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## Market View

**Analyst: Stephen Taylor**

European equity markets have opened sharply lower this morning on continuing concerns surrounding the strength of the European financial system. The main focus of European peripherals has moved to Spain and current issues surrounding the Caja institutions. The Bank of Spain's move to take over CajaSur over the weekend has added to concern surrounding the European banks and potential increased losses that they are facing. The IMF has also waded in on the Spanish situation and has urged Spain to do more to overhaul its banking system. In addition a report in the Wall Street Journal highlights the difficulties that European banks are facing accessing dollar funding with interbank lending rates increasing. Geo-political concerns are also to the fore on speculation that North Korean leader Kim Jong IL has ordered the military to prepare for conflict that has led to the South Korean Won declining by its largest level in over a year. All of the above is leading to a perfect storm for the negative impact on equity markets. The concerns mentioned has lead to rush for the safe trades with the US dollar stronger against both the Euro and GBP while funds are also moving into the Japanese Yen. As for today the main focus will continue to remain on Europe and in particular on peripheral sovereign debt. On the data front, the markets will be looking at the first revision to first quarter GDP in the UK, while the Case-Schiller house price index in addition to US consumer confidence will also be closely watched.

**C&C: Buy**

**Previous Close** €3.29

**Target** €3.90

**Analyst** Edward Keeling

C&C released full year results this morning and its performance was in line with consensus forecasts. Excluding the impact of acquisitions, underlying revenue decreased by 8.6% to €446.4m. Operating profit came in at €89.5m in line with management guidance and market expectations. Acquisitions contributed a total operating profit of €6.3m comprising of €7.0m from Tennants and a loss of €0.7m from Gaymers. Pre-acquisition full year cider volumes declined by 2.4%, in line with managements' guidance for a broad stabilisation. This is compared with a prior year volume decline of 14%. Adjusted earnings per share declined by 10.6% to 22.7c and management have proposed a final dividend of 3 cent per share. In terms of current trading, like for like cider volumes declined by 1% year on year, with declines of 1% in ROI, 2.7% in the Magners UK and good growth in the rest of the world. The group's Acquisitions are trading in line with expectations and are on track to deliver synergy targets of £5m in FY11. Management have indicated that the performance of the business supports its expectation of earnings growth in 2011. We remain positive on C&C ahead of its key summer trading season which includes the catalyst of the soccer World Cup. In the last year C&C has transformed itself from a one product company, to a portfolio of brands. It has acquired ABI's Tennant's brand and Gaymer's UK cider portfolio. It recently announced the disposal of its Sprints & Liqueurs division for a cash consideration of €300m at an attractive EBITDA multiple of 19.6x. The sale completely de risks C&C's balance sheet, reducing its net debt/EBITDA ratio to just 0.6x. It will also allow the group to pursue further earnings enhancing acquisitions.

**Greencore: Neutral**

**Previous Close** €1.25

**Analyst** Stephen Taylor

Greencore has this morning issued an interim management report for the half year ended 26th March 2010. Group sales from continuing operations were reported at £434.5m, an increase of 2.1%. Group operating profit also increased, coming in at €27.7m which equates to a rise of 43%. EPS was reported at 8.5c up 14.9% on 7.4c in the first of half of FY09. The group will pay an interim dividend of 3c and has stated that it has no plan to amend its dividend policy. In terms of outlook, management is optimistic guiding that the group is on track for adjusted eps of 16c for the current year. In addition, the group stated that it is now back in growth mode having completed the disposal of its Malt and Convenience Foods business. Future growth is expected to be both organic and acquisitive however it has no current takeover targets.

## International Equity Markets

Index	Value	1-Day	YTD
ISEQ	2,886	-0.1%	-5.7%
FTSE	5,070	0.1%	-8.6%
Dow Jones	10,067	-1.2%	-3.5%
S&P	1,074	-1.3%	-3.7%
Nikkei	9,758	-0.3%	-10.3%
Stoxx 50	2,558	-0.6%	-16.2%

## Sector Performances

Sector	Index	1-Day	YTD
Construction	248	0.6%	-13.1%
Technology	192	0.8%	1.2%
Oil & Gas	296	-0.7%	-13.1%
Financials	193	0.1%	-15.5%
Retail	248	1.3%	-0.5%
Food & Drink	313	1.1%	0.8%

