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A N A L Y S I N G   T H E   A N A L Y S T S

## - NCB STOCKBROKERS IN CLEAN SWEEP IN FIRST AQ RESEARCH IRELAND YEARBOOK-

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London, 19 June, 2006 — AQ Research, the independent research analysis firm, today publishes its first annual review of the accuracy of eps forecasts and recommendations in relation to companies in Ireland, The AQ Ireland Research Yearbook 2006 evaluates the accuracy of forecasts and the performance of Buy/Hold/Sell recommendations on absolute and relative bases in the 12 months ending April 28, 2006. The report examines research from 37 houses covering at least one of the 50 companies in the AQ Research database.

“The review period was another strong one for the Irish market,” says AQ Research managing director Graham Field. “But in the small cap area, stockpicking really did make a difference to performance. And volatile stocks like Elan and Ryanair have tested the analysts”.

Highlights of the analysis are as follows:-

- **NCB Stockbrokers**, the Irish member of the European Securities Network (ESN), had the highest average AQ and RQ scores, the highest hit rate (percentage of calls adding value) and the best individual analyst for recommendations, **Orla Hartford**. Hartford made a good call in putting a buy on Elan, which delivered very substantial gains over the review period and this helped to generate a high average RQ for NCB. **David Odlum** from NCB was the runner up for individual recommendations performance, having been the only analyst to back Irish Life & Permanent as a buy during the review period. Odlum was also fourth in the individual rankings for best analyst, making him the best all-round individual performer. In all, NCB Stockbrokers was top or top equal on 15 stocks for recommendations and 10 for earnings accuracy.
- **Goodbody Stockbrokers** was placed second on the recommendations performance measure and was also analysed on the largest number of stocks – 41 out of the 50 in the report. Goodbody’s **Ian Hunter** ranked third among individual analysts for recommendations, having also backed Elan as a buy. In all, Goodbody finished top or top equal on 12 stocks for the quality of its recommendations.
- **Merrion Capital** finished second for the accuracy of its forecasts. **Davy Stockbrokers** was third for accuracy but is not analysed on recommendations. Davy’s Florence O’Donoghue was the second best individual analyst for forecasting accuracy. **Dolmen Securities** was third for recommendations but is not analysed for accuracy.

- The most widely analysed stocks in Ireland are Ryanair (21 analysts tracked), CRH (19 analysts) AIB (15) and Bank of Ireland (14).
- Analysts from global and pan-European houses did not feature widely in the report. **ABN AMRO** has the widest coverage behind the Irish brokers and ABN AMRO finished top for recommendations on three stocks: Ryanair, CRH and Tullow Oil. **HSBC's** Robin Down was the most accurate analyst overall in the report, with accurate forecasts on Irish banks.

CONTACTS for detailed tables and copies of the  
Ireland Research Yearbook 2006:

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## **Notes to Editor:**

### **About AQ Research**

AQ Research provides quantitative analysis of analysts' recommendations and eps forecasts, using data obtained from the broking houses involved. AQ has been analysing the accuracy of eps forecasts since 1998 and began publishing its RQ series of reports in 2003. In addition, it provides detailed analysis of the accuracy of research in specific national markets in a series of dedicated country reports. Its first Asian report appeared in 2004 and its first US report is due later this year.

### **'AQ' Methodology**

AQ scores measure three things: the percentage deviation of forecasts from reported eps numbers; the number of changes to forecasts and the average size of those changes. A good analyst is one who can predict an eps number accurately without having to change his or her forecast too often or by a large amount. Where possible, the formula looks at three historical years: in this case, 2003, 2004 and 2005.

The three accuracy components are weighted as follows:

Percentage deviation from reported numbers	50%
Number of changes	25%
Average size of changes to forecasts	25%

Where three historical years of data are available, the most recent year (ie 2005) is given a 40% weighting; while the previous year (ie 2004) has a 30% weighting the year before that (ie 2003) a 15% weighting. A 10% weighting is then given to the number and size of revisions to forecasts for 2006 and a 5% weighting to revisions and changes for 2007.

Where two historical years are available, the most recent has a 55% weighting, the preceding year a 30% weighting, the current year 10% and the following year 5%. If only one year of historical data is available, accuracy in that year has a 50% weighting, while the number and size of revisions both have a 10% weighting. The number and size of revisions to the current and the following year all have a 7.5% weighting.

### **'RQ' Methodology**

AQ scores each research houses differently, depending on whether they have absolute or relative recommendations. The period over which we are examining recommendations in this report is the 12 months to 28 April, 2006. Each recommendation made during this period is assessed over its "lifetime" (i.e. until it is changed).

Analysts are scored on the basis of the percentage share price movement (+ or -) during the lifetime of a particular recommendation. Those with absolute recommendations are measured on the basis of the percentage change in the share price during the lifetime of the recommendation, while those with relative recommendations are measured on the price

movement relative to the price of the relevant index. This the ISEQ index for those houses which make recommendations on an index relative basis. Or it is a sector index (the market sectors within the Dow Jones 600) for those which make sector relative recommendations.

Scores have been calculated as follows:

- **A Strong Buy recommendation receives the percentage share price movement x 1.25.**
- **A Buy recommendation receives the percentage share price movement times x 1.**
- **A Hold has no score.**
- **A Reduce recommendation receives the percentage share price movement x -1.**
- **A Sell recommendation receives the percentage share price movement x -1.25.**

(Where a share price has fallen (absolutely or relatively), this means that an analyst with a Sell or Reduce recommendation will score positively).