Tobias Merckle, and Heinz Schmitt; the Chairman is Mr Fritz-Jürgen Heckmann.

Diversity

On 28 June 2012, the Supervisory Board resolved to adopt the recommendations stated in point 5.4.1 of the Code as amended on 15 May 2012. Therefore, the Supervisory Board set the following concrete objectives regarding its composition: The composition of the Supervisory Board is an appropriate reflection of the national and international alignment of HeidelbergCement as a leading building materials manufacturer. The Supervisory Board comprises at least three members who have been elected by the shareholders and who are independent members in line with point 5.4.2 of the Code. Following the 2014 Annual General Meeting, the newly constituted Supervisory Board comprises at least two female members. The standard retirement age for members of the Supervisory Board is 75 years.

The Supervisory Board considers that its constitution corresponds to its specified goals.

Cooperation between Managing Board and Supervisory Board

The Managing Board and Supervisory Board cooperate closely for the benefit of the Group. To this end, the Managing Board coordinates the Group's strategic approach with the Supervisory Board and discusses the current state of strategy implementation with the Supervisory Board at regular intervals. For clearly defined transactions of fundamental importance, the Supervisory Board has specified provisions in the Managing Board Rules of Procedure requiring its approval.

The Managing Board informs the Supervisory Board regularly, without delay and comprehensively, of all issues of importance to the Group with regard to strategy, planning, business development, risk situation, risk management, and compliance. The Managing Board explains deviations of the actual business development from previously formulated plans and goals, indicating the reasons for this. The Supervisory Board has included detailed provisions in the Managing Board Rules of Procedure with regard to the Managing Board's information and reporting duties. Documents required for decisions, in particular, the annual financial statements, the consolidated financial statements, and the Auditors' report, are sent to the members of the Supervisory Board in due time before the meeting. The cooperation between the Managing Board and the Supervisory Board is shaped by mutual trust and a culture of open debate while fully protecting confidentiality.

In the periods between Supervisory Board meetings, the Chairman of the Supervisory Board also maintains regular contact with the Managing Board, especially the Chairman of the Managing Board, to discuss Group issues regarding strategy, planning, business development, risk situation, risk management, and compliance. The Chairman of the Supervisory Board is informed by the Chairman of the Managing Board without delay on important events which are essential for the assessment of the situation and development, as well as for the management of the company.

Shareholdings of members of the Managing Board and Supervisory Board

The direct or indirect ownership of shares or share-based financial instruments, especially derivatives, by members of the Managing Board has, neither in any individual case nor in total, exceeded the threshold of 1 % of the issued shares.

According to the available reports, Supervisory Board member Ludwig Merckle directly and indirectly holds 25.34 % of the issued shares. As regards the other members of the Supervisory Board, the ownership of shares or share-based derivatives has, neither in any individual case nor in total, exceeded the threshold of 1 % of the issued shares, according to the available reports.

Relationships with shareholders

In line with the options provided for in accordance with the law or the Articles of Association, the shareholders exercise their rights before or during the Annual General Meeting and thereby exercise their voting right. Each share carries one vote at the Annual General Meeting (one-share-one-vote principle). The ordinary Annual General Meeting is normally held in the first five months of the financial year. All important documents for exercising shareholder rights as well as the resolution issues and documentation are duly and easily available on our website for shareholders to access. Both the notice of the agenda for the Annual General Meeting and our website will provide shareholders with the information they need to exercise their rights, and particularly their voting rights at the Annual General Meeting, including by way of proxy or postal vote. A company proxy bound by instructions is also available to shareholders to exercise their voting rights at the Annual General Meeting.

The presentation slides accompanying the report given by the Chairman of the Managing Board to the Annual General Meeting will be made available on the Internet at the same time. After the Annual General Meeting is over, our website will be updated with the attendance details and the voting results of each agenda item.

As part of our investor relations work, we provide information to shareholders and other investors comprehensively and regularly on a quarterly basis to tell them about the business development as well as the financial situation and earnings position, and also provide them with notifications in accordance with the German Securities Trading Law and information on analyst presentations, press releases, and the annual financial calendar. Details on our investor relations work can be found on page 38.

Compliance

Within the Group's management culture, strong emphasis is placed on the compliance programme, which is firmly anchored in the Group-wide management and supervisory structures. It comprises the entire compliance organisation within the Group, the setup of guidelines, and verification of compliance with these guidelines.

The compliance organisation is under the authority of the Chairman of the Managing Board, to whom the Director Group Compliance reports directly. Each country has its own compliance officer; however, responsibility for ensuring that employees' conduct complies with the law and regulations lies with all managers and, of course, the employees themselves.

The compliance officers are supported by modern technologies and media, such as electronic learning platforms and learning programmes as well as an Internet- and telephone-based reporting system. The entire compliance programme is reviewed on an ongoing basis for any necessary adjustments to current legal and social developments, and is continuously improved and developed accordingly.

Group-wide implementation of the compliance programme is monitored by regular and special audits by Group Internal Audit as well as via special half-yearly compliance reporting by the Director Group Compliance to the Managing Board and the Audit Committee of the Supervisory Board. As part of his responsibilities, the Director Group Compliance monitors the effectiveness of the compliance programme and verifies in particular whether it adequately satisfies the legal requirements and recognised compliance standards. An additional quarterly report regularly informs the Managing Board members with regional responsibility about the most important compliance incidents in their Group areas.

In 2014, the compliance officers' preventive activities once again placed great emphasis on compliance with the provisions of competition legislation and anti-corruption regulations. This was backed by appropriate training measures in these areas together with a revision of the relevant guidelines. The introduction of the concept for the evaluation and reduction of corruption risks also continued as planned in 2014. Another focal point was the topic of trade sanctions. We have adopted a new policy with the objective of implementing an IT-supported test procedure across the Group in 2015 and 2016.

In addition to these key areas, other focuses continue to be occupational safety legislation and environmental law. This reflects the characteristics and specific features of a heavy industry that extracts raw materials and manufactures and markets homogeneous mass goods, and which generally operates locally. Special efforts are also made to observe the prohibition of insider trading, capital market and data protection regulations, regulations on non-discrimination in dealings with employees, and internal purchasing principles

Remuneration report

The remuneration report contains two parts. The first part presents the Managing Board remuneration system and the remuneration of members of the Managing Board for the 2014 financial year, both according to the applicable accounting standards as well as the valid version of the German Corporate Governance Code dated 24 June 2014. The second part shows the remuneration for the Supervisory Board paid for the 2014 financial year.

Current Managing Board remuneration system 2014

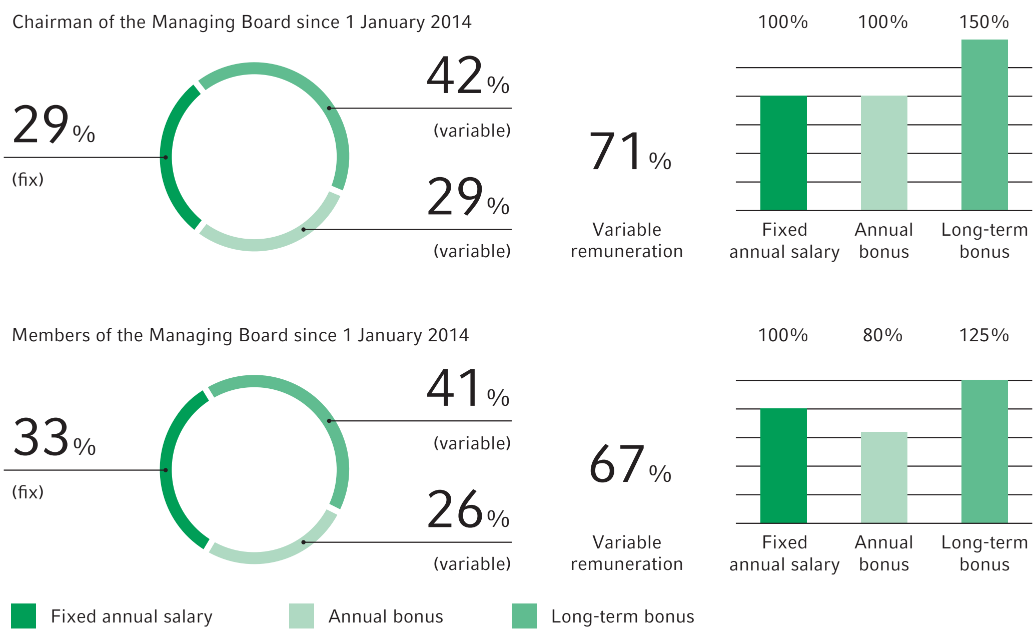
The current Managing Board remuneration system applies to all members of the Managing Board as from this financial year. It constitutes a further development to the system that was in force from 2011 to 2013. The current Managing Board remuneration system was approved by the Annual General Meeting on 7 May 2014 with a majority of 97.5 % of the votes cast, in accordance with § 120, section 4 of the German Stock Company Act.

Principles
The system and amount of remuneration of the Managing Board are determined by the Supervisory Board following a recommendation by the Personnel Committee. They are based on the size and international activity of the Group, its economic and financial situation, its future prospects, the amount and structure of the Managing Board remuneration in comparable companies, and the remuneration structure used for the rest of the Group. In addition, the tasks and performance of the relevant member of the Managing Board, and of the entire Managing Board, are taken into account. The remuneration is calculated in such a way that it is competitive on the market for highly qualified senior managers and provides an incentive for successful work in a business culture with a clear focus on performance and results.

Remuneration elements
The remuneration system applicable since 1 January 2014 comprises:
1. a fixed annual salary,
2. a variable annual bonus,
3. a variable long-term bonus with long-term incentive,
4. fringe benefits, as well as
5. pension promises.

The following graph shows the relation between fixed and variable remuneration elements of the target remuneration (without fringe benefits and pension promises) and a comparison of the amount of the individual variable components – when 100% of the target is met – with the fixed annual salary.

Relation of remuneration elements when 100% of the target is met



1. Fixed annual salary

The fixed annual salary is a set cash payment relating to the financial year, which is based on each Managing Board member's area of responsibility and is paid on a monthly basis over the year. It amounts to around 29 % of the target remuneration for the Chairman of the Managing Board and 33 % for members of the Managing Board, when 100 % of the target is met.

2. Annual bonus

The annual bonus is a variable remuneration element, which relates to the financial year and is 100 % of the fixed annual salary for the Chairman of the Managing Board and 80 % for members of the Managing Board, when 100 % of the target is met. It amounts to around 29 % of the target remuneration for the Chairman of the Managing Board and 26 % for members of the Managing Board. The Group share of profit, adjusted for one-off items, is used as the key performance indicator. In addition, individual targets will be agreed with the Chairman of the Managing Board and the Managing Board members.

At the start of the financial year, the Supervisory Board decides on the performance targets and, at the end of the financial year, determines the extent to which the target has been reached.

- Target value (value when 100 % of the target is met)
  100 % of the fixed annual salary for the Chairman of the Managing Board, 80 % of the fixed annual salary for the Managing Board members
- Key performance indicators and weighting (value when 100 % of the target is met)
  2/3 Group share of profit
  1/3 individual targets
- Target achievement range
  0–200 % (The maximum value of annual bonus is limited to 200 % of the fixed annual salary for the Chairman of the Managing Board and 160 % for the Managing Board members and total loss of the entire annual bonus is possible; the determination of the range refers to each individual key performance indicator.)

The following table shows a sample calculation for the determination of the annual bonus of the Chairman of the Managing Board with a fixed annual salary of €1,320,000.

Sample calculation annual bonus of the Chairman of the Managing Board [1]		
Target	€1,320,000 (100 % of fixed annual salary of €1,320,000)	
Performance period	1 year	
Key performance indicators	2/3 Group share of profit (€880,000) 1/3 individual targets (€440,000)	
Range	0–200 %	
Target achievement (example)	Group share of profit 140 % (€1,232,000) individual targets 100 % (€440,000)	
Example result	Group share of profit + individual targets	€1,232,000 € 440,000
	= Cash payout	€1,672,000

1) The degrees of target achievement are fictitious and serve only as illustration.

3. Long-term bonus

The long-term bonus is a variable remuneration element based on the long term, which is to be granted in annual tranches starting in 2011. It amounts to 150 % of the fixed annual salary for the Chairman of the Managing Board and 125 % for members of the Managing Board, when 100 % of the target is met. The long-term bonus amounts to approximately 42 % of the target remuneration for the Chairman of the Managing Board and 41 % for members of the Managing Board and comprises two equally weighted components.

The first component (management component with a term of three years) considers the internal added value as measured by earnings before interest and taxes (EBIT) and return on invested capital (ROIC), and is arranged in the form of a bonus with cash payment. The bonus will be paid after the Annual General Meeting in the year following the three-year performance period. The second component (capital market component with a term of four years) considers the external added value as measured by total shareholder return (TSR) – adjusted for the reinvested dividend payments and for changes in the capital – compared with the relevant capital market indices, using performance share units (PSUs). The PSUs are virtual shares used for the calculation of the capital market component.

At the start of every tranche, the Supervisory Board determines the performance targets for the two key performance indicators of the management component. After expiry of the respective performance period, the Supervisory Board will ascertain the extent to which the target has been reached for the management component; for the capital market component it will be ascertained by way of calculation.

The target for the management component is based on the Group's relevant three-year operational plan, presented to the Supervisory Board by the Managing Board. The share-based capital market component is measured over a four-year period, on the basis of § 193, section 2, no. 4 of the German Stock Company Act (AktG).

For the capital market component, the number of performance share units (PSUs) initially granted is ascertained in the first instance: the number of PSUs is calculated from 50 % of the target value of the long-term bonus divided by the reference price [2] of the HeidelbergCement share as at the

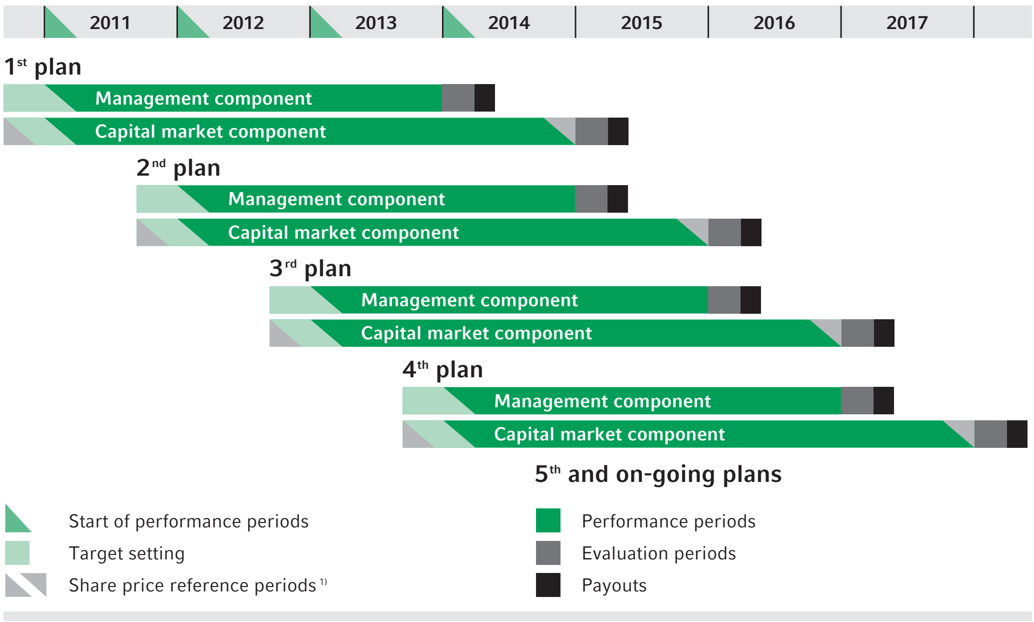
2) The reference price is respectively the average of the daily closing prices of the HeidelbergCement share on the Frankfurt Stock Exchange Xetra trading system for three months retrospectively from the start/expiration of the performance period.

date of grant. After expiry of the four-year performance period, the PSUs definitively earned are to be calculated in a second step according to the achievement of the target and paid in cash at the reference price of the HeidelbergCement share valid at that time – adjusted for the reinvested dividend payments and for changes in the capital.

- Target value (value when 100 % of the target is met)
  150 % of the fixed annual salary for the Chairman of the Managing Board and 125 % of the fixed annual salary for the Managing Board members (of which 50 % is the management component and 50 % is the capital market component)
- Key performance indicators and weighting (value when 100 % of the target is met)
  Management component (three-year performance period):
  1/2 average of EBITs attained during the performance period
  1/2 target ROIC at the end of the performance period
  Capital market component (four-year performance period):
  1/2 peer TSR; calculation of TSR compared with DAX 30 Index
  1/2 peer TSR; calculation of TSR compared with MSCI World Construction Materials Index
- Target achievement range
  Management component: target achievement ranges from 0–200 %, i.e. the maximum value of the management component of the long-term bonus is limited to 150 % of the fixed annual salary for the Chairman of the Managing Board and 125 % for the Managing Board members and total loss of the management component is possible; the range applies separately for each key performance indicator EBIT and ROIC.
  Capital market component: target achievement ranges from 0–200 %, i.e. depending on the target achievement, the number of virtual shares (PSUs) can maximally double or reduce to zero (total loss).
- Cap of performance of the HeidelbergCement share before payout
  Maximum of 2.5 times the reference price, which was determined at the start of the performance period.
- Payment under the respective long-term bonus plan is limited to twice the target value.

Payment system for the long-term bonus

The following graph shows the payment system for the long-term bonus.



The management component of the long-term bonus plan 2014-2016/17, which was granted in 2014, is paid after the Annual General Meeting 2017, i.e. in the year following the three-year performance period; the capital market component is paid after the Annual General Meeting 2018, i.e. in the year following the four-year performance period.

During the implementation phase, a disbursement mechanism with a bonus-malus system forms an element of the long-term bonus plan. According to this mechanism, for the first three years, a third of the target value of the first long-term bonus plan 2011–2013/14 is paid out annually after the following year's Annual General Meeting. These amounts must be repaid to the Group or offset against future payments of variable remuneration elements if and to the extent to which the target value is not reached.

The following table shows a sample calculation for the determination of the long-term bonus of the Chairman of the Managing Board with a fixed annual salary of €1,320,000.

Sample calculation long-term bonus of the Chairman of the Managing Board [1]		
Target	€1,980,000 (150 % of fixed annual salary of €1,320,000)	
Basis	Management component: 50 % of €1,980,000 = €990,000 Capital market component: 50 % (€990,000) will be converted into virtual shares; Ø share price of the last 3 months before the beginning of the plan: €60 €990,000 / €60 = 16,500 virtual shares	
Performance period	3 years (from 2014 to 2016) for the management component and 4 years (from 2014 to 2017) for the capital market component	
Key performance indicators	Management component: 990,000 € 1/2 EBIT (€495,000) 1/2 ROIC (€495,000)	Capital market component: €990,000 (16,500 virtual shares) Peer TSR: 1/2 DAX 30 Index (8,250 virtual shares) 1/2 MSCI World Construction Materials Index (8,250 virtual shares)
Range	0–200 %	
Target achievement (example)	EBIT 180% (€891,000) ROIC 100% (€495,000)	Relative TSR: DAX 30 Index 100% (8,250 virtual shares) MSCI World Construction Materials Index 140% (11,550 virtual shares)
Example result	Management component: €891,000 + €495,000 = €1,386,000 Capital market component: 8,250 +11,550 = 19,800 virtual shares (Ø share price over the last 3 months before the end of the 4th year e.g.: €100; Maximum value is 250 % x €60 = €150) = 19,800 virtual shares x €100 = €1,980,000	
	Management component €1,386,000 + capital market component €1,980,000 = €3,366,000 [2]	

1) The degrees of target achievement and share prices are fictitious and serve only as illustration.
2) The arithmetical payment amount is less than twice the target value (€3,960,000) and therefore a payment without cap is possible.

4. Fringe benefits

The taxable fringe benefits of the members of the Managing Board consist especially of the provision of company cars, mobile phone and communication resources, the reimbursement of expenses, as well as insurance- and assignment-related benefits.

5. Pension promises

The retirement agreements of the German members of the Managing Board contain the promise of an annual retirement pension, which is calculated as a percentage of the pensionable income. The percentage rate depends on the term of the Managing Board membership. After five years of Managing Board membership, the rate is at least 40 % of the pensionable income and can increase to a maximum of 65 % of the pensionable income. The percentage rate for the Chairman of the Managing Board is 4 % of the pensionable income for each year of service or part thereof, but no more than 60 %. The pensionable income is equivalent to a contractually agreed percentage of the fixed annual salary of the Managing Board member. When the Managing Board member's agreement is terminated and he starts receiving the pension benefit, he receives a transitional allowance for six months, equal to the monthly instalments of the fixed annual salary.

The pension is paid monthly either:

- after leaving the company upon reaching retirement age (pension benefit paid on individual basis between the 62nd and 65th year of age), or
- in the case of early termination of the agreement for reasons not attributable to the Managing Board member, provided the member has reached 60 years of age at the time the agreement is terminated, or
- due to permanent invalidity as a result of illness.

The retirement agreements include a survivor pension benefit. If a member of the Managing Board dies during the term of his employment contract, or after effectuating the pension benefit, the member's widow and dependent children receive a widow's / orphan's pension. The widow's pension is 60 % of the deceased's pension benefit. The orphan's pension is 10 % of the deceased's pension benefit as long as a widow's pension is being paid at the same time. If a widow's pension is not being paid at the same time, the orphan's pension is 20 % of the deceased's pension benefit.

The retirement provision for Mr Daniel Gauthier is based on the retirement scheme of Cimenteries CBR S.A., a wholly owned subsidiary of HeidelbergCement AG, based in Brussels, Belgium. The pension promise is comparable to the retirement provision for the German members of the Managing Board in terms of the amount, and also contains a survivor pension benefit.

Adjustment of remuneration

The Supervisory Board has the option of discretionary adjustment (administrative discretion) of the annual and the long-term bonus by ±25 % of the target value of these variable remuneration elements in order to account for the personal performance of the individual members of the Managing Board and/or for exceptional circumstances.

In accordance with § 87, section 2 of the German Stock Company Act (AktG), the Supervisory Board's right and obligation to reduce the Managing Board remuneration to a reasonable amount remains unaffected, if the position of the Group worsens after the fixing to such an extent that it would be unfair for the Group if remuneration of the Managing Board continued to be granted unchanged.

Individual investment (share ownership)

To support the sustainable development of the Group, the Supervisory Board has decided upon a set of guidelines for the shareholdings of members of the Managing Board. Members of the Managing Board are obliged to invest part of their personal wealth to purchase a fixed number of HeidelbergCement shares and to hold these shares for the term of their membership on the Managing Board. The number of shares to be held by the Chairman of the Managing Board is set at 30,000 HeidelbergCement shares and at 10,000 HeidelbergCement shares for each of the other members of the Managing Board. In order to comply with the guidelines, half of the amount granted for the long-term bonus is to be used to buy shares of the company until the full individual investment is generated. The accumulation of the individual investment can therefore take several years. HeidelbergCement shares that are already held by Managing Board members are taken into account in the individual investment. The Supervisory Board has received confirmation that the individual investment has already been made or accumulated in accordance with the contract.

D&O liability insurance

The members of the Managing Board are covered in the Group's existing D&O liability insurance. The agreed deductible corresponds to the minimum deductible pursuant to § 93, section 2, sentence 3 of the German Stock Company Act (AktG) in the respective version.

Guidelines in the case of new agreements and extensions to existing Managing Board agreements

The following guidelines on the redundancy pay cap and change of control clause are applicable as of 1 January 2011 for new agreements or extensions to existing Managing Board agreements. With the entry into force of the contract extension of Dr. Scheifele as at 1 February 2015, the guidelines are part of all Managing Board agreements.

Redundancy pay cap

In accordance with the German Corporate Governance Code, when concluding new Managing Board agreements or extending existing Managing Board agreements, it must be ensured that payments to a member of the Managing Board – in the event of the early termination of a Managing Board membership without serious cause – do not exceed the value of two annual remunerations (including fringe benefits) and do not amount to more than the remaining term of the agreement. The redundancy pay cap is calculated based on the amount of the total remuneration for the past financial year and, if necessary, also on the amount of the anticipated total remuneration for the current financial year.

Change of control clause

In accordance with the German Corporate Governance Code, when concluding new Managing Board agreements or extending existing Managing Board agreements, it must be ensured – in the event of the early termination of a Managing Board membership – that benefits promised as a result of a change of control do not exceed 150 % of the redundancy cap.

Amount of Managing Board remuneration in 2014

The disclosure of the remuneration of the Managing Board for the 2014 financial year is governed by two different bodies of rules and regulations: firstly, as previously, by the applicable German Accounting Standards (DRS 17), and secondly, by recommendations from the German Corporate Governance Code in the version of 24 June 2014.

Managing Board remuneration 2014 according to DRS 17

Amount of fixed and variable remuneration

The fixed remuneration of the Managing Board remained unchanged in comparison with the previous year at €5.0 million (previous year: 5.0). The sum of variable remuneration elements rose to €12.6 million (previous year: 7.0). It comprised a one-year bonus in 2014 and the payment of the management component of the long-term bonus plan 2012–2014/15. The remuneration of the Managing Board members for financial year 2014 according to DRS 17 is shown in the following table.

Managing Board remuneration for the 2014 financial year (DRS 17)							
€ '000s rounded off (previous year in brackets)	Dr. Bernd Scheifele	Dr. Dominik von Achten	Daniel Gauthier	Andreas Kern	Dr. Lorenz Näger	Dr. Albert Scheuer	**Total**
Non-performance related compensation							
Fixed annual salary	1,320 (1,320)	900 (900)	700 (700)	700 (700)	719 (700)	700 (700)	**5,039** (5,020)
Fringe benefits	253 (302)	74 (63)	136 (144)	149 (192)	251 (301)	86 (39)	**948** (1,041)
Performance related compensation							
Annual bonus	2,534 (1,799)	1,409 (1,176)	1,085 (882)	939 (816)	1,085 (967)	1,079 (871)	**8,130** (6,511)
Deduction of fringe benefits from the annual bonus	-163 (-234)		-125 (-129)	-111 (-193)	-163 (-234)		**-561** (-790)
Total cash compensation including fringe benefits	3,945 (3,187)	2,382 (2,139)	1,796 (1,597)	1,677 (1,515)	1,892 (1,734)	1,865 (1,610)	**13,556** (11,782)
Compensation with long-term incentive							
Management component 2012-2014/15 (2011-2013/14)	1,170 (178)	798 (63)	621 (63)	621 (63)	621 (63)	621 (63)	**4,450** **(493)**
Capital market component 2014-2016/17 (2013-2015/16)	1,025 (576)	582 (392)	453 (305)	453 (305)	492 (305)	453 (305)	**3,458** (2,189)
Total compensation	6,139 (3,941)	3,762 (2,594)	2,869 (1,965)	2,750 (1,883)	3,004 (2,102)	2,939 (1,978)	**21,464** (14,464)

Long-term bonus plan 2014–2016/17

The members of the Managing Board are participating in the long-term bonus plan 2014–2016/17, granted in 2014. The target values for the plan are €1,980,000 for Dr. Bernd Scheifele, €1,125,000 for Dr. Dominik von Achten, €948,000 for Dr. Lorenz Näger, and €875,000 for each of the other members of the Managing Board. The plan comprises two equally weighted components: the management component and the capital market component. The target value of each component amounts to €990,000 for Dr. Bernd Scheifele, €562,500 for Dr. Dominik von Achten, and €437,500 for Daniel Gauthier, Andreas Kern, and Dr. Albert Scheuer, respectively. For Dr. Lorenz Näger the pro-rata calculation results in a target value for the management component of € 473,000 and for the capital market component of € 476,000. The reference price for the capital market component amounts to €56.53. This equates to 17,513 performance share units (PSUs) for Dr. Bernd Scheifele, 9,950 PSUs for Dr. Dominik von Achten, 8,413 PSUs for Dr. Lorenz Näger, and 7,739 PSUs for each of the other members of the Managing Board. In accordance with § 314, section 1, no. 6a, sentence 4 of the German Commercial Code (HGB), the fair value at the grant date must be indicated for the capital market components. For Dr. Bernd Scheifele this amounts to €1,025,000, for Dr. Dominik von Achten to €582,000, for Dr. Lorenz Näger to €492,000, and for each of the other members of the Managing Board to €453,000. The fair value was determined in accordance with a recognised actuarial method (Monte Carlo simulation). The following table shows the long-term bonus plan 2014–2016/17.

Long-term bonus plan	**Target value 2014–2016/17**	Management component	Capital market component		
€ '000s rounded off		Target value	Target value	Number of PSUs	Fair Value at grant date
Dr. Bernd Scheifele	**1,980**	990	990	17,513	1,025
Dr. Dominik von Achten	**1,125**	563	563	9,950	582
Daniel Gauthier	**875**	438	438	7,739	453
Andreas Kern	**875**	438	438	7,739	453
Dr. Lorenz Näger	**948**	473	476	8,413	492
Dr. Albert Scheuer	**875**	438	438	7,739	453
Total	**6,678**	3,338	3,341	59,093	3,458

Amount of fringe benefits (rounded to €'000s)

The taxable fringe benefits amounted to €0.9 million (previous year: 1.0). For posts and offices held with Group companies, Dr. Bernd Scheifele received €163,000 (previous year: 234,000), Daniel Gauthier €125,000 (previous year: 129,000), Andreas Kern €111,000 (previous year: 193,000), and Dr. Lorenz Näger €163,000 (previous year: 234,000). These amounts are to be offset fully against total remuneration. Furthermore, Dr. Bernd Scheifele and Dr. Lorenz Näger receive compensation of €50,000 for expenses relating to their service on supervisory boards within the HeidelbergCement Group and Dr. Dominik von Achten for his service as Managing Board member in charge of the North America Group area. Fringe benefits also relate to taxation of monetary benefits, which amount to €40,000 (previous year: 17,000) for Dr. Bernd Scheifele, €24,000 (previous year: 13,000) for Dr. Dominik von Achten, €11,000 (previous year: 14,000) for Daniel Gauthier, €38,000 (previous year: 0) for Andreas Kern, €38,000 (previous year: 16,000) for Dr. Lorenz Näger, and €86,000 (previous year: 39,000) for Dr. Albert Scheuer.

Amount of total remuneration 2014 according to DRS 17

When applying Accounting Standard DRS 17, the total remuneration of the Managing Board amounted to €21.5 million (previous year: 14.5) in 2014.

Pension promises

In 2014, allocations to provisions for pensions (service cost) for members of the Managing Board amounted to €1.9 million (previous year: 1.9). The present values of the defined benefit obligation amounted to €37.2 million (previous year: 24.6). The figures are shown in the following table.

Pension promises	Service cost		Defined benefit obligation	
€ '000s (rounded off)	2013	2014	2013	2014
Dr. Bernd Scheifele	890	**891**	8,121	**13,495**
Dr. Dominik von Achten	237	**237**	1,509	**2,998**
Daniel Gauthier	141	**141**	4,486	**5,122**
Andreas Kern	142	**142**	4,400	**6,195**
Dr. Lorenz Näger	294	**295**	2,780	**4,817**
Dr. Albert Scheuer	147	**148**	3,261	**4,601**
Total	1,852	**1,853**	24,557	**37,228**

Payments to former members of the Managing Board and their surviving dependants amounted to €3.0 million (previous year: 3.1) in 2014. Provisions for pension obligations to former members of the Managing Board amounted to €28.0 million (previous year: 25.2).

Loans to members of the Managing Board

In 2014, no loans were granted to members of the Managing Board of HeidelbergCement AG.

Managing Board remuneration 2014 according to the German Corporate Governance Code

Pursuant to the recommendations of the German Corporate Governance Code (GCGC) dated 24 June 2014, both the granted benefits and the allocations in form of the proposed reference tables are disclosed for the reporting year 2014.

Granted benefits
When compared with DRS 17, the granted benefits presented in the table on pages 154/155 depict the target value of the annual bonus as well as the target value of the management component and the fair value of the capital market component for the long-term bonus plan 2014–2016/17, as shown on page 151. In addition, the minimum and maximum values that can be achieved are also stated. Furthermore, the pension expenses are taken into account in the total remuneration as shown in the table on page 152 in the form of service cost.

The total Managing Board remuneration granted according to the German Corporate Governance Code amounted to €18.4 million (previous year: 15.1) for the 2014 financial year.

Allocations
For the members of the Managing Board, the allocations to be disclosed for the 2014 financial year are shown in the table on pages 154/155.

The table shows the allocations for the 2014 financial year regarding the fixed annual salary, fringe benefits, and the one-year variable compensation. Pursuant to the new version of the German Corporate Governance Code dated 24 June 2014, allocations for multi-year variable compensation, where the plan term ended in the 2014 financial year, are disclosed. The allocations from the capital market component of the long-term bonus plan 2011-2013/14 and the management component of the long-term bonus plan 2012-2014/15 are therefore disclosed, taking into account the advance payments for 2011, 2012, and 2013 on the long-term bonus plan 2011-2013/14.

As a result of the new version of the German Corporate Governance Code, the allocation disclosed for the 2013 financial year differs from the figure in the 2013 Annual Report, which was subject to the German Corporate Governance Code dated 13 May 2013. For 2013, the third advance payment and the payment of the management component are disclosed for the long-term bonus plan 2011-2013/14.

The accrued total remuneration of the Managing Board according to the German Corporate Governance Code amounted to €17.1 million (previous year: 15.6) for the 2014 financial year.

Granted benefits according to GCGC [1]	Dr. Bernd Scheifele Chairman of the Managing Board since 1 February 2005				Dr. Dominik von Achten Member of the Managing Board since 1 October 2007				Daniel Gauthier Member of the Managing Board since 1 July 2000			
€ '000s (rounded off)	2013	2014	Min. 2014	Max. 2014	2013	2014	Min. 2014	Max. 2014	2013	2014	Min. 2014	Max. 2014
Non-performance related compensation												
Fixed annual salary	1,320	**1,320**	**1,320**	**1,320**	900	**900**	**900**	**900**	700	**700**	**700**	**700**
Fringe benefits	302	**253**	**253**	**253**	63	**74**	**74**	**74**	144	**136**	**136**	**136**
Total	1,622	**1,573**	**1,573**	**1,573**	963	**974**	**974**	**974**	844	**836**	**836**	**836**
Performance related compensation												
Annual bonus [2]	924	**1,320**	**0**	**2,970**	630	**720**	**0**	**1,620**	490	**560**	**0**	**1,260**
Deduction of fringe benefits from the annual bonus	-234	**-163**	**0**	**-163**	0	**0**	**0**	**0**	-129	**-125**	**0**	**-125**
Total one-year variable compensation [3]	690	**1,157**	**0**	**2,807**	630	**720**	**0**	**1,620**	361	**435**	**0**	**1,135**
Long-term bonus plan 2013-2015/16												
Management component	594				405				315			
Capital market component	576				392				305			
Long-term bonus plan 2014-2016/17												
Management component [2]		**990**	**0**	**4,455**		**563**	**0**	**2,531**		**438**	**0**	**1,969**
Capital market component [2]		**1,025**				**582**				**453**		
Total multi-year variable compensation	1,170	**2,015**	**0**	**4,455**	797	**1,145**	**0**	**2,531**	620	**890**	**0**	**1,969**
Total	3,482	**4,745**	**1,573**	**8,835**	2,390	**2,838**	**974**	**5,125**	1,825	**2,161**	**836**	**3,940**
Service cost	890	**891**	**891**	**891**	237	**237**	**237**	**237**	141	**141**	**141**	**141**
Total compensation	4,372	**5,636**	**2,464**	**9,727**	2,627	**3,075**	**1,210**	**5,361**	1,966	**2,302**	**976**	**4,080**

Allocations according to GCGC [1]	Dr. Bernd Scheifele Chairman of the Managing Board since 1 February 2005		Dr. Dominik von Achten Member of the Managing Board since 1 October 2007		Daniel Gauthier Member of the Managing Board since 1 July 2000	
€ '000s (rounded off)	2013	2014	2013	2014	2013	2014
Non-performance related compensation						
Fixed annual salary	1,320	**1,320**	900	**900**	700	**700**
Fringe benefits	302	**253**	63	**74**	144	**136**
Total	1,622	**1,573**	963	**974**	844	**836**
Performance related compensation						
Annual bonus	1,799	**2,534**	1,176	**1,409**	882	**1,085**
Deduction of fringe benefits from the annual bonus	-234	**-163**	0	**0**	-129	**-125**
Total one-year variable compensation [3]	1,565	**2,372**	1,176	**1,409**	753	**960**
Long-term bonus plan 2011-2013/14						
Management component [5]	178		63		63	
Capital market component		**433**		**230**		**230**
Disbursement mechanism with a bonus-malus system for long-term bonus plan [4] [5]	396	**-1,188**	210	**-630**	210	**-630**
Long-term bonus plan 2012-2014/15						
Management component		**1,170**		**798**		**621**
Total multi-year variable compensation	574	**415**	273	**397**	273	**220**
Total	3,761	**4,360**	2,412	**2,780**	1,870	**2,016**
Service cost	890	**891**	237	**237**	141	**141**
Total compensation	4,651	**5,251**	2,649	**3,016**	2,011	**2,156**

1) German Corporate Governance Code dated 24 June 2014
2) The maximum amount includes the Supervisory Board's option of discretionary adjustment of the payout by +25% of the target value.
3) One-year variable compensation including the Supervisory Board's discretionary adjustment and the deduction of fringe benefits.

Andreas Kern Member of the Managing Board since 1 July 2000				Dr. Lorenz Näger Member of the Managing Board since 1 October 2004				Dr. Albert Scheuer Member of the Managing Board since 1 August 2007				Total			
2013	2014	Min. 2014	Max. 2014	2013	2014	Min. 2014	Max. 2014	2013	2014	Min. 2014	Max. 2014	2013	2014	Min. 2014	Max. 2014
700	700	700	700	700	719	719	719	700	700	700	700	5,020	5,039	5,039	5,039
192	149	149	149	301	251	251	251	39	86	86	86	1,041	948	948	948
892	849	849	849	1,001	970	970	970	739	786	786	786	6,061	5,987	5,987	5,987
490	560	0	1,260	490	575	0	1,294	490	560	0	1,260	3,514	4,295	0	9,664
-193	-111	0	-111	-234	-163	0	-163	0	0	0	0	-790	-561	0	-561
297	449	0	1,149	256	412	0	1,131	490	560	0	1,260	2,724	3,734	0	9,103
315				315				315				2,259			
305				305				305				2,189			
	438	0	1,969		473	0	2,134		438	0	1,969		3,338	0	15,026
	453				492				453				3,458		
620	890	0	1,969	620	965	0	2,134	620	890	0	1,969	4,448	6,795	0	15,026
1,809	2,188	849	3,967	1,877	2,347	970	4,234	1,849	2,237	786	4,015	13,233	16,516	5,987	30,116
142	142	142	142	294	295	295	295	147	148	148	148	1,852	1,853	1,853	1,853
1,951	2,330	991	4,108	2,171	2,642	1,265	4,529	1,996	2,385	934	4,163	15,084	18,369	7,840	31,969

Andreas Kern Member of the Managing Board since 1 July 2000		Dr. Lorenz Näger Member of the Managing Board since 1 October 2004		Dr. Albert Scheuer Member of the Managing Board since 1 August 2007		Total	
2013	2014	2013	2014	2013	2014	2013	2014
700	700	700	719	700	700	5,020	5,039
192	149	301	251	39	86	1,041	948
892	849	1,001	970	739	786	6,061	5,987
816	939	967	1,085	871	1,079	6,511	8,130
-193	-111	-234	-163	0	0	-790	-561
623	828	733	922	871	1,079	5,721	7,569
63		63		63		493	
	230		230		230		1,580
210	-630	210	-630	210	-630	1,446	-4,338
	621		621		621		4,450
273	220	273	220	273	220	1,939	1,693
1,788	1,897	2,007	2,112	1,883	2,085	13,721	15,249
142	142	294	295	147	148	1,852	1,853
1,930	2,039	2,301	2,407	2,030	2,233	15,572	17,102

4) Advanced payments during the implementation phase (see page 148).

5) The recommendations of the German Corporate Governance Code dated 13 May 2013 provided for disclosure in the year of allocation and therefore in the 2014 Annual Report for the 2014 financial year.

Remuneration of the Supervisory Board in 2014

Supervisory Board remuneration was re-established by the 2010 Annual General Meeting and is set out in § 12 of the Articles of Association of HeidelbergCement AG, which are published on our website www.heidelbergcement.com under "Company/Corporate Governance/Articles of Association". The remuneration consists of fixed amounts and attendance fees. Each member receives a fixed amount of €40,000, with the Chairman receiving two-and-a-half times this amount and the Deputy Chairman one-and-a-half times. The members of the Audit Committee additionally receive fixed remuneration of €15,000 and the members of the Personnel Committee €7,500. The Chairmen of the committees receive twice these respective amounts.

In addition, an attendance fee of €1,500 is paid for each meeting of the Supervisory Board and its committees that is personally attended. In addition to the fixed remuneration, each member of the Supervisory Board shall receive a variable remuneration component, which is €58 for each €0.01 earnings per share exceeding the base amount of €2.50 earnings per share. What is decisive are the earnings per share determined in accordance with the International Financial Reporting Standards and reported in the consolidated financial statements for the financial year in which the remuneration is paid. The Chairman of the Supervisory Board shall receive 2.5 times this amount, the Deputy Chairman 1.5 times. The variable remuneration thus determined shall be limited to the amount of fixed remuneration. The variable remuneration granted to all Supervisory Board members may not exceed the overall balance sheet profit of the company, less 4 % of contributions paid towards the lowest issue amount of the shares. In accordance with the Articles of Association, as the earnings per share of €3.98 in the 2013 financial year exceeded the base amount of €2.50 by €1.48, a variable remuneration component (excluding value added tax) totalling €120,176 was paid to members of the Supervisory Board in the 2014 financial year.

Total Supervisory Board remuneration (excluding value added tax) in the 2014 financial year amounted to €926,477 (previous year: 810,500).

The employee representatives on the Supervisory Board remit a significant portion of their Supervisory Board compensation to the recuperation facility for the employees at HeidelbergCement AG and – with the exception of the representative of the senior managers – to the trade union-linked Hans Böckler Foundation.

The Supervisory Board remuneration in the 2014 financial year is divided as shown in the following table.

The Supervisory Board remuneration paid for the 2014 financial year

€	Fixed remuneration	Remuneration for committee membership	Attendance fees	Variable remuneration	Total
Fritz-Jürgen Heckmann (Chairman)	100,000	22,500	7,500	21,460	**151,460**
Heinz Schmitt (Deputy Chairman)	60,000	22,500	7,500	12,876	**102,876**
Robert Feiger	13,918	5,219	4,500	8,584	**32,221**
Josef Heumann	40,000	7,500	7,500	8,584	**63,584**
Gabriele Kailing [1) 2)]	26,192	-	4,500	-	**30,692**
Max Dietrich Kley	13,918	5,219	4,500	8,584	**32,221**
Hans Georg Kraut	40,000	7,500	7,500	8,584	**63,584**
Ludwig Merckle	40,000	45,000	7,500	8,584	**101,084**
Tobias Merckle [1)]	40,000	-	7,500	8,584	**56,084**
Alan Murray	40,000	7,500	4,500	8,584	**60,584**
Dr. Jürgen M. Schneider [2)]	26,192	9,822	4,500	-	**40,514**
Werner Schraeder	40,000	15,000	7,500	8,584	**71,084**
Frank-Dirk Steininger	40,000	9,822	7,500	8,584	**65,906**
Prof. Dr. Marion Weissenberger-Eibl [1)]	40,000	-	6,000	8,584	**54,584**
Total	560,219	157,582	88,500	120,176	**926,477**

1) No member of committees
2) No member of Supervisory Board in 2013 – therefore no variable remuneration

Prospects of the Supervisory Board remuneration system from 1 January 2015

In view of the positive development of the company and the trend towards purely fixed remuneration in the supervisory board remuneration systems of the DAX companies, the Supervisory Board adopted, in accordance with § 113, section 1 of the German Stock Company Act (AktG), an amendment to § 12 of the Articles of Association of HeidelbergCement AG and the adjustment of the Supervisory Board remuneration system that was introduced on 1 January 2010. The revised remuneration system – with retroactive effect from 1 January 2015 – will, in accordance with § 119, section 1 of the German Stock Company Act, be presented to the Annual General Meeting on 7 May 2015 for resolution.

The Supervisory Board has had the changes reviewed by a renowned independent expert. They comply with relevant laws and the Code as well as with market conditions and the duties of the Supervisory Board.

The following points of the revised remuneration system shall apply as from 1 January 2015:

1) Each member of the Supervisory Board receives a fixed remuneration, which amounts to €70,000 for each member. As is currently the case, the Chairman of the Supervisory Board shall receive 2.5 times this amount, the Deputy Chairman 1.5 times.
2) The variable remuneration lapses without replacement.
3) The members of the Audit Committee additionally receive annual fixed remuneration of €25,000 and the members of the Personnel Committee €20,000. The Chairmen of the committees receive, as previously, twice these respective amounts.
4) In addition, members of the Supervisory Board receive an attendance fee of €2,000 for each meeting of the Supervisory Board and its committees that is personally attended. For multiple meetings that take place on the same day or on subsequent days, the attendance fee is, as hitherto, only paid once.

Supervisory Board and Managing Board

Supervisory Board

According to the Articles of Association, the Supervisory Board of HeidelbergCement AG consists of twelve members. Half of the members shall be elected by the Annual General Meeting according to the provisions of the German Stock Company Act and half by the employees according to the provisions of the German Codetermination Law. The term of office for the Supervisory Board started with the conclusion of the Annual General Meeting of 7 May 2014 and ends according to schedule with the conclusion of the ordinary Annual General Meeting in 2019.

Fritz-Jürgen Heckmann
Chairman of the Supervisory Board
Stuttgart; Business Lawyer
Member since 8 May 2003, Chairman since 1 February 2005; Chairman of the Arbitration and Nomination Committee and member of the Personnel and Audit Committee

External mandates:
HERMA Holding GmbH + Co. KG [2], Filderstadt (Chairman) | Neue Pressegesellschaft mbH & Co. KG [2], Ulm | Paul Hartmann AG [1], Heidenheim (Chairman) | Süddeutscher Verlag GmbH [2], Munich | Südwestdeutsche Medien Holding GmbH [2], Stuttgart | URACA GmbH & Co. KG [2], Bad Urach (Chairman) | Wieland-Werke AG [1], Ulm (Chairman)

Heinz Schmitt
Deputy Chairman
Heidelberg; Controller; Chairman of the Council of Employees at the headquarters of HeidelbergCement AG and Chairman of the Group Council of Employees
Member since 6 May 2004, Deputy Chairman since 7 May 2009; Member of the Audit, Arbitration, and Personnel Committee

Robert Feiger
Frankfurt; Chairman of the Federal Executive Committee, IG Bauen-Agrar-Umwelt
Member from 2 January 2008 until 7 May 2014; Member of the Audit Committee until 7 May 2014

External mandates:
BAUER Aktiengesellschaft [1], Schrobenhausen (Deputy Chairman) | Zusatzversorgungskasse des Baugewerbes AG [2], Wiesbaden | Zusatzversorgungskasse des Gerüstbaugewerbes VVaG [2], Wiesbaden (Chairman)

Josef Heumann
Burglengenfeld; Kiln Supervisor; Chairman of the Council of Employees at the Burglengenfeld plant, HeidelbergCement AG
Member since 6 May 2004; Member of the Personnel Committee

Gabriele Kailing
Frankfurt; Chairwoman of DGB District of Hesse-Thuringia
Member since 7 May 2014

Max Dietrich Kley
Heidelberg; Attorney
Member from 6 May 2004 until 7 May 2014; Member of the Audit Committee until 7 May 2014

Hans Georg Kraut
Schelklingen; Director of the Schelklingen plant of HeidelbergCement AG and Managing Director of Urzeit Weide GbR
Member since 6 May 2004; Member of the Personnel and Arbitration Committee

Ludwig Merckle
Ulm; Managing Director of Merckle Service GmbH
Member since 2 June 1999; Chairman of the Personnel and Audit Committee and member of the Nomination Committee

External mandates:
Kässbohrer Geländefahrzeug AG [1)], Laupheim (Chairman) | MCS Software und Systeme AG [1)], Eltville (Chairman) | PHOENIX Pharmahandel GmbH & Co KG [2)], Mannheim | VEM Vermögensverwaltung AG [1)], Zossen (Chairman)

Tobias Merckle
Leonberg; Managing Director of the association Seehaus e.V.
Member since 23 May 2006; Member of the Nomination and Arbitration Committee

Alan Murray
Naples, Florida/USA; former member of the Managing Board of HeidelbergCement AG
Member since 21 January 2010; Member of the Personnel Committee

External mandates:
Hanson Pension Trustees Limited, trustee of the Hanson No 2 Pension Scheme [2)], UK | Wolseley plc [2)], Jersey, Channel Islands

Dr. Jürgen M. Schneider
Mannheim; former Chief Financial Officer of Bilfinger Berger AG and since 2010 Dean of the Business School of the University of Mannheim
Member since 7 May 2014; Member of the Audit Committee since 7 May 2014

External mandates:
DACHSER GmbH & Co. KG [2)], Kempten (Chairman) | Heberger GmbH [2)], Schifferstadt (Chairman)

Werner Schraeder
Ennigerloh; Building Fitter; Chairman of the General Council of Employees of HeidelbergCement AG and Chairman of the Council of Employees at the Ennigerloh plant of HeidelbergCement AG
Member since 7 May 2009; Member of the Audit Committee

External mandates:
Berufsgenossenschaft Rohstoffe und chemische Industrie [2], Heidelberg

Frank-Dirk Steininger
Frankfurt; Specialist in Employment Law for the Federal Executive Committee of IG Bauen-Agrar-Umwelt
Member since 11 June 2008; Member of the Audit Committee since 7 May 2014

Univ.-Prof. Dr. Marion Weissenberger-Eibl
Karlsruhe; Head of the Fraunhofer Institute for Systems and Innovation Research ISI in Karlsruhe and holder of the Chair of Innovation and TechnologyManagement (iTM) at the Karlsruhe Institute of Technology (KIT)
Member since 3 July 2012

External mandates:
MTU Aero Engines AG [1], Munich | Steinbeis-Stiftung für Wirtschaftsförderung (StW) [2], Stuttgart (deputy member)

The above mentioned indications refer to 31 December 2014 or in case of an earlier retirement from the Supervisory Board of HeidelbergCement AG to the date of retirement and have the following meaning:
1) Membership in other legally required supervisory boards of German companies;
2) Membership in comparable German and foreign supervisory committees of commercial enterprises.

Supervisory Board Committees

Personnel Committee
Ludwig Merckle (Chairman), Fritz-Jürgen Heckmann, Josef Heumann, Hans Georg Kraut, Alan Murray, Heinz Schmitt

Audit Committee
Ludwig Merckle (Chairman), Robert Feiger (until 7 May 2014), Fritz-Jürgen Heckmann, Max Dietrich Kley (until 7 May 2014), Heinz Schmitt, Dr. Jürgen M. Schneider (since 7 May 2014), Werner Schraeder, Frank-Dirk Steininger (since 7 May 2014)

Nomination Committee
Fritz-Jürgen Heckmann (Chairman), Ludwig Merckle, Tobias Merckle

Arbitration Committee, according to § 27, section 3 of the German Codetermination Law
Fritz-Jürgen Heckmann (Chairman), Hans Georg Kraut, Tobias Merckle, Heinz Schmitt

Managing Board

At present, there are six members on the Managing Board of HeidelbergCement AG: the Chairman of the Managing Board, the Chief Financial Officer, and four members of the Managing Board with regional responsibilities. The Managing Board organisation is characterised by dual management responsibility: The operating units in the Group areas fall under the line responsibility of individual members of the Managing Board. In addition, they have cross-area responsibility for specific corporate functions with great strategic importance for the Group. In February 2015, the structure of the Managing Board was amended with the position of a Deputy Chairman.

