

# Business

http://breaking.tcm.ie/business

Wednesday 09.02.2011

Business Desk: T: 021-4802259, 4802387 F: 021-4275477 e: business@examiner.ie

Irish Examiner

Business Editor: Conor Keane



## Market slips on profit-taking

THE ISEQ index closed down 15.98 points at 2,995.83. Profit taking in some key stocks sent the ISEQ back below the 3,000 level after a four-day rally on the back of renewed global optimism.

In the financial sector, AIB added 0.1c to 25.3. Bank of Ireland slipped 1.4c to 38.9c. Irish Life & Permanent declined 1.6c to 96.9c, while FBD Holdings increased 6.1c to €7.06.

In the construction sector, CRH fell 1c to €16.59. Grafton Group shed 5c to €3.58, while Kingspan dropped 11.9c to €6.62.

Table with columns: ISEQ, Company, Close, Change, High, Low, P/E Ratio, Dividend Yield, Market Cap (m), Volume (000s). Lists various companies like Abbey, Aer Lingus, AGI Therapeutics, etc.

Table with columns: ISEQ INDICES, Index Value, Change, Change %, Index High, Index Low, Market Cap (m), ISEQ Return, Turnover (m). Shows overall market performance metrics.

Table with columns: IRISH INTEREST INTERNATIONAL STOCKS, Company, Price, Chng, Company, Price, Chng. Lists international stocks like Abbott Labs, Allcatel-Lucent, Allergan, etc.

# Elan reports first profit in decade

by Geoff Percival

IRISH pharmaceutical group Elan saw its net loss widen significantly — due to a one-off cost — last year, but also posted its first operating profit for almost a decade.

When the previously reported one-off \$206.3m settlement cost, relating to a court decision regarding its former drug, Zonergan, is discounted, Elan's net loss

for 2010 was actually 60% down from the previous year at \$118.4m (€86.65m). The Zonergan cost technically boosted the loss from \$176.2m (€129m) to \$324.7m (€237.69m), however.

The company's full-year revenues came in at \$1.2bn, up by 5% on 2009's total; driven mainly by a strong performance from its headline multiple sclerosis treatment Tysabri, which saw

sales grow by 18%.

An operating profit — the first since 2001 — of \$73m was also recorded, up from an operating loss, in 2009, of \$9.5m. However, 2010's historic operating profit was before charges and gains and expenses and when these are factored in, the company actually made an operating loss of \$188.6m. The loss per share also widened, slightly, to 56c — up from 35c per share in 2009.

That said, Elan's management said the company met, or exceeded, its previously stated guidance for the year. Chief executive Kelly Martin referred to 2010 as "a year of tangible advancement".

Elan said it expects to be cash flow positive with adjusted EBITDA (earnings before interest, tax, depreciation and amortisation) of around \$200m, "driven by an acceleration in the

growth of revenues and reduced operating expenses".

Last year's adjusted EBITDA rose 73% to \$166.5m.

Revenue from the bionerology business increased from \$837.1m to \$895.6m, while revenue in the Athlone-based EDT business was marginally down at \$274.1m.

The amount of people using Tysabri, globally, jumped 17% last year — from 48,400 to approxi-

mately 56,000.

Elan's share price was up by nearly 2% yesterday at €5.16.

Mr Martin added that this year the company will continue to focus its efforts "on the continuous improvement of operating performance, while simultaneously investing in and advancing science and therapeutics that may ultimately be of benefit to patients and their families".

## 50% of workers 'took no sick days'

by Niamh Hennessy

ALMOST half of Irish workers did not take any sick days last year, with latest findings showing they are more optimistic than 12 months ago.

Recruitment firm, Berkeley said the workforce appear to be "toughing it out" or staying extremely healthy, as 47% didn't take any sick days last year.

This is slightly lower than the British figure of 49% and higher than the global average of 42%.

In Poland, almost 70% of workers did not take a sick day while in the Czech Republic, 12% of workers took more than 16 days sick leave.

"These figures are very encouraging to Irish employers as the workforce are proving to be among the hardest working, and healthy globally," said Berkeley managing director Fergal Brosnan.

For the fourth consecutive quarter, Irish respondents to Berkeley's job market sentiment survey reported an improvement in their optimism.

From a high of 80% who described the market as weak in quarter one 2010, the figure now stands at 64%.

