

Citigroup Industrial Manufacturing Conference



***Liam O'Mahony
Chief Executive***

- CRH Overview
- Development Strategy
- 2003 Year End Results
- Outlook

CRH OVERVIEW

- 1970: Irish Cement & Roadstone: Sales €26m, Ireland 95%
- Embarked on a clear, consistent development strategy
- Now 23 countries; 3 continents; 1,900+ locations; 55,000+ people
- Sales €11bn across three core businesses
- Listed Dublin, London, NASDAQ; Eurotop 300 stock
- Market capitalisation circa €9bn: Top 5 in sector worldwide
- 19% CAGR in Total Shareholder Return since 1970



Primary Materials

Asphalt paving, USA



Cement Plant, Poland



Cement, aggregates, asphalt and
surfacing, readymixed concrete



Building Products

Paving, Canada



Roofing Insulation, Denmark



Precast concrete products; concrete blocks, pavers and roof tiles; clay bricks, pavers and tiles; insulation products; fencing & security; glass fabrication, rooflights & ventilation



Distribution

Specialist distribution, USA

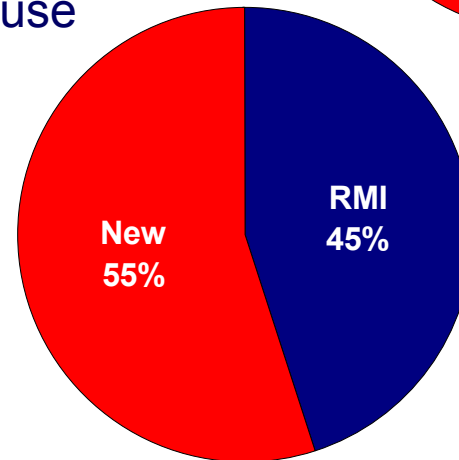
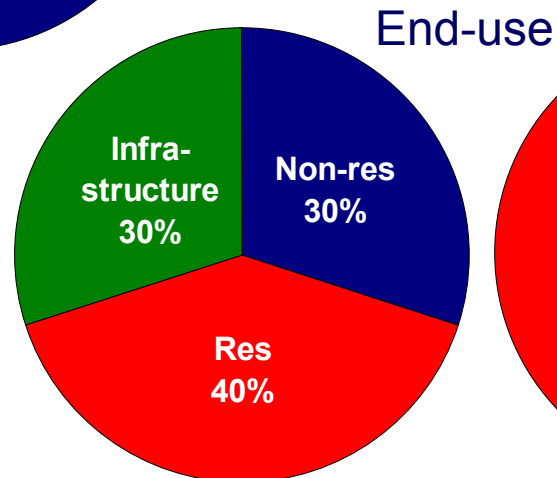
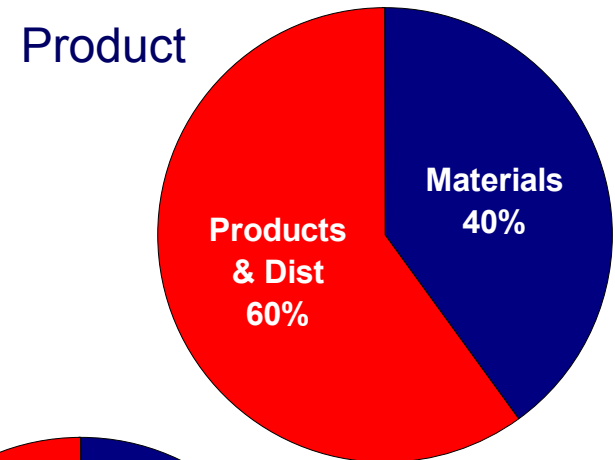
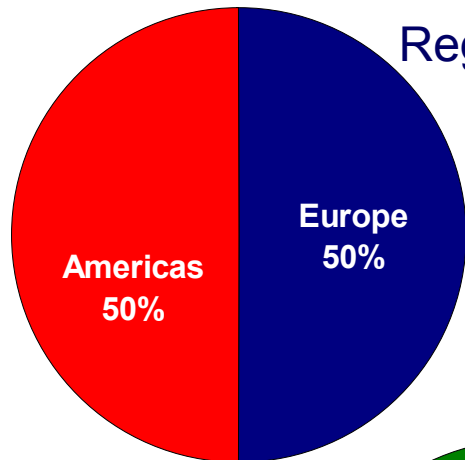


