

CRH plc 2002 Results



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CONTENTS

2002 Highlights	3
2002 Overview	4
Republic of Ireland	5
Britain & Northern Ireland	6
Mainland Europe – Materials	7
Mainland Europe – P & D	8
Americas – Materials	9
Americas – P & D	10
US Distribution Asbestos claims	11
2002 Acquisitions and investments of € 1bn	12
2002 Components of growth	13
Cash earnings per share & dividend	14
2002 Funds flow	15
Key financial data and ratios	16
Pension costs	18
Europe – 2003 Outlook	19
Americas – 2003 Outlook	20
Overall – 2003 Outlook	21
Supplementary information	
Sales / EBITA analysis by region	23
Goodwill amortisation / Profit on disposals analysis by region	24
Sales / EBITA analysis by division	25
Goodwill amortisation / Profit on disposals analysis by division	26
Contact us	27



2002 HIGHLIGHTS

	2002 €m	2001 €m	Change
Sales	10,794	10,444	+ 3%
Operating profit before goodwill	1,048	1,020	+ 3%
Profit before tax	856	803	+ 7%
	€ cent	€ cent	
EPS before goodwill	132.54	127.32	+ 4%
EPS after goodwill	119.22	115.32	+ 3%
Cash EPS	219.82	213.73	+ 3%
Dividend	25.40	23.00	+ 10%

2002 OVERVIEW

- Record earnings, merits of balance again evident in a challenging environment
- Ireland: full year construction activity down c.4%, following recovery in H2
- UK: Ibstock margins impacted by higher energy costs, Northern Ireland lower
- Mainland Europe - Materials: mixed trading, €7m H1 charge for Polish rationalisation
- Mainland Europe - P&D: strong acquisition contributions, 2001 rationalisation benefits
- Americas - Materials: slower H2 activity prevented recovery from May/June weather setback
- Americas - P&D: robust performance despite severe non-residential decline
- Acquisitions: spend of €1.0 billion on 45 acquisitions
- Solid financial base - 2002 EBITDA Interest Cover over 11.3 times
- Good deal flow, significant capacity for further value-enhancing deals



REPUBLIC OF IRELAND

		Analysis of change							Margins	
€m		2002	2001		FX	Acq '01	Acq '02	Organic	2002	2001
Sales	+1%	714	704	+10	-	+1	-	+9		
Op profit *	- 2%	131	134	- 3	-	-	-	- 3	18.3%	19.0%

* excluding goodwill amortisation €0.3m (2001: €0.2m) and profit on disposal €7.8m (2001: €16.5m)

- After 10% H1 decline activity gained momentum in H2
- Overall, full year construction demand c.4% down on 2001
- Cost inflation and lower volumes partly offset by price and efficiency gains
- Full year residential construction stronger than 2001
- Road construction benefited from activity on major NDP projects
- Commercial/Industrial weaker with marked declines in Dublin market

BRITAIN & NORTHERN IRELAND

					Analysis of change				Margins	
€m		2002	2001		FX	Acq '01	Acq '02	Organic	2002	2001
Sales	+3%	699	680	+19	- 8	+8	+5	+14		
Op profit *	- 10%	56	62	- 6	- 1	+1	+1	- 7	8.0%	9.1%

* excluding goodwill amortisation €5.4m (2001: €5.2m) and profit on disposal €2.8m (2001: €4.9m)

- UK housing starts / brick deliveries marginally up on 2001
- Istock: modest improvements in both volumes and prices
- However, margins suffered due to higher natural gas costs
- Concrete: strong masonry / roof tile demand resulted in higher profits
- Fencing: improved profitability helped by Geoquip acquisition (Aug '02)
- Insulation & Rooflights: profits declined slightly
- Northern Ireland: activity down 7%, lower sales and profits in Materials



MAINLAND EUROPE - MATERIALS

€m					Analysis of change				Margins	
	2002	2001			FX	Acq '01	Acq '02	Reorg. Costs	Organic	2002 2001
Sales	+6%	967	908	+59	- 13	+50	+14	-	+8	
Op profit *	- 1%	126	127	- 1	- 2	+8	+1	- 7	- 1	13.0% 14.0%

* excluding goodwill amortisation €19.8m (2001: €18.9m) and profit on disposal €3.5m (2001: €1m)

