

Performance and Growth



**Exane BNP Paribas
European Seminar
11th June 2004**

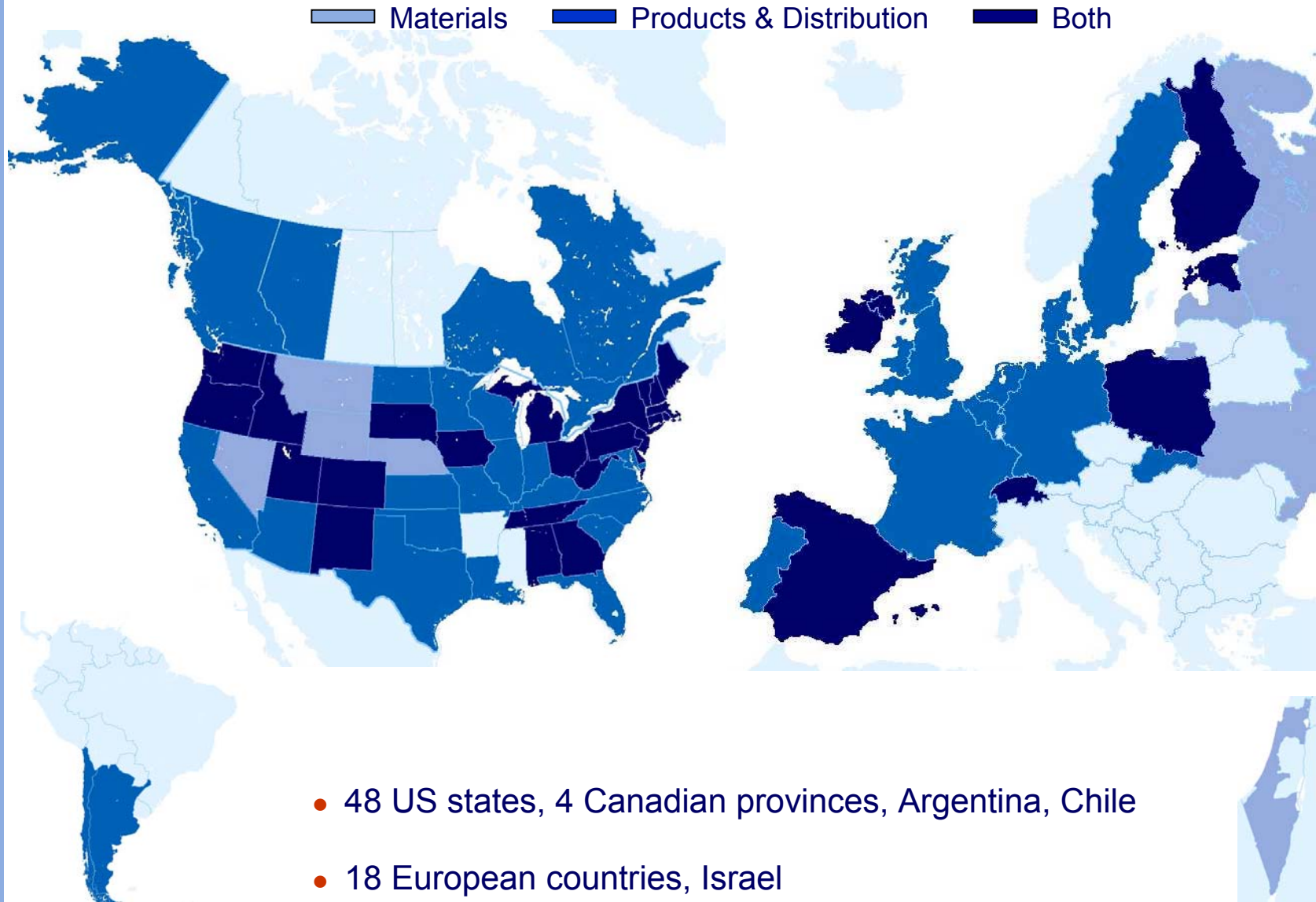
**Liam O'Mahony
Chief Executive**

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- **CRH Overview**
- **Development**
- **Major Markets - Backdrop**
- **2004 Outlook**

