

CRH plc 2004 Results



The International Building Materials Group

CRH plc 2004 RESULTS

Year ended 31st December 2004

	2004 euro m	2003 euro m	% change in 2004	
			Reported	In constant currency **
Sales	12,820	11,080	+16%	+22%
Operating profit *	1,247	1,045	+19%	+25%
Profit before tax	1,017	864	+18%	+23%
	euro cent	euro cent		
Earnings per share - excluding goodwill	163.1	136.2	+20%	+26%
Earnings per share - including goodwill	143.9	121.9	+18%	+24%
Cash earnings per share	256.4	223.4	+15%	+21%
Dividend per share	33.0	28.1	+17%	+17%

* Including share of joint ventures and associates but excluding goodwill amortisation and profit on sale of fixed assets.

** These percentages compare 2004 results with 2003 figures restated at average 2004 exchange rates.

- A landmark year with profit before tax exceeding euro 1 billion for the first time, reflecting excellent full year organic growth and a significant incremental contribution from acquisitions.
- Although product prices in Ireland failed to compensate for cost increases, volumes showed satisfactory improvements to leave operating profit of euro 129 million marginally below last year's level.
- In Britain and Northern Ireland, underlying organic improvements combined with a slight strengthening of Sterling resulted in a 12% operating profit advance to euro 64 million.
- In Mainland Europe, more normal weather conditions and underlying sectoral growth in many of our Materials Division's markets resulted in a 46% increase in its operating profit to euro 194 million. The Products & Distribution Division continued to experience subdued markets. However, despite higher input costs, underlying performance improved and incremental benefits from 2003 and 2004 acquisitions resulted in a 62% advance in operating profit to euro 269 million.
- While escalating energy costs eroded the benefits of price improvements for the Americas Materials Division, a sustained focus on operating cost reduction helped deliver a modest improvement in underlying US dollar operating profit. The Americas Products & Distribution Division had a strong year with continuing good residential demand and ongoing evidence of recovery in the non-residential sector leading to a 31% increase in US dollar operating profit. Overall results for the Americas Divisions were 16% ahead in US dollar terms; however the weaker US dollar resulted in a 6% increase in reported operating profit to euro 591 million.
- Reflecting the better trading conditions, the 2004 dividend has been increased by 17.4%; this is the 21st consecutive year of dividend increase.
- Total development activity amounted to euro 1 billion, lower than the euro 1.6 billion of 2003 which included the euro 0.7 billion Cementbouw transaction, but broadly in line with the levels of development spend in both 2002 and 2001.

Liam O'Mahony, Chief Executive, said today:

"2004 was a landmark year for CRH with profit before tax up 18%, exceeding one billion euro for the first time; our twelfth consecutive year of profit growth and testimony to the Group's strategy and performance. Two particular challenges in the year were the very rapid and severe escalation of energy prices in the third quarter from already high levels which negatively affected our costs; and the continued decline of the US dollar. While there is continuing volatility in energy and currency markets which could impact adversely on economies as the year progresses, the current 2005 outlook for our markets is on the whole positive. Against this background, we maintain our relentless emphasis on performance and the recovery of higher input costs and with our sustained focus on development, supported by our strong balance sheet and cash flow, we look to continuing progress in the year ahead."

Announced Tuesday, 1st March 2005

RESULTS

HIGHLIGHTS

2004 was a landmark year for CRH, with profit before tax exceeding one billion euro for the first time. The results highlights are set out below.

- Sales: euro 12,820 million, up 16% (up 22% in constant currency terms)
- Operating profit*: euro 1,247 million, up 19% (up 25% in constant currency terms)
- Profit before tax: euro 1,017 million, up 18% (up 23% in constant currency terms)
- Earnings per share excluding goodwill amortisation: 163.1c, up 20% (up 26% in constant currency terms)
- Cash earnings per share: 256.4c, up 15% (up 21% in constant currency terms)
- Dividend per share: 33.0c, up 17%

** Operating profit includes share of joint ventures and associates but is before goodwill amortisation and profit on sale of fixed assets.*

Growth in the US economy improved during the year, but European economies, with some exceptions, remained relatively sluggish. More normal weather patterns, particularly in northern Europe which experienced a severe winter and spring in 2003, led to strong first half profit growth; despite 2003's subsequent catch-up leading to tough comparatives we continued to show profit growth in the second half of 2004. Two particular challenges in the year were the very rapid and severe escalation of energy prices in the third quarter from already high levels which negatively affected our costs; and the continued decline of the US dollar, fuelled by deficit concerns. While the latter was purely a translation impact, and does not affect the inherent position of our US businesses, it reduced reported profit before tax by over euro 40 million.

Overall the Group performed strongly in 2004 with excellent full year organic growth and a significant incremental contribution from acquisitions.

DIVIDENDS

The Board is recommending a final dividend of 23.4c per share, an increase of 17.6% on the 2003 final dividend of 19.9c. This gives a total dividend for the year of 33.0c, an increase of 17.4% reflecting the better trading conditions. It is proposed to pay the final dividend on 9th May 2005 to shareholders registered at close of business on 11th March 2005. A scrip dividend alternative is being offered to shareholders.

FINANCE

Incremental costs of financing substantial 2003 and 2004 acquisition activity were only partly offset by the interest income generated on our strong free cash flow resulting in an increase in total net interest cost to euro 140 million (2003: euro 118 million).

The reduction in the effective tax rate to 24.3% (2003: 25.2%) primarily reflects the lower proportion of US profits.

Net debt increased by just euro 133 million despite a total spend of euro 1.4 billion on acquisitions, investments and capital projects, reflecting the Group's strong cash generation characteristics. The weaker dollar had a negative translation impact of euro 200 million on shareholders' funds.

