Weekly Trader

Upcoming Market Opportunities and Events

Monday, 5th March 2018

Key Themes This Week

Europe not out of the woods yet

Italians went to the polls last night in what was a resounding rebuke to establishment politics. The populist 5 Star movement and Eurosceptic Northern League made substantial gains across the board. Early results have pointed to a hung parliament. 5 Star appears to be in line to win 32% of the vote and end up as the largest party. The Northern League is polling at 17%, while Mr Berlusconi's Forza Italia is on 14%. Its an overwhelming victory for those on the right side of the political spectrum with the ruling centre left Democratic Party, led by Matteo Renzi, had a terrible election falling to 19%. It will almost certainly lead to Mr Renzi's resignation.

So far this election has had little impact on markets and the euro has remained relatively solid. This probably stems from the fact that parties are in for a protracted period of negotiations. It should also be noted that this type of result rhymes with the historical norm in Italy. Though we believed that political risk in Europe was not at the levels we had seen in 2017, we had been guiding investors that the EU project was not out of the woods just yet. The results here in Italy may be offset by other news overnight that Angela Merkel finally cobbled together a coalition in Germany, which should assure markets. We continue to believe that political risk has declined in Europe and should not have a major impact on European equities in 2018. However, in the longer term it would appear that Euroscepticism is on the march. Unless the EU engages in reform or at least is seen to, this trend may continue what it appears to be an inexorable rise to power.

Trump Tariffs Trauma

Last week the White House leaked details of upcoming tariffs on steel and aluminium imports that will more than likely be signed off on by Mr Trump this week. This week Mr Trump is expected to give the go-ahead for a 25% tariff on steel and 10% on aluminium. China and the EU were quick to respond, stating that they would engage in reciprocal tariffs on imported goods from the US. Several sectors, including automakers, sold off substantially on the news. The logic surrounding this tariff is debatable as it is likely to impact Canada to a much greater extent than China. Over the weekend Peter Navarro, who heads the White House Office of Trade & Manufacturing Policy, stated that there would be no exceptions made for any specific countries. UK officials, who had been pressing for an exemption, are rumoured to have been met with a resolute no. The EU has already drawn up a €2.8bn list of proposed counter measures which would affect US goods, including bourbon, Harley Davidsons and blue jeans.

We had been expecting Mr Trump to escalate the protectionist side of his agenda this year after remaining fairly silent on it in 2017, especially after the move in January to impose tariffs on South Korean washing machines and solar panels. Wilbur Ross, Commerce Secretary, is also committed to this strategy. Despite some initial wins for certain industries in the US, these kind of actions always end up in a lose-lose situations for both sides and ultimately impacts global growth negatively. It remains to be seen how far this escalates but we will continue to monitor it on an ongoing basis.

This week we cover off on AIB, Ryanair, CRH, FBD, Grafton and our Irish Food names

Major Markets Last Week

	Value	Change	% Move
Dow	25310	109.62	0.43%
S&P	2747	16.10	0.59%
Nasdaq	7337	80.96	1.12%
UK Index	7265	17.43	0.24%
DAX	12542	156.46	1.26%
ISEQ	6727	-70.33	-1.03%
Nikkei	22,154	4.42	0.02%
H.Seng	31,499	383.17	1.23%
STOXX600	383	4.81	1.27%
Brent Oil	67.29	1.62	2.47%
Crude Oil	63.58	1.90	3.08%
Gold	1340	-6.61	-0.49%
Silver	16.7298	0.06	0.33%
Copper	325.55	-1.30	-0.40%
CRB Index	442.97	1.05	0.24%
Euro/USD	1.2344	-0.01	-0.51%
Euro/GBP	0.8780	-0.01	-0.94%
GBP/USD	1.406	0.01	0.43%

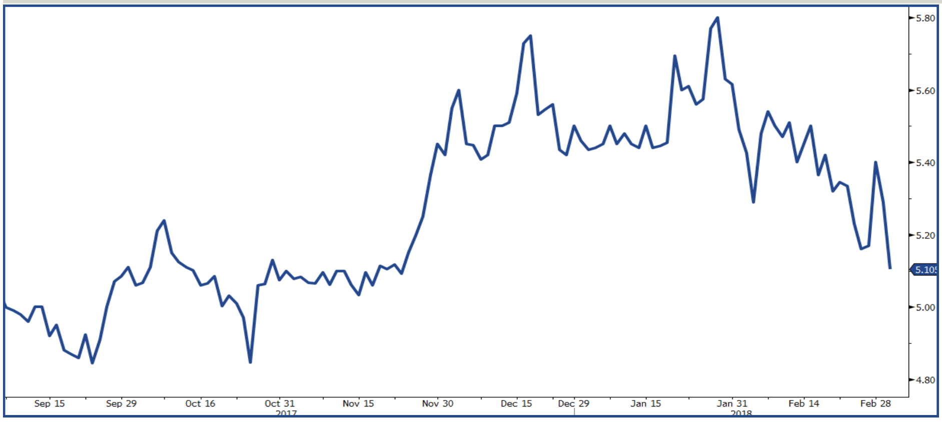
	Value	Change
German 10 Year	0.67	-0.07
UK 10 Year	1.54	-0.06
US 10 Year	2.8642	-0.01
Irish 10 Year	1.141	-0.02
Spain 10 Year	1.567	0.06
Italy 10 Year	2.022	-0.02
BoE	0.5	0.00
ECB	0.00	0.00
Fed	1.50	0.00

