The Outlook For Germany & Eastern Europe

MF Global building conference

London, January 15th, 2009

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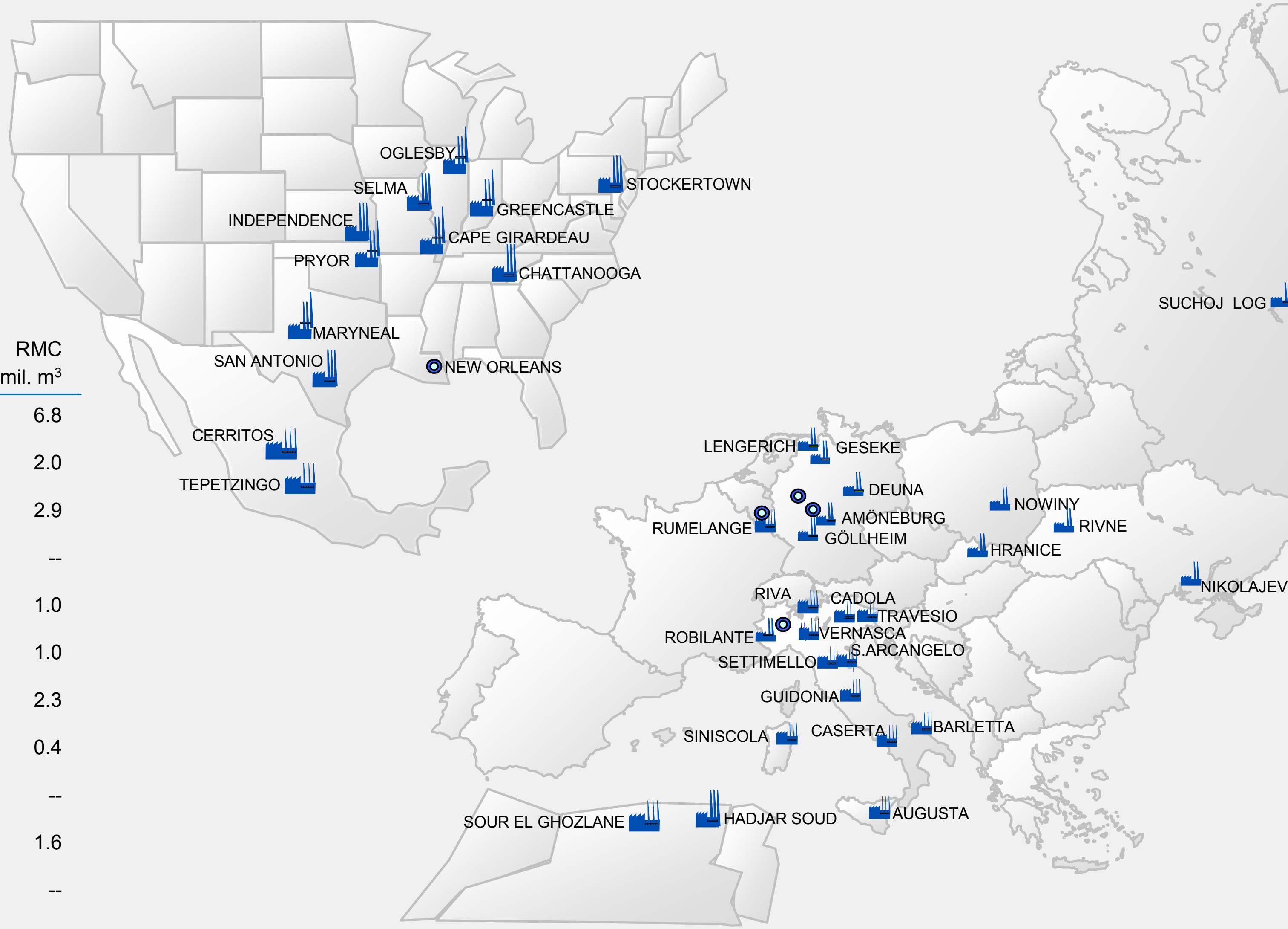
Company profile

Vision

- International multi-regional, heavy-side group, focused on cement, ready-mix concrete and aggregates
- Long term view of the business and dedicated management towards a sustainable development
- High quality and environmentally friendly assets
- Value creation through lasting experienced know-how and operating efficiency

Cement plants location and capacity

CEMENT PLANT
GRINDING PLANT



	CEM mil. ton.	RMC mil. m^3
Italy	10.4	6.8
United States	10.0	2.0
Germany	7.0	2.9
Luxembourg	1.0	--
Netherlands	--	1.0
Poland	1.6	1.0
Czech Rep.	1.1	2.3
Ukraine	3.0	0.4
Russia	2.4	--
Mexico (100%):	5.0	1.6
Algeria (100%):	2.1	--

