Through the artistic eye of Antoine Poupel, Colas pays tribute to its 66,000 talents working around the world on all five continents.
Backed by a workforce of 66,000 people operating out of 800 autonomous work centers and 1,400 production sites located in some 50 countries on 5 continents, Colas is a leader in the field of construction and maintenance of transport infrastructures, urban development and recreational facilities. In 2011, with 112,000 projects worldwide, the Group posted consolidated revenue at 12.4 billion euros. Roads represent nearly 80% of the Group’s business, including the construction and maintenance of roads and highways, airfield runways and aprons, ports, industrial sites, logistics platforms, urban networks, reserved-lane public transport systems, bike paths, sports facilities, and more. In addition, Colas does business in activities upstream from the construction sector involving the production and recycling of materials (aggregates, emulsions and binders, asphalt concrete, ready-mix concrete) that it uses internally or sells to third parties, thanks to its dense international network of quarries, gravel pits, emulsion plants, asphalt plants, concrete plants. The Group operates in the production, storage, transformation and distribution of bitumen as well, backed by two refining units and a network of depots.

Colas is also involved in specialized complementary lines of business, which means that the Group can propose a wide range of products and services to its clients, both public and private: manufacturing and installation of safety equipment, road marking, signing and traffic control/access management systems; production and application of waterproofing products, siding, roofing and installation of photovoltaic panels and membranes; laying of pipes for the transport of fluids; civil engineering; building (new construction, rehabilitation, deconstruction); design and engineering of large-scale complex railway projects, construction, renewal and maintenance of railways for conventional lines, high-speed trains, tramways, subways, including electrification and signaling, railway freight transport; services and concessions.

Safety, quality, ethics, environmental protection, innovation, diversity, training, rigor, financial strength: these are the keys that allow Colas to pursue long-term profitable growth in the framework of responsible development. Colas is paving the way forward, serving people, freedom, higher standards of living and enhanced economic development.
Interview with HERVÉ LE BOUC
Chairman and CEO of Colas

In such a sluggish economic and financial environment, how do you explain the fact that Colas posted 6.4% growth in revenue compared to last year?

First, it must be said that the majority of our companies benefited from favorable weather conditions last year, except for North America. Our teams were able to work all year long.

The increase in revenue can also be explained by rising construction costs, meaning raw materials, energy and bitumen, and by external growth, which brought in an additional 250 million euros.

But most importantly, all of the Group’s businesses are expanding, except for the Pipes and Building sectors. A major drive was undertaken from a commercial standpoint to target and select bids and to broaden our customer base, enabling the Group to secure a great number of contracts throughout the year. Our companies have thus proved that their businesses are well anchored in their local markets and that Colas’ business model based on vertical integration is still as relevant as ever, especially in North America.

Lastly, certain markets are growth oriented, for example Railways, Waterproofing, Canada and Australia.
So disparities remain amongst the geographic zones?
The year was once more witness to geographic contrasts in terms of revenue trends.
Central Europe saw its figures slump even further, a drop that was in line with forecasts, due to shrinking public investment in the region, our strategy to focus on profitability instead of volume and our decision to cancel the Highway A2 contract in Romania, on which the Group had run into too many contractual issues.
In the French overseas departments, business is down slightly.
2011 was a lackluster year for Africa and the Indian Ocean.
Northern Europe was up slightly.
North America performed well, despite a tougher economic environment in the United States and particularly harsh weather up to the month of July.
Business was also good in mainland France. Conventional road business was down slightly, but the market remained buoyant thanks to a large number of public transport and urban development projects.
In Asia and Australia, our business is growing at a fast pace.

Last year, you said that your number one target for Colas in 2011 was to improve profitability. Did you reach your goal?
The Group’s sharp improvement in profitability is definitely the highlight of 2011.
Colas recorded good operating income figures with current operating income up 28% at 466 million euros. A performance like that is a nice reward for all of our determined efforts. We carefully, resolutely implemented a strategy that focuses on profit margins instead of volume.
We undertook a number of actions to help adapt, improve and transform, especially in central Europe of course, but also throughout the Group’s network, in order to boost productivity. This is how we managed to cut our losses in central Europe by 78 million euros.
Operating income is up 49%. Unlike 2010 when 52 million euros in non-current expenses had to be recognized, no expenses of this nature affected the year.
The Group share of net profit amounted to 336 million euros in 2011, a 50% increase, which means that our net profit margin now totals 2.7% of revenue.
Remember that these figures were recorded in markets in which prices and volumes were, globally speaking, rather sluggish, so we can say that our goal for 2011 has been reached, even if there is still room for progress.

Complex contracts like PPPs, concessions, MACs, etc. are the latest trend. Are they an important part of your strategy? Do you think this type of contract will become increasingly popular?
In 2011, we secured some very interesting contracts, both in France and around the world.
In France, we won the concession project for Highway A63 and work was launched last September. We also secured the public-private partnership agreement for the Vichy bypass, along with the PPP for public lighting and street networks in Le Plessis-Robinson, near Paris, and the long-term high-energy performance public lighting and traffic light contract for the City of Paris.
Elsewhere around the world, Colas Rail is slated to perform a design-build contract for the entire transport system on an extension of the light metro in Kuala Lumpur, Malaysia. In Great Britain, a new long-term railway track

“In 2011, Colas got back on the road forward.”
A maintenance contract was won for the southwest region, in addition to a series of long-term road maintenance contracts currently underway.

Successes like these clearly reflect Colas’ technical, commercial, legal and financial expertise in complex contracts. These complex contracts are an integral part of the Group’s strategy, because they are complementary to more conventional service-oriented businesses, and this will help better satisfy our customers’ needs.

The way in which these markets will evolve depends on whether or not decision-makers decide to focus on outsourcing infrastructure management, and on whether or not investors and bankers can finance the deals.

**At Colas, responsible development is also a key point in your corporate strategy. How much headway was made in 2011?**

Responsible development plays a major role in Colas’ strategy, hinging around three key focal points that describe the Group’s driving forces: Entrepreneurial, Pioneering and Innovative, Responsible. The 66,000 people who work at Colas must develop responsibly, from a human, environmental and societal viewpoint, a prerequisite that lies at the very heart of our strategies and our actions. It gives meaning to what we do and helps us perform better.

Our responsible development policy focuses on the dynamics of continual improvement. This is how we have made steady progress over the last fifteen years in safety in the workplace and on the road. The pause in progress recorded in 2011 must not cloud our overall good performance. On the contrary, it should encourage us to try even harder, which is the message I sent on to all our managers.

As for the environment, we are quite pleased to see a 20% increase in the use of reclaimed asphalt pavement or RAP, which helps save both materials and energy. Warm mix production has doubled, which has a threefold set of advantages: saving energy, reducing greenhouse gases and reducing bitumen fume exposition on our jobsites. Our target is to speed up the replacement of conventional hot mix by warm mix.

**Bitumen is a raw material that is essential to your business. In the wake of a series of refinery closures, are you worried about supply issues in France and around the world?**

In the last few years, we had anticipated these shutdowns and have studied a number of solutions to secure our supply in France and around the world. We have built up a vast network of bitumen depots and storage terminals, for example in Blaye, France, and notably in North America. Since 2007, we have been operating, via our Thai subsidiary, a bitumen refinery in Kemaman, Malaysia, and, in mid-2010, we acquired the Société de la Raffinerie de Dunkerque (SRD), in France, which helps secure supply for our road subsidiaries in France and in northern Europe.

The recent refinery closures are proof if needed that Colas’ bitumen strategy is accurate.

What is the outlook for Colas in 2012? Are you afraid, in particular, that some of your customers may have a hard time financing their projects and that this could impact the Group’s activity?

Our work-on-hand at the end of December 2011 totaled 6.5 billion euros, 5% higher than at the end of December 2010. The high level of work-on-hand allows the Group to move smoothly into the beginning of the new year.

More good news: a consortium including Colas Rail and Colas Midi-Méditerranée has been selected as preferred bidder for a twenty-five-year PPP contract for the Nîmes-Montpellier railway bypass. Financial closing should be ensured during the first half-year.

Market trends for Colas’ business do remain difficult to forecast.
France has a number of major projects in the making or being launched. Local authorities also have many plans involving public transport infrastructure, meaning tramways or reserved-lane bus networks, as well as urban development, road and railway maintenance, as conventional contracts or as PPPs. Nonetheless, these projects will only be finalized if decision-makers are able to finance them.

Colas companies in North America should continue to enjoy upbeat business trends in Canada and should benefit from a recovery – albeit slight – of the US economy. In northern Europe, outlook for business remains stable. Forecasts are more uncertain in central Europe, but I would like to remind you that our sole target in this zone is to reach the breakeven point.

In Africa and the Indian Ocean zone, business should be stable or slightly growth-oriented.

Asia and Australia will continue to operate in a dynamic environment.

As for the Group’s specialized lines of business, the markets for Safety and signaling and Waterproofing should be similar to what we observed in 2011. For the Pipeline sector, we will have to wait until 2013. Last but not least, outlook for Railways is bright, both in France and elsewhere around the world.

Most of all, I am a true believer in our strong-willed policy focusing on margins instead of volume that we will continue to roll out in 2012. I also believe in our ability to continue to expand, while remaining selective in our choices.

Moreover, Colas enjoys a number of strong suits, in particular a broad geographic spread of its operating units, a business model based on vertical integration, a solid financial situation, and the technical, legal, and financial skills it needs to be competitive on all types of markets.

Backed by its 66,000 Talents who work on all five continents, Colas will continue to pave the way forward, boosted by the medium and long-term vision and strategy that have made the Group so successful.

What kind of mood are you in as 2012 gets off to a start: concerned or confident?

When faced with an uncertain economic and financial environment, you have to be both concerned and confident. You have to remain cautious, and at the first sign of danger, react.

As such, I have complete confidence in the agility of the Colas workforce. In 2011, our people showed us just how well they could adapt and react. Colas companies and profit centers, for a vast majority, are now all in good working order, and have improved their competitive edge.
Colas
AROUND THE WORLD

NORTH AMERICA
Canada
Alberta
British Columbia
Northwest Territories
Quebec
Saskatchewan
Yukon
United States
Alabama
Alaska
Arkansas
California
Colorado
Florida
Florida
Georgia
Illinois
Kansas
Kentucky
Maine
Maryland
Michigan
Missouri
Nebraska
Nevada
New Jersey
New Mexico
New York
North Carolina
Ohio
Oklahoma
Pennsylvania
South Carolina
South Dakota
Tennessee
Texas
Virginia
West Virginia
Wyoming

EUROPE
Austria
Belgium
Croatia
Czech Republic
Denmark
France
Great Britain
Greenland
Hungary
Iceland
Ireland
Isle of Man
Monaco
Netherlands
Poland
Romania
Slovakia
Slovenia
Switzerland

FRENCH OVERSEAS DEPARTMENTS
Caribbean and French Guiana
French Guiana
Guadeloupe
Martinique
Indian Ocean
Mayotte
Reunion Island

SOUTH AMERICA
Venezuela

AFRICA, INDIAN OCEAN, ASIA, OCEANIA, NEAR AND MIDDLE EAST
North Africa
Morocco
West and Central Africa
Benin
Gabon
Ivory Coast
Togo
Egypt
Revenue per geographic zone is expressed in percentage of total revenue.
REVENUE

The Group’s consolidated revenue totaled 12.4 billion euros, up 6.4% from 2010 (+5.1% with an unchanged scope of business and comparable exchange rates), despite a sluggish economic and financial environment. Business was boosted by good weather, except for North America during the first half-year.

CURRENT OPERATING INCOME

Current operating income totaled 466 million euros, up 28% against 2010 thanks to a strong-willed strategic drive to favor profit margin over volume, and to streamlining and improvement actions notably in central Europe but also throughout the Group worldwide. In addition, Colas continued to focus on targeted growth. Current operating profit margins amounted to 3.8% of revenue, up 0.7%.

BREAKDOWN OF BUSINESS BY SECTOR

- Road works
- Sales of materials(1)
- Civil engineering, Pipes and mains
- Waterproofing
- Railways
- Safety and signaling
- Building

(1) Including sales of refined oil products.
NET PROFIT (GROUP SHARE)

In 2011, there were no non-current expenses, unlike 2010 when 52 million euros were posted. The Group share of net profit totaled 466 million euros, a sharp 49% increase over 2010. The Group share of consolidated net profit rose to 336 million euros, up 50% against the end of December 2010. Profitability is now at 2.7% of revenue.

NET CASH POSITION/NET DEBT

The Group’s positive net cash position at the end of December 2011 totaled 28 million euros, compared to net debt of 57 million at the end of December 2010, i.e., an 85-million euro improvement over the previous year thanks to a drive to manage cash, despite shorter supplier payment deadlines in France that have boosted working capital requirements.

CASH FLOW FROM OPERATIONS/ NET INVESTMENTS/FREE CASH FLOW

The Group focused its cautious investment policy on industrial units and on reinforcing its market share in the materials sector via external growth. Net investments were reined in at 496 million euros, including 100 million euros earmarked for external investment. This strategy enabled the Group to generate free cash flow at 327 million euros.

(1) Free cash flow = cash flow from operations less all net financial debt, taxes and net investments.
SHAREHOLDER BASE
ON DECEMBER 31, 2011

- Bouygues
- Public
- Colas Employee Savings Plan

SHARE PRICE

Quotation: Euronext Paris France Compartment A, continuous market, non SRD. ISIN Code FR000121634. Identification codes: Reuters COLP.PA, Bloomberg RE.FP.

KEY FIGURES FOR COLAS SHARES

<table>
<thead>
<tr>
<th>In euros</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highest</td>
<td>363.99</td>
<td>309.50</td>
<td>198.78</td>
<td>194.00</td>
<td>169.00</td>
</tr>
<tr>
<td>Lowest</td>
<td>225.60</td>
<td>121.15</td>
<td>124.45</td>
<td>128.25</td>
<td>98.50</td>
</tr>
<tr>
<td>Price on December 31</td>
<td><strong>309.50</strong></td>
<td><strong>142.00</strong></td>
<td><strong>174.49</strong></td>
<td><strong>144.94</strong></td>
<td><strong>103.00</strong></td>
</tr>
<tr>
<td>Market capitalization as of December 31 (in billions of euros)</td>
<td>10.06</td>
<td>4.82</td>
<td>5.69</td>
<td>4.73</td>
<td>3.36</td>
</tr>
<tr>
<td>Average daily transactions (in number of shares)</td>
<td>911</td>
<td>1,460</td>
<td>689</td>
<td>948</td>
<td>861</td>
</tr>
</tbody>
</table>
NET PROFIT PER SHARE (GROUP SHARE)

In the wake of fiscal 2010 and its accumulation of unfavorable current and non-current events, the action plans implemented by the Group enabled a notable improvement in profitability in 2011.

