merrion STOCKBROKERS

Merrion Wealth Management Morning Comment

CRH : AGM Statement flags weaker than expected H1, but remains more upbeat on H2

United Drug : H1 Results 2.6% behind our forecasts due to higher interest cost: Healthcare Supply Chain better than expected offset than worse than expected Packaging

Irish Financials : Interim MD named for NAMA

Tullow Oil : Nsoga-1 well in Uganda a discovery

CRH : Lafarge Q1 income ahead of consensus

CRH : Holcim Q1 results significantly behind forecasts, no FY guidance

Irish Economy : Exchequer Returns continue negative trend in April

Aer Lingus & Ryanair : easyJet interim results - expects to be profitable for the full year

CRH : Martin Marietta Q1 miss, but full-year guidance little changed

CRH : Wienerberger Q1 sees 82% fall in EBITDA on 37% sales reduction

Independent News and Media : APN cuts 2009 outlook

Irish Financials : Residential rents down 5% in Q1 2009

CRH (€19.84)

AGM Statement flags weaker than expected H1, but remains more upbeat on H2

CRH's AGM update this morning notes that H1 is going to be even weaker than previously expected, but the company remains cautiously upbeat that the rate of underperformance in H2 will moderate (effectively an unchanged H2 outlook). Weak weather in January & February had already been flagged as exacerbating weak underlying demand, but unfavourable weather trends have since continued leading to a lower than normal seasonal demand pick-up in Q2 to date. The company now expects that the H1 profit decline will be sharper than it previously expected.

H2 is unlikely to be able to catch up for the greater than previously expected shortfall in H1, so the H1 impact is likely to feed through to full-year forecasts. We are likely to be downgrading H1 and full-year forecasts (but not H2) – our initial guess is by a low-mid single digit percent of our underlying full-year estimates. (H1 traditionally accounts for circa one third of full-year profits).

Like-for-like (LFLs) sales trends in the first four months of the year look poor, particularly in Europe Products, parts of Europe Materials and US Distribution. However, comments on US highway contract lettings and infrastructure in Poland are re-assuring. The impact of US infrastructure stimulus on highway contract lettings is accelerating, with overall US highway spending now guided to be up for CRH (stimulus projects will 'more than offset' reductions in spending from state and local budgets). Infrastructure in Poland has ramped up in recent weeks' leading to an improvement in trading trends in CRH's Polish operations.

CRH comments on cash flow and cost reduction were encouraging. Year-to-date cash flow is the same as the prior year, notwithstanding lower profitability (tighter working capital and capex management). Ongoing and new cost saving initiatives remain a focus, but no update was provided on the scale of the revised cost savings target. Acquistion activity year to date was c.€0.3bn, but excluding the c.€225m Yatai deal which was agreed in early 2008, but not closed until early 2009 activity was quite low at c.€100m or less (the prior year figure was €1.2bn, of which c.€240m was on small-mid sized deals). Deal opportuities are still not expected to pick-up until H2.

We have a BUY recommendation on CRH.

Analyst:	**John Mattimoe / Killian Jones**
Company profile:	CRH
Recent research:	Irish Market - In Safe Hands: Four to Rely On

United Drug (€2.20)

H1 Results 2.6% behind our forecasts due to higher interest cost: Healthcare Supply Chain better than expected offset than worse than expected Packaging

In terms of working capital, we had been looking for a reduction due to the restructuring programme and direct-to-pharmacy models. However, the company noted that any savings related to these factors had been offset by decreased credit from suppliers.

Net debt at the end of the period was €209.0m, with interest coverage of 8 times EBITDA.

On outlook, the company reiterated its guidance that it expects pre-tax profits at least in line with 2008.

Most of the issues reported in these results have been highlighted previously. We are alarmed by the level of decline in Packaging but comforted to a degree by a level of resilience in the Healthcare Supply Chain division. We note that headwinds remain for the business (not least the imminent HSE drug payment review). We do not expect to make major changes to our model following these results but will revert after speaking to management. Our current forecast is for EPS of 22.9 cent for FY 2009.

We have a Hold recommendation on United Drug.

Analyst:	**Sam Farthing**
Company profile:	United Drug

Irish Financials
Interim MD named for NAMA

The Irish Finance Minister named Mr Brendan McDonagh as Interim Managing Director for the National Asset Management Agency (NAMA). Mr McDonagh is currently Director of Finance, Technology and Risk at the National Treasury Management Agency. He has been involved in the development of the Government's policy response to the banking crises and in helping to frame the NAMA proposal. A high level advisory committee is to be established shortly. The statement also indicates that preparatory work is ongoing in the interim period pending the enactment of necessary legislation.

