

CRH plc 2006 Results



The International Building Materials Group

Liam O'Mahony
Chief Executive

Myles Lee
Finance Director

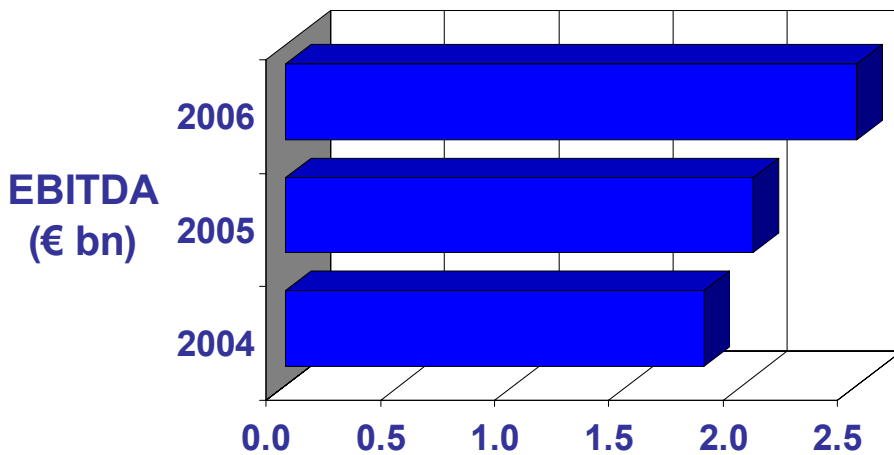
2006 Highlights

A record year of performance and growth

- Revenue up 30%, Operating Profit 27% higher
- Operating Profit advance 50/50 organic and acquisitions
- 25% increase in PBT, Earnings +20%, Dividend +33%
- Strong €0.7 billion operating cash inflow
- €3 billion investment (acqs & capex) which underpins future growth

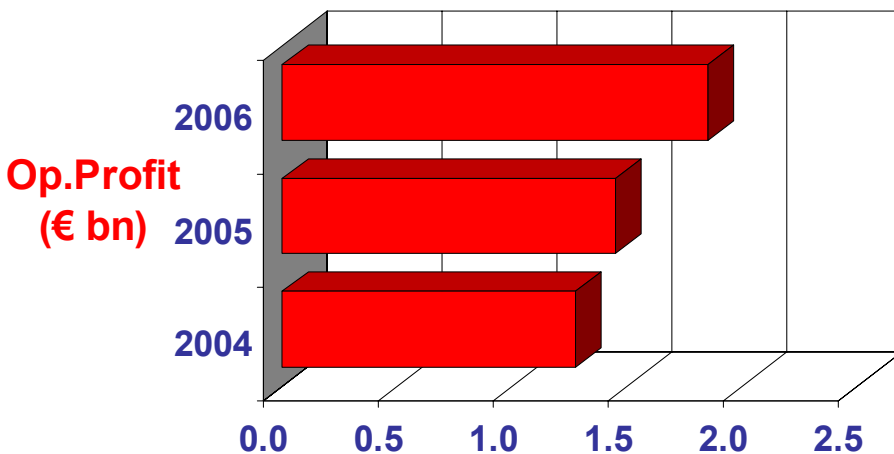
2006 Highlights

Continuing long-term performance and growth



○ EBITDA: €2.46 bn; up 25%

10-yr cagr: +20% p.a.

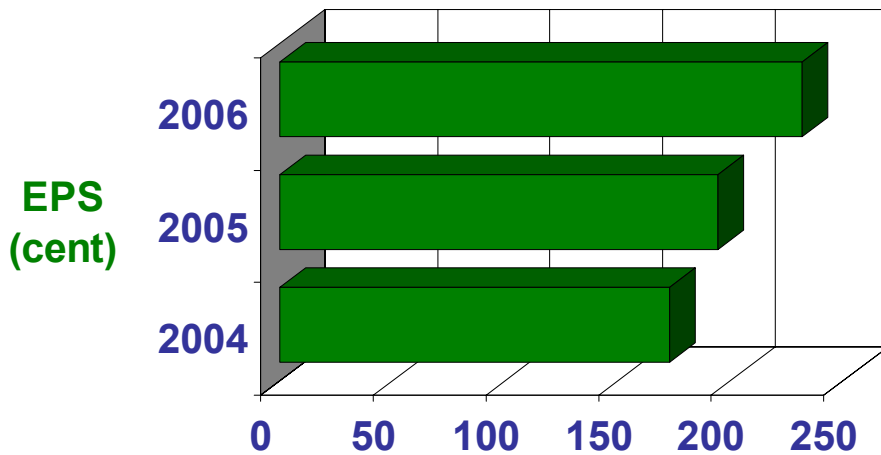


○ Op.Profit: €1.77 bn; up 27%

10-yr cagr: +20% p.a.

