

# Interim Results

2017



# Agenda

Markets & Trading H1 2017

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Strategy & Development Update

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Outlook & Key Takeaways



# Key Messages

- H1 trading in line with guidance ...  
sales & EBITDA ahead of strong H1 2016
- Significant YTD development activity ...  
... \$2.63bn agreement to divest Americas Distribution  
... €0.6bn of H1 bolt-on acquisitions  
... agreement reached on €0.6bn acquisition of Fels
- Reallocation of capital at attractive multiples ...  
significant balance sheet capacity
- Interim dividend increased by 2%





Markets & Trading

# H1 Financial Highlights

<b>Sales</b>	<b>EBITDA</b>	<b>Margin</b>
↑ €13.0bn	↑ €1,175m	↑ 9.0%
+2%	+5%	+20bps
+1% LFL	+2% LFL	in line LFL

<b>EPS</b>	<b>Dividend</b>
↑ €43.5c	↑ €19.2c
+29%	+2%

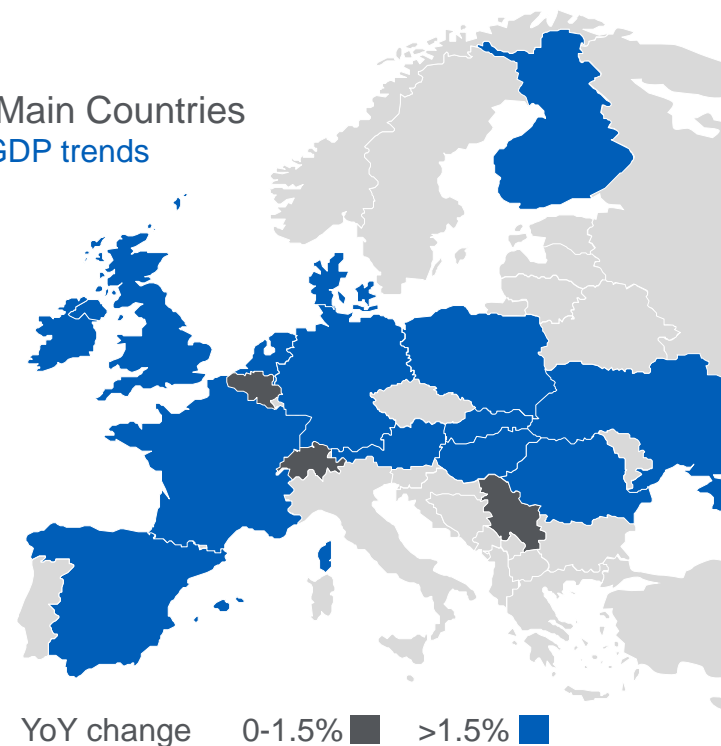


# Europe – Market Backdrop

- Recovery continuing ... primarily led by residential construction
- Sentiment indicators improving ...
- CRH footprint ... economies expanding steadily
- Western economies gathering momentum ... Eastern Europe remains strong



CRH Main Countries  
2017 GDP trends



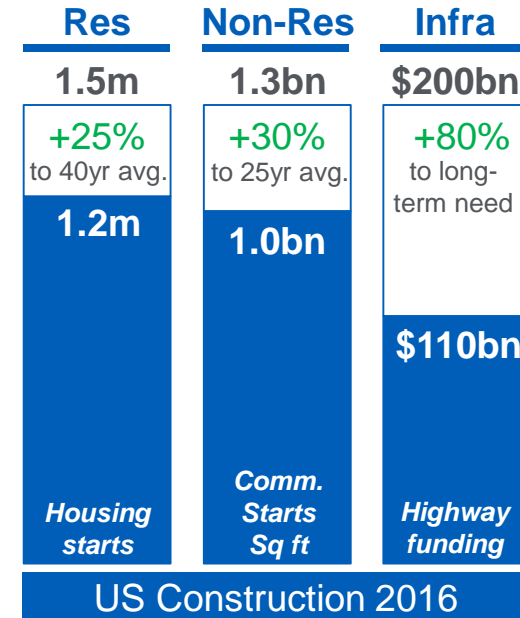
# Europe – Trading Performance

- Positive momentum in key markets ... France, Netherlands
- Strong volume growth in Finland, Poland, Ireland
- Solid performance in the UK ... outlook stable
- Germany & Belgium ahead ...  
challenging trading in Switzerland
- Pricing progress amid inflationary cost environment