Dr. Bernd Scheifele
Chairman of the Managing Board
Area of responsibility: Strategy and Development, Communication & Investor Relations, Human Resources, Legal, Compliance, Internal Audit
Chairman of the Managing Board since 2005; appointed until January 2020

External mandates:
PHOENIX Pharmahandel GmbH & Co KG [2], Mannheim (Chairman) | Verlagsgruppe Georg von Holtzbrinck GmbH [1], Stuttgart (Deputy Chairman)

Group mandates:
Castle Cement Limited [2], UK | ENCI Holding N.V. [2], Netherlands | Hanson Limited [2], UK | Hanson Pioneer España, S.L.U. [2], Spain | HeidelbergCement Holding S.à.r.l. [2], Luxembourg | HeidelbergCement India Limited [2], India | HeidelbergCement Netherlands Holding B.V. [2], Netherlands | PT Indocement Tunggal Prakarsa Tbk. [2], Indonesia | RECEM S.A. [2], Luxembourg

Dr. Dominik von Achten
Deputy Chairman of the Managing Board since 1 February 2015
Area of responsibility: North America, Purchasing, worldwide coordination of Competence Center Materials
Member of the Managing Board since 2007; appointed until September 2017

External mandates:
TITAL Holding GmbH & Co.KG [2], Bestwig | Verlag Lensing-Wolff GmbH & Co. KG („Medienhaus Lensing“) [2], Dortmund

Group mandates:
HeidelbergCement Canada Holding Limited [2], UK | HeidelbergCement UK Holding II Limited [2], UK | Lehigh Hanson, Inc. [2], USA | Lehigh Hanson Materials Limited [2], Canada

Daniel Gauthier
Area of responsibility: Western and Northern Europe (without Germany), Africa-Mediterranean Basin, Group Services, Environmental Sustainability
Member of the Managing Board since 2000; appointed until June 2016

External mandates:
SAS ADIAL [2], France | Akçansa Çimento Sanayi ve Ticaret A.S. [2], Turkey (Deputy Chairman) | Carmeuse Holding SA [2], Belgium | SAS Genlis Metal [2], France | Laserco DT S.A. [2], Belgium | Miema SA [2], Belgium (Chairman)

Group mandates:
Castle Cement Limited [2], UK | CBR Asset Management S.A. [2], Luxembourg (Chairman) | CBR Asset Management Belgien S.A. [2], Belgium (Chairman) | CBR Finance S.A. [2], Luxembourg (Chairman) | CBR International Services S.A. [2], Belgium (Chairman) | Cementrum I B.V. [2], Netherlands | Cementrum II B.V. [2], Netherlands | Cimenteries CBR S.A. [2], Belgium (Chairman) | Ciments du Togo SA [2], Togo (Chairman) | Civil and Marine Limited [2], UK | ENCI Holding N.V. [2], Netherlands (Chairman) | Ghacem Ltd. [2], Ghana (Chairman) | Hanson Packed Products Limited [2], UK | Hanson Pioneer España, S.L. [2], Spain | Hanson Quarry Products Europe Limited [2], UK | HC Green Trading Limited [2], Malta | HC Trading International Inc. [2], Bahamas (Chairman) | HC Trading B.V. [2], Netherlands (Chairman) | HC Trading Malta Ltd [2], Malta | HCT Holding Malta Limited [2], Malta | HeidelbergCement Asia Pte Ltd [2], Singapore | HeidelbergCement Holding S.à.r.l. [2], Luxembourg | HeidelbergCement Northern Europe AB [2], Sweden (Chairman) | HeidelbergCement UK Holding Limited [2], UK | Interlacs S.A.R.L. [2], Democratic Republic of the Congo | La Cimenterie de Lukala S.A.R.L. [2], Democratic Republic of the Congo | Lehigh B.V. [2], Netherlands (Deputy Chairman) | PT Indocement Tunggal Prakarsa Tbk. [2], Indonesia | RECEM S.A. [2], Luxembourg | Scancem International DA [2], Norway (Chairman) | Scancem International a.s [2], Norway (Chairman) | Tadir Readymix Concrete (1965) Ltd [2], Israel | TPCC Tanzania Portland Cement Company Ltd. [2], Tanzania

Andreas Kern
Area of responsibility: Eastern Europe-Central Asia, Germany, Sales and Marketing, worldwide coordination of secondary cementitious materials
Member of the Managing Board since 2000; appointed until June 2016

External mandates:
Basalt-Actien-Gesellschaft [1], Linz am Rhein | Kronimus AG [1], Iffezheim (Deputy Chairman)

Group mandates:
Carpatcement Holding S.A. [2], Romania | CaucasusCement Holding B.V. [2], Netherlands (Chairman) | Ceskomoravský cement, a.s., nástupnická spolecnost [2], Czech Republic (Chairman) | Duna-Dráva Cement Kft. [2], Hungary (Chairman) | ENCI Holding N.V. [2], Netherlands | Górazdze Cement S.A. [2], Poland (Chairman) | Hanson Pioneer España, S.L.U. [2], Spain | HeidelbergCement Central Europe East Holding B.V. [2], Netherlands (Chairman) | HeidelbergCement Georgia, Ltd. [2], Georgia (Deputy Chairman) | HeidelbergCement Netherlands Holding B.V. [2], Netherlands | Joint Stock Company - Bukhtarminskaya Cement Company [2], Kazakhstan (Chairman) | Limited Liability Company Kartuli Cementi [2], Georgia | NCD Nederlandse Cement Deelnemingsmaatschappij B.V. [2], Netherlands | OAO Cesla [2], Russia | Public Joint Stock Company "HeidelbergCement Ukraine" [2], Ukraine | RECEM S.A. [2], Luxembourg | Tvornica Cementa Kakanj d.d. [2], Bosnia-Herzegovina

Dr. Lorenz Näger
Area of responsibility: Finance, Group Accounting, Controlling, Taxes, Insurance & Corporate Risk Management, IT, Shared Service Center, Logistics
Member of the Managing Board since 2004; appointed until September 2019

External mandates:
MVV Energie AG [1], Mannheim | PHOENIX Pharmahandel GmbH & Co KG [2], Mannheim

Group mandates:
Castle Cement Limited [2], UK | Cimenteries CBR S.A. [2], Belgium | ENCI Holding N.V. [2], Netherlands | Hanson Limited [2], UK | Hanson Pioneer España, S.L.U. [2], Spain | HeidelbergCement Canada Holding Limited [2], UK | HeidelbergCement Holding S.à.r.l. [2], Luxembourg | HeidelbergCement India Limited [2], India | HeidelbergCement Netherlands Holding B.V. [2], Netherlands | HeidelbergCement UK Holding Limited [2], UK | HeidelbergCement UK Holding II Limited [2], UK | Lehigh B.V. [2], Netherlands (Chairman) | Lehigh Hanson, Inc. [2], USA | Lehigh Hanson Materials Limited [2], Canada | Lehigh UK Limited [2], UK | Palatina Insurance Ltd. [2], Malta | PT Indocement Tunggal Prakarsa Tbk. [2], Indonesia | RECEM S.A. [2], Luxembourg

Dr. Albert Scheuer
Area of responsibility: Asia-Pacific, worldwide coordination of Heidelberg Technology Center
Member of the Managing Board since 2007; appointed until August 2017

External mandates:
Cement Australia Holdings Pty Ltd [2], Australia | Cement Australia Pty Limited [2], Australia | China Century Cement Ltd. [2], Bermuda | Easy Point Industrial Ltd. [2], Hong Kong | Guangzhou Heidelberg Yuexiu Enterprise Management Consulting Company Ltd. [2], China | Jidong Heidelberg (Fufeng) Cement Company Limited [2], China | Jidong Heidelberg (Jingyang) Cement Company Limited [2], China | Squareal Cement Ltd [2], Hong Kong

Group mandates:
Butra HeidelbergCement Sdn. Bhd. [2], Brunei (Chairman) | COCHIN Cements Ltd. [2], India | Hanson Building Materials (S) Pte Ltd [2], Singapore | Hanson Investment Holdings Pte Ltd [2], Singapore | Hanson Pacific (S) Pte Limited [2], Singapore | HeidelbergCement Asia Pte Ltd [2], Singapore (Chairman) | HeidelbergCement Bangladesh Limited [2], Bangladesh (Chairman) | HeidelbergCement Holding HK Limited [2], Hong Kong | HeidelbergCement India Limited [2], India | HeidelbergCement Myanmar Company Limited [2], Myanmar | PT Indocement Tunggal Prakarsa Tbk. [2], Indonesia (Chairman)

The above mentioned indications refer to 31 December 2014 and have the following meaning:
1) Membership in legally required supervisory boards of German companies;
2) Membership in comparable German and foreign supervisory committees of commercial enterprises.

4

Consolidated financial statements

Consolidated income statement

€m	Notes	2013[1]	2014
Revenue	1	12,128.3	**12,614.3**
Change in finished goods and work in progress		17.5	**17.1**
Own work capitalised		13.5	**10.2**
Operating revenue		12,159.2	**12,641.7**
Other operating income	2	340.1	**292.5**
Material costs	3	-5,114.7	**-5,319.7**
Employee and personnel costs	4	-1,968.5	**-2,049.9**
Other operating expenses	5	-3,336.5	**-3,447.1**
Result from joint ventures	6	144.2	**170.6**
Operating income before depreciation (OIBD)		2,223.8	**2,288.0**
Depreciation and amortisation	7	-704.3	**-692.9**
Operating income		1,519.5	**1,595.1**
Additional ordinary income	8	326.7	**25.5**
Additional ordinary expenses	8	-313.5	**-88.8**
Additional ordinary result		13.2	**-63.3**
Result from associates	9	23.2	**26.7**
Result from other participations		3.1	**1.4**
Result from participations		26.3	**28.1**
Earnings before interest and taxes (EBIT)		1,559.0	**1,559.9**
Interest income		77.8	**93.0**
Interest expenses		-558.9	**-555.3**
Foreign exchange losses		-6.3	**-43.4**
Other financial result	10	-49.9	**-123.5**
Financial result		-537.3	**-629.1**
Profit before tax from continuing operations		1,021.7	**930.8**
Income taxes	11	-211.7	**-64.5**
Net income from continuing operations		809.9	**866.3**
Net income / loss from discontinued operations	12	122.7	**-178.9**
Profit for the financial year		932.6	**687.3**
Thereof non-controlling interests		196.7	**201.7**
Thereof Group share of profit		736.0	**485.7**
Thereof proposed dividend	13	112.5	**140.9**
Earnings per share in € (IAS 33)	14		
Earnings per share attributable to the parent entity		3.93	**2.59**
Earnings per share – continuing operations		3.27	**3.54**
Earnings / loss per share – discontinued operations		0.65	**-0.95**

1) Amounts were restated (see section "Application of new accounting standards and other changes", pages 186 - 188).

Consolidated statement of comprehensive income

€m	2013 [1]	2014
Profit for the financial year	932.6	**687.3**
Other comprehensive income		
Items not being reclassified to profit or loss in subsequent periods		
Remeasurement of the defined benefit liability (asset)	162.1	**-143.4**
Income taxes	-25.2	**58.4**
Defined benefit plans	136.9	**-85.0**
Net gains/losses arising from equity method investments	1.9	**-0.6**
Total	138.7	**-85.6**
Items that may be reclassified subsequently to profit or loss		
Cash Flow Hedges – change in fair value	21.4	**-6.5**
Reclassification adjustments for gains/ losses included in profit or loss	3.5	**-2.4**
Income taxes	-5.3	**2.2**
Cash Flow Hedges	19.5	**-6.7**
Currency translation	-2,123.9	**1,317.6**
Reclassification adjustments for gains/ losses included in profit or loss	263.7	**2.4**
Income taxes	24.0	**15.8**
Currency translation	-1,836.3	**1,335.8**
Net gains/losses arising from equity method investments	-93.9	**59.0**
Total	-1,910.7	**1,388.2**
Other comprehensive income	-1,771.9	**1,302.6**
Total comprehensive income	-839.3	**1,989.9**
Relating to non-controlling interests	-2.1	**310.5**
Relating to HeidelbergCement AG shareholders	-837.2	**1,679.4**

1) Amounts were restated (see section "Application of new accounting standards and other changes", pages 186 - 188).

Consolidated statement of cash flows

€m	Notes	2013 [1]	2014
Net income from continuing operations		809.9	**866.3**
Income taxes		211.7	**64.5**
Interest income/ expenses		481.1	**462.3**
Dividends received	15	162.8	**157.1**
Interest received	16	104.8	**192.6**
Interest paid	16	-620.6	**-633.5**
Income taxes paid	17	-386.5	**-315.0**
Depreciation, amortisation, and impairment		883.7	**752.5**
Elimination of other non-cash items	18	-362.8	**77.0**
Cash flow		1,284.1	**1,623.8**
Changes in operating assets	19	39.1	**-124.4**
Changes in operating liabilities	20	147.2	**97.4**
Changes in working capital		186.3	**-27.0**
Decrease in provisions through cash payments	21	-365.4	**-222.7**
Cash flow from operating activities - continuing operations		1,105.0	**1,374.1**
Cash flow from operating activities - discontinued operations	22	61.9	**105.7**
Cash flow from operating activities		1,166.9	**1,479.8**
Intangible assets		-18.7	**-17.7**
Property, plant and equipment		-842.2	**-923.5**
Subsidiaries and other business units		-72.6	**-148.6**
Other financial assets, associates, and joint ventures		-306.7	**-34.8**
Investments (cash outflow)	23	-1,240.1	**-1,124.6**
Subsidiaries and other business units		2.3	**23.3**
Other fixed assets		195.5	**120.5**
Divestments (cash inflow)	24	197.9	**143.7**
Cash from changes in consolidation scope	25	8.7	**21.7**
Cash flow from investing activities - continuing operations		-1,033.6	**-959.2**
Cash flow from investing activities - discontinued operations		-3.5	**-13.8**
Cash flow from investing activities		-1,037.0	**-973.0**
Capital increase - non-controlling shareholders		3.4	**1.0**
Dividend payments - HeidelbergCement AG		-88.1	**-112.5**
Dividend payments - non-controlling shareholders	26	-91.8	**-165.9**
Decrease in ownership interests in subsidiaries			**0.9**
Increase in ownership interests in subsidiaries	27	-110.3	**-18.0**
Proceeds from bond issuance and loans	28	816.8	**575.3**
Repayment of bonds and loans	29	-928.7	**-1,152.7**
Changes in short-term interest-bearing liabilities	30	481.6	**155.1**
Cash flow from financing activities - continuing operations		82.9	**-716.8**
Cash flow from financing activities - discontinued operations		-0.2	**-1.5**
Cash flow from financing activities		82.7	**-718.3**
Net change in cash and cash equivalents - continuing operations		154.3	**-301.9**
Net change in cash and cash equivalents - discontinued operations		58.2	**90.5**
Net change in cash and cash equivalents		212.5	**-211.4**
Effect of exchange rate changes		-227.9	**88.4**
Cash and cash equivalents at 1 January		1,366.5	**1,351.1**
Cash and cash equivalents at 31 December		1,351.1	**1,228.1**
Reclassification of cash and cash equivalents according to IFRS 5		-0.2	**0.0**
Cash and cash equivalents presented in the balance sheet at 31 December	31	1,350.9	**1,228.1**

1) Amounts were restated (see section "Application of new accounting standards and other changes", pages 186 - 188).

Consolidated balance sheet

Assets				
€m	Notes	1 Jan. 2013[1]	31 Dec. 2013[1]	31 Dec. 2014
Non-current assets				
Intangible assets	32			
Goodwill		9,999.7	9,404.7	**9,604.6**
Other intangible assets		270.0	243.4	**259.9**
		10,269.6	9,648.1	**9,864.5**
Property, plant and equipment	33			
Land and buildings		4,985.2	4,685.1	**4,765.3**
Plant and machinery		3,949.3	3,712.1	**3,595.3**
Other operating equipment		315.2	284.1	**284.3**
Prepayments and assets under construction		817.5	812.3	**848.3**
		10,067.1	9,493.6	**9,493.2**
Financial assets				
Investments in joint ventures	6	1,296.8	1,297.8	**1,362.9**
Investments in associates	9	259.3	266.1	**273.7**
Financial investments	34	43.8	56.8	**66.2**
Loans and derivative financial instruments	35	108.7	155.0	**129.3**
		1,708.6	1,775.8	**1,832.1**
Fixed assets		22,045.3	20,917.5	**21,189.8**
Deferred taxes	11	431.9	396.3	**688.4**
Other non-current receivables	35	251.1	515.4	**616.3**
Non-current income tax assets		19.8	15.9	**14.4**
Total non-current assets		22,748.1	21,845.1	**22,508.9**
Current assets				
Inventories	36			
Raw materials and consumables		660.1	587.1	**614.6**
Work in progress		179.8	167.0	**179.6**
Finished goods and goods for resale		663.3	638.8	**574.0**
Prepayments		18.7	18.1	**28.7**
		1,521.8	1,410.9	**1,396.8**
Receivables and other assets	37			
Current interest-bearing receivables		139.7	120.9	**115.3**
Trade receivables		1,290.5	1,100.6	**1,057.2**
Other current operating receivables		327.3	345.6	**353.9**
Current income tax assets		39.4	45.1	**55.8**
		1,796.9	1,612.2	**1,582.2**
Derivative financial instruments	38	5.9	26.5	**36.9**
Cash and cash equivalents	31	1,366.5	1,350.9	**1,228.1**
Total current assets		4,691.2	4,400.5	**4,244.1**
Assets held for sale and discontinued operations	12	15.7	30.6	**1,379.7**
Balance sheet total		27,454.9	26,276.2	**28,132.6**

1) Amounts were restated (see section "Application of new accounting standards and other changes", pages 186 - 188).

Equity and liabilities

€m	Notes	1 Jan. 2013[1]	31 Dec. 2013[1]	31 Dec. 2014
Shareholders' equity and non-controlling interests				
Subscribed share capital	39	562.5	562.5	**563.7**
Share premium	40	5,539.4	5,539.4	**5,539.4**
Retained earnings	41	6,628.5	7,347.8	**7,643.9**
Other components of equity	42	-160.8	-1,874.0	**-596.8**
Equity attributable to shareholders		12,569.6	11,575.7	**13,150.3**
Non-controlling interests	43	1,077.0	938.0	**1,094.7**
Total equity		13,646.6	12,513.7	**14,244.9**
Non-current liabilities	46			
Bonds payable		6,509.2	6,262.8	**5,601.2**
Bank loans		451.8	184.5	**267.5**
Other non-current interest-bearing liabilities		45.0	51.3	**26.5**
		7,006.0	6,498.6	**5,895.2**
Non-controlling interests with put options				**5.4**
		7,006.0	6,498.6	**5,900.7**
Pension provisions	44	1,025.7	866.5	**1,067.6**
Deferred taxes	11	640.2	499.4	**442.0**
Other non-current provisions	45	1,055.9	934.4	**1,088.4**
Other non-current operating liabilities		88.0	61.4	**84.3**
Non-current income tax liabilities		52.2	50.0	**54.8**
		2,862.0	2,411.6	**2,737.1**
Total non-current liabilities		9,868.0	8,910.3	**8,637.7**
Current liabilities	46			
Bonds payable (current portion)		708.8	1,140.4	**1,434.3**
Bank loans (current portion)		303.0	404.4	**285.5**
Other current interest-bearing liabilities		185.5	641.1	**579.1**
		1,197.3	2,185.9	**2,298.8**
Non-controlling interests with put options		38.8	44.5	**22.3**
		1,236.2	2,230.4	**2,321.1**
Pension provisions (current portion)	44	88.9	94.6	**97.2**
Other current provisions	45	231.0	202.4	**192.2**
Trade payables		1,307.3	1,333.3	**1,398.5**
Other current operating liabilities		935.7	870.1	**892.6**
Current income tax liabilities		141.3	113.6	**126.4**
		2,704.2	2,614.1	**2,706.9**
Total current liabilities		3,940.4	4,844.5	**5,028.0**
Liabilities associated with assets held for sale and discontinued operations	12		7.7	**222.0**
Total liabilities		13,808.4	13,762.4	**13,887.7**
Balance sheet total		27,454.9	26,276.2	**28,132.6**

Consolidated statement of changes in equity

€m	Subscribed share capital	Share premium	Retained earnings [1]	Cash flow hedge reserve
1 January 2013	562.5	5,539.4	6,668.1	-3.7
Adjustment			-39.5	
1 January 2013 (restated)	562.5	5,539.4	6,628.5	-3.7
Profit for the financial year			736.0	
Other comprehensive income			138.8	10.1
Total comprehensive income			874.8	10.1
Changes in ownership interests in subsidiaries			-61.6	
Changes in non-controlling interests with put options			-6.7	
Transfer of asset revaluation reserve			1.3	
Other changes			-0.3	
Capital increase from issuance of new shares				
Dividends			-88.1	
31 December 2013	562.5	5,539.4	7,347.9	6.4
1 January 2014	562.5	5,539.4	7,347.9	6.4
Profit for the financial year			485.7	
Other comprehensive income			-84.9	-3.4
Total comprehensive income			400.8	-3.4
Changes in consolidation scope				
Changes in ownership interests in subsidiaries			-12.4	
Changes in non-controlling interests with put options			-3.5	
Transfer of asset revaluation reserve			1.4	
Other changes			-0.1	
Capital increase from issuance of new shares	1.2			
Capital increase from loan conversion			22.3	
Dividends			-112.5	
31 December 2014	563.7	5,539.4	7,643.9	3.1

1) Amounts were restated (see section "Application of new accounting standards and other changes", pages 186 - 188).

2) The accumulated currency translation differences included in non-controlling interests increased in 2014 by € 113.2 million (previous year: -205.9) to € -153.9 million (previous year: -267.1). The total currency translation differences recognised in equity thus amounts to € -818.6 million (previous year: -2,206.7).

Other components of equity [1]						
Available for sale reserve	Asset revaluation reserve	Currency translation	Total other components of equity	Equity attributable to shareholders [1]	Non-controlling interests [1, 2]	**Total equity [1]**
22.3	34.0	-213.4	-160.8	12,609.2	1,098.3	**13,707.5**
				-39.5	-21.4	**-60.9**
22.3	34.0	-213.4	-160.8	12,569.6	1,077.0	**13,646.6**
				736.0	196.7	**932.6**
4.1		-1,726.2	-1,712.0	-1,573.2	-198.8	**-1,771.9**
4.1		-1,726.2	-1,712.0	-837.2	-2.1	**-839.3**
				-61.6	-49.7	**-111.3**
				-6.7	0.9	**-5.9**
	-1.3		-1.3			
				-0.3	0.3	**0.0**
					3.5	**3.5**
				-88.1	-91.8	**-179.9**
26.4	32.8	-1,939.6	-1,874.0	11,575.7	938.0	**12,513.8**
26.4	32.8	-1,939.6	-1,874.0	11,575.7	938.0	**12,513.8**
				485.7	201.7	**687.3**
7.2		1,274.8	1,278.7	1,193.8	108.8	**1,302.6**
7.2		1,274.8	1,278.7	1,679.4	310.5	**1,989.9**
					19.3	**19.3**
				-12.4	-5.8	**-18.2**
				-3.5	-3.2	**-6.6**
	-1.4		-1.4			
				-0.1	0.8	**0.7**
				1.2	1.0	**2.2**
				22.3		**22.3**
				-112.5	-165.9	**-278.4**
33.6	31.3	-664.7	-596.8	13,150.3	1,094.7	**14,244.9**

Segment reporting/Notes to the consolidated financial statements

Group areas	Western and Northern Europe		Eastern Europe-Central Asia		North America	
€m	2013 [1]	2014	2013 [1]	2014	2013 [1]	2014
External revenue	3,706	**3,933**	1,243	**1,182**	2,766	**3,049**
Inter-Group areas revenue	72	**79**				
Revenue	3,779	**4,012**	1,243	**1,182**	2,766	**3,049**
Change to previous year in %		**6.2 %**		**-4.9 %**		**10.2 %**
Result from joint ventures	-1	**5**	5	**4**	29	**35**
Operating income before depreciation (OIBD)	524	**562**	259	**230**	555	**610**
as % of revenue	13.9 %	**14.0 %**	20.8 %	**19.5 %**	20.1 %	**20.0 %**
Depreciation	-235	**-233**	-108	**-101**	-193	**-198**
Operating income	290	**329**	151	**129**	362	**412**
as % of revenue	7.7 %	**8.2 %**	12.1 %	**11.0 %**	13.1 %	**13.5 %**
Result from associates	13	**14**	0	**0**	4	**5**
Result from other participations	-2	**0**	1	**0**	0	**0**
Result from participations	11	**14**	0	**0**	4	**5**
Additional ordinary result						
Earnings before interest and taxes (EBIT)	300	**343**	151	**130**	366	**417**
Capital expenditures [3]	178	**188**	122	**95**	181	**214**
Segment assets [4]	6,032	**5,892**	2,027	**1,758**	7,055	**7,749**
OIBD as % of segment assets	8.7 %	**9.5 %**	12.8 %	**13.1 %**	7.9 %	**7.9 %**
Number of employees as at 31 December	11,882	**12,441**	8,696	**8,453**	7,513	**7,644**
Average number of employees	11,768	**12,466**	8,876	**8,682**	8,163	**8,262**

Voluntary additional information

Business lines	Cement		Aggregates		Ready-mixed concrete-asphalt	
€m	2013 [1]	2014	2013 [1]	2014	2013 [1]	2014
External revenue	5,293	**5,339**	1,813	**1,927**	3,621	**3,849**
Inter-business lines revenue	678	**618**	734	**786**	30	**38**
Revenue	5,971	**5,957**	2,548	**2,713**	3,651	**3,887**
Change to previous year in %		**-0.2 %**		**6.5 %**		**6.5 %**
Result from joint ventures						
Operating income before depreciation (OIBD)	1,486	**1,423**	599	**628**	37	**103**
as % of revenue	24.9 %	**23.9 %**	23.5 %	**23.1 %**	1.0 %	**2.7 %**
Operating income	1,114	**1,061**	399	**430**	-47	**19**
as % of revenue	18.7 %	**17.8 %**	15.7 %	**15.8 %**	-1.3 %	**0.5 %**
Number of employees as at 31 December	23,415	**22,699**	8,972	**9,030**	9,793	**10,402**
Average number of employees	23,614	**23,085**	9,480	**9,587**	9,459	**10,409**

1) Amounts were restated (see section “Application of new accounting standards and other changes”, pages 186 - 188).
2) Includes corporate functions, eliminations of intra-Group relationships between the segments and additional ordinary result.
3) Capital expenditures = in the segment columns: property, plant and equipment as well as intangible assets investments;
in the reconciliation column: investments in financial fixed assets and other business units
4) Segments assets = property, plant and equipment as well as intangible assets. The segment Discontinued operations includes allocated goodwill for 2014 for the segment assets.

	Asia-Pacific		Africa-Mediterranean Basin		Group Services		Reconciliation [2]		Continuing operations		Discontinued operations	
	2013 [1]	2014	2013 [1]	2014	2013 [1]	2014	2013 [1]	2014	2013 [1]	2014	2013 [1]	2014
	2,867	2,808	952	914	594	729			12,128	12,614	754	901
	10	10	-3	-4	347	348	-427	-434				
	2,877	2,818	949	910	941	1,077	-427	-434	12,128	12,614	754	901
		-2.1 %		-4.1 %		14.5 %				4.0 %		19.5 %
	86	93	25	34					144	171	0	3
	778	743	195	213	21	27	-108	-96	2,224	2,288	78	149
	27.0 %	26.4 %	20.5 %	23.4 %	2.3 %	2.5 %	25.4 %	22.2 %	18.3 %	18.1 %	10.3 %	16.5 %
	-127	-120	-29	-29	0	0	-13	-13	-704	-693	-44	-42
	651	623	166	184	21	27	-121	-109	1,519	1,595	34	106
	22.6 %	22.1 %	17.5 %	20.2 %	2.2 %	2.5 %	28.4 %	25.1 %	12.5 %	12.6 %	4.4 %	11.8 %
	6	8	0	0					23	27		
	3	1	0	0	2				3	1		
	9	9	0	0	2				26	28		
							13	-63	13	-63	-15	-212
	661	631	167	184	23	27	-108	-172	1,559	1,560	19	-106
	245	322	135	122	0	0	379	184	1,240	1,125	12	31
	2,799	3,200	631	723	37	35			18,581	19,358	561	1,109
	27.8 %	23.2 %	30.9 %	29.4 %	57.2 %	78.0 %			12.0 %	11.8 %	13.9 %	13.4 %
	14,133	13,482	2,885	2,811	61	79			45,169	44,909	4,258	4,537
	13,826	13,710	2,906	2,892	59	72			45,597	46,085	4,361	4,597

	Service-joint ventures-other		Reconciliation [2]		Continuing operations		Discontinued operations	
	2013 [1]	2014	2013 [1]	2014	2013 [1]	2014	2013 [1]	2014
	1,401	1,500			12,128	12,614	754	901
	373	375	-1,816	-1,817				
	1,774	1,874	-1,816	-1,817	12,128	12,614	754	901
		5.6 %				4.0 %		19.5 %
	144	171			144	171		3
	211	233	-109	-99	2,224	2,288	78	149
	11.9 %	12.4 %			18.3 %	18.1 %	10.3 %	16.5 %
	174	196	-121	-111	1,519	1,595	34	106
	9.8 %	10.5 %			12.5 %	12.6 %	4.4 %	11.8 %
	2,988	2,778			45,169	44,909	4,258	4,537
	3,044	3,004			45,597	46,085	4,361	4,597

Notes to the 2014 consolidated financial statements

General information

HeidelbergCement AG is a public limited company based in Germany. The company has its registered office in Heidelberg, Germany. Its address is: HeidelbergCement AG, Berliner Strasse 6, 69120 Heidelberg.

The core activities of HeidelbergCement include the production and distribution of cement, aggregates, and concrete. Further details are given in the management report.

Accounting and valuation principles

Accounting principles

The consolidated financial statements of HeidelbergCement AG were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and the additional requirements of German Commercial Law pursuant to § 315a, section 1 of the German Commercial Code. All binding IFRS for the 2014 financial year adopted into European law by the European Commission, including the interpretations of the IFRS Interpretations Committee (IFRIC), were applied.

The previous year's figures were determined according to the same principles. The consolidated financial statements are prepared in euro. The financial statements show a true and fair view of the financial position and performance of the HeidelbergCement Group.

In accordance with IAS 1 (Presentation of Financial Statements), the consolidated financial statements contain a balance sheet as at the reporting date, an income statement, a statement of comprehensive income, a statement of changes in equity, and a statement of cash flows in accordance with the principles of IAS 7 (Statement of Cash Flows). The segment reporting is prepared in accordance with the regulations of IFRS 8 (Operating Segments).

For reasons of clarity, some individual items have been combined in the income statement and in the balance sheet. Explanations of these items are contained in the Notes. To improve the level of information, the additional ordinary result is shown separately in the income statement and in the segment reporting. The income statement classifies expenses according to their nature.

Scope of consolidation

In addition to HeidelbergCement AG, the consolidated financial statements include all subsidiaries, joint arrangements, and associated companies.

Subsidiaries are characterised by the fact that HeidelbergCement can exercise control over these companies. Control exists when HeidelbergCement has decision-making powers, is exposed to variable returns, and is able to influence the level of the variable returns as a result of the decision-making powers. Normally, this is the case when more than 50 % of the shares are owned. If contractual or legal regulations stipulate that a company can be controlled despite a shareholding of less than 50 %, this company is included in the consolidated financial statements as a subsidiary. If a company cannot be controlled with a shareholding of more than 50 % as a result of contractual or legal regulations, this company is not included in the consolidated financial statements as a subsidiary.

In joint arrangements, HeidelbergCement exercises joint control over a company with one or more parties through contractual agreements. Joint control exists if decisions about the relevant activities of the company must be made unanimously. Depending on the rights and obligations of the parties, joint arrangements may be joint operations or joint ventures. In joint operations, the controlling parties have direct rights to the assets and liabilities or income and expenses of the jointly controlled operation. Joint ventures are characterised by the fact that the parties that have joint control participate in the net assets of the company by virtue of their position as shareholders.

In associated companies, HeidelbergCement has a significant influence on the operating and financial policies of the company in which it has a participating interest. This is normally the case if HeidelbergCement holds between 20 % and 50 % of the voting rights in a company.

Consolidation principles

The capital consolidation of subsidiaries is performed using the acquisition method in accordance with IFRS 3 (Business Combinations). In this process, the acquirer measures the identifiable assets acquired and liabilities assumed at their fair values at the acquisition date. The acquiring entity's investment, measured at the fair value of the consideration transferred, is eliminated against the revalued equity of the newly consolidated subsidiary at acquisition date. The residual positive difference between the fair value of the consideration transferred and the fair value of acquired assets and liabilities is shown as goodwill. A residual negative difference is recognised in profit or loss after further review. Non-controlling interests can be recognised either at their proportionate share of the acquiree's net assets or at fair value. This option can be applied separately for every business combination. Transaction costs relating to business combinations are recorded as expenses.

Income and expenses as well as receivables and payables between consolidated companies are eliminated. Profits and losses from intra-Group sales of assets are eliminated. The consequences of consolidation on income tax are taken into account by recognising deferred taxes.

The share of equity and the share of profit or loss for the financial year attributable to non-controlling interests are shown separately. In the case of put options held by non-controlling interests (including non-controlling interests in German partnerships), the proportionate share of the period's comprehensive income attributable to the non-controlling interests as well as the dividend payments to non-controlling interests are shown over the course of the year as changes in equity. At the reporting date, non-controlling interests with a put option were reclassified as financial liabilities. The financial liability is measured at the present value of the redemption amount. Differences between the carrying amount of the non-controlling interests and the present value of the redemption amount are recognised directly in equity. In the statement of changes in equity, this is reported in the line changes in non-controlling interests with put options.

In the event of business combinations achieved in stages, HeidelbergCement achieves control of a company in which it held a non-controlling equity interest immediately before the acquisition date. In this scenario, differences between the carrying amount and the fair value of previously held shares are recognised in profit or loss. Changes in the ownership interest in a subsidiary that do not lead to a loss of control are recognised outside profit or loss as equity transactions. In the case of transactions that lead to a loss of control, any residual interests are revalued at fair value in profit or loss.

In joint operations, the assets, liabilities, income and expenses, as well as cash flows are included pro rata in the consolidated financial statements in accordance with the rights and obligations of HeidelbergCement.

Joint ventures and associates are accounted for using the equity method. Initially, the acquired investments are recognised at cost. In subsequent years, the carrying amount of the investment is increased or decreased according to the share of HeidelbergCement in the comprehensive income of the investee. Dividend payments received from investees reduce the carrying amount. When the share of losses attributable to HeidelbergCement in the company in which a participating interest is held equals or exceeds the carrying amount of the investment, no further shares of losses are recognised. If the investee subsequently reports profits, the investor resumes recognising its share of these profits only after the share in profit equals the share of losses not yet recognised.

Subsidiaries, joint operations, joint ventures, and associated companies that do not have a material impact on the financial position and performance of the Group, either individually or collectively, are accounted for at cost less impairment losses and shown as financial investments available for sale at cost.

Foreign currency translation

The individual financial statements of the Group's foreign subsidiaries are translated into euro according to IAS 21 (The Effects of Changes in Foreign Exchange Rates) using the concept of functional currency. In general, for operating companies, the functional currency is that of the country in which the subsidiary is based, since all foreign subsidiaries are financially, economically, and organisationally independent in the conduct of their business. Assets and liabilities are translated using the closing rates at the reporting date, with equity, in contrast, using the historical exchange rates. The translation differences resulting from this are recognised outside profit or loss in other components of equity through other comprehensive income until the subsidiary is disposed of. The proportionate equity of the foreign joint ventures and associated companies is translated in accordance with the procedure described for subsidiaries. Income and expenses are translated using average annual exchange rates.

Foreign currency transactions in the companies' individual financial statements are recorded at the spot exchange rate at the date of the transaction. Exchange gains or losses from the measurement of monetary items in foreign currency at the closing rate up to the reporting date are recognised in profit or loss. Exchange differences arising from foreign currency borrowings, to the extent that they are part of a net investment in a foreign operation, form an exception to recognition in profit or loss. They are part of a net investment in a foreign operation if settlement is neither planned nor likely to occur in the foreseeable future. These translation differences are recognised directly in equity through other comprehensive income until the net investment is sold and are not recognised in profit or loss until its disposal. Non-monetary items in foreign currency are recorded at historical exchange rates.

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

Exchange rates		Exchange rates at reporting date		Average exchange rates	
EUR		31 Dec. 2013	**31 Dec. 2014**	2013	**2014**
USD	USA	1.3746	**1.2099**	1.3285	**1.3286**
AUD	Australia	1.5412	**1.4809**	1.3777	**1.4728**
CAD	Canada	1.4600	**1.4059**	1.3686	**1.4667**
GBP	Great Britain	0.8303	**0.7764**	0.8491	**0.8062**
IDR	Indonesia	16,755	**15,051**	14,032	**15,789**

Recognition and measurement principles

The consolidated financial statements are generally prepared using the historical cost principle. Exceptions to this are derivative financial instruments and available-for-sale investments, which are measured at fair value. Furthermore, the carrying amounts of the assets and liabilities recognised in the balance sheet, which represent the hedged items in fair value hedges and are otherwise accounted at cost, are adjusted as a result of changes in the fair values assigned to the hedged risks. The fundamental recognition and measurement principles are outlined below.

According to IAS 38 (Intangible Assets), an **intangible asset** is an identifiable non-monetary asset without physical substance. The definition requires an intangible asset to be identifiable in order to distinguish it from goodwill. An asset meets the identifiability criterion if it is separable or arises from contractual or other legal rights. Intangible assets are initially measured at cost. In subsequent periods, intangible assets with a finite useful life are measured at cost less accumulated amortisation and impairment, and intangible assets with an indefinite useful life are measured at cost less accumulated impairment. Intangible assets with a finite useful life are amortised using the unit of production method, in the case of quarrying licences, otherwise using the straight-line method.

Emission rights are shown as intangible assets. Emission rights granted free of charge are initially measured at a nominal value of zero. Emission rights acquired for consideration are accounted for at cost and are subject to write-down in the event of impairment. Provisions for the obligation to return emission rights are recognised if the actual CO_2 emissions up to the reporting date are not covered by emission rights granted free of charge. The amount of provision for emission rights already acquired for consideration is measured at the carrying amount and, for emission rights yet to be acquired in order to fulfil the obligation, at the market value as at the reporting date.

In accordance with IFRS 3 (Business Combinations), **goodwill** arising from business combinations is not amortised. Instead, goodwill is tested for impairment according to IAS 36 (Impairment of Assets) at least once a year in the fourth quarter after completion of the current operational plan or upon the occurrence of significant events or changes in circumstances that indicate an impairment requirement. 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 the basis of the sales and management structure, a group of CGUs is defined generally as a country or Group area.

As soon as the carrying amount of a group of CGUs to which a goodwill is allocated exceeds its recoverable amount, an impairment loss of the allocated goodwill is recognised in profit or loss. The recoverable amount is the higher of fair value less costs of disposal and the value in use of a group of CGUs. The fair value is the amount obtainable from the sale in an arm's length transaction. The value in use is calculated by discounting estimated future cash flows after taxes with a post-tax risk-adjusted discount rate (WACC).

Property, plant and equipment are accounted for according to IAS 16 (Property, Plant and Equipment) at cost less accumulated depreciation and impairment. Cost includes all costs that can be attributed to the manufacturing process and appropriate amounts of production overheads. Costs for repair and maintenance of property, plant and equipment are generally expensed as incurred. Capitalisation takes place if the measures lead to an extension or significant improvement of the asset. Property, plant and equipment are depreciated on a straight-line basis unless there is another depreciation method more appropriate for the pattern of use. Borrowing costs that can be allocated directly or indirectly to the construction of large facilities with a creation period of more than twelve months (Qualifying Assets) are capitalised as part of the cost in accordance with IAS 23 (Borrowing Costs).

Inventories are measured in accordance with IAS 2 (Inventories) at the lower of cost and net realisable value, using the weighted average cost method. Adequate provisions are made for risks relating to quality and quantity. Besides direct expenses, the costs for finished goods and work in progress include production-related indirect materials and indirect labour costs, as well as production-related depreciation. The overhead rates are calculated on the basis of the average operating performance rate. Borrowing costs are not recognised as part of the costs because the production period is less than twelve months. Spare parts for equipment are generally reported under inventories. If they were acquired in connection with the acquisition of the equipment, or in a separate acquisition meet the definition of an asset, then they are reported under fixed assets.

Pension provisions and similar obligations are determined in accordance with IAS 19 (Employee Benefits). For numerous employees, the Group makes provisions for retirement either directly or indirectly through contributions to pension funds. Various post-employment benefit plans are in place, depending on the legal, economic, and tax framework in each country, which are generally based on employees' years of service and remuneration. The pension provisions include those from current pensions and from entitlements from pensions to be paid in the future.

At HeidelbergCement, the company pension schemes include both defined contribution and defined benefit plans. In defined contribution plans, the Group pays contributions into earmarked funds. After paying the contributions, the Group has no further benefit obligations. In defined benefit plans, the Group's obligation is to provide the agreed benefits to current and former employees. A distinction is made between benefit systems financed by provisions and those financed by funds.

The most significant post-employment benefit plans financed by funds exist in Belgium, the United Kingdom, Indonesia, Canada, Norway, and the USA. The retirement benefit system in Indonesia consists of a statutory defined benefit plan and a company-based defined contribution plan financed by funds, the benefits from which may be set off against the statutory benefits. In Germany and Sweden, the retirement benefit plans are financed by means of provisions. HeidelbergCement also has a retirement benefit system financed by provisions to cover the health care costs of pension recipients in Belgium, Canada, Indonesia, the United Kingdom and the USA. In addition, the Group grants its employees other long-term employee benefits, such as jubilee benefits, old age part-time arrangements or early retirement commitments.

The three Group areas or countries North America, the United Kingdom and Germany, account for approximately 90 % of the defined benefit obligation.

The majority of defined benefit pension plans in North America have been closed to new entrants, and many have been closed to future accruals. In North America, a retirement plans committee has been established by HeidelbergCement to serve as oversight of the pension administration and fiduciary responsibilities of HeidelbergCement in relation to the retirement plans and to act as plan administrator. The regulatory framework for each of the qualified pension plans in the USA has a minimum funding requirement based on the statutory funding objective agreed with the plan administrator. In the USA, the Employee Retirement Income Security Act of 1974 (ERISA) provides the national legal framework which sets the minimum standards for company retirement plans. ERISA sets minimum standards for participation, vesting, benefit accrual and funding and requires accountability of plan fiduciaries. ERISA also guarantees payment of certain benefits through the Pension Benefit Guaranty Corporation if a plan is terminated. In Canada, the pension plans of HeidelbergCement fall under the jurisdiction of the provinces of Alberta or Ontario.

In the United Kingdom, the main defined benefit pension plans operate under UK trust law and under the jurisdiction of the UK Pensions Regulator. These plans are run by groups of trustees, some of whom are appointed by the sponsoring employer and some of whom are nominated by the plan members. The trustees are obligated by the statutory funding framework mandated by UK law to meet the statutory funding objective of having sufficient and appropriate assets to cover the schemes' technical provisions. All of the main defined benefit pension plans in the United Kingdom are closed to new entrants and in most cases to future accruals. Benefits are granted under a number of plans, many of which are final salary plans. As such, the liabilities are expected to trend downward in the mid- to long-term as benefits are paid. Liability driven investments (LDI) strategies are used extensively in the United Kingdom and the UK pension plans are currently, in aggregate, overfunded on an IAS 19 basis. As pension benefits in the United Kingdom receive inflationary increases after benefit commencement, these benefits are subject to inflation risk. This risk is mitigated in many cases through the use of LDI products and/or through the use of caps on the maximum pension indexation granted. Given the closed nature of the arrangements, the liabilities in the United Kingdom are only marginally impacted by the salary trend assumption.

In Germany, pension plans operate under the framework of German Company Pension Law (BetrAVG) and general regulations based on German Labour Law. The main pension plans were closed to new entrants in 2005. Employees hired prior to 2006 continue to earn benefits under these arrangements. The closed pension arrangements have either a final salary plan design or a fixed benefit per year of service structure. In addition, individual pension entitlements have been granted to the members of the Managing board (please refer to the Management Report, chapter Remuneration report on page 148 f.). The German pension benefits are largely unfunded.

The liabilities in respect of the benefits granted are subject to the following major risks:

– Discount rate risks in all cases where falling market interest rates could result in a higher present value being placed on the remaining future obligations, leading to higher liabilities,

– Inflation risks (in particular where benefits are linked to salary, or pension payments are subject to inflation adjustments),

– Asset performance risks, in countries where funded pension plans are present (such as the USA and the United Kingdom). These risks have been mitigated in part through the use of liability driven investment strategies,

– Longevity risks in cases where benefits would be paid for a longer period in the future than is currently anticipated in the mortality assumptions used to estimate the future benefits payable,

– Changes to national funding requirements may accelerate cash flows required to meet pension funding requirements, and national law might also mandate increases in benefits beyond those presently agreed upon.

The pension obligations and the available plan assets are valued annually by independent experts for all major Group companies. The pension obligations and the expenses required to cover this obligation are measured in accordance with the internationally accepted projected unit credit method.

For the purpose of financial reporting, the actuarial assumptions are dependent on the economic situation in each individual country. The interest rate is based on the interest rate level observed on the measurement date for high-quality corporate bonds (AA rating) with a duration corresponding to the pension plans concerned in the relevant country. In countries or currency areas without a deep market for corporate bonds, the interest rate is determined on the basis of government bonds or using other approximation methods.

Actuarial gains and losses result from increases or decreases in the present value of the defined benefit obligations versus the expected amounts. These may be caused by, for example, changes in the calculation parameters or deviations between the actual and expected development of the pension obligations. These amounts, as well as the difference between the actual asset performance and the interest income shown in profit or loss, and the effect of the asset ceiling, are reported in other comprehensive income.

Defined contribution accounting has been used for certain multi-employer plans for which insufficient information is available to use defined benefit accounting.

Other provisions are recognised in accordance with IAS 37 (Provisions, Contingent Liabilities, and Contingent Assets) if, as a result of past events, there are legal or constructive obligations towards third parties that are likely to lead to outflows of resources embodying economic benefits that can be reliably determined. The provisions are calculated on the basis of the best estimate, taking into account all identifiable risks.

The capital market components of the Group-wide virtual stock option plan are accounted for as cash-settled, share-based payment transactions in accordance with IFRS 2 (Share-based Payment). As at the reporting date, a provision is recognised pro rata temporis in the amount of the fair value of the payment obligation. Changes in the fair value are recognised in profit or loss. The fair value of the options is determined using a recognised option price model.

Deferred tax assets and liabilities are recognised in accordance with the balance sheet liability method (IAS 12 Income Taxes). This means that, with the exception of goodwill arising on capital consolidation, deferred taxes are recognised for all temporary differences between the IFRS financial statements and the tax accounts regardless of the period of time within which these differences are likely to reverse. Furthermore, deferred tax assets are recognised on unused tax losses carried forward, to the extent that the probability of their recovery in subsequent years is sufficiently high. Deferred tax liabilities are considered in connection with undistributed profits from subsidiaries, joint ventures, and associates, unless HeidelbergCement is able to control the dividend policy of the companies and no dividend distribution or disposal is anticipated in the foreseeable future. The deferred taxes are measured using the rates of taxation that, as of the reporting date, are applicable or have been announced as applicable in the individual countries for the period when the deferred taxes are realised. Deferred tax assets and liabilities are offset if there is an enforceable right to set off current tax assets and liabilities and if they relate to income taxes levied by the same taxing authority and the Group intends to settle its current tax assets and liabilities on a net basis. In principle, changes in the deferred taxes in the balance sheet lead to deferred tax expense or income. If circumstances that lead to a change in the deferred taxes are recognised outside profit or loss in other comprehensive income or directly in equity, the change in deferred taxes is also taken into account in other comprehensive income or directly in equity. If deferred taxes were recognised via other comprehensive income, they are also subsequently released via other comprehensive income.

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The financial instruments include non-derivative and derivative financial instruments.

Non-derivative financial instruments are, in principle, measured at fair value when first recognised. These include financial investments, loans and receivables granted, and financial liabilities.

Financial instruments classified as held for trading are measured at fair value through profit or loss.

Financial investments that are categorised as available for sale in accordance with IAS 39 (Financial Instruments – Recognition and Measurement) are regularly measured at fair value if it can be reliably ascertained. This class of instrument is referred to in the following as investments available for sale at fair value. The unrealised gains and losses resulting from the subsequent measurement are recognised outside profit or loss in equity through other comprehensive income. The stock market price at the reporting date forms the basis of the fair value. If the fair values of investments available for sale at fair value fall below the cost and there is objective evidence of a significant or permanent impairment, the accumulated gains and losses previously recognised in equity are recognised directly in profit or loss. Investments in equity instruments, for which no listed price on an active market exists and whose fair values cannot be reliably determined with justifiable expense, are measured at cost. This class of instruments is referred to in the following as investments available for sale at cost. This concerns other participations that are not listed on the stock exchange. If there is objective evidence of significant or permanent impairment, these impairment losses are directly recognised in profit or loss. The recognition of reversals of impairment in profit or loss for equity instruments held is not permitted.

Loans and receivables are measured at amortised cost, using the effective interest method if applicable, provided that they are not linked with hedging instruments. This concerns non-current receivables, interest-bearing receivables, trade receivables, and other current operating receivables. In principle, the amortised cost in the case of current receivables corresponds to the nominal value or the redemption amount. Receivables are derecognised from the balance sheet when all risks and rewards were transferred and the receipt of payment associated with the receivables is ensured. In case not all chances and risks are transferred, the receivables are derecognised when the control over the receivables has been transferred. If there is objective evidence of impairment of the loans and receivables (e.g. significant financial difficulties or negative changes in the market environment of the debtor), impairment losses are recognised in profit or loss. For trade receivables, the impairment losses are recognised through the use of a provision for doubtful debts account. A derecognition is booked as soon as a default of receivables occurs. Reversals are carried out if the reasons for the impairment losses no longer apply. In the past reporting year, there were no financial assets (as in the previous year) whose terms have been changed which would otherwise have been overdue or impaired.

Non-derivative financial liabilities are initially recognised at the fair value of the consideration received or at the value of the cash received less transaction costs incurred, if applicable. These instruments are subsequently measured at amortised cost, using the effective interest method if applicable. This includes trade payables, other current operating liabilities, and current and non-current financial liabilities. Non-current financial liabilities are discounted. In principle, the amortised cost in the case of current financial liabilities corresponds to the nominal value or the redemption amount.

The Group has not yet made use of the possibility of designating non-derivative financial instruments, when first recognised, as financial instruments at fair value through profit or loss. All non-derivative financial instruments are accounted for at the settlement date.

A **derivative financial instrument** is a contract whose value is dependent on a variable, which usually requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors, and which is settled at a later date. All derivative financial instruments are measured at fair value on the trade date when first recognised. The fair values are also relevant for the subsequent measurement. For derivative financial instruments, the fair value corresponds to the amount that HeidelbergCement would either receive or have to pay at the reporting date in the case of early termination of this financial instrument. This amount is calculated on the basis of the relevant exchange and interest rates on the reporting date. The fair value of derivative financial instruments traded in the market corresponds to the market value.

In the HeidelbergCement Group, derivative financial instruments such as currency forwards, currency option contracts, interest rate swaps, or interest rate options are, in principle, used to minimise financial risks. The focus is on hedging interest, currency, and other market price risks. The market valuations are monitored regularly by the Group Treasury department. No derivative financial instruments are contracted or held for speculative purposes.

Contracts concluded for the purpose of receiving or supplying non-financial items in accordance with the company's expected purchase, sale, or usage requirements and held as such (own use contracts) are accounted for as pending transactions rather than derivative financial instruments. Written options for the purchase or sale of non-financial items that can be cash-settled are not classified as own use contracts.

Hybrid financial instruments consist of a non-derivative host contract and an embedded financial derivative. The two components are legally inseparable. These are usually contracts with riders. Separate accounting of the embedded derivative and the host contract is required if the economic characteristics and risks are not closely linked with the host contract, the embedded derivative fulfils the same definition criteria as a stand-alone derivative, and the hybrid financial instrument is not measured at fair value through profit or loss. Alternatively, the hybrid financial instrument may be measured in total at fair value through profit or loss unless the embedded derivative changes the resulting cash flows to an insignificant degree or separation of the embedded derivative is not permitted.

Hedge accounting denotes a specific accounting method that modifies the accounting of the hedged item and hedge of a hedging relationship so that the results of measuring the hedged item or hedge are recognised in the period incurred directly in equity or in profit or loss. Accordingly, hedge accounting is based on matching the offsetting values of the hedging instrument and the hedged item.

For accounting purposes, three types of hedges exist in accordance with IAS 39, provided that the stringent conditions for hedge accounting are fulfilled in each individual case.

- Cash flow hedges
  Where necessary, HeidelbergCement hedges the risk of fluctuation in future cash flows. The risk of interest rate fluctuations in the case of variable interest is hedged by means of swaps that convert variable interest payments into fixed interest payments. This method is also used for hedging currency risks of transactions to be executed in foreign currency in the future. The fair value of the derivatives used for hedging is shown in the balance sheet. As an offsetting item, the other components of equity are adjusted to the amount of the effective portion, taking deferred taxes into account. They are only recognised in profit or loss when the hedged future cash flows are realised. The ineffective portion is recognised directly in the profit or loss for the period.

- Fair value hedges
  HeidelbergCement hedges against fluctuations in the fair value of assets or liabilities. Where necessary, the currency risk that arises when financial instruments are accounted for in a currency other than the functional currency is thus hedged. In addition, the fair value of fixed interest-bearing liabilities is selectively hedged by means of conversion to variable interest. In the case of hedging against fluctuations in the fair value of certain balance sheet items (fair value hedges), both the hedging instrument and the hedged portion of the risk of the underlying transaction are recognised at fair value. Changes in fair value are recognised in profit or loss.

