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- CRH Overview
- 2003 Acquisitions in Context
- US Construction
- 2003 Trading Update Statement

# **CRH OVERVIEW**

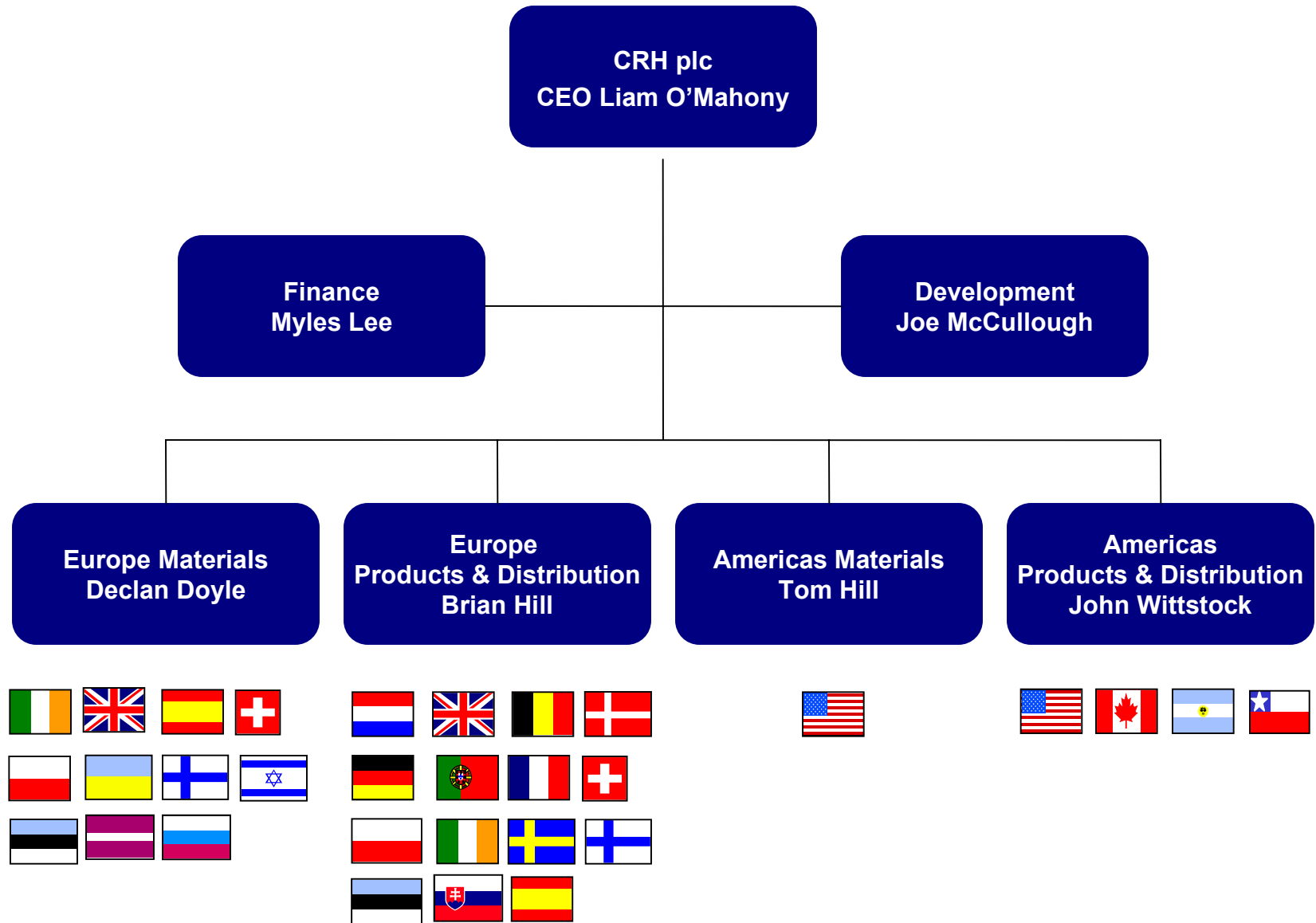
- 1970: Irish Cement & Roadstone: Sales €25m, Ireland 95%
- Embarked on a clear, consistent development strategy
- Now 23 countries; 3 continents; 1,800+ locations; 55,000+ people
- Sales c. €11bn across three core businesses:
  - Primary Materials
  - Value-added Building Products
  - Distribution
- Listed Dublin, London, NASDAQ; Eurotop 300 stock
- Market capitalisation circa €9bn; Top 5 in sector worldwide
- 19% CAGR in Total Shareholder Return since 1970

