Austock Securities

Research Report

Matrix C & E Ltd (MCE)

FY'11 Result – Market disappointed, long term story intact

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Key Points

- Underlying NPAT of $34m was 7% below our expectations of $36.5m.
- The 2H'11 operating cashflow was $7.5m vs. -$6m at the 1H'11. The $36m reduction in progress claims and deposits was the main reason for the poor cashflow result
- The new Henderson factory only ran at 22% of capacity in Jun'11, providing little revenue benefit, but with almost full costs of operating a factory. We had factored in better performance from Henderson.
- Expectations are that several large orders are likely to be secured in the near term - $500m of live tenders.

Being thrown out with the bath water

MCE has reported FY'11 NPAT of $33.6m and underlying NPAT of $34m, below guidance of $35m - $36m, though up 85% on pcp. This was below our forecast of $36.5m, the result disappointed.

EPS growth was more subdued, but still impressive at 56% for FY'11, particularly if you didn't have prior expectations.

Guidance is for 20% revenue growth in FY'12 and for margins to be similar to the FY'11 result (which is below previous forecasts).

Key takeaways:

- WIH came in at A$110m (from A$180m at 1H'11). The open quotation book is $500m (from $400m at the 1H'11) and the risk weighted order book is $170m from $110m;
- Operating cashflow for FY'11 was just $1.5m. If you adjust for the $36m, operating cashflow to EBITDA would be 70%.

Gearing (ND/E) was 7%. The Balance Sheet remains healthy.

EBITDA margins fell in the 2H'11 (26.2%) vs. the 1H'11 (30.9%). Management indicated that ramp up costs for Henderson (which failed to contribute of any significance in FY'11) was the reason for this falling.

Investment View

The result delivered some surprises such as guidance for lower margins going forward, Henderson behind expectations, a low order book adding risk and lack of detail on cashflow. MCE is/has been de-rated, mostly a result of above.

We use a multiples based valuation for MCE, noting that MCE still has a high DCF, that appears beyond them in the current market. We use 12x's the mid point of FY'12 and FY'13 EPS, resulting in a price target of $6.75/share (from $10.90).

We believe the long term outlook for MCE is for high growth, with deep-sea oil and gas remaining positive. Due to poor investor relations, MCE could get sold off further, however, if you are thinking of selling, you could well be at the low point. The open tenders is at a record. If MCE grow their order book, it should recover (now cheap). We retain our Buy call.

Recommendation	Buy
Previous Recommendation	Buy
Risk Rating	High
Current Share Price	$4.72
12 Month Price Target	$6.75 (from $10.90)
Price Target Methodology	Multiples
Total Return (Capital + Yield)	46.6%
DCF Valuation	$8.60 (from $10.90)
Market capitalization	$364m
Liquidity – Daily Value	$1.7m

EPS Changes & Austock vs. Consensus

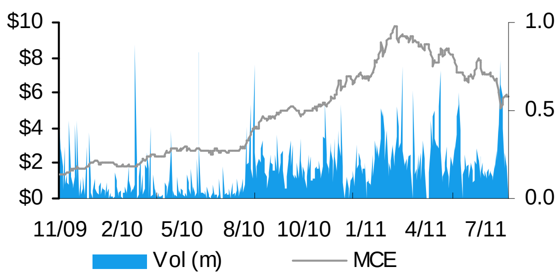
Y/e Jun ($m)	2012F	2013F	2014F
Previous EPS (cps)	61.0	78.1	94.5
Change in EPS (%)	-16%	-21%	-13%
Consensus EPS (cps)	57.4	67.7	Na
Austock vs. Consensus (%)	-4%	-3%	Na

Financial Forecasts & Valuation Metrics

Y/e Jun ($m)	2011A	2012F	2013F	2014F
Revenue	188	223	272	344
NPAT	34.0	39.4	47.6	63.4
EPS (cps)	46.3	51.2	61.7	82.3
EPS Growth	58%	10%	21%	33%
DPS (c)	7.0	16.9	20.4	27.1
EV / EBITDA (x)	7.0	5.7	4.6	3.3
PER (x)	10.2	9.2	7.6	5.7
Dividend Yield	1.5%	3.6%	4.3%	5.7%
Gearing	7%	4%	-6%	-18%
Interest Cover (x)	73.8	22.0	40.2	na

