



## Media release on 3<sup>rd</sup> quarter results 2007

### Good Group results in first nine months and promising outlook

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- Higher deliveries in the cement and ready-mix concrete segments
  - Net sales increase 15.8 percent to CHF 20.3 billion
  - Operating EBITDA lifted 19 percent to CHF 5.3 billion
  - Operating profit improves 20.7 percent to CHF 4 billion
  - Capital gain of CHF 1.1 billion on sale of shareholding in South Africa
  - Net income rises 97.8 percent to CHF 3.9 billion
  - Net income (attributable to equity holders of Holcim Ltd) increases 119.3 percent to CHF 3.3 billion
  - Cash flow from operating activities improves 38.8 percent to CHF 3.3 billion
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November 7, 2007

#### **Strong presence in growth markets pays off**

Much of the global construction industry remains in a robust state. This is particularly true of the emerging markets and especially of Asia. Increasing urbanization, major housing shortages and the need to expand infrastructure is leading to steady demand for construction materials. In this dynamic environment, Holcim performed very well in the first nine months of 2007 and made substantial financial progress.

The result also reflects Holcim's ability to integrate newly acquired companies rapidly and efficiently into the Group and its ability to achieve attractive margins in spite of rising energy and raw material prices.

Group cement sales increased by 8.7 percent to 112.8 million tonnes. Deliveries of aggregates such as crushed stone, gravel and sand by the Group companies operating in this segment declined by 0.7 percent to 137 million tonnes. Holcim made gains in the ready-mix concrete segment, where the sales volume rose by 2.4 percent to 33.6 million cubic

meters. The greatest increase was achieved in Asia due to the buoyant economic situation and the new consolidations. The deconsolidation of Holcim South Africa in June 2007 had a substantial impact on Group region Africa Middle East.

Group in million CHF	Jan - Sept 2007	Jan - Sept 2006	+/-%	July - Sept 2007	July - Sept 2006	+/-%
Net sales	20,286	17,514	+15.8	7,284	6,635	+9.8
Operating EBITDA	5,340	4,489	+19.0	2,016	1,772	+13.8
Operating profit	3,961	3,281	+20.7	1,538	1,340	+14.8
Net income	3,857	1,950	+97.8	999	862	+15.9
Cash flow from operating activities	3,260	2,348	+38.8	1,527	1,532	-0.3

Consolidated net sales increased by 15.8 percent to CHF 20.286 billion, and operating EBITDA rose by 19 percent to CHF 5.340 billion. In most cases it proved possible to pass on higher purchase prices. In parallel with the further increase in operating efficiency, the operating EBITDA margin improved by 0.7 percentage points to 26.3 percent. At 13.1 percent, internal operating EBITDA growth was higher than the mid-year figure. Since net income also contains the capital gain and the special dividend from the sale of the South African shareholding, it increased by an above-average 97.8 percent to CHF 3.857 billion, and the share of net income attributable to equity holders of Holcim Ltd increased by 119.3 percent to CHF 3.300 billion. Cash flow from operating activities increased by 38.8 percent to CHF 3.260 billion.

### **Improvements in results in Europe**

There is still a great deal of construction under way in Europe. France and the UK saw increases in building activity. Some signs of market saturation were apparent in Switzerland and Northern Italy. In Spain, primarily the residential construction sector declined. Growth continued in Eastern Europe. Demand remained particularly dynamic in the Southeast of Europe and in Russia.

In northern France, Holcim France Benelux increased sales in all segments. Aggregate Industries UK sold more aggregates supported by a strong contribution from Foster Yeoman and also increased its ready-mix concrete and asphalt sales. Business was particularly good in the Greater London area. In Germany, cement deliveries remained stable. At Holcim Switzerland, weaker activity in civil engineering led to a fall in sales volumes and at Holcim Spain, deliveries did not match the previous year's high levels.

In Eastern and Southeastern Europe, cement sales increased. Holcim Bulgaria achieved the highest growth rate, followed by Group companies in Romania and the Czech Republic. Slovakia, the Czech Republic and Bulgaria saw higher than average increases in sales of aggregates. Croatia and Romania reported strong growth in ready-mix concrete sales.

