## ATTACHMENT L2 - FIT AND PROPER PERSON

Roadstone Ltd. considers that it is a fit and proper person to hold a Waste Licence and has provided the requisite information required by Section 40(7) of the Waste Management Acts 1996 (as amended) to demonstrate this below :

*a) Indicate whether the applicant or other relevant person has been convicted under the Waste Management Acts 1996 to 2003, the EPA Act 1992 and 2003, the Local Government (Water Pollution) Acts 1977 and 1990 or the Air Pollution Act 1987.*

Neither Roadstone Ltd. nor any of its predecessor companies (which includes Roadstone Dublin, Roadstone Provinces, John A. Wood and Roadstone Wood), has ever been convicted of any offence under the Waste Management Act 1996 (as amended), the Environmental Protection Agency Act 1992 (as amended), the Local Government (Water Pollution) Acts 1977 and 1990 or the Air Pollution Act 1987.

b) *Provide details of the applicant's technical knowledge and/or qualifications, along with that of other relevant employees.*

The person with overall responsibility for the set up and operation of the proposed soil recovery facility will be Roadstone's recycling manager, Leonard Grogan. As indicated in Section C of this waste licence application, Leonard holds a National Certificate in Applied Chemistry and a Degree in Analytical Science (both from Carlow IT), Diplomas in Quarry Engineering and Asphalt Technology (both from Doncaster College, UK) and a Diploma in Project Management (from Griffith College).

Leonard currently has responsibility for managing Roadstone's recycling and recovery business across several sites in the Greater Dublin Area, including the licensed waste recovery facilities at Fassaroe in Bray, Co. Wicklow (Licence Ref W0269-01) and Huntstown, Finglas, Dublin 11 (W0277-01) as well as a number of smaller permitted sites at Belgard Quarry in Tallaght, Dublin 24. He is responsible for

- liaison with the EPA and Local Authorities;
- ensuring compliance with waste licence and waste facility permit conditions;
- management of staff (including consultants), contractors and plant;
- waste acceptance, classification and testing;
- environmental monitoring.

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Leonard will be assisted in managing the proposed recovery facility at Calary Quarry by another colleague in Roadstone who will employed there on a full time basis. This individual who has yet to be identified, will have prior waste management experience overseeing operations at one of Roadstone's licenced or permitted waste recovery facilities elsewhere within the State and will either have completed, or be attending, a certificate / diploma course in waste management organised by SOLAS or one of the Institutes of Technology (eg Environmental Sustainability and Integrated Waste Management at Limerick IT).

Should the need arise for any specialist technical or environmental assistance, Roadstone staff will seek assistance from in-house and/or external advisors and consultants.

*c) Provide information to show that the person is likely to be in a position to meet any financial commitments or liabilities that may have been or will be entered into or incurred in carrying on the activity to which the application relates or in consequence of ceasing to carry out that activity.*

Roadstone Ltd is a 100% owned subsidiary of CRH plc, the international building materials group with a market capitalisation of approximately €22,000 million. The size and scale of the company's balance sheet means that it has the financial strength and capacity to shoulder any economic or environmental costs or liabilities incurred by the proposed waste recovery facility entirely from its own financial reserves. No external source of funding will be sought or required to finance the set-up and operation of the proposed facility.

Extracts from the 2014 Annual Report for CRH plc, including extracts from an audit report and a business performance review, are attached for information purposes.

Notwithstanding the above, due allowance will be made in the local (Irish) company accounts for compliance with all financial, legal and environmental responsibilities likely to be incurred in respect of the proposed waste recovery facility at Calary Quarry.



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# Independent Auditor's Report

to the members of CRH plc

### What we have audited

We have audited the financial statements of CRH plc for the year ended 31 December 2014 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Accounting Policies, the related notes 1 to 34 (Group) and the related notes 1 to 13 (Company). The financial reporting framework that has been applied in the preparation of the Group Financial Statements is Irish law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Company Financial Statements is Irish law and accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

This Report is made solely to the Company's members, as a body, in accordance with Section 193 of the Companies Act, 1990. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this Report, or for the opinions we have formed.

### Opinion on financial statements

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 31 December 2014 and of its profit for the year then ended;
- the Company Balance Sheet gives a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland of the state of the Company's affairs as at 31 December 2014; and
- the financial statements have been properly prepared in accordance with the requirements of the Companies Acts 1963 to 2013 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

### Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 100 the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group and the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our Report.

### Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and performing our audit and in evaluating the effect of misstatements on our audit and on the financial statements.

