



DAILY COMPANY NOTE - Siemens See page 2 for full details

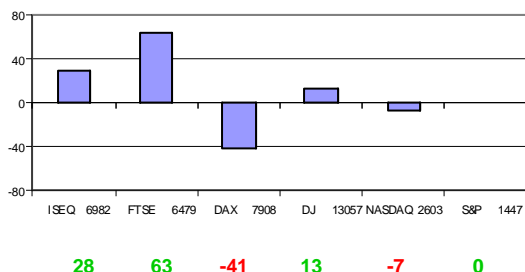
Daily Market Comment

Yesterday's Summary : The ISEQ finished up 0.4% for the day, lifted by a positive trading statement from CRH, which finished 4.3% higher at €25 on decent volumes. Fyffes was also a strong performer, finishing up 5.2% on news of its entry into the US winter melon market. Ryanair was badly hit by elevated oil prices, finishing down almost 6% at €4.32. The FTSE closed up 63 points or 1% despite poor performances from retailers, DSG International dropped 27.3% on news of a profit warning, while Next closed down 6.8%

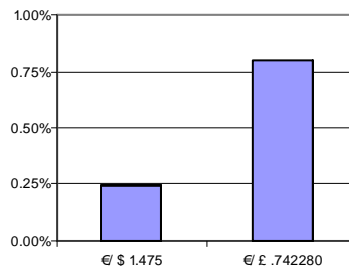
Overnight News : The Japanese Nikkei index closed at an 18-month low, down 4% at 14,691.41, as investors, returning from a four-day break, fretted over the dollar's weakness and a surge in oil prices to a new record above \$100 per barrel, fanning fears of a sharp slowdown in the US economy. The Chinese benchmark Shanghai Composite Index closed up 0.78% at 5,361.57, the highest level since November 15th, with metal stocks gaining after a surge in gold and copper prices. Property developers also drove late gains, helped by a rising Yuan.

Breaking News : Grafton Grp released a trading update this morning, they expect earnings per share that are in-line with or slightly below analyst expectations of 86 cent. The company perceives the 2008 market estimates of 73 to 76 cent per share as reasonable. Fyffes is increasing its target adjusted EBIT for the year ended 2007 to €17m from €15m excluding its 40% share of Blackrock International. Dragon Oil have announced they have reached their production target of 40,000 barrels of oil per day. Aer Lingus workers have agreed to a mediator proposed plan aimed at averting industrial action.

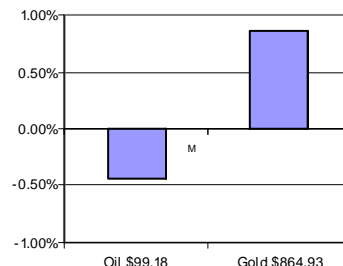
Equity Index's change on day



Currency daily % change



Oil/Gold daily % change



Paper Headlines

- "Grains lifted to highs as oil surges" - (Financial Times)
- "Tata, Ford may do a deal" - **Ford** - (Wall Street Journal)
- "CRH expecting €1.9bn profits" - **CRH** - (Irish Examiner)
- "ECB 'will hold' rates predicts Euro zone analysts" - (Irish Independent)
- "DSG issues profit warning" - **DSG** - (Irish Times)

Market Themes and Movers

Non-Farm Payroll: Wall Street has been quiet of late as investors traded cautiously ahead of a report on December employment that will be released today. Market forecasts are that the US economy added 70,000 private-sector jobs in December, which would be down from November's figure of 94,000. The report, from the Labor Department, should indicate whether the solid job market that existed last year can continue into 2008 and help sustain consumer spending. The market will be looking for any evidence of a US recession.

Oil sets new high: Prices for light, sweet crude reached \$100.09 a barrel after the US government said oil reserves fell by four million barrels last week. The record high came a day after oil prices touched the \$100 level amid fears over declining stocks, a weak dollar and recent geopolitical troubles, including in oil-producing Nigeria. According to the US Department of Energy, stocks of US crude fell by four million to 289.6 million barrels last week, more than the 1.7 million drop widely expected by analysts. The drop in US crude reserves was the seventh straight weekly fall.

Dolmen Squawk Box

This day five years ago, the ISEQ was ahead 1.38%, led by Ryanair which was up 5% for the day.



