On the Move Towards "Excellence 2008"

2006 Annual Results

February 23rd, 2007

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2006 Annual Results

Jean-Jacques Gauthier, CFO

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Notes

Disclaimer

Statements made in this presentation that are not historical facts, including statements regarding our expected operating income, our volume and price growth, and our cost assumptions are forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions ("Factors"), which are difficult to predict. Some of the Factors that could cause actual results to differ materially from those expressed in the forward-looking statements include, but are not limited to: the cyclical nature of the Company's business; national and regional economic conditions in the countries in which the Group does business; currency fluctuations; seasonal nature of the Company's operations; levels of construction spending in major sectors/markets; supply/demand structure of the industry; competition from new or existing competitors; unfavorable weather conditions during peak construction periods; changes in and implementation of environmental and other governmental regulations; our ability to successfully identify, complete and efficiently integrate acquisitions; our ability to successfully penetrate new markets; and other Factors disclosed in the Company's public filings with the French Autorité des Marchés Financiers and the US Securities and Exchange Commission including its Reference Document and annual report on Form 20-F. In general, the Company is subject to the risks and uncertainties of the construction industry and of doing business throughout the world. The forward-looking statements are made as of this date and the Company undertakes no obligation to update them, whether as a result of new information, future events or otherwise.

Notes

2006 Financial Highlights

- Strong organic growth reflecting the strength of our portfolio
- Profitability improving in all activities, in all quarters
- Efficient price management
- Improved cost management
- Positive impact of LNA minority buy-out

➔ **Excellence 2008 on track**

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Notes

Key Figures
A Strong Year 2006

2005 *As published last year*	€m	2005 (1)	2006	Variation
15,969	**Sales**	**14,490**	**16,909**	**+ 17%**
3,330	EBITDA	3,095	3,704	+ 20%
2,357	**Current Operating Income**	**2,246**	**2,772**	**+ 23%**
1,096	Net income Group share	1,096	1,372	+ 25%
	€			
6.39	**Earnings per share (2)**	**6.39**	**7.86**	**+ 23%**
2.55	Net dividend (3)	2.55	3.00	+ 18%
	€m			
8.5%	**ROCE (4)**	**8.5%**	**9.4%**	**+ 90 bp**
2,238	**Cash flow from operations**	**2,085**	**2,639**	**+ 27%**
7,221	Net debt	7,221	9,845	+ 36%

(1) Restated for Roofing classified as discontinued operations, in accordance with IFRS 5
(2) Average number of shares: 171.5 m in 2005, 174.5 m in 2006
(3) Subject to approval of AGM
(4) Using a standardized tax rate (28.6%, stable since 2003). 2005 and 2006 ROCE include Roofing (pro forma)

Notes

Notes

Q4 Financial Highlights

- Continued strong operational performance with all activities improving despite a high 2005 comparative
- Positive impact of LNA minority buy-out
- Strong growth in earnings before income tax
- Income tax rate returning to a more normal rate after an exceptionally low level in 2005

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Q4 Key Figures

A Solid Operational Performance
Net Income Affected by Return to More Normal Tax Rate

2005 *As published last year*	€m	2005 (1)	2006	Variation
4,210	**Sales**	**3,813**	**4,199**	**+ 10%**
934	EBITDA	870	938	+ 8%
670	**Current Operating Income**	**642**	**697**	**+ 9%**
323	Net income Group share	323	276	- 15%
	€			
1.86	**Earnings per share**	**1.86**	**1.58**	**- 15%**

(1) Restated for Roofing classified as discontinued operations, in accordance with IFRS 5

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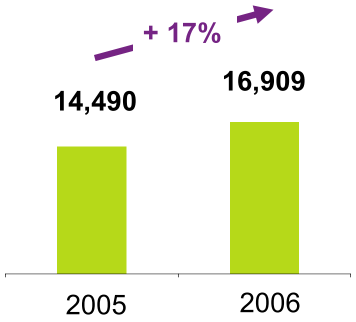
Notes

Sales up 17%

Driven by High Organic Growth

€m	2005 (1)	2006	Variation	*4th quarter 2005 (1)*	*4th quarter 2006*	*4th quarter Variation*
Cement	7,624	8,847	+ 16%	*1,969*	*2,179*	*+ 11%*
Aggregates & Concrete	5,382	6,439	+ 20%	*1,458*	*1,619*	*+ 11%*
Gypsum	1,462	1,610	+ 10%	*381*	*397*	*+ 4%*
Other	22	13	-	*5*	*4*	*-*
Total	**14,490**	**16,909**	**+ 17%**	***3,813***	***4,199***	***+ 10%***



Excluding scope and currency effects:

+ 14%

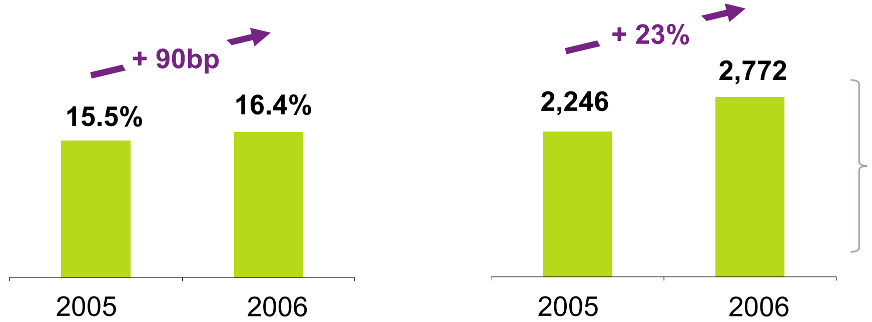
(1) Restated for Roofing classified as discontinued operations, in accordance with IFRS 5

Notes

Current Operating Income up 23%
Strong Performance Across All Divisions

€m	2005 (1)	2006	Variation	4th quarter 2005 (1)	4th quarter 2006	4th quarter Variation
Cement	1,770	2,103	+ 19%	*517*	*557*	*+ 8%*
Aggregates & Concrete	398	564	+ 42%	*112*	*141*	*+ 26%*
Gypsum	151	198	+ 31%	*38*	*40*	*+ 5%*
Holding & Other	(73)	(93)	-	*(25)*	*(41)*	-
Total	**2,246**	**2,772**	**+ 23%**	***642***	***697***	***+ 9%***

Operating margin (2)



Excluding scope and currency effects:

+ 23%

9

(1) Restated for Roofing classified as discontinued operations, in accordance with IFRS 5
(2) Current Operating Income / Sales

Notes

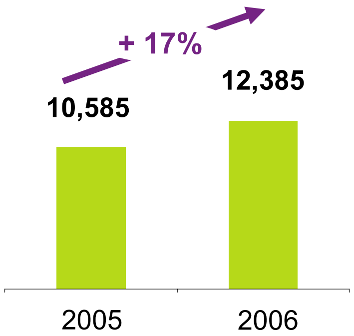
Costs of Sales

Improved Cost Management in a High Cost Environment

€m	2005 (1)	2006
Cement	5,712	6,652
Aggregates & Concrete	4,493	5,326
Gypsum	1,110	1,210
Eliminations & Other	(730)	(803)
Total	**10,585**	**12,385**
Of which 4th quarter	2,745	3,042

Total as % of Sales

2005 (1)	2006
73.1%	73.2%



Excluding scope, and currency effects:

+ 13%

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(1) Restated for Roofing classified as discontinuing operations, in accordance with IFRS 5

Notes

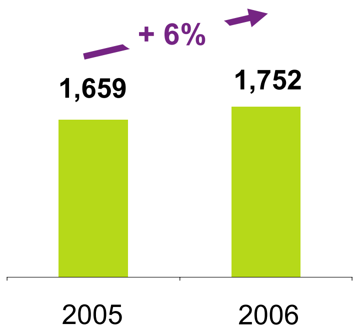
Selling and Administrative Expenses

A 1% Reduction as % of Sales

€m	2005 (1)	2006
Cement	833	886
Aggregates & Concrete	500	559
Gypsum	218	224
Other	108	83
Total	**1,659**	**1,752**
Of which 4th quarter	426	460

Total as % of Sales

2005 (1)	2006
11.4%	10.4%



Excluding scope, currency effects & ERP :

+ 4%

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(1) Restated for Roofing classified as discontinuing operations, in accordance with IFRS 5

