

CONTENTS

Market View:

IL&P : Board resignations

Coca-Cola : Impressive Q4 earnings

Diageo : Pernod-Ricard reports half year results

Ryanair : Air France 3Q results disappoint

Company note: H.J. Heinz

Market Movers

IRISH PAPERS TODAY

Bol executives admit mistakes in lending
(The Irish Times)

Inflation decline first in 50 years
(The Irish Times)

Greencore has €18m closures bill as debt slashed by two-thirds
(Irish Independent)

INTERNATIONAL PAPERS TODAY

Rio fights back over \$19bn deal with China
(Financial Times)

Stimulus plan energizes high-tech companies
(The Wall Street Journal)

DOLMEN DOZEN

Company	1-day %	YTD %
Aryzta	1.4%	-16.1%
BP	-0.1%	-1.8%
CRH	-2.1%	6.1%
E.ON	-3.5%	-16.8%
HPQ	0.5%	-2.9%
IL&P	-15.5%	13.0%
INM *	-15.6%	-46.7%
J&J	0.8%	-3.4%
JPMorgan	0.4%	-16.9%
Microsoft	0.3%	-0.9%
Paddy Power	-3.2%	-17.3%
Vodafone	-1.3%	-2.2%

* We are currently Neutral on IN&M

Market View

Analyst : Stephen Taylor

European equity markets are higher this morning following a sharp turnaround in the US last night with the Dow Jones reversing a near 250 point loss to close flat on the day. The turnaround was on the back of reports that President Barack Obama's administration is close to announcing a deal where in essence the government would subsidize mortgage payments for troubled homeowners that pass certain tests. The report suggests that Fannie Mae and Freddie Mac would play a supporting role. We would view such a move as a step in the right direction as it may ease foreclosures which currently stand at record levels and is considered central to restoring confidence in the mortgage market. Elsewhere, fourth quarter GDP figures out of Germany and France this morning show the depth of the current slowdown with both economies contracting by the most in 20 years, Germany by 2.1% and France by 1.2%. While equity markets do have the ability to push higher, we remain cautious in light of such weak economic data and the likelihood of worse data to come.

IL&P : Buy **Current Price (€1.85)** **Price target (€7.05)** **Analyst : Oliver Gilvarry**

Early this morning Irish Life and Permanent (ILP) released a statement following the revelation it had placed large sums with Anglo Irish Bank at the bank's year end, 30th of September. In the statement it was announced the Head of Treasury and Group Finance Director offered their resignations and the board accepted them. Group Chief Executive, Denis Casey, also offered his resignation, but this was declined by the board. The chairperson of the board, Gillian Bowler, stated the objective of the individuals involved with the transactions was to "support the policy objective of the Financial Regulator and the Central Bank", which was that Irish financial institutions would "work to support each other in the face of an unprecedented threat to the stability of the Irish financials system". The board expressed its strong disapproval of the measures used to support Anglo and was not informed of the specific manner in which it was carried out.

The statement gave details of the transactions that were undertaken by Anglo and IPM which involved Anglo lending money to ILP bank and then a subsidiary of ILP, Irish Life Assurance (ILA) placed the same money on deposit with Anglo. The advantage of the transaction to Anglo was that it increased the size of its customer deposit book; by recycling money it had borrowed in the inter-bank market to convert it into corporate deposits. The transaction helped to inflate the size of Anglo's deposit book at the interims and full year results.

The first of these transactions occurred on the 31st of March, when €1bn was lent to ILP bank by Anglo and €750m was then deposited by ILA in Anglo. The 31st of March was the date Anglo reported half year results and would provide details on its deposit book to the market.

Similar transactions then took place in September, when €3.45bn was lent to ILP bank by Anglo and then returned to Anglo on deposit through ILA. On the 30th of September a further €4bn was recycled in this way with all of these deposits maturing between the 1st and the 3rd of October, after Anglo's year end.

