Interim Financial Report January to September 2016

HEIDELBERGCEMENT

- **Significant improvement in sales volumes, revenue, and operating income owing to first consolidation of Italcementi**

- **Profit and net debt include acquisition-related costs**
  - **Group share of profit of €585 million contains acquisition-related extraordinary charges of €63 million**
  - **Rise in net debt to €8.9 billion following payment of the acquisition price for the 49 % stake in Italcementi and takeover of the liabilities of Italcementi**

- **Italcementi takeover completed**
  - **HeidelbergCement holds 100 % of the Italcementi shares as from 12 October**
  - **Sale of business activities in Belgium and the USA almost completed as a condition of the competition authorities**

- **Italcementi integration faster than expected**
  - **HeidelbergCement very confident to exceed the €400 million synergy target**

- **New efficiency improvement programmes initiated**
  - **"Competence Center RMC (CCR)": improvement in result of €120 million over three-year period thanks to optimisations in logistics and mix design**
  - **"Sales is a Science": best-in-class sales and price management**

- **Outlook 2016 incl. Italcementi confirmed**
  - **Increase in sales volumes of cement, aggregates, and ready-mixed concrete**
  - **Moderate increase in revenue and high single to double-digit increase in operating income on a comparable pro forma basis [1)]**

1) Comparable pro forma basis: taking into account the contributions of Italcementi since the beginning of 2015, revenue and results adjusted for currency effects, other consolidation effects, and sales of CO_2 emission rights

Overview January to September 2016	July - September		January - September	
€m	2015	2016	2015	2016
Revenue	3,606	**4,520**	10,076	**10,927**
Result from joint ventures	58	**69**	146	**150**
Operating income before depreciation (OIBD)	865	**1,009**	1,916	**2,121**
OIBD margin in %	24.0 %	**22.3 %**	19.0 %	**19.4 %**
Operating income	675	**738**	1,347	**1,477**
Additional ordinary result	-11	**-81**	0	**-98**
Result from participations	24	**18**	33	**24**
Earnings before interest and income taxes (EBIT)	688	**675**	1,379	**1,403**
Profit before tax	546	**533**	953	**1,040**
Net income from continuing operations	472	**364**	736	**740**
Net income/loss from discontinued operations	48	**20**	27	**-2**
Profit for the period	520	**384**	762	**737**
Group share of profit	479	**339**	628	**585**
Investments	225	**1,256**	631	**1,699**

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

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

Interim Group management report

Business trend January to June 2016

Changes in the reporting structure
Starting with the first quarter of 2016, we have reorganised our Group areas and thus the reporting structure. The changes were decided in the context of the generation change on the Managing Board and the intended acquisition of Italcementi. The only changes concerned the shift of the northern European countries from the former Western and Northern Europe Group area to Northern and Eastern Europe-Central Asia and of Spain from the former Africa-Mediterranean Basin Group area to Western and Southern Europe.

With the inclusion of Italcementi into the consolidated financial statements from third quarter 2016, the newly added countries were integrated in the Group and reporting structures. Group area Western and Southern Europe was extended by France and Italy. Northern and Eastern Europe-Central Asia includes now also Bulgaria and Greece. Sri Lanka and Thailand were added to Asia-Pacific. Egypt, Morocco, and Mauritania were integrated into Africa-Eastern Mediterranean Basin. Group Services was expanded by the activities in Kuwait and Saudi Arabia.

HeidelbergCement is divided into six Group areas:
- Western and Southern Europe: Belgium, France, Germany, Italy, Netherlands, Spain, and United Kingdom
- Northern and Eastern Europe-Central Asia: Denmark, Iceland, Norway, Sweden, and the Baltic States as well as Bosnia-Herzegovina, Bulgaria, Croatia, Czech Republic, Georgia, Greece, Hungary, Kazakhstan, Poland, Romania, Russia, Slovakia, and Ukraine
- North America: Canada and USA
- Asia-Pacific: Bangladesh, Brunei, China, India, Indonesia, Malaysia, Singapore, Sri Lanka, Thailand, and Australia
- Africa-Eastern Mediterranean Basin: Benin, Burkina Faso, DR Congo, Egypt, Gambia, Ghana, Liberia, Mauritania, Morocco, Mozambique, Sierra Leone, Tanzania, Togo, as well as Israel and Turkey
- As before, Group Services comprise our trading activities.

Economic environment
The world economy continues to grow, albeit in a subdued manner. The national economies of Asia and the African countries remain on course for growth. In Europe, the moderate recovery is continuing. In the USA, the economy has regained considerable momentum following the weaker than expected second quarter.

Sales volumes benefit from the first consolidation of Italcementi and positive market environment in Europe, the USA, and Australia
In the first nine months of 2016, sales volumes of building materials of HeidelbergCement, especially deliveries of cement and ready-mixed concrete, rose substantially. The first consolidation of Italcementi in the third quarter made a significant contribution to this growth. Thanks to the positive market environment in Europe, the USA, and Australia, in particular, deliveries were also increased in operational terms in all business lines.

The Group's cement and clinker sales volumes rose by 20.6 % to 73.0 million tonnes (previous year: 60.6). Deliveries of Italcementi in Italy, France, Spain, Greece, Bulgaria, Kazakhstan, India, Thailand, Egypt, Morocco, Mauritania, Gambia, and North America were included for the first time. Excluding consolidation effects, the increase amounted to 2.5 %.

Deliveries of aggregates across the Group rose by 6.8% to 198.7 million tonnes (previous year: 186.0). Deliveries of Italcementi in France, Italy, Greece, Morocco, and North America, in particular, were included for the first time. Excluding consolidation effects, sales volumes of aggregates increased by 1.2%.

Ready-mixed concrete sales volumes grew by 12.1 % to 30.4 million cubic metres (previous year: 27.1). Deliveries of Italcementi in Italy, France, Thailand, Egypt, Morocco, and North America, in particular, were included for the first time. Excluding consolidation effects, the increase amounted to 1.3 %.

Asphalt sales volumes grew by 2.2 % to 7.1 million tonnes (previous year: 6.9). Italcementi has no asphalt activities and therefore did not contribute any additional sales volumes.

Sales volumes	April - June			January - June		
	2015	**2016**	Change	2015	**2016**	Change
Cement and clinker (million tonnes)	21.9	**22.3**	1.6 %	38.8	**39.9**	2.9 %
Aggregates (million tonnes)	67.1	**69.1**	2.9 %	113.4	**118.4**	4.4 %
Ready-mixed concrete (million cubic metres)	9.6	**10.0**	4.2 %	17.4	**17.9**	2.9 %
Asphalt (million tonnes)	2.5	**2.6**	4.2 %	4.0	**4.0**	-2.0 %

Development of revenue and results

Group revenue in the period from January to September 2016 increased by 8.5 % compared with the previous year to €10,927 million (previous year: 10,076). Excluding consolidation and exchange rate effects, Group revenue remained almost unchanged. Changes to the scope of consolidation of €1,175 million, which included the first consolidation of Italcementi Group (ITC), had a positive impact on revenue. Exchange rate effects, however, reduced revenue by €309 million.

In the reporting period, material costs rose by 3.0 % to €4,223 million (previous year: 4,099). This increase is essentially due to the first consolidation of ITC. Excluding consolidation and exchange rate effects, material costs decreased by 7 %. This decline primarily related to energy costs, raw materials, and goods purchased for resale. The material cost ratio improved considerably from 40.7 % to 38.6 %. Other operating expenses and income were 11.3 % above the previous year's level at €-2,786 million (previous year: -2,504), largely due to the first consolidation of ITC. Excluding currency and consolidation effects, third-party repairs and services as well as rental and leasing expenses rose slightly. Personnel costs increased by 13.7 % to €1,911 million (previous year: 1,680), primarily because of the higher number of employees. Income from joint ventures grew by 2.8 % to €150 million (previous year: 146), essentially owing to a positive business development in Eastern Europe.

Operating income before depreciation (OIBD) improved by 10.7 % to €2,121 million (previous year: 1,916). The increase of €205 million largely results from the first consolidation of ITC. Operating income rose substantially by 9.7 % to €1,477 million (previous year: 1,347); excluding consolidation and exchange rate effects, the growth amounted to 8.0 %.

The additional ordinary result of €-98 (previous year: -0.1) is strongly affected by the purchase of ITC. It mainly contains transaction costs for business combinations, restructuring expenses, expenses from the disposal of subsidiaries , as well as other non-recurring expenses.

The financial result improved by €64 million to €-363 million (previous year: -427). Aside from the €24 million reduction in interest expenses, the €40 million increase in currency results contributed to this figure.

Profit before tax from continuing operations rose by €87 million to €1,040 million (previous year: 953). In contrast, expenses relating to taxes on income grew by €83 million to €300 million (previous year: 217). At €740 million, net income from continuing operations remained at the previous year's level (previous year: 736).

Net loss from discontinued operations came to €-2.3 million (previous year: 26.8). This change reflects operations of the Hanson Group discontinued in previous years of €-20.3 million and of ITC in Belgium and the USA of €18.0 million. The sale of activities in Belgium and the USA were required by the antitrust authorities.

Overall, the profit for the period amounts to €737 million (previous year: 762). The profit attributable to non-controlling interests rose by €17 million to €152 million (previous year: 135). The Group share therefore amounts to €585 million (previous year: 628).

Earnings per share – Group share – in accordance with IAS 33 fell by €0.28 to €3.06 (previous year: 3.34). Adjusted for acquisition-related charges of €63 million, earnings per share increased to €3.39.

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

Statement of cash flows

From January to September 2016, the cash inflow from operating activities of continuing operations increased by €193 million to €785 million (previous year: 592) compared with the same period in the previous year. This was primarily owing to the rise of €230 million in the cash flow before interest and tax payments to €2,161 million (previous year: 1,931), which is attributable both to the positive contribution of ITC which was acquired on 1 July 2016 and the improved operational performance.

Dividends received fell slightly short of the previous year's level at €146 million (previous year: 150) and mainly include payouts received from joint ventures and associates. The increase of €39 million in interest received to €109 million (previous year: 70) is particularly due to special items arising from the settlement of interest rate swaps. Interest payments fell by €61 million to €371 million (previous year: 432) as a result of the decrease in net debt prior to the acquisition of ITC. At €254 million (previous year: 297), income taxes paid were €43 million lower in comparison with the same period of the previous year. Changes in working capital fell by €53 million to €-560 million (previous year: -507). In the reporting period, provisions of €300 million (previous year: 173) were utilised through payments. The higher utilisation was attributable, among other things, to the funding of external pension providers as well as restructuring measures associated with the acquisition of ITC.

Net cash used in investing activities of continuing operations rose by €512 million to €988 million (previous year: 476). The rise was largely due to payments of €1,026 million already made for the shares in Italcementi S.p.A. This was countered by the net cash proceeds from acquired or divested cash and cash equivalents amounting to €615 million, which essentially concern the cash and cash equivalents associated with the acquisition of ITC.

Financing activities of continuing operations generated a cash inflow of €594 million (previous year: cash outflow of 1,535) in the reporting period. The cumulated cash inflow resulting from the proceeds from and repayments of bonds and loans, which amounted to €1,340 million (previous year: cash outflow of 798), primarily includes the issue of two bonds with a total value of €1.75 billion, debt certificates of €645 million, and the repayment of two bonds of €971 million, as well as of the syndicated credit line in use amounting to €116 million. The changes in current financial liabilities relate largely to outflows from the issue of commercial papers and bank loans. Dividend payments led to an overall cash outflow of €324 million (previous year: 362), with HeidelbergCement AG dividend payments making up €244 million (previous year: 141) of this figure.

The cash inflows and outflows from operating activities as well as from investing and financing activities of discontinued operations relate to the sale in October 2016 of the Belgium activities of ITC, due to a decision of the European competition authority, as well as the Italcementi locations in North America that have been taken over and are intended for resale. The corresponding cash inflows and outflows during the previous year relate to the sale in March 2015 of the building products business in North America and the United Kingdom.

Investments

Cash flow investments increased in the first nine months to €1,699 million (previous year: 631). Investments in property, plant, and equipment, including intangible assets, which primarily related to optimisation and environmental protection measures at our production sites, but also expansion projects in growing markets, accounted for €554 million (previous year: 585) of this total. Investments in financial assets and other business units rose to €1,146 million (previous year: 46). Cash flow investments amounting to €1,026 million were made up to 30 September 2016 in connection with the acquisition of Italcementi. In addition to the issue of 10.5 million new HeidelbergCement shares, €878 million was paid in cash for the acquisition of a participation of 45.0 % in Italcementi from Italmobiliare, with a total purchase price of €1,596 million. HeidelbergCement also purchased an additional 14.0 million Italcementi shares, corresponding to a shareholding of 4.0 %, via the stock exchange for €148 million. The remaining cash flow investments of €120 million essentially relate to the acquisition of the Australian aggregates company Rocla Quarry Products, as well as smaller bolt-on acquisitions of shareholdings.

