



**Davy Irish Equities  
Conference  
January 2009**



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# CRH Overview

# CRH Overview

## The International Building Materials Group

- 1970 merger of Irish Cement and Roadstone; Sales €26M, 95% Ireland
- Now in 34 countries; 3,500+ locations; 92,000+ people
- Annualised Sales over €20Bn focused on three core businesses
- Evenly balanced across geographies, products and sector end-use
- Market Cap c€10.5Bn, Listed: Dublin (CRH.I), London (CRH.L) & NYSE (CRH)



# CRH – Focused and Diversified

## Servicing the breadth of Building Materials demand

### Materials (55% EBITDA)

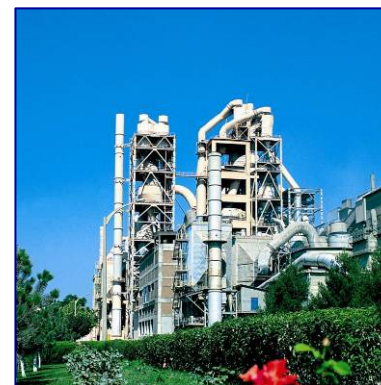
The Fundamentals

#### Europe

- Top 10 Cement
- Leader Aggregates, R/mix

#### US

- No.3 Aggregates
- No.1 Asphalt, Top 5 R/mix



***Vertically integrated primary materials businesses  
with strategically located long-term reserves***

# CRH – Focused and Diversified

## Servicing the breadth of Building Materials demand

### Concrete Prods (20% EBITDA) Constructing the Frame

#### Europe

- No.1 Arch/Structural Concrete
- No.1 Construction Accessories

#### Americas

- No.1 Arch/Precast Concrete
- No.2 Construction Accessories



***Building systems and engineered concrete solutions  
for use in Res, Non-Res and Infrastructure applications***



# CRH – Focused and Diversified

## Servicing the breadth of Building Materials demand

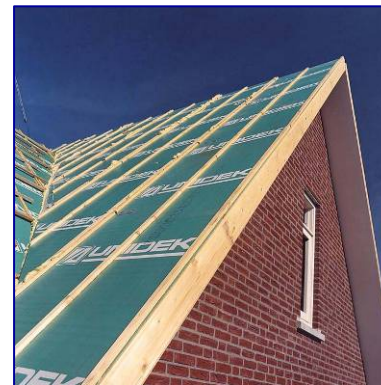
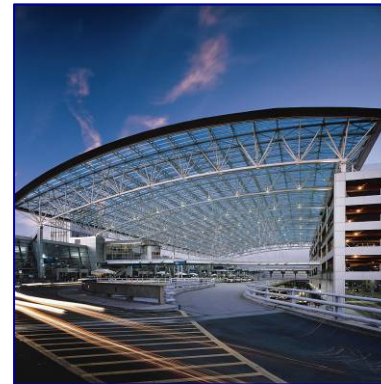
### Other Products (12% EBITDA) Completing the Envelope

#### Europe

- No.1 Facing Brick [UK/NL]
- No.1 EPS Insulation [EI/NL/PL/Nordics]
- No.1 Fencing & Security

#### Americas

- No.1 Architectural Glass
- No.1 Clay Brick [NE/MidW US]



***Complementary value-added building products to complete the building envelope and optimise climate control / energy efficiency***

