

2001 RESULTS

**Liam O'Mahony, Chief Executive**  
**Harry Sheridan, Finance Director**

# 2001 HIGHLIGHTS

Sales € 10,444m + 18%

	Before goodwill amortisation		After goodwill amortisation	
Trading profit	€ 1,035m	+ 11%	€ 976m	+ 10%
Profit before tax	€ 862m	+ 16%	€ 803m	+ 15%
Earnings per share	127.05c	+ 3% *	115.32c	+ 1% *

Cash earnings per share 213.45c + 5%\*

Dividend per share 23.00c + 11%\*

*\*based on 2000 comparatives adjusted for 1 for 4 Rights Issue*



# 2001 OVERVIEW

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- Geographic & sectoral balance underpins performance in difficult year
- Weather-extended US season, group profits beat November update
- Ireland: overall construction activity flat with weakening in H2
- UK: new house building remains weak, brick price increases sustained
- Europe: mixed trading, €10m closure costs in Germany/France
- Americas: strong Materials advance partly offset by Precast decline
- Acquisitions: solid spend of €1.1bn on 50+ acquisitions

# REPUBLIC OF IRELAND

**2001**

2001				Exchange	Acquisitions	Disposals	Organic	
Sales	€704m	+	5%	+ €33m	-	+ € 8m	-	+ €25m
EBIT*	€150m	+	8%	+ €12m	-	+ €1m	+ €11m	-
EBIT margin	21.3% (2000: 20.7%); excl. disposals 19.0% (2000: 19.9%)							

*\*after goodwill amortisation nil (2000: nil) & including profit on disposals €16.4m (2000: €5.0m)*

- Significantly higher profit on disposal of surplus lands
- H1 growth despite impact of FMD prevention measures
- However, second half activity weakened with lower economic growth
- House completion numbers held up, but starts were down
- Non-residential activity slowed in H2
- National Development Plan underpinned infrastructure

# BRITAIN & NORTHERN IRELAND

**2001**

2001				Exchange	Acquisitions	Discontinued Operations	Disposals	Organic
Sales	€680m	- 3%	- €18m	- €14m	+ €18m	- €16m	-	- €6m
EBIT*	€ 62m	+10%	+ € 6m	- € 1m	+ € 1m	-	+ €5m	+ €1m
EBIT margin	9.0% (2000: 8.0%); excl. disposals 8.3% (2000: 8.0%)							

*\*after goodwill amortisation €5.2m (2000: €5.1m) & including profit on disposals €4.9m (2000: nil)*

- Profit on disposal of €5m arising from Ibstock land sale
- Housing weak; planning delays, site availability, weather
- Ibstock brick volumes down 4% with commodity bricks worst affected
- Price (+5%) and efficiency gains helped Ibstock offset volume declines
- Concrete products demand also affected, resulting in lower profits
- Insulation activities benefited from lower raw material costs
- Northern Ireland: satisfactory year with good P.F.I. activity

# MAINLAND EUROPE

**2001**

		Exchange	Acquisitions		Disposals	Closure Costs	Organic
			2000	2001			
Sales	€2,652m + 31% + €621m	+ €25m	+ €483m	+ €136m	-	-	- €23m
EBIT*	€ 163m + 2% + € 3m	+ € 3m	+ € 31m	+ € 13m	- €9m	- €10m	- €25m

EBIT margin 6.2% (2000: 7.9%); excl. disposals 6.3% (2000: 7.6%)

*\*after goodwill amortisation €24.1m (2000: €19.1m) & including loss on disposals €4.2m (2000: profit €4.9m)*

- Loss on disposal on Insulation business transfer to J.V.; FX reflects stronger PLN
- Switzerland: full year contribution; Sales +€346m, EBIT +€27m, met expectations
- Israel: positive 5 month contribution of €6m from highly efficient facilities
- Netherlands: higher profits; distribution / clay / fencing up; concrete down
- Belgium: good advance mainly reflecting acquisitions
- France: distribution ahead; concrete profits hit by €2m closure costs
- Spain: further volume gains in competitive markets
- Germany: clay sharply lower due to volume/price declines and €8m closure costs
- Finland: lower demand, particularly in Helsinki market, impacted profits
- Poland: sharp volume declines only partly offset by cement price increases



# AMERICAS - MATERIALS

**2001**

		Exchange	Acquisitions		Disposals	Organic
			2000	2001		
Sales	€3,168m + 17% + €456m	+ €85m	+ €48m	+ €237m	-	+ €86m
EBIT*	€ 330m + 30% + € 76m	+ € 8m	- €16m	+ € 39m	- €2m	+ €47m
EBIT margin	10.4% (2000: 9.4%)					

