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**Ryanair** : Air france reports Q4 net loss:

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### Market Movers

## IRISH PAPERS TODAY

DCC warns earnings may fall 10%  
*(The Irish Times)*

State sells €1bn in bonds  
*(The Irish Times)*

Bank of Ireland bounces on €1.4bn bond buy back  
*(Irish Independent)*

## INTERNATIONAL PAPERS TODAY

Investors rebel over executive pay at Shell  
*(Financial Times)*

Shell shareholders rebel  
*(The Wall Street Journal)*

## DOLMEN DOZEN

Company	1-day %	YTD %
Aryzta	2.1%	-0.4%
BP	-0.8%	-2.6%
CRH	3.2%	14.1%
DCC	1.5%	40.9%
E.ON	3.1%	-13.0%
HPQ	2.4%	0.8%
IL&P	8.2%	93.7%
INM	-1.8%	-32.1%
J&J	-0.3%	-6.6%
JPMorgan	-3.9%	13.6%
Microsoft	-1.4%	4.5%
Vodafone	-4.0%	-12.5%

## Market View

**Analyst : Edward Keeling**

Despite news that Japan's economy shrank at a record pace of 4% in January through March, albeit at slower pace than the 4.3% economists' had expected, European equity markets have edged higher this morning. The Japanese GDP data hinted that global trade may have bottomed out in the first quarter. Net exports were less of a drag on the worlds' second largest economy than in the previous three months and companies ran down inventories. US markets however finished lower overnight as data showed that US housing starts and permits fell to record lows in April. The US Commerce Department said housing starts fell 12.8% to an annual rate of 458,000 units last month, the lowest since records began in 1959. However investor sentiment, a key driver of the current rally, was boosted as single family homes rose 2.8%, a second consecutive gain, hinting at the possibility that the worst hit part of the US housing market maybe beginning to recover. There is growing optimism among investors, largely fuelled by sentiment indicators, that the sharp corrections in the US and eurozone economies in the first quarter will mark the bottom for the global economy. As for today's trading we will be paying close attention to both the Bank of England and the FOMC minutes release. We will be expecting some details on why the BOE decided to increase its quantitative easing by £50bn and whether or not this decision was unanimous among policymakers.

### Hewlett Packard : Buy Current Price (\$36.58) Price target (\$48)Analyst : Stephen Taylor

After the US closed last night, Hewlett-Packard (HP) reported fiscal second quarter results for the period ending April 30th. Net profit declined to \$1.7bn from \$2.1bn versus the same period last year and was broadly in line with analyst expectations. Revenue declined by 3% to \$27.4bn slightly below consensus of \$27.5bn. In relation to its outlook for the remainder of its financial year, HP reiterated that it expects to report EPS to be in a range of \$3.76 - \$3.88, however it now expects revenue to decline by 4% - 5% versus a previous estimate of down 2% - 5%. In order to combat declining revenue, HP announced that it will cut an additional 2% of its work force, or more than 6,000 jobs, over the next year. The group is already in the process of cutting more than 24,000 jobs as part of its integration of Electronic Data Systems. HP's CEO, Mark Hurd, commented that the company is seeing 'some encouraging signs' however he is not ready to call the economic environment 'better' and expects the current climate to proceed throughout the rest of the year. Overall, we like HP as a long-term recovery play. We view the stock as attractively valued trading at 10x earnings and as the economic environment improves in 2010, HP will be well positioned to take advantage of the recovery.

### Ryanair : Sell Current Price (€3.47) Price target (€2.85) Analyst : David Dunk

Air France-KLM reported a fourth quarter net loss of €505m better than analyst expectations of €589m. Revenue declined to €5.01bn from €5.71bn last year. The airline pointed out that the current year will be equally challenging and that it will 'probably' post an operating loss for the current year. Air-France plans to cut 3,000 jobs this year with jobs been cut through attrition and retirement. In light of the continued pressures on revenue, Air France-KLM has lowered its investment plan to €1.4bn and increased its cost savings target to €600m.

