

CRH

Steady outlook, M&A and cash returns optionality, PO raised to GBp6,800 / \$86

Reiterate Rating: BUY | PO: 6,800 GBp | Price: 5,772 GBp

CRH still among our top picks for 2024

We reiterate our Buy rating on CRH as the stock presents an attractive mix of 1/ steady infrastructure exposure (c40% of sales), including upside potential in the US with, in our view, a safe outlook independently of the outcome of the upcoming US elections, 2/ upside potential from its c35% residential exposure, including the recovery of US single-family construction this year, 3/ attractive free cash flow generation and a strong balance sheet supporting further M&A activity and large cash return to shareholders: 2023 total cash returns of \$4bn, which we believe could be sustainable in 2024 depending on the pace of acquisitions, are equivalent to c8% of the market cap.

Adjustments to our forecast -> US GAAP transition

We have adjusted our estimates to account for 1/ the switch to US GAAP reporting (c4% lower EBITDA and c25% lower net debt, mostly driven by accounting of operating leases), 2/ the inclusion of recently announced acquisitions - Martin Marietta cement assets in Texas closed in February, AdBri assumed from mid-2024 - and disposals - European Lime partly closed in January. 3/ other smaller adjustments related to FX and share buybacks. Overall, our 2024-25 EPS estimates are revised by c1%. See Exhibits 4 and 5 for the details of our revised estimates.

FY results to outline strong FY-24 outlook

CRH full year results are due on February 29th. We forecast EBITDA at \$6.1bn for FY-23 and \$6.2bn for FY-24 in US GAAP. We expect the group to express confidence in its outlook, with soft European volumes offset by stronger US volumes and positive price/cost dynamics in most regions. We also expect an update future buyback plans.

PO raised to GBp6,800 / \$86

We have raised our PO to GBp6,800 / US\$86 (from GBp6,000 / US\$76) to reflect slightly higher target multiples (P/E of 17x and EV/EBITDA of 10x from 16.5x and 9.5x previously) to account for the recent rerating of US peers and our revised estimates. This is broadly consistent with our SOTP valuation of CRH at c\$87 (based on 2025 estimates, not included in our PO methodology). See Exhibit 6 for the details.

Estimates (Dec) (USD)	2021A	2022A	2023E	2024E	2025E
Adjusted EBITDA	4,806	5,388	6,073	6,202	6,638
EPS (Adjusted Diluted)	2.85	3.55	4.53	4.92	5.69
EPS Change (YoY)	20.9%	24.9%	27.5%	8.6%	15.6%
Dividend / Share	1.21	1.27	1.33	1.40	1.47
ADR EPS (Adjusted Diluted - US\$)	2.85	3.55	4.53	4.92	5.69
ADR Dividend / Share (US\$)	1.21	1.27	1.33	1.40	1.47
Valuation (Dec)					
P/E	27.5x	19.5x	16.2x	14.8x	12.8x
Dividend Yield	1.66%	1.74%	1.83%	1.92%	2.02%
EV / EBITDA*	12.0x	10.7x	9.52x	9.32x	8.71x
Free Cash Flow Yield*	4.30%	4.15%	6.25%	6.44%	7.30%

* For full definitions of *IQmethod*SM measures, see page 9.

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Refer to important disclosures on page 10 to 13. Analyst Certification on page 8. Price Objective Basis/Risk on page 8.

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Timestamp: 14 February 2024 12:30AM EST

14 February 2024

Equity

Key Changes

(US\$)	Previous	Current
Price Obj.	6,000.00p	6,800.00p
2023E Rev (m)	35,451.6	35,354.3
2024E Rev (m)	36,112.1	36,443.4
2025E Rev (m)	37,957.1	38,321.4
2023E EPS	4.57	4.53
2024E EPS	4.94	4.92
2025E EPS	5.80	5.69

