



# Ciments Français

Italcementi Group

**The Board of Directors examines results for the first quarter of 2007**

## **CIMENTS FRANCAIS**

- **CONSOLIDATED REVENUES:** 1,058 MILLION EUROS (+12.3%)
- **RECURRING GROSS OPERATING PROFIT:** 235 MILLION EUROS (+4.8%)
- **OPERATING PROFIT:** 153 MILLION EUROS (+3.5%)
- **NET PROFIT:** 88 MILLION EUROS (+4.1%)
- **GROUP NET PROFIT:** 65 MILLION EUROS (+7%)
- **OUTLOOK:** GOAL OF MAINTAINING LAST YEAR'S RECORD  
OPERATING RESULTS IN 2007 IS CONFIRMED

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**Paris, May 7, 2007** – At a meeting on May 3 chaired by Yves René Nanot, the Board of Directors of Ciments Français (Italcementi Group) examined and approved the quarterly results at March 31, 2007. In structural terms, the first quarter of the year is significantly influenced by the seasonal nature of activity and major plant maintenance operations and as such, it is not representative of full-year trends.

## **PERFORMANCE IN THE FIRST QUARTER OF 2007**

During the first three months, Ciments Français reported a significant increase in sales volumes in all lines business segments compared with the first quarter of 2006, itself characterized by strong performance and favorable meteorological conditions. Cement sales volumes increased by 9% (or 4.8% at constant size) to 11.9 million tonnes; aggregates rose to 12.6 million tonnes, a 13.2% improvement (11.6% at constant size); ready mixed concrete sales volumes climbed 19.8% (12.7% at constant size) to 3.2 million cubic meters.

Sales volumes and internal transfers (1)	Cement and clinker (millions of tonnes)			Aggregates (millions of tonnes)			Ready mixed concrete (millions of m <sup>3</sup> )		
	1Q 2007	% change vs. 1Q 2006		1Q 2007	% change vs. 1Q 2006		1Q 2007	% change vs. 1Q 2006	
		A	B		A	B		A	B
Western Europe	3.1	6.1	6.1	11.8	12.1	12.1	2.1	9.4	9.4
North America	1.1	(25.0)	(25.0)	0.	n.s.	n.s.	0.	n.s.	n.s.
Eastern Europe and Southern Med Rim	5.0	17.4	17.4	0.6	6.3	1.3	0.8	78.3	32.8
Asia	2.6	22.4	1.3	0.2		31.8	0.3	(6.3)	(6.3)
Trading	1.4	(0.1)	(0.1)						
Eliminations	(1.2)								
<b>Total</b>	<b>11.9</b>	<b>9.0</b>	<b>4.8</b>	<b>12.6</b>	<b>13.2</b>	<b>11.6</b>	<b>3.2</b>	<b>19.8</b>	<b>12.7</b>

Western Europe: France, Belgium, Spain, Greece North America: U.S.A., Canada, Puerto Rico

Eastern Europe and Southern Med Rim: Egypt, Morocco, Bulgaria, Turkey. Asia: Thailand, India, Kazakhstan

(1) amounts refer to companies consolidated on a line-by-line basis and, pro-quota, to companies consolidated on a proportionate basis;

A: Historic – B: At constant size;

n.s.: not significant

The increase in the Group's sales volumes and prices, mainly in the cement segment, generated a 12.3% improvement in **revenues**, at constant size, to 1,058 million euros. The consolidation effect (full consolidation of the Indian companies and acquisitions in the ready mixed concrete sector in Egypt at the end of 2006) offset in full the negative exchange-rate effect.

The most significant improvements in value terms were obtained in the France-Belgium area, Turkey and Spain, but double-digit growth was reported by the majority of countries, with particularly significant performance in Kazakhstan, Turkey and Bulgaria. Market conditions in North America remained negative, largely due to the effect of trends in the residential sector, and the area reported a slowdown in sales compared with a particularly lively first quarter in 2006.

Rises in both fixed and variable costs offset the positive impact of sales volumes and sales prices, with the result that operating figures grew more slowly than revenues.

**Recurring gross operating profit**, at 235 million euros, gained 4.8%, with significant contributions from the France-Belgium area, and, to a lesser extent, from the emerging countries (notably Turkey, Bulgaria, Morocco and India), with the latter reporting particularly strong growth rates.

**Operating profit** increased by 3.5% to 153 million euros, while **net profit** progressed by 4.1% to 88 million euros.

**Group net profit**, benefiting from the improved performance of the companies in which the Group holds a particularly large stake, amounted to 65 million euros (+7%).