Encouragingly, 37% reported they were optimistic for the year ahead, compared with just 22% feeling the same in quarter three 2010.

Also almost three out of four (70%) Irish people believed business prospects were the same or better in their company than 12 months ago, against a global mark of 76%.

In the Q3 survey just 27% of respondents expected a pay rise in 2011, with this figure increasing to 37% in Q4.

"Ireland mirrors global figures, but at the top end people still value their worth, with 5% expecting a rise of 10% or more," said Mr Brosnan.

More than half of Irish respondents said they would change jobs within six months for the right opportunity.

Motivations to move show a predictable shift towards job security with 20% stating this as their primary motivator, up from 16% in Q3, the highest value of any country surveyed.

Mr Brosnan said overall they conclude that the measured optimism they have reported over the last four quarterly surveys continues.

He said it is continuing "not at a lightning pace" but the cumulative increases are bringing us back towards a 'normal' market, like that one we had before the Celtic Tiger.

"There are excellent opportunities for strong people, evidenced by Berkeley's open role levels being 250% higher than at the end of 2009."

"However, hiring companies need to place compelling reasons to move to the most in-demand individuals," he said.

## FOOD FOR THOUGHT



Ireland's largest food service trade fair opened yesterday in the RDS. Pictured at CATEX exhibition were Paddy O'Connell and Reg White, Paddy's O'Grainola, Portlaoise, Co Laois. Picture: Gary O'Neill

## Strong export growth boosts trade volumes at Dublin Port by 6.1%

by Geoff Percival

PARTICULARLY strong export growth boosted trade volumes at Dublin Port by 6.1% last year, according to figures.

Some 28.1 million tonnes went through the country's main port, last year, which was less than 10% down on its best ever performance in 2007, at the height of Ireland's economic boom.

Of this, 16.93m tonnes related to imports; a figure which was up by 2.4% on a year-on-year basis and

11.18m tonnes were export-related, which represented a 12.2% increase on the preceding year.

Commenting on the latest figures, Dublin Port Company's new chief executive Eamonn O'Reilly said 2010 was "an exceptional year for the port."

"Notwithstanding the poor performance of the economy, port volumes grew by 6.1% as importers and exporters sought to minimise the cost of moving goods to market. Passenger and tourism volumes were

also very buoyant as the benefits and reliability of ferry travel became clear particularly during the ash-cloud crisis," he said.

Mr O'Reilly added that the company is anticipating continued growth for 2011, "albeit at a reduced level compared to 2010".

On the ferry side of things, passenger figures through Dublin Port grew by 17.6% last year, to 1.76m, with tourist cars up by 9.1% at 381,547. In addition, Dublin retained its position as the country's

largest port for cruise ships, with 85 such vessels docking throughout the year.

The volume of Ro-Ro freight units increased by 12.8% to 725,665.

Dublin's position as the island's largest unutilised port was reinforced by the commencement of rail freight services linking the capital to Ballina. Demand for these services continues to grow and during 2011, Dublin Port Company expects rail freight to remove up to 10,000 trucks from the road.

## Ormonde Hotel returns to profit

by Gordon Deegan

A FOUR-star Kilkenny hotel operated by one of the country's best-known developers, Jerry O'Reilly, recorded a profit for the first nine months of last year following "substantial trading losses" in previous years.

Accounts recently filed by the Kilkenny Ormonde Hotel to the Companies Office show that it had a trading loss of €1.37 million in the 12 months to the end of December 2009.

However, a note attached to the filings shows that the Kilkenny Ormonde's management accounts recorded a trading profit before rent and interest of €180,021 in the nine months to the end of September 30 last.

The directors said this was achieved through reducing operating and labour costs to a minimum level. A note also states that its bankers have not to date sought repayment of the company's overdraft facilities, which expired towards the end of 2009.

Kerry native Mr O'Reilly is a business partner of developer Bernard McNamara in a number of ventures, including the five-star Shelbourne Hotel in Dublin and the Radisson Blu hotel in Galway.

In relation to the Kilkenny Ormonde, the directors state that the company's

ability to trade is contingent on profitable trading and on the availability of continued financial support from its bankers, its director Jeremiah O'Reilly and its landlords.

They state: "During 2009, and in the years previous to this, the company incurred substantial trading losses. In order to continue to trade and meet banking, creditor and revenue obligations, the company has reduced operating costs and labour costs to a minimum level."

The note continues: "During 2010, the company has continued to receive financial support from Mr O'Reilly, who has informed the company that he will not seek any immediate repayments of funds advanced by him to the company. Similarly, the company bankers have not to date sought repayment of the company's overdraft facilities, which expired towards the end of 2009."

"In addition, the company's landlords have forfeited rent accrued to December 2009 amounting to €6.6m which has been credited to the profit and loss account."

No turnover figure is provided, but the company's gross profit dropped from €5.1m to €4.9m in 2009.

The directors state that they expect improved trading in the foreseeable future.

## Archaeology firm's losses drop 90%

by Niamh Hennessy

A CORK-BASED archaeological firm saw its pre-tax losses reduce significantly in the year to the end of March 2010.

Headland Archaeology (Ireland) Limited in the year to the end of May 2010 saw turnover increased by about 18% from €2.8m to €3.3m and pre-tax losses reduce by almost 90% from €0.8m to €0.09m.

The board said it is pleased to report a "much improved performance" in the current year despite the continuing impact of the credit crunch.

"In the review of operations for the year... the directors reported that the group had taken a conscious decision to maintain the material size and infrastructure of the company, contributing to the substantial 2009 loss, in order to preserve the ability of the company to continue to trade at a significant level and to be prepared to benefit from any future pick-up in the general and particular infrastructure, elements of the economy," the accounts read.

The company said it moved back into trading profit prior to meeting the parent company management charge.

"The board continues to be proactive in developing the company and currently looks to participate in a geographic expansion with the creation of an additional local branch office and also to participate in group initiatives for a potential expansion into continental Europe," the accounts said.

They also said no major changes in the nature of the company's trade are planned. The directors do not recommend the payment of a final dividend.

Gross profits in the year increased from €675,662 to €1,052,008. Employee numbers fell from 64 to 53 in the year with staff costs dropping from €2.2m to €1.6m. Directors remuneration increased from €137,574 to €158,796.

Headland has worked on the N25 Waterford bypass and the N9/N10 Carlow bypass.

The company's parent firm is one of the largest commercial archaeological companies in Europe. With its origins in Scotland, the firm started off in a former lemonade factory tucked behind Easter Road Football Stadium in Edinburgh in 1996. It has grown significantly since then and has offices in Cork, Dublin, Galway, Belfast, Edinburgh, Glasgow and Aberdeen.

## IRISH ACCOUNT

### Kentz acquires RNE for €7.4m

Clonmel: Kentz Corporation has acquired RNE Engineering and Projects, a supplier of engineering services, from its founders and other shareholders for a total cash consideration of approximately 73 million South African Rand (€7.4m) over a period of four years.

RNE is involved in both capital expenditure projects and asset enhancement production services and has approximately 85 employees based in two offices in Secunda and Sasolburg, South Africa.

Kentz Group CEO Hugh O'Donnell said: "RNE has built an impressive market presence in the oil, gas, petrochemicals, metals and mining market sectors in South Africa."

### Early start for Cork BNI chapter

Cork: Early bird catches the worm" is the theme for the €2 million Cork city BNI chapter open network event taking place to celebrate international networking week on Friday at 6.30am at the Ambassador Hotel.

Join us for breakfast is the message from the people behind businesses in Cork that used the power of networking to achieve over €2m in sales last year while making lifetime friends along the way.

This event has been organised to showcase the success of networking and focuses on Power teams.

Power teams, created by BNI, provide increased business for companies who work in the same area while still working within the structured, supportive business environment that is the Cork city BNI chapter. For example the wedding power team includes a photographer, flower shop, travel agent, a venue specialist and a wine wholesaler.

### Moody's default fear for Eircom

Dublin: Moody's said there is increased risk that Eircom may default on debt through some form of restructuring.

ERC Ireland Finance, an indirect parent company of the Irish phone company, had its probability-of-default rating cut to Caa2 from Caa1.

"Today's rating action reflects Moody's expectation of an increased risk of default by Eircom through some form of debt restructuring, in light of the approaching covenant breach by the company under its senior facilities agreement," said Ivan Palacios, Moody's lead analyst for Eircom.

### Regulator invites PRS to discussion

Dublin: The Commission for Communications Regulation has invited all premium rate service providers to attend a meeting to discuss matters pertaining to the regulation of PRS in licensing requirements, development of shortcode number checker and customer complaints handling. The meeting will be held on February 24 at "a location and time to be arranged by ComReg".