DIY, Netherlands



DIY stores, builders merchenting,
specialist distribution

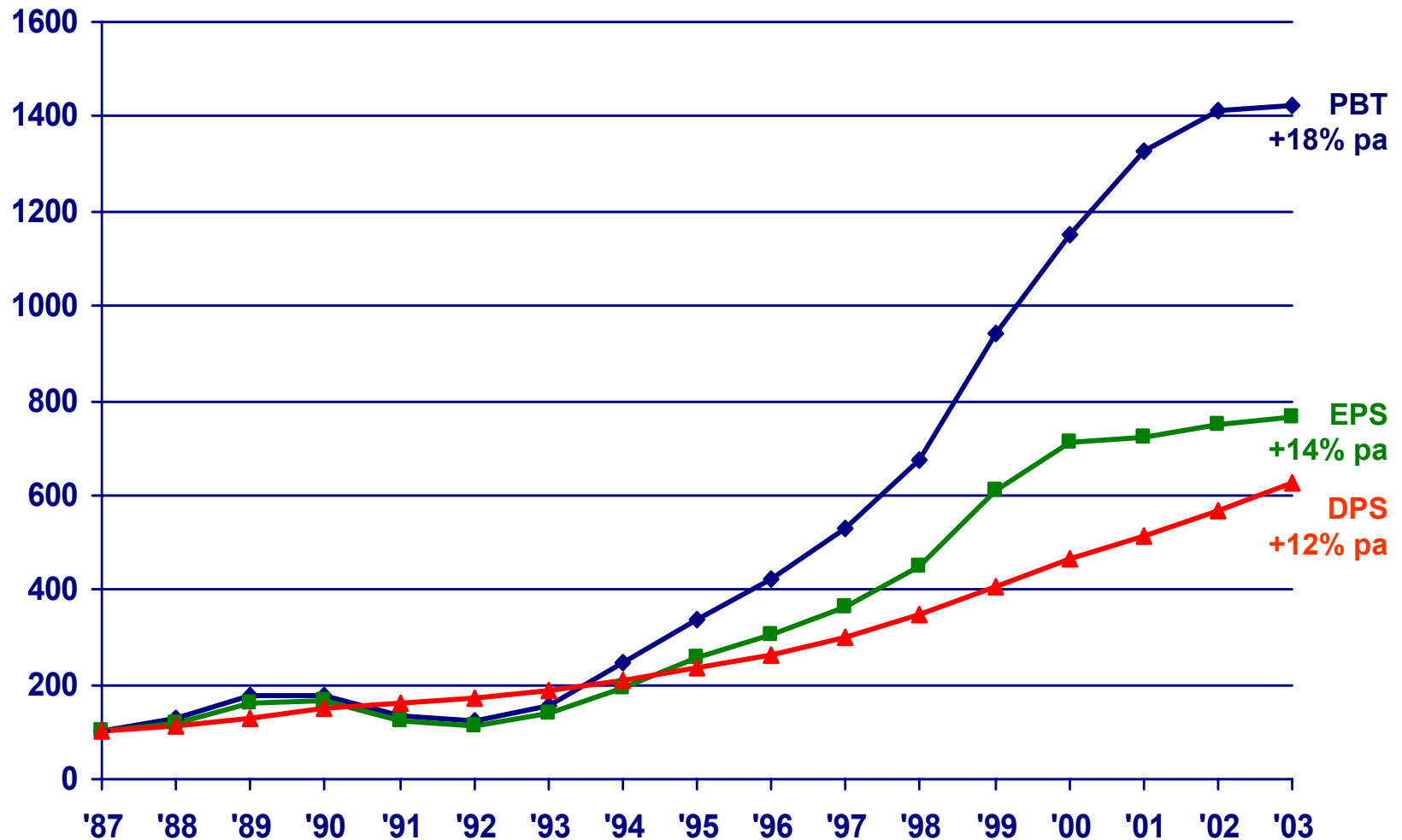
- Helps smooth the impact of industry and economic cycles
- Enhances growth potential



