

CONTENTS

Market View :

NAMA : Minister's speech to have less details than originally believed

EBS : Interim results

Elan : Amendments to the terms of J&J deal

Rio Tinto : Rio to sell 56% of its Alcan Cable unit

Market Movers

IRISH PAPERS TODAY

EBS wants to be part of enlarged bank
(The Irish Times)

O'Brien wants shareholders to vote on IN&M refinancing plan
(The Irish Times)

J&J in talks to cut price of Elan deal
(Irish Independent)

INTERNATIONAL PAPERS TODAY

Moody's fears fresh woes for UK banks
(Financial Times)

GE to raise solar output
(Financial Times)

Obama tells Wall Street to heed lessons of crisis
(The Wall Street Journal)

Market View

Analyst : Stephen Taylor

European equity markets are mixed this morning on what is a relatively quiet morning for corporate news-flow. Data out of the UK housing market continues to show signs of stabilisation with the RICS house price reading reaching its most positive level since July 2007. The number of respondents surveyed saying prices rose in August exceeded those reporting declines by 11%. The data is further evidence of the stabilisation in the UK housing market. Persimmon remains our preferred play among UK housebuilders. As for today, the main focus will be on the economic front. German business confidence in the form of the ZEW survey is expected to show a further increase to 60.0 in September. In the US, retail sales data for August will be the main event of the day. The headline figure is expected to show an increase of 1.9% month on month with auto sales, due to the cash for clunkers program providing the main boost. Ex-transportation, retail sales are expected to have grown by 0.4%. Elsewhere, Empire state manufacturing data and business inventories will also be closely watched with the improvement in manufacturing and drawdown in inventories expected to continue.

NAMA : Minister's speech

Analyst : Oliver Gilvarry

The Minister's speech tomorrow looks set to have less detail than was originally believed. The speech will detail the total amount of loans that will be purchased from participating institutions less the impairments already taken. It seems this will not be broken down into the amount of loans being transferred from each bank. The Minister will again provide the haircut to be applied on the loans in total but will not give a breakdown for each bank. The haircut itself will be broken into market value and the Long Term Economic value. Other disclosures will be the amount of subordinated NAMA bonds to be issued and the geographical breakdown of the collateral backing the loans. The uncertainty over the Irish banks looks set to continue after tomorrow due to the lack of detail.

EBS : Interim results

Analyst : Oliver Gilvarry

EBS released interim results yesterday afternoon with the group reporting operating profit before provisions of €35.1m compared to €32m in the same period in 2008. After impairments the loss for the period was €8.8m before tax. The impairment charge for the half year was €43.9m or 0.52% of the loan book. This is an improvement compared to 0.58% for FY2008. The majority of the impairment charge relates to the Commercial Loan book at €32.9m. The credit quality of the Commercial Book continues to deteriorate with non-performing loans at the end of June at 20.1% of the portfolio up from 13.5% at the end of December. On funding, EBS increased customer deposits by 2.2% since December and the loan to deposit ratio is now 1.65x. Due to competition and the cost of the Government Guarantee, Net Interest Margins (NIM) has fallen by 11bps to 0.66% impacting on profitability of the group. On new loans, EBS increased its share of the mortgage market to 18.5% and lent €627m of gross new residential lending in the first half of the year. The group has also seen an increase in the number of applications for mortgages with Q2 levels 45% higher than Q1. CEO of EBS, Fergus Murphy, commented after the results that EBS will transfer €924m of loans to NAMA. He also stated the Government would pay between 25-30% less than face value for development land and associated loans moving into the agency. Following the transfer he guided the group would require at least €300m of capital from the Government. Commenting on the potential for a new "Super Mutual" EBS were positive on this idea and would indicate management are in favour of its creation and their participation in it.

Elan : Neutral **Current Price (\$7.59)** **Price target (\$7.40)** **Analyst : David Dunk**

Elan has announced an amendment to the terms of the transaction with Johnson & Johnson. The move comes following the recent court case that found that J&J's agreement to finance the purchase of Tysabri in case of a takeover of Biogen amounted to a breach of the Tysabri collaboration agreement. The revised agreement sees J&J pay \$885m to Elan, down from \$1bn under the original terms of the deal. Also the clause that would allow J&J the option to finance a purchase of Tysabri is no longer part of the agreement. Following these amendments, we expect no further issues in relation to the Tysabri Collaboration Agreement. The announcement today was very much expected, and we don't anticipate, a major share price move this morning. Separately, 2 new PML cases have been reported in patients receiving PML treatment recently. Biogen stopped providing updates on new incidences of PML cases in July. Instead the 2 cases, both in Europe, were reported in a medical journal, and at a medical conference. Biogen has stated that it will not provide updates on new PML cases as long as they are consistent with the 1 in 1,000 expected incidences as implied by the warning label.



