



# 1998 ANNUAL REPORT

CAMPENON  
BERNARD  
SGE



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# THE MANAGEMENT TEAM

## SENIOR MANAGEMENT

**Henri Stouff**  
Chairman and Chief Executive Officer

**Bernard Bonnet**  
Vice-President

**Pierre Linden**  
Vice-President

**Bernard Lozé**  
Vice-President

**Jean-Etienne Treffandier**  
Vice-President

## FUNCTIONAL DIRECTORS

**Olivier Caplain**  
Technical Director

**Pierre Coppey**  
Director of Communication

**Jean-Marie Lambert**  
Director of Human Resources

**Christian Simon**  
Financial Director

**Arnaud Vercken**  
Company Secretary

## HEADS OF OPERATING DIVISIONS

**Patrick Alvergne**  
Provence, Alpes, Côte d'Azur

**Guy-Jacques Barlet**  
Civil Engineering France

**Renaud Bentegeat**  
Building Île-de-France

**Michel Bernard**  
Deputy, Civil Engineering Export

**Raoul Dessaigne**  
Brüggemann, OBAG, UBG

**Charles Lénès**  
International

**Jean-Marc Médico**  
Special Works

**Jacques Mimran**  
Earthworks

**Christophe Pélissié du Rausas**  
Civil Engineering Export

**Yves Périllat**  
Rhônes-Alpes, Auvergne,  
Bourgogne, Franche-Comté

**Michael Schmieder**  
Klee

**Jean Volff**  
Building Export

# EDITORIAL



**1998** was not only a year of transition on civil engineering and building markets, it was also a year of far-reaching reorganisation within Campenon Bernard SGE.

Business activities are now managed by eleven operating divisions, six in building and civil engineering covering a number of regions in Europe, and five in major projects and the associated areas of specialised expertise, both in France and abroad. They operate independently and in close proximity to their local markets, supported by a streamlined head office whose competencies have been focused on a design and build role, which lies at the core of our corporate strategy.

Building activity was disappointing again, despite a considerable improvement over last year's performance, in particular in Germany, and with volumes remaining stable, the business returned an operating loss which was not entirely offset by the profits earned in civil engineering, which was down in volume terms by almost 20%.

Persistently slim profit margins, even though there was something of a recovery in building, the cut-back of public sector investment in France and the collapse of accessible markets in Asia have all led us to anticipate a further downturn in sales of around 5% in 1999 and workforce reductions of about 8%. An exceptional cost item, roughly equivalent to net income, was charged to the accounts to cover this restructuring.

Highlights of the year included the on-schedule handover of a number of outstanding structures and the signing of turnkey contracts in the two areas of strategic priority - major transport infrastructure in civil engineering, and private non-residential operations in building, on international markets.

Another main feature of the year was the completion of the regional reorganisation from Paris down through Lyons to Marseilles, resulting from the final round of subsidiary regroupings within SGE, with the aim of eliminating regional competition.

The company moves into 1999 in good shape, with an order book of higher quality. This should result in a substantial improvement in financial performance.

A large, stylized handwritten signature in black ink, consisting of several sweeping, connected strokes.

**Henri Stoff**  
Chairman and Chief Executive Officer

## NET SALES BY LINE OF BUSINESS

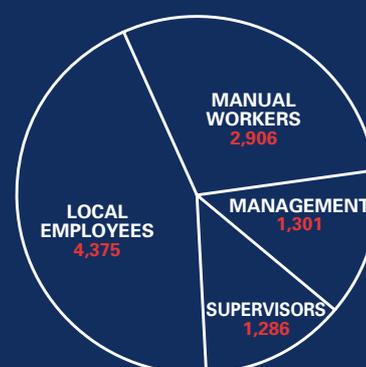
(RECONSTITUTED CONSOLIDATION SCOPE - IN MILLIONS OF EUROS AND FRENCH FRANCS)

	EUROS			FRENCH FRANCS		
	1996	1997	1998	1996	1997	1998
<b>BUILDING</b>						
New housing	264.2	240.1	188.4	1,733	1,575	1,236
Private non-residential	386.9	343.6	367.6	2,538	2,254	2,411
Public non-residential	130.9	108.4	121.7	859	711	798
Renovation	181.3	187.2	210.2	1,189	1,228	1,379
Sub-total	963.3	879.3	887.9	6,319	5,768	5,824
<b>CIVIL ENGINEERING</b>						
Power generation	40.6	9.9	19.2	266	65	126
Environment	156.1	148.6	105.5	1,024	975	692
Transportation	491.3	511.0	441.2	3,223	3,352	2,894
Large-scale facilities	174.6	81.0	57.0	1,145	531	374
Sub-total	862.6	750.5	622.9	5,658	4,923	4,086
<b>Total</b>	<b>1,825.9</b>	<b>1,629.8</b>	<b>1,510.8</b>	<b>11,977</b>	<b>10,691</b>	<b>9,910</b>

## WORKFORCE AS AT 31 DECEMBER 1998

BREAKDOWN BY CATEGORY

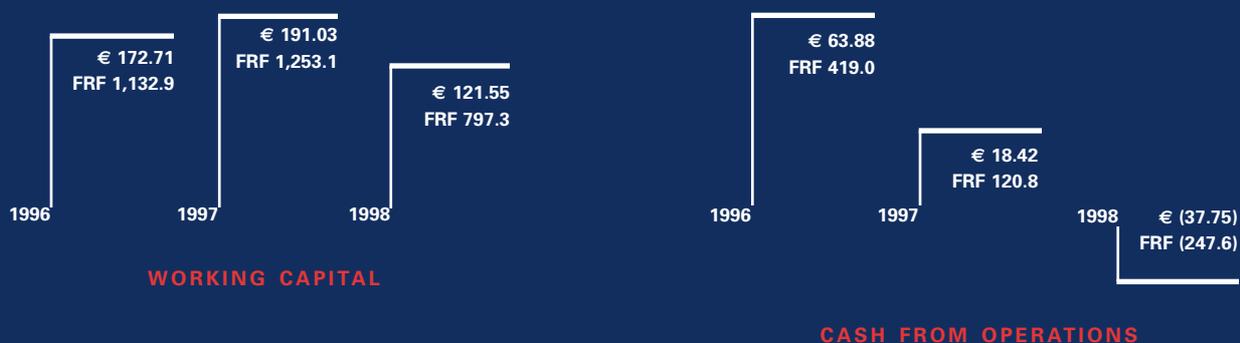
**Total 9,868**



# GURES

## FINANCIAL DATA

(ACTUAL CONSOLIDATION SCOPE - IN MILLIONS OF EUROS AND FRENCH FRANCS)



	EUROS			FRENCH FRANCS		
	1996	1997	1998	1996	1997	1998
<b>Operating income/(expense) plus net financial income</b>	<b>44.9</b>	<b>8.1</b>	<b>9.4</b>	<b>294.4</b>	<b>53.1</b>	<b>61.8</b>
<b>Exceptional expense</b>	<b>(27.9)</b>	<b>(47.8)</b>	<b>(40.9)</b>	<b>(183.1)</b>	<b>(313.6)</b>	<b>(268.5)</b>
<i>of which, restructuring charges</i>	<i>5.0</i>	<i>21.6</i>	<i>38.3</i>	<i>33.0</i>	<i>141.7</i>	<i>251.5</i>
<b>Net income/(expense)</b>	<b>16.9</b>	<b>(36.1)</b>	<b>(40.1)</b>	<b>110.6</b>	<b>(236.5)</b>	<b>(263.2)</b>

## NET SALES BY GEOGRAPHIC AREA

(ACTUAL CONSOLIDATION SCOPE - IN MILLIONS OF EUROS AND FRENCH FRANCS)

	EUROS			FRENCH FRANCS		
	1996	1997	1998	1996	1997	1998
France	653.2	974.6	905.8	4,285	6,393	5,942
Germany	181.1	302.3	286.6	1,188	1,983	1,880
Europe (other)	130.0	271.0	218.2	853	1,778	1,431
Africa	50.3	35.2	23.2	330	231	152
Middle East	16.5	22.9	36.8	108	150	241
Asia	151.9	23.8	40.2	996	156	264
<b>Total</b>	<b>1,183.0</b>	<b>1,629.8</b>	<b>1,510.8</b>	<b>7,760</b>	<b>10,691</b>	<b>9,910</b>

## ORDER BOOK BY GEOGRAPHIC AREA

(IN MILLIONS OF EUROS AND FRENCH FRANCS)

	EUROS			FRENCH FRANCS		
	1996	1997	1998	1996	1997	1998
France	781.2	920.6	793.2	5,124	6,039	5,203
Germany	123.0	196.6	145.3	807	1,290	953
Europe (other)	181.1	213.3	265.0	1,188	1,399	1,738
Africa	40.7	23.8	35.5	267	156	233
Middle East	15.5	34.8	70.4	102	228	462
America	5.3	-	-	35	-	-
Asia	47.0	36.0	3.0	308	236	20
<b>Total</b>	<b>1,193.8</b>	<b>1,425.1</b>	<b>1,312.4</b>	<b>7,831</b>	<b>9,348</b>	<b>8,609</b>

# ATIONAL

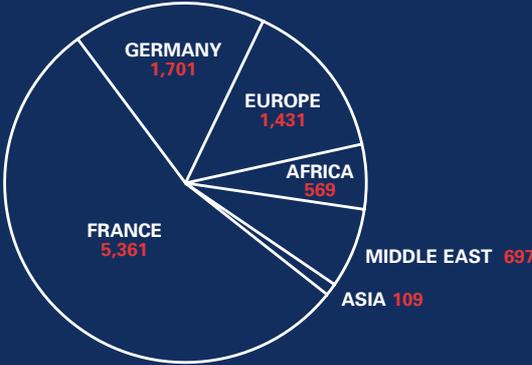
## WORK IN PROGRESS



### WORKFORCE AS AT 31 DECEMBER 1998

BREAKDOWN BY GEOGRAPHIC AREA

**Total 9,868**





**BUILDING**



*The PB 6 tower, a project launched by American property developer Hines France: another contract at la Défense where the group has built more than one third of the highest towers.*

**O**perating as a general building contractor, Campenon Bernard SGE is made up of a network of regional subsidiaries strongly embedded in their respective local markets in Île-de-France (the greater Paris region), Bourgogne (Burgundy), Auvergne (central France), Franche-Comté (eastern France), Rhône-Alpes (the Rhone valley and the Alpine region) and Provence Alpes Côte d’Azur (south-east France), as well as in Germany. Thanks to its expertise in design and construction operations, the Building Export Division is able to lead turnkey projects, covering all aspects from finding land, through the legal and financing arrangements to the operation of facilities, around the globe.

**CIVIL ENGINEERING**



*Campenon Bernard SGE has been operating in Egypt for almost 20 years. After building lines 1 and 2 of the Cairo metro, the company has now begun the design and build of two road tunnels under the city's historic centre.*

**T**he strength of its expertise in civil engineering and its capability to manage major projects make Campenon Bernard SGE one of the leading players on French and international markets. With demand for major projects likely to remain depressed for the foreseeable future both in France and around the world, due to the lack of available funding and the emergence of new sources of competition, Campenon Bernard SGE has already been implementing for several years now a highly selective policy of order intake, and has adapted its organisational structure so as to safeguard its technical expertise and expand its capability to offer all-inclusive solutions to both public and private sector clients.

# BUILDING EXPORT MAJOR INTERNATIONAL PROJECTS

## PROFILE

The Building Export Division's main field of operations is the private non-residential segment. It can offer its clients - mainly private investors - innovative arrangements, such as sell and build contracts, which provide an all-inclusive service, starting with finding the land, taking care of all legal procedures and financing, followed by the design, engineering and execution of a construction project. It operates mainly in Germany, Poland (through Warbud S.A.), the Czech Republic (through FCC) and Slovakia. In Belgium it has three subsidiaries that manage more traditional construction projects, in particular large-scale office building: BPC, ABEB and BPI. The Division also undertakes major projects in other parts of the world, for example in Vietnam. Thanks to its skills and competencies it enjoys a position of strength in expanding market segments such as large international hotels, office development and shopping centres, which will be of critical strategic importance in the next few years.



**JEAN VOLFF,**  
*Head of Division, aged 51,  
graduated from INSA in Lyons.  
He joined the group in 1983.*

## MAJOR PROJECTS ACTIVITY IN 1998

### VIETNAM

In Hanoi, Campenon Bernard SGE continued work in 1998 on the Hilton Hotel, designed by architect firm Art'ur. This building that has set high architectural ambitions for itself occupies a very privileged location, beside the opera house that has been built in the same Second Empire style as the Paris Opera. The 286 room hotel also comprises a business centre, leisure facilities, shops and a car-park. The successful completion of this turnkey, design and construction operation enabled handover to take place on schedule on 5 February 1999.

### EASTERN EUROPE

In August 1998, Campenon Bernard SGE signed a contract to build the five-star "Four Seasons" hotel in Prague. Work started in December 1998. The 160 room hotel consists of five buildings stretching along the banks of the river Vltava. The project, designed by architects Dum a Mesto and Loxia, will have the result of bringing together three of the most beautiful buildings of the historic city centre on UNESCO's world heritage list, that will be completely renovated and then connected by two new buildings. Campenon Bernard SGE is to carry out all the construction and refurbishment work.

### GERMANY

In Frankfurt, Campenon Bernard SGE has continued construction work on the Hilton hotel. This project was the result of the group's successful bid in the international call for tender organised by the city of Frankfurt, that was looking for an attractive development on the site of the municipal swimming baths built in the 50's and now classified as a listed building.



