

**Analysts' Visit
Dutch Distribution Activities
24th-25th May 2004**

**Brian Hill
Group Managing Director**



- **Objectives of visit**

- Overview of CRH EP&D with its 5 product groups
- Update on integration of 2003 acquisitions
- Outline development strategy going forward
- Spotlight on our Distribution activities

.....not a trading update

- **This evening**

- Overview of CRH EP&D: Brian Hill

- **Tomorrow**

- Distribution Strategy in Europe: Stephan Nanninga
- Tour of DIY and Builders Merchandising outlets & Sand Lime brick factory

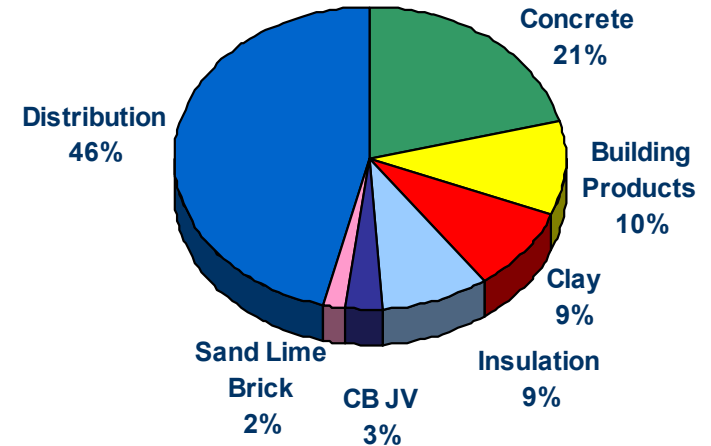
- Europe Products & Distribution organised in 5 Product Groups

- Concrete Products
- Clay Products
- Insulation
- Building Products
- Distribution

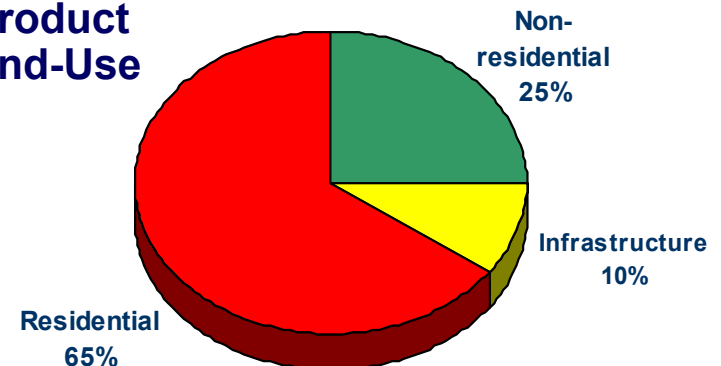
- Together with

- Cementbouw JV (45%)
- Sand Lime Brick (100%)

Annualised Sales c €4bn



Product End-Use



A Balanced Portfolio of Businesses

CRH EP&D
Brian Hill

Finance
Peter Erkamp

**Sand Lime
Brick**
R vd Mark

Concrete
Mairtin
Clarke

Clay
L Hughes **UK**
J v Ommen **ME**

Insulation
Kees
Verburg

**Building
Products**
Eric Bax

Distribution
Stephan
Nanninga

**Cementbouw
JV (45%)**
J Redeker

Architectural



Landscape & infrastructure
paving, patio tiles, architectural
masonry & roof tiles

Structural



Flooring, façade & structural elements

Utility



Poles, utility vaults, channels, pipes,
water treatment tanks

Sales 2003

€ 690m

Op. margin

c 8%

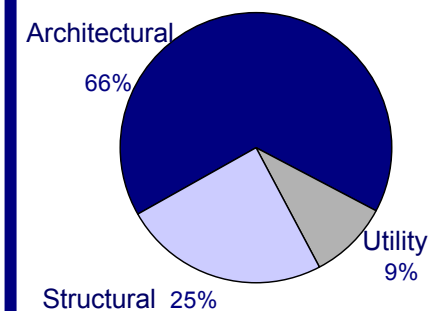
Employees

c 5,300

Countries

7

2003 Sales



***Exposure to infrastructure and
a spearhead into developing regions***

Locations & Market Positions

- **Architectural**

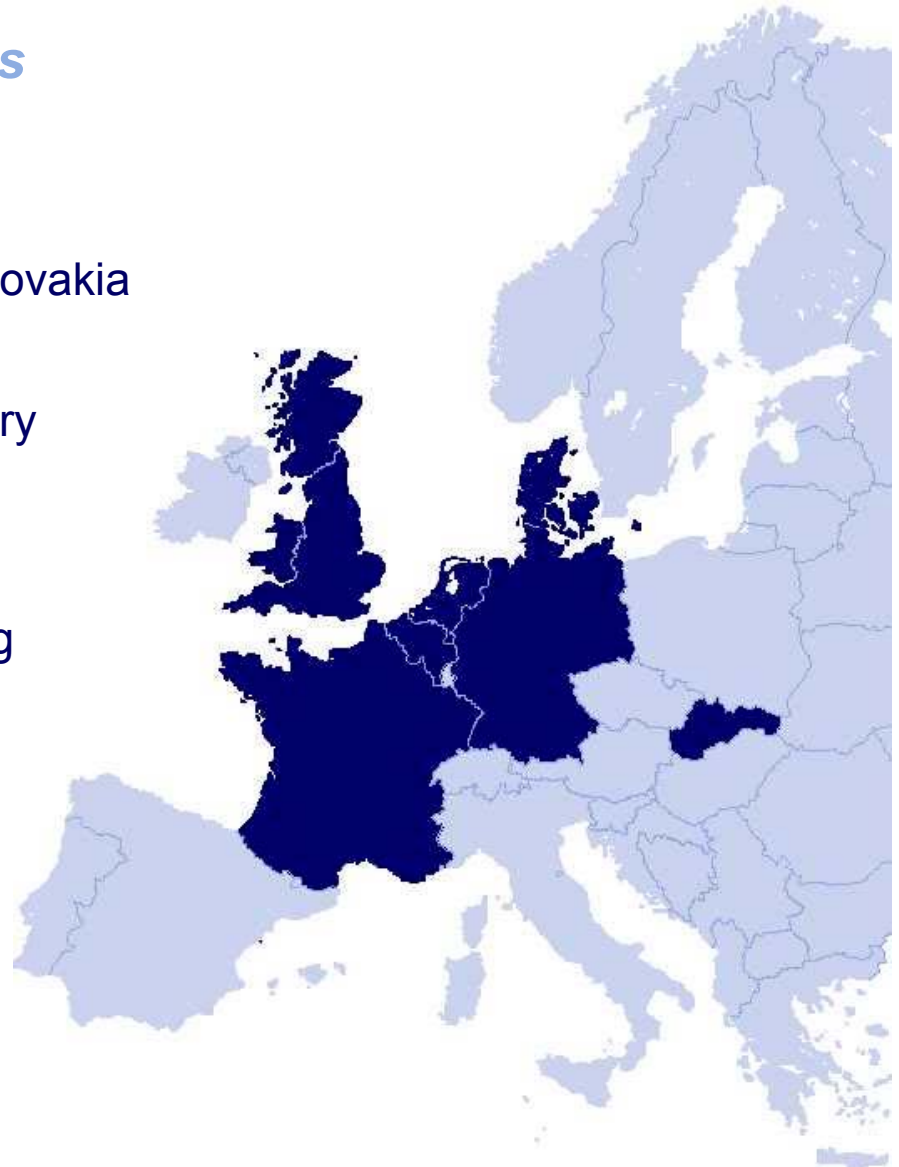
- No.1 Benelux, Germany & Slovakia concrete paving
- No.1 UK architectural masonry

- **Structural**

- No.1 Benelux precast flooring
- Joint No.1 Danish structural concrete

- **Utility**

- No. 1 French utility precast



2003 Development

- Added new territories; Slovakia (*Premac*) and Denmark (*Betonelement*)
- Expanded Belgian structural and utility ops (*Maessen and Duffeleer*)
- Expanded Dutch (*Cementbouw*) and German (*Gera*) concrete ops
- Optimised concrete pole operations in western France (*Amec Spie*)
- Annualised Concrete group sales c €870m post 2003 deals

