

Pan European Weekly

Weekly Commentary

20 February 2012

Overview

- European stockmarkets rose last week on optimism over a Greek bailout and better-than-expected growth data in the region and elsewhere. China also pledged to continue buying Eurozone debt.
- European policymakers moved closer towards a €130 billion rescue plan for Greece after Germany signalled its backing.
- The Eurozone economy contracted less than expected in the fourth quarter, with resilience in Germany and Spain mitigating continued weakness in the periphery.
- Moody's downgraded six EU members including Italy, Spain and Portugal, as it cited the region's deteriorating prospects.
- Sweden's central bank cut its key interest rate by 0.25% to support its economy, given the impact on exports from sluggish Continental demand.
- German president Christian Wulff resigned amid allegations of impropriety over a home loan.

Sector News

Basic Resources: ENI's full-year earnings were hurt by a difficult operating environment and plant closures in Libya, despite the boost from higher prices.

Givaudan reported good sales and added that it was on track to pass on higher raw material costs to customers.

Consumer Goods: Nestle's robust sales were underpinned by its strong brand portfolio and emerging market presence, while L'Oreal delivered solid results on the back of improving margins.

Financials: Zurich Financial Services' full-year profits were weighed down by natural catastrophes, although it indicated an improved pricing environment in general insurance as well as growth opportunities in its life and savings units.

Industrials: **Assa Abloy's** results met our expectations as the Swedish lockmaker was bolstered by acquisitions. UK-based **Umeco** posted healthy interim revenues despite weakness in Chinese wind energy markets. **Morgan Sindall** sold its interest in a development project for the fire and rescue services in Dorset, south-west England. **Rolls Royce** won its first contract from Fiji's national carrier Air Pacific to provide engines for three

Airbus A330 planes.

Real Estate: In an interim update, UK-based **Helical Bar** said it is making good progress on several projects. Its annual rental income rose by £5.8 million over the past six months, while it completed acquisitions totalling about £90 million.

We hold all the companies highlighted above.

Indices Performance Table

INDEX	WOW	YTD	WOW (US\$)	YTD (US\$)	17/02/2012
FTSE All Share	0.9%	6.8%	1.5%	9.1%	3053.1
FTSE 100	0.9%	6.0%	1.5%	8.2%	5905.1
FTSE 250	1.3%	12.0%	1.9%	14.3%	11312.2
FTSE 350	1.0%	6.7%	1.5%	9.0%	3122.8
FTSE Small Cap	0.4%	11.5%	1.0%	13.8%	3063.9
FTSE Europe	1.6%	8.4%	1.6%	10.3%	312.4
FTSE Europe ex UK	1.9%	9.6%	1.8%	11.5%	284.0
Germany - DAX	2.3%	16.1%	2.0%	17.8%	6848.0
France - CAC 40	2.0%	8.9%	1.7%	10.5%	3439.6
Spain - IBEX 35	-1.6%	1.1%	-1.9%	2.6%	8657.0
Italy - FTSE MIB Index	1.1%	9.7%	0.9%	11.0%	16547.2
Netherlands - AEX	2.4%	4.9%	2.1%	6.5%	327.9
Portugal - PSI 20	-0.1%	2.2%	-0.4%	3.7%	5616.0
Ireland - ISEQ	2.4%	9.4%	2.1%	11.1%	3175.9
Switzerland - SMI	1.7%	5.1%	1.5%	7.4%	6237.7
Sweden - OMX 30	3.2%	11.3%	2.3%	13.9%	1099.6
Denmark - OMX 20	3.0%	15.6%	2.7%	17.3%	450.8
Finland - OMX 25	3.5%	16.1%	3.2%	17.9%	2255.2
Norway - OBX	0.9%	8.4%	1.5%	13.5%	387.6
FTSE EPRA	0.2%	6.6%	-0.1%	8.2%	1298.55
FT350 Real Estate	0.2%	7.5%	0.7%	9.8%	337.84

Source: Aberdeen Asset Management, Bloomberg, Reuters, IRESS

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