DEVELOPMENT

The **Europe Materials Division** had a busy year with a total development spend of approximately euro 0.48 billion. The largest deal was the acquisition in June of a 49% stake, with joint management control, in Secil, a major vertically integrated manufacturer of cement, aggregates and readymixed concrete in Portugal with operations in Tunisia and Lebanon. In January, the Division added significantly to its positions in Switzerland and Finland through the acquisition of Hastag Holding, the second-largest producer of aggregates and readymixed concrete in Switzerland with market leadership in the cantons of Zürich and St. Gallen, and Abetoni, a manufacturer of concrete pipes, piling and paving products in southwestern Finland. Three other small add-on deals were completed during the year.

After an exceptionally busy 2003, the **Europe Products & Distribution Division** had a quieter, though still active, 2004 with a total development spend of approximately euro 0.19 billion. The Concrete Products group completed three deals, the most significant of which was the purchase in June of Ergon, a Belgian-headquartered manufacturer of precast concrete products with operations in Belgium, France and Poland. The other Concrete deals were the October purchase of the remaining 50% interest in Kellen Concrete Products, a high-end Dutch paving producer, and the December acquisition of Klaps, a manufacturer of concrete paving, sewerage and water treatment products with five production locations in northern Belgium. The Clay Products, Insulation, Fencing & Security, Daylight & Ventilation and Construction Accessories groups each completed a bolt-on deal in 2004. The Distribution Group added to its expanding Belgian DIY network with the purchase of three stores in January and just before year-end completed the purchase of NCD Builders Merchants which added 17 stores to its chain of builders merchants in the Netherlands. 2004 also saw the joint venture established in 2003 by CRH (45% stake) and SAMSE (55%) acquire the remaining 65.3% of the share capital of G. Doras, a regional builders merchant operating a total of 45 specialist and generalist builders merchandising outlets in the Burgundy and Franche Comté regions of France.

Development activity in the **Americas Materials Division** resulted in 12 add-on transactions to existing operations plus the commencement of a project to develop a greenfield quarry near Harrisburg, PA, at a total combined cost of approximately euro 0.16 billion. The largest acquisition completed during the year was Gallo in New Jersey. This business, with owned and permitted reserves totalling 300 million tons, is an ideal fit with Tilcon's activities in New Jersey and is expected to generate significant benefits from consolidation of existing quarries and savings in transportation and other operating costs. The Division completed 11 other add-on deals across its four operating regions that complement existing operations and continue the focus on acquiring strategically located high quality aggregate reserves.

During 2004, the **Americas Products & Distribution Division** completed 11 deals and embarked on six major capital projects at a combined cost of approximately euro 0.18 billion.

The Architectural Products Group (APG) was the most active group completing five acquisitions and committing to the construction of five large pallet paver plants in California, Ohio, Arizona, Pennsylvania and Maryland to service the fast-growing US homecentre and hardscapes market, and a major block and patio paver plant near Chicago. APG acquisitions comprised the January purchase of a 50% stake in Paver Systems with three paver plants in Florida and of Greenleaf Products, which supplies bagged mulch and soil to homecentres and other retail chains from five plants in Florida, Georgia and Mississippi. The acquisition in March of an 80% stake in Custom Surfaces, the leading provider of premium countertops in Georgia and South Carolina and in December of Creative Surfaces, serving the Birmingham, Alabama market, expanded APG's ties with homebuilders and homecentres. Anchor Block, a Florida-based producer of segmental retaining walls and architectural masonry was acquired as a bolt-on in December.

The Precast Group resumed development activity with the acquisition in August of Mega Cast in Georgia and Newbasis Central in Texas. In July, the Glass Group expanded geographically into the Northeast with the acquisition of Floral Glass, a leading fabricator and distributor of architectural glass products with facilities in New York, Connecticut and New Jersey. The Distribution Group continued its strategy of increasing its presence in major metropolitan areas with the January purchase of G.W. Killebrew, the largest distributor of interior products in the Hawaiian Islands, and the acquisition in August of Metro Roofing Distributors, a two-branch distributor of windows, siding and roofing products in Boston, Massachusetts. In June, CRH acquired the final 20% stake in Dell Orto, the market leader in glass tempering and glass/aluminium distribution in Chile

OPERATIONAL REVIEW

REPUBLIC OF IRELAND

Including share of joint ventures

euro million	2004	2003	Total change	Analysis of year-on-year change			
				Exchange	Acquisitions 2003	2004	Organic
Sales	804	732	+72	-	-	-	+72
% change			+10%				+10%
Operating profit*	129	130	-1	-	-	-	-1
% change			-1%				-1%
Margin	16.1%	17.8%					

* Operating profit is arrived at before goodwill amortisation charges and profit on sale of fixed assets.

In Ireland, residential construction grew strongly, with an estimated record 77,000 house completions compared with 68,800 in 2003. Demand from the infrastructure sector was also strong but eased somewhat in the closing months as some major projects were completed ahead of schedule. After a flat first half, the second half of the year brought evidence of improving commercial and industrial activity. Although product prices failed to compensate for cost increases and margins declined somewhat, volumes for the year showed satisfactory increases and operating profit was just below the 2003 level.

BRITAIN AND NORTHERN IRELAND

Including share of joint ventures

euro million	2004	2003	Total change	Analysis of year-on-year change			
				Exchange	Acquisitions 2003	2004	Organic
Sales	749	692	+57	+13	-	+7	+37
% change			+8%	+2%		+1%	+5%
Operating profit*	64	57	+7	+1	-	+1	+5
% change			+12%	+2%		+2%	+8%
Margin	8.6%	8.3%					

* Operating profit is arrived at before goodwill amortisation charges and profit/loss on sale of fixed assets.