Issues

- **Architectural**: growing spend by private & public sectors
- **Structural** - shortage of qualified site labour
- **Utilities** - telco opportunities; utility privatisation

Strategy

- Strengthen portfolio in mature markets
- Build positions in developing markets
- Leverage group synergies through best practice and effective MIS

Bricks



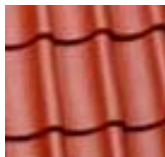
Facing brick & specials

Pavers



Landscape & infrastructure paving

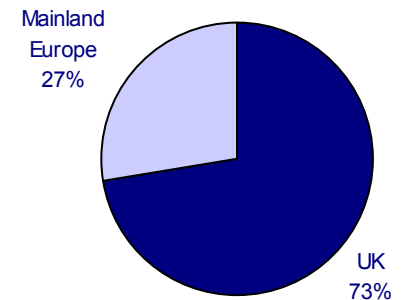
Roof tiles



Standard & specialized roof tiles and copings

Sales 2003	€ 360m
Op. margin	c 8%
Employees	c 2,750
Countries	4

2003 Sales



Steady and strong cash generator

Locations & Market Positions

- **UK**

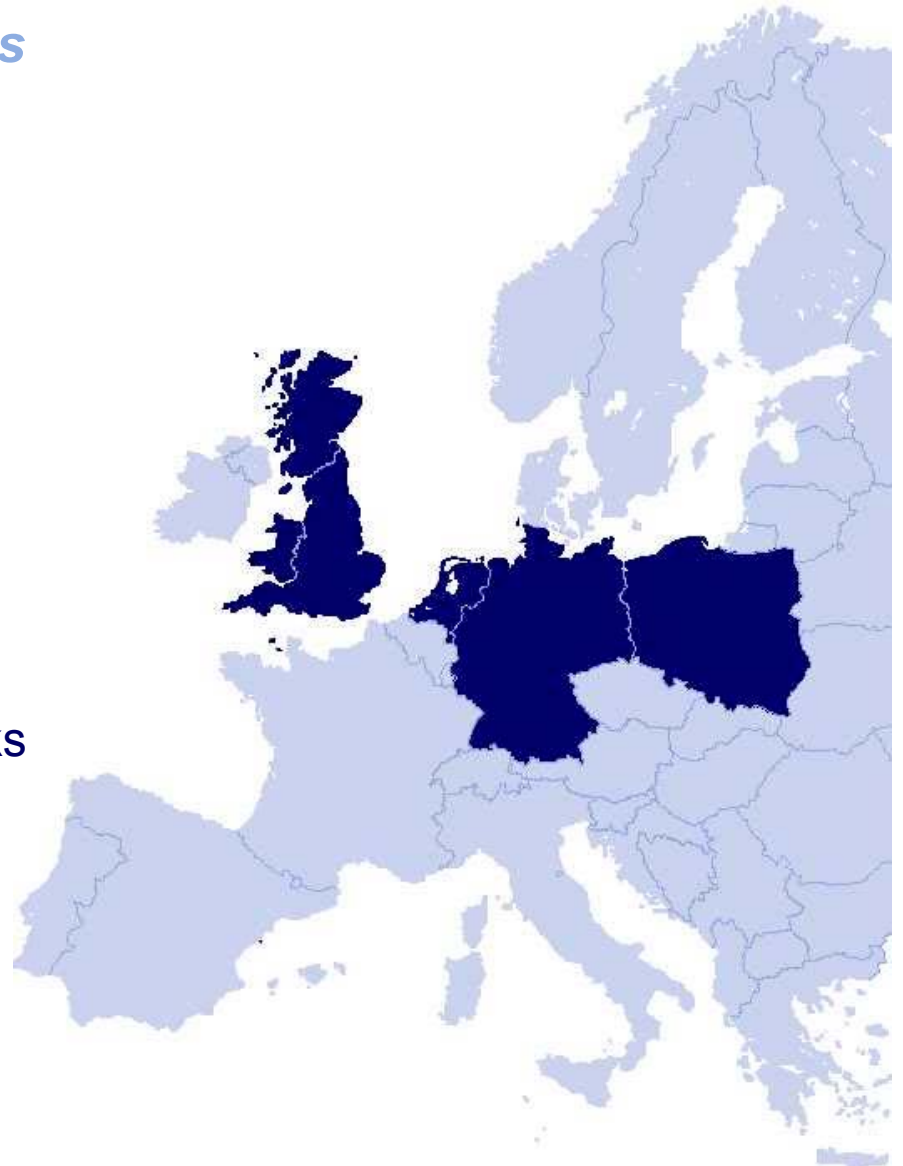
- No. 1 facing bricks

- **Mainland Europe**

- NL, Poland, Germany

- No.1 German clay pavers

- No.1 NL quality facing bricks



Issues

- Driven by new housing sector
- Tough conditions in mainland Europe
- Oversupplied, fragmented German market

Strategy

- Maximise efficiency/capacity utilisation
- Consolidate leading positions in UK and the Netherlands
- Participate in rationalisation of German market
- Opportunities in Central / Eastern Europe

EPS



Expanded Polystyrene: used in non-residential & residential construction

XPS



Extruded polystyrene: principal end use in res and non-res construction

XPE



Extruded polyethylene: used in sound insulation applications

PUR / PIR



Polyurethane and polyisocyanurate: improved thermal performance.

Sales 2003

€ 260m

Op. margin

c 9%

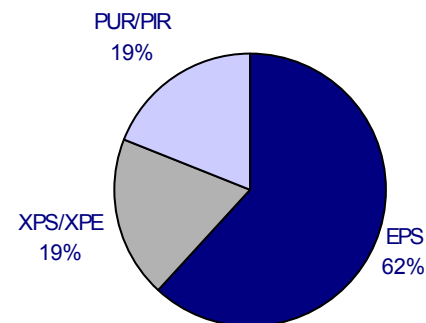
Employees

c 1,600

Countries

10

2003 Sales



High growth insulation markets driven by Kyoto Protocol, increasing energy costs & stricter regulations