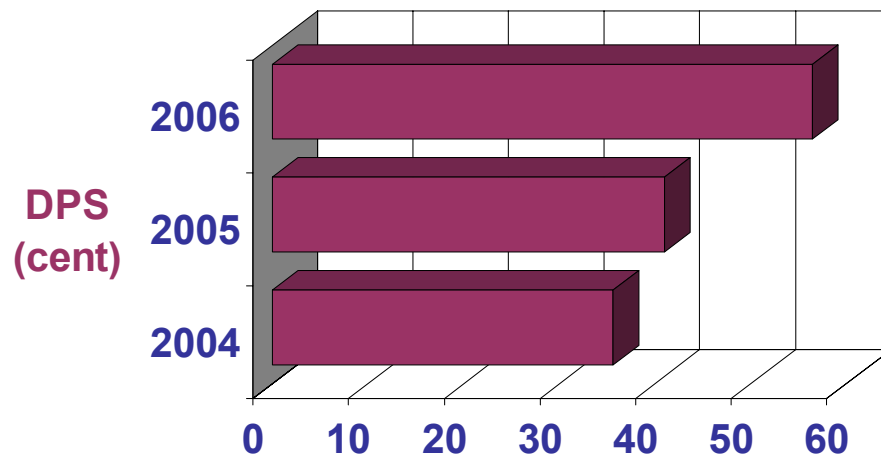
2006 Highlights

Continuing long-term shareholder return



○ EPS +20%; 14th year of growth

10-yr cagr: +17% p.a.



○ DPS +33%; 23rd year of growth

10-yr cagr: +16% p.a.

Europe Materials

Satisfactory advance; stronger second half momentum

€m	<u>2005</u>	FX	Acquisitions			<u>2006</u>	Change
			2005	2006	Organic		
Sales *	2,646	+5	+21	+33	+262	2,967	+12%
Op. profit *	377	+1	+2	+5	+36	421	+12%
Op. margin	14.2%					14.2%	

** Excludes associate Uniland share of PAT included in PBT*

- Organic EBIT growth of approx. 10% for 3rd consecutive year
- Ireland, CE Europe & Finland the drivers of strong organic growth
- Lower Swiss cement results offset by downstream advance
- Iberian markets mixed, similar overall outcome

Europe Products

Stronger trading; welcome step-up in underlying margin

€m	<u>2005</u>	FX	Acquisitions		Non	Organic	<u>2006</u>	Change
			2005	2006	Rec			
Sales	2,533	+4	+245	+276	-	+128	3,186	+26%
Op. profit	176	-	+25	+20	(31)	+31	221	+26%
Op. margin	6.9%						6.9%	
excl. Non-Rec							7.9%	

- Improving markets, with increased momentum in H2
- Concrete advance & Insulation recovery the main organic drivers
- Good performance from '05/'06 Concrete & Const. Access. acqs
- Margin 7.9% excluding non-recurring; a full %-point advance

Europe Distribution

Satisfactory acquisition impact & good organic growth

€m	<u>2005</u>	FX	Acquisitions		Non		<u>2006</u>	Change
			2005	2006	Rec	Organic		
Sales	2,193	(6)	+418	+65	-	+116	2,786	+27%
Op. profit	123	-	+12	+4	+19	+14	172	+39%
Op. margin	5.6%						6.2%	
excl. Non-Rec							5.5%	

- Strong organic BM improvements in NL, France & Switzerland
- First full year's trading from 2005 BM acqs in Austria & Germany
- Margin 5.5% excl. non-recurring items, reflects change in mix
- 2006 Sales split 72% BM : 28% DIY versus 67% : 33% in 2005

Americas Materials

Significant success in recovery of higher input costs

€m	<u>2005</u>	FX	Acquisitions			<u>2006</u>	Change
			2005	2006	Organic		
Sales	3,165	(30)	+186	+904	+553	4,778	+51%
Op. profit	328	(3)	+27	+45	+78	475	+45%
Op. margin	10.4%					9.9%	
excl. APAC						11.2%	

- Excellent organic advance; price improvements & cost efficiencies
- Strong seasonal contribution from 2005 acqs in KY, WVA, MN
- 2006 acqs reflect lower margin APAC activities & integration costs
- Margin excl. APAC (Sales €761m, EBIT €26m) well ahead at 11.2%

Americas Products

Good profit advance; improved underlying margin excl. MMI

€m	<u>2005</u>	FX	Acquisitions			<u>2006</u>	Change
			2005	2006	Organic		
Sales	2,756	(16)	+113	+492	+227	3,572	+30%
Op. profit	308	(1)	+3	+22	+43	375	+22%
Op. margin	11.2%					10.5%	
excl. MMI						11.3%	

