

***Davy
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CRH

The International Building Materials Group

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OVERVIEW

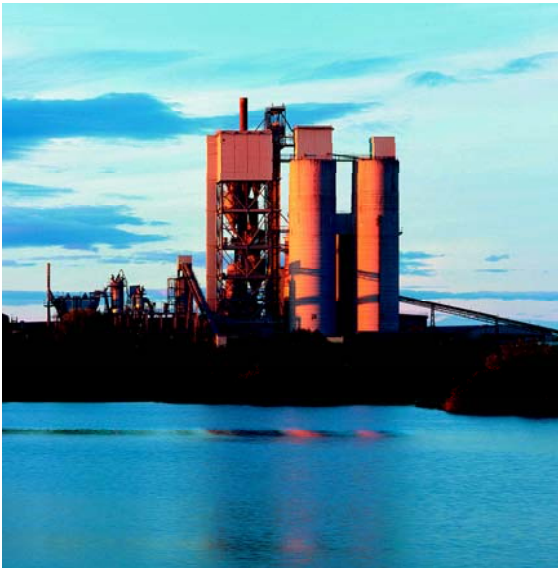
CRH - Overview

- 1970: Irish Cement & Roadstone: Sales €26m, Ireland 95%
- Embarked on a clear, consistent development strategy
- Now 24 countries; 3 continents; 2,100+ locations; 60,000+ people
- Annualised Sales circa €13bn across three core businesses
- Listed Dublin (CRH.I), London (CRH.L), NASDAQ (CRHCY); Eurotop 300 stock
- Market capitalisation circa €10.6bn: Top 5 in sector worldwide
- 19% CAGR in Total Shareholder Return since 1970

Three Core Businesses



Primary Materials



Cement, aggregates, asphalt and surfacing, readymixed concrete



Building Products

Precast concrete products; concrete blocks, pavers and roof tiles; clay bricks, pavers and tiles; insulation products; fencing & security; glass fabrication, rooflights & ventilation



