



## Interim Results 2010

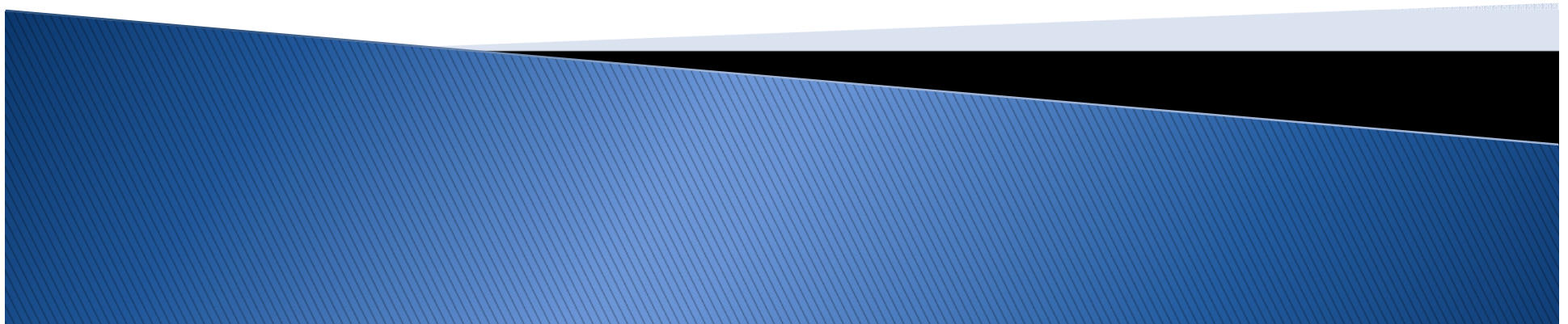
***Albert Manifold***  
*Chief Operating Officer*

***Myles Lee***  
*Chief Executive*

***Maeve Carton***  
*Finance Director*

# Trading Performance

Myles Lee  
CEO



# H1 2010 Key Points

*Results in line with July IMS guidance*

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- ▶ Cumulative like-for-like Sales declines eased progressively through H1 ...
- ▶ ... from -23% end-Feb, -17% end-Mar, -14% end-Apr to -10% at end-Jun
- ▶ Reported Sales (incl. acqs + FX) down 8% at €7.7bn (2009: €8.3bn)
- ▶ EBITDA €520m (2009: €651m) down 20% with bulk of decline in Q1
- ▶ Op. Profit €118m (2009: €241m) down 51%
- ▶ PBT down 77% at €25m (2009: €108m); July IMS guided close to breakeven
- ▶ Interim dividend maintained at H1 2009 level of 18.5c

# CRH Year to Date Acquisition Activity

*c€245m committed to date*

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## H1 Spend - €159m on 13 Transactions + Equity Investment in China

- ▶ 9 bolt-ons to Americas Materials adding 243m tonnes aggregates reserves
- ▶ 4 bolt-ons to Europe Materials incl. a downstream acquisition in India
- ▶ Funding for 2 projects expanding Yatai Cement's capacity in China

## July/August Activity – €86m on 6 Transactions

- ▶ Distribution Belgium – 75% of Sanitary, Heating and Plumbing business
- ▶ Materials USA - 100% of Texas based asphalt business
- ▶ Other: China (Cement), Switzerland (Rmc), Maine & Colorado (Aggs)

*Continuing opportunities in challenging markets*



# Europe – First Half Overall

*Tough trading exacerbated by severe winter*

€m	%	H1		Change	Organic	Acqs	Restruc	FX
		<u>2010</u>	<u>2009</u>					
Sales	(8%)	4,267	4,614	(347)	(439)	+13	-	+79
EBITDA	(17%)	342	410	(68)	(94)	-	+16	+10
Op. profit	(28%)	160	221	(61)	(83)	(1)	+16	+7
EBITDA margin		8.0%	8.9%					
Op. margin		3.7%	4.8%					

- ▶ H1 like-for-like Sales down 9% but moderating trend with Q2 down 5%
- ▶ EBITDA down 17%; Materials -7%; Products -28%; Distribution -15%
- ▶ Results reflect 2010 restructuring costs of €25m (2009 €41m)
- ▶ FX benefits reflect € weakness vs. Polish Zloty and Swiss Franc

