Europe Products & Distribution

History

Brian Hill

Europe Products & Distribution - Origins

- Pre 1970 - Forticrete (Concrete, UK) and Aerobord (Insulation, Ireland)
- 1973 - Van Neerbos, first step on Mainland Europe
- Thereafter acquired and grew
  - ➔ concrete, clay, insulation, fencing & security/daylight & ventilation, distribution in UK, Benelux, Germany, France and Poland
- By 1998 €1.5bn in sales
- Moved from Regional to Product Group structure
  - ➔ With dedicated management and development teams

Europe Products & Distribution - 1999 to 2004

Concrete

- Expansion of Dutch, Belgian and French operations
- Acquisition of major German paving producer
- Entry into Denmark and Slovakia

Clay

- Acquired Ibstock
- Expansion of Benelux operations

Insulation

- Expansion of Dutch & German activities
- Move into 4 Nordic countries

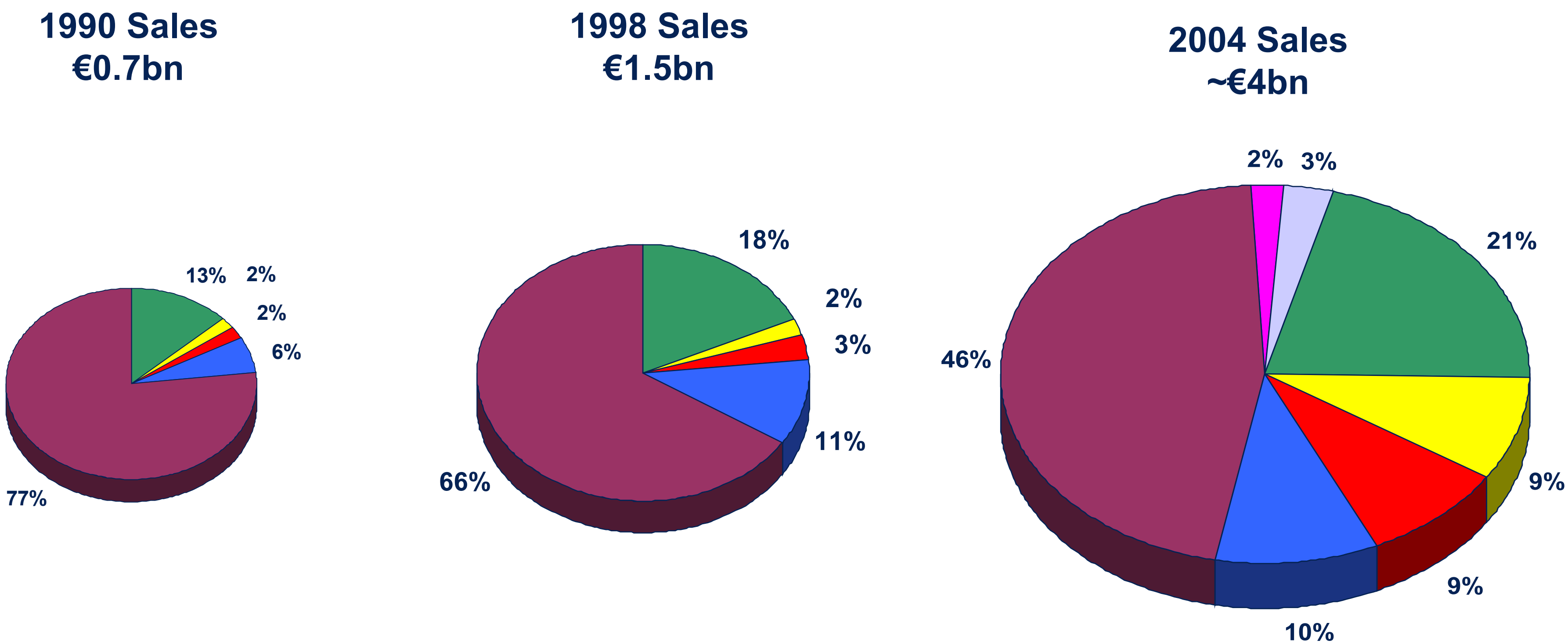
Building Products

- Expanded Fencing & Security and Daylight & Ventilation businesses
- Major Building Accessories deal

