UBS Australia and New Zealand Research

Research Overview

Nature and scope of UBS Securities Australia Ltd ("UBS") research services

UBS has one of the largest equities research teams in Australia and New Zealand, with approximately 43 analysts covering over 204 stocks.

UBS equities research analysts undertake in-depth financial analysis on the companies we cover that are publicly listed and primarily trade on the Australian Stock Exchange. The analysts perform extensive background research and due diligence by meeting with senior management, building extensive and detailed financial models, forming a balanced and objective understanding of the company, its competitors, and the industry in which it operates. Analysts are required to form an investment thesis and valuation estimate for each company by forecasting a minimum of 5 years of future earnings, culminating in a recommendation to Buy, Hold or Sell the securities.

Sector teams are structured to cover macro segments and industry sectors. Macro segments include: economics, strategy, commodities and quantitative analysis. Industry sectors include financial services, real estate, metals and mining, energy, materials, transport, infrastructure and utilities, health care and pharmaceuticals, media and telecommunications, retailing, food and beverages, gaming, engineering and contractors, chemicals and packaging, and emerging industrials or small cap companies.

UBS Macro Strategy provides investors with critical global and cross-asset analysis.

Our breadth of coverage and depth of resources enable us to deliver truly global insights into today’s challenging investment decisions. Rigorous analysis, open and transparent dialogue, and an integrated economics and strategy platform offer unique perspectives on the fundamental drivers of investment outcomes.

The UBS Interest Rates strategy team provides global analysis of interest rate and government bond markets in the form of directional, spread, inflation-linked, derivative strategy research. Each of our strategists provides in-depth knowledge in their field of expertise. The team works together to formulate views on the key drivers of fixed income returns.

www.ubs.com/investmentresearch
Coverage policy and how we make coverage decisions

The UBS equities research coverage policy is covered under the UBS Global Policy on Research Independence. The purpose of the policy is to protect the independence and impartiality of the Research Department and prevent analysts from being involved in activities that could conflict with their ability to produce objective research.

The coverage policy on whether to initiate or cease coverage of a stock is at the sole discretion of the Head of Research. Research analysts must not be biased or inappropriately influenced by the interests of any issuer, by other business areas or business divisions, by any client, or by the personal interests of the analyst. Generally speaking, the criteria used to make coverage decisions are based on the following: sufficient resources to ensure continual and continuity of coverage of a company, and the liquidity and volume of shares traded on the stock exchange to ensure analyst recommendations are readily tradable at any time.

UBS Research Analysts

Please find below a summary of the scope, expertise, and qualifications of some of our most senior Research analysts.

George Tharenou is the Chief Economist for Australia at UBS, and has been part of the top-ranked Australian economics team since 2006. Prior to joining UBS, George worked at the Reserve Bank of Australia for 2 years, analysing Australia’s institutional markets, and contributing to the management of the RBA’s daily market operations. Prior to this, George also spent 2 years as an economist and statistician at the Queensland Government’s Treasury Department. George holds a Bachelor of Business degree, as well as a 1st Class Honours degree in Economics from the Queensland University of Technology.

Paul Winter is an Executive Director at UBS, and Head of the APAC Quantitative Research team. He has followed the equity markets for over 15 years. His areas of expertise include equity strategy, portfolio strategy and quantitative analysis. Prior to joining UBS, Paul held positions with Investors Mutual, Bear Stearns, Citigroup and Dresdner Kleinwort Benson. Paul has an MBA from the Brisbane Graduate School of Business.

Jordan Rogers is a Director at UBS and Head of the Emerging Companies team in Australia. After completing his graduate program at the Commonwealth Bank of Australia in Sydney in 2006, Jordan then worked at CBA Equities for seven years in both the Consumer and Emerging Companies teams. Jordan holds a Bachelor of Commerce from the University of Sydney and is a Chartered Financial Analyst (CFA) charterholder.

James Coghill is a Managing Director at UBS covering the Australian Insurance and Wealth Management sectors. James previously worked for eight years at Deutsche Bank and has consistently rated among the top three Insurance analysts in the Peter Lee survey for the past nine years. Prior to this, James worked for Deutsche Bank in South Africa, initially covering consumer stocks and then broadening coverage to the financials sector. James is a CFA charterholder, a member of the CFA Institute and of the South African Institute of Chartered Accountants (SAICA). He graduated from the University of Natal in 1992, with a degree in commerce.