<table>
<thead>
<tr>
<th>Year</th>
<th>NET PROFIT PER SHARE (GROUP SHARE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>14.56</td>
</tr>
<tr>
<td>2008</td>
<td>15.06</td>
</tr>
<tr>
<td>2009</td>
<td>11.86</td>
</tr>
<tr>
<td>2010</td>
<td>6.86</td>
</tr>
<tr>
<td>2011</td>
<td>10.28</td>
</tr>
</tbody>
</table>

In euros per share

(1) If approved by the Annual General Shareholders’ Meeting on April 17, 2012.

YIELD PER SHARE

Dividend paid out in a given year/year-end share price of previous year

Colas’ yield per share for 2012 totals 7.05%, if the dividend is approved by the Annual General Shareholders’ Meeting on April 17, 2012.

<table>
<thead>
<tr>
<th>Year</th>
<th>YIELD PER SHARE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>2.75</td>
</tr>
<tr>
<td>2009</td>
<td>6.16</td>
</tr>
<tr>
<td>2010</td>
<td>3.87</td>
</tr>
<tr>
<td>2011</td>
<td>4.35</td>
</tr>
<tr>
<td>2012</td>
<td>7.05(1)</td>
</tr>
</tbody>
</table>

In percentage

(1) If approved by the Annual General Shareholders’ Meeting on April 17, 2012.

DIVIDEND PER SHARE

Paid out in a given year in respect of the previous year’s results

If approved by the Annual General Shareholders’ Meeting on April 17, 2012, the dividend distributed in 2012 for fiscal 2011 amounts to 7.26 euros, up 15% against the dividend distributed in 2011 for fiscal 2010, for a total of 237 million euros.

<table>
<thead>
<tr>
<th>Year</th>
<th>DIVIDEND PER SHARE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>8.50</td>
</tr>
<tr>
<td>2009</td>
<td>8.75</td>
</tr>
<tr>
<td>2010</td>
<td>6.75</td>
</tr>
<tr>
<td>2011</td>
<td>6.30</td>
</tr>
<tr>
<td>2012</td>
<td>7.26(1)</td>
</tr>
</tbody>
</table>

In euros per share

(1) If approved by the Annual General Shareholders’ Meeting on April 17, 2012.

SHAREHOLDER’S INFORMATION

Calendar
Interim results: August 28, 2012
Annual Shareholders’ Meeting: April 17, 2012
Payment of dividend: May 2, 2012

Information sources
Annual Report
Web site: http://www.colas.com

To contact Colas
Shareholders and Investors Relations
Tel.: (33)1 47 61 76 73
E-mail: finance@colas.com

Share services
As an issuing company, Colas provides share services and financial services.
### Consolidated income statement

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>12,412</td>
<td>11,661</td>
</tr>
<tr>
<td>Profit from operations (current)</td>
<td>466</td>
<td>365</td>
</tr>
<tr>
<td>Extraordinary items</td>
<td>-</td>
<td>(52)</td>
</tr>
<tr>
<td>Profit from operations</td>
<td>466</td>
<td>313</td>
</tr>
<tr>
<td>Interest income (expense)</td>
<td>(24)</td>
<td>(30)</td>
</tr>
<tr>
<td>Other finance income (expense)</td>
<td>3</td>
<td>(7)</td>
</tr>
<tr>
<td>Provision for income taxes</td>
<td>(163)</td>
<td>(122)</td>
</tr>
<tr>
<td>Income from associates</td>
<td>59</td>
<td>69</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>341</td>
<td>223</td>
</tr>
<tr>
<td>Of which: minority interest</td>
<td>5</td>
<td>(1)</td>
</tr>
<tr>
<td>Of which: equity holders of the parent</td>
<td>336</td>
<td>224</td>
</tr>
</tbody>
</table>

### Consolidated cash flow statement

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash from operations before tax</td>
<td>915</td>
<td>814</td>
</tr>
<tr>
<td>Income tax paid</td>
<td>(96)</td>
<td>(171)</td>
</tr>
<tr>
<td>Changes in current assets and liabilities</td>
<td>(41)</td>
<td>(109)</td>
</tr>
<tr>
<td>Cash flows from operating activities (a)</td>
<td>778</td>
<td>534</td>
</tr>
<tr>
<td>Operating capital expenditures (net)</td>
<td>(393)</td>
<td>(452)</td>
</tr>
<tr>
<td>Acquisitions and disposals of subsidiaries</td>
<td>(45)</td>
<td>(3)</td>
</tr>
<tr>
<td>Other investing activities</td>
<td>7</td>
<td>(2)</td>
</tr>
<tr>
<td>Cash flows from investing activities (b)</td>
<td>(431)</td>
<td>(457)</td>
</tr>
<tr>
<td>Change in equity</td>
<td>(3)</td>
<td>2</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(209)</td>
<td>(224)</td>
</tr>
<tr>
<td>Net variation from borrowings</td>
<td>20</td>
<td>(19)</td>
</tr>
<tr>
<td>Interest income (expense) and miscellaneous</td>
<td>(24)</td>
<td>(30)</td>
</tr>
<tr>
<td>Cash flows from financing activities (c)</td>
<td>(216)</td>
<td>(277)</td>
</tr>
<tr>
<td>Exchange differences and other (d)</td>
<td>(1)</td>
<td>13</td>
</tr>
<tr>
<td>Net change in cash and cash equivalents (a+b+c+d)</td>
<td>130</td>
<td>(181)</td>
</tr>
<tr>
<td>Net cash at the beginning of the year</td>
<td>202</td>
<td>383</td>
</tr>
<tr>
<td>Net cash and cash equivalent at end of the year</td>
<td>332</td>
<td>202</td>
</tr>
</tbody>
</table>
## Consolidated balance sheet

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property, plant and equipment</td>
<td>2,524</td>
<td>2,438</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>90</td>
<td>87</td>
</tr>
<tr>
<td>Goodwill</td>
<td>450</td>
<td>445</td>
</tr>
<tr>
<td>Investments in associates</td>
<td>437</td>
<td>422</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>225</td>
<td>174</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>155</td>
<td>138</td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td><strong>3,881</strong></td>
<td><strong>3,704</strong></td>
</tr>
<tr>
<td>Inventories and receivables</td>
<td>3,910</td>
<td>3,548</td>
</tr>
<tr>
<td>Cash and financial instruments</td>
<td>464</td>
<td>424</td>
</tr>
<tr>
<td><strong>Net current assets</strong></td>
<td><strong>4,374</strong></td>
<td><strong>3,972</strong></td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>8,255</strong></td>
<td><strong>7,676</strong></td>
</tr>
<tr>
<td>Capital and reserves</td>
<td>2,494</td>
<td>2,345</td>
</tr>
<tr>
<td>Minority interests</td>
<td>34</td>
<td>30</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td><strong>2,528</strong></td>
<td><strong>2,375</strong></td>
</tr>
<tr>
<td>Long-term debt</td>
<td>242</td>
<td>200</td>
</tr>
<tr>
<td>Provisions</td>
<td>750</td>
<td>750</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>110</td>
<td>95</td>
</tr>
<tr>
<td><strong>Non-current liabilities</strong></td>
<td><strong>1,102</strong></td>
<td><strong>1,045</strong></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>4,431</td>
<td>3,975</td>
</tr>
<tr>
<td>Current portion of long-term debt</td>
<td>48</td>
<td>50</td>
</tr>
<tr>
<td>Bank overdrafts and financial instruments</td>
<td>146</td>
<td>231</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td><strong>4,625</strong></td>
<td><strong>4,256</strong></td>
</tr>
<tr>
<td><strong>Total equity and liabilities</strong></td>
<td><strong>8,255</strong></td>
<td><strong>7,676</strong></td>
</tr>
</tbody>
</table>
BOARD OF DIRECTORS
as of April 17, 2012(1)

Hervé Le Bouc
Chairman and Chief Executive Officer

Christian Balmes
Director

François Bertiére
Director

Olivier Bouygues
Director

Louis Gabanna
Director

Thierry Genestar
Director

Jean-François Guillemin
Director

Jacques Leost
Director

Colette Lewiner
Director

Philippe Marien
Permanent Representative
of Bouygues SA

Thierry Montouché
Director

Jean-Claude Tostivin
Director

Gilles Zancanaro
Director

AUDITORS

KPMG SA
Statutory Auditor

Mazars
Statutory Auditor

François Caubrière
Substitute

Thierry Colin
Substitute

(1) If approved by the Annual General Shareholders’ Meeting on April 17, 2012.
Noteworthy disparities exist in revenue trends throughout the geographic zones where the Group operates. Business in mainland France, North America and Asia/Australia enjoyed growth and northern Europe is up slightly (excluding sales of refined products). Africa, the Indian Ocean and North Africa have dropped off somewhat, along with the French overseas departments. Central Europe has slumped sharply, as expected.

Compared to last year, the breakdown of revenue remains unchanged. Sales in France, including the French overseas departments, account for 58% of total revenue at 7.2 billion euros. Outside of France, including French overseas territories, revenue amounted to 5.2 billion euros, i.e., 42% of total revenue. When combined, Europe (including France) with 9.1 billion euros, and North America with 2.4 billion euros account for 11.5 billion euros, i.e., 92% of total revenue.

In 2011, against a global backdrop that has nevertheless remained dominated by the economic and financial crisis, Colas was able to post solid business figures, with revenue at the end of December 2011 totaling 12.4 billion euros, up 6.4% over 2010 (+5.1% with unchanged exchanged rates and scope of business). The Group share of net profit increased a steep 50% at 336 million euros, compared to the end of December 2010 (224 million euros). Current operating income is up 28% at 466 million euros (365 million euros at the end of December 2010), thanks to a strong-willed strategy that has focused on profit margin over volume, to streamlining and improvement actions in central Europe in particular as well as throughout the Group’s network, and to ongoing targeted acquisitions. As there were no non-current expenses in 2011, operating income was up 49% at 466 million euros against 313 million euros at the end of December 2010. Favorable weather in mainland France also boosted the Group’s business figures in 2011.
The Group kept tight control over investments. After deduction of asset sales, the net total of investments was 496 million euros, only slightly under the 500 million euros invested in 2010. External growth investments (shares and assets) amounted to 100 million euros (63 million in 2010). Net investments in tangible and intangible assets mostly involving the renewal of plant and equipment, totaled 401 million euros, compared to 437 million euros in 2010. Free cash flow (cash flow from operations less net financial debt, taxes and net investments) totaled 327 million euros (225 million in 2010).

The Group continued to focus on controlling cash flow. Despite even shorter supplier payment deadlines in France that have led to an increase in working capital requirements, the net cash position at the end of December 2011 amounted to 28 million euros, compared to consolidated net debt of 57 million euros at the end of December 2010, i.e., an improvement of 85 million euros during the fiscal year.

As of December 31, 2011, Colas' financial situation is solid, with a Group share of shareholders’ equity prior to dividend distribution of 2,494 million euros, compared to 2,345 million euros at the end of 2010, and an 84% coverage ratio of non-current assets by shareholders’ equity and non-current provisions, identical to that of the end of 2010.

Business

France

Revenue in France (mainland France plus overseas departments) amounted to 7.2 billion euros against 6.7 billion euros in 2010, i.e., a 8.0% increase.

Mainland France

Revenue in mainland France amounted to 6.8 billion euros, up 8.7% over 2010 (71% with an unchanged scope of business).

The Group’s activities include:

ROADS
(72% of total revenue in mainland France)

This highly-diverse Roads sector includes a variety of projects – both big and small – backed by a full range of businesses, expertise and know-how. It covers some 60,000 projects each year involving the construction and maintenance of transport infrastructure: highways, national roads, city streets, airports, seaports, platforms for railroads and reserved-lane public transport, industrial and commercial facilities, roads and main networks for real-estate projects including individual homes and apartments buildings, urban development projects (pedestrian zones, city squares), recreational amenities (sports facilities, automobile circuits, bike paths) and environmental protection (retention ponds, landscaping, windpower parks). This activity includes small-scale civil engineering and drainage work often linked to road construction and maintenance projects. The business is also backed by an upstream network that produces aggregates and materials mainly designed for road works (asphalt mixes, binders, emulsions, ready-mix concrete), products that are used by the Group or sold to third parties.

In mainland France, Colas operates in the Roads sector via a network of 16 regional subsidiaries located throughout the country.

SPECIALIZED ACTIVITIES
(28% of total revenue in Mainland France)

• The Building sector comprises conventional construction business located exclusively in the Greater Paris Area, along with demolition and deconstruction of old buildings both in and around Paris and throughout the country, often coupled with material recycling activities.

• The Road Safety and Signaling sector includes the manufacture, installation and maintenance of safety equipment (guardrails, traffic directing systems), road marking (production of road paints and application of road markings), signs, lights and traffic/access management systems (traffic lights, equipment for toll booths, parking lots, access control). Aximum and its subsidiaries operate in these markets.

• The Pipes and mains sector encompasses the installation and maintenance of large and small diameter pipes for the transport of fluids (oil, natural gas, water), including the construction of compressor stations, along with dry networks (electricity, heating, telecommunications), small-scale civil engineering projects and industrial services. Spac and its subsidiaries operate in these markets.

• The Waterproofing sector includes:
  - the production and sales of waterproofing membranes including photovoltaic membranes in France and elsewhere around the world, skydomes and fume/smoke removal systems, installation and maintenance of servocontrols;
  - the waterproofing of roadways and sidewalks (mastic asphalt) and buildings, cladding and roofing (offices, industrial sites, auditoriums, museums) including complex work on highly architectural projects: aluminum and steel cladding and roofing, metal frameworks, photovoltaic roofing. Smac and its subsidiaries operate in these markets.
• The Railway sector comprises the design and engineering of complex, large-scale projects, the construction, renewal and maintenance of railway track (conventional and high-speed lines, tramways, subways), for both fixed installation and infrastructure with the laying and maintenance of track, electrification (substations, catenary systems), signaling and safety systems, special work (bridge cranes, sidings, tunnels), the manufacture of cross ties, as well as a railway freight business (notably transport of aggregates for Group companies as well as goods for private customers). Colas Rail and its subsidiaries operate in these markets.