# CLEAR DEVELOPMENT STRATEGY

Davy Irish Equities Conference, New York, January 2004

- Stick to core businesses in building materials
- Invest at “home”; be the low cost market leader
- Develop “overseas”; create platforms for future growth
- Pay fair prices that meet sellers needs
- 14 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**

- 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 needs
  - Upfront clarity with regard to post-acquisition priorities
- Evaluation
  - Rigorous qualitative operational review process and due diligence
  - Financial evaluation based on prudent margin, cash flow, terminal value assumptions
  - Strict Board approval process, with subsequent 3 year look back
- Integration
  - Implement CRH MIS, reporting, budgeting, cash and capex controls
  - Transition to CRH operational *Best Practice*
  - .... And then pursue growth plans
- Devolved process - but rigorous and controlled



- Sales c. €2bn
- 350+ locations; 11 countries
- 9,500+ employees
- New build / RMI 80/20
  - Residential 35%
  - Non-Res 30%
  - Infrastructure 35%



	Irl	UK	Spain	Swiss	Pol	Fin	Est	Lat	Rus	Ukr	Isr
Cement	✓			✓	✓	✓				✓	✓
Aggregates	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓
Asphalt	✓				✓	✓					
Readymix Concrete	✓	✓	✓	✓	✓	✓	✓	✓	✓		
Concrete Products	✓		✓		✓		✓				



# EUROPE PRODUCTS & DISTRIBUTION

Davy Irish Equities Conference, New York, January 2004

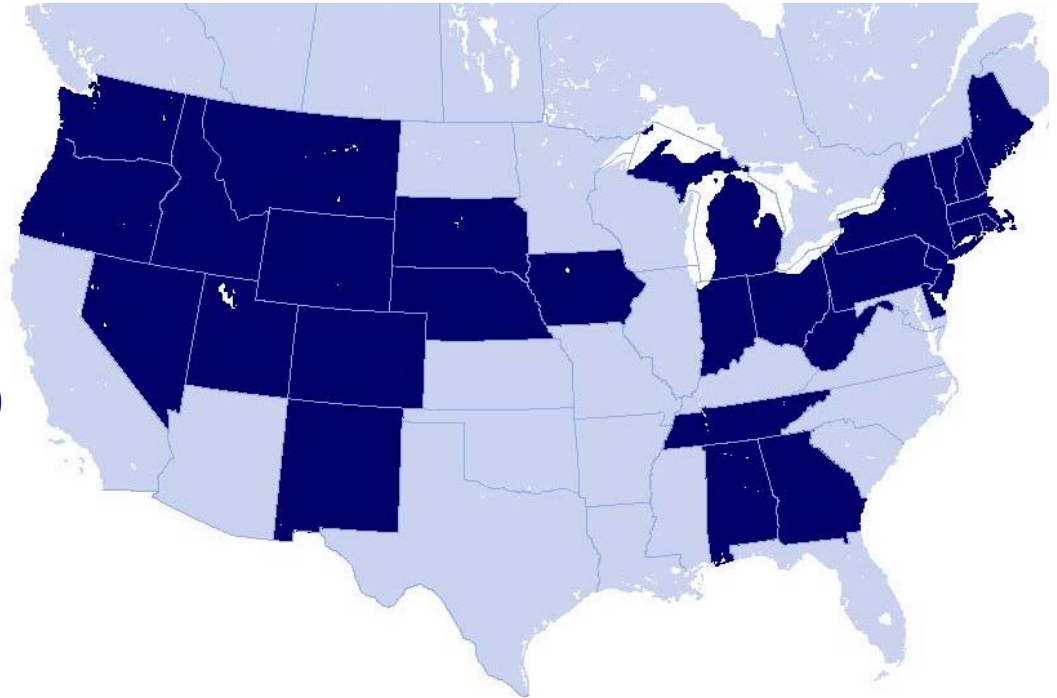
- Sales c. €4bn (*incl. Cementbouw*)
- 500+ locations; 15 countries
- 18,000+ employees
- New build / RMI      60/40
  - Residential      60%
  - Non-Res      30%
  - Infrastructure      10%




