



**DAILY COMPANY NOTE — CRH** See page 2 for full details

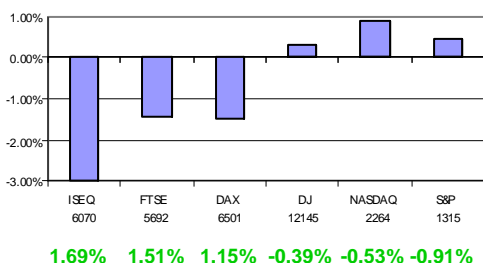
## Daily Market Comment

**Yesterday's Summary :** Yesterday was a painful day for European market, with the ISEQ faring particularly badly, the ISEQ closed down 190 points or just over 3%. At one point the ISEQ dipped below the psychologically important 6,000 level before recovering in the last hours of trading. PaddyPower was one of the few gainers, up 4% attributed to a lack of favourite winners in Cheltenham. IAWS also continued its recent upward trend following a strong set of results on Monday. Among the losers of note were, Ryanair down 7% on record oil prices and Anglo down almost 5% on continued credit market disruptions.

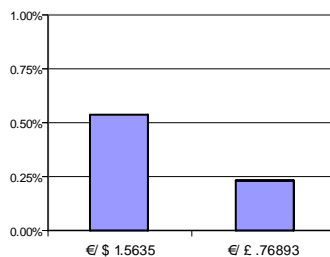
**Overnight News :** Asian markets were weak in overnight trading as the dollar remained weak and the prognosis for the US economy remains poor. The Nikkei stock index declined 1.5%, to 12,241.60, the lowest close since August 2005. The Hang Seng closed marginally down, 0.3% lower, compared with significant declines in recent sessions. Markets in Australia and India closed higher.

**Breaking News :** Prudential, the UK's largest insurance group, said that its full year 2007 operating profit rose 19% with strong sales in Asia offsetting the weak dollar. UK air passenger duty is set to change from a per person charge to a per airplane charge, this should benefit the low cost flight operator's like Ryanair, that have high load factor's and a newer fleet. HBOS have raised additional Tier 1 capital through the issuance of £750m of perpetual notes, the issue was fully subscribed, although the cost of the debt is expensive. HSBC also placed some Tier 2 capital yesterday.

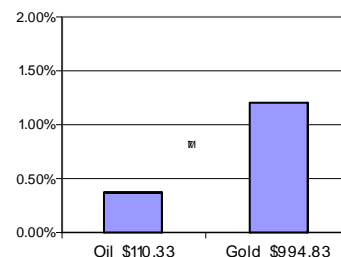
### Equity Index's change on day



### Currency daily % change



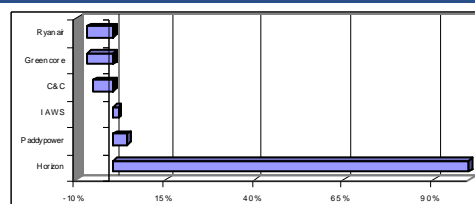
### Oil/Gold daily % change



## Paper Headlines

- "Dollar plummets to record low against the yen"- (Irish Times)
- "Irish Nationwide's pretax profits up by 64%"- **Irish Nationwide**- (Irish Times)
- "Premier seeks to double output"-**Premier Oil**- (Financial Times)
- "Dollar falls to record low" -(Financial Times)
- "Newspaper advert revenue hits €367m"-(Irish Examiner)

## ISEQ Performers/Losers 12/03/08



## Market Themes and Movers

**Bear Stearns bailout:** JP Morgan and the New York Fed have announced that they will step in to provide funding to Bear Stearns. Despite repeated denials, Bear has been the centre of liquidity rumours of late. There have been significant volumes in derivatives in recent days, betting that Bear would halve in value by Thursday, the day of their scheduled results. Apparently Bear's liquidity situation has deteriorated significantly in the last 24 hours, requiring a liquidity bailout to continue to function. Bear Stearns is trading around \$52 down 7% on the day, having closed at \$70 a week ago.

**\$1,000 gold:** U.S. gold futures hit broke the \$1,000 level for the first time. Gold has gained almost 20% in 2008 alone, with strong demand from investors and speculators on expectations of further dollar weakness, inflation and continuing turmoil. Gold is currently trading at \$997 having pulled back slightly, however the precious metal has the ability to power past the \$1,000 mark on further dollar weakness or market volatility.



