



CRH Capital Markets Day

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CEO Introduction



Delivery since
November '10
CMD

Consistent relentless operational focus

- €0.3Bn 2011/2012 gross cost savings
- Strict capex / working capital control

Rigorous approach to portfolio allocation

- €1.2Bn of bolt-on acquisitions
- €1.2Bn of business/asset disposals

Maintained commitment to investors

- Robust on-going credit metrics
- Sustained dividend level

... Significant achievement in challenging markets...



Capital Markets Day Programme

- Today's focus: "Dialogue with CRH Divisions"
- Introductory comments:
 - CEO: Development Strategy and Margin Evolution
 - COO: Cost Reductions Programme
 - FD: Financial Overview
- Five Divisional break-out sessions; followed by
- General assembly for Q&A and Wrap Up

... Interactive programme with 20 Top CRH managers ...





CEO Introduction Development Strategy



Key principles
of CRH
development
strategy

Strategic
Balance

Geography
Product
Sector/ End Use

- Multiple growth platforms
- Smoothing economic cycles

Build & Grow
Approach

***Creating clustered
groups of
businesses***

- Vertically integrated Materials positions
- Scalable Products and Distribution networks

Value Based
Development

***Focused on
superior short and
long-term returns***

- Continued bolt-ons/step-outs
- Resource backed Developing Markets entry points



Key principles
of divisional
strategy

Materials	Products	Distribution
<ul style="list-style-type: none">– Asset backed resource positions– Vertically integrated with significant in-house demand– Leveraging capability and best practice	<ul style="list-style-type: none">– Optimising production networks in core regions– Identifying businesses to grow / sustain / divest– Focus on product innovation / sustainability / RMI	<ul style="list-style-type: none">– Building size and scale in core RMI markets– Driving value through scalable processes– Building on new channel opportunities

... Continuing to combine large company disciplines and local company entrepreneurship ...



Development strategy

- Accelerated integration to maximise short-term synergies
- Much greater co-ordination to maximise benefits of scale
- Significant increase in resources focused on EM
- Portfolio rationalisation as a source of additional funding

... Some adjustments but fundamental long term strategy unchanged ...



CEO Introduction

€1.2Bn of
development
since Nov '10
CMD

Materials €0.6Bn	Europe €0.3Bn	– Cement network expansion & Downstream integration
	Americas €0.3Bn	– Expansion (Texas & Utah) plus Reserves additions
Products €0.3Bn	Europe €0.15Bn	– Focus on sustainability / RMI segments
	Americas €0.15Bn	– Selective acquisitions from other public companies
Distribution €0.3Bn	Europe €0.2Bn	– Expansion in Germany (BM) and Belgium (SHAP)
	Americas €0.1Bn	– 15-branch bolt on in upper Mid-West





CEO Introduction Margin Evolution



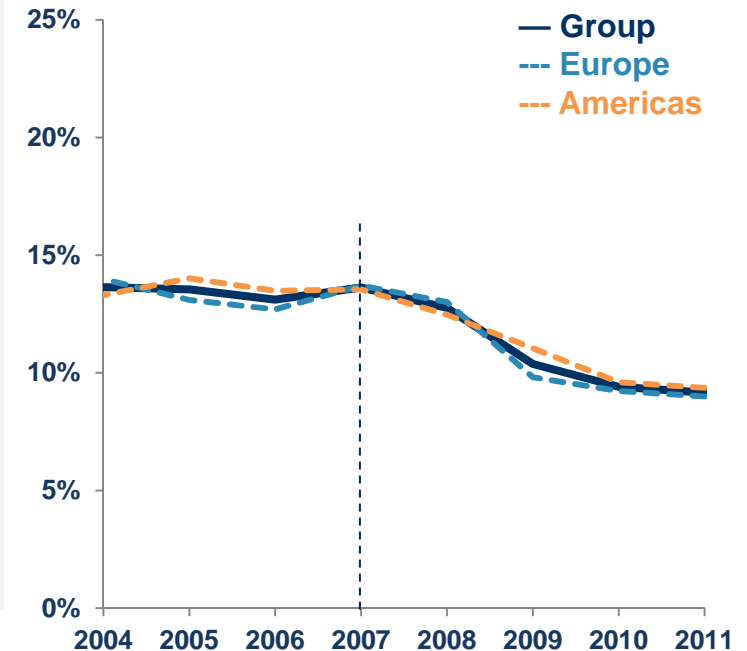
EBITDA margin evolution

Group

- Similar overall regional margins
- Stable delivery 2004-2007
- Parallel regional declines post 2007
- Reflecting global financial crisis

EBITDA %

Group by Region



... Most synchronised global downturn since 1930's ...



EBITDA margin evolution

Products

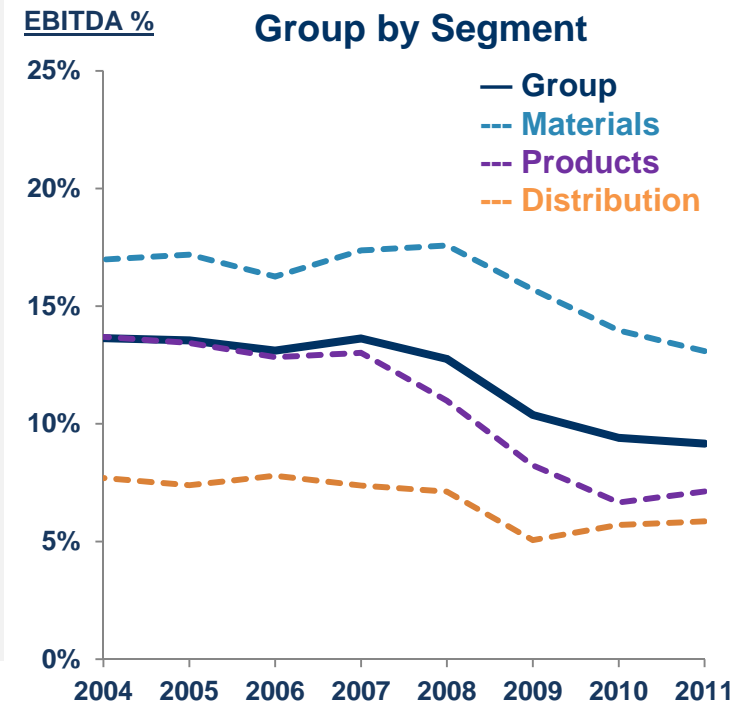
- Fell earliest and furthest – Residential effects

Materials

- Lagged Products supported by government spending

Distribution

- Has proved most resilient due to RMI exposure



... Segmental balance has moderated overall decline ...



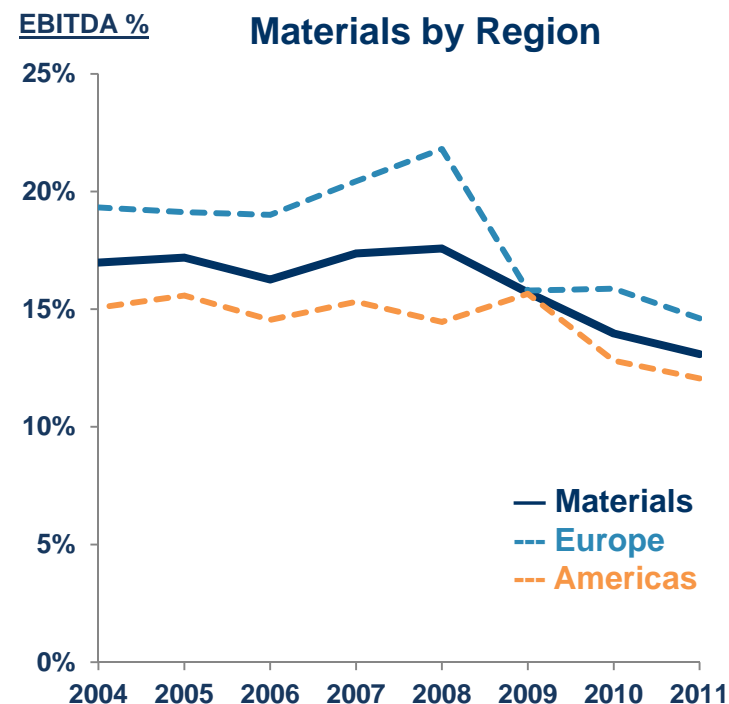
EBITDA margin evolution

Europe

- Severe 2009 market declines; especially in Ireland / Spain
- More stable trends through 2010/2011

Americas

- Strong margins through 2009
- Input cost increases and more competitive markets since 2009



... Higher Europe margins reflect cement operations ...

