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Market Movers

IRISH PAPERS TODAY

Tax revenue in February down €1.8bn on 2008
(*The Irish Times*)

CRH hoping to raise €1.24bn in rights issue
(*The Irish Times*)

C&C streamlines its operations with €141m worth of asset write-downs
(*Irish Independent*)

INTERNATIONAL PAPERS TODAY

BP plans to freeze dividend
(*Financial Times*)

Optimistic signs from the US
(*The Wall Street Journal*)

DOLMEN DOZEN

Company	1-day %	YTD %
Aryzta	-2.8%	-27.5%
BP	-4.3%	-21.2%
CRH	2.0%	-9.3%
E.ON	0.9%	-30.7%
HPQ	0.4%	-22.4%
IL&P	3.9%	-52.4%
INM*	-3.8%	-69.1%
J&J	-0.6%	-20.4%
JPMorgan	-0.7%	-33.4%
Microsoft	0.6%	-18.3%
Paddy Power	3.7%	-12.0%
Vodafone	-2.4%	-15.3%

* We are currently Neutral on IN&M

Market View

Analyst: Stephen Taylor

European equity markets are rebounding slightly this morning following a strong close in Asia last night on speculation that the Chinese government will announce an additional stimulus package that is intended to boost demand for industrial products. China is the world's third largest economy and likely to be one of the few economies to continue to produce positive growth. China has already announced \$585bn in spending plans that has provided a slight improvement in activity with the Purchasing Manager's Index rising to 49 in February from 45.3 in January. This should be taken as a positive read across for the US and Europe, however we are still likely to see extremely weak economic data out of both economies in the short to medium term which is also likely to continue to weigh on equity markets. Focus for today will again be on economic data out of the US. ADP employment figures for February will be closely watched ahead of Friday's non-farm payrolls figure. Current estimates are for a decline of 630,000, however we expect this number could be close to 700,000. ISM Services data is also due and represents almost 90% of the US economy. The index is likely to have shown a fifth straight month of contraction with a reading expected for February of 41 down from 42.9 in January.

IL&P:

Current Price (€0.77)

Analyst: Oliver Gilvarry

Operating profit in Irish Life and Permanent (ILP) on an EV basis fell by 42% to €341m and the group reported a loss after tax of €433m driven by impairment of goodwill from the purchase of TSB and Short Term Investment Fluctuations (STIF). Not surprisingly insurance and investment business sales were down yoy, retail and corporate life sales fell 24%, but market share increased to circa 32%. Retail life sales declined 40%, but corporate sales increased 6% in the period and Irish Life Investment Managers recorded inflows of €2bn increasing market share to 29%. The banking performance was weak due to impairments from the mortgage book and exposures to Icelandic banks and Lehman Brothers. Added to this was the €170m write off of goodwill, resulting in an operating loss before tax of €140m. The Allianz-Irish Life Joint Venture reported profit after tax of €23m, in line with expectations.

Impairments provisions on the loan book have increased to 21bps for the year and guidance for the 2009-2011 period is now in the range of 100-160bps. Non performing loans (NPL) in the ROI loan book have increased to 0.16% and in the UK they have increased to 2.15% compared to 2.80% for the UK buy to let sector.

The capital position of the group remains strong with core tier 1 at 10.1% and the solvency ratio of the life business remained constant at 1.6x. On funding, the group experienced a 11% decline in corporate deposits to €6.1bn, but retail deposits increased by 11% to €8.5bn. The group was reliant on ECB funding during the course of the year with €11.8bn deposited by the ECB at year end, but during the year up to €14.4bn was borrowed from the ECB at times. In the notes to the accounts two transactions are outlined indicating two banks covered by the Irish guarantee scheme placed cash with ILP and the same funds were then lent to the same banks through Irish Life Assurance.

ILP have increased guidance on impairments from the previous levels, but the group is guiding it will remain profitable in 2009 and this will be due to its strong life book. Funding remains an issue, but the group intends to reduce its loan to deposit ratio from 2.74x to 2x by the end of the year. This will be a difficult goal in the current economic environment and the strong competition for deposits. We will be changing our targets for the group in a more detailed note later.