While there was an increase in UK housing starts in 2004, overall brick volumes declined mainly due to the continued movement to less brick-intensive dwellings. With increased kiln availability following rebuilds, lbstock brick volumes declined somewhat less than the market. Higher energy costs impacted the business but, through a combination of price increases and better productivity, profits improved. Sales and operating profits in our concrete operations increased underpinned by a robust performance from the masonry division. Our UK Fencing & Security operations had an excellent year driven by government spending and strong market positions. In the Materials Division, Northern Ireland operations saw higher activity in housing and infrastructure markets.

With organic profit improvements and the benefits of a modest strengthening of Sterling against the euro, full year operating profit shows an increase on 2003 levels.

MAINLAND EUROPE – MATERIALS

Including share of joint ventures

euro million	2004	2003	Total change	Analysis of year-on-year change				
				Exchange	Acquisitions 2003	2004	JV to Assoc **	Organic
Sales	1,286	1,007	+279	-16	+13	+271	-65	+76
% change			+28%	-1%	+1%	+27%	-7%	+8%
Operating profit*	194	133	+61	-2	+1	+40	-	+22
% change			+46%	-2%	+1%	+30%		+17%
Margin	15.1%	13.2%						

* Operating profit, which also includes share of associates' profit, is arrived at before goodwill amortisation charges and profit on sale of fixed assets.

** CRH's option to acquire an additional 25% of the Mashav Group in Israel expired in early 2004, and the status of the Group's existing 25% investment changed from joint venture to associate. Accordingly, with effect from 2004, CRH no longer reports its 25% share of Mashav sales, while the share of operating profit continues to be included in operating profit.

With more normal weather and underlying sectoral growth in many of the countries in which we operate, these operations generated strong organic growth and benefited from significant acquisition activity to deliver a 46% increase in operating profit.

Finland/Baltics Overall construction activity in Finland improved with investment in residential and infrastructure more than compensating for small declines in other sectors. Sales volumes were strong through 2004 and Abetoni, the concrete products business acquired at the start of the year, was integrated smoothly into ongoing operations. Overall profits grew due to the increase in demand, good performance from acquisitions and tight cost control. The Baltic region, including St. Petersburg, enjoyed strong volume growth and results continued to improve.

Poland/Ukraine In Poland, cement demand was exceptionally strong in the first half of the year reflecting more normal weather conditions than in 2003 and accelerated demand ahead of the 1st May increase in VAT on construction products. While sales moderated over the rest of the year, our annual cement volumes increased by over 3%. Demand generally benefited from the firmer economic tone and Polish entry into the European Union in May. Blacktop and aggregates saw good volume increases as the Polish national roads programme was rolled out in the second half of the year while our lime business reported improved profits despite higher energy costs. Overall profits advanced strongly. The Ukrainian economy enjoyed good growth in 2004 and our cement sales and profits increased substantially.

Switzerland Construction output increased due to ongoing infrastructural investment and improved residential construction. Our cement, readymixed concrete and aggregates operations performed well despite intense competition due to the better market conditions, supplies to major tunnel projects and the successful acquisition in January of Hastag, the Zürich-based producer of aggregates and readymixed concrete. Profits were well ahead of 2003 levels.

Spain Despite further growth in construction output, Spanish markets were competitive with margins in the important Madrid and Catalonia regions remaining under pressure. Although our readymixed concrete volumes declined, improved pricing and operating efficiencies resulted in an outcome similar to 2003.

Portugal Our June investment in Secil gives a new platform for growth on the Iberian peninsula and in the Mediterranean basin. Results for the period of ownership have met our best expectations and exceeded Secil's performance in the corresponding period of 2003.

Israel The dominant factor continues to be the difficult political situation. Despite lower overall volumes, profits were ahead of 2003 due to constant improvement in operating efficiency, ongoing cost reduction and new marketing initiatives.

MAINLAND EUROPE – PRODUCTS & DISTRIBUTION

Including share of joint ventures

euro million	2004	2003	Total change	Exch.	Analysis of year-on-year change			
					Acquisitions		Re-org. Costs	Organic
					2003	2004		
Sales	3,664	2,636	+1,028	-7	+871	+120	-	+44
% change			+39%	-%	+33%	+4%		+2%
Operating profit*	269	166	+103	-	+83	+7	-	+13
% change			+62%		+50%	+4%		+8%
Margin	7.3%	6.3%						

* Operating profit, which also includes share of associates' profit, is arrived at before goodwill amortisation charges and profit/loss on sale of fixed assets, and includes re-organisation costs of euro 5 million (2003: euro 5 million).

Markets remained subdued in 2004 and failed to sustain the somewhat firmer tone evident in the first half of the year. Against this backdrop, and despite higher input costs particularly in the second half, our underlying performance improved and incremental benefits from 2003 and 2004 acquisitions resulted in a significant advance in overall sales and operating profit.

Concrete Products The group achieved significant growth from both acquisitions and legacy businesses and profits were well ahead of 2003 despite weakness in key markets and rising raw material costs. Our Belgian operations achieved good growth and successfully passed on input cost increases in contrast to our Dutch operations which faced tough competition due to market overcapacity. Despite weakness in the German economy, EHL maintained volumes and market position although higher raw material costs and selling price pressure led to lower profitability. EHL's Slovakian subsidiary beat expectations. Our French operations reported improved results and successful integration of the Danish operations acquired in September 2003 resulted in a strong performance for that business.

Sand-lime Brick This business, acquired with Cementbouw in late 2003, turned in an excellent performance in its first full year with CRH.

