UBS

Global Equity Research

Australia

Auto Parts

12-month rating	Restricted .
12m price target	- .
Price	A$9.30/US$8.34

RIC: GUD.AX BBG: GUD AU

27 January 2010

UBS Investment Research

GUD Holdings Limited

Breville bid dropped

■ Quality 1H10 result

GUD reported a strong result however announced today the offer for Breville will lapse on 5th February. 1H10 NPAT of $24.7m was a touch ahead of our $23.0m estimate aided by a slightly lower tax rate at 28.4%. Group EBIT margin of 14.8% was a touch ahead of UBSe at 14.6% but well up on 13.7% reported in the pcp.

■ Minor earnings adjustments – all divisions performing

We have raised FY10E EBIT by 1.7%, largely on the back of an improved contribution from the Water business (with new management and the Monarch restructuring showing dividends). Our FY10 EBIT forecast of $69m is ahead of company guidance of $64-68m but remains achievable in our view, particularly given margin expansion in the Consumer division expected in 2H10 vs the first half.

■ M&A pricing key to share price outperformance

While the BRG bid being dropped is clearly disappointing, GUD's operating performance has been excellent and we expect cashflow to be put to good use over the next 12 months with larger acquisitions. Adding a new division the size of Auto or Water would be 11% accretive to EPS assuming GUD paid 8x EBIT, or 14.1% if they paid 7x. The stock trades on 12.4x FY11E earnings, the premium to the emerging industrials remains justified by quality management. Pricing of any acquisitions remains the fundamental share price catalyst over the next 6-12 months.

■ Valuation: price target restricted

Our valuation, price target and rating remain restricted for the time being.

Highlights (A$m)	06/08	06/09	06/10E	06/11E	06/12E
Revenues	535.1	468.4	488.2	503.9	520.5
EBIT (UBS)	68.9	60.8	69.0	71.1	73.7
Net Income (UBS)	41.9	34.8	44.0	45.9	47.8
EPS (UBS, A$)	0.70	0.60	0.73	0.76	0.79
Net DPS (UBS, A$)	0.65	0.62	0.61	0.73	0.77

Profitability & Valuation	5-yr hist av.	06/09	06/10E	06/11E	06/12E
EBIT margin %	14.0	13.0	14.1	14.1	14.2
ROIC (EBIT) %	34.3	30.5	34.9	35.9	37.2
EV/EBITDA (core) x	7.4	6.1	8.1	7.4	7.1
PE (UBS) x	12.2	10.1	12.8	12.3	11.8
Net dividend yield %	6.7	10.3	6.6	7.8	8.3

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$9.30 on 27 Jan 2010 19:42 EST

Lachlan Parker
Analyst
lachlan-m.parker@ubs.com
+61-2-9324 3671

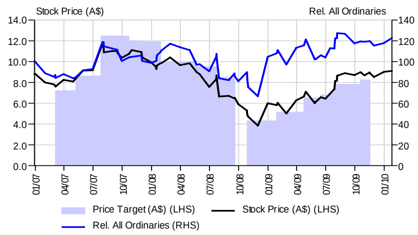
Trading data (local/US$)	
52-wk range	A$9.62-5.02/US$8.90-3.23
Market cap.	A$0.56bn/US$0.50bn
Shares o/s	60.1m (ORD)
Free float	100%
Avg. daily volume ('000)	197
Avg. daily value (A$m)	1.7

Balance sheet data 06/10E	
Shareholders' equity	A$0.14bn
P/BV (UBS)	3.9x
Net Cash (debt)	(A$0.08bn)

Forecast returns	
Forecast price appreciation	-
Forecast dividend yield	10.3%
Forecast stock return	-
Market return assumption	9.3%
Forecast excess return	-

EPS (UBS, A$)	06/10E			06/09
	From	To	Cons.	Actual
H1E	-	0.41	-	0.29
H2E	-	0.32	-	0.31
06/10E	0.71	0.73	*0.69*	
06/11E	0.73	0.76	*0.73*	

Performance (A$)



Source: UBS

www.ubs.com/investmentresearch

1H10 Result Review

Excellent operating performance

There were few surprises in GUD's 1H10 result announcement. Key news is the board's decision to let the Breville bid lapse on 5th Feb. Breville's own trading update today indicated very strong growth in the core Australian and North American businesses in November and December, not dissimilar to GUD.

