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Market Movers

IRISH PAPERS TODAY

Regulator investigates IL&P's €4bn deposit with Anglo Irish
(The Irish Times)

EBS 'would need €200m if IL&P deal collapsed'
(Irish Independent)

Elan reviews options at \$1bn revenue mark
(Irish Independent)

INTERNATIONAL PAPERS TODAY

\$2,000bn US bank rescue unveiled
(Financial Times)

Geithner plan sends stocks tumbling
(The Wall Street Journal)

DOLMEN DOZEN

Company	1-day %	YTD %
Aryzta	0.2%	-17.7%
BP	-1.7%	-3.9%
CRH	-2.7%	3.6%
E.ON	-2.5%	-14.8%
HPQ	-3.1%	-3.0%
IL&P	3.0%	31.4%
INM *	6.1%	-37.6%
J&J	-3.0%	-5.2%
JPMorgan	-9.8%	-21.9%
Microsoft	-3.3%	-3.3%
Paddy Power	-0.3%	-17.3%
Vodafone	-2.7%	-4.4%

* We are currently Neutral on IN&M

Market View

Analyst : Stephen Taylor

European equity markets are surprisingly resilient this morning despite the large sell off in the US last night. European equities have outperformed their US counterparts by 3.5% over the last 8 trading sessions a trend that we do not expect to continue. Taking the FTSE as our benchmark index it is currently having difficulty consolidating above the 4,200 level and we continue to expect range bound trading with significant risks to the downside. The catalyst for the sell off in the US last night was the lack of clarity and detail surrounding the US bank bailout plan. One of the concerns around the plan was in relation to the public/private bad bank with a lack of detail surrounding exactly how it may work. Rather than a full government sponsored entity, the treasury will look for private investment in a public-private partnership with a start up fund of up to \$500bn. As we pointed out yesterday for President Barack Obama's stimulus package to work we must have a functioning banking system that will allow businesses and individuals to borrow and make the tax cuts and infrastructure spending worthwhile. While major steps globally have been taken to shore up the banking system we are still some way away from the system functioning properly again.

IL&P : Buy Current Price (€2.15) Price target (€7.05) Analyst : Oliver Gilvarry

Overnight it was revealed that Irish Life and Permanent (IPM) lent funds to Anglo Irish Bank over its year end, 30th of September. The inter-bank loan was made after the announcement of the government guarantee for bank dated liabilities in September. The amount of the loan is uncertain, but estimates range between €4-7bn. In a statement released today, IPM have stated the reason for providing the funds to Anglo was due to the "unprecedented turmoil in global financial markets there was an acceptance that financial institutions would seek to provide each other with appropriate support where possible". IPM confirmed the transaction was properly recorded in their accounts and in their returns to the Financial Regulator. The inter-bank loan is currently being investigated by the regulator and government appointed directors in Anglo.

The direct impact on IPM is limited as it is normal for banks to lend one another funds on an on-going basis, but the image it portrays of corporate Ireland and the regulator is negative. It raises questions about how much difficulty Anglo was in at the end of September, was the money required for it to meet regulatory ratios and when did the regulator find out about the loan?

Smurfit Kappa : Current Price (€1.71)

Analyst : Oliver Gilvarry

Smurfit Kappa released full year results this morning that were slightly better than expected. Q4 EBITDA was better than expected at €196m compared to market consensus of €193m. Net debt ended the year in line with consensus at €3.185bn and cash at year end was €720m. The company's main covenant of Net Debt/EBITDA at year end was 3.4x, within the covenant level of 4.5x. The main announcement in the results was the suspension of the dividend for 2009 and Smurfit will re-evaluate its dividend policy in light of current market conditions. The company plans to buy back €100m of its senior bank debt as it sees greater scope to create value by net debt reduction in the current environment. For the full year the company made a loss before tax of €11m, but a large part of the loss was due to an impairment of goodwill in Q4 of €171m.

While the results were in line with expectations and the company has no large debt refinancing in the next 2-years, we are cautious on the sector and would avoid the stock. The chances of the company breaching covenants, is remote and it is cash generative, but capacity in the sector and pricing pressures are negatives. Further capacity needs to be removed from the sector Smurfit operates in and until this occurs corrugated board pricing will remain under pressure and will fall further.

BMW : Sell Current Price (€22.37) Price target (€16.00) Analyst : Stephen Taylor

This morning, Peugeot reported a loss of €343m for 2008 following a €885m profit a year earlier. Analysts had expected the group to report a profit of €74.5m. Revenue of €54.4bn also missed consensus estimates of €57.7bn. The group said that it is to concentrate on 'reducing inventory and minimizing its cash position'. Peugeot also said that it expects to be loss making for 2009 as cost cutting will not be enough to compensate for the collapse of markets and the cash costs of restructuring. We continue to believe that the whole auto sector will face significant pressures over the next two years. Our preferred shorts in the sector remain BMW and Daimler. With both companies operating in the luxury end of the market and significant exposure to US and European markets we are unlikely to see any pick up in activity as we expect both economies remain subdued. (always trade short positions with a stop-loss).