All data sourced from Bloomberg

AIB Group - Strong update in advance of management meeting

Closing Price: €5.29

Pierce Byrne, CFA | Investment Analyst



Key Metrics	2018e	2019e	2020e
Revenue (€'bn)	2.75	2.76	2.77
EPS (€)	0.37	0.36	0.36
Price/ Earnings	13.91	14.38	14.22
Div Yield	3.13	4.78	5.88

Share Price Return	1 Mth	3 Mth	YTD
AIBG ID	-3.5%	-8.84%	-7.18%

Source: All data & charts from Bloomberg & CFI

AIB released FY17 results on Thursday, that reflected strong operating performance with headline figures in line with expectations set out in a trading update in December. Our initial reaction on Thursday included positives on Net Interest Margin (NIM), Cost/Income (C/I) ratio and organic capital generation on the Income Statement, with net loan growth, further Non Performing Exposure (NPE) declines and Return on Equity (ROE) in the low teens on the Balance Sheet.

The headline figures on the income side are a dividend of 12c (up 30% yoy) per share and EPS at 40c per share (down on FY16 mainly due to exceptional items). On the Revenue side NIM was 258 bps (up 34 bps from FY16). Management have targeted maintaining a NIM of 250 bps but highlighted some of the key factors that will drive performance. Growth in Net Interest Income (NII) through improved asset quality with expensive regulatory capital issuance and the likely bottoming of funding rates to weigh on NII. On the operating cost side the C/I ratio improved to a headline figure of 48% (after some adjustments for non-reoccurring items this rises to 53%) a yoy improvement of 4%. Management advised on cost efficiencies as a result of the previous three years investment programs and guided continued annual investment spending of c. €240mln.

Balance sheet growth was one of the key positives from a forward looking perspective. Earning Loans growth of €1.6bn (€0.9bn ex FX implications) with management stressing their view that they see this as an inflection point and expect continued growth. Management also commented on strategy in terms of lending with emphasis on finding the right mix of quality, volume and pricing. On the liabilities side of the balance sheet, customer accounts stand at €64.5bn (up €1bn on FY16), which is made up of €47bn in current or demand accounts along with €17.5bn in time deposits. AIB currently has a Loan to Deposit ratio (LDR) of 93% down 2% from 95%. We would like to see this return to close to 100%. Another highlight from results was NPE reductions. Management's track record and current strategy on reducing headline NPEs down to €10.2bn (16% of Gross Loans) is very favourable. Management have advised they are restructuring a 1,000 cases a month and expect to be at the EU average of 5% of gross loans in 18-24 months.

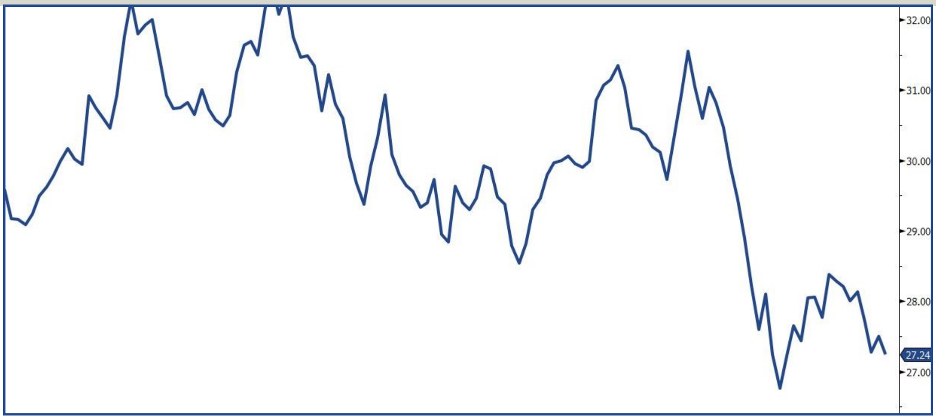
From a regulatory perspective, AIB's capital position is very strong with a fully loaded CET1 of 17.5% (220 bps increase on FY16). Liquidity position is also very strong. One of our chief concerns regarding AIB relates to holding high levels of capital, which can hurt return on equity. Clarity on managements long term capital strategy is a priority.

AIB traded up 3% to €5.40 at the close on Wednesday and opened flat on Thursday morning after the results announcement. Due to extreme weather conditions, the ISE closed at 12pm with AIB trading down throughout the morning and closing at €5.29. The London listing continued trading and closed the week at €5.14 continuing its downward trajectory since its 2018 peak on the 29th of January at €5.80. Wider market forces will dominate trading performance with geopolitical risk increasing volatility, especially for banks which can trade as a proxy for Irish exposure. In a European bank context, AIB's valuation looks somewhat high, with a trailing Price to Earnings (P/E) at around 13x with the wider EU Banking sector at 12x and a Price to Book (P/B) at around 1.1x against a sector multiple of 0.83x. We maintain our Outperform rating and will update again following our meeting with management.

