



May 4, 2005

Contact Details:

Email : research@dbb.ie
info@dbb.ie

Tel : +353 1 633 3800
Fax : +353 1 677 4708

EQUITIES	Close	Change	% +/-	P/E '05	YTD
ISEQ	5892 ↑	61	1.05%	11.0	-4.93%
FTSE 100	4861 ↑	59	1.23%	13.5	0.98%
DAX 30	4246 ↑	22	0.51%	15.0	-0.25%
DOW	10257 ↑	5	0.05%	19.5	-4.88%
NASDAQ	1933 ↑	4	0.23%	15.6	-7.46%
S&P	1161 ↓	-1	-0.09%	21.0	-4.19%

CURRENCIES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.2946	0.6812	135.5900
Dollar	1.2946	1.0000	1.8995	104.7300
Sterling	0.6812	1.8995	1.0000	198.9100
Yen	135.5900	104.7300	198.9100	1.0000

This Week's Research
CRH

Today's Research
Anglo Irish Bank

Today's Recommendations

Breaking News

BSkyB beats forecasts but ARPU disappoints

BSkyB has recorded stronger-than-expected subscriber growth in the third quarter, although the costs of attracting these new customers has also continued to rise. BSKyB achieved added 95,000 subscribers in the quarter, up from 66,000 in the corresponding quarter last year and topping analysts' forecasts. Analyst forecasts had ranged from 60,000 to 90,000 net new subscribers in the three month period. With over 7.7 million subscribers, the group said it remains on track to achieve its target of 8 million subscribers by Dec 31 2005. BSKyB said marketing costs in the 9-months to March 31 increased by 80 million pounds to 379 million, 13 percent of total revenue, and the group expects 'above-the-line' marketing costs to increase by 40-50 percent in the 2005 financial year compared to the 2004 financial year, in line with previous guidance. The average amount of revenue it receives per subscriber, known as ARPU, fell 4 pounds to 382 pounds in the third quarter.

Rabobank enters Irish retail banking market

Dutch cooperative Rabobank Group said it opened an internet bank in Ireland on Tuesday, offering savings and investment fund accounts. The Dutch bank is already active in the Irish banking market for business clients since 2002 when it acquired the ACC bank. The internet operations will operate under the name RaboDirect, with an office of 12 employees in Dublin. Rabobank is offering an interest rate of 3 percent on savings accounts, which it claims beats the traditional Irish banks' offering of less than 1 percent.

Elan's chairman increases stake in company

It was revealed yesterday that Elan chairman, Kyran McLaughlin, substantially increased his holding in the company last week. On Friday Mr McLaughlin purchased 90,000 shares at \$5.1749, bringing his total holding to 100,000 shares.

Anglo (€9.40) H1 results announced Stuart Draper

- H1 results : This morning, Anglo Irish Bank announced its results for the 6 months ended 31/03/05. Profit before tax and earnings per share of €308.4m and 33.35c respectively were ahead of consensus forecasts of €290m and 32c, and were year on year increases of 35% and 30%. The expected strong growth was driven by Anglo's usual combination of strong loan growth, largely stable margins and robust credit quality.
- Redemption risk : However, even though the work in progress pipeline of new lending continued to be very strong at €4.9 bn, this figure may not generate the same major surprise at it has in recent years as a result of higher than expected H1 redemptions of c.20% of period beginning advances.
- IFRS impact : In addition to higher than expected redemptions, the move to International Financial Reporting Standards (IFRS) will also start to slow Anglo's very high rate of reported earnings growth from 2006. The main effect on Anglo's reported earnings will be for loan arrangement fees.
- Arrangement fees : As these fees are received up front on a cash basis, they have previously been recognised up front in Anglo's profits. However, the move to IFRS in the year ending 30/09/06 will mean these fees having to be amortised over the life of loans in future.
- 2006 earnings : With Anglo's average loan life being 6 years and its loan arrangement fees expected to be c.€70m for the year ending 30/09/06, the effect of having to spread the €70m over 6 years rather than recognising all of it next year will reduce Anglo's 2006 earnings by €58m, or c.6.5c per share.
- Slowing growth : Even though the impact on reported profits is largely a timing issue and will reduce in subsequent years as new arrangement fees are received and as the deferred income rolls-off, a 6.5c reduction in 2006 eps would imply a c.9% reduction in the consensus 2006 eps from €0.75 to €0.68.
- Fairly valued : Trading at 14x consensus 2005 eps of €0.65 and at 4.9x the bank's most recently reported net asset value (NAV) per share of €1.86, Anglo continues to trade at a major premium to its UK and Irish peers. Such a premium would appear to quite fairly value Anglo's historical track record of stronger than sector average earnings growth. For example, RBS (£15.95) is currently trading at 8.4x consensus 2005 eps of £1.90, and at a 2.0x NAV per share of £7.92 : **NEUTRAL**.

Business Press

- Investor in Absa backs Barclays bid (FT)
- US Fed lifts rates for 8th time in row (WSJE)
- Donegal Creameries shares temporarily suspended (IT)
- African Diamonds finds stones (IT)
- Man U supporters eye Cubic shares (II)

Investment Press— Lex

- Fed: Everybody makes mistakes. But omitting a vital sentence from five paragraphs so minutely scrutinised by global markets is verging on the absurd.



DOLMEN SECURITIES

DOLMEN SECURITIES → Website : www.dolmensecurities.com

Dolmen House, 4 Earlsfort Terrace, Dublin 2, Ireland.
45 South Mall, Cork, Ireland.

• Tel : +353 1 633 3800
• Tel : +353 21 422 2122

• Fax : +353 1 677 7044
• Fax : +353 21 422 2123

• Email : info@dbb.ie
• Email : cork@dbb.ie

Disclaimer: The information in this document has been obtained from sources, which we believe to be reliable. We cannot guarantee its accuracy or completeness. It does not constitute a solicitation for the purchase or sale of any investment. Any person acting on the information contained in this document does so at their own risk. Recommendations in this document may not be suitable for all investors. Individual circumstances should be considered before a decision to invest is taken. Investors should note the following: Past experience is not necessarily a guide to future performance. The value of investments may fall or rise against investors' interests. Income levels from investments may fluctuate. Changes in exchange rates may have an adverse effect on the value of, or income from, investments denominated in foreign currencies.

Dolmen Stockbrokers is a Member of the Irish Stock Exchange, the London Stock Exchange, and is authorised by the IFSRA. Dolmen Stockbrokers is regulated by the IFSRA as a Mortgage Intermediary.