

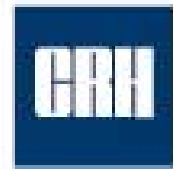
# ***Performance and Growth***

***SSSB Building Materials Conference  
Munich  
January 15th-17th, 2003***



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

The International  
Building Materials  
Group



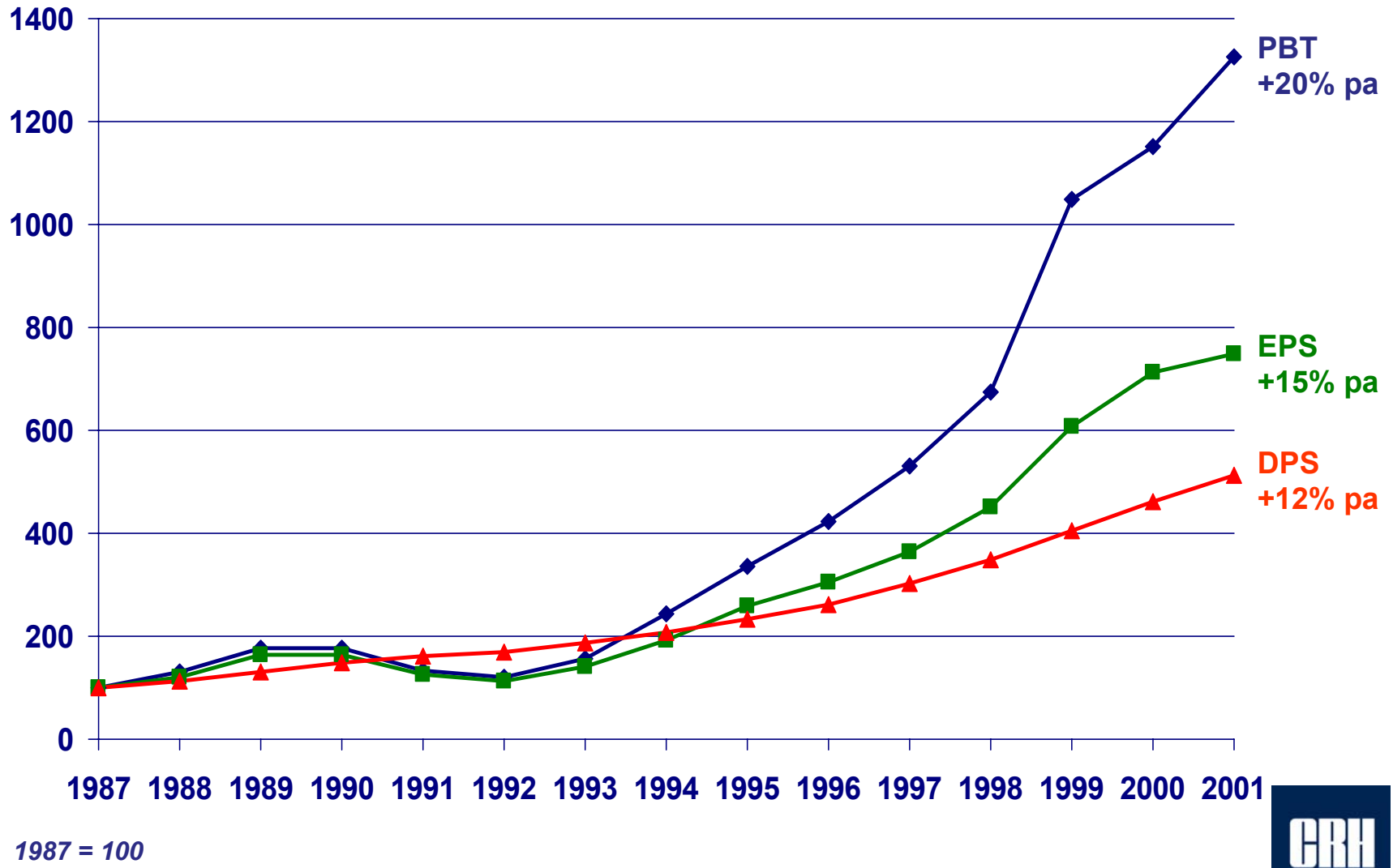
# CRH plc - OVERVIEW

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- 1970: Irish Cement & Roadstone: Sales €26m, Ireland 95%
- Embarked on a consistent development strategy
- Now 22 countries; 3 continents; 1,500 locations; 50,000 people
- Sales €10.4 bn, Americas 60%±, Europe 40%±
- Listed Dublin, London, NASDAQ; Eurotop 300 stock
- Market capitalisation circa €6.8bn; Top 5 in sector worldwide
- 18.5% CAGR in Total Shareholder Return since 1970



# CRH PERFORMANCE 1987 - 2001



# CRH's RECORD

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- Many factors, including;
  - a clear, consistent development strategy
  - a focus on
    - performance and growth
    - cash flow and rigorous approach to investment
  - the development and maintenance of a balanced portfolio
  - investment in people of the highest calibre
  - all organised and motivated in an optimal way
- Has delivered these superior returns



# THREE CORE BUSINESSES



## Primary Materials

Cement plant, Switzerland



Asphalt paving, Wyoming, USA



Cement, aggregates, asphalt and  
surfacing, readymixed concrete





# THREE CORE BUSINESSES



## Building Products

Paving, Québec, Canada



Security fencing, Netherlands



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



# THREE CORE BUSINESSES

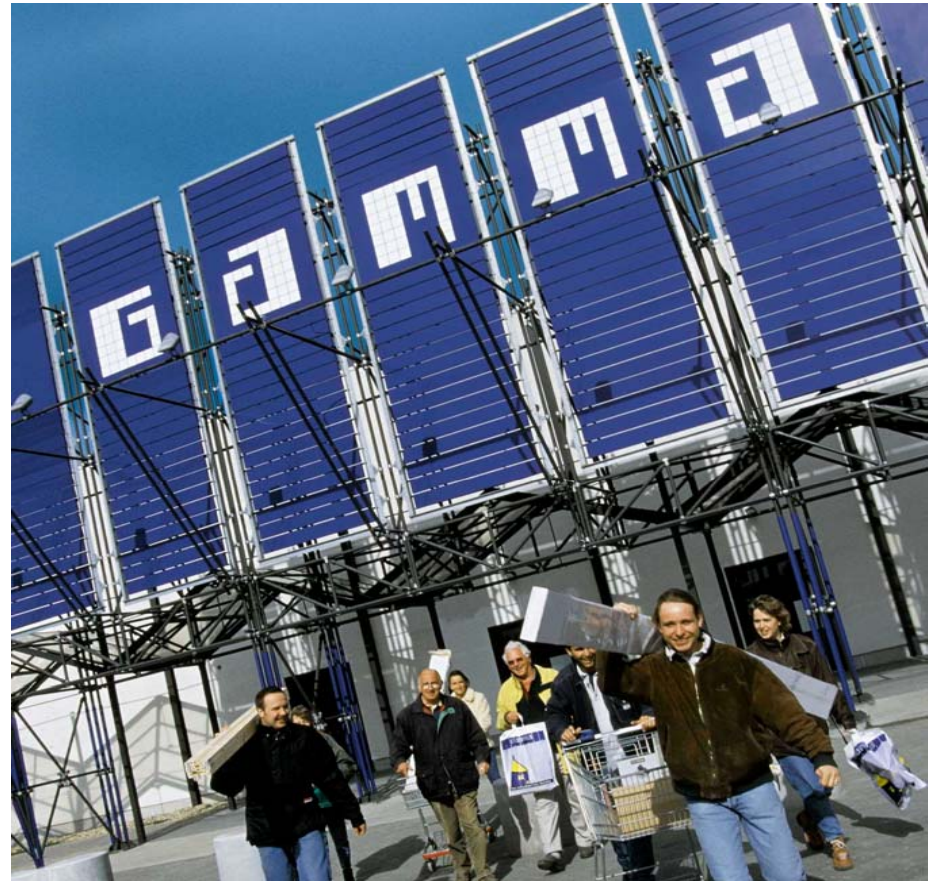


## Distribution

Builders Merchenting, USA



DIY, Netherlands



DIY stores, builders merchenting,  
specialist distribution

CRH



# CLEAR DEVELOPMENT STRATEGY

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- Stick to core businesses in building materials
- Invest “at home”
  - reinvest in existing businesses; assets and people
  - be low cost market leader; leverage best practices
- Develop “overseas”
  - build regional market leadership positions
  - provide exposure to further development opportunities
  - create horizons for further growth
- Development devolved to regional and product groups
  - Balance local strengths with central support
  - 14 decentralised development teams





# CLEAR DEVELOPMENT STRATEGY

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- Rigorous approach to:
  - evaluation
  - project approval
  - subsequent performance review
- Accelerated pace since mid-90's
  - 280+ acquisitions 1996 to date, totalling €6.5 bn
  - traditional focus small to mid-size companies
  - some bigger deals; where we see value
- Objective is to maintain & develop a balanced portfolio
  - regions
  - products
  - sectors

