

Irish Economy - EU/IMF to let Ireland invest privatisation cash

- Ireland's EU/IMF lenders have agreed to let it invest much of the cash it gets from privatisation rather than use it to pay down debts, if the proceeds are substantial, Taoiseach Enda Kenny said on Sunday.
- Ireland's troika of lenders, the European Central Bank, the European Union and the International Monetary Fund, earlier indicated that privatisation proceeds should be used to cut the national debt.
- "The troika are agreed that depending on the scale of these sale of assets...that a substantial amount of the assets received...can be invested in job creation," Kenny told state broadcaster RTE yesterday. "That is a significant change from where the troika were when these discussions started."
- Kenny's government has a target of raising €2bn in asset sales. However, it has said it would consider raising its target if it could use some of the proceeds to stimulate the Irish economy rather than channelling it all into debt reduction.
- In a staff report last year, the IMF said Dublin should consider an asset disposal programme of up to €5bn. The "troika" have not, though, imposed a deadline on selling off the assets, given volatile global market conditions.

Aer Lingus, Ryanair - January traffic / Spanish expansion

- January passenger volume grew almost 6% at Aer Lingus with short-haul capacity +4.6% and long-haul +8%. This sprightly start to the year should be accompanied by steady yields as competitors slow or cut volume. easyJet passenger volumes fell 0.4% during the month while Ryanair was 6% lower. //
- After launching a new base at Budapest on Friday we expect Ryanair will move quickly at Barcelona this week following Spanair's collapse. Its fleet of ten aircraft in El Prat will probably increase as the LCC fills lucrative gaps including a Barcelona-Palma route that was served eight times daily by the Spanish airline.

Irish Agrifoods - Long term demand for food

- The CEO of Cargill, a world leading commodity trader, says he agrees with FAO forecasts that food production has to rise 70% by 2050 if growth in world population from 7bn to 9bn is to be fed. He also argues decades of real food price deflation are at an end because of population trends. However, he argues farmers across the world have the ability to meet the challenges of raising food output significantly. This view augurs well for the liberated Irish dairy industry after 2015 and it is positive too for Origin which is positioned to support grain farmers in some of the most fertile lands including the UK and Poland.

TVC Holdings - Another successful exit on the way?

- CR2, the banking software solutions company, in which TVC has a 25% shareholding has appointed advisors to commence a formal sale process for the business, according to a weekend press report. A potential valuation of in excess of €60m is cited in the article. CR2 was founded in 1997 and has grown to have over 80 international customers including Barclays Bank, Standard Chartered and Dubai Bank. TVC's involvement with CR2 dates back to 2005.
- CR2 had revenues of €16.1m and profits of €2.7m in the financial year ended June 2010. The implied revenue multiple is c.4x; however we expect that the business has continued to demonstrate both revenue and profit growth in the following 18 months which would lower the actual multiple.

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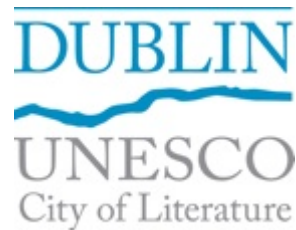
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- As at the end of H1 (6 months ended 30 September 2011) TVC's entire unquoted portfolio was being carried at €12.8m which highlights the conservative valuation approach being taken by the company given that at a €60m valuation for CR2 its 25% stake would be valued at €15m (15c per share) on its own. Prior to any potential sale the extent of the discount being applied in TVC's current share price remains remarkable with a discount of 95% existing on an ex-cash basis.

Readymix - Cemex agrees to increase possible offer

- Majority shareholder Cemex has agreed to increase the possible offer for Readymix from €0.22 per share to €0.25 per share in cash, an increase of 13.6%. The proposal from Cemex remains subject to a number of pre-conditions and there can be no certainty that a formal offer will be made.

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