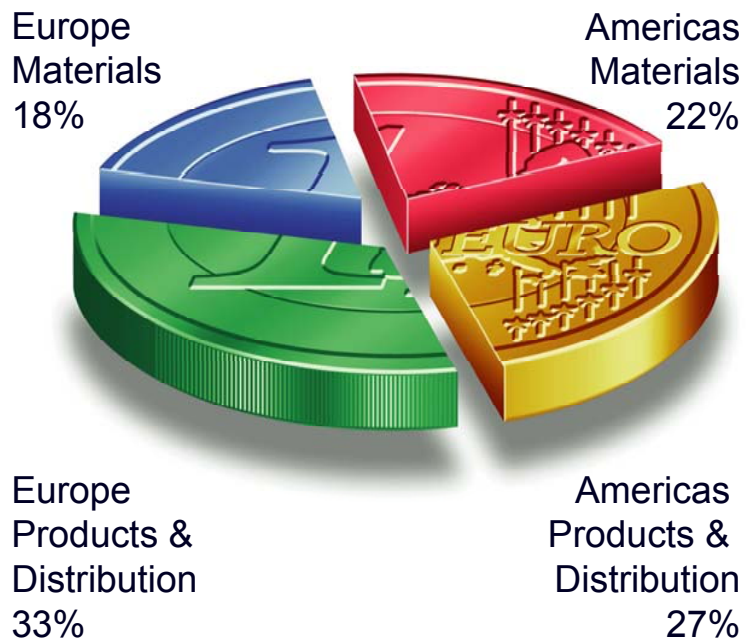
Distribution



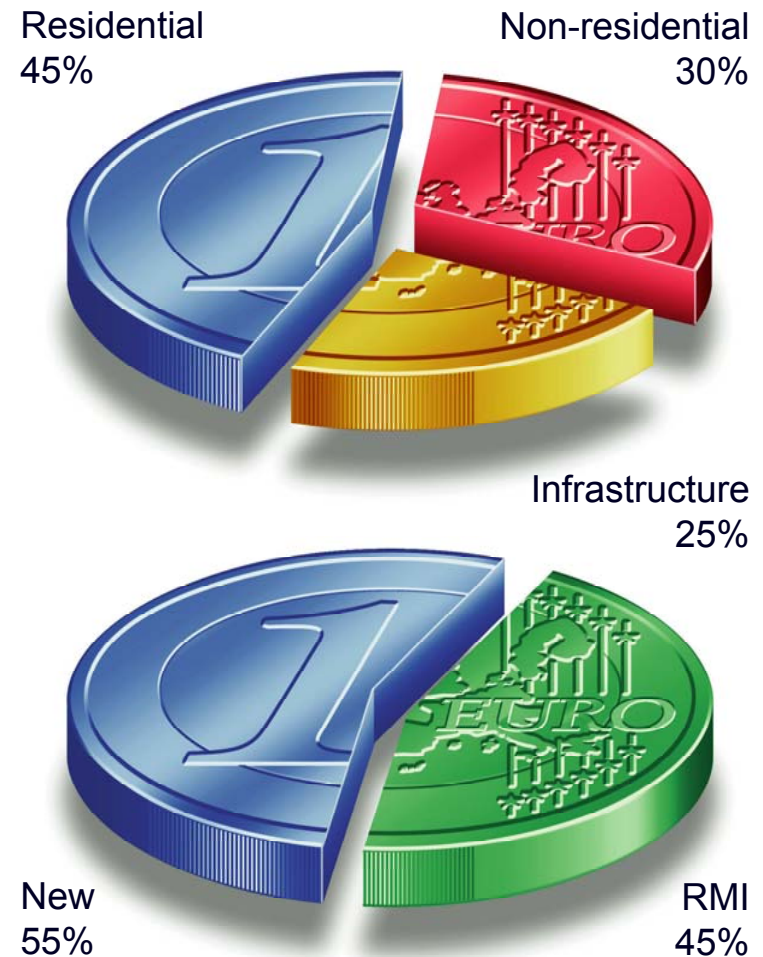
DIY stores, builders merchanting, specialist distribution

CRH Balance

**Geographic and
Product***



Product End-use*



** based on 2004 sales*

Success through breadth and balance

- CRH exclusively building materials
- But broad product range within this:
 - primary materials
 - added value building products
 - specialist distribution
- With appropriate regional leading positions
- Some key benefits
 - regions at different phases of economic cycle
 - broad end-use counters market fluctuations
 - consumer demand changes with increasing wealth
 - many linkages between products and sectors
 - gives window on total market activity
 - enhances development opportunities

