

CRH Investor Day 2010

CRH

EUROPE PRODUCTS & DISTRIBUTION

ERIK BAX



Europe Products & Distribution (EPD)

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

Europe P&D – Today

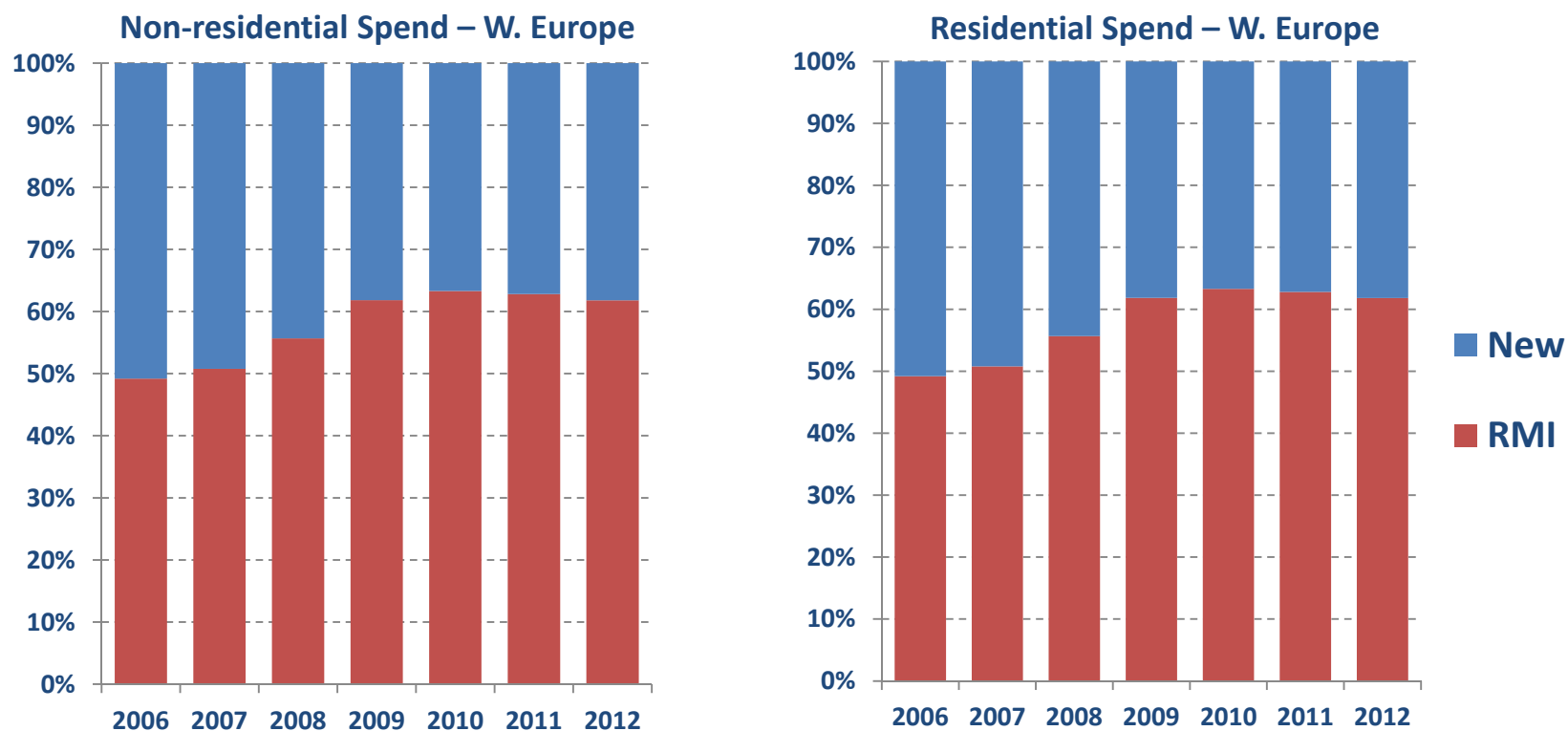


Leading Regional Industry Positions

- Concrete Products: Benelux, DK
- Concrete Landscaping: DE
- Clay Products: UK
- Construction Accessories: Europe
- Outdoor Security: Benelux, UK, DE
- Building Materials Distributor: NL,CH,AT,DE
- DIY: Benelux