Given the region's market potential, Holcim is undertaking several expansion projects. The capacity modernization and expansion program under way in Beli Izvor (Bulgaria) is at an advanced stage, and in Campulung, Romania's largest kiln line is currently under construction. At the Shurovo plant, which supplies Moscow with cement, project planning work is in full swing with a view to doubling production capacity to 2.1 million tonnes of cement per year.

Overall in Europe, cement deliveries rose by 5.7 percent to 26.1 million tonnes. Volumes of aggregates sold rose the most strongly by 9.8 percent to 76.4 million tonnes. This increase

is attributable to the volumes contributed by UK-based Foster Yeoman consolidated for the first time as of September 2006, brisk demand in France and Germany, and a solid performance in Eastern and Southeastern Europe. Volumes of ready-mix concrete remained stable at 14.9 million cubic meters.

Europe in million CHF	Jan - Sept 2007	Jan - Sept 2006	+/-%	July - Sept 2007	July - Sept 2006	+/-%
Net sales	7,773	6,306	+23.3	2,708	2,326	+16.4
Operating EBITDA	1,835	1,464	+25.3	700	574	+22.0
Operating profit	1,345	1,058	+27.1	530	433	+22.4

Operating EBITDA increased by 25.3 percent to CHF 1.835 billion, while internal operating EBITDA growth came to 13 percent. The result reflects the improvements in performance of Aggregate Industries UK, Holcim France Benelux, and virtually all Group companies in Eastern Europe. Worthy of particular attention are the encouraging interim results achieved in Slovakia, the Czech Republic, Romania and Bulgaria. A markedly higher contribution to results was achieved in Russia.

### **Solid earnings from North America**

The situation in the US real estate market remains difficult. The number of homes for sale on the market has increased steadily since the beginning of the year. The favorable order situation for industrial and commercial buildings, and infrastructure work have provided a certain counterweight. The mood in Canada is slightly better and recent months have even seen a revival in construction activity.

At Holcim US, sales volumes declined, particularly in the Mid-West and in the catchment area of the Mississippi and Missouri rivers. As a logical consequence, there has been a strong reduction in lower-margin cement imports. In Canada too, St. Lawrence Cement could not realize the same level of high volume achieved in the previous year, and in the Northeastern US – the company's second market area – cement deliveries also decreased. From a Group perspective, cement sales in North America decreased by 9.5 percent to 12.4 million tonnes in the first nine months of 2007.

Aggregate Industries US was impacted by a tougher environment and to some extent by adverse weather conditions. Thus, aggregates suffered a decline in volumes despite Meyer Material being part of this Group company since mid-2006, but retained its market share. At St. Lawrence Cement in Canada, the higher order volume from the commercial, industrial and public sectors led to additional sales. On balance, deliveries in North America decreased by 10.4 percent to 43 million tonnes. Sales of ready-mix concrete increased in both countries, partially driven by acquisitions, by 1.9 percent to 5.3 million cubic meters on a consolidated basis.

North America in million CHF	Jan - Sept. 2007	Jan - Sept 2006	+/-%	July - Sept 2007	July - Sept 2006	+/-%
Net sales	4,016	4,110	-2.3	1,763	1,734	+1.7
Operating EBITDA	771	776	-0.6	428	400	+7.0
Operating profit	492	525	-6.3	324	308	+5.2

Due to productivity gains, a high capacity utilization, and good market prices, Holcim US succeeded in making up for the lower demand and even reported a slight improvement in operating EBITDA compared with 2006. St. Lawrence Cement virtually matched its strong prior-year performance. Aggregate Industries US posted a weaker result. The financial

results of Group region North America just fell short of the previous year's level. Consolidated operating EBITDA decreased by 0.6 percent to CHF 771 million. Contrary to the first half of 2007, internal operating EBITDA growth was positive at 0.5 percent.

Holcim US has largely completed the construction of the port facilities on the Mississippi and the big silos at the new Ste. Genevieve plant. Work is progressing as scheduled on the foundations of the new kiln line and the preheater tower. Aggregate Industries US has acquired several ready-mix concrete plants in South Carolina and thus established a further foothold in an attractive market.

