



March 23, 2007

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	9545	↑ 132	1.41%	11.0	1.45%
FTSE 100	6318	↑ 61	0.98%	12.4	1.56%
DAX 30	6857	↑ 145	2.16%	15.0	3.94%
DOW	12461	↑ 14	0.11%	19.5	-0.02%
NASDAQ	2452	↓ -4	-0.17%	15.6	1.51%
S&P	1435	↓ -1	-0.03%	21.0	1.15%

CURRENCIES & RATES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.3326	0.6780	157.2300
Dollar	1.3326	1.0000	1.9651	117.9400
Sterling	0.6780	1.9651	1.0000	231.7600
Interest Rates (%)	3.5000	5.2500	5.2500	0.4800
Oil (Nymex)	61.6900			

This Week's Research

DCC
 INWS
 Tullow Oil

Today's Research

Fyffes

Today's Recommendation

Fyffes (€1.15) Full year results announced **Stuart Draper**
 Target : €1.15 (04/01/07; previously €1, issued 07/09/06)

- Results announced : This morning, Fyffes announced its results for the year ended 31/12/06. Earnings per share of 5.7c was in line with the consensus forecast of 5.7c, and was a major year on year fall on the prior year comparative of 20.38c. The group EBITDA of €21.8m was slightly below our forecast of €25m, as a result of slightly higher than expected interest income. Following the demerger of the group's general produce division, Total Produce, into a separately quoted company in January, Fyffes is now exclusively focused on the tropical fruits of bananas, melons and pineapples.
- SOTP valuation : Following this morning's results, Fyffes is still forecasting 2007 EBIT of €20m, and so we maintain our 2007 EBITDA forecast at €25m. We continue to rate Fyffes at an EBITDA multiple of 7x, at a c.10% discount to the average of peers such as Chiquita and Fresh Del Monte. This implies a valuation of €175m, based on a forecast 2007 EBITDA of €25m. When the €100m of net cash, which is being retained in Fyffes, and the €124m (0.53*583.26*40%) of value from Fyffes' 40% Blackrock shareholding are also included, a value for Fyffes of €1.14 for each of the 350m shares in issue is calculated, on which our current 12 month price target of €1.15 is based.
- Recommendation downgrade : However, with limited further upside to this level, we now downgrade our Fyffes recommendation from BUY to NEUTRAL, recommending a SWITCH into IAWS (€17.50) as providing more value at current levels amongst the Irish food companies : **NEUTRAL**.

Total Produce (€0.88) Full year results announced **Stuart Draper**
 Target : €0.90 (23/03/07 ; previously €0.80, issued 07/09/06)

- Results announced : This morning, Total Produce (TP) also announced its results for the year ended 31/12/06. Earnings per share of 5.7c was slightly above the consensus forecast of 5.6c, with its 2006 EBIT of €38.9m showing 3% year on year growth.
- Limited upside : Our view is that driven by some acquisition growth, this business will generate 2007 EBITDA of €45m, which at the same 7x multiple, generates a fair value of €0.90 for each of the 350m shares in issue. As a result, our new 12 month price target is €0.90, but with limited further upside to this level and no cash distribution potential, our recommendation for TP at current levels is **NEUTRAL**.

Breaking News

Aer Lingus hails open Skies agreement

Aer Lingus has hailed yesterday's ratification of the Open Skies agreement in Brussels as a momentous development for Irish aviation and has confirmed plans to commence three new long haul services to the US before the end of the year. San Francisco, Orlando and Washington Dulles will become new Aer Lingus destinations, with services from Dublin to San Francisco expected to start in October. The expansion will increase Aer Lingus' US destinations from four to seven and will lead to significantly increased traffic between Ireland and the US.

Ryanair strikes 5 year deal with Expedia

Ryanair announced yesterday that it had struck a five-year deal with Expedia Private Label to provide hotel accommodation for its passengers. The partnership means customers can use Ryanair's website to book accommodation from a choice of more than 20,000 hotels across Europe. From next year customers will be able to incorporate hotel deals into the ticket booking process. Ryanair, which expects to carry 50m passengers this year, ended its online hotel booking partnership with Need a Hotel last year. Ancillary services such as in-flight sales and car hire are a key driver of growth for the airline, which plans to offer online gambling onboard planes later this year.

BP duo to meet with Russian President

BP chief executive John Browne and incoming CEO Tony Hayward are to meet with Russian president Vladimir Putin today. It is reported that they will discuss the pressure been put on the three Russian private investors who own 50% of TNK-BP, the joint venture that represents BP Plc's interests and assets in Russia. It has been reported that Gazprom, the Russian energy group, wants to acquire the 50% stake in TNK-BP held by the Russian investors. In related news TNK-BP is to participate in the auction for 9.44% of Rosneft shares currently belonging to OAO Yukos. BP last year supported Rosneft's controversial IPO, buying around \$1bn of stock.

