

## Cement

### Profile

Cement is a cementitious material manufactured through a large-scale and complex, and capital-intensive industrial process. At the core of the production process is the rotary kiln, in which limestone and clay are heated to around 1,450 degrees Celsius and the semifinished product clinker is created by sintering. In the cement mill, gypsum is added to the clinker and the mixture is ground to a fine powder – traditional Portland cement. Holcim offers customers a wide range of cementitious materials and also develops customized blends for special applications. To produce these, other high-grade materials such as granulated blast furnace slag, fly ash, pozzolan and limestone are added in order to modify the properties of the cement.

### Developments

In 2006, consolidated cement sales increased by 27.2 percent to 140.7 million tonnes, and deliveries of other cementitious materials totaled 6 million tonnes (+9.1 percent). In addition to solid internal growth, particular mention must be made of steps taken to strengthen our position in India, where a further 18 cement and grinding plants were included in the Group during the year under review. By 2010, the Group plans to extend cement capacity by some 25 million tonnes through the construction of new facilities and by expanding existing plants. Expansion work will be largely in emerging markets.

## Aggregates

### Profile

Aggregates include crushed stone, gravel and sand. Production centers around quarrying, preparing and sorting the raw material. Aggregates are mainly used in the manufacture of ready-mix concrete, concrete products and asphalt as well as for road building and railway tracks. The recycling of aggregates from concrete demolition material is gaining in importance at Holcim.

### Developments

Holcim expanded its aggregates operations in the year under review. Meyer Material Company, which operates 8 aggregates plants and 26 ready-mix concrete facilities, was acquired in July and became part of Aggregate Industries US. The Chicago-based firm strengthens the aggregates and related businesses in the Great Lakes region, and opens up a further field of growth potential for Aggregate Industries US. In September, Holcim acquired the building materials group Foster Yeoman. The company operates two attractive quarries in southern England and Scotland as well as a network of sales centers for aggregates in important ports along the North Sea and the Baltic coasts. Foster Yeoman is also active in the asphalt sector.

## Other construction materials and services

### Profile

Concrete is the world's most important construction material. One cubic meter consists of approximately 300 kilograms of cement, 150 liters of water and 2 tonnes of aggregates. Asphalt is a bituminous construction material used primarily for road paving. By weight, asphalt consists mainly of aggregates of differing grain size. Essentially, Holcim's service offering embraces construction services and international trading.

### Developments

The incorporation of Aggregate Industries with the Group in 2005 and the acquisitions made in the UK and US during 2006 mark a significant expansion of this segment. Holcim's presence was also increased by the opening of ready-mix concrete plants in a number of growth markets. This expansion underscores the significance of alignment along the entire value chain from cement and aggregates to ready-mix concrete and concrete goods.

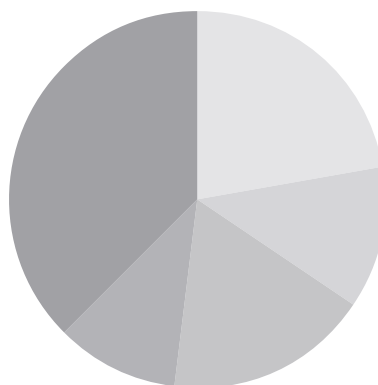
**Consolidated key figures for cement in 2006**

Production capacity cement in million t	197.8
Cement and grinding plants	152
Sales of cement in million t	140.7
Net sales <sup>1</sup> in million CHF	15,210
Operating profit <sup>1</sup> in million CHF	3,832
Personnel	57,878

<sup>1</sup> Includes all other cementitious materials.

**Consolidated sales of cement 2006 per region<sup>1</sup>**

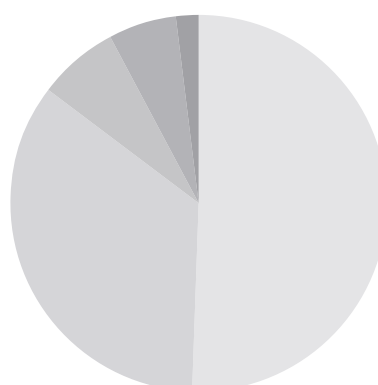
Europe	32.9 million t
North America	17.7 million t
Latin America	25.9 million t
Africa Middle East	15.3 million t
Asia Pacific	55.0 million t
<sup>1</sup> Intra-region sales	-6.1 million t

**Consolidated key figures for aggregates in 2006**

Aggregates plants	412
Sales of aggregates in million t	187.6
Net sales in million CHF	2,964
Operating profit in million CHF	301
Personnel	7,136

**Consolidated sales of aggregates 2006 per region**

Europe	95.4 million t
North America	65.1 million t
Latin America	12.7 million t
Africa Middle East	11.2 million t
Asia Pacific	3.2 million t

**Consolidated key figures for other construction materials and services in 2006**

Ready-mix concrete plants	1,062
Asphalt plants	118
Sales of ready-mix concrete in million m <sup>3</sup>	44.2
Sales of asphalt in million t	15.3
Net sales in million CHF	8,603
Operating profit in million CHF	252
Personnel	23,724