



July 12, 2005

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EQUITIES	Close	Change	% +/-	P/E '05	YTD
ISEQ	6579 ↑	54	0.82%	11.0	6.14%
FTSE 100	5242 ↑	10	0.19%	13.5	8.90%
DAX 30	4663 ↑	65	1.42%	15.0	9.57%
DOW	10520 ↑	71	0.68%	19.5	-2.44%
NASDAQ	2135 ↑	23	1.07%	15.6	2.22%
S&P	1219 ↑	8	0.63%	21.0	0.61%

CURRENCIES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.2178	0.6892	135.4000
Dollar	1.2178	1.0000	1.7426	111.1900
Sterling	0.6892	1.7426	1.0000	195.5300
Yen	135.4000	111.1900	195.5300	1.0000
Oil (Nymex)	58.9800			

This Week's Research
Greencore

Today's Research
Kingspan

Breaking News

Genentech earnings, revenue beat forecasts

Genentech on Monday reported quarterly profit rose 73 percent on surging sales of its cancer treatments. The world's second-largest biotechnology company said it now expects 2005 earnings growth of at least 35 percent over 2004, up from its previous forecast of at least 30 percent. For the quarter ended June 30, Genentech reported earnings of 27 cents per share up from 16 cents a share, for the same period last year. Operating revenue for the quarter jumped to \$1.53 billion, a 35% increase from \$1.13 billion last year. Markets had expected Genentech would earn 26 cents a share, on revenue of \$1.49 billion.

Bol Life proposes new pension product

Bank of Ireland's life division has proposed a new pensions product aimed at increasing pensions coverage from the current level of just over 50%. The bank says its proposed product, the Bonus PRSA, combines elements of the SSIA with lessons learned from the introduction of PRSAs in that it is "easy to understand, offers a clear incentive for long-term saving, provides for periodic access to cash and is deadline driven". The Bonus PRSA reverses the way tax relief is applied to pensions into a tax bonus, the bank said, providing an incentive for long-term saving easier to understand for consumers and at no additional cost to the Government.

Second terminal site to be decided on by September

Transport Minister Martin Cullen said yesterday that the site for a new second terminal at Dublin Airport will be made by end-August, early September. Cullen said consultation with airlines will be complete by then, but said speculation that Aer Lingus might run the terminal was "mischievous." Earlier this year, Cullen said the state-run Dublin Airport Authority would build a second terminal in or near the airport by 2009 to help boost competition and cut costs. Fearing job losses, trade unions representing workers at the Dublin Airport Authority said they don't want any new terminal to be run by a private consortium. But Ryanair has long argued a privately run new terminal is necessary to break the state-run monopoly and allow competitors to fly more flights.

Kingspan (€10.65) Trading statement released Stuart Draper

- Trading statement : This morning, Kingspan issued a very positive trading statement ahead of its close period for the 6 months ended 30/06/05. Strong revenue growth continues to be driven by buoyant non-residential construction markets for its composite panels and insulation products, as well as by the group's recent acquisitions, RCM, Century Homes and ATC.
- European markets : However, higher raw material prices continue to be a source of margin pressure, even though the improving trend in EBITA margin has continued. The group's businesses in Central and Eastern Europe have also made a slower than expected start to the year.
- Slowing growth : As a result, Kingspan's earnings growth rate is likely to slow to c.16% in 2006, similar to Grafton's expected 2006 growth rate. This slowdown will be driven by a lower number of new homes being built in the UK and the US following the interest rate increases there in recent years.
- Capex expenditure : Also, as a result of major annual capex and working capital requirements, much of the annual cash-flow generated by Kingspan is not available for shareholders. The company targets annual capex as a % of sales at 15%.
- Limited upside : Following the sharp rise in Kingspan's share price over the past two years, the shares would now appear fully valued. Even though further 16% earnings growth looks achievable in 2006, this would now appear largely discounted by a share price trading at 19x consensus 2005 eps of 56c. Also, the company's operating margin at c.10% does not warrant an extremely high earnings multiple.
- Switching opportunity : Therefore, we recommend a SWITCH into Grafton Group under € 9 as providing more value at current levels amongst the Irish building material companies, for similar 2006 growth potential. Our current 12 month price target for Grafton of €10 (13% further upside) is based on 15x 2006 earnings per share of 67c : **NEUTRAL**.

Business Press

- Jump in IPOs boosts London (FT)
- Somerfield bid hopes fade (FT)
- S&P removes Glanbia rating (IT)
- Minmet appoints chief executive (IT)
- DCC counsel outlines key issues (II)

Investment Press— Lex

- Associated British Foods: It is rare to see signs of cheer amid the current gloom shrouding the UK high street. But Primark bucked the trend on Monday, when Associated British Foods announced it was buying Littlewoods' 120 stores to provide room for its discount retailing baby to grow.



DOLMEN SECURITIES

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