



**Davy**  
**Equity Conference**  
**New York**  
*8<sup>th</sup> January 2010*



***Myles Lee***  
***Chief Executive***

# Agenda

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1 2009 Trading Update

2 Cash Generation & Debt Profile

3 2009 Development Update

4 Cost Reduction Update

5 2010 Outlook

# CRH Trading Statement

## ***Expect 2009 Outcome In Line with Nov IMS Guidance***

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- Expect full year EBITDA close to €1.8Bn; (2008: €2.665Bn)
- With Profit Before Tax of approximately €0.75Bn; (2008: €1.628Bn)
- After €0.2Bn cost reduction implementation costs
- And before asset impairment charges
- PBT forecast reflects adverse FX impact of c€45m; (principally PLN)

***Continued strong focus on Cost and Cash Management***

# 2009 Full Year Europe

*Expect c40% decline on 2008 EBITDA*

Indications	<u>Materials</u>	<u>Products</u>	<u>Distribution</u>	<u>Total</u>
2009 Change	c45 % decrease	c30 % decrease	c25 % decrease	c40 % decrease
2008 Actual	€806m	€392m	€258m	€1,456m

## ○ Materials

- c€70m of decline attributable to translation impact of weaker PLN/UAH

## ○ Products

- Like-for-like Sales down c19%; benefits from restructuring & UK Brick demand

## ○ Distribution

- Like-for-like Sales down c10%; weaker New Res & consumer confidence



# 2009 Full Year Americas

*Expect c30% US\$ EBITDA decline; down c25% in euro*

Indications	<u>Materials</u>	<u>Products</u>	<u>Distribution</u>	<u>Total</u>
2009 Change	Low teen % decrease	c55 % decrease	c70 % decrease	c30 % decrease
2008 Actual	\$1,065m	\$543m	\$170m	\$1,778m

## ○ Materials

- Margins ahead with strong cost/commercial delivery despite lower volumes

## ○ Products

- Like-for-like sales down over 25%; ongoing reductions in Non-Res activity

## ○ Distribution

- Exterior Products decline stabilised in H2; Interior Products deteriorated

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# Operating Cash Flow

*Expect Full Year Operating Cash Inflow of c€1Bn*

<u>€Bn</u>	<u>Estd</u> <u>2009</u>	<u>Actual</u> <u>2008</u>
<b>Profit before tax</b>	<b>0.7</b>	<b>1.6</b>
Depreciation/Amortisation	0.8	0.8
Working capital	0.5	(0.1)
Tax Paid	(0.1)	(0.3)
Dividends (gross)	(0.4)	(0.4)
Capital expenditure	(0.5)	(1.0)
Other	---	---
<b>Operating cash inflow</b>	<b>1.0</b>	<b>0.6</b>

***Strong working capital control and reduced Capex more than offset cash flow impact of profit decline***

# Net Debt

*Full Year Net Debt reduction of €2Bn+ to under €4Bn*

<u>€Bn</u>	<u>Estd</u> <u>2009</u>	<u>Actual</u> <u>2008</u>
<b>Operating cash inflow</b>	<b>1.0</b>	<b>0.6</b>
Acquisitions and investments	(0.4)	(1.1)
Disposals	0.1	0.2
Share issues (incl. scrip div.)	1.4	---
Share purchases	---	(0.4)
Translation	0.1	(0.2)
<b>Debt decrease (increase)</b>	<b>2.2</b>	<b>(0.9)</b>
Opening Net Debt	6.1	5.2
<b>Closing Net Debt</b>	<b>3.9</b>	<b>6.1</b>

*One of the strongest Net Debt/EBITDA ratios in Sector*



# Excellent Debt Maturity Profile

*Cash reserves/Undrawn facilities c€3bn*

December 2009 Estimates – Including JVs		
€Bn	Gross Debt by Maturity (incl. Derivatives)	Undrawn Committed Facilities
Overdrafts	0.1	-
2010	0.2	0.2
2011	0.6	0.4
2012	0.9	0.8
2013	0.5	0.1
2014	1.0	0.1
2015	0.3	0.0
2016+	1.7	0.0
<b>Total</b>	<b>5.3</b>	<b>1.6</b>
<b>Cash/Liquid Invs</b>	<b>1.4</b>	