- FX reflects weaker Zloty and Shekel partly offset by stronger Swiss Franc
- Israel: incremental Jan-July joint venture contribution (Sales +€44m; EBITA +€7m)
- Spain: further good volume and operating profit advances in competitive markets
- Poland: in weak markets underlying EBITA maintained before €7m rationalisation costs
- Finland/Baltic: lower Finnish demand offset by strong activity in St. Petersburg/Estonia
- Switzerland: weak H2, delays in infrastructure projects led to volume and profit declines



MAINLAND EUROPE - P & D

					Analysis of change							
€m		2002	2001		FX	Acq '01	Acq '02	Ops Sold	Reorg. Costs	Organic	Margins 2002	2001
Sales	+18%	2,053	1,744	+309	+4	+136	+257	-45	-	-43		
Op profit *	+65%	107	65	+42	-	+12	+24	-	+3	+3	5.2%	3.7%

* excluding goodwill amortisation €8.8m (2001: €6.3m) and loss on disposal €0.2m (2001: loss €5.0m); including rationalisation charge €5m (2001: €8m)

- Distribution: EBITA+€9m
 - Benefits from '01/'02 Dutch, French & Swiss acquisitions (Sales +€138m, EBITA +€7m)
 - Disposals impact on sales reflects exit from non-core Swiss locations
 - Strong organic DIY gains partly offset by €3m rationalisation in Dutch merchanting
- Concrete: EBITA+€18m
 - EHL contribution (Sales €151m; EBITA €17m); other '01/'02 acqs (Sales €32m, EBITA €3m)
 - Further decline in flooring demand in Holland, €2m rationalisation charge
- Clay: EBITA+€5m
 - Netherlands/Germany: benefits from 2001 rationalisation, Poland: lower in difficult markets
- Building Products: EBITA+€10m
 - Insulation: acquisition contributions (Sales +€72m, EBITA +€9m), modest underlying increase
 - Fencing / D&V: profits lower in challenging German markets



AMERICAS - MATERIALS

€m					Analysis of change				Margins	
	2002	2001			FX	Acq '01	Acq '02	Organic	2002	2001
Sales	- 3% 3,072	3,168	- 96		- 167	+100	+241	- 270		
Op profit *	- 3% 336	346	- 10		- 18	+1	+40	- 33	10.9%	10.9%

* excluding goodwill amortisation €19.8m (2001: €17.0m) and profit on disposal €3.3m (2001: €1.4m)

- Cost reductions partly offset higher bitumen costs / less favourable weather
- Heritage aggregate and asphalt volumes down c.7%, state finances deteriorated
- Low incremental EBITA from 2001 acquisitions reflects traditional seasonal winter losses
- Strong initial contribution from 2002 acquisitions in Utah, Idaho, Ohio and Iowa
- New England: Connecticut strong, offset by reduced paving programme in Vermont
- NY/NJ: good results in NY metro / Mt. Hope compensated for weak Rochester market
- Central: Pennsylvania, Ohio, Michigan most affected by weaker underlying demand
- West: significant slowdown in Utah / Southern Idaho / Seattle markets

AMERICAS - P & D

€m					Analysis of change				Margins	
	2002	2001			FX	Acq '01	Acq '02	Organic	2002	2001
Sales	+2% 3,289	3,240	+49		- 206	+141	+161	- 47		
Op profit *	+2% 292	286	+ 6		- 17	+12	+14	- 3	8.9%	8.8%

* excluding goodwill amortisation €15.5m (2001: €13.0m) and loss on disposal €1.5m (2001: loss €2.1m)

- Precast:
EBITA -€14m
 - Impacted by continuing weakness in non-residential / telco demand
 - Aggressive steps to cut costs, divest assets, exit non-core markets
- APG:
EBITA +€25m
 - 2001/2002 acquisitions added Sales €159m, EBITA €17m
 - Good underlying outturn, RMI and new housing strong
- Glass:
EBITA -€3m
 - Volume gains and cost reductions held margins in tougher markets
 - Modest declines in sales and operating profits
- Distribution:
EBITA +€15m
 - Good contributions (Sales €126m, EBITA €9m) from '01/'02 acquisitions
 - Margin recovery programme continued, full year EBITA margins over 4%

