

Accounts

for the 1st half year 1999



Presentation of accounts on 30 June 1999

- **Background**
 - Stronger economy
 - SGE Group revitalised and performance-driven
 - Redeployment of the business portfolio is well underway
- **Half-yearly accounts**
- **Prospects and development**

Background : a better overall economic situation

France

- **Building boom:**
 - housing
 - offices
 - industrial and commercial properties
 - regained investor confidence
- **Civil engineering is bottoming out: there are positive signs in the environmental sector (water-related works, waste treatment); completion of the A86**
- **Roadworks are thriving thanks to high demand from local authorities and private clients.**
- **In electrical works, industrial demand and growth in new technologies has offset the slow-down in power generation, transmission and distribution operations**

Background : a better overall economic situation

United Kingdom

- The expected halt in economic growth has not happened. Private and public investment are picking up. The millennium change has boosted the construction sector.**

Germany

- Germany, more adversely affected than the rest of Europe by the recession in emerging economies and Russia, now seems poised to recover, especially in the west.**

Background : a better overall economic situation

Central Europe

- High development potential in electrical engineering, road infrastructure and thermal and mechanical activities.**

Rest of the world

- Barrel of crude back up to 20\$**
- The recession in the Far East is now under control and there are some encouraging examples of recovery in certain countries**
- Latin America still has promising potential**
- Some selected major projects**

The improved results will be long-term

Independently of the overall economic situation

- **The organisation along business unit lines has created a new dynamic of improved results:**
 - **all lines of business and all geographic areas have greatly improved**
- **Restructuring has produced the desired effect on results, with more streamlined structures fostering selectivity and providing enhanced competitive edge**
- **Cross-border organisations are contributing to the turn-around in construction and industrial equipment and facilities.**

The reorientation of the business portfolio is well underway

- **SGE has completed several major external growth operations in the last 12 months**
 - TAI
 - CALANBAU
 - MECATISS
 - TEERBAU
 - ROADWORKS IN CENTRAL EUROPE

} aprox. 6 billion FF in sales

 - Take-over bid for SOGEPARC not yet finalised (1.3 billion French francs in sales)
- **These operations are part of the strategy as announced**
 - Reduction of cyclical swings via increased income from recurrent activities
 - Emphasis on high value added activities
 - Development in Europe
- **They are conducted on the basis of strict and selective targeting**
- **Symmetrically divestment: disposal of non strategic businesses: (approx. 400 million French francs in sales in 99)**

Record high for half yearly figures

<i>(in millions of euros)</i>	1st sem 1997	1t sem 1998	1st sem 1999	Variation 98-99
Operating income	- 25.8	- 2.0	+ 43.4	+ 45.4
Operating income + net financial income	- 16.5	+ 13.2	+ 49.4	+ 36.2
Net income	+ 19.2	+ 6.3	+ 42.8	+ 36.5

Quality figures

- **SGE does not "smooth out" expenditure items in its half yearly accounts**
- **There are no exceptional items (restructuring over)**
- **Financial income is down due to the resumption of investment**

Redirecting the sales mix

<i>(en millions d'euros)</i>	1st half 97	1st half 98	1st half 99	Variation 99/98
Construction				
Building and civil engineering	1 722	1,730	1,624	- 6.1 %
Freyssinet	109	95	167	+ 76 %
Roadworks	655	682	742	+ 8.7 %*
Equipment and facilities				
Electrical works	838	869	856	- 1.4 %**
Thermal activities	527	493	494	=
Concessions (prorata)				
Cofiroute	91	100	107	+ 6.7 %
Car parks and miscellaneous	11	12	33	ns
Double counts and miscellaneous	18	- 2	47	ns
SALES BY THE BUSINESS	3,971	3 980	4,070	+2.3 %
Of which: CONSOLIDATED	3,880	3,880	3,944	+1.6 %

*not including Teerbau



** with comparable consolidation scope +2%10

Consolidated statement of income

Substantial increase in operating and net income

<i>(en millions d'euros)</i>	<i>1st half 1997</i>	<i>1st half 1998</i>	<i>1st half 1999</i>
Gross operating surplus	49.2	41.8	113.9
Operating income (expense)	(25.8)	(2.0)	43.4
Financial income	9.3	15.2	6.0
Operating income (expense) + net financial income	(16.5)	13.2	49.4
Exceptional items	41.2	0	(3.2)
Tax, profit-sharing and goodwill	(20.6)	(21.6)	(22.6)
Equity method companies	13.3	15.8	21.0
Net income	19.2	6.3	42.8