- Strong full year organic growth from Precast, APG and Glass
- 2005 acqs reflect poor performance in APG's Lawn/Garden sector
- Lower margin MMI (Sales €424m, EBIT €19m) the principal '06 acq
- Delivered slightly higher underlying margin of 11.3% excl. MMI

Americas Distribution

Margin similar to excellent 2005 level

€m	Acquisitions					2006	Change
	<u>2005</u>	FX	2005	2006	Organic		
Sales	1,156	(11)	+125	+137	+41	1,448	+25%
Op. profit	80	(1)	+13	+12	(1)	103	+28%
Op. margin	7.0%					7.1%	

- As expected Florida declined in H2, post hurricane-induced activity
- '05/'06 Interior Products acqs delivered excellent contributions
- Interior Products now c.1/3 of turnover, Roofing/Siding 2/3
- 2006 saw overall margin maintained at an excellent 7%

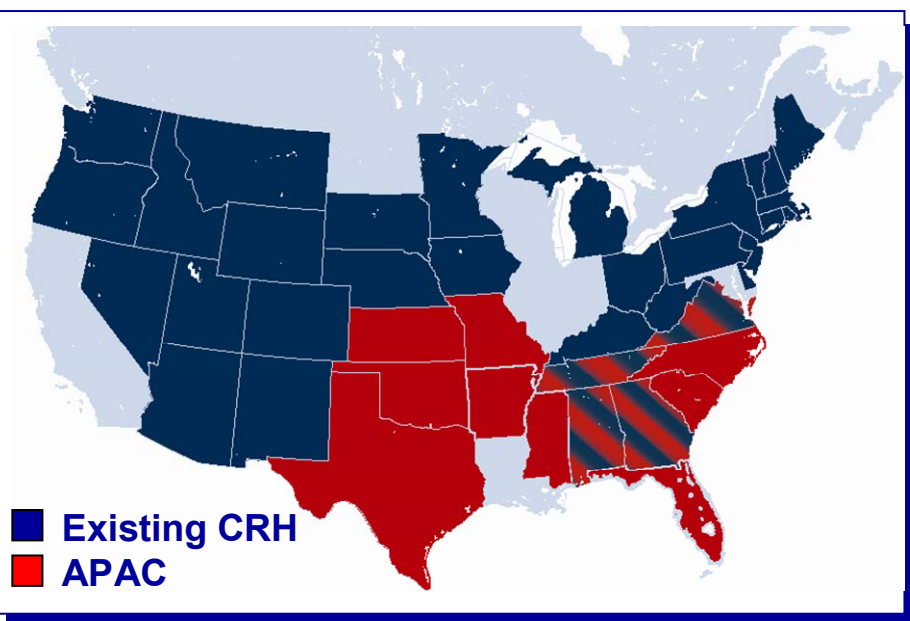
2006 Acquisitions

Continuing delivery with record net spend of €2.1 bn

- €2.1 billion net spend split approx. 20% Europe, 80% Americas
- Including 3 significant deals at a combined net cost of €1.3 billion
 - Halfen (Europe Products) – a leader in Const. Access.
 - MMI (Americas Products) – a new product platform in the US
 - APAC (Americas Materials) – CRH's largest deal to date
- Plus 66 traditional bolt-ons at a combined cost of €0.8 billion

APAC

Major expansion into Midwestern / Southern US states



- Expands aggs/asphalt position and infrastructure exposure
- 32 million tpa of aggregates, 2 billion tons of reserves
- Substantial synergies
- Margins/capital intensity reflect construction focus
- Selective post-acq disposals to increase materials focus
- With potential for downstream acquisitions in aggregates

Net of Disposals

Consideration	\$1.1 Bn
Sales (LTM June '06)	\$2.4 Bn
EBITDA (LTM June '06)	\$190 M
EBITDA Multiple	5.8x

Development 2007

Opportunities for growth across multiple platforms

- Capital Expenditure
 - Expanding capacity to meet demand growth
 - Reinvesting for energy efficiency and world-class HSE
- Acquisitions - Existing regions
 - Developed world focus remains the main priority
 - Good pipeline of opportunities across all business segments
- Acquisitions - Developing regions
 - China ... initial steps focussed on North Eastern provinces
 - Mediterranean Basin ... leveraging contacts for development

China

Action research for future growth



○ Harbin Sanling (Heilongjiang)

- 1 cement plant: 0.65 mtpa
- Acquisition of 100% assets
- Completed Feb 2007

○ Yatai (Jilin/Heilongjiang)