	H1 LFL % Change		
	Sales	EBITDA	Margin
<b>Heavyside</b>	+4%	+2%	-10bps
<b>Lightside</b>	+3%	-	-40bps
<b>Distribution</b>	+1%	+6%	+20bps
<b>Total</b>	<b>+3%</b>	<b>+2%</b>	<b>-</b>

# Americas – Market Backdrop

- Solid fundamentals in US economy ...
- US construction markets remain below long-term levels
- Canadian economy advancing steadily
- Some inflationary pressures



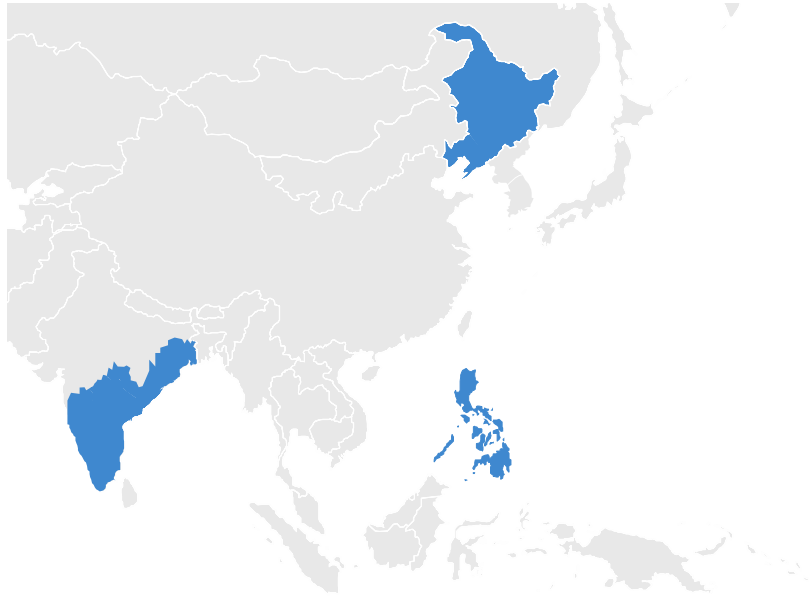


# Americas – Trading Performance

- Satisfactory performance ...  
challenging prior year comps
- Poor weather impacting volumes in key markets
- Positive pricing offsetting higher input costs
- Strong operating leverage

	H1 LFL % Change		
	Sales	EBITDA	Margin
<b>Materials</b>	+1%	+3%	+20bps
<b>Products</b>	-	+7%	+80bps
<b>Distribution</b>	+1%	+10%	+40bps
<b>Total</b>	<b>+1%</b>	<b>+6%</b>	<b>+40bps</b>

# Asia – Market Backdrop



- Environment remains unpredictable ...
- Major long-term construction needs ... impeded by short-term volatility
- Difficult trading in the Philippines ... political challenges ... competitive pressures ... imports
- India & China improving

# Asia – Trading Performance

## Philippines

- Disappointing performance ... challenging trading conditions continuing
- Construction activity impacted by political situation
- Pricing subdued ... competition & import pressures

## India & China

- Volumes & prices ahead

	H1		
€m	Sales	EBITDA	Margin
Asia	244	34	14%
LFL % Change	-8%	-39%	-720bps



Financial Performance



# Components of Performance

€m	Sales	EBITDA
<b>H1 2016</b>	<b>12,693</b>	<b>1,120</b>
Organic (ex-Asia)	204	43
Asia	(21)	(22)
Acquisitions/(Disposals)	72	10
One-off items	-	25
Currency Translation	49	(1)
<b>H1 2017</b>	<b>12,997</b>	<b>1,175</b>

