Performance and Growth

The International Building Materials Group

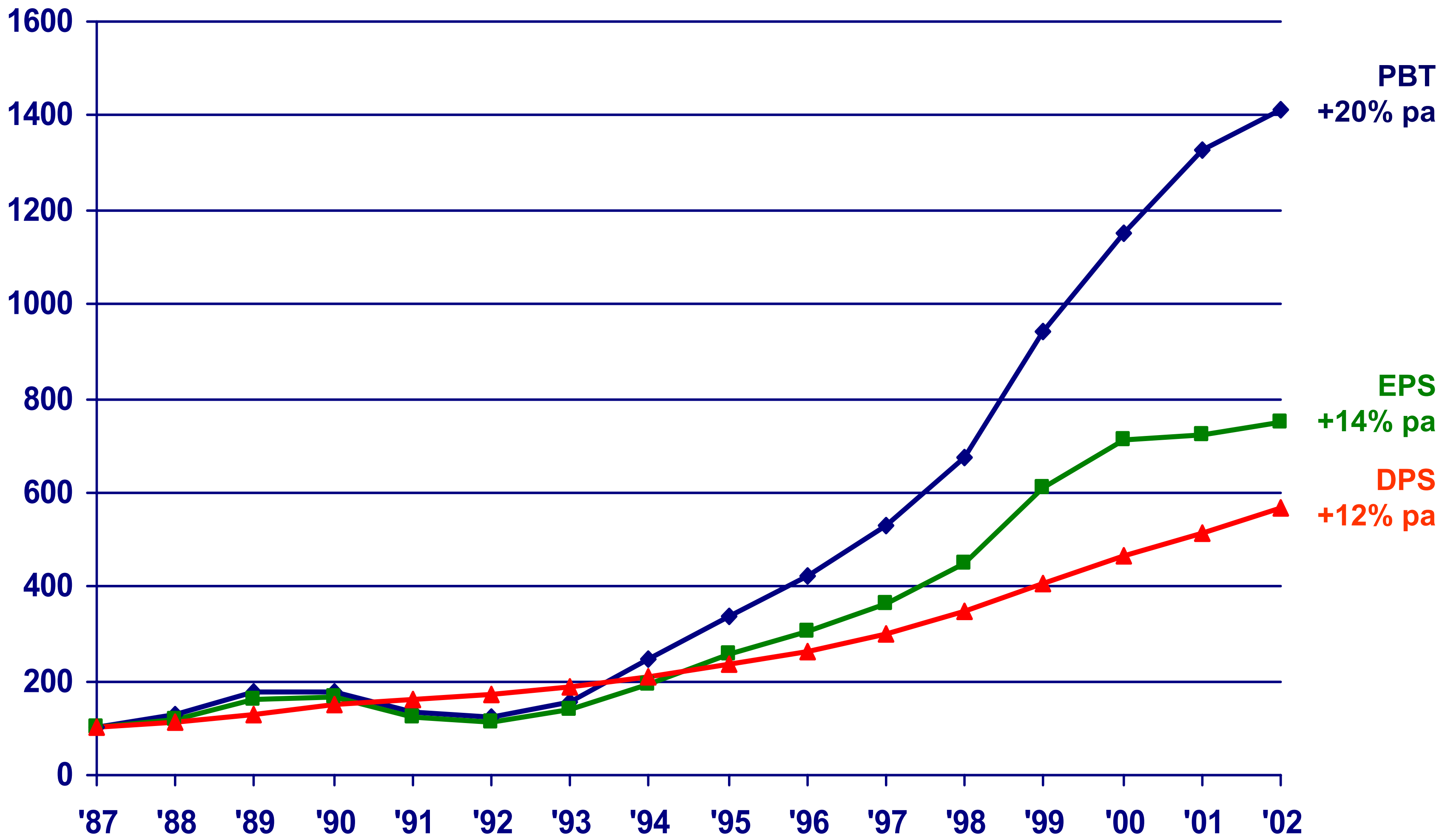
Liam O'Mahony
Chief Executive

CONTENTS

2002 HIGHLIGHTS

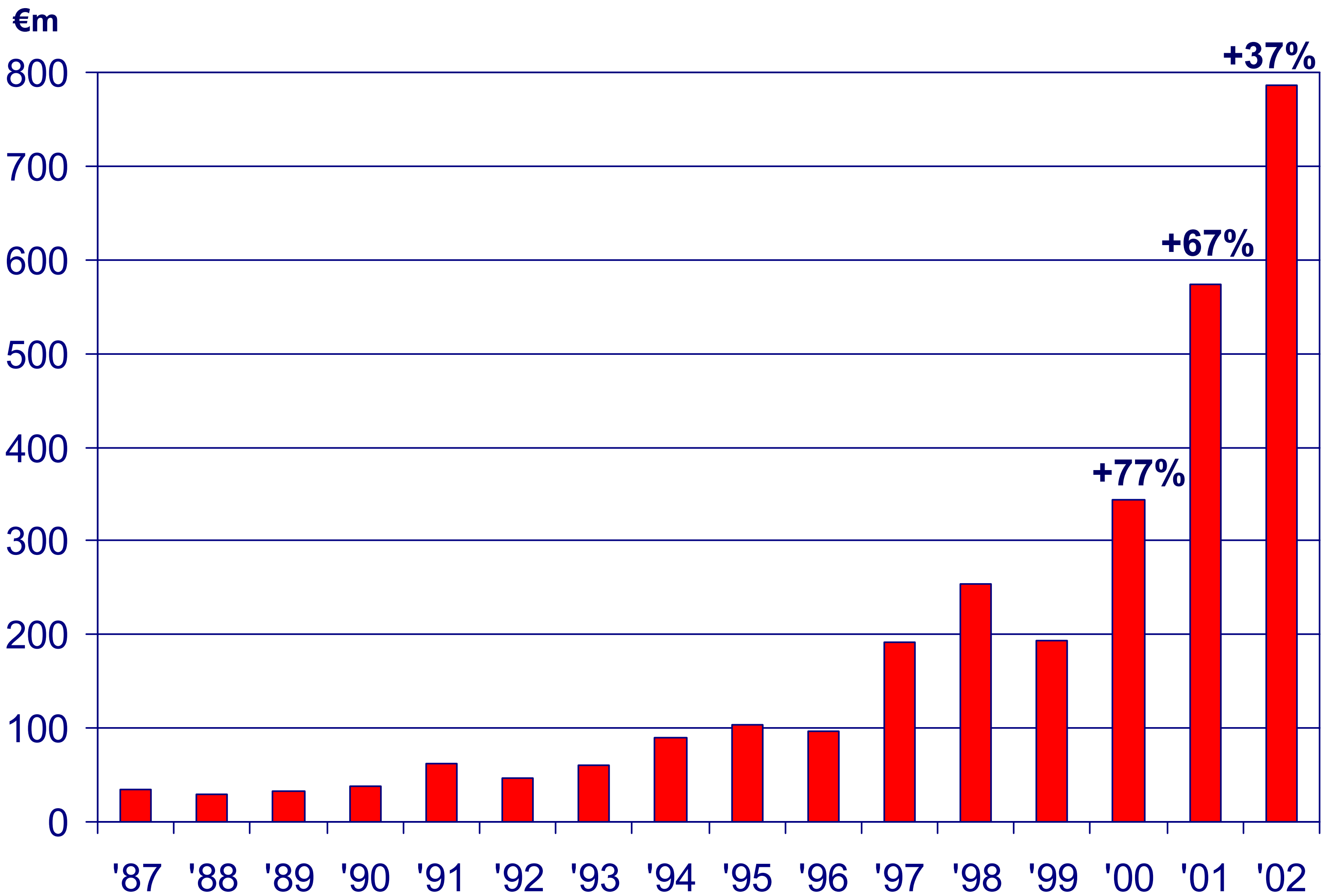
	2002 €m	2001 €m	Change
Sales	10,794	10,444	+ 3%
Operating profit before goodwill	1,048	1,020	+ 3%
Profit before tax	856	803	+ 7%
	€ cent	**€ cent**	
EPS before goodwill	132.54	127.32	+ 4%
EPS after goodwill	119.22	115.32	+ 3%
Cash EPS	219.82	213.73	+ 3%
Dividend	25.40	23.00	+ 10%