Notes

A Cost Reduction Program Ready to Deliver

- Over 600 specific action plans
- Identification of capital expenditures, resources and responsibilities
- Continuous monitoring process: Excellence 2008 monitoring integrated into Quarterly Business Reviews
- Management bonuses aligned with Excellence 2008

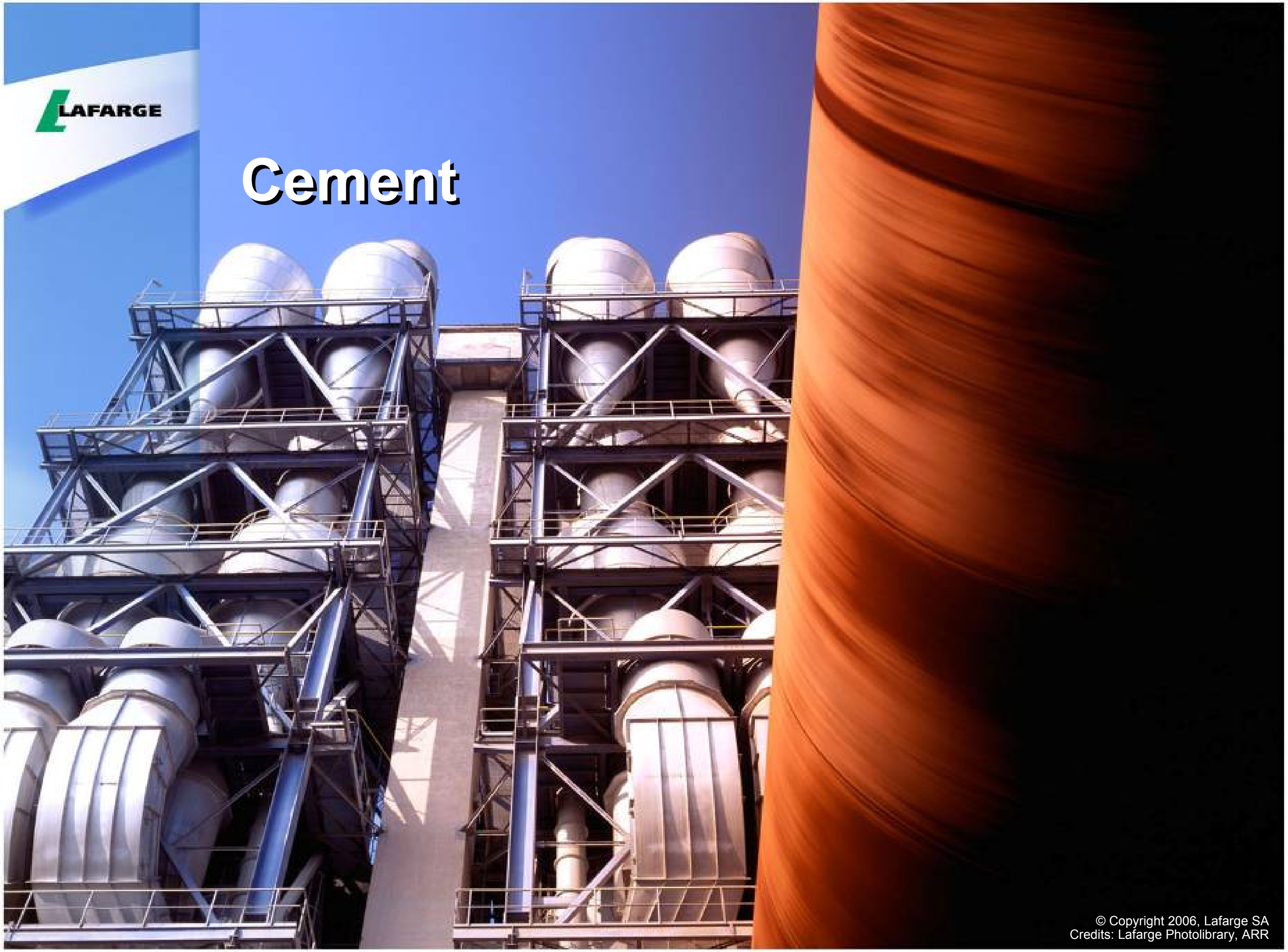
Target > 340[1] m€ ⇨ **Over 600 Specific Action Plans**

Cost Savings	€m	# Action Plans
Corporate	10	
Gypsum	30	*50 on Industrial process* *30 on SG&A*
Aggregates & Concrete	50	*130 on Agg. and Asphalt* *75 on Concrete* *50 on SG&A*
Cement	250	*230 on variable Costs* *30 on Industrial Fixed Costs* *50 on SG&A*

340 m€

(1) Excluding Roofing contribution of 60m€ to the original target of 400m€

Notes


LAFARGE
Cement
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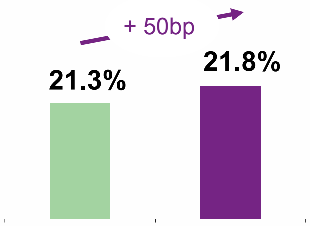
Notes

Cement Highlights

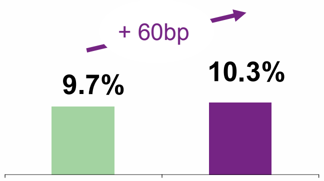
An Overall Strong Year: Current Operating Income Up 19%

				4th quarter		
MT	**2005**	**2006**	**Variation**	***2005***	***2006***	***Variation***
Volumes	123.2	131.8	+ 7%	*31.1*	*33.5*	*+ 8%*
€m						
Sales (1)	8,314	9,641	+ 16%	*2,182*	*2,379*	*+ 9%*
EBITDA	2,289	2,678		*657*	*706*	
Current Operating Income	1,770	2,103	+ 19%	*517*	*557*	*+ 8%*
Operating Income	1,704	1,996		*448*	*461*	
€						
EBITDA / t	18.6	20.3				

Operating margin (2)



ROCE



- Solid organic growth, continuing in Q4, sustained by good weather conditions
- Solid price increases overall
- Margin improvement in most Regions despite high level of imports

(1) Before elimination of inter divisional sales
(2) Current Operating Income / Sales

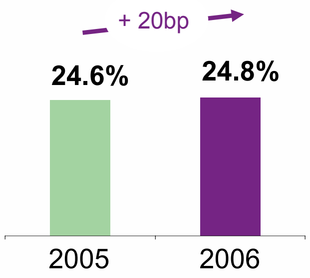
Notes

Cement: Western Europe

Strong Market Conditions

MT	2005	2006	4th quarter 2005	4th quarter 2006
Volumes (1)	31.9	33.8	*7.9*	*8.7*
€m				
Sales (2)	2,532	2,823	*643*	*708*
EBITDA	777	864	*203*	*220*
Current Operating Income	623	699	*164*	*174*
€				
EBITDA / t	24.4	25.6		

Operating margin (3)



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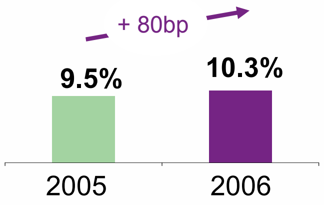

- Strong market conditions in France, Greece and Spain
- Positive pricing in a context of inflationary costs and high level of imports

(1) By destination
(2) Before elimination of inter divisional sales
(3) Current Operating Income / Sales

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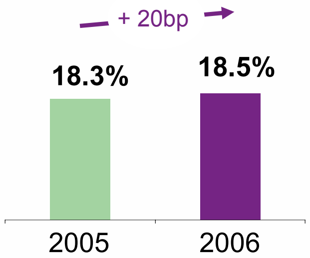
Notes

Cement: North America

Limited Impact of Slowdown

MT	2005	2006	4th quarter 2005	4th quarter 2006
Volumes (1)	21.2	20.7	*5.1*	*4.9*
€m				
Sales (2)	1,756	1,977	*460*	*473*
EBITDA	445	504	*142*	*142*
Current Operating Income	321	366	*105*	*107*
€				
EBITDA / t	21.0	24.3		

Operating margin (3)



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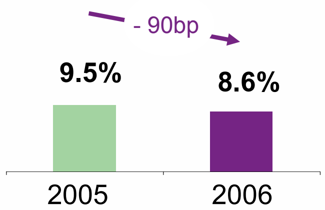

- Contrasted volume trends over the year and across the Regions
- Strong price increases holding firmly throughout the year, in a context of inflationary costs
- ROCE affected by the goodwill arising from the minority buy-out