• Production and sales of oil refinery products

The Société de la Raffinerie de Dunkerque (SRD), acquired in 2010, manufactures a range of oil-based products for Colas (60%) and Total (40%) as part of a processing contract that runs up to the end of 2012. The products, including bitumen, oils, waxes, paraffin and special fuels, are sold by SRD to Colas and Total, who then in turn sell them. A specialized bitumen division is in charge of selling the bitumen manufactured by SRD (processing contract) to the Group’s road subsidiaries. It also sells other products (oils, paraffin, special fuels) to third-party customers.

The Group’s competitors in the road construction industry and in other public works sectors remain Eurovia (Vinci group), Eiffage TP (Eiffage group), NGE group, major regional companies such as Ramery, Charrier, and Pigeon, in addition to a very tight network of roughly 1,600 small and medium-sized local companies. On the aggregate and ready-mix concrete markets, competition comes from cement manufacturing groups such as Lafarge, Cemex and Ciments Français, along with a network of regional and local aggregate producers, some of whom operate in the public works sector as well. The Group’s specialized road-related businesses contend with other specialized subsidiaries of the French construction groups mentioned above, along with major international companies as well. There are also a number of small, medium and large specialized business units that operate on regional, national and international markets, such as:
- signing and signaling: Signature (Burelle and Eurovia groups), Girod, Lacroix;
- railways: ETF (Eurovia), TSO (NGE), Alstom (TGS), Eiffage Rail and a number of independent medium-sized companies.

Colas is ranked first in the road and railway sectors, second in the waterproofing market, and third in the production of aggregates. Ranking has no significance in the other lines of business.

Roads

In 2011, despite major disparities in investments by local authorities (urban areas vs rural zones, small towns vs big cities), the road market was relatively stable in volume compared to 2010, boosted by works involving a great number of reserved-lane public transport projects. The Group’s 16 regional road construction subsidiaries recorded road sales of 4.9 billion euros, up 9% against 2010 (of which nearly 5% is due to rising construction costs, in particular energy, bitumen and other raw materials). Excellent weather conditions helped further enhance business figures all year long. Several major projects were won (concession for Highway A63 in southwest France, PPP for Vichy bypass, PPP for roads and street lights in Le Plessis-Robinson). Prices pushed down by tough competition seem to have bottomed out in 2011. The Group’s companies and profit centers continued to adapt, to rationalize and to streamline in order to improve competitiveness and to make for a better fit with current local and regional market conditions. The market for Group’s techniques, products and processes designed to enhance responsible development has made headway from 7% in 2010 to 9% in 2011 for reclaimed asphalt pavement (RAP), whereas warm mixes have remained stable at 4%. The production of aggregates is unchanged against 2010.

Specialized activities

The Group’s specialized activity, most of which is performed by dedicated subsidiaries, recorded revenue of 1.9 billion euros in 2011, up 8%. This increase is mainly due to the full year consolidation of refined products sales, against only six months in 2010. Excluding the sales of refined products, the increase is 5%.

ROAD SAFETY AND SIGNALING

Aximum and its subsidiaries recorded a 7% increase in revenue over 2010, boosted by the full fiscal year consolidation of acquisition of Sagemcom’s lights and signaling business acquired the previous fiscal year. The market experienced a slight drop in volume and a rise in raw material prices (notably those used to manufacture road markings). A ten-year high energy performance contract covering street lights and traffic lights in the City of Paris was signed by Evesa, a consortium in which Aximum holds a 15% stake. The agreement, which covers assistance in contracting, operating and maintenance of 180,000 street lights and 1,700 intersections, comprises a commitment to ensure energy savings of 30% over ten years.
Streamlining in Aximum’s business involving the design, manufacture and sales of electronic products has made headway. A consortium was formed by an investment fund (65%) and Aximum (35%) to acquire sign manufacturing plant and equipment belonging to the former company SES currently in liquidation.

**PIPIPIPES**

Spac and its subsidiaries: in 2011, sales were down 5%, due to a slump in the traditional pipeline business in mainland France. In Belgium, an 85-km long pipeline project with difficult contractual and financial conditions was completed. The subsidiary continued to broaden its widespread range of skills and expertise and complex projects are currently underway involving compression plants and gas storage units, such as the one in Hauterives.

**WATERPROOFING**

Despite a sluggish market during the last quarter and a sharp drop in the photovoltaic sector, Smac and its subsidiaries recorded an increase in revenue figures of 13%, thanks to a more buoyant construction market during the first half-year and particularly favorable weather especially at the beginning of the year. Industrial business (waterproofing membranes and resins) also had a satisfactory year, with growing export sales, in spite of the negative impact of rising raw material prices. Thanks to its strong, resilient business network, Smac performed well.

**RAILWAYS**

With revenue for 2011 up by 6% compared to 2010, business at Colas Rail remained buoyant in a dynamic, albeit very competitive, market, boosted by the construction of new tramway lines in Tours, Dijon, Besançon and Paris, along with renovation and maintenance of track with high output track renewal units and closed-line contracts. The freight business continues to expand with the signature of a contract with a major French carmaker for auto transport by rail.

**Sales of refined oil products**

Sales of refined products recorded a full-year revenue of 0.2 billion euros, against 0.14 billion euros in 2010 (only 6 months).

In all, 2011 was witness to nearly 84,000 projects in mainland France. Here are some noteworthy examples to demonstrate the broadly diverse nature of the Group’s businesses in France.

**Construction and maintenance of highway networks:** A11: refurbishment of a 35-km section between Thivars and Brou, using reclaimed asphalt pavement; A23: preventive maintenance between Sars-et-Rosières and Saint-Amand-les-Eaux, using reclaimed asphalt pavement; A29: lowering a 1.2 km section in the Somme department to allow for the passage of the future Seine-Nord Europe canal and building a temporary section of highway; A36: refurbishment of roadway between Fontaine and Burnhaupt, using reclaimed asphalt pavement recycled in situ; A46: refurbishment of roadway in Saint-Priest; A48: widening and reinforcement of roadway on the Voreppe – Saint-Égrève section with 30% reclaimed asphalt pavement; A71: refurbishment of roadway in Bourges.

**Construction, maintenance and renovation of road networks:** construction of bypasses in Montluçon, Fleuré, Chamos-Curson using low temperature mix with 30% reclaimed asphalt pavement; refurbishment of pavement on Route RN 191 linking Highways A10 and A11; refurbishment of a section of Route RD 338 on the Les Hunaudières straight line, part of the 24 Hours of Le Mans race, using warm mix and skid-resistant surfacing with Colflex® binder; refurbishment of bypasses near La Rochelle, on Route RD 28 between Soulz-sous-Forêts and Seltz, on Route RD 928 in La Loupe using 50% RAP, on Route RD 763 in Belleville-sur-Vie using 30% RAP, on Route RD 934 between Chailly-en-Brie and La Ferté-Gaucher with 20% to 30% RAP; maintenance of road networks in the Landes regions using warm mix and in the Charentes region; maintenance of city streets in Longué-Jumelles using Compomac®, an environmentally-friendly cold technique.

**Airports – ports:** reinforcement of aprons using kerosene-resistant mixes at the Ajaccio airport; building of a dock at the Port of Saint-Martin-de-Ré.

**Urban development projects:** redesigning the eastern access route into Lyon by transforming a section of highway into a city boulevard; redesigning the northern access route into Marseille and the main access route to Saint-Brieuc using in-place pavement retreatment, warm mixes, noise-reducing mixes, visually-appealing mixes; surfaced in a tunnel in Toulon; work on the access roads to the future Stadium of Lille, using 3E**+R warm mix with RAP, Nanosoft® noise-reducing mix and Rugosoft® skid-resistant mix, including a total of 25,000 man-hours for underprivileged people trying to enter the job market; redesigning of downtown areas in the towns of Séclin and Château-Thierry using Microville® HP noise-reducing mix, and at the Leclerc square in Poitiers.
Public transport: construction of the Tours tramways including employees on job-access programs, construction of the East line for the Dijon tramway, continued work on tramways T1, T2, T3, T5, T6 in and around Paris, including the hiring of employees on job-access programs, using warm mix with RAP.

Logistics platforms, other facilities: construction of an industrial zone in Neuvès-Maisons; roads, networks and parking lots for a commercial facility in Claire; construction of facilities and roads for a shopping center in La Chapelle-Saint-Luc, including retention ponds.

Athletic and recreational facilities: construction of a 17-km bike path along the banks of the Somme between Cappy and Amiens, using mix with translucent Vegeclair® binder; construction of a porous asphalt track at the Chantilly horse racetrack; refurbishment of a track at the Vincennes horse track.

Environment: earthworks, waterproofing, roads and networks for an extension at the Grenay landfill; construction of the Ecostep® water treatment plant that uses reed plant filters in Saint-Jean-de-Marcel; roads, networks and landscaping at a photovoltaic plant in Crucey-Villages for EDF; refection and creation of a pipe network at the Salins-les-Bains spa.

Safety and signaling: renovation and upgrading of toll booth equipment at Veauuchette on Highway A72; installation of noise barriers on Highway A31; driving of 30,000 steel piles for 2,500 steel frames and 300,000 photovoltaic panels at the Toul solar center.

Pipes, mains: construction of the Hauvertives and Beynes natural gas storage units with an EPCC contract (Engineering, Procurement, Construction and Commissioning); rehabilitation of urban heating network between the Porte de Vincennes and the Porte de Bagnolet in Paris as part of the T3 tramway project; construction of rear track for a gantry crane used to load/unload containers in the Grand Port of Marseille in Fos.

Waterproofing: refurbishment at night of platforms in the Paris metro on lines 1 and 13 using low temperature mastic asphalt and special measures to protect employees and the environment (materials transported by remote controlled machines, no smoke or fumes); cladding, roofing at Georges-Frêche high school in Montpellier, with installation of 4,000 triangular Alucobond cases; supplying 90,000 m² of Coletanche® for a mining project in Toro Mucho, Chili.

Railways: turnkey upgrading on closed lines for two rail lines: Siorac-Sarlat (25 km of track voies) and Bergerac-Sauveboeuf (23 km of track) in Dordogne; installation of 71 km of track on the Dijon tramway and 9 km of track on the T2 tramway in Lyon.

Building, deconstruction/demolition: construction and rehabilitation of Marcel-Sembat high school in Sotteville; demolition using “verinage” of a 140-meter long low-income housing complex comprising 315 apartments in Asnières-sur-Seine.

Concessions and PPPs

COFIROUTE: HIGHWAY CONCESSION COMPANY FOR NORTHWEST FRANCE

Cofiroute, a highway concession company in which Colas holds a 16.67% stake, operates a 1,100-km interurban network in northwestern France and the A86 Duplex tunnel near Paris. In 2011, the network recorded a 0.8% increase in traffic, with passenger vehicle traffic on the rise at +1.0% and HGV traffic down slightly by 0.4% compared to 2010. Improvements continued on the interurban network, with investments in the framework of the “Green Highway Package” (treatment of waste water, noise-reducing mixes, noise barriers, improved parking areas and design of eco-friendly areas to help preserve biodiversity).

ADELAC: CONCESSION FOR HIGHWAY A41 NORTH

Adelac, a concession company in which Colas holds a 6.9% share for a duration of fifty-five years, operates a 19.7-km stretch of Highway A41 between Saint-Julien-en-Genevois and Villy-le-Peloux on the Annecy, France, to Geneva, Switzerland, link. Despite a 14% increase in traffic compared to 2010 during its third year of operation, average traffic – at 21,000 vehicles per day – is still under the initial forecasts, due mainly to lower-than-expected HGV traffic and to the impact of the economic crisis.

ATLANDES: CONCESSION FOR HIGHWAY A63 IN SOUTHWEST FRANCE

Atlanedes, a concession company in which Colas holds a 15.57%, is in charge of financing, designing, widening from 4 to 6 lanes, operating and maintaining a 105-km section of Highway A63 between Salies and Saint-Geours-de-Maremne for a duration of forty years. The concession was granted on January 23, 2011 and the transfer of existing
French overseas departments

Revenue posted for the French overseas departments amounted to 419 million euros, down 3% from 2010.

On Reunion Island, revenue was stable after two consecutive years of drops. Business for the building sector enjoyed a slight upturn at the end of the year, boosted by private investment, low-income housing construction programs and renovation projects on public buildings (schools, etc.). The Road sector is still waiting for the launching of major projects. The materials business (aggregates, concrete block, beams) has steadied. Among the highlights of 2011, one can cite the construction of the new Saint-Benoît hospital and the Saint-André water treatment plant.

In Mayotte, business was rocked by strikes that paralyzed the island in October and November. The design-build Majicavo prison extension and rehabilitation project got off to a start and the construction of the Dzoumogné waste storage site is well underway. Warm mixes are now being used on the majority of surfacing projects.

In the Caribbean (Martinique and Guadeloupe), the market has remained flat, although there was a slight increase in public investment for road maintenance in Martinique and a second half-year launch of a number of roads and main networks projects in the framework of housing programs in Guadeloupe. A major water supply and conveyance project was completed for the Conseil Général in Guadeloupe. Streamlining plans are still ongoing.

French Guiana recorded a drop in revenue in the wake of the completion of major projects such as the Apatou – Saint-Laurent road or the link between Saint-Georges and the Oyapock bridge. Teams worked to extend aprons at the Rochambeau military airport.
Europe

Revenue in Europe, excluding France, amounted to 1.9 billion euros, stable compared to 2010.

Northern Europe recorded a slight increase in revenue of 1% (+10% with sales of refined products), with good business in Belgium and Switzerland offsetting budget cuts in Ireland and Great Britain.

In Great Britain, the economic backdrop was tough, in the wake of an austerity plan that led to a freeze in local investment. Nonetheless, revenue at the road subsidiary Colas Ltd remained high – albeit slightly down from 2010 – due to a well-thought-out range of business activities. These include long term MAC contracts (Managing Agent Contractor) for the management and maintenance of the British motorway and road network (four contracts covering Areas 14, 10, 7, 12, i.e. 3,500 km, including engineering structures), a strong industrial foothold and the development of airport runway maintenance. The PFI for the upgrading and maintenance of the city network in Portsmouth is still ongoing, much to the satisfaction of the customer and users.

