Third quarter results and outlook 2005
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The spoken word prevails.
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Key facts at a glance (1)
Half-year trends based on acquisitions and solid internal growth continued in the third quarter. A global presence and a focus on emerging markets produced excellent financial results. The integration of recently acquired companies is proceeding well. Particular attention should be paid to Aggregate Industries with production sites in the UK and US. Synergies of roughly 100 million Swiss francs announced at the time of the acquisition will be realized as scheduled by the end of 2007. Holcim has secured new growth potential by strengthening the aggregates and ready-mix concrete segments and establishing a market presence on the Indian sub-continent.

Our facilities continue to operate at a high utilization rate. Price adjustments, sales increases and cost-savings resulted in solid internal growth. This more than offset rising energy costs and price pressure in some markets.

We are also pleased to be acknowledged as "Leader of the Industry" in the Dow Jones Sustainability Index 2006 and are again included in FTSE4Good Index. These external recognitions emphasize our substantial efforts in the field of sustainable development.

Europe (2)
Despite regional variations within the European construction sector, on balance, Holcim can report a positive trend. Order inflow was at a high level in most western European countries, including the UK, and dynamic construction activity was registered in France, Switzerland and, above all, Spain. By contrast, demand remained low in Germany and, in northern Italy, the sector only recovered gradually from the dip in the first half of the year. A satisfactory level of building activity was registered in the markets we serve in southeastern Europe.

Positions in Europe (3)
The acquisition of Aggregate Industries has significantly strengthened Holcim's position in the aggregates and ready-mix concrete segments in Europe. This new Group company owns 85 quarries and aggregates operations in the UK with downstream businesses in ready-mix concrete, concrete products and asphalt. In other markets, we also expanded our activities in these segments.

In the context of further product differentiation, Holcim commissioned a grinding station in Dunkirk on the English Channel. The plant produces composite slag-based cements.

After completing the refurbishment of the Alesd plant in Romania, we decided to build a new kiln line at the Campulung plant. This will be Romania's largest cement plant when it becomes operational in 2008.

Facts on Europe (4)
Consolidated sales in Europe increased in all segments. Holcim's sales have risen steadily in Spain since the start of the year, mainly because of the continued boom in housing as well as major public-sector infrastructure

construction. Sales volumes also increased in France, but price pressure in Belgium resulted in a drop in deliveries. In Switzerland, southern Germany and southeastern Europe and Russia, Group companies reported far higher sales. Despite slightly weaker construction activity, Aggregate Industries UK has produced very good results. The company has been fully consolidated since April 2005.

It should be noted that there was renewed improvement in results of several Group companies. Despite a slight recovery of prices in Germany, price levels remain insufficient to achieve reasonable returns. As a Swiss-based Group, I would like to mention the pleasing results of our local Group company on the strength of excellent construction activity.

Operating EBITDA increased 28 percent to 1.25 billion Swiss francs in Europe, while internal operating EBITDA growth was 8 percent.

North America (5)
Economic conditions in North America remained dynamic. However, in recent months, the Great Lakes region and the northeastern US recorded weakening growth rates. Since demand for cement remained well above domestic output, large quantities of cement and clinker had to be imported.

Supply has additionally been affected in the areas hit by Hurricane Katrina. We are very relieved that there are no casualties among our employees and that our production facilities and distribution network reported only minor damages. After a short interruption, we could resume normal deliveries to our customers.

Positions in North America (6)
Port construction and site preparation have started for the large 4-million-tonne cement project Ste. Genevieve on the Mississippi. Not yet concluded are the negotiations for assembly and different construction lots. The commissioning of the plant in 2009 will further strengthen the cost leadership of Holcim US along the Mississippi and Missouri river system up to the Great Lakes.

To complement our product range, we are also building a slag grinding station at the Mississauga plant in Canada.

Not indicated on the map are Aggregate Industries' 78 aggregates operations and downstream sales channels for ready-mix concrete, concrete products and asphalt in important US market regions.

