



August 10, 2007

Contact Details:

Email : [research@dsl.ie](mailto:research@dsl.ie)

Tel : +353 1 633 3800  
[info@dsl.ie](mailto:info@dsl.ie) Fax : +353 1 677 4708

EQUITIES	Close	Change	% +/-	P/E '07	YTD
ISEQ	8701 ↑	-193	-2.17%	14.1	-7.51%
FTSE 100	6271 ↑	-123	-1.92%	13.2	0.81%
DAX 30	7454 ↑	-152	-2.00%	14.2	12.99%
DOW	13271 ↑	-387	-2.83%	15.2	6.48%
NASDAQ	2556 ↑	-56	-2.16%	26.1	5.85%
S&P	1453 ↑	-44	-2.96%	15.9	2.45%

CURRENCIES & RATES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.3691	0.6772	161.3900
Dollar	1.3691	1.0000	2.0185	118.0000
Sterling	0.6772	2.0185	1.0000	238.2200
Interest Rates (%)	4.0000	5.2500	5.7500	0.5000
Oil (Nymex)	71.5900			

**This Week's Research**

CRH  
 Ladbrokes  
 Aviva

**Today's Research**

Anglo Irish Bank

**Breaking News**

**Anglo (€14.01) Post management meeting update Stuart Draper Target : €18 (08/03/07 ; previously €17.50, issued 02/02/07)**

- Commercial healthy : Given the c.20% fall in the Anglo Irish Bank share price since the start of June, we invited management to update us the extent of the current slowdown in Irish commercial property lending and to confirm that credit quality was remaining as robust as that reported by AIB last week. With regard to the slowdown in Irish commercial property, the bank pointed out the substantial difference between the Irish residential and commercial property markets currently, with the Irish office and retail markets both continuing to perform very well, led by rising rents and low vacancy levels. In the UK, while the bank is aware of some second tier regional locations where retail rental growth is sluggish currently, prime retail locations and the UK office market in general both continue to show strong growth.
- Credit quality : CEO, David Drumm, was adamant that there is no evidence whatsoever of any deterioration in any of the bank's credit quality measures, and that it has no direct or ABS sub-prime exposure. Its only potential exposure is through €300m of AAA/AA rated CDO's in its bond portfolio, which continue to perform perfectly currently.
- Sub-prime opportunity : Indeed the current sub-prime panic would appear to be generating a particularly attractive competitive environment for Anglo in the US, with several of its international competitors having limited capacity to achieve further loan growth currently. Strong US and UK loan growth should continue to more than offset any slight slowdown in the rate of Irish loan growth in H2 2007.
- Loan growth : Such continued strong loan growth provides the basis for the consensus current year eps forecast of €1.23, representing 31% growth on the prior year comparative of 93.7c. Such continued stronger than sector average earnings growth warrants a premium rating of c.20%, and as a result our current 12 month price target of €18 (28% upside) is based on 12x consensus eps of €1.48 for the year ending 30/09/08. Given the size of the bank's growth opportunity in both the UK and US markets, sustainable average earnings growth of 15% per annum appears achievable over the next 5 years, significantly stronger than the European bank sector average as a result of Anglo's unique niche business model. Anglo will release a trading statement for the year ending 30/09/07 on Wednesday 3 weeks, 5th September : BUY.

**Breaking News**

**Aer Lingus posts a 14.9% rise in July traffic figures**

Aer Lingus posted a 14.9% rise in July traffic yesterday with a load factor of 81.6% compared with 83.8% in July 2006. On short-haul flights the load factor rose to 82.2% from 81%, and on long-haul flights slipped to 80.8% from 87.5%. While traffic climbed 14.9% in revenue passenger kilometres, a measure of passengers and the distance travelled, passenger volumes rose by 10.5% to 919,000 in July. Aer Lingus said in June it was on track to meet market expectations of mid-teen operating profit growth for 2007. It will report first-half results on August 30.

**Readymix H1 pretax profit halved**

Irish cement maker Readymix today blamed the sharp fall in H1 profits on tighter trading conditions across all of its markets. Pretax profit for the six months to June 30 halved to €16.34m from €32.31m for the same period last year. Revenue remained flat at €119m. Readymix said the decline in housing sector in the Republic of Ireland impacted its blocks and concrete volumes, and put pricing for these products under pressure. The company said though that an increase on infrastructure spending has helped to maintain a healthy aggregates volume. The negotiations regarding the sale of the assets in its concrete products division continue on a positive track.

**BNP suspends 3 funds due to US sub-prime**

Yesterday BNP Paribas suspended three of its funds due to problems in the US sub-prime mortgage market. In a statement the company said that the complete evaporation of liquidity in certain market segments of the US securitisation market has made it impossible to value certain fairly regardless of their quality or credit rating. Stock markets tumbled as a result and the ECB responded by pumping a record €94.8bn into European money markets to improve liquidity. The US followed suit with the Federal Reserve adding \$24bn in temporary reserves to the US banking system.