Pierce Byrne, CFA | Investment Analyst

CRH - US performance should assuage concerns Closing Price: €27.50

William Heffernan | Investment Analyst



Key Metrics	2018e	2019e	2020e
Revenue (€'bn)	27.28	28.60	29.75
EPS (€)	1.98	2.27	2.51
Price/ Earnings	13.76	12.04	10.87
Div Yield	2.61	2.79	2.82

Share Price Return	1 Mth	3 Mth	YTD
CRH ID	-3.47%	-7.31%	-9.03%

Source: All data & charts from Bloomberg & CFI

CRH released FY17 results that were strong and should be well received by markets. Adj. EPS came in at 1.66c (+11% yoy), ahead of street consensus of 1.633c. Overall sales grew by 2% on a yearly basis to €27.6bn, which was slightly ahead of estimates of €27.573bn. EBITDA was up 6% to €3.3bn, again ahead of estimates of €3.25bn. Like for Like (LFL) EBITDA was up 3%. It should be noted that EBITDA was helped by a one off past service credit of €81m associated with changes to the Group pension scheme. EBITDA margin came in at 12%, up from 11.5% last year and ahead of estimates of 11.78%. Cash flow performance was very strong at €2.2bn, well ahead of management's own estimates and the Street consensus of €1.309bn. Guidance on tax was also positive with the current Group rate of 27% dropping to 20% as a result of US tax reform.

The overall balance sheet remains very strong. Net debt at year end was €5.8bn, which was below management's previous guidance. Net debt/EBITDA is 1.8x, even after €1.7bn of net development activity. Interest cover is now 11.5x, up from 9.9x in 2016. Full year dividend increased by 5% to 68c, which is covered 3.3x on a basic basis and 2.4x on an adjusted basis. CRH now has €2.1bn in cash on its balance sheet along with €3.6bn of undrawn facilities. At year end, CRH has enough cash to meet all maturing debt obligations for next 3.6 years and the weighted average maturity of the remaining term debt is 10.5 years.

From a divisional perspective the picture was also strong. We had been guiding that if CRH's Americas operations underperformed like some of its US peers, it would likely sell off on the day. We did not think it would underperform to the extent its US peers had and this has been borne out in these results. In the Americas Materials division, overall sales grew by 5% while organic sales grew by 3%, supported by continued growth in residential and commercial sectors. This was achieved despite record levels of rainfall and hurricane activity during the year and is a testament CRH management. Aggregates total volumes were up 7% yoy with LFL volumes flat. This is a strong result considering some its US peers experienced net LFL volume decline. Another strong result came in margin with average price increases of 6% on a LFL yearly basis. This combined with very good cost control allowed for margin expansion. Likewise in ready mixed operations, LFL volumes were up 4% with average prices up 3%. Asphalt volumes were up 2% on a LFL basis, 6% on an overall basis but faced margin pressure due to higher input costs. Management continue to move cement volumes from Canada to the US as the pricing environment remains quite competitive in Canada. In Americas Products sales were broadly in line with previous years, as good growth along the West Coast and in the South was offset by reduced trading in Canada and Northern US.

In Europe, the picture was more mixed. Total sales were up 1% and organic sales were up 2% as the European economic recovery continued to gather pace. On the Heavyside, performance was strong in Ireland, France, Poland and Finland while activity was more subdued in Switzerland the UK. The German business experienced lower cement volumes due to reduced demand in rural areas and some delays in key projects. Fels, the recent lime acquisition, performed in line with expectations. Overall sales for the Heavyside were down 1% but operating profit was up 24% due to modest organic growth, strong operational leverage and a continued focus on performance improvement initiatives and synergies. Importantly, management stated that is has seen some signs of progress on pricing in European Heavyside. European Lightside performed better with overalls sales up 3% on a yearly basis, with operating profit up 11%. Strong activity levels in the UK market along with Netherlands and Poland contributed to this performance. The Belgian and German Lightside markets were also relatively stable. The European Distribution business also performed well, with overall sales up 2% and operating profit up 59%. Netherlands, Germany and Belgium performed well while Switzerland continued to experience difficult market conditions.

Management was quite active during the year from a capital recycling perspective. Divestments and assets disposals generated a total profit of €59m. The Group spent a total of €1.9bn on 34 acquisitions/investment transactions. 21 of these were in the Americas the remainder in Europe. On the call management guided for $120m worth of synergies from recently acquired US assets, $100m from the Ash Grove deal which is higher than previous guidance of $80m.

CRH

William Heffernan | Investment Analyst

CRH had traded down over the past few months due to a stronger euro and expectations of weaker US performance. These results should see those worries dissipate. The US performance was strong, especially in comparison to US peers, with reasonable volume growth along with price and margin improvement. It should also be noted that this performance was achieved despite record levels of rainfall, above average hurricane activity and delays in Federal funding. In Florida and Texas alone there was 30% reduction in working days. The European performance was also solid. Management's statement that it has seen signs of pricing improvement in Europe is also welcome, as a very competitive European market had been a drag recently. The cash flow performance was particularly impressive and its overall balance sheet remains one of the best in the sector.