- Hedging a net investment in a foreign operation
  When acquiring foreign companies, the investment can, for example, be hedged with loans in the functional currency of the foreign company. In these cases, the currency risk arising on the subsidiary's equity through fluctuations in exchange rates (translation risk) is designated as a hedged risk. The loans are translated using the exchange rate applicable at the reporting date. As an offsetting item, the foreign currency translation reserves in equity are adjusted. Consequently, translation differences are recognised outside profit or loss in equity through other comprehensive income until the net investment is sold, and are recognised in profit or loss on its disposal.

Derivative financial instruments for which no hedge accounting is used nevertheless represent an effective hedge in an economic sense within the context of the Group strategy. In accordance with IAS 39, these instruments are classified for accounting purposes as held for trading. The changes in the fair values of these derivative financial instruments recognised in profit or loss are almost offset by changes in the fair values of the hedged items.

Assets held for sale and discontinued operations are shown separately in the balance sheet if they can be sold in their present condition and the sale is highly probable. Assets classified as held for sale are recognised at the lower of their carrying amount and fair value less costs to sell. According to their classification, liabilities directly connected with these assets are shown in a separate line on the liability side of the balance sheet.

For discontinued operations, the profit after tax is shown in a separate line in the income statement. In the statement of cash flows, the cash flows are broken down into continuing and discontinued operations. Likewise, the discontinued operations are shown separately in the segment reporting. For discontinued operations, the previous year's values in the income statement, the statement of cash flows, and the segment reporting are restated. The Notes include additional details on the assets held for sale and discontinued operations.

Contingent liabilities and assets are, on the one hand, possible obligations or assets arising from past events and whose existence depends on the occurrence or non-occurrence of one or more uncertain future events that are not within the Group's control. On the other hand, contingent liabilities are present obligations arising from past events for which there is unlikely to be an outflow of resources embodying economic benefits or where the amount of the obligation cannot be reliably estimated. Contingent liabilities are not included in the balance sheet unless they are present obligations that have been assumed in a business combination. Contingent assets are only recognised in the balance sheet if they are virtually certain. Insofar as an outflow or inflow of economic benefits is possible, details of contingent liabilities and assets are provided in the Notes.

Finance leases, for which all risks and rewards incidental to ownership of the leased asset are transferred to the Group, lead to capitalisation of the leased asset at the inception of the lease. The leased asset is recognised at the lower of its fair value and the present value of the minimum lease payments. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability so as to produce a constant rate of interest on the remaining balance of the liability over the term of the lease. The finance charge is recognised in profit or loss. Leased assets are depreciated over the useful life of the asset. If, however, there is insufficient certainty that the transfer of title to the Group will take place at the end of the lease term, the leased asset is depreciated fully over the shorter of the expected useful life and the lease term.

Lease payments for **operating leases** are recognised as an expense in the income statement over the lease term on a straight-line basis.

Income is recognised if it is sufficiently probable that the Group will receive future economic benefits that can be reliably determined. It is measured at the fair value of the consideration received or receivable; sales tax and other duties are not taken into account. Revenue is recognised as soon as the goods have been delivered and the risks and rewards have passed to the purchaser. Interest income is recognised pro rata temporis using the effective interest method. Dividend income is realised when the legal entitlement to payment arises.

Application of new accounting standards and other changes

Application of new accounting standards

In the 2014 financial year, HeidelbergCement applied the following standards of the International Accounting Standards Board (IASB) for the first time.

First-time application of accounting standards

Title
IFRS 10 Consolidated Financial Statements
IFRS 11 Joint Arrangements
IFRS 12 Disclosure of Interests in Other Entities
Amendments to IAS 32: Offsetting Financial Assets and Financial Liabilities
IFRIC 21 Levies

- **IFRS 10 Consolidated Financial Statements** establishes a single definition of the term control and sets out the existence of parent-subsidiary relationships in concrete terms. Control exists when an investor has decision-making powers, is exposed to variable returns, and is able to influence the level of the variable returns as a result of the decision-making powers. IFRS 10 replaces the requirements of IAS 27 (Consolidated and Separate Financial Statements), related to consolidated financial statements, and SIC-12 (Consolidation – Special Purpose Entities). When IFRS 10 was initially applied, HeidelbergCement reviewed the scope of consolidation. As a result, one company that was previously proportionally consolidated is now fully consolidated.

  Due to the retrospective adjustment, the previous year's revenue increased by €44.3 million, the previous year's profit for the financial year increased by €5.2 million, and shareholders' equity as at 1 January 2013 rose by €17.0 million respectively as at 31 December 2013 by €16.5 million.

- **IFRS 11 Joint Arrangements** replaces both IAS 31 (Interests in Joint Ventures) as well as SIC 13 (Jointly Controlled Entities – Non-Monetary Contributions by Venturers) and describes the accounting for joint arrangements. Joint arrangements are characterised by the fact that two or more parties exercise joint control over a joint venture or a joint operation. Joint control assumes that the contractual agreements of the parties sharing control provide for unanimous decisions on the relevant activities of the joint arrangement.

Joint ventures are characterised by the fact that the parties that have joint control have rights to the net assets of the company by virtue of their position as shareholders. In joint operations, however, the parties sharing control have direct rights to the assets and obligations for the liabilities of the company.

The classification of the joint arrangement as a joint venture or a joint operation depends on whether the joint arrangement is a legally separate vehicle or not. A joint arrangement that is not set up as a separate vehicle is generally classified as a joint operation. A joint arrangement that is structured as a separate vehicle must be assessed to determine whether the controlling parties have direct rights to the assets and obligations for the liabilities of the legally independent entity through the legal form of the vehicle or through contractual arrangements. If this is not the case, other facts and circumstances are to be taken into account in the review. The joint arrangement qualifies as a joint operation if the parties have rights to substantially all the economic benefits of the assets of the company and the liabilities of the company can be settled by cash flows on an ongoing basis, which the company primarily receives from the sale of its products to the parties sharing control.

In its meeting of 11 November 2014, the IFRS Interpretations Committee (IFRIC) made a tentative agenda decision with regard to questions in connection with the introduction of IFRS 11. This decision relates in particular to the classification of joint arrangements taking into account other facts and circumstances. In its tentative decision, the IFRIC clarifies that the other facts and circumstances to be taken into account when reviewing the classification must lead to enforceable rights to the assets and enforceable obligations for the liabilities of the joint arrangement. HeidelbergCement considered the conclusions of the tentative agenda decision when preparing the consolidated financial statements.

For HeidelbergCement, the most significant effect of the new standard is the abolition of proportionate consolidation for joint ventures: According IFRS 11, all joint ventures must be consolidated using the equity method. As a result, the individual assets and liabilities as well as the income and expenses of joint ventures will no longer be shown proportionately in the relevant balance sheet or income statement items, but will only be shown in a separate line: the proportionate carrying amount in the balance sheet and the result from joint ventures in the income statement. The joint ventures of HeidelbergCement that are impacted include key operating units in Australia, Turkey, the United States (Texas), and Hong Kong that have made a significant contribution to operating income in the past. To continue to show the performance of the operating business of HeidelbergCement in its entirety, the result from joint ventures is included in operating income before depreciation.

- **IFRS 12 Disclosure of Interests in Other Entities** combines the revised disclosure requirements for a company's investment in subsidiaries, joint arrangements, and associated companies in one standard.

- The **amendments to IAS 32: Offsetting Financial Assets and Financial Liabilities** regulate details concerning the netting of financial assets and liabilities. The right to netting must be enforceable not only in the ordinary course of business, but also in the event of a payment default and insolvency of all contract parties. The amendment did not have any impact on the consolidated financial statements of HeidelbergCement.

- **IFRIC 21 Levies** clarifies that a company is to recognise a liability for public levies as soon as a statutory activity occurs that triggers a corresponding payment obligation. IFRIC 21 further highlights that liabilities for levy obligations that are linked to reaching a threshold value are only to be recognised when the defined threshold has been reached. The first-time application of the IFRIC 21 had no impact on the financial position and performance of the Group.

Other changes

The restructuring of the defined benefit pension plans in the United Kingdom revealed that in some cases in the 1990s the adjustment of the retirement age (normalisation of retirement age equalisation) was not carried out due to a legal change. The pension obligations were consequently too low. The adjustment has now been performed retrospectively as at 1 January 2013 and 31 December 2013, which led to a decrease of €9.6 million in retained earnings and €12.0 million, in other non-current receivables (overfunding of pension schemes), as well as in deferred tax liabilities of €2.4 million.

To improve the transparency of the cash flow statement we now show the cash flows from rolling currency derivatives, as far as they serve to hedge the financial debt, in the changes in short-term interest-bearing liabilities. Previously they were reported under "Elimination of other non-cash items". This led in 2013 to an increase in the elimination of other non-cash items, as well as a decrease in the changes in short-term interest-bearing liabilities by €207.3 million.

The retrospective application of IFRS 10 and IFRS 11, the correction of the defined benefit obligation in the UK and the change in statement of cash flows resulted in adjustments to the figures of the previous year. Furthermore, in the interests of uniformity, the proportionate tax expense of the associated companies that was previously recorded under income taxes is now shown in the result from associated companies. The adjustments to the figures of the previous year are presented in the tables starting on page 189 in the column "Adjustment". In the explanations in the Notes, we refer to the adjusted figures of the previous year.

Income statement – Retrospective adjustments

	2013			
€m	Before adjustment	Adjustment[1]	Discontinued operations	Adjusted
Revenue	13,935.9	-1,053.8	-753.8	**12,128.3**
Change in finished goods and work in progress	0.7	-1.1	17.8	**17.5**
Own work capitalised	13.3	0.2		**13.5**
Operating revenue	13,950.0	-1,054.8	-736.0	**12,159.2**
Other operating income	369.1	-16.3	-12.7	**340.1**
Material costs	-5,795.3	403.2	277.4	**-5,114.7**
Employee and personnel costs	-2,301.8	118.1	215.2	**-1,968.5**
Other operating expenses	-3,797.5	282.8	178.2	**-3,336.5**
Result from joint ventures		144.0	0.2	**144.2**
Operating income before depreciation (OIBD)	2,424.4	-122.9	-77.8	**2,223.8**
Depreciation and amortisation	-817.7	69.2	44.2	**-704.3**
Operating income	1,606.7	-53.7	-33.5	**1,519.5**
Additional ordinary income	326.7	0.0		**326.7**
Additional ordinary expenses	-325.1	-3.1	14.7	**-313.5**
Additional ordinary result	1.6	-3.1	14.7	**13.2**
Result from associates	38.7	-15.6		**23.2**
Result from other participations	2.7	0.5		**3.1**
Result from participations	41.4	-15.1		**26.3**
Earnings before interest and taxes (EBIT)	1,649.7	-71.9	-18.8	**1,559.0**
Interest income	76.1	1.7	0.0	**77.8**
Interest expenses	-577.5	18.5	0.1	**-558.9**
Foreign exchange losses	-13.7	7.4	0.0	**-6.3**
Other financial result	-53.9	0.7	3.3	**-49.9**
Financial result	-568.9	28.3	3.3	**-537.3**
Profit before tax from continuing operations	1,080.8	-43.6	-15.5	**1,021.7**
Income taxes	-233.3	30.8	-9.2	**-211.7**
Net income from continuing operations	847.5	-12.8	-24.8	**809.9**
Net income from discontinued operations	97.9	0.0	24.8	**122.7**
Profit for the financial year	945.4	-12.8	0.0	**932.6**
Thereof non-controlling interests	200.0	-3.4		**196.7**
Thereof Group share of profit	745.4	-9.4	0.0	**736.0**
Earnings per share in € (IAS 33)				
Earnings per share attributable to the parent entity	3.98	-0.05	0.00	**3.93**
Earnings per share – continuing operations	3.46	-0.05	-0.13	**3.27**
Earnings per share – discontinued operations	0.52	0.00	0.13	**0.65**

1) See section "Application of new accounting standards and other changes", pages 186 - 188.

Statement of comprehensive income – Retrospective adjustments

	2013		
€m	Before adjustment	Adjustment [1]	Adjusted
Profit for the financial year	945.4	-12.8	**932.6**
Other comprehensive income			
Items not being reclassified to profit or loss in subsequent periods			
Remeasurement of the defined benefit liability (asset)	164.1	-2.0	**162.1**
Income taxes	-25.3	0.1	**-25.2**
Defined benefit plans	138.8	-1.9	**136.9**
Net gains/losses arising from equity method investments		1.9	**1.9**
Total	138.7		**138.7**
Items that may be reclassified subsequently to profit or loss			
Cash Flow Hedges – change in fair value	19.2	2.2	**21.4**
Reclassification adjustments for gains/losses included in profit or loss	3.5		**3.5**
Income taxes	-5.3		**-5.3**
Cash Flow Hedges	17.3	2.2	**19.5**
Available for sale assets – change in fair value	4.3	-4.3	
Income taxes	-0.2	0.2	
Available for sale assets	4.1	-4.1	
Currency translation	-2,231.8	107.9	**-2,123.9**
Reclassification adjustments for gains/losses included in profit or loss	271.8	-8.1	**263.7**
Income taxes	24.0		**24.0**
Currency translation	-1,936.0	99.7	**-1,836.3**
Net gains/losses arising from equity method investments		-93.9	**-93.9**
Total	-1,914.6	3.9	**-1,910.7**
Other comprehensive income	-1,775.8	3.9	**-1,771.9**
Total comprehensive income	-830.4	-8.9	**-839.3**
Relating to non-controlling interests	0.2	-2.3	**-2.1**
Relating to HeidelbergCement AG shareholders	-830.6	-6.5	**-837.2**

1) See section “Application of new accounting standards and other changes”, pages 186 - 188.

Statement of cash flows – Retrospective adjustments

	2013			
€m	Before adjustment	Adjustment [1]	Discontinued operations	Adjusted
Net income from continuing operations	847.5	-12.8	-24.8	**809.9**
Income taxes	233.3	-30.8	9.2	**211.7**
Interest income/expenses	501.3	-20.1	-0.1	**481.1**
Dividends received	14.8	148.0		**162.8**
Interest received	103.9	1.0	-0.1	**104.8**
Interest paid	-638.4	17.1	0.7	**-620.6**
Income taxes paid	-405.8	15.5	3.8	**-386.5**
Depreciation, amortisation, and impairment	1,013.8	-71.9	-58.1	**883.7**
Elimination of other non-cash items	-429.2	75.7	-9.3	**-362.8**
Cash flow	1,241.3	121.4	-78.6	**1,284.1**
Changes in operating assets	43.2	13.6	-17.7	**39.1**
Changes in operating liabilities	150.1	-27.5	24.7	**147.2**
Changes in working capital	193.4	-14.1	7.0	**186.3**
Decrease in provisions through cash payments	-377.3	2.1	9.7	**-365.4**
Cash flow from operating activities - continuing operations	1,057.4	109.5	-61.9	**1,105.0**
Cash flow from operating activities - discontinued operations			61.9	**61.9**
Cash flow from operating activities	1,057.4	109.5		**1,166.9**
Intangible assets	-21.5	2.8	0.0	**-18.7**
Property, plant and equipment	-914.9	60.8	11.9	**-842.2**
Subsidiaries and other business units	-72.3	-0.3		**-72.6**
Other financial assets, associates, and joint ventures	-304.9	-1.8		**-306.7**
Investments (cash outflow)	-1,313.7	61.7	11.9	**-1,240.1**
Subsidiaries and other business units	2.5	-0.2		**2.3**
Other fixed assets	207.8	-3.8	-8.4	**195.5**
Divestments (cash inflow)	210.2	-3.9	-8.4	**197.9**
Cash from changes in consolidation scope	5.2	3.5		**8.7**
Cash flow from investing activities - continuing operations	-1,098.3	61.3	3.5	**-1,033.6**
Cash flow from investing activities - discontinued operations			-3.5	**-3.5**
Cash flow from investing activities	-1,098.3	61.3		**-1,037.0**
Capital increase - non-controlling shareholders	3.4			**3.4**
Dividend payments - HeidelbergCement AG	-88.1			**-88.1**
Dividend payments - non-controlling shareholders	-94.0	2.2		**-91.8**
Increase in ownership interests in subsidiaries	-110.3			**-110.3**
Proceeds from bond issuance and loans	1,016.0	-199.2		**816.8**
Repayment of bonds and loans	-1,117.4	188.7		**-928.7**
Changes in short-term interest-bearing liabilities	652.7	-171.3	0.2	**481.6**
Cash flow from financing activities - continuing operations	262.2	-179.5	0.2	**82.9**
Cash flow from financing activities - discontinued operations			-0.2	**-0.2**
Cash flow from financing activities	262.2	-179.5		**82.7**
Net change in cash and cash equivalents - continuing operations	221.3	-8.8	-58.2	**154.3**
Net change in cash and cash equivalents - discontinued operations			58.2	**58.2**
Net change in cash and cash equivalents	221.3	-8.8		**212.5**
Effect of exchange rate changes	-231.0	3.1		**-227.9**
Cash and cash equivalents at 1 January	1,474.8	-108.2		**1,366.5**
Cash and cash equivalents at 31 December	1,465.1	-114.0		**1,351.1**
Reclassification of cash and cash equivalents according to IFRS 5	-0.2			**-0.2**
Cash and cash equivalents presented in the balance sheet at 31 December	1,464.9	-114.0		**1,350.9**

1) See section "Application of new accounting standards and other changes", pages 186 - 188.

Balance sheet – Retrospective adjustments

Assets	1 January 2013			31 December 2013		
€m	Before adjustment	Adjustment[1]	Adjusted	Before adjustment	Adjustment[1]	Adjusted
Non-current assets						
Intangible assets						
Goodwill	10,609.4	-609.7	**9,999.7**	10,055.1	-650.4	**9,404.7**
Other intangible assets	301.6	-31.6	**270.0**	274.7	-31.3	**243.4**
	10,911.0	-641.3	**10,269.6**	10,329.8	-681.6	**9,648.1**
Property, plant and equipment						
Land and buildings	5,287.6	-302.4	**4,985.2**	4,990.9	-305.8	**4,685.1**
Plant and machinery	4,315.3	-366.0	**3,949.3**	4,055.8	-343.7	**3,712.1**
Other operating equipment	334.8	-19.7	**315.2**	307.4	-23.3	**284.1**
Prepayments and assets under construction	859.2	-41.8	**817.5**	868.8	-56.5	**812.3**
	10,796.9	-729.8	**10,067.1**	10,222.9	-729.3	**9,493.6**
Financial assets						
Investments in joint ventures		1,296.8	**1,296.8**		1,297.8	**1,297.8**
Investments in associates	379.7	-120.4	**259.3**	391.8	-125.7	**266.1**
Financial investments	68.1	-24.2	**43.8**	79.7	-22.9	**56.8**
Loans and derivative financial instruments	89.8	18.8	**108.7**	109.7	45.3	**155.0**
	537.6	1,171.0	**1,708.6**	581.3	1,194.5	**1,775.8**
Fixed assets	22,245.5	-200.1	**22,045.3**	21,133.9	-216.4	**20,917.5**
Deferred taxes	444.6	-12.7	**431.9**	408.5	-12.3	**396.3**
Other non-current receivables	268.4	-17.3	**251.1**	533.6	-18.1	**515.4**
Non-current income tax assets	19.8		**19.8**	15.9		**15.9**
Total non-current assets	22,978.2	-230.2	**22,748.1**	22,091.9	-246.9	**21,845.1**
Current assets						
Inventories						
Raw materials and consumables	725.8	-65.6	**660.1**	642.6	-55.5	**587.1**
Work in progress	193.1	-13.3	**179.8**	183.7	-16.7	**167.0**
Finished goods and goods for resale	685.4	-22.1	**663.3**	664.3	-25.5	**638.8**
Prepayments	21.2	-2.5	**18.7**	20.1	-2.1	**18.1**
	1,625.4	-103.6	**1,521.8**	1,510.7	-99.8	**1,410.9**
Receivables and other assets						
Current interest-bearing receivables	93.5	46.2	**139.7**	89.5	31.4	**120.9**
Trade receivables	1,418.8	-128.3	**1,290.5**	1,241.3	-140.7	**1,100.6**
Other current operating receivables	353.8	-26.6	**327.3**	364.0	-18.4	**345.6**
Current income tax assets	41.6	-2.2	**39.4**	45.7	-0.7	**45.1**
	1,907.7	-110.8	**1,796.9**	1,740.6	-128.3	**1,612.2**
Derivative financial instruments	5.9	0.0	**5.9**	27.1	-0.6	**26.5**
Cash and cash equivalents	1,474.8	-108.2	**1,366.5**	1,464.9	-114.0	**1,350.9**
Total current assets	5,013.8	-322.7	**4,691.2**	4,743.3	-342.8	**4,400.5**
Assets held for sale and discontinued operations	15.7		**15.7**	30.6		**30.6**
Balance sheet total	28,007.8	-552.8	**27,454.9**	26,865.8	-589.6	**26,276.2**

1) See section "Application of new accounting standards and other changes", pages 186 - 188.

Equity and liabilities	1 January 2013			31 December 2013		
€m	Before adjustment	Adjustment[1]	Adjusted	Before adjustment	Adjustment[1]	Adjusted
Shareholders' equity and non-controlling interests						
Subscribed share capital	562.5		**562.5**	562.5		**562.5**
Share premium	5,539.4		**5,539.4**	5,539.4		**5,539.4**
Retained earnings	6,668.1	-39.6	**6,628.5**	7,397.3	-49.4	**7,347.8**
Other components of equity	-160.8		**-160.8**	-1,876.9	2.9	**-1,874.0**
Equity attributable to shareholders	12,609.2	-39.6	**12,569.6**	11,622.2	-46.5	**11,575.7**
Non-controlling interests	1,098.3	-21.4	**1,077.0**	959.3	-21.3	**938.0**
Total equity	13,707.5	-60.9	**13,646.6**	12,581.6	-67.8	**12,513.7**
Non-current liabilities						
Bonds payable	6,509.2		**6,509.2**	6,262.8		**6,262.8**
Bank loans	529.8	-78.0	**451.8**	323.7	-139.2	**184.5**
Other non-current interest-bearing liabilities	109.2	-64.2	**45.0**	115.3	-64.0	**51.3**
	7,148.2	-142.2	**7,006.0**	6,701.8	-203.2	**6,498.6**
Pension provisions	1,030.3	-4.7	**1,025.7**	870.0	-3.5	**866.5**
Deferred taxes	659.1	-18.9	**640.2**	511.3	-11.9	**499.4**
Other non-current provisions	1,067.0	-11.1	**1,055.9**	946.1	-11.8	**934.4**
Other non-current operating liabilities	89.0	-1.0	**88.0**	62.3	-0.9	**61.4**
Non-current income tax liabilities	52.2	0.0	**52.2**	50.0		**50.0**
	2,897.6	-35.7	**2,862.0**	2,439.8	-28.1	**2,411.6**
Total non-current liabilities	10,045.9	-177.9	**9,868.0**	9,141.6	-231.3	**8,910.3**
Current liabilities						
Bonds payable (current portion)	708.8		**708.8**	1,140.4		**1,140.4**
Bank loans (current portion)	461.4	-158.3	**303.0**	510.2	-105.8	**404.4**
Other current interest-bearing liabilities	209.5	-24.0	**185.5**	662.4	-21.2	**641.1**
	1,379.7	-182.4	**1,197.3**	2,312.9	-127.0	**2,185.9**
Non-controlling interests with put options	45.1	-6.3	**38.8**	50.6	-6.0	**44.5**
	1,424.9	-188.7	**1,236.2**	2,363.5	-133.0	**2,230.4**
Pension provisions (current portion)	89.4	-0.5	**88.9**	95.1	-0.5	**94.6**
Other current provisions	235.5	-4.5	**231.0**	210.6	-8.2	**202.4**
Trade payables	1,372.3	-65.1	**1,307.3**	1,410.7	-77.4	**1,333.3**
Other current operating liabilities	984.7	-48.9	**935.7**	929.5	-59.4	**870.1**
Current income tax liabilities	147.6	-6.3	**141.3**	125.5	-11.9	**113.6**
	2,829.5	-125.3	**2,704.2**	2,771.5	-157.4	**2,614.1**
Total current liabilities	4,254.4	-314.0	**3,940.4**	5,134.9	-290.4	**4,844.5**
Liabilities associated with assets held for sale and discontinued operations				7.7		**7.7**
Total liabilities	14,300.3	-491.9	**13,808.4**	14,284.2	-521.8	**13,762.4**
Balance sheet total	28,007.8	-552.8	**27,454.9**	26,865.8	-589.6	**26,276.2**

Published but not yet applicable accounting standards

The IASB and IFRS Interpretations Committee (IFRIC) adopted the standards and interpretations listed below, whose application was not yet mandatory for the 2014 financial year. HeidelbergCement will not apply these standards and interpretations until the date when their application first becomes mandatory and after endorsement by the European Commission.

Published, but not yet applicable accounting standards

Title	Date of first-time application [1]	Endorsement by the EU Commission
Amendments to IAS 19 Defined Benefit Plans: Employee Contributions	1 July 2014	yes
Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016	no
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016	no
Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016	no
IFRS 9 Financial Instruments	1 January 2018	no
IFRS 15 Revenue from Contracts with Customers	1 January 2017	no
Improvements to IFRSs 2010-2012 Cycle	1 July 2014	yes
Improvements to IFRSs 2011-2013 Cycle	1 July 2014	yes
Improvements to IFRSs 2012-2014 Cycle	1 January 2016	no

1) Fiscal years beginning on or after that date

- The **amendments to IAS 19 Defined Benefit Plans: Employee Contributions** clarify the accounting of employee contributions or contributions made by third parties for defined benefit pension plans. Contributions that are independent of the years of service may be deducted from past service costs in the period in which the corresponding service was rendered. However, if the contributions are dependent on the number of years of service, they are to be attributed to the periods of service in the same way as the gross benefits. The amendments will not have any impact on the financial position and performance of the Group.

- The **amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation** make it clear that revenue-based methods of depreciation and amortisation cannot be used in general. The amendments will not have any impact on the financial position and performance of the Group.

- The **amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture** address a known inconsistency between the requirements of IFRS 10 and IAS 28 in the event of a sale of assets to an associated company or a joint venture, or the contribution of assets to an associate or a joint venture. In the future, the full gain or loss resulting from a transaction will only be recognised if the assets that have been sold or contributed constitute a business in accordance with IFRS 3, regardless of whether the transaction is defined as a share or asset deal. In contrast, if the assets do not constitute a business, only the unrelated investors' share of the gain or loss is to be recognised in profit or loss. The amendments are not expected to have any impact on the financial position and performance of the Group.

- The **amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations** regulate the accounting of the acquisition of interests in joint operations that constitute a business. The principles of IFRS 3 for business combinations are consequently to be applied on first-time consolidation. The amendments will not have a significant impact on the financial position and performance of the Group.

- **IFRS 9 Financial Instruments** governs the accounting of financial instruments and completely replaces IAS 39 (Financial Instruments: Recognition and Measurement). IFRS 9 pursues a new, less complex approach for the categorisation and measurement of financial assets. In doing so, it refers to the cash flow characteristics of the financial assets and the business model under which they are managed. The regulations for the accounting of financial liabilities in accordance with IFRS 9 essentially correspond to the previous regulations in IAS 39. In addition, IFRS 9 provides a new impairment model, which, in contrast to IAS 39, is not based on incurred losses, but on expected credit losses. With regard to hedge accounting, IFRS 9 provides for the elimination of the thresholds applied as part of retrospective effectiveness testing. Instead, evidence is now to be documented of the economic relationship between the hedged item and the hedging instrument. Furthermore, the number of potential hedged items and the disclosures for hedge accounting were extended. The effects of the initial application of IFRS 9 on the financial position and performance of the Group are currently being analysed.

- The objective of **IFRS 15 Revenue from Contracts with Customers** is to consolidate the wide range of regulations for revenue recognition that have been set out in various standards and interpretations to date and to establish uniform basic principles that are applicable to all industries and all categories of revenue transactions. IFRS 15 determines when and to what extent revenue is recognised. The basic principle is that revenue is recognised with the transfer of goods and services to the amount of the expected consideration (payment). IFRS 15 also includes extended guidelines on multiple element arrangements as well as new regulations concerning the treatment of service contracts and contract adjustments. IFRS 15 replaces IAS 18 (Revenue) and IAS 11 (Construction Contracts), as well as the associated interpretations. The effects of the initial application of IFRS 15 on the financial position and performance of the Group are currently being analysed.

- As part of the annual improvements project **Improvements to IFRSs** 2010–2012 Cycle, 2011–2013 Cycle, and 2012–2014 Cycle, the IASB made minor amendments to a total of thirteen standards. The amendments will not have a significant impact on the financial position and performance of the Group.

Estimation uncertainty and assumptions

The presentation of the financial position and performance in the consolidated financial statements is dependent on estimates and assumptions made by the management, which affect the amounts and presentation of the assets and liabilities, expenses and income, and contingent liabilities accounted for in the period. The actual values may differ from these estimates. The assumptions and estimates relate particularly to the necessity and calculation of impairment of goodwill, the recognition of deferred tax assets, and the measurement of pension provisions and other provisions, as well as the measurement of specific financial instruments (e.g. earn-out clauses and put options towards non-controlling interests).

A cash flow-based method in accordance with IAS 36 (Impairment of Assets) is used to determine the recoverable amount of groups of cash-generating units as part of the impairment test for goodwill. In particular, estimates are required in relation to future cash flows of the groups of cash-generating units as well as to the discount rates used (discounted cash flow method). A change in the influencing factors may have a significant impact on the existence or amount of impairment losses. Explanations concerning the composition of the carrying amount of goodwill and the impairment test are provided in Note 32 Intangible assets.

To assess the future probability that deferred tax assets can be utilised, various estimates must be adopted, e.g. operational plans, utilisation of losses carried forward, and tax planning strategies. If the actual results deviate from these estimates, this may impact the financial position and performance. More detailed information on deferred tax assets is given in Note 11 Income taxes.

The obligations arising from defined post-employment benefit plans are determined on the basis of actuarial methods, which are based on assumptions and estimates concerning the discount rate, future salary increases, development of health care costs, and other influencing factors. A change in the underlying parameters may lead to changes in the amounts recognised in the balance sheet. Further details are given on page 180 f. and in Note 44 Pension provision.

Provisions for damages and environmental obligations are measured on the basis of an extrapolation of the claims and estimates of the development of costs. A change in the influencing parameters may have an impact on the income statement as well as the amounts recognised in the balance sheet. The recognition and measurement of the other provisions are based on estimates of the probabilities of future outflow of resources and on the basis of empirical values and the circumstances known at the reporting date. The actual outflow of resources may differ from the outflow of resources expected at the reporting date and may have an impact on the recognition and measurement. Further explanations on provisions can be found in Note 45 Other provisions.

The measurement of specific financial instruments, such as earn-out clauses and put options towards non-controlling interests, which are not traded on an active market, is based on best possible estimates using probability forecasts and recognised actuarial methods.

Scope of consolidation

In addition to HeidelbergCement AG, the consolidated financial statements include 744 subsidiaries that have been fully consolidated, of which 33 are German and 711 are foreign companies. The changes in comparison with 31 December 2013 are shown in the following table.

Number of fully consolidated companies

	Germany	Abroad	Total
31 December 2013	32	706	**738**
First-time consolidations	3	8	**11**
Divestments		-4	**-4**
Incorporations / mergers / liquidations / method changes	-2	1	**-1**
31 December 2014	33	711	**744**

A list of shareholdings of the HeidelbergCement Group as at 31 December 2014 on the basis of the regulations of § 313, section 2 of the German Commercial Code (HGB) is provided on page 225 f. It contains an exhaustive list of all subsidiaries that make use of the exemption from disclosure obligations in accordance with § 264b of the German Commercial Code (HGB).

Business combinations in the reporting year

To strengthen the market position in the field of aggregates, HeidelbergCement purchased an additional 62.91 % of shares in the Cimescaut Group, Tournai, Belgium – previously accounted for at equity – on 15 January 2014, and the remaining 3.07 % in July 2014 as part of a squeeze-out, thereby raising its shareholding to 100 %.

The purchase price totalled €50.3 million and was paid in cash. The fair value of the previously held equity interest amounted to €21.4 million as at the acquisition date. The revaluation of the shareholding resulted in a profit of €5.6 million, which was recognised in the additional ordinary income. The goodwill of €30.0 million, which is not deductible for tax purposes, represents market growth potential. The transaction costs of €0.3 million were recognised in the additional ordinary expenses. As part of the business combination, receivables with a fair value of €17.2 million were acquired. These concern trade receivables amounting to €6.0 million, loan receivables amounting to €2.0 million, and other receivables to the amount of €9.2 million. The gross value of the receivables is €17.6 million, of which €0.4 million is likely to be irrecoverable.

On 20 January 2014, HeidelbergCement acquired 100 % of the shares in Espabel NV, Gent, Belgium. Espabel operates a cement grinding plant. With this acquisition, HeidelbergCement aims to enhance its market position in cement activities and realise cost savings in production and sales. The purchase price of €37.5 million is made up of a cash payment of €31.5 million and a liability for a contingent consideration, which was recognised at a fair value of €6.0 million. The contingent consideration is dependent on future payments received from a long-term service contract. The fair value was determined by discounting the estimated future cash flows with a discount rate adjusted to the risk profile. The range of outcomes (undiscounted) lies between €6.0 million and €15.0 million. The goodwill of €30.0 million, which is not tax-deductible, represents synergy effects. The transaction costs of €0.1 million were recognised in the additional ordinary expenses. Trade receivables with a fair value of €2.9 million were acquired. The gross value amounts to €3.5 million, of which €0.6 million is expected to be irrecoverable.

In order to strengthen its market position in the concrete business line in Canada, HeidelbergCement acquired 87.5 % of the shares in the Cindercrete Products Group, Saskatchewan, on 17 July 2014. The purchase price of €47.3 million is made up of a cash payment of €41.7 million and a liability for a contingent consideration with a fair value of €5.6 million. The contingent consideration is measured according to the average operating income before depreciation (OIBD) of the company until 30 June 2019 and was determined on the basis of probabilities. The range of outcomes (undiscounted) lies between €0 and €7.1 million. The non-controlling interests of €3.1 million were measured on the basis of the proportionate fair value of the identifiable net assets. The purchase contract also provides for the subsequent acquisition of the non-controlling interests by HeidelbergCement. This component of the contract is accounted for as a put option of the non-controlling interests and shown accordingly. The purchase price allocation is provisional, as the measurement of property, plant and equipment and associated deferred taxes has not yet been completed. The provisionally recognised goodwill of €25.4 million, which is not deductible for tax purposes, represents the synergy potential arising from the business combination. The transaction costs of €0.3 million were recognised in the additional ordinary expenses. The fair value of the trade receivables acquired amounts to €7.1 million. The gross value of the receivables totals €7.3 million, of which €0.2 million is likely irrecoverable.

To expand its market position in the cement, aggregates, and concrete business lines in Iceland, HeidelbergCement increased its shareholdings in four participations that were previously accounted for as associates to 53.0 %, respectively, between February 2014 and July 2014. The total cost of the business combinations amounted to €3.9 million and is made up of a cash payment of €0.4 million, a loan conversion of €0.5 million, and the fair value of the previous shareholding of €3.0 million. The revaluation of the previously held shares resulted in a profit of €0.9 million, which was recognised in the additional ordinary income. This business combination generated a gain from a bargain purchase of €0.2 million, which was reported in the additional ordinary income. The transaction costs amounted to €0.1 million and were recognised in the other operating expenses. Trade receivables of €5.9 million and other operating receivables of €0.7 million were acquired and are likely to be fully recoverable. The gross value of the receivables amounting to €6.6 million corresponds to the fair value.

HeidelbergCement acquired a quarry in Axedale, Australia on 28 November 2014 as part of an asset deal. With this acquisition, HeidelbergCement secures additional aggregates reserves in the Melbourne metropolitan region. The purchase price amounted to €20.6 million and was paid in cash. The transaction costs of €0.2 million were recognised in the additional ordinary expenses.

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

Fair values recognised as at the acquisition date

€m	Cimescaut	Espabel	Cindercrete	Iceland	Australia	Total
Intangible assets	0.0	1.0		0.2	14.5	**15.8**
Property, plant and equipment	11.6	33.3	22.5	17.3	6.3	**90.9**
Financial fixed assets	10.4	0.0		0.0		**10.4**
Inventories	3.2	2.7	2.7	3.1	0.3	**11.9**
Trade receivables	6.0	2.8	7.1	5.9		**21.8**
Cash and cash equivalents	22.9	0.2	0.4	0.7		**24.2**
Other assets	9.9	0.3	0.1	1.5	0.1	**11.9**
Total assets	63.9	40.4	32.8	28.7	21.2	**187.0**
Provisions	1.4		0.0		0.5	**1.9**
Liabilities	18.8	32.8	3.8	20.6	0.1	**76.1**
Deferred taxes	2.0	0.1	4.0	0.3		**6.3**
Total liabilities	22.2	32.9	7.7	20.9	0.6	**84.3**
Net assets	41.7	7.5	25.1	7.7	20.6	**102.7**

The acquired property, plant and equipment relates to land and buildings (€51.7 million), plant and machinery (€32.1 million), other equipment (€7.0 million), and assets under construction (€0.1 million).

The Cimescaut Group, the Cindercrete Products Group, the Icelandic companies, and the quarry in Australia have contributed €64.9 million to revenue and €5.4 million to the profit for the financial year since their acquisition. If the acquisitions had taken place on 1 January 2014, contributions to revenue and the profit for the financial year would be higher by €38.3 million and €4.3 million, respectively. The contribution of Espabel to revenue and the profit for the financial year cannot be determined separately, as deliveries to customers were made from other plants during the conversion phase of the cement grinding plant.

Furthermore, HeidelbergCement effected business combinations in Germany in the area of ready-mixed concrete that were of minor importance for the presentation of the financial position and performance of the Group.

Divestments in the reporting year

The agreement dated 5 October 2013 obliges HeidelbergCement to dispose of the grinding plant in Raigad, India. The approval of the local authorities and the transfer of assets and liabilities took place on 3 January 2014. The sales price of €19.6 million is made up of a cash payment of €12.3 million and a receivable of €7.3 million.

On the basis of an agreement dated 23 December 2013, HeidelbergCement is obliged to dispose of its shares in OAO Voronezhskoe Rudoupravlenije, Strelica, Russia. The notarial transfer of the shares to the purchaser occurred after approval was given by the local competition authorities on 3 February 2014. The sales price of €5.5 million was paid in cash.

On 28 March 2014, HeidelbergCement sold its shares in Cimgabon S.A., Libreville, Gabon. The sales price of €1.4 million is made up of a cash payment of €0.2 million and a receivable of €1.2 million.

On 15 August 2014, HeidelbergCement sold its shares in PT Gunung Tua Mandiri, Bogor, Indonesia. The sales price of €3.2 million was paid in cash.

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

Assets and liabilities at date of disposal

€m	India	Russia	Gabon	Indonesia	Total
Property, plant and equipment			3.7	3.7	**7.4**
Inventories			8.0	0.3	**8.3**
Cash and cash equivalents			1.3	1.4	**2.6**
Other assets			8.6	1.1	**9.7**
Assets held for sale	15.5	10.5			**26.0**
Total assets	15.5	10.5	21.6	6.5	**54.1**
Provisions			16.6	0.1	**16.8**
Liabilities			15.0	2.3	**17.2**
Liabilities associated with disposal groups	3.6	3.8			**7.4**
Total liabilities	3.6	3.8	31.6	2.4	**41.4**
Net assets	12.0	6.7	-10.0	4.1	**12.7**

The divestment generated profits of €16.6 million and losses of €2.9 million, which are shown in additional ordinary income and expenses, respectively.

Business combinations in the previous year

To strengthen the market position in the field of ready-mixed concrete, HeidelbergCement has effected various business combinations in Germany. On 1 January 2013, the outstanding 50 % share in BLG Transportbeton GmbH & Co. KG, Munich, was acquired. On 1 July 2013, the remaining 42.5 % of the shares in Wetterauer Lieferbeton GmbH & Co. KG, Bad Nauheim, as well as the outstanding 40 % of the shares in Heidelberger Beton Zwickau GmbH & Co. KG, Zwickau, were taken over. The companies were hitherto accounted for using the equity method in the consolidated financial statements. Furthermore, HeidelbergCement acquired two ready-mixed concrete plants in Cologne on 15 August 2013 as part of an asset deal. In total, €14.0 million was paid in cash for these business combinations. The fair value of the previously held equity interests in the joint ventures amounted to €12.7 million. The revaluation of the interests resulted in a profit of €6.6 million, which was recognised in the additional ordinary income. The goodwill of €16.1 million, of which €0.4 million is deductible for tax purposes, reflects the synergy potential arising from the business combinations. As part of the business combinations, receivables with a gross value of €3.4 million were acquired, of which €3.2 million are expected to be recoverable. The fair value of the receivables amounts to €3.2 million. BLG Transportbeton GmbH & Co. KG, Wetterauer Lieferbeton GmbH & Co. KG, and Heidelberger Beton Zwickau GmbH und Co. KG were still merged into Heidelberger Beton GmbH in the 2013 financial year.

On 2 April 2013, HeidelbergCement acquired the remaining 50 % of the shares in the joint venture Midland Quarry Products Limited (MQP), Whitwick, within the scope of a business combination. The acquired company is one of the leading suppliers of aggregates and asphalt for the construction industry and rail industry in the United Kingdom. The purchase price amounted to €39.4 million and was paid in cash. The company was previously consolidated using the equity method. The fair value of the previously held equity interest in the company amounted to €50.6 million as at the acquisition date. The revaluation of the interest resulted in a loss of €29.7 million, which was recognised in the additional ordinary expenses. The goodwill of €5.6 million, which is not tax-deductible, represents synergy effects. Transaction costs of €0.6 million were recognised in the additional ordinary expenses. As part of the business combination, receivables with a fair value of €14.0 million were acquired. The gross value of the receivables is €14.3 million, of which €0.3 million is likely to be irrecoverable.

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

Fair values recognised as at the acquisition date

€m	Germany	MQP	Total
Intangible assets	0.2		**0.2**
Property, plant and equipment	13.7	73.8	**87.5**
Inventories	0.5	5.5	**6.0**
Trade receivables	3.2	14.0	**17.2**
Cash and cash equivalents	1.0	8.3	**9.3**
Other assets	1.2	15.3	**16.5**
Total assets	19.9	116.9	**136.8**
Provisions	0.8	2.0	**2.8**
Liabilities	7.4	15.5	**22.9**
Deferred taxes	1.2	15.0	**16.2**
Total liabilities	9.4	32.5	**42.0**
Net assets	10.5	84.4	**95.0**

The acquired property, plant and equipment relates to land and buildings (€32.3 million), plant and machinery (€52.6 million), other equipment (€0.5 million), and assets under construction (€2.1 million).

The purchase of the outstanding shares of BLG Transportbeton GmbH & Co. KG, Wetterauer Lieferbeton GmbH & Co. KG, Heidelberger Beton Zwickau GmbH & Co. KG, and Midland Quarry Products Limited, which were hitherto consolidated using the equity method, led to an increase in revenue and results of €104.6 million and €5.0 million, respectively, in the 2013 financial year from the date of first-time consolidation. If the share acquisitions had taken place on 1 January 2013, revenue in the 2013 financial year would be €28.1 million higher, and results €0.1 million lower. The revenue and result of the two ready-mixed concrete plants in Cologne cannot be determined separately as the units were integrated into the existing business following their acquisition.

Divestments in the previous year

HeidelbergCement did not effect any significant cash-relevant divestments in the 2013 financial year. A foreign finance company was deconsolidated after the repayment of capital. The transaction was non-cash. The foreign exchange related income from deconsolidation is shown in the additional ordinary income.

Discontinued operations and disposal groups

Discontinued operations

On 23 December 2014, HeidelbergCement signed an agreement with an American subsidiary of Lone Star Funds on the sale of its building products business in North America (excluding Western Canada) and the United Kingdom (referred to in summary as "Hanson Building Products"). Hanson Building Products is a leading manufacturer of concrete pressure and sewage pipes in North America and one of the largest brick producers in North America and the United Kingdom. By selling Hanson Building Products, HeidelbergCement is consistently pursuing its strategy of focusing on the refinement of raw materials for its core products cement and aggregates, as well as downstream concrete activities. The total purchase price amounts to a maximum of USD1.4 billion, of which up to USD100 million is conditional on the success of the business in 2015 and payable in 2016. The transaction was concluded on 13 March 2015.

Hanson Building Products includes the majority of the autonomous building products business line and is therefore shown in the income statement, in the statement of cash flows, in the consolidated balance sheet, and in the segment reporting as a discontinued operation in accordance with IFRS 5. In line with IFRS 5, the previous year's figures in the income statement and in the statement of cash flows were adjusted retrospectively. A breakdown of the aggregated items is provided in Note 12.

Disposal groups

Based on the findings of the report by the British Competition Commission on the aggregates, ready-mixed concrete, and cement market in the United Kingdom, which was published on 14 January 2014, HeidelbergCement is obliged to sell one cement plant in the 2015 financial year.

The agreement dated 18 December 2014 binds HeidelbergCement to sell the German lime operating line. The sale covers the majority participation in Walhalla Kalk GmbH & Co. KG, Regensburg, as well as the participation in Walhalla Kalk Verwaltungsgesellschaft mbH, likewise based in Regensburg. Furthermore, the Istein lime plant and all shares in HC Kalkproduktionsgesellschaft Istein mbH, Efringen-Kirchen, will also be sold. This has not yet been approved by the antitrust authorities. We are confident of receiving antitrust approval during the first half of 2015.

The assets and liabilities of these companies are aggregated in the balance sheet as disposal groups in accordance with IFRS 5. A breakdown of the items is provided in Note 12.

Notes to the segment reporting

HeidelbergCement's segment reporting is based on the Group's internal division into geographical regions and business lines. It reflects the management organisation and divides the Group into geographical regions. In addition, a voluntary breakdown into business lines is provided.

HeidelbergCement is geographically divided into the following six Group areas:
- Western and Northern Europe,
- Eastern Europe-Central Asia,
- North America,
- Asia-Pacific,
- Africa-Mediterranean Basin, and
- Group Services.

We also report on the building products business of Hanson Building Products in discontinued operations.

The Western and Northern Europe Group area includes the Benelux countries, Denmark, the United Kingdom, Iceland, Norway, Sweden, and the Baltic States. Germany was integrated into the Group area Western and Northern Europe. Bosnia-Herzegovina, Georgia, Kazakhstan, Croatia, Poland, Romania, Russia, the Czech Republic, Slovakia, Ukraine, and Hungary are part of the Eastern Europe-Central Asia Group area. The Group area Asia-Pacific includes Bangladesh, Brunei, China, Hong Kong, India, Indonesia, Malaysia, and Australia. The Group area Africa-Mediterranean Basin is made up of the African countries as well as Israel, Spain, and Turkey. North America includes the United States and Canada. Our trading activities are combined in Group Services.

HeidelbergCement is also divided into four business lines: cement, aggregates, ready-mixed concrete-asphalt, and service-joint ventures-other. The service-joint ventures-other business line essentially covers the trading activities and results of our joint ventures. Discontinued operations include the building products business of Hanson Building Products.

HeidelbergCement evaluates the performance in the segments primarily on the basis of the operating income. Group financing (including financing expenses and income) and income taxes are managed centrally by the Group, and are therefore not allocated to segments. The IFRS used in these financial statements form the basis for the valuation principles of the segment reporting.

Revenue with other Group areas or business lines represents the revenue between segments. In the reconciliation, intra-Group relationships between the segments are eliminated.

The following table shows a breakdown of the revenue with external customers and the non-current assets of continuing operations by country in accordance with IFRS 8.33.

Information by country	Revenue with external customers		Non-current assets [1]	
€m	2013	**2014**	2013	**2014**
United States	2,062	**2,340**	6,653	**7,279**
United Kingdom	1,102	**1,286**	3,185	**3,038**
Indonesia	1,332	**1,267**	613	**878**
Germany	963	**1,018**	952	**928**
Australia	1,013	**998**	1,554	**1,631**
Canada	704	**709**	369	**443**
Belgium	411	**458**	799	**891**
Other countries	4,541	**4,539**	4,456	**4,270**
Total	12,128	**12,614**	18,581	**19,358**

1) Intangible assets and property, plant and equipment

Revenue is allocated to countries according to the supplying company's country of origin.

Notes to the income statement

1 Revenue

Revenue development by Group areas and business lines	Cement		Aggregates		Ready-mixed concrete-asphalt		Service-joint ventures-other		Intra-Group eliminations		Total	
€m	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**
Western and Northern Europe	1,726	**1,780**	761	**843**	1,380	**1,539**	526	**501**	-615	**-651**	3,779	**4,012**
Eastern Europe-Central Asia	1,043	**987**	110	**104**	162	**163**			-72	**-72**	1,243	**1,182**
North America	1,054	**1,115**	1,043	**1,150**	794	**874**	236	**257**	-360	**-346**	2,766	**3,049**
Asia-Pacific	1,510	**1,481**	547	**530**	1,107	**1,103**	38	**36**	-325	**-334**	2,877	**2,818**
Africa-Mediterranean Basin	651	**622**	86	**86**	208	**207**	34	**35**	-31	**-40**	949	**910**
Group Services		**36**					941	**1,045**		**-4**	941	**1,077**
Inter-Group area revenue within business lines	-14	**-64**									-14	**-64**
Total	5,971	**5,957**	2,548	**2,713**	3,651	**3,887**	1,774	**1,874**	-1,403	**-1,447**	12,541	**12,984**
Inter-Group area revenue between business lines									-413	**-370**	-413	**-370**
Continuing operations									-1,816	**-1,817**	12,128	**12,614**

2 Other operating income

Other operating income		
€m	2013	**2014**
Gains from sale of fixed assets	82.9	**53.2**
Income from sale of non-core products	60.0	**59.4**
Rental income	31.4	**30.3**
Foreign exchange gains	39.8	**31.5**
Reversal of provisions	21.5	**21.6**
Income from reduction of bad debt provision	9.7	**10.8**
Other income	94.7	**85.7**
	340.1	**292.5**

In the previous year, book profits from fixed asset disposals included gains from the sale of quarries in Canada that were depleted and no longer in operational use to the amount of €28.0 million. The foreign exchange gains concern trade receivables and payables. Foreign exchange gains from interest-bearing receivables and liabilities are shown in the financial result. Income from the reversal of provisions includes the reversal of provisions that cannot be assigned by cost type.

Significant non-recurring transactions occurring in the course of ordinary business activities are shown in the additional ordinary income and explained in Note 8.

3 Material costs

Material costs		
€m	2013	2014
Raw materials	1,887.5	**1,989.7**
Supplies, repair materials, and packaging	765.1	**794.7**
Costs of energy	1,344.2	**1,312.3**
Goods purchased for resale	933.8	**1,025.4**
Miscellaneous	184.0	**197.7**
	5,114.7	**5,319.7**

Material costs amounted to 42.2 % of revenue (previous year: 42.2 %).

4 Personnel costs and employees

Personnel costs		
€m	2013	2014
Wages, salaries, social security costs	1,878.7	**1,939.4**
Costs of retirement benefits	68.5	**86.4**
Other personnel costs	21.3	**24.1**
	1,968.5	**2,049.9**

Personnel costs equalled 16.3 % of revenue (previous year: 16.2 %). The development of expenses for retirement benefits is explained in Note 44 Pension provisions.

Annual average number of employees		
Categories of employees	2013	2014
Blue-collar employees	31,734	**31,819**
White-collar employees	13,575	**13,959**
Apprentices	288	**307**
	45,597	**46,085**

Long-term bonus – capital market component

As a long-term variable remuneration element, the members of the Managing Board of HeidelbergCement AG and certain managers within the HeidelbergCement Group receive a long-term bonus made up of a management component and a capital market component. The capital market component with a term of four years considers the external added value as measured by total shareholder return (TSR) – adjusted for the reinvested dividend payments and for changes in capital – compared with the relevant capital market indices, using performance share units (PSU). The PSU are virtual shares used for the calculation of the capital market component.

For the capital market component, the number of PSU initially granted is determined in a first step: the number of PSU is calculated from a set percentage of the fixed annual salary divided by the reference price of the HeidelbergCement share as at the time of issue. The reference price in each case is the average of the daily closing prices (trading days) of the HeidelbergCement share in Xetra trading on the Frankfurt Stock Exchange for three months retrospectively from the start/expiration of the performance period.

After expiry of the four-year performance period, the PSU definitively earned are to be calculated in a second step according to the attainment of the target (0–200 %) and paid in cash at the reference price of the HeidelbergCement share valid at that time, adjusted for the reinvested dividend payments and for changes in capital.

The following table shows the key figures of the plans.

Key parameters of the long-term bonus plans

	Plan 2011	Plan 2012	Plan 2013	Plan 2014
Date of issuance	1 January 2011	1 January 2012	1 January 2013	1 January 2014
Term	4 years	4 years	4 years	4 years
Reference price at issuance	€41.30	€30.45	€41.71	€56.53
Maximum payment amount per PSU	€103.25	€76.13	€104.28	€141.33

The reconciliation of the number of PSU from 1 January 2011 to 31 December 2014 is shown in the following table.

