



Ciments Français

Italcementi Group

The Board of Directors examines 2007 half-year results

CIMENTS FRANCAIS

- **CONSOLIDATED REVENUES:** 2,333 MILLION EUROS (+8.2%)
- **RECURRING GROSS OPERATING PROFIT:** 610 MILLION EUROS (+1%)
- **OPERATING PROFIT:** 445 MILLION EUROS (-1.4%)
- **NET PROFIT:** 290 MILLION EUROS (-4%)
- **GROUP NET PROFIT:** 239 MILLION EUROS (-4%)
- **INVESTMENTS:** 311 MILLION EUROS

Paris, August 3, 2007 – At a meeting on August 2 chaired by Yves René Nanot, the Board of Directors of Ciments Français (Italcementi Group) examined and approved the half-year report as of June 30, 2007.

The excellent first quarter resulted in a significant increase in sales volumes in all the countries, except North America, thanks to favorable weather conditions. Sales volumes decreased slightly in the second quarter of 2007 compared with the second quarter of 2006, with the exception of emerging countries.

Sales volumes for the entire first half remained stable in cement and clinker and increased in aggregates and ready-mixed concrete compared with 2006. **Revenues** amounting to 2,333 million euros (+8.2% against 2006) benefited from the uptrend in prices. **Recurring gross operating profit**, at 610 million euros, made a small improvement (+1%) penalized by higher operating costs (fuels and transport). **Operating profit** for the first half was 445 million euros (-1.4%).

Considering the trend in net finance costs and income tax expense, the **net consolidated profit** for the first half was down 4% at 290 million euros compared with the record results of 2006. **Group net profit** amounted to 239 million euros (-4%).

Net financial debt as of June 30, 2007, totaled 1,552 million euros, up by 75 million euros from the end of 2006, after **industrial and financial investments** of 311 million euros which enabled the Group to strengthen its presence in the United States and Egypt in the ready-mixed concrete and aggregates segments and to enter the Chinese cement market.

Total shareholders' equity amounted to 3,640 million euros, up by 152 million euros. **The debt to equity ratio** (net financial debt/total equity) was stable at 43%.

In July, the Standard & Poor's rating agency upgraded Ciments Français long-term rating from BBB with positive outlook to BBB+ with stable outlook.

OUTLOOK - Among mature countries, the growth in the euro zone markets is slowing down whereas the American market still suffers from the crisis in the residential sector. On the other hand, the construction sector remains buoyant in emerging markets, with the exception of Thailand.

From an operational point of view, major short-term risks still relate to the trend in operating costs, in particular energy costs, and the potential difficulty of entirely passing them along on to sales prices.

However, based on the first six months results and for all of the fiscal year, operational results may be expected to be in line with last year's, barring any unforeseeable events.

SECOND QUARTER 2007 - In the second quarter of 2007, market trends varied from one geographical area to another. Group sales volumes decreased, at comparable consolidation scope, in all three core businesses: cement (-4.6%, essentially because of exports), aggregates (-5.8%) and ready-mixed concrete (-2.2%) compared with the same period of 2006. Despite this slackening, 2007 second-quarter revenues rose by 5% to 1,276 million euros, as a result of the positive trend in sales prices. The increase in operating costs (particularly energy costs) was reflected on half-year gross operating profit, which amounted to 375 million euros (-1.4%).

Quarterly trend	Q2 2007	Q2 2006	% change
Revenues	1,276	1,215	5.0
Recurring gross operating profit <i>% of revenues</i>	375 29.4	380 31.3	(1.2)
Gross operating profit* <i>% of revenues</i>	375 29.4	381 31.4	(1.4)
Operating profit <i>% of revenues</i>	292 22.9	303 24.9	(3.8)
Group net profit <i>% of revenues</i>	174 13,6	188 15.5	(7.5)
Net financial debt (at period end)	1,552	1,835	

FIRST-HALF BUSINESS PERFORMANCE

During the first half of 2007, Group sales volumes, at comparable consolidation scope, were similar in **cement**, compared to 2006, at 25.6 million tonnes (-0.4%), with a very positive trend in emerging countries as opposed to the slowdown in European markets and the weakness of both the American market and trading. **Aggregates** sales volumes increased compared with the first half of 2006 at 26.1 million tonnes (+1.9%) as did **ready-mixed concrete** sales volumes at 6.9 million cubic meters (+4.1%), with a particularly significant increase in the Med Rim countries, namely Egypt and Morocco.