€1.7bn to €6.6bn in 10yrs

Europe P&D – Changing Face of European Construction



Source: Euroconstruct (Jun-10)

RMI ... an important driver for the near future

Europe P&D – What We Do

Products



*Products for
construction*



*Land-
scaping*



*Outdoor
Security*



*Builders
Merchants*



*SHAP
Sanitary Heating
& Plumbing*



DIY

Distribution



Leadership positions with a balance in New/RMI

Europe P&D – Total 2009 Sales €6.1bn *

Products



Sales*:

€1.7Bn

€0.4Bn

€0.3Bn

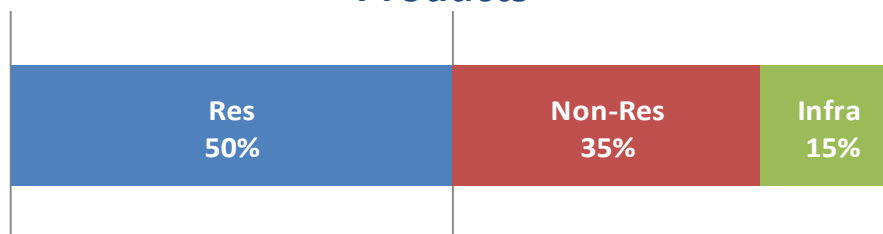
€2.5Bn

€0.3Bn

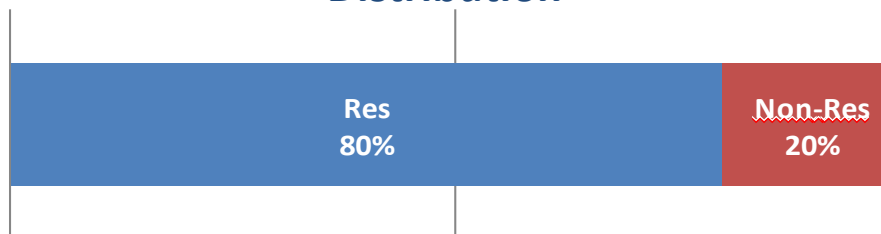
€0.9Bn

* Sales exclude Insulation and Climate Control

Products

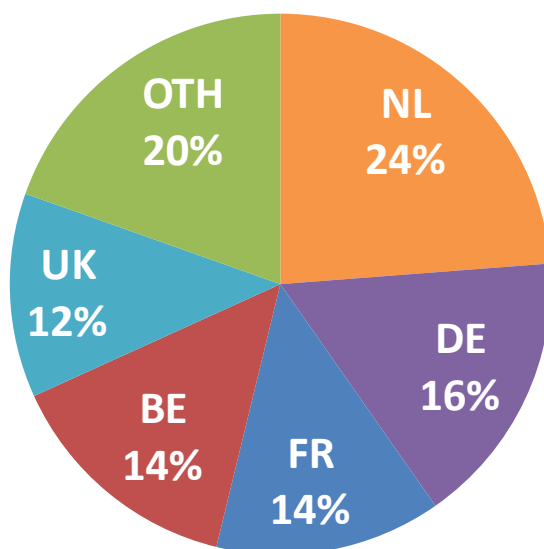


Distribution

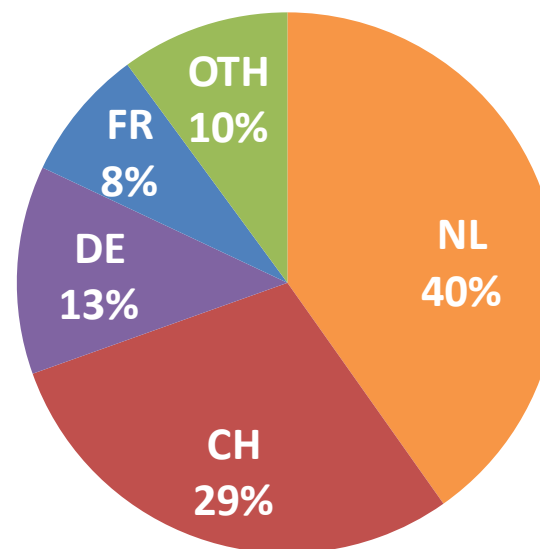


Europe P&D – Sales Split per Country

Products



Distribution



Focussed on mature economies with growing RMI

Europe P&D – Business Model

- Grow the business in large European construction markets
- Increase exposure to RMI in mature economies
- Build scalable businesses
- Drive Commercial and Operational Excellence
- Replicate business models in new and adjacent markets
- Innovate and develop new products/solutions
- Selective opportunities in Central & Eastern Europe

