



# Capital Markets Day

## Europe Materials



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Overview

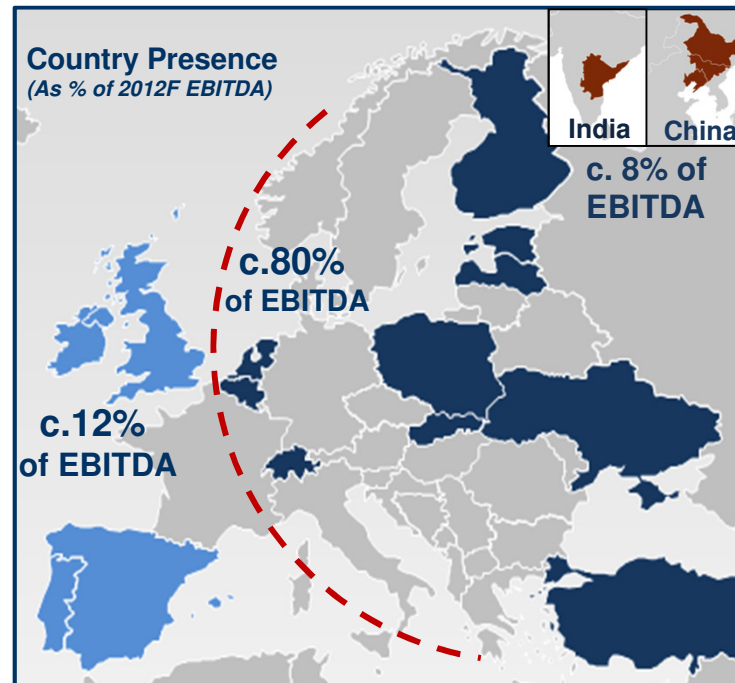
Strategy

Performance & Cost Reductions

Positioned for the future



## Overview



Countries	% of EBITDA	Market Position
Poland	c.25%	No.1
Switzerland	c.20%	No.2
Finland	c.15%	No.1
Ukraine	c.10%	No.1 West

**... Solid market fundamentals in Finland / Switzerland ...**  
**... Growth potential in Poland / Ukraine ...**



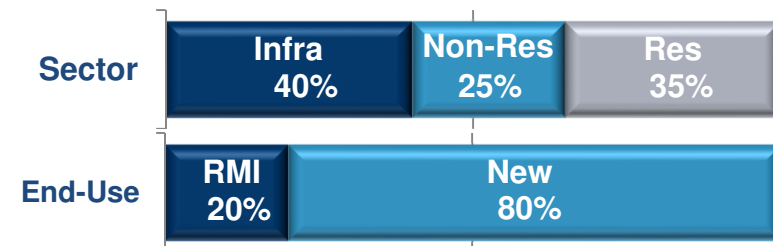
## Our business

	Cement	Aggregates	RMC	Asphalt	Concrete Prods
Poland	✓	✓	✓	✓	✓
Ireland	✓	✓	✓	✓	✓
Switzerland	✓	✓	✓	✓	
Finland	✓	✓	✓		✓
Ukraine	✓	✓	✓		✓
Benelux	✓	✓	✓		
<b>2011 annualised Volumes (i)</b>	<b>15.6mt</b>	<b>53.3mt</b>	<b>10.2mm<sup>3</sup></b>	<b>2.7mt</b>	<b>6.0mt</b>

(i) Also includes Turkey, India and China

### 26% of Group EBITDA (2011)

- Vertically-integrated
- Premium resource-backed assets
- 30% of sales to own businesses
- Tailored approach to each market



*... Heavyside new-build focus ...*



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## Our strategy

- Invest in resource-backed assets
- Build market leading positions
- Vertically-integrate... for margin stability
- Leverage cost leadership... efficiencies and sustainability
- Continue bolt-on / step-out strategy



*... Good position and balance... Well invested for growth...*

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## Managing through the downturn



### Main Savings Initiatives

- **Structural:** Capacity realignment; employee and subcontractor reductions
- **Process:** Energy efficiency; alternative fuels
- **Procurement:** Increased Group wide coordination

