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Contact Details:

Email : research@dsl.ie
info@dsl.ie

Tel : +353 1 633 3800
Fax : +353 1 677 4708

EQUITIES	Close	Change	% +/-	P/E '07	YTD
ISEQ	7185	↓ -13	-0.18%	11.0	-2.43%
FTSE 100	5682	↓ -19	-0.34%	12.4	1.12%
DAX 30	5397	↓ -20	-0.37%	15.0	-0.21%
DOW	10799	↑ 52	0.48%	19.5	0.15%
NASDAQ	2043	↑ 6	0.27%	15.6	-7.35%
S&P	1237	↑ 2	0.19%	21.0	-0.65%

CURRENCIES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.2503	0.6842	146.8200
Dollar	1.2503	1.0000	1.8268	117.4100
Sterling	0.6842	1.8268	1.0000	214.4400
Yen	146.8200	117.4100	214.4400	1.0000
Oil (Nymex)	73.5400			

This Week's Research
Grafton Group
Vodafone

Today's Research
CRH

Breaking News

Breaking News

Online gambling stocks hit by US crackdown

Fears of a crackdown on online gambling in the United States knocked £600m off the value of U.K. gaming stocks yesterday after the FBI moved to shut down the U.S. operations of BETonSPORTS. BETonSPORTS is among 11 individuals and four corporations facing various charges of racketeering, conspiracy and fraud in the indictment. Those facing charges include BETonSPORTS founder Gary Kaplan and Chief Executive David Carruthers, who had led a campaign to defeat a Republican-written bill to crack down on online gambling. The U.S. House of Representatives approved the legislation earlier this month. A similar bill is pending in the Senate.

BSkyB unveils broadband package

BSkyB unveiled an aggressive drive into the UK broadband market yesterday. The group said it expects to spend £400m over the next three years on launching its new product, Sky Broadband. It expects the service to start contributing to earnings in the fiscal year ending in June 2010. Sky said it will offer free broadband access to any existing customer covered by the BSkyB broadband network.

Rio Tinto reports increases in iron ore and copper output

Rio Tinto said its major iron ore and copper operations posted stronger quarterly production, spurred by rising prices for the two key commodities. Second-quarter iron ore output rose 4 percent from a year ago to a new record, boosted by project expansions and as production partly recovered from cyclones, Rio Tinto said. Quarterly refined copper production jumped 35 percent from a year ago, while mined copper output increased 9 percent. Copper and iron ore contribute about 75% of Rio Tinto's earnings.

CRH (€24.75)

Attractive entry level

Stuart Draper

- **Buying opportunity** : The 9% fall in the CRH share price over the past week in line with some general market weakness has generated an attractive buying opportunity in a group with the potential for further earnings upgrades and significant share price upside over the coming months. The most likely source of these earnings upgrades will be acquisitions, with due diligence currently being carried out on the \$1.5 bn acquisition of Ashland Paving and Construction (APAC).
- **Upcoming results** : CRH will announce its results for the 6 months ended 30/06/06 on 29th August, and an announcement in relation to APAC is expected by then. Even excluding APAC, CRH completed €1.9 bn of acquisitions during the 12 months ended 30/06/06, which should ensure that double digit earnings growth is achieved in both 2006 and 2007. CRH's recent H1 2006 trading update stated that profit before tax growth of 33% to €509m will be achieved for H1 2006.
- **US diversity** : Even though the update confirmed that US residential demand is moderating from high levels, it stated that both non-residential (industrial and commercial), and infrastructure demand are both strong and growing. The update also indicated that higher energy prices continue to be successfully passed on in the form of higher cement prices.
- **European recovery** : The trading statement confirmed that a significant year on year recovery is taking place at several of the group's European businesses. Its European Materials business is expected to report a "broad-based improvement", its European Products business is expected to report a "much improved first half", and CRH's European Distribution business is expected to show a "strong improvement" on 2005.
- **Acquisition growth** : The statement noted that acquisition spending year to date had totalled €801m, almost 4 times the level of H1 2005, and when combined with the upbeat trading statement, resulted in the consensus 2006 eps forecast being raised by c.2.5% from €2.10 to €2.15, and the consensus 2007 eps forecast being raised by c.2% from €2.28 to €2.32.
- **Attractive upside** : As a result, we recently upgraded our 12 month price target from €27 to €30 (21% upside), which is based on 13x 2007 eps of €2.32. Our view remains 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 have recently taken place in the cement sector : **BUY**.

Business Press

- Heatwave pushes electricity prices through the roof (FT)
- NTR expands UK waste business with deals of €10m (II)
- Investors in BA seeking return of dividend (II)
- Grafton has €500m to pursue bid trail (II)

Investment Press

- **Online gaming**: Eventually, all gamblers run out of luck. For online gaming sites, that moment certainly seems to be drawing nearer. The arrest of David Carruthers, chief executive of BetonSports, has sent the whole sector into a tail-spin.



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DOLMEN SECURITIES → Website : www.dolmenstockbrokers.ie

Dolmen House, 4 Earlsfort Terrace, 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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