

RQ SPAIN

ANALYSING THE ANALYSTS

Madrid's healthy gains reward positive analysts

This is our second detailed look at the Spanish market. The report issued with the RQ Q3 2004 quarterly looked only at the IBEX 35 stocks: this time we have broadened the scope of the analysis to include 101 Spanish stocks on which we analyse recommendations. To qualify for the overall table on this page, houses must be analysed on at least 50% of these stocks (defined by market capitalization). The analysis is based on the 12 months ending July 1, 2005.

The buoyant underlying tone of the Spanish market over this period – during which the Madrid General index rose by 25% - meant that the best scores went to analysts with a generally positive outlook. The market has, says Antonio Lopez, head of research at Beta Capital (the Fortis Bank arm in Madrid), “begun to wake up in the past year, after two years in which it was asleep”.

Banks, construction, oil and gas, industrial goods and utilities were the strongest performing sectors. These were also the sectors in which some of the biggest missed opportunities occurred, as the majority of analysts stuck with negative recommendations on upbeat stocks. On leading stocks such as Acciona, Abertis, Union Fenosa and Corporacion Espanola Petroleos as well as on less well known counters such as Inmobiliaria Colonial, Antena 3 de Television and Uralita, the majority of analysts were too bearish.

STOCKPICKING OPPORTUNITIES

In the technology sector, Spanish analysts also made negative calls on Terra Lycos, which managed to outperform a lacklustre sector and to rise in line with the Madrid General. But the impact of one stock – Jazztel – weighed particularly heavily on the

TOP BROKERS: 23 ELIGIBLE

Rank/Broker	Overall Average RQ	Nº of Recs	Nº of Highest RQs	Rec Type
ABSOLUTE HOUSES				
Espirito Santo Res	20.69	26	5	Ab
Oddo Securities	16.27	13	1	Ab
SG Securities	8.86	32	7	Ab
DrKW	8.64	18	2	Ab
Deutsche Bank	7.39	48	4	Ab
Fortis Bank	7.26	62	16	Ab
BPI	6.99	51	5	Ab
UBS	4.81	40	4	Ab
ING Financial Markets	3.60	31	3	Ab
Oppenheim	1.97	7	0	Ab
Standard & Poor's	0.67	8	0	Ab
RELATIVE HOUSES				
Bayerische L'Bank	3.87	7	0	SR
Exane BNP Paribas	3.36	19	0	SR
Ibersecurities	1.16	99	16	IR

Ab=Absolute; SR= Sector Relative; IR=Index Relative

Houses qualify for the table by being analysed on at least 50% of the market capitalization of the 101 stocks included in our analysis.

average scores of houses which rated the telecoms provider as a sell or reduce. Jazztel outperformed hugely in both absolute and relative terms after the decision of Leopoldo Francisco Pujals to take a 24.9% stake in the company last autumn. Those analysts who remained unconvinced that Jazztel would meet its ambitious targets ended with negative scores in excess of -300.

At the other extreme there were some individual stocks which rocketed higher and which

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Lopez: The market has begun to wake up

analysts spotted as runaway winners. These were, in several cases, smaller cap stocks which rose sharply while being followed by just one or sometimes two analysts. The three most rewarding stocks in this Spain report are Ercros, Duro Felguera and Natraceutical, only one of which was covered by more than one analyst.

Ibersecurities – which is analysed on 99 of the 101 stocks covered here – gained from buy calls on all three of the most rewarding stocks. Overall, Ibersecurities secured 16 top rankings, nine of which were on stocks where its analysts were the only ones analysed. Fortis Bank – which was analysed on 62 stocks – also did well on a number of stocks that were covered only by Iberian analysts.

ESPIRITO SANTO LEADS THE WAY

The best house overall for recommendations in the 12-month review period was Espirito Santo Research, the Madrid and Lisbon based house which acquired the former Benito & Monjardin research business in 2000. Espirito Santo's score benefits from not being included in the analysis on Jazztel, which pulled down the average scores of three other leading houses by anything from 3-5 points. But even

without the Jazztel effect, Espirito Santo would be clearly ahead of its competitors in getting its recommendations right on Spanish stocks.

Of the 26 stocks on which Espirito Santo's research was analysed, only three delivered negative scores. Consistent buy calls paid off well on RED Electrica de Espana, Ferrovial, Cortefiel, SOL Melia and Endesa. Espirito Santo was also correctly positioned with a buy as Enagas took off late in the review period. Paula Albarran's mix of buy and hold calls made the most of Inditex's movements and she finished second on Indra Sistemas with a well timed upgrade last March. Those calls contributed to her ranking as the number one individual analyst in the report – see page 4.

MIXED FORTUNES FOR PAN-EUROPEANS

While Espirito Santo has improved from fifth position in our Spanish rankings to first in this report, Dresdner Kleinwort Wasserstein has slipped back to fourth from first. DrKW's research is analysed on a smaller number of companies in this report. Whereas DrKW was scored on 27 out of the IBEX 35 in our 2004 assessment, its research is analysed on only 18 of the 101 Spanish companies in the report this year.

Of the other pan-Europeans, Cheuvreux is analysed on the largest number of stocks – 66 in all. But its relative approach meant it tended to do less well and the average score for Cheuvreux's analysts was pulled down noticeably by incorrect calls on a number of financial services firms which outperformed strongly. Fortis maintains a strong local presence and was analysed on more than 60 companies.