Vodafone: Buy **Current Price** (118p) **Price target** (150p) **Analyst:** Stephen Taylor

France Telecom reported full year EBITDA that increased by 2.8% to €19.4bn beating analyst expectations of €19.1bn. Revenue increased by 1% to €53.49bn broadly in line with consensus. The group raised its full-year dividend to €1.40 from €1.30 representing a dividend yield of 8%. France Telecom pointed out that its goal is to maintain free cash flow at its 2008 level of €8bn through 2012. The company had forecasted full-year free organic cash flow of more than €7.8bn. Like Vodafone, France Telecom is also embarking on a significant cost cutting program planning €1.5bn in cuts a year by the end of 2011 in part by reducing the costs of its computer-services centres. The company has no plans for job cuts other than natural attrition. All of the major telecom operators have now reported earnings with all of them reporting earnings that beat expectations. As a result we reiterate our overweight rating on the telecom sector with Vodafone being our top pick given its increased exposure to emerging markets.

BMW & Daimler : Sell**Analyst : Stephen Taylor**

US auto sales have fallen to a 27-year low declining by 40% across the sector. Sales at BMW declined by 38%, Daimler's Mercedes-Benz declined by 24%, while sales at Toyota's Lexus unit fell by 38%. We have had a sell rating on the auto sector since early 2008 and given yesterday's data provides us with no reason to change that view. Our view has always been that automakers at the top end of the market including BMW and Daimler will be the worst hit. Separately a German press report citing BMW's CEO has noted that the company is not able to provide 'serious' guidance for 2009. We believe that such uncertainty will continue to place pressure on the group's share price. We reiterate our sell rating on both names.

FBD Holdings:**Current Price (€5.90)****Analyst : Oliver Gilvarry**

FBD released full year results this morning and has reported a full year pre-tax loss of €38.6m compared to an expected loss of €20.7m. Performance was hit by equity volatility and exchange rate movements. A final dividend of 10c has been announced and their full year dividend per share is 40.25c compared to 79.5c in 2007. On the outlook for insurance premiums in 2009, FBD stated premiums are starting to harden across the market. FBD's CEO also commented they will implement cost cuts to save €4m in 2009 and €7.6m in 2010. The shares have fallen in early trades in Dublin.

BP: Buy**Current Price (411p)****Price target (600p)****Analyst : David Dunk**

BP released a strategy update yesterday afternoon. The company had a reserve replacement ratio of 121%, the 15th successive year of replenishing reserves at a greater rate than production. The current low oil price has created a challenging operating environment for companies in the oil sector. BP sees production growth out to 2013 from existing projects in development, and growth out to 2020 based on existing reserves. However, due to energy prices, BP is likely to trim back its production growth rate in the short term. A key issue for the firm is its dividend policy at a time of lower oil revenues. BP will likely freeze its dividend this year, the first such freeze since 1999. BP is confident that it will not have to cut its dividend. At \$50 a barrel, the company expects to be able to balance cash flow, sustaining dividends and continue to invest in projects. At current oil prices, BP can maintain its dividend, for at least a year. Prolonged energy price weakness, will likely result in lower investment levels from BP, and peers in the industry. BP remains our preferred pick in the oil sector, and we retain our buy rating.

Paddy Power: Buy Current Price (€11.82) Price target (€18) Analyst : Edward Keeling

UK online gaming peer, Sportingbet, reported resilient Q2 results this morning. With margins rising to 23% from 18% last year, operating profit was up 35% to £10m. Its EPS grew 36% to 1.9p, while its net cash position rose 3% to £27m. The group was boosted by its European division which delivered strong margins and record profitability. Trading for the first four weeks of February have been strong with revenues up 17% on the same month last year. While there are some signs of the economic slowdown, Sportingbet's overall performance is encouraging and its management remains optimistic it will meet consensus forecasts for the full year.

C&C

Buy

Current Price : €1.00

Price Target : €1.60



DOLMEN STOCKBROKERS

Analyst: **David Dunk**

Wednesday 4th March 2009

- C&C released a trading statement yesterday for the year ending February 2009. Revenue declined 13% over the year, with operating margins declining 3%. Adjusted operating profit of c. €90m was in-line with management guidance. Cider revenues for the year were down by 17%. In Ireland Bulmers revenues were down 14%, and Magners revenues in the UK were down 23%. Overall, the results were in-line with expectations.