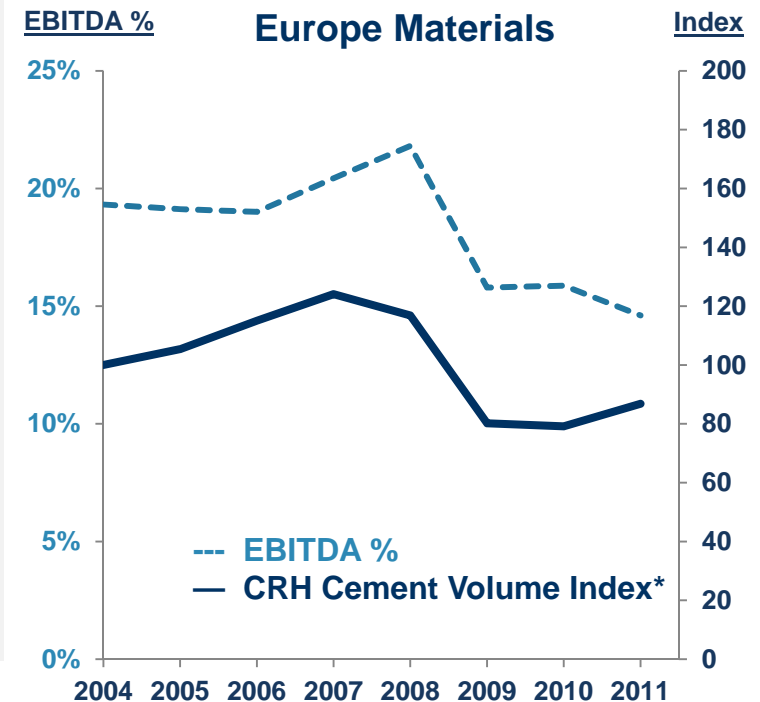


EBITDA margin evolution

Europe Materials

- 2011 Ireland cement consumption c280kg/capita at pre 1980's levels
- 2011 Finnish (c350kg/c) and Swiss (c665kg/c) usage in line with 10 year averages
- Poland (c500kg/c) and Ukraine (c220kg/c); significant future needs

* IE, CH, FI, PL, UA



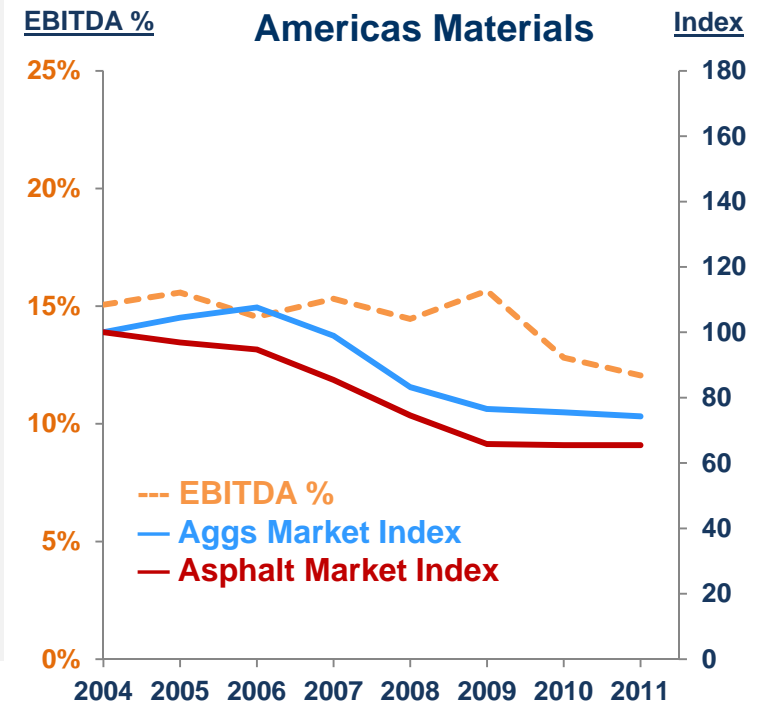
... Pricing & cost efficiency key to near term margin delivery ...



EBITDA margin evolution

Americas Materials

- 2011 aggregates & asphalt vols at 1995 levels (US population 266m)
- Current US population c.315m; almost 20% higher than 1995
- While MAP-21 will restrain '13/'14 infra vols; recovery is inevitable



... Strongly positioned for future infrastructural uplift ...



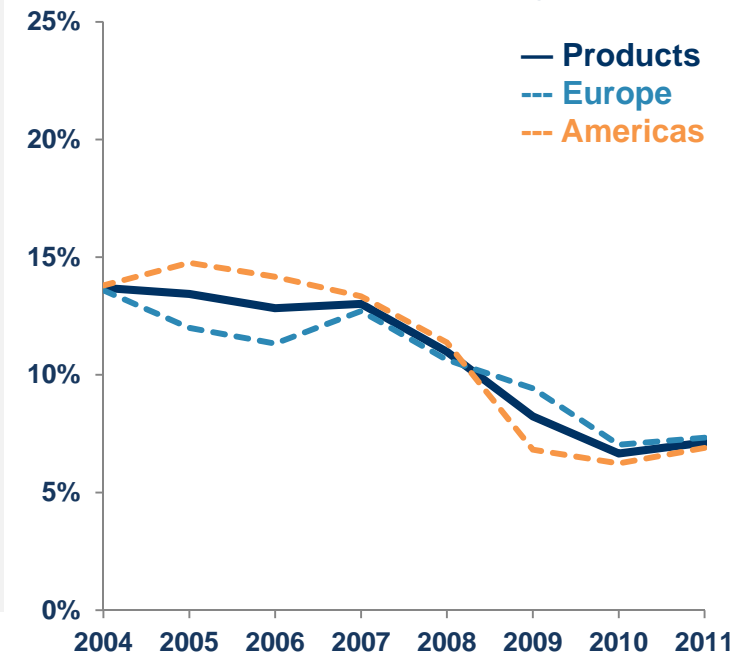
EBITDA margin evolution

Products

- US housing peaked in 2005; European market in 2007
- Regional declines post 2007 have closely tracked each other
- On-going restructuring measures to position businesses for recovery

EBITDA %

Products by Region



... Believe overall Group Products margin has bottomed ...

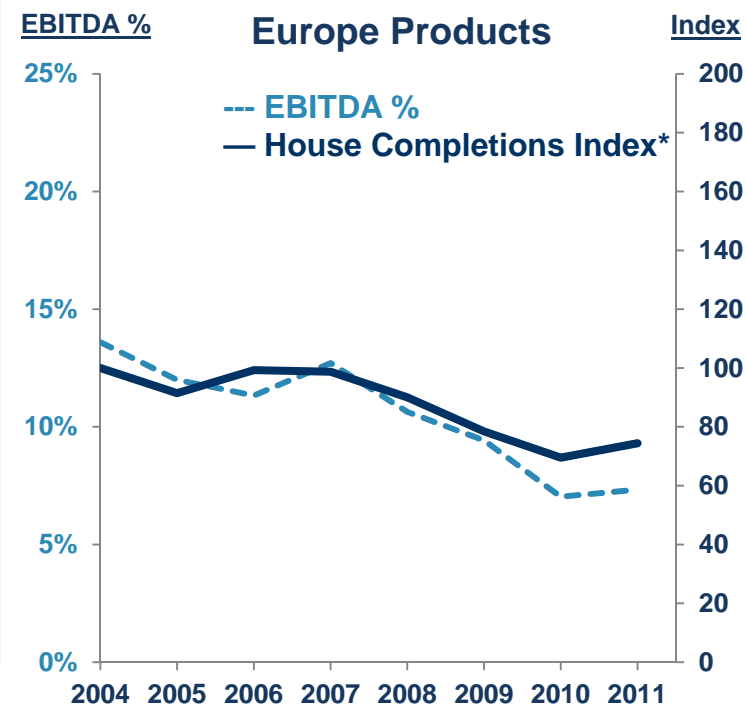


EBITDA margin evolution

Europe Products

- 2006/07 4.1 housing completions per 1,000*
- 2011 3.0 housing completions per 1,000* in same markets
- Recovery dependant on improving EU financial market conditions

*NL, UK, DE, FR



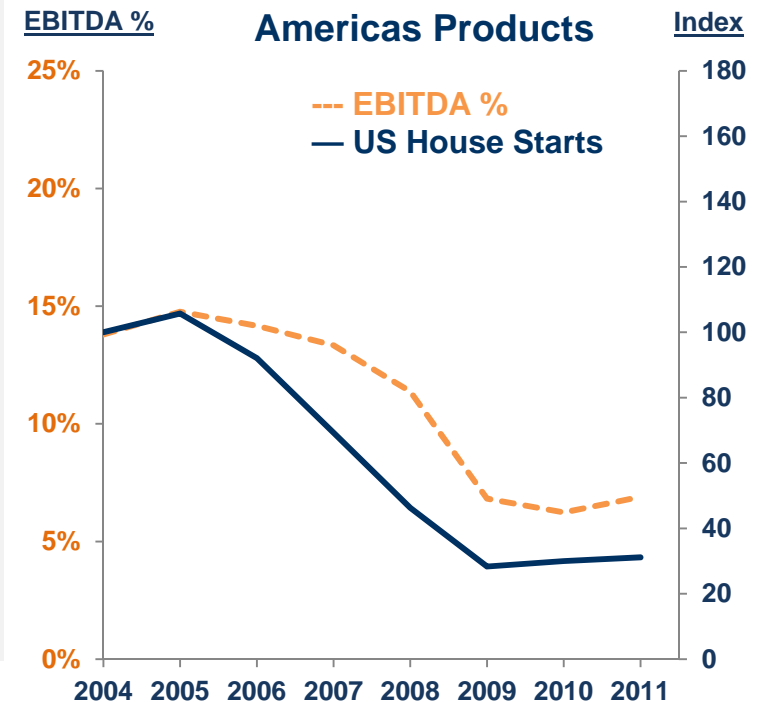
... Self-help measures to offset near term European margin pressures ...



