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EQUITIES	Close	Change	% +/-	P/E '05	YTD
ISEQ	6702	↑ 31	0.47%	11.0	8.13%
FTSE 100	5461	↑ 37	0.69%	13.5	13.44%
DAX 30	5024	↑ 29	0.58%	15.0	18.05%
DOW	10586	↑ 55	0.53%	19.5	-1.82%
NASDAQ	2178	↑ 9	0.41%	15.6	4.27%
S&P	1223	↑ 3	0.22%	21.0	0.89%

CURRENCIES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.1731	0.6752	138.2700
Dollar	1.1731	1.0000	1.7369	117.8300
Sterling	0.6752	1.7369	1.0000	206.0500
Yen	138.2700	117.8300	206.0500	1.0000
Oil (Nymex)	59.4700			

This Week's Research  
Ryanair

Today's Research  
DCC

## Breaking News

### M&S H1 slightly ahead of expectations

Marks & Spencer has reported a slightly better than expected 19.6 percent rise in first half pretax profit and confirmed it has persuaded George Davies to stay on at the successful per una fashion business, less than a month after he resigned. With the crucial Christmas period ahead, the retail giant cautioned that the trading environment remains 'very difficult', but it said customer feedback on its new product and pricing is 'positive'. For the six months to October 1, M&S made a profit before tax of 308.2 million pounds compared to analysts' consensus forecast of 307 million and a restated 257.8 million pounds for the same period last year.

### BZ WBK posts strong Q3 results

AIB's Polish arm, Bank Zachodni WBK said its nine-month net profit jumped by a fifth from a year ago, beating consensus forecasts thanks to loan growth and its fund business. Earnings reached 412.5 million zlotys in the January-September period against analysts expectations of 400 million zlotys, thanks in part to the company's Arka mutual fund unit, now the third-largest fund management firm in Poland. "Key factors behind the growth included ... continued growth at Arka -- faster than the market average -- and dynamic growth of retail lending," the bank said in a statement. BZ WBK said total revenue for the period was 1.43 billion zlotys, compared with an average forecast of 1.39 billion.

### Petroceltic increases Italy licence to 40%

Petroceltic has increased its interest in the Italian oil licence B. R268.RG to 40 percent from 15 percent previously as estimated proved and probable reserves for the site are upgraded to a range of 108-182 million barrels. The licence contains the ELSA 1 discovery. a recent report commissioned by Vega Oil (partners in the block) concluded that the P2 reserves are 182 million barrels, given that the location of the prospect in an established E.U. oil producing country; that the excellent regulatory and fiscal regime in Italy; and the fact that there is significant facility and refinery infrastructure in very close proximity.

## Business Press

- Share buyback costs Abbey €9m (IT)
- Eircom to seek price rise for Swisscom exclusivity (IT)
- Providence drilling project completed (IT)
- Dresdner to integrate DrKW (FT)

## DCC (€15.95) Better than expected H1 results Stuart Draper

- H1 results : DCC's results for the 6 months ended 30/09/05 were significantly better than consensus forecasts. Earnings per share of 45.3c was ahead of the consensus forecast of 42c, even though it was a year on year decrease of 4.4%. The only reason for the year on year decline was the previously flagged fall in the contribution from the IT division.
- Hidden growth : However, DCC's 4 other major businesses, Energy, Healthcare, Food & Beverage and Homebuilding all performed well, and set the group up for the resumption of double digit earnings growth in the seasonally more important H2, in which DCC generates c.two thirds of its full year profits. Particularly strong operating profit growth of 48% and 37% respectively were delivered by the group's Healthcare and Food & Beverage divisions to €10.1m and €7.4m.
- Accelerating growth : However, similar to McInerney's H1 results, due to the timing of completions, the contribution of Manor Park was lower, resulting in a 21% fall in the profit after tax contribution of the group's Associate businesses. However, when combined with the seasonally stronger H2 growth from the Energy division, these postponed sales should position the group to deliver double digit H2 growth.
- Further upside : With further group earnings growth of c.8% to €1.55 likely to be generated in the 12 months ending 31/03/07, our current 12 month price target of €17 (7% further upside) is based on 11x forward earnings per share of €1.55. With the H1 dividend having been increased by 15% to 15.54c, the group remains on course to pay a current year dividend yield of c.3%. With current net debt a very manageable €95m, DCC is well capitalised to announce further acquisitions or share buybacks over the next 6 months, which would result in some further upgrades to earnings forecasts.
- Risk discounted : Also even though there is a significant risk of further legal costs being incurred this year from the Fyffes' legal case, with the share price having reached a high of €18.93 in early August without any resolution of the case, the market would appear to consider such costs exceptional in nature and very manageable given the group's projected year end net debt of c.€40m. The removal of this long-running uncertainty in the coming months may even act as a positive catalyst for the share price. DCC's share price has risen by 7% since our upgrade of 25/10/05 : BUY.

## Investment Press— Lex

- Ryanair: Ryanair passengers will soon be able to gamble on their BlackBerries during flights. Unlike its customers, though, the Irish carrier seems unlikely to lose money.



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