

# CRH Investor Day 2010



## *INTRODUCTION*

MYLES LEE

CHIEF EXECUTIVE

## CRH Management

**Myles  
Lee**

**Chief  
Executive**



**Albert  
Manifold**

**Chief  
Op. Officer**



**Maeve  
Carton**

**Finance  
Director**



**Mark  
Towe**

**CEO  
Americas**



**Henry  
Morris**

**Europe  
Materials**



**Erik  
Bax**

**Europe  
P&D**



**Doug  
Black**

**Americas  
Materials**



**Bill  
Sandbrook**

**Americas  
P&D**



# Introduction

- October 2010 - the 40<sup>th</sup> anniversary of CRH's foundation
- Outstanding long-term record of performance & growth
- Based on:
  - Balanced portfolio
  - Creating leadership positions
  - Rigorous approach to capital allocation
  - Strong cash generation focus
  - Distinct organisation / management approach
  - Focus on shareholder returns and communications

*A proven business model based on  
a disciplined approach to long term value creation*

## Operating Backdrop – Recent Years

- CRH well used to managing ups/downs in a cyclical sector
- Scale / synchronised nature of current downturn unprecedented
- Significant like-for-like sector sales declines; for CRH

	2008	2009	YTD Q3 2010	Cumulative 2008-2010
Like-for-like Sales	-6%	-19%	-c8%	<b>-c30%</b>

- Necessitating sharp short-term tactical measures and response
- Together with more structural changes to organisational approach

***Most severe decline in world GDP since the Great Depression***

## Recent Years – Short-term Tactical Response

- Significant variable cost reductions as volumes declined
- Fixed cost savings from administrative restructuring
- Active approach to cash generation
- Working capital reduction and sharp Capex cut-backs
- More measured acquisition approach (especially early '08 to early '09)

***€1.8 billion of cost reductions implemented 2007 - 2010***

## Recent Years – Some Structural Changes

- Continuing strong belief in the benefits of federal structure
- Increased co-ordination to maximise benefits of scale
- Driven by group-wide CRH HQ/Divisional initiatives focussed on:
  - Operational excellence
  - Purchasing
  - Top line Growth
  - People development
  - Health & Safety
  - Driving Returns

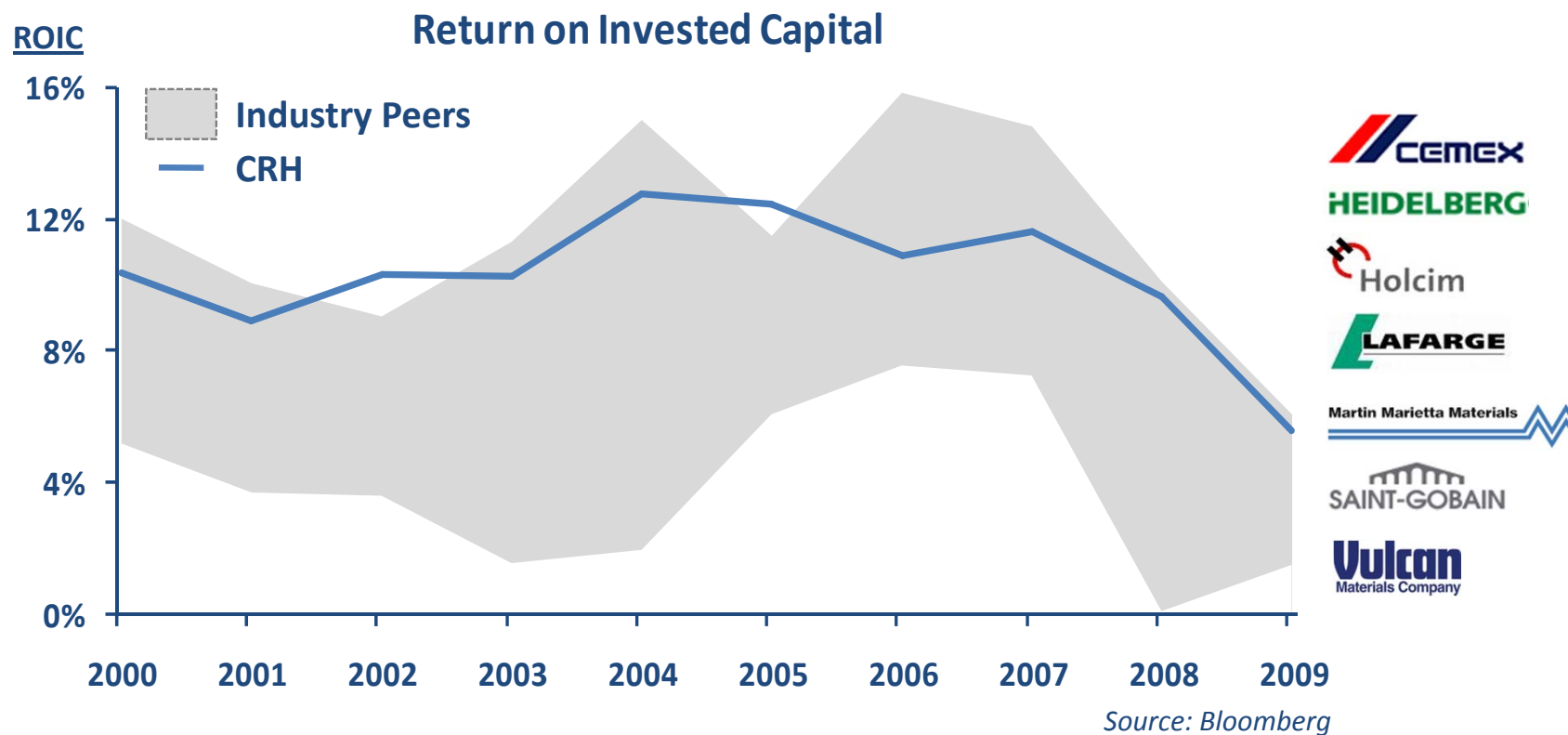
*Leveraging CRH's scale  
to deliver sustainable benefits as markets recover*

