



**Exane BNP Paribas**  
**Basic Materials Seminar**  
**London**  
*16<sup>th</sup> March 2010*



***Glenn Culpepper***  
*Finance Director*

# Agenda

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1 CRH 2009 Results

2 Positioned for recovery

3 Recovery drivers

4 Unlocking value through acquisitions

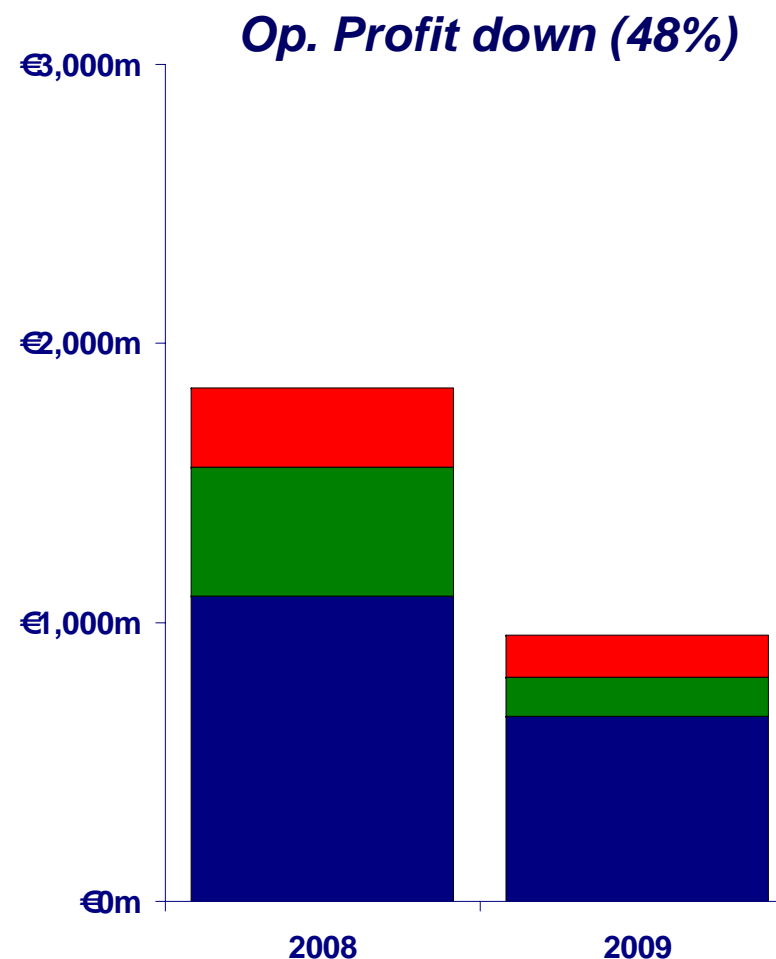
5 2010 outlook

# 2009 Profit Performance

*Operational leverage c18% ... c33% without cost action*

€m	Sales	EBITDA	Op.Profit
<b>2009</b>	<b>17,373</b>	<b>1,803</b>	<b>955</b>
2008	20,887	2,665	1,841
<b>% chg</b>	<b>(17%)</b>	<b>(32%)</b>	<b>(48%)</b>
2009 margin		10.4%	5.5%
2008 margin		12.8%	8.8%

Change €m	Sales	EBITDA	Op.Profit
Organic	(4,103)	(734)	(708)
Acquisitions	298	37	24
Restructuring	-	(143)	(143)
Impairments	-	-	(27)
FX	291	(22)	(32)
<b>Total</b>	<b>(3,514)</b>	<b>(862)</b>	<b>(886)</b>



# 2009 Cash Performance

*Tight working capital and Capex control*

	<u>2009</u>	<u>2008</u>	<u>% chg</u>
<b>Inflows</b>	€m	€m	
Profit before tax	732	1,628	(55%)
Depreciation	794	781	
Amortisation of intangibles	54	43	
Working capital	661	(62)	
	<u>2,241</u>	<u>2,390</u>	<u>(6%)</u>
<b>Outflows</b>			
Tax Paid	(104)	(322)	
Dividends	(386)	(369)	
Capital expenditure	(532)	(1,039)	(49%)
Other	(59)	(89)	
	<u>(1,081)</u>	<u>(1,819)</u>	<u>(41%)</u>
<b>Operating cash inflow</b>	<u>1,160</u>	<u>571</u>	<u>+104%</u>

*Full year operating cash inflow more than double 2008*



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# Positioning for Recovery.....