Focussed on growth opportunities in stable mature markets

Europe Products & Distribution (EPD)

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Europe Products – Competitive Advantages

- Full range of value-added, engineered products
- Broad product range offering construction solutions that:
 - Increase efficiencies on site
 - Create more design freedom for architects
 - Enhance the built environment
- Innovative Pan European product development
- Management mix of
 - Strong operators
 - Dynamic entrepreneurs
 - Top class professionals



Adding value through innovation and engineered products

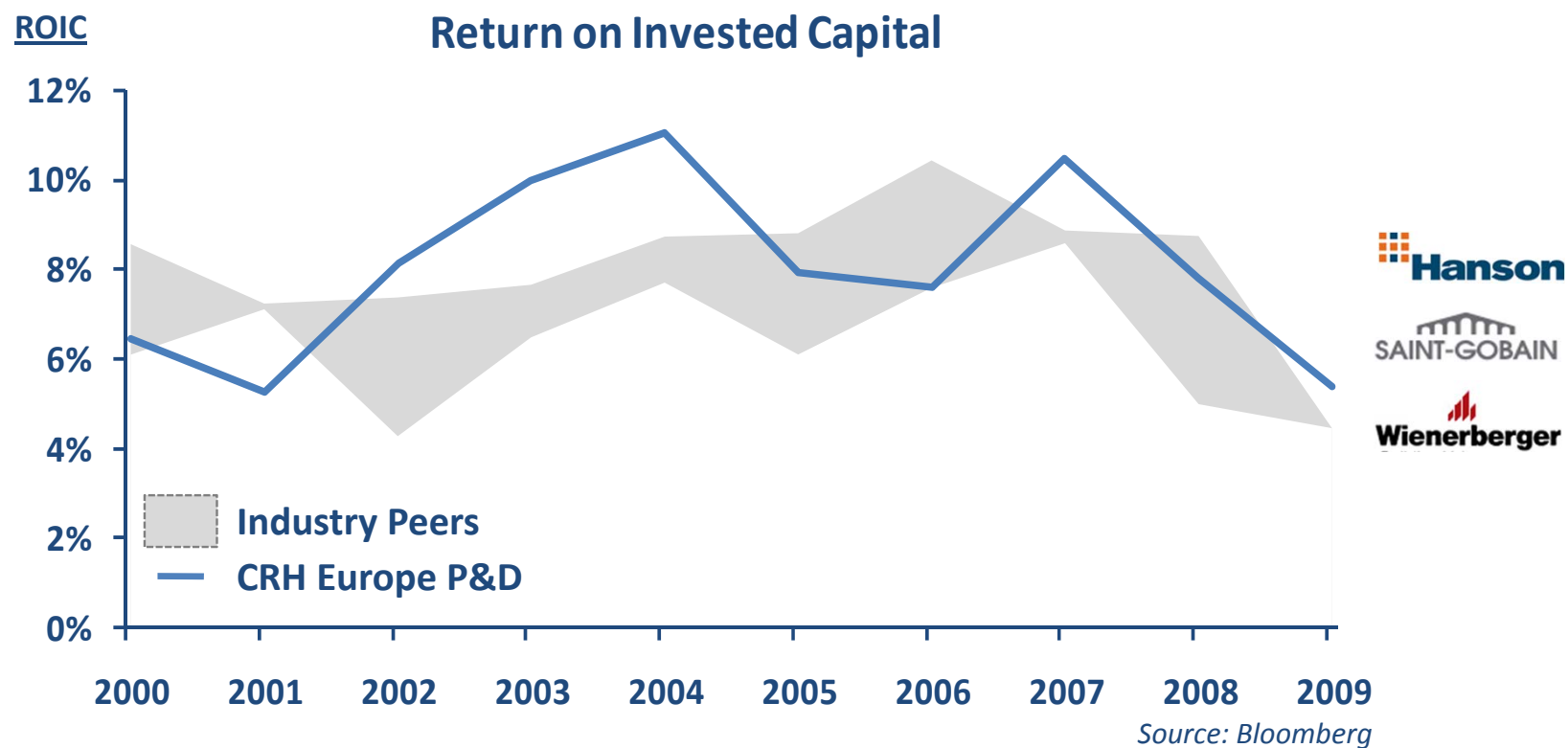
Europe Distribution – Competitive Advantages

