



## **CRH plc Interim Results 2015**

## Four key areas of focus



### **Margins and returns**

Delivering strong performance from continuing operations

### **Portfolio management**

Re-allocating capital into value-creating opportunities

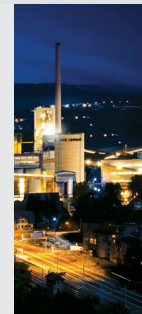


### **Integration**

Maximising the potential of recent acquisitions

### **Financial discipline**

Restoring debt metrics to normalised levels in 2016



... delivering **shareholder value**

## Delivering strong performance

- » Strong earnings delivery
- » Disciplined cost and commercial management
- » Positive currency impact
- » Interim dividend maintained

### Continuing operations\*



Sales  
**+17%**



EBITDA  
**+29%**



Margin  
**+60bps**

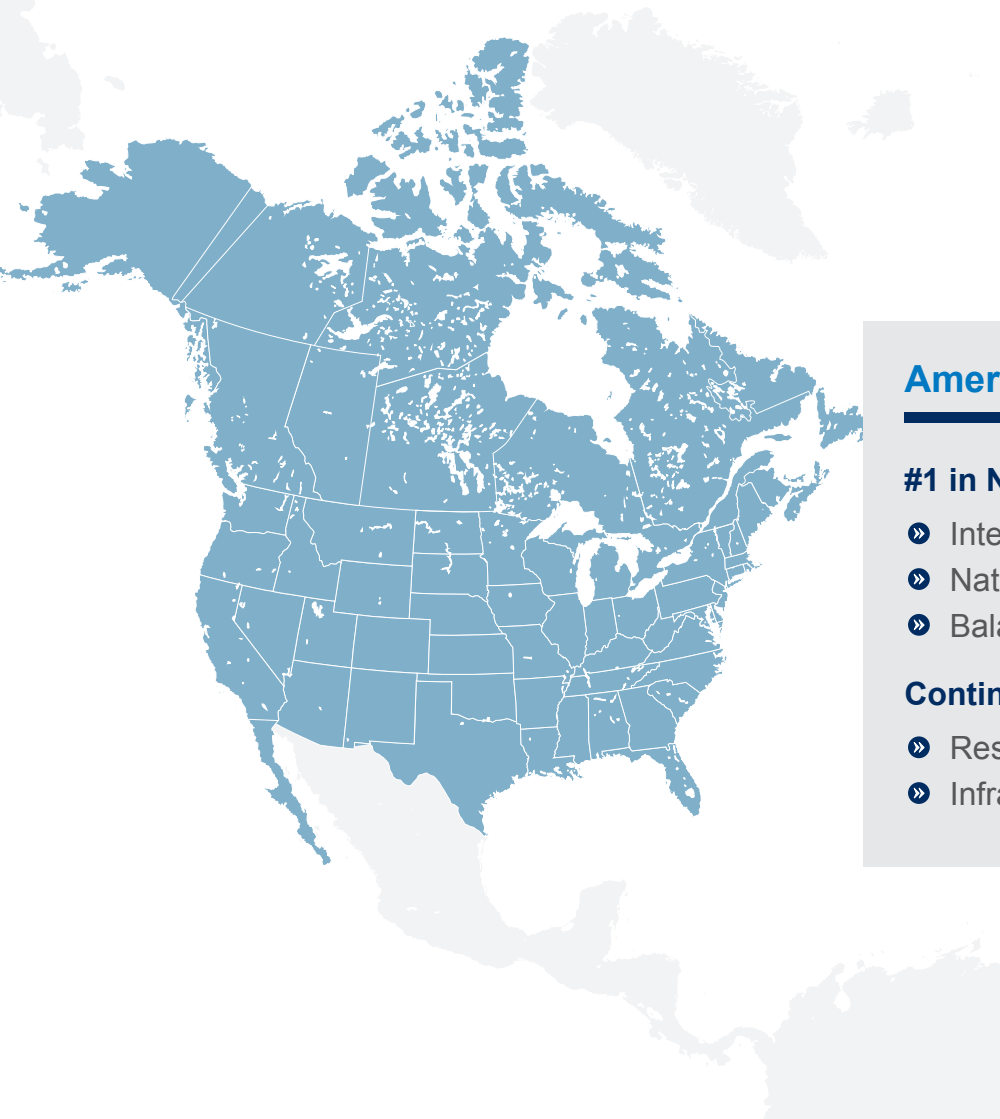
**Constant  
Currency**

+3%

+14%

+60bps

\* Continuing operations exclude the impact of divested entities and one-off items