## *Specific Prompt Management Action*

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### ○ Commercial Management

- Cost Action; Price Management

### ○ Cash Generation

- Well balanced debt maturities
- Recent upgrade in debt rating outlook

# Cost Reduction Action continues.....

*Annualised Cost Savings now €1,650m*

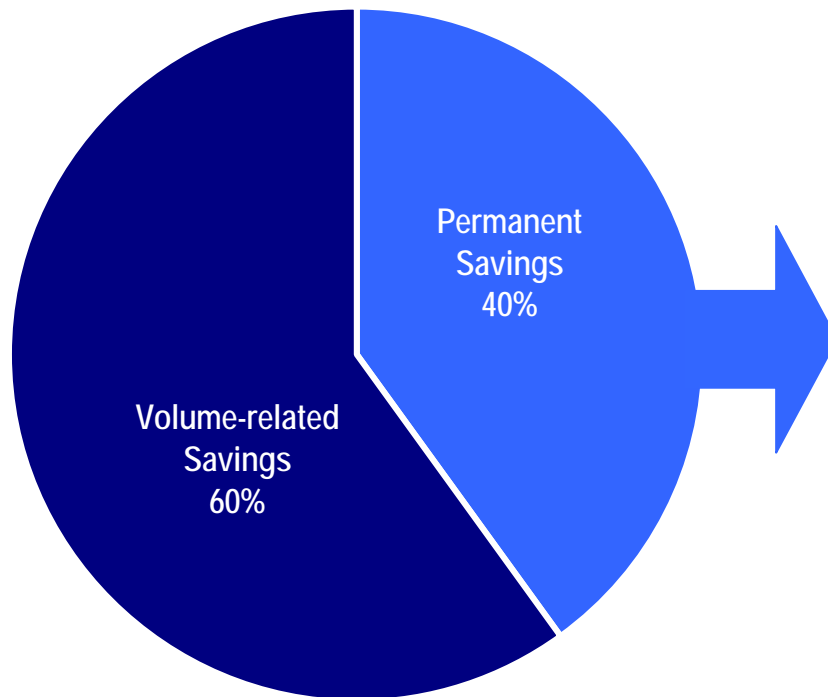
Initiatives (€m)	P&L Impact				Annualised
	'07	'08	'09	'10	
2007	50				50
2008		447	398		845
2009			450	145	595
2010				160	160
<b>Gross savings</b>	<b>50</b>	<b>447</b>	<b>848</b>	<b>305</b>	<b>1,650</b>
Cost to implement	-	62	205	45	
<b>Net savings</b>	<b>50</b>	<b>385</b>	<b>643</b>	<b>260</b>	

*Progressive activity across all Group divisions ...  
... with c40% of total gross savings being permanent*

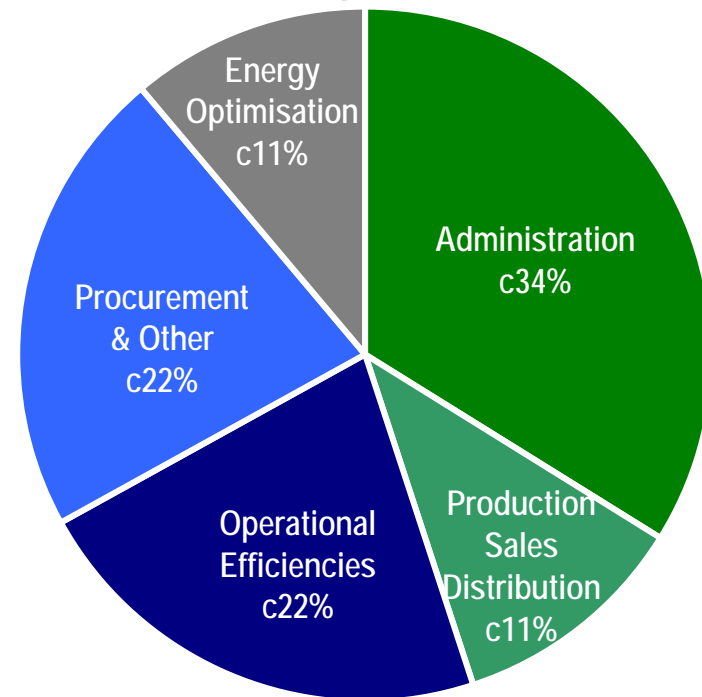
# Cost Reduction Action continues.....

