



CRH plc Interim Results 2002

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H1 2002 HIGHLIGHTS

	2002 €m	2001 €m	Change
Sales	4,801	4,496	+ 7%
Operating profit before goodwill	295	296	-
Profit before tax	196	186	+ 5%
	€ cent	**€ cent**	
EPS before goodwill	33.51	32.95	+ 2%
EPS after goodwill	26.78	27.36	- 2%
Cash EPS	76.59	75.79	+ 1%
Dividend	7.43	6.75	+ 10%

H1 2002 OVERVIEW

- Merits of balance once again evident in a challenging environment
- Ireland: while monthly comparisons are improving; H1 construction activity -10%
- UK: after a good start, brick deliveries weakened; Ibstock / N. Ireland lower
- Mainland Europe - Materials: mixed trading; €7m charge for Polish redundancy
- Mainland Europe - P&D: good acquisition contributions; 2001 rationalisation benefits
- Americas - Materials: performance impacted by wet weather in May / June
- Americas - P&D: robust result; strong housing / RMI; slower commercial
- Acquisitions: spend of €0.6 billion on 20 acquisitions
- Solid financial base with significant capacity for further deals

REPUBLIC OF IRELAND

		H1			Analysis of change				Margins	
€m		2002	2001		FX	Acq '01	Acq '02	Organic	2002	2001
Sales	**- 9%**	**309**	338	**- 29**	-	+ 1	-	- 30		
Op profit *	**- 8%**	**61**	66	**- 5**	-	-	-	- 5	**19.6%**	19.4%

** excluding profit on disposal €3.5m (2001: €14.5m)*

- Overall H1 construction activity down circa 10% on H1 2001
- Despite adverse weather, Q2 decline was less severe than Q1
- Impact of lower volumes partly offset by price improvements
- Margin benefit from production / supply efficiencies
- 2002 Outlook
  - Strong infrastructural activity anticipated through to year-end
  - Continued recovery in housing but non-residential weaker
  - H2 volume comparisons versus 2001 should benefit from marked declines last year
  - Euroconstruct -0.9% full year construction decline is optimistic

BRITAIN & NORTHERN IRELAND

€m		H1 2002	H1 2001		Analysis of change: FX	Acq '01	Acq '02	Organic	Margins 2002	Margins 2001
Sales	**- 2%**	**330**	336	**- 6**	+ 1	+ 7	-	- 14		
Op profit *	**- 15%**	**30**	35	**- 5**	-	-	-	- 5	**8.9%**	10.3%

** excluding goodwill amortisation €3m (2001: €3m) and profit on disposal €1m (2001: nil)*

- Ibstock H1 brick volumes +4%; helped by recovery in commodity brick market share
- June saw a weakening of the positive brick delivery trends of earlier months
- Phased price increases not sufficient to offset energy cost hikes
- Concrete products enjoyed strong demand resulting in higher profits
- Insulation profits were lower with higher input costs
- Northern Ireland: activity generally weaker, sales and profits lower
- 2002 Outlook
  - Euroconstruct +2.8%; new residential -1.4%, may be optimistic
  - Ibstock price increases should yield greater benefits in H2
  - High energy costs remain a challenge

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MAINLAND EUROPE - MATERIALS

		H1			Analysis of change					Margins	
€m		2002	2001		FX	Acq '01	Acq '02	Redund -ancy	Organic	2002	2001
Sales	**+15%**	**460**	399	**+ 61**	+ 2	+ 45	+ 2	-	+ 12		
Op profit *	**- 2%**	**45**	46	**- 1**	-	+ 5	-	- 7	+ 1	**9.8%**	11.5%

** excluding goodwill amortisation €11m (2001: €9m) and profit on disposal €2m (2001: €1m)*

- Spain: further strong volume and operating profit advances in competitive markets
- Poland: underlying performance maintained in depressed markets, €7m redundancy charge
- Finland: slower demand resulted in a reduction in profits
- Baltic region: St. Petersburg / Estonia strongly ahead; Latvia profits lower
- Switzerland: similar profits despite some project delays
- Israel: initial H1 joint venture contribution (Sales +€38m; EBITA +€5m)