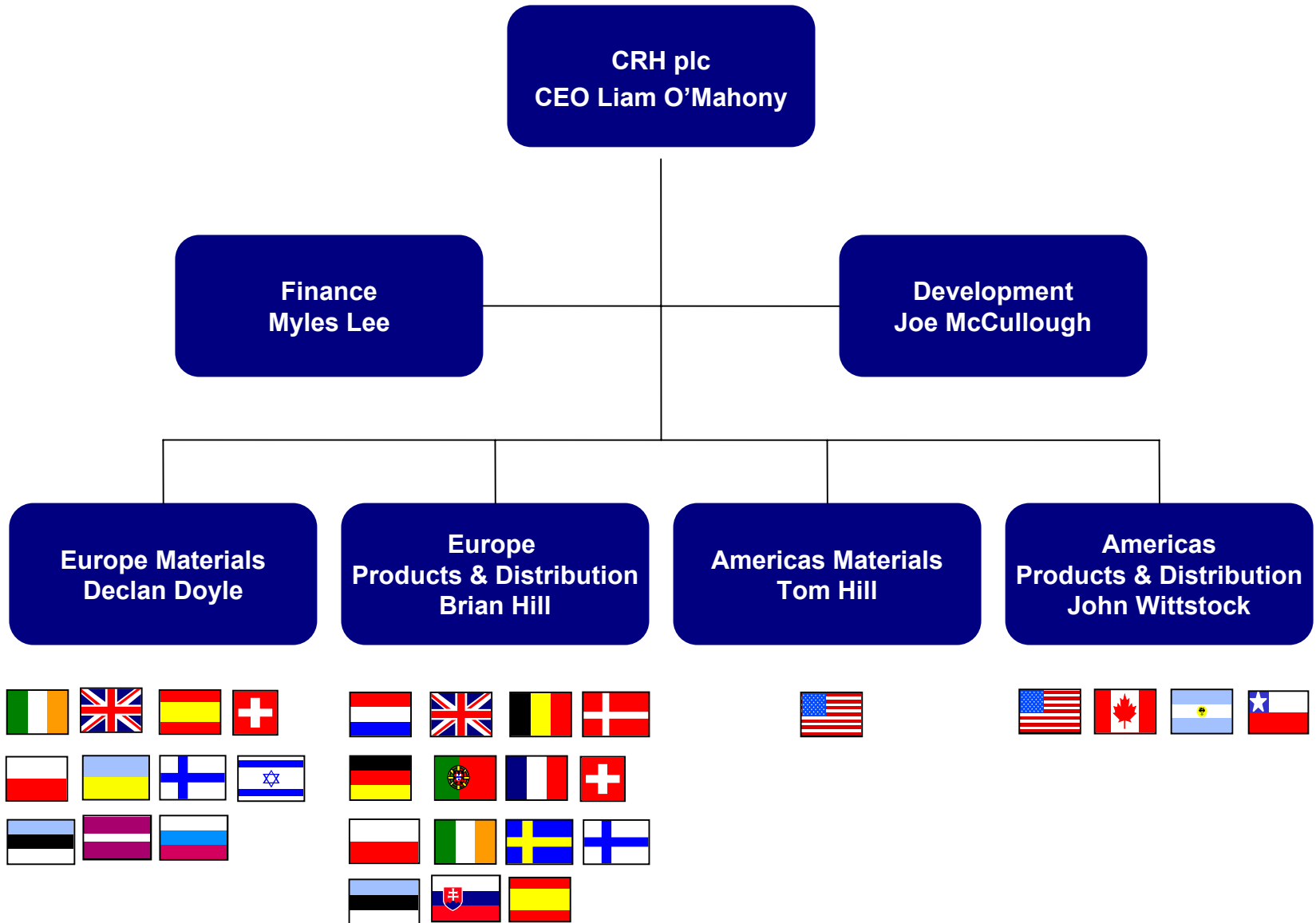
Based on current annualised sales

CRH PERFORMANCE 1987 - 2003

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- An experienced management team
 - ➔ Managed through previous economic cycles
- Managers from 3 very different streams
 - ➔ Grass-roots managers, now with room to grow
 - ➔ Highly qualified professionals, business builders with vision
 - ➔ Owner-entrepreneurs, who question the status quo
- Healthy mix and depth of skills and backgrounds
- Individual authority/responsibility but strong team emphasis
- A vibrant, open, supportive and committed organisation
- Leadership development is a priority of all managers