Locations & Market Positions

No.1 European Foam Insulation

- **EPS**

- No.1 Ireland, Netherlands, Poland, Nordic regions.
- Joint No.1 UK

- **XPS**

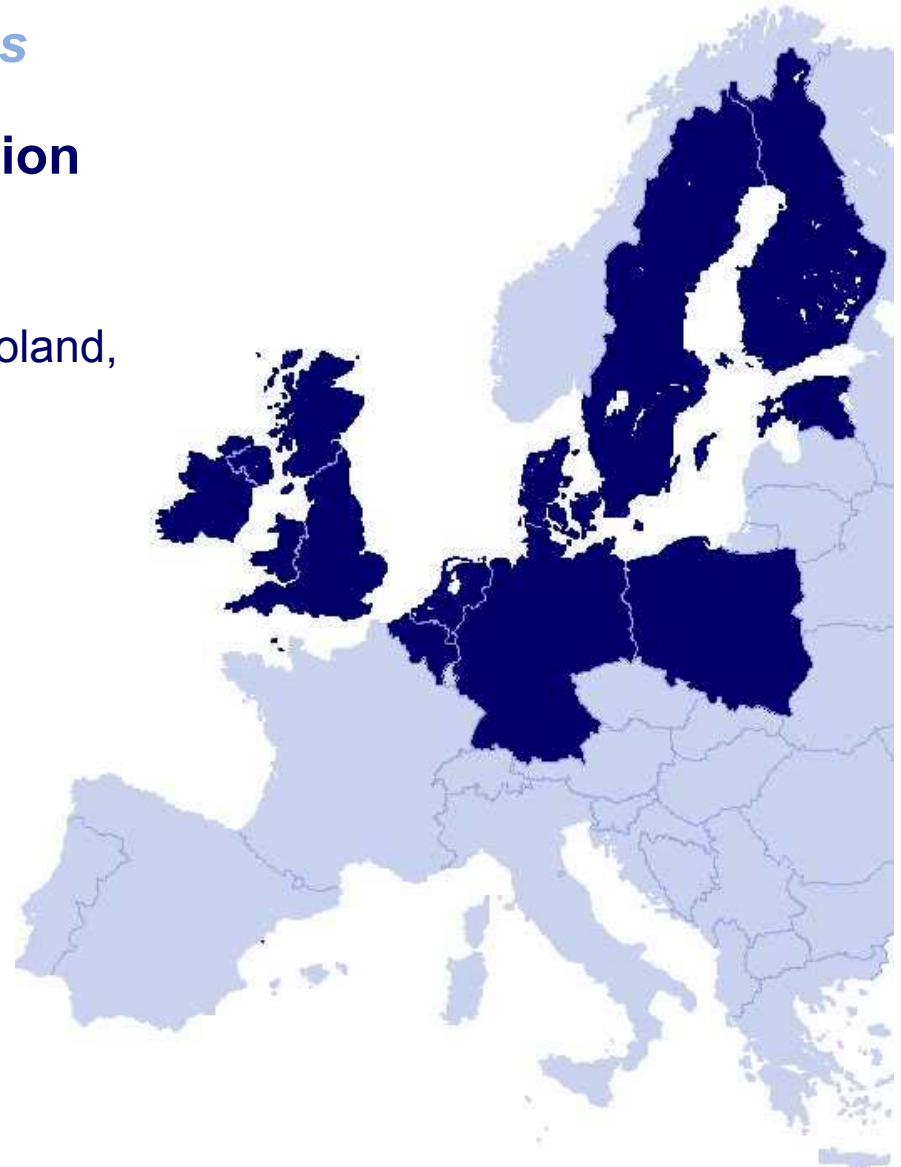
- Germany, Belgium
- No.1 Germany

- **XPE**

- No.1 Germany

- **PUR/PIR**

- UK, NL, Germany, Poland



2003 Development

- Acquired major EPS producer (*Unidek*).....
- ...with leading positions and excellent facilities in Benelux / Germany
- Ideal fit with EPS ops in Ireland / UK / Poland / Nordic region
- Ongoing consolidation opportunities: market still fragmented
- Annualised Insulation group sales c €360m post Unidek

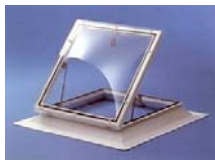
Issues

- Energy costs, Kyoto Protocol, stringent insulation regulations are strong growth drivers
- Insulation growth outpaces general construction
- Accelerating consolidation trend

Strategy

- Take full advantage of industry consolidation
 - Add to existing strongholds
 - Acquisition of new growth platforms
- Benefit from implementation of Kyoto protocol and promote end-use
 - Lobby for stricter regulations
 - Innovation and product branding

Daylight & Ventilation



Continuous rooflights, roof domes, roofing systems, active & natural ventilation systems

Fencing & Security



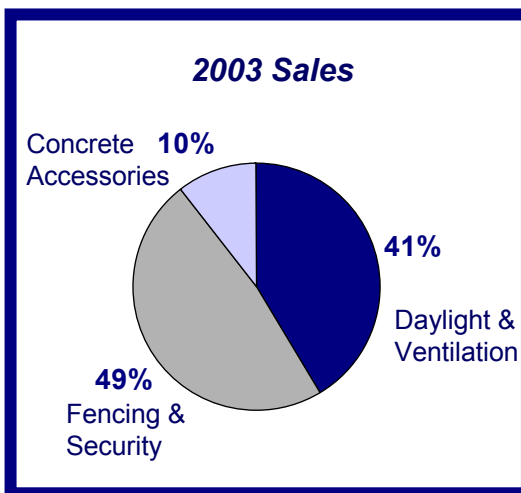
Fences, gates, mobile fencing, perimeter security & access control

Concrete Accessories



Metal & plastic accessories for concrete construction

Sales 2003	€ 365m
Op. margin	c 8%
Employees	c 2,350
Countries	8



Active in sectors with high development potential to grow new product groups

Locations & Market Positions

- **Daylight & Ventilation**

- UK, Ireland, Benelux, Germany
- No.1 Benelux rooflights & ventilation
- Joint No.1 German rooflights & ventilation

- **Fencing & Security**

- UK, Benelux, Germany, France, Spain, Poland
- No.1 European security fencing & perimeter protection
- Sales Offices: USA, Australia, China, India, Malaysia

- **Concrete Accessories**

- Belgium, France, Spain & NL
- No. 1 Belgium



2003 Development

- **Fencing & Security**

- Acquired leading German fencing company (*Adronit*)....
- ...and major European access control supplier (*Magnetic Autocontrol*) with international sales network
- Good growth opportunities with proprietary technology

- **Metal-based Building Accessories**

- Entered an attractive Pan-European sector (*Plakabeton*)
- Supplying a broad range of fixing and support systems
- Servicing building contractors and precast companies

Strategy

- **Daylight & Ventilation (annual sales c €150m)**

- Continue expansion in the Benelux, Germany, Ireland and the UK
- Accelerate product/technology exchange

- **Fencing & Security (annual sales c €200m)**

- Grow from current strong bases in Germany, the Netherlands and the UK
- Develop further in perimeter protection and access control systems

- **Metal Products (annual sales c €60m)**

- Strengthen positions in the Benelux, France and Spain
- Expand to other European countries

General Merchants



General heavy building materials merchants

Sales 2003	€ 1,360m
Op. margin	c 5%
Employees	c 6,000
Countries	6

Specialist Merchants



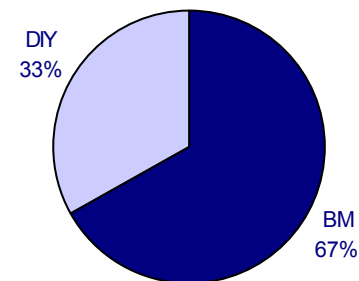
Ironmongery, roofing, ceramics, aluminium, sanitary and cash & carry

DIY



Broad consumer-oriented light building materials outlets

2003 Sales



Exposure to more buoyant and stable RMI markets

Locations & Market Positions

- **General Merchants**

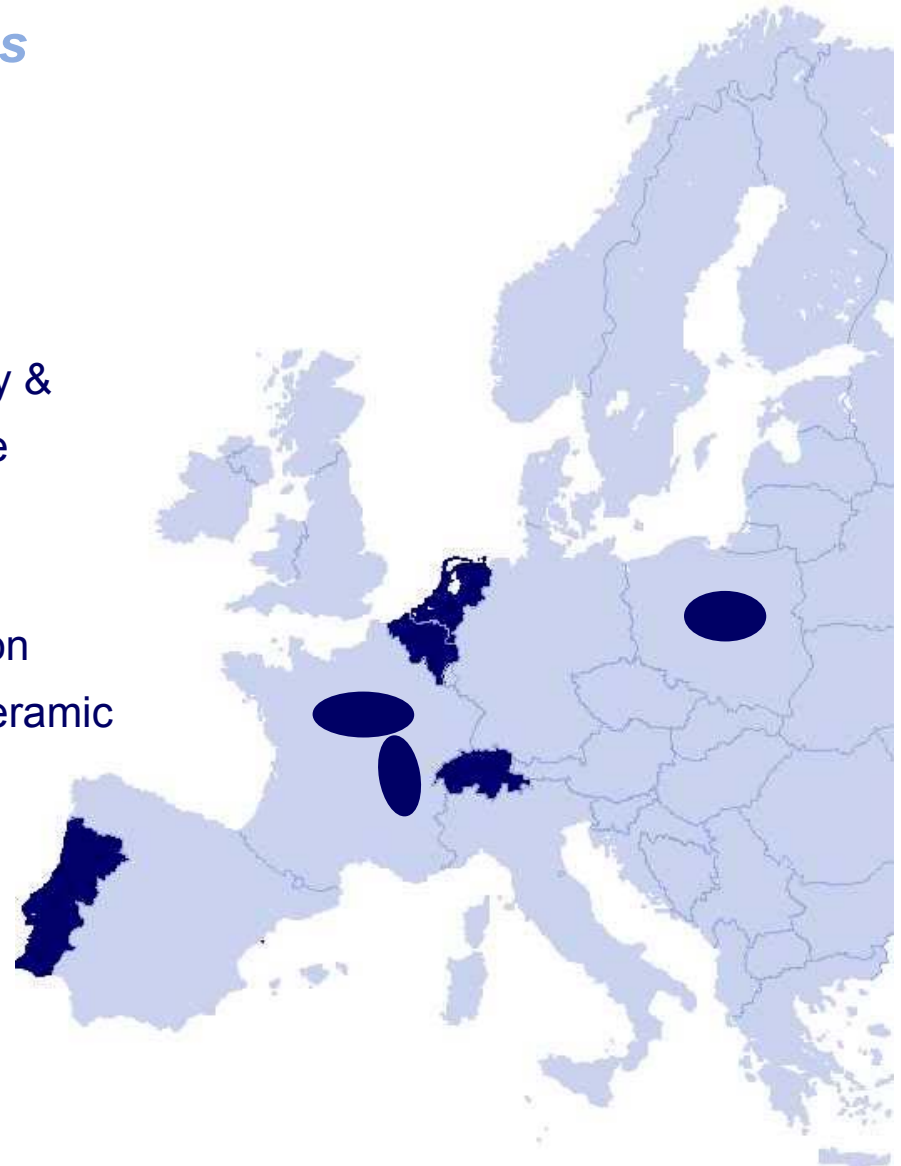
- No. 1 NL & Switzerland
- No. 2 Ile-de-France
- No. 1 France Comte, Burgundy & Rhone-Alpes regions in France

