



**DAILY COMPANY NOTE - Kingspan** See page 2 for full details

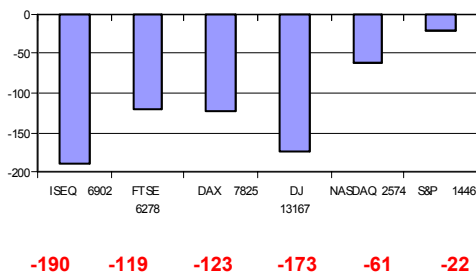
**Daily Market Comment**

**Yesterday's Summary** Global stock markets finished lower yesterday on concerns of a US recession and a possible stagflationary environment. The ISEQ finished down 2.7% on strong volumes with financials leading the decline. Bank of Ireland finished down 3.7%, AIB lost 3.5% and Anglo lost 2%. The FTSE dropped almost 2% on concerns over the retail sector. The Japanese Nikkei fell for the fourth session in a row, and in New York the Dow Jones closed down 173 points.

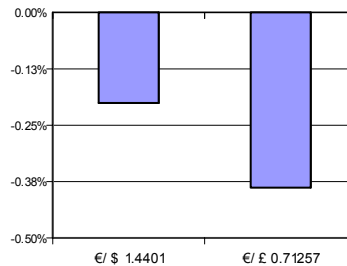
**Overnight News :** The Australian share market recovered in late trading this morning to finish down 0.4% for the day. The index had been trading at a 4 month low at one point, down 2.5% before recovering. Centro, the retail property manager, that announced on Monday that it was struggling to refinance, declined a further 41%. The property sector did recover strongly as bargain hunting investor's accumulated shares in other property trusts.

**Breaking News :** For the second session in a row, Anthony O'Reilly has added an additional 1 million shares of Independent News and Media to his holdings, at a price of €2.27 per share. Grafton Group have announced a repurchase of 438,000 shares yesterday, at an average price of 5.36 per share. Kingspan released their trading statement this morning, next year guidance is below analyst estimates.

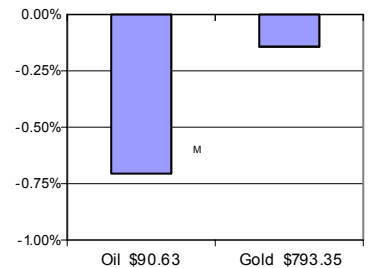
**Equity Index's change on day**



**Currency daily % change**



**Oil/Gold daily % change**



**Paper Headlines**

- "FBD hit yearly target amid talk of takeover bid" - **FBD** - (Irish Independent)
- "Dollar rises on back of new US figures" - (Irish Independent)
- "Dragon Oil buys land in Yemen" - **Dragon Oil** - (Irish Examiner)
- "Moody's warns A&L downgrade possible" - **Alliance & Leicester** - (Financial Times)
- "Aviva fined £1.26m for failing customers" - **Aviva** - (Financial Times)

**Market Themes and Movers**

**ECB offers unlimited funds:** The European Central Bank will today offer unlimited funds at below market interest rates in a special operation to head off a year-end liquidity crisis, the Financial Times reported. The move which follows on from last weeks coordinated efforts by the major Western Central Banks is the latest initiative to provide liquidity to the financial system. The operation is due to run until January 4th, with the aim of providing liquidity into the year end.

**Oil drops** Oil prices declined yesterday, when an OPEC official said the cartel may increase production, allaying concerns over tight supplies. Data released by oil tanker-tracker Petrologistics shows OPEC oil exports have already risen by about 400,000 barrels a day. Fridays higher than expected inflation figures have prompted fears that the US may be going into recession and has lowered crude oil demand estimates. Yesterday's declines comes in the face of recent turmoil in two of the worlds oil producing regions, rumours that Turkey has attacked Kurdish positions in Iraq and fears of additional oil refinery attacks in Nigeria.

**Dolmen Squawk Box**

This day 5 years ago, the FTSE closed down 28.8 points at 3879.9 after oil, telecoms and financial stocks all dipped.



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# Kingspan

**Carl Bourke**

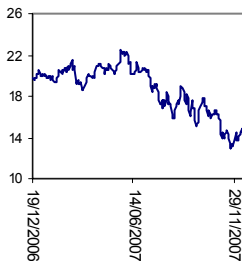
<b>Target</b>	<b>€15.00</b>
<b>Previous (3/9/07)</b>	<b>€21.00</b>
<b>Current</b>	<b>€10.20</b>

**ISEQ**
**Construction**
**Company Profile**

The Group's principal activities are carried out through its Insulated Panels, Environmental, Off-Site & Structural and Access Floors divisions. Insulated Panels offers wall and ceiling solutions that provide high performance and hygiene-safe temperature controlled environments for food manufacturing, chill/cold store, clean room environments.

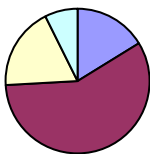
**Fundamental view :** This morning Kingspan announced a trading statement for the first 11 months of the year. It stated that it anticipates growth in operating profits of approximately 22% over the €194m achieved in 2006. The company commented that Insulated Panels & Boards continued to perform well in the second half of the year although momentum has tempered slightly for the boards business. Trading in the Offsite and the Environmental & Renewables businesses remained difficult in the second half, owing largely to a slower residential market in Ireland and warranty related costs in fuel storage products. The Offsite business in the UK however, has progressed well throughout the year with like for like order intake up significantly. Access floors is performing at record levels of profitability in both North America and Europe and this pattern seems set to continue at least into the first half of 2008. Management also stated that of the €250m it had set aside for capital expenditure in 07-08 that €150m has been spent on increasing capacity across the group. The group's net debt level now stands at c.€250m.

**Next catalyst :** At today's announcement the company commented that it has been actively looking to acquire an insulation panels business in the US and that should no deal surface over the coming months that it will build its own plant. We can expect to hear further news on this when the company announces full year results on the 3rd March at which point it will also have a clearer picture of how 2008 is panning out. We also expect there to be more announcements from the UK Government with regard to carbon neutral homes (Kingspan received a contract to build 200 carbon neutral home with Barrett Developments recently from the UK Government) on a regular basis. Following the company's downgrade of forward earnings from 11% - 14% range earnings growth in September to mid single digit growth now we are reducing our target but maintaining our current recommendation of BUY. Our a new 12 month share price target of €15, based on the sector average of 13x forecasted 2008 eps of €1.15.

**Statistics**
**Price Performance**


Support Key: €9.44  
 Support Secondary: €8.55  
 Resistance Key: €12.85  
 Resistance Secondary: €15.00

Negative chart pattern with series of bearish break-downs. Longer term support exists at €9.44 and €8.55. Needs to recapture and hold €12.85 level before positive momentum restored.

**Operating Profit**


- 16% Ireland
- 58% Britain
- 18% Mainland Europe
- 8% North America

Major Shareholders	%	Peer Group Multiples			
Eugene Murtagh	20.68	Company name	P/E 07	P/E 08	EPS Growth 07-08
Capital Group	4.76	<b>Kingspan</b>	<b>9.4</b>	<b>8.9</b>	5.50%
BIAM	4.00	Rockwool	14.3	13.5	6.16%
		SIG	9.8	9.1	8.04%

Shares Outstanding 169.83m

Share Data	Financial Data	2006	2007e	2008e	
Current Price (€)	10.20	Revenue (£m)	1,461	1,876	2,026
Mkt Cap (€m)	1,715	PBT (£m)	185	226	239
Reuters	KSP.I	EPS (£)	0.90	1.09	1.15
Bloomberg	KPS ID	P/E(x)	11.4	9.4	8.9
Sector	Construction	DPS(£)	0.15	0.24	0.28
Chairman	Eugene Murtagh	Yield	1.47%	2.36%	2.77%
CEO	Gene M Murtagh				
CFO	Dermot Mulvihill				
Website	<a href="http://www.kingspan.com">www.kingspan.com</a>				





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