*An estimated 40% are permanent*

## Permanent Savings c40%



## Delivered across 5 Key Areas



***Permanent savings ...  
achieved across 5 functional areas of activity***



# Cost Reduction Action continues.....

*c€660m of permanent savings across a range of activities*

<b>ADMINISTRATION</b>	<b>2007-10 Target</b> <b>€225m</b>	<b>Reconfiguring Org Structures</b> <ul style="list-style-type: none"><li>▪ Regional back office consolidation</li><li>▪ Review of all spend items</li></ul>
<b>PRODUCTION, SALES &amp; DISTRIBUTION</b>	<b>€75m</b>	<b>Challenging our Fixed Cost Base</b> <ul style="list-style-type: none"><li>▪ Closure of production facilities</li><li>▪ Consolidation of sales regions</li></ul>
<b>OPERATIONAL EFFICIENCIES</b>	<b>€145m</b>	<b>Reducing labour costs for future</b> <ul style="list-style-type: none"><li>▪ Optimising shifts, reducing overtime</li><li>▪ Increasing automation</li></ul>
<b>PROCUREMENT &amp; OTHER</b>	<b>€145m</b>	<b>Leveraging our scale</b> <ul style="list-style-type: none"><li>▪ Centralising procurement</li><li>▪ Renegotiating terms of supply contracts</li></ul>
<b>ENERGY OPTIMISATION</b>	<b>€70m</b>	<b>Optimising how we utilise energy</b> <ul style="list-style-type: none"><li>▪ Optimising fuel mix / increased recyclables</li><li>▪ Greater usage of Alternative Fuels / RAP</li></ul>

# 2009 Year end Debt

*Balanced maturity profile; well within covenants*

Breakdown of Net Debt YE 2009	€Bn
Gross Debt	5.1*
Gross Cash	(1.4)
<b>Net Debt</b>	<b>3.7</b>

Breakdown of Gross Debt YE 2009	€Bn
Outstanding Bond Debt	4.7*
Drawn Bank Facilities	<u>0.4</u>
<b>Gross Debt</b>	<b>5.1</b>
<b>Unutilised committed facilities</b>	<b>1.6</b>

Maturity Profile €Bn	Total
2010	<b>0.4</b>
2011	<b>0.5</b>
2012	<b>0.8</b>
2013	<b>0.5</b>
2014	<b>0.9</b>
Beyond 2014	<b>2.0</b>
<b>Total</b>	<b>5.1</b>

Principal Covenants	YE 2009#
EBITDA / Net interest $\geq 4.5x$	6.1x
Net Debt / EBITDA $\leq 3.5x$	2.2x

# calculated as per covenants

\* including Net Debt related derivatives assets of €0.2 Bn



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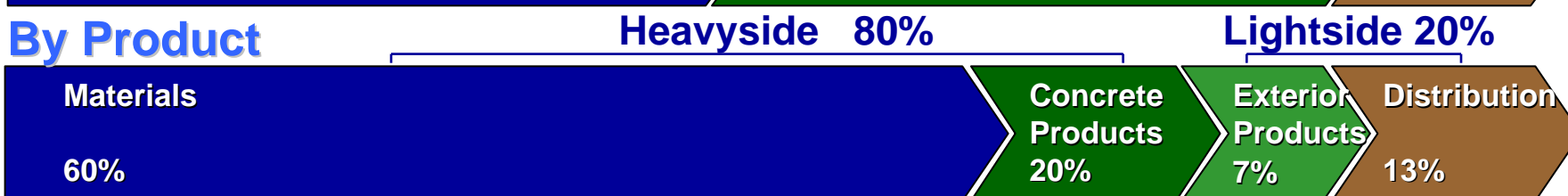
# CRH.....Broad-based Exposure

