DOLMEN DAILY

October 6, 2005

Contact Details: Email : research@dbb.ie, info@dbb.ie Tel : +353 1 633 3800 Fax : +353 1 677 4708

EQUITIES	Close	Change	% +/-	P/E '05	YTD
ISEQ	6890 ↓	-2	-0.02%	11.0	11.16%
FTSE 100	5428 ↓	-67	-1.21%	13.5	12.75%
DAX 30	5069 ↓	-69	-1.34%	15.0	19.11%
DOW	10317 ↓	-124	-1.19%	19.5	-4.32%
NASDAQ	2103 ↓	-36	-1.70%	15.6	0.67%
S&P	1196 ↓	-18	-1.49%	21.0	-1.29%

CURRENCIES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.2062	0.6801	137.2200
Dollar	1.2062	1.0000	1.7735	113.7300
Sterling	0.6801	1.7735	1.0000	201.7100
Yen	137.2200	113.7300	201.7100	1.0000
Oil (Nymex)	62.7900			

This Week's Research

CNG Travel
ThirdForce
BNP Paribas

Today's Research

INWS

Breaking News

Swisscom to bid for Eircom-Irish Independent

Switzerland's largest telecoms company, Swisscom, is lining up a 3 billion euro bid for the Eircom, according to a report in today's Irish Independent. A spokesman for Eircom said the company had no comment to make about such speculation. The Irish Independent said it understood that in recent weeks London stockbrokers UBS and Cazenove have been buying up the rights to buy at least 100 million new Eircom shares due on the market from a rights issue next week.

AIB non-executive director resigns

AIB yesterday announced the resignation of Sir Derek Higgs as a Non-Executive Director, arising from his forthcoming appointment as Chairman of Alliance & Leicester. His resignation has immediate effect.

ISE equity trading volumes up 50%

Equity trading volumes on the Irish Stock Exchange rose 50 percent in the first nine months of the year, according to the latest figures published by the ISE. Between January and September the value of shares traded on the Irish market jumped to 80.7 billion euros from 54 billion in the same three quarters of 2004, itself a year of strong turnover, the exchange said. Average daily volumes on the exchange rose 49 percent to 425 million euros from the 2004 average of 285 million over the first nine months of 2005, with the daily number of transactions up 30 percent to 3,075. The overall index added 10 percent in the period, outperforming global indices such as Britain's FTSE 100, America's NASDAQ Composite and the Dow Jones Industrial Average , the exchange said in a quarterly statement.

INWS (€2.44) Upgrading from NEUTRAL to BUY Stuart Draper

- Market performance : Last December, we downgraded our INWS recommendation from BUY to NEUTRAL, following a more than 30% rise in the share price over the previous 12 months, and after our price target of €2.30 had been reached. Our view was that as the market came to accept that a lower rate of circulation growth in 2005 would result in a lower rate of group earnings growth in 2006, the shares would struggle to outperform the Irish market in 2005.
- Recommendation upgrade : However, following the stronger share price performances this year by most of the rest of the Irish market and the relatively lack lustre INWS share price performance, our view now is that INWS has the potential to outperform the Irish market from current levels, and as a result we upgrade our recommendation again to BUY.
- Recent results : INWS recently announced its results for the 6 months ended 30/06/05. Pre IFRS, or Irish GAPP eps, of 7.35c, was in line with the forecast range of 7.2c to 7.5c and was an increase of 11% on the H1 2004 eps of 6.6c. Under IFRS, the 2004 eps was restated to 5.85c, meaning that the H1 2005 eps of 6.71c showed 14.7% growth.
- Advertising growth : Such double digit year on year earnings growth was primarily driven by strong advertising conditions in the group's key markets. The advertising revenue growth of the publishing division was 12.4% whereas circulation revenue growth was 5.5%.
- Circulation growth : Even though this 5.5% circulation growth represented a slowing on the 10% circulation growth achieved in 2004 and is likely to contribute to a slowing in the group earnings growth rate in 2006, further modest circulation growth, helped by some new product launches, should ensure that 12% group earnings growth is achieved in 2006.
- Outperformance potential : Our view is that a rating of 15x forward earnings is achievable for the continuation of such double digit earnings growth in 2006, and our new 12 month price target of €2.70 (11% further upside) is based on 15x 2006 eps of 18c. Following the strong share price performances from the rest of the Irish market this year, such double digit further upside potential for 2006 is becoming increasingly rare, and so we now upgrade our INWS recommendation from NEUTRAL to BUY. INWS recently increased its H1 dividend by 25% to 3.75c, and the group remains on course to pay a total 2005 dividend yield of 4.2% for waiting for this further upside to be achieved : **BUY.**

Business Press

- Swisscom in approach for €3bn Eircom (II)
- Ferries row is 'one-off' says IBEC (II)
- Copper hits record high (FT)
- BPB strengthens defences (FT)

Investment Press— Lex

- Anglo American: Mining is all about extracting valuable resources from a mass of less useful material. With that in mind, Anglo American's strategic review scheduled for this month should be even more interesting than usual for investors.

DOLMEN SECURITIES

DOLMEN SECURITIES → Website : www.dolmensecurities.com
Dolmen House, 4 Earlsfort Terrace, Dublin 2, Ireland. ▪ Tel : +353 1 633 3800 ▪ Fax : +353 1 677 7044 ▪ Email : info@dbb.ie
45 South Mall, Cork, Ireland. ▪ Tel : +353 21 422 2122 ▪ Fax : +353 21 422 2123 ▪ Email : cork@dbb.ie