



**Interim Management Statement** 11 November 2014

# Agenda



## Trading Overview

Strategy & Outlook

Appendices

**Moderating trends in Europe after a strong H1**

**On-going positive momentum in the US; increasing demand**

**Improved margins and returns**

**2014 EBITDA guidance confirmed**

# Markets in Brief – Europe Backdrop

## Stalled or mixed recovery?

- Overall, markets stabilising...
- ...some still weak, others gathering momentum
- High debt levels constraining construction activity
- Signs of further EU action to support Eurozone economies

**CRH – Key markets resilient; CH, Benelux, DE, FI, PL c.80% Europe EBITDA**

# Markets in Brief – Europe Materials & Products



## **Steady performance in key Heavyside markets**

- Switzerland - strong volumes continue
- Poland - profit ahead; volumes up, pricing competitive
- Ukraine - resilient amid political turmoil
- Benelux - markets stabilising
- Finland - softer markets as expected
- UK - excellent performance

## **Lightside products showing healthy profit growth**

- Strong Construction Accessories; Germany & UK in particular

# Markets in Brief – Europe Distribution

## **Benefiting from strong positions in key RMI growth markets**

- Belgium - overall stable as improving non-res offsets softer Q3 res
- Netherlands - signs of improving sentiment
- Germany - markets weaker but remains ahead
- Switzerland - continued competitive backdrop
- France - resilient despite challenging economic environment

**RMI now c.60% of total construction spend in our key markets**



# Trading Overview – CRH Europe

**Overall markets stabilising**

**Good delivery in key markets underpins performance**

**Positive impact from initiatives undertaken in previous cycle**

**Expect FY EBITDA to be c.10% ahead (2013: €583m)**

# Markets in Brief – Americas Backdrop

## Infrastructure

- Overall US Highway funding down to \$100bn
- State proportion increased to \$60bn vs. historical \$55bn
- Growing economy, more jobs, improving res, non-res ... demands increased spend

## Non-residential

- 2014 expected to grow by c.6%; mainly office/commercial sector
- Encouraging trends in South and West regions

## Residential

- 2014 housing starts expected to increase 10% - all regions ahead
- Majority of growth from less materials intensive multi-family



# Markets in Brief – Americas Operations

## Materials

- Strong volume growth for all products in all key regions
- Aggs: Good leverage on better volumes
- Asphalt: Benefits from better volumes and stable input costs
- RMC: Pricing and margins ahead on higher input costs
- Double digit % increase in construction and materials backlogs

# Markets in Brief – Americas Operations

## Products

- Good recovery following weather-impacted H1
- Continued growth in res and non-res markets
- Strongest gains in sunbelt and western regions
- Q3 margins ahead on operating efficiencies & good cost control

## Distribution

- Positive organic growth trend continues
- Optimisation of branch network reducing costs

# Trading Overview – CRH Americas

**Underlying business and economic environment remains upbeat**

**Overall 2014 construction spend c.3% ahead; CRH LFL sales +5%**

**Delivering good operating leverage and improved returns**

**Expect FY EBITDA to be c.10% ahead (2013: €892m)**

# Margins & Returns Ahead ...



	EBITDA Margin		
	H1 2014	9M 2014	Returns
Europe Materials & Products	↑↑	↑	↑↑
Europe Distribution	↑	↑	↑
Americas Materials	↑	↑	↑
Americas Products	↓	↔	↑
Americas Distribution	↑	↑	↑↑
<b>Group</b>	↑	↑	↑

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**Portfolio analysis complete ... €1.5-2bn disposals identified**

**Divestments ... 30+ processes underway ... estimated c.€0.4bn proceeds 2014**

**Acquisitions ... refined portfolio focuses acquisition strategy**

**Integration of European Materials and Products businesses complete**

**2014 EBITDA guidance confirmed**

**Europe stabilising; modest if mixed recovery**

**Americas ahead as positive momentum continues**

**Strong balance sheet - significant capacity for future growth**





**Restoring margins and returns to peak in the coming cycle**

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CRH

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# Appendix – CRH Group

LFL Sales	Europe	Americas	Group
H1	+6%	+4%	+5%
Q3	-2%	+6%	+3%
<b>Cuml 9M</b>	<b>+3%</b>	<b>+5%</b>	<b>+4%</b>

# Appendix – Europe

LFL Sales	Materials	Products	Distribution	Total
H1	+7%	+9%	+4%	+6%
Q3	-3%	-	-4%	-2%
<b>Cuml 9M</b>	<b>+2%</b>	<b>+7%</b>	<b>+1%</b>	<b>+3%</b>

# Appendix – Americas

LFL Sales	Materials	Products	Distribution	Total
H1	+4%	+5%	+2%	+4%
Q3	+6%	+7%	+9%	+6%
Cuml 9M	+5%	+5%	+5%	+5%