Distribution

- Continuing bolt-ons in Benelux, expansion into Switzerland
- Cementbouw doubles Distribution NL operations

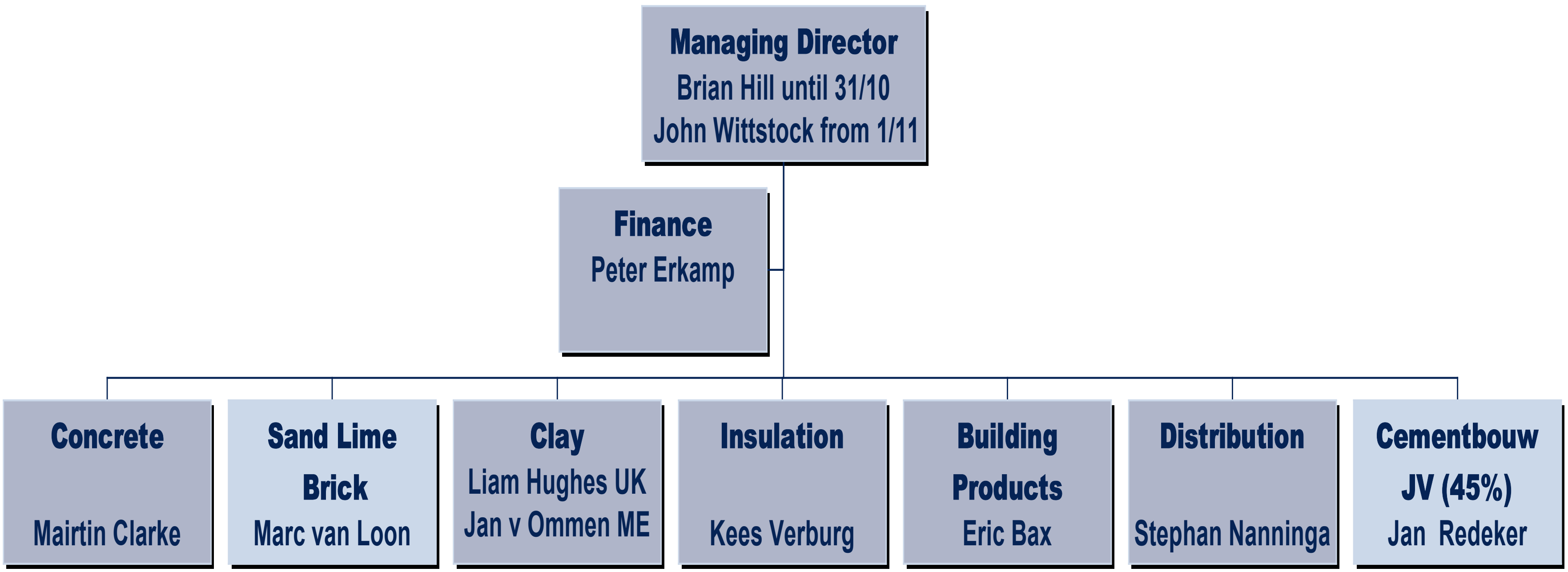
Europe Products & Distribution - 1990 to 2004



Now a c€4bn business in 15 countries
Strong Growth & Improved Product Balance

Concrete | Clay | Insulation | Building Products | Distribution | Sand Lime | C/B JV