# 2002 ACQUISITION SPEND

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	€m
Acquisitions individually announced:	
US Aggregates	81
EHL	155
H1 Development update (acquisition spend)	385
H2 Development update (acquisition spend)	348
<b>Total spend</b>	<b>969</b>

# SIGNIFICANT DEVELOPMENT CAPACITY

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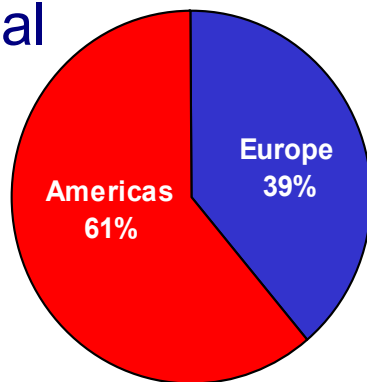
- Continued development capacity supported by:
  - Ongoing strong free cash flow - €700m+ in year to June 2002
  - Rolling 12 month EBITDA interest cover June 2002 - 10.1 times
  - Supportive shareholder and lender base
- March 2001: 1 for 4 Rights Issue
  - Raised €1.1 bn from international shareholder base
- March 2002: 10-year US\$ Global Bond Issue
  - 4 times oversubscribed
  - upsized to US\$ 1 bn



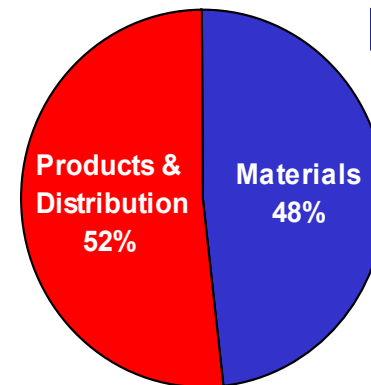
# REGIONAL, PRODUCT & SECTORAL BALANCE

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

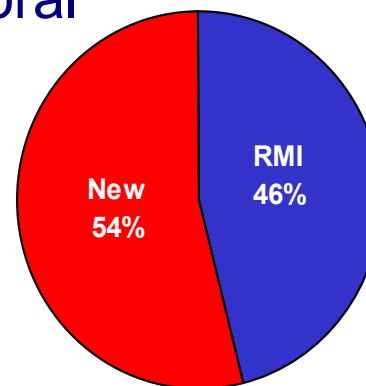
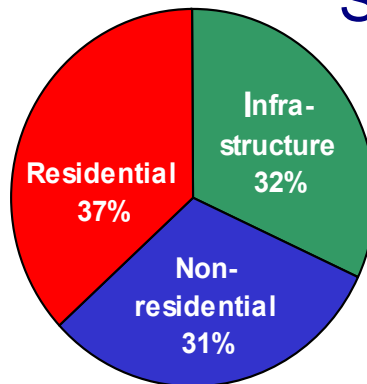
Regional