Cementbouw Joint Venture Our joint venture in materials trading and readymixed concrete in the Netherlands experienced tough trading conditions in weaker infrastructure markets.

Clay Products Through better pricing and productivity, these businesses achieved improved results despite weakness in the residential sectors in the Netherlands and Germany.

Insulation A strong advance in sales was achieved largely due to full year contributions from 2003 acquisitions but also through organic growth despite challenging market conditions. However, immediate recovery through higher selling prices of unprecedented second-half raw materials cost increases proved difficult, resulting in a substantial adverse impact on profit.

Building Products Fencing & Security had a good year and the integration of 2003 acquisitions, cost control and other synergies resulted in a good profit increase. Daylight & Ventilation faced disappointing sales in Germany and the Netherlands; however, with the benefit of prior restructuring and good cost control, profits improved. The Construction Accessories group, established in 2003, performed very well in its first full year.

Distribution While market conditions were less favourable than 2003, record levels of sales and operating profits were achieved through better performance in the legacy business and contributions from acquisitions. Our DIY business in the Benelux had another good year despite weaker consumer confidence while our joint venture in Portugal made further progress. In builders merchandising, profits in the Netherlands improved substantially aided by the Cementbouw acquisition and our specialist merchants generally performed well although the ironmongery business had another difficult year. Merchandising activities in Switzerland made further significant progress with improved sales and an advance in operating profit. Profits in our 100%-owned business in Ile-de-France were lower than in 2003; however, we benefited from our increased stake in associate SAMSE and the Doras joint venture.

THE AMERICAS – MATERIALS

Including share of joint ventures

euro million	2004	2003	Total change	Analysis of year-on-year change			
				Exchange	Acquisitions 2003	2004	Organic
Sales	2,842	2,831	+11	-257	+48	+40	+180
% change			-%	-9%	+2%	+1%	+6%
Operating profit*	272	291	-19	-26	-4	+6	+5
% change			-7%	-9%	-1%	+2%	+1%
Margin	9.6%	10.3%					

* Operating profit is arrived at before goodwill amortisation charges and profit on sale of fixed assets.

Overall, activity levels in this Division benefited from good residential demand offset by somewhat weaker highway spending. This was reflected in improvements in heritage aggregate (+6%) and readymixed concrete (+11%) volumes and a modest decline (-1%) in asphalt volumes. However, escalating energy costs, which reached unprecedented levels through the busy autumn construction season, fed through rapidly into input costs eroding the benefits of price improvements and resulting in an overall margin decline. Although a strong focus on operating cost reduction delivered a modest improvement in underlying US dollar operating profit, an adverse translation impact resulted in lower reported euro operating profit for this Division.

New England Our operations in New Hampshire, Maine and Massachusetts experienced good volumes from solid state highway programmes; however, high energy costs reduced margins especially in asphalt. Connecticut markets were muted with private construction remaining strong but highway markets were impacted by the state budget deficit and local political issues while Vermont continued to divert paving monies to several ongoing large projects. Higher energy costs led to lower operating margins and left profit below 2003 levels.

New York/New Jersey Aggregates operations in the New York Metropolitan area benefited from good markets in both private and infrastructure sectors with buoyant residential markets in and around Manhattan combined with several large transit and water/sewer projects. In New Jersey, asphalt margins were lower due to intense competition although the aggregates business improved. In Upstate New York, profits in the Albany region improved while in Rochester, despite management action, our results declined as the market continued to suffer from cutbacks at several large local employers. Overall, results were broadly unchanged on 2003 levels.

Central In Pennsylvania and Delaware, results declined significantly due to intense competition and poor highway markets. West Virginia results improved but our Ohio operations were unable to recover the impact of higher energy costs despite a fairly strong market environment. Michigan was disappointing due to severe cutbacks in the highway programme as the state authorities wait to see what the re-authorisation of the US Federal highway funding programme means to Michigan before addressing their lack of highway funding. Overall profit declined.

West This region comprises over 270 locations across a wide geographic area in 12 states west of the Mississippi River. Trading conditions varied across the region but overall market strength, the integration of recent acquisitions and cost reduction programmes resulted in significantly higher profits. Utah and Idaho saw significant volume increases, benefiting from improved residential and non-residential markets after a number of slack years. Our asphalt business also increased profits as the states continued to refocus their expenditures in asphalt-intensive maintenance projects. Colorado advanced due to stronger highway markets. Wyoming and South Dakota continued to perform exceptionally well, while our small operations in New Mexico returned to profitability following significant cost reduction. Subdued markets and continued tough competition resulted in a slight decline in profits in our Washington and Montana operations.

THE AMERICAS – PRODUCTS & DISTRIBUTION

Including share of joint ventures

euro million	2004	2003	Total change	Analysis of year-on-year change			
				Exchange	Acquisitions		Organic
					2003	2004	
Sales	3,475	3,182	+293	-278	+104	+149	+318
% change			+9%	-9%	+3%	+5%	+10%
Operating profit*	319	268	+51	-23	+11	+18	+45
% change			+19%	-9%	+4%	+7%	+17%
Margin	9.2%	8.4%					

* Operating profit is arrived at before goodwill amortisation charges and profit on sale of fixed assets.

The Division had a strong year with residential demand continuing at a good level and ongoing evidence of recovery in the non-residential sector. Internal cost control initiatives and pro-active pricing mitigated the impact of sharp increases in input costs and, together with strong volumes, led to improved margins overall. The Division recorded a 20% increase in sales and a 31% increase in operating profit in US dollar terms with all product groups reporting strong improvements.

Architectural Products (APG) During 2004 APG pursued operational improvements and selective price increases to meet the challenges of rising energy and cement costs and reported record sales and profits. The Northeast and South regions, along with clay brick producer Glen-Gery, performed particularly well. The group saw significant gains with retail customers and in its Belgard® hardscapes business.

