**Exane BNP Paribas**

**Basic Materials Seminar**

**18th March 2009**

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Chief Operating Officer

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# CRH Overview

# CRH Overview

## The International Building Materials Group

- 1970 merger of Irish Cement and Roadstone; Sales €26M, 95% Ireland
- Now in 35 countries; 3,700+ locations; 93,500+ people
- Annualised Sales over €20Bn focused on three core businesses
- Evenly balanced across geographies, products and sector end-use
- Listed: Dublin (CRH.I), London (CRH.L) & NYSE (CRH)

# CRH – Focused and Diversified

## Servicing the breadth of Building Materials demand

**<u>Materials</u> (60% EBITDA)**

The Fundamentals

**Europe**

- Top 10 Cement
- Leader Aggregates, R/mix

**US**

- No.3 Aggregates
- No.1 Asphalt, Top 5 R/mix

***Vertically integrated primary materials businesses with strategically located long-term reserves***

# CRH – Focused and Diversified

## Servicing the breadth of Building Materials demand

**<u>Concrete Prods</u> (15% EBITDA)**

**Constructing the Frame**

**Europe**

- No.1 Arch/Structural Concrete
- No.1 Construction Accessories

**Americas**

- No.1 Arch/Precast Concrete
- No.2 Construction Accessories

***Building systems and engineered concrete solutions for use in Res, Non-Res and Infrastructure applications***

# CRH – Focused and Diversified

## Servicing the breadth of Building Materials demand

**Other Products (10% EBITDA)**

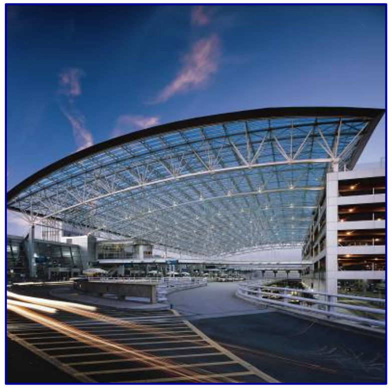
**Completing the Envelope**

**Europe**

- No.1 Facing Brick [UK/NL]
- No.1 EPS Insulation [EI/NL/PL/Nordics]
- No.1 Fencing & Security

**Americas**

- No.1 Architectural Glass
- No.1 Clay Brick [NE/MidW US]



***Complementary value-added building products to complete the building envelope and optimise climate control / energy efficiency***

# CRH – Focused and Diversified

## Servicing the breadth of Building Materials demand

**Distribution (15% EBITDA)**

**Fit-out and Renewal**

**Europe**

- Top 3 BM Distributor Mainland Europe
- No.1 NL, No.2 BE - DIY

**Americas**

- No.3 Interior Products
- No.4 Roofing / Siding




***Distribution channels to service the fit-out and renewal of buildings primarily in major metropolitan areas***

# CRH – Focused and Diversified

## Providing Building Materials for Our World

| Materials | Products | Products | Distribution |
|---|---|---|---|
| **The Fundamentals** | **Constructing the Frame** | **Completing the Envelope** | **Fit-Out and Renewal** |
| ➢Aggregates<br>➢Cement<br>➢Asphalt<br>➢Readymixed Concrete | ➢Precast Concrete<br>➢Architectural Concrete<br>➢Construction Accessories | ➢Clay<br>➢Glass<br>➢Insulation<br>➢Fencing & Security<br>➢Ventilation<br>➢RSA | ➢Builders Merchants<br>➢Roofing & Siding<br>➢Interior Products<br>➢DIY |

***Embracing the benefits of Integrated & Complementary Businesses … delivering mid to high teen % RoCE across the portfolio***