# Europe Materials

*EBITDA margin maintained despite tough Q1*

€m	%	H1		Change	Organic	Acqs	Restruct	FX
		2010	2009					
Sales	(6%)	1,223	1,303	(80)	(132)	+13	-	+39
EBITDA	(7%)	152	163	(11)	(36)	-	+19	+6
Op. profit	(15%)	68	80	(12)	(35)	(1)	+19	+5
EBITDA margin		12.4%	12.5%					
Op. margin		5.6%	6.1%					

- ▶ Following tough Q1 weather, Q2 saw more positive volume trends
- ▶ H1 cement vols:
  - Finland +9% (Q2 +20%); Switzerland +7% (Q2 +7%); Poland +1% (Q2 +1%)
  - Ireland -24% (Q2 -17%); Ukraine -14% (Q2 flat); Secil -4% (Q2 flat)
- ▶ Pricing more competitive than in 2009 but input costs broadly stable

# Europe Products

*Lower margins with weak Res/Non-Res demand*

€m	%	H1		Change	Organic	Acqs	Restruc	FX
		<u>2010</u>	<u>2009</u>					
Sales	(10%)	1,398	1,546	(148)	(164)	-	-	+16
EBITDA	(28%)	107	149	(42)	(50)	-	+6	+2
Op. profit	(47%)	40	75	(35)	(42)	-	+6	+1
EBITDA margin		7.7%	9.6%					
Op. margin		2.9%	4.9%					

- ▶ H1 like-for-like Sales down 10% but moderating trend with Q2 down -3%
- ▶ Concrete Op. Profit down c€26m mainly in Non-Res Structural ops
- ▶ Clay Op.Profit up c€6m; UK brick industry vols up c15%; Dutch pavers holding
- ▶ B. Products Op. Profit down c€15m reflecting weaker Non-Res demand

# Europe Distribution

*More robust performance than in Products - higher RMI exposure*

€m	%	H1		Change	Organic	Acqs	Restruc	FX
		<u>2010</u>	<u>2009</u>					
Sales	(7%)	1,646	1,765	(119)	(143)	-	-	+24
EBITDA	(15%)	83	98	(15)	(8)	-	(9)	+2
Op. profit	(21%)	52	66	(14)	(6)	-	(9)	+1
EBITDA margin		5.0%	5.6%					
Op. margin		3.2%	3.7%					

- ▶ H1 like-for-like Sales down 8% but moderating trend with Q2 down 6%
- ▶ 2009/2010 restructuring measures limited margin decline
- ▶ BM impacted by weaker NL market, partly offset by AT/CH improvements
- ▶ Benelux DIY more resilient in very competitive market



# Americas – First Half Overall

*Weather effects and continued weak Res/Non-Res*

€m	%	H1		Change	Organic	Acqs	Restruc	FX
		<u>2010</u>	<u>2009</u>					
	chg							
Sales	(8%)	3,391	3,678	(287)	(394)	+70	-	+37
EBITDA	(26%)	178	241	(63)	(102)	+7	+27	+5
Op. profit	n/m	(42)	20	(62)	(93)	+2	+27	+2
EBITDA margin		5.2%	6.6%					
Op. margin		(1.2%)	0.5%					

- ▶ H1 like-for-like US\$ Sales down c10% with Q2 down 5%
- ▶ EBITDA down 26%; Materials -44%; Products -6%; Distribution +27%
- ▶ Results reflect 2010 restructuring costs of €6m (2009: €33m)
- ▶ Modest FX benefits - similar H1 average rates (\$:€ 1.3268 vs. 1.3328)

# Americas Materials

*Prolonged poor weather and delays in Budget approvals*

€m	%	H1		Change	Organic	Acqs	Restruct	FX
		2010	2009					
Sales	(6%)	1,545	1,648	(103)	(180)	+70	-	+7
EBITDA	(44%)	75	135	(60)	(74)	+7	+6	+1
Op. profit	n/m	(63)	(2)	(61)	(69)	+2	+6	-
EBITDA margin		4.9%	8.2%					
Op. margin		(4.1%)	(0.1%)					