Number of PSUs

	Plan 2011	Plan 2012	Plan 2013	Plan 2014
Granted as of 1 January 2011				
Additions	151,169			
Disposals	-3,430			
Granted as of 31 December 2011 / as of 1 January 2012	147,739			
Additions		216,828		
Disposals	-954	-3,020		
Granted as of 31 December 2012 / as of 1 January 2013	146,785	213,808		
Additions			166,151	
Disposals	-6,861	-9,818	-6,990	
Granted as of 31 December 2013 / as of 1 January 2014	139,924	203,990	159,161	
Additions				144,273
Disposals	-1,727	-5,631	-4,321	-8,746
Granted as of 31 December 2014	138,197	198,359	154,840	135,527

For accounting in accordance with IFRS 2 (Share-based Payment), the fair value of the PSU is calculated using a recognised option price model. A large number of different development paths for the HeidelbergCement share – taking into account the effects of reinvested dividends – and the benchmark indices are simulated (Monte Carlo simulation). As at the reporting date, the benchmark index DAX 30 had 9,806 points (previous year: 9,552) and the benchmark index MSCI World Construction Materials 171.6 points (previous year: 178.2). The fair value and additional valuation parameters are shown in the tables below.

Fair value

in €	Plan 2011	Plan 2012	Plan 2013	Plan 2014
Fair value as of 31 December 2011	21.26			
Fair value as of 31 December 2012	32.31	39.51		
Fair value as of 31 December 2013	32.93	53.89	55.60	
Fair value as of 31 December 2014	30.09	84.85	94.64	81.13

Measurement parameters	31 Dec. 2011	31 Dec. 2012	31 Dec. 2013	31 Dec. 2014
	Plan 2011	Plans 2011/12	Plans 2011/12/13	Plans 2012/13/14[2]
Expected dividend yield	8 %	8 %	8 %	7,5 %
Share price at 31 December	€32.79	€45.83	€55.15	€58.81
Volatility of HeidelbergCement share[1]	42 %	41 %	32 %	26 %
Volatility of MSCI World Construction Materials Index[1]	33 %	31 %	23 %	17 %
Volatility of DAX 30 Index[1]	24 %	25 %	17 %	16 %
Correlation HeidelbergCement share / MSCI World Construction Materials Index[1]	93 %	94 %	95 %	82 %
Correlation HeidelbergCement share / DAX 30 Index[1]	71 %	89 %	92 %	73 %
Correlation DAX 30 Index / MSCI World Construction Materials Index[1]	52 %	86 %	95 %	79 %

1) Average over the last two years
2) Plan 2011 valuation based on actuals 2014 year-end.

The total expenditure for the capital market component of the long-term bonus plan for the 2014 financial year amounted to €16.2 million (previous year: 6.3). As at the reporting date, the provisions for the capital market component totalled €24.8 million (previous year: 9.4). The capital market component of the long-term bonus plan 2011–2013/14 is paid after the Annual General Meeting 2015 and the capital market component of the long-term bonus plan 2012–2014/15 is paid after the Annual General Meeting 2016. The same applies to the additional current long-term bonus plans, i.e. payment takes place in the year following the four-year performance period.

5 Other operating expenses

Other operating expenses		
€m	2013	2014
Selling and administrative expenses	826.6	**821.6**
Freight	1,320.3	**1,343.6**
Expenses for third party repairs and services	881.6	**947.1**
Rental and leasing expenses	184.7	**205.4**
Other taxes	40.2	**39.5**
Foreign exchange losses	37.6	**37.2**
Other expenses	45.5	**52.7**
	3,336.5	**3,447.1**

The foreign exchange losses concern trade receivables and payables. Foreign exchange losses from interest-bearing receivables and liabilities are shown in the financial result. Expenses of €100.9 million (previous year: 102.0) for research and development are not capitalised according to the conditions stated in IAS 38 (Intangible Assets).

Significant non-recurring transactions occurring in the course of ordinary business activities are reported in the additional ordinary expenses and explained in Note 8.

6 Result from joint ventures

With its joint venture partners, HeidelbergCement operates numerous joint ventures worldwide. The following companies make an important contribution to the operating income of the HeidelbergCement Group.

– Cement Australia Holdings Pty Ltd, based in New South Wales, is a joint venture between HeidelbergCement and Holcim. Each partner holds 50 % of the capital shares in the company. Cement Australia is the largest Australian cement manufacturer and operates two cement plants and two grinding plants in eastern and southeastern Australia as well as in Tasmania. HeidelbergCement procures its entire Australian cement demand from Cement Australia.

– Akçansa Çimento Sanayi ve Ticaret A.S., based in Istanbul, is a joint venture between HeidelbergCement and Haci Ömer Sabanci Holding A.S. HeidelbergCement and Sabanci Holding each hold 39.7 % of the capital shares in Akçansa. The remaining shares are in free float. Akçansa is the largest cement manufacturer in Turkey and operates three cement plants in the north and northwest of the country as well as six grinding facilities. It also has a dense network of ready-mixed concrete production sites and manufactures aggregates.

– Texas Lehigh Cement Company LP, based in Austin, Texas, operates one cement plant in Buda, Texas, and supplies the regional market. The joint venture partners HeidelbergCement and Eagle Materials, Inc. each hold 50 % of the capital shares in the company.

– Alliance Construction Materials Limited, located in Kowloon, is the leading manufacturer of concrete and aggregates in Hong Kong. HeidelbergCement and our joint venture partner Cheung Kong Infrastructure Holdings Limited each hold 50 % of the capital shares in the company.

The following table shows the statement of comprehensive income for these material joint ventures (100 % values):

Statement of comprehensive income for material joint ventures	Cement Australia Holdings Pty Ltd		Akçansa Çimento Sanayi ve Ticaret A.S.		Texas Lehigh Cement Company LP		Alliance Construction Materials Ltd	
€m	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**
Revenue	692.0	**654.6**	491.5	**506.2**	161.4	**193.6**	146.9	**185.1**
Depreciation and amortisation	-31.6	**-31.6**	-25.4	**-22.8**	-2.5	**-1.8**	-4.5	**-3.2**
Operating income	133.9	**141.2**	80.7	**109.4**	54.8	**67.7**	28.7	**42.0**
Additional ordinary result	-10.6	**-2.9**						**2.4**
Result from participations	8.0		4.3	**6.1**	0.0	**0.0**		
Earnings before interest and taxes (EBIT)	131.2	**138.4**	85.0	**115.5**	54.8	**67.7**	28.7	**44.4**
Interest income			0.5	**0.6**	0.0	**0.0**	0.0	**0.1**
Interest expenses	-15.9	**-16.2**	-8.2	**-9.4**				
Other financial result	-0.1	**0.0**	0.0	**-0.6**	-0.1	**0.0**	0.0	**0.0**
Profit before tax	115.3	**122.2**	77.4	**106.1**	54.7	**67.7**	28.7	**44.5**
Income taxes	-16.6	**-15.5**	-14.8	**-20.1**	-0.5	**-0.6**	-4.5	**-6.1**
Profit for the financial year	98.7	**106.6**	62.6	**86.0**	54.2	**67.1**	24.2	**38.5**
Other comprehensive income	-93.2	**18.4**	-58.5	**54.2**	-1.2	**7.5**	-1.4	**6.6**
Total comprehensive income	5.5	**125.0**	4.0	**140.2**	53.0	**74.6**	22.8	**45.0**

The assets and liabilities of the material joint ventures (100 % values), the reconciliation to the total carrying amount of the interest, and the dividends received by the joint ventures are shown in the following table:

Additional financial information for material joint ventures	Cement Australia Holdings Pty Ltd		Akçansa Çimento Sanayi ve Ticaret A.S.		Texas Lehigh Cement Company LP		Alliance Construction Materials Ltd	
€m	2013	2014	2013	2014	2013	2014	2013	2014
Intangible assets	4.9	**23.6**	55.9	**58.7**			6.4	**10.5**
Property, plant and equipment	428.3	**452.7**	227.6	**253.8**	17.4	**20.2**	4.9	**6.5**
Financial assets	44.1	**47.5**	56.2	**83.4**	13.7	**15.5**	7.4	**9.3**
Other non-current assets		**0.6**	0.9	**1.0**		**0.0**	2.9	**4.4**
Total non-current assets	477.3	**524.4**	340.7	**397.0**	31.1	**35.8**	21.6	**30.6**
Cash and cash equivalents	1.1	**1.4**	5.4	**4.7**	0.2	**0.6**	17.6	**25.9**
Other current assets	165.1	**173.3**	156.6	**171.6**	41.3	**55.8**	33.1	**47.7**
Total current assets	166.2	**174.7**	161.9	**176.3**	41.5	**56.3**	50.7	**73.5**
Balance sheet total	643.5	**699.1**	502.7	**573.3**	72.6	**92.1**	72.2	**104.2**
Non-current financial liabilities	216.9	**218.5**	10.1	**17.7**			0.7	**0.8**
Non-current provisions	13.5	**7.2**	6.9	**8.5**	1.6	**3.0**	1.0	
Other non-current liabilities	3.2	**8.0**	15.3	**16.8**			0.6	**0.8**
Total non-current liabilities	233.6	**233.7**	32.3	**42.9**	1.6	**3.0**	2.3	**1.6**
Current financial liabilities	63.7	**91.4**	50.6	**17.1**				
Current provisions	13.8	**9.8**	1.9	**3.5**	0.2	**0.4**	0.6	**1.3**
Trade payables	37.4	**35.7**	66.2	**86.1**	9.6	**10.4**	24.6	**29.1**
Other current liabilities	66.8	**50.0**	11.4	**12.0**	2.9	**3.5**	5.9	**12.5**
Total current liabilities	181.7	**186.9**	130.1	**118.7**	12.7	**14.3**	31.1	**42.9**
Total liabilities	415.3	**420.6**	162.4	**161.6**	14.3	**17.3**	33.3	**44.6**
Net assets	228.2	**278.5**	340.3	**411.7**	58.3	**74.8**	38.9	**59.6**
Non-controlling interests			3.5	**3.8**			0.1	**0.1**
Net assets after non-controlling interests	228.2	**278.5**	336.8	**407.9**	58.3	**74.8**	38.8	**59.5**
Group share in %	50.0	**50.0**	39.7	**39.7**	50.0	**50.0**	50.0	**50.0**
Investments in joint ventures	114.1	**139.2**	133.7	**162.0**	29.2	**37.4**	19.4	**29.8**
Goodwill	365.4	**370.1**	59.2	**59.2**	30.9	**35.1**	81.0	**92.1**
Total carrying amount of the interest	479.5	**509.3**	193.0	**221.2**	60.0	**72.4**	100.4	**121.8**
Dividends received	39.2	**42.6**	23.0	**19.7**	27.5	**29.1**	8.8	**11.2**

The Akçansa share is listed on the stock exchange in Istanbul, Turkey. As at the reporting date, the fair value of shares held by HeidelbergCement amounts to €419.6 million (previous year: 303.9).

HeidelbergCement also holds investments in individually immaterial joint ventures. The summarised financial information for these companies is shown in the following table (HeidelbergCement shareholding).

Summarised financial information for immaterial joint ventures		
€m	2013	2014
Investments in immaterial joint ventures	464.9	**438.0**
Result from continuing operations	31.0	**30.6**
Net income / loss from discontinued operations	-0.2	**3.3**
Other comprehensive income	-5.1	**15.0**
Total comprehensive income	25.7	**48.9**
Unrecognised share of losses cumulated	-7.5	**0.0**

7 Amortisation and depreciation of intangible assets and property, plant and equipment

Scheduled amortisation of intangible assets and property, plant and equipment is determined on the basis of the following Group-wide useful lives:

Useful lives	Years
Standard software	3
SAP applications	3 to 5
Buildings	20 to 40
Technical equipment and machinery	10 to 20
Plant and office equipment	5 to 10
IT hardware	4 to 5

Impairment is shown in the additional ordinary expenses and explained in Note 8.

8 Additional ordinary result

The additional ordinary result includes transactions which, although occurring in the course of ordinary business activities, are not reported in operating income as they are non-recurring.

Additional ordinary result		
€m	2013	2014
Additional ordinary income		
Gains from the disposal of subsidiaries and other business units	324.3	25.0
Other non-recurring income	2.4	0.5
	326.7	25.5
Additional ordinary expenses		
Losses from the disposal of subsidiaries and other business units	-31.1	-3.1
Impairment of goodwill	-115.2	-40.9
Impairment of other intangible assets and property, plant and equipment	-63.0	-17.4
Restructuring expenses	-45.0	-19.3
Other non-recurring expenses	-59.2	-8.1
	-313.5	-88.8
	13.2	-63.3

Additional ordinary income

Gains from the disposal of subsidiaries and other business units includes income from the divestments of fully consolidated companies, joint ventures, and associates, as well as income from the revaluation of previously held shares in business combinations achieved in stages. In the 2014 financial year, this essentially shows income from the divestments in India, Gabon, and Indonesia, as well as the revaluation of the step acquisitions in Belgium and Iceland. In the previous year, the gains were primarily due to foreign exchange-related income in connection with the repayment of capital and the subsequent deconsolidation of a foreign finance company, as well as income from the sale of the non-controlling interest in a precast concrete parts manufacturer in Saudi Arabia.

Additional ordinary expenses

Losses from the disposal of subsidiaries and other business units includes expenses from the divestments of fully consolidated companies, joint ventures, and associates, as well as expenses from the revaluation of the previously held equity interest in business combinations achieved in stages. Expenses for the 2014 financial year are essentially due to a divestment in Russia. The previous year's figure mainly includes losses from the revaluation of the previously held equity interest in Midlands Quarry Products Limited, United Kingdom.

Following the goodwill impairment test, impairment losses were recognised in the reporting year for the CGU Ukraine. The impairment losses of the previous year related to the CGU United Kingdom. Detailed explanations on the impairment test can be found in Note 32 Intangible assets.

Impairment of other intangible assets and property, plant and equipment were recognised, particularly in connection with shutdowns or closures of locations. The impairment losses related to intangible assets at €4.2 million (previous year: 3.9) and property, plant and equipment at €13.2 million (previous year 59.1). The impairment losses were incurred in the Group areas of Western and Northern Europe (€4.0 million), Eastern Europe-Central Asia (€0.3 million), North America (€4.6 million), Asia-Pacific (€0.2 million), and Africa-Mediterranean Basin (€8.2 million). Impairment losses of €15.8 million were recognised on the value in use and €1.6 million on the fair value less costs of disposal.

The restructuring expenses of €19.3 million in the financial year arose in the Group areas of Western and Northern Europe (€13.2 million), Eastern Europe-Central Asia (€0.3 million), Asia-Pacific (€0.6 million), and Africa-Mediterranean Basin (€5.2 million). In the previous year, restructuring expenses were primarily incurred in the Africa-Mediterranean Basin Group area as well as in Western and Northern Europe.

Other non-recurring expenses include expenses that cannot be assigned to any other category. The main items in the previous year were additional expenses of €36.5 million in connection with the fine imposed by the Düsseldorf High Court in the German antitrust proceedings, which was upheld by the German Federal Court of Justice, and for which no risk provisions were made in previous years.

9 Result from associates

The following table shows the summarised financial information concerning the associates.

Summarised financial information of associates

€m	2013	2014
Investments in associates	266.1	**273.7**
Result from associates	23.2	**26.7**
Other comprehensive income from associates	-1.7	**0.6**
Total comprehensive income from associates	21.5	**27.3**
Unrecognised share of losses of the period	-3.0	**-0.4**
Unrecognised share of losses cumulated	-8.4	**-8.7**

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10 Other financial result

Other financial result

€m	2013	2014
Interest balance from defined benefit pension plans	-35.7	**-29.6**
Interest effect from the valuation of other provisions	12.2	**-35.7**
Valuation result of financial derivatives	-2.7	**-37.3**
Miscellaneous other financial result	-23.7	**-20.9**
	-49.9	**-123.5**

Interest rate effects arising from the valuation of other provisions are explained in Note 45. The valuation result of derivative financial instruments essentially resulted from the interest component of the foreign currency derivatives.

11 Income taxes

Income taxes from continuing operations

€m	2013	2014
Current taxes	-364.6	**-330.0**
Deferred taxes	152.8	**265.4**
	-211.7	**-64.5**

Notwithstanding the taxable results, the reduction in current taxes of €34.6 million is primarily due to the lower withholding tax expense in connection with dividend distributions as well as exchange rate effects with regard to the Indonesian rupiah and the Ghanaian cedi. In the previous year, the increase in taxes resulted from withholding tax, which was charged as part of the divestment of a non-controlling interest in a precast concrete manufacturer in Saudi Arabia. Adjusted for additional tax payments and tax refunds for previous years, which amounted to €-3.4 million (previous year: 4.8), the current taxes decreased by €42.9 million.

Deferred tax income contains €96.5 million (previous year: 42.7) relating to temporary differences. This rise is essentially due to changes in fixed assets and the associated write-back of deferred tax liabilities. Deferred tax assets created in previous years for losses carried forward were impaired by €6.8 million (previous year: 8.4) during the reporting year. The reduction in the tax expense for deferred taxes as a result of tax losses not recognised in previous years amounted to €209.0 million in the financial year (previous year: 128.9). As in the previous year, upon recognition of deferred tax assets of €408.9 million (previous year: 153.6) in the USA, which were not covered by deferred tax liabilities, the assessment regarding the recoverability of the losses carried forward within the next five years was considered in accordance with the forecast income and on the basis of the tax planning. This also applies to the initial recognition of an excess deferred tax asset by Heidelberger Beton GmbH (€6.1 million).

Tax losses carried forward and tax credits for which no deferred tax is recognised amount to €2,685.5 million (previous year: 2,985.8). The losses carried forward both in Germany and abroad have essentially vested. In addition, no deferred tax assets were recognised for deductible temporary differences of €1.7 million (previous year: 76.3). Overall, unrecognised deferred tax assets amounted to €692.7 million (previous year: 834.4) in the reporting year.

In the financial year, €75.2 million (previous year: -1.2) of deferred taxes, resulting primarily from the measurement of pension provisions in accordance with IAS 19 and from the measurement of financial instruments in accordance with IAS 39, were recognised directly in equity. In addition, €0.7 million (previous year: -4.9) of current taxes, likewise resulting from the measurement of financial instruments according to IAS 39, were directly recognised in equity. The deferred tax liabilities increased by €5.4 million (previous year: 18.5) as a result of changes in the scope of consolidation and were recognised directly in equity.

The non-current income tax liabilities of €54.8 million (previous year: 50.0) include contingent liabilities recognised in connection with the acquisition of the Hanson Group according to IFRS 3.23.

As laid down in IAS 12, deferred taxes must be recognised on the difference between the share of equity of a subsidiary captured in the consolidated balance sheet and the carrying amount for this subsidiary in the parent company's tax accounts, if realisation is expected (outside basis differences). On the basis of the regulations for the application of IAS 12.39, deferred taxes of €27.5 million (previous year: 21.1) were recognised on planned future dividends. No deferred tax liabilities were recognised for additional outside basis differences from retained earnings of the subsidiaries of HeidelbergCement AG amounting to €6.4 billion (previous year: 5.8), as no further dividend payments are planned. In accordance with the regulations of IAS 12.87, the amount of unrecognised deferred tax liabilities was not computed.

To measure deferred taxes, a combined income tax rate of 29.46 % is applied for the domestic companies. This consists of the statutory corporation tax rate of 15.0 % plus the solidarity surcharge of 5.5 % levied on the corporation tax to be paid, as well as an average trade tax burden of 13.64 %. For 2013, the combined income tax rate was 29.43 %.

The calculation of the expected income tax expense at the domestic tax rate is carried out using the same combined income tax rate that is used in the calculation of deferred taxes for domestic companies.

The profit before tax of the Group companies based abroad is taxed at the applicable rate in the respective country of residence. The local income tax rates range between 0 % and 36 %, thus resulting in corresponding tax rate differentials.

A weighted average tax rate is established by taking the tax rate differentials into account. The increase in this rate in comparison with the previous year is primarily due to the change in the relative weighting of the companies' results. In line with the anticipated recovery in our mature markets, such as the USA, the weighted average tax rate is expected to rise further in the future.

Tax reconciliation of continuing operations

€m	2013	2014
Profit before tax	1,021.7	**930.8**
Impairment of goodwill	-115.2	**-40.9**
Profit before tax and impairment of goodwill	1,136.9	**971.7**
Expected tax expense at national tax rate of 29.5 % (2013: 29.4 %)	-334.6	**-286.3**
Tax rate differentials	80.3	**34.7**
Expected tax expense at weighted average tax rate of 25.9 % (2013: 22.4 %)	-254.3	**-251.6**
Tax-free earnings (+) and non-deductible expenses (-)	-27.5	**20.0**
Effects from loss carry forwards	120.4	**202.2**
Not recognised deferred tax assets	-54.4	**-46.5**
Tax increase (-), reduction (+) for prior years	-12.6	**13.7**
Changes in tax rate	20.0	**0.0**
Others	-3.2	**-2.2**
Income taxes	-211.7	**-64.5**

Deferred tax by type of temporary difference		
€m	2013	2014
Deferred tax assets		
Fixed assets	59.4	**52.0**
Other assets	87.7	**102.0**
Provisions and liabilities	525.6	**613.1**
Carry forward of unused tax losses and tax credits	649.6	**879.3**
Gross amount	1,322.3	**1,646.4**
Netting	-926.0	**-958.0**
	396.3	**688.4**
Deferred tax liabilities		
Fixed assets	1,229.3	**1,169.9**
Other assets	65.8	**80.3**
Provisions and liabilities	130.4	**149.8**
Gross amount	1,425.5	**1,400.0**
Netting	-926.0	**-958.0**
	499.4	**442.0**

12 Discontinued operations and disposal groups

The following table shows the composition of the result from discontinued operations.

Net income / loss from discontinued operations	Discontinued operations Hanson Building Products		Discontinued operations of the Hanson Group in previous years	
€m	2013	2014	2013	2014
Income	753.8	**900.6**	200.0	
Expenses	-738.3	**-792.6**	-37.1	**-36.8**
Income taxes	9.2	**-19.1**	-65.0	**5.5**
Loss on measurement before/after taxes		**-236.5**		
Net income / loss from discontinued operations	24.8	**-147.6**	97.9	**-31.3**

The results from the discontinued operation Hanson Building Products includes income and expenses as well as income taxes, arising from the bricks, pressure and gravity pipes, and precast concrete business. In addition to accrued disposal cost and other costs, the loss on measurement contains the impairment loss from the adjustment of the carrying amount to fair value. To determine the fair value, the agreed earn-out clause in the purchase contract was measured using probability forecasts. Additional information on the discontinued operation is provided on page 201.

The income and expenses incurred in connection with operations of the Hanson Group discontinued in previous years result essentially from provisions for damages and environmental obligations. Further details on these obligations are provided in Note 45 Other provisions. The income of the previous year resulted principally from the set-up of receivables against primary insurers based on a court ruling. Expenses from discontinued operations relate primarily to the adjustment of provisions for damages and environmental obligations.

The following overview shows the main groups of assets and liabilities of the discontinued operation Hanson Building Products as well as the disposal groups described on page 201.

Assets and liabilities classified as held for sale			
€m	Discontinued operations Hanson Building Products	Disposal groups	Total
Intangible assets	335.1	0.0	**335.1**
Property, plant and equipment	572.2	58.8	**631.0**
Other non-current assets	66.9	0.0	**66.9**
Inventories	202.6	4.2	**206.8**
Cash and cash equivalents		0.0	**0.0**
Other current assets	137.3	2.5	**139.8**
Assets classified as held for sale	1,314.1	65.6	**1,379.7**
Pension provisions		5.0	**5.0**
Other non-current provisions	16.1	5.5	**21.7**
Non-current liabilities	24.3	2.2	**26.5**
Current provisions	6.1	0.5	**6.6**
Current liabilities	152.9	9.3	**162.2**
Liabilities classified as held for sale	199.4	22.6	**222.0**
Net assets	1,114.7	43.0	**1,157.7**

Other comprehensive income includes cumulative income from currency translation of €25.8 million in connection with the discontinued operation Hanson Building Products.

13 Proposed dividend

The Managing Board and Supervisory Board propose the following dividend: €0.75 per share. Based on 187,916,477 no-par value shares entitled to participate in dividends for the 2014 financial year, the amount for dividend payment comes to €140,937,357.75.

14 Earnings per share

Earnings per share		
€m	2013	2014
Profit for the financial year	932.6	**687.3**
Non-controlling interests	196.7	**201.7**
Group share of profit	736.0	**485.7**
Number of shares in '000s (weighted average)	187,500	**187,867**
Earnings per share in €	3.93	**2.59**
Net income from continuing operations – attributable to the parent entity	613.3	**664.6**
Earnings per share in € – continuing operations	3.27	**3.54**
Net income / loss from discontinued operations – attributable to the parent entity	122.7	**-178.9**
Earnings / loss per share in € – discontinued operations	0.65	**-0.95**

The basic earnings per share are calculated in accordance with IAS 33 (Earnings per Share) by dividing the Group share in profit for the financial year by the weighted average of the number of issued shares. The diluted earnings per share indicator takes into account not only currently issued shares but also shares potentially available through option rights. The earnings per share were not diluted in the reporting period according to IAS 33.30.

Notes to the statement of cash flows

The consolidated statement of cash flows shows how the Group's cash and cash equivalents changed through inflows and outflows during the reporting year. In accordance with IAS 7 (Statement of Cash Flows), a distinction is made between cash flows from operating, investing, and financing activities. The changes in the relevant balance sheet items cannot be directly derived from the consolidated balance sheet, as they are adjusted for non-cash transactions, such as effects arising from currency translation and changes in the consolidation scope.

The cash flow is calculated as net income from continuing operations adjusted for income taxes, net interest, depreciation, amortisation, impairment losses, and other non-cash items. Cash flows from dividends received from non-consolidated companies, from interest received and paid, and from taxes paid are also recognised. Changes in working capital and utilisation of provisions are taken into account when determining the cash flow from operating activities.

Cash flows from the acquisition or sale of intangible assets as well as property, plant and equipment and financial assets are recognised in the cash flow from investing activities. If these relate to the acquisition or disposal of subsidiaries or other business units (gain or loss of control), the effects on the statement of cash flows are shown in separate items.

The cash outflow from financing activities mainly results from changes in capital and dividend payments as well as proceeds from and repayments of bonds and loans. In addition, cash flows from changes in ownership interests in subsidiaries that do not result in a loss of control are classified as financing activities.

The cash flows from foreign Group companies shown in the statement are generally translated into euro using the average annual exchange rates. In contrast, cash and cash equivalents are translated using the exchange rate at year end, as in the consolidated balance sheet. The effects of exchange rate changes on cash and cash equivalents are shown separately.

The significant individual items in the statement of cash flows are explained below.

15 Dividends received

The cash inflow from dividends received relate with €144.7 million (previous year: 154.6) to joint ventures, with €8.9 million (previous year: 6.2) to associates and with €3.5 million (previous year: 2.0) to other equity investments.

16 Interest received / Interest paid

The cash inflow from interest received rose by €87.8 million to €192.6 million (previous year: 104.8). This increase is particularly due to special items arising from the settlement of interest rate swaps. At €633.5 million (previous year: 620.6), interest payments registered a slight increase compared with the previous year.

17 Income taxes paid

This item includes payments relating to income taxes amounting to €315.0 million (previous year: 386.5).

18 Elimination of other non-cash items

The other non-cash items include non-cash expenses and income, such as additions to and releases of provisions, results from participations accounted for using the equity method, non-cash effects from foreign currency translation as well as impairment losses and reversals of impairment losses of current assets Furthermore, the results were adjusted for the book profits and losses from fixed asset disposals. The total amount earned from these fixed asset disposals is shown under divestments in investing activities. The increase in non-cash items is essentially due to non-cash foreign currency effects as well as the non-cash profit recorded in the previous year from the disposal of a foreign finance company.

19 Changes in operating assets

Operating assets consist of inventories, trade receivables, and other assets used in operating activities.

20 Changes in operating liabilities

Operating liabilities include trade payables and other liabilities from operating activities.

21 Decrease in provisions through cash payments

This item includes the cash outflow of pension provisions and other provisions. The previous year's figure includes the payment of €161.4 million for the legally confirmed penalty notice by the Federal Supreme Court in the second quarter of 2013 for antitrust violations in the years 1990 to 2002.

22 Cash flow from discontinued operations

The cash flow from discontinued operations primarily includes cash flows from the discontinued operation Hanson Building Products.

23 Investments (cash outflow)

The payments for investments differ from additions in the fixed-asset movement schedule, which shows, for instance, non-cash items as additions, e.g. additions in connection with barter transactions or contributions in kind.

Of the total cash flow investments of €1,124.6 million (previous year: 1,240.1), €489.3 million (previous year: 436.0) related to investments to sustain and optimise capacity and €635.3 million (previous year: 804.1) to capacity expansions.

Investments in intangible assets and property, plant and equipment amounted to €941.2 million (previous year: 860.9) and concerned maintenance, optimisation, and environmental protection measures at our production sites, as well as expansion projects in growth markets.

Payments for the acquisition of subsidiaries and other business units amounted to €148.6 million (previous year: 72.6). Further details of the acquisitions can be found on page 196 f. Cash and cash equivalents amounting to €24.2 million were acquired in connection with the investments in subsidiaries and other business units.

The investments in financial assets, associates, and joint ventures totalled €34.8 million (previous year: 306.7). The decrease is mainly due to the acquisition of an additional 25 % in the shares of the Australian cement manufacturer Cement Australia in the previous year.

24 Divestments (cash inflow)

The cash inflow from the disposal of subsidiaries and other business units amounted to €23.3 million (previous year: 2.3). Detailed explanations on the divestments are provided on page 198 f.

Proceeds from the disposal of other fixed assets amounting to €120.5 million (previous year: 195.5) include proceeds from the disposal of intangible assets and property, plant and equipment totalling €88.5 million (previous year: 114.1). Payments received from the disposal of financial assets amounted to €32.0 million (previous year: 81.4). The decline is mainly attributable to the disposal proceeds generated in the previous year from the sale of a non-controlling interest in a precast concrete manufacturer in Saudi Arabia.

25 Cash from changes in consolidation scope

This line shows the change in cash and cash equivalents in connection with a gain or loss of control over subsidiaries and other business units and with other changes in the consolidation scope.

26 Dividend payments to non-controlling shareholders

This item shows dividends paid to non-controlling shareholders during the financial year.

27 Increase in ownership interests in subsidiaries

This item shows cash flows from the increase of ownership interests in subsidiaries. The previous year's figures essentially comprise the increase in the investment in the Russian cement company CJSC "Construction Materials" from 51 % to 100 %.

28 Proceeds from bond issuance and loans

This item primarily includes the issue of two new bonds payable. The issue proceeds were used to refinance existing bank debts and the Eurobond maturing in October (€1 billion). The 2014 debut issue was launched on 12 March: a €500 million bond with a five-year term and a maturity date on 12 March 2019. The second bond issue followed on 12 August with an issue volume of USD75 million and a term of less than a year until 12 December 2014. In addition, a new syndicated credit line to the amount of €3 billion and a term ending at the beginning of 2019 was concluded on 25 February.

In the previous year, this item included the proceeds from the syndicated facility agreement of €3 billion. Furthermore, three new bonds were issued in 2013. The first bond issue was launched on 17 May with a short-term bond of €75 million ending on 17 October 2013. The second issue followed on 24 October with an issue volume of €300 million and a seven-year term until 21 October 2020. The last issue took place on 12 December with an eight-year term until 21 October 2021 and an issue volume of €500 million.

29 Repayment of bonds and loans

This item includes the scheduled repayments of interest-bearing liabilities. Primarily, the €1 billion bond was repaid on schedule in October, as were various drawings under the EMTN programme and debt certificates. In addition, a new syndicated credit line to the amount of €3 billion and a term ending at the beginning of 2019 was concluded on 25 February.

During the previous year, the USD750 million bond was repaid on schedule in March, as were various drawings under the EMTN programme and debt certificates. On 22 February 2013, HeidelbergCement invoked its right to terminate the debt certificate issued on 20 December 2011 and repaid at par the tranche of €115.5 million with floating interest rates and an original term ending on 31 October 2016 ahead of schedule on 30 April 2013.

30 Changes in short-term interest-bearing liabilities

This line shows the balance from proceeds and payments for items with a high turnover rate, large amounts, and short terms from financing activities.

31 Cash and cash equivalents

Cash and cash equivalents with a remaining term of less than three months are included. Of this item, €8.7 million (previous year: 17.9) is not available for use by HeidelbergCement. This relates to short-term cash deposits at banks that were placed as security for various business transactions – such as outstanding recultivation payments – or in connection with energy trading.

Notes to the balance sheet – Assets

32 Intangible assets

Intangible assets

€m	Goodwill	Other intangible assets	Total
Cost			
1 January 2013	11,277.2	591.3	**11,868.4**
Currency translation	-532.2	-25.1	**-557.3**
Change in consolidation scope	27.7	0.3	**28.0**
Additions		19.6	**19.6**
Disposals	-0.8	-63.6	**-64.4**
Reclassifications	-1.2	17.7	**16.5**
Reclassifications to current assets	-4.3	-13.5	**-17.8**
31 December 2013	10,766.4	526.7	**11,293.1**
Amortisation and impairment			
1 January 2013	1,277.5	321.3	**1,598.8**
Currency translation	-30.9	-10.8	**-41.7**
Change in consolidation scope	-0.1	0.3	**0.2**
Additions		28.6	**28.6**
Impairment	115.2	5.9	**121.1**
Disposals		-57.7	**-57.7**
Reclassifications to current assets		-4.4	**-4.4**
31 December 2013	1,361.7	283.2	**1,644.9**
Carrying amount at 31 December 2013	**9,404.7**	**243.4**	**9,648.1**
Cost			
1 January 2014	10,766.4	526.7	**11,293.1**
Currency translation	686.7	20.5	**707.1**
Change in consolidation scope	86.4	14.6	**101.0**
Additions		19.4	**19.4**
Disposals		-3.6	**-3.6**
Reclassifications		27.6	**27.6**
Reclassifications to current assets	-474.1	-30.2	**-504.3**
31 December 2014	11,065.4	574.9	**11,640.3**
Amortisation and impairment			
1 January 2014	1,361.7	283.2	**1,644.9**
Currency translation	58.8	16.4	**75.2**
Change in consolidation scope	-0.6	-0.5	**-1.1**
Additions		26.9	**26.9**
Impairment	40.9	4.2	**45.1**
Disposals		-2.1	**-2.1**
Reclassifications		1.8	**1.8**
Reclassifications to current assets		-14.9	**-14.9**
31 December 2014	1,460.8	315.0	**1,775.8**
Carrying amount at 31 December 2014	**9,604.6**	**259.9**	**9,864.5**

Goodwill
Larger individual items of goodwill are connected with the acquisition of the Hanson Group, London, United Kingdom; S.A. Cimenteries CBR, Brussels, Belgium; Lehigh Hanson, Inc., Wilmington, USA; HeidelbergCement Northern Europe AB, Stockholm, Sweden; and ENCI N.V., 's-Hertogenbosch, Netherlands. Goodwill comprises acquired market shares and synergy effects that cannot be assigned to any other determinable and separable intangible asset.

Goodwill impairment tests are carried out annually in accordance with IAS 36 (Impairment of Assets). The recoverable amount was determined based on value in use, taking into account the following parameters.

Cash flow estimates extend over a five-year planning period, after which a terminal value is applied. A three-year detailed bottom-up operational plan approved by management forms the basis for these estimates. This is complemented by a top-down plan for an additional two years, which incorporates medium-term expectations of the management based on estimates of market volume, market shares, as well as cost and price development. As a general rule, the top-down plan is derived by applying growth rates to the detailed three-year operational plan. A detailed plan is created for all CGUs operating in unstable markets. This applies especially to those markets in which demand for building materials and building products has decreased substantially due to the financial and economic crisis as well as political unrest. It is generally assumed that demand in these markets will recover. As the recovery in Europe, particularly for the CGU United Kingdom, is expected to be slow as a result of the sovereign debt crisis, the planned levels of demand in some CGUs at the end of the planning period are significantly below the pre-crisis levels. This also applies to the CGU North America. Also for the other CGUs a sustainable increase in demand is assumed, which is moderate for the CGU Australia, that has remained largely unaffected by the financial and debt crisis. The sales volumes derived thereof are generally based on the assumption of constant market shares.

Variable costs are assumed to evolve in line with the projected development of sales volumes and prices. As a rule, it is expected that the contribution margin in percent of revenue remains on a stable level. With increasing sales volumes, this leads partially to a significant improvement in the operating margin. Furthermore, it was assumed that the savings achieved through cost reduction programmes ("CLIMB Ops" and "LEO"), as well as the initiatives to increase prices ("PERFORM" and "CLIMB Commercial"), would have a positive influence on the operating margins.

The projections for the estimated growth rates of the terminal value are based on country-specific long-term inflation rates.

The WACC rates for the Group were calculated using a two-phase approach, whereby a phase one WACC rate was used to discount the cash flows for the first five years and a phase two WACC discount rate was applied for the determination of the terminal value. The difference between the two WACC rates merely results from the downward adjustment for the perpetual growth rate in phase two. The credit spread was derived from the rating of the homogenous peer group. The peer group is subjected to an annual review and adjusted, if necessary.

The following key assumptions were applied in the determination of the recoverable amount based on the value in use for the CGU.

Assumptions made in the calculation of impairment of goodwill

Group area / CGU [1]	Carrying amount of goodwill in €m		Weighted average cost of capital after taxes [2]		Perpetual growth rate	
	31 Dec. 2013	**31 Dec. 2014**	31 Dec. 2013	**31 Dec. 2014**	31 Dec. 2013	**31 Dec. 2014**
Western and Northern Europe	3,155.3	**3,034.2**	6.5 % - 9.1 %	**5.6 % - 7.8 %**	1.6 % - 2.0 %	**1.7 % - 2.2 %**
United Kingdom	1,956.2	**1,787.6**	7.7 %	**6.9 %**	2.0 %	**2.1 %**
Eastern Europe-Central Asia	580.1	**517.7**	7.4 % - 15.3 %	**6.1 % - 21.8 %**	1.8 % - 4.0 %	**2.0 % - 5.5 %**
Kazakhstan	95.4	**91.8**	11.6 %	**11.6 %**	4.0 %	**5.5 %**
Russia	31.5	**25.7**	12.7 %	**17.8 %**	1.8 %	**3.5 %**
Ukraine	50.5	**0.0**	15.3 %	**21.8 %**	3.3 %	**5.5 %**
North America	4,132.2	**4,455.9**	8.0 %	**7.3 %**	2.0 %	**2.1 %**
Asia-Pacific	1,313.8	**1,376.1**	6.6 % - 14.7 %	**4.7 % - 12.9 %**	1.6 % - 5.7 %	**0.8 % - 6.2 %**
Australia	991.5	**1,031.9**	8.7 %	**7.9 %**	2.4 %	**2.5 %**
Africa-Mediterranean Basin	186.8	**186.6**	8.4 % - 17.2 %	**7.4 % - 15.8 %**	1.8 % - 7.2 %	**2.1 % - 5.5 %**
DR Congo	33.0	**37.5**	13.4 %	**13.6 %**	7.2 %	**5.0 %**
Group Services	36.5	**34.2**	6.5 %	**5.6 %**	1.6 %	**1.9 %**
Total	9,404.7	**9,604.6**				

1) CGU = Cash-generating unit
2) Stated figure is the phase one WACC, before adjustment for growth. The second phase WACC, used to calculate the terminal value, is equal to the phase one WACC after adjustment for growth.

As a result of the impairment testing procedures performed, the Group recognised a total impairment of goodwill of €40.9 million. This impairment relates to the CGU Ukraine, where the carrying amount calculated with the value-in-use method, as described above, exceeded the recoverable amount of €117.5 million. The impairment mainly resulted from a significant increase in the discount rate.

In the previous year, impairment of goodwill in the United Kingdom totalled €115.2 million, because the carrying amount exceeded the recoverable amount of €3,500 million.

For the CGUs Kazakhstan, Russia, DR Congo, and the United Kingdom, marginal changes in the sustainable growth rate or in the operational planning as the basis for cash flow estimates or the weighted average cost of capital could cause the carrying amount to exceed the recoverable amount. Management does not rule out such a development. With a reduction of the growth rate by 0.2 percentage points for the CGU Kazakhstan, 0.4 percentage points for the CGU DR Congo, 0.5 percentage points for the CGU United Kingdom and by 1.0 percentage points for the CGU Russia, the recoverable amount corresponds to the respective carrying amount. A decline by around one percent in the planned results (EBIT) for each year of planning as well as in the terminal value results in the carrying amount and the recoverable amount being equal in the CGU Kazakhstan; this figure is two percent in the CGU DR Congo, and with a decline of around three percent, the recoverable amount corresponds to the carrying amount in the CGU Russia. With an increase in the weighted average cost of capital of around 0.1 percentage points for the CGU Kazakhstan, 0.2 percentage points for the CGU Congo, and 0.3 percentage points for the CGUs Russia and United Kingdom, the recoverable amount corresponds to the respective carrying amount

Without the aforementioned changes, the recoverable amount exceeds the carrying amount of the CGU Kazakhstan by €3.2 million, of the CGU Russia by €8.0 million, of the CGU Congo by €2.8 million, and of the CGU United Kingdom by €174.3 million on the reporting date.

With a reduction of 1.0 percentage points in the growth rate, a WACC increase of up to 0.5 percentage points, or a decline of 5.0% in the planned result (EBIT) for each year of planning as well as in the terminal value, the recoverable amount for all other CGU continues to lie above the carrying amount.

Other intangible assets

Quarrying rights, concessions, and software, as well as emission rights acquired through emissions trading, are shown under other intangible assets.

Development costs of €2.3 million (previous year: 1.9) were capitalised as intangible assets in the financial year. The carrying amount of intangible assets pledged as security amounts to €43.2 million (previous year: 35.5).

33 Property, plant and equipment

Property, plant and equipment

€m	Land and buildings	Plant and machinery	Other operating equipment	Prepayments and assets under construction	Total
Cost					
1 January 2013	7,321.8	10,090.4	972.8	817.5	**19,202.3**
Currency translation	-403.7	-588.0	-52.5	-85.0	**-1,129.3**
Change in consolidation scope	57.9	83.1	4.4	5.4	**150.8**
Additions	46.0	75.7	24.4	731.7	**877.8**
Disposals	-77.9	-183.8	-58.4	-5.1	**-325.2**
Reclassifications	138.4	463.0	32.3	-650.2	**-16.5**
Reclassifications to current assets	-1.7	-13.1	-0.5	-0.4	**-15.7**
31 December 2013	7,080.8	9,927.3	922.4	813.9	**18,744.3**
Depreciation and impairment					
1 January 2013	2,336.6	6,141.0	657.6		**9,135.2**
Currency translation	-103.0	-316.0	-30.4		**-449.4**
Change in consolidation scope	15.5	32.4	3.5		**51.4**
Additions	164.3	496.8	58.9		**720.0**
Impairment	23.0	44.2	2.2	1.6	**71.0**
Reversal of impairment		-0.1			**-0.1**
Disposals	-51.6	-162.6	-54.8		**-269.1**
Reclassifications	11.2	-13.0	1.8		**0.0**
Reclassifications to current assets	-0.3	-7.6	-0.3		**-8.2**
31 December 2013	2,395.6	6,215.2	638.3	1.6	**9,250.8**
Carrying amount at 31 December 2013	**4,685.1**	**3,712.1**	**284.1**	**812.3**	**9,493.6**
Cost					
1 January 2014	7,080.8	9,927.3	922.4	813.9	**18,744.3**
Currency translation	301.0	278.5	4.4	18.4	**602.2**
Change in consolidation scope	34.2	-16.7	2.3	-9.3	**10.6**
Additions	88.7	115.2	25.1	711.4	**940.4**
Disposals	-80.2	-173.5	-55.8	-0.1	**-309.5**
Reclassifications	195.7	419.2	35.9	-678.4	**-27.6**
Reclassifications to current assets	-404.9	-577.7	-11.0	-7.6	**-1,001.2**
31 December 2014	7,215.4	9,972.2	923.3	848.3	**18,959.1**
Depreciation and impairment					
1 January 2014	2,395.6	6,215.2	638.3	1.6	**9,250.8**
Currency translation	54.9	177.8	10.4		**243.1**
Change in consolidation scope	-15.8	-45.8	-4.8	-1.6	**-68.0**
Additions	152.4	455.7	57.9		**666.0**
Impairment	5.9	7.0	0.3		**13.2**
Reversal of impairment	0.0	-0.5			**-0.5**
Disposals	-41.5	-159.4	-53.5		**-254.3**
Reclassifications	-0.7	-0.6	-0.5		**-1.8**
Reclassifications to current assets	-100.8	-272.4	-9.3		**-382.5**
31 December 2014	2,450.1	6,376.9	638.9		**9,466.0**
Carrying amount at 31 December 2014	**4,765.3**	**3,595.3**	**284.3**	**848.3**	**9,493.2**

Property, plant and equipment includes €21.6 million (previous year: 16.3) of capitalised lease assets, of which €18.2 million (previous year: 16.3) relates to plant and machinery and €3.3 million (previous year: 0.0) to plant and office equipment.

The carrying amount of property, plant and equipment pledged as security amounts to €10.8 million (previous year: 1.7).

Borrowing costs of €2.3 million (previous year: 5.3) were recognised. The average capitalisation rate applied was 4 % (previous year: 8 %).

In the reporting year, impairment losses of €13.2 million were recognised; these are shown in the additional ordinary result and explained in Note 8.

34 Financial investments

This item includes investments in equity instruments acquired on the basis of long-term investment planning. They are classified in accordance with IAS 39 as financial investments available for sale at cost.

35 Non-current receivables and derivative financial instruments

The following table shows the composition of the non-current receivables and derivative financial instruments.

Non-current receivables and derivative financial instruments		
€m	2013	2014
Loans	119.5	97.6
Derivative financial instruments	35.5	31.7
Other non-current operating receivables	307.4	312.4
Other non-current non-financial receivables	208.0	303.9
	670.4	745.6

The non-current derivative financial instruments essentially relate to cross-currency interest rate swaps. Because of the separation into short-term and long-term components, the fair values were shown on both the assets side as well as the equity and liabilities side. Additional information on the derivative financial instruments is provided on page 245 f. Other non-current operating receivables include claims for reimbursement against insurance companies for environmental and third-party liability damages amounting to €276.4 million (previous year: 260.1). The other non-current non-financial receivables primarily include overfunding of pension funds as well as prepaid expenses.

The following table shows the due term structure of the non-current financial receivables.

Due terms of non-current financial receivables	Loans		Other non-current operating receivables		Total	
€m	2013	2014	2013	2014	2013	2014
Not impaired, not overdue	119.3	97.6	307.3	312.3	426.6	409.9
Not impaired, overdue 1 – 60 days	0.2		0.1	0.1	0.3	0.1
Not impaired, overdue 61 – 360 days						
Not impaired, overdue > 360 days						
Impaired						
	119.5	97.6	307.4	312.4	426.9	410.0

As at the reporting date, there are no indications that the debtors of the receivables shown as not impaired and not overdue will not meet their payment obligations.

36 Inventories

In the reporting year, impairments of inventories of €15.0 million (previous year: 22.9) and reversals of impairment losses of €9.8 million (previous year: 3.8) were recognised.

37 Receivables and other assets

The following overview shows the composition of the other current operating receivables.

Other current operating receivables		
€m	2013	2014
Miscellaneous current operating receivables	242.7	**248.1**
Non-financial other assets	102.9	**105.8**
	345.6	**353.9**

The miscellaneous current operating receivables include claims for damages as well as claims for reimbursement against insurance companies for environmental and third-party liability damages amounting to €73.1 million (previous year: 64.0). The carrying amount for the reserve account covering credit losses of pre-financed receivables amounts to €15.4 million (previous year: 14.1) and substantially represents the maximum exposure to loss from the continuing involvement to the amount of €18.4 million (previous year: 15.6). Non-financial other assets essentially include prepaid expenses.

The following table shows the due term structure of the current financial receivables.

Due terms of current financial receivables	Current interest-bearing receivables		Trade receivables		Miscellaneous current operating receivables		Total	
€m	2013	2014	2013	2014	2013	2014	2013	2014
Not impaired, not overdue	120.9	**114.1**	742.7	**714.3**	232.8	**244.1**	1,096.4	**1,072.5**
Not impaired, overdue 1 – 60 days			291.1	**267.6**	6.7	**2.8**	297.8	**270.4**
Not impaired, overdue 61 – 360 days			40.5	**52.3**	0.5	**1.0**	41.0	**53.3**
Not impaired, overdue > 360 days		**0.1**	14.4	**11.0**	2.6	**0.1**	17.0	**11.2**
Impaired		**1.1**	11.9	**12.1**	0.1	**0.1**	12.0	**13.3**
	120.9	**115.3**	1,100.6	**1,057.2**	242.7	**248.1**	1,464.2	**1,420.6**

As at the reporting date, there are no indications that the debtors of the receivables shown as not impaired and not overdue will not meet their payment obligations.

The valuation allowances on trade receivables have developed as follows:

Valuation allowances on trade receivables		
€m	2013	2014
Valuation allowances at 1 January	84.1	**73.7**
Additions	29.5	**21.7**
Reversal and use	-36.5	**-24.8**
Currency translation and other adjustments	-3.4	**-1.4**
Valuation allowances at 31 December	73.7	**69.2**

The valuation allowances are essentially based on historical default probabilities and due terms. They primarily relate to collective specific valuation allowances.

38 Derivative financial instruments

The current derivatives with positive fair values essentially include foreign exchange swaps of €34.0 million (previous year: 15.6) and interest rate swaps of €2.9 million (previous year: 10.9). Additional information on the derivative financial instruments is provided on page 245 f.

Notes to the balance sheet – Equity and liabilities

39 Subscribed share capital

As at the reporting date of 31 December 2014, the subscribed share capital amounts to €563,749,431. It is divided into 187,916,477 shares; the shares are no-par value bearer shares. The pro rata amount of each share is €3.00, which corresponds to a proportionate amount of the subscribed share capital.

The following table shows the change in subscribed share capital since 1 January 2014:

Subscribed share capital		
	Number of shares	Subscribed share capital in €
1 January 2014	187,500,000	**562,500,000**
Capital increase against contributions in kind	416,477	**1,249,431**
31 December 2014	187,916,477	**563,749,431**

Authorised Capital
As at 31 December 2014, there were two authorised capitals: namely, authorisation of the Managing Board and Supervisory Board to increase the capital by issuing new shares in return for cash contributions (Authorised Capital I), and authorisation of the Managing Board and Supervisory Board to increase the capital by issuing new shares in return for contributions in kind (Authorised Capital II). The authorised capitals are summarised below; the complete text of the authorisations can be found in the Articles of Association, which are published on our website www.heidelbergcement.com under “Company/Corporate Governance/Articles of Association”.

Authorised Capital I
The Annual General Meeting held on 6 May 2010 authorised the Managing Board, with the consent of the Supervisory Board, to increase the Company’s subscribed share capital by a total amount of up to €225,000,000

by issuing up to 75,000,000 new no-par value bearer shares in total in return for cash contributions on one or more occasions until 5 May 2015 (Authorised Capital I). The shareholders must be granted subscription rights. However, the Managing Board is authorised, in certain cases described in more detail in the authorisation, to exclude the subscription rights of shareholders in order to realise residual amounts or to issue shares totalling up to 10 % of the subscribed share capital at a near-market price. As at 31 December 2014, the authorisation to issue new shares in return for cash contributions forming the basis of the Authorised Capital I had not been used.

Authorised Capital II
Furthermore, the Annual General Meeting of 6 May 2010 authorised the Managing Board, with the consent of the Supervisory Board, to increase the Company's subscribed share capital by a total amount of up to €56,100,000 by issuing up to 18,700,000 new no-par value bearer shares in total against contributions in kind on one or more occasions until 5 May 2015 (Authorised Capital II). The subscription right of shareholders is generally excluded in the case of capital increases in return for contributions in kind. The authorisation governs, in particular, the possibility of excluding the subscription right insofar as the capital increase in return for contributions in kind is performed for the purposes of acquisition of companies or to service option or conversion rights. In exercising this authorisation, the subscribed share capital was increased by €1,249,431 to €563,749,431 by resolution of the Managing Board of 5 February 2014 and with the consent of the Supervisory Board of 6 February 2014. The issuance of 416,477 new shares was a result of the increase of the participation from 30 % to 100 % in the logistics company Kerpen & Kerpen GmbH & Co. KG, excluding the subscription rights of shareholders. The implementation of the capital increase was recorded in the commercial register on 13 February 2014. The Authorised Capital II decreased to €54,850,569 due to the exercise of the authorisation.