Europe Products & Distribution - Organisation



Europe Products & Distribution

Divisional Profile

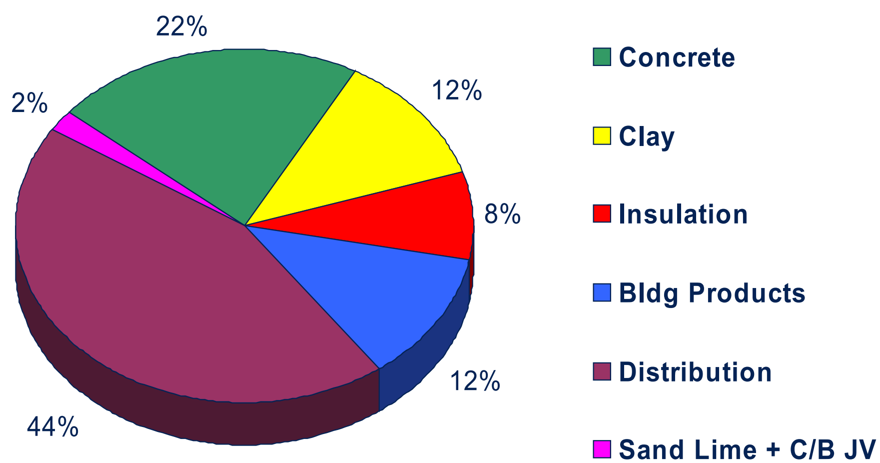
John Wittstock

Europe Products & Distribution

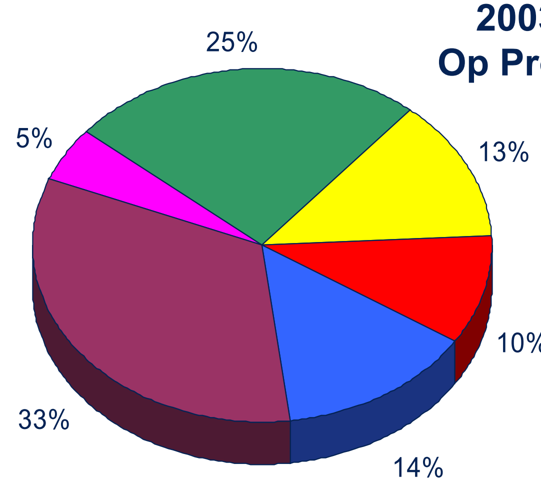
15 countries

Financials €m	2003	2002	2001
Sales	3,083	2,506	2,175
Operating Profit	213	153	117
Avg Net Assets	2,055	1,558	1,432
Operating Margin	6.9%	6.1%	5.4%

