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EQUITIES	Close	Change	% +/-	P/E '07	YTD
ISEQ	8368 ↓	-23	-0.27%	14.1	-11.06%
FTSE 100	6535 ↓	-80	-1.21%	13.2	5.05%
DAX 30	7959 ↓	-21	-0.26%	14.2	20.65%
DOW	13968 ↓	-196	-1.39%	15.2	12.07%
NASDAQ	2729 ↓	-74	-2.66%	26.1	13.01%
S&P	1540 ↓	-26	-1.63%	15.9	8.55%

CURRENCIES & RATES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.4121	0.6917	165.6500
Dollar	1.4121	1.0000	2.0418	117.2800
Sterling	0.6917	2.0418	1.0000	239.4200
Interest Rates (%)	4.0000	5.2500	5.7500	0.5000
Oil (Nymex)	80.2600			

**This Week's Research**  
 Royal Bank of Scotland  
 BHP Billiton

**Today's Research**  
 C&C

## Breaking News

### EU rejects Aer Lingus' call for Ryanair to sell stake

European regulators have rejected a bid by Aer Lingus to force Ryanair to sell its 29.4% stake in the company. Aer Lingus still has the option of suing the European Commission on its ruling in order to force Ryanair to sell its stake in the group. Elsewhere, Aer Lingus suspended one of its pilots on Tuesday in an escalating row between management and employees over company plans to set up a new hub in Northern Ireland. A spokesperson for the union IMPACT, which represents Aer Lingus' 500 pilots, said the employee had been suspended after failing to meet a deadline for helping the airline train new staff for the planned base in Belfast. The spokesperson also commented that it wants to resolve the issues and that no one was talking about industrial action at this stage. Reports suggest that a further 30 pilots are set to resign from training duties - which are optional and carry extra pay - in a bid to avoid suspension threatened by management for non-cooperation earlier this week.

### UK Treasury extends guarantee agreement for Northern Rock

The UK Treasury has agreed to extend its guarantee arrangements for Northern Rock to include new retail deposits received after September 19<sup>th</sup>. Northern Rock said that these arrangements would cover all retail deposits including future interest payments, movements of funds between accounts and term deposits for the duration of the term. Northern Rock commented that the arrangement would remain in place until after financial markets stabilize, allowing it to pursue a 'full range of strategic options', a process it said should be completed by February 2008. Recent press reports have suggested that private equity firms Lone Star, JC Flowers & Co. and Cerberus Capital Management have held detailed discussions with Northern Rock and its advisers.

### Rumours of stake building buoys British Land

Shares in British Land gained in excess of 5% yesterday as rumours circulated that a Saudi fund was building a stake in the UK property company. More than 18m shares were traded in British Land, compared with full-day average volumes of 7m over the past 30 days.

## Business Press

- Speculation of McInerney takeover ups share price (II)
- Takeover talk helps Tullow hit record high (II)
- EU may legislate in wake of subprime fallout
- King says British banking needs to be restructured (II)

## Breaking News

**C&C (€5.50)** Interim results announced **Carl Bourke**  
**Target : €5.75** (10/10/07 ; previously €6.50, issued 03/08/07)

- **Interim results** : This morning, C&C announced interim results for the 6 months ended 31/08/09. Revenue for the period was flat at €375.6m. Operating profit of €37.9m was a 33% decline on the same period last year and was inline with consensus forecasts. The decline was due to an increased spend on marketing, costs associated with increasing manufacturing capacity and a decline in sales volume. This resulted in earnings per share of 17.5c, a 39% decline year on year.
- **Test markets** : C&C also provided us with our first update on its two European test markets. Despite C&C not going into too much detail, we see it as a positive that the company has decided to remain in both markets. The company did say that unlike Ireland and the UK, a high marketing spend doesn't equate into increased volume. Therefore the company is going to revise its approach for both markets for 2008/2009.
- **Profits downgrade** : We now estimate that FY cider operating profit will be 39.6% lower than last year at €120.5m, which is based on full year cider turnover of €495.7m. Including €18m from international spirits & liqueurs and €2m from distribution gives total group operating profit of €140.5m, which after a net interest charge of €15.1m and tax of €16.9m at a 13.5% effective tax rate, gives an after tax profit of €108.5m.
- **EPS downgrade** : At the conference call management stated that the group will continue its share buyback programme. The company still has €35m from the previous buyback to complete and they had previously guided another €150m. We do not expect the company to complete the whole of the €150m buyback but as the company didn't give any guidance we are assuming the company will finish the remaining €35m H1 buyback and c.€103m of the H2 buyback. This results in the number of shares in issue falling from 327.5m as at 28/02/07 to 294.2m as at 28/02/08, giving an average number of shares in issue of 311.1m for the year ending 28/02/08, which would imply a current year eps of 35c.
- **Target downgrade** : We feel that the likelihood of next summer weather been as poor as last year is remote. Therefore we are expecting 10% eps growth on 35c giving us a 2008 eps figure of 38.5c. As C&C generates c.85% of its revenue from one product, and with little guidance on future growth we feel that the stock deserves to trade at a 25% discount to its peers. As a result our new 12 month price target to €5.75 is based on 15x 2008 eps of 38.5c : **NEUTRAL**.

## Investment Press

- **Japan's consumer finance problems**: Whether out of skill or sheer luck, Japan has so far appeared blissfully isolated from the credit turmoil that has embroiled western markets, with plenty of money sloshing around its capital markets and banks

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