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EQUITIES	Close	Change	% +/-	P/E '06	YTD
ISEQ	7871	↑ 50	0.64%	11.0	6.88%
FTSE 100	5898	↑ 39	0.67%	13.5	4.97%
DAX 30	5754	↑ 33	0.57%	15.0	6.39%
DOW	10959	↓ -63	-0.57%	19.5	1.63%
NASDAQ	2286	↓ -17	-0.72%	15.6	3.66%
S&P	1278	↓ -9	-0.70%	21.0	2.67%

CURRENCIES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.2015	0.6855	139.9700
Dollar	1.2015	1.0000	1.7525	116.4600
Sterling	0.6855	1.7525	1.0000	204.1000
Yen	139.9700	116.4600	204.1000	1.0000
Oil (Nymex)	62.4100			

## This Week's Research Kingspan

## Today's Research CRH

## Today's Recommendation

## Breaking News

### Aviva Enters Russia

Aviva, Britain's biggest insurer has been granted a licence to sell long term savings and protection products in Russia. The granting of this licence marks a very important milestone in our entry into the Russian market said Aviva executive director Philip Scott. Aviva which owns Hibernian in Ireland and operates a jv with AIB in relation to this business opened offices in Moscow in 2005 and plans to enter the market later this year.

### Australia's Babcock & Brown largest Eircom shareholder

Babcock & Brown Capital Ltd said Monday that it had increased its stake in Eircom to become the largest single share holder with 22.8% or 263 million of the company's shares at an average price of €2.025. The other major shareholder is the Employee ESOT which has 22% of the ordinary shares.

### Easyjet February Passenger Traffic

Low frills airline Easyjet carried 2.37 million passengers in February, up 9.4% from a year earlier. Easyjet's load factor, which is a measure of number of passengers carried relative to capacity was 83.7% from 85.9% a year earlier after expanding rapidly and adding new routes. The airline has already flagged a wider first half loss due to rising fuel costs but said non ticket revenues and cost cuts would keep it in the black this year. The airline's total revenue for the 12 months to end of February was £1.41 billion.

### European bourses lower after Wall Street retreat

European equities fell on Tuesday, following Wall Street's decline in the previous session, as concerns that interest rates would continue to be raised hit financial stocks. In early trade, the FTSE Eurofirst 300 was down 0.6% while Frankfurt fell 0.7% to 5,717. In Paris, the CAC 40 shed 0.5% to 4,987 and London's FTSE 100 lost 0.6% to 5,860. Among them, Germany's Deutsche Bank was down 1.3% to €90.44, while in France, Credit Agricole shed 1% to €30.82 and Societe Generale fell 1.2% to €115.50. On the FTSE mining and oil stocks were weaker on lower commodity prices, with traders awaiting production quota's from this week's OPEC meeting.

## Business Press

- Turnover at Kingspan tops €1 bln as pretax profits soar (IT)
- Review by US drug regulator will determine fate of Elan's Tysabri (IT)
- National Pension Fund shows gain of €2.4 bln (II)
- Job revamp costs hit Irish Ferries by €32.9 mln (II)

## CRH (€27.55) 2005 results announced Stuart Draper

- Results announced : This morning, CRH announced results for the year ended 31/12/05. Profit before tax and earnings per share of €1.279 bn and 186.7c respectively were c.1.5% ahead of consensus forecasts of €1.256 bn and €1.84, and were year on year increases of 16% and 14%. The growth was driven by buoyant US infrastructure spending and a strengthening in the Dutch construction market, with CRH's H1 2005 acquisition spend of €168m increasing significantly to €1,200m in H2 2005.
- Recent upgrades : One of the main reasons for our BUY recommendation on CRH up until a month ago was that an increased acquisition spend in H2 2005 would facilitate some upward revisions to 2006 earnings forecasts. However, over the last 3 months, the consensus 2006 adjusted eps forecast has risen by c.7% to €2.06, and higher energy costs and a slowing of the US residential construction market may mean that there is only scope for very modest 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. 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.
- Fairly valued : 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 13.4x upgraded consensus 2006 eps of €2.06, 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 headwinds explained above : **NEUTRAL**.

## Investment Press

Indebted and only recently profitable company seeks to acquire struggling number three in a saturated market. Softbank's bid for the Japanese operations of the UK's Vodafone looks typically rash, but the market approved, the internet conglomerate's shares rose 3.6% yesterday—FT Lex



DOLMEN SECURITIES

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