- Extensive regional leadership network
- Strong brands and local franchises
- Knowledge transfer from DIY to B.Merchants
- Proven operational team
- Rollout of model to:
 - Increase network density
 - Capture network synergies
 - Centralise procurement strategies
 - Expand into (adjacent) regions/countries



Adding value through rollout of scalable model

Europe P&D Competitive Advantages – Our Returns



Delivering returns that will improve as European markets recover

Europe Products & Distribution (EPD)

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Europe Products – Operational Excellence



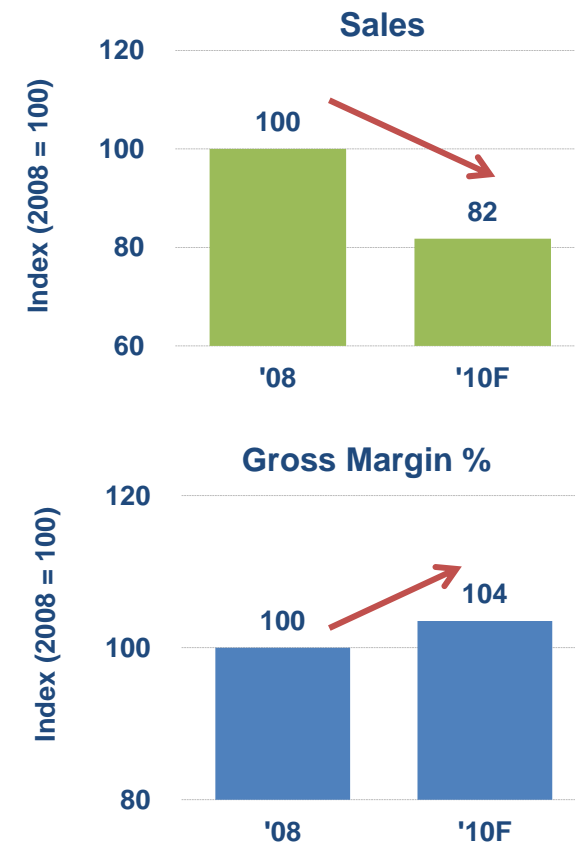
Example: Concrete - Landscaping

- Multiple facilities operating as a regional production platform
- Cross divisional synergies (APG, US) on commercial best practice & innovation
- Centralised procurement within Concrete Group (e.g. cement, add-mixes etc.)
- Network synergies in logistics & warehousing

Leveraging the benefits of our regional platform

Europe Products – Gross Margin Improvement

- Severe sales declines 2008 – 2010
 - Very tough markets
 - Margin pressures
- Benefits of operational excellence
 - Lower cost production
 - Optimising facilities
 - Benefits of central procurement
 - Commercial excellence