Analyst:	**Sebastian Orsi**
Company profile:	Allied Irish Banks
Recent research:	Irish Financials - Dilution the Only Certainty
Company profile:	Bank of Ireland
Recent research:	Irish Financials - Dilution the Only Certainty
Company profile:	Irish Life & Permanent
Recent research:	Irish Life & Permanent - Forecast Revisions

Tullow Oil (£8.55)
Nsoga-1 well in Uganda a discovery

Tullow has announced this morning that the Nsoga-1 well in Uganda (Butiaba region, Block 2, 100% TLW) has encountered a net reservoir section of 43m, of which the top 3m are oil bearing. The well was drilled 6 km from the crest of the structure which is approximately 160m up-dip. There was also a separate higher reservoir section discovered with 12m of thin bedded oil bearing sands. The main discovery is estimated at c. 50m bbls. Importantly, the success also de-risks up-dip targets such as Leopard . Nsoga-1 is testing one of several cascades in the Butiaba region.

The drilling rig will now move to the Awaka prospect (also Block 2, 100% TLW). The Nsoga discovery is an additional positive contribution to the overall reserve base within Uganda. The high impact potential Ngassa well (100% TLW, c. 600m bbls upside) is currently drilling.

We have a BUY recommendation on Tullow.

Analyst:	**Sebastian Orsi**
Company profile:	Tullow Oil
Recent research:	Tullow Oil: High Impact Drilling to Drive Near-Term Performance

CRH (€19.87)
Lafarge Q1 income ahead of consensus

Lafarge this morning issued Q1 results for the period ended 31st March, with sales -9% yoy to €3.63bn and operating income -35% yoy to €335m, ahead of Bloomberg consensus forecasts of €295. Emerging markets operating income grew by 5.5% yoy to €406m, while developed markets generated a loss of €71m. The company noted that the Q1 results were negatively impacted by the economic slowdown and adverse weather conditions. Cement sales were -9% yoy due to lower volumes although pricing remained firm, while aggregates and concrete sales were -11% yoy, again due to volume declines while pricing improved.

On outlook, Lafarge noted that forecasting remains difficult in the current environment but it expects cement volumes to be -2 to -5% yoy (a reduction on previous guidance of 0 to -3% yoy), with pricing expected to remain firm. It also expects the lower volumes to put pressure on operating margins. The reduced guidance was due to further deteriortion in conditions in Western and Eastern Europe.

We have a BUY recommendation on CRH.

Analyst:	**John Mattimoe / Killian Jones**
Company profile:	CRH
Recent research:	Irish Market - In Safe Hands: Four to Rely On

CRH (€19.87)

Holcim Q1 results significantly behind forecasts, no FY guidance

Holcim also issued Q1 results this morning for the period ended 31st March, 2009. Group sales were -17.9% yoy to CHF4.52bn, with EBITDA -33.7% yoy to CHF763m (well behind Bloomberg consensus forecasts for CHF845m) and operating profit of CHF343m (again, materially behind Bloomberg consensus forecasts of CHF462m). Sales volumes of cement were -13.2% yoy (-11.1% on a LFL basis), with aggregate volumes -23.2% yoy (-26.0% on a LFL basis), ready-mix concrete volumes -17.1% yoy (-20.0% on a LFL basis) and asphalt volumes -15.8% yoy (-15.8% on a LFL basis). The company noted that business in Europe and North America suffered due to the economic downturn and the severe prolonged winter, while the company achieved organic EBITDA growth in Latin America and Asia Pacific.

Within Europe, cement volumes were -30.1% yoy, aggregates volumes were -25.7% yoy, ready-mix concrete volumes were -21.3% yoy and asphalt volumes were -13.3% yoy.

Within North America, which the company noted being “paralysed” by the recession, cement volumes were -33.3% yoy, aggregates volumes were -30.8% yoy, ready-mix concrete volumes were -27.3% yoy and asphalt volumes were -25.0% yoy.

On outlook, the company noted that the next few months will show to what extent the decline in demand was due to weather conditions in Europe and North America versus the recession. Holcim is still refraining from providing any guidance for the full year but highlights that it is focused on cost-cutting programs and capacity take-out where necessary.

We have a BUY recommendation on CRH.

Analyst:	**John Mattimoe / Killian Jones**
Company profile:	CRH
Recent research:	Irish Market - In Safe Hands: Four to Rely On

Irish Economy

Exchequer Returns continue negative trend in April

The Irish Exchequer Returns for April, released yesterday, show ytd tax revenues have declined 24%, with an implied 26% decline in April (22% in March). Areas that showed significant declines were stamp duties which are down 64% ytd (including a 70% decline in April), capital gains taxes which are down 69% ytd (down 55% in April) and corporation taxes which are down 45% ytd (down 55% y/y in April). VAT receipts are down 21% ytd, and April shows a 61% decline. Income taxes are down 6% ytd with a 4% decline in April. Overall, the continuing negative trend in Exchequer Returns highlights the underlying weakness in the Irish economy and the stretched state of public finances.

Analyst:	**Sebastian Orsi**
Company profile:	Allied Irish Banks
Recent research:	Irish Financials - Dilution the Only Certainty
Company profile:	Bank of Ireland
Recent research:	Irish Financials - Dilution the Only Certainty
Company profile:	Irish Life & Permanent
Recent research:	Irish Life & Permanent - Forecast Revisions

Aer Lingus (€0.64) & Ryanair (€3.39)

easyJet interim results - expects to be profitable for the full year