EBITDA margin evolution

Americas Products

- US housing starts peaked in 2005 at 2,070k (7.8 per 1,000)
- 2011 saw 611k housing starts (1.9 per 1,000); 1.5m starts 50yr avg.
- US population continuing to grow (c.7m households added since '05)



... Good near term Americas margin recovery potential ...



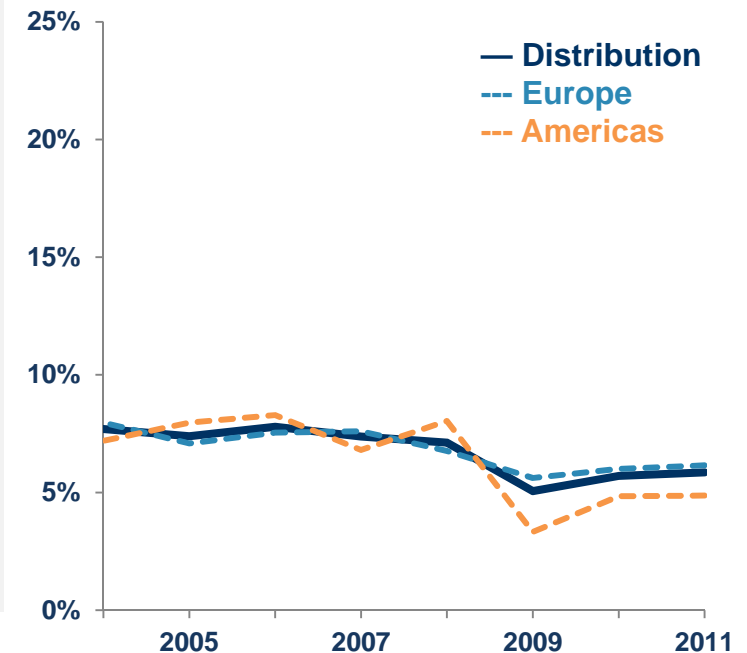
EBITDA margin evolution

Distribution

- Margins more resilient than for Materials / Products
- RMI exposure has proved supportive through downturn
- 2011 RONA c.10%; still robust for point in cycle

EBITDA %

Distribution



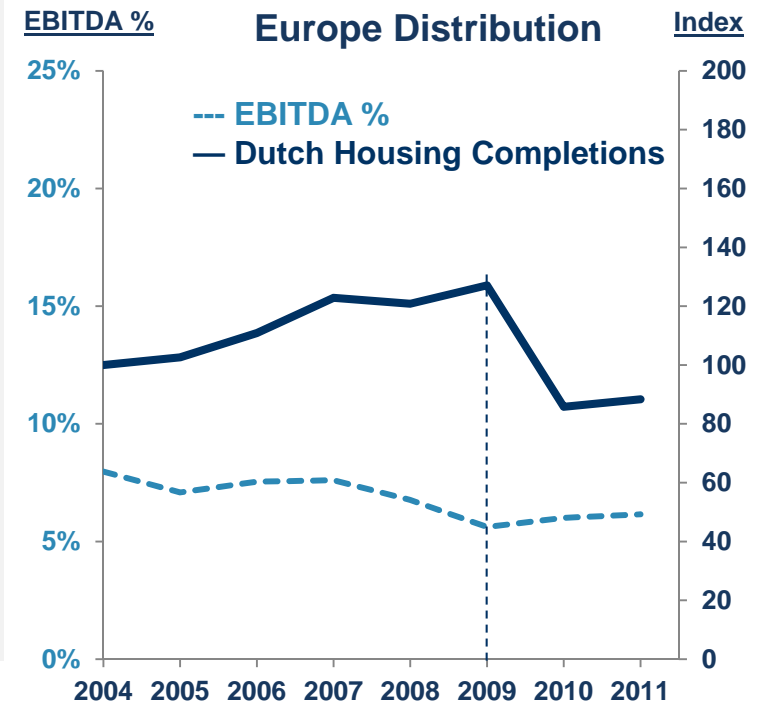
... More resilient performance due to RMI exposure ...



EBITDA margin evolution

Europe Distribution

- House completions in Netherlands down 30% since 2009
- With Dutch consumer confidence badly hit by Eurozone crisis
- Feared Dutch mortgage tax relief changes have added to uncertainty



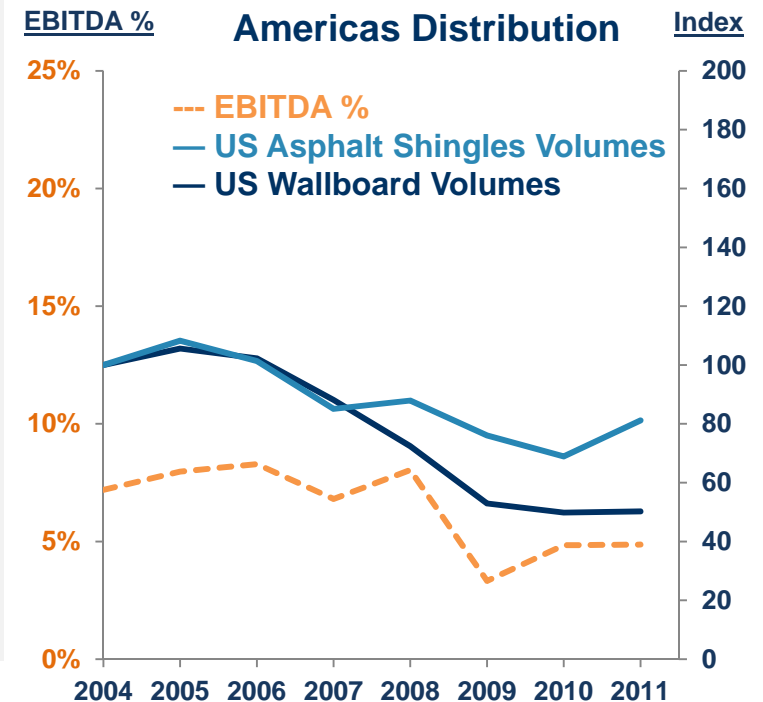
... New Dutch government likely in time to stabilise sentiment ...



EBITDA margin evolution

Americas Distribution

- 2011 U.S. Asphalt roof shingle volumes at 2000 levels
- 2011 Wallboard volumes have fallen to 1983/84 levels
- Shingle volumes more stable due to significant RMI component



... Margin to pick up as private construction recovers ...



EBITDA margin evolution

Americas – Summary

- Ongoing P&D margin recovery barring US “fiscal cliff” setback
- Private recovery will produce benefits for Materials
- Expect post election industry push on highway funding

Europe – Summary

- 2013/2014 likely to be driven primarily by “self-help” / pricing
- Weaker commodity price trends offer some upside
- Fundamentally solid footprint for eventual European recovery

... Positive near term US trends, challenges remain for Europe ...



EBITDA margin evolution

- Current EBITDA margin levels not the “new norm”
- In most protracted western downturn since 1930’s
- Not unexpected Building Materials sector badly impacted
- Recovery plus cost/commercial action will deliver uplift

... Significant upside margin potential as markets normalise ...





Cost Reductions



Managing through the downturn

- Proactively managing through on-going effects of economic crisis
 - Continuing impacts of global recession
 - Focusing on actions within our control
- Decisive response since 2007
 - Reducing our cost base with an aggressive multi-year program
 - Resizing our businesses and resetting capacity



... Progressive action across all Divisions ...