Conditional Share Capital
The conditional share capital described below existed as at 31 December 2014. The Annual General Meeting of 8 May 2013 decided to conditionally increase the subscribed share capital by a further amount of up to €168,000,000, divided into up to 56,000,000 new no-par value bearer shares (conditional share capital 2013). The conditional capital increase serves to back the issuance of option or conversion rights, or option or conversion obligations, on HeidelbergCement shares. The conditional capital increase is only carried out insofar as the Managing Board issues warrant or convertible bonds under the authorisation until 7 May 2018 and the bearers of option or conversion rights make use of their rights. Warrant or convertible bonds may also be issued with option or conversion obligations. The shareholders generally have a subscription right to newly issued warrant or convertible bonds. The authorisation governs specific cases in which the Managing Board may exclude the subscription right of shareholders to warrant or convertible bonds. The complete text of the conditional share capital can also be found in the Articles of Association, which are published on our website (www.heidelbergcement.com under "Company/Corporate Governance/Articles of Association"). As at 31 December 2014, the authorisation to issue warrant or convertible bonds forming the basis of the conditional share capital 2013 had not been used.

A corresponding volume limit as well as the deduction clauses ensure that the sum of all exclusions of subscription rights in the two existing Authorised Capitals and the Conditional Share Capital 2013 will not exceed a limit of 20 % of the subscribed share capital existing at the time the authorisation to exclude the subscription right comes into force.

As at the reporting date of 31 December 2014, the Company has no treasury shares and there is no authorisation to acquire treasury shares.

40 Share premium

The share premium of €5,539.4 million is unchanged from the previous year. It was essentially created from the premium from capital increases.

41 Retained earnings

The following table shows the changes in ownership interests in subsidiaries that do not lead to a change in control.

Changes in ownership interests in subsidiaries

€m	Change in share [1]	Acquisition costs	Change in revenue reserves	Change in minorities
Cimbenin S.A., Benin	30.0 %	8.9	-4.6	-4.2
LLC Kartuli Cementi, Georgia	18.0 %	5.7	-7.5	1.9
Cimburkina S.A., Burkina Faso	25.0 %	2.0	0.8	-2.8
Other		1.6	-1.0	-0.6
Total		18.2	-12.4	-5.8

1) Direct share

The capital increase from loan conversion of €22.3 million is due to the conversion of a purchase price liability from the acquisition of the remaining 70 % of the shares in Kerpen & Kerpen GmbH & Co. KG, Ochtendung.

In the financial year, dividends of €112.5 million (€0.60 per share) were paid to shareholders of Heidelberg-Cement AG.

42 Other components of equity

The increase of €1,274.8 million in the currency translation reserve is essentially attributable to the devaluation of the euro against the US dollar, British pound, and Indonesian rupiah

43 Non-controlling interests

The change in non-controlling interests due to the change in scope of consolidation of €19.3 million resulted mainly from the deconsolidation of Cimgabon S.A., as well as the first-time consolidation of the Icelandic subsidiaries and Cindercrete Products Ltd. The change in non-controlling interests due to the change in ownership interests in subsidiaries of €-5.8 million is explained in Note 41 Retained earnings.

Subsidiaries with material non-controlling interests

PT Indocement Tunggal Prakasa Tbk. ("Indocement"), Jakarta, Indonesia, is the main subsidiary with non-controlling interests in the HeidelbergCement Group. Indocement is a leading Indonesian manufacturer of high-quality cement and special cement products that are sold under the brand name "Tiga Roda". Indocement has several subsidiaries that produce ready-mixed concrete, aggregates, and trass. Non-controlling interests hold 49 % of the capital or voting rights in the Indocement Group, which is included in the Asia-Pacific Group area. The Indocement share is listed on the stock exchange in Jakarta, Indonesia.

Non-controlling interests in the equity of Indocement amount to €819.0 million (previous year: 683.5). The share of non-controlling interests in profit for the financial year totals €165.7 million (previous year: 175.9). In the 2014 financial year, Indocement paid dividends of €127.9 million (previous year: 68.9) to non-controlling interests.

The following tables summarise the key financial information of the Indocement Group excluding goodwill allocated to the CGU.

Statement of total comprehensive income	Indocement Group	
€m	2013	2014
Revenue	1,332.0	**1,266.6**
Depreciation and amortisation	-57.2	**-52.3**
Operating income	435.0	**384.5**
Additional ordinary result		**1.1**
Result from participations	1.3	**1.6**
Earnings before interest and taxes (EBIT)	436.3	**387.1**
Interest income	50.3	**64.3**
Interest expenses	-1.2	**-0.9**
Other financial income and expenses	-2.7	**-2.2**
Profit before tax	482.8	**448.2**
Income taxes	-123.7	**-110.3**
Profit for the financial year	359.0	**337.9**
Other comprehensive income	-373.9	**202.9**
Total comprehensive income	-14.9	**540.8**

Assets and liabilities	Indocement Group	
€m	2013	2014
Intangible assets	1.1	**1.1**
Property, plant and equipment	611.8	**876.8**
Financial assets	3.4	**7.2**
Other non-current assets	5.4	**9.5**
Non-current assets	621.7	**894.6**
Cash and cash equivalents	751.7	**747.9**
Other current assets	246.9	**312.2**
Current assets	998.7	**1,060.1**
Total assets	1,620.4	**1,954.7**
Non-current financial liabilities	5.5	**5.1**
Non-current provisions	38.9	**44.2**
Other non-current liabilities	29.3	**28.5**
Non-current liabilities	73.8	**77.8**
Current financial liabilities	4.2	**3.5**
Current provisions	3.4	**4.8**
Trade payables	110.1	**152.2**
Other current liabilities	50.6	**59.0**
Current liabilities	168.2	**219.5**
Total liabilities	242.0	**297.2**

44 Pension provisions

Defined contribution plans

The sum of all pension expenses in connection with defined contribution plans amounted to €49.4 million (previous year: 53.5). In the 2014 financial year, the contributions to the social security programmes came to €54.4 million (previous year: 59.2).

Actuarial assumptions

The actuarial assumptions on which the calculations are based are summarised in the following table (weighted presentation):

Actuarial assumptions				
in %	Group	North America	UK	Germany
31 December 2014				
Discount rate	**3.63 %**	4.21 %	3.60 %	2.00 %
Pension increase rate	**2.50 %**	-	2.64 %	1.75 %
Expected increase in health care costs	**7.40 %**	8.00 % - 5.00 %	9.95 %	-
31 December 2013				
Discount rate	**4.56 %**	4.98 %	4.55 %	3.50 %
Pension increase rate	**2.67 %**	-	2.88 %	1.75 %
Expected increase in health care costs	**7.92 %**	8.50 % - 5.00 %	9.95 %	-

The RP-2014 mortality tables published by the Society of Actuaries in 2014 were used in the valuations for the largest pension plans in the USA in terms of settlement amounts. For the Canadian pension plans, the CPM 2014 mortality tables were used. In the United Kingdom, different mortality tables based on the "S1" series have been taken into account. The mortality tables in the United Kingdom, the USA, and Canada have been modified to consider future improvements in life expectancy and in many cases are additionally adjusted based on company-specific experience. In Germany, the "2005 G Richttafeln" from Prof. Dr. Klaus Heubeck have been applied.

Overview of provisions for pensions for the different types of retirement benefit plans

The following tables show the obligations from defined benefit pension plans, including other long-term employee benefits plans and plans for health care costs, and their presentation in the balance sheet.

Types of post-employment benefit plans				
€m	Group	North America	UK	Germany
31 December 2014				
Defined benefit pension plans	**680.7**	256.4	-204.9	445.2
Plans for health care costs	**209.8**	170.6	7.1	
	890.5	427.0	-197.8	445.2
31 December 2013				
Defined benefit pension plans	**614.8**	179.9	-101.2	360.7
Plans for health care costs	**174.4**	147.3	5.4	
	789.2	327.2	-95.8	360.7

Presentation in the balance sheet				
€m	Group	North America	UK	Germany
31 December 2014				
Non-current pension provisions	**1,067.6**	389.4	57.9	424.5
Current pension provisions	**97.2**	37.6	12.8	20.7
Overfunding of pension schemes	**-274.3**		-268.5	
	890.5	427.0	-197.8	445.2
31 December 2013				
Non-current pension provisions	**866.5**	292.7	56.6	339.9
Current pension provisions	**94.6**	34.5	14.0	20.8
Overfunding of pension schemes	**-171.9**		-166.4	
	789.2	327.2	-95.8	360.7

With regard to the two overfunded pension plans in the United Kingdom for which an asset ceiling did not apply, HeidelbergCement has the unconditional entitlement to the pension plan surplus if the plan is wound up.

In the following a breakdown of the amounts relating to pension plans is shown exclusively for the three key Group areas and countries North America, the United Kingdom, and Germany. A breakdown of the amounts relating to plans for health care costs is not provided, as the vast majority of the liabilities and expenses are in North America.

Pension obligations and pension funds

In the 2014 financial year, pension obligations in the Group amounted to €4,479.6 million (previous year: 3,784.2), which were essentially covered by outside pension funds. In addition, there were direct agreements of €663.9 million (previous year: 563.3). Obligations in the USA, Indonesia, Belgium, and Canada for health care costs for pension recipients amounted to €209.8 million (previous year: 174.4). The following table shows the financing status of these plans and their presentation in the balance sheet.

Pension obligations and plan assets	Pension plans and plans for health care costs			thereof pension plans		
€m	Pension plans	Plans for health care costs	**Group**	North America	UK	Germany
31 December 2014						
Present value of funded obligations	4,479.6		**4,479.6**	1,367.4	2,916.9	11.6
Fair value of plan assets	-4,506.6		**-4,506.6**	-1,175.6	-3,168.7	-11.6
Recognised limitation acc. to IAS 19.64	43.8		**43.8**		43.8	
Fair value of plan assets after limitation acc. to IAS 19.64	-4,462.8		**-4,462.8**	-1,175.6	-3,124.9	-11.6
Deficit (+) / surplus (-)	16.8		**16.8**	191.8	-208.0	
Present value of unfunded obligations	663.9	209.8	**873.7**	64.6	3.1	445.2
Total liability	680.7	209.8	**890.5**	256.4	-204.9	445.2
31 December 2013						
Present value of funded obligations	3,784.2		**3,784.2**	1,122.6	2,415.6	9.9
Fair value of plan assets	-3,758.0		**-3,758.0**	-994.4	-2,543.8	-9.9
Recognised limitation acc. to IAS 19.64	25.3		**25.3**		24.4	
Fair value of plan assets after limitation acc. to IAS 19.64	-3,732.7		**-3,732.7**	-994.4	-2,519.4	-9.9
Deficit (+) / surplus (-)	51.5		**51.5**	128.2	-103.8	
Present value of unfunded obligations	563.3	174.4	**737.7**	51.7	2.6	360.7
Total liability	614.8	174.4	**789.2**	179.9	-101.2	360.7

The reconciliation of the net defined benefit liability (asset) was as follows:

Net defined benefit liability (asset)	Pension plans and plans for health care costs			thereof pension plans		
€m	Pension plans	Plans for health care costs	Group	North America	UK	Germany
2014						
Net defined benefit liability (asset) at 1 January	614.8	174.4	**789.2**	179.9	-101.2	360.7
Changes in consolidation scope	-1.9	0.2	**-1.7**			
Pension expenses recognised in profit or loss	57.7	3.2	**60.9**	12.7	0.9	17.9
Remeasurements recognised in other comprehensive income	117.4	25.9	**143.3**	58.4	-51.5	92.3
Cash flow in the period	-116.1	-14.2	**-130.3**	-21.3	-42.5	-21.0
Disposal groups	-5.0		**-5.0**			-4.7
Exchange rate changes	13.8	20.3	**34.1**	26.7	-10.6	
Net defined benefit liability (asset) at 31 December	680.7	209.8	**890.5**	256.4	-204.9	445.2
2013						
Net defined benefit liability (asset) at 1 January	799.9	241.1	**1,041.0**	244.7	-19.4	368.4
Changes in consolidation scope	8.1		**8.1**			
Pension expenses recognised in profit or loss	71.0	-17.2	**53.8**	20.4	3.6	19.3
Remeasurements recognised in other comprehensive income	-135.5	-26.6	**-162.1**	-62.9	-45.6	-6.1
Cash flow in the period	-102.7	-15.2	**-117.9**	-12.0	-38.4	-20.9
Disposal groups	-0.1		**-0.1**			
Exchange rate changes	-25.9	-7.7	**-33.6**	-10.3	-1.4	
Net defined benefit liability (asset) at 31 December	614.8	174.4	**789.2**	179.9	-101.2	360.7

Breakdown of the pension obligations

The following table shows the pension obligations divided in different member groups.

Defined benefit obligation by member groups	Pension plans and plans for health care costs			thereof pension plans		
€m	Pension plans	Plans for health care costs	Group	North America	UK	Germany
31 December 2014						
Active members	847.8	61.4	**909.2**	399.5	33.4	179.8
Deferred vested members	1,454.2	9.2	**1,463.4**	159.3	1,240.6	28.3
Pensioners	2,841.5	139.2	**2,980.7**	873.2	1,646.1	248.7
Total defined benefit obligation	5,143.5	209.8	**5,353.3**	1,432.0	2,920.1	456.8
31 December 2013						
Active members	716.9	45.4	**762.3**	322.5	25.8	124.8
Deferred vested members	1,201.1	6.3	**1,207.4**	183.8	967.9	21.9
Pensioners	2,429.5	122.7	**2,552.2**	668.0	1,424.6	223.9
Total defined benefit obligation	4,347.5	174.4	**4,521.9**	1,174.3	2,418.3	370.6

Amounts recognised in other comprehensive income

In 2014, total actuarial losses from the defined benefit obligation (DBO) amounting to €636.2 million (prior year: gains of 122.4) have arisen mainly from the decrease in the discount rate on which the actuarial calculation is based. The weighted average discount rate as at the end of the year is 0.9 percentage points lower (previous year: 0.3 percentage points higher) than the weighted discount rate as at the end of the previous year. In key countries, such as the United Kingdom, the USA, Canada, and Germany, the discount rate fell by between 0.7 percentage points (Canada) and 1.5 percentage points (Germany).

The actuarial gains and losses can be broken down into effects from experience adjustments resulting in losses of €12.9 million (previous year: gains of 33.4), effects from changes in demographic assumptions resulting in losses of €57.0 million (previous year: losses of 5.0), essentially attributable to the use of new mortality tables in North America, and effects from changes in financial assumptions resulting in losses of €566.3 million (previous year: gains of 94.0). This situation is improved by the positive development of the plan assets. The return on plan assets excluding the interest income amounts to €507.8 million (previous year: 33.0).

The actuarial gains from the defined benefit obligation and the return on plan assets exceeding the interest income have been recognised directly in equity through other comprehensive income. Due to the changes in the effect of asset ceiling according to IAS 19.64, an amount of €-15.0 million (previous year: 6.7) was also recognised directly in equity through other comprehensive income.

Development in the income statement

The expenses for retirement benefits for the significant pension and healthcare plans can be summarised as follows.

Development in the income statement	Pension plans and plans for health care costs			thereof pension plans		
€m	Pension plans	Plans for health care costs	**Group**	North America	UK	Germany
31 December 2014						
Current service cost	34.9	1.5	**36.4**	5.2	4.2	5.6
Administrative expenses (not investment related) paid by the plan	4.4		**4.4**	1.4	2.8	
Net interest, thereof	21.9	7.7	**29.6**	7.9	-6.1	12.3
Interest cost on defined benefit obligation	188.5	7.7	**196.2**	50.2	110.4	12.6
Interest income on plan assets	-167.8		**-167.8**	-42.3	-117.7	-0.3
Interest income on assets ceiling	1.2		**1.2**		1.2	
Past service cost recognised	1.7	-6.7	**-5.0**	0.8		
Settlement gains / losses recognised	-6.4		**-6.4**	-3.8		
Expenses from continuing operations recognised in profit or loss	56.5	2.5	**59.0**	11.5	0.9	17.9
Expenses from discontinued operations recognised in profit or loss	1.2	0.7	**1.9**	1.2		
Total expenses recognised in profit or loss	57.7	3.2	**60.9**	12.7	0.9	17.9
31 December 2013						
Current service cost	35.9	2.0	**37.9**	8.1	3.7	6.4
Administrative expenses (not investment related) paid by the plan	3.4		**3.4**	1.3	2.0	
Net interest, thereof	28.2	7.5	**35.7**	8.5	-2.1	12.9
Interest cost on defined benefit obligation	178.4	7.5	**185.9**	47.3	102.1	13.2
Interest income on plan assets	-151.7		**-151.7**	-38.8	-105.7	-0.3
Interest income on assets ceiling	1.5		**1.5**		1.5	
Past service cost recognised	1.1	-26.1	**-25.0**	0.1		
Settlement gains / losses recognised						
Expenses from continuing operations recognised in profit or loss	68.6	-16.6	**52.0**	18.0	3.6	19.3
Expenses from discontinued operations recognised in profit or loss	2.4	-0.6	**1.8**	2.4		
Total expenses recognised in profit or loss	71.0	-17.2	**53.8**	20.4	3.6	19.3

Of the total pension expenses from continuing operations of €59.0 million (previous year: 52.0), €29.4 million (previous year: 16.3) are shown in the personnel costs or in other operating expenses, and an amount of €29.6 million (previous year: 35.7) in other financial result.

In the 2015 financial year, the US plan for health care costs US LH OPEB is amended to provide an annual subsidy through a health reimbursement account for post-65 retiree medical coverage. These changes resulted in a past service income of €6.7 million in 2014. Furthermore, redundancy payments were offered to deferred vested members with an entitlement to the LH pension plan. As a result, settlement gains of €3.9 million were realised. The conversion of defined benefit pension plans to defined contribution pension plans in the Netherlands led to settlement gains of €2.5 million.

The actual return on plan assets amounted to €677.7 million (previous year: 187.3).

Sensitivity analysis of the defined benefit obligations

Changes in the discount rate, pension increase rate, and the life expectancy affect the income statement and the pension obligations. The sensitivities to changes in assumptions as shown below are determined by changing one assumption as indicated and keeping all other assumptions constant. In reality, multiple assumptions may change at the same time, and the change of one parameter may result in a change of another parameter.

Sensitivity analysis of defined benefit obligations (pension plans)

€m		Group	North America	UK	Germany
31 December 2014					
Defined benefit obligation		**5,143.5**	1,432.0	2,920.1	456.8
Discount rate	increase by 1.0 %	**4,445.0**	1,278.2	2,468.9	395.9
	decrease by 1.0 %	**6,015.7**	1,604.5	3,501.5	533.9
Pension increase rate	increase by 0.25 %	**5,246.7**	1,432.0	3,006.0	469.6
	decrease by 0.25 %	**5,044.9**	1,432.0	2,837.5	444.6
Life expectancy	increase by 1 year	**5,339.5**	1,483.2	3,036.6	478.0
	decrease by 1 year	**4,950.1**	1,382.8	2,803.8	435.3
31 December 2013					
Defined benefit obligation		**4,347.5**	1,174.3	2,418.3	370.6
Discount rate	increase by 1.0 %	**3,791.2**	1,052.1	2,066.1	327.5
	decrease by 1.0 %	**5,033.4**	1,310.9	2,866.2	424.8
Pension increase rate	increase by 0.25 %	**4,407.4**	1,174.3	2,468.5	380.0
	decrease by 0.25 %	**4,275.3**	1,174.3	2,367.6	361.6
Life expectancy	increase by 1 year	**4,509.5**	1,228.6	2,508.3	386.5
	decrease by 1 year	**4,177.8**	1,126.4	2,327.1	354.5

Development of the pension obligations and the plan assets

The following table shows the development of the pension obligations and the plan assets.

Development of pension obligations and plan assets	Pension plans		Plans for health care costs		Total	
€m	2013	2014	2013	2014	2013	2014
Defined benefit obligation at 1 January	4,590.1	**4,347.5**	241.1	**174.4**	4,831.2	**4,521.9**
Change in scope of consolidation	8.1	**-1.5**		**0.2**	8.1	**-1.3**
Current service cost	37.0	**35.7**	2.1	**1.6**	39.1	**37.3**
Interest cost	185.7	**196.2**	8.1	**8.3**	193.8	**204.5**
Employee contributions	2.1	**1.9**			2.1	**1.9**
Actuarial gains / losses	-95.8	**610.3**	-26.6	**25.9**	-122.4	**636.2**
Benefits paid by the company	-43.2	**-42.5**	-15.2	**-14.2**	-58.4	**-56.7**
Benefits paid by the fund	-195.9	**-205.8**			-195.9	**-205.8**
Taxes and premiums paid	-1.6	**-1.4**			-1.6	**-1.4**
Past service cost	1.1	**1.7**	-27.4	**-6.7**	-26.3	**-5.0**
Plan settlements	-2.5	**-125.1**			-2.5	**-125.1**
Disposal groups	-0.1	**-5.1**			-0.1	**-5.1**
Exchange rate changes	-137.5	**331.6**	-7.7	**20.3**	-145.2	**351.9**
Defined benefit obligation at 31 December	4,347.5	**5,143.5**	174.4	**209.8**	4,521.9	**5,353.3**
Funded obligation	3,784.2	**4,479.6**			3,784.2	**4,479.6**
Unfunded obligation	563.3	**663.9**	174.4	**209.8**	737.7	**873.7**
Fair value of plan assets at 1 January	3,821.9	**3,758.0**			3,821.9	**3,758.0**
Change in scope of consolidation		**0.5**				**0.5**
Interest income	158.0	**174.8**			158.0	**174.8**
Return on plan assets (excluding interest income)	33.0	**507.8**			33.0	**507.8**
Administrative expenses (not investment related) paid by the plan	-3.7	**-5.0**			-3.7	**-5.0**
Employer contributions	57.9	**72.3**			57.9	**72.3**
Employee contributions	2.1	**1.9**			2.1	**1.9**
Benefits, taxes and premiums paid	-195.9	**-205.8**			-195.9	**-205.8**
Plan settlements	-2.5	**-117.9**			-2.5	**-117.9**
Disposal groups		**-0.1**				**-0.1**
Exchange rate changes	-112.8	**320.1**			-112.8	**320.1**
Fair value of plan assets at 31 December	3,758.0	**4,506.6**			3,758.0	**4,506.6**

HeidelbergCement paid €56.7 million (previous year: 58.4) directly to the pension recipients and €72.3 million (previous year: 57.9) as employer contributions to the funds. In 2015, HeidelbergCement expects to make pension payments of €62.4 million and employer contributions to the funds of €68.7 million.

The following table shows the expected benefits paid directly by HeidelbergCement or from the plan assets in the next ten years.

Expected benefit payments	Pension plans and plans for health care costs			thereof pension plans		
€m	Pension plans	Plans for health care costs	**Group**	North America	UK	Germany
31 December 2014						
in the following year	268.3	16.4	**284.7**	93.2	123.6	21.3
in the current year +2	264.2	15.7	**279.9**	93.4	127.2	21.4
in the current year +3	267.4	15.3	**282.7**	93.8	130.9	21.2
in the current year +4	271.9	14.9	**286.8**	93.9	134.8	21.1
in the current year +5	280.7	14.5	**295.2**	93.8	138.7	21.0
aggregated in the current year +6 through current year +10	1,432.4	65.5	**1,497.9**	459.9	757.3	106.9
Duration (in years)	15.7			12.0	18.3	15.4
31 December 2013						
in the following year	249.7	16.0	**265.7**	88.3	108.9	21.2
in the current year +2	253.4	15.8	**269.2**	89.9	112.1	21.1
in the current year +3	254.2	15.6	**269.8**	90.6	115.5	20.8
in the current year +4	262.9	15.3	**278.2**	91.1	118.9	20.6
in the current year +5	260.5	14.8	**275.3**	91.3	122.5	21.0
aggregated in the current year +6 through current year +10	1,347.1	66.0	**1,413.1**	451.2	669.6	103.7
Duration (in years)	14.7			11.6	17.0	13.2

Breakdown of the plan assets

The plan assets originate primarily from North America with 26 % (previous year: 27 %) and the United Kingdom with 71 % (previous year: 68 %). The plan assets can be divided into the following categories:

Breakdown of the plan assets

€m	Group	North America	UK	Germany
31 December 2014				
Cash and cash equivalents	**153.2**	45.4	99.1	
Equity instruments	**1,133.3**	293.7	787.4	
Interest rate swaps	**169.6**		169.6	
Other derivatives	**62.5**	62.3	0.2	
Hedge funds	**1.5**			
Nominal government bonds	**543.7**	287.5	227.2	
Nominal corporate bonds	**804.9**	439.7	345.1	
Index linked bonds	**1,020.3**	7.5	1,012.9	
Real estate	**174.2**		166.2	
Insurance policies	**136.9**		119.9	
Other	**306.5**	39.5	241.2	11.6
Total	**4,506.6**	1,175.6	3,168.8	11.6
31 December 2013				
Cash and cash equivalents	**398.5**	17.0	370.3	
Equity instruments	**970.8**	229.5	672.9	
Interest rate swaps	**39.6**		39.6	
Hedge funds	**1.3**			
Nominal government bonds	**397.2**	216.1	119.2	
Nominal corporate bonds	**701.1**	474.0	207.6	
Index linked bonds	**690.7**		690.7	
Real estate	**168.8**		157.0	
Insurance policies	**124.6**		102.0	
Other	**265.4**	57.8	184.5	9.9
Total	**3,758.0**	994.4	2,543.8	9.9

The investments in equity instruments can be further divided up as follows:

Division of equity instruments

in %	2014
North America	**55 %**
UK	**8 %**
Europe	**15 %**
Emerging Markets	**6 %**
Other	**16 %**

Certain non-monetary assets are based on appraisals that are not completed until the consolidated financial statements have been adopted by the Managing Board. In those cases, the most recent appraisal values are rolled forward with observed trends in the relevant markets to determine the best estimates at year end. The majority of the Group assets are based directly on quoted market prices for the invested assets or, in the case where investment funds are used, indirectly based on the quoted value of the underlying investments. Exceptions are that in the United Kingdom and Germany, a portion of the assets needs to be estimated as at the end of the year, as detailed asset information is not available or is not available in time until adoption of the consolidated financial statements by the Managing Board (about €113.9 million). In the United Kingdom, these asset values are estimated based on the most current information available. For the German deferred compensation plan, assets are assumed to be equal to the defined benefit obligation, as the benefits are fully funded.

The plan assets do not include any significant own financial instruments, property occupied by, or other assets used by HeidelbergCement.

Multi-employer plans

HeidelbergCement participates in multi-employer pension plans (MEPP), predominantly in the USA, which award some unionised employees fixed benefits after their retirement. These multi-employer pension plans are accounted for as defined contribution plans, as it is not possible to isolate the individual company liability and asset allocations for these plans. The contributions are determined on the basis of collective bargaining. Contributions of €11.8 million (previous year: 12.8) were paid in 2014. The funding status of these pension plans could be affected by adverse developments in the capital markets due to demographic changes and increases in pension benefits. If one of the participating companies no longer pays contributions into the multi-employer pension plan, all other parties concerned will be held liable for the obligations that have not been covered. Contributions of €12.4 million are expected in 2015. The withdrawal liability of these plans as at 31 December 2014 amounts to €124.4 million (previous year: 108.2). HeidelbergCement has provisions of €50.8 million (previous year: 9.6) for these liabilities, which are shown under miscellaneous other provisions.

45 Other provisions

The following table explains the development of other provisions.

Provisions

€m	Provisions for damages and environmental obligations	Other environmental provisions	Miscellaneous other provisions	Total
1 January 2014	460.0	319.9	356.9	**1,136.8**
Adjustment	63.5	20.7	11.3	**95.5**
Reclassification		-17.7	30.2	**12.5**
Utilisation	-30.6	-35.2	-61.7	**-127.5**
Reduction	-40.3	-14.3	-31.7	**-86.3**
Addition	79.3	72.8	97.5	**249.6**
31 December 2014	531.9	346.2	402.5	**1,280.6**

The adjustment line includes changes in the scope of consolidation and adjustments from currency translation. The reclassification line shows other reclassifications. The reduction line includes the release of unused provisions amounting to €46.1 million, the offsetting of obligations against the corresponding claims for reimbursement, and the offsetting of obligations in kind against other assets totalling €40.2 million.

The maturities of the provisions can be broken down as follows:

Maturities

€m	Provisions for damages and environmental obligations	Other environmental provisions	Miscellaneous other provisions	**Total**
Maturity ≤ 1 year	78.2	40.0	74.1	**192.3**
Maturity > 1 year ≤ 5 years	348.4	112.9	293.1	**754.4**
Maturity > 5 years	105.3	193.3	35.3	**333.9**
	531.9	346.2	402.5	**1,280.6**

Provisions for damages and environmental obligations

Provisions for damages and environmental obligations result from discontinued operations that were transferred to the HeidelbergCement Group as part of the takeover of the Hanson Group in 2007. The obligations are therefore not linked to the continuing operations of the HeidelbergCement Group.

The provisions for damages concern legal proceedings before US courts. The claims relate to health problems allegedly caused by the sale of products containing asbestos. The environmental liability claims pertain to remediation obligations in connection with the sale of chemical products by a former Hanson participation. The provisions to be formed are measured at the present value of the expected expenses, using reliable estimates of the development of costs.

The provisions are offset by claims for reimbursement against environmental and third-party liability insurers amounting to €349.5 million (previous year: 324.1), of which €276.4 million (previous year: 260.1) is recorded under other non-current operating receivables and €73.1 million (previous year: 64.0) under other current operating receivables.

Other environmental provisions

The other environmental provisions include recultivation, environmental, and asset retirement obligations.

Recultivation obligations relate to legal and constructive obligations to backfill and restore raw material quarrying sites. The provisions recognised for these obligations are measured in accordance with the extraction progress on the basis of the best cost estimate for fulfilling the obligation. As at the reporting date, these provisions amounted to €224.9 million (previous year: 201.0).

Provisions for environmental obligations are recognised on the basis of contractual or official regulations and essentially include expenses connected with the cleaning up of contaminated areas and the remediation of extraction damages. The provisions are measured at the present value of the expected expenses. These provisions amount to a total of €53.3 million (previous year: 57.7).

The provisions for asset retirement obligations pertain to obligations arising in connection with the removal of installations (e.g. conveying systems at rented locations), so that a location can be restored to its contractually agreed or legally defined state after the end of its useful life. As at the reporting date, provisions for asset retirement obligations of €68.0 million (previous year: 61.2) had been recognised.

Miscellaneous other provisions

Miscellaneous other provisions particularly exist for restructuring obligations, other litigation risks, compensation obligations, and obligations to personnel.

The provisions for restructuring obligations concern expenses for various optimisation programmes, such as the closure of plants or relocation of activities. Provisions of €36.3 million (previous year: 46.9) had been recognised for this purpose as at the reporting date.

Because of pending legal action against the Group, provisions for litigation risks, including those relating to pending antitrust proceedings, amounted to €70.7 million (previous year: 82.8) and were recognised in the balance sheet. These obligations are assessed as most likely, provided that other estimates do not lead to a fairer evaluation as a result of specific probability distributions.

Provisions for compensation obligations relate to the Group's obligations arising from occupational accidents. As at the reporting date, provisions of €84.1 million (previous year: 70.2) had been formed for this purpose.

Obligations to personnel include the provision for the long-term bonus plan (management and capital market component) of €42.9 million (previous year: 16.0), as well as provisions for multi-employer plans amounting to €50.8 million (previous year: 9.6).

Further provisions were additionally recognised for a variety of minor issues.

Impact of interest rate effects

Provisions are measured at their present value, which is determined using a pre-tax interest rate. To this effect, HeidelbergCement uses the risk-free interest rate of government bonds from the respective countries, taking into account the relevant term. The risks specific to the liability are taken into account in the estimate of future cash outflows.

Interest rate effects of €14.0 million for provisions for damages and environmental obligations are included in the expenses from discontinued operations. Changes in the interest rate of €23.5 million and compounding of €12.0 million led to an increase in miscellaneous other provisions.

46 Liabilities

The following table shows the composition of the interest-bearing liabilities.

Interest-bearing liabilities

€m	2013	2014
Bonds payable	7,403.2	**7,035.5**
Bank loans	588.9	**553.0**
Other interest-bearing liabilities		
Miscellaneous interest-bearing liabilities	656.5	**551.7**
Liabilities from finance lease	9.8	**11.5**
Derivative financial instruments	26.1	**42.4**
Non-controlling interests with put options	44.5	**27.7**
	8,729.0	**8,221.8**

Further information on interest-bearing liabilities can be found in the Group financial management section of the Management Report on page 81 f. Explanations on the derivative financial instruments are provided on page 245 f.

The following table provides an overview of the maturities of the interest-bearing liabilities.

Maturities of interest-bearing liabilities

€m	< 1 year	1 – 5 years	> 5 years	Total
31 December 2014				
Bonds payable	1,434.3	4,022.9	1,578.3	**7,035.5**
Bank loans	285.5	265.6	1.9	**553.0**
Miscellaneous interest-bearing liabilities	541.6	2.8	7.3	**551.7**
Liabilities from finance lease	3.3	8.2		**11.5**
Derivative financial instruments	34.2	8.2		**42.4**
Non-controlling interests with put options	22.3	5.4		**27.7**
	2,321.2	4,313.1	1,587.5	**8,221.8**
31 December 2013				
Bonds payable	1,140.4	4,254.4	2,008.4	**7,403.2**
Bank loans	404.4	184.5		**588.9**
Miscellaneous interest-bearing liabilities	622.0	34.5		**656.5**
Liabilities from finance lease	4.3	4.7	0.8	**9.8**
Derivative financial instruments	14.8	-4.2	15.5	**26.1**
Non-controlling interests with put options	44.5			**44.5**
	2,230.4	4,473.9	2,024.7	**8,729.0**

The following table shows the reconciliation of the total future minimum lease payments with their present value for finance lease liabilities.

Minimum lease payments for finance leases

€m	< 1 year	1 – 5 years	> 5 years	Total
31 December 2014				
Present value of future minimum lease payments	3.3	8.2		**11.5**
Interest of future minimum lease payments	0.7	1.0		**1.7**
Future minimum lease payments	4.0	9.2		**13.2**
31 December 2013				
Present value of future minimum lease payments	4.3	4.7	0.8	**9.8**
Interest of future minimum lease payments	0.7	1.5		**2.2**
Future minimum lease payments	5.0	6.2	0.8	**12.0**

Additional disclosures on financial instruments

The following table assigns the individual balance sheet items for the financial instruments to classes and measurement categories of IAS 39. 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
31 December 2014							
Assets							
Financial investments – available for sale at cost	AfS		66.2			**66.2**	
Loans and other interest-bearing receivables	LaR	212.9				**212.9**	**218.3**
Trade receivables and other operating receivables	LaR	1,617.7				**1,617.7**	**1,617.7**
Cash and cash equivalents	LaR	1,228.1				**1,228.1**	**1,228.1**
Derivatives – hedge accounting	Hedge				4.2	**4.2**	**4.2**
Derivatives – held for trading	HfT			64.4		**64.4**	**64.4**
Liabilities							
Bonds payable, bank loans, and miscellaneous financial liabilities	FLAC	8,140.2				**8,140.2**	**9,086.8**
Trade payables, liabilities relating to personnel, and miscellaneous operating liabilities	FLAC	2,248.2				**2,248.2**	**2,248.2**
Liabilities from finance lease	FLAC	11.5				**11.5**	**11.5**
Derivatives – hedge accounting	Hedge				3.3	**3.3**	**3.3**
Derivatives – held for trading	HfT			39.1		**39.1**	**39.1**
Non-controlling interests with put options	FLAC	27.7				**27.7**	**27.7**
31 December 2013							
Assets							
Financial investments – available for sale at cost	AfS		56.8			**56.8**	
Loans and other interest-bearing receivables	LaR	240.4				**240.4**	**245.6**
Trade receivables and other operating receivables	LaR	1,650.7				**1,650.7**	**1,650.7**
Cash and cash equivalents	LaR	1,350.9				**1,350.9**	**1,350.9**
Derivatives – hedge accounting	Hedge				10.9	**10.9**	**10.9**
Derivatives – held for trading	HfT			51.1		**51.1**	**51.1**
Liabilities							
Bonds payable, bank loans, and miscellaneous financial liabilities	FLAC	8,648.6				**8,648.6**	**9,609.2**
Trade payables, liabilities relating to personnel, and miscellaneous operating liabilities	FLAC	2,117.7				**2,117.7**	**2,117.7**
Liabilities from finance lease	FLAC	9.8				**9.8**	**9.8**
Derivatives – hedge accounting	Hedge				13.9	**13.9**	**13.9**
Derivatives – held for trading	HfT			12.2		**12.2**	**12.2**
Non-controlling interests with put options	FLAC	44.5				**44.5**	**44.5**

1) AfS: Available for sale, LaR: Loans and receivables, Hedge: Hedge accounting, HfT: Held for trading, FLAC: Financial liabilities at amortised cost

Financial investments available for sale at cost are equity investments measured at cost, for which no listed price on an active market exists and whose fair value cannot be reliably determined. Therefore, no fair value is indicated for these instruments. Derivative financial instruments, both those designated as hedges and those held for trading, are measured at fair value. In these items, the fair value always corresponds to the carrying amount.

The fair values of the non-current loans, other non-current operating receivables, bank loans, finance lease liabilities, and other non-current interest-bearing and operating liabilities correspond to the present values of the future payments, taking into account the current interest parameters.

The fair values of the listed bonds correspond to the nominal values multiplied by the price quotations on the reporting date. For the financial instruments with short-term maturities, the carrying amounts on the reporting date represent appropriate estimates of the fair values.

The derivatives contracted by HeidelbergCement are sometimes subject to legally enforceable netting agreements (ISDA Agreement or German Master Agreement for Financial Derivatives), which, however, do not permit netting of receivables and liabilities in the balance sheet in accordance with IAS 32.42. The right to offset only exists in the case of delayed payment or if a contracting party becomes insolvent. The disclosure in the balance sheet is therefore shown on a gross basis. As at the reporting date, derivatives with a positive carrying amount of €68.6 million (previous year: 62.0) and corresponding derivatives with a negative carrying amount of €-42.4 million (previous year: -26.1) were subject to netting agreements. Taking these agreements into consideration, a calculated netting amount of €10.4 million (previous year: 5.3) would result at the reporting date. Accordingly, the derivatives would have positive net carrying amounts of €58.2 million (previous year: 56.7) and negative net carrying amounts of €-32.0 million (previous year: -20.8). Other contractual arrangements for netting financial assets and liabilities do not exist.

In the HeidelbergCement Group, only derivatives that are determined on the basis of input factors that can be observed directly or indirectly are accounted for at fair value. Derivatives are assigned to the fair value hierarchy level 2.

The following table shows the fair value hierarchy for the assets and liabilities, which are not measured at fair value in the balance sheet, but whose fair value is reported.

Fair value hierarchy	31 December 2013			31 December 2014		
€m	Level 1	Level 2	Level 3	**Level 1**	**Level 2**	**Level 3**
Assets						
Loans and other interest-bearing receivables		245.6			**218.3**	
Trade receivables and other operating receivables		1,650.7			**1,617.7**	
Cash and cash equivalents	1,350.9			**1,228.1**		
Liabilities						
Bonds payable, bank loans, and miscellaneous financial liabilities	7,179.0	2,430.2		**7,819.5**	**1,267.3**	
Trade payables, liabilities relating to personnel, and miscellaneous operating liabilities		2,117.7			**2,248.2**	
Liabilities from finance lease		9.8			**11.5**	
Non-controlling interests with put options		23.5	21.0			**27.7**

In level 1, the fair value is calculated using prices quoted on an active market (unadjusted) for identical assets or liabilities to which HeidelbergCement has access on the reporting date. For level 2, the fair value is determined using a discounted cash flow model on the basis of input data that does not involve quoted prices classified in level 1, and which is directly or indirectly observable.

Non-controlling interests with put options in level 3 are reported as liabilities and relate to put options held by non-controlling interests. The discounted cash flow method was used for the fair value calculation. In this respect, the cash flows from the companies' underlying plans were discounted with a risk-adjusted discount rate (WACC).

The assessment as to whether financial assets and liabilities, which are accounted for at fair value, are to be transferred between the levels of the fair value hierarchy will take place at the end of each reporting period. No reclassifications were carried out in the period under review.

The following table shows the net result from the financial instruments by measurement category.

Net gains or losses

€m	2013	2014
Loans and receivables	-224.7	**-214.7**
Financial investments – available for sale	0.0	**-0.6**
Financial instruments – held for trading	293.5	**195.6**
Financial liabilities at amortised cost	-106.4	**-76.1**
	-37.6	**-95.8**

The net result from loans and receivables includes impairment losses as well as reversals of impairment losses of €-11.9 million (previous year: -29.5) and currency effects of €-202.7 million (previous year: -195.2). The net result of financial investments available for sale includes valuation allowances amounting to €-0.6 million (previous year: -0.9) and gains from the disposal of shares of €0.0 million (previous year: 0.9). The net result from the subsequent measurement of the financial instruments held for trading includes currency and interest effects. In interest-bearing liabilities carried at amortised costs, the net result includes effects from currency translation of €-76.1 million (previous year: -106.4).

The following table shows the total interest income and expenses for the financial instruments not measured at fair value in profit or loss.

Total interest income and expense

€m	2013	2014
Total interest income	77.8	**93.0**
Total interest expense	-559.2	**-565.1**
	-481.4	**-472.1**

The impairment losses of financial assets by class is depicted in the following table.

Impairment losses		
€m	2013	2014
Financial investments - available for sale at cost	-0.9	**-0.6**
Loans and other interest-bearing receivables	-0.3	**-1.4**
Trade receivables and other operating receivables	-29.2	**-21.8**
	-30.4	**-23.8**

Derivative financial instruments

The following table shows the nominal values and fair values of the derivative financial instruments.

Derivative financial instruments	31 December 2013		31 December 2014	
€m	Nominal value	Fair value	Nominal value	Fair value
Assets				
Cash flow hedges				
Currency swaps [1]				**1.3**
Fair value hedges				
Interest rate swaps [2]	1,845.6	10.9	**619.9**	**2.9**
Derivatives held for trading				
Currency forwards [3]	1.3	0.0	**0.7**	**0.0**
Foreign exchange swaps	2,607.0	15.6	**2,221.2**	**34.0**
Cross-currency interest rate swaps [4]	112.3	35.5	**124.7**	**30.4**
	4,566.2	62.0	**2,966.5**	**68.6**
Liabilities				
Cash flow hedges				
Currency forwards			**1.4**	**0.1**
Currency swaps [1]	122.2	4.3	**124.7**	**1.9**
Commodities	3.7	0.5	**3.4**	**0.3**
Fair value hedges				
Interest rate swaps [2]	500.0	9.1		**1.0**
Derivatives held for trading				
Currency forwards [3]	3.3	0.0	**0.7**	**0.0**
Foreign exchange swaps	1,371.8	4.4	**953.0**	**23.3**
Cross-currency interest rate swaps [4]	43.8	7.5	**43.8**	**15.6**
Commodities	2.6	0.3	**2.0**	**0.2**
	2,047.4	26.1	**1,129.0**	**42.4**

1) The nominal values of €124.7 million (previous year: 122.2) relate to currency swaps with negative fair values of €-0.6 million (previous year: -4.3), which were designated as hedging instruments in a cash flow hedge. The fair values were shown on both the assets and liabilities sides because of the separation into long-term and short-term components of the currency swaps.

2) The nominal values of €619.9 million (previous year: 1,845.6) relate to interest rate swaps with positive fair values of €1.9 million (previous year: 5.7), which were designated as hedging instruments in a fair value hedge. The fair values are shown on the asset side in the amount of €2.9 million (previous year: 10.9) and on the liability side in the amount of €-1.0 million (previous year: -5.2) because of separation into long-term and short-term components of the interest rate swaps. The nominal value of €500 million in the previous year refers to interest rate swaps with negative fair values of €-3.9 million.

3) Fair values specified with €0.0 amount to less than €50,000.

4) Nominal values of €124.7 million (previous year: 112.3) relate to cross-currency interest rate swaps with positive fair values of €25.5 million (previous year: 28.2), which are shown on the asset side in the amount of €30.4 million (previous year: 32.5) and on the liability side in the amount of €-4.9 million (previous year: -4.3) because of separation into long-term and short-term components of the swaps. The nominal values of €43.8 million (previous year: 43.8) refer to cross-currency interest rate swaps with negative fair values of €-10.7 million (previous year: -0.2).

Cash flow hedges

The currency swap open at the reporting date with a negative fair value of €-0.6 million (previous year: -4.3) hedges the currency risk of the fixed interest-bearing CHF 150 million bond that matures in 2017. During the reporting period, €3.7 million (previous year: -1.5) was recognised directly in equity through other comprehensive income and €-2.5 million (previous year: 2.0) was released to profit or loss. The accrued interest of €-0.3 million (previous year: -0.3) included in the fair value was recognised in profit or loss in the interest result.

The energy derivatives of €-0.3 million (previous year: -0.5) open at the reporting date hedge future electricity prices and mature in the course of 2015. In the reporting year, valuation effects of €0.1 million (previous year: 0.1) were recognised directly in equity through other comprehensive income. The release of electricity derivatives caused effects of €0.1 million (previous year: 0.1) to be reclassified from equity to profit or loss.

The contractually set future payments in foreign currency resulting from a long-term investment project are hedged by appropriate cash in foreign currencies. During the reporting period, currency effects of €-2.8 million (previous year: 19.8) were recognised directly in equity through other comprehensive income. In the context of the payment of instalments during the reporting period, €-7.4 million (previous year: -0.2) of the amount recognised in the other comprehensive income was reclassified directly from other comprehensive income to assets under construction.

The currency forwards open at the reporting date hedge the currency risks of a long-term investment project in US dollars. These forward contracts with a fair value of €0.1 million will mature in the course of 2016. During the reporting period, €0.1 million was recognised directly in equity through other comprehensive income.

There is no significant ineffectiveness in the cash flow hedges.

Fair value hedges

The interest rate swaps open at the reporting date with a fair value of €1.9 million (previous year: 2.0) hedge the interest rate risks of fixed interest-bearing loans. The change in fair value adjusted for accrued interest of €-0.3 million (previous year: 1.1) was recognised in profit or loss through the hedging result. A corresponding fair value adjustment of €0.5 million (previous year: -1.1) was made for the loans, which was also shown in the hedging result. The accrued interest of €1.1 million (previous year: 0.8) included in the fair value was recognised in profit or loss in the interest result. Interest rate swaps with a fair value of €0.0 million (previous year: 1.3) matured at the same time as the fixed interest-bearing loan in October 2014. The change in fair value without accrued interest of €-1.0 million (previous year: 1.1) and the change in fair value of the loan of €0.5 million (previous year: -0.5) were recognised in the hedging result. The previous year's accrued interest of €0.2 million included in the fair value of the interest rate swap was recognised in profit or loss in the interest result.

Furthermore, the interest rate swaps designated as fair value hedges were disposed of in September 2014 and the hedging relationship released. The fair value in the previous year amounted to €-1.5 million. The increase in the fair value excluding accrued interest to €61.5 million (previous year: -3.7) in the 2014 reporting period was recognised in profit or loss in the hedging result. Accordingly, the change in the fair value of the loan underlying the hedged risk amounting to €-67.8 million (previous year: 4.5) was also shown in the hedging result. The fair value adjustment of the loan is amortised over the remaining term of the loan in the interest result. The accrued interest of €12.7 million (previous year: 2.2) included in the fair value of the interest rate swaps was recognised in profit or loss in the interest income/expenses.

Risks from financial instruments

As regards its assets, liabilities, firm commitments, and planned transactions, HeidelbergCement is particularly exposed to risks arising from changes in foreign exchange rates, interest rates, and market and stock market prices. These market price risks might have a negative impact on the financial position and performance of the Group. The Group manages these risks primarily as part of its ongoing business and financing activities and, when required, by using derivative financial instruments. The main aspects of the financial policy are determined by the Managing Board.

The Group Treasury department is responsible for the implementation of the financial policy and ongoing risk management. The Group Treasury department acts on the basis of existing guidelines, which bindingly determine the decision criteria, competences, responsibilities, and processes for managing the financial risks. Certain transactions also require the prior approval of the Managing Board. The Group Treasury department informs the Managing Board on an ongoing basis about the amount and scope of the current risk exposure and current market developments on the global financial markets. The Group Internal Audit department monitors the observance of the guidelines mentioned above and the corresponding legal framework by means of targeted auditing.

Credit risk

HeidelbergCement is exposed to credit risk through its operating activities and certain financial transactions. The credit risk stands for the chance that a contracting party unexpectedly does not fulfil, or only partially fulfils, the obligations agreed when signing a financial instruments contract. The Group limits its credit risk by only concluding contracts for financial assets and derivative financial instruments with partners that have a first-class credit rating.

Credit rating

The rating agencies Moody's and Fitch Ratings assess the creditworthiness of HeidelbergCement as Ba1/Not Prime (Outlook Stable) and BB+/B (Outlook Stable) as at the end of 2014. Any potential downgrading of the ratings awarded by the rating agencies could have a negative impact on HeidelbergCement's cost of capital and refinancing options.

Cash and cash equivalents

This item essentially comprises cash. The Group is exposed to losses arising from credit risk in connection with the investment of cash and cash equivalents if contracting parties do not fulfil their obligations. HeidelbergCement manages the resulting risk position by diversification of contracting parties. Cash and cash equivalents are invested in selected companies, banks, and financial institutions following a thorough credit analysis. At present, no cash or cash equivalents are overdue or impaired as a result of defaults. The maximum credit risk of cash and cash equivalents corresponds to the carrying amount.

Trade receivables

Trade receivables result mainly from the sale of cement, concrete, and aggregates. In operating activities, the outstanding debts are monitored on an ongoing basis. Default risks are taken into account by means of specific valuation allowances and collective specific valuation allowances. The maximum risk position from trade receivables corresponds to the carrying amount.

Other receivables and assets

The credit risk position from other receivables and assets corresponds to the carrying amount of these instruments. HeidelbergCement regards this credit risk as insignificant.

Derivative financial instruments

Derivative financial instruments are generally used to reduce risks. In the course of its business activity, HeidelbergCement is exposed to interest rate, currency, and energy price risks. For accounting purposes, a significant portion of the derivatives are not accounted for as hedges in accordance with IAS 39, but as instruments in the held-for-trading category. However, from a commercial perspective, the changes in the fair values of these instruments represent an economically effective hedge within the context of the Group strategy. The maximum credit risk of this item corresponds to the fair value of the derivative financial instruments that have a positive fair value and are shown as financial assets at the reference date. Interest rate swaps and cross-currency interest rate swaps were contracted to hedge the fair value risk and were designated as hedging instruments in accordance with IAS 39. In order to reduce default risks, the hedging transactions are generally concluded only with leading financial institutions that have a first-class credit rating.

The contracting parties enjoy very good credit ratings, awarded by external rating agencies such as Moody's or Fitch Ratings. There are currently no past-due derivative financial instruments in the portfolio.

Liquidity risk

The liquidity risk describes the risk of a company not being able to fulfil its financial obligations to a sufficient degree. To manage HeidelbergCement's liquidity, the Group maintains sufficient cash and cash equivalents as well as extensive credit lines with banks, besides the cash inflow from operating activities. The operating liquidity management includes a daily reconciliation of cash and cash equivalents. The Group Treasury department, based in Heidelberg, acts as an in-house bank. This allows liquidity surpluses and requirements to be managed in accordance with the needs of the entire Group and of individual Group companies.

As at the end of the year, HeidelbergCement still has as yet undrawn, confirmed credit lines of €2.7 billion available in order to secure liquidity, in addition to available cash. An open-ended framework agreement for the issue of short-term bearer bonds (commercial papers) of €1.5 billion is available to cover short-term liquidity peaks. Within the context of the programme, individual tranches with different terms will be issued at different times depending on the market situation. As at the end of 2014, commercial papers totalling €433.9 million were outstanding. Further information on liquidity risks can be found in the Management Report, Risk and opportunity report chapter on page 123 f.

As the financial contracts of HeidelbergCement do not contain any clauses that trigger a repayment obligation in the event of the credit rating being downgraded, the maturity structure will remain unaffected even if the credit assessments change. Margin calls that could lead to an outflow of liquidity are not agreed in any of the main financial instruments. All derivative financial instruments are contracted on the basis of existing framework agreements that contain netting agreements for the purpose of reducing credit and liquidity risks.

The following maturity overview shows how the cash flows of the liabilities as at 31 December 2014 affect the Group's liquidity position. The overview describes the progress of:
- Undiscounted repayments and interest payments for bonds payable
- Undiscounted liabilities and interest payments to banks
- Undiscounted other liabilities
- Undiscounted contractually agreed payments for derivative financial instruments, as a total for the year

The trade payables are assigned to short-term maturities (within a year). For variable interest payments, the current interest rate is taken as a basis. Payments in foreign currency are translated using the exchange rate at year end.