	Irl	UK	Por	Sp	Fr	B	NL	Ger	Swiss	Den	Sw	Pol	Fin	Est	Slov
Concrete		✓			✓	✓	✓	✓		✓					✓
Clay		✓					✓	✓				✓			
Insulation	✓	✓				✓	✓	✓		✓	✓	✓	✓	✓	
Building Products	✓	✓		✓	✓	✓	✓	✓				✓			
Distribution			✓		✓	✓	✓		✓			✓			

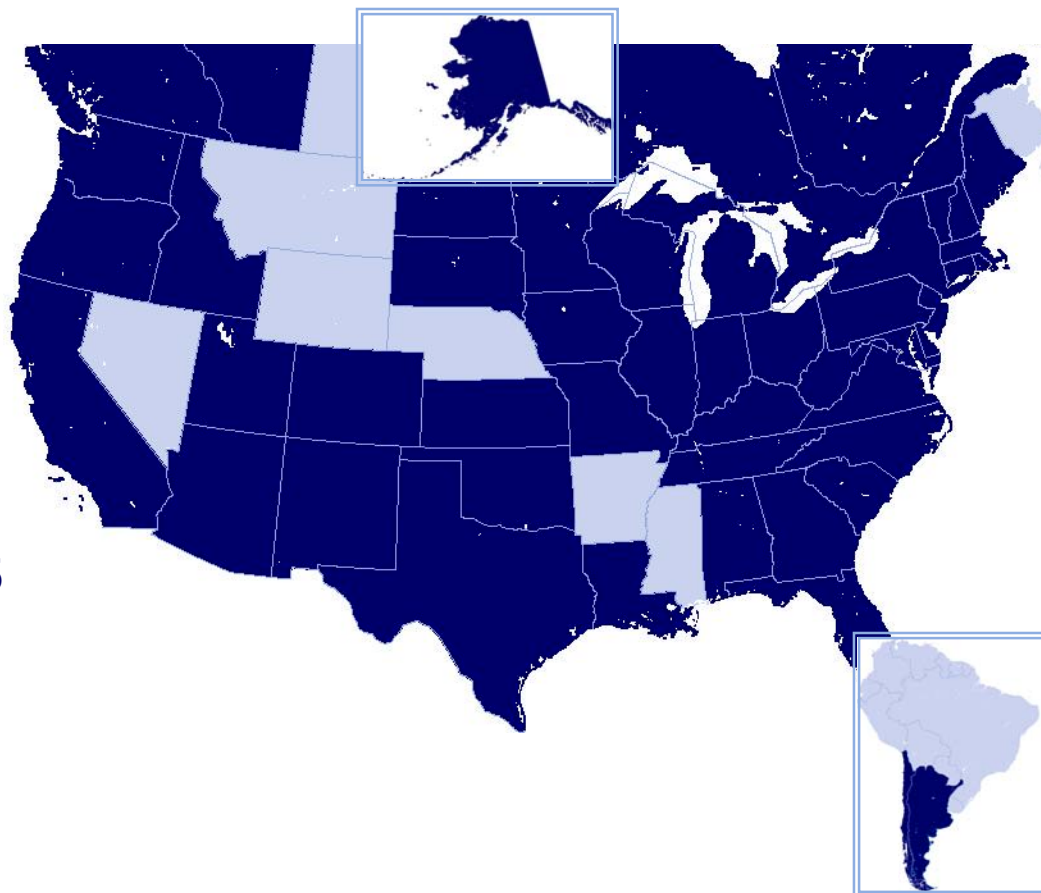
# AMERICAS MATERIALS

- Sales c. \$3bn
- 550+ locations; 29 states
- 13,000+ employees
- New build / RMI 30/70
  - Residential 15%
  - Non-Res 20%
  - Infrastructure 65%



