



**UBS & Exane BNP  
Paribas  
Conferences**

***“Strategies for  
Protecting the  
Business Model &  
Positioning for  
Recovery”***

**11<sup>th</sup> June 2009**

**Albert Manifold**  
Chief Operating Officer

**Glenn Culpepper**  
Finance Director

# CRH Overview

## *The International Building Materials Group*

- 1970 merger of Irish Cement and Roadstone; Sales €26M, 95% Ireland
- Now in 35 countries; 3,700+ locations; 80,000+ people
- Annualised Sales over €20Bn focused on three core businesses
- Evenly balanced across geographies, products and sector end-use
- Market Cap c.€12Bn, Top 5 in sector worldwide
- Listed: Dublin (CRH.I), London (CRH.L) and NYSE (CRH)

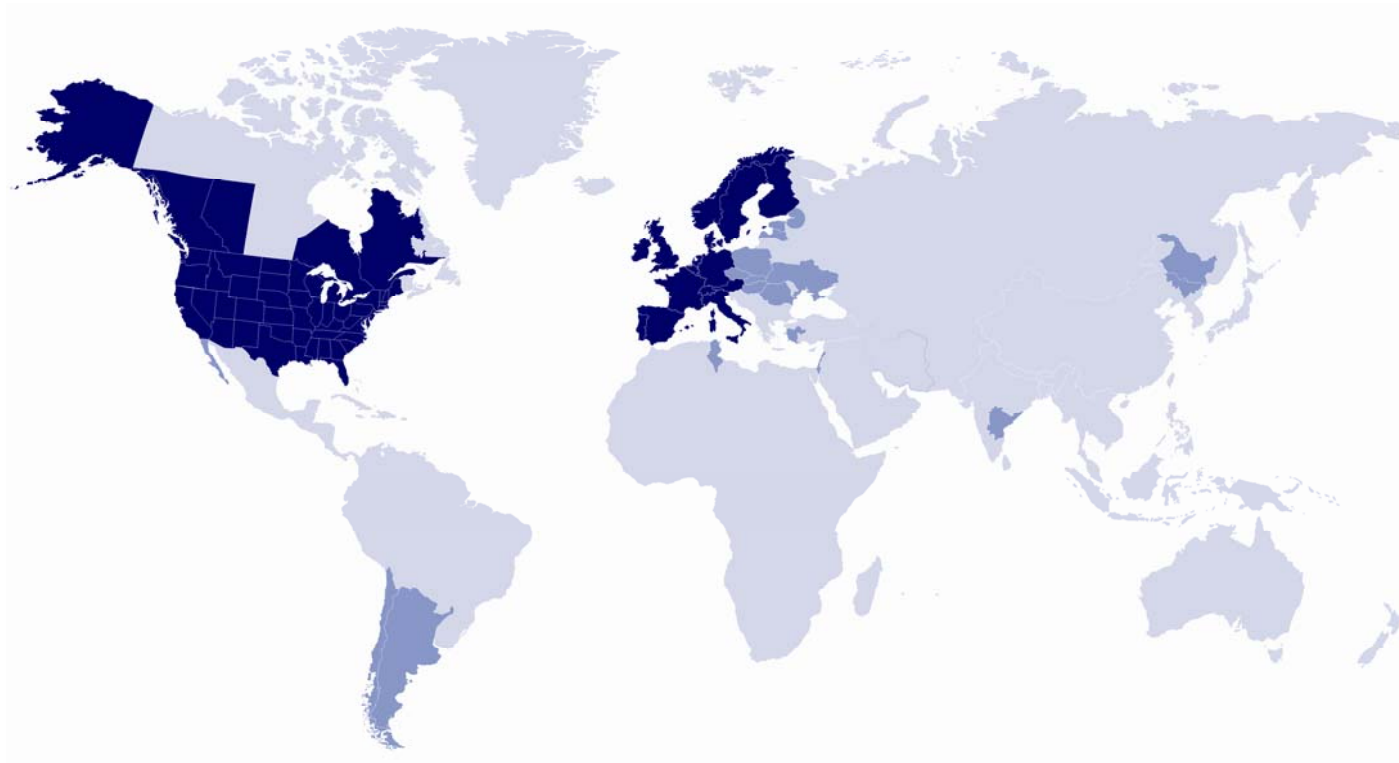


# CRH – The Business Model



# CRH... An International Group

*Strong Leadership positions in the Developed World*



## Developed Markets

- Opportunities:  
Geographic infill,  
Ops synergies

## Emerging Regions

- Potential to create  
integrated Materials  
businesses as  
markets mature

**85% Group EBITDA from 17 developed world countries**  
**15% Group EBITDA from 18 emerging region countries**

# CRH... The Business Model

*Characteristics include ...*

- A clear, tried and tested operational & development strategy
- A rigorous approach to investment
- The development and maintenance of a balanced portfolio
- Focussed performance and growth; cash flow and prudent financing
- A decentralised organisation with central oversight
- Investment in people of the highest calibre
- Being a responsible neighbour and employer

*All optimising CRH culture and local strengths*



# CRH... Clear Operational Strategy

## *Characteristics ...*

- Develop local / regional leadership positions
- Be the low-cost producer
- Focus on operational excellence
- Leverage the benefits of vertical integration
- Culture of performance delivery and cash generation

***Objective to be the supplier of choice in our many local / regional markets***



# CRH... Clear Development Strategy

## *Characteristics ...*

- Stick to core businesses in building materials
- Invest at “home”; be the low cost market leader
- Develop “overseas”; create platforms for future growth
- Pay fair prices that meet sellers and our needs
- Rigorous approach to evaluation, approval and review

*Objective is to maintain and develop a balanced portfolio*



# CRH... Balanced Portfolio

*Providing Building Materials for Our World*

## Materials

### The Fundamentals

- Aggregates
- Cement
- Asphalt
- Readymixed Concrete

*Embracing the benefits of Integrated & Complementary Businesses  
... delivering mid to high teen % RoCE across the portfolio*