When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole. We determined materiality for the Group to be €36 million, which is approximately 5% of pre-tax profit. In 2013, we determined materiality for the Group to be €25 million which was approximately 5% of adjusted pre-tax profit. We used adjusted pre-tax profit in 2013 which excluded the impairment of goodwill and the non-recurring impairment of property, plant and equipment and financial assets arising from a portfolio review as they do not reflect the underlying trading performance of the Group thereby avoiding inappropriate variations in our materiality as a result of significant non-recurring items. Our materiality calculation provided a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that overall performance materiality (i.e. our tolerance for misstatement in an individual account or balance) for the Group should be 50% of planning materiality, namely €18 million (2013: €12.5 million). Our objective in adopting this approach was to ensure that total uncorrected and undetected audit differences in all accounts did not exceed our planning materiality level.

We agreed with the *Audit Committee* that we would report to them all audit differences in excess of €1.8 million (2013: €1.25 million), as well as differences below that threshold that in our view warranted reporting on qualitative grounds.

We evaluated any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations.

### An overview of the scope of our audit

The overall scope of our audit has been assessed in line with the principles as described above in 'scope of the audit of the financial statements'. In determining those components in the Group at which we perform audit procedures, we utilised size and risk criteria in accordance with International Standards on Auditing (UK and Ireland). Following this assessment we selected 80 (2013: 77) components which represent the principal business units within the Group's six business segments. 26 (2013: 33) of these components were subject to a full audit, whilst another 54 (2013: 44) were subject to a partial audit where the extent of the audit work was based on our assessment of the risks of material misstatement and the materiality of the Group's business operations at those locations and focuses on specific accounts. For the remaining components, we performed other procedures to identify if there were any remaining significant risks of material misstatement in the Group financial statements in respect of those components.

Audit work at each component is undertaken based on a percentage of our total performance materiality. The performance materiality set for each

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component is based on the relative size of the component and our view of the risk of misstatement at that component. In the current year the range of performance materiality allocated to components was €3.6 million to €11 million (2013: €2.5 million and €8.5 million).

We issued detailed instructions to each component auditor in scope for the Group audit, with specific audit requirements and requests across key areas. The Group audit team continued to perform a programme of site visits at key locations across the Group which included a review of key working papers supporting conclusions on significant risk areas. In addition to site visits, the Group audit team participated in divisional planning and closing meetings and the component auditors' discussion of the risks of fraud and error.

### Our assessment of risks of material misstatement

In 2013 we identified a risk arising from the 'accounting and disclosure implications of the portfolio review', whereby management had identified a number of business units for disposal. For 2014, we have removed this risk and added a new risk concerning the accounting and disclosure requirements arising from the application of the held for sale requirements contained within IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations,* as the businesses identified for disposal in the portfolio review advance towards disposal.

We consider that the following areas present the greatest risk of material misstatement in the financial statements and consequently have had the greatest impact on our audit strategy, the allocation of resources and the efforts of the engagement team, including the more senior members of the team.

Based on our walkthrough and control testing performed, we believe the controls over the areas identified below are designed and operate effectively.

The Audit Committee's report on those matters which they considered to be significant issues in relation to the financial statements is set out on page 61.