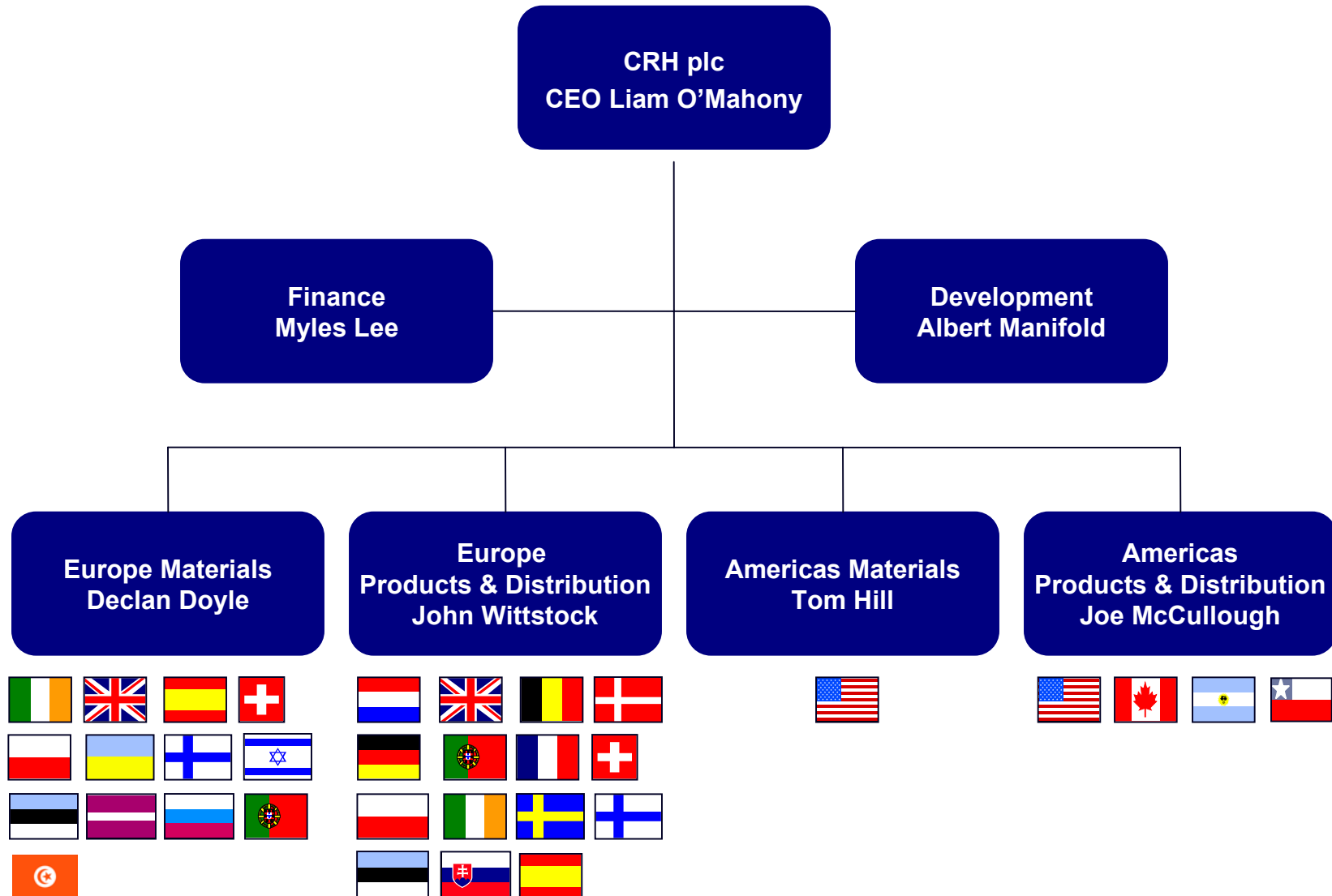
.... Organisation is key

- Each business type is different
 - capital intensity
 - achievable margins
 - approach to markets / suppliers
 - strategic positioning
- Crucial to identify and manage relevant issues
- Decentralised structure facilitates this
- Specialised experienced local management
- With control and support from tight centre
- Best practice sharing within and across regions
- Management intensive - but adds real value

CRH People

- An experienced management team
 - Managed through previous economic cycles
- Managers from 3 very different streams
 - Internally developed managers, with ambition and room to grow
 - Highly qualified professionals, business builders with vision
 - Owner-entrepreneurs, who question the status quo
- Healthy mix and depth of skills and backgrounds
- Individual authority/responsibility but strong team emphasis
- A vibrant, open, supportive and committed organisation
- Leadership development is a priority of all managers

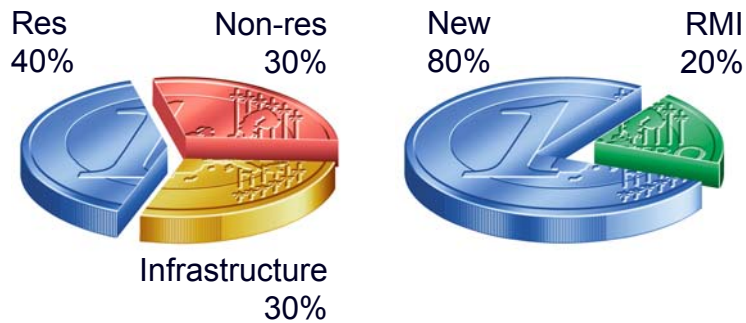
Federal Group Organised For Growth



Europe Materials



Product End-use



Financials €m

	<u>2004</u>	<u>2003</u>
Sales	2,354	1,984
Operating Profit	339	273
Avg Net Assets	1,785	1,548
Operating Margin	14.4%	13.8%