## Americas

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### #1 in North America

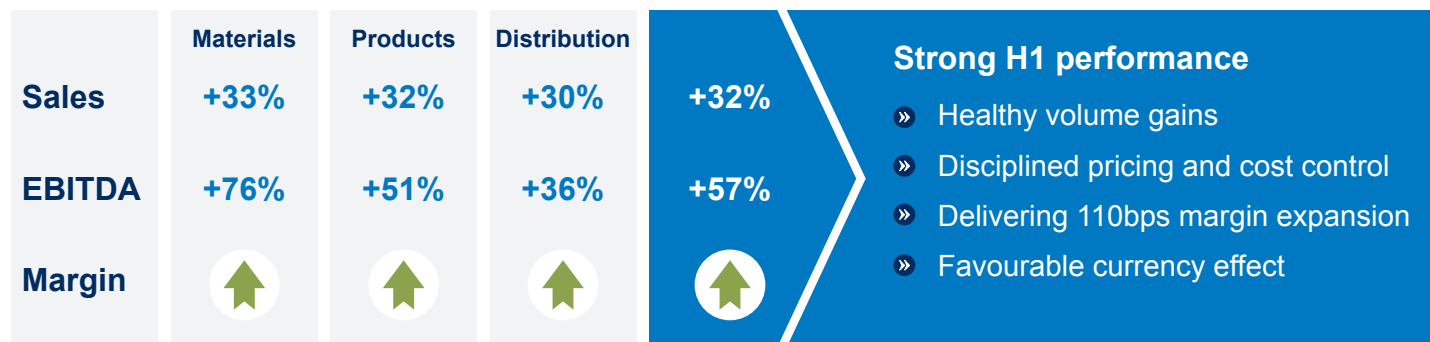
- » Integrated building materials business
- » National footprint
- » Balanced across all sectors

### Continued market momentum

- » Res/Non-Res advancing steadily
- » Infrastructure broadly stable

## Americas – Trading performance

### H1 2015 – continuing operations\*



\* Continuing operations exclude the impact of divested entities and one-off items

## Europe

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### Regional leadership positions

- » Vertically integrated heavyside businesses
- » Scalable lightside & distribution platforms
- » Balanced by geography and end-use

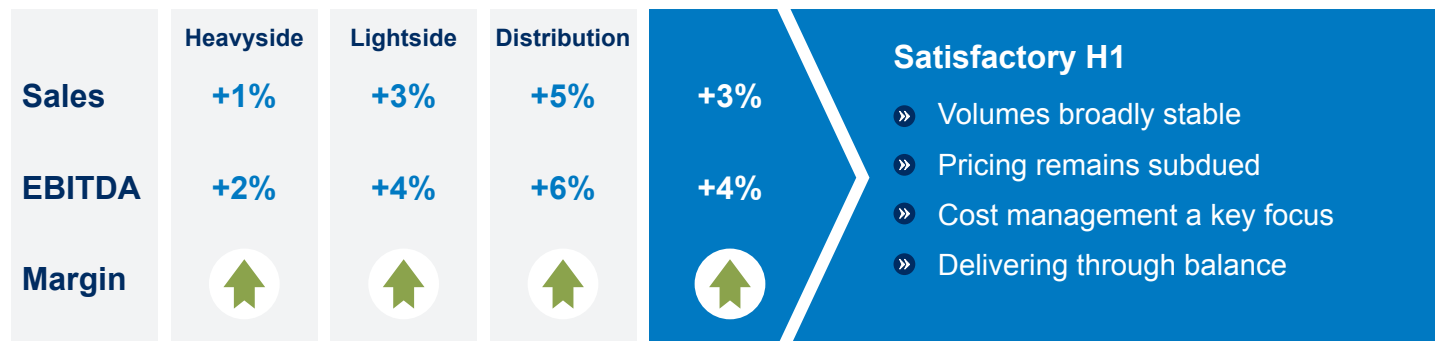
### Mixed economic recovery

- » West – overall stable; some modest recovery
- » Central/East – continued steady growth