	New York /			
	New England	New Jersey	Central	West
Aggregates	✓	✓	✓	✓
Asphalt	✓	✓	✓	✓
Readymix Concrete	✓	✓	✓	✓

- Sales c. \$3.5bn
- 380+ locations
  - 43 US states
  - 4 provinces
  - S Americas
- 16,000+ employees
- New build / RMI 55/45
  - Residential 45%
  - Non-Res 40%
  - Infrastructure 15%



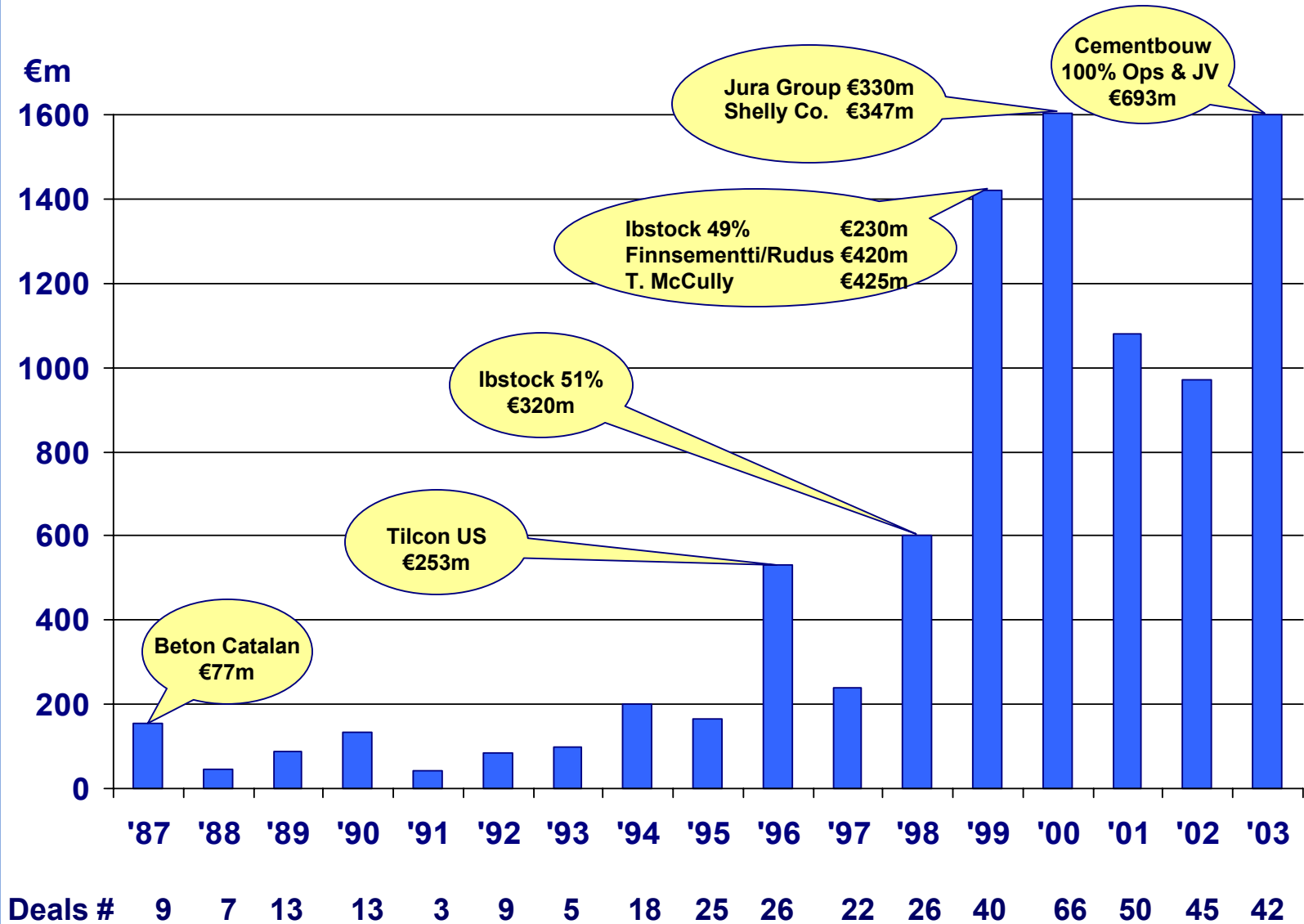
Precast concrete products  
Concrete blocks, pavers, roof tiles  
Clay bricks  
Glass  
Distribution

