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The International Building Materials Group

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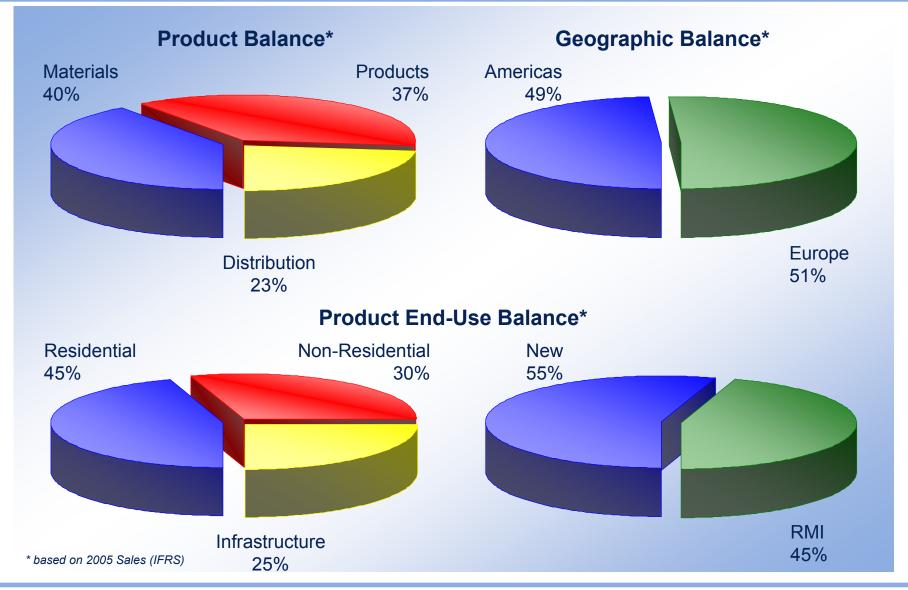
## Introduction

# CRH OVERVIEW

- Diversified building materials Group; 25 countries, 2,600+ locations, 66,500+ employees
- Three core businesses in Materials, Products and Distribution
- 2005 Sales €14.45 bn, EBITDA €1.96 bn, EBT €1.28 bn, EPS 187c
- Market cap. c.€13.5 bn (at share price of €25.00) top 5 in sector worldwide
- Listed: Dublin (CRH.I), London (CRH.L) and NYSE (CRH); Eurotop 300 stock
- Development strategy focus; mid-sized deals, with some larger transactions
- Twin imperatives ....

### **Performance and Growth**

# CRH BALANCE





### HIII THREE CORE BUSINESSES



### Primary Materials Building Products



Cement, aggregates, asphalt and surfacing, readymixed concrete



Precast concrete products; concrete blocks, pavers, rooftiles; clay bricks, pavers, tiles; insulation products; fencing & security; glass fabrication, rooflights & ventilation, construction accessories





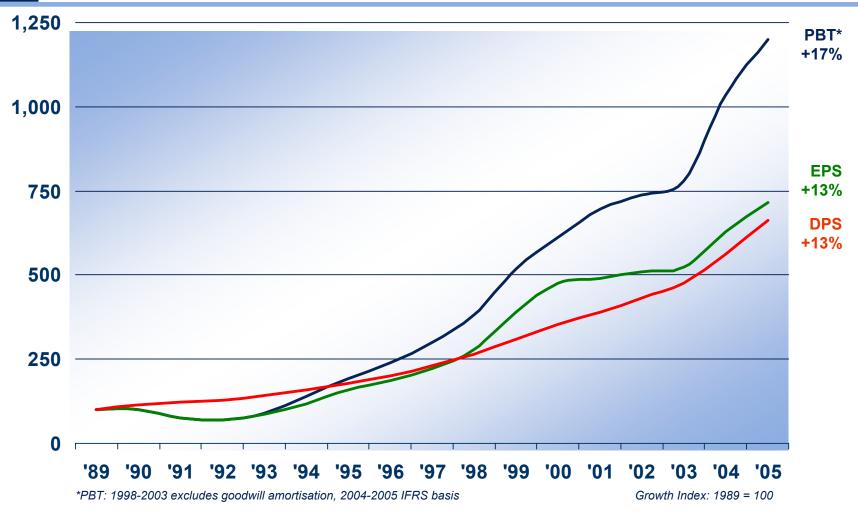
### **Distribution**



DIY stores, builders merchanting, specialist distribution



### **DELIVERING SUPERIOR PERFORMANCE**



... Creating Significant Shareholder Value TSR since 1970 c.19% p.a.



### **2004 / 2005 PERFORMANCE**

	2004*	2005*
Sales	<b>16%</b>	<b>13%</b>
Operating profit	<b>19%</b>	<b>14%</b>
Profit before tax	<b>18%</b>	<b>16%</b>
EPS Basic	<b>18%</b>	<b>14%</b>
Cash EPS	<b>15%</b>	<b>12%</b>
Dividend	<b>17%</b>	<b>18%</b>

2005: 13th consecutive year of profit and EPS growth (20% cagr) 22nd consecutive year of dividend increase (13% cagr)



## **H1 2006 Trading Update**

### Trading update issued 5th July 2006 indicated ...

- A particularly good start to the year
- Continuing strong performance in our American businesses
- Progress from European operations despite subdued trading in some major markets
- Expectation that H1 PBT will increase by approximately one-third (2005: €383m)
- H1 acquisition and investment activity of approximately €800 million



Ireland

### H1 UPDATE – EUROPE MATERIALS

<ul><li>Finland</li></ul>	Strong start helped by broad-based construction demand
• Switz.	Lower cement volumes compensated by improved downstream performance
<ul><li>Poland</li></ul>	Rapid recovery in activity after weather-affected start; better profitability
<ul><li>Ukraine</li></ul>	Sharply higher gas costs counterbalanced by improved pricing

Improved activity; higher input costs being offset by phased price recovery

Spain
 Favourable start although higher input costs have led to slight margin decline

Portugal Reduced domestic cement demand offset by exports & stronger downstream ops

Overall ... H1 operating profit expected to show a broad-based improvement



### **HIH1 UPDATE - EUROPE PRODUCTS**

#### Concrete

- → Structural: benefiting from stronger demand in Benelux, France and Denmark
- → Architectural: after slow start, improved demand in May / June
- → Overall, with acquisition benefits / organic growth, expect strong H1 advance

### Clay

- → Winter shutdowns in UK / DE to avoid oversupply / seasonal gas price peaks ...
- → ... had an adverse impact on profitability in early months ...
- → ... and so despite improved May / June, expect lower H1 operating profit

### Building Products

- → Insulation: improved performance with benefits from 2005 restructuring
- → F&S and D&V: performing to expectations in very competitive markets
- → Construction Accessories: performing well with benefits from 2005/06 acquisition activity

Overall ... Expect much improved H1 performance with acquisition contributions complemented by organic growth



### H1 UPDATE - EUROPE DISTRIBUTION

#### DIY

- → Pick-up in overall Dutch retail sentiment evident since early 2006
- → However, only in recent months reflected across DIY ops
- → In consequence, H1 Benelux results expected to be similar to 2005
- Builders Merchants
  - → Improving momentum in Ben, FR, CH with good underlying profit improvement
  - → Austria: early trading somewhat disappointing, H1 contribution will be modest
  - → Germany: Bauking 48% JV is performing to expectations

Overall ... Expect strong H1 operating profit improvement with bulk of advance generated from underlying operations

## HI UPDATE - AMERICAS MATERIALS

- Despite heavy rains in parts of East and Mid-West in latter weeks of June ...
- ... H1 demand exceeded expectations helped by mild winter & early private sector demand
- Overall volumes were satisfactory with continuing strong performance in West
- Ongoing focus on pricing to offset higher energy / input costs
- Good first half sales price increases with improved margins
- 2005 Mountain deal performing well, but seasonal trading patterns will limit H1 contribution

