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EQUITIES	Close	Change	% +/-	P/E '07	YTD
ISEQ	7998 ↑	41	0.52%	11.0	8.61%
FTSE 100	5892 ↓	-3	-0.06%	12.4	4.87%
DAX 30	5906 ↑	32	0.55%	15.0	9.21%
DOW	11543 ↑	45	0.39%	19.5	7.05%
NASDAQ	2228 ↑	12	0.53%	15.6	1.01%
S&P	1318 ↑	5	0.38%	21.0	5.87%

CURRENCIES & RATES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.2678	0.6753	149.1800
Dollar	1.2678	1.0000	1.8770	117.6600
Sterling	0.6753	1.8770	1.0000	220.8500
Interest Rates (%)	3.0000	5.2500	4.7500	0.4800
Oil (Nymex)	63.9700			

This Week's Research

Apple
BHP Billiton
Grafton Group

Today's Research Horizon

Today's Recommendation

Horizon (€0.95) H1 results announced Stuart Draper
Target : €1.20 (14/09/06 ; previously €1.30, issued 11/04/06)

- Results announced : This morning, Horizon Technology announced its results for the 6 months ended 30/06/06. Earnings per share, excluding any contribution from the group's recently sold distribution business, of 4.21c, was 8.2% higher year on year. This growth was driven from the integration of Sun systems in the UK and Ireland, application consulting and from some initial IBM-related sales in the UK. The 8.2% growth rate was also after taking account of a 10% share placing in February 2006. Excluding this effect, trading profit was 16% higher year on year.
- Distribution disposal : Horizon recently announced the sale of its distribution business for cash of € 6.2m, plus the division's working capital debt of € 9.1m. In addition to strengthening the group's balance sheet for further investment in its high growth enterprise solutions business, the disposal significantly increases Horizon's operating margin and growth prospects.
- Margin expansion : Margins at the group's consulting business are in excess of 70%, and so there is the potential for a significant re-rating of the shares from their current 10x consensus 2006 eps of 9.5c valuation. Horizon's IT services peers, Morse and Computacenter, currently trade at between 14x and 17x consensus 2006 earnings.
- SAP acquisition : Earlier this year, Horizon announced the small bolt-on acquisition of Irish SAP consulting partner, Enterprise Process Consulting (EPC) Group Limited, for €2m, plus a potential further €1.5m depending on results achieved over the next 2 years. EPC specialises in the pharmaceutical and public sector markets, and is the only Irish mySAP consulting partner.
- Earnings growth : This acquisition should generate synergies with Horizon's current Irish SAP implementation capability and application consulting business. The acquisition is expected to be earnings enhancing in 2006, and should help ensure the resumption of overall group earnings growth in 2007.
- Attractive upside : With both Horizon's operating margin and turnover growth comparing quite favourably with peers such as Morse and Computacenter, our current 12 month price target of €1.20 (26% upside) is based on a conservative 12x 2007 eps of 10c to reflect Horizon's smaller market cap of €77m : **BUY**.

Breaking News

UK expects to ease air travel rules next week

The British government is expected to announce an easing of air travel rules next week after security was tightened last month in the wake of a foiled terrorist plot. A meeting of government and airline industry officials is set for Monday, and the Department of Transport said an announcement on revised rules was likely later in the week. Airport operator BAA said it expected the restrictions to be eased within 24 hours of Monday's meeting.

EU banana prices down 17% - Chiquita

Chiquita Brands announced earlier in the week that banana sales volume rose 11 percent in Europe during the first two months of the third quarter, but average banana prices declined. EU banana prices dropped 17 percent. The price drop reflects unseasonably warm weather, which depressed demand, plus an increase in an import tariff and elimination of a quota for Latin American banana imports, which increased competition.

South Wharf tender process commences

South Wharf says the tender process to acquire its Ringsend site in Dublin has started. All tenders are required to be submitted by October 25. After this South Wharf, Dublin Port, and their advisers will assess the tenders received with a view to picking a tenderer. Under the agreement between South Wharf and Dublin Port, Dublin Port will receive a third of the price paid, with the remainder being paid to South Wharf shareholders. Current valuations range from €375m to €500m, or €6.50 to €8.90 per share. South Wharf says that a further announcement and the successful tender is expected around mid November.

Business Press

- C&C planning €200m Clonmel plant revamp (II)
- Dublin oil company to list on IEX, AIM (IT)
- MyTravel issues profit warning (FT)

Investment Press

- US housing: The US is suffering from a case of the housing blues - the worry that a collapse in the residential property market could trigger a severe economic slowdown, even a recession. Is that justified?



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