

CRH plc 2004 Results



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The International Building Materials Group

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2004 Highlights

Reported	2004 €m	2003 €m	<u>% change in 2004</u>	
			Reported	Constant Currency
Sales	12,820	11,080	+16%	+22%
Operating profit before goodwill	1,247	1,045	+19%	+25%
Profit before tax	1,017	864	+18%	+23%
	€ cent	€ cent		
EPS before goodwill	163.1	136.2	+20%	+26%
EPS after goodwill	143.9	121.9	+18%	+24%
Cash EPS	256.4	223.4	+15%	+21%
Dividend*	33.0	28.1	+17%	+17%

*21st consecutive year of dividend increase

2004 Overview

- Substantial 71% increase in H1 PBT to €275m (2003: €161m) reflected:
 - Strong organic growth aided by more normal seasonal weather
 - Significant incremental contributions from acquisitions
 - Minor €4m adverse translation impact due to seasonally low H1 US\$ profits
- 6% increase in H2 PBT to €742m (2003: €703m) reflected:
 - Difficult comparisons due to strong catch-up in H2 2003
 - Adverse H2 2004 impact from higher energy prices/rising input costs
 - €36m negative translation impact from weaker US\$
 - Continuing underlying gains across our businesses
- Overall, a strong year with PBT +18% at €1,017m (+23% in constant currency)
- Excellent organic advance and strong acquisition contributions
- Development spend of €1bn, continuing strong cash flow, and dividend up over 17%

Republic of Ireland

					Analysis of change Acquisitions			
€m		2004	2003		FX	2003	2004	Organic
Sales	+10%	804	732	+72	-	-	-	+72
Op profit*	-1%	129	130	-1	-	-	-	-1
Op margin		16.1%	17.8%					

**excluding goodwill amortisation €0.3m (2003: €0.3m) and profit on disposal €0.6m (2003: €3.4m)*

- Total 2004 construction output approximately 9% ahead of 2003 levels
- Very strong housing sector, estimated 77,000 completions vs. 68,800 in 2003
- Evidence in H2 of improving non-residential construction activity
- Strong infrastructure activity, though H2 saw some major projects completed
- Margins lower as product prices failed to compensate for cost increases
- However, with stronger volumes overall operating profit was just below 2003 level

Britain & Northern Ireland

					Analysis of change Acquisitions			
€m		2004	2003		FX	2003	2004	Organic
Sales	+8%	749	692	+57	+13	-	+7	+37
Op profit*	+12%	64	57	+7	+1	-	+1	+5
Op margin		8.6%	8.3%					

*excluding goodwill amortisation €5.4m (2003: €5.1m) and loss on disposal -€1.0m (2003 profit: €3.5m)

- UK housing activity up on 2003, but brick deliveries down 3%
- *Ibstock*: With increased kiln availability brick volumes were only 0.5% lower
Profits improved with better prices/productivity offsetting higher energy costs
- *Concrete*: Improved profits with robust masonry division performance
- *Fencing*: Excellent year driven by public projects
- *Materials*: Better activity in Northern Ireland housing and infrastructure markets
- *Overall*: Organic improvements plus modest benefit from stronger Sterling

Mainland Europe - Materials

					Analysis of change				
					Acquisitions		JV to		
€m		2004	2003		FX	2003	2004	Assoc	Organic
Sales	+28%	1,286	1,007	+279	-16	+13	+271	-65	+76
Op profit*	+46%	194	133	+61	-2	+1	+40	-	+22
Op margin		15.1%	13.2%						

*excluding goodwill amortisation €21.1m (2003: €20.2m) and profit on disposal €0.9m (2003: €1.2m)

- *Finland/Baltics*: Housing and infrastructure contributed to strong demand
- *Poland*: Improved economy, re-organisation benefits, more normal weather patterns
- *Switzerland*: Ongoing strong infrastructure demand plus acquisition benefits
- *Spain*: Price improvements and cost efficiencies offset volume declines
- *Portugal*: Secil June-Dec results better than expected with volumes up on 2003
- *Israel*: Change from JV to associate status; 2004 includes 25% of Profit, no Sales
- *Overall*: A very strong advance due to acquisition benefits and organic improvement