2003 Sales



2003 Op Profit

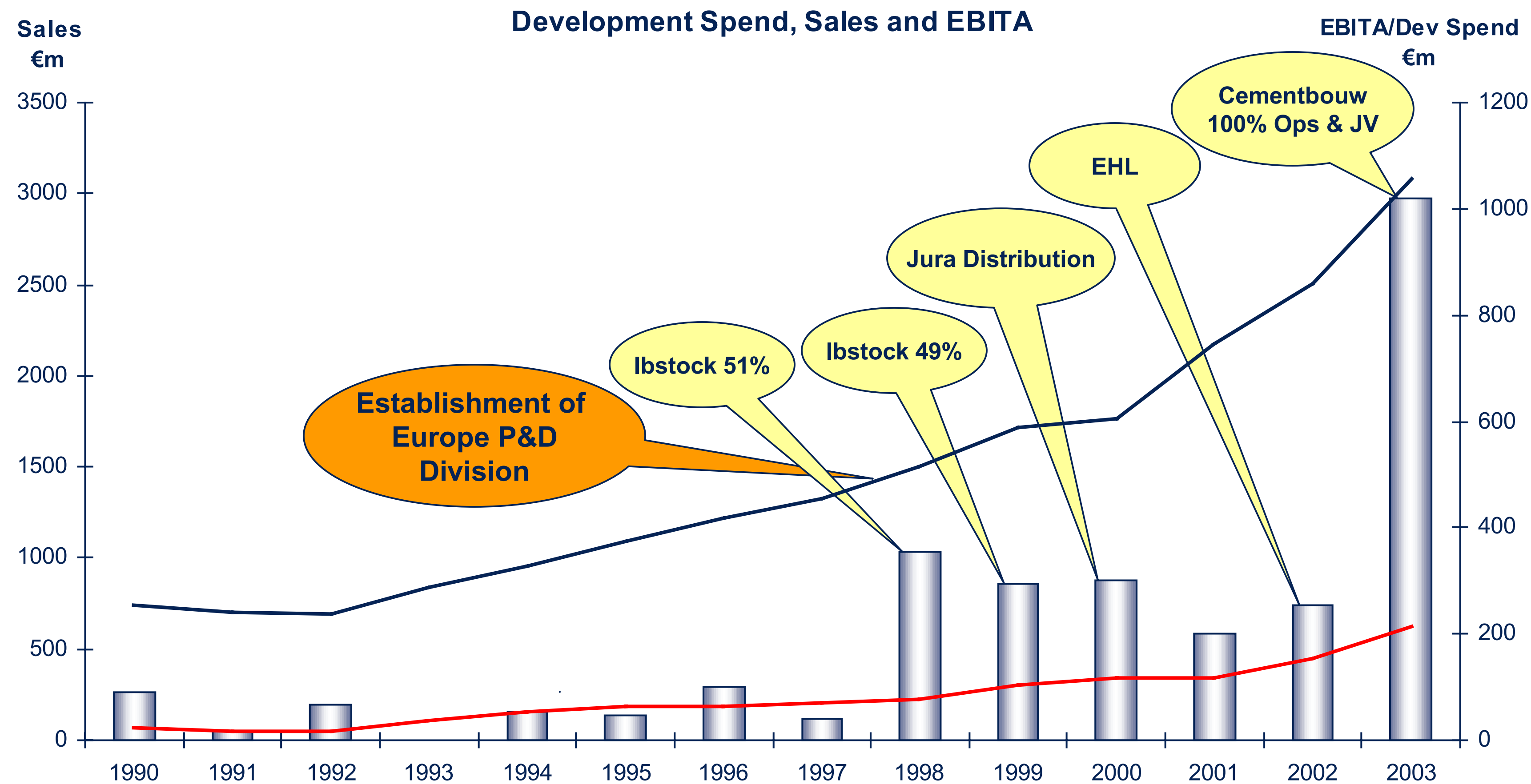


2003 Market Positions

Concrete blocks	# 1 paving Benelux/Slovakia; # 1 paving/landscaping Germany; # 1 arch. masonry UK
Precast concrete	# 1 flooring Benelux; Joint # 1 structural concrete Denmark; # 1 utility France
Sand Lime	Joint # 1 Netherlands
Clay	# 1 pavers Germany; # 1 top-end facing bricks NL; # 1 facing bricks UK
Insulation Products	EPS #1 Ire, NL, Poland, Nordic, Joint #1 UK; XPS Joint #1 Germany; XPE #1 Germany
Fencing & Security	# 1 security fencing and perimeter protection in Europe
Rooflights & Ventilation	# 1 Benelux; Joint # 1 Germany
Distribution	BM # 1 NL, # 2 Ile de France, Switzerland; DIY: leading Dutch chain, Joint # 1 Portugal

