DOLMEN DAILY

October 4, 2007

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EQUITIES	Close	Change	% +/-	P/E '07	YTD
ISEQ	8368 ↑	123	1.49%	14.1	-11.06%
FTSE 100	6535 ↑	35	0.54%	13.2	5.05%
DAX 30	7959 ↑	13	0.16%	14.2	20.65%
DOW	13968 ↓	-79	-0.56%	15.2	12.07%
NASDAQ	2729 ↓	-18	-0.64%	26.1	13.01%
S&P	1540 ↓	-7	-0.46%	15.9	8.55%

CURRENCIES & RATES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.4097	0.6947	164.3600
Dollar	1.4097	1.0000	2.0288	116.6000
Sterling	0.6947	2.0288	1.0000	236.5400
Interest Rates (%)	4.0000	5.2500	5.7500	0.5000
Oil (Nymex)	80.0500			

This Week's Research

Tesco
Total Produce

Today's Research

Intel

Breaking News

United Drug issues upbeat trading statement

United Drug has issued a positive trading statement this morning and said it had experienced good trading conditions and strong revenue growth in each of its four divisions during 2007. As a result, the company expects operating profit and earnings for the year ending 30/09/07 to show double digit growth over the same period last year and ahead of current market expectations. United Drug commented that it had made significant progress in its Supply Chain Services division towards the development of a European pharmaceutical contract business. The group's Medical & Scientific division is also expected to report very strong growth due to a continued positive performance in the its underlying business in Ireland and the UK which has been complemented by the acquisition of Pyramed. United Drug pointed out that it remains positive about the fundamental dynamics driving the demand for healthcare goods and services in core markets, while it continues to see opportunities to expand its manufacturer services businesses, both organically and through acquisitions.

Ryanair reports strong passenger numbers for September

Ryanair reported a strong set of passenger numbers for September and ahead of expectations. Ryanair said that its passenger numbers grew by 23% to 4.35m when compared with the same period last year and ahead of the 20% consensus. The group's load factor fell slightly to 85% from 86% previously. Ryanair's passenger numbers for October should be further underpinned following its announcement that it will add 70 new routes during October with additional destinations to be served from Barcelona, Dublin, Dusseldorf, Italy and Stockholm.

KBC reiterates profit guidance

KBC said today that it is 'on track' to deliver on its financial targets for the 2006-2009 period. KBC aims to increase earnings per share by at least 12% a year through 2009, with a return on equity of at least 15%. The group also pointed out that it is 'well-positioned' to cope with the tougher credit environment and that it expects to have no material liquidity or solvency issues.

Breaking News

Intel ($25.60) Benefits from strong PC demand Stephen Taylor

- Semiconductor industry: On 01/10/07, The Semiconductor Industry Association (SIA) announced that worldwide sales of semiconductors rose sharply in August by 4.9% to $21.5bn and a 4.5% increase on July's figure due to increased demand for PCs and notebooks. The SIA noted that PC growth in 2007 had been 'very solid' and as a result Credit Suisse and the Gartner Group have raised upward their forecasts for growth in unit sales of PCs from 11% to 13% in 2007.
- Raised guidance: PCs account for approximately 40% of all semiconductor sales for which Intel is the largest supplier of semiconductors and growth is been driven by surging demand from emerging market economies such as China and India where Intel is growing market share. Further evidence of demand for PCs and notebooks was seen in Dell's recent second quarter results, which showed that revenue increased by 7% to $14.8bn beating expectations. Intel also raised 3Q guidance and now expects revenue to grow by up to 13% to $9.8bn from 12% previously and forecasts its gross margin to be at the upper half of its previous range of 52% plus or minus a couple of points.
- Revenue breakdown: A geographical breakdown of Intel's revenue from its second quarter results shows that 62% is generated from the Asia-Pacific region with only 21% from the US and 17% in Europe. While all the signs are at the moment that the US economy is slowing due to the ongoing housing slump, Intel should be well insulated from this due to its sizeable and increasing exposure to emerging markets.
- New products: On 18/09/07, Intel announced plans to sell a new line of faster computer chips named Penryn in an attempt to extend its lead in the semiconductor industry over its closest competitor Advanced Micro Devices. The new processors will be available from November which is a month ahead of analyst had expectations. The Penryn chip will use Intel's existing chip design, only with smaller wires that can make circuits more efficient and should help Intel increase its market share.
- Upside potential: With Intel expected to generate EPS growth of 22% during 2008 its P/E for the same period of 18x appears undemanding and is at a discount to its historical average of 21.5x and its peer group of 20x. In light of the group's growth prospects due to its exposure to emerging market demand we feel that a multiple of 21x would be more appropriate. As result we generate our 12 month price target of $29.50 based on 21x 2008 forecasted eps of $1.40 and initiate coverage of the stock with a buy rating: **BUY.**

Business Press

- Deutsch Bank takes hit (WSJ)
- Microsoft plays a new tune, revising an iPod competitor (WSJ)
- Possible bid war hits Tom Tom (IT)
- Irish stocks outperform rest of Europe (IT)

Investment Press

- Internet M&A: In July 2005, Rupert Murdoch snapped up MySpace for $580m. In September of the same year Ebay had a $2.6bn flutter on internet phone group Skype. Two years later, how do the gamblers stack up?

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