

UBS Investment Research

Morning Espresso - Europe

Global Equity Research

Europe Including UK

Equity Strategy

Market Comment



Thursday 7 June 2012

7 June 2012

www.ubs.com/investmentresearch

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Morning Espresso

This report has been prepared by UBS Limited

ANALYST CERTIFICATION AND REQUIRED DISCLOSURES BEGIN ON PAGE 16.

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Morning Meeting Agenda

Fortum		Rating: Sell	Target: €11.00 (-37%)	Price: €14.36	EPS 12/12E: 1.52 (-0.7%)
RIC: FUM1V.HE	BBG: FUM1V.FH	Prior: Neutral	Prior: €17.50	Mkt Cap: €12.8bn	EPS 12/13E: 1.48 (-3.9%)
Electric Utilities		Analyst: Per Lekander		Tel: +33-14-888 32 96	

Power price decline is structural – Sell

- **+50 TWh of new nuclear/renewables until 2017; power price to fall by half** Nordic power prices have fallen 25% over the past year, with an acceleration over the last quarter. In our view, we are, however, just at the beginning of a decade-long period of extremely low prices as the market moves into oversupply. Over 50 TWh of new nuclear, renewables and CHP is likely to be added over the next five years, at the same time as demand remains almost flat. Coal is falling off the supply curve, with nuclear setting the price. We forecast Nordic power prices to fall by half to c€20/MWh.
- **Excess cheap power likely to be 'trapped' until beyond 2020** Our forecast comes despite our assumption that interconnector capacity will almost double and utilisation will remain high. Both these assumptions may prove optimistic, leading to even lower prices. Dutch-German grid operator Tennet is already overstretched and may not be able to take on new interconnection projects and the German solar boom means that Germany is likely to export, not import, power off-peak. Closures of coal capacity and cancelling not-yet-started Nordic renewables projects will not make a difference until after 2020.
- **40% downside to achieved power price and earnings, more for dividends** While hedging delays the downside, we still expect Fortum's achieved power price and earnings to gradually decline by 40%. We see a need to halve the dividends to protect the balance sheet and we would not rule out dilutive asset sales.
- **Valuation: Cutting price target to €11.0 from €17.5** We downgrade the stock to Sell. Our new €11 PT (was €17.5) is set in line with our SOTP and DDM valuations. At our price target Fortum would trade on 7.4x 2013E PE and 12x 2019E PE.
- **Notes:** We have also added Fortum to our Least Preferred list in Alpha Preferences, replacing CEZ.

Source: The content presented above reflects a front page summary of UBS Research content, UBS estimates based on a share price of €14.36 on 05 Jun 2012 21:39 BST

Spain Strategy

Investment Services	Analyst: Bosco Ojeda	Tel: +34-91-436 9078
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Spain at risk: looking at the Greek, Irish and Portuguese bailout precedents

- **Spain at risk: looking at the Greek, the Irish and Portuguese precedents** Uncertainty around Spain's banks and restricted access to financing may at some point lead to some sort of bailout. We look at the EU bailout precedents and analyse different scenarios. We expect an eventful few weeks ahead (Greek elections, Spanish banks independent audit), and this report provides different scenarios.
- **Market correction somehow anticipated, but hard to see a strong bounce** At the date of the formal bailout news in May 2010 Greece was down 33% compared to six months before. The Irish market anticipated the move much earlier, so it was only down 10%, while Portugal was down 3%. Spain is down 28% in the past six months. Three months after the announcement, Greece was down a further 5%, Ireland was up 12% and Portugal up 2%. Since the peak of the market in 2007, Greece is down 91%, Ireland 68%, Portugal 57% and Spain 61%.
- **An MOU for Spain? Might include banks reform, tax hikes...** We include measures agreed with bailed-out countries. In the case of Spain the reforms are already in process, but might include a solid banks recapitalisation, tax increases (VAT, oil, spirits), and pension and other reforms. Consensus GDP estimates for 2012 seem realistic (-1.5%), but risks could be on the downside for 2013.
- **We look for quality value opportunities, but remain cautious on banks** In our view, the banking sector remains vulnerable, so we remain cautious. We see good value in Ferrovial, Ebro, Abertis, IAG, Iberdrola, Amadeus, OHL and Tecnicas.
- **Notes:**