## Core Elements of Long-Term CRH Strategy Unchanged

- Balance remains the key – by geography, sector end-use, new vs RMI
- Build & Grow approach – creating clustered groups of businesses
- Rigorous value-based approach to development
- Open to larger transactions – but no “bet the ranch” moves
- The priority – to deliver superior long-term returns

*Returns to drive cash generation  
for investment and dividend payout*

## CRH – Industry-leading returns on invested capital



*Delivering long-term out-performance ... through the cycle*



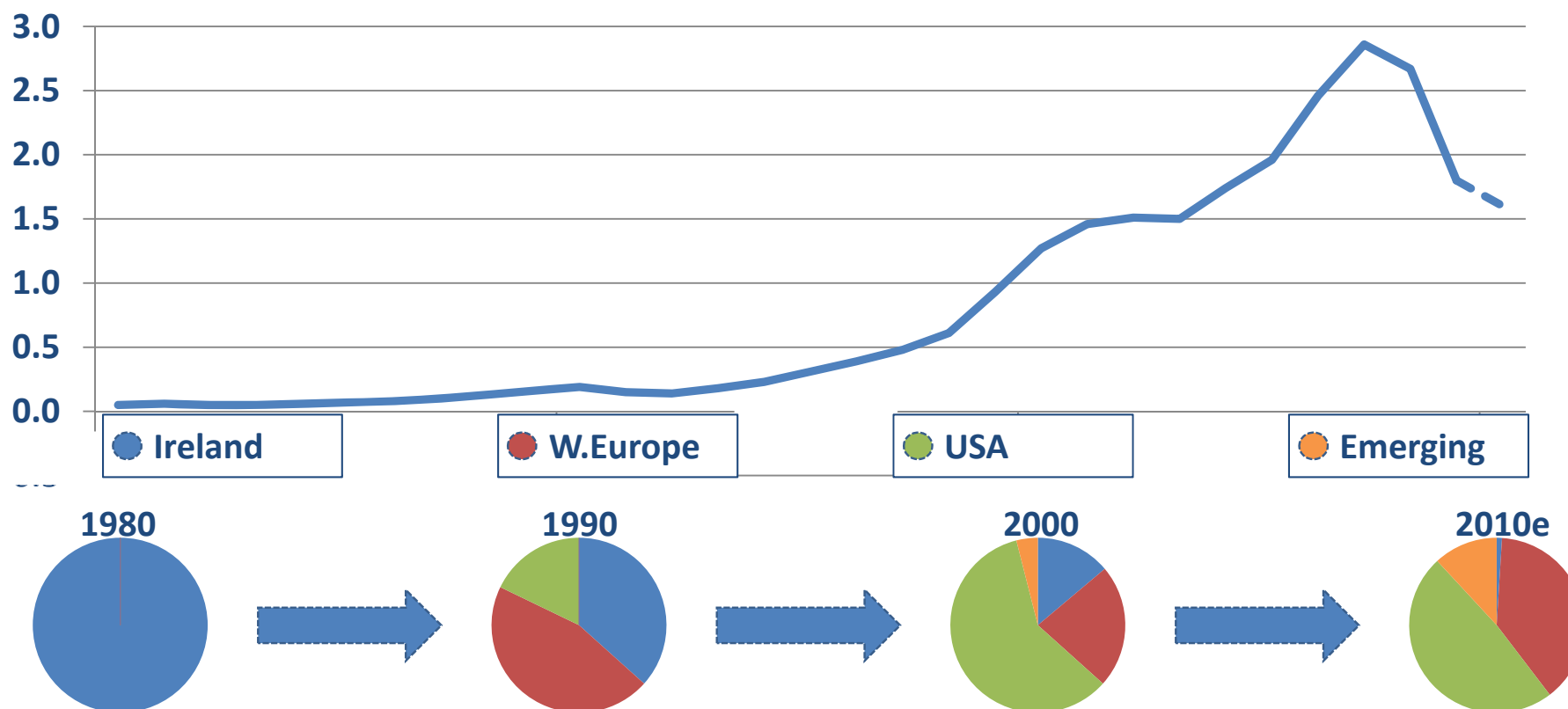
## CRH Balance

- Superior RoIC – underpinned by balanced approach
- Smoothing the effects of varying economic cycles