- **Specialist Merchants**

- No. 1 Dutch Roofing Distribution
- No. 2 Swiss sanitary ware & ceramic tiles

- **DIY**

- Largest member of leading Benelux DIY chain
- Joint No.1 Portugal



2003 Development

- *Cementbouw* added 54 DIY and 36 Builders Merchant stores
- 3 DIY Bolt-ons in Belgium: Bricorama, Heeren and Leuven (16 stores)
- Now c 16% of Dutch DIY market; c 17% share Dutch Builders Merchants
- Samse / Doras deal will expand our regional positions in France
- Annualised Distribution group sales c €1.8bn post 2003 deals

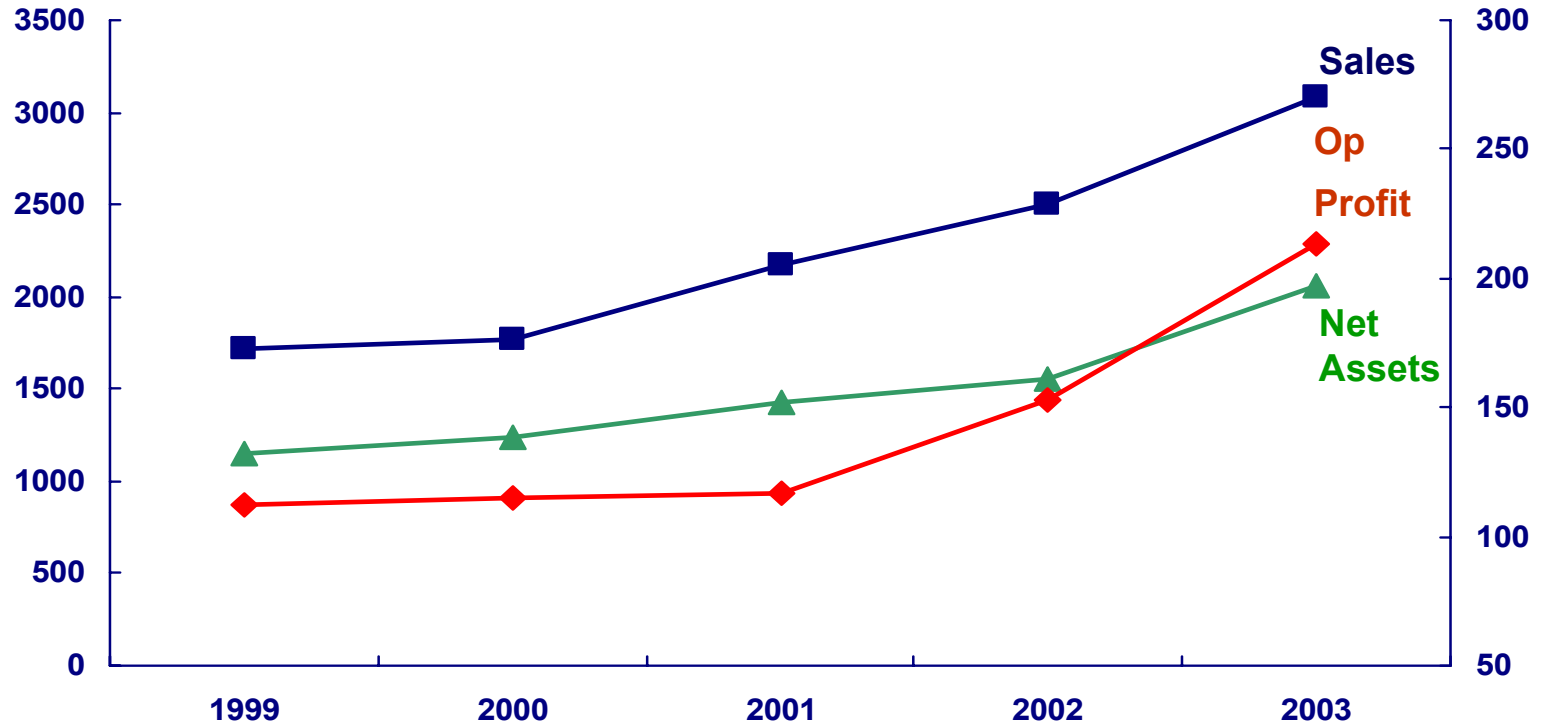
Strategy

- To build a Pan-European Distribution group
 - In mature economies
 - With top class regional positions
 - Supported by strong brands
 - Driven by focused and entrepreneurial management teams
 - Delivering superior EBIT margins

Sales & Avg Net Assets €m

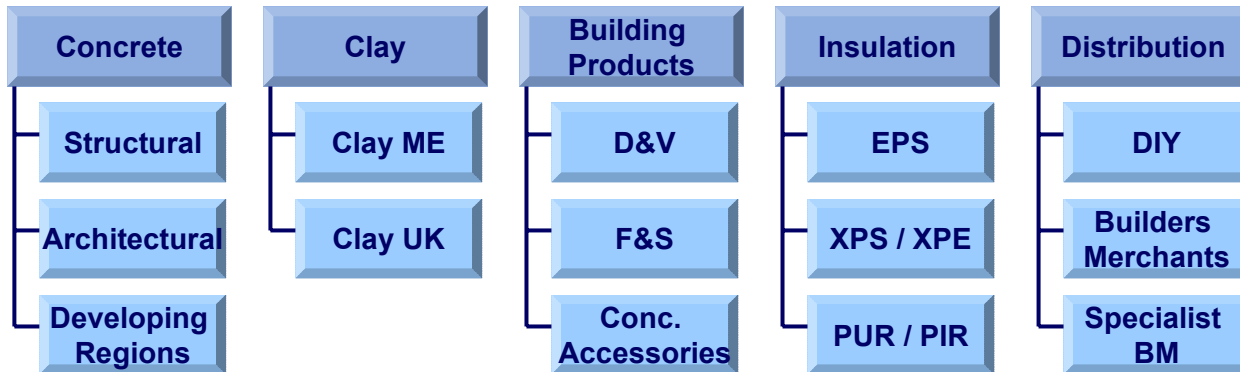
Sales, Op. Profit and Net Assets

Op. profit €m

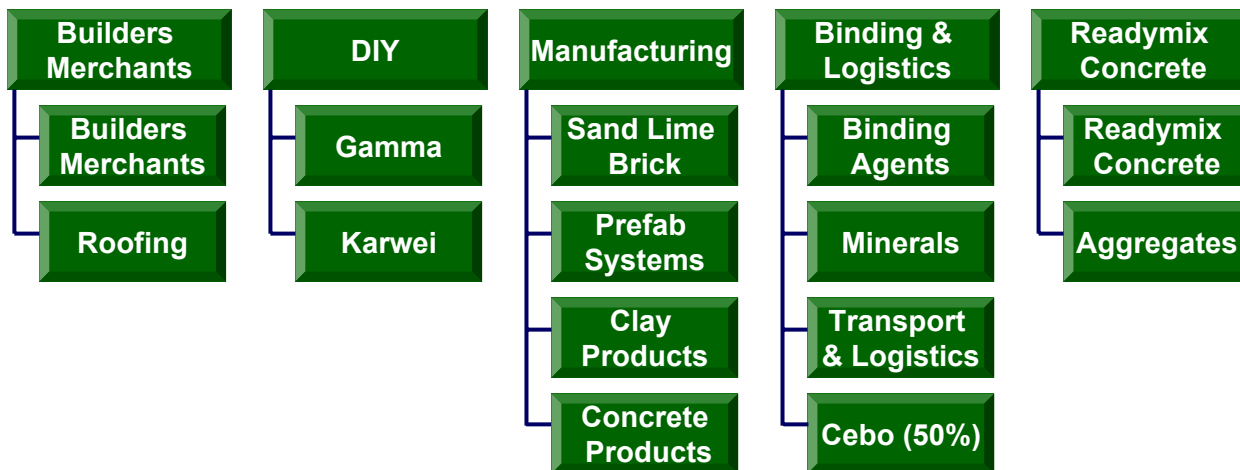


€m	1999	2000	2001	2002	2003	CAGR 99-03
Sales	1,718	1,763	2,175	2,506	3,083	16%
Operating profit	112	115	117	153	213	17%
Avg Net Assets	1,155	1,236	1,432	1,558	2,055	15%
Margin	6.5%	6.5%	5.4%	6.1%	6.9%	