Source: The content presented above reflects a front page summary of UBS Research content, UBS commentary as at 6 June 2012

Portuguese Banks

Banks, Ex-S&L	Analyst: Ignacio Sanz, CFA	Tel: +34-91-436 9624
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Incorporating dilution into PTs for BCP/BPI

- **Portuguese listed banks will get €4.5bn in CoCos to meet EBA rules** Following approval in their respective AGMs last week, Portuguese banks will get €6.1bn in total through CoCos (to be repaid in 5 Yrs) including Caixa Geral from the €12bn recap program by the Troika. Additionally BCP & BPI will carry out rights issues in 3Q for c€500m & c€200m respectively, which add to the recently completed €1.5bn capital call at ESFG/BES. After these initiatives all Portuguese major banks will meet both EBA 9% CT1 and BoP 10% capital requirements.
- **BCP (S, €0.07 PT): Cutting EPS12/14e by c40% & new PT at €0.07** We are incorporating the c€500m rights issue into our estimates and valuation assuming a c€0.06ps issuance price (40% discount to last price before announcement). Our new PT at €0.07 from €0.11 before also reflects the potential increase in the share count from 7bn shares to c15.4bn UBSe. BCP trades on 0.4x fully diluted NAV12e and UBSe stand 45% below consensus.
- **BPI (S, €0.2 PT): downgrading estimates and new PT to €0.2 (from €0.25)** Revising EPS12-14e downwards by c45% to account for potential dilution from rights issue, which could increase share count from 990m shares to 1,790m UBSe. BPI trades on 1.2x fully diluted NAV12e and our estimates stand 55% below csus.
- **BES (B, €0.9 PT) and ESFG (N, €5.5 PT): only banks avoiding state aid** BES remains our only Buy rated bank in Portugal after having completed its rights issue, it trades on 0.3x NAV12e, a 60% discount to peers despite we have not incorporated yet into our valuation for BCP/BPI the potential additional dilution if these banks were not able to generate enough capital to repay CoCos.
- **Notes:**

Source: The content presented above reflects a front page summary of UBS Research content, UBS commentary as at 7 June 2012

Capgemini RIC: CAPP.PA BBG: CAP FP	Rating: Buy <i>Prior: Unchanged</i>	Target: €35.00 <i>Prior: Unchanged</i>	Price: €27.63 Mkt Cap: €4.31bn	EPS 12/12E: 2.82 EPS 12/13E: 3.08 EPS 12/14E: 3.34
Diversified Technology Services	Analyst: Michael Briest		Tel: +44-20-7568 8367	
Reiterate Buy - Positive CPM Braxis deal announced				
<ul style="list-style-type: none">■ Caxia of Brazil to acquire a 22% stake Caxia, the 4th largest bank in Brazil by assets, is expected to acquire a 22% stake in CPM Braxis, Capgemini's 61% owned Brazilian IT Services business, for \$R321m (€128m). 38% of shares to be purchased will come from a capital increase; the remainder will be bought from existing shareholders, mainly from private equity players (c.10% current ownership). Capgemini's stake will dilute to 55.8% due to the capital increase, albeit their investment's value will rise by high single digit percent (c.€50m) given the value accretion since their 2010 entry.■ €100m incremental revenues for Capgemini for 10 years Caxia will use CPM Braxis as a preferred supplier for outsourcing, and project and consulting; the significant stake allows for cost efficiencies under Brazilian law. €100m incremental sales p.a. is 11% of Brazil and 1% of Group sales (2011), and the deal is expected to be margin accretive. The agreement will position Capgemini CPM Braxis as the leading IT Services provider for Financial Services in Brazil.■ Exposure to other minority holders reduced On acquisition of their 55% stake in 2010, Capgemini sold put options on the remaining shares, expiring 2013 and '15. With today's agreement, Capgemini reduces the exposure to that put by c.€80m. Management noted that Bradesco, the second largest share holder with 21% pre-agreement (13% post), and one of CPM Braxis' largest customers, voted in favour of the capital increase and Caxia entry.■ Valuation: Buy; €35, 10.5x 2012E EV/NOPAT price target maintained Next catalyst is Capgemini's analyst day on 12-13 June; macro commentary key.				
Source: The content presented above reflects a front page summary of UBS Research content. UBS estimates based on a share price of €27.63 on 06 Jun 2012 15:03 EDT				