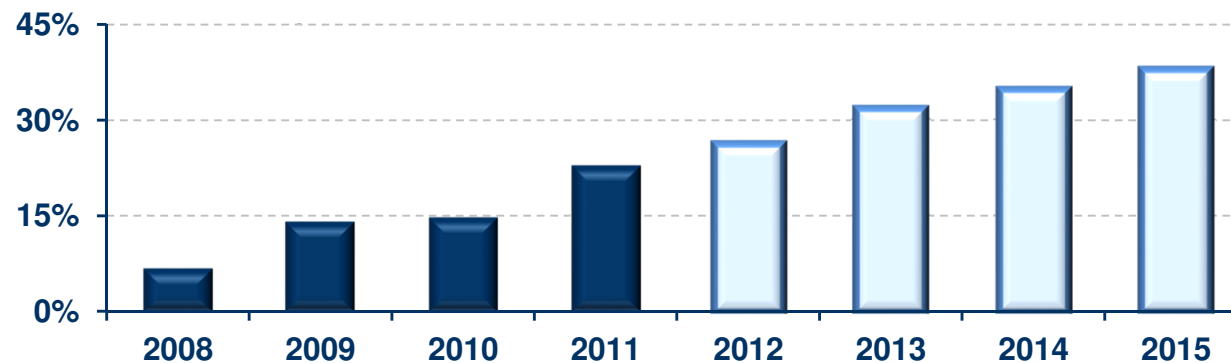
*... Decisive action on costs... over €500m savings 2007-2011 ...*





Savings  
Example:

Increased use  
of Alternative  
Fuel\*



### Alternative Fuels

- Investments complete ... now increasing utilisation
- Capability established in all plants (know-how, permits, supply)
- Biomass content also reduces CO<sub>2</sub> emissions

\* Subsidiary Companies



***... 2012 Savings €25m versus 2007 ...***

Further  
targeted  
initiatives

**Structural**

- Capacity reduction, higher utilisation levels
- Outsourcing, shared services, focus on flexibility

**Process**

- Investments in energy efficiency and power reduction
- In-depth review of quarry operations

**Procurement**

- Group wide programmes – consumables, refractories, energy and logistics
- Category management and direct sourcing

***... €150m of cost savings 2012-2015 ...***



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### Positioned for the future

- c.70% of EBITDA from strong positions in four countries
- Good balance between developed and growth-oriented markets
- Finland / Switzerland... further vertical integration potential
- Poland / Ukraine... EU funding... strong medium-term growth dynamics
- All four countries with relatively low Debt/GDP

AVG 2013-2015	Poland	Ukraine	Finland	Switzerland	EU Avg
GDP growth	2.6%	3.5%	1.8%	1.7%	1.3%
Debt / GDP	55%	35%	54%	44%	89%
Construction growth (2013-14)	1.8%	2.7%	0.0%	1.9%	0.0%

Source: IMF World Economic Outlook October 2012. Construction data based on Euroconstruct EC-19 Average (Ukraine construction data from Buidecon)

**... Well placed in a challenging European environment ...**



## Positioned for the future

### **Finland** (No. 1 heavyside player)

- Established market with high barriers to entry
- The only vertically-integrated player
- Further growth potential
- Bolt-on acquisitions... Lemminkäinen (Sept 2012)

### **Switzerland** (No. 2 heavyside player)

- Balanced sector exposure with stable returns
- Leveraging alternative fuels expertise
- Optimising rail and road logistics
- Bolt-on downstream acquisitions... delivery of synergies

***... Stability and strength for CRH over the long term ...***



## Positioned for the future

### **Poland** (No.1 heavyside player)

- Tough short-term... contractor and infrastructure issues
- Further EU funds in pipeline... railway projects... power supply
- Young, growing population... housing demands
- Significant medium-term growth potential

### **Ukraine** (No. 1 heavyside player in West)

- New, highly efficient state-of-the-art cement plant
- Lowest cost cement producer in the market
- High growth private consumption... long term infrastructure needs
- Expanded national presence with 2011 investment in Odessa...

*... Well invested, low cost, building for the future ...*