- ▶ H1 like-for-like US\$ Sales c.-11%; lower vols impacted operational efficiency
- ▶ Heritage volume declines: Aggs -8%, Asphalt -9%, Rmc -11%
- ▶ Overall volume declines: Aggs -4%, Asphalt -3%, Rmc -2%
- ▶ Pricing: Aggs modestly ahead; Asphalt/Rmc/Construction more competitive

# Americas Products

*Backdrop remains challenging; margins similar with cost benefits*

€m	%	H1		Change	Organic	Acqs	Restruc	FX
		<u>2010</u>	<u>2009</u>					
	chg							
Sales	(10%)	1,300	1,442	(142)	(169)	-	-	+27
EBITDA	(6%)	89	95	(6)	(29)	-	+19	+4
Op. profit	(21%)	19	24	(5)	(26)	-	+19	+2
EBITDA margin		6.8%	6.6%					
Op. margin		1.5%	1.7%					

- ▶ H1 like-for-like US\$ sales down 12%, but moderating trend with Q2 down -4%
- ▶ APG Op.Profit ahead; Homecenter RMI demand offsetting Non-Res decline
- ▶ Precast / Building Envelope\*: Impacted by Non-Res declines; down c€30m
- ▶ MMI loss reduced by c€20m - mainly due to lower restructuring costs

*\* previously Glass Group*

# Americas Distribution

*Good Profit/Margin improvement driven by Cost Reduction*

€m	%	H1		Change	Organic	Acqs	Restruc	FX
		<u>2010</u>	<u>2009</u>					
Sales	chg	546	588	(42)	(45)	-	-	+3
EBITDA	+27%	14	11	+3	+1	-	+2	-
Op. profit	n/m	2	(2)	+4	+2	-	+2	-
EBITDA margin		2.6%	1.9%					
Op. margin		0.4%	(0.3%)					

**Exterior Products (Roofing/Siding):** 2/3<sup>rds</sup> of FY 2009 Turnover

- ▶ H1 US\$ Sales +3%; good activity pickup in NY/NJ, Chicago, Colorado regions

**Interior Products (Wallboard, Ceiling Systems):** 1/3<sup>rd</sup> of FY 2009 Turnover

- ▶ H1 US\$ Sales c.-20%; commercial markets in California/Texas most affected

# CRH Overall

## *H1 EBITDA margins – mixed trends*

<u>EBITDA %</u>	<u>H1 2010</u>	<u>H1 2009</u>	
Americas DIST	2.6	1.9	↑
Americas PRODS	6.8	6.6	↑
Europe MATS	12.4	12.5	↔
Europe DIST	5.0	5.6	↓
Europe PRODS	7.7	9.6	↓
Americas MATS	4.9	8.2	↓
<b>Group</b>	<b>6.8</b>	<b>7.9</b>	