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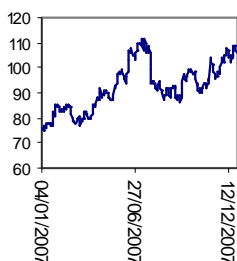
Siemens

Stephen Taylor
BUY
Target
€120.00
Current
€106.11
DAX
Industrial
Company Profile

Siemens manufactures a wide range of industrial and consumer products. The group builds locomotives, traffic control systems, automotive electronics, and engineers electrical power plants. Siemens also provides public and private communications networks, computers, building control systems, medical equipment, and electrical components.

Fundamental view : Siemens' new corporate structure, which it expects to reduce annual SG&A costs by 10%-20% saving it between €1.2bn-€2.5bn, has taken effect at the start of 2008. The new structure underlines the diversity of product offering from the group under which Siemens will focus on three distinct areas of business; Industry, Energy and Healthcare. Siemens' largest unit, the Industry division generates c. 56% of group revenue and focuses primarily on the production, transportation and building areas. The group's Energy division represents c. 28% of total revenue and provides solutions for companies in the oil and gas industry for the generation, transmission and distribution of electrical energy. Siemens third division operates in the Healthcare sector which represents 16% of group revenue. The healthcare division provides a comprehensive portfolio of medical solutions ranging from medical imaging and laboratory diagnostics systems. Last year, the unit purchased Dade Behring, the world's largest company solely dedicated to clinical diagnostics, making machinery used in hospital and reference laboratories to test blood and other bodily fluids. Siemens is not only diversified through its product base but also geographically, with over 50% of group revenue coming from outside of Europe with c. 20% being generated from high growth emerging markets. Siemens also recently announced a strong set of results for 2007 where group profit rose by 33% to €2.01bn, while revenue increased by 9% to €72.5bn. Siemens gross margin also showed an impressive 3.7% rise to 29.8%, a trend we expect to continue following its recent restructuring. The company also announced that it will repurchase €10bn worth of its own shares by 2010 as a result of the recent sale of its VDO automotive unit, while it also raised its 2010 profit growth target at its healthcare division to between 14%-17% from 13%-15% previously.

Next catalyst : On the 24/01/08, Siemens is due to report its first quarter results for 2008 and also issue new 2010 financial targets for its Industry and Energy divisions. We expect the company to report a 6% rise in EPS to €1.20 on revenue of €18.5bn. Siemens currently trades at 16x its 2008 estimated earnings, which is a slight discount to the 17x its peer group currently trades at. Given Siemens strong growth prospects and diversity of earnings both through its product offering and global footprint, we believe the company deserves to trade at 18x its 2008 estimated EPS of €6.60 generating our 12-month price target of €120. With 13% upside to the group's current share price and the fact that Siemens also provides a current year dividend yield of c. 2%, we initiate coverage of the stock with a buy rating. Siemens also benefits from being well removed the current credit crisis as it is expected to have small net debt position of €3bn by the end of 2008 relative to its market cap, and the group's energy division should also benefit from strong commodity prices.

Statistics
Price Performance

Chart view :

Support Key: €101.88

Support Secondary: €95.75

Resistance Key: €112.10

Resistance Secondary: €114.33

Chart in uptrend with both good support and momentum. Next key resistance area at July 2007 high of €112.10. Good support at €101.88. More upside.

Revenue breakdown


- Germany 18%
- Europe ex Germany 31%
- US 20%
- Americas ex US 6%
- Asia-Pacific 15%
- Africa, EMEA, CIS 10%

Major Shareholders	%	Peer Group Multiples			
		Company name	P/E 08	P/E 09	EPS Growth 07-08
Siemens Family	5.44%	Siemens	16.1	13.3	21.21%
WestLB	3.55%	Alstom	25.5	19.8	23.05%
Franklin Templeton	0.77%	Phillips	19.9	16.8	10.80%
		General Electric	16.9	15.3	11.52%

Shares Outstanding 547.21 m

Share Data	Financial Data	2007	2008e	2009e	
Current Price (€)	106.11	Revenue (€m)	72,448	79,777	85,115
Mkt Cap (€m)	97,000	PBT (€m)	5,101	7,993	9,898
Reuters	SIEGn.DE	EPS (€)	4.13	6.60	8.00
Bloomberg	SIE GY	P/E(x)	25.7	16.1	13.3
Sector	Industrial	DPS(€)	1.60	1.98	2.23
CEO	Peter Loescher	Yield	1.51%	1.87%	2.10%
Finance director	Joe Kaeser				
Website	www.siemens.de				





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