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ICG: Full year results in line with expectations

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Market Movers

IRISH PAPERS TODAY

AIB debt restructuring raises €445m in capital
(The Irish Times)

Quinn Group has "no plans" to sell assets to reduce debt
(The Irish Times)

Bol and Nationwide dispute their severe NAMA discounts
(Irish Independent)

INTERNATIONAL PAPERS TODAY

Darling to get tough on offshore tax evasion
(Financial Times)

Rio Tinto's top iron ore salesman in China admits taking bribes
(Financial Times)

Google stops censoring Chinese site
(The Wall Street Journal)

Market View

Analyst: Stephen Taylor

European equities are higher this morning after US markets rebounded yesterday to close higher on the day. Markets are continuing to shrug off the recent increases in sovereign CDS spreads as concern surrounding Greece continue. The Euro remains under pressure on speculation that EU lawmakers will fail to agree a bailout plan for Greece ahead of this week's EU summit meeting on Thursday & Friday. ECB president Jean Claude Trichet has made comments this morning speaking out against offering lower interest rate loans for Greece. Trichet's comments follow on from German Chancellor Angela Merkel's push for sanctions against nations that breach deficit levels. Sovereign debt remains the major threat for equity markets at the moment, however our positive stance remains given the improved economic environment, increase in M&A activity and favourable monetary policy. As for today the main focus will be on economic data out of the UK and the US. CPI data in the UK will be closely watched and is expected to fall back to 3.1% in February from 3.5% in January. In the US, existing home sales figures will also be in focus given the recent negative data points on housing. Current market expectations are for a further 1.1% drop in February.

ICG: Buy **Previous Close** €15.45 **Target** €16.50 **Analyst** Edward Keeling

ICG posted full year results this morning and the group reported EBITDA of €50m, in line with consensus estimates. Revenue was lower than forecasts at €260m with the company citing the most challenging trading conditions seen in Ireland for many decades. Its passenger business continues to suffer but its freight business has weakened even more significantly. Total costs for the period were €234m, down 23% year on year and considerably better than expectations. This resulted in profit before tax of €24.9m and with a tax credit of €0.3m; profit for the year was €25.2m. Cash generation within the group remains very strong, as seen through a 55% reduction in net debt to €21.7m. The board is proposing a final dividend of €1 a share which will be paid on 16th June to shareholders on the register at close of business on 14th May 2010. Management have indicated that the economic environment remains challenging with further declines in its freight division experienced over the first three months of the year. In the passenger market, the competitive threat from air carriers continues although some reductions in capacity are emerging. However, with its restructured cost base and the operational leverage in the business, any resumption in trade growth will be of significant benefit.

Irish Financials

Analyst Oliver Gilvarry

AIB released details of its Lower Tier 2 debt exchange yesterday evening. The exchange covered six bonds issued by AIB trading at a discount to face value, which could be converted into a new Lower Tier 2 bond paying 10.75% due in 2017. The average take up was 77.75% and this has provided a boost to capital of €445m. On a proforma basis would increase equity tier 1 to 5.37% as of the end of December, an increase of 37bps. This is higher than what we expected, as we estimated a take up of circa 65%. The success of the exchange offer will reduce the amount of capital to be raised from the Government or the markets.

Aviva: Buy **Previous Close** 399p **Target** 500p **Analyst** Oliver Gilvarry

Legal and General (LGEN) released full year results this morning, with operating profit on an EV basis beating expectations of £1.319bn. New business sales were slightly weaker than what the market was hoping for coming at £7.28bn, however this was offset by a strong new business margin figure of 4.50%. As we have seen with other insurers such as Aviva, LGEN increased the dividend and is paying a full year dividend of 3.84p a yield of 4.50%. Embedded value per share was 114p, versus consensus of 108p. Overall the results were better than expected except for new business sales, but the higher margins achieved on these sales offset this. Management's outlook for 2010 was similar to Aviva stating they see the UK Risk and Savings market rebounding after a difficult 2009. We still like the insurance sector following its increased capitalisation during 2009, cost cutting and ability to increase dividends.