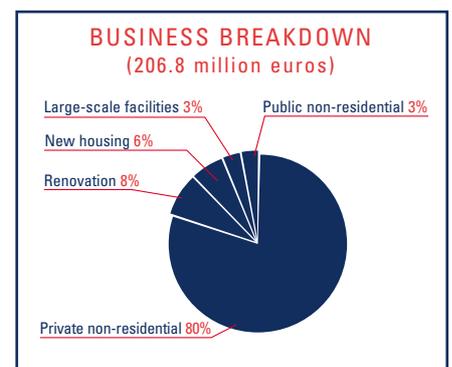
*The "Four Seasons" hotel in Prague is a project entirely run by Campenon Bernard SGE from the initial concept phase - how to make best use of listed buildings - through to its construction, which involves refurbishment of existing structures and the building of new ones.*



*The Frankfurt Hilton, designed by architects John Seifert and Alberto Priolo.*

Located in the heart of the financial district, the new complex consists of a 345 room hotel plus another building that houses the former swimming pool. It is remarkable for its unique design, whose outstanding feature is a forty metre high glass-roofed atrium. The project was entirely designed and built by Campenon Bernard SGE, from the legal and financial arrangements right the way through to decor and furnishings. It involved buying the land, signing a thirty year lease with Hilton and concluding a sell and build contract with the real estate investment fund of Deutsche Bank, all at one and the same time.

The hotel was officially opened on 26 January 1999, the same day that an exclusivity contract was signed between Hilton International and Campenon Bernard SGE for hotel construction around the world. This agreement is an endorsement of Campenon Bernard SGE's capability to organise complex operations requiring both technical and financial expertise. The Building Export Division and Hilton International are working closely together to identify the best possible locations in the cities covered by the agreement - Milan (airport), Frankfurt (airport), Hamburg, Luanda, Madrid, Oslo, Helsinki, Santiago and Lisbon.



# BUILDING EXPORT SUBSIDIARIES

## BUSINESS IN 1998

### BELGIUM

Despite the problems encountered in the construction sector, strongly affected by a decline in office building in Brussels, the consolidated contribution from BPC and its subsidiaries ABEB and BPI grew in 1998. In Brussels, BPC handed over a 26,500 sq. metre office building (designed by architects Polack & Vanden Bossche) to the European Commission; the company also completed a shopping centre and a 2,400 space car park for Cora, as well as offices, designed by architects Marijnissen & Jaspers, for the World Customs Organisation. ABEB finished an 85,000 sq. metre office building providing premises for the Flemish ministries of agriculture and education.

BPI completed a building for Portugal's Permanent Representative to the European Commission, the work of architects Stapels, Michaux & Associés.

A number of orders were booked. BPC started work on a 49,000 sq. metre office building for a company called La City (architects: Jaspers & ELD). La Foncière Coeur de Ville chose the BPC for a project at Ottignies comprising 96 apart-

ments, offices, shops and car parks, designed by Demeester Architect. Orders were received from Assurances Générales and the Théâtre royal de la Monnaie for a project that will consist of transforming a 20,000 sq. metre former department store to house all of the theatre's workshops; the design will be by Architecte A2RC. In December, ABEB signed a contract to construct a cultural leisure centre in Antwerp, with architects Antverps Architecten Ateljee.

### CZECH REPUBLIC

The Czech subsidiary FCC handed over a number of projects in 1998, such as the Karl'Inn hotel in Prague that was refurbished for conversion to an Ibis hotel - designed by Ing. Arch. J. Smola and completed in May - and the Lycée Français in Prague, whose inauguration ceremony was attended by French Prime Minister Lionel Jospin in November.

FCC is to supply structural work for the "Four Seasons" hotel in Prague, as well as an 8,700 sq. metre office building - the Florenc - in close proximity to the Hilton hotel, designed by architects Loxia and Jean-Pierre

Romanet.

### POLAND

Campenon Bernard SGE's Polish subsidiary, Warbud S.A., enjoyed a particularly satisfactory year in 1998, with both sales and orders climbing sharply. One of the major achievements of the year was the Daewoo tower, the highest in Poland, whose shell construction was completed and handed over in October (architects: A. Wyszynski, P. Majelowski



*Renovation and extension of the Lycée Français in Prague. Brante & Wollen-Weider were the architects.*

and W. Hermanowicz).

In 1999, Warbud will consolidate its position in building services through its continued collaboration with Globe Trade Center, for whom it is to build the 110,000 sq. metre "Galeria Mokotow" shopping centre, designed by architect Waldemar Szczerba.

The company also signed a contract to supply the shell construction of the Japanese Embassy in Warsaw, to be designed by the architect W. Romaniec.

Warbud is also taking a closer interest in the expanding market for quality subsidised housing by entering into partnerships with the leading clients from this sector. Warbud has also begun a move towards diversification into public sector civil engineering projects. It has been awarded a design and construction contract



*The Cora centre at Anderlecht is the largest shopping centre in the Brussels region. It was designed by the GEAU firm of architects.*



▲ The three buildings (designed by architect Jaspers) housing the Flemish ministries for agriculture and education in Brussels were completed after works lasting more than two years.  
 ◀ The five-building Wisniowy Business Park complex in Warsaw provides premises for such large corporations as IBM or Sony.

Bankowa”.

### OUTLOOK FOR THE BUILDING EXPORT DIVISION

Whilst the Building Export Division is seeking diversification, targeting in particular shopping centres, it maintains a stronger presence than ever before in the fields of hotel and office construction, where it can boast leading edge expertise.

In the last quarter of the year a number of new orders were booked which should enable the Belgian subsidiaries to approach 1999 with confidence, and pursue their diversification into civil engineering.

In 1999, both Poland and the Czech Republic will enjoy substantial growth. Commercial interest will extend to Russia and Romania. Business volume for the Division should increase slightly, by about 2% over 1998.

Its contribution to the group will

for a Warsaw metro station and entered bids for a number of other major civil engineering projects. At the same time, the Warsaw stock exchange commission has authorised the listing of Warbud, and the company was voted the number one Polish building contractor by the financial publication “Gazeta

### HIGHLIGHTS

#### AUGUST

Contract signed to build the five-star “Four Seasons” hotel in Prague.

#### NOVEMBER

ABEB is awarded VCA certification for its industrial accident prevention scheme and ISO 9002 certification for its quality assurance system.



# GERMANY BRÜGGEMANN, OBAG AND UBG

## PROFILE

Brüggemann, OBAG and UBG, Campenon Bernard SGE's German subsidiaries, are well established on their respective regional markets. Baugesellschaft Franz Brüggemann GmbH & Co. KG, based in Duisburg, operates mainly in the Ruhr, though it also has a location in Hamburg. Ostsächsische Baugesellschaft mbH (OBAG) does business throughout all of Saxony working from its head office in Bautzen. Universal-Bau GmbH Schwedt (UBG) covers Berlin and the Brandenburg region. These three subsidiaries are managed and led by the organisation located in Berlin - Campenon Bernard SGE GmbH & Co. Bau OHG. The three companies work in all areas of building - public and private non-residential, housing and renovation. With the support of the Campenon Bernard SGE group, they are also able to offer pre-construction services, such as design and project financing.



## RAOUL DESSAIGNE,

Head of Division, aged 49, is a graduate of *École Polytechnique* and *École nationale des ponts et chaussées*. He joined the group in 1977.

## BUSINESS IN 1998

In order to keep pace with the marked downturn in demand, a trend confirmed in 1998, all the subsidiaries underwent far-reaching reorganisation, and implemented a policy of refocusing, geographically on their regional markets, and strategically towards traditional customer bases and renovation operations.



The offices on Süderstrasse in Hamburg were completed in December 1998.

## BRÜGGEMANN

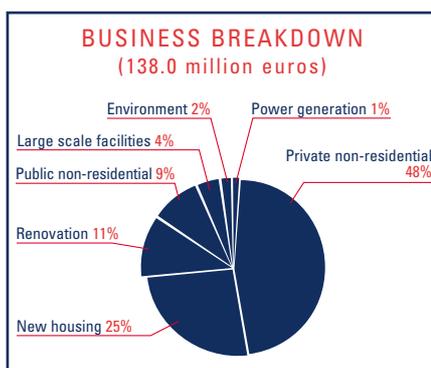
For the turnkey operations department the most significant works of the year were the three occupied social housing refurbishment projects in Rostock, commissioned by Cabinet Schultze; the renovation of a shopping centre in Bochum (with the Büro Ludis firm of architects) for AREAL; and in the field of civil engineering, the repair and redevelopment of the Urft dam, with Wasserverband Eiffel-Rur as architects. These operations have consolidated Brüggemann's position on the expanding market for refurbishment work. In shell construction, the flagship project was the terminal and car parks for Dortmund airport (architectural design by LTK Architekten), that started in May. And in Hamburg, the 8.5 million euro office complex in Süderstrasse, designed by the Bautenplus firm of architects, was handed over to private property developer Röder. Brüggemann posted sales of some 60 million euros in 1998.

## OBAG

OBAG's sales in 1998 were 41.1 million euros, on a market suffering from a severe recession and fierce competition. Despite a few notable achievements, such as the Am Kornmarkt underground car park for the town of Bautzen (designed by architects Dr. Ing. A. Hoffmann, and MPH Architektur- und Ingenieurbüro), offices and a technical centre in Görlitz for Bombardier Transportation DWA (with architects Dr. Dieter Werner and Arcus), business was difficult this year. Notwithstanding, in December OBAG won the contract for the shell

## BERLIN

Following the decision taken towards the end of 1997 to terminate all the Berlin operations of subsidiaries Olympia Baugesellschaft mbH (OBG) and SGE Hoch- und Ingenieurbau GmbH, the only remaining project of any scale, the office and housing complex on Reinhardtstrasse, designed by Cabinet Bellmann & Böhm, was completed and handed over in December. By the same token, Brüggemann agency in Berlin completed its last big operation, the Weberpark development in Potsdam, designed by architects Engel & Zillich.





*The Asklepios clinic in Birkenwerder opened its doors in early December.*

construction of a plant for Toyota Automatic Loom Works Ltd (architectural design by Takenaka Europe GmbH). OBAG's order book should be replenished in 1999 with a number of industrial investments and major tourism projects in the region.

#### UBG

With a strong presence in Brandenburg as a whole, and the region around Schwedt in particular, UBG posted sales of 17.8 million euros in 1998. The Asklepios clinic in Birkenwerder, designed by Dipl.-Ing. Schmidt-Köhncke and Architekturbüro Leewecke & Raithel, a 10 million euro operation, was handed over in September, and the Schwedt leisure centre at the end of November.

November also saw the start-up of the REWE-toom store design and build project in Bernau (with architect Dipl.-Ing. Gerstner).

#### HIGHLIGHTS

##### **SEPTEMBER**

**Handover of the Asklepios clinic in Birkenwerder (UBG).**

##### **DECEMBER**

**Süderstrasse office project in Hamburg (Brüggemann).**

# GERMANY KLEE

## PROFILE

Klee became a subsidiary of Campenon Bernard SGE in 1993, and is now a diversified building and civil engineering contractor. Its main distinguishing feature is the extensive involvement of its subsidiary SKE in maintenance and renovation for the US Army on its bases in Germany, and more recently in Hungary, Bosnia and Belgium. SKE's expertise in the area of facility management has made the company one of the Department of Defence's top fifteen non-American service suppliers in the world, and the leading maintenance contractor for bases in Germany. Klee also operates in all traditional segments of the building industry, as well as in water, gas and heating system maintenance for local authorities. Klee KG, based around Mannheim and Stuttgart, has a strong regional presence providing a satisfactory level of recurrent business activity.



**MICHAEL SCHMIEDER,**  
*Head of Division, aged 47, holds degrees in economics from universities in Germany and the United States. He joined Klee in 1979.*

## BUSINESS IN 1998

### KLEE KG

Operating on a market still posing serious problems both in terms of price and volume, Klee has set its priorities clearly on profit margin over volume. The effect of this strategy has been a decline in sales from 51.7 million euros in 1997 to 47.7 million in 1998, within margins unchanged. Improvements are expected in the order book again, in particular on the strength of the "Rheingalerie" contract in Cologne, designed by architects Mronz & Kottmair. This project entails the construction of a multi-purpose complex including 17,000 sq. metres of housing, a 130 room hotel, 6,000 sq. metres of office space, 4,100 sq. metres of shopping area and a two-level, 19,600 sq. metre underground car park. Its phased handover is scheduled during 1999. In Heidelberg the company handed over on schedule the "Bio-Park" extension to Roland Ernst (architectural design by Kuhlmann & Partners). In Tübingen, Klee began work on the shell construction of the second phase of the hospital extension, with Karl Schmucker as architect. In the field of utilities maintenance, the main features of the year were a number of new contracts in Heidelberg and several existing contract extensions in Mannheim and Stuttgart.

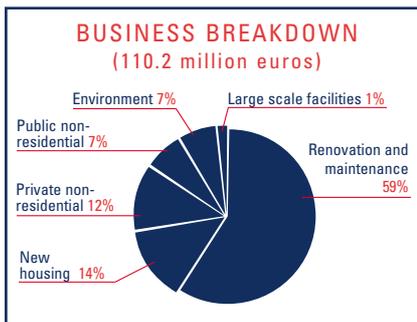
### SKE

SKE is one of the leading maintenance contractors, in particular for US Army bases. In 1998 the company enjoyed a strong performance,

with new contracts signed and the extension of all the framework maintenance contracts that were due for renewal, in addition to a slight improvement to already highly satisfactory profit margins. The highlight of the year came on 30 July, when the Hanau "Total Maintenance Contract" was signed - the first time that a contract has been awarded for all the maintenance activities of an entire US Army region in Europe, in this case the 104th. This 37.4 million euro per year contract, signed with an option for a four year extension, is the practical implementation of the US Army's decision to contract larger unit volumes from its suppliers, whilst also widening the scope of services supplied. Various other maintenance and management contracts were signed by SKE during the year - one for the



*Renovation work on the American hospital in Heidelberg.*





*The maintenance contract for the 104th Military Region of the US Army covers 10 bases around Frankfurt, totalling 2,800 buildings providing accommodation for 80,000 people.*

operation of the generator supplying the central bakery of the US Army in Europe at Grünstadt near Mannheim, another for the management of the Würzburg-Kissingen warehouse, or the framework contract for maintenance of security systems at US Army bases in Europe.

