

Half-Year Financial Report January to June 2022



HeidelbergCement half-year results: significant revenue growth, high energy costs almost offset in the second quarter

- Revenue in the first half of 2022 increases significantly by 12%¹⁾ to €9,950 million
- Substantially higher expenses for energy and raw materials burden half-year result
- Commercial Excellence Programme gains significant momentum in second quarter – strong cost increase almost offset by price adjustments
- Reduction of specific CO₂ emissions by around 2.5% in the first half of the year
- Outlook: strong revenue growth confirmed, slight decline in result from current operations¹⁾ expected for full year 2022

Key financial figures	January - June				April - June			
	2021	2022	Change	Like-for-like ¹⁾	2021	2022	Change	Like-for-like ¹⁾
€m								
Revenue	8,938	9,950	11.3%	11.6%	4,980	5,523	10.9%	10.4%
Result from current operations before depreciation and amortisation (RCOBD)	1,720	1,525	-11.4%	-11.8%	1,182	1,131	-4.3%	-5.7%
RCOBD margin in %	19.2	15.3	-392 bps ²⁾	-403 bps	23.7	20.5	-325 bps	-345 bps
Result from current operations (RCO)	1,084	908	-16.3%	-15.6%	862	817	-5.2%	-5.7%
RCO margin in %	12.1	9.1	-301 bps	-295 bps	17.3	14.8	-251 bps	-251 bps
Profit for the period	825	597	-27.7%					
Profit for the period attributable to HeidelbergCement AG shareholders	755	542	-28.3%					
Earnings per share in € ³⁾	3.81	2.82	-0.98					
Cash flow from operating activities – continuing operations	158	-133	-291					
Net debt	7,454	6,792	-662					
Leverage ratio	1.85x	1.85x	0					

1) Adjusted for consolidation and exchange rate effects.

2) Change in basis points (bps).

3) Attributable to HeidelbergCement AG shareholders.

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

Interim Group management report

Fundamentals of the Group

Changes during the reporting period

Adjusted targets for key performance indicators

On its Capital Markets Day on 24 May 2022, HeidelbergCement announced new medium-term targets, among others, for its key performance indicators, thereby continuing its focus on transformation towards a sustainable future.

HeidelbergCement has increased its original target of a return on invested capital (ROIC) of “clearly above 8%” and now aims to achieve a ROIC of above 10% by 2025.

Regarding climate protection, the company has set the most ambitious CO₂ reduction target in the industry – by 2030, specific emissions are to be reduced by almost half compared with 1990 figures to 400 kg CO₂/t cementitious material. Previously, the target was below 500 kg CO₂/t cementitious material by 2030.

News from Research and development

In the first half of 2022, HeidelbergCement launched the ANRAV CCUS project in Bulgaria, which will span the entire CCUS value chain and connect carbon capture facilities at the cement plant near Varna with offshore storage sites in the Black Sea via a pipeline system. The project was selected for funding by the EU Innovation Fund.

In May 2022, HeidelbergCement won the German Innovation Award for Climate and Environment (IKU) in the “Process Innovations for Climate Protection” category for its ReConcrete-360° concept. In ReConcrete-360°, waste concrete is crushed using novel processes and selectively separated into its components: sand, gravel, and hardened cement paste. The hardened cement paste can be reused as a valuable, low-carbon raw material in clinker and cement production, replacing natural limestone as a raw material in keeping with circular economy principles. In addition, it can bind CO₂ permanently, thus acting as a carbon sink.

Changes to the Supervisory Board

The Chairman of the Supervisory Board, Mr Fritz-Jürgen Heckmann, stepped down from the Supervisory Board at the end of the Annual General Meeting on 12 May 2022. Mr Heckmann, who held this office for 17 years, had already announced at the 2019 Annual General Meeting that he would resign as a member of the Supervisory Board at the end of the 2022 Annual General Meeting. Another share-

holder representative, Mr Tobias Merckle, also resigned his Supervisory Board mandate at the end of this year’s Annual General Meeting. Mr Merckle had been a member of the Supervisory Board since 2006.

Dr Bernd Scheifele, former Chairman of the Managing Board of HeidelbergCement AG, and Dr Sopna Sury, Chief Operating Officer Hydrogen and member of the Executive Board of RWE Generation SE, were newly elected to the Supervisory Board by the 2022 Annual General Meeting. Following the Annual General Meeting, the Supervisory Board elected Dr Scheifele as its new Chairman. In addition to its existing committees, the Supervisory Board has also set up a Sustainability and Innovation Committee and appointed Prof. Dr Marion Weissenberger-Eibl as Chair.

In the reporting period there have been no other significant changes to the fundamentals of the Group regarding business model, strategy, control system, and research and development as presented in the Annual Report 2021 on page 24 f.

Economic report

Economic environment

Although the spread of the Omicron variant of the coronavirus has led to fresh peaks in new infections in many countries, the economic impact of the waves of the pandemic is gradually decreasing. Since the end of February, however, the Russian war of aggression against Ukraine and the sanctions imposed in response have put the global economy under considerable strain. The consequences include persistently high prices for energy and raw materials, exacerbated disruption of global value chains, and a significant rise in inflation.

Development of sales volumes

In the first half of 2022, sales volumes in all business lines were slightly below the previous year’s level.

Group-wide cement and clinker sales volumes declined by 4.8% to 58.8 million tonnes (previous year: 61.8). In addition to consolidation-related declines – particularly in North America due to the sale of our activities in the West region in October 2021 – the economic slowdown in Europe led to a drop in sales volumes. Excluding consolidation effects, cement and clinker sales volumes decreased by 2.6%.

Sales volumes	January - June			April - June		
	2021	2022	Change	2021	2022	Change
Cement and clinker (Mt)	61.8	58.8	-4.8%	33.5	30.5	-8.9%
Aggregates (Mt)	145.0	141.5	-2.4%	83.7	79.5	-4.9%
Ready-mixed concrete (Mm ³)	23.5	22.5	-4.5%	12.7	11.9	-6.5%
Asphalt (Mt)	4.8	3.6	-25.8%	2.9	2.2	-23.1%

Deliveries of aggregates reduced slightly by 2.4% compared with the previous year to 141.5 million tonnes (previous year: 145.0). On a like-for-like basis, deliveries increased by 1.7%. With the exception of economy-related sales declines in Western and Southern Europe, all other Group areas recorded volume increases as a result of a positive demand trend.

Sales volumes of ready-mixed concrete fell by 4.5% to 22.5 million cubic metres (previous year: 23.5). Excluding consolidation effects, sales volumes were almost at the previous year's level. Deliveries in Asia-Pacific, Northern and Eastern Europe-Central Asia, and Africa-Eastern Mediterranean Basin benefited from a buoyant construction industry. While sales volumes in Western and Southern Europe were slightly below the previous year's level owing to economic factors, the decline in North America was primarily due to consolidation.

Asphalt deliveries decreased considerably by 25.8% to 3.6 million tonnes (previous year: 4.8). On a like-for-like basis, deliveries fell by only 0.9%.

Earnings position

Group revenue in the first six months of 2022 increased significantly by 11.3% in comparison with the previous year to €9,950 million (previous year: 8,938). In particular, price increases in all Group areas contributed to the revenue growth. Excluding consolidation and exchange rate effects, the rise amounted to 11.6%. Changes to the scope of consolidation of €384 million had a negative effect on revenue, while exchange rate effects of €326 million had a positive impact.

In the reporting period, material costs rose by 23.3% to €4,193 million (previous year: 3,400). This rise predominantly resulted from the sharp increase in the price of energy and raw materials. Excluding consolidation and exchange rate effects, material costs exceeded the previous year's level by 24.6%. The material cost ratio rose to 42.1% (previous year: 38.0%). The balance of other operating expenses and income was 17.6% above the previous year's value at €-2,804 million (previous year: -2,384). Excluding exchange rate and consolidation effects, it rose by 16.9%, which was essentially due to the increase in freight costs and external production services. Personnel costs rose slightly by 1.7% to €1,602 million (previous year: 1,575). The personnel cost ratio fell to 16.1% (previous year: 17.6%). The result from

equity accounted investments (REI) fell by 35.3% to €105 million, significantly below the previous year's figure of €162 million, mainly due to the weak development of our joint ventures in Hungary, China, and Australia.

The result from current operations before depreciation and amortisation (RCOBD) fell significantly by 11.4% to €1,525 million (previous year: 1,720). The decline in result was attributable to the significantly higher costs of energy and transport compared with the previous year, which were not completely offset despite increases in our sales prices. Excluding consolidation and exchange rate effects, the decline amounted to 11.8%. The RCOBD margin, i.e. the ratio of the result from current operations before depreciation and amortisation to revenue, fell by 392 basis points to 15.3% (previous year: 19.2%).

The result from current operations decreased by 16.3% to €908 million (previous year: 1,084). Changes to the scope of consolidation reduced the result by €40 million, while exchange rate effects of €39 million had a positive impact.

The additional ordinary result amounted to €-63 million (previous year: 148). It includes impairments of property, plant, and equipment in Russia totalling €87 million. In the previous year, the result was mainly influenced by reversals of impairment losses totalling €131 million in connection with the sale of business activities in the West region of the USA.

Earnings before interest and taxes (EBIT) decreased accordingly to €845 million (previous year: 1,232).

