

# Media release on 1<sup>st</sup> quarter results 2007

## Fundamental strengths in full evidence

## Strong start to the new year

## Record results confirm successful growth path

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- Deliveries up in all product segments
  - Net sales 23.8 percent higher at CHF 5.7 billion
  - Operating EBITDA lifted 34.1 percent to CHF 1.3 billion
  - Operating profit improves 44.2 percent to CHF 904 million
  - Net income rises 94.1 percent to CHF 530 million
  - Net income (attributable to equity holders of Holcim Ltd) increases 109.4 percent to CHF 356 million
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May 3, 2007

### Quarterly result driven by economic growth

The fundamental strengths of Holcim showed clearly in the first quarter of 2007. Economic growth stimulated demand for Holcim's products in Europe, Africa and Asia – supported by a mild winter on the European continent. Holcim was able to offset the weaker sales posted in North America and individual markets of Latin America and achieve higher consolidated sales volumes in all product segments.

### Sales trend and financial results

Cement sales increased by 24.5 percent to 34.6 million tonnes. The strongest increase was recorded by Asia, driven by Holcim's expanded presence in India. Sales of aggregates were up by 4.9 percent to 36.2 million tonnes and deliveries of ready-mix concrete increased by 3.3 percent to 9.4 million cubic meters.

Group in million CHF	January – March 2007	January – March 2006	+/-%
Net sales	5,728	4,628	+23.8
Operating EBITDA	1,342	1,001	+34.1
Operating profit	904	627	+44.2
Net income	530	273	+94.1
Cash flow from operating activities	130	(107)	+221.5

Consolidated net sales improved by 23.8 percent to CHF 5.728 billion, and operating EBITDA increased by 34.1 percent to CHF 1.342 billion. In many markets the continuing cost pressure of thermal fuels and electricity was absorbed by stepping up efficiency and adjusting prices. The operating EBITDA margin increased by 1.8 percentage points to 23.4 percent, and the Group posted an impressive 19.4 percent internal operating EBITDA growth.

Consolidated net income increased by 94.1 percent to CHF 530 million. Cash flow from operating activities developed strongly and was up 221.5 percent to CHF 130 million.

### **Rising demand for building materials in Europe**

Group region Europe profited from a continued robust market and a mild winter.

Most Group companies sold more cement, and deliveries of aggregates and ready-mix concrete were up almost everywhere. Sales in all segments developed well in northern France and the Benelux countries. Thanks to the growing market, the two Group companies in northern and southern Germany were able to increase sales of cement and ready-mix concrete. In the UK, sales volumes of aggregates and ready-mix concrete exceeded the previous year's levels. However, less asphalt was sold in this market due to government delays in calling for tenders for road construction and lower construction activity on account of heavy rainfall. In Eastern Europe demand remained strong and the Group companies in this region were able to increase deliveries, in some cases substantially. The strongest sales growth was posted in Romania and Bulgaria. Alpha Cement in Russia also reported an impressive sales performance.

Cement sales in Group region Europe rose by 22 percent to 7.2 million tonnes. Deliveries of aggregates also increased considerably by 21.2 percent to 22.9 million tonnes. Sales of ready-mix concrete increased by 4.9 percent to 4.3 million cubic meters. The first-time consolidation of Foster Yeoman in the UK had a positive effect on sales volumes.

Europe in million CHF	January – March 2007	January – March 2006	+/-%
Net sales	2,237	1,652	+35.4
Operating EBITDA	435	291	+49.5
Operating profit	278	162	+71.6

Operating EBITDA rose by 49.5 percent to CHF 435 million. Internal operating EBITDA growth was at 37.2 percent. The generally favorable pricing environment compensated for cost increases in raw materials and energy, and progress in cost containment led to better margins. The improved results of the Group companies in Spain, France, Romania and Russia deserve special mention.

In Group region Europe capacity expansion continues to take place. In France, a new grinding plant near Rouen will be supplying the Greater Paris area with cement in an environmentally friendly way via the Seine from 2010 onward. The upgrading of the Beli Izvor plant in Bulgaria and the construction of the largest kiln line in Romania at the Campulung plant are both at an advanced stage. A new project will be also started in Russia. The Shurovo plant, which supplies the booming building materials markets in and around Moscow, is to be expanded. It is planned to double annual production capacity to 2.1 million tonnes of cement.