CRH OVERVIEW

- 1970: Merger Irish Cement & Roadstone: Sales €26m, Ireland 95%
- Embarked on a clear, consistent development strategy
- Now 24 countries; 3 continents; 1,950+ locations; average 54,000+ employees
- Sales €11bn across three core businesses
- Balanced business portfolio: regional, product, end-use
- Listed Dublin (CRH.I), London (CRH.L), NASDAQ (CRHCY), Eurotop 300 stock
- Market capitalisation circa €9bn: Top 5 in sector worldwide
- 19% CAGR in Total Shareholder Return since 1970



THREE CORE BUSINESSES



Primary Materials



Cement, aggregates, asphalt and surfacing, readymixed concrete



Building Products

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

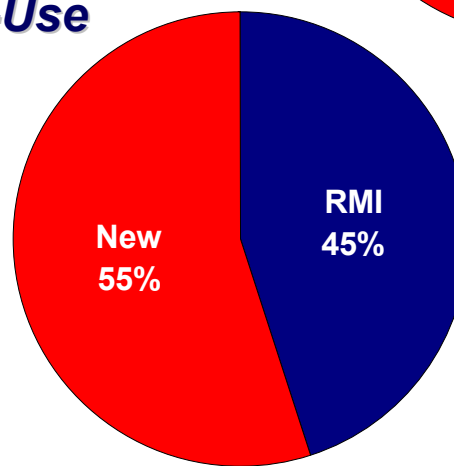
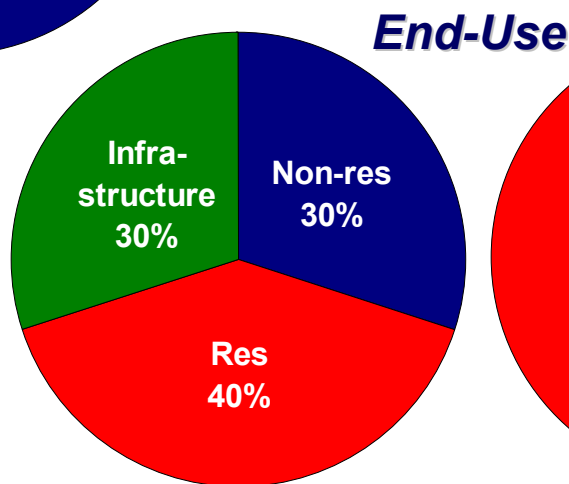
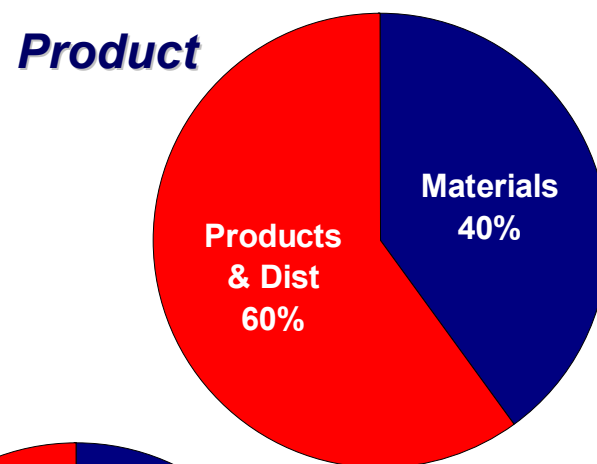
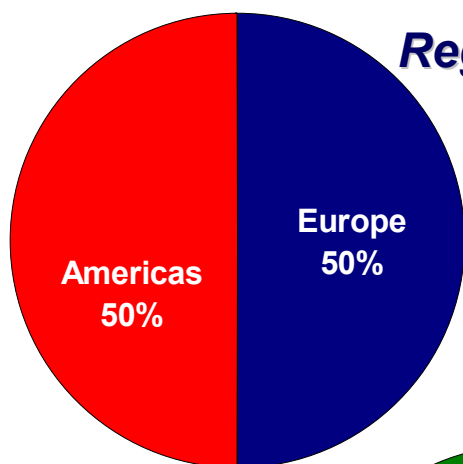


Distribution



DIY stores, builders merchanting, specialist distribution

- Helps smooth the impact of industry and economic cycles
- Enhances growth potential



Based on current annualised sales

2003 RESULTS HIGHLIGHTS

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| | 2003 | 2002 | % change | |
|----------------------------------|--------|--------|-------------|------------------|
| | €m | €m | as reported | at 2003 FX rates |
| Sales | 11,080 | 10,794 | +3% | +15% |
| Operating profit before goodwill | 1,045 | 1,048 | - | +12% |
| Profit before tax | 864 | 856 | +1% | +12% |
| | € cent | € cent | | |
| EPS before goodwill | 136.2 | 132.5 | +3% | +13% |
| EPS after goodwill | 121.9 | 119.2 | +2% | +13% |
| Cash EPS | 223.4 | 219.8 | +2% | +13% |
| Dividend | 28.1 | 25.4 | +11% | +11% |

