UBS

Global Equity Research

Australia

Mining

12-month rating: **Buy** *Unchanged*

12m price target: A$2.10/US$1.82 *Unchanged*

Price: A$1.68/US$1.45

RIC: AVO.AX BBG: AVO AU

8 February 2010

UBS Investment Research

Avoca Resources Limited

Interim profit guidance exceeds forecast

■ Event: Interim guidance of $29.4m

AVO announced an unaudited NPAT for H1 FY10 of $29.4m which was well ahead of UBSe of $21.6m. Given production and cash costs have been pre reported in their quarterlies we believe the largest difference may be 1) lower depreciation charges and 2) lower than expected expensed exploration, as much of their drilling has been successful in finding gold and will likely be capitalised.

■ Impact: Reduced our D&A leading to 13% uplift in NPAT for FY11/12

We have remodelled our D&A assumptions to take account of our view that AVO will be successful in extending mine life. We currently forecast production to end in FY18, with cumulative production of ~1.5Moz, vs published reserves of ~700koz. We now expect AVO to report NPAT of $56m for FY10, which we believe may have further upside risk due to the potential for further upgrades if current production rates can be maintained.

■ Action: Buy maintained – growth catalysts in the pipeline

We maintain our Buy call with potential production upgrades possible from the Chalice development and ongoing exploration blue sky. We also have a view that AVO will be able to close the DIO deal resulting in additional production from the Frog Legs mine. Closing the DIO deal will require ~$32m in cash funding which we do not see as an issue. Should the Morgan Stanley royalty become available for sale, AVO may require additional funds in CY10.

■ Valuation: $1.74 (DCF, 6% discount rate)

Our NPV has been reduced by 2% (due to the lower tax shield from D&A), but our target price remains unchanged.

Highlights (A$m)	06/08	06/09	06/10E	06/11E	06/12E
Revenues	0	146	239	244	228
EBIT (UBS)	(7)	(15)	80	79	71
Net Income (UBS)	(1)	(16)	56	56	53
EPS (UBS, A$)	(0.01)	(0.07)	0.20	0.21	0.19
Net DPS (UBS, A$)	0.00	0.00	0.00	0.00	0.00

Profitability & Valuation	5-yr hist av.	06/09	06/10E	06/11E	06/12E
EBIT margin %	-	-10.0	33.4	32.5	30.9
ROIC (EBIT) %	-	(7.4)	43.2	45.9	46.0
EV/EBITDA (core) x	-	16.0	3.9	3.3	3.0
PE (UBS) x	-	NM	8.2	8.1	8.6
Net dividend yield %	-	0.0	0.0	0.0	0.0

Source: Company accounts, Thomson Reuters, UBS estimates. (UBS) valuations are stated before goodwill, exceptionals and other special items. Valuations: based on an average share price that year, (E): based on a share price of A$1.68 on 08 Feb 2010 16:42 EST

Trading data (local/US$)

52-wk range	A$2.20-1.44/US$2.05-0.98
Market cap.	A$0.46bn/US$0.40bn
Shares o/s	272m (ORD)
Free float	100%
Avg. daily volume ('000)	1,473
Avg. daily value (A$m)	2.8

Balance sheet data 06/10E

Shareholders' equity	A$0.21bn
P/BV (UBS)	2.1x
Net Cash (debt)	A$0.03bn

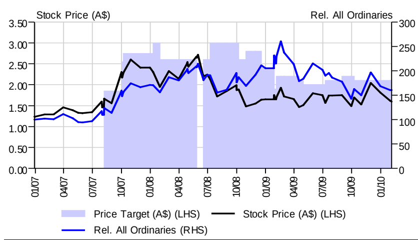
Forecast returns

Forecast price appreciation	+25.0%
Forecast dividend yield	0.0%
Forecast stock return	+25.0%
Market return assumption	9.1%
Forecast excess return	+15.9%

EPS (UBS, A$)

	06/10E			06/09
	From	To	Cons.	Actual
H1E	0.08	0.11	-	(0.07)
H2E	0.08	0.10	-	(0.01)
06/10E	0.16	0.20	*0.15*	
06/11E	0.18	0.21	*0.14*	

Performance (A$)