In Ireland, despite an extremely difficult economic environment due to austerity plans, revenue is comparable to 2010.

In Belgium, revenue in the road business has surged, thanks to a good level of public investment earmarked for the upgrading of the road network that had been seriously damaged by harsh winter weather in 2009 and 2010.

In Switzerland, business figures remain high, practically identical to the previous year, thanks to a number of road, highway and rail infrastructure projects (tramways, regional lines).

In Denmark, revenue is on the rise, boosted by government investments in road works and by good weather conditions.

Revenue in central Europe has dropped 17% compared to 2010.

The new slump (57% drop over a three-year period), is the fruit of shrinking public investment, mainly in Hungary, the Czech Republic and Slovakia. Poland, however, is benefitting from the positive impact brought on by the Euro 2012 Soccer championship. In addition, a clear drive to prefer profitability over volume amidst very tough competition has pushed prices down. The Colas companies are still endeavoring to streamline to make for a better fit with the market and with strategy. In Romania, Colas decided to cancel the Motorway A2 contract project.
between Cernavoda and Constanta in the wake of major contractual issues (in particular, a 15-km shift in the original trace and delays in hand-over of land) that prevented the work from being performed as planned. The transfer of the subsidiary SCCF Iasi (road works and civil engineering), located in eastern Romania, was signed at the end of 2011 and should become effective as of the beginning of 2012 once the free trade authorities have given their agreement. When the transfer has been completed, the Group will focus its business on industrial activities (quarries) and bitumen distribution. In Croatia, Colas acquired the remaining shareholders’ equity in its subsidiary Cesta Varadin, and now wholly owns the company.

Among the year’s most noteworthy projects, one can cite: the refurbishment of the main runway at Manchester Airport, the extension of the main runway at Great Britain; the refurbishment of the Saint-Maurice road with Nanosoft® noise-reducing mix and the construction of a new tramway line in Geneva, Switzerland; the refurbishment of Highway E34 near Antwerp and the construction of the Hol lain-Péronnes waste water treatment plants in Belgium; the widening of a 12-km section of highway in the south of Jutland and the refurbishment of a 4-km section of highway using noise-reducing mix near Copenhagen, Denmark; the construction, reinforcement and widening of sections of Motorway M3 and M0 in Hungary; the construction of a section of Motorway D3 in the Czech Republic; the construction of highway bypasses to the east and west of Poznań, Poland.

Responsible development techniques are gaining ground: projects involving plant-based binders were performed in Belgium, Switzerland and Great Britain; noise-reducing mixes progressed sharply in Switzerland, Denmark and Poland; cold recycling is making headway in Switzerland.

CONCESSIONS, PFI, PPP

Ensign: PFI for the city network in Portsmouth, Great Britain
The first ever public-private partnership involving the upgrading and maintenance of city networks signed in 2004 for a duration of twenty-five years, the Portsmouth PFI is a source of satisfaction for both the customer and users alike, as seen in independent opinion polls carried out by NHT (National Highways & Transport Network). Two years after the upgrading phase was completed, teams are now working on maintenance and network management covering 480 km of roads, 84 bridges and engineering structures, and 19,000 streetlights.

Mak: PPP for M6-M60 Motorway in Hungary
MAK, a concession company in which Colas holds a 30% stake, has been awarded a thirty-year PPP contract to build and operate two new sections of Highways M6 (50 km) and M60 (30 km), for a total of 80 km in the southwest of Hungary. Launched at the end of March 2010 for a duration of twenty-eight years, the operation and maintenance phase on the two sections, performed by MAÜ, a dedicated company in which Colas owns a 25% stake, continued to provide satisfactory service levels for the Hungarian government.

North America
Revenue totaled 2.4 billion euros, up 6.6% compared to 2010 (8.5% with comparable exchange rates and identical scope of business).

United States
As stimulus packages drew to a close, creating a more difficult economic environment, the Colas companies, which operate out of 29 states, enjoyed an increase in revenue compared to the previous year, due in part to the full-year consolidation of Baker and Ballou, two companies acquired in 2010. Harsh weather caused delays during the first half year, but this was offset during the second half year. The long-term federal infrastructure program called SAFETEA-LU was extended for an additional year in 2010 and renewed in 2011 for the first half year of 2012. Colas companies rolled out plans aimed at improving their organization (exchange of best practices) and continued to control operating costs. In addition, the subsidiaries pursued the promotion of cost-wise pavement maintenance techniques and aimed to diversify their businesses with a new focus on civil engineering and structures. Furthermore, the companies moved on with their strategies targeting a better control of bitumen supplies, backed by a network of depots and terminals along with greater diversification of the customer base over the last three years. They also continued to reinforce their footholds in states in which they currently operate. Moreover, a division was created, dedicated to the study of new types of bids, such as design-build contracts and public-private partnerships. These actions helped the companies perform well, bearing witness to their strength and resilience in 2011’s highly competitive market.
Elsewhere around the world

MOROCCO

In an increasingly competitive, sluggish market, revenue at the Group’s road companies is down slightly compared to 2010. Among the year’s most significant projects, one can cite the earthworks for the Tangiers – Kenitra high speed train line including 5,200,000 m³ of cut and 1,000,000 tons of fill, and the construction of the platform and other ancillary work on a 9-km section of the Casablanca tramway.

IN WEST AFRICA

In Benin, where the market is very low and competition from Chinese companies has strongly impacted prices, construction work continues on the 37-km section Djougou – Ouaké Route, with special focus on good corporate citizenship and environmental protection.

In Togo, sales have dropped off sharply; work on the civil engineering project in the Port of Lomé is nearing completion.

In Gabon, business is still enjoying growth, notably with construction and renovation work on the city streets of Libreville as part of the African National Cup 2012, along with the extension of the main runway at the Port-Gentil Airport.

The Ivory Coast is currently awaiting major road infrastructure upgrading projects financed by international funding. Work on refurbishing streets in Abidjan is currently underway.

INDIAN OCEAN AND SOUTHERN AFRICA

In Mauritius, where the market remains buoyant, the Group acquired 50% of the equity of Gamma Materials Ltd, specialized in the production and sales of construction materials. The most noteworthy projects that are currently underway or were completed in 2011 include the construction of the Port-Louis highway bypass, a 16-km section of highway between Terre Rouge and Verdun, the extension and refurbishment of a runway and the construction of a new taxiway at the airport.

In Djibouti, the Group’s business includes roads, building and a variety of diversified contracts including drainage for the City of Djibouti using international financing and the construction of a parking zone on the Japanese military base.

CANADA

Despite harsh weather during the first half year, revenue at Colas Canada increased sharply, boosted by an ongoing program to upgrade infrastructure in Quebec, buoyant private investment in the West (mining, energy in Alberta) and acquisitions in Quebec and British Columbia. Against a dynamic economic backdrop, 2011 was once again a good year for Colas companies in Canada, thanks to an extensive network of high-quality business units and a business model based on vertical integration (bitumen storage; production of aggregates, asphalt concrete; road marking paint; road works).

Among the highlights of 2011 for Colas North America:

- United States: widening of the roadway and construction of two engineering structures at the Blue Mountain interchange in Franklin county, Pennsylvania; construction of a greenbelt from the university campus to downtown Syracuse, New York; upgrading of a section of highway in Blytheville, Arkansas; refurbishment of a section of Interstate 90 in Sheridan, Wyoming; refurbishment of pavement on a 26-km section of Interstate 26 in Spartanburg County, South Carolina; construction of a section of highway including six engineering structures in Savannah, Georgia; application of noise-reducing mix on sections of Routes 199 and 288 in Virginia; work on the Burbank airport in California; refection and extension of a runway at the Anchorage International Airport in Alaska.

- Canada: in Quebec, upgrading of Route 185 to Highway 85 for the Trans-Canada Route in Temiscouata, the extension of Highway 73 in the Beauce region and of Highway 410 in Sherbrooke as part of preparations for the Canada Summer Games in 2013; in Alberta, extension and refurbishment at the Fort McMurray Airport, construction of an intermodal rail platform in Calgary, refurbishment of pavement on Highway 88; in British Columbia, supply of ready-mix concrete for the construction of the Waneta dam; in Saskatchewan, widening of a section of highway in North Battleford.

In the United States, warm mixes accounted for 32% of total asphalt mix production in 2011 (14% in 2010), ranking Colas companies as the leading users of this technique. Reclaimed Asphalt Paving or RAP is also very widespread, amounting to 22% of total production (18% in 2010). In Canada, special focus continues to be placed on warm mixes and cold in-place recycling.
In Thailand, business was penalized by cuts in government spending and by very bad weather. In Malaysia, production at the Kemaman bitumen refinery was hindered during the first half year due to raw material price issues. In India, an eighth emulsion plant was completed in Haldia. Hincol recorded business figures that are comparable to 2010 in a market impacted by a number of delays in projects. In Indonesia, the bitumen trading business enjoyed sharp growth despite a sluggish bitumen market. A fifth bitumen depot was opened in Medan, in northeast Sumatra. The road construction business is buoyant and maintenance contract for mining roads were renewed in Borneo. In Vietnam, the bitumen market is down due to an overall economic slowdown, and due to unfavorable weather during the second half year. The Group’s bitumen trading business has hence slowed.

INTERNATIONAL RAILWAY PROJECTS

Colas Rail Ltd enjoyed buoyant business in Great Britain, with work on track renewal in the frame of long-term MAC contracts and a new MAFA maintenance framework agreement for the southwest region signed in 2011. Colas Rail Ltd has thus confirmed its position as market leader in long-term track renewal contracts.

Elsewhere around the world, new contracts were secured in 2011, including a new line for the Los Teques metro in Venezuela and a 17.7-km extension of the Kelana Jaya light metro in Kuala Lumpur, Malaysia. In Morocco, work is currently underway to lay track on a 9-km section of the Casablanca tramway, in addition to recurrent maintenance and upgrading work performed by the Group’s local rail company. Work continued on the construction of phase 2 of the Cairo metro line 3 in Egypt.
Techniques, Research and Development

Research has been one of the driving forces of Colas’ strategy for many years.

Backed by a portfolio of more than 130 patents filed in France and around the world, with products used throughout the Group worldwide, Colas is a pioneer in the development of new techniques able to adapt to a wide range of infrastructure needs in ever-changing national markets and diverse weather conditions, from the sub-zero temperatures of Alaska to tropical climates in Africa and Asia.

In 2011, the R&D budget was stable at 69 million euros, with 60% in France (based on the definition provided by the OECD including research, experimental development, technical activities of laboratories, IT).

Colas’ research and development policy focuses on anticipating and responding to the needs of transport infrastructure customers (public and private), users and neighboring residents, regarding quality, safety, environmental protection (in particular in the fields of energy savings, reduced greenhouse gas emissions, decreased consumption of materials, noise reduction and greater awareness of visual appeal) and costs. The Group aims to improve existing technologies, design new products and offer a broader range of services. Its expanding technical skills and know-how are also reflected in its new lines of business and new offers, e.g., its activity in the bitumen sector for the last several years and new contracts like PPPs in which maintenance and improved service levels require accurate technical analysis of existing roads. Ongoing improvements to know-how focus in particular in the fields of mineral, organic and plant chemistry, design of road and rail infrastructure and applied physics.

In 2011, the Group’s research programs had to adapt, as was the case in previous years, to a rapidly changing market, in particular in France in the wake of the French Grenelle Environmental Roundtables, in addition to reinforced standards for products in Europe with the application of REACH legislation covering chemical substances. The French Government continued to support innovation in the road industry, a program that was relaunched in 2007.

Network organization for techniques

The Group boasts a tight-knit internal technical network that operates internationally. Every new company that joins the Group helps reinforce this valuable system, which works hand in hand with operational teams in the field.

As the leading private research center in the road industry, the Campus for Science and Techniques (CST) and its eight laboratories in Magny-les-Hameaux, near Paris, are at the heart of the Group’s innovation program. Here, teams put their research skills and expertise at the disposal of Group subsidiaries, both in France and elsewhere around the world, on conventional projects, major projects or more complex contracts such as tramways, PPPs, PFIs, and concessions. Over 90 people work at the CST, from engineers, technicians, physicists and chemists to material experts and calibration specialists.

Nearly fifty decentralized laboratories and one hundred engineering design offices – specialized in roads, civil engineering, building, deconstruction and more – work in liaison with the CST both inside and outside of France. They contribute to the Group’s overall research effort and offer tailor-made technical support to local projects.

Each unit has its own state-of-the-art laboratory and computer tools, which are constantly renewed to remain at the cutting edge of technological innovation and customer needs and requirements: material analysis equipment, sophisticated simulation and risk measurement software, modern auscultation apparatuses. Research teams can thus help meet customers’ needs and optimize bidding by using alternative technical solutions.

In all, the Colas technical network includes 2,000 engineers and technicians hard at work in the Group’s laboratories (1,000 people) and engineering design offices (1,000 people), roughly 45% of whom work in France.
Reducing traffic noise has long been a priority at Colas, and improvements continue to be made to noise-reducing surfacing techniques in this aim: latest generation of Nanosoft® and Rugosoft® noise-reducing mix developed by Colas, Microville® HP (first project in 2011) and Picoville® at Screg and Miniphone® S 0/4 at Sacer. The Group’s safety and signaling company, Aximum, also provides high performance noise barriers.

Lastly, improving the environment can also be a question of creating visually-appealing surroundings: research and development teams focus on highlighting the natural color of aggregates, without bitumen, thanks to translucent plant-based binders. Sacerlift®, a product designed to renovate and clean porous stone surfaces, won the 2011 Innovation Award at the Congress for French Mayors and Local Authorities.

In the field of road safety and user information, in addition to designing highly skid resistant road surfacing that drastically cuts braking times, teams also spotlight the creation of energy-autonomous automatic tools to collect, process and display data, as well as the design of new plant-based safety marking processes that do not give off any volatile organic compounds (e.g., Vegemark® water-based road marking paint with plant-based binder designed by Aximum).

Lastly, to contend with tighter local budgets, the Group has been focusing on developing cost-wise products and processes that provide equal or improved performance, such as road maintenance techniques using surface dressing or safety-enhancing long lasting high grip surfacing (Optigrip® designed in 2011 by Sacer).

