DOLMEN DAILY

July 11, 2006

Contact Details: Email : research@dsl.ie, info@dsl.ie Tel : +353 1 633 3800 Fax : +353 1 677 4708

EQUITIES	Close	Change	% +/-	P/E '07	YTD
ISEQ	7650 ↑	52	0.68%	11.0	3.88%
FTSE 100	5897 ↑	8	0.14%	12.4	4.95%
DAX 30	5706 ↑	24	0.43%	15.0	5.51%
DOW	11104 ↑	13	0.12%	19.5	2.97%
NASDAQ	2117 ↓	-13	-0.62%	15.6	-4.01%
S&P	1267 ↑	2	0.15%	21.0	1.79%

CURRENCIES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.2731	0.6913	145.3200
Dollar	1.2731	1.0000	1.8408	114.1500
Sterling	0.6913	1.8408	1.0000	210.2400
Yen	145.3200	114.1500	210.2400	1.0000
Oil (Nymex)	73.6100			

This Week's Research

Aviva

Today's Research

Standard Life

Breaking News

M&S- Q1 same-store sales up 8.2%

British retailer Marks & Spencer Plc posted an 8.2% rise in first-quarter same-store sales despite challenging trading in the retail sector. In an update on Tuesday before its annual shareholder meeting where Paul Myners steps down as chairman, M&S said like-for-like general merchandise sales rose 10.5% in the 13 weeks to July 1, with food sales up 5.8% on the same basis. A Reuters poll of nine analysts had forecast average like-for-like non-food sales growth of 10% , with non-food sales seen up 6.3%. M&S said its latest quarterly performance was encouraging although it noted that the figures were set against what it described as soft comparable year-ago figures.

Man Group confident of FY prospect

Man Group said Tuesday that funds under management have increased from $49.9b at the end of March, to over $54b at June 30. Sales in the last three months rose to $5.3b from $1.6b in the same period a year ago. Demand for their fund products have been very strong, both from private investors and institutions. The Board remains very confident of the group's prospects for the year. Private investors account for $32.5b of all assets, and institutional investors make up $21.5b.

UBS downgrades Easyjet

UBS downgrades Easyjet to neutral from buy given its strong relative outperformance recently. They say the stock has shifted from a cost-reduction story to a revenue story. UBS points out however that Ryanair has warned this winter will be difficult for yields due to new capacity and Easyjet will not escape this dynamic.

Today's Recommendation

Standard Life (£2.42) IPO trades higher Stuart Draper

- Trading higher : Standard Life's (SL) IPO has got off to a good start, with the shares closing its first day of trading 5.2% higher than the £2.30 offer price. This means that when the preferential offer price discount of 5% is taken into account, investors have already made a gain of 10.5% on the effective £2.19 cost price of any additional shares which they have been allocated. The institutional offer was 3 times oversubscribed.
- FTSE eligibility : A share price of £2.42 values the shares at an 8% discount to 2006 year end embedded value (EV) per share of £2.63, and gives the company a market cap of £4.8 bn, making it eligible for FTSE 100 membership. This market cap of £4.8 bn pushes SL ahead of Friends Provident, which has a current market cap of £3.8 bn, as the UK's 5th largest listed insurer.
- Discount valuation : SL is now targeting a return on embedded value for 2007 of between 9% and 10%, following the announcement of a pre-tax value of new business of £30m for Q1 2006. This would be a c.30% lower than the UK sector average 2006 return on embedded value of 13.9%. Discounting the current UK sector average price to 2006 embedded value (EV) of 1.4x by 30% would give a price to 2006 EV of 1x. Given that SL has a high quality pension offering and a fast-growing asset management business, our view is that it should not be valued any lower than its 2006 year end EV of £5.269 bn.
- Further upside : This translates into a 2006 year end EV per share of £2.63, generating our initial 12 month price target of £2.60 (**7%** further upside). SL management has stated that the first dividend of 5.4p for H2 2006 will be paid in May 2007 and that it will pursue a progressive dividend policy. This is expected to represent c.50% of the 2006 full year dividend, implying a dividend yield of c.**4.5%** on the current share price.
- Attractive yield : Investors still holding the shares in 12 months time will also receive an additional **5%** bonus in the form of 1 extra share for every 20 still held. Therefore, with the shares providing an attractive total return of **16.5%** from current levels on a 12 month view, we re-iterate our current BUY recommendation. However, near term institutional demand could be limited by the upcoming £1.5 bn Resolution rights issue and the potential Aviva AmerUS placing. SL will announce its new business figures for H1 2006 in early August : **BUY**.