(1) By destination
(2) Before elimination of inter divisional sales
(3) Current Operating Income / Sales

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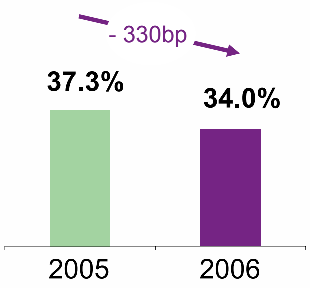
Notes

Cement: Mediterranean Basin

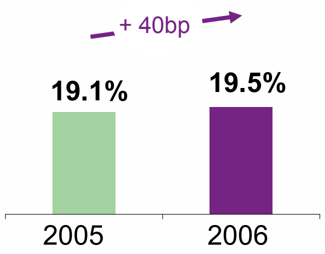
Excellent Results in a High Cost Environment

MT	2005	2006	4th quarter 2005	4th quarter 2006
Volumes (1)	10.5	12.0	*2.5*	*2.7*
€m				
Sales (2)	534	636	*139*	*146*
EBITDA	228	244	*59*	*55*
Current Operating Income	199	216	*51*	*50*
€				
EBITDA / t	21.7	20.3		

Operating margin (3)



ROCE



- Strong pricing in most countries
- Surge in energy cost in Jordan and high level of imports in Turkey to serve a high domestic demand

(1) By destination
(2) Before elimination of inter divisional sales
(3) Current Operating Income / Sales

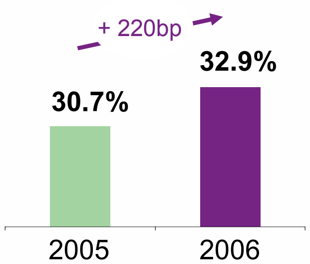
Notes

Cement: Central And Eastern Europe

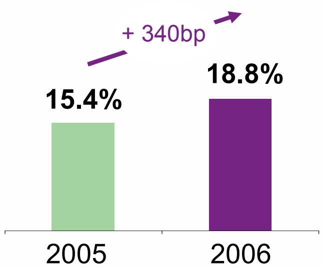
Excellent Market Conditions

MT	2005	2006	4th quarter 2005	4th quarter 2006
Volumes (1)	11.2	13.3	*2.7*	*3.3*
€m				
Sales (2)	584	778	*151*	*205*
EBITDA	215	295	*69*	*79*
Current Operating Income	179	256	*58*	*68*
€				
EBITDA / t	19.2	22.2		

Operating margin (3)



ROCE



- Good market conditions over the year, especially in Romania and Poland
- Positive pricing in all countries, particularly in Russia to offset surge in energy costs
- Good cost control

(1) By destination
(2) Before elimination of inter divisional sales
(3) Current Operating Income / Sales

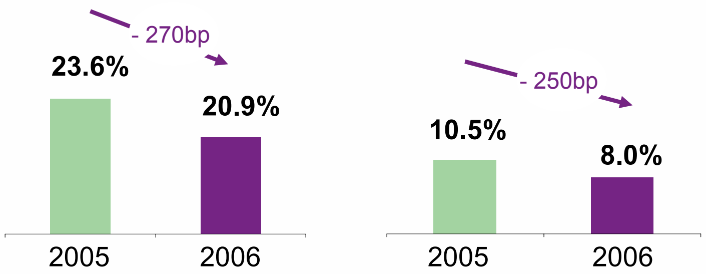
Notes

Cement: Latin America

Impact of Brazil Partly Offset

			4th quarter	
MT	**2005**	**2006**	***2005***	***2006***
Volumes (1)	6.9	7.6	*1.9*	*1.9*
€m				
Sales (2)	534	616	*141*	*158*
EBITDA	156	164	*40*	*45*
Current Operating Income	126	129	*32*	*36*
€				
EBITDA / t	22.6	21.6		

Operating margin (3) **ROCE**



- Sustained demand, especially in Venezuela
- Pricing in Brazil stabilized in Q4 but adversely affecting yearly results

(1) By destination
(2) Before elimination of inter divisional sales
(3) Current Operating Income / Sales

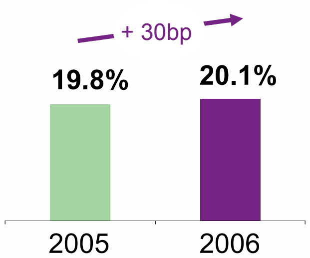
Notes

Cement: Sub Saharan Africa

Remaining Very Strong

MT	2005	2006	4th quarter 2005	4th quarter 2006
Volumes (1)	12.8	13.3	*3.3*	*3.2*
€m				
Sales (2)	1,281	1,517	*342*	*344*
EBITDA	298	356	*86*	*83*
Current Operating Income	254	305	*75*	*73*
€				
EBITDA / t	23.3	26.8		

Operating margin (3)



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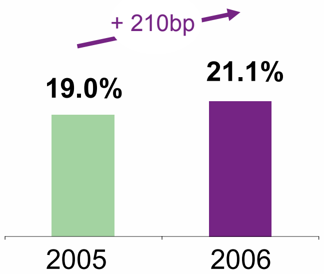


- Solid performance in Nigeria
- Strong pricing driven by high demand in most of our markets
- Good cost control over the Region despite high level of imports and surge in fuel cost in Nigeria

(1) By destination
(2) Before elimination of inter divisional sales
(3) Current Operating Income / Sales

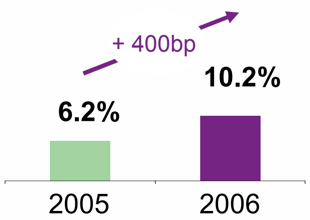
Notes

Cement: Asia

Improving Overall

MT	2005	2006	4th quarter 2005	4th quarter 2006
Volumes (1)	28.7	31.1	*7.7*	*8.8*
€m				
Sales (2)	1,093	1,294	*306*	*345*
EBITDA	169	251	*57*	*82*
Current Operating Income	68	132	*32*	*49*
€				
EBITDA / t	5.9	8.1		

Operating margin (3)



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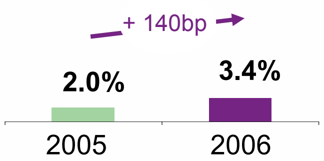

- Price recovery in Malaysia; strong pricing in India and Philippines
- Effect of adverse market conditions in South Korea mostly offset by cost control
- China integration progressing well

(1) By destination
(2) Before elimination of inter divisional sales
(3) Current Operating Income/ Sales

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Notes


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Aggregates & Concrete
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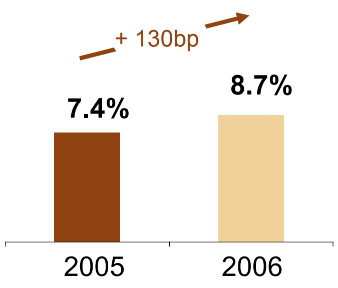
Notes

Aggregates & Concrete Highlights

Strong Performance: Current Operating Income Up 42%

				4th quarter		
€m	**2005**	**2006**	Variation	***2005***	***2006***	***Variation***
Sales (1)	5,392	6,449	+ 20%	*1,461*	*1,622*	*+ 11%*
EBITDA	631	822		*192*	*208*	
Current Operating Income	398	564	+ 42%	*112*	*141*	*+ 26%*
Operating Income	406	555		*114*	*134*	

Operating margin (2)



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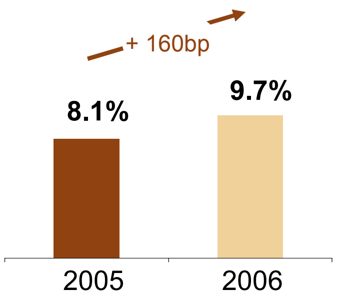

- Good price management combined with strict cost control leading to significant margin improvement
- Good volumes trends in most of our markets, despite localized declines in the second half of the year

(1) Before elimination of inter divisional sales
(2) Current Operating Income / Sales