The financial result improved noticeably by €63 million to €-20 million (previous year: -84). While interest expenses decreased by €24 million to €76 million (previous year: 100) due to improved financing conditions, the currency result deteriorated by €27 million to €-23 million (previous year: 3). The other financial result increased by €71 million to €66 million (previous year: -5). The rise is attributable in particular to higher interest rates for discounting non-current provisions, positive earnings effects from financial derivatives, and interest rate effects from tax liabilities.

Profit before tax from continuing operations fell significantly by €323 million to €825 million (previous year: 1,148). Expenses for income taxes decreased by €86 million to €239 million (previous year: 325). The decline is primarily due to reduced

profit before tax. Net income from continuing operations fell by €238 million to €585 million (previous year: 823).

Net income from discontinued operations amounted to €11 million (previous year: 2) and is attributable to operations of the Hanson Group that were discontinued in previous years.

Overall, the profit for the period totalled €597 million (previous year: 825). The profit relating to non-controlling interests decreased by €15 million to €55 million (previous year: 70). The profit attributable to HeidelbergCement AG shareholders therefore amounted to €542 million (previous year: 755). Excluding the additional ordinary result, the profit attributable to HeidelbergCement AG shareholders amounted to €604 million (previous year: 608).

Earnings per share attributable to HeidelbergCement AG shareholders in accordance with IAS 33 decreased by €0.98 to €2.82 (previous year: 3.81).

Business trend in the Group areas

Western and Southern Europe

The development of sales volumes in all business lines in the first half of 2022 was influenced in particular by the weakening economic environment.

In the first half of 2022, the Western and Southern Europe Group area's cement and clinker sales volumes fell by 5.7% to 14.5 million tonnes (previous year: 15.3). While our deliveries in Belgium and the Netherlands were at the previous year's level, all other countries recorded a decrease in volumes.

The aggregates sales volumes of the Group area fell by 6.3% to 40.7 million tonnes (previous year: 43.4). Excluding consolidation effects, the decrease amounted to 5.6%. While Germany achieved slight volume growth, deliveries in all other countries declined.

Deliveries of ready-mixed concrete reduced by 3.2% to 8.9 million cubic metres (previous year: 9.2). Adjusted for consolidation effects, deliveries declined by 2.3%. Slight volume growth in Germany, Belgium, and the Netherlands was offset by decreases in sales volumes in France, Italy, and Spain. In the United Kingdom, deliveries were only slightly below the strong level of the previous year.

Sales volumes of the asphalt operating line in the United Kingdom decreased by 4.3% compared with the previous year.

Revenue of the Western and Southern Europe Group area rose significantly by 14.0% to €3,155 million (previous year: 2,767). Excluding consolidation and exchange rate effects, the rise was 13.5%. In all countries, sales prices were increased in the first half of 2022 in order to counteract the higher costs of energy and raw materials.

The result from current operations before depreciation and amortisation decreased slightly by 3.5% to €416 million (previous year: 431) as a result of the substantial increase in energy and raw material prices. On a like-for-like basis, the decline amounted to 3.7%. At €241 million (previous year: 241), the result from current operations was at the previous year's level.

Northern and Eastern Europe-Central Asia

The cement and clinker sales volumes of the Northern and Eastern Europe-Central Asia Group area fell by 5.7% to 10.9 million tonnes (previous year: 11.6) in the first half of 2022. In all Nordic countries, with the exception of Iceland and Norway, deliveries were lower than in the previous year, mainly due to increases in the cost of building materials. In Eastern Europe-Central Asia, deliveries in Romania and Bulgaria decreased, significantly in some cases, owing to the effects of the Russia-Ukraine war, while deliveries in Greece, Czechia, and Poland were only slightly reduced.

At 22.2 million tonnes (previous year: 22.3), our deliveries in the aggregates business line were down slightly by 0.5% compared with the previous year. Excluding consolidation effects, a volume increase of 4.0% was achieved. In Northern Europe, significant sales growth in Norway and in the cross-border Mibau Group more than compensated for the decrease in volumes caused by weak construction activity in Sweden. In Eastern Europe-Central Asia, Romania and Czechia showed increases.

At 2.9 million cubic metres (previous year: 2.9), deliveries of ready-mixed concrete remained at the previous year's level. Excluding consolidation effects, deliveries increased by 2.5%. In Northern Europe, Norway achieved strong volume growth driven by high demand from infrastructure construction, while sales volumes in Sweden and the Baltic countries declined slightly. In Eastern Europe-Central Asia, sales volume decreases were recorded in Poland owing to weaker demand from residential construction and in Romania due to delays in ongoing projects. In Czechia, deliveries were significantly above the previous year's level.

Revenue of the Northern and Eastern Europe-Central Asia Group area amounted to €1,668 million (previous year: 1,438) and exceeded the previous year's figure significantly by 16.0% as a result of price and volume increases. Excluding consolidation and exchange rate effects, the increase amounted to 16.9%.

The result from current operations before depreciation and amortisation decreased by 8.7% to €294 million (previous year: 322); on a like-for-like basis, the decline amounted to 8.4%. Result from current operations fell by 13.4% to €197 million (previous year: 228); on a like-for-like basis, the decrease amounted to 13.2%.

North America

On 1 October 2021, we sold our American business activities in the West region. This resulted in significant consolidation effects in all business lines of the Group area compared with the same period of the previous year.

Cement deliveries from our North American plants fell by 16.3% to 6.3 million tonnes (previous year: 7.6) in the first six months, mainly due to consolidation. Excluding consolidation effects, deliveries declined slightly by 1.9%. In the cement business line, our sales volumes in the first half of the year were adversely affected by production downtimes and prolonged shutdown periods at several plants. Labour disputes in the construction sector in key vertically integrated markets in the Northwest also had a negative impact on sales volumes.

Compared with the previous year, deliveries of aggregates fell by 4.5% to 55.7 million tonnes (previous year: 58.3) due to consolidation. Adjusted for consolidation effects, aggregates sales volumes rose by 3.4%. This was driven by considerably better weather conditions in the Southwest region compared with the previous year, the strong development of demand in the Southeast and Midwest regions, and large highway infrastructure projects.

Deliveries in the ready-mixed concrete operating line fell by 24.6% to 2.9 million cubic metres (previous year: 3.8), mainly as a result of consolidation. Excluding consolidation effects, ready-mixed concrete sales volumes decreased by 4.8%. In the Canada region, our deliveries were impaired by the strike of ready-mix truck drivers and in the Northeast region by the cold winter weather in the first quarter. The Southwest region, on the other hand, benefited from favourable weather conditions and achieved significant volume growth.

In the asphalt operating line, which is now represented only in the Canada and Northeast regions following the sale of the business activities in the West region, deliveries fell by 61.3% to 0.8 million tonnes (previous year: 2.0) due to consolidation. On a like-for-like basis, asphalt sales volumes were at the previous year's level.

Cement sales volumes of our joint venture Texas Lehigh Cement declined slightly.

At €2,098 million (previous year: 2,118), revenue in North America was slightly below the previous year's level by 1.0%; excluding consolidation and exchange rate effects, however, there was an increase of 5.5%. All North American business lines increased their prices substantially in the first half of 2022 in order to counteract cost inflation, especially with regard to energy.

The result from current operations before depreciation and amortisation decreased strongly by 25.2% to €310 million

(previous year: 414); on a like-for-like basis, the decline amounted to 22.0%. The result from current operations decreased by 38.2% to €153 million (previous year: 247); on a like-for-like basis, it declined by 30.6%.

Asia-Pacific

During the first half of the year, the cement and clinker deliveries of the Asia-Pacific Group area remained at the previous year's level at 16.8 million tonnes (previous year: 16.8).

In Indonesia, the cement and clinker deliveries of our subsidiary Indocement decreased by 6.2% in the first six months. Bagged cement sales volumes in particular declined in the first half of the year. By contrast, deliveries of bulk cement increased due to infrastructure measures and a recovery in commercial projects. Sales of clinker fell significantly both domestically and in terms of exports. In order to counter the rise in energy costs, especially for coal, and reduce local CO₂ emissions, Indocement significantly increased sales prices and made greater use of alternative fuels.

In India, our cement and clinker deliveries increased significantly. In the first half of 2021, sales volumes were particularly affected by temporary plant closures and production downtimes at the Yerraguntla plant. Thanks to increased demand from the neighbouring export markets of Cambodia and Laos, deliveries from our plants in Thailand were slightly above the previous year's level. In Bangladesh, on the other hand, our cement sales volumes declined significantly due to reduced construction activity as a result of high inflation, higher prices for building materials, and lower government spending. The use of alternative fuels intensified in all countries in order to counteract the dramatic rise in fuel costs, among others.

In the aggregates business line, our deliveries increased significantly by 10.4% to 19.0 million tonnes (previous year: 17.2). Although construction activity on the east coast of Australia was severely impaired by extreme rainfall and floods between March and May, deliveries of aggregates recorded a pleasing increase. In Indonesia and Malaysia, our aggregates activities generated significant growth in sales volumes.

Deliveries of ready-mixed concrete grew by 3.0% to 5.3 million cubic metres (previous year: 5.1). While Thailand, Malaysia, and, in particular, Indonesia achieved volume increases, among other things, due to growth in demand from residential construction, sales volumes in Australia remained slightly below the previous year's level owing to weather conditions.

The deliveries of the asphalt operating line in Australia and Malaysia increased by 4.7% to 1.0 million tonnes (previous year: 0.9). Significant growth in sales volumes in Australia more than compensated for the decrease in volumes in Malaysia due to higher bitumen prices.

