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EQUITIES	Close	Change	% +/-	P/E '07	YTD
ISEQ	8318	↑ 41	0.49%	14.1	-11.58%
FTSE 100	6212	↑ 80	1.30%	13.2	-0.14%
DAX 30	7520	↑ 81	1.09%	14.2	13.99%
DOW	13239	↓ -51	-0.38%	15.2	6.22%
NASDAQ	2565	↑ 2	0.08%	26.1	6.21%
S&P	1458	↓ -6	-0.42%	15.9	2.77%

CURRENCIES & RATES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.3665	0.6775	158.7800
Dollar	1.3665	1.0000	2.0159	116.2100
Sterling	0.6775	2.0159	1.0000	234.2700
Interest Rates (%)	4.0000	5.2500	5.7500	0.5000
Oil (Nymex)	73.3600			

This Week's Research
 Cadbury Schweppes Aer Lingus
 CRH
 IL&P

Today's Research
 Glanbia

Breaking News

Glanbia (€4.03) Downgrading from BUY to NEUTRAL Stuart Draper
 Target : €4.20 (31/08/07 ; previously €4.05, issued 18/06/07)

- Results announced : This week, Glanbia announced its results for the 6 months ended 30/06/07. Earnings per share of 11.47c was c.3% ahead of the consensus forecast of 11.15c, and was a year on year increase of 26%. The strong 33% operating profit growth to €48.5m was driven by particularly strong sales growth of 23% and margin expansion of 2.2% to 4.6% at the group's food ingredients business, primarily as a result of stronger global dairy commodity prices. Glanbia's food ingredients division is involved in the process of cheese and nutritional solutions based around Whey protein, which is a by-product of the cheese making process.
- Growth offsets : However, the profitability reported by the group's other divisions was significantly weaker. Sales at its consumer foods division fell by 1.3% and its margin declined by 0.1% to 3.3%, resulting in a 1.6% fall in operating profit to €8.4m. The group's international joint ventures reported a loss of €1.3m as both Glanbia's mozzarella business in the UK and its new cheese business in New Mexico suffered from higher milk costs. The operating profit of the agri and property business also fell by 26% to €11.8m as a result of lower property disposals. The competitive and margin pressures to which these businesses are exposed is likely to result in a significant slowdown in the rate of group earnings growth in 2008 from the currently expected rate of 20% for 2007.
- Property value : Previously, we had valued Glanbia's c.300 acres outside Waterford at €100,00 an acre and its Waterford city centre site at c.€15m, generating a per share value of c.15c for each of the 290m shares in issue. We valued the group's core business at 15x 2007 eps, in line with its peers, to reflect its potential for continued double digit earnings growth.
- Recommendation downgrade : However, this week's c.3% stronger than expected results warrant an upgrade to our 2007 eps forecast from 26c to 27c, which implies an upgrade to our valuation of the core business from €3.90 to €4.05 per share, which is now based on 15x 2007 eps of 27c. Including the €0.15 per share of property value explained above, provides the basis for increasing our overall 12 month share price target from €4.05 to €4.20. However, with only 4% further upside to this level and a dividend yield of only c.1.5%, we now downgrade our Glanbia recommendation from BUY to NEUTRAL.

Breaking News

C&C announce H1 turnover to be flat year on year

C&C Group announced today that it expects to report flat first-half turnover versus a year ago and that its operating margin for the period would be down about 9 percentage points. C&C made its second profit warning in the space of a month on July 31, saying H1 operating profit would fall 35% after poor weather and tougher competition hit sales. The company said then it would need more visibility before giving any guidance on its likely full-year performance and repeated on Friday that it would not give an outlook until it reports first-half results on October 10. The company said it would resume a suspended share buyback programme following its results in October using some of the proceeds from the sale of its soft drinks division.

Kingspan peer Rockwool posts impressive results

A Danish peer of Kingspan, Rockwool reported H1 results this week with a 183% rise in first-half operating profit, above expectations, and raised its full-year net profit outlook on strong sales in all markets. Earnings before interest and taxes came in at 1.3bn crowns, above the mean estimate of 1.2bn crowns in a Reuters survey and compared with 459m crowns in the first half of 2006. Sales rose 26% to 6.7bn crowns in the first half of 2007 compared with the corresponding period last year. Kingspan release H1 results on Monday is expected to post positive results with expected eps of €0.47 and a 20% increase in operating profit.

Dell announce Q2 profits up 46%

Dell reported its quarterly profit rose a higher-than-expected 46% as it benefited from lower component costs. But predicted there would be smaller H2 declines in the cost of components such as disk drives and microprocessors, crimping its profits. It also delayed resuming stock buybacks until after it files overdue financial reports with regulators in early November. Net income in Dell's fiscal Q2 increased to \$733m, or 32c per share, from a reported \$502m, or 22c per share, a year ago. Revenue rose to \$14.77bn from a reported \$14.1bn a year earlier.

Business Press

- Aer Lingus profits fall 42% despite good growth (IT)
- US house price appreciation slows to worst rate in decade (IT)
- UTV expects increase in third quarter ad revenue for Ireland (II)
- CRH acquire remaining 55pc of Dutch firm (II)

Investment Press

- Banking bonuses: A few months ago, investment bankers were looking forward to another round of record bonuses. The credit market pile-up has put paid to that.

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