



DAILY COMPANY NOTE - DCC Plc See page 2 for full details

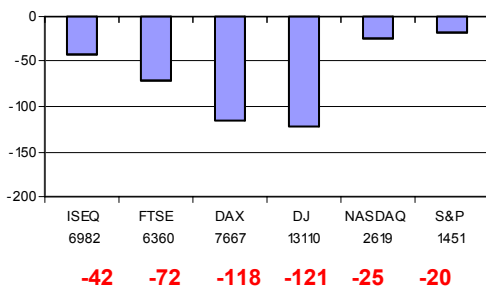
Daily Market Comment

Yesterday's Summary : The main news on the ISEQ yesterday was C&C's restructuring announcement. The company reported that it is laying off 150 of its 600 staff in an effort to achieve net cost savings of €10m a year. The company is expected to take a €15m charge in the current year to cover the cost of the reorganisation. In the UK the talking point was the share price weakness of Ladbrokes. The company announced yesterday that group profit was up 84% for the 4 months, however stripping out profit from high rollers profit was down 12%. The share closed down c.9%.

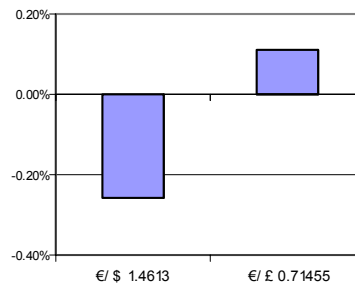
Overnight News : It was reported that Rio Tinto, fighting off a hostile takeover bid from BHP Billiton, is considering launching a counterbid for its Australian rival. Rio rejected BHP's \$131.57bn all-share takeover proposal earlier this month. Rio said the proposal significantly undervalues the company

Breaking News : Unilever announced it expects sales in China to rise by 20% this year to push the proportion of its sales from the fast growing emerging markets to c.50%. Emerging markets are growing at 10% compared to 5% for the overall group.

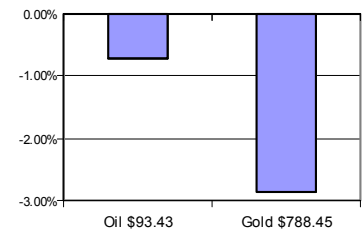
Equity Index's change on day



Currency daily % change



Oil/Gold daily % change



Paper Headlines

- "C&C to cut 150 jobs in restructuring " - **C&C** - (Irish Times)
- "Barclays writes off £1.3bn tied to subprime crisis " - **Barclays** - (Irish Times)
- "S&N rejects improved £7.3bn offer by Carlsberg and Heineken " - **Scottish & Newcastle** - (Financial Times)
- "Air France sues Ryanair for price-fixing 'slander' " - **Ryanair** - (Irish Examiner)

Market Themes and Movers

Potential interest rate hike pushes Chinese stocks lower : Chinese share prices closed 0.91% lower today amid concerns over a possible hike in interest rates by the central bank to curb economic overheating and inflation. They said the strong inflation data released this week sparked fresh fears that the government may soon roll out new cooling measures, with data today showing an expansion in fixed assets investments adding to those concerns. China's consumer price index, the main gauge of inflation and the temperature of the economy, rose 6.5% in October compared with a year earlier, the government said on Tuesday.

OPEC lay blame of high oil price at someone else's door: Oil prices fell yesterday as OPEC lowered its estimate for demand growth and ruled out a hike to crude output. It came as ministers from OPEC were defiant in the face of pressure from consumer nations to raise oil output, saying the market was amply supplied and that blame for near \$100 prices lay outside the cartel. OPEC's biggest and most influential member Saudi Arabia earlier this week described fears of supply shortages as "groundless" and OPEC secretary-general Abdallah al-Badri on Wednesday voiced his opposition to an increase.

Federal Reserve to provide increased transparency : Gold regained some strength today as bargain hunters and investors resurfaced to take advantage of the metal's sharp drop the previous day. Dealers expected volatile trade ahead, following gold's fall to its lowest level in two weeks to \$782.35 on Thursday a drop of more than \$35 after the metal hit an intraday high of \$817.90 on buying interest from Japanese and US investors.