Descriptive Stats		Shareholders	
Year to date	-32%	Morgan Stanley	10.5%
52 Week High	5.59	Causeway	7.8%
52 Week Low	0.74	Invesco	7.0%
Bloomberg	GCC ID	Deutsche Bank	3.2%

- The company recorded a gain on foreign exchange hedging of €15m. This relates to the unwinding of Sterling hedges, that are no longer required due to the lower revenue expectations. As such, they are unlikely to be recurring. Sterling weakness remains a major headwind for the company. At current exchange rates, the company's profit would be negatively impacted by €16m. The company is taking steps to increase Sterling procurement.

	FY07	FY08	FY09e
Revenue	842	502	453
Operating Profit	-666	90	74
EPS	0.29	0.22	0.18
DPS	0.27	0.09	0.06
P/E	3.4	4.5	5.6
Div Yield	27.0%	9.0%	6.0%

- The company is reorganising its executive structure. Marketing for the key cider markets of UK & Ireland will be split going forward, reflecting differences between the markets. The company is taking a write-down of €11m relating to the disposal of excess inventories of apple juice. C&C will also take a write-down of €130m relating to the Clonmel producing facility. Clonmel currently has a maximum capacity of 5.5 million hectolitres, with only 1.5 million required to meet demand.

Peer Analysis	P/E 08	P/E 09	Div Yield
Carlsberg	9.5	8.4	1.8%
Heineken	10.7	9.2	3.1%

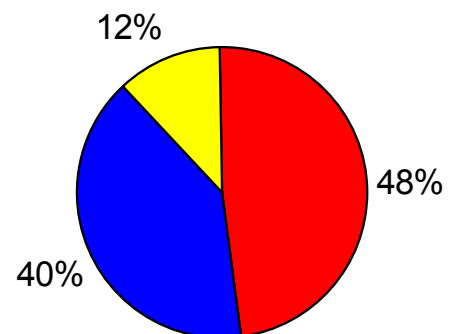
- Management were keen to stress the strength of balance sheet of the company. Net Debt at the end of the period was €235m, and Net Debt/EBITDA of about 2.1x, well below covenants of 3.5x. EBITDA/Interest coverage was 9.5x, well above covenant minimums of 3.5x. The company has a €430m facility, of which €290m is drawn, maturing in 2012.

- C&C has introduced a new pear cider product, in the UK and Ireland. This coincides with the popularity of pear ciders in recent months. C&C sees potential for the new pear cider to reach 20-30% of its overall cider category.

- C&C will pay a final dividend of €0.03 for the year ended February 2009. This brings the total dividend for the year to €0.09. Going forward, the company intends to pay a dividend of €0.06 for the current year. While this offers an attractive yield of 6%, given the current market environment, we would caution investors against investing for dividend yield.

- Following on from yesterday's announcements, we are not expecting much in the way of surprises from the full results in May. Industry performance data is likely to be the main news flow from C&C in the coming months. Despite the extremely difficult trading conditions facing C&C, particularly in its UK market, the company is significantly undervalued at current levels. C&C's balance sheet remains strong, with a healthy cash flow profile. We retain our buy rating, and our price target of €1.60.

2008 Revenues by Product



- Cider
- Distribution
- Spirits & liqueurs



International Equity Markets

Index	Value	1-Day	YTD
ISEQ	1,964	-0.8%	-14.7%
FTSE	3,512	-3.1%	-19.9%
Dow Jones	6,726	-0.6%	-23.4%
S&P	696	-0.6%	-22.9%
Nikkei	7,291	0.8%	-17.7%
Stoxx 50	1,865	-1.0%	-22.9%

Sector Performances

Sector	Index	1-Day	YTD
Construction	156	-1.1%	-22.2%
Technology	132	0.1%	-12.8%
Oil & Gas	232	-3.8%	-10.8%
Financials	99	-1.9%	-33.3%
Retail	176	-2.2%	-4.1%
Food & Drink	202	-3.6%	-13.1%