Source: UBS

www.ubs.com/investmentresearch

Jo Battershill
Analyst
jo.battershill@ubs.com
+61-2-9324 2834

Glyn Lawcock
Analyst
glyn.lawcock@ubs.com
+61-2-9324 3675

Daniel Morgan
Analyst
daniel.morgan@ubs.com
+61-2-9324 3844

Table 1: Summary of earnings changes

June Y/E		2010			2011			2012		
A$m		New	Old	Var %	New	Old	Var %	New	Old	Var %
Revenue		241	241	0%	250	250	0%	238	238	0%
EBITDA		117	115	2%	117	117	0%	106	106	0%
EBIT		80	65	22%	79	70	13%	71	62	14%
PBT		78	63	23%	80	71	13%	76	67	13%
Net Profit		56	44	25%	56	50	13%	53	47	13%
EPS A$		20	16	25%	21	18	13%	19	17	13%
DPS Acps		0.0	0.0	NM	0.0	0	NM	0	0	NM
Ore Mined	kt	1057	1057	0%	1080	1080	0%	1080	1080	0%
Grade	g/t	5.8	5.8	0%	5.4	5.4	0%	5.3	5.3	0%
Ore processed	kt	1215	1215	0%	1200	1200	0%	1080	1080	0%
Grade	g/t	5.2	5.2	0%	5.0	5.0	0%	5.3	5.3	0%
Gold produced	koz	197	197	0%	188	188	0%	179	179	0%
Cash costs (including royalties)	A$/oz	-581	-580	0%	-626	-626	0%	-629	-629	0%
NPV										
Base - 10 year life		1.74	1.78	-2%						

Source: UBS estimates.

Avoca Resources Ltd (AVO.AX)

Analyst/s: Jo Battershill; Glyn Lawcock
Email: jo.battershill@ubs.com
08-Feb-10

MARKET INFORMATION	
Rating:	**Buy**
Price (as of 08-Feb-10):	1.68
Price Target (12 months):	**2.10**
Issued Capital:	272.3
Market Capitalisation:	435.7
Avg. daily turnover (US$m)	2.5
Year end:	June
Website:	http://www.avocaresources.com.au
Major Shareholders:	Pala 22.5%, CBA 5.01%

INVESTMENT SUMMARY				
(A$m)	**2009**	**2010E**	**2011E**	**2012E**
Net profit [reported] ($m)	(16.3)	55.6	56.3	53.1
Net profit [adjusted] ($m)	(16.3)	55.6	56.3	53.1
EPS [reported] ($)	(0.1)	0.2	0.2	0.2
EPS [adjusted, diluted] ($)	(0.1)	0.2	0.2	0.2
EPS Growth (%)	(1132.3)	NM	1.4	(5.8)
PER [adjusted] (x)	**<0.0**	**8.2**	**8.1**	**8.6**
Dividend ($)	0.0	0.0	0.0	0.0
Payout ratio (%)	*0%*	*0%*	*0%*	*0%*
Dividend Yield (%)	**0%**	**0%**	**0%**	**0%**
FCF Yield (%)	(0.9)	14.4	18.3	17.1
Franking (%)	0.0	0.0	0.0	0.0
Shares [period-average, diluted] (m)	233.5	272.3	272.3	272.3

VALUATION	
Valuation per share [NAV @ 6%] ($)	1.74
Share Price Target [12 months] ($)	2.10
Price/NAV [6% disc rate] (x)	0.97

Operating Assets [DH09]	**A$m**	**¢**
Higginsville	428	157
Exploration	35	13
Dioro Exploration stake	35	13
Gross Assets	**498**	**183**
Net Cash	(4)	-1
Corporate costs	(20)	-8
Net Asset Value @ 10% discount rate	**474**	**174**

ENTERPRISE VALUE				
(A$m)	**2009**	**2010E**	**2011E**	**2012E**
Enterprise Value	**443**	**441**	**373**	**299**
EV/EBITDA (x)	16.0	3.8	3.2	2.8
EV/Operating Free Cash Flow (x)	256.0	6.6	4.5	4.0

EPS SENSITIVITIES				
Commodity	**Base Change**	**2010E**	**2011E EPS Change**	**2012E**
Gold price	10%	16.0%	36.0%	45.0%
Currency	5c	-9.0%	-19.0%	-25.0%

CASH FLOW				
(A$m)	**2009**	**2010E**	**2011E**	**2012E**
Operating income [EBIT, UBS]	(15)	80	79	71
Depreciation & Amortisation	42	37	38	36
Net change in working capital	29	0	0	0
Other (operating)	0	0	0	0
Pre-tax op cash flow	**57**	**117**	**117**	**106**
Interest (paid) / received	(5)	(2)	1	5
Tax paid	7	(22)	(24)	(23)
Other	(7)	0	0	0
Operating cash flow	**52**	**92**	**94**	**89**
Capital expenditure	(55)	(27)	(10)	(11)
Free cash flow	**(4)**	**66**	**84**	**78**
Net (acquisitions) / disposals	0	0	0	0
Dividends paid (Common)	0	0	0	0
Shares issued/(repurchased)	29	0	0	0