Balance sheet

The balance sheet total rose by €8,132 million to €36,506 million (previous year: 28,374) as at 30 September 2016. This increase was essentially due to the first inclusion of ITC, which was acquired on 1 July 2016. We refer to the explanations on the business combinations in the reporting period in the Notes on page 28 f.

Non-current assets increased by €5,032 million to €28,699 million (previous year: 23,668). Aside from the impact of €5,980 million in connection with the acquisition of ITC, this was largely influenced by exchange rate effects of €-802 million. The rise in goodwill by €1,701 million to €11,882 million (previous year: 10,181) was mainly related to the inclusion of the provisional goodwill of ITC amounting to €2,113 million and exchange rate effects of €-428 million. The change of €2,621 million in property, plant, and equipment to €12,492 million (previous year: 9,871) was also essentially owing to €3,124 million associated with ITC and exchange rate effects of €-267 million. Additions of €541 million to property, plant, and equipment were offset by depreciation and amortisation of €621 million. The change of €484 million in financial assets to €2,316 million (previous year: 1,832) relates primarily to the increase of €94 million in investments in associates and €286 million in financial investments, as well as the rise of €89 million in loans. Aside from the effects of €235 million associated with the takeover of ITC, this was largely impacted by the deconsolidation of a US subsidiary on account of loss of control in the context of a voluntary insolvency proceeding in accordance with Chapter 11 Paragraph 524(g) of the US Bankruptcy Code and its inclusion as a financial investment to the amount of €249 million.

Current assets rose by €1,984 million to €6,691 million (previous year: 4,707). The increase was essentially due to the impact of the acquisition of ITC of €2,236 million and currency effects of €-64 million. Inventories increased by €567 million to €2,011 million (previous year: 1,444). Adjusted for the impact of the acquisition of ITC of €619 million and currency effects of €-34 million, inventories fell slightly by €18 million. In contrast, trade receivables increased by €857 million to €2,071 million (previous year: 1,215) because of seasonal influences, of which €510 million were attributable to the acquisition of ITC and €-20 million to currency translation. Cash and cash equivalents rose by €370 million to €1,720 million (previous year: 1,350) mainly as a result of the issue of new bonds amounting to €1,750 million and a debt certificate of €645 million. This was counteracted by the repayment of two bonds of €971 million, commercial papers totalling €207 million, and the syndicated credit line in use of €116 million. The acquisition of the ITC shares resulted in the takeover of cash and cash equivalents of €612 million. The changes are explained in the Statement of cash flows section.

On the equity and liabilities side, equity increased by €616 million to €16,592 million (previous year: 15,976). The increase was primarily attributable to changes to the scope of consolidation of €563 million and the issue of new shares totalling €735 million, while the total comprehensive income of €-320 million and dividend payments of €324 million had a negative effect. The comprehensive income is composed of the €737 million profit for the period as well as of the currency translation differences of €-935 million recognised in other comprehensive income and of the actuarial losses of €-123 million.

Interest-bearing liabilities rose by €3,924 million to €10,635 million (previous year: 6,712). This is largely due to the issue of new bonds and the takeover of the liabilities of ITC amounting to €2,916 million. Overall, net debt (interest-bearing liabilities less cash and cash equivalents) increased by €3,582 million to €8,868 million (previous year: 5,286), of which €2,176 million was taken over from ITC. Total provisions increased by €298 million to €2,722 million (previous year: 2,423). Operating liabilities rose by €3,019 million to €5,846 million (previous year: 2,827), of which €1,193 million is attributable to the takeover of ITC and €1,895 million to the outstanding purchase price liability associated with the acquisition.

Financing

In the first nine months of 2016, HeidelbergCement issued debt certificates and two Eurobonds, thereby further strengthening its financing structure.

On 14 January 2016, HeidelbergCement placed debt certificates in the amount of €625 million. On 4 February 2016, the volume was increased by €20 million to €645 million. The debt certificates, with a maturity date of 20 January 2022, consist of two tranches: one tranche with a floating rate and the other with a fixed rate. The fixed rate tranche yields at 1.85 % p.a. and the floating tranche at 1.5 % p.a. over 6 months Euribor.

On 30 March 2016, HeidelbergCement issued a Eurobond under its €10 billion EMTN Programme with an issue volume of €1 billion and a maturity date of 30 March 2023. The 7 year bond bears a fixed coupon of 2.25 % p.a. The issue price was at 99.616 %, resulting in a yield to maturity of 2.31 %.

On 3 June 2016, HeidelbergCement issued a further Eurobond of €750 million under the EMTN Programme. The 8 year bond with a maturity date of 3 June 2024 bears a fixed coupon of 2.25 % p.a. The issue price was at 98.963 %, resulting in a yield to maturity of 2.394 %.

The proceeds of the debt certificates and the Eurobonds were utilised to pre-fund the Italcementi acquisition. Thereby the volume of the bridge financing was reduced from €3.3 billion to the minimum volume required for the mandatory takeover offer of €2 billion. The refinancing needs for the Italcementi acquisition are largely covered.

According to the terms and conditions of all the bonds issued since 2009 and the debt certificates issued in December 2011 and January 2016, 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 €3,233 million and the consolidated interest expense of €591 million are calculated on a pro forma basis in accordance with the terms and conditions of the bonds. As at 30 September 2016, the consolidated coverage ratio amounted to 5.47.

The net debt increased by €2,898 million in comparison with 30 September 2015, amounting to €8,868 million (previous year: 5,970) as at 30 September 2016. In comparison with the end of 2015, the increase amounted to €3,582 million. The increase in net debt is primarily due to the first consolidation of Italcementi and cash payments made in the context of the Italcementi acquisition up to 30 September 2016.

The available liquidity from cash and cash equivalents, liquidable financial investments and derivative financial instruments, and unused credit lines amounted to €4,559 million as at the end of September 2016.

Capital increase against contributions in kind

In the context of acquiring the 45 % shareholding in Italcementi, HeidelbergCement AG carried out a capital increase in return for contributions in kind in July 2016. The issuance of 10.5 million new shares to Italmobiliare was made from the Authorised Capital II excluding the subscription rights of shareholders. The Company's subscribed share capital thus rose by €31,500,000, from €563,749,431 to €595,249,431. The implementation of the capital increase was recorded in the commercial register on 7 July 2016.

Western and Southern Europe

The economic recovery has continued in most of the countries in the Western and Southern Europe Group area. The upswing in the German economy continues thanks to the good state of the domestic demand, of the intact labour market, as well as the low oil price. The economic recovery is also ongoing in Belgium and the Netherlands. In the United Kingdom, the economy remains robust following the Brexit vote. Economic growth exceeded expectations in the third quarter of 2016 with a rate of 0.5 %. In Spain, the economy remains on its growth course; however, as a result of the political uncertainty, many private and public construction projects have been delayed. In Italy and France, construction activities continued to suffer from the weak economic development.

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

In the first nine months, the Western and Southern Europe Group area's cement and clinker sales volumes rose by 29.3 % to 15.3 million tonnes (previous year: 11.8). This substantial increase is primarily attributable to the inclusion of Italcementi's activities in France, Italy, and Spain, not to mention the positive development in demand in Germany, Benelux, and the United Kingdom. Excluding consolidation effects, deliveries rose by 4.2 %. Deliveries from our German plants benefited from the pleasing development in demand, especially in residential and road construction. Our sales volumes also increased in Benelux thanks to the market recovery particularly in the Netherlands. In the United Kingdom, cement demand remains high thanks to the positive development in residential construction and large infrastructural projects in the Greater London area. So far, the Brexit decision has had no discernible negative impact on construction activities in the United Kingdom. However, production downtimes due to the storms in February and a drop in ground blast furnace slag deliveries led to only a marginal increase in our sales volumes. The demand for cement in France and Italy remained weak. Spain lacks an important impetus for growth in cement consumption due to the shortage of infrastructural projects.

The Group area's deliveries of aggregates increased by 14.8 % to 47.9 million tonnes (previous year: 41.7). This was primarily due to the newly included aggregate activities of Italcementi in France, Italy, and Spain. Adjusted for consolidation effects, deliveries rose by 0.8 %. A significant growth in sales volumes in Germany compensated for the decrease in volumes in Benelux. The previous year's level was slightly exceeded in the United Kingdom.

Ready-mixed concrete sales volumes rose by 25.7 % to 10.4 million cubic metres (previous year: 8.2). Excluding consolidation effects resulting from the inclusion of Italcementi's ready-mixed concrete activities in France, Italy, and Spain, the increase amounted to 7.2 %. Germany and Benelux achieved significant increases in volumes. In the United Kingdom, deliveries remained at the previous year's level. The sales volumes of the asphalt operating line in the United Kingdom were 2.3 % below the previous year due to delays in motorway roadworks.

Revenue of the Western and Southern Europe Group area increased by 13.8 % to €2,790 million (previous year: 2,452). Excluding consolidation and exchange rate effects, an increase of 4.3 % was recorded.

Northern and Eastern Europe-Central Asia

The economic development of the countries in the Northern and Eastern Europe-Central Asia Group area presents a mixed picture. In Sweden, construction activity has benefited from robust economic development, particularly in residential construction. In Norway, however, the economic momentum has weakened due to the deterioration of the oil price, but demand from major infrastructure projects remains strong. The economic recovery is continuing in Poland and infrastructure projects are boosting the construction industry. In the Czech Republic, a decline in government investments is hampering construction activities. The Romanian economy is on a course for growth, but there is still a lack of infrastructure projects. In Kazakhstan, the economy is suffering from the low oil price; the construction industry, however, is benefiting from the EXPO 2017 preparation work in the capital Astana. The conflict in Ukraine is severely impairing the Ukrainian and Russian economies. The economic situation in Ukraine is likely to stabilise to some extent in the current year. Owing to the low oil price, the Russian economy is still in recession.

During the first nine months, cement and clinker deliveries in the Northern and Eastern Europe-Central Asia Group area rose by 9.7 % to 18.5 million tonnes (previous year: 16.8). The increase in sales volumes is attributable to the first inclusion of Italcementi's cement activities in Bulgaria, Greece, and Kazakhstan, in addition to the overall positive development of cement demand in the Group area. Excluding consolidation effects, this increase amounted to 4.7 %. With the exception of the Baltic States, which recorded a slight decrease in sales volumes, our deliveries have surpassed the previous year's level in all countries. The strongest growth was recorded in Kazakhstan (primarily on account of new consolidations), the Czech Republic, Norway, and Romania.

In the aggregates business line, the individual Group countries experienced varied development of sales volumes. Ukraine, Slovakia, and the Czech Republic recorded in part heavy volume losses. The countries in Northern Europe also reported a decrease in volumes. Russia, Poland, and Kazakhstan, however, achieved significant increases. Overall, our deliveries of aggregates in the Group area declined by 0.9 % to 24.3 million tonnes (previous year: 24.5), which is slightly below the previous year's level. Consolidation effects arose from the first inclusion of Italcementi's aggregate activities in Greece and the acquisition of two sand and gravel quarries in Poland in the previous year. Excluding consolidation effects, deliveries decreased by 4.3 %.

Deliveries of ready-mixed concrete rose by 13.9 % to 4.6 million cubic metres (previous year: 4.0). The ready-mixed concrete activities of Italcementi in Greece and Kazakhstan were included for the first time. Furthermore, the seven ready-mixed concrete plants in Poland that were acquired in the previous year also contributed to the growth in sales volumes. Adjusted for consolidation effects, deliveries rose by 5.8 %. Overall, the Northern European countries achieved a considerable increase in volumes.

Revenue of the Northern and Eastern Europe-Central Asia Group area rose by 13.0 % to €1,767 million (previous year: 1,564); excluding consolidation and exchange rate effects, revenue increased by 4.7 %.

North America

In the North America Group area, HeidelbergCement is represented in the USA and Canada. In the USA, economic recovery is continuing after the weaker than expected second quarter. Growth domestic product rose by 2.9 % in the third quarter, the highest growth rate for the last two years. The labour market proves to be very robust, even though the unemployment rate rose slightly to 5.0 % in September. Residential construction showed mixed signals in September. Housing starts in September were 9.0 % below the August rate and 11.9 % below the September 2015 rate. However, building permits were 6.3 % above the August rate and 8.5 % above the September 2015 rate.