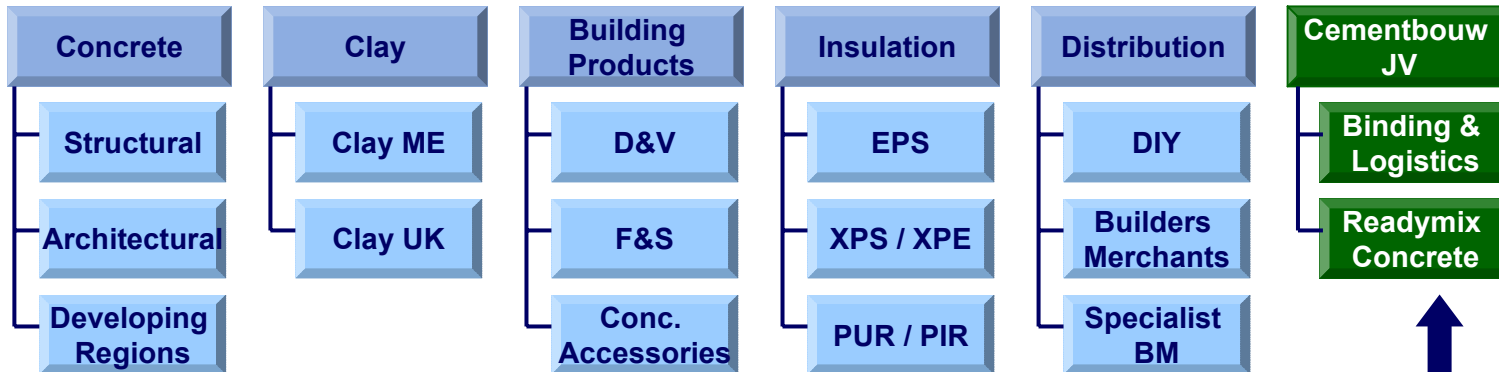
CRH EP&D



Cementbouw Handel & Industrie (Holdings) BV



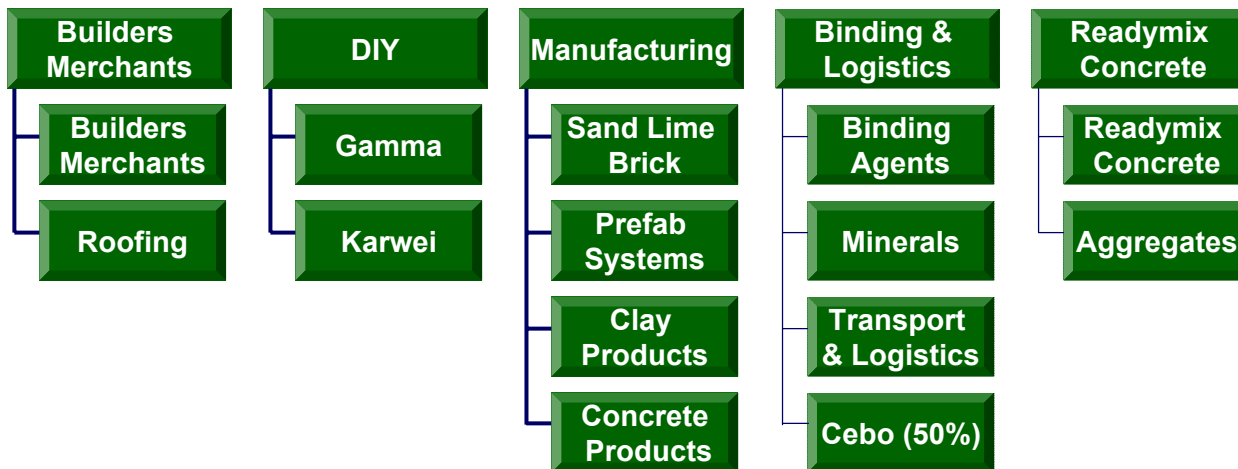
CRH EP&D



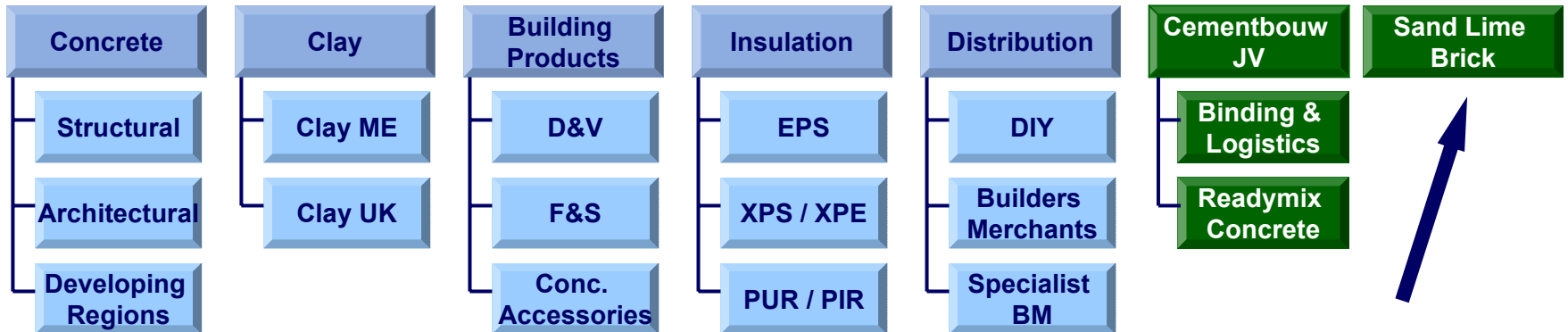
JV with CVC & JV Mgt

45% 45% 10%

Cementbouw Handel & Industrie (Holdings) BV

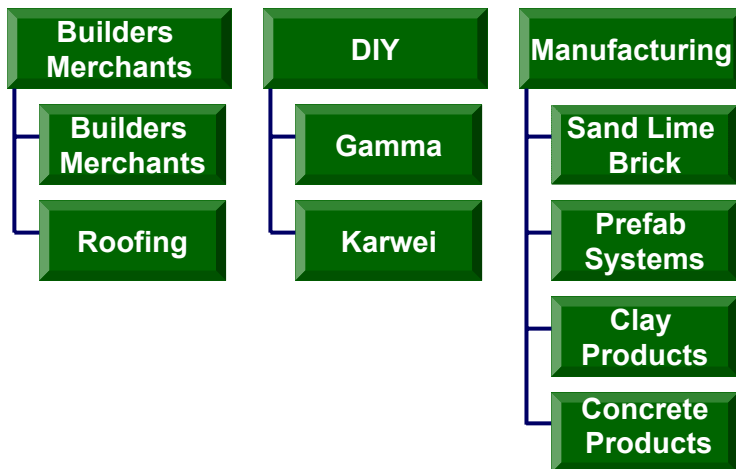


CRH EP&D

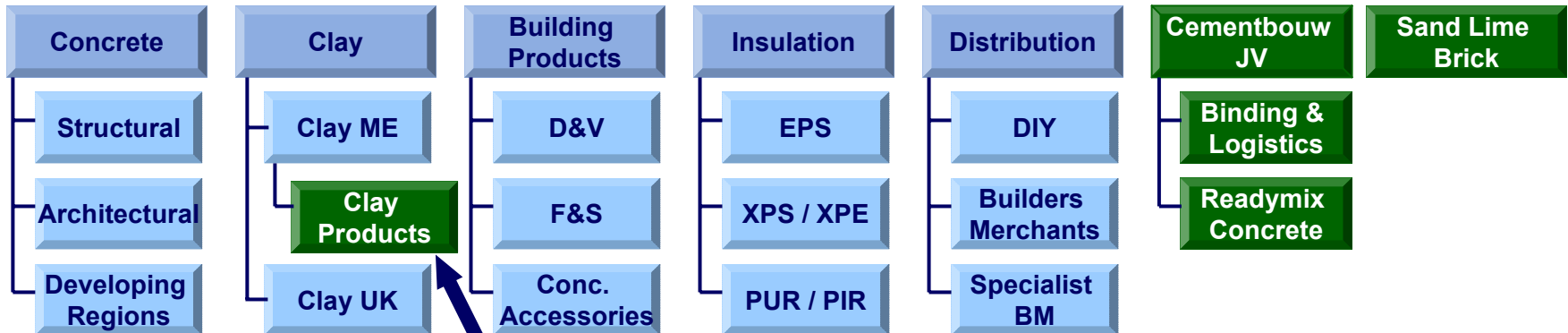