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Stock Data

Price (Common / ADR)	5,772 GBp / 72.42 USD
Price Objective	6,800 GBp / 86.00 USD
Date Established	14-Feb-2024 / 14-Feb-2024
Investment Opinion	A-1-7 / B-1-7
52-Week Range	3,736 GBp-5,940 GBp
Market Value (mn)	39,867 GBP
Shares Outstanding (mn)	690.7 / 690.7
Average Daily Value (mn)	57.16 USD
Free Float	97.0%
BofA Ticker / Exchange	CRHCF / LSE
BofA Ticker / Exchange	CRH / NYS
Bloomberg / Reuters	CRH LN / CRHL
ROE (2023E)	15.0%
Net Dbt to Eqty (Dec-2022A)	15.3%
ESGMeterTM	High

ESGMeter is not indicative of a company's future stock price performance and is not an investment recommendation or rating. ESGMeter is independent of BofA Global Research's equity investment rating, volatility risk rating, income rating, and price objective for that company. For full details, refer to "BofA ESGMeter Methodology".

iQprofileSM CRH

Key Income Statement Data (Dec)	2021A	2022A	2023E	2024E	2025E
(US\$ Millions)					
Sales	29,206	32,723	35,354	36,443	38,321
EBITDA Adjusted	4,806	5,388	6,073	6,202	6,638
Depreciation & Amortization	(1,479)	(1,579)	(1,713)	(1,734)	(1,765)
EBIT Adjusted	3,327	3,809	4,360	4,468	4,874
Net Interest & Other Income	(303)	(249)	(203)	(228)	(253)
Tax Expense / Benefit	(650)	(762)	(926)	(927)	(1,011)
Net Income (Adjusted)	2,217	2,693	3,265	3,315	3,593
Average Fully Diluted Shares Outstanding	779	758	721	674	632

Key Cash Flow Statement Data					
Net Income (Reported)	2,396	3,862	3,187	3,252	3,531
Depreciation & Amortization	1,479	1,579	1,713	1,734	1,765
Change in Working Capital	(228)	(518)	70.5	(104)	(179)
Deferred Taxation Charge	0	0	0	0	0
Other CFO	332	(1,123)	45.0	61.5	79.6
Cash Flow from Operations	3,979	3,800	5,015	4,944	5,197
Capital Expenditure	(1,554)	(1,523)	(1,751)	(1,804)	(1,858)
(Acquisition) / Disposal of Investments	(1,498)	(3,298)	(1,350)	(3,900)	(500)
Other CFI	539	3,904	326	1,536	336
Cash Flow from Investing	(2,513)	(917)	(2,775)	(4,168)	(2,022)
Share Issue / (Repurchase)	13.0	11.0	17.0	17.0	17.0
Cost of Dividends Paid	(938)	(930)	(943)	(921)	(908)
Increase (decrease) debt	(3,016)	(737)	1,960	3,402	991
Other CFF	834	(843)	(5,234)	(6,675)	(4,265)
Cash Flow from Financing	(3,107)	(2,499)	(4,200)	(4,178)	(4,165)
Total Cash Flow (CFO + CFI + CFF)	(1,641)	384	(1,960)	(3,402)	(991)
FX and other changes to cash	(24.0)	(213)	1,960	3,402	991
Change in Cash	(1,665)	171	0	0	0
Change in Net Debt	(1,351)	(908)	1,960	3,402	991
Net Debt	4,428	3,520	5,480	8,882	9,872

Key Balance Sheet Data					
Property, Plant & Equipment	18,039	17,768	18,983	21,607	22,056
Goodwill	3,800	3,800	3,800	3,800	3,800
Other Intangibles	397	1,088	1,088	1,088	1,088
Other Non-Current Assets	8,375	7,830	7,804	7,778	7,752
Trade Receivables	4,318	4,300	4,646	4,789	5,036
Cash & Equivalents	6,073	6,244	6,244	6,244	6,244
Other Current Assets	3,735	4,289	4,513	4,649	4,884
Total Assets	44,737	45,319	47,077	49,955	50,859
Long-Term Debt	9,938	8,222	10,182	13,584	14,574
Other Non-Current Liabilities	6,399	6,016	6,016	6,016	6,016
Short-Term Debt	563	1,542	1,542	1,542	1,542
Other Current Liabilities	6,255	6,499	7,016	7,109	7,329
Total Liabilities	23,155	22,279	24,757	28,251	29,461
Total Equity	21,582	23,040	22,321	21,704	21,398
Total Equity & Liabilities	44,737	45,319	47,077	49,955	50,859