▶ Good improvement in US Distribution

▶ Americas Prods/Europe Mats stable

▶ Europe Distribution slightly lower

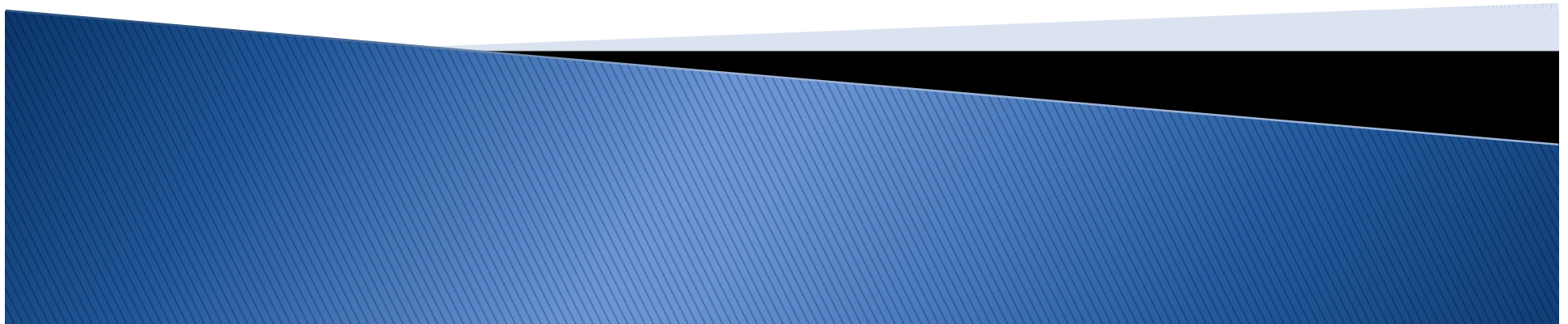
▶ Europe Prods impacted by Concrete

▶ Americas Materials weather effects



# Americas Materials

Albert Manifold  
COO



# Americas Materials

## 2009/H1 2010 Heritage volume trends versus prior year

Heritage Vol Change %			
	Aggs	Asph	RMC
Q1 2009	-32%	-26%	-35%
Q2 2009	-29%	-25%	-34%
Q3 2009	-20%	-12%	-34%
Q4 2009	-17%	-6%	-11%
<b>FY 2009</b>	<b>-24%</b>	<b>-15%</b>	<b>-30%</b>
Q1 2010	-11%	-30%	-14%
Q2 2010	-6%	-5%	-9%
<b>H1 2010</b>	<b>-8%</b>	<b>-9%</b>	<b>-11%</b>

### 2009

- ▶ ARRA an offset to underlying volume declines
- ▶ Particularly positive for Asphalt (*ready-to-go projects*)

### H1 2010

- ▶ Season start adversely impacted by cold winter
- ▶ Diseconomies of running at low volume levels
- ▶ May/June rains; delays in finalising state Budgets

### H2 2010 to-date

- ▶ Adverse volume trends moderating
- ▶ But at slower than expected pace

# Americas Materials

## H1 2010 Heritage volume trends by region

### NW & StakerParson

- ▶ Exposure: c50% Infra
- ▶ H1 Aggs: 6m tons; flat,
- ▶ H1 Asph: 0.8m tons; -21%
- ▶ Large projects underpinning Aggs
- ▶ State budget constraints impacting asphalt

### Rocky Mtn & MidW

- ▶ Exposure: c50% Infra
- ▶ H1 Aggs: 4m tons; -19%
- ▶ H1 Asph: 0.5m tons; -28%
- ▶ Adverse weather
- ▶ Very weak New Res
- ▶ Fallback from strong 2009 ARRA work

### South

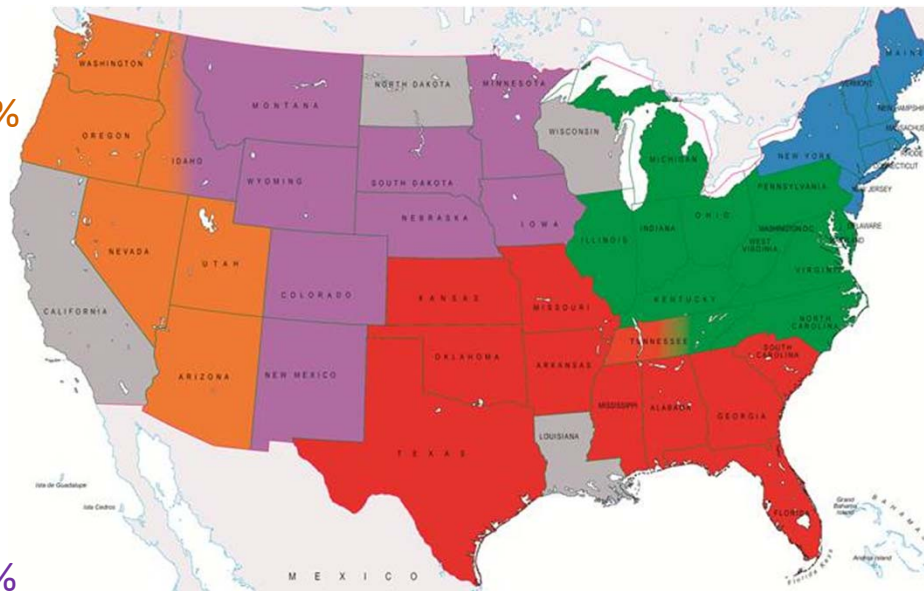
- ▶ Exposure: c70% Infra
- ▶ H1 Aggs: 8m tons; -12%
- ▶ H1 Asph: 4m tons; -17%
- ▶ FL market very difficult
- ▶ Severe H1 weather in SW

