



*Interim  
Trading & Development  
Update*

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# CRH Interim Updating Statement

## *H1 2009 – Key Points*

- With global recessionary environment – May/Jun weaker than anticipated
- Expect seasonally less profitable H1 to show a c.40% EBITDA decline
- H1 EBIT circa two-thirds lower; DA more evenly spread between H1 and H2
- H1 PBT of the order of €0.1 Bn post -c.€75m restructuring and FX -c.€20m
- H1 development spend c. €0.3 Bn; 26% investment in Yatai Cement, China
- Additional c.€555m of annualised gross cost savings since Jan '09
- Cash focus expected to result in H1 OCF\* similar to '08 despite PBT decline

\* OCF = Operating Cash Flow (before acquisitions, disposals, share issues/purchases and translation)



# Segmental Trading Performance



# Europe Materials

## *H1 2009 Operating Profit Indications*

<b>Operating Profit</b>	<b><u>Materials</u></b>	<b><u>Products</u></b>	<b><u>Distribution</u></b>	<b><u>Total</u></b>
<b>H1 2009 Indications</b>	<b>-c. 70%</b>	<b>-c. 50%</b>	<b>-c. 30%</b>	<b>-c. 60%</b>
<b>H1 2008 Actual</b>	<b>€267m</b>	<b>€158m</b>	<b>€90m</b>	<b>€515m</b>

- H1 '09 reflects restructuring costs (-c €25m) and FX (-c €30m)
- Poland: May/June cement volumes broadly in line with 2008; ytd down -25%
- Finland & Ukraine cement volumes down -45% ytd; Portugal down -20%
- Ireland continues to reflect earlier trends; demand c50% of 2008 levels
- Swiss cement vols ahead (major projects); India has performed strongly

# Europe Products

## *H1 2009 Operating Profit Indications*

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<b>H1 2009 Indications</b>	-c. 70%	-c. 50%	-c. 30%	-c. 60%
<b>H1 2008 Actual</b>	€267m	€158m	€90m	€515m

- H1 '09 reflects restructuring costs of c. €15m
- Cumulative ytd like-for-like sales are approx 20% behind 2008
- Concrete & Clay operations impacted by weak demand & production shutdowns
- Building Products more resilient (non-res exposure) but behind '08

# Europe Distribution

## *H1 2009 Operating Profit Indications*

Operating Profit	<u>Materials</u>	<u>Products</u>	<u>Distribution</u>	<u>Total</u>
H1 2009 Indications	-c. 70%	-c. 50%	-c. 30%	-c. 60%
H1 2008 Actual	€267m	€158m	€90m	€515m

- More robust performance than Products due to higher RMI exposure
- Cumulative ytd like-for-like sales approximately 10% behind 2008
- Builders Merchants impacted by weaker economic and construction activity
- Better DIY performance with good Q2 Benelux trading



# Americas Materials

## *H1 2009 Operating Profit Indications*

Operating Profit	<u>Materials</u>	<u>Products</u>	<u>Distribution</u>	<u>Total</u>
H1 2009 Indications	-c. 100%	-c. 85%	-c. 100%	-c. 90%
H1 2008 Actual	\$47m	\$210m	\$44m	\$301m

- CRH market seasonality typically delivers a modest H1 outcome
- H1 '09 hit by poor early weather and lower private sector demand
- With like-for-like volume declines in Aggs -30% and Asphalt -25%
- Pricing remains strong – ytd average Aggs price up high single-digit %

# Americas Products

## *H1 2009 Operating Profit Indications*

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H1 2009 Indications	-c. 100%	-c. 85%	-c. 100%	-c. 90%
H1 2008 Actual	\$47m	\$210m	\$44m	\$301m

- H1 reflects restructuring costs of c.\$30m
- With falling Non-Res like-for-like sales in US\$ are down over 20% on '08
- APG/Glass facing increased price competition; Precast more resilient
- MMI seeing very weak demand / intense competition / plummeting steel prices



# Americas Distribution

## *H1 2009 Operating Profit Indications*

Operating Profit	<u>Materials</u>	<u>Products</u>	<u>Distribution</u>	<u>Total</u>
H1 2009 Indications	-c. 100%	-c. 85%	-c. 100%	-c. 90%
H1 2008 Actual	\$47m	\$210m	\$44m	\$301m