# CRH …

## International and Balanced

### By Geography

North America 45% | Western Europe 40% | Emerging Regions 15%

### By Product

Heavyside 75% | Lightside 25%

Materials 60% | Concrete Products 15% | Other Products 10% | Distribution 15%

### By Sector

Residential 35% | Non-Residential 35% | Infrastructure 30%

### By End-use

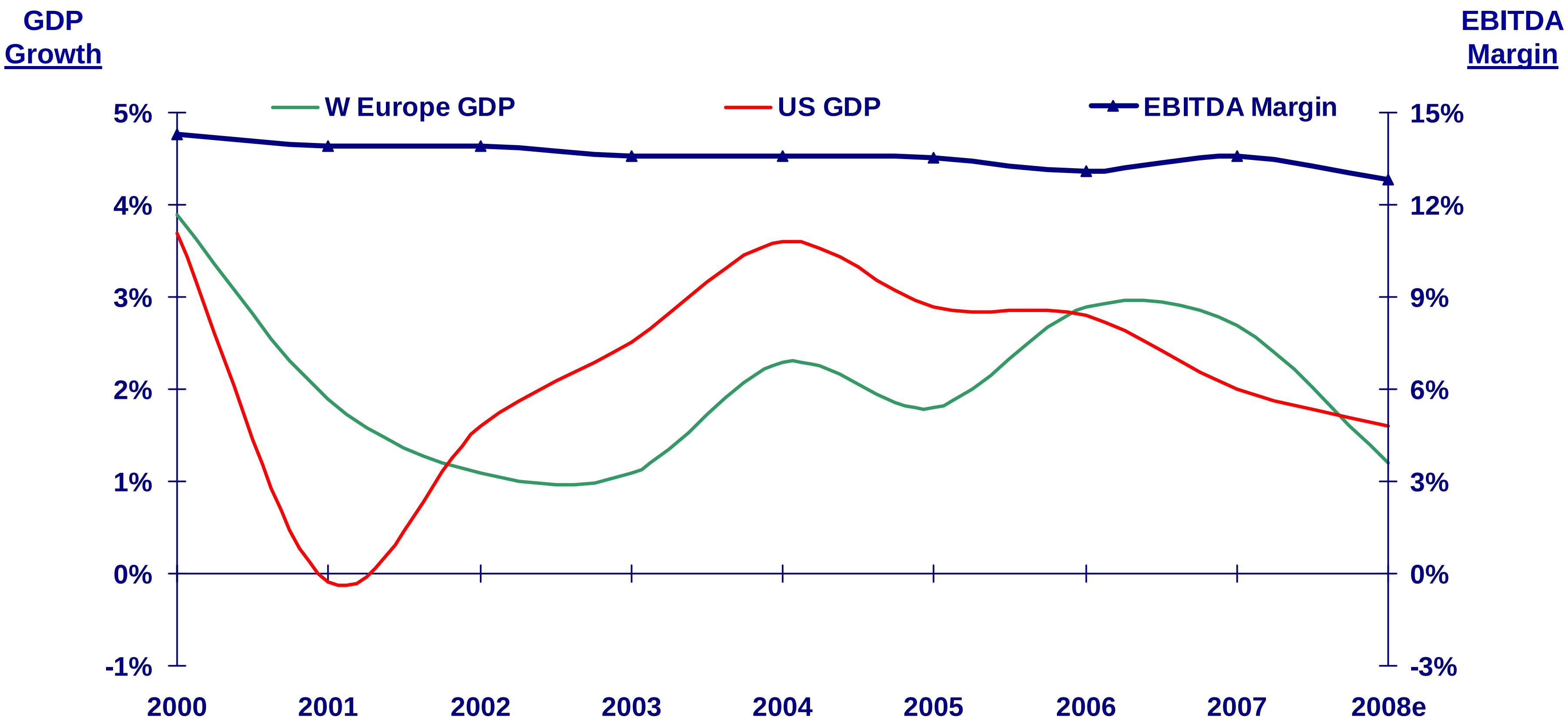
New 60% | Repair Maintenance & Improvement 40%

***Broad exposure to industry demand drivers …***
***… yields stability of performance***

*Approximate annualised EBITDA*

# CRH …

## Balanced Portfolio contributes to Margin Stability




*Source: IMF October 2008, CRH*

***Operational excellence plus balanced business …***
***… yields stability of margins through the cycle***

# 2008 Results Overview

# 2008 Highlights

## Robust delivery in a year of significant challenges

| | | |
|---|---|---|
| Sales | €20,887m | -% |
| Operating profit | €1,841m | ↓ 12% |
| Profit before tax | €1,628m | ↓ 14% |
| EPS Basic | 233.1c | ↓ 11% |
| Cash EPS | 386.9c | ↓ 4% |
| Dividend | 69.0c | ↑ 1.5% |

***CRH's geographic, sectoral and product balance continues to underpin performance and cashflow***

# Long Term Dividend Delivery

## 25 consecutive years of dividend growth

- From 4.8x (2005) … to 4.3x (2006) … to a target of c3.5x for 2008
- Current strong cover level allows for significant flexibility
- With ability to accommodate cover in the range of 2.5x - 3.0x

| | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 |
|---|---|---|---|---|---|---|
| EPS change | +1% | (25%) | (9%) | +24% | +38% | +34% |
| Div change | +14% | +8% | +5% | +10% | +12% | +12% |
| **Div Cover** | **3.9x** | **2.7x** | **2.4x** | **2.7x** | **3.3x** | **3.9x** |

# 2008 Development Activity

## Curtailed in response to economic environment

- 2008 spend c€1 billion – H1 €0.7 billion, H2 €0.3 billion
- H2 spend deliberately curtailed in a deteriorating economic environment
- Main transactions …
  - 50% MHIL; Indian cement manufacturer (3.2 mtpa current capacity)
  - 100% Ancon; UK construction accessories producer
  - 35% stake in Trialis; a leading builders merchant in SW France
- Plus 50 additional bolt-ons across the Group's operations

