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**PRESS RELEASE**

**First Half-Year 2010  
Catching up on 1<sup>st</sup> quarter activity  
Lower profitability compared to end of June 2009**

The Board of Directors of Colas, chaired by Mr. Hervé Le Bouc, met on August 30, 2010 to examine the half-year statement of accounts as of June 30, 2010 and outlook for the current year.

**Consolidated key figures**

<i>In millions of euros</i>	<b>1<sup>st</sup> half-year 2009</b>	<b>1<sup>st</sup> half-year 2010</b>	<b>Variation 1<sup>st</sup> half-year</b>	<b>Reference full year 2009</b>
<b>Consolidated revenue</b>	<b>5,116</b>	<b>5,002</b>	<b>-2.2 %</b>	<b>11,581</b>
<b>Operating profits</b>	<b>75</b>	<b>-47</b>	<b>-122 M€</b>	<b>541</b>
<b>Consolidated net profits (Group share)</b>	<b>58</b>	<b>-29</b>	<b>-87 M€</b>	<b>387</b>

**A good portion of late 1<sup>st</sup> quarter activity is offset during 2<sup>nd</sup> quarter:**

As of June 30, 2010, the Colas Group posted consolidated revenue totaling 5.002 billion euros, compared to 5.116 billion euros at the end of June 2009, i.e., a 2.2% decrease (-3.3% with identical exchange rates and scope of business). Business during the 2<sup>nd</sup> quarter 2010 helped catch up on a good portion of late 1<sup>st</sup> quarter activity (-7%), due in particular to work postponed because of unfavorable weather conditions.

## **France:**

At the end of June 2010, revenue totaled 3.06 billion euros, down 2.7% compared to the end of June 2009.

In Mainland France, the road business has receded slightly (-1.6%), along with business in special activities (-1.2%). The level of private investment is still low. Investments by local authorities remain high, but the geographic spread of the funding is very uneven.

In the French Overseas Departments, revenue is down 20%. The public works market has continued to drop in the Caribbean and on Reunion Island, where the downward trend has been worsened by the fact that the Tram Train project was shelved.

## **International:**

At the end of June 2010, revenue in the Group's international units and French Overseas Territories totaled 1.94 billion euros, down 1.4% compared to June 30, 2009 (-4.2% with identical exchange rates and scope of business).

North America recorded revenue of 675 million euros (+4.6% and -2.6% with identical exchange rates and scope of business). In the United States, the market remains upbeat thanks to federal infrastructure projects launched last year. In Canada, business is on the rise.

In Europe, revenue totaled 812 million euros, down 5.1%. Business at Colas companies in northern Europe is up 28%. On the other hand, revenue in central Europe dropped 33%, notably in Croatia, Romania and Slovakia, where the government has just decided to abandon the PPP contract for Highway D1 after 12 months of successive postponements.

Throughout the rest of the world, revenue figures totaling 455 million euros are similar to those posted at the end of June 2009 (-3%) with a drop in the Indian Ocean (Madagascar) and recovery in Asia.

## **By business sector:**

A breakdown of the 5-billion euro revenue figures shows the following:

- Roads: €3.77 billion (-3%)
- Civil engineering, Pipes and mains: €358 million (+6%)
- Waterproofing: €279 million (-4%)
- Railways: €263 million (+2%)
- Building and deconstruction: €180 million (=)
- Safety and Signaling: €151 million (-3%)

## **Profitability is lower:**

Operating profits are down at -47 million euros, compared to +75 million euros at the end of June 2009, due to:

- further decline in central Europe, where operating profits totaled -57 million euros,
- harsh competition, especially in Mainland France, which has led to battered profit margins,
- a lack of major projects (abandoning of contracts for Tram Train in Reunion Island and Highway D1 in Slovakia, political crisis in Madagascar),
- poor weather conditions during the first quarter.

Net profit (Group share) amounted to -29 million euros, compared to +58 million euros at the end of June 2009.

## **Outlook:**

Work-on-hand at the end of June 2010 was stable compared to the end of June 2009, at 7.2 billion euros (+4% in France and -4% for international units).

In Mainland France, business could drop slightly. With no major projects in view, business has receded in the French Overseas Departments. Colas companies in North America should post good figures which remain comparable to 2009. In northern Europe, business could enjoy a slight rise. For central Europe, a deep, long-lasting recession will result in a sharp drop in revenue and restructuring. The Indian Ocean has returned to a plateau of recurrent business, in light of the lack of major projects. In Asia, the outlook is bright for the manufacturing and sales of road products. A targeted acquisition policy led to the purchase of S.R.D. (a bitumen production unit in Dunkirk, France) on June 30, 2010, and to that of two American road companies at the end of July, with annual revenue of 120 million dollars acquired to reinforce the Group's territorial network, notably in Georgia.

In an environment where visibility remains low, the 11.5-billion euro hypothesis for revenue in 2010 posted in February remains unchanged. Rapidly shrinking profit margins, especially in France, and the extent of losses in central Europe will lead to a noticeable decrease in Colas' profitability for 2010. The Group share of net profit at the end of 2010 could drop to roughly 2% of revenue. In the wake of measures taken in 2009, reinforced action plans have been launched, in particular in central Europe and France. After hitting what could be a low point, efforts made in each profit center to adapt to their own market should pave the way to a return to improved profitability in 2011.

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