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Notes

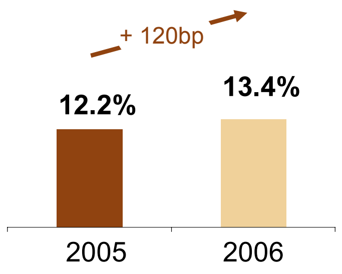
Notes

Pure Aggregates

Good Performance Overall, Including in Emerging Markets

				4th quarter		
MT	**2005**	**2006**	**Variation**	***2005***	***2006***	***Variation***
Volumes	239.9	261.9	+ 9%	*60.6*	*68.1*	*+ 12%*
€m						
Sales (1)	2,054	2,444	+ 19%	*539*	*623*	*+ 16%*
EBITDA	402	497		*122*	*126*	
Current Operating Income	250	328	+ 31%	*65*	*81*	*+ 25%*

Operating margin (2)



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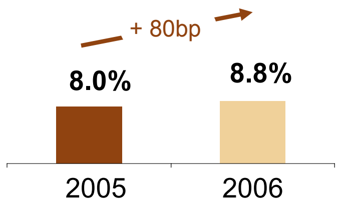


- Strong price increases exceeding cost inflation
- Good cost containment
- Excellent contribution from high growth markets
- Good performance from recent acquisitions

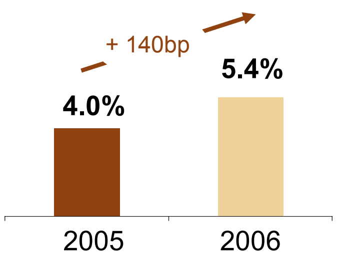
(1) Before elimination of inter divisional sales
(2) Current Operating Income / Sales

ReadyMix Concrete

Good Markets; New Products' Volumes up 36%

Mm³	2005	2006	Variation	4th quarter 2005	4th quarter 2006	4th quarter Variation
Volumes	39.0	43.4	+ 11%	*9.7*	*10.7*	*+ 10%*
€m						
Sales (1)	2,779	3,373	+ 21%	*737*	*829*	*+ 12%*
EBITDA	168	248		*50*	*57*	
Current Operating Income	111	183	+ 65%	*34*	*41*	*+ 21%*

Operating margin (2)



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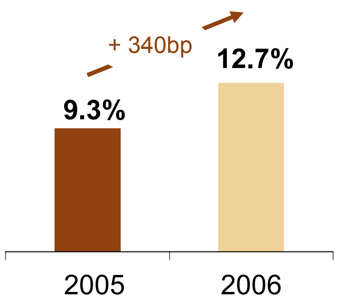

- Strong market conditions in Western Europe
- Robust pricing more than offsetting high inflation in raw materials
- New products (Agilia/Artevia) volumes up 36%, generating 17% of Ready-Mix Concrete profits

(1) Before elimination of inter divisional sales
(2) Current Operating Income / Sales

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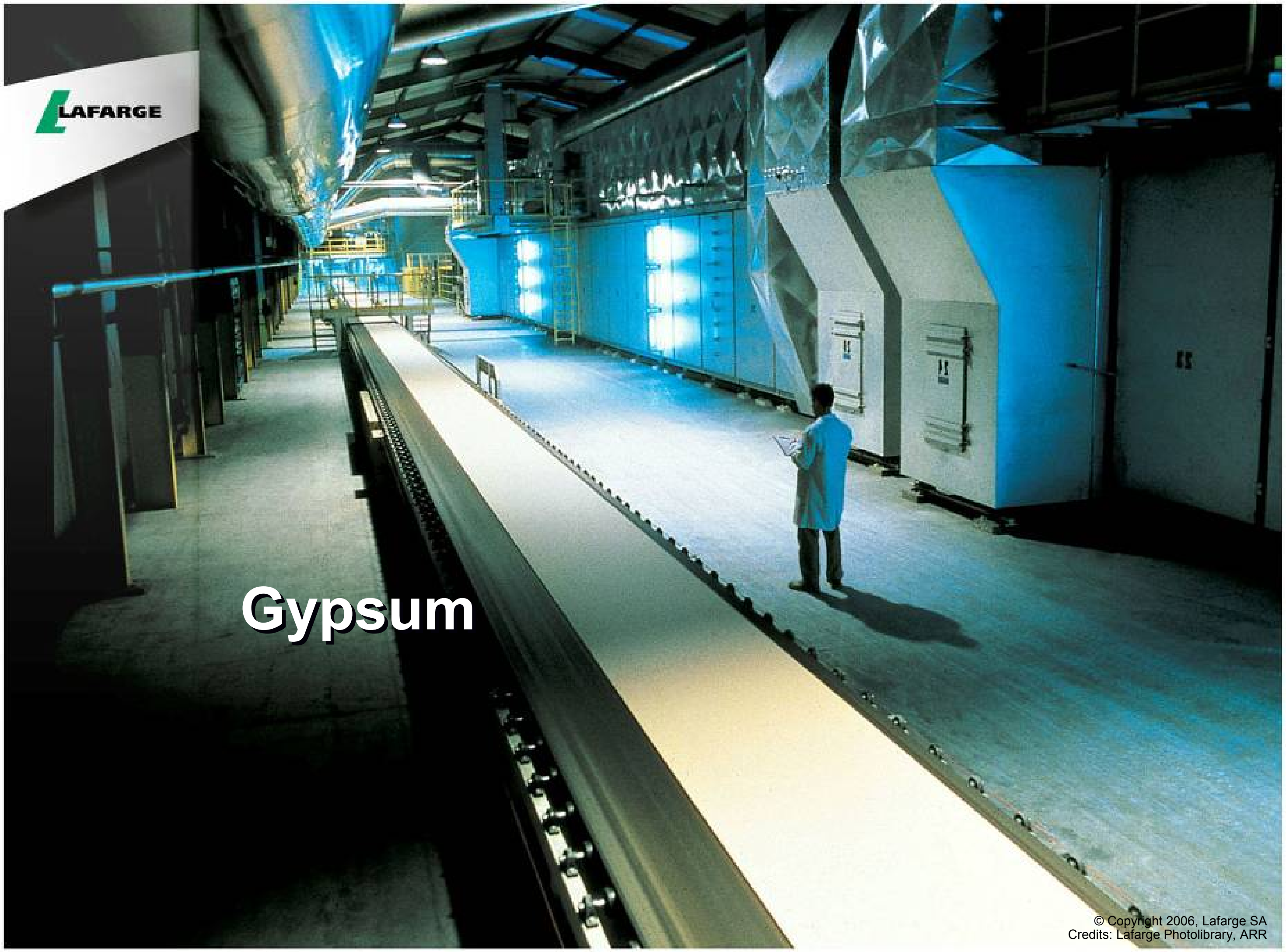
Notes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Gypsum
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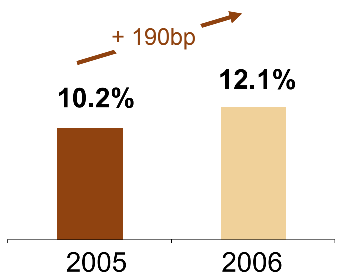
Notes

Gypsum Highlights

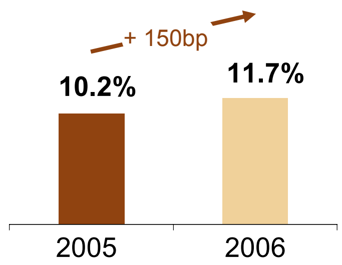
Record Performance Driven by Good Pricing: Current Operating Income Up 31%

Mm² boards	2005	2006	Variation	4th quarter 2005	4th quarter 2006	4th quarter Variation
Volumes	694	705	+ 2%	*180*	*178*	*- 1%*
€m						
Sales (1)	1,479	1,632	+ 10%	*386*	*403*	*+ 4%*
EBITDA	222	267		*55*	*59*	
Current Operating Income	151	198	+ 31%	*38*	*40*	*+ 5%*
Operating Income	146	169		*30*	*13*	

Operating margin (2)



ROCE



- Robust growth in prices in North America year on year, despite slowdown in the second semester
- Favourable trends in Eastern Europe in the second half of the year and good recovery in Germany

(1) Before elimination of inter divisional sales
(2) Current Operating Income / Sales

Notes

Roofing

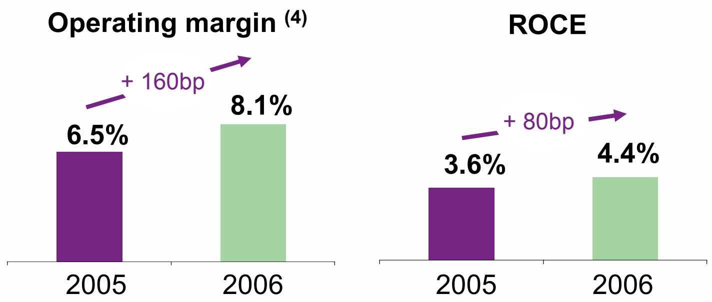
(classified as discontinued operations)