## Europe – Trading performance

### H1 2015 – continuing operations\*



\* Continuing operations exclude the impact of divested entities and one-off items

## Ahead in all divisions

Continuing operations*	Sales	EBITDA	Margin
Americas Materials	↑	↑	↑
Americas Products	↑	↑	↑
Americas Distribution	↑	↑	↑
Europe Heavyside	↑	↑	↑
Europe Lightside	↑	↑	↑
Europe Distribution	↑	↑	↑
Group	↑	↑	↑

... continued  
satisfactory progress

\* Continuing operations exclude the impact of divested entities and one-off items



## Components of financial performance

	Sales €m	EBITDA €m	
H1 2014	8,324	505	
Organic	248	69	» Good organic delivery
Acquisitions/Divestments	(244)	(34)	» Divestments primarily UK/US clay
One-off items	-	(44)	» One-offs include provision for Swiss fine €32m
FX translation	1,042	59	» Favourable currency translation effect
<b>H1 2015</b>	<b>9,370</b>	<b>555</b>	

... strong operating leverage

## Operating cash movements

	H1 2014 €m	H1 2015 €m	
EBITDA	505	555	
Capital expenditure	(213)	(338)	» Investing in growth, mainly US
Working Capital	(579)	(597)	» Strong working capital control
Other, mainly interest, tax	(153)	(233)	
<b>Cash flow from operations</b>	<b>(440)</b>	<b>(613)</b>	» €38m outflow for early bond redemption

... strong cash management capabilities

## Re-allocating capital into value-creating opportunities



- » Over half-way through €1.5-2bn divestment programme
- » 2 major transactions in 2015 – both earnings accretive in year 1
- » Active portfolio management embedded at CRH

... right markets, **right companies**,  
right time

## Acquisition of LH assets in Europe and the Americas complete



- » 1 global deal ... 4 regional platforms
- » Transaction complete 31 July\*
- » H1 2015: trading environment in line with expectations
- » Regional and functional taskforces in place
- » Synergy target confirmed

**... rigorous focus on  
integration and delivery**

\* Philippines expected to close in Q3 2015

## C.R. Laurence acquisition – Attractive growth platform

- » North America's leading supplier to the glass/glazing industry
- » Innovative high-value custom hardware products
- » Expanding international presence – strong brand
- » Highly complementary to existing BuildingEnvelope® platform
- » Increased exposure to attractive Res/Non-Res RMI market



... continuing commitment to a  
balanced portfolio

## C.R. Laurence acquisition – Significant operational overlap

- » Financed from existing resources
- » Earnings and returns accretive in year 1
- » \$1.3bn EV; 11x 2015F EBITDA (8x post-synergies)
- » \$40m synergies by year 2 – upside potential
- » Procurement optimisation and cross-selling opportunities



... strong value creation

## Maximising the potential of recent acquisitions

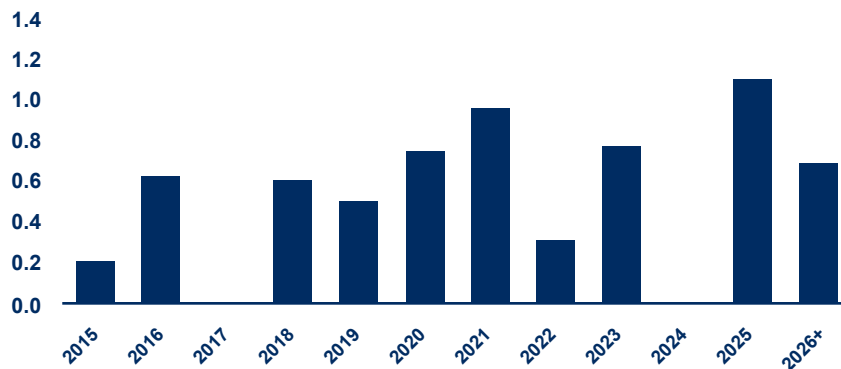


- » Near-term focus now strongly on integration
- » Applying CRH rigour to deliver profit and synergy ambitions
- » Sharing skills and best practice ... continuously improving
- » Driving margins and returns

