

SapuraKencana Petroleum

Decent FY15; bracing for more challenging FY16

Core net profit below

SapuraKencana reported Q4 net profit of RM129m and FY15 net profit of RM1.4bn. Q4 net profit included one-offs of RM190m, including D&A adjustments and provision for impairment. Stripping out the one-offs for FY, FY15 core net profit was 94% of our full year forecast and 97% of consensus estimates. The key difference was mainly in the higher than expected depreciation (core depreciation increased 32% in Q4 QoQ) which was slightly offset by low effective tax rate (11% vs. our forecast of 25%).

Strong OCSS, energy earnings; but drilling and fabrication was weaker

We note that the OCSS and energy earnings remained strong throughout the four quarters while drilling and fabrication recorded lower margins. Management on the upstream business: 1) at oil price of US\$55/bbl, its upstream assets are still significantly EBITDA positive; 2) in Q4, although the company impaired the oil assets (which made up 25% of its assets), it increased the value of its gas assets due to the bigger find at SK408; 3) Petronas has approved the development plan of SK310 and the company is in the process of finalizing the gas sales agreement; and 4) the acquisition of the Vietnam assets will only be completed in FY17E. In its services segment, the company is bidding for RM15bn worth of projects and is not a service provider for the exploration stage. The company remains committed to reducing its gearing level to below 1x in the next 2-3 years and will fund capex via its internally generated cash flow.

Reduce our earnings

We reduce our FY16E/17E/18E earnings by 29%/17%/18% mainly due to lower assumptions for oil price, drilling day rates and fabrication margins. However, we continue to note that the YoY increase in earnings in FY17E from FY16E will be mainly driven by our assumption that oil price recovers from US\$53/bbl to US\$70/bbl.

Valuation: reduce PE-based PT to RM3 from RM4.50

We reduce our PE-based PT based on 12x FY17E PE from 15.3x FY17E PE. 12x PE is a 20% premium to the average 2016E PE for the European oil services companies and it is also a -2SD below SAKP's 3-year average PE.

Equities

Malaysia
Oil Drilling, Equipment & Services

12-month rating **Buy**

12m price target **RM3.00**
Prior: RM4.50

Price **RM2.30**

RIC: SKPE.KL **BBG:** SAKP MK

Trading data and key metrics

52-wk range	RM4.77-2.08
Market cap.	RM13.8bn/US\$3.73bn
Shares o/s	5,992m (ORD)
Free float	43%
Avg. daily volume ('000)	17,942
Avg. daily value (m)	RM46.4
Common s/h equity (01/16E)	RM12.9bn
P/BV (01/16E)	1.1x
Net debt / EBITDA (01/16E)	4.6x

EPS (UBS, diluted) (RM)

	From	To	% ch	Cons.
01/16E	0.27	0.19	-29.44	0.24
01/17E	0.30	0.25	-17.42	0.26
01/18E	0.33	0.27	-17.82	0.28

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Highlights (RMm)	01/13	01/14	01/15	01/16E	01/17E	01/18E	01/19E	01/20E
Revenues	6,912	8,379	9,943	9,318	11,166	11,692	12,157	12,762
EBIT (UBS)	872	1,208	1,927	1,903	2,284	2,365	2,452	2,562
Net earnings (UBS)	494	893	1,345	1,132	1,494	1,609	1,728	1,868
EPS (UBS, diluted) (RM)	0.10	0.16	0.22	0.19	0.25	0.27	0.29	0.31
DPS (RM)	0.00	0.00	0.04	0.03	0.05	0.05	0.05	0.06
Net (debt) / cash	(4,915)	(10,974)	(15,697)	(13,989)	(13,174)	(10,736)	(8,330)	(5,933)
Profitability/valuation	01/13	01/14	01/15	01/16E	01/17E	01/18E	01/19E	01/20E
EBIT margin %	12.6	14.4	19.4	20.4	20.5	20.2	20.2	20.1
ROIC (EBIT) %	11.9	8.1	9.6	9.3	11.3	11.9	13.1	14.4
EV/EBITDA (core) x	13.3	15.4	9.1	7.1	5.9	5.3	4.6	4.0
P/E (UBS, diluted) x	25.6	23.5	17.1	12.2	9.2	8.6	8.0	7.4
Equity FCF (UBS) yield %	(8.0)	(4.2)	(4.4)	13.9	7.9	19.8	19.7	19.9
Net dividend yield %	0.0	0.0	1.1	1.5	2.0	2.1	2.3	2.5