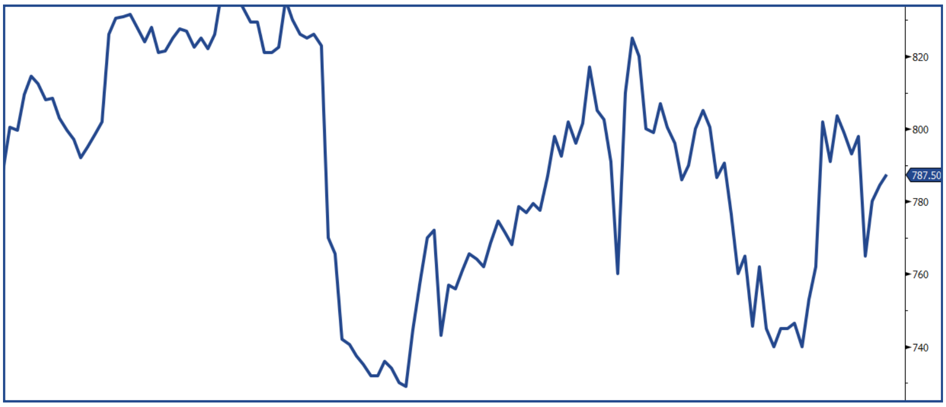
Regarding 2018, management's guidance was also positive. In the US, it expects "continued growth in US housing construction and that non-residential construction will also improve". It also noted there is upside potential regarding infrastructure spending and increased state spending on transportation improvement. In Europe the picture is also bright. "Against a backdrop of increasing demand particularly in the residential sector, our focus is building on pricing improvements and efficiency gains achieved in 2017" and expect the business to advance further. Its guidance on Asia was a little more circumspect, stating that despite some stabilisation, the Philippines is likely to remain challenging. It should be noted that this market accounts for only 3.5% of EBITDA. Regarding the UK (10% of EBITDA), management stressed that the slowdown in commercial activity has been offset by an increased spend on public infrastructure. It expects its UK business to be broadly stable in 2018. Management was also keen to stress it remains very focused on cost initiatives, operational efficiency and improving operational leverage across the Group. We have been advising clients to pick up CRH on its recent weakness and these results only reaffirm this convictions. It balance sheet and financing situation means that management remains well positioned to continue its strategy of recycling capital from lower margin, higher multiple businesses into higher margin, lower multiple assets. Recent acquisitions have seen CRH become a significant player in Florida and Texas, a region which accounts for 20% of overall US construction spending and where CRH historically did not have much of a presence. Management stated on the call that M&A is likely to continue at the same pace as recent levels. The outlook for the US and Europe remains positive. We may see an uptick in infrastructure investment in the US as funding under the FAST act continues. Likewise in the Europe, the nascent economic recovery looks like it will continue to gather momentum which should be positive for both volumes and pricing. We maintain our Outperform

Will Heffernan | Investment Analyst

Grafton Group - Best model in the UK

Closing Price: £7.84

Will Heffernan | Investment Analyst



Key Metrics	2018e	2019e	2020e
Revenue (£'bn)	2.87	3.00	3.16
EPS (£)	0.59	0.64	0.68
Price/ Earnings	13.49	12.43	11.64
Div Yield	2.13	2.29	2.51

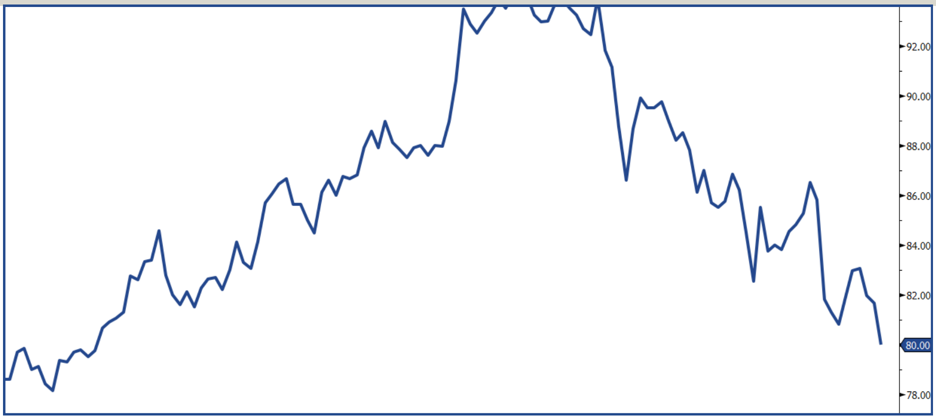
Share Price Return	1 Mth	3 Mth	YTD
KSP ID	3.14%	4.37%	-1.62%

Source: All data & charts from Bloomberg & CFI

Grafton released FY17 results last week that continues to highlight the strength of the underlying model relative to peers. Adjusted EPS came in at 54.9p, up 15% yoy and ahead of Street estimates of 0.529p Overall revenue came in at £2.716bn, up 9% yoy but slightly behind estimates £2.721bn. Pre-tax profit was particularly strong at £157.2m vs estimates of £153.1m. Operating profit of £163.7m (+15% yoy) also beat estimates at £159.3m. Operating margin of 5.9% for the full year and was in-line with expectations of 5.88%. Operating profit margin has risen by 220bps over the past two years, a very strong result considering the difficult trading environment in the UK over this period. This has been driven by management's focus on tight cost control and continuing benefits from restructuring carried out by management in 2016. Underlying divisional performance was strong with every segment contributing to profit growth. Management has proposed a final dividend of 15.5p (+13% yoy) in line with its progressive dividend policy (+121% over the past 5 years). The balance sheet remains in a very solid state and one of the best in the sector. Net debt declined by £33.4m to £62.9m. EBITDA interest cover is 48.4x while net debt/EBITDA remains very low at 0.31x, down from 0.54x at the end of 2016. It has £253.7m in cash along with undrawn bank facilities of £213m, putting the group in a very strong position to continue buy assets. Net deficit on pensions schemes declined by £7.8m to £23.5m. We believe that despite the UK headwinds, the diversified nature of the Grafton model, its excellent management track record and very strong balance sheet should continue to see it outperform.