In the field of renovation, SKE began work on three buildings at the Benjamin-Franklin-Village base in Mannheim, and on the first phase of the American hospital in Heidelberg.

## OUTLOOK

Klee's two markets offer contrasting prospects. Maintenance operations are developing well on a buoyant

and fast-growing market. SKE has readily embraced the new forms of contract being offered by its traditional customer, the US Army, and has also enlarged its range of services in countries outside the euro zone.

Traditional building is remaining cautiously steady on a market without real short-term growth potential, the objective being to maintain stable volumes and slightly improve margins by appropriate selectivity in order intake and a constant drive for greater productivity.

Overall, Klee's business should grow in 1999, maintaining a positive contribution to profits.

## HIGHLIGHTS

**JANUARY**  
Contract awarded for the "Rheingalerie" multipurpose complex in Cologne.

**JULY**  
SKE signs the Hanau "Total Maintenance Contract" with the US Army, the first of its kind in Europe.

# ILE-DE-FRANCE

## PROFILE

The Building Île-de-France Division has responsibility for all of Campenon Bernard SGE's building operations in the greater Paris region. More than 80% of its total business is generated by two general contractors - Campenon Bernard Construction and Bateg. The other entities are specialised either by geographic area (Verdoïa in Seine-et-Marne), or by field of activity - Campenon Bernard Industrie operates in the industrial sector, SRC in historical monuments and CBC Service in refurbishment work. Total sales amounted to 224.8 million euros, down 1.4% on the previous year. Its contribution to profits remained negative, in particular as a result of the substantial restructuring undertaken in 1998.



## RENAUD BENTEGEAT,

Head of Division, aged 45, is a graduate of the Institut d'études politiques in Bordeaux, and holds two advanced degrees in law. He joined the group in 1978.

## BUSINESS IN 1998

More than one third of business was generated by refurbishment operations, a considerable increase over the previous year. Housing (30%) was lifted by a slight recovery on the property development market. Non-residential projects were down, in particular due to the decline in public sector investment.



The second phase of renovation works on the head office of Crédit Lyonnais in Paris, after being gutted by fire, was completed in February 1999.

## CAMPENON BERNARD CONSTRUCTION

A number of outstanding projects were handed over in 1998, including the UGC Bercy cinema complex, the church of Notre-Dame de l'Arche d'Alliance in Paris (by Architecture Studio).

At the same time, Campenon Bernard Construction was able to consolidate its position on the greater Paris market by securing new orders or continuing work on projects due for handover in 1999, such as the Egée tower at la Défense, designed by architects Cabinet Conceptua, M. Andrault and N. Ayoub, or the

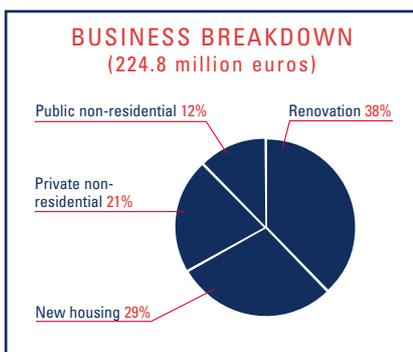
Cognacq-Jay Foundation at Rueil-Malmaison. The company had its ISO 9001 certification renewed at the very end of the year.

CBC Service, the department of Campenon Bernard Construction specialising in building refurbishment, demonstrated its ability to work to very demanding deadlines, thanks to its very experienced workforce and close co-operation with its clients. A good illustration of this approach can be seen in the refurbishment of the hôtel des Italiens building for Crédit Lyonnais (architectural design by Cabinet Lainé-Perrot).

## BATEG

Bateg's volume of activity remained high throughout the year. Its more notable achievements included the handover of a number of major operations, such as the Prisma tower, designed by architect Bruno Willerval, the head office of Méderic Prévoyance and the car park infrastructure at Coeur Défense, with Jean-Paul Viguier as architect. Towards the end of the year, a design and build contract was signed with property developer Hines to build the PB 6 tower at la Défense, with architects Pei, Cobb, Freed and Partners. In addition, Bateg has maintained a strong presence in housing refurbishment and construction.

Operating in the Seine-et-Marne region, to the south-east of Paris, Verdoïa has continued the recovery it began last year and enjoyed considerable growth, thanks in particular to contracts awarded by SFR and





▲ The 18 cinemas at the UGC Ciné Cité de Bercy complex, designed by architects Cattani & Chican, Valode & Pistre, with a combined seating capacity of 4,482, opened its doors to the public on 9 December 1998 after construction works lasting 16 months.  
 ◀ Extension and refurbishment of the Cognacq-Jay Foundation retirement home, designed by architect Jean Nouvel, at Rueil-Malmaison. The unique feature of this development is a new building that has exactly the same size and shape as the manor house to be refurbished.



Telecom Développement.

#### OTHER SUBSIDIARIES

Ritou Constructions (SRC) has grown on its traditional market of services, small general contracting projects and refurbishment. In the special field of historical monuments, SRC carried out works at the Château de Méry-sur-Oise, with the Wilmotte firm of architects.

Campenon Bernard Industrie supplies design and build services for all types of industrial buildings, for oil companies (in the form of petrol stations), in clean room operations, and in the agro-food business.

### HIGHLIGHTS

#### AUGUST

Campenon Bernard Construction signs a contract for the turnkey construction of the GAP store on the Champs Elysées in Paris (architect: Thierry Bouchez).

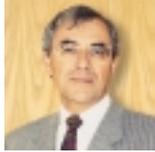
#### DECEMBER

Bateg signs the contract to build the PB 6 tower at la Défense for property developer Hines.

# RHÔNE-ALPES, AUVERGNE, BOURGOGNE, FRANCHE-COMTÉ

## PROFILE

The Building and Civil Engineering Division Rhône-Alpes, Auvergne, Bourgogne, Franche-Comté is composed of a network of construction contractors firmly embedded in their local economies. They operate on all segments of the building market - public and private non-residential, housing and renovation - and in certain segments of civil engineering, such as bridges and tunnels, and on design and construction projects. Campenon Bernard SGE intends to expand in these four regions into complex building and infrastructure operations that require high value added, and is targeting private finance projects as its priority.



**YVES PÉRILLAT,**  
*Head of Division, aged 55, joined Campenon Bernard SGE in 1968.*

## BUSINESS IN 1998

In 1998, the Building and Civil Engineering Division Rhône-Alpes, Auvergne, Bourgogne, Franche-Comté was involved in almost three hundred operations of widely varying type and scale. Whilst work continued on a number of standard structures on section 11 of the TGV Sud-Est and infrastructure for Valence station, the outstanding project of the year was without doubt the Crozet viaduct on the A51 motorway (architectural design by Jourda and Péraudin), that was built in collaboration with Campenon Bernard SGE's Civil Engineering Division France.

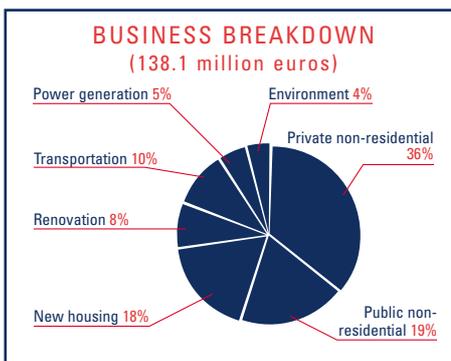
In building, Campenon Bernard SGE completed the shell construction of

the Hilton hotel in Lyons, designed by architect Renzo Piano, that will comprise 200 rooms and a basement-level casino. This operation, which required 13,000 cu. metres of concrete, was handed over on 31 August 1998, meeting the ten months completion schedule.

At l'Isle d'Abeau, Campenon Bernard Régions began construction work on 27 August on the 40,000 sq. metre manufacturing and shipping facility for Hewlett Packard computers. The works are to be completed in 11 months, and the contract is worth 17.5 million euros.

The Génie militaire (French Army Engineers) has ordered the design and build of a gendarme barracks at Saint-Claude in the Jura (architectural design by J.M. Curtet), and two other buildings, one at Issoire, in central France, and another at Valdahon, in the east.

In the private non-residential field, Campenon Bernard SGE's local operators are building an antibiotics production and packaging unit, designed by architect Denis Ameil, at the Mirabel Merck Sharp-Dohme plant located



*The Lyons Hilton hotel is located next to the congress centre and the cinemas of the Cité Internationale.*



*The viaduct over the Crozet valley on the future A51 motorway from Grenoble to Sisteron comprises two arch bridges.*

in Riom, in Auvergne. The project consists of two separate work packages - one for the shell construction and foundations, the other for the building services, with the total contract value amounting to 3.8 million euros. Handover is scheduled for September 1999. At Venissieux, a Carrefour supermarket was redeveloped and a foundation level car park was built under the existing structure without interruption of business.

In building, C3B, the subsidiary located in Burgundy, handed over ahead of schedule the third and last phase of the "Guise" project, designed by architect Manolo Nunez-Yanowsky, consisting of a 427 space car park, 289 new social housing units and a home for single persons in two converted buildings, one a 17th century convent and the other a subsidised apartment block from the 60's. The project, on a site in the centre of Dijon, was commissioned by two

housing associations - Scic Habitat Bourgogne Champagne and SA d'HLM Le Foyer Dijonnais - and constitutes an outstanding reference for C3B.

## OUTLOOK

As 1999 begins, the Building and Civil Engineering Division Rhône-Alpes, Auvergne, Bourgogne, Franche-Comté can be satisfied with the state of its order book, slightly up on last year's at the same period, accurately reflecting a general trend that is positive, if only to a limited extent. The contractors making up the division are refocusing their business on renovation and private non-residential works (in particular for industrial customers) that hold out better prospects than new housing, whose relative share will decline further in 1999. The building order placed by Hewlett Packard towards the end of

## HIGHLIGHTS

### AUGUST

Shell construction of the Lyons Hilton hotel completed.

### DECEMBER

Completion of works on the Crozet viaduct on the A51 motorway.



# PROVENCE, ALPES, CÔTE D'AZUR

## PROFILE

The Building and Civil Engineering Division Provence, Alpes, Côte d'Azur operates in all fields of building and civil engineering. In building, it supplies housing (either for lease or sale, student residences), private non-residential units (offices, shopping centres, industrial facilities), public non-residential buildings (for education, convention centres, for the Ministry of Justice) and renovation. In civil engineering, this entity is one of the leading contractors for projects on the regional, and sometimes national scale, such as Monaco railway station, the Marseilles tunnel or the Ventabren viaduct. One of the key features of 1998 was the introduction of a new organisational structure bringing together the building and civil engineering activities of Campenon Bernard Sud, MCB and Sogea Méditerranée. This new structure will enable its members to operate more independently, foster closer ties with their local markets, thus enhancing responsiveness to and stronger partnerships with customers.



## PATRICK ALVERGNE,

Head of Division, aged 50, graduated from the Institut d'études politiques in Toulouse. He joined Campenon Bernard SGE in 1998.

## BUSINESS IN 1998

### BUILDING

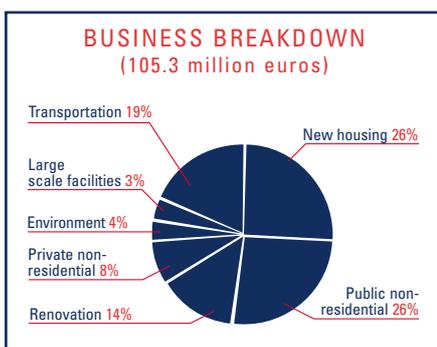
Work on the Grimaldi Forum - the Monaco Cultural and Exhibition Centre, designed by architects F. Notari and F. Génin - continued according to schedule. This project, led by Campenon Bernard SGE, MCB and Campenon Bernard Sud, is a formidable architectural and technical challenge on its sea-front location. The building, whose design is made even more complex by the need to meet seismic resistance requirements, is sunk 27 metres below sea level, and includes four monumental columns 19 metres high holding up two 35 metre long beams which will support structural steelwork weighing 550 tonnes.

MCB is renovating the courthouse in Nice (architectural design by Gilbert

Ricci) under contract to the Ministry of Justice. The purpose of this redevelopment is to return the building to its original silhouette by removing the various out-of-character extensions that have transformed its appearance over the year. Working while the courts continue to function has required adapting to a number of particular constraints, such as public safety and noise and dust control.

### CIVIL ENGINEERING

Notable events during the year included the completion of two technically outstanding projects, in collaboration with the Civil Engineering Division France - the Ventabren viaduct, whose deck was built parallel to the A8 motorway before being swivelled into position in one night, and the Marseilles tunnel, where the 200 sq. metre cross-section was bored using explosives.



Exterior and interior renovation works on the Nice courthouse has been taking place without interfering with the course of justice.



The Grimaldi Forum will comprise three auditoriums, one of which can seat 1,900, twelve meeting rooms and two exhibition halls.

SOBEAM continued its work on the below ground railway line between Cap d'Ail and Monaco, a 210 million euro investment. The below ground station and its access tunnels together total 2,830 metres in length, of which 2,673 metres are underground, and the project has called for the full range expertise in the field of underground works.