11th consecutive year of earnings growth; 20th of dividend increase

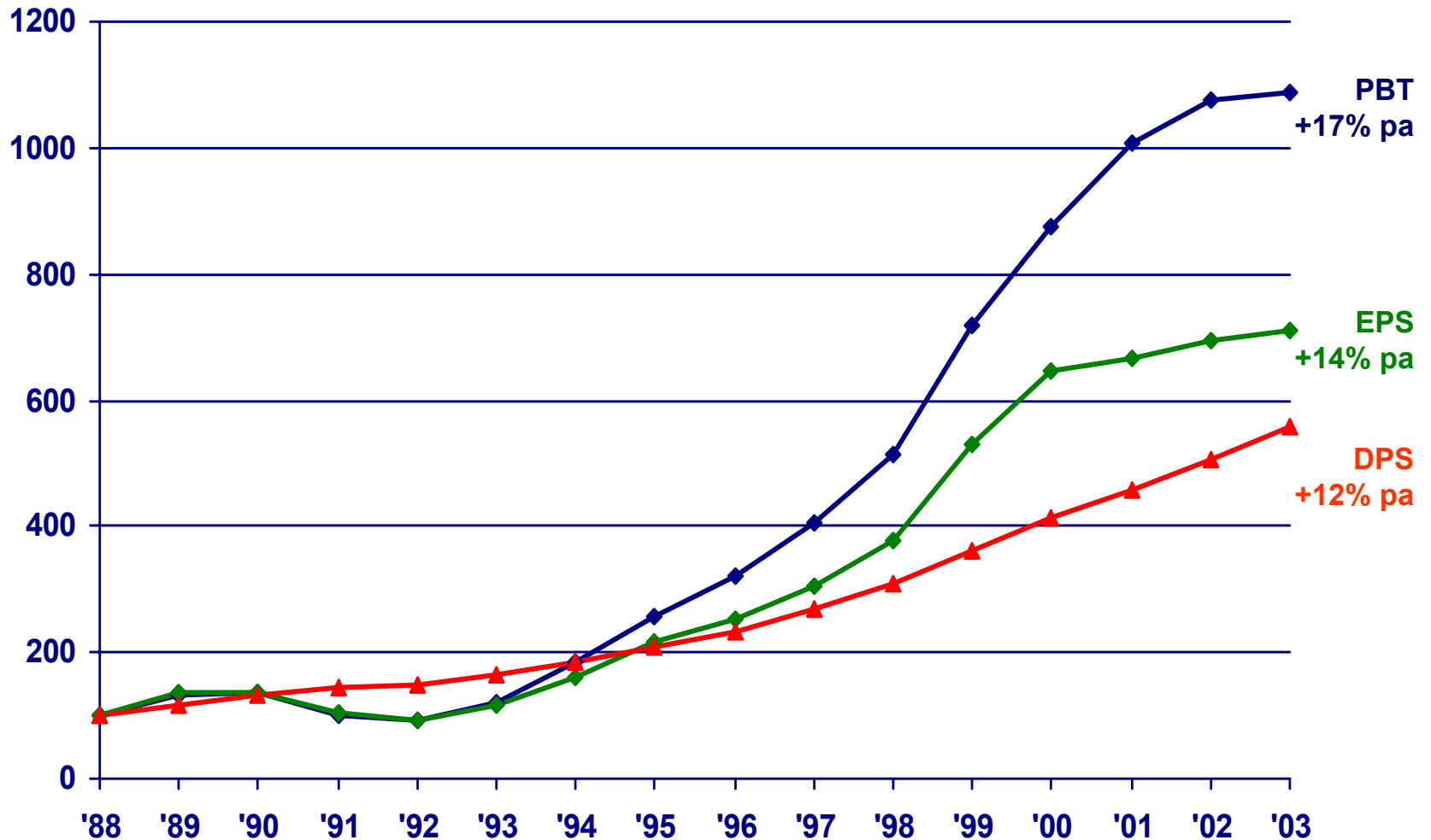
2003 RESULTS OVERVIEW

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- Record results despite significant translation hit
- Ireland: Similar profits; strong residential demand; but infrastructure slower in H2
- UK: Strong 13% advance in Sterling profits; ahead 3% in euro terms
- Mainland Europe operating profit up 28%:
 - Materials: Profits ahead despite poor early weather and adverse FX