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

Revenue of the Asia-Pacific Group area grew significantly by 12.5 to €1,710 million (previous year: 1,520); excluding consolidation and exchange rate effects, the increase amounted to 6.6%.

The result from current operations before depreciation and amortisation decreased noticeably by 22.5% to €248 million (previous year: 319) million; on a like-for-like basis, the decline amounted to 26.7%. The result from current operations fell by 36.7 to €127 million (previous year: 201); on a like-for-like basis, it decreased by 40.2%.

Africa-Eastern Mediterranean Basin

The cement and clinker sales volumes of the Africa-Eastern Mediterranean Basin Group area decreased slightly by 1.0% to 10.3 million tonnes (previous year: 10.4) in the first half of the year. Excluding consolidation effects, sales volumes were above the previous year's level with a slight increase of 0.6%. In some countries south of the Sahara, construction activity was significantly impaired by the dramatic increase in the prices for energy and building materials. While our plants in Liberia, the Democratic Republic of Congo, Togo, and Tanzania recorded growth, our deliveries in Benin, Gambia, Mozambique, Ghana, and Burkina Faso remained significantly below the previous year's level. In Egypt, construction activity and our cement sales volumes benefited from large public projects. In Morocco, on the other hand, our deliveries decreased slightly due to a slowdown in residential construction.

Aside from minor activities in some African countries south of the Sahara, HeidelbergCement is predominantly active in Israel and Morocco in the aggregates business line. Deliveries of aggregates increased slightly overall by 1.2% to 3.8 million tonnes (previous year: 3.7). In the ready-mixed concrete operating line, sales volume growth in Morocco, among others, more than offset the decrease in volumes in Egypt. All in all, ready-mixed concrete sales volumes rose slightly by 1.0% to 2.5 million cubic metres (previous year: 2.5). The asphalt business in Israel decreased in the first half of 2022 due to the exceptionally cold and wet first quarter.

Our Turkish joint venture Akçansa succeeded in increasing its domestic deliveries in the first half of 2022. Overall, Akçansa's cement and clinker sales volumes were 2.5% higher than in the previous year. Deliveries of aggregates and ready-mixed concrete declined owing to weather conditions and delays in some major projects.

Revenue of the Africa-Eastern Mediterranean Basin Group area rose significantly by 14.7% to €1,037 million (previous

year: 904) as a result of price increases; excluding consolidation and exchange rate effects, revenue grew by 13.4%.

The result from current operations before depreciation and amortisation increased slightly by 3.7% to €252 million (previous year: 243); on a like-for-like basis, the rise amounted to 2.4%. The result from current operations grew by 3.7% to €198 million (previous year: 191); on a like-for-like basis, the increase amounted to 2.9%.

Group Services

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

In the first half of 2022, HC Trading's trade volume fell by 12.3% to 11.5 million tonnes (previous year: 13.2). The decrease is mainly due to a worldwide reduction in the availability of fuels, building materials, and additives in connection with Russia's attack on Ukraine.

Due to successful price increases, revenue of the Group Services business unit grew strongly by 56.1% to €973 million (previous year: 623); excluding consolidation and exchange rate effects, it increased by 56.8%.

The result from current operations before depreciation and amortisation rose significantly by 41.4% to €19 million (previous year: 13); on a like-for-like basis, growth amounted to 46.3%. The result from current operations increased by 42.1% to €19 million (previous year: 13); on a like-for-like basis, it rose by 47.1%.

Statement of cashflows

The difficult market environment and the significantly higher prices for energy and raw materials compared with the same period of the previous year resulted in a cash outflow from operating activities of continuing operations of €133 million (previous year: cash inflow of 158) in the first half of 2022.

At €119 million (previous year: 180), dividends received fell below the level of the same period of the previous year and mainly include payouts received from joint ventures and associates. Interest received increased by €50 million to €83 million (previous year: 33) in comparison with the same period of the previous year, while interest paid decreased by a further €39 million to €128 million (previous year: 167) as a result of the reduction in net debt and favourable financing conditions. At €182 million (previous year: 178), income taxes paid were almost at the level of the same period of the previous year. The changes in working capital amounted to €-1,404 million (previous year: -1,236) and had a negative effect on

the cash flow from operating activities. In particular, the rise in raw material prices had a negative impact on inventories.

The cash outflow from operating activities of discontinued operations of €5 million (previous year: 12) relates primarily to cash flows in connection with the settlement of damages and environmental obligations arising from the takeover of the Hanson Group.

Cash outflow from investing activities rose significantly by €527 million to €776 million (previous year: 248), mainly due to the increase in cash-relevant investments of €502 million to €882 million (previous year: 380). In particular, payments for the acquisition of financial assets, associates, and joint ventures increased significantly by €369 million to €388 million (previous year: 19) compared with the same period of the previous year. €326 million relate to the acquisition of a non-controlling interest of 44.9% of the shares in Command Alkon, the world's leading provider of comprehensive supply chain technology solutions for building materials; further €33 million accounted for the acquisition of a joint venture to construct a calcined clay plant in Ghana. Investments in property, plant, and equipment and intangible assets also increased in the first half of 2022 by €86 million to €445 million (previous year: 359). The payments for the acquisition of subsidiaries and other business units, less cash and cash equivalents acquired, amounting to €49 million (previous year: 2) related to the acquisition of 100% of the shares in Charterneed Limited, including the wholly owned subsidiaries A1 Services (Manchester) Limited and Green Earth Developments Limited, Manchester, United Kingdom, in the amount of €22 million and the acquisition of the business activities of Meriwether Ready Mix, Inc., Griffin, USA, in the amount of €14 million.

With regard to the cash-relevant divestments of €107 million (previous year: 132), proceeds of €47 million (previous year: 26) related to the disposal of subsidiaries and other business units less the cash and cash equivalents disposed of. These mainly concerned divestments in Greece and Spain. Further details can be found in the Divestments in the reporting period section of the Notes on page 24 f. Proceeds from the sale of intangible assets and property, plant, and equipment decreased by €54 million to €44 million (previous year: 97). The disposal of financial assets, joint ventures, and associates as well as the repayment of loans resulted in proceeds of €16 million (previous year: 8).

Financing activities resulted in a cash outflow of €480 million (previous year: 919) in the reporting period. The cash outflow arising from the proceeds from/repayment of bonds and loans of €377 million (previous year: 440) included in this figure covers the change in long-term and short-term interest-bearing liabilities and mainly comprises cash inflows from the issue of commercial papers and from the raising of short-term money market loans by HeidelbergCement

AG totalling €1.6 billion, the early repayment of a bond of €750 million, the repayment of a debt certificate of €361 million, and the repayment of lease liabilities amounting to €116 million. This item also includes the borrowings and payments relating to bank loans as well as changes to other short-term interest-bearing liabilities with a high turnover rate. Significant developments in the previous year's reporting period were the repayment of a bond with a total value of €500 million, the issue of commercial papers of €190 million, and the repayment of lease liabilities of €129 million. With a cash outflow totalling €54 million (previous year: 4), the cash-relevant changes in ownership interests in subsidiaries in the reporting period were essentially attributable to the 1.3% increase in the shareholding in PT Indocement Tunggal Prakarsa Tbk., Indonesia, through the acquisition of treasury shares. The continuation of the progressive dividend policy at HeidelbergCement AG resulted in a dividend payment of €458 million (previous year: 437). Dividend payments to non-controlling interests increased by €46 million to €84 million (previous year: 37), in particular as a result of the earlier dividend payment by PT Indocement Tunggal Prakarsa Tbk., Indonesia, compared with the same period of the previous year. The second tranche of the HeidelbergCement AG share buyback programme resulted in payments for the acquisition of treasury shares totalling €260 million in the first half of 2022.

Portfolio optimisation

HeidelbergCement made further progress in optimising its portfolio in the first half of 2022. In addition to the purchase of ready-mixed concrete and aggregates activities in Czechia on 1 April 2022, HeidelbergCement has further expanded its presence in the southeast of the USA. On 4 April 2022, the company acquired all the assets of Meriwether Ready Mix, a leading producer of ready-mixed concrete in the Metro Atlanta area. In order to strengthen our market position in Ghana and significantly reduce CO₂ emissions in this region, HeidelbergCement acquired 50% of the shares in CBI S.A., Switzerland, on 31 May 2022. CBI S.A. controls the Ghanaian cement manufacturer CBI Ghana. The acquisition of the shares is also linked to an investment in the construction of the world's largest calcined clay plant.

In Greece, the sale of the aggregates business and two ready-mixed concrete plants, which was agreed in the previous year, was completed on 3 January 2022. The disposal of our aggregates and ready-mixed concrete activities in the Spanish region of Catalonia was also completed on 1 April 2022.

Balance sheet

As at 30 June 2022, the balance sheet total rose by €1,051 million to €34,762 million (previous year: 33,711) in comparison with 31 December 2021, primarily due to currency effects.

Non-current assets rose by €1,163 million to €26,731 million (previous year: 25,568). Adjusted for positive currency effects of €815 million, the rise amounted to €348 million.

Intangible assets increased by €386 million to €8,758 million (previous year: 8,372). This rise was mainly due to positive currency effects of €377 million.

Property, plant, and equipment grew by €270 million to €13,901 million (previous year: 13,631). Adjusted for positive currency effects of €408 million, this resulted in a decrease of €137 million. Additions to property, plant, and equipment amounting to €534 million were offset by depreciation and amortisation amounting to €597 million. Furthermore, we tested the property, plant, and equipment of our Russian subsidiaries for impairment and recognised impairments of €87 million.

