



May 6, 2005

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EQUITIES	Close	Change	% +/-	P/E '05	YTD
ISEQ	6069 ↑	85	1.43%	11.0	-2.08%
FTSE 100	4902 ↑	20	0.41%	13.5	1.83%
DAX 30	4300 ↑	35	0.82%	15.0	1.02%
DOW	10340 ↓	-44	-0.43%	19.5	-4.10%
NASDAQ	1962	0	-0.02%	15.6	-6.09%
S&P	1173 ↓	-3	-0.26%	21.0	-3.25%

CURRENCIES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.2937	0.6805	135.5500
Dollar	1.2937	1.0000	1.9003	104.7500
Sterling	0.6805	1.9003	1.0000	199.0400
Yen	135.5500	104.7500	199.0400	1.0000

This Week's Research
CRH
Anglo Irish Bank
WW

Today's Research
Fyffes

Today's Recommendations

Breaking News

GM, Ford credit ratings lowered to 'Junk' status

Standard & Poor's Corp. cut to "junk" status the credit ratings of General Motors Corp. and Ford Motor Co. on Thursday, citing an alarming loss in market share for the two biggest U.S. automakers and their heavy dependence on slumping sport utility vehicle sales. The downgrades, which mean S&P considers the companies' debt to be below investment grade in quality, were another blow to GM and Ford's images on Wall Street. And as the cuts to junk status had been anticipated for months, markets remained relatively unmoved by the news, coming just a day after Los Angeles billionaire Kirk Kerkorian boosted optimism about GM by offering \$868 million to more than double his holding in the firm.

Ryanair passenger numbers up 24% in April

Ryanair said on Thursday passenger numbers in April rose 24 percent from last year to 2.66 million. The carrier said in a statement its passenger load factor was 81 percent in April, compared to 82 percent a year ago. The increase in passenger numbers was partly driven by the thousands of Catholics travelling to Rome following the death of Pope John Paul II. Ryanair shareholders meet next week to vote on whether to approve an order for new planes worth more than \$4 billion from Boeing Co. as part of plans to double passenger numbers by 2012.

Providence expands offshore Ireland acreage

Providence Resources yesterday announced that it has been granted a 100% interest in a new Licensing Option 05/3 in St. George's Channel, offshore south east Ireland. This new Licensing Option further expands Providence's portfolio of oil and gas discoveries and prospects located off the east, south and west coasts of Ireland. Commenting on the announcement, Dr. Brian Hillery, Chairman of Providence, said: "This new Licensing Option is of particular interest to Providence given that Marathon will be drilling nearby this year on its Dragon gas field. The Licensing Option represents an opportunity for Providence to strengthen its existing Irish portfolio in an area from which we believe there may be significant future gas production."

Fyffes (€2.30) EU banana prices remain strong Stuart Draper

- Trading update : Fyffes has issued a statement with regard to trading for the first four months of its current financial year. The trading statement confirmed that market conditions for its Continental European operations have remained favourable, with EU banana prices remaining strong, and as a result it is upgrading its 2005 earnings growth guidance to "a double digit increase in adjusted earnings per share."
- Guidance upgrade : Prior to this trading update, the consensus forecast was for 2005 underlying eps of 21c, representing 6% growth on the 2004 reported eps of 19.77c. Following yesterday's update, this 2005 consensus forecast is likely to move c.5% higher to 22c, representing 11% year on year growth.
- Slowing growth : Such an excellent result for 2005 would still represent a significant slowdown from the 32.2% growth rate achieved in 2004. This is because additional EU banana price increases and further year on year US dollar / Euro weakness will not be available as major engines of earnings growth this year to the same extent as they were in 2004.
- Regulatory risk : The pending EU banana reforms also represent a significant regulatory risk for Fyffes' banana margins. The EU has published proposals to raise the tariff from 7.5c per kg of bananas to 23c per kg, from January 2006. The risk is that as importers such as Fyffes raise prices to recover this higher tariff, it results in lower banana consumption. The current legal case against DCC also adds an element of legal risk to the share price in the short term, and the current high energy prices also increase Fyffes' shipping costs.
- Share price : Fyffes' shares are also no longer cheap by comparison with international peers. Fyffes is now trading at 10.5x 2005 eps of 22c, versus Chiquita at 9.5x consensus 2005 eps of \$2.70, even though Chiquita's eps is expected to more than double this year from \$1.33 for 2004.
- Fairly valued : As a result of the Everfresh acquisition being earnings enhancing by at least 3% from 2007, we had previously upgraded our Fyffes' price target. However, at current levels, our view is that this earnings boost is now fairly reflected in the current share price.
- Corporate potential : Therefore in the absence of the corporate activity which has been rumoured in the press in recent times, the shares would now appear fairly valued by comparison with peers on a stand-alone basis : **NEUTRAL**.

Business Press

- Top Russian steel group planning UK IPO (FT)
- Unilever head might quit early (FT)
- IBM move worries Ahern (IT)
- Treasury Holdings to get 55.2% of REO (IT)
- PI fund manager hired by Irish Life (II)

Investment Press— Lex

- GM/Ford: They do not come much bigger than this. The downgrades by Standard Poor's to junk of General Motors and Ford are huge market events. General Motors, after all, has total debt of about \$300bn



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