*International and Balanced*

## By Geography



## By Product



## By Sector



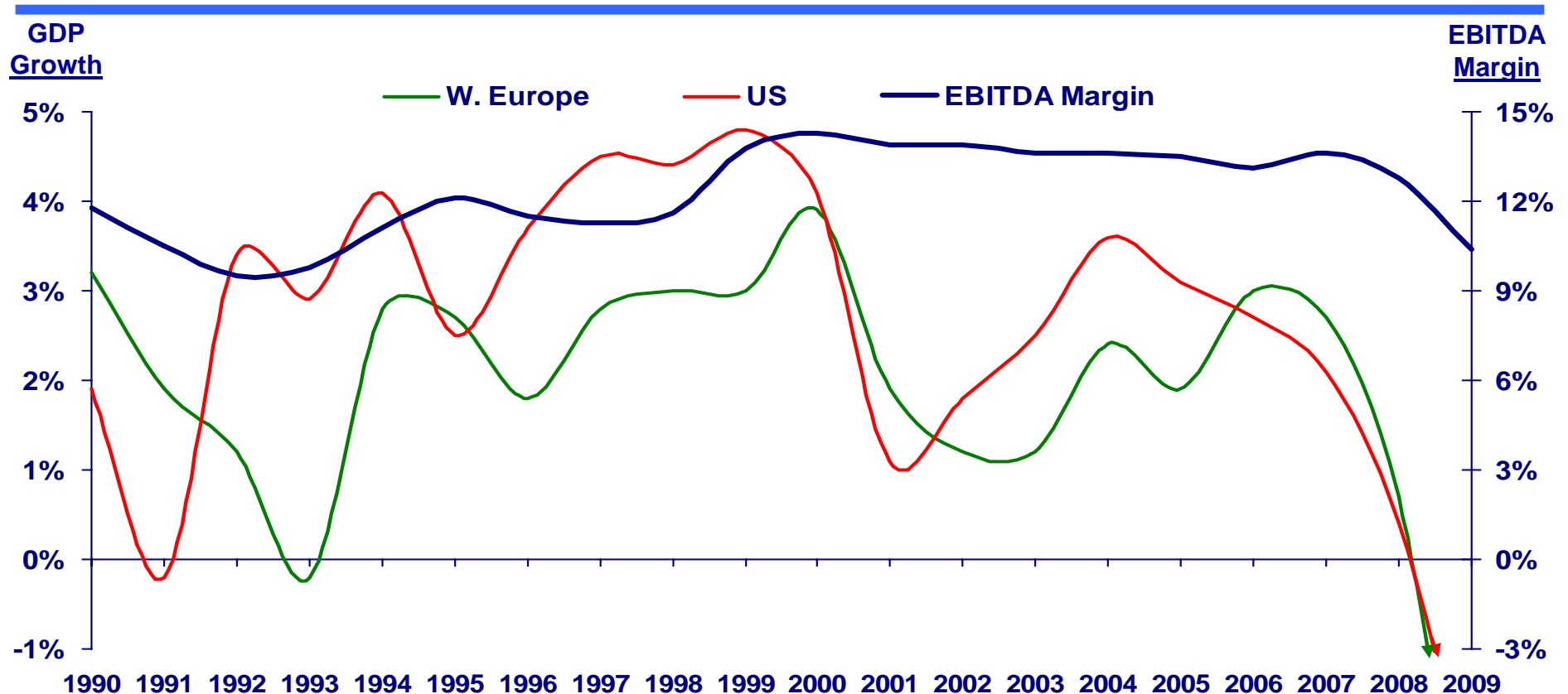
## By End-use



***Consistent strategy and broad exposure to industry demand drivers ...  
... yields stability of performance***

# CRH ... Balanced Portfolio

## *Margin Resilience*



Source: IMF October 2009, CRH

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

# US Infrastructure Investment

## *Current Sources of Funding*

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- Ongoing sources of funding for US Infra c.\$80Bn p.a.
- 45:55 from Fed (SAFETEA-LU) and State/Local budgets
- SAFETEA-LU ... uncertainty over new 6 year bill
- ARRA introduced 2009 to support job creation (\$27.5Bn over 3 - 4 yrs)
- Surface Transportation Extension Act (STEPA) of 2009
  - Extends highway program through 30 Sep 2010 fully funded - \$41.5Bn
  - Resolution to impending HTF shortfall for 2010
  - Senate vote expected this week