These targets and research programs are in line with the commitments made in France by the French national public works federation (FNTP) as part of a voluntary agreement signed on March 25, 2009.
Using special products and techniques around the world

In 2011, a number of projects undertaken by international and French overseas units used the Group’s special products and processes:

- in **Belgium**, Vegeclair® plant-based binder was used for two hot mix projects;
- in **Switzerland**, there was a surge in interest for the latest generation of noise-reducing mixes called Nanosoft®, along with Valorcol® cold in-place recycling and Vegeclair® plant-based binder;
- in the **United Kingdom**, French-designed airfield asphalt concrete was used to reinforce and renovate runways and a first-ever project using French standards to upgrade the main runway at the Manchester Airport. Vegecol® binder was used in surface dressing applied as part of the work done for the London Olympics in 2012;
- in **Denmark**, Vegecol® mixes were employed for the first time and noise-reducing mixes continued to develop;
- in **Poland**, the first Active Joint® project was completed and Rugosoft® noise-reducing mixes remained popular;
- in **North America (United States and Canada)**, FiberMat, a crack-resistant technique continued to gain ground, Vegeflux plant-based binder was employed, a North American eco-comparison tool was designed in collaboration with the Campus for Science and Techniques in France. In the United States, Ecomat® warm mix enjoyed strong growth, with an overall tonnage multiplied by 10 compared to 2009, i.e., 32% of total asphalt mix production, and reclaimed asphalt pavement also progressed (22% of total mix production). In June 2011, Colas Solutions Technology Center (CSTC), was inaugurated, offering a dedicated development and training center for pavement preservation techniques. A new prime coat called EcoPrime™ with no volatile flux was launched, along with DustGrip™ dust reducer and TuffBond™ emulsion for high-performance asphalt concrete. Teams continued to work hand in hand with the Group’s Campus for Science and Techniques in France regarding emulsions designed for recycling, micro-surfacing and other surface treatments. In Canada, focus continued to be set on developing warm mixes using additives or foam bitumen. 2011 saw a sharp jump in the use of RAP, in particular with in place cold recycling. Colclair® light-colored binder was applied for the first time in Quebec as was noise-reducing, skid-resistant Rugosoft®. Tests were performed to certify water-based road marking paint, and heavy duty skid resistant surface was developed in the west. A Central Laboratory was opened in Edmonton, Alberta and Colas Solutions™ continued to deploy innovative marketing solutions;
- in **Martinique**, Rodal® open-graded percolated mix was applied and teams are now using road base asphalt concrete with 25% RAP;
- in **French Guiana**, the first warm mixes with CWM® liquid additive were employed on a CNES project;
- in **Benin** and in **Togo**, contracts for work on piers were won using technical alternatives;
- in **Morocco**, noise-reducing Nanosoft® mix was applied on a structure built for the Rabat tramway and Emulfix® bitumen savings process was used;
- in the **Indian Ocean and Pacific Rim**, warm mixes containing CWM® were involved in the majority of asphalt projects in Mayotte, high modulus mixes and Betoflex® modified bitumen were highly successful on the Mauritius Airport project; RAP techniques are being developed, along with warm mixes containing CWM®, including with modified binders such as Ruflex® on Reunion Island; special concrete was developed by the Central Laboratory in Madagascar to build a new skyscraper, Tour 786, some 100 meters high, in Antananarivo; Ruflex® and Betoflex® modified binders were manufactured for the first time and CWM® was used to haul mix over long distances in New Caledonia;
- in **Asia**, special bitumen was developed for airport projects in Thailand, Cambodia and Vietnam; microsurfacing was developed on heavy traffic sites; colored micro surfacing was applied in Khao Yay national park and noise-reducing mixes were applied in Thailand. Emulfix® was used in two plants in India; Novachip® mix and emulsion-based mix were applied in Vietnam; Aquaquick® mix was employed in South Korea.
Responsible Development

Approach

Colas has developed an approach to responsible development (see www.colas.com) based on the conviction that it can and must meet the needs and aspirations of its customers and society in a responsible manner. This approach takes into account the issues of contemporary society and its sometimes contradictory objectives: social cohesion, climate change, transportation needs, improving living conditions, etc.

As a cornerstone of its responsible development approach, Colas has mapped out the interrelationships between its stakeholders:

<table>
<thead>
<tr>
<th></th>
<th>Customers</th>
<th>Human resources</th>
<th>Communities and their institutions</th>
<th>Environment and inspection bodies</th>
<th>Suppliers</th>
<th>Shareholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Human resources</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Communities and their institutions</td>
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<tr>
<td>Environment and inspection bodies</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Suppliers</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shareholders</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Three main lessons emerge from this assessment:
• our people in the field play a key role in determining how Colas is perceived;
• environmental considerations are critical to this image;
• customers are an important source of feedback at a local level as part of the ongoing dialogue between Colas, communities and their institutions.

Based on the analysis of stakeholder interrelationships and risks as shown in the table above, Colas’ approach to responsible development is underpinned by three strategic targets and five major targets.

The three strategic targets are critical for Colas to develop its business and thrive in the long term, and their achievement depends largely on Colas. They include: human resources development, social acceptance of production sites, and ethics. Colas does not have as much leeway in meeting its other five targets, even though some, such as energy, may be considered every bit as important. These major targets include: safety, corporate citizenship in developing countries, energy and greenhouse gases, recycling, and chemical hazards.

For each of these targets a policy of continuous progress has been established and is coordinated at each level of the organization. For most of these targets, global performance indicators and goals have been specified. This approach seeks to foster a long-lasting culture of continuous improvement in the field, throughout Colas’ 800 work centers and 1,400 material production sites. It was rated AA+ in 2010 by extra-financial rating agency BMJ specialized in the rating of corporate sustainable development and social responsibility. This motivation is also reflected in the wide variety of actions the Group’s operating units undertake in their own communities.

The vision of Colas’ business activities is thus enriched and transformed by the collective appropriation of corporate social responsibility.

As far as the dialogue with non-contractual stakeholders is concerned, few issues justify a global approach, whereas exchanges on a local level are numerous, with neighboring residents, local governments, schools, the social sector, etc. Colas has a tightknit local network and maintains ongoing dialogues with its stakeholders. On a global level, it is still difficult to identify structuring, general issues.
that would justify the organization of dialogues with global, hence international, stakeholders. To date, the sole issue that Colas deems relevant on a global level involves bitumen fumes. Colas has played a major role in communicating with customers, scientists, employees, government labor departments and workplace health bodies\(^{(1)}\). To help foster reflection, Colas participates in strategic committees and commissions gathering stakeholders from other fields, such as CORE at the INERIS\(^{(2)}\), COS at the FRB\(^{(3)}\) and the COS Environnement et Responsabilité Sociétale at Afnor\(^{(4)}\) and continues to endeavor to give more meaning to its corporate patronage actions.

**ORGANIZATION IMPLEMENTED TO MONITOR SUSTAINABLE DEVELOPMENT PERFORMANCE**

In 2011, the Group’s Environment Department took on greater cross-functional responsibilities in the area of sustainable development, expanding its dialogue with all other functional and operational departments for the analysis and verification of indicators and the drafting of detailed reports sent to the chief operating officers of the 67 “head entities” (national head offices or subsidiaries), who are responsible for first-level internal control. The Environment Department also coordinates the renewal and updating of action plans in this area. More specific objectives and more targeted types of feedback are agreed with some of the head entities. To implement these action plans, chief operating officers rely on the support of management personnel within their entities responsible for areas such as workplace safety, energy, environmental affairs, quality, health, diversity and road safety, in accordance with Colas’ decentralized organizational structure. The organizational challenge is to ensure the balance between bottom-up contributions and top-down cohesiveness. In 2011, a project was established to examine the robustness, adaptability and renewal of formal quality management systems.

Following the global roll-out in 2010 of a new reporting tool designed to harmonize all non-financial indicators used by 770 legal entities by means of precise definitions, 2011 saw a number of improvements in the use of this tool, which now\(^{(5)}\):
- takes into account the relevant minority interests;
- has enhanced the reliability of quantitative information with a view to later certification;
- has introduced new indicators, whose reliability is still subject to verification, including those examining alternative means of transport and biodiversity.

**Under the aegis of the French Ministry of Ecology, INERIS specializes in expertise and research in the field of risk prevention for technology and industrial pollutions. As Professor Ortwin Renn from the University of Stuttgart has said, certain risks can be called ‘indirect’, meaning that the assessment an individual will make of a given risk does not depend on his/her own experience – everyone has seen a fire or a car wreck – but rather on the degree of trust that the individual has in the person who is explaining the risk to him/her.**

When dealing with risks, the fact that one trusts an expert is inseparable from scientific and technical expertise. This is why INERIS has recently reinforced its governance by creating CORE, a scientific committee for the orientation of research and expertise. The committee members include elected officials, trade associations, NGOs, industrialists, academics and government representatives, who gather together to help define work programs for INERIS. I truly appreciate Colas’ commitment and diligence, and thanks to CORE, we at INERIS can share issues very far upstream.

This relationship helps us ensure that we are in line with society’s expectations, thus favoring a climate of trust and dialogue when we present our results. The fact that Colas is involved in the committee is also an opportunity for elected officials and NGOs to better understand – sometimes even to discover – the viewpoints, questions and expectations of industries, and vice versa. This is the cornerstone of trust, indispensable in the field of risks.”

Vincent Lafêche,
Managing Director, INERIS\(^{(1)}\)

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\(^{(1)}\) See “Chemical risks” and “Operational risks” sections.

\(^{(2)}\) Steering committee for research and expertise at the National Institute for industrial environment and risks, France.

\(^{(3)}\) Strategic steering committee at the French foundation for biodiversity research.

\(^{(4)}\) French standard organization.

\(^{(5)}\) Methodological guide to non-financial reporting accessible via the Colas Web site.
Three strategic targets

Renewal and development of human resources

Colas must ensure the renewal of its organization across generations. Colas’ human capital and its enhancement are key to the Group’s development and its long-term viability. The main issues addressed in this area are recruitment, diversity, retention and training.

RECRUITMENT

Recruitment in 2011 by geographic area

<table>
<thead>
<tr>
<th>Zone</th>
<th>Managers</th>
<th>Workers</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mainland France</td>
<td>1,217</td>
<td>1,671</td>
<td>2,888</td>
</tr>
<tr>
<td>International</td>
<td>886</td>
<td>1,937</td>
<td>2,823</td>
</tr>
<tr>
<td>incl. Europe</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>North America</td>
<td>253</td>
<td>283</td>
<td>536</td>
</tr>
<tr>
<td>Africa/Asia/Indian Ocean</td>
<td>309</td>
<td>1,171</td>
<td>1,480</td>
</tr>
<tr>
<td></td>
<td>324</td>
<td>483</td>
<td>807</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,103</strong></td>
<td><strong>3,608</strong></td>
<td><strong>5,711</strong></td>
</tr>
</tbody>
</table>

In 2011, Colas maintained an active recruitment policy: 5,700 people were hired (up from 4,500 in 2010), including nearly 3,000 in mainland France. The Group’s recruitment goals are advanced through media campaigns, ongoing contacts with educational institutions at all levels in the countries where Colas has operations, and follow-up tools currently being rolled out for the Group’s human resources information system(1). Staff joining Colas often come from the local area, by way of internships (a total of 2,136 in 2011, including 488 outside France, compared with 2,260 and 275, respectively, in 2010), work-study and apprenticeship programs across all qualification levels (559 in 2011 versus 380 in 2010), as well as temporary employment, which allows both the entity involved and the prospective hire to get to know and evaluate each other prior to the offer of an open-ended employment contract.

WORKFORCE

Workforce by country in 2011 (rolling 12-month average)

<table>
<thead>
<tr>
<th>Country</th>
<th>Managers and engineers</th>
<th>Office staff and supervisors</th>
<th>Workers</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mainland France + overseas depts. and territories</td>
<td>5,740</td>
<td>9,629</td>
<td>22,998</td>
<td>38,367</td>
</tr>
<tr>
<td>Europe (excl. France)</td>
<td>961</td>
<td>3,215</td>
<td>8,478</td>
<td>12,654</td>
</tr>
<tr>
<td>Total Europe</td>
<td>6,701</td>
<td>12,844</td>
<td>31,476</td>
<td>51,021</td>
</tr>
<tr>
<td>North America</td>
<td>553</td>
<td>1,776</td>
<td>5,118</td>
<td>7,447</td>
</tr>
<tr>
<td>Africa/Asia</td>
<td>367</td>
<td>927</td>
<td>5,359</td>
<td>6,834</td>
</tr>
<tr>
<td>Indian Ocean</td>
<td>163</td>
<td>957</td>
<td>4,613</td>
<td>5,832</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>7,784</strong></td>
<td><strong>16,099</strong></td>
<td><strong>45,012</strong></td>
<td><strong>68,895</strong></td>
</tr>
</tbody>
</table>

The Group’s global workforce decreased by 3.9% in 2011. Efforts to promote staff mobility and the synergies generated over the last several years, together with a number of major contract wins, have allowed for the effective adaptation of structures so as to avoid layoffs to the greatest extent possible.

In France, a job protection plan is currently underway at Aximum in the Electronic products arm (in the wake of a transfer of some 37 jobs from one site to another, 7 employees accepted to follow their post and relocations within the Group were proposed to the other remaining employees). In central Europe, ongoing reorganization efforts resulted in 997 layoffs (131 in Croatia, 211 in Hungary, 30 in the Czech Republic, 606 in Romania, 19 in Slovakia). In Romania, 80 employees were redeployed in the Group and the sale underway at year-end 2011 of the subsidiary SCCF Iasi to a local company included a guarantee that existing staff would remain in their jobs. In Benin and in Togo, following a sharp drop in business, Colas has initiated employee support measures in connection with a layoff plan (affecting 42 employees) that exceed legal requirements.

(1) Known as SIRH in France.
DIVERSITY

Diversity is a key priority for the Group’s continuing development. In 2011, the Group pursued and further expanded its efforts in this area under the action plan expanded in 2010: brochures, mini-poster campaigns, appointment of diversity correspondents in the subsidiaries, special training sessions for managers, etc.

