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Contact Details:

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

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

EQUITIES	Close	Change	% +/-	P/E '06	YTD
ISEQ	7628 ↑	12	0.16%	11.0	3.59%
FTSE 100	5792 ↓	-1	-0.02%	13.5	3.09%
DAX 30	5763 ↑	7	0.12%	15.0	6.57%
DOW	11028 ↑	136	1.25%	19.5	2.28%
NASDAQ	2262 ↑	22	1.00%	15.6	2.58%
S&P	1276 ↑	13	1.00%	21.0	2.45%

CURRENCIES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.1911	0.6867	140.0300
Dollar	1.1911	1.0000	1.7340	117.5400
Sterling	0.6867	1.7340	1.0000	203.8100
Yen	140.0300	117.5400	203.8100	1.0000
Oil (Nymex)	59.5700			

**This Week's Research**  
NBG  
BAA

**Today's Research**  
IL&P

**Today's Recommendation**

## Breaking News

### BNP Q4 profit up 23 percent

BNP Paribas reported a fourth quarter net profit in line with forecasts as gross operating profit fell short, while full year net and gross operating profit were at the low end of the forecast range. The company also announced plans to raise its dividend by 30 percent to €2.60 per share. It said synergies from its planned acquisition of BNL will allow the €9bn acquisition cost to be recouped by 2008. Fourth quarter net profit was €1.335bn, up 22.9 percent. Market estimates had ranged from €1.277bn-€1.351bn. Fourth quarter gross operating profit was €1.953bn, up 24.7 percent, but below expectations of €2.048bn-€2.115bn.

### BOI appoints new UK property team

Bank of Ireland said on Tuesday it had appointed a new London-based property team to focus on UK and European markets. Three senior bankers from National Australia Bank in Britain had been appointed and further recruitment was planned, the group's Corporate Banking division said in a statement. "This is a significant development for us in the UK market and is in line with our strategy to further grow our sector specialist teams," Bank of Ireland Corporate Banking's chief executive Tom Hayes said. "These appointments reflect our commitment to growing our presence in a European market now estimated to be worth in excess of 100 billion pounds."

### McInerney acquisition

McInerney said it has acquired UK-based Augusta Developments Ltd, a provider of social housing projects, for up to £6.27m. Based in Milton Keynes, Augusta Developments' activities are focused on the Registered Social Landlord market providing affordable homes. McInerney said it will pay an initial £3.27m in cash for Augusta plus an earn-out payment up to £3.0m depending on the earnings before interest and tax in the four years following acquisition.

### IL&P (€17.29) Upgrading from NEUTRAL to BUY Stuart Draper

- Results preview : This day 3 weeks, 8th March, Irish Life and Permanent (IL&P) will announce its results for the year ended 31/12/05. We are forecasting operating profit before tax and earnings per share of €420m and €1.32 respectively, year on year increases of 8% and 6%.
- Mortgages stronger : However, with all of the data of recent months pointing to the Irish housing and mortgage markets remaining stronger for longer than previously forecast, IL&P's earnings growth is likely to accelerate to 10% this year, generating a 2006 eps of €1.45.
- Life growth : We had previously expected the group's leading position (c.27% market share) in the Irish life and pensions market to deliver strong earnings growth in 2006 and 2007, driven by the continued growth and ageing of the Irish working population. However, we had previously expected some of this growth to be offset by a slow down at the group's banking business, for which there is no evidence currently.
- Margin resilience : Increasing bancassurance sales are also helping to improve life business margins, and slightly higher interest rates and current account market share gains are helping to offset margin pressure at the banking business.
- Further upside : Valuing the group's bank business at 12x upgraded 2006 earnings to reflect its continued strong growth gives a per share value of €6.53, valuing the group's life business at 1.75x embedded value per share of €6.26 as at 30/06/05 to reflect its above average future growth prospects gives a per share value of €10.96, and valuing the group's 30% interest in Allianz Ireland at 10x 2006 earnings (a discount to FBD's current 12x), gives a per share value of €1.67.
- Recommendation upgrade : Summing these 3 different parts gives a per share value for the group on a stand-alone basis of €19.16. Therefore, we now upgrade our IL&P recommendation from NEUTRAL to BUY, with a 12 month price target of €19 (10% further upside). IL&P's attractiveness as a takeover target means that significantly higher multiples would be appropriate in the event of a takeover approach being made.
- Attractive yield : IL&P will also pay a dividend yield of c.3.6% over the next 12 months for waiting for this further upside to be achieved, with 69% of this dividend (c.42.4c per share, representing a yield of 2.5%) likely to be paid to shareholders on the register at the end of April 2006 : BUY.

## Business Press

- Smart wins round one of 3G fight (IT)
- Ryanair expands in Germany (II)
- BA and KLM are name din EU 'air cargo cartel' probe (II)
- Partner line up to bid for BAA (FT)

## Investment Press

- France Telecom: In retrospect, it was a sign. Last September, France Telecom decided that its chief financial officer would become the executive for "Financial Balance and Value Creation". Two profit warnings followed swiftly. In January, the post's first unfortunate holder departed.



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