

PRESS RELEASE

The Board of Directors of EIFFAGE met on 31 August 2010 to approve the financial statements for the first half of 2010. The statutory auditors performed a limited review of these financial statements.

ACTIVITY

After the turnaround in order intake that got underway in the second quarter of 2010, sales stabilised, inching down by just 0.8% thanks to a good second quarter and to the effects of acquisitions completed end-2009, mainly at the Public works division. This business line recorded a 5.9% increase in activity in the first half of 2010, registering growth in both France and Germany, whereas Spain continued to be affected the sharp cuts in public spending.

The Metal division experienced much the same trend, with a 3.1% increase in activity, mainly in France, whereas there was a contraction in Germany now that work on the Berlin airport has been completed.

The Construction division recorded a 9.8% decrease in activity in France with, as expected, a decline at the Property business and, more generally, in orders from the private sector. In the rest of Europe, activity held up in Belgium, while the upturn in Poland partly offset another fall in activity in the Czech Republic.

The Energy division recorded a 3.2% decrease, reflecting still difficult market conditions in France whereas Spain showed signs of improvement.

The moderate recovery in traffic on the APRR network was confirmed in the first half for both light vehicle traffic (2.6% increase) and heavy goods vehicle traffic (5.8% increase), as a result of which sales contributed by the Concession division increased by 5.7%.

RESULTS

After declining in 2009, the consolidated operating margin on ordinary activities stabilised at 6.4% thanks to the increase in the contribution made by the Concession division, which partially offset another decrease in the operating profit on ordinary activities contributed by Contracting because of even keener competition.

It will be recalled that, as in past years, first-half results at the Contracting activities are not highly significant because of the sensitivity of these activities to weather conditions.

The Public Works division contributed an operating loss on ordinary activities of €31m in the first half, as a result of which the overall operating margin for Contracting activities declined to 1.7% from 2.3% in 2009.

The Group's other divisions maintained or improved their operating margins. The Construction division recorded a slight improvement in profitability despite a sharp contraction in the level of activity. The Energy division's profitability held steady, the Spanish subsidiaries having moved back into profit, while profitability in France still remained weak compared with levels achieved by that division in the past. The Metal division made a higher contribution thanks to good performances in France.

APRRs' EBITDA margin improved to 67.8% despite significant costs incurred this year to keep motorways open and operating safely during the worst of the winter weather.

Profit attributable to the equity holders of the parent increased by 40% to €70m, up from €50m, thanks to a decrease in finance costs and the non-recurrence of the exceptional employee profit-sharing payout in 2009.

FINANCIAL POSITION

Because of the Group's continuing development in public-private partnerships and concessions and the minority buyout at APRR to purchase shares held by hedge funds, debt increased at the holding company and the subsidiaries carrying public-private partnership and concession projects. The accretive effect on earnings of the minority buyout at APRR will be perceptible as from the second half of 2010.

Net debt carried by the holding company and Contracting activities came to €495m at 30 June 2010, which traditionally corresponds to the low water mark in the Group's cash position. After the peak experienced in 2009 following the implementation of the Law on the Modernisation of the Economy, the seasonal increase in working capital requirements reached a more normal level.

Debts in respect of public-private partnerships and concessions came to €13.8bn, of which €13.3bn without recourse against EIFFAGE and €695m with recourse. This reflects the particularly low interest rate levels at 30 June 2010, which affected the value of the swaps entered into by the Group to transform financings obtained for public-private partnerships and concessions into fixed-rate loans.

Although at its lowest level at this time of the year, the cash position amounted to €130m, in addition to which there are undrawn credit lines amounting to more than €400m that are confirmed out to the start of 2012.

In February 2010, APRR successfully tapped its 2015 bond issue for €200m at far more favourable conditions than in 2009. APRR has enough liquidity for the next 18 months. Its BBB- rating was affirmed with negative outlook for Standard & Poor's. Financing requirements for the other public-private partnerships and concessions are covered in full by confirmed long-term and very long-term credits.

Consolidated figures (€m)	First half 2009	First half 2010	% change
Sales (excluding IFRIC 12)	6,508	6,456	-0.8%
Operating profit on ordinary activities	423	412	-2.6%
Profit attributable to the equity holders of the parent	50	70	+40%

2010 PROSPECTS

The order book continued to rise in the second quarter of 2010, extending the trend begun in the third quarter of 2009. As a result, the order book reached €10.8bn at 30 June 2010, representing almost 11 months of activity at the Contracting divisions, supporting management guidance of full-year sales of €11.3bn.

Major ongoing projects are progressing to plan. In particular, the A65 motorway should be opened to traffic at the end of this year, four months ahead of schedule. Work on the Lille stadium is in full swing after the court turned down an appeal by parties contesting the building permit. Work on three hospitals at Evry Corbeil, Annemasse and Saint-Nazaire under public-private partnerships and on the police headquarters at Issy-les-Moulineaux is progressing to plan. The first hospital should be delivered on schedule on 17 January 2011 despite serious disruption caused by changes to the programme demanded by the customer. Commercial operation of the Perpignan-Figueras high-speed rail line is expected to begin on 12 December 2010, initially at a limited speed pending connection to the Spanish high-speed rail network.

EIFFAGE is still in the running for the Bretagne Pays-de-Loire high-speed rail line and the Nîmes-Montpellier bypass as well as for the new Defence Ministry at Balard. Decisions regarding the awards of these projects are expected at the end of the year for the high-speed rail line and in 2011 for the other projects. The Group has been selective in the projects for which it is tendering.

At end June 2010, EIFFARIE acquired a further 13.5% of the capital of APRR from two hedge funds. As a result, APRR will join the tax group headed by FINANCIÈRE EIFFARIE and will therefore be able to obtain relief starting in 2011 for €340m of tax losses carried forward.

At end July, a public purchase offer followed by a squeeze-out procedure was filed with French financial market supervisor AMF for the shares not already owned by EIFFARIE. This operation is expected to be completed at the start of the autumn, as a result of which APRR will become a wholly-owned subsidiary of EIFFARIE. This operation is expected to be earnings enhancing at Group level starting this year.