Source: Company accounts, Thomson Reuters, UBS estimates. Metrics marked as (UBS) have had analyst adjustments applied. Valuations: based on an average share price that year, (E): based on a share price of RM2.30 on 24 Mar 2015 21:26 HKT

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Investment Thesis

SapuraKencana Petroleum

Investment case

As a fully-integrated upstream contractor which has also built its track record overseas, SapuraKencana is more efficient versus some peers and is therefore well positioned to benefit from oil & gas capex. Its exposure to upstream assets provides the leverage when oil prices recover from the current low levels. Its exposure to various different businesses within the oil & gas space also helps it reduce the risk on its earnings.

Upside scenario

We see the upside scenario as RM3.60 where we value the company's FY20E earnings at 15x PE, 1-SD below its average PE for the last 3-years and we discount it back to FY17E. We believe that the share price could increase materially should sentiment improves.

Downside scenario

We see the downside scenario as RM1.70 where we assume that 50% of its oil assets and 20% of its drilling assets is impaired and the company raises the equivalent of RM2bn in new equity in order maintain gearing ratio. The RM1.70 is based on 8x PE on the diluted FY17E earnings.

Upcoming catalysts

We believe the upcoming catalysts are: 1) the company's results announcement in June-2015 and September-2015 and 2) finalization of gas sales agreement for SK310 (likely mid-2015 to Q3).

12-month rating

Buy

12m price target

RM3.00

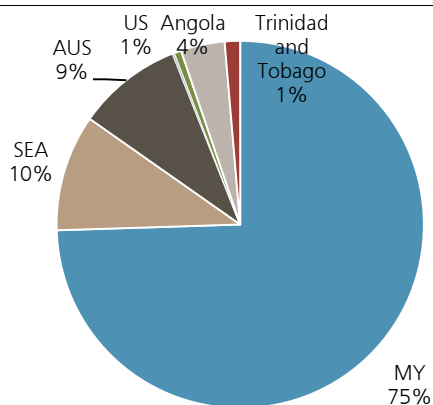
Business description

SapuraKencana was formed through the merger of SapuraCrest and Kencana in May 2012. As an integrated oil service provider, it is one of two major licensed fabricators in Malaysia and is the largest offshore installation company (the only one with deepwater capabilities) in Malaysia. With its acquisition of Seadrill's tender rigs, it is now one of the world's largest owners of tender rigs. Dato' Seri Shahril Shamsuddin and Dato' Mokhzani Mahathir are major shareholders, with 17% and 10% stakes, respectively.

Industry outlook

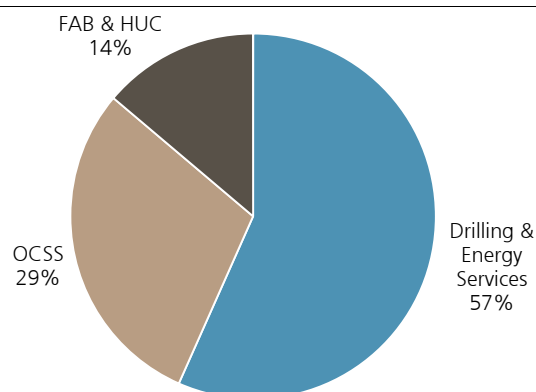
We expect the oil & gas industry outlook for 2015 to be challenging. UBS is expecting oil prices of around US\$53/bbl. Petronas has mentioned that they will seek to reduce CAPEX by 10-15% and OPEX by 25-30% - hence, this could affect the oil services companies.