## Principal risk area and rationale

| Principal risk area and rationale | Audit response |
|---|---|
| **Assessment of the carrying value of goodwill**<br><br>The impairment review of goodwill, with a carrying value of €4.0bn, is considered to be a risk area due to the size of the balance as well as the fact that it involves significant judgement by management. Judgemental aspects include assumptions of future profitability, revenue growth, margins and forecast cash flows, and the selection of appropriate discount rates. | **Audit response**<br><br>Our specialist valuations team performed an independent assessment against external market data of key inputs used by management in calculating appropriate discount rates, principally risk free rates, country risk premium and inflation rates.<br><br>We reviewed and challenged the determination of the Group's 20 Cash Generating Units ('CGUs') and flexed our audit approach depending on our risk assessment and the level of headroom in each CGU. For all CGUs selected for detailed testing, we critically assessed all key assumptions in the models by challenging management's detailed calculations and benchmarking growth forecasts to external economic forecasts and construction activity measures.<br><br>We challenged management's sensitivity analyses and performed our own sensitivity calculations to assess the level of headroom in place based on reasonably expected movements in such assumptions.<br><br>We considered the adequacy of management's disclosures in respect of impairment testing and whether the sensitivity disclosures appropriately communicate the underlying sensitivities. |
| **Assessment of the carrying value of property, plant and equipment and financial assets**<br><br>The impairment review of property, plant and equipment and financial assets, with a carrying value of €7.7bn and €1.4bn respectively, is considered to be a risk area due to the size of the balances as well as their judgemental nature, similar to that noted in the assessment of the carrying value of goodwill above. | **Audit response**<br><br>In respect of the discount rate, we performed similar procedures to those noted above for goodwill.<br><br>The Group operates a variety of business models and as a result the identification of CGUs for testing is based on these business models and management's assessment of impairment indicators.<br><br>Similar audit procedures to those noted under goodwill above are performed in respect of the key assumptions underpinning the impairment models. |
| **Accounting and disclosure requirements arising from the application of the held for sale requirements contained within IFRS 5**<br><br>In 2013 management made a decision to divest of a number of business units across its operations. None of these businesses met the 'held for sale' criteria at 31 December 2013. The status of the businesses identified for disposal has evolved during the year with some having been disposed, others meeting the held for sale criteria and the remainder continuing to be assessed for impairment. | **Audit response**<br><br>Throughout the year and in the subsequent period up to the date of approval of the financial statements, we have regular contact with management who inform us on the status of the various entities subject to disposal. We also review Board minutes where proposals in respect of businesses moving to disposal are presented.<br><br>We challenged management's assessment by applying professional scepticism to the judgements made by management in concluding whether all relevant criteria had been met in order to classify businesses as held for sale in accordance with IFRS 5. We also tested whether depreciation of non-current assets and the accounting for the share of results of equity method investees ceased at the date of IFRS 5 classification and that foreign exchange recycling was calculated where relevant. We considered the adequacy of the disclosures in the financial statements in respect of held for sale assets (note 4). |

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## Principal risk area and rationale | continued

| Revenue recognition for construction contracts | Audit response |
|---|---|
| There are significant accounting judgements which include determining the stage of completion, the timing of revenue recognition and the calculation under the percentage-of-completion method, in applying the Group's revenue recognition policies to long-term contracts entered into by the Group. The majority of the Group's construction contracts have a maturity within one year and most are completed prior to the year-end, reflecting seasonality.<br><br>Total revenue for construction contracts was €3.4bn which represents 17.7% of the Group's revenue in 2014.<br><br>There is significant seasonality to when services are rendered under these construction contracts, with the majority of the work performed in the summer months. | We performed substantial audit procedures which included a review of a sample of contracts, a review for change orders, a retrospective review of estimated profit and costs to complete and enquired of key personnel regarding adjustments for job costing and potential job losses. We performed testing procedures over routine sales transactions. |
| **Accounting for acquisitions and disposals** | **Audit response** |
| During 2014, the Group completed 21 acquisitions at a cost of €0.2bn and realised total disposal proceeds of €0.2bn across 16 disposals.<br><br>On 1 February 2015, the Group entered into a binding commitment to acquire certain assets from Lafarge and Holcim for an enterprise value of €6.5bn.<br><br>Acquisitions and disposals continue to be a significant focus area for the Group and an area where we allocate significant resources in directing the efforts of the engagement team. | Our specialist valuations team challenge purchase price allocation adjustments, deferred consideration and the identification and valuation of acquired intangible assets as all elements involve significant judgement by management.<br><br>In considering the accounting for disposals we consider various areas including identification of consideration, net assets, disposal costs and foreign exchange reserve recycling.<br><br>We also considered the adequacy of the related disclosures (note 4 and note 30). |

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### Matters on which we are required to report by the Companies Acts 1963 to 2013

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion proper books of account have been kept by the Company.
- The Company Balance Sheet is in agreement with the books of account.
- In our opinion the information given in the Directors' Report is consistent with the financial statements and the description in the Corporate Governance Report of the main features of the internal control and risk management systems in relation to the process for preparing the Group Financial Statements is consistent with the Group Financial Statements.
- The net assets of the Company, as stated in the Company Balance Sheet are more than half of the amount of its called-up share capital and, in our opinion, on that basis there did not exist at 31 December 2014 a financial situation which under Section 40 (1) of the Companies (Amendment) Act, 1983 would require the convening of an extraordinary general meeting of the Company.

### Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the Annual Report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
- is otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' Statement that they consider the Annual Report is fair, balanced and understandable and whether the Annual Report appropriately discloses those matters that we communicated to the *Audit Committee* which we consider should have been disclosed.

Under the Companies Acts 1963 to 2013 we are required to report to you if, in our opinion, the disclosures of Directors' remuneration and transactions specified by law are not made.

Under the Listing Rules we are required to review:

- the Directors' Statement, set out on page 100, in relation to going concern;
- the part of the Corporate Governance Report relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to shareholders by the Board on Directors' remuneration.

