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EQUITIES	Close	Change	% +/-	P/E '05	YTD
ISEQ	6555	↓ -2	-0.03%	11.0	5.76%
FTSE 100	5184	↑ 23	0.45%	13.5	7.69%
DAX 30	4623	↑ 6	0.14%	15.0	8.63%
DOW	10303	0	0.00%	19.5	-4.45%
NASDAQ	2057	0	0.00%	15.6	-1.51%
S&P	1194	0	0.00%	21.0	-1.45%

CURRENCIES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.1874	0.6770	133.2100
Dollar	1.1874	1.0000	1.7596	111.9300
Sterling	0.6770	1.7596	1.0000	196.3600
Yen	133.2100	111.9300	196.3600	1.0000
Oil (Nymex)	59.1100			

## This Week's Research Iona

## Today's Research CRH

### Breaking News

#### DCC AGM statement

DCC this morning said its first quarter results are in line with expectations. In an AGM statement, chief executive and deputy chairman, Jim Flavin said that the company expects adjusted earnings per share for the full year to be ahead of market expectations and into double-digits. He said the difficult trading conditions for its IT Distribution operations will hold back the group's profit growth rate in the first half, but the division's profit growth is expected to resume in the second half. The Group's business is significantly second half weighted and in the current financial year DCC has budgeted for 70% of Group operating profit to be earned in the second half.

#### BP upbeat on Q2 trading

BP has issued an upbeat trading statement for the second quarter, largely reflecting buoyant oil and gas prices. Overall production remains on course with its guidance of 4.1-4.2 million barrels of oil equivalent per day for the year, it added. BP continued to benefit from soaring oil prices, with Brent crude averaging \$51.63 per barrel in the second quarter, up from \$47.62 in the first quarter and \$35.32 a year ago. Production for the quarter was unchanged from the first quarter's 4.1 million boepd but slightly ahead of last year's 3.97 million boepd.

#### Takeover Panel sets 15 July deadline for Precinct

The Irish Takeover Panel said yesterday that following representations made by Jurys Doyle and its advisers, and correspondence with the advisers to both Precinct and Jurys Doyle, the Panel has ruled that, except with the consent of the Panel, Precinct must by 5.00 p.m. on Jul. 15, 2005 either announce an offer for Jurys Doyle under Rule 2.5 of the Takeover Rules or announce that it will not proceed with an offer for Jurys Doyle. In the event that Precinct announces that it will not proceed with an offer for Jurys Doyle it will, except with the consent of the Panel, be bound by the restrictions contained in Rule 2.8 of the Takeover Rules for 12 months from the date of such announcement.

## CRH (€22.19) Trading statement released Stuart Draper

- **Trading statement :** This morning, CRH issued a trading statement for the 6 months ending 30/06/05, as well as its regular half yearly development strategy update. This development strategy update included details of bolt-on acquisitions completed during the period.
- **US buoyant :** This morning's trading statement noted the current buoyancy of the US construction market, as well as the buoyancy of several of CRH's European construction markets, despite current widely held perceptions.
- **European outperformance :** Ireland and the Netherlands together account for c.50% of CRH's European profits, and 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 key area of interest in this morning's trading statement was the extent to which CRH is succeeding in passing on higher energy and transport costs in the form of cement price increases. In this regard, some reassurance was provided, with the company still forecasting no year on year deterioration in its 2005 margin.
- **Dollar strengthening :** The continued strengthening of the US dollar versus the Euro this year may provide the potential for some earnings upgrades, with almost 50% of group earnings US dollar denominated. The ongoing consolidation within the cement sector also provides a support for the CRH share price over the next 12 months, and should help ensure that our price target of €24 (8% further upside) is achieved.
- **Sector consolidation :** The latest deal in the sector was 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 (8% further upside). Such a share price would value CRH at 12.8x consensus 2006 eps of €1.87, 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

- Dana gets oilfield go-ahead (IT)
- New cider to take on Magners in UK (IT)
- AIB investors eye M&T \$2.7bn sale and payout (II)
- Mammoth Fyffes case enters final countdown (IE)

### Investment Press— Lex

- **UK equities:** Paul A. Samuelson famously remarked that the stock market has predicted nine out of the last five recessions. With equities at a three-year high amid sharply slowing growth, the UK appears to be an exception.



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