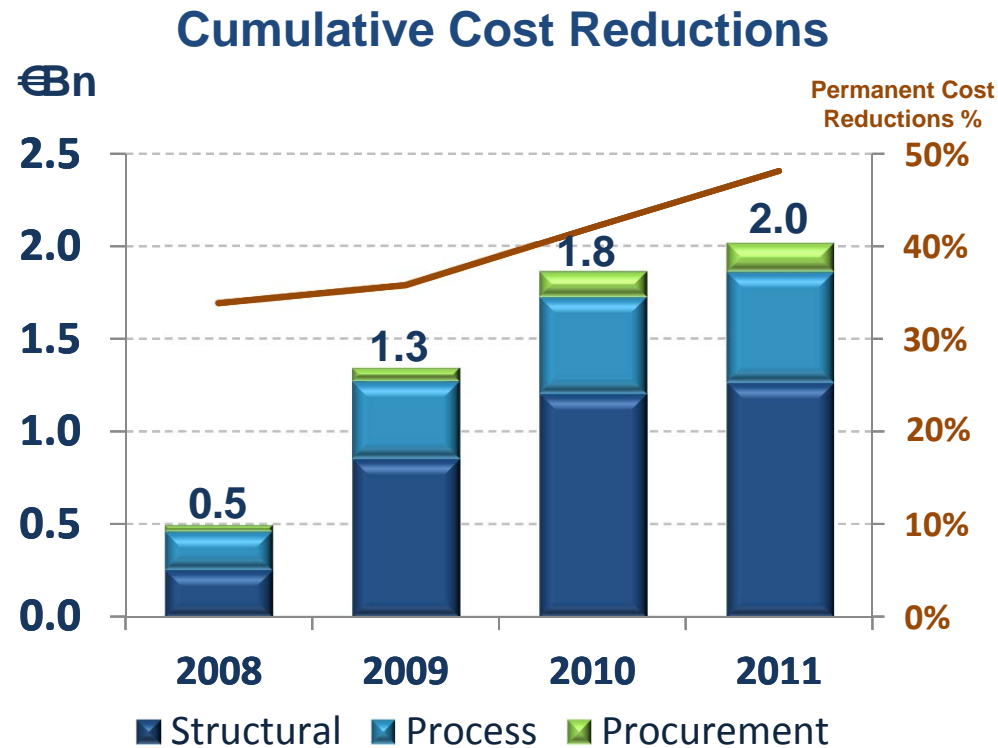


Cost Reductions Cost Reductions Achieved

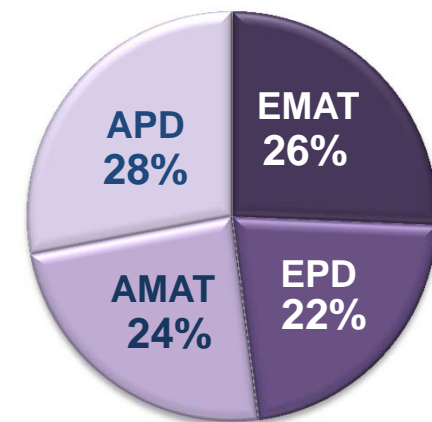


Cost Reductions

Cost reductions
2008-2011



Analysis by Division

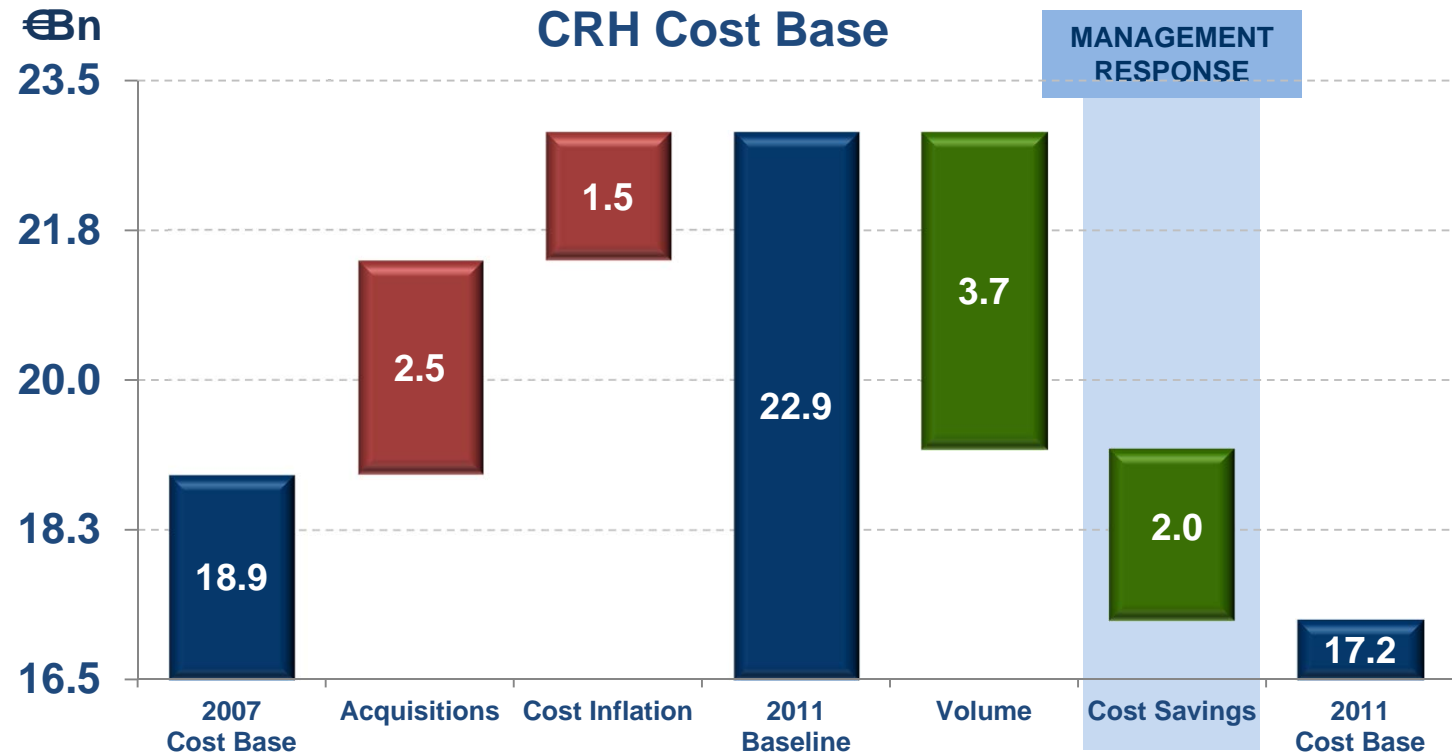


... €2bn cost savings achieved across all Divisions ...



Cost Reductions

Reducing our
cost base

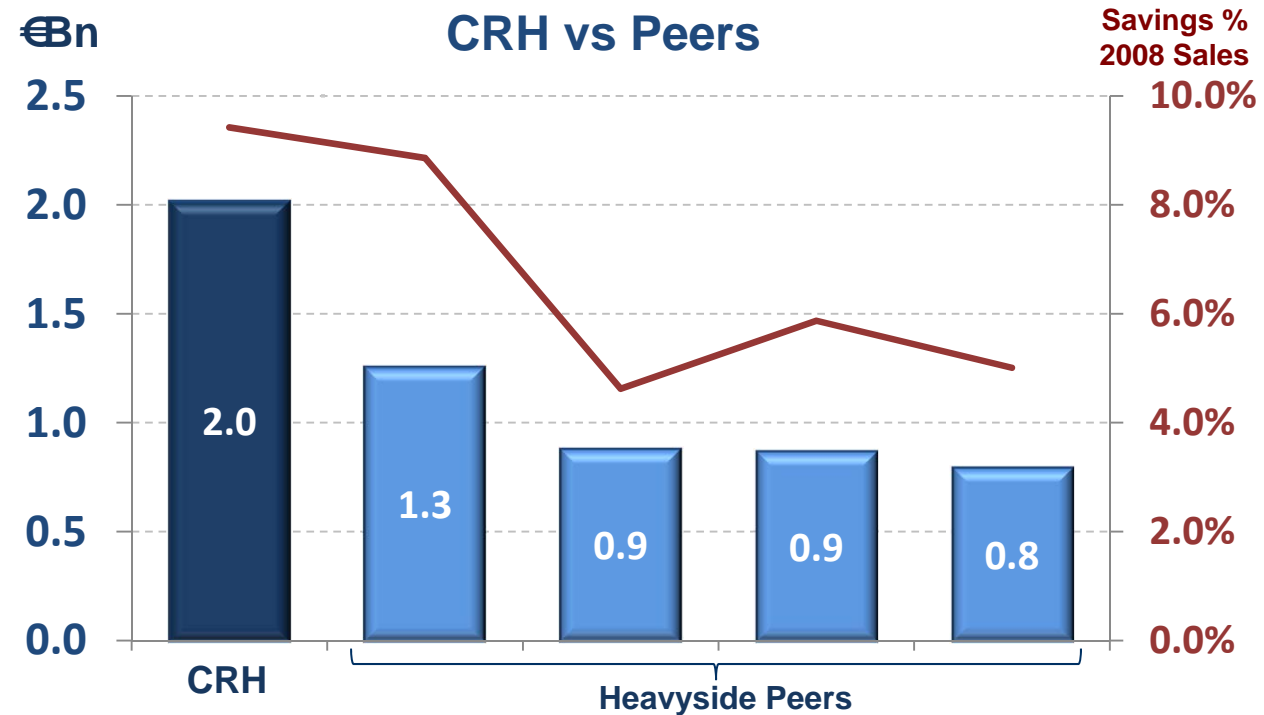


... Decisive action lowered the cost base by €2bn ...



Cost Reductions

Operating
cost
reductions
2008-2011



Note: Excludes working capital, tax improvements, synergies

... CRH has already achieved significant savings ...





Cost Reductions
Further Cost Reductions Targeted



Continuing focus on costs 2012-2015

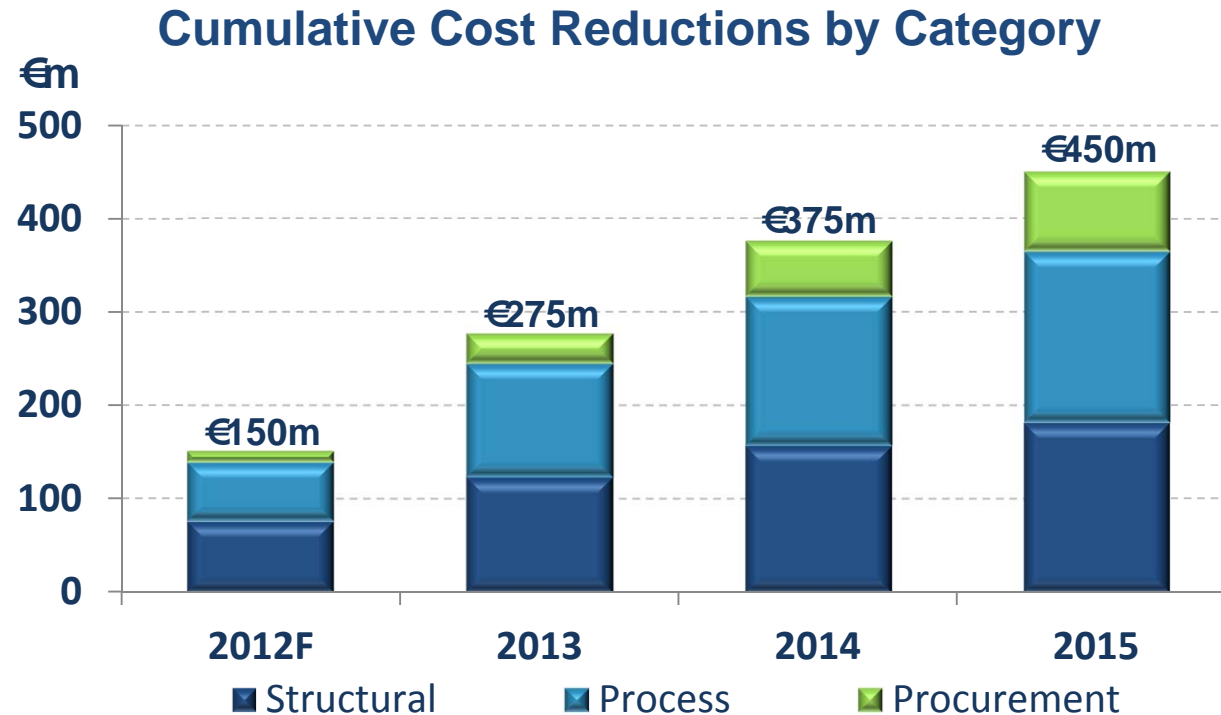
- Short-term economic challenges... particularly in Europe
- Continuing to roll out cost reduction programmes...
- Projecting €450m incremental savings in 2012-2015 covering...
 - Structural
 - Process
 - Procurement



... Continuing to proactively manage our cost base ...

Cost Reductions

Year by year
category
impact



... c.€450m incremental savings ...
over 70% expected to be permanent in nature ...



Cost Reductions

Further
reductions
targeted
2012-2015

Cumulative Savings		
Structural	€180m	<ul style="list-style-type: none">– Reorganisation of production footprint– Admin rationalisation and back office pooling– Reduced manning levels
Process	€180m	<ul style="list-style-type: none">– Increased usage of alternative fuels– Higher level of RAP usage– Improved operational throughput and yield
Procurement	€90m	<ul style="list-style-type: none">– Group led procurement initiative– Dedicated resources– Specific programmes...Energy, Mobile Plant, Logistics

... Targeted savings through specific identified actions ...



Cost Reductions

Structural savings 2012-2015

Further right sizing of support functions

- Europe Products - Continue to integrate back-office functions
- Americas Materials - Move to regional centres of administration

Reorganising production and distribution operations

- Europe Materials - Improve workforce flexibility... temporary labour / crew mobility
- Americas Distribution - Reduce headcount in underperforming branch locations

Ongoing improvements in logistics

- Europe Distribution - Rationalise logistics network
- Europe Materials - Outsource transport, loading and crushing activities

... Scaling our business to demand ...



Cost Reductions

Process savings 2012-2015

Europe Materials

- Higher use of alternative fuels... significant savings
- Improving energy efficiencies in cement kilns

Americas Materials

- Increase RAP usage... displacing high cost virgin bitumen
- Expand use of 'warm-mix' asphalt technology

Americas Products & Distribution

- Process and scheduling improvements... lean manufacturing in Precast
- Enhance despatch model in Distribution... delivery optimisation

... Continue to drive efficiencies in operations ...



Procurement savings

Overview

- CRH purchases c.€13Bn of products and services each year
- Pre-2008 actively managed in Divisions... now co-ordinated at Group
- Focus on leveraging scale, developing structures and utilising IT
- Existing initiatives have delivered c.€160m savings in 2008-11
- But significant potential remains...targeting additional €90m by 2015

***... Clearly defined strategic approach for sustainable value ...
scope, depth and delivery ...***

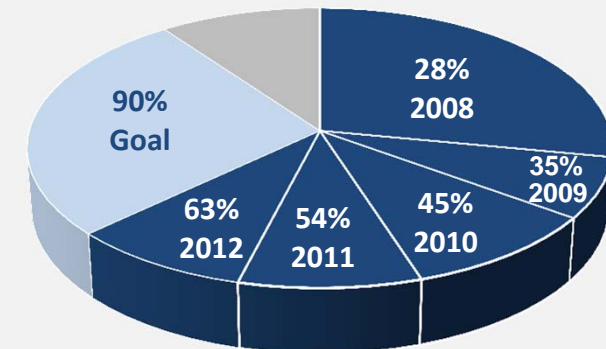


Group procurement programmes

‘Scope’

- 63% of procurement spend now covered by Group programmes
- ...with greater coordination across Divisions
- Dedicated resources across a wider range of spend

% Spend within Group Programmes



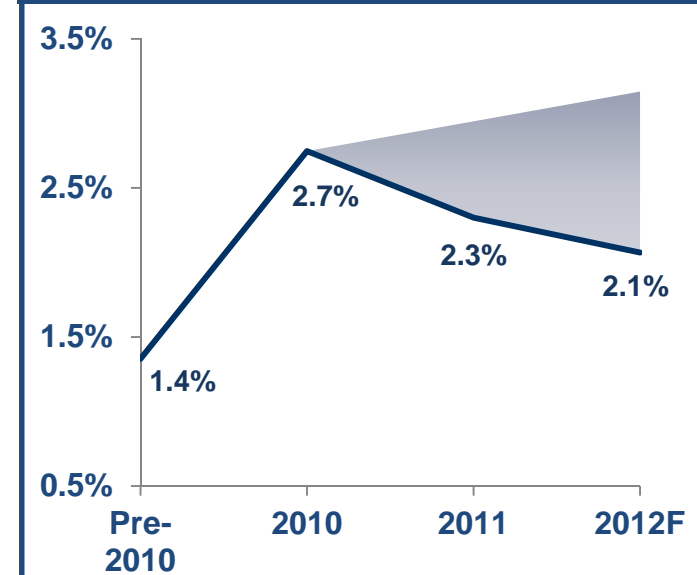
... Significant progress in spend coverage to date... targeting 90% ...

Group procurement programmes

Savings Yield... 'Depth'

- Maximise savings as % total spend within Group programmes
- As 'Scope' has doubled in the past 3 years... short-term dip in yields
- But good delivery overall... €160m in 2008-11
- Targeting to achieve 3% yield

Savings Yield (%)



... Further potential through increased savings yield ...

Group
procurement
programmes

Delivery...

- Dedicating resources, technology and structure to deliver benefits
 - Cross divisional team of procurement professionals
 - Training, platforms and information management
 - Effective processes and use of technology e.g. e-sourcing

Examples which highlight the potential...