Business Performance*					
Return On Capital Employed	6.81%	7.69%	8.58%	8.41%	8.80%
Return On Equity	11.0%	12.6%	15.0%	15.7%	17.4%
Operating Margin	11.7%	11.3%	12.3%	12.2%	12.7%
Free Cash Flow (MM)	2,425	2,277	3,264	3,140	3,339

Quality of Earnings*					
Cash Realization Ratio	1.79x	1.41x	1.54x	1.49x	1.45x
Asset Replacement Ratio	1.05x	0.98x	1.09x	1.09x	1.10x
Tax Rate	21.0%	22.0%	22.4%	22.0%	22.0%
Net Debt/Equity	20.5%	15.3%	24.6%	40.9%	46.1%
Interest Cover	11.0x	15.3x	20.5x	18.8x	18.5x

* For full definitions of iQmethodSM measures, see page 9.

Company Sector

Building Materials

Company Description

CRH is a diversified building materials group which operates in two activities: Materials and Products. Materials includes the production of cement, aggregates, asphalt and ready mix concrete. Products includes concrete products and construction-related products and services. The key markets for the group are Europe and the US.

Investment Rationale

We see a positive outlook for the group's US operations as the underlying market lead indicators trend positively, in particular in the infrastructure space. The balance sheet is very solid and offers substantial upside potential in term of M&A activity and share buybacks. We believe that the valuation is attractive, with the stock trading at a discount to its own historical average and to several of its building materials peers.

Stock Data

Shares / ADR	1.00
Price to Book Value	2.3x

Key Changes

(US\$)	Previous	Current
Price Obj.	76.00	86.00
2023E EPS	4.57	4.53
2024E EPS	4.94	4.92
2025E EPS	5.80	5.69

2024 capital allocation: M&A + cash returns

We believe that, depending on the M&A pipeline, CRH could still afford to continue with \$3bn share buyback for 2024, equivalent to c8% of the market cap including dividend. That would still leave the group with c\$4bn incremental firepower for acquisitions this year, while remaining below 2x net debt to EBITDA.

CRH has already been quite active with asset rotation this year, with 3 medium sized deal announcements in the last few months: 1/ the disposal of European lime operations for \$1.1bn, 2/ the acquisitions of Martin Marietta cement assets in Texas for \$2.1bn and 3/ the planned acquisitions of a 57% stake in AdBri for an EV of \$1.9bn (CRH share at c\$800m plus the consolidation of c\$500m of net debt). In total, this implies a net debt increase of c\$2.3bn for CRH.

Exhibit 1: CRH recently announced acquisitions and disposals

Two medium size acquisitions and one disposal in 2024

US\$m		EV 100%	Sales	EBITDA	EV/EBITDA
Europe Lime disposal	Disposal	- 1,100	- 610	- 137	8.0x
Martin Marietta Texas	Acquisition	2,100	600	170	12.4x
AdBri (57% stake)	Acquisition	1,917	1,250	208	9.2x
Total (CRH share)		2,260	1240	241	

Source: BofA Global Research estimates

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These 3 deals imply a c0.4x increase in CRH net debt to EBITDA, which we believe could be largely offset by 2024 free cash flow generation of c\$3bn after capex.

This implies that CRH could afford another c\$3bn of share buyback for 2024, on top of its \$1bn dividend payment. Together, share buyback and dividend are equivalent to c8% of CRH market cap (c2% dividend yield and c6% from buybacks).

This would increase net debt to EBITDA by c0.5x at the end of 2024, reaching c\$9bn and equivalent to a net debt to EBITDA at 1.5x at year end 2024.