Overall ... With better volumes & margins expect a good improvement on 2005 resulting in an operating profit compared to the more traditional H1 seasonal loss



### H1 UPDATE – AMERICAS PRODUCTS

- Excellent H1: generally favourable weather, good Res activity, further Non-Res improvement
- Annual Products revenues: broadly 40% Residential, 45% Non-Residential, 15% Infrastructure
- Precast Significant benefits from broad-based Non-Res growth & good Infra demand
- APG Despite some moderation in Res, good organic growth & acquisition benefits
- Glass
  Significant H1 organic growth helped by shift to higher margin segments
- MMI Integration of this largely Non-Res orientated business is well underway

Overall ... Expect strong H1 profit advance with further improvement in overall operating margin

- Following on from a record performance in 2005
- H1 saw continued positive trading conditions in both Roofing & Siding and Interior Products
- Florida market has remained particularly buoyant
- Moderation in new housing demand has had little adverse impact to-date
- Estimate 65% of revenues generated in the Repair, Maintenance & Improvement segment

Overall ... Expect substantial H1 operating profit advance with improved margin reflecting strong acquisition contributions and organic growth

## 2006 FULL YEAR OUTLOOK

- Emergence of somewhat firmer demand in some previously subdued European economies
- With ongoing momentum in the more strongly performing European countries
- While US housing moderating, activity remains at strong levels; Non-Res continues to grow
- US highway markets robust; may see modest late season volume impact from higher prices
- Continuing successful recovery of significant energy cost increases remains a major focus
- Particularly good H1 start; current business outlook on the whole positive
- While as always risks remain, expect good profit growth in more significant H2
- Leading to a healthy advance for 2006 as a whole



## **Development**

# CLEAR STRATEGY

- Stick to core businesses in building materials but broad
- Invest at "home"; be the low cost market leader
- Develop "overseas"; create platforms for future growth
- Mid-sized deals with some larger transactions
- Negotiate deals that meet sellers needs ... and our needs
- Rigorous approach to evaluation, approval and review
- Objective is to maintain and develop a balanced portfolio
- All underpinned by strong governance, prudent financing, transparent reporting
- Twin imperatives ... performance and growth

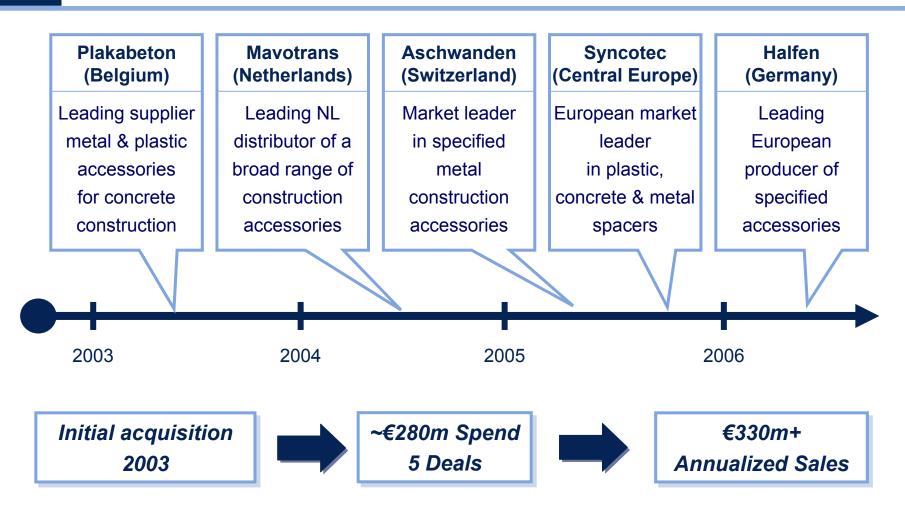
# HI 2006 ACQUISITIONS

- Total development spend in H1 2006 of over €800 million
- Comprising 36 acquisitions and 2 large capital projects
- Spanning all business segments
- Split approximately 35% Europe, 65% Americas
- Including two announced deals ....
  - → Europe Halfen-Deha (2 May 2006), €170 million
  - → Americas MMI (26 April 2006), €280 million (\$350 million)

- Leading European producer of metal construction accessories including ...
- Anchoring technology and systems for façades, transport, reinforcement & fixing/framing
- Used in commercial, civil engineering and residential construction
- Consideration: €170 million; 2005 Sales: €190 million; 2005 EBITDA: €22 million
- Six production locations; Germany (2), Poland, Netherlands, Sweden, Malaysia
- Excellent fit with our existing CA business making CRH the market leader in Europe



### **CONSTRUCTION ACCESSORIES IN EUROPE**



**CRH now #1 in Construction Accessories in Europe** 



## **CONSTRUCTION ACCESSORIES ...**

## Auxiliary Materials to the Construction Trade

Spacers

**Formwork** 

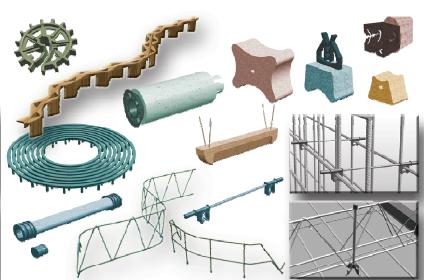
Fixings

Connectors

Reinforcement





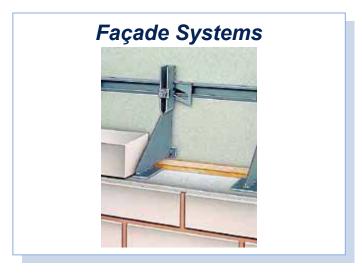


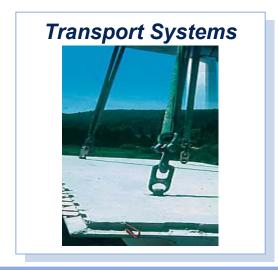


## HALFEN BUSINESS SEGMENTS ...

• Leading European producer of metal construction accessories ...







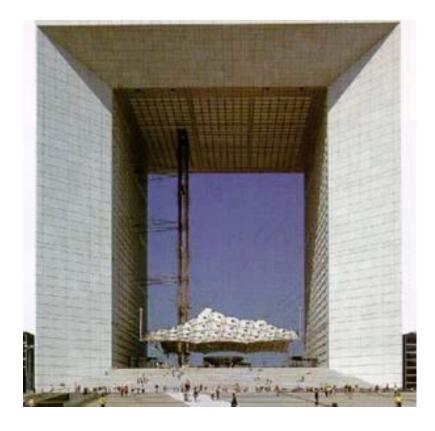






### **SOME PRESTIGE PROJECTS ...**

HALFEN cladding panel suspension
 system used to fix the pre-cast concrete
 façade elements, Grande Arche, Paris





 HALFEN bolts used to fix the curtain wall facade for the Petronas Towers, Kuala Lumpur





	Existing Businesses	Halfen
Anchoring / Fixing Systems	✓	✓
Brickwork / Stone Fixings	✓	✓
Spacers	✓	
Reinforcement Systems	✓	✓
Formwork	✓	
Lifting / Transport Systems	✓	✓
Seating / Sealing Systems	✓	

Halfen brings ...

regional leadership positions in complementary products, strong brand recognition and R&D / innovation skills with the potential for continued future growth in a c.€3 billion segment

### **MMI – NEW AMERICAS PRODUCT PLATFORM**

- Leading US manufacturer & distributor (mainly fencing) of ...
- Fencing products, welded wire reinforcement and construction accessories

Used in non-residential, residential and infrastructure

Network of 19 well positioned manufacturing facilities in US and Mexico

Consideration: \$350 million; 2005 Sales: \$721 million; 2005 EBITDA: \$50 million