IN&M : Neutral **Current Price (€0.26)** **Price target (€045)** **Analyst : Stephen Taylor**

Daily Mail & General Trust released first quarter sales this morning and announced first quarter revenue increased by 2% due to dollar strength. Operating profit beat company targets and was only "marginally below" last year's first quarter figures. On the cost cuts announced previously of £100m, the company stated these will be exceeded. Recent cost cuts have included cancelling one edition of the Evening Standard, increasing the price of the Daily Mail, cutting 400 employees and closing one print press in the UK. The read through for INM is positive as the figures released today were not as bad as had been feared, but the issues over refinancing remain for INM and will continue to weigh on the share price.

BHP Billiton: Neutral **Current Price (1310p)** **Price target (1200p)** **Analyst : David Dunk**

There is speculation that BHP and Mitsui & Co have joined Chinalcoa in bidding for Rio Tinto assets. Rio Tinto releases full year results tomorrow, and may announce a mixed asset sale, and discounted share issue deal with Chinalcoa. The amount in question may be as much as \$20bn, significantly reducing the pressure on Rio Tinto's balance sheet.

Elan

Sell

Current Price : \$7.95

Price Target : \$4.00



DOLMEN STOCKBROKERS

Analyst: David Dunk

- Elan released its Q4 and full year results yesterday. Results were broadly in-line with expectations. Elan has recorded a net loss of \$71m, compared to \$405m for 2007. The recognition of a \$236.6m tax benefit, in Q4 had a significant impact on performance. This tax benefit stems from the Elan's US subsidiary likelihood of recording earnings in coming years. Excluding the recognition of the tax benefit, Elan would have recorded a net loss of \$307.6m.

- Total revenue for the full year increased to \$1bn, up from \$759.4m for 2007. Revenue from EDT increased by 2%, while the Biopharmaceuticals business revenue increased by 51%. Within the Biopharmaceuticals business, Tysabri was the main driver of revenue increase. Elan reduced operating expenses aggressively during the period. Selling general & administrative expenses declined by 15% to \$289m

- As of year end 2008, 37,600 patients were receiving Tysabri treatment, with just over half located in the US. This represents a 78% increase compared with 21,100 at the end of 2007. Critically patient numbers increased at a much slower pace than expected in Q4 of 2008, with patient numbers increasing only 6% from 35,500. This is a result of PML cases affecting the take-up rates from patients.

- Elan finished the period with \$426m in cash on its balance sheet, versus cash balances at the end of 2007 of \$721m. Furthermore, the company has guided that it expects to finish 2009 with just \$200m in cash. Given that Elan has \$1.1bn of debt due in 2011, and a further \$0.6bn of debt due in 2013, Elan's balance sheet is under considerable strain.

- Elan is in the early process of reviewing strategic business alternatives. Citigroup Global Markets, is expected to submit recommendations to Elan's management in about 10 weeks. The company has stated that a range of alternatives are being considered. We believe management will focus on minority investments or strategic alliances, over a merger or a sale.

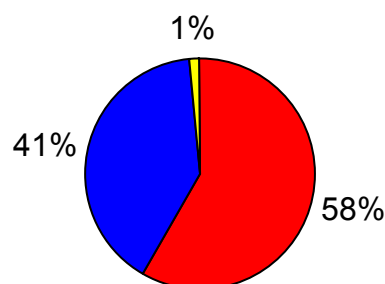
- Downgrade to Sell Rating:** Due to our concerns over Elan's balance sheet, and the uncertainties over growth in Tysabri patient numbers, we are downgrading Elan to sell. Our revised 12 month price target for Elan is \$4. The primary risks to our are investment case would be M&A activity as well as greater than expected Tysabri patient number take-up. We recommend traders utilise stops (guaranteed) when trading Elan.

Descriptive Stats		Shareholders	
Year to date	33%	Fidelity	0.1499
52 Week High	37.45	Wellington	0.082
52 Week Low	4.99	T Rowe Price	0.0639
Bloomberg	ELN US	Goldman Sachs	0.0447

	FY07	FY08	FY09e
Revenue	516	1,000	1,240
Operating Profit	-666	-143	-51
EPS	-0.87	-0.10	-0.39
DPS	n/a	n/a	n/a
P/E	n/a	n/a	n/a
Div Yield	n/a	n/a	n/a

Peer Analysis	P/E 08	P/E 09	Div Yield
Wyeth	12.2	11.9	3.2%
Biogen	14.5	12.6	n/a

2007 Revenues by Product



- EDT
- Biopharmaceuticals
- Contract Revenue



International Equity Markets

Index	Value	1-Day	YTD
ISEQ	2,445	-1.3%	2.8%
FTSE	4,213	-2.2%	-5.4%
Dow Jones	7,889	-4.6%	-10.1%
S&P	827	-4.9%	-8.4%
Nikkei	7,946	-0.3%	-10.3%
Stoxx 50	2,268	-3.4%	-8.1%