With the integration of Italcementi's subsidiary Essroc in North America, HeidelbergCement's largest Group area expanded its activities primarily in the northeastern USA and in eastern Canada. All of Essroc's cement, aggregate, and ready-mixed concrete activities have been integrated into the North market region.

HeidelbergCement's sales volumes of building materials in North America benefited from the general positive market conditions in the first nine months of 2016. The downturn in the oil industry continued to have an impact in the Canadian Prairie provinces and in South Texas. In the third quarter, building materials deliveries in several markets were affected by persistent rainfalls, particularly in the North region and in Texas.

The cement sales volumes of our North American plants grew by 13.9 % to 10.6 million tonnes (previous year: 9.3) in the first nine months. Excluding consolidation effects from the inclusion of the cement activities of Italcementi/Essroc, the increase amounted to 2.0 %. In the Canada market region, the weak demand from the oil and mining sector became apparent in the Prairie provinces. Nevertheless, the lively construction activity in British Columbia partially offset the decreases in volumes. In the West market region, cement sales volumes were still slightly below the previous year due to the adverse effects caused by the rain-laden El Niño weather phenomenon. The South region, however, recorded a considerably increase in deliveries. The strong growth in sales volumes in the North region is primarily owing to the new consolidations. But even without taking the former Essroc activities into account, a moderate increase in volumes was achieved. Price increases were successfully implemented in all key markets in both the USA and in Canada.

In the aggregates business line, decreases in sales volumes in the West region were offset by increases in volumes in the North and South regions. Deliveries remained stable in Canada. Overall, deliveries of aggregates rose in the first nine months by 4.3 % to 90.4 million tonnes (previous year: 86.7). Adjusted for consolidation effects, the increase amounted to 3.9 %. Prices were increased substantially in the South and West regions and moderately in the North region. In the ready-mixed concrete operating line, the strong growth in sales volumes in the North region was not able to fully compensate the decreases in volumes in Canada and the South and West regions. At 4.8 million cubic metres (previous year: 4.8), ready-mixed concrete sales volumes remained 0.9 % below the previous year's level. Excluding consolidation effects, the decline amounted to 5.8 %. Asphalt deliveries rose by 13.9 % to 3.1 million tonnes (previous year: 2.7) because of the strong demand in the North and West regions.

In the service-joint ventures-other business line, the cement sales volumes of our joint venture Texas Lehigh Cement was slightly above the previous year's level.

Total revenue in North America rose by 6.4 % to €2,984 million (previous year: 2,803); excluding consolidation and exchange rate effects, the increase amounted to 2.5 %.

Asia-Pacific

The emerging countries of Asia remain on course for growth. A slight recovery in economic momentum is expected this year, with the exception of China. The Chinese economy stabilised in the third quarter, with GDP growth of 6.7 %. A slight increase in economic growth is anticipated in India and Indonesia. In both countries, the construction industry is benefiting from increasing infrastructure spending. Despite declining investments in the commodity sector, Australia registered robust economic development. The construction sector is benefiting from the lively activity in residential construction on the east coast.

During the first nine months, the cement and clinker deliveries of the Asia-Pacific Group area grew by 17.1 % to 19.9 million tonnes (previous year: 17.0). This increase is essentially attributable to the first inclusion of the cement activities of Italcementi in India and Thailand. Excluding consolidation effects, the growth in sales volumes amounted to 0.6 %.

Supported by increasing infrastructure spending, domestic cement consumption in Indonesia rose in the first nine months of 2016 by 2.9 % in comparison with the previous year. Indocement's domestic cement sales volumes declined by 2.4 %. The weaker development of sales volumes of Indocement in comparison with the market as a whole relates to the weak growth in the home markets. Jakarta recorded a decrease of 10.6 %, Banten of 9.9 % and West Java of 1.7 %. In contrast, distant markets, such as Sumatra and Sulawesi, grew by 7.1 % and 19.3 %, respectively. The influx of new capacities that mostly are located in West Java has increased price competitive pressure; as a result, the average sales prices of Indocement were lower than those of the previous year. Export sales volumes more than doubled from a low level. Indocement anticipates an increase in domestic cement demand from the fourth quarter of 2016 onward based on recently issued tax amnesty that will enable the government to finance and continue the infrastructure programme and will cause its multiplier effect on the property sector with a positive impact on cement consumption. At the end of October 2016, Indocement inaugurated the new integrated production line at the Citeureup plant with a cement capacity of 4.4 million tonnes. The new production line with much lower production cost will greatly improve Indocement's competitive position and further strengthen Indocement's cost leadership.

In India, the cement and clinker deliveries of our central and southern Indian plants rose by 38.1 % in the first nine months. This increase is mainly owing to the first-time inclusion of the cement activities of Italcementi in southern India. In central India, sales prices grew substantially in the reporting period and on average were slightly above the previous year. Sales prices in southern India are gradually recovering, but remain significantly below the previous year's level.

In Bangladesh, our cement deliveries rose by a double-digit rate. Revenue and results improved substantially.

In the aggregates business line, the significant growth in sales volumes in Australia more than offset decreases in volumes in Malaysia. We also recorded a noticeable increase in our aggregates deliveries in Indonesia. Total sales volumes of aggregates rose by 7.4 % to 28.8 million tonnes (previous year: 26.8). Excluding consolidation effects, volumes declined by 3.5 %. To secure raw material reserves and strengthen our market position in Australia, we acquired the aggregates company Rocla Quarry Products (RQP) in January 2016. RQP operates twelve large sand pits in the metropolitan regions of Perth, Adelaide, Melbourne, and Sydney with a production of about 6 million tonnes per year. The aggregates activities of Italcementi in Thailand, which were included for the first time, also contributed to the increase in sales volumes.

In the ready-mixed concrete operating line, a slight increase in volumes in Australia was offset by considerable declines in volumes in Indonesia and Malaysia. Deliveries of ready-mixed concrete remained more or less unchanged, with a slight drop of 0.4 % to 8.0 million cubic metres (previous year: 8.0). Excluding the consolidation effect from the first inclusion of the ready-mixed concrete activities of Italcementi in Thailand, sales volumes of ready-mixed concrete declined by 3.5 %. In the asphalt operating line, weak demand in Malaysia led to a decrease in sales volumes of 15.4 %.

In China, the cement deliveries of our joint ventures in the provinces of Guangdong and Shaanxi fell short of the previous year due to declining demand. In Australia, however, our joint venture Cement Australia registered a significant increase in sales volumes.

Revenue of the Asia-Pacific Group area rose by 1.1 % to €2,081 million (previous year: 2,059); excluding consolidation and exchange rate effects, revenue fell by 5.4 %.

Africa-Eastern Mediterranean Basin

Overall, the African countries south of the Sahara are continuing to experience solid economic development and lively construction activity. In Ghana, there are increasing signs of an economic recovery. Construction activities in Egypt and Morocco are benefitting from infrastructure projects. In Turkey, the economic recovery that started in the fourth quarter of 2015 continued thanks to strong domestic demand.

In addition to its existing activities in nine African countries south of the Sahara, the cement business line now also comprises subsidiaries in Egypt, Morocco, Mauritania, and Gambia following the acquisition of Italcementi. During the first nine months, cement and clinker deliveries grew by 54.9 % to 8.7 million tonnes (previous year: 5.6). This increase in sales volumes is essentially attributable to the inclusion of the activities of Italcementi in North Africa, as well as to growth in some countries south of the Sahara. Excluding consolidation effects, deliveries fell slightly by 1.1 %. In Togo, Tanzania, and Burkina Faso, our deliveries benefited from the new production capacities commissioned at the end of 2014 as well as from the sustained upswing in cement consumption. Benin and Sierra Leone also recorded increases in sales volumes. In Ghana, our deliveries remained below the previous year as a result of intense competition from domestic producers and increasing imports. In some sub-Saharan African countries, cement prices decreased – in some cases significantly – as a result of the increased competitive pressure, particularly from imports, and the commissioning of new production capacities by competitors.

In April 2016, HeidelbergCement acquired 100 % of the shares of Austral Cimentos Sofala, SA (ACS) in Mozambique. ACS operates a cement grinding plant in Dondo, close to the seaport Beira, with an annual capacity of about 350,000 tonnes. With this acquisition, HeidelbergCement strengthens its market presence in south-eastern Africa.

In light of the good growth prospects, HeidelbergCement is expanding its activities in Africa. We are currently constructing a cement grinding plant with a capacity of around 250,000 tonnes in the north of Togo, which is scheduled for completion in the first half of 2017. Furthermore, we are expanding our cement capacity in Benin with the construction of an additional cement mill at the Cotonou grinding plant. The commissioning of the new mill with a capacity of 250,000 tonnes is also scheduled for 2017. In the Democratic Republic of Congo, we are constructing a new integrated production line in our Cimenterie de Lukala cement plant, which is located near the capital Kinshasa. With completion projected for the end of 2017, it will increase the cement capacity of the plant to 0.8 million tonnes. We are also evaluating options for capacity expansions in other African countries.

Aside from minor activities in some African countries south of the Sahara, HeidelbergCement is predominantly active in Israel and Morocco in the aggregates business line. Total deliveries of aggregates rose 16.3 % to 7.3 million tonnes (previous year: 6.3). Excluding consolidation effects, the increase amounted to 9.7 %. In the ready-mixed concrete operating line, HeidelbergCement is represented in Israel, Egypt, and Morocco. Ready-mixed concrete sales volumes grew by 27.1 % to 2.5 million cubic metres (previous year: 2.0); excluding consolidation effects, the increase amounted to 3.4 %. Asphalt activities in Israel recorded a rise in volumes of 19.9 %.

The service-joint ventures-other business line essentially includes the cement, aggregates, and ready-mixed concrete activities of our Turkish joint venture Akçansa. In the first nine months, the cement and clinker sales volumes of Akçansa increased by 4.6 %. While deliveries of aggregates recorded strong growth, ready-mixed concrete sales volumes declined significantly.

Revenue of the Africa-Eastern Mediterranean Basin Group area increased by 23.8 % to €891 million (previous year: 720); excluding consolidation and exchange rate effects, revenue declined by 2.1 %.

Group Services

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

The trade in cement, clinker, and other building materials, such as lime and dry mortar, rose by 12.6 % to 12.5 million tonnes in the first nine months (previous year: 11.1); excluding consolidation effects, the increase amounted to 4.1 %. Deliveries of coal and petroleum coke rose by 8.1 % to 5.2 million tonnes (previous year: 4.8); excluding consolidation effects, the growth amounted to 1.8 %.

Revenue of Group Services fell by 6.6 % to €738 million (previous year: 791) due to decreased clinker and coal prices. Excluding consolidation and exchange rate effects, the decrease amounted to 14.4 %.

Employees

At the end of September 2016, the number of employees at HeidelbergCement stood at 61,945 (previous year: 46,772). The increase of 15,173 employees results primarily from the acquisition of Italcementi.

Personnel change on the Supervisory Board

Hans Georg Kraut, Director of the Schelklingen cement plant and representative of the senior managers on the Supervisory Board, took retirement and left the Supervisory Board on 31 July 2016. His successor on the Supervisory Board is deputy member Stephan Wehning, previously Director of the Ennigerloh cement plant and the new Director of the Schelklingen cement plant.

Takeover of Italcementi

On 1 July 2016, HeidelbergCement completed the purchase of a 45.0 % share in Italcementi S.p.A. from Italmobiliare S.p.A. All conditions for the conclusion of the transaction were met following receipt of the outstanding approvals of the EU Commission on 26 May 2016 and the US competition authorities (Federal Trade Commission – FTC) on 17 June 2016. To eliminate competitive concerns, both approvals were conditional on the sale of activities in Belgium and the USA.

With the closing of the transaction, HeidelbergCement acquired 157.17 million ordinary shares, representing 45.0 % of the share capital of Italcementi for a total consideration of €1.60 billion. Thereof 82.82 million ordinary shares were acquired against cash. The remaining 74.35 million ordinary shares were acquired against the assignment of 10.5 million newly issued shares of HeidelbergCement.

In parallel to the public tender offer to the Italcementi shareholders, HeidelbergCement also purchased additional 14.0 million Italcementi shares via the stock exchange, corresponding to a shareholding of 4.0 %, in September 2016.

With this transaction HeidelbergCement adds a portfolio of plants and quarries with a perfect geographical fit to the existing international footprint of the Group. Italcementi is active in 22 countries with strong market positions in France, Italy, the USA and Canada. In addition, it is active in emerging countries with high growth potential, such as India, Egypt, Morocco, and Thailand. Besides its modern and highly performing plants, Italcementi has extensive reserve positions in cement and aggregates.