USA	Canada	Argentina	Chile
✓	✓		
✓	✓	✓	
✓			
✓	✓	✓	✓
✓			

# **2003 ACQUISITIONS IN CONTEXT**

# CRH ACQUISITION SPEND 1987-2003

Davy Irish Equities Conference, New York, January 2004



- **Finland; *expansion of aggregates and readymix concrete ops***
  - *Veljekset Turpeinen*, one rock quarry and four sand and gravel pits
  - *NCC Tampere* and *Betokari*, readymix concrete businesses
  - Further strengthening our vertically integrated cement/downstream ops
  
- **Poland; *development of substantial lime business***
  - 85% purchase of “*Trzuskawica*”, access to 360 million tonnes reserves
  - Purchase of 100% of “*Kujawy*”, extends coverage to northern Poland
  - Now have annual production of 2.2 million tonnes; 40% market share
  - Replication of profitable Irish lime business in a new market

- **Concrete Products; *a year of significant progress***
  - Added new territories; Slovakia (*Premac*) and Denmark (*Betonelement*)
  - Expansion of Belgian structural and utility ops (*Maessen* and *Duffeleer*)
  - Expansion of German (*Gera*) and Dutch (*Cementbouw*) concrete ops
  - Optimisation of concrete pole operations in western France (*Amec Spie*)
  - Annualised Concrete Products turnover now c. €750m in 7 countries
  - Focus on architectural, structural and utility products
  
- **Fencing & Security; *growing presence in access control segment***
  - Acquired German leading fencing company (*Adronit*)
  - Plus major European access control supplier with international network
  - Annualised Fencing and Security turnover now c. €200m in 6 countries
  - Good growth opportunities from proprietary barrier technology

- **Insulation; *now a leader in European foam insulation***
  - Acquired major expanded polystyrene (EPS) producer (*Unidek*)
  - With leading positions and excellent facilities in Benelux/Germany
  - Ideal fit with EPS ops in Ireland/UK/Poland/Nordic
  - Turnover now c. €360m across 10 countries
  - Ongoing consolidation opportunities; market still fragmented
- **Metal-based Building Accessories; *a new growth platform***
  - Entry to an attractive pan-European sector (*Plakabeton*)
  - Supplying a broad range of fixing and support systems
  - For precast companies and building contractors
  - Established presence in Benelux, France and Spain, c. €55m sales



- **Distribution; a landmark year in Benelux**
  - Cementbouw added 54 DIY and 36 Builders Merchants stores
  - 3 Bolt-ons, *Bricorama*, *Heeren* and *Leuven*, added 16 DIY stores
  - Now 129 DIY stores - c. 16% of Dutch DIY market
  - And 84 Dutch Builders Merchants stores - c. 17% share
  - *Samse* deal expands our position in France
  - Annualised European Distribution turnover €2bn in 6 countries
  - Strong Residential RMI exposure

- Acquired 100% of DIY, Merchanting and Building Products for **€646m**
  - DIY - second largest franchisee of Intergamma
  - Merchanting - major builders merchant in the Netherlands
  - Building Products - sand lime brick, concrete & clay products
  - Unique fit in a familiar market with good synergies
- Materials Operations - Invested **€47m** for a 45% stake
  - Cement Trading - largest independent player in the Netherlands
  - Readymix - Top 3 player in the concentrated Dutch market
  - Other ops - trader in sand, gravel, fly-ash and speciality minerals
  - Window on NL materials markets; possible platform for growth?

