



CRH plc Interim Results 2005

Liam O'Mahony, Chief Executive
Myles Lee, Finance Director



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H1 2005 Highlights (IFRS)

	2005 €m	2004 €m	% Change
Sales	6,329	5,608	+13%
Operating profit	445	370	+20%
Profit before tax	383	319	+20%
	€ cent	€ cent	
EPS - basic	56.0	47.8	+17%
Cash EPS	105.4	95.0	+11%
Dividend*	11.25	9.60	+17%

* 22nd consecutive year of dividend increase

H1 2005 Overview

- Europe - Operating Profit +2%
 - Materials: Improved outcome reflecting first time inclusion of Secil Jan-May results
 - Products: Lower profits; continued tough Insulation trading and re-organisation
 - Distribution: Improved results despite subdued Dutch retail demand & poor weather
- Americas - Operating Profit +68%
 - Materials: Good volume & price improvements; traditional H1 loss significantly lower
 - Products: Substantial H1 advance; sustained residential activity and non-res pick-up
 - Distribution: Particularly strong performance through the first half
- Overall: Positive H1, EBIT + 20%; strong start in Americas; Europe generally subdued

Europe Materials

					Analysis of change			
					Acquisitions			
€m		2005	2004		FX	2004	2005	Organic
Sales	+19%	1,216	1,022	+194	+14	+106	+3	+71
Op profit	+12%	141	126	+15	+2	+17	-	-4
Op margin		11.6%	12.3%					

- *Overall:* Profit improved mainly reflecting full first half share of profit from Secil
- *Ireland:* Good volumes; phased price increases did not fully recover higher costs
- *Finland/Baltics:* Profit largely unchanged following recovery from poor Q1 weather
- *Poland:* Lower results reflecting severe early weather and tough H1 '04 comparatives
- *Switzerland:* Strong cement performance; but aggs/concrete hit by poor early weather
- *Spain:* Good profit improvement with very busy first half trading patterns
- *Portugal:* Satisfactory incremental 5 month contribution from Secil (acquired June 2004)

Europe Products

					Analysis of change				
€m		2005	2004		FX	Acquisitions 2004	2005	Reorg. costs	Organic
Sales	+9%	1,189	1,090	+99	+1	+86	+14	-	-2
Op profit*	-10%	86	96	-10	-	+8	-	-3	-15
Op margin		7.2%	8.8%						

**including €4m reorganisation costs (2004: €1m)*

- **Overall:** Subdued trading; organic profit decline due to tough conditions in Insulation
- **Concrete**
 - Architectural lower due to weather and weak demand in Benelux, Germany, GB
 - Structural ahead with acquisitions and good activity in Belgium and Denmark
- **Clay**
 - Better GB prices more than offset lower volumes and higher energy costs
 - Mainland Europe flat; better pricing and productivity, but continuing weak markets
- **Insulation**
 - EPS operations continued to suffer from volatility in energy-related input costs
 - €4m rationalisation to deal with challenging trading environment
- **Products**
 - Fencing & Security similar; Constr Accessories ahead; Daylight & Ventilation lower

Europe Distribution

					Analysis of change				
€m		2005	2004		FX	Acquisitions 2004	2005	Reorg. costs	Organic
Sales	+13%	1,016	895	+121	+4	+121	-	-	-4
Op profit*	+2%	50	48	+2	-	+1	-	+1	-
Op margin		4.9%	5.4%						

**Operating profit from 2004 acquisitions is stated after €3m of integration costs; there were no ongoing reorganisation costs (2004: €1m)*

- **Overall:** First half operating profit just ahead of 2004
- **DIY:**
 - Benelux: Subdued Dutch retail demand left Gamma sales/profits largely unchanged
 - Portugal: Max•Mat joint venture reported further sales and profit progress
- **Builders Merchants:**
 - Netherlands: Poor March weather; first-time benefits from Nov '04 NCD acquisition
 - France: 100% and joint venture operations were also affected by poor March weather
 - Switzerland: Both general and specialist merchants continued to improve

Americas Materials

					Analysis of change			
					Acquisitions			
€m		2005	2004		FX	2004	2005	Organic
Sales	+13%	1,065	947	+118	-43	+30	+14	+117
Op profit	n/m	(4)	(32)	+28	+2	+3	+1	+22
Op margin		-0.4%	-3.3%					