The impact of the transaction by Anglo to boost the size of its customer deposit book coming into its half year and full year results, casts the Irish financial system in a poor light and damages the reputation of the Irish economy further.

Coca-Cola: Buy **Current Price (\$44.39)** **Price target (\$58.00)** **Analyst : Stephen Taylor**

Yesterday, shares in Coca-Cola increased by over 7% after posting fourth-quarter earnings that beat analyst expectations. EPS came in at \$0.64 versus analyst estimates of \$0.61. Global worldwide case volume increased by 4% with significant expansion at its emerging markets business where India saw volume growth of 28% and China 29%. Coca-Cola has expanded in emerging markets over the last number of years and is helping to counter falling demand in its more mature markets. Coca-Cola has been cutting costs across all areas of business to make up for falling demand in particular North America its largest individual market. The group reiterated its target of saving \$500m a year by the end of 2011. We continue to recommend clients buy shares in large cap defensive US stocks with Coca-Cola remaining one of our top picks. The group also provides an attractive dividend yield of 3.5%.

Diageo: Buy **Current Price (883p)** **Price target (1150p)** **Analyst : David Dunk**

Following on from Diageo's results yesterday, peers Pernod-Ricard has released its H1 results this morning. The company recorded net income of €685m for the period, slightly shy of consensus estimates of €659m. Net sales for the period were €4.2bn vs €3.7bn for the same period in the previous year. The company has noted that visibility is limited into the second half of the year. Pernod has cut its full year operating growth target to 5%-8% from 8% previously. Pernod's results reflect a difficult trading environment, but the defensive aspects of the branded spirits sector remains strong thus far.

Ryanair: Buy **Current Price (€3.15)** **Price target (€3.65)** **Analyst : David Dunk**

Air France has released results for its third quarter this morning. Results were worse than expected, with a net loss of €505m. The company notes that it is facing extremely difficult conditions, although it is still aiming for full year operating profit. Air-France hedged much of its fuel costs for the financial year 2009/2010, above \$100 a barrel. This has exacerbated the already difficult trading environment for the company, and has led to increased losses, as these hedges were partially unwound throughout the period. Air France is hedged for about 43% of its fuel needs for 2009/2010. Given Ryanair's substantially lower fuel costs, it will perform better in the current market.

H.J. Heinz

Buy



DOLMEN STOCKBROKERS

Analyst: **Stephen Taylor**

Price : \$35.08 Target : \$44.00

- Company description** : Today we are initiating coverage of H.J. Heinz (Heinz) with a buy rating and price target of \$44.00. Heinz is one of the world's leading producers and marketers of branded ketchup, condiments, sauces, meals, soups snacks and infant foods. The group's major trademarks include Heinz, Classico, Farex, Ore-Ida, Boston Market, Smart Ones and Plasom. In May 2008 the group outlined its new 'High Performance Growth Plan' for fiscal years 2009 and 2010. The plan is aimed and growing the group's core portfolio, increasing emerging market exposure, strengthen & leverage global scale and manage employee talent. Like all of the large-cap US stocks that we like Heinz benefits from geographic and product diversity. At the group's fiscal second quarter results in November the group reiterated its full year 2009 earnings guidance for EPS growth of 9%-11% with revenue growth of at least 6%. **Note : Heinz is due to report fiscal third quarter results on 24/02/09 and we would advise buying the shares after the results have been announced.**

- Geographical diversity** : Heinz benefits from being one of the most geographically diversified food companies with operations throughout the world. All of the group's geographies have performed well over the last number of quarters including the US and Europe where it generates the majority of its revenue. Heinz is also benefitting from its expansion to emerging markets.

- Operational diversity** : Heinz has a well diversified product range with its core growth driven by its ketchup business which is ranked No. 1 in the US, Canada and the majority of European countries. At its most recent results organic sales for Ketchup grew by 12%. Heinz's growth is also been driven by the launch of its Smart Ones brand with volume growth of 49% during the quarter driven in part through Weight Watcher communication. In India turnover of Complan, the group's fast-growing nutritional beverage brand saw growth of 18%.