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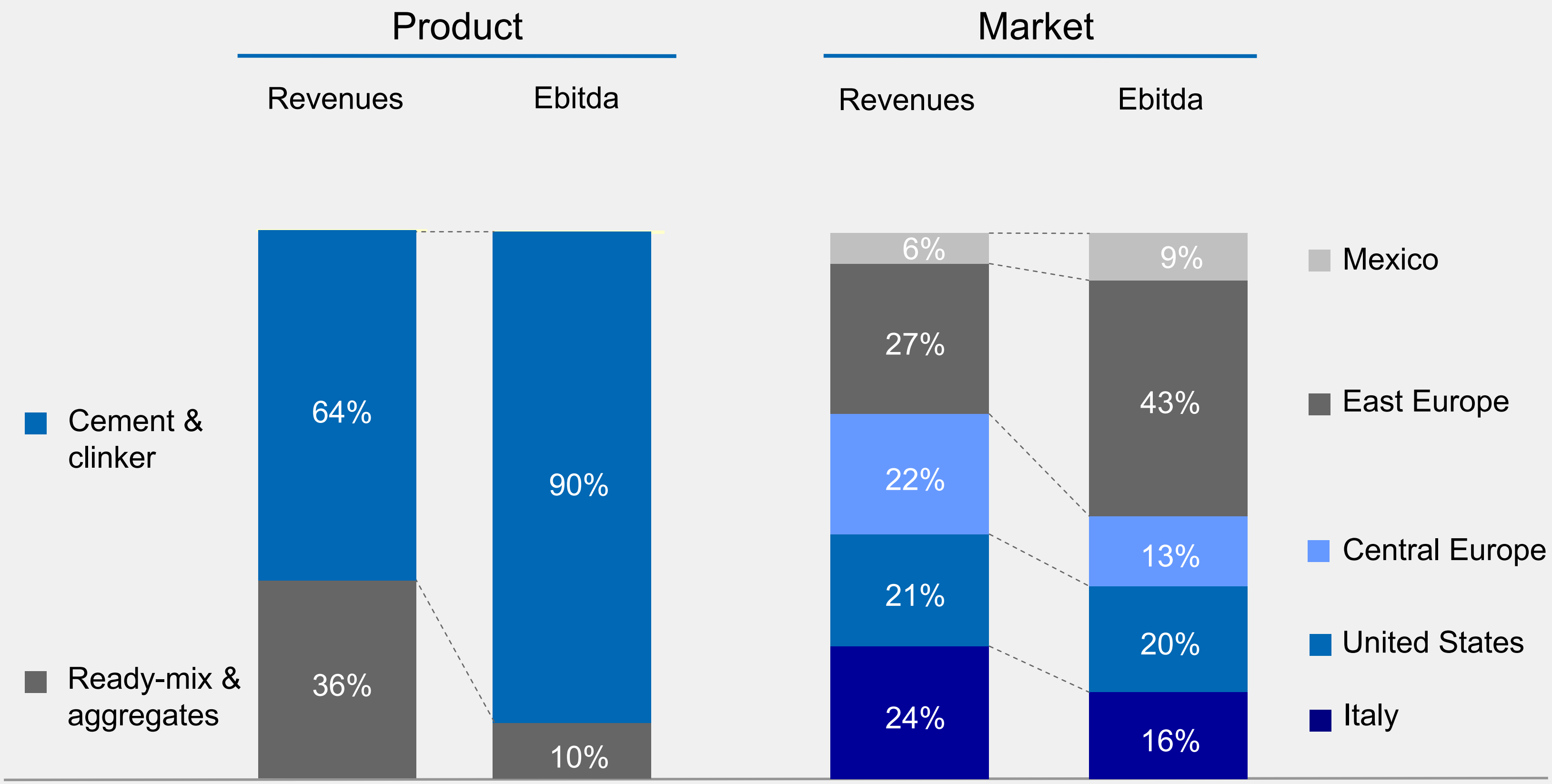
Revenues and Ebitda by product and market (9M08)



