



# Interim Results

2018



# Agenda

Markets & Trading H1 2018

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Strategy Update

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Outlook & Key Takeaways

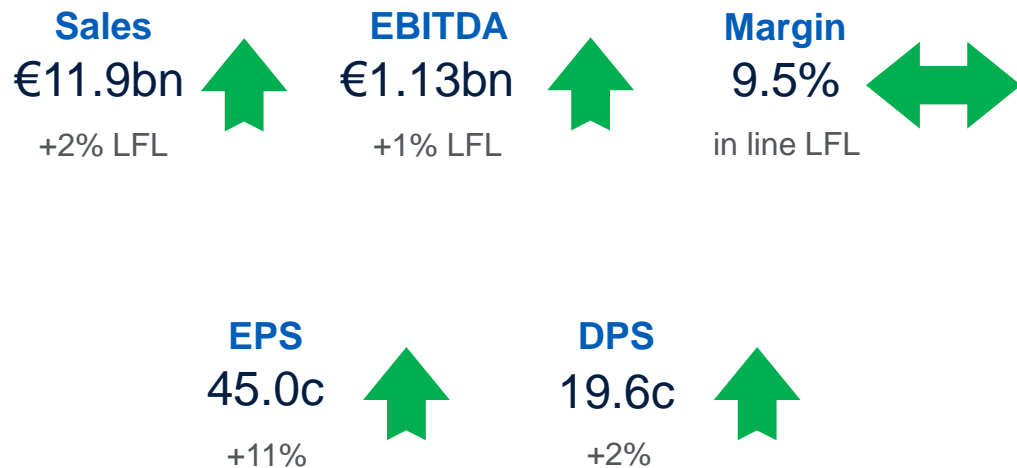
# Key Messages

- H1 performance in line with guidance
- Volume recovery following Q1 weather disruption ... positive momentum in Q2
- Active portfolio management YTD ... €2.9bn divestments ... €3.4bn acquisitions (incl. 28 bolt-ons)
- €1bn share buyback underway ... €350m completed to-date





# H1 Financial Highlights



# Americas – Market Backdrop

- Positive economic backdrop ... US & Canada
- Infrastructure funding underpinned ... State & Federal
- Residential construction continues to advance ... underlying demand remains robust
- Non-Residential sector supported by economic growth & strong labour market



# Americas – Trading Performance

- Significant weather disruption in Q1 ... recovered in Q2
- Volumes ahead ... positive pricing environment
- Materials margin impacted by weather & cost inflation ... Q2 margin ahead
- Products margin ahead ... strong operating leverage
- Ash Grove acquisition completed ... trading in line with expectations

	Sales		EBITDA Margin		
LFL % Chg	Q1	Q2	H1	H1	H1
<b>Materials</b>	-2%	+7%	+4%	+1%	-20bps
<b>Products</b>	-3%	+5%	+1%	+6%	+40bps
<b>Total</b>	-3%	+6%	+3%	+3%	-

# Europe – Market Backdrop

- Macro-economic conditions remain positive despite political uncertainty
- Construction market continues to recover
- Positive outlook for W. Europe construction (new & RMI)  
... strong new-build growth in E. Europe



# Europe – Trading Performance

- Broad-based weather disruption in Q1 ... improvement in Q2
- Volumes ahead ... pricing momentum building
- Margin maintained despite inflationary input cost environment
- Fels acquisition performing in line with expectations

	Sales		EBITDA		Margin
LFL % Chg	Q1	Q2	H1	H1	H1
<b>Heavyside</b>	-3%	+7%	+2%	+2%	-
<b>Lightside</b>	+3%	+6%	+5%	+7%	+20bps
<b>Distribution</b>	-1%	-4%	-3%	-4%	-10bps
<b>Total</b>	-2%	+3%	+1%	+1%	-



# Asia Division – Market Backdrop & Trading Performance

- **Philippines:** Challenging trading environment ... prices ahead amid input cost pressures ...
- Long term market fundamentals remain attractive
- **India:** Strong volume growth
- **China:** Positive pricing environment