Among the high scoring houses included in the analysis this quarter is Oddo Securities, which merits inclusion by virtue of analyzing 50% of the Madrid market cap. Oddo's best score came from backing Enagas as a buy (and as a hold during a period of weakness in the spring). Luc Pez also called Acerinox as a buy on the way to its peak in February and as a sell on the way down.

With a highly concentrated market, it is in fact possible to cover half the market by covering just seven stocks, as Bayerische Landesbank – the highest ranked relative house - does. BLB's coverage embraces the two biggest banks, utilities, telecoms and Repsol. Oppenheim Research and Standard & Poor's also qualify for the overall table with coverage that is focused on the big names in the key sectors.

RECOMMENDATIONS ON COMPANIES

Company	Average RQ
10 MOST REWARDING	
Ercros	80.97
Duro Felguera	73.30
Natraceutical	62.41
Avanzit	55.04
Fadesa Inmobiliaria	53.89
Tubacex	39.52
Inmobiliaria Urbis	33.79
Puleva Biotech	32.23
Grupo Ferrovial	31.49
Grupo Amper	24.56
10 LEAST REWARDING	
Faes Farma	-13.96
Construcciones y Auxiliar	-15.09
Vallehermoso	-18.55
Abertis	-19.50
Zardoya Otis	-32.02
Natra	-36.59
Banco Guipuzcoano	-40.49
Metrovacesa	-49.23
Nicolas Correa	-74.84
Jazztel	-249.93

SECTOR WINNERS

Highest average RQ in each sector

Sector	Broker	Rec. type
Automobiles & Parts	Ibersecurities	IR
Banks	BPI	Ab
Basic Resources	Fortis Bank	Ab
Chemicals	Ibersecurities	IR
Construction & Mats	UBS	Ab
Travel & Leisure	Fortis Bank	Ab
Oil & Gas	Espirito Santo Research	Ab
Financial Services	Caja Madrid Bolsa (ESN)	Ab
Food & Beverages	Fortis Bank	Ab
Health	Cheuvreux	IR
Insurance	Ibersecurities	IR
Media	Deutsche Bank	Ab
Personal & House	UBS	Ab
Retail	Espirito Santo Research	Ab
Technology	Ibersecurities	IR
Telecoms	ABN AMRO	Ab
Utilities	Espirito Santo Research	Ab

SG Securities has improved its standing markedly compared with our 2004 report. Partly this is the result of the reclassification of SG as an absolute house, which meant a hefty score for buys on ACS, FCC (where Valerie Kramer was the only consistently positive analyst) and Ebro Puleva. Kramer was, however, wrong-footed by Acciona.

RELATIVE HANDICAPS

Several of the leading Spanish houses are assessed on a relative basis and this had a negative impact on their scores compared to the absolute houses that occupy the top seven places in the rankings. Given the 25% rise in the Madrid General over the period, this tended to shave their scores on some of the biggest gainers by a significant amount. It also meant they collected negative scores for buy calls on stocks which failed to beat the index, even though they rose in absolute terms.

This did not prevent Ibersecurities emerging as the highest scoring house in several sectors – including technology and insurance – where calls on smaller companies came right.

Caja Madrid Bolsa (ESN) – which is now analysed as absolute following the change in the European Securities Network's methodology last year – was top on five stocks, but these positive scores were outweighed by negative scores on strong performers.

WHAT RQs MEAN

RQ (Recommendation Quotient) scores are based on the performance of analysts' buy, hold and sell recommendations over a 12-month period. In the case of the Spain report, this is the 12 months ending July 1, 2005. Each recommendation is assessed over its "lifetime" – ie until it changes. Current recommendations are therefore "open" and evaluation of them will continue in next year's report.

Research recommendations are assessed either as absolute, index relative or sector relative. In the case of absolute recommendations, the performance of the recommendation is compared with that of the share price. Index relative recommendations are assessed relative to the performance of the Madrid General Index over the period. Sector relative recommendations are assessed relative to movement of the sectors in the Dow Jones 600. In the case of "Strong" recommendations (either buy or sell), absolute or relative share price movements are multiplied by plus or minus 1.25. Buy or reduce recommendations are multiplied by plus or minus 1. There is no score for a hold recommendation.

BROKER RECOMMENDATION METHODOLOGIES

This table explains the ways in which we have treated recommendations from different research houses. Every effort has been made to ensure that houses are treated in the correct fashion, although the data and resulting calculations are not verified by all the research houses concerned. Please consult the overall results table on page 1 for methodology listings for leading brokers. Other brokers included in the report have been assessed in the following ways:

Broker	Methodology
ABN AMRO	Absolute
Ahorro Corporacion	Index relative
BBVA	Index relative
Bear Stearns	Sector relative
Caja Madrid Bolsa (ESN)	Absolute
Cheuvreux	Index relative
CSFB	Sector relative
Fideuram Wargny	Absolute
Goldman Sachs	Sector relative
Helaba Trust	Absolute
IXIS Securities	Index relative
Kempen	Absolute
LBBW	Absolute
Natexis Bleichroeder	Sector relative
Smith Barney	Absolute
WestLB	Index relative



Paula Albarran

Paula Albarran at Espirito Santo finished top on two of the three retailers in the analysis. She was top with a score of over 100 on Cortefiel, where the bidding battle that erupted over the last few months has pushed the share price markedly higher.