Commodity Prices

Commodity	Index	1-Day	YTD
Crude Oil	41.7	3.7%	-16.5%
Copper	160.5	5.8%	13.8%
Gold	916.3	-1.1%	3.8%
Silver	12.7	-2.7%	12.7%
Wheat	501.8	-0.8%	-18.6%
Cattle	84.2	0.3%	-5.5%

Currency Exchange Rates

Commodity	Index	1-Day	YTD
€/\$	1.256	-0.1%	11.6%
€/£	0.894	-0.1%	7.3%
£/\$	1.405	0.0%	4.0%
\$/JPY	98.16	0.7%	-8.6%
€/JPY	123.31	0.6%	2.0%
€/SFR	1.477	-0.1%	1.1%

5Yr Credit Spreads

Commodity	Index	1-Day	YTD
Invest Grade	197.1	-6.3%	9.1%
High Yield	1,137.1	2.5%	10.2%
Financials	168.2	5.7%	37.4%
BoI	627.4	1.3%	152.3%
AIB	620.3	2.2%	191.6%
RBS	193.8	7.0%	37.7%

Money Market Rates

Rate	EUR	UK	US
Overnight	1.3%	0.8%	0.3%
3-Month	1.8%	2.6%	1.3%
1-Year	1.8%	1.9%	1.3%
2-Year	2.0%	2.3%	1.6%
5-Year	2.7%	3.1%	2.5%
10-Year	3.4%	3.7%	3.2%

Date	Company	Region	Event
04/03/2009	Dragon Oil PLC	IE	PRELIM
04/03/2009	Glanbia PLC	IE	PRELIM
04/03/2009	Irish Life & Permanent Pl	IE	PRELIM
04/03/2009	Trintech Group PLC	IE	Q4
04/03/2009	Credit Agricole SA	FR	Q4
04/03/2009	France Telecom SA	FR	Q4
04/03/2009	adidas AG	GE	Q4
04/03/2009	Holcim Ltd	CH	Q4
04/03/2009	ITV Plc	GB	FINAL
04/03/2009	Avis Europe plc	GB	PRELIM
04/03/2009	Old Mutual PLC	GB	PRELIM
04/03/2009	Sportingbet PLC	GB	Q2
05/03/2009	Anheuser-Busch InBev N	BE	FINAL
05/03/2009	Air Berlin PLC	GE	TRAFFIC
05/03/2009	Arriva PLC	GB	PRELIM
05/03/2009	Aviva Plc	GB	PRELIM
05/03/2009	Michael Page Internation	GB	PRELIM
05/03/2009	Ciena Corporation	US	Q1
06/03/2009	Veolia Environnement SA	FR	Q4
06/03/2009	WPP Group	GB	FINAL
06/03/2009	Marshalls PLC	GB	PRELIM

Date	Event	Region	Estimate
04/03/2009	Live Register (MoM)	IE	--
04/03/2009	Unem[ployment Rate	IE	--
04/03/2009	Nationwide Consumer Confid	UK	--
04/03/2009	PMI Services	GE	--
04/03/2009	PMI Services	EC	--
04/03/2009	PMI Services	UK	42.5
04/03/2009	Euro-Zone Retail Sales (MoM)	EC	0.00%
04/03/2009	MBA Mortgage Applications	US	--
04/03/2009	ADP Employment Change	US	-522K
04/03/2009	ISM Non-Manf. Composite	US	42.9
04/03/2009	Fed's Beige Book	US	--
05/03/2009	Euro-Zone GDP s.a. (QoQ)	EC	--
05/03/2009	BOE ANNOUNCES RATES	UK	0.50%
05/03/2009	ECB Announces Interest Rate	EC	1.50%
05/03/2009	Nonfarm Productivity	US	--
05/03/2009	Initial Jobless Claims	US	--
05/03/2009	Factory Orders	US	--
05/03/2009	Producer Prices (MoM)	GE	--
05/03/2009	PPI Input NSA (MoM)	UK	--
05/03/2009	PPI Output n.s.a. (MoM)	UK	--
05/03/2009	PPI Output n.s.a. (YoY)	UK	--

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