€m	2003	2002
Sales	1,984	1,927
Op profit	273	267
Op margin	13.9%	13.8%

- 350+ locations
- 9,900+ employees
- New build / RMI 80/20
 - Residential 35%
 - Non-Res 30%
 - Infrastructure 35%



	Irl	UK	Spain	Swiss	Pol	Fin	Est	Lat	Rus	Ukr	Isr
Cement	✓			✓	✓	✓				✓	✓
Aggregates	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓
Asphalt	✓				✓	✓					
Readymix Concrete	✓	✓	✓	✓	✓	✓	✓	✓	✓		
Concrete Products	✓		✓		✓		✓				

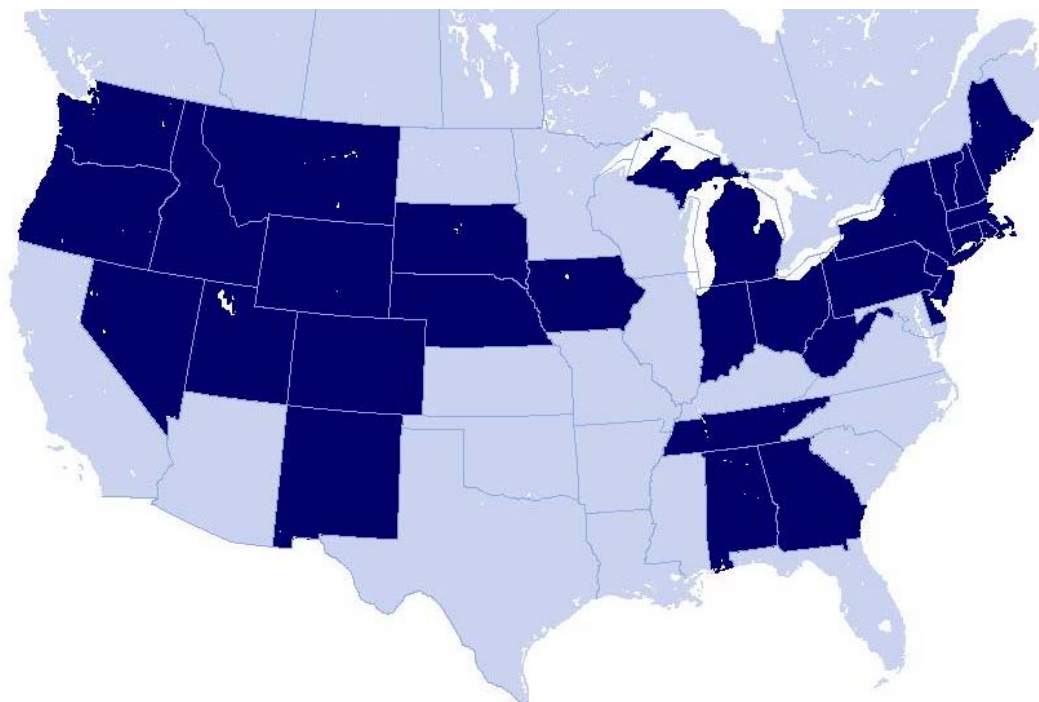
€m	2003	2002
Sales	3,083	2,506
Op profit	213	153
Op margin	6.8%	6.1%

- 600+ locations
- 18,000+ employees
- New build / RMI 55/45
 - Residential 65%
 - Non-Res 30%
 - Infrastructure 10%