Product



Sectoral



*\* by 2001 sales*



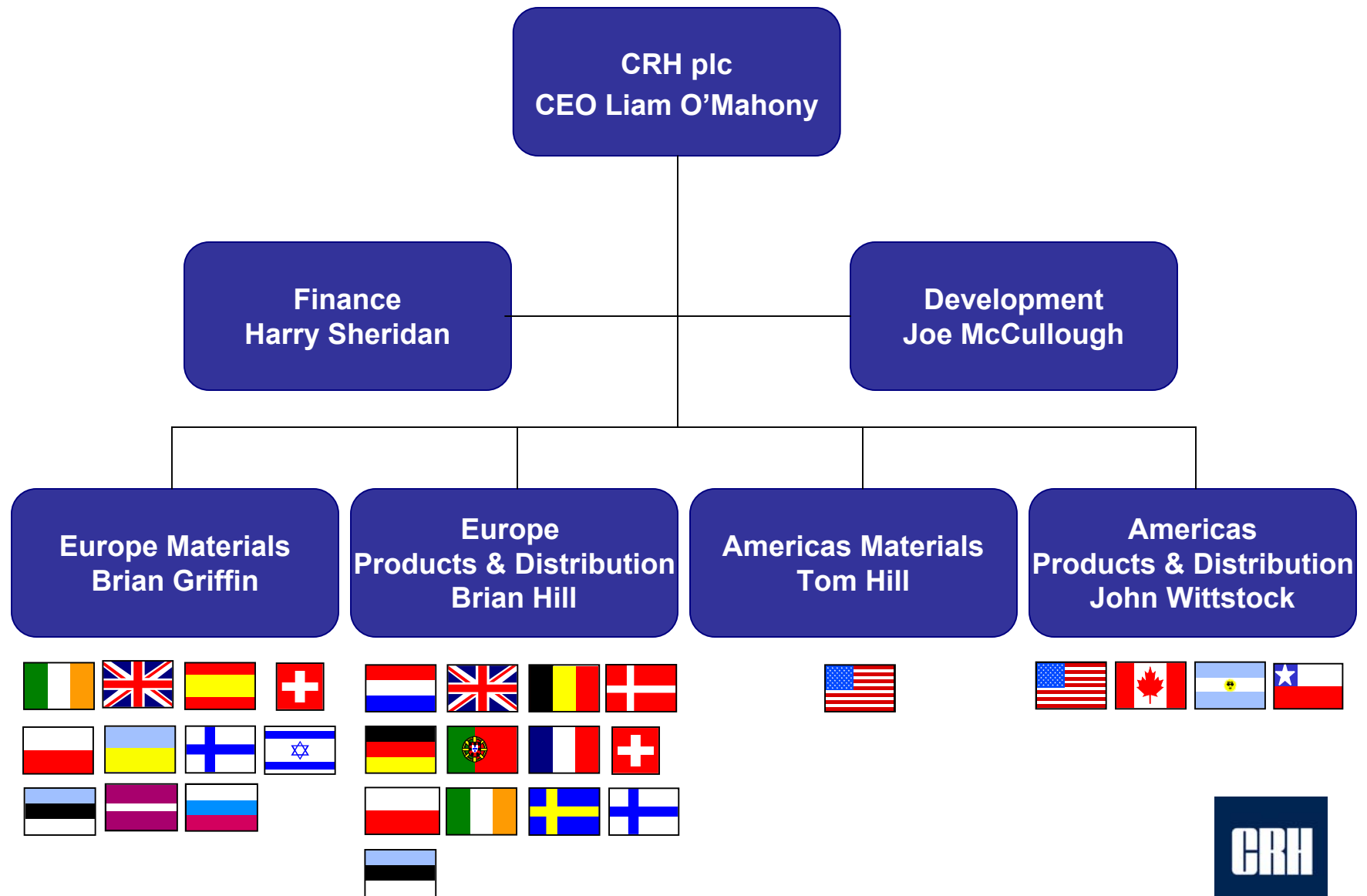
# CORPORATE GOVERNANCE

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- Non-executive Chairman + Senior Independent Director
- Majority of Board (9 out of 15) are non-executive
- Audit & Remuneration committees solely non-executive
- Share options:
  - ➔ issued at market value on date of grant to full time employees
  - ➔ can only be exercised if CRH meets very demanding earnings targets:  
EPS growth must:
    - exceed inflation by 5% compounded over at least 3 years for *Basic Tier options*
    - exceed inflation by 10% compounded over at least 5 years and place CRH in the top quartile of an international peer group for *Second Tier options*
- Transparent reporting / shareholder communications a priority