Weir RIC: WEIR.L BBG: WEIR LN		Rating: Buy <i>Prior: Unchanged</i>	Target: 2,300p <i>Prior: Unchanged</i>	Price: 1,485p Mkt Cap: £3.14bn	EPS 12/12E: 150.7 EPS 12/13E: 155.6 EPS 12/14E: 170.5
Industrial, Diversified		Analyst: Stephen Swanton, CFA		Tel: +44-20-7568 4271	

Reiterate Buy - If only guar farmers needed slurry pumps...

- **More woes hit the US oil services market, this time it's the guar price** Halliburton last night flagged that the increasing costs of guar gum had impacted its North American profitability. Guar is used as a blending additive in fracking fluids and is produced mostly in India. We were hearing prices up nearly 10-fold y/y given the demand from US frac fleets. In some basins guar can amount to 30% of well cost. Halliburton are now flagging that Q2 US margins will therefore be impacted by 300bp, thus bringing Q2 margins 500-550bp below Q1 levels.
- **No direct read-through to Weir but there could be repercussions** Broader themes to watch for are: 1) There were reports of guar shortages and high prices halting some drilling activity in the US last year, so repercussions like this would be negative. 2) It may push oil service companies to become more efficient, which is likely to have knock-on effects on reduced equipment needs. 3) It seems we need stabilisation in oil service margins for sentiment on Weir to rebound and this remains some way off. On the bright side, it shows at least in the case of guar farmers that margins in the frac supply chain can decouple from the customer base.
- **Weir's Capital Markets Day is approaching on 19 June** No doubt guar pricing will now further weigh on sentiment but data points had become more supportive recently via a bounce in nat gas prices and horizontal rigs hitting new highs. Weir is holding a Minerals Capital Markets Day in less than two weeks which should shed light on its excellent Minerals aftermarket operations too.
- **Valuation - £23 price target based on 11x 2013E EV/EBIT. Buy.** At sub-10x PE, based on already lowered frac pump forecasts, we believe Weir is good value.
- **Notes:**

Source: The content presented above reflects a front page summary of UBS Research content. UBS estimates based on a share price of 1,485p on 06 Jun 2012 19:32 EDT

Allreal RIC: ALLN.S BBG: ALLN SW	Rating: Neutral <i>Prior: Unchanged</i>	Target: CHF140.00 <i>Prior: Unchanged</i>	Price: CHF136.90 Mkt Cap: CHF2.18bn	EPS 12/12E: 7.07 (-8.8%) EPS 12/13E: 6.99 (-11.6%) EPS 12/14E: 8.25 (-12%)
Real Estate	Analyst: Sebastian Weiss		Tel: +41-44-239 16 67	

Maintain Neutral - Updating numbers post cap increase

- **Some technical adjustments post recent cap increase** Following the recent capital increase via rights issue (net proceeds of cCHF265m) we update our model to account for the higher number of shares (2.3m new shares; c17% of share capital). Accordingly, we reduce our 2012-14 EPS estimates by 9-12%, and lower our NAV per share estimates (after deferred tax) by 1-3%. DPS goes down by 10rappen each.
- **Pro-forma equity ratio of c48% leaves ample strategic flexibility** In our view, a 2011 pro-forma equity ratio of c48% (post cap increase) leaves ample strategic flexibility to accelerate the existing development pipeline, to acquire new projects or to reduce debt until new project financing starts. Based on a minimum required equity ratio of 35%, we think that Allreal could potentially engage in development projects with a total volume of cCHF1.4bn.
- **Neutral rating confirmed** Given that Allreal has not yet identified potential new projects on which to spend the proceeds of the cap increase, we leave our earnings assumptions unchanged and maintain our Neutral rating. While we continue to like visibility on the companies future earnings streams from real estate developments, we prefer Mobimo (Buy), due to higher development exposure.
- **Valuation – CHF140 price target (SOTP-derived)** Allreal trades at a c13% premium to 2012E NAV (after deferred tax), and 19.2x 2012E PE versus its Swiss peer group at c17% premium and c21x PE. Dividend yield 2012E is 4%.
- **Notes:**