US DISTRIBUTION ASBESTOS CLAIMS

- 251 claimants announced 30th September 2002
- Only 8 new claimants notified in last five months
- 8 claims disposed of since September for \$5,800 gross
- 251 claimants outstanding at end February 2003
- All claims involve multiple co-defendants
- Continuing to settle only on a minimal and pragmatic basis
- Experience since September strengthens our view that claims outcome will not have a material impact



2002 ACQUISITIONS AND INVESTMENTS OF €1BN

- **Europe Materials € 32m:**

- Continuation of reserves expansion in Ireland
- Modest bolt-on deals in Finland, Poland and Switzerland

- **Europe P&D € 242m:**

- EHL Group, the leading player in concrete paving in Germany
- Significant additions in Distribution in Switzerland; Belgian concrete products

- **Americas Materials € 439m:**

- Purchase of assets of US Aggregates in Utah, Idaho and Alabama
- 17 other deals including significant additions in Ohio, West Virginia and Iowa

- **Americas P&D € 279m:**

- Major APG additions in NJ paving and bagged goods in NY/NJ/Midwest
- Four Precast deals; Distribution add-ons in Chicago, CA and NJ



2002 COMPONENTS OF GROWTH

€m	Sales	EBITA	Goodwill amortisation	Profit on disposals	Interest	EBT
2001	10,444	1,020	(61)	17	(173)	803
Exchange effects	(390)	(38)	2	-	8	(28)
Disposed businesses	(45)	-	-	-	-	-
2001 acquisitions	436	34	(6)	-	(25)	3
2002 acquisitions	678	80	(5)	-	(20)	55
Share issues	-	-	-	-	13	13
2001 rationalisation	-	8	-	-	-	8
2002 rationalisation	-	(12)	-	-	-	(12)
Organic	(329)	(44)	-	(1)	59	14
2002	10,794	1,048	(70)	16	(138)	856
Increase	+ 3%	+ 3%				+ 7%

CASH EARNINGS PER SHARE & DIVIDEND

	€ cent	%
Earnings per share before goodwill amortisation	132.54	+4
Depreciation per share	87.28	+1
Cash earnings per share	219.82	+3
Dividend per share	25.40	+10

2002 FUNDS FLOW

	2002	2001
	€ m	€ m
Inflows		
Profit before tax	856	803
Depreciation	456	436
Goodwill amortisation	70	61
Working capital	90	(61)
	<u>1,472</u>	<u>1,239</u>
Outflows		
Tax paid	(162)	(79)
Dividends	(135)	(103)
Capital expenditure	(367)	(452)
Other	(21)	(31)
	<u>(685)</u>	<u>(665)</u>
Operating cash flow	<u>787</u>	<u>574</u>
Acquisitions and investments	(992)	(1,080)
Disposals	104	89
Share issues (net of expenses)	37	1,108
Issue of preference capital to minority	-	109
Translation	248	(74)
	<u>184</u>	<u>726</u>
Debt decrease	<u>184</u>	<u>726</u>

KEY FINANCIAL DATA AND RATIOS

	2002	2001
Sales margins		
*EBITDA	13.9%	13.9%
*EBITA (<i>operating profit</i>)	9.7%	9.8%
EBIT	9.2%	9.3%

** excluding profit on disposals*

Tax rate	26.5%	27.0%
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EBIT return on Average Net Assets	13.3%	14.0%
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KEY FINANCIAL DATA AND RATIOS

	Y/E 2002	Y/E 2001
Debt (€bn)	1.7	1.9
Shareholders' funds (€bn)	4.8	4.8
Debt/shareholders' funds	36%	40%
Debt/market capitalisation	28%	18%

Interest cover

EBITDA/Interest	11.3	8.5
EBIT/Interest	7.3	5.6

PENSION COSTS

- Total SSAP 24 pension cost charged to P&L €108m (2001: €96m)
- FRS 17 charge would be lower at €85m (2001: €81m)
- Defined benefit scheme members c.23% of total employees
- 2002 FRS 17 net pension liability €130m (2001: €119m asset)
- €130m just 2% of year-end market capitalisation
- Underlying 2003 increase in SSAP 24 charge estimated c.1% of PBT