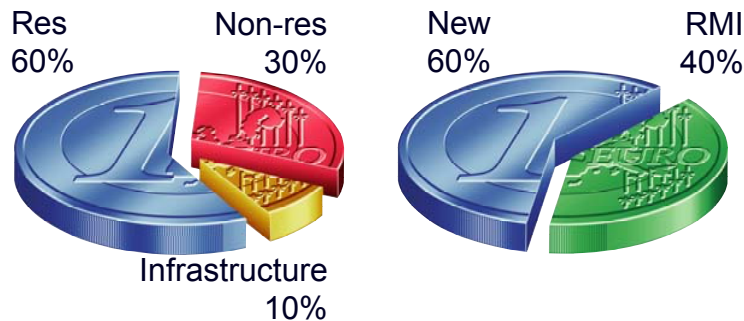
Leadership Positions

Aggregates	No. 1 Finland, Ireland
Asphalt	No. 1 Ireland
Cement	No. 1 Finland, Ireland No. 2 Portugal, Switzerland No. 3 Poland
Readymix	No. 1 Finland, Ireland No. 2 Portugal, Switzerland

Europe Products & Distribution



Product End-use



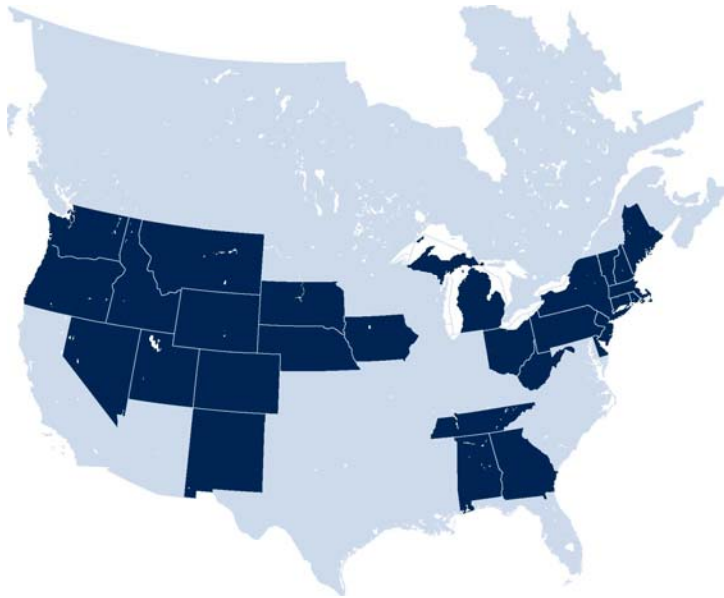
Financials €m

	<u>2004</u>	<u>2003</u>
Sales	4,149	3,083
Operating Profit	317	213
Avg Net Assets	2,590	2,055
Operating Margin	7.6%	6.9%

Leadership Positions

Concrete products	No. 1 Benelux
Clay pavers	No. 1 Germany
Clay bricks	No. 1 Netherlands, Top 2 UK
Insulation (EPS)	No. 1 Ireland, Netherlands, Poland, Nordic region
Merchandising	No. 1 Netherlands
DIY	Leading Dutch franchise

Americas Materials



Financials \$m

	<u>2004</u>	<u>2003</u>
Sales	3,535	3,202
Operating Profit	338	329
Avg Net Assets	3,104	3,036
Operating Margin	9.6%	10.3%