Second place went to another analyst working with absolute recommendations. **Stephane Lacaze** from Oddo Securities finished second on Enagas and third on Iberdrola as a result of consistent buys. He was also positive on Endesa – downgrading to an accumulate as its growth slackened in the spring.

First place on Endesa went to utilities analyst **Fernando Garcia** at Espirito Santo, who rated the stock as a consistent buy. Garcia was also highest placed on RED, where most of the other bullish analysts were working with relative recommendations.

Fourth placed **Maria Tristan** at Fortis had the widest coverage of any analyst in the top five. Her outstanding call was a buy on Tubacex, which took off in the second half of the review period. Positive calls on NH Hoteles and SOL Media earned her second places on these stocks, while she came second on Inditex with a switch from buy to hold at the end of 2004. Tristan’s call on Acerinox produced a negative score as the stock turned down at the end of the review period.

Luis Fananas at Deutsche Bank was the top-rated media analyst and one of those who spotted the potential for gains at Antena 3 de Television, which the pan-Europeans typically saw as a buy, while the locals were more negative. Fananas was “extremely positive” a year ago because he was convinced that the advertising industry had “room to run” in a new growth cycle.

Sergio Ruiz at Fortis had an excellent hit rate, with eight first places out of the 13 stocks on which he was analysed.



Stéphane Lacaze

4



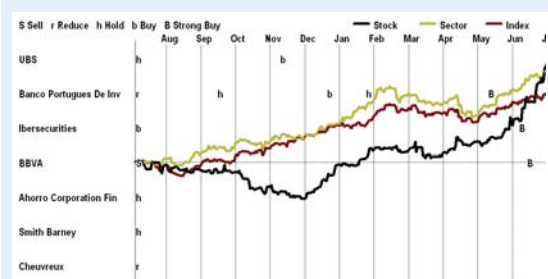
Maria Tristan

THE CONSENSUS BEATERS

Average difference between analysts' scores and the average score on the companies they are covering

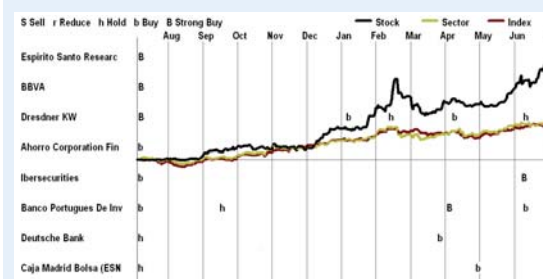
Score	Analyst	Nº of Broker	Nº of Recs	Top RQs
40.24	Paula Albarran	Espirito Santo Res	4	2
30.54	Stéphane Lacaze	Oddo Securities	3	0
24.75	Fernando Garcia	Espirito Santo Res	4	2
21.56	María Tristán	Fortis Bank	10	1
18.11	Luis Fananas	Deutsche Bank	7	1
16.77	Fabián Lares	Espirito Santo Res	4	2
16.26	Sergio Ruiz	Fortis Bank	13	8
15.48	J Ignacio Morales	BBVA	4	1
15.26	Tiago Dionisio	BPI	5	1
15.22	Borja Castro	UBS	6	2
14.33	D Gandoy Lopez	Deutsche Bank	10	1
13.37	Arturo De Frías	Dresdner KW	4	2
11.35	Valerie Kramer	SG Securities	5	2
11.12	R F De Heredia	Fortis Bank	5	1
10.60	Bruno Silva	BPI	7	0
9.76	Eva Hernández	Fortis Bank	5	2
9.24	Carlos Garcia	ING Financial Markets	5	1
9.20	José Ignacio López	BBVA	3	2
8.87	Enrique Soldevila	BPI	7	2
8.85	Luis Prieto	ING Financial Markets	4	1
8.66	F De Juan/J Vives	Cheuvreux	5	1
7.83	Javier Rivela	ING Financial Markets	6	1
7.70	Catherine Hubert	SG Securities	6	2
7.56	Mike Pinkey	Smith Barney	6	1
6.99	Inés E Vollandt	Caja Madrid Bolsa	11	1
4.82	J Ramon Correas	Deutsche Bank	7	1
4.73	Guillermo Barrio	SG Securities	3	0
4.20	Javier Suarez	ING Financial Markets	4	0
3.78	Daniel Yoo	Smith Barney	7	0
3.20	Jaime Sémelas	Fortis Bank	7	1
3.13	Cebrian/Knibbe	UBS	4	0
3.08	Luis Peña	SG Securities	5	1

STOCK FOCUS: CEMENTOS PORTLAND



AQ/Bloomberg

STOCK FOCUS: RED ELECTRICA DE ESPANA



AQ/Bloomberg

BANKS

OVERALL RQ: -1.69
SECTOR INDEX CHANGE %: 21.55

TOP RQ BROKERS: 13 ELIGIBLE

Rank/Broker	Overall Average RQ	Nº of Recs	Nº of Highest RQs	Rec Type
BPI	18.36	5	1	Ab
ING Financial Markets	11.65	7	1	Ab
Fortis Bank	11.56	5	2	Ab
Caja Madrid Bolsa (ESN)	4.92	8	0	Ab
SG Securities	4.88	5	1	Ab
Deutsche Bank	3.44	5	0	Ab
Ibersecurities	3.05	8	1	IR
Cheuvreux	2.66	8	0	IR
Ahorro Corp Financiera	1.62	7	0	IR