	Sales		EBITDA		Margin
LFL % Chg	Q1	Q2	H1	H1	H1
Asia	-5%	+1%	-2%	-59%	-760bps



Financial Performance

# Components of Performance

€m	Sales	EBITDA
<b>H1 2017 – Continuing Ops.</b>	<b>11,850</b>	<b>1,120</b>
Organic (excl. Asia)	214	24
Organic Asia	(4)	(16)
Acquisitions/(Disposals)	575	84
FX Translation	(691)	(82)
<b>H1 2018</b>	<b>11,944</b>	<b>1,130</b>

- Organic improvement despite inflationary input cost environment
- Acquisitions performing in line with expectations
- Currency headwinds in H1 ... easing somewhat in H2

# Cash Flow Movements

€m	H1 2017	H1 2018
<b>EBITDA</b>	<b>1,175</b>	<b>1,130</b>
Working Capital	(1,021)	(1,108)
Interest	(145)	(158)
Tax	(102)	(215)
Other	44	40
<b>Net Cash Outflow</b>	<b>(49)</b>	<b>(311)</b>

- Working capital increase ... higher inventory levels due to improved backlogs
- Higher tax charge due to significant gain on divestment
- Seasonal cash outflow in H1

# Net Debt Movements

€m	H1 2017	H1 2018
<b>Opening Net Debt</b>	<b>5,297</b>	<b>5,796</b>
Operating Cash Outflow	49	311
Capital Expenditure	513	509
Divestments	(145)	(2,386)
Acquisitions	632	3,243
Dividend/Share Buyback	382	584
Currency Exchange/Other	(360)	(2)
<b>Closing Net Debt</b>	<b>6,368</b>	<b>8,055</b>

- Active portfolio activity ... reallocating capital for higher growth & returns
- Significant increase in cash returns to shareholders
- On track to deliver year end debt metrics in line with normalised levels





Group Strategy Update

# Our Strategic Objectives ...

## Portfolio Management ...

*Re-shaping our business for higher growth & more sustainable returns*

## Capital Allocation ...

*Maximising shareholder value through the efficient use of capital*

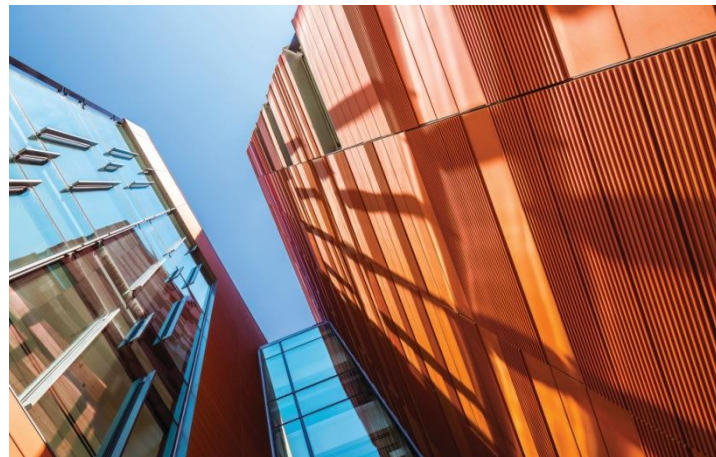
## Continuous Business Improvement ...

*Making businesses better through internal self-help initiatives*

**... delivering structurally higher margins, cash & returns**

# Portfolio Management

- Simplified business structure ... more focused ... narrower & deeper
- Re-balancing towards higher growth regions & products ... adapting to the changing needs of construction
- Focusing on existing markets & product adjacencies
- Leveraging our integrated business model ... enhanced capability to deliver synergies
- Continuous portfolio review ... embedded practice at CRH



... creating value through refined organisation

# Capital Allocation

- Patient & disciplined approach to capital deployment ... track record of balance sheet strength & flexibility
- Value-accretive capex ... supporting our business through low risk investments
- Value-driven M&A ... strong pipeline of opportunities
- Returning excess cash to shareholders ... dividends & buybacks