... building better businesses

## Disciplined capital management

Term debt maturity profile – 30 June (€bn)

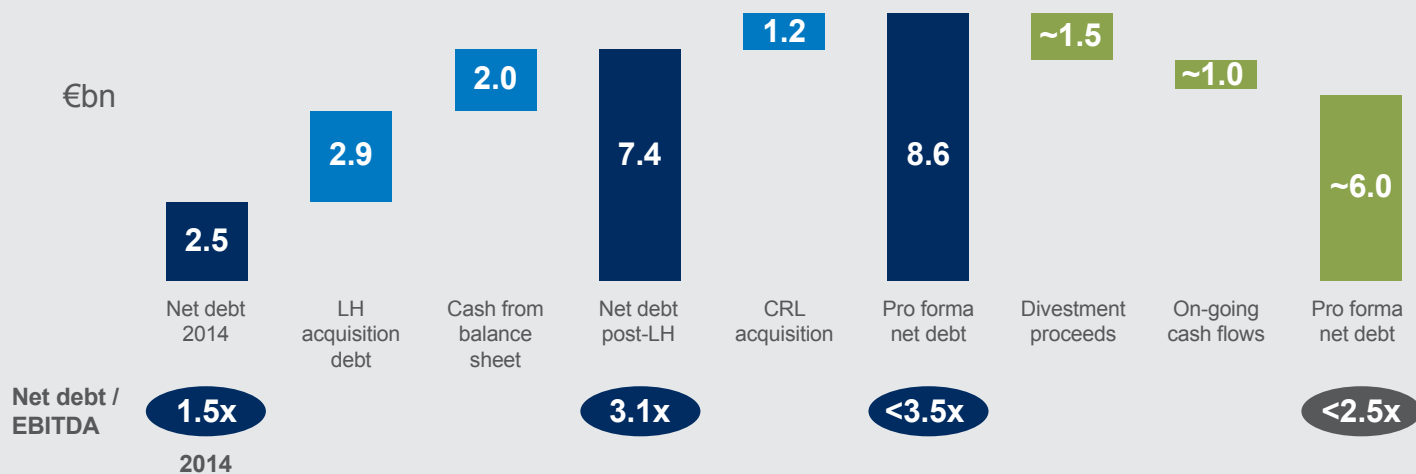


- » €1.6bn Share Placement (Feb 2015)
- » \$1.75bn bond issue (May 2015)
- » Current average cost of debt 3.5%
- » No significant bond maturities in 2016/17

... committed to **investment grade**  
credit rating



## Restoring debt metrics to normalised levels in 2016



## CRH – Continuing operations outlook H2 2015



### Americas

- » Positive demand environment; Res/Non-Res strengthening; Infra stable
  - » Expect H2 EBITDA\* to be ahead of prior year (H2 2014: €0.7bn)
- 



### Europe

- » Mixed economic backdrop; overall stable with some modest recovery
  - » H2 EBITDA\* to be broadly in line with prior year (H2 2014: €0.4bn)
- 



### Group

- » Expect good progress in H2 EBITDA\* (H2 2014: €1.1bn)

\* Continuing operations at constant currency

## Conclusion



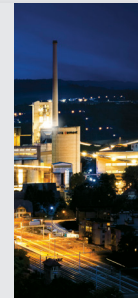
**Margins and  
returns**

**Portfolio  
management**



**Integration**

**Financial  
discipline**



# Appendix

## Group Key Components of Performance

€ million	Sales	EBITDA	Operating profit	Profit on disposals	Finance cost (net)	Equity Accounted	PBT
<b>First Half 2014</b>	<b>8,324</b>	<b>505</b>	<b>171</b>	<b>17</b>	<b>(150)</b>	<b>23</b>	<b>61</b>
Exchange effects	1,042	59	15	2	(14)	1	4
Acquisitions	69	6	3	-	-	-	3
Divestments	(313)	(40)	(28)	35	-	(8)	(1)
One-off costs	-	(44)	(44)	-	(38)	-	(82)
Organic	248	69	72	18	3	(15)	78
<b>First Half 2015</b>	<b>9,370</b>	<b>555</b>	<b>189</b>	<b>72</b>	<b>(199)</b>	<b>1</b>	<b>63</b>

Included in one-off costs is a provision of €32 million relating to a fine from the Swiss Competition Commission. During the period the Group redeemed US\$0.97 billion of its US\$1.6 billion bonds that were due in 2016 resulting in a one-off finance cost of €38 million.