Rio Tinto: Buy **Current Price** (2613p) **Price target** (2800p) **Analyst** : David Dunk

Rio Tinto has announced that it will sell 56% of its Alcan Cable Unit to private equity group Platinum Equity. Rio Tinto will continue to supply basic inputs to the unit's North American operations. The terms of the deal weren't released by Rio Tinto. The deal is expected to close in a few weeks time. Rio Tinto has also received approval from Brazilian regulators to sell the Corumba iron ore mine in Brazil to Vale. The sale of these assets continues to fit with Rio Tinto's strategy of selling non-core assets, to reduce outstanding debt. Separately, BHP has increased the estimated ore reserves at its Olympic Dam project from 473m tons to 589m tons. BHP is yet to commit to an expansion of the project that would take up to 11 years to complete. BHP sees the potential for a fourfold increase in copper production, an eightfold increase in gold production, a fivefold increase in uranium production, from Olympic Dam, if the project was expanded.

Kingspan

Neutral

Current Price : €6.20

Price Target : €5.44 (previous €3.60)



Analyst: **Stephen Taylor**

• **Recent results:** On 24/08/09 Kingspan reported first half results for the 6-month period ending 30/06/09. The group reported operating profit that declined by 66% to €30.3m. Revenue declined by 35% to €552.5m. Kingspan's operating margin for the period declined to 5.5% from 10.6%. The group's focus on cost savings continued during the period with a further €31m of fixed costs taken out of the business. To date in the second half of the year €13m of fixed costs have been removed from the business. We expect that Kingspan will look for further costs cutting initiatives over the remainder of the year. The company also indicated that it will not pay a dividend in 2009 and unlikely to do so in 2010. In relation to its outlook, Kingspan indicated that there are signs that the deterioration in sales is easing and the order intake in the majority of its business units has been exceeding dispatches.

• **Geographic performance:** Geographically Ireland fared the worst over the period with revenue declining by 61%. Revenue declined by 44% in the UK, 29% in mainland Europe. Revenue increased by 45% in the US thanks to the group's purchase of Metecno Inc. Kingspan indicated that it has made solid progress in the integration of Metecno and its operating performance is going according to plan. We would expect activity in Ireland to remain weak and expect it to continue to become a lower percentage of revenue over the coming years. We feel that the company is well placed for recovery in its main markets of the UK, Europe and the US

• **Operational performance:** Revenue declined across each of the group's operating divisions; Insulated Panels (-32%), Insulation Boards (-45%), Access Floors (-18%), Environmental & Renewables (-42%). Insulated panels remained under pressure over the first half of the year however with the UK housing market showing significant signs of stabilisation over the last number of months the company expects stable sales over the coming months. While revenue at the group's Access Floor division was lower, encouragingly margins remained stable at 15.9% thanks to firm pricing and lower input costs. Overall Kingspan pointed out that the impact of the current economic contraction on current orders for office construction is being partly offset by a relatively robust data centre market.

• **Balance sheet strength:** Net debt for Kingspan over the period declined to €230.8m from €299.6m in the second half of 2008. The group remains well capitalised with interest cover of 9.5x and net debt/EBITDA of 1.64x. This compares favourably to its current covenants of interest cover of 4x and net debt/EBITDA of 3.5x. Kingspan continues to focus on cash generation and indicated that it has the balance sheet strength to consider opportunities as they present themselves. We would expect that as the company becomes more comfortable with its EBITDA outcome next year, it may consider acquisitions with capital being raised through both the debt and equity markets.