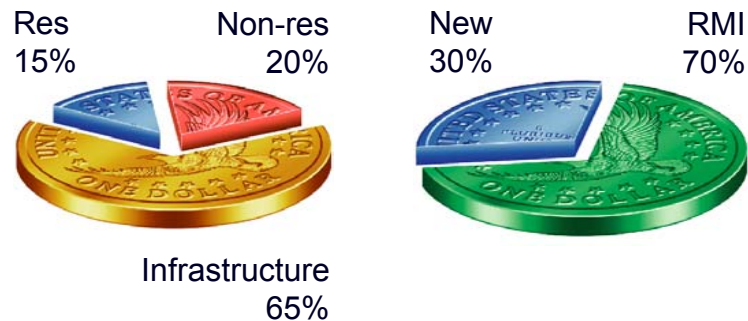
Leadership Positions

Aggregates No. 4 national producer

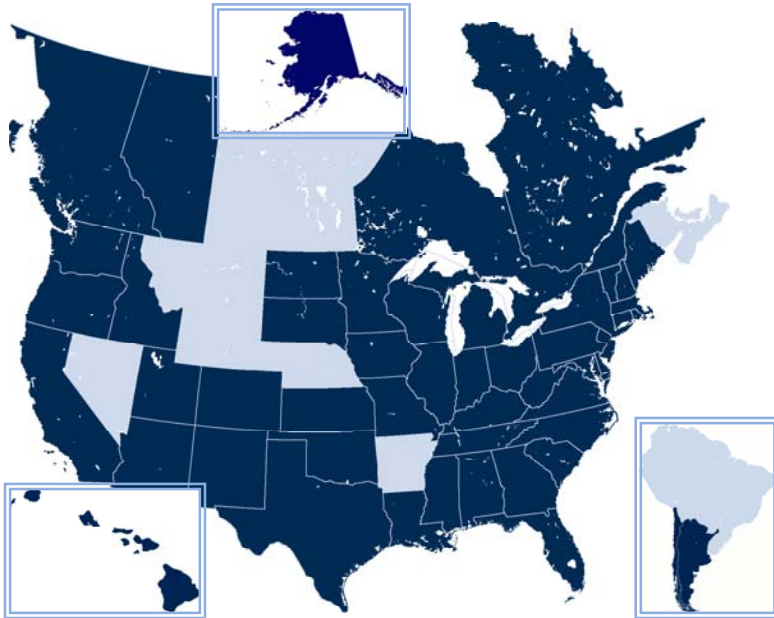
Asphalt No. 1 national producer

Readymix Top 10 in the US

Product End-use



Americas Products & Distribution



Financials \$m

	<u>2004</u>	<u>2003</u>
Sales	4,323	3,600
Operating Profit	397	303
Avg Net Assets	1,938	1,803
Operating Margin	9.2%	8.4%