Breffni Maguire
for and on behalf of Ernst & Young
Dublin

25 February 2015



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# Consolidated Income Statement

for the financial year ended 31 December 2014

| Notes | | 2014 €m | 2013 €m |
|---|---|---|---|
| 1 | **Revenue** | **18,912** | 18,031 |
| 2 | Cost of sales | **(13,427)** | (13,153) |
| | Gross profit | **5,485** | 4,878 |
| 2 | Operating costs | **(4,568)** | (4,778) |
| 1,3,5,6 | **Group operating profit** | **917** | 100 |
| 1,4 | Profit on disposals | **77** | 26 |
| | **Profit before finance costs** | **994** | 126 |
| 8 | Finance costs | **(254)** | (262) |
| 8 | Finance income | **8** | 13 |
| 8 | Other financial expense | **(42)** | (48) |
| 9 | Share of equity accounted investments' profit/(loss) | **55** | (44) |
| 1 | **Profit/(loss) before tax** | **761** | (215) |
| 10 | Income tax expense | **(177)** | (80) |
| | **Group profit/(loss) for the financial year** | **584** | (295) |
| | Profit/(loss) attributable to: | | |
| | Equity holders of the Company | **582** | (296) |
| | Non-controlling interests | **2** | 1 |
| | **Group profit/(loss) for the financial year** | **584** | (295) |
| 12 | **Basic earnings/(loss) per Ordinary Share** | **78.9c** | (40.6c) |
| 12 | **Diluted earnings/(loss) per Ordinary Share** | **78.8c** | (40.6c) |

All of the results relate to continuing operations.

# Consolidated Statement of Comprehensive Income

for the financial year ended 31 December 2014

| Notes | | 2014 €m | 2013 €m |
|---|---|---|---|
| | **Group profit/(loss) for the financial year** | **584** | (295) |
| | **Other comprehensive income** | | |
| | *Items that may be reclassified to profit or loss in subsequent years:* | | |
| | Currency translation effects | **599** | (373) |
| 24 | Losses relating to cash flow hedges | **(6)** | (2) |
| | | **593** | (375) |
| | *Items that will not be reclassified to profit or loss in subsequent years:* | | |
| 27 | Remeasurement of retirement benefit obligations | **(414)** | 162 |
| 10 | Tax on items recognised directly within other comprehensive income | **69** | (43) |
| | | **(345)** | 119 |
| | Total other comprehensive income for the financial year | **248** | (256) |
| | **Total comprehensive income for the financial year** | **832** | (551) |
| | Attributable to: | | |
| | Equity holders of the Company | **830** | (552) |
| | Non-controlling interests | **2** | 1 |
| | **Total comprehensive income for the financial year** | **832** | (551) |

N. Hartery, A. Manifold, Directors

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# Consolidated Balance Sheet

as at 31 December 2014

| Notes | | 2014 €m | 2013 €m |
|---|---|---|---|
| | **ASSETS** | | |
| | **Non-current assets** | | |
| 13 | Property, plant and equipment | **7,422** | 7,539 |
| 14 | Intangible assets | **4,173** | 3,911 |
| 15 | Investments accounted for using the equity method | **1,329** | 1,340 |
| 15 | Other financial assets | **23** | 23 |
| 17 | Other receivables | **85** | 93 |
| 24 | Derivative financial instruments | **87** | 63 |
| 26 | Deferred income tax assets | **171** | 107 |
| | **Total non-current assets** | **13,290** | 13,076 |
| | **Current assets** | | |
| 16 | Inventories | **2,260** | 2,254 |
| 17 | Trade and other receivables | **2,644** | 2,516 |
| | Current income tax recoverable | **15** | 26 |
| 24 | Derivative financial instruments | **15** | 17 |
| 22 | Cash and cash equivalents | **3,262** | 2,540 |
| 4 | Assets held for sale | **531** | - |
| | **Total current assets** | **8,727** | 7,353 |
| | **Total assets** | **22,017** | 20,429 |
| | **EQUITY** | | |
| | **Capital and reserves attributable to the Company's equity holders** | | |
| 28 | Equity share capital | **253** | 251 |
| 28 | Preference share capital | **1** | 1 |
| 28 | Share premium account | **4,324** | 4,219 |
| 28 | Treasury Shares and own shares | **(76)** | (118) |
| | Other reserves | **213** | 197 |
| | Foreign currency translation reserve | **57** | (542) |
| | Retained income | **5,405** | 5,654 |
| | | **10,177** | 9,662 |
| | Non-controlling interests | **21** | 24 |
| | **Total equity** | **10,198** | 9,686 |
| | **LIABILITIES** | | |
| | **Non-current liabilities** | | |
| 23 | Interest-bearing loans and borrowings | **5,419** | 4,579 |
| 24 | Derivative financial instruments | **3** | 34 |
| 26 | Deferred income tax liabilities | **1,305** | 1,166 |
| 18 | Other payables | **257** | 289 |
| 27 | Retirement benefit obligations | **711** | 410 |
| 25 | Provisions for liabilities | **257** | 231 |
| | **Total non-current liabilities** | **7,952** | 6,709 |
| | **Current liabilities** | | |
| 18 | Trade and other payables | **2,894** | 2,754 |
| | Current income tax liabilities | **154** | 151 |
| 23 | Interest-bearing loans and borrowings | **447** | 961 |
| 24 | Derivative financial instruments | **20** | 19 |
| 25 | Provisions for liabilities | **139** | 149 |
| 4 | Liabilities associated with assets classified as held for sale | **213** | - |
| | **Total current liabilities** | **3,867** | 4,034 |
| | **Total liabilities** | **11,819** | 10,743 |
| | **Total equity and liabilities** | **22,017** | 20,429 |