Financial assets rose by €494 million to €2,617 million (previous year: 2,123). Adjusted for positive currency effects of €42 million, the rise amounted to €452 million. The increase in investments in joint ventures is attributable to the acquisition of 44.9% of the shares in Command Alkon in the amount of €326 million and the acquisition of a joint venture to construct a calcined clay plant in Ghana in the amount of €33 million. In addition, a hyperinflation adjustment of €47 million to our Turkish joint venture Akçansa was recognised directly in equity.

At €1,455 million, other non-current assets were at the level of 31 December 2021 (previous year: 1,443).

Current assets decreased by €84 million overall to €7,933 million (previous year: 8,017). Adjusted for positive exchange rate effects of €120 million, this resulted in a fall of €204 million.

Inventories increased by €384 million to €2,595 million (previous year: 2,211), mainly as a result of higher raw material prices. For seasonal and revenue-related reasons, trade receivables grew by €662 million to €2,499 million (previous year: 1,837). In addition, other operating receivables increased by €150 million to €685 million (previous year: 535), in particular due to a seasonal rise in prepayments. Non-current income tax assets reduced by €43 million to €105 million (previous year: 148) due to payments received. Cash and cash equivalents decreased by €1,368 million to €1,747 million (previous year: 3,115). The change is presented in the statement of cash flows.

The assets held for sale amounting to €99 million include the assets of the business activities in Madrid and southern Spain.

On the equity and liabilities side, equity increased by €793 million to €17,452 million (previous year: 16,659). Total comprehensive income amounted to €1,669 million, composed of the profit for the period of €597 million, positive currency translation effects of €798 million, positive effects from the revaluation of defined benefit pension plans of €178 million, and the increase in the cash flow hedge reserve of €96 million. The hyperinflation adjustment for our Turkish joint venture also had a positive impact of €47 million. The acquisition of treasury shares under the second tranche of the share buyback programme in the amount of €260 million and the dividends totalling €458 million distributed to shareholders of HeidelbergCement AG and €147 million to non-controlling interests, of which €84 million had already been paid as at 30 June 2022, had an opposite effect.

Interest-bearing liabilities grew by €567 million to €8,793 million (previous year: 8,226). The increase resulted in particular from the issue of commercial papers amounting to €1,152 million and the raising of short-term money market loans of €450 million by HeidelbergCement AG. This was offset by the early repayment of a bond of €750 million, the repayment of a debt certificate amounting to €361 million, and the repayment of lease liabilities of €116 million.

Net debt increased by €1,793 million to €6,792 million (previous year: 4,999) in comparison with 31 December 2021.

At the end of June 2022, the leverage ratio, i.e. the ratio of net debt to result from current operations before depreciation and amortisation over the last 12 months, stood at 1.85x.

Provisions decreased by €314 million to €2,510 million (previous year: 2,824). Adjusted for currency effects of €99 million, the fall amounted to €413 million. This resulted in particular from increased interest rates for discounting non-current provisions. Pension provisions reduced by €209 million to €790 million (previous year: 999). Other provisions decreased by €105 million to €1,720 million (previous year: 1,825).

Operating liabilities, including income tax liabilities, fell by €134 million to €5,011 million (previous year: 5,144). Adjusted for positive currency effects of €76 million, the fall amounted to €210 million.

The liabilities associated with assets held for sale amounting to €25 million concern the liabilities of the disposal groups in Madrid and southern Spain.

Financing

On 20 January 2022, HeidelbergCement AG redeemed the €361 million debt certificate with a term of six years and an interest rate of 1.85% on schedule. In addition, HeidelbergCement Finance Luxembourg S.A. repaid the €750 million bond with an initial term ending on 9 August 2022 and a coupon of 0.50% early on 11 May 2022.

On 13 May 2022, HeidelbergCement signed a new syndicated credit line – for the first time taking into account sustainability goals in accordance with the Loan Market Association’s Sustainability-Linked Loan Principles (SLLP). The voluntary SLLP link credit lines with sustainability criteria, which are measured via defined key performance indicators (KPIs). HeidelbergCement’s credit margin is therefore determined not only by the credit rating issued by the rating agencies, but also by HeidelbergCement’s progress towards achieving its climate targets. Among other factors, specific CO₂ emissions per tonne of cementitious material and the alternative fuel rate are ascertained. The credit line has a term of five years with two one-year extension options and a volume of €2 billion. It has thus replaced the existing revolving credit line. The credit facility is intended as liquidity back-up and can be used for cash drawdowns as well as for letters of credit and guarantees both in euro and in other currencies.

In May 2022, we also expanded the European Medium Term Note (EMTN) programme to include sustainability-linked debenture bonds, where the interest rate or repayment depends on the achievement of sustainability goals. This will enable us to issue sustainability-linked bonds in the future. In accordance with the terms of the programme, HeidelbergCement has published its Sustainability-Linked Financing Framework.

Share buyback programme

In the first half of 2022, HeidelbergCement continued its share buyback programme launched in August 2021 with a second tranche. Previously, on 13 January 2022, all 5,324,577 treasury shares acquired under the first tranche were cancelled with a reduction in the subscribed share capital. As of this date, the subscribed share capital of HeidelbergCement AG amounts to €579,275,700 and is divided into 193,091,900 no-par value bearer shares. The second tranche of the share buyback programme started on 7 March 2022. By 30 June 2022, around 5.36 million treasury shares had been repurchased. With the completion of the second tranche on 13 July 2022, a total of 6,906,281 shares were acquired. This corresponds to approximately 3.58% of the subscribed share capital. The average purchase price per share paid on the stock exchange was €50.16. The total price (excluding incidental acquisition costs) of the repurchased shares amounted to approximately €346.4 million.

Dividend announcement

For the 2021 financial year, the Annual General Meeting on 12 May 2022 resolved to issue a dividend of €2.40 per share (previous year: 2.20), corresponding to a dividend yield of 4.6%. The total payout thus amounted to around €458 million.

Employees

At the end of the first half of 2022, the number of employees at HeidelbergCement stood at 52,350 (previous year: 53,327). The decrease of 977 employees essentially results from two opposing developments. On the one hand, around 2,200 jobs were cut across the Group as a result of portfolio optimisations, the realisation of synergies, efficiency enhancements in sales and administration, as well as location optimisations. On the other hand, approximately 1,200 new employees joined the Group in Western and Southern Europe, North America, and Australia, among others.

Development of key performance indicators

In addition to the result from current operations, return on invested capital (ROIC) and specific CO₂ emissions are part of our key performance indicators.

ROIC is reported as scheduled once a year at the end of the business year. A quarterly reporting is not carried out.

In the first half of 2022, specific CO₂ emissions decreased by around 2.5% compared to the year-end 2021. In particular, the reduction of clinker incorporation and the increase of the alternative fuel rate led to lower CO₂ emissions.

Change in forecast report

Outlook 2022

In June, the Organisation for Economic Co-operation and Development (OECD) lowered its 2022 forecast for growth in the global economy from 4.5% to 3%. Economic growth will slow down significantly, particularly in the European Union. For the German economy, the OECD expects growth of only 1.9% this year, instead of around 4% as forecast in December 2021. For the USA, the OECD anticipates economic growth of 2.5% this year.

The market environment in the construction sector is also being influenced by the negative effects of the Russian war of aggression against Ukraine. Energy, raw material, and transport prices have risen considerably, especially in recent weeks. Following a rise of 5.6% in the European construction sector in the previous year, Euroconstruct now anticipates a significantly weaker increase of 2.3% for 2022. In the USA, construction activity is expected to benefit from government infrastructure projects and economic stimulus programmes.

Against this background, the company continues to expect a strong increase in revenue for the 2022 business year and now anticipates a slight decline in the result from current operations compared to the strong development of the previous year, in each case before consolidation and exchange rate effects.

Risk and opportunity report

HeidelbergCement's risk policy is based on the Group strategy, which focuses on sustainably preserving and increasing enterprise value. HeidelbergCement is subject to various risks on account of its international business activity. The risk management process serves to identify these risks at an early stage and to systematically assess and reduce them. Provided that the risks are consistent with the legal and ethical principles of entrepreneurial activity and are well balanced by the opportunities they present, they are classified as acceptable.

Risk and opportunity management at HeidelbergCement are closely linked by Group-wide planning and monitoring systems. Risks and opportunities are recorded in the annual operational plan and followed up as part of monthly financial reporting. Operational management in each country and the central Group departments are directly responsible for identifying and observing opportunities at an early stage.

Risks and opportunities that may have a significant impact on our assets, financial, and earnings position in the 2022 financial year and in the foreseeable future are described in detail in the Annual Report 2021 in the Risk and opportunity report chapter on page 70 f.

Prices on the raw materials and energy markets continued to rise sharply in the first six months of 2022. In this context, uncertainties remain. Global GDP growth is expected to slow down, owing in part to stressed supply chains – also as a result of plant shutdowns due to China's zero-COVID policy. The risk of recession could be amplified by rising interest rates intended to curb inflation. We classify this as a general risk with a possible impact on the entire Group and, where applicable, rapid occurrence.

In a holistic view of individual risks and the overall risk situation, there are, from today's perspective, no identifiable risks that could jeopardise the company as a going concern.

