

CRH Investor Day 2010



EUROPE MATERIALS

HENRY MORRIS

Europe Materials (EMAT)

- BUSINESS MODEL
- COMPETITIVE ADVANTAGES
- OPERATIONAL EXCELLENCE
- DEVELOPMENT OPPORTUNITY
- KEY TAKE-AWAYS

Europe Materials – What We Do

20 countries

520 locations

€2.7Bn Sales



Cement 13mt



Aggregates 51mt



Concrete 5mt



RMC 10m m³



Asphalt 4mt



Infrastructure



Non-residential



Residential

Basis: 2009 Results

Integrated materials business with a balanced end-use

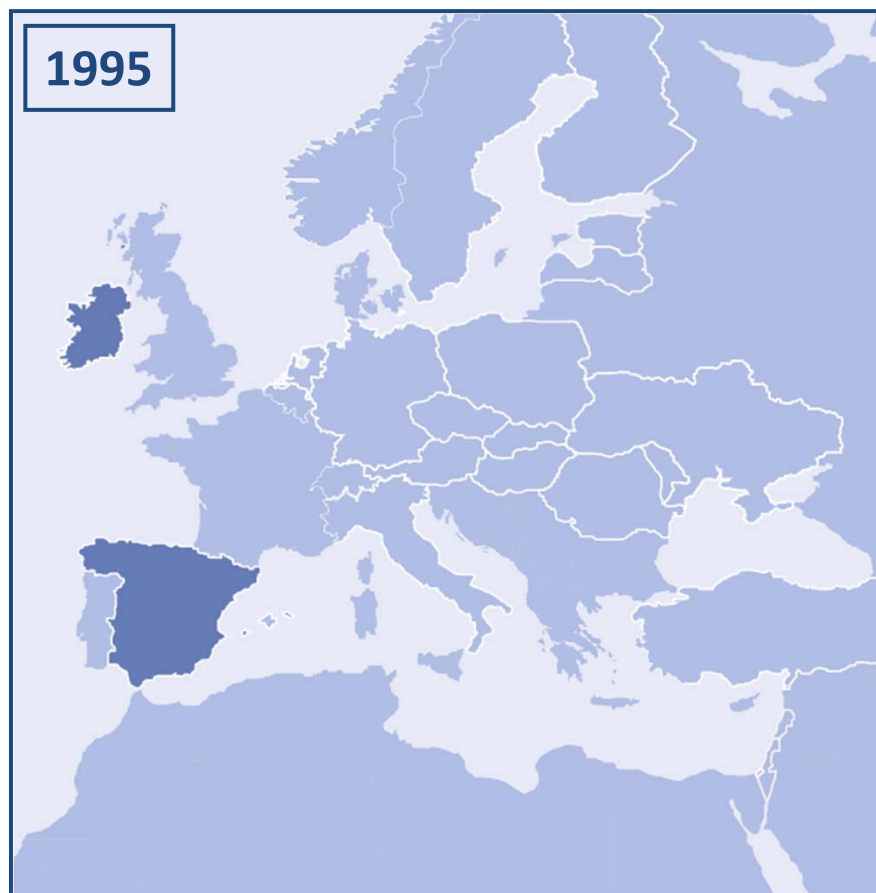
Europe Materials – Where We Began

Ireland

- #1 Cement
- #1 Aggs
- #1 RMC
- #1 Asphalt
- #1 Lime
- #1 Concrete Products

Spain

Leading
RMC/Aggs in
Catalonia



Market leader with vertically integrated model

Europe Materials – The Business Model

- Market leading regional positions
- Built around a core of resource-backed assets (Cement and Aggregates)
- Grow through Development (acquisitions and capex)
- Vertical integration – most extensive in industry
- Operational Excellence – ability to improve performance
- Unique Federal Structure – critical to success