# CRH... Balanced Portfolio

*Providing Building Materials for Our World*

## Materials

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## Products

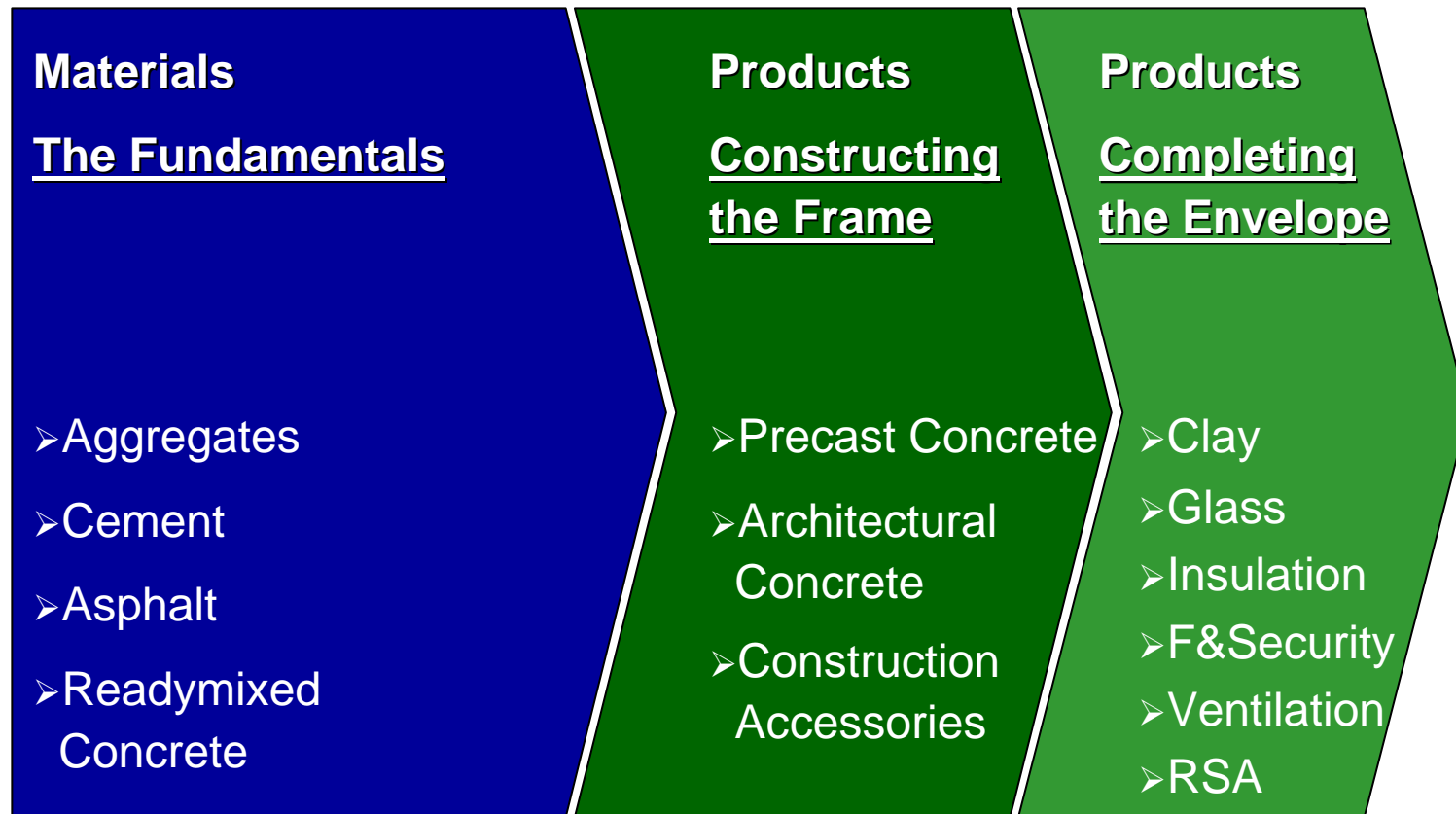
### Constructing the Frame

- Precast Concrete
- Architectural Concrete