Source: Austock Securities estimates

MCE Share Price and Volume



Source: Austock Securities estimates

Results Summary

Financials

FY'11 NPAT missed expectations

MCE reported NPAT of $33.6m and underlying NPAT of $34m (after adjusting for impairment charges). This compares to $18.4m pcp (up 85%) and our forecast of $36.5m (-7%). Management guidance was for a $35m - $36m result. Whilst not a big miss relative to the growth in NPAT, stocks are rarely treated well in this market for missing expectations.

56% EPS growth

Due to a raising last year to fund the Henderson factory, EPS growth was not as strong as NPAT growth, but impressive all the same, up 56% on pcp. It is easy too concerned away about the FY'11 result and forget the 1000% NPAT growth delivered by MCE over the past two years. In our opinion, growth is taking a breather in FY'12, but options exist for it to continue.

Capex spend at Henderson drawing to a close

Capex spend was below our forecasts at $31m. Apart from the $5m office block still to be built and the concreting of the yard ($2m), MCE is close to finalising its capex cycle spend at Henderson. Growth is still to be delivered from the capex spent at Henderson to date.

MCE investing in R&D – what we like to see

We also factor in ongoing R&D capex. In FY'11 MCE spent 3.7% of revenue on R&D. We expect that MCE will convert R&D to either new products or cheaper methods to manufacture, both potential drivers of the bottom line

Balance Sheet and interest cover are strong

Gearing (ND/E) stands at 7% and FY'11A interest cover is 50x's. Whilst MCE is expected to have further working capital requirements due to high growth as Henderson ramps up, we expect improved cashflow in FY'12 and view the Balance Sheet as solid.

Operating cashflow impacted by high working capital demands and poor explanation

The MCE result disappointed on cashflow in the 1H'11 by reporting a -$6m operating cashflow. The 2H'11 saw an improvement (+$7.5m), but still not an outstanding result. Full year operating cashflow was $1.5m.

Most of the cashflow underperformance can be explained by progress claims and deposits falling from $36m to $0m. This account can move around depending on progress claims (we believe the high deposits is unlikely to occur again) and should provide a low base for improvement in subsequent years. Adjusting for the $36m, operating cashflow to EBITDA was 70%, a fair result.

The issue is that the company did not explain cashflow well on the conference call, which is seen as a black mark. Our understanding is that earlier strong cashflow results (FY'09 and FY'10) were bolstered by deposits (up to 20%) paid up front when a order was awarded. Now that MCE is a listed company, this has fallen to ~5% up front. The order book has fallen and the inflow of new orders has been quiet in the 2H'11, also reducing upfront payments.

Revenue is booked as modules are produced. Customers are billed as production milestones are achieved. MCE needs to better manage this process we feel, as the two got out of step in FY'11.

Cashflow will be a key focus for many investors and the low receipts from customers vs. payments to suppliers and employees will be a negative that is unlikely to go away until a better result is posted.

FX hedging, set to run out in FY'12

MCE has sufficient hedging at US$0.85 to cover 1H'12 revenue and its current $110m order book. We would expect that as hedging runs off and the order book grows, MCE will take out further hedging. The FX rate is a big factor for MCE and we factor in $5.3m of negative impact in FY'12. We are assuming an FX rate of US$1.02 for FY'12. As we are forecasting falling FX rates, FX reverts to a large positive in FY'14 (+$8.7m, using A$0.90).

The profit improvement MCE will make from hedging is recorded on the balance sheet (not in the P&L). We estimate that each 1c movement in the A$:US$ rate impacts NPAT by $0.7m in FY'12 (even with hedging).

Final dividend 5cps

MCE increased its final dividend by 150% to 5cps (total FY'11 dividend 7cps). This compares to 2cps pcp in FY'10.

