

# Interim Management Statement



**13<sup>TH</sup> NOVEMBER 2012**

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# Agenda

**2012 TRADING AND OUTLOOK**

**COST REDUCTION MEASURES**

**WRAP UP**

# 2012 TRADING AND OUTLOOK

## YTD (Sept) 2012: Sales +4%; EBITDA in line with 2011

- Like for like sales changes v. 2011

	Europe	Americas	Group
H1	-5%	+8%	+1%
Q3	-7%	+1%	-3%
YTD	-6%	+5%	-1%

- Q3 overall Sales up +1%; YTD September up +4%
- Q3 EBITDA maintained at €0.65Bn (2011: €0.65Bn)
- YTD September EBITDA €1.2Bn; (2011: €1.2Bn)

## 2012 Europe Outlook

EBITDA Indications	Materials	Products	Distribution	Total
2012 Change	c10% decrease	Up to 25% decrease	c15% decrease	c15% decrease
2011 Actual	€436m	€194m	€267m	€0.90Bn

- **Materials:** Absence of Secil contribution; lower CO<sub>2</sub> benefits
- **Products:** Continuing impact of Eurozone crisis
- **Distribution:** Ongoing weak Dutch consumer confidence

## 2012 Americas Outlook

EBITDA Indications	Materials	Products	Distribution	Total
2012 Change	Slightly lower	c10-15% increase	c5% increase	Broadly in line
2011 Actual	\$738m	\$228m	\$90m	\$1.06Bn

- **Materials:** Weaker second-half volumes as expected, plus Q4 storm effects
- **Products:** Benefiting from residential and non-residential improvements
- **Distribution:** Second-half pull back of strong early roofing demand

## 2012 Outlook Non-trading

	Depreciation & Amortisation*	Disposal Profits	Share of Associates PAT*	Net Finance Costs
2012 Outlook	Similar	>€200m	Lower	+10%
2011 Actual	€764m	€55m	€53m	€257m

- Reported first-half profits of €183m on business divestments
- First-half share of associates\* €12m (2011:€23m)

\* Excluding Impairment

## 2012 Outlook: Expect Full Year EBITDA of c€1.6 Bn

	EBITDA	Profit before tax (before impairment)	Profit before tax (after impairment)
2012 Outlook	c.€1.6Bn	Low to mid-single digit % increase	Lower
2011 Actual	€1.65Bn	€743m	€711m

- With strong disposal profits, PBT before impairment will be ahead of 2011
- With H1 impairment charge of €130m re Uniland associate, full year charge will be significantly higher than last year (2011: €32m\*)

*\*€21m Subsidiaries/JVs and €11m Associates*



## YTD (Nov) 2012: Acquisition spend c€0.4 Bn

€Bn	H1 2012	H2 to-date	Year-to-Date
Europe / Asia	0.17	0.06	0.23
Americas	0.08	0.08	0.16
Total	0.25	0.14	0.39

- 13 bolt-ons to our Materials Platforms, and 1 investment in Yatai concrete
- 12 bolt-ons across our Products and Distribution businesses

*... Active pipeline across all business segments ...*

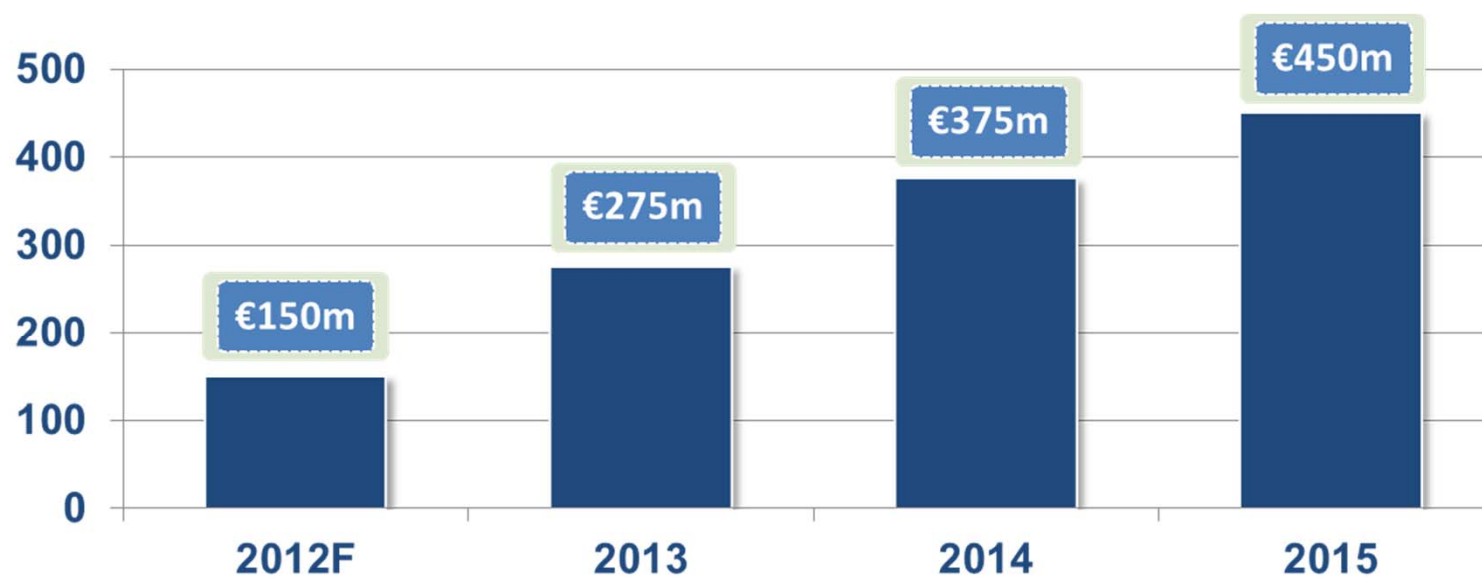
## **COST REDUCTION MEASURES**

## 2012-2015 Focus on Costs

- Short-term economic challenges... particularly in Europe
- Continuing to roll out cost reduction programmes...
- Adding to €2Bn savings achieved 2007-2011...
- €450m incremental savings in 2012-2015 covering...
  - Structural
  - Process
  - Procurement

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

## Cumulative 2012 – 2015 Planned Cost Reductions



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

## Further Reductions Targeted 2012-2015

### Savings

#### Structural

€180m

- Admin rationalisation and back office pooling
- Reorganisation of production footprint
- Further reductions in manning levels

#### Process

€180m

- Increased usage of alternative fuels
- Higher level of RAP usage
- Improved operational throughput and yield

#### Procurement

€90m

- Group led procurement initiative
- Dedicated resources
- Specific programmes; Energy, Mobile Plant, Logistics

**... Cumulative cost reductions of €2.5bn to end 2015...**

## WRAP UP

## Summary

### **Cost Savings Action**

Optimising our cost base and improving our effectiveness

### **Balance Sheet**

Expect year-end net debt/EBITDA below 2x

### **Development**

Continuing good flow of development opportunities

### **Capital Market Days**

London 16<sup>th</sup> November 2012  
New York 19<sup>th</sup> November 2012

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