Source: The content presented above reflects a front page summary of UBS Research content. UBS estimates based on a share price of CHF136.90 on 06 Jun 2012 15:32 EDT

Halfords Group		Rating: Neutral	Target: 240p (-8%)	Price: 244p	EPS 03/13E: 29.9 (-6%)
RIC: HFD.L	BBG: HFD LN	Prior: Sell	Prior: 260p	Mkt Cap: £0.47bn	EPS 03/14E: 31.0 (-12.7%) EPS 03/15E: 31.3 (-16.5%)
Retailers, Specialty		Analyst: Adam Cochrane		Tel: +44-20-7567 5035	

Upgrade to Neutral - That's hopeful, that's Halfords

- **FY12 PBT in-line but FY13 off to a “very disappointing” start** Current trading took the shine off a sensible strategy presentation that focussed on the main areas of Halfords differentiation. We lower our FY13 PBT by 5% to £78m and FY14 by 12% to £79m to reflect the weak start in Q1 and medium term structural pressures. However, we think there is a degree of flexibility in the cost base in FY13 and beyond, that should help to limit further earnings downgrades.
- **Business has challenges but is not broken** Halfords has had a turbulent few years but we think the most recent strategic review is refocusing on the core business and its differentiation to mass merchants. We expect ongoing lease negotiations to come out favourably for Halfords and give the potential to lower rent bill or downsize average store size. The cancellation of the share buyback will help pay down debt and secure the dividend.
- **Focus on core operations key to success** Management has identified three key strategic pillars and is making the right long-term decision to invest in an improved service offering. This may create short-term earnings risk when combined with cyclical weather swings, but is the only way to ensure the brand remains relevant. As a result of this medium term discipline, and current valuation pricing in some downside risk, we upgrade our rating to Neutral.
- **Valuation: Upgrade to Neutral (from Sell), revise PT to 240p (from 260p)** We value Halfords at a 10% Cal 12 EV/EBIT discount to the UK sector and this gives us our 240p price target. We back this up with a peer group comparison to other cash generative retailers WH Smith, Debenhams and Next which gives 240p.
- **Notes:**

Source: The content presented above reflects a front page summary of UBS Research content. UBS estimates based on a share price of 244p on 06 Jun 2012 18:03 EDT

Logitech		Rating: Neutral	Target: CHF9.50 (6%)	Price: CHF9.32	EPS 03/13E: 0.74
RIC: LOGN.VX	BBG: LOGN VX	Prior: <i>Unchanged</i>	Prior: CHF9.00	Mkt Cap: CHF1.57bn	EPS 03/14E: 0.85 EPS 03/15E: 0.92
Computers		Analyst: Joern Ifert, CFA		Tel: +41-44-23 91639	

Uncertainty for growth remains

- **New quality products, but do not get too bullish as there are challenges** Logitech's keyboard cover for the iPad enjoys healthy demand and positive consumer recommendations. However, we reiterate our view that peripheral attachment rates for iPads/tablets could remain limited as long as the tablet remains a secondary consumer PC. Other new products, such as the UE Air Speaker (US\$399), could see strong competition from players such as Bose. Customer investments/replacements in the two new alert systems (priced at US\$349, US\$299) could be postponed, considering budget restrictions.
- **Cost savings and share buyback have supported the share price** We think the recent share-price performance was significantly supported by announced cost savings of US\$80m (UBSe cUS\$50m) and the ongoing cash return to shareholders via a share buyback (cUS\$5m left, out of a US\$250m programme; but likely to be extended we think; shares to be cancelled via second trading line). We consider these the right corporate actions, but medium-term investors are likely to increase the focus on top-line growth again to filter out structural prospects.
- **New guidance as catalyst** At the latest, at the investor day in November, we expect Logitech to provide full-year guidance and medium- to long-term targets. We expect Logitech to generate healthy cash flows in the medium term (c10% yield to market cap), but growth could be limited (top-line growth c2%).
- **Valuation: New DCF/VCAM based PT of CHF9.5 (from CHF9)** Based on the stronger US\$ vs CHF, we increase our PT to CHF9.5 from CHF9. Cost savings could offset the negative transaction from a weaker € vs US\$. The stock trades on c10x FY 13E PE ex net cash (global hardware sector c13x).
- **Notes:**