Major improvement in operating profits

All businesses contributing to the improvement

(in millions of euros)

1st half 1997 1st half 1998 1st half 1999 99/98

Operating income :

- **Construction**

– Building and civil engineering	- 9.9	- 0.5	+ 20.8	+ 21.3
– Roadworks	- 31.4	- 22.0	- 3.7	+ 18.3

- **Equipment**

– Electrical works	+ 27.3	+ 30.6	+ 29.6	<i>ns</i>
– Thermal and mechanical activities	- 14.0	- 9.0	- 2.7	+ 6.3

- **Miscellaneous**

	+ 2.2	- 1.1	- 0.6	+ 0.5
	- 25.8	- 2	+ 43.4	+ 45.4

Net income of concessions

	+ 13.0	+ 15.7	+ 21.0	+ 5.3
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Financial income (expense)

Financial income slightly down (excluding the effect of capital leases)

<i>(in millions of euros)</i>	<i>1st half 1997</i>	<i>1st half 1998</i>	<i>1st half 1999</i>
Financial income (expense), not inc. leases	2.7	8.2	5.0
Financial charges for capital leases*	-	-	(2.8)
Dividends and miscellaneous	6.6	7.0	3.8
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	9.3	15.2	6.0

**method changed on 31 December 1998*

Half yearly accounts

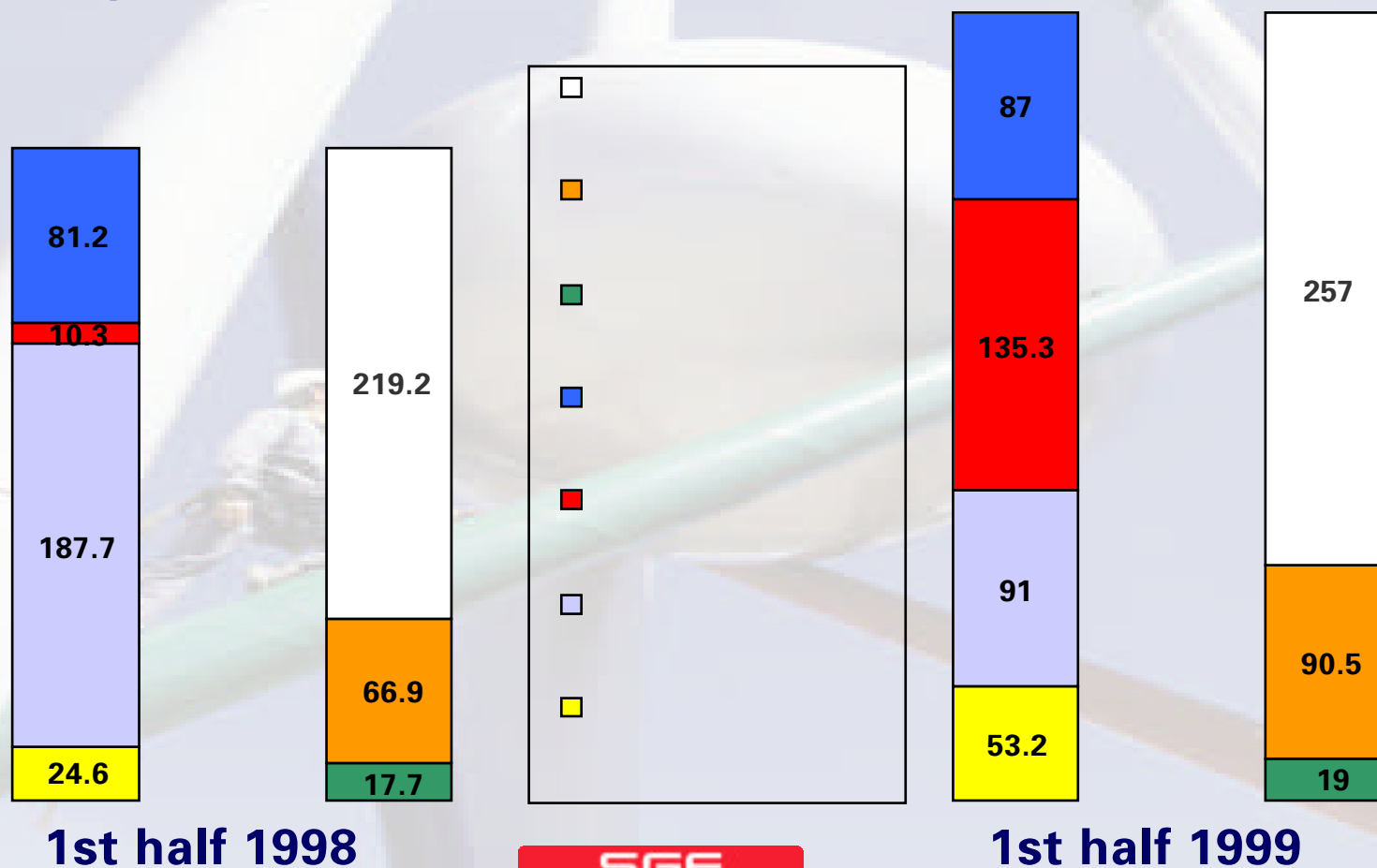
Exceptional items

Sharp fall in the cost of restructuring

<i>(in millions of euros)</i>	<i>1st half 1997</i>	<i>1st half 1998</i>	<i>1st half 1999</i>
Capital gains from disposals	72.4	7.9	4.6
Restructuring	(27.3)	(20.3)	(4.9)
Other exceptional items	(3.9)	12.4	(2.9)
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	41.2	0	(3.2)

Cash flows

- Improved operating cash flow:
 - Cash from operations up 35%
 - Less consumption of WCR
- Resumption of financial investments



Consolidated balance sheet

Financial structure remains healthy

<i>(en millions d'euros)</i>	<i>1st half 98</i>	<i>1998</i>	<i>1st half 99</i>
Fixed assets	1,329.8	1,457.8	1,510.7
Working capital requirement (surplus)	(124.7)	(325.6)	(181.0)
Capital employed	1,205.0	1,132.2	1,329.6
Shareholders' equity and minority interests	472.2	552.3	490.0
Provisions	1,301.3	1,264.8	1,231.3
