



March 5, 2007

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EQUITIES	Close	Change	% +/-	P/E '07	YTD
ISEQ	9256	↓ -18	-0.20%	11.0	-1.62%
FTSE 100	6116	↑ 0	0.00%	12.4	-1.68%
DAX 30	6603	↓ -37	-0.56%	15.0	0.10%
DOW	12114	↓ -120	-0.98%	19.5	-2.80%
NASDAQ	2368	↓ -36	-1.51%	15.6	-1.96%
S&P	1387	↓ -16	-1.14%	21.0	-2.19%

CURRENCIES & RATES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.3176	0.6737	155.0800
Dollar	1.3176	1.0000	1.9561	117.6400
Sterling	0.6737	1.9561	1.0000	230.1500
Interest Rates (%)	3.5000	5.2500	5.2500	0.4800
Oil (Nymex)	61.6400			

This Week's Research

Today's Research Kingspan

Today's Recommendation

Breaking News

Paddy Power's results well ahead of expectations

Paddy Power posted a 47% rise in 2006 net profit, helped by the growth in its online business and more favourable sports results than the previous year. It posted net profit of €39.6m, before an exceptional property disposal gain of €1.68m, up from €26.9m a year ago. It also reported diluted earnings per share of 81.1c from 52.9c and a 31% rise in turnover to €1.79bn, driven by strong growth across all units. Over 50% of turnover in 2006 came from the UK and over 30% of its gross wins were generated from online gaming, rather than sports betting. The company also announced its plans for a share buy back programme during the current year.

William Hill reports full-year profit of £235.4m

William Hill announced full-year earnings, which were in line with market expectations and said it remains comfortable with consensus expectations for the current year. Pretax profit for the year to December 26 was £235.4m, compared with £174.6m the previous year. Market forecasts had ranged between £225-£247m. William Hill said it produced a strong profit performance in the period, boosted by the benefits of its Stanley Retail acquisition, which was completed in June 2005. The group has completed £257m out of its targeted £320-400m of acquisitions and said it now needs the cash for overseas expansion as well as some bolt on acquisitions.

World markets continue to crash

US stock markets are expected to open lower today, with the Dow Jones set to drop below the key 12,000 level its lowest levels since early November. As in the last few days, the focus will be on when confidence is going to return to stock indexes. Most European indexes are also lower. In London, the FTSE 100 is down 1.9% at 6002.60, having dipped below the 6000-point level for the first time since December. In Frankfurt, the DAX is down 2.4% at 6447.81, in Paris the CAC is down 2.0% at 5314.89. The ISEQ is down c.2.3% at 9068.80. A surge in the value of the Japanese yen is causing particular concern as investors rush to reverse 'carry trade' bets against the currency.

Kingspan (€20.60) Full year results announced Stuart Draper Target : €20 (18/12/06 ; previously €17, issued 16/10/06)

- Results announced : This morning, Kingspan announced its results for the year ended 31/12/06. Operating profit and earnings per share of €194m and 89.8c respectively were largely in line with ahead of consensus forecasts of €192.2m and 89c, and were year on year increases of 34% and 35%. The growth was driven by strong insulation panels and insulation boards sales growth, significant year on year margin expansion, as well as a favourable material pricing environment.
- Acquisition growth : The results' statement also confirmed that €85m was spent on new bolt-on acquisitions in 2006, which should boost group sales by c.7% in 2007. This should result in further 14% earnings growth being generated in 2007. However, this would represent a significant slowdown on last year's rate of earnings growth, largely as a result of a lower level of 2007 margin expansion. The current upward pressure in raw material prices, driven by higher commodity prices, will limit the scope for further margin expansion in 2007. The 2006 results showed the group's operating margin expanding by 1.6% to 13.3%.
- Slower rate : As a result, the rate of earnings growth achieved in 2007 may be more in line with the rate of sales growth achieved. Our current fair value per share estimate of €20 is based on 20x 2007 eps of €1.02. Strong growth was also achieved in 2006 from the group's structural business, helped by a full year's contribution from Century Homes. A slowdown in the rate of Irish construction activity this year could also cause a slowdown in the rate of 2007 group earnings growth.
- Fairly valued : As a result, our view is that the rate of group earnings growth will slow to c.14% in 2007, and our current 12 month price target of €20 is based on 20x 2007 eps of €1.02. With the share price having already reached this level, we re-iterate our current NEUTRAL recommendation, and recommend a SWITCH into CRH (€30.60) as providing more value at current levels amongst the stocks exposed to the Irish and UK construction markets. Our current 12 month price target for CRH of €37 (21% upside) is based on 14x 2008 eps of €2.64. The dividend yield paid by Kingspan of only c.1% is also unattractive by comparison with the yields paid elsewhere : NEUTRAL.

Business Press

- Bad debts cast big cloud over HSBC's profit (II)
- Bank likely to leave rates at 5.25% (IE)
- Investors looking for reassurances (IE)

Investment Press

- Open skies and European airlines: The prospect of Open Skies between the European Union and the United States is not universally appealing.



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