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Market Movers

IRISH PAPERS TODAY

Kingspan shares bounce by 11% on 2009 results
(The Irish Times)

Moody's says Anglo liquidation unlikely
(The Irish Times)

Kingspan signals "modest dividend as profit falls 60pc but firm still on acquisition trail
(Irish Independent)

INTERNATIONAL PAPERS TODAY

Asian state funds line up to back Pru deal
(Financial Times)

Goldman beats its record for \$100m-plus day
(Financial Times)

Pound skid to 9 month low
(The Wall Street Journal)

Market View

Analyst : Brian Gallagher

European equities markets are higher this morning as investors switch their focus from Greece to the UK. Sterling continues its precipitous fall as concerns grow over the potential for a hung UK parliament. A weak Government would make it difficult for the UK to implement the necessary fiscal reforms and would also open up the risk of sovereign rating downgrades and the possibility of a second election. UK Gilts suffered on the back of these fears and sterling reached a new 9 month low of £1.4784 against the dollar. Separately, news that the Greeks are getting closer to a refinancing deal with the EU have allayed some of the fears surrounding the periphery of Europe. This has helped push equity markets higher, however releases showing that manufacturing indices in the US and China remain in expansionary territory have also given markets a boost. Overnight, the Reserve Bank of Australia raised its key interest rate to 4%. This move was widely anticipated and we are expecting further increases in the medium term following comments last week by the Central Bank's Governor, Glenn Stevens. Today will be quiet in relation macro economic releases, with the most significant data due out Europe in the form of PPI. This is unlikely to be market moving with traders looking forward to tomorrow's US ISM non Manufacturing Survey and Friday's key US Non-farm payrolls.

CRH: Buy **Previous Close** €16.85 **Target** €20.50 **Analyst** Stephen Taylor

CRH has issued full year results this morning. The group reported EBITDA that declined by 32% to €1.803bn and in line with guidance provided in January. Revenue declined by 17% to €17.37bn. Pre-tax profit before impairment charges declined by 53% to €773m and slightly better than company guidance of €750m, while earnings per share fell by 58% to 88.3c. CRH increased its dividend slightly to 62.5c from 62.2c. The group continued to generate strong cash flow due to increased cost savings and reduction in Capex with operating cash flow of €1.2bn, double the 2008 level of €0.6bn. As a result of the strong cash flow generation, CRH was able to reduce net debt to €3.7bn better than the €4bn expected. As expected CRH provided a cautious outlook and expects a difficult demand backdrop through much of 2010 with continuing declines in non-residential activity across its markets not helped by the severe weather conditions in Europe and North America during January and February. The group's significant savings initiatives and balance sheet strength, provides CRH with operational flexibility and well positioned when growth returns.