Source: The content presented above reflects a front page summary of UBS Research content. UBS estimates based on a share price of CHF9.32 on 05 Jun 2012 21:39 BST

Support Services Monthly		
Industrial Services	Analyst: Jaime Brandwood, CFA	Tel: +44-20-7568 1976
European turmoil pushes staffers back to valuation lows, 'quality' stocks resilient <ul style="list-style-type: none"> ■ Broad based sell-off on risk aversion over the last month... Staffing stocks witnessed a sell-off on European macro concerns, despite some signs of stabilisation in temp staffing industry data (which in 2009 was used as a lead indicator). Homeserve shares fell significantly on newsflow of an FSA investigation and further downgrades on weaker UK customer retention; Securitas Q1 results disappointed with weakness spreading from Europe to US; and APR Energy disappointed with no net new orders being announced in its Q1 update. ■ ... but testers and data processors have held up well Testers (BV, ITRK & SGS) and data processors (EXPAN, AMS) were resilient reflecting their structural growth and barriers to entry. AMS's resilience has been notable given its significant Eurozone exposure. ITRK and BV Q1 updates showed accelerating organic growth trends, helping to underpin 2012 expectations. ■ UK Outsourcing subsector (ex Homeserve) gaining further momentum G4S Q1 trading update and investor day highlighted accelerating organic growth and a significant increase in contract pipeline. Babcock and MITIE results showed positive momentum in order book. We upgraded Capita to Buy on expectation of organic growth turnaround and scope for re-rating (as that seen in MTO and BAB). ■ Our current Most and Least Preferred short-term Alpha list Most Preferred: Capita, Amadeus. Least Preferred: Intertek, Atkins ■ Notes: 		
Source: The content presented above reflects a front page summary of UBS Research content, UBS commentary as at 7 June 2012		

Macro Keys

Strategist: Kevin McCarthy

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Credit market's liquidity dilemma

- **The European situation continues to be the dominant day-to-day driver for market sentiment.** But, a troubling ongoing development for the credit market is the significant decline in trading liquidity (which has been accentuated by European concerns). A challenging liquidity environment is not conducive to a healthy marketplace and is incorporated into overall risk premiums. Coping with the logistics of trading realities has led to rational decisions from market participants that have influenced the ongoing decline in liquidity. Unfortunately, this liquidity dynamic is unlikely to see a meaningfully reversal anytime soon given global uncertainties, constrained risk appetites, and the shifting regulatory backdrop. This year, we have reduced our credit view from overweight to neutral, with fading trading liquidity a major consideration.
- **Volumes reflect a faltering liquidity trend** Liquidity is an important component for investor confidence in trading an asset. A standard definition of liquidity from Investopedia is: The degree to which an asset or security can be bought or sold in the market without affecting the asset's price. Liquidity is characterized by a high level of trading activity.
- **Admittedly, liquidity is difficult to measure – particularly in the credit markets.** One metric is the magnitude of bid/offer spreads, where expanding (contracting) spreads indicate less (greater) liquidity. Another indicator is trading activity. When examining overall investment-grade corporate volumes, the absolute amount of bonds traded has not deteriorated markedly. But, when you scale the volumes to the rising overall market size the trend lower over the past three years has become quite extensive and rivals the credit crisis decline. This year's choppy environment has also shown that volumes and liquidity can be spotty and inconsistent, often improving during 'risk on' phases and fading during 'risk off' moves.
- **Notes:**