Assuming CRH was aiming to remain below 2x net debt to EBITDA, this would still leave the group with up to \$4bn incremental fire power for further acquisitions this year.

Exhibit 2: CRH financial profile post buybacks

We see potential for further acquisitions in 2024

	2023E	2024E post recent deals ex buyback	2024E inc \$3bn buyback	2024E inc \$3bn buyback and \$4bn acquisitions
EBITDA	6,073	6,202	6,202	6,602
Net debt	5,827	6,229	9,229	13,229
Net debt to EBITDA	1.0x	1.0x	1.5x	2.0x

Source: BofA Global Research estimates

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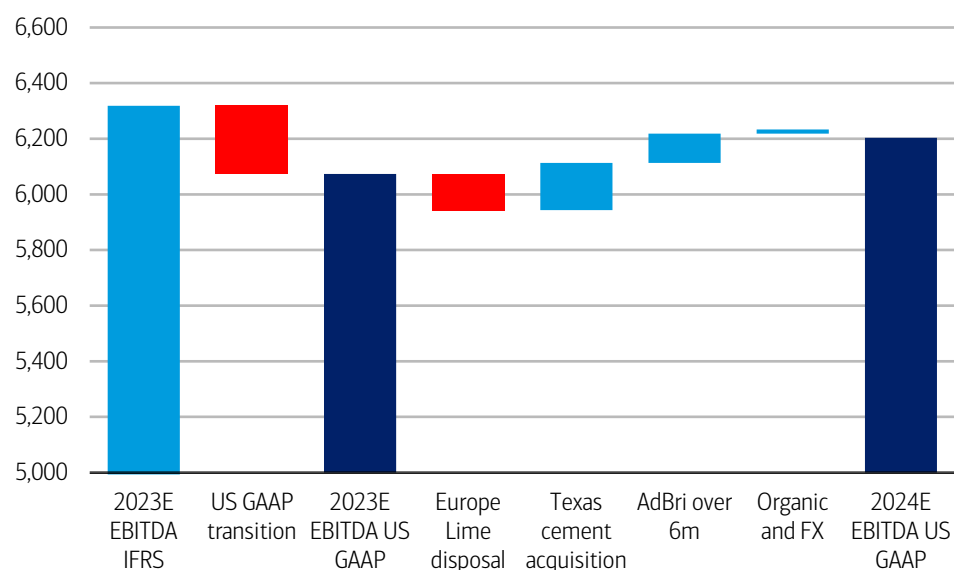
Revised 2024 forecast

We have revised our 2024 forecast to account for the transition to US GAAP accounting and the various disposals and acquisitions recently announced by CRH (disposal of European lime operations, acquisitions of Martin Marietta cement plants in Texas and planned acquisition of AdBri in Australia).

We present below CRH EBITDA bridge for 2024, including the impact of the transition to US GAAP accounting (mostly reflecting the accounting for operating liabilities) and the impact of recently announced deals.

Exhibit 3: CRH 2024 EBITDA bridge

2024 EBITDA supported by acquisitions



Source: BofA Global Research estimates

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CRH Sum of The Parts

We present our Sum of the Parts for CRH below. We have updated it with our 2025 estimates and to account for the recent rerating of US peers. Our SOTP valuation, which is not included in our valuation methodology, stand at \$87 per share.