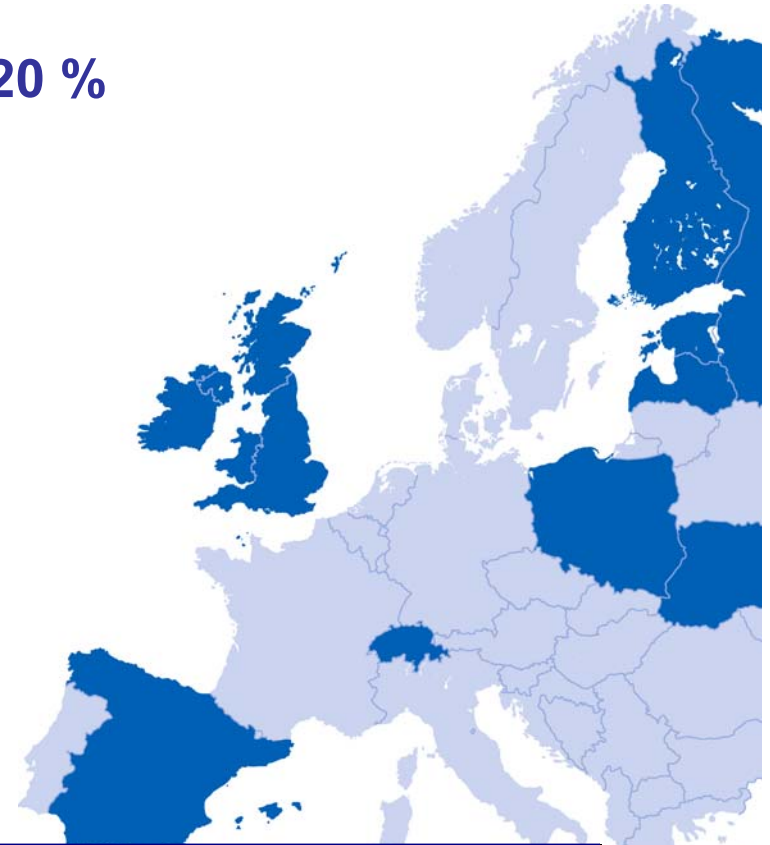


# FEDERAL GROUP ORGANISED FOR GROWTH



# EUROPE MATERIALS

- Sales 2001: € 1,861m; 5yr CAGR +20 %
- Operating profit 2001 : € 271m
- 340+ locations; 11 countries
- 9,800 employees
- New build / RMI 80/20
  - Residential 33%
  - Non-Res 36%
  - Infrastructure 31%

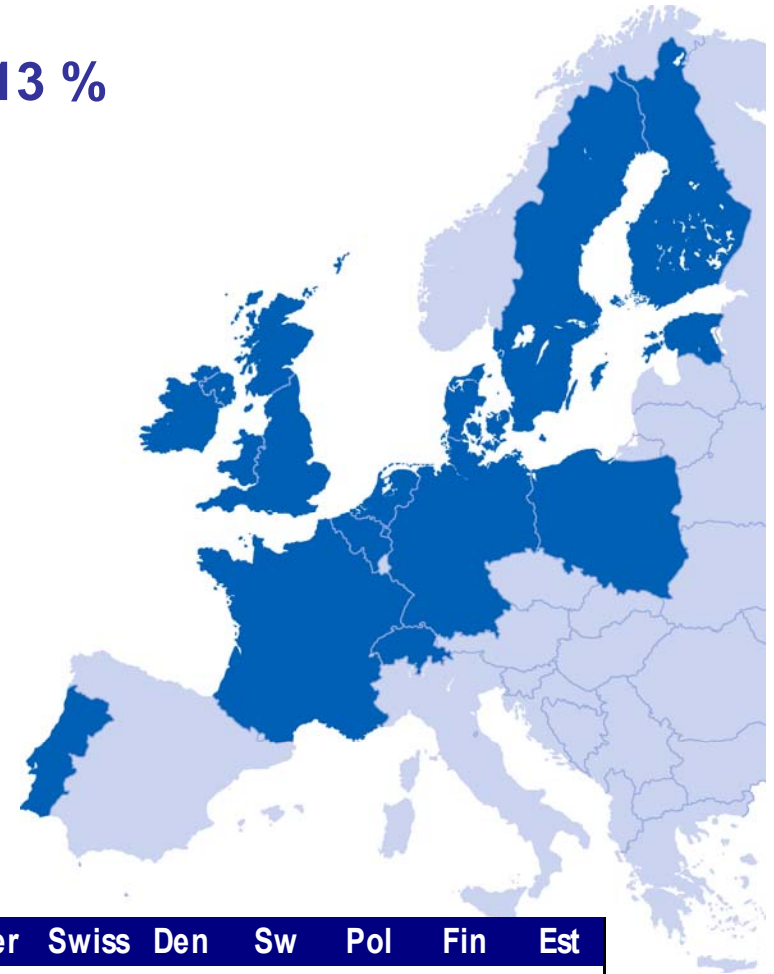


	Irl	UK	Spain	Swiss	Pol	Fin	Est	Lat	Rus	Ukr	Isr
Cement	✓			✓	✓	✓				✓	✓
Aggregates	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓
Asphalt	✓	✓		✓	✓	✓					
Readymix Concrete	✓	✓	✓	✓	✓	✓	✓	✓	✓		
Concrete Products	✓		✓		✓		✓				


**CRH**

# EUROPE P&D

- Sales 2001: € 2,175M; 5yr CAGR +13 %
- Operating profit 2001 : € 117m
- 370+ locations; 13 countries
- 12,500 employees
- New build / RMI 60/40
  - Residential 55%
  - Non-Res 20%
  - Infrastructure 10%
  - DIY 15%