France Telecom's domestic networks division has selected Campenon Bernard Sud for the anti-seismic reinforcement of its Nice Berlioz automatic telephone exchange, designed by the Europe Etudes Gecti firm of architects.

The works were organised in such a way as to enable the telephone

exchange to continue operating normally throughout.

#### **OUTLOOK**

With the civil engineering market impacted by the completion of major regional and national projects like the TGV Méditerranée, sales in this field for Campenon Bernard SGE will continue to slide in south-eastern France. Building offers significant alternative potential, especially in the private non-residential and renovation sectors. The company will implement the across-the-board policy of selectivity it has already begun, focusing on project financing and design and build operations, which

#### **HIGHLIGHTS**

##### **FEBRUARY**

Work begins on the Monaco Congress and Exhibition Centre.

##### **DECEMBER**

Campenon Bernard SGE absorbs Sogea Méditerranée's building and civil engineering activities.

# INTERNATIONAL DIVISION

## PROFILE

The International Division supplies complex turnkey construction packages, requiring advanced technical skills, the capacity to offer all-inclusive solutions (design and build, financial engineering) and the ability to manage major projects involving multi-disciplinary partnerships.

The International Division covers the Asia-Pacific region, the Middle East, Eastern Europe and Africa. It operates on all segments of the civil engineering market - large scale facilities (such as the Istanbul stadium in Turkey), the environment (such as the Chengdu purification plant in China), power generation (such as the Hub River power station in Pakistan), and transportation (such as the Saint-Petersburg metro).



**CHARLES LÉNÈS**,  
Head of Division, aged 53, graduated from the *École spéciale des travaux publics (ESTP)*. He joined Campenon Bernard SGE in 1969.

## BUSINESS IN 1998

### PEOPLE'S REPUBLIC OF CHINA

Campenon Bernard SGE completed its assignment to provide technical assistance for the construction of the Jin Mao tower in Shanghai, designed by Skidmore, Owings and Merrill. In Chengdu, the company is to be in charge of work on the extension of a water treatment plant, as part of a joint venture led by Générale des Eaux.



In Qatar, the first two 140,000 cu. metre LNG storage tanks will be completed in March 1999. The third will be handed over a year later.

### UNITED ARAB EMIRATES

Campenon Bernard SGE has begun work on a 220,000 sq. metre shopping centre in Abu Dhabi, designed by the Hellmuth Obata Kassabaum firm of architects. The contract also includes an optional package comprising two office towers, an apart-

ment building and a hotel. In Qatar, where the company had already built two LNG storage tanks and received an order for a third in February 1997, the civil engineering works on this last unit were completed on schedule in the course of 1998.

### TURKEY

The definition stage of the Istanbul stadium project was completed during the year, and the client's representative engineer gave approval to the overall design, that was altered to provide covering for the east grandstand. More than two million cubic metres of earth were also moved. The financial arrangements were finalised in 1998 and are due to be approved in February 1999, which will give the go-ahead for shell construction.

### RUSSIA

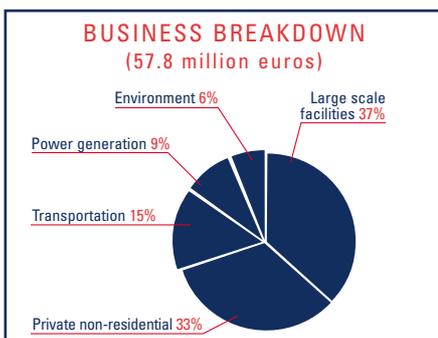
Campenon Bernard SGE is working with its two partners on the refurbishment of a section of line 1 of the Saint-Petersburg metro. On this project, a TBM is to bore 6 metre diameter tubes through difficult terrain, requiring the use of special injection techniques.

### ISRAEL

In 1997, Campenon Bernard SGE, in a joint venture with Groupe SGE, had entered a bid for the future Haïfa to Eilat motorway concession. When it became clear that it was impossible to obtain the financial and contractual terms that had been indicated in the ITT, and faced with major difficulties in securing both the design and the route, the group preferred to withdraw from the consortium in charge of the project in December.

### INDONESIA

The sudden and serious political and economic crisis that shook





*The Istanbul Olympic Stadium, a design and build project, will be able to seat 80,000 spectators for football matches, athletics competitions, or other, non-sporting events. The stadium's architects are Michel Macary, Aymeric Zublena and Mehet Pamir.*

Indonesia led Campenon Bernard SGE to abandon the Ujung Pandang airport turnkey construction project.

**VIETNAM**

Until such time as industrial investment recovers and the economic and financial situation achieves greater stability, Campenon Bernard

SGE is giving priority to on-going operations, such as the extension of the Phu My deep water port (architectural design by Port autonome de Rouen).

**OUTLOOK**

The International Division's strategic focus is on major projects for public and private customers, in particular service operators in Asia, the Middle East and a number of emerging economies, such as Morocco.

It will continue its development in Eastern Europe on the basis of local partnerships and technical assistance assignments, or the construction of power generation and transmission infrastructure.

The confinement plan to make the damaged Chernobyl reactor safe might come to fruition in 1999, if a positive response is given to the proposal by Campenon Bernard SGE and Framatome to build fuel storage facilities.



*The extension of Phu My port in Vietnam now provides berthing for large vessels.*

**HIGHLIGHTS**

**APRIL**  
Contract signed to build shopping centre in Abu Dhabi.

**DECEMBER**  
Completion of civil engineering works for the third LNG storage tank in Qatar.

# CIVIL ENGINEERING EXPORT

## PROFILE

The Civil Engineering Export Division operates on all segments of the civil engineering market - large scale facilities, the environment, power generation, and above all transportation. To perform these tasks, it requires, and possesses the necessary financing expertise, especially in the field of concessions. Its operating area includes primarily countries with stable economies, offering good prospects for the privatisation of infrastructure - Western Europe, the North and South America, Egypt and South Africa. Its track record includes such outstanding achievements as lines 1 and 2 of the Cairo metro, the Athens metro or the Tagus river bridge. It targets development through local partnerships or subsidiaries, such as Hagen in Portugal.



**CHRISTOPHE PÉLISSIÉ DU RAUSAS,**  
Head of Division,  
aged 40, is a graduate  
of École Polytechnique  
and École Nationale des ponts  
et chaussées. He joined Campenon  
Bernard SGE in 1997.



**MICHEL BERNARD,**  
Deputy head of Division,  
aged 48, graduated  
from École nationale  
supérieure des arts  
et métiers. He joined Campenon  
Bernard SGE in 1974

## BUSINESS IN 1998

### EGYPT

Progress with civil engineering work on the Cairo metro, led by Campenon Bernard SGE, was very satisfactory. The first section of line 2 was officially opened, and its extension towards Giza progressed steadily, despite the technically demanding phase of tunnel-boring under the two branches of the Nile. The new section of line 2 - phase 2A - is due to be officially opened in the second half of 1999, nine months ahead of the works schedule. Egypt's National Authority for Tunnels reaffirmed its confidence in the consortium led by Campenon Bernard SGE by awarding the contract for the design and build of twin road tunnels each 2,650 metres in length (designed by architect Charles Lavigne) under the historic quarter of Cairo's city centre containing the Khan El Khalili

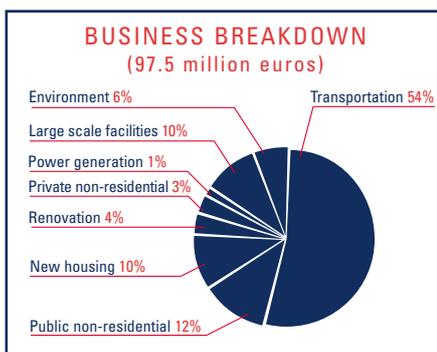
market and the Al Azhar mosque. This project initiated by the Egyptian authorities is part of the redevelopment of this district that has been placed on UNESCO's world heritage list.

### ITALY

Satisfactory progress was made on the extension of the Treviso hospital (architectural design by Lagreca-colonna) during 1998. Campenon Bernard SGE is supplying two new buildings, one 8,200 sq. metres and the other 2,150 sq. metres and is raising two other existing ones, each of 1,300 sq. metres. Handover is planned for the end of 1999, in compliance with the works schedule.

### GREECE

The consortium led by Campenon Bernard SGE continued work on the Athens metro. Progress was particularly good with the excavation operations



Civil engineering operations continued on lines 2 and 3 of the Athens metro, that are due to begin commercial service in 2001.



*The Vasco da Gama bridge in Lisbon was officially opened on 29 March 1998 by Portuguese President Jorge Sampaio. It was built under a concession contract.*

on line 2, that are due to be completed in the first quarter of 1999, and with civil engineering work on the stations. The current status of negotiations with the client, Attiko Metro, indicates that partial service could begin towards the end of 1999, and that contracts would be proposed for additional work.

#### PORTUGAL

The Vasco da Gama bridge, the second Tagus river crossing, was opened to the public on 29 March 1998, two months before the Lisbon World Expo and in compliance with the works schedule under the thirty year concession contract signed with the Portuguese government. The 17 kilometre long bridge was built under a design and construction contract awarded to a consortium of French, British and Portuguese contractors led by Campenon Bernard SGE, that completed the task in a record time of 40 months. Hagen, Campenon Bernard SGE's Portuguese subsidiary, was able to take advantage of European funding allocated to support economic growth in Portugal.

However, in general terms, after completion of the bridge, business activity slowed, reflecting the underlying downturn in building and civil engineering in Portugal. Hagen was nonetheless able to expand its civil engineering sector with the building of several of the large road junctions for the Tagus river bridge (architectural design by M. Sampaio, gabinete de Colina), in partnership with Sogea and OTV.

#### OUTLOOK

The Civil Engineering Export Division targets projects that enable it exploit the full potential of its expertise in offering total solutions in design and build, turnkey infrastructure projects. It focuses in particular on local partnerships in regions where large development programmes have been announced. It also works in close collaboration with SGE in concession operations, combining the "investor" with the "builder" approach.

#### HIGHLIGHTS

##### **MARCH**

**Official opening of the Vasco da Gama bridge in Lisbon.**

##### **MAY**

**Award of a directly negotiated contract for two road tunnels in Cairo.**

# CIVIL ENGINEERING FRANCE

## PROFILE

The Civil Engineering Division France operates in the field of transportation infrastructure, whether road or rail, in the construction of large scale facilities, and the environment, in the form of purification plants and sewage systems.

It consists of five departments and subsidiaries: DGC, for civil engineering, bridges and tunnels; DTS, for works below ground; 3D, for dismantling and deconstruction; TPI, for civil engineering in the greater Paris area, a new addition to the division in 1998; and SOCASO, the subsidiary operating as lead contractor and builder for Cofiroute's motorway network. It is this division's capability to manage technically demanding regional or national projects that consolidates Campenon Bernard SGE's position as leader on the French civil engineering market.



**GUY-JACQUES BARLET,**

*Head of Division, aged 51, is a graduate of École spéciale des travaux publics (ESTP). He joined Campenon Bernard SGE in 1991.*

## BUSINESS IN 1998

In 1998, there was a very substantial reduction in public expenditure in the field of infrastructure, which resulted in a 13.5% drop in sales to 193.7 million euros, and required extensive reorganisation of structures.

The cancellation by the Conseil d'Etat in February of the concession for the A86 motorway to the west of Paris pushed sales in the area of major projects down even further.

### DGC

1998 saw the completion of major works on the TGV Méditerranée: the Marseilles tunnel, the Ventabren viaduct (architectural design by Charles Lavigne), and the Mornas and Mondragon viaducts (architectural design by Jean-Pierre Duval). The tunnel at Orelle on the Maurienne motorway was also handed over, and work on the Crozet viaduct (architectural design by Jourda et Péraudin Architectes) on the A43 motorway neared completion.

In the Île-de-France area around Paris, the Colombes purification plant, designed by Jean-Robert Mazaud, and the nanofiltration building at the Méry-sur-Oise water treatment plant, designed by Montel, were handed over. Several other projects started in 1998: the Saint-Thibault-des-Vignes purification plant (architectural design by Henri Dessay); road system development as part of the Coeur Défense project; the

Barrails viaduct (with architects Berdj Mikaelian et Fils); and the construction of a second viaduct over the Dordogne river on the A10 motorway (architectural design by Philippe Fraleu).

### DTS

Two large projects began in the second half of the year: a 1,300 metre long underground gallery, with a diameter of 4.2 metres, for the Ru de Marivel inter-municipality syndicate; and phase 2A of the Cachan-Charenton waste water collector - 2,000 metres long and 6.3 metres in diameter - for the inter-departmental syndicate of the Paris area.

Lastly, the Val de Rennes metro project progressed according to schedule, despite having to work through some areas of difficult terrain.

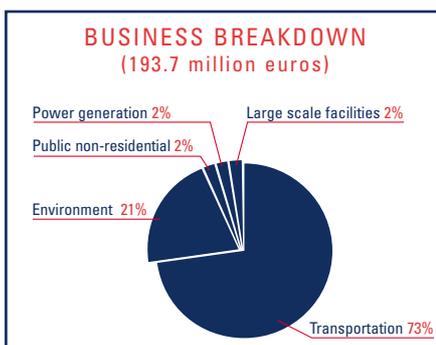
### TPI

The highlight of 98 was the handover of the first phase of the A14/A86 motorway junction at Nanterre, the largest underground junction in Europe. Operations had lasted for 18 months, because of the volume of traffic flows to be managed.

TPI then began work on the project to double up the A86 motorway near the Stade de France at Saint-Denis, which involves a 750 metre long



*The Colombes purification plant, handed over on 2 November, has a 1 million population equivalent capacity. It is the largest in the Paris area.*





*The Ventabren viaduct is the longest structure (1,730 metres) on the TGV Méditerranée line.*

motorway viaduct stretching over a number of local roads, the Saint-Denis canal and railway lines at Drancy.

