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EQUITIES	Close	Change	% +/-	P/E '07	YTD
ISEQ	8626	↓ -69	-0.79%	11.0	17.14%
FTSE 100	6022	↓ -27	-0.45%	12.4	7.17%
DAX 30	6241	↓ -68	-1.08%	15.0	15.40%
DOW	12194	↓ -28	-0.23%	19.5	13.09%
NASDAQ	2413	↓ -19	-0.76%	15.6	9.43%
S&P	1397	↓ -4	-0.28%	21.0	12.19%

CURRENCIES & RATES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.3306	0.6730	153.8100
Dollar	1.3306	1.0000	1.9771	115.5600
Sterling	0.6730	1.9771	1.0000	228.4700
Interest Rates (%)	3.2500	5.2500	4.7500	0.4800
Oil (Nymex)	63.4300			

This Week's Research

Today's Research INWS

Breaking News

Aer Lingus reveals cost cutting programme

Aer Lingus revealed on Friday its cost-cutting programme, saying it plans to target 12 key areas. In a circular to shareholders that reiterated the former State airline's opposition to Ryanair's proposed €1.4bn takeover, Aer Lingus said that it would be looking at specific initiatives in staff costs, such as employee contracts, pay grades, overtime and air crew productivity. In addition, it said that it would also seek to reduce airport costs, renegotiate maintenance contracts and increase aircraft utilisation in a bid to lower overheads. Aer Lingus also expects an extra €25 million in revenue next year from additional charges for baggage and advance seat selection.

Anglo announces new Company Secretary

Anglo Irish Bank Corporation announced the appointment of Natasha Mercer as Company Secretary to succeed Bernard Daly. Natasha Mercer joined the Bank in 1999, prior to which she worked in financial services in Britain and Ireland. Bernard Daly, Company Secretary & Head of Compliance will retire from the Group on 2nd February 2007. A Chartered Accountant, he joined the Group in 1993 after a career in the Central Bank of Ireland and subsequently in Financial Services. Commenting on the retirement, Mr Sean Fitzpatrick, Chairman said: "We are very grateful to Bernard for the significant contribution he has made to the Bank after 14 highly successful years in various key roles".

Dollar continues to weaken

The dollar tumbled further after a key survey of US manufacturing activity showed a contraction during November, with the euro rising above \$1.33 and the pound breaching the \$1.98 level. The Institute for Supply Management's index of manufacturing fell to 49.50 from 51.2 in October, falling below the 50 mark to indicate contraction in the sector for the first time since April 2003. The fall below 50 is particularly significant, as it could put the lid on any lingering hopes that the Federal Reserve will opt for one more interest rate hike. The euro surged to fresh 20-month highs of \$1.3349 in the wake of the data, while the pound reached new 14-year highs of \$1.9849.

Business Press

- Pfizer halts tests on star drug (II)
- OPEC divided on proposed supply cuts (IE)
- Premier Food's deal is seen (WSJ)

Breaking News

INWS (€2.70) Management meeting update Stuart Draper Target : €2.85 (04/12/06 ; previously €2.75, issued 06/10/06)

- UK recovering : We were recently visited by senior management of Independent News & Media, who gave a general overview as to how the group's various divisions were currently performing. In addition to the continued strong prospects of the group's Irish, Australasian and South African businesses, we were encouraged by confirmation that in line with an improving UK housing market and other UK economic indicators, that a recovery in UK advertising has recently started to take hold.
- Rand strengthening : With over 20% of group profits now generated by the South African division, the group also stands to profit from a 2007 Rand recovery versus the Euro. Another near term catalyst for the share price could be a leveraged buy-out of APN with another private equity provider, following the initial failed deal with Providence Equity Partners.
- Surplus capital : As a result of any new private equity partner being a leveraged vehicle, it will only be necessary for INWS to reinvest a fraction of the proceeds to retain its 40% interest. Even though the debt equity split of the private company has not been disclosed, it has been estimated that such a deal would release c.€400m of cash for INWS, in addition to APN's debt of c.€470m disappearing off the INWS balance sheet.
- High yield : Such a deal would also enable INWS to takeover the management of APN, which may create the potential for further synergies. In addition to accelerating INWS' expansion through further bolt-on deals, most likely in emerging markets, the new surplus cash would mean that further growth in the group's dividend could be relied upon, including perhaps the payment of a special dividend. INWS is already paying the attractive current year yield of c.4.4%.
- Further upside : INWS' stronger than sector average earnings growth also warrants a premium valuation, even though at 14x consensus 2007 eps of 19.3c, the shares continue to trade in line with the current European newspaper sector average of c.13.5x. Our new 12 month price target of €2.85 (6% further upside) is based on 14.9x 2007 eps of 19.3c, which rates the shares at a deserved 10% premium to the current sector average. When combined with a current year dividend yield of c.4.4%, this provides a sufficient additional 12 month total return from current levels to justify maintaining our current BUY recommendation : BUY.

Investment Press

- Japanese MBO: Management buy-outs are fraught with conflicts of interest anywhere. In Japan, MBOs take these risks to even higher levels - as shareholders are learning to their cost.



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