- Balance sheet** : Like the majority of the large-cap blue chip US companies that we like, Heinz also benefits from strong cashflow generation together with a lowly geared balance sheet with a debt to equity ratio of c. 40%. The group's net debt / EBITDA is also relatively low at c. 2.4x.

- Acquisition target ?** : While we would not advise buying shares in Heinz on a potential acquisition of the company, particularly in the current environment, there has been recent press coverage (Barron's January 26th) that Heinz could be a potential takeover target over the next few years with the likes of Nestle, Kraft or Unilever being named as potential suitors.

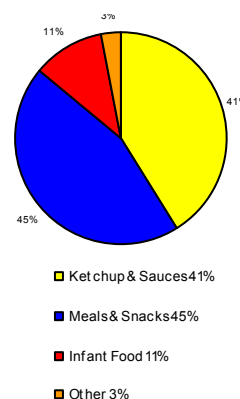
- Valuation** : We believe that shares in Heinz are attractively valued at 12x forward earnings on an EV/EBITDA of 8x. In addition the stock provides a healthy dividend yield of c. 4.5%. On an historical basis Heinz has traded between 11x - 25x earnings. Our price target of \$44 is based on the group trading at 15x fiscal 2010 consensus. On the food side **we prefer McDonalds** over Heinz as the group outperforms with monthly sales continuing to surprise to the upside despite the global downturn. However, Heinz shares are an attractive addition to a long-term portfolio.

Descriptive Stats		Shareholders	
Price (\$)	35.08	Capital World	6.57%
52 Week High	53.00	Barclays Global	5.03%
52 Week Low	34.52	Capital Research	4.05%
Bloomberg	HNZ US	State Street	3.56%
Reuters	HNZ.N	Vanguard	3.31%

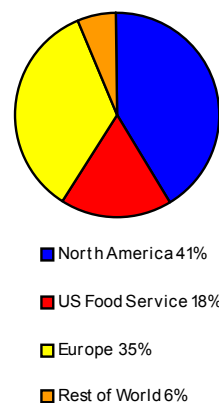
	FY08	FY09	FY10
Revenue (\$m)	10,070	10,351	10,580
Operating Profit (\$m)	1,569	1,580	1,610
EPS (c)	2.63	2.89	2.92
DPS (c)	1.52	1.66	1.76
P/E	13.3	12.1	12.0
Div Yield	4.33%	4.73%	5.02%

Peer Analysis	P/E 09	P/E 10	Div Yield 09
Heinz	12.1	12.0	4.73%
Kraft	13.7	12.9	4.40%
Nestle	13.3	12.9	3.20%
Kellogg	14.4	13.6	3.10%
Unilever	11.8	11.2	3.92%

Divisional revenue breakdown



Geographic revenue breakdown





International Equity Markets

Index	Value	1-Day	YTD
ISEQ	2,360	-2.0%	2.4%
FTSE	4,202	-0.8%	-3.3%
Dow Jones	7,933	-0.1%	-9.6%
S&P	835	0.2%	-7.5%
Nikkei	7,779	1.0%	-12.2%
Stoxx 50	2,215	-2.3%	-7.5%

Sector Performances

Sector	Index	1-Day	YTD
Construction	194	-2.5%	-2.2%
Technology	155	-1.2%	2.5%
Oil & Gas	280	-0.5%	7.6%
Financials	130	-1.5%	-11.7%
Retail	192	-0.8%	6.9%
Food & Drink	219	-1.3%	-4.4%

Commodity Prices

Commodity	Index	1-Day	YTD
Crude Oil	34.0	-5.5%	-28.8%
Copper	153.5	-0.4%	9.8%
Gold	946.8	0.8%	6.4%
Silver	13.5	-0.1%	19.1%
Wheat	551.5	-0.8%	-11.1%
Cattle	87.5	-0.1%	-1.5%