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EBITDA
**€1,641 million**

Capital Expenditure
**€435 million**

Operating Cash Flow
**€902 million**

Net Debt
**€2.5 billion**

Net Debt/EBITDA
**1.5 times**

EBITDA/Net Interest
**6.7 times**

Jura Cement Plant, Wildegg, Switzerland

# Business Performance Review

## Finance Director's Introduction

2014 was a year of growth for CRH, with improved performance in the first half driven by favourable weather in Europe, and the second half benefiting from improved momentum in the United States. The Group continued to focus on cash generation finishing the year in a strong and flexible financial position. Net debt at year-end 2014 reduced by €0.5 billion compared to 2013. This was achieved with strong cash inflows from operations, and proceeds of €0.35 billion from disposals, partly offset by spend of €0.62 billion on acquisitions, investments and capital expenditure, and dividend payments of €0.46 billion.

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### Key Components of 2014 Performance

Overall sales for 2014 were 5% ahead of 2013, while organic sales from underlying operations were up 4%, reflecting strong favourable weather-impacted demand in Europe in the first half and increasing activity in the United States.

In Europe, after the encouraging start to the year which saw like-for-like sales increase by 6% helped by favourable early-season weather, trading in the second half was impacted by moderating trends across all three segments. Overall like-for-like sales for the year increased by 2%. EBITDA margin increased due to increased capacity utilisation, efficiency measures and cost saving actions.

Against an improving market backdrop as the year progressed, like-for-like sales in the Americas were up 8% in the second half, compared with a first-half increase of 4%. In our Materials business, like-for-like sales improved throughout the year and finished 7% ahead. Our Products and Distribution businesses which were impacted by unfavourable weather patterns in the early part of the year, benefited from improving demand in the second half particularly from new residential construction, and like-for-like sales were 5% ahead of 2013. With higher sales and good cost control, EBITDA margins improved in all three Americas segments.

During 2014, the US Dollar remained relatively stable at approximately 1.33 against the euro, however the weakening of currencies like the Ukrainian Hryvnia and Argentine Peso, partly offset by the strengthening of Sterling, were the principal factors behind the exchange effects shown in the



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table below. The average and year-end 2014 exchange rates of the major currencies impacting on the Group are set out on page 114.

We continued to advance the significant cost-reduction initiatives which have been progressively implemented since 2007 and which by year-end had generated cumulative annualised savings of over €2.5 billion. Total restructuring costs associated with these initiatives (which generated savings of €118 million in 2014) amounted to €51 million in 2014 (2013: €71 million) and were once again heavily focussed on our European Divisions.

### Cash Management and Financial Performance

Throughout 2014 the Group continued to keep a focus on cash management, targeting in particular working capital and capital expenditure. Year-end working capital of €2 billion represented just 10.6% of sales, an improvement compared with year-end 2013 (11.2%). This performance delivered net inflows for the year of €69 million (2013: €118 million). CRH believes that its current working capital is sufficient for the Group's present requirements. Strong control of spending on property, plant and equipment resulted in lower cash outflows of €435 million (2013: €497 million), with spend in 2014 representing 69% of depreciation (2013: 74%). As a result, operating cash flow increased to €902 million (2013: €736 million).