Source: The content presented above reflects a front page summary of UBS Research content, UBS commentary as at 7 June 2012

US Economic Comment

Economist: Maury N. Harris

Tel: +1-212-713 2472

Productivity & ULC trimmed in Q1

- **Productivity now -0.9% vs earlier -0.5% est. ULC now 1.3% vs 2.0%** Nonfarm productivity was revised down to a -0.9% annual rate in Q1 (cons - 0.8%, UBSe 0.0%) versus the earlier-reported -0.5% pace, reflecting the downward revision to Q1 GDP growth and an upward revision to hours worked. On a y/y basis, productivity growth now shows 0.4% in Q1 rate versus an earlier 0.5% pace. Unit labor costs (ULC) were also revised down slightly in Q1: to a 1.3%q/q annual rate (consensus 2.1%, UBSe 1.2%) from 2.0%. There also were downward revisions to Q4; now reported at a 2.0%q/q annual rate rather than an earlier reported 2.7% pace. As a result, the y/y pace of ULC is more modest than initially reported (0.9% instead of 2.1%).
- **Private nonfarm business productivity growth has been posting a cyclical slowing following a sharp initial post-recession surge.** The earlier strength probably was partly due to at least some labor hoarding during the recession. Also, net additions to the business equipment and software capital stock have been subdued in the past several years. That capital stock fell 1.4% in 2009 and rose only 0.9% in 2010—both well below the earlier trend of nearly 5% growth per year.
- **In combination with workweek dynamics, we expect subpar productivity growth in 2012-2013.** We project private nonfarm business productivity growth of 0.7% in 2012 and 1.5% in 2013. Historically, normal productivity growth for the output growth that we are forecasting would be about 1 pct pt higher in 2012 and a ½ pt higher in 2013 (see chart). That subpar productivity growth implies somewhat more labor demand. The mortgage applications purchase index slipped 1.8%w/w in the period ended Jun 1. At 187, the four-week average of the index compares with averages of 182 in Q1 and 181 in Q4—suggesting some improvement in the pace of home sales.
- **Notes:**

Source: The content presented above reflects a front page summary of UBS Research content, UBS commentary as at 6 June 2012

US Daily Economic Comment

Economist: Maury N. Harris

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Fed Chairman's testimony the focus

- **Preview: Bernanke testimony 10am, jobless claims, Fed data and Fedspeak** On Thursday, the highlight will be the Fed Chairman's testimony on the "Economic Outlook and Policy" before the Joint Economic Committee (10am ET). In theory, the testimony sets up for an opportune venue for Mr Bernanke to send a signal to the markets on whether he thinks additional Fed stimulus is required. In reality, we think Mr Bernanke will be guarded in his remarks. His prepared remarks could preview a language change in the upcoming FOMC statement, but we still do not expect the Fed to react to the recent disappointing data with further easing at the June 20th FOMC meeting. The main takeaway from the testimony will likely take the form of a "we stand ready" type message that offers the possibility of more Fed action without making a promise. Jobless claims data will be reported prior to Mr. Bernanke's testimony. We expect new claims to fall to 375k (cons 380k) from 383k. At 375k the latest four-week average in claims was down about 10k from a month ago but up a tad from the 363k at the end of Q1. The upcoming report will be for the week including the Memorial Day holiday, adding the potential for extra volatility. Later in the day, consumer credit (UBSe \$12.0 bil, cons \$11.0 bil) for the month of April and Q1 flow of funds data will also be reported. Fed officials Rosengren (5:45am), Lockhart (12:10pm), Kocherlakota (1:15pm) and Fisher (3:30pm) are also scheduled to speak on Thursday.
- **Notes:**

Source: The content presented above reflects a front page summary of UBS Research content, UBS commentary as at 6 June 2012

Rating & PT Changes

Key Rating and Price Target Changes:

Company Name	Directional Indicator/Rationale	Reuters Code	Current Share Price	New Rating	New PT	Prior Rating	Prior PT
BCP	Reiterate Sell, lower PT	BCP.LS	€0.082	Sell	€0.07	Sell	€0.11
BPI	Reiterate Sell, lower PT	BBPI.LS	€0.446	Sell	€0.20	Sell	€0.25
Burckhardt	Maintain Neutral, increase PT	BCHN.S	CHF248	Neutral	CHF240	Neutral	CHF230
Fortum	Downgrade to Sell, lower PT	FUM1V.HE	€14.58	Sell	€11	Neutral	€17.5
Halfords Group	Upgrade to Neutral, lower PT	HFD.L	243.8p	Neutral	240p	Sell	260p
Logitech	Maintain Neutral, increase PT	LOGN.VX	CHF9.675	Neutral	CHF9.5	Neutral	CHF9

Source: UBS. Prices as at market close on June 6, 2012.

Markets, Events and Newsflow

Today's Company Events – Europe

Company Name	Event	Reuters code	Rating	PT	Market Cap (USD bn)	Notes
Air France - KLM	Traffic Statistics	AIRF.PA	Neutral	€3.75	1.28	-
Dassault Syst.	AGM	DAST.PA	Neutral	€70	11.11	-
G4S	AGM	GFS.L	Buy	330p	6.00	-
IAG	Traffic Statistics	ICAG.L	Buy	210p	4.15	-
Johnson Matthey	FY Results	JMAT.L	Buy	2700p	7.24	-
St. Gobain	AGM	SGOB.PA	Buy	€40	19.40	-

Source: Reuters, UBS. Prices as at market close on June 6, 2012.

Today's Company Events – US

Company Name	Event	Reuters code	Rating	PT	Sector	Notes
lululemon athletica	Earnings Release	LULU.O	Buy	US\$91	Retailers, Specialty	

Source: Reuters, UBS estimates. Prices as at market close on June 6, 2012.

UBS Key Calls - Europe

Live Key Call Portfolio

Stock Name	RIC	Rating	Price Target	Date of call	Last close before addition to list	Current Price	Price % change since inception	Analyst
Aggreko	AGGK.L	Buy	2550p	15-Nov-11	1789p	2177p	21.69%	Alex Hugh, CFA
AstraZeneca	AZN.L	Buy	3500p	03-May-12	2703p	2620p	-3.07%	Gbola Amusa, MD, CFA
Clariant	CLN.VX	Buy	CHF18	06-Jan-12	CHF10.19	CHF9.7	-4.81%	Thomas Gilbert
Eni	ENI.MI	Buy	€21	23-Feb-11	€17.28	€15.98	-7.52%	Jon Rigby, CFA
GDF Suez	GSZ.PA	Buy	€22	16-May-12	€16.285	€16.38	0.58%	Per Lekander
Imperial Tobacco	IMT.L	Buy	2745p	07-Apr-11	1971p	2372p	20.35%	Jonathan Leinster
Prudential	PRU.L	Buy	875p	08-Dec-10	612p	683.5p	11.68%	James Pearce
Renault	RENA.PA	Buy	€55	21-May-12	€30.59	€34.03	11.25%	Philippe Houchois
Scor	SCOR.PA	Buy	€25	22-Mar-12	€20.395	€17.935	-12.06%	Kathy Fear
Siemens	SIEGn.DE	Buy	€90	03-Jun-11	€89.83	€64.97	-27.67%	Fredric Stahl, CFA
Solvay	SOLB.BR	Buy	€135	18-May-12	€83.21	€82.57	-0.77%	Joe Dewhurst

Source: UBS estimates. Prices as at market close on June 6, 2012. Rating / PT as at 05:00 BST on June 7, 2012. Indicated performance returns are based on total returns (price changes and dividends) but exclude transaction costs such as commissions, fees, margin interest, and interest charges. Actual transactions adjusted for such transaction costs will result in reduced total returns. Prices of stocks in this performance reflect closing prices. Since inception (15 September 2005), the European Key Calls portfolio has had 166 stocks, of which 93 advanced and 73 declined while on the list; the portfolio has outperformed the FTSEurofirst300 by 24.70% (1st June 2012). A complete record of all the recommendations upon which the report is based is available from UBