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Contact Details:

Email : research@dsl.ie

Tel : +353 1 633 3800
info@dsl.ie Fax : +353 1 677 4708

EQUITIES	Close	Change	% +/-	P/E '07	YTD
ISEQ	9633 ↓	-67	-0.69%	11.0	2.39%
FTSE 100	6449 ↓	-48	-0.74%	12.4	3.67%
DAX 30	7282 ↓	-66	-0.90%	15.0	10.39%
DOW	12804 ↑	31	0.24%	19.5	2.73%
NASDAQ	2511 ↓	-6	-0.26%	15.6	3.94%
S&P	1473 ↑	1	0.07%	21.0	3.82%

CURRENCIES & RATES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.3578	0.6784	159.8500
Dollar	1.3578	1.0000	2.0016	117.7100
Sterling	0.6784	2.0016	1.0000	235.6300
Interest Rates (%)	3.7500	5.2500	5.2500	0.4800
Oil (Nymex)	63.1300			

This Week's Research
 Royal Bank of Scotland
 Tesco
 FBD

Today's Research
 British Airways

Today's Recommendation

Breaking News

Prudential's first quarter sales beat expectations

Prudential Plc reported better than expected first quarter sales, with a strong performance in Asia offsetting a continued downturn at its UK division. Prudential said total first quarter sales for 2007 came in at £640m, up 8% compared with the same period last year and ahead of the £613m expected by analysts. The improvement was driven by Prudential's Asian business, where sales jumped 34% to £277m. That outweighed a sharp downturn in the UK, where sales fell 23% on the year to £183m, while in the US, sales rose 21% to £180m. The company said that prospects across the group remain excellent.

Trading at Persimmon for 2007 in line with previous year

Persimmon issued a trading update wherein it said that trading in 2007 has been in line with 2006 with total group sales standing at around £1.8bn. The group pointed out that average selling prices have risen modestly, with good visitor levels and historically low cancellation rates. Persimmon has been tipped by the media and analysts to move on rivals, as its position as the UK's largest homebuilder will be overtaken by Barratt Developments following its £2.2bn purchase of Wilson Bowden. Press reports in March suggested that Persimmon was considering a bid for rival Taylor Woodrow or George Wimpey.

CRH set to benefit from positive outlook to Polish market

Betor Sklady Budowlane, one of the leading building materials distributors in Poland, has said cement prices in the country have risen approximately 20% in the past year, while a shortage of bricks has led to a threefold increase in the prices of some items. CRH is set to benefit from increasing prices in the Polish market as it has established one of the leading positions in the cement market, along with a growing presence in products such as asphalt, bricks and cement products.

British Airways (£5.13) Open Skies opportunity Stuart Draper

- Recent sell-off : British Airways' recent sell off on negative sentiment due to the open skies agreement offers an attractive entry level into a strong player in a sector rife for consolidation. The short-term technicals have turned positive again for BA and M&A activity seems likely with Iberia and BMI (which owns 11% of Heathrow slots) named as possible targets.
- Sector consolidation : Last weekend there was press speculation that Apax is to ask BA to join a possible bid for Iberia. This sort of deal would make sense for BA who currently owns 10% of Iberia and has rights over a further 30% as it would give it strategic benefits without the capex spend or execution risk associated with tabling its own bid. With Open Skies (to come into effect 1st April 08) the biggest barrier to industry consolidation will be removed.
- Heathrow slots : With a 42% share of Heathrow slots, property assets approaching £1bn and 180 acres of land at Heathrow, BA could find itself a target rather than an acquirer. It is worth noting that private equity involved in the Qantas deal has indicated an interest in more airline acquisitions. Applying such a multiple to BA would value the airline at £7.50 a share.
- Mitigating factors : The initial shock from the Open Skies announcement seems to be in the price at these levels. Many mitigating factors including capacity constraints at Heathrow, BA's premium offerings and T5 benefits will limit the impact of Open Skies. A study by CAA concluded that a reduction in fares of c.10% over a period of five years will be the most likely outcome. It is worth noting that it took nearly 4 years for BA's profits to get hit post European liberalisation.
- Attractive upside : With M&A speculation currently surrounding the sector, BA looks like a buy with some short/medium term upside potential. Our current 12 month price target of £5.90 (15% further upside) is based on 10x current year eps of 59p, which is at the bottom end of BA's historical pe range of 10x to 12x, to take account of the current uncertainties surrounding "open skies" : BUY.

Business Press

- Airtricity plans €800m investment (IT)
- Weak car sales hit February retail figures (IT)
- New account to challenge to challenge 'Big Two' (II)

Investment Press

- McDonald's/Wendy's: Big Macs and fries are not everyone's choice for a balanced diet. But at least for investors, they have proven remarkably healthy in recent years

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DOLMEN SECURITIES → Website : www.dolmenstockbrokers.ie

75 St. Stephen's Green, Dublin 2, Ireland.

45 South Mall, Cork, Ireland.

Theatre Court, Mallow Street, Limerick, Ireland

• Tel : +353 1 633 3800

• Tel : +353 21 422 2122

• Tel : +353 61 436 500

• Fax : +353 1 677 7044

• Fax : +353 21 422 2123

• Fax : +353 61 436 599

• Email : info@dsl.ie

• Email : cork@dsl.ie

• Email : limerick@dsl.ie



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