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**Irish banks** : Full year results at Anglo

**Heinz** : Q4 results

**Kerry Group** : Danone rights issue

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### Market Movers

## IRISH PAPERS TODAY

Tullow Oil likely to seek partner in Uganda  
*(The Irish Times)*

Government and regulator to back Anglo publicly  
*(The Irish Times)*

Smurfit Kappa seeks new deal on bank terms for better financial footing  
*(Irish Independent)*

## INTERNATIONAL PAPERS TODAY

Investors fear bank stress tests were too lenient  
*(Financial Times)*

GM wins creditor support  
*(The Wall Street Journal)*

## DOLMEN DOZEN

Company	1-day %	YTD %
Aryzta	-1.6%	-7.2%
BP	0.6%	-2.3%
CRH	-4.7%	3.1%
DCC	0.4%	39.3%
E.ON	-0.4%	-10.3%
HPQ	1.0%	-4.4%
IL&P	0.0%	107.1%
INM	-1.7%	-29.7%
J&J	0.6%	-8.9%
JPMorgan	5.7%	16.2%
Microsoft	1.6%	5.2%
Vodafone	-1.1%	-15.0%

## Market View

**Analyst : Stephen Taylor**

European equity markets are higher this morning following a strong finish in the US and Asia overnight. The main catalyst for the move was lower bond yields when the yield on the 10-year treasury declined by 13bps to 3.61% following its large spike earlier on in the week. Strong economic data out of India and Japan overnight is also providing cause for optimism in the markets. First quarter GDP in India saw an increase of 5.8% beating economist expectations for a 5% increase. Interest rate cuts and fiscal stimulus were the primary factors behind the strong move and provides us with confidence that the worst of the global downturn may be behind us. In Japan, industrial output increased by the most in 56 years increasing by 5.2% in April faster than the 3.3% expected by economists. Companies in Japan also said they planned to boost output in May and June as well. The Bank of Japan indicated that the economy will resume growth this quarter after shrinking a record 15.2% in the first quarter. In the UK there was also positive house price data out this morning. According to the Nationwide Building Society, UK house price data increased by 1.2% in May after declining by 0.3% in April. The monthly increase provides increased confidence that the housing market in the UK has begun to stabilise. Interim trading statements from the majority of the UK house builders has also indicated similar trends. As for today the focus will again be on the economic front with Euro-Zone CPI data expected. In the US, the revised first quarter GDP figures is due, while Chicago PMI and Michigan Confidence data are also due for release.

**Heinz : Buy Current Price (\$36.21) Price target (\$44.00) Analyst : Stephen Taylor**

Last night Heinz reported fourth quarter results that saw the group post a profit of \$175m for the period. This was down from \$194m last year as gross margins fell to 34.5% from 36.3%. It also gave fiscal 2010 guidance that was somewhat below analyst estimates. Its eps outlook for this year are for a result between the range of \$2.60 to \$2.70. However on a constant currency basis, Heinz derives c.60% of its revenues from outside of the US, it anticipates sales growth of 4% to 6% and eps growth of 5% to 8%. In the US sales rose 2.9% over the fourth quarter to \$805.9m, while in Europe, sales volumes fell 17.6% to \$800.2m. Heinz, like many of its competitors has felt the effects of more consumers switching to private label or in store brands. Despite the slightly below expected outlook we remain positive on Heinz shares. It 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. Like the majority of the large-cap blue chip US companies that we like, Heinz 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. We reiterate our Buy recommendation and price target of \$44.

**Kerry : Buy Current Price (€16.71) Price target (€19.90) Analyst : Oliver Gilvarry**

Danone has formally announced details of a €3.048bn rights issue, after signalling to the market on Monday that it was preparing to do so. The offer consists of 4 new shares for 17 existing shares. The subscription price represents a 31.4% discount to the yesterday's closing price. The company has stated that the money raised will be used to strengthen its capital structure, and reduce its financial leverage. In addition the move will give the company the ability to pursue bolt on acquisitions. Given that Danone has a relatively low level of leverage, and that the amount raised in the rights issue is larger than expected, the possibility remains that Danone is seeking large scale acquisitions, despite statements from the CEO that potential deals would be less than €100m

# Ryanair

## Neutral

Current Price : €3.65

Price Target : €3.80



DOLMEN STOCKBROKERS

Analyst: **David Dunk**

Friday 29th May 2009

- Recently, Ryanair reaffirmed that it expects to grow its total passengers by 15% this year, implying that traffic is up 8% year to date. It has also recently guided that it expects annual cost savings of €50m from its new online check-in-system. It plans to phase out all airport check-in-desks at its 146 airports by October 1st. We remain of the view that Ryanair is the most proactive airline in terms of lowering costs and are comfortable with Michael O'Leary's guidance of a further 5% ex fuel unit cost reduction for the full year.

