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EQUITIES	Close	Change	% +/-	P/E '05	YTD
ISEQ	6482 ↑	6	0.09%	11.0	4.58%
FTSE 100	5079 ↓	-35	-0.69%	13.5	5.50%
DAX 30	4566 ↓	-61	-1.32%	15.0	7.30%
DOW	10298 ↓	-124	-1.19%	19.5	-4.50%
NASDAQ	2053 ↓	-17	-0.84%	15.6	-1.71%
S&P	1192 ↓	-9	-0.76%	21.0	-1.69%

CURRENCIES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.2166	0.6655	132.9300
Dollar	1.2166	1.0000	1.8273	109.2500
Sterling	0.6655	1.8273	1.0000	199.6600
Yen	132.9300	109.2500	199.6600	1.0000
Oil (Nymex)	60.2600			

## This Week's Research

## Today's Research CRH

## Today's Recommendations

### Breaking News

#### Grafton places \$325 million in debt

Grafton Group plc announced today that it has placed \$325 million worth of 7-year and 10-year senior notes with a group of U.S. investors to refinance borrowing and for general corporate purposes. The placement was arranged by Bank of Ireland's Corporate Banking and Global Markets divisions in association with Macquarie Securities (USA) Inc. "We took advantage of a new source of capital from the buoyant U.S. private placement market and received a very positive response from investors," Colm o Nuallain, Grafton finance director, said. O Nuallain said the debt raising would improve the strength of the group's balance sheet by lengthening the age profile of the underlying debt and reducing the average cost of borrowed funds.

#### Gary Kennedy to leave AIB

Allied Irish Banks revealed on Friday that Gary Kennedy is to leave his position as AIB group director, finance & enterprise technology by December 2005. He will become special adviser to the group on finance and risk. AIB said an internal process has commenced to identify a suitable candidate for finance director.

#### C&C announces re-organisation of snacks division

C&C said it will close its Tayto crisps plant in Coolock, Dublin with the loss of 98 jobs. The group said it will outsource crisps manufacturing to Largo Foods. The closure will lead to a one-off charge of €10m in fiscal year 2005/06 and is expected to result in improved operating margins in the Tayto snacks division from 2006/7, the company said. C&C said the Irish snacks market is highly competitive and currently showing little overall growth. C&C outsourced production from its Terenure snacks plant to Largo in July 2003. It said on Friday that the outsourcing of the remaining manufacturing will allow the Tayto business to focus on developing and marketing products to cater for the increasingly competitive and health conscious consumer snacks markets.

#### CRH (€21.70) Trading statement tomorrow week Stuart Draper

- Trading statement : CRH will issue a trading statement tomorrow week, 5th July, for the 6 months ending 30/06/05. The update will be issued concurrently with the company's regular half yearly development strategy update, and will include details of bolt-on acquisitions completed during the period.
- US buoyant : Given the current buoyancy of most of the markets in which CRH operates, this trading statement is likely to be upbeat. Recent data for both new and existing home sales showed that the US construction market remains close to record levels, and several of CRH's European markets are showing stronger growth than current widely held perceptions.
- European outperformance : Ireland and the Netherlands together account for c.50% of CRH's European profits. According to the latest Euroconstruct figures, construction output growth of 2.5% is expected in Ireland this year, and construction output growth of 3% is expected for the Netherlands. Among CRH's other European markets, Euroconstruct expects Finland, Switzerland, Portugal and Poland to generate 2005 output growth of 4.1%, 5%, 1.3% and 7.7% respectively.
- Margin resilience : Another area of major interest in the upcoming trading statement will be the extent to which CRH is succeeding in passing on higher energy and transport costs in the form of cement price increases. In line with the most recent results of peer company, Cemex, CRH is currently forecasting some element of margin progress in 2005.
- 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. The offer values Heidelbergcement at c.14x 2005 eps, similar to the multiple paid by Cemex for RMC, but c.10% lower than the 16x multiple paid by Holcim for Aggregate Industries.
- 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

- Ryanair's Dublin pilots to meet management (IT)
- Bankers to deliver on easier switching (II)
- Wal-Mart chief reveals expansion plans in Europe (FT)
- Rise in bankruptcies feared (FT)

### Investment Press— Lex

- Virtual Virtue: Not so long ago, bankers would dress up any old asset as a dotcom business. The bubble may have burst. But the web's icons remain sources of inspiration, when selling the likes of PartyGaming.



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