***Development activity limited to opportunities that offer compelling value/exceptional strategic fit***

# 2008 Capital Expenditure

## Also being adjusted to reflect demand environment

- 2008 Capex of c€1 billion (2007: €1 billion) …
- … including €0.25bn (2007: €0.1bn) on major cement projects
  - Ireland: 1.3 mtpa line - part replacement; commissioned
  - US: 50% JV; 1.1 mtpa greenfield plant; in commissioning
  - Ukraine: 3 mtpa wet-to-dry conversion; due early 2010
  - Poland: new 1.8 mtpa line for growth
- 2009: expect Capex to be below Depreciation – c€750m

***Major cement project spend:***
***€0.1bn (2007), €0.25bn (2008), €0.3bn (2009/2010)***

# Outlook

# 2009 Europe Outlook

- **Materials**
  - Ireland & Spain set to fall further; less severe declines in Finland & Portugal
  - Switzerland again forecast to perform robustly
  - Poland Infra likely to be offset by Res/Non-Res declines; Ukraine lower
  - Currency weakness in Poland/Ukraine will have negative effect in euro
  - Benefits from lower fuel and energy costs, and cost reduction measures
- **Products & Distribution**
  - Lower demand environment across the main Eurozone countries
  - Res starts lower; Non-Res reasonable but trends weakening
  - CEE Infrastructure, RMI sector and DIY more resilient
  - Benefits from restructuring and lower energy costs (Clay)

***Expect a much more demanding trading environment***

# 2009 Americas Outlook

- **Materials**
  - Infra component of recent stimulus package should benefit H2
  - Res/Non-Res demand expected to face further erosion
  - Moderation in bitumen/energy suggests more stable cost levels in 2009
  - Continuing focus on costs, efficiency and price improvement
  - Should partly offset impact on US$ profit of likely volume declines
- **Products & Distribution**
  - New US Res demand to decline further in 2009
  - Res RMI also likely to decline, although to a lesser degree
  - Non-Res to fall given weaker economy and tighter commercial credit
  - Benefits from 2008 and 2009 cost reduction measures

***US$ performance will be weaker, but***
***current US$/€ rate implies a relatively more favourable € outcome***

# Overall Outlook

## Twin goals – Performance and Growth

- Outlook for 2009 is extremely challenging
- In addition, most severe winter for many years in both Europe and US
- H1 expected to be sharply lower – tough comparatives versus H1 2008
- Lower energy costs, interest rate reductions and US stimulus …
- Should encourage activity as the year progresses
- Expect H1 underperformance to moderate in seasonally more important H2
- Resolutely focussed on commercial delivery and cash generation

***Strengthening financial flexibility to be positioned to take advantage of likely increased flow of development opportunities***

# CRH Investment Highlights

- Consistent strategy and growth record over c.40 years
- Disciplined approach to acquisitions through the cycle
- Geographic, sectoral and product balance a key strength
- Strong market positions and well located strategic reserves
- Consistent strong cash flow generation and interest cover
- Experienced senior management team with strength and depth
- Proactively managing short-term challenges …
- ... and positioning the Group for the eventual upturn

***Focused on delivery – Short-term and Long-term***

# Appendices

# 2008 Key Points

## Robust delivery in a year of significant challenges

- Results in line with Nov IMS / Jan Trading Update guidance
- Revenue flat, EBITDA down -7%, Operating Profit down -12%
- Operating Profit margin 8.8% versus 9.9% in 2007
- PBT down -14%, EPS -11% reflecting buyback & lower % tax charge
- Dividend +1.5%; 25th consecutive year of growth
- Significant cost reduction initiatives in response to declining markets

***CRH's geographic, sectoral and product balance continues to underpin performance and cashflow***

# Europe - Overall

## Solid CEE performance; generally weaker elsewhere

| €m | | 2008 | 2007 | Change | Organic | Acquisitions 2007 | Acquisitions 2008 | FX |
|---|---|---|---|---|---|---|---|---|
| Sales | +4% | 11,194 | 10,714 | +480 | (434) | +563 | +411 | (60) |
| Op. profit | (5%) | 1,049 | 1,106 | (57) | (130) | +32 | +41 | - |
| Op. margin | | 9.4% | 10.3% | | | | | |