Precast General improvement in construction markets, as well as a modest turnaround in the telecommunications sector, resulted in a 10%+ improvement in sales in our legacy precast operations. We came into the year with a stronger backlog and maintained that early momentum throughout the year. Improved prices and overhead cost savings were achieved which helped offset significant increases in steel, cement and fuel and, with strong volume increases, profits showed a strong improvement.

Glass Trading conditions improved in 2004 and a modest recovery in commercial construction together with contributions from 2003 and 2004 acquisitions resulted in significant sales and profit growth.

Distribution Overall the business environment for our operations was good in 2004. The Atlantic seaboard in particular was buoyant; the Midwest, where our presence is not as large, was softer. The devastating hurricanes in August and September led to a significant increase in demand in Florida. The steep increases in the price of many of the commodities handled by the group facilitated further gains in gross margins, although some of these gains may be of a one-time nature. The Distribution group has had several years of good sales and profit growth and achieved records for both in 2004.

South America Our operations in Argentina and Chile delivered improved results. In Argentina, our clay products business achieved a strong performance with increased domestic shipments being complemented by export sales. Our glass business prospered from strong export sales. In a competitive environment our Chilean glass business re-focussed towards value-added products and took aggressive measures on cost control to record an improvement in results.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

The results announced today are reported under Irish/UK GAAP. Restated Interim 2004 and full year 2004 results for the Group under International Financial Reporting Standards (IFRS) will be made available during the second quarter of 2005. The trading statement for the first six months of 2005, to be issued in early July, will provide guidance under IFRS and the Interim 2005 results will be reported under IFRS.

OUTLOOK

While there is continuing volatility in energy and currency markets which could impact adversely on economies as the year progresses, the current 2005 outlook for the various markets in which CRH operates is on the whole positive.

In Ireland, overall construction output is expected to decline somewhat as housing falls back from an all-time high; however on the positive side, a firmer general economy should benefit the industrial and commercial sectors. While there is significant Government commitment to ongoing infrastructure projects and a busy roads programme for 2005, activity may be affected somewhat by the accelerated completion of projects in 2004 and the timing of new start-ups. Construction output in Finland should be stable with completion of some major infrastructure projects offset by increasing demand in industrial and commercial sectors and steady housing. With EU funds now beginning to flow, the Polish construction industry should receive a welcome boost in 2005. In Switzerland, cement sales to a number of major infrastructure projects are set to decline as these projects near completion; however, general market volumes are expected to remain stable. In Spain, construction activity is expected to continue at current levels while Portugal should see growth in the construction sector in line with the projected 2% growth in the economy. The current outlook for the Netherlands is for modest growth driven by new housing and broadly-based renovation investment. Belgium is also expected to enjoy stronger housing and continued strength in commercial activity. After a good 2004, due in part to tax incentives for the housing market, growth in France is forecast to moderate in 2005. Construction demand in Germany is expected to show a further decline. Growth in UK construction is forecast at lower levels than in recent years. Overall, we look to further progress in our European operations in 2005.

At this stage 2005 economic growth looks likely to be solid in the US. House building, which is underpinned by demographics, moderate unemployment and ongoing low real interest rates is expected to remain broadly at current strong levels. The recovery of non-residential construction following the declines of recent years picked up pace during 2004 and this positive trend should continue robustly throughout 2005. TEA-21, the Federal funding programme for transportation which was due to expire on 30th September 2003, has been extended to end-May 2005 at an annualised level of US\$34.4 billion. A new six-year programme is expected to be authorised towards mid-year 2005 and, although this is unlikely to benefit the current year, it should lead to stronger volumes thereafter. While State finances are generally improving some still face deficits and, combined with the delayed Federal funding re-authorisation, this may result in a modest decline in highway markets in 2005. Taking all these factors together, we look to an improved dollar outcome in the year ahead in the Americas.

Against this background, we maintain our relentless emphasis on performance and the recovery of higher input costs and with our sustained focus on development, supported by our strong balance sheet and cash flow, we look to continuing progress in the year ahead.

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This results announcement 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 announcement and other factors discussed in our Annual Report on Form 20-F filed with the SEC.

GROUP PROFIT AND LOSS ACCOUNT
for the year ended 31st December 2004

	Continuing operations				
	Acquisitions		Total	Total	
	2004	2004	2004	2003	
	euro m	euro m	euro m	euro m	% change
Sales, including share of joint ventures	12,232.3	587.4	12,819.7	11,079.8	+15.7%
Less: share of joint ventures	(338.7)	(200.9)	(539.6)	(305.5)	
Group sales	11,893.6	386.5	12,280.1	10,774.3	+14.0%
Cost of sales	(8,136.2)	(276.0)	(8,412.2)	(7,461.3)	
Gross profit	3,757.4	110.5	3,867.9	3,313.0	
Operating costs excluding goodwill amortisation	(2,642.2)	(67.8)	(2,710.0)	(2,308.5)	
Group operating profit excluding goodwill amortisation	1,115.2	42.7	1,157.9	1,004.5	
Share of joint ventures' operating profit	38.6	28.8	67.4	39.5	
Share of associates' operating profit	21.7	-	21.7	0.7	
Operating profit, including share of joint ventures and associates	1,175.5	71.5	1,247.0	1,044.7	+19.4%
Goodwill amortisation	(96.9)	(4.5)	(101.4)	(75.5)	
Profit on disposal of fixed assets	8.2	3.1	11.3	13.0	
Profit on ordinary activities before interest	1,086.8	70.1	1,156.9	982.2	
Group interest payable (net)			(126.0)	(112.8)	
Share of joint ventures' and associates' net interest			(13.9)	(5.2)	
Profit on ordinary activities before taxation			1,017.0	864.2	+17.7%
Taxation on profit on ordinary activities			(247.1)	(217.6)	
Profit on ordinary activities after taxation			769.9	646.6	
Profit applicable to equity minority interests			(7.8)	(5.9)	
Preference dividends			(0.1)	(0.1)	
Profit for the year attributable to ordinary shareholders			762.0	640.6	+18.9%
Dividends paid			(51.0)	(43.2)	
Dividends proposed			(124.7)	(105.0)	
Profit retained for the financial year			586.3	492.4	
Earnings per share for the year					
Basic					
- Including goodwill amortisation			143.9c	121.9c	+18.0%
- Excluding goodwill amortisation			163.1c	136.2c	+19.8%
Diluted					
- Including goodwill amortisation			142.8c	120.6c	+18.4%
- Excluding goodwill amortisation			161.7c	134.8c	+20.0%
Cash earnings per share for the year			256.4c	223.4c	+14.8%
Dividend per share			33.0c	28.1c	+17.4%

