



March 7, 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	6265	↓ -11	-0.18%	11.0	1.08%
FTSE 100	5036	↑ 22	0.43%	13.5	4.62%
DAX 30	4424	↑ 50	1.15%	15.0	3.94%
DOW	10941	↑ 108	0.99%	19.5	1.46%
NASDAQ	2071	↑ 12	0.59%	15.6	-0.88%
S&P	1222	↑ 12	0.96%	21.0	0.83%

CURRENCIES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.3226	0.6885	138.7200
Dollar	1.3226	1.0000	1.9068	104.8500
Sterling	0.6885	1.9068	1.0000	201.0400
Yen	138.7200	104.8500	201.0400	1.0000

This Week's Research

Today's Research IL&P

Breaking News

EasyJet February passenger traffic rises 16 percent

EasyJet this morning said the number of passengers it carried in February 2005 rose 16.3 percent year-on-year to 2.17 million from 1.86 million, while passenger load factor was lower at 85.9 percent compared with 88.6 percent last February. Chief Executive Ray Webster said in a statement passenger numbers were "satisfactory" and the February load factor was unusually high. The increase was in line with larger low-cost rival Ryanair which reported a 13 percent lift in February passengers to 2.12 million last week.

Profits at ICG down by 8%

Irish Continental Group today reported its results for the year to 31 December 2004. The results are significantly influenced by the costs incurred in its restructuring programme and the loss of revenue arising from the industrial dispute in December 2004. Turnover for the year fell by 4% to €293.3 million (2003: €304.3 million) while operating profit before tax was down by 8% to €26.5 million (2003: €28.9 million). Adjusted EPS fell by 7% to 84.7 cent (2003: 91.4 cent).

FDA seizes two GlaxoSmithKline drugs

GlaxoSmithKline said consumers may see short-term shortages of two types of its drugs, after federal officials seized them from three company facilities Friday. The Food and Drug Administration (FDA) found the drug company failed to meet manufacturing standards when producing Paxil CR and Avandamet, and officials seized the drugs from a distribution facility in Tennessee, and a manufacturing facility and a distribution facility in Puerto Rico. The FDA did not believe the drugs posed significant health risks to consumers, and did not recommend that patients stop taking them. But the FDA wanted to halt the products' distribution until the problems are corrected. An FDA inspection found Paxil CR tablets could split apart, potentially leaving patients with portions lacking either the active ingredient or the controlled-release effect.

Today's Recommendations

IL&P (€14.95) Full year results announced Stuart Draper

- Results announced : This morning, Irish Life and Permanent reported results for the year ended 31/12/04. Profit before tax and earnings per share of €400.2m and €1.20 respectively, were ahead of consensus forecasts €380m and €1.17, and were a year on year increases of 10% and 8%.
- Stabilising margin : This earnings growth was driven by over 20% year on year loan growth and a stabilising margin, with no further margin attrition from the previous guidance given for a full year net interest margin of 1.4%. The results also showed that total costs at both the life and banking businesses were lower in 2004 than in 2003.
- IFRS accounting : Even though the move to IFRS accounting from 01/01/05 will increase the reported level of profits from IL&P's banking activities, and will reduce the reported level of profits from its life assurance activities, over time the two accounting methods will give the same answer. This change will also have no impact on IL&P's capital position, or on its underlying cash flows, which will continue to support strong dividend and business growth.
- EV accounting : Also, even though IFRS reporting will start for IL&P with the publication of its H1 2005 results next September, in line with other quoted life companies, the company will continue to produce embedded value accounts in conjunction with the IFRS numbers, as such accounts provide greater clarity with regard to measuring business performance.
- Life recovery : 2005 is likely to be a buoyant environment for IL&P's two main businesses, as mortgage loan growth remains strong, driven by low interest rates and increasing employment levels, and sales of life and pension products continue to recover following the weakness of recent years.
- Take profits : However, now that our current stand-alone price target for IL&P of €15 has been reached, we downgrade our recommendation from BUY to NEUTRAL, and recommend a SWITCH into Aviva as providing more value at current levels in the European insurance sector. IL&P's share price has risen by 10% since our last BUY note of 04/01/05 : **NEUTRAL**.

Business Press

- Deutsche Borse forced to drop its bid for London exchange (FT)
- Regulators probe AIG reserves (FT)
- Steel price set to fall as demand in China slows (FT)
- Tech stocks—A habit investors can't break (WSJE)
- Europe still wary of stocks (WSJE)

Investment Press— Lex

- Buffett/Trade deficit: Warren Buffett's letters to shareholders at times read like scripts from The Waltons TV show. But the billionaire fund manager's folksy style is a breath of fresh air for currency investors used to the obfuscation of Alan Greenspan, chairman of the Federal Reserve.



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