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EQUITIES	Close	Change	% +/-	P/E '07	YTD
ISEQ	8106	↑ 49	0.61%	14.1	-13.84%
FTSE 100	6064	↑ 205	3.50%	13.2	-2.52%
DAX 30	7378	↑ 108	1.49%	14.2	11.84%
DOW	13079	↑ 233	1.82%	15.2	4.94%
NASDAQ	2505	↑ 54	2.20%	26.1	3.72%
S&P	1446	↑ 35	2.46%	15.9	1.95%

CURRENCIES & RATES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.3488	0.6791	155.2600
Dollar	1.3488	1.0000	1.9861	115.1200
Sterling	0.6791	1.9861	1.0000	228.5900
Interest Rates (%)	4.0000	5.2500	5.7500	0.5000
Oil (Nymex)	71.9800			

This Week's Research

Today's Research CRH

Breaking News

Breaking News

United Drug acquires Dutch company for €20.9m

United Drug reported on Friday that it had acquired Dutch contract packaging group Pharma Logistics Investments for €20.9m. United Drug said it would pay €15.4m in cash, and up to €5.5m based on achievement of agreed targets over the next three years. The acquisition is expected to significantly enhance the companies contract packaging capabilities. PLI, based in northern Holland, specialises in packaging and production services primarily for generic pharmaceutical and healthcare products. In April, United Drug made its first continental European acquisition when it bought the healthcare packaging division of Belgium-based Budelpack. United Drug bought its MASTA vaccine business and medical distributor Endoscopy UK in Britain last year.

Tullow Oil contract to be cancelled in the Congo

According to reports in the media Tullow Oil's exploration contract in the Democratic Republic of Congo will be cancelled after the government found irregularities in the agreement. Tullow said the agreement was valid and legally binding and offered to double its \$500,000 signing bonus as a gesture of goodwill. It provided for payment for only one of the two blocks and didn't follow "international standards" for the tenders, said Hydrocarbons Minister Lambert Mende. The tender was published in only one local newspaper, he added.

Aella improve their offer for ICG to €24

Irish Continental Group said on Monday that its board would recommend an improved bid by senior managers that values the ferry operator at €611.8m. "Under the terms of the revised acquisition ICG shareholders will be entitled to receive €24.00 per share. The move ends a stalemate where Aella Plc, which is owned by ICG Chief Executive Eamonn Rothwell and other top managers, and a rival consortium both made €561m bids and where each party had amassed enough shares to block the other's bid.

CRH (€30) Upcoming results should drive upgrades Stuart Draper Target : €40 (21/06/07 ; previously €37, issued 21/02/07)

- Upcoming results : Tomorrow week, 28th August, CRH will announce its results for the 6 months ended 30/06/07. Given the recent strong H1 2007 results of European peers such as HeidelbergCement (HC) and Dycherhoff, and the continued evidence of higher prices and strong infrastructure and commercial property volume growth being achieved by its US peers, there is a high probability of significant earnings upgrades following next week's results' announcement. The current consensus 2007 eps forecast is €2.54, representing year on year growth of 13%.
- Further M&A : The other sector dynamic which has held constant in recent months is M&A, with the latest deal being the sale by HC of its dry mortar business, Maxit, to Saint Gobain for €2.125 bn, representing an EV/EBITDA multiple of 10.5x. This multiple is in line with the 10x to 12x EV/EBITDA range at which peer deals within the heavy building materials sector have taken place this year, and exposes the current undervaluation of CRH, which is now trading at an EV/EBITDA multiple of 7.6x 2007 EBITDA of €2,782m. The planned sale of Tarmac by Anglo American, as well as the further disposals following the acquisitions of Hanson, Rinker and Florida Rock, should result in further industry led sector M&A during H2 2007.
- Peer valuations : Such continued corporate activity has caused the valuations of CRH's peers to move higher this year. In response to these peer valuations, we increased our 12 month share price target for CRH to €40 (33% upside) in June, which values the shares at 14.3x current consensus 2008 eps of €2.80.
- Earnings growth : CRH completed €2.1 bn of acquisitions during the 12 months ended 31/12/06, including its largest ever deal, the \$1.3 bn APAC acquisition. As increased synergies from these deals start to feed into group earnings in 2008, further earnings growth of c.10% should be generated. Only c.8% of CRH's total group operating profit is exposed to the US new housing market, which continues to remain weak. Following the c.20% fall in the CRH share price in the last 6 weeks, the shares are now trading at 10.7x consensus 2008 eps of €2.80. In the event of CRH being involved in this further sector consolidation, it has a track record of doing so in a disciplined manner that ensures the continuation of strong eps growth for shareholders : BUY.

Business Press

- Sachsen rescue worries investors (IT)
- Government flies low on Aer Lingus (IT)
- Irish firms in €1bn property deal in London Docklands (II)

Investment Press

- Blackstone: Is Blackstone a steal? Units in the listed alternative investments group are trading 22 per cent below June's \$31 initial public offering price. Analysts, meanwhile, put a consensus price target on them of about \$32.

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