**Sand Lime Brick
stand alone business**

Cementbouw Handel & Industrie (Holdings) BV

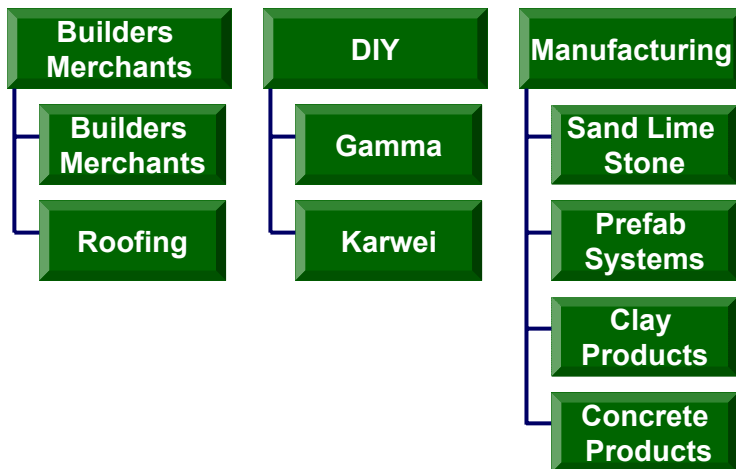


CRH EP&D

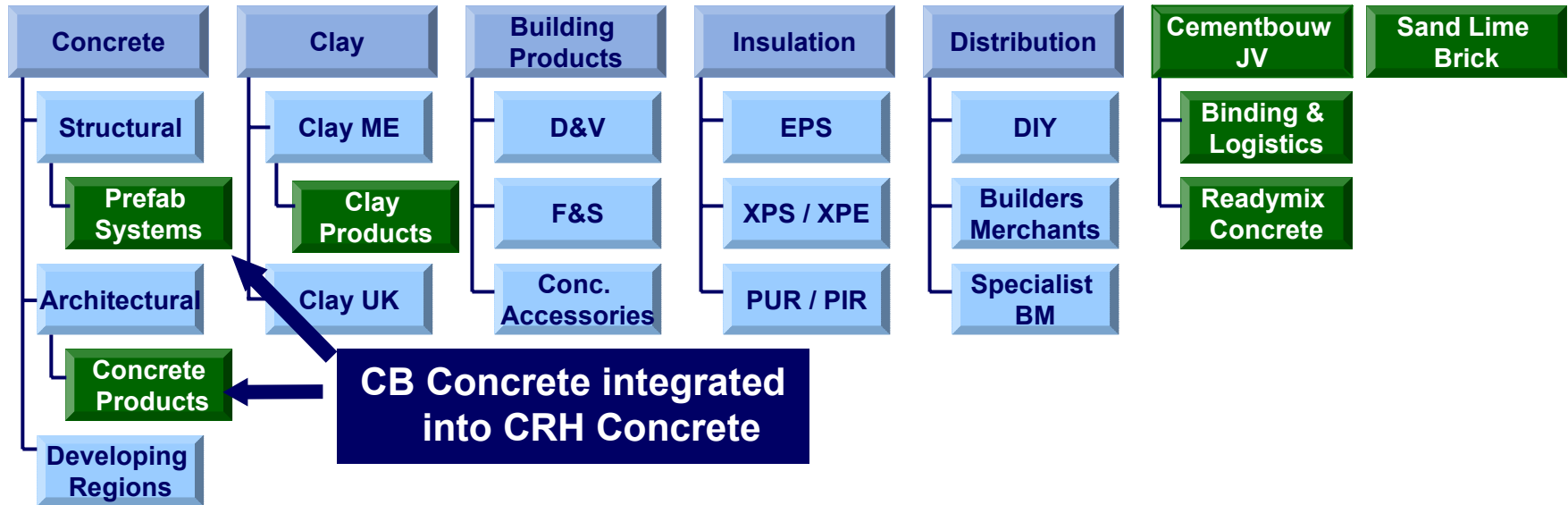


CB Clay ops integrated into CRH Clay

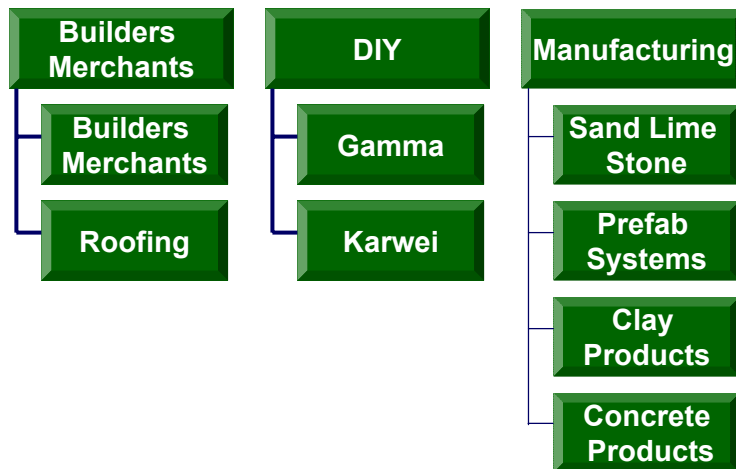
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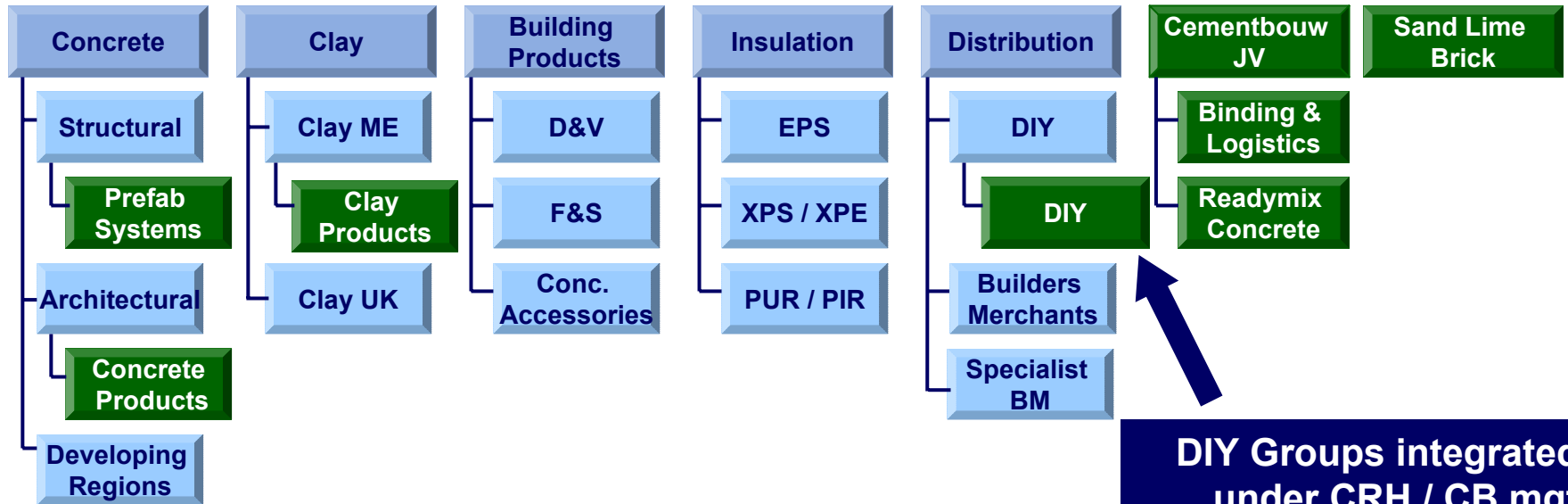
CRH EP&D