**SOCASO**

In 1998, SOCASO was involved in a series of major maintenance projects covering the whole Cofiroute motorway network. It also carried out the widening of the A11 motorway between La Ferté-Bernard and Le Mans. It built two 24 kilometre sections on the A28, that runs from Alençon via Le Mans to Tours. SOCASO continued with its DUP (declaration of public utility) and DCE (business consultation) studies for the A85, A28 and A11 motorways.

**3D**

This department carries out dismantling and deconstruction work. It relies heavily on the expertise of Salvarem, its subsidiary specialising in operations in the nuclear industry (radio-

protection, measurement and disposal). It is involved in the decommissioning and dismantling of the Brennilis power station and has undertaken various technical developments in partnership with Commissariat à l’Energie Atomique and Electricité de France. In Ukraine, 3D is taking part in the development effort by the Civil Engineering International Division at Chernobyl.

**OUTLOOK**

The new form of organisation introduced in 1998 is intended to boost productivity, safeguard technical expertise and to actively track strategic developments, so as to be ready for the resumption of investments expected in the year 2000. With the selection in January 1999 of Cofiroute to complete the A86 motorway, there are now prospects

**HIGHLIGHTS**

**MAY**  
 New contract awarded, for the Dordogne viaduct on the A10.

**DECEMBER**  
 Completion of the Orelle tunnel on the A43.



# EARTHWORKS

## PROFILE

The Earthworks Division is made up of a number of companies, the largest being Deschiron, Sotramines, France Est TP, Valérien and IUR. Their main area of operations is in large scale earthmoving operations in France for airport runways (Roissy Charles-de-Gaulle), for high speed train lines (TGV Méditerranée), and motorways. It is market leader in France, returning very good profitability across all its activities.

*Deschiron owns and maintains a fleet of 330 machines, mainly earthmoving plant, that amount to a total of 100,000 horsepower, capable of guaranteeing output of one million cubic metres a month. In addition, the company is an innovator, converting some plant units and developing them for certain specific applications. One example of this was a machine that had been specially developed for motorway widening operations, that in the process produced a gain both in safety and productivity.*



## JACQUES MIMRAN,

*Head of Division, aged 54, is a graduate of École supérieure des ingénieurs de Marseille, and of Centre des hautes études de la construction. He joined Groupe SGE in 1974.*

## BUSINESS IN 1998

### DESCHIRON

This company is specialised in large earthmoving operations and ore prospecting, an area where it has obtained ISO 9001 certification. Its development is structured around a very decentralised organisation. The main projects during this year were prospecting operations at Montceau-les-Mines, the A20 motorway at Cressensac (the section from Brive to Souillac), the A20 motorway (phase 3.2, between Souillac and Cahors), the A28 motorway between Alençon and Tours, runway no.4 at Roissy airport (phase 14X), the widening of the A11 motorway linking Paris and Le Mans, the works at Saint-Sulpice on the A89 motorway from Bordeaux to

Clermont-Ferrand, and a large part of the works on the A77 motorway between Dordives and Briare, as well as phases 11 and 12 of the TGV Méditerranée.

### SOTRAMINES

This company is also specialised in major earthworks and ore prospecting, but has been expanding its civil engineering operations, especially in the field of noise-abatement barrier construction. Its most significant projects during the year were prospecting operations at Montceau-les-Mines, construction of the A28 motorway south of Le Mans and the erection of noise-abatement barriers on the A6 Paris to Lyons motorway.

### FRANCE EST TP

France Est TP's main activity is the



*Deschiron supplied the earthworks for runway no.4 at Roissy Charles-de-Gaulle airport. The company had earlier supplied works in the central zone, the freight zone and on the airport's runway no.2.*



The A89 from Clermont-Ferrand to Brive cuts across the rolling hills of Corrèze. 6.5 million cubic metres of earth were moved in the course of its construction.

heavy maintenance of Dechiron’s and Sotramines’ earth-moving plant. In 1998 therefore, as in previous years, its sales performance was largely dependent on that of its two main customers.

**VALÉRIAN**

Valérian is a company specialising in large earthmoving operations working out of its head office in Courthezon in the south east of France. Its business activity is managed by three main agencies covering the whole of the country. The Île-de-France agency serves customers in the greater Paris region and northern France; the Rhône-Alpes agency covers the south-west, south and east; a third agency operates in western and central France.

The main operations for Valérian this year were the A29 motorway section from Yvetot to Saint-Saens, the A89 motorway sections from Coutras to Montpon and from Libourne to

Coutras, the A77 motorway section from Montargis to Briare, and phases 22 and 32 on the TGV Méditerranée.

**INFRASTRUCTURES URBAINES ET ROUTIÈRES (IUR)**

IUR is a design firm working mainly in the field of urban road and rail infrastructure projects. SOCASO commissions practically all its design work from this firm, that is currently working on the A28 motorway section between Alençon, Le Mans and Tours, the A85 motorway section between Tours and Vierzon, and the Angers by-pass on the A11 motorway.

**OUTLOOK**

The demand for major earthworks operations is currently declining as a result of the cut-back in public sector investment. As it is foreseen that this trend will strengthen in the period between 1999 and 2001, the Earthworks Division will be

**HIGHLIGHTS**

**NOVEMBER**  
Valérian is awarded the earthworks contract for the 3rd section of the A89 motorway, from Montpon to Mussidan.

**DECEMBER**  
Deschiron completes the Nantes to Niort section (phase 6) of the A83 motorway.

# SPECIALISED WORKS

## PROFILE

The Specialised Works Division is made up of those Campenon Bernard SGE subsidiaries working in the fields of sewage systems, civil engineering and water-related external works (Acanthe BTP and PAR.EN.GE), special foundations (Botte BTP), and all maritime and inland waterway projects (E.M.C.C.).

These activities call for large investments in plant, and a highly qualified workforce. In order to strengthen their position on the special foundation market, Botte BTP and the foundations department of Sade decided to pool their resources starting in 1999, and set up a company called Botte Sade Fondations, that, with its stock of plant and expertise, will be one of the leading players on the special foundations market in France.



## JEAN-MARC MÉDIO,

Head of Division, aged 50, graduated from *École nationale des travaux publics de l'État* and *École nationale des ingénieurs des travaux publics*. He joined Campenon Bernard in 1984.

## BUSINESS IN 1998

1998 saw increased profits for the Specialised Works Division despite stagnating sales. The completion of the programme of works for the TGV Sud-Est project was amply offset by growth in maritime and inland waterway operations. Special foundations continued to develop well outside Paris, counterbalancing the very low ebb of business in the capi-



*EMCC has been operating on the Seine for more than one hundred years, maintaining and dredging the river.*

tal.

## E.M.C.C.

E.M.C.C. completed several major projects in 1998: cofferdam operations on the river Rhone for the TGV; dredging the river Saône; laying fibre optics in various river beds for a subsidiary of World Com. The company followed up its regional development with two large projects: repairing the quai de l'Europe wharf at Boulogne and the start-up of works on the wood wharf in La Rochelle harbour. Several important contracts were signed in 1998: the outfall from the purification plant at Courseulles-sur-Mer; dyke reinforce-

ment at Port-en-Bessin; covering the discharge pipe from the La Hague recycling plant; the oil-tanker berth at bac d'Ambez for Port Autonome de Bordeaux; rock removal and dredging in the port of Nice.

In the course of this year, E.M.C.C. obtained ISO 9001 certification, which will further strengthen its role as a leading player on the French maritime and inland waterway works market.

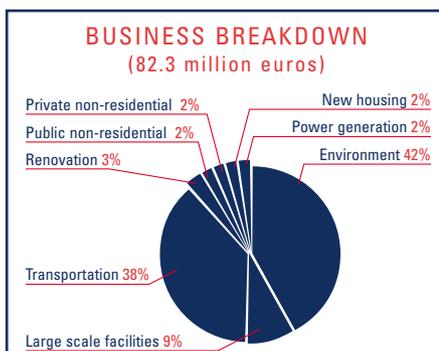
## BOTTE BTP

In line with the objective announced at the beginning of the year, Botte BTP was able to consolidate its presence in regions outside Paris, especially in the area of bridge and viaduct piles, as well as specialised civil engineering. The foundations for the Barrails viaduct, the viaduct over the Dordogne river near Bordeaux or the Boutonne river in Normandy, along with the piles for the Joseph Paris crane track at the Toulon arsenal on the Mediterranean coast were among the outstanding projects completed during the year.

In 1998, following the strategic prioritisation decided by Campenon Bernard SGE, Botte BTP systematically opted for profitability over volume, which was down 7% compared with 1997.

## PAR.EN.GE

Business was down this year due to a very depressed market in and around Paris. PAR.EN.GE. has had to reorganise and reduce its workforce by some 15%. Despite these difficulties, PAR.EN.GE. strengthened its position in the French capital and started work on the second phase of





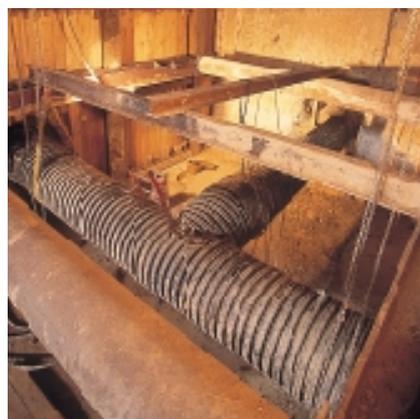
*When Botte Sade Foundations dug the special foundations for the Hines tower, accommodation had to be made for the future Orbital metro line.*

the extension of the Saint-Thibaultles-Vignes purification plant, acting as lead contractor of a consortium of which both Campenon Bernard SGE and Acanthe BTP are also members.

**ACANTHE BTP**

Acanthe BTP's sales grew by a substantial margin in 1998.

Operating with a streamlined and competitive organisational structure, the company was able to lay the foundations for sustainable growth in new geographic areas, such as Seine-Saint-Denis, and with new clients, such as Aéroports de Paris and Société des autoroutes Paris-Rhin-Rhône.



*At the end of April, Par.En.Ge began concrete-casting in the waste water collector that runs parallel to quai Panhard Levassor in the 13th arrondissement of Paris. The 450 metre long collector is being built to provide site-servicing for a area where a large-scale property development programme has been planned.*

**OUTLOOK**

The dominant feature of 1999 in special foundations will be the creation of a new organisation, born out of the merging of Botte BTP and Sade's foundations department to produce Botte Sade Foundations. This new entity, 52% of which is owned by Campenon Bernard SGE, will be the fifth largest operator on the French market, with sales forecast at 30 million euros. The other areas of specialised works will be seeking further productivity gains, in particular by achieving a more balanced distribution of operations in France and neighbouring

**HIGHLIGHTS**

**JUNE**  
In Neuilly, work begins on laying 53 kilometres of fibre optic cable on the bed of the river Seine.

**OCTOBER**  
The first foundations of the Barrails viaduct are completed.

# NAMES AND ADDRESSES

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### ACANTHE BTP

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Managing Director:  
Jean-Louis Gérault

### BATEG

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### BONINO

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Fax: +33 4 75 98 82 85  
Chairman: Yves Périllat  
Managing Director:  
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Managing Director: Paul Courand

### COFFRAMAT

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Chairman: Jean de Rodellec  
Managing Director:  
Jean-François Le Besque

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Managing Director:  
Jean-Paul Galland

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### MCB

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Managing Director: Lionel Landry

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Chairman: Jacques Colin

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Managing Director: Jacky Perrin

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Chairman: Bernard Piriou  
Managing Director:  
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## SOGEA MÉDITERRANÉE

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Deputy Managing Director:  
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### EMCC

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Managing Director: André Boulet

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Fax: +33 1 64 48 10 86  
Chairman: Dominique Michel

### PAR.EN.GE

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Deputy Managing Director:  
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Managing Director:  
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Chairman: Jean-Marc Médico  
Managing Director:  
Jean-Claude Albrecht

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Managing Director: Patrick Dua

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Managing Director:  
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Co-chairmen: Jürgen Kaiser,  
Kurt von Riesen

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Fax: (49 30) 9862 50 03  
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Fax: (84.8) 8242 240  
Managing Director: Eric Dinh Gia

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Fax: (420 2) 24 81 02 71  
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Fax: (351 1) 781 0505  
Chairman and CEO:  
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#### KLEE SKE

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Hubert Riess

#### OBAG

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Co-chairmen: Bernhard Pech,  
Dr Dietrich Schneider

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United Arab Emirates  
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Fax: (971 2) 553 758  
Managing Director:  
Serge Moulène

#### SGE NIGERIA LIMITED

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Ademola Street  
Victoria Island - Lagos  
Nigeria  
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Fax: (2341) 261 85 77  
Managing Director: Alain Salleras

#### UBG

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Fax: (49 3332) 216 222  
Chairman: Manfred Beyrich

#### VIETNAMESE FRENCH CORPORATION

69, rue Trieu Viet Vuong  
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Fax: (84 4) 8227 286  
Managing Director:  
Jean-Loup Courtin

#### WARBUD SA

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Varsovie 02117  
Poland  
Phone: (48 22) 668 62 69  
Fax: (48 22) 668 60 63  
Chairman and CEO:  
Włodzimierz Włodarczyk

# CONSOLIDATED FINANCIAL STATEMENTS

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## Comments on the financial statements for 1998

### ASSETS

#### Intangible fixed assets

Intangible fixed assets changed over the year as follows, in millions of euros:

Acquisitions	1.20
Depreciation in the year	- 1.43
Translation differentials and changes in the scope of consolidation	0.03
<b>Net change</b>	<b>- 0.20</b>

#### Tangible fixed assets

Tangible fixed assets changed over the year as follows, in millions of euros:

Acquisitions	28.95
Depreciation in the year	- 23.20
Disposals or reforms	- 5.98
Translation differentials and changes in the scope of consolidation	- 9.10
<b>Net change</b>	<b>- 9.33</b>

#### Financial fixed assets

The net value of equity holdings declined by 0.46 million euros. This item includes the value of shares in companies whose size is not significant in relation to the threshold adopted for the scope of consolidation.