# CRH – Focused and Diversified

## Servicing the breadth of Building Materials demand

### Distribution (13% EBITDA)

#### Fit-out and Renewal

#### Europe

- Top 3 BM Distributor Mainland Europe
- No.1 NL, No.2 BE - DIY

#### Americas

- Top 3 Roofing / Siding
- Top 3 Interior Products

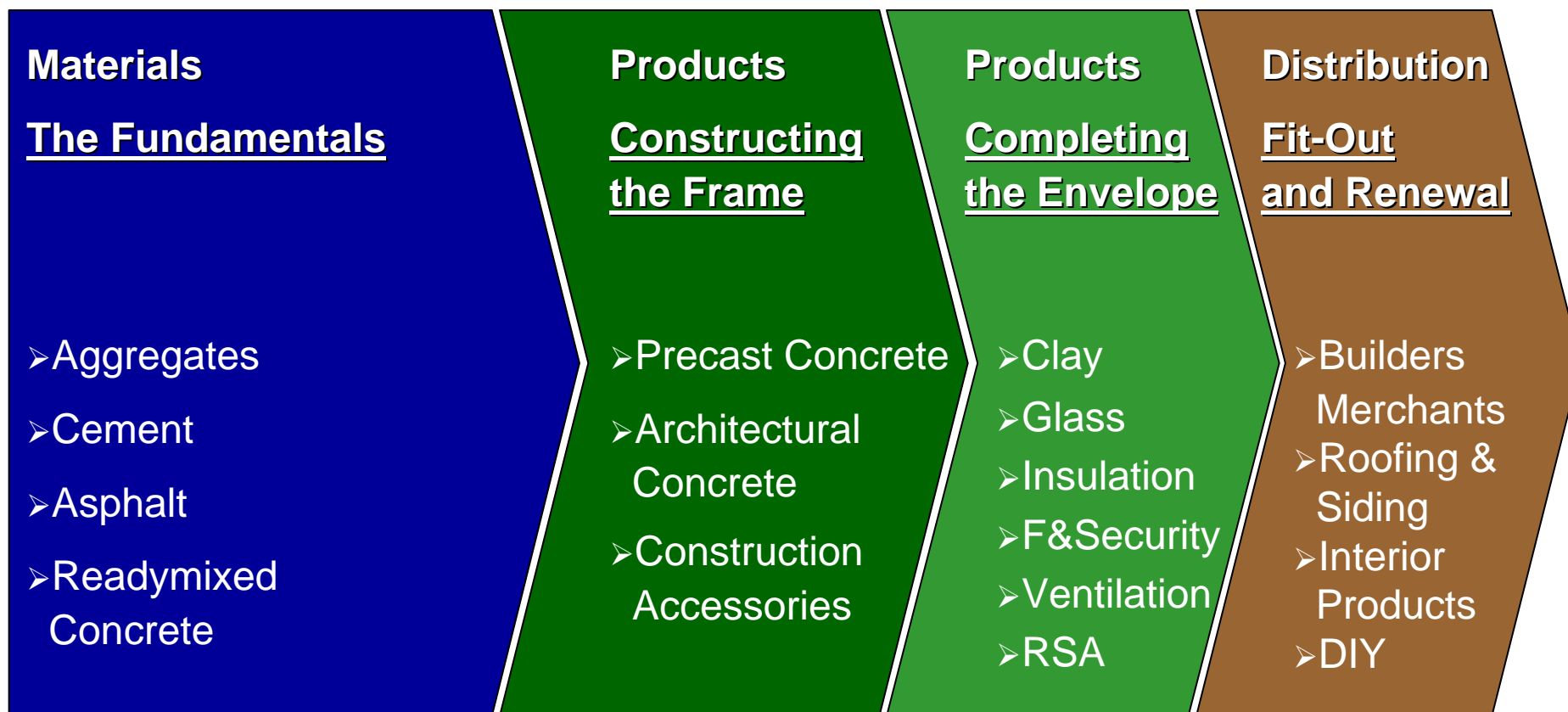


***Distribution channels to service the fit-out and renewal of buildings primarily in major metropolitan areas***



# CRH – Focused and Diversified

## Providing Building Materials for Our World



***Embracing the benefits of Integrated & Complementary Businesses  
... delivering mid to high teen % RoCE across the portfolio***

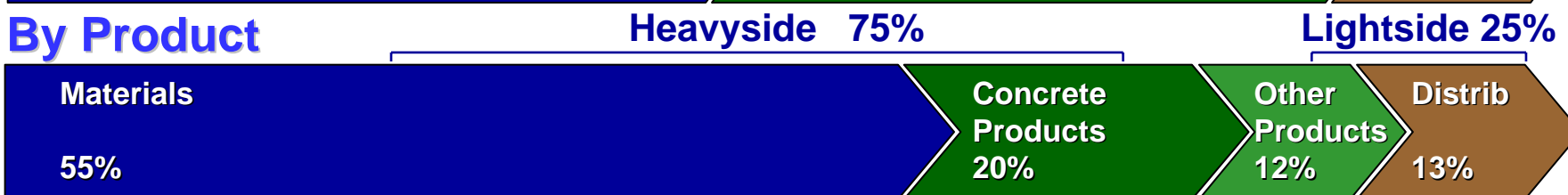
# CRH ...

