

MORNING NOTE

Buy **1058.5p**
(Remains Unchanged)
Target Price: 1300.0p

Stock Codes: CKN / CKN LN
EPS
Dec 2005 A 107.50p
Dec 2006 E 85.83p
Dec 2007 E 84.84p

Panmure Gordon Estimates
Market Cap: £186m

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Clarkson

Interim results – significant dividend increase.

Clarkson's results were weak, mainly due to factors outside its control but also for reasons known to the market (weak H1 charter rates). However, the interim dividend was increased 20% to 12p. The markets have recovered strongly and Clarkson is attempting to increase the clarity of its accounts and the visibility of its earnings streams as well as reducing volatility by generating income from property and the financial markets. We remain positive.

■ **Results reflect weak markets in H1.** Clarkson reported revenues from continuing operations of £52.6m, down 2.4%. PBT declined 30% to £9.3m and EPS fell 25% to 37.3p. These results were achieved in a period of turmoil when rates were significantly lower than those seen in 2005 and when some one-off costs have been taken. The interim dividend was increased 20% to 12p, reflecting the Board's confidence in the company's outlook.

■ **Clarkson is optimistic on its outlook for 2006.** The company commented that H1 2006 had not been as difficult as expected and it remains optimistic about the company's performance in the second half. It also pointed out that it has a strong forward order book. The charter markets have been very strong in recent months and we therefore expect H2 to be somewhat better than H1. At this stage we do not anticipate any significant changes to our full year forecasts.

Andy Murphy

30/08/2006

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Distribution of investment ratings for equity research (as of 30 Jun 06)

Overall Global Distribution (Banking Client*)		
Buy	Hold	Sell
54% (37%)	34% (9%)	11% (0%)

* Indicates the percentage of each category in the overall distribution that were banking and/or corporate broking clients

Rating: GUIDELINE (return targets may be modified by risk or liquidity issues)

Buy	Expected to produce a total return of 15% or better in the next 12 months
Hold	Fairly valued: total return in the next 12 months expected to be $\pm 10\%$
Sell	Stock is expected to decline by 10% or more in the next 12 months

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