Other major movements in net debt during the year comprised acquisition spend of €188 million on 21 transactions which was more than offset by divestment and disposal proceeds of €345 million.

Dividend payments of €460 million (before scrip) and proceeds of €129 million from share issues (including scrip and net of own shares purchased) were very similar to last year.

At year-end the stronger US Dollar (1.2141 versus the euro compared with 1.3791 at year-end 2013) was the main factor in the negative translation and mark-to-market impact of €181 million on net debt. Net debt of €2.5 billion at 31 December 2014 was €481 million lower than year-end 2013.

The Group is in a strong financial position. It is well funded and interest cover (EBITDA/net interest) of 6.7x is

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## Key Components of 2014 Performance

| € million | Revenue | EBITDA | Operating profit | Profit on disposal | Finance costs (net) | Equity accounted investments* | Pre-tax profit/(loss) |
|---|---|---|---|---|---|---|---|
| **2013** | 18,031 | 1,475 | 100 | 26 | (297) | (44) | (215) |
| **Exchange effects** | (62) | (11) | (4) | - | (1) | 5 | - |
| **2013 at 2014 exchange rates** | **17,969** | **1,464** | **96** | **26** | **(298)** | **(39)** | **(215)** |
| ***Incremental impact in 2014 of:*** | | | | | | | |
| **- 2014 and 2013 acquisitions** | 237 | 16 | 4 | - | - | (2) | 2 |
| **- 2014 and 2013 divestments** | (25) | - | 1 | 43 | - | (1) | 43 |
| **- Restructuring costs** | - | 20 | 20 | - | - | - | 20 |
| **- Pension/$CO_2$ gains** | - | (23) | (23) | - | - | - | (23) |
| **- Impairment charges** | - | - | 601 | - | - | 105 | 706 |
| **Ongoing operations** | 731 | 164 | 218 | 8 | 10 | (8) | 228 |
| **2014** | **18,912** | **1,641** | **917** | **77** | **(288)** | **55** | **761** |

** CRH's share of after-tax profits of joint ventures and associated undertakings*



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significantly higher than the minimum requirements in the Group covenant agreements – further details are set out in note 23 to the financial statements.

We successfully completed two bond issues during 2014: in July €600 million of 7-year euro bonds were issued with a coupon of 1.75% and in September we completed our first Swiss Franc issuance for a further CHF330 million of 8-year bonds with a coupon of 1.375%. These were the lowest ever coupons obtained by the Group and reflect CRH's commitment to managing debt and maintaining an investment grade credit rating.

The Group remains in a very strong financial position with total liquidity at end 2014 of €5.9 billion comprising €3.3 billion of cash and cash equivalents on hand and €2.6 billion of committed undrawn facilities which do not mature until 2019. These cash balances were enough to meet all maturing debt obligations for the next five years and the weighted average maturity of the remaining term debt was eight years.

CRH's euro share price increased by 9% in 2014 to €19.90 at year-end; combined with the maintained dividend of 62.5c, shareholder euro returns were 12% in 2014 and contributed towards net debt as a percentage of market capitalisation decreasing to 17% (2013: 22%).

### Post Balance Sheet Events

On 1 February 2015, CRH announced that it had made a binding commitment to acquire certain businesses and assets of Lafarge S.A. ("Lafarge") and Holcim Limited ("Holcim") for a total enterprise value of €6.5 billion. The proposed acquisition is subject to: (i) CRH shareholder approval at an Extraordinary General Meeting to be held on 19 March 2015; (ii) the successful completion of the proposed merger of Lafarge and Holcim and (iii) the completion of certain local reorganisations by Lafarge and Holcim in advance of the acquisition. The Board believes that this acquisition, which arises from the decision by Lafarge and Holcim to divest certain of their businesses and assets in order to obtain regulatory clearances necessary to complete their merger, represents a compelling strategic opportunity for CRH. The acquisition will be funded through a combination of €2 billion from existing cash resources, the proceeds of €1.6 billion from the placing, which completed on 5 February 2015, of 74,039,915 ordinary shares in CRH plc (which rank pari passu in all respects with the existing ordinary shares including the right to receive all future dividends declared or paid after the date of the placing) and by new debt facilities in the amount of €2.9 billion. See note 33 on page 153 for further details.

### Business Performance Reviews

The section that follows outlines the scale of CRH's business in 2014, and provides a more detailed review of performance in each of CRH's six reporting segments.