- **Central Group; *significant strengthening of market positions***
  - *S.E. Johnson* (May €189m), excellent fit with existing OH/MI ops
  - Offering considerable synergies and strong reserves backing
  - SEJ non-core Indiana assets swapped for quarries in GA/AL/TN/MI
  - Now producing c. 3.5m tons of aggregates p.a. in south-eastern states
  - Also completed 4 bolt-ons in Ohio, West Virginia and Pennsylvania
  - Plus Levy JV to expand scale in Detroit metropolitan market
- **New England and West Groups; *3 bolt-on deals***
  - Enhancement of New Hampshire reserves position (*Barletta*)
  - Addition of aggregates/readymix operation in Central Washington (*Valley*)
  - Strengthening of existing activities in Western Montana (*Blahnilk*)

- **APG; record spend - strategic entry to new markets + bolt-ons**
  - Record spend of €192m on 6 deals
  - Illinois; 4 masonry plants serving Chicago metro market (*Northfield Block*)
  - Wisconsin; Three plants in eastern Wisconsin (*Bend*)
  - Florida; entry into a growing lawn and garden products market (*Matt Stone*)
  - Georgia; platform in concrete masonry and clay products distribution (*GMS*)
  - Strengthening of masonry position in Washington & Baltimore metro area
  - Expansion of decorative stone and bagged lime ops to VA, PA, GA

- **Glass Group; *product and geographic expansion***
  - Arizona producer of custom aluminum storefront glazing systems
  - Expand product offering in branded entrance systems
  - Acquisition in the attractive Montreal market (*April Industries*)
  - Enhances north-east US service network
- **Distribution Group; *continued metropolitan focus***
  - Deals in Chicago (*Remodelers Supply*) & Philadelphia (*BASS Supply*)
  - Continuing our focus on roofing/siding in major metropolitan areas
  - Acquisition of Colorado interior products distributor (*Gypsum Products*)
  - Interior products sector currently in early stages of consolidation

