

A photograph of an industrial facility, likely a cement plant, featuring large green silos and a yellow truck. The sky is clear blue.

CRH plc

Interim Results 2003

The CRH logo, consisting of the letters 'CRH' in white on a dark blue square background.

CRH

The International Building Materials Group

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This interim results presentation contains certain forward-looking statements as defined under US legislation. By their nature, such statements involve uncertainty; as a consequence, actual results and developments may differ from those expressed in or implied by such statements depending on a variety of factors including the specific factors identified in this interim results presentation and other factors discussed in our Annual Report on Form 20-F filed with the SEC.

	2003 €m	2002 €m	change
Sales	4,661	4,801	-3%
Operating profit before goodwill	245	295	-17%
Profit before tax	161	196	-18%
	€ cent	€ cent	
EPS before goodwill	28.89	33.51	-14%
EPS after goodwill	22.16	26.78	-17%
Cash EPS	69.95	76.59	-9%
Dividend	8.20	7.43	+10%

- Ireland: Strong residential demand; higher sales and profits
- UK: Higher Sterling outcome; but similar euro profits due to FX
- Europe:
 - Materials: Poland and Finland hit by weather; lower profits
 - P&D: Higher profits reflecting benefits from acquisitions
- Americas:
 - Materials: Low early-season activity hit by poor weather
 - P&D: Activity levels affected by weather and weak non-residential
- Currency: €10m negative PBT impact; primarily due to weaker US\$
- Acquisitions: First half spend of €577m
- Good deal flow, solid financial base

					Analysis of change			
					Acquisitions			
€m		H1			FX	2002	2003	Organic
		2003	2002					
Sales	+14%	353	309	+44	-	-	-	+44
Op profit*	+14%	68	60	+8	-	-	-	+8
Op margin		19.4%	19.6%					

*excluding goodwill amortisation €0.1m (2002: €0.1m) and profit on disposal €2.2m (2002: €3.5m)

- H2 2002 trends have continued in 2003; residential buoyant, non-residential weak
- Good level of infrastructural activity but some major jobs winding down
- Double-digit volume increases in cement, readymix concrete, blocks; blacktop down
- 2003 Outlook:
 - ➔ New residential activity continues at a high level
 - ➔ Non-residential remains weak; infrastructure much slower in H2
 - ➔ After strong H1, expect lower overall H2 activity levels; full year broadly similar
 - ➔ Euroconstruct -3.2% full year construction decline looks pessimistic

€m	H1				Analysis of change			
		2003	2002		Acquisitions/Disposals			
					FX	2002	2003	Organic
Sales	+3%	341	330	+11	-31	+6	-4	+40
Op profit*	-	30	30	-	-3	+1	-	+2
Op margin		8.6%	8.9%					

*excluding goodwill amortisation €2.6m (2002: €2.7m) and profit on disposal €3.0m (2002: €1.2m)

- Sterling -9% against euro giving a negative €3m EBITA translation impact
- Ibstock brick volumes in line with H1 '02, with good price increases achieved (+6%)
- Good demand in concrete products; insulation profit also ahead
- Northern Ireland: similar profits
- 2003 outlook:
 - Euroconstruct: total construction +4.9%; new residential +7.2%, looks optimistic
 - Slightly softer tone to our markets in recent months
 - Continued benefits from Ibstock price improvements
 - Expect higher full year Sterling profits

€m		H1			Analysis of change				
		2003	2002		FX	Acquisitions '02	'03	Reorg. costs	Organic
Sales	- 3%	444	460	-16	-24	+12	+10	-	-14
Op profit*	-27%	33	45	-12	-2	+1	+1	+7	-19
Op margin		7.3%	9.8%						

**excluding goodwill amortisation €10.1m (2002: €10.8m) and profit on disposal €0.7m (2002: €2.0m); and including no reorganisation costs in 2003 (2002: €7.0m)*