Social integration: in France, Colas continued its partnership with Epide(1) and also maintained its program offering job opportunities to underprivileged young people in collaboration with local organizations (for example, contracts for work on tramway projects) in mainland France as well as the overseas departments. Across the Group’s international operations, many subsidiaries are stepping up their recruitment efforts in black-spots for youth unemployment and in support of the integration of the long-term unemployed (Australia, Belgium, Benin, Djibouti, United States, Madagascar, Switzerland).

People with disabilities: following the memorandum of understanding signed with Agefi ph(2) in 2009 setting a 3.5% target for the employment (both direct and indirect) of people with disabilities to be achieved by early 2013, and once an initial diagnostic/consulting phase has been completed resulting in the preparation of action plans by subsidiaries in mainland France, a two-year agreement was signed in May 2011 with this same body. The principal aims of this agreement are to promote awareness-raising initiatives, maintain disabled employees in their jobs, and integrate and expand the use of contracts concluded with sheltered workshops.

Gender diversity

Breakdown of male and female employees in 2011

<table>
<thead>
<tr>
<th>Zone</th>
<th>Management</th>
<th>Workers</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mainland France</td>
<td>Men</td>
<td>81.2%</td>
<td>99.5%</td>
</tr>
<tr>
<td></td>
<td>Women</td>
<td>18.8%</td>
<td>0.5%</td>
</tr>
<tr>
<td>International</td>
<td>Men</td>
<td>77.2%</td>
<td>93.9%</td>
</tr>
<tr>
<td></td>
<td>Women</td>
<td>22.8%</td>
<td>6.1%</td>
</tr>
</tbody>
</table>

In 2011, women represented 8.3% of the Group’s workforce in mainland France (8.1% in 2010), including 18.8% of supervisors and managers (18.7% in 2010). Outside of France, this figure rises to 10.6% (10.2% in 2010), including 22.8% of supervisors and management staff (23.1% in 2010). On the basis of a study of women’s career paths at Colas subsidiaries in France, areas for improvement have been identified. At the same time, senior management has placed a priority on effectively increasing the presence of women across the Group, even in traditionally male-dominated occupations, and initiatives are taking shape focusing on the organization of work, equal treatment of men and women, and career advancement, among other areas.

Older employees: Colas subsidiaries in mainland France have taken steps to promote the employment of older workers following an agreement concluded with employee representatives setting a minimum employment rate of 9% for employees aged 55 and over.

RETENTION

Both within and outside France, employees are paid more than the minimum wage. Remuneration is supplemented by benefits, depending on local laws relating to pensions, life insurance, health care coverage, employee savings plans, etc. The Group’s remuneration policy is based on the recognition of individual efforts and performance, with salary packages comprised of a fixed part and a variable part determined on the basis of annual performance reviews. Entities apply this policy independently, making the necessary adaptations for their markets and under centralized supervision. In France, profit-sharing agreements give employees a personal stake in the success of Colas and the Group. Outside France, a policy intended to promote greater convergence of employee benefit schemes continues to be applied within each major geographic region.

To reinforce dialogue beyond the involvement of the employee representative bodies established in accordance with each country’s local labor laws (336 works councils in France and 20 central works councils), new human resources positions have been created outside France and innovative initiatives are being encouraged: employee satisfaction indicators, discussion forums on human resources issues, etc.

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(1) Social integration agency under the aegis of the Ministries of Defense, Employment and Urban Affairs.
(2) Association for the management of a national fund to promote the employment of the disabled.
Payroll costs and social security contributions in 2011 (Mainland France)

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>% 11/10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and wages</td>
<td>2,186,864</td>
<td>2,242,963</td>
<td>2.57%</td>
</tr>
<tr>
<td>Social security charges</td>
<td>756,815</td>
<td>800,838</td>
<td>5.82%</td>
</tr>
<tr>
<td><strong>Total payroll expenses</strong></td>
<td><strong>2,943,679</strong></td>
<td><strong>3,043,801</strong></td>
<td><strong>3.40%</strong></td>
</tr>
<tr>
<td>Employer contribution to PEE</td>
<td>24,417</td>
<td>23,669</td>
<td>-3.06%</td>
</tr>
<tr>
<td>Profit sharing</td>
<td>10,984</td>
<td>15,256</td>
<td>38.89%</td>
</tr>
<tr>
<td>Incentive scheme</td>
<td>2,889</td>
<td>3,160</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total employer contribution, profit sharing and incentive scheme</strong></td>
<td><strong>38,290</strong></td>
<td><strong>42,085</strong></td>
<td><strong>9.91%</strong></td>
</tr>
<tr>
<td><strong>Total payroll costs and other advantages</strong></td>
<td><strong>2,981,969</strong></td>
<td><strong>3,085,886</strong></td>
<td><strong>3.48%</strong></td>
</tr>
<tr>
<td>Outside personnel</td>
<td>313,944</td>
<td>335,540</td>
<td>6.88%</td>
</tr>
</tbody>
</table>

Gross salaries per month in 2011 (France)

<table>
<thead>
<tr>
<th>Number of employees</th>
<th>0</th>
<th>1,000</th>
<th>2,000</th>
<th>3,000</th>
<th>4,000</th>
<th>5,000</th>
<th>6,000</th>
<th>7,000</th>
<th>8,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary paid in euros</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Machine driver</td>
<td>3,000</td>
<td>4,000</td>
<td>5,000</td>
<td>6,000</td>
<td>7,000</td>
<td>8,000</td>
<td>9,000</td>
<td>10,000</td>
<td>11,000</td>
</tr>
<tr>
<td>Foreman</td>
<td>2,000</td>
<td>3,000</td>
<td>4,000</td>
<td>5,000</td>
<td>6,000</td>
<td>7,000</td>
<td>8,000</td>
<td>9,000</td>
<td>10,000</td>
</tr>
</tbody>
</table>

Company savings plan (PEE) and retirement savings plan (Perco) in 2011 (France)

<table>
<thead>
<tr>
<th>Bouygues PEE</th>
<th>Number of subscribers</th>
<th>% of workforce</th>
<th>Total aggregate employee deposits (in euros)</th>
<th>Average individual deposits (in euros)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managers</td>
<td>3,449</td>
<td>60.63%</td>
<td>9,899,824</td>
<td>2,870</td>
</tr>
<tr>
<td>Office staff and supervisors</td>
<td>4,106</td>
<td>42.66%</td>
<td>7,189,285</td>
<td>1,751</td>
</tr>
<tr>
<td>Workers</td>
<td>5,156</td>
<td>22.84%</td>
<td>6,186,412</td>
<td>1,200</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>12,711</strong></td>
<td><strong>33.55%</strong></td>
<td><strong>23,275,521</strong></td>
<td><strong>1,831</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Colas Monétaire</th>
<th>Number of subscribers</th>
<th>% of workforce</th>
<th>Total aggregate employee deposits (in euros)</th>
<th>Average individual deposits (in euros)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managers</td>
<td>99</td>
<td>1.74%</td>
<td>93,812</td>
<td>948</td>
</tr>
<tr>
<td>Office staff and supervisors</td>
<td>124</td>
<td>1.29%</td>
<td>98,416</td>
<td>794</td>
</tr>
<tr>
<td>Workers</td>
<td>146</td>
<td>0.65%</td>
<td>110,382</td>
<td>756</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>369</strong></td>
<td><strong>0.97%</strong></td>
<td><strong>302,610</strong></td>
<td><strong>820</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PERCO</th>
<th>Number of subscribers</th>
<th>% of workforce</th>
<th>Total aggregate employee deposits (in euros)</th>
<th>Average individual deposits (in euros)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managers</td>
<td>465</td>
<td>8.17%</td>
<td>853,966</td>
<td>1,836</td>
</tr>
<tr>
<td>Office staff and supervisors</td>
<td>246</td>
<td>2.56%</td>
<td>206,405</td>
<td>839</td>
</tr>
<tr>
<td>Workers</td>
<td>143</td>
<td>0.63%</td>
<td>99,481</td>
<td>696</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>854</strong></td>
<td><strong>2.25%</strong></td>
<td><strong>1,159,852</strong></td>
<td><strong>1,358</strong></td>
</tr>
</tbody>
</table>

(1) Employee deposits excluding matching contribution from employer.

Comparison between average annual salaries paid by Colas and minimum annual legal salaries by country or geographic area in 2011

<table>
<thead>
<tr>
<th>in euros</th>
<th>Mainland France(1)</th>
<th>Hungary</th>
<th>Great Britain(2)</th>
<th>Switzerland(2)</th>
<th>Morocco</th>
<th>Madagascar</th>
<th>United States</th>
<th>Canada(3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average annual salary paid by Colas(1)</td>
<td>Machine driver</td>
<td>24,996</td>
<td>8,178</td>
<td>31,641</td>
<td>73,485</td>
<td>7,464</td>
<td>849</td>
<td>42,584</td>
</tr>
<tr>
<td>Foreman</td>
<td>33,465</td>
<td>13,050</td>
<td>44,608</td>
<td>96,240</td>
<td>12,737</td>
<td>2,202</td>
<td>48,906</td>
<td>39,365</td>
</tr>
<tr>
<td>Minimum annual legal salary per country</td>
<td>16,380</td>
<td>4,120</td>
<td>15,140</td>
<td>58,006</td>
<td>2,410</td>
<td>372</td>
<td>11,655</td>
<td>12,773</td>
</tr>
</tbody>
</table>

For international operations, an exchange rate at December 31 is applied.

(1) Average annual salary for the fixed portion.
(2) The minimum salary is the salary for the construction sector.
(3) The average minimum salary for provinces where Colas carries out business.
The Group’s training budget again represented 4% of the payroll in France (as in 2010) and 2.5% outside France (identical in 2010). Training programs are offered to all staff members regardless of their level in the hierarchy (51% for skilled workers), including temporary employees, and cover all subject areas: apart from fundamental training, new program content is constantly being developed to support current action plans relating to contractual management, safety (39%), individual interviews, ethics, diversity, the environment, etc. Exchanges are fostered between employees pursuing training together, thus strengthening Group culture: this significant and growing investment by Colas helps to instill a broad set of values. The transfer of know-how begins during the employee induction process and continues throughout an employee’s career with tutoring, mentoring and PQCs (1) (awarded to 79 employees in 2011; 61 in 2010). Furthermore, the 924 members of Colas’ Compagnons de la Route guild play a key role by ensuring that the core values and techniques that have built the Group’s reputation are disseminated in the field.

Internal promotion and mobility are an integral part of the Group’s managerial culture. Mobility is both necessary for adaptation to market developments and a key aspect of career development at Colas, opening up ever more diversified opportunities for its employees. In order to support mobility efforts, senior management issued a direct questionnaire in 2011 to encourage employees to consider these opportunities and increase the flow of information. Annual performance reviews for individual employees are an essential priority, to shape career development and prepare the managers of tomorrow: their effective use is now one of the criteria for evaluating performance of managers as much as results achieved in the area of safety.

Community acceptance of production sites

Colas operates a large number of sites producing construction materials, such as aggregates, ready-mix concrete, asphalt mixes, bitumen and emulsions. Public acceptance of these sites has become a more sensitive issue, particularly for local residents. Action plans are focusing on two imperatives.

Exemplary production sites

Each site must implement progress measures that go beyond mere compliance with administrative or regulatory requirements. Obtaining environmental certification is the preferred approach (under ISO 14001, for example). Progress measures are documented and assessed by using a system of checklists covering most of the Group’s activities in the production of construction materials worldwide, which is part and parcel of the internal control of operations. Some 1,700 Colas production sites and plants around the world are able to assess their own progress each year by responding to a questionnaire consisting of more than 100 fact-based questions relating to matters such as the storage of chemicals and liquids, risk prevention (water, air, waste, safety, noise), formal procedures, and dialogue with local stakeholders. The Group’s Environment Department consolidates and analyzes the responses to these questionnaires, communicates the results, and proposes the appropriate action plans, thus stimulating continuous improvement by individual operating units and the Group’s performance as a whole.

As of December 31, 2011, in terms of revenue generated, 80% of Colas’ activities worldwide in the production of construction materials were covered by at least one of these two tools (certifications or checklists) and the aim is to rapidly increase the coverage rate to 90%.

In each country, the construction materials produced (aggregates, binders, bitumen, mastic asphalt, asphalt mixes, concrete, paints, etc.) meet all applicable standards or certification requirements (MSDS(2), CE marking, and REACH(3) registration in the European Union, etc.). Many production sites or plants are also working to obtain other voluntary certifications, including those that may be obtained under eco-labeling schemes, for example.

In 2011, a new program was launched to reinforce and underscore the contribution made by the Group’s quarries and gravel pits to biodiversity: within its immediate area, each active site identifies a protected species and takes appropriate measures to safeguard its habitat, entering into partnerships with scientists to build knowledge of the species, while ensuring that these actions are transparent to local residents. At sites where no such species may be identified, bee hives are installed. To date, it is estimated that a quarter of the Group’s production sites already satisfy most of the criteria to be considered as exemplary.

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(1) Professional qualification certificates recognizing the acquisition of work experience.
(2) Materials safety data sheets (mainly used in the OECD countries).
(3) European Commission regulation on the registration of chemicals produced or used in the European Union.
ONGOING DIALOGUE WITH NEIGHBORING COMMUNITIES

Maintaining an open dialogue with local communities makes it possible to understand their expectations, explain the reality and constraints of production sites, and promote mutual comprehension to prevent crisis situations. In 2011, 44% of revenue at Colas materials production sites had set up a formal procedure for communicating with their local community (vs 46% in 2010 with a narrower scope). The objective is to quickly exceed 50%.

As for Colas’ construction work, it has little direct impact on the environment:
- new construction projects account for less than 20% of total works revenue. Their impact is assessed during the design phase and Colas’ role during construction is generally limited to complying with its customers’ environmental requirements and proposing improvements when possible;
- the bulk of the Group’s projects average less than 100,000 euros and involve the maintenance, replacement or modification of existing road or rail systems. These projects require no additional land area and the land used has already been surfaced or otherwise prepared. Environmental requirements therefore mainly have to do with effluent and solid waste, most of which is inert.

In addition to its day-to-day efforts to be a good neighbor, Colas also deploys a variety of eco-friendly technologies, such as trenchless pipe replacement and Nanosoft® and Rugosoft® noise-reducing pavement, which is popular with neighboring residents and drivers alike. Indeed, noise is considered to be the greatest environmental nuisance. Nearly 1 million m² were applied in 2011.

