Dolmen Daily

DOLMEN STOCKBROKERS

Thursday 26th November 2009

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IRISH PAPERS TODAY

Anglo sues former CEO over €8m loans and house transfer *(The Irish Times)*

BOI "will not need" more State money *(The Irish Times)*

British economy shrinks less as fall in consumer spending stops *(Irish Independent)*

INTERNATIONAL PAPERS TODAY

Dubai debt request shock (*Financial Times)*

Dollar tumbles further in wake of Fed minutes (*Financial Times)*

Grim warning as Dubai delays debt payments (*The Wall Street Journal)*

Market View — Analyst : Stephen Taylor

European equity markets are lower this morning following weaker closes in Asia overnight after Dubai proposed delaying debt payments potentially leading to the largest sovereign default since Argentina in 2001. Credit default swaps (cost of protecting debt) increased the most since June after Dubai world sought a standstill agreement with its creditors. The events in Dubai have led to some risk aversion coming back into the markets with the US dollar gaining back some of yesterday's losses leading to weaker equity and commodity markets. Reports suggest that the largest creditors in Europe include Credit Suisse, HSBC, Barclays, Lloyds Banking Group and Royal Bank of Scotland. As a result senior financial 5-year credit spreads have widened by 4% this morning. As for today, other than events in Dubai it is relatively quiet day with little in the way of economic or corporate newsflow with US markets closed for Thanksgiving.

GSK : Buy **Yesterday's Close** 1289p **Target Price** 1325p **Analyst** Oliver Gilvarry

Canadian Health officials have indicated that they are still investigating an unusually high rate of a side effects from a batch of GSK's swine flu vaccine. The effect is known as Anaphylaxis and it includes swollen tongues, throats and respiratory distress. It has occurred at a rate of about 4% per 100,000 shots in one lot of 172,000 doses of the vaccine. For all batches however the rate of side effects is 0.32 per 100,000. Canada's chief public health officer David Butler-Jones has stated that the higher rate from one batch may be a statistical anomaly. A spokeperson for GSK has said that investigations are ongoing and that the company is working with Canadian officials.
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IN&M : Spec Buy **Yesterday's Close** €0.16 **Target Price** €0.26 **Analyst** Stephen Taylor

British newspaper group Daily Mail & General Trust and peer of Independent News & Media has reported full year profit before tax of £201m. This is 23% lower when compared with the same period last year but ahead of consensus estimates of £183, with business to business operations performing ahead of analysts' expectations. Revenue fell 8% to £2.12bn from £2.31bn as a result of deteriorating advertising trends and weaker consumer spend. However the company has responded by cutting almost £150m in costs. Mainly reflecting favourable currency moves, it has also reduced its net debt position by £150m to £1.049bn. The group has also paid a final dividend of 9.9p, resulting in a full year dividend of 14.7p. Meanwhile we are expecting an announcement from IN&M today following its EGM. We anticipate the group will confirm the approval of its 1.963m share rights issue.

Kerry Group

BUY

Yesterday's Close : €20.10

Price Target : €22.50 26th November 2009

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Analyst: **Oliver Gilvarry**

- Kerry Group released an Interim Management Statement (IMS) last week. The statement guided that the progress and momentum the group reported in the half year has continues in the four months since then.

- On a group basis business volumes have increased 1.5% yoy for the first 10-months of the year. On a divisional basis Ingredients & Flavours volumes were up 3% with Consumer Foods down 0.8%. Both of which are higher than the growth levels at the half year.

- The volume fall in Consumer Foods is due to Ireland as consumers continue to trade down. Performance in the UK continued to be strong and helped to offset the weaker performance in the UK. UK Consumer Foods is helped by the greater mix of private label and branded products compared to Ireland. Integration of Breeo Foods is continuing and despite the weak consumer market, the business is performing as expected.