Sector Coverage: Irish Foods

David Fahy | Investment Analyst



Key Metrics	2018e	2019e	2020e
Revenue (€'bn)	6.52	6.86	7.24
EPS (€)	3.49	3.83	4.21
Price/ Earnings	23.07	21.03	19.14
Div Yield	0.85	0.92	1.03

Share Price Return	1 Mth	3 Mth	YTD
KYG ID	-4.62%	-11.05%	-13.80%

Source: All data & charts from Bloomberg & CFI

Kerry Group

It's been a difficult start to the year for the stock depreciating over 12% and underperforming the broader sector (Europe 600 Food and Beverage) by over 5%. This follows a very strong 2017, where the stock appreciated by close to 40%, an outperformance of over 25%. The majority of this year's underperformance can be attributed to the earnings announcement made in February. Headline figures came in in line with market expectations, volume growth was solid and profit margins were impressive. However management guidance of translation FX headwinds of up to –9% on earnings for 2018 caused the market to downgrade earnings forecasts, leading the stock to sell off 5% on the day. With guidance of between 6%-10% yoy EPS share growth at a constant currency (cc) level, an absolute decline in earnings is possible. Aside from the FX headwinds we remain quite positive on the fundamentals of the company. The Taste and Nutrition (T&N) division, which represents 79% of Group revenue and 88% of the Group profit, has maintained consistent volume growth. T&N volume growth is forecast to remain between an impressive 4% and 6%. The segment is diversified across geographies, and its share in developing markets is growing (11% volume growth in Asia Pacific last year). Margins for the overall business remain well above the sector average and are increasing. The balance sheet remains in a very strong position with a net debt/EBITDA ratio at 1.4x, giving management significant scope for M&A or returning value to shareholders. Kerry Group is trading at FY18 P/E of 23.38, a 15% discount to its high of 27.7. However it still trades 12% above the overall sector. We maintain our long term Outperform rating; however we are cautious on both the sector and current valuation levels.

Glanbia

On the 21st of February Glanbia announced its FY17 results causing the stock price to fall around 8%. However, the following week saw the market revaluate its initial reaction repricing the stock above the announcement. In general the results were in line with expectations for FY2017, however lower EPS growth and negative FX guidance saw downgrades for the coming year. Management's guidance for between 5% - 8% (cc) EPS growth for 2018 is a decline on previous years. This combined with the guided 8% negative transitional FX effect led markets to reprice FY18 earnings growth estimates to -3.89% (previously 0%). The initial reaction to management guidance looked to be overblown with the stock's correlation with the dollar (+70% of overall revenue exposure) having already played a major role in the 24% drawdown since mid-last year.

Glanbia will target volume growth to increase revenue in both lines (GPN & GN), as GPN in particular faces pricing pressure, putting stress on profitability margins. To do so they will look to extend product range, accessibility and enter new markets. Having recently acquired both Amazing Grass and Body & Fit, it has shown its intention to diversify and pursue its digitalisation strategy. The performance nutrition market is however becoming vote competitive, maintaining market share will require further initiatives. Its impressive balance sheet with a net debt/EBITDA ratio of 1.07x should allow for further acquisitions. Glanbia is trading at FY18 P/E of 16.8x, a 35% discount to its high of 26.2x in mid-2015, a 39% discount to its three year average P/E and 17% discount to the overall sector. At present our rating on Glanbia is under review.

Greencore

Greencore has had a difficult start to the year falling 25% over the past two months and now trades at a level last seen at the end of 2013. There is little change to the fundamentals behind the company however earnings downgrades have pushed the price to low levels. The stock trading at FY18 P/E of 10.6x. It now sits at a 47% discount to the overall sector and a 33% discount to its three year average. Our rating on Greencore is currently under review.

FBD Holdings - Strong Underwriting Performance

Closing Price: € 12.10

Pierce Byrne, CFA | Investment Analyst

Key Metrics	2017e	2018e	2019e
Revenue (€'mln)	349	356	367
EPS (€)	1.17	1.04	1.1
Price/ Earnings	10.51	11.88	11.5
Div Yield	1.28	1.89	2.00%

Share Price Return	1 Mth	3 Mth	YTD
FBD ID	14.95%	24.87%	21.66%

Source: All data & charts from Bloomberg & CFI

FBD Group posted FY17 results on Wednesday showing strong operational performance with markets reacted very positively recognising the strong capital position, Gross Written Premium (GWP), EPS, and Core Operating Ratio (COR) results. The stock closed on Thursday up 10% at €12.10 (bear in mind the Irish market was closed for Fridays global sell off).

Management commented that given the low level of growth in GWP at 2.7% to 372mln, improved performance had come from business efficiencies rather than significant premium growth. Management advised that they are targeting "careful" growth in GWP in line with Irish GDP. New products introduced during year were to address the known gaps in their product offering to SMEs namely Professional Indemnity and Directors & Officers. Management also note good performance in their Farm business line despite strong competition. Other underwriting costs were up €6mln to €75.9mln on FY16. The change largely due to a full year depreciation on policy underwriting system and changes in the reinsurance program. The goal of the reinsurance program is to minimize the impact of extreme events. Management expect these levels to be stable going forward. On the claims side management stressed issues around claims inflation at 9%. This figure has come down from the previous two years, however it remains a significant concern for the sector as a whole. Management highlighted some of the 79 recommendations from the Cost of Insurance Working Group of particular interest to managing claims inflation, which included giving the Personal Injury Board more powers and increased data sharing between providers. Regarding future performance on costs, it was noted that a COR of 86% was due to non-reoccurring items and that a COR below 90% was not sustainable expectation for the sector. Management will look to maintain a COR in the low nineties.