Leadership Positions

Concrete products No. 1 US masonry/paving

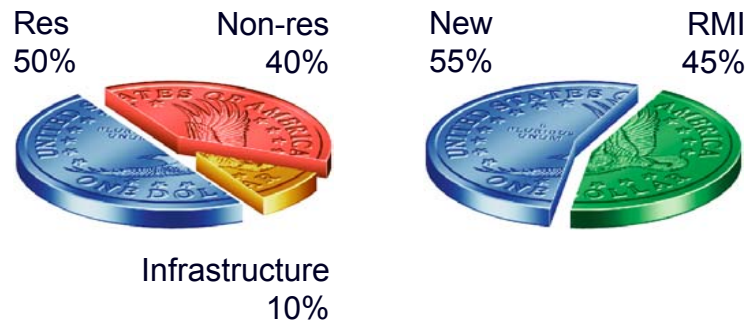
Precast products No. 1 US

Clay bricks No. 1 northeast US

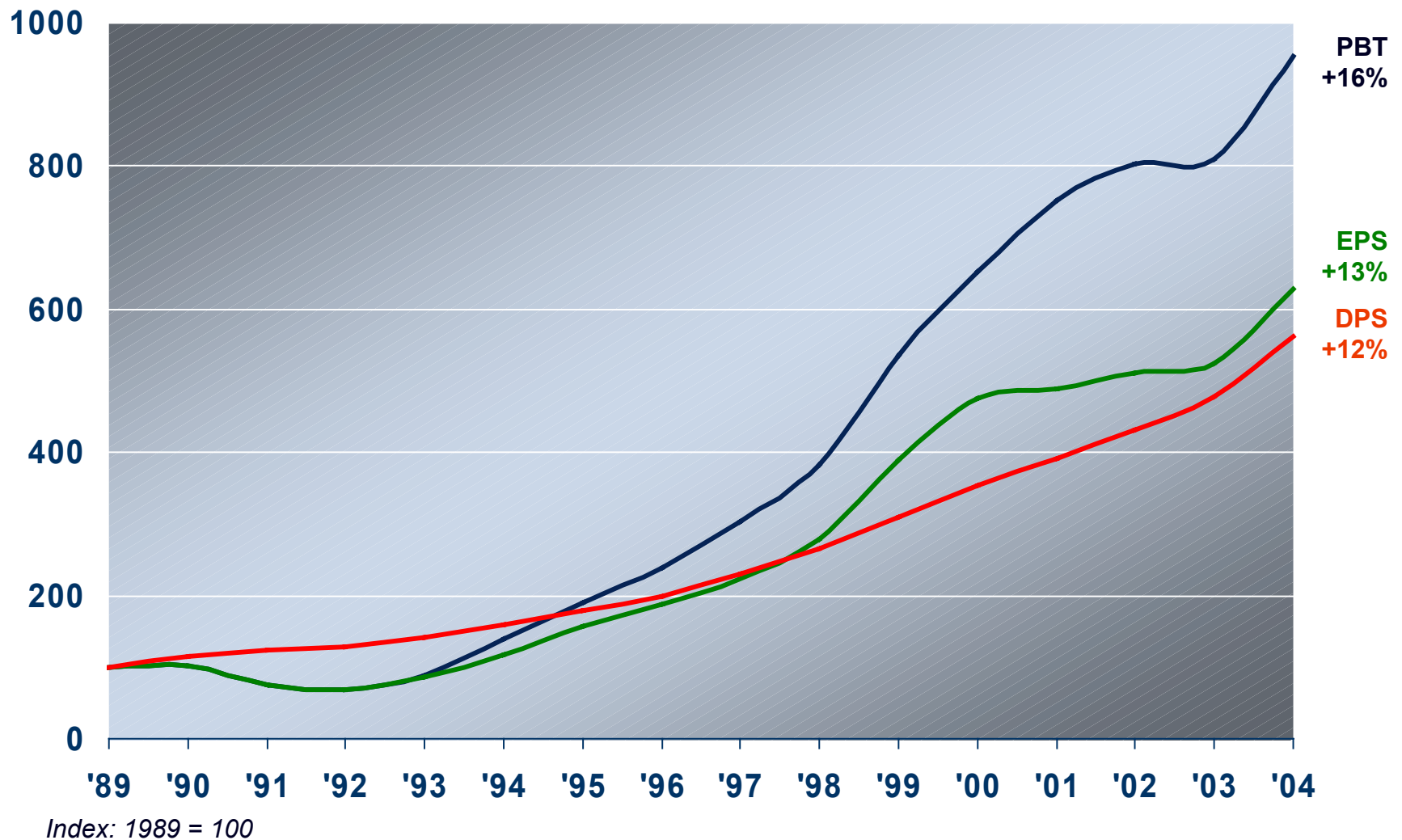
Glass No. 1 US fabricator

Distribution No. 2 US roofing & siding

Product End-use



CRH Performance 1989 - 2004





DEVELOPMENT STRATEGY

Clear Development Strategy

- Stick to core businesses in building materials
- Invest at “home”; be the low cost market leader
- Develop “overseas”; create platforms for future growth
- Negotiate deals that meet the sellers and our needs
- Devolved regional development teams
- Rigorous approach to evaluation, approval and review
- Generally mid-sized deals with some larger transactions
- Objective is to maintain and develop a balanced portfolio
- Focus on **performance and growth**

Acquisition Approach

Identifying deals

- Ongoing contact with extensive 25 year+ target database
- Each deal done opens doors to further opportunities
- CRH scale ensures access to all larger industry transactions

Courtship/negotiation

- Patient approach recognising evolving owner circumstances
- Deals tailored to meet varying owner (and our) needs
- Upfront clarity with regard to post-acquisition priorities

