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EQUITIES	Close	Change	% +/-	P/E '06	YTD
ISEQ	7925	↓ -6	-0.08%	11.0	7.62%
FTSE 100	6082	↓ 59	0.98%	13.5	8.25%
DAX 30	6051	↑ 41	0.69%	15.0	11.89%
DOW	11416	↑ 73	0.64%	19.5	5.87%
NASDAQ	2310	↑ 5	0.22%	15.6	4.74%
S&P	1313	↑ 8	0.61%	21.0	5.48%

CURRENCIES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.2665	0.6858	143.0500
Dollar	1.2665	1.0000	1.8468	112.8900
Sterling	0.6858	1.8468	1.0000	208.4800
Yen	143.0500	112.8900	208.4800	1.0000
Oil (Nymex)	74.6100			

This Week's Research
Bank of Ireland

Today's Research
Fyffes

Today's Recommendation

Breaking News

CRH announces acquisition

CRH said yesterday that it has acquired the Halfen-Deha Group, a European producer of metal construction accessories for a cash consideration, including debt acquired, of €170m. Building materials group CRH said intangible assets, largely goodwill, arising on the deal amount to €100m. In 2005 EBITDA for Halfen amounted to €22m on sales of €190m. Halfen employs approximately 1,300 people in 16 countries and operates from a network of six modern production sites comprising two in Germany and one each in Poland, the Netherlands, Sweden and Malaysia, while its product range is brought to market through a sales network covering 42 countries world-wide.

EasyJet raises FY guidance

easyJet has upgraded its FY guidance after it reported H1 results ahead of expectations. The pretax loss for the half-year was £40.3m, compared with a loss of £21.6m a year earlier and forecasts for a loss of £45m. easyJet said it now expects pretax profit for the full year to grow by 10 to 15 percent compared with 2005, and against earlier estimates for mid to high single digit growth. Unit fuel costs were up 49 percent in the period to £55 m but chief executive Andy Harrison said successful cost reduction and revenue improvements, especially in ancillaries have largely offset this considerable hike in fuel prices. The group is assuming the price of Jet fuel will stay around current levels and it maintains a neutral view on exchange rates.

BSkyB results fall short of expectations

BSkyB has reported that its Q3 profits climbed but that subscriber growth slowed ahead of new product roll-outs later this year. The company said pretax profit for the three months to March 31 was £219m, compared with £203m a year earlier. Revenues rose 11 percent to £1.06bn following a price rise last year. Over the period BskyB added 40,000 subscribers, short of the consensus estimate of 45,000. Churn, or the percentage of customers who left the service, rose 0.8 percentage points to 11.4 percent in the quarter, for a nine-month total of 11.3 percent, and more than 11.0 percent forecast.

Business Press

- Glencar discovers gold in Malian site (IT)
- Ormonde upbeat on Spanish project (IT)
- Ryanair challenges check-in rental (IT)
- NIB reports pretax losses of €5m from integration with Danske (IT)

Fyffes (€2.01) Was this an over-reaction? Stuart Draper

- Shipping fuel : Fyffes has confirmed that as a result of the recent significant increase in the cost of shipping fuel, its current year profit before tax will be €9m lower than previously expected. The share price reacted by falling 7%, resulting in Fyffes market cap falling by €56m.
- Banana pricing : Previously, Fyffes had stated that it would face higher tariff costs of €40m this year, and higher transport costs of €15m. The expectation was that €10m of these higher costs would be able to be recovered by higher prices, and the consensus 2006 profit before tax and eps forecasts were as a result €74m and 14c respectively.
- 2006 profitability : It now appears that the banana pricing environment so far this year has not been strong enough to achieve this pass through, and as a result there will be no such €10m offset. As a result, the consensus 2006 profit before tax and eps forecasts are likely to be reduced to €65m and 12c respectively.
- Sustainable profitability : However, our view is that given that both the higher tariff and shipping fuel costs are sector wide rather than company specific issues, that there will be some recovery in the profitability of Fyffes fruit business in 2007 and 2008, and that a fairer estimate of its sustainable eps is 15c, rather than 12c, even after accounting for higher rental costs post the property spin-off of c.1c per share. Fyffes reported an eps of 25.2c for 2005 and an eps of 20.1c for 2004.
- Property value : With Fyffes' net cash per share currently 46c and 25 of its Irish and UK properties conservatively revalued at 57c per share, even applying the UK property sector average NAV discount of 10%, and a conservative rating of 8x to a sustainable eps of 15c for the fruit (not just banana) business, gives a worst case fair value per share of €2.17 (8% upside).
- Attractive yield : The company will also pay a final dividend per share of 5.2c, going ex next Wednesday, 10th May. When combined with an interim dividend per share of c.1.7c being paid in October 2006, this provides investors with a dividend yield of c.3.4% for waiting for this upside to be achieved. Therefore, based on the new fuel and banana pricing environment, we lower our 12 month price target from €2.50 to a worst case €2.17 level, but re-iterate our BUY recommendation at current levels : BUY.

Investment Press

- Air Berlin: Air Berlin's ads have been known to feature models in tiny bikinis. The proposed price range for its initial public offering is similarly cheeky. Europe's third largest low-cost carrier, which lost €116m last year, hopes to raise up to €400m when it floats later this week.



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