Investment returns were in line with expectations at 1.2%. It was noted that asset allocation was conservative and management were happy given the low rate environment. Assets have been moved from cash to government bonds over the course of FY17, this is expected to continue in FY18. Management advised that given the SCR level that they are going to increase their allocation to risky assets with a target of 15% allocation in the medium term. Management of the risky asset portfolio will be outsourced to fund managers. We believe this is a positive move, which will be a sustainable source of increased returns but will increase volatility of reported revenue.

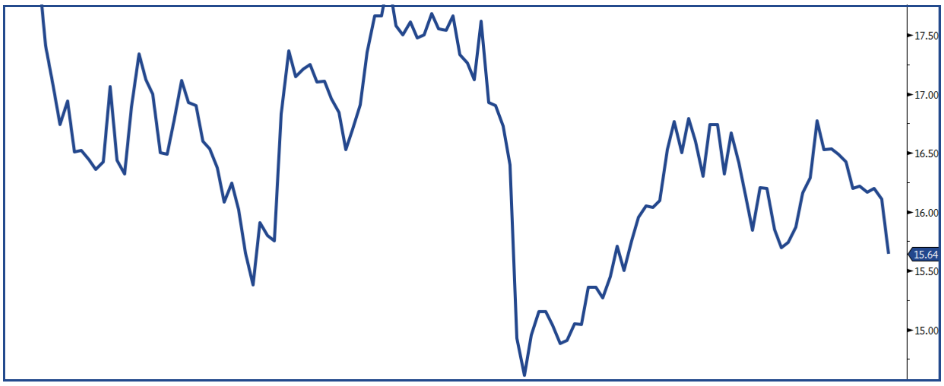
Solvency Capital Ratio (measure of available capital over required capital) was very good at 164% ahead of their target of between 120% and 140%. The increase was largely due to a reduction in required capital as reserve claims were paid down. Management noted they were happy with the targeted range for capital and the impact of an increase in riskier assets in the investment portfolio would have. FBD currently have a convertible debt instrument in issue held by FairFax Financial (Fairfax is a Canadian holding company which, through its subsidiaries, is engaged in property and casualty insurance and reinsurance and investment management.). The Bond has the option to convert to equity at a share price of €8.50, which is approx. 8.2mln shares equivalent to a 19% interest in the business.

Sustained underwriting performance at a COR in the low nineties along with GWP growth in line with GDP is an attractive proposition. With strong core business and a clear dividend policy we see FBD offering good downside protection and strong income from an expected dividend yield close to 4%. Performance in GWP growth will be a metric to keep a close eye on as premium growth is the main source of future performance. Given the run up in the price by 10%, it appears to be trading close to a fair value range. We maintain our Outperform.

Ryanair - No change to model fundamentals

Closing Price: € 16.11

David Fahy | Investment Analyst



Key Metrics	2017e	2018e	2019e
Revenue (€'bn)	7.06	7.65	8.46
EPS (€)	1.22	1.26	1.41
Price/ Earnings	12.91	12.42	11.10
Div Yield	0.37	0.40	0.56

Share Price Return	1 Mth	3 Mth	YTD
RYA ID	-0.85%	-9.40%	4.35%

Source: All data & charts from Bloomberg & CFI

Over the first two months of 2018 Ryanair has been able to pull back some of the losses experienced in back end of last year. In February management announced a growth in earnings that were broadly in line with consensus, a €750m share buyback, strong passenger numbers and impressive ancillary revenue growth. However cautious fare guidance over the coming Easter/Summer period resulted in a wary market reaction. Interestingly during the announcement Michael O'Leary mentioned that he believed they were very close to another national agreement, revealing investors may be on the cusp of a positive surprise.

During our recent call with Ryanair management they explained that they found assumptions made by both sell side analysts and competitors to be overly optimistic, while emphasising they had little clarity on fares into FY19. There is however a number of reasons why one may be more positive on fares going into late 2018 early 2019. There is a feeling that some consolidation (as witnessed previously in US) is due in the European airline sector, a favourable outcome for fares. Rising oil prices will cause weaker airlines (that lack the hedging capabilities and the balance sheet strength) to be forced to either pass on the cost to consumers or reduce capacity, both of which are positive on fares. This may lead to a smaller competitor base for Ryanair in the medium, a further opportunity to increase market share. Interestingly due to revenue decreases airlines generally fail in the winter months. However other larger Airlines would look to exploit the opportunity in a similar fashion (IAG and Air France having already announced capacity increases).

Trade union talks are moving at a varied pace depending on country. Germany, Ireland and Portugal look to be progressing at slower pace. Some form of strike does appear to be likely over the coming months, with potential negative price reaction. However management is not overly concerned on a longer term perspective. Investors have worried about Ryanairs ability to maintain an overall cost advantage over competitors over the coming years but engine upgrades and the strategic purchasing of the Boeing 737 Max aircrafts should improve both fuel efficiency and capacity. Management highlighted that competitors will also experience wage pressure , they remain confident the gap will if anything widen further.