#### Summarised Cash Flow

| Inflows | 2014 €m | 2013 €m |
|---|---|---|
| Profit/(loss) before tax | **761** | (215) |
| Depreciation, amortisation and impairment | **724** | 1,375 |
| Working capital inflow (i) | **69** | 118 |
| | **1,554** | 1,278 |
| **Outflows** | | |
| Tax payments | **(127)** | (110) |
| Capital expenditure | **(435)** | (497) |
| Other (ii) | **(90)** | 65 |
| | **(652)** | (542) |
| **Operating cash flow** | **902** | 736 |
| Pension payments | **(66)** | (96) |
| Acquisitions and investments (iii) | **(188)** | (720) |
| Proceeds from disposals (iv) | **345** | 283 |
| Share issues (v) | **129** | 101 |
| Dividends (before scrip dividends) | **(460)** | (455) |
| Translation and mark-to-market adjustment | **(181)** | 87 |
| **Decrease/(increase) in net debt** | **481** | (64) |

*(i) Working capital inflow includes the difference between net finance costs (included in profit before tax) and interest paid and received.*

*(ii) Other outflows comprise, primarily non-cash items included in profit before tax, comprising primarily profits on disposals/divestments of €77 million (2013: €26 million), share-based payments expense of €16 million (2013: €15 million) and share of profit of equity accounted investments of €55 million (2013: €44 million loss), together with dividends received from equity accounted investments of €30 million (2013: €33 million).*

*(iii) Acquisitions and investments spend comprises consideration for acquisition of subsidiaries (including debt acquired and asset exchanges), deferred and contingent consideration paid, other investments, advances and acquisition of non-controlling interests.*

*(iv) Proceeds from disposals includes asset exchanges (see note 4 to Financial Statements).*

*(v) Proceeds from share issues include scrip dividends of €107 million (2013: €88 million) and in 2013 were net of own shares purchased of €6 million.*

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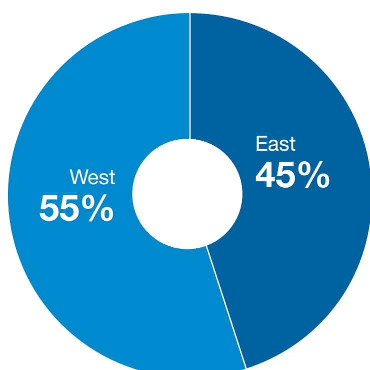
## Operational Snapshot (sector exposure and end-use based on 2014 EBITDA)

### Europe Heavyside

| | € million | % of Group |
|---|---|---|
| Sales | 3,929 | 21% |
| EBITDA | 380 | 23% |
| Net Assets* | 2,396 | 20% |

**Geography**




**Sector Exposure**

| | |
|---|---|
| Residential | 40% |
| Non-residential | 35% |
| Infrastructure | 25% |

**End-use**

| | |
|---|---|
| New | 75% |
| RMI | 25% |

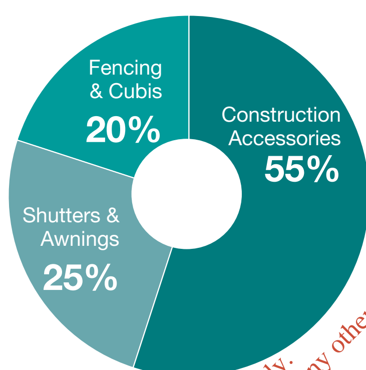
**Annualised Production Volumes**

Cement – 10.3m tonnes (19.8m tonnes**)
Aggregates – 41.9m tonnes (42.5m tonnes**)
Asphalt – 2.1m tonnes
Readymixed Concrete – 7.1m $m^3$ (7.5m $m^3$**)
Lime – 1.1m tonnes
Concrete Products – 6.5m tonnes
Architectural Concrete – 7.4m tonnes
Clay – 2.0m tonnes

### Europe Lightside

| | € million | % of Group |
|---|---|---|
| Sales | 913 | 5% |
| EBITDA | 94 | 6% |
| Net Assets* | 546 | 4% |

**Products**




**Sector Exposure**

| | |
|---|---|
| Residential | 35% |
| Non-residential | 50% |
| Infrastructure | 15% |

**End-use**

| | |
|---|---|
| New | 70% |
| RMI | 30% |

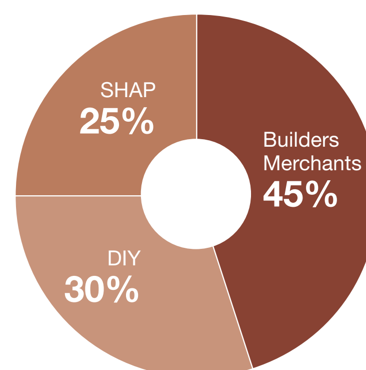
**Annualised Production Volumes**

Fencing & Security – 3.5 lineal metres

### Europe Distribution

| | € million | % of Group |
|---|---|---|
| Sales | 3,999 | 21% |
| EBITDA | 190 | 12% |
| Net Assets* | 1,577 | 13% |