- 4 cement plants
- Capacity: c.9 mtpa
- Signed LOI for 26% stake

○ Other regional opportunities

- Under review

Finance

2006 Components of Growth

50% of operating profit growth generated by ongoing ops

€M	Sales	EBIT	Disposals	Finance	Assocs	EBT
2005 reported	14,449	1,392	20	(159)	26	1,279
Exchange effects	(54)	(4)	-	-	-	(4)
2005 at 2006 FX rates	14,395	1,388	20	(159)	26	1,275
Incremental impact						
2005 acquisitions	1,108	82	-	(40)	18	60
2006 acquisitions	1,907	108	-	(56)	-	52
Non-recurring items	-	(12)	-	-	-	(12)
Ongoing operations	1,327	201	20	3	3	227
2006 reported	18,737	1,767	40	(252)	47	1,602
<i>Change</i>	<i>+30%</i>	<i>+27%</i>				<i>+25%</i>

Margins

Adjusted to exclude APAC/MMI & non-recurring items

	2006 Reported	2006 Adjusted	2005 Reported
Europe Materials	14.2%	14.2%	14.2%
Europe Products	6.9%	7.9%	6.9%
Europe Distribution	6.2%	5.5%	5.6%
Americas Materials	9.9%	11.2%	10.4%
Americas Products	10.5%	11.3%	11.2%
Americas Distribution	7.1%	7.1%	7.0%
Group	<u>9.4%</u>	<u>9.9%</u>	<u>9.6%</u>

- Good progress in delivery of improved underlying margins

Funds Flow

Continuing strong operating cash inflow ...

	2006	2005
Inflows	€M	€M
Profit before tax	1,602	1,279
Depreciation	664	556
Amortisation of intangibles	25	9
	<u>2,291</u>	<u>1,844</u>
Outflows		
Working capital	(75)	(119)
Tax paid	(378)	(260)
Dividends	(222)	(185)
Capital expenditure	(832)	(652)
Other	(69)	(19)
	<u>(1,576)</u>	<u>(1,235)</u>
Operating cash inflow	<u><u>715</u></u>	<u><u>609</u></u>

Funds Flow

... limits net Debt increase after record investment spend

	2006	2005
	€M	€M
Operating cash inflow	715	609
Acquisitions and investments	(2,311)	(1,298)
Disposals (incl. APAC disposals)	252	103
Share issues	112	61
Translation	188	(165)
Debt increase	(1,044)	(690)
 Acqs, Capex less Disposals	 (2,891)	 (1,847)
 Debt/Shareholder's Funds	 63%	 55%
Debt/Year-end Market Capitalisation	26%	26%

Key Financial Data

Substantial capacity to pursue further opportunities

○ Financial Strength

- Successful \$1.75 billion global bond issue
- 2006 EBITDA Interest Cover 9.7x ... (bank covenants 4.5x)
- Strong €0.7 billion operating cashflow (post divs, tax, total CX)

○ Focus is value-creation

- Return on Average Net Assets 15.4% ... (2005: 14.5%)
- Return on Average Equity 18.4% ... (2005: 17.9%)

Dividend Strategy

Phased reductions in cover levels from 2006 to 2008

- 2005 cover 4.8 times; aiming at c.3.5 times for 2008
- First step 2006, dividend +33%, cover 4.3 times
- Expect further reductions in cover for 2007 and 2008
- Subject as always to no major changes in market conditions
- No impact on development strategy

Outlook

2007 Europe Outlook

Overall European construction demand outlook is positive

○ Materials

- Broadly positive market outlooks & benefits from Capex projects
- Expect further organic growth & another year of progress in '07

○ Products

- Firmer outlook in core European markets
- Further improvement in performance & margin in 2007

○ Distribution

- Better markets to support BM; DIY pick-up still moderate
- Anticipate further profit growth in Distribution activities in 2007

2007 Americas Outlook

Infra and Non-Res demand a counterbalance to softer Res

○ Materials

- Infra well underpinned by SAFETEA & better State finances
- Pricing strategy, efficiency benefits, 2006 acqs contributions
- We look forward to another year of significant progress

○ Products

- Likely further New US Res decline; New US Res <10% CRH
- Continued Non-Res recovery; overall another good year

○ Distribution

- End-use Residential and Non-Residential with high RMI content
- Expect a further good year for our operations

Overall Outlook

Looking to another year of progress ...

○ 2006

- Continuing delivery with record acquisition spend
- Strong improvement in all key financial measures
- Continuing robust cash generation & comfortable interest cover

○ 2007

- Can sustain higher dividend payout and continuing development
- Focus on price/cost effectiveness, benefits from 2006 acqs
- Expect to achieve further progress in 2007

Going Forward

Continuation of our clear consistent strategic vision...

be a responsible international leader in
building materials delivering superior
performance and growth

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