# US Infrastructure Investment

## *American Recovery & Reinvestment Act (ARRA)*

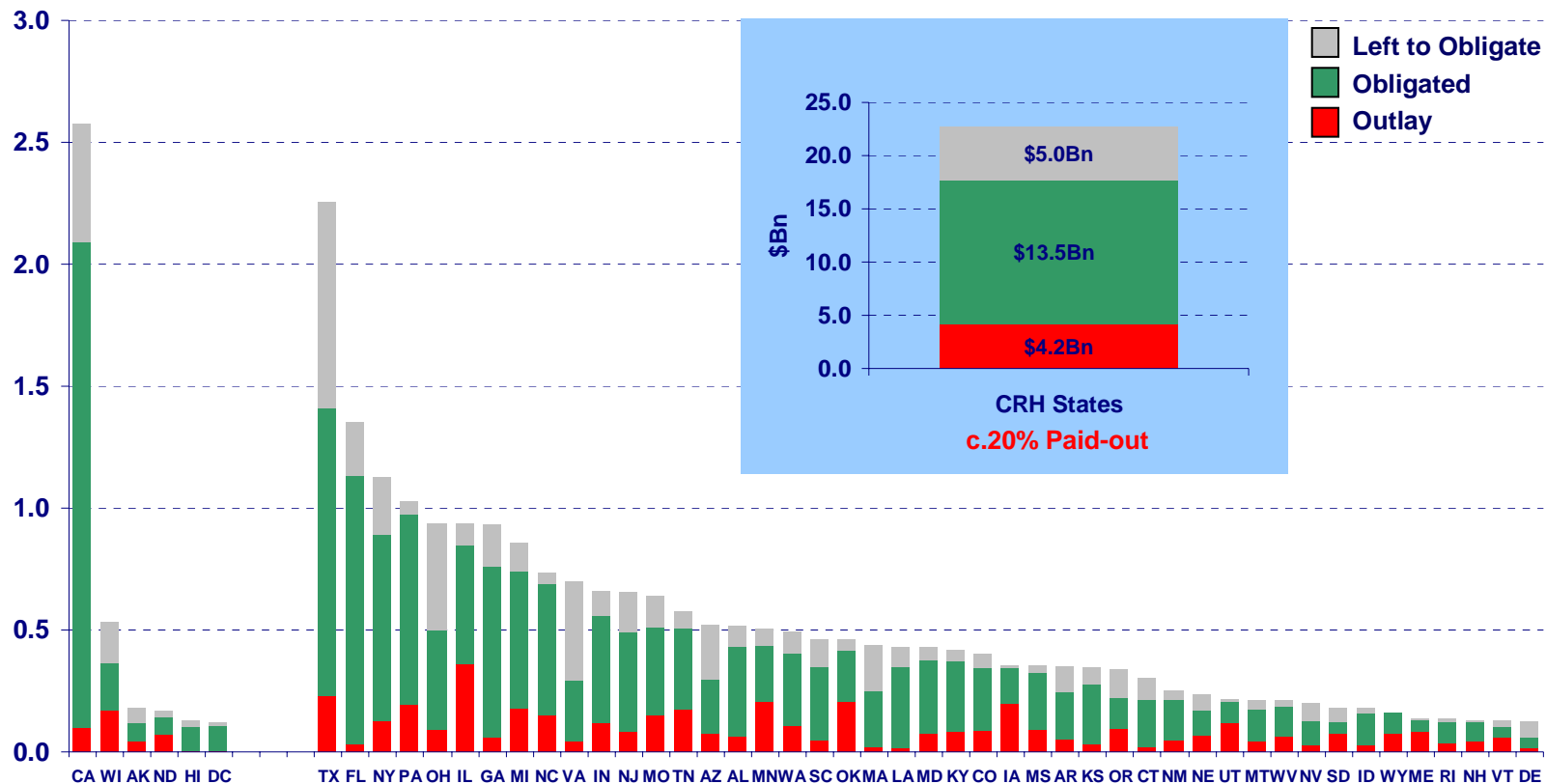
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- \$27.5Bn for highways and bridges
- Expected profile of spend:
  - 2009: \$ 5.5Bn
  - 2010: \$ 11.8Bn
  - 2011: \$ 8.1Bn
  - 2012: \$ 2.0Bn
- New highway contract awards, slow H1, accelerated H2 driven by ARRA in 2009