Mainland Europe - Products & Distribution

					Analysis of change				
					Acquisitions		Reorg.		
€m		2004	2003		FX	2003	2004	costs	Organic
Sales	+39%	3,664	2,636	+1,028	-7	+871	+120	-	+44
Op profit*	+62%	269	166	+103	-	+83	+7	-	+13
Op margin		7.3%	6.3%						

*excluding goodwill amortisation €33.4m (2003: €13.8m) and loss on disposal -€1.3m (2003 profit: €1.9m); and including €5m reorganisation costs (2003: €5m)

- **Concrete*:** +€41m Good growth despite weakness in key markets and rising input costs
€37m incremental profit from Cementbouw and other acquisitions
Sand-lime excellent performance; Cementbouw JV tougher trading
- **Clay:** +€6m Improved results mainly through better pricing and productivity
- **Insulation:** -€8m Adverse impact from unprecedented H2 raw material cost increases
- **Products:** +€7m €6m incremental profit from '03 fencing/construction accessories acqs
- **Distribution:** +€57m Record sales and profits despite less favourable markets than 2003
€46m incremental profit from Cementbouw and other acquisitions
- **Overall:** A significant advance, with substantial contribution from acquisitions



* including Sand-lime and Cementbouw JV

CRH plc, 2004 Results, 1 March 2005

Americas - Materials

					Analysis of change Acquisitions			
€m		2004	2003		FX	2003	2004	Organic
Sales	-	2,842	2,831	+11	-257	+48	+40	+180
Op profit*	-7%	272	291	-19	-26	-4	+6	+5
Op margin		9.6%	10.3%					

*excluding goodwill amortisation €19.2m (2003: €17.9m) and profit on disposal €5.8m (2003: €2.8m)

- Improvements in aggregates/rmc heritage volumes outweigh modest declines in asphalt
- Escalating energy costs eroded the benefits of price improvements
- Strong focus on cost reduction; US\$ profits modestly ahead
- *New England*: Profits slightly down with lower margins due to higher energy costs
- *NY/NJ*: NY metro and Albany improved, NJ & Rochester lower, profits broadly unchanged
- *Central*: Lower profits; OH/WV good demand, MI disappointing, PA/DE also lower
- *West*: Significant profit improvement with overall market strength and acquisition benefits
- *Overall*: US\$ profits up 3%, lower in euro terms due to translation

Americas - Products & Distribution

					Analysis of change Acquisitions			
€m		2004	2003		FX	2003	2004	Organic
Sales	+9%	3,475	3,182	+293	-278	+104	+149	+318
Op profit*	+19%	319	268	+51	-23	+11	+18	+45
Op margin		9.2%	8.4%					

*excluding goodwill amortisation €22.0m (2003: €18.2m) and profit on disposal €6.3m (2003: €0.2m)

- **APG:** +€32m Record sales and profits despite rising input costs
- **Precast:** +€11m Better prices/lower overheads more than offset input cost hikes
- **Glass:** +€12m Non-residential recovery contributed to significant profit growth
- **Distribution:** +€17m Further operating margin advance to 6.3% (2003: 5.3%)
- **S. America:** +€2m Operations in Argentina and Chile delivered improved results
- **Overall:** +€74m* All product groups reported excellent sales and profit gains

US Distribution Asbestos Claims

- No material change in position
- 251 claimants announced 30th September 2002
- 123 new claimants notified in last 29 months
- 118 claims disposed of since September 2002 for US\$73,200 gross
- 256 claimants outstanding at end-February 2005
- We believe these claims against us are without merit
- All claims involve multiple co-defendants
- Continuing to settle only on a minimal and pragmatic basis
- Experience since Sept 2002 confirms view that claims will not have a material impact

2004 Development Spend - €1bn

- Europe Materials €0.48bn
 - Secil 49% with joint control gives new geographic platforms in Iberia/Mediterranean
 - Significant bolt-ons in Finland and Switzerland plus Swiss cement plant expansion
- Europe Products & Distribution €0.18bn
 - Major additions to Concrete and Distribution activities in Benelux and France
 - Clay, Insulation, Fencing & Security, Daylight & Ventilation, Const Accessories bolt-ons
- Americas Materials €0.16bn
 - Significant addition to NJ reserves position plus 11 bolt-ons across our regions
 - Greenfield quarry with 200m+ tons permitted reserves in Pennsylvania
- Americas Products & Distribution €0.19bn
 - APG: 5 deals plus 6 dev CX projects; geared to fast-growing home centre markets
 - Resumed activity in Precast plus Glass and Distribution deals in major metro areas
- Another strong year on the development front; continued deal pipeline