COMPANY DESCRIPTION

Avoca Resources Limited (AVO) controls 2,700sqkm between the world-class Norseman and St Ives Goldfields in Western Australia. AVO is producing gold from the Trident deposit at the 100%-owned Higginsville project 150km south of Kalgoorlie. Production for CY10 is estimated at +190koz at cash costs of ~A$475/oz excluding royalties. AVO believes a mine life of at least 10 years is achievable at Higginsville given the highly prospective area and positive exploration results. Future production is expected to be sourced from other deposits in the region including the Chalice and Two Boys projects.

OPERATIONAL ASSUMPTIONS						
Commodity Prices	**1H10E**	**2H10E**	**2009**	**2010E**	**2011E**	**2012E**
Gold price (US$/oz)	1,031	1,135	864	1,083	1,193	1,175
A$:US$	0.87	0.92	0.73	0.90	0.92	0.92
Production (koz)						
Higginsville	102	95	130	197	188	179
Cash costs including state royalty						
Higginsville (A$/oz)	470	475	642	472	505	510
Higginsville (US$/oz)	409	437	469	423	464	469
Cash costs including private royalty						
Higginsville (A$/oz)	575	588	701	581	626	629
Higginsville (US$/oz)	501	541	512	521	576	579

DIVISIONAL BREAKDOWN [EBIT]						
(A$m)	**1H10E**	**2H10E**	**2009**	**2010E**	**2011E**	**2012E**
Higginsville	*44*	*43*	*23*	*86*	*88*	*80*

PROFIT & LOSS						
(A$m)	**1H10E**	**2H10E**	**2009**	**2010E**	**2011E**	**2012E**
Sales Revenue	121	118	146	239	244	228
Operating Cash Profit	**62**	**62**	**54**	**124**	**126**	**115**
Depn & Amortisation	(18)	(19)	(42)	(37)	(38)	(36)
Operating Profit	**45**	**43**	**12**	**87**	**88**	**80**
Exploration	(0)	(3)	(3)	(3)	(3)	(5)
SGA	(3)	(2)	(23)	(5)	(6)	(4)
EBIT	**42**	**38**	**(15)**	**80**	**79**	**71**
Net interest	(1)	(1)	(9)	(2)	1	5
Profit before tax	**41**	**37**	**(23)**	**78**	**80**	**76**
Tax expense	(11)	(11)	7	(22)	(24)	(23)
Equity Associated NPAT	0	0	0	0	0	0
Minority Interests	0	0	0	0	0	0
Dividends [preferred]	0	0	0	0	0	0
Net Profit [reported]	**29**	**26**	**(16)**	**56**	**56**	**53**
Abnormal Gain/(Loss) after Tax	0	0	0	0	0	0
Net Profit [adjusted]	**29**	**26**	**(16)**	**56**	**56**	**53**
EBITDA margin (%)			*19.0*	*48.9*	*47.9*	*46.6*
Net Interest Cover [EBIT] (x)			*1.7*	*(43.3)*	*61.2*	*13.5*
Tax Rate (%)			*NM*	*28.7*	*30.0*	*30.0*
EBIT/Total Assets (%)			*(5.1)*	*23.1*	*19.6*	*15.4*
NPAT/Equity (%)			*(10.3)*	*26.1*	*20.9*	*16.5*

BALANCE SHEET [Selected Items]				
(A$m)	**2009**	**2010E**	**2011E**	**2012E**
Net Working capital	(27)	(27)	(27)	(27)
Fixed Assets	177	167	139	114
Net Other	36	43	50	57
Capital Employed	**186**	**183**	**162**	**144**
Net Cash / (Debt)	(29)	30	107	178
Total Equity [incl. minorities]	**157**	**213**	**269**	**322**
Minorities	0	0	0	0
Net Debt / Equity (%)	*18.4*	*(14.0)*	*(39.7)*	*(55.3)*
Book Value per Share($)	*0.65*	*0.78*	*0.99*	*1.18*

Source: UBS estimates.