Exhibit 6: CRH SOTP

SOTP based on 2025 estimates

	Sales 2025E	%	EBITDA 2025E	%	Multiple (x)	Valuation (\$bn)	%	Comment
Americas Materials Solutions	17,460	46%	3,386	51%	12.3x	41,607	62%	
Aggregates US	3,108	8%	1,010	15%	16.1x	16,206	24%	VMC and MLM average multiples
Cement US	1,921	5%	624	9%	11.5x	7,176	11%	Acquisition of Ash Grove cement, Suwannee cement, MLM Texas asset
Asphalt US	2,797	7%	426	6%	11.8x	5,026	7%	ROAD US / KNF US average multiples
RMC US	3,108	8%	252	4%	8.5x	2,146	3%	Market multiples
Contracting/Other US	4,431	12%	648	10%	11.8x	7,650	11%	ROAD US / KNF US average multiples
Canada	2,095	5%	425	6%	8.0x	3,404	5%	Market multiples
Americas Building Solutions	7,527	20%	1,570	24%	9.9x	15,540	23%	Owens Corning, Eagle Materials, Beacon Roofing and James Hardie
Europe Materials Solutions	10,457	27%	1,376	21%	5.5x	7,567	11%	Heidelberg, Buzzi, Vicat and Titan
Europe Building Solutions	2,877	8%	307	5%	8.7x	2,683	4%	Saint-Gobain, Rockwool, Kingspan, Wienerberger, Ibstock
Total	38,321		6,638		10.2x	67,397		-
Net debt end of 2024E (US GAAP)						-9,229		Including \$3bn share buyback in 2024
Other EV						-1,931		
Equity value (\$m)						56,237		
Market cap. (\$m)						50,790		
Equity Value/share (\$)						86.7		

Source: BofA Global Research estimates

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CRH revised estimates

Exhibit 4: CRH revised estimates

Small changes to estimates from transition to US GAAP and other factors

US\$m	Previous Forecasts (IFRS)			Revised Forecasts (US GAAP)			% chg. In forecast		
	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E
Sales									
Americas Materials Solutions	15,470	16,089	16,732	15,470	16,789	17,460	0%	4%	4%
Americas Building Solutions	6,962	6,962	7,240	6,962	7,101	7,527	0%	2%	4%
Europe Materials Solutions	10,089	10,277	11,145	10,015	9,733	10,457	-1%	-5%	-6%
Europe Building Solutions	2,931	2,785	2,840	2,908	2,821	2,877	-1%	1%	1%
Total Sales	35,452	36,112	37,957	35,354	36,443	38,321	0%	1%	1%
% change	8.3%	1.9%	5.1%	8.0%	3.1%	5.2%			
EBITDA									
Americas Materials Solutions	3,017	3,186	3,346	2,904	3,223	3,386	-4%	1%	1%
margin (%)	19.5%	19.8%	20.0%	18.8%	19.2%	19.4%			
Americas Building Solutions	1,504	1,448	1,520	1,464	1,438	1,570	-3%	-1%	3%
margin (%)	21.6%	20.8%	21.0%	21.0%	20.3%	20.9%			
Europe Materials Solutions	1,493	1,459	1,605	1,426	1,262	1,376	-4%	-14%	-14%
margin (%)	14.8%	14.2%	14.4%	14.2%	13.0%	13.2%			
Europe Building Solutions	305	301	327	279	279	307	-8%	-7%	-6%
margin (%)	10.4%	10.8%	11.5%	9.6%	9.9%	10.7%			
Total EBITDA	6,318	6,394	6,798	6,073	6,202	6,638	-4%	-3%	-2%
margin (%)	17.8%	17.7%	17.9%	17.2%	17.0%	17.3%			
% change	12.5%	1.2%	6.3%	12.7%	2.1%	7.0%			
LFL change				8.2%	-0.6%	5.2%			
Group EBITA	4,610	4,655	5,027	4,461	4,548	4,954	-3%	-2%	-1%
margin (%)	13.0%	12.9%	13.2%	12.6%	12.5%	12.9%			
% change	18.4%	1.0%	8.0%	14.6%	1.9%	8.9%			
Profit/Loss on disposals	30	30	30	-25	-25	-25			
Finance costs (net)	(340)	(335)	(310)	(213)	(238)	(263)	-37%	-29%	-15%
Associates	10	10	10	10	10	10			
Income tax expense	(955)	(966)	(1,058)	(926)	(927)	(1,011)			
PAT	3,355	3,393	3,700	3,308	3,368	3,665	-1%	-1%	-1%
Minority interest	(20)	(37)	(58)	(20)	(35)	(54)			
NPAT	3,335	3,356	3,642	3,288	3,332	3,611	-1%	-1%	-1%
Clean EPS (c)	4.57	4.94	5.80	4.53	4.92	5.69	-1%	0%	-2%
% change	26.2%	8.1%	17.4%	27.5%	8.6%	15.6%			