- Growth Strategy** : Despite the challenging consumer environment Ryanair has chosen a strategy of continued expansion. It will aggressively compete on fares, under-pricing its competitors. In addition it has not scaled back on capacity at its core airports. Unlike its peers including easyJet, it is increasing capacity and has reiterated it expects to carry 65m passengers this year. Although this will undermine profitability in the short term, it will ensure Ryanair will emerge even stronger when markets recover.

- Costs** : Key to this strategy is the airline's cost base. With the most proactive cost cutting policies and superior fuel hedging position, it can reduce ticket prices to levels where competitors can't compete. With 75% of Q1 and Q2, and 50% of Q3 fuel requirements hedged at average price of \$65 a barrel, Ryanair is expecting some €500m savings from lower oil prices in 2009. Growing into a downturn also presents cost reducing opportunities in itself. Locking in favourable supplier contracts at current low levels, particularly airports as peers reduce capacity, will be a significant advantage in years to come. In addition securing another bottom of the cycle deal with Boeing or Airbus would be hugely beneficial for future expansion

- Yields** : The key negative and unknown is by how much the airline will have to reduce passenger yields in order to capture market share. Current market consensus is for a c.20% fall in fares for the full year 2008 and c.10% in 2009. While this is certainly significant, we believe there is room for the airline to outperform these forecasts. Capacity is continuing to come out of the market as competitors retrench, consolidate or even go out of business. Ryanair will also benefit from the trading down effect as traditional long haul travellers switch to cheaper short haul alternatives. The resilient load factor in its monthly traffic figures is also encouraging. While this is not necessarily indicative of rising fares, it does reduce the chances that average fares will be much lower than expected.

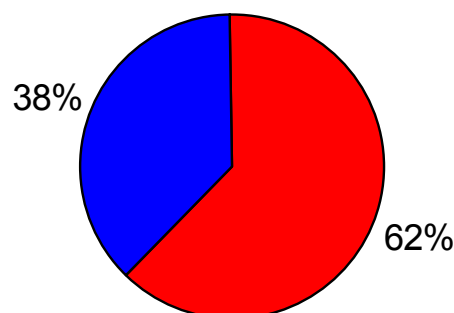
- Catalysts** : Potential catalysts include securing a bottom of the cycle deal with Airbus or Boeing, continuing hardening of loads as reported in its monthly traffic figures and disclosures of further favourable fuel hedging. Ryanair will release its end of year earnings report on the 2nd of June.

- Valuation** : Ryanair has been re-rated by the market in recent weeks, and is trading significantly above our price target. Thus far, in 2009, Ryanair has performed better than our expectations. While operating conditions remain extremely challenging in the industry, Ryanair is faring the best. As a result, we are increasing our price target to €3.80, and our rating to Neutral, ahead of results on June 2nd.

Descriptive Stats		Shareholders	
Year to date	18%	Fidelity	7.7%
52 Week High	3.67	Micahel O Leary	4.4%
52 Week Low	1.8	Deutsche Bank	4.0%
Bloomberg	RYA ID	Bank of Ireland	3.0%

	FY2007	FY2008	FY2009
Revenue (€m)	2,714	2,951	3,122
Operating Profit	439	108	515
EPS	0.3	0.03	0.27
DPS	N/a	N/a	N/a
P/E	11.6	120.0	13.5
Div Yield	N/a	N/a	N/a

2008 Revenues by Geography



■ Europe ex. UK

■ United Kingdom



## International Equity Markets

Index	Value	1-Day	YTD
ISEQ	2,691	-2.1%	15.6%
FTSE	4,388	-0.6%	0.0%
Dow Jones	8,404	1.3%	-4.2%
S&P	907	1.5%	0.4%
Nikkei	9,523	0.8%	7.5%
Stoxx 50	2,453	-1.1%	1.3%

## Sector Performances

Sector	Index	1-Day	YTD
Construction	218	-3.0%	8.1%
Technology	171	-0.9%	13.0%
Oil & Gas	294	-0.1%	12.1%
Financials	181	-1.5%	21.3%
Retail	211	-1.5%	15.8%
Food & Drink	231	-1.5%	-0.2%

