



April 27, 2005

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	5929 ↓	-16	-0.27%	11.0	-4.33%
FTSE 100	4846 ↓	-19	-0.40%	13.5	0.65%
DAX 30	4234 ↓	-13	-0.31%	15.0	-0.52%
DOW	10151 ↓	-91	-0.89%	19.5	-5.86%
NASDAQ	1927 ↓	-23	-1.20%	15.6	-7.73%
S&P	1152 ↓	-10	-0.89%	21.0	-4.97%

CURRENCIES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.2917	0.6792	137.2400
Dollar	1.2917	1.0000	1.9015	106.2300
Sterling	0.6792	1.9015	1.0000	202.0400
Yen	137.2400	106.2300	202.0400	1.0000

**This Week's Research**  
CRH  
Barclays

**Today's Research**  
Standard Chartered

**Today's Recommendations**

## Breaking News

### Australia's APN sees year profit up, plans buyback

The Australian subsidiary of Independent News & Media, APN News & Media Ltd., today reaffirmed its guidance for full year net profit to grow at least 10% and said it plans to buy back up to 10% of its shares. The Australia-based media group, which owns a number of radio stations and newspapers including New Zealand's largest daily paper, the New Zealand Herald, made a net profit of A\$128 million in its last financial year. Profit growth of 10% in its fiscal 2005 year would produce a net profit of about A\$141 million. APN plans to buyback up to 47 million shares or up to 10% of its issued capital, with the buyback expected to increase earnings a share despite the upcoming conversion of convertible notes issued in 2001.

### L&G beats forecasts with 43% rise in Q1 sales

Legal & General Group today reported a 43 percent jump in first-quarter sales, well ahead of expectations, on the back of strong sales in its core UK life and pensions business. The company said worldwide new business sales for the first three months of the year were 307 million pounds, compared to 215 million in the same period in 2004. Analysts had forecast sales of between 232 million and 266 million pounds, with a consensus of 248 million. "Looking forward to the rest of 2005, we expect to continue to build our market share profitably," Group Chief Executive David Prosser said in a statement.

### ABN Amro reports 8% rise in Q1 net profit

Dutch bank ABN Amro NV (ABN) said today that net profit for the first quarter rose 8.5% because of good performance in their consumer and client business, and lower provisions for bad debts in the North American and wholesale unit. The bank said net profit for the quarter increased to €895 million from €825 million a year earlier. The results are slightly better than the €890 million estimated by analysts. The bank did not disclose any new information about its takeover effort for Antonveneta.

### Standard Chartered (£9.54) Bad debts set to rise Stuart Draper

- **Bad debts** : The most recent full year results of UK listed bank, Standard Chartered, were achieved following some major reductions in its bad debts provisioning. For example, the bad debts charge of the bank's Hong Kong business was reduced to \$125m, from \$305m for 2003, resulting in a H2 bad debts charge of only \$13m.
- **Slowing growth** : Such moves are unsustainable and the inevitable headwind of rising bad debt charges this year will result in a slowing of the bank's growth rate. Even though the banking markets where Standard Chartered operates such as Hong Kong, Singapore, Malaysia and India are higher growth than the UK, US and Irish markets where RBS operates, such emerging market economies also present greater credit risks.
- **KFB deal** : The other drag on this year's earnings growth will be the integration of the recently acquired Korea First Bank. The high acquisition multiple paid will further dilute Standard Chartered's 2005 earnings per share growth.
- **Premium unjustified** : As a result, the bank's 2005 growth rate will not outperform the UK bank sector average, even though its current pe ratio of 13.8x consensus 2005 earnings per share of 69p is at a c.40% premium to the current sector average.
- **Fully valued** : Therefore, Standard Chartered would appear fully valued at current levels. Given the significant risk of a higher bad debts charge and the Korea First Bank acquisition slowing the group's 2005 earnings growth, we now downgrade our Standard Chartered recommendation to SELL.
- **Pairs trade** : We recommend a SWITCH into RBS (£15.94) as providing more value at current levels in the UK bank sector. Our current 12 month price target for RBS of £19 (19% upside) is based on 10x consensus 2005 eps of £1.90 : SELL.

## Business Press

- ABN faces grilling on bid (FT)
- Shell and Oman fall out on oilfield deal (FT)
- Donegal Creameries delays its results (IT)
- Bid for Arcon gets 91.6% acceptances (IT)
- Viridian makes foray into State's gas supply market (IT)

## Investment Press— Lex

- **BP**: Signing off your annual review with "As always, the best is yet to come" sounds like management hubris. But Lord Browne, BP's chief executive, has delivered first-quarter results that live up to his rhetoric.



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.