TOP ANALYSTS IN SECTOR

Score	Analyst	Broker	Nº of Recs	Nº of Highest RQs
15.26	Tiago Dionisio	BPI	5	1
13.37	Arturo De Frias	Dresdner KW	4	2
9.76	Eva Hernández	Fortis Bank	5	2
9.24	Carlos Garcia	ING Financial Mrkts	5	1
4.59	Francisco Riquel	Cheuvreux	6	0

RECOMMENDATIONS ON COMPANIES

Company	Average RQ
MOST REWARDING	
Banco Pastor	14.45
Banesto-banco Espanol Credit	7.95
Banco De Sabadell	3.18
BBVA	3.04
Bankinter	0.08

- Smaller banks showed the more dramatic outperformance against a strong European banking sector. Popular rose in absolute terms while underperforming the index and the best scores went to research houses which called the sector positively. A late surge at Banco Pastor made it the most rewarding stock as French investors responded to the bank's recent roadshow.
- Ibersecurities** was the best index relative house.

BASIC RESOURCES

OVERALL RQ: 6.19
SECTOR INDEX CHANGE %: 12.21

TOP RQ BROKERS: 6 ELIGIBLE

Rank/Broker	Overall Average RQ	Nº of Recs	Nº of Highest RQs	Rec Type
Fortis Bank	39.09	3	1	Ab
BPI	23.76	3	0	Ab
Caja Madrid Bolsa (ESN)	18.71	3	0	Ab
Cheuvreux	12.83	3	1	IR
Smith Barney	9.21	3	0	Ab
Ibersecurities	5.11	6	2	IR

TOP ANALYSTS IN SECTOR

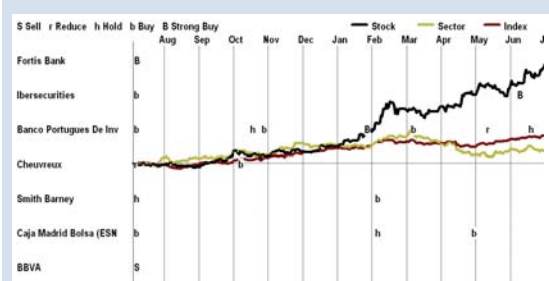
Score	Analyst	Broker	Nº of Recs	Nº of Highest RQs
12.78	Eduardo Coelho	BPI	3	0
7.73	Inigo Recio Pascual	Caja Madrid Bolsa	3	0

RECOMMENDATIONS ON COMPANIES

Company	Average RQ
MOST REWARDING	
Tubacex	39.52
Iberpapel Gestion	11.57
Unipapel	4.89
Grupo Empresarial Ence	-2.84
Acerinox	-3.24
Miquel Y Costas & Miquel	-12.77

- Buoyant stainless steel tube exporter Tubacex gave **Fortis Bank** its best score. **Ibersecurities'** score was pulled down by underperformance at Ence.

STOCK FOCUS: TUBACEX



AQ/Bloomberg



Tiago Dionisio



Eduardo Coelho



Arturo de Frias



Inigo Recio

IBERIA'S LOCAL ANALYST

Espírito Santo Research occupies a unique position as the only truly integrated pan-Iberian equity research specialist. Espírito Santo Investment has had a presence in Spain since as early as 1997; but with the acquisition of Benito & Monjardin in 2000 the investment bank consolidated its position in the larger country. By 2002 the Spanish unit was fully integrated into an organisation with a triple presence in Portugal, Spain and Brazil.

Rodrigo Pinheiro takes overall charge of Espírito Santo's fourteen Madrid and Lisbon based equity analysts, and also oversees the Brazilian research team. For Pinheiro, Espírito Santo's success is an example of making the best use of the synergies afforded by the house's Iberian and Latin American reach, whilst insisting on attentive local analysis of individual stocks.

"Above all we aim to be a local house," he says, "based locally and taking a local's view of the companies we cover and the markets they work within. But at the same time we provide a bridge between the markets, with integrated coverage of both Spain and Portugal, and with our close links between Iberia and Latin America. The last point is particularly important given the increasing role Latin American investments are playing for many major Iberian companies."

COMBINING INSIGHTS

The research team is run by Pinheiro from Madrid, but with analysts based 'on the ground' in all three countries. Thus there are utilities and bank analysts quartered in both Lisbon and Madrid, but working in close contact with each other:

"Larger Spanish companies are making considerable investments in Portugal," says Pinheiro, "and Portuguese companies are even more active in Spain. For example, in the utilities sector it is not possible to understand Iberdrola or Endesa without taking account of their activities in Portugal; just as EDP is an important part of the Spanish market. And in the telecoms sector in particular, we have seen substantial co-operation and joint ventures between Iberian multinationals, with Portugal Telecom and Telefonica working together on projects in Brazil and in North Africa."