MOVEMENTS ON PROFIT AND LOSS ACCOUNT

	2004 euro m	2003 euro m
At 1st January	2,490.2	2,520.3
Profit retained for the financial year	586.3	492.4
Currency translation effects on results for the year	(16.8)	(23.7)
Currency translation effects on foreign currency net investments	(183.3)	(498.8)
At 31st December	2,876.4	2,490.2

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 31st December 2004

	2004 euro m	2003 euro m
Profit for the year attributable to ordinary shareholders	762.0	640.6
Currency translation effects on results for the year	(16.8)	(23.7)
Currency translation effects on foreign currency net investments	(183.3)	(498.8)
Total recognised gains and losses for the financial year	561.9	118.1

GROUP BALANCE SHEET

as at 31st December 2004

	2004		2003	
	euro m	euro m	euro m	euro m
Fixed assets				
Intangible asset - goodwill		1,443.5		1,474.5
Tangible assets		5,319.9		5,145.4
Financial assets:				
Joint ventures				
- share of gross assets	993.1		560.1	
- share of gross liabilities	(535.1)		(330.4)	
- loans to joint ventures	83.5		62.3	
Associates	149.2		44.6	
Other investments	11.7		12.1	
		702.4		348.7
		7,465.8		6,968.6
Current assets				
Stocks	1,249.6		1,117.6	
Debtors	1,829.8		1,681.2	
Cash and liquid investments	1,322.4		1,298.0	
	4,401.8		4,096.8	
Creditors (<i>amounts falling due within one year</i>)				
Bank loans and overdrafts	412.0		510.3	
Trade and other creditors	1,638.0		1,499.7	
Corporation tax	73.0		77.9	
Dividends proposed	124.7		105.0	
	2,247.7		2,192.9	
Net current assets		2,154.1		1,903.9
Total assets less current liabilities		9,619.9		8,872.5
Creditors (<i>amounts falling due after more than one year</i>)				
Loans	3,351.1		3,095.8	
Deferred acquisition consideration	103.4		96.5	
		3,454.5		3,192.3
Capital grants		11.0		12.7
Provisions for liabilities and charges		854.0		818.0
		5,300.4		4,849.5
Capital and reserves				
<i>Called-up share capital</i>				
Equity share capital	181.0		179.3	
Non-equity share capital	1.2		1.2	
<i>Equity reserves</i>				
Share premium account	2,149.3		2,078.3	
Other reserves	9.9		9.9	
Profit and loss account	2,876.4		2,490.2	
Shareholders' funds		5,217.8		4,758.9
Minority shareholders' equity interest		82.6		90.6
		5,300.4		4,849.5

GROUP CASH FLOW STATEMENT

for the year ended 31st December 2004

	2004 euro m	2003 euro m
Net cash inflow from operating activities	1,545.0	1,396.2
Dividends received from joint ventures and associates	30.1	19.4
Returns on investments and servicing of finance		
Interest received	22.2	36.1
Interest paid	(139.9)	(140.5)
Finance lease interest paid	(2.4)	(0.7)
Preference dividends paid	(0.1)	(0.1)
	<u>(120.2)</u>	<u>(105.2)</u>
Taxation		
Irish corporation tax paid	(16.0)	(19.6)
Overseas tax paid	(172.4)	(83.3)
	<u>(188.4)</u>	<u>(102.9)</u>
Capital expenditure		
Purchase of tangible assets	(520.2)	(402.0)
Capital grants received	0.1	0.1
Disposal of fixed assets	100.1	77.9
	<u>(420.0)</u>	<u>(324.0)</u>
Investment in subsidiary, joint venture and associated undertakings		
Acquisition of subsidiary undertakings	(498.5)	(1,439.0)
Deferred acquisition consideration	(57.3)	(56.8)
Investments in and advances to joint ventures and associates	(358.2)	(79.5)
	<u>(914.0)</u>	<u>(1,575.3)</u>
Equity dividends paid	(127.1)	(122.8)
Cash outflow before use of liquid investments and financing	(194.6)	(814.6)
Cash (outflow)/inflow from management of liquid investments	(39.4)	110.4
Financing		
Issue of shares	37.4	13.7
Expenses paid in respect of share issues	(0.3)	(0.1)
Increase in term debt	166.8	688.4
New finance leases/(capital element of finance leases repaid)	31.6	(3.1)
	<u>235.5</u>	<u>698.9</u>
Increase/(decrease) in cash and demand debt in the year	1.5	(5.3)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