Ryanair is currently trading at an FY18 P/E of 13.25x, representing a 15.3% discount to its 5 year average (15.64x). Importantly this also represents a 24.7% & 11.4% discount to Wizz Air, EasyJet, who do not have the potential earnings growth of Ryanair. The current macroeconomic backdrop for airlines remains positive but the competitive nature of the sector means Ryanair will need to continue as a leader in both innovation and price. We maintain our outperform rating.

Cantor Core Portfolio - In Detail

Performance YTD	%
Portfolio	-1.6%
Benchmark	-4.5%
Relative Performance	2.9%
P/E Ratio	20.49x
Dividend Yield	2.2%
ESMA Rating	6
Beta	1.03

Sectors	Portfolio	Benchmark	+ / -
Consumer Discretionary	6%	11%	
Consumer Staples	5%	14%	
Energy	5%	6%	
Financials	24%	15%	
Health Care	5%	9%	
Industrials	21%	15%	
Information Technology	16%	9%	
Telecommunication Services	0%	3%	
Utilities	0%	3%	
Materials	18%	15%	
Real Estate	0%	2%	

FX	Portfolio	Benchmark
EUR	63%	54%
GBP	21%	26%
USD	16%	20%

Currency	YTD %
GBP	-0.45%
USD	-2.36%

Benchmark

Weighted Average Contribution

Index	Currency	PE	Outlook	Weighting	YTD Return (EUR)	Weekly Return	Currency Contribution	Total Contribution
ISEQ 20 INDEX	EUR	16	Neutral	32%	-5.2%	-0.6%	0.0%	-1.7%
UK 100 INDEX	GBP	13	Neutral	26%	-5.9%	-0.4%	0.0%	-1.5%
S&P 500 INDEX	USD	17	Neutral	20%	-1.1%	0.0%	-1.6%	-0.2%
IBEX 35 INDEX	EUR	13	Positive	6%	-2.6%	-0.1%	0.0%	-0.2%
DAX INDEX	EUR	12	Positive	16%	-5.6%	-0.3%	0.0%	-0.9%
Total				100%		-1.4%	-0.32%	-4.5%

Core Portfolio

Weighted Average Contribution

Stock	Currency	Yield*	Hold /Sold	Sector	Weighting	Total Return Local	Weekly Return	Currency Contribution	Total Contribution
GLANBIA PLC	EUR	1.1	H	Consumer Staples	5%	-3%	0.3%	0.0%	-0.2%
RYANAIR HOLDINGS PLC	EUR	0.0	H	Industrials	5%	7%	-0.1%	0.0%	0.4%
INDUSTRIA DE DISENO TEXTIL	EUR	2.8	H	Consumer Discretionary	6%	-15%	-0.5%	0.0%	-0.9%
LLOYDS BANKING GROUP PLC	GBp	5.8	H	Financials	5%	0%	-0.1%	0.0%	0.0%
BANK OF IRELAND	EUR	1.8	H	Financials	5%	8%	-0.1%	0.0%	0.4%
ALLIANZ SE-REG	EUR	4.2	H	Financials	5%	-1%	-0.1%	0.0%	-0.1%
FACEBOOK INC-A	USD	0.0	H	Information Technology	4%	0%	0.0%	-1.6%	-0.1%
PAYPAL HOLDINGS INC	USD	0.0	H	Information Technology	4%	7%	0.2%	-1.7%	0.2%
ALPHABET INC-CL A	USD	0.0	H	Information Technology	4%	2%	-0.1%	-1.6%	0.0%
AMAZON.COM INC	USD	0.0	H	Information Technology	4%	28%	0.1%	-2.0%	1.0%
iShares STOXX Europe 600 Banks ETF	EUR	3.9	H	Financials	5%	1%	-0.1%	0.0%	0.0%
SIEMENS AG-REG	EUR	3.4	H	Materials	6%	-5%	-0.2%	0.0%	-0.3%
VINCI SA	EUR	3.2	H	Industrials	5%	-6%	-0.2%	0.0%	-0.3%
SMURFIT KAPPA GROUP PLC	EUR	3.2	H	Materials	6%	2%	-0.2%	0.0%	0.1%
ALLIED IRISH BANKS PLC	EUR	2.4	H	Financials	4%	-4%	0.0%	0.0%	-0.2%
CRH PLC	EUR	2.5	H	Materials	6%	-8%	-0.2%	0.0%	-0.5%
KINGSPAN GROUP PLC	EUR	1.0	H	Industrials	5%	-5%	-0.4%	0.0%	-0.2%
ROYAL DUTCH SHELL PLC	GBp	5.8	H	Energy	5%	-7%	0.0%	0.0%	-0.3%
DCC PLC	GBp	1.8	H	Industrials	6%	-12%	-0.1%	0.0%	-0.7%
GLAXOSMITHKLINE PLC	GBp	6.2	H	Health Care	5%	0%	0.0%	0.0%	0.0%
Total					100%		-1.9%	-0.28%	-1.6%

All data taken from Bloomberg up until 01/03/2018.

Warning : Past performance is not a reliable guide to future performance

Warning : The value of your investment may go down as well as up.

From the News - Monday's Headlines

- **Global** No exemptions to US tariffs
- **US** Plain speaking Powell dodges political traps
- **Europe** Italy's anti-establishment parties make big gains
- **UK** May bows to inevitable choices on Brexit
- **Ireland** Paddy Power Betfair confirms CFO will step down

Current Stock Trading News

From a market trading perspective we are long Bank of Ireland, Inditex, Kerry Group, and Kingspan.

