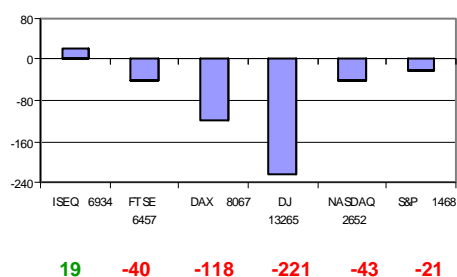
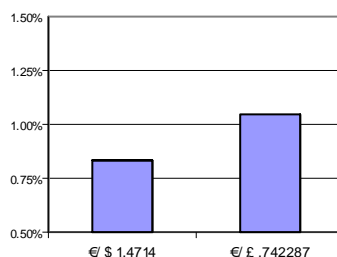
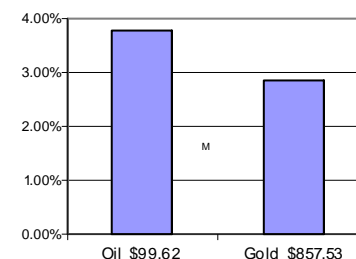


**DAILY COMPANY NOTE - CRH** See page 2 for full details**Daily Market Comment**

Yesterday's Summary : The ISEQ closed up for the first trading session of the year, finishing 19 points or 0.28% higher on light volumes. Among the financials, AIB fell 0.5% and Anglo fell 2% while Bank of Ireland and Irish Permanent both rose. The ISEQ outperformed the major European indices, which finished mostly lower on news that the US manufacturing sector unexpectedly contracted in December. The FTSE closed down 40 points to finish at 6417.

Overnight News : Asian share prices closed sharply lower, mirroring falls on Wall Street as weak US manufacturing data and a spike in oil prices sparked fresh global economic jitters. Crude oil briefly hit the \$100 a barrel level overnight for the first time on the New York Mercantile Exchange before settling at \$99.62, up \$3.64 from the previous close. The Hang Seng index closed down 673.24 points or 2.44 pct at 26,887.28.

Breaking News : Fyffes have announced their entry into the US winter melon business with investments in farming operations in Guatemala and Honduras and the acquisition of 60% of Sol Group Marketing. Separately the company has invested in 85,000 sq ft warehouse and cold storage facility. Alitalia has sold 3 Heathrow slots for about €30m each, this suggests a value of €690m for Aer Lingus's 23 slots.

Equity Index's change on day**Currency daily % change****Oil/Gold daily % change****Paper Headlines**

- "Manufacturing outlook sees first fall since 2003" - (Irish Independent)
- "Assets outstrip Aer Lingus's market value" - **Aer Lingus** - (Irish Independent)
- "Oil soars to \$100 a barrel after weak US report" - (Irish Times)
- "Fyffes €27m boost in melon trade" - **Fyffes**- (Irish Times)
- "A&L up on Spanish interest" - **A&L**- (Financial Times)

Market Themes and Movers

Oil hits \$100: Soaring demand, a falling dollar, recent declines in domestic reserves and global political unrest combined to briefly push the price of a barrel of oil past the long-dreaded \$100 threshold yesterday. After climbing steadily since 2002, oil has surged since late last year. The price fluctuated just short of \$100 for months before hitting the mark yesterday. It slipped back in the afternoon to close at \$99.62 on the New York Mercantile Exchange. In the United States, crude oil inventories have declined in recent months as foreign supplies have tightened and more crude has been refined into fuel oil in anticipation of winter.

Record gold prices: Gold bullion finally broke the \$850 record set nearly 30 years ago. The first trading day of 2008 began with strong support for bullion as the spot price jumped \$22.10 in New York to close at \$857 an ounce. Precious metals were broadly higher, including record highs for platinum, along with a boost in copper and silver prices. Bullion's rise comes on the heels of an increase last year of more than 30 per cent. Gold may have surpassed the old spot price closing record, but \$850 an ounce would be \$2,200 in the current marketplace. Bullion is also widely considered a safe haven in which to weather currency storms and uncertain times, and last week's assassination of Pakistani opposition leader Benazir Bhutto has only increased worries on the geo-political front.

Dolmen Squawk Box

This day five years ago, the Dow Jones had a strong start to the year, up 260 points the biggest increase in more than two months.