# Vodafone

## BUY

Current Price : 121p

Price Target : 150p (previous 155p)



DOLMEN STOCKBROKERS

Analyst: **Stephen Taylor**

Wednesday 20th May 2009

• **Results Released** : After initially trading higher following the release of its full year results yesterday, shares in Vodafone ended up losing 3%. Overall we were comfortable with Vodafone's results and guidance for 2010 and continue to maintain a buy rating on the stock. Vodafone reported EBITDA that increased to £14.5bn from £13.2bn last year beating expectations of £14.4bn. Revenue increased by 15.6% to £41bn, ex FX gains revenue increased by 1.3%. Vodafone proposed a final year dividend yield of 5.20p representing a full year dividend of 7.77p, an increase of 3.5%. Vodafone continues to focus on cost-cutting initiatives and expects 65% of its £1bn cost reduction to be completed by the end of its 2010 financial year ahead of its initial target for 50%. The company said that it will continue to explore further ways to reduce costs.

• **2010 Outlook** : Vodafone expects that the recent trend in declining revenue in Europe to continue with its EBITDA margin falling at a slower rate. The group is forecasting adjusted operating profit in the range of £11bn - £11.8bn (2009 came in at £11.8bn) and free cash flow in the range of £6bn - £6.5bn (2009 came in at £5.7bn). Overall, while the group's fiscal 2010 year will remain difficult particularly in Europe we believe that Vodafone is well positioned given its geographic diversity.

• **Europe:** Trading in Europe continues to be difficult with economic activity expected to be weak and competition remaining high. Organic service revenue declined by 1.7%. Ongoing pricing pressures and lower volume growth in the group's core voice product markets is being substantially offset by solid growth in data where Vodafone is actively marketing increasingly attractive network speeds, handsets and services into an underpenetrated market.

• **Emerging markets:** Vodafone's emerging markets has been a key focus for the company and its strong performance over its 2009 financial year highlights the positive segment in this area. Vodafone's Asia Pacific and Middle East region saw revenue increase by 19%, reflecting the strong contribution from India where revenue grew by 32.9% on a pro forma basis. Vodafone added 26.6 million customers in India the highest rate of net additions in the market. The group's EBITDA margin did decline by 3.7% partly due to a competitive pricing environment. Africa and Central Europe produced organic revenue growth of 3.9%, with double digit growth in the group's South African division offsetting weakness in Turkey.

• **Balance sheet:** Net debt increased to £34bn from £21.5bn last year primarily due to currency movements as 57% of net debt is denominated in €. The group balance sheet remains underleveraged with a debt to equity ratio of c. 53%. The group maintained its A - grade credit rating over the year.

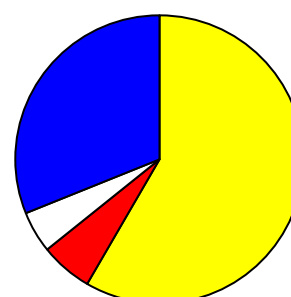
• **Valuation:** Our 150p price target of is based on the stock trading at a conservative 10x fiscal 2010 consensus EPS of 15p. With 19% upside from current levels and providing a well covered dividend yield of 6.8% we maintain our buy rating on Vodafone.

Descriptive Stats		Shareholders	
Price (p)	122.00	Axa	4.95%
52 Week High (p)	169.50	Legal & General	4.72%
52 Week Low (p)	96.40	Barclays	2.40%
Bloomberg	VODLN	Capital Research	2.01%
Reuters	VOD.L	Fidelity	2.00%

	FY09	FY10e	FY11e
Revenue (£m)	41,017	43,511	44,526
EBITDA (£m)	18,581	15,013	15,310
EPS (p)	17.17	15.00	15.50
DPS (p)	7.77	8.27	8.59
P/E	7.1	8.1	7.9
Div Yield	6.37%	6.78%	7.04%

Peer Analysis	P/E 09	P/E 10	Div Yield 09
Vodafone	7.1	8.1	6.37%
Deutsche Telekom	11.6	11.5	9.10%
France Telecom	8.8	8.7	8.40%
Telefonica	8.7	8.1	6.60%

Operating Profit Breakdown



■ Europe	58%
■ Africa and Central Europe	6%
□ Asia Pacific and Middle East	5%
■ Verizon Wireless	31%



### International Equity Markets

Index	Value	1-Day	YTD
ISEQ	2,746	3.9%	18.3%
FTSE	4,482	0.8%	1.0%
Dow Jones	8,475	-0.3%	-3.4%
S&P	908	-0.2%	0.5%
Nikkei	9,345	0.6%	5.5%
Stoxx 50	2,460	1.5%	0.8%