Revenues by region, FY14



Source: Company data

PBT by segment, FY15



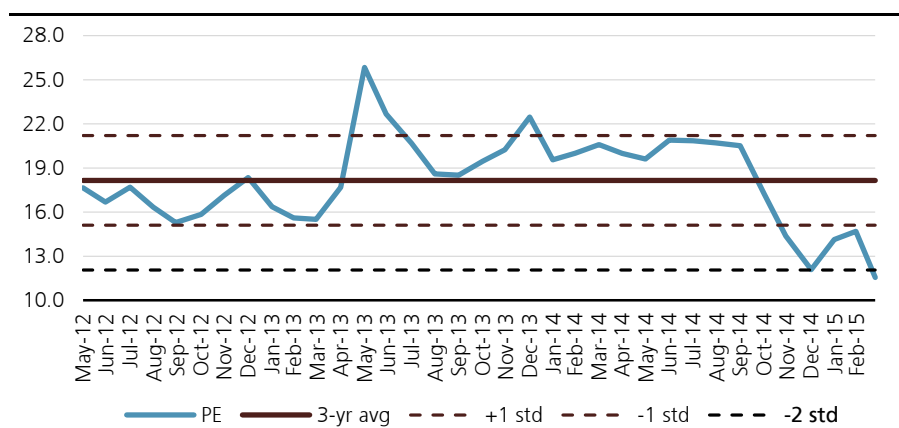
Source: Company data; Note: excluding corporate expenses & elimination

Figure 1: FY15 results summary

	4QFY14	3QFY15	4QFY15	QoQ	YoY	FY14	FY15	YoY
Offshore Construction and Subsea Services	583	800	522	-35%	-11%	3,797	3,104	-18%
Drilling and Energy Services	873	1,117	1,212	9%	39%	2,722	4,893	80%
Fabrication, Hook-Up and Commissioning	441	503	668	33%	51%	2,052	2,117	3%
Corporate & others	-14	-10	-8			-191	-171	
Total revenue	1,884	2,410	2,394	-1%	27%	8,379	9,943	19%
Operating expenses	-1,482	-1,655	-1,735	5%	17%	-6,546	-6,870	5%
Other operating income	3	14	9	-32%	188%	13	34	153%
Profit from operations	406	769	668	-13%	65%	1,846	3,107	68%
Interest income	4	4	5	17%	14%	15	15	3%
Interest expense	-127	-172	-153	-11%	21%	-444	-667	50%
Depreciation and amortization	-183	-264	-476	80%	161%	-638	-1,306	105%
Net FOREX (loss) / gain	138	7	-28			209	-1	
Allowance for impairment on receivables	-10	3	-11			-10	-8	
Gain/(loss) on disposal of PPE/subsidiaries	-	-	30			0	38	
Share of results of associates & JV	48	64	59	-7%	22%	235	252	7%
Changes in provision	-	-	-			0	64	
Other exceptional	-	-	-55			0	123	
Offshore Construction and Subsea Services	41	172	99	-43%	143%	453	629	39%
Drilling and Energy Services	257	265	106	-60%	-59%	825	1,207	46%
Fabrication, Hook-Up and Commissioning	69	71	72	2%	4%	312	295	-5%
Corporate & others	-93	-97	-238	145%	157%	-383	-515	35%
PBT	274	411	39	-90%	-86%	1,208	1,616	34%
Tax	63	-63	90	-243%	43%	-84	-183	117%
PAT	337	348	129	-63%	-62%	1,124	1,433	28%
MI	0	0	0	-109%	-108%	-37	-1	-98%
Reported net profit	337	348	129	-63%	-62%	1,087	1,433	32%

