



ACQUISITIONS

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Group Treasurer CRH plc

Agenda

- CRH
- Acquisitions volume & process
- Acquisition funding
- Hedging considerations
- Lessons



CRH - Overview

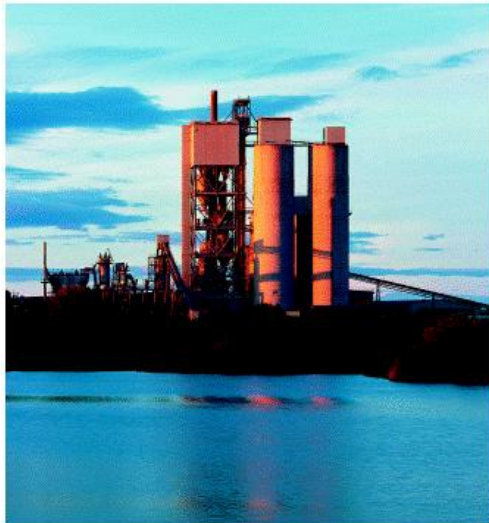
- 1970: Irish Cement & Roadstone: Sales €26m, Ireland 95%
- Embarked on a clear, consistent development strategy
- Now 24 countries; 3 continents; 2,100+ locations; 60,000+ people
- Annualised Sales circa €13bn
- Listed Dublin, London, NASDAQ; Eurotop 300 stock
- Market capitalisation circa €12bn
- 19% CAGR in Total Shareholder Return since 1970



Three Core Businesses



Primary Materials



**Cement, aggregates,
asphalt and surfacing,
readymixed concrete**



Building Products

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



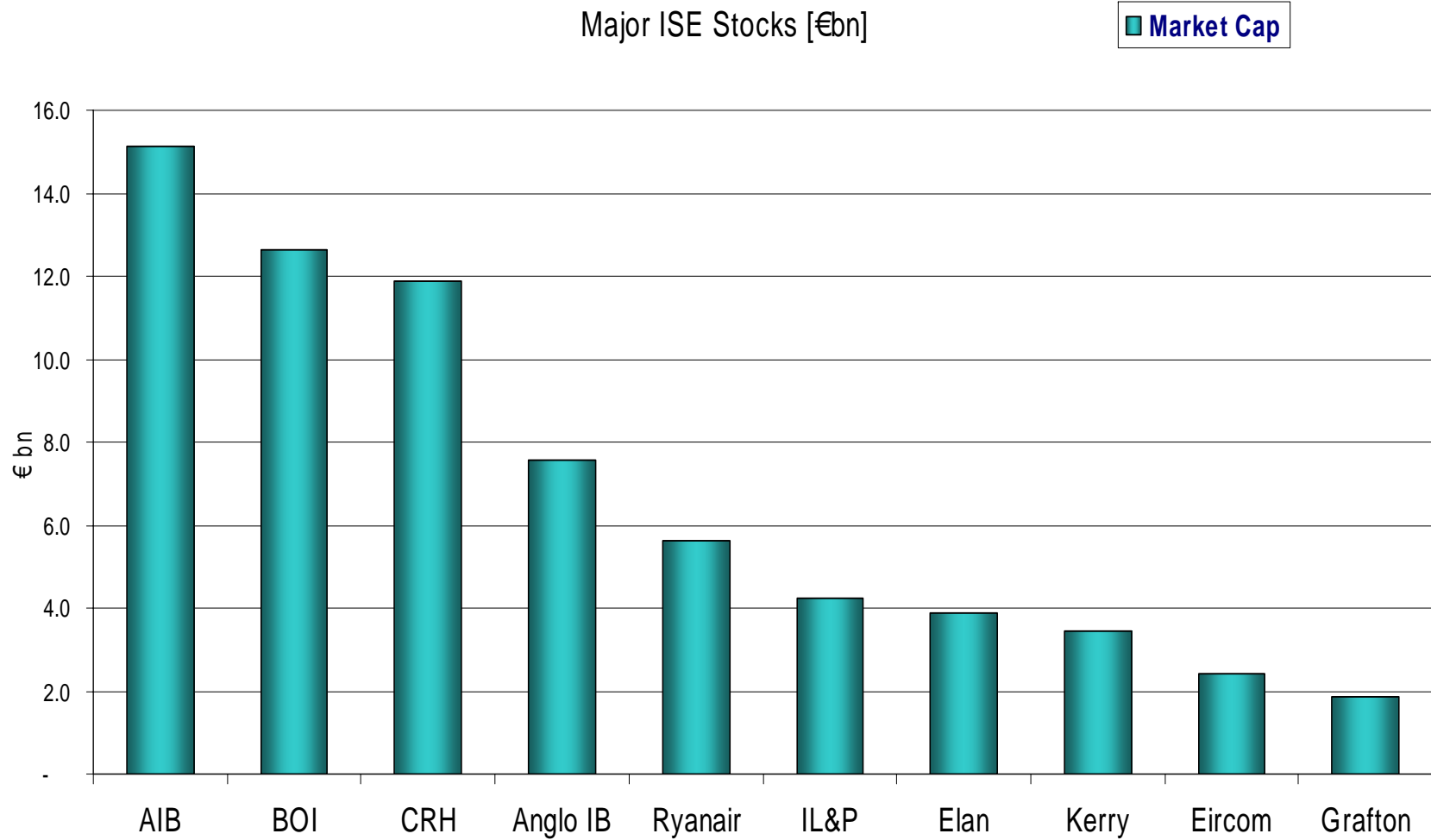
Distribution



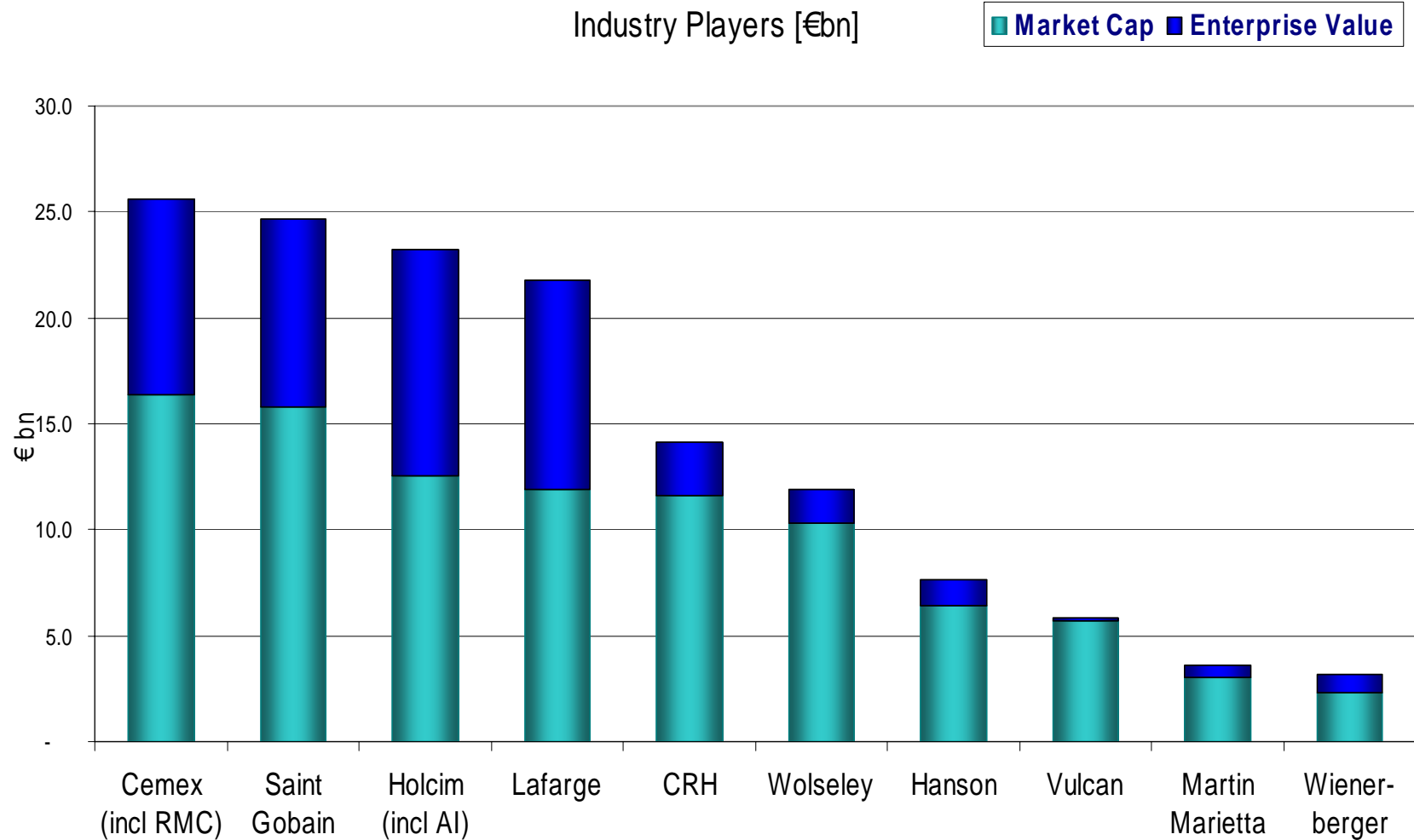
**DIY stores, builders
merchanting, specialist
distribution**



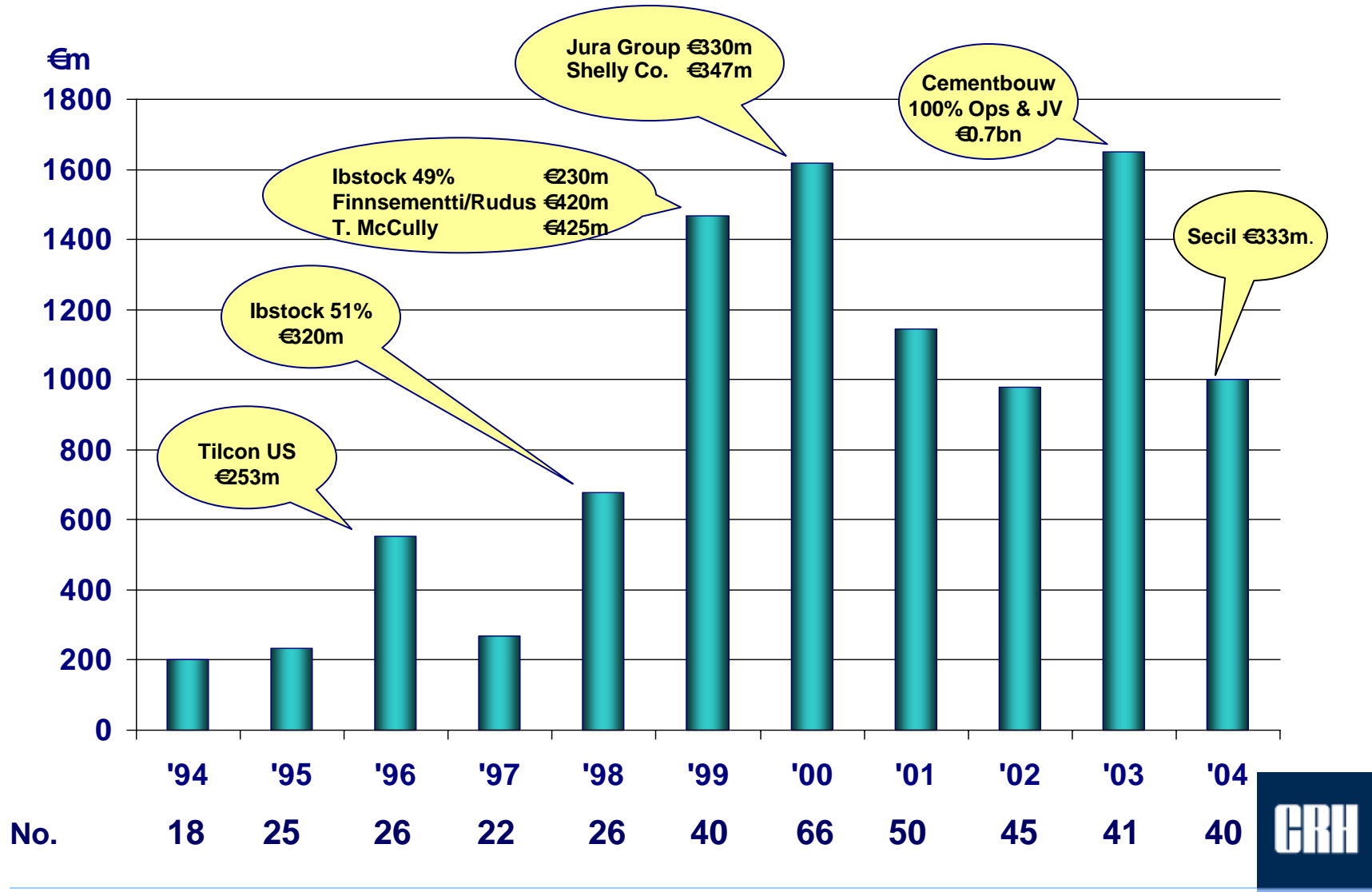
CRH Size vs. ISE



CRH Size vs. Peers



CRH Development Spend 94 - 04



Why Acquire?

- Growth?
- Greenfield?
- Synergies?
- Good returns vs WACC
- CRH wanted balance

Acquisition Process

- Multiple Acq. teams
- Handshake to approval
- Formal proposal for approval
- Tiered authority levels
- Advisors?

Acquisition Evaluation

- Common sense & experience
- Cash is king
- DCF IRR
- Terminal Value?
- ROCE
- It is not good enough just to cover debt costs!!

Acquisition Structure

- Acquire:
 - Company (+ liabs??)
 - Assets
 - 100%?
- Assuming debt?
- Allowable finance cost
- Allowable goodwill
- Your Tax vs Vendor's Tax



Acquisition Completion

- Due diligence
 - Legal
 - Insurance (terminate?)
 - Environmental
 - Business
 - Ownership
- Post Acq. plan
- Acq. agreement & indemnities



Acquisition Payment

- Sign & pay or delay?
- Pay cash by:
 - Wire
 - Cheque
- Escrow?
- Interest Income?
- Authorisation

Acquisition Funding

- Equity/internal cash flow
- Deferred/contingent payments
- Sell assets
- Securitise assets
- Debt
 - Bank
 - Bonds
- Hybrids

Bank Debt

- Bridge
- Term loans
- Revolver
- Syndicate
- Project Finance

Private placements

- CRH \$1.5bn 1992 to 2000
- Many Irish issuers
- Insurance companies/pension funds & banks invest
- No credit ratings
- Tailor terms/covenants
- 6-8 weeks
- No roadshow?



Public Bonds

- CRH \$1bn 2002 & \$1bn 2003
- Moodys/S&P required for U.S.
- SEC requirements
- Eurobonds
- No covenants
- Roadshow?
- Massive market



Balance Sheet

Debt Maturity					
Year	2005	2006	2007	2008	2009 +
Maturing €bn	0.4	0.3	0.2	0.2	2.7

Balance Sheet

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Includes \$2.9bn PPs/Bonds

2004 Bal Sheet By Currency

All in EUR bn & Irish GAAP	EUR	USD	GBP	CHF	Oth	Total
Net Debt	1.0	0.8	0.1	0.2	0.3	2.4
Capital Employed	2.8	3.4	0.5	0.3	0.6	7.6
Net Worth	1.8	2.6	0.4	0.1	0.3	5.2

2004 Bal Sheet By Currency

All in EUR bn & Irish GAAP	EUR	USD	GBP	CHF	Oth	Total
Net Debt	1.0 41%	0.8 34%	0.1	0.2	0.3	2.4
Capital Employed	2.8 37%	3.4 45%	0.5	0.3	0.6	7.6
Net Worth	1.8 35%	2.6 49%	0.4	0.1	0.3	5.2

2004 Net Debt Fixed/Float

All in EUR bn & Irish GAAP	EUR	USD	GBP	CHF	Oth	Total
Net Debt	1.0	0.8	0.1	0.2	0.3	2.4
% Fixed	49%	54%	63%	50%	48%	51%

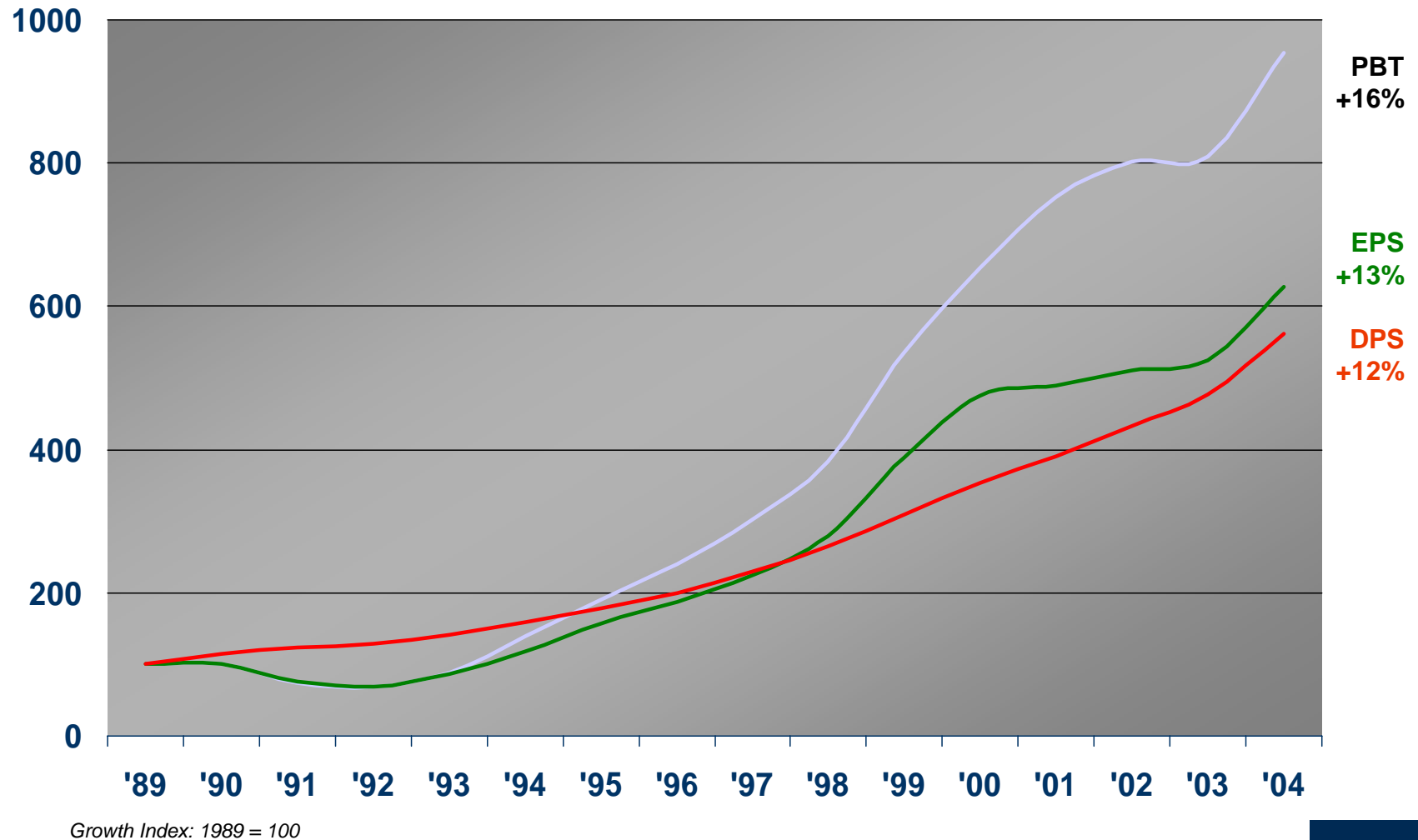
Hedging Tools

- Local debt
- Cross-Currency swaps
- FX Swaps
- NDFs

Funding/Payment Lessons

- Flag funding needs early
- Position cash close & in advance
- Avoid Fridays
- Local holidays
- Local banking practice
- Signing/payment mechanism

CRH Performance



.... Creating Shareholder Value





ACQUISITIONS

This presentation contains certain forward-looking statements as defined under US legislation. By their nature, such statements involve uncertainty; as a consequence, actual results and developments may differ from those expressed in or implied by such statements depending on a variety of factors including the specific factors identified in this presentation and other factors discussed in our Annual Report on Form 20-F filed with the SEC.