***Net Debt under €4Bn; no undue concentration of Maturities***

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# 2009 Development Activity

*c€0.45Bn Acquisition Spend*

<u>€Bn</u>	<u>H1</u>	<u>H2</u>	<u>Full Year</u>
Europe	0.02	0.01	0.03
Americas	0.04	0.15	0.19
Asia	0.22	0.01	0.23
<b>Total</b>	<b>0.28</b>	<b>0.17</b>	<b>0.45</b>

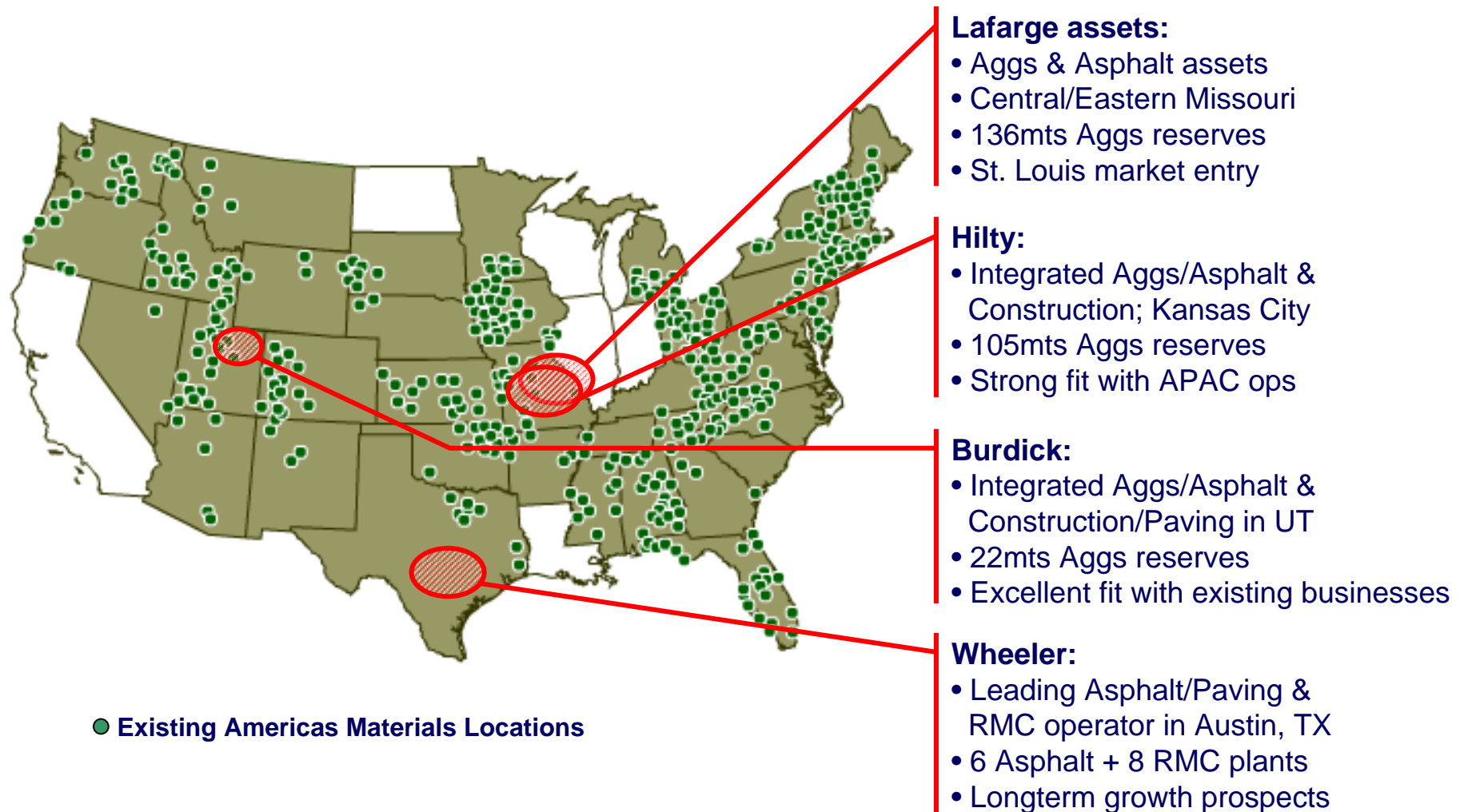
## Highlights ...