Sales volumes and internal transfers (1)	Cement and clinker (millions of tonnes)			Aggregates (millions of tonnes)			Ready mixed concrete (millions of m ³)		
	H1 2007	% change vs. H1 2006		H1 2007	% change vs. H1 2006		H1 2007	% change vs. H1 2006	
		A	B		A	B		A	B
Central Western Europe	6.5	+0.4	+0.4	24.4	+1.9	+1.9	4.2	+2.9	+2.9
North America	2.9	-13.5	-13.5	0.1	+10.7	+10.7	0.3	ns	-1.0
Eastern Europe and Southern Med Rim	10.6	+6.9	+6.9	1.3	+0.7	-4.7	1.9	+28.6	+11.2
Asia	5.1	+14.6	-1.1	0.3	ns	+27.8	0.5	-7.0	-7.0
Trading	3.0	-13.5	-13.5						
Eliminations	(2.4)								
Total	25.6	+2.3	-0.4	26.1	+3.2	+1.9	6.9	+12.1	+4.1

Central Western Europe: France, Belgium, Spain, Greece

North America: U.S.A., Canada, Puerto Rico

Eastern Europe and Southern Med Rim: Egypt, Morocco, Bulgaria, Turkey

Asia: Thailand, India, Kazakhstan

(1) amounts refer to companies fully consolidated and, pro-quota, to companies consolidated on a proportionate basis;

A: Historic- B: At comparable consolidation scope; ns: not significant

FIRST-HALF FINANCIAL PERFORMANCE

Ciments Français reported consolidated half-year **revenues** of 2,333 million euros (+8.2% compared with the same period of 2006), with improvements in all the geographical areas where the Group operates, except North America, as a result of stable sales volumes and positive price trends. Specifically, business growth accounted for 7.7%, the changes in consolidation scope for 2.9% (essentially because of the full consolidation of Zuari Cement in India as from June 2006 and the acquisitions in the ready-mixed concrete segment in Egypt as from October 2006 and in North America during the first half of 2007). The exchange-rate effect had a negative impact of 2.4%.

Revenues by activity (in millions of euros)	H1 2007	H1 2006	% change	% change (1)
Cement and clinker	1,577.3	1,495.8	5.4	6.2
Ready-mixed concrete/aggregates	652.1	574.2	13.6	9.0
Other	103.7	86.9	19.3	23.2
Total	2,333.1	2,156.9	8.2	7.7

(1) On a comparable consolidation scope and at comparable exchange rates

In absolute terms, the area that made the strongest contribution to revenues growth was Central Western Europe thanks to France, Belgium and Spain; the emerging countries also made a strong contribution. North America recouped the significant revenues decline of the first quarter with second-quarter revenues in line with the year-earlier period.

The upward trend in operating costs continued in the second quarter. This was largely the result of the further rise in fuel prices and logistics costs, and of cement and clinker purchases from third parties to supplement availability in some countries, in response to demand. Plant maintenance costs and employee expenses also increased.

The growth in revenues substantially offset the significant rise in operating costs in the first half. **Recurring gross operating profit** amounted to 610 million euros (+1%) against 2006.

Operating profit totaled 445 million euros (-1.4%) after depreciation.

(in millions of euros)	Revenues		Recurring GOP		GOP		Operating profit	
	H1 2007	% change vs. H1 2006	H1 2007	% change vs. H1 2006	H1 2007	% change vs. H1 2006	H1 2007	% change vs. H1 2006
Central Western Europe	1,121.1	+ 8.5	273.2	+ 6.6	273.8	+6.1	210.9	+4.1
North America	286.5	- 11.5	51.2	- 29.8	51.1	-30.0	28.0	-43.4
Eastern Europe and Southern Med Rim	597.6	+ 12.1	219.7	+ 0.1	220.4	+0.5	161.8	+0.2
Asia	213.4	+ 30.1	63.4	+ 38.6	63.1	+38.6	44.0	+43.7
Trading cement	166.7	+ 2.6	9.5	+ 8.0	9.5	+8.0	8.7	+6.1
Others+ eliminations	(52.2)		(7.1)		(7.1)		(8.5)	
Total	2,333.1	+ 8.2	609.9	+ 1.0	610.8	+ 0.9	444.9	- 1.4

Central Western Europe: France, Belgium, Spain, Greece

North America: U.S.A., Canada, Puerto Rico

Eastern Europe and Southern Med Rim: Egypt, Morocco, Bulgaria, Turkey

Asia: Thailand, India, Kazakhstan

Net finance costs amounted to 45 million euros, compared with 49 million euros in 2006.

Net profit totaled 290 million euros (-4%), after income tax expense of 114 million euros.

Group net profit for the period was 239 million euros (-4%).