#### Deferred charges

The 3 million euro increase in this item is mainly due to construction of the "Trade Center" in Abu Dhabi.

#### Current assets

This balance sheet item did not change significantly over the fiscal year.

### SHAREHOLDERS' EQUITY AND LIABILITIES

#### Provisions for liabilities and charges

Total provisions for liabilities and charges come to 260.35 million euros, for a net reversal of 27.01 million euros, which breaks down as follows, in millions of euros:

Reversals from provisions for operating risk	33.11
Reversals from provisions for financial risk	0.24
Allocations to provisions for exceptional risk	- 2.76
Scope of consolidation and other changes	- 3.58
<b>Net reversal</b>	<b>27.01</b>

The operating risk reversals were drawn mainly from provisions for client contingencies and for end-of-contract losses.

The exceptional risk allocations are essentially the net result of reversals from foreign country risk provisions and a larger increase in provisions for restructuring.

#### Current liabilities

The overall increase in the various current liabilities items comes to a total of 76.01 million euros.

This increase is due mainly to greater short-term debt.

### STATEMENT OF INCOME

Net sales reported in the statement of income stand at 1,510.78 million euros.

Of this business volume, 60% was done in France, 33% in the rest of Europe and 7% elsewhere in the world.

The operating income comes to 0.04 million euros, after depreciation amortisation and operating provisions of 1.77 million euros.

The financial income amounts, before the impact of provisions, to 10.09 million euros.

Net allocations to financial provisions, in the amount of 0.71 million euros, were essentially the result of depreciation of equity holdings.

The net exceptional expense of 40.91 million euros consists in the main of restructuring costs, which amounted to 38.3 million euros.

The bottom line of the statement of income shows a loss of 40.13 million euros.

## Consolidated balance sheet

AT 31 DECEMBER 1998

### ASSETS

<i>(in thousands of euros)</i>	Notes	1998 gross amount	Depreciation and provisions	1998 net amount	1997 net amount
Intangible fixed assets other than goodwill	3	10,361.65	5,901.15	4,460.50	4,657.32
Goodwill	4	27,728.34	9,059.74	18,668.60	19,957.25
Tangible fixed assets	5	250,867.05	173,821.61	77,045.44	86,382.49
Financial fixed assets					
- Investments in subsidiaries and affiliates	6	20,259.41	5,553.72	14,705.69	15,161.97
- Investments accounted for by the equity method		120.89		120.89	349.11
- Other financial fixed assets	7	84,271.23	3,407.69	80,863.54	33,241.36
Deferred charges	8	3,911.38		3,911.38	912.41
<b>Total fixed assets</b>		<b>397,519.95</b>	<b>197,743.91</b>	<b>199,776.04</b>	<b>160,661.91</b>
Inventories and work in process	9	102,394.52	1,989.92	100,404.60	91,237.54
Trade accounts receivable and related accounts		883,779.91	35,101.69	848,678.22	802,761.30
Short-term financial receivables	10	179,117.38	3,280.40	175,836.98	261,621.87
Marketable securities	10	95,957.05		95,957.05	57,138.20
Cash and other quick assets		50,027.52	14.03	50,013.49	51,608.11
<b>Total current assets</b>		<b>1,311,276.38</b>	<b>40,386.04</b>	<b>1,270,890.34</b>	<b>1,264,367.02</b>
<b>TOTAL ASSETS</b>		<b>1,708,796.33</b>	<b>238,129.95</b>	<b>1,470,666.38</b>	<b>1,425,028.93</b>

### SHAREHOLDERS' EQUITY AND LIABILITIES

	Notes	1998	1997
Capital stock		77,101.09	77,101.09
Premiums		5,998.72	5,998.72
Group share of consolidated reserves		9,221.34	7,517.26
Group share of net income or expense		(40,127.33)	(36,046.88)
<b>Shareholders' equity</b>	<b>11</b>	<b>52,193.82</b>	<b>54,570.19</b>
Minority interests	12	6,969.82	7,119.52
Provisions for liabilities and charges	13	260,355.33	287,372.19
Long- and medium-term debt	14		
- Other long-term borrowing		1,807.44	2,641.18
<b>Total capital employed</b>		<b>321,326.41</b>	<b>351,703.08</b>
Down-payment on orders in process		119,355.99	111,599.85
Supplier and other accounts payable		884,936.51	861,989.89
Short-term debt		145,047.47	99,736.11
<b>Total current liabilities</b>		<b>1,149,339.97</b>	<b>1,073,325.85</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>1,470,666.38</b>	<b>1,425,028.93</b>

## Consolidated statement of income

FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 1998

<i>(in thousands of euros)</i>	Notes	1998	1997
<b>Operating revenue</b>			
Net sales	15	1,510,779.67	1,629,829.39
Other revenue(*)	16	116,863.15	116,452.60
<b>Operating revenue</b>		<b>1,627,642.82</b>	<b>1,746,281.99</b>
Operating expenses	17	(1,627,600.59)	(1,745,844.93)
<b>Operating income</b>		<b>42.23</b>	<b>437.06</b>
Financial income		15,201.30	19,678.42
Financial expenses		(5,111.16)	(9,165.08)
Net financial provisions		(711.17)	(2,853.39)
<b>Net financial income</b>	<b>18</b>	<b>9,378.97</b>	<b>7,659.95</b>
<b>Operating income/(expense) plus net financial income</b>		<b>9,421.20</b>	<b>8,097.01</b>
Exceptional items		(38,256.47)	(33,246.23)
Exceptional depreciation and provisions		(2,656.12)	(14,558.42)
<b>Net exceptional expense</b>	<b>19</b>	<b>(40,912.59)</b>	<b>(47,804.65)</b>
Employee profit sharing		(1,673.28)	(2,392.08)
Net tax liability	20	(4,708.85)	(1,926.35)
<b>Net loss before amortisation of goodwill</b>		<b>(37,873.52)</b>	<b>(44,026.07)</b>
Amortisation of goodwill		(3,277.35)	(1,392.16)
<b>Net loss before equity interest</b>		<b>(41,150.87)</b>	<b>(45,418.23)</b>
Equity in net loss of companies accounted for by the equity method		(228.22)	(127.45)
<b>Net income/(expense) loss before minority interest</b>		<b>(41,379.09)</b>	<b>(45,545.68)</b>
Minority interests		1,251.76	9,498.80
<b>NET INCOME / (EXPENSE)</b>		<b>(40,127.33)</b>	<b>(36,046.88)</b>

(\*) and operating costs transferred to assets as deferred expenses

## Cash flow statement

FOR THE 1998 FINANCIAL YEAR

<i>(in thousands of euros)</i>	1998	1997	1996
<b>Operating transactions</b>			
Gross operating surplus or deficit	(1,726.79)	44,067.22	71,126.92
Financial and exceptional transactions	10,090.14	10,513.34	11,074.51
Taxes contributions	(45,471.88)	(37,662.22)	(18,416.91)
Operating cash flow (excluding dividends received from companies) accounted for by the equity method	(37,108.53)	16,918.34	63,784.52
Net change in the working capital requirement	(24,381.17)	(61,626.91)	60,478.66
<b>Total (I)</b>	<b>(61,489.70)</b>	<b>(44,708.57)</b>	<b>124,263.18</b>
<b>Investment transactions</b>			
Capital expenditure	(38,218.97)	(34,006.65)	(32,330.93)
Disposals of fixed assets	5,988.96	13,521.62	4,446.94
Net capital expenditure	(32,230.01)	(20,485.03)	(27,883.99)
Acquisition of investments	(4,436.57)	(29,718.56)	(966.37)
Disposals of securities	64.94	5,462.25	1,162.58
Net financial investments	(4,371.63)	(24,256.31)	196.21
Change in other financial fixed assets	(44,405.04)	(2,604.90)	(4,114.29)
<b>Total (II)</b>	<b>(81,006.68)</b>	<b>(47,346.24)</b>	<b>(31,802.07)</b>
<b>Financing operations</b>			
Capital increase of the Parent Company			
Capital increases of subsidiaries subscribed by third parties	(1,541.72)	(136.75)	
Dividends paid out by the Parent Company	37,781.29	(12,675.53)	4,720.89
Dividends paid to minority interest in subsidiaries	(477.93)	4,643.29	3,511.05
Dividends received from companies accounted for by the equity method			
Other long-term liabilities	(809.35)	(27,265.51)	(5,198.21)
<b>Total (III)</b>	<b>34,952.29</b>	<b>(35,434.50)</b>	<b>3,033.73</b>
<b>TOTAL CASH FLOW FOR THE FINANCIAL YEAR (I+II+III)</b>	<b>(107,544.09)</b>	<b>(127,489.31)</b>	<b>95,494.84</b>
Net cash surplus on 1 January	270,632.07	313,924.85	213,048.11
Exchange rate, scope of consolidation and other adjustments	13,672.23	84,196.53	5,381.91
Change of accounting policy relating for capital leases			
<b>NET CASH SURPLUS ON 31 DECEMBER</b>	<b>176,760.21</b>	<b>270,632.07</b>	<b>313,924.86</b>

## Analysis of movements in shareholders' equity

*(in thousands of euros)*

Shareholders' equity Group share	Capital stock	Additional paid-in capital	Foreign exchange gains or losses	Reserves and income or loss	Total
<b>ON 31 DECEMBER 1996</b>	<b>77,101.09</b>	<b>5,998.72</b>	<b>(75.00)</b>	<b>32,909.78</b>	<b>115,934.59</b>
Appropriation of Parent Company income or loss				(12,675.53)	(12,675.53)
Foreign exchange gains or losses			(661.48)	(1.83)	(663.31)
Impact of changes in accounting policies				(11,978.68)	(11,978.68)
Group share of the year's losses				(36,046.88)	(36,046.88)
<b>ON 31 DECEMBER 1997</b>	<b>77,101.09</b>	<b>5,998.72</b>	<b>(736.48)</b>	<b>(27,793.14)</b>	<b>54,570.19</b>
Appropriation of Parent Company income or loss				37,781.29	37,781.29
Foreign exchange gains or losses			(119.06)	88.73	(30.33)
Group share of the year's losses				(40,127.33)	(40,127.33)
<b>ON 31 DECEMBER 1998</b>	<b>77,101.09</b>	<b>5,998.72</b>	<b>(855.54)</b>	<b>(30,050.45)</b>	<b>52,193.82</b>

# Notes to the consolidated financial statements

AT 31 DECEMBER 1998

## 1. ACCOUNTING POLICIES

The consolidated financial statements of Campenon Bernard SGE, which are included in the consolidated financial statements of Société Générale d'Entreprises, are prepared in accordance with French accounting standards as defined by the general chart of accounts ("plan comptable général"), by the Act of 3 January, 1985 on consolidation, and by the Decree of 17 February, 1986.

### 1.1 Scope of consolidation

The consolidated financial statements include the financial statements of all companies with net sales greater than 1.52 million euros, as well as those of subsidiaries whose net sales are below this figure but whose impact on the Group's financial statements is significant.

Companies over which Campenon Bernard SGE exercises majority control are fully consolidated. Those over which Campenon Bernard SGE exercises substantial control are consolidated by the equity method.

The method of proportionate consolidation has been used for joint ventures with a substantial contribution to net sales and a balance sheet of significance for the Group, as well as for entities over which Campenon Bernard SGE exercises joint control.

For joint ventures without long-term financing requirements, the proportionate consolidation was limited to the statement of income.

### 1.2 Translation of foreign subsidiaries' financial statement

The financial statements of consolidated foreign companies and establishments are translated at year-end exchange rates.

Gains or losses are entered in an account called "gains or losses arising from foreign exchange translation", included in consolidated reserves.

### 1.3 Items denominated in foreign currencies

Consolidated balance sheet items denominated in foreign currencies are translated at year-end exchange rates. Only unrealised foreign currency translation losses are provided for in the year.

### 1.4 Goodwill

The principle is to allocate first consolidation goodwill, representing the difference between the cost of acquiring shares in a consolidated company and the corresponding proportion of shareholders' equity

at the date of acquisition, to the appropriate balance sheet assets and liabilities of the acquired company. The unallocated balance is recorded in "goodwill" on the assets side of the consolidated balance sheet and amortised over a period not exceeding 20 years, except in special cases when accelerated amortisation is justified. When the amount of goodwill does not exceed 152.45 thousand euros, it is fully amortised in the year.

### 1.5 Fixed assets

#### Tangible fixed assets

- Land, buildings and equipment are valued at their acquisition cost.
- Depreciation is calculated using the straight-line or reducing-balance method over the estimated useful economic life of the asset. These economic lives correspond to those usually applied in the industry, namely:

Buildings	from 20 to 30 years
Civil engineering equipment	from 3 to 10 years
Vehicles	from 3 to 5 years
Fixtures and furnishings	from 5 to 10 years
Office furniture and equipment	from 3 to 10 years

**Intangible fixed assets other than goodwill** (establishment costs, clientele, concessions, patents, software, etc.). Intangible fixed assets are valued at their cost of acquisition.

#### Financial fixed assets

The gross book value of unconsolidated investments in subsidiaries and affiliates is equal to their acquisition cost. If this value is greater than the fair value, a provision for depreciation is made to cover the difference.