*Operating profit excludes profit on disposals*

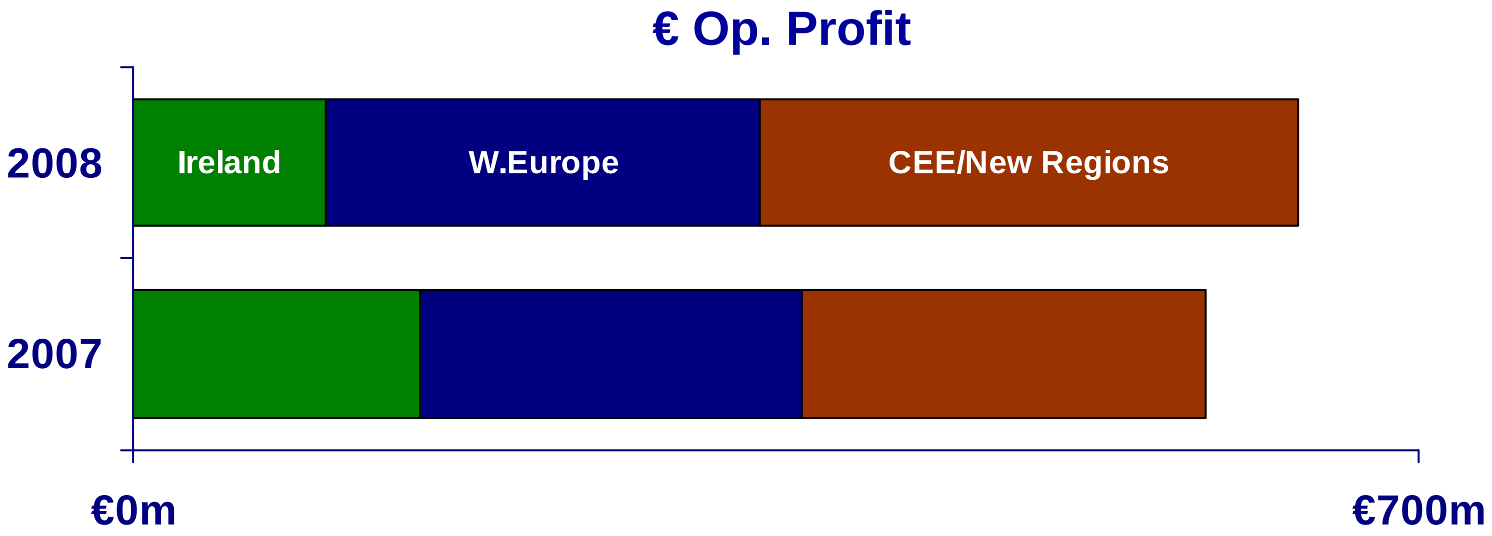
- **Materials**
  - Ireland/Spain continued declines; slower pace of CEE growth in H2
- **Products**
  - Weakness in European economic trends intensified from mid-year
- **Distribution**
  - DIY more robust in H2; BM weaker as year progressed

# Europe Materials

## Operating Profit up 8%; good margin progress

| €m | | 2008 | 2007 | Change | Organic | Acquisitions 2007 | Acquisitions 2008 | FX |
|---|---|---|---|---|---|---|---|---|
| Sales | +1% | 3,696 | 3,651 | +45 | (205) | +194 | +74 | (18) |
| Op. profit | +8% | 631 | 586 | +45 | +4 | +19 | +16 | +6 |
| Op. margin | | 17.1% | 16.1% | | | | | |