Source: Company data

Figure 2: SAKP 12-month forward PE



Source: Bloomberg, UBS estimates

Figure 3: European oil services companies' net gearing and PE vs SAKP

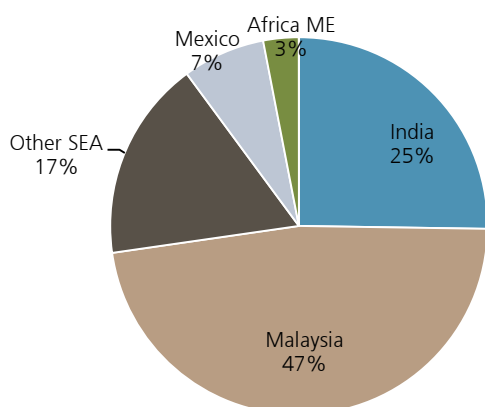
	Net gearing	PE	
	2015E	2015E	2016E
Aker Solutions Holdings	32%	8.6	11.4
Amec Foster Wheeler PLC	45%	10.6	9.6
CGG	88%	NA	25.6
Hunting	9%	16.2	16.1
Petrofac	70%	10.9	9.1
PGS	63%	NA	15.9
Saipem	93%	14.9	10.7
Seadrill	123%	3.5	3.4
Subsea 7 S.A.	-1%	7.6	14.1
Technip	9%	10.2	10.5
Tenaris	-20%	18.8	24.0
TGS Nopec	-14%	12.3	11.8
TMK	206%	24.3	6.0
Vallourec	32%	67.9	68.4
Wood Group	5%	10.5	10.8
Newfield Exploration Co.	48%	71.6	27.1
SapuraKencana Petroleum	131%	12.0	9.4
Average	54%	20.0	16.7

Source: Reuters, UBS estimates; Note: Data above are calendarised

Other key highlights from the analyst call:

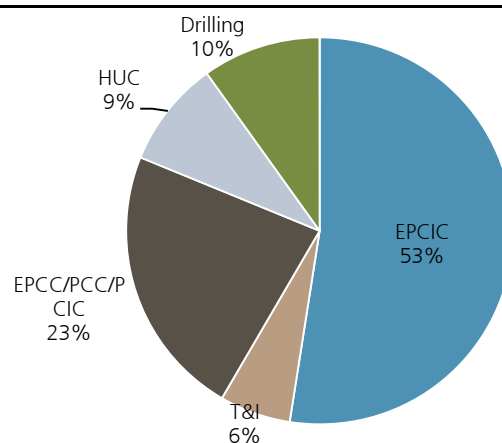
- The company's current orderbook stands at RM25.7bn, of which RM7.3bn will be recognized in FY16E, RM5.5bn will be recognized in FY17E while the remaining RM12.9bn will be recognized in FY18E onwards.
- The company's bid book is currently RM15bn of which 47% are for contracts in Malaysia and 53% are for EPCIC contracts.

Figure 4: Tenderbook by country (total RM15bn)



Source: Company data

Figure 5: Tenderbook by type of work (total RM15bn)



Source: Company data

- In terms of the upstream assets, expect gross production of 40-45k b/d in FY16E. The EBITDA breakeven is much <US\$50/barrel. All fields which they have acquired are EBITDA positive at current oil price level.
- SK408, the company still has 5 wells to explore. The company targets first gas in 2018/2019.

- For SK310, the company has received Petronas' approval for its development and hopes to commence development in late 2015 and first gas in 2017.
- For Brazil the company explained that the deepwater fields are still viable below US\$60/bbl.
- The company is targeting to bring down its net debt to equity ratio to below 1x in the next 2-3 years.
- The company targets to spend RM600m CAPEX for drilling and RM600m for upstream.