2004 Components of Growth

€m	Sales	EBITA	Goodwill Disposals	Interest	EBT	
2003 reported	11,080	1,045	(76)	13	(118)	864
Exchange effects	(545)	(50)	3	-	7	(40)
2003 at 2004 FX rates	10,535	995	(73)	13	(111)	824
Incremental impact						
2003 acquisitions	1,036	91	(23)	-	(39)	29
2004 acquisition	587	72	(5)	-	(17)	50
Change from JV to assoc	(65)	-	-	-	-	-
Rationalisation	-	-	-	-	-	-
Ongoing operations	727	89	-	(2)	27	114
2004 reported	12,820	1,247	(101)	11	(140)	1,017
Change reported	+15.7%	+19.3%				+17.7%
Change at constant '04 rates	+21.7%	+25.3%				+23.4%

Key Financial Data and Ratios

	2004	2003
Sales margins		
*EBITDA	13.6%	13.6%
*EBITA (<i>operating profit</i>)	9.7%	9.4%
EBIT	9.0%	8.9%
 Tax rate	 24.3%	 25.2%
 EBITA Return on Average Net Assets	 15.0%	 13.8%
EBIT Return on Average Net Assets	13.9%	13.0%



* excluding profit on disposals

CRH plc, 2004 Results, 1 March 2005

2004 Funds Flow

	2004	2003
	€m	€m
Inflows		
Profit before tax	1,017	864
Depreciation	494	458
Goodwill amortisation	101	76
	<u>1,612</u>	<u>1,398</u>
Outflows		
Working capital	(100)	(58)
Tax paid	(188)	(103)
Dividends	(163)	(150)
Capital expenditure	(520)	(402)
Other	(58)	(30)
	<u>(1,029)</u>	<u>(743)</u>
Operating cash inflow	583	655
Acquisitions and investments	(922)	(1,615)
Disposals	100	78
Share issues	73	41
Translation	33	243
Debt increase	(133)	(598)

Debt Ratios & Interest Cover

	Y/E 2004	Y/E 2003
Debt (€bn)	2.4	2.3
Shareholders' funds (€bn)	5.2	4.7
Debt/shareholders' funds	46%	48%
Debt/year-end market capitalisation	23%	27%

Interest cover*

EBITDA/Net Interest	13.2	13.1
EBIT/Net Interest	8.5	8.4



* excluding JVs

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2005 Outlook - Europe Materials

- *Ireland:* Housing strong but moderating, non-res improving, infrastructure timing factors
- *Finland:* Residential and non-residential demand to offset infrastructure declines
- *Poland:* Expect improving housing market and benefits from EU structural funds
- *Switzerland:* General market volumes are expected to remain stable
- *Spain:* Construction activity is anticipated to continue at current levels
- *Portugal:* Construction growth in line with projected 2% economic growth
- *Overall:* Ongoing cost control and new development platforms should lead to further growth

2005 Outlook - Europe Products & Distribution

- *Holland:* Modest growth driven by new housing and broadly based RMI
- *Belgium:* Stronger housing and continued strength in commercial activity
- *France:* Continued growth, but at a lower rate than 2004
- *Germany:* Construction activity is forecast to show a further decline
- *UK:* Anticipate more moderate construction growth than in 2004
- *Overall:* Look to further progress, building on momentum of recent years

2005 Outlook - Americas Materials

- TEA-21 extended to end-May with annualised funding of US\$34.4bn
- New 6-year programme expected to be authorised towards mid-2005
- Unlikely to benefit 2005, but should lead to stronger volumes thereafter
- State finances generally improving but still some deficits
- Some modest decline in highway markets likely in 2005 - c 65% of our end-use
- Expect improved residential and non-residential markets - c 35% end-use
- Continued focus on recovery of higher input costs
- On balance, we look to an improved year ahead