A proven model...rolled out internationally

Europe Materials – Expanding The Footprint: 2000

Poland

#3 Cement (#1 in SE)
Aggregates
Concrete, Asphalt

Ukraine

#3 Cement (#1 in W)
Aggregates

Finland

#1 Cement
#1 Aggregates
#1 RMC

Switzerland

#2 Cement
Aggregates
RMC



Developing new platforms with emphasis on CEE

Europe Materials – Expanding The Footprint: 2005

Portugal

#2 Cement

#2 RMC

Aggregates

Tunisia, Lebanon, Angola

#1 cement positions in
regional markets

Israel

#1 Cement



Extending our position in Southern Europe

Europe Materials – Today

China

(Northeast)

#1 Cement

India

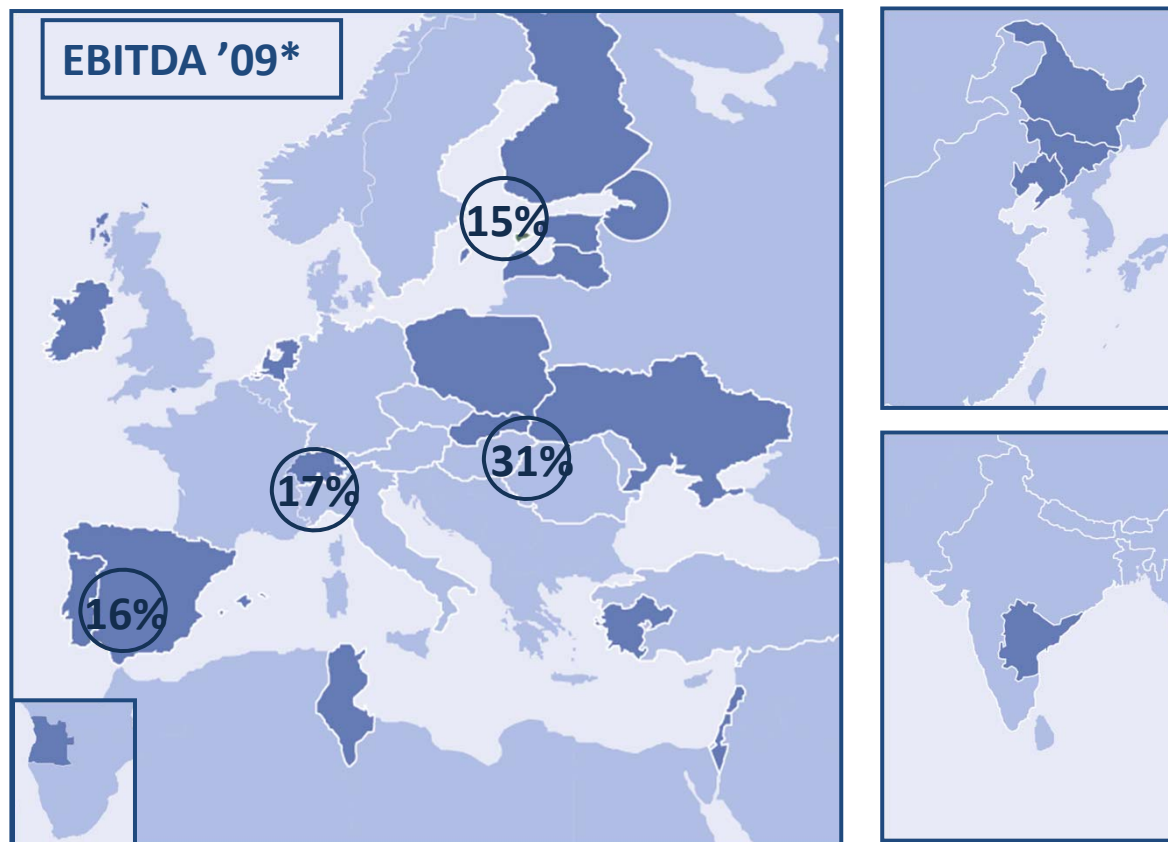
(Andhra Pradesh)

#2 Cement

Turkey

(Aegean Region)