Interim consolidated financial statements

Consolidated income statement

€m	January - June	
	2021	2022
Revenue	8,938.1	9,950.0
Change in finished goods and work in progress	-30.0	60.1
Own work capitalised	9.9	9.2
Operating revenue	8,917.9	10,019.3
Other operating income	213.0	214.8
Material costs	-3,400.1	-4,193.1
Personnel costs	-1,575.2	-1,601.9
Other operating expenses	-2,597.4	-3,019.1
Result from equity accounted investments (REI)	162.0	104.8
Result from current operations before depreciation and amortisation (RCOBD)	1,720.2	1,524.8
Depreciation and amortisation	-635.9	-616.9
Result from current operations	1,084.3	907.9
Additional ordinary income	184.3	45.5
Additional ordinary expenses	-36.7	-108.1
Additional ordinary result	147.6	-62.6
Earnings before interest and taxes (EBIT)	1,231.9	845.3
Interest income	16.8	12.9
Interest expenses	-100.2	-75.9
Foreign exchange gains and losses	3.5	-23.4
Result from other participations	1.3	0.3
Other financial result	-5.3	65.6
Financial result	-83.9	-20.5
Profit before tax from continuing operations	1,148.0	824.8
Income taxes	-325.0	-239.4
Net income from continuing operations	823.0	585.5
Net income from discontinued operations	1.9	11.3
Profit for the period	824.9	596.7
Thereof attributable to non-controlling interests	69.5	55.2
Thereof attributable to HeidelbergCement AG shareholders	755.4	541.5
Earnings per share in € (IAS 33)		
Earnings per share – attributable to HeidelbergCement AG shareholders	3.81	2.82
Earnings per share – continuing operations	3.80	2.76
Earnings per share – discontinued operations	0.01	0.06

Consolidated statement of comprehensive income

	January - June	
€m	2021	2022
Profit for the period	824.9	596.7
Other comprehensive income		
Items not being reclassified to profit or loss in subsequent periods		
Remeasurement of the defined benefit liability (asset)	168.1	252.0
Income taxes	-63.6	-74.9
Defined benefit plans	104.6	177.0
Net gains / losses arising from equity accounted investments	1.2	0.8
Total	105.8	177.8
Items that maybe be reclassified subsequently to profit or loss		
Cash flow hedges – change in fair value	11.1	150.8
Reclassification adjustments for gains / losses included in profit or loss	-5.1	-21.8
Income taxes	-1.5	-33.2
Cash flow hedges	4.5	95.8
Currency translation	421.3	787.8
Reclassification adjustments for gains / losses included in profit or loss	-15.3	0.1
Currency translation	406.1	787.9
Net gains / losses arising from equity accounted investments	18.3	10.4
Total	428.9	894.0
Other comprehensive income	534.7	1,071.9
Total comprehensive income	1,359.6	1,668.6
Thereof attributable to non-controlling interests	74.3	88.8
Thereof attributable to HeidelbergCement AG shareholders	1,285.3	1,579.8

Consolidated statement of cash flows

	January - June	
€m	2021	2022
Net income from continuing operations	823.0	585.5
Income taxes	325.0	239.4
Interest income / expenses	83.4	63.0
Dividends received	180.4	118.5
Interest received	32.6	82.9
Interest paid	-167.2	-128.3
Income taxes paid	-177.6	-182.2
Depreciation, amortisation, and impairment	504.1	690.6
Other eliminations	-100.7	-78.9
Cash flow	1,502.9	1,390.4
Changes in operating assets	-959.7	-1,220.3
Changes in operating liabilities	-276.4	-183.5
Changes in working capital	-1,236.1	-1,403.9
Decrease in provisions through cash payments	-109.0	-119.7
Cash flow from operating activities – continuing operations	157.9	-133.2
Cash flow from operating activities – discontinued operations	-11.6	-4.7
Cash flow from operating activities	146.3	-137.9
Intangible assets	-11.1	-8.8
Property, plant and equipment	-348.0	-436.6
Subsidiaries and other business units	-2.0	-49.2
Other financial assets, associates, and joint ventures	-19.0	-387.8
Investments (cash outflow)	-380.1	-882.5
Intangible assets	0.1	0.0
Property, plant and equipment	97.2	43.8
Subsidiaries and other business units	26.2	47.1
Other financial assets, associates, and joint ventures	8.3	15.9
Divestments (cash inflow)	131.7	106.8
Cash flow from investing activities	-248.3	-775.7
Capital repayment to non-controlling interests	-0.5	
Dividend to HeidelbergCement AG shareholders	-436.5	-458.3
Dividends to non-controlling interests	-37.4	-83.7
Acquisition of treasury shares		-260.4
Decrease in ownership interests in subsidiaries	0.4	1.5
Increase in ownership interests in subsidiaries	-4.3	-55.8
Proceeds from bond issuance and loans	0.1	0.6
Repayment of bonds, loans, and lease liabilities	-649.3	-1,254.2
Changes in short-term interest-bearing liabilities	208.9	1,630.5
Cash flow from financing activities	-918.6	-479.8
Net change in cash and cash equivalents – continuing operations	-1,009.1	-1,388.8
Net change in cash and cash equivalents – discontinued operations	-11.6	-4.7
Net change in cash and cash equivalents	-1,020.7	-1,393.5
Effect of exchange rate changes	17.1	26.3
Cash and cash equivalents at beginning of period	2,874.3	3,115.1
Cash and cash equivalents at end of period	1,870.7	1,748.0
Reclassification of cash and cash equivalents according to IFRS 5		-0.5
Cash and cash equivalents presented in the balance sheet at end of period	1,870.7	1,747.4

Consolidated balance sheet

Assets			
€m	30 June 2021	31 Dec. 2021	30 June 2022
Non-current assets			
Intangible assets			
Goodwill	7,867.5	8,164.7	8,552.2
Other intangible assets	356.4	206.9	205.7
	8,223.9	8,371.6	8,757.9
Property, plant and equipment			
Land and buildings	6,346.2	6,866.8	7,029.7
Plant and machinery	4,509.4	4,511.6	4,557.5
Other operating equipment	810.7	869.7	862.3
Prepayments and assets under construction	776.0	1,382.7	1,451.8
	12,442.3	13,630.8	13,901.4
Financial assets			
Investments in joint ventures	1,205.5	1,281.1	1,709.7
Investments in associates	564.7	583.5	598.1
Financial investments	111.6	148.7	157.2
Loans	98.1	92.9	92.6
Derivative financial instruments	26.7	16.6	59.2
	2,006.6	2,122.7	2,616.8
Fixed assets	22,672.8	24,125.1	25,276.2
Deferred taxes	284.6	262.9	256.3
Other non-current receivables and assets	992.7	1,151.2	1,171.5
Non-current income tax assets	27.9	29.0	26.9
Total non-current assets	23,978.0	25,568.2	26,730.8
Current assets			
Inventories			
Raw materials and consumables	974.7	1,112.1	1,406.3
Work in progress	238.9	261.6	308.8
Finished goods and goods for resale	788.0	819.7	845.6
Prepayments	26.3	18.1	34.8
	2,027.8	2,211.4	2,595.5
Receivables and other assets			
Current interest-bearing receivables	107.1	76.4	106.7
Trade receivables	2,292.9	1,837.3	2,498.8
Other current operating receivables and assets	669.6	534.5	684.5
Current income tax assets	69.1	147.5	105.3
	3,138.7	2,595.6	3,395.3
Current derivative financial instruments	70.8	95.2	194.8
Cash and cash equivalents	1,870.7	3,115.1	1,747.4
Total current assets	7,108.0	8,017.3	7,932.9
Assets held for sale	1,438.9	125.4	98.6
Balance sheet total	32,524.9	33,710.9	34,762.4

Equity and liabilities			
€m	30 June 2021	31 Dec. 2021	30 June 2022
Equity			
Subscribed share capital	595.2	595.2	579.3
Share premium	6,225.4	6,225.4	6,241.4
Retained earnings	8,936.6	10,015.7	9,914.3
Other components of equity	-1,654.4	-1,049.4	-142.8
Treasury shares		-349.8	-260.4
Total shareholders' equity of HeidelbergCement AG	14,102.9	15,437.2	16,331.7
Non-controlling interests	1,252.1	1,222.3	1,120.5
Total equity	15,355.1	16,659.4	17,452.2
Non-current liabilities			
Bonds payable	7,121.4	5,363.6	5,302.3
Bank loans	277.3	262.4	66.4
Other non-current interest-bearing liabilities	849.2	906.8	961.6
Non-controlling interests with put options	1.5		
	8,249.5	6,532.8	6,330.3
Pension provisions	925.8	908.1	695.7
Deferred taxes	692.6	832.1	971.1
Other non-current provisions	1,122.6	1,503.0	1,475.0
Other non-current operating liabilities	221.6	50.6	63.0
Non-current income tax liabilities	166.8	178.6	173.7
	3,129.4	3,472.4	3,378.5
Total non-current liabilities	11,378.9	10,005.2	9,708.8
Current liabilities			
Bonds payable (current portion)	39.3	806.3	30.3
Bank loans (current portion)	474.8	474.0	742.6
Other current interest-bearing liabilities	584.4	333.3	1,605.4
Non-controlling interests with put options	74.4	79.9	84.6
	1,172.9	1,693.5	2,462.9
Pension provisions (current portion)	92.9	90.5	94.0
Other current provisions	258.6	322.3	245.4
Trade payables	2,599.2	3,180.4	3,167.9
Other current operating liabilities	1,310.4	1,541.9	1,430.3
Current income tax liabilities	253.2	192.8	175.8
	4,514.3	5,327.9	5,113.4
Total current liabilities	5,687.2	7,021.4	7,576.3
Liabilities associated with assets held for sale	103.8	24.9	25.1
Total liabilities	17,169.8	17,051.5	17,310.2
Balance sheet total	32,524.9	33,710.9	34,762.4

