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ANALYSING THE ANALYSTS

## MID CAP BOOM DRIVES RESULTS; LOCAL HOUSES BENEFIT FROM DEPTH OF COVERAGE

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London, 27 June, 2005 — AQ Research, the independent research analysis firm, today publishes its annual review of the accuracy of recommendations and forecasts in relation to major listed companies in Belgium, France, the Netherlands and Portugal. The Euronext Zone Research Yearbook 2005 evaluates the performance of Buy/Hold/Sell recommendations on absolute and relative bases between 14 May 2004 and 13 May 2005 (RQ scores). It also examines the accuracy of earnings per share forecasts in relation to 2004, 2003 and 2002 profits (AQ scores). The report examines research from 75 houses in relation to 540 companies in the Euronext markets on which research is published.

This is AQ's third annual review of accuracy and recommendations in the Euronext Zone markets. "The strong performance of small and mid caps generated good scores for analysts from local houses with a depth of coverage in these stocks," says AQ Research managing director Graham Field. "But these companies were much less predictable and the highest scores for accuracy were for houses following a smaller number of larger companies".

Highlights of the analysis are as follows:-

- In France, **Oddo Securities** had the best score for recommendations with 62 top scores on a total of 213 companies on which its research recommendations were analysed. Oddo was also top rated for recommendations on the CAC 40 and second on the MIDCAC. **Charles-Eduoard Boissy** at Oddo Securities was the best individual analyst for recommendations, with good calls on construction companies. The best average score for recommendations on MIDCAC stocks was obtained by **CM-CIC Securities**, the French member of the European Securities Network.
- The best house for accuracy of eps forecasts in France was Germany's **BW-Bank**, while Frankfurt-based **Helaba Trust** was rated best for accuracy on the CAC 40 and **Fideuram Wargny** was the most accurate house on the more challenging MIDCAC stocks. The best individual analyst for accurate forecasts was **Erhard Schmitt** of Helaba Trust, who covers construction companies.
- The most rewarding stock in France – the one on which analysts achieved the highest average score when getting their calls right – was **Aufeminin**. In the CAC 40 it was **Vinci**

and in the MIDCAC it was **Vallourec**. All of these were stocks which rallied strongly and which analysts identified as buys.

- The most predictable stock overall in France was **Thermador Groupe**, followed by **Parcours**. Within the CAC 40 it was **L'Oreal**. These are the companies where analysts achieved the highest average accuracy with their eps forecasts.
- Overall, the highest proportion of successful calls (ie RQ scores above zero) was by Portugal's **Millennium BCP** (75% of 16 calls), followed by **Oddo Securities** (72% of 238 calls).
- On **Dutch** stocks, **SNS Securities** had the best average score for recommendations, while **BW-Bank** had the best score for eps forecasts. **SNS Securities** was also the best performing house for recommendations on **AEX** companies and **Amsterdam Midkap** stocks, as well as being the highest placed Dutch house for percentage of correct calls (68%). The best individual Dutch analyst for recommendations was **Ab Barneveld** at Fortis Bank and the best for forecasting accuracy was **Ton Gietman** at Petercam. **Crown van Gelder** was the most predictable Dutch stock and **Beter Bed** was the most rewarding.
- On **Belgian** stocks, **KBC Securities** had the best recommendations overall and **IXIS Securities** was highest ranked for overall accuracy. **Belgacom** was the most predictable company in the Belgian analysis and **EVS Broadcasting** was the most rewarding. The best individual analyst for recommendations on Belgian stocks was Wouter Vanderhaeghen at KBC Securities. The best recommendations on BEL 20 companies were made by **Fortis Bank**, while **Cheuvreux** was the most accurate on BEL 20 companies on the blue chips.
- On **Portuguese** stocks, the best house for recommendations overall was **UBS**, while the best for earnings accuracy was **Caixa Banco do Investimento** - the Portuguese member of the European Securities Network. The most predictable stock in the PSI 20 index was **Cimpor Cimentos de Portugal** and the most rewarding was **Sonae**. The best individual analyst for recommendations in Portugal was **Rui Cesario** of Espirito Santo Research and the best for accuracy was **Sonia Baldeira** of Caixa Banco
- For the second year in a row, the highest placed individual analyst judged on both an RQ and an AQ basis was **David Greenall** of **Dresdner Kleinwort Wasserstein**, who again ranked fifth in the individual RQ rankings and 17<sup>th</sup> on the AQ measure.

CONTACTS for detailed tables and copies of the Euronext Zone Research Yearbook 2005:

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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's online database product has been developed in conjunction with Bureau van Dijk Electronic Publishing, the specialist electronic financial information provider (see [www.bvdep.com](http://www.bvdep.com)). 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.

### '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 May 14, 2004 to May 13, 2005. 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 a national index (AEX, BEL20, SBF 120, or PSI 20) or the Dow Jones Stoxx 600 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

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, 2002, 2003 and 2004.

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 2004) is given a 40% weighting; while the previous year (ie 2003) has a 30% weighting the year before that (ie 2002) a 15% weighting. A 10% weighting is then given to the number and size of revisions to forecasts for 2005 and a 5% weighting to revisions and changes for 2006.

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.