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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	9228 ↑	0	0.00%	11.0	-1.91%
FTSE 100	6189 ↑	59	0.96%	12.4	-0.50%
DAX 30	6671 ↑	92	1.39%	15.0	1.13%
DOW	12226 ↑	116	0.96%	19.5	-1.90%
NASDAQ	2394 ↑	22	0.92%	15.6	-0.86%
S&P	1402 ↑	15	1.09%	21.0	-1.15%

CURRENCIES & RATES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.3294	0.6792	155.8500
Dollar	1.3294	1.0000	1.9573	117.2900
Sterling	0.6792	1.9573	1.0000	229.5800
Interest Rates (%)	3.5000	5.2500	5.2500	0.4800
Oil (Nymex)	56.5900			

This Week's Research

Today's Research DCC

Today's Recommendation

Breaking News

Friends Provident pre tax profit down 34%

Friends Provident announced today that group profit before tax fell 34%, although life and pensions new business profits rose 42%. Group profit before tax fell to £398m under European embedded value in 2006 from £600m the year before. Jim Smart, finance director, said in an interview that a basis change for reserving had helped to increase the IFRS profit. Smart added that Friends Provident will need to raise additional funds to take advantage of perceived growth opportunities in the market, both for the period up to 2008 and beyond. The company said it expects market growth in 2007 to be in the range of 5-10%.

Barclays in takeover talks with ABN AMRO

Barclays is in exclusive talks to buy ABN AMRO in what would be the world's biggest acquisition in the financial services industry. Barclays, the third-largest British bank, said on Monday that it would make a statement "clarifying the position" before the start of business Tuesday. The Barclays chief executive, John Varley, told analysts a month ago that he wanted the London-based bank to grow "aggressively." Acquiring ABN, which has branches in 53 countries, would help Barclays to extend its retail-banking network and build up its securities, asset- and wealth- management businesses.

ICG shares up on interest from One51

Shares in ICG rose again yesterday and are now trading at a c7.5% premium to the €18.50 a share being offered by chief executive Eamonn Rothwell. The share price surge follows the purchase by Philip Lynch's One51 investment group of 1.3m shares. One51 bought the 1.3m ICG shares at €19.25 and €19.50 last Thursday and Friday. According to market sources, One51 clearly believes that another offer is a strong possibility. Even if it does not materialise, the presence of a 19% per annum 'junk bond' as part of Rothwell's offer adds upside to the shares. The other strategic rationale of the investment seems to be the fact that Dublin Port and One51 have a 50/50 joint venture in a new container and ro-ro terminal at Greenore, halfway between Dublin and Belfast.

DCC (€24.25) Manor Park & results catalysts ahead Stuart Draper

- Manor Park : DCC recently announced that it had reached agreement with Joe Moran, who owns 51% of Manor Park, to seek offers for 100% of the business. Given the group's strong cash generation, its net debt is forecast to be c.€77m as at 31/03/07. Following the recent sale of the group's Sandyford site for €40m and assuming that DCC raises a further €300m after taxes and disposal expenses, from the sale of its 49% stake in Manor Park, a sizeable surplus capital position will be generated, creating the potential for a major share buyback programme or special dividend for shareholders.
- Surplus capital : This translates into a potential surplus capital position which can be conservatively estimated at €3 for each of the group's 80.37m shares in issue. Deducting this surplus capital from the current DCC share price of €24.25, leaves the shares rated at 13.7x consensus eps of €1.55 for the year ending 31/03/07, reducing to 12.1x consensus eps of €1.75 for the year ending 31/03/08.
- Earnings growth : Given that DCC has delivered compound earnings growth of 17% per annum over the past 10 years from its ability to successfully integrate bolt-on acquisitions, such a forward multiple does not fairly value the strength of the group's earnings growth. The current consensus forecast is that 13% eps growth to €1.75 will be generated for the year ending 31/03/08. However, from both further acquisitions and a major share buyback programme, there is the scope for this current consensus forward eps forecast to be upgraded by 6% to €1.85.
- Attractive upside : As a result, our current 12 month price target for DCC's enterprise value of €24 is based on 13x forward eps of €1.85. When account is taken of the group's surplus capital of €3 per share, explained above, an overall 12 month group share price target of €27 (11% upside) is generated.
- Results catalyst : In addition to the potential sale of Manor Park, currently expected by mid April, another potential upcoming positive catalyst for the DCC share price could be the group's full year results' announcement on 15th May. The previously flagged timing-related profit decline at Manor Park is expected to mask strong earnings growth from the group's Energy, Sercom and Environmental divisions, leaving the full year eps "close" to the €1.57 achieved in the prior year : **BUY**.

Business Press

- Wolseley sees European sales rise (IE)
- AstraZeneca likely to abandon drug (FT)
- UTV won't rule out talks with rival SMG (II)

Investment Press

- Chinese monetary policy: On the face of it, China's 27 basis point hike in short-term interest rates seems about as point-less as trailing a bucket from the stern of a super tanker.

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DOLMEN SECURITIES → Website : www.dolmenstockbrokers.ie
75 St. Stephen's Green, Dublin 2, Ireland.
45 South Mall, Cork, Ireland.

• Tel : +353 1 633 3800
• Tel : +353 21 422 2122

• Fax : +353 1 677 7044
• Fax : +353 21 422 2123

• Email : info@dsl.ie
• Email : cork@dsl.ie

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