*Operating profit excludes profit on disposals*




***Broad spread across Ireland, W.Europe and CEE/New Regions***

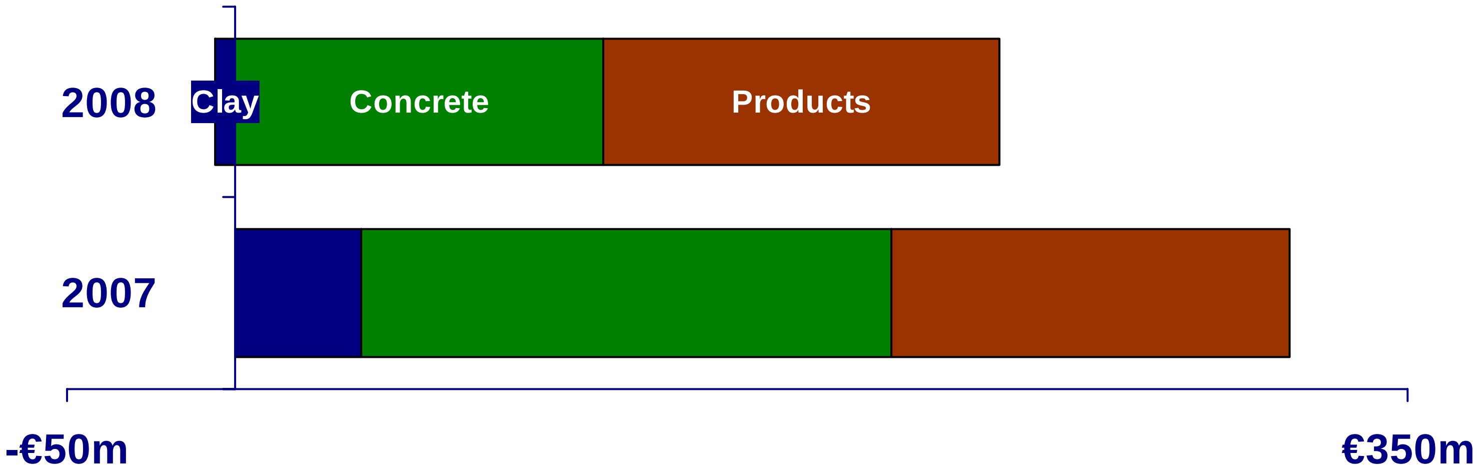
# Europe Products

## Operating Profit down 27% after €35m rationalisation

| €m | | 2008 | 2007 | Change | Organic | Acquisitions 2007 | Acquisitions 2008 | FX |
|---|---|---|---|---|---|---|---|---|
| Sales | +2% | 3,686 | 3,628 | +58 | (143) | +100 | +172 | (71) |
| Op. profit | (27%) | 224 | 308 | (84) | (99) | +6 | +16 | (7) |
| Op. margin | | 6.1% | 8.5% | | | | | |

*Operating profit excludes profit on disposals*

**€ Op. Profit**



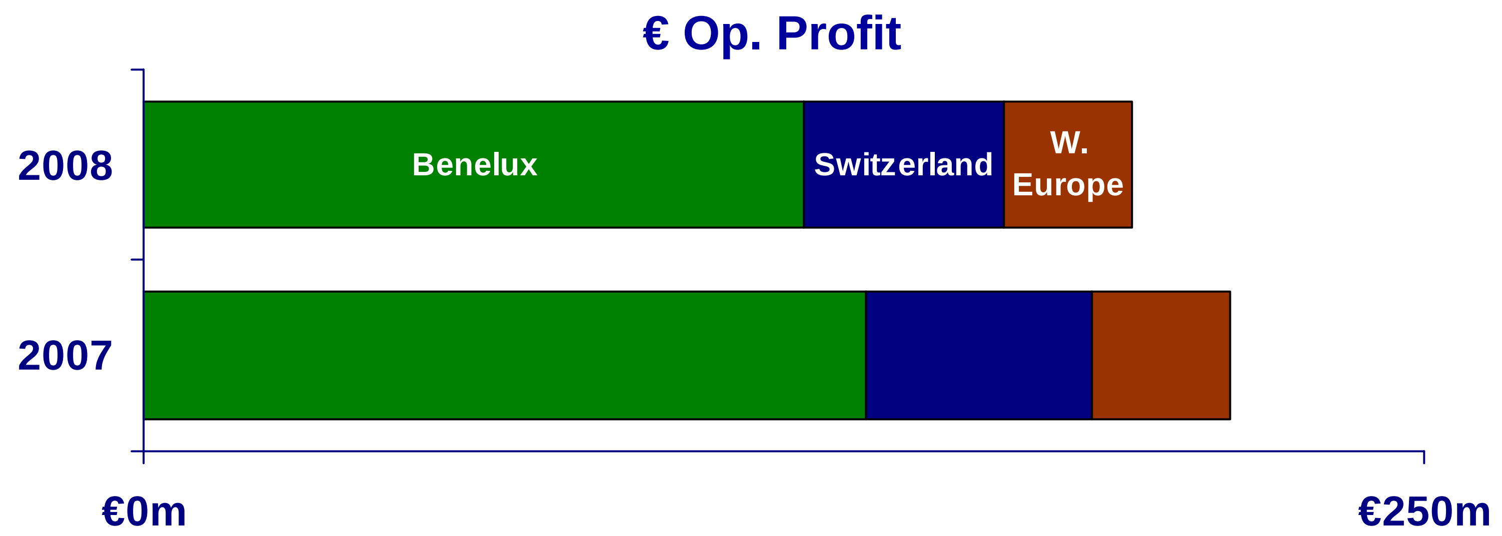

***Conc. Products base; Broad spread across mature Europe***

# Europe Distribution

## Operating Profit down 8%; margin lower

| €m | | 2008 | 2007 | Change | Organic | Acquisitions 2007 | Acquisitions 2008 | FX |
|---|---|---|---|---|---|---|---|---|
| Sales | +11% | 3,812 | 3,435 | +377 | (86) | +269 | +165 | +29 |
| Op. profit | (8%) | 194 | 212 | (18) | (35) | +7 | +9 | +1 |
| Op. margin | | 5.1% | 6.2% | | | | | |

*Operating profit excludes profit on disposals*




***Leading positions Benelux/Switz; growing France/Germany***

# Americas - Overall

## US$ Operating Profit down 13%; balance limits downside

| €m | | 2008 | 2007 | Change | Organic | Acquisitions 2007 | Acquisitions 2008 | FX |
|---|---|---|---|---|---|---|---|---|
| Sales | (6%) | 9,693 | 10,278 | (585) | (814) | +809 | +119 | (699) |
| Op. profit | (19%) | 792 | 980 | (188) | (171) | +38 | +12 | (67) |
| Op. margin | | 8.2% | 9.5% | | | | | |