## International and Balanced

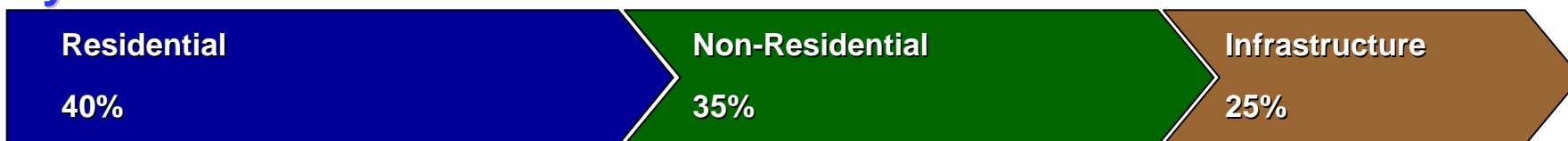
### By Geography



### By Product



### By Sector



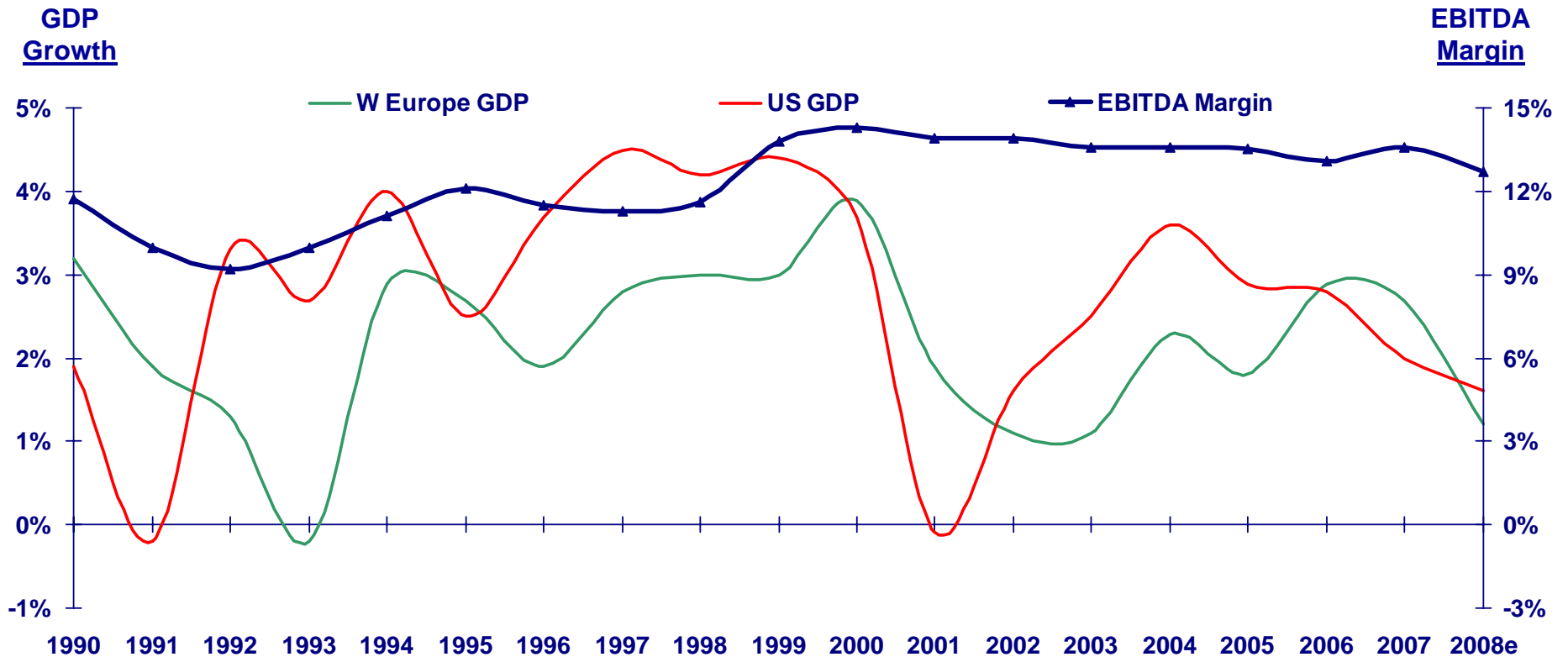
### By End-use



***Broad exposure to industry demand drivers ...  
... yields stability of performance***

# CRH ...

## Balanced Portfolio contributes to Margin Stability



Source: IMF October 2008, CRH

***Operational excellence plus balanced business ...  
... yields stability of margins through the cycle***

# Building Materials Sector

## 2008 Share Price Performance

	<u>Market Cap (€bn)</u> <u>31 Dec 08</u>	<u>Share Price</u> <u>31 Dec 07</u>	<u>Share Price</u> <u>31 Dec 08</u>	<u>%</u> <u>Change</u>
Vulcan	5.5	\$ 79.09	\$ 69.58	(12%)
<b>CRH</b>	<b>9.5</b>	<b>€23.85</b>	<b>€17.85</b>	<b>(25%)</b>
Martin Marietta	2.9	\$ 133.12	\$ 97.08	(27%)
St.Gobain	12.9	€ 64.49	€ 33.60	(48%)
Wolseley	2.7	£ 7.42	£ 3.84	(48%)
Holcim	10.7	CHF 121.30	CHF 60.30	(50%)
Lafarge	8.5	€ 124.50	€ 43.35	(65%)
Cemex	5.3	\$ 26.50	\$ 9.14	(66%)
Wienerberger	1.0	€ 37.93	€ 11.90	(69%)
Heidelberg	4.0	€106.00	€ 31.87	(70%)

Source: FT / Davy Weekly Book (Basis 31.12.2008)

# January Trading Statement



# CRH Trading Statement

## January 2009

- Expect full year Profit Before Tax in excess of €1.6Bn