#1 Cement



* Other countries not individually disclosed account for 21%

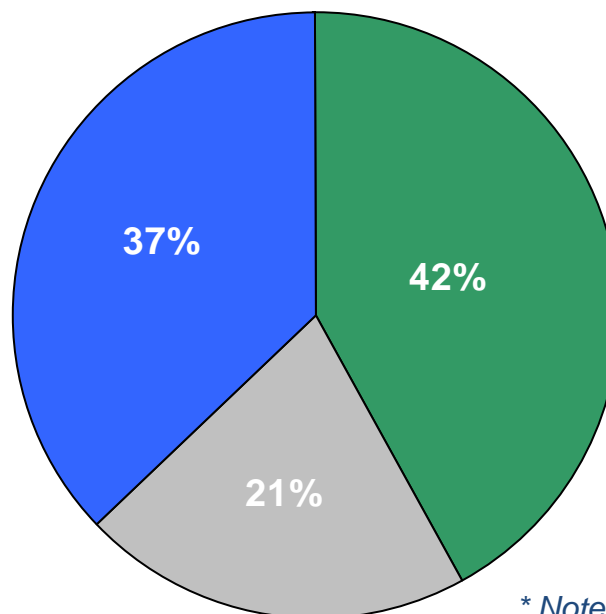
Improving our positions in EU + Asia entry
Grown EBITDA from €0.1Bn to €0.43Bn in 15 years

Europe Materials – Geographical Balance

2009 EBITDA €0.43Bn *

Stable economies
Switzerland
Finland
Netherlands

'Austerity' economies
Ireland
Portugal
Spain



Developing economies

Poland, Ukraine
Turkey, Lebanon
China, India

* Note: Excludes Associates

c80% businesses with stable to high growth potential

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Europe Materials – Competitive Advantages

- Strong regional positions in consolidated markets
- Resource-backed assets
 - 29m tonnes of cement capacity (pro-rata for ownership %)
 - 2.6Bn tonnes of well located reserves
- Development approach....build vertically integrated positions
 - Most extensive downstream presence in the industry
 - Integration delivers synergy benefits
- Benefits of Federal structure
 - Central expertise and co-ordination combined with local entrepreneurship

Our competitive advantage delivers industry-leading returns

Europe Materials – Why Integration Provides Strength

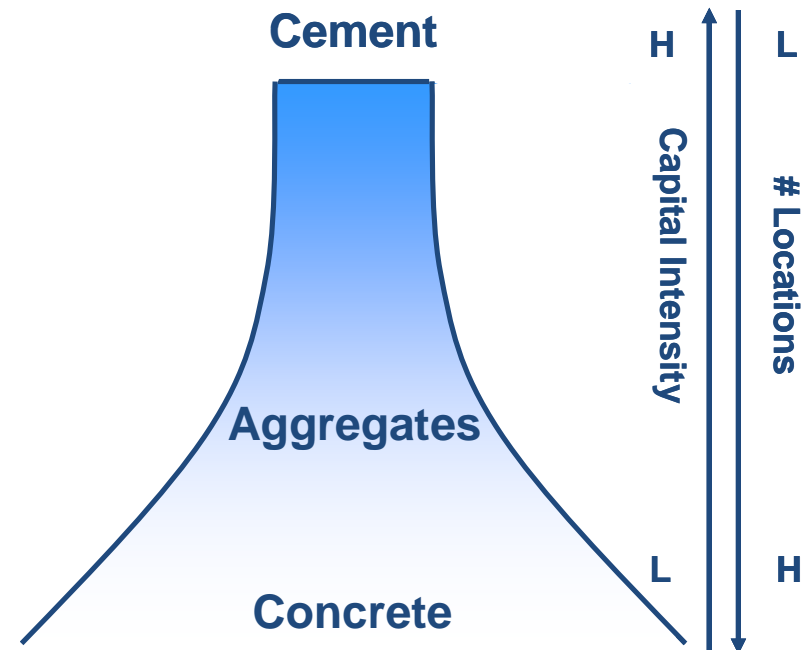


- Upstream.....resource; Downstream.....demand; Target c30% captive
- Pull-through volumes.....Multiplier on sales, Profit at each level
- Interact with market at many levels....Improved commercial offering
- Presence in all segments helps us shape industry (e.g. standards)
- Multiple End-Use markets (Infra, Res, Non-Res)....Balance & Opportunity