Operating numbers were sound: GUD reported 1H10 NPAT of $24.7m (vs UBSe $23.0m) up 27% vs 1H09 on an underlying basis.

Full year group EBIT margin of 14.8% was broadly in line with our 14.6% est. but well up on 13.7% reported in 1H09. Margin expansion was aided by the successful Oates + Monarch restructuring, however consumer continues to shine, with Sunbeam in particular enjoying a strong December (although it varied by retailer). Tax rate was lower than we expected at 28.4% (vs 29.1% in the pcp).

Final dividend of 28c below our 32c estimate, the lower 68% payout more a function of upcoming M&A opportunity we would expect.

Key positives include:

- **Good performance from Consumer and Water**: GUD's consumer EBIT margin was flat year on year at 12.9% for 1H10 on revenue up 5%. But within that result were hedging costs not expected in the second half of the year. We now forecast an EBIT margin of 13.3% for 2H10 on the back of hedging normalising and as operating costs continue to be refined post Oates restructuring.

  New management and strong pump demand within the Water division helped drive EBIT up 41% vs pcp, with margins expanding from 12.8% to an impressive 16.6%. While Monarch demand remains patchy we expect 15% margins should be sustainable for the division going forward.

- **Excellent cashflow**: Seasonally 1H is GUD's weaker cashflow half, however free cashflow was very strong at $18.3m vs -$10m in the pcp. Net debt fell from $123m end Dec 2008 to $92.5m end Dec 2009. With natural working capital movements we forecast it to fall to $78m by end June.

- **Post Breville – what next**? We expect M&A to remain a theme for management over the next 12 months with two targets (branded goods) in particular potentially adding to GUD's four existing product segments.

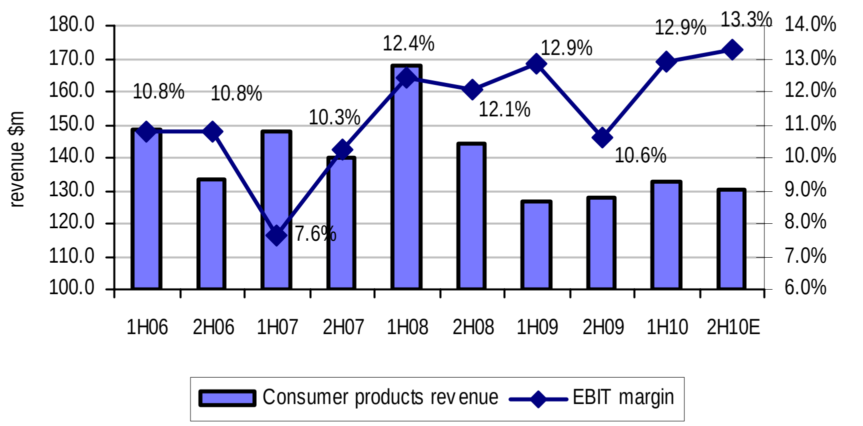
Guidance unchanged: GUD recently updated the market with earnings guidance of $64-68m EBIT for FY10. Higher commodity and freight costs, combined with the spectre of interest rate rises all contribute to the relatively muted 2H10 expectations. Our numbers remain ahead of guidance with a full year EBIT of $69.0m.

Result Overview by division:

- **Consumer products**: Consumer revenue rose 4.5% vs pcp with EBIT up 4.9% for the half to $17.1m. Margins were flat vs pcp but this was in part due to Sunbeam hedging f/x movements which won't be impacting the second half of the year. 2H09 Consumer EBIT margin of 12.9% was under our estimate of 13.5% for the period.

- Our forecasts assume a material slowdown in the growth for 2H10 with revenue up 1.9% on pcp, consistent with softer Jan trading as reported by GUD. For FY11 we have assumed 3.2% revenue growth (same as FY10) with EBIT margins softening to 12.5% vs 13.1% for full year FY11. Raw material and freight costs are only expected to rise with improvements in sourcing likely to be harder to attain going forward. We expect negligible move in small appliance market share going forward.