- Representing a mid-teen % decline on 2007 (€1.904Bn)
- After an adverse FX impact of c€50m (principally due to weaker US\$)
- With a lesser % EPS reduction due to share buyback & lower % tax rate
- 2008 acquisition spend c€1Bn + Capex incl. cement initiatives c€1Bn

***CRH's geographic, sectoral and product balance continues to underpin performance and cashflow***

# 2008 Full Year Europe

## Mid to high single digit % decline on 2007 Op. Profit

Indications	Materials	Products	Distribution	Total
2008 Change	mid to high single digit % increase	c30% decrease	mid to high single digit % decrease	€1.0 - 1.05 Bn
2007 Actual	€586m	€308m	€212m	€1.106Bn

### ○ Materials

- Poland/Ukraine slowed in H2 from high levels; generally weaker elsewhere

### ○ Products

- Slower trading evident in late Q2 intensified through the second half

### ○ Distribution

- Benelux DIY more robust in H2, but BM ops weakened with economic climate

***Balance: Res c50%, Non-Res c30%, Infrastructure c20%***

# 2008 Full Year Americas

Low-teen % \$ Op. Profit decline (high-teen % € decline)

Indications	Materials	Products	Distribution	Total
2008 Change	low-teen % decrease	c25% decrease	c40% increase	\$1.15 - 1.20 Bn
2007 Actual	\$781m	\$466m	\$96m	\$1.343Bn