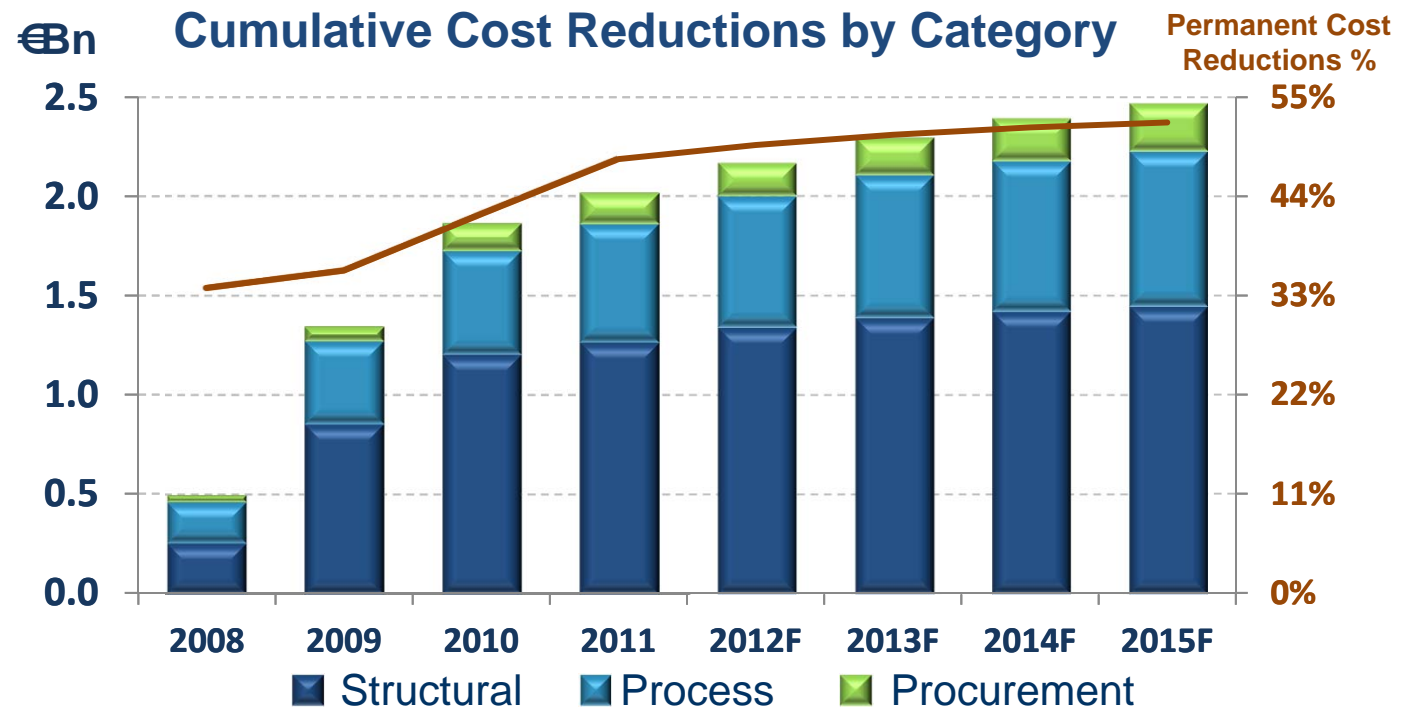
- Energy... total CRH spend of c.€1.5Bn
- Logistics... total CRH spend in excess of €1Bn
- Mobile Plant & Equipment... total CRH spend of c.€0.4Bn

***... Structures, processes and systems ...
to deliver incremental savings ...***



Cost Reductions

Cost reductions
2008-2015



*... Cumulative cost reductions of €2.0bn to end-2011 ...
Growing to c.€2.5bn by end-2015... 52% permanent ...*





Cost Reductions Key Takeaways



Cost Reductions

Key takeaways

- CRH has a proven track record of cost reduction
- Industry leading performance... €2Bn delivered to end-2011
- Continuous and rigorous approach to cost management...
- ...further €450m targeted to bring savings to €2.5Bn by 2015



... Bottom up targets ... clearly defined actions and approach ...



Financial Overview

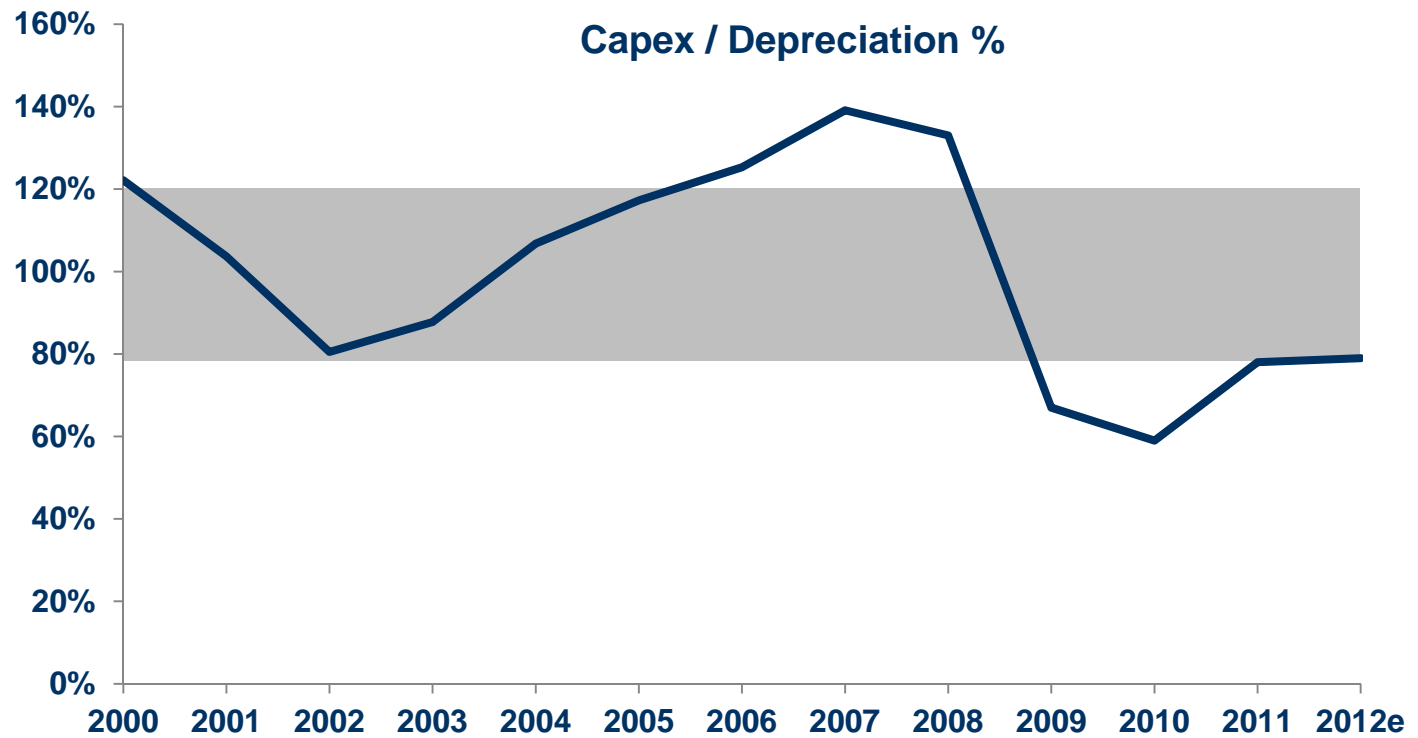


Focus

- Strong cash generation
- Maintain strong balance sheet and investment grade rating
- Diverse funding sources
- Monitor financial markets and Eurozone developments
- Dividends and Return on Capital



Capital expenditure

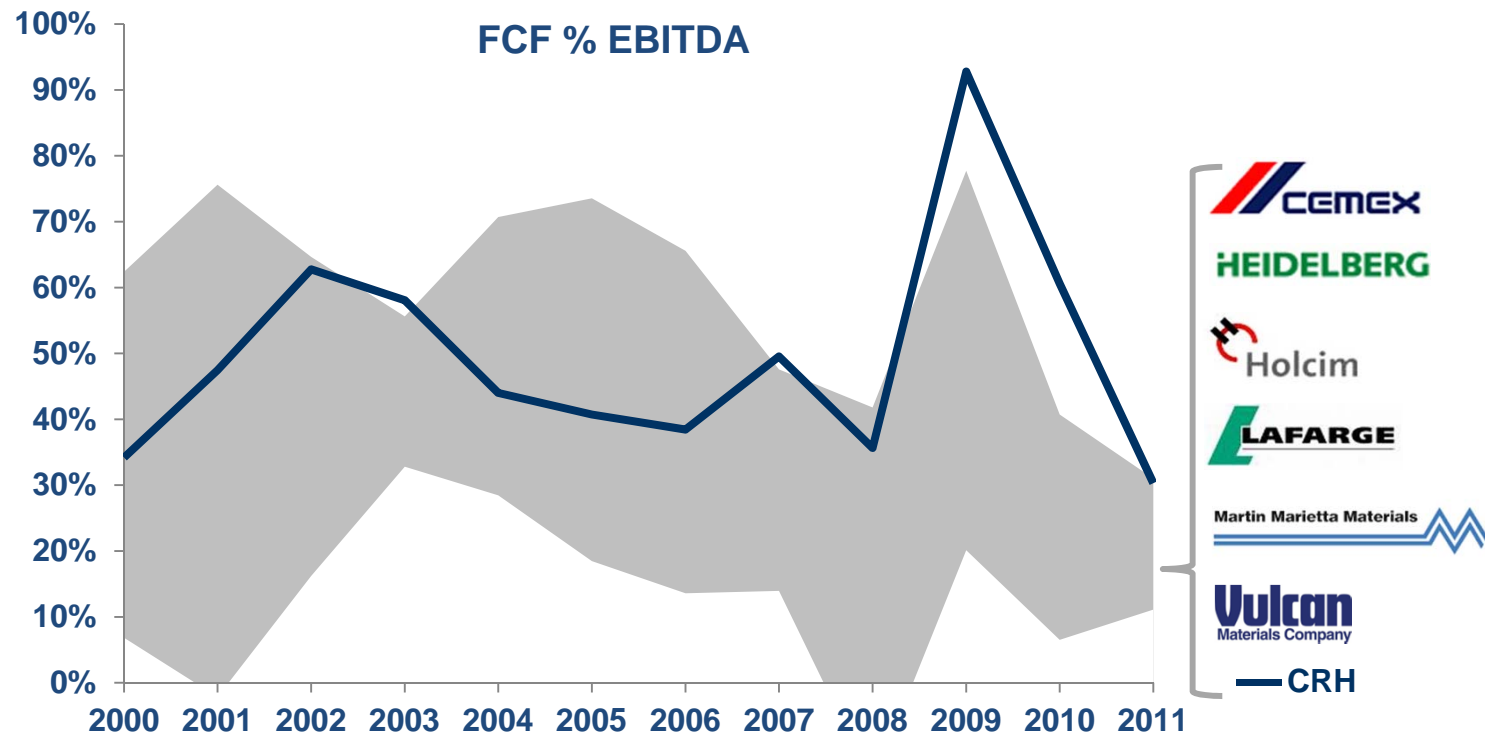


... Strong control of capital expenditure ...