 - P&D: Significant advance aided by record acquisition spend
- Americas US\$ operating profits up 7%; in euro down 11%
 - Materials: Decline in heritage operating profits more than offset by acquisitions
 - P&D: Strong residential/RMI plus acquisitions outweighed weak commercial
- Acquisitions: Development spend of €1.6bn, with particular success in Europe P&D
- Strong cash flow, solid financial base, EBITDA/net interest 13.1x

CRH PERFORMANCE 1988 - 2003

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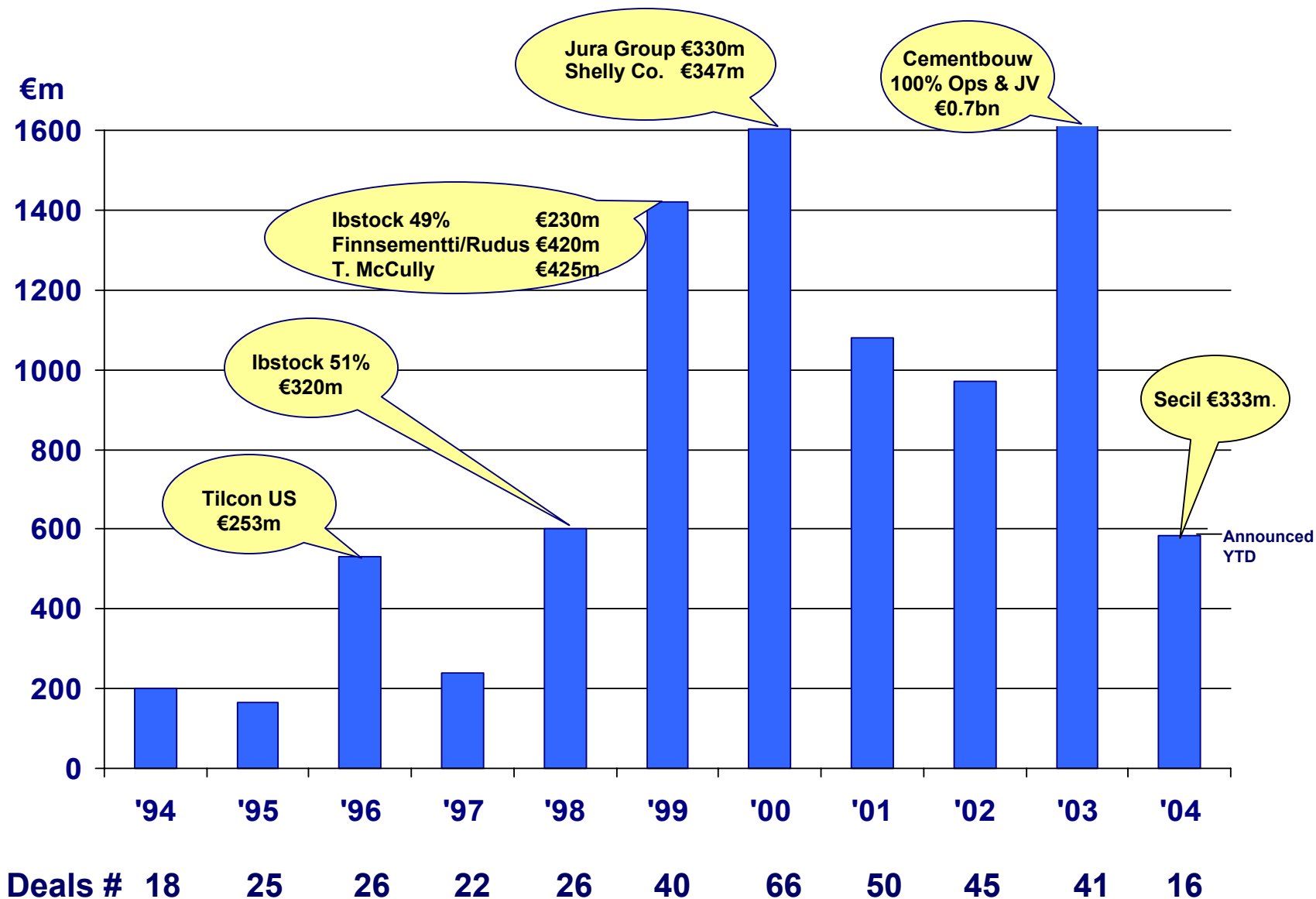