	Irl	UK	Por	Sp	Fr	B	NL	Ger	Swiss	Den	Sw	Pol	Fin	Est	Slov
Concrete		✓			✓	✓	✓	✓		✓					✓
Clay		✓					✓	✓				✓			
Insulation	✓	✓				✓	✓	✓		✓	✓	✓	✓	✓	
Building Products	✓	✓		✓	✓	✓	✓	✓				✓			
Distribution			✓		✓	✓	✓		✓			✓			

\$m	2003	2002
Sales	3,203	2,905
Op profit	329	317
Op margin	10.3%	10.9%



- 600+ locations
- 15,000+ employees
- New build / RMI 30/70
 - Residential 15%
 - Non-Res 20%
 - Infrastructure 65%



	New England	New York / New Jersey	Central	West
Aggregates	✓	✓	✓	✓
Asphalt	✓	✓	✓	✓
Readymix Concrete	✓	✓	✓	✓

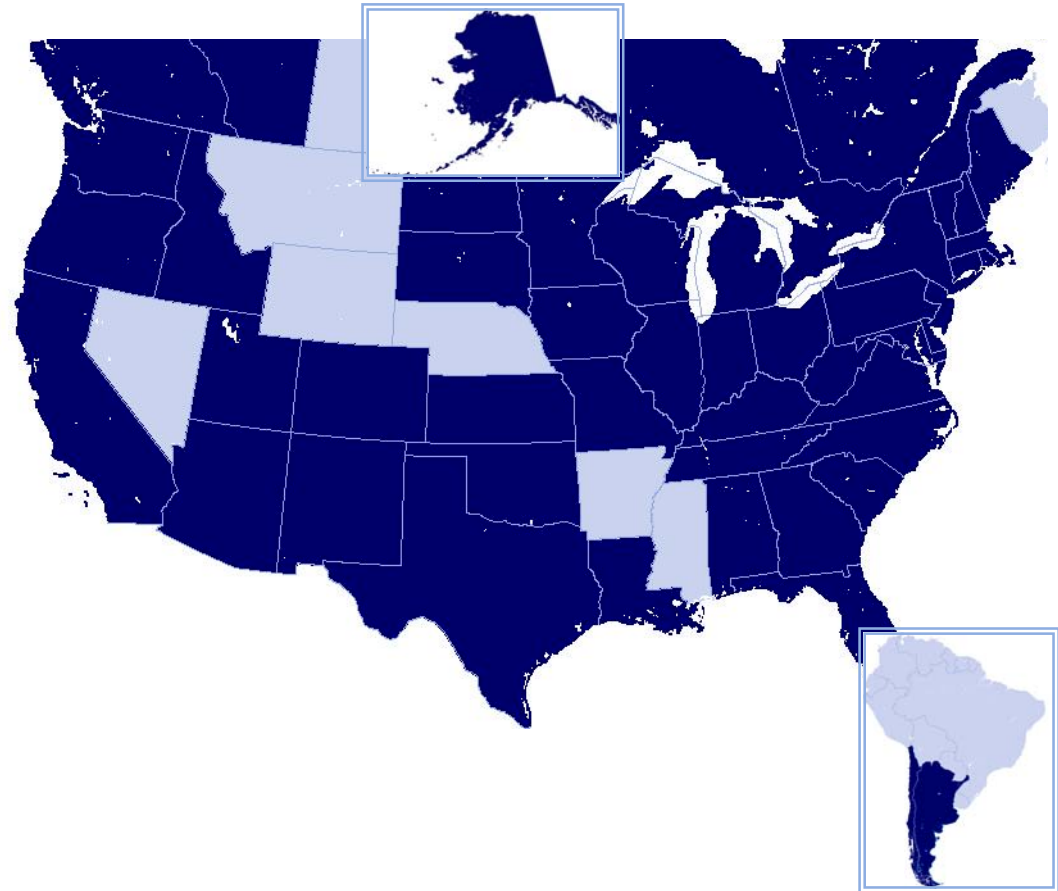
AMERICAS PRODUCTS & DISTRIBUTION

\$m	2003	2002
Sales	3,600	3,110
Op profit	303	277
Op margin	8.4%	8.9%

- 380+ locations
- 16,000+ employees
- New build / RMI 55/45
 - Residential 50%
 - Non-Res 40%
 - Infrastructure 10%