Increase/(decrease) in cash and demand debt in the year	1.5	(5.3)
Increase in term debt including finance leases	(198.4)	(685.3)
Cash outflow/(inflow) from management of liquid investments	39.4	(110.4)
Change in net debt resulting from cash flows	<u>(157.5)</u>	<u>(801.0)</u>
Loans and finance leases, net of liquid investments, acquired with subsidiaries	(7.8)	(40.0)
	<u>(165.3)</u>	<u>(841.0)</u>
Translation adjustment	32.7	242.8
Movement in net debt in the year	<u>(132.6)</u>	<u>(598.2)</u>
Net debt at 1st January	(2,308.1)	(1,709.9)
Net debt at 31st December	<u>(2,440.7)</u>	<u>(2,308.1)</u>

SUPPLEMENTARY INFORMATION

1 Translation of foreign currencies

The financial statements on pages 10-13 are presented in euro. Results and cash flows of subsidiary, joint venture and associated undertakings based in non-euro countries have been translated into euro at average exchange rates for the year, and the related balance sheets have been translated at the rates of exchange ruling at the balance sheet date. Adjustments arising on translation of the results of non-euro subsidiary, joint venture and associated undertakings at average rates, and on restatement of the opening net assets at closing rates, are dealt with in reserves, net of differences on related currency borrowings. All other translation differences are included in arriving at operating profit.

Rates used for translation of results and balance sheets into euro were as follows:

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

2 Accounting policies

The financial statements on pages 10-13 have been prepared under Irish/UK GAAP on the basis of the policies as set out in the financial statements for the year ended 31st December 2003 published in CRH's 2003 Annual Report.

3 Key components of 2004 performance

euro million	Turnover	Operating profit before goodwill	Goodwill amortisation	Profit on disposals	Profit before interest	Net interest cost	Profit before tax
2003 as reported	11,080	1,045	(76)	13	982	(118)	864
Exchange effects	(545)	(50)	3	-	(47)	7	(40)
2003 at 2004 exchange rates	10,535	995	(73)	13	935	(111)	824
Incremental impact in 2004 of:							
- 2003 acquisitions	1,036	91	(23)	-	68	(39)	29
- 2004 acquisitions	587	72	(5)	-	67	(17)	50
- change from jv to associate	(65)	-	-	-	-	-	-
- rationalisation	-	-	-	-	-	-	-
Ongoing operations	727	89	-	(2)	87	27	114
2004 as reported	12,820	1,247	(101)	11	1,157	(140)	1,017
% change as reported	+15.7%	+19.3%			+17.8%		+17.7%
% change at constant 2004 rates	+21.7%	+25.3%			+23.7%		+23.4%

4 Geographical analysis

Sales	2004		2003	
	euro m	%	euro m	%
Republic of Ireland	803.5	6.3	731.6	6.6
Britain and Northern Ireland	748.5	5.8	691.5	6.3
Mainland Europe	4,939.5	38.5	3,635.3	32.8
The Americas	6,328.2	49.4	6,021.4	54.3
Total including share of joint ventures	12,819.7	100	11,079.8	100
Less: share of joint ventures	(539.6)		(305.5)	
Total excluding share of joint ventures	12,280.1		10,774.3	

Profit before interest		2004			
		Operating profit before goodwill %	Goodwill amortisation euro m	Profit on disposal euro m	Profit before interest euro m
Republic of Ireland	10.4	129.2	(0.3)	0.6	129.5
Britain and Northern Ireland	5.2	64.3	(5.4)	(1.0)	57.9
Mainland Europe	37.0	461.3	(54.5)	(0.4)	406.4
The Americas	47.4	592.2	(41.2)	12.1	563.1
Total including jv's and associates	100	1,247.0	(101.4)	11.3	1,156.9
Less: share of jv's and associates		(89.1)	8.3	(2.0)	(82.8)
Total excluding jv's and associates		1,157.9	(93.1)	9.3	1,074.1

		2003			
		Operating profit before goodwill %	Goodwill amortisation euro m	Profit on disposal euro m	Profit before interest euro m
Republic of Ireland	12.4	129.9	(0.3)	3.4	133.0
Britain and Northern Ireland	5.5	57.4	(5.1)	3.5	55.8
Mainland Europe	28.5	297.8	(34.0)	3.1	266.9
The Americas	53.6	559.6	(36.1)	3.0	526.5
Total including joint ventures	100	1,044.7	(75.5)	13.0	982.2
Less: share of joint ventures		(40.2)	1.5	(1.1)	(39.8)
Total excluding joint ventures		1,004.5	(74.0)	11.9	942.4

5 Analysis by Division / Class of business

Sales	2004		2003	
	euro m	%	euro m	%
Europe Materials	2,353.5	18.3	1,983.8	17.9
Europe Products	2,245.0	17.5	1,720.6	15.5
Europe Distribution	1,904.1	14.9	1,361.8	12.3
Americas Materials	2,841.7	22.2	2,831.3	25.6
Americas Products	2,461.6	19.2	2,196.3	19.8
Americas Distribution	1,013.8	7.9	986.0	8.9
Total including share of joint ventures	12,819.7	100	11,079.8	100
Less: share of joint ventures	(539.6)		(305.5)	
Total excluding share of joint ventures	12,280.1		10,774.3	

Profit before interest		2004			
		Operating profit before goodwill	Goodwill amortisation	Profit on disposal	Profit before interest
	%	euro m	euro m	euro m	euro m
Europe Materials	27.2	339.4	(21.2)	0.6	318.8
Europe Products	15.2	189.6	(24.2)	0.8	166.2
Europe Distribution	10.2	126.9	(14.8)	(2.2)	109.9
Americas Materials	21.8	271.5	(19.2)	5.8	258.1
Americas Products	20.5	255.6	(17.6)	4.8	242.8
Americas Distribution	5.1	64.0	(4.4)	1.5	61.1
Total incl. jv's and associates	100	1,247.0	(101.4)	11.3	1,156.9
Less: share of jv's and associates		(89.1)	8.3	(2.0)	(82.8)
Total excl. jv's and associates		1,157.9	(93.1)	9.3	1,074.1