CRH PERFORMANCE 1987 - 2002

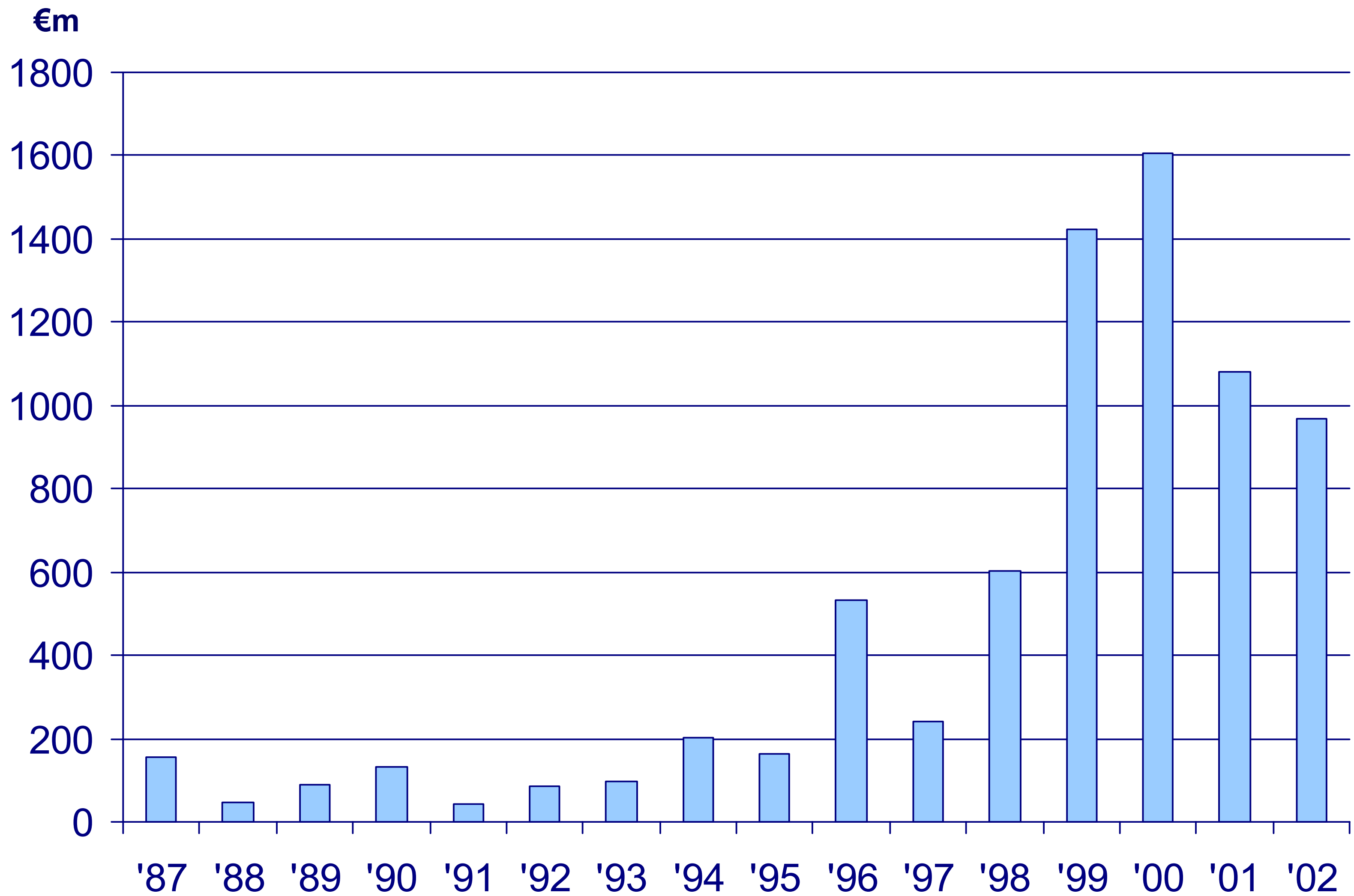


1987 = 100

OPERATING CASH FLOW



ACQUISITION EXPENDITURE



Deals# 9 7 13 13 3 9 5 18 25 26 22 26 40 66 50 45

FINANCIAL CAPACITY TO EXPAND

	Y/E 2002	Y/E 2001
Debt (€bn)	1.7	1.9
Shareholders' funds (€bn)	4.8	4.8
Debt/shareholders' funds	36%	40%
Debt/market capitalisation	28%	18%
Interest cover		
EBITDA/Interest	11.3	8.5
EBIT/Interest	7.3	5.6