Long term ressources	1,773.5	1,817.1	1,721.3
Net financial surplus	568.5	684.9	391.7
Net financial surplus exc. capital leases*	568.5	809.1	511.2

**method changed on 31 December 1998*

Prospects and development

- **SGE's good results will be long-term**
- **SGE is taking full advantage of the economic recovery**
- **Selectivity: priority is margin before volume**

Prospects and development

Construction

Building and civil engineering

- **Reduced exposure to non-specialist lines of business in France and Germany**
 - Selectivity
 - Project financing (major projects and building)
 - Synergies inside the group -> SORIF
- **Redeployment into new segments**
 - Industrial clients
 - Services
 - Structure renovation
 - Maintenance
- **Differentiation through technology**
 - Freyssinet
 - Major projects (below underground operations)
 - Chernobyl; Kourou

Prospects and development Construction

Roads

- Growth of private customer base
- Reinforcement of production facilities
- Expansion into international markets
- Integration of TEERBAU

Prospects and development Equipment

GTIE

- **Better balance of the business portfolio with a shift towards communication and information processing technologies**
- **Development of engineering and total solution packages**
- **Increased share of sales from international markets**

Sophiane

- **Repositioning onto high value added segments**
 - **Active and passive fire protection**
 - **Air treatment systems**

Prospects and development

Concessions

- **Cofiroute: finalise the A86 contract**
- **Stade de France and Tagus river crossings: confirm positive trends**
- **Sogeparc :**
 - **successfully conclude the take-over bid and integration into the SGE group**
 - **grow synergies with network of French and European companies in SGE Group**
- **Continue the policy of selective order-intake**

Operating income in 99

Forecast revised upwards thanks to across-the-board improvement in all businesses and geographic areas