Financial Overview

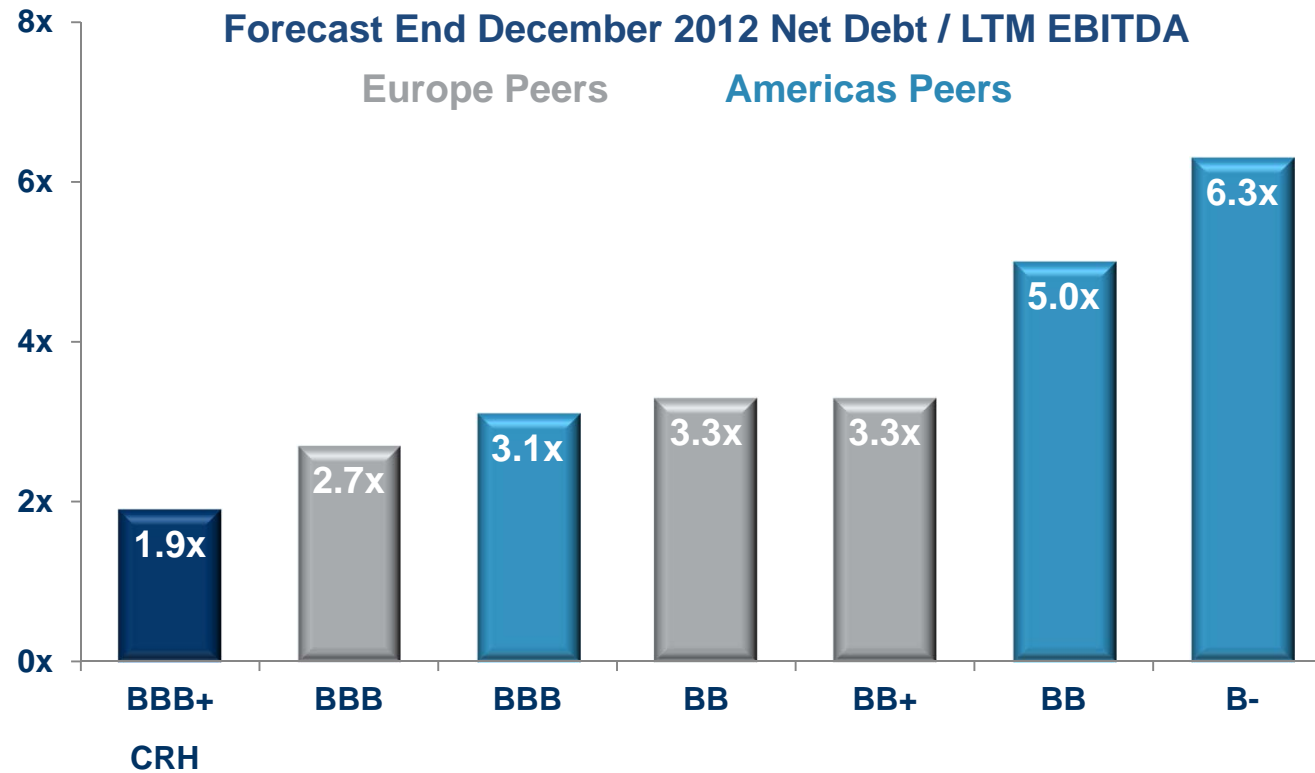
Cash
generation
from EBITDA



... Strong cash conversion from EBITDA ...



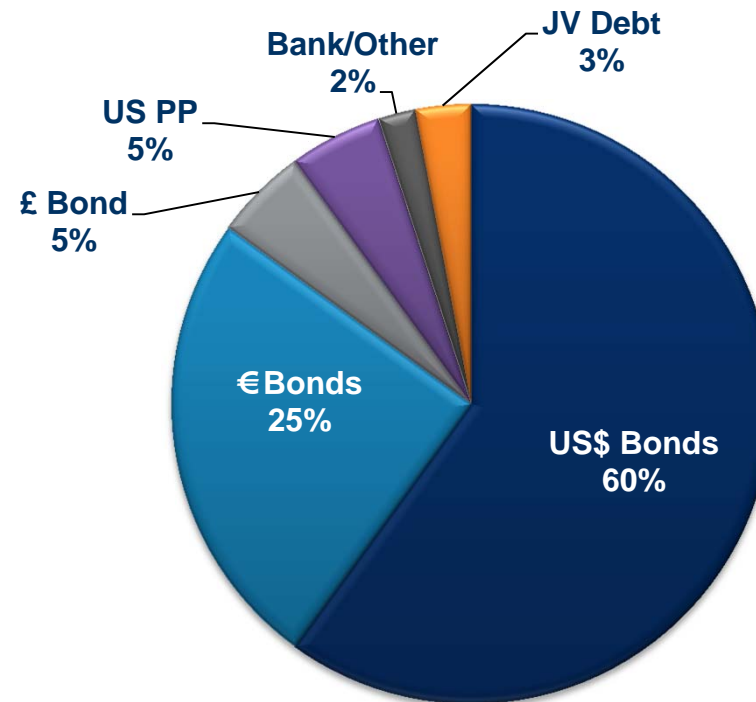
Balance sheet strength – credit metrics



... Significant balance sheet capacity ...



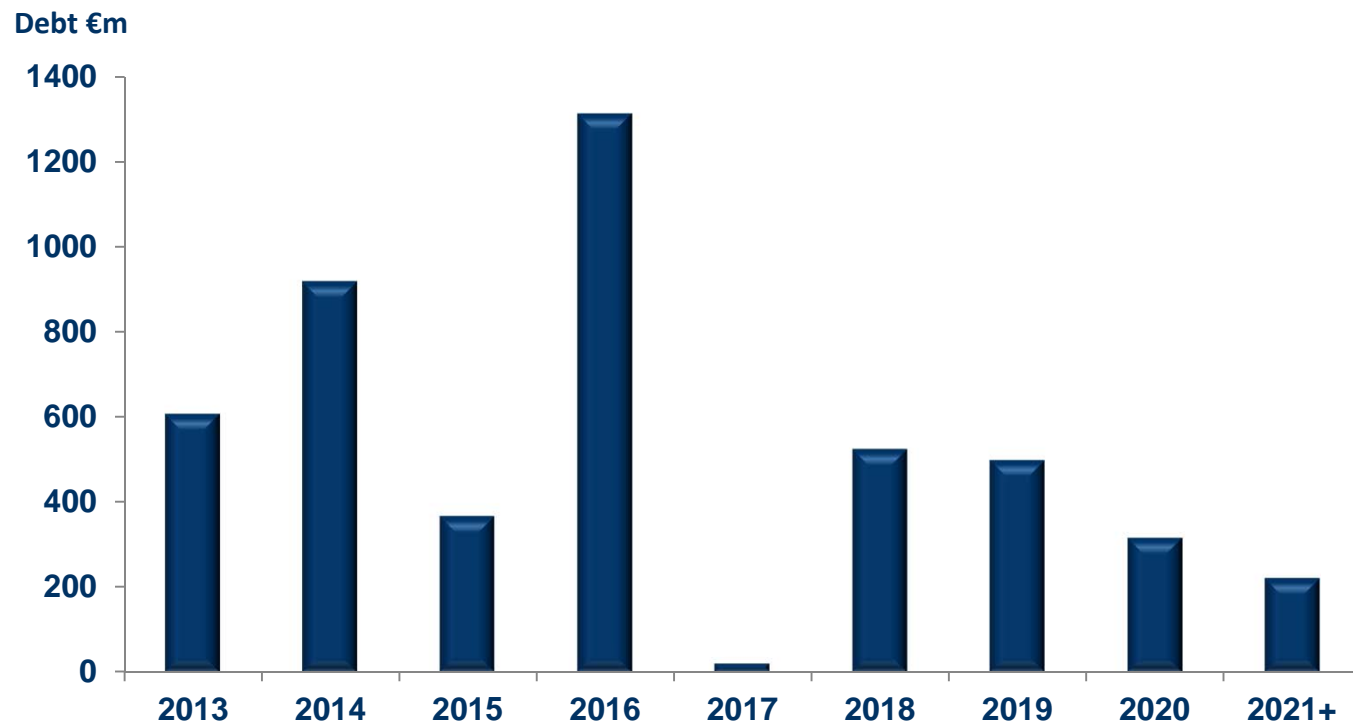
Gross debt components*



... Diverse funding sources ...