### **Weak residential construction in North America**

The US building industry saw a fall off in activity in the first quarter. The reason for this slowdown was the marked decline in residential construction and the exceptionally bad building weather in several market regions. But solid demand for commercial and industrial construction and important infrastructure projects in the transport and utilities sectors provided for some compensation. In Canada, building activity recovered modestly in Ontario and Quebec, the provinces important to Holcim, but residential construction also saw a fall off.

In North America, consolidated sales of cement declined by 17.1 percent to 2.9 million tonnes compared to the record sales in the previous year's first quarter. In some regions, rain and heavy snowfalls contributed to the economic slowdown which led to a decrease in sales volumes. Bad weather affected the entire Northeast of the USA, the Great Lakes region, and the markets along the Mississippi and Missouri Rivers. The decline in demand also led to a reduction of lower-margin cement imports by Holcim US.

The difficult market environment and the poor weather conditions affected sales of aggregates and ready-mix concrete by Aggregate Industries US. St. Lawrence Cement also recorded lower deliveries of these products. Including Meyer Material, which was acquired in mid-2006, sales of aggregates in this Group region declined by 24.7 percent to 7 million tonnes. Sales volumes of ready-mix concrete declined by 18.2 percent to 0.9 million cubic meters.

North America in million CHF	January – March 2007	January – March 2006	+/-%
Net sales	773	884	-12.6
Operating EBITDA	17	77	-77.9
Operating profit	(62)	(1)	-

Holcim US was able to largely offset the lower sales volumes with improved prices and an increase in operating efficiency, thus financial results almost matched the strong previous year in local currency terms. However, St. Lawrence Cement could not repeat the solid result seen in the first quarter of 2006. Aggregate Industries US – expanded by Meyer Material – also reported a loss as in the previous years due to the fact that particularly in

road construction orders are traditionally weak at the start of the year. The consolidated operating EBITDA decreased by 77.9 percent to CHF 17 million. Internal operating EBITDA growth was negative at 62.3 percent.

Work at the new Ste. Genevieve site is now focusing on the production facilities and silos. The plant is scheduled to come on stream in 2009 and will be the largest in the US, with an annual capacity of 4 million tonnes.

In February 2007, Holcim announced that the company would make an offer for all minority shareholdings of St. Lawrence Cement. However, a formal offer is dependent on fulfilling certain conditions. At present, a special committee consisting of independent board members of St. Lawrence Cement is considering the proposed offer. Holcim expects that the transaction will be successfully concluded at the earliest in the second half of 2007.

### **Robust development in Latin America**

Developments in Group region Latin America met expectations in the first months of 2007. Growth varied by region, and in a few markets the recovery was moderate. Besides robust domestic demand, export-oriented industries supported the solid order position in the construction industry. Primarily, residential construction particularly attracted investment. A number of infrastructure projects, including port, road, underground transport and power plant construction, were also important.

In Mexico, Holcim Apasco witnessed a moderate decline in cement sales on account of generally lower construction activity. Deliveries of ready-mix concrete remained stable. Sales by Group companies in Central America developed well. Market conditions were also good in Colombia and Ecuador, and the deliveries of cement and ready-mix concrete rose significantly.

To meet growing domestic demand, Holcim Venezuela further reduced its export activities. Heavy rainfall hampered construction activity in Brazil, which temporarily impacted on deliveries by the local Group company. In Chile economic growth has slowed since the last quarter of 2006, with the result that Cemento Polpaico sold less cement and ready-mix concrete. The market situation in Argentina remained robust, and Minetti achieved impressive growth rates in all segments. Accordingly, the company is taking measures to increase productivity in its cement plants by 2008.

Group region Latin America almost maintained the high previous year's level. Consolidated cement sales declined only marginally by 1.6 percent to 6.3 million tonnes. Sales of aggregates fell by 3.2 percent to 3 million tonnes, while deliveries of ready-mix concrete remained unchanged at 2.4 million cubic meters.

Latin America in million CHF	January – March 2007	January – March 2006	+/-%
Net sales	933	926	+0.8
Operating EBITDA	304	329	-7.6
Operating profit	242	263	-8.0

Operating EBITDA in this Group region decreased by 7.6 percent to CHF 304 million, due primarily to a worsening of exchange rates versus the Swiss franc. Internal operating EBITDA growth was only slightly negative at 0.9 percent.