For telecoms, in fact, Espírito Santo's peninsular focus goes further; with the sectoral analysis run as a united Iberian team. And the cross-border co-operation doesn't stop there: "our telecom analyst in Brazil is also an important contributor to our coverage of Telefonica and Portugal Telecom, whilst on EDP we have

transatlantic collaboration between our Portuguese and Brazilian analysts."

"In addition we have a growing number of analysts focused on small and mid-cap stocks, and as well as individual coverage we produce a specialised report three times a year which brings together our research on these companies."

CLOSE TO THE ACTION

It is here above all that a localised approach pays off, explains Pinheiro. Whilst large cap stocks move broadly along global sectoral lines, the key drivers of smaller companies are more specific, and their untangling requires close, detailed work. "You need to be very close to these companies, have good relations with management and keep in constant contact. You cannot do this all from an office in London, or even an office in Madrid. You have to take a taxi or get on a train and go and see them regularly, and follow their news closely."

But local knowledge is about more than corporate relations, Pinheiro stresses. "You are here on a daily basis, and you are seeing not just what is happening with the companies but what is happening in the street. You are close to the very pulse of the economy. For example, you walk from the office in Madrid and you see the boom in construction taking place all around you, rather than simply on a spreadsheet."

STRUCTURED APPROACH

Espírito Santo's research methodology reinforces the idea of a local company-focused approach. Analysts work with an absolute recommendations system that is applied across the board. A stock marked 'buy' is expected to show returns above 15% in twelve months, a 'neutral' recommendation between 5% and 15% and a 'sell' below 5%. On top of the basic structure sits an additional methodology to factor in risk, so that high risk equities may be set targets above the standard 15%. Application of the risk methodology is discretionary, requiring in-depth individual analysis of the company.

There is no timetable for analysts to review their recommendations. Says Pinheiro, "analysts have to be able to move and review whenever something happens, whenever something changes. It is about being dynamic – you don't wait for given dates or deadlines, you move with events."

Pinheiro himself is responsible for overall strategic analysis and macroeconomic research. "Obviously macro



Rodrigo Pinheiro - "integrated coverage of Spain and Portugal"

considerations inform the work of analysts on individual companies, they have to incorporate a view on the market's direction as a whole. But in general the important thing is for the analysts to focus in on the specific issues of the company. Strategic analysis comes in to play most of all after individual stock research, in the construction of model portfolios that we recommend to clients. It is here that we look most at factors such as balancing Iberian and Latin American exposures; Spanish and Portuguese; and blue chip and growth stocks."

WIDE RANGING EXPERIENCE

Espírito Santo invests in quality in building up its team. "We have one analyst who has worked here less than one year; whilst our longest serving has been with us more than ten years," says Pinheiro. "Analysts have between three and fifteen years experience in the areas they cover; and we have a number of analysts who

previously worked in London for the big pan-European houses. They have had to learn to adjust to our key philosophy, to work in a very close way with the companies they cover. But once this adjustment is completed, they are able to bring their sectoral expertise to bear and it is concentrated by an increased focus on the companies."

Besides the team of experienced analysts, Pinheiro also employs a number of research assistants who are gaining experience within the Espírito Santo approach. "It takes at least three to four years to build the experience necessary to be an analyst working on the smaller cap stocks," he explains, "whilst the large cap analysts will generally have at least eight to ten years behind them."

Given Espírito Santo's comprehensive coverage of Iberian equities, where will Pinheiro look for further research growth? "There is some revision ongoing of part of our construction coverage, which we are expanding to cover all of that sector fully within the next three months. But the main area for growth is definitely with the smaller companies. You are looking for those with high growth prospects, and those that have been overlooked by the markets and by other researchers. We want to point out things to investors that they have not yet noticed. Right now there are some very interesting medium and small-cap companies we want to take up, and we are hiring a new analyst to expand our smaller cap research."

And in Pinheiro's eyes, the current climate of the European equity markets, with shifts in the investor base towards hedge funds and a generally more focused demand, is an ideal environment for the Espírito Santo approach.

"There is an ever increasing demand for a local perspective in equity research," he concludes. "We have moved on really from the time, which peaked about four or five years ago, when the sectoral approach to equity research took centre stage. Now investors want a more individual focus on companies to add value, and stock picking is crucial. This undoubtedly places greater demands on research houses, but they are demands that Espírito Santo is ideally placed to meet."

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Valerie Kramer



Bruno Silva



Sergio Ruiz



Borja Castro

CONSTRUCTION

OVERALL RQ: 0.91
SECTOR INDEX CHANGE %: 34.02

TOP RQ BROKERS: 12 ELIGIBLE

Rank/Broker	Overall Average RQ	Nº of Recs	Nº of Highest RQs	Rec Type
UBS	30.00	5	2	Ab
BPI	26.87	6	0	Ab
Deutsche Bank	20.11	5	0	Ab
SG Securities	18.96	4	2	Ab
Espirito Santo Research	10.10	4	0	Ab
Smith Barney	3.68	4	0	Ab
Ibersecurities	1.81	8	1	IR