The fair value of such investments is determined from the proportional share of shareholders' equity they represent, adjusted if appropriate, in the case of recently acquired companies, to take account of their strategic interest, and of their prospects for capital gains on assets and for growth.

Long-term loans are not discounted and are kept in the balance sheet at their nominal value.

### 1.6 Pension commitments

Pension commitments, relating to both lump sum payments on retirement and supplementary pension benefits, are covered by balance-sheet provisions, for both current and retired employees.

These commitments are assessed by means of the actuarial forecasting method known as the "projected unit credit" method.

### 1.7 Income recognition

Income from long-term contracts is determined by the percentage of completion method, and is registered on the basis of merited circumstances.

For certain construction sites that do not meet the conditions to be treated by percentage of completion, the completed contract method is used. In such cases, the probable losses corresponding to work completed at year end give rise to depreciation of work in process.

If a contract is expected to end in a loss, a provision for anticipated losses on completion is made, whatever the accounting method, after taking into consideration, as appropriate, any rights to supplementary revenue or claims, estimated in a reasonable manner.

### 1.8 Income from disposal of construction site equipment

Income from the disposal of construction site equipment is entered under the item "other operating revenue".

### 1.9 Corporate income tax

Given the legal status of Campenon Bernard SGE ('société en nom collectif' or general partnership, not having opted for the 'société de capitaux' or capital stock company regime), the income or expense of the company is determined without taking the impact of corporate income tax into consideration.

## 2 - KEY EVENTS IN THE YEAR

### 2.1 Change in accounting policy – Capital leases

The SGE Group has opted to restate fixed assets financed by capital leases, in accordance with the provisions of the Act on consolidated financial statements. The assets financed by this type of contract are not significant for the Campenon Bernard SGE Group, and none of them exceeds the corresponding threshold.

### 2.2 Changes in the Group's structure

#### Acquisition of subsidiaries in the South-east region

Sogea sold the subsidiary Sobeam, as of 1 January, to Campenon Bernard SGE, and transferred its Building and Civil Engineering business, by a partial assets contribution, from Sogea Sud Est to Sogea Méditerranée.

#### Acquisition of subsidiaries in the Île-de-France region

Sogea sold the subsidiary TPI IDF, as of 1 January, to Campenon Bernard SGE.

### Sales of companies

Campenon Bernard SGE sold its shares in Urban BTP to Sogea.

### 2.3 Scope of consolidation

Changes in the scope of consolidation occurring in the course of fiscal 1998 can be summarised as follows:

	French companies	Foreign companies	1998 total	1997 total
Fully consolidated companies	41	22	63	65
Proportionately consolidated companies (including joint-ventures)	14	14	28	23
Equity method		1	1	1
<b>TOTAL</b>	<b>55</b>	<b>37</b>	<b>92</b>	<b>89</b>

### 2.4 Costs relating to the introduction of the euro and the year 2000 issue

Costs associated with the introduction of the euro and with the year 2000 issue were not of great significance at Group level.

### 2.5 Presentation of the consolidated financial statements

#### The euro

In compliance with current regulatory provisions and following the recommendation of the French stock exchange commission ("Commission des Opérations de Bourse"), the Group has chosen to present its consolidated financial statements in euros as of 1998. Previous years' figures have also been converted into euros, using the official exchange rate at January 1, 1999.

#### Cash flow statement

Cash flows for the year are now presented in the form of a cash flow statement, replacing the former "statement of changes in financial position", and meeting the recommendations of the National Accounting Board ("Conseil National de la Comptabilité").

### 2.6 Other key events

#### Application of the CBC sellers' guarantee

With respect to the sellers' guarantee linked to the acquisition of CBC subsidiaries in 1997, an additional clause was signed in the course of 1998, granting an additional amount of 9.15 million euros.

#### Restructuring

Substantial restructuring measures were committed to in the course of the fiscal year, generating costs, in the amount of 38.3 million euros, included in exceptional income or expense. The number of employees concerned comes to more than 1,400.

### 3 - INTANGIBLE ASSETS OTHER THAN GOODWILL

The net movements during the year were as follows:

<i>(in thousands of euros)</i>	1998	1997
Net amount at the beginning of the year	4,657.32	4,218.87
Acquisitions net of disposals	629.92	(602.78)
Reclassifications and scope of consolidation changes	18.14	1,079.65
Depreciation and provisions	(844.88)	(38.42)
<b>TOTAL</b>	<b>4,460.50</b>	<b>4,657.32</b>

These intangible assets consist mainly of computer software.

### 4 - GOODWILL

All goodwill amounts with a gross value exceeding 152.45 thousand euros are amortised over 20 years, with the exception of special cases with circumstances justifying accelerated depreciation.

The movements in the year were as follows:

<i>(in thousands of euros)</i>	1998	1997
Net goodwill at the beginning of the year	19,957.25	12,881.94
Goodwill acquired during the year	1,988.70	8,467.48
Depreciation in the year	(3,277.35)	(1,392.17)
<b>TOTAL</b>	<b>18,668.60</b>	<b>19,957.25</b>

Excluding depreciation expenses, goodwill acquisitions in the year break down as follows:

<i>(in thousands of euros)</i>	
Additional acquisition of Brüggemann	779.17
Additional acquisition of CSB	847.47
Acquisition of Sobeam	358.71
Other	3.35
<b>TOTAL</b>	<b>1,988.70</b>

### 5 - TANGIBLE FIXED ASSETS

#### 5.1 - Movements in the year

<i>(in thousands of euros)</i>	1998	1997
Net amount at the beginning of the year	86,382.49	84,315.28
Acquisitions minus disposals	(4,128.63)	(15,712.92)
Reclassifications and scope of consolidation changes	(9,095.41)	13,804.11
Depreciation and provisions	3,886.99	3,976.02
<b>TOTAL</b>	<b>77,045.44</b>	<b>86,382.49</b>

#### 5.2 - Breakdown by type of asset

<i>(in thousands of euros)</i>	Gross book value	Depreciation	1998 net book value	1997 net book value
Land	8,239.72	(192.39)	8,047.33	8,851.04
Buildings	20,589.61	(10,746.28)	9,843.33	11,612.35
Plant and equipment	155,588.69	(123,006.23)	32,582.46	45,404.50
Fixtures and other	50,445.53	(39,605.19)	10,840.34	13,825.60
Concessions	1,213.04	(271.51)	941.53	969.88
Assets under construction	14,790.45		14,790.45	5,719.12
<b>TOTAL</b>	<b>250,867.04</b>	<b>(173,821.60)</b>	<b>77,045.44</b>	<b>86,382.49</b>



### 5.3 - Capital expenditure in the year

<i>(in thousands of euros)</i>	1998	1997
Land	103.21	574.89
Buildings	16.46	424.11
Plant and equipment	12,210.71	15,900.43
Fixtures and other	6,261.23	7,089.03
Assets under construction	10,351.44	6,046.43
<b>TOTAL</b>	<b>28,943.05</b>	<b>30,034.89</b>

### 6 - INVESTMENTS IN SUBSIDIARIES AND AFFILIATES

Investments in subsidiaries and affiliates are recorded at the value appearing in the individual financial statements.

<i>(in thousands of euros)</i>	1998	1997
Gross book value of investments in subsidiaries and affiliates	20,259.41	19,657.54
Depreciation provisions	(5,553.72)	(4,495.57)
<b>TOTAL</b>	<b>14,705.69</b>	<b>15,161.97</b>

This item includes the shares companies whose size is not significant in relation to the threshold adopted for the scope of consolidation.

As of 31 December, 1998, the main non-consolidated companies were:

<i>(in thousands of euros)</i>		
Corporate name	% held	Net book value of shares
SCI Clichy	100.00	4,366.14
Sogea Limitada - Chile	99.00	1,446.28
S.M.T.P.C.	14.47	827.95
PY SOGETHAÏ	24.50	769.56
Consortium Lusoponte	3.02	755.08
SERRA Travaux Maritimes	100.00	686.02
S.C.B.A. - Portugal	100.00	504.45
Cofframat	100.00	428.84
Sablères Sainte-Hélène	100.00	428.38
SGE Système Rail	99.94	345.30
Saturg 2000	22.40	341.49
Gespace	49.98	267.55
Camponon Bernard Guyane	100.00	228.52
I.U.R.	99.90	187.21
Société Centrale de Matériel	100.00	152.45

### 7 - OTHER FINANCIAL ASSETS

This item includes loans and long-term receivables of a financial nature, as well as deposits and sureties.

<i>net value (in thousands of euros)</i>	1998	1997
Loans and long-term financial receivables	16,800.80	9,235.51
Deposits and other financial assets	61,442.90	21,519.25
Other investments held as fixed assets	2,619.84	2,486.60
<b>TOTAL</b>	<b>80,863.54</b>	<b>33,241.36</b>

### 8 - DEFERRED CHARGES

Charges deferred to future financial periods consist of design costs, special equipment and site preparation costs, which are amortised over the duration of the corresponding works.

### 9 - INVENTORIES AND WORK IN PROCESS

The inventories and work in process item breaks down as follows:

<i>(in thousands of euros)</i>	1998	1997
Inventories (net book value)	11,276.65	7,851.74
Work in process	89,127.95	83,385.80
<b>TOTAL</b>	<b>100,404.60</b>	<b>91,237.54</b>

Work in process reported in the balance sheet at 31 December, 1998 mainly pertains to the Frankfurt Hilton Hotel operation, which is stated in the form of a turn-key sale upon delivery of the building.

### 10 - SHORT-TERM FINANCIAL RECEIVABLES AND OTHER MARKETABLE SECURITIES

Short-term financial receivables and other marketable securities can be broken down as follows, in net book values:

<i>(in thousands of euros)</i>	1998	1997
Marketable securities	95,957.05	57,138.20
Other short-term financial receivables	175,836.98	261,621.87
<b>TOTAL</b>	<b>271,794.03</b>	<b>318,760.07</b>

The "marketable securities" item consists primarily of negotiable debt instruments, of mutual funds and of cash instruments.

A valuation of marketable securities on the basis of market prices at 31 December, 1998 does not reveal any significant differences with respect to the net book value entered on the assets side of the balance sheet.

Short-term financial receivables include the current accounts of several unconsolidated companies, as well as the current cash account with SGE (139,075.27 thousand euros on 31 December, 1998).

## 11 - MOVEMENTS IN SHAREHOLDERS' EQUITY

(in thousands of euros)

Shareholders' equity Group share	Capital stock	Additional paid-in capital	Translation gains or losses	Reserves and income or expense	Total
<b>AT 31 DECEMBER, 1996</b>	<b>77,101.09</b>	<b>5,998.72</b>	<b>(75.00)</b>	<b>32,909.78</b>	<b>115,934.59</b>
Allocation of parent company income or expense				(12,675.53)	(12,675.53)
Foreign currency translation differences			(661.48)	(1.83)	(663.31)
Impact of change in accounting policies				(11,978.68)	(11,978.68)
Group share of net income or expense				(36,046.88)	(36,046.88)
<b>AT 31 DECEMBER, 1997</b>	<b>77,101.09</b>	<b>5,998.72</b>	<b>(736.48)</b>	<b>(27,793.14)</b>	<b>54,570.19</b>
Allocation of parent company income or expense				37,781.29	37,781.29
Foreign exchange translation gains or losses			(119.06)	88.73	(30.33)
Group share of net income or expense				(40,127.33)	(40,127.33)
<b>AT 31 DECEMBER, 1998</b>	<b>77,101.09</b>	<b>5,998.72</b>	<b>(855.54)</b>	<b>(30,050.45)</b>	<b>52,193.82</b>

As of 31 December, 1998, the capital stock of the parent company consisted of 5,057,500 shares with a nominal value of 15.24 euros each. In accordance with current accounting regulations, the impact at the beginning of 1997 of the change in accounting policy relating to pension commitments was charged to consolidated shareholders' equity, in the amount of 11,978.68 thousand euros.

## 12 - MINORITY INTEREST

The movement of minority interest during the year was as follows:

(in thousands of euros)

	1998	1997
Balance at the beginning of the year	7,119.52	4,234.12
Scope of consolidation changes and miscellaneous	38.26	7,604.16
Financing by minority interest	1,063.80	4,780.04
Minority interest share in the year's net income or expense	(1,251.76)	(9,498.80)
<b>BALANCE AT THE END OF THE YEAR</b>	<b>6,969.82</b>	<b>7,119.52</b>

For companies whose shareholders' equity, including the current year's net income or expense, was negative, the Group assumed the minority interest share of shareholders' equity.

## 13 - PROVISIONS FOR LIABILITIES AND CHARGES

(in thousands of euros)

Type of provision	At year beginning	Scope and other changes	Allocations in the year	Reversals in the year	At year end
<b>Provisions of an operating nature</b>					
After-sales service	54,777.68	(258.40)	21,549.28	23,150.30	52,918.26
Claims	53,916.34	(3,056.76)	21,835.27	23,288.42	49,406.43
Anticipated losses on contracts	61,772.34	3,193.96	27,629.72	55,045.99	37,550.03
Other operating risks	48,081.20	(5,252.17)	16,227.28	18,877.00	40,179.31
<b>Sub-total</b>	<b>218,547.56</b>	<b>(5,373.37)</b>	<b>87,241.55</b>	<b>120,361.71</b>	<b>180,054.03</b>
<b>Provisions of a financial nature</b>	<b>20,974.39</b>	<b>(17,547.03)</b>	<b>1,022.63</b>	<b>1,268.99</b>	<b>3,181.00</b>
<b>Provisions of an exceptional nature</b>	<b>47,850.24</b>	<b>26,510.88</b>	<b>43,935.20</b>	<b>41,176.02</b>	<b>77,120.30</b>
<b>TOTAL</b>	<b>287,372.19</b>	<b>3,590.48</b>	<b>132,199.38</b>	<b>162,806.72</b>	<b>260,355.33</b>

The "provisions of an exceptional nature" item comprises provisions set aside to cover risks of a non-recurring nature, especially restructuring costs.