Consolidated statement of changes in equity

€m	Subscribed share capital	Share premium	Retained earnings	
1 January 2021	595.2	6,225.4	8,527.8	
Profit for the period			755.4	
Other comprehensive income			105.8	
Total comprehensive income			861.2	
Change in consolidation scope				
Change in ownership interests in subsidiaries			-2.5	
Change in non-controlling interests with put options			-14.3	
Transfer asset revaluation reserve			0.8	
Other changes			0.1	
Repayment of capital				
Dividends			-436.5	
30 June 2021	595.2	6,225.4	8,936.6	
1 January 2022	595.2	6,225.4	10,015.7	
Hyperinflation				
1 January 2022 (restated)	595.2	6,225.4	10,015.7	
Profit for the period			541.5	
Other comprehensive income			177.8	
Total comprehensive income			719.3	
Change in ownership interests in subsidiaries			-15.1	
Change in non-controlling interests with put options			1.7	
Transfer asset revaluation reserve			0.7	
Other changes				
Acquisition of treasury shares				
Cancellation of treasury shares	-16.0	16.0	-349.8	
Dividends			-458.3	
30 June 2022	579.3	6,241.4	9,914.3	

1) The accumulated currency translation differences included in non-controlling interests changed in 2022 by €32.5 million (previous year: 6.7) to €-179.5 million (previous year: -274.4). The total currency translation differences recognised in equity thus amount to €-459.5 million (previous year: -1,963.0).

	Other components of equity				Treasury shares	Total shareholders' equity of Heidelberg-Cement AG	Non-controlling interests ¹⁾	Total
	Cash flow hedge reserve	Asset revaluation reserve	Currency translation	Total other components of equity				
	4.7	23.2	-2,105.6	-2,077.7		13,270.8	1,277.6	14,548.4
						755.4	69.5	824.9
	7.1		417.0	424.1		529.9	4.8	534.7
	7.1		417.0	424.1		1,285.3	74.3	1,359.6
							-7.9	-7.9
						-2.5	1.2	-1.3
						-14.3	14.5	0.2
		-0.8		-0.8				
						0.1		0.1
							-0.5	-0.5
						-436.5	-107.0	-543.5
	11.8	22.4	-1,688.6	-1,654.4		14,102.9	1,252.1	15,355.1
	17.5	21.7	-1,088.6	-1,049.4	-349.8	15,437.2	1,222.3	16,659.4
			46.9	46.9		46.9		46.9
	17.5	21.7	-1,041.7	-1,002.5	-349.8	15,484.1	1,222.3	16,706.3
						541.5	55.2	596.7
	98.8		761.7	860.5		1,038.3	33.6	1,071.9
	98.8		761.7	860.5		1,579.8	88.8	1,668.6
						-15.1	-39.2	-54.4
						1.7	-3.7	-1.9
		-0.7		-0.7				
							-0.3	-0.3
					-260.4	-260.4		-260.4
					349.8			
						-458.3	-147.4	-605.7
	116.3	20.9	-280.0	-142.8	-260.4	16,331.7	1,120.5	17,452.2

Segment reporting/Notes

Group areas January - June	Western and Southern Europe		Northern and Eastern Europe-Central Asia		North America	
€m	2021	2022	2021	2022	2021	2022
External revenue	2,739	3,129	1,427	1,658	2,118	2,098
Inter-Group areas revenue	28	26	11	11		
Revenue	2,767	3,155	1,438	1,668	2,118	2,098
Change to previous year in %		14.0%		16.0%		-1.0%
Result from equity accounted investments (REI)	13	13	47	11	14	8
Result from current operations before depreciation and amortisation (RCOBD)	431	416	322	294	414	310
as % of revenue (operating margin)	15.6%	13.2%	22.4%	17.6%	19.6%	14.8%
Depreciation and amortisation	-190	-175	-94	-97	-167	-157
Result from current operations	241	241	228	197	247	153
as % of revenue	8.7%	7.6%	15.8%	11.8%	11.7%	7.3%
Additional ordinary result						
Earnings before interest and taxes (EBIT)						
Capital expenditures ²⁾	96	95	53	77	143	191
Segment assets ³⁾	5,130	5,144	2,611	2,631	7,468	9,120
RCOBD as % of segment assets	8.4%	8.1%	12.3%	11.2%	5.6%	3.4%
Number of employees as at 30 June	15,038	15,189	11,185	11,132	9,516	8,635
Average number of employees	15,125	15,135	11,129	11,087	9,053	8,187

1) Reconciliation includes:

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

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

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

	Asia-Pacific		Africa-Eastern Mediterranean Basin		Group Services		Reconciliation ¹⁾		Continuing operations	
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
	1,505	1,697	878	997	272	371			8,938	9,950
	15	13	26	39	352	602	-433	-691		
	1,520	1,710	904	1,037	623	973	-433	-691	8,938	9,950
		12.5%		14.7%		56.1%				11.3%
	76	54	10	17	2	2			162	105
	319	248	243	252	13	19	-23	-14	1,720	1,525
	21.0%	14.5%	26.9%	24.3%	2.1%	1.9%			19.2%	15.3%
	-118	-120	-53	-55	0	0	-14	-12	-636	-617
	201	127	191	198	13	19	-37	-27	1,084	908
	13.2%	7.5%	21.1%	19.1%	2.1%	1.9%			12.1%	9.1%
							148	-63	148	-63
							1,232	845	1,232	845
	39	49	24	30	3	3	21	437	380	882
	3,913	4,196	1,544	1,567	1	1			20,666	22,659
	8.2%	5.9%	15.8%	16.1%	> 100%	> 100%			8.3%	6.7%
	12,488	12,434	5,006	4,867	95	92			53,327	52,350
	12,562	12,386	5,088	5,003	103	91			53,060	51,887

Notes to the interim consolidated financial statements

Accounting and valuation principles

The interim consolidated financial statements of HeidelbergCement AG as at 30 June 2022 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 2021, 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 2021. Detailed explanations can be found on page 136 f. in the Notes to the Annual Report 2021, 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.

Hyperinflation

Since this financial year, Turkey has fulfilled the definition of a hyperinflationary country. Therefore, IAS 29 (Financial Reporting in Hyperinflationary Economies) was applied retroactively to the activities of our joint venture Akçansa Çimento Sanayi ve Ticaret A.S. with retroactive effect from 1 January 2022, i.e. as if Turkey had always been hyperinflationary. Accordingly, the relevant non-monetary assets and liabilities, equity, and all items of the income statement as at 30 June 2022 have been adjusted for the effects of inflation using the consumer price index. The balance sheet items as well as the expenses and income are then translated into the reporting currency euro at the closing rate. The values determined in this way are then included in the consolidated financial statements using the equity method. The comparative figures for the previous year were not adjusted because of the initial application in the financial year. The initial retroactive application resulted in an adjustment of the investments in joint ventures and the currency translation reserve of €46.9 million, recognised directly in equity. The effect on the result from equity accounted investments (REI) is of minor importance.

Application of new accounting standards

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

- The **amendments to IFRS 3 Business Combinations** update the references to the revised IFRS framework. In addition, they clarify that an acquirer shall apply the requirements of IAS 37 or IFRIC 21 instead of the framework when identifying obligations assumed that are within the scope of IAS 37 or IFRIC 21. At the same time, IFRS 3 is supplemented by an explicit prohibition on recognising acquired contingent assets. The amendments did not have any significant impact on the assets, financial, and earnings position of the Group.
- The **amendments to IAS 16 Property, Plant and Equipment** clarify that proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management are recognised in profit or loss. In addition, sale proceeds and the corresponding costs for items produced that do not fall within the entity's ordinary business activity shall be shown separately and the line items in the income statement and other comprehensive income in which they were recognised shall be disclosed. The amendments did not have any significant impact on the assets, financial, and earnings position of the Group.
- The **amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets** determine which costs an entity should consider as the cost of fulfilling a contract when assessing whether a contract is onerous. The amendments did not have any significant impact on the assets, financial, and earnings position of the Group.
- As part of the **Annual Improvements to IFRS Standards 2018–2020 Cycle**, the IASB made minor amendments to a total of three standards. The amendments did not have any significant impact on the assets, financial, and earnings position of the Group.

Seasonal nature of the business

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

Exchange rates

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

Exchange rates		Exchange rates at reporting date		Average exchange rates	
		31 Dec. 2021	30 June 2022	01-06/2021	01-06/2022
EUR					
USD	USA	1.1370	1.0484	1.2050	1.0934
AUD	Australia	1.5647	1.5186	1.5628	1.5203
CAD	Canada	1.4373	1.3496	1.5030	1.3901
GBP	Great Britain	0.8413	0.8609	0.8682	0.8421
INR	India	84.2136	82.3583	88.3610	83.3390
IDR	Indonesia	16,224	15,567	17,304	15,837
MAD	Morocco	10.5061	10.5580	10.7490	10.6079

Business combinations in the reporting period

On 7 February 2022, our subsidiary Hanson Quarry Products Europe Limited, United Kingdom, acquired 100% of the shares in Charterneed Limited, including the wholly owned subsidiaries A1 Services (Manchester) Limited and Green Earth Developments Limited, Manchester, United Kingdom. The companies are active in the removal of surface materials, urban recycling, and the processing of construction and utility arisings. The acquisition includes a 13-acre premise including a rail connected siding and track system, as well as licenses for waste transport and handling. The acquisition improves our strategic position for entry into the recycling market. The purchase price amounted to €21.5 million and was paid in cash. This includes €1.2 million to be retained in an escrow account for a period of 12 months for any notifiable claims. The provisionally recognised goodwill of €3.3 million is not tax-deductible and represents synergy and growth potential. The purchase price allocation is provisional, primarily because the measurement of property, plant and equipment has not yet been completed.