Delivering margin increase against tough market backdrop

Europe Distribution – Operational Excellence

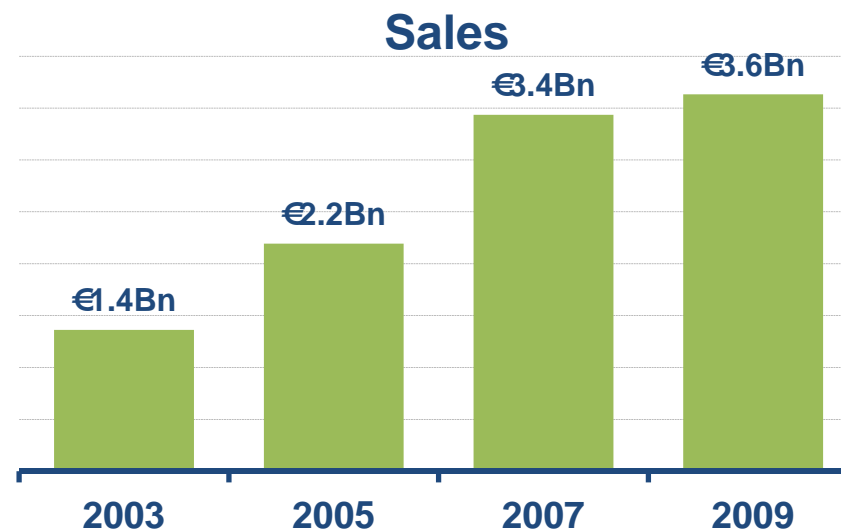


Example: Distribution

- Integration of back offices
- National purchasing programmes in GBM; Europe-wide programmes in SHAP
- Best practice roll out DIY to GBM – Category & Margin management, Stock control
- Multi brand strategy maximising the franchise footprint
- Innovation – tailoring distribution formats for specific markets

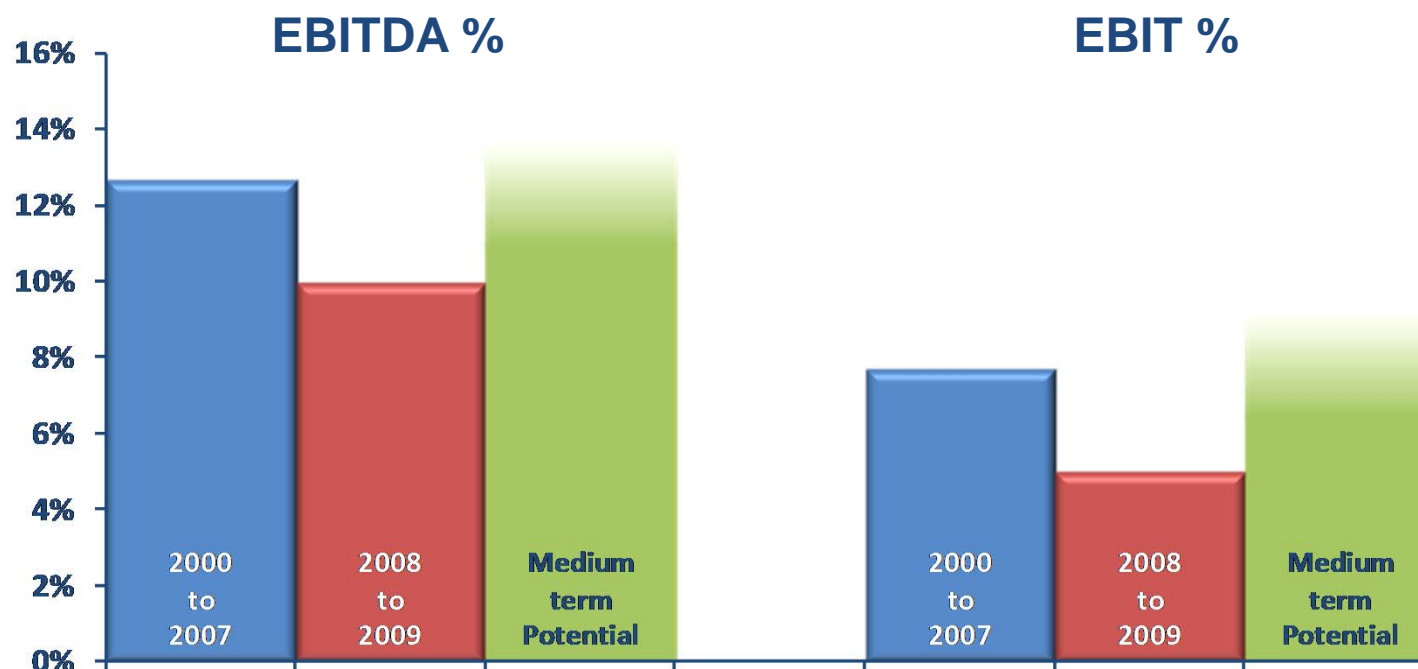
Europe Distribution – Strong Sales Growth

- Successful acquisition strategy - developed an integrated distribution group
- Tailored distribution formats for growing market segments
- Different channel sales through different single locations
- Successful multi-brand strategy in major metro areas