SapuraKencana Petroleum (SKPE.KL)

Income statement (RMm)	01/13	01/14	01/15	01/16E	% ch	01/17E	% ch	01/18E	01/19E	01/20E
Revenues	6,912	8,379	9,943	9,318	-6.3	11,166	19.8	11,692	12,157	12,762
Gross profit	1,318	1,939	2,810	2,828	0.6	3,427	21.2	3,529	3,635	3,766
EBITDA (UBS)	1,104	1,846	3,234	3,060	-5.4	3,441	12.4	3,579	3,537	3,533
Depreciation & amortisation	(233)	(638)	(1,306)	(1,158)	-11.4	(1,157)	-0.1	(1,213)	(1,085)	(971)
EBIT (UBS)	872	1,208	1,927	1,903	-1.3	2,284	20.0	2,365	2,452	2,562
Associates & investment income	135	235	252	248	-1.8	288	16.5	290	292	293
Other non-operating income	0	0	0	0	-	0	-	0	0	0
Net interest	(208)	(429)	(651)	(752)	-15.4	(717)	4.7	(669)	(621)	(573)
Exceptionals (incl goodwill)	31	194	88	0	-	0	-	0	0	0
Profit before tax	830	1,208	1,616	1,399	-13.5	1,855	32.7	1,987	2,122	2,282
Tax	(166)	(84)	(183)	(266)	-46.0	(361)	-35.5	(377)	(394)	(413)
Profit after tax	664	1,124	1,433	1,132	-21.0	1,494	32.0	1,609	1,728	1,868
Preference dividends	0	0	0	0	-	0	-	0	0	0
Minorities	(139)	(37)	(1)	0	-	0	-	0	0	0
Extraordinary items	0	0	0	0	-	0	-	0	0	0
Net earnings (local GAAP)	525	1,087	1,433	1,132	-21.0	1,494	32.0	1,609	1,728	1,868
Net earnings (UBS)	494	893	1,345	1,132	-15.8	1,494	32.0	1,609	1,728	1,868
Tax rate (%)	20.0	7.0	11.3	19.1	68.7	19.5	2.2	19.0	18.6	18.1
Per share (RM)	01/13	01/14	01/15	01/16E	% ch	01/17E	% ch	01/18E	01/19E	01/20E
EPS (UBS, diluted)	0.10	0.16	0.22	0.19	-15.8	0.25	32.0	0.27	0.29	0.31
EPS (local GAAP, diluted)	0.10	0.20	0.24	0.19	-21.0	0.25	32.0	0.27	0.29	0.31
EPS (UBS, basic)	0.10	0.16	0.22	0.19	-15.8	0.25	32.0	0.27	0.29	0.31
Net DPS (RM)	0.00	0.00	0.04	0.03	-20.9	0.05	32.0	0.05	0.05	0.06
Cash EPS (UBS, diluted)*	0.15	0.28	0.44	0.38	-13.6	0.44	15.8	0.47	0.47	0.47
Book value per share	1.27	1.70	2.00	2.16	7.8	2.36	9.5	2.58	2.82	3.07
Average shares (diluted)	5,004.37	5,498.26	5,987.07	5,987.07	0.0	5,987.07	0.0	5,987.07	5,987.07	5,987.07
Balance sheet (RMm)	01/13	01/14	01/15	01/16E	% ch	01/17E	% ch	01/18E	01/19E	01/20E
Cash and equivalents	1,026	1,387	1,257	2,465	96.1	2,218	-10.0	3,595	4,940	6,276
Other current assets	3,450	3,344	4,511	4,222	-6.4	5,016	18.8	5,248	5,452	5,718
Total current assets	4,476	4,731	5,767	6,687	15.9	7,235	8.2	8,844	10,392	11,994
Net tangible fixed assets	4,222	12,519	13,771	12,990	-5.7	13,163	1.3	12,000	10,964	10,043