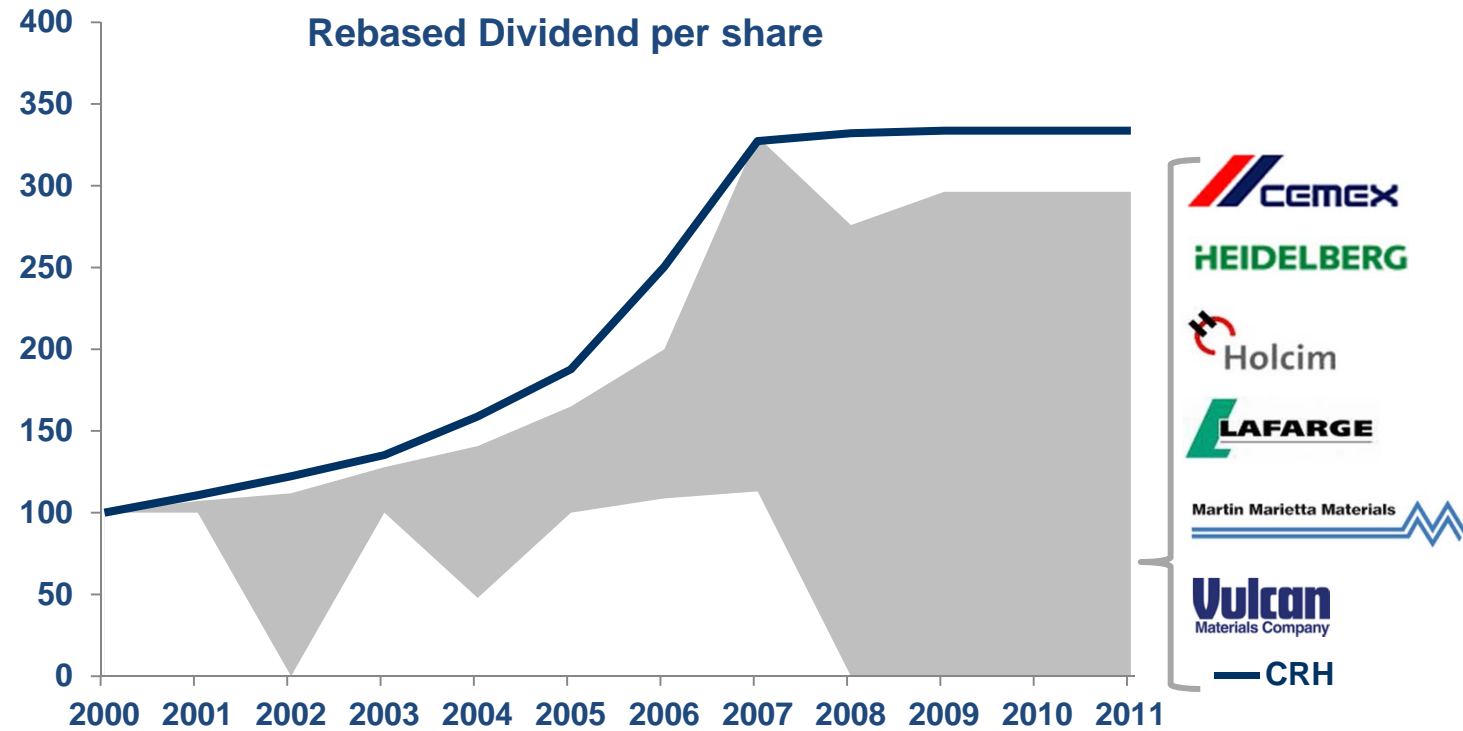
Gross debt repayment schedule*



... Balanced maturity profile ...



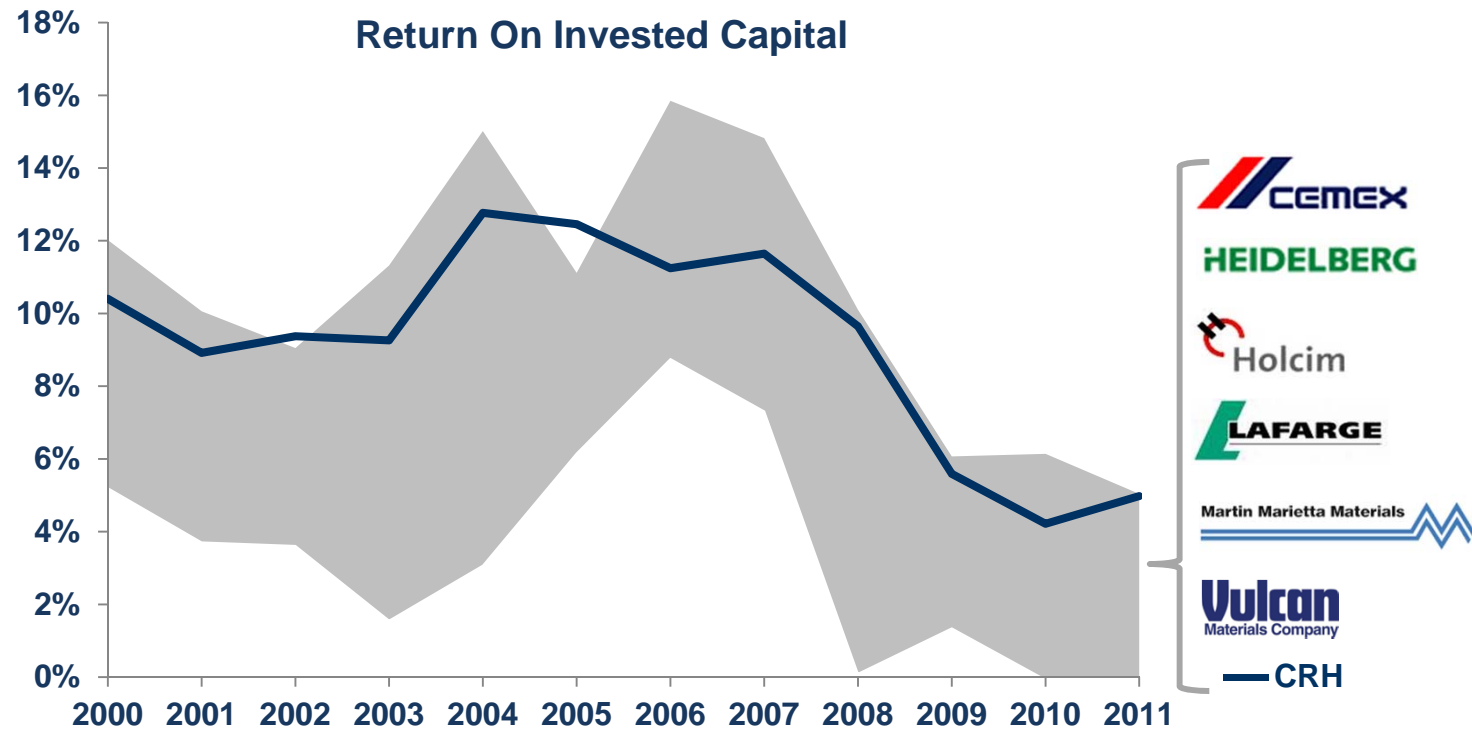
Superior
dividend
delivery



... Unique long term dividend record ...



Superior
performance



... Industry leading performance ...



Positioned for the future

- Strong focus on cash generation
- Best balance sheet in the sector
- Significant liquidity and facilities
- Unique dividend record

... Strong, flexible financial position ...





Break Outs: Backdrop & Structure



Poland backdrop

- Population 38m; Belgium / Holland / Finland combined 33m
- GDP / Capita €10k; Belgium / Holland / Finland €35k
- €27.5Bn to transport infrastructure (2007-13 EU Cohesion Funds)
- Further c.€25Bn of transport funding expected for 2014-20
- 2012F Debt / GDP 55% versus EU Average 87%

... CRH No.1 in Poland – good medium term growth prospects ...



Break Outs

Netherlands backdrop

- Consumer confidence and housing activity at low levels
- Due to Eurozone crisis / government instability
- September '12 election outcome a significant positive
- Two-party coalition; 79 seats ex 150, likely 4 year term
- Clearer policy objectives should in time restore confidence

... Short term issues but solid medium term fundamentals ...



Break Outs

U.S. Asphalt backdrop

- 95% of U.S. paved roads are asphalt
- 76% of all US highway funding is RMI versus 6% new
- New roads add just 0.5% to highway network annually
- Asphalt preferred for RMI / construction speed / ride quality
- Recent increase in concrete's share of “new” not significant

... Lots of road still for Asphalt ...