Integration

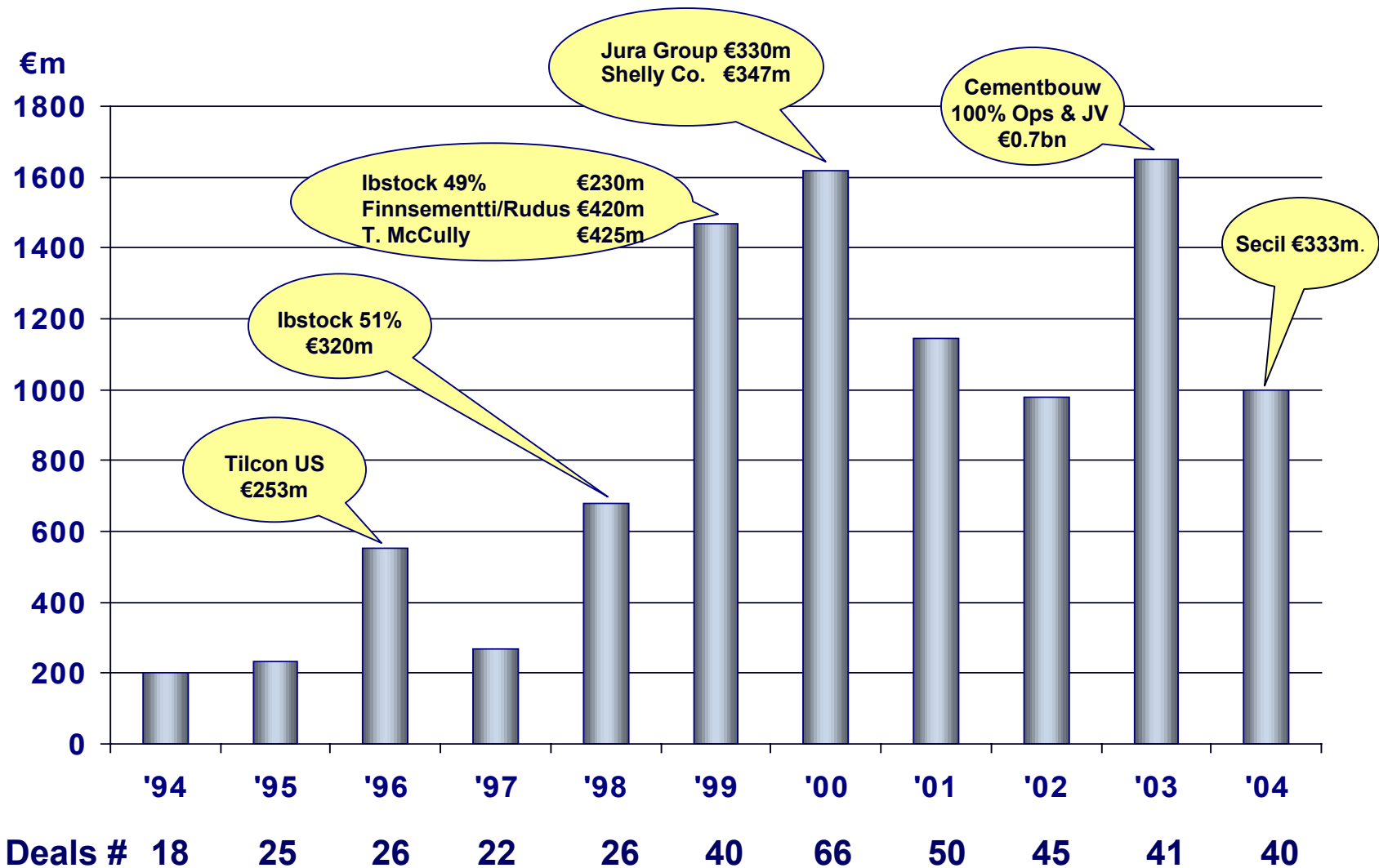
- Implement CRH MIS, reporting, budgeting, cash and capex controls
- Transition to CRH operational Best Practice
- **And then pursue growth plans**

Evaluation

- Rigorous qualitative operational review process and due diligence
- Evaluation based on prudent margin, cash flow, term value assumptions
- Strict Board approval process, with subsequent 3 year look back

Devolved process - but rigorous and controlled

CRH Development Spend 1994 - 2004



Development Spend 1999 - 2004

<u>€bn</u>	<u>Europe</u>	<u>Americas</u>	<u>Total</u>	
Materials	1.7	2.6	4.3	54%
Products	1.3	1.3	2.6	33%
Distribution	0.8	0.2	1.0	13%
Total	3.8	4.1	7.9	100%
	49%	51%	100%	

2004 Development Spend - €1bn

- Europe Materials €0.48bn
 - Secil 49% with joint control gives new geographic platforms in Iberia/Mediterranean
 - Significant bolt-ons in Finland and Switzerland plus Swiss cement plant expansion
- Europe Products & Distribution €0.18bn
 - Major additions to Concrete and Distribution activities in Benelux and France
 - Clay, Insulation, Fencing & Security, Daylight & Ventilation, Const Accessories bolt-ons
- Americas Materials €0.16bn
 - Significant addition to NJ reserves position plus 11 bolt-ons across our regions
 - Greenfield quarry with 200m+ tons permitted reserves in Pennsylvania
- Americas Products & Distribution €0.19bn
 - APG: 5 deals plus 6 dev CX projects; geared to fast-growing home centre markets
 - Resumed activity in Precast plus Glass and Distribution deals in major metro areas
- Another strong year on the development front; continued deal pipeline