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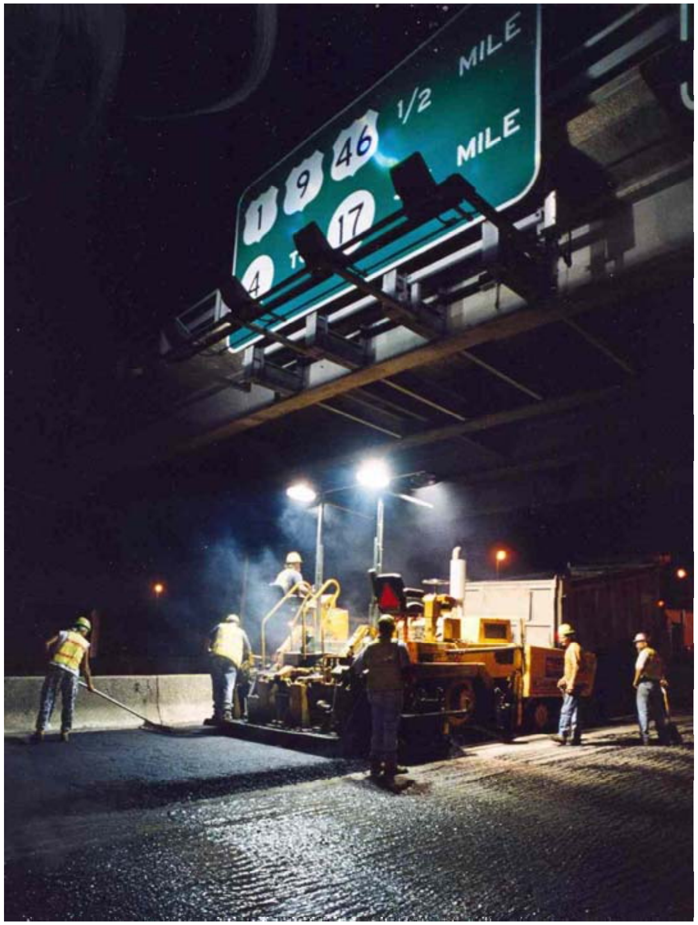
THREE CORE BUSINESSES

Primary Materials

Asphalt paving, USA



Cement Plant, Poland

Cement, aggregates, asphalt and surfacing, readymixed concrete

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THREE CORE BUSINESSES

Building Products

Paving, Germany

Clay bricks, USA

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

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THREE CORE BUSINESSES

Distribution

Specialist distribution, USA

DIY, Netherlands

DIY stores, builders merchanting, specialist distribution

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THE CRH WAY....

- Many characteristics make up CRH, including;
  - ➔ tried and tested development strategy
  - ➔ rigorous approach to investment
  - ➔ decentralised organisation
  - ➔ development and maintenance of a balanced portfolio
  - ➔ focus on:
    - performance <u>and</u> growth
    - cash flow and prudent financing
  - ➔ investment in people of the highest calibre
  - ➔ strong emphasis on governance and sustainability
- All combining CRH culture and local strengths

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CLEAR DEVELOPMENT STRATEGY

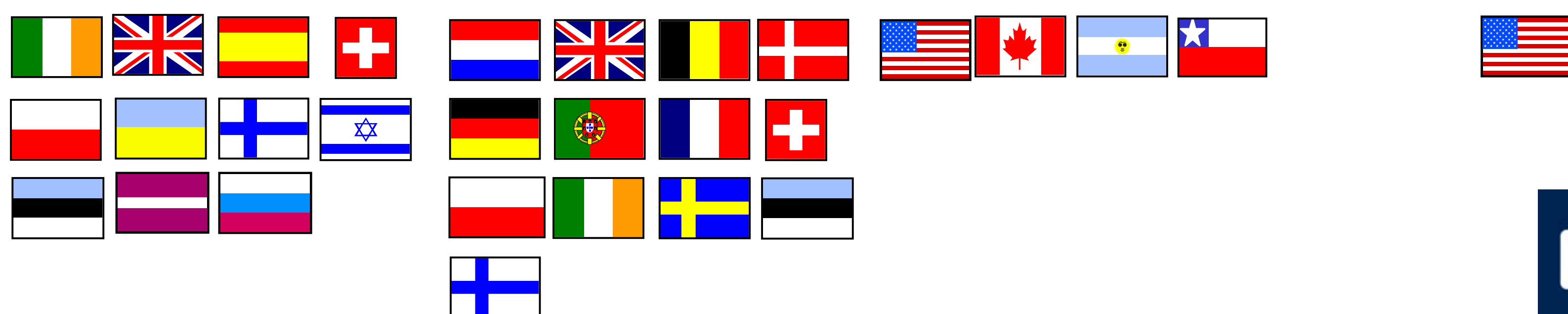
- Stick to core businesses in building materials
- Invest at “home”; be the low cost market leader
- Develop “overseas”; create platforms for future growth
- Pay fair prices that meet sellers needs
- 14 devolved regional development teams
- Rigorous approach to evaluation, approval and review
- Generally mid-sized deals, some larger
- Objective is to maintain and develop a balanced portfolio