Facts on North America (7)
Cement deliveries increased further in North America. At the same time, better pricing could be reached in some regions. However, St. Lawrence Cement reported a decline of sales on the US East Coast.

Holcim made a leap forward in aggregates and ready-mix concrete. The acquisition of Aggregate Industries has significantly extended our product range in key market regions of the United States. The new Group company is very well-positioned and is developing in line with expectations. The six-month consolidation of Aggregate Industries significantly improved our results.

Despite some softening of growth in certain regions, as well as rising energy costs, operating EBITDA was 62 percent higher at 674 million Swiss francs in North America. Internal operating EBITDA grew by an impressive 16 percent.

Latin America (8)
In most Latin American markets served by Holcim, the construction sector was supported by private investments and public-sector housing and infrastructure programs. The situation in Central America was less dynamic owing to the restricted funding available to the public sector for construction projects.

Positions in Latin America (9)
In the cement segment of Group region Latin America, we have no important changes to report in the period under review. As for the ready-mix concrete and aggregates segments, we strengthened our activities in several markets.

Facts on Latin America (10)
Cement sales have further increased. Cemento de El Salvador, which has been newly consolidated since the beginning of 2005, has contributed to this success. As well as benefiting from rising domestic demand for cement, our Mexican company Holcim Apasco took advantage of export opportunities. Holcim Brazil posted a slight rise in cement sales on the back of a general upturn in demand. Group companies in Venezuela, Colombia, Ecuador and Chile also benefited from higher orders. Demand continued to rise in Argentina, where Grupo Minetti considerably increased cement sales.

Operating EBITDA rose only slightly to 845 million Swiss francs, due to price pressure in Brazil and Colombia and, above all, rising costs for electrical energy. Internal operating EBITDA growth was negative at minus 3 percent. This is a significant improvement as compared to the first half of the year.

Various cost-efficiency measures are being implemented in this Group region. Energy efficiency is a very important factor. Holcim Apasco is a good example. This Group company managed to lower its thermal energy cost per tonne of cement by 40 percent as compared to 2000. The increased use of petcoke and alternative fuels have played an important role.

Africa Middle East (11)
In Group region Africa Middle East, growth impetus again came from the construction of public housing and the expansion of transport network and tourist infrastructure. In South Africa, business was also stimulated by continued high demand for building materials in the mining industry.

Positions in Africa Middle East (12)
In Morocco, we started with the construction of a new plant with an annual capacity of 1.7 million tonnes. The plant in Settat will commence production in

2008 to better serve the fast growing Casablanca and Rabat markets. Here, we will apply for the first time Chinese technology outside China worth 90 million euros. This decision was prompted by the positive experiences gained with this type of plant at Huaxin Cement. This equipment will of course meet all environmental requirements.

Egyptian Cement is going to extend the capacity of its El Soukhna plant.

Facts on Africa Middle East (13)
Several Group companies took advantage of the favorable business conditions to increase cement sales volumes.

As a whole, Group region Africa Middle East made remarkable headway. All Group companies contributed to the pleasing improvement in results. The largest contributions came from South Africa, Egypt and Morocco.

Operating EBITDA increased 34 percent to 474 million Swiss francs while internal operating EBITDA growth was around 30 percent.

Asia Pacific (14)
In Group region Asia Pacific, demand for cement picked up in almost all markets, with housing and infrastructure construction mainly responsible. India, Vietnam, Indonesia, Thailand, Australia and New Zealand all reported respectable growth in construction, but cement consumption declined slightly in Malaysia and the Philippines as a result of limited public spending.

Positions in Asia Pacific (15)
By entering the Indian market, we have substantially strengthened our presence in Asia Pacific. Since April, we have consolidated Ambuja Cement Eastern with its 2 plants and an annual capacity of 2 million tonnes of cement. Furthermore, we hold a 35 percent participation in The Associated Cement Companies (ACC). This company operates 15 plants across India with a capacity of 18 million tonnes of cement. In some large urban areas, the company has ready-mix concrete operations.

Facts on Asia Pacific (16)
Asia Pacific recorded a strong lift in cement sales. This success is also supported by the first-time consolidation of Ambuja Cement Eastern in India since April, as well as the lively demand in Thailand and Indonesia. The timely commissioning of a second grinding station near Ho Chi Minh City allowed Holcim Vietnam to optimize services to their clients in the south of the country.

Virtually all companies in this Group region posted better results. Principal contributions came from Holcim Philippines – benefiting from a more stable price situation – and Siam City Cement. The Group companies in Australia, Indonesia and Sri Lanka also reported better results. The newly consolidated Ambuja Cement Eastern also made its first profit contribution.

Operating EBITDA rose by 13 percent to 421 million Swiss francs despite higher energy and freight costs. Internal operating EBITDA growth in this region was 11 percent.

Our dense network of production facilities in the ASEAN region enables us to quickly serve deficit markets. Overcapacities from Thailand, Indonesia and the Philippines are successfully marketed through Holcim Trading. Our plants in these countries deliver to other Group companies and third parties in the region, as well as to the US.

Key financial figures (17)
As Markus Akermann already stated, Holcim is able to report higher results for the first nine months of 2005.

Overall net sales increased by 34 percent and operating EBITDA by 25 percent. Operating profit improved by a strong 44 percent and cash flow from operating activities advanced 12 percent.

Major changes in the scope of consolidation (18)
The major changes in the scope of consolidation in the first nine months of 2005 were the first-time consolidation of Cemento de El Salvador, Aggregate Industries and Ambuja Cement Eastern. The company in El Salvador added 1.7 million tonnes per annum of cement capacity and the company in India 2 million tonnes, whereas Aggregate Industries' businesses are aggregates, ready-mix concrete and asphalt.

Exchange rates (19)
The income statement was only marginally affected by foreign exchange rate movements compared to the first nine months of 2004. On the other hand, compared to year-end exchange rates 2004, the impact on the balance sheet was more significant, as all major currencies appreciated against the Swiss franc.

As from January 1, 2005 new functional currencies were adopted for certain Group companies in order to reflect changes in IFRS. As a consequence, the respective companies now report in their local currency. Given that it was mainly Latin America that was affected by the discontinuation of hard currency accounting, we have introduced a new LATAM basket to show how currency developments in those markets impact our results.

Cement and clinker sales volumes by region (20)
Holcim's global cement and clinker sales volumes increased 7 percent to 83 million tonnes in the first nine months of the year. Internal growth was 5 percent. The main contribution came from emerging markets, but an uptrend was also registered in most markets of Europe and North America. In North America, total volume of imported cement was increased marginally by half to 1.7 million tonnes in order to serve higher demand.

Sales volumes aggregates and ready-mix concrete (21)
Aggregates sales volumes achieved a strong increase of 56 percent to 122 million tonnes, of which 45 million tonnes are attributable to Aggregate Industries. Sales volumes of ready-mix concrete increased 28 percent to 28 million cubic meters. Aggregate Industries delivered 4 million cubic meters of ready-mix concrete. All Group regions reported an improvement, with Europe and North America registering the strongest rise owing to the changes in the scope of consolidation referred to before.

Net sales by region (23)
Total consolidated net sales amounted to CHF 13.4 billion. All Group regions contributed to the internal growth of 9 percent as a result of both overall volume and price increases.

Europe and North America increased their stakes in total net sales to 37 percent and 24 percent respectively. 17 percent of net sales are generated in Latin America, 10 percent in Africa Middle East and 12 percent in Asia Pacific.

Operating EBITDA (25)
Operating EBITDA reached CHF 3.5 billion. As expected, operating EBITDA margin decreased 1.8 percentage points to 26.1 percent mainly attributable to acquisitions. Excluding Aggregate Industries and India, the operating EBITDA margin increased to 28.2 percent, which is a further improvement of our margin by 0.3 percentage points.

Production costs of goods sold as a percentage of net sales increased 1.6 percentage points year-on-year mainly owing to changes in the scope of consolidation and unfavorable developments on the energy cost front. Based on a constant scope of consolidation, energy costs account for 10.2 percent of net sales, 1 percentage point up compared to the previous year. As a percentage of net sales, distribution and selling expenses could be reduced by 0.5 percentage points and administration expenses by 0.4 percentage points.

Operating EBITDA by region (26)
Four of five Group regions contributed to the substantial 25 percent total rise in operating EBITDA to CHF 3.5 billion. The exception was Latin America, which faced a material increase in energy costs, and pressure on prices in Brazil and Colombia. A particularly impressive improvement was achieved by North America with a plus of 62 percent, followed by Africa Middle East with plus 34 percent, Europe plus 28 percent and Asia Pacific plus 13 percent. Factoring out the changes in the scope of consolidation, internal operating EBITDA growth was 10 percent. Efficiency gains and cost savings supported the robust internal growth.

Operating profit (27)
Operating profit was strong, increasing 44 percent to CHF 2.6 billion. Growth on a like-for-like basis reached 17 percent. Changes in the scope of

consolidation as well as the discontinuation of goodwill amortization under the new IFRS regulations had a material impact on growth, at 18 percent and 11 percent respectively. Overall, the operating profit margin improved from 17.8 percent to 19.2 percent. Factoring out the first-time consolidation of Aggregate Industries and India, this figure was 21.1 percent.

Operating profit by region (28)
Despite regional differences within the construction sector, internal growth in Europe was 12 percent, producing total operating profit of CHF 923 million, with significantly higher contributions from Spain and southeastern Europe.

In North America, operating profit increased 77 percent to CHF 481 million. Despite high import volumes, internal growth reached 28 percent.

Operating profit increased in Latin America by 9 percent to CHF 657 million. Changes in the scope of consolidation added 8 percent. Internal growth was slightly negative owing to the difficult market conditions in Colombia and Brazil.

Internal growth in operating profit in Group region Africa Middle East amounted to 36 percent, translating into an increase of 44 percent to CHF 411 million. As a whole, the region made impressive headway. All Group companies played a part in this pleasing improvement in result.

Operating profit for Group region Asia Pacific was raised by 39 percent to CHF 276 million, with internal growth at 24 percent. Principal contributions came primarily from Holcim Philippines and Siam City Cement in Thailand.

Group net income (29)
As a result of the excellent operating performance, Group net income increased by 58 percent to CHF 1.4 billion. Group net income attributable to equity holders Holcim Ltd improved by 71 percent to CHF 1.2 billion.

Cash flow statement (31)
Cash flow from operating activities moved up by 12 percent to CHF 1.9 billion despite a CHF 338 million rise in net working capital needs and a CHF 170 million increase in interest payments. CHF 115 million of the higher net working capital needs are attributable to Aggregate Industries. Internal growth of cash flow from operating activities was 4 percent. Net investments to maintain productive capacity and to secure competitiveness rose to CHF 573 million and expansion investments to CHF 361 million. Net financial investments amounted to CHF 4.7 billion. The largest items here were the acquisitions of Aggregate Industries and India and a further increase in the participation in Cemento de El Salvador.

Financial position (33)
Our financing activities concentrated mainly on the funding of the acquisitions referred to before. Compared to December 31, 2004, net financial debt increased by CHF 6.6 billion to CHF 13.5 billion. The gearing ratio has

declined since June 30, 2005 from 112 percent to 99 percent and is already in our target range of 80 to 100 percent.

Outlook 2005 (38)

The Board of Directors and Executive Committee are pleased to report that business trends in almost all markets served by Holcim have been encouraging this year. Holcim is currently benefiting significantly from good economic conditions in key growth markets. This is unlikely to change in the coming months.

Therefore, internal operating EBITDA growth should be well above the long-term average of 5 percent, providing an excellent foundation for fiscal 2006.