Through the combination with Italcementi, HeidelbergCement becomes the global market leader in aggregates, the second largest producer of cement and the global number three in ready-mixed concrete. The excellent geographical fit of the ITC assets will strengthen each of HeidelbergCement's geographic clusters. The acquisition adds a presence in several major markets where there is no overlap between the two Groups. It will expand the strong Western European portfolio with leading market positions in France and Italy. In North America, it will complete HeidelbergCement's footprint, particularly in Eastern Canada, and strengthen market positions in the United States, India, and Kazakhstan. HeidelbergCement will gain attractive new market positions in the fast-growing markets in Egypt, Morocco, and Thailand. In Europe, Italcementi will also add low-cost export plants on the coast in Bulgaria and Spain. In line with HeidelbergCement's urban centre strategy, the transaction will add attractive positions in fast-growing metropolitan areas such as Paris, Milan, Cairo, Marrakech, Chennai, and Bangkok.

On 16 September 2016, the Moroccan Capital Market Authority announced the result of the mandatory tender offer to the non-controlling shareholders of Ciments du Maroc SA. Through the mandatory tender offer, HeidelbergCement acquired around 3,753 of the approximately 5.4 million outstanding shares.

Italcementi integration faster than expected

In all key Italcementi country organisations the management was changed and the management philosophy as well as the bonus system of HeidelbergCement was introduced, starting with the takeover of control at the beginning of July. Redundant headquarters were closed and activities concentrated on one location. The synergy implementation is ahead of plan with a €135 million annual run-rate expected by end of 2016. Until the end of October, more than 1,300 jobs were cut, significantly exceeding the initially planned around 500 jobs cuts by the end of 2016. Staff reduction is expected to increase to around 1,500 by the end of 2016. Overall, at least 2,500 jobs will be affected by the restructuring measures. Due to the good progress, HeidelbergCement is convinced to exceed the synergy target of €400 million.

New efficiency improvement programmes initiated

Two new competence centers were established as part of the reorganisation of the Managing Board at the start of the year and the acquisition of Italcementi. The "Competence Center RMC" – the name reflects the programme – aims to increase operational efficiency in ready-mixed concrete and achieve margin improvements of €120 million over a three-year period. Focus lies on optimisations in logistics and mix design. Objective of the "Sales is a Science" programme is to further professionalise sales in order to become best in class. The focus is on market intelligence, sales processes, and price management. The programme is supported by the competence center Global Market Intelligence and Sales Processes.

Events after the balance sheet date

On 12 October 2016, HeidelbergCement purchased the remaining Italcementi shares that had not been tendered in the mandatory tender offer. Therefore, HeidelbergCement is now the sole shareholder of Italcementi and owns 100 % of the share capital. Italcementi shares were delisted from the Italian Stock Exchange on the same day. Details of the acquisition of the shareholding in Italcementi and of all transactions in connection with the takeover are provided in the Notes on pages 28 f. and 33.

Outlook

In its latest forecast of October 2016, the International Monetary Fund (IMF) has reduced the growth rate for the global economy in 2016 to 3.1 %, a decrease of 0.1 percentage points in comparison with the forecast of April 2016. The lowering of the forecast reflects the anticipated consequences of the considerably increased macroeconomic and political uncertainty following the Brexit decision and slower than expected growth in the USA in the first half of the year. The IMF currently predicts that the growth rate in the industrial countries will drop by 0.5 percentage points in 2016 and rise slightly by 0.2 percentage points in the emerging countries.

The risk factors in the development of the global economy include not only the consequences of the Brexit, which are difficult to estimate at present, but also the price trend for oil, the effects of monetary policy measures – particularly those of the US Federal Reserve – on capital flows and exchange rates in the emerging countries, as well as geopolitical risks related to the crises and conflicts in the Middle East and eastern Ukraine.

In North America, HeidelbergCement, in conformity with the IMF, expects a continuing economic recovery and consequently a further increase in demand for building materials. In Western and Northern Europe, positive market development is expected. This is based on the continuing solid condition of the German economy, and stable economic growth in Northern Europe and Benelux. So far, we have not yet seen any negative effects of the Brexit decision on demand for building materials in the United Kingdom. In Eastern Europe, we anticipate growing demand for building materials as result of the EU infrastructure programme, among other things. The crisis in eastern Ukraine is continuing to impair the sales volumes and results of the country. The economic situation in Russia and Kazakhstan remains difficult due to the low oil price. In the African markets, we expect a rise in competition besides the continuing growth in demand. In Asia, HeidelbergCement anticipates a general upturn in demand, thanks in particular to increasing infrastructure investments in Indonesia and India. At the same time, the cement capacity and therefore the competition in Indonesia has grown due to the entry of new manufacturers. In China, a further decline in demand and an increase in excess capacities are expected. Repercussions on exports are limited because a large proportion of Chinese capacities is located inland.

In view of the overall positive development of demand and the commissioning of new capacities, HeidelbergCement anticipates – both without and including the consolidation of Italcementi (on a pro forma base for 2015 and 2016) – a rise in the sales volumes of the core products cement, aggregates, and ready-mixed concrete.

Excluding the Italcementi consolidation, HeidelbergCement estimates that the cost base for energy will remain stable in 2016, supposing that energy prices will drop and sales volumes increase throughout the year. A moderate rise in the cost of raw materials and personnel is expected. HeidelbergCement further focuses on the continuous improvement of efficiency and margins. To this end, we started the “Continuous Improvement” programmes in the cement and aggregates business lines to establish a culture of continuous improvement of operational and commercial work processes at employee level. Process optimisations are expected to achieve a sustainable improvement in results of at least €120 million in both business lines over a three-year period. The “CIP” programme for the cement business line started at the beginning of 2015, and the “Aggregates CI” programme was launched at the beginning of 2016. 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. In addition, the “FOX” programme in purchasing is expected to achieve cost savings of around €100 million.

For 2016, we expect under consideration of the Italcementi takeover stable financing costs, as the savings in the first half of the year and an increase in financing costs on account of the financing of the purchase price and the takeover of the liabilities of the Italcementi Group in the second half of the year more or less offset each other.

The existing HeidelbergCement forecast was confirmed and now applies also including Italcementi; this means, including Italcementi in 2015 and 2016 and excluding currency and consolidation effects as well as gains from the sale of CO_2 certificates, a moderate increase in revenue and a high single to double-digit increase in operating income are expected.

The swift completion of the Italcementi takeover and the rapidly progressing integration give us reason to be very positive about the further development. We are very confident that we can exceed the synergy target of €400 million. Moreover, as part of the integration we have created two new global competence centres for ready-mixed concrete and sales management, which should enhance the margin potential in these areas. Overall, we consider ourselves to be well positioned to successfully advance our strategic priorities: shareholder returns and continuous growth. Our declared aim is still to achieve a solid investment grade rating. In operational terms, we will continue to focus on the four strategic levers: high operating leverage, maintenance of cost leadership, pronounced vertical integration, and optimal geographical positioning. In this way, we will increase our efficiency and the satisfaction of our customers, especially in the world's rapidly growing metropolitan areas. Our global programmes to optimise costs and processes and to increase margins will once again be consistently pursued in 2016. These include, in particular, the Continuous Improvement Programmes for the aggregates ("Aggregates CI") and cement ("CIP") business lines, as well as "FOX" for purchasing.

The outlook for the global economy is positive, even though the macroeconomic and political risks have increased following the Brexit decision. HeidelbergCement will continue to benefit from the good and stable economic development in the industrial countries, above all in the USA, Germany, Northern Europe, and Australia. With the acquisition of Italcementi, we have strengthened our global market position. In our core business lines aggregates, cement, and ready-mixed concrete, we occupy first, second, and third place globally. In the next few years, we intend to consistently develop the characteristics that set HeidelbergCement apart from the competition: cost leadership and operational excellence. At the same time, we plan to achieve a sustainable level of earnings power for shareholders that is unprecedented in the Group.

Additional statements on the outlook

The Managing Board of HeidelbergCement has not seen evidence of developments beyond those mentioned in the previous paragraph that would suggest changes for the business year 2016 regarding the forecasts and other statements made in the 2015 Annual Report in the Outlook chapter on page 110 ff. on the expected development of HeidelbergCement and its business environment.

The expected future development of HeidelbergCement and the business environment over the course of 2016 is described in the outlook. As such, please note that this Interim Financial Report contains forward-looking statements based on the information currently available and the current assumptions and forecasts of the Managing Board of HeidelbergCement. Such statements are naturally subject to risks and uncertainties and may therefore deviate significantly from the actual development. HeidelbergCement undertakes no obligation and furthermore has no intention to update the forward-looking statements made in this Interim Financial Report.

Risk and opportunity report

HeidelbergCement's risk policy is based on the business strategy, which focuses on safeguarding the Group's existence and sustainably increasing its value. Entrepreneurial activity is always forward-looking and therefore subject to certain risks. Identifying risks, understanding them, 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.

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

Risks that may have a significant impact on our financial position and performance in the 2016 financial year and in the foreseeable future as well as the opportunities are described in detail in the 2015 Annual Report in the risk and opportunity report chapter on page 121 ff. Risks from disputes and pending proceedings concerning the acquired Italcementi Group are described in the 2016 Half-Year Financial Report of Italcementi on page 31 f.

In its global economic outlook of October 2016, the International Monetary Fund (IMF) lowered the growth rate for the global economy in the current year by 0.1 percentage points compared with its forecast of April 2016 and now anticipates an increase of 3.1 % in global economic output for 2016. This represents a slight slowdown in economic growth of 0.1 percentage points compared with the previous year. The lowering of the forecast reflects, among other things, the extent of economic and political uncertainty following the Brexit vote. Besides the IMF, other key institutions including the Bank of England have also lowered their growth forecasts for the British economy. The uncertainty resulting from the Brexit vote could have a negative effect on the UK construction sector and the future demand for building materials. However, many experts expect that the British government will try to counteract any negative developments with additional economic stimulus packages. So far, we have not yet seen any negative effects of the Brexit decision on demand for building materials in the United Kingdom.

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

Interim consolidated financial statements

Consolidated income statement

	July - September		January - September	
€m	2015	2016	2015	2016
Revenue	3,605.5	**4,520.4**	10,075.9	**10,927.5**
Change in finished goods and work in progress	-23.3	**-10.1**	-27.2	**-43.3**
Own work capitalised	1.6	**3.2**	5.1	**6.5**
Operating revenue	3,583.9	**4,513.5**	10,053.8	**10,890.7**
Other operating income	79.5	**97.6**	235.9	**229.3**
Material costs	-1,377.0	**-1,691.6**	-4,099.1	**-4,222.6**
Employee and personnel costs	-543.1	**-752.1**	-1,680.0	**-1,910.9**
Other operating expenses	-936.3	**-1,227.4**	-2,740.2	**-3,015.3**
Result from joint ventures	57.9	**69.2**	146.0	**150.1**
Operating income before depreciation (OIBD)	864.9	**1,009.1**	1,916.5	**2,121.3**
Depreciation and amortisation	-190.3	**-270.8**	-569.6	**-644.0**
Operating income	674.6	**738.3**	1,346.9	**1,477.2**
Additional ordinary income	4.4	**-1.1**	35.8	**4.8**
Additional ordinary expenses	-15.2	**-80.4**	-35.8	**-102.8**
Additional ordinary result	-10.8	**-81.5**	-0.1	**-98.0**
Result from associates	14.7	**18.5**	22.3	**22.5**
Result from other participations	9.5	**-0.7**	10.2	**1.1**
Result from participations	24.2	**17.8**	32.5	**23.6**
Earnings before interest and taxes (EBIT)	688.0	**674.6**	1,379.4	**1,402.9**
Interest income	12.3	**16.6**	56.4	**48.1**
Interest expenses	-114.1	**-122.2**	-355.0	**-330.8**
Foreign exchange gains and losses	-17.2	**-0.2**	-33.1	**7.2**
Other financial result	-22.7	**-35.9**	-95.0	**-87.2**
Financial result	-141.6	**-141.7**	-426.8	**-362.7**
Profit before tax from continuing operations	546.4	**532.9**	952.5	**1,040.1**
Income taxes	-74.4	**-169.3**	-216.9	**-300.3**
Net income from continuing operations	471.9	**363.5**	735.6	**739.8**
Net income / loss from discontinued operations	48.4	**20.0**	26.8	**-2.3**
Profit for the period	520.3	**383.5**	762.4	**737.5**
Thereof non-controlling interests	40.9	**44.3**	134.6	**152.1**
Thereof Group share of profit	479.4	**339.2**	627.8	**585.4**
Earnings per share in € (IAS 33)				
Earnings per share attributable to the parent entity	2.55	**1.75**	3.34	**3.06**
Earnings per share – continuing operations	2.29	**1.64**	3.20	**3.07**
Earnings / loss per share – discontinued operations	0.26	**0.11**	0.14	**-0.01**