- *Overall:* Ahead of expectations; better margins & significant reduction in traditional H1 loss
- Focussed pricing initiatives & cost savings more than offset sharply higher energy costs
- *New England:* Least marked advance reflecting subdued Connecticut highway market
- *NY/NJ:* Well ahead with strong NJ demand and improvements in Upstate NY operations
- *Central:* Good advance; firmer demand in OH and WV; continuing weakness in MI
- *West:* Strong demand with significant improvement across a wide geographic region
- Heritage volume increases; aggregates +7%; asphalt +3%; readymixed concrete +3%

Americas Products

					Analysis of change			
					Acquisitions			
€m		2005	2004		FX	2004	2005	Organic
Sales	+11%	1,337	1,208	+129	-47	+45	+17	+114
Op profit	+26%	144	114	+30	-5	+1	+2	+32
Op margin		10.7%	9.4%					

- **Overall:** Strong residential and recovering non-res gave substantial profit advance
- **Precast**
 - Strong demand particularly for operations in western and southern states
 - Improved prices/overhead cost savings saw further good margin improvements
- **APG**
 - Good H1 demand for construction, retail and hardscape products
 - Better brick volumes and prices more than offset higher energy costs
- **Glass**
 - Strong H1 sales increase in an increasingly competitive environment
 - Shift in product mix towards higher value insulated and fabricated products
- **S. America**
 - Coped well with higher energy costs to limit profit decline

Americas Distribution

					Analysis of change			
					Acquisitions			
€m		2005	2004		FX	2004	2005	Organic
Sales	+13%	506	446	+60	-20	+6	+9	+65
Op profit	+58%	28	18	+10	-1	+1	+1	+9
Op margin		5.6%	4.0%					

- *Overall:* particularly strong trading performance in the first half of the year
- Florida market buoyant; significant RMI after 2004 hurricane season, new build also busy
- Strong demand across operations in the Western states
- Midwest the main exception to a generally favourable trading backdrop
- Positive performance from 2004/2005 interior products acquisitions

Development Spend

- H1 spend: €231m
 - Europe Materials €35m: Mainly upgrades to Polish lime and Ukraine cement
 - Europe Products €47m: 6 acquisitions in Concrete, Clay and Building Products
 - Americas Materials €41m: 8 bolt-on deals across Central and West regions
 - Americas Products €75m: APG/Glass acquisitions and capacity expansions
 - Americas Distribution €33m: 5 deals - 4 interior products plus 1 roofing/siding
- July/August spend: €190m
 - Acquisition of Stradal concrete products in France
 - Plus 8 bolt-on deals across our operations
- Going Forward
 - Continuing to work actively on opportunities across operations
 - Committed to delivering long-term value creation for our shareholders

H1 2005 Components of Growth

€m	Sales	EBIT	Disposals	Finance	Assocs	EBT
H1 2004 reported	5,608	370	6	(64)	7	319
Exchange effects	(91)	(2)	-	-	-	(2)
H1 2004 at H1 2005 FX rates	5,517	368	6	(64)	7	317
Incremental impact						
2004 acquisitions	394	31	-	(11)	-	20
2005 acquisitions	57	4	-	(3)	-	1
Ongoing operations	361	42	4	-	(1)	45
H1 2005 reported	6,329	445	10	(78)	6	383
Change reported	+13%	+20%				+20%
Change at constant H1'05 rates	+15%	+21%				+21%

Key Financial Data and Ratios

	H1	
	2005	2004
Sales margins		
EBITDA	11.3%	11.2%
Operating profit	7.2%	6.7%
Tax rate	21.1%	19.9%

H1 Funds Flow

	2005	2004
	€m	€m
Inflows		
Profit before tax	383	319
Depreciation	260	248
Amortisation of Intangibles	3	2
	<u>646</u>	<u>569</u>
Outflows		
Working capital	(350)	(308)
Tax paid	(59)	(84)
Dividends	(129)	(106)
Capital expenditure	(347)	(263)
Other	(1)	23
	<u>(886)</u>	<u>(738)</u>
Operating cash inflow	(240)	(169)
Acquisitions and investments	(207)	(802)
Disposals	45	59
Share issues	36	37
Translation	(144)	(63)
Debt increase	(510)	(938)

Debt Ratios & Interest Cover

H1 2004	Y/E 2004		H1 2005
3,493	2,758	Debt (€bn) incl share of JVs	3,268
4,753	4,979	Total Equity (€bn)	5,414
73%	55%	Debt/Total Equity	60%
39%	26%	Debt/Market Capitalisation	28%

Interest cover (times)*

12.3	EBITDA/Net Interest	11.8
8.7	EBIT/Net Interest	8.4

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

2005 Outlook - Europe

- Materials

- Ireland remains strong, improved trading in Poland
- Likely lower H2 Swiss cement demand due to wind-down of major tunnel project
- Trading in other markets unchanged; expect improvement in H2 organic op. profit