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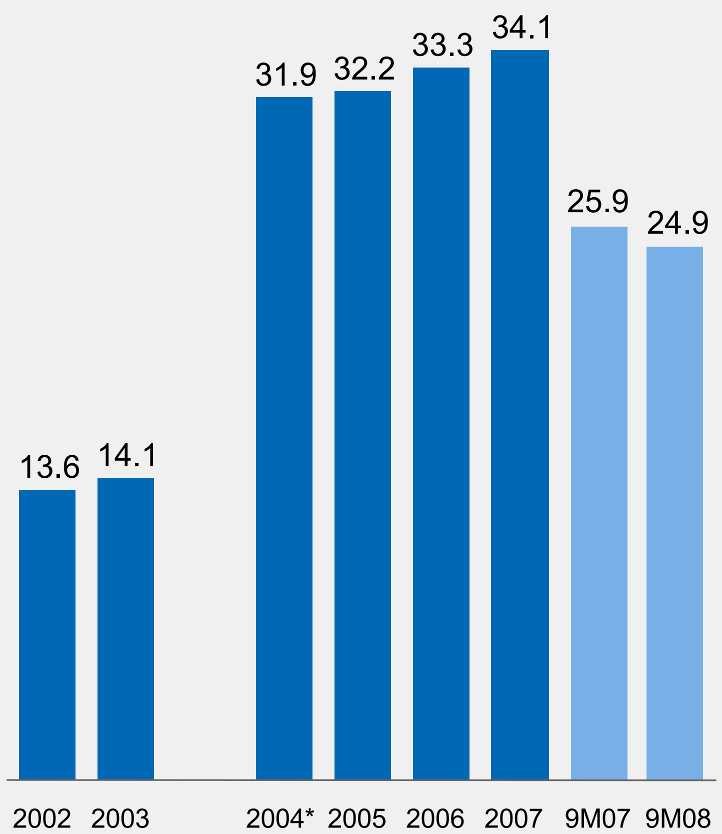
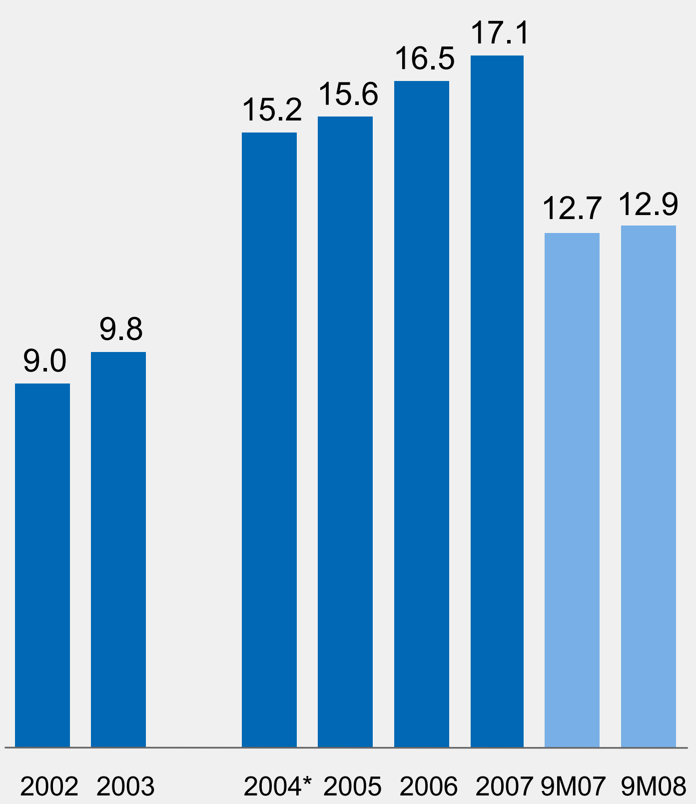
Volumes (9M08)

Cement (mt)



Ready-mix concrete (mm^3)



** first time consolidation of Dyckerhoff*

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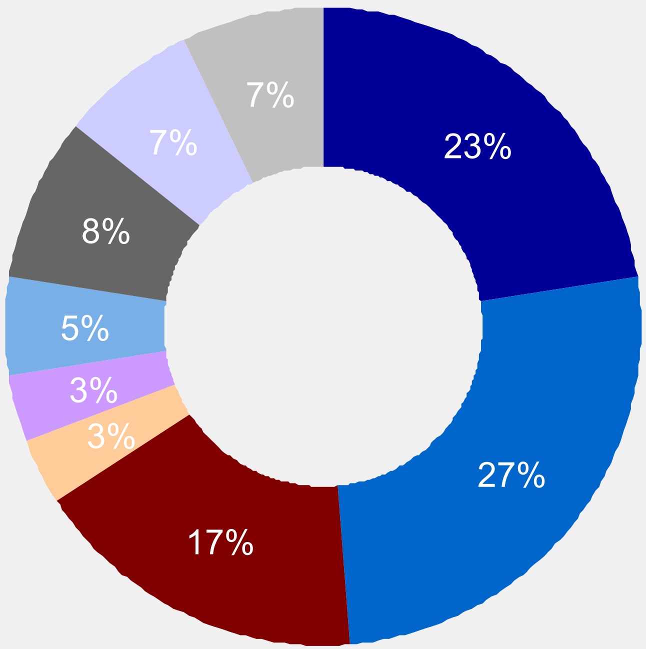
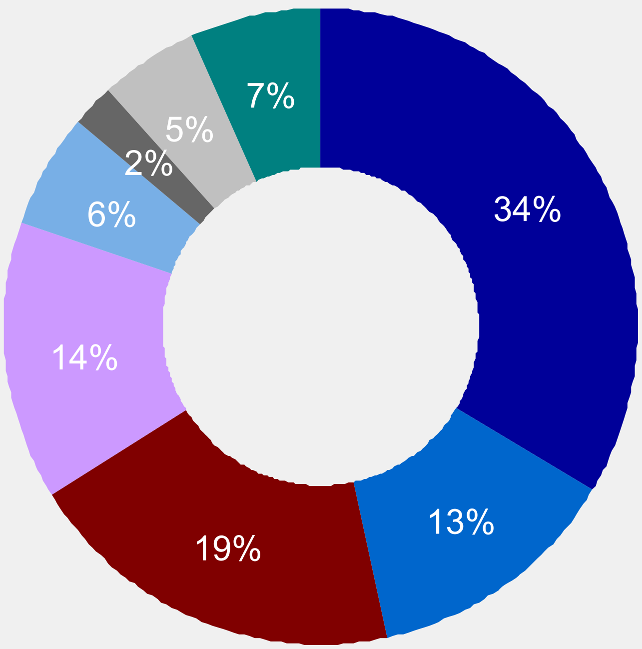
Breakdown of volumes by country (9M08)