Net intangible fixed assets	5,035	7,452	7,740	7,740	0.0	7,740	0.0	7,740	7,740	7,740
Investments / other assets	1,419	1,913	7,285	7,285	0.0	7,285	0.0	7,285	7,285	7,285
Total assets	15,152	26,614	34,563	34,701	0.4	35,422	2.1	35,868	36,382	37,062
Trade payables & other ST liabilities	2,375	3,350	3,356	3,069	-8.6	3,628	18.2	3,818	3,978	4,190
Short term debt	2,374	1,034	1,099	1,066	-2.95	997	-6.45	929	860	791
Total current liabilities	4,750	4,385	4,455	4,135	-7.2	4,625	11.9	4,746	4,838	4,982
Long term debt	3,567	11,326	15,855	15,387	-2.9	14,395	-6.4	13,403	12,410	11,418
Other long term liabilities	92	697	2,260	2,260	0.0	2,260	0.0	2,260	2,260	2,260
Preferred shares	0	0	0	0	-	0	-	0	0	0
Total liabilities (incl pref shares)	8,409	16,408	22,570	21,782	-3.5	21,280	-2.3	20,409	19,508	18,660
Common s/h equity	6,337	10,200	11,986	12,912	7.7	14,135	9.5	15,452	16,866	18,395
Minority interests	406	6	7	7	0.0	7	0.0	7	7	7
Total liabilities & equity	15,152	26,614	34,563	34,701	0.4	35,422	2.1	35,868	36,382	37,062
Cash flow (RMm)	01/13	01/14	01/15	01/16E	% ch	01/17E	% ch	01/18E	01/19E	01/20E
Net income (before pref divs)	525	1,087	1,433	1,132	-21.0	1,494	32.0	1,609	1,728	1,868
Depreciation & amortisation	233	638	1,306	1,158	-11.4	1,157	-0.1	1,213	1,085	971
Net change in working capital	(340)	1,153	(1,099)	1	-	(235)	-	(42)	(43)	(53)
Other operating	16	(1,264)	(595)	0	-	0	-	0	0	0
Operating cash flow	434	1,614	1,045	2,290	119.1	2,416	5.5	2,780	2,771	2,786
Tangible capital expenditure	(1,441)	(2,540)	(2,060)	(377)	81.7	(1,330)	-253.1	(50)	(50)	(50)
Intangible capital expenditure	0	0	0	0	-	0	-	0	0	0
Net (acquisitions) / disposals	(194)	(5,698)	(2,375)	0	-	0	-	0	0	0
Other investing	(1,274)	(510)	(129)	0	-	0	-	0	0	0
Investing cash flow	(2,909)	(8,747)	(4,564)	(377)	91.7	(1,330)	-253.1	(50)	(50)	(50)
Equity dividends paid	0	0	(141)	(206)	-46.1	(272)	-32.0	(293)	(314)	(340)
Share issues / (buybacks)	0	1,579	(80)	0	-	0	-	0	0	0
Other financing	1	0	0	0	-	0	-	0	0	0
Change in debt & pref shares	2,788	5,892	3,520	(500)	-	(1,061)	-112.20	(1,061)	(1,061)	(1,061)
Financing cash flow	2,789	7,471	3,299	(706)	-	(1,333)	-88.8	(1,354)	(1,375)	(1,401)
Cash flow inc/(dec) in cash	314	338	(219)	1,208	-	(246)	-	1,377	1,345	1,336
FX / non cash items	(705)	22	89	0	-	0	-	0	0	0
Balance sheet inc/(dec) in cash	(391)	361	(130)	1,208	-	(246)	-	1,377	1,345	1,336