In the first half of 2007, the continuation of the **financial and industrial investment programs** - representing 311 million euros - enabled the Group to strengthen its presence in the ready-mixed concrete segment (acquisitions of Cambridge and Arrow in North America) and in aggregates (Tecno Gravel in Egypt). At the end of June, the Group reached an agreement for the acquisition of Fuping Cement, an operation marking its entry on to the Chinese market.

As of June 30 2007, **net financial debt** stood at 1,552 million euros from 1,477 million euros as of December 31, 2006. **Total shareholders' equity** at the end of the first half was 3,640 million euros (+152 million euros) as of June 30, 2007, while **the debt to equity ratio** (net financial debt/total equity) was steady at 43%.

OUTLOOK - Among mature countries, the growth in the euro zone markets is slowing down whereas the American market still suffers from the crisis in the residential sector. On the other hand, the construction sector remains buoyant in emerging markets, with the exception of Thailand.

From an operational point of view, major short-term risks still relate to the trend in operating costs, in particular energy costs, and the potential difficulty of entirely passing them along on to sales prices.

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TREND BY COUNTRY

Central Western Europe (France, Belgium, Spain, Greece)

The upbeat market climate in **France** continued, especially in the early months of the year. Group cement sales benefited from the situation and, together with a significant increase in sales prices resulted in an improvement in operating results. Ready-mixed concrete and aggregates sales volumes and prices also increased.

In **Belgium**, the Group reported growth in both the cement and the ready-mixed concrete segments. The positive trend in the market and a good level of sales prices enabled to improve operating profits.

Group performance was uneven in **Spain**, with sales volumes rising in the northern regions and decreasing in the southern ones, where there was a significant downturn in the residential sector. The general trend in ready-mixed concrete sales improved. Overall, the rise in sales prices enabled a global increase in revenues and a marginal improvement in results, in spite of the rise of certain operating costs.

In **Greece**, the market slowed compared with the high levels of 2006, leading to a downturn in sales volumes in all three core businesses. Sales prices on average were higher than those of 2006, but unable to offset the rise of certain operating costs.

North America (USA, Canada, Puerto Rico)

There was a slight slowdown in the construction sector in the first half compared with 2006, due to the sudden decline in private residential demand only partly offset by the public works and private non-residential sectors. Against this background, Group cement and clinker sales slackened compared with 2006, essentially because of the bad results in the first quarter (dramatically different from the excellent performance of the first quarter of 2006 resulting from the private residential sector "boom"). The fall in volumes and the

rise in operating costs, offset in part by higher prices, led to a decrease in revenues and results. During the first half, the Group strengthened its presence in the ready-mixed concrete segment with the acquisition of Cambridge (on March 1) and Arrow (on April 1).

Eastern Europe and Southern Med Rim (Egypt, Morocco, Bulgaria, Turkey)

In **Egypt**, the cement market remained strong, supported by the residential segment and investments in tourist infrastructures. Group performance was in line with the market and revenues increased. Sales prices remained stable, while operating costs rose significantly (mainly energy and personnel). During the first half, the Group continued its expansion in aggregates with the acquisition of Tecno Gravel; in ready-mixed concrete, the Decom company was acquired in July.

Group sales in **Morocco** reflected the new market growth. The increase in sales volumes and prices produced a significant improvement in revenues and operating results penalized by clinker purchases to meet domestic demand and the rise in fuel prices.

Cement demand rose significantly in **Bulgaria** thanks to favorable weather conditions and buoyant business activity in infrastructure and residential building. High domestic demand, which resulted in a decrease in cement exports, supported sales prices generating higher revenues and operating results.

In **Turkey**, despite strong competitive pressures, Group domestic cement sales volumes continued to improve, accompanied by a significant rise in prices, offsetting the increase in operating costs. Ready-mixed concrete sales volumes were steady over the first half, despite a slight slowdown in the second quarter. Operating results were adversely affected by a negative exchange rate.

Asia (Thailand, India, Kazakhstan)

The uncertain political climate in **Thailand** continued to exert a negative effect on demand for cement and ready-mixed concrete, due to postponements in major public and private infrastructure construction projects. The drop in domestic sales was offset in part by the rise in Group exports. The decline in demand also flattened sales volumes in ready-mixed concrete. The downturn in sales volumes, made up only in part by the growth in exports, where margins are more constrained, led to a decrease in revenues and operating results.

Group cement sales in **India** made good progress, supported by favorable weather conditions and higher cement demand, even resulting in the saturation of the production capacity. These market conditions produced a favorable trend in revenues and a significant improvement in results.