1988 = 100

DEVELOPMENT

CRH ACQUISITION SPEND 1994-2004

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DEVELOPMENT SPEND 1999-2003

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

2004 SECIL ACQUISITION

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- Acquired a 49% stake in Secil, 3 June 2004
- Based on €900m Enterprise value for 100% of Secil, including net debt of €220m
- 49% for €333m cash consideration with goodwill €45m
- Multiples - **2003**: Sales 2.1x, EBITDA 7.0x; **2002**: Sales 1.8x, EBITDA 5.0x
- CRH (49%) and Semapa (51%) to have joint management control
- Offers leadership positions in Portuguese cement & readymixed concrete markets ...
- ... and development opportunities in Tunisia and Lebanon



- 2003 Sales €418m, EBITDA €123m, EBITA €69m, employees 2,000
- In Portugal:
 - Three integrated cement plants, total capacity 4.2m tonnes
 - 41 readymixed concrete plants
 - 6 hard rock quarries, total permitted stone reserves approximately 550m tonnes
 - Also precast concrete and mortar operations
- In Tunisia:
 - One integrated cement plant, total capacity 1.1m tonnes
 - Development bases in readymixed and precast concrete
- In Lebanon:
 - 21% stake in cement producer with 1.4m tonnes capacity



- Consistent development strategy continues to serve us well
- 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 (and our!) 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

MAJOR MARKETS - BACKDROPS

- 2004 Irish construction growth recently revised upwards to +6% (Davy)
- Generally positive overall forecasts for other key Europe Materials markets

| Construction Output 2004 | | | | |
|--------------------------|--------------|--------------------|------------------------|-----------------------|
| | <u>Total</u> | <u>Residential</u> | <u>Non-Residential</u> | <u>Infrastructure</u> |
| Finland | +2.2% | +5.3% | -0.8% | +2.7% |
| Poland | +3.3% | -6.1% | +4.5% | +7.9% |
| Spain | +2.6% | -1.1% | +2.8% | +7.9% |
| Switzerland | -0.9% | +0.8% | -1.5% | -1.5% |

Source: Euroconstruct November 2003

- Our Swiss operations are benefiting from major tunnelling projects
- More favourable Q1 conditions than in weather-affected 2003

- Netherlands, UK, France and Germany account for c 80% of CRH EP&D
- Netherlands
 - Early signs of economic recovery
 - Improvement in new residential order books
 - Non-res remains weak and infrastructure over peak
- UK
 - Economy remains robust; Barker report to release pent-up housing demand
 - impact not expected before 2005
 - Residential sector subdued to date; brick volumes flat, prices improving
- France
 - Generally subdued, any recovery in 2004 will be modest
 - Pick up in infrastructure; residential flat
- Germany
 - Markets intensely competitive; volumes flat and pricing pressure continues
 - On the ground, our people believe we have seen the bottom
- Overall only slight growth in our markets

- **Materials**

- Ireland: strong housing demand continues, infrastructure picking up
- Finland/Switzerland: benefits from better weather and infrastructure projects
- Poland: strong start, possibly buoyed by activity ahead of May 1st VAT increase
- Spain: some volume declines but prices have improved
- Overall: well placed to benefit from improving markets

- **Products & Distribution**

- UK: brick volumes similar to 2003, further price increases
- Benelux/France: generally subdued, any recovery in 2004 will be modest
- Germany: markets remain difficult with new-build most affected
- Benefiting from strong contributions from record 2003 development spend
- Look to a significant 2004 profit advance underpinned by 2003 deals

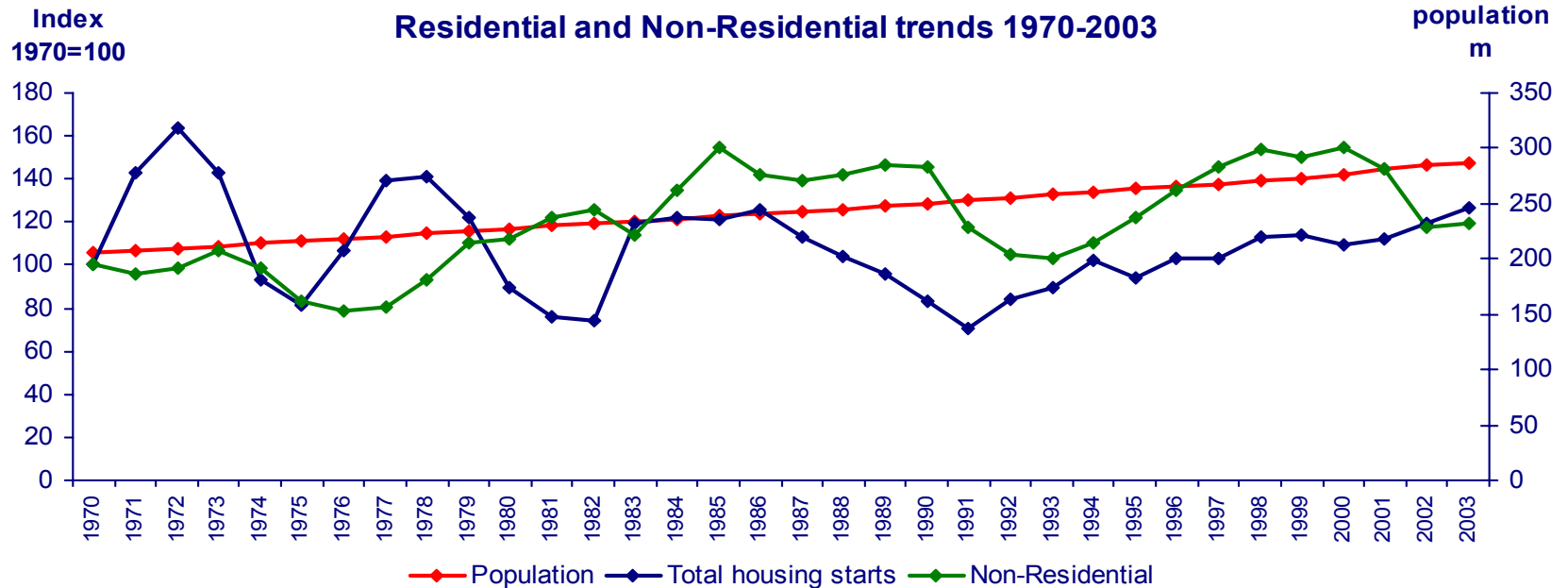
AMERICAS MATERIALS MARKET BACKDROP

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- TEA-21 provided \$31.6bn of Federal Highway Funding in 2003
- 2004 Federal highway budget US\$33.6bn (+7%)
- Varying 6-year 2004-09 highway proposals (SAFETEA)

| <u>\$ bn</u> | <u>Total</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> |
|------------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Senate EPW C'tee | 237.9 | 34.4 | 38.6 | 39.8 | 39.8 | 40.1 | 45.2 |
| House T&I C'tee | 221.8 | 34.4 | 35.4 | 36.4 | 37.4 | 38.5 | 39.7 |
| Bush Admin. | 206.3 | | | | | | |

- Much work remains to finalise SAFETEA; likely to drag on



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

- Current housing cycle flatter than in 70's/80's
- Strong housing demand underpinned by moderate interest rates, solid employment
- Harvard housing group estimates need for c.16m new homes in coming decade
- Spending on non-residential peaked in 1985 and again in 1998/2000
- Modest recovery in non-residential expected from 2004

- **Materials**

- Early season activity broadly in line with expectations
- Entering main construction period with strong backlogs
- Federal highway budget strong for 2004
- Despite continuing state budget deficits expect similar highway markets
- Overall private markets should show little change

- **Products & Distribution**

- Precast: second half 2003 improvements have continued into 2004
- APG: good demand for clay brick, retail and hardscape products
- Glass: underlying trading has stabilised
- Distribution: continuing to build on progress of last 3 years
- Geographic and end-use balance should underpin further progress

2004 OUTLOOK

- Economic growth in Europe generally subdued; US economy continuing to improve
- Continued focus on input cost recovery (including energy) and operational efficiency
- Recent US\$ levels suggest 2004 translation hit less than previously anticipated
- 2003 acquisitions are meeting expectations and should contribute strongly
- Substantial capacity to capitalise on development/market opportunities
- While there are of course risks and uncertainties
- much stronger start to year than in 2003
- we face the seasonally more profitable second half of the year with confidence

Our strategic vision is consistent and clear

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

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