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Contact Details:

Email : research@dsl.ie

Tel : +353 1 633 3800
info@dsl.ie Fax : +353 1 677

EQUITIES	Close	Change	% +/-	P/E '07	YTD
ISEQ	9091 ↑	134	1.50%	11.0	23.45%
FTSE 100	6228 ↑	36	0.57%	12.4	10.84%
DAX 30	6553 ↑	32	0.49%	15.0	21.16%
DOW	12417 ↑	99	0.81%	19.5	15.15%
NASDAQ	2454 ↑	21	0.88%	15.6	11.27%
S&P	1425 ↑	12	0.87%	21.0	14.50%

CURRENCIES & RATES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.3118	0.6699	155.0300
Dollar	1.3118	1.0000	1.9579	118.1800
Sterling	0.6699	1.9579	1.0000	231.3600
Interest Rates (%)	3.2500	5.2500	4.7500	0.4800
Oil (Nymex)	62.5100			

This Week's Research	Today's Research
Lloyds TSB HSBC BHP Billiton	GSK IL&P

Breaking News

IL&P (€20.80) Earnings guidance raised Stuart Draper
Target : €23 (15/12/06 ; previously €19.50, issued 08/03/06)

Breaking News

Ryanair share split approved

Ryanair announced yesterday that shareholders had approved a planned stock split and that it had extended its hedging of fuel prices for next year. Ryanair plans a two for one stock split early next year. The group said it had hedged 18% of its fuel requirements for the quarter of January to March 2008. It said in a statement following the meeting that this hedging was done at a cost per barrel that represented a 10% reduction on the same quarter to March 2007, the fourth quarter in its current accounting year. Last month Ryanair said it had hedged 50% of its needs for October to December 2007 at a cost of 10% less than for the same period of this year. Ryanair also announced that it would return cash to shareholders either through a share buyback or a special dividend.

OPEC to cut output by 500,000 bpd from Feb

OPEC decided yesterday to pare half a million barrels from its output but not until February as it juggled concerns about oversupply and fears that deeper and earlier cuts would send prices skyrocketing. With concerns about high inventories overshadowing the meeting, the planned cuts were meant as a warning shot to the world's major consuming nations and tailored primarily to eat into their stockpiles. OPEC has already curbed output by 1.2million barrels this year.

Elan 6.5% notes to be converted into ADS

Holders of Elan's 6.5% convertible notes have elected to convert the notes into American depository shares (ADS) or ordinary shares of Elan at a rate of 134.7709 ADS/shares per \$1,000 of notes. The company said following the conversion of about \$253.6m of the convertible notes issued by its unit Elan Capital Corp Ltd about 34.2 mln ADS/ordinary shares were issued to the notes holders raising the number of Elan shares to about 466.6 mln. The conversion price of the convertible notes is approximately \$7.42 per ADS/ordinary share. Elan also said its unit Athena Neurosciences Finance LLC has offered to redeem the 7.25% senior guaranteed notes with outstanding principal of \$613m.

- Trading statement : Irish Life & Permanent (IL&P) has released a very strong year end pre-close period trading statement, stating that both banking and life operating profit are now expected to be well ahead of previous guidance. Overall, 2006 pre-tax operating profit growth is now expected to exceed 20%.
- Banking margin : In addition to loan book growth in the "high twenties percent" and "excellent" credit quality (full year increase in bad debt provisions well behind loan book growth), the bank's net interest margin is now expected to be "slightly ahead of the previous guidance of 1.15%". This appears to have been helped by a greater than expected increase in current account balances.
- Life growth : Life sales in Ireland are expected to grow by a stronger than previously expected c.30%, helped by maturing SSIA's. With c.half of the SSIA's maturing over the next 4 months, the outlook remains buoyant for further strong life sales growth in 2007.
- SOTP valuation : Valuing the group's banking business at 12x upgraded 2007 eps of 63c to reflect its continued strong growth gives a per share value of **€7.56**, valuing the group's life business at 1.9x 2007 embedded value per share of €6.95 to reflect its above average future growth prospects gives a per share value of **€13.21**, and valuing the group's 30% interest in Allianz Ireland at 11x 2007 eps of 20c (a discount to FBD's current 12x), gives a per share value of **€2.20**. Summing these 3 different parts gives a per share value for the group on a stand-alone basis of **€22.97**, and our new price target of **€23**.
- Recommendation upgrade : At a share price of €20.28 on 04/09/06, we downgraded our IL&P recommendation from BUY to NEUTRAL, recommending a SWITCH into Aviva, which was £7.42 at the time. However, IL&P's new raised earnings guidance yesterday, combined with a re-rating of sector multiples since September, result in us now upgrading our IL&P recommendation again to BUY, with a new 12 month price target of **€23** (11% further upside), which is based on the above sum of the parts analysis. Investors will also be paid a dividend yield of c.3.5% for waiting for this upside to be achieved, and IL&P also has an above average probability of receiving a takeover approach over the next 12 months : **BUY**.

Business Press

- South Wharf investors back Ringsend site sale (II)
- Japan Tobacco offers £7.47bn for Gallaher (IT)
- Smurfit stake values Perlico at €55m (IT)

Investment Press

- US investment banks: As New York officials fret over the apparent erosion of the city's dominance as a financial centre, Wall Street's investment banks are rewriting the record books.

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