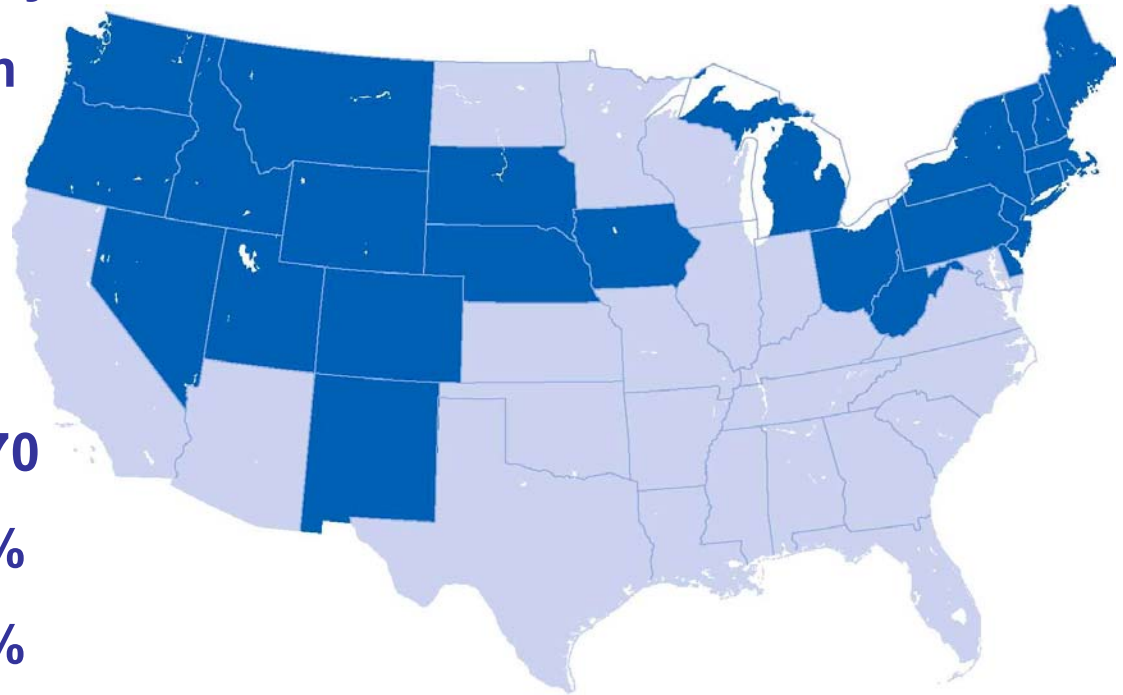
	Irl	UK	Por	Fr	B	NL	Ger	Swiss	Den	Sw	Pol	Fin	Est
Concrete		✓		✓	✓	✓	✓						
Clay		✓				✓	✓				✓		
Building Products	✓	✓			✓	✓	✓		✓	✓	✓	✓	✓
Distribution			✓	✓	✓	✓		✓			✓		

**CRH**



# AMERICAS MATERIALS

- Sales 2001: \$ 2,840m; 5yr CAGR +31 %
- Op profit 2001 : \$ 310m
- 530+ locations
- 25 US states
- 15,000 employees
- New build / RMI 30/70
  - Residential 15%
  - Non-Res 20%
  - Infrastructure 65%