Notes

Roofing Highlights [1]:

In Line with Turnaround Plan: Current Operating Income Up 34%

Mm²	2005	2006	Variation	*4th quarter 2005*	*4th quarter 2006*	*4th quarter Variation*
Volumes concrete tiles	124.2	120.6	- 3%	*32.7*	*30.4*	*- 7%*
Volumes clay tiles	27.0	27.5	+ 2%	*7.2*	*7.5*	*+ 4%*
€m						
Sales [2]	1,514	1,625	+ 7%	*406*	*435*	*+ 7%*
EBITDA [3]	222	250		*61*	*67*	
Current Operating Income [3]	98	131	+ 34%	*25*	*35*	*+ 40%*
Operating Income	43	76		*(2)*	*5*	



- Price increases and costs control offset soft demand
- Germany: still upside potential
- Good improvement in Chimney and Accessories

(1) Classified as discontinued operations in financial statements
(2) Before elimination of inter divisional sales
(3) Including central costs allocation for 13m€ in 2005 and 2006
(4) Current Operating Income / Sales

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Notes


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Net Income
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Notes

Net Income

A 25% Increase over 2005

As Published (1) 2005	As Published (1) 2006	€m	Pro Forma (2) 2005 (3)	Pro Forma (2) 2006	Variation
2,246	*2,772*	**Current Operating Income**	**2,357**	**2,916**	**+ 24%**
(65)	*(94)*	Other expense	(120)	(149)	
(415)	*(485)*	Finance costs	(427)	(499)	
31	*30*	Income from associates	38	34	
(328)	*(217)*	Minority interests	(328)	(217)	
97	*(4)*	Income from discontinued operations	-	-	
-	-	**Earnings Before Income Tax**	**1,520**	**2,085**	**+ 37%**
(470)	*(630)*	Income taxes	(424)	(713)	
1,096	*1,372*	**Net income Group Share**	**1,096**	**1,372**	**+ 25%**

(1) As presented this year, with Roofing classified as discontinued operations, in accordance with IFRS 5
(2) Pro Forma with Roofing presented on an on-going basis. Detailed Roofing contribution is separately presented in chart 66
(3) As previously published

Notes

Q4 Net Income

Net Income Affected by Return to More Normal Tax Rate

Q4 As Published (1) 2005	Q4 As Published (1) 2006	€m	Q4 Pro Forma (2) 2005 (3)	Q4 Pro Forma (2) 2006	Variation
642	*697*	**Current Operating Income**	**670**	**735**	**+10%**
(76)	*(106)*	Other expense	(102)	(136)	
(94)	*(149)*	Finance costs	(96)	(152)	
8	*3*	Income from associates	8	2	
(141)	*(33)*	Minority interests	(141)	(33)	
54	*(41)*	Income from discontinued operations	-	-	
-	-	**Earnings Before Income Tax**	**339**	**416**	**+ 23%**
(70)	*(95)*	Income taxes	(16)	(140)	
323	*276*	**Net income Group Share**	**323**	**276**	**- 15%**

(1) As presented this year, with Roofing classified as discontinued operations, in accordance with IFRS 5
(2) Pro Forma with Roofing presented on an on-going basis
(3) As previously published

Notes

Notes

Other Expense

Restructuring Costs: Excellence 2008 Implementation

As Published (1) 2005	As Published (1) 2006	€m	Pro Forma (2) 2005 (3)	Pro Forma (2) 2006
40	28	Net gains (losses) on disposals	37	21
(65)	(23)	Impairment of assets	(85)	(38)
(26)	(99)	Restructuring	(53)	(110)
(14)	-	Others	(19)	(22)
(65)	**(94)**	**Total**	**(120)**	**(149)**

Q4 As Published (1) 2005	Q4 As Published (1) 2006	€m	Q4 Pro Forma (2) 2005 (3)	Q4 Pro Forma (2) 2006
17	23	Net gains (losses) on disposals	18	18
(61)	(23)	Impairment of assets	(75)	(32)
(6)	(83)	Restructuring	(16)	(87)
(26)	(23)	Others	(29)	(35)
(76)	**(106)**	**Total**	**(102)**	**(136)**

(1) As presented this year, with Roofing classified as discontinued operations, in accordance with IFRS 5
(2) Pro Forma with Roofing presented on an on-going basis
(3) As previously published

Finance Costs

Impact of LNA's minority interests acquisition

As Published (1) 2005	*As Published* (1) 2006	€m	Pro Forma (2) 2005 (3)	Pro Forma (2) 2006
(406)	*(522)*	Financial charges on net debt	(409)	(524)
(5)	*(14)*	Foreign exchange	(3)	(14)
(4)	*51* (4)	Others	(15)	39 (4)
(415)	***(485)***	**Total**	**(427)**	**(499)**

Q4 As Published (1) 2005	*Q4 As Published* (1) 2006	€m	Q4 Pro Forma (2) 2005 (3)	Q4 Pro Forma (2) 2006
(99)	*(141)*	Financial charges on net debt	(99)	(142)
-	*(9)*	Foreign exchange	1	(8)
5	*1*	Others	2	(2)
(94)	***(149)***	**Total**	**(96)**	**(152)**

(1) As presented this year, with Roofing classified as discontinued operations, in accordance with IFRS 5
(2) Pro Forma with Roofing presented on an on-going basis
(3) As previously published
(4) Of which €44 million gain on sale of residual interest in Materis

Notes

Income Taxes

Full Year	As Published (1)	Impact of Roofing	Pro Forma (2)
Effective tax rate 2005	*26%*	*- 3%*	**23%**
2005 specific items			
One-off tax benefits	11%	-	**11%**
Tax impact of Canadian cash repatriation	- 3%	-	**- 3%**
2006 specific items			
Tax restructuring - Roofing disposal underway	- 2%	2%	**-**
Others	- 4%	4%	**-**
Effective tax rate 2006	*28%*	*3%*	**31%**

4th quarter	As Published (1)	Impact of Roofing	Pro Forma (2)
Effective tax rate Q4 2005	*15%*	*- 12%*	**3%**
2005 specific items			
One-off tax benefits	10%	-	**10%**
Tax impact of Canadian cash repatriation	5%	-	**5%**
2006 specific items			
Tax restructuring - Roofing disposal underway	- 9%	9%	**-**
Others	-	13%	**13%**
Effective tax rate Q4 2006	*21%*	*10%*	**31%**

(1) As presented this year, with Roofing classified as discontinued operations, in accordance with IFRS 5
(2) Pro Forma with Roofing presented on an on-going basis

Notes

Earnings Per Share

A 23% Increase

€	Full Year	*4th quarter*
Earnings per share 2005	**6.39**	***1.86***
COI improvement after tax / others	1.86	*0.39*
Tax rate evolution	(0.97)	*(0.90)*
Lafarge North America minorities buy-out	0.69	*0.24*
Of which: Net income 100% vs. 53%	1.11	*0.34*
Financial expenses on acquisition debt	(0.43)	*(0.17)*
Other	0.01	*0.07*
Number of shares increase	(0.11)	*(0.01)*
Earnings per share 2006	**7.86**	***1.58***

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Notes


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Cash Flow Statement &
Balance Sheet Highlights
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Notes

Cash Flow

Strong Free Cash Flow Generation: + 58%

€m	2005 (1)	2006	4th quarter 2005 (1)	4th quarter 2006
Cash flow from operations	2,085	2,639	*661*	*489*
Change in working capital	(334)	(257)	*309*	*485*
Sustaining capex	(864)	(978)	*(325)*	*(348)*
Free cash flow	**887**	**1,404**	***645***	***626***
Development investments	(851)	(3,836)	*(346)*	*(307)*
Divestments	143	180	*47*	*56*
Cash flow after investments	**179**	**(2,252)**	***346***	***375***
Dividends	(545)	(617)	*(21)*	*(19)*
Equity issuance	391	222 (2)	*33*	*42*
Currency fluctuation impact	(317)	202	*(40)*	*135*
Change in fair value	67	(9)	*(38)*	*(61)*
Others	(42)	(156)	*(10)*	*(97)*
Impact of discontinued operations	4	(14)	*38*	*(41)*
Net debt reduction (increase)	**(263)**	**(2,624)**	***308***	***416***
Net debt at the beginning of period	6,958	7,221	*7,529*	*10,261*
Net debt at period end	**7,221**	**9,845**	***7,221***	***9,845***