Dolmen Securities  
75 St. Stephen's Green, Dublin 2, Ireland.  
45 South Mall, Cork, Ireland  
Theatre Court, Mallow St, Limerick, Ireland.

Website : [www.dolmenstockbrokers.ie](http://www.dolmenstockbrokers.ie)  
Tel : +353 1 633 3800/1890 400 300  
Tel : +353 21 422 2122  
Tel : +353 61 436 500

E-mail: [info@dsl.ie](mailto:info@dsl.ie)  
E-mail: [cork@dsl.ie](mailto:cork@dsl.ie)  
E-mail: [Limerick@dsl.ie](mailto:Limerick@dsl.ie)

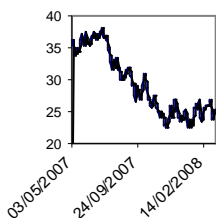
# CRH

**Stuart Draper**
**BUY**
**Target**
**€33.00**
**Previous (12/11/07)**
**€40.00**
**Current**
**€23.64**
**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 week, CRH announced the acquisition of Pavestone, a major US producer of concrete paving and decorative stone products, based in Dallas, Texas, for an initial consideration of \$540m (€348m) including debt. Pavestone operates a network of 18 paver plants, which provides strong synergy potential with the 30 such paver plants which CRH's Architectural Products business currently operates. These synergies should be generated in areas such as plant, purchasing and general overheads. With the pre synergy acquisition multiple representing 8.3x 2007 EBITDA, post integration the deal should boost CRH's full year eps by c.1%. The acquisition also strengthens the group's presence in a market segment which has delivered strong returns in recent years. Last week, CRH maintained its previous 2008 earnings growth outlook, and as a result, there was no significant downgrade to consensus 2008 forecasts, as some had previously feared. It appears that in addition to the earnings growth support of the group's 2007 acquisition spend, that it was the continuing strength of Central and Eastern European construction markets, such as Poland and the Ukraine, combined with the prospect of further US infrastructure spending growth, that prevented any need for a material change to the 2008 outlook. CRH also appears to be of the view that there is no sign on the ground of a major slowdown in US non residential construction in 2008. Only c.8% of its group operating profit is exposed to US new housing.

**Next catalyst :** As a result of this unchanged outlook and the group's ongoing 5% share repurchase programme, our 2008 eps of €2.75 remains unchanged, representing further 2008 earnings growth of 5%. After funding costs, the current share buyback programme should increase group eps by c.3% on a full year basis, without impacting its acquisition programme, providing another level of comfort that our current year earnings forecasts will be achieved. The group's previous statement that its 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 8.6x 2008 eps of €2.75 and at 8.0x 2009 eps of €2.95, 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 in both 2008 and 2009. Market acceptance that CRH should at least be rated in line with its European peers could be a potential positive catalyst for the share price over the next 3 months, and our current 12 month share price target of €33 (40% upside) is based on 12x 2008 eps of €2.75.

**Statistics**
**Price Performance**

**Chart view: Vodafone**
**Support Primary: €23.00**
**Support Secondary: €21.87**
**Resistance Primary: €24.67**
**Resistance Secondary: €27.25**

Stock continues to trade sideways in its 5 month €22-€27 range and any weakness towards the lower end of this range should be viewed as a buying opportunity. Well supported with limited downside. From a longer-term perspective a break of €27.25 will suggest significant upside to follow.

**Revenue by Region**


- Europe Materials 17%
- Europe Products 17%
- Europe Distribution 16%
- Americas Materials 26%
- Americas Products 17%
- Americas Distribution 6%

Major Shareholders	%	Peer Group Multiples			
Capital Group	5.01%	Company name	P/E 07	P/E 08	EPS Growth 07-08
BIAM	5.00%	<b>CRH</b>	<b>8.6</b>	<b>8.0</b>	<b>7.27%</b>
UBS	4.88%	LaFarge	11.5	10.3	11.62%
Capital Guardian	4.25%	HeidelbergCement	12.3	11.3	8.65%
<b>Total Shares Outstanding</b>		<b>540m</b>			