## Commodity Prices

Commodity	Index	1-Day	YTD
Crude Oil	70.2	0.2%	-14.7%
Copper	314.8	2.8%	-7.6%
Gold	1,191.7	1.2%	8.7%
Silver	17.9	1.5%	4.2%
Wheat	467.5	-1.0%	-18.3%
Cattle	90.2	-0.5%	2.8%

## Currency Exchange Rates

Currency	Index	1-Day	YTD
€/\$	1.237	-1.6%	-14.3%
€/£	0.858	-1.3%	3.4%
£/\$	1.443	-0.2%	-11.5%
\$/JPY	90.290	0.3%	3.6%
€/JPY	111.710	-1.3%	20.8%
€/SFR	1.434	-0.7%	4.0%

## 5Yr Credit Spreads

Product	Index	1-Day	YTD
Invest Grade	120.5	1.1%	84.8%
High Yield	587.2	1.3%	45.7%
Financials	155.1	6.2%	138.2%
BoI	288.0	-1.1%	15.1%
AIB	318.3	2.3%	16.0%
RBS	211.1	-1.3%	56.8%

## Money Market Rates

Rate	EUR	UK	US
Overnight	0.3%	0.5%	0.3%
3-Month	0.7%	0.7%	0.5%
1-Year	1.1%	1.2%	0.9%
2-Year	1.3%	1.5%	1.3%
5-Year	2.1%	2.5%	2.3%
10-Year	3.0%	3.5%	3.3%

Date	Company	Region	Event
25/05/2010	C&C Group	IE	FINAL
25/05/2010	Greencore Group	IE	INTERIM
25/05/2010	Marks and Spencer Group PLC	GB	PRELIM
25/05/2010	Readymix	IE	AGM
25/05/2010	Societe Generale	FR	AGM
25/05/2010	Glanbia PLC	IE	EGM / AGM
26/05/2010	Rio Tinto PLC	GB	AGM
26/05/2010	National Bank of Greece SA	GR	Q1
26/05/2010	Trintech Group PLC (IRE)	IE	Q1
26/05/2010	Cable & Wireless Plc	GB	FINAL
27/05/2010	Deutsche Bank AG	DE	AGM
27/05/2010	Costco Wholesale Corp.	US	Q3
27/05/2010	Antofagasta PLC	GB	Q1
27/05/2010	Elan Corp PLC	IE	AGM
27/05/2010	Man Group Plc	GB	PRELIM
28/05/2010	HSBC Holdings PLC	GB	AGM
01/06/2010	Ryanair Holdings PLC	IE	FINAL
01/06/2010	Petroceltic International Plc	IE	AGM
02/06/2010	Independent News & Media PLC	IE	AGM
02/06/2010	Telefonica SA	ES	AGM
03/06/2010	British Airways PLC	GB	TRAFFIC
03/06/2010	Kingfisher PLC	GB	Q1 TRADE

Date	Event	Region	Estimate
25/05/2010	GDP (QoQ)	UK	--
25/05/2010	Government Spending	UK	--
25/05/2010	Imports	UK	--
25/05/2010	S&P/CS Composite-20 YoY	US	--
25/05/2010	Richmond Fed Manu Index	US	--
25/05/2010	Consumer Confidence	US	--
25/05/2010	House Price Index MoM	US	--
25/05/2010	ABC Consumer Confidence	US	--
26/05/2010	MBA Mortgage Applications	US	--
26/05/2010	Durable Goods Orders	US	--
26/05/2010	New Home Sales MoM	US	--
27/05/2010	Core PCE QoQ	US	--
27/05/2010	Initial Jobless Claims	US	--
27/05/2010	Continuing Claims	US	--
27/05/2010	Consumer Price Index (MoM)	GE	--
28/05/2010	Personal Income	US	--
28/05/2010	Personal Spending	US	--
28/05/2010	PCE Core (MoM)	US	--
28/05/2010	Chicago Purchasing Manager	US	--
28/05/2010	U. of Michigan Confidence	US	--
28/05/2010	NAPM-Milwaukee	US	--
31/05/2010	Hometrack Housing Survey	UK	--

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Dolmen Stockbrokers, 75 St. Stephen's Green, Dublin 2, Ireland.



## **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](mailto:info@dsl.ie)  
E-mail: [cork@dsl.ie](mailto:cork@dsl.ie)  
E-mail: [Limerick@dsl.ie](mailto:Limerick@dsl.ie)