

CRH plc Interim Results 2006



The International Building Materials Group

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Sales**€8,028m****↑ 27%****Operating profit****€613m****↑ 38%****Profit before tax****€526m****↑ 37%****EPS Basic****73.7c****↑ 32%****Cash EPS****131.7c****↑ 25%****Dividend****13.50c****↑ 20%*****23rd consecutive year of dividend increase***

- **Europe – Operating Profit +19%**

- Materials: good improvement on H1 2005 outcome
- Products: profit advanced; good acquisition contributions plus organic growth
- Distribution: strong increase with the bulk of advance from underlying operations

- **Americas – Operating Profit +68%**

- Materials: better prices and margins generated a profit rather than traditional H1 loss
- Products: excellent H1 with profit advance and further margin improvement
- Distribution: substantial profit increase; acquisitions and organic growth

Overall: particularly good start to the year plus development activity of over €0.8Bn

					Analysis of change			
					Acquisitions			
€m		H1			FX	2005	2006	Organic
Sales	+10%	2006	2005		+4	+11	+6	+97
		1,334	1,216	+118	-	+1	+1	+9
Op. profit	+8%	152	141	+11				
Op. margin		11.4%	11.6%					

- **Ireland:** Higher input costs offset by gradual price recovery to give modest profit advance
- **Finland/Baltics:** Operating profit in cement & downstream operations well ahead of 2005
- **Poland:** Significant volume growth with substantially improved profitability after a slow start
- **Ukraine:** Improved pricing/efficiency more than offset lower volumes/higher gas costs
- **Switzerland:** Lower volumes & profits in cement operations offset by downstream advance
- **Spain:** Good volume increases but slight decline in margin left profit in line with 2005
- **Portugal:** Decline in cement offset by improved downstream activity; similar profit outcome

Overall... good improvement on 2005

					Analysis of change				
					Acquisitions		Reorg.		
€m		H1			FX	2005	2006	Costs	Organic
Sales	+25%	2006	2005		+1	+186	+73	-	+37
Op. profit	+30%	1,486	1,189	+297	-	+19	+6	-1	+2
Op. margin		112	86	+26					
		7.5%	7.2%						

- Concrete:** Structural: Strong organic profit increase in Benelux, France, Denmark
Architectural: Ongoing profit similar plus good Stradal (Aug '05) contribution
Overall: Strong advance with good acquisition contributions & organic growth
- Clay:** Winter shutdown in UK / DE to avoid over-supply / seasonal gas price peaks
Had an adverse impact on profitability in the early months
Despite improved May/June, H1 operating profit declined by c.20%
- B. Products:** Insulation: Improved performance with benefits from 2005 restructuring
F&S: Lower profit; D&V: Similar outcome; both faced very competitive markets
Construction Accessories: Acquisition benefits plus organic growth

***Overall... good incremental acquisition contributions
complemented by organic growth***

					Analysis of change				
					Acquisitions		Reorg.		
€m		H1			FX	2005	2006	Costs	Organic
Sales	+30%	2006	2005		-2	+246	+17	-	+42
Op. profit	+33%	1,319	1,016	+303	-	+4	+1	-1	+12
Op. margin		66	50	+16					
		5.0%	4.9%						

- DIY:**

Pick-up in overall Dutch consumer confidence evident from early in the year

But not reflected in improved demand across the DIY sector until May/June

As a result our first half sales/operating profit broadly similar to 2005
- Merchanting:**

Very good underlying profit improvement in Benelux, France and Switzerland

Austria: early trading disappointing, minimal contribution to H1 profit

Germany: Bauking JV delivered good performance in line with expectations

Overall... strong H1 operating profit improvement with bulk of advance generated from underlying operations

					Analysis of change			
					Acquisitions			
€m		H1 2006	2005		FX	2005	2006	Organic
Sales	+31%	1,393	1,065	+328	+48	+83	+45	+152
Op. profit	n/m	35	-4	+39	-	+1	+7	+31
Op. margin		2.5%	-0.4%					

- H1 outcome exceeded expectations helped by mild winter & early private sector demand
- Satisfactory volumes: heritage changes → rmc +3%, aggregates -1%, asphalt in line with '05
- Effective pricing and continuing cost reduction led to improved margins
- **New England:** heavy rain in June & slower pace in Connecticut left profit just behind 2005
- **NY/NJ:** Similar outcome with wet weather conditions in June particularly in New Jersey
- **Central:** Input cost recovery resulted in an improved profit performance
- **West:** Good volumes / prices saw strong profit uplift particularly in Utah & Idaho