### **Solid market growth in Group region Africa Middle East**

The building materials markets for Holcim in this Group region benefited from solid economic growth in the first quarter of 2007. All Group companies reported higher cement sales. Demand was particularly strong along the North African coast and in South Africa.

In Morocco, the plants were running at high capacity. Road construction, public housing construction programs, and growing investment in the infrastructure of the tourism sector boosted deliveries of cement and ready-mix concrete. Egyptian Cement experienced increased demand for cement on the back of a robust domestic economic expansion, and exports rose modestly. In Lebanon, too, the Group company sold more cement. Much of the considerable rise in sales is explained by higher cement exports also to neighboring countries. Demand for ready-mix concrete was stable in the Greater Beirut area. Intensified residential construction and infrastructure expansion on La Réunion resulted in higher sales volumes of cement and ready-mix concrete for the Group companies in the Indian Ocean. Sales volumes recovered partially in West Africa. With demand for building materials remaining dynamic, Holcim South Africa again recorded substantial increases in sales in all product segments.

Consolidated cement sales in this Group region rose by 17.6 percent to 4 million tonnes. At 2.5 million tonnes, deliveries of aggregates matched the previous year's level. Sales of ready-mix concrete improved by 20 percent to 0.6 million cubic meters.

Africa Middle East in million CHF	January – March 2007	January – March 2006	+/-%
Net sales	538	466	+15.5
Operating EBITDA	196	151	+29.8
Operating profit	177	128	+38.3

Compared with the first quarter of 2006, Group region Africa Middle East achieved substantially stronger results. Operating EBITDA increased by 29.8 percent to CHF 196 million, and internal operating EBITDA growth was 45 percent. The Group companies in South Africa, Morocco and Egypt all reported markedly stronger financial results.

In the second half of 2007, Holcim Morocco will bring on stream a new kiln line south of Casablanca with a capacity of 1.7 million tonnes. One of the benefits of this expansion is to be able to supply low-cost clinker to the already existing grinding plant at the same site.

Further progress was made on the sale of part of Holcim's shareholding in Holcim South Africa to a consortium satisfying the government's Black Economic Empowerment requirements. The planned transaction is expected to be finalized in the course of the next few months having secured financing from the consortium and obtained the necessary approvals.

### Continued expansion in Group region Asia Pacific

In the first quarter of 2007, the construction industry in this Group region progressed further. Only Thailand saw a slowdown in economic growth, as a result of the political situation. Cement consumption rose in all other markets that Holcim serves in the region. Demand for construction materials was particularly strong in India. As a result, the two Group companies, ACC and Ambuja Cements, were running at full capacity.

Holcim Vietnam substantially increased its cement production. The commissioning of a second ready-mix concrete plant to the south of Ho Chi Minh City gave the Group company improved customer proximity within its main market. Siam City Cement in Thailand compensated for softer domestic sales through higher cement exports. Sales of ready-mix concrete rose slightly. In the Philippines, Holcim benefited from increased public investment in infrastructure projects. Private residential and commercial construction created additional demand. Holcim Indonesia increased sales of cement and ready-mix concrete. Thanks to the solid level of new orders in commercial and industrial construction, Cement Australia was able to sell more cement despite lower demand for building materials in residential construction. Holcim New Zealand registered higher sales of cement and set a new production record for aggregates.

The sharp rise in consolidated cement sales by 57.4 percent to 15.9 million tonnes is primarily due to the two Indian Group companies. In the previous year, sales volumes of ACC and Ambuja Cements were consolidated only as of February and May, respectively. Shipments of aggregates increased substantially by 14.3 percent to 0.8 million tonnes. Deliveries of ready-mix concrete increased by 20 percent to 1.2 million cubic meters. This reflects in particular the first-time inclusion of Holcim's activities in important Indian conurbations and the ongoing vertical integration in other metropolitan areas in this Group region.

Asia Pacific in million CHF	January – March 2007	January – March 2006	+/-%
Net sales	1,451	862	+68.3
Operating EBITDA	444	217	+104.6
Operating profit	324	141	+129.8

The expanded scope of consolidation and the solid business performance have positively impacted this Group region's financial results. Operating EBITDA increased by 104.6 percent to CHF 444 million. With the exception of Cement Australia, all Group companies improved their financial results. Internal operating EBITDA growth reached 26.7 percent.