- In the Ingredients & Flavours division, the roll out of "Go-to-Market" has continued to achieve solid growth and the support of leading global food and beverage providers. Pricing was lower across all geographical areas, but this was due to favourable raw material costs. Under recent contracts, Kerry passes on lower raw material prices to its customers quicker than in the past. The reverse is also true when prices increase. Americas, EMEA and Asia-Pacific areas all achieved underlying volume growth, with Asia-Pacific again the strongest at 9.1%.

- Group margins are running at 70bps for the year, a 10bps improvement from the half year levels. The increase in margins is due to efficiency programmes and the "Go-to-Market" programme. The strong margin performance plus the increase in volumes in the group overall have resulted in Kerry Group guiding EPS at the higher end of its range of 160-165c. We estimate EPS for 2009 will 164.5c.

- The balance sheet of the group remains strong with net debt at the end of October €160m lower than reported at the half year. Free cashflow (FCF) remains strong and on the conference call, it was guided to be in the region of €250m in 2010.

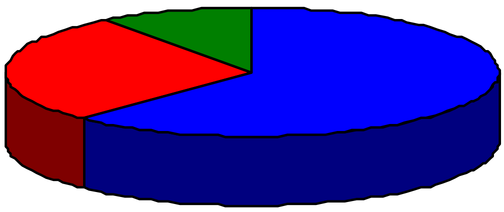
- When questioned on the potential for a large acquisition in 2010, management stated this was unlikely with 2011 or 2012 more likely dates. On the conference call after the release of the IMS the "Go-to-Market" strategy will be implemented outside the Americas by the end of the year, ahead of schedule.

- The strong performance of the group over the last year will continue into next year. The "Go-to-Market" strategy is working and the roll-out of the programme across the group is a positive and should flow through to earnings next year. Consumer Foods was weak this year in Ireland, but the recovery of the consumer in the UK will offset this next year.
- Kerry Group is increasing margins and volumes in a tough market and due to this ability it is our preferred in the Food sector. We reiterate our BUY rating on the stock with a price target €22.50, based on valuing the company at 13x 2010 EPS.

Descriptive Stats		Shareholders	
52 Week High	21	Kerry Co-operative	23.79%
52 Week Low	13	The Growth Fund of America	5.13%
Reuters	KYGa.I	Prudential Group of Companies	3.49%
Bloomberg	KYG ID		

	FY08	FY09e	FY10e
Revenue €m	4,791	4,594	4,779
Net Proft	254	287	314
EPS €	1.54	1.64	1.74
DPS	0.23	0.25	0.28
P/E	12.99	12.20	11.53
Div Yield	1.13%	1.25%	1.40%

Peer Analysis	P/E 09	P/E 10	Div Yield
Northern Foods	9.1	10.8	6.50%
Premier Foods	6.3	6.1	0.00%



Europe 62%
Americas 28%
Asia Pacific 10%

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Market Movers

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International Equity Markets

Index	Value	1-Day	YTD
ISEQ	2,873	-0.3%	21.3%
FTSE	5,365	0.8%	19.2%
Dow Jones	10,464	0.3%	19.2%
S&P	1,111	0.5%	23.0%
Nikkei	9,442	0.4%	5.9%
Stoxx 50	2,897	0.7%	16.3%

Sector Performances

Sector	Index	1-Day	YTD
Construction	267	0.4%	1.8%
Technology	180	0.1%	3.6%
Oil & Gas	321	0.2%	2.7%
Financials	230	-0.1%	2.2%
Retail	243	0.7%	1.7%
Food & Drink	289	0.2%	4.0%

Commodity Prices

Commodity	Index	1-Day	YTD
Crude Oil	78.0	2.6%	29.6%
Copper	319.7	1.7%	118.9%
Gold	1,191.8	1.9%	34.3%
Silver	18.8	1.7%	63.8%
Wheat	571.5	-4.3%	-16.8%
Cattle	85.8	-0.4%	-6.4%

