



February 2, 2006

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EQUITIES	Close	Change	% +/-	P/E '06	YTD
ISEQ	7607 ↑	45	0.60%	11.0	3.31%
FTSE 100	5802 ↑	41	0.72%	13.5	3.25%
DAX 30	5727 ↑	52	0.92%	15.0	5.88%
DOW	10954 ↑	89	0.82%	19.5	1.59%
NASDAQ	2311 ↑	5	0.21%	15.6	4.77%
S&P	1282 ↑	2	0.19%	21.0	3.01%

CURRENCIES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.2055	0.6796	142.7400
Dollar	1.2055	1.0000	1.7731	118.4100
Sterling	0.6796	1.7731	1.0000	209.9900
Yen	142.7400	118.4100	209.9900	1.0000
Oil (Nymex)	66.5600			

This Week's Research
Wilson Bowden
Tullow Oil
Greencore

Today's Research
CRH

Today's Recommendation

CRH (€26.50) Energy costs to limit further upside Stuart Draper

- Results preview : CRH is due to announce its 2005 full-year results on Tuesday 7th March. We are forecasting profit before tax and earnings per share of €1.26 bn and €1.85 respectively, year on year increases of 14% and 13%, driven by buoyant US infrastructure spending and a strengthening in the Dutch construction market. CRH's acquisition spend was €168m in H1 2005, increasing significantly to €1,200m in H2 2005.
- Acquisition spend : One of the main reasons for our bullishness towards CRH in recent months was that the increased acquisition spend of H2 2005 would facilitate some upward revisions to 2006 earnings forecasts. However, over the last 3 months, the consensus 2006 eps forecast has risen by c.5% to €2.02, and higher energy costs and a slowing of the US residential construction market may limit the scope for further earnings upgrades in 2006.
- Energy costs : CRH's materials divisions, both in the US and Europe, and its distribution divisions, which together account for c.two thirds of group earnings are affected by higher energy costs. The major energy consumers in the materials divisions are the cement businesses, where every \$15 per tonne increase in the asphalt price, increases costs by c.\$18m.
- US housing : Recent data from the US residential construction sector, to which c.one third of CRH's US revenue is exposed, has indicated that a significant slowdown has started to take hold in recent months. The December data showed US housing starts falling by 8.9% and new permits falling by 4.4%. With c.50% of group earnings dollar denominated, CRH is also exposed to any significant weakening of the US dollar versus the Euro in H2 2006.
- Recommendation downgrade : We continue to be of the view that a multiple of 13x forward earnings is a fair rating for CRH, given the multiple range of 14x to 16x forward earnings at which deals are continuing to take place in the cement sector. However, with the shares now trading at 13.1x upgraded consensus 2006 eps of €2.02, further share price upside from current levels may be confined to additional earnings upgrades, which may be limited as a result of the energy cost and US housing issues explained above. Therefore, we now downgrade our CRH recommendation from BUY to NEUTRAL, the share price having risen by 23% since our last BUY note of 02/11/05 : **NEUTRAL**.

Breaking News

INWS: JPL completes IPO

Independent News & Media said on Wednesday that its 20.2 percent stake in Jagran Prakashan Ltd was now worth €62.5m after the Indian company completed an initial public offering. Last June INWS acquired a 26 percent stake in Jagran Prakashan (JPL), which publishes India's largest-selling and most widely read daily newspaper, the Hindi-language Dainik Jagran. The group's holding has been diluted to just over 20 percent because of the issue of more than 10 million new shares by JPL. INWS said that JPL had received "an overwhelming response" from investors, ensuring the stock market listing attracted a price of 320 rupees per share, close to the top of a 270 to 324 rupees price range set ahead of the IPO. The issue was more than 14 times oversubscribed and valued JPL at 16.5bn rupees or €309.4m.

Horzion announces acquisition & share placing

Horizon Technologies has announced that it has raised €8.5m via the placing of 7.372 million new shares or 10 percent of its share capital, to part finance the acquisition of EquiP Technology Ltd from Matrix Communications PLC. The acquisition price of €15.5m for EquiP will be funded via a combination of bank debt and the placing. In a statement, the company said the acquisition is expected to be EPS enhancing in the current financial year.

Providence agrees €50m financing facility

Providence Resources said today that it has agreed a €50m revolving credit facility with Macquarie Bank Limited. It is intended that the facility be used to fund the acquisition of new production and/or the development of both existing and new projects. The facility will have an initial duration of 48 months. Under the terms of the facility, €5m will be made available to fund general working capital and development opportunities. The balance will be made available to Providence, subject to the terms of the facility, to fund oil and gas acquisitions, investments and development opportunities.

Business Press

- New BSKyB plan to shake up broadband market here (II)
- Property market unlikely to collapse, says Danske chief (IT)
- Google's revenues of \$1.9bn disappoint markets (IE)
- Hilton 'no' to £3.7bn bid for Ladbrokes (FT)

Investment Press— Lex

- BSkyB: The best way to answer your critics is to deliver on your promises. In the quarter to December 31 BSKyB has delivered, both operationally and financially. These good results have not, however, completely dispelled investors' concerns.



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