Overall ... very good sales price increases and cost reduction resulted in an operating profit compared to the traditional H1 seasonal loss

					Analysis of change			
					Acquisitions			
€m		H1			FX	2005	2006	Organic
Sales	+36%	2006	2005					
		1,813	1,337	+476	+67	+94	+138	+177
Op. profit	+40%	202	144	+58	+8	+3	+5	+42
Op. margin		11.1%	10.7%					

- Excellent H1; generally favourable weather, good Res activity, further Non-Res improvement
- **APG:** Further good overall organic growth despite some moderation in Res activity
- **Precast:** Improved profit and margin with continuing widespread growth in Non-Residential
- **Glass:** Significant organic growth helped by ongoing shift to higher-margin segments
- **MMI:** Integration of this largely Non-Residential oriented business is well underway

Overall ... notwithstanding some dilution from inherently lower margin MMI, further margin improvement achieved

					Analysis of change			
					Acquisitions			
€m		H1 2006	2005		FX	2005	2006	Organic
Sales	+35%	683	506	+177	+23	+88	+25	+41
Op. profit	+64%	46	28	+18	+1	+9	+2	+6
Op. margin		6.8%	5.6%					

- H1 saw continued positive trading conditions in both roofing/siding and interior products
- With RMI focus, moderation in new housing demand had little adverse H1 impact
- Florida market remained particularly buoyant
- Strong incremental contributions from both 2005 and 2006 acquisitions

Overall ... strong acquisition contributions combined with organic growth resulted in substantial H1 operating profit advance and improved margin

- H1 activity over €0.8Bn
 - MMI – \$350m – fencing products, welded wire reinforcement & construction accessories
 - Halfen-Deha – €170m – construction accessories
 - Over 30 other transactions

- July/August activity over €1.1Bn
 - \$1.3Bn acquisition of Ashland Paving And Construction (APAC)
 - Plus further bolt-on deals across our operations

- Going Forward
 - Continued capacity to avail of further value-creating opportunities

H1 2006 COMPONENTS OF GROWTH

€m	Sales	EBIT	Disposals	Finance	Assocs	EBT
H1 2005 reported	6,329	445	10	(78)	6	383
Exchange effects	141	9	-	(2)	-	7
H1 2005 at H1 2006 FX rates	6,470	454	10	(80)	6	390
Incremental impact						
2005 acquisitions	708	37	-	(26)	-	11
2006 acquisitions	304	22	-	(10)	-	12
Ongoing operations	546	100	7	3	3	113
H1 2006 reported	8,028	613	17	(113)	9	526
Change reported	+27%	+38%				+37%
Change at constant H1'06 rates	+24%	+35%				+35%

KEY FINANCIAL DATA AND RATIOS

	2006	H1 2005
Sales margins		
EBITDA	11.5%	11.2%
Operating profit	7.6%	7.0%
Profit before finance costs	7.8%	7.2%
Tax rate	23.4%	21.1%

	2006	2005
	€m	€m
Inflows		
Profit before tax	526	383
Depreciation	300	260
Amortisation of intangibles	12	3
	<u>838</u>	<u>646</u>
Outflows		
Working capital	(474)	(350)
Tax paid	(61)	(59)
Dividends	(149)	(125)
Capital expenditure	(434)	(347)
Other	(17)	(5)
	<u>(1,135)</u>	<u>(886)</u>
Operating cash outflow	(297)	(240)
Acquisitions and investments	(901)	(207)
Disposals	60	45
Share issues	54	36
Translation	137	(144)
Debt increase	(947)	(510)

DEBT RATIOS & INTEREST COVER

H1 2005	Y/E 2005		H1 2006
3,268	3,448	Debt incl JVs (€Bn)	4,395
5,414	6,234	Total Equity (€Bn)	6,412
60%	55%	Debt/Total Equity	69%
28%	26%	Debt/Market Capitalisation	32%

Interest cover (times)*

11.4	12.3	EBITDA/Net Interest	11.2
8.1	8.8	EBIT/Net Interest	8.0

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

- **Materials**

- Continuing strength in Ireland & Finland; Iberia expected to be similar to 2005
- Poland strong but tougher H2 comparatives; H2 comparatives easier in Switzerland
- Expect further improvement in underlying profits in H2

- **Products**

- Anticipate further H2 benefits from emergence of somewhat firmer demand
- Concrete operations expected to continue to progress
- Clay unlikely to reverse H1 decline; Building Products will benefit from Halfen-Deha

