



June 3, 2005

Contact Details:

Email : [research@dbb.ie](mailto:research@dbb.ie)  
[info@dbb.ie](mailto:info@dbb.ie)

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

EQUITIES	Close	Change	% +/-	P/E '05	YTD
ISEQ	6277 ↓	-20	-0.31%	11.0	1.27%
FTSE 100	5005 ↓	-6	-0.12%	13.5	3.97%
DAX 30	4532 ↑	5	0.11%	15.0	6.49%
DOW	10553 ↑	4	0.03%	19.5	-2.13%
NASDAQ	2098 ↑	10	0.48%	15.6	0.42%
S&P	1204 ↑	2	0.17%	21.0	-0.64%

CURRENCIES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.2262	0.6749	132.4100
Dollar	1.2262	1.0000	1.8167	107.9600
Sterling	0.6749	1.8167	1.0000	196.1400
Yen	132.4100	107.9600	196.1400	1.0000

**This Week's Research**  
CRH HBOS  
Ryanair  
Petroceltic

**Today's Research**  
Elan

**Today's Recommendations**

Elan (\$6.80) 4th PML case reported Stuart Draper

- 4th case : It has been reported that Biogen has informed the FDA that a fourth patient taking Tysabri may have contracted PML. The fact that the report has not been denied by Elan, despite the more than 15% fall in its share price, indicates that the report is likely to be true.
- Not denied : Elan had previously stated that even if further PML cases were discovered over the summer, the public would not be told until "mid-to-late summer", when the safety probe into Tysabri is expected to be completed. The FDA also confirmed that it is evaluating a possible 4th case of PML in a patient who had taken Tysabri.
- Cash burn : Following the suspension of Tysabri, Elan recently took action to reduce its operating cash burn by \$100m to c. \$250m in 2005. It is now targeting break-even on an EBITDA basis by the end of 2005. However, despite Tysabri's continued strong efficacy data, until the very serious PML safety concerns are clearly defined, there remains a significant risk that the drug will not be commercially viable.
- Disability progression : The drug's recent efficacy results have been very strong. The 2 year data showed a 42% reduction in disability progression compared with placebo. Only 17% of Tysabri patients progressed versus 29% for placebo. The best reduction in disability progression previously achieved by a competitor product was Avonex's 37%.
- Relapse rate : At the two year stage, Tysabri also showed a 67% reduction in the rate of clinical relapses relative to placebo, consistent with its one-year data, rather than falling as noted in trials of other MS drugs.
- Commercial viability : However, the drug's future commercial viability remains in doubt and even if it does return to the market, as claimed at last week's AGM, there is a high risk of it not generating the \$1 bn + of sales implicit in the company's current valuation. There is also a high risk that even if the drug does return to the market, that the regulatory approval process now takes much longer than currently expected.
- Net debt : The consensus fair value estimate for Elan without Tysabri is c.\$4 per share. However, such valuation support could be undermined by further liquidity concerns if Tysabri turns out to have no commercial future as Elan has debt of \$1.1 bn due to be repaid in 2008. Therefore, our current NEUTRAL recommendation remains in place until the review of the Tysabri clinical trial patients for PML is completed.

## Breaking News

### Ryanair May passenger numbers up 34 percent

Ryanair said on Thursday passenger numbers in May rose 34 percent from last year to 2.9 million. The carrier said in a statement its passenger load factor was 82 percent in May, compared to 81 percent a year ago. The airline has said it expects strong summer bookings and raised its forecast for traffic growth for the coming financial year by 1 million passengers to 35 million.

### United Drug buys In2Focus Sales

United Drug announced yesterday that it has acquired the full share capital of In2Focus Sales Development Services Limited, a leading provider of contract sales services in the U.K. market. United Drug said that consideration for the acquisition is 10.308 million pounds in cash, payable on completion, plus an additional consideration of up to 4.7 million pounds, payable on achievement of agreed profit targets for the two years to 31st May 2007. The company said that this acquisition complements and builds upon United Drug's already strong position in the U.K. CSO market through its subsidiary Ashfield Healthcare, and these businesses will serve a broad spectrum of some of the world's leading healthcare manufacturers. The combined businesses will create a strong presence in a market where United Drug has experienced good growth through its acquisition of Ashfield Healthcare in May 2000, the company said.

### Fyffes' offices raided

EU competition officials have raided the offices of Fyffes in an investigation into a suspected cartel in the banana and pineapple businesses. The visit was co-ordinated with a series of other raids on several major fruit companies in Germany, Belgium and Britain. Fyffes' company secretary Philip Halpenny said the company was co-operating with the investigation, but declined to comment further.

## Business Press

- Trichet in signal that could cut rates (FT)
- PartyGaming's £5.8bn float set to trump record (FT)
- SkillSoft's profits fall 23% (IT)
- Ormonde finishes Spanish drilling (IT)
- Oil high despite OPEC pledges (IE)

## Investment Press— Lex

- Europe: Latvia's parliament approved the European Union constitution - a tiny ray of light for the EU's harassed elites. But markets are leaning towards the belief that a vicious circle is taking hold.



Disclaimer: The information in this document has been obtained from sources, which we believe to be reliable. We cannot guarantee its accuracy or completeness. It does not constitute a solicitation for the purchase or sale of any investment. Any person acting on the information contained in this document does so at their own risk. Recommendations in this document may not be suitable for all investors. Individual circumstances should be considered before a decision to invest is taken. Investors should note the following: Past experience is not necessarily a guide to future performance. The value of investments may fall or rise against investors' interests. Income levels from investments may fluctuate. Changes in exchange rates may have an adverse effect on the value of, or income from, investments denominated in foreign currencies.

Dolmen Stockbrokers is a Member of the Irish Stock Exchange, the London Stock Exchange, and is authorised by the IFSRA. Dolmen Stockbrokers is regulated by the IFSRA as a Mortgage Intermediary.