Source: BofA Global Research estimates, company report

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Exhibit 5: CRH divisional forecast

Steady 2024 earnings outlook driven by US operations

CRH, US\$m		2021A	2022A	2023E	2024E	2025E	2026E
TOTAL CRH	Sales	29,206	32,723	35,354	36,443	38,321	40,283
	% chg		12%	8.0%	3.1%	5.2%	5.1%
	% LFL		11%	4%	0%	3%	5%
	Scope		6%	3%	3%	2%	0%
	Currency		-4%	1%	0%	0%	0%
	EBITDA	4,806	5,388	6,073	6,202	6,638	7,150
	% chg		12.1%	12.7%	2.1%	7.0%	7.7%
	% LFL		7.0%	8.2%	-0.6%	5.2%	7.3%
	Scope		8.4%	3.5%	2.6%	1.8%	0.4%
	Currency		-3.3%	1.0%	0.1%	0.0%	0.0%
	EBITDA margin	16.5%	16.5%	17.2%	17.0%	17.3%	17.7%
AMERICAS	Sales	17,035	20,512	22,431	23,889	24,987	26,387
	% chg		20%	9.4%	6.5%	4.6%	5.6%
	LFL chg.		12%	4%	3%	4%	5%
	Scope		9%	5%	4%	1%	1%
	Currency		0%	0%	0%	0%	0%
	EBITDA	3,263	3,857	4,368	4,661	4,956	5,336
	% chg		18.2%	13.2%	6.7%	6.3%	7.7%
	EBITDA margin	19.2%	18.8%	19.5%	19.5%	19.8%	20.2%
Americas Materials Solutions	Sales	12,407	14,324	15,470	16,789	17,460	18,333
	% chg		15%	8%	9%	4%	5%
	LFL chg.		12%	6%	4%	4%	5%
	Scope		4%	2%	5%	0%	0%
	Currency		0%	0%	0%	0%	0%
	EBITDA	2,543	2,638	2,904	3,223	3,386	3,590
	EBITDA margin	20.5%	18.4%	18.8%	19.2%	19.4%	19.6%
Americas Building Solutions	Sales	4,628	6,188	6,962	7,101	7,527	8,054
	% chg		34%	13%	2%	6%	7%
	LFL chg.		10%	1%	0%	4%	5%
	Scope		24%	12%	2%	2%	2%
	Currency		0%	0%	0%	0%	0%
	EBITDA	720	1,219	1,464	1,438	1,570	1,746
	EBITDA margin	15.6%	19.7%	21.0%	20.3%	20.9%	21.7%
Europe	Sales	12,171	12,211	12,923	12,554	13,334	13,897
	% chg		0%	5.8%	-2.9%	6.2%	4.2%
	LFL chg.		10%	2%	-4%	2%	4%
	Scope		1%	1%	1%	4%	0%
	Currency		-11%	3%	0%	0%	0%
	EBITDA	1,543	1,531	1,706	1,541	1,683	1,813
	% chg			11.4%	-9.7%	9.2%	7.7%
	EBITDA margin	12.7%	12.5%	13.2%	12.3%	12.6%	13.0%
Europe Materials Solutions	Sales	9,389	9,349	10,015	9,733	10,457	10,875
	% chg		0%	7%	-3%	7%	4%
	LFL chg.		10%	5%	-4%	2%	4%
	Scope		0%	0%	1%	5%	0%
	Currency		-11%	3%	0%	0%	0%
	EBITDA	1,228	1,195	1,426	1,262	1,376	1,472
	EBITDA margin	13.1%	12.8%	14.2%	13.0%	13.2%	13.5%
Europe Building Solutions	Sales	2,782	2,862	2,908	2,821	2,877	3,021
	% chg		3%	2%	-3%	2%	5%
	LFL chg.		11%	-5%	-3%	2%	5%
	Scope		2%	4%	0%	0%	0%
	Currency		-10%	3%	0%	0%	0%
	EBITDA	315	336	279	279	307	341
	% chg						
	EBITDA margin	11.3%	11.7%	9.6%	9.9%	10.7%	11.3%