Currency Exchange Rates

Commodity	Index	1-Day	YTD
€/\$	1.286	-0.3%	7.5%
€/£	0.902	0.6%	6.4%
£/\$	1.427	-0.9%	1.1%
\$/JPY	90.94	0.6%	-0.8%
€/JPY	116.95	0.2%	6.7%
€/SFR	1.496	0.1%	-0.3%

5Yr Credit Spreads

Commodity	Index	1-Day	YTD
Invest Grade	154.5	-6.3%	-12.5%
High Yield	1,059.4	3.4%	4.0%
Financials	123.3	4.5%	4.0%
BoI	361.8	6.5%	51.1%
AIB	269.9	3.0%	26.3%
RBS	138.4	2.8%	1.2%

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%	1.6%	1.3%
2-Year	2.1%	2.0%	1.6%
5-Year	2.8%	2.8%	2.4%
10-Year	3.5%	3.6%	3.0%

Date	Company	Region	Event
13/02/2009	Abercrombie & Fitch	US	Q4
13/02/2009	Cabot Oil & Gas Corp	US	Q4
13/02/2009	PepsiCo	US	Q4
16/02/2009	L'Oreal SA	FR	FINAL
16/02/2009	TNT N V	NL	Q4
16/02/2009	Aeroports de Paris SA	FR	TRAFFIC
17/02/2009	United Drug PLC	IE	S/HOLDERS
17/02/2009	Domino's Pizza UK & IRL	GB	PRELIM
17/02/2009	Intercontinental Hotels G	GB	PRELIM
17/02/2009	Temple Bar Investment T	GB	PRELIM
17/02/2009	Daimler AG	DE	Q4
17/02/2009	Benetton Group SpA	IT	PRELIM
17/02/2009	Wal-Mart Stores Inc.	US	Q4
17/02/2009	Iberdrola SA	ES	Q4
18/02/2009	Thorntons PLC	GB	INTERIM
18/02/2009	Acergy SA	GB	Q4
18/02/2009	Sports Direct Internationa	GB	TRADE
18/02/2009	Carlsberg A/S	DK	Q4
18/02/2009	Euler Hermes SA	FR	Q4
18/02/2009	Societe Generale	FR	Q4
18/02/2009	COMMERZBANK AG	DE	Q4
18/02/2009	Heineken NV	NL	FINAL

Date	Event	Region	Estimate
13/02/2009	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)	IE	--
16/02/2009	Rightmove House Prices	UK	--
17/02/2009	CPI (MoM)	UK	--
17/02/2009	RPI (MoM)	UK	--
17/02/2009	ZEW Survey (Sentiment)	GE	--
17/02/2009	Empire Manufacturing	US	--
17/02/2009	ABC Consumer Confidence	US	--
18/02/2009	Bank of England Minutes	UK	--
18/02/2009	Construction Output SA	EC	--
18/02/2009	MBA Mortgage Applications	US	--
18/02/2009	Import Price Index (MoM)	US	--
18/02/2009	Housing Starts	US	--
18/02/2009	Industrial Production	US	--
19/02/2009	Public Sector Net Borrowing	UK	--
19/02/2009	M4 Money Supply (MoM)	UK	--
19/02/2009	Producer Price Index (MoM)	US	--
19/02/2009	Initial Jobless Claims	US	--
19/02/2009	Philadelphia Fed.	US	--
20/02/2009	PMI Manufacturing	GE	--

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DOLMEN SECURITIES LTD

75 St. Stephen's Green, Dublin 2, Ireland.
45 South Mall, Cork, Ireland
Theatre Court, Mallow St, Limerick, Ireland.

Tel : +353 1 633 3800/1890 400 300
Tel : +353 21 422 2122
Tel : +353 61 436 500

E-mail: info@dsl.ie
E-mail: cork@dsl.ie
E-mail: Limerick@dsl.ie