■ Avoca Resources Limited

Avoca Resources Limited (AVO) controls 2,700sqkm between the world-class Norseman and St Ives Goldfields in Western Australia. AVO is producing gold from the Trident deposit at the 100%-owned Higginsville project 150km south of Kalgoorlie. Production for CY10 is estimated at +190koz at cash costs of ~A$475/oz excluding royalties. AVO believes a mine life of at least 10 years is achievable at Higginsville given the highly prospective area and positive exploration results. Future production is expected to be sourced from other deposits in the region including the Chalice and Two Boys projects.

■ Statement of Risk

Investment risk inherent in the resource sector includes, but is not limited to movement of commodity price and currency which may differ materially from the assumptions used in this report. Furthermore the sector is subject to political, financial and operational risks, each of which has the potential to significantly impact industry performance.

■ Analyst Certification

Each research analyst primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.

Required Disclosures

This report has been prepared by UBS Securities Australia Ltd, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates are referred to herein as UBS.

For information on the ways in which UBS manages conflicts and maintains independence of its research product; historical performance information; and certain additional disclosures concerning UBS research recommendations, please visit www.ubs.com/disclosures. The figures contained in performance charts refer to the past; past performance is not a reliable indicator of future results. Additional information will be made available upon request.

UBS Investment Research: Global Equity Rating Allocations

UBS 12-Month Rating	Rating Category	Coverage[1]	IB Services[2]
Buy	**Buy**	48%	40%
Neutral	**Hold/Neutral**	40%	35%
Sell	**Sell**	13%	26%
UBS Short-Term Rating	**Rating Category**	**Coverage[3]**	**IB Services[4]**
Buy	**Buy**	less than 1%	17%
Sell	**Sell**	less than 1%	67%

1:Percentage of companies under coverage globally within the 12-month rating category.
2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.
3:Percentage of companies under coverage globally within the Short-Term rating category.
4:Percentage of companies within the Short-Term rating category for which investment banking (IB) services were provided within the past 12 months.

Source: UBS. Rating allocations are as of 31 December 2009.

UBS Investment Research: Global Equity Rating Definitions

UBS 12-Month Rating	Definition
Buy	FSR is > 6% above the MRA.
Neutral	FSR is between -6% and 6% of the MRA.
Sell	FSR is > 6% below the MRA.
UBS Short-Term Rating	**Definition**
Buy	Buy: Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.
Sell	Sell: Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.

KEY DEFINITIONS

Forecast Stock Return (FSR) is defined as expected percentage price appreciation plus gross dividend yield over the next 12 months.

Market Return Assumption (MRA) is defined as the one-year local market interest rate plus 5% (a proxy for, and not a forecast of, the equity risk premium).

Under Review (UR) Stocks may be flagged as UR by the analyst, indicating that the stock's price target and/or rating are subject to possible change in the near term, usually in response to an event that may affect the investment case or valuation.

Short-Term Ratings reflect the expected near-term (up to three months) performance of the stock and do not reflect any change in the fundamental view or investment case.

Equity Price Targets have an investment horizon of 12 months.

EXCEPTIONS AND SPECIAL CASES

UK and European Investment Fund ratings and definitions are: Buy: Positive on factors such as structure, management, performance record, discount; Neutral: Neutral on factors such as structure, management, performance record, discount; Sell: Negative on factors such as structure, management, performance record, discount.

Core Banding Exceptions (CBE): Exceptions to the standard +/-6% bands may be granted by the Investment Review Committee (IRC). Factors considered by the IRC include the stock's volatility and the credit spread of the respective company's debt. As a result, stocks deemed to be very high or low risk may be subject to higher or lower bands as they relate to the rating. When such exceptions apply, they will be identified in the Company Disclosures table in the relevant research piece.

Research analysts contributing to this report who are employed by any non-US affiliate of UBS Securities LLC are not registered/qualified as research analysts with the NASD and NYSE and therefore are not subject to the restrictions contained in the NASD and NYSE rules on communications with a subject company, public appearances, and trading securities held by a research analyst account. The name of each affiliate and analyst employed by that affiliate contributing to this report, if any, follows.

UBS Securities Australia Ltd: Jo Battershill; Glyn Lawcock; Daniel Morgan.