MAINLAND EUROPE - P & D

€m		H1 2002	H1 2001		FX	Acq '01	Acq '02	Dis -posals	Rational -isation	Organic	Margins 2002	Margins 2001
					Analysis of change							
Sales	**+11%**	**939**	843	**+ 96**	+ 5	+ 93	+ 55	- 28	-	- 29		
Op profit *	**+66%**	**48**	29	**+ 19**	-	+ 10	+ 8	-	+ 4	- 3	**5.1%**	3.4%

** excluding goodwill amortisation €4m (2001: €3m) and profit on disposal €2m (2001: loss €5m); including rationalisation charge €2m (2001: €6m)*

- Distribution:
  - Good benefits from 2001/2002 Dutch and French acquisitions (EBITA +€4m)
  - Modest underlying improvements principally due to Portuguese J.V.
  - Disposal impact reflects sale of non-core Swiss assets
- Concrete:
  - Strong seasonal May/June contribution from EHL (Sales €47m; EBITA €7m)
  - 2001 acquisitions Zoontjens (NL) and BMI (France) added EBITA €2m
  - Further decline in flooring demand in Holland, €2m rationalisation charge
- Clay:
  - Similar Dutch profits with modest brick volume / price increases
  - Germany: reduced EBITA losses post 2001 restructuring, cash neutral
- Building Products:
  - Insulation: Gefinex/ThermiSol acquisitions (EBITA +€5m); underlying similar
  - Daylight & Ventilation: lower profits in difficult German markets
  - Fencing: unchanged despite market slowdown

MAINLAND EUROPE - 2002 OUTLOOK

- Euroconstruct forecasts for major CRH markets:

↓ Belgium -2.2%	↓ Finland -1.0%	↑ France +0.8%
↓ Germany -2.1%	↓ Netherlands -0.6%	↓ Poland -6.8%
↑ Spain +4.0%	↓ Switzerland -0.4%	

- Weak European trends continue, first flagged by CRH at Interim 2001
- Little or no 2002 construction growth forecast other than in Iberian markets
- Declines in new residential & commercial; RMI & infrastructure more stable

AMERICAS - MATERIALS

		H1			Analysis of change				Margins	
€m		2002	2001		FX	Acq '01	Acq '02	Organic	2002	2001
Sales	**+7%**	**1,108**	1,032	**+ 76**	+ 1	+ 89	+ 61	- 75		
Op profit *	**n/m**	**(30)**	(10)	**- 20**	-	- 1	+ 8	- 27	**-2.7%**	-1.0%

** excluding goodwill amortisation €10m (2001: €7m) and profit on disposal €3m (2001: €2m)*

- €1m first-time winter EBITA losses from 2001 acquisitions, less severe than expected
- Strong initial contribution from 2002 acquisitions in Utah, Idaho, Ohio and Iowa
- Unseasonably wet weather in May / early June significantly impacted underlying results
- Generally strong activity in Northeast, particularly in key NY / NJ / CT markets
- Central division, particularly Michigan / Ohio, most affected by the poor weather
- In the West, Iowa & Washington steady; Utah sluggish with weakening local economy

AMERICAS - P & D

€m		H1 2002	H1 2001		Analysis of change FX	Acq '01	Acq '02	Organic	Margins 2002	Margins 2001
Sales	**+7%**	**1,655**	1,548	**+107**	- 17	+ 106	+ 31	- 13		
Op profit *	**+8%**	**141**	130	**+ 11**	- 1	+ 8	+ 6	- 2	**8.5%**	8.4%

** excluding goodwill amortisation €7m (2001: €6m) and loss on disposal €0.5m (2001: profit €0.5m)*

- Acquisition benefits reflect APG and Distribution deals
- Precast: continuing weakness in commercial / telco demand accounts for organic decline
- APG: strong underlying performance driven by RMI / new housing
- Glass: performing well in tougher commercial markets
- Distribution: continuing progress with margin improvement
- South America: good performance in local currency terms; translation negative

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AMERICAS - 2002 OUTLOOK

- Construction forecasts (Dodge, FMI) -2%
- Materials
  - ➔ Good backlogs somewhat slow in generating activity on the ground
  - ➔ Bitumen costs still running higher than 2001 levels
  - ➔ Key infrastructure sector solid
- Products & Distribution
  - ➔ Strong residential / RMI activity continues to benefit APG
  - ➔ Declines in commercial / telco impacting Precast
  - ➔ Glass: resilient performance expected
  - ➔ Distribution: ongoing delivery on margin improvement
- Overall expect higher full year US$ profits

H1 2002 ACQUISITION SPEND

	€m
US Aggregates	81
EHL	155
Other deals	371
Total H1 spend (20 deals)	**607**

H1 2002 COMPONENTS OF GROWTH

€m	Sales	EBITA	Goodwill amortisation	Profit on disposals	Interest	EBT
H1 2001	4,496	296	(27)	12	(95)	186
H1 2002	**4,801**	**295**	**(35)**	**10**	**(74)**	**196**
Increase	**+ 7%**					**+ 5%**

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2001 acquisitions	341	22	(6)	-	(23)	(7)
2002 acquisitions	149	22	(2)	-	(7)	13
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2001 rationalisation	-	6	-	-	-	6
2002 rationalisation	-	(9)	-	-	-	(9)
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2002 rationalisation	-	(9)	-	-	-	(9)
Organic	(149)	(41)	-	(2)	37	(6)
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CASH EARNINGS PER SHARE & DIVIDEND

	€ cent	%
Earnings per share before goodwill amortisation	33.51	+2
Depreciation per share	43.08	+1
Cash earnings per share	76.59	+1
Dividend per share	7.43	+10

H1 FUNDS FLOW

	2002	2001
Inflows	**€ m**	**€ m**
Profit before tax	196	186
Depreciation	225	209
Goodwill amortisation	34	27
	455	422
Outflows		
Working capital	(214)	(363)
Tax paid	(52)	(13)
Dividends	(90)	(68)
Capital expenditure	(211)	(247)
Other	(13)	(19)
	(580)	(710)
Operating cash flow	**(125)**	**(288)**
Acquisitions and investments	(607)	(515)
Disposals	50	52
Share issues (net of expenses)	25	1,091
Translation	224	(189)
Debt (increase)/decrease	**(433)**	**151**

KEY FINANCIAL DATA AND RATIOS

	H1 2002	H1 2001
Sales margins *		
EBITDA	10.8%	11.2%
EBITA *(operating profit)*	6.1%	6.6%
EBIT	5.4%	6.0%

** excluding profit on disposals*

Tax rate	27%	28%

KEY FINANCIAL DATA AND RATIOS

H1 2001	Y/E 2001		H1 2002
2,469	1,894	Debt (€m)	2,327
4,552	4,775	Shareholders' funds (€m)	4,532
54.2%	39.7%	Debt/shareholders' funds	51.4%
24.0%	18.3%	Debt/market capitalisation	26.3%

Interest cover *

6.6	8.5	EBITDA/Interest	10.0
4.4	5.6	EBIT/Interest	6.4

** rolling 12 month ratios which capture the cost of seasonal WC*

SPECIFIC IRISH / US MARKET ISSUES

- Irish Economic Outlook
  - 2002 GDP growth in the range 2% to 5%
  - Low Debt/GDP (33% end-2001); but planned 2002 budget surplus in doubt
  - EU deficit rules; some short term threat to new capital projects, however...
  - ... redressing infrastructure deficit is key to medium-term economic progress
- TEA-21 Highway funding level
  - Original Bush proposal of $23.3bn for FY 2003, now $27.5bn
  - Senate Appropriations Committee has unanimously approved $31.8bn
  - Full Senate debate on this $31.8bn likely later in September
  - House Appropriations Committee bill due shortly ($28bn expected); should be a floor
  - Once FY 2003 decided, focus will shift to TEA-21 renewal

H1 SUMMARY & FULL YEAR 2002 OUTLOOK

- Robust performance in context of:
  - ➔ difficult trading conditions in many markets
  - ➔ unseasonable May / June weather for US Materials
  - ➔ €9m rationalisation costs taken above the line
- Challenging business environment:
  - ➔ tough markets in most regions
  - ➔ weaker US dollar will impact
- But supported by:
  - ➔ ongoing focus on efficiency and cost reduction
  - ➔ contributions from 2001 / 2002 acquisitions
  - ➔ strong balance sheet and resilient operational cash flow
- 2002: a year of further progress

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