EBITDA margins were the main surprise to the downside, with lower margins than previously forecast guided

The Henderson plant commencing operating in Jun'11, but only at ~22% of expected name plate capacity. Ramp up involves staff training and gearing the plant up for much higher levels of production. In short, staff utilisation/productivity is poor in early ramp up. A complex plant such as Henderson often has bugs that mean output is below expectations. The reason the 2H'11 EBITDA were 26.2% vs. 30.9% in the 1H'11, was due to Henderson ramp up and operating 2 factories at once, we believe the cost impost of this was between $4m - $5m in the 2H'11. This could mostly be considered a one off.

Henderson plant is now operating at 60% capacity, ramp up is expected to be complete by Sep'11

We expect that the 1Q'12 will also contain an element of running 2 factories, with one in ramp up. Henderson has been behind schedule in terms of starting (originally forecast to commence in Nov'10). The current guidance of Sep for nameplate capacity to be achievable should in theory be a fair assessment, given the factory is currently at 60% nameplate capacity.

In our opinion, the potential for cost out from Henderson still remains, we would not have seen it in FY'11. Risk is to the upside in relation to EBITDA margins, but for the time being, we are happy to stick closer to guidance and have the potential to upgrade if Henderson hits its straps as forecast.

Guidance for 20% revenue growth

FY'12 guidance is for 20% revenue growth (we were previously forecasting 29% growth). The outlook statement was for margins to continue at the FY'11 rate. This is below the 1H'11 rate, but above the 2H'11. For most people, this will be a downgrade, as the new Henderson factory was expected to improve MCE margins. The company indicated that the sell price of Riser Buoyancy is under pressure and that this would offset some of the cost reductions to come through in FY'12. See more on this later.

High ROE return

MCE returned 26.3% ROE for FY'11, a premium ROE return.

MCE Earning Analysis

($m)	2H'10A	2H'11A	Diff.	FY'10A	FY'11A	Diff.	Comments
Advanced Materials	53.9	82.5	53%	91.8	164.5	79%	
Heavy Engineering	4.9	12.1	146%	10.3	20.5	99%	
Operating Revenue	**58.5**	**94.5**	**61%**	**102.1**	**185.1**	**81%**	Solid top line growth
Advanced Materials	14.1	20.3	44%	23.3	46.8	100%	Start up costs of Henderson impacted the '11
Heavy Engineering	0.5	0.8	54%	1.7	1.1	-32%	
Unallocated	0.1	(0.1)	Na	(0.0)	0.2		
Total EBIT	**14.7**	**21.2**	**44%**	**25.0**	**47.9**	**92%**	
Net Interest	(0.2)	(0.3)	87%	(0.3)	(0.7)	157%	
Tax	(3.6)	(5.3)	48%	(6.4)	(13.5)	111%	29% rate factored in, R&D exists
Underlying NPAT	**11.0**	**15.6**	**43%**	**18.4**	**33.8**	**84%**	
Abnormals	(0.2)	(1.3)		(0.2)	(0.6)		
Reported NPAT	**10.8**	**14.3**	**33%**	**18.2**	**33.3**	**83%**	Risk is to the upside to this number
Underlying EPS (cps)	**15.2**	**20.1**	**21%**	**29.4**	**46.3**	**50%**	Good by any standards

Source: Austock Securities estimates

Divisional Update

Advanced Materials

Henderson ramp up below expectations

The Henderson factory has taken longer to commission than expected by the market and guided by the company.

By our calculations, if Henderson ramped by Sep'11 (and assuming orders where there to support production) MCE would beat its 20% revenue growth forecast. The swing factor is whether the factory operates 5 days a week or 7 days a week.

Malaga factory to shut down in September

The Malaga factory is set to shut down at the end of September. The factory space will be converted to form part of the Offshore Services division. We expect this will cost $0.5m in decommissioning. This coincides with Henderson being at nameplate capacity.

SURF buoyancy, getting positioned

MCE has started to make in roads in securing sales in SURF buoyancy and well construction products. A distributor has already been appointed in the US for well construction products (with some orders secured for North America and Asia). MCE expects this product could represent ~5% of FY'12 sales

A launch of several additional production buoyancy products is due in the next few months, that should have safety, price and performance advantages over competing products.

Lower buoyancy sell price factored in.