Cash flows of interest-bearing liabilities and derivative financial instruments

€m	Carrying amount 31 Dec. 2014	Cash flows 2015	Cash flows 2016	Cash flows 2017	Cash flows 2018	Cash flows 2019 - 2023
Bonds payable	**7,035.5**	1,735.6	1,263.4	1,384.2	1,190.5	2,756.4
Bank loans	**553.0**	311.2	202.4	17.1	26.2	118.9
Miscellaneous interest-bearing liabilities	**551.7**	537.8	13.6	0.1	0.9	
Derivatives with positive fair value						
Cash Flow Hedges	**1.3**					
Fair Value Hedges	**2.9**	34.9	34.7			
Derivatives held for trading	**64.4**	2,230.9	61.6	27.6	21.4	
Derivatives with negative fair value						
Cash flow hedges	**2.3**	10.9	11.0	132.5		
Fair Value Hedges	**1.0**					
Derivatives held for trading	**39.1**	959.7	4.5	4.6	4.5	57.5

Cash flows of interest-bearing liabilities and derivative financial instruments

€m	Carrying amount 31 Dec. 2013	Cash flows 2014	Cash flows 2015	Cash flows 2016	Cash flows 2017	Cash flows 2018 - 2024
Bonds payable	**7,403.2**	1,492.3	1,719.7	1,173.1	1,370.3	3,424.4
Bank loans	**588.9**	430.4	48.9	185.5	0.2	9.1
Miscellaneous interest-bearing liabilities	**656.5**	622.8	35.8	1.4	0.1	1.2
Derivatives with positive fair value						
Fair Value Hedges	**10.9**	110.7	37.4	37.2	6.4	18.2
Derivatives held for trading	**51.1**	2,616.3	8.1	55.3	24.8	19.2
Derivatives with negative fair value						
Cash flow hedges	**4.8**	10.9	10.9	11.0	132.5	
Fair Value Hedges	**9.1**	10.6	10.6	10.7	10.7	40.9
Derivatives held for trading	**12.2**	1,379.3	4.1	4.1	4.1	55.7

The inflow of liquidity amounting to €408.3 million (previous year: 700.6) from interest rate and cross-currency interest rate swaps has not been taken into account in the table.

The undiscounted contractual cash flows of the finance lease liabilities are shown in a separate table on page 241.

Interest rate risk

Interest rate risk exists as a result of potential changes in the market interest rate and may lead to a change in fair value in the case of fixed interest-bearing financial instruments and to fluctuations in interest payments in the case of variable interest-bearing financial instruments. The Managing Board and Supervisory Board of HeidelbergCement AG have decided against hedging the variable interest-bearing financial instruments. This strategy is based on the historically strong correlation between increasing profits and rising interest rates. For financial instruments with fixed interest that are measured at amortised cost, interest rate risk has no impact on the result and equity.

The hedging of the bonds issued with interest rate swaps in line with fair value hedge accounting has resulted in effects on results from the adjustment of the carrying amount of the hedged items (bonds – hedged risk) and from the valuation of the interest rate swaps. These effects on profit or loss were taken into account in the sensitivity analysis.

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The average proportion of variable interest-bearing financial instruments is 32.8 % (previous year: 25.7 %). If the market interest rate level had been 100 basis points higher (lower) on 31 December 2014, the interest cost of the HeidelbergCement Group would have risen (fallen) by €29.4 million (previous year: 22.9).

Currency risk

HeidelbergCement's currency risk results from its investing, financing, and operating activities. Risks from foreign currencies are generally hedged, insofar as they affect the Group's cash flow. By contrast, foreign currency risks that do not affect the Group's cash flows (i.e. the risks resulting from the translation of the assets and liabilities of foreign subsidiaries into the Group reporting currency) generally remain unhedged. However, if necessary, HeidelbergCement can also hedge this foreign currency risk. Currency forwards and foreign exchange swaps are used in the elimination of existing currency risks.

Through the in-house banking activities of HeidelbergCement AG, the borrowing and investment of liquidity of the subsidiaries leads to currency positions that are hedged by means of external foreign exchange swap transactions, which are appropriate in terms of maturities and amounts. Consequently, currency fluctuations in connection with the in-house banking activities would have no impact on profit or loss or equity.

The following table shows the hypothetical impact on the financial result before tax, considering the external financial instruments (primarily foreign exchange swap transactions) in isolation and in the event of a 10 % increase or decrease in the value of the euro against the main foreign currencies for the Group, whereby the positive values represent revenue and the negative values an expense in the income statement.

Sensitivity analysis of currency risk	Increase in the value of the euro by 10 %		Decrease in the value of the euro by 10 %	
€m	31 Dec. 2013	**31 Dec. 2014**	31 Dec. 2013	**31 Dec. 2014**
EUR/USD	-78.6	**-86.6**	78.6	**86.6**
EUR/GBP	-75.8	**-72.1**	75.8	**72.1**
EUR/CAD	-65.1	**-18.8**	65.1	**18.8**
EUR/NOK	-33.7	**-32.0**	33.7	**32.0**
EUR/SEK	-2.1	**-6.2**	2.1	**6.2**
EUR/CZK	-1.9	**6.4**	1.9	**-6.4**
EUR/RUB	32.3	**21.4**	-32.3	**-21.4**
EUR/AUD	38.5	**28.3**	-38.5	**-28.3**

Other disclosures

Capital management

The objective of capital management is to ensure sufficient liquidity for the Group at all times. Therefore, the Group makes use of external and internal financing opportunities (see Management Report, Group financial management chapter on page 81 f.).

The net debt as well as the dynamic gearing ratio, which corresponds to the ratio of net debt to operating income before depreciation (OIBD), are of fundamental importance to the monitoring of the Group's capital.

Net debt / OIBD

€m	31 Dec. 2013	31 Dec. 2014
Cash and derivative financial instruments	1,377.4	**1,265.0**
Interest-bearing liabilities	8,729.1	**8,221.8**
Non-controlling interests with put options	-44.5	**-27.7**
Net debt	7,307.1	**6,929.1**
Operating income before depreciation (OIBD)	2,223.8	**2,288.0**
Net debt / OIBD	3.29	**3.03**

In connection with credit agreements, we agreed to comply with various financial covenants, which were all met in the reporting period. The most important key financial ratios are the ratio of net debt to EBITDA and the interest coverage ratio. The EBITDA key figure is derived from the credit agreements and therefore differs from the operating income before depreciation (OIBD) key figure as it takes elements of the additional ordinary result and adjustments from changes in the scope of consolidation into consideration. Further explanations are given in the Management Report on page 83.

Within the context of the Group planning, compliance with the credit agreements is monitored consistently, with notifications issued to the creditors on a quarterly basis. In the event of a breach of the covenants, the creditors could, under certain conditions, accelerate corresponding loans irrespective of the contractually agreed terms.

Contingent liabilities

As at the reporting date, contingent liabilities amounted to €61.3 million (previous year: 52.0), which are essentially related to tax-related 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 might not yet be determined at the time that tax refund claims and liabilities are calculated. The calculation of tax items is based on the regulations most likely to be applied in each case. Nevertheless, the fiscal authorities may be of a deviating opinion, which may give rise to additional tax liabilities.

Other financial commitments

The following table shows the other financial commitments of the HeidelbergCement Group.

Other financial commitments

€m	2013	2014
Future minimum lease payments under non-cancellable operating leases [1]		
Due within one year	120.9	**140.3**
Due between one and five years	248.3	**298.0**
Due after five years	279.5	**303.6**
	648.7	**741.9**
Other financial commitments for planned investments in property, plant and equipment and financial assets	310.4	**324.0**

1) Prior year's figures were adjusted by € -188.8 million in total.

Other financial commitments are listed with their nominal values. The future leasing obligations refer primarily to property and other assets used by HeidelbergCement.

Related parties disclosures
IAS 24 requires a statement concerning the most important relationships with related companies and persons that may exert a considerable influence on HeidelbergCement AG; the former are accounted for as joint ventures or associates, the latter hold key positions as members of the management.

As at 31 December 2014, Mr Ludwig Merckle, Ulm, directly and indirectly holds a 25.34 % share in HeidelbergCement AG. HeidelbergCement AG provided services with a net amount of €129,800 (previous year: 83,900) to PHOENIX Pharmahandel GmbH & Co KG, Mannheim, a company of the Merckle Group.

Revenue and other sales with joint ventures amounted to €51.8 million (previous year: 36.6). Raw materials, goods, and other services with a value of €207.6 million (previous year: 202.6) were procured from these joint ventures. A total of €4.2 million (previous year: 4.3) was generated in financial and other services. Receivables of €155.2 million (previous year: 95.8) and liabilities of €99.0 million (previous year: 51.7) exist in connection with these activities and financial transactions. In addition, capital increases of €0.8 million (previous year: 5.1) were carried out for joint ventures. Repayment of capital from joint ventures amounted to €1.3 million (previous year: 0). In the 2014 financial year, guarantees of €0.9 million (previous year: 0) were outstanding to joint ventures.

Business transactions with associates include revenue and other sales amounting to €17.9 million (previous year: 16.7), the procurement of goods and services amounting to €8.6 million (previous year: 13.1), and services provided amounting to €0.4 million (previous year: 0.6). Receivables of €15.7 million (previous year: 13.1) and liabilities of €10.0 million (previous year: 10.4) exist in connection with these activities and financial transactions. In addition, capital increases of €1.1 million (previous year: 5.9) were carried out for associates. In the 2014 financial year, no guarantees were outstanding to associates (previous year: €0.2 million).

Supervisory Board and Managing Board
We refer to the details given in the Corporate Governance chapter of the Management Report on pages 144 f.

The fixed remuneration of the Managing Board remained unchanged in comparison with the previous year at €5.0 million (previous year: 5.0). The sum of short-term variable remuneration elements changed to €7.6 million (previous year: 5.7). It consisted of the annual bonus in the amount of €8.1 million (previous year: 6.5), of which €0.6 million (previous year: €0.8) was offset against other remuneration elements.

Other remuneration elements totalled €0.9 million (previous year: 1.0). The other remuneration elements consisted of payments for committee activities at subsidiaries of HeidelbergCement AG and taxable fringe benefits, particularly consisting of the provision of company cars, mobile phones, and communication tools, the reimbursement of expenses, as well as insurance- and assignment-related benefits.

The members of the Managing Board are participating in the long-term bonus plan 2014–2016/17, issued in 2014. The target values for the plan are €1,980,000 for Dr. Bernd Scheifele, €1,125,000 for Dr. Dominik von Achten, €948,000 for Dr. Lorenz Näger, and €875,000 each for the other members of the Managing Board. The plan comprises two equally weighted components: the management component and the capital market component. The target value of each component amounts to €990,000 for Dr. Bernd Scheifele, €562,500 for Dr. Dominik von Achten, and €437,500 each for Daniel Gauthier, Andreas Kern, and Dr. Albert Scheuer. A target value of €473,000 for the management component and €476,000 for the capital market component resulted from the proportional calculation for Dr. Lorenz Näger. The reference price for the capital market component is €56.53. This equates to 17,513 performance share units (PSU) for Dr. Bernd Scheifele, 9,950 for Dr. Dominik von Achten, 8,413 for Dr. Lorenz Näger, and 7,739 each for the other members of the Managing Board.

In accordance with § 314, section 1, no. 6a, sentence 4 of the German Commercial Code (HGB), the fair value at the grant date must be indicated for the capital market components. For Dr. Bernd Scheifele this amounts to €1,025,000, for Dr. Dominik von Achten to €582,000, for Dr. Lorenz Näger €492,000, and for each of the other members of the Managing Board to €453,000.

The total remuneration according to DRS 17 amounted to €21.5 million (previous year: 14.5). For the calculation according to DRS 17, we refer to the explanations on page 150 f. in the Corporate Governance chapter of the Management Report.

The expenses relating to the long-term capital market components of the 2011, 2012, 2013, and 2014 long-term bonus plans in accordance with IFRS 2.51a amounted to €6.0 million (previous year: 2.5). Of this amount, €1,626,000 (previous year: 652,000) apply to Dr. Scheifele, €1,056,000 (previous year: 426,000) to Dr. von Achten, €835,000 (previous year: 346,000) to Dr. Näger, and €831,000 (previous year: 346,000) to each of the other members of the Managing Board. The expenses recognised relating to the long-term management component came to €5.1 million (previous year: 2.6).

According to the established bonus/penalty system during the implementation phase described within the remuneration report, the last third of the target value of the first long-term bonus plan 2011–2013/14 of €1.4 million was paid in advance in the 2014 financial year for the 2013 financial year.

Additions to the provisions for pension obligations (current service cost) for the current members of the Managing Board amounted to €1.9 million (previous year: 1.9). The present value of the defined benefit obligation amounted to €37.2 million (previous year: 24.6).

Total remuneration of the Managing Board in accordance with IAS 24 came to €26.4 million in 2014 (previous year: 18.7).

Payments to former members of the Managing Board and their surviving dependants amounted to €3.0 million in the reporting year (previous year: 3.1). Provisions for pension obligations to former members of the Managing Board amounted to €28.0 million (previous year: 25.2).

The total Supervisory Board remuneration (excluding value added tax) for the 2014 financial year amounted to €926,477 (previous year: 810,500). Employee representatives of the Supervisory Board who are employees of the HeidelbergCement Group also received remuneration in accordance with their contracts of employment, the level of which corresponded to an equitable remuneration for their relevant functions and tasks within the Group.

Furthermore, companies of the HeidelbergCement Group have not carried out reportable transactions of any kind with members of the Supervisory Board or members of the Managing Board as persons in key positions or with companies in whose executive or governing bodies these persons are represented.

Statement of compliance with the German Corporate Governance Code
The statement of compliance with the German Corporate Governance Code as required by § 161 of the German Stock Company Act was submitted by the Managing Board and the Supervisory Board of HeidelbergCement AG and made available on the internet (www.heidelbergcement.com under “Company/Corporate Governance/ Declaration of Corporate Governance”).

Fees of the independent auditor
In 2014, the auditor Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft received fees of €4.8 million (previous year: 3.7).

Fees of the independent auditor		
€m	2013	2014
Audit services [1]	3.0	**3.0**
Other assurance services	0.2	**0.2**
Tax services	0.4	**1.3**
Other services	0.1	**0.3**
	3.7	**4.8**

1) Thereof for the previous year: 2013: €0.2 million, 2014: €0.2 million

Events occurring after the close of the 2014 financial year

On 13 March 2015, HeidelbergCement completed the sale of its building products business in North America (excluding Western Canada) and the United Kingdom – referred to as Hanson Building Products – to an American subsidiary of Lone Star Funds. HeidelbergCement and Lone Star Funds announced the sale on 23 December 2014. The total purchase price amounts to USD1.4 billion, of which around USD1.3 billion was payable on conclusion of the transaction and an amount of up to USD100 million is payable in 2016, depending on the success of the business in 2015.

On 13 March 2015, HeidelbergCement and the Norwegian KB Gruppen Kongswinger AS have signed an agreement on the merger of the concrete product activities of their Swedish subsidiaries Abetong AB and Contiga AB. The combined new group, in which HeidelbergCement shall hold a 60 % stake, is active in Norway, Sweden, Denmark, Germany, Poland, and Latvia. The successful brands Abetong and Contiga will continue to exist. The merger aims at improving our competitiveness and strengthening our technological leadership in the concrete products area in Northern Europe. Pro forma revenue of the new group in 2014 would have been around SEK 3.3 billion (around €360 million). The deal is subject to approval by the relevant competition authorities.

Approval of the consolidated financial statements

The consolidated financial statements were prepared by the Managing Board and adopted on 18 March 2015. They were then submitted to the Supervisory Board for approval.

List of shareholdings of HeidelbergCement Group and HeidelbergCement AG as at 31 December 2014 (§ 313, section 2, resp. § 285, no. 11 of the German Commercial Code (HGB)

Company name	Corporate seat	HC AG direct ownership %	Capital share % [6]	Group ownership %	Year [7]	Equity in € million [8]	Net income in € million [9]
Subsidiaries							
Western and Northern Europe							
A.R.C. (Western) Limited	Maidenhead, GBR		100.00	100.00	2013	7.3	0.0
Abetong AB	Växjö, SWE		100.00	100.00	2014	75.8	0.2
Amey Group Limited (The)	Maidenhead, GBR		100.00	100.00	2013	15.4	0.0
Amey Roadstone International Limited	Maidenhead, GBR		100.00	100.00	2013	0.1	0.0
Appleby Group Limited	Maidenhead, GBR		100.00	100.00	2013	32.4	1.2
ARC Aggregates Limited	Maidenhead, GBR		100.00	100.00	2013	3.9	0.0
ARC Building Limited	Maidenhead, GBR		100.00	100.00	2013	-21.7	0.0
ARC Concrete (Anglia) Limited	Maidenhead, GBR		100.00	100.00	2013	0.0	0.0
ARC Concrete Limited	Maidenhead, GBR		100.00	100.00	2013	0.0	0.0
ARC Holdings Limited	Maidenhead, GBR		100.00	100.00	2013	0.1	0.0
ARC Land Holdings Limited	Maidenhead, GBR		100.00	100.00	2013	0.3	0.0
ARC Limited	Maidenhead, GBR		100.00	100.00	2013	0.0	0.0
ARC Property Investments Limited	Maidenhead, GBR		100.00	100.00	2013	47.1	0.0
ARC Slimline Limited	Maidenhead, GBR		100.00	100.00	2013	-3.8	0.0
ARC South Wales Limited	Maidenhead, GBR		100.00	100.00	2013	0.0	0.0
ARC South Wales Mortar Limited	Maidenhead, GBR		100.00	100.00	2013	0.0	0.0
ARC South Wales Quarries Limited	Maidenhead, GBR		100.00	100.00	2013	0.0	0.0
ARC South Wales Surfacing Limited	Maidenhead, GBR		100.00	100.00	2013	0.4	0.0
ARC Wales Limited	Maidenhead, GBR		100.00	100.00	2013	0.0	0.0
Áridos Sanz S.L.U.	Valladolid, ESP		100.00	100.00	2013	5.6	-0.2
AS Abetong	Oslo, NOR		100.00	100.00	2013	0.7	0.0
Attendflower Limited	Maidenhead, GBR		100.00	100.00	2013	1,204.5	0.0
B.V. Betoncentrale De Schelde	Bergen op Zoom, NLD		66.67	66.67	2013	-1.2	-0.3
B.V. Betonmortelcentrale 'BEMA'	Alkmaar, NLD		66.67	66.67	2013	0.0	-0.3
B.V. Bouwgrondstoffen A.G.M.	Amsterdam, NLD		90.00	90.00	2013	1.9	-0.1
Baltic Saule	Riga, LVA		100.00	100.00	2013	3.8	1.0
Banbury Alton Limited	Maidenhead, GBR		100.00	100.00	2013	-0.3	0.0
Bath and Portland Stone (Holdings) Limited	Maidenhead, GBR		100.00	100.00	2013	0.1	0.0
Baustoffwerke Dresden GmbH & Co. KG [3]	Dresden, DEU		51.00	51.00	2013	0.8	0.8
Beazer Limited	Maidenhead, GBR		100.00	100.00	2013	7.5	0.0
Beazer Services Limited	Douglas, IMN		100.00	100.00	2013	1.4	0.0
Beforebeam Limited	Maidenhead, GBR		100.00	100.00	2013	481.8	0.0
Beforeblend Limited	Maidenhead, GBR		100.00	100.00	2013	245.4	0.0
Berec Holdings B.V.	Amsterdam, NLD		100.00	100.00	2013	187.7	0.0
Beton Baguette Marcel S.A.	Bruxelles, BEL		85.46	85.46	2013	2.4	0.3
Betong Sör AS	Oslo, NOR		67.50	67.50	2013	0.9	0.2
Betongindustri AB	Stockholm, SWE		100.00	100.00	2014	9.3	0.0
Bickleylake Limited	Maidenhead, GBR		100.00	100.00	2013	278.1	0.0
Birchwood Concrete Products Limited	Maidenhead, GBR		100.00	100.00	2013	191.9	0.0
Birchwood Omnia Limited	Maidenhead, GBR		100.00	100.00	2013	1,279.9	58.8
Björgun ehf [5]	Reykjavík, ISL		100.00	53.00	-	-	-

Company name	Corporate seat	HC AG direct owner-ship %	Capital share % [6]	Group owner-ship %	Year [7]	Equity in € million [8]	Net income in € million [9]
BM Valla ehf [5]	Reykjavík, ISL		100.00	53.00	-	-	-
Bonny Holding Ltd.	Irish Town, GIB		100.00	93.94	2013	0.2	0.0
Boons Granite Quarries Limited	Maidenhead, GBR		100.00	100.00	2013	0.0	0.0
Brazier Aggregates Limited	Maidenhead, GBR		100.00	100.00	2013	1.9	0.0
Bristol Sand and Gravel Company Limited	Maidenhead, GBR		100.00	100.00	2013	0.0	0.0
British Agricultural Services Limited	Maidenhead, GBR		100.00	100.00	2013	416.4	0.3
British Ever Ready Limited	Maidenhead, GBR		100.00	100.00	2013	29.1	0.0
Buckland Sand & Silica Company Limited	Maidenhead, GBR		100.00	100.00	2013	0.1	0.0
Bulldog Company Limited	St. Peter Port, GGY		100.00	100.00	2013	46.7	0.8
Butterley Brick Investments (No 2) Limited	Maidenhead, GBR		100.00	100.00	2013	31.3	0.0
Butterley Brick Limited	Maidenhead, GBR		100.00	100.00	2013	0.6	0.0
C.B.R. Finance S.A.	Luxembourg, LUX		100.00	100.00	2013	7.7	-0.2
Calumite Limited	Maidenhead, GBR		51.00	51.00	2013	1.9	1.8
Cantera El Hoyon, S.A.U.	Madrid, ESP		100.00	100.00	2013	3.9	-1.0
Canteras Mecánicas Cárcaba, S.A.U.	Oviedo, ESP		100.00	100.00	2013	8.5	-0.3
Carrieres d'Antoing S.A.	Tournai, BEL		100.00	100.00	2013	14.7	0.3
Castle Building Products Limited	Maidenhead, GBR		100.00	100.00	2013	-0.5	0.0
Castle Cement (Chatburn) Limited	Maidenhead, GBR		100.00	100.00	2013	0.2	0.0
Castle Cement (Clyde) Limited	Maidenhead, GBR		100.00	100.00	2013	0.1	0.0
Castle Cement (Ketton) Limited	Maidenhead, GBR		100.00	100.00	2013	27.1	0.0
Castle Cement (Padeswood) Limited	Maidenhead, GBR		100.00	100.00	2013	7.2	0.0
Castle Cement (Pitstone) Limited	Maidenhead, GBR		100.00	100.00	2013	11.8	0.0
Castle Cement (Ribblesdale) Limited	Maidenhead, GBR		100.00	100.00	2013	25.3	0.0
Castle Cement Limited	Maidenhead, GBR		100.00	100.00	2014	269.8	29.5
Castle Lime Limited	Maidenhead, GBR		100.00	100.00	2013	0.0	0.0
Castle Pension Scheme Trustees Limited	Maidenhead, GBR		100.00	100.00	2013	0.0	0.0
CaucasusCement Holding B.V.	's-Hertogenbosch, NLD		75.00	75.00	2013	97.2	3.8
CBR Asset Management Belgium S.A.	Bruxelles, BEL		100.00	100.00	2013	8.5	0.0
CBR Baltic B.V.	's-Hertogenbosch, NLD		100.00	100.00	2013	206.5	35.3
CBR International Services S.A.	Bruxelles, BEL		100.00	100.00	2014	1,415.3	39.5
CBR Portland B.V.	's-Hertogenbosch, NLD		100.00	100.00	2013	73.7	0.0
Cem Invest Ltd [1]	Irish Town, GIB		50.00	46.97	2013	2.2	0.0
Cementa AB	Stockholm, SWE		100.00	100.00	2014	45.4	0.1
Cementa Fastighets AB	Stockholm, SWE		100.00	100.00	2013	0.0	0.0
Cementrum I B.V.	's-Hertogenbosch, NLD		100.00	100.00	2013	105.9	-0.4
Cementrum II B.V.	's-Hertogenbosch, NLD		100.00	100.00	2013	0.5	0.0
CGF Capital B.V.	Amsterdam, NLD		100.00	100.00	2013	0.1	0.0
CHB Exeter Limited	Maidenhead, GBR		100.00	100.00	2013	1.4	0.0
CHB Group Limited	Maidenhead, GBR		100.00	100.00	2013	809.2	413.3
CHB P H R Limited	Maidenhead, GBR		100.00	100.00	2013	-15.7	-1.1
CHB Products Limited	Maidenhead, GBR		100.00	100.00	2013	2,408.9	0.0
Chemical Manufacture and Refining Limited	Maidenhead, GBR		100.00	100.00	2013	6.6	0.0
Chester Road Sand and Gravel Company Limited	Maidenhead, GBR		100.00	100.00	2013	0.0	0.0
Cimescaut Materiaux S.A.	Antoing, BEL		100.00	100.00	2013	27.2	-0.1
Cimescaut Vente Granulats S.A.S.	Harnes, FRA		100.00	100.00	2013	4.1	-0.3
City of London Heliport Limited	Maidenhead, GBR		55.56	55.56	2013	-2.1	0.0
Civil and Marine (Holdings) Limited	Maidenhead, GBR		100.00	100.00	2013	43.1	89.5
Civil and Marine Limited	Maidenhead, GBR		100.00	100.00	2014	273.4	36.5

Company name	Corporate seat	HC AG direct owner-ship %	Capital share % [6]	Group owner-ship %	Year [7]	Equity in € million [8]	Net income in € million [9]
Civil and Marine Slag Cement Limited	Maidenhead, GBR		100.00	100.00	2013	73.4	0.0
Claughton Manor Brick Limited (The)	Maidenhead, GBR		100.00	100.00	2013	0.2	0.0
Clyde Cement Limited	Maidenhead, GBR		100.00	100.00	2013	0.0	0.0
Coln Gravel Company Limited	Maidenhead, GBR		100.00	100.00	2013	0.1	0.0
Conbloc Limited	Maidenhead, GBR		100.00	100.00	2013	-0.1	0.0
Condroz Béton S.A.	Bruxelles, BEL		100.00	100.00	2013	0.1	0.0
Cradley Special Brick Company Limited	Maidenhead, GBR		100.00	100.00	2013	2.2	0.0
Creative Land Developers Limited [1]	Maidenhead, GBR		50.00	50.00	2013	-0.5	0.0
Crispway Limited	Maidenhead, GBR		100.00	100.00	2013	0.5	0.0
Cromhall Quarries, Limited	Maidenhead, GBR		100.00	100.00	2013	0.1	0.0
Cumbrian Industrials Limited	Maidenhead, GBR		100.00	100.00	2013	9.2	-0.1
D. & H. Sand Supplies Limited	Maidenhead, GBR		100.00	100.00	2013	0.0	0.0
Delmorgal Limited	Maidenhead, GBR		100.00	100.00	2013	0.0	0.0
Desimpel Brick Limited	Maidenhead, GBR		100.00	100.00	2013	3.1	0.0
Devon Concrete Works, Limited	Maidenhead, GBR		100.00	100.00	2013	0.1	0.0
DK Beton A/S	Ringsted, DNK		100.00	100.00	2014	10.2	0.1
DK Cement A/S	Copenhagen, DNK		100.00	100.00	2013	5.8	0.3
DUPAMIJ Holding GmbH	Kalkar, DEU		88.00	88.00	2013	1.2	0.0
E & S Retail Limited	Maidenhead, GBR		100.00	100.00	2013	0.0	0.0
E Sub Limited	Maidenhead, GBR		100.00	100.00	2013	7.3	0.0
Effectengage Limited	Maidenhead, GBR		100.00	100.00	2013	318.1	0.0
ENCI B.V.	Maastricht, NLD		100.00	100.00	2014	119.1	0.9
ENCI Holding N.V.	's-Hertogenbosch, NLD		100.00	100.00	2013	524.1	20.3
Ensign Park Limited [1]	Maidenhead, GBR		50.00	50.00	2013	-1.9	0.0
Espabel N.V.	Gent, BEL		100.00	100.00	2013	8.7	-2.1
Exakt Kiesaufbereitung GmbH	Paderborn, DEU		100.00	100.00	2013	0.0	0.0
F.C. Precast Concrete Limited	Maidenhead, GBR		100.00	100.00	2013	0.1	0.0
Fastighets AB Limhamns Kalkbrott	Stockholm, SWE		100.00	100.00	2013	2.6	0.0
Fastighets AB Lövholmen [5]	Stockholm, SWE		100.00	100.00	-	-	-
Ferrersand Aggregates Limited	Maidenhead, GBR		100.00	100.00	2013	1.7	0.0
Formpave Holdings Limited	Maidenhead, GBR		100.00	100.00	2013	4.0	0.0
Formpave Limited	Maidenhead, GBR		100.00	100.00	2013	6.0	0.0
Fulber Limited	St. Peter Port, GGY		100.00	100.00	2013	256.7	0.0
Garkalnes Grants SIA	Riga, LVA		100.00	100.00	2013	4.2	0.4
Granor S.A.S.	Loos, FRA		100.00	100.00	2013	0.5	0.3
Greenways Environmental and Waste Management Limited	Maidenhead, GBR		100.00	100.00	2013	0.0	0.0
Greenwoods (St. Ives) Limited	Maidenhead, GBR		100.00	100.00	2013	2.1	0.0
Guidelink	Maidenhead, GBR		100.00	99.99	2013	0.1	0.0
Habfield Limited	Maidenhead, GBR		100.00	100.00	2013	0.0	0.0
Hanson (CGF) (No.1) Limited	Maidenhead, GBR		100.00	100.00	2013	3,610.1	0.0
Hanson (CGF) (No2) Limited	Maidenhead, GBR		100.00	100.00	2013	4,820.2	0.0
Hanson (CGF) Finance Limited	Maidenhead, GBR		100.00	100.00	2013	1,005.6	0.0
Hanson (CGF) Holdings Limited	Maidenhead, GBR		100.00	100.00	2013	282.4	5.9
Hanson (ER-No 10) Limited	Maidenhead, GBR		100.00	100.00	2013	306.3	0.0
Hanson (ER-No 5) Limited	Maidenhead, GBR		100.00	100.00	2013	478.4	0.0
Hanson (ER-No 8) Limited	Maidenhead, GBR		100.00	100.00	2013	0.3	0.0
Hanson (ER-No 9) Limited	Maidenhead, GBR		100.00	100.00	2013	4.0	0.0
Hanson (FP) Limited	Maidenhead, GBR		100.00	100.00	2013	7,697.3	0.0

Company name	Corporate seat	HC AG direct ownership %	Capital share % [6]	Group ownership %	Year [7]	Equity in € million [8]	Net income in € million [9]
Hanson (MR) Limited	Maidenhead, GBR		100.00	99.99	2013	2,644.3	0.0
Hanson (NAIL) Limited	Maidenhead, GBR		100.00	100.00	2013	6.5	0.0
Hanson Aggregates (North) Limited	Maidenhead, GBR		100.00	100.00	2013	48.6	0.0
Hanson Aggregates Holding Nederland B.V.	Amsterdam, NLD		100.00	71.43	2013	4.7	0.2
Hanson Aggregates Limited	Maidenhead, GBR		100.00	100.00	2013	98.6	0.0
Hanson Aggregates Marine Limited	Maidenhead, GBR		100.00	100.00	2014	214.8	-1.0
Hanson Aggregates Nederland B.V.	Amsterdam, NLD		100.00	71.43	2013	0.6	0.3
Hanson Aggregates South Wales Holdings Limited	Maidenhead, GBR		100.00	100.00	2013	8.2	0.0
Hanson Aggregates South Wales Limited	Maidenhead, GBR		100.00	100.00	2013	46.7	0.0
Hanson Aggregates UK Limited	Maidenhead, GBR		100.00	100.00	2013	2,409.0	0.0
Hanson America Holdings (1) Limited	Maidenhead, GBR		100.00	100.00	2013	2,290.4	0.0
Hanson America Holdings (2) Limited	Maidenhead, GBR		100.00	100.00	2013	573.6	0.0
Hanson America Holdings (3) Limited	Maidenhead, GBR		100.00	100.00	2013	566.9	0.0
Hanson America Holdings (4) Limited	Maidenhead, GBR		100.00	100.00	2013	167.4	114.9
Hanson Aruba Limited	St. Peter Port, GGY		99.99	99.99	2013	1,535.8	-0.1
Hanson Bath and Portland Stone Limited	Maidenhead, GBR		100.00	100.00	2013	-2.6	0.0
Hanson Batteries Limited	Maidenhead, GBR		100.00	100.00	2013	55.7	0.0
Hanson Blocks North Limited [1]	Maidenhead, GBR		50.00	50.00	2013	15.9	0.0
Hanson Brick Ltd	Maidenhead, GBR		100.00	100.00	2013	0.2	0.2
Hanson Building Materials Europe Limited	Maidenhead, GBR		100.00	100.00	2013	2,715.0	0.0
Hanson Building Materials Limited	Maidenhead, GBR		100.00	100.00	2013	3,844.0	-5.4
Hanson Building Products (2003) Limited	Maidenhead, GBR		100.00	100.00	2013	1,873.1	35.3
Hanson Building Products Limited [5]	Maidenhead, GBR		100.00	100.00	-	-	-
Hanson Building Products Limited [5]	St. Helier, JE		100.00	100.00	-	-	-
Hanson Canada Limited	Maidenhead, GBR		100.00	100.00	2013	55.1	53.9
Hanson Clay Products Limited	Maidenhead, GBR		100.00	100.00	2013	18.3	0.0
Hanson Concrete Products Limited	Maidenhead, GBR		100.00	100.00	2013	62.2	0.0
Hanson Crewing Services Limited	Maidenhead, GBR		100.00	100.00	2013	0.0	0.0
Hanson Devon Limited	Shannon, IRL		100.00	100.00	2013	3,830.0	-0.2
Hanson Facing Bricks Limited	Maidenhead, GBR		100.00	100.00	2013	298.7	0.0
Hanson Finance (2003) Limited	Maidenhead, GBR		100.00	100.00	2013	569.4	-5.9
Hanson Finance Limited	Maidenhead, GBR		100.00	100.00	2013	911.4	-21.2
Hanson Financial Services Limited	Maidenhead, GBR		100.00	100.00	2013	119.2	0.1
Hanson Fletton Bricks Limited	Maidenhead, GBR		100.00	100.00	2013	38.0	0.0
Hanson Foods Limited	Maidenhead, GBR		100.00	100.00	2013	204.1	0.0
Hanson FP Holdings B.V.	Amsterdam, NLD		100.00	100.00	2013	391.0	3.9
Hanson Funding (G) Limited	Maidenhead, GBR		100.00	100.00	2013	209.3	0.0
Hanson Germany GmbH & Co. KG [3]	Leinatal, DEU		100.00	100.00	2013	0.5	0.0
Hanson Gerrard Limited	St. Peter Port, GGY		100.00	100.00	2013	-0.2	0.0
Hanson H4 Limited	Maidenhead, GBR		100.00	100.00	2013	1,865.4	0.0
Hanson H5	Maidenhead, GBR		100.00	100.00	2013	0.1	0.0
Hanson Hedging (Dollars) (1) Limited	Maidenhead, GBR		100.00	100.00	2013	234.0	0.0
Hanson Hedging (Dollars) (2) Limited	Maidenhead, GBR		100.00	100.00	2013	0.0	0.0
Hanson Hispania, S.A.U.	Madrid, ESP		100.00	100.00	2014	109.7	-8.6
Hanson Holdings (1) Limited	Maidenhead, GBR		100.00	100.00	2013	45,772.9	0.0
Hanson Holdings (2) Limited	Maidenhead, GBR		100.00	100.00	2013	1,264.6	0.0
Hanson Holdings (3) Limited	Maidenhead, GBR		100.00	100.00	2013	998.3	0.0
Hanson Holdings Limited	Maidenhead, GBR		100.00	100.00	2013	2,383.5	-3.5

Company name	Corporate seat	HC AG direct ownership %	Capital share % [6]	Group ownership %	Year [7]	Equity in € million [8]	Net income in € million [9]
Hanson Iceland EHF	Reykjavík, ISL		100.00	100.00	2013	2,408.1	-0.1
Hanson Industrial (Engineering Holdings) Limited	Maidenhead, GBR		100.00	100.00	2013	6.5	0.0
Hanson Industrial Limited	Maidenhead, GBR		100.00	100.00	2013	188.8	0.0
Hanson International Holdings Limited	Maidenhead, GBR		100.00	100.00	2013	13,612.5	0.0
Hanson Island Management Limited	St. Peter Port, GGY		100.00	100.00	2013	0.1	-0.1
Hanson Land Development Limited	Maidenhead, GBR		100.00	100.00	2013	-35.6	0.0
Hanson LHA Limited	Maidenhead, GBR		100.00	100.00	2013	0.0	0.0
Hanson Limited	Maidenhead, GBR		100.00	100.00	2014	8,322.3	-35.4
Hanson Marine Holdings Limited	Maidenhead, GBR		71.43	71.43	2013	3.0	11.8
Hanson Marine Limited	Maidenhead, GBR		100.00	71.43	2013	33.9	0.2
Hanson Overseas Corporation Limited	Maidenhead, GBR		100.00	100.00	2013	2,272.9	0.0
Hanson Overseas Holdings Limited	Maidenhead, GBR		100.00	100.00	2013	21,491.8	-2.0
Hanson Packed Products Limited	Maidenhead, GBR		100.00	100.00	2014	-82.7	-18.6
Hanson Peabody Limited	Maidenhead, GBR		100.00	100.00	2013	1,208.6	0.0
Hanson Pioneer España, S.L.U.	Madrid, ESP		100.00	100.00	2013	479.9	-5.1
Hanson Quarry Products Europe Limited	Maidenhead, GBR		100.00	100.00	2014	51,048.9	-8.9
Hanson Quarry Products Holdings Limited	Maidenhead, GBR		100.00	100.00	2013	50.2	0.0
Hanson Quarry Products Overseas Limited	Maidenhead, GBR		100.00	100.00	2013	2.4	0.0
Hanson Quarry Products Trade Finance Limited	Maidenhead, GBR		100.00	100.00	2013	3.6	0.0
Hanson Quarry Products Transport Limited	Maidenhead, GBR		100.00	100.00	2013	0.1	0.0
Hanson Quarry Products Ventures Limited	Maidenhead, GBR		100.00	100.00	2013	53.3	0.1
Hanson Recycling Limited	Maidenhead, GBR		100.00	100.00	2013	0.0	0.0
Hanson Retail Limited	Maidenhead, GBR		100.00	100.00	2013	467.4	338.2
Hanson Ship Management Ltd	St. Peter Port, GGY		100.00	100.00	2013	0.2	0.0
Hanson Thermalite Limited	Maidenhead, GBR		100.00	100.00	2013	50.2	0.0
Hanson TIS Holdings Limited	Maidenhead, GBR		100.00	100.00	2013	0.0	0.0
Hanson TIS Limited	Maidenhead, GBR		100.00	100.00	2013	-3.1	-0.1
Hanson Trust Limited	Maidenhead, GBR		100.00	100.00	2013	117.2	0.0
Hanson Trustees Limited	Maidenhead, GBR		100.00	100.00	2013	-1.7	0.0
Harrisons Limeworks Limited	Maidenhead, GBR		100.00	100.00	2013	0.0	0.0
Hartsholme Property Limited	Maidenhead, GBR		100.00	100.00	2013	0.1	0.0
HB Hotels Limited	Maidenhead, GBR		100.00	100.00	2013	-0.7	0.0
HC Asia Holding GmbH	Heidelberg, DEU	100.00	100.00	100.00	2013	48.8	10.9
HC Betons SIA	Riga, LVA		100.00	100.00	2013	-0.6	-0.4
HC Betoon AS, Estonia	Tallinn, EST		100.00	100.00	2013	6.7	0.0
HC Fuels Limited	London, GBR		100.00	100.00	2013	10.5	0.0
HC Green Trading Limited	St. Julian's, MLT		100.00	100.00	2013	0.0	0.0
HC Hanson Holding B.V.	's-Hertogenbosch, NLD		100.00	100.00	2013	326.6	0.0
HC Italia SRL	Rom, ITA		100.00	100.00	2013	0.3	-0.3
HC Kalkproduktionsgesellschaft Istein mbH	Efringen-Kirchen, DEU	100.00	100.00	100.00	2013	1.6	0.0
HC Trading B.V.	's-Hertogenbosch, NLD		100.00	100.00	2013	4.1	-8.2
HC Trading Malta Limited	St. Julian's, MLT		100.00	100.00	2013	0.0	17.9
HCT Holding Malta Limited	St. Julian's, MLT	100.00	100.00	100.00	2013	99.7	28.6
Heidelberg Cement Iceland EHF [5]	Reykjavík, ISL		100.00	100.00	-	-	-
HeidelbergCement BP Limited [5]	Maidenhead, GBR		100.00	100.00	-	-	-
HeidelbergCement Canada Holding Limited	Maidenhead, GBR		100.00	100.00	2013	3,662.2	248.4
HeidelbergCement Central Europe East Holding B.V.	's-Hertogenbosch, NLD		100.00	100.00	2013	1,205.1	81.7
HeidelbergCement Danmark A/S	Ringsted, DNK		100.00	100.00	2013	50.2	0.0

Company name	Corporate seat	HC AG direct ownership %	Capital share %[6]	Group ownership %	Year[7]	Equity in € million[8]	Net income in € million[9]
HeidelbergCement Euro I Limited[5]	Maidenhead, GBR		100.00	100.00	-	-	-
HeidelbergCement Euro II Limited[5]	Maidenhead, GBR		100.00	100.00	-	-	-
HeidelbergCement Finance B.V.	's-Hertogenbosch, NLD	100.00	100.00	100.00	2013	34.1	7.9
HeidelbergCement Finance Luxembourg S.A.	Luxembourg, LUX		100.00	100.00	2014	12.0	111.9
HeidelbergCement Grundstücksgesellschaft mbH & Co. KG[3]	Heidelberg, DEU	100.00	100.00	100.00	2013	17.5	0.4
HeidelbergCement Holding Coöperatief U.A.	's-Hertogenbosch, NLD		100.00	100.00	2013	1,125.4	35.2
HeidelbergCement Holding S.à r.l.	Luxembourg, LUX		100.00	100.00	2013	19,917.5	97.9
HeidelbergCement Holdings Limited	Maidenhead, GBR	100.00	100.00	100.00	2013	2.4	0.0
HeidelbergCement International Holding GmbH	Heidelberg, DEU	100.00	100.00	100.00	2013	12,824.7	-
HeidelbergCement Luxemburg S.à r.l.	Luxembourg, LUX		100.00	100.00	2013	-0.1	0.0
HeidelbergCement Mediterranean Basin Holdings S.L.	Madrid, ESP		100.00	100.00	2013	300.8	16.9
HeidelbergCement Miljö AB	Stockholm, SWE		100.00	100.00	2013	2.0	0.0
HeidelbergCement Netherlands Holding B.V.	's-Hertogenbosch, NLD	14.54	100.00	100.00	2013	772.2	48.0
HeidelbergCement Northern Europe AB	Stockholm, SWE		100.00	100.00	2013	1,296.1	51.1
HeidelbergCement Northern Europe Pumps & Trucks A/S	Ringsted, DNK		100.00	100.00	2013	0.3	0.2
HeidelbergCement Norway a.s.	Oslo, NOR		100.00	100.00	2013	233.7	-43.3
HeidelbergCement Sweden AB	Stockholm, SWE		100.00	100.00	2013	218.2	-0.8
HeidelbergCement UK Holding II Limited	Maidenhead, GBR		100.00	100.00	2013	11,660.6	-759.7
HeidelbergCement UK Holding Limited	Maidenhead, GBR		100.00	100.00	2013	12,042.6	-1,498.9
HeidelbergCement UK Limited	Maidenhead, GBR	100.00	100.00	100.00	2013	96.4	0.1
HeidelbergCement, Funk & Kapphan Grundstücksgesellschaft GmbH & Co. KG 3)[5]	Heidelberg, DEU	79.91	79.91	79.91	-	-	-
Heidelberger Beton Donau-Naab GmbH & Co. KG[3]	Burglengenfeld, DEU		85.00	85.00	2013	1.5	1.2
Heidelberger Beton GmbH	Heidelberg, DEU	100.00	100.00	100.00	2013	44.6	17.3
Heidelberger Betonelemente GmbH & Co. KG[3]	Chemnitz, DEU		83.00	83.00	2013	4.2	3.2
Heidelberger Betonpumpen Rhein-Main-Nahe GmbH & Co. KG[3]	Bad Kreuznach, DEU		100.00	93.77	2013	0.6	0.6
Heidelberger Kalksandstein GmbH	Durmersheim, DEU		100.00	100.00	2013	14.5	0.0
Heidelberger Kalksandstein Grundstücks- und Beteiligungs-GmbH & Co. KG[3]	Durmersheim, DEU		100.00	100.00	2013	17.5	2.7
Heidelberger Kieswerke Niederrhein GmbH	Essen, DEU		100.00	100.00	2013	0.9	0.0
Heidelberger Kieswerke Rhein-Ruhr GmbH	Essen, DEU		100.00	100.00	2013	1.9	0.2
Heidelberger KS Beteiligungen Deutschland GmbH & Co. KG[3]	Heidelberg, DEU		100.00	100.00	2013	4.6	0.8
Heidelberger Sand und Kies GmbH	Heidelberg, DEU	100.00	100.00	100.00	2013	62.7	8.5
Heidelberger Sand und Kies Handel & Logistik GmbH	Essen, DEU		100.00	100.00	2013	0.0	0.1
HIPS (Trustees) Limited	Bedford, GBR		100.00	100.00	2013	0.0	0.0
HK Holdings (No 2) Limited	Maidenhead, GBR		100.00	100.00	2013	77.5	0.0
HK Holdings (No.1) Limited	Maidenhead, GBR		100.00	100.00	2013	33.6	0.0
HKS Hunziker Kalksandstein AG	Brugg, CHE		100.00	100.00	2013	7.0	0.4
Holms Sand & Gravel Company (1985) (The)	Maidenhead, GBR		100.00	100.00	2013	0.0	0.0
Holms Sand & Gravel Company Limited (The)	Maidenhead, GBR		100.00	100.00	2013	0.0	0.0
Homes (East Anglia) Limited	Maidenhead, GBR		100.00	100.00	2013	0.2	0.0
Hormigones y Áridos, S.A.U.	Bilbao, ESP		100.00	100.00	2013	2.3	-0.4
Hornsteinn ehf[5]	Reykjavík, ISL		53,00	53,00	-	-	-
Housemotor Limited	Maidenhead, GBR		100.00	100.00	2013	1,859.3	0.0
Houseprice Limited	Maidenhead, GBR		100.00	100.00	2013	706.0	0.0
Houserate Limited	Maidenhead, GBR		100.00	100.00	2013	1,999.6	2.0
HPL Albany House Developments Limited[1]	Maidenhead, GBR		50.00	50.00	2013	-0.6	0.0
HPL Estates Limited	Maidenhead, GBR		100.00	100.00	2013	4.2	0.0
HPL Investments Limited	Maidenhead, GBR		100.00	100.00	2013	485.7	0.0
HPL Properties Limited	Maidenhead, GBR		100.00	100.00	2013	47.9	0.0

Company name	Corporate seat	HC AG direct ownership %	Capital share % [6]	Group ownership %	Year [7]	Equity in € million [8]	Net income in € million [9]
HPL Property Limited	Maidenhead, GBR		100.00	100.00	2013	49.5	0.0
HPL West London Developments Limited [1]	Maidenhead, GBR		50.00	50.00	2013	-0.3	0.0
Hurst and Sandler Limited	Maidenhead, GBR		100.00	100.00	2013	5.6	0.0
Imperial Foods Holdings Limited	Maidenhead, GBR		100.00	100.00	2013	0.7	0.0
Imperial Group Limited	Maidenhead, GBR		100.00	100.00	2013	18.7	0.0
Imperial Potted Shrimps Limited	Maidenhead, GBR		100.00	100.00	2013	0.0	0.0
Imperial Seafoods Limited	Maidenhead, GBR		100.00	100.00	2013	1.4	0.0
Inter-Beton SA	Bruxelles, BEL		100.00	100.00	2014	54.1	-3.3
Irvine - Whitlock Limited	Maidenhead, GBR		100.00	100.00	2014	1.1	-1.4
J A Crabtree & Co Limited	Maidenhead, GBR		100.00	100.00	2013	0.0	0.0
J. Riera, S.A.	Barcelona, ESP		100.00	100.00	2013	6.1	-1.6
James Grant & Company (West) Limited	Edinburgh, GBR		100.00	100.00	2013	2.7	0.0
Joseph Wones (Holdings) Limited	Maidenhead, GBR		100.00	100.00	2013	0.0	0.0
Judkins Limited	Maidenhead, GBR		100.00	100.00	2013	0.1	0.0
K.M. Property Development Company Limited	Maidenhead, GBR		100.00	100.00	2013	0.0	0.0
KalininCement Holding B.V.	's-Hertogenbosch, NLD		74.90	74.90	2013	3.8	0.0
Kazakhstan Cement Holding B.V.	's-Hertogenbosch, NLD		100.00	100.00	2013	85.4	15.1
Kerpen & Kerpen GmbH & Co. KG [3]	Ochtendung, DEU	70.00	100.00	100.00	2013	0.2	1.5
Ketton Cement Limited	Maidenhead, GBR		100.00	100.00	2013	0.0	0.0
Kieswerk Maas-Roeloffs GmbH & Co KG	Kalkar, DEU		100.00	88.00	2013	0.0	-0.8
Kieswerk Maas-Roeloffs Verwaltungsgesellschaft mbH	Kalkar, DEU		96.00	84.48	2013	0.0	0.0
Kieswerke Andresen GmbH	Damsdorf, DEU		100.00	100.00	2013	1.0	0.0
Kingston Minerals Limited	Maidenhead, GBR		100.00	100.00	2013	0.2	0.0
Kivel Properties Limited	Maidenhead, GBR		100.00	100.00	2013	0.0	0.0
Kommanditbolaget Cementen	Stockholm, SWE		100.00	100.00	2013	1.4	0.1
Kunda Nordic Tsement AS	Kunda, EST		75.00	75.00	2014	158.0	6.9
L.B. (Stewartby) Limited	Maidenhead, GBR		100.00	100.00	2013	60.6	0.0
Leamaat Omikron B.V.	Amsterdam, NLD		100.00	100.00	2013	11.9	0.0
Leca (Great Britain) Limited	Maidenhead, GBR		100.00	100.00	2013	1.0	0.0
Lehigh B.V.	's-Hertogenbosch, NLD		100.00	100.00	2013	10,239.5	0.0
Lehigh UK Limited	Maidenhead, GBR		100.00	100.00	2014	17,423.9	-1.6
Lindustries Limited	Edinburgh, GBR		100.00	100.00	2013	53.6	0.0
Lithonplus GmbH & Co. KG [3]	Lingenfeld, DEU		60.00	60.00	2013	31.3	-0.4
Localdouble Limited	Maidenhead, GBR		100.00	100.00	2013	775.4	0.0
London Brick Company Limited	Maidenhead, GBR		100.00	100.00	2013	26.4	-0.2
London Brick Engineering Limited	Maidenhead, GBR		100.00	100.00	2013	2.5	0.0
M E Sub Limited	Maidenhead, GBR		100.00	100.00	2013	21.2	0.0
Magnatool AB	Malmö, SWE		100.00	75.00	2013	0.0	0.0
Mantle & Llay Limited	Maidenhead, GBR		100.00	100.00	2013	0.0	0.0
Marnee Limited	Maidenhead, GBR		100.00	100.00	2013	64.7	0.0
Marples Ridgway Limited	Maidenhead, GBR		100.00	100.00	2013	-4.7	0.0
Marples Ridgway Overseas Limited	Maidenhead, GBR		100.00	100.00	2013	0.1	0.0
Mebin B.V.	's-Hertogenbosch, NLD		100.00	100.00	2014	44.9	-4.4
Mebin Leeuwarden B.V.	Leeuwarden, NLD		79.79	79.79	2013	0.9	0.1
Meppeler Betoncentrale B.V.	Meppel, NLD		66.67	66.67	2013	0.2	-0.2
Midland Quarry Products Limited	Maidenhead, GBR		100.00	100.00	2014	110.5	14.8
Milton Hall (Southend) Brick Company Limited (The)	Maidenhead, GBR		100.00	100.00	2013	1.6	0.0
Minster Quarries Limited	Maidenhead, GBR		100.00	100.00	2013	-1.5	0.0

Company name	Corporate seat	HC AG direct owner-ship %	Capital share % [6]	Group owner-ship %	Year [7]	Equity in € million [8]	Net income in € million [9]
Mixconcrete Holdings Limited	Maidenhead, GBR		100.00	100.00	2013	4.7	0.0
Mixconcrete Limited	Maidenhead, GBR		100.00	100.00	2013	-2.1	0.0
Mold Tar Macadam Co.Limited	Maidenhead, GBR		100.00	100.00	2013	0.0	0.0
Morebeat Limited	Maidenhead, GBR		100.00	100.00	2013	147.6	0.0
Motioneager Limited	Maidenhead, GBR		100.00	100.00	2013	257.1	0.0
National Brick Company Limited	Maidenhead, GBR		100.00	100.00	2013	3.0	0.0
National Star Brick and Tile Holdings Limited	Maidenhead, GBR		100.00	100.00	2013	2.6	0.0
National Star Limited	Maidenhead, GBR		100.00	100.00	2013	0.1	0.0
NedCem Holding B.V.	's-Hertogenbosch, NLD		100.00	66.67	2013	0.8	0.0
Norbetong AS	Oslo, NOR		100.00	100.00	2014	62.3	2.5
Norbetong Pumping AS	Oslo, NOR		75.50	75.50	2013	0.3	0.0
Norcem AS	Oslo, NOR		100.00	100.00	2014	44.8	2.3
NorStone AS	Oslo, NOR		100.00	100.00	2014	17.7	0.2
P. & B. J. Dallimore Limited	Maidenhead, GBR		100.00	100.00	2013	0.1	0.0
Paderborner Transport - Beton - Gesellschaft mit beschränkter Haftung & Co. K.-G. [3]	Geseke, DEU		87.50	87.50	2013	0.5	0.1
Padyear Limited [1]	Maidenhead, GBR		50.00	50.00	2013	-0.2	0.0
Palatina Insurance Ltd.	Sliema, MLT		100.00	100.00	2013	46.2	1.6
Paperbefore Limited	Maidenhead, GBR		100.00	100.00	2013	362.4	0.0
Pencrete Limited	Maidenhead, GBR		100.00	100.00	2013	0.1	0.0
Penfolds Builders Merchants Limited	Maidenhead, GBR		100.00	100.00	2013	0.1	0.0
Picon Overseas Limited	St. Peter Port, GGY		100.00	100.00	2013	186.1	8.5
Piedras y Derivados, S.A.U.	Barcelona, ESP		100.00	100.00	2013	17.1	1.8
PILC Limited	St. Peter Port, GGY		100.00	100.00	2013	17.2	0.1
Pimco 2945 Limited	Maidenhead, GBR		100.00	100.00	2013	4.9	0.0
Pinden Plant & Processing Co. Limited (The)	Maidenhead, GBR		100.00	100.00	2013	6.8	0.0
Pioneer Aggregates (UK) Limited	Maidenhead, GBR		100.00	100.00	2013	4.3	-0.1
Pioneer Asphalts (U.K.) Limited	Maidenhead, GBR		100.00	100.00	2013	0.0	0.0
Pioneer Concrete (U.K.) Limited	Maidenhead, GBR		100.00	100.00	2013	0.0	0.0
Pioneer Concrete Development Limited	Maidenhead, GBR		100.00	100.00	2013	0.0	0.0
Pioneer Concrete Holdings Limited	Maidenhead, GBR		100.00	100.00	2013	140.2	0.0
Pioneer International Group Holdings Limited	Maidenhead, GBR		100.00	100.00	2013	1,066.4	0.0
Pioneer International Investments Limited	Maidenhead, GBR		100.00	100.00	2013	0.1	0.0
Pioneer Investments UK Limited	Maidenhead, GBR		100.00	100.00	2013	0.1	0.0
Pioneer Overseas Investments Limited	St. Peter Port, GGY		100.00	100.00	2013	104.5	-0.1
Pioneer Willment Concrete Limited	Maidenhead, GBR		100.00	100.00	2013	0.0	0.0
Premix Concrete Limited	Maidenhead, GBR		100.00	100.00	2013	0.0	0.0
Protenna AB	Stockholm, SWE		75.00	75.00	2013	29.3	0.3
Purfleet Aggregates Limited	Maidenhead, GBR		100.00	71.43	2013	-0.2	-0.1
Recem S.A.	Luxembourg, LUX		100.00	100.00	2013	2.9	0.0
Reci Eesti A/S	Tallinn, EST		100.00	100.00	2013	4.9	0.0
Red Bank Manufacturing Company Limited	Maidenhead, GBR		100.00	100.00	2013	14.4	0.0
Redshow Limited	Maidenhead, GBR		100.00	100.00	2013	132.4	0.0
Renor AS	Aurskog, NOR		100.00	100.00	2013	2.9	0.0
Rezincote (1995) Limited	Maidenhead, GBR		100.00	100.00	2013	-0.5	0.0
Ribblesdale Cement Limited	Maidenhead, GBR		100.00	100.00	2013	2.9	0.0
Roads Reconstruction Limited	Maidenhead, GBR		100.00	100.00	2013	10.4	0.0
S Sub Limited	Maidenhead, GBR		100.00	100.00	2013	0.0	0.0
S.A. CBR Asset Management	Luxembourg, LUX		100.00	100.00	2013	0.4	0.0

Company name	Corporate seat	HC AG direct owner-ship %	Capital share % [6]	Group owner-ship %	Year [7]	Equity in € million [8]	Net income in € million [9]
S.A. Cimenteries CBR	Bruxelles, BEL		100.00	100.00	2014	726.1	115.5
S.A. Cimescaut	Tournai, BEL		100.00	100.00	2013	11.8	-14.2
Sabine Limited	St. Peter Port, GGY		100.00	100.00	2013	256.7	0.0
Sagrex B.V.	's-Hertogenbosch, NLD		100.00	100.00	2013	1.0	0.2
Sagrex Holding B.V.	's-Hertogenbosch, NLD		100.00	100.00	2013	18.4	-1.1
Sagrex Productie B.V.	's-Hertogenbosch, NLD		100.00	100.00	2013	5.7	0.6
SAGREX S.A.	Bruxelles, BEL		100.00	100.00	2013	87.9	10.7
Sailtown Limited	Maidenhead, GBR		100.00	100.00	2013	918.5	8.5
Saint Hubert Investments S.à r.l.	Luxembourg, LUX		100.00	100.00	2013	354.6	-0.1
Samuel Wilkinson & Sons Limited	Maidenhead, GBR		100.00	100.00	2013	0.0	0.0
Sand- & Grusaktiebolag Jehander	Stockholm, SWE		100.00	100.00	2014	10.9	0.2
Sand Supplies (Western) Limited	Maidenhead, GBR		100.00	100.00	2013	0.0	0.0
Sandwerke Biesern GmbH	Penig, DEU		100.00	100.00	2013	8.4	0.0
Saunders (Ipswich) Limited	Maidenhead, GBR		100.00	100.00	2013	0.1	0.0
Scancem Central Africa Holding 1 AB	Stockholm, SWE		100.00	100.00	2013	18.1	0.1
Scancem Central Africa Holding 2 AB	Stockholm, SWE		100.00	100.00	2013	18.0	0.1
Scancem Central Africa Holding 3 AB	Stockholm, SWE		100.00	100.00	2013	14.9	0.1
Scancem Central Africa Holding 4 AB	Stockholm, SWE		100.00	100.00	2013	14.9	0.1
Scancem East OY AB	Helsinki, FIN		100.00	100.00	2013	6.3	0.0
Scancem Energy and Recovery Limited	Maidenhead, GBR		100.00	100.00	2013	19.5	0.0
Scancem International DA	Oslo, NOR		93.94	93.94	2013	293.9	87.7
Scancem International Limited	Maidenhead, GBR		100.00	100.00	2013	21.5	0.0
Scancem Recovery Limited	Maidenhead, GBR		100.00	100.00	2013	19.6	0.3
Scancem Supply Limited	Maidenhead, GBR		100.00	100.00	2013	-2.3	0.0
Seagoe Concrete Products Limited	Maidenhead, GBR		100.00	100.00	2013	0.0	0.0
Second City Properties Limited	Maidenhead, GBR		100.00	100.00	2013	13.9	0.0
Sementsverksmidjan ehf [5]	Reykjavík, ISL		100.00	53.00	-	-	-
Shanon Limited Partnership	Edinburgh, GBR		100.00	99.99	2013	1.6	0.0
Shapedirect Limited	Maidenhead, GBR		100.00	100.00	2013	7,437.7	9.0
SJP 1 Limited	Maidenhead, GBR		100.00	100.00	2013	-0.1	0.0
Slotcount Limited	Maidenhead, GBR		60.15	60.15	2013	1,914.5	0.0
Small Lots (Mix-It) Limited	Maidenhead, GBR		100.00	100.00	2013	13.0	0.0
SMW Sand und Mörtelwerk GmbH & Co. KG [3]	Königs Wusterhausen, DEU		100.00	100.00	2013	0.9	0.7
Solrec Limited	Maidenhead, GBR		100.00	100.00	2013	10.0	0.0
Specialstabilisering i Stockholm AB	Stockholm, SWE		50.00	50.00	2013	0.0	0.0
SQ Corporation Limited	Maidenhead, GBR		100.00	100.00	2013	2,922.5	0.0
SQ Finance No 2 Limited	Maidenhead, GBR		100.00	100.00	2013	3,024.9	0.0
St Edouard S.à r.l.	Luxembourg, LUX		100.00	99.99	2013	2,391.6	0.0
ST JUDE S.à r.l.	Luxembourg, LUX		100.00	100.00	2013	2,408.7	0.0
ST LUKE S.à r.l.	Luxembourg, LUX		100.00	100.00	2013	13.4	0.0
ST MARIUS S.à r.l.	Luxembourg, LUX		100.00	100.00	2013	890.2	-0.1
ST NICOLAS S.à r.l.	Luxembourg, LUX		100.00	100.00	2013	1,297.8	0.1
St Pierre S.à r.l.	Luxembourg, LUX		100.00	99.99	2013	0.4	-0.1
Stahlsaiten Betonwerke GmbH	Ennigerloh, DEU		100.00	100.00	2013	0.4	0.0
Stephen Toulson & Sons Limited	Maidenhead, GBR		100.00	100.00	2013	0.0	0.0
Stewartby Housing Association, Limited	Maidenhead, GBR		100.00	100.00	2013	0.1	0.0
Structherm Holdings Limited	Maidenhead, GBR		100.00	100.00	2013	2.2	1.8
Structherm Limited	Maidenhead, GBR		100.00	100.00	2013	2.0	0.1
Supamix Limited	Maidenhead, GBR		100.00	100.00	2013	6.8	0.0

Company name	Corporate seat	HC AG direct owner-ship %	Capital share % [6]	Group owner-ship %	Year [7]	Equity in € million [8]	Net income in € million [9]
Svenska Cementföreningen UPA	Stockholm, SWE		100.00	100.00	2013	0.0	0.0
TBH Transportbeton Hamburg GmbH & Co. KG [3]	Hamburg, DEU		100.00	100.00	2013	0.3	-1.8
The Purfleet Ship to Shore Conveyor Company Limited	Maidenhead, GBR		100.00	85.71	2013	0.1	0.0
Thistleton Quarries Limited	Maidenhead, GBR		100.00	100.00	2013	-1.7	0.0
Tillotson Commercial Motors Limited	Maidenhead, GBR		100.00	100.00	2013	-22.6	0.0
Tillotson Commercial Vehicles Limited	Maidenhead, GBR		100.00	100.00	2013	0.0	0.0
Tilmanstone Brick Limited	Maidenhead, GBR		100.00	100.00	2013	8.5	0.0
Timesound	Maidenhead, GBR		100.00	100.00	2013	0.7	0.0
TLQ Limited	Edinburgh, GBR		100.00	100.00	2013	0.0	0.0
TMC Pioneer Aggregates Limited	Maidenhead, GBR		100.00	100.00	2013	0.0	0.0
Tunnel Cement Limited	Maidenhead, GBR		100.00	100.00	2013	0.0	0.0
U.D.S. Holdings B.V.	Amsterdam, NLD		100.00	100.00	2013	612.8	0.0
UAB Gerdukas	Vilnius, LTU		70.00	70.00	2013	2.1	0.1
UAB Heidelberg Cement Klaipeda	Klaipeda, LTU		100.00	100.00	2013	0.4	0.7
UDS (No 10)	Maidenhead, GBR		100.00	100.00	2013	0.0	0.0
UDS (No 3) Limited	Maidenhead, GBR		100.00	100.00	2013	6.8	0.0
UDS Corporation Limited	Maidenhead, GBR		100.00	100.00	2013	439.2	0.0
UDS Finance Limited	Maidenhead, GBR		100.00	100.00	2013	49.1	0.0
UDS Group Limited	Maidenhead, GBR		100.00	100.00	2013	132.2	0.0
UDS Holdings (1) Limited	Maidenhead, GBR		100.00	100.00	2013	224.2	0.0
UGI Group Limited	Maidenhead, GBR		100.00	100.00	2013	116.0	0.0
United Gas Industries Limited	Maidenhead, GBR		100.00	100.00	2013	14.0	0.0
V.E.A. Limited	St. Peter Port, GGY		100.00	100.00	2013	191.4	0.3
V.O.F. 'Bouwdok Barendrecht'	Barendrecht, NLD		60.01	60.01	2013	-0.1	0.0
Viewgrove Investments Limited	Maidenhead, GBR		100.00	100.00	2013	7,697.3	0.0
Visionfocus Limited	Maidenhead, GBR		100.00	100.00	2013	434.1	0.0
Visionrefine Limited	Maidenhead, GBR		100.00	100.00	2013	-0.4	0.0
Walhalla Kalk GmbH & Co. KG [3]	Regensburg, DEU	79.91	79.91	79.91	2013	13.8	3.7
Walhalla Kalkproduktionsgesellschaft mbH	Regensburg, DEU		100.00	79.91	2013	4.4	0.5
Welbecson Group Limited	Maidenhead, GBR		100.00	100.00	2013	-0.1	0.0
WIKA Sand und Kies GmbH & Co. KG [3]	Bremen, DEU		100.00	100.00	2013	5.0	0.8
Wineholm Limited	Maidenhead, GBR		100.00	100.00	2013	-2.4	0.0
Subsidiaries							
Eastern Europe-Central Asia							
BayKaz Beton LLP	Almaty, KAZ		100.00	100.00	2013	4.1	-0.8
BEKTAS Group LLP	Almaty, KAZ		100.00	100.00	2013	0.0	-0.9
Betonpumpy a doprava SK a.s.	Bratislava, SVK		100.00	100.00	2013	0.4	0.0
BETOTECH, s.r.o.	Beroun, CZE		100.00	91.50	2013	0.8	0.1
BT Poznań Sp. z.o.o.	Janikowo, POL		75.00	75.00	2013	0.8	-0.2
Bukhtarma Cement Company LLP	Oktyabrskiy village, KAZ		100.00	100.00	2013	57.0	13.3
Calumite s.r.o.	Ostrava, CZE		100.00	51.00	2013	4.8	1.5
Carpat Agregate S.A.	Bucharest, ROU		100.00	100.00	2013	6.4	-2.2
Carpat Beton S.R.L.	Bucharest, ROU		100.00	100.00	2013	15.3	-2.4
Carpat Beton Servicii Pompe SRL	Bucharest, ROU		100.00	100.00	2013	2.4	-0.4
Carpat Cemtrans S.R.L.	Bucharest, ROU		100.00	100.00	2013	4.1	-0.3
Carpatcement Holding S.A.	Bucharest, ROU		100.00	100.00	2014	244.2	26.9
CaspiCement Limited Liability Partnership	Shetpe, KAZ		100.00	100.00	2013	118.8	-1.9

Company name	Corporate seat	HC AG direct ownership %	Capital share % [6]	Group ownership %	Year [7]	Equity in € million [8]	Net income in € million [9]
Caspinerud Limited Liability Partnership	Aktau, KAZ		75.10	75.10	2013	11.2	-0.1
Cementa sp. z o. o. [5]	Warsaw, POL		100.00	100.00	-	-	-
Českomoravský beton, a.s.	Beroun, CZE		100.00	100.00	2013	28.6	1.6
Českomoravský cement, a.s.	Mokra, CZE		100.00	100.00	2014	77.1	26.7
Českomoravský štěrk, a.s.	Mokra, CZE		100.00	100.00	2013	54.3	2.4
Górażdże Beton Sp. z o.o.	Chorula, POL		100.00	100.00	2014	19.5	-4.2
Górażdże Cement S.A.	Chorula, POL		100.00	100.00	2014	233.4	35.2
Górażdże Kruszywa Sp. z o.o.	Chorula, POL		100.00	100.00	2013	26.5	-1.1
HeidelbergBeton Ukraine Limited Liability Company	Kryvyi Rih, UKR		100.00	99.98	2013	4.5	-0.1
HeidelbergCement Ukraine Public Joint Stock Company	Dnepropetrovsk, UKR		99.83	99.83	2014	22.5	-27.7
HeidelbergGranit Ukraine Limited Liability Company	Dnepropetrovsk, UKR		100.00	100.00	2013	4.2	0.1
Kamenivo Slovakia a.s.	Bytča Hrabové, SVK		100.00	100.00	2013	1.3	0.0
KSL Limited Liability Company	Busheve, UKR		100.00	100.00	2013	1.8	-0.5
Limited Liability Company "Construction Materials"	Sterlitamak, RUS		100.00	100.00	2013	102.5	10.3
Limited Liability Company "HeidelbergCement Georgia"	Tbilisi, GEO		100.00	75.00	2014	10.6	-0.9
LLC HeidelbergBeton Georgia	Tbilisi, GEO		100.00	100.00	2013	2.4	0.2
LLC HeidelbergCement Caucasus	Tbilisi, GEO		100.00	100.00	2013	0.0	0.0
LLC 'HeidelbergCement Rus'	Podolsk, RUS		100.00	100.00	2013	13.1	0.3
LLC Kartuli Cementi	Tbilisi, GEO		100.00	100.00	2013	-9.6	-3.6
LLC Terjola-Quarry	Tbilisi, GEO		100.00	100.00	2013	1.0	0.1
OOO "Norcem Kola"	Murmansk, RUS		100.00	100.00	2013	0.6	0.0
OOO KaliningradCement	Kaliningrad, RUS		100.00	74.90	2013	7.4	1.4
Open Joint Stock Company Gurovo-Beton	Novogurovskiy, RUS		100.00	100.00	2013	5.9	0.4
Open Joint-Stock Company "Slantsy Cement Plant "Cesla"	Slantsy, RUS		99.78	99.78	2013	28.5	-2.4
Precon Polska Sp.z.o.o.	Warsaw, POL		100.00	100.00	2013	4.2	0.7
Recyfuel SRL	Bucharest, ROU		100.00	100.00	2013	0.2	0.0
Rybalsky Quarry Limited Liability Company	Dnepropetrovsk, UKR		100.00	100.00	2013	1.2	-0.2
TBG BETONMIX a. s.	Brno, CZE		66.00	66.00	2013	9.2	0.4
TBG BETONPUMPY MORAVA s.r.o.	Brno, CZE		90.00	84.90	2013	0.8	0.1
TBG SEVEROZAPADNI CECHY s.r.o.	Chomutov, CZE		66.00	66.00	2013	3.3	0.3
TBG Východní Čechy s.r.o.	Trutnov, CZE		90.00	70.04	2013	2.3	0.2
TBG Vysocina s.r.o.	Kozichovice, CZE		90.00	59.40	2013	2.3	0.2
TBG ZNOJMO s. r. o.	Dyje, CZE		100.00	66.00	2013	1.8	0.0
Tulacement - Limited Liability Company	Novogurovskiy, RUS		100.00	100.00	2013	48.4	-12.6
Subsidiaries							
North America							
Allied Ready Mix Concrete Limited	Vancouver, CAN		100.00	100.00	2013	8.1	-0.6
Amangani SA	Panama City, PAN		100.00	100.00	2013	-0.1	-0.1
Amcord, Inc.	Dover, USA		100.00	100.00	2013	7.9	-3.9
Anche Holdings Inc	Panama City, PAN		100.00	100.00	2013	1,536.0	0.0
Asian Carriers Inc.	Panama City, PAN		100.00	100.00	2013	33.4	0.1
Astravance Corp.	Panama City, PAN		100.00	100.00	2013	53,028.5	0.0
Beazer East, Inc.	Wilmington, USA		100.00	100.00	2013	19.2	-31.3
Cadman (Black Diamond), Inc.	Olympia, USA		100.00	100.00	2013	7.4	0.1
Cadman (Rock), Inc.	Olympia, USA		100.00	100.00	2013	12.0	-0.6
Cadman (Seattle), Inc.	Olympia, USA		100.00	100.00	2013	44.3	3.1
Cadman Holding Co., Inc. [5]	Olympia, USA		100.00	100.00	-	-	-

Company name	Corporate seat	HC AG direct owner-ship %	Capital share % [6]	Group owner-ship %	Year [7]	Equity in € million [8]	Net income in € million [9]
Cadman, Inc.	Olympia, USA		100.00	100.00	2013	45.2	-1.8
Calaveras Materials Inc.	Sacramento, USA		100.00	100.00	2013	73.3	2.2
Calaveras-Standard Materials, Inc.	Sacramento, USA		100.00	100.00	2013	26.4	-0.1
Campbell Concrete & Materials LLC	Austin, USA		100.00	100.00	2014	12.7	8.6
Campbell Transportation Services LLC [5]	Austin, USA		99.00	99.00	-	-	-
Cascapedia Corporation	Panama City, PAN		100.00	100.00	2013	-0.2	-0.1
Cavenham Forest Industries LLC	Wilmington, USA		100.00	100.00	2013	7.2	-2.6
Cindercrete Mining Supplies Ltd. 1) [5]	Saskatchewan, CAN		50.00	43.75	-	-	-
Cindercrete Products Limited [5]	Saskatchewan, CAN		87.50	87.50	-	-	-
Civil and Marine Inc.	Wilmington, USA		100.00	100.00	2013	36.2	0.2
Commercial Aggregates Transportation and Sales LLC	Wilmington, USA		100.00	100.00	2013	1.8	0.3
Constar LLC	Wilmington, USA		100.00	100.00	2013	210.1	4.3
Continental Florida Materials Inc.	Tallahassee, USA		100.00	100.00	2014	78.2	1.4
Cowichan Corporation	Panama City, PAN		100.00	100.00	2013	2,404.9	0.0
EPC VA 121, LLC [5]	Richmond, USA		100.00	100.00	-	-	-
Essex NA Holdings LLC	Wilmington, USA		100.00	100.00	2013	38.3	0.0
Ferndale Ready Mix & Gravel, Inc.	Olympia, USA		100.00	100.00	2013	14.8	0.2
Gulf Coast Stabilized Materials LLC	Austin, USA		100.00	100.00	2013	25.3	5.0
Gypsum Carrier Inc	Panama City, PAN		100.00	100.00	2013	65.5	-0.1
H P & P Portland, Inc. [5]	Salem, USA		100.00	100.00	-	-	-
HA Properties IN, LLC [5]	Indianapolis, USA		100.00	100.00	-	-	-
HA Properties KY, LLC [5]	Frankfort, USA		100.00	100.00	-	-	-
HA Properties NY II, LLC [5]	Albany, USA		100.00	100.00	-	-	-
HA Properties NY, LLC [5]	Albany, USA		100.00	100.00	-	-	-
HA Properties SC, LLC [5]	Greenville, USA		100.00	100.00	-	-	-
HAMW Minerals, Inc.	Wilmington, USA		100.00	100.00	2013	6.4	0.0
Hanson (ER-No 16) Inc. [5]	Wilmington, USA		100.00	100.00	-	-	-
Hanson Aggregates LLC	Wilmington, USA		100.00	100.00	2014	971.0	25.7
Hanson Aggregates BMC, Inc.	Harrisburg, USA		100.00	100.00	2014	254.1	4.4
Hanson Aggregates Contracting, Inc. [5]	Sacramento, USA		100.00	100.00	-	-	-
Hanson Aggregates Davon LLC	Columbus, USA		100.00	100.00	2013	85.4	-6.1
Hanson Aggregates East LLC	Wilmington, USA		100.00	100.00	2013	339.0	0.3
Hanson Aggregates Mid-Pacific, Inc.	Wilmington, USA		100.00	100.00	2014	247.4	0.2
Hanson Aggregates Midwest LLC	Frankfort, USA		100.00	100.00	2014	350.1	24.0
Hanson Aggregates New York LLC	Albany, USA		100.00	100.00	2014	410.4	19.6
Hanson Aggregates Pacific Southwest, Inc.	Wilmington, USA		100.00	100.00	2013	278.1	-3.4
Hanson Aggregates Pennsylvania LLC	Wilmington, USA		100.00	100.00	2014	262.3	14.8
Hanson Aggregates Properties TX, LLC [5]	Austin, USA		100.00	100.00	-	-	-
Hanson Aggregates Southeast LLC	Wilmington, USA		100.00	100.00	2014	573.1	15.2
Hanson Aggregates WRP, Inc.	Wilmington, USA		100.00	100.00	2013	59.6	0.9
Hanson BC Limited	Hamilton, BMU		100.00	100.00	2013	1,246.7	0.0
Hanson Brick America, Inc. [5]	Lansing, USA		100.00	100.00	-	-	-
Hanson Brick East, LLC	Wilmington, USA		100.00	100.00	2014	139.2	-8.2
Hanson Brick Limited	Burlington, CAN		100.00	100.00	2014	71.0	0.5
Hanson Building Materials America LLC	Wilmington, USA		100.00	100.00	2013	707.2	-1.4
Hanson Finance America, Inc. [5]	Wilmington, USA		100.00	100.00	-	-	-
Hanson Green Limited	Hamilton, BMU		100.00	100.00	2013	0.1	0.0
Hanson Hardscape Products LLC	Wilmington, USA		100.00	100.00	2013	-8.3	-1.8

Company name	Corporate seat	HC AG direct ownership %	Capital share %[6]	Group ownership %	Year[7]	Equity in € million[8]	Net income in € million[9]
Hanson Marine Finance, Inc.	Sacramento, USA		100.00	100.00	2013	0.2	0.2
Hanson Marine Operations, Inc.	Sacramento, USA		100.00	100.00	2013	7.4	1.0
Hanson Micronesia Cement, Inc.	Wilmington, USA		100.00	100.00	2013	3.5	0.0
Hanson Permanente Cement of Guam, Inc.	Sacramento, USA		100.00	100.00	2013	35.0	1.8
Hanson Permanente Cement, Inc.	Phoenix, USA		100.00	100.00	2013	217.4	60.8
Hanson Pipe & Precast LLC	Wilmington, USA		100.00	100.00	2014	229.9	15.0
Hanson Pipe & Precast Quebec Ltd.	Montreal, CAN		100.00	100.00	2013	20.7	-1.1
Hanson Pipe & Precast, Ltd.	Toronto, CAN		100.00	100.00	2014	20.7	4.7
Hanson Pressure Pipe Inc.	Montreal, CAN		100.00	100.00	2013	87.1	0.2
Hanson Pressure Pipe, Inc.	Columbus, USA		100.00	100.00	2014	189.0	-0.1
Hanson Roof Tile, Inc.	Wilmington, USA		100.00	100.00	2013	24.5	-1.3
Hanson Structural Precast LLC[5]	Wilmington, USA		100.00	100.00	-	-	-
Hanson Structural Precast, Inc.	Los Angeles, USA		100.00	100.00	2013	31.6	-4.1
HBMA Holdings LLC	Wilmington, USA		100.00	100.00	2013	3,055.5	0.0
HBP Mineral Holdings LLC[5]	Wilmington, USA		100.00	100.00	-	-	-
HBP Property Holdings LLC[5]	Wilmington, USA		100.00	100.00	-	-	-
HC Trading International Inc.	Nassau, BHS		100.00	100.00	2014	4.2	-8.7
HNA Investments	Wilmington, USA		100.00	100.00	2013	3,709.5	-
HP&P SE Properties SC LLC[5]	Columbia, USA		100.00	100.00	-	-	-
HP&P SE Properties VA LLC[5]	Richmond, USA		100.00	100.00	-	-	-
HSC Cocoa Property Reserve, LLC[5]	Tallahassee, USA		100.00	100.00	-	-	-
HSPP Properties BMC Ohio LLC[5]	Olympia, USA		100.00	100.00	-	-	-
HSPP Properties Idaho LLC[5]	Boise, USA		100.00	100.00	-	-	-
HSPP Properties Ohio LLC[5]	Columbus, USA		100.00	100.00	-	-	-
HSPP Properties PMA Ohio LLC[5]	Olympia, USA		100.00	100.00	-	-	-
HSPP Properties Tennessee LLC[5]	Nashville, USA		100.00	100.00	-	-	-
HSPP Properties Utah LLC[5]	Salt Lake City, USA		100.00	100.00	-	-	-
Kaiser Gypsum Company, Inc.	Olympia, USA		100.00	100.00	2013	-26.0	153.7
KH 1 Inc.	Dover, USA		100.00	100.00	2013	188.4	0.0
Lehigh Cement Company LLC	Wilmington, USA		100.00	100.00	2014	973.5	27.5
Lehigh Hanson Holdings Limited[5]	Ontario, CAN		100.00	100.00	-	-	-
Lehigh Hanson Materials Limited	Calgary, CAN		100.00	100.00	2014	1,106.9	105.6
Lehigh Hanson Receivables LLC	Wilmington, USA		100.00	100.00	2013	8.5	2.5
Lehigh Hanson, Inc.	Wilmington, USA		100.00	100.00	2014	9,149.7	-210.3
Lehigh Northeast Cement Company[5]	Albany, USA		100.00	100.00	-	-	-
Lehigh Northwest Cement Company	Olympia, USA		100.00	100.00	2013	124.2	1.0
Lehigh Northwest Marine, LLC	Wilmington, USA		100.00	100.00	2013	1.9	0.0
Lehigh Portland Holdings, LLC	Wilmington, USA		100.00	100.00	2013	0.0	0.1
Lehigh Portland Investments, LLC	Wilmington, USA		100.00	100.00	2013	76.9	54.0
Lehigh Portland New York LLC[5]	Albany, USA		100.00	100.00	-	-	-
Lehigh Realty Company	Richmond, USA		100.00	100.00	2013	1.6	0.0
Lehigh Southwest Cement Company	Sacramento, USA		100.00	100.00	2014	280.3	2.1
Lehigh White Cement Company	Harrisburg, USA		51.00	51.00	2014	53.2	12.7
Lucas Coal Company, Inc[5]	Harrisburg, USA		100.00	100.00	-	-	-
Magnum Minerals, Inc.[5]	Harrisburg, USA		100.00	100.00	-	-	-
Material Service Corporation	Wilmington, USA		100.00	100.00	2014	86.7	21.0
Mayco Mix Ltd.	Langley, CAN		100.00	100.00	2013	3.1	-1.1
Mineral and Land Resources Corporation	Wilmington, USA		100.00	100.00	2013	27.7	0.0

Company name	Corporate seat	HC AG direct ownership %	Capital share % [6]	Group ownership %	Year [7]	Equity in € million [8]	Net income in € million [9]
Mission Valley Rock Co.	Sacramento, USA		100.00	100.00	2013	82.1	1.3
PCAz Leasing, Inc.	Phoenix, USA		100.00	100.00	2013	5.0	0.0
Permanente Cement Company [5]	Sacramento, USA		100.00	100.00	-	-	-
Pioneer International Overseas Corporation	Tortola, VGB		100.00	100.00	2013	126.2	0.4
Plum Run Lake, LLC [5]	Columbus, USA		100.00	100.00	-	-	-
Rempel Bros. Concrete Ltd.	Langley, CAN		100.00	100.00	2014	18.0	-1.5
Rimarcal Corporation	Panama City, PAN		100.00	100.00	2013	2,761.0	20.6
Sherman Industries LLC	Wilmington, USA		99.00	99.00	2013	46.2	-8.1
Sherman-Abetong, Inc. [5]	Montgomery, USA		100.00	100.00	-	-	-
Shrewsbury Properties LLC	Austin, USA		100.00	100.00	2013	0.6	0.0
Sinclair General Corporation	Panama City, PAN		100.00	100.00	2013	8,546.2	-0.1
South Coast Materials Company [5]	Sacramento, USA		100.00	100.00	-	-	-
South Valley Materials, Inc.	Sacramento, USA		100.00	100.00	2013	15.0	-2.3
Standard Concrete Products, Inc.	Sacramento, USA		100.00	100.00	2013	10.4	-0.7
SunCrete Rooftile, Inc. [5]	Sacramento, USA		100.00	100.00	-	-	-
Three Rivers Management, Inc.	Wilmington, USA		100.00	100.00	2013	-0.3	0.0
Vestur Insurance (Bermuda) Ltd	Hamilton, BMU		100.00	100.00	2013	0.1	0.0
Subsidiaries							
Asia-Pacific							
Bitumix Granite Sdn Bhd	Kuala Lumpur, MYS		100.00	100.00	2013	2.4	-0.1
Butra HeidelbergCement Sdn. Bhd.	Bandar Seri Begawan, BRN		70.00	70.00	2013	10.9	5.6
CGF Pty Limited	New South Wales, AUS		100.00	100.00	2013	220.9	0.0
Christies Stone Quarries Pty Ltd	South Australia, AUS		100.00	100.00	2013	0.0	0.0
COCHIN Cements Ltd.	Kottyam, IND		98.72	98.72	2013	0.3	-0.4
Concrete Materials Laboratory Sdn Bhd	Kuala Lumpur, MYS		100.00	100.00	2013	0.1	0.1
Consolidated Quarries Pty Ltd.	Victoria, AUS		100.00	100.00	2013	0.0	0.0
Excel Quarries Pty Limited	Queensland, AUS		100.00	100.00	2013	0.1	0.0
Fairfield Pre-Mix Concrete Pty Ltd	Victoria, AUS		100.00	100.00	2013	0.1	0.0
Galli Quarries Pty Limited	Victoria, AUS		100.00	100.00	2013	23.8	-0.5
Gerak Harapan Sdn Bhd	Kuala Lumpur, MYS		70.00	70.00	2013	0.8	0.0
Hanson Australia (Holdings) Proprietary Limited	Victoria, AUS		100.00	100.00	2013	1,550.8	267.8
Hanson Australia Cement (2) Pty Ltd	New South Wales, AUS		100.00	100.00	2013	7.5	8.4
Hanson Australia Cement Pty Limited	New South Wales, AUS		100.00	100.00	2013	35.1	8.7
Hanson Australia Funding Limited	New South Wales, AUS		100.00	100.00	2013	30.2	10.6
Hanson Australia Investments Pty Limited	New South Wales, AUS		100.00	100.00	2013	42.4	7.6
Hanson Australia Pty Limited	New South Wales, AUS		100.00	100.00	2013	862.4	1.4
Hanson Building Materials (S) Pte. Ltd.	Singapore, SGP		100.00	100.00	2013	-0.3	0.0
Hanson Building Materials Cartage Sdn Bhd	Kuala Lumpur, MYS		100.00	100.00	2013	0.1	0.1
Hanson Building Materials Industries Sdn Bhd	Kuala Lumpur, MYS		100.00	100.00	2013	0.0	0.1
Hanson Building Materials Malaysia Sdn Bhd	Kuala Lumpur, MYS		100.00	100.00	2014	22.6	6.0
Hanson Building Materials Manufacturing Sdn Bhd	Kuala Lumpur, MYS		100.00	100.00	2013	0.4	-0.1
Hanson Building Materials Production Sdn Bhd	Kuala Lumpur, MYS		100.00	100.00	2013	12.2	0.0
Hanson Building Materials Transport Sdn Bhd	Kuala Lumpur, MYS		100.00	100.00	2013	0.3	0.1
Hanson Building Materials-KTPC Sdn Bhd	Kuala Lumpur, MYS		65.00	65.00	2013	0.3	0.0
Hanson Building Materials-KTPC-PBPM Sdn Bhd	Kuala Lumpur, MYS		100.00	67.50	2013	1.1	0.1
Hanson Building Materials-PBPM Sdn Bhd	Kuala Lumpur, MYS		70.00	70.00	2013	0.2	0.0
Hanson Cement Holdings Pty Ltd	Victoria, AUS		100.00	100.00	2013	4.0	4.5

Company name	Corporate seat	HC AG direct ownership %	Capital share % [6]	Group ownership %	Year [7]	Equity in € million [8]	Net income in € million [9]
Hanson Concrete (M) Sdn Bhd	Kuala Lumpur, MYS		100.00	100.00	2013	-0.1	0.2
Hanson Construction Materials Pty Ltd	Queensland, AUS		100.00	100.00	2014	158.8	28.5
Hanson Finance Australia Ltd	Australian Capital Territory, AUS		100.00	100.00	2013	136.2	-13.5
Hanson Holdings (M) Sdn Bhd	Kuala Lumpur, MYS		100.00	100.00	2013	5.2	2.0
Hanson Investment Holdings Pte Ltd	Singapore, SGP		100.00	100.00	2013	31.7	0.0
Hanson Landfill Services Pty Ltd	Victoria, AUS		100.00	100.00	2013	15.6	3.9
Hanson Pacific (S) Pte Limited	Singapore, SGP		100.00	100.00	2013	-6.4	0.0
Hanson Precast Pty Ltd	New South Wales, AUS		100.00	100.00	2013	-5.3	-0.5
Hanson Pty Limited	Victoria, AUS		100.00	100.00	2013	2,612.4	0.0
Hanson Quarries Victoria Pty Limited	New South Wales, AUS		100.00	100.00	2013	0.4	0.2
Hanson Quarry Products (Batu Pahat) Sdn Bhd	Kuala Lumpur, MYS		100.00	100.00	2013	0.3	0.0
Hanson Quarry Products (EA) Sdn Bhd	Kuala Lumpur, MYS		100.00	100.00	2013	1.5	0.0
Hanson Quarry Products (Holdings) Sdn Bhd	Kuala Lumpur, MYS		100.00	100.00	2013	66.4	0.8
Hanson Quarry Products (Kuantan) Sdn Bhd	Kuala Lumpur, MYS		100.00	100.00	2013	3.1	0.0
Hanson Quarry Products (Kulai) Sdn Bhd	Kuala Lumpur, MYS		100.00	100.00	2013	7.6	1.3
Hanson Quarry Products (Land) Sdn Bhd	Kuala Lumpur, MYS		100.00	100.00	2013	5.9	0.5
Hanson Quarry Products (Masai) Sdn Bhd	Kuala Lumpur, MYS		100.00	100.00	2013	0.7	0.1
Hanson Quarry Products (Northern) Sdn Bhd	Kuala Lumpur, MYS		100.00	100.00	2013	2.3	0.0
Hanson Quarry Products (Pengerang) Sdn Bhd	Kuala Lumpur, MYS		100.00	100.00	2013	0.6	0.3
Hanson Quarry Products (Perak) Sdn Bhd	Kuala Lumpur, MYS		100.00	100.00	2013	2.5	0.3
Hanson Quarry Products (Premix) Sdn Bhd	Kuala Lumpur, MYS		100.00	100.00	2013	0.8	0.0
Hanson Quarry Products (Rawang) Sdn Bhd	Kuala Lumpur, MYS		100.00	100.00	2013	1.6	0.1
Hanson Quarry Products (Segamat) Sdn Bhd	Kuala Lumpur, MYS		100.00	100.00	2013	0.2	0.0
Hanson Quarry Products (Tempoyak) Sdn Bhd	Kuala Lumpur, MYS		100.00	100.00	2013	-0.9	-0.4
Hanson Quarry Products (Terengganu) Sdn Bhd	Kuala Lumpur, MYS		100.00	100.00	2013	1.5	0.0
Hanson Quarry Products Sdn Bhd	Kuala Lumpur, MYS		100.00	100.00	2014	42.6	15.4
HCT Services Asia Pte. Ltd.	Singapore, SGP		100.00	100.00	2013	0.5	0.0
HeidelbergCement Asia Pte Ltd	Singapore, SGP		100.00	100.00	2013	9.7	2.1
HeidelbergCement Bangladesh Limited	Chittagong, BGD		60.67	60.66	2014	67.7	12.2
HeidelbergCement Holding HK Limited	Hong Kong, HKG		100.00	100.00	2013	59.1	31.5
HeidelbergCement India Limited	Gurgaon, IND		69.39	69.39	2014	109.7	6.3
HeidelbergCement Myanmar Company Limited [5]	Naypyitaw, MMR		100.00	100.00	-	-	-
Hymix Australia Pty Ltd	New South Wales, AUS		100.00	100.00	2014	129.8	15.1
Meghna Energy Limited	Dhaka, BGD		100.00	100.00	2013	7.1	1.0
Pioneer Concrete (Hong Kong) Limited	Hong Kong, HKG		100.00	100.00	2013	16.6	1.5
Pioneer Concrete (Tasmania) Proprietary Limited	Tasmania, AUS		100.00	100.00	2013	5.4	0.0
Pioneer Concrete (WA) Pty Ltd	Western Australia, AUS		100.00	100.00	2013	0.0	0.0
Pioneer Concrete Services (Malaysia) S/B [4]	Kuala Lumpur, MYS		100.00	100.00	-	-	-
Pioneer International (Labuan) Ltd	Labuan, MYS		100.00	100.00	2013	0.4	0.0
Pioneer International Holdings Pty Ltd	New South Wales, AUS		100.00	100.00	2013	1,004.2	0.0
Pioneer North Queensland Pty Ltd	Queensland, AUS		100.00	100.00	2013	18.8	2.5
Plentong Granite Industries Sdn Bhd	Kuala Lumpur, MYS		70.00	70.00	2013	1.6	0.7
PT Bahana Indonor	Jakarta, IDN		100.00	50.98	2013	6.9	3.3
PT Bhakti Sari Perkasa Abadi	Jakarta, IDN		100.00	50.98	2013	0.0	0.0
PT Dian Abadi Perkasa	Jakarta, IDN		100.00	50.98	2013	40.2	14.4
PT Indocement Tunggal Prakarsa Tbk.	Jakarta, IDN		51.00	51.00	2014	1,590.3	319.7
PT Indomix Perkasa	Jakarta, IDN		100.00	51.00	2013	3.1	0.1
PT Lentera Abadi Sejahtera	Jakarta, IDN		100.00	51.00	2013	0.0	0.0

Company name	Corporate seat	HC AG direct ownership %	Capital share % [6]	Group ownership %	Year [7]	Equity in € million [8]	Net income in € million [9]
PT Makmur Abadi Perkasa Mandiri	Jakarta, IDN		100.00	51.00	2013	0.0	0.0
PT Mandiri Sejahtera Sentra	Purwakarta, IDN		100.00	50.98	2013	14.6	0.4
PT Mineral Industri Sukabumi	Sukabumi, IDN		100.00	50.98	2013	0.9	0.0
PT Multi Bangun Galaxy	Lombok, IDN		100.00	50.98	2013	0.1	0.0
PT Pionirbeton Industri	Jakarta, IDN		100.00	51.00	2013	-1.4	-4.7
PT Sahabat Mulia Sakti	Semarang, IDN		99.64	50.98	2013	0.0	0.0
PT Sari Bhakti Sejati	Jakarta, IDN		100.00	51.00	2013	3.0	0.0
PT Tarabatuh Manunggal	South Tangerang, IDN		99.99	50.98	2013	3.9	-
PT Terang Prakarsa Cipta [5]	Jakarta, IDN		99.99	51.00	-	-	-
Rajang Perkasa Sdn Bhd	Kuala Lumpur, MYS		60.00	60.00	2013	0.4	0.4
Realistic Sensation Sdn Bhd	Kuala Lumpur, MYS		69.98	69.98	2013	1.1	0.1
Sofinaz Holdings Sdn Bhd	Kuala Lumpur, MYS		100.00	100.00	2013	0.3	0.0
South Coast Basalt Pty Ltd	New South Wales, AUS		100.00	100.00	2013	0.6	-0.5
Tanah Merah Quarry Sdn Bhd	Kuala Lumpur, MYS		100.00	100.00	2013	-3.0	0.0
Valscot Pty Limited	New South Wales, AUS		100.00	100.00	2013	0.0	0.0
Waterfall Quarries Pty Limited	Victoria, AUS		100.00	100.00	2013	0.0	0.0
West Coast Premix Pty Ltd	Victoria, AUS		100.00	100.00	2013	0.0	0.0
Yalkara Contracting Pty Ltd	Queensland, AUS		100.00	100.00	2013	6.4	0.0
Subsidiaries							
Africa-Mediterranean Basin							
Calcim S.A.	Cotonou, BEN		100.00	93.94	2013	0.1	0.1
Cimbenin SA	Cotonou, BEN		86.67	81.41	2013	13.2	5.1
CimBurkina S.A.	Ouagadougou, BFA		80.00	75.15	2013	9.6	-0.6
Ciments du Togo SA	Lome, TGO		99.63	93.59	2014	19.5	5.7
Ghacem Ltd.	Accra, GHA		93.10	87.46	2014	43.0	41.6
GRANUBENIN SA avec CA [5]	Cotonou, BEN		99.90	93.85	-	-	-
Hanson (Israel) Ltd	Ramat Gan, ISR		99.98	99.98	2014	159.9	17.3
Hanson Quarry Products (Israel) Ltd	Ramat Gan, ISR		100.00	99.98	2013	150.3	13.7
Hanson Yam Limited Partnership	Ramat Gan, ISR		100.00	99.98	2013	2.0	0.6
HC MAG SARL	Algiers, DZA		70.00	70.00	2013	-0.4	0.3
HC Trading FZE	Dubai, ARE		100.00	100.00	2013	0.2	0.0
Heidelberg Cement Afrique Service	Lome, TGO		99.99	93.76	2013	0.0	0.0
Interlacs S.A.R.L.	Lubumbashi, COD		66.74	66.74	2013	-1.2	-0.9
La Cimenterie de Lukala S.A.R.L.	Kinshasa, COD		55.00	55.00	2013	20.4	8.5
La Societe GRANUTOGO SA	Lome, TGO		99.90	93.85	2013	2.9	-0.7
Liberia Cement Corporation Ltd.	Monrovia, LBR		81.67	76.72	2013	6.9	0.2
Pioneer Beton Muva Umachzavot Ltd	Ramat Gan, ISR		100.00	99.98	2013	0.2	0.0
Scantogo Mines SA	Lome, TGO		99.90	93.85	2013	0.0	0.0
Sierra Leone Cement Corp. Ltd. [1]	Freetown, SLE		100.00	46.97	2013	12.7	0.9
Tadir Readymix Concrete (1965) Ltd	Ramat Gan, ISR		100.00	100.00	2013	0.0	0.0
TPCC Tanzania Portland Cement Company Ltd.	Dar Es Salaam, TZA		69.25	65.05	2014	107.4	24.5
West Africa Quarries Limited	Accra, GHA		100.00	87.46	2013	0.2	-0.3
Joint operations							
Western and Northern Europe							
UTE Adossat	Barcelona, ESP		33.33	33.33	2013	0.2	0.2
UTE Port	Barcelona, ESP		50.00	50.00	2013	0.2	0.0

Company name	Corporate seat	HC AG direct ownership %	Capital share % [6]	Group ownership %	Year [7]	Equity in € million [8]	Net income in € million [9]
Joint operations							
North America							
Terrell Materials LLC	Austin, USA		50.00	50.00	2013	5.2	0.0
Two Rivers Cement LLC	Dover, USA		50.00	50.00	2013	16.6	-0.5
Joint operations							
Asia-Pacific							
Lytton Unincorporated Joint Venture	Queensland, AUS		50.00	50.00	2013	0.0	0.0
Joint ventures							
Western and Northern Europe							
Betong Öst AS	Kongsvinger, NOR		50.00	50.00	2013	5.8	3.3
Betonpumpendienst Simonis GmbH & Co. KG [2]	Ubstadt-Weiher, DEU		100.00	57.37	2013	2.5	0.6
H.H. & D.E. Drew Limited	New Milton, GBR		49.00	49.00	2013	13.5	0.3
Heidelberger Beton Aschaffenburg GmbH & Co. KG [2]	Aschaffenburg, DEU		70.95	70.95	2013	0.3	0.2
Heidelberger Beton Donau-Iller GmbH & Co. KG [2]	Elchingen, DEU		80.48	80.48	2013	0.8	0.1
Heidelberger Beton Schwandorf GmbH [2]	Schwandorf, DEU		67.60	57.46	2013	0.4	0.3
Humber Sand and Gravel Limited	Egham, GBR		50.00	50.00	2013	-0.5	-0.3
Joyce Green Aggregates Limited	Dartford, GBR		50.00	50.00	2013	0.0	0.0
Mendip Rail Limited	Markfield, GBR		50.00	50.00	2013	2.7	-0.1
Mibau Holding GmbH	Cadenberge, DEU		50.00	50.00	2013	45.2	0.1
North Tyne Roadstone Limited	Wolverhampton, GBR		50.00	50.00	2013	0.6	-0.2
Reederei Hans Jürgen Hartmann MS "Beltnes" GmbH & CO KG	Cadenberge, DEU		50.00	50.00	2013	12.5	2.3
Reederei Hans-Jürgen Hartmann MS "Bulknes" GmbH & Co KG	Cadenberge, DEU		50.00	50.00	2013	13.0	2.5
Shire Business Park Limited	London, GBR		50.00	50.00	2013	0.0	0.0
Smiths Concrete Limited	Oxford, GBR		49.00	49.00	2013	9.3	0.3
Sola Betong AS	Tananger, NOR		33.33	33.33	2013	2.7	1.5
TBG Ilm-Beton GmbH & Co. KG [2]	Arnstadt, DEU		55.00	55.00	2013	0.6	0.1
TBG Transportbeton Aue-Schwarzenberg GmbH & Co. KG	Schwarzenberg, DEU		90.00	90.00	2013	0.2	0.1
TBG Transportbeton Elster-Spree GmbH & Co. KG [2]	Cottbus, DEU		60.00	60.00	2013	0.6	0.2
TBG Transportbeton Franken GmbH & Co. KG	Fürth, DEU		90.00	90.00	2013	0.5	1.2
TBG Transportbeton GmbH & Co. KG Naabbeton	Nabburg, DEU		50.00	50.00	2013	1.2	1.6
TBG Transportbeton Kurpfalz GmbH & Co. KG	Eppelheim, DEU		51.11	51.11	2013	4.3	0.7
TBG Transportbeton Mittweida GmbH & Co KG	Mittweida, DEU		40.00	40.00	2013	0.2	0.0
TBG Transportbeton Oder-Spree GmbH & Co. KG	Wriezen, DEU		50.00	50.00	2013	1.5	0.2
Trapobet Transportbeton GmbH Kaiserslautern Kommanditgesellschaft	Kaiserslautern, DEU		50.00	50.00	2013	1.0	1.3
WIKING Baustoff- und Transport GmbH & Co. Kommanditgesellschaft	Geseke, DEU		50.00	50.00	2013	0.3	0.0
Joint ventures							
Eastern Europe-Central Asia							
BT Topbeton Sp. z.o.o.	Gorzów Wielkopolski, POL		50.00	50.00	2013	7.3	1.2
CEMET S.A.	Warsaw, POL		42.91	42.91	2013	14.4	3.1
Closed Joint Stock Company "Mineral Resources Company"	Ishimbay, RUS		50.00	50.00	2013	15.8	2.0
Duna-Dráva Cement Kft.	Vác, HUN		50.00	50.00	2014	157.7	14.8
PISKOVNY MORAVA spol. s.r.o.	Brno, CZE		50.00	50.00	2013	1.6	0.1
Prazske betonpumpy a doprava s.r.o.	Praha, CZE		83.66	50.00	2013	1.2	0.1
TBG Doprastav, a.s.	Bratislava, SVK		60.00	50.00	2013	5.2	-1.8