Ethics

Colas makes no compromises when it comes to ethical principles and integrity. Ethics are a cornerstone of the Group’s internal control system and violations are sanctioned. Employees who are exposed to corruption are regularly reminded of the need to scrupulously observe ethical rules and training is systematically provided to top managers. Colas also complies with the Bouygues’ Ethics Code, which was first released in 2006, is updated annually and is systematically disseminated. An environment of transparent and fair competition best enables Colas to use its organization, technology and know-how most effectively and foster a long-term partnership relationship with its customers. Transparent dissemination of information is the cornerstone of career satisfaction and managerial efficiency, since personal and corporate values must be in harmony to sustain individual commitment and motivation.

Colas has implemented many concrete actions, often in collaboration with independent partners such as l’AQP(1), to ensure traceability of asphalt plant deliveries by equipping them with a tamper-proof weight system. Another example is Colas’ participation in an auction exchange for pre-owned construction equipment, subject to the control of Tracfin(2) in order to avoid money laundering and illegal transactions.

Five other major targets

Safety

Safety has been a top priority at Colas for many years.

PREVENTING WORKPLACE ACCIDENTS

<table>
<thead>
<tr>
<th>Mainland</th>
<th>Frequency rate</th>
<th>Annual severity rate</th>
<th>Security index</th>
<th>Fatal work accidents</th>
<th>Fatal accidents on work-related journeys</th>
</tr>
</thead>
<tbody>
<tr>
<td>French subsidiaries</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>9.66</td>
<td>0.42</td>
<td>4.06</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>2010</td>
<td>9.97</td>
<td>0.48</td>
<td>4.79</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>2011</td>
<td>11.23</td>
<td>0.49</td>
<td>5.50</td>
<td>2</td>
<td>4</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>International subsidiaries</th>
<th>Frequency rate</th>
<th>Annual severity rate</th>
<th>Security index</th>
<th>Fatal work accidents</th>
<th>Fatal accidents on work-related journeys</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>5.98</td>
<td>0.19</td>
<td>1.14</td>
<td>6</td>
<td>1</td>
</tr>
<tr>
<td>2010</td>
<td>6.08</td>
<td>0.16</td>
<td>0.97</td>
<td>6</td>
<td>2</td>
</tr>
<tr>
<td>2011</td>
<td>6.17</td>
<td>0.23</td>
<td>1.42</td>
<td>6</td>
<td>0</td>
</tr>
</tbody>
</table>

(1) The difference in rates between the Group’s operations in France and elsewhere in the world is primarily the result of differences in regulatory definitions of work accidents in various countries. A much broader definition is used in France than in most other countries.

Change in global frequency rate over the last 10 years

(1) Quality weighing association.
(2) Information and action against money-laundering schemes.
Having successfully achieved the targets for 2010 set five years earlier, new targets have now been set for 2015: an accident frequency rate\(^{(1)}\) for permanent employees lower than 5 in France and lower than 3 outside France, with a 50% reduction in the accident frequency rate for temporary staff; more than 300 accident-free entities in mainland France; over 35% of the Group workforce worldwide having received first-aid training (with at least two certified first responders at each work site). Accident prevention at Colas is ensured through a variety of initiatives, supported in the field on a day-to-day basis by specially appointed correspondents: risk assessment, employee awareness campaigns making use of specific tools and software, safety prizes, presentation of safety instructions, video analysis of workplace behavior, a unit to monitor serious and fatal accidents, etc. In 2011, despite efforts by management and preventionists, safety indicators worsened by 5.50% in mainland France and 1.42% elsewhere around the world, compared to 4.79 and 0.97 in 2010. As a result, all subsidiaries have been instructed to develop new action plans. A number of entities have obtained safety certification (OHSAS 18001, MASE, LO, etc.), accounting for 37% of the Group’s worldwide activities in revenue terms, as in 2010.

Change in the number of employees trained in first aid

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>11,225</td>
<td>11,441</td>
<td>11,865</td>
</tr>
<tr>
<td>International</td>
<td>8,128</td>
<td>8,307</td>
<td>8,081</td>
</tr>
<tr>
<td>Total</td>
<td>19,353</td>
<td>19,748</td>
<td>19,946</td>
</tr>
</tbody>
</table>

First-aid training is naturally beneficial not just for those receiving this training, but for their colleagues, family members, friends, and society in general, at the same time reinforcing awareness of safety issues. In 2011, 19,946 employees were certified first responders, representing 32% of the workforce (31% in 2010).

ROAD SAFETY

Colas has taken a highly proactive approach to preventing road accidents since 1997, when it signed the first road safety charter in France. This charter has since been renewed three times and has been supplemented by a European charter that has also been renewed. Over 500 road safety correspondents across the Group promote best practices for driving, provide tips for accident avoidance, help with the organization of work, etc. In 2010 and 2011, more than 33,000 handbooks on safe and fuel-efficient driving written for operators of construction equipment and truck drivers were distributed, while an energy efficiency campaign provided an opportunity to remind drivers of the safety benefits of eco-driving practices.

Comparison of the change in number of accidents and the vehicle fleet in France between 1997 and 2011

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of vehicles</td>
<td>13,746</td>
<td>20,588</td>
<td>25,380</td>
<td>27,247</td>
<td>+98%</td>
</tr>
<tr>
<td>Number of accidents involving third parties(^{(1)})</td>
<td>3,024</td>
<td>2,334</td>
<td>2,407</td>
<td>2,268</td>
<td>–25%</td>
</tr>
<tr>
<td>Frequency</td>
<td>0.220</td>
<td>0.113</td>
<td>0.095</td>
<td>0.083</td>
<td>–62%</td>
</tr>
</tbody>
</table>

The accident frequency rate involving company vehicles in France was nearly stable at 0.083 in 2011 (0.082 in 2010) remaining at its lowest level since 1997, when this rate was 0.220. Accident frequency has thus decreased by 62% in fourteen years, even though the total vehicle and equipment fleet increased by 98% over the same period. This proactive approach to accident prevention is gradually being extended to all countries where Colas maintains operations.

HEALTH

First, let’s address the IARC classification for asphalt. People working in the asphalt paving industry should not be concerned about this new IARC\(^{(2)}\) classification. The two key animal studies on paving asphalt did not show any evidence of cancer risk, and the major IARC cancer study of people working in the paving industry in Europe did not show any increased risk for cancer; in conclusion, a possible hazard\(^{(2)}\) but no evidence of any risk.\(^{(3)}\)

Jim Melius\(^{(3)}\), DrPH, MD (occupational physician and epidemiologist), expert in the field of Occupational Safety and Health, has worked for the Laborers International Union of North America.

\(^{(1)}\) Accidents involving third parties deemed liable or not liable based on the principles of avoidability.

\(^{(2)}\) Hazard is something inherent to the product; risk results from exposure to the product.

\(^{(3)}\) After working for the NIOSH, and in a number of National Academy of Sciences committees, Dr. Melius joined the LIUNA (affiliated to the AFL-CIO), and is now an administrator. He is currently Chair of the Steering Committee for the World Trade Center Medical Monitoring and Treatment Program. He also helped draw up the IARC’s bitumen monograph in October 2011.
Colas has a comprehensive approach to protecting health that encourages healthy living, including initiatives like a back clinic at Colas Belgium and medical partnerships in the United States. Improvements in the design of construction equipment and adaptations to suit the needs of older workers are certified under Ergomat in France (currently being rolled out to operations outside France). In France, Colas takes an active part in the identification of factors resulting in work-related discomfort for each job position and ways to reduce their impact (noise and vibrations, improved ergonomics for working postures). Measures to reduce dust and stress also continue to be applied. In France, a “toolbox” of resources to prevent substance abuse has been developed and distributed to aid in the fight against addictions. Random on-site drug and alcohol testing is carried out in countries where such tests are permitted.

The Group’s policy for the prevention of chemical risks is dealt with elsewhere in this document. (1)

Corporate citizenship actions in developing countries

Infrastructures cannot be exported. They are built on site using local human resources. These projects are highly exposed to the cost of transporting heavy materials and require very short lead-times, with just a few hours for concrete to set or to apply asphalt. Colas has not established its international presence in order to relocate and cut costs, but rather to find new business development opportunities and balance its exposure to country risk.

Colas has been doing substantial business in Morocco and Madagascar for over fifty years and has also established operations more recently in such countries as South Africa, Benin, Djibouti, Togo and Gabon. In addition to its construction projects, Colas contributes to the economic, social and cultural development and growth of these countries, while helping to protect their environments.

Social: Colas has a progressive policy in terms of pay, training, promotions and employee benefits, etc.

Health: the Group’s efforts to promote health benefit not only employees but also their families and local communities. These efforts include, for example, medical check-ups, health-care centers and campaigns to prevent AIDS, the fight against malaria and other diseases.

Environment: priority is given to protecting biodiversity, combating deforestation and managing waste.

Society: the Group is involved in patronage programs to support education, supply water and/or ensure its viability through construction projects, and provides humanitarian relief when fire, floods or other catastrophes strike nearby communities.

Human rights: Colas has a policy of using and showing respect for local labor and of treating local communities, contractors and suppliers ethically. In doing so, the Group’s employees actively promote human rights in their professional dealings with the rest of society.

I am a local Papuan fishery academy lecturer from APSOR (Sorong Fishery Academy, Indonesia) who has been able to experience something that I had even never dreamed of before: I am now conducting my dissertation in Paul-Sabatier University, Toulouse, France.

My dissertation is about rainbow fish (Melanotaenia Mairasi), an almost extinct kind of fish that was found in a massive Karst area in Papua, Indonesia, through an extensive expedition involving multi-disciplinary teams, known as the Lengguru expedition. The expedition was initiated by IRD, involving other local and overseas institutions, including APSOR.

From 2007 until the last expedition in 2010, ABS and Wasco had extensively funded part of the research in biodiversity science expedition. It was also the first step for me on the long journey that finally brought me to an international preservation mission for the rainbow fish.

I have a close relation with ABS and Wasco management and staff, and often speak with them of my studies and expeditions. Colas through ABS and Wasco has allowed me to pursue my research; they truly show that they care about environmental sustainability, especially in Indonesia."

Kadarusman Loba,
Lecturer at Apsor

(1) Research and Development Institute in France.
(2) Colas companies in Indonesia.
(3) Local institution that trains in fishing techniques in Papua, Indonesia.

(1) See “Chemical risks” and “Operational risks” sections.
**Energy and greenhouse gas**

The overall business environment is and will continue to be affected by the need to reduce carbon emissions. Aware of the importance of this need, Colas offers a range of low-carbon-cost products and technologies and prepares action plans to enhance the energy efficiency of its business activities.

**ENERGY CONSUMPTION AND EFFICIENCY**

**Overall assessment:** Colas has completed the calculation of its consolidated global carbon footprint, pursuant to part 3a of the ISO 14064 standard, which includes internal and upstream emissions. The 2011 figures have remained stable at 12 million tons of CO₂ equivalent, in line with expectations. The segmentation clearly shows that heavy materials are the main contributor. It should be noted however that this sort of global figure has a margin of uncertainty of up to 20%, despite the quality of the assessment work and the fact that the vertical integration of Colas operations facilitated access to much of the upstream data. Still this calculation provides an approximation that is necessary and useful in evaluating the amounts of CO₂ emissions the Colas Group avoided in 2011, i.e., 160,000 tons (vs 130,000 in 2010) or 1.5% of its total emissions. It also makes it possible to break down the carbon footprint into its main components and thus prepare more effective action plans.

**Measuring instruments:** in order to compute its energy efficiency, Colas must measure its fossil fuel consumption, since electrical consumption only accounts for a small proportion of its energy footprint. While it is fairly straightforward to track the consumption of burners at its 580 mixing plants, it is much more complicated to accurately monitor the consumption of over 70,000 machines and vehicles across over 800 works centers and 1,400 production sites. Colas has therefore fitted 2,000 of its machines and vehicles with energy consumption meters and is talking to equipment suppliers to develop new common standards and transmit and receive data in real time.

**Contribution of employees:** Colas has encouraged its equipment operators and truck drivers to reduce their fuel consumption by 20%, by adopting eco-driving habits and switching off engines when equipment or vehicles are stationary. This campaign highlights the three advantages of eco-driving, which reduces costs, increases safety and helps preserve the environment. Although emissions are still hard to quantify, everyone is clearly committed to this effort.

**Asphalt plants:** the energy consumption of plant burners has increased by 3% (18,000 t of CO₂ equivalent). These figures are however stationary when calculated with an unchanged scope of business.

Overall, people at Colas are now clearly committed to ensuring better energy efficiency. At the beginning of 2012, a project team was formed to help provide impetus to the energy saving program and to monitor its concrete results.

**ENERGY CONTENT OF CUSTOMER OFFERINGS**

**Eco-friendly technical alternatives:** to enable companies to compare eco-friendly alternatives using uniform criteria, Colas participated in an industry-wide project led by USIRF in France to develop SEVE®, an eco-comparing tool that was made available via an extranet in July 2010 and opened to customers at the end of 2011. In addition, the French Ministry of Environment has encouraged the initiative, signing a charter in March 2009. In 2011 the eco-alternatives that Colas was thus able to successfully recommend made it possible to avoid the emission of 29,000 tons of CO₂ (21,000 tons in 2010). Of the eco-alternatives proposed, 16% were accepted, vs 28% in 2010. Outside of France, Colas began promoting a specially adapted version of the software tool in the Indian Ocean zone. Indeed, SEVE® was designed to enable relatively simple translation and database adaptation to different national requirements.
ASPHALT MIXES
Colas’ asphalt mix production included an average of 12% reclaimed asphalt pavement (RAP) vs 10% in 2010. This represents the recycling of almost 5 million tons of aggregates, some 230,000 tons of bitumen – the equivalent output of a medium-sized refinery, and the avoidance of 87,000 tons of CO₂ emissions. There are disparities in recycling performance however, from 17% to 22% in Belgium, Switzerland and the United States, and 9% in France (7.2% in 2010), a figure which reflects strong progress (target in France: 12% in 2012). Since it is estimated that if all available road demolition materials were recycled, asphalt mixes could contain up to 20 to 25% RAP, Colas is halfway to achieving the theoretical maximum.