- H1: 26% investment in Yatai Cement in northeastern China
- H2: 4 important materials bolt-ons in Missouri (Nov), Texas & Utah (Dec)
- Plus 12 additional bolt-ons across the Group's operations

***H2 transactions at favourable multiples***

# Americas Materials Development Activity

*7 Bolt-ons with 380mts permitted Aggs reserves*



# US Infrastructure Investment

## *Current Sources of Funding*

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- Ongoing sources of funding for US Infra c.\$80Bn p.a.
- 45:55 from Fed (SAFETEA-LU) and State/Local budgets
- SAFETEA-LU ... expired 30 Sep 2009
- Continuing Resolution to 28 Feb 2010
- ARRA introduced 2009 to support job creation (\$27.5Bn over 3 - 4 yrs)

# US Infrastructure Investment

## *American Recovery & Reinvestment Act (ARRA)*

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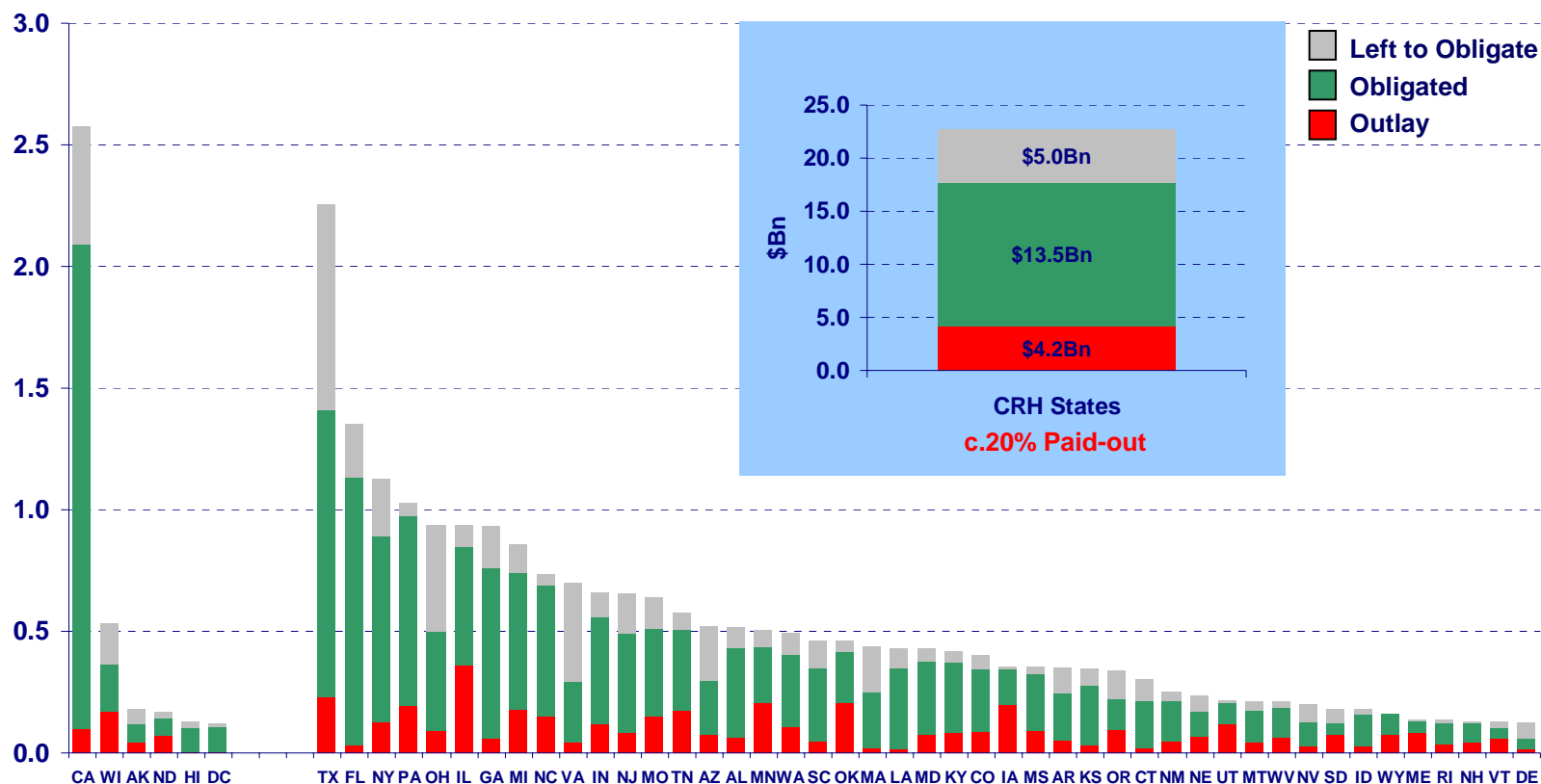
- \$27.5Bn for highways and bridges
- Expected profile of spend:
  - 2009: \$ 5.5Bn
  - 2010: \$ 11.8Bn
  - 2011: \$ 8.1Bn
  - 2012: \$ 2.0Bn
- New highway contract awards, slow H1, accelerated H2 driven by ARRA