### N.East

- ▶ Exposure: c70% Infra
- ▶ H1 Aggs: 10m tons; -12%
- ▶ H1 Asph: 3m tons; +1%
- ▶ Weak metro NY activity impacting Aggs volumes
- ▶ Asphalt resilient despite key state budget delays

### Central & MidA

- ▶ Exposure: c70% Infra
- ▶ H1 Aggs: 13m tons; -1%
- ▶ H1 Asph: 4m tons; +2%
- ▶ ARRA projects supporting volumes



# Americas Materials

## *Analysis of H1 2010 EBITDA decline*

\$m	Aggs	Asphalt	RMC	Const/Other	Total
EBITDA Change	-c5	-c35	-c10	-c30	-c80

### **Aggregates**

- ▶ Volumes down -4% (heritage -8%); avg price up +1%; unit variable costs flat
- ▶ Strong price & cost mgmt in the context of lower vols & higher diesel costs (up c13%)

### **Asphalt**

- ▶ Volumes down -3% (heritage -9%); avg prices up +1%
- ▶ Unit variable costs up +5% mainly due to higher liquid asphalt costs

### **RMC**

- ▶ Volumes down -2% (heritage -11%); avg prices down -7%
- ▶ Unit variable costs down -3%; lower cement input costs

### **Construction**

- ▶ Sales down -12%; margin compression due to increased competition for jobs

# Americas Materials

## *July/August trends*

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- ▶ Volume backlogs for ARRA/SAFETEA-LU funded projects are good
- ▶ Increasing evidence of pull-back in state & municipal work programmes
- ▶ Potential for some 2010 projects to be delayed into 2011
- ▶ Expected Jul/Aug seasonal pick-up in private work has not materialised
- ▶ Intensified competition for all projects



# Americas Materials

## *Current Full Year 2010 outlook*

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### **Aggregates**

- ▶ Volumes broadly flat (heritage -4 to -5%); avg prices 0 to +1%; unit costs -2 to -3%
- ▶ Expect good performance with strong operational / commercial management

### **Asphalt**

- ▶ Volumes -2 to -3% (heritage -7 to -8%); avg prices +1 to +2%; unit costs +6 to +7%
- ▶ Higher YoY liquid asphalt costs and highly competitive bidding environment

### **RMC**

- ▶ Volumes +3 to +4% (heritage -8 to -9%); avg prices -6 to -7%; unit costs -2 to -3%
- ▶ Weak Res/Non-Res activity offset by good contributions from 2009/10 acquisitions

### **Construction**

- ▶ Sales down -c10%; margin squeeze; ARRA benefit offset by weaker state activity

### **Overall**

- ▶ Given trends over past 2 mths, now expect a c20% decline in FY US\$ EBITDA

# Americas Materials

## *Dealing with the challenges*

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- ▶ Continue to control the controllables
  - Focusing on operational excellence
  - Reducing Capex / Working Capital to improve our cash flow
  - Reducing costs and balancing capacity to market demand
  - Seeking value-enhancing acquisitions
- ▶ Anticipate, Adapt and Act – proactive in changing market conditions
- ▶ We are determined and committed ...
  - ... Determined to maintain our industry leadership position
  - ... Committed to increasing shareholder value

***Positioning Americas Materials  
to capture the value inherent in a market recovery***

# Americas Materials

## *#1 Player in the Industry*

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### **CRH is ...**

- ▶ The #1 integrated building materials company in the US
- ▶ With operations in all 50 US States and 4 Canadian provinces
- ▶ 30+ years of industry-leading performance & growth in N.America markets

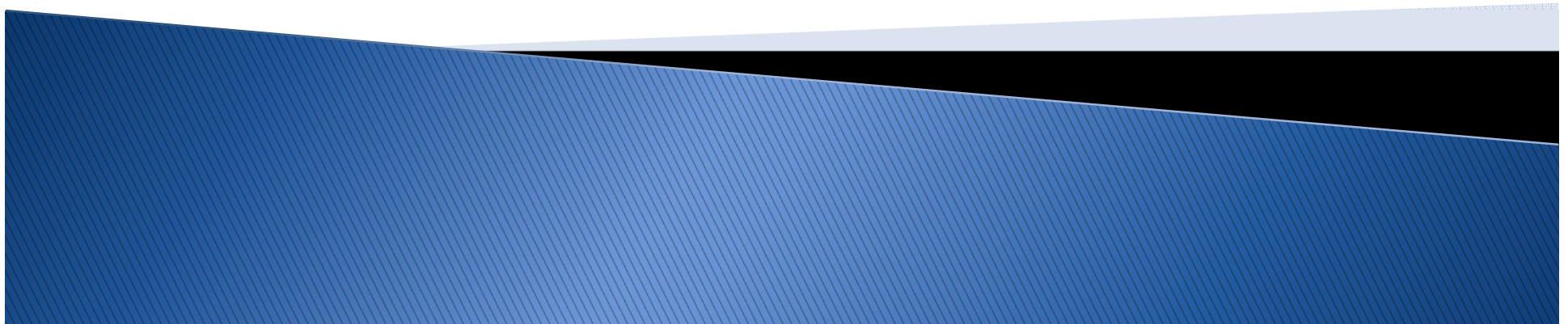
### **CRH Americas Materials is ...**

- ▶ Largest integrated Aggs, Asphalt, Rmc & highway paving company in US
- ▶ Only national heavyside player, with c11+ Bn tonnes permitted Aggs reserves
- ▶ Strong focussed operator, dedicated to creating longterm shareholder value
- ▶ Backed by CRH, substantial cash available to grow for the next 30+ years

# Finance Details

Maeve Carton

FD



# H1 2010 Results

## Summary

<u>€m</u>	<u>H1 2010</u>	<u>H1 2009</u>	<u>% change</u>
Sales	7,658	8,292	(8%)
EBITDA	520	651	(20%)
Operating profit	118	241	(51%)
Profit before tax	25	108	(77%)
<u>€cent</u>			
EPS	2.6	12.2	(79%)
Cash EPS	59.9	75.7	(21%)
Dividend per share	18.5	18.5	<b>maintained</b>

*Actual outturn in line with July IMS guidance*



# Operating Cash Flow

*Traditional H1 outflow*

€m	H1 <u>2010</u>	H1 <u>2009</u>	H1 <u>2008</u>
<b>Profit before tax</b>	<b>25</b>	<b>108</b>	<b>606</b>
Depreciation / Amortisation	402	410	392
Working capital	(503)	(96)	(606)
Tax paid	(43)	(41)	(149)
Dividends	(307)	(258)	(259)
Capital expenditure	(219)	(316)	(560)
Other	(8)	(7)	(1)
<b>Operating cash outflow</b>	<b>(653)</b>	<b>(200)</b>	<b>(577)</b>

*Increased H1 seasonal working capital build  
due to very low working capital level at year-end 2009*

# Net Debt / Equity

*H1'10 FX effects: Net debt €0.45Bn, Total equity €0.9Bn*

€m	H1 <u>2010</u>	H1 <u>2009</u>	H1 <u>2008</u>
<b>Operating cash outflow</b>	<b>(653)</b>	<b>(200)</b>	<b>(577)</b>
Acquisitions / Investments	(159)	(280)	(744)
Disposals	55	48	61
Share issues / (buyback)	170	1,346	(295)
FX translation	(452)	55	155
<b>Debt (increase) / decrease</b>	<b>(1,039)</b>	<b>969</b>	<b>(1,400)</b>
Opening net debt	(3,723)	(6,091)	(5,163)
<b>Closing net debt</b>	<b>(4,762)</b>	<b>(5,122)</b>	<b>(6,563)</b>
Total equity	10,299	9,222	7,546
<b>Net debt / Equity</b>	<b>46%</b>	<b>56%</b>	<b>87%</b>

*Net debt / Equity ratio  
10 % points lower than at June 2009*

# Debt Ratios & Interest Cover

*Amongst the best in the sector*

	<b>H1 <u>2010</u></b>	<b>H1 <u>2009</u></b>	<b>Year-end <u>2009</u></b>
Total net debt (incl. share of JVs) €m	<b>4,762</b>	5,122	3,723
Total equity €m	<b>10,299</b>	9,222	9,710
Net debt / Total equity	<b>46%</b>	56%	38%
Net debt / Market capitalisation	<b>39%</b>	45%	28%