Chart 1: Consumer products margins – (note Victa sale in was in FY08)

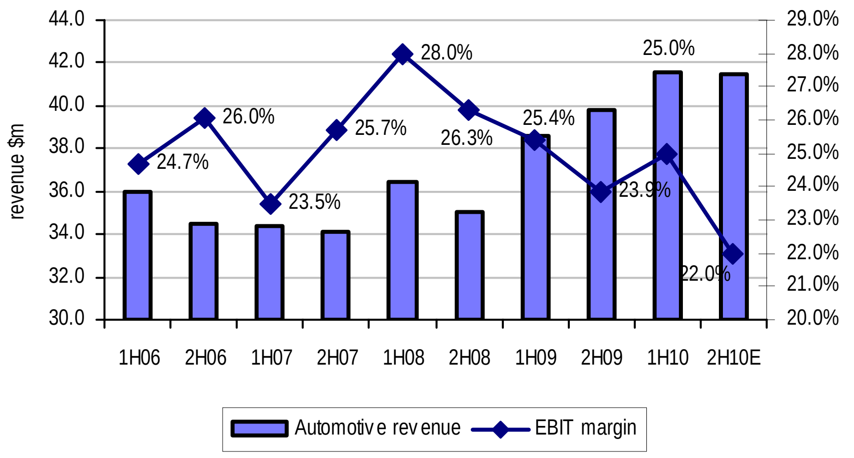


Source: company data, UBS

- **Automotive products**: Automotive revenue continued to benefit from new distribution agreements with Supercheap on the retail side, as well as progress with Repco in the trade business. Revenue rose 8% vs pcp, with EBIT up 6% to $10.4m, a touch under our $10.8m estimate. Auto EBIT margin of 25.0% for the half was broadly in line with pcp, and a touch under our 26.1% estimate.

- Our forecasts assume Automotive margins stabilise at 24% going forward.

Chart 2: Automotive products margin

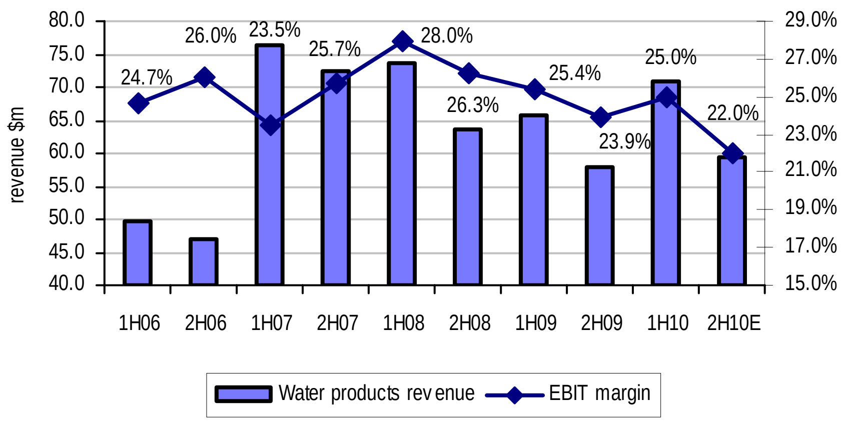


Source: company data, UBS

- **Water products**: Water was the standout performer for the half with revenue up 8% and EBIT up 41% vs pcp, admittedly against weaker comparables. Pool/spa product sales remain soft however the Monarch restructure and new management team have been fundamental to the improved margins. The Davey division has seen improved market share with growth in firefighter pumps and conservation products.

- Our forecasts assume revenue growth slows in the second half with a full year revenue growth rate of 5.5%, falling to 2.5% in FY11. We assume 15.0% margins should be sustainable for the division going forward.