Gains from CO<sub>2</sub> amounted to €3 million (H1 2014: €10 million)  
Restructuring costs of €14 million were incurred in H1 2015 (H1 2014: €9 million)

## Europe Heavyside

€ million	% Change	Six months ended 30 June		Total Change	Analysis of change				
		2015	2014		Organic	Acquisitions	Divestments	One-off	Exchange
Sales revenue	-7%	1,760	1,885	(125)	(25)	3	(151)	-	48
EBITDA*	-22%	125	160	(35)	2	-	(29)	(10)	2
Operating profit*	-37%	38	60	(22)	9	-	(22)	(10)	1
EBITDA/Sales		7.1%	8.5%						
Op. profit/Sales		2.2%	3.2%						

\* EBITDA and operating profit exclude profit on disposals

Gains from CO<sub>2</sub> amounted to €3 million (H1 2014: €10 million)  
Restructuring costs amounted to €3 million (H1 2014: €nil million)

## Europe Lightside

€ million	% Change	Six months ended 30 June			Analysis of change				
		2015	2014	Total Change	Organic	Acquisitions	Divestments	One-off	Exchange
Sales revenue	3%	475	463	12	(8)	1	-	-	19
EBITDA*	5%	46	44	2	-	-	-	-	2
Operating profit*	3%	33	32	1	(1)	-	-	-	2
EBITDA/Sales		9.7%	9.5%						
Op. profit/Sales		6.9%	6.9%						

\* EBITDA and operating profit exclude profit on disposals

Restructuring costs amounted to €2 million (H1 2014: €2 million)

## Europe Distribution

€ million	% Change	Six months ended 30 June		Total Change	Analysis of change				
		2015	2014		Organic	Acquisitions	Divestments	One-off	Exchange
Sales revenue	5%	2,010	1,922	88	(20)	25	-	-	83
EBITDA*	-32%	54	79	(25)	-	1	-	(30)	4
Operating profit*	-63%	16	43	(27)	1	-	-	(30)	2
EBITDA/Sales		2.7%	4.1%						
Op. profit/Sales		0.8%	2.2%						

\* EBITDA and operating profit exclude profit on disposals

One-off costs include provision for Swiss ComCo fine of €32m  
Restructuring costs amounted to €1 million (H1 2014: €3 million)



## Americas Materials

€ million	% Change	Six months ended 30 June		Total Change	Analysis of change				
		2015	2014		Organic	Acquisitions	Divestments	One-off	Exchange
Sales revenue	30%	2,235	1,718	517	131	25	(31)	-	392
EBITDA*	79%	113	63	50	35	3	-	(2)	14
Operating loss*	44%	(34)	(61)	27	40	1	2	(2)	(14)
EBITDA/Sales		5.1%	3.7%						
Op. loss/Sales		-1.5%	-3.6%						

\* EBITDA and operating loss exclude profit on disposals

Restructuring costs amounted to €5 million (H1 2014: €3 million)

## Americas Products

€ million	% Change	Six months ended 30 June		Total Change	Analysis of change				
		2015	2014		Organic	Acquisitions	Divestments	One-off	Exchange
Sales revenue	21%	1,903	1,575	328	117	15	(131)	-	327
EBITDA*	37%	179	131	48	29	2	(11)	(2)	30
Operating profit*	40%	112	80	32	20	2	(8)	(2)	20
EBITDA/Sales		9.4%	8.3%						
Op. profit/Sales		5.9%	5.1%						

\* EBITDA and operating profit exclude profit on disposals

Restructuring costs amounted to €3 million (H1 2014: €1 million)

## Americas Distribution

€ million	% Change	Six months ended 30 June			Analysis of change				
		2015	2014	Total Change	Organic	Acquisitions	Divestments	One-off	Exchange
Sales revenue	30%	987	761	226	53	-	-	-	173
EBITDA*	36%	38	28	10	3	-	-	-	7
Operating profit*	41%	24	17	7	3	-	-	-	4
EBITDA/Sales		3.9%	3.7%						
Op. profit/Sales		2.4%	2.2%						