- **Operating income in 99 in excess of 153 million euros (exc. Sogeparc)**

(1 billion French francs)

against 124 million euros in 1998
(811 million French francs)

i.e. +25%

- **1.8% of net sales against 1.5% in 1998**

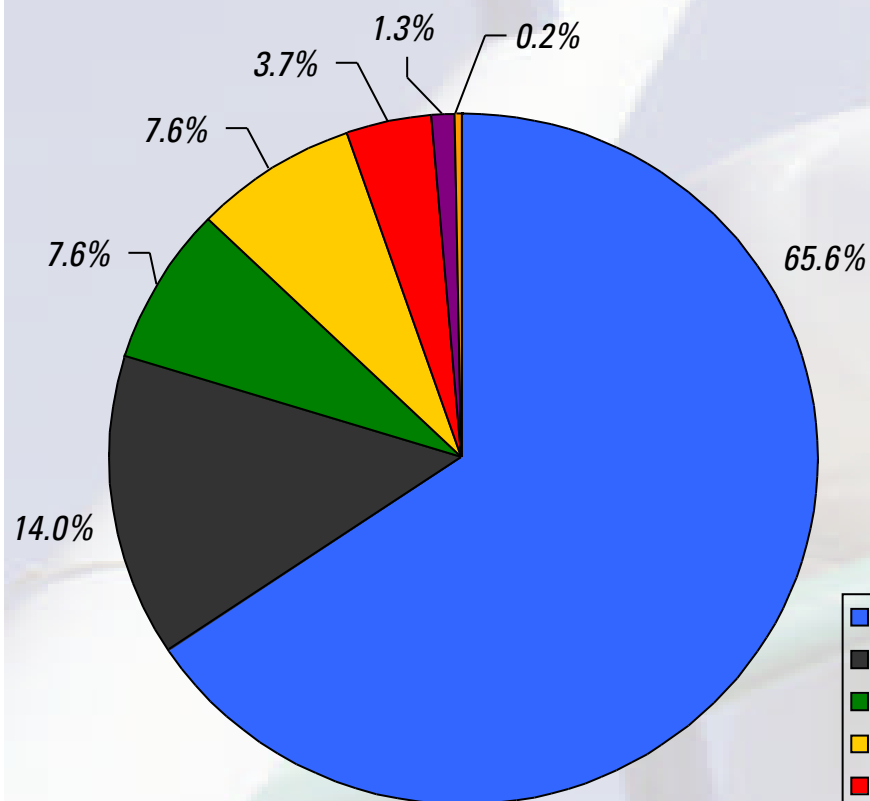
Net income in 99

Forecast revised upwards

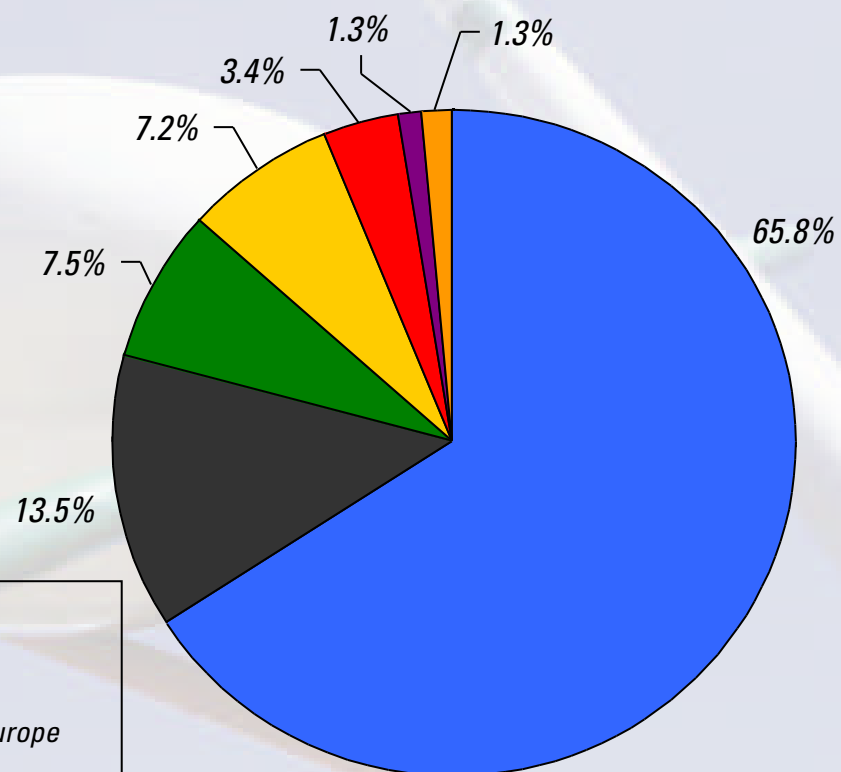
- **Around 120 million euros (800 million French francs) - more than 30% up on 1998**
- **Earnings per share (after reduction of capital stock) of around 3 euros, up by some 35% over 1998**
- **Favourable outlook for 2000 with further increase of earnings per share**