On 4 April 2022, HeidelbergCement acquired four ready-mixed concrete plants and a fleet of mixer trucks in the Greater Atlanta area from Meriwether Ready Mix, Inc., Griffin, USA, through its North American subsidiary Fairburn Ready Mix, Inc., Norcross, as part of an asset deal. The purchase price amounted to €13.3 million and was paid in cash. The provisionally recognised goodwill of €1.0 million is tax-deductible and represents synergy and growth potential. The purchase price allocation is provisional, primarily because the measurement of property, plant and equipment has not yet been completed.

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

Provisional fair values recognised as at the acquisition date			
€m	United Kingdom	North America	Total
Intangible assets	3.7		3.7
Property, plant and equipment	14.7	12.4	27.2
Inventories	0.9	0.1	0.9
Trade receivables	2.6	0.7	3.3
Cash and cash equivalents	1.7		1.7
Other assets	0.2		0.2
Total assets	24.0	13.2	37.2
Deferred taxes	2.3		2.3
Non-current liabilities	0.9		0.9
Current liabilities	2.5	0.9	3.4
Total liabilities	5.8	0.9	6.7
Net assets	18.2	12.3	30.5

As part of the business combinations, receivables with a fair value of €3.3 million were acquired. These are trade receivables. The gross value of the contractual receivables totals €3.4 million, of which €0.1 million is likely to be irrecoverable.

The business combinations have contributed €9.4 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 2022, contributions to revenue and the profit for the period would be €3.4 million and €2.1 million higher, respectively. Transaction costs of €0.2 million arose in connection with the business combinations described above and were recognised in the additional ordinary expenses.

Furthermore, HeidelbergCement effected other business combinations during the reporting period that are of minor importance for the presentation of the assets, financial, and earnings position of the Group.

Acquisition of joint ventures in the reporting period

To drive the digital transformation in the heavy building materials industry, HeidelbergCement acquired a 44.9% participation in Project Potter Parent, L.P., Cayman Islands, through its subsidiary HDigital GmbH, Heidelberg, on 29 April 2022. Project Potter Parent, L.P. indirectly holds all shares in Command Alkon, the global leader in comprehensive supply chain technology solutions for heavy building materials. Partnering with Command Alkon will scale and accelerate best-in-class, cloud-based solutions across the heavy building materials supply chain. These include more transparent industry standards for seamless connectivity, improved solutions to customers' day-to-day problems (e.g. digital ticketing or telematics), a generally increased pace in innovation, and an acceleration to customers' sustainability efforts. The purchase price including transaction costs amounted to €325.6 million and was paid in cash.

In order to strengthen our market position in Ghana and significantly reduce CO₂ emissions in this region, HeidelbergCement acquired 50% of the shares in CBI S.A., Buchs, Switzerland ("CBI") on 31 May 2022. CBI controls the Ghanaian cement manufacturer CBI Ghana. The acquisition of the shares is also linked to an investment for the construction of the world's largest industrial-scale flash calciner to produce calcined clay cement with reduced clinker content. In addition, HeidelbergCement will strengthen its presence in Ghana through CBI's cement grinding plant in Tema in the south of the country. The purchase price amounted to €32.5 million and was paid in cash.

Business combinations in the same period of the previous year

HeidelbergCement effected no significant business combinations during the same period of the previous year that were of importance for the presentation of the assets, financial, and earnings position of the Group.

Divestments in the reporting period

HeidelbergCement signed an agreement on 30 April 2021 to sell its aggregates business and two ready-mixed concrete plants in Greece. In Greece, HeidelbergCement will focus on its core business in the future and will continue cement production through its subsidiary Halyps Cement. The transaction was concluded on 3 January 2022. The sales price amounts to €34.6 million, of which a prepayment of €3.4 million was already received during the 2021 financial year. The remaining amount was collected in the 2022 financial year. The divestment resulted in a gain of €18.7 million, which is shown in the additional ordinary income.

On 2 August 2021, HeidelbergCement signed an agreement to sell its aggregates and ready-mixed concrete business in the Spanish region of Catalonia. The sale was completed on 1 April 2022. The sales price amounted to €21.1 million and was paid in cash. The divestment resulted in a gain of €4.0 million, which is shown in the result from current operations.

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

Assets and liabilities as at the date of divestiture			
€m	Greece	Spain	Total
Other intangible assets	0.2		0.2
Property, plant and equipment	14.5	17.3	31.8
Inventories	2.6	0.5	3.1
Total assets	17.3	17.8	35.1
Provisions	1.2		1.2
Non-current liabilities	0.2	0.8	1.0
Total liabilities	1.4	0.8	2.2
Net assets	15.9	17.1	33.0

Incidental disposal costs of €0.5 million arose in connection with these divestments and were recognised in the additional ordinary expenses.

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

Divestments in the same period of the previous year

On 29 November 2020, HeidelbergCement signed an agreement to sell its 51% participation in Hilal Cement Company KSCP and its subsidiaries Al Mahaliya Ready Mix Concrete W.L.L., Kuwait German Company for RMC W.L.L., and Gulf Ready Mix Concrete Company W.L.L., based in Safat, Kuwait ("Hilal Group"). The Hilal Group operates four ready-mixed concrete plants and two cement terminals on the local port site in Kuwait. The sale was completed on 24 January 2021. The sales price amounts to €8.2 million and was paid in cash. The divestment resulted in a gain of €0.9 million, which is shown in the additional ordinary income.

On 29 April 2021, HeidelbergCement sold 100% of the shares in Pioneer Concrete (Hong Kong) Limited, Kowloon, Hong Kong ("Pioneer Ltd"). The sales price amounts to €28.0 million and was paid in cash. The divestment resulted in a gain of €20.7 million, which is shown in the additional ordinary income.

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

Assets and liabilities as at the date of divestiture			
€m	Hilal Group	Pioneer Ltd	Total
Goodwill		6.7	6.7
Other intangible assets	1.1		1.1
Property, plant and equipment	12.0	0.5	12.5
Other non-current assets	0.1		0.1
Inventories	3.0		3.0
Cash and cash equivalents	17.9	0.0	17.9
Other assets	10.3	0.0	10.3
Total assets	44.5	7.2	51.7
Provisions	2.7		2.7
Non-current liabilities	7.9		7.9
Current liabilities	17.5	0.0	17.5
Total liabilities	28.1	0.0	28.1
Net assets	16.4	7.2	23.6

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

Revenue development by Group areas and business lines

January - June	Cement		Aggregates		Ready-mixed concrete-asphalt		Service-other		Intra-Group eliminations		Total	
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
€m												
Western and Southern Europe	1,432	1,684	656	699	1,052	1,179	176	205	-549	-613	2,767	3,155
Northern and Eastern Europe-Central Asia	756	879	256	292	288	339	240	269	-103	-112	1,438	1,668
North America	859	853	773	848	598	488	128	133	-239	-224	2,118	2,098
Asia-Pacific	805	928	269	313	564	607	22	27	-140	-165	1,520	1,710
Africa-Eastern Mediterranean Basin	752	867	37	42	164	198	20	24	-69	-95	904	1,037
Group Services							623	973			623	973
Inter-Group area revenue within business lines	-13	-1	-18	-20			4	3			-27	-18
Total	4,591	5,211	1,973	2,176	2,666	2,812	1,213	1,635	-1,099	-1,210	9,344	10,623
Inter-Group area revenue between business lines									-406	-673	-406	-673
Total									-1,505	-1,883	8,938	9,950

Earnings per share

Earnings per share	January - June	
€m	2021	2022
Profit for the period	824.9	596.7
Thereof attributable to non-controlling interests	69.5	55.2
Thereof attributable to HeidelbergCement AG shareholders	755.4	541.5
Number of shares in '000s (weighted average)	198,416	191,835
Earnings per share in €	3.81	2.82
Net income from continuing operations – attributable to HeidelbergCement AG shareholders	753.5	530.2
Earnings per share in € – continuing operations	3.80	2.76
Net income from discontinued operations – attributable to HeidelbergCement AG shareholders	1.9	11.3
Earnings per share in € – discontinued operations	0.01	0.06

Impairments/reversals of impairment losses

Goodwill

An impairment test on goodwill in accordance with IAS 36 (Impairment of Assets) is generally performed annually within the HeidelbergCement Group, in the fourth quarter once the operational three-year plan has been prepared or if there are indications for impairment. In this impairment test, the carrying amount of a group of cash-generating units (CGUs) to which goodwill is allocated is compared with the recoverable amount of this group of CGUs. On 30 June 2022, the management carried out an impairment review, which indicated that no impairment loss needed to be recognised.

Intangible assets and property, plant and equipment

In view of the effects of the war in Ukraine, HeidelbergCement conducted an impairment review of intangible assets and property, plant and equipment in Russia. This resulted in total impairments of €86.8 million. This is due to significantly higher risk premiums and interest rates, which led to an increase in the cost of capital to 28.6%. The impairment relates to the CGUs Cesla and HC RUS as well as two terminals.