- Providing multiple platforms for growth
- Recent synchronised global downturn has masked the benefits
- Both balanced and single-product companies have been similarly affected

*Value creation through  
balancing strategic opportunities with short-term returns*

## CRH Balance – expanding geographic footprint

CRH EBITDA (€ Bn)



*Strong positions in developed markets*  
*Growing presence in emerging economies*

## CRH Diversity – exposure to multiple demand drivers

### *Materials*



**Aggregates  
Cement  
Asphalt  
Readymix**

### *Products*



**Products for  
Construction Solutions**

### *Distribution*



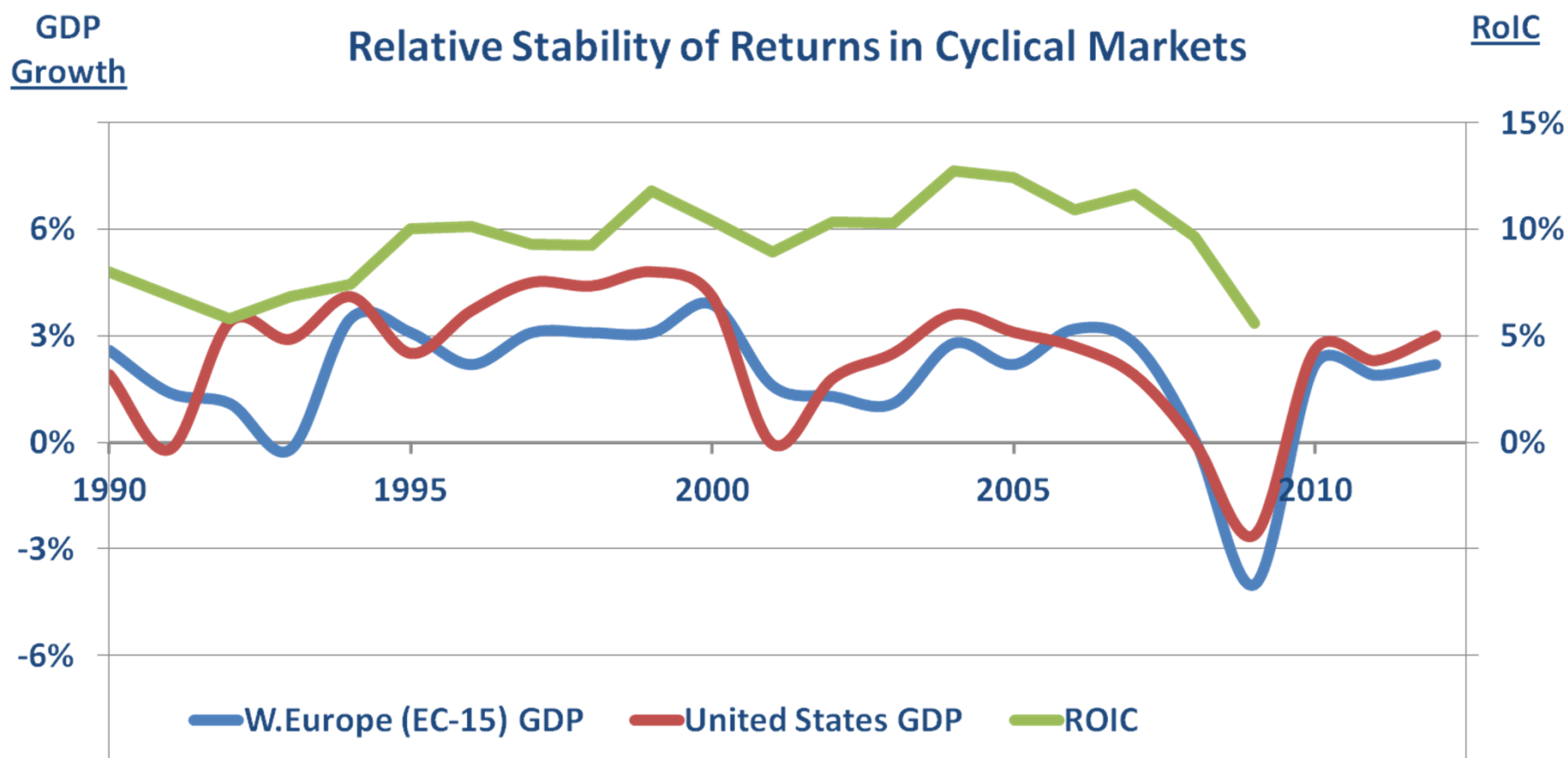
**DIY  
General Merchants  
Specialised Distribution**