TOP ANALYSTS IN SECTOR

Score	Analyst	Broker	Nº of Recs	Nº of Highest RQs
20.12	Borja Castro	UBS	4	2
16.43	Bruno Silva	BPI	5	0
11.74	Daniel G Lopez	Deutsche Bank	5	0
9.31	Valerie Kramer	SG Securities	4	2
9.30	Luis Prieto	ING Financial Mrkts	3	1

RECOMMENDATIONS ON COMPANIES

Company	Average RQ
MOST REWARDING	
Grupo Ferrovial	31.49
ACS Actividades Cons Y Serv	20.28
Cementos Portland	14.55
Abengoa	7.05
FCC	0.06

- Fortune favoured the bold as the sector rose and construction stocks outperformed the Madrid General. Borja Castro at **UBS** has been one of the most highly rated analysts in the RQ Euro analysis and he triumphs again here by backing Ferrovial as a buy and by calling the bottom in Cementos Portland. Diversification into less cyclical businesses was one factor in Castro's up beat assessment of the sector.
- The average scores on Acciona, Uralita and Obrascón-Huarte-Lain were all negative as these companies did much better than analysts expected.

FOOD & BEVERAGES

OVERALL RQ: 10.45
SECTOR INDEX CHANGE %: 5.25

TOP RQ BROKERS: 4 ELIGIBLE

Rank/Broker	Overall Average RQ	Nº of Recs	Nº of Highest RQs	Rec Type
Fortis Bank	24.77	10	6	Ab
Ibersecurities	19.36	11	4	IR
BPI	3.33	6	0	Ab

TOP ANALYSTS IN SECTOR

Score	Analyst	Broker	Nº of Recs	Nº of Highest RQs
13.57	Sergio Ruiz	Fortis Bank	10	6
10.43	Antonio Castell	Ibersecurities	11	2

RECOMMENDATIONS ON COMPANIES

Company	Average RQ
MOST REWARDING	
Natraceutical	62.41
Puleva Biotech	32.23
Ebro Puleva	21.69
Federico Paternina	15.31
Pescanova	9.25
Campofrio Alimentacion	6.03
Baron De Ley	5.74
Bodegas Riojanas	3.34
Viscofan	-0.35
SOS Cuetara	-4.15
Compania Vinicola Del Norte D	-7.35
Natra	-36.59

- **Fortis** made the most of Natraceutical and SOS Cuetara by calling them as buys and then switching to sells as they peaked. Sergio Ruiz also picked the bottom at Pescanova and benefited from the absolute gains at Campofrio and Baron de Ley.
- **Ibersecurities** rated Puleva Biotech, Bodegas Riojanas and Federico Paternina correctly as index-relative underperformers, but was initially too cautious on Natra.
- Most analysts were positive on Ebro Puleva, with **SG Securities** getting the best result.

INDUSTRIAL GOODS

OVERALL RQ: -0.06
SECTOR INDEX CHANGE %: 13.76

TOP ANALYSTS IN SECTOR

Score	Analyst	Broker	Nº of Recs	Nº of Highest RQs
16.33	Daniel Lopez	Deutsche Bank	4	1
7.60	Juan Correas	Deutsche Bank	3	1
6.94	Francisco De Juan	Cheuvreux	3	0
3.28	Jaime Sémelas	Fortis Bank	4	1
2.58	María Cebollero	Caja Madrid Bolsa	5	1

RECOMMENDATIONS ON COMPANIES

Company	Average RQ
MOST REWARDING	
Duro Felguera	73.30
Papeles Y Cartones De Europ	24.26
Service Point Solutions	21.09
Logista (midesa)	14.11
Europistas	10.67
Cintra Concesiones De Infraestructu	7.71
Vidrala	6.89
Prosegur Compania De Seguridad	6.48
Indra Sistemas	3.37
Transportes Azkar	1.03
Azkoyen	-4.48
Gamesa	-4.59
Construcciones Y Auxiliar De	-15.09
Abertis	-19.50
Zardoya Otis	-32.02
Mecalux	-65.84
Nicolas Correa	-74.84

- No brokers achieved positive average RQ scores. The five least rewarding stocks were all companies on which most analysts were negative as their prices rose.
- **BBVA** was top on Gamesa, where a sell recommendation paid off against the rising index.
- **Ibersecurities** gained from Duro Felguera (but lost out on Nicolas Correa) and was top on four stocks in the sector.
- **Fortis** was top on Indra Sistemas, where analysts divided 50/50 between those who called it correctly as a buy and those who didn't.

MEDIA

OVERALL RQ: -1.40
SECTOR INDEX CHANGE %: 11.86

TOP RQ BROKERS: 13 ELIGIBLE

Rank/Broker	Overall Average RQ	Nº of Recs	Nº of Highest RQs	Rec Type
Deutsche Bank	19.38	6	1	Ab
Espirito Santo Research	18.32	3	1	Ab
UBS	14.06	5	1	Ab
Ahorro Corporation Fin	2.87	6	0	IR