We are now factoring in a lower sell price on the buoyancy modules. We have lowered our sell price by 4%. This impacts revenue per module by ~$500/unit.

WIH is down and has been weighing on the share price

The FY'11 WIH figure was quoted as $110m (from $180m at the 1H'11). The open quotation book is now $500m, from $400m at the 1H'11. Approximately $140m is non-riser buoyancy products. The large fall in the order book creates doubt that MCE will be able to achieve forecast revenue in FY'12.

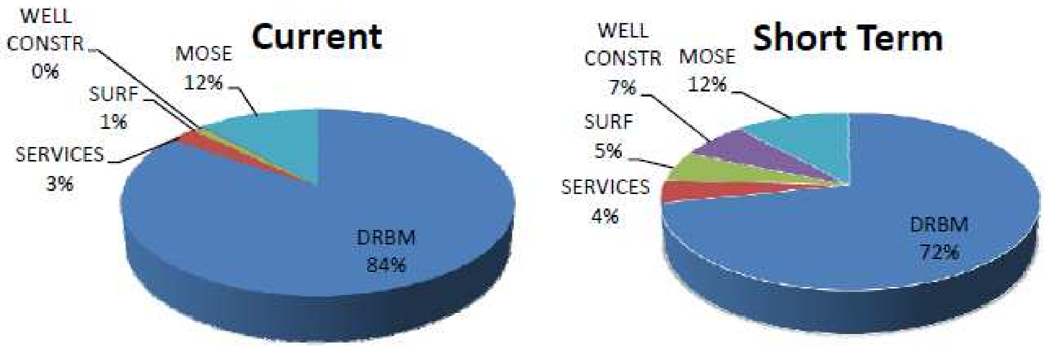
The risk weighted tender pipeline is $170m from $110m at the 1H'11. Stocks that have low order books and hence higher earnings risk have been especially sold off in this market (aka DCG) and MCE fits this category.

On the positive, the outlook for new contract wins has never been better. It is a fair chance that MCE will win work in the short term – the catalyst that it needs.

Not all the work MCE does needs to be covered by the order book. ~20% of MCE revenue is short lead time, short turnaround orders that regularly come in. Taking this into account, we estimate that MCE needs to win $66m to support our FY'12 revenue forecasts. Given each drill string is equivalent to ~$14, this is only 5 drill strings. In our opinion, this risk is not that high.

The outlook for deep sea rig build (see below) is positive, but MCE is now in the position that it needs to converts quotes to orders to turn around its fortunes. The announcement last Tuesday that National Oilwell Varco (NOV) had won the contract to supply the drilling equipment to the first seven Petrobras drill rigs was positive, NOV is MCE's largest customer

Current order book composition relative to expected composition of the open tenders

