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EQUITIES	Close	Change	% +/-	P/E '07	YTD
ISEQ	9306	↑ 2	0.02%	14.1	-1.08%
FTSE 100	6608	↑ 37	0.56%	13.2	6.22%
DAX 30	8007	↑ 86	1.09%	14.2	21.38%
DOW	13409	↓ -14	-0.10%	15.2	7.58%
NASDAQ	2603	↓ -5	-0.20%	26.1	7.78%
S&P	1503	↓ -2	-0.16%	15.9	6.00%

CURRENCIES & RATES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.3564	0.6744	166.4200
Dollar	1.3564	1.0000	2.0098	122.5900
Sterling	0.6744	2.0098	1.0000	246.9600
Interest Rates (%)	4.0000	5.2500	5.5000	0.5000
Oil (Nymex)	70.6800			

This Week's Research

Today's Research C&C Group

Today's Recommendation

C&C (€9.98) Upside even at low end of guidance Stuart Draper
Target : €13.50 (27/04/07 ; previously €13, issued 12/01/07)

- Priced in : The current earnings guidance from C&C Group for the year ending 28/02/08 is that its operating profit will show growth of between 15% and 25%. Assuming that only 15% operating profit growth is achieved to €244m, driven by 35% on-trade volume growth, then a full year eps of 63c would be generated, representing year on year growth of 15%.
- Major upside : Given such continued earnings growth prospects and the fact that peers such as Diageo and Heineken, with significantly lower growth prospects, currently trade at 17.3x and 18x forward earnings respectively, this would imply a worst case 12 month share price target of €12.60 (26% upside), based on 20x current year eps of 63c. The shares will also pay a current year dividend yield of c.3.2% for waiting for this upside.
- Out-selling competition : Even though there has been an increase in competition in the UK cider market this year, our view is that Magners should continue to out-sell the competition, and that the impact from the UK smoking ban should be minor, as it was in Ireland. Sentiment towards the shares is also likely to improve as more normal summer weather returns over the course of July and August.
- Upcoming catalysts : The next set of AC Nielsen on-trade data for the UK LAD market, due to be released c.16th/17th July, should provide some reassurance that year on year market share growth is continuing to be generated. Similar to the UK Budget announcement earlier this year, there is now an expectation that this data will be significantly weaker than consensus expectations, so any year on year progress could act as a positive catalyst for the share price. Progress by Magners' in its two new European markets of Spain and Germany could be another potential positive catalyst later this year.
- Buy-back support : Following the recent sale of the group's soft drinks division to Britvic for €249.2m, €150m of the proceeds are being applied to increase the group's previously announced share buy-back programme from €150m to €300m. This share buy-back programme has now started, and with only c.€19.5m spent so far buying back 1.8m shares at an average price of €10.83, it should limit further downside for the share price between now and the group's H1 trading statement on 31/08/07. Following the soft drinks disposal, C&C is also a potentially cleaner takeover target should the share price weakness of recent weeks continue : **BUY**.

Breaking News

CRH issues upbeat trading statement and announces CEO to retire

CRH issued an upbeat trading statement wherein it said it expects that profit before tax for the six months to June 30th to rise by 25% when compared to the €526m reported for the same period last year. CRH said that the year had started well, with a particularly strong performance across its European activities. In the US, the group expects that continuing growth in non-residential construction and a favourable funding and pricing backdrop for infrastructure to offset ongoing weakness in residential activity. EBITDA/net interest cover remains high at 9 times for the twelve months to June, well above the group's stated comfort level of 6 times. CRH also commented that it is committed to optimising the use of its balance sheet while maintaining an investment grade credit rating. CRH also announced that CEO Liam O'Mahony is to retire at the end of 2008.

William Hill and PartyGaming see trading in line with expectations

William Hill issued a trading statement where it said it expects EBIT for 2007 to be 'marginally ahead' of last year's figure of £160m and commented that it is comfortable with analysts' estimates for the full year, who expect profit for 2007 to reach £294.8m. William Hill said last week that its CEO David Harding will stand down by the end of 2007. Elsewhere, PartyGaming also released a trading update this morning and said that the group's financial performance in the second quarter is in line with management's expectations and remains confident about prospects for 2007.

Reports suggest Diageo may sell its Guinness Brand

The Sunday Business Post reported that Diageo may be set to sell off its Guinness beer brand with Heineken among the possible contenders to launch a bid. The report suggests that Diageo may decide to sell the brand and that some analysts believed Guinness did not fit in well with the firm's larger portfolio. Last month Diageo said it was reviewing brewing operations in Ireland following press speculation that Guinness may move from its Dublin City Centre site. The group commented that its review was at a very early stage and it would be 2008 at least before the assessment was complete. Sales of Guinness fell by 7% in Ireland in the final six months of last year.

Business Press

- Aer Lingus pilots set to buy up more shares (IT)
- BP could face more safety charges (FT)
- City jet profits rise as operations expand (IE)

Investment Press

CDOs and subprime debt: The imploding of two Bear Stearns hedge funds did not lead to billions of dollars of exotic securities being dumped on the market, with the price falls and painful, wide-spread marking to market that might have followed.

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