- Exterior Products adversely affected by poor early weather ...
- ... but has stabilised over recent months
- Interior Products continue to be impacted by Res / Non-Res declines
- With overall like-for-like Distribution sales in US\$ down c20%

# CRH Interim Updating Statement

- Extremely challenging H1 trading across all operating segments
- Impacted by harsh early weather and tough 2008 comparatives
- Rate of profit decline eased substantially in Q2 compared with Q1 ...
- ... though May/June pick-up not as strong as anticipated
- Further significant cost reduction measures are being implemented
- Cash generation focus delivering strongly

# Cost Reduction Update

# Increased Cost Savings

*Cumulative annualised 2007 - 2010*

***Announced***

***Jan-09***

○ Gross savings of

***€895m***

... revised to ...

***July-09***

○ Gross savings of

***€1,450m***

***Total savings €555m ahead of €895m savings  
announced Jan-09***

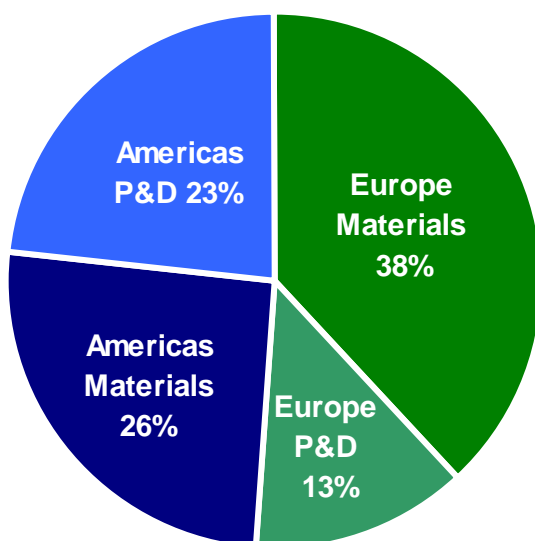
# Revised Cost Savings Plan Overview

Initiatives (€m)	Impact				Gross Annualised Savings
	'07	'08	'09	'10	
2007	50	-	-	-	50
2008	-	447	398	-	845
2009	-	-	450	105	555
<b>Gross savings</b>	<b>50</b>	<b>447</b>	<b>848</b>	<b>105</b>	<b>1,450</b>
Cost to implement	-	62	158	30	
<b>Net savings</b>	<b>50</b>	<b>385</b>	<b>690</b>	<b>75</b>	

# Cost Savings by Division

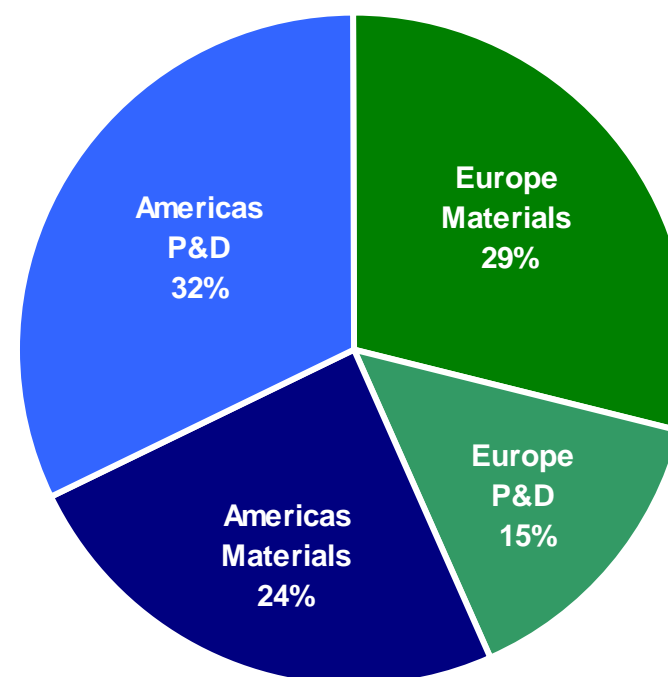
**Jan-09**

**€895m**



**Increased to**

**€1,450m**

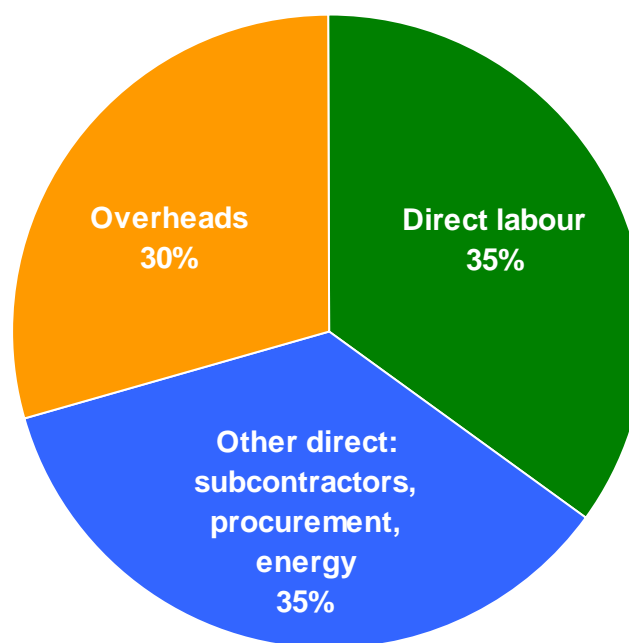


***Cost savings across all divisions***

**CRH**

# Breakdown of Cost Savings

**Cumulative Cost Savings**  
**€1,450m**



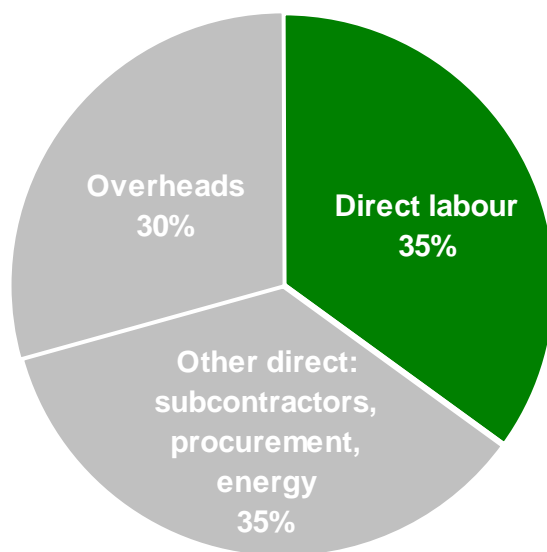
***Focus on continuous and sustainable cost savings***



# Direct Labour Savings

**35% of Savings  
€508m**

***Operations rationalised  
and capacity reduced***



## ○ Materials

- Flexible programme of extended layoffs, closures
- Rotating crews serving different ops
- Reduced shift patterns across all ops

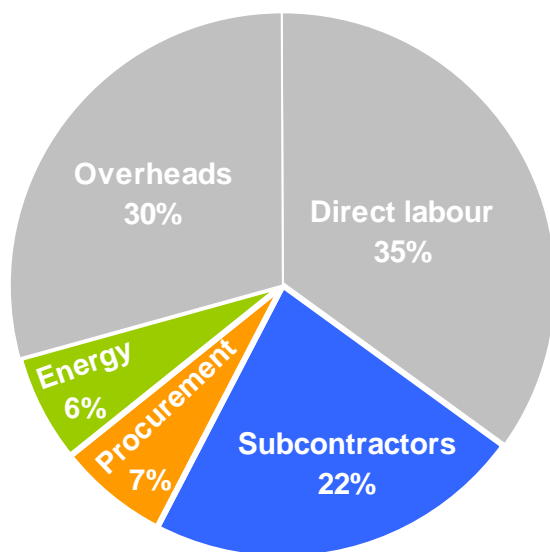
## ○ Products

- Plant rationalisation programme  
eg. 27 APG facilities idled
- Volume consolidated into remaining ops

# Subcontractor, Procurement & Energy Savings

**35% of Savings  
€514m**

***Leveraging our operating efficiency,  
flexibility and scale***

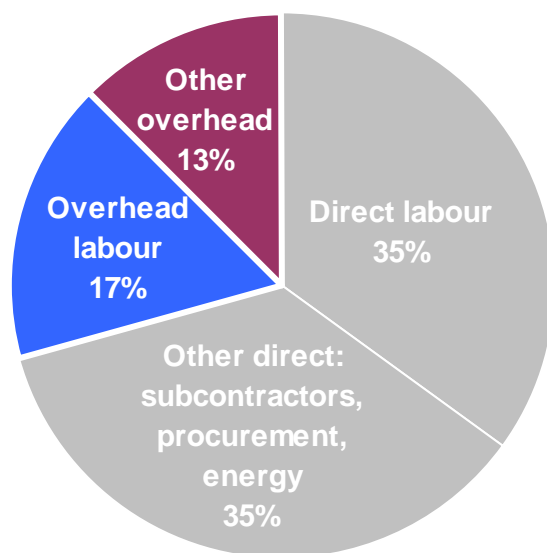


- Reduced subcontracting costs
  - Transport & delivery
  - Maintenance, drilling, blasting, etc.
- Extended Group-wide purchasing programmes
- Cement production
  - Increasing use of alternative fuels
  - Reduced clinker content
- Asphalt production
  - Increasing use of RAP in asphalt mixes