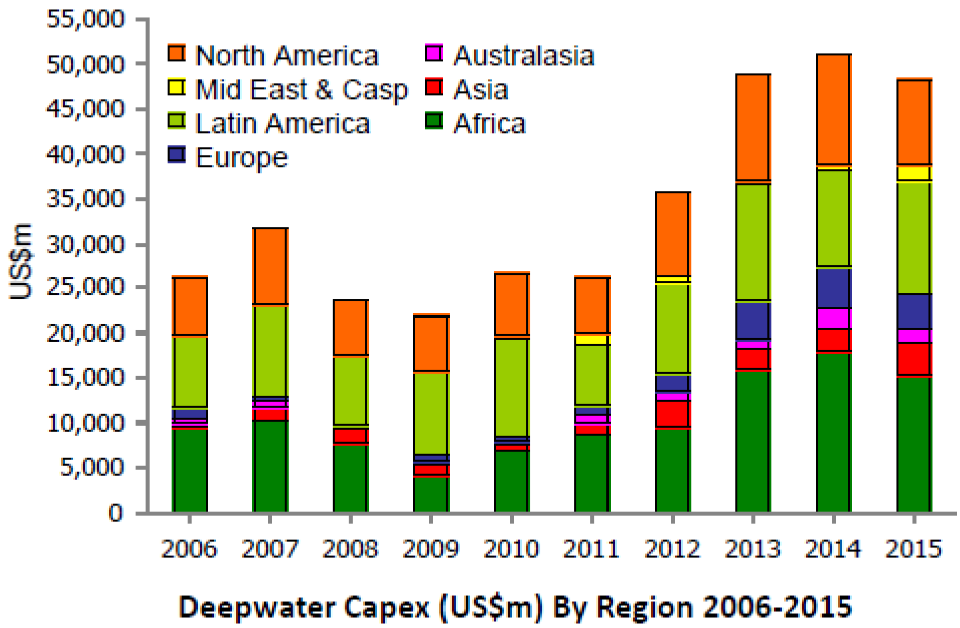


Source: Matrix

Our interpretation of how to read the above chart is that it represents work in hand relative to what they currently have in the order book (left) and the composition of work currently bid (right), Well Construction, SURF buoyancy and Offshore service work stand to grow relative to there current position (diversification of products). It should also mean MCE has ~$360m of Riser Buoyancy tenders out (72% * $500m).

The pipeline appears positive in our opinion.

MCE are guiding that the macro outlook for deep-sea oil and gas capex spend has never looked better



Source: Infield Systems / Matrix

Offshore Services Division

The forgotten division is becoming more relevant

Whilst this division has traditionally supported the Advanced Materials division, its focus is being shifted from a machine shop, to maintenance of drilling products. This involves servicing drill strings buoyancy modules in situ. This will convert the business from an asset heavy business to a people business. The MOSE (Matrix Offshore Services Division) and Services referenced in the pie chart above, are the two principal services within this division.

Poor FY'11 result, improvement expected in FY'12

We expect this division to report strong revenue growth as the servicing component is new to this division. The existing sales force can sell these services to the existing customer base (drillers). A service centre is being set up in Houston. Servicing of buoyancy is expected to be a much higher margin business than running a metal bending shop. We are still to factor in higher margins for this division.

Forecast Changes

We have made the following changes to our forecasts:

- Lowered revenue growth forecasts to more in line with guidance (from 29% growth to 19% growth). This incorporates lower no. of units sold (slower Henderson ramp up) and a lower sell price.
- Lowered EBITDA margin expectations to be similar to the FY'11 result (from 31.9% to 29.3%). We expect if the ramp up of Henderson goes to plan, this provides scope for upgrades, but we remain conservatively positioned for the time being. Note this is a significant margin change; and
- Increased capex forecasts to account for R&D expense on an ongoing basis.

FY'12 forecasts down 16%

Our FY'12F underlying NPAT has decreased to $39.4m from $47.1m (down 16%). FX remains a real swing factor for MCE. If the US$ falls (we are forecasting this in FY'13), MCE could outperform. Buoyancy is sold on a US$ basis and the A$ would not be much of a factor in pricing decisions by customers. MCE is the only buoyancy producer leveraged to the A$.

We believe risk is to the upside on margins, not factored in. Our rationale explained, noting that MCE still has to deliver on this

Henderson is forecast to operate at lower cost due to automation. In FY'10, COGS was 69% of sales. This increased to 71% in FY'11, we would expect this to fall below 69% in time. Some of the factors that could see margin improvement are:

- Henderson labour costs are guided as 50% of Malaga on a per unit basis. Labour costs are not disclosed, but assuming they fall from 10% to 5%, this could save ~$7m.
- Waste at Malaga is higher due to the manual process. At Henderson, we estimate 4% less raw material usage for the same volume of sales. This equates to ~$5m in savings.
- Assuming a further $1m in logistic savings, we estimate that Henderson on a full year basis could save something in the order of ~$13mpa (full year basis).

On the negative, if you assume that the sale price per unit falls US$500 due to competitive pressures, this takes ~$6m off our revenue. Depending on the ramp up time frame and costs of ramp up, MCE still has risk to the upside on margins in our opinion. We have not factored this in at this stage.

Growth potential still remains

We highlight that we believe the Henderson plant is capable of US$340m revenue if it ran at full capacity (7 days a week). This still leaves plenty of growth potential on the table.