Cement



Ready-mix concrete



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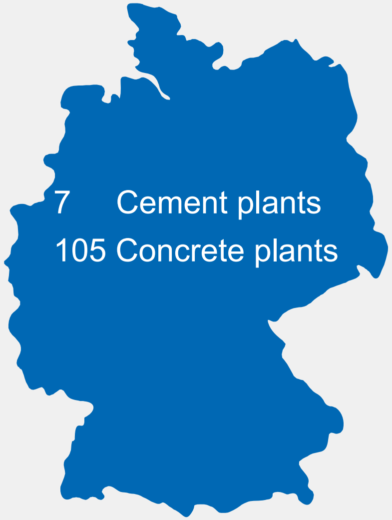
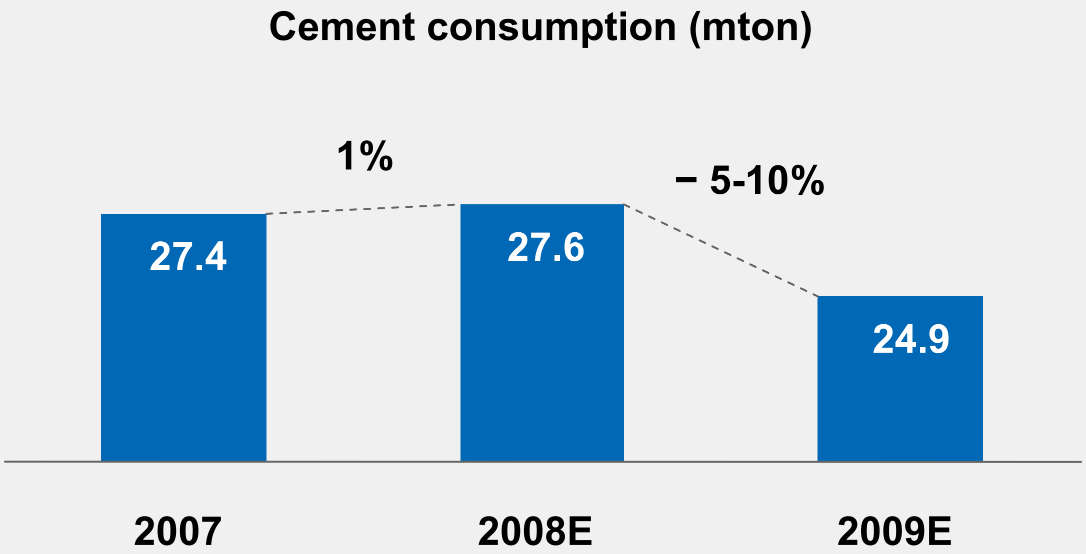
Outlook by country

Germany

- Germany has entered into a likely recession
- In the mid-term, independently of the economic course, only restrained growth in residential construction
- Impulses of growth in new building only from non-residential construction
- Positive impulses from civil engineering and renovation
- 5b€ of stimulus package allocated to support infrastructure and housing renovation, of which:
  - 2b€ to infrastructure over a 2yrs time period
  - 3b€ to building renovation over a 3yrs time period
- Analysts estimate the annualized impact of these measures to be ~1% positive on the overall construction output, mitigating the downturn and boosting the infrastructure
- Positive impact on the cement volume into 2009-10 will be limited

German cement scenario





	2007	2008E	2009E
Price trend	↗	↗	↗
Gross Domestic Product	+ 2.5 %	+ 1.5 %	− 2.2 %
Construction Investments	+ 1.8 %	+ 3.7 %	− 1-2 %