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 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

FEDERAL GROUP ORGANISED FOR GROWTH

- **CRH plc**
  Liam O'Mahony
  - **Finance**
    Harry Sheridan
    Myles Lee
  - **Development**
    Joe McCullough
  - **Europe Materials**
    Declan Doyle
  - **Europe Products & Distribution**
    Brian Hill
  - **Americas Products & Distribution**
    John Wittstock
  - **Americas Materials**
    Tom Hill



EUROPE MATERIALS

- Sales 2002: €1,927m
- Operating profit 2002: €267m
- 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	✓		✓		✓		✓				

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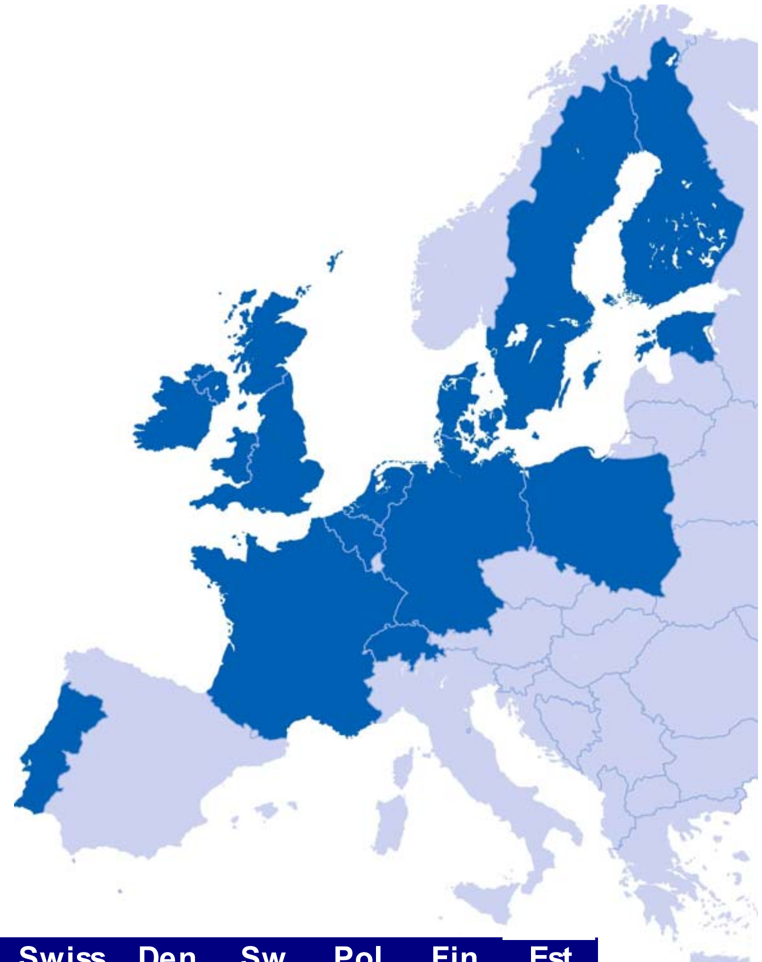
EUROPE P&D