Greater Revenues.....Greater Profitability

Europe Materials – Vertical Integration & Federal Structure

- Unique model built-up over many years
- Lean centre co-ordinates local management
- Capture benefits of large and small company
 - Central: co-ordination and synergistic benefits (Operational Excellence, Commercial Excellence, Purchasing etc.)
 - Local: entrepreneurial spirit and commercial insights



Unique structure difficult to replicate
Critical to success of our vertical integration model

Vertical Integration – Underpins Development Model

- Development a core-competence, embedded at all levels
- Allows us acquire multiple on small / medium sized businesses
 - Typically significant OpEx improvement potential
 - Network synergies
 - Low risk
- Multiple platforms for growth.....more opportunities
 - Match peer acquisition spend despite focus on smaller deals

*Integrated model and federal structure drives
a unique development approach*

Our model in practice - Poland

Entry	Product Line					 Buzzi Unicem
1995	Cement	✓	✓	✓	✓	✓
1998	Aggregates	✓	✓	✓	✓	
1997	RMC	✓	✓	✓	✓	✓
1997	Pavers	✓				
1999	Asphalt	✓				
2000	Aerated Concrete	✓				
2003	Lime	✓				
2006	Sand Lime Bricks	✓				

CRH: #3 Cement....but #1 Building Materials

Biggest and most profitable Building Materials Company in Poland

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Europe Materials – Operational Excellence

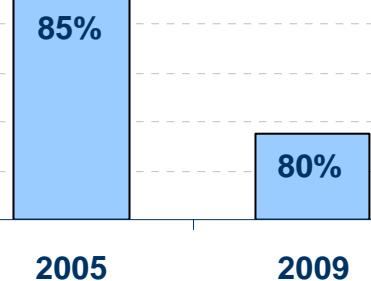
6 key areas:

- Cement production
- RMC & Aggs production
- Fixed Costs
- Purchasing
- Logistics
- Working Capital

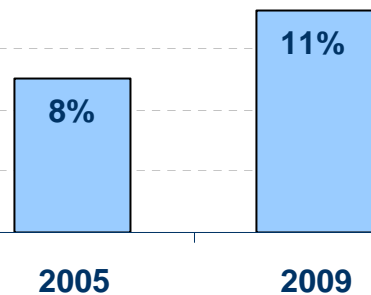
Some Cement KPI's

- ✓ Clinker content
- ✓ Alternative fuels
- ✓ Energy efficiency
- ✓ Power consumption
- ✓ Etc

Clinker Factor



Alternative Fuels



Systematic programs to deliver sustainable improvements

Operational Excellence in Practice



Jura: acquired in 2000

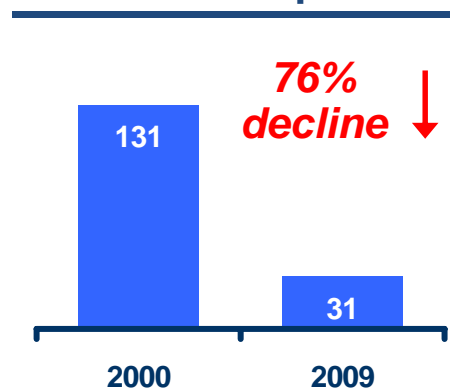
Post-acquisition:

- Stable market
- Management retained

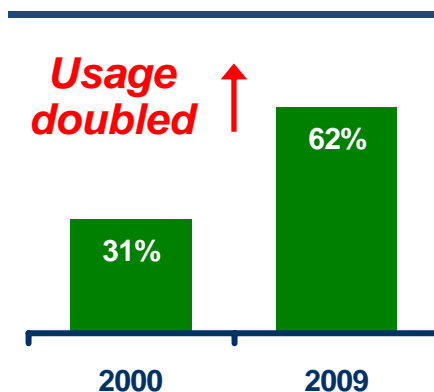
But approach changed....