Since August 13, 2007, following the successful completion of the public tender to the minority shareholders, St. Lawrence Cement has become a wholly owned Group subsidiary. To improve Holcim's long-term positioning in the North American market, it was decided that as of the beginning of 2008 St. Lawrence Cement would concentrate on the Canadian market, while its activities in the northeastern part of the United States would be integrated into Holcim US. This repositioning will lead to improved customer relations and market development, and will bring cost savings.

### **Latin American deliveries reach high levels**

Taken as a whole, the Latin American construction sector has held up well. Despite regional differences, cement consumption continued to rise. The solid order position in the construction sector is mainly a reflection of robust domestic demand. In many places, additional impetus was generated by the export sector, which benefited from rising world market prices for raw materials and agricultural products. Investment focused on public and private house building activity. However, the expansion of transport and utility infrastructure was also a major factor.

In Mexico, Holcim Apasco concentrated on high-margin cement types leading to a slight decrease in sales volumes. Deliveries of ready-mix concrete were at the same level as the previous year. Holcim sold more cement in Central America and the Caribbean. Investments in port facilities and tourist development and the expansion of refinery capacity led to higher demand.

Markets in Colombia and Ecuador remained buoyant, with both Group companies seeing significant increases in sales of cement and ready-mix concrete. Holcim Venezuela decided not to export clinker and cement due to sustained strong domestic demand. Delays in projects for the expansion of local public transport networks led to a fall in volumes of ready-mix concrete. Holcim Brazil saw a sharper than expected increase in cement sales, as well as a rise in deliveries of ready-mix concrete. For the first time in about two years, price levels improved slightly, but they continued to remain unsatisfactory. In Chile, the construction markets revived a little in the third quarter. However, Cemento Polpaico saw a slight decline in cement sales over the nine-month period as a whole. The oversupply in the ready-mix concrete sector continued to depress volumes. Construction activity in Argentina was dynamic, and Minetti achieved remarkable growth rates in all segments.

Consolidated cement sales in this Group region grew by 1.5 percent to 19.8 million tonnes. Difficult conditions in the aggregates business with third parties in Ecuador and Brazil resulted in a decline in consolidated deliveries in this segment by 3.1 percent to 9.4 million tonnes. Volumes of ready-mix concrete increased by 4 percent to 7.8 million cubic meters.

Latin America in million CHF	Jan – Sept 2007	Jan – Sept 2006	+/-%	July – Sept 2007	July – Sept 2006	+/-%
Net sales	2,961	2,750	+7.7	1,038	934	+11.1
Operating EBITDA	932	955	-2.4	324	309	+4.9
Operating profit	752	765	-1.7	265	245	+8.2

The lower volumes in Mexico, the persisting unsatisfactory price situation in Brazil and the subdued market development in Chile affected the consolidated results for the region. Other factors include the sharp increase in the price of petcoke, which is an important source of energy for the cement plants, and the deterioration in exchange rates against the Swiss franc. Operating EBITDA decreased by 2.4 percent to CHF 932 million. Internal operating EBITDA growth was positive at 0.1 percent.

### **Africa Middle East sees improved margins**

Business conditions in the construction materials markets of this Group region remained favorable, and several Group companies made remarkable progress.

Holcim Morocco benefited from rising demand in the residential construction, tourism and road building sectors. Delivery volumes of cement and ready-mix concrete increased. The new kiln line at the Settat plant started clinker production in July. Production is progressing as expected, supporting future supply of the key market area of Casablanca. Robust economic conditions led to new record levels of cement deliveries at Egyptian Cement. Despite the export levy introduced in spring, exports of cement and clinker have been kept at a significant level. Construction activity was still weak in Lebanon. Since cement deliveries to bordering countries continued to flourish, the Lebanese Group company saw a net increase in sales.

Group companies in the Indian Ocean region also reported a rise in sales volumes. The increase in demand for cement and ready-mix concrete is attributable to house and road building in La Réunion. In West Africa, sales volumes recovered.

The majority interest in the share capital of Holcim South Africa was sold, backed by the government's Black Economic Empowerment strategy. The company was deconsolidated with effect from June 5, 2007. As a result, consolidated cement sales declined by 0.9 percent to 11.2 million tonnes, while deliveries of aggregates decreased by a higher than average 38.1 percent to 5.2 million tonnes. Volumes of ready-mix concrete decreased by 21.1 percent to 1.5 million cubic meters. On a like-for-like basis, sales of cement would have increased by 13.3 percent, deliveries of aggregates by 1.2 percent and volumes of ready-mix concrete by 10.5 percent.

Africa Middle East in million CHF <sup>1</sup>	Jan - Sept 2007	Jan - Sept 2006	+/-%	July - Sept 2007	July - Sept 2006	+/-%
Net sales	1,466	1,547	-5.2	387	542	-28.6
Operating EBITDA	535	512	+4.5	146	190	-23.2
Operating profit	481	445	+8.1	131	167	-21.6

<sup>1</sup> Since June 5, 2007 excluding Holcim South Africa.

The first nine months of the current financial year saw a significant improvement in the results of Group region Africa Middle East. All Group companies contributed to this positive development. There was a marked rise at Holcim Morocco and Egyptian Cement in

particular. Despite the loss of earnings from South Africa, operating EBITDA increased by 4.5 percent to CHF 535 million, while internal operating EBITDA growth was 30.3 percent.

### **Continued expansion in Asia Pacific**

Construction activity gained momentum in Group region Asia Pacific. With a few exceptions, the markets served by Holcim saw an increase in cement consumption. There was a sharp rise in demand for building materials in India and Vietnam. Demand also increased appreciably in Indonesia and the Philippines, while remaining firm in Australia and New Zealand.

The two Indian Group companies ACC and Ambuja Cements once again increased their sales of cement. Despite long-lasting monsoons and sporadic interruptions of production, market supplies were assured at all times. The good order situation is attributable to residential and commercial construction activity and major infrastructure projects.

Holcim Vietnam also increased its cement production substantially. Siam City Cement in Thailand more than compensated for the fall in domestic demand with higher cement exports. Sales of ready-mix concrete increased slightly. Holcim Philippines benefited from more robust market conditions and exports increased. In Indonesia, lower interest rates stimulated the private construction sector. Volumes sold by Cement Australia and Holcim New Zealand reached impressive levels.

With the exception of Holcim Malaysia – where weather conditions delayed the start of major construction projects – Group companies increased deliveries of cement. The sharp rise in consolidated sales by 23.1 percent to 48.5 million tonnes is primarily attributable to the Group companies in India. The 30.4 percent rise in sales of aggregates to 3 million tonnes is due to the increase in activity in Thailand and Indonesia. The 24.2 percent increase in sales of ready-mix concrete to 4.1 million cubic meters reflects the continuing vertical integration in several conurbations.

Asia Pacific in million CHF	Jan - Sept 2007	Jan - Sept 2006	+/-%	July - Sept 2007	July - Sept 2006	+/-%
Net sales	4,678	3,342	+40.0	1,595	1,262	+26.4
Operating EBITDA	1,402	933	+50.3	462	351	+31.6
Operating profit	1,035	645	+60.5	336	241	+39.4

The wider scope of consolidation and the solid business performance are reflected in this Group region's positive financial results. Operating EBITDA increased by 50.3 percent to CHF 1.402 billion. The Group posted internal operating EBITDA growth of 23.3 percent. India apart, Group companies in Indonesia, the Philippines, Singapore and Vietnam in particular contributed to the better results.

In the third quarter of 2007, the Group increased its stake in Group company Ambuja Cements through the acquisition of a share package from the founding families. Under India's takeover code, this transaction automatically triggers a public bid for a further 20 percent of the share capital.

In line with the forecast increase in consumption, Holcim's cement capacity in India will significantly be expanded over the next few years, reaching approximately 45 million tonnes per year by the end of 2007.

**Record result in sight**

For the 2007 financial year as a whole, Holcim can once again look forward to an excellent result and attractive organic growth. Despite a slowdown in some markets, the Board of Directors and the Executive Committee expect that in 2007 the Group will again clearly exceed its long-term growth target of 5 percent in internal operating EBITDA. The acquisitions of recent years and the extensive program to expand capacity and boost efficiency will give the Group additional growth momentum over the coming years.

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Holcim is one of the world's leading suppliers of cement and aggregates (crushed stone, gravel and sand) as well as further activities such as ready-mix concrete and asphalt including services. The Group holds majority and minority interests in more than 70 countries on all continents.

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This media release is also available in German.

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The Third Quarter Interim Report 2007 is available at [www.holcim.com](http://www.holcim.com)

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**Press conference:**

**Wednesday, November 7, 2007, 9:30 a.m., Holcim, Hagenholzstrasse 85, 8050 Zurich**

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## Key Figures

Holcim Group January – September		2007	2006	+/-%	+/-% local currency
Annual production capacity cement	million t	197.8	197.8 <sup>1</sup>		
Sales of cement	million t	112.8	103.8	+8.7	
Sales of mineral components	million t	4.2	4.4	-4.5	
Sales of aggregates	million t	137.0	138.0	-0.7	
Sales of ready-mix concrete	million m <sup>3</sup>	33.6	32.8	+2.4	
Sales of asphalt	million t	10.5	11.1	-5.4	
Net sales	million CHF	20,286	17,514	+15.8	+13.7
Operating EBITDA	million CHF	5,340	4,489	+19.0	+17.2
Operating EBITDA margin	%	26.3	25.6		
EBITDA	million CHF	6,829	4,616	+47.9	+45.4
Operating profit	million CHF	3,961	3,281	+20.7	+19.1
Operating profit margin	%	19.5	18.7		
Net income	million CHF	3,857	1,950	+97.8	+94.4
Net income margin	%	19.0	11.1		
Net income – equity holders of Holcim Ltd	million CHF	3,300	1,505	+119.3	+115.6
Cash flow from operating activities	million CHF	3,260	2,348	+38.8	+36.3
Cash flow margin	%	16.1	13.4		
Net financial debt	million CHF	14,509	12,837 <sup>1</sup>	+13.0	+13.0
Total shareholders' equity	million CHF	21,745	18,725 <sup>1</sup>	+16.1	+15.0
Gearing <sup>2</sup>	%	66.7	68.6 <sup>1</sup>		
Personnel		88,767	88,783 <sup>1</sup>		
Earnings per dividend-bearing share <sup>3</sup>	CHF	12.73	6.28	+102.7	+99.3
Fully diluted earnings per share <sup>3</sup>	CHF	12.58	6.17	+103.9	+100.5

Principal key figures in USD (illustrative) <sup>4</sup>					
Net sales	million USD	16,628	13,900	+19.6	
Operating EBITDA	million USD	4,377	3,563	+22.8	
Operating profit	million USD	3,247	2,604	+24.7	
Net income – equity holders of Holcim Ltd	million USD	2,705	1,194	+126.5	
Cash flow from operating activities	million USD	2,672	1,863	+43.4	
Net financial debt	million USD	12,401	10,522 <sup>1</sup>	+17.9	
Total shareholders' equity	million USD	18,585	15,348 <sup>1</sup>	+21.1	
Earnings per dividend-bearing share <sup>3</sup>	USD	10.43	4.98	+109.4	

Principal key figures in EUR (illustrative) <sup>4</sup>					
Net sales	million EUR	12,370	11,155	+10.9	
Operating EBITDA	million EUR	3,256	2,859	+13.9	
Operating profit	million EUR	2,415	2,090	+15.6	
Net income – equity holders of Holcim Ltd	million EUR	2,012	959	+109.8	
Cash flow from operating activities	million EUR	1,988	1,496	+32.9	
Net financial debt	million EUR	8,740	7,973 <sup>1</sup>	+9.6	
Total shareholders' equity	million EUR	13,099	11,630 <sup>1</sup>	+12.6	
Earnings per dividend-bearing share <sup>3</sup>	EUR	7.76	4.00	+94.0	

<sup>1</sup> As of December 31, 2006.

<sup>2</sup> Net financial debt divided by total shareholders' equity.

<sup>3</sup> EPS calculation based on net income attributable to equity holders of Holcim Ltd weighted average number of shares.

<sup>4</sup> Income statement figures translated at average rate; balance sheet figures at closing rate.