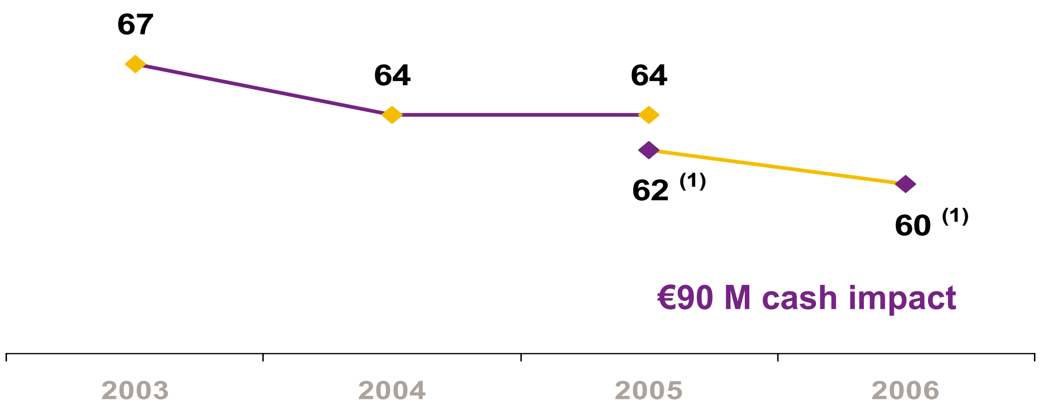
(1) Restated for Roofing classified as discontinued operations, in accordance with IFRS 5
(2) Warrants subscription linked to LNA minorities buy-out / stock options exercised

Notes

Working Capital

2-Days Reduction, In Line With Our Target

Operating Working Capital in days of sales



€90 M cash impact

2005 *As published last year*	€m	At December, 31 2005 (1)	2006
2,919	Operating working capital	2,540	2,695
(815)	Non operating working capital	(682)	(678)
2,104	**Total**	**1,858**	**2,017**

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(1) Pro forma excluding Roofing Division

Notes

Acquisitions And Disposals

Capital expenditure in €m		2005 (1)	2006
Sustaining capital expenditures		864	978
Development capital expenditures		340	549
Acquisitions		511	3,287
Out of which:	*LNA minority interests buy-out*	*-*	*2,884*
	Others	*511*	*403*
		1,715	**4,814**
Divestments		**143**	**180**

Developments

- Mexico - Tula
- China - Dujiangyan
- Morocco - Bouskoura
- Indonesia - Aceh
- Bengladesh
- USA - Buchanan & Silver Grove

Acquisitions

- LNA minority buy out
- A&C in USA
- A&C in Central Europe

(1) Restated for Roofing classified as discontinuing operations, in accordance with IFRS 5

Notes

Notes

Balance Sheet

€m	2005	2006 (1)
Capital Employed	21,652	21,363
Out of which:		
Goodwill	6,646	7,484
Property, plant & equip.	12,171	11,183
Working Capital	2,104	2,017
Other	731	679
Net Assets of disc. operations	-	1,915
Financial assets	626	830
Total	**22,278**	**24,108**

€m	2005	2006 (1)
Equity	12,329	11,794
Out of which:		
Shareholders' equity	9,758	10,403
Minority Interests	2,571	1,391
Net debt	7,221	9,845
Provisions	2,728	2,469
Total	**22,278**	**24,108**

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(1) As published, with Roofing classified in 2006 as discontinued operations, 2005 being not restated in accordance with IFRS 5requirements.

A Solid Financial Structure

LNA Minority Buy-Out Absorbed Ahead of Schedule

	2005 (1)	2006 (2)
Gearing	59%	83%
Cash Flow / Net debt	31%	29%

(1) As previously published
(2) Computed with cash flow from operations and net debt of the Roofing Division

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Notes


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Notes

2007 Outlook
Market Overview

	Volumes (%)	Price	Highlights
Western Europe	1 to 3	+	Moderate growth across countries
North America	0 to -2	+	Impact of residential
Mediterranean Basin	4 to 6	+	Solid except for Jordan
Central and Eastern Europe	5 to 10	+/++	Strong overall
Latin America	3 to 5	=/+	Honduras / Ecuador +
Sub Saharan Africa	7 to 9	+	Strong overall
Asia	2 to 4	=/+	China + / South Korea still weak
Overall	**3 to 5**	**+**	**Good perspectives**

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Notes

2007 Outlook - Other Elements

COST FACTORS

- Price increases exceeding cost factor increases
- Energy input cost impact - Cement: 1€/tonne

OTHER FACTORS

- Cost of debt (gross): 6%
- Tax rate: 30%
- Capital expenditures:

  - Sustaining 1 bn€
  - Internal Development > 1 bn€

Notes

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Appendices

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Notes

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2007 Market Overview

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Notes

2007 Outlook update - Market Overview
Western Europe

	Volumes (%)	Price
Cement		
• France	2-3	+
• Spain	2-3	+
• UK	0-1	+
• Germany	-	+
• Greece	0-4	+

Aggregates & Concrete

- Aggregates: Moderate market growth with positive pricing trends
- ReadyMix: Moderate to good market growth with globally positive pricing trend

Gypsum

- France: Market to remain well oriented
- UK/IRE: Sustained demand
- Germany: Good pricing environment in growing market

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Notes

Notes

2007 Outlook update - Market Overview
North America

	Volumes (%)	Price
Cement	0-(2)	+

Aggregates & Concrete

- Aggregates: Positive pricing trends with neutral volume impact. Stronger market demand in some markets compensating for residential market declines in others
- ReadyMix: Slight volume decrease driven by decrease in residential market. Some risk of lower price in USA. Positive pricing in Canada

Gypsum

- Downturn to continue
- Challenging pricing environment

2007 Outlook update - Market Overview
Mediterranean Basin

	Volumes (%)	Price
• Turkey	4-6	+
• Morocco	5-10	+
• Jordan	0-(3)	+
• Egypt	5-10	= / +

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Notes

2007 Outlook update - Market Overview
Central and Eastern Europe

	Volumes (%)	Price
Cement		
• Poland	5-10	+
• Romania	10-15	=
• Russia	4-6	++
• Serbia	5-7	++
Aggregates & Concrete		
• Strong volume growth with positive pricing trends		
Gypsum		
• Poland: Market expected to be stable, positive pricing environment		

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Notes

2007 Outlook update - Market Overview
Latin America

	Volumes (%)	Price
• Brazil	3-5	=
• Venezuela	5-10	=
• Chile	1-3	+
• Honduras	0-3	+
• Ecuador	3-5	+

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Notes

2007 Outlook update - Market Overview
Sub Saharan Africa

	Volumes (%)	Price
South Africa	7-9	++
Nigeria	6-8	+
Kenya	8-10	+

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Notes

2007 Outlook update - Market Overview
Asia

	Volumes (%)	Price
• South Korea	(3)-(4)	-
• Malaysia	3-5	+
• Philippines	1-3	+
• India	6-8	+
• China	8-10	= / +

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Notes


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Additional Information
Continuing operations
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Notes

Consolidated Sales by Geographical Zone and Business Lines for continuing operations

By geographical zone of destination	2005 (1)	2006	4th quarter 2005 (1)	4th quarter 2006
Sales (millions of euros)	**14,490**	**16,909**	**3,813**	**4,199**
Western Europe	5,222	5,953	1,295	1,506
North America	4,380	5,116	1,198	1,235
Mediterranean Basin	655	807	172	185
Central and Eastern Europe	752	1,014	197	278
Latin America	687	796	190	199
Sub-Saharan Africa	1,381	1,622	371	373
Asia	1,413	1,601	390	423
COI (2) (millions of euros)	**2,246**	**2,772**	**642**	**697**
Western Europe	816	912	197	194
North America	517	701	174	198
Mediterranean Basin	207	229	52	53
Central and Eastern Europe	188	280	62	75
Latin America	139	152	37	40
Sub-Saharan Africa	295	355	85	84
Asia	84	143	35	53

(1) Restated for Roofing classified as discontinued operations in accordance with IFRS 5
(2) Current Operating Income