***Highway and Bridge Construction is the most stable of all  
U.S. Construction Markets***

# ARRA

## *Funds Obligated and Paid Out (30 Nov 2009)*



***\$18.5Bn remains to be paid out in CRH states,  
of which \$13.5Bn has already been obligated***

# US Residential and Non-Residential

*Challenging environment to continue in 2010*

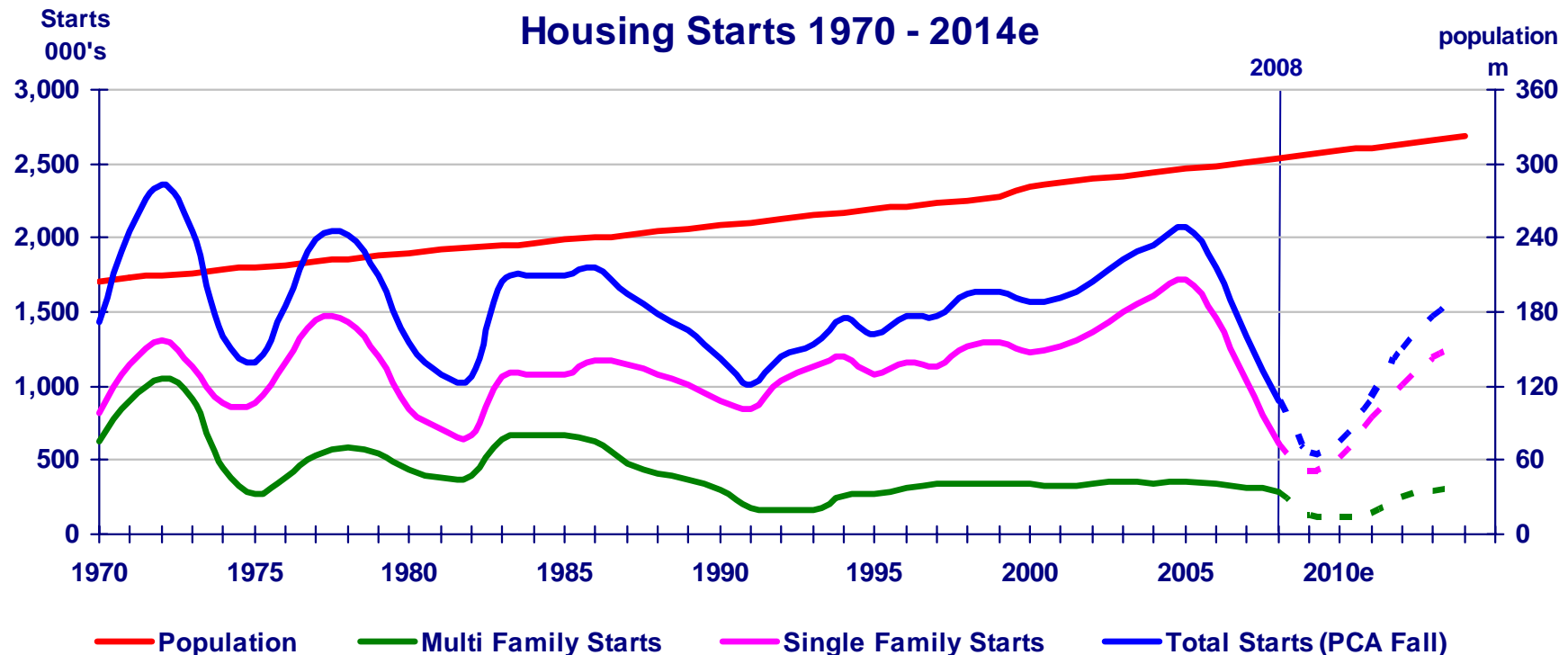
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- Prolonged severe weather in Jan/Feb makes underlying trading environment difficult to gauge
- Residential
  - Recent data releases below expectations
  - Getting near bottom, but timing of recovery unclear
- Non-Residential
  - Significant demand pressures in 2009
  - Challenging environment expected to continue into 2010