***Highway and Bridge Construction is the most stable of all  
U.S. Construction Markets***



# ARRA

## *Funds Obligated and Paid Out (30 Nov 2009)*



***\$18.5Bn remains to be paid out in CRH states,  
of which \$13.5Bn has already been obligated***

# US Infrastructure Investment

## *House proposal on future funding measures*

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- Surface Transportation Extension Act (STEPA) of 2009
  - Extends highway program through 30 Sep 2010 fully funded - \$41.5Bn
  - Resolution to impending HTF shortfall for 2010
  - 20% state match waived
- Jobs for Main Street Act, 2010
  - Includes further \$27.5Bn for highways
  - No state match, similar state apportionments to ARRA
  - 50% must be under contract within 90 days, balance within 1 year
- Awaiting Senate proposal – Spring 2010

***CRH Americas Materials strongly positioned ...  
... to service long-term US infrastructure development needs***

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# Cost Reduction Action continues ...

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## *Cumulative annualised 2007 - 2010*

***Announced***

***Jan-09***

Gross savings of:

***€895m***

***Revised***

***Jul-09***

Gross savings of:

***€1,450m***

***Revised***

***Jan-10***

Gross savings of:

***€1,650m***

***Total savings ...***

***increased by €200m on the €1,450m savings announced Jul-09***

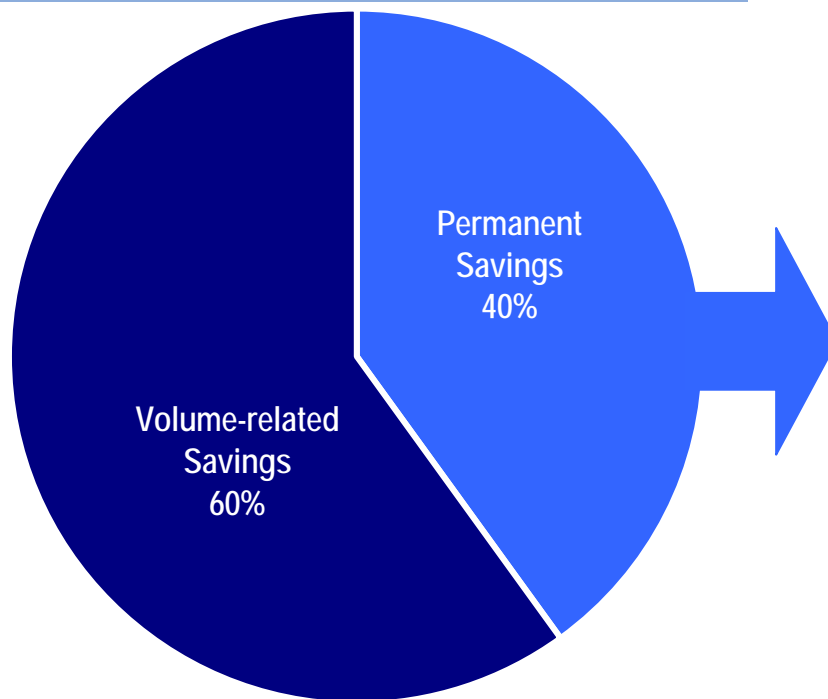
# Annualised Cost Savings now €1,650m

Initiatives (€m)	P&L Impact				Annualised
	'07	'08	'09	'10	
2007	50				50
2008		447	398		845
2009			450	145	595
2010				160	160
<b>Gross savings</b>	<b>50</b>	<b>447</b>	<b>848</b>	<b>305</b>	<b>1,650</b>
Cost to implement	-	62	200	45	
<b>Net savings</b>	<b>50</b>	<b>385</b>	<b>648</b>	<b>260</b>	