Assets within the CGU Cesla were impaired by €32.5 million, with a carrying amount of €53.1 million and a value in use or fair value less costs to sell totalling €20.6 million. Assets within the CGU HC RUS were impaired by €51.1 million, with a carrying amount of €226.7 million and a value in use or fair value less costs to sell totalling €175.7 million. In addition, two terminals with a carrying amount of €3.2 million were written off in full.

Impairment losses are shown in the additional ordinary expenses.

The impairments resulting from the review are shown in the table below.

Impairments of other intangible assets and property, plant and equipment						
€m	Other intangible assets	Land and buildings	Plant and machinery	Other operating equipment	Prepayments and assets under construction	Total
Western and Southern Europe	0.0	-1.1	0.0	0.0	0.0	-1.1
Northern and Eastern Europe-Central Asia	-3.0	-36.3	-33.9	-3.7	-10.9	-87.8
Russia	-3.0	-35.8	-33.4	-3.7	-10.9	-86.8
Others	0.0	-0.5	-0.6	0.0	0.0	-1.0
Total	-3.0	-37.4	-33.9	-3.7	-10.9	-88.9

Furthermore, in the reporting period, HeidelbergCement reversed impairment losses on assets totalling €15.0 million especially in connection with disposals of locations in the Western and Southern Europe Group area. The reversals of impairment losses relate primarily to land and buildings (€7.7 million) and plant and machinery (€7.1 million).

As at 30 June 2021, HeidelbergCement had reversed impairment losses on assets in North America in the amount of €131.4 million. These reversals of impairment losses related to land and buildings (€38.6 million), plant and machinery (€82.9 million), and other operating equipment (€9.8 million). The assets were part of the USA Region West disposal group, which was classified as held for sale on 23 May 2021 and sold on 1 October 2021.

Consolidated statement of changes in equity

On 13 January 2022, all 5,324,577 treasury shares acquired under the first tranche of the share buyback programme launched in 2021 in the period from 10 August to 2 December 2021 were cancelled with a reduction of €15,973,731 in the subscribed share capital. As of this date, the subscribed share capital of HeidelbergCement AG amounts to €579,275,700 and is divided into 193,091,900 no-par value shares.

In the first half of 2022, HeidelbergCement continued its share buyback programme launched in August 2021 with a second tranche. The second tranche of the share buyback programme started on 7 March 2022. As at the reporting date, 5,034,816 shares had been acquired for a total price of €260.4 million. A total of 6,906,281 shares were acquired under the second tranche, which was completed on 13 July 2022, for a total price (excluding incidental acquisition costs) of €346.4 million. This corresponds to approximately 3.58% of the subscribed share capital.

The change in ownership interests in subsidiaries result primarily from the 1.3% increase in shares in PT Indocement Tunggal Prakarsa Tbk., Indonesia, through the acquisition of treasury shares.

In the financial year, dividends of €458.3 million (€2.40 per share) were paid to shareholders of HeidelbergCement AG. Dividend payments to non-controlling interests are primarily the result of dividends from our Moroccan subsidiaries, amounting to €65.3 million as well as dividend payments from our Indonesian subsidiary totalling €53.9 million.

The change of €761.7 million in the currency translation reserve is essentially attributable to the appreciation in the value of the US dollar against the euro.

Pension provisions

The actuarial gains and losses, which are recognised directly in equity in other comprehensive income, were determined on the basis of the interest rates for the key countries applicable as at the reporting date. As at 30 June 2022, overall gains arising from the revaluation amounted to €251.9 million. These include actuarial gains relating to defined benefit obligations of €1,171.8 million, arising from an increase in the weighted discount rate of approximately 1.9 percentage points, as well as losses from the revaluation of the plan assets amounting to €911.4 million. The effect of the asset ceiling led to losses of €8.5 million.

Disclosures on financial instruments

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

Carrying amounts and fair values of financial instruments						
€m	Category of IFRS 9 ¹⁾	Carrying amount	Fair value	Thereof level 1	Thereof level 2	Thereof level 3
30 June 2022						
Assets						
Financial investments – fair value through profit or loss	FVTPL	107.6	107.6	13.8		93.8
Loans and other interest-bearing receivables	AC	199.3	208.5			
Trade receivables and other operating receivables – amortised cost	AC	2,187.0	2,187.0			
Trade receivables and other operating receivables – fair value through profit or loss	FVTPL	550.1	550.1		550.1	
Cash and cash equivalents – amortised cost	AC	1,613.5	1,613.5			
Cash and cash equivalents – fair value through profit or loss	FVTPL	133.9	133.9	133.9		
Derivatives – hedge accounting	Hedge	113.4	113.4		65.3	48.1
Derivatives – held for trading	FVTPL	140.6	140.6		140.6	
Liabilities						
Bonds payable, bank loans and miscellaneous other interest-bearing liabilities	AC	7,447.6	7,227.5			
Trade payables and miscellaneous operating liabilities	AC	3,795.9	3,795.9			
Derivatives – hedge accounting	Hedge	69.0	69.0		69.0	
Derivatives – held for trading	FVTPL	138.9	138.9		138.9	
Non-controlling interests with put options	AC	84.6	84.6			
31 December 2022						
Assets						
Financial investments – fair value through profit or loss	FVTPL	99.4	99.4	14.8		84.6
Loans and other interest-bearing receivables	AC	169.3	179.9			
Trade receivables and other operating receivables – amortised cost	AC	1,644.0	1,644.0			
Trade receivables and other operating receivables – fair value through profit or loss	FVTPL	387.7	387.7		387.7	
Cash and cash equivalents – amortised cost	AC	2,667.2	2,667.2			
Cash and cash equivalents – fair value through profit or loss	FVTPL	447.9	447.9	447.9		
Derivatives – hedge accounting	Hedge	29.7	29.7		14.6	15.1
Derivatives – held for trading	FVTPL	82.1	82.1		82.1	
Liabilities						
Bonds payable, bank loans and miscellaneous other interest-bearing liabilities	AC	6,997.5	7,318.3			
Trade payables and miscellaneous operating liabilities	AC	3,966.8	3,966.8			
Derivatives – hedge accounting	Hedge	5.3	5.3		4.7	0.6
Derivatives – held for trading	FVTPL	84.5	84.5		84.5	
Non-controlling interests with put options	AC	79.9	79.9			

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

The financial investments at fair value through profit or loss in level 3 include participations on which HeidelbergCement has no significant influence. One participation holds shares in “early-stage investments”, which are measured on the basis of the IPEV Valuation Guidelines for venture capital funds. In the case of this participation, the measurement of its investment portfolio is based in particular on the last financing rounds. The fair value measurement of the other participations is based primarily on the multiplier method, which determines the proportionate enterprise value based on company-specific variables using EBITDA or revenue multipliers. With respect to possible uncertainties regarding the determination of the fair value of these financial investments, we refer to the explanations on page 185 in the Notes to the Annual Report 2021. During the reporting period, there were no significant changes to these explanations. The increase of €9.2 million in the financial year was primarily due to the addition of a participation of €4.7 million as well as capital contributions of €4.6 million.

The receivables measured at fair value through profit or loss are receivables that are intended for sale in the context of factoring transactions. The fair values are primarily determined using the prices of recent transactions.

Derivative financial instruments designated as hedges and those held for trading include derivatives such as interest rate and currency derivatives, options for CO₂ certificates, and commodity derivatives for electricity, coal, and diesel. The fair values are derived from the market or determined using recognised valuation methods. In particular, currency exchange rates, interest rate curves, and raw material prices are used, which can be observed in the corresponding markets and are obtained via financial data providers. If market prices are no longer available for long-term commodity futures, the prices available on the market are extrapolated for the valuation.

In order to reconcile the “Financial investments at fair value through profit or loss” class to the corresponding balance sheet item, participations in subsidiaries, joint ventures, and associates of minor importance totalling €49.6 million (previous year: 49.2) are to be added. The “Trade receivables and other operating receivables” and “Trade payables and miscellaneous operating liabilities” classes also cannot be immediately reconciled with the related balance sheet items, as these contain not only financial assets and liabilities but also non-financial assets to the amount of €1,617.7 million (previous year: 1,491.2) as well as non-financial liabilities of €865.3 million (previous year: 806.1). Lease liabilities of €1,053.0 million (previous year: 1,059.1) should be taken into account for the reconciliation of the “Bonds payable, bank loans and miscellaneous other interest-bearing liabilities” class with the related balance sheet items.

Detailed explanations on the procedure regarding the fair value measurement according to IFRS 13 can be found on page 184 f. in the Notes to the Annual Report 2021. The assessment as to whether financial assets and liabilities that are accounted for at fair value are to be transferred between the levels of the fair value hierarchy will take place at the end of each reporting period. No reclassifications were carried out in the reporting period.

Related party disclosures

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

Contingent liabilities

As at the reporting date, contingent liabilities amounted to €179.2 million (previous year: 176.8) and essentially concern risks related to taxes on income. The timing of the possible cash outflows for the contingent liabilities is uncertain, because they depend on various external factors that remain outside HeidelbergCement’s control. The application of taxation regulations might not yet be determined at the time that tax refund claims and liabilities are calculated. The calculation of tax items is based on the regulations most likely to be applied in each case. Nevertheless, the fiscal authorities may be of a different opinion, which could give rise to additional tax liabilities.

Events after the reporting period

There were no reportable events after the reporting period.

Responsibility statement

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

Heidelberg, 28 July 2022

HeidelbergCement AG
The Managing Board

Financial calendar

Quarterly Statement January to September 2022

3 November 2022

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