## 14 - NET FINANCIAL SURPLUS

At the end of the financial year, the Group had a net surplus cash position of 191,753.57 thousand euros, broken down as follows:

<i>(in thousands of euros)</i>	1998	1997
Long-term financial receivables	16,800.80	9,235.51
<b>Total long-term financial receivables</b>	<b>16,800.80</b>	<b>9,235.51</b>
Other borrowing and debt (> 1 year)	(1,807.44)	(2,641.18)
<b>Total long- and medium-term debt</b>	<b>(1,807.44)</b>	<b>(2,641.18)</b>
Long-term debt (< 1 year)	(5,910.60)	(22,714.45)
Bank overdrafts and other short-term borrowing	(139,136.71)	(77,021.66)
<b>GROSS DEBT</b>	<b>(130,053.95)</b>	<b>(93,141.78)</b>
Marketable securities	95,957.05	57,138.20
Short-term financial receivables	175,836.98	261,621.87
Cash	50,013.49	51,608.11
<b>NET FINANCIAL POSITION</b>	<b>+ 191,753.57</b>	<b>+ 277,226.40</b>

Financial receivables consist mostly, in the amount of 139,075.27 thousand euros, of an investment made with the parent company and remunerated at conditions close to those prevailing on the market.

Debt also bears interest at levels close to those of the market.

### Maturity of long-term debt as of 31 December, 1998:

<i>(in thousands of euros)</i>	
Maturity in 2000	1,640.66
Maturity between 2001 and 2003	145.13
Maturity in 2004 or later	5.49
Undetermined maturity	16.16
<b>TOTAL</b>	<b>1,807.44</b>

Debt guaranteed by real securities: - None -

## 15 - NET SALES

Consolidated net sales exclude incidental goods and services, as well as services to unconsolidated companies, which are reclassified as other operating revenue.

Moreover, the movement in net sales includes the effects of change in the scope of consolidation.

It breaks down as follows:

<i>(in thousands of euros)</i>	1998	1997
Net sales in the year	1,510.78	1,629.83
<i>Of which:</i>		
Net sales of newly consolidated companies	(40.93)	0.00
Net sales of companies no longer consolidated	0.00	(21.89)
<b>NET SALES ON A LIKE-TO-LIKE CONSOLIDATION BASIS</b>	<b>1,469.85</b>	<b>1,607.94</b>

On a like-to-like consolidation basis, net sales are down by 9% with respect to the previous financial year.

### Breakdown by geographical area

<i>(in thousands of euros)</i>	1998	1997
France	905.82	974.24
Europe	504.86	573.39
Africa	23.15	35.27
Asia	40.20	23.79
Middle East	36.75	22.92
Other	-	0.22
<b>TOTAL</b>	<b>1,510.78</b>	<b>1,629.83</b>

## 16 - OTHER REVENUE

<i>(in thousands of euros)</i>	1998	1997
Net income from unconsolidated joint ventures	3,654.51	7,119.06
Operating subsidies	21.50	186.60
Other management revenue	105,116.95	106,665.53
Transferred to assets as deferred expenses	8,070.19	2,481.41
<b>TOTAL</b>	<b>116,863.15</b>	<b>116,452.60</b>

The “other management revenue” item includes revenue not directly related to business operations, such as equipment rental, insurance reimbursements, merchandise sales, etc.

Costs transferred to assets include only deferred expenses incurred during the year.

## 17 - OPERATING EXPENSES

Operating expenses, in the total amount of 1,627,600.59 thousand euros, break down as follows:

<i>(in thousands of euros)</i>	1998	1997
Purchases	257,229.51	324,056.76
Outside services	959,009.97	951,521.06
Wages, salaries and benefits	377,608.29	390,451.36
Other operating expenses	35,524.73	36,185.60
Net depreciation, amortisation and provisions	(1,771.91)	43,630.15
<b>TOTAL</b>	<b>1,627,600.59</b>	<b>1,745,844.93</b>

Net depreciation, amortisation and provisions break down as follows:

<i>(in thousands of euros)</i>	1998	1997
<b>Net depreciation and amortisation</b>		
Intangible assets	1,413.20	1,529.22
Tangible assets	23,203.65	29,394.75
Publicly owned utility networks financed and managed by the Group	28.36	28.36
Deferred expenses	5,067.56	2,404.58
<b>Total depreciation and amortisation</b>	<b>29,712.77</b>	<b>33,356.91</b>
<b>Net allocations to provisions</b>		
Write-down of assets	1,635.17	(1,565.80)
Operating liabilities and charges	(33,119.85)	11,839.04
<b>Total provisions</b>	<b>(31,484.68)</b>	<b>43,630.15</b>
<b>TOTAL DEPRECIATION AND PROVISIONS</b>	<b>(1,771.91)</b>	<b>43,630.15</b>

Provisions in the year for operating liabilities and charges relate primarily to anticipated losses on contracts.

## 18 - NET FINANCIAL INCOME

This item breaks down as follows:

<i>(in thousands of euros)</i>	1998	1997
Net financing income	8,593.55	8,564.13
Dividends	1,023.85	144.98
Foreign currency translation gains or losses	(656.29)	176.38
Other net financial charges and revenue	417.86	(1,225.54)
<b>TOTAL</b>	<b>9,378.97</b>	<b>7,659.95</b>

## 19 - NET EXCEPTIONAL EXPENSE

The net exceptional expense encompasses items of a non-recurring nature, such as restructuring costs, costs associated with disposal transactions, the impact of disposals of assets (except when they are an integral part of business operations), the cost of closing enterprises or construction sites, writing-off of debts, and the impact of guarantees granted when they are exercised.

<i>(in thousands of euros)</i>	1998	1997
Net gain or loss from disposals of assets	(640.29)	1,503.60
Exceptional gain and losses from management operations	(37,616.18)	(34,749.83)
Provisions for exceptional depreciation or liabilities	(2,656.12)	(14,558.42)
<b>TOTAL</b>	<b>(40,912.59)</b>	<b>(47,804.65)</b>

The net loss from disposals of assets includes 32.17 thousands euros of capital gains from sales of fixed assets (1,358.32 thousand euros in 1997), and 672.45 thousand euros of capital losses on sales of securities (145.28 thousand euros of capital gains in 1997).

The “net exceptional expense” item includes restructuring charges and net allocations to restructuring provisions for a total of 38,334.22 thousand euros.

## 20 - NET TAX LIABILITY

The net tax liability relates to current taxes payable by French corporations and branches abroad.

Given the legal status of Campenon Bernard SGE, deferred tax credits and liabilities have not been taken into consideration.

## 21 - OFF-BALANCE-SHEET COMMITMENTS

Guarantees granted in respect of major contracts, which represent the lion’s share of the “performance bonds and guarantees” item, and mainly cover advance payments received and end-of-contract performance guarantees, explain the large amount of these commitments.

<i>(in thousands of euros)</i>	Commitments given	Commitments received
Performance bonds and guarantees	579,923.23	125,771.20
Commitments given to and received from partnerships	11,053.93	408,143.37
Other commitments	15,491.72	14,848.53
<b>TOTAL</b>	<b>606,468.88</b>	<b>548,763.10</b>

### Commitments given in respect of pensions and retirement and related benefits

Retirement commitments include contractual lump sum payments on retirement, as well as a number of supplementary pension commitments the Group has in Germany. The latter are calculated by means of a forecasting actuarial method and are fully provisioned in the balance sheet.

<i>(in thousands of euros)</i>	1998	1997
French company commitments	12,301.26	11,386.42
Foreign company commitments	6,737.48	6,908.53
<b>TOTAL COMMITMENTS COVERED BY PROVISIONS</b>	<b>19,038.74</b>	<b>18,294.95</b>

### 22 - WAGES, SALARIES, BENEFITS AND NUMBER OF EMPLOYEES

Given the large number of employees under fixed term contracts in this line of business, it seems appropriate to give the average number of employees in the period. The weighted average number of employees comes to:

	1998	1997
Engineers and managers	1,931	1,481
Other	7,589	8,124
<b>TOTAL NUMBER OF EMPLOYEES</b>	<b>9,520</b>	<b>9,605</b>

The total wages, salaries and benefits expense for all companies in the Group amounted to 377,608.29 thousand euros in fiscal 1998, against 390,451.36 thousand euros in 1997.

### 23 - LIST OF PRINCIPAL CONSOLIDATED COMPANIES

at 31 December, 1998

	Country	% interest
<b>1/ Parent Company</b>		
Campenon Bernard SGE SNC		100.00
<b>2/ Fully consolidated subsidiaries in building and civil engineering</b>		
ABEB NV	Belgium	94.73
Acanthe BTP SNC		100.00
Armor SA		100.00
Bateg SNC		100.00
Bâtiment et Ponts Construction	Belgium	94.99
Bonino SNC		100.00
Botte BTP SNC		99.99
Brüggemann GmbH	Germany	95.66
C 3 B SNC		100.00
Campenon Bernard Construction SNC		100.00
Campenon Bernard Régions SNC		100.00
Campenon Bernard Sud SNC		100.00
Cofex Régions SNC		100.00
Deschiron SNC		100.00
Ehrenfels	Germany	63.92
EMCC		100.00
Enbatra SNC		100.00
Expertises et Travaux SNC		100.00
F C C	Czech Republic	100.00
Giletto SNC		100.00
Hagen SA	Portugal	99.95
Klee	Germany	63.92
Lamy SNC		100.00
M.C.B. SNC		100.00
Merle SNC		100.00
O.B.G.	Germany	70.00

	Country	% interest
OBAG	Germany	70.00
PAR.EN.GE SNC		100.00
Pateu et Robert SNC		100.00
S.C.B. SA		99.99
S.K.E.	Germany	63.92
S.R.C. SNC		100.00
Salvarem		100.00
SGE Hoch und Ingenieurbau	Germany	70.00
Sobea Auvergne SNC		100.00
Sobeam SA		95.00
Sogea Méditerranée SNC		100.00
Sotramines SA		89.98
T.P.I. IDF SNC		100.00
U.B.G.	Germany	70.00
Urban BTP Bau gmbH	Germany	100.00
Valerian SA		100.00
Verazzi SNC		100.00
Verdoia SNC		100.00
Warbud SA	Poland	70.02

### 3/ Proportionately consolidated subsidiaries in building and civil engineering

Batipont Immobilier	Belgium	47.50
Campenon Saigon Builders LTD	Vietnam	70.00
Socaso SARL		66.67
Socatop		33.33
Vietnamese French Corporation	Vietnam	50.00

### 4/ Proportionately consolidated joint ventures and economic consortia created in connection with large contracts

Brenilis GIE		27.37
Cachan Charenton – lot 2		55.00
Athens metro	Greece	25.00
Cairo metro – line II	Egypt	23.70
Bridge on the Tagus	Portugal	23.00
Stade de France		33.33
Istanbul Olympic Stadium	Turkey	37.50
Sewage purification plant in Colombes		35.20
Trade Center	United Arab Emirates	50.00
Al Azhar tunnel	Egypt	28.00
Marseille tunnel		37.50
Lesotho tunnels	South Africa	20.50
Val de Rennes		42.50
Ventabren viaduct		50.00
Barrails viaduct		50.00
Viaduct over the Dordogne		50.00
Mornas-Mondragon viaduct		40.00

## **24 - OTHER INFORMATION**

### **Litigation and arbitration**

To the Company's knowledge, there is no exceptional fact or litigation likely to affect substantially the business, financial performance, assets and liabilities or the financial situation of the Group or the Company.

The claim lodged by SNCF against a group of companies having participated in the construction of the TGV Nord rail line resulted in a decision by the Administrative Court of Paris at the beginning of February 1999. The decision entrusted a financial expert with an examination of possible damages suffered by SNCF, with respect to some of the work batches covered by its petition. The Campenon Bernard SGE Group maintains its position, which is to challenge the existence of any such damages.

In addition, no negative consequences are expected at the time of writing from the ongoing arbitration in the SSDS case.

Lastly, some of the Group's subsidiaries are being investigated under fair competition legislation, and a number of senior managers are subject, on a personal basis, to judicial inquiry procedures, which aim to determine whether they may have made inappropriate use of corporate assets to the direct or indirect benefit of political figures or parties. Campenon Bernard SGE does not expect these investigations or procedures, even in the event of an unfavourable outcome, to undermine its financial situation to a substantial extent.

## Report of the statutory auditor on the consolidated financial statements

In accordance with our appointment by your Shareholders' General Meeting, we have audited the accompanying consolidated financial statements of Campenon Bernard SGE, prepared in euros, for the year ended 31 December, 1998.

The management of the group is responsible for the preparation of the consolidated financial statements. It is our responsibility to express an opinion based on our audit on these consolidated financial statements.

We have conducted our audit in accordance with French professional standards. These standards require that we plan and perform our audit to obtain reasonable assurance that the consolidated financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statements' presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above give a true and fair view of the Campenon Bernard SGE Group's financial position, and its assets and liabilities at 31 December, 1998 and of the results of operations of the companies included in the consolidation for the year then ended.

We have also carried out a verification of the information given on the management of the Campenon Bernard SGE Group. We have no comment to make as to its fair presentation and its conformity with the consolidated financial statements.

Paris, April 14, 1999

The statutory auditor  
Salustro Reydel

Hubert Luneau

Bernard Cattenoz



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