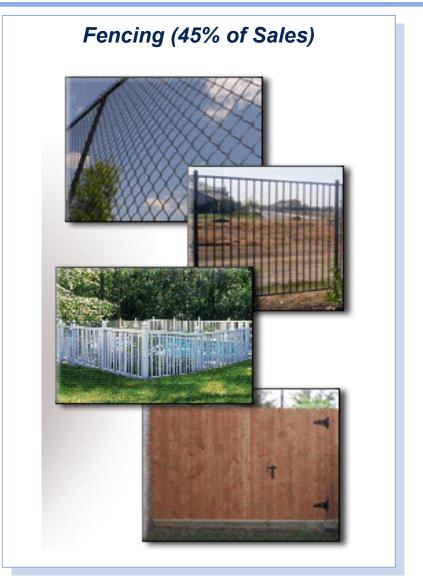
The foundation of a major new product platform for Americas Products & Distribution



### MMI BUSINESS SEGMENTS ...







# HH MMI RATIONALE

- New product platforms an ongoing feature of CRH's US expansion …
- Materials (1985) → Glass (1990) → Distribution (1996)
- Ongoing search for new platform over recent years
- With focus on fragmented sectors offering consolidation opportunities
- MMI an ideal platform in familiar business segments
- Construction Accessories (CA) have built a significant European presence since 2003
- Welded Wire Americas Precast Group purchases this product
- Fencing active in European segment since 1986 with sales of €200+ million

- MMI with 70% exposure to US Non-Res sector in recovery from 2001-2003 lows
- Potential to accelerate growth by building on European expertise

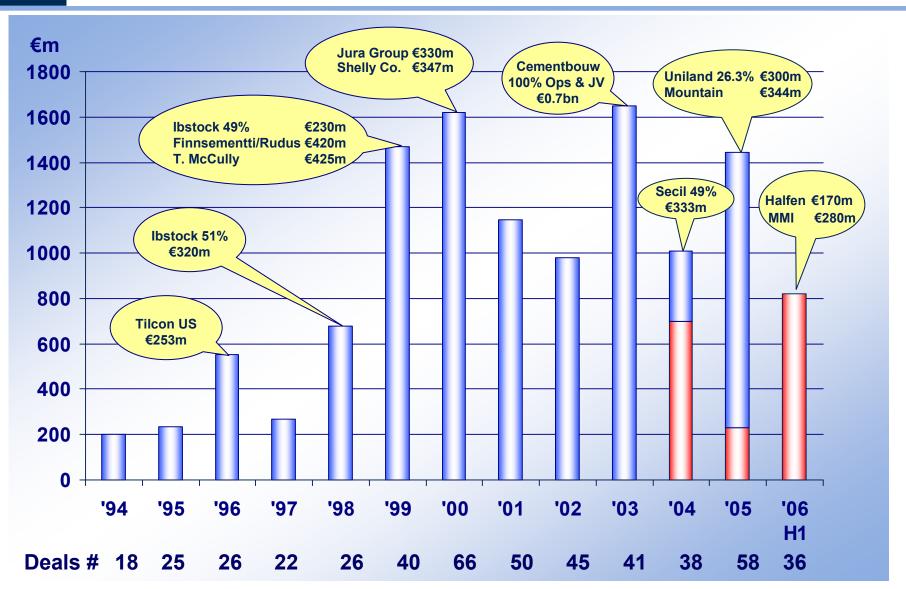
• CA – potential for joint purchasing & product development with European operations

Welded Wire – US market penetration just 10% versus 40% in Europe

Fencing – potential for introducing new product offerings / solutions



### **CRH DEVELOPMENT 1994 - H1 2006**



# IN CONCLUSION

- Particularly good start to 2006 with expectation of approx. one-third increase in H1 PBT
- Strong H1 2006 development spend of approx. €800 million
- Pipeline of potential development opportunities remains strong
- Due diligence of APAC in progress under exclusivity agreement with Ashland
- Strategic vision remains ...

"be a responsible international leader in building materials delivering superior Performance and Growth"



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