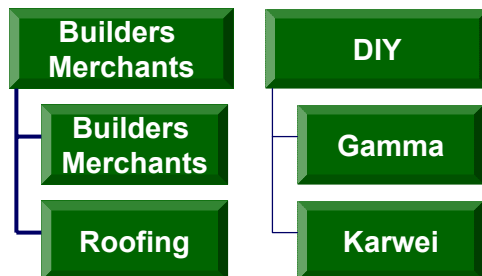
Cementbouw Handel & Industrie (Holdings) BV

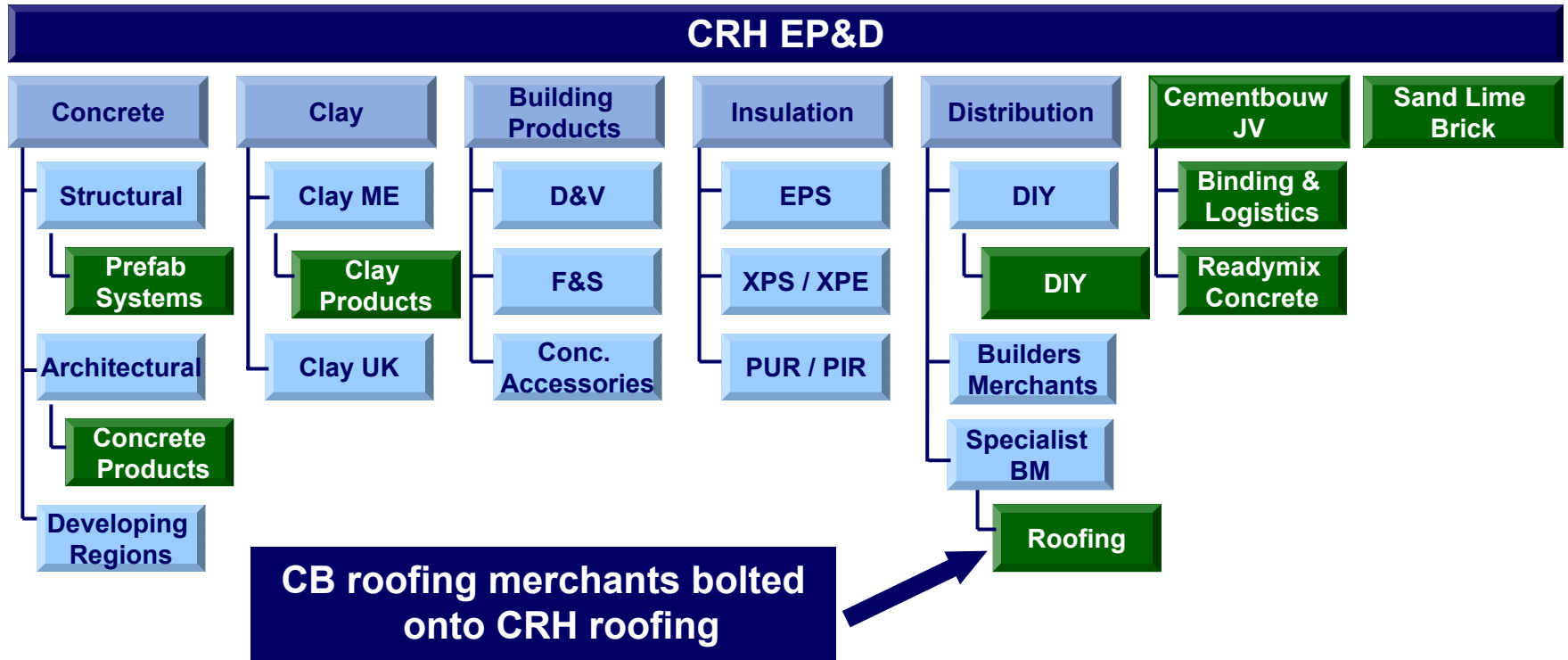


CRH EP&D

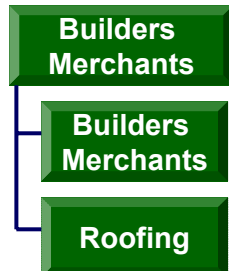


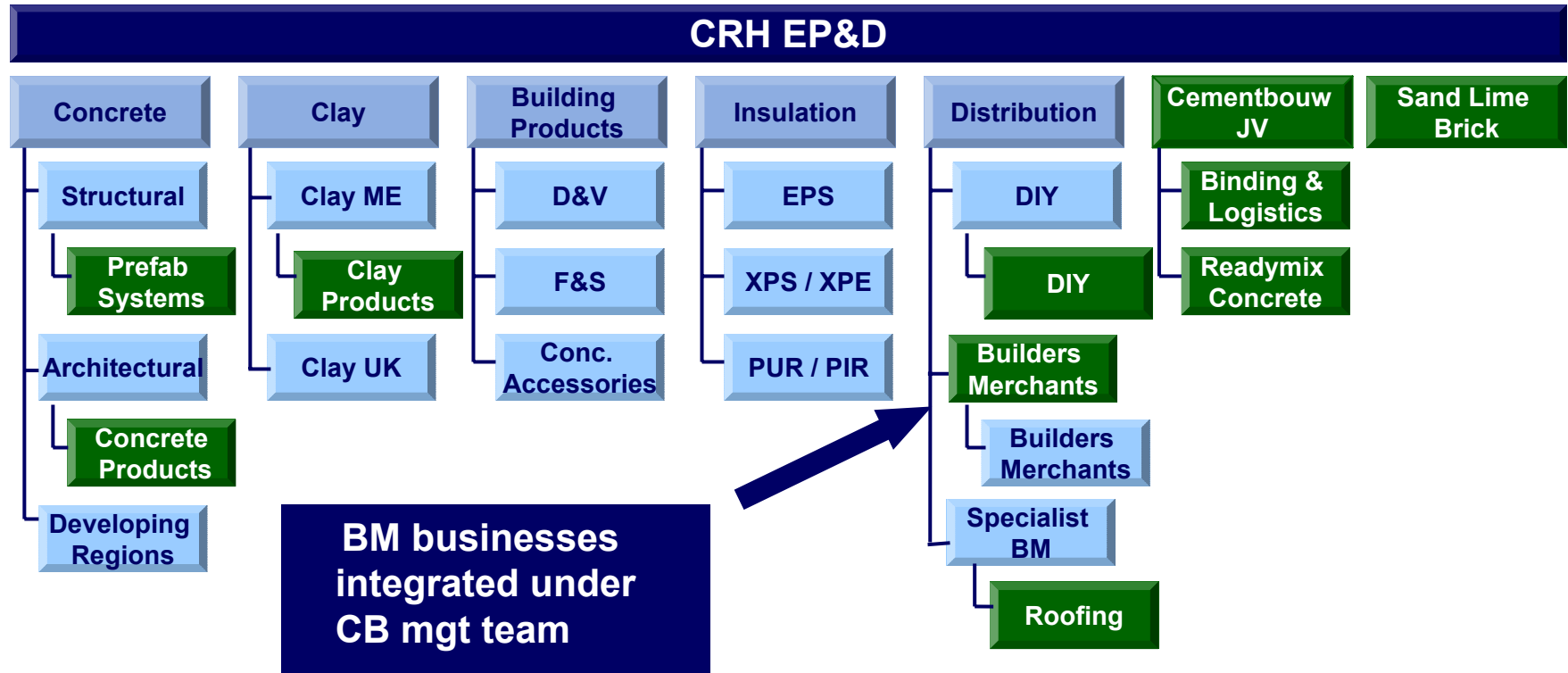
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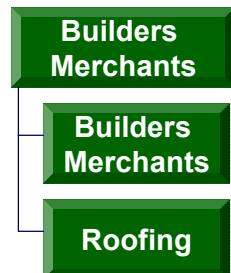


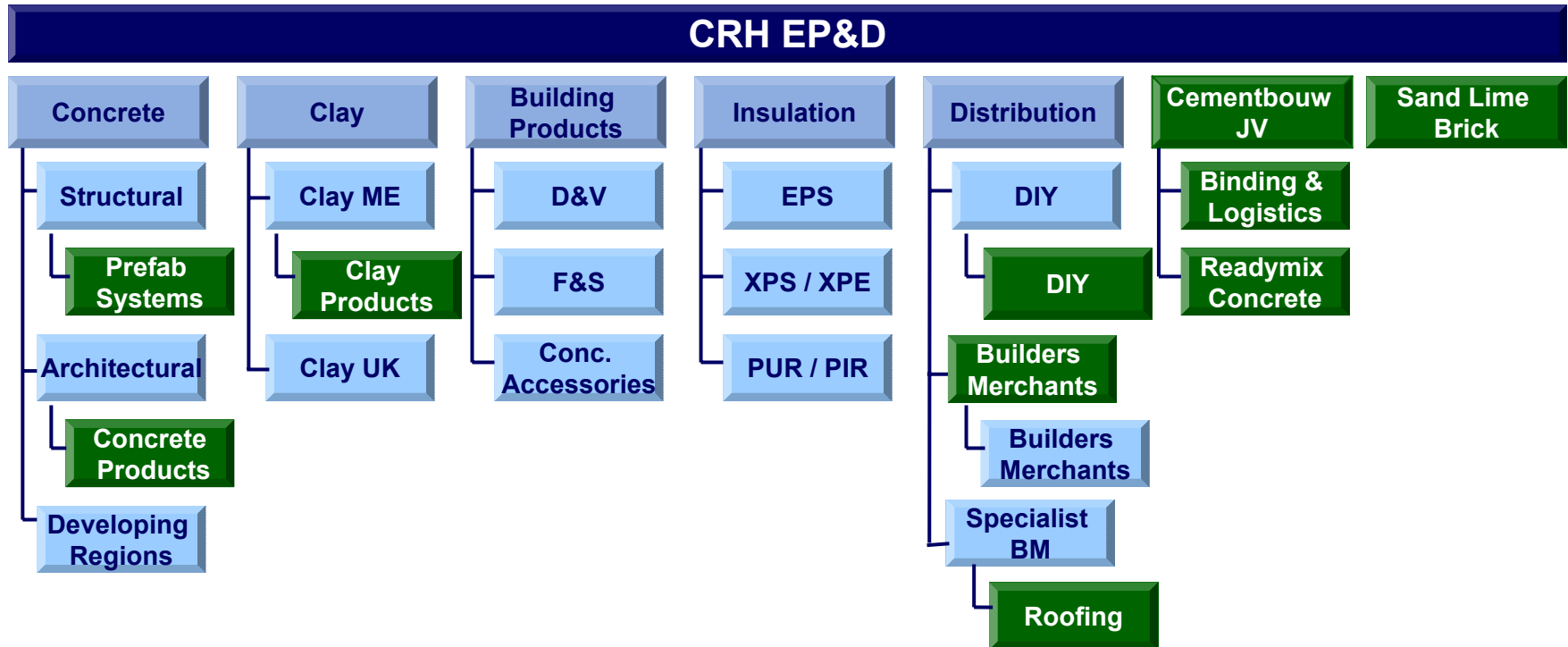
Cementbouw Handel & Industrie (Holdings) BV





Cementbouw Handel & Industrie (Holdings) BV

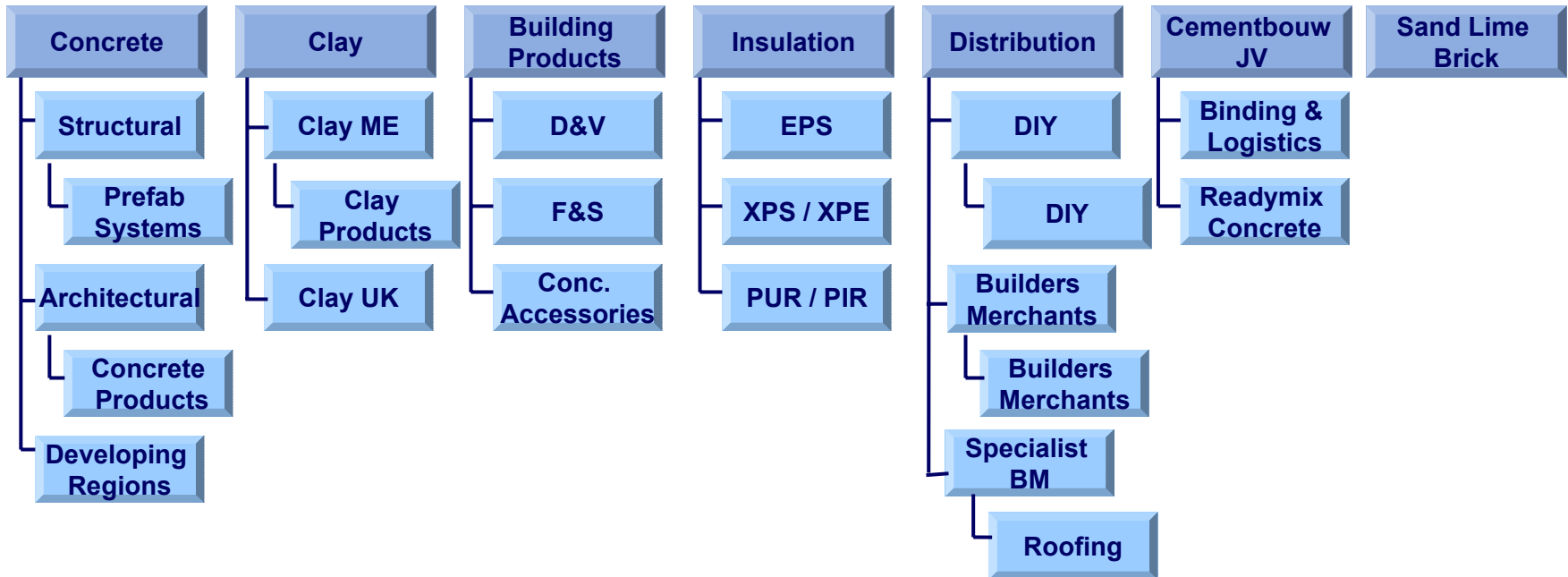




Overhead reduction programme well advanced

.... planned €8m annual synergies to be fully realised end 2004

CRH EP&D



Integration substantially complete 6 months post-acquisition

- **Netherlands, UK, France and Germany account for c 80% of CRH EP&D**
- **Netherlands**
 - Early signs of economic recovery
 - Improvement in new residential order books
 - Non-res remains weak and infrastructure over peak
- **UK**
 - Economy remains robust; Barker report to release pent-up housing demand
 - impact not expected before 2005
 - Residential sector subdued to date; brick volumes flat, prices improving
- **France**
 - Generally subdued, any recovery in 2004 will be modest
 - Pick up in infrastructure; residential flat
- **Germany**
 - Markets intensely competitive; volumes flat and pricing pressure continues
 - On the ground, our people believe we have seen the bottom

Overall, only slight growth in our markets

2004 Outlook

- Though showing signs of improvement, markets remain subdued
- Nevertheless, our businesses continue to advance
- with ongoing operating improvement and strong acquisition contributions

Looking forward

- Relentless focus on further profit improvement
- Good pipeline of acquisition opportunities
- Growth set to continue

***In 2004 we look to a significant profit advance
underpinned by 2003 deals***

CRH plc
Investor Relations
Belgard Castle
Clondalkin
Dublin 22
Ireland

Phone: + 353 1 404 1000

Fax: + 353 1 404 1007

E-mail: **ir@crh.com**

or look up our Website - **www.crh.com**



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