Breakdown of net sales by geographic area

1st half 1998

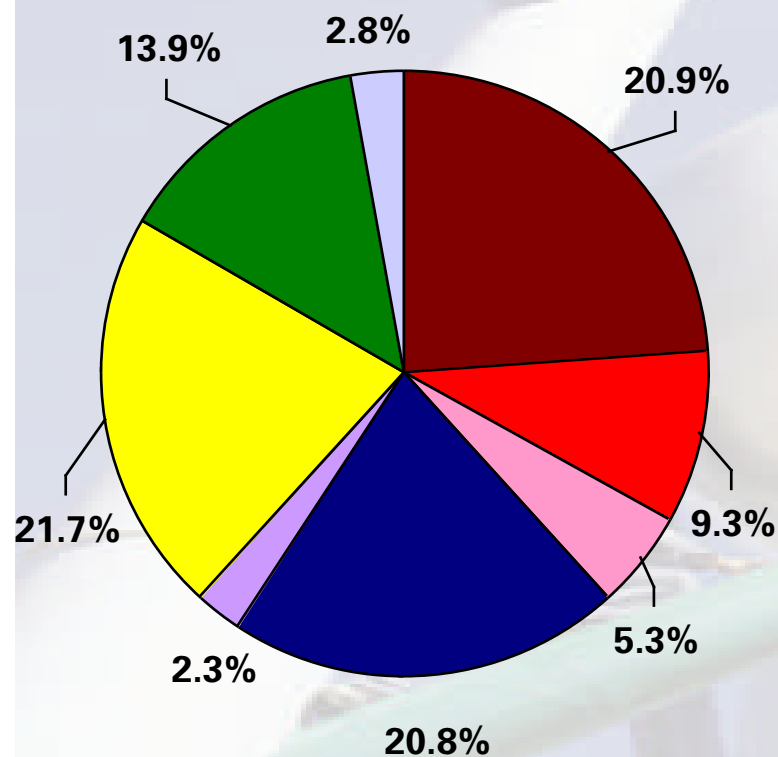


1st half 1999

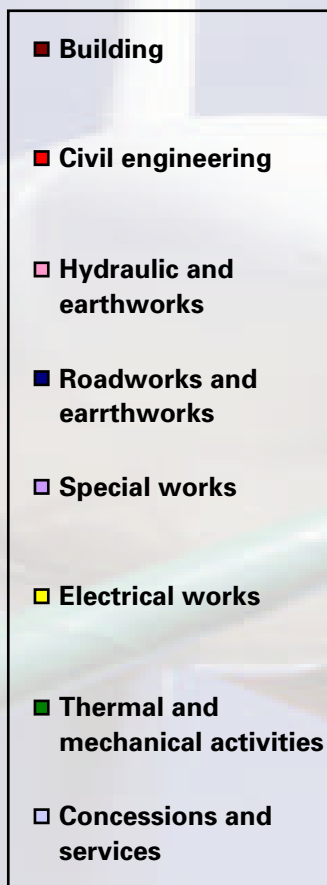
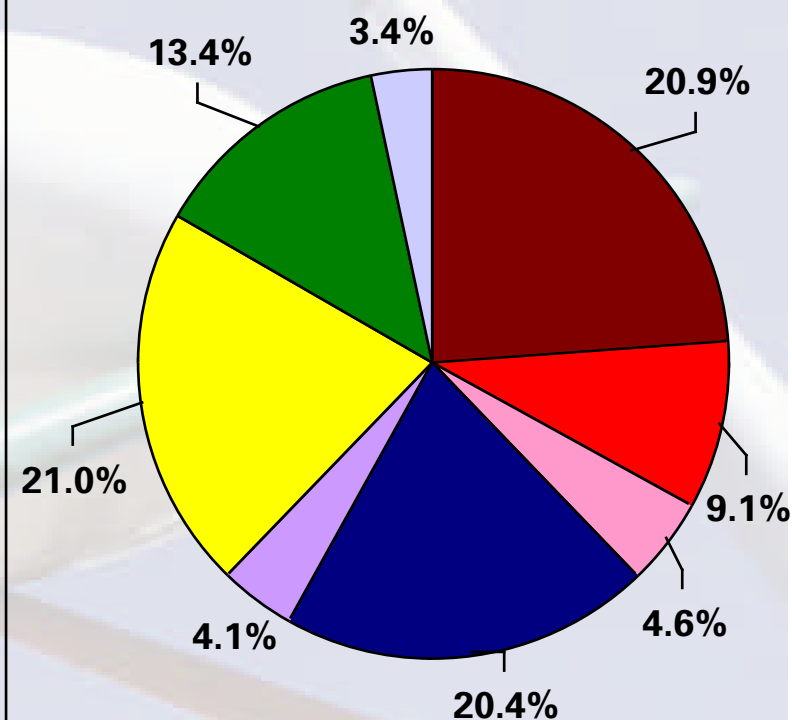