- Tough winter severely impacted Polish cement demand (-13%) and profits
- Finland also negatively affected but to a lesser extent
- More normal seasonal Swiss demand but the economy is slowing
- Good volume growth in Spain but similar outcome in competitive market
- Israel performed well against a difficult political backdrop
- Overall profits sharply lower reflecting tough operating conditions

					Analysis of change				
					Acquisitions			Reorg.	
€m		H1 2003	2002		FX	'02	'03	costs	Organic
Sales	+19%	1,116	939	+177	-5	+168	+32	-	-18
Op profit*	+10%	54	49	+5	-	+8	+2	-	-5
Op margin		4.9%	5.2%						

*excluding goodwill amortisation €4.6m (2002: €4.2m) and profit on disposal €0.4m (2002: €1.5m); and including €2m reorganisation costs in both periods

- Distribution: ➤ Good start to the year in Benelux DIY and French merchanting
EBITA +€2m ➤ Integration of 2002 Swiss acquisitions progressing
- Concrete: ➤ Continuing weakness in residential and non-residential; RMI more stable
EBITA +€2m ➤ Results helped by inclusion of EHL (May '02) and Douterloigne (Aug '02)
- Clay: ➤ Markets have remained difficult in Holland and Germany
EBITA +€1m ➤ Polish ops benefited from product development/improved market share
- Insulation: ➤ Lower profits reflecting difficult conditions in Germany and Nordic regions
EBITA no chg ➤ Offset by inclusion of 100% of EcoTherm (Oct 2002)
- Products: ➤ Acquisition contribution from Plakabeton (Apr '03) and Adronit (Mar '03)
EBITA +€1m ➤ Partly offset by weaker Daylight & Ventilation results

- Euroconstruct forecasts continued weak markets
- Materials:
 - Better demand in Poland and Finland in recent months
 - Incremental H2 impact of 2002/2003 acquisitions
 - Should largely recover first half operating profit decline
- Products & Distribution:
 - Market backdrop remains weak
 - Benefits from 2002 restructuring and 2003 acquisitions
 - Good full year profit advance expected

					Analysis of change			
					Acquisitions			
€m		H1			FX	2002	2003	Organic
		2003	2002					
Sales	-17%	921	1,108	-187	-208	+47	+36	-62
Op loss*	-31%	(39)	(30)	-9	+6	+2	+3	-20
Op margin		-4.3%	-2.7%					

*excluding goodwill amortisation €8.9m (2002: €9.9m) and profit on disposal €1.3m (2002: €2.6m)

- Low early-season activity levels reduced by severe snowfalls
- May/June also impacted by very wet weather in East/Midwest
- More normal conditions in Western and Mountain States
- Heritage aggregate and asphalt volumes -12%; readymix concrete -8%
- Traditional first half US\$ operating loss higher than 2002

					Analysis of change			
					Acquisitions			
€m		H1 2003	2002		FX	2002	2003	Organic
Sales	-10%	1,486	1,655	-169	-307	+143	+67	-72
Op profit*	-30%	99	141	-42	-26	+6	+10	-32
Op margin		6.7%	8.5%					

*excluding goodwill amortisation €9.0m (2002: €7.4m) and loss on disposal €1.2m (2002: €0.5m)

- Precast: ➤ Results hit by weather and continuing decline in non-residential EBITA -€10m ➤ Telecoms sector remains at a very low level
- APG: ➤ Slower May/June seasonal homecentre pick-up due to weather EBITA -€7m ➤ Lower brick sales due to slower high-end housing/institutional
- Glass: ➤ Good performance given scale of non-residential decline EBITA -€5m ➤ Some margin erosion due to less strong Southern/Central demand
- Distribution: ➤ Helped by acquisitions and robust underlying performance EBITA +€6m ➤ Further margin improvement achieved

- Construction forecasts: -3.1% (Dodge)
- Materials:
 - Good backlogs but clawback of H1 deficit hampered by wet July/August
 - Continuing high energy costs largely recovered through higher prices
 - SAFETEA: reauthorisation process will intensify over coming months
- Products & Distribution:
 - Precast: non-residential markets remain tough
 - APG: benefits from strength in housing and homecentres
 - Glass: out-performing competition in difficult markets
 - Distribution: margin improvement to continue
- Overall with reasonable weather expect higher full year US\$ profits

- 251 claimants announced 30th September 2002
- 35 new claimants notified in last eleven months
- 11 claims disposed of since September '02 for US\$11,200 gross
- Continuing to settle only on a minimal and pragmatic basis
- 275 claimants outstanding at end-August 2003
- We believe these claims against us are without merit
- All claims involve multiple co-defendants
- Experience over past eleven months confirms our view that claims outcome will not have a material impact

- Europe Materials €35m
 - 85% stake in Trzuskawica Lime in Poland
 - Bolt-on aggregates deal in Finland
- Europe P&D €117m
 - Plakabeton, Belgian metal building accessories operation
 - 16 Gamma stores in 3 deals in Holland/Belgium
 - Concrete; Premac in Slovakia, Gera in Germany
 - Adronit fencing in Germany
- Americas Materials €228m
 - SE Johnson in Ohio and Michigan (€189m)
 - 3 bolt-ons in Central and Western Group
- Americas P&D €197m
 - Significant APG additions in Chicago, Wisconsin and Florida
 - Glass deals in Quebec and Arizona
 - Distribution deals in Chicago and Denver

H1 2003 COMPONENTS OF CHANGE

2003 Interim Results, September 2 2003

€M	Sales	EBITA	Goodwill amortisation	Profit on disposals	Interest	EBT
H1 2002	4,801	295	(35)	10	(74)	196
Exchange effects	(575)	(25)	4	-	11	(10)
2002 Acquisitions	376	18	(2)	-	(8)	8
2003 Acquisitions	145	16	(2)	-	(4)	10
2003 Disposals	(4)	-	-	-	-	-
2002 Rationalisation	-	9	-	-	-	9
2003 Rationalisation	-	(2)	-	-	-	(2)
Organic	(82)	(66)	-	(4)	20	(50)
H1 2003	4,661	245	(35)	6	(55)	161
Change	- 3%	- 17%				- 18%

CASH EARNINGS PER SHARE & DIVIDEND

2003 Interim Results, September 2 2003

	€cent	%
Earnings per share before goodwill amortisation	28.89	-14
Depreciation per share	41.06	-5
Cash earnings per share	69.95	-9
Dividend per share	8.20	+10

	2003	2002	2001
	€m	€m	€m
Inflows			
Profit before tax	161	196	186
Depreciation	216	225	209
Goodwill amortisation (excluding JVs)	34	34	27
	411	455	422
Outflows			
Working capital	(300)	(214)	(363)
Tax paid	(41)	(52)	(13)
Dividends	(99)	(90)	(68)
Capital expenditure	(218)	(211)	(247)
Other	(8)	(13)	(19)
	(666)	(580)	(710)
Operating cash outflow	(255)	(125)	(288)
Acquisitions and investments	(577)	(607)	(515)
Disposals	35	50	52
Share issues (net of expenses)	24	25	1,091
Translation	144	224	(189)
Debt (increase) / decrease	(629)	(433)	151

KEY FINANCIAL DATA AND RATIOS

2003 Interim Results, September 2 2003

	H1 2003	H1 2002
Sales margins		
*EBITDA	9.9%	10.8%
*EBITA (<i>operating profit</i>)	5.3%	6.1%
EBIT	4.6%	5.6%
<i>*excluding profit on disposals</i>		

Tax Rate	26%	27%
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KEY FINANCIAL DATA AND RATIOS