\* EBITDA and operating profit exclude profit on disposals

No restructuring costs were incurred (H1 2014: nil)

## Analysis by Segment

Sales (€m)	H1 2015	H1 2014	% chg
Europe Heavyside	<b>1,760</b>	1,885	-7%
Europe Lightside	<b>475</b>	463	+3%
Europe Distribution	<b>2,010</b>	1,922	+5%
Americas Materials	<b>2,235</b>	1,718	+30%
Americas Products	<b>1,903</b>	1,575	+21%
Americas Distribution	<b>987</b>	761	+30%
<b>Group</b>	<b>9,370</b>	8,324	+13%

EBITDA (€m)	H1 2015	H1 2014	% chg
Europe Heavyside	<b>125</b>	160	-22%
Europe Lightside	<b>46</b>	44	+5%
Europe Distribution	<b>54</b>	79	-32%
Americas Materials	<b>113</b>	63	+79%
Americas Products	<b>179</b>	131	+37%
Americas Distribution	<b>38</b>	28	+36%
<b>Group</b>	<b>555</b>	505	+10%

## Continuing operations\* by segment

	% Change		
Reported currency	Sales	EBITDA	Margin
Europe Heavyside	+1%	+2%	+10bps
Europe Lightside	+3%	+4%	+20bps
Europe Distribution	+5%	+6%	+10bps
Americas Materials	+33%	+76%	+130bps
Americas Products	+32%	+51%	+130bps
Americas Distribution	+30%	+36%	+20bps
<b>Group</b>	<b>+17%</b>	<b>+29%</b>	<b>+60bps</b>

	% Change		
Constant currency	Sales	EBITDA	Margin
Europe Heavyside	-2%	-	+10bps
Europe Lightside	-1%	-	+10bps
Europe Distribution	-	+1%	-
Americas Materials	+8%	+46%	+140bps
Americas Products	+7%	+22%	+120bps
Americas Distribution	+6%	+9%	+10bps
<b>Group</b>	<b>+3%</b>	<b>+14%</b>	<b>+60bps</b>

\* Continuing operations exclude the impact of divested entities and one-off items

## Europe Heavyside Cement

	Volumes Var % chg H1 15 v H1 14	Price Var^ % chg H1 15 v H1 14
<b>Ireland*</b>	+23%	-1%
<b>UK</b>	+37%	+3%
<b>Switzerland</b>	-10%	-5%
<b>Finland</b>	-10%	+1%
<b>Poland</b>	+1%	-7%
<b>Ukraine</b>	-5%	+23%

\* Domestic Volumes – excludes exports

^ Based on local currency

## Americas Materials Volume and Price Variances H1 15 v H1 14

	H1 Volumes		H1 Prices (\$)	
	Total	LFL	Total	LFL
Aggregates	+6%	+3%	+2%	+4%
Asphalt	+6%	+6%	-2%	-2%
RMC	-3%	0%	+4%	+4%

## Euroconstruct Estimates 2015

Construction Output 2015	% chg
Belgium	— +0.0%
Denmark	↑ +1.2%
Finland	— +0.0%
France	↓ -0.9%
Germany	↑ +0.9%
Ireland	↑ +8.3%
Netherlands	↑ +2.9%

Construction Output 2015	% chg
Poland	↑ +9.7%
Portugal	↑ +3.0%
Spain	↑ +2.5%
Switzerland	↓ -0.6%
United Kingdom	↑ +5.7%
West Europe (EC-15)	↑ +1.6%
Eastern Europe (EU-4)	↑ +7.4%



## US Estimates 2015 (PCA)

### Construction Put-in-place % chg

**Total Construction Put-in-place**  **+4.7%**

**Total Residential**  **+6.7%**

New Housing  **+8.6%**

Single-Family  **+6.1%**

Multi-Family  **+19.7%**

Improvements  **+2.7%**

**Total Non-Residential**  **+6.4%**

Industrial  **+8.8%**

### Construction Put-in-place % chg

Office  **+12.3%**

Hotels, Motels  **+8.1%**

**Total Public**  **+3.2%**

Highways & Streets  **+2.1%**

**Public Utility & Other**  **-3.5%**

### Others % chg

Real GDP  **+2.8%**

Cement consumption  **+7.5%**

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