The MD has taken MCE from $3.1m NPAT in FY'09 to $33.6m in FY'11, a tenfold increase in 2 years. Sure MCE has disappointed the market with the FY'11 result, but Aaron Begley is not likely to sitting on his laurels. MCE has opened an office in Houston, one in Brazil should happen in CY'11 or early CY'12. The Henderson plant still has operational improvements to reduce costs. Some key people are being hired that could help drive sales. New products to diversify the product range are being developed.

An innovative MD that competes with larger organisations that are not as focused, can do things cheaper and better. Over the long term, I believe that MCE will be a very successful company and the short term concerns of today have probably created a buying opportunity.

Investment View

MCE sin binned for the time being

MCE is undergoing a de-rating. Whilst the headline numbers look impressive, companies are judged by expectations in the market. MCE did not manage expectations as well as it should have. MCE then followed this up with a conference call that failed to explain why they missed expectations.

It will take some time to regain investor confidence, this can only be done via contract wins, better communication to investors and delivering to or above expectations.

Key attraction is high growth potential and the benchmark factory – a key advantage over peers

To us, MCE is still a long term growth story. It has the ability to grow the bottom line without spending a lot of capex. It is making progress on gaining traction in markets outside of riser buoyancy, and orders for new deep-sea drill ships remains solid for the medium term and their track record of NPAT growth is hard to ignore (1000% in 2 years).

MCE scores well on a DCF valuation methodology. On a free cashflow basis, MCE is expected to perform well (limited capex post completion of Henderson). Our DCF valuation is $8.60/share (from $10.90). We are cognisant of our DCF valuation, but also recognise that MCE is unlikely to trade at such levels in the current market until greater certainty of higher profits exist.

Buy recommendation, MCE looking cheap on near term multiples, $6.75 target

MCE is currently trading at 9.2x's FY'12F EPS – cheap in our opinion. We use a multiple based valuation. We assume that 12x's EPS multiple is appropriate for MCE. We use the mid point of FY'12F and FY'13F EPS (56.4cps) This equates to a price target of $6.75/share. We retain our Buy recommendation and see long term value.

COMPANY SUMMARY

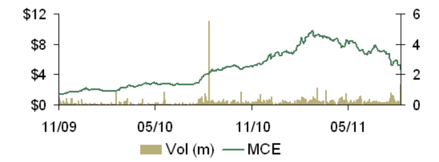
Matrix C & E Ltd

MCE.AX

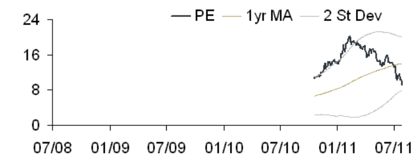
Price Information

Price ($/share)	4.72
Mkt Cap ($m)	364
Enterprise Value ($)	370

Share Price & Volume Chart



12 Month Fwd PER Chart



Business Background

MCE has two divisions,. 1. The Composites division supplies buoyancy products to the offshore oil & gas industry. The main market is riser buoyancy, though MCE has a range of products to supply to the production buoyancy market. 2. The Engineering division represents ~5% of revenue. It supplies equipment to the Resources industry and supports Composites above

Key Drivers

Drivers of the Composites division are:
A new facility in Henderson will double existing production capability and reduce costs;
The Malaga plant has seen large production increases over prior years
Oil & gas demand is expected to be robust, particularly in Brazil....

Key Risks

Deep sea oil & gas is high on the cost curve, should the price of oil fall, we expect demand for deep sea products will fall.
Raw material pricing can be cyclical and MCE has little purchasing power. Production expansion is occurring at peers and the current backlog of orders may reduce, applying margin pressure.

VALUATION SUMMARY

DCF Valuation

Risk Free Rate (%)	6.0%
Equity Risk Premium (%)	6.0%
Equity Beta (x)	1.2
Tax Rate (%)	29%
WACC (%)	11.5%
PV of Cash Flows	663
less Net Debt	0
PV of Equity	663
SOI (m)	77
PV of Equity per Share	$ 8.60