*\*after goodwill amortisation €17.0m (2000: €12.4m) & including profit on disposals €1.3m (2000: €3.3m)*

- Good margin recovery reflecting lower liquid asphalt/energy costs
- Favourable Nov/Dec weather conditions resulted in an extended paving season
- €16m first-time winter losses from 2000 acquisitions (Shelly/Dolomite)
- Strong initial contribution from Mt. Hope, Hallett/Des Moines and other 2001 acquisitions
- Excellent organic advance reflecting lower energy/asphalt costs and TEA-21 benefits
- Generally strong activity in Northeast, but Connecticut slower
- Northwest also strong; Mountain states remain competitive
- Michigan improved; Ohio / W Virginia markets remained flat



# AMERICAS - PRODUCTS & DISTRIBUTION

**2001**

		Exchange	Acquisitions	Disposals	Organic
			2000	2001	
Sales	€3,240m + 17% + €482m	+ €86m	+ €252m	+ €100m	- + €44m
EBIT*	€ 271m - 3% - € 9m	+ € 9m	+ € 15m	+ € 7m	- €2m - €38m
EBIT margin	8.4% (2000: 10.1%)				

*\*after goodwill amortisation €12.9m (2000: €6.7m) & including loss on disposals €2.1m (2000: loss €0.4m)*

- Organic decline more than offset FX & acquisition benefits
- Precast: badly hit by weaker Telco, utility sectors and Sept 11th fall-out
- APG: profitability impacted by plant start-ups and natural gas increases
- Glass: slower in H2, but good contributions from 2000 acquisitions
- Distribution: solid progress including margin improvement
- South America: results down in difficult markets





# 2001 ACQUISITIONS AND INVESTMENTS OF €1.1bn

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- **Europe Materials € 0.2 bn:**
  - 25% stake in Mashav, Israel's sole cement producer
  - Bolt-on deals in Finland and Poland
- **Europe P&D € 0.2 bn:**
  - Expansion of DIY in Benelux and Insulation activities into Nordic region
  - Significant additions in Distribution and Concrete Products in France
- **Americas Materials € 0.45 bn**
  - Mt. Hope a major addition to our operations in NY/NJ metro area
  - 15 other deals including our first move into Iowa
- **Americas P&D € 0.25 bn**
  - Major APG expansions in Canada and in U.S. bagged goods market
  - Significant add-ons for Glen-Gery and Allied's Distribution operations



# 2001 COMPONENTS OF GROWTH

€m	Sales	EBITA	Goodwill Amortisation	Interest	EBT
2000	8,870	931	(43)	(191)	697
Exchange effects	182	20	(1)	(7)	12
Disposed businesses	(16)	-	-	-	-

<b>2001</b>	<b>10,444</b>	<b>1,035</b>	<b>(59)</b>	<b>(173)</b>	<b>803</b>
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Increase	+18%	+11%			+15%
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Disposed businesses	(16)	-	-	-	-
2000 acquisitions	801	42	(10)	(38)	(6)
2001 acquisitions	481	64	(5)	(24)	35

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Disposed businesses	(16)	-	-	-	-
2000 acquisitions	801	42	(10)	(38)	(6)
2001 acquisitions	481	64	(5)	(24)	35
Share issues	-	-	-	50	50
Profit on disposals	-	3	-	-	3
Closure costs	-	(10)	-	-	(10)
Organic	126	(15)	-	37	22
<b>2001</b>	<b>10,444</b>	<b>1,035</b>	<b>(59)</b>	<b>(173)</b>	<b>803</b>
Increase	+18%	+11%			+15%

# CASH EARNINGS PER SHARE

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	cent	%
Earnings per share before goodwill amortisation	127.05	+3
Depreciation per share	86.40	+8
Cash earnings per share	213.45	+5

# 2001 FUNDS FLOW

	2001 € m	2000 € m
Inflows		
PBT	803	697
Depreciation	436	352
Goodwill amortisation	59	43
	<u>1,298</u>	<u>1,092</u>
Outflows		
Working capital	(61)	(75)
Tax paid	(79)	(140)
Dividends	(103)	(82)
Replacement capital expenditure	(336)	(320)
Other	(29)	(23)
	<u>(608)</u>	<u>(640)</u>
<b>Operating cash flow</b>	<b>690</b>	<b>452</b>
Development capital expenditure	(116)	(110)
Acquisitions and investments	(1,080)	(1,605)
Disposals	89	41
Share issues	1,108	378
Issue of preference capital to minority	109	-
Translation	(74)	(107)
<b>Debt decrease/(increase)</b>	<b>726</b>	<b>(951)</b>

# KEY FINANCIAL DATA AND RATIOS

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	2001	2000
<b>Sales margins</b>		
EBITDA	14.1%	14.5%
EBITA	9.9%	10.5%
EBIT	9.3%	10.0%
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Tax Rate	27.0%	27.8%
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EBIT return on average net assets	14.0%	16.3%



# KEY FINANCIAL DATA AND RATIOS

	Y/E 2001	Y/E 2000
Debt (€m)	1,893.7	2,619.8
Shareholders' funds (€m)	4,775.3	3,128.1
Debt/shareholders' funds	39.7%	83.8%
Debt/market capitalisation	18.3%	31.9%

## Interest cover

EBITDA/Interest	8.5	6.7
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EBIT/Interest	5.6	4.6
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# OUTLOOK 2002

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## **Ireland**

Residential; expect slower H1, Budget changes should help H2

Commercial and industrial expected to moderate further

National Development Plan to underpin infrastructure

Benefits of recent price increases should help

## **UK**

Outlook relatively flat, higher energy costs a challenge

Emphasis on efficiency gains, price improvements

## **Europe**

Lacklustre outlook with generally weak residential trends

Absence of 2001 closure costs and disposal hits



# OUTLOOK 2002

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## Americas

Residential continues strong

Non-residential likely to decline

Infrastructure: some state funding issues ...

... but underpinned by TEA-21

Energy costs, overhead reductions and improving prices are key

Our balance should mitigate any individual sectoral weakness

**Development** Continuing flow of traditional development spend

Augmented by larger deals where we see value

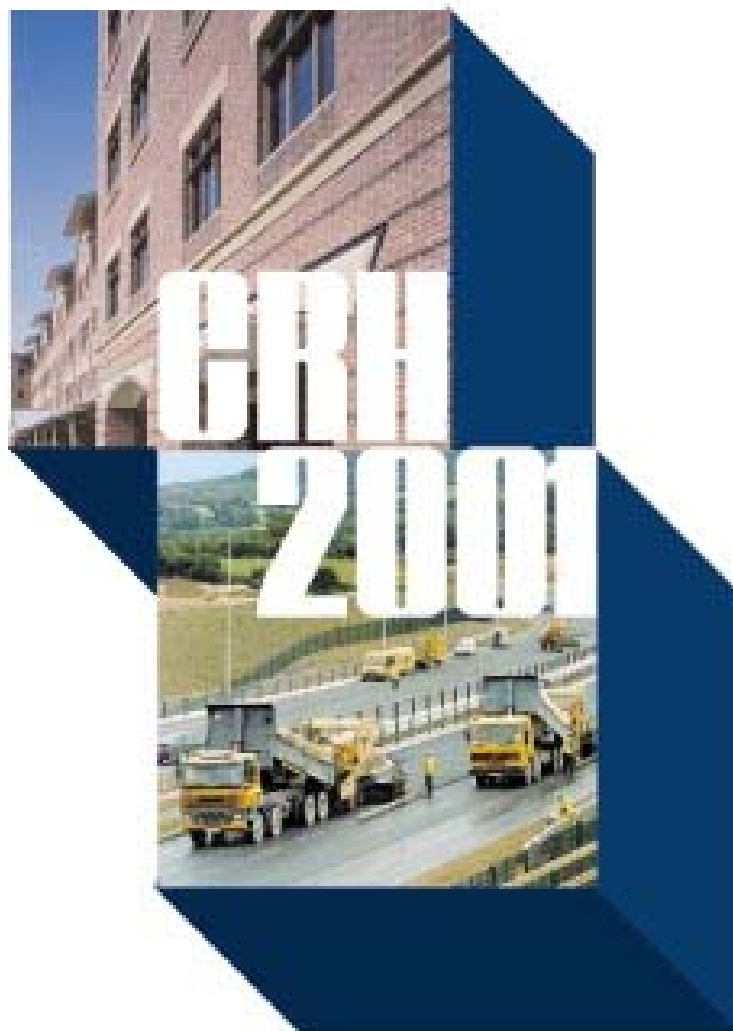
Supported by strong interest cover, flexible balance sheet



# SUMMARY

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- Good 2001 performance in context of:
  - Difficult trading conditions in many markets
  - First-time inclusion of seasonal US winter losses
  - €10m European closure costs
- Challenging 2002 outlook, but supported by:
  - Contributions from 2001/2002 acquisitions
  - Benefits of Rights Issue
  - Balanced spread of US / European operations
- We anticipate a year of further progress



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