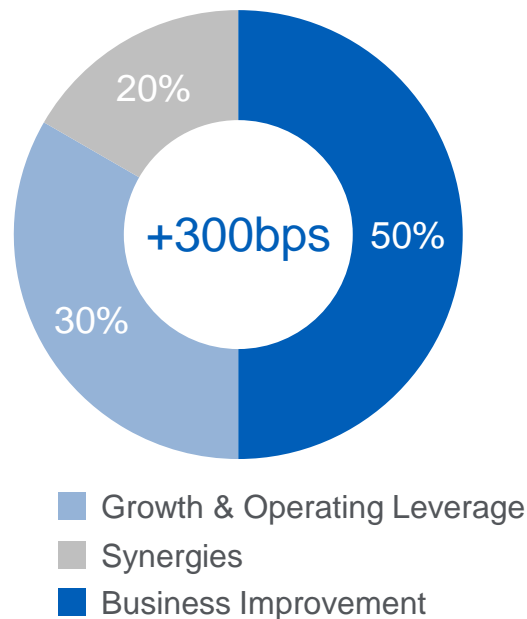


... relentless focus on shareholder value

# Continuous Business Improvement

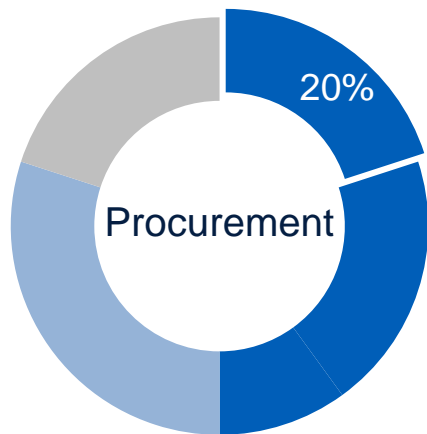
## Targeting 300bps EBITDA Margin Improvement

- Incremental business improvement initiatives ... internal self-help measures
- Improving organic operating leverage
- Announced synergies ... Ash Grove, Florida Assets, Fels

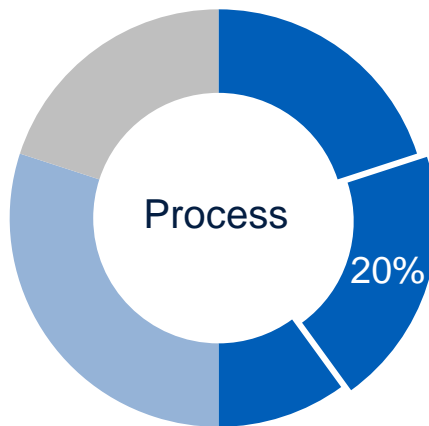




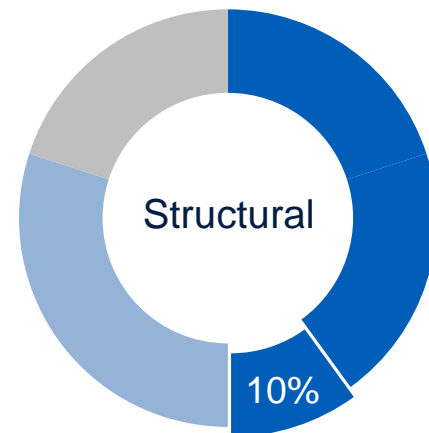
# Incremental Business Improvement Initiatives



- Global purchasing & supply agreements
- Transport, logistics, mobile equipment

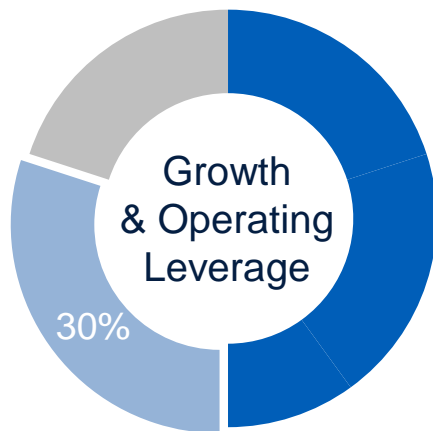


- Commercial & operational excellence initiatives
- Vertical integration benefits

