



Weekly Traders Update



Brief Market View

Quite a volatile week in Ireland last week with a number of the second liners under pressure. Paddy Power warned that profits and Fyffes sold off on fears over the implementation of a new Banana regime in January. Broader equity markets have performed well in recent weeks with M&A activity, share buy backs and a drop in the Oil price helping to improve investor sentiment. We are due to receive a number of trading update from the leading UK and Irish Financials over the coming weeks and we are expecting these to provide a further push to the upside for the under-performing sector. In Ireland we are buyers of **Fyffes, Greencore, Grafton and Independent News & Media**. Paddy Power may bounce back toward EUR11 but we are recommending William Hill as a safer way to play the turbulent sector. In the UK, **Glaxosmithkline** remains on our buy list despite disappointment news regarding their asthma drug Advair. Other stocks that remain attractive are **Next, GUS, Pearson, Vodafone, Legal & General and Tesco**. Don't forget Europe.... **BMW, BNP, Deutsche Bank, Adidas and Inditex** all strong performer in recent weeks and we expect this to continue.

Greencore - BUY €3.15

Results due tomorrow, expecting 5% growth on the prior year eps of 32.4c. However, further detail in the results' statement in relation to the recently announced Oldfields acquisition could create the potential for some modest upgrades to 2006 earnings forecasts. Given the potential for such continued mid single digit earnings growth, the shares would once again appear attractively valued at 9x 2006 eps. 12 month price target of €3.65 is based on 10x 2006 eps of 36.5c. Dividend yield of 4% for waiting for this upside to be achieved, shareholders on the register in early December will pick up the 2005 final dividend per share, expected to be circa .7.75c (2.4% yield) for holding the shares for less than 2 months. Div Yield 4%, P/E 8.7x 2006

Fyffes - BUY €2.08

Upgraded last week following 20% sell off in the share price. While the new Banana reforms are due in January the recent share price sell off is over done. The company' has consistently adapted to such regulatory change by sourcing its produce from the most competitive global source available, as well as the increasing diversification of the company's earnings as a result of its expanding pineapple and property development activities. Through its investment in the Pineapple sector, Fyffes has now reduced its dependency on the Banana sector to circa 60% of group revenues. A strong balance sheet (/EUR160m in cash) and a considerable property portfolio will also continue to support the possibility of M&A activity as mentioned earlier in 2005. Div Yield 3.4%, P/E 8.6x 2006

Glaxosmithkline - BUY 1439p

The US Food and Drug Administration announced on Friday that it will be restricting the sale of GSK's Advair (Asthma) Drug to patients who have not responded to other asthma treating drugs. The news has knocked 5% of the share price but in our view this represents a good buying opportunity for investors who have missed the rally in Pharma stocks in 2005. Advair represents roughly 13% of total group sales and of this figure nearly 30% of Advair sales are not related to the treatment of Asthma. In summary this is not disastrous news for GSK as evident by the relatively muted share price reaction.

GSK was our top pick in the sector all year for the following reason: (1) Strong share buy back programme, (2) Dividend yield of 3% (3) Industry leading product pipeline. Clearly the news is not welcome but their pipeline of drugs remains the strongest in the sector and the buy back will remain supportive near term. GSK have host an Oncology R&D day on November 30th which should provide some re-assurances to the market regarding the pipeline progress. Div Yield 3%, P/E 16x 2006

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