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Contact Details:

Email : [research@dbb.ie](mailto:research@dbb.ie)  
[info@dbb.ie](mailto:info@dbb.ie)

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

EQUITIES	Close	Change	% +/-	P/E '05	YTD
ISEQ	6603 ↑	51	0.78%	11.0	6.53%
FTSE 100	4942 ↑	33	0.68%	13.5	2.65%
DAX 30	4339 ↑	58	1.35%	15.0	1.96%
DOW	10716 ↑	123	1.16%	19.5	-0.62%
NASDAQ	2087 ↑	29	1.41%	15.6	-0.11%
S&P	1203 ↑	13	1.10%	21.0	-0.74%

CURRENCIES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.2831	0.6854	133.7100
Dollar	1.2831	1.0000	1.8712	104.2300
Sterling	0.6854	1.8712	1.0000	195.0500
Yen	133.7100	104.2300	195.0500	1.0000

## This Week's Research

Today's Research  
ABN AMRO

## Breaking News

### Bank of Ireland to sell Bristol & West—Sunday Times

Bank of Ireland is in early talks about selling its UK retail unit Bristol & West to British bank Alliance & Leicester according to reports in yesterday's The Sunday Times. The paper claimed that BOI is in talks with Alliance & Leicester and another unnamed UK bank about a sale. "We continue to look at a range of options for the future of the branch network and will reach a decision in the coming months," a spokesman for BOI said while declining to comment on the specifics of the report. Bristol & West has been the subject of repeated takeover speculation after Bank of Ireland Chief Executive Brian Goggin said last November that its underperforming branches would not be allowed to continue to weigh on group as a whole.

### EasyJet January passenger traffic rises 23.8%

easyJet has revealed that it carried 2.08 million passengers in January, a 23.8 percent increase on the same month last year, but it said visibility going forward is 'limited'. Load factor was 76.4 percent, down 0.8 percentage points. EasyJet said total revenue per passenger for the three months ending in December fell 0.8 percent from the prior year to 41.87 pounds. 'To date the second quarter [of which January is the first month] is performing positively; however, as with any airline, visibility remains limited, and part of the positive performance will be due to the timing of Easter,' said chief executive Ray Webster. 'We base the yield assumptions in our longer-term business plan on an outlook for continued intense competition.'

### Kingspan signs building deal with 3DM Worldwide

3DM Worldwide this morning announced that it has entered into agreements with Kingspan Group, under which the companies will jointly develop a number of building material products using the PIM process. Chairman Ken Brooks said: "Kingspan is a highly respected company with a long tradition of manufacturing high-quality products in the construction and building materials industries. "Our collaboration has been driven by Kingspan's desire to find alternative materials for existing product which have cost and weight savings as well as environmental benefits, Brooks said.

## Today's Recommendations

### ABN (€20.50) 2004 results announced Stuart Draper

- 2004 results : This morning, ABN AMRO reported results for the year ended 31/12/04. Net profit of €3.71 bn was ahead of consensus forecasts of €3.68 bn, and was a year on year increase of 17%. The main features of the results were robust credit quality more than offsetting slightly lower US retail banking earnings as a result of the interest rate increases there last year. More stable equity markets and a lower cost base are also helping ABN's profitability currently.
- Takeover potential : Some speculation has resurfaced recently with regard to ABN AMRO's potential as a takeover target. Even though the latest speculation with regard to RBOS may have little substance, there is certainly a strong rationale for some banking group making an approach to ABN this year.
- Merger synergies : Following the major mergers in the US banking sector within the past 2 years between Bank of America and Fleet Boston, and between JP Morgan Chase and Bank One, ABN created some merger potential for itself in the US in 2004 by confirming the cancellation of its Dutch preference shares. These preference shares were viewed as a mechanism to prevent a hostile takeover bid for ABN.
- ABN comments : Also, in early 2004, a statement from ABN CEO, Rijkman Groenink, that "If it is necessary to improve value for our shareholders, then a merger is of course not out of the question," has also served to fuel this merger potential.
- US consolidation : Faced with a significant slowdown in mortgage refinancing activity in 2004, US retail banks have started to explore merger options as a means of generating stronger future earnings growth potential.
- Stand-alone value : However, even on a stand-alone basis, ABN has further upside potential. Our current 12 month price target of €23 (12% further upside), is based on 11x consensus 2005 earnings per share of €2.06. With a current year dividend yield of c.4.9%, investors will also get paid for waiting for this valuation gap to close. ABN's share price has now risen by 46% since our BUY note of 17/02/03 : BUY.

## Business Press

- Wall St begins to click with Google (FT)
- US tycoon makes new move for Man Utd (FT)
- IMF weighs gold sale options (FT)
- Vioxx risks noted in early test trials (WSJE)
- Outlook for employment market very positive—index (IT)

## Investment Press— Lex

- Global Liquidity: So when will the big one hit? That is the question that worries anyone living in earthquake-prone zones. It is also a refrain now being muttered by policy makers.



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