Irish Financials: AIB Results

Analyst Oliver Gilvarry

AIB results today were all about Net Interest Margins (NIM) and Impairments. The group reported a net loss of €2.41bn, which was slightly better than expected. The underlying operating profit for the year, excluding the debt buybacks and pension changes, was €2.34bn. Costs were reduced by 15%, 8% once the pension change is excluded. Cost income ratio fell to 44.8% from 46.5% in 2008 on an underlying basis. This was a positive in the results, but further cost cutting will be required. On a divisional basis operating profit before provisions was down 25% yoy for AIB ROI, with AIB UK, Poland and Capital Markets all up. Operating profit will remain under pressure as NIM was weaker than expected at 1.92%, a fall of 29bps. With further wholesale debt for refinancing this year and continued competition for deposits in the Irish market, NIM will fall further in 2010. While NIM declined, the Loan to Deposit ratio improved to 146% for the full year from 156% at the half year. Credit quality has deteriorated further with criticised loans now at 29.4% of loans or €38.2bn. This is an increase of 14% since the half year. Impaired loans are now €17.45bn or 13.5% of loans, an increase of 61.54% since the half year. The vast majority of these loans are moving into NAMA. The impairment charge for the full year was €5.35bn, in line with management guidance but the charge for the second half of the year was €2.96bn. The release today states that €23.2bn of loans are moving into NAMA, with the majority of the impairment charge relating to NAMA assets. Despite this, ROI non-NAMA had an impairment charge of 3.63% highlighting issues on the remainder of the Irish loan book. Impairment provisions against the NAMA loans is €4.2bn giving a provision to NAMA loans of 17.95%, which seems light when 66.9% of these loans are either impaired, past due but not impaired or at the lowest level of the AIB Masterscale. On capital, Risk Weighted Assets (RWA) declined by 10.1% and Equity Tier 1 fell to 5.00% in line with expectations. On the expected debt buyback (AIB has circa €3bn of Lower Tier 2 we estimate could be bought back or exchanged) management have stated it is imminent, but no timeline has been given. On outlook, management have only stated that conditions remain "extremely challenging" and issues such as NAMA and European Union decision on restructuring could materially affect the Group. They have also stated the group will move to hold more capital and on Irish Radio Colm Doherty stated the group has had approaches from other banks. The results today were mixed, but mainly in line with previous guidance. Our focus is on the low NIM in 2009, which we expect will fall lower this year. Credit quality remains poor and with the poor credit quality of the NAMA loans, the risk to a higher NAMA haircut than our previous estimate of 32% is greater following these results. The bank will hold a conference call at 09.30 where further details on capital plans and the outlook for 2010 will be more than likely discussed.

Paddy Power : Buy **Previous Close** €23.05 **Target** €27.50 **Analyst** Edward Keeling

Paddy Power released its full year results this morning and as we forecasted its results are ahead of market expectations. Overall the amount staked at the bookmakers was €2.75bn, an increase of 36% year on year on a constant currency basis. With an average gross win margin of 8.5%, profit before tax was €67.2m. Earnings per share was €1.21 and this is 12% lower from 2008 levels, but ahead of analysts' forecasts for €1.14. The group increased its dividend by 8% on an annual basis to 58.4c and its financial position remains robust with €75m net cash. On a divisional basis, the stand out performances came from Paddy Power's online and Irish division. Online saw an impressive 31% increase in its amount staked on a constant currency basis and online now represents 75% of total operating profit. Although average stake per bet decreased by 15% to €18.91, this was offset by a 55% increase in betting volumes. Its Irish division delivered a slight 1% increase in turnover to €949m. However excluding the seven shops the group opened last year, like for like amounts staked were down 3%. Nevertheless this an impressive performance and reflects Paddy Power's continued gains in market share to 32% from 26% in 2008. In terms of its Australian division, operating profit was €4.6m and it is worth noting that online here now represents over 80% of total operating profits. Management has reiterated it expects this division to grow strongly going forward, driven by the same macro drivers as in the UK. In terms of overall outlook, trading since the new year has been 'satisfactory' and the Board remains confident on the group's prospects. We remain positive on Paddy Power and reiterate our Buy rating and €27.50 price target. Although unemployment will remain high in its core markets, we believe that the rate of growth for the online sector as a whole, combined with Paddy Power's market share gains, supported by its unique brand and broadest product offering will continue to offset the expected reduction in average stake per player.



International Equity Markets

Index	Value	1-Day	YTD
ISEQ	2,898	0.9%	-2.4%
FTSE	5,406	1.0%	0.1%
Dow Jones	10,404	0.8%	-0.2%
S&P	1,116	1.0%	0.1%
Nikkei	10,172	0.5%	-3.1%
Stoxx 50	2,773	1.6%	-6.5%

Sector Performances

Sector	Index	1-Day	YTD
Construction	257	1.8%	-6.9%
Technology	195	1.0%	6.0%
Oil & Gas	318	1.6%	-4.1%
Financials	205	-0.4%	-7.8%
Retail	247	1.7%	1.3%
Food & Drink	317	1.7%	4.1%

Commodity Prices

Commodity	Index	1-Day	YTD
Crude Oil	78.7	-1.2%	-2.7%
Copper	335.0	2.0%	-1.6%
Gold	1,119.0	0.1%	1.8%
Silver	16.5	-0.3%	-2.5%
Wheat	504.5	-2.8%	-9.4%
Cattle	91.7	-0.2%	2.2%

