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Contact Details:

Email : research@dsl.ie

Tel : +353 1 633 3800
info@dsl.ie Fax : +353 1 677 4708

EQUITIES	Close	Change	% +/-	P/E '07	YTD
ISEQ	9085 ↓	-171	-1.85%	11.0	-3.44%
FTSE 100	6059 ↓	-58	-0.94%	12.4	-2.61%
DAX 30	6535 ↓	-69	-1.04%	15.0	-0.95%
DOW	12050 ↓	-64	-0.53%	19.5	-3.31%
NASDAQ	2341 ↓	-27	-1.15%	15.6	-3.09%
S&P	1374 ↓	-13	-0.94%	21.0	-3.11%

CURRENCIES & RATES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.3125	0.6804	152.7000
Dollar	1.3125	1.0000	1.9283	116.3400
Sterling	0.6804	1.9283	1.0000	224.3400
Interest Rates (%)	3.5000	5.2500	5.2500	0.4800
Oil (Nymex)	60.0700			

This Week's Research
Kingspan

Today's Research
CRH & AIB

Today's Recommendation

Breaking News

CRH (€30.70) Full year results announced Stuart Draper
Target : €37 (21/02/07 ; previously €34, issued 02/01/07)

- Results announced : This morning, CRH announced its results for the year ended 31/12/06. Profit before tax and earnings per share of €1.602 bn and 222.4c respectively, were in line with consensus forecasts of €1.583 bn and 223c, and were year on year increases of 25% and 20%. The results showed an acceleration in earnings growth at the group's European Material, Products and Distribution businesses, helped by some operating margin expansion.
- Non-residential buoyant : In the US, the group's 3 divisions all generated strong profit growth, with the passing on of higher input costs helping to achieve operating margin improvement at the US Materials and Products divisions. The group's US products division, which has an exposure to new US housing representing c.10% of total group operating profit, should also receive a boost from any recovery in the US housing market in H2 2007.
- Acquisition growth : CRH completed €2.1 bn of acquisitions during the 12 months ended 31/12/06, including its largest ever deal, the \$1.3 bn APAC acquisition. As these acquisitions start to feed through into group earnings in 2007 and as increased synergies start to be generated in 2008, further earnings growth of c.10% per annum should be generated.
- Upgrade potential : Our current forecasts are for 2007 and 2008 earnings per share of €2.40 and €2.64 respectively, with the potential for further acquisitions in 2007 providing the potential for further upgrades to these forecasts by year end. Given the current valuations of CRH's peer group and its prospects for continued double digit earnings growth in 2007 and 2008, our current 12 month price target of €37 (21% upside) is based on 14x 2008 eps of €2.64 : **BUY**.

AIB (€21.67) Full year results announced Stuart Draper
Target : €25 (06/03/07; previously €24, issued 20/12/06)

- Results announced : This morning, AIB announced results for the year ended 31/12/06. Earnings per share (excluding profits from property and business disposals) of 182.8c was c.2% ahead of the consensus forecast of 178.5c, and was a year on year increase of 25%, boosted by particularly strong growth from the group's Capital Markets and Polish divisions.
- Loan growth : The earnings growth was driven by strong 25% loan growth offset by margin erosion of 0.12% (0.18% expected) to 2.26%. Group credit quality also remained robust, with the 2006 bad debts charge representing only 0.12% (0.13% expected) of average loans. Our view was that there would be scope for the "in line" guidance of the December trading statement to be beaten when the 2006 results were announced appears to have happened, driven by slight positive surprises in relation to both margins and credit quality.
- Polish valuation : AIB currently owns 26.7m M&T Bank shares, which at the current price of \$118 each and a Euro/USD rate of 1.31 gives a current value of €2.41 bn. At a current share price of PLN 233, the value of AIB's 51.1m shares in Polish bank, BZWBK, at a EUR/PLN rate of 3.91 is €3.05 bn. AIB's core Irish, UK and Capital Markets businesses generated combined 2006 after tax profit of c.€1.61 bn. Given the significantly stronger than sector average earnings growth prospects of these 3 businesses, their combined 2006 earnings should at least be rated at a multiple of 10x, giving a combined fair value of €16.1 bn. AIB's Ark Life joint venture with Aviva can be conservatively valued at €0.3 bn, giving a combined fair value of €24.84 for each of the 880.1m shares currently in issue.
- Attractive upside : Therefore, we re-iterate our current BUY recommendation for AIB following these full year results, upgrading our 12 month price target from €24 to €25 (15% upside), based on the above sum of the parts analysis. The shares will also pay a dividend yield of c.3.4% over the next 10 months (H1 ex date early August), for waiting for this upside to be achieved : **BUY**.

Business Press

- BA shares plunge 10% as 'open skies' fears mount (II)
- Kingspan gains from energy savings push (II)
- HSBC says bad loans will take years to fix (FT)
- CRH to extend Swiss base with acquisition (II)

Investment Press

- Carry trade: Investors caught up in the gyrations of foreign exchange markets cannot say they were not warned. Does the jump in the yen over the past week mark the end for the carry trade?



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DOLMEN SECURITIES → Website : www.dolmenstockbrokers.ie
75 St. Stephen's Green, Dublin 2, Ireland.
45 South Mall, Cork, Ireland.

• Tel : +353 1 633 3800
• Tel : +353 21 422 2122

• Fax : +353 1 677 7044
• Fax : +353 21 422 2123

• Email : info@dsl.ie
• Email : cork@dsl.ie

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