*Operating profit excludes profit on disposals*

- **Materials**
  - Strong pricing necessary to recover higher input costs; negative for volumes
- **Products**
  - Financial markets began to impact US Non-Res; APG/Precast most affected
- **Distribution**
  - Beat expectations; pricing, sales, overhead benefits and AMS acquisition

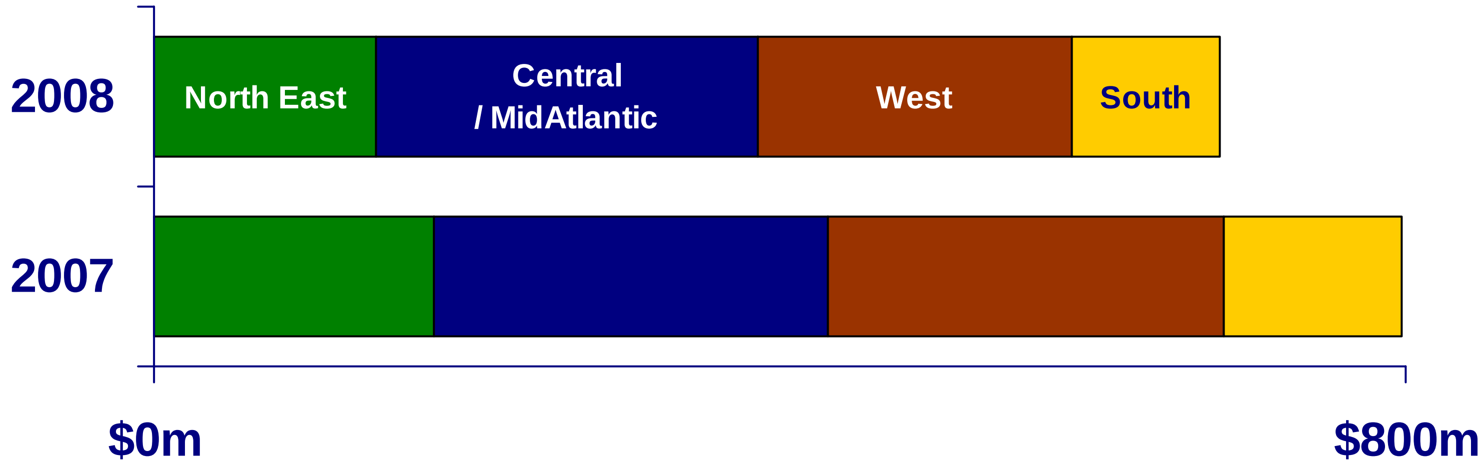
# Americas Materials

## High input costs drove strong pricing; negative for volumes

| €m | | 2008 | 2007 | Change | Organic | Acquisitions 2007 | Acquisitions 2008 | FX |
|---|---|---|---|---|---|---|---|---|
| Sales | (8%) | 5,007 | 5,445 | (438) | (464) | +332 | +65 | (371) |
| Op. profit | (19%) | 462 | 570 | (108) | (86) | +9 | +8 | (39) |
| Op. margin | | 9.2% | 10.5% | | | | | |