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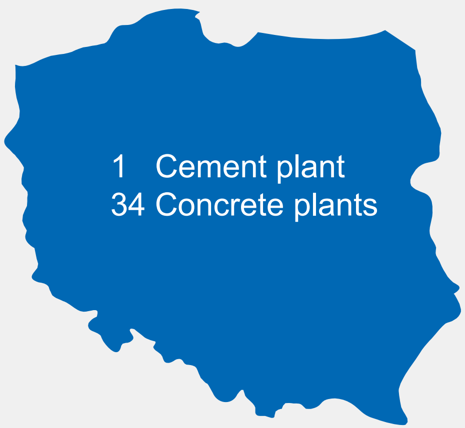
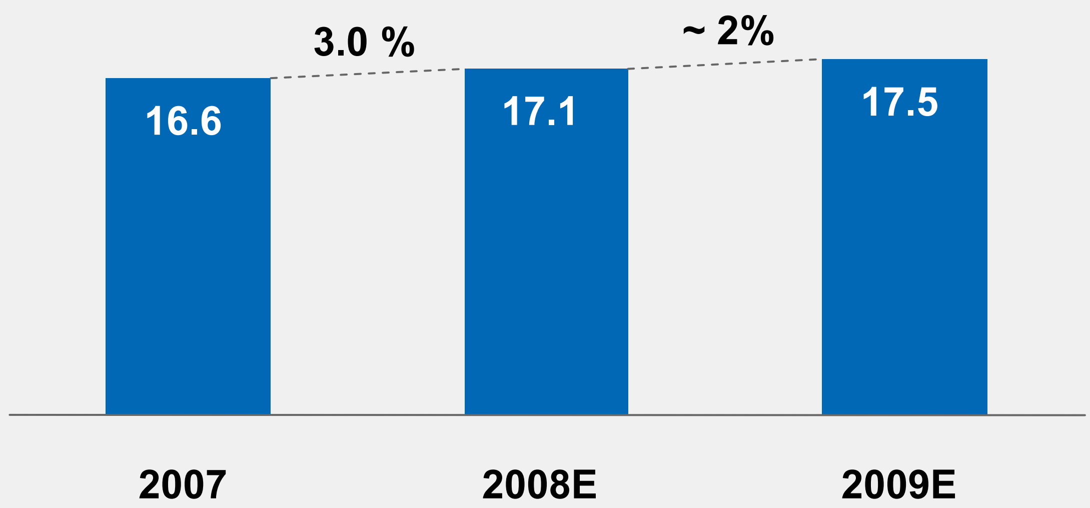
Poland

- Economy seems less affected by financial crisis, thus slowdown could be milder than in the Euro zone
- Threats coming from currency devaluation:
  - reducing household disposable income and consumption (foreign debt being held)
  - credit growth so far underestimated (thanks to strong PLN) is reversing and lending standard are getting tighten
- Trade partners slowdown (Germany, EU, Russia, Ukraine) will affect exports and domestic production: manufacturing indexes are moving into negative territory
- Foreign investments into the country may be delayed or temporary stopped limiting spending in the non-residential private construction
- 2012 European Football Championship will strongly favor building industry, mainly in the sport and services objects related to the event, as well as transportation infrastructures (121 bPLN for road + motorways and 9.4b€ for railroads till 2012)
- Civil engineering is expected to grow double digit: EU cohesion funds granted to Poland for infrastructural spending should benefit from PLN depreciation
- Residential construction to slow down considerably

Polish cement scenario



Cement consumption (mton)



	2007	2008E	2009E
Price trend	↗	↗	→
Gross Domestic Product	+ 6.6 %	+ 4.5 %	+ 2-3 %
Construction Investments	+ 12.3 %	+ 12.4 %	+ 5-8 %

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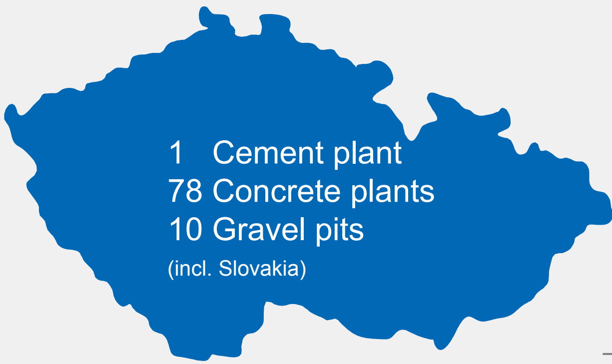
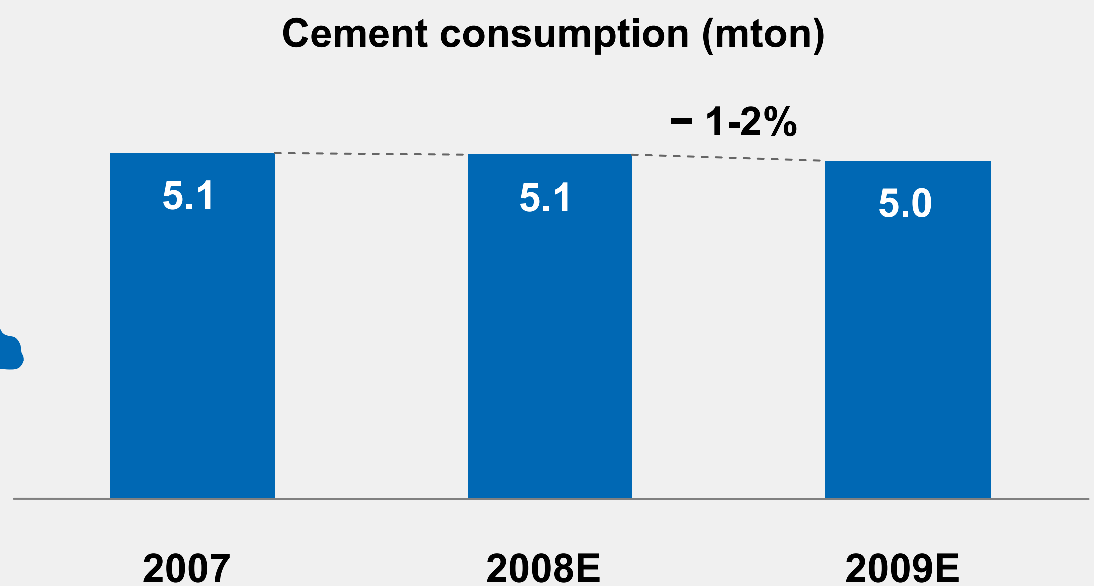
Czech Republic

- Economy more affected by weaker external demand (75-80% of GDP) than Poland, with a business cycle strictly correlated to Euroland and tightening credit condition
- Net export which compensated a sluggish domestic demand in 2008 is expected to weaken; currency devaluation could dampen import into 2009
- Solid fundamentals, with current account and fiscal deficits manageable: budget deficit to remain well below 1.5% of GDP in 2008, public debt less than 1/3 of the GDP
- Residential building sector expected to face some stagnation given the high level of dwelling completion already reached and flat prices risen faster than salaries
- Only modest growth (or stagnation) in non-residential construction related to commercial and industrial building (e.g. automakers, etc.)
- After 2 yrs stagnation, caused by high comparison base, civil construction has been growing again in 2008 in all sector (road, railways, telecom, energy) and should continue into 2009
- Cement and ready-mix demand within the country should be flat to slightly deteriorating with no major impact on the industry

Czech cement scenario





	2007	2008E	2009E
Price trend			
Gross Domestic Product	+ 6.5 %	+ 3.2 %	+ 1-2 %
Construction Investments	+ 6.9 %	+ 2.2 %	+ 2-3 %

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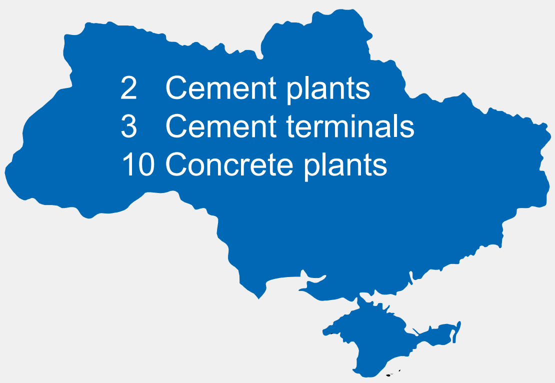
Ukraine

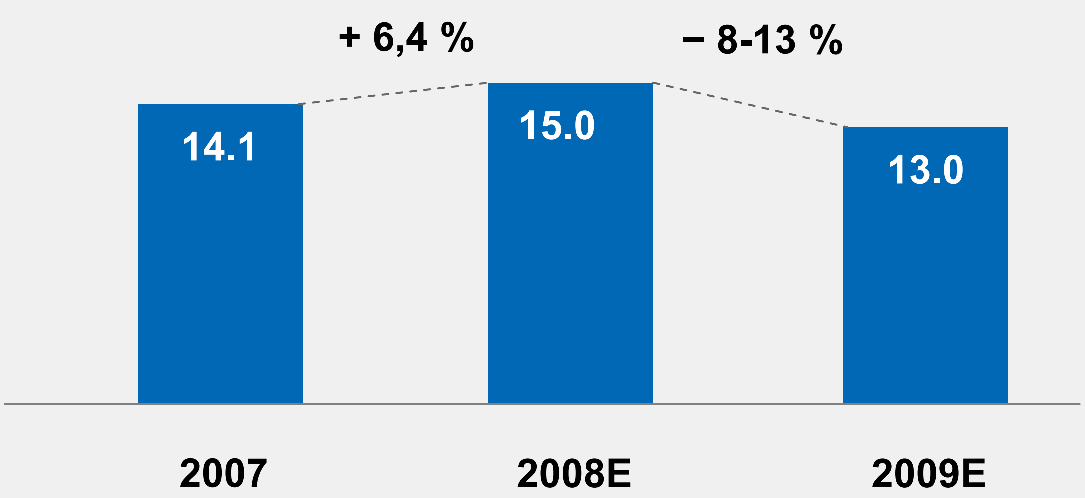
- Politically instable and strongly hit by the international financial crisis; highly dependant on foreign credit as well as exports
- In autumn 2008, almost on the brink of financial solvency; IMF sustains with a credit over 16.4b$, thereof 4.5b$ immediately available
- Total indebtedness of country up to about 100b$, thereof about 30% are short-term due; refunding is to be asked
- Monetary reserves up to about 40b$
- Extreme high current account deficit to be reduced
- Latest steel demand trend, sharply declining, caused a shock in the industrial output
- Building activities widely stopped in Kiev and in other big cities
- The instable banking conditions strike the building industry by failing of credit inflow
- Upward economic trend stopped, 2009 recession very likely
- European Football Championship 2012 should help building industry, but for now no signs of recovery