EUROPE - 2003 OUTLOOK

- Euroconstruct forecasts for major CRH markets:

➔ Belgium 0.0%

⬆ Finland +0.5%

➔ France 0.0%

⬇ Germany -1.1%

⬇ Ireland -7.2%

⬇ Netherlands -1.9%

⬆ Poland +3.4%

⬆ Spain +3.2%

➔ Switzerland +0.1%

⬆ UK +3.8%

- Ireland: strong H1, H2 likely to be slower, Euroconstruct may be pessimistic
- UK: expect positive growth although Euroconstruct may be optimistic
- Benelux & France: lacklustre demand with generally weak residential trends
- Germany: expect continuing weakness especially in new build
- Finland & Switzerland: construction markets mainly steady
- Poland: start of recovery, Spain: remains strong

AMERICAS - 2003 OUTLOOK

- Construction forecast c.-2%
- Materials
 - 2003 Federal Highway funding finally agreed at \$31.6 billion
 - High oil prices have curtailed bitumen winter fill programme
 - State funding constraints also a concern
 - Recovery of energy costs is key
- Products & Distribution
 - Precast: some indications that commercial/telco demand is stabilising
 - APG: residential demand to remain strong, 2002 acquisitions will benefit
 - Glass: look for another resilient performance in tougher markets
 - Distribution: continuing delivery on margin improvement
- Targeting higher full year US\$ profits

OVERALL - 2003 OUTLOOK

- World political / economic / energy backdrop uncertain
- Markets likely to remain difficult for immediate future
- However, CRH well positioned in majority of markets
- Continuing emphasis on cost control, cash flow optimisation
- Uniquely strong balance sheet and development focus
- CRH is well placed to develop where we see good value / strategic fit

SUPPLEMENTARY INFORMATION

ANALYSIS BY REGION

€M	2002	2001	% change
Sales			
Ireland	714	704	+ 1%
Britain & Northern Ireland	699	680	+ 3%
Mainland Europe	3,020	2,652	+ 14%
Americas	6,361	6,408	- 1%
Total	<u>10,794</u>	<u>10,444</u>	+ 3%

EBITA

Ireland	131	134	- 2%
Britain & Northern Ireland	56	62	- 10%
Mainland Europe	233	192	+ 21%
Americas	628	632	- 1%
Total	<u>1,048</u>	<u>1,020</u>	+ 3%

ANALYSIS BY REGION

€M	2002	2001	% change
Goodwill amortisation			
Ireland	0.3	0.2	+ 50%
Britain & Northern Ireland	5.4	5.2	+ 4%
Mainland Europe	28.6	25.2	+ 13%
Americas	35.3	30.0	+ 18%
Total	69.6	60.6	+ 15%
Profit on disposals			
Ireland	7.8	16.5	- 53%
Britain & Northern Ireland	2.8	4.9	- 43%
Mainland Europe	3.3	(4.0)	n/m
Americas	1.8	(0.7)	n/m
Total	15.7	16.7	- 6%

ANALYSIS BY DIVISION

€M	2002	2001	% change
Sales			
Europe Materials	1,927	1,861	+ 4%
Europe P&D	2,506	2,175	+ 15%
Americas Materials	3,072	3,168	- 3%
Americas P&D	3,289	3,240	+ 2%
Total	<u>10,794</u>	<u>10,444</u>	+ 3%

EBITA

Europe Materials	266	271	- 2%
Europe P&D	154	117	+ 32%
Americas Materials	336	346	- 3%
Americas P&D	292	286	+ 2%
Total	<u>1,048</u>	<u>1,020</u>	+ 3%

ANALYSIS BY DIVISION

€M	2002	2001	% change
Goodwill amortisation			
Europe Materials	19.9	18.9	+ 5%
Europe P&D	14.4	11.7	+ 23%
Americas Materials	19.8	17.0	+ 16%
Americas P&D	15.5	13.0	+ 19%
Total	69.6	60.6	+ 15%
Profit on disposals			
Europe Materials	11.7	17.8	- 34%
Europe P&D	2.2	(0.4)	n/m
Americas Materials	3.3	1.4	+ 136%
Americas P&D	(1.5)	(2.1)	+ 29%
Total	15.7	16.7	- 6%

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