



# Trading Statement & Development Update Conference Call



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*January 2009*

# CRH Trading Statement

January 2009

- Expect full year Profit Before Tax in excess of €1.6Bn
- Representing a mid-teen % decline on 2007 (€1.904Bn)
- After an adverse FX impact of c€50m (principally due to weaker US\$)
- With a lesser % EPS reduction due to share buyback & lower % tax rate
- 2008 acquisition spend c€1Bn + Capex incl. cement initiatives c€1Bn

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



# 2008 Full Year Europe

Mid to high single digit % decline on 2007 Op. Profit

Indications	Materials	Products	Distribution	Total
2008 Change	mid to high single digit % increase	c30% decrease	mid to high single digit % decrease	€1.0 - 1.05 Bn
2007 Actual	€586m	€308m	€212m	€1.106Bn

## ○ Materials

- Poland/Ukraine slowed in H2 from high levels; generally weaker elsewhere

## ○ Products

- Slower trading evident in late Q2 intensified through the second half

## ○ Distribution

- Benelux DIY more robust in H2, but BM ops weakened with economic climate

***Balance: Res c50%, Non-Res c30%, Infrastructure c20%***

# 2008 Full Year Americas

Low-teen % \$ Op. Profit decline (high-teen % € decline)

Indications	Materials	Products	Distribution	Total
2008 Change	low-teen % decrease	c25% decrease	c40% increase	\$1.15 - 1.20 Bn
2007 Actual	\$781m	\$466m	\$96m	\$1.343Bn

## ○ Materials

- Robust performance; strong pricing to recover input costs; I-f-I volumes lower

## ○ Products

- Financial markets impacting previously resilient US non-residential

## ○ Distribution

- Continuing to beat expectations; benefits from pricing, sales & overhead mgt

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

# 2008 Development Activity

## €1 billion Acquisition Spend

- 2008 spend c€1 billion – H1 €0.7 billion, H2 €0.3 billion
- H2 spend deliberately curtailed in a deteriorating economic environment
- 2008 activity includes ...
  - 50% MHIL; Indian cement manufacturer (3.2 mtpa 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

***Emphasis firmly concentrated on operational delivery  
with development activity limited to opportunities  
that offer compelling value/exceptional strategic fit***

# 2008 Capital Expenditure

€1 billion spend in line with 2007

- Capex also being adjusted to reflect the reduced demand environment
- 2008 Capex of c€1 billion (2007: €1 billion) ...
- ... including €250m (2007 €100m) on major cement projects
  - Ireland: 1.3 mtpa line - part replacement; in commissioning
  - US: 50% JV; 1.1 mtpa greenfield plant; in commissioning
  - Poland: new 1.8 mtpa line for growth; due early 2010
  - Ukraine: 3 mtpa wet-to-dry conversion; due early 2010
- 2009: expect Capex to be below Depreciation – c€750m

***Major cement project spend:  
€0.1bn ('07), €0.25bn ('08), €0.2bn ('09), €0.1bn ('10)***

# Cost Reduction

## Annualised Savings

€m	<u>Europe</u>	<u>Americas</u>	<u>Total</u>
Labour Cost Savings	150	185	335
Bought-in Services, mainly contracted labour	160	110	270
Energy Related	40	40	80
Purchasing Initiatives and other	110	100	210
○ <b>Total Gross Savings:</b>	<b>460</b>	<b>435</b>	<b>895</b>
○ <b>Cost to Implement: c€85m</b>			
○ <b>Net Incremental Savings of €810m:</b>	<b><u>2007</u></b> €50m	<b><u>2008</u></b> €385m	<b><u>2009</u></b> €375m

# Finance

## Continuing to Strengthen Financial Flexibility

- 2008 EBITDA / Net interest cover - expected to remain strong at c7.5x
- Active 2008 financing programme included;
  - €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
- Committed to maintaining an investment grade credit rating

***Traditional strong cash profile & intensified cash generation leaves CRH well positioned in debt facilities / maturity profile***



# 2009 Outlook

Extremely challenging ... but there are positives

- **While the outlook for 2009 is extremely challenging ...**
  - given severe impact of ongoing financial market turmoil
  - on both developed and emerging economies worldwide
- **There are a number of positives ...**
  - lower energy costs
  - recent step-up of interest rate reductions
  - increasing prospects for a significant US Infra stimulus package

**While unlikely to offset negative headwinds in H1 these positive factors should begin to influence sentiment/activity later in 2009**

# 2009 Outlook

Focussed on ensuring CRH is strongly positioned

- **Our attention and efforts are resolutely focussed ...**

- ... on commercial delivery

- ... on ensuring CRH businesses are strongly positioned

- ... through additional cost reduction and cash generation measures

- ... to cope with whatever circumstances may evolve

- ... and on further strengthening our existing financial flexibility

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