Notes

Aggregates & Concrete: Additional Information by Geographical Zone

Volumes		2005	2006	2006/2005 (like for like)	4th quarter 2005	4th quarter 2006	4th quarter 2006/2005 (like for like)
Pure Aggregates (millions of tonnes)		**239.9**	**261.9**	**2.9%**	**60.6**	**68.1**	**3.2%**
Of which	Western Europe	80.1	86.1		19.3	21.3	
	North America	135.2	142.6		34.8	37.6	
	Other countries	24.6	33.2		6.5	9.2	
Ready-mix (millions of cbm)		**39.0**	**43.4**	**7.3%**	**9.7**	**10.7**	**6.7%**
Of which	Western Europe	15.6	19.3		3.9	4.8	
	North America	11.8	12.1		2.8	2.8	
	Other countries	11.6	12.0		3.0	3.1	

Sales(1)		2005	2006	2006/2005 (like for like)	4th quarter 2005	4th quarter 2006	4th quarter 2006/2005 (like for like)
Total Aggregates & Concrete (millions of euros)		**5,392**	**6,449**	**14.2%**	**1,461**	**1,622**	**11.5%**
Of which pure Aggregates	**Total**	**2,054**	**2,444**	**12.4%**	**539**	**623**	**12.2%**
	Western Europe	937	1,058		230	265	
	North America	941	1,134		259	287	
	Other countries	176	252		50	71	
Of which Ready-mix	**Total**	**2,779**	**3,373**	**16.4%**	**737**	**829**	**14.2%**
	Western Europe	1,227	1,542		309	387	
	North America	968	1,145		262	267	
	Other countries	584	686		166	175	

(1) Before elimination of inter divisional sale by origin

Current operating income (millions of euros)		2005	2006	2006/2005 (like for like)	4th quarter 2005	4th quarter 2006	4th quarter 2006/2005 (like for like)
Total Aggregates & Concrete		**398**	**564**	**39.6%**	**112**	**141**	**29.9%**
Of which	Western Europe	179	227		39	51	
	North America	162	245		56	69	
	Other countries	57	92		17	21	

Notes

Gypsum: Additional Information by Geographical Zone

Sales[1]		2005	2006	2006/2005 (like for like)	4th quarter 2005	4th quarter 2006	4th quarter 2006/2005 (like for like)
Total (millions of euros)		**1,479**	**1,632**	**11.5%**	**386**	**403**	**8.1%**
Of which	Western Europe	793	859		199	217	
	North America	331	400		95	89	
	Other countries	355	373		92	97	

(1) Before elimination of inter divisional sales by origin

Current operating income		2005	2006	2006/2005 (like for like)	4th quarter 2005	4th quarter 2006	4th quarter 2006/2005 (like for like)
Total (millions of euros)		**151**	**198**	**33.7%**	**38**	**40**	**10.6%**
Of which	Western Europe	77	81		18	19	
	North America	45	88		15	13	
	Others	29	29		5	8	

Notes

2006 Sales - Cement

Like for Like Sales Variance Analysis by Region and in Major Markets*

Cement	Volume effect	Other effects**	Activity variation vs 2005
Western Europe	**5.5%**	**6.1%**	**11.6%**
France	6.0%	4.6%	10.6%
United Kingdom	2.2%	6.4%	8.6%
Spain	3.4%	8.9%	12.3%
Germany	2.5%	10.3%	12.8%
Greece	15.7%	3.0%	18.7%
North America	**-0.7%**	**12.4%**	**11.7%**
Mediterranean Basin	**9.9%**	**14.3%**	**24.2%**
Turkey	16.4%	18.2%	34.6%
Morocco	13.1%	4.0%	17.1%
Jordan	4.8%	18.1%	22.9%
Egypt	7.8%	16.7%	24.5%
Central and Eastern Europe	**17.5%**	**12.3%**	**29.8%**
Poland	28.2%	-0.3%	27.9%
Romania	30.3%	4.0%	34.3%
Serbia	10.1%	10.9%	21.0%
Russia	3.9%	27.6%	31.5%
Latin America	**12.5%**	**-1.2%**	**11.3%**
Brazil	8.3%	-18.6%	-10.3%
Venezuela	32.8%	7.0%	39.8%
Chile	-1.2%	2.5%	1.3%
Sub-Saharan Africa	**8.0%**	**10.1%**	**18.1%**
Kenya	12.8%	5.2%	18.0%
Nigeria	22.5%	12.0%	34.5%
South Africa	0.8%	10.9%	11.7%
Asia	**2.3%**	**5.6%**	**7.9%**
Indonesia	13.3%	12.9%	26.2%
Malaysia	*** -13.3%	21.9%	8.6%
Philippines	-1.7%	6.3%	4.6%
India	5.5%	16.2%	21.7%
South Korea	4.5%	-7.6%	-3.1%
China	24.8%	2.5%	27.3%
Total Cement (all markets)	**5.3%**	**8.6%**	**13.9%**

* Variance on like for like sales on domestic markets before elimination of sales between Divisions
** Other effects: including price effects, product and customer mix effects
*** Domestic grey cement volumes: -1.8%

Notes

2006 Sales - Aggregates & Concrete and Gypsum

Like for Like Sales Variance Analysis by Region and in Major Markets*

Pure Aggregates	Volume effect	Other effects**	Activity variation vs 2005
France	5.0%	4.8%	9.8%
United Kingdom	3.3%	4.5%	7.8%
North America	0.3%	12.3%	12.6%
South Africa	5.1%	11.5%	16.6%
Total Pure Aggregates	**2.9%**	**9.5%**	**12.4%**

Readymix	Volume effect	Other effects**	Activity variation vs 2005
France	13.1%	5.3%	18.4%
United Kingdom	4.6%	6.9%	11.5%
North America	0.8%	13.5%	14.3%
South Africa	15.5%	12.4%	27.9%
Total Ready Mix	**7.3%**	**9.1%**	**16.4%**

Gypsum	Volume effect	Other effects**	Activity variation vs 2005
Boards	**2.5%**	**9.5%**	**12.0%**
Western Europe	6.4%	3.5%	9.9%
North America	-1.4%	23.4%	22.0%
Asia, Pacific	4.6%	0.5%	5.1%
Total Gypsum			**11.5%**

* Variance on like for like sales on domestic markets before elimination of sales between Divisions

** Other effects: including price effects, product and customer mix effects

Notes

Additional Information by Geographical Zone

Discontinued operations

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Notes

Notes

Roofing: Additional Information by Geographical Zone

Volumes		2005	2006	2006/2005 (like for like)	4th quarter 2005	4th quarter 2006	4th quarter 2006/2005 (like for like)
Concrete roof tiles (millions of m^2)		**124.2**	**120.6**	**(3.0)%**	**32.7**	**30.4**	**(7.3)%**
Of which	Western Europe	57.0	56.5		14.6	15.2	
	North America	23.9	20.5		6.0	3.9	
	Other countries	43.3	43.6		12.1	11.3	
Clay roof tiles (millions of m^2)		**27.0**	**27.5**	**4.2%**	**7.2**	**7.5**	**9.2%**
Of which	Western Europe	23.9	24.8		6.1	6.7	
	Other countries	3.1	2.7		1.1	0.8	
Chimneys (kms)		**3,809**	**4,021**	**5.6%**	**1,006**	**1,076**	**7.0%**

Sales[1]		2005	2006	2006/2005 (like for like)	4th quarter 2005	4th quarter 2006	4th quarter 2006/2005 (like for like)
Total (millions of euros)		**1,514**	**1,625**	**6.7%**	**406**	**435**	**8.4%**
Of which	Western Europe	1,085	1,142		280	305	
	Other countries	429	483		126	130	

Sales[1]			2005	2006	2006/2005 (like for like)	4th quarter 2005	4th quarter 2006	4th quarter 2006/2005 (like for like)
Total (millions of euros)			**1,514**	**1,625**	**6.7%**	**406**	**435**	**8.4%**
Of which	concrete roof tiles	Western Europe	486	503		124	137	
		North America	129	123		35	23	
		Other countries	112	122		32	31	
	clay roof tiles		268	296		74	83	
	chimneys[2]		216	254		57	69	
	other roofing products		303	327		84	92	

(1) Before elimination of inter divisional sales by origin
(2) Including the "other roofing products" of the Chimmey business

