

Holcim is one of the world's leading manufacturers of quality products for the construction sector.

The Group's business activities are divided into three product segments.

The cement segment includes all activities focusing on the manufacture and distribution of cement and other cementitious materials.

The aggregates segment comprises the production, processing and distribution of aggregates such as crushed stone, gravel and sand.

The third segment includes ready-mix concrete, concrete goods as well as asphalt – products which build on the two core segments cement and aggregates and undergo further refining in a transformation process. In addition to the product-specific services, this segment also covers international trading activities relating to the marketing of cement, clinker and raw materials, including the purchase of coal and petroleum coke, both important sources of energy for the cement industry.

Holcim has production sites in over 70 countries worldwide. Demand factors dictate that sales in developing and newly industrialized countries are dominated by cement, but the range of products on offer is broadened as an economy matures. Thus, aggregates, ready-mix concrete, asphalt and other customer-specific products and services are becoming increasingly important in Europe, North America and major urban centers. As a vertically integrated Group, we are able to generate added value along the entire value chain.

Founded in Switzerland in 1912, Holcim is backing global standards both in terms of production and distribution and also in relation to environmental and social responsibility. The local Group companies focus on optimum customer servicing, which also includes product-dedicated services.

Cement

Profile

Cement is a cementitious material manufactured in a large-scale, 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 very 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. Global cement consumption per year is estimated at over 2 billion tonnes.

Developments

In 2005, consolidated cement sales rose by 8.3 percent to 110.6 million tonnes. In addition, deliveries of mineral components amounted to 5.5 million tonnes (+25 percent). Other points worth highlighting are our solid internal growth, the strengthening of our presence in El Salvador at the beginning of the year and our entry into the Indian market in the second quarter of 2005.

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 following construction sectors: manufacture of ready-mix concrete, concrete goods and asphalt as well as for roadbeds and railway fundamentals.

Developments

During the year under review, Holcim strengthened its aggregates business substantially. Thanks to the acquisition of Aggregate Industries, Group sales of aggregates rose by 62.5 percent to 163.9 million tonnes. Aggregate Industries is a leading aggregates supplier in the UK and the US.

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

With the integration of Aggregate Industries into the Group, this segment expanded significantly in 2005. Deliveries of ready-mix concrete increased by 30.4 percent to 38.2 million cubic meters, while sales of asphalt reached 13.3 million tonnes. This gratifying trend underscores the importance of integration along the value chain, particularly in the case of mature markets and major urban centers.

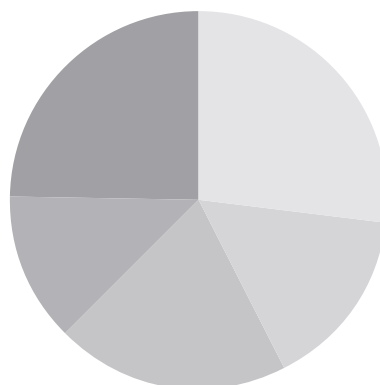
Consolidated key figures for cement in 2005

Production capacity cement in million t	160.4
Cement and grinding plants	135
Cement sales in million t	110.6
Net sales ¹ in million CHF	11,561
Operating profit ¹ in million CHF	2,761
Personnel	34,543

¹ Includes all other cementitious materials.

Consolidated sales of cement 2005 per region¹

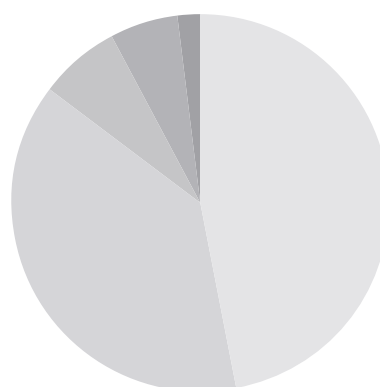
Europe	31.8 million t
North America	18.2 million t
Latin America	23.7 million t
Africa Middle East	14.8 million t
Asia Pacific	28.9 million t
¹ Intra-region sales	-6.8 million t

**Consolidated key figures for aggregates in 2005**

Aggregates plants	398
Sales of aggregates in million t	169.3
Net sales in million CHF	2,293
Operating profit in million CHF	257
Personnel	6,542

Consolidated sales of aggregates 2005 per region

Europe	79.7 million t
North America	65.0 million t
Latin America	11.7 million t
Africa Middle East	9.7 million t
Asia Pacific	3.2 million t

**Consolidated key figures for other construction materials and services in 2005**

Ready-mix concrete plants	989
Asphalt plants	111
Sales of ready-mix concrete in million m ³	38.2
Sales of asphalt in million t	13.3
Net sales in million CHF	6,863
Operating profit in million CHF	298
Personnel	18,750