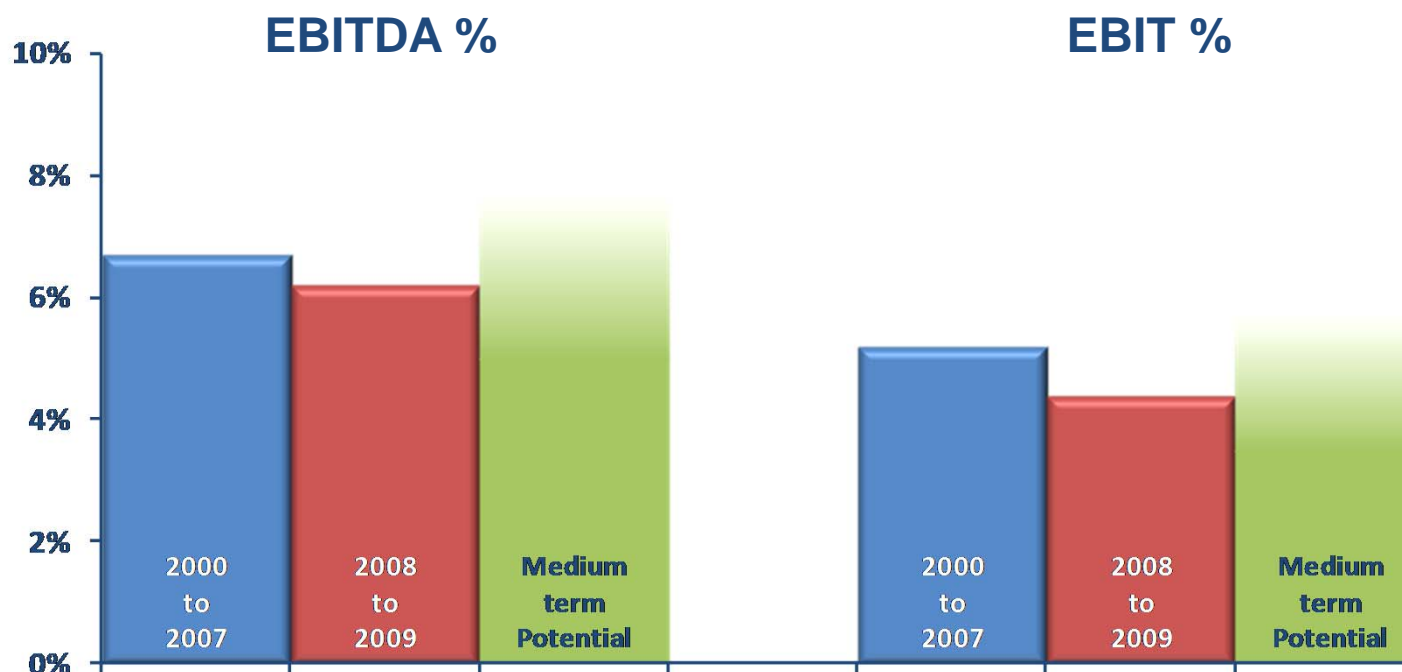
Grown into #3 Distributor in Europe

Europe Operational Excellence – Our Products Margins



Upside leverage to margins as markets normalise

Europe Operational Excellence – Our Distribution Margins



Upside leverage to margins as markets normalise

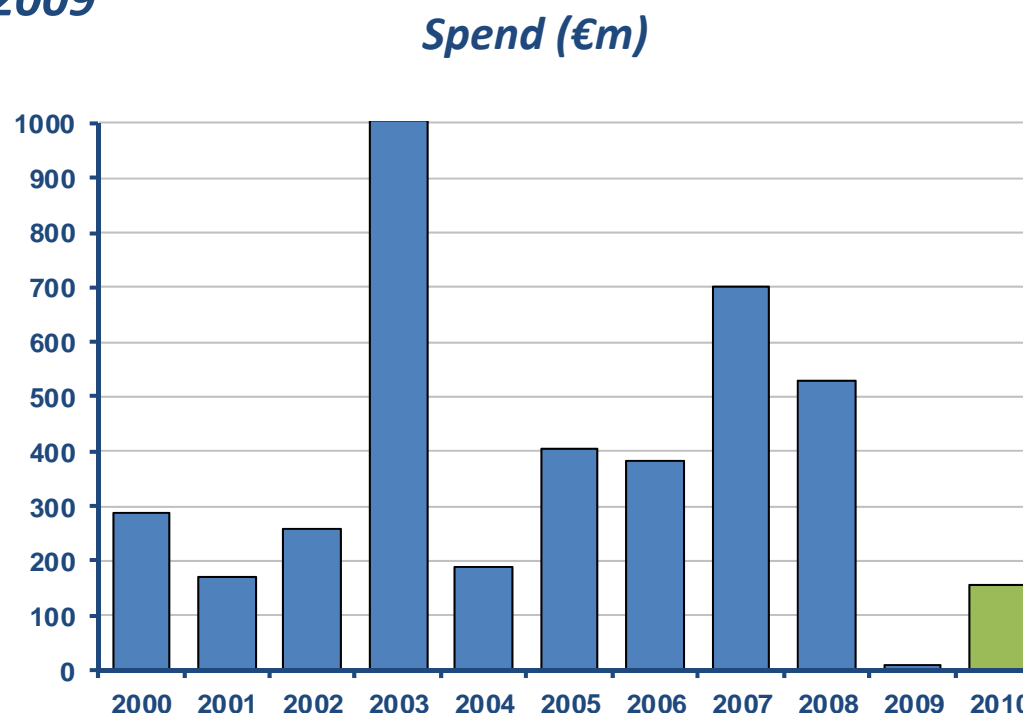
Europe Products & Distribution (EPD)

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Europe P&D Development Spend – The Last 10 years