Business Press

- DCC set to meet expectations (IT)
- Takeover of Eircom to be wrapped up by today (II)
- Irish Nationwide flotation now on the cards but controversy remains (IE)

Investment Press

- Kraft: Irene Rosenfeld, the new chief executive of Kraft Foods, was always likely to have a lot on her plate. Kraft's $1.1b deal with United Biscuits, just a fortnight after Ms Rosenfeld's return, certainly suggests a healthy appetite.

Disclosures

This report has been prepared by Dolmen Stockbrokers ('Dolmen') for information purposes only to assist investors to make their own investment decisions and is not intended to and does not constitute personal recommendations nor provide the sole basis for any evaluation of the securities discussed. Specifically the information contained in this report should not be taken as an offer or solicitation of investment advice or, encourage the purchase or sale of any particular security, option, future or other derivative investment. Not all recommendations are necessarily suitable for all investors and Dolmen recommend that specific advice should always be sought prior to investment, based on the particular circumstances of the investor. Although the information in this report has been obtained from sources, which Dolmen believes to be reliable and all reasonable efforts are made to present accurate information Dolmen give no warranty or guarantee as to, and do not accept responsibility for, the correctness, completeness, timeliness or accuracy of the information provided or its transmission. Nor shall Dolmen, or any of its employees, directors or agents, be liable to for any losses, damages, costs, claims, demands or expenses of any kind whatsoever, whether direct or indirect, suffered or incurred in consequence of any use of, or reliance upon, the information. Any person acting on the information contained in this report does so entirely at his or her own risk.

All estimates, views and opinions included in this report constitute Dolmen's judgement as of the date of the report but may be subject to change without notice. Changes to assumptions may have a material impact on any recommendations made herein.

Unless specifically indicated to the contrary this report has not been disclosed to the covered issuers(s) in advance of publication.
Past performance is not necessarily a guide to future returns. The value of investments and the income from them can fall as well as rise. Investments denominated in foreign currencies are subject to fluctuations in exchange rates, which may have an adverse affect on the value of the investments, sale proceeds, and on dividend or interest income. Investors may not necessarily recoup the full value of their original investment. Investors should be aware that forwarding looking statements and forecasts may not be realised.

This report may not be reproduced (in whole or in part) altered, transmitted or made available to any other person without the prior written permission of Dolmen.

Dolmen Securities is a Member Firm of the London Stock Exchange, and is authorised by the Financial Regulator under the Investment Intermediaries Act 1995. Dolmen Stockbrokers is a Member Firm of The Irish Stock Exchange, The London Stock Exchange, and is authorised by the Financial Regulator under the Stock Exchange Act 1995. Dolmen Stockbrokers is regulated by the Financial Regulator as a Mortgage Intermediary.

Conflicts of Interest & Share Ownership Policy

Dolmen, its employees, directors or related companies, may have a shareholding in the securities (or related investments/ derivatives) of certain companies covered in this report, or may provide/ solicit investment banking or other services to/ from them.

It is noted that research analysts' compensation is impacted upon by overall firm profitability and accordingly may be affected to some extent by revenues arising other Dolmen business units including Corporate Finance, Fund Management and Stockbroking. Revenues in these business units may derive in part from the recommendations or views in this report. Notwithstanding, Dolmen is satisfied that the objectivity of views and recommendations contained in this report has not been compromised.

Dolmen permits research analysts to own shares and/ or derivative positions in issuers they publish research, views and recommendations on and accordingly analysts involved in the production of this report may own stocks in a company covered in it. Any own account staff trading is undertaken in strict compliance with Dolmen's own account internal rules and therefore Dolmen is satisfied that the impartiality of research, views and recommendations remains assured.

Analyst Certification

Each research analyst responsible for the content of this report, in whole or in part, certifies that: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.

For US Persons Only

This report is only provided in the US to major institutional investors as defined by s. 15 a-6 of the Securities Exchange Act, 1934 as amended. A US recipient of this report shall not distribute or provide this report or any part thereof to any other person.