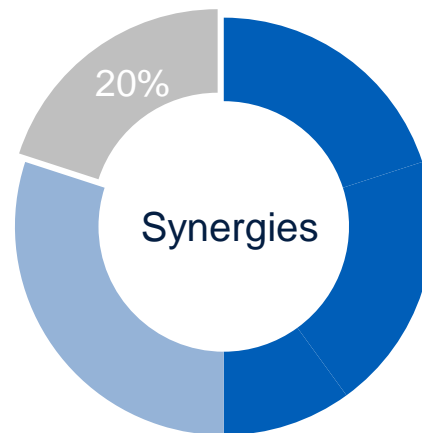


- Business support rationalisation
- Cost base optimisation

# Growth & Operating Leverage + Announced Synergies



- Higher growth markets ... more integrated business ... better business mix
- Structurally higher margins ... improving operating leverage



- Significant integration benefits
- Ash Grove, Florida Assets & Fels

# Significant Progress ...



## Portfolio Management

- Continuous portfolio review
- ~30% of assets divested in last 3 years; ~50% acquired
- Further €1.5-2bn divestment programme underway
- New structure ... narrower & deeper across 3 divisions
- Strategic review of Europe Distribution



## Capital Allocation

- Progressive dividend policy ... ~€1.6bn in last 4 years
- €1bn share buyback programme underway
- Strong balance sheet ... investment grade rating
- Attractive pipeline of acquisition opportunities



## Continuous Business Improvement

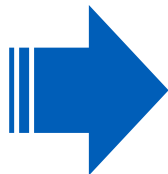
- Relentless focus on making businesses better
- Internal self-help measures ... initiatives underway
- Procurement, Process, Structural
- Improved operating leverage & synergy delivery

*Last 4 years ... EBITDA margin +400bps ... RONA +500bps ... TSR 16% CAGR*

# Industry-leading Cash Generation ...

- Generated €2bn+ FCF p.a. in last 4 years ... expect continued strong cash conversion (70%+)
- Unutilised financial capacity of €7bn by 2021 (before divestments)

**... €7bn  
financial capacity**



**Value-driven M&A**

**Cash Returns to  
Shareholders**

... providing further optionality for value creation

# Reiteration of Medium-Term Financial Targets ...

- **Operating leverage ...** guiding 20%+ organic operating leverage
- **EBITDA margin ...** targeting 300bps margin improvement by 2021
- **Efficient capital management ...** further €1.5-2bn of divestments over the medium-term
- **Cash generation ...** capacity of €7bn after capex & dividends ... before divestments
- **Capital allocation ...** value-accretive capex ... value-driven M&A ... dividends ... surplus cash returns

... delivering structurally higher margins, cash & returns





## Outlook & Key Takeaways

# EBITDA Outlook

- **Americas:** Supportive trading environment ... further progress expected in H2
- **Europe:** Continued positive momentum ... expect increased rate of growth in H2
- **Asia:** Challenging conditions in the Philippines ... expect H2 EBITDA similar to H1
- **Group:** Higher pace of growth in H2 ... another year of progress expected



# Key Takeaways

H1 in line with guidance

€1bn share buyback underway  
... €350m returned to  
shareholders

Continued portfolio  
management ...  
significant progress to-date

Internal initiatives  
underway to improve  
margins, returns & cash







# Appendices

# Group Components of Performance

€ million	Sales revenue	EBITDA	Operating profit	Profit on disposals	Finance costs (net)	Assoc. and JV PAT <sup>1</sup>	Pre-tax profit
<b>H1 2017</b>	<b>11,850</b>	<b>1,120</b>	<b>607</b>	<b>43</b>	<b>-189</b>	<b>14</b>	<b>475</b>
Exchange Effects	-691	-82	-49	-2	12	-1	-40
<b>H1 2017 at 2018 rates</b>	<b>11,159</b>	<b>1,038</b>	<b>558</b>	<b>41</b>	<b>-177</b>	<b>13</b>	<b>435</b>
Incremental impact in 2018 of:							
- 2017/2018 acquisitions	602	83	43	-	-10	1	34
- 2017/2018 divestments	-27	1	1	1	20	-	22
- Early bond redemption	-	-	-	-	17	-	17
- Organic	210	8	-10	4	-10	5	-11
<b>H1 2018</b>	<b>11,944</b>	<b>1,130</b>	<b>592</b>	<b>46</b>	<b>-160</b>	<b>19</b>	<b>497</b>

<sup>1</sup> CRH's share of after-tax profits of joint ventures and associated undertakings.