Consolidated statement of comprehensive income

	July - September		January - September	
€m	2015	2016	2015	2016
Profit for the period	520.3	**383.5**	762.4	**737.5**
Other comprehensive income				
Items not being reclassified to profit or loss in subsequent periods				
Remeasurement of the defined benefit liability (asset)	112.2	**-207.4**	101.7	**-174.3**
Income taxes	-31.9	**61.0**	-28.5	**51.4**
Defined benefit plans	80.3	**-146.4**	73.3	**-122.8**
Net gains/losses arising from equity method investments	0.6		0.6	
Total	80.9	**-146.4**	73.8	**-122.8**
Items that maybe be reclassified subsequently to profit or loss				
Cash flow hedges - change in fair value	-7.0	**-1.0**	13.3	**-0.7**
Reclassification adjustments for gains/losses included in profit or loss	5.8	**0.4**	-14.5	**0.4**
Income taxes	0.4	**0.1**	0.2	**0.1**
Cash flow hedges	-0.8	**-0.4**	-1.0	**-0.2**
Currency translation	-770.4	**-266.1**	553.6	**-909.7**
Reclassification adjustments for gains/ losses included in profit or loss	14.4		14.4	
Income taxes	16.4	**-6.3**	10.0	**-12.4**
Currency translation	-739.5	**-272.4**	577.9	**-922.0**
Net gains/losses arising from equity method investments	-57.9	**-4.9**	-36.0	**-12.8**
Total	-798.2	**-277.8**	540.9	**-935.0**
Other comprehensive income	-717.4	**-424.1**	614.8	**-1,057.9**
Total comprehensive income	-197.0	**-40.6**	1,377.1	**-320.4**
Thereof non-controlling interests	-34.7	**42.2**	78.2	**163.9**
Thereof Group share	-162.3	**-82.8**	1,298.9	**-484.3**

Consolidated statement of cash flows

	July - September		January - September	
€m	2015	2016	2015	2016
Net income from continuing operations	471.9	**363.5**	735.6	**739.8**
Income taxes	74.4	**169.3**	216.9	**300.3**
Interest income/ expenses	101.7	**105.6**	298.7	**282.7**
Dividends received	44.8	**33.7**	149.9	**145.9**
Interest received	18.0	**60.5**	69.7	**109.0**
Interest paid	-127.0	**-107.4**	-432.0	**-371.4**
Income taxes paid	-61.2	**-57.7**	-297.0	**-254.4**
Depreciation, amortisation, and impairment	182.4	**277.5**	562.6	**650.9**
Elimination of other non-cash items	-31.4	**13.4**	-32.5	**41.7**
Cash flow	673.8	**858.5**	1,271.7	**1,644.6**
Changes in operating assets	8.3	**-16.2**	-523.1	**-359.4**
Changes in operating liabilities	-60.6	**-166.7**	16.1	**-200.2**
Changes in working capital	-52.4	**-182.9**	-507.0	**-559.6**
Decrease in provisions through cash payments	-62.7	**-104.7**	-173.1	**-300.4**
Cash flow from operating activities - continuing operations	558.8	**570.9**	591.6	**784.6**
Cash flow from operating activities - discontinued operations	-7.2	**-22.4**	-54.6	**-22.4**
Cash flow from operating activities	551.6	**548.5**	537.0	**762.2**
Intangible assets	-3.5	**-6.6**	-14.8	**-17.2**
Property, plant and equipment	-196.9	**-221.0**	-570.6	**-536.5**
Subsidiaries and other business units	-22.8	**-1,026.9**	-33.7	**-1,136.0**
Other financial assets, associates, and joint ventures	-1.6	**-1.2**	-11.9	**-9.8**
Investments (cash outflow)	-224.8	**-1,255.6**	-631.0	**-1,699.5**
Subsidiaries and other business units	62.8	**4.3**	75.0	**4.3**
Other fixed assets	17.4	**23.0**	59.8	**92.4**
Divestments (cash inflow)	80.2	**27.3**	134.8	**96.6**
Cash from changes in consolidation scope	19.5	**614.2**	19.9	**615.3**
Cash flow from investing activities - continuing operations	-125.1	**-614.1**	-476.3	**-987.6**
Cash flow from investing activities - discontinued operations	13.8	**-0.4**	1,245.1	**-0.4**
Cash flow from investing activities	-111.3	**-614.6**	768.8	**-988.0**
Capital increase / decrease - non-controlling shareholders	2.8	**17.8**	-3.1	**17.8**
Dividend payments - HeidelbergCement AG			-140.9	**-244.3**
Dividend payments - non-controlling shareholders	-12.3	**-6.7**	-221.3	**-79.4**
Increase in ownership interests in subsidiaries	-1.7	**-0.1**	-15.3	**-5.9**
Proceeds from bond issuance and loans	10.9	**3.0**	11.3	**2,521.0**
Repayment of bonds and loans	-683.0	**-753.0**	-808.8	**-1,180.8**
Changes in short-term interest-bearing liabilities	15.5	**-69.6**	-356.3	**-434.4**
Cash flow from financing activities - continuing operations	-667.7	**-808.6**	-1,534.5	**593.9**
Cash flow from financing activities - discontinued operations		**-0.2**	-4.8	**-0.2**
Cash flow from financing activities	-667.7	**-808.8**	-1,539.3	**593.7**
Net change in cash and cash equivalents - continuing operations	-234.1	**-851.9**	-1,419.1	**391.0**
Net change in cash and cash equivalents - discontinued operations	6.6	**-23.1**	1,185.6	**-23.1**
Net change in cash and cash equivalents	-227.5	**-875.0**	-233.5	**368.0**
Effect of exchange rate changes	-62.9	**-0.3**	-21.5	**4.7**
Cash and cash equivalents at the beginning of period	1,263.6	**2,598.4**	1,228.1	**1,350.5**
Cash and cash equivalents at period end	973.2	**1,723.1**	973.2	**1,723.1**
Reclassification of cash and cash equivalents according to IFRS 5		**-3.2**		**-3.2**
Cash and cash equivalents presented in the balance sheet at period end	973.2	**1,719.9**	973.2	**1,719.9**

Consolidated balance sheet

Assets			
€m	30 Sep. 2015	31 Dec. 2015	30 Sep. 2016
Non-current assets			
Intangible assets			
Goodwill	9,987.6	10,180.6	**11,882.1**
Other intangible assets	250.3	258.1	**463.2**
	10,237.9	10,438.8	**12,345.3**
Property, plant and equipment			
Land and buildings	4,897.1	4,997.3	**5,772.2**
Plant and machinery	3,520.1	3,671.9	**5,145.7**
Other operating equipment	279.4	272.2	**292.4**
Prepayments and assets under construction	907.0	929.7	**1,281.6**
	9,603.6	9,871.2	**12,491.9**
Financial assets			
Investments in joint ventures	1,349.6	1,452.7	**1,468.1**
Investments in associates	291.0	254.1	**347.8**
Financial investments	66.2	69.0	**355.0**
Loans and derivative financial instruments	64.3	56.0	**145.1**
	1,771.1	1,831.8	**2,315.9**
Fixed assets	21,612.5	22,141.7	**27,153.1**
Deferred taxes	818.8	805.0	**927.3**
Other non-current receivables	714.8	710.6	**571.7**
Non-current income tax assets	12.9	10.4	**47.3**
Total non-current assets	23,159.0	23,667.7	**28,699.5**
Current assets			
Inventories			
Raw materials and consumables	611.9	613.4	**930.1**
Work in progress	180.7	188.1	**321.8**
Finished goods and goods for resale	560.5	616.9	**711.0**
Prepayments	31.1	25.8	**47.9**
	1,384.3	1,444.1	**2,010.9**
Receivables and other assets			
Current interest-bearing receivables	153.5	168.7	**128.4**
Trade receivables	1,569.3	1,214.6	**2,071.4**
Other current operating receivables	438.1	395.5	**588.5**
Current income tax assets	60.7	58.2	**124.1**
	2,221.7	1,837.1	**2,912.4**
Short-term financial investments			**24.8**
Derivative financial instruments	58.7	75.1	**22.6**
Cash and cash equivalents	973.2	1,350.5	**1,719.9**
Total current assets	4,637.8	4,706.7	**6,690.6**
Assets held for sale and discontinued operations			**1,116.4**
Balance sheet total	27,796.9	28,374.4	**36,506.5**

Equity and liabilities

€m	30 Sep. 2015	31 Dec. 2015	30 Sep. 2016
Shareholders' equity and non-controlling interests			
Subscribed share capital	563.7	563.7	**595.2**
Share premium	5,539.4	5,539.4	**6,225.4**
Retained earnings	8,234.5	8,434.4	**8,670.7**
Other components of equity	-0.1	377.9	**-570.2**
Equity attributable to shareholders	14,337.5	14,915.4	**14,921.2**
Non-controlling interests	964.9	1,060.9	**1,671.1**
Total equity	15,302.4	15,976.4	**16,592.3**
Non-current liabilities			
Bonds payable	4,687.0	4,685.8	**6,821.1**
Bank loans	171.8	123.8	**1,014.6**
Other non-current interest-bearing liabilities	22.5	21.6	**44.8**
Non-controlling interests with put options	8.1	4.2	**30.6**
	4,889.4	4,835.5	**7,911.1**
Pension provisions	1,006.2	974.2	**1,331.1**
Deferred taxes	433.6	435.9	**529.9**
Other non-current provisions	1,087.2	1,118.2	**1,063.1**
Other non-current operating liabilities	83.3	94.6	**251.3**
Non-current income tax liabilities	50.3	72.7	**161.8**
	2,660.6	2,695.5	**3,337.2**
Total non-current liabilities	7,550.0	7,531.0	**11,248.3**
Current liabilities			
Bonds payable (current portion)	1,757.4	1,109.4	**1,699.8**
Bank loans (current portion)	209.3	397.4	**683.8**
Other current interest-bearing liabilities	132.0	343.4	**285.5**
Non-controlling interests with put options	14.1	25.8	**55.1**
	2,112.7	1,876.1	**2,724.2**
Pension provisions (current portion)	98.6	91.3	**94.6**
Other current provisions	199.5	239.8	**233.0**
Trade payables	1,333.0	1,450.8	**1,860.1**
Other current operating liabilities	1,076.2	1,091.1	**3,378.4**
Current income tax liabilities	124.5	117.9	**194.6**
	2,831.8	2,990.9	**5,760.6**
Total current liabilities	4,944.5	4,866.9	**8,484.8**
Liabilities associated with assets held for sale and discontinued operations			**181.0**
Total liabilities	12,494.5	12,398.0	**19,914.2**
Balance sheet total	27,796.9	28,374.4	**36,506.5**

Consolidated statement of changes in equity

€m	Subscribed share capital	Share premium	Retained earnings	Cash flow hedge reserve
1 January 2015	563.7	5,539.4	7,643.9	3.1
Profit for the period			627.8	
Other comprehensive income			73.8	0.7
Total comprehensive income			701.6	0.7
Changes in consolidation scope				
Changes in ownership interests in subsidiaries			26.4	
Changes in non-controlling interests with put options			3.0	
Transfer asset revaluation reserve			0.7	
Other changes			-0.2	
Capital increase from issuance of new shares				
Repayment of capital				
Dividends			-140.9	
30 September 2015	563.7	5,539.4	8,234.5	3.7
1 January 2016	563.7	5,539.4	8,434.4	2.9
Profit for the period			585.4	
Other comprehensive income			-122.8	-0.5
Total comprehensive income			462.6	-0.5
Changes in consolidation scope				
Changes in ownership interests in subsidiaries			16.9	
Changes in non-controlling interests with put options			0.1	
Transfer asset revaluation reserve			1.1	
Other changes			-0.1	-0.2
Capital increase from issuance of new shares	31.5	686.1		
Dividends			-244.3	
30 September 2016	595.2	6,225.4	8,670.7	2.2

1) The accumulated currency translation differences included in non-controlling interests changed in 2016 by €16.9 million (previous year: 41.0) to €-109.9 million (previous year: -194.9). The total currency translation differences recognised in equity thus amounts to €-743.5 million (previous year: -261.2).