Currency Exchange Rates

Currency	Index	1-Day	YTD
€/\$	1.356	-0.5%	6.3%
€/£	0.905	1.1%	-1.9%
£/\$	1.499	-1.6%	8.4%
\$/JPY	89.140	0.2%	4.4%
€/JPY	120.860	-0.3%	11.0%
€/SFR	1.464	0.0%	1.4%

5Yr Credit Spreads

Product	Index	1-Day	YTD
Invest Grade	84.2	-2.0%	19.2%
High Yield	465.9	-2.6%	7.6%
Financials	92.0	-2.0%	26.6%
BoI	230.2	-2.7%	-5.4%
AIB	243.8	-2.5%	-11.1%
RBS	154.3	-1.5%	12.2%

Money Market Rates

Rate	EUR	UK	US
Overnight	0.3%	0.5%	0.2%
3-Month	0.7%	0.6%	0.3%
1-Year	1.1%	0.9%	0.5%
2-Year	1.4%	1.6%	1.0%
5-Year	2.4%	2.9%	2.6%
10-Year	3.3%	3.9%	3.7%

Date	Company	Region	Event
02/03/2010	CRH PLC	IE	FINAL
02/03/2010	Allied Irish Banks PLC	IE	PRELIM
02/03/2010	Paddy Power PLC	IE	PRELIM
02/03/2010	Admiral Group Plc	GB	PRELIM
02/03/2010	Cookson Group Plc	GB	PRELIM
02/03/2010	John Wood Group PLC	GB	PRELIM
02/03/2010	Persimmon PLC	GB	PRELIM
02/03/2010	Provident Financial Plc	GB	PRELIM
02/03/2010	Vitec Group PLC	GB	PRELIM
02/03/2010	Roche Holding AG	CH	AGM
02/03/2010	Sage Group PLC	GB	S/HOLDERS
02/03/2010	Edison Intl.	US	Q4
02/03/2010	AutoZone	US	Q2
02/03/2010	Staples	US	Q4
03/03/2010	Vinci SA	FR	Q4
03/03/2010	adidas AG	DE	FINAL
03/03/2010	Irish Life and Permanent	IE	PRELIM
03/03/2010	Babcock & Brown Air Ltd	IE	Q4
03/03/2010	Trintech Group PLC (IRE)	IE	Q4
03/03/2010	Adecco SA	CH	FINAL
03/03/2010	Holcim Ltd	CH	FINAL
03/03/2010	British Airways PLC	GB	TRAFFIC

Date	Event	Region	Estimate
02/03/2010	PMI Construction	UK	--
02/03/2010	Euro-Zone PPI (MoM)	EC	--
02/03/2010	Bank of Canada Rate	CA	--
02/03/2010	Fed's Beige Book	US	--
02/03/2010	ABC Consumer Confidence	US	--
03/03/2010	Nationwide Consumer Confidenc	UK	--
03/03/2010	PMI Services	GE	--
03/03/2010	PMI Services	EC	--
03/03/2010	PMI Services	UK	--
03/03/2010	Euro-Zone Retail Sales (MoM)	EC	--
03/03/2010	MBA Mortgage Applications	US	--
03/03/2010	ADP Employment Change	US	--
03/03/2010	ISM Non-Manf. Composite	US	--
04/03/2010	Euro-Zone GDP s.a. (QoQ)	EC	--
04/03/2010	BOE ANNOUNCES RATES	UK	0.50%
04/03/2010	BOE Asset Purchase Target	UK	--
04/03/2010	ECB Announces Interest Rates	EC	--
04/03/2010	Initial Jobless Claims	US	--
04/03/2010	Factory Orders	US	--
04/03/2010	Pending Home Sales MoM	US	--
05/03/2010	PPI Input NSA (MoM)	UK	--
05/03/2010	PPI Output n.s.a. (MoM)	UK	--

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