2005 Outlook - Americas Products & Distribution

- Approximately 90% residential/non-residential building end-use
- 2005 US economic growth looks likely to be solid
- US housing expected to remain broadly at current strong levels
- Demand underpinned by demographics, moderate unemployment, low interest rates
- Non-residential construction picked up pace in 2004 following recent declines
- These positive non-residential trends should continue robustly through 2005
- Important repair and maintenance activity to remain at good levels
- Overall, a favourable backdrop for 2005

2005 Outlook - Overall

- Continuing volatility in energy and currency markets
- Current outlook for our various markets on the whole positive
- Expect further progress in our European operations
- And an improved US\$ outcome in the Americas
- Continuing relentless emphasis on performance and input cost recovery
- Sustained focus on development and strong cash flow
- We look to continuing progress in the year ahead



SUPPLEMENTARY INFORMATION



Analysis by Division

€m	2004	2003	% change
Sales			
Europe Materials	2,354	1,984	+19%
Europe Products	2,245	1,721	+30%
Europe Distribution	1,904	1,362	+40%
Americas Materials	2,842	2,831	-
Americas Products	2,461	2,196	+12%
Americas Distribution	1,014	986	+3%
Total	<u>12,820</u>	<u>11,080</u>	+16%
Operating profit*			
Europe Materials	339	273	+24%
Europe Products	190	143	+33%
Europe Distribution	127	70	+81%
Americas Materials	272	291	-7%
Americas Products	255	216	+18%
Americas Distribution	64	52	+23%
Total	<u>1,247</u>	<u>1,045</u>	+19%



* excluding goodwill amortisation and profit on disposal

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Analysis by Division

€m	2004	2003
Goodwill amortisation		
Europe Materials	21.2	20.3
Europe Products	24.2	16.1
Europe Distribution	14.8	3.0
Americas Materials	19.2	17.9
Americas Products	17.6	14.0
Americas Distribution	4.4	4.2
Total	<u>101.4</u>	<u>75.5</u>
Profit on disposal		
Europe Materials	0.6	6.3
Europe Products	0.8	2.6
Europe Distribution	(2.2)	1.1
Americas Materials	5.8	2.8
Americas Products	4.8	(0.7)
Americas Distribution	1.5	0.9
Total	<u>11.3</u>	<u>13.0</u>

Analysis by Region

€m	2004	2003	% change
Sales			
Ireland	804	732	+10%
Britain & Northern Ireland	749	692	+8%
Mainland Europe	4,939	3,635	+36%
Americas	6,328	6,021	+5%
Total	<u>12,820</u>	<u>11,080</u>	+16%
 Operating profit*			
Ireland	129	130	-1%
Britain & Northern Ireland	64	57	+12%
Mainland Europe	462	298	+55%
Americas	592	560	+6%
Total	<u>1,247</u>	<u>1,045</u>	+19%



* excluding goodwill amortisation and profit on disposal

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Analysis by Region

€m	2004	2003
Goodwill amortisation		
Ireland	0.3	0.3
Britain & Northern Ireland	5.4	5.1
Mainland Europe	54.5	34.0
Americas	41.2	36.1
Total	<u>101.4</u>	<u>75.5</u>
 Profit on disposal		
Ireland	0.6	3.4
Britain & Northern Ireland	(1.0)	3.5
Mainland Europe	(0.4)	3.1
Americas	12.1	3.0
Total	<u>11.3</u>	<u>13.0</u>

Foreign Currency Rates

euro 1 =	Average		Year-end	
	2004	2003	2004	2003
US Dollar	1.2439	1.1312	1.3621	1.2630
Pound Sterling	0.6787	0.6920	0.7051	0.7048
Polish Zloty	4.5268	4.3996	4.0845	4.7019
Swiss Franc	1.5438	1.5212	1.5429	1.5579
Argentine Peso	3.6572	3.3314	4.0488	3.6955

Euroconstruct Forecasts

Construction output 2005

		%
Belgium	↑	+9.8
Denmark	↑	+1.3
Finland	↑	+2.8
France	↑	+1.7
Germany	↓	-0.8
Ireland	↑	+0.5
Netherlands	↑	+2.3
Poland	↑	+9.3
Portugal	↑	+2.4
Spain	↑	+3.4
Sweden	↑	+3.6
Switzerland	↑	+0.7
United Kingdom	↑	+2.5

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