## ○ Materials

- Robust performance; strong pricing to recover input costs; I-f-I volumes lower

## ○ Products

- Financial markets impacting previously resilient US non-residential

## ○ Distribution

- Continuing to beat expectations; benefits from pricing, sales & overhead mgt

***Balance: Res c30%, Non-Res c35%, Infrastructure c35%***

# 2008 Development Activity

## €1 billion Acquisition Spend

- 2008 spend c€1 billion – H1 €0.7 billion, H2 €0.3 billion
- H2 spend deliberately curtailed in a deteriorating economic environment
- 2008 activity includes ...
  - 50% MHIL; Indian cement manufacturer (3.2 mtpa capacity)
  - 100% Ancon; UK construction accessories producer
  - 35% stake in Trialis; a leading builders merchant in SW France
  - Plus 50 additional bolt-ons across the Group's operations

***Emphasis firmly concentrated on operational delivery  
with development activity limited to opportunities  
that offer compelling value/exceptional strategic fit***

# 2008 Capital Expenditure

## €1 billion spend in line with 2007

- Capex also being adjusted to reflect the reduced demand environment
- 2008 Capex of c€1 billion (2007: €1 billion) ...
- ... including €250m (2007 €100m) on major cement projects
  - Ireland: 1.3 mtpa line - part replacement; in commissioning
  - US: 50% JV; 1.1 mtpa greenfield plant; in commissioning
  - Poland: new 1.8 mtpa line for growth; due early 2010
  - Ukraine: 3 mtpa wet-to-dry conversion; due early 2010
- 2009: expect Capex to be below Depreciation – c€750m

***Major cement project spend:***  
***€0.1bn ('07), €0.25bn ('08), €0.2bn ('09), €0.1bn ('10)***



# Cost Reduction

## Annualised Savings

€m	<u>Europe</u>	<u>Americas</u>	<u>Total</u>
Labour Cost Savings	150	185	335
Bought-in Services, mainly contracted labour	160	110	270
Energy Related	40	40	80
Purchasing Initiatives and other	110	100	210
○ <b>Total Gross Savings:</b>	<b>460</b>	<b>435</b>	<b>895</b>
○ <b>Cost to Implement: c€85m</b>			
○ <b>Net Incremental Savings of €810m:</b>	<u><b>2007</b></u> €50m	<u><b>2008</b></u> €385m	<u><b>2009</b></u> €375m

# Finance

## Continuing to Strengthen Financial Flexibility

- 2008 EBITDA / Net interest cover - expected to remain strong at c7.5x
- Active 2008 financing programme included;
  - €0.8 billion of new long-term funding (Stg£ 250m and US\$ 650m Bonds)
  - €0.5 billion of new bank term finance
  - €1.7 billion of facility renewals and extensions
- Unutilised committed facilities of c.€1 billion at end-2008
- Committed to maintaining an investment grade credit rating

***Traditional strong cash profile & intensified cash generation leaves CRH well positioned in debt facilities / maturity profile***

# 2009 Outlook

## Extremely challenging ... but there are positives

- **While the outlook for 2009 is extremely challenging ...**
  - given severe impact of ongoing financial market turmoil
  - on both developed and emerging economies worldwide
- **There are a number of positives ...**
  - lower energy costs
  - recent step-up of interest rate reductions
  - increasing prospects for a significant US Infra stimulus package

***While unlikely to offset negative headwinds in H1 these positive factors should begin to influence sentiment/activity later in 2009***

# 2009 Outlook

## Focussed on ensuring CRH is strongly positioned

- **Our attention and actions are resolutely focussed ...**
  - ... on commercial delivery
  - ... on ensuring CRH businesses are strongly positioned
  - ... through additional cost reduction and cash generation measures
  - ... to cope with whatever circumstances may evolve
  - ... and on further strengthening our existing financial flexibility

***CRH's geographic, sectoral and product balance continues to underpin performance and cashflow***

# Conclusion



# CRH Investment Highlights ...

- Consistent strategy and growth record over 38 years
- Disciplined approach to acquisition through the cycle
- Geographic, sectoral and product balance a key strength
- Strong market positions and well located strategic reserves
- Experienced senior management team developed internally
- Consistent strong cash flow generation and interest cover
- CRH is proactively managing short-term challenges ....
- .... and positioning the Group for the eventual upturn

***Focused on delivery – Short-term and Long-term***

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