Ukrainian cement scenario

- Development in the Ukraine is currently unpredictable; no positive sign expected into 2009
- Competition may put pressure on prices
- High level of attention toward receivables could negatively affect sales volume
- Ongoing investments to strengthen competitiveness (coal burning available from 2010)



Cement consumption (mton)



Gross Domestic Product	+ 6.5 %	+ 3-4 %	− 2 %

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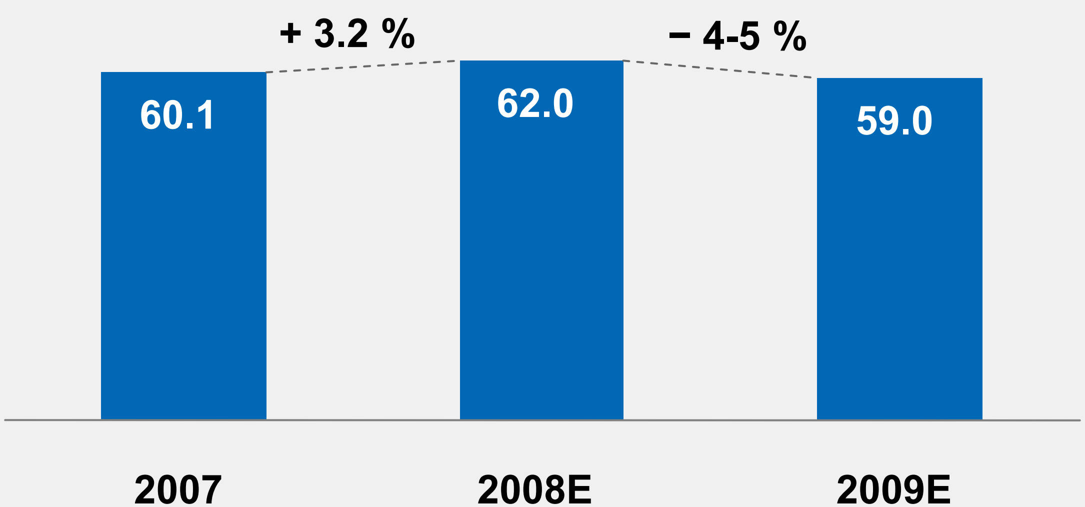
Russia

- Stable political condition with good monetary reserves
- Household income and consumption slowed in the last quarter of 2008
- Budget planning may appear troubled if oil stays below 70$/barrel. Housing and infrastructure could be under pressure
- In the construction sector leveraged developers in the Moscow and St.Petersburg area hit by a frozen financial system
- Geographical positioning in the country is key for cement market (Urals District +17.8% yoy floor space completed in first 10M 08; Central District -9.1% in the same period)
- Still large housing demand; average housing size / inhabitant about 20m^2 (Western EU, USA: 40-70m^2), 3 bil. m^2 actual housing need to be renovated
- National program for affordable housing established the construction of annually 80mil. m^2 living space between 2004-10; estimated 2008 level around 60-63mil.m^2
- National program for joint private/public investments in infrastructure projects (25b€)
- Additional public issues for road construction amounting to 100b RUB
- Stimulus plan of 200 bRUB to support cement sector of which 125 bRUB to build energy and transport infrastructure; a working group has been set up, first results by end of January

Russian cement scenario

- Re-introduction on import duties to help cement sector
- Prices are cooling down (- 15-20%) from 2008 peaks (~ 80-85 €/ton grey cem. 2009e)
- Profitability still very high

Cement consumption (mton)



	2007	2008E	2009E
Price trend	↗	↑	↘
Gross Domestic Product	+ 8.1 %	+ 6-7 %	+ 1-2 %

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Trading outlook summary

GERMANY

- Volumes declining with price improvement
- Stable revenues and profitability

CZECH REPUBLIC

- Stable to slightly declining volumes, in a stable pricing environment
- Negative translation effect on the results

POLAND

- Holding construction market with stable to slightly improving volumes
- Negative impact of PLN currency on the results

UKRAINE

- Market declining, potential pricing pressure, gas cost inflation and currency depreciation
- Results seriously deficient into 2009; coal usage starting in 2010 to restore good profitability

RUSSIA

- Price reduction to stabilize and some lower volumes (improving again into 2010)
- Profitability still at the top of the group