***Timing of US Res and Non-Res recovery remains unclear***

# Americas – Residential Sector

*Indication of recovery commencing 2010*

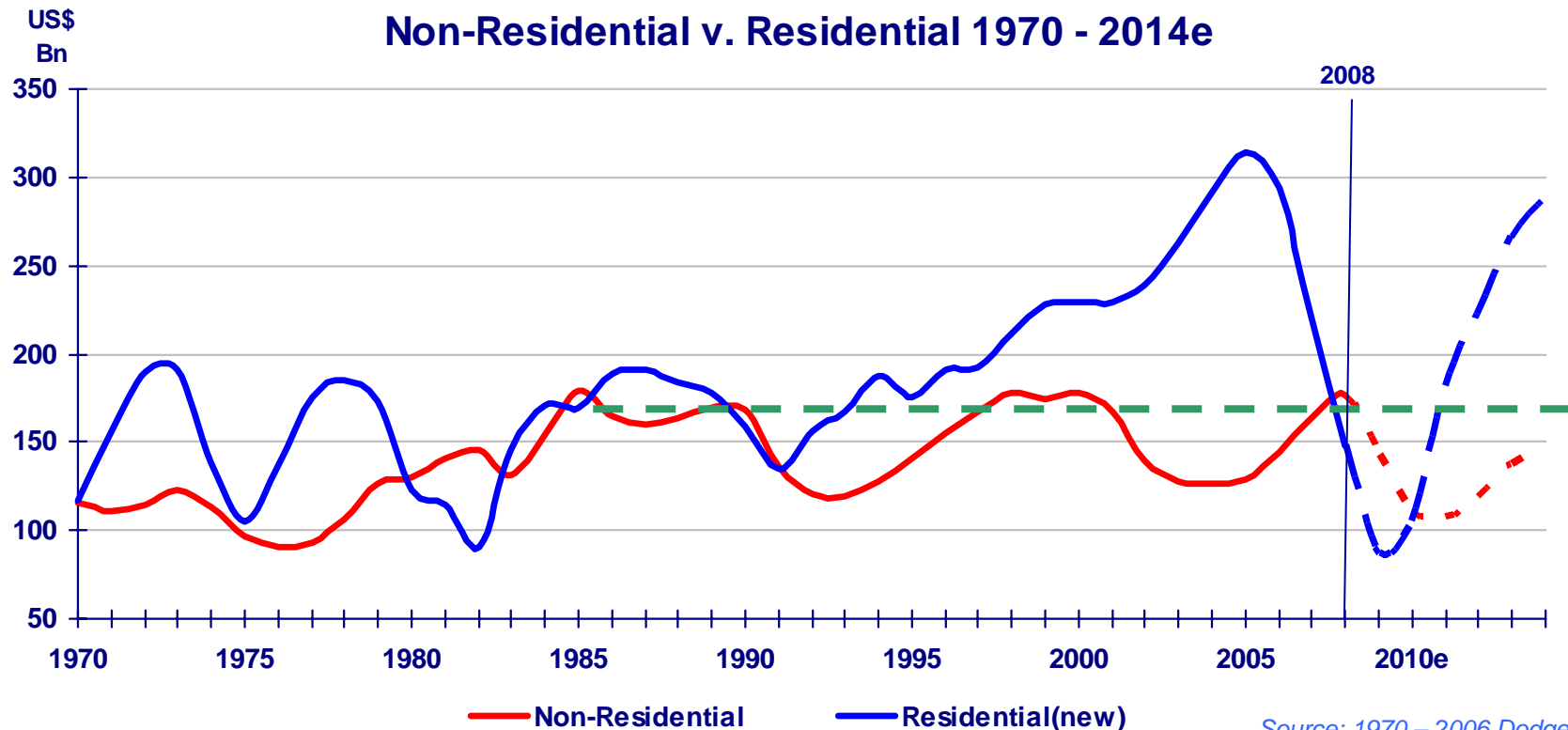


Source: 1970 – 2014 US Census Bureau  
2007 – 2014 PCA (Fall), October 2009

***Annual Housing starts 548k (2009e) ... vs ... 1.6m (1970 – 2007)***  
***Annual starts / '000 population 1.8 (2009e) ... vs ... 6.4 (1970 – 2007)***

# Americas – Non Residential Sector

*Indication of Non-Res recovery to lag Res by c12-24 mths*



Source: 1970 – 2006 Dodge  
2007 – 2014 PCA (Fall), October 2009

***Non-Res recession 2001-2005 ... recovery 2006-2007  
2009-2010 decline impacted by constrained credit***

# EU Residential and Non-Residential

## *Mixed outlook for the year ahead*

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- Prolonged severe weather in Jan/Feb makes underlying trading environment difficult to gauge
- Residential
  - No recovery in Ireland, Spain; Netherlands facing ongoing challenges
  - Seeing signs of pick up in Poland, Finland and UK
  - Switzerland remains strong
- Non-Residential
  - Possible follow on effect from infrastructure in Poland
  - Limited signs of pick up elsewhere

***Varied outlook for Res and Non-Res across different European markets***



# CRH in Emerging Markets

*Building on our existing presence in growing economies*



***15% Group EBITDA from 18 emerging region countries***

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# 2009 Development Activity

*c€0.45Bn Acquisition Spend*

<u>€Bn</u>	<u>H1</u>	<u>H2</u>	<u>Full Year</u>
Europe	0.02	0.01	0.03
Americas	0.04	0.15	0.19
Asia	0.22	0.01	0.23
<b>Total</b>	<b>0.28</b>	<b>0.17</b>	<b>0.45</b>