Other components of equity						
Available for sale reserve	Asset revaluation reserve	Currency translation	Total other components of equity	Equity attributable to shareholders	Non-controlling interests [1]	**Total equity**
33.6	31.3	-664.7	-596.8	13,150.3	1,094.7	**14,244.9**
				627.8	134.6	**762.4**
-1.8		598.5	597.3	671.1	-56.4	**614.8**
-1.8		598.5	597.3	1,298.9	78.2	**1,377.2**
					15.5	**15.5**
				26.4	-1.9	**24.6**
				3.0	2.5	**5.5**
	-0.7		-0.7			
				-0.2	0.3	**0.1**
					2.8	**2.8**
					-5.9	**-5.9**
				-140.9	-221.3	**-362.2**
31.8	30.6	-66.2	-0.1	14,337.5	964.9	**15,302.4**
32.5	30.2	312.3	377.9	14,915.4	1,060.9	**15,976.4**
				585.4	152.1	**737.5**
-0.6		-945.8	-946.9	-1,069.8	11.9	**-1,057.9**
-0.6		-945.8	-946.9	-484.3	163.9	**-320.4**
					563.4	**563.4**
				16.9	-4.8	**12.1**
				0.1	-51.0	**-51.0**
	-1.1		-1.1			
			-0.2	-0.2	0.4	**0.1**
				717.6	17.8	**735.3**
				-244.3	-79.4	**-323.7**
32.0	29.2	-633.5	-570.2	14,921.2	1,671.1	**16,592.3**

Segment reporting / Notes

Group areas January - September	Western and Southern Europe		Northern and Eastern Europe-Central Asia		North America	
€m	2015	2016	2015	2016	2015	2016
External revenue	2,444	**2,765**	1,516	**1,731**	2,803	**2,984**
Inter-Group areas revenue	8	**24**	48	**36**		
Revenue	2,452	**2,790**	1,564	**1,767**	2,803	**2,984**
Change to previous year in %		**13.8 %**		**13.0 %**		**6.4 %**
Result from joint ventures	3	**2**	14	**18**	29	**31**
Operating income before depreciation (OIBD)	368	**428**	282	**329**	615	**728**
as % of revenue	15.0 %	**15.4 %**	18.0 %	**18.6 %**	21.9 %	**24.4 %**
Depreciation	-145	**-161**	-106	**-113**	-179	**-197**
Operating income	224	**267**	176	**216**	435	**531**
as % of revenue	9.1 %	**9.6 %**	11.2 %	**12.2 %**	15.5 %	**17.8 %**
Result from associates	11	**13**	0	**0**	6	**4**
Result from other participations	0	**-2**	1	**2**	**0**	**0**
Result from participations	11	**11**	2	**2**	6	**4**
Additional ordinary result						
Earnings before interest and taxes (EBIT)	234	**278**	178	**218**	441	**535**
Capital expenditures [2]	114	**154**	85	**68**	164	**178**
Segment assets [3]	5,597	**6,829**	2,187	**2,797**	8,269	**8,504**
OIBD as % of segment assets	6.6 %	**6.3 %**	12.9 %	**11.8 %**	7.4 %	**8.6 %**
Number of employees as at 30 September	9,617	**15,820**	12,723	**13,336**	8,589	**9,596**
Average number of employees	9,329	**11,741**	11,714	**12,883**	8,357	**8,662**

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

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

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

Asia-Pacific		Africa-Eastern Mediterranean Basin		Group Services		Reconciliation [1]		Continuing operations	
2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**
2,050	**2,062**	705	**889**	559	**496**			10,076	**10,927**
10	**19**	15	**2**	232	**242**	-312	**-324**		
2,059	**2,081**	720	**891**	791	**738**	-312	**-324**	10,076	**10,927**
	1.1 %		**23.8 %**		**-6.6 %**				**8.5 %**
72	**71**	29	**28**					146	**150**
531	**498**	195	**221**	18	**16**	-93	**-99**	1,916	**2,121**
25.8 %	**23.9 %**	27.1 %	**24.8 %**	2.3 %	**2.2 %**			19.0 %	**19.4 %**
-99	**-110**	-31	**-49**	0	**-2**	-10	**-11**	-570	**-644**
432	**388**	164	**171**	18	**14**	-103	**-110**	1,347	**1,477**
21.0 %	**18.6 %**	22.8 %	**19.2 %**	2.3 %	**1.9 %**			13.4 %	**13.5 %**
5	**1**	0	**3**		**1**			22	**23**
9	**1**		**0**					10	**1**
14	**2**	0	**3**		**1**			33	**24**
						0	**-98**	0	**-98**
446	**390**	164	**174**	18	**15**	-103	**-208**	1,379	**1,403**
189	**107**	33	**46**	0	**0**	46	**1,146**	631	**1,699**
3,074	**4,330**	679	**2,251**	35	**126**			19,841	**24,837**
17.3 %	**11.5 %**	28.7 %	**9.8 %**	52.1 %	**12.9 %**			9.7 %	**8.5 %**
13,157	**14,669**	2,603	**8,000**	84	**524**			46,772	**61,945**
13,271	**13,604**	2,632	**4,405**	84	**231**			45,388	**51,526**

Notes to the interim consolidated financial statements

Accounting and valuation principles
The interim consolidated financial statements of HeidelbergCement AG as of 30 September 2016 were prepared on the basis of IAS 34 (Interim Financial Reporting). All International Financial Reporting Standards (IFRS), including the interpretations of the IFRS Interpretations Committee (IFRS IC), that were binding as at the reporting date and had been adopted into European law by the European Commission were applied.

In accordance with the regulations of IAS 34, a condensed report scope in comparison with the consolidated financial statements as at 31 December 2015, with selected explanatory notes, was chosen. The accounting and valuation principles applied in the preparation of the interim consolidated financial statements correspond in principle to those of the consolidated financial statements as at 31 December 2015. Detailed explanations can be found on pages 180 f. in the Notes to the 2015 Annual Report, which forms the basis for these interim financial statements.

In accordance with IAS 34, the expenses relating to income taxes in the reporting period were accrued on the basis of the tax rate expected for the whole financial year.

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

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

First-time application of accounting standards
Title
Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations
Improvements to IFRSs 2012-2014 Cycle

– 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 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.

– As part of the annual improvements project **Improvements to IFRSs 2012–2014 Cycle**, the IASB made minor amendments to a total of four standards.

The aforementioned amendments did not have any impact on the financial position and performance of the Group.

Changes in the reporting structure

As of the first quarter 2016, HeidelbergCement has reorganised the Group areas and therefore the reporting structure. This amendment was adopted in the context of the generation change in the Managing Board and in light of the acquisition of Italcementi. HeidelbergCement is divided into six Group areas:

- Western and Southern Europe: Belgium, Germany, France, United Kingdom, Italy, Netherlands, and Spain
- Northern and Eastern Europe-Central Asia: Denmark, Iceland, Norway, Sweden, and the Baltic States, as well as Bosnia-Herzegovina, Bulgaria, Georgia, Greece, Kazakhstan, Croatia, Poland, Romania, Russia, the Czech Republic, Slovakia, Ukraine, and Hungary
- North America: Canada and USA
- Asia-Pacific: Bangladesh, Brunei, China, India, Indonesia, Malaysia, Singapore, Sri Lanka, Thailand, and Australia
- Africa-Eastern Mediterranean Basin: Egypt, Benin, Burkina Faso, DR Congo, Gambia, Ghana, Liberia, Morocco, Mauritania, Mozambique, Sierra Leone, Tanzania, Togo, as well as Israel and Turkey
- Group Services comprises the international trading activities as well as the activities in Kuwait and Saudi Arabia.

The previous year's figures in the segment reporting have been adjusted accordingly following the transfer of the Northern European countries to the Northern and Eastern Europe-Central Asia Group area and of Spain to the Western and Southern Europe Group area.

Seasonal nature of the business

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

Exchange rates

The following table contains the key exchange rates used in the conversion of the companies' individual accounts into euro.

Exchange rates		Exchange rates at reporting date		Average exchange rates	
EUR		31 Dec. 2015	**30 Sep. 2016**	01-09/2015	**01-09/2016**
USD	USA	1.0861	**1.1241**	1.1154	**1.1166**
AUD	Australia	1.4896	**1.4680**	1.4638	**1.5050**
CAD	Canada	1.5026	**1.4750**	1.4046	**1.4750**
EGP	Egypt	8.5038	**9.9820**	8.5347	**9.6152**
GBP	Great Britain	0.7368	**0.8661**	0.7279	**0.8031**
IDR	Indonesia	14,982	**14,611**	14,898	**14,876**
MAD	Morocco	10.7881	**10.9139**	10.8210	**10.8854**
THB	Thailand	39.1250	**38.8895**	37.6076	**39.3234**

Business combinations in the reporting period

Acquisition of Italcementi

On 1 July 2016, HeidelbergCement completed the acquisition of a 45.0 % share in Italcementi S.p.A. from Italmobiliare S.p.A. All conditions for the closing of the transaction have been fulfilled following the approval by the relevant competition authorities.

With the closing of the transaction, HeidelbergCement acquired 157,171,807 ordinary shares, or 45 % of the share capital of Italcementi, for a total purchase price of €1,595.5 million. Of these ordinary shares, 82,819,920 were acquired against cash, and the remaining 74,351,887 were acquired through the issue of 10,500,000 new HeidelbergCement shares.

In the context of acquiring the 45 % shareholding in Italcementi, HeidelbergCement AG carried out a capital increase in return for contributions in kind. The issuance of 10,500,000 new shares to Italmobiliare was made from the Authorised Capital II excluding the subscription rights of shareholders. The Group's subscribed share capital thus rose by €31,500,000, from €563,749,431 to €595,249,431.

The acquisition of the 45 % share in Italcementi entailed a legal obligation to issue a public tender offer to the remaining shareholders of Italcementi. The offer document was published on 28 July 2016. The subscription period commenced on 29 August 2016 and ended on 30 September 2016. The offer price was €10.60 per Italcementi share. This corresponds to a premium of 70.7 % compared with the average price of the Italcementi share in the three months prior to the announcement of the acquisition at the end of July 2015.

After expiration of the acceptance period on 30 September 2016, 165,371,303 Italcementi shares were tendered for sale. The payment of the purchase price to the shareholders who had tendered their shares was made on 7 October 2016. HeidelbergCement also acquired 14,000,000 Italcementi shares outside the tender offer via the stock exchange. In total, the tendered and purchased shares as well as the 45 % participation already acquired from Italmobiliare on 1 July 2016 represent around 96.356 % of the subscribed share capital and voting rights in Italcementi.

As HeidelbergCement had exceeded the threshold of 95 % of the share capital of Italcementi after expiration of the acceptance period, HeidelbergCement exercised its right to purchase the remaining 12,727,570 shares, which had not been tendered yet, at the same conditions (€10.60 per share) offered to the other shareholders ("Joint Procedure"). The purchase price was paid on 12 October 2016. The Italcementi share was delisted from the stock exchange on the same day.

The acquisition stages and the fair value of the consideration transferred (acquisition costs) are shown in the following table.

Acquisition of shares in Italcementi S.p.A.

	Number of shares	%	Consideration transferred €m
Acquisition of shares from Italmobiliare against cash	82,819,920	23.71 %	**877.9**
Acquisition of shares from Italmobiliare against issuance of new shares of HeidelbergCement AG	74,351,887	21.29 %	**717.6**
1 July 2016	157,171,807	45.00 %	**1,595.5**
Acquisition of shares outside of the offer against cash	14,000,000	4.01 %	**148.4**
Acquisition of shares tendered in the offer (purchase price liability)	165,371,303	47.35 %	**1,752.9**
Acquisition of shares within the scope of the "Joint Procedure" (purchase price liability)	12,727,570	3.64 %	**134.9**
30 September 2016	349,270,680	100.00 %	**3,631.7**

The fair value for a new share of HeidelbergCement AG was set at €68.34 on the basis of the closing price in the Xetra trading system on 1 July 2016.

With this transaction, HeidelbergCement is acquiring a valuable portfolio of plants and quarries that ideally complements the international presence of the company in geographical terms. Italcementi is represented in 22 countries and has strong market positions in France, Italy, USA, and Canada. The company is also active in emerging countries with high growth potential, such as India, Egypt, Morocco, and Thailand. Aside from its modern and efficient plants, Italcementi also owns extensive reserve positions in cement and aggregates.