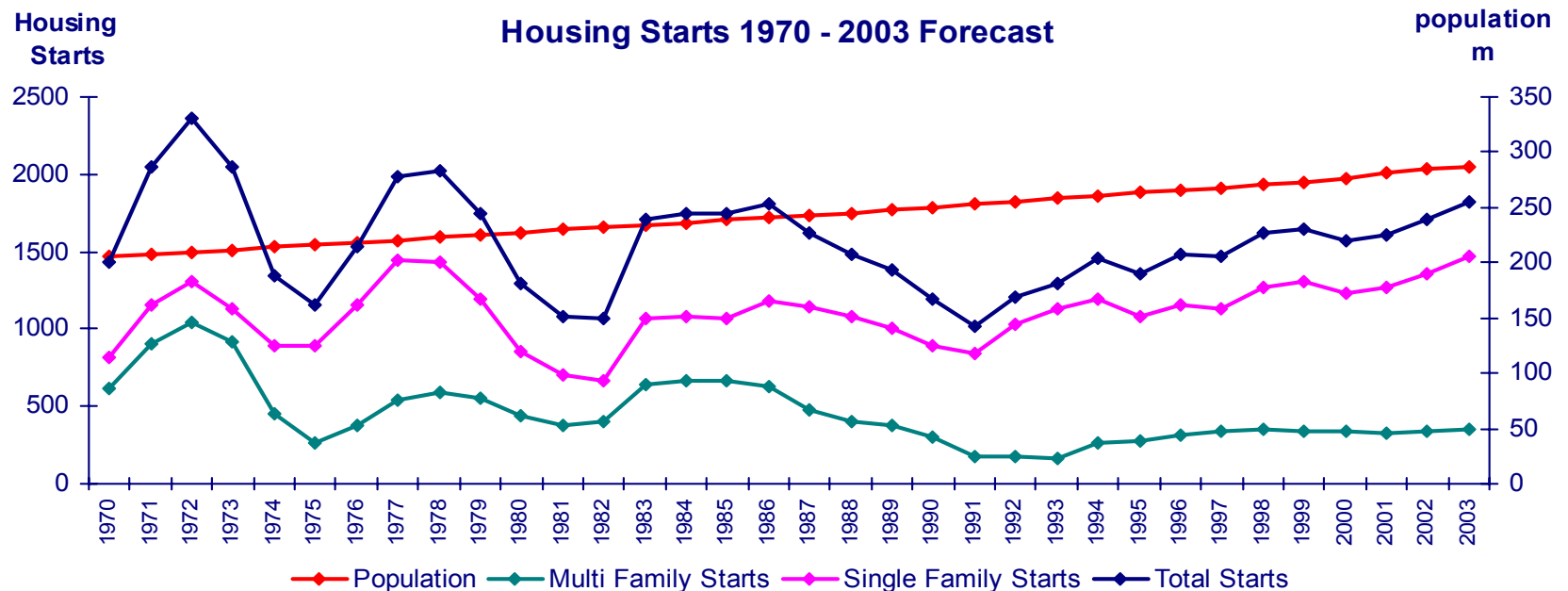
# DEVELOPMENT SPEND 1999-2003

Davy Irish Equities Conference, New York, January 2004

€bn	<u>Europe</u>	<u>Americas</u>	<u>Total</u>	
Materials	1.1	2.4	3.5	<b>53%</b>
Products	1.3	1.0	2.3	<b>34%</b>
Distribution	0.7	0.2	0.9	<b>13%</b>
<b>Total</b>	<b>3.1</b>	<b>3.6</b>	<b>6.7</b>	<b>100%</b>
	<b>46%</b>	<b>54%</b>	<b>100%</b>	

# **US CONSTRUCTION**

- Harvard housing group estimates need for 16m new homes in coming decade:
  - ➔ Driven by demographics including immigration
  - ➔ Supported by solid, innovative financing sector i.e. Fannie Mae and Freddie Mac
- Current strong housing underpinned by
  - ➔ Continued moderate interest rates
  - ➔ Relatively solid employment levels
  - ➔ Flatter cycle than 70's/80's



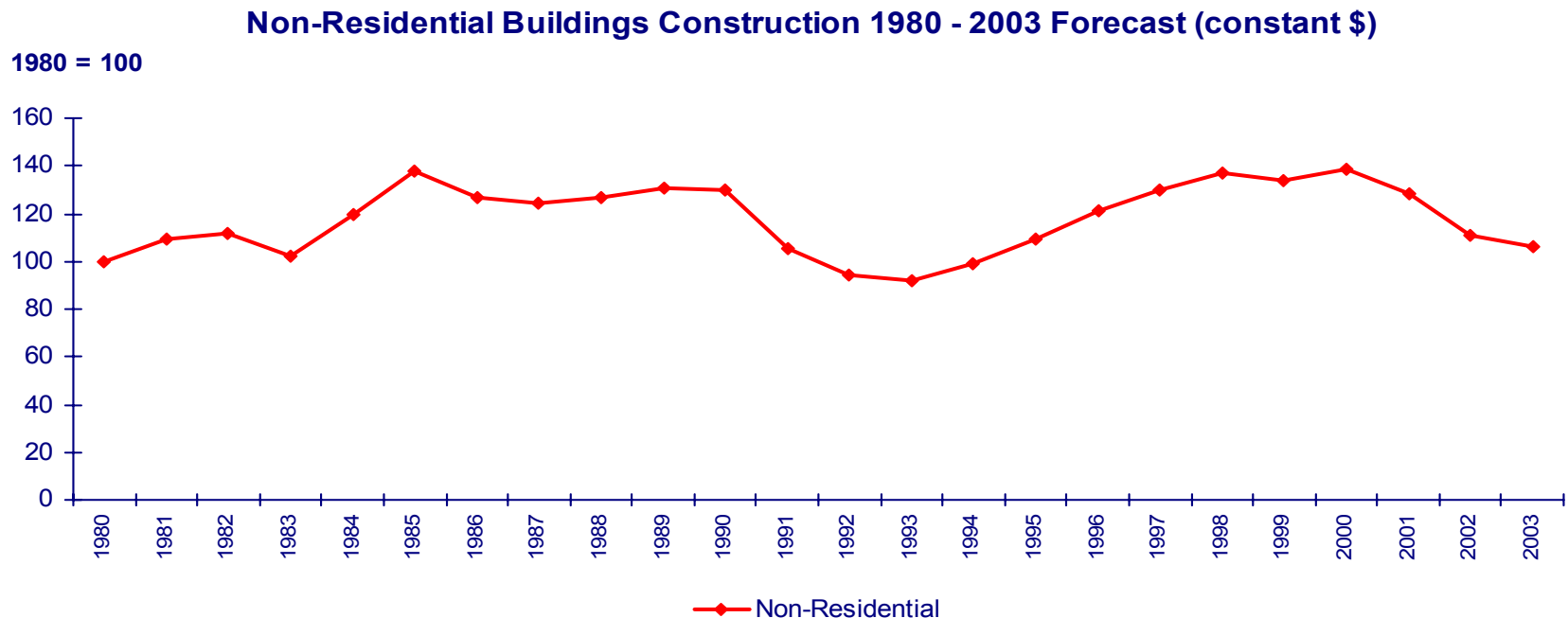
Source: U.S. Department of Commerce, U.S. Census Bureau