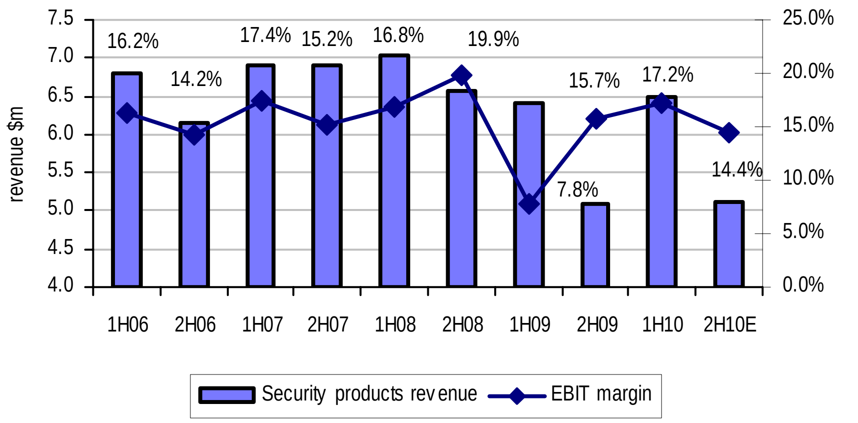
Chart 3: Water products margin



Source: company data, UBS

- **Security products**: GUD's smallest division, Security product earnings improved with EBIT of $1.1m vs our $0.9m estimate. Price rises to key customers have been an important driver of margins, however import substitution could be an issue going forward. We forecast flat EBIT growth in FY11.

Chart 4: Security products margin



Source: company data, UBS

Table 1: GUD divisional EBIT summary – interims

	1H06	2H06	1H07	2H07	1H08	2H08	1H09	2H09	1H10A	1H10 UBSe	Variance to actual
EBIT by Division											
Consumer Products	16	14.4	11.3	14.3	20.9	17.4	16.3	13.6	17.1	18.0	-5.0%
Automotive	8.9	9	8.1	8.8	10.2	9.2	9.8	9.5	10.4	10.8	-3.7%
Water Products	6.6	7.3	10.7	8.5	8.5	5	8.4	6.6	11.8	8.9	32.6%
Security Products	1.1	0.9	1.2	1.1	1.2	1.3	0.5	0.8	1.1	0.9	24.4%
Unallocated	-0.2	-0.4	-2.1	-1.7	-2.5	-2.3	-2.4	-2.3	-3.1	-2.4	29.2%
Total EBIT	32.4	31.2	29.2	31	38.3	30.6	32.6	28.2	37.3	36.2	3.1%
EBIT margin											
Consumer Products	10.8%	10.8%	7.6%	10.3%	12.4%	12.1%	12.9%	10.6%	12.9%	13.5%	
Automotive	24.7%	26.0%	23.5%	25.7%	28.0%	26.3%	25.4%	23.9%	25.0%	26.1%	
Water Products	13.2%	15.5%	13.9%	11.7%	11.6%	7.8%	12.8%	11.4%	16.6%	13.2%	
Security Products	16.2%	14.2%	17.4%	15.2%	16.8%	19.9%	7.8%	15.7%	17.2%	14.0%	
Group EBIT margin	13.4%	14.1%	11.0%	12.2%	13.4%	12.3%	13.7%	12.2%	14.8%	14.6%	

Source: UBS estimates

Table 2: GUD – results vs UBSe estimates

(A$m)	1H2009 Actual	1H2010 Actual	(%) change	1H2010 UBSe	(%) variance
Revenues	237.5	251.6	5.9	248.3	1.3
EBIT	32.6	37.3	14.5	36.2	3.1
Net Interest Expense	(8.8)	(2.7)	69.1	(3.5)	29.0
Earnings Before Tax	23.8	34.6	45.2	32.7	5.6
Tax Expense	(7.0)	(9.8)	(41.0)	(9.7)	(1.3)
Net Profit (pre-abnormals)	16.9	24.8	46.9	23.0	7.3
Reported NPAT	16.9	24.8	46.9	23.0	7.3
DPS (cents)	27.0	28.0	3.7	32.0	(14.3)
Reported EPS (cents)	29.2	41.0	40.3	38.2	7.3
EBIT margin (%)	13.7	14.8	8.1	14.6	1.9

Source: UBS estimates

Change in earnings

- Our key changes to earnings forecast are summarised below. Of note, we have increased our EBIT forecast by 1.2% in FY10 and 1.7% in FY11 given the solid rebound in Water and Security margins.