As a result of the business combination with Italcementi, HeidelbergCement is now the global market leader in aggregates, the second largest manufacturer of cement, and the number three worldwide for ready-mixed concrete. The very compatible geographical presence of Italcementi strengthens the activities of Heidelberg-Cement in each of its core regions. HeidelbergCement is thus expanding its international presence to several significant markets, in which there are no overlaps between the two companies. The strong portfolio in Western Europe is extended to include leading market positions in France and Italy. In North America, the activities of HeidelbergCement are rounded out in eastern Canada in particular. The transaction strengthens the presence in the United States, India, and Kazakhstan. HeidelbergCement also gains attractive new market positions in fast growing markets such as Egypt, Morocco, and Thailand. In Europe, Italcementi adds cost-efficient locations on the Bulgarian and Spanish coasts. As a result of the transaction, HeidelbergCement receives further attractive activities in dynamically growing metropolitan regions such as Paris, Milan, Cairo, Marrakesh, Chennai, and Bangkok, thereby strengthening its strategic focus on urban centres.

Accounting for the business combination

The acquisition of the participation in Italcementi was recorded as a business combination with effect from 1 July 2016. The shares acquired on 1 July 2016 represented 45.5 % of the voting rights. However, on account of the remaining voting rights being in free float and the composition of management, they allowed HeidelbergCement to unilaterally control the major activities of Italcementi.

The individual acquisition stages described above are considered as a linked transaction and treated as a single transaction in the context of the accounting for the business combination. Accordingly, Italcementi is included in the consolidated financial statements from 1 July 2016 with a capital share of 100 %.

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

Provisional fair values recognised as at the acquisition date	
€m	Italcementi
Non-current assets	
Intangible assets	129.2
Property, plant and equipment	3,124.2
Investments in joint ventures	90.8
Investments in associates	90.5
Financial investments, loans and derivative financial instruments	53.7
Fixed assets	3,488.4
Deferred taxes	187.4
Other non-current receivables and income tax assets	121.0
Total non-current assets	3,796.7
Current assets	
Inventories	618.9
Current interest-bearing receivables	41.9
Trade receivables	509.8
Other current operating receivables and income tax assets	324.8
Short-term financial investments and deriviative financial instruments	128.4
Cash and cash equivalents	612.2
Total current assets	2,236.1
Assets held for sale	1,064.1
Total assets	7,096.9
Non-current liabilities	
Bonds payable	1,424.8
Bank loans	279.0
Other non-current interest-bearing liabilities	10.9
Pension provisions	245.5
Deferred taxes	217.6
Other non-current provisions	313.4
Other non-current operating and income tax liabilities	51.9
Total non-current liabilities	2,543.0
Current liabilities	
Bonds payable (current portion)	545.7
Bank loans (current portion)	279.5
Other current interest-bearing liabilities	346.2
Non-controlling interests with put options	30.4
Other current provisions	20.7
Trade payables	601.8
Other current operating and income tax liabilities	499.2
Total current liabilities	2,323.5
Liabilities associated with disposal groups	172.7
Total liabilities	5,039.2
Net assets	2,057.8

The fair values were determined provisionally and are primarily based on the carrying amounts, as the underlying measurements have not yet been finalised. The fair values of the acquired assets and liabilities as well as the contingent liabilities may be revised within twelve months from the acquisition date.

As part of the business combination, receivables with a provisional fair value of €754.3 million were acquired. These concern loans and current financial receivables of €65.3 million, trade receivables amounting to €509.8 million, and other operating receivables to the amount of €179.2 million. The gross value of the contractual receivables totals €804.8 million, of which €50.5 million is likely irrecoverable.

The provisional goodwill of €2,113.2 million arising from the business combination is calculated as follows:

Calculation of the provisional goodwill

€m	Italcementi
Acquisition costs	3,631.7
Provisional fair values of the acquired net assets	2,057.8
Non-controlling interest within Italcementi Group	-539.2
Provisional goodwill	**2,113.2**

The non-controlling interests within the Italcementi Group were measured on the basis of their proportionate interest in the fair value of the identifiable net assets. The provisionally recognised goodwill, which is not deductible for tax purposes, represents synergy and market growth potential arising from the business combination.

In connection with the acquisition, transaction costs of €25.3 million were recognised in profit or loss in the additional ordinary expenses.

The Italcementi Group has contributed €923.4 million to revenue and €4.1 million to the result from continuing operations since the acquisition. If the acquisitions had taken place on 1 January 2016, contributions to revenue would be €1,883.9 million higher and the result from continuing operations €174.1 million lower.

Additional business combinations

To secure raw material reserves and to strengthen its market position in Australia, HeidelbergCement acquired the business of Rocla Quarry Products and 100 % of the shares in Rocla Materials Pty Ltd (together: RQP) on 29 January 2016 as part of an asset deal. RQP operates 12 large sand pits in the metropolitan regions of Perth, Adelaide, Melbourne, and Sydney with a production of about 6 million tonnes per year. It also has a number of smaller production locations and mineral reserves. The purchase price settled in cash amounts to €98.4 million. The purchase price allocation has not yet been completed, as the measurements – primarily for the mining rights reported under intangible assets – have not yet been finalised. The provisionally recognised goodwill of €0.2 million is not tax-deductible and represents synergy potential. In connection with the business combination, transaction costs of €3.9 million were recognised in profit or loss in the additional ordinary expenses.

On 21 April 2016, HeidelbergCement acquired 100 % of the shares in both the holding company ACH Investments Limited, Mauritius, and its subsidiary Austral Cimentos Sofala, SA, Mozambique. Austral Cimentos Sofala operates a grinding plant in Dondo, near to the port of Beira, with an annual capacity of around 350,000 tonnes. With this acquisition, HeidelbergCement strengthens its market presence in south-eastern Africa. The purchase price for the companies totalled €8.8 million and was paid in cash. The provisionally recognised goodwill resulting from the business combinations, which is not deductible for tax purposes, amounts to €17.9 million and represents growth potential. The purchase price allocation has not yet been completed, as the measurements for the property, plant and equipment and contingent liabilities in particular have not yet been finalised.

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

Provisional fair values recognised as at the acquisition date			
€m	Australia	Mozambique	Total
Intangible assets	75.5	0.0	**75.5**
Property, plant and equipment	24.5	7.7	**32.2**
Inventories	2.5	3.9	**6.5**
Cash and cash equivalents		0.6	**0.6**
Other assets	0.4	1.0	**1.3**
Total assets	102.9	13.3	**116.2**
Provisions	4.4		**4.4**
Current liabilities	0.3	22.4	**22.6**
Total liabilities	4.7	22.4	**27.1**
Net assets	98.2	-9.1	**89.1**

The companies have contributed €42.6 million to revenue and €-0.1 million to the profit for the period since their acquisition. If the acquisitions had taken place on 1 January 2016, contributions to revenue would be €4.9 million higher and consolidated results €1.7 million lower.

Furthermore, HeidelbergCement effected smaller business combinations during the reporting period that individually and collectively were of minor importance for the presentation of the financial position and performance of the Group.

Business combinations in the same period of the previous year

On 13 March 2015, HeidelbergCement and the Norwegian KB Gruppen Kongsvinger AS signed an agreement on the combination of the concrete products activities of their Swedish subsidiaries Abetong AB and AB Contiga. The transaction was concluded on 28 September 2015. The newly formed Nordic Precast Group AB, which is the result of this combination and in which HeidelbergCement holds a 57.6 % stake, operates in Norway, Sweden, Denmark, Germany, Poland, and Latvia and is assigned to the Western and Northern Europe Group area. The combination aims at improving our competitiveness in the concrete products area in Northern Europe. The fair value of the consideration transferred for the acquisition of shares in the Contiga Group amounts to €80.9 million. The consideration is made up of 42.4 % of the shares in the recently founded Nordic Precast Group AB amounting to €62.0 million as well as a cash payment of €18.9 million. Non-controlling interests within the Contiga Group amount to €2.5 million. It is contractually agreed that HeidelbergCement subsequently acquires these non-controlling interests. This agreement is accounted for as a put option of the non-controlling interests and shown accordingly. The purchase price allocation was concluded on 30 September 2016. This resulted in an increase of €6.2 million in the fair value of land recorded in property, plant and equipment and a rise of €1.4 million in deferred tax liabilities in comparison with 31 December 2015. The final recognised goodwill of €77.2 million, which ensued from the business combination and is not deductible for tax purposes, also includes the amount attributable to the non-controlling interests in Nordic Precast Group AB. The goodwill represents the growth potential arising from an improved market position.

Furthermore, smaller business combinations were undertaken in the Western and Southern Europe Group area during the same period of the previous year. The total cost of the business combinations amounted to €18.2 million and is made up of cash payments of €15.4 million and the fair value of previous shareholdings of €1.9 million. The revaluation of the previously held interests resulted in a profit of €1.9 million. Goodwill amounts to a total of €5.5 million and is not deductible for tax purposes.

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

Fair values recognised as at the acquisition date

€m	Contiga Group	Others	Total
Intangible assets	0.5	0.4	**0.8**
Property, plant and equipment	51.8	10.7	**62.5**
Financial assets	1.9	0.1	**2.0**
Inventories	6.3	1.7	**8.0**
Trade receivables	30.7	8.3	**38.9**
Cash and cash equivalents	16.3	1.1	**17.4**
Other assets	15.5	1.6	**17.1**
Total assets	122.9	23.8	**146.7**
Deferred taxes	5.1	1.7	**6.9**
Provisions	0.5	0.4	**0.9**
Non-current liabilities	28.6	1.8	**30.4**
Current liabilities	82.5	7.0	**89.5**
Total liabilities	116.7	11.0	**127.7**
Net assets	6.2	12.9	**19.0**

Discontinued operations in the reporting period

HeidelbergCement has entered into an agreement via its subsidiary Ciments Français S.A.S with Aalborg Portland Holding A/S, a wholly owned subsidiary controlled indirectly by Cementir Holding SpA, to sell business activities in Belgium, primarily comprising Italcementi's Belgian subsidiary Compagnie des Ciments Belges S.A. (CCB). With the disposal, HeidelbergCement meets the condition of the European Commission to eliminate competitive concerns caused by the acquisition of Italcementi. The agreement had to be approved by the European Commission. The sale was completed on 25 October 2016. The transaction has an enterprise value of €312 million on a cash and debt-free basis.

HeidelbergCement has entered into an agreement via its subsidiaries Essroc Corp. and Lehigh Hanson, Inc. with Argos USA LLC, a subsidiary of Cementos Argos S.A., to sell the cement plant in Martinsburg, West Virginia, and eight related cement terminals. With the disposal, HeidelbergCement meets the condition of the US competition authorities (Federal Trade Commission – FTC) to eliminate competitive concerns related to the acquisition of Italcementi. The agreement is subject to the approval of the FTC and the usual closing conditions. The sales price amounts to US$660 million on a cash and debt-free basis. HeidelbergCement expects the transaction to be completed in the fourth quarter of 2016.

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

Discontinued operations in the same period of the previous year

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 pressure and gravity 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 the downstream concrete and asphalt activities. The transaction was concluded on 13 March 2015. On completion and following a contractually agreed purchase price adjustment, HeidelbergCement received a payment of €1,265 million in total, which is shown as cash flow from investing activities – discontinued operations. An additional payment of up to US$100 million is conditional on the success of the business in 2015 and payable in 2016. The final agreement relating to the amount of the profit-related payment is still outstanding.

Divestments in the reporting period

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

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

Assets and liabilities as at date of divestiture

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

The disposal of the net assets is offset by the investments retained in the companies at a fair value of €248.6 million. The additional ordinary expenses arising from the deconsolidation therefore total €19.1 million.

The fair value of the investments retained in the companies is essentially determined by the value of the current business operations. It has been calculated on the basis of expert opinions using the DCF method. As the actual business operations are expected to end in 2022 due to the complete extraction of the quarry owned by the companies, it was assumed that the companies will be liquidated after this date. The resulting value is essentially derived from the value of the land held by the companies, which was calculated on the basis of actual transactions relating to comparable sites while taking into account the recultivation expenses still to be incurred. The asbestos liabilities were estimated using the expected deductible to be paid until completion, taking into consideration the insurance coverage. Current receivables and liabilities were reported at their nominal value, remaining non-current receivables were discounted. Material uncertainties mainly relate to the appraisal of land, which are included in the fair value of the investments with €64.2 million. Any changes to the market situation could have a positive or negative impact on this figure.

Divestments in the same period of the previous year

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 was obliged to sell one blast furnace slag grinding plant in the 2015 financial year. The transaction was completed on 31 July 2015 with the disposal of the plant in Scunthorpe. The sales price of €30.2 million is made up of a cash payment of €27.4 million and a non-current receivable of €2.8 million.