Precast concrete products
Concrete blocks, pavers, roof tiles
Clay bricks
Glass
Distribution



	USA	Canada	Argentina	Chile
Precast concrete products	✓	✓		
Concrete blocks, pavers, roof tiles	✓	✓	✓	
Clay bricks	✓			
Glass	✓	✓	✓	✓
Distribution	✓			

- CRH seeks to excel in the “triple bottom line” in:
 - Financial performance
 - Environmental performance
 - Social performance
- Responsibility with line management continuing up to Board level
- Over 200 plants with ISO 14001 certification
- Continuous development on environmental upgrades
 - Abatement of air, water, waste, noise emissions
 - Energy reduction, process improvement
 - Use of secondary materials and alternative fuels
- CRH actively engages with all relevant stakeholders
- Election to sustainability indices
 - Dow Jones Sustainability Index (sector leader since September 2003)
 - Arese Sustainable Performance Index (first elected March 2002)

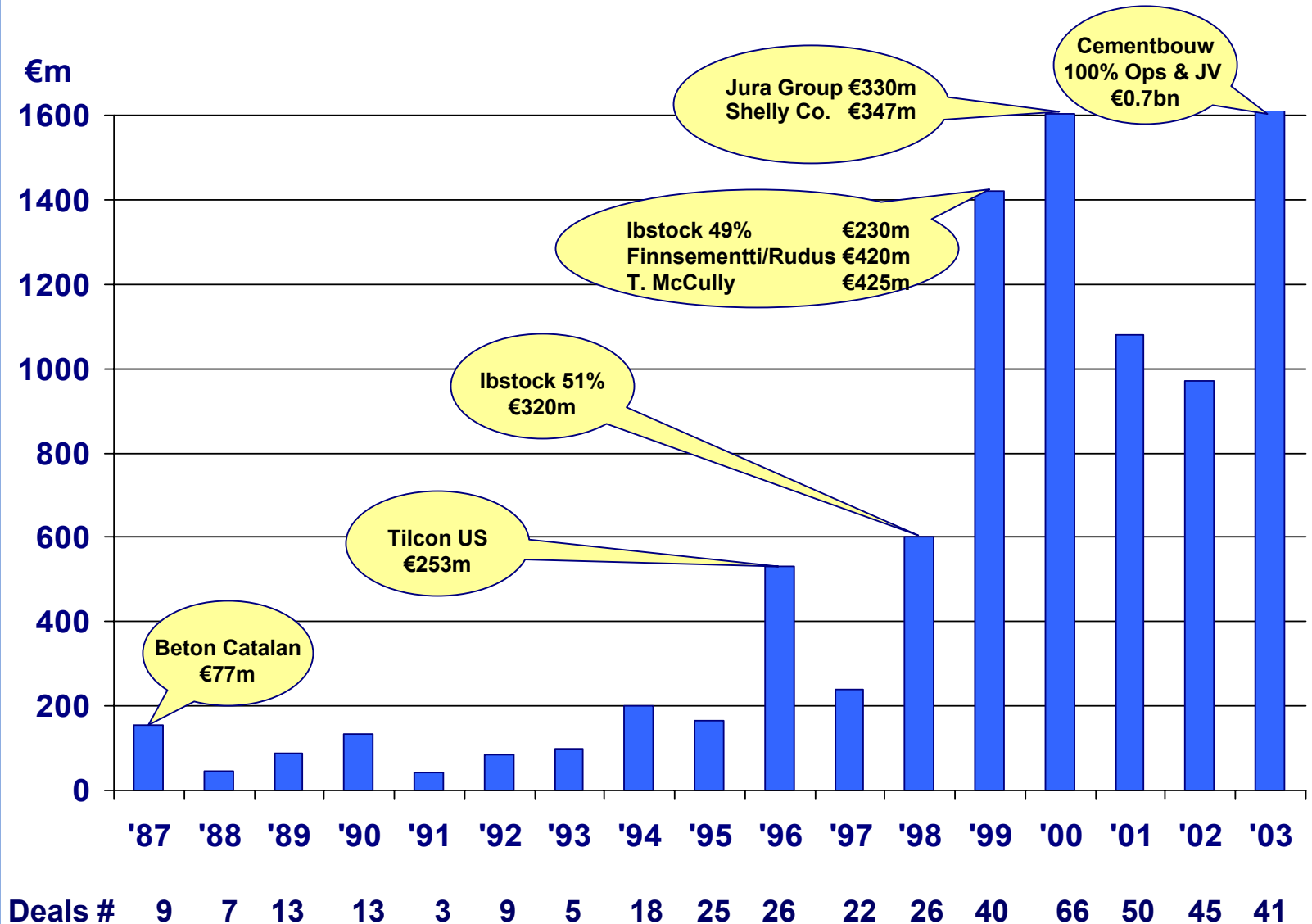
DEVELOPMENT STRATEGY

- Stick to core businesses in building materials
- Invest at “home”; be the low cost market leader
- Develop “overseas”; create platforms for future growth
- Pay fair prices that meet sellers needs
- 14 devolved regional development teams
- Rigorous approach to evaluation, approval and review
- Generally mid-sized deals with some larger transactions
- Objective is to maintain and develop a balanced portfolio
- Focus on **performance and growth**

- Identifying deals
 - Ongoing contact with extensive 25 year+ target database
 - Each deal done opens doors to further opportunities
 - CRH scale ensures access to all larger industry transactions
- Courtship/negotiation
 - Patient approach recognising evolving owner circumstances
 - Deals tailored to meet varying owner needs
 - Upfront clarity with regard to post-acquisition priorities
- Evaluation
 - Rigorous qualitative operational review process and due diligence