Debt Ratios & Interest Cover

	Y/E 2004	Y/E 2003
Debt (€bn)	2.4	2.3
Shareholders' funds (€bn)	5.2	4.7
Debt/shareholders' funds	46%	48%
Debt/year-end market capitalisation	23%	27%

Interest cover*

EBITDA/Net Interest	13.2	13.1
EBIT/Net Interest	8.5	8.4

2004 HIGHLIGHTS & OUTLOOK

2004 Highlights

Reported	2004 €m	2003 €m	<u>% change in 2004</u>	
			Reported	Constant Currency
Sales	12,820	11,080	+16%	+22%
Operating profit before goodwill	1,247	1,045	+19%	+25%
Profit before tax	1,017	864	+18%	+23%
	€ cent	€ cent		
EPS before goodwill	163.1	136.2	+20%	+26%
EPS after goodwill	143.9	121.9	+18%	+24%
Cash EPS	256.4	223.4	+15%	+21%
Dividend	33.0	28.1	+17%	+17%

- 12th consecutive year of profit growth and 21st consecutive year of dividend increase

2004 Components of Growth

€m	Sales	EBITA	Goodwill Disposals	Interest	EBT	
2003 reported	11,080	1,045	(76)	13	(118)	864
Exchange effects	(545)	(50)	3	-	7	(40)
2003 at 2004 FX rates	10,535	995	(73)	13	(111)	824
Incremental impact						
2003 acquisitions	1,036	91	(23)	-	(39)	29
2004 acquisition	587	72	(5)	-	(17)	50
Change from JV to assoc	(65)	-	-	-	-	-
Rationalisation	-	-	-	-	-	-
Ongoing operations	727	89	-	(2)	27	114
2004 reported	12,820	1,247	(101)	11	(140)	1,017
Change reported	+15.7%	+19.3%				+17.7%
Change at constant '04 rates	+21.7%	+25.3%				+23.4%

2005 Outlook - Europe Materials

- *Ireland:* Housing continuing strong, non-res improving, infrastructure timing factors
- *Finland:* Residential and non-residential demand to offset infrastructure declines
- *Poland:* Despite adverse impact of late winter weather, outlook is positive
- *Switzerland:* General market volumes are expected to remain stable
- *Spain:* Construction activity is anticipated to continue at current levels
- *Portugal:* Construction growth in line with projected 2% economic growth
- *Overall:* Ongoing cost control and new development platforms should lead to further growth

2005 Outlook - Europe Products & Distribution

- *Holland*: Modest growth driven by new housing and broadly based RMI
- *Belgium*: Stronger housing and continued strength in commercial activity
- *France*: Continued growth, but at a lower rate than 2004
- *Germany*: Construction activity is forecast to show a further decline
- *UK*: Anticipate more moderate construction growth than in 2004
- *Overall*: Look to further progress, despite subdued economies and severe March weather

2005 Outlook - Americas Materials

- Activity levels to date have exceed expectations; backlogs are solid
- Good early progress in our efforts to improve prices and recover higher input costs
- TEA-21 extended to end-May with annualised funding of US\$34.4bn
- New 6-year programme negotiations progressing, finalisation anticipated in coming months
- Unlikely to benefit 2005, but should lead to stronger volumes thereafter
- State finances generally improving but still some deficits
- Some modest decline in highway markets likely in 2005 - c 65% of our end-use
- Expect improved residential and non-residential markets - c 35% end-use

2005 Outlook - Americas Products & Distribution

- Approximately 90% residential/non-residential building end-use
- US residential activity remains strong
- Ongoing improvement in non-residential demand continues
- Important repair and maintenance activity to remain at good levels
- Positive start to the year for Precast, APG and Glass operations
- Distribution has performed strongly and continues to build on progress of recent years
- Our South American operations are performing ahead of expectations
- Overall, a favourable backdrop for 2005

2005 Outlook - Overall

- Good start overall; US strong; adverse weather affected northern Europe
- While higher energy and other input costs a feature generally
- We are encouraged by cost recovery results to date, and expect further gains
- As always uncertainties and challenges, but outlook on balance positive
- With our sustained focus on cost effectiveness and operational performance
- We look to continuing progress as we move into the more profitable second half

Strategic Vision

Our strategic vision is consistent and clear

*“to be a leading international
building materials group
delivering superior
performance and growth”*

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