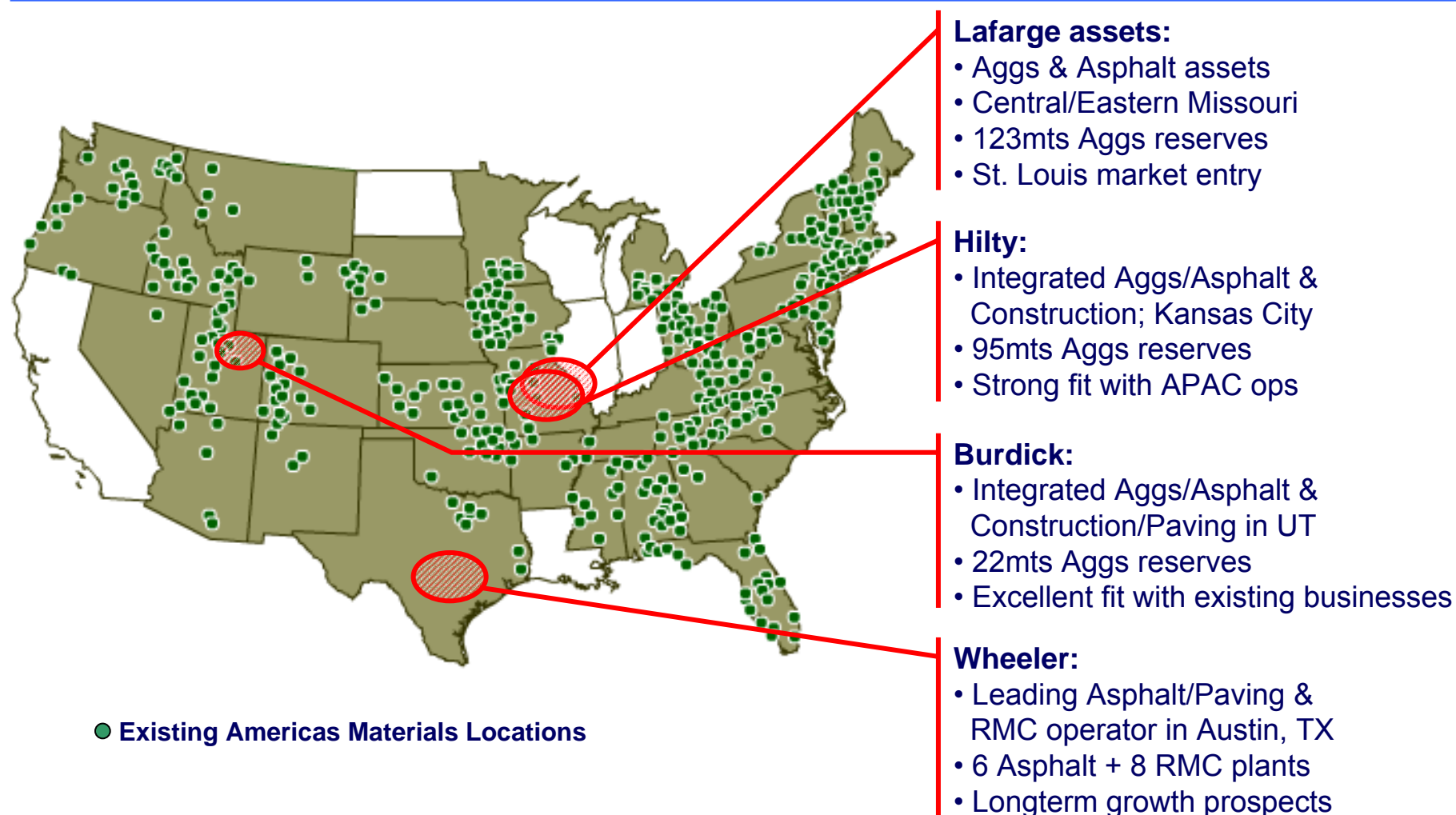
## Highlights ...

- H1: 26% investment in Yatai Cement in northeastern China
- H2: 4 important materials bolt-ons in Missouri (Nov), Texas & Utah (Dec)
- Plus 12 additional bolt-ons across the Group's operations

***H2 transactions at favourable multiples***

# Americas Materials Development Activity

*7 Bolt-ons with 380mts permitted Aggs reserves*



# CRH Acquisition Strategy

*Disciplined approach through the cycle*

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- Re-commencement of acquisition activity since mid-2009
- Actively looking for value-enhancing opportunities
- Clear focus on good early returns
- Potential to spend up to €1.5Bn over next 12-18 months
- Mainly bolt-on deals in our traditional markets
- Committed to building on our existing Emerging Markets presence
- Possibility of asset sales from highly leveraged peers

***Well positioned to pursue development opportunities***

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# 2010 – External Environment

*Expect difficult demand backdrop through much of 2010*

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- Prolonged severe weather in January and February
- Europe fiscal deficit concerns; but ... PL resilient & well placed for growth
- US Res recovery unclear; SAFETEA-LU extension progressing
- Potential translation benefits from stronger US\$ and PLN versus the €

*Continuing challenges in 2010*

# CRH Focus – Internal Action

*Significant adjustment to cost base over past 3 years*

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- Ongoing focus on the fundamentals
  - Scaling operations to market demand
  - Delivering further commercial and cost benefits
  - Maximising cash generation to ensure balance sheet flexibility
  - Generating value-enhancing development opportunities
- To strengthen operations and further build our business

***Positioning CRH to respond to upside demand developments ...  
... and to avail of acquisition opportunities***

# Contact Us

CRH plc  
Investor Relations  
Belgard Castle  
Clondalkin  
Dublin 22  
Ireland

Phone: + 353 1 404 1000  
Fax: + 353 1 404 1007  
Email: [ir@crh.com](mailto:ir@crh.com)

or look up our Website - [www.crh.com](http://www.crh.com)

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