**Activities**




**Sector Exposure**

| | |
|---|---|
| Residential | 80% |
| Non-residential | 20% |
| Infrastructure | 0% |

**End-use**

| | |
|---|---|
| New | 35% |
| RMI | 65% |

**Outlets**

Builders Merchants – 343 (517**)
DIY – 184 (228**)
SHAP – 132

* Net assets at 31 December 2014 comprise segment assets less segment liabilities as disclosed in note 1 to the Consolidated Financial Statements.
** Including equity accounted investments.



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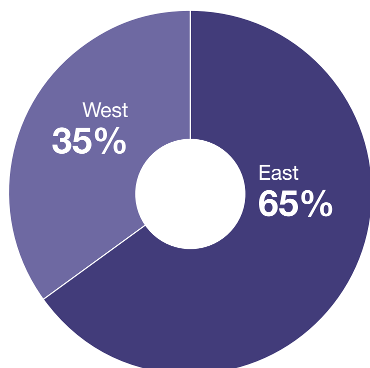
## Americas Materials

| | € million | % of Group |
|---|---|---|
| **Sales** | **5,070** | 27% |
| **EBITDA** | **609** | 37% |
| **Net Assets*** | **5,276** | 43% |

### Geography




### Sector Exposure

| | |
|---|---|
| Residential | 15% |
| Non-residential | 25% |
| Infrastructure | 60% |

### End-use

| | |
|---|---|
| New | 35% |
| RMI | 65% |

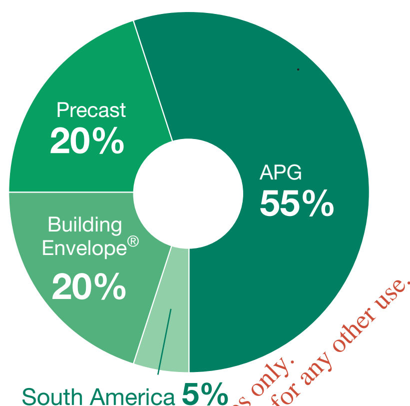
### Annualised Production Volumes

Aggregates – 135.8m tonnes (137.3m tonnes**)
Asphalt – 39.4m tonnes (40.5m tonnes**)
Readymixed Concrete – 6.2m $m^3$ (6.3m $m^3$**)

## Americas Products

| | € million | % of Group |
|---|---|---|
| **Sales** | **3,225** | 17% |
| **EBITDA** | **263** | 16% |
| **Net Assets*** | **1,863** | 15% |

### Products




### Sector Exposure

| | |
|---|---|
| Residential | 45% |
| Non-residential | 45% |
| Infrastructure | 10% |

### End-use

| | |
|---|---|
| New | 70% |
| RMI | 30% |

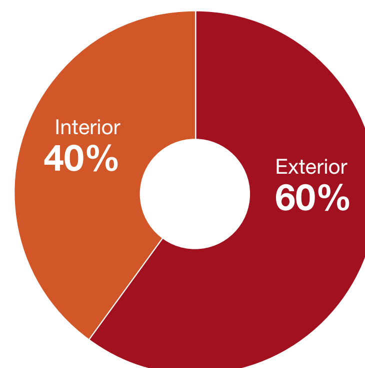
### Annualised Production Volumes

Concrete masonry, patio products and pavers – 9.9m tonnes
Pre-packaged concrete mixes – 2.8m tonnes
Clay bricks, pavers and tiles – 0.9m tonnes
Pre-packaged lawn & garden products – 4.3m tonnes
Precast concrete products – 1.2m tonnes
Pipe and pre-stressed concrete – 0.4m tonnes
Building envelope products – 9.4m square metres
Fencing products – 12.1m lineal metres

## Americas Distribution

| | € million | % of Group |
|---|---|---|
| **Sales** | **1,776** | 9% |
| **EBITDA** | **105** | 6% |
| **Net Assets*** | **668** | 5% |

### Activities




### Sector Exposure

| | |
|---|---|
| Residential | 50% |
| Non-residential | 50% |
| Infrastructure | 0% |

### End-use

| | |
|---|---|
| New | 45% |
| RMI | 55% |

### Outlets

Exterior products – 146
Interior products – 52

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