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EQUITIES	Close	Change	% +/-	P/E '07	YTD
ISEQ	7552 ↑	36	0.47%	11.0	2.55%
FTSE 100	5884 ↑	51	0.87%	12.4	4.73%
DAX 30	5713 ↑	29	0.52%	15.0	5.63%
DOW	11228 ↑	78	0.70%	19.5	4.13%
NASDAQ	2190 ↑	18	0.84%	15.6	-0.68%
S&P	1280 ↑	10	0.79%	21.0	2.83%

CURRENCIES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.2782	0.6923	146.4200
Dollar	1.2782	1.0000	1.8480	114.5600
Sterling	0.6923	1.8480	1.0000	211.5900
Yen	146.4200	114.5600	211.5900	1.0000
Oil (Nymex)	73.9300			

This Week's Research  
Fyffes

Today's Research  
BHP Billiton

Today's Recommendation

## Breaking News

### Rank says may sell Hard Rock Cafes

British leisure conglomerate Rank Group Plc said today it might sell its Hard Rock cafe business. Rank said in a statement like-for-like revenue had grown 8 percent in Hard Rock's company-operated cafes in the 26 weeks to June 25, with total sales up 6 percent. Its revenue from its 14 bingo halls in Scotland had fallen 14 percent in the 13 weeks since a smoking ban. Overall, first-half revenue at Mecca Bingo was down 1 percent. Rank said the start of the World Cup and warm weather in Britain in recent weeks which hit admissions at its casino business although "spend-per-head" had improved. Merrill Lynch International is advising Rank on Hard Rock.

### S&P ratings boost for Bank of Ireland on UK profits

Credit rating agency S&P yesterday revised its outlook for Bank of Ireland to positive from stable. The outlook revision reflects the clearer evidence of better and more focused performance by Bank of Ireland's UK division to complement its robust domestic franchise. At the same time, the A+/ A-1 short term counterparty credit ratings on BOI were affirmed. In addition, the A-1 short term-counterparty credit rating on BOI's U.K. subsidiary, Bristol and West PLC, was affirmed. The rating on BOI reflects its leading position in the Irish banking system, now ranking among the more healthy systems globally. The management, which recognized that Ireland is an attractive market to other banks and customer and regulatory expectations are increasing, is positioning the bank for greater competition.

### Ryanair buys 10 boeing 737-800s valued at €700m

Ryanair Holdings PLC has bought ten more Boeing Co 737-800 passenger aircraft for delivery in 2008. These 10 new aircraft will allow Ryanair to launch even more low fare routes to new destinations in 2008. Ryanair operates a current fleet of 107 Boeing 737-800's and over the next six years it will buy 142 more 737-800 aircraft from Boeing. Ryanair also has options for further 169 aircraft between 2008 and 2014.

### BHP (€10.60) Major upside as production expands Stuart Draper

- **Attractively valued :** Following the c.13% correction in the BHP share price over the last 2 months, from its closing high of £12.12 on 11/05/06, we are this morning re-iterating our current BUY recommendation, adding the stock to our Dolmen Dozen top stock picks for Q3 2006 to replace Fyffes. BHP is currently trading at 10.2x eps of £1.04 for the 12 months ending 30/06/07, the very bottom end of the 10x to 19x eps range at which the shares have traded over the past 6 years.
- **Greatest diversification :** BHP is the most diversified of the UK mining stocks with no single division contributing more than a third of group operating profit. The steel and base metal divisions contribute 33% and 28% respectively of group operating profit, and the c.20% of group operating profit contributed by the petroleum division gives the group a natural hedge against higher energy prices.
- **Production increases :** BHP expects to increase production by c.8% per annum over the next 4 years. This will be achieved by its US\$14.4 bn sector leading project pipeline coming on stream. For the 12 months ending 30/06/07, BHP is expecting to expand its production of iron ore, copper, coking coal, oil and nickel by between 6% and 12%.
- **Strong growth :** Further strength in the prices of these commodities, when added to this production growth, should ensure that eps growth of 20% is achieved for the 12 months ending 30/06/07. Our current 12 month price target of £12.50 (18% upside) is based on 12x eps of £1.04 for the year ending 30/06/07. Now accounting for between 15% and 25% of global commodity demand, BHP also gives investors a major exposure to China's expansion as an industrial superpower.
- **Upcoming catalysts :** There are also two potentially important catalysts for the BHP share price scheduled for Q3 2006. A Q4 trading statement is scheduled to be released on 25/07/06, and results for the year ended 30/06/06 are scheduled to be announced on 23/08/06.
- **Cash distributions :** BHP is forecast to generate operating cash flow of \$63 bn over the next 4 years, with \$18 bn expected to be spent on capex and exploration and \$12 bn expected to be spent on dividends. This still leaves a potential surplus of \$33 bn to be returned to shareholders either by way of special dividends or share buybacks : **BUY**.

## Business Press

- CRH broadens Dutch footprint in €76m deal (II)
- TV3's revenues jump as profits hit €4.7m (II)
- NTL, Chorus may shed up to 350 jobs (IT)

## Investment Press

- **World Cup Sponsors:** When Germany and Italy meet tonight in the semi-finals of the World Cup, the bitterest divide will arguably be in the Bavarian town of Herzogenaurach: home to Adidas and Puma, the rival sports brands. The former sponsors Germany, while Puma's leaping cat adorns the Italian kit.



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