# Americas Materials

€ million	Analysis of change				H1 2018	% Change
	H1 2017	Exchange	Acquisitions	Organic		
Sales revenue	3,166	-320	+211	+121	3,178	-
EBITDA	288	-33	+39	+3	297	+3%
Operating profit	87	-13	+21	-1	94	+8%
EBITDA/sales	9.1%				9.3%	
Op. profit/sales	2.7%				3.0%	

# Americas Products

€ million	Analysis of change					H1 2018	% Change
	H1 2017	Exchange	Acquisitions	Divestments	Organic		
Sales revenue	2,355	-238	+72	-2	+29	2,216	-6%
EBITDA	295	-33	+8	+1	+15	286	-3%
Operating profit	225	-27	+4	+1	+15	218	-3%
EBITDA/sales	12.5%					12.9%	
Op. profit/sales	9.6%					9.8%	



# Europe Heavyside

€ million	Analysis of change					H1 2018	% Change
	H1 2017	Exchange	Acquisitions	Divestments	Organic		
Sales revenue	3,353	-51	+263	-25	+81	3,621	+8%
EBITDA	351	-7	+34	-	+6	384	+9%
Operating profit	178	-4	+18	-	+8	200	+12%
EBITDA/sales	10.5%					10.6%	
Op. profit/sales	5.3%					5.5%	

# Europe Lightside

€ million	Analysis of change				H1 2018	% Change
	H1 2017	Exchange	Acquisitions	Organic		
Sales revenue	721	-9	+5	+35	752	+4%
EBITDA	59	-1	+1	+4	63	+7%
Operating profit	39	-1	-	+5	43	+10%
EBITDA/sales	8.2%				8.4%	
Op. profit/sales	5.4%				5.7%	

# Europe Distribution

€ million	Analysis of change				H1 2018	% Change
	H1 2017	Exchange	Acquisitions	Organic		
Sales revenue <sup>1</sup>	2,011	-39	+51	-52	1,971	-2%
EBITDA	93	-1	+1	-4	89	-4%
Operating profit	62	-	-	-19	43	-31%
EBITDA/sales	4.6%				4.5%	
Op. profit/sales	3.1%				2.2%	

<sup>1</sup> Reported H1 2018 sales were impacted by the change in treatment of certain direct sales at General Builders Merchants, to an agency (net commission) basis following the adoption of the new revenue accounting standard, IFRS 15. Excluding the adjustment (c. €80 million), like-for-like sales were +1% ahead of 2017.

# Asia

€ million	Analysis of change			H1 2018	% Change
	H1 2017	Exchange	Organic		
Sales revenue	244	-34	-4	206	-16%
EBITDA	34	-7	-16	11	-68%
Operating profit/(loss)	16	-4	-18	-6	-138%
EBITDA/sales	13.9%			5.3%	
Op. profit/sales	6.6%			-2.9%	

# Europe Cement Volumes & Pricing

YoY % Change	Volumes	Price (LC)
Finland	=	=
France	-	+
Germany <sup>1</sup>	+	+
Hungary	++	=
Ireland	-	+
Poland	=	+
Romania	=	+
Serbia	+	+

YoY % Change	Volumes	Price (LC)
Slovakia	-	=
Spain	--	+
Switzerland	++	--
Ukraine	--	++
United Kingdom <sup>1</sup>	-	=
Canada	=	-
Philippines	=	+
Brazil	=	+

## Legend

>5%	++
2% to 5%	+
-1% to +1%	=
-5% to -2%	-
<-5%	--

<sup>1</sup> Volumes in the UK and Germany have been adjusted to exclude the impact of acquisition-related supply arrangements.

# Americas Materials Volumes & Prices

YoY % Change	Total		Heritage	
	Volumes	Price	Volumes	Price
Aggregates	+9%	+1%	+4%	+2%
Asphalt	+2%	+6%	-	+7%
RMC	+21%	+3%	+4%	+3%

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