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ANALYSING THE ANALYSTS

C & C– A LUCKY CHARM FOR BROKERS

7 June 2007 – AQ Research has released its second annual review which analyses the performance of brokerage firms covering Irish stocks. The review evaluates the accuracy of forecasts and the performance of Buy/Hold/Sell recommendations on absolute and relative bases in the 12 months ending March 31st, 2007. The analysis covers 50 stocks and 34 brokers covering at least 1 Irish stock. “In a year in which the ISEQ was up almost 30%, bullish analysts were rewarded” commented William Russell-Smith, MD of AQ Research. “C&C was the outstanding large cap stock, up almost 70% on the year, with all local brokers having buys in place”.

- **NCB Stockbrokers (ESN)** leads the chase for the pot of gold for recommendations on companies in our report. The firm ranked top on overall RQ score and scooped the top spot on recommendations for C&C Group. C&C was the most rewarding large cap stock for brokers in the period analysed. In terms of accurate eps forecasts on companies, **Merrion Capital** comes top in this report.
- **NCB** had 3 of the top 5 analysts for recommendations, although **Gavin Kelleher** of Merrion Capital was the best individual analyst for his recommendations on stocks (RQ). Kelleher scored an overall 100% hit rate. **Davy Stockbrokers** had 6 out of the top 10 analysts for eps forecasting performance.
- **CPL Resources** was the most rewarding company in terms of recommendations, with NCB coming first in RQ on this stock. Analyst John Cantwell was responsible for NCB’s successes on the stock, with a perfectly timed strong buy recommendation placed in July, coinciding with CPL stock price advance.
- **Glanbia** was the most rewarding company for accuracy of recommendations made by brokers. Davy Stockbrokers scored top in AQ on the stock.

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Notes to Editor:

About AQ Research

AQ Research (www.aqresearch.com) provides quantitative analysis of analysts' recommendations and eps forecasts, using data obtained from the broking houses involved. AQ has been analysing investment research since 1998. AQ Online covers more than 10,000 companies and 230 brokers worldwide.

'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 April 1 2006 to March 31 2007. 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 either an index (e.g. ISEQ) 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.**

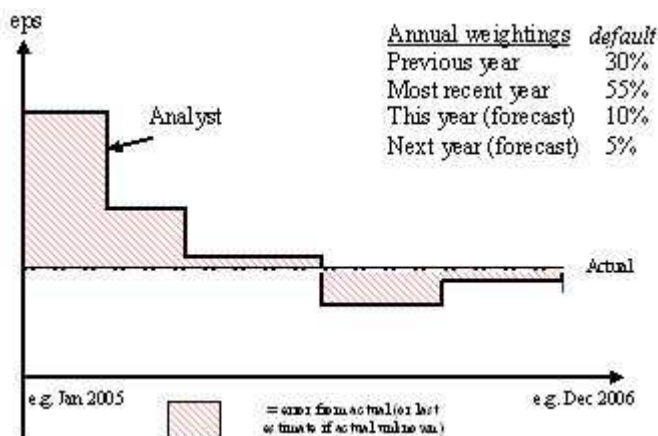
- A Reduce recommendation receives the percentage share price movement $x - 1$.
- A Sell recommendation receives the percentage share price movement $x - 1.25$.

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

AQ Methodology

The AQ measure is designed to measure the accuracy of an analyst's financial forecast. We use the eps as the benchmark measure because that is what is used by the investment research industry. Eps itself is an awkward figure, as there can be different opinions at what level to take the earnings, and how many shares to consider. To get around this problem, we take the so-called headline eps, the figure that by convention the company reports and the figure that is used in compiling the consensus.

The new AQ methodology for determining the accuracy of earnings estimates was launched at the beginning of 2007, following consultations with the industry. The significant change is that it looks at the "error" of the analyst, as expressed by the shaded area on the eps chart below to identify the best forecasting analysts.



The default values are used in the publications. When used in AQ Online, the customer can set their own values not only for the annual weightings but also for any estimate, e.g. to highlight analysts who have better early forecasting accuracy during any particular period.

AQ scores are in the range 0-100. They can be interpreted as follows:

>60: Small deviations in actual eps vs. forecasts (generally below 2%) and limited number of changes and size of revisions

40-60: Forecasts falling into this range indicate either deviations of actual eps vs. forecasts up to 5% or significant revisions to forecast (either in number or scale)

20-40: Deviations of actual vs. forecast eps typically between 5% and 10%. Revisions of forecast tend to be significant both in number and magnitude

<20: AQ's are often not registered where deviations from actual eps numbers exceed 10-12%. It is also possible to score <20 with an eps forecast which is accurate, but which has been revised a large number of times on average by a substantial amount.