The agreement dated 18 December 2014 binds HeidelbergCement to sell the German lime operating line. The sale of the majority participation in Walhalla Kalk GmbH & Co. KG, Regensburg, as well as the participation in Walhalla Kalk Verwaltungsgesellschaft mbH, which is also based in Regensburg, was completed on 1 September 2015. Furthermore, the Istein lime plant and all shares in HC Kalkproduktionsgesellschaft Istein mbH, Efringen-Kirchen, were also sold on 1 July 2015. The sales price amounting to €48.4 million is made up of a cash payment of €39.8 million as well as a receivable of €8.6 million.

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

Assets and liabilities as at date of disposal

€m	UK	Germany	Total
Disposal groups held for sale	28.9	61.1	**90.0**
Liabilities associated with disposal groups		17.5	**17.5**
Net assets	28.9	43.6	**72.5**

The divestments generated losses of €5.4 million and profits of €3.7 million, which are shown in additional ordinary expenses and income, respectively.

Revenue development by Group areas and business lines

January - September	Cement		Aggregates		Ready-mixed concrete-asphalt		Service-joint ventures-other		Intra-Group eliminations		Total	
€m	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016
Western and Southern Europe	1,025	**1,264**	590	**635**	999	**1,117**	326	**295**	-489	**-522**	2,452	**2,790**
Northern and Eastern Europe-Central Asia	1,029	**1,046**	188	**166**	368	**396**	107	**303**	-127	**-143**	1,564	**1,767**
North America	1,029	**1,184**	1,090	**1,154**	777	**763**	203	**169**	-296	**-286**	2,803	**2,984**
Asia-Pacific	1,075	**1,105**	405	**427**	812	**776**	25	**32**	-258	**-259**	2,059	**2,081**
Africa-Eastern Mediterranean Basin	533	**677**	57	**65**	148	**182**	25	**25**	-43	**-58**	720	**891**
Group Services	11					**10**	780	**736**		**-7**	791	**738**
Inter-Group area revenue within business lines	-40	**-33**					-17	**-7**			-57	**-39**
Total	4,662	**5,243**	2,330	**2,447**	3,104	**3,244**	1,449	**1,553**	-1,213	**-1,275**	10,331	**11,212**
Inter-Group area revenue between business lines									-255	**-284**	-255	**-284**
Continuing operations									-1,468	**-1,560**	10,076	**10,927**

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.

The additional ordinary expenses essentially contain transaction costs for business combinations amounting to €29.7 million, restructuring expenses of €29.3 million, expenses from the disposal of subsidiaries and other business units in the amount of €25.9 million, as well as other non-recurring expenses.

Result from discontinued operations

The following table shows the composition of the result from discontinued operations.

Net income / loss from discontinued operations	Discontinued operations of the Hanson Group in previous years		Discontinued operations Hanson Building Products	Discontinued operations Italcementi
€m	2015	2016	2015	2016
Revenue			184.9	**87.7**
Expenses	-9.6	**-25.8**	-163.7	**-62.0**
Result before tax	-9.6	**-25.8**	21.2	**25.7**
Attributable income taxes	1.2	**5.5**	-25.0	**-2.6**
Result after tax	-8.4	**-20.3**	-3.8	**23.2**
Profit on disposal after taxes			39.1	
Loss on measurement before/after taxes				**-5.2**
Net income / loss from discontinued operations	-8.4	**-20.3**	35.2	**18.0**

The results from the discontinued operation Hanson Building Products recorded in the previous year include income and expenses as well as income taxes, arising from the bricks, pressure and gravity pipes, and precast concrete parts business until the date of disposal. The profit on disposal includes the gain from the disposal of assets and liabilities including cash and cash equivalents, additional costs of disposal, and currency effects.

The results from discontinued operations of the Italcementi Group recorded in the reporting year include the income, expenses, and income taxes of the business activities in Belgium and the United States, which are to be sold in connection with the acquisition of Italcementi in order to meet the conditions of the European Commission and the US competition authorities. The loss on measurement mainly includes cost to sell.

To comply with an agenda decision of the IFRS IC published in January 2016, HeidelbergCement has eliminated intra-Group transactions between continuing and discontinued operations. These eliminations will be assigned to the discontinued operations if the intra-Group trade carried out to date continues after the ultimate disposal of the discontinued operation. The previous year's information has been adjusted accordingly.

The expenses incurred in connection with operations of the Hanson Group discontinued in previous years result essentially from provisions for damages and environmental obligations.

Earnings per share

Earnings per share	January - September	
€m	2015	2016
Profit for the period	762.4	**737.5**
Non-controlling interests	134.6	**152.1**
Group share of profit	627.8	**585.4**
Number of shares in '000s (weighted average)	187,916	**191,212**
Earnings per share in €	3.34	**3.06**
Net income from continuing operations – attributable to the parent entity	601.0	**587.8**
Earnings per share in € – continuing operations	3.20	**3.07**
Net income / loss from discontinued operations – attributable to the parent entity	26.8	**-2.3**
Earnings / loss per share in € – discontinued operations	0.14	**-0.01**

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.

Statement of cash flows

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

Goodwill

An impairment test on goodwill in accordance with IAS 36 (Impairment of Assets) is generally performed annually within the HeidelbergCement Group, in the fourth quarter once the operational three-year plan has been prepared, or if there are indications for impairment. In this impairment test, the carrying amount of a group of cash-generating units (CGUs) to which goodwill is allocated is compared with the recoverable amount of this group of CGUs. On 30 September 2016, the management carried out an impairment review, which indicated that no impairment loss needed to be recognised.

Statement of changes in equity

In the context of acquiring the participation in Italcementi, HeidelbergCement AG carried out a capital increase by issuing new shares. The change in subscribed share capital and share premium are shown in the following table.

Subscribed share capital and share premium

	Number of shares	Subscribed share capital € '000s	Share premium € '000s
1 January 2016	187,916,477	**563,749**	**5,539,377**
Capital increase by issuance of new shares	10,500,000	**31,500**	**686,070**
30 September 2016	198,416,477	**595,249**	**6,225,447**

The capital increase of the non-controlling interests is attributable to capital contributions from the non-controlling interests of La Cimentérie de Lukala S.A.R.L., DR Congo.

In the financial year, dividends of €244.3 million (€1.30 per share) were paid to shareholders of HeidelbergCement AG. Dividend payments to non-controlling interests totalling €79.4 million include payments of €50.0 million to the non-controlling interests of our Indonesian subsidiary PT Indocement Tunggal Prakasa Tbk.

The decrease of €945.8 million in the currency translation reserve is essentially attributable to the devaluation of the British pound and the US dollar against the euro.

Changes to ownership interests in subsidiaries result primarily from the decrease of 8.1 % in the shares in La Cimentérie de Lukala S.A.R.L., DR Congo, and the acquisition of a further 2.4 % of the shares in Nordic Precast Group AB, Sweden.

Pension provisions

The actuarial gains and losses, which are recognised directly in equity in other comprehensive income, were determined on the basis of the interest rates for the key countries applicable at the reporting date. On 30 September 2016, losses arising from the revaluation amount to €174.3 million. These include actuarial losses relating to pension obligations of €1,080.5 million, arising from the decrease in the weighted discount rate of approximately 1.3 percentage points, as well as gains from the revaluation of the plan assets of €887.7 million. The effect of the asset ceiling led to gains of €18.6 million.

On 12 January 2016, HeidelbergCement allocated a Group contractual trust agreement (CTA) with €51.2 million, in order to protect pension entitlements from insolvency.

Disclosures on financial instruments

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

Carrying amounts, measurement and fair values by measurement categories

€m	Category of IAS 39 [1]	Amortised cost	Cost	Fair value with P/L effect	Fair value without P/L effect	Carrying amount	Fair value
30 September 2016							
Assets							
Financial investments – available for sale at cost	AfS		106.3			**106.3**	
Financial investments – available for sale at fair value	AfS				248.6	**248.6**	**248.6**
Financial investments – held for trading	HfT			24.8		**24.8**	**24.8**
Loans and other interest-bearing receivables	LaR	253.1				**253.1**	**261.9**
Trade receivables and other operating receivables	LaR	2,540.8				**2,540.8**	**2,540.8**
Cash and cash equivalents	LaR	1,719.9				**1,719.9**	**1,719.9**
Derivatives – hedge accounting	Hedge				16.5	**16.5**	**16.5**
Derivatives – held for trading	HfT			26.5		**26.5**	**26.5**
Liabilities							
Bonds payable, bank loans, and miscellaneous financial liabilities	FLAC	10,462.7				**10,462.7**	**11,207.7**
Trade payables, liabilities relating to personnel, and miscellaneous operating liabilities	FLAC	5,173.8				**5,173.8**	**5,173.8**
Liabilities from finance lease	FLAC	11.1				**11.1**	**11.1**
Derivatives – hedge accounting	Hedge				1.2	**1.2**	**1.2**
Derivatives – held for trading	HfT			74.6		**74.6**	**74.6**
Non-controlling interests with put options	FLAC	85.7				**85.7**	**85.7**
31 December 2015							
Assets							
Financial investments – available for sale at cost	AfS		69.0			**69.0**	
Loans and other interest-bearing receivables	LaR	198.4				**198.4**	**199.4**
Trade receivables and other operating receivables	LaR	1,827.9				**1,827.9**	**1,827.9**
Cash and cash equivalents	LaR	1,350.5				**1,350.5**	**1,350.5**
Derivatives – hedge accounting	Hedge				18.4	**18.4**	**18.4**
Derivatives – held for trading	HfT			83.0		**83.0**	**83.0**
Liabilities							
Bonds payable, bank loans, and miscellaneous financial liabilities	FLAC	6,622.7				**6,622.7**	**7,248.3**
Trade payables, liabilities relating to personnel, and miscellaneous operating liabilities	FLAC	2,483.3				**2,483.3**	**2,483.3**
Liabilities from finance lease	FLAC	12.0				**12.0**	**12.0**
Derivatives – hedge accounting	Hedge				1.8	**1.8**	**1.8**
Derivatives – held for trading	HfT			44.9		**44.9**	**44.9**
Non-controlling interests with put options	FLAC	30.0				**30.0**	**30.0**

1) AfS: Available for sale, LaR: Loans and receivables, Hedge: Hedge accounting, HfT: Held for trading, FLAC: Financial liabilities at amortised cost

The "Trade receivables and other operating receivables" and "Trade payables, liabilities relating to personnel, and miscellaneous operating liabilities" categories cannot be immediately reconciled with the related balance sheet items, as these contain not only financial assets and liabilities but also non-financial assets to the amount of €690.8 million (previous year: 492.8) as well as non-financial liabilities of €316.0 million (previous year: 153.2).

Detailed explanations on the procedure regarding the fair value evaluation according to IFRS 13 can be found on pages 242 f. in the Notes to the 2015 Annual Report, which forms the basis for these interim financial statements.

All financial assets and liabilities that are measured at fair value are classified in level 2 of the valuation hierarchy in line with IFRS 13. Only the “financial investments – available for sale at fair value” are classified in level 3. Detailed explanations on the procedure regarding the fair value measurement of these participations according to IFRS 13 can be found in the section “Divestments in the reporting period”.

Related parties disclosures

HeidelbergCement AG granted Mr Jon Morrish, member of the Managing Board of HeidelbergCement AG, loans to the amount of €535,284 in total during the reporting period. The interest rate is 4.0 %.

Otherwise, no reportable transactions with related parties took place beyond normal business relations.

Contingent liabilities

As at the reporting date, contingent liabilities amounted to €430.2 million (previous year: 328.8), which are mainly related to tax and legal risks. The timing of the possible cash outflows for the contingent liabilities is uncertain because they depend on various external factors that remain outside HeidelbergCement’s control. The application of taxation regulations 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 total future minimum lease payments for operating leases as at the reporting date are shown in the following table.

Other financial commitments

€m	31 Dec. 2015	30 Sep. 2016
Future minimum lease payments under non-cancellable operating leases		
Due within one year	163.2	**188.2**
Due between one and five years	354.0	**432.6**
Due after five years	321.7	**325.8**
	838.9	**946.6**

Events after the reporting period

Aside from the information presented in the sections “Acquisition of Italcementi” and “Discontinued operations in the reporting period”, no further reportable events occurred after the reporting period.

Heidelberg, 9 November 2016

HeidelbergCement AG
The Managing Board

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

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

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

Photographs
Cover: Giuseppe Cella, Bergamo/Italy

The Interim Financial Report January to September 2016 was published on 9 November 2016.

Financial calendar	
Group annual accounts 2017	16 March 2017
Press conference on annual accounts	16 March 2017
Interim Financial Report January to March 2017	10 May 2017
Annual General Meeting 2017	10 May 2017
Half-Year Financial Report January to June 2017	28 July 2017
Interim Financial Report January to September 2017	8 November 2017

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