# Overhead Savings

**30% of Savings  
€428m**

## ***Resizing Business Overheads***



### ○ Shared services initiatives

- US Distribution, Denmark, Ireland
- Significant headcount reductions

### ○ Other measures

- Action across all other overhead areas
- All discretionary spend curtailed
- Multiple initiatives in every Division

# Headcount and Capacity Reductions

Divisions	Underlying Headcount Reduction (H1 '09 v H1 '07)	<i>Capacity Reductions</i>
Europe Materials	-24%	<i>~10% of locations temporarily closed</i>
Europe Products	-23%	<i>~13% production capacity idled</i>
Europe Distribution	-10%	<i>12 distribution outlets temporarily shut down</i>
Americas Materials	-30%	<i>~24% capacity reduction, 340 units idled</i>
Americas Products	-31%	<i>~30% capacity mothballed</i>
Americas Distribution	-30%	<i>9 branches consolidated into existing locations</i>
CRH	-25%	<i>~20% reduction in overall capacity</i>

***Rapid adjustment of capacity to match demand***



# Cash Generation & Debt Profile

# Cash and Debt Management

## *Liquidity Focus*

- Reduced cash outflow from TWC and Capital Expenditure
- Inventory – intense focus on balancing supply with demand
- Receivables – focus on collections – DSO's remain stable
- Capex – spending restraint – H1 levels c.50% of H1 2008
- Excellent debt maturity profile – next 5 years
- Committed to maintaining investment grade credit rating

***CRH resolutely focussed on  
Cash Generation and maintaining Balance Sheet flexibility***



# Free Cash Flow

*H1 outflow estimated similar to 2008 despite lower PBT*

€Bn	Estimated <u>H1 '09</u>	Actual <u>H1 '08</u>
<b>Profit before tax</b>	<b>0.1</b>	<b>0.6</b>
Depreciation/Amortisation	0.4	0.4
Working capital	(0.3)	(0.6)
Tax Paid	(0.1)	(0.1)
Dividends	(0.3)	(0.3)
Capital expenditure	(0.3)	(0.6)
Other	-	-
<b>Operating cash outflow</b>	<b>(0.5)</b>	<b>(0.6)</b>

***Contained seasonal working capital outflow and reduced Capex compensating for profit decline***



# June '09 Debt Maturity Profile

June 2009 (estimated)		
CRH Debt €Bn (incl. Derivatives)	Gross Debt by Maturity (incl. JVs)	Undrawn Committed Facilities
O/Ds	0.2	-
Within 1 year	0.9	0.3
2 years	0.5	0.3
3 years	1.3	0.7
4 years	0.2	0.1
5 years	1.3	0.1
5 years +	2.1	-
<b>Total</b>	<b>6.5</b>	<b>1.5</b>
<b>Cash/Liquid Investments</b>	<b>1.1</b>	

***Strong maturity profile – no undue concentration***

# 2009 Full Year Outlook



# Full Year Outlook

## Europe

- Continuing tough markets; CEE outlook somewhat more robust for H2
- H1 rate of profit decline expected to moderate in H2 ...
- ... with significant restructuring benefits and less demanding comparatives

## Americas

- Profit performance biased to H2 due to seasonality of Materials ops
- Challenging Res/Non-Res backdrop will continue to weigh on P&D ops
- With healthy infrastructure backlogs, expect active H2 highway programme

## Overall

- Ongoing benefits: cost reduction, more moderate energy inputs, Infra momentum
- ... should impact to a greater extent in more profitable H2
- H2 rate of decline expected to show improvement over H1

# Summary

- Resolutely focused on commercial delivery
- Implementing further cost reduction / cash generating measures
- Well positioned for development opportunities
- For transactions that offer compelling value / strategic fit

***CRH ... responding vigorously  
to extremely challenging market conditions***



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