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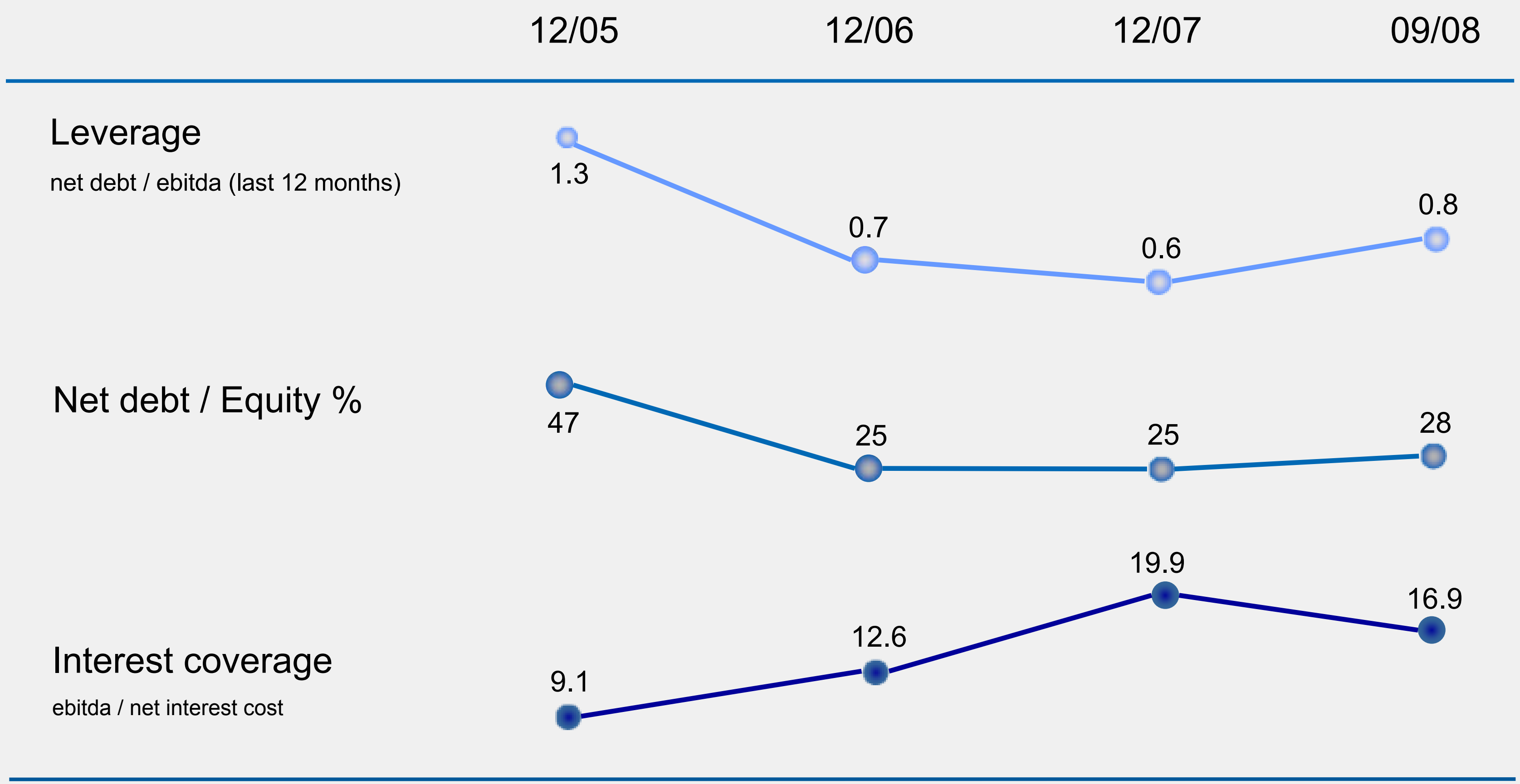
Group Strategies

Strategic guidelines

- High level operating performance and outstanding financial condition
- Strengthening of the industrial system
  - Replacing obsolete capacity with best available technologies
  - Increasing capacity in emerging countries
  - Best in class valuation: maintenance capex to improve efficiency following accurate internal benchmarking
- Growth record and future opportunities
  - Selective and performance oriented
  - Seeking for low energy cost countries
  - Potential synergies with current system
- Adequate shareholders' investment return
  - Rewarding pay-out policy

Financial condition

- Solid leverage conditions, allowing good flexibility
- Conservative debt profile to maintain favorable ratios



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Preserving financial condition

- Market conditions are progressively deteriorating: visibility for the year 2009 is still low, consequently operating results will be less positive than in the past
- Preserving cash flow is a key point, monitoring ordinary capex, working capital and new project outlay (expansion capex)
- Capex deployment will adapt to new conditions
- Expansion projects schedule is monitored and multiple scenarios have been evaluated:
  - Akbulak (RUS) greenfield project to proceed up to civil works completion, until market stabilizes, before implementing the second phase of the project, committing only 40-50% of budget
  - Volyn (UKR) brownfield project working on permits and engineering; no further commitment for now
  - USA project 2 to be delayed until market conditions improve (no equipment committed)
- Compliance with financial ratios to maintain an implicit strong investment grade rating, avoiding to miss any potential alternative or complementary opportunity to the above mentioned projects

Russia Suchoi Log expansion

- The SL5 project is to be commissioned by end of 2009, expanding capacity by 1.2mton (+50%)
- The new brownfield production line will add variable costs only, leveraging on the current staff and strengthening the profitability scenario in the country
- Serving the Ural region markets, with sales mainly direct toward commercial and infrastructures
- Local demand still strong, less affected by credit crunch like in Moscow or St.Petersburg area
- Given the high levels of profitability reached, prices in the area may soften (oil-well and specialty cements, representing 30% of sales, sold at premium price)


Kiln set-up


Cement mill


Cement silos


Raw material storage

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