<b>Net Debt / EBITDA (times) *</b>	<b>2.8x</b>	<b>2.3x</b>	<b>2.1x</b>
<b>EBITDA / Net interest cover (times) *</b>	<b>6.5x</b>	<b>6.3x</b>	<b>6.1x</b>

*\*Rolling 12 months*

***Committed to maintaining an investment grade credit rating***

# Excellent Debt Maturity Profile

*Cash reserves/Undrawn facilities of €2.6Bn*

June 2010 – including JVs		
€ Bn	Gross debt by maturity (incl. derivatives)	Undrawn committed facilities
Overdrafts	0.1	-
2010 (H2)	0.2	0.2
2011	0.8	0.3
2012	0.9	0.8
2013	0.6	0.2
2014	0.9	0.0
2015	0.4	0.0
2016+	2.0	0.0
<b>Total</b>	<b>5.9</b>	<b>1.5</b>
Cash/Liquid invs	<b>1.1</b>	

*Strong capacity to pursue appropriate development opportunities*

# Dividend

## *Maintained interim dividend*

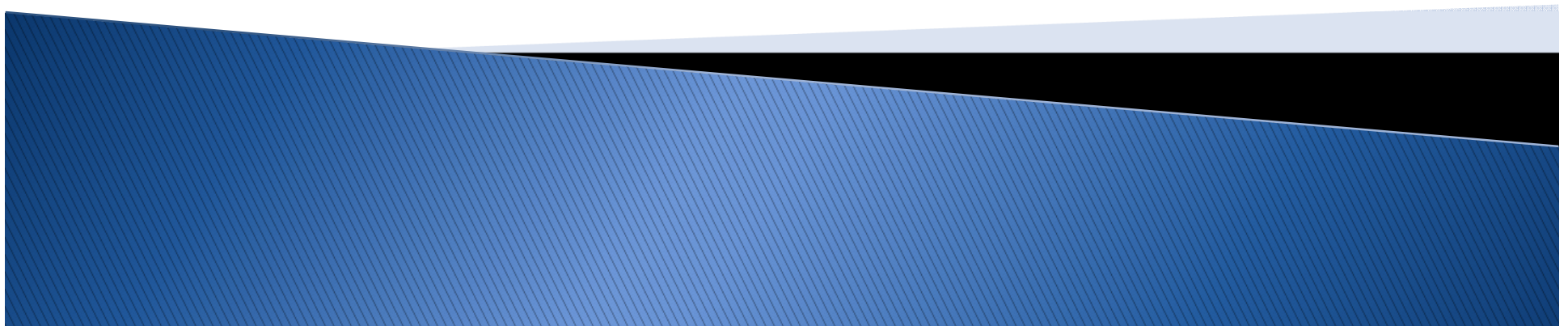
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- ▶ Expect strong operating cash inflow in seasonally more profitable H2
- ▶ 18.5c Interim dividend; in line with 2009 interim dividend of 18.5c
- ▶ Board will decide and announce final dividend decision in March '11
- ▶ Taking account of profit/development outturn & economic/trading outlook



# Outlook

Myles Lee  
CEO



# 2010 Outlook

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## July H1 Interim Trading Update Statement pointed to ...

- ▶ c20% decline in H1 2010 Group EBITDA
- ▶ Uncertainty relating to the pace of European economic progress
- ▶ Softening of the rate of US economic recovery
- ▶ 2010 like-for-like sales decline greater than previously expected
- ▶ Expectation that H2 Group EBITDA would exceed H2 2009

# 2010 Outlook

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## Since early July ...

- ▶ European economic indicators have been more encouraging
- ▶ Concerns relating to US recovery have increased
- ▶ Continuing flow of disappointing US economic data
- ▶ With expected lower US Materials US\$ profits in H2
- ▶ Overall H2 Group EBITDA unlikely to exceed H2 2009
- ▶ Now expect full year Group EBITDA down c10% on 2009 (€1.8 Bn)

***Continuing focus on cost reduction, cash generation  
& the identification and completion of suitable development opportunities***

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