Business Press

- DCC up 8.6% in two days as focus lights on Manor Park sale (II)
- EU equities enjoy a long rally (II)
- OPEC aims for \$50 to \$60 oil price (IE)

Investment Press

- Taking on YouTube: It's gang-up-on-Google time. The popular kid in the internet playground is up against a jealous peer group. The threat of its YouTube no doubt helped to form the opposing alliance.



Disclaimer: The information in this document has been obtained from sources, which we believe to be reliable. We cannot guarantee its accuracy or completeness. It does not constitute a solicitation for the purchase or sale of any investment. Any person acting on the information contained in this document does so at their own risk. Recommendations in this document may not be suitable for all investors. Individual circumstances should be considered before a decision to invest is taken. Investors should note the following: Past experience is not necessarily a guide to future performance. The value of investments may fall or rise against investors' interests. Income levels from investments may fluctuate. Changes in exchange rates may have an adverse effect on the value of, or income from, investments denominated in foreign currencies. Dolmen Securities is a Member Firm of the London Stock Exchange, and is authorised by the Financial Regulator under the Investment Intermediaries Act 1995. Dolmen Stockbrokers is a Member Firm of The Irish Stock Exchange, The London Stock Exchange, and is authorised by the Financial Regulator under the Stock Exchange Act 1995. Dolmen Stockbrokers is regulated by the Financial Regulator as a Mortgage Intermediary.

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

Disclosures

This report has been prepared by Dolmen Stockbrokers ('Dolmen') for information purposes only to assist investors to make their own investment decisions and is not intended to and does not constitute personal recommendations nor provide the sole basis for any evaluation of the securities discussed. Specifically the information contained in this report should not be taken as an offer or solicitation of investment advice or, encourage the purchase or sale of any particular security, option, future or other derivative investment. Not all recommendations are necessarily suitable for all investors and Dolmen recommend that specific advice should always be sought prior to investment, based on the particular circumstances of the investor.

Although the information in this report has been obtained from sources, which Dolmen believes to be reliable and all reasonable efforts are made to present accurate information Dolmen give no warranty or guarantee as to, and do not accept responsibility for, the correctness, completeness, timeliness or accuracy of the information provided or its transmission. Nor shall Dolmen, or any of its employees, directors or agents, be liable to for any losses, damages, costs, claims, demands or expenses of any kind whatsoever, whether direct or indirect, suffered or incurred in consequence of any use of, or reliance upon, the information. Any person acting on the information contained in this report does so entirely at his or her own risk.

All estimates, views and opinions included in this report constitute Dolmen's judgement as of the date of the report but may be subject to change without notice. Changes to assumptions may have a material impact on any recommendations made herein.

Unless specifically indicated to the contrary this report has not been disclosed to the covered issuers(s) in advance of publication.

Past performance is not necessarily a guide to future returns. The value of investments and the income from them can fall as well as rise. Investments denominated in foreign currencies are subject to fluctuations in exchange rates, which may have an adverse affect on the value of the investments, sale proceeds, and on dividend or interest income. Investors may not necessarily recoup the full value of their original investment. Investors should be aware that forwarding looking statements and forecasts may not be realised.

This report may not be reproduced (in whole or in part) altered, transmitted or made available to any other person without the prior written permission of Dolmen.

Dolmen Securities is a Member Firm of the London Stock Exchange, and is authorised by the Financial Regulator under the Investment Intermediaries Act 1995. Dolmen Stockbrokers is a Member Firm of The Irish Stock Exchange, The London Stock Exchange, and is authorised by the Financial Regulator under the Stock Exchange Act 1995. Dolmen Stockbrokers is regulated by the Financial Regulator as a Mortgage Intermediary.

Conflicts of Interest & Share Ownership Policy

Dolmen, its employees, directors or related companies, may have a shareholding in the securities (or related investments/ derivatives) of certain companies covered in this report, or may provide/ solicit investment banking or other services to/ from them.

It is noted that research analysts' compensation is impacted upon by overall firm profitability and accordingly may be affected to some extent by revenues arising other Dolmen business units including Corporate Finance, Fund Management and Stockbroking. Revenues in these business units may derive in part from the recommendations or views in this report. Notwithstanding, Dolmen is satisfied that the objectivity of views and recommendations contained in this report has not been compromised.

Dolmen permits research analysts to own shares and/ or derivative positions in issuers they publish research, views and recommendations on and accordingly analysts involved in the production of this report may own stocks in a company covered in it. Any own account staff trading is undertaken in strict compliance with Dolmen's own account internal rules and therefore Dolmen is satisfied that the impartiality of research, views and recommendations remains assured.

Analyst Certification

Each research analyst responsible for the content of this report, in whole or in part, certifies that: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report. Stuart Draper and Owen Turner are responsible for the production of this report. Stuart Draper is Head of Research and Owen Turner is an equity analyst.

For US Persons Only

This report is only provided in the US to major institutional investors as defined by s. 15 a-6 of the Securities Exchange Act, 1934 as amended. A US recipient of this report shall not distribute or provide this report or any part thereof to any other person.