Company name	Corporate seat	HC AG direct owner-ship %	Capital share % [6]	Group owner-ship %	Year [7]	Equity in € million [8]	Net income in € million [9]
TBG METROSTAV s.r.o.	Praha, CZE		50.00	50.00	2013	17.4	1.0
TBG Plzen Transportbeton s.r.o. [2]	Beroun, CZE		50.10	50.10	2013	1.6	0.2
TBG SWIETELSKY s.r.o. [2]	Budweis, CZE		51.00	51.00	2013	1.2	0.0
Vltavske sterkopisky s.r.o.	Chlumin, CZE		50.00	50.00	2013	4.7	0.2
Joint ventures							
North America							
Allied Cement Company, d/b/a CPC Terminals (Limited Partnership Interest)	Austin, USA		50.50	50.00	2013	0.7	-0.8
American Stone Company	Raleigh, USA		50.00	50.00	2013	1.6	0.2
BP General Partner Ltd. 2) [5]	Winnipeg, CAN		50.00	50.00	-	-	-
Building Products & Concrete Supply Limited Partnership	Winnipeg, CAN		50.00	50.00	2013	-1.7	2.5
California Commercial Asphalt, LLC	Wilmington, USA		50.00	50.00	2013	4.7	0.3
China Century Cement Ltd.	Hamilton, BMU		50.00	50.00	2013	18.0	-1.7
Concrete Pipe & Precast, LLC	Wilmington, USA		50.00	50.00	2013	41.4	0.2
CPC Terminals, Inc [5]	Sacramento, USA		50.00	50.00	-	-	-
Red Bluff Sand & Gravel, L.L.C.	Montgomery, USA		50.00	49.50	2013	1.7	0.1
Texas Lehigh Cement Company LP	Austin, USA		51.00	50.00	2014	36.1	33.5
Upland Ready Mix Ltd.	Campbell River, CAN		50.00	50.00	2013	0.5	0.0
Joint ventures							
Asia-Pacific							
Alliance Construction Materials Ltd	Hong Kong, HKG		50.00	50.00	2013	25.5	22.6
Cement Australia Holdings Pty Ltd	New South Wales, AUS		50.00	50.00	2013	367.6	71.3
Cement Australia Partnership	New South Wales, AUS		50.00	50.00	2013	58.3	47.8
Cement Australia Pty Limited	Victoria, AUS		50.00	50.00	2013	0.0	0.0
Jidong Heidelberg (Fufeng) Cement Company Limited	Baoji, CHN		48.11	48.11	2013	67.7	8.0
Jidong Heidelberg (Jingyang) Cement Company Limited	Xianyang City, CHN		50.00	50.00	2013	80.0	24.9
Joint ventures							
Africa-Mediterranean Basin							
Akçansa Çimento Sanayi ve Ticaret A.S.	Istanbul, TUR		39.72	39.72	2013	234.1	63.1
Fortia Cement S.A.	Lome, TGO		50.00	46.97	2013	11.2	0.6
Associates							
Western and Northern Europe							
Betonmortel Grevelingen B.V.	Zierikzee, NLD		50.00	50.00	2013	0.6	-0.1
Betonmortelcentrale De Mark B.V.	Breda, NLD		28.57	28.57	2013	0.2	-0.1
Betonmortelfabriek Tilburg Bemoti B.V.	Tilburg, NLD		38.67	38.67	2013	-0.6	-1.2
Betonpumpen-Service Niedersachsen GmbH & Co. KG	Hannover, DEU		50.00	50.00	2013	0.2	0.2
Betotech GmbH, Baustofftechnisches Labor [2]	Eppelheim, DEU		100.00	59.98	2013	0.2	0.1
Betotech GmbH, Baustofftechnisches Labor [2]	Nabburg, DEU		100.00	69.65	2013	0.1	0.1
Betuwe Beton Holding B.V.	Tiel, NLD		50.00	50.00	2013	4.4	-0.2
Combinatie "Wessem-Thorn" vof	Nijmegen, NLD		6.50	6.50	2013	0.0	0.0
Cugla B.V.	Breda, NLD		50.00	50.00	2013	6.3	2.4
Demula N.V.	Laarne, BEL		99.34	50.00	2013	0.7	0.5
Donau Kies GmbH & Co. KG [2]	Fürstenzell, DEU		75.00	75.00	2013	4.9	0.0
DONAU MÖRTEL - GmbH & Co. KG	Neuburg a. Inn, DEU		50.00	50.00	2013	0.4	0.1

Company name	Corporate seat	HC AG direct ownership %	Capital share % [6]	Group ownership %	Year [7]	Equity in € million [8]	Net income in € million [9]
Ernst Marschall GmbH & Co. KG Kies- und Schotterwerke	Kressbronn, DEU		20.50	20.50	2013	4.0	0.4
Europomp B.V.	Heerlen, NLD		55.96	47.25	2013	1.0	0.0
Gebrüder Willersinn Industriesandwerk GmbH & Co. KG	Raunheim, DEU		33.33	33.33	2013	1.5	0.1
GENAMO Gesellschaft zur Entwicklung des Naherholungsgebietes Misburg-Ost mbH	Hannover, DEU	50.00	50.00	50.00	2013	0.1	0.0
Hafenbetriebsgesellschaft mbH & Co KG Stade	Stade, DEU		50.00	50.00	2013	0.5	0.1
Heidelberger Beton GmbH & Co Stuttgart KG	Remseck a. N., DEU		50.00	50.00	2013	0.3	-0.5
Heidelberger Beton Grenzland GmbH & Co. KG	Marktredwitz, DEU		50.00	50.00	2013	0.8	1.0
Heidelberger Beton Karlsruhe GmbH &Co. KG	Karlsruhe, DEU		44.44	44.44	2013	2.2	-0.6
Heidelberger Fließestrich Südwest GmbH [2]	Eppelheim, DEU		99.99	64.17	2013	0.4	0.1
Hessisches Bausteinwerk Dr. Blasberg GmbH & Co. KG	Mörfelden-Walldorf, DEU		47.08	47.08	2013	3.6	-0.8
ISAR-DONAU MÖRTEL-GmbH & Co. KG	Passau, DEU		33.33	33.33	2013	0.1	0.0
Kalksandsteinwerke Birkenmeier Gesellschaft mit beschränkter Haftung	Breisach am Rhein, DEU		40.00	40.00	2013	3.1	0.6
KANN Beton GmbH & Co KG	Bendorf, DEU		50.00	50.00	2013	0.9	-1.4
Kieswerke Flemmingen GmbH	Penig, DEU		54.00	54.00	2013	2.5	0.3
Kieswerke Kieser GmbH & Co. KG	Gotha, DEU		51.00	51.00	2013	0.2	0.1
Kronimus Aktiengesellschaft	Iffezheim, DEU	24.90	24.90	24.90	2013	21.4	2.1
Kronimus SAS	Metz, FRA		100.00	43.60	2013	4.8	0.0
KVB Kies- Vertrieb GmbH & Co. KG	Karlsdorf-Neuthard, DEU		24.46	24.46	2013	0.1	0.0
Materiaux Traites du Hainaut S.A.	Antoing, BEL		50.00	50.00	2013	0.7	0.0
MERMANS BETON N.V.	Arendonk, BEL		50.00	50.00	2013	0.2	-0.1
Misburger Hafengesellschaft mit beschränkter Haftung	Hannover, DEU	39.66	39.66	39.66	2013	0.7	0.3
Mittelschwäbische Transport- und Frischbeton- Gesellschaft mit beschränkter Haftung & Co. Kommanditgesellschaft	Thannhausen, DEU		34.21	34.21	2013	0.4	0.2
Mortel Produktie Vianen (MPV) B.V. [5]	Utrecht, NLD		50.00	50.00	-	-	-
NCD Nederlandse Cement Deelnemingsmaatschappij B.V. [4]	Nieuwegein, NLD	36.88	36.88	36.88	2013	1.4	0.1
Nederlands Cement Transport Cetra B.V.	Uithoorn, NLD		50.00	50.00	2013	1.9	0.0
Odelco SCRL	Tongeren, BEL		13.26	13.26	2013	0.4	0.0
Partenreederei Hans-Jürgen Hartmann MS "STONES"	Cadenberge, DEU		30.00	30.00	2013	-2.3	3.4
Peene Kies GmbH	Jarmen, DEU		24.90	24.90	2013	3.8	0.2
Raunheimer Sand- und Kiesgewinnung Blasberg GmbH & Co. KG	Raunheim, DEU		23.53	23.53	2013	0.5	0.2
Recycling Assen v.o.f.	Assen, NLD		20.00	20.00	2013	0.1	0.0
SAFA GmbH & Co. KG [4]	Baden-Baden, DEU	48.70	48.70	48.70	2013	1.1	1.6
SBU Sandwerke Dresden GmbH	Dresden, DEU		24.00	24.00	2013	2.5	0.0
Schwaben Mörtel GmbH u. Co. KG	Stuttgart, DEU		30.00	30.00	2013	0.5	0.2
Steengoed Projecten CVBA	Tongeren, BEL		19.29	19.29	2013	2.1	0.0
Südbayerisches Portland-Zementwerk Gebr. Wiesböck & Co. GmbH	Rohrdorf, DEU	23.90	23.90	23.90	2013	318.3	30.0
Tangen Eiendom AS	Brevik, NOR		50.00	50.00	2013	2.7	0.2
TBG Bayerwald Transportbeton GmbH & Co. KG	Fürstenzell, DEU		50.00	50.00	2013	0.2	0.0
TBG Deggendorfer Transportbeton GmbH	Deggendorf, DEU		33.33	33.33	2013	1.4	0.9
TBG Pegnitz-Beton GmbH & Co. KG	Hersbruck, DEU		28.00	28.00	2013	0.1	0.0
TBG Rott Kies und Transportbeton GmbH	Kelheim, DEU		24.00	20.40	2013	0.5	0.2
TBG Transportbeton Bad Mergentheim GmbH & Co KG	Bad Mergentheim, DEU		66.67	66.67	2013	0.2	0.0
TBG Transportbeton Caprano GmbH & Co. KG	Heidelberg, DEU		50.00	50.00	2013	0.1	0.1
TBG Transportbeton Gemmingen GmbH & Co. KG	Gemmingen, DEU		36.00	18.40	2013	0.1	0.2
TBG Transportbeton GmbH & Co. KG Betonpumpendienst [2]	Nabburg, DEU		68.41	52.54	2013	1.1	1.0

Company name	Corporate seat	HC AG direct ownership %	Capital share % [6]	Group ownership %	Year [7]	Equity in € million [8]	Net income in € million [9]
TBG Transportbeton GmbH & Co. Kommanditgesellschaft INN-BETON [2]	Altötting, DEU		68.39	68.39	2013	0.6	1.2
TBG Transportbeton GmbH & Co.KG Lohr-Beton	Lohr am Main, DEU		50.00	50.00	2013	0.2	0.2
TBG Transportbeton Rhein-Donau-Raum GmbH & Co.KG	Singen, DEU		36.90	36.90	2013	0.3	0.5
TBG Transportbeton Schleiz GmbH & Co. KG i.L. [4]	Schleiz, DEU		50.00	50.00	2013	0.2	0.0
TBG Transportbeton Selb GmbH & Co. KG	Selb, DEU		33.33	33.33	2013	0.2	0.1
TBG Transportbeton Werner GmbH & Co. KG	Dietfurt a.d. Altmühl, DEU		50.00	42.50	2013	0.1	0.2
TBM Transportbeton-Gesellschaft mbH Marienfeld & Co. KG [2]	Marienfeld, DEU		75.00	64.69	2013	0.1	0.2
Transbeton Gesellschaft mit beschränkter Haftung & Co Kommanditgesellschaft	Löhne, DEU		26.81	26.81	2013	1.7	1.1
Transportbeton - Gesellschaft m.b.H. 'Garant' & Co., Kommanditgesellschaft	Bad Salzuflen, DEU	30.00	30.00	30.00	2013	0.6	0.2
Transportbeton Plauen GmbH & Co. Betriebs KG	Plauen, DEU		71.65	56.07	2013	0.4	0.1
V.o.F. Betoncentrale West-Brabant	Oud-Gastel, NLD		50.00	50.00	2013	0.8	-0.4
Van Zanten Holding B.V.	Zuidbroek, NLD		25.00	25.00	2013	2.0	0.2
Vlissingse Transportbeton Onderneming B.V.	Middelburg, NLD		50.00	50.00	2013	1.2	0.1
Woerdense Betonmortel Centrale B.V.	Utrecht, NLD		50.00	50.00	2013	0.0	0.0
Zement- und Kalkwerke Otterbein GmbH & Co. KG	Müs, DEU	38.10	38.10	38.10	2013	2.9	0.6
Associates							
Eastern Europe-Central Asia							
BETONIKA plus s.r.o.	Luzec nad Vltavou, CZE		33.33	33.33	2013	3.0	0.2
Centrum Technologiczne Betotech Sp. z o.o.	Dąbrowa Górnicza, POL		100.00	100.00	2013	0.4	-0.2
LOMY MORINA spol. s r.o.	Morina, CZE		48.95	48.95	2013	13.4	0.1
PREFA Grygov a.s. [2]	Grygov, CZE		54.00	54.00	2013	2.7	0.0
SP Bohemia, k.s. [2]	Kraluv Dvur, CZE		77.32	75.00	2013	6.8	0.0
TBG Louny s.r.o.	Louny, CZE		33.33	33.33	2013	1.1	0.1
TBG PKS a.s.	Zdar nad Sazavou, CZE		50.00	29.70	2013	1.4	0.2
Associates							
North America							
Cemstone Products Company	St. Paul, USA		58.03	49.45	2013	10.6	2.1
Cemstone Ready-Mix, Inc.	Madison, USA		44.01	44.01	2013	2.7	-0.1
Chandler Concrete/Piedmont, Inc.	Raleigh, USA		33.33	33.33	2013	4.3	-0.2
Chaney Enterprises Limited Partnership	Olympia, USA		25.00	25.00	2013	9.9	1.0
Cornerstone Partners I, LLC [5]	Carson City, USA		50.00	50.00	-	-	-
KHB Venture LLC [5]	Boston, USA		33.33	33.33	-	-	-
KSA Limited Partnership	Columbus, USA		50.00	49.52	2013	1.4	0.7
Newbury Development Associates, LP 2) [5]	Bridgeville, USA		35.65	35.00	-	-	-
Newbury Development Management, LLC 2) [5]	Bridgeville, USA		35.00	35.00	-	-	-
Southstar Limited Partnership	Annapolis, USA		25.00	25.00	2013	11.6	0.1
Twin City Concrete Products Co.	St. Paul, USA		33.63	33.63	2013	11.1	1.4
U.S. Concrete, Inc. [5]	Wilmington, USA		8.66	8.66	-	-	-
Associates							
Asia-Pacific							
M&H Quarries Partnership	Victoria, AUS		50.00	50.00	2013	-1.3	-0.1
Metromix Pty Limited	New South Wales, AUS		50.00	50.00	2013	15.8	1.5
Penrith Lakes Development Corporation Limited	New South Wales, AUS		20.00	20.00	2014	-159.7	38.7

Company name	Corporate seat	HC AG direct ownership %	Capital share % [6]	Group ownership %	Year [7]	Equity in € million [8]	Net income in € million [9]
PT Cibinong Center Industrial Estate	Bogor, IDN		50.00	25.50	2013	4.6	1.5
PT Lintas Bahana Abadi [5]	Jakarta, IDN		49.00	24.98	-	-	-
PT Pama Indo Mining	Jakarta, IDN		40.00	20.39	2013	2.8	1.3
Technically Designed Concrete Partnership	Western Australia, AUS		50.00	50.00	2014	2.6	0.3
West Australian Landfill Services Pty Ltd	Victoria, AUS		50.00	50.00	2013	5.7	6.4
Western Suburbs Concrete Partnership	New South Wales, AUS		50.00	50.00	2014	4.3	5.0

The following subsidiaries are reflected in the consolidated financial statements at cost (available for sale at cost) due to their immateriality.

Immaterial subsidiaries							
Western and Northern Europe							
Betotech Baustofflabor GmbH	Heidelberg, DEU		100.00	100.00	2013	0.3	0.0
BOST Baustoffhandelsgesellschaft mbH & Co. KG	Niederlehme, DEU		100.00	100.00	2013	0.7	0.0
BOST Baustoffhandelsverwaltungsgesellschaft mbH	Niederlehme, DEU		100.00	100.00	2013	0.0	0.0
CEMLAPIS Warstein GmbH & Co. KG	Warstein, DEU	100.00	100.00	100.00	2013	-0.1	-0.1
CEMLAPIS Warstein Verwaltungsgesellschaft mbH	Warstein, DEU	100.00	100.00	100.00	2013	0.0	0.0
Donau Kies Verwaltungs GmbH	Fürstenzell, DEU		75.00	75.00	2013	0.0	0.0
Etablissement F.S. Bivois SARL	Strasbourg, FRA		100.00	60.00	2013	0.4	0.0
Fastighets AB Lövholmen 1 [5]	Stockholm, SWE		100.00	100.00	-	-	-
Fastighets AB Lövholmen 10 [5]	Stockholm, SWE		100.00	100.00	-	-	-
Fastighets AB Lövholmen 11 [5]	Stockholm, SWE		100.00	100.00	-	-	-
Fastighets AB Lövholmen 2 [5]	Stockholm, SWE		100.00	100.00	-	-	-
Fastighets AB Lövholmen 3 [5]	Stockholm, SWE		100.00	100.00	-	-	-
Fastighets AB Lövholmen 4 [5]	Stockholm, SWE		100.00	100.00	-	-	-
Fastighets AB Lövholmen 5 [5]	Stockholm, SWE		100.00	100.00	-	-	-
Fastighets AB Lövholmen 6 [5]	Stockholm, SWE		100.00	100.00	-	-	-
Fastighets AB Lövholmen 7 [5]	Stockholm, SWE		100.00	100.00	-	-	-
Fastighets AB Lövholmen 8 [5]	Stockholm, SWE		100.00	100.00	-	-	-
Fastighets AB Lövholmen 9 [5]	Stockholm, SWE		100.00	100.00	-	-	-
Fruitbat Company	Maidenhead, GBR		100.00	100.00	2013	0.0	0.0
Greystone Ambient & Style GmbH & Co. KG	Lingenfeld, DEU		100.00	60.00	2013	0.4	-0.1
Greystone Ambient & Style Verwaltungsgesellschaft mbH [5]	Lingenfeld, DEU		100.00	60.00	-	-	-
Hanson Aggregates Verwaltungs-GmbH	Leinatal, DEU		100.00	100.00	2013	0.1	0.0
HC River Logistics and Shipping Limited [4]	Birkirkara, MLT	99.93	100.00	100.00	-	-	-
HeidelbergCement Grundstücksverwaltungsgesellschaft mbH	Heidelberg, DEU	100.00	100.00	100.00	2013	0.0	0.0
HeidelbergCement Shared Services GmbH	Leimen, DEU	100.00	100.00	100.00	2013	0.1	0.0
HeidelbergCement Technology Center GmbH	Heidelberg, DEU		100.00	100.00	2013	0.0	0.0
HeidelbergCement, Funk & Kapphan Grundstücksverwaltungsgesellschaft mbH [5]	Heidelberg, DEU	80.00	80.00	80.00	-	-	-
Heidelberger Beton Aschaffenburg Verwaltungs-GmbH	Aschaffenburg, DEU		70.74	70.74	2013	0.0	0.0
Heidelberger Beton Donau-Naab Verwaltungsgesellschaft mbH	Burglengenfeld, DEU		100.00	85.00	2013	0.0	0.0
Heidelberger Beton Personal-Service GmbH	Heidelberg, DEU		100.00	100.00	2013	0.1	0.0
Heidelberger Betonelemente Verwaltungs-GmbH	Chemnitz, DEU		83.00	83.00	2013	0.1	0.0
Heidelberger Betonpumpen Rhein-Main-Nahe Verwaltungs-GmbH	Bad Kreuznach, DEU		100.00	93.74	2013	0.0	0.0
Heidelberger Kalksandstein Grundstücks- und Beteiligungs-Verwaltungs-GmbH	Durmersheim, DEU		100.00	100.00	2013	0.1	0.0
Heidelberger KS Beteiligungen Deutschland Verwaltungsgesellschaft mbH	Heidelberg, DEU		100.00	100.00	2013	0.0	0.0

Company name	Corporate seat	HC AG direct owner-ship %	Capital share % [6]	Group owner-ship %	Year [7]	Equity in € million [8]	Net income in € million [9]
Kalko B.V.	's-Hertogenbosch, NLD		100.00	100.00	2013	0.0	0.0
Kalksandsteinwerk Amberg Verwaltungs-GmbH	Ebermannsdorf, DEU		50.10	50.10	2013	0.1	0.0
Kieswerke Kieser Verwaltungs-GmbH	Gotha, DEU		51.00	51.00	2013	0.0	0.0
KS-QUADRO Bausysteme GmbH	Durmersheim, DEU		100.00	80.00	2013	0.1	0.0
Lithonplus Verwaltungs-GmbH	Lingenfeld, DEU		60.00	60.00	2013	0.0	0.0
Martin Milch Gesellschaft mit beschränkter Haftung	Ochtendung, DEU	70.00	100.00	100.00	2013	0.1	0.0
Materiaux de Boran S.A.	Boran-sur-Oise, FRA		99.84	99.84	2013	0.2	0.0
Paderborner Transport - Beton - Gesellschaft mit beschränkter Haftung	Paderborn, DEU		75.00	75.00	2013	0.0	0.0
RLG Rohstoffe GmbH & Co. KG	Essen, DEU		100.00	100.00	2013	0.1	0.0
RLG Rohstoffe Verwaltungs-GmbH	Essen, DEU		100.00	100.00	2013	0.0	0.0
SBM Systembaumontagen GmbH [4]	Chemnitz, DEU		100.00	83.00	2013	0.0	0.0
SCI Bicowal	Strasbourg, FRA		100.00	60.00	2013	0.0	0.0
SMW Sand und Mörtelwerk Verwaltungs-GmbH	Königs Wusterhausen, DEU		100.00	100.00	2013	0.1	0.0
SPRL Ferme de Wisempierre	Saint-Maur-Ere, BEL		100.00	100.00	2013	2.2	0.3
TBG Transportbeton Reichenbach Verwaltungs-GmbH	Reichenbach, DEU		70.00	70.00	2013	0.0	0.0
TBG Transportbeton Schwarzenberg Verwaltungs-GmbH	Schwarzenberg, DEU		100.00	100.00	2013	0.0	0.0
TBG Transportbeton Verwaltungsgesellschaft mbH	Altötting, DEU		100.00	68.39	2013	0.0	0.0
TBG WIKA-Beton Verwaltungs- GmbH	Stade, DEU		100.00	100.00	2013	0.0	0.0
TBH Transportbeton Hamburg Verwaltungs-GmbH	Hamburg, DEU		100.00	100.00	2013	0.0	0.0
TBM Transportbeton-Gesellschaft mit beschränkter Haftung Marienfeld	Harsewinkel, DEU		75.00	64.69	2013	0.0	0.0
TopCem Holding B.V.	's-Hertogenbosch, NLD		100.00	100.00	2013	0.0	0.0
Trans CBR S.A.	Bruxelles, BEL		100.00	100.00	2013	0.9	-0.1
Transportbeton Bad Waldsee Geschäftsführungs GmbH	Bad Waldsee, DEU		100.00	64.00	2013	0.0	0.0
Transportbeton-Gesellschaft Kressbronn mbH [4]	Kressbronn, DEU		100.00	52.30	2013	0.0	0.0
Verwaltungsgesellschaft Baustoffwerke Dresden mbH	Dresden, DEU		100.00	51.00	2013	0.2	0.0
Walhalla Kalk Verwaltungsgesellschaft mbH	Regensburg, DEU	80.00	80.00	80.00	2013	0.0	0.0
WIKA Sand und Kies Verwaltungs-GmbH	Bremen, DEU		100.00	100.00	2013	0.0	0.0
Immaterial subsidiaries							
Eastern Europe-Central Asia							
8 Vershin LLP	Almaty, KAZ		100.00	100.00	2013	0.3	0.0
Bukhtarma TeploEnergo LLP	Oktyabrskiy village, KAZ		100.00	100.00	2013	-2.1	0.0
Bukhtarma Vodokanal LLP	Oktyabrskiy village, KAZ		100.00	100.00	2013	-0.4	0.0
Calnor S.A. (Poland) [5]	Warsaw, POL		100.00	100.00	-	-	-
Center Cement Plus Limited Liability Partnership	Astana, KAZ		100.00	100.00	2013	2.2	0.2
Donau Kies Bohemia Verwaltungs, s.r.o.	Pilsen, CZE		77.33	75.00	2013	0.0	0.0
Euroc AB S.p.z.o.o. [5]	Warsaw, POL		100.00	100.00	-	-	-
Geo Nieruchomości Sp. z o.o.	Opole, POL		100.00	100.00	2013	0.1	0.0
Heidelberg Vostok-Cement LLP	Almaty, KAZ		100.00	100.00	2013	1.2	0.0
HeidelbergCement Services - LLP	Almaty, KAZ		100.00	100.00	2013	0.0	0.0
MIXT Sp. z o. o.	Chorula, POL		100.00	100.00	2013	1.2	0.0
OOO HC Yug	Strelica, RUS		100.00	100.00	2013	1.0	0.0
Podgrodzie Sp. z o.o.	Wroclaw, POL		100.00	100.00	2013	3.8	-0.3
Polgrunt Sp. z o. o.	Chorula, POL		100.00	100.00	2013	0.1	-0.1
SABIA spol. s r.o.	Bohusovice nad Ori, CZE		100.00	60.00	2013	0.2	-0.1
TRANS-SERVIS,spol. s r.o.	Kraluv Dvur, CZE		100.00	100.00	2013	2.7	0.2
VAPIS stavební hmoty s.r.o.	Praha, CZE		100.00	51.00	2013	0.2	0.0

Company name	Corporate seat	HC AG direct ownership %	Capital share %[6]	Group ownership %	Year[7]	Equity in € million[8]	Net income in € million[9]
Immaterial subsidiaries							
North America							
Cementi Meridionali Ltd.[5]	Tortola, VGB		100.00	100.00	-	-	-
Industrial Del Fresno SA[5]	Mexico City, MEX		76.00	76.00	-	-	-
Kidde Industries, Inc.[5]	Wilmington, USA		100.00	100.00	-	-	-
Mediterranean Carriers, Inc.[5]	Panama City, PAN		100.00	100.00	-	-	-
Piedras y Arenas Baja SA de CV[5]	Tijuana, MEX		100.00	100.00	-	-	-
PUSH NA Holdings, Inc.[5]	Wilmington, USA		100.00	100.00	-	-	-
Total Limited[5]	Wilmington, USA		100.00	100.00	-	-	-
Immaterial subsidiaries							
Africa-Mediterranean Basin							
HC Madagascar[5]	Antananarivo, MDG		100.00	100.00	-	-	-

The following joint ventures and associates are accounted for at cost (available for sale at cost) due to their immateriality.

Company name	Corporate seat	HC AG direct ownership %	Capital share %[6]	Group ownership %	Year[7]	Equity in € million[8]	Net income in € million[9]
Immaterial joint ventures and associates							
Western and Northern Europe							
AB Stebo	Göteborg, SWE		50.00	50.00	2013	0.1	0.0
AB Strömstadsbetong	Göteborg, SWE		33.00	33.00	2013	0.0	0.0
AB Strömstadsbetong & Co Kommanditbolag	Göteborg, SWE		33.00	33.00	2013	0.5	0.3
ABE Deponie GmbH[5]	Damsdorf, DEU		50.00	50.00	-	-	-
Alzagri NV	Brugge, BEL		50.00	50.00	2013	1.1	0.1
Bausteinwerk Bott - Blasberg G.m.b.H. & Co. Kommanditgesellschaft	Heppenheim (Bergstraße), DEU		93.33	61.58	2013	1.4	0.0
Baustoff- und Umschlags-GmbH	Mosbach, DEU		66.66	38.23	2013	0.2	0.0
Betonpumpendienst Simonis Verwaltungsgesellschaft mbH	Ubstadt-Weiher, DEU		100.00	57.32	2013	0.0	0.0
Betonpumpen-Service Niedersachsen Verwaltungs-GmbH	Hannover, DEU	50.00	50.00	50.00	2013	0.0	0.0
bihek GmbH[5]	Breisach am Rhein, DEU		40.00	40.00	-	-	-
C. & G. Concrete Limited[4]	Leeds, GBR		23.48	23.48	-	-	-
Calcaires de la Rive Gauche I SPRL	Obourg, BEL		35.00	35.00	2013	5.9	-0.4
Carimat Béton S.A.	Bruxelles, BEL		50.00	50.00	2013	0.0	0.0
DONAU MÖRTEL-Verwaltungs-GmbH	Passau, DEU		50.00	50.00	2013	0.0	0.0
Fertigbeton (FBU) GmbH & Co Kommanditgesellschaft Unterwittbach[2]	Unterwittbach, DEU		57.14	57.14	2013	0.2	0.0
Gebrüder Willersinn Industriesandwerk Verwaltungsgesellschaft mit beschränkter Haftung	Raunheim, DEU		33.33	33.33	2013	0.0	0.0
Hafenbetriebs- und Beteiligungs-GmbH, Stade	Stade, DEU		50.00	50.00	2013	0.1	0.0
Haitz Betonwerk GmbH & Co. KG	Au am Rhein, DEU		47.37	21.05	2013	0.4	0.0
Haitz Betonwerk Verwaltungs-GmbH	Au am Rhein, DEU		47.43	21.08	2013	0.0	0.0
Heidelberger Beton Donau-Iller Verwaltungs-GmbH	Unterelchingen, DEU		80.65	80.65	2013	0.1	0.0
Heidelberger Beton Grenzland Verwaltungs-GmbH	Marktredwitz, DEU		100.00	50.00	2013	0.0	0.0
Heidelberger Beton Karlsruhe Verwaltungs-GmbH	Karlsruhe, DEU		100.00	44.44	2013	0.0	0.0
Heidelberger Beton Verwaltungs GmbH Stuttgart	Remseck a. N., DEU		100.00	50.00	2013	0.0	0.0
Hormigones Mecanizados, S.A.	Palma de Mallorca, ESP		33.33	33.33	2013	0.1	-0.2
ISAR-DONAU MÖRTEL-Verwaltungs-GmbH	Plattling, DEU		33.33	33.33	2013	0.0	0.0
Kalksandsteinwerk Amberg GmbH & Co. KG[2]	Ebermannsdorf, DEU		50.10	50.10	2013	1.6	0.5
KANN Beton Verwaltungsgesellschaft mbH	Bendorf, DEU		50.00	50.00	2013	0.0	0.0

Company name	Corporate seat	HC AG direct ownership %	Capital share % [6]	Group ownership %	Year [7]	Equity in € million [8]	Net income in € million [9]
Kieswerk Langsdorf GmbH [2]	Langsdorf, DEU		100.00	62.45	2013	1.6	0.2
KVB Verwaltungs- und Beteiligungs-GmbH	Karlsdorf-Neuthard, DEU		24.41	24.41	2013	0.0	0.0
Mittelschwäbische Transport- und Frischbeton Gesellschaft mit beschränkter Haftung	Thannhausen, DEU		35.96	35.96	2013	0.0	0.0
Münchner Mörtel GmbH & Co. KG	München, DEU		20.00	20.00	2013	0.1	0.1
Münchner Mörtel Verwaltungsges. mbH	München, DEU		20.00	20.00	2013	0.0	0.0
MWK Kies Verwaltungs-GmbH	Kressbronn, DEU		20.00	20.00	2013	0.0	0.0
Nordhafen Stade-Bützfleth Verwaltungsgesellschaft mbH	Stade, DEU		20.00	20.00	2013	0.0	0.0
Otterbein Gesellschaft mit beschränkter Haftung	Großenlüder, DEU	20.00	20.00	20.00	2013	0.0	0.0
Recybel S.A.	Bruxelles, BEL		25.50	25.50	2013	0.0	-0.4
Recyfuel S.A.	Bruxelles, BEL		50.00	50.00	2013	14.4	0.6
Rederij Cement-Tankvaart B.V. [2]	Terneuzen, NLD		66,66	66,66	2013	4,4	-0,3
Reederei B & B Beteiligungs GmbH	Cadenberge, DEU		50.00	50.00	2013	0.1	0.0
S.A. Societé de Developpement et de Participation du Hainaut Occidental et/ou Hoccinvest	Ath, BEL		7.14	7.14	2013	0.7	-0.1
SAFA Verwaltungsgesellschaft mbH [4]	Baden-Baden, DEU	48.70	48.70	48.70	-	-	-
Schwaben-Mörtel Beteiligungs GmbH	Stuttgart, DEU		100.00	30.00	2013	0.0	0.0
TBG Bayerwald Verwaltungs-GmbH	Fürstenzell, DEU		50.00	50.00	2013	0.0	0.0
TBG Gersdorfer Transportbeton GmbH & Co. KG	Gersdorf, DEU		50.00	50.00	2013	0.1	0.1
TBG Gersdorfer Transportbeton Verwaltungs- und Beteiligungs-GmbH	Gersdorf, DEU		50.00	50.00	2013	0.0	0.0
TBG Ilm-Beton Verwaltungs-GmbH	Arnstadt, DEU		55.00	55.00	2013	0.0	0.0
TBG Pegnitz-Beton Verwaltungsgesellschaft mbH	Hersbruck, DEU		28.00	28.00	2013	0.0	0.0
TBG Pinzl GmbH & Co. KG	Simbach a. Inn, DEU		50.00	34.20	2013	0.1	0.3
TBG Pinzl Verwaltung GmbH	Simbach a. Inn, DEU		50.00	34.20	2013	0.0	0.0
TBG Transportbeton Bad Mergentheim Verwaltungs-GmbH	Bad Mergentheim, DEU		66.60	66.6	2013	0.0	0.0
TBG Transportbeton Caprano Verwaltungs-GmbH	Heidelberg, DEU		50.00	50.00	2013	0.0	0.0
TBG Transportbeton Elster-Spree Verwaltungs-GmbH	Cottbus, DEU		100.00	60.00	2013	0.0	0.0
TBG Transportbeton Franken Geschäftsführung GmbH	Fürth, DEU		100.00	90.00	2013	0.0	0.0
TBG Transportbeton Gesellschaft mit beschränkter Haftung	Schwäbisch Hall, DEU		25.00	25.00	2013	0.0	0.0
TBG Transportbeton Gesellschaft mit beschränkter Haftung & Co. KG. Hohenlohe	Schwäbisch Hall, DEU		25.00	25.00	2013	0.3	0.2
TBG Transportbeton Kurpfalz Verwaltungsgesellschaft mbH	Eppelheim, DEU		100.00	51.11	2013	0.0	0.0
TBG Transportbeton Lohr Verwaltungsgesellschaft mbH	Lohr am Main, DEU		50.00	50.00	2013	0.0	0.0
TBG Transportbeton Mittweida Verwaltungs-GmbH	Mittweida, DEU		40.00	40.00	2013	0.0	0.0
TBG Transportbeton Oder-Spree Verwaltungs-GmbH	Wriezen, DEU		50.00	50.00	2013	0.0	0.0
TBG Transportbeton Reichenbach GmbH & Co. KG [2]	Reichenbach, DEU		70.00	70.00	2013	0.8	0.0
TBG Transportbeton Rhein-Donau-Raum Verwaltungs-GmbH	Singen, DEU		100.00	36.90	2013	0.1	0.0
TBG Transportbeton Schleiz Verwaltungs-GmbH i.L. [4]	Schleiz, DEU		50.00	50.00	2013	0.0	0.0
TBG Transportbeton Selb Verwaltungsgesellschaft mbH	Selb, DEU		33.33	33.33	2013	0.0	0.0
TBG Transportbeton Verwaltungsgesellschaft mbH	Nabburg, DEU		50.00	50.00	2013	0.0	0.0
TBG Transportbeton Werner Verwaltungsgesellschaft mbH	Dietfurt a.d. Altmühl, DEU		50.00	42.50	2013	0.0	0.0
TBG Transportbeton Westpfalz GmbH & Co. KG	Pirmasens, DEU		72.00	36.00	2013	0.3	0.2
TBG Transportbeton Westpfalz Verwaltungs GmbH	Pirmasens, DEU		72.00	36.00	2013	0.0	0.0
TBG Zusam-Beton GmbH & Co. KG	Dinkelscherben, DEU		54.88	35.45	2013	0.6	0.2
Tournai Ternaire S.A.	Tournai, BEL		50.00	50.00	2013	0.1	0.0
Transbeton Gesellschaft mit beschränkter Haftung	Löhne, DEU		100.00	26.81	2013	0.0	0.0
Transportbeton Bad Waldsee GmbH & Co. KG [2]	Bad Waldsee, DEU		64.00	64.00	2013	0.1	-0.1
Transportbeton Johann Braun Geschäftsführungs GmbH	Tröstau, DEU		100.00	37.75	2013	0.0	0.0
Transportbeton Johann Braun GmbH & Co. KG	Tröstau, DEU		50.00	37.75	2013	0.2	0.3

Company name	Corporate seat	HC AG direct ownership %	Capital share % [6]	Group ownership %	Year [7]	Equity in € million [8]	Net income in € million [9]
Transportbeton Meschede Gesellschaft mit beschränkter Haftung	Meschede, DEU		100.00	44.53	2013	0.0	0.0
Transportbeton Meschede GmbH & Co. KG	Meschede, DEU		100.00	44.53	2013	0.1	0.1
Transportbeton Plauen Verwaltungsgesellschaft mbH	Plauen, DEU		100.00	56.07	2013	0.0	0.0
Transportbetongesellschaft Kressbronn mit beschränkter Haftung & Co. Kommanditgesellschaft i.L. [4]	Kressbronn, DEU		79.41	35.85	2013	0.4	0.0
Transportbeton-Gesellschaft mit beschränkter Haftung "Garant"	Bad Salzuflen, DEU	23.33	23.33	23.33	2013	0.1	0.0
Urzeit Weide GbR	Schelklingen, DEU	50.00	50.00	50.00	2013	0.1	0.0
Verwaltungsgesellschaft mit beschränkter Haftung TRAPOBET Transportbeton Kaiserslautern	Kaiserslautern, DEU		50.00	50.00	2013	0.0	0.0
WIKING Baustoff- und Transport Gesellschaft mit beschränkter Haftung	Soest, DEU		50.00	50.00	2013	0.0	0.0
WTG Walhalla Transportbeton GmbH	Regensburg, DEU		100.00	95.00	2013	0.4	0.2
Immaterial joint ventures and associates							
Eastern Europe-Central Asia							
Asdeka Kft.	Hegyeshalom, HUN		50.00	24.34	2013	0.0	0.0
Bukhtarma Teplo Tranzit LLP	New Bukhtarma village, KAZ		20.00	20.00	2013	-0.1	-
SPEX CZ, s.r.o.	Cheb, CZE		50.00	25.00	2013	0.2	0.0
Velkolom Certovy schody, akciova spolecnost	Tman, CZE		50.00	50.00	2013	7.6	0.1
Immaterial joint ventures and associates							
Asia-Pacific							
Diversified Function Sdn Bhd	Kuala Lumpur, MYS		50.00	50.00	2013	0.0	0.0
Pomphen Prathan Company Limited [4]	Bangkok, THA		49.70	49.70	-	-	-
Immaterial joint ventures and associates							
Africa-Mediterranean Basin							
Akçansa Tasimicilik Tic. A.S. [4]	Canakkale, TUR		96.61	38.37	-	-	-
Union Cement Norcem C.o. (W.L.L.)	Ras Al Khaimah, ARE		40.00	40.00	2013	0.7	5.2

1) Controlling influence through contractual arrangements and/or legal regulations
2) Absence of controlling influence through contractual arrangements and/or legal regulations
3) The company makes use of the exemption from disclosure obligations in accordance with § 264b of the German Commercial Code (HGB).
4) In liquidation
5) Information on equity and earnings is omitted pursuant to Section 286 Subsection 3 Sentence 1 No. 1 of the HGB if such information is of minor relevance for a fair presentation of the financial position, cash flows and profitability of HeidelbergCement AG.
6) Share pursuant to Section 16 of the German Stock Corporation Act (AktG)
7) Last fiscal year for which financial statements are available.
8) Translated with the closing rate of the fiscal year for which financial statements are available.
9) Translated with the average rate of the fiscal year for which financial statements are available.

Heidelberg, 18 March 2015

HeidelbergCement AG

The Managing Board

Audit opinion

We have audited the consolidated financial statements prepared by the HeidelbergCement AG, Heidelberg, comprising the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated balance sheet, the consolidated statement of changes in equity and the notes to the consolidated financial statements, together with the combined management report of HeidelbergCement Group and HeidelbergCement AG for the fiscal year from 1 January to 31 December 2014. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB ["Handelsgesetzbuch": "German Commercial Code"] and supplementary provisions of the articles of incorporation and bylaws are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Sec. 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB and supplementary provisions of the articles of incorporation and bylaws and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Stuttgart, 18 March 2015

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Prof. Dr. Wollmert Wirtschaftsprüfer [German Public Auditor]	Viering Wirtschaftsprüfer [German Public Auditor]

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group, and the Group management report, which has been combined with the management report of HeidelbergCement AG, includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Heidelberg, 18 March 2015

HeidelbergCement AG

The Managing Board

Dr. Bernd Scheifele

Andreas Kern

Dr. Dominik von Achten

Dr. Lorenz Näger

Daniel Gauthier

Dr. Albert Scheuer

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Additional information

Global functions and Country Managers

Global functions

Global functions	
Böttcher, Henner	Director Group Treasury (until 18 March 2015)
Day, Gareth	Director Group Strategy & Development and Cementitious
Kozelka, Rolf	Director Group Tax
Ploss, Dr. Ines	Director Group Purchasing
Schaffernak, Dr. Ingo	Director Group Legal
Schaller, Andreas	Director Group Communication & Investor Relations
Schnurr, Andreas	Director Group Human Resources and Group Compliance
Schwind, Klaus	Director Group Shared Service Centers
Standhaft, Dr. Wolfgang	Director Group Information Technology
Toborek, Anna	Director Group Corporate Finance
Vandenberghe, Marc	Director Group Insurance & Corporate Risk Management
Weig, Severin	Director Group Treasury (from 19 March 2015)
Weingardt, Stefan	Director Group Internal Audit
Wendt, Dr. Carsten	Director Group Reporting, Controlling & Consolidation

Heidelberg Technology Center (HTC)	
Jelito, Ernest	Director Global HTC
Bertola, Arnaldo	Senior Vice President Manufacturing & Engineering, President HTC North America
Breyer, Robert	Director Manufacturing & Engineering Central Europe-Central Asia and Head of HTC Central Europe-Central Asia
Fritz, Daniel	Director Manufacturing & Engineering Asia-Oceania and Head of HTC Asia-Oceania
Gupta, Akhilesh	Director Manufacturing & Engineering TEAM and Head of HTC TEAM

Competence Center Materials (CCM)	
Smith, Chuck	Director Global Competence Center Materials

Global Environmental Sustainability	
Lukas, Peter	Director Global Environmental Sustainability

Global Logistics	
Middendorf, Kay	Director Global Logistics

Global Sales & Marketing	
Oerter, Gerald	Director Global Sales & Marketing

Country Managers

Western and Northern Europe		
Baltics/Denmark/Iceland/Norway/Sweden	Syvertsen, Gunnar	General Manager Northern Europe
Belgium/Netherlands	Jacquemart, André	General Manager Benelux
Germany	Knell, Christian	General Manager Germany
United Kingdom	O'Shea, Patrick	Chief Executive Officer UK

Eastern Europe-Central Asia		
Bosnia & Herzegovina	Muidza, Branimir	Country Manager Bosnia & Herzegovina
Czech Republic	Hrozek, Jan	General Manager Czech Republic
Georgia	Hampel, Michael	General Manager Georgia
Hungary	Szarkándi, János	General Manager Hungary
Kazakhstan	Kempe, Roman	General Manager Kazakhstan
Poland	Balcerek, Andrzej	General Manager Poland
Romania	Aldea, Dr. Florian	General Manager Romania
Russia	Polendakov, Mihail	General Manager Russia
Ukraine	Thiede, Silvio	General Manager Ukraine

North America	
Harrington, Dan	Chief Executive Officer USA
Dolan, Dennis	Regional President North
Morrish, Jon	Regional President South
Saragusa, Kari	Regional President West
Ward, Chris	Regional President Canada

Asia–Pacific		
Australia	Gluskie, Kevin	Chief Executive Officer Australia
Bangladesh/Brunei	Ugarte, Marcelino	General Manager Bangladesh & Brunei
China	Jamar, Jean-Claude	Chief Executive Officer China
India	Cooper, Jamshed	Chief Executive Officer India
Indonesia	Kartawijaya, Christian	Chief Executive Officer Indonesia
Malaysia	Thornton, John	General Manager Malaysia

Africa-Mediterranean Basin		
Africa	Junon, Jean-Marc	Chief Operating Officer Africa
Israel	Priel, Eliezer	Country Manager Israel
Mediterranean Basin/HC Trading	Adigüzel, Emir	Chief Operating Officer Mediterranean Basin & Middle East and HC Trading
Spain	Ortiz, Jesus	Country Manager Spain
Turkey	Hacikamiloglu, Mehmet	General Manager Akçansa

Glossary

Aggregates
Aggregates in the form of sand, gwravel and crushed rock are used principally for concrete manufacturing or for road construction and maintenance.

Alternative fuels
Combustible substances and materials used in place of fossil fuels in the clinker-burning process.

Alternative raw materials
By-products or waste from other industries, whose chemical components make them suitable substitutes for natural raw materials. Alternative raw materials are used both in the production of clinker, the most important intermediate product in cement production, and as additives in cement grinding, in order to conserve natural raw material resources and reduce the proportion of energy-intensive clinker in cement, the end product. By using alternative raw materials and fuels, HeidelbergCement is actively contributing to the preservation of resources as well as to waste management and recycling.

Asphalt
Asphalt is manufactured from a mixture of graded aggregates, sand, filler and bitumen. It is used primarily for road construction and maintenance.

Biodiversity
Biodiversity or biological diversity is the genetic diversity within species, diversity between species and diversity of ecosystems.

Blast furnace slag
Finely ground, glassy by-product from steel production. Additive for cement.

Cement
Cement is a hydraulic binder, i.e. a finely ground inorganic material that sets and hardens by chemical interaction with water and that is capable of doing so also under water. Cement is mainly used to produce concrete. It binds the sand and gravel into a solid mass.

Cement mill
Cement grinding is the final stage of the cement manufacturing process. In cement mills, the clinker is ground into cement, with the addition of gypsum and anhydrite, as well as other additives, such as limestone, blast furnace slag or fly ash, depending on the type of cement.

Cement Sustainability Initiative
HeidelbergCement is a founding member of the Cement Sustainability Initiative (CSI), an association of 24 leading cement manufacturers worldwide to promote sustainable development under the auspices of the World Business Council for Sustainable Development (WBCSD).

Clinker (cement clinker)
Intermediate product in the cement production process that is made by heating a finely-ground raw material mixture to around 1,450° C in the cement kiln. For the manufacture of cement, the greyish-black clinker nodules are extremely finely ground. Clinker is the main ingredient in most cement types.

Commercial Paper
Bearer notes issued by companies within the framework of a Commercial Paper Programme (CP Programme) to meet short-term financing needs.

Composite cement
In composite cements, a proportion of the clinker is replaced with alternative raw materials, usually by-products from other industries, such as blast furnace slag or fly ash. Decreasing the proportion of energy-intensive clinker in cement is of critical importance for reducing energy consumption and CO_2 emissions as well as for preserving natural raw materials.

Concrete
Building material that is manufactured by mixing cement, aggregates (gravel, sand or crushed stone) and water.

Dynamic gearing ratio
Ratio of net debt to operating income before depreciation (OIBD).

Euro Medium Term Note (EMTN) programme
An EMTN programme represents a framework agreement made between the company and the banks appointed to be dealers. HeidelbergCement has the option of issuing debenture bonds up to a total volume of €10 billion under its EMTN programme.

Fly ash
Solid, particulate combustion residue from coal-fired power plants. Additive for cement.

Grinding plant
A grinding plant is a cement production facility without clinker-burning process. Delivered clinker and selected additives, depending on the type of cement, are ground into cement. Grinding plants are particularly operated at locations where suitable raw material deposits for cement production are not available.

Net debt
The sum of all non-current and current financial liabilities minus cash and cash equivalents, short-term investments and short-term derivatives

Rating (credit rating)
Classification of the credit standing of debt instruments and their issuers. Specialised agencies such as Standard & Poor's, Fitch Ratings, and Moody's produce such ratings. Ratings range from AAA or Aaa as the highest credit standing to C or D as the lowest.

Ready-mixed concrete
Concrete that is manufactured in a ready-mixed concrete facility and transported to the building site using ready-mix trucks.

Sustainability
Sustainable development signifies a development that fulfils the economic, ecological and social needs of people alive today without endangering the ability of future generations to fulfil their own needs.

Syndicated loan
Large-sized loan which is distributed ("syndicated") among several lenders for the purpose of risk spreading.

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Copies of the 2014 financial statements of HeidelbergCement AG and further information are available on request. Kindly find this Annual Report and further information about HeidelbergCement on the Internet: www.heidelbergcement.com.

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← HeidelbergCement in the world – cement capacities and aggregates reserves

Financial calendar 2015	
Interim Financial Report January to March 2015	7 May 2015
Annual General Meeting	7 May 2015
Half-Year Financial Report January to June 2015	29 July 2015
Interim Financial Report January to September 2015	5 November 2015

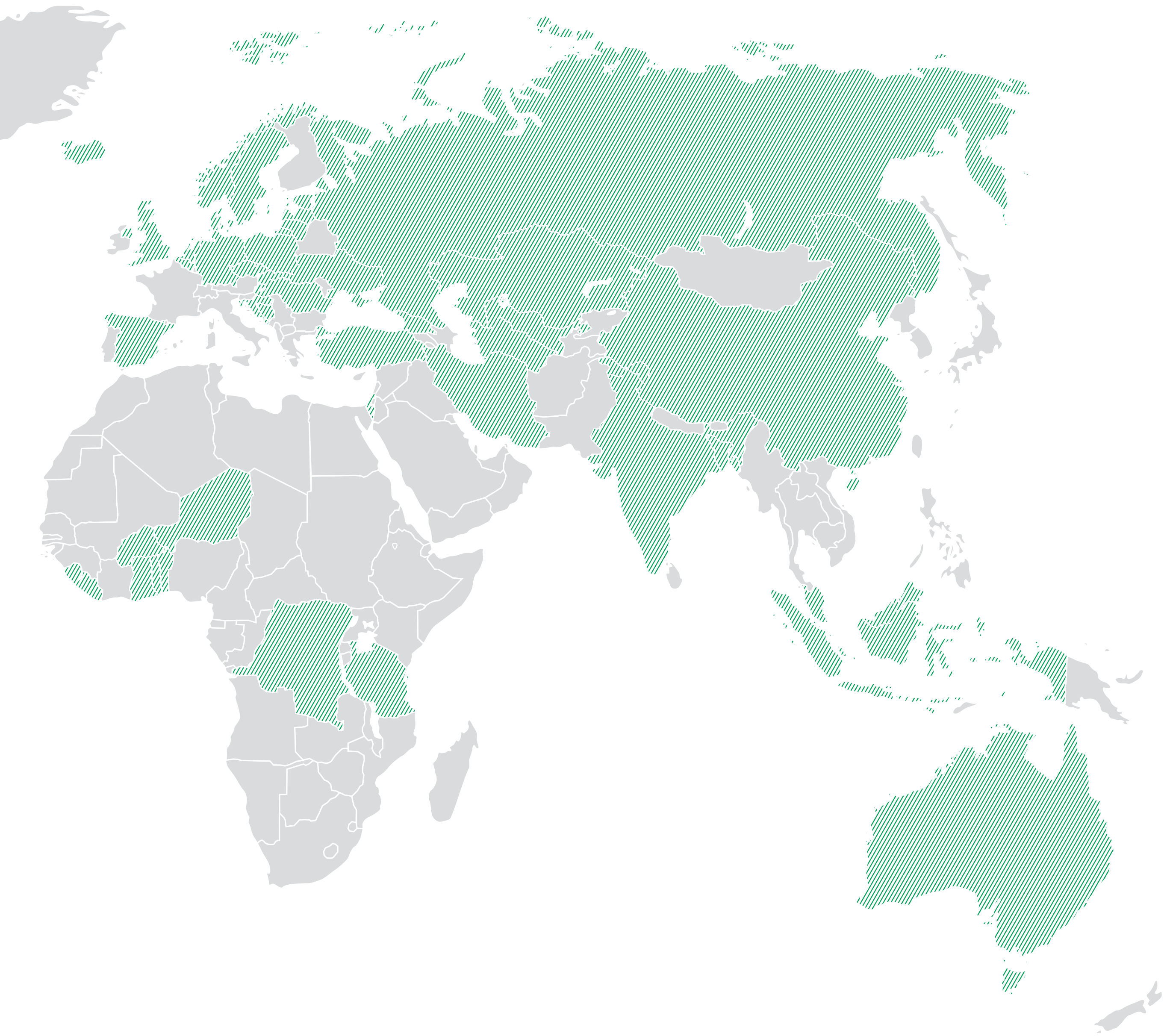
HeidelbergCement in the world – cement capacities and aggregates reserves

Cement capacities[1]	Million tonnes
Western and Northern Europe	
Belgium	4.2
Estonia	1.3
Germany	11.0
Netherlands	4.4
Norway	1.7
Sweden	3.4
United Kingdom	6.8
	32.8
Eastern Europe-Central Asia	
Czech Republic	2.2
Georgia	2.0
Kazakhstan	2.5
Poland	6.0
Romania	6.2
Russia	5.1
Ukraine	4.4
	28.4
North America	
USA	10.3
Canada	2.6
	12.9
Asia-Pacific	
Bangladesh	2.4
Brunei	0.5
India	5.6
Indonesia	20.5
	29.0
Africa-Mediterranean Basin	
Benin	0.3
Burkina Faso	0.7
DR Congo	0.6
Ghana	3.7
Liberia	0.7
Sierra Leone	0.6
Tanzania	2.2
Togo	0.7
	9.5
Total HeidelbergCement	112.6
Cement capacities of joint ventures[2]	
Bosnia-Herzegovina	0.4
Hungary	1.7
USA (Texas)	0.6
China	7.4
Australia	2.7
Turkey	3.8
Total joint ventures	16.5
HeidelbergCement incl. joint ventures	129.1

Aggregates reserves[3]	Billion tonnes
Western and Northern Europe	3.2
Eastern Europe-Central Asia	0.8
North America	12.7
Asia-Pacific	1.4
Africa-Mediterranean Basin	0.3
HeidelbergCement total	18.4

1) Operational capacities based on 80% calendar time utilisation
2) Cement capacities according to our ownership

3) Owned and leased reserves



HeidelbergCement is member of:

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