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.*Cash EPS (UBS, diluted) is calculated using UBS net income adding back depreciation and amortization.

SapuraKencana Petroleum (SKPE.KL)

Valuation (x)	01/13	01/14	01/15	01/16E	01/17E	01/18E	01/19E	01/20E
P/E (local GAAP, diluted)	24.1	19.3	16.0	12.2	9.2	8.6	8.0	7.4
P/E (UBS, diluted)	25.6	23.5	17.1	12.2	9.2	8.6	8.0	7.4
P/CEPS	17.4	13.7	8.7	6.0	5.2	4.9	4.9	4.8
Equity FCF (UBS) yield %	(8.0)	(4.2)	(4.4)	13.9	7.9	19.8	19.7	19.9
Net dividend yield (%)	0.0	0.0	1.1	1.5	2.0	2.1	2.3	2.5
P/BV x	2.0	2.2	1.9	1.1	1.0	0.9	0.8	0.7
EV/revenues (core)	2.1	3.4	3.0	2.3	1.8	1.6	1.3	1.1
EV/EBITDA (core)	13.3	15.4	9.1	7.1	5.9	5.3	4.6	4.0
EV/EBIT (core)	16.9	23.6	15.2	11.4	9.0	8.0	6.7	5.5
EV/OpFCF (core)	14.1	15.9	9.3	7.2	6.0	5.3	4.7	4.0
EV/op. invested capital	2.0	1.9	1.5	1.1	1.0	0.9	0.9	0.8
Enterprise value (RMm)	01/13	01/14	01/15	01/16E	01/17E	01/18E	01/19E	01/20E
Market cap.	12,653	22,123	22,974	13,782	13,782	13,782	13,782	13,782
Net debt (cash)	3,076	7,945	13,335	14,843	13,581	11,955	9,533	7,132
Buy out of minorities	370	206	7	7	7	7	7	7
Pension provisions/other	0	0	0	0	0	0	0	0
Total enterprise value	16,100	30,273	36,316	28,632	27,370	25,744	23,322	20,921
Non core assets	(1,375)	(1,798)	(6,932)	(6,932)	(6,932)	(6,932)	(6,932)	(6,932)
Core enterprise value	14,725	28,475	29,384	21,700	20,438	18,812	16,390	13,989
Growth (%)	01/13	01/14	01/15	01/16E	01/17E	01/18E	01/19E	01/20E
Revenue	52.1	21.2	18.7	-6.3	19.8	4.7	4.0	5.0
EBITDA (UBS)	5.5	67.1	75.2	-5.4	12.4	4.0	-1.2	-0.1
EBIT (UBS)	-5.6	38.5	59.6	-1.3	20.0	3.6	3.6	4.5
EPS (UBS, diluted)	-17.8	64.6	38.4	-15.8	32.0	7.7	7.4	8.1
Net DPS	-	-	-	-20.9	32.0	7.7	7.4	8.1
Margins & Profitability (%)	01/13	01/14	01/15	01/16E	01/17E	01/18E	01/19E	01/20E
Gross profit margin	19.1	23.1	28.3	30.3	30.7	30.2	29.9	29.5
EBITDA margin	16.0	22.0	32.5	32.8	30.8	30.6	29.1	27.7
EBIT margin	12.6	14.4	19.4	20.4	20.5	20.2	20.2	20.1
Net earnings (UBS) margin	7.1	10.7	13.5	12.1	13.4	13.8	14.2	14.6
ROIC (EBIT)	11.9	8.1	9.6	9.3	11.3	11.9	13.1	14.4
ROIC post tax	8.9	7.3	8.2	7.2	8.7	9.3	10.3	11.4
ROE (UBS)	10.3	10.8	12.1	9.1	11.0	10.9	10.7	10.6
Capital structure & Coverage (x)	01/13	01/14	01/15	01/16E	01/17E	01/18E	01/19E	01/20E
Net debt / EBITDA	4.5	5.9	4.9	4.6	3.8	3.0	2.4	1.7
Net debt / total equity %	72.9	107.5	130.9	108.3	93.2	69.5	49.4	32.2
Net debt / (net debt + total equity) %	42.2	51.8	56.7	52.0	48.2	41.0	33.1	24.4
Net debt/EV %	33.4	38.5	53.4	64.5	64.5	57.1	50.8	42.4
Capex / depreciation %	NM	NM	157.7	32.5	115.0	4.1	4.6	5.1
Capex / revenue %	20.8	NM	20.7	4.0	11.9	0.4	0.4	0.4
EBIT / net interest	4.2	2.8	3.0	2.5	3.2	3.5	3.9	4.5
Dividend cover (UBS)	-	-	5.2	5.5	5.5	5.5	5.5	5.5
Div. payout ratio (UBS) %	-	-	19.3	18.2	18.2	18.2	18.2	18.2
Revenues by division (RMm)	01/13	01/14	01/15	01/16E	01/17E	01/18E	01/19E	01/20E
Others	6,912	8,379	9,943	9,318	11,166	11,692	12,157	12,762
Total	6,912	8,379	9,943	9,318	11,166	11,692	12,157	12,762
EBIT (UBS) by division (RMm)	01/13	01/14	01/15	01/16E	01/17E	01/18E	01/19E	01/20E
Others	872	1,208	1,927	1,903	2,284	2,365	2,452	2,562
Total	872	1,208	1,927	1,903	2,284	2,365	2,452	2,562