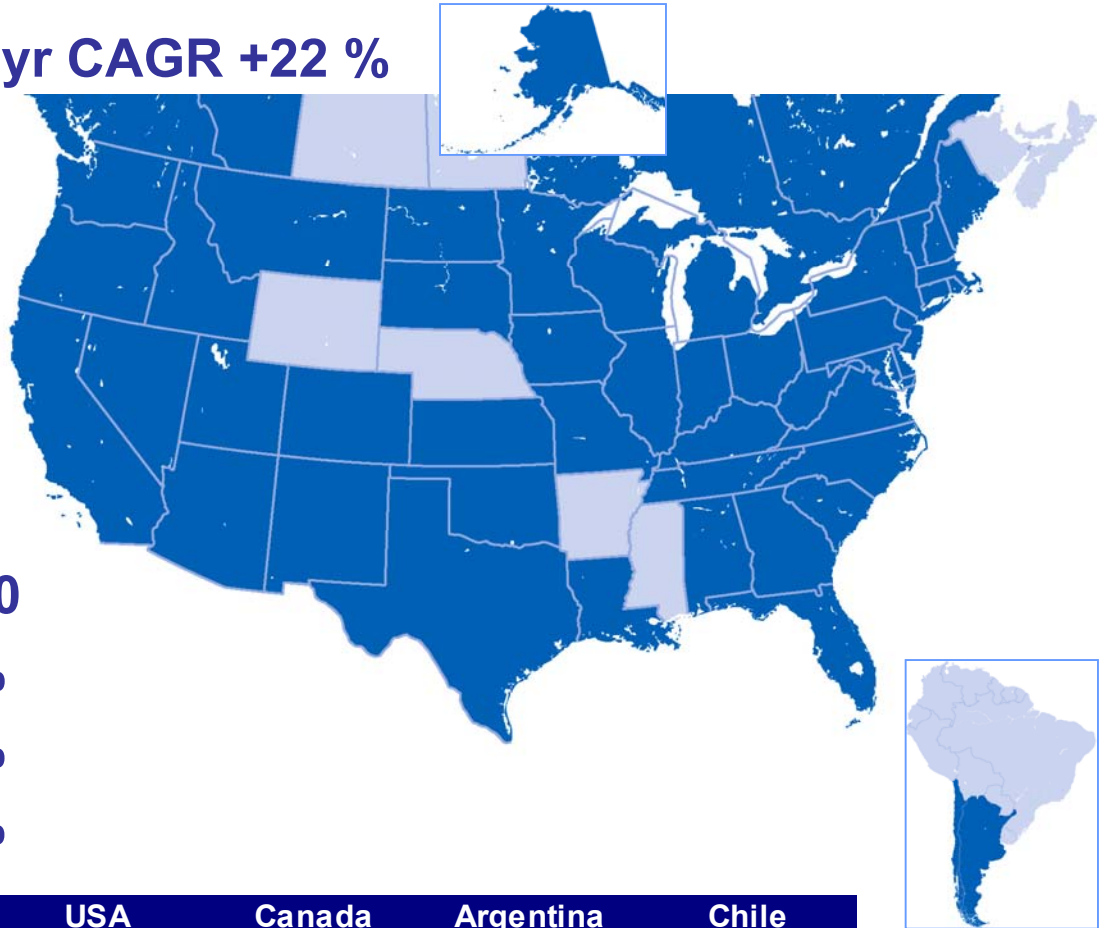


	New England	New York / New Jersey	Central	West
Aggregates	✓	✓	✓	✓
Asphalt	✓	✓	✓	✓
Readymix Concrete	✓	✓	✓	✓

**CRH**

# AMERICAS P&D

- Sales 2001: \$ 2,900M; 5yr CAGR +22 %
- Op profit 2001 : \$ 256M
- 370+ locations
  - 45 US states
  - 4 provinces
  - S America
- 15,000 employees
- New build / RMI 60/40
  - Residential 45%
  - Non-Res 40%
  - Infrastructure 15%



	USA	Canada	Argentina	Chile
Precast concrete products	✓	✓		
Concrete blocks, pavers, roof tiles	✓	✓		
Clay bricks, roof tiles	✓		✓	
Glass	✓	✓	✓	✓
Distribution	✓			



# DISTRIBUTION USA

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Asbestos litigation (*announcement Sept 30, 2002*)

- Companies in distribution group named in asbestos litigation
- 244 pending cases, 251 claimants
- 95% one law firm
- 52% pipe fitters
- Pace decreasing
- No material financial impact

# SUCCESS THROUGH BREADTH ....

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- CRH exclusively building materials
- But broad product range within this:
  - primary materials
  - added value building products
  - specialists distribution
- With appropriate regional leading positions
- Some key benefits
  - regions at different phases of economic cycle
  - broad end-use counters market fluctuations
  - consumer demand changes with increasing wealth
  - many linkages between products and sectors
  - gives window on total market activity
  - enhances development opportunities



## .... **BUT ORGANISATION A KEY**

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- Each business type is different
  - capital intensity
  - achievable margins
  - approach to markets / suppliers
  - strategic positioning
- Crucial to identify and manage relevant issues
- Decentralised structure facilitates this
- Specialised experienced local management
- With control and support from tight centre
- Best practice sharing within and across regions
- Management intensive - but adds real value

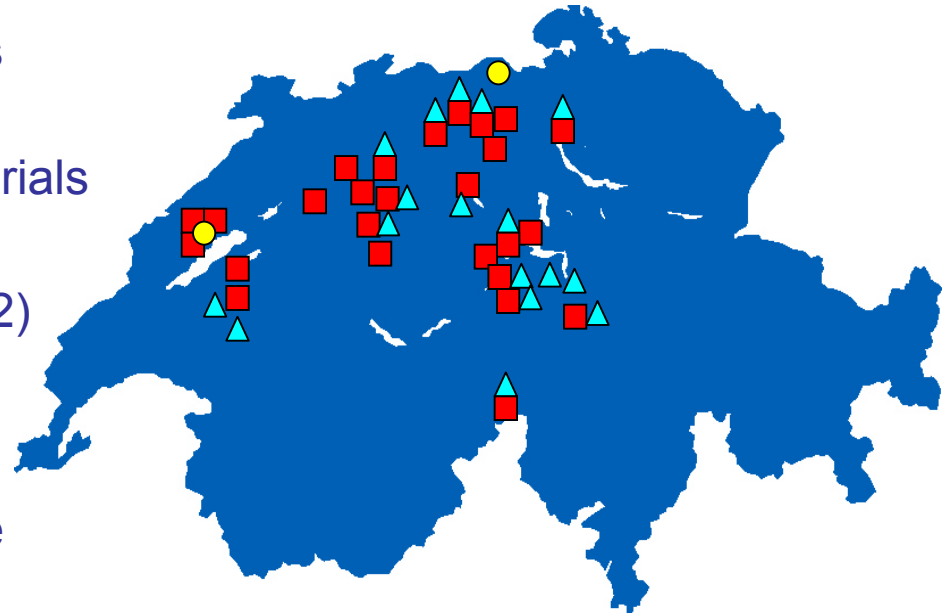
## SWITZERLAND - JURA ACQUISITION NOV 2000