Share Data	Financial Data	2007	2008e	2009e	
Current Price (€)	24	Revenue (€m)	20992	22244	23218
Mkt Cap (€m)	12,784	PBT (€m)	1904	1902	2029
Reuters	CRH.I	EPS (€)	2.63	2.75	2.95
Bloomberg	CRH ID	P/E(x)	8.99	8.60	8.01
Sector	Construction	DPS (€)	0.68	0.76	0.84
CEO	Liam O'Mahony	Yield	2.88%	3.21%	3.55%
CFO	Myles Lee				
Website	<a href="http://www.crh.ie">www.crh.ie</a>				





## Disclosures

This report has been prepared by Dolmen Stockbrokers ('Dolmen') for information purposes only to assist investors to make their own investment decisions and is not intended to and does not constitute personal recommendations nor provide the sole basis for any evaluation of the securities discussed. Specifically the information contained in this report should not be taken as an offer or solicitation of investment advice or, encourage the purchase or sale of any particular security, option, future or other derivative investment. Not all recommendations are necessarily suitable for all investors and Dolmen recommend that specific advice should always be sought prior to investment, based on the particular circumstances of the investor.

Although the information in this report has been obtained from sources, which Dolmen believes to be reliable and all reasonable efforts are made to present accurate information Dolmen give no warranty or guarantee as to, and do not accept responsibility for, the correctness, completeness, timeliness or accuracy of the information provided or its transmission. Nor shall Dolmen, or any of its employees, directors or agents, be liable to for any losses, damages, costs, claims, demands or expenses of any kind whatsoever, whether direct or indirect, suffered or incurred in consequence of any use of, or reliance upon, the information. Any person acting on the information contained in this report does so entirely at his or her own risk.

All estimates, views and opinions included in this report constitute Dolmen's judgment as of the date of the report but may be subject to change without notice. Changes to assumptions may have a material impact on any recommendations made herein.

Unless specifically indicated to the contrary this report has not been disclosed to the covered issuers(s) in advance of publication.

Past performance is not necessarily a guide to future returns. The value of investments and the income from them can fall as well as rise. Investments denominated in foreign currencies are subject to fluctuations in exchange rates, which may have an adverse affect on the value of the investments, sale proceeds, and on dividend or interest income. Investors may not necessarily recoup the full value of their original investment. Investors should be aware that forwarding looking statements and forecasts may not be realised.

This report may not be reproduced (in whole or in part) altered, transmitted or made available to any other person without the prior written permission of Dolmen.

Dolmen Securities Limited is regulated by the Financial Regulator. Dolmen Securities Limited is a member firm of the London Stock Exchange. Dolmen Stockbrokers is regulated by the Financial Regulator. Dolmen Stockbrokers Limited is a member firm of the Irish Stock Exchange and the London Stock Exchange.

## Conflicts of Interest & Share Ownership Policy

Dolmen, its employees, directors or related companies, may have a shareholding in the securities (or related investments/ derivatives) of certain companies covered in this report, or may provide/ solicit investment banking or other services to/ from them.

It is noted that research analysts' compensation is impacted upon by overall firm profitability and accordingly may be affected to some extent by revenues arising other Dolmen business units including Corporate Finance, Fund Management and Stockbroking. Revenues in these business units may derive in part from the recommendations or views in this report. Notwithstanding, Dolmen is satisfied that the objectivity of views and recommendations contained in this report has not been compromised.

Dolmen permits research analysts to own shares and/ or derivative positions in issuers they publish research, views and recommendations on and accordingly analysts involved in the production of this report may own stocks in a company covered in it. Any own account staff trading is undertaken in strict compliance with Dolmen's own account internal rules and therefore Dolmen is satisfied that the impartiality of research, views and recommendations remains assured.

## Analyst Certification

Each research analyst responsible for the content of this report, in whole or in part, certifies that: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report. Stuart Draper, David Dunk and Stephen Taylor are responsible for the production of this report. Stuart Draper is Head of Research and David Dunk & Stephen Taylor are equity analysts.

## For US Persons Only

This report is only provided in the US to major institutional investors as defined by s. 15 a-6 of the Securities Exchange Act, 1934 as amended. A US recipient of this report shall not distribute or provide this report or any part thereof to any other person.



# DOLMEN SECURITIES LTD