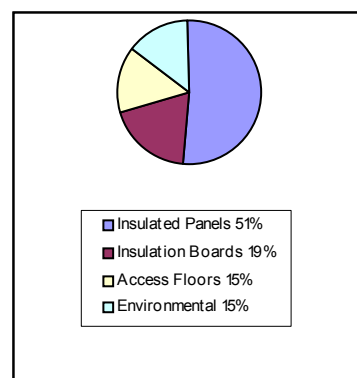
• **Maintain neutral rating :** We are today maintaining our Neutral rating on Kingspan, while raising our price target to €5.44. Our new price target is based on the company trading at 9x our forecasted 2010 EBITDA of €119m. The 9x multiple is a 10% premium to its historical average multiple due to our expectations that 2009 will mark a trough year for earnings. We expect that Kingspan will continue to focus on cost cutting measures over the coming 12-months and the company will benefit from improved residential activity in the UK. We like Kingspan long-term and would be buyers of the stock at levels below our new price target.

Descriptive Stats		Shareholders	
Price (€)	6.16	Eugene Murtagh	21.10%
52 Week High	7.71	Generation Inv.	11.37%
52 Week Low	2.02	Invesco	6.96%
Bloomberg	KSP ID	Investec	4.13%
Reuters	KGP LN	Brendan Murtagh	2.79%

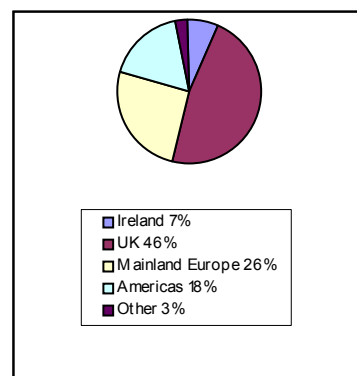
	FY08	FY09	FY10
Revenue (€m)	1,672	1,120	1,140
EBITDA (€m)	205	103	119
EPS (c)	0.26	0.24	0.31
DPS (c)	0.08	0	0
Div Yield	1.30%	0.00%	0.00%

Company	P/E 10	EV/EBITDA 10	Div Yield
Kingspan	19.9	10.1	0%
SIG	16.7	8.8	0%
Rockwool Inter.	36.9	9.4	2%

1H09 Operational Revenue Breakdown



1H09 Geographical Revenue Breakdown





International Equity Markets

Index	Value	1-Day	YTD
ISEQ	3,274	0.5%	40.8%
FTSE	5,011	0.5%	13.3%
Dow Jones	9,605	-0.2%	9.7%
S&P	1,043	-0.1%	16.2%
Nikkei	10,202	-2.3%	15.3%
Stoxx 50	2,829	-0.1%	15.7%

Sector Performances

Sector	Index	1-Day	YTD
Construction	263	-0.5%	1.7%
Technology	193	-0.4%	3.8%
Oil & Gas	310	-0.9%	2.9%
Financials	229	-0.6%	2.4%
Retail	229	0.2%	1.9%
Food & Drink	267	0.4%	4.1%

Commodity Prices

Commodity	Index	1-Day	YTD
Crude Oil	68.9	-0.6%	20.2%
Copper	280.5	-1.5%	94.7%
Gold	1,000.2	-0.5%	13.1%
Silver	16.6	-0.5%	46.1%
Wheat	454.0	-2.8%	-32.5%
Cattle	86.7	-0.3%	-4.5%

Currency Exchange Rates

Commodity	Index	1-Day	YTD
€/\$	1.462	0.3%	-4.3%
€/£	0.882	0.8%	8.6%
£/\$	1.658	-0.5%	-11.9%
\$/JPY	90.935	0.2%	-0.6%
€/JPY	132.945	0.6%	-4.9%
€/SFR	1.513	0.0%	-1.4%

5Yr Credit Spreads

Commodity	Index	1-Day	YTD
Invest Grade	100.0	1.0%	-44.9%
High Yield	606.0	-0.3%	-40.9%
Financials	81.7	1.5%	-32.9%
BoI	220.4	-6.7%	-9.2%
AIB	227.0	-6.5%	11.3%
RBS	115.4	1.4%	-16.6%

Money Market Rates

Rate	EUR	UK	US
Overnight	0.3%	0.4%	0.2%
3-Month	0.8%	0.6%	0.3%
1-Year	1.1%	0.9%	0.6%
2-Year	1.6%	1.9%	1.3%
5-Year	2.7%	3.3%	2.7%
10-Year	3.5%	3.9%	3.6%

