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EQUITIES	Close	Change	% +/-	P/E '07	YTD
ISEQ	7798 ↑	16	0.21%	11.0	5.90%
FTSE 100	5903 ↓	-13	-0.21%	12.4	5.05%
DAX 30	5818 ↑	24	0.41%	15.0	7.58%
DOW	11340 ↓	-5	-0.05%	19.5	5.16%
NASDAQ	2150 ↑	2	0.11%	15.6	-2.51%
S&P	1299 ↑	1	0.10%	21.0	4.32%

CURRENCIES & RATES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.2809	0.6780	148.8700
Dollar	1.2809	1.0000	1.8887	116.2200
Sterling	0.6780	1.8887	1.0000	219.5200
Interest Rates (%)	3.0000	5.2500	4.7500	0.4800
Oil (Nymex)	72.6300			

This Week's Research
Vodafone
Kerry & IAWS

Today's Research
Kingspan

Today's Recommendation

Kingspan (€14.06) Strong results now in price Stuart Draper
Target : €14.25 (23/08/06 ; previously €13, issued 10/02/06)

- Recent strength : Last week, in line with several of the Irish small caps reporting results next month, Kingspan's share price rose by 5%. Its results for the 6 months ended 30/06/06 will be announced on Tuesday week, 5th September, and we are forecasting eps of 35c, representing 14% year on year growth.
- Upcoming results : Such growth will have been spread across the group's insulated panels, insulated boards and structural businesses. The increasing importance of energy conservation is driving strong sales growth at the insulation panels business, and the increasingly tight regulatory environment is driving strong sales growth at the insulation boards business, with new UK planning permission regulations expected to further boost demand from 2007.
- Insulation growth : With the UK government planning to build 84,000 affordable houses in the next two years, Kingspan's award winning £60,000 2 bedroom energy efficient home design unveiled earlier this year provides another growth driver.
- Already upgraded : However, at the time of Kingspan's AGM in May, the company stated that its operating profit and eps should "exceed current market expectations for the year as a whole". This facilitated an upgrade of c.3% to the consensus 2006 eps forecast from 73c to 75c, representing 13% growth on the 2005 result of 66.4c.
- Input costs : With earnings forecasts having already been revised upwards, as recently as May, there may be limited potential for any further upgrades following the 5th September H1 results as a result of higher input costs within the building materials' sector driven by higher commodity prices.
- Fairly valued : Our current forecast is for further 15% earnings growth in 2007, to generate a full year eps of 86.4c. However, with the shares now trading at 16.3x 2007 eps of 86.4c, the prospect of such continued strong earnings growth may now be quite fairly reflected in the current share price. Our current price target of €14.25 is based on 16.5x 2007 eps of 86.4c, a 10% premium to the company's 15% earnings growth rate. With insufficient 1% further upside to this price target to justify a BUY recommendation, and a current year dividend yield of only c.1%, having had a BUY recommendation on the shares for most of the past 12 months, we recommend some profit-taking at current levels : **NEUTRAL**.

Breaking News

BHP FY results in line with forecasts

BHP Billiton said net profit for the year to June rose to \$10.45bn from \$6.39bn on strong commodity prices, largely driven by China's demand for raw materials. The result was in line with market expectations. BHP said it remains optimistic about further earnings growth because of China's demand for its products. But, it said, overall global growth may slow because of rising raw material prices, particularly oil. BHP Billiton said the group's global footprint, diverse product range and visibility to global markets have allowed it to invest through the business cycle in value adding opportunities. It said EBIT margins increased to 44.4% from 39.6% in 2005 driven by price and volume increases at its projects. It also said a \$3.0bn share buyback is planned.

Petroceltic confirms drilling at Inisbeg

Petroceltic has confirmed that drilling has started at Inisbeg, after the exploration well spudded yesterday morning. Petroceltic noted it has a 16.25% interest in the well and the surrounding Block 13/12 licence, which is operated by Lundin Exploration. Lundin expects well operations to last around a month, Petroceltic noted. Lansdowne Oil & Gas also holds a 19.25% interest in the licence.

Fed Speaker comments on US Rates and Inflation

Chicago Federal Reserve President Michael Moskow said this month's pause to the Fed's string of interest rate hikes was "constructive," but more rate increases could still be needed to cut inflation. Moskow stated that the risk of inflation remaining too high is greater than the risk of growth being too low; therefore some additional firming of policy may be necessary to bring inflation back into the comfort zone within a reasonable period of time.

Business Press

- Eircom's finance director to stay on after takeover (IT)
- McInerney stake for Merrill Lynch (II)
- Food prices jump after heatwave hits harvest (FT)

Investment Press

- US homebuilders: Toll Brothers, the luxury US homebuilder, is putting a brave face on the housing downturn. Buyers, says chief executive Robert Toll, are anxious. But he professes belief in the sound fundamentals of the market, with still modest interest rates and a growing number of affluent households.



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