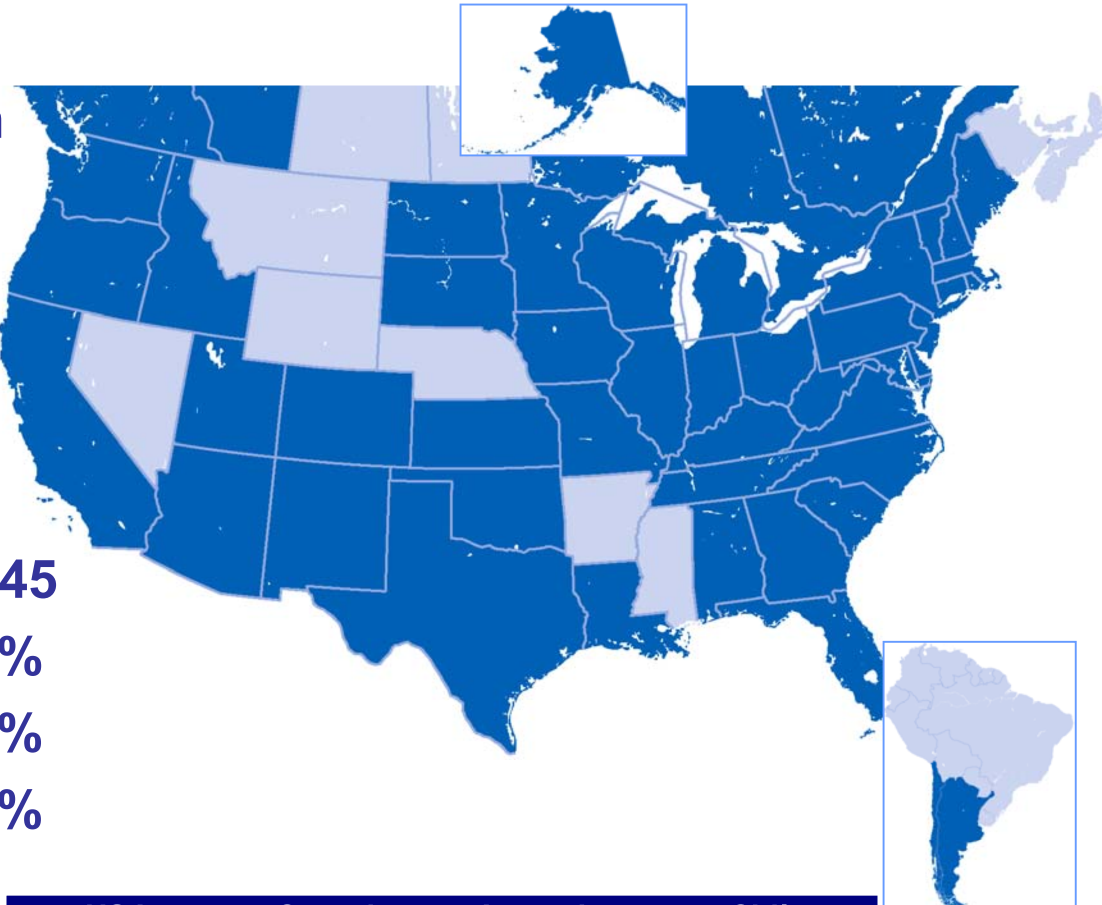
- Sales 2002: €2,506m
- Operating profit 2002: €153m
- 400+ locations; 13 countries
- 13,000 employees
- New build / RMI 60/40
  - Residential 60%
  - Non-Res 30%
  - Infrastructure 10%