CRH

Europe Products & Distribution - Development



# of Deals	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
	6	2	5	0	6	14	11	3	12	5	14	13	9	15	5

Concrete

Concrete - Review

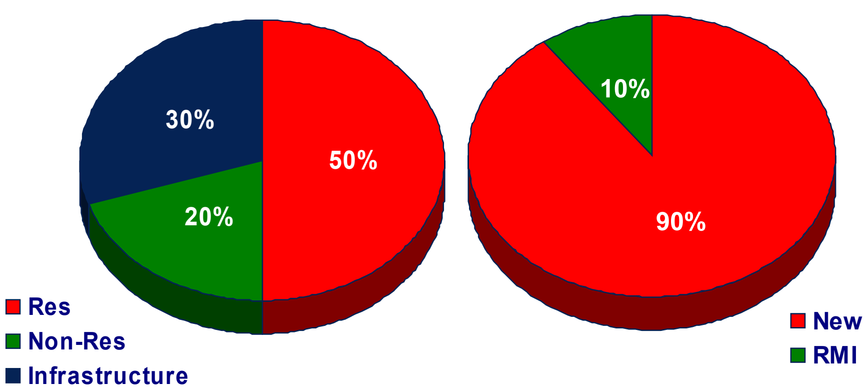
Architectural

Utility

Structural

- **2003 Sales** **€690m**
- **Operating Margin** **c 8%**
- **7 Countries**

Product end-use



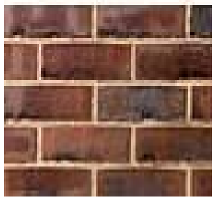
Strategy

- Strengthen portfolio in mature markets
- Build positions in central/eastern Europe
- Leverage group synergies through best practice and effective MIS

Clay

Clay - Review

Bricks

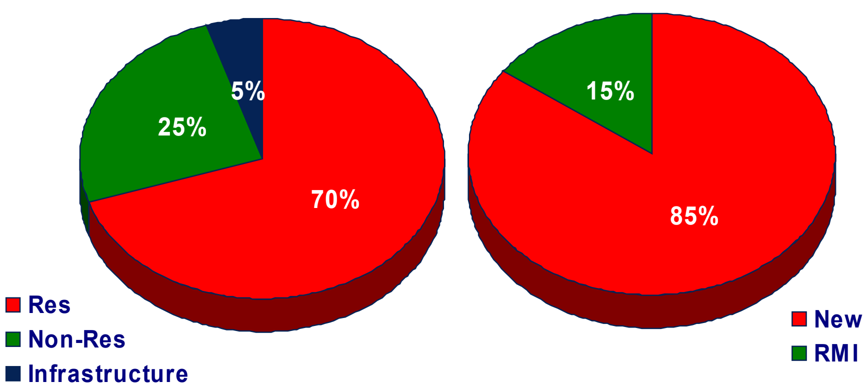


Roof tiles

Pavers

- **2003 Sales €360m**
- **Operating Margin c 8%**
- **5 Countries**

Product end-use



Strategy

- Maximise efficiency/capacity utilisation
- Consolidate leading positions in UK and Netherlands
- Build upon Polish platform

Insulation

Insulation - Review

EPS

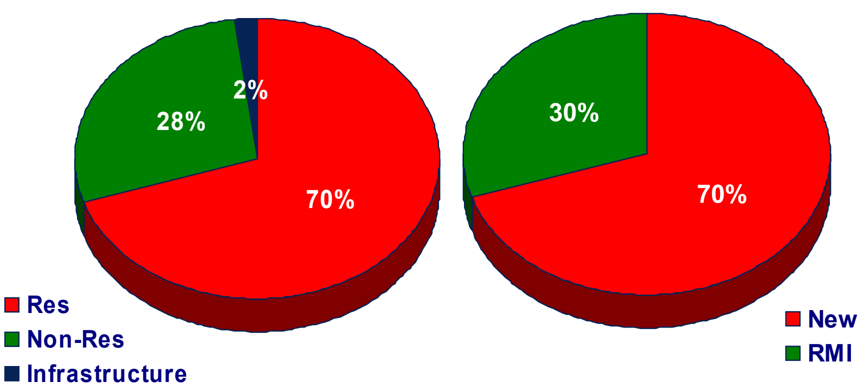
XPE

XPS

PUR / PIR

- **2003 Sales** **€260m**
- **Operating Margin** **c 9%**
- **10 Countries**

Product end-use



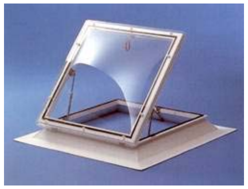
Strategy

- Enhance leadership positions
- Leverage synergies through best practice
- Product innovation and branding
- Drive tighter building codes