		2003			
		Operating profit before goodwill	Goodwill amortisation	Profit on disposal	Profit before interest
	%	euro m	euro m	euro m	euro m
Europe Materials	26.2	273.3	(20.3)	6.3	259.3
Europe Products	13.7	142.6	(16.1)	2.6	129.1
Europe Distribution	6.7	70.1	(3.0)	1.1	68.2
Americas Materials	27.8	290.7	(17.9)	2.8	275.6
Americas Products	20.6	215.6	(14.0)	(0.7)	200.9
Americas Distribution	5.0	52.4	(4.2)	0.9	49.1
Total including joint ventures	100	1,044.7	(75.5)	13.0	982.2
Less: share of joint ventures		(40.2)	1.5	(1.1)	(39.8)
Total excluding joint ventures		1,004.5	(74.0)	11.9	942.4

6 Earnings per share

The computation of basic and diluted earnings per share is set out below:

	2004 euro m	2003 euro m
Numerator for basic and fully diluted earnings per share		
Profit for the year attributable to ordinary shareholders	762.0	640.6
Goodwill amortisation, including share of joint ventures and associates	101.4	75.5
Attributable profit, excluding goodwill amortisation	863.4	716.1
Depreciation charge	494.4	458.2
<i>Numerator for cash earnings per share</i>	1,357.8	1,174.3
Denominator for basic earnings per share	Number of shares	Number of shares
Weighted average number of shares (millions) in issue	529.5	525.7
Effect of dilutive potential ordinary shares (employee share options)	4.3	5.4
<i>Denominator for diluted earnings per share</i>	533.8	531.1
Basic earnings per share	euro cent	euro cent
- Including goodwill amortisation	143.9	121.9
- Excluding goodwill amortisation	163.1	136.2
Diluted earnings per share		
- Including goodwill amortisation	142.8	120.6
- Excluding goodwill amortisation	161.7	134.8
Cash earnings per share (i)	256.4	223.4

- (i) Cash earnings per share, a non-GAAP financial measure, is presented here for information as the Company believes it is a useful financial indicator of a company's ability to generate cash from operations.

7 Reconciliation of operating profit to net cash inflow from operating activities

	2004 euro m	2003 euro m
Group operating profit excluding goodwill amortisation	1,157.9	1,004.5
Depreciation charge	494.4	458.2
Capital grants released	(1.8)	(2.0)
Net movement on provisions	(10.4)	(2.5)
Increase in working capital (excluding net change in interest accrual)	(95.1)	(62.0)
Net cash inflow from operating activities	1,545.0	1,396.2

8 Summarised cash flow

The following table summarises the Group's cash flows for 2004 and 2003.

	2004 euro m	2003 euro m
Inflows		
Profit before tax	1,017	864
Depreciation	494	458
Goodwill amortisation	101	76
	1,612	1,398
Outflows		
Tax paid	188	103
Dividends	163	150
Capital expenditure	520	402
Working capital movement	100	58
Other	58	30
	1,029	743
Operating cash flow	583	655
Acquisitions and investments	(922)	(1,615)
Disposals	100	78
Share issues (net of expenses)	73	41
Translation adjustment	33	243
	(133)	(598)
Increase in net debt	(133)	(598)

9 Movements in shareholders' funds

	2004 euro m	2003 euro m
At 1st January	4,758.9	4,747.9
Profit retained for the financial year	586.3	492.4
Currency translation effects	(200.1)	(522.5)
Issue of ordinary share capital (net of expenses)	72.7	41.1
At 31st December	5,217.8	4,758.9

10 Other

	2004	2003
Interest cover, excluding joint ventures and associates		
- EBITDA (times)	13.2	13.1
- EBIT (times)	8.5	8.4

EBITDA = earnings before interest, tax, depreciation and goodwill amortisation

EBIT = earnings before interest and tax

Interest cover is calculated by dividing EBITDA and EBIT by Group interest payable (net).

Average shares in issue (millions)	529.5	525.7
Net dividend per share (euro cent)	33.0c	28.1c
Dividend cover (times)	4.3	4.3

Depreciation charge (euro million)	494.4	458.2
Goodwill amortisation charge (euro million)		
- subsidiaries	93.1	74.0
- share of joint ventures and associates	8.3	1.5

Net debt (euro million)	2,440.7	2,308.1
Debt ratio	46%	48%
Debt to year-end market capitalisation	23%	27%

11 Abbreviated accounts

The results disclosed herein do not represent full accounts. Full accounts for the year ended 31st December 2004, upon which the Auditors have given an unqualified audit report, have not yet been filed with the Registrar of Companies. Full accounts for the year ended 31st December 2003 containing an unqualified audit report from the Auditors have been delivered to the Registrar of Companies.

12 Board approval

This results announcement was approved by the Board of Directors of CRH plc on 28th February 2005.

13 Annual Report post-out and Annual General Meeting (AGM)

The 2004 Annual Report is expected to be posted to shareholders on Thursday, 31st March 2005 together with details of the Scrip Dividend Offer in respect of the final 2004 dividend. The 2004 Annual Report will be available to the public from Friday, 1st April 2005 at the Company's registered office. The Group's AGM is scheduled to be held in Jurys Hotel, Ballsbridge, Dublin on Wednesday, 4th May 2005.