

StockWatch

17.11.08

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COMPANY ANNOUNCEMENTS

Monday 17th

Kingspan interim management statement

Tuesday 18th

Barratt Developments - AGM
easyjet (Stg) FY results
FBD Holdings interim management statement
Wolseley -
IRE: Vehicles licensed for the first time (Oct)

Wednesday 19th

DCC - ex-dividend - interim dividend rate
SIG plc interim management statement
IRE: Overseas travel (Sep)

Thursday 20th

IRE: Wholesale price index (Oct)

Friday 21st

United Drug FY results

STOCK SPECIFIC THOUGHTS

United Drug: Full-year results preview

United Drug (UDG) will report its full-year results on November 21st. In its pre-close statement on October 3rd, UDG confirmed that FY2008 EBIT and EPS have grown at double-digit rates and should be in line with consensus market expectations (we have 12% EPS growth to 25.8c, a tad above consensus). This is an excellent achievement in what has undoubtedly been a challenging year. On detail, we anticipate that the EBITA mix may differ from our forecasts. Growth of 14% in the Medical & Scientific division looks too high – it may be closer to the 4.5% growth experienced in the first half of the year. This may be offset by a better-than-expected performance in the Wholesale (forecast +13%) and Contract Sales & Marketing (+23%) divisions. Net debt is forecast at 150m, with another €16m outstanding in deferred consideration payments. Together, these represent 44% gearing and 2x EBITDA. Sharp Corp contributed to debt but not to earnings in the period. UDG's business is defensive and diverse, and this protects against the worst effects of a downturn. Indeed, the company sees considerable opportunities to expand, either organically or through acquisitions. That said, our current earnings forecast for 2009 faces the headwinds of intensified sterling weakness, budgetary restraints and changing drug consumption trends. Our EPS forecasts are 25.8c (2008) and 28.9c (2009) and are at the top end of a tight range.

Price 295c Target: 440.0c Issued: 11/05/06 Previous: 400.0c Issued: 13/05/05

Jack Gorman (17th November 2008)

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