Marcus Curley is an Executive Director and Head of NZ Research at UBS. His stock coverage includes NZ transport, infrastructure, agriculture and gaming sectors. Prior to joining UBS in 2015, Marcus was Head of NZ Research at Goldman Sachs between 2005 and 2014. He is currently a top-3 rated analyst in NZ transport, infrastructure and gaming sectors. Marcus was also a Director at Merrill Lynch in London between 1995 and 2004, and responsible for Pan-European research coverage for transport infrastructure and logistics. He holds Bachelor of Commerce and Bachelor of Science from the University of Auckland.
Ben Gilbert is an Executive Director at UBS, covering the Australian Retail sector. Prior to covering the retail sector, Ben worked within the Australian Building Materials and Emerging Companies teams. Ben holds a Bachelor of Commerce from the University of Sydney, majoring in Accounting and Finance.

Glyn Lawcock is a Managing Director at UBS. He is the Head of the Australian Mining Team with principal coverage of the Australian Diversified Miners. Glyn and his team have been consistently top rated in the East Coles and Peter Lee Associates surveys. Glyn gained his D.Phil. in Engineering from the University of Sydney in 1996, having studied Engineering at the University of Sydney for his undergraduate degree. Glyn also holds a Graduate Diploma in Applied Finance.

Simon Mitchell Simon is Head of Research for Australia and New Zealand and covers the Australian Transport and Infrastructure sectors. Simon has been rated the no.1 Australian transport analyst in the Peter Lee survey for the past 9 years and rated top 3 in infrastructure in 2015. Prior to joining UBS in 2006, Simon was an equity analyst for four years at Merrill Lynch and JPMorgan. Before that, he worked in private equity and private funds management in London from 1999 to 2001, and from 1996 was involved in corporate restructuring and insolvency assignments with KPMG. Simon received his bachelor of commerce and bachelor of laws (with honours) degrees from the University of Queensland, Brisbane. He is also a member of the Institute of Chartered Accountants in Australia.

Jonathan Mott Jonathan Mott is a Managing Director at UBS. Jon has recently been appointed as the head of the Asian Banks Research team coordinating UBS’s regional coverage in APAC in addition to being the lead Australian Banks Analyst. The Australian banks research team has ranked number one in all major surveys since 2004. Jonathan has worked as a bank analyst for 18 years. Previously he covered the banks at Merrill Lynch and ABN AMRO. Prior to this, Jonathan worked at First State Fund Managers in wholesale sales. Jonathan has a Bachelor of Economics (Honours) degree from the University of Sydney, majoring in Economics and Accounting, as well as a Master of Commerce from the University of Sydney, majoring in Finance and Banking.

Matt Ryan joined UBS as an Executive Director in February 2016, and covers Australian Gaming, Transport and Infrastructure companies. Matt has been rated the no.1 Australian Gaming analyst in the Peter Lee survey since 2012. Prior to joining UBS, Matt worked for nine years as an analyst at JPMorgan, also covering Gaming and Transport. Before that, he worked in the private client division of Goldman Sachs JBWere. Matt received his Bachelor of Commerce (with Honours) degree from the University of Melbourne.

Eric Choi is a Director at UBS and the lead analyst for the Australian telecommunications and media research team. Eric joined UBS in 2010, and prior to that worked for Citi Research and Macquarie Capital. Eric holds a Bachelor of Commerce and Law from the University of New South Wales.

Grant McCasker is an Executive Director and the Head of the Australian Real Estate team within equities research. Grant joined UBS in 2006 having previously worked at ABN AMRO Morgans and Merrill Lynch. Grant holds a bachelor of science (majoring in mathematics) and a bachelor of commerce (finance) from the University of Queensland, and is also a CFA charter holder.

Kieren Chidgey Kieren joined UBS in Dec-16 and is responsible for covering the Australian Diversified Financial and Insurance sectors. He has over a decade’s experience covering both sectors at Deutsche Bank and Merrill Lynch where he was consistently rated Top 3 for his Diversified Financials coverage. Prior to his career in equity research, Kieren worked as an actuarial consultant for Tillinghast-Towers Perrin and as an actuarial analyst at a Lloyd’s of London insurer. Kieren is a Fellow of the Institute of Actuaries of Australia (FIAA) and holds a Bachelor of Actuarial Studies (BActS) degree from the Australian National University.
Saul Hadassin is an Executive Director at UBS and the lead analyst for the Australian Health Care research team. Saul joined UBS in 2018, and prior to that worked for Credit Suisse and PwC. Saul holds a Bachelor of Medicine from UNSW and an MBA from the AGSM.

Nathan Reilly Nathan leads the Australian Industrial Materials research team at UBS which includes coverage of the engineering, chemicals, packaging and building materials sectors. Prior to joining UBS, Nathan worked at Goldman Sachs for over ten years and was the head of Australian infrastructure and construction research, having also previously covered emerging companies. Nathan holds a Bachelor of Business (Accounting) from RMIT University and is a member of the Institute of Chartered Accountants in Australia.


Phil Campbell is a Director in the NZ Equity research team at UBS focusing on TMT sectors. His stock coverage includes Spark, Chorus, Vista, Gentrack and SkyTV. Prior to joining UBS in 2017, Phil was CFO of Crown Infrastructure Partners which was responsible for the NZ$3bn Ultrafast Fibre build in NZ. He is currently a top-3 rated analyst in NZ Telcos. Phil was also a Director at Citigroup in Australia between 2003 and 2010 responsible for Australasian Telco and Transport research coverage. Prior to that he covered pan European Telcos at Citigroup in London from 1997 to 2003. He holds Bachelor of Commerce from Victoria University of Wellington.

Josh Kannourakis is a Director at UBS and member of the Emerging Companies team in Australia. Prior to UBS Josh was an Equity Partner at Baillieu Holst, a Melbourne based stockbroker, where he worked for seven years covering Emerging Companies across Consumer, Agriculture, Technology and General Industrials. Josh holds a Bachelor of Commerce (Majoring in Accounting and Finance) from the University of Melbourne.

Tim Plumbe is a Director at UBS and member of the Emerging Companies team in Australia. Tim has been with UBS since 2015 years and holds 14 years sell-side research experience, with previous research roles at Deutsche Bank and CIMB across both the Emerging Companies and Media sectors. Tim holds a Bachelor of Business from the University of Technology, Sydney and is a Chartered Accountant (CA).

Valuation Method and Risk Statement

We point out to investors the potential risks inherent in the financial sector, the sector is exposed to political, financials and operational risk, each of which has the potential to significantly impact company/industry performance.
Required Disclosures

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UBS Investment Research: Global Equity Rating Definitions

<table>
<thead>
<tr>
<th>12-Month Rating</th>
<th>Definition</th>
<th>Coverage¹</th>
<th>IB Services²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buy</td>
<td>FSR is &gt; 6% above the MRA.</td>
<td>47%</td>
<td>25%</td>
</tr>
<tr>
<td>Neutral</td>
<td>FSR is between -6% and 6% of the MRA.</td>
<td>39%</td>
<td>22%</td>
</tr>
<tr>
<td>Sell</td>
<td>FSR is &gt; 6% below the MRA.</td>
<td>14%</td>
<td>19%</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Short-Term Rating</th>
<th>Definition</th>
<th>Coverage³</th>
<th>IB Services⁴</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buy</td>
<td>Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.</td>
<td>&lt;1%</td>
<td>&lt;1%</td>
</tr>
<tr>
<td>Sell</td>
<td>Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.</td>
<td>&lt;1%</td>
<td>&lt;1%</td>
</tr>
</tbody>
</table>

Source: UBS. Rating allocations are as of 31 March 2019.
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.
KEY DEFINITIONS: Forecast Stock Return (FSR) is defined as expected percentage price appreciation plus gross dividend yield over the next 12 months. In some cases, this yield may be based on accrued dividends. 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.

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UBS Securities Australia Ltd: Craig Stafford, CFA.

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UBS Australia and New Zealand Research 29 May 2019