Capacity is being selectively expanded, particularly in the growth market of India. Ambuja Cements will be constructing five further grinding plants and two kiln lines in the coming years. ACC will also substantially expand its production capacity. Major work on extending two existing plants has already started, supplemented by two new grinding plants. By the end of 2010, production capacity in this growth market will expand by about 15 million tonnes in total to well over 50 million tonnes. This capacity expansion will allow the two Group companies to profit from the anticipated market growth and generate additional added value.

In the period under review, Holcim increased its participation (voting right) in ACC and Ambuja Cements in India to 38 percent and 28 percent, respectively, through open market purchases.

In China, approval is still pending for Huaxin Cement's planned capital increase. Holcim intends to continue reinforcing and expanding its presence in the world's largest cement market.

### **Continued growth**

The global economy is expected to continue to drive demand for Holcim's products in the coming months. The acquisitions made in 2006 will have a positive impact on the Group's financial result in 2007 and counter the slowdown witnessed in some markets. The Board of Directors and the Executive Committee expect to reach again in 2007 the long-term growth target of 5 percent in internal operating EBITDA.

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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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## Key Figures

Holcim Group January – March		2007	2006	+/-%	+/-% local currency
Annual production capacity cement	million t	198.1	197.8 <sup>1</sup>	+0.2	
Sales of cement	million t	34.6	27.8	+24.5	
Sales of mineral components	million t	1.1	1.1		
Sales of aggregates	million t	36.2	34.5	+4.9	
Sales of ready-mix concrete	million m <sup>3</sup>	9.4	9.1	+3.3	
Sales of asphalt	million t	2.1	1.8	+16.7	
Net sales	million CHF	5,728	4,628	+23.8	+26.0
Operating EBITDA	million CHF	1,342	1,001	+34.1	+38.3
Operating EBITDA margin	%	23.4	21.6		
EBITDA	million CHF	1,382	1,031	+34.0	+37.6
Operating profit	million CHF	904	627	+44.2	+49.6
Operating profit margin	%	15.8	13.5		
Net income	million CHF	530	273	+94.1	+102.2
Net income margin	%	9.3	5.9		
Net income – equity holders of Holcim Ltd	million CHF	356	170	+109.4	+115.9
Cash flow from operating activities	million CHF	130	(107)	+221.5	+239.3
Cash flow margin	%	2.3	(2.3)		
Net financial debt	million CHF	13,508	12,837 <sup>1</sup>	+5.2	+5.0
Total shareholders' equity	million CHF	19,309	18,725 <sup>1</sup>	+3.1	+2.3
Gearing <sup>2</sup>	%	70.0	68.6 <sup>1</sup>		
Personnel		87,568	88,783 <sup>1</sup>	-1.4	
Earnings per dividend-bearing share <sup>3</sup>	CHF	1.40	0.74	+89.2	+94.6
Fully diluted earnings per share <sup>3</sup>	CHF	1.39	0.74	+87.8	+93.2

Principal key figures in USD (illustrative) <sup>4</sup>					
Net sales	million USD	4,657	3,560	+30.8	
Operating EBITDA	million USD	1,091	770	+41.7	
Operating profit	million USD	735	482	+52.5	
Net income – equity holders of Holcim Ltd	million USD	289	131	+120.6	
Cash flow from operating activities	million USD	106	(82)	+229.3	
Net financial debt	million USD	11,072	10,522 <sup>1</sup>	+5.2	
Total shareholders' equity	million USD	15,827	15,348 <sup>1</sup>	+3.1	
Earnings per dividend-bearing share <sup>3</sup>	USD	1.14	0.57	+100.0	

Principal key figures in EUR (illustrative) <sup>4</sup>					
Net sales	million EUR	3,536	2,967	+19.2	
Operating EBITDA	million EUR	828	642	+29.0	
Operating profit	million EUR	558	402	+38.8	
Net income – equity holders of Holcim Ltd	million EUR	220	109	+101.8	
Cash flow from operating activities	million EUR	80	(69)	+215.9	
Net financial debt	million EUR	8,338	7,973 <sup>1</sup>	+4.6	
Total shareholders' equity	million EUR	11,919	11,630 <sup>1</sup>	+2.5	
Earnings per dividend-bearing share <sup>3</sup>	EUR	0.86	0.47	+83.0	

<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.