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| EQUITIES | Close   | Change | % +/- | P/E '05 | YTD    |
|----------|---------|--------|-------|---------|--------|
| ISEQ     | 6374 ↑  | 39     | 0.62% | 11.0    | 2.84%  |
| FTSE 100 | 5050 ↑  | 20     | 0.40% | 13.5    | 4.91%  |
| DAX 30   | 4599 ↑  | 13     | 0.29% | 15.0    | 8.06%  |
| DOW      | 10523 ↑ | 10     | 0.09% | 19.5    | -2.42% |
| NASDAQ   | 2069 ↑  | 6      | 0.29% | 15.6    | -0.96% |
| S&P      | 1201 ↑  | 3      | 0.23% | 21.0    | -0.92% |

| CURRENCIES | Euro     | Dollar   | Stg      | Yen      |
|------------|----------|----------|----------|----------|
| Euro       | 1.0000   | 1.2120   | 0.6712   | 132.5500 |
| Dollar     | 1.2120   | 1.0000   | 1.8053   | 109.3600 |
| Sterling   | 0.6712   | 1.8053   | 1.0000   | 197.4700 |
| Yen        | 132.5500 | 109.3600 | 197.4700 | 1.0000   |

This Week's Research  
Bank of Ireland

Today's Research  
CRH

Today's Recommendations

## Breaking News

### Ryanair exercises options for five Boeing 737s

Boeing said yesterday that Ryanair has exercised five order options for Boeing's 737 aircraft. Ryanair now has 230 Boeing 737s on firm order, with delivery of these latest airplanes slated to begin in the spring of 2007. The options are part of an order Ryanair placed in 2002 and extended in 2005. "The Boeing 737-800 has the best technical reliability and ensures that Ryanair is the number one on-time major airline in Europe," said Ryanair Chief Executive Officer Michael O'Leary. "In addition, it has the lowest unit operating cost. The addition of these five aircraft will continue to enable us to develop more new routes across Europe and bring low fares to many more European consumers."

### Possible fifth Tysabri-related reported

Shares in Elan fell yesterday after a U.S. newspaper reported that its top drug in development, Tysabri, was being linked to a possible fifth case of a rare brain disease. In the latest report, The Wall Street Journal reported Monday that the U.S. Food and Drug Administration received a report of a possible fifth case May 16. The FDA said the fourth and fifth patients were not yet confirmed cases of PML, which is usually fatal. Elan declined to comment on the Journal report.

Meanwhile it was also revealed that Elan has agreed to a settlement with Donal Geaney, of an action he had taken in the High Court. The action related to the agreement for the exercise of share options granted to Mr Geaney during his period as an employee of the company. The settlement, with no admission of liability on the part of the company, was for a sum of €3.5 million plus an agreed sum of costs.

### CRH (€21.55) Further support from consolidation Stuart Draper

- Sector consolidation : The ongoing consolidation within the cement sector provides another support for the CRH share price over the next 12 months, which should help ensure that our price target of €24 (11% further upside) is achieved.
- Takeover premium : The latest deal is a €6.5 bn offer for Heidelbergcement from Spohn Cement, an investment company controlled by Merckle. Merckle already has a 13% stake in Heidelbergcement. The offer price of €60 per share represents a 19% premium to Friday's closing price.
- Third takeover : The offer values Heidelbergcement at c.14x 2005 eps, similar to the multiple paid by Cemex for RMC, but c.10% lower than the multiple paid by Holcim for Aggregate Industries. However, Heidelberg has always traded at a discount to its sector as a result of its lower exposure to growth markets. Both deals have taken place since last September.
- CRH acquisition : CRH itself also recently announced its largest deal so far in 2005, with the acquisition of Stradal, a manufacturer of concrete products for exterior gardening, landscaping and road fittings. Stradal reported sales of €180m in 2004, operates 24 plants and has 1,000 staff.
- €100m deal : While no consideration was disclosed, CRH acquired EHL, a German based manufacturer of concrete paving and landscape walling products, on an EV/sales multiple of 0.66x in 2002. Applying the same multiple to Stradal would imply a purchase price of c.€100m.
- Earnings enhancing : Given that CRH's recent AGM statement disclosed that it had spent a total of €100m so far this year on 15 different acquisitions, implies that Stradal is by far CRH's largest deal so far in 2005. Assuming a total purchase price of €100m and CRH's concrete product margins in Europe of 8%, would boost the CRH's 2006 eps by c.1.5c (c.1%) to €1.88.
- Further upside : We continue to view CRH as a core portfolio play for 2005, with a 12 month price target of €24 (11% further upside). Such a share price would value CRH at 12.8x consensus 2006 eps of €1.88, which appears achievable given the multiple range of 14x to 16x forward earnings at which deals are continuing to take place in the cement sector : **BUY**.

## Business Press

- EU sugar reform could 'wipe out' Irish industry (IT)
- Crude oil rises 4% on global demand fears (IT)
- BOI closes order book for €2bn bond (IT)
- ESF chief slams Viridian 'distortion' (II)
- Morgan Stanley chief quits (FT)

## Investment Press— Lex

- Hanson/Heidelberg: "Crushed rock, sand and gravel are essential to the development of the modern world," proclaims Hanson's website. But it is corporate activity, not purple prose, that makes heavy building materials attractive.



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