Sector Performances

Sector	Index	1-Day	YTD
Construction	198	-3.9%	-4.1%
Technology	158	-3.5%	2.0%
Oil & Gas	282	-3.4%	4.5%
Financials	134	-2.6%	-12.9%
Retail	195	-2.6%	4.4%
Food & Drink	222	-1.1%	-5.2%

Commodity Prices

Commodity	Index	1-Day	YTD
Crude Oil	37.6	-5.1%	-21.6%
Copper	157.6	-2.3%	9.1%
Gold	915.1	2.3%	4.0%
Silver	13.1	2.3%	17.3%
Wheat	556.0	-1.6%	-10.2%
Cattle	88.1	0.3%	-1.1%

Currency Exchange Rates

Commodity	Index	1-Day	YTD
€/\$	1.291	-0.7%	7.2%
€/£	0.888	1.7%	5.7%
£/\$	1.454	-2.4%	1.5%
\$/JPY	90.48	-1.1%	0.8%
€/JPY	116.83	-1.8%	8.0%
€/SFR	1.494	-1.3%	-0.1%

5Yr Credit Spreads

Commodity	Index	1-Day	YTD
Invest Grade	152.4	-6.3%	-14.0%
High Yield	1,034.0	3.0%	0.4%
Financials	117.6	3.5%	-0.8%
BoI	336.4	0.9%	40.9%
AIB	249.5	0.0%	24.7%
RBS	132.3	-0.1%	-1.0%

Money Market Rates

Rate	EUR	UK	US
Overnight	1.2%	0.8%	0.3%
3-Month	2.0%	2.6%	1.2%
1-Year	2.0%	1.8%	1.3%
2-Year	2.2%	2.2%	1.6%
5-Year	2.9%	3.0%	2.5%
10-Year	3.6%	3.7%	3.1%

Date	Company	Region	Event
11/02/2009	Smurfit Kappa Group	IE	FINAL
11/02/2009	Allegheny Energy	US	Q4
11/02/2009	Credit Suisse	CH	Q4
11/02/2009	Groupe Danone	FR	FINAL
11/02/2009	Peugeot	FR	PRELIM
11/02/2009	France Telecom	FR	Q4
11/02/2009	Daily Mail and General	GB	IMS
11/02/2009	Reckitt Benckiser Group	GB	Q4
11/02/2009	Shaftesbury PLC	GB	TRADE
12/02/2009	Greencore	IE	AGM
12/02/2009	Embarq Corporation	US	Q4
12/02/2009	Marriott Intl.	US	Q4
12/02/2009	McAfee, Inc.	US	Q4
12/02/2009	The Coca-Cola Co.	US	Q4
12/02/2009	Viacom	US	Q4
12/02/2009	BT Group	GB	Q3
12/02/2009	Diageo	GB	INTERIM
12/02/2009	British Land	GB	Q3
12/02/2009	Total	FR	Q4
12/02/2009	ENI Spa	ES	Q4
12/02/2009	Iberia Airlines	ES	TRAFFIC
12/02/2009	Rolls-Royce Group PLC	GB	PRELIM

Date	Event	Region	Estimate
11/02/2009	Consumer Price Index (MoM)	GE	-0.50%
11/02/2009	CPI - EU Harmonised (MoM)	GE	-0.60%
11/02/2009	Jobless Claims Change	UK	85.0K
11/02/2009	ILO Unemployment Rate (3m)	UK	6.30%
11/02/2009	BoE Quarterly Inflation Report	UK	--
11/02/2009	MBA Mortgage Applications	US	--
11/02/2009	Trade Balance	US	-\$36.4B
11/02/2009	Monthly Budget Statement	US	-\$75.0B
12/02/2009	ECB Publishes Feb. Monthly	EC	--
12/02/2009	Euro-Zone Ind. Prod. sa (MoM)	EC	-2.20%
12/02/2009	Advance Retail Sales	US	-0.40%
12/02/2009	Initial Jobless Claims	US	--
12/02/2009	Business Inventories	US	-0.60%
12/02/2009	CPI (MoM)	IE	-1.10%
12/02/2009	GDP s.a. (QOQ)	GE	-1.80%
13/02/2009	Euro-Zone GDP s.a. (QoQ)	EC	-1.20%
13/02/2009	U. of Michigan Confidence	US	61.5
13/02/2009	Retail Sales(Volume) (MoM)	IE	--
16/02/2009	Rightmove House Prices (MoM)	UK	--
17/02/2009	CPI (MoM)	UK	--
17/02/2009	RPI (MoM)	UK	--
17/02/2009	ZEW Survey (Sentiment)	GE	--

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