Date Company Region Event

15/09/2009	Austrian Airlines AG	AT	TRAFFIC
15/09/2009	Volvo AB	SE	TRAFFIC
15/09/2009	Debenhams Plc	GB	TRADE
15/09/2009	Energetix Group Plc	GB	INTERIM
15/09/2009	Ashmore Group Ltd	GB	PRELIM
15/09/2009	Oxford Instruments PLC	GB	AGM
15/09/2009	Best Buy Co., Inc.	US	Q2
15/09/2009	Kroger	US	Q4
15/09/2009	Pall Corp.	US	Q4
15/09/2009	Adobe Systems	US	Q3
16/09/2009	Aeroports de Paris SA	FR	TRAFFIC
16/09/2009	Alkane Energy PLC	GB	INTERIM
16/09/2009	Cape PLC	GB	INTERIM
16/09/2009	Next Plc	GB	INTERIM
16/09/2009	Northgate PLC	GB	TRADE
16/09/2009	Synergy Health Plc	GB	AGM
16/09/2009	Oracle	US	Q1
17/09/2009	French Connection Gro	GB	INTERIM
17/09/2009	Kingfisher PLC	GB	INTERIM
17/09/2009	Investec Plc	GB	TRADE
17/09/2009	FedEx	US	Q1
18/09/2009	Fortis SA/NV	BE	EGM

Date Event Region Estimate

15/09/2009	RICS House Price Balance	UK	-0.50%
15/09/2009	CPI (MoM)	UK	0.30%
15/09/2009	RPI (MoM)	UK	0.20%
15/09/2009	ZEW Survey (Econ. Sentime	GE	60
15/09/2009	ZEW Survey (Econ. Sentime	EC	59
15/09/2009	Producer Price Index (MoM)	US	0.80%
15/09/2009	Advance Retail Sales	US	1.70%
15/09/2009	Empire Manufacturing	US	14.5
15/09/2009	Business Inventories	US	-0.80%
16/09/2009	Jobless Claims Change	UK	23.0K
16/09/2009	ILO Unemployment Rate (3m	UK	8.00%
16/09/2009	Euro-Zone CPI (MoM)	EC	0.30%
16/09/2009	MBA Mortgage Applications	US	--
16/09/2009	Consumer Price Index (MoM	US	0.30%
16/09/2009	Current Account Balance	US	-\$92.0B
16/09/2009	Industrial Production	US	0.70%
16/09/2009	Capacity Utilization	US	69.10%
16/09/2009	NAHB Housing Market Index	US	19
17/09/2009	Retail Sales (MoM)	UK	0.30%
17/09/2009	Euro-Zone Trade Balance	EC	6.4B
17/09/2009	Construction Output SA MoM	EC	--
17/09/2009	Housing Starts	US	595K

Regulatory Information

Dolmen Securities Limited is regulated by the Financial Regulator. Dolmen Securities Limited is a member firm of the London Stock Exchange. Dolmen Stockbrokers is regulated by the Financial Regulator. Dolmen Stockbrokers Limited is a member firm of the Irish Stock Exchange and the London Stock Exchange.

This report has been prepared by Dolmen Stockbrokers ('Dolmen') for information purposes in order 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 judgment 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 issuer(s) in advance of publication.

Past performance is not a reliable guide to future performance. The value of your investment may go down as well as up. 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. The income you get from your investment may go down as well as up. Figures quoted are estimates only, they are not a reliable guide to the future performance of this investment. Investors should be aware that forward-looking statements and forecasts may not be realised.

This report is the property of Dolmen and 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.

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 the companies they publish research, views and recommendations on. Accordingly analysts involved in the production of this report may have positions in any securities herein. Dolmen ensures that all staff dealing is undertaken in strict compliance with Dolmen's internal staff dealing procedures. 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. Oliver Gilvarry, David Dunk, Stephen Taylor and Edward Keeling are responsible for the production of this report. Oliver Gilvarry is Head of Research and David Dunk, Stephen Taylor and Edward Keeling are equity analysts.

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.

Dolmen Stockbrokers, 75 St. Stephen's Green, Dublin 2, Ireland.



DOLMEN SECURITIES LTD

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

Tel : +353 1 633 3800/1890 400 300
Tel : +353 21 422 2122
Tel : +353 61 436 500

E-mail: info@dsl.ie
E-mail: cork@dsl.ie
E-mail: Limerick@dsl.ie