*Operating profit excludes profit on disposals*

**US$ Op. Profit -13%**




***Best among peers in EBIT and Margin delivery***

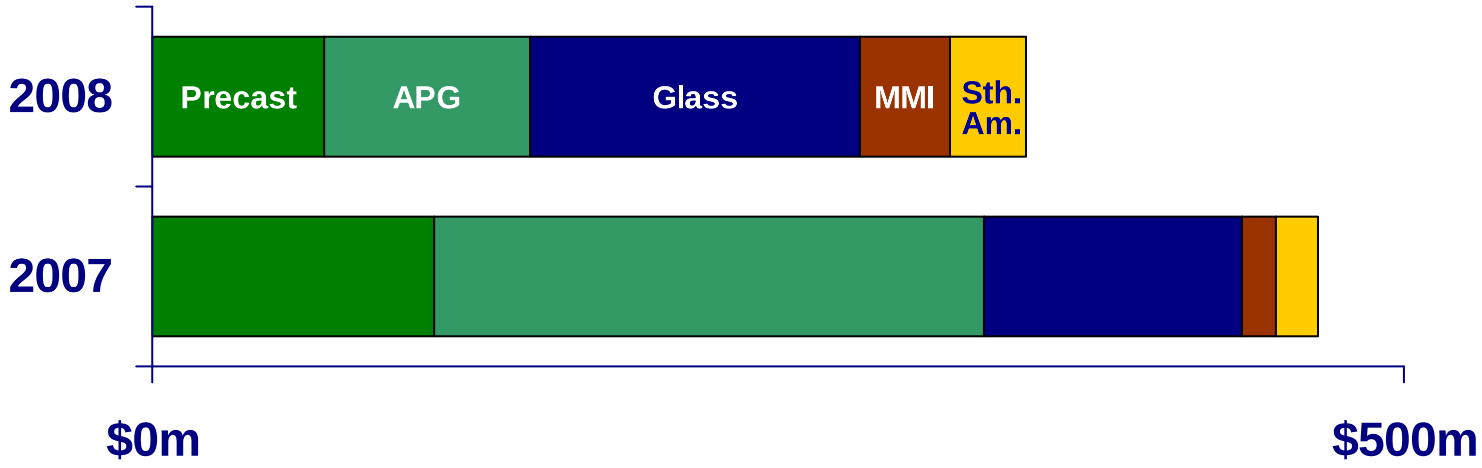
# Americas Products

## APG/Precast most affected; other operations ahead

| €m | | 2008 | 2007 | Change | Organic | Acquisitions 2007 | Acquisitions 2008 | FX |
|---|---|---|---|---|---|---|---|---|
| Sales | (8%) | 3,243 | 3,510 | (267) | (291) | +223 | +39 | (238) |
| Op. profit | (30%) | 238 | 340 | (102) | (94) | +11 | +4 | (23) |
| Op. margin | | 7.3% | 9.7% | | | | | |

*Operating profit excludes profit on disposals*

**US$ Op. Profit -25%**



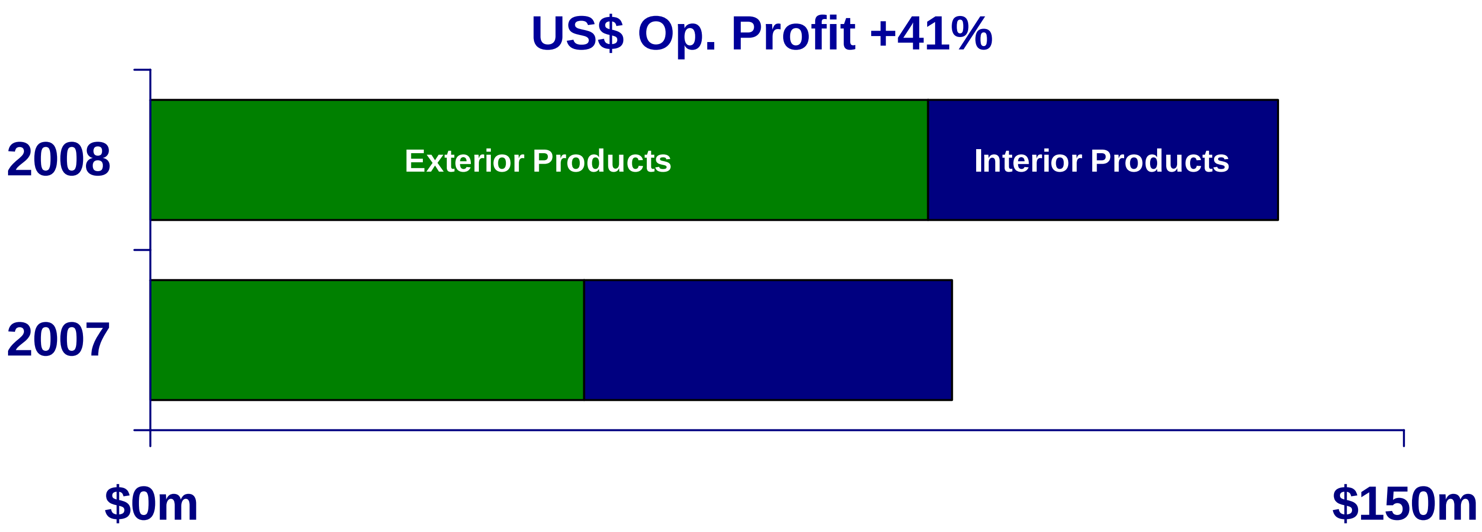

***Broad product spread with Concrete Products / Glass base***

# Americas Distribution

## Successful organic delivery + acquisitions; margins ahead

| €m | | 2008 | 2007 | Change | Organic | Acquisitions 2007 | Acquisitions 2008 | FX |
|---|---|---|---|---|---|---|---|---|
| Sales | +9% | 1,443 | 1,323 | +120 | (59) | +254 | +15 | (90) |
| Op. profit | +31% | 92 | 70 | +22 | +9 | +18 | - | (5) |
| Op. margin | | 6.4% | 5.3% | | | | | |