**H1 LFL vols: Aggs +4%; Asphalt +3%; RMC +7%**

**Q3 LFL vols: Aggs +8%; Asphalt +3%; RMC +6%**

# Appendix – 2014 Europe Outlook



FY EBITDA Indications	Materials	Products	Distribution	Total
2013 Actual	€278m	€119m	€186m	€583m
2014 Expected	No change	Up c.50%	No change	Up c.10%

# Appendix – 2014 Americas Outlook



FY EBITDA Indications	Materials	Products	Distribution	Total
2013 Actual	\$740m	\$327m	\$118m	\$1,185m
2014 Expected increase	<10%	>10%	c.10%	c.10%



# Appendix – 2014 Non-trading Items Outlook



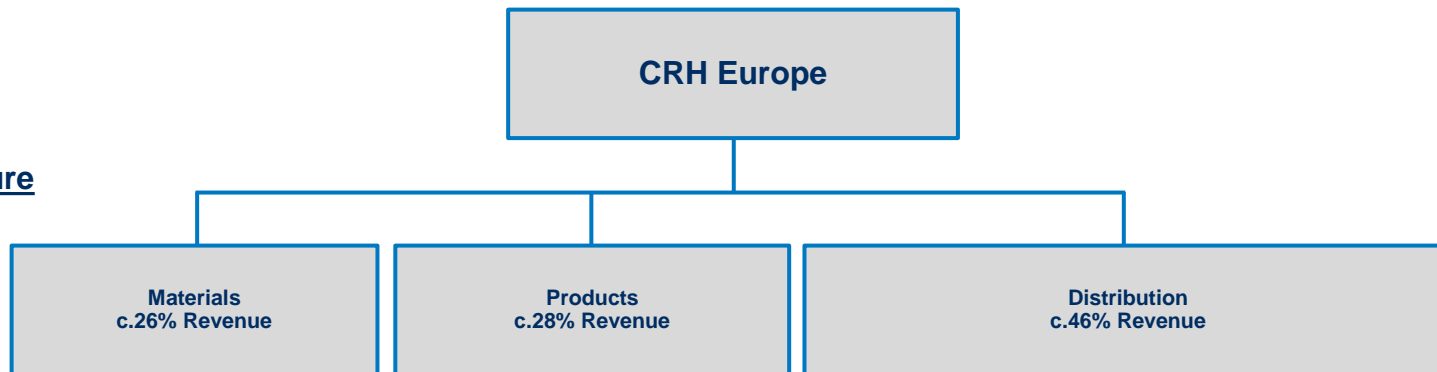
FY Indications	D&A	Prof on Disposals	JV & Assoc PAT	Finance Costs
2013 Actual	€725m*	€26m	€61m*	€297m
2014 Expected	c.5% lower	No change	c.10% lower	No change

**Cash Flow:** Continued strong cash flow; €0.5bn reduction in net debt

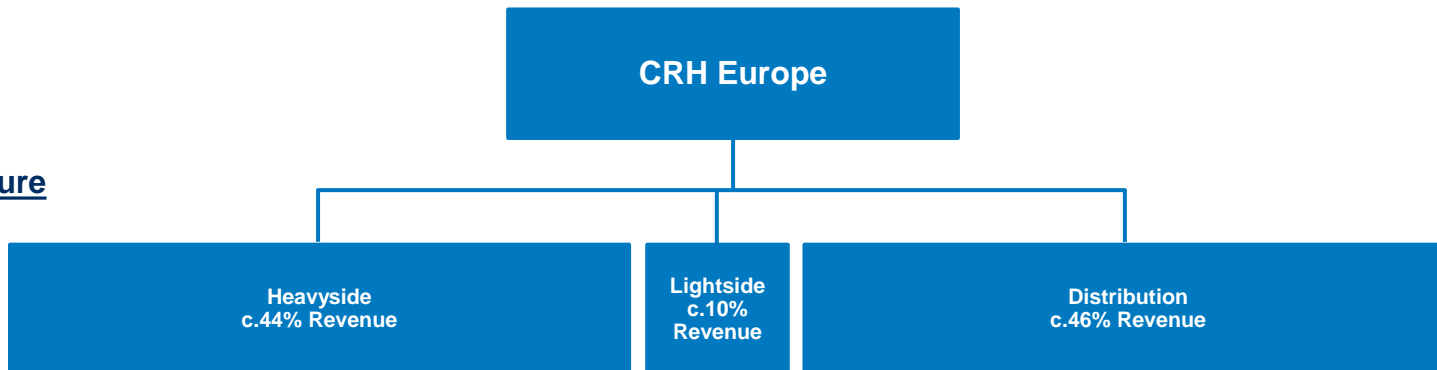
**Net Debt:** c.1.5x EBITDA expected by year-end

# Appendix – European Structure 2014

## Old Structure



## New Structure



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