International Equity Markets

Index	Value	1-Day	YTD
ISEQ	3,098	-0.8%	4.8%
FTSE	5,645	-0.1%	4.9%
Dow Jones	10,786	0.4%	3.4%
S&P	1,166	0.5%	4.5%
Nikkei	10,825	0.8%	2.2%
Stoxx 50	2,891	-0.2%	-2.0%

Sector Performances

Sector	Index	1-Day	YTD
Construction	276	-0.4%	0.4%
Technology	211	0.6%	14.7%
Oil & Gas	332	-0.5%	0.8%
Financials	220	-0.6%	-0.2%
Retail	260	-0.1%	6.5%
Food & Drink	323	0.8%	6.3%

Commodity Prices

Commodity	Index	1-Day	YTD
Crude Oil	81.6	0.8%	0.5%
Copper	338.1	0.2%	0.1%
Gold	1,102.3	-0.4%	0.6%
Silver	16.9	-0.6%	0.3%
Wheat	486.5	0.6%	-12.3%
Cattle	94.1	-1.1%	7.3%

Currency Exchange Rates

Currency	Index	1-Day	YTD
€/\$	1.356	0.2%	5.9%
€/£	0.898	-0.4%	-1.5%
£/\$	1.510	0.6%	7.6%
\$/JPY	90.140	-0.5%	3.1%
€/JPY	122.210	-0.3%	9.2%
€/SFR	1.435	-0.1%	3.4%

5Yr Credit Spreads

Product	Index	1-Day	YTD
Invest Grade	75.6	0.5%	7.5%
High Yield	429.9	0.4%	-0.2%
Financials	82.9	5.0%	15.9%
BoI	207.6	2.7%	-14.6%
AIB	216.1	1.0%	-20.7%
RBS	149.5	7.0%	5.4%

Money Market Rates

Rate	EUR	UK	US
Overnight	0.3%	0.5%	0.2%
3-Month	0.6%	0.6%	0.3%
1-Year	1.1%	0.9%	0.6%
2-Year	1.5%	1.6%	1.2%
5-Year	2.4%	2.9%	2.6%
10-Year	3.3%	3.8%	3.7%

Date	Company	Region	Event
23/03/2010	Metro AG	DE	FINAL
23/03/2010	WestLB AG	DE	Q4
23/03/2010	Irish Continantal Group	IE	PRELIM
23/03/2010	Imperial Tobacco Group PLC	GB	TRADE
23/03/2010	Cairn Energy PLC	GB	PRELIM
23/03/2010	CBG Group Plc	GB	PRELIM
23/03/2010	Legal and General Group PLC	GB	PRELIM
23/03/2010	RAB Capital plc	GB	PRELIM
23/03/2010	UTV Media Plc	GB	PRELIM
23/03/2010	Adobe Systems	US	Q1
23/03/2010	Walgreen	US	Q2
24/03/2010	Wienerberger AG	AT	Q4
24/03/2010	Independent News & Media PLC	IE	PRELIM
24/03/2010	Smiths Group PLC	GB	INTERIM
24/03/2010	Bellway PLC	GB	INTERIM
24/03/2010	J Sainsbury PLC	GB	Q4 TRADE
24/03/2010	Man Group Plc	GB	TRADE
24/03/2010	Alliance Pharma Plc	GB	PRELIM
24/03/2010	Eurasian Natural Resources Corp	GB	PRELIM
24/03/2010	Hochschild Mining Plc	GB	PRELIM
24/03/2010	Soco International PLC	GB	PRELIM
24/03/2010	General Mills	US	Q3

Date	Event	Region	Estimate
23/03/2010	CPI (MoM)	UK	--
23/03/2010	RPI (MoM)	UK	--
23/03/2010	House Price Index MoM	US	--
23/03/2010	Richmond Fed Manufact. Index	US	--
23/03/2010	Existing Home Sales MoM	US	--
23/03/2010	ABC Consumer Confidence	US	--
24/03/2010	PMI Manufacturing	GE	--
24/03/2010	PMI Services	GE	--
24/03/2010	IFO - Business Climate	GE	--
24/03/2010	PMI Services	EC	--
24/03/2010	PMI Manufacturing	EC	--
24/03/2010	Industrial New Orders SA (MoM)	EC	--
24/03/2010	MBA Mortgage Applications	US	--
24/03/2010	U.K. Budget Report Published	UK	--
24/03/2010	Durable Goods Orders	US	--
24/03/2010	New Home Sales MoM	US	--
25/03/2010	GfK Consumer Confidence Surve	GE	--
25/03/2010	Euro-Zone M3 s.a. 3 mth ave.	EC	--
25/03/2010	Retail Sales Ex Auto Fuel(MoM)	UK	--
25/03/2010	Initial Jobless Claims	US	--
26/03/2010	Total Business Investment(QoQ)	UK	--
26/03/2010	GDP QoQ (Annualized)	US	--

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