TOP ANALYSTS IN SECTOR

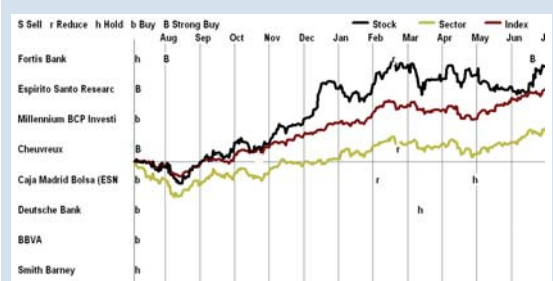
Score	Analyst	Broker	Nº of Recs	Nº of Highest RQs
21.15	Luis Fananas	Deutsche Bank	6	1
18.30	Fabián Lares	Espirito Santo Res	3	1
5.04	Virginia Pérez	Ahorro Corp Fin	4	0

RECOMMENDATIONS ON COMPANIES

Company	Average RQ
MOST REWARDING	
Telefonica Publicidad Inform	14.84
Gestevision Telecinco	8.16
Promotora De Informaciones	-1.52
Antena 3 De Television	-7.82
Sogecable	-11.02
Recoletos	-11.06

- **Deutsche Bank** and Luis Fananas are the clear winners in the sector. Buy and hold calls worked well on Antena 3, Telecinco and Telefonica Publicidad.

STOCK FOCUS: TELEFONICA PUBLICIDAD



AQ/Bloomberg



Daniel Gandoy Lopez



Juan Ramon Correas



Fabian Lares



Luis Fananas

OIL & GAS

OVERALL RQ:	0.43
SECTOR INDEX CHANGE %:	30.15

TOP RQ BROKERS: 17 ELIGIBLE

Rank/Broker	Overall Average RQ	Nº of Recs	Nº of Highest RQs	Rec Type
Espirito Santo Research	32.46	2	0	Ab
Oddo Securities	31.32	2	0	Ab
ING Financial Markets	29.36	2	0	Ab
BBVA	11.49	3	0	IR
Goldman Sachs	8.46	3	0	SR
IXIS Securities	8.43	3	0	IR
SG Securities	7.05	2	0	Ab
Ibersecurities	2.62	3	0	IR

TOP ANALYSTS IN SECTOR

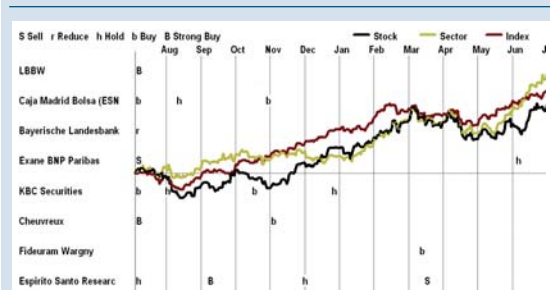
Score	Analyst	Broker	Nº of Recs	Nº of Highest RQs
1.46	Santiago Molina	Ibersecurities	3	0

RECOMMENDATIONS ON COMPANIES

Company	Average RQ
MOST REWARDING	
Enagas	12.67
Repsol	1.00
Corp Espanola Petroleos	-10.20

- The sector powered ahead, led by Enagas, and buy calls brought rewards for positive analysts. However, undeserved caution on Corp Espanola Petroleos reduced average scores.
- **Espirito Santo** was the best on average.

STOCK FOCUS: REPSOL



AQ/Bloomberg

RETAIL

OVERALL RQ:	11.21
SECTOR INDEX CHANGE %:	6.05

TOP RQ BROKERS: 15 ELIGIBLE

Rank/Broker	Overall Average RQ	Nº of Recs	Nº of Highest RQs	Rec Type
Espirito Santo Research	79.95	2	2	Ab
Exane BNP Paribas	69.33	2	0	SR
BPI	42.44	2	1	Ab
Goldman Sachs	40.75	2	0	SR
BBVA	33.34	3	0	IR
Cheuvreux	30.26	3	0	IR
UBS	26.61	3	0	Ab
Fortis Bank	14.19	3	0	Ab
Smith Barney	5.34	2	0	Ab
Deutsche Bank	0.50	2	0	Ab

TOP ANALYSTS IN SECTOR

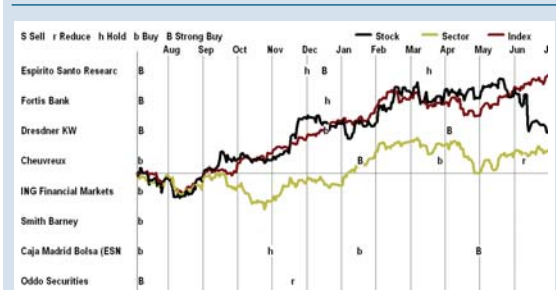
Score	Analyst	Broker	Nº of Recs	Nº of Highest RQs
18.27	Francisco Riquel	Cheuvreux	3	0
2.20	María Tristán	Fortis Bank	3	0

RECOMMENDATIONS ON COMPANIES

Company	Average RQ
MOST REWARDING	
Cortefiel	32.55
Aldeasa	1.93
Inditex	1.49

- Bid target Cortefiel was the most important stock to get right.