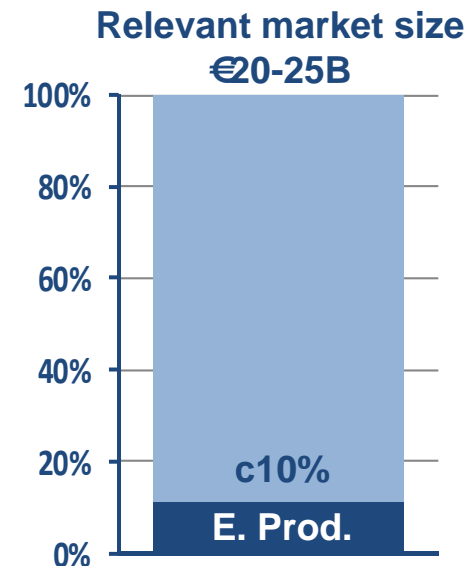
CRH Development Activity 2000 - 2009

- 134 deals
- In 20 countries
- With a total value of €3.9 billion
- Comprising deals valued:
 - 127 < c€10-100 million
 - 6 < c€100-500 million
 - 1 < c€700 million
(2003: Cementbouw)



Expanding our footprint ... from €1.7bn to €6.6bn

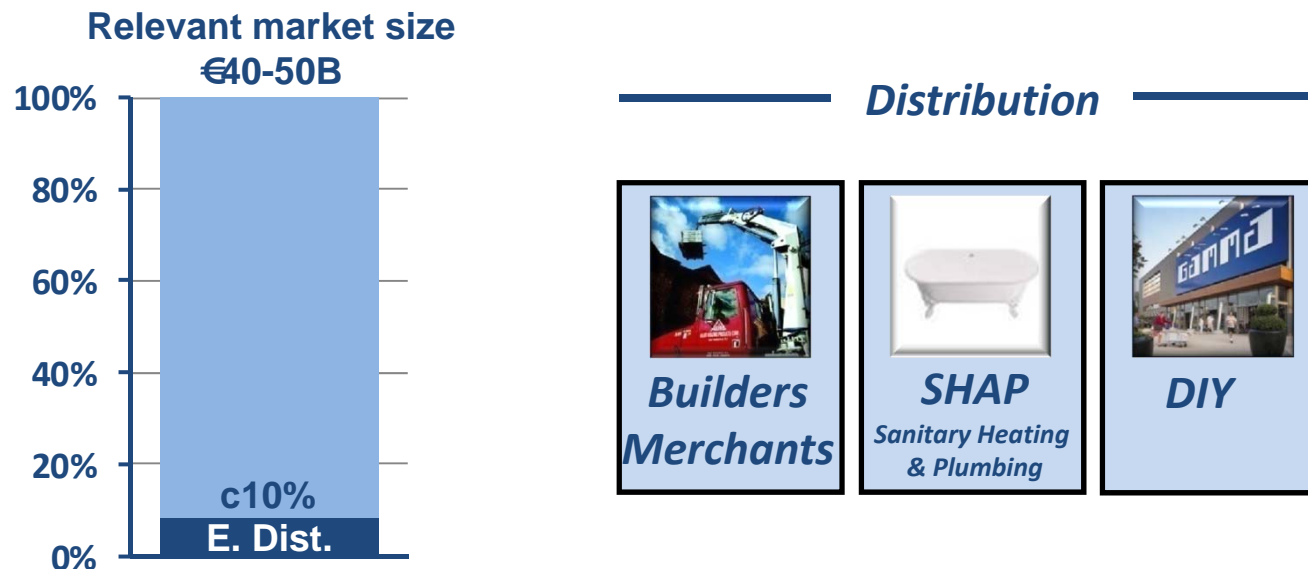
Europe P&D Development Opportunities – Products