Source: BofA Global Research estimates, company report

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Price objective basis & risk

CRH (CRHCF / CRH)

Our price objective of GBp6,800 (\$86) for CRH is based on a premium to the company's 10-year historical forward average P/E and EV/EBITDA multiples of 17x and 10x, respectively, which we think is reasonable as it includes periods of strong and weaker trading, consistent with valuation methodology of other companies in the sector and our Sum of the Parts. We then apply these multiples to our 2024 and 2025 earnings forecasts, with a discount factor.

Upside risks to our price objective for CRH are: 1) stronger-than-expected strength of US volumes, with non-residential and infrastructure volumes driving growth, 2) resilience of European volumes, driven by the infrastructure sector, 3) an acceleration of the group's bolt-on accretive acquisitions, and 4) a significant decrease in net debt from potential disposals. Downside risks are: 1) a decline of European volumes, 2) a faster-than-expected slowdown in the US, including potential decline in non-residential spending, 3) another surge in energy costs that would put pressure on operating margins.

Analyst Certification

I, Arnaud Lehmann, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

EMEA - Building, Construction & Cement Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	Balfour Beatty	BAFBF	BBY LN	Arnaud Lehmann
	Buzzi	BZZUF	BZU IM	Lukha Aggarwal
	Buzzi	BZZUY	BZZUY US	Lukha Aggarwal
	CRH	CRHCF	CRH LN	Arnaud Lehmann
	CRH	CRH	CRH US	Arnaud Lehmann
	Heidelberg Materials	HLBZF	HEI GY	Arnaud Lehmann
	Heidelberg Materials	HDELY	HDELY US	Arnaud Lehmann
	Kingspan Group PLC	KGSPF	KSP ID	Arnaud Lehmann
	Taylor Wimpey	TWODF	TW/ LN	Arnaud Lehmann
	Vistry Group PLC	BVHMF	VTY LN	Lukha Aggarwal
NEUTRAL				
	Ashtead	ASHTY	ASHTY US	Arnaud Lehmann
	Ashtead Group Plc	ASHTF	AHT LN	Arnaud Lehmann
	Holcim	HCMLY	HCMLY US	Arnaud Lehmann
	Holcim Ltd	HCMLF	HOLN SW	Arnaud Lehmann
	Persimmon	PSMMF	PSN LN	Arnaud Lehmann
	Persimmon	PSMMY	PSMMY US	Arnaud Lehmann
	Saint-Gobain	CODGF	SGO FP	Arnaud Lehmann
	Saint-Gobain	CODY	CODY US	Arnaud Lehmann
	Sika	SKFOF	SIKA SW	Arnaud Lehmann
	Sika	SXYAY	SXYAY US	Arnaud Lehmann
UNDERPERFORM				
	Barratt Developments	BTDPF	BDEV LN	Lukha Aggarwal
	Bellway	BLWYF	BWY LN	Lukha Aggarwal
	Berkeley Group	BKGFF	BKG LN	Lukha Aggarwal
	Ferguson PLC	WOSCF	FERG LN	Arnaud Lehmann
	Ferguson PLC	FERG	FERG US	Arnaud Lehmann
	Geberit	GBERF	GBN SW	Arnaud Lehmann
	Rockwool International A/S	RKWB	ROCKB DC	Arnaud Lehmann
	Skanska	SKSBF	SKAB SS	Arnaud Lehmann
	Travis Perkins	TVPKF	TPK LN	Arnaud Lehmann

EMEA - Building, Construction & Cement Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
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iQmethodSM Measures Definitions**Business Performance**