 - Financial evaluation based on prudent margin, cash flow, terminal value assumptions
 - Strict Board approval process, with subsequent 3 year look back
- Integration
 - Implement CRH MIS, reporting, budgeting, cash and capex controls
 - Transition to CRH operational *Best Practice*
 - And then pursue growth plans
- Devolved process - but rigorous and controlled

CRH ACQUISITION SPEND 1987-2003

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DEVELOPMENT SPEND 1999-2003

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€bn	<u>Europe</u>	<u>Americas</u>	<u>Total</u>	
Materials	1.1	2.4	3.5	53%
Products	1.3	1.0	2.3	34%
Distribution	0.7	0.2	0.9	13%
Total	3.1	3.6	6.7	100%
	46%	54%	100%	

- **Europe Materials €58m**

- **Finland:** modest expansion of aggregates and readymixed concrete operations
- **Poland:** development of a substantial lime business (*Trzuskawica, Kujawy*)

- **Europe P&D €1bn**

- **Cementbouw:** 100% of Distribution/Building Products plus 45% Materials JV
- **Distribution:** 3 bolt-ons added 16 Benelux DIY stores; *SAMSE* stake increased to 20%
- **Concrete:** entry into Denmark/Slovakia with bolt-ons in Belgium, France & Germany
- **Insulation:** after *Unidek* acquisition, now leader in European foam insulation
- **Fencing & Security:** expanded presence in European access control sector
- **Building Accessories:** *Plakabeton* provides a new P&D platform

- **Americas Materials €320m**

- **Central Group:** significant strengthening of Mid-West market positions

- May acquisition *S.E. Johnson (SEJ)*, an excellent fit with existing OH/MI ops

- Subsequent swap of non-core *SEJ* Indiana assets for quarries in GA/AL/TN/MI

- 4 bolt-ons in OH/WV/PA plus JV to expand scale in metro Detroit market

- **New England/West:** 3 bolt-ons to enhance reserves and strengthen positions

- **Americas P&D €246m**

- **APG:** record spend of €187m on 6 deals

- Entry to new masonry and paving markets (Chicago, WI, FL)