Current operating income[3] (millions of euros)		2005	2006	2006/2005 (like for like)	4th quarter 2005	4th quarter 2006	4th quarter 2006/2005 (like for like)
Total		**98**	**131**	**31.3%**	**25**	**35**	**43.8%**
Of which	Western Europe	61	76		13	18	
	Others	37	55		12	17	

(3) Before reversal of central costs allocated to the Roofing Division for 13m€ in both 2005 and 2006

Roofing 2006 Sales

Like for Like Sales Variance Analysis by Region and in Major Markets*

Roofing	Volume effect	Other effects**	Activity variation vs 2005
Western Europe Concrete T&F	**1.9%**	**1.5%**	**3.4%**
Western Europe Clay T&F	**5.8%**	**4.6%**	**10.4%**
UK			
Concrete	-4.5%	2.6%	-1.9%
Clay	-1.5%	3.5%	2.0%
France			
Concrete	2.0%	3.3%	5.3%
Clay	-0.9%	5.4%	4.5%
Germany			
Concrete	0.0%	-0.1%	-0.1%
Clay	14.4%	4.2%	18.6%
United States (Concrete)	**-14.8%**	**10.9%**	**-3.9%**
Chimneys	**5.0%**	**10.9%**	**15.9%**
Accessories		**9.1%**	**9.1%**
Total Roofing			**6.7%**

* Variance on like for like sales on domestic markets before elimination of sales between Divisions
** Other effects: including price effects, product and customer mix effects

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Notes

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Reconciliation Statements

Impact of the classification of the Roofing Division as discontinued operations

Notes

Income from Discontinued Operations

Roofing Improved Operational Results offset by Income Tax

€m	2005	2006
Current operating income (1)	**111**	**144**
Other income / (expense)	(55)	(55)
Finance (costs) income	(12)	(14)
Income from associates	7	4
Income before income taxes	**51**	**79**
Income taxes	46	(83)
Net income from discontinued operations	**97**	**(4)**
Out of which:		
Group share	98	(3)
Minority Interests	(1)	(1)

(1) Adjusted to reallocate to the continuing activities **13 m€** of central costs previously allocated to the Roofing Division in both 2006 and 2005

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Notes

Full Year Income Statement Reconciliation

With Roofing as continuing operations to Statement as presented this year

€m	2005 with Roofing as continuing activities	Impact of Roofing reclassification as discontinued activities	2005 Restated, as published this year	2006 with Roofing as continuing activities	Impact of Roofing reclassification as discontinued activities	2006 Restated, as published this year
Sales	**15,969**	**(1,479)** [(1)]	**14,490**	**18,497**	**(1,588)** [(1)]	**16,909**
EBITDA	3,330	(235)	3,095	3,967	(263)	3,704
Current operating income	**2,357**	**(111)** [(2)]	**2,246**	**2,916**	**(144)** [(2)]	**2,772**
Other income / (expense)	(120)	55	(65)	(149)	55	(94)
Finance (costs) income	(427)	12	(415)	(499)	14	(485)
Income from associates	38	(7)	31	34	(4)	30
Income taxes	(424)	(46)	(470)	(713)	83	(630)
Income from discontinuing operations	-	97	97	-	(4)	(4)
Net income	1,424	-	1,424	1,589	-	1,589
Out of which:						
Net Income Group share	**1,096**	**-**	**1,096**	**1,372**	**-**	**1,372**
Minority Interests	328	-	328	217	-	217

(1) Including positive impact in 2005 and 37m€ in 2006 from sales from other Divisions to our Roofing operations with no impact on EBITDA, nor on Current Operating Income (inter-division eliminations)

(2) Including the Roofing Current Operating Income for 98m€ in 2005 and 131m€ in 2006 and the reallocation to the continuing activities of central costs allocated to the Roofing Division in 2005 and 2006 for 13m€

Notes

4th Quarter Income Statement Reconciliation

With Roofing as continuing operations to Statement as presented this year

€m	2005 4th Quarter with Roofing as continuing activities	Impact of Roofing reclassification as discontinued activities	2005 4th Quarter Restated, as published this year	2006 4th Quarter with Roofing as continuing activities	Impact of Roofing reclassification as discontinued activities	2006 4th Quarter Restated, as published this year
Sales	**4,210**	**(397)** (1)	**3,813**	**4,634**	**(435)** (1)	**4,199**
EBITDA	934	(64)	870	1,008	(70)	938
Current operating income	**670**	**(28)** (2)	**642**	**735**	**(38)** (2)	**697**
Other income / (expense)	(102)	26	(76)	(136)	30	(106)
Finance (costs) income	(96)	2	(94)	(152)	3	(149)
Income from associates	8	-	8	2	1	3
Income taxes	(16)	(54)	(70)	(140)	45	(95)
Income from discontinuing operations	-	54	54	-	(41)	(41)
Net income	464	-	464	309	-	309
Out of which:						
Net Income Group share	**323**	**-**	**323**	**276**	**-**	**276**
Minority Interests	141	-	141	33	-	33

(1) Including 9m€ in 2005 and1m€ in 2006 positive impact from sales from other Divisions to our Roofing operations with no impact on EBITDA, nor on Current Operating Income (inter-division eliminations)

(2) Including the Roofing Current Operating Income for 25m€ in 2005 and 35m€ in 2006 and the reallocation to the continuing activities of central costs allocated to the Roofing Division in 2005 and 2006 for 3m€.

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Notes

Notes

2005 Cashflow Statement Reconciliation

2005 previously published Income Statement to 2005 as presented this year

€m	2005 with Roofing as continuing operations	Impact of Roofing reclass.	2005 with Roofing as discontinued operations	4th quarter 2005 with Roofing as continuing operations	4th quarter Impact of Roofing reclass.	4th quarter 2005 with Roofing as discontinued operations
Cash flow from operations	2,238	(153)	2,085	695	(34)	661
Change in working capital	(352)	18	(334)	373	(64)	309
Sustaining capex	(941)	77	(864)	(366)	41	(325)
Free cash flow	**945**	**(58)**	**887**	**702**	**(57)**	**645**
Development investments	(917)	66	(851)	(373)	27	(346)
Divestments	154	(11)	143	53	(6)	47
Free cash flow after investments	**182**	**(3)**	**179**	**382**	**(36)**	**346**
Dividends	(545)	-	(545)	(21)	-	(21)
Equity issuance	387	4	391	29	4	33
Currency fluctuation impact	(317)	-	(317)	(40)	-	(40)
Change in fair value	67	-	67	(38)	-	(38)
Others	(37)	(5)	(42)	(4)	(6)	(10)
Impact of discontinued operations	-	4	4	-	38	38
Net debt reduction (increase)	**(263)**	**-**	**(263)**	**308**	**-**	**308**
Net debt at the beginning of period	6,958	-	6,958	7,529	-	7,529
Net debt at period end	**7,221**	**-**	**7,221**	**7,221**	**-**	**7,221**

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2006 Cashflow Statement Reconciliation

With Roofing as continuing operations to Statement as presented this year

€m	2006 with Roofing as continuing operations	Impact of Roofing reclass.	2006 with Roofing as discontinued operations	4th quarter 2006 with Roofing as continuing operations	4th quarter Impact of Roofing reclass.	4th quarter 2006 with Roofing as discontinued operations
Cash flow from operations	2,837	(198)	2,639	528	(39)	489
Change in working capital	(271)	14	(257)	564	(79)	485
Sustaining capex	(1,052)	74	(978)	(389)	41	(348)
Free cash flow	**1,514**	**(110)**	**1,404**	**703**	**(77)**	**626**
Development investments	(3,969)	133	(3,836)	(352)	45	(307)
Divestments	189	(9)	180	58	(2)	56
Free cash flow after investments	**(2,266)**	**14**	**(2,252)**	**409**	**(34)**	**375**
Dividends	(617)	-	(617)	(19)	-	(19)
Equity issuance	222	-	222	42	-	42
Currency fluctuation impact	202	-	202	135	-	135
Change in fair value	(9)	-	(9)	(61)	-	(61)
Others	(156)	-	(156)	(90)	(7)	(97)
Impact of discontinued operations	-	(14)	(14)	-	41	41
Net debt reduction (increase)	**(2,624)**	**-**	**(2,624)**	**416**	**-**	**416**
Net debt at the beginning of period	7,221	-	7,221	10,261	-	10,261
Net debt at period end	**9,845**	**-**	**9,845**	**9,845**	**-**	**9,845**

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