Dolmen Daily

DOLMEN STOCKBROKERS

Friday Aug 27th 2010

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IRISH PAPERS TODAY

Revenue expects to collect €40m in offshore inquiries *(The Irish Times)*

Demand for Irish debt high despite S&P downgrade *(The Irish Times)*

Examiner in at loss-making Aer Arann as debts mount (*Irish Independent)*

INTERNATIONAL PAPERS TODAY

Glencore set to list gold unit (*Financial Times)*

Svanberg suffer £2m paper loss on his BP shares after Gulf leak (*Financial Times)*

Rosneft eyes oil refineries in Germany. *(Wall Street Journal)*

Market View — Analyst: Stephen Taylor

European equity markets have opened weaker this morning on continuing concerns surrounding global growth. Despite yesterday's better than expected weekly jobless figures out of the US, markets remain concerned surrounding elevated unemployment levels globally and sovereign debt. The market is currently in a tug of war between on a macro level things being weak, however on a micro level large cap companies are in a strong position operationally and financially. M&A activity is also continuing to pick up with the technology sector remaining a key area. Last night Hewlett-Packard raised its offer of 3Par again trumping Dell's already increased offer. In addition speculation continues that Intel are looking at buying Infineon's wireless chip unit. With revenue growth likely to remain subdued we expect M&A activity to continue as companies look to grow through takeovers and increased synergies. As for today the main focus will be on Ben Bernanke's speech on the economy at Jackson Hole. Bernanke is likely to have a relatively downbeat assessment on recent economic indicators in particular housing and employment. The market will be looking closely for comments surrounding the potential for a second quantitative easing program. Also today will be second quarter GDP figures from the US that are expected to show a large revision lower to the initial estimate of 2.4%. The final reading of the Michigan Confidence figure will be closely watched while also in focus will be second quarter GDP out of the UK that is expected to remain unchanged from its initial estimate at 1.1%.

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Tullow Oil: Buy **Previous Close** 1259p **Target** 1470p **Analyst** Brian Gallagher

Unconfirmed press reports in Uganda today suggest that the Government has repossessed one of Tullow Oil's exploration licences. The company had found oil in this area however the Ugandan officials are claiming that Tullow Oil has failed to complete contractual obligations which require it to apply for a production licence within two years of discovering hydrocarbons. Tullow Oil have yet to comment on the status of the licence but have stated that they're confident that the Government will respect its legal rights.

IN&M: Buy **Previous Close** €0.67 **Target** €1.15 **Analyst** Oliver Gilvarry

Independent News & Media results today were slightly better than expected with turnover coming in at €656.5m and operating profit in line at €94.6m. EBITDA was stronger than expected at €115.6m compared to consensus of €93m. The increase in turnover yoy was driven by improving revenue performance over the course of the first half. Further cost efficiencies increased the operating margin to 14.4%, and increased the cash generation of the group. Net debt since the end of June has fallen to €978.5m including the receipt of further funds from the sale of JPL (India) due to be received in August. On a divisional basis, the Island of Ireland division reported a decline in turnover of 3.3% on a like-for-like basis. Management see market conditions being tough, but improving. Tight cost control delivered an increase in operating profit. South Africa also experienced a decline in turnover with operating profit increasing yoy. Weak market conditions in the 2H09 continued into the 1H10. The group saw little impact from the World Cup in June and advertising revenues declined yoy. Continued tight cost control boosted operating profit in the division despite the decline in turnover. Australia contained no surprises following APN's recent results. Radio in New Zealand which had a difficult 1H has seen better trading in the 2H so far, which is a positive. On outlook, management have seen the positive trends in the first half of the year continue into the second half. Management are targeting an improved operating performance for the year, in line with current market expectations. Consensus adjusted EPS for the group is 11.4c putting the stock on 6.1x 2010 earnings, significantly below its peers and ignores the positives for the group of its market leading operating margins. We see the stock trading higher over coming days as the results show the company is making the changes required to deleverage over the coming years and take advantage of its market position.