- Plus bolt-ons in masonry, decorative stone and bagged lime operations

- **Glass:** product (aluminium glazing) & geographic (Montreal) expansion

- **Distribution:** continued metro focus & interior products expansion

2003 RESULTS

2003 RESULTS HIGHLIGHTS

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	2003	2002	% change	
	€m	€m	as reported	at 2003 FX rates
Sales	11,080	10,794	+3%	+15%
Operating profit before goodwill	1,045	1,048	-	+12%
Profit before tax	864	856	+1%	+12%
	€ cent	€ cent		
EPS before goodwill	136.2	132.5	+3%	+13%
EPS after goodwill	121.9	119.2	+2%	+13%
Cash EPS	223.4	219.8	+2%	+13%
Dividend	28.1	25.4	+11%	+11%

- Record results despite significant translation hit
- Ireland: Similar profits; strong residential demand; but infrastructure slower in H2
- UK: Strong 13% advance in Sterling profits; ahead 3% in euro terms
- Mainland Europe operating profit up 28%:
 - Materials: Profits ahead despite poor early weather and adverse FX
 - P&D: Significant advance aided by record acquisition spend
- Americas US\$ operating profits up 7%; in euro down 11%
 - Materials: Decline in heritage operating profits more than offset by acquisitions
 - P&D: Strong residential/RMI plus acquisitions outweighed weak commercial
- Acquisitions: Development spend of €1.6bn, with particular success in Europe P&D
- Good deal flow, solid financial base 2003 EBITDA/net interest 13.1 times

	2003	2002
	€m	€m
Inflows		
Profit before tax	864	856
Depreciation	458	456
Goodwill amortisation	76	70
	<u>1,398</u>	<u>1,382</u>
Outflows		
Working capital	(58)	90
Tax paid	(103)	(162)
Dividends	(150)	(135)
Capital expenditure	(402)	(367)
Other	(30)	(21)
	<u>(743)</u>	<u>(595)</u>
Operating cash inflow	655	787
Acquisitions and investments	<u>(1,615)</u>	<u>(992)</u>
Disposals	78	104
Share issues (net of expenses)	41	37
Translation	243	248
	<u></u>	<u></u>
Debt (increase) / decrease	(598)	184

DEBT RATIOS & INTEREST COVER

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	Y/E 2003	Y/E 2002
Debt (€bn)	2.3	1.7
Shareholders' funds (€bn)	4.8	4.8
Debt/shareholders' funds	48%	36%
Debt/year-end market capitalisation	27%	28%

Interest cover

EBITDA/Interest	13.1	11.3
EBIT/Interest	8.4	7.3

2004 OUTLOOK

- **Materials**

- Ireland: record housing expected to moderate in H2, infrastructure picking up
- Finland/Switzerland: housing/infrastructure to offset softness in other sectors
- Poland: EU entry likely to sustain improvement evident in H2 of 2003
- Spain: expect continued good demand in competitive environment
- Overall: well placed to benefit from improving markets

- **Products & Distribution**

- UK: positive growth; but Euroconstruct (+3.3%) may be optimistic
- Benelux/France: any recovery in 2004 will be modest
- Germany: likely to remain in recession with new-build most affected
- Focus on integrating 2003 acquisitions and delivering synergies
- Look to a significant 2004 profit advance underpinned by 2003 deals

- **Materials**

- 2004 Federal highway budget US\$33.6bn (+7%)
- Senate/House converging on a US\$240bn 6-year '04-'09 highway proposal
- Negotiations with the Administration continuing
- Despite continuing state budget deficits expect similar highway markets
- Overall private markets should show little change

- **Products & Distribution**

- Precast: benefits of 2003 cost reduction to carry into 2004
- APG: record 2003 development spend should offset any housing moderation
- Glass: look to expected improvement in non-residential markets
- Distribution: aiming to build on significant achievements of last 3 years
- Geographic and end-use balance should underpin further progress

- Economic growth in Europe generally subdued; US economy is recovering
- Continued focus on cost effectiveness and operational performance
- 2004 profits likely to be impacted by weakness of US\$
- however 2003 acquisitions should contribute strongly
- Substantial capacity to capitalise on development/market opportunities
- We face 2004 with confidence
- CRH's strategic vision is consistent and clear

*“to be a leading international
building materials group delivering superior
performance and growth”*

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***Liam O'Mahony
Chief Executive***