- Challenging comparatives ... modest organic growth ... good operating leverage
- Philippines further downside in H2
- Limited H1 contribution from M&A ... timing
- FX neutral at H1 ... but headwind for H2

# Net Debt Movements

€m	H1 2016	H1 2017
<b>Opening net debt</b>	<b>6,618</b>	<b>5,297</b>
Operating cash (inflow)/outflow	(69)	49
Capital expenditure	408	513
Acquisitions/(Divestments)	7	487
Dividend	237	379
Currency exchange/other	(140)	(357)
<b>Closing net debt</b>	<b>7,061</b>	<b>6,368</b>

- Disciplined cash management & capex control
- Increased acquisition activity
- Favourable currency translation effects
- Further improvement in net debt position



Strategy & Development Update

# Development Update ...

- Significant development activity ...
- 11 acquisitions completed in H1 ... €0.6bn spend ... €145m proceeds from disposals
- In addition ... acquisition of Fels agreed at €0.6bn ... creating #2 position in European lime
- Agreement to divest Americas Distribution for \$2.63bn
- Efficient allocation of capital



strong pipeline ... large deals & small



# Divestment of Americas Distribution

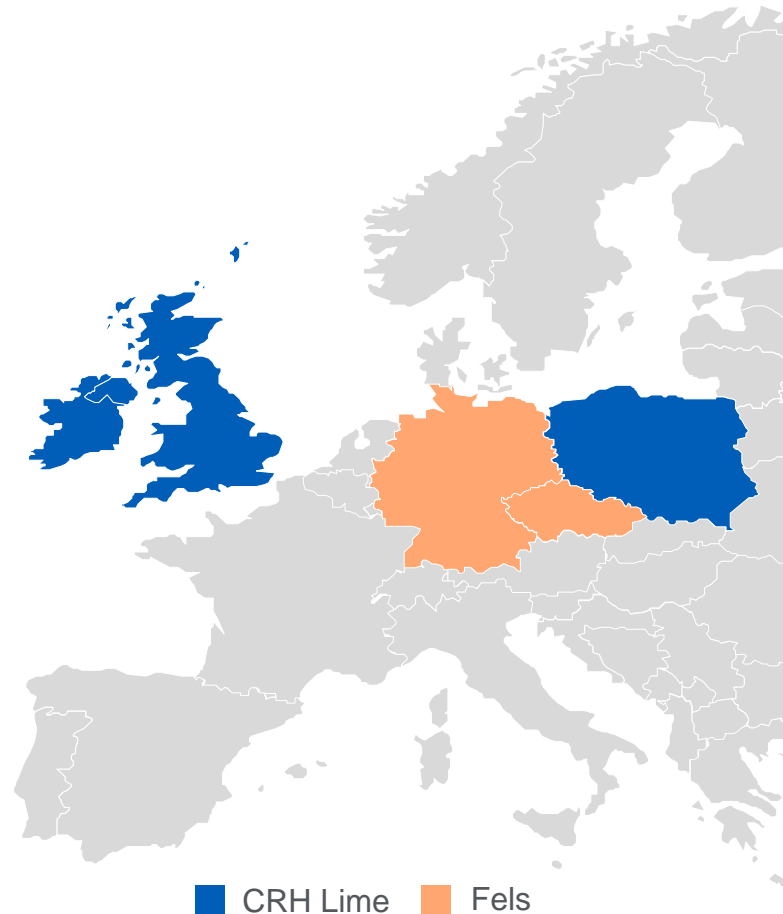
- Challenges to original investment thesis
- No route to traditional market leadership
- Limited opportunities to acquire at prices that create shareholder value
- Exit multiple ... 16x EBITDA (2016)



