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EQUITIES	Close	Change	% +/-	P/E '07	YTD
ISEQ	9228	↓ -95	-1.02%	11.0	-1.91%
FTSE 100	6220	↑ 31	0.50%	12.4	-0.01%
DAX 30	6700	↑ 29	0.43%	15.0	1.57%
DOW	12288	↑ 62	0.51%	19.5	-1.41%
NASDAQ	2408	↑ 14	0.58%	15.6	-0.29%
S&P	1411	↑ 9	0.63%	21.0	-0.52%

CURRENCIES & RATES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.3311	0.6780	156.4500
Dollar	1.3311	1.0000	1.9621	117.5200
Sterling	0.6780	1.9621	1.0000	230.5500
Interest Rates (%)	3.5000	5.2500	5.2500	0.4800
Oil (Nymex)	56.7300			

This Week's Research
DCC

Today's Research
INWS

Today's Recommendation

INWS (€3.11) Full year results announced Stuart Draper
Target : €3.35 (21/03/07 ; previously €3.10, issued 20/12/06)

- Results announced : This morning, Independent News & Media (INWS) announced its results for the year ended 31/12/06. Earnings per share of 17.43c was c.1% ahead of the consensus forecast of 17.2c, and was a year on year increase of 12%, driven by 5% circulation growth and 4% advertising revenue growth. The group's core Irish business benefited from a strong advertising backdrop, as well as some slight operating margin expansion from the group's ongoing cost cutting initiatives. The strongest revenue growth and margin expansion was once again delivered by the group's South Africa business, which delivered 32.1% operating profit growth to €55.2m. With over 20% of group profits now generated by the South African division, the group also stands to profit from a 2007 recovery in the South African Rand versus the Euro.
- UK recovering : Even though the UK advertising market remained weak during 2006, in contrast to its peers, INWS achieved year on year revenue growth of 8.4% to €226.6m. Recent indications are also that a recovery in UK advertising is currently starting to take hold. The leveraged buyout of APN, in conjunction with Providence Equity Partners and Carlyle, at A \$6.10 per share is expected to release c.€400m of surplus cash. APN shareholders are expected to vote on this deal next month.
- Surplus capital : A successful transaction would enable INWS to takeover the management of APN, creating the potential for further synergies. In addition to accelerating INWS' expansion through further bolt-on deals, most likely in emerging markets, the new surplus cash would mean that further growth in the group's dividend can be relied upon, including perhaps the payment of a special dividend. INWS is already paying the attractive current year yield of c.4.1%.
- High yield : INWS' stronger than sector average earnings growth also warrants a premium valuation, even though at 14.8x consensus 2008 eps of 21c, the shares continue to trade in line with the current European newspaper sector average of c.14.5x. Our new 12 month price target of €3.35 (8% further upside) is based on 16x 2008 eps of 21c, and rates the shares at a deserved c.10% premium to the current sector average. When combined with a current year dividend yield of c.4.1%, this provides a sufficient additional 12 month total return from current levels to justify maintaining our current BUY recommendation : BUY.

Breaking News

Bol expects 12% income growth for 2007

Bank of Ireland announced in its trading statement today that EPS rose about 22% in its current financial year due to strong income growth and cost savings ahead of target. The company also said it expected its underlying EPS for the year to the end of March to be in line with the current market consensus of 144.4c, up from 118.5c in the previous year. It said it expected to deliver income growth of about 12% and cost growth of about 5% for the year. The bank said it expected to deliver 2006/07 cost savings ahead of the €75m it had targeted.

Tullow Oils net profit up 39%

Tullow Oil said initial estimates of its fields in Uganda and the Democratic Republic of Congo suggest they could contain up to 250m barrels of recoverable oil, as the company announced a lower-than-expected rise in profits. Tullow also announced that a preliminary assessment of the gross recoverable reserves in the Albertine Basin, was between 100 and 250m barrels. Tullow added that its net profit rose 39% in 2006 to £157.4m, thanks to higher oil prices and output. The net profit is below an average forecast of £174m, but within a forecast range of £151-210m.

Tesco announce fourth JV with British Land

Tesco said it formed a property joint venture with British Land, the country's second biggest real estate investment trust. Tesco has put 21 superstores into the joint venture, which it will lease back at an initial annual rent of £29m. The joint venture will last twenty years after which Tesco will have the option to either buy back the stores at open market value or to renew the joint venture agreement. There is also an early termination option in 2017. The rent will increase each year in line with the UK retail price, or RPI, index. Rises are capped at 3.5%, however. The deal underscores Tesco's intention to retain control of its underlying properties, rather than putting them into a real estate investment trust. It shows they are looking to go down the joint venture and sale and leaseback route to release capital, rather than a REIT.

Business Press

- EU set to back open skies deal (IT)
- UK ready to bend on opposing Open Skies (II)
- Regulator probes pay TV industry (IE)

Investment Press

- Barclays/ABN: Eager to gain its prize, Barclays could be tempted to go too far to gain ABN Amro, the underperforming Dutch bank that has been pushed into play by activist fund TCI



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