Dolmen Squawk Box

This week five years ago Technology was the focus of recent stock-market rallies, with investors snatching up shares with a fervour that has been rarely seen or at least, sustained since the stocks began flaming out two-and-a-half years ago.



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DCC Plc

Carl Bourke
BUY
Target €22.00

Previous (issued 20/03/07) €27.00

Current €19.30

ISEQ
Company Profile

DCC is a procurement, sales, marketing, distribution and business support services company that operates in five business segments: DCC Energy, DCC SerCom, DCC Healthcare, DCC Food & Beverage and DCC Environmental. On November 13, 2006, it acquired 90% of Realpower Limited. On July 7, 2006, it acquired Carlton Fuels Limited. In August 2007, DCC plc acquired CPL Petroleum Limited.

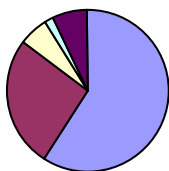
Recent results : Last Monday the 12th November, DCC announced results for the 6 months ended 30th September 2007. Group operating profit and earnings per share of €51.6m and €0.4852 were year on year increases of 17.6% and 14.4% respectively. The growth was primarily driven by strong organic growth. Although these results are less significant than the H2 results they still account for c.30% of full year earnings.

Divisional analysis : DCC energy achieved excellent growth with operating profit up 34.8% to €14.5m. The company is now the leading oil and LPG distributor in the UK and Ireland, helped by last years acquisition of CPL Petroleum. The company noted that it is well placed to achieve strong profit growth for the seasonally more significant second half of the year. DCC SerCom, DCC's IT and consumer electronics business achieved operating profit growth of 18.8% to €12.5m. The SerCom distribution business was particularly strong, helped by sales of Microsoft's Xbox which DCC distributes in Ireland and the UK. DCC healthcare also posted operating profit growth of 6.5% to €10.4m. However, the operating margin decreased from 8.7% to 7.8%. This was due to the weaker performance of Health and Beauty due to the increased costs associated with capacity expansion and new product development. This was offset by strong growth from Fannin after it secured the national contract to supply paediatric nutrition to Irish hospitals last year. The environmental division reported operating profit growth of 56.7% to €7.2m. The growth was driven by a strong performance from its UK recycling and waste management activities. The only disappointing news came from the group's Food & Beverage division which reported operating profit of €7m, down 4.3% year on year.

Manor Park : DCC commented that it is actively engaged in discussions in pursuit of the best return for shareholders from its 49% holding in Manor Park. When the company first mentioned that it wanted to dispose of its holding it was estimated that it could fetch up to €750m. However, with the slow down in the Irish property market and the lack of an apparent buyer this valuation has fallen to approx. €500m. Taking a conservative view, should Manor Park be sold for €450m this equates to €2.74 for each of the group's 80.56m shares.

Further upside : Post the results management upgraded current year guidance to high teen growth in operating profit for the full year. This follows 10 years of compound earnings growth of 17%. As a result and given that peers trade at c.14x current year earnings our view is that DCC should trade at a rating of at least 12x earnings, particularly given the defensive and diversified nature of the stock. This generates our new 12 month price target of €22 which is based on 12x forward eps of €1.60, combined with the €2.74 per share for Manor Park explained above.

Statistics
Price Performance

Revenue Breakdown


■ Energy 59% ■ SerCom 26%
 □ Healthcare 6% □ Environment 2%
 ■ Food 7%

Major Shareholders	%	Peer Group Multiples.			
Fidelity	13.50%	Company name	P/E 07	P/E 08	EPS Growth 07-08
Schroder	10.02%	DCC	12.1	10.8	11.81%
Bol Asset Mgt	8.96%	Indus	12.29	8.02	14.63%
AIM	5.90%	Wendel	12.8	10.0	28.44%

Shares Outstanding 80.56m

Share Data	Financial Data	2006a	2007e	2008e
Current Price (€)	Revenue (€m)	4,046	4,736	5,251
Mkt Cap (€m)	PBT (€m)	162	151	169
Reuters	DCC.I	1.60	1.60	1.79
Bloomberg	DCC ID	12.0	12.1	10.8
Sector	Miscellaneous	0.49	0.55	0.62
CEO	Jim Flavin	2.55%	2.87%	3.20%
CFO	Fergal O'Dwyer			
Website	www.dcc.ie			





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