Return On Capital Employed

Return On Equity

Operating Margin

Earnings Growth

Free Cash Flow

Numerator

NOPAT = (EBIT + Interest Income) × (1 – Tax Rate) + Goodwill Amortization

Net Income

Operating Profit

Expected 5 Year CAGR From Latest Actual

Cash Flow From Operations – Total Capex

Denominator

Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill

Amortization

Shareholders' Equity

Sales

N/A

N/A

Quality of Earnings

Cash Realization Ratio

Asset Replacement Ratio

Tax Rate

Net Debt-To-Equity Ratio

Interest Cover

Numerator

Cash Flow From Operations

Capex

Tax Charge

Net Debt = Total Debt – Cash & Equivalents

EBIT

Denominator

Net Income

Depreciation

Pre-Tax Income

Total Equity

Interest Expense

Valuation Toolkit

Price / Earnings Ratio

Price / Book Value

Dividend Yield

Free Cash Flow Yield

Enterprise Value / Sales

Numerator

Current Share Price

Current Share Price

Annualised Declared Cash Dividend

Cash Flow From Operations – Total Capex

EV = Current Share Price × Current Shares + Minority Equity + Net Debt +

Other LT Liabilities

Enterprise Value

Denominator

Diluted Earnings Per Share (Basis As Specified)

Shareholders' Equity / Current Basic Shares

Current Share Price

Market Cap = Current Share Price × Current Basic Shares

Sales

Basic EBIT + Depreciation + Amortization

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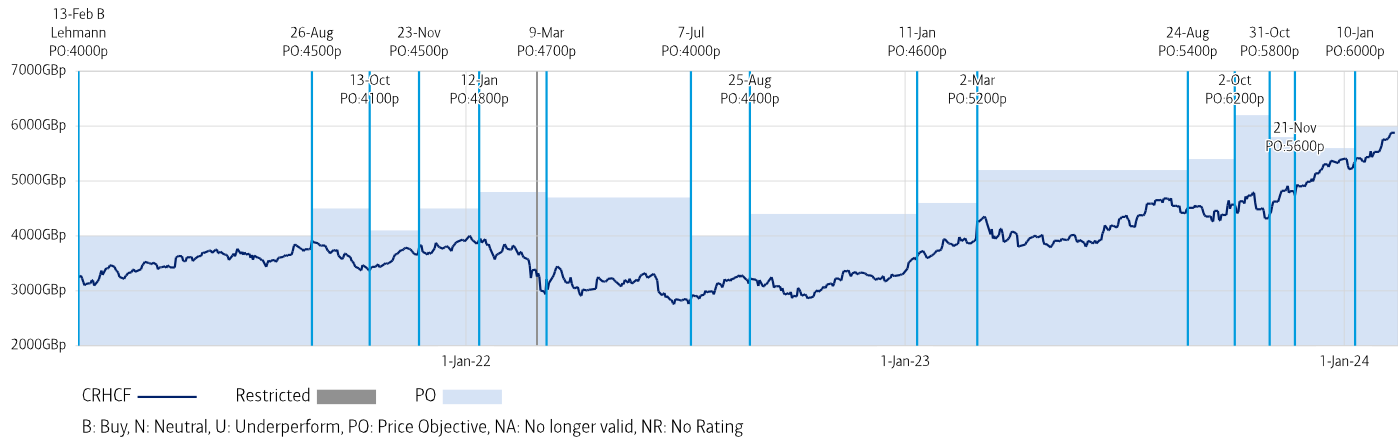
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CRH (CRHCF) Price Chart



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CRH (CRH) Price Chart



The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

Equity Investment Rating Distribution: Building Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	39	44.83%	Buy	22	56.41%
Hold	18	20.69%	Hold	11	61.11%
Sell	30	34.48%	Sell	8	26.67%

Equity Investment Rating Distribution: Industrials/Multi-Industry Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	45	50.56%	Buy	25	55.56%
Hold	26	29.21%	Hold	13	50.00%
Sell	18	20.22%	Sell	7	38.89%

Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

^{R1} Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster ^{R2}
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

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