- **Distribution**

- Expect further organic progress in H2 from BM ops in Benelux, France and Switzerland
- After disappointing H1 look to improving trend in Austrian BM operations
- DIY should show modest improvement; remains sensitive to pace of interest rate rises

- **Materials**

- Highway markets robust; with higher prices may see some late season volume effect
- Primary focus; recovery of higher input costs and underlying margin improvement
- Modest positive impact expected for APAC post restructuring costs

- **Products**

- Continuing to advance, but at slower pace than very strong H1
- US Res has moderated from high levels; Non-Res continues to grow strongly
- Expect good H2 outcome from these businesses and further full year progress

- **Distribution**

- Once again performance exceeded expectations in H1
- With positive trading backdrop in key markets plus significant acquisitions benefits
- Expect strong H2 performance leading to another excellent full year outcome

- Outlook broadly positive, despite some statistical evidence of slower US economic growth
- CRH has had a particularly good start to the year
- Our ongoing focus on recovery of input costs is showing good success
- Have delivered record development activity over past 12 months
- While as always risks remain, we expect good profit growth in the more significant H2 and ...

... healthy advance for 2006 as a whole

SUPPLEMENTARY INFORMATION

ANALYSIS BY SEGMENT

€M	2006	2005	% change
Sales			
Europe Materials	1,333.5	1,215.7	10%
Europe Products	1,485.9	1,188.9	25%
Europe Distribution	1,319.5	1,016.0	30%
Americas Materials	1,393.2	1,065.3	31%
Americas Products	1,812.9	1,337.1	36%
Americas Distribution	683.1	506.3	35%
Total	8,028.1	6,329.3	27%
 Operating Profit			
Europe Materials	152.1	141.3	8%
Europe Products	112.0	85.9	30%
Europe Distribution	65.9	49.6	33%
Americas Materials	34.5	(4.1)	n/m
Americas Products	201.5	143.6	40%
Americas Distribution	46.7	28.5	64%
Total	612.7	444.8	38%

€M	2006	2005	% change
Sales			
Ireland	571.3	561.3	2%
Benelux	1,269.0	1,191.9	6%
Rest of Europe	2,292.9	1,661.8	38%
Americas	3,894.9	2,914.3	34%
Total	<u>8,028.1</u>	<u>6,329.3</u>	<u>27%</u>
 Operating Profit			
Ireland	71.6	70.5	2%
Benelux	110.5	89.7	23%
Rest of Europe	147.4	116.4	27%
Americas	283.2	168.2	68%
Total	<u>612.7</u>	<u>444.8</u>	<u>38%</u>

€M	2006	2005
Analysis by Segment		
Europe Materials	8.8	4.7
Europe Products	0.5	0.6
Europe Distribution	2.2	(0.6)
Americas Materials	4.6	4.7
Americas Products	1.1	0.2
Americas Distribution	-	0.4
Total	17.2	10.0

Analysis by Region		
Ireland	6.9	3.3
Benelux	0.1	0.1
Rest of Europe	4.5	1.3
Americas	5.7	5.3
Total	17.2	10.0

	Average			Period ended		
	Six months ended 2006	2005	Year ended 2005	Six months ended 2006	2005	Year ended 2005
euro 1=						
US Dollar	1.2296	1.2847	1.2438	1.2713	1.2092	1.1797
Pound Sterling	0.6870	0.6859	0.6838	0.6921	0.6742	0.6853
Polish Zloty	3.8901	4.0796	4.0224	4.0546	4.0388	3.8600
Swiss Franc	1.5610	1.5462	1.5483	1.5672	1.5499	1.5551
Argentine Peso	3.7733	3.7388	3.6356	3.9432	3.4934	3.5868

Construction output 2006 (Euroconstruct June 2006)

		%
Belgium	↑	+6.4
Denmark	↑	+1.5
Finland	↑	+3.6
France	↑	+3.7
Germany	↑	+1.2
Ireland	↑	+5.7
Netherlands	↑	+4.0
Poland	↑	+8.9
Portugal	↓	(3.2)
Spain	↑	+4.4
Sweden	↑	+6.8
Switzerland	↑	+1.7
United Kingdom	↑	+1.5



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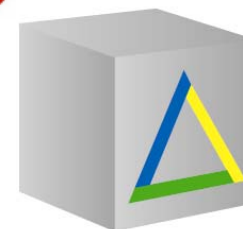
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