- Precast concrete – Value added concrete products for new build
- Engineered Construction Accessories – global growth potential
- Concrete landscaping – RMI growth in mature and emerging economies
- Outdoor Security – growing security/access control markets in mature Europe

***Focus on Scalable Leadership Positions ...
and Managing the Portfolio***

Europe P&D Development Opportunities – Distribution



- Unconsolidated markets – substantial opportunities remain
- Builders Merchant: increase existing network; establish new platforms
- SHAP: further opportunities in mature markets
- DIY: selective growth in Benelux

Growing exposure to important RMI markets

Europe Products & Distribution (EPD)

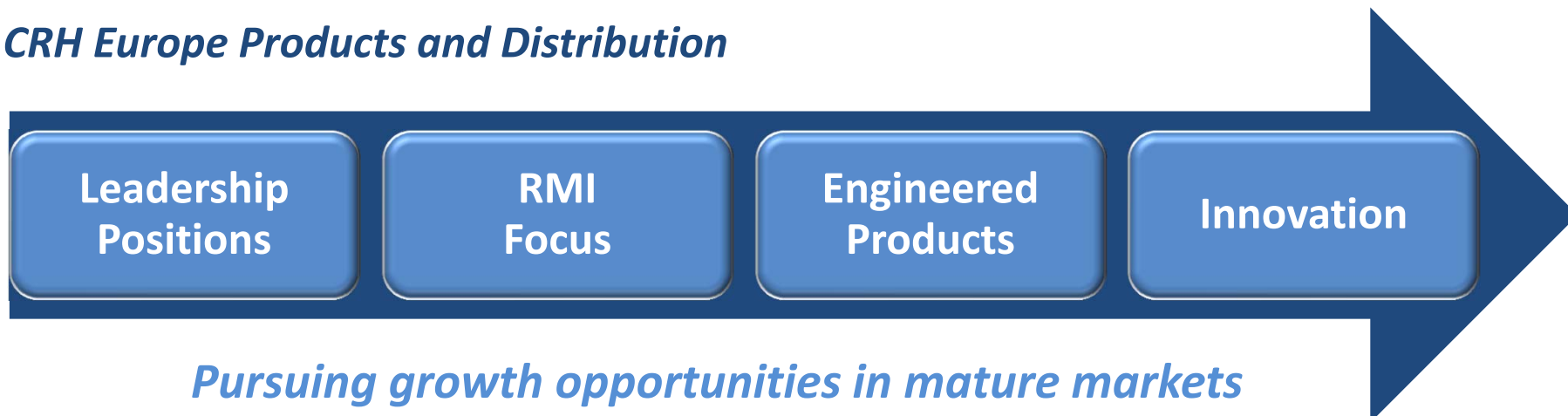
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EPD – Key Take-Aways

Europe Market

- Mature Western European economies with growing RMI emphasis
- Fragmented light-side markets with significant scope for consolidation
- Emerging Europe: broadening product range as markets sophisticate

CRH Europe Products and Distribution



Pursuing growth opportunities in mature markets