



June 7, 2007

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EQUITIES	Close	Change	% +/-	P/E '07	YTD
ISEQ	9476 ↓	-240	-2.47%	14.1	0.72%
FTSE 100	6523 ↓	-110	0.00%	13.2	4.85%
DAX 30	7730 ↓	-190	-2.40%	14.2	17.18%
DOW	13466 ↓	-130	-0.95%	15.2	8.04%
NASDAQ	2587 ↓	-24	0.00%	26.1	7.12%
S&P	1517 ↓	-14	0.00%	15.9	6.99%

CURRENCIES & RATES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.3505	0.6775	163.8200
Dollar	1.3505	1.0000	1.9936	121.3300
Sterling	0.6775	1.9936	1.0000	241.8000
Interest Rates (%)	3.7500	5.2500	5.5000	0.4800
Oil (Nymex)	65.9600			

This Week's Research
Origin
Ryanair

Today's Research
C&C Group

Today's Recommendation

C&C (€11.30) €300m buy-back starting this month Stuart Draper
Target : €13.50 (27/04/07 ; previously €13, issued 12/01/07)

- **Buy-back imminent** : Following the recent sale of the group's soft drinks division to Britvic for €249.2m, representing the attractive exit multiple of 19.2x operating profit of €13m after central costs, €150m of the proceeds are being applied to increase the group's previously announced share buy-back programme from €150m to €300m. This share buy-back programme, representing c.8% of the shares in issue at the current market price, is due to start this month and should help protect against significant further share price downside.
- **Takeover potential** : We expect the disposal to be eps neutral when the lower number of shares post the buy-back programme are considered, and the deal should also provide more capital to help fund the group's high growth cider business, as well as making the business a potentially cleaner takeover target.
- **Market gains** : Significant share price upside from current levels over the next 3 months is created by Magners continuing to increase its share of the UK LAD market. In this regard, the latest AC Nielsen market share data for March showed Magners increasing its share of the UK LAD market to 1.8% on a moving average annual basis from 1.7% in February, demonstrating that C&C remains on target to achieve its stated goal of 2.5% market share by the end of February 2009.
- **Strong growth** : Achieving such increased market share provides the basis for our current year eps forecast of 67.5c for the year ending 28/02/08, representing further year on year growth of 23%. The next set of AC Nielsen on-trade data for the UK LAD market is due to be released around 16th/17th July. Progress by Magners' in its two new European markets of Spain and Germany could be another potential positive catalyst for the C&C share price later this year.
- **Major upside** : Given such strong earnings growth prospects and the fact that peers such as Diageo and Heineken, with significantly lower growth prospects, currently trade at 17.3x and 18x forward earnings respectively, our current 12 month price target for C&C of €13.50 (19% upside) is based on 20x current year eps of 67.5c. The shares will also pay a current year dividend yield of c.2.9% for waiting for this upside to be achieved : **BUY**.

Breaking News

AIB re-iterates FY guidance

AIB stuck to its FY earnings goal yesterday and said in a trading statement that it still expected the percentage increase in its 2007 EPS to be in the low double digits. AIB said it expected US bank M&T Bank Corp., in which it owns a 23.5% stake, to show an "improved performance" for the FY after a "challenging Q1". In Ireland, where jitters over the economy have hit local banking stocks, AIB said it expected economic growth to slow to around 5% this year but said it still expected loan growth of about 20% in 2007. It also expects its Polish business to show loan book growth of 20%, helped by a recent pick up in mortgage demand. Overall it was a very strong trading statement with no negative surprises.

FDA request stronger warning on Avandia's box

The FDA has already requested stronger "black box" warnings be placed on GlaxoSmithKline diabetes drug Avandia, the regulator's commissioner told the US Congress. The medicine watchdog is testifying at a hearing called amid a safety scare surrounding the drug. The news prompted US lawmakers to ask why the drug does not already carry the strongest safety alert possible, given available evidence, and called the hearing to listen to evidence from Glaxo and the FDA. Europe's medicine regulators added stronger warnings to the drug's label last year, based on the safety data available.

ECB raise interest rate to 4%

The ECB yesterday raised interest rates in the 13-strong eurozone to 4%, double the level of 18 months ago. The 0.25% hike to 4% is the eighth since the ECB first started tightening monetary policy in December 2005, after a 30-month freeze at 2%. It is likely to be followed by one if not two or more similar jumps later this year. ECB president Jean-Claude Trichet said yesterday's rates decision "will contribute to ensuring that medium to longer-term inflation expectations in the euro area remain solidly anchored at levels consistent with price stability". The increase comes amid a growing optimism in the eurozone economy, with growth expected to be around 2.5% this year and next, and unemployment, already at a 15-year low of 7.1%, due to fall further.

Business Press

- Rise in petrol inventories sees prices decline (FT)
- O'Brien increases IN&M stake to 8.35% (IE)
- ISEQ sheds €6bn in two-day slump (II)

Investment Press

- **Carry trade currencies**: Could conditions be any better for the yen carry trade? It seems not, judging by recent moves in the currency markets.

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