FINANCIAL SUMMARY

Year End - Jun	FY09A	FY10A	FY11A	FY12F	FY13F	FY14F
KEY METRICS						
EPS Growth (%)	122	365	58	10	21	33
PER (x)	74.7	16.1	10.2	9.2	7.6	5.7
PEG (x)	0.6	0.0	0.2	0.9	0.4	0.2
P/Free CFPS (x)	40	11	237	12	9	7
Dividend Yield (%)	0.0	0.4	1.5	3.6	4.3	5.7
EV/EBITDA (x)	66.6	12.8	7.0	5.7	4.6	3.3
EV/EBIT (x)	97.2	14.3	7.7	6.4	5.1	3.6
ROE (%)	17.1	45.6	36.5	28.3	28.3	30.9
ROA (%)	6.8	20.0	23.1	21.0	22.4	27.2
ROIC (%)	12.4	33.3	25.0	25.6	27.9	34.1
PROFIT & LOSS (AUD $m)						
Revenue	54	103	188	223	272	344
EBITDA	6	28	53	65	76	98
Depreciation & Amortisation	2	3	5	7	8	8
EBIT	4	25	48	58	69	90
Net Interest Expense	0	0	-1	-3	-2	-1
Income Tax Expense	0	-6	-13	-16	-19	-26
NPAT Reported	3	18	34	39	48	63
Sign. Items & Other	0	0	0	0	0	0
NPAT Adjusted	3	18	34	39	48	63
PER SHARE DATA (cps)						
Shares on Issue (m)	49	62	73	77	77	77
EPS Reported	6	29	46	51	62	82
EPS Adjusted	6	29	46	51	62	82
DPS	0	2	7	17	20	27
Free CFPS	12	42	2	38	54	70
BALANCE SHEET (AUD $m)						
Cash	1	14	27	27	29	65
Debtors & Inventory	27	51	54	73	88	109
PP&E	19	57	100	104	106	104
Intangibles	8	9	8	8	8	8
Other Assets	8	4	12	17	20	23
Total Assets	64	134	201	229	251	309
Borrowings	6	8	35	33	17	23
Creditors	13	23	25	29	35	44
Other Liabilities	25	44	14	15	15	15
Total Liabilities	44	74	74	76	67	83
Net Assets	21	60	127	152	184	226
BALANCE SHEETS RATIOS						
Gearing - Debt/Equity (%)	20	-9	7	4	-6	-18
Interest Cover (x)	11.7	98.5	73.8	22.0	40.2	na
Leverage (x)	0.7	-0.2	0.2	0.1	-0.2	-0.4
NTA per Share (cps)	25.1	82.1	161.3	186.6	227.9	283.1
CASH FLOW (AUD $m)						
EBITDA	6	28	53	65	76	98
Interest & Tax	-1	-1	-9	-19	-21	-27
Working Capital Change	6	1	-7	-14	-8	-12
Operating Cash Flow	9	26	1	32	47	59
Maintenance Capex	-3	0	0	-3	-5	-6
Free Cash Flow	6	26	1	29	42	54
Expansion Capex	-7	-41	-31	-8	-5	0
Dividends	0	-2	-4	-13	-16	-21
Equity Issues / (Buy Backs)	0	27	36	-1	0	0
Proceeds from Borrowings	2	3	11	0	0	0
Other	0	0	0	-5	-3	-3
Net Cash Flow	0	12	13	2	18	30
DIVISIONAL EBITDA ANALYSIS						
Advanced Materials	91.8	164.5	190.2	231.3	297.5	357.0
Heavy Engineering	10.3	20.5	30.8	38.5	43.1	47.4
Operating Revenue	102.1	185.1	221.0	269.7	340.6	404.4
Advanced Materials	4.5	25.7	50.4	63.1	74.0	95.2
Heavy Engineering	1.0	2.3	1.9	2.2	2.3	2.6
Unallocated Expenses	0.0	0.0	0.0	0.0	0.0	0.0
Total EBITDA	5.5	28.0	52.8	65.3	76.3	97.8

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Ben Gibbons	612 9233 9616	Associate
James Green	612 9233 9613	Director
Paul Levitt	612 9233 9626	Associate
Malcolm McComas	612 9233 9659	Senior Adviser
Jae Yoo	612 9233 9656	Analyst