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ISEQ
Construction
Company Profile

The Group's principal activities are carried out through its Materials, Products and Distribution businesses. Materials businesses produce cement, aggregates, asphalt, readymixed concrete and agricultural and chemical lime. Products businesses produce concrete products and a range of construction-related products and services.

Fundamental view : This morning, CRH released its year end pre-close period trading statement. The statement confirmed that the group will deliver 2007 profit before tax close to €1.9 bn, representing a "high-teen" percentage increase on the 2006 comparative of €1.602 bn. €1.9 bn, representing year on year growth of 18.6%, would be slightly ahead of the consensus forecast for year on year growth of 17%, driven by continued European and acquisition growth, offset by US dollar and US housing weakness. The statement contained details of the group's H2 acquisition spend of €693m, which may now facilitate some modest earnings upgrades. However, given that CRH had previously indicated in conjunction with its Cemex assets announcement that it had completed acquisitions totalling €2 bn as at the end of November, versus a full year acquisition spend of €2.2 bn now, the two areas of most interest in the trading statement are likely to be the group's 2008 outlook comments and the 5% share buyback announced. The 2008 outlook statement demonstrated the benefits of CRH's geographic and sectoral diversification as it confirmed that the outlook for most of the group's European businesses remains robust, driven by a "continuing strong dynamic in central and eastern countries together with moderate progress expected in the broader Eurozone". The prospects for its US infrastructure and non-residential markets also appear robust, as the group expects that its US "non-residential and infrastructure businesses will continue to perform well". This should more than offset the group's expectation for "another testing year" for its US residential operations, and provides reassurance that our current 2007 eps forecast of €2.58 will be achieved, as well as further 7% eps growth in 2008 to €2.75. Only c.8% of CRH's group operating profit is exposed to US new housing.

Next catalyst : The company also announced a share repurchase programme limited to a maximum of 5% of the 547m ordinary shares currently in issue. After funding costs, this should increase group eps by c.3% on a full year basis, without impacting its acquisition programme, and provides another level of comfort that our current earnings forecasts will be achieved. The statement that the investment grade credit rating will be maintained should also alleviate some fears of a major acquisition while the group's own valuation remains at current levels. We see further 7% eps growth in 2009 to €2.95, as increased synergies start to be generated from the group's €2.2 bn acquisition spend over the last 12 months. CRH is currently trading at 9.3x 2007 eps of €2.58 and at 8.7x 2008 eps of €2.75, a discount of c.20% to its European peers and a discount of c.40% to its US peers. Such discounts are excessive given the group's continued earnings growth prospects of c.7% in 2008 and 2009. Market acceptance that CRH should at least be rated in line with its European peers could be a potential positive share price catalyst over the next 12 months, and our current 12 month share price target of €33 (38% upside) is based on 12x 2008 eps of €2.75.

Chart view : Medium term trend is negative with series of bearish breakdowns. However, recent price action has been positive and chart is attempting to consolidate and form a medium term bottom. Needs to break downtrend by retaking and closing above €25.90 area.

Support Key: €23.30
 Support Secondary: €21.95
 Resistance Key: €25.90
 Resistance Secondary: €27.25

Statistics
Price Performance

Operating Profit


■ 9% Ireland ■ 37%RoE
 ■ 18%Benelux ■ 36%US

Major Shareholders	%	Peer Group Multiples			
		Company name	P/E 07	P/E 08	EPS Growth 07-08
Capital Group	5.10%	CRH	9.3	8.7	6.59%
BIAM	5.00%	Lafarge	9.6	10.9	13.10%
Capital Guardian	4.90%	Vinci	3.1	3.5	10.50%
UBS	4.80%	HeidelbergCement	9.2	9.9	7.60%
ILIM	3.00%				

Shares Outstanding	547.21m
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Share Data		Financial Data		2006	2007e	2008e
Current Price (€)	24.03	Revenue (€m)		18,737	21,113	2,026
Mkt Cap (€m)	13,154	PBT (€m)		1,602	1,849	1,960
Reuters	CRH.I	EPS (€)		2.24	2.58	2.75
Bloomberg	CRH ID	P/E(x)		10.7	9.3	8.7
Sector	Construction	DPS(€)		0.52	0.66	0.80
Chairman	Kieran McGowan	Yield		2.16%	2.75%	3.33%
CEO	Liam O'Mahony					
Finance director	Myles Lee					
Website	www.crh.com					





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