ICG: Buy **Previous Close** €14.80 **Target** €18.50 **Analyst** Edward Keeling

ICG have reported a solid set of half year results this morning. Revenue and EBITDA for the period came in at €122.4m and €20m respectively, 2.2% and 6.4% higher year on year. In its Ferries Division, a strong performance on the passenger side more than offset continued difficult market conditions in its freight business. Total passengers carried were up 12% at 695,700, while total cars, the higher margin segment, were down 1.4% at 156,400. However these were at better yields due partly to a stronger sterling and also to the benefits of the volcanic ash disruptions to the airline industry. In the roll on roll off freight division, volumes were down 12.6% to 86,000 units, when compared with 2009. This reflects the continued weakness in the Irish economy and a surplus of ship capacity in the market place. At its Container & Terminal Division turnover was unchanged at €54m, while operating profit was €2.3m, down from €3.2m last year. This is primarily the result of restructuring costs in its Dublin Terminal. The group's balance sheet remains extremely robust with net debt of just €27m. This is up from €22m at the end of the year however the group did pay out €24.6m in dividends during the period which were largely offset by its strong operating cash flow. In terms of current trading July and August in the Ferries Division has followed the pattern of the first half with increased passenger and car carryings and positive yields offset by reduced freight. In the Container and Terminal Division, volumes have increased by 3% but with continued rate pressures.

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Market Movers

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International Equity Markets

Index	Value	1-Day	YTD
ISEQ	2,662	1.0%	-10.6%
FTSE	5,156	0.9%	-5.2%
Dow Jones	9,986	0.2%	-4.2%
S&P	1,047	0.3%	-6.1%
Nikkei	8,906	0.7%	-14.7%
Stoxx 50	2,607	0.8%	-12.7%

Sector Performances

Sector	Index	1-Day	YTD
Construction	230	0.8%	-16.9%
Technology	184	0.9%	-1.1%
Oil & Gas	290	1.2%	-13.5%
Financials	210	1.3%	-6.6%
Retail	260	0.3%	6.5%
Food & Drink	332	0.4%	8.4%

Commodity Prices

Commodity	Index	1-Day	YTD
Crude Oil	73.36	1.2%	-12.3%
Copper	332.55	2.9%	-1.6%
Gold	1,237.60	-0.2%	12.7%
Silver	19.02	-0.3%	12.1%
Wheat	688.50	1.2%	15.4%
Cattle	98.53	-0.2%	9.3%

Currency Exchange Rates

Currency	Index	1-Day	YTD
€/$	1.272	0.5%	-11.2%
€/£	0.819	0.0%	-7.5%
£/$	1.553	0.5%	-4.1%
$/JPY	84.450	-0.2%	9.7%
€/JPY	107.390	0.3%	-19.1%
€/SFR	1.302	-0.2%	13.9%

5Yr Credit Spreads

Product	Index	1-Day	YTD
Invest Grade	119.7	-0.3%	64.3%
High Yield	513.3	-0.5%	9.0%
Financials	143.6	2.7%	101.4%
BoI	325.2	0.8%	44.8%
AIB	438.8	5.6%	62.4%
RBS	201.6	0.9%	33.4%

Money Market Rates

Rate	EUR	UK	US
Overnight	0.4%	0.5%	0.2%
3-Month	0.9%	0.7%	0.3%
1-Year	1.2%	1.1%	0.5%
2-Year	1.3%	1.2%	0.7%
5-Year	1.7%	2.0%	1.6%
10-Year	0.023	3.0%	2.5%

Date	Company	Region	Event
27/08/2010	Independent News & Media	IE	INTERIM
27/08/2010	Tiffany & Co.	US	Q2
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Date	Event	Region	Estimate
27/08/2010	GDP (QoQ)	UK	- -
27/08/2010	GDP QoQ (Annualized)	US	- -
27/08/2010	Personal Consumption	US	- -
27/08/2010	Core PCE QoQ	US	- -
27/08/2010	U. of Michigan Confidence	US	- -
27/08/2010	MNI Business Survey	CH	- -
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