DOLMEN STOCKBROKERS

Dolmen Daily

Friday 29th August 2008

DAILY COMPANY NOTE — Kingspan & IN&M See page 2 & 3 for full details

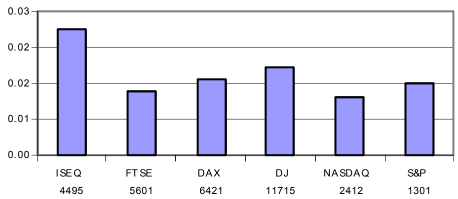
Daily Market Comment

Yesterday's Summary : The ISEQ advanced 2.62% to 4,494.95 yesterday as better than expected US weekly jobless claims and a revised up US GDP figure, helped to dampened fears surrounding the state of the worlds largest economy. Irish Life & Permanent was the best performing financial, adding 8.9% to €6.44. AIB gained 7.4% to €8.75, while Bank of Ireland jumped 6.1% to €5.53. McInerney was treated badly by investors as disappointing interim results pushed the house builder down 23.7% to €0.29. Still benefitting from positive investor sentiment following their first half results, Kingspan closed 2% higher at €7.70.

Overnight News : In Japan, the benchmark Nikkei rose 2.4% to 13,072.87, after a fall in oil prices. Gains were broad based, but steel and financial issues led the advance. In China, the Shanghai Composite closed up 2.01% at 2,397.37, led by property stocks amid speculation that the government will announce new measures to support the markets over the weekend.

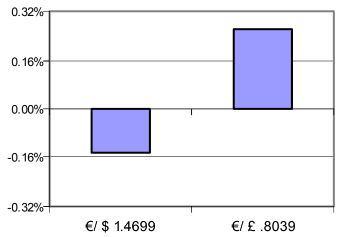
Breaking News : IFG has reported that revenue for the six months to June 30 fell to €58m from €61.5m a year earlier. Adjusted operating profits were flat year on year at €11m, while earnings per share were 9.34c, which is compared with 9.13c for the same period last year. There was a 10% increase in dividend to 1.27c. Dell has posted a 17% drop in net profit and said conservative technology spending in the US was spreading to Western Europe and Asia, driving its shares down 10% overnight. Dell's fiscal second quarter profit, excluding some items, was 33 cents per share, missing the average analyst forecast of 26 cents. Carrefour, the worlds second largest retailer, has reported a 5.5% rise in first half operating profit, lifted by a strong performance in Latin America growth markets, and reiterated its 2008 targets. Online gaming group Partygaming has beaten market forecasts with a 76% jump in first half underlying profit from a year earlier, underpinned by its casino business.

Equity Indices change on day

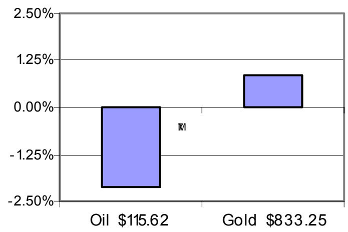


2.62% 1.32% 1.57% 1.85% 1.22% 1.48%

Currency daily % change



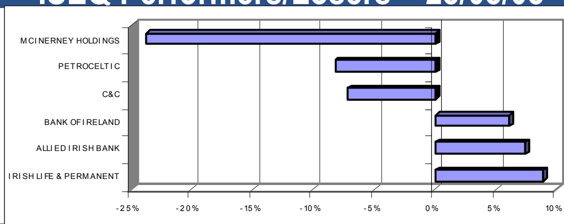
Oil/Gold daily % change



News

"**McInerney** sheds 565 jobs as building sector slows"-(The Irish Times)
"**Aer Lingus** faces radical change in its flight plan"-(The Irish Times)
"**CRH** digs in to deal with hard times ahead"-(The Irish Times)
"**Diageo** toasts stout results from Guinness"-(Irish Independent)
"Promising results from **Elan** trials"-(Irish Independent)

ISEQ Performers/Losers 28/08/08



Grafton Interim Results Announcement

Grafton reported a 50% drop in pretax profit to €53.4m on revenue that fell by 11% to €1.44bn. Turnover at the group's UK operations (63% group revenue) fell by 7.4% , while turnover in Ireland (37% group revenue) fell by 16%. Grafton expects that markets will continue to weaken in the second half of the year and commented that a quick turnaround was unlikely. However, the group did point out that it is well placed to meet the current challenges with its strong balance sheet and clash flow.

C&C Interim Trading Statement

C&C has reported its interim trading satement for the 6 months ended 31 August. Sales for the period are down 8% over the same period in 2007. Operating margin increased 1.5% over the period as a result of continuing cost cutting. Cider volumes are under even more pressure than expected, down 15% in the UK and 11% in Ireland. As highlighted in our recent notes, the expected return to volume growth in UK cider hasn't occurred. The company's outlook for the second half of the year remains poor, with continuing pressure on revenue and operating profit.