(in millions of euros)	Revenues		Recurring gross operating profit		Gross operating profit		Operating profit	
	1Q 2007	%change vs 1Q 2006	1Q 2007	%change vs 1Q 2006	1Q 2007	%change vs 1Q 2006	1Q 2007	%change vs 1Q 2006
<b>Western Europe</b>	529	14.0	104	17.5	105	17.7	74	19.6
<b>North America</b>	99	(27.3)	3	(85.4)	3	(85.3)	(8)	n.s.
<b>Eastern Europe and Southern Med Rim</b>	272	21.8	96	6.2	96	6.2	67	8.6
<b>Asia</b>	105	38.3	32	60.6	32	60.3	22	73.6
<b>Trading</b>	73	10.3	4	6.8	4	7.8	4	5.9
<b>Other and eliminations</b>	(21)		(5)		(5)		(5)	
<b>Total</b>	<b>1,058</b>	<b>12.3</b>	<b>235</b>	<b>4.8</b>	<b>235</b>	<b>4.9</b>	<b>153</b>	<b>3.5</b>

**Western Europe:** France, Belgium, Spain, Greece

**North America:** U.S.A., Canada, Puerto Rico

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n.s.: not significant

**Net financial debt** as of March 31, following securitization of trade receivables for 115 million euros and despite capital expenditure and financial investments totaling 155 million euros, stood at 1,352 million euros, down by 125 million euros from December 31, 2006.

**Gearing** (net debt/shareholders' equity) was 38% at the end of March, compared with 42% at the end of 2006.

## **OUTLOOK**

The overall trend in the construction segment remained favorable in the first quarter despite the slowdown in the residential sector in the United States. Such a downturn may likely be offset by the dynamism of both the public works and non-residential sectors.

Demand in the construction business, while remaining positive, could slow down in the Group's other industrialized countries during the year. Conversely, the construction segment should continue to grow strongly in the emerging countries, with the exception of Thailand.

Against this background, the Group expects revenues to improve as a result of higher sales volumes and prices, with growing operating costs, mainly energy and logistics.

Given these trends, and the benefits of the action taken to boost industrial and organizational efficiency, as previously announced, 2007 operating results are expected to be at least in line with 2006, barring any unforeseeable events.

*The 2007 first quarter results of Italcementi and Ciments Français will be discussed during a Conference Call (telephone and webstreaming) on Monday, May 7, at 3:30 pm (CET).*

*Further details are available on the [italcementigroup.com](http://italcementigroup.com) and [cimfra.com](http://cimfra.com) websites.*

**ON THE INTERNET: [www.cimfra.com](http://www.cimfra.com) & [www.italcementigroup.com](http://www.italcementigroup.com)**

**Ciments Français**

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<b>Ciments Français Group</b>					
<b>Income statement</b> (in millions of euros)	<b>1Q 2007</b>	<b>%</b>	<b>1Q 2006</b>	<b>%</b>	<b>% change</b>
<b>Revenues</b>	<b>1,057.5</b>	<b>100.0</b>	<b>942.0</b>	<b>100.0</b>	<b>12.3</b>
Other revenues	6.0		4.6		
Change in inventories	1.9		6.5		
Internal work capitalized	2.3		2.6		
Goods and utilities expense	(391.8)		(337.0)		
Service expense	(261.7)		(225.8)		
Employee expense	(156.5)		(146.0)		
Other operating income/(expense)	(22.9)		(22.8)		
<b>Recurring gross operating profit</b>	<b>234.8</b>	<b>22.2</b>	<b>224.1</b>	<b>23.8</b>	<b>4.8</b>
Other income/(expense)	0.6		0.3		
<b>Gross operating profit</b>	<b>235.4</b>	<b>22.3</b>	<b>224.4</b>	<b>23.8</b>	<b>4.9</b>
Amortization and depreciation	(82.0)		(76.2)		
Impairment	0.0		0.0		
<b>Operating profit</b>	<b>153.4</b>	<b>14.5</b>	<b>148.2</b>	<b>15.7</b>	<b>3.5</b>
Finance income	7.3		5.9		
Finance costs	(35.2)		(28.1)		
Exchange differences/and change in fair value of derivative instruments	1.5		(0.4)		
<b>Net finance income (costs)</b>	<b>(26.4)</b>	<b>(2.5)</b>	<b>(22.6)</b>	<b>(2.4)</b>	<b>16.8</b>
Share of results of associates	(0.4)		(1.3)		
<b>Profit before tax</b>	<b>126.6</b>	<b>12.0</b>	<b>124.3</b>	<b>13.2</b>	<b>1.9</b>
Income tax expense	(38.8)		(40.0)		
<b>Net profit for the period</b>	<b>87.8</b>	<b>8.3</b>	<b>84.3</b>	<b>9.0</b>	<b>4.2</b>
Attributable to:					
<b>Equity holders of the parent</b>	<b>65.2</b>		<b>60.9</b>		
<b>Minority interests</b>	<b>22.6</b>		<b>23.4</b>		

<b>Financial Position</b> (in millions of euro)	<b>03/31/2007</b>	<b>03/31/2006</b>	<b>12/31/2006</b>
<b>Net financial debt</b>	<b>1,352.3</b>	<b>1,512.2</b>	<b>1,477.1</b>
<b>Total shareholders' equity</b>	<b>3,571.0</b>	<b>3,258.5</b>	<b>3,487.7</b>