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.

Forecast returns

Forecast price appreciation	+30.4%
Forecast dividend yield	1.5%
Forecast stock return	+31.9%
Market return assumption	9.0%
Forecast excess return	+22.9%

Statement of Risk

The prospects for an upstream oil services provider depend on capex and the amount of exploration/production work undertaken by the oil and gas majors, which, in turn, is influenced by the perceived direction of oil prices and demand. Specifically for SapuraKencana, its high gearing could limit near-term growth, while the company might face integration risks after the recent acquisitions of Seadrill's tender rig and Newfield's upstream businesses.

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12-Month Rating	Definition	Coverage ¹	IB Services ²
Buy	FSR is > 6% above the MRA.	47%	37%
Neutral	FSR is between -6% and 6% of the MRA.	42%	32%
Sell	FSR is > 6% below the MRA.	11%	21%
Short-Term Rating	Definition	Coverage ³	IB Services ⁴
Buy	Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.	less than 1%	less than 1%
Sell	Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.	less than 1%	less than 1%

Source: UBS. Rating allocations are as of 31 December 2014.

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.

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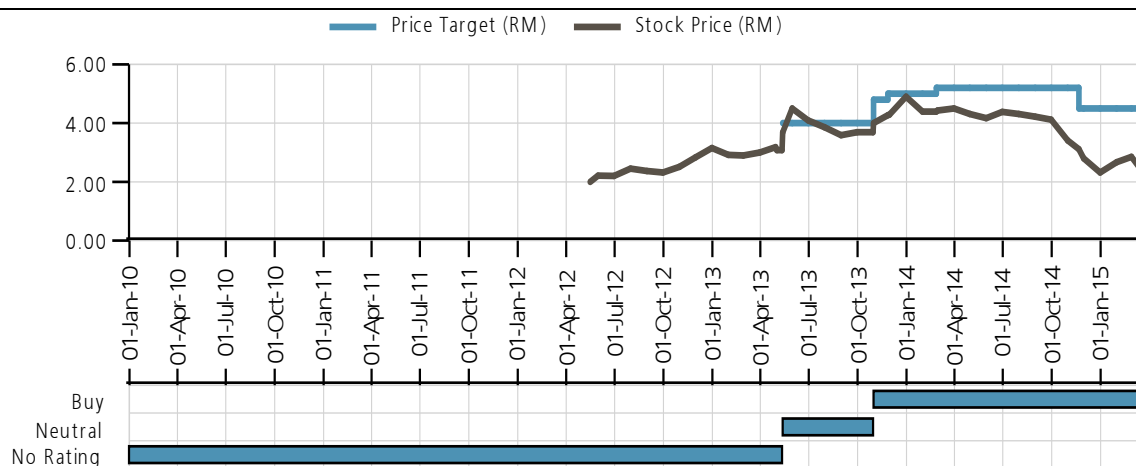
Company Name	Reuters	12-month rating	Short-term rating	Price	Price date
SapuraKencana Petroleum	SKPE.KL	Buy	N/A	RM2.30	23 Mar 2015

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

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

SapuraKencana Petroleum (RM)



Source: UBS; as of 23 Mar 2015

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