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DAILY COMPANY NOTE 29/08/08

Stephen Taylor

Neutral

Target: €7.70

Current: €7.72

Kingspan

ISEQ

Construction

Company Profile

Kingspan Group operates a building products company, which specializes in the British and Irish markets. The group manufacturers and markets a range of cladding panels, raised access flooring, insulated systems and environmental containers.

Fundamental View

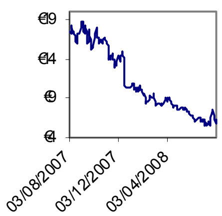
- Last Wednesday, Kingspan reported a 21% decline in EPS to 41.4c which was at the top end of analyst expectations. Revenue declined by 6% to €849.4m, less than the 8% that had been expected. On a constant currency basis revenue actually rose by 1.5%. The group also maintained its dividend at 8c. Kingspan's margin's remained under pressure falling to 10.6% from 12.6% previously as rising raw material costs and slowing sales took effect. Kingspan also confirmed that it expects earnings to decline for the full-year.

- Kingspan's four divisions had mixed performances in what is a difficult operating environment for company. The group's largest division, Insulated Panels (40% revenue) saw sales decline by 8% to €337.6m, particularly hard hit by operations in the UK with volumes declining by 18% and Ireland with volumes falling by 20%, while rising material costs had a major impact on margins. On the positive side, volumes in the Benelux region rose by 10%, while volumes in Central and Eastern Europe were up 16%. The group's off-site & structural division (c. 16% revenue) saw turnover decline by 18.5% over the year impacted by the 70% drop in housing starts in Ireland from 2007. Kingspan's Access Floors unit (c. 11% of group revenue) put in a strong performance with revenue increasing by 5%, where the company pointed out that demand for office construction remains strong in both North America and Europe. Kingspan's Environmental & Renewables unit (c. 17% revenue) put in a resilient performance with revenue only falling by 1%, while the group's insulated board division (16% revenue) saw revenue fall by 3%.

- Kingspan's balance sheet remains strong with a debt/EBITDA multiple of 0.75x and interest cover at 18x. Net debt for the group fell to €194.2m from €247m compared with the same period last year. Highlighting the strength of the group's balance sheet was that on 22/08/08, Kingspan announced the acquisition of Metecno, a global manufacturer of composite sandwich panels, for an enterprise value of $111m. Kingpsan expects the purchase to add to earnings this year.

Statistics

Price Performance



Valuation

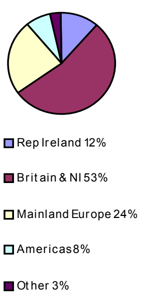
- Kingspan will continue to face significant headwinds over the next 12 months as economic activity is set to remain weak throughout Europe and the US. That being said, Kingspan's strong balance sheet and ability to make earnings enhancing acquisitions means that the company is well positioned when the housing markets rebound. However, in light of the current economic weakness and prospects of further declines in housing completions it is difficult to justify an earnings multiple in excess of 10x for the company which is the basis for our 12-month price target of €7.70. With the share price currently trading at our price target, we place a neutral rating on the stock.

Chart View: Kingspan
Support Primary: €6.90
Support Secondary: €5.92
Resistance Primary: €8.68
Resistance Secondary: €12.00

Stock has consolidated and formed a support base from which it is attempting to breakout. Daily momentum continues to improve and a fast move towards €8.68 and higher is becoming increasingly likely. Buy.

Major Shareholders	%
Eugene Murtagh	21.17%
Capital Group	10.30%
Invesco	8.10%
Generation Inv Mgmt	5.40%

Peer Group Multiples.			
Company name	P/E 08	P/E 09	EPS Growth 08-09
Kingspan	10.0	13.1	-23.38%
Rockwool International	9.3	11.0	-15.73%
SIG Group	6.42	6.52	-1.53%



Shares Outstanding	165.9m

Share Data	
Current Price (€)	7.72
Mkt Cap (€m)	1,282
Reuters	KGP.L
Bloomberg	KSP ID
Sector	Construction
CEO	Gene Murtagh
CFO	Dermot Mulvihill
Website	www.kingspan.com

Financial Data	2007	2008e	2009e
Revenue (€m)	1,863	1,664	1,560
Pretax Profit (€m)	224	156	120
EPS (€)	1.11	0.77	0.59
P/E(x)	6.95	10.03	13.08
DPS (€)	0.25	0.25	0.25
Dividend Yield	3.24%	3.24%	3.24%