2003 Interim Results, September 2 2003

H1 2002	Y/E 2002		H1 2003
2.3	1.7	Debt (€bn)	2.3
4.5	4.8	Shareholder's funds (€bn)	4.6
51%	36%	Debt/shareholders' funds	51%
26%	28%	Debt/market capitalisation	33%
Interest cover*			
10.0	11.3	EBITDA/Interest	12.5
6.4	7.3	EBIT/Interest	8.0

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

- Difficult first half in context of:
 - Tough markets in most regions; generally severe weather
 - €10m adverse foreign exchange translation effect at PBT level
- However, second half is seasonally much more important
- Deal flow remains strong
 - €577m of deals announced in H1; SE Johnson + €65m monthly spend
 - Continuing good level of monthly bolt-on activity
 - Cementbouw transactions (€693m) should complete before year-end
- Despite recent US\$ strengthening H2 will see higher adverse FX impact
 - Continuation of a \$1.09/€ rate would give 2003 average \$1.1032 (2002: \$0.9456)
 - And full year adverse PBT translation impact of €77m (9% of 2002 PBT)
- With reasonable weather expect PBT, pre adverse FX impact, ahead of 2002

SUPPLEMENTARY INFORMATION

€m	2003	2002	change
Sales			
Ireland	353	309	+14%
Britain & Northern Ireland	341	330	+3%
Mainland Europe	1,560	1,399	+12%
Americas	2,407	2,763	-13%
Total	<u>4,661</u>	<u>4,801</u>	-3%
EBITA			
Ireland	68.6	60.4	+14%
Britain & Northern Ireland	29.4	29.5	-
Mainland Europe	86.7	93.6	-7%
Americas	60.0	111.3	-46%
Total	<u>244.7</u>	<u>294.8</u>	-17%

€m	2003	2002	change
Goodwill amortisation			
Ireland	0.1	0.1	-
Britain & Northern Ireland	2.6	2.7	-4%
Mainland Europe	14.7	15.0	-2%
Americas	17.9	17.3	+3%
Total	35.3	35.1	+1%
Profit on disposals			
Ireland	2.2	3.5	-37%
Britain & Northern Ireland	3.0	1.2	+150%
Mainland Europe	1.1	3.5	-69%
Americas	0.1	2.1	-95%
Total	6.4	10.3	-38%

€m	2003	2002	change
Sales			
Europe Materials	913	874	+4%
Europe P&D	1,341	1,164	+15%
Americas Materials	921	1,108	-17%
Americas P&D	1,486	1,655	-10%
Total	<u>4,661</u>	<u>4,801</u>	-3%
EBITA			
Europe Materials	105.1	108.8	-3%
Europe P&D	79.6	74.7	+7%
Americas Materials	(39.2)	(29.9)	-31%
Americas P&D	99.2	141.2	-30%
Total	<u>244.7</u>	<u>294.8</u>	-17%

€m	2003	2002	change
Goodwill amortisation			
Europe Materials	8.9	10.8	-18%
Europe P&D	8.5	7.0	+21%
Americas Materials	8.9	9.9	-10%
Americas P&D	9.0	7.4	+22%
Total	<u>35.3</u>	<u>35.1</u>	+1%
Profit on disposals			
Europe Materials	4.6	5.5	-16%
Europe P&D	1.7	2.7	-37%
Americas Materials	1.3	2.6	-50%
Americas P&D	(1.2)	(0.5)	n/m
Total	<u>6.4</u>	<u>10.3</u>	-38%

Construction output 2003

%

Belgium	↑	+0.4
Denmark	→	0.0
Finland	↑	+0.9
France	↓	-1.1
Germany	↓	-1.6
Ireland	↓	-3.2
Netherlands	↓	-1.9
Poland	↓	-2.5
Portugal	↓	-4.2
Spain	↑	+3.0
Sweden	↑	+0.3
Switzerland	↓	-1.5
United Kingdom	↑	+4.9

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