



November 2, 2006

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EQUITIES	Close	Change	% +/-	P/E '07	YTD
ISEQ	8629 ↑	8	0.09%	11.0	17.18%
FTSE 100	6150 ↑	20	0.33%	12.4	9.45%
DAX 30	6292 ↑	23	0.37%	15.0	16.34%
DOW	12031 ↓	-50	-0.41%	19.5	11.57%
NASDAQ	2334 ↓	-32	-1.37%	15.6	5.85%
S&P	1368 ↓	-10	-0.74%	21.0	9.86%

CURRENCIES & RATES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.2755	0.6695	149.4800
Dollar	1.2755	1.0000	1.9051	117.1800
Sterling	0.6695	1.9051	1.0000	223.2200
Interest Rates (%)	3.2500	5.2500	4.7500	0.4800
Oil (Nymex)	58.7100			

This Week's Research
CRH
Deutsche Bank

Today's Research
BG Group

Today's Recommendation

Breaking News

Ryanair announces new partnership

Ryanair announced yesterday that it had formed a gaming partnership with Jackpotjoy.com, adding another new revenue stream as it seeks to boost cash flow from areas other than ticket sales. Ryanair passengers can now play bingo on its website under the deal and by mid-2007 the airline hopes to start offering online gambling on board planes. Ryanair, which will take a cut of Jackpotjoy.com's revenues, did not disclose the terms of the deal. Ancillary revenues generated €259.2m in turnover in the year to the end of March 2006, which was 15.3% of Ryanair's total revenues. This was expected to increase to 20% by 2011. In other related news Britain has agreed to partly lift its ban on liquids in hand luggage on airline flights from next week in a further easing of heightened security rules following a suspected plot to blow up airliners. Passengers will be allowed to carry a limited amount of liquids and pastes but not large drink containers.

Carphone posts a 60% rise in H1 pretax profits

Carphone Warehouse sought to allay concerns about the viability of its business model today as it posted a 60% rise in first-half headline pretax profits. The UK-based retailer was dealt a severe blow last month when Vodafone Group said it would stop selling contract connections in the UK from Carphone's stores and named rival Phones 4U as its exclusive partner. It posted a headline pretax profit of £59.3m for the 26 weeks to September 30, compared with £37m in the previous year. First-half revenue rose 40% to £1.809bn.

Morrogh working group report is published

Finance Minister Brian Cowen is to introduce new rules protecting investors from losses when an investment company collapses. The Morrogh Working Group Report, will improve management of liquidations and receiverships in any future failure of an investment firm. An amendment to Section 52 of the Stock Exchange Act is also recommended. This would make it clear that client assets controlled by third party intermediaries can not be accessed by a receiver when a company collapses.

Business Press

- Providence wins oil and gas licence (IT)
- Davy steps forth as independent broker (II)
- Google set to beat TV in race for ad revenues (FT)

BG Group (£6.73) Q3 results announced Stuart Draper

- Q3 results : This morning, BG Group, formerly called British Gas, announced its results for the 3 months ended 30/09/06. Net profit and earnings per share of £342m and 10p respectively were largely in line with consensus forecasts of £335m and 9.8p, and were year on year increases of 11% and 16%. The major driver of the profit growth was the E&P division where a 22% year on year production increase drove similar 21% year on year operating profit growth.
- Production growth : BG consists of 4 main divisions, exploration and production (E&P), liquefied natural gas (LNG), transmission and distribution (T&D) and power generation (PG), with E&P contributing c.80% of group operating profit, and the remaining 20% split 8%, 7% and 5% across T&D, LNG and PG.
- Earnings growth : These Q3 results keep BG on course for a 2006 eps of 51p, representing year on year earnings growth of 21%. Such continued stronger than sector average earnings growth, combined with the group's high quality management, has resulted in the share price trading at an average premium to NAV of 13% since the company's de-merger in 2000.
- Stand-alone upside : Using the reasonably conservative assumptions of \$41 long term oil and a 10% discount rate, gives a BG Group NAV per share of £6.77, which at a 13% premium gives our current stand-alone 12 month price target of £7.65 (14% upside). Such a target would value the shares at 15x 2006 eps of 51p, an achievable rating for 2006 earnings growth of 21%. Further progress in converting new discoveries into proven reserves also creates the potential for further NAV growth.
- Bid potential : The potential for such NAV growth is as a result of the high quality nature of BG's assets. The quality of these assets has led to some speculation that BG may receive a takeover approach from one of the oil majors, with Royal Dutch Shell most frequently mentioned as having the greatest need for BG's above average proven and probable reserve life of 19 years, and as having the largest operational overlap with BG. Such above average probability of receiving a takeover approach is another attractive feature of BG at current levels, and could imply further c.20% upside to our current stand-alone 12 month price target of £7.65 in the event of a takeover approach being made : **BUY**.

Investment Press

- Deutsche Bank/Investment banks: The corporate pipeline is strong and markets robust, Deutsche Bank said. There has been a good start to the fourth quarter and investor confidence is intact.



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