Building Products

Building Products - Review

Daylight & Ventilation

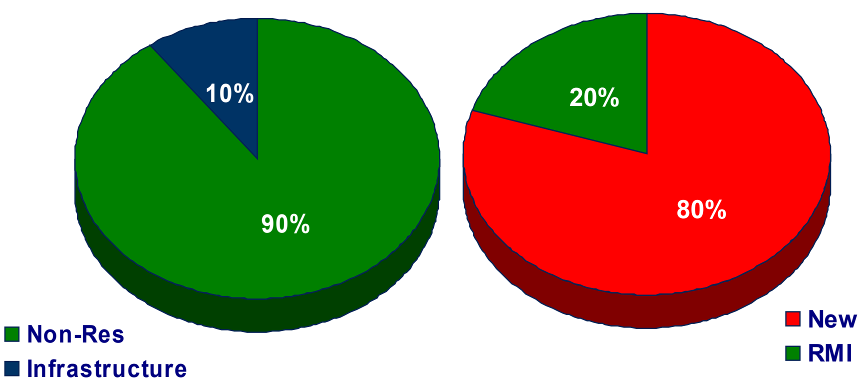


Concrete Accessories

Fencing & Security

- **2003 Sales €365m**
- **Operating Margin c 8%**
- **8 Countries**

Product end-use



Strategy

- Grow and expand from existing bases
  - ➔ Fencing & Security
  - ➔ Daylight & Ventilation
  - ➔ Concrete Accessories
- Explore and develop new product platform

Distribution

Distribution - Review

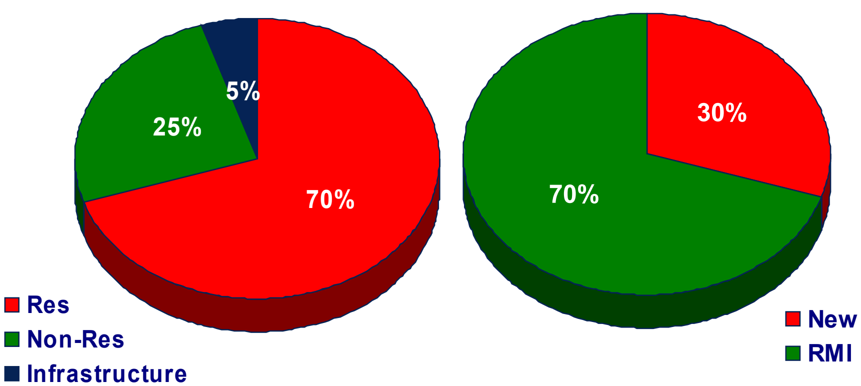
General Merchants

DIY

Specialist Merchants

- **2003 Sales €1,362m**
- **Operating Margin c 5%**
- **6 Countries**

Product end-use



Strategy

- Continue to grow DIY in Benelux and Portugal
- Expand merchanting businesses into neighbouring countries
- Realise full purchasing and IT synergies

Performance and Growth Focus

EP&D

CONCRETE	CLAY	INSULATION	BLDG PRODUCTS	DISTRIBUTION
Established Products	*Established Products*	*Established products*	*New Products*	*Established products*
Regional Expansion	*Focus on efficiency*	*Regional Expansion*	*Regional Expansion*	*Regional Expansion*
Aquisitive Growth	*& capacity utilisation*	*Acq & Organic Growth*	*Acq & Organic Growth*	*Aquisitive Growth*

- Improved performance through:
  - ➔ Economies of scale
  - ➔ Transfer of best practice within product groups
  - ➔ Efficient integrations
  - ➔ New product development
  - ➔ Inter-group synergy
- Growth via:
  - ➔ Time-tested development efforts within existing product groups
    - existing products in new and existing regions
  - ➔ Addition/incubation of new product groups within Building Products
    - new products in new and existing regions

Summary

- Organisation well in place:
  - ➔ clearly defined product groups
  - ➔ with leading market positions
  - ➔ strong presence in core European economies
  - ➔ good initial positions in accession states
- Integration of 2003 acquisitions largely complete
- Good pipeline of acquisition opportunities, growth set to continue