*Early Cycle  
New*

**Servicing the breadth of construction**

*Late Cycle  
RMI*

## CRH Balance – The Benefits



*As markets normalise,  
CRH's balance will restore profitability and performance*

## CRH Portfolio Review

- Portfolio review an ongoing process across all Divisions
- Focussed on underperforming units with limited growth opportunities
- €0.1Bn of fringe disposals since 2008 mainly in European operations
- More significant disposals currently underway in Europe and US Products
- Estimated to deliver proceeds of €0.25Bn by mid 2011

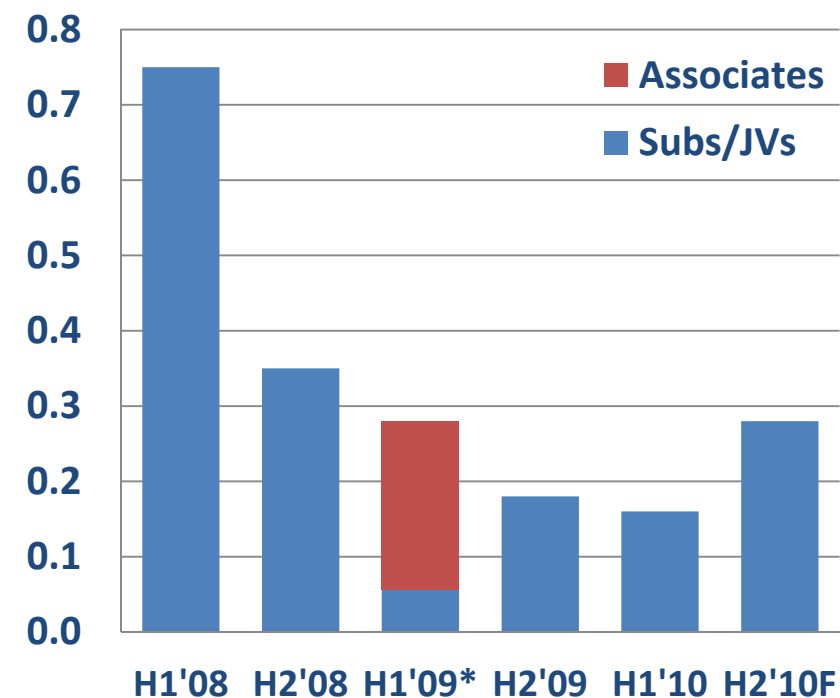
*Disposals generate further funds for core development*

## CRH Development Backdrop 2008 - 2010

- March 2009 Rights Issue anticipated near-term leverage-driven disposals
- Mid-09 Bond market recovery eased leverage pressures
- With 2009 outlook deteriorating, CRH maintained acquisition discipline
- Recession taking its toll and industry leverage issues remain
- CRH uniquely positioned to pursue acquisitions reflected in H2'10 step-up

€ Bn

### CRH Acquisition Spend



\* includes investments in Chinese Associate

*Increasing flow of opportunities  
and substantial balance sheet capacity*

## Communications

- Positive reputation for frank and open dialogue with stakeholders
- Poor visibility on trading conditions through 2009/10
- With CRH trading guidance uncharacteristically off-target
- As seen in August with revision to US Materials 2010 outlook
- Recent Q3 industry newsflow has confirmed our August view

*Committed to continued open communications*

## Dividend

- Outstanding dividend record; key element of CRH's offering
- Growing investor focus on dividend
- Ability to accommodate dividends and development
- EPS cover currently less relevant; more about cash flow / balance sheet
- August Interims indicated timing of / backdrop to final dividend decision

*Long-term dividend record unique in the sector*



## Agenda for the Day

- A mix of Divisional and Group presentations
- With plenty of time for Q&A
- And an opportunity to meet our extended Management Team

### Divisional Presentations

Our Business Models  
Our Competitive Advantages  
Our Operational Credentials  
Our Development Opportunity

### Group Presentations

Our Emerging Market strategy  
Our Op.Excellence initiatives  
Our Financial strength

**Q&A**