Company Disclosures

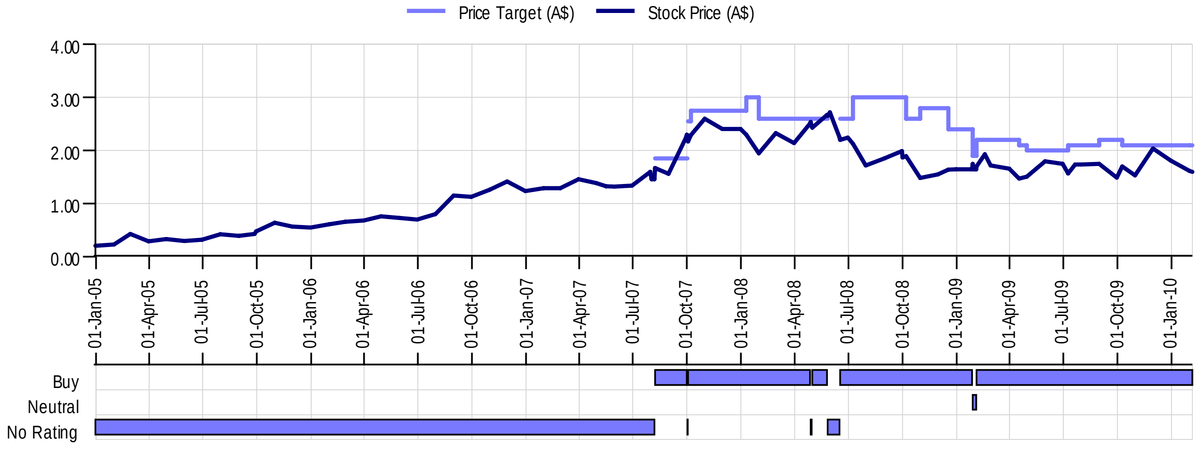
Company Name	Reuters	12-mo rating	Short-term rating	Price	Price date
Avoca Resources Limited[4, 5, 13]	AVO.AX	Buy	N/A	A$1.60	05 Feb 2010

Source: UBS. All prices as of local market close.
Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date

4. Within the past 12 months, UBS AG, its affiliates or subsidiaries has received compensation for investment banking services from this company/entity.
5. UBS AG, Australia Branch or an affiliate expect to receive or intend to seek compensation for investment banking services from this company/entity within the next three months.
13. UBS AG, its affiliates or subsidiaries beneficially owned 1% or more of a class of this company`s common equity securities as of last month`s end (or the prior month`s end if this report is dated less than 10 days after the most recent month`s end).

Unless otherwise indicated, please refer to the Valuation and Risk sections within the body of this report.

Avoca Resources Limited (A$)



Source: UBS; as of 05 Feb 2010

Global Disclaimer

This report has been prepared by UBS Securities Australia Ltd, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates are referred to herein as UBS. In certain countries, UBS AG is referred to as UBS SA.

This report is for distribution only under such circumstances as may be permitted by applicable law. Nothing in this report constitutes a representation that any investment strategy or recommendation contained herein is suitable or appropriate to a recipient's individual circumstances or otherwise constitutes a personal recommendation. It is published solely for information purposes, it does not constitute an advertisement and is not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments in any jurisdiction. No representation or warranty, either express or implied, is provided in relation to the accuracy, completeness or reliability of the information contained herein, except with respect to information concerning UBS AG, its subsidiaries and affiliates, nor is it intended to be a complete statement or summary of the securities, markets or developments referred to in the report. UBS does not undertake that investors will obtain profits, nor will it share with investors any investment profits nor accept any liability for any investment losses. Investments involve risks and investors should exercise prudence in making their investment decisions. The report should not be regarded by recipients as a substitute for the exercise of their own judgement. Any opinions expressed in this report are subject to change without notice and may differ or be contrary to opinions expressed by other business areas or groups of UBS as a result of using different assumptions and criteria. Research will initiate, update and cease coverage solely at the discretion of UBS Investment Bank Research Management. The analysis contained herein is based on numerous assumptions. Different assumptions could result in materially different results. The analyst(s) responsible for the preparation of this report may interact with trading desk personnel, sales personnel and other constituencies for the purpose of gathering, synthesizing and interpreting market information. UBS is under no obligation to update or keep current the information contained herein. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS, into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this report is determined exclusively by research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues, however, compensation may relate to the revenues of UBS Investment Bank as a whole, of which investment banking, sales and trading are a part.

The securities described herein may not be eligible for sale in all jurisdictions or to certain categories of investors. Options, derivative products and futures are not suitable for all investors, and trading in these instruments is considered risky. Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates and other market conditions. Past performance is not necessarily indicative of future results. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument mentioned in this report. For investment advice, trade execution or other enquiries, clients should contact their local sales representative. Neither UBS nor any of its affiliates, nor any of UBS' or any of its affiliates, directors, employees or agents accepts any liability for any loss or damage arising out of the use of all or any part of this report. For financial instruments admitted to trading on an EU regulated market: UBS AG, its affiliates or subsidiaries (excluding UBS Securities LLC and/or UBS Capital Markets LP) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms in the UK) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this research report. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein.

