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EQUITIES	Close	Change	% +/-	P/E '07	YTD
ISEQ	9317 ↑	6	0.07%	11.0	-0.97%
FTSE 100	6230 ↑	69	1.13%	12.4	0.15%
DAX 30	6687 ↑	121	1.84%	15.0	1.37%
DOW	12515 ↑	73	0.59%	19.5	0.41%
NASDAQ	2485 ↑	26	1.04%	15.6	2.88%
S&P	1424 ↑	9	0.63%	21.0	0.39%

CURRENCIES & RATES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.2914	0.6630	155.7600
Dollar	1.2914	1.0000	1.9480	120.3700
Sterling	0.6630	1.9480	1.0000	234.9100
Interest Rates (%)	3.2500	5.2500	4.7500	0.4800
Oil (Nymex)	51.8800			

This Week's Research

Tullow Oil
BP
United Drug

Today's Research

C&C

Breaking News

C&C (€11.60)

Stuart Draper

BUY on further weakness / Target entry level €11

Target : €13 (12/01/07 ; previously €12, issued 12/10/06)

- Seasonality discounted : C&C's share price fell by 11% yesterday after a broker downgrade stated that Magners' winter UK market share growth would be weaker than he previously forecast. One of the main reasons for our recent cautiousness in relation to chasing the C&C share price was that part of the group's spectacular summer 2006 growth in the UK was driven by a combination of the abnormally hot summer weather and the soccer world cup, with both factors unsustainable.
- Market share : As a result, we would expect near term UK market share data to be weaker than some forecasts, and the group's full year results for the year ending 28/02/07 to be only in line with current consensus forecasts, driven in part by some winter discounting. This would be a much less spectacular result the H1 results, which beat consensus forecasts by 6%.
- Secular growth : However, we still believe in the product's strong secular growth prospects, driven by its launch in 20 of the larger UK population centres, as well as ultimately its launch into other international markets. The target of Magners doubling its market share by 2010 appears achievable. C&C's underlying eps of 28.7c for the 6 months ended 31/08/06 represented year on year growth of 77%.
- New capacity : Such continued strong growth will be facilitated by spending €200m on doubling the company's cider production capacity, as well as by €30m of current year advertising expenditure. Crucially, this new capacity will be available to supply next summer's demand.
- Premium deserved : As a result, even though the 77% eps growth of H1 2007 was unsustainable, as explained above, underlying earnings growth of 20% per annum would appear sustainable, supporting a forward multiple of 20x. This would rate the shares at a c.20% premium to the average of 16.6x forward eps at which Heineken and Diageo are currently trading, which appears justifiable given C&C's stronger growth.
- Recommendation upgrade : We would expect some further share price weakness over the coming days toward the €11 level, and would use this weakness as a BUYING opportunity, upgrading our 12 month recommendation now from NEUTRAL to BUY. Our 12 month price target of €13 is based on 20x forward eps of 65c : BUY.

Breaking News

M&T Q4 profit up 4%

M&T Bank whose biggest shareholder is AIB, posted a 4% rise in Q4 profit yesterday, helped by rising interest income. Net income for the New York-based company rose to \$213m, or \$1.88 per share, from \$205m, or \$1.78, a year earlier. The results were in line with analysts' expectations. Excluding items like costs linked to acquisitions and amortization of core deposit and other intangible assets, M&T Bank earned \$1.98 per share, up from \$1.85 a year earlier. The company set aside an additional \$28m for credit losses in the Q4, up from \$23m in the prior year's Q4. In related news AIB announced yesterday that Anne Maher and Dan O'Connor have been named Non-Executive directors, and that Donal Forde has been named Executive Director.

Irish life & Pensions market grows by 21%

Yesterday the Irish life and pensions market released figures showing a 21% year on year rise in APE terms to €1.7bn. Annual premiums rose by 7% however the main driver was single premiums, which showed a 45% growth rate from the previous year. IL&P were the Bank of Ireland were the main beneficiaries, both increasing their market share to over 25%. With over 70% of SSIA accounts maturing this year similar growth is expected.

Alliance Boots underlying retail and wholesale revenue up 1.6%

Alliance Boots announced that revenues in both its retail and wholesale arms rose by 1.6% on a like-for-like basis during Q3 of 2006. In the retail division, like-for-like revenues in Alliance Boots' home market grew by 1.5%, while international revenues improved by 2.7%. Underlying wholesale revenues were up by 2.9% in Northern Europe and by 0.8% in Southern Europe. Like-for-like revenue growth in U.K. pharmacies was below analysts' expectations, but the group's latest trading statement blamed calendar effects, which shaved 0.7% off the U.K. sales increase as well as a 1.2% hit from expected adjustments to the reimbursement rate for prescription generics, which took effect at the beginning of October 2006.

Business Press

- Cisco to sue Apple over iPhone name (IT)
- Analysts predict further rise in Fyffes entities' shares (IT)
- AZ in \$1bn diabetes drug partnership (FT)
- UK Coal's property portfolio rises (FT)

Investment Press

- UK Interest rates: After a year without communicating a clear view about the direction of the UK economy, the Bank of England just got off the fence

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