- Operational Excellence
- Vertical Integration
- Costs / Cash discipline

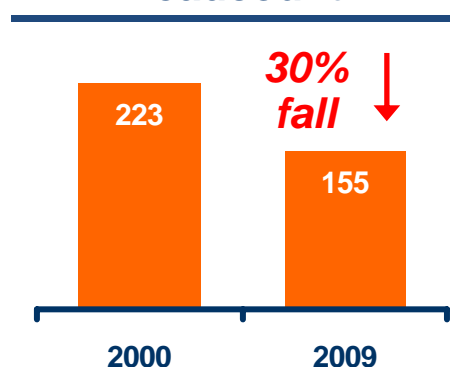
Kiln stops



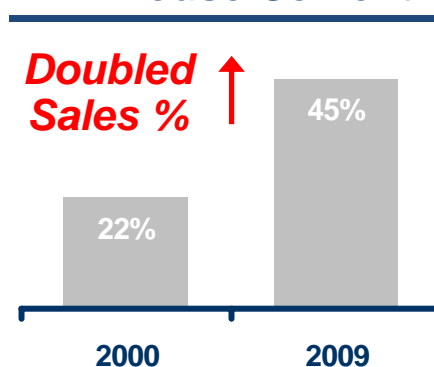
Alternative fuels



Headcount

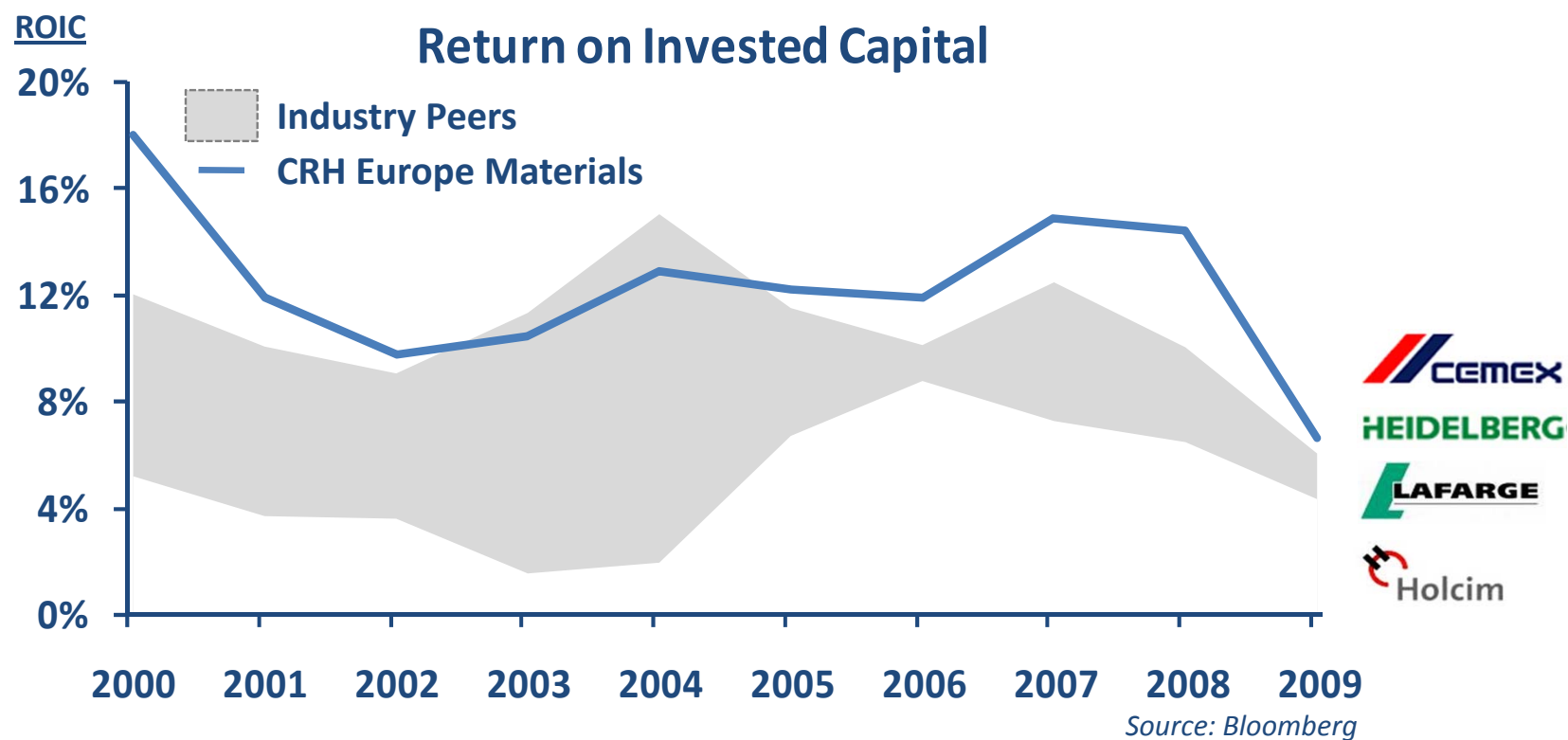


In-house Cement



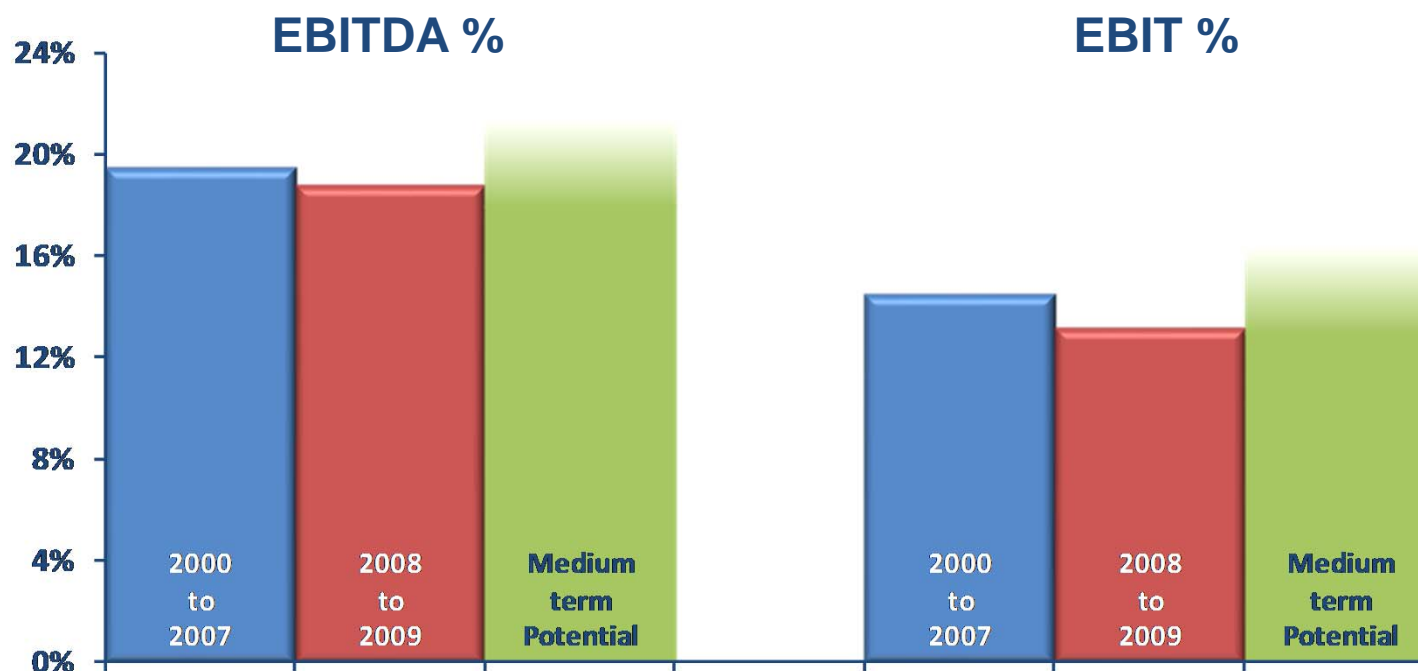
Improved ROCE from 9% to 16% while growing the asset base