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- Gross cost €425m: €268 net of surplus asset disposals
- No 2 cement producer with 2 modern energy efficient plants
- Strong aggregate/readymix operations in central/northeast Switzerland
- Significant regional player in distribution sector
- Main attraction:
  - Well managed profitable materials operation - Sales €110m
  - Stable economy, good infrastructure demand
- Potential:
  - Turnaround under-performing distribution activities - Sales €215m
  - Consolidate a fragmented sector

## SWITZERLAND MATERIALS - SINCE ACQUISITION

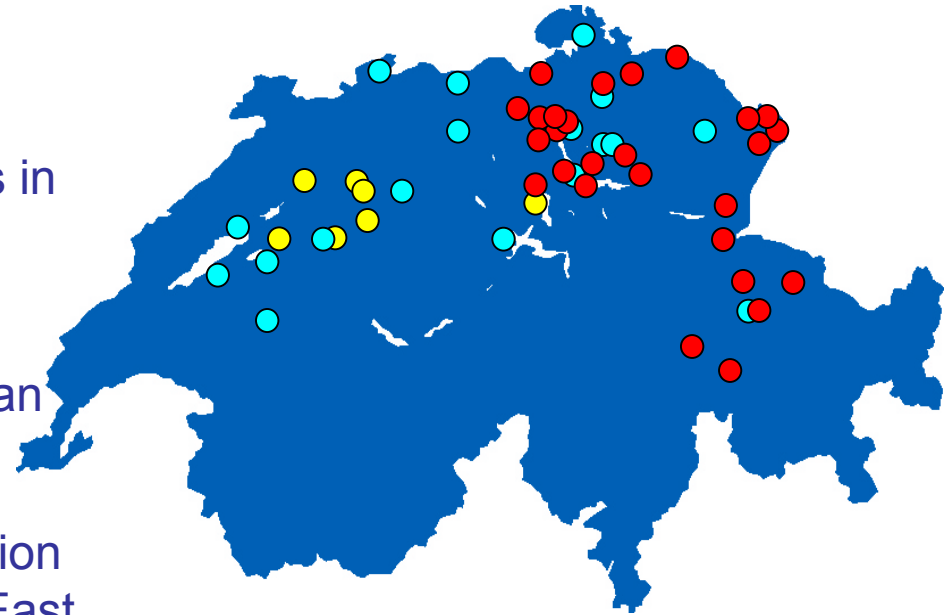
- €115M of surplus asset disposals
- Fully integrated into Europe Materials
- Acquisition of Hard AG (Dec 2002)  
a first step into the Zurich market
- Maximising alternative fuel usage
- Exploring further bolt-on opportunities



- Cement
- ▲ Aggregates
- Readymixed Concrete

## SWITZERLAND DISTRIBUTION - SINCE ACQUISITION

- Renamed Richner AG
- Sold 2 DIY stores and 3 locations in French speaking area for €27m
- June 2002 Vicom acquisition  
Sales €70m; 7 locations in German speaking Switzerland
- October 2002 Baubedarf acquisition  
Sales €154m; 27 branches in N.East
- Now a focussed €400m turnover Group
- Market leader with 25% market share in German-speaking Switzerland
- Focus on integration and margin improvement



- Richner
- Vicom
- Baubedarf



# SUMMARY

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- Diversity is a key strength for CRH
- Providing balanced geographic, sectoral and product focus and...
- Exposure to a wide range of development opportunities
- 2001 and 2002 have been challenging years
- 2003 World economic outlook - significant uncertainties
- CRH twin focus - tight operations, prudent expansion
- Cash flow and development spend continues at strong levels
- Well positioned to benefit from eventual market upturn



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