

DOLMEN DAILY



August 24, 2007

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EQUITIES	Close	Change	% +/-	P/E '07	YTD
ISEQ	8352	↑ 41	0.50%	14.1	-11.23%
FTSE 100	6197	↑ 1	0.01%	13.2	-0.38%
DAX 30	7512	↑ 11	0.15%	14.2	13.87%
DOW	13236	↑ 0	0.00%	15.2	6.20%
NASDAQ	2542	↓ -11	-0.43%	26.1	5.23%
S&P	1463	↓ -2	-0.11%	15.9	3.12%

CURRENCIES & RATES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.3558	0.6781	156.8000
Dollar	1.3558	1.0000	1.9990	115.6900
Sterling	0.6781	1.9990	1.0000	231.2200
Interest Rates (%)	4.0000	5.2500	5.7500	0.5000
Oil (Nymex)	69.8300			

This Week's Research

CRH Diageo
Waterford Wedgwood
Tesco

Today's Research

IL&P

Breaking News

IL&P (€18.30) Preview of next week's results Stuart Draper
Target : €20 (24/08/07 ; previously €23, issued 15/12/06)

- Results preview : Next Wednesday, 29th August, Irish Life & Permanent (IL&P) will announce its results for the 6 months ended 30/06/07. We are forecasting operating profit before tax and earnings per share of €300m and 98c respectively, representing year on year increases of 24% and 20%. The strong earnings growth will be driven by very strong life and pensions sales growth, in excess of 35% for H1 2007, more than offsetting a lower level of Irish mortgage loan growth. Life and pensions contributes c.52% of group profits, whereas banking contributes c.38% of group profits.
- Life growth : As a result, at the time of its June trading statement, IL&P was able to upgrade its guidance for % full year growth in pre-tax operating profit from "low to mid-teens" growth to "high teens". The strong life sales growth is being achieved against a favourable margin outlook, as higher margin products such as property bonds make up a greater portion of the life sales product mix.
- Bank growth : While there has been a lower level of new loan growth of €3.4 bn in H1 2007, versus an exceptionally strong €4.2 bn in H1 2006, full year loan growth of mid to high teens % is still expected for 2007, which when combined with stabilising margins should ensure that the bank generates "high teens" H1 2007 earnings growth. The abolishment of stamp duty for first-time buyers in June, in removing a major uncertainty from the Irish housing market, should also help prevent any major H2 2007 year on year fall in Irish mortgage lending.
- SOTP valuation : Valuing the group's banking business at 10x 2007 eps of 63c to reflect its continued solid earnings growth prospects gives a per share value of €6.30, valuing the group's life business at 1.7x 2007 embedded value per share of €6.95 to reflect its above average future growth prospects gives a per share value of €11.82, and valuing the group's 30% interest in Allianz Ireland at 10x 2007 eps of 20c, gives a per share value of €2. Summing these 3 different parts gives a per share value for the group on a stand-alone basis of €20.12, and our new price target of €20 (9% upside), which takes account of the downward move in peer valuations in recent months. When combined with a current year dividend yield of c.4%, this provides sufficient upside from current levels to justify re-iterating our current BUY recommendation ahead of next week's results' announcement : **BUY**.

Breaking News

Ryanair expected to resolve dispute with Charleroi

Ryanair reported yesterday that it expects to resolve a dispute with Charleroi airport and was no longer considering suspending operations there. In a statement the company said, "Ryanair had a positive meeting with Charleroi this afternoon at which a number of proposals were discussed and agreed, which should resolve the outstanding issues". The airport, the only one in Belgium served by Ryanair, was paralysed by a strike on the weekend of June 15 to 17. Ryanair said on Tuesday it would suspend all flights from Charleroi from November 12 as it sought a guarantee that there would be no more wildcat strikes. The airport has agreed to confirm these proposals in writing over the weekend, and if this happens, then Ryanair expects to have all seats back on sale from next Monday.

Lufthansa results on target to meet management's expectations

Deutsche Lufthansa is on track to meet its full-year target to boost earnings and sees no impact from the current financial crisis according to board member Stefan Lauer. The airline has said its result will rise to €1-1.3bn this year from €845m last year, partly boosted by the purchase of rival carrier Swiss. Lauer also said Lufthansa would not rush into any further takeovers that did not make sense for the airline. Spain's Iberia and Italy's Alitalia were both still potential targets. But Iberia remained overvalued, while the conditions had not been right regarding Alitalia.

ECB & FED inject more money into money markets

The ECB's injection of fresh funds into money markets on Thursday fell short of easing liquidity strains on Europe's banking system, raising the likelihood of further support. The ECB fed the money market a supplementary 3 month allocation of €40bn in fresh liquidity. The payout was far short of bids for €125.79bn, a sign of how thirsty banks are for longer-term liquidity. The Fed released a total of \$17.25bn to the financial system yesterday, in three separate operations that undershot the \$19bn expiring. Thursday saw the first time since the beginning of the market turmoil that the ECB pumped longer-dated liquidity into money markets, recognizing the problem banks had accessing particularly three-month funds.

Business Press

- INM titles the most popular papers (II)
- Minnows in African manoeuvres (FT)
- Neteller eyes non-gaming growth (FT)
- Kingspan buys solar panel firm (IT)

Investment Press

- Holcim prospers: What links the São Paulo subway system, black empowerment and a glut of holiday homes on the Spanish Costa Blanca? All affect the business of the world's number two cement maker, Switzerland's Holcim.

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