Currency Exchange Rates

Commodity	Index	1-Day	YTD
€/$	1.513	1.1%	-7.3%
€/£	0.906	0.4%	4.7%
£/$	1.670	0.7%	-11.5%
$/JPY	87.350	-1.3%	4.3%
€/JPY	132.213	-0.2%	-3.3%
€/SFR	1.508	-0.1%	-1.0%

5Yr Credit Spreads

Commodity	Index	1-Day	YTD
Invest Grade	85.4	-1.9%	-50.5%
High Yield	500.7	-2.3%	-50.2%
Financials	76.0	-1.6%	-33.8%
BoI	238.0	-0.8%	-4.2%
AIB	257.3	-0.3%	21.4%
RBS	130.0	-1.2%	-5.1%

Money Market Rates

Rate	EUR	UK	US
Overnight	0.3%	0.5%	0.2%
3-Month	0.7%	0.6%	0.3%
1-Year	1.3%	0.9%	0.5%
2-Year	1.8%	1.8%	1.0%
5-Year	2.7%	3.1%	2.4%
10-Year	3.5%	3.8%	3.4%

Date	Company	Region	Event
26/11/2009	Daily Mail and General T	GB	PRELIM
26/11/2009	Antofagasta PLC	GB	Q3
26/11/2009	Independent News & Me	IE	EGM
26/11/2009	Lloyds Banking Group P	GB	MEETING
27/11/2009	ThyssenKrupp AG	DE	FINAL
27/11/2009	Carphone Warehouse G	GB	INTERIM
27/11/2009	Vectura Group Plc	GB	INTERIM
27/11/2009	VP PLC	GB	INTERIM
30/11/2009	Aryzta AG	CH	Q1 TRADE
30/11/2009	Aberdeen Asset Manage	GB	PRELIM
30/11/2009	Pursuit Dynamics Plc	GB	PRELIM
30/11/2009	Vinci SA	FR	S/HOLDERS
30/11/2009	St Ives PLC	GB	AGM
30/11/2009	Alloy	US	Q3
30/11/2009	Inergy Hldngs, L.P.	US	Q4
01/12/2009	Laurent-Perrier SA	FR	Q2
01/12/2009	OMG PLC	GB	PRELIM
01/12/2009	TUI Travel Plc	GB	Q4
01/12/2009	Staples	US	Q3
02/12/2009	Sage Group PLC	GB	PRELIM
02/12/2009	France Telecom SA	FR	S/HOLDERS
02/12/2009	Compagnie de Saint Go	FR	S/HOLDERS

Date	Event	Region	Estimate
26/11/2009	GfK Consumer Confidence Surve	GE	- -
26/11/2009	GDP (QoQ)	UK	- -
26/11/2009	Exports	UK	- -
26/11/2009	MBA Mortgage Applications	US	- -
26/11/2009	Personal Income	US	- -
26/11/2009	Durable Goods Orders	US	- -
26/11/2009	PCE Deflator (YoY)	US	- -
26/11/2009	Initial Jobless Claims	US	- -
26/11/2009	U. of Michigan Confidence	US	- -
26/11/2009	New Home Sales MoM	US	- -
26/11/2009	Minutes of Nov. 4 FOMC Meeting	US	- -
27/11/2009	Business Climate Indicator	EC	- -
27/11/2009	Euro-Zone Consumer Confidence	EC	- -
30/11/2009	GfK Consumer Confidence Surve	UK	- -
30/11/2009	Hometrack Housing Survey (MoM	UK	- -
30/11/2009	Retail Sales (MoM)	GE	- -
30/11/2009	Net Consumer Credit	UK	- -
30/11/2009	M4 Money Supply (MoM)	UK	- -
30/11/2009	Euro-Zone CPI Estimate (YoY)	EC	- -
30/11/2009	Chicago Purchasing Manager	US	- -
30/11/2009	Dallas Fed Manf. Activity	US	- -

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