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

AMERICAS P&D

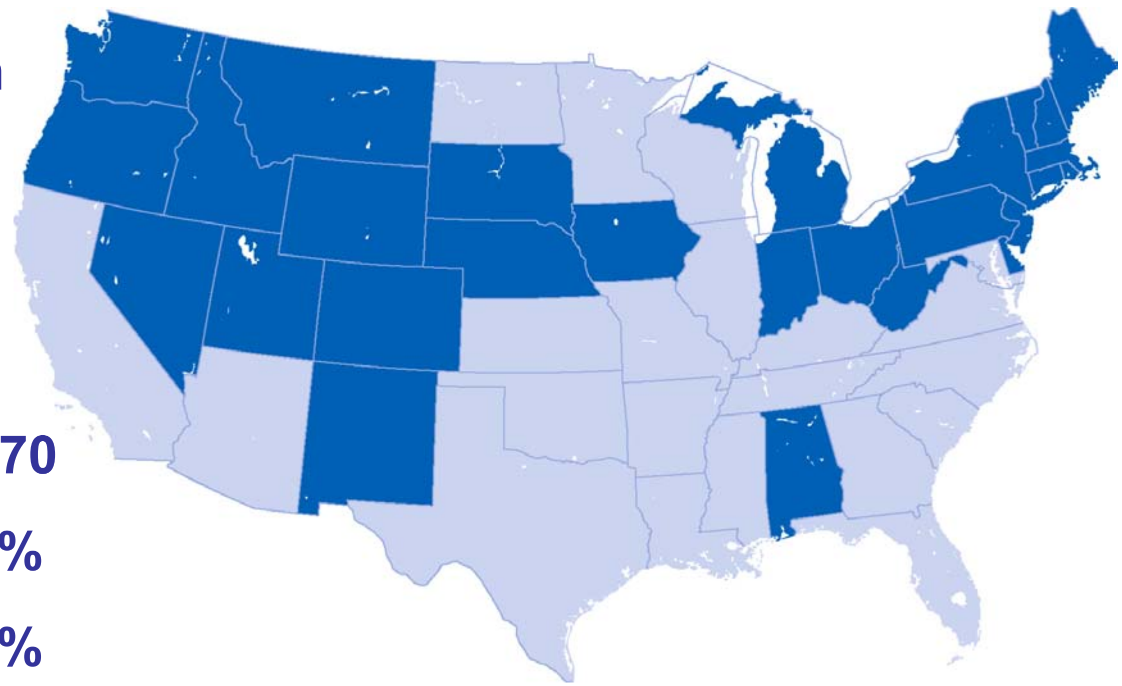
- Sales 2002: $3,110m
- Op profit 2002: $277m
- 380+ locations
  - 43 US states
  - 4 provinces
  - S America
- 15,000 employees
- New build / RMI 55/45
  - Residential 45%
  - Non-Res 40%
  - Infrastructure 15%



	USA	Canada	Argentina	Chile
Precast concrete products	✓	✓		
Concrete blocks, pavers, rooftiles	✓	✓	✓	
Clay bricks	✓			
Glass	✓	✓	✓	✓
Distribution	✓			

AMERICAS MATERIALS

- Sales 2002: $2,905m
- Op profit 2002: $317m
- 540+ locations
- 27 US states
- 12,500 employees
- New build / RMI 30/70
  - Residential 15%
  - Non-Res 20%
  - Infrastructure 65%



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

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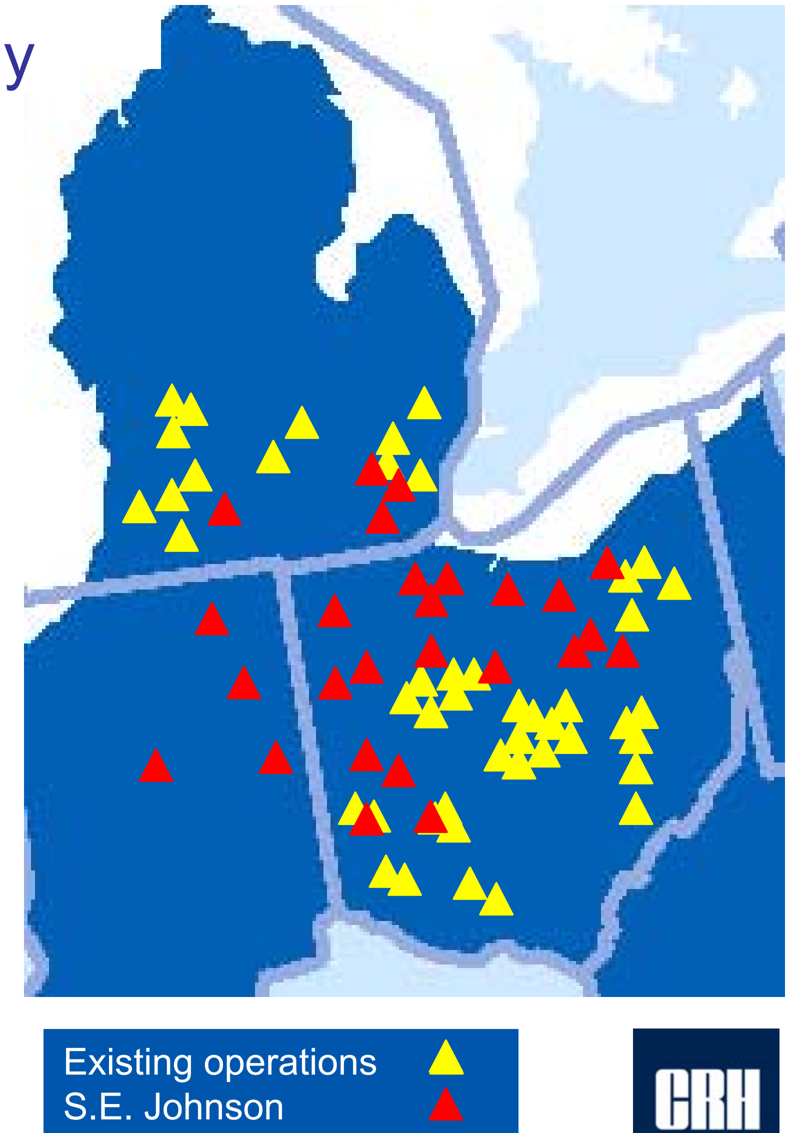
AMERICAS MATS - MICHIGAN/OHIO