IN-PLACE RECYCLING
This recycling technique continued to expand in 2011, accounting for over 8.6 million m² of road construction, vs 7.8 million in 2010, mainly in North America, the United Kingdom, West and Central Africa. This success was made possible by such proven technologies as Valorcol®, Recycold®, etc. In all, the technique was used to recycle the equivalent of a 900-km section of two-lane road.

Chemical hazards
Colas has focused its efforts to reduce chemical hazards in the following priority areas.

Solvents: the use of the following has been discontinued: solvents in laboratories, solvent-based degreasing “fountains” in workshops, and toluene in road paints.

Pigments: paint pigments that contain heavy metals are no longer used and priority is being given to non-powder formulations.

Non-stick products: plant-based alternative products are being used instead of fuel-oil.

Bitumen fumes: please see operational risk section in Risks. Colas is clearly committed to promoting the use of warm mixes, which produce almost no fumes or smoke, and help save energy, too. The percentage of warm mix use has soared from 6% in 2010 to more than 12% in 2011, thanks in particular to the United States where warm mix now accounts for 30% of total asphalt mix production. The initiative has taken hold around the world: North America, South Korea, West and central Europe, France (mainland France and overseas departments), Gabon, Madagascar, Morocco, Mauritius, etc.
Resins: a research project entitled Greencoat is being conducted in collaboration with several partners and with the support of the ANR(1) under the aegis of sustainable development foundation ChemsuD.

Waste oils: the worldwide objective is to ensure the disposal or recycling of used motor oils, which form the bulk of Colas’ hazardous waste. The global waste oil recovery rate is currently 67% on a consolidated basis (56% in 2010). The optimum ratio is estimated at approximately 80%, once stock effects and equipment oil consumption are taken into account.

Responsible purchasing
Colas works with over 100,000 suppliers and subcontractors worldwide which can be classified into six main groups: local subcontractors, local materials suppliers, global raw materials suppliers, national and international materials suppliers, national and international service providers and miscellaneous suppliers.

Identification work for each group defines the possible scope of action available and the strategic priorities for responsible purchasing: safety, quality, monitoring the use of illegal immigrant workers, compliance with payment terms and conditions, design and correct use of materials, etc. Colas is currently trying out various supplier-rating systems, even though rating all suppliers would be impossible. A risk assessment is also underway in France to determine the types of purchases that should have priority.

As regards purchasing from developing countries, the issues relating to relocation is very marginal for Colas due to the nature of the industries involved, but its businesses in these countries respond to these challenges(6).

Community involvement and project support
These actions are essentially local and are managed by Colas companies and their operating units. They mainly involved sponsoring sports teams (50%) or cultural events (40%), for a total of 2.5 million euros, which has remained unchanged against 2010. Outside of France, the proportions vary with 30% for sports, 20% for humanitarian programs, 15% for education, and 10% for cultural events, for an unchanged budget of 1.1 million euros.

Actions by the parent company in France include a skills-sharing patronage program to restore paths in Versailles park, artistic patronage with the purchase of paintings by the Colas Foundation, support to the international dance company Akram Khan, and backing for the humanitarian efforts of “On the Road to School” with Good Planet for a total of 1.5 million euros.

(1) National research agency (France).
(2) Public-private partnerships.
(3) Private finance initiatives.
(4) Managing Agent Contractors (UK).
(5) Contract Maintenance Area (Canada).
(6) See “Corporate citizenship actions in developing countries” section.
Strategy

Colas’ strategy for profitable, long-term growth remains unchanged, aiming at meeting the modern world’s need for mobility, urbanization and environmental protection. The cornerstones of this strategy have been built upon a drive to support responsible development, via social, societal and environmental protection issues, based on the following objectives:

- strengthen and expand the network of operations in France and worldwide, to establish and develop sustainable leadership positions for our traditional business activities in local markets, and spread risk through geographic diversification;
- optimize the integration of industrial processes to secure the procurement of aggregates, bitumen and other vital materials and resources, generate more added value, improve competitiveness and control the quality of materials and products;
- expand our core business – Roads – to include closely related and complementary specialty activities that will enhance our offering to customers, develop synergies and enable us to penetrate future growth markets, such as the railway sector;
- increase participation in complex PPP, concession and systems management projects that leverage the full range of Colas expertise in engineering (specifications, design, construction and maintenance) and project financing;
- enhance service to customers by conducting large projects that are consistent with the Group’s traditional activities;
- develop an expanded and innovative offering of products and services capable of meeting sustainable development requirements.

Strengths

Colas’ keys strengths are its:

- network of over 800 works centers and 1,400 materials production sites in some 50 countries worldwide, some of which are over a century old;
- core business of building and maintaining living environments and transport infrastructures, and roads in particular, including all of their multiple aspects and components;
- a heritage of collective intelligence, values and passion built up over many years, shared by some 66,000 employees, handed down from generation to generation and enhanced by a dynamic human resources policy;
- innovative technologies developed by a vast international technology network consisting of some 2,000 people who work closely with operating units through the Colas Science and Technology Campus (CST), the premier private research and development center in the road construction industry, and some fifty research laboratories and around a hundred engineering offices;
- integration of upstream production processes to ensure the procurement and quality of essential materials and supplies, such as aggregates, binders, asphalt mixes, ready-mix concrete, bitumen, impervious membranes and road safety equipment;
- a decentralized network of over 800 work centers units and 1,400 materials production sites, with strong local roots and capable of responding rapidly to market needs;
- a full-service transport infrastructure offering covering the range of large and small construction or maintenance projects, thanks to the Group’s extensive presence in local markets and its ability to leverage its global expertise and resources.
Outlook

Colas has started out 2012 with improved competitiveness, as illustrated by the increase in profitability in 2011 despite relatively sluggish markets.

Work-on-hand at the end of December 2011 totaled 6.5 billion euros, up 5% from the end of 2010 (4% in mainland France and 7% for the international and overseas units). The level of work-on-hand allows the Group to move smoothly into the beginning of the year. With the award of preferred bidder status to a consortium including Colas Rail and Colas Midi-Méditerranée on the Nîmes-Montpellier railway bypass PPP contract, 2012 has gotten off to a good start.

However, market trends for Colas’ businesses remain difficult to forecast. France is seeing a number of major projects in the making or being launched, and other projects are well underway involving public transport, urban development, maintenance on road and rail infrastructures, PPPs, and more. However, uncertainty still reigns as to their finalization, which will depend on the ability of local authorities to obtain financing. Colas companies in North America, boosted by good figures in 2011, should continue to enjoy upbeat business trends in Canada and a resistant market in the United States, along with a recovery – albeit slight – of the US economy. In Europe, outlook for business remains stable in the west and more uncertain in central Europe, where the Group is still targeting figures close to the breakeven point, after a major decrease in losses for 2011 vs 2010. In Africa and in the Indian Ocean zone, business should be stable or slightly growth oriented. Asia and Australia will continue to operate in a dynamic environment.

Against this backdrop, Colas is moving into the year with caution. The profit margin over volume strategy implemented by Colas will remain unchanged. Backed by confidence in its ability to adapt, Colas boasts a great number of strong suits – in particular a wide sweeping geographic spread and a solid financial situation. On the basis of all available information, the initial revenue forecast for 2012 is 12.5 billion euros.
The year
IN REVIEW
FRANCE
High quality urban development project in Plougasnou.
**BELGIUM**
Redesigning a pedestrian zone near the Grand-Place in Brussels.

**CANADA**
Construction of Highway 73 from Saint-Georges-de-Beauce to Quebec City.
REUNION ISLAND

Building roads in a development zone in Sainte-Anne.
**HUNGARY**
Construction of Motorway M0 bypassing Budapest.

**AUSTRALIA**
Supplying bitumen shipped from Asia to the Fremantle depot on the west coast.
FRANCE
Demolition of an apartment building using verinage technique in Asnières-sur-Seine.

FRANCE
Building of a bike path in Arcachon.
**UNITED STATES**

Emulsion plant in Perry, Georgia.

**FRANCE**

Refurbishing the Hunaudières straight line on the 24 Hour Le Mans racetrack, using 3E® warm mix.
MADAGASCAR

Construction of “Tour 786”, a skyscraper in Antananarivo.
FRANCE
Transporting aggregates by rail from the Hersbach quarry.

FRANCE
Building the Tour Horizon skyscraper in Boulogne-Billancourt.
MAURITIUS
Extension and refurbishment of a runway at the international airport for the A380 super jumbo jet.

POLAND
Widening of Avenue Bukowska to four lanes in Poznań, using Rugosoft® noise-reducing asphalt.
FRANCE
Building infrastructure for the Angers tramway.
CROATIA
Installing guardrails and applying road marking on the Istrije Highway.

INDONESIA
Refurbishing the access road to the Bontang mining site in Borneo.
FRANCE
Construction as part of an Engineering, Procurement, Construction and Commissioning (EPCC) contract of a natural gas compressor unit in Hauterives.

FRANCE
Renewing ballast on the high speed train line between Le Creusot and Saint-Émiland.
FRANCE
Testing road marking products at the Campus for Science and Techniques in Magny-les-Hameaux.

MOROCCO
Refurbishing a section of the Rabat-Kenitra Highway, using reclaimed asphalt pavement (RAP).
DENMARK
Widening a section of Motorway M3 to six lanes near Copenhagen, using noise-reducing mix.

FRANCE
Redesigning the Carrefour des Cascades in the Bois de Boulogne, in Paris, using mixes with plant-based binders.
FRANCE
Refurbishing roadways in the tunnel under the Parc des Princes stadium in Paris.
GABON
Building access roads to the Libreville stadium as part of the 2012 Africa Cup of Nations.

SWITZERLAND
Construction of a bike path using light-colored asphalt mix in La Tour-de-Peilz.
**GREAT BRITAIN**
Refurbishing the Clarence Esplanade in Portsmouth, as part of the road upgrading and maintenance PFI (Private Finance Initiative) signed in 2004 for a duration of 25 years.

**FRANCE**
Redesigning the access roads to the new stadium in Lille, using 3E® + R warm mix with reclaimed asphalt pavement and Nanosoft® noise-reducing asphalt mix.
FRANCE
High quality urban development in downtown Poitiers.
Colas Group

MANAGEMENT

HERVÉ LE BOUC
Chairman, CEO

Thierry MONTOUCHÉ  
Director,  
Secretary General

Philippe TOURNIER  
Human Resources  

Sophie BAUDOUX  
Chief Information Officer  

Jean-Yves BIGNON  
Risk and Insurance  

Michel BOLTZ  
Audit  

Philippe BRISSONNEAU  
Equipment  

Alain CLOTTE  
Chief Legal Officer  

Jérôme DUSSEÑE  
Chief Bitumen Officer  

Samuel GUILLON  
Finance  

Henri MOLLERON  
Environment  

Gilles NICOLLE  
Accounting  

Philippe RAFFIN  
Techniques, Research and Development  

Sophie SADELER  
Corporate Communication  

Lito ACHIMASTOS  
Marketing  

Pierre CALVIN  
Prospects and Institutional Relations  

Rémy DESMOULIN  
Concessions and Major Projects  

Jean LALO  
Procurement

Railways

Patrick GUÉNOLÉ  
Deputy Managing Director, President, Colas Rail

Other activity

Georges MATIS  
President of Société de la Raffinerie de Dunkerque (SRD)
<table>
<thead>
<tr>
<th>ROLE</th>
<th>Name</th>
<th>Location and Responsibilities</th>
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<tbody>
<tr>
<td>Deputy Managing Director,</td>
<td>Thierry GENESTAR</td>
<td>Director, Managing Director, Roads France Waterproofing (Smac)</td>
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<tr>
<td>Management and Administration</td>
<td>Jean-Claude DUCAMP</td>
<td>Deputy Managing Director, Management and Administration</td>
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<td>Christian LAVEDRINE</td>
<td>Deputy Managing Director, President, Smac</td>
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<td>Louis GABANNA</td>
<td>Director, Managing Director, North America</td>
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<td>Deputy Managing Director, United States</td>
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<td>Jacques MICHEL</td>
<td>Deputy Managing Director, Canada</td>
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<td>Jacques LEOST</td>
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Rocks
FRANCE

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Managing Director, Roads France
Waterproofing (Smac)

Jean-Claude DUCAMP
Deputy Managing Director,
Management and Administration

Jean-Paul BROSSARD
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Philippe GUILMANT
President, Screg Sud-Est

Christophe GUY
President, Colas Est

Patrice HALTEBOURG
President, Screg Est

Joël HAMON
President, Screg Ouest

Pascal MARIDET
President, Screg Nord-Picardie

Thierry MÉLINE
President, Colas Midi-Méditerranée

Christian RAIMONDI
President, Sacer Atlantique

Richard RUEDA
President, Sacer Sud-Est

Bernard SALA
President, Colas Île-de-France – Normandie

Pascal TROUF
President, Sacer Paris-Nord-Est

Jean VIDAL
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Vicente SERRI
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Jerry BUSHELMAN
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John KULKA
President, HRI Inc.

Robert LAND
President, Reeves Construction Company

David MARTINEZ
President, Sully-Miller Contracting Company

Ric NEUBERT
President, Delta Companies Inc.

Ben NORTEE
President, Colaska Inc.

Stuart PATTERSON
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Vice-President and CFO, ColasCanada Inc.

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Ken DAY
President, Terus Construction Ltd

Doug ELLETT
President, E Construction Ltd

Terry GALE
President, Standard General Inc. – Calgary

Chris GREENWOOD
President, Standard General Inc. – Edmonton

Daniel PELNEAULT
President, Sintra Inc.

Curtis PROSKO
President, Canadian Road Builders Inc.

William TURNER
President, Wapiti Gravel Suppliers
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(excluding the Americas)

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Managing Director, International
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Marek LORECKI, Manager

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Oman
Stéphane BRABAN, Manager

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New Caledonia
Laurent DEMASLES, Manager, SCNC

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Ivory Coast
Philippe EPONON, Manager

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Christophe VOY
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India
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Indonesia
Victor SITORUS, VP, Director, Wasco
Ilham MARDANIS, VP Director, ABS

South Korea
J. I. LEE, Representative Director, ISCO

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Chaiwat SRIVALWAT, Managing Director, Tasco

Vietnam
Le TAM, Deputy General Director, ADCo
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Colas, a French Société Anonyme with share capital of €48,981,748.50
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