... creating significant value for shareholders

# Acquisition of Fels

- CRH becoming #2 player in European lime market ... UK, Poland, Ireland ... adding Germany & Czech
- Attractive growth platform ... organic & acquisition
- Strong integration benefits ... significant synergies
- €0.6bn enterprise value ... 7x EBITDA (post-synergies)





Outlook & Key Takeaways

# Outlook

- **Europe** – economic recovery progressing ...  
... H2 EBITDA to show continuation of H1 momentum
- **Americas** – solid fundamentals maintained ...  
... H2 EBITDA to be ahead of prior year
- **Asia** – challenging market conditions continue in the Philippines ... further declines in H2 EBITDA
- **Group** – another year of progress





# Key Takeaways

H1 2017 in line with  
guidance

H2 EBITDA to be ahead  
of prior year

Efficient allocation  
of capital

Significant balance sheet  
capacity





# Appendices

# Group Components of Performance

€ million	Sales revenue	EBITDA	Operating profit	Profit on disposals	Finance costs (net)	Assoc. & JV PAT	Pre-tax profit
<b>H1 2016</b>	12,693	1,120	588	20	-206	5	407
Exchange effects	49	-1	-3	-1	-4	1	-7
2016/2017 acquisitions	173	16	-1		-3		-4
2016/2017 divestments	-101	-6	-1	19			18
LH Assets integration costs		25	25		16		41
Early bond redemption					-19		-19
Organic	183	21	39	7	27	8	81
<b>H1 2017</b>	<b>12,997</b>	<b>1,175</b>	<b>647</b>	<b>45</b>	<b>-189</b>	<b>14</b>	<b>517</b>

# Europe Heavyside

## Analysis of change

€ million	H1 2016*	Exchange	Acquisitions	Divestments	LH Costs	Organic	H1 2017	Total Change	% Change
Sales revenue	3,411	-139	+18	-53	-	+116	3,353	-58	-2%
EBITDA	352	-16	+1	-7	+15	+6	351	-1	-
Operating profit	163	-10	-	-6	+15	+16	178	+15	+9%
EBITDA/sales	10.3%						10.5%		
Op. profit/sales	4.8%						5.3%		

\*CRH landscaping businesses in Europe, formerly reported as part of Europe Heavyside, have formed a new platform, Architectural Products, within Europe Lightside

# Europe Lightside

## Analysis of change

€ million	H1 2016*	Exchange	Acquisitions	Organic	H1 2017	Total Change	% Change
Sales revenue	703	-9	+7	+20	721	+18	+3%
EBITDA	59	-1	+1	-	59	-	-
Operating profit	37	-1	+1	+2	39	+2	+5%
EBITDA/sales	8.4%				8.2%		
Op. profit/sales	5.3%				5.4%		

\*CRH landscaping businesses in Europe, formerly reported as part of Europe Heavyside, have formed a new platform, Architectural Products, within Europe Lightside



# Europe Distribution

€ million	Analysis of change			H1 2017	Total Change	% Change
	H1 2016	Exchange	Organic			
Sales revenue	1,982	+9	+20	2,011	+29	+1%
EBITDA	88	-	+5	93	+5	+6%
Operating profit	53	-	+9	62	+9	+17%
EBITDA/sales	4.4%			4.6%		
Op. profit/sales	2.7%			3.1%		

# Americas Materials

## Analysis of change

€ million	H1 2016	Exchange	Acquisitions	Divestments	LH Costs	Organic	H1 2017	Total Change	% Change
Sales revenue	2,975	+98	+111	-42	-	+24	3,166	+191	+6%
EBITDA	251	+8	+10	+1	+10	+8	288	+37	+15%
Operating profit	61	+2	-4	+4	+10	+14	87	+26	+43%
EBITDA/sales	8.4%						9.1%		
Op. profit/sales	2.1%						2.7%		