STOCK FOCUS: INDITEX



AQ/Bloomberg

TECHNOLOGY

OVERALL RQ: 21.18
SECTOR INDEX CHANGE %: 2.72

TOP RQ BROKERS: 3 ELIGIBLE

Rank/Broker	Overall Average RQ	Nº of Recs	Nº of Highest RQs	Rec Type
Ibersecurities	23.48	5	1	IR
Fortis Bank	8.50	3	1	Ab

TOP ANALYSTS IN SECTOR

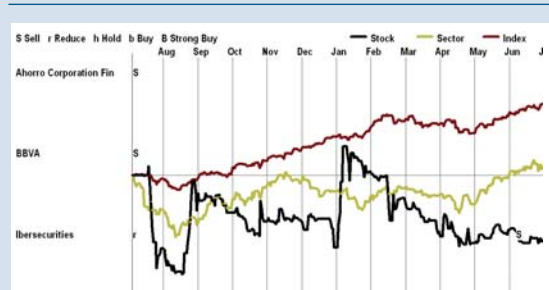
Score	Analyst	Broker	Nº of Recs	Nº of Highest RQs
3.74	Chapman/Toledo	Ibersecurities	5	1

RECOMMENDATIONS ON COMPANIES

Company	Average RQ
MOST REWARDING	
Avanzit	55.40
Grupo Amper	24.56
Tecnocom Telecomunicaciones Y	18.01
Amadeus Global Travel	12.92
Terra Lycos	-12.17

- With the sector on the whole on the little changed over the review period, the emphasis had to be on picking the winners and losers.
- Analysts mostly misread Terra Lycos, which they rated as a sell or at best as a hold when it actually rose in line with the index.
- Ibersecurities and Fortis Bank marked themselves out by covering smaller tech companies and getting them right.

STOCK FOCUS: AVANZIT



AQ/Bloomberg

TELECOMS

OVERALL RQ: -93.42
TELECOMS INDEX CHANGE %: 12.03

TOP RQ BROKERS: 25 ELIGIBLE

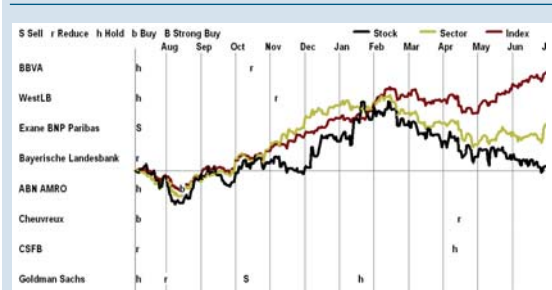
Rank/Broker	Overall Average RQ	Nº of Recs	Nº of Highest RQs	Rec Type
ABN AMRO	11.27	2	0	Ab
Dresdner KW	8.40	2	0	Ab
BPI	8.33	2	1	Ab
Caja Madrid Bolsa (ESN)	8.17	2	0	Ab
SG Securities	7.57	2	0	Ab
Deutsche Bank	6.17	2	0	Ab
Smith Barney	6.17	2	0	Ab
Oddo Securities	5.82	2	0	Ab
Bayerische Landesbank	5.47	2	0	SR
Exane BNP Paribas	4.98	2	0	SR
Espirito Santo Research	4.78	2	0	Ab
Standard and Poor's	1.69	2	0	Ab
Goldman Sachs	1.61	3	1	SR

RECOMMENDATIONS ON COMPANIES

Company	Average RQ
MOST REWARDING	
Telefonica	5.16
Telefonica Moviles	0.63
Jazztel	-249.93

- The sector rankings include a swathe of pan-European firms which called the two big Spanish telcos correctly. Telefonica moved in line with the sector and slightly underperformed the Madrid index, but was a gainer in absolute terms. Jazztel's unexpected surge badly undermined scores.

STOCK FOCUS: TELEFONICA MOVILES



AQ/Bloomberg



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UTILITIES

OVERALL RQ: 2.96
SECTOR INDEX CHANGE %: 26.84

TOP RQ BROKERS: 20 ELIGIBLE

Rank/Broker	Overall Average RQ	Nº of Recs	Nº of Highest RQs	Rec Type
Espirito Santo Research	25.02	5	2	Ab
SG Securities	13.09	5	2	Ab
Fortis Bank	12.93	5	2	Ab
Ibersecurities	10.78	6	0	IR
Deutsche Bank	6.68	6	0	Ab
Ahorro Corporation Fin	6.00	6	0	IR
BPI	4.56	6	1	Ab
IXIS Securities	4.02	3	0	IR
Smith Barney	3.18	5	0	Ab
ABN AMRO	2.94	4	0	Ab
BBVA	2.26	6	0	IR
Dresdner KW	1.87	6	0	Ab

TOP ANALYSTS IN SECTOR

Score	Analyst	Broker	Nº of Recs	Nº of Highest RQs
24.75	Fernando Garcia	Espirito Santo Res	4	2
8.95	Catherine Hubert	SG Securities	5	2
8.8	Antonio López	Fortis Bank	5	2
7.81	Nicolas Fernandez	Ibersecurities	6	0
3.72	V Sanz De Madrid	Deutsche Bank	6	0
1.64	Daniel Lacalle	ABN AMRO	4	0

RECOMMENDATIONS ON COMPANIES

Company	Average RQ
RED Electrica De Espana	15.45
Endesa	7.47
Iberdrola	5.86
Gas Natural	1.60
Aguas De Barcelona	-2.88
Union Fenosa	-9.73

- Fenosa and RED outperformed sector and markets indices by the widest margin. A majority of analysts – led by Fernando Garcia - backed RED as a buy, but a sizeable number missed their chance on Fenosa.