Europe Materials – Our Returns



Focus on performance delivers industry leading returns

Europe Materials – Our Margins



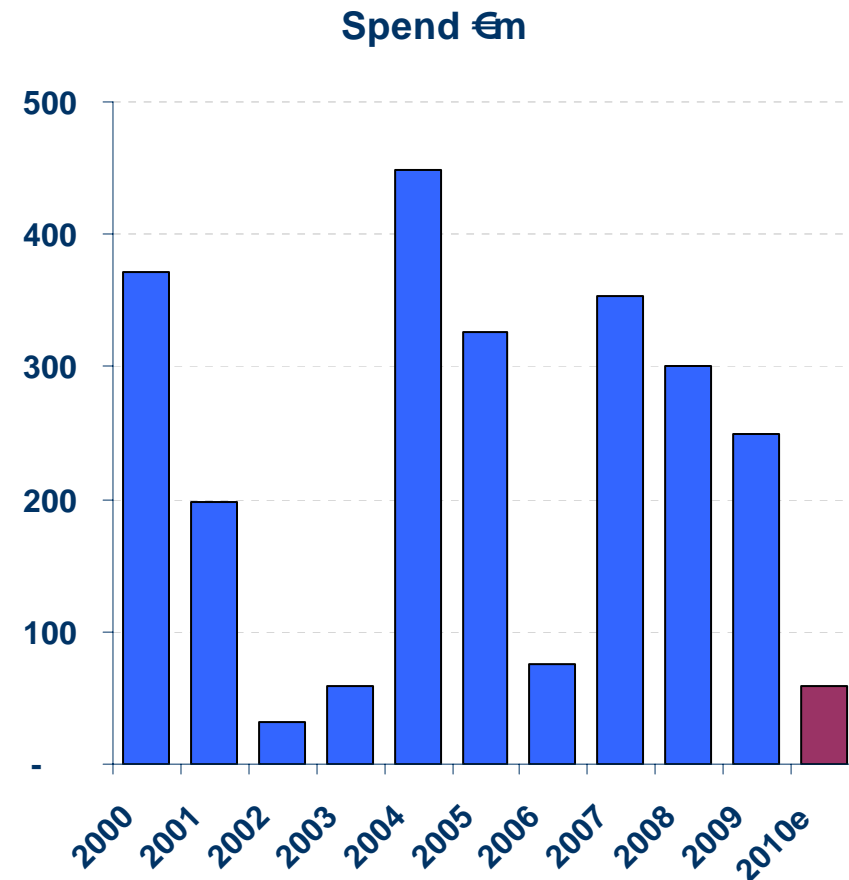
Upside leverage to margins as markets normalise

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Europe Materials Development – The Last 10 Years

- Platform and Bolt-on model
- 80 deals
- 16 countries
- Total spend of €2.3 billion
- Comprising deals valued...
 - 58 < €10M
 - 14 €10 – 100M
 - 8 > €100M



Focus on strategic fit and financial returns

Europe Materials – Development Opportunities

- Existing markets
 - Bolt-ons for synergies and reserves
 - Deepen vertical Integration
- Contiguous Regions
 - New Platforms to extend and strengthen regional positions
 - Leverage network capability, regional reach and Op Excellence transfer
- New Regions
 - Markets with long term growth potential
 - Entry via core resource backed assets as first step
 - Rollout of Op Excellence and vertical integration in time when market ready

Platform for significant further expansion

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Europe Materials – Key Take-Aways

Our Markets

- Geographical diversity provides earnings balance
- Significant exposure to higher growth CEE markets
- Opportunities for continued rollout of vertical integration model

CRH Europe Materials