# Americas Products

## Analysis of change

€ million	H1 2016	Exchange	Acquisitions	Divestments	Organic	H1 2017	Total Change	% Change
<b>Sales revenue</b>	2,249	+66	+37	-6	+9	2,355	+106	+5%
<b>EBITDA</b>	264	+8	+4	-	+19	295	+31	+12%
<b>Operating profit</b>	199	+7	+2	+1	+16	225	+26	+13%
<b>EBITDA/sales</b>	11.7%					12.5%		
<b>Op. profit/sales</b>	8.8%					9.6%		

# Americas Distribution

€ million	Analysis of change			H1 2017	Total Change	% Change
	H1 2016	Exchange	Organic			
Sales revenue	1,099	+33	+15	1,147	+48	+4%
EBITDA	48	+2	+5	55	+7	+15%
Operating profit	33	+1	+6	40	+7	+21%
EBITDA/sales	4.4%			4.8%		
Op. profit/sales	3.0%			3.5%		

# Asia Division

## Analysis of change

€ million	H1 2016	Exchange	Organic	H1 2017	Total Change	% Change
Sales revenue	274	-9	-21	244	-30	-11%
EBITDA	58	-2	-22	34	-24	-41%
Operating profit	42	-2	-24	16	-26	-62%
EBITDA/sales	21.2%			13.9%		
Op. profit/sales	15.3%			6.6%		



# Cement Volumes & Prices H1 2017

YoY % chg	Volume	Price (LC)
Finland	+14%	-2%
France	+11%	-1%
Germany	-4%	-
Hungary	+10%	+4%
Ireland	+13%	-6%
Poland	+9%	-1%
Romania	+2%	+3%
Serbia	+3%	-

YoY % chg	Volume	Price (LC)
Slovakia	+8%	-1%
Spain	+20%	+5%
Switzerland	-13%	-1%
Ukraine	-10%	+32%
United Kingdom	-4%	+2%
Canada	-1%	+3%
Philippines	-2%	-7%
Brazil	-4%	-21%

# Americas Materials Volumes & Prices H1 2017

YoY % chg	Volume	Price
Aggregates	+2%	+5%
Asphalt	+3%	+1%
RMC	-3%	+3%

# Euroconstruct Estimates 2017

Total Construction Output		Change
Austria	↑	+1.6%
Belgium	↑	+1.1%
Denmark	↑	+2.2%
Finland	↑	+1.7%
France	↑	+4.4%
Germany	↑	+2.0%
Hungary	↑	+19.7%
Ireland	↑	+7.0%
Norway	↑	+5.6%

Total Construction Output		Change
Portugal	↑	+3.0%
Netherlands	↑	+4.1%
Poland	↑	+4.9%
Slovakia	↑	+4.0%
Spain	↑	+3.0%
Switzerland	↑	+1.2%
United Kingdom	↑	+1.3%
West Europe (EC-15)	↑	+2.8%
Eastern Europe (EC-4)	↑	+5.3%

# US Estimates 2017 (PCA)

Construction Put-in-Place		Change
<b>Total Construction Put-in-place</b>	↑	<b>+2.1%</b>
<b>Total Residential</b>	↑	<b>+3.5%</b>
New Housing	↑	+4.9%
Improvements	↑	+0.7%
<b>Total Non-Residential</b>	↑	<b>+2.7%</b>
Industrial	↓	-3.5%
Office	↑	+5.1%

Construction Put-in-Place		Change
Hotels, Motels	↑	+7.1%
<b>Total Public</b>	↑	<b>+0.9%</b>
Highways & Streets	↑	+1.7%
<b>Public Utility &amp; Other</b>	↑	<b>+0.9%</b>
<b>Others</b>		
Real GDP	↑	+2.1%
Cement consumption	↑	+3.5%

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**Cover Image:** The stacker and reclaimer limestone dome at Irish Cement, Platin, Ireland can store up to 40,000 tonnes of crushed limestone at a time. In 2016, the dome handled 1.6 million tonnes of high quality limestone, providing an intermediary between the quarry and the continuous operation requirements of the kiln. In addition to supplying the domestic Irish market, Platin also exports to the UK and European markets.

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