Breakdown of net sales by lines of business

1st half 1998



1st half 1999



Trends in net sales France

<i>(in millions of euros)</i>	<i>1 st half 97</i>	<i>1 st half 98</i>	<i>1 st half 99</i>	<i>Variation 99/98</i>
Construction				
Building and civil engineering	1,035	962	933	- 3 %
Freyssinet	32	31	33	+ 6 %
Roadworks	556	597	639	+ 7 %
Equipment and facilities				
Electrical works	738	756	736	- 2.6 %*
Thermal activities	172	155	155	=
Concessions <i>(prorata)</i>				
Cofiroute	91	100	107	+ 6.7 %
Car parks and miscellaneous	11	12	26	ns
Miscellaneous and double counts	19	0	49	ns
TOTAL BUSINESS SALES	2,653	2,612	2,677	+2.5 %
<i>Of which CONSOLIDATED</i>	2,563	2,512	2,558	+1.8 %

**with comparable consolidation scope +2%*

Trends in net sales

Other countries

<i>(in millions of euros)</i>	<i>1 st half 97</i>	<i>1 st half 98</i>	<i>1 st half 99</i>	<i>Variation 99/98</i>
Construction				
Building and civil engineering	688	768	691	- 10 %
Freyssinet	76	65	135	+ 109 %
Roadworks	100	85	103	+ 21 %*
Equipment and facilities				
Electrical works	100	113	120	6.5 %
Thermal activities	355	339	338	=
Concessions (<i>prorata</i>)				
Cofiroute	-	-	-	ns
Car parks and miscellaneous	-	-	7	ns
Miscellaneous and double counts	- 1	- 2	- 2	ns
TOTAL BUSINESS SALES	1,318	1,368	1,393	+1.8 %
<i>Of which CONSOLIDATED</i>	<i>1,318</i>	<i>1,368</i>	<i>1,385</i>	<i>+1.3 %</i>

*not including Teerbau

Commercial data end June 1999

(in millions of euros)

Awards in first six months	1998	1999	Variation
TOTAL	4,039	4,397	+ 9 %
<i>Building and civil engineering</i>		<i>+ 3.0 %</i>	
<i>Roadworks</i>		<i>+ 6.4 %</i>	
<i>Electrical works</i>		<i>+ 9.0%</i>	
<i>Thermal activities</i>		<i>+ 7.4 %</i>	
 Workload	 1998	 1999	
TOTAL	4,360 (6.5 months)	4,844 (7.1 mounths)	+ 11 %
<i>Building and civil engineering</i> (9 months)		<i>+1.4 %</i>	
<i>Roadworks</i> (> 5 months)		<i>+ 8.0 %</i>	
<i>Electrical works</i> (> 5 months)		<i>+ 20%</i>	
<i>Thermal activities</i> (> 5 months)		<i>+ 6.4 %</i>	