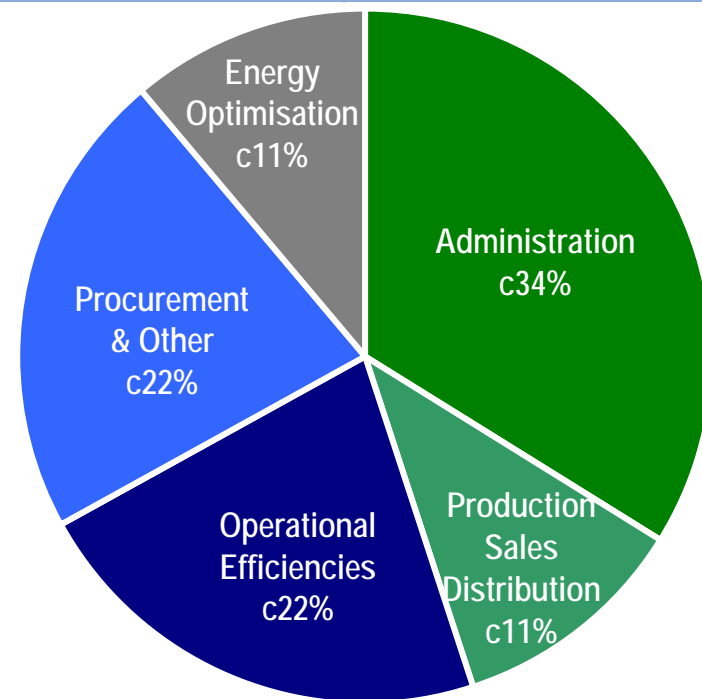
*Progressive activity across all Group divisions ...  
... with c40% of total gross savings being permanent*

# Permanent Cost Savings ... c40%

**Permanent Savings**  
**c40%**



**Delivered across**  
**5 Key Areas**



***Permanent savings ...  
achieved across 5 functional areas of activity***



# Permanent Cost Savings ... c€660m

<b>ADMINISTRATION</b>	<b>2007-10 Target</b> <b>€225m</b>	<b>Reconfiguring Org Structures</b> <ul style="list-style-type: none"> <li>▪ Regional back office consolidation</li> <li>▪ Review of all spend items</li> </ul>
<b>PRODUCTION, SALES &amp; DISTRIBUTION</b>	<b>€75m</b>	<b>Challenging our Fixed Cost Base</b> <ul style="list-style-type: none"> <li>▪ Closure of production facilities</li> <li>▪ Consolidation of sales regions</li> </ul>
<b>OPERATIONAL EFFICIENCIES</b>	<b>€145m</b>	<b>Reducing labour costs for future</b> <ul style="list-style-type: none"> <li>▪ Optimising shifts, reducing overtime</li> <li>▪ Increasing automation</li> </ul>
<b>PROCUREMENT &amp; OTHER</b>	<b>€145m</b>	<b>Leveraging our scale</b> <ul style="list-style-type: none"> <li>▪ Centralising procurement</li> <li>▪ Renegotiating terms of supply contracts</li> </ul>
<b>ENERGY OPTIMISATION</b>	<b>€70m</b>	<b>Optimising how we utilise energy</b> <ul style="list-style-type: none"> <li>▪ Optimising fuel mix / increased recyclables</li> <li>▪ Greater usage of Alternative Fuels / RAP</li> </ul>

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# 2010 Outlook

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- Economic & financial market newsflow more positive over recent months
- Nevertheless trading conditions remain difficult
- With timing of any sustained construction demand pick-up unclear
- CRH focus on cost reduction & operational initiatives will benefit 2010
- With a strong balance sheet and cash generating capability

***CRH is well-positioned to respond to evolving demand patterns  
and to pursue development opportunities***

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