**Business Press**

- Ladbrokes targets 80 new Irish shops (II)
- Trinity Biotech's \$2.6m Q2 profit (II)
- Probes fail to deflect BAE (FT)

**Investment Press**

- Subprime hit BNP Paribas: BNP Paribas added its name to a growing list of banks and investment houses that have frozen funds exposed to asset-backed credit.

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 Securities is a Member Firm of the London Stock Exchange, and is authorised by the Financial Regulator under the Investment Intermediaries Act 1995. Dolmen Stockbrokers is a Member Firm of The Irish Stock Exchange, The London Stock Exchange, and is authorised by the Financial Regulator under the Stock Exchange Act 1995.

DOLMEN SECURITIES → Website : [www.dolmenstockbrokers.ie](http://www.dolmenstockbrokers.ie)

75 St. Stephen's Green, Dublin 2, Ireland.  
 45 South Mall, Cork, Ireland.  
 Theatre Court, Mallow Street, Limerick, Ireland

• Tel : +353 1 633 3800  
 • Tel : +353 21 422 2122  
 • Tel : +353 61 436 500

• Fax : +353 1 677 7044  
 • Fax : +353 21 422 2123  
 • Fax : +353 61 436 599

• Email : [info@dsl.ie](mailto:info@dsl.ie)  
 • Email : [cork@dsl.ie](mailto:cork@dsl.ie)  
 • Email : [limerick@dsl.ie](mailto:limerick@dsl.ie)



**Disclosures**

This report has been prepared by Dolmen Stockbrokers ('Dolmen') for information purposes only to assist investors to make their own investment decisions and is not intended to and does not constitute personal recommendations nor provide the sole basis for any evaluation of the securities discussed. Specifically the information contained in this report should not be taken as an offer or solicitation of investment advice or, encourage the purchase or sale of any particular security, option, future or other derivative investment. Not all recommendations are necessarily suitable for all investors and Dolmen recommend that specific advice should always be sought prior to investment, based on the particular circumstances of the investor.

Although the information in this report has been obtained from sources, which Dolmen believes to be reliable and all reasonable efforts are made to present accurate information Dolmen give no warranty or guarantee as to, and do not accept responsibility for, the correctness, completeness, timeliness or accuracy of the information provided or its transmission. Nor shall Dolmen, or any of its employees, directors or agents, be liable to for any losses, damages, costs, claims, demands or expenses of any kind whatsoever, whether direct or indirect, suffered or incurred in consequence of any use of, or reliance upon, the information. Any person acting on the information contained in this report does so entirely at his or her own risk.

All estimates, views and opinions included in this report constitute Dolmen's judgement as of the date of the report but may be subject to change without notice. Changes to assumptions may have a material impact on any recommendations made herein.

Unless specifically indicated to the contrary this report has not been disclosed to the covered issuers(s) in advance of publication.

Past performance is not necessarily a guide to future returns. The value of investments and the income from them can fall as well as rise. Investments denominated in foreign currencies are subject to fluctuations in exchange rates, which may have an adverse affect on the value of the investments, sale proceeds, and on dividend or interest income. Investors may not necessarily recoup the full value of their original investment. Investors should be aware that forwarding looking statements and forecasts may not be realised.

This report may not be reproduced (in whole or in part) altered, transmitted or made available to any other person without the prior written permission of Dolmen.

Dolmen Securities is a Member Firm of the London Stock Exchange, and is authorised by the Financial Regulator under the Investment Intermediaries Act 1995. Dolmen Stockbrokers is a Member Firm of The Irish Stock Exchange, The London Stock Exchange, and is authorised by the Financial Regulator under the Stock Exchange Act 1995.

**Conflicts of Interest & Share Ownership Policy**

Dolmen, its employees, directors or related companies, may have a shareholding in the securities (or related investments/ derivatives) of certain companies covered in this report, or may provide/ solicit investment banking or other services to/ from them.

It is noted that research analysts' compensation is impacted upon by overall firm profitability and accordingly may be affected to some extent by revenues arising other Dolmen business units including Corporate Finance, Fund Management and Stockbroking. Revenues in these business units may derive in part from the recommendations or views in this report. Notwithstanding, Dolmen is satisfied that the objectivity of views and recommendations contained in this report has not been compromised.

Dolmen permits research analysts to own shares and/ or derivative positions in issuers they publish research, views and recommendations on and accordingly analysts involved in the production of this report may own stocks in a company covered in it. Any own account staff trading is undertaken in strict compliance with Dolmen's own account internal rules and therefore Dolmen is satisfied that the impartiality of research, views and recommendations remains assured.

**Analyst Certification**

Each research analyst responsible for the content of this report, in whole or in part, certifies that: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report. Stuart Draper and Stephen Taylor are responsible for the production of this report. Stuart Draper is Head of Research and Stephen Taylor is an equity analyst.

**For US Persons Only**

This report is only provided in the US to major institutional investors as defined by s. 15 a-6 of the Securities Exchange Act, 1934 as amended. A US recipient of this report shall not distribute or provide this report or any part thereof to any other person.