Any prices stated in this report are for information purposes only and do not represent valuations for individual securities or other instruments. There is no representation that any transaction can or could have been effected at those prices and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions, by UBS or any other source, may yield substantially different results.

United Kingdom and the rest of Europe: Except as otherwise specified herein, this material is communicated by UBS Limited, a subsidiary of UBS AG, to persons who are eligible counterparties or professional clients and is only available to such persons. The information contained herein does not apply to, and should not be relied upon by, retail clients. UBS Limited is authorised and regulated by the Financial Services Authority (FSA). UBS research complies with all the FSA requirements and laws concerning disclosures and these are indicated on the research where applicable. **France:** Prepared by UBS Limited and distributed by UBS Limited and UBS Securities France SA. UBS Securities France S.A. is regulated by the Autorité des Marchés Financiers (AMF). Where an analyst of UBS Securities France S.A. has contributed to this report, the report is also deemed to have been prepared by UBS Securities France S.A. **Germany:** Prepared by UBS Limited and distributed by UBS Limited and UBS Deutschland AG. UBS Deutschland AG is regulated by the Bundesanstalt fur Finanzdienstleistungsaufsicht (BaFin). **Spain:** Prepared by UBS Limited and distributed by UBS Limited and UBS Securities España SV, SA. UBS Securities España SV, SA is regulated by the Comisión Nacional del Mercado de Valores (CNMV). **Turkey:** Prepared by UBS Menkul Degerler AS on behalf of and distributed by UBS Limited. **Russia:** Prepared and distributed by UBS Securities CJSC. **Switzerland:** Distributed by UBS AG to persons who are institutional investors only. **Italy:** Prepared by UBS Limited and distributed by UBS Limited and UBS Italia Sim S.p.A.. UBS Italia Sim S.p.A. is regulated by the Bank of Italy and by the Commissione Nazionale per le Società e la Borsa (CONSOB). Where an analyst of UBS Italia Sim S.p.A. has contributed to this report, the report is also deemed to have been prepared by UBS Italia Sim S.p.A.. **South Africa:** UBS South Africa (Pty) Limited (Registration No. 1995/011140/07) is a member of the JSE Limited, the South African Futures Exchange and the Bond Exchange of South Africa. UBS South Africa (Pty) Limited is an authorised Financial Services Provider. Details of its postal and physical address and a list of its directors are available on request or may be accessed at http:www.ubs.co.za. **United States:** Distributed to US persons by either UBS Securities LLC or by UBS Financial Services Inc., subsidiaries of UBS AG; or by a group, subsidiary or affiliate of UBS AG that is not registered as a US broker-dealer (a **'non-US affiliate'**), to major US institutional investors only. UBS Securities LLC or UBS Financial Services Inc. accepts responsibility for the content of a report prepared by another non-US affiliate when distributed to US persons by UBS Securities LLC or UBS Financial Services Inc. All transactions by a US person in the securities mentioned in this report must be effected through UBS Securities LLC or UBS Financial Services Inc., and not through a non-US affiliate. **Canada:** Distributed by UBS Securities Canada Inc., a subsidiary of UBS AG and a member of the principal Canadian stock exchanges & CIPF. A statement of its financial condition and a list of its directors and senior officers will be provided upon request. **Hong Kong:** Distributed by UBS Securities Asia Limited. **Singapore:** Distributed by UBS Securities Pte. Ltd or UBS AG, Singapore Branch. **Japan:** Distributed by UBS Securities Japan Ltd to institutional investors only. Where this report has been prepared by UBS Securities Japan Ltd, UBS Securities Japan Ltd is the author, publisher and distributor of the report. **Australia:** Distributed by UBS AG (Holder of Australian Financial Services License No. 231087) and UBS Securities Australia Ltd (Holder of Australian Financial Services License No. 231098) only to 'Wholesale' clients as defined by s761G of the Corporations Act 2001. **New Zealand:** Distributed by UBS New Zealand Ltd. An investment adviser and investment broker disclosure statement is available on request and free of charge by writing to PO Box 45, Auckland, NZ. **Dubai:** The research prepared and distributed by UBS AG Dubai Branch, is intended for Professional Clients only and is not for further distribution within the United Arab Emirates.

The disclosures contained in research reports produced by UBS Limited shall be governed by and construed in accordance with English law.

UBS