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EQUITIES	Close	Change	% +/-	P/E '05	YTD
ISEQ	6722 ↑	4	0.07%	11.0	8.45%
FTSE 100	5347 ↑	9	0.18%	13.5	11.08%
DAX 30	4911 ↑	9	0.19%	15.0	15.39%
DOW	10545 ↓	-53	-0.50%	19.5	-2.21%
NASDAQ	2149 ↓	-22	-1.03%	15.6	2.89%
S&P	1227 ↓	-4	-0.33%	21.0	1.25%

CURRENCIES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.2209	0.6720	135.0800
Dollar	1.2209	1.0000	1.8162	110.6200
Sterling	0.6720	1.8162	1.0000	200.9300
Yen	135.0800	110.6200	200.9300	1.0000
Oil (Nymex)	65.2900			

This Week's Research
Grafton Group
DCC
Tullow Oil

Today's Research
INWS

Breaking News

Ryanair sees Q2 passenger yields up 1-2 percent

Ryanair said today it was not changing its profit forecast despite rising fuel costs, saying it still expected to post a 10 percent rise in full-year earnings. "We see no reason to change our guidance, nor would we raise our guidance," Michael O'Leary told reporters in Amsterdam. O'Leary also said he still expected yields, or average fares per passenger, to rise 1-2 percent in the second quarter on the same period last year. However, he said market conditions remained challenging and it was difficult to predict what would happen this winter.

Ryanair also said Nottingham East Midlands Airport will be its 15th European base. From March 7, the Irish low-cost airline will base two new Boeing 737-800 aircraft worth \$120m at the airport and add 10 new routes to its existing five routes. The 15 routes operated through the airport will deliver 1.2 million passengers a year and sustain 1,200 jobs in the East Midlands area, it said.

BOI appoints Denis O'Brien as new deputy governor

Bank of Ireland has appointed Denis O'Brien as deputy governor for a two-year term, effective immediately, it said on Wednesday. O'Brien has been on the board of the bank since 2000. Governor Richard Burrows said in a statement that O'Brien had already made a significant contribution and he looked forward to working closely with him.

Kingfisher profits fall 23%

Kingfisher posted a 23 percent fall in first-half profits on Thursday and said UK market conditions remained weak in the second half. Kingfisher will take a £200m one-off charge in the second half as it revamps B&Q, closes 22 stores and shrinks 16 others. Profits for the six months to 30 July fell 12.8% to £250.8m, compared with a consensus forecast of 260 million pounds. But like-for-like sales at B&Q -- which accounts for about half of group sales, fell 7 percent, with the total UK same-store figure down 6.4 percent. Rising energy costs, higher tax and pension contributions, increasing household debt and a weak housing market all took their toll on consumer confidence in the UK, the company said.

Business Press

- O'Reilly says Dublin freesheet 'will not go unchallenged' (II)
- Qualceram plunges into loss on back of restructuring (IT)
- Persian Gold to begin drilling (IT)
- Eircom sales team bosses defect to key rival (IT)

INWS (€2.54)

H1 results announced

Stuart Draper

- Results announced : Independent News & Media (INWS) has 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 gets restated to 5.85c, meaning that the H1 2005 eps of 6.71c showed 14.7% growth.
- Advertising growth : The double digit year on year earnings growth was primarily driven by strong advertising conditions in the group's key markets rather than circulation growth. The advertising revenue growth of the publishing division was 12.4% whereas circulation revenue growth was 5.5%.
- Circulation growth : Such 5.5% circulation growth represents a significant slowing on the 10% circulation growth achieved for 2004 which indicates that much of the "tabsheet" generated circulation growth may have been once off in nature.
- Dividend increase : Earlier this year, the group's sale of its 37.4% stake in iTouch was announced, to Japanese mobile phone content provider, For-side.com Co, for c.€100m in cash. When combined with the group's current buoyant profitability, this provided the scope for the 25% increase in the H1 dividend to 3.75c. The shares are expected to pay a total dividend yield of 4.1% for 2005.
- IFRS adjustments : However, the new IFRS accounting standards will result in the current consensus 2005 eps of 16.2c falling to c.15.7c, and the consensus 2006 eps of 18.2c falling to c.17.6c. This means that while up to 18% earnings growth could be generated this year, group earnings growth is likely to slow to c.12% in 2006.
- FX risk : The strengthening of the FX rates for the Australian and New Zealand dollars, and the South African Rand, versus the Euro, over the last 12 months has also helped profitability, but such a translation boost from these commodity currencies could start to reverse in 2006.
- Slowing growth : Therefore, 2006 earnings growth of 12% may now be quite fairly valued by the current share price, trading at 16.2x 2005 eps and at 14.4x 2006 eps. Our view in recent times has been that with such strong earnings growth of up to 18% already expected for 2005, there may be limited scope now for further positive earnings surprises this year. Therefore, we reiterate our current NEUTRAL recommendation on the expectation that the group's earnings growth rate will start to slow in 2006 : **NEUTRAL**.

Investment Press— Lex

- Global oil: Big oil is getting an inferiority complex. Behind the oil price spike, oil companies face a fundamental challenge. Another acquisition of reserves - this time EnCana's in Ecuador - by a Chinese consortium is the latest sign.



DOLMEN SECURITIES

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