- Products

- Short term economic outlook remains generally subdued in core countries
- Unlikely that the H1 operating profit decline can be offset in H2
- Overall, expect that full year operating profit will be below 2004

- Distribution

- Weak Dutch consumer spending patterns continue to constrain DIY activities
- Builders merchanting operations are proving more robust
- Overall, expect to deliver continuing operating profit progress in H2

2005 Outlook - Americas

- Materials

- Performing well, good backlogs for remaining months
- Recent energy cost rises are absorbing more of pricing benefits than in H1
- Currently expect some margin improvement and higher 2005 US\$ profits

- Products

- Pace of advance has moderated slightly over summer months
- Demand backdrop remains positive; residential strong, non-res continuing to improve
- Expect a good second half out-turn and a full year profit advance

- Distribution

- Facing some tough comparatives for the second half of 2005
- H2 2004 had significant post hurricane demand in Florida and pricing gains
- Generally favourable backdrop, expect higher H2 US\$ profit

2005 Outlook - Overall

- Strong first half out-turn with:
 - Good organic growth from Americas significantly outweighing Europe decline
 - Satisfactory incremental contribution from 2004 and 2005 acquisitions
 - Modest adverse overall currency translation impact
- Second half will see:
 - Continued benefits from strong markets for American operations
 - Sustained focus on price improvement, cost effectiveness and operating performance
 - Offset to some extent by recent surge in energy costs
- Expect to make further progress in the more important second half



SUPPLEMENTARY INFORMATION



Analysis by Segment

€m	2005	H1 2004	% change
Sales			
Europe Materials	1,216	1,022	+19%
Europe Products	1,189	1,090	+9%
Europe Distribution	1,016	895	+13%
Americas Materials	1,065	947	+13%
Americas Products	1,337	1,208	+11%
Americas Distribution	506	446	+13%
Total	6,329	5,608	+13%
Operating profit			
Europe Materials	141	126	+12%
Europe Products	86	96	-10%
Europe Distribution	50	48	+2%
Americas Materials	(4)	(32)	n/m
Americas Products	144	114	+26%
Americas Distribution	28	18	+58%
Total	445	370	+20%

Analysis by Region

€m	2005	H1 2004	% change
Sales			
Ireland	561	508	+11%
Benelux	1,192	1,058	+13%
Rest of Europe	1,662	1,434	+16%
Americas	2,914	2,608	+12%
Total	6,329	5,608	+13%
Operating profit			
Ireland	71	73	-3%
Benelux	90	88	+1%
Rest of Europe	116	108	+7%
Americas	168	101	+67%
Total	445	370	+20%

Profit on Disposals

€m	H1	
	2005	2004
Analysis by Segment		
Europe Materials	4.7	1.2
Europe Products	0.6	0.4
Europe Distribution	(0.6)	0.1
Americas Materials	4.7	3.3
Americas Products	0.2	0.9
Americas Distribution	0.4	0.1
Total	10.0	6.0
Analysis by Region		
Ireland	3.3	0.5
Benelux	0.1	0.6
Rest of Europe	1.3	0.6
Americas	5.3	4.3
Total	10.0	6.0

Foreign Currency Rates

	Average			Period ended		
	Six months ended		Year ended 31st Dec 2004	30th June		31st Dec 2004
	2005	2004		2005	2004	
euro 1 =						
US Dollar	1.2847	1.2273	1.2439	1.2092	1.2155	1.3621
Pound Sterling	0.6859	0.6735	0.6787	0.6742	0.6708	0.7051
Polish Zloty	4.0796	4.7324	4.5268	4.0388	4.5236	4.0845
Swiss Franc	1.5462	1.5531	1.5438	1.5499	1.5242	1.5429
Argentine Peso	3.7388	3.5641	3.6572	3.4934	3.5979	4.0488

Euroconstruct Forecasts

Construction output 2005 *(Euroconstruct June 2005)*

		%
Belgium	↑	+10.4
Denmark	↑	+2.1
Finland	↑	+4.1
France	↑	+2.9
Germany	↓	-2.2
Ireland	↑	+2.5
Netherlands	↑	+3.0
Poland	↑	+7.7
Portugal	↑	+1.3
Spain	↑	+4.4
Sweden	↑	+4.2
Switzerland	↑	+5.0
United Kingdom	↑	+2.4

Contact Us

CRH plc

Investor Relations

Belgard Castle

Clondalkin

Dublin 22

Ireland

Phone: + 353 1 404 1000

Fax: + 353 1 404 1007

Email: ir@crh.com

or look up our Website - www.crh.com



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