# US NON-RES CONSTRUCTION TRENDS

Davy Irish Equities Conference, New York, January 2004

- Spending on non-residential buildings peaked in 1999/2000
  - ➔ Significant declines from peak through 2003
  - ➔ Modest recovery expected to commence in 2004



Source: US Statistical Abstract; Dodge Construction Forecast

- SAFETEA - successor to TEA-21 which now expires Feb 2004
- TEA-21 provided \$31.6bn of Federal Highway Funding in 2003
- Varying SAFETEA proposals for core highway programme

<u>\$bn</u>	<u>Total</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Bush Admin.	192.5	29.7	30.6	31.7	32.6	33.5	34.3
Senate EPW C'tee	255.0	Average \$42.5bn per annum					
House T&I C'tee	298.5	39.8	44.3	48.1	52.1	55.2	59.2

- Much work remains to finalise SAFETEA; likely to extend to mid-2004
- Confident that strong bi-partisan support should result in a positive outcome

# **2003 TRADING UPDATE STATEMENT**

**Group Overview**

- US\$ decline a major feature of 2003
  - 2003 average US\$/euro rate 1.1312 (2002: 0.9456)
  - At average 2003 FX rates, 2002 PBT €856m would be €86m lower
- Despite translation hit, expect 2003 PBT broadly in line with 2002
  - Substantial H2 recovery of weather related H1 volume declines
  - Continuing strong residential activity in Ireland
  - Relentless operating focus across our businesses
  - Development spend €1.6bn, with particular success by Europe P&D
  - Would represent +10% increase in constant currency terms

**Europe Materials**

- Irish construction output similar to 2002; residential very strong
- After slow start Polish/Finnish cement volumes recovered well
- Higher cement volumes in Switzerland due to major infrastructure contracts
- Strong Spanish volume increases; but margins under pressure
- Israeli 25% JV: satisfactory outcome despite difficult market
- Overall, expect operating profits modestly ahead of 2002

**Europe Products & Distribution**

- With weak backdrop, legacy operations will broadly match 2002
- Reflects benefits of restructuring, cost controls
- Acquisitions will result in strong profit advance
- Concrete: full year of EHL plus 2003 deals will show higher profits
- Clay: profit advance due to improvement in UK and Poland
- Insulation: benefits from improved Polish ops and Unidek acquisition
- Building Products: significant acquisition activity, higher profits
- Distribution: good underlying performance plus Cementbouw

**Americas Materials**

- Record wet weather, despite H2 recovery heritage volumes down
- Higher energy costs largely recovered through improved pricing
- US\$ operating profits ahead; heritage declines more than offset by acqs
- New England: despite strong year in CT, shortened season left profits lower
- NY/NJ: metro NY performed well, Upstate mixed, slightly behind 2002
- Central: Michigan well below expectations, acquisitions drive profits higher
- West: markets mixed, better results helped by acquisitions

**Americas Products & Distribution**

- Good outcome despite wet spring and weak commercial markets
- Precast: ongoing cost cutting maintained margins and profits
- APG: growth in hardscape/homecentre market & record development
- Glass: weak non-res backdrop, market share gains mitigate profit decline
- Distribution: good RMI demand after severe winter, margins improved
- US\$ operating profit ahead, reflecting acquisition benefit



- Strong 2003 performance despite difficult backdrop
- Ongoing strong cash flow and comfortable interest cover
- Sustained focus on cost control and efficiency improvements
- Uncertainties in economies and currencies, but ....
- .... facing 2004 with confidence and our consistent strategic vision:

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

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