



**CRH**  
**Interim Management**  
**Statement**  
November 2008



***Liam O'Mahony***  
***Chief Executive***

***Myles Lee***  
***Finance Director***  
***Chief Executive Designate***

# CRH Interim Management Statement

## November 2008

- August Interims indicated FY 2008 PBT decline similar to -10% for H1
- Since then ... unprecedented events in financial markets
- With increasingly cautious business climate across the world
- Change in sentiment has been most marked in Europe
- US trading has evolved broadly as anticipated
- Now expect a low-to mid-teen % PBT decline
- Lesser reduction in EPS with 3.3% share buyback & lower % tax charge

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



# 2008 Full Year Europe Outlook

## Low single digit % decline on 2007 Op. Profit

Indications	<u>Materials</u>	<u>Products</u>	<u>Distribution</u>	<u>Total</u>
2008 Change	high single digit % increase	c25% decrease	mid-high single digit % decrease	low single digit % decrease
2007 Actual	€586m	€308m	€212m	€1,106m

### ○ Materials

- Slower PL/UA growth in recent months and generally weaker trading patterns

### ○ Products

- Slower trading patterns evident late Q2 have intensified; UK Clay restructuring

### ○ Distribution

- Benelux DIY more robust than in H1 but BM ops have weakened

***Balance: Res c50%, Non-Res c30%, Infrastructure c 20%***

# 2008 Full Year Americas Outlook

## Mid-teen US\$ Op. Profit decline; -c20% in euro

Indications	<u>Materials</u>	<u>Products</u>	<u>Distribution</u>	<u>Total</u>
2008 Change	mid-teen % decrease	c20% decrease	c30% increase	mid-teen% decrease
2007 Actual	\$781m	\$466m	\$96m	\$1,343m

### ○ Materials

- Strong pricing to recover input costs but continuing to affect volumes

### ○ Products

- Economic backdrop feeding through to some Non Res sectors

### ○ Distribution

- Beating expectations with effective management of pricing, sales & overhead

***Balance: Res c30%, Non-Res c35%, Infrastructure c 35%***

# Development

## Focus on Compelling Value / Strategic Fit / Needs

### Acquisitions

- c€1 billion acquisitions and investments completed year-to-date
- Completion of Yatai/Pavestone remains dependent on regulatory approvals
- Current emphasis firmly concentrated on operational delivery
- Activity limited to deals offering compelling value/exceptional strategic fit

### Capital Expenditure

- Adjusted to reflect the reduced demand environment
- Expect 2008 Cx will be held at 2007's €1 billion despite major projects
- Anticipate that 2009 Capex at c€750m will be below Depreciation

# Finance

## Strengthening Existing Financial Flexibility

- 2008 EBITDA / Net interest cover expected to remain strong at c7.5x
- To-date in 2008, CRH has raised a total of €1.5 billion of funding
  - €0.8 billion long-term funding (Stg£ 250m and US\$ 650m Bonds)
  - €0.7 billion of bank funding, primarily new facilities
- Renewal / extension of €1.5 billion of bank facilities close to completion
- Share Buyback programme terminated with 3.3% shares repurchased
- Traditional strong cash profile, enhanced by intensified cash generation
- Leaves CRH well positioned in terms of debt facilities and maturity profile

# Summary

- Intense emphasis on operational efficiency / commercial delivery
- €500m cost reductions since early 2007 / further measures in progress
- While 2009 outlook is challenging, there are some positives
  - declining energy costs and world wide interest rate reductions
  - potential US infrastructure stimulus package
  - translation benefit of a stronger US \$
- CRH's geographic, sectoral and product balance continues to underpin performance and cashflow
- Attention and actions resolutely focussed on
  - ... ensuring CRH is strongly positioned
  - ... for whatever circumstances may evolve
  - ... and on further strengthening our existing financial flexibility





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