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EQUITIES	Close	Change	% +/-	P/E '05	YTD
ISEQ	6533 ↑	54	0.84%	11.0	5.41%
FTSE 100	5182 ↓	-26	-0.49%	13.5	7.65%
DAX 30	4873 ↓	-29	-0.59%	15.0	14.50%
DOW	10378 ↓	-7	-0.07%	19.5	-3.76%
NASDAQ	2109 ↓	-6	-0.30%	15.6	0.98%
S&P	1197 ↓	-3	-0.24%	21.0	-1.28%

CURRENCIES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.2101	0.6786	137.6000
Dollar	1.2101	1.0000	1.7456	115.0700
Sterling	0.6786	1.7456	1.0000	200.3800
Yen	137.6000	115.0700	200.3800	1.0000
Oil (Nymex)	62.4400			

This Week's Research
Eircom
DCC

Today's Research
Kingspan

Breaking News

Prudential Q3 results

This morning Prudential has reported Q3 numbers in line with expectations, and committed itself to retaining its majority stake in online bank Egg PLC as part of a strategic review. Prudential said life sales for the nine months to September 30 came in at 1.6 billion pounds on an annual premium equivalent basis, up 27 pct on the same period last year, and in line with analysts' forecasts. In its first strategic review of the business, new chief executive Mark Tucker said Prudential planned to focus on organic growth in each of the UK, the US and Asia. He said Prudential had sufficient cash and capital in hand to fund the planned expansion, and reaffirmed that the Asian operation would turn cash positive by 2006.

Ryanair Shannon-Paris passes 300,000 milestone

Ryanair announced yesterday that its daily Shannon-Paris route had passed the 300,000-passenger mark. The route has been in operation since February 2002. Ryanair operates 17 international routes out of Shannon and expects to carry 1.5 million passengers in the region the coming year.

Eircom delivers local loop report

Eircom says it has responded to requests from ComReg and other telecoms providers for greater access to the local loop, which connects exchanges to homes and businesses. Eircom has asked ComReg to convene an industry forum to define and agree the appropriate mechanisms for a product known as LLU/GNP (geographic number portability). Eircom says the systems development needed to deliver such a product would take 18 months and cost €13m. Eircom wants ComReg to conduct a full market analysis, consultation and regulatory impact assessment before considering any further actions.

Business Press

- BMW's Irish unit posts €10m profit (IT)
- State part of EU group objecting to sugar reform (IT)
- Ryanair made €39m on passengers who didn't fly (II)
- German confidence surges (II)

Kingspan (€9.73) Upgrading from NEUTRAL to BUY Stuart Draper

- Recent weakness : Following the 11% fall in the Kingspan share price since 5th September, the company would now appear quite attractively valued again given its continued very strong earnings growth potential. Kingspan would appear on course to generate 32% earnings growth this year and further earnings growth of 18% in 2006.
- Strong growth : The 3 main drivers of this growth are the group's insulated panels business, its insulation boards business and its structural business, which includes Century Homes. The increasing importance of energy conservation because of high energy prices is driving strong sales growth at the insulated panels business. The increasingly tight regulatory environment is driving strong sales growth at the insulation boards business and the inclusion of Century Homes, acquired in April 2005, is helping to drive very strong growth at the structural business.
- Recommendation upgrade : As a result, the consensus forecast is that Kingspan's 2005 eps will grow by 32% to 62c and further 18% earnings growth to 73c would appear achievable in 2006. Such particularly strong growth justifies a premium rating and so our current 12 month price of €11 (13% upside) is based on 15x 2006 eps of 73c. With attractive upside now to this level, we upgrade our recommendation from NEUTRAL to BUY.
- Margin expansion : Kingspan's H1 2005 results showed that higher input costs are being successfully passed on and that manufacturing efficiencies are generating some margin expansion. The group's H1 2005 gross margin of 30.3% was 0.8% higher than full year 2004, and its EBITA margin increased to 11.5% from 9.9% for H1 2004.
- Wolseley deal : Earlier this week, Wolseley demonstrated the strong growth potential of the insulation products business by paying £140m, or 14x EBITA, for UK insulation products' distributor, Encon. Kingspan has already established leading positions in several European insulation markets.
- Structural results : The recent H1 2005 earnings growth of 40% reported by UK structural steel business, Severfield-Rowen, shows that the trading environment for Kingspan's structural building components business remains buoyant, in addition to the strong growth which this year's Century Homes acquisition will generate for this business : **BUY**.

Investment Press— Lex

- Marconi: Two conclusions can be drawn from the £1.2bn sale of Marconi's main businesses to Ericsson. The first is that UK takeovers will never be the same. The second is that Marconi now looks cheap.



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