- Construction Accessories

*Embracing the benefits of Integrated & Complementary Businesses  
... delivering mid to high teen % RoCE across the portfolio*

# CRH... Balanced Portfolio

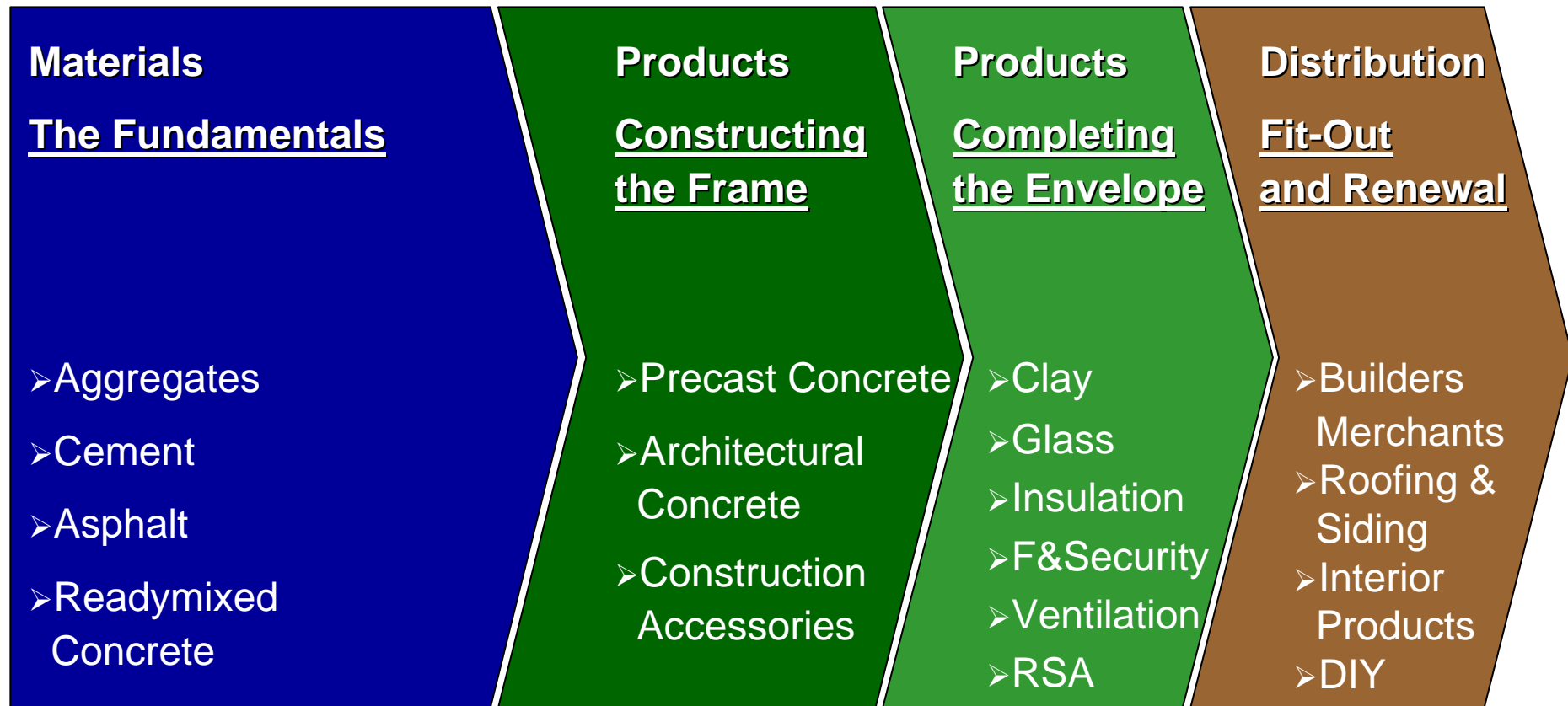
*Providing Building Materials for Our World*



*Embracing the benefits of Integrated & Complementary Businesses  
... delivering mid to high teen % RoCE across the portfolio*

# CRH... Balanced Portfolio

*Providing Building Materials for Our World*



*Embracing the benefits of Integrated & Complementary Businesses  
... delivering mid to high teen % RoCE across the portfolio*

# CRH ...

## *International and Balanced*

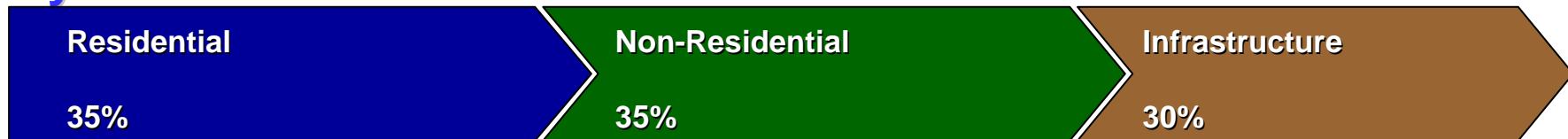
### By Geography



### By Product



### By Sector



### By End-use



*Broad exposure to industry demand drivers ...  
... yields stability of performance*

# CRH People

*Decentralised organisation; high calibre people*

- An experienced management team; managed through previous cycles
- Managers from 3 very different streams:
  - Owner-entrepreneurs, who question the status-quo
  - Grass-roots managers, with room to grow
  - Highly qualified professionals, business builders with vision
- Healthy mix and depth of skills and backgrounds
- Individual authority/responsibility but strong team emphasis
- A vibrant, open, supportive and committed organisation

*Leadership development a priority of all managers*

# Corporate Social Responsibility (CSR)

*A responsible neighbour and employer*

- CSR an integral component of CRH strategy
- CRH seeks to excel in the “triple bottom line”
- Responsibility with line management continuing up to Board level
- Committed to the highest standards of Corporate Governance
- Dedicated to good environmental stewardship in all activities
- Continue to commit significant resources to improving Health & Safety
- Actively support social and community activities local to operations

*Transparent reporting / shareholder communications a priority*



# CRH – Managing in a Downturn Positioning for Recovery

# CRH... Managing in a Downturn

## *Core Characteristics of CRH*

- Diverse yet balanced group - geographic, sectoral and product end-use
- Devolved structure supports ability to respond promptly
- Experience of managing through economic cycles
- Relentless focus on cost control, operational efficiency and margins
- Strong balance sheet and robust cashflow

# CRH... Managing in a Downturn

## *Specific Prompt Management Action*

- Commercial Management
  - Cost Action; Price Management
- Cash Generation
  - Capex Restraint; Working Capital Management
- Balance Sheet
  - Rights Issue; Debut eurobond issuance

# CRH... Managing in a Downturn

## *Intensified Commercial Focus*

### **Price Discipline**

- Still some un-recovered input costs from 2008
- Coupled with pressure of lower volumes in most markets
- Price discipline essential to reward underlying investment

### **Cost Action**

- Ongoing aggressive cost management; '07-'08 actions c€810m savings
- Additional initiatives in progress/planned; looking at **all** inputs
- Market update with Trading Update Statement (July 7<sup>th</sup>)

*Margin management key  
against a backdrop of declining volumes*

# CRH... Managing in a Downturn

## *Intensified Operational Focus*

### **Working Capital Management**

- Continuing success on payables and receivables
- Inventories the 2009 key working capital reduction opportunity
- Aim for Net Working Capital Inflow in 2009

### **Capacity Management**

- Adjusting capacity to the demand environment
- Reducing shifts and optimising production distribution networks
- Mothballing / Idling production as necessary to improve plant utilisation

*Intensified focus on Working Capital  
with capacity adjusted for new demand environment*

# CRH... Managing in a Downturn

*Focus on Cash; Investment Restraint*

## **Capital Expenditure**

- Traditional Capex / Depreciation range 80-120% through the cycle
- Focus on essential development projects; lower maintenance Capex
- Expect total 2009 Capex of c€600m

## **Acquisitions / Investments**

- Curtailed Acquisition activity since mid-2008
- Expect larger pool of opportunities over next 6-18 months
- Will continue to apply traditional CRH discipline & rigour

*Capital Expenditure limited to essential / quick-win projects  
Acquisitions only where compelling value / strategic fit*



# CRH... Positioning for Recovery

## *Maintaining Balance Sheet Flexibility*

### **Debt Management**

- Pro-active debt management programme; excellent maturity profile
- €3Bn of bank and bond funding initiatives in 2008
- Successful €0.75Bn debut eurobond issuance in May 2009
- Committed to maintaining an investment grade credit rating

*Strengthening financial flexibility to be positioned to take advantage of likely increased flow of development opportunities*

# CRH... Positioning for Recovery

*Expanding Capital / Firepower for Opportunities*

## Rights Issue

- Periodic equity inputs characteristic of CRH long-term development model
- Expect larger pool of development opportunities over next 6-18 months
- Successful €1.2Bn Rights Issue in March 2009
- Enhances CRH capacity to capitalise on these opportunities

*Strengthening financial flexibility to be positioned to take advantage of likely increased flow of development opportunities*



# Liquidity – Excellent Maturity Profile

*Well positioned debt maturity schedule*

<b>Maturity Profile</b> <i>Proforma YE 2008 Adjusted for Rights Issue</i>	<b>Gross Debt*</b> <b>(€Bn)</b>
2009 <sup>#</sup>	<b>1.1</b>
2010	<b>0.6</b>
2011	<b>1.0</b>
2012	<b>1.0</b>
2013	<b>0.6</b>
Beyond 2013	<b>2.2</b>
<b>Total</b>	<b>6.5</b>
<b>Cash / Liquid Investments</b>	<b>1.6</b>

- Debut eurobond issue (20<sup>th</sup> May): €750m with 5 year maturity

*\* including JV's and Net Debt related derivatives assets of €0.3Bn*

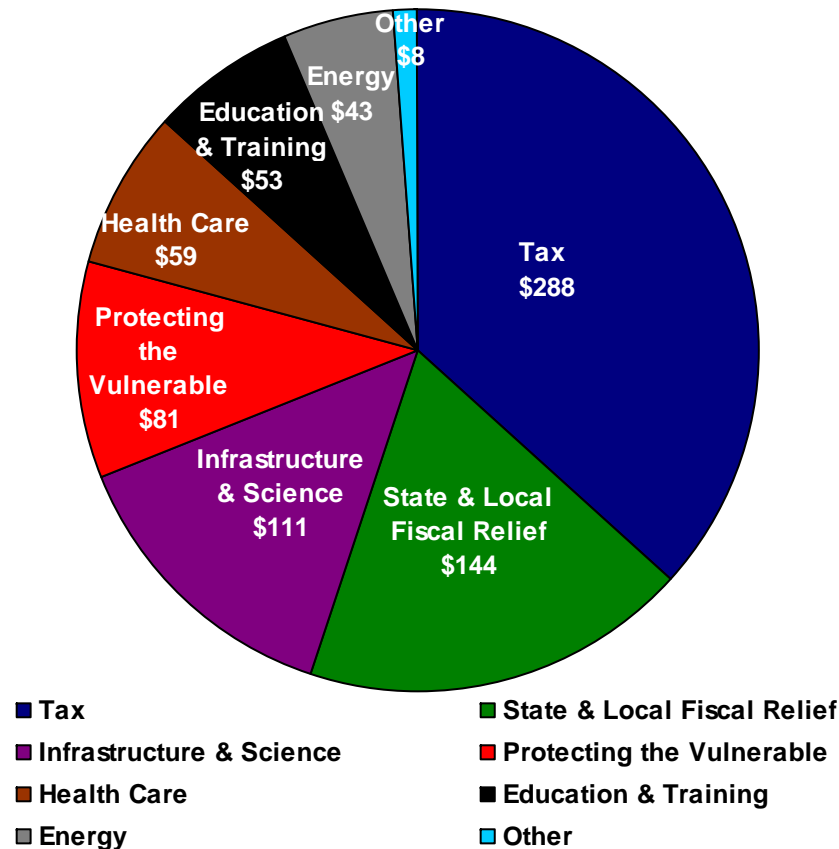
*# including Overdrafts*

# CRH – US Stimulus Opportunity



# American Recovery & Reinvestment Act

## US\$787Bn ... 2009 - 2012

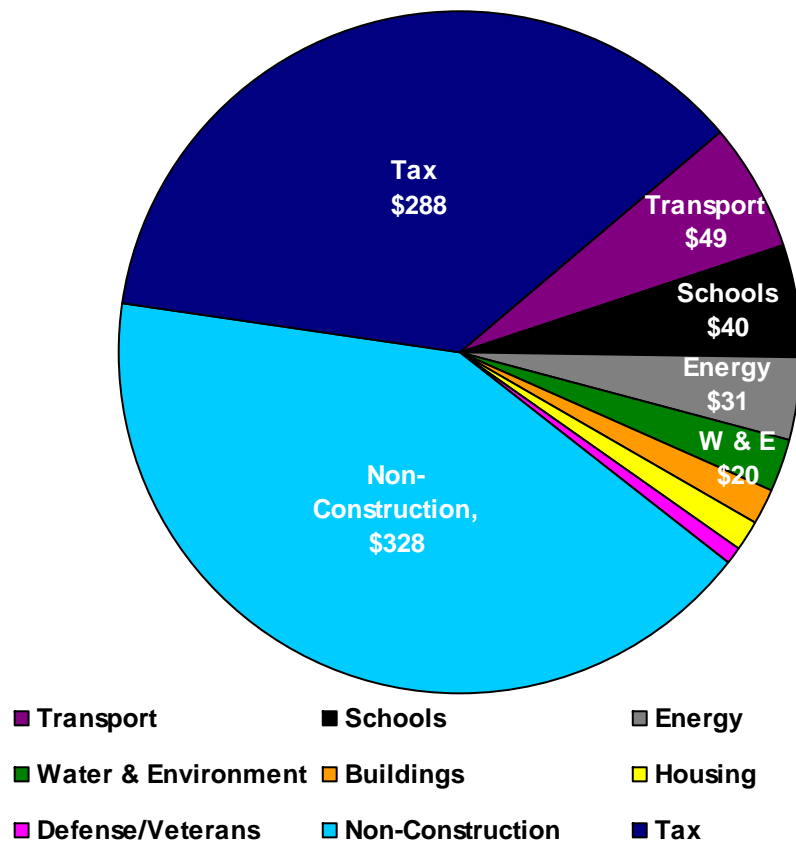


- Save & create 3.5+ million jobs over next 2 years
- Revive renewable energy industry; provide capital over next 3 years to double domestic renewable energy capacity
- Modernise 75% of federal building space and 1+ million homes
- Largest increase in funding for nation's roads, bridges, & mass transit since the 1950s

**Goal ... “Invest in Transportation, Environmental Protection, and other Infrastructure that will provide longer term economic benefits”**

# What ARRA means for Construction

*US\$171Bn of funding*



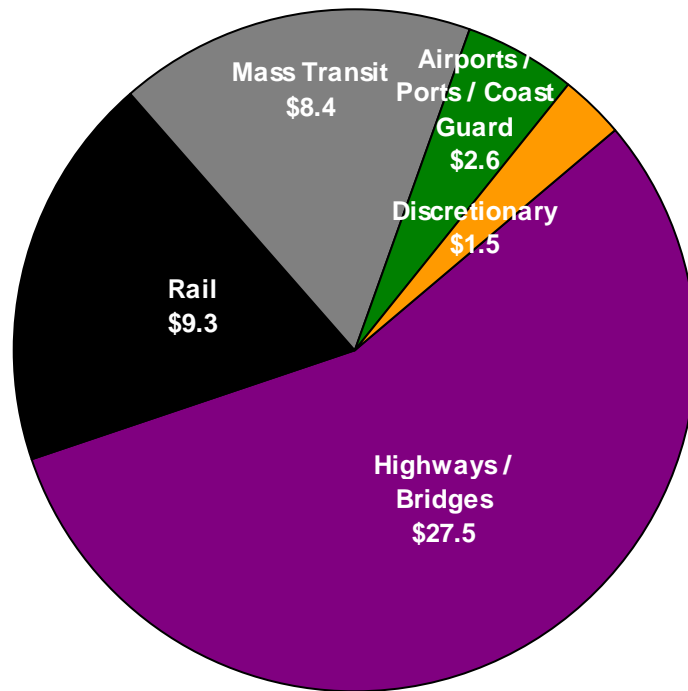
- \$49Bn Transportation
  - Highways, Mass Transit, Rail etc.
- \$40Bn Schools
  - School modernisation is an eligible use
- \$31Bn Energy
  - Energy efficiency & weatherization
- \$20Bn Water & Environment
  - DOE & EPA cleanups, waste facilities
- \$13Bn Buildings
  - Energy upgrades, modernisations
- \$10Bn Housing
  - Public housing, community development
- \$8Bn Defense/Veterans
  - Housing, hospitals, child-care centres

**\$171Bn**



# What ARRA means for Transportation

US\$49Bn



■ Highways / Bridges

■ Rail

■ Mass Transit

■ Airports / Ports / Coast Guard

■ Discretionary

○ Highway Funding - €26.7Bn apportioned

○ \$9.3Bn to be obligated by June 30<sup>th</sup>

○ \$11.8Bn obligated to date (May 7<sup>th</sup>)

○ Only 13 States have not obligated June target

○ 32 States paying contractors for construction

*Projects include ... New / Reconstruction / Safety of roadways & bridges in particular resurfacing, restoration, rehabilitation & relocation*

# What ARRA means for CRH

- ARRA impact initially in Infrastructure sector
- Emphasis on Repair, Maintenance and Improvement projects
- Public Non-Residential projects to follow
- CRH well positioned to benefit from ARRA activity

*Asphalt*

*#1 ... national producer*

*Aggregates*

*#3 ... national producer*

*Precast Concrete Products*

*#1 ... national producer*

*Readymixed Concrete*

*Top 5*



# Summary



# Summary

## *CRH Investment Highlights*

- Consistent strategy and growth record over c.40 years
- Disciplined approach to acquisitions through the cycle
- Geographic, sectoral and product balance a key strength
- Strong market positions and well located strategic reserves
- Consistent strong cash flow generation and interest cover
- Experienced senior management team with strength and depth
- Proactively managing short-term challenges ...
- ... and positioning the Group for the eventual upturn

*Focused on delivery – Short-term and Long-term*

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