This Weeks Market Events

Monday	Tuesday	Wednesday	Thursday	Friday
Corporate	**Corporate**	**Corporate**	**Corporate**	**Corporate**
	Cairn Homes	Paddy Power Betfair Legal and General Rolls Royce	Irish Continental Group Aviva	INM
Economic	**Economic**	**Economic**	**Economic**	**Economic**
EU PMI Data US Non-Manufacturing PMI	Factory Orders (January)	Irish Retail Sales ADP Employment (February) BoC Interest Rate Announcement	ECB ReA Rate Announcement ECB Press Conference Initial Jobless Claims	BoJ Interest Rate Announcement

Upcoming Events

05/03/2018 N/A

06/03/2018 Cairn Homes

07/03/2018 Paddy Power Betfair. Legal & General. Rolls Royce

08/03/2018 ICG. Aviva.

09/03/2018 INM

05/03/2018 Irish & UK Services PMI. Euro PMI. US ISM PMI

06/03/2018 German Construction PMI. European Retail PMI. US Factory Orders

07/03/2018 US Mortgage Applications. Japanese GDP

08/03/2018 Irish GDP. ECB Meeting.

09/03/2018 US NFP. US Avg Hourly Earnings.

All data sourced from Bloomberg

Cantor in The Media

- Briefing : Air France - KLM - The Sunday Times - Investment analyst Dave Fahy - Please click here

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Daily Note

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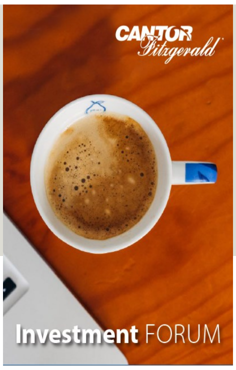

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Through our investment Forum we bring you the latest market news, investment insights and a series of informative articles from our experts.

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Regulatory Information

Issuer Descriptions: (Source: Bloomberg)

Bank of Ireland: Bank of Ireland provides a range of banking, life insurance and other financial services to customers in Ireland and United Kingdom

AIB: Allied Irish Banks plc (AIB) attracts deposits and offers commercial banking services. The Bank offers mortgage, automobile, business, plant and equipment purchase, and lease financing loans, investment banking, securities brokerage, asset management and treasury services, and discounts invoices. AIB operates in Ireland, the United Kingdom, and the United States

Inditex: Industria de Diseno Textil, S.A. designs, manufactures and distributes apparel. The company operates retail chains in Europe, the Americas, Asia and Africa.

Ryanair: Ryanair Holdings plc provides low fare passenger airline services to destinations in Europe.

ICG: Irish Continental Group plc markets holiday packages and provides passenger transport, roll-on and roll-off freight transport, and container lift on and lift-off freight services between Ireland, the United Kingdom and Continental Europe.

Siemens: Siemens AG is an engineering and manufacturing company. The Company focuses on four major business sectors including infrastructure and cities, healthcare, industry and energy. Siemens AG also provides engineering solutions in automation and control, power, transportation, and medical.

Lloyds: Lloyds offers a range of banking and financial services including retail banking, mortgages, pensions, asset management, insurance services, corporate banking and treasury services.

Allianz: Allianz, through it subsidiaries, provides insurance and financial services.

Facebook: Facebook Inc. operates a social networking site.

PayPal: PayPal operates a technology platform that enables digital and mobile payments on behalf of customers and merchants.

Alphabet: Alphabet provides web based search, advertisement, maps, software applications, mobile operating systems, consumer content and other software services.

Amazon: Amazon is an online retailer that offers a wide range of products.

Smurfit Kappa: Smurfit Kappa manufactures paper packaging products.

CRH: CRH is a global building materials group.

Kingspan: Kingspan is a global market player in high performance insulation and building envelope technologies.

Royal Dutch Shell: Royal Dutch Shell explores, produces and refines petroleum.

DCC: DCC is a sales, marketing, distribution and business support services company.

GlaxoSmithKline: GSK is a research based pharmaceutical company.

Kerry: Kerry Group PLC is a major international food corporation. The Group develops, manufactures, and delivers innovative taste solutions and nutritional and functional ingredients.

VINCI SA: VINCI is a global player in concessions and construction with expertise in building, civil, hydraulic, and electrical engineering

Glanbia: Glanbia plc is an international dairy, consumer foods, and nutritional products company. The Company conducts operations primarily in Ireland, the United Kingdom, and the United States

Grafton Group: Grafton Group PLC manufactures and retails building supplies.

Greencore: Greencore manufactures and distributes a diverse range of primary foods and related products, food ingredients and prepared foods to the consumer and industrial sectors

None of the above recommendations have been disclosed to the relevant issuer prior to dissemination of this Research.

Historical Record of recommendation

CRH: We have added CRH to our core portfolio on the 01/01/16, with a recommendation of Outperform

AIB: We moved our rating from under perform to out perform on the 23/06/2017

Ryanair: Ryanair was added to the Core Portfolio at inception in and have had an Outperform recommendation since then

Grafton Group: We changed our rating on Grafton from Market Perform to Outperform on the 20th Feb 2018

Kerry: We added Kerry to our Core Portfolio on the 16/11/2016 with an Outperform rating.

Glanbia: We changed our rating on Glanbia from Outperform to Under Review on 21/02/2018

Greencore: We revised our recommendation for Greencore, to Market Perform from Outperform, as of 25/08/2017.

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