



April 24, 2007

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EQUITIES	Close	Change	% +/-	P/E '07	YTD
ISEQ	9701 ↓	-2	-0.02%	11.0	3.12%
FTSE 100	6480 ↓	-7	-0.11%	12.4	4.16%
DAX 30	7336 ↓	-7	-0.09%	15.0	11.20%
DOW	12919 ↓	-43	-0.33%	19.5	3.66%
NASDAQ	2524 ↓	-3	-0.11%	15.6	4.49%
S&P	1481 ↓	-3	-0.23%	21.0	4.42%

CURRENCIES & RATES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.3561	0.6789	161.1100
Dollar	1.3561	1.0000	1.9980	118.7800
Sterling	0.6789	1.9980	1.0000	237.3600
Interest Rates (%)	3.7500	5.2500	5.2500	0.4800
Oil (Nymex)	65.8900			

This Week's Research
 Deutsche Bank

Today's Research
 Aviva

Today's Recommendation

Breaking News

BP reports 17% drop in first quarter profit

BP reported first quarter net profit that fell 17% to \$4.66bn when compared to the same period last year as a result of lower crude and natural gas prices along with declining production. Total revenues fell 3% to \$62.04bn. Despite the fall in profits, BP raised dividends for the quarter to 10.325p from 9.375p. BP also said that oil and gas production declined 3% to 3.912 barrels a day, which was in line with most analyst expectations. Separately, the group announced that it has made a new oil discovery, Miranda, off the coast of Angola, its 13th in the region know as block 31. The Miranda oil discovery, located 11km south of the recently announced Titania find, flowed 3,822 barrels per day.

Elan's first quarter loss widens to \$93m

Elan reported a first quarter net loss that widened to \$93m from \$33.3m a year earlier, when the company benefited from a one-time gain of \$44.2m related to the sale of European rights to the Prialt pain drug. The loss also included an \$18.8m exceptional charge on debt retirement. First quarter revenue rose 31% to \$176m, helped by its Tysabri drug, which generated sales of \$48.4m. Elan said that some 12,500 patients have enrolled for Tysabri therapy, a 30% increase in two months and it expects US regulators to decide whether to approve the product for Crohn's disease this year.

Petroceltic appoints Brian O'Cathain as Executive Chairman

Petroceltic has appointed Brian O'Cathain as Executive Chairman with immediate effect. Brian Cusack, has stepped down from his role as Chairman but remains on the Board of Petroceltic as a non-executive director. O'Cathain is a geologist and petroleum engineer with twenty three years experience in senior technical and commercial roles in upstream oil and gas exploration companies, and was recently CEO of AIM listed African exploration and production company, Afren.

Aviva (£7.76) Strong Q1 sales announced Stuart Draper
Target : £9 (17/01/07 ; previously £8.50, issued 02/06/06)

- Q1 sales : This morning, Aviva announced its sales figures for the 3 months ended 31/03/07. Total life and pension sales of £7.75 bn was c.3% ahead of the consensus forecast and was a year on year increase of 16%. The growth was driven by 25% growth from the international business, which now accounts for more than 50% of group sales following last August's \$2.9 bn cash acquisition of US life insurer, AmerUs Group. The Q1 2007 group new business contribution of £271m was c.4% ahead of the consensus forecast and was a year on year increase of 17%.
- Margin expansion : UK life and pension sales grew by 3% year on year, with the margin on this business expanding from 2.8% to 3% helped by the group's efficiency review. Aviva is still guiding UK sales growth of 5-10% in 2007, aiming to grow at least in line with the UK market, with margins at least at current levels.
- Sales growth : Such an upbeat outlook for relatively strong 2007 sales growth, as well as the group's improving non-UK life margins would still not appear to be fairly discounted by the share price. Aviva is guiding 15% overall group sales growth for 2007, driven by particularly strong international sales growth.
- Acquisition growth : The US market is the world's largest savings market, with strong growth potential as a result of its ageing population. Aviva has an excellent acquisition track record, and with a further c.1000 life companies in the US, there is the potential for further bolt-on deals within this market. The AmerUs deal should boost 2007 eps by c.2%.
- Dividend growth : Despite this US expansion, Aviva remains committed to growing its dividend, last month announcing a 10% increase in its 2006 dividend per share to 30p. Further 10% growth in 2007 to 33p would provide a 2007 dividend yield of 4.3% on the current share price.
- Attractive upside : Given that Aviva's 2007 return on embedded value of 14% is forecast to be c.10% stronger than the UK sector average, its price to embedded value (EV) should trade at a similar premium. Our current 12 month price target of £9 (16% further upside) would rate the shares at 1.6x 2006 EV per share of £5.73, a 7% premium to the current sector average : **BUY**.

Business Press

- Moody's gives updated ratings for Irish Banks (II)
- Airlines lose €440m to fraud, survey finds (IT)
- One-third fail to track investments - survey (IT)

Investment Press

- BofA offer for LaSalle: The arms race to blanket US cities with bank branches shows no sign of abating.

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