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DOLMEN STOCKBROKERS

DAILY COMPANY NOTE 29/08/08

Independent News & Media

Oliver Gilvarry | **Buy**

Target: €2.20

Current: €1.45

ISEQ

Media

Company Profile

The Group's principal activities are printing and publishing national and provincial newspapers in Ireland and New Zealand, national and metropolitan newspapers in the United Kingdom, regional newspapers in Australia and India and metropolitan newspapers in South Africa. It also has radio operations in Australia and New Zealand.
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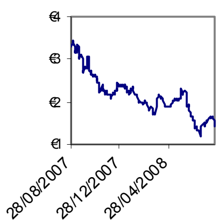
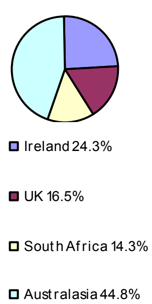
Statistics

Price Performance





Fundamental View

- ÌNM on the 27th of Aug reported profit after tax of €80.5m, an increase of 5.6% on the same period in 07. EPS for the half year was in line with consensus at 7.5c and the interim dividend was flat at 4.57c as expected.

- Operating profit for the half year in the UK and ROI fell by 35.6% and 3.9% respectively due to the slower advertising and weaker economic conditions. In Ireland advertising revenues fell 5.7% year on year, but the decline was offset by a 5.9% increase in circulation revenues.

- In the UK the group faced a challenging trading environment due to lower consumer confidence and weaker economic conditions. In Northern Ireland property and recruitment advertising was down significantly on the previous year and the adverse move in EURGBP led to the fall in operating profit.

- South Africa performed extremely well with an increase in operating profit of 31.5% over the same period in 2007. The South African business achieved the strong results on increased circulation revenue and on outdoor advertising. The purchase of Clear Channel outdoor advertising leaves the group in a strong position with the World Cup taking place in South Africa in 2010.

Valuation

- For the full year INM guided it will achieve full year profits in line with consensus expectations, once advertising revenues continue in line with first half trends. The group also completed a new 4-year facility to redeem €112.6m of a maturing facility indicating the group's ability to source financing.

- Net debt in the group increased by €88.2m to €1.4Bn due to acquisitions and capital expenditure resulting in Net Debt/EBITDA increasing slightly to 3.6x, but with good interest cover of 2.7x. With the interim dividend remaining flat, the estimate now is for a full year dividend the same as FY07 at 14c and with EPS for FY08 expected at 18c, the dividend cover for the year would be 1.3x.

- With slowing growth in all major economies continuing into 2009, earnings growth for INM will be limited in 2009. Their peers will suffer from similar headwinds, but the diversification of the portfolio will allow the company to keep EPS flat in 2009 at 18c.

- Global average P/E for INM peers is 11x, due to the diversification of the group a slight premium is justified. Therefore the valuation of the company is based on a P/E multiple of 12x and a price target based on EPS FY09 of €2.20. Added to this is a dividend yield of 9.6% covered 1.2x.

Next Catalyst

- The possibility of corporate activity still exists with Denis O'Brien holding 24.8% of the stock and the chance of further stake building to match Tony O'Reilly's holding of 28.02%

Chart View: INM
Support Primary: €1.30
Support Secondary: €1.11
Resistance Primary: €1.67
Resistance Secondary: €1.76

Support in the €1.30 area should provide an entry point for short-term longs and the stock should have little difficulty in targeting €1.67. However, it should be noted that the long-term downtrend remains intact and the chart outlook does not favor a sustained recovery in the near future. Treat this stock as a trading affair for the foreseeable future until the conditions for a sustained rally present themselves.

Major Shareholders	%
Sir Anthony O'Reilly	28.03%
Denis O'Brien	24.80%
Clear Channel International I	4.87%
Marathon Asset Managemer	4.72%
Browne Tweedy	3.04%
Shares Outstanding	839.04m

Peer Group Multiples.			
Company name	P/E 08	P/E 09	EPS Growth 08-09
IN&M	8.2	8.2	0.00%
Pearson	13.8	12.7	8.44%
Daily Mail Trust	7.5	8.2	-10.00%

Share Data	
Current Price (€)	1.45
Mkt Cap (€m)	1,217
Reuters	INME.L
Bloomberg	INM ID
Sector	Media
CEO	Sir Anthony O'Reilly
CFO	DJ Buggy
Website	www.inmplc.com

Financial Data	2007	2008e	2009e
Revenue (€m)	1,674	1,669	1,679
PBT (€m)	286	280	282
EPS (€)	0.18	0.18	0.18
P/E(x)	9.56	8.19	8.19
DPS (€)	0.14	0.14	0.14
Dividend Yield	7.97%	9.66%	9.66%

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