In **Kazakhstan**, the construction market improved strongly during the first half-year and cement consumption increased. Group cement sales volumes increased against 2006. The uptrend in the first six-month period together with higher sales prices led to an increase in operating results, despite higher operating costs (electricity and maintenance).

Cement Trading

Cement and clinker volumes sold outside the Group slackened as a result of availability problems due to a strong demand from the Group's subsidiaries. The significant growth of the domestic markets in the Med Rim area reduced cement and clinker volumes available for export. The increase in sales prices made up for the rise in logistics costs.

*Ciments Français' 2007 half-year results will be illustrated during a **Conference Call** on Friday, August 3, 2007 at 15:30 C.E.T.
The presentation will be available on a web streaming link on the italcementigroup.com and cimfra.com sites.*

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APPENDIX

Ciments Français Group					
Income Statement (in millions of euros)	H1 2007	%	H1 2006	%	% change
Revenues	2,333.1	100,0	2 156,9	100,0	+8.2
Other revenues	20.3		11.1		
Change in inventories	(0.8)		(24.0)		
Internal work capitalized	3.8		4.2		
Goods and utilities expenses	(818.9)		(727.1)		
Services expenses	(555.9)		(469.8)		
Employee expenses	(318.3)		(297.2)		
Other operating income/(expense)	(53.4)		(50.2)		
Recurring gross operating profit	609.9	26.1	603.9	28.0	+1.0
Other non-recurring income/(expense)	0.9		1.3		
Gross operating profit	610.8	26.2	605.2	28.1	+0.9
Amortization and depreciation	(165.4)		(154.1)		
Impairment variation	(0.5)		0.3		
Operating profit	444.9	19.1	451.4	20.9	-1.4
Finance income	17.0		16.6		
Finance costs	(61.7)		(60.4)		
Gains (losses) on exchange rates and derivatives	(0.6)		(5.5)		
Résultat financier net	(45.3)	-1.9	(49.3)	-2.3	-8.1
Share of results of associates	4.1		3.0		
Profit before tax	403.7	17.3	405.1	18.8	-0.3
Income tax expense	(114.2)		(103.5)		
Net profit for the period	289.5	12.4	301.6	14.0	-4.0
Attributable to:					
Equity holders of the parent	239.0		248.9		
Minority interest	50.5		52.7		
Basic earnings per share (in euro)	6.28		6.53		
Diluted earnings per share (in euro)	6.23		6.48		

Ciments Français Group			
Balance Sheet (in millions of euro)	06/30/2007	12/31/2006	% change
Non-current assets			
Property, plant and equipment	3,163.8	3,162.0	
Investment property	8.0	7.3	
Goodwill	1,484.1	1,415.9	
Intangible assets	28.1	30.9	
Investments in associates	122.2	114.8	
Other equity investments	213.6	163.2	
Deferred tax assets	19.8	19.7	
Other non-current assets	56.6	75.6	
Total non-current assets	5,096.2	4,989.5	+2.1 %
Current assets			
Inventories	521.1	481.7	
Trade receivables	903.0	858.9	
Other current assets	195.2	191.6	
Income tax assets	12.8	12.4	
Equity investments and financial receivables	0.1	0.1	
Cash and cash equivalents	292.2	306.1	
Total current assets	1,924.4	1,850.8	+3.9 %
Total assets	7,020.6	6,840.3	+2.6 %
Shareholders' equity			
Share capital	153.3	153.4	
Reserves	1,122.9	1,065.0	
Treasury shares	(41.3)	(44.6)	
Retained earnings	1,736.0	1,596.4	
Group shareholders' equity	2,970.9	2,770.2	+7.2 %
Minority interest	669.3	717.5	
Total shareholders' equity	3,640.2	3,487.7	+4.3 %
Non-current liabilities			
Interest-bearing loans and long-term borrowings	1,440.1	1,521.3	
Employee benefit liabilities	120.4	119.8	
Provisions – non-current	210.4	216.1	
Deferred tax liabilities	278.9	275.2	
Other non-current liabilities	35.7	20.0	
Total non-current liabilities	2,085.5	2,152.4	-3.1 %
Current liabilities			
Bank overdrafts and short-term borrowings	132.2	86.3	
Interest-bearing loans and short-term borrowings	250.3	169.7	
Trade payables	510.7	517.5	
Provisions – current	1.2	1.3	
Income tax liabilities	48.1	65.8	
Other current liabilities	352.4	359.6	
Total current liabilities	1,294.9	1,200.2	+7.8 %
Total liabilities	3,380.4	3,352.5	+0.8 %
Total shareholders' equity and liabilities	7,020.6	6,840.3	+2.6 %