- July 1999 - Thompson-McCully
- Feb 2000 - The Shelly Co
- 2001-2002 - 16 bolt-ons
- May 2003 - S.E. Johnson
  - ➔ excellent fit with existing ops
  - ➔ significant synergies
  - ➔ strong reserves backing



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SAFETEA - (SAFE, ACCOUNTABLE, FLEXIBLE & EFFICIENT TRANSPORTATION EQUITY ACT OF 2003)

- SAFETEA - the successor to TEA-21 which ends Sept 2003
- TEA-21 provided $31.6bn of Federal Highway Funding in 2003
- Varying SAFETEA proposals for core highway programme

$ bn	Total	2004	2005	2006	2007	2008	2009
Bush Admin.	190.2	29.3	30.3	31.3	32.3	33.1	33.9
Senate EPW C'tee	255.0	← Average $42.5 bn per annum →					
House T&I C'tee	300.0	40.0	44.0	48.0	52.0	56.0	60.0

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

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CRH PEOPLE

- An experienced management team
  - ➔ managed through previous economic cycles
- Managers from 3 very different streams
  - ➔ owner-entrepreneurs, who question the status quo
  - ➔ grass-roots managers: now with room to grow
  - ➔ highly qualified professionals: business builders with vision
- 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

GOVERNANCE AND SUSTAINABILITY

- Governance
  - ➔ Non-executive Chairman + Senior Independent Director
  - ➔ Majority of Board non-executive
  - ➔ Audit & Remuneration committees solely non-executive
  - ➔ Transparent reporting / shareholder communications a priority
- Sustainability
  - ➔ Continuous development on environmental upgrades
  - ➔ Over 200 plants with ISO 14001 certification
  - ➔ Responsibility with line management continuing up to Board level
  - ➔ Election to sustainability indices - DJSI, Arese, Innovest

2003 TRADING - EUROPE

- Materials
  - ➔Ireland: residential buoyant, strong ytd volume increases
  - ➔Finland/Poland: adversely impacted by severe Q1 weather, lower volumes
  - ➔Switzerland: normal seasonal demand levels
  - ➔Spain: strong demand but competition increasing
- Products & Distribution
  - ➔Concrete: general weakness in residential/commercial markets continues
  - ➔Clay: good ytd UK price increases; Holland/Germany still difficult
  - ➔Building Products: performing well in difficult conditions
  - ➔Distribution: reasonable start; good demand in Benelux DIY

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2003 TRADING - AMERICAS

- Materials
  - ➔low early season activity reduced by severe snowfalls
  - ➔main construction season now getting underway
  - ➔good outlook for Federally funded projects, however ….
  - ➔some state/municipal funding issues
  - ➔focus on price increases to offset higher energy related costs
- Products & Distribution
  - ➔poor early weather restricted residential/non-residential product shipments
  - ➔underlying residential demand looks reasonable
  - ➔non-residential activity remains weak
  - ➔some good bolt-ons completed in APG, Glass, Distribution

2003 - OVERALL OUTLOOK

- Contrasting weather patterns have affected early trading
- Normal seasonal pick-up now underway
- Some moderation in energy costs
- Markets likely to remain difficult for immediate future
- Weaker US$ will significantly impact US profit translation
- Continuing emphasis on cost control, recovery of higher input costs, cash flow
- Uniquely strong balance sheet and development focus for growth
- As usual, lots of challenges, but ….
- CRH is well placed to develop where we see good value / strategic fit

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