*Operating profit excludes profit on disposals*




***Strong profit growth in difficult markets***

# 2008 Components of Performance

## FX effects reduced profits by c3%

| | | | | | Acquisitions | | |
|---|---|---|---|---|---|---|---|
| €m | 2008 | 2007 | Change | Organic | 2007 | 2008 | Exchange |
| Sales | 20,887 | 20,992 | (105) | (1,248) | +1,372 | +530 | (759) |
| Operating Profit | 1,841 | 2,086 | (245) | (301) | +70 | +53 | (67) |
| Profit on Disposals | 69 | 57 | +12 | +13 | - | - | (1) |
| Trading Profit | 1,910 | 2,143 | (233) | (288) | +70 | +53 | (68) |
| Finance Costs (net) | (343) | (303) | (40) | +39 | (67) | (29) | +17 |
| Associates PAT | 61 | 64 | (3) | (8) | +2 | +2 | +1 |
| Profit before Tax | 1,628 | 1,904 | (276) | (257) | +5 | +26 | (50) |
| *PBT % chg vs. 2007* | | | *(14%)* | | | | *(3%)* |

# Funds Flow

## Robust operating cash inflow …

| | 2008 | 2007 | 2006 |
|---|---|---|---|
| | €m | €m | €m |
| **Inflows** | | | |
| Profit before tax | 1,628 | 1,904 | 1,602 |
| Depreciation | 781 | 739 | 664 |
| Amortisation of intangibles | 43 | 35 | 25 |
| | 2,452 | 2,678 | 2,291 |
| **Outflows** | | | |
| Working capital | (62) | 227 * | (76) |
| Tax Paid | (322) | (388) | (378) |
| Dividends | (369) | (318) | (222) |
| Capital expenditure | (1,039) | (1,028) | (832) |
| Other | (89) | (81) | (51) |
| | (1,881) | (1,588) | (1,559) |
| **Operating cash inflow** | **571** | **1,090** | **732** |

** including 2007 APAC working capital rundown*

# Funds Flow

## ... limits Debt increase after Buyback, Dev Cx, Translation

| | 2008 | 2007 | 2006 |
|---|---|---|---|
| | €m | €m | €m |
| **Operating cash inflow** | **571** | **1,090** | **732** |
| Acquisitions and investments | (1,072) | (2,227) | (2,311) |
| Disposals | 168 | 156 | 252 * |
| Share issues | 28 | 104 | 112 |
| Share purchases | (383) | (31) | (15) |
| Translation | (240) | 237 | 187 |
| **Debt increase** | **(928)** | **(671)** | **(1,043)** |
| **Acqs & Capex less Disposals** | **(1,943)** | **(3,099)** | **(2,891)** |
| Debt/Shareholders' Funds | 75% | 64% | 63% |
| Debt/Year-end Market Capitalisation | 64% | 40% | 26% |

** including 2006 APAC disposals*

# Focussed on Cash Generation

## Traditional strong H2 cash inflow

| €m | 2008 | H2 | H1 |
|---|---|---|---|
| **Profit before tax** | **1,628** | **1,022** | **606** |
| Depreciation/Amortisation | 824 | 432 | 392 |
| Working capital | (62) | 544 | (606) |
| Tax Paid | (322) | (173) | (149) |
| Dividends | (369) | (110) | (259) |
| Capital expenditure | (1,039) | (479) | (560) |
| Other | (89) | (88) | (1) |
| **Operating cash inflow** | **571** | **1,148** | **(577)** |

# Focussed on Debt Management

## Pro-active 2008 Financing Programme

- €3 billion refinancing initiatives in 2008:
  - €0.8 billion of new long-term funding (Stg£ 250m and US$ 650m Bonds)
  - €0.5 billion of new bank term finance
  - €1.7 billion of facility renewals and extensions
- Unutilised committed facilities of over €1 billion at end-2008
- 2008 EBITDA / Net interest cover of 7.8x
- Committed to maintaining an investment grade credit rating

# Focussed on Debt Management

## Well positioned in terms of debt maturity schedule

| Breakdown of Net Debt YE 2008 | € Bn |
|---|---|
| Gross Debt | 7.0* |
| Gross Cash | (0.9) |
| **Net Debt** | **6.1** |

| Breakdown of Gross Debt YE 2008 | € Bn |
|---|---|
| Outstanding Bond Debt | 4.2 |
| Drawn Bank Facilities | 2.8 |
| **Gross Debt** | **7.0** |
| **Unutilised committed facilities** | **1.6** |

| Maturity Profile € Bn | Total |
|---|---|
| 2009 | **1.1** |
| 2010 | **1.3** |
| 2011 | **0.8** |
| 2012 | **1.0** |
| 2013 | **0.6** |
| Beyond 2013 | **2.2** |
| **Total** | **7.0** |

| Principal Covenants | | YE 2008 |
|---|---|---|
| EBITDA / Net interest | ≥4.5x | 7.8x |
| Net Debt / EBITDA | ≤3.5x | 2.3x |

** including Net Debt related derivatives assets of €0.3 Bn*

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