### Sector Performances

Sector	Index	1-Day	YTD
Construction	229	3.7%	12.9%
Technology	175	2.6%	14.9%
Oil & Gas	294	-0.4%	10.7%
Financials	186	3.3%	22.8%
Retail	209	-0.5%	14.1%
Food & Drink	237	-0.3%	1.9%

### Commodity Prices

Commodity	Index	1-Day	YTD
Crude Oil	60.1	0.9%	11.0%
Copper	207.0	-0.1%	46.1%
Gold	925.1	0.7%	5.2%
Silver	14.1	2.1%	25.2%
Wheat	588.8	-0.3%	-7.1%
Cattle	81.7	-1.0%	-5.1%

### Currency Exchange Rates

Commodity	Index	1-Day	YTD
€/\$	1.363	0.5%	-2.5%
€/£	0.881	-0.3%	-8.5%
£/\$	1.548	0.8%	5.6%
\$/JPY	95.97	-0.3%	5.4%
€/JPY	130.82	0.2%	3.1%
€/SFR	1.512	0.1%	1.3%

### 5Yr Credit Spreads

Commodity	Index	1-Day	YTD
Invest Grade	146.6	-6.3%	-19.9%
High Yield	908.8	-1.9%	-14.4%
Financials	116.7	-8.2%	-1.8%
BoI	304.9	-5.1%	24.9%
AIB	311.7	-2.0%	52.2%
RBS	170.3	-4.6%	26.8%

### Money Market Rates

Rate	EUR	UK	US
Overnight	0.8%	0.4%	0.2%
3-Month	1.2%	1.3%	0.8%
1-Year	1.4%	1.2%	0.8%
2-Year	1.7%	1.9%	1.2%
5-Year	2.7%	3.1%	2.5%
10-Year	3.5%	3.8%	3.3%

Date	Company	Region	Event
15/04/2009	Kenmare Resources PL	IE	PRELIM
15/04/2009	Rio Tinto PLC	GB	AGM
15/04/2009	Anglo American PLC	GB	AGM
15/04/2009	Abbott	US	Q1
16/04/2009	Experian PLC	IE	TRADE
16/04/2009	Rio Tinto PLC	GB	Q1 OUTPUT
16/04/2009	BP Plc	GB	AGM
16/04/2009	Baxter Intl. Inc.	US	Q1
16/04/2009	Harley-Davidson	US	Q1
16/04/2009	JPMorgan Chase & Co.	US	Q1
16/04/2009	Nokia Oyj	FI	Q1
16/04/2009	Carrefour SA	FR	Q1 SALES
16/04/2009	SABMiller PLC	GB	TRADE
16/04/2009	Saab AB	SE	S/HOLDERS
17/04/2009	BB&T Corporation	US	Q1
17/04/2009	Citigroup Inc.	US	Q1
17/04/2009	General Electric	US	Q1
17/04/2009	Swiss Reinsurance Cor	CH	S/HOLDERS
20/04/2009	Trinity Biotech PLC	IE	Q1
20/04/2009	Alliance Trust PLC	GB	PRELIM
20/04/2009	Sports Direct Internatio	GB	TRADE
20/04/2009	Bank of America Corpor	US	Q1

Date	Event	Region	Estimate
15/04/2009	MBA Mortgage Applications	US	-77%
15/04/2009	Consumer Price Index (MoM)	US	--
15/04/2009	Empire Manufacturing	US	0.20%
15/04/2009	Industrial Production	US	-35
15/04/2009	NAHB Housing Market Index	US	-1.00%
15/04/2009	Fed's Beige Book	US	10
16/04/2009	Total Trade Balance (GBP/M	UK	--
16/04/2009	Euro-Zone CPI (MoM)	EC	0.40%
16/04/2009	Euro-Zone Ind. Prod. sa (Mo	EC	-2.70%
16/04/2009	Housing Starts	US	543K
16/04/2009	Initial Jobless Claims	US	--
16/04/2009	Building Permits	US	549K
16/04/2009	Philadelphia Fed.	US	-32
17/04/2009	Euro-Zone Trade Balance	EC	--
17/04/2009	Construction Output SA MoM	EC	--
17/04/2009	U. of Michigan Confidence	US	58.5
20/04/2009	Rightmove House Prices (M	UK	--
20/04/2009	Leading Indicators	US	--
21/04/2009	Producer Prices (MoM)	GE	--
21/04/2009	CPI (MoM)	UK	--
21/04/2009	RPI (MoM)	UK	--
21/04/2009	ZEWS Survey (Econ. Sentim	GE	--

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