## Commodity Prices

Commodity	Index	1-Day	YTD
Crude Oil	65.1	2.6%	20.9%
Copper	213.7	0.8%	51.9%
Gold	959.5	1.0%	9.7%
Silver	15.2	2.0%	35.7%
Wheat	630.5	0.8%	0.3%
Cattle	81.9	-1.5%	-4.3%

## Currency Exchange Rates

Commodity	Index	1-Day	YTD
€/\$	1.394	0.8%	0.3%
€/£	0.875	0.9%	-9.5%
£/\$	1.594	-0.1%	9.0%
\$/JPY	96.86	1.6%	6.2%
€/JPY	135.03	2.4%	6.5%
€/SFR	1.512	0.0%	1.3%

## 5Yr Credit Spreads

Commodity	Index	1-Day	YTD
Invest Grade	144.8	-6.3%	-22.1%
High Yield	884.3	-0.1%	-16.9%
Financials	123.0	0.3%	1.7%
BoI	326.3	2.2%	32.4%
AIB	320.6	2.7%	55.0%
RBS	187.7	3.8%	36.5%

## Money Market Rates

Rate	EUR	UK	US
Overnight	1.0%	0.4%	0.3%
3-Month	1.3%	1.3%	0.7%
1-Year	1.5%	1.3%	0.9%
2-Year	1.8%	1.9%	1.4%
5-Year	2.9%	3.3%	2.9%
10-Year	3.7%	4.0%	3.9%

## Date Company Region Event

Date	Company	Region	Event
29/05/2009	Severn Trent Plc	GB	PRELIM
29/05/2009	VP PLC	GB	PRELIM
29/05/2009	Alcatel-Lucent	FR	AGM
29/05/2009	Intercontinental Hotels C	GB	AGM
29/05/2009	Premier Oil PLC	GB	AGM
29/05/2009	Tiffany & Co.	US	Q1
02/06/2009	<b>Ryanair</b>	<b>IE</b>	<b>Q4</b>
02/06/2009	<b>Aryzta</b>	<b>IE</b>	<b>Q2</b>
02/06/2009	Kingfisher	GB	Q1
02/06/2009	GB Group	GB	FY
02/06/2009	Hypo Real Estate	DE	S/holders
02/06/2009	WPP	GB	AGM
02/06/2009	Ford	US	May Sales
02/06/2009	General Motors	US	May Sales
03/06/2009	Laurent-Perrier	FR	Q4
03/06/2009	British Airways	GB	Traffic
03/06/2009	Sportingbet	GB	Q3
04/06/2009	easyJet	GB	Traffic
04/06/2009	WM Morrison Supermar	GB	Q1
04/06/2009	WH Smith	GB	Trade
04/06/2009	Vallourec SA	FR	AGM
04/06/2009	Great Portland Estates I	GB	MEETING
04/06/2009	GAP	US	May Sales

## Date Event Region Estimate

Date	Event	Region	Estimate
29/05/2009	GfK Consumer Confidence	SUK	-25
29/05/2009	Euro-Zone M3 s.a. (YoY)	EC	4.60%
29/05/2009	Euro-Zone CPI Estimate (Yo	EC	0.20%
29/05/2009	Euro-Zone Unemployment R	EC	9.10%
29/05/2009	GDP QoQ (Annualized)	US	-5.50%
29/05/2009	Personal Consumption	US	2.00%
29/05/2009	Core PCE QoQ	US	1.50%
29/05/2009	Chicago Purchasing Manage	US	42
29/05/2009	U. of Michigan Confidence	US	68
01/06/2009	PMI Manufacturing	GE	--
01/06/2009	PMI Manufacturing	EC	--
01/06/2009	PMI Manufacturing	UK	--
01/06/2009	Personal Income	US	--
01/06/2009	PCE Core (MoM)	US	--
01/06/2009	ISM Manufacturing	US	--
01/06/2009	Construction Spending MoM	US	--
02/06/2009	Net Consumer Credit	UK	--
02/06/2009	M4 Money Supply (MoM)	UK	--
02/06/2009	PMI Construction	UK	--
02/06/2009	Pending Home Sales MoM	US	--
02/06/2009	ABC Consumer Confidence	US	--
02/06/2009	Total Vehicle Sales	US	--
03/06/2009	PMI Services	GE	--

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