Table 3: GUD – change in earnings

GUD Holdings Limited (A$m)	Actual 2009	New 2010E	Prev. 2010E	(%) Change	New 2011E	Prev. 2011E	(%) Change	New 2012E	Prev. 2012E	(%) Change
Revenues	468.4	488.2	484.7	0.7	503.9	500.1	0.8	520.5	513.3	1.4
EBITDA	71.7	79.8	79.0	1.0	82.4	81.2	1.5	85.4	83.3	2.6
EBIT	60.8	69.0	68.2	1.2	71.1	69.9	1.7	73.7	71.6	3.0
Net interest expense	(11.5)	(6.4)	(6.8)	(6.3)	(5.9)	(6.3)	(6.8)	(5.7)	(6.1)	(6.0)
PBT	49.3	62.6	61.4	2.0	65.3	63.6	2.6	67.9	65.4	3.8
Tax Expense	(14.5)	(18.6)	(18.2)	2.0	(19.3)	(18.9)	2.6	(20.1)	(19.4)	3.7
Tax Rate (%)	(29.4)	(29.6)	(29.6)	0.0	(29.6)	(29.6)	(0.0)	(29.6)	(29.6)	(0.1)
Reported NPAT	34.8	44.0	43.2	2.0	45.9	44.8	2.6	47.8	46.0	3.8
EPS (pre-abnormals)	59.9	72.6	71.0	2.3	75.8	73.4	3.2	78.9	75.5	4.4

Source: UBS estimates

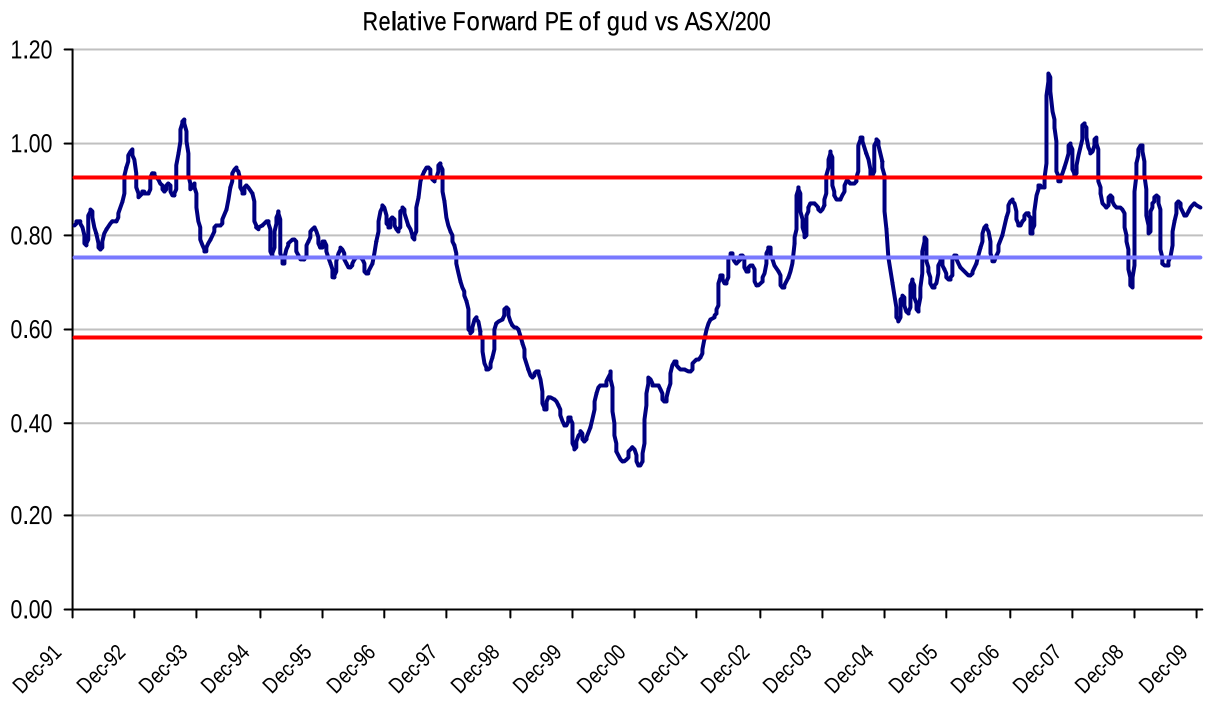
Valuation & Rating remain restricted

- While GUD's underlying EBIT result was 3% ahead of our expectations, management do remain cautious looking ahead, with interest rate rises the clear spectre on the horizon. 1H10 results were good, with no problem divisions, but one gets the sense without M&A there is little operating upside given excellent progress on cost reductions and divisional management improvement over the past 18 months. Price rises remain 'difficult to push through' but this will always be the case - given minimal market share shifts for key consumer brands the price/volume trade-off appears from the outside to be managed well given f/x uncertainties.

- We remain restricted on price target and valuation for the time being, but suspect the shares will continue to include an M&A premium for upcoming opportunities. For sake of example, assuming an acquisition similar in size to GUD's Water or Automotive division ($20m EBIT), if GUD paid 8x it would be 11.0% EPS accretive if fully debt funded. Paying 7x EBIT would be 14.1% accretive.

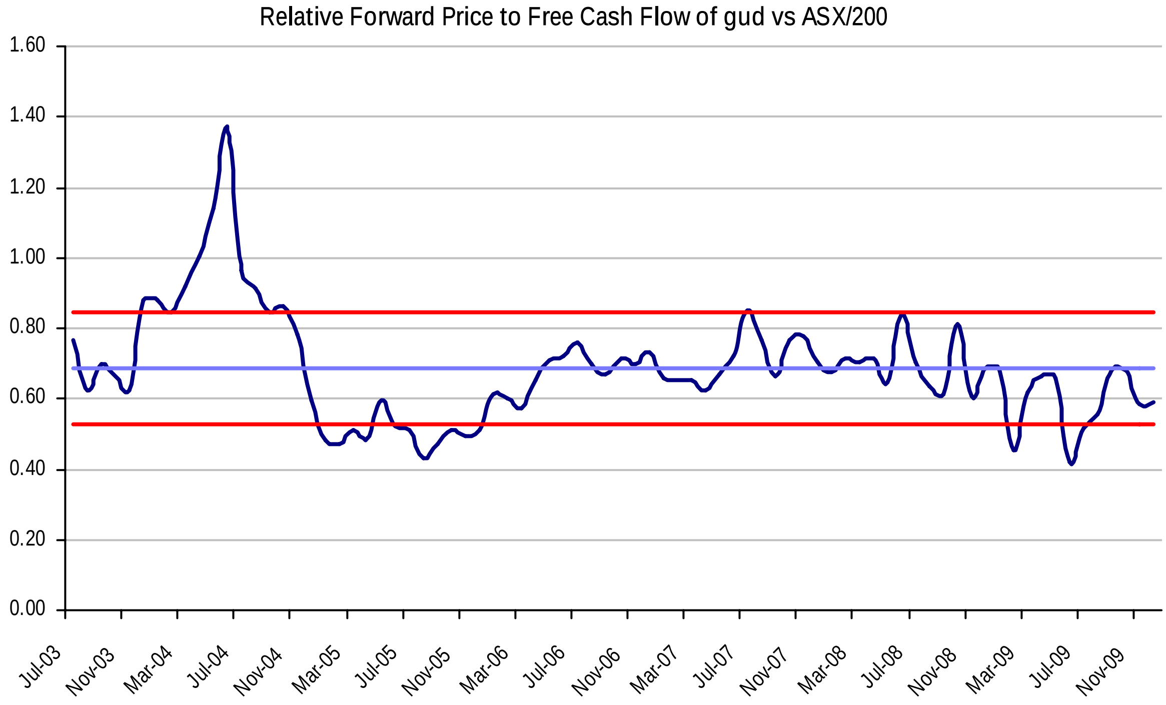
  GUD trades on 12.4x our FY11 earnings – a premium to emerging industrials average of 11.4x. While we believe a management premium is justified, pricing of any M&A is likely going to be fundamental to any positive share price performance.

Chart 5: GUD 1 yr forward PE relative to ASX/200



Source: UBSe

Chart 6: GUD 1 yr forward price/free cashflow relative to ASX/200



Source: UBSe

Back Page Insert

■ GUD Holdings Limited

GUD Holdings (GUD) owns and manages a diverse group of businesses selling branded manufactured products in Australia and New Zealand. GUD operates several of Australia's most established and well-recognised consumer and industrial brands, including Sunbeam appliances, Ryco filters, Davey pumps and Oates cleaning accessories. GUD was formed in 1940 and first listed in 1959.

■ Statement of Risk

We believe the key risks include a downturn in spending on homewares in Australia, adverse currency movements, and variations in the cost of raw materials.

■ 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: Lachlan Parker.

Company Disclosures

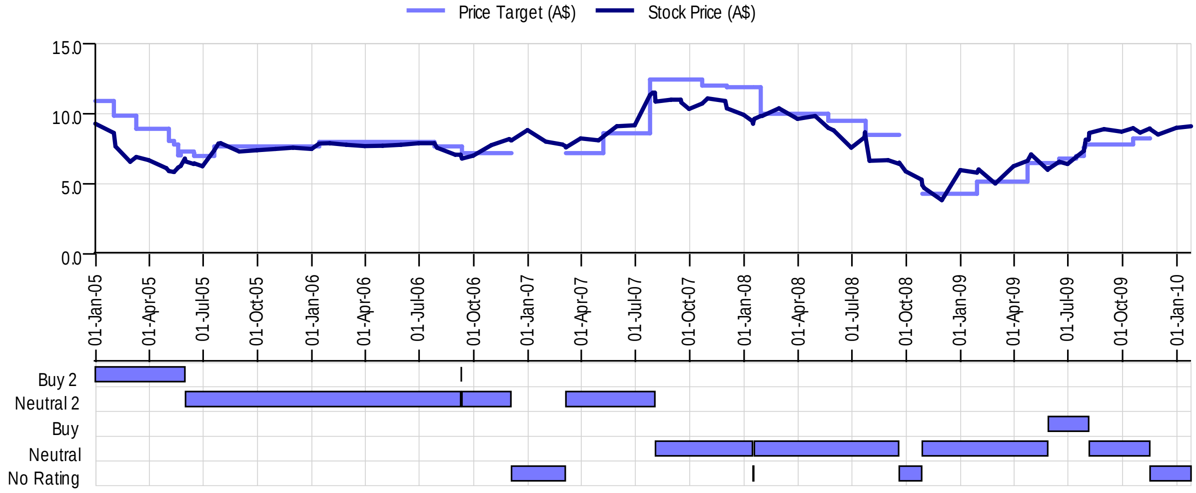
Company Name	Reuters	12-mo rating	Short-term rating	Price	Price date
GUD Holdings Limited[3]	GUD.AX	Restricted	N/A	A$9.11	25 Jan 2010

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

3. UBS AG, Australia Branch is acting as Financial Adviser to Breville Group Limited on the approach from G.U.D. Holdings Limited and will be receiving a fee for acting in this capacity.

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

GUD Holdings Limited (A$)



Source: UBS; as of 25 Jan 2010

Note: On August 4, 2007 UBS revised its rating system. (See 'UBS Investment Research: Global Equity Rating Definitions' table for details). From September 9, 2006 through August 3, 2007 the UBS ratings and their definitions were: Buy 1 = FSR is > 6% above the MRA, higher degree of predictability; Buy 2 = FSR is > 6% above the MRA, lower degree of predictability; Neutral 1 = FSR is between -6% and 6% of the MRA, higher degree of predictability; Neutral 2 = FSR is between -6% and 6% of the MRA, lower degree of predictability; Reduce 1 = FSR is > 6% below the MRA, higher degree of predictability; Reduce 2 = FSR is > 6% below the MRA, lower degree of predictability. The predictability level indicates an analyst's conviction in the FSR. A predictability level of '1' means that the analyst's estimate of FSR is in the middle of a narrower, or smaller, range of possibilities. A predictability level of '2' means that the analyst's estimate of FSR is in the middle of a broader, or larger, range of possibilities. From October 13, 2003 through September 8, 2006 the percentage band criteria used in the rating system was 10%.

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