Institutional Sales

Melbourne

John Burgess	613 8601 2018	Research Sales
Craig Stephens	613 8601 2643	Trader
Chris Walker	613 8601 2038	Research Sales
Matthew White	613 8601 2641	Sales Trading
Robert Wood	613 8601 2031	Head of Sales Trading

Sydney

Leo Borovilas	612 9233 9606	Sales Trading
Chris Chia	612 9233 9605	Asia Research Sales
Mark Pashley	612 9233 9641	Sales Trading
Graeme Philipson	612 9233 9610	Sales Trading
Bruce Rolin	612 9233 9651	Head of Institutional Sales
Gavin Todd	612 9233 9639	Research Sales
James Wilson	612 9233 9607	Research Sales

Equity Capital Markets

Brooke Picken	613 8601 2025	ECM/ Corporate Access
Robert Thomson	613 8601 2078	Head of ECM

Private Clients

Melbourne

Merrick Abraham	613 8601 2077	Client Adviser
John Axsentieff	613 8601 2042	Senior Client Adviser
Ryan Batros	613 8601 2614	Client Adviser
Jonathan Di Maggio	613 8601 2678	Client Advisor
Kate Hanrahan	613 8601 2058	Client Adviser
Michael Heffernan	613 8601 2053	Senior Client Adviser
Xiaoming Huang	613 8601 2088	Client Adviser
Gavin Loduwick	613 8601 2649	Client Adviser
Daniel McFarlane	613 8601 2639	Client Adviser
Mark O'Brien	613 8601 2002	Client Adviser
Luke Pavone	613 8601 2071	Client Adviser
Nicholas Pereza-Mathews	613 8601 2694	Head of Global Markets
Enzo Salvatore	613 8601 2081	Senior Client Adviser
Tony Smith	613 8601 2041	Head of Private Clients
James Thackray	613 8601 2690	Client Adviser
Patrick Trindade	613 8601 2669	Senior Client Adviser
Patrick Verhoeven	613 8601 1954	Client Adviser

Sydney

John Aldersley	612 9233 9617	Capital Management
Owen Beattie	612 9233 9621	Client Adviser
Nathanial Doust	612 9233 9649	Private Portfolio Manager
David Dwyer	612 9233 9643	Client Adviser - Options
Laurie Ellis	612 9233 9654	Client Adviser
Josh Graham	612 9233 9645	Client Adviser - Options
Julian Gregory	612 9233 9634	Client Adviser
Samuel James	612 9233 9657	Client adviser
Michael Jeffery	612 9233 9619	Private Portfolio Manager
Peter Moussa	612 9233 9636	Client Adviser
Jason Norval	612 9233 9625	Client Adviser
Mark Schwarz	612 9233 9642	Client Adviser - Options
Peter Semaan	612 9233 9649	Client Adviser
Edward Tao	612 9233 9609	Client Adviser

Gold Coast

Stuart McClure	617 3149 8630	Client Adviser
John Miles	617 3149 86 29	Client Adviser
Nigel Ormiston	617 3149 86 28	Client Adviser
Dane Parsons	617 3149 8627	Client Adviser

Perth

Ben Hughes	618 9380 8381	Capital Management
Paul Lambrecht	618 9380 8380	Client Adviser
Simon Winter	618 9380 8384	Client Adviser

Adelaide

Allan Moffatt	1300 658 906	Client Adviser
Tim Moffatt	1300 658 906	Head of Private Wealth SA

OFFICE LOCATIONS AND DISCLOSURE

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Sydney

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Sydney NSW 2000
Phone: 612 9233 9600
Fax: 612 9251 9368

Recommendation Criteria

Investment View

Austock Securities Investment View is based on an absolute 1-year total return equal to capital appreciation plus yield.

Buy	Hold	Sell
>20%	20% – 5%	<5%

A Speculative recommendation is when a company has limited experience from which to derive a fundamental investment view.

Risk Rating

Austock Securities Limited has a four tier Risk Rating System consisting of: Very High, High, Medium and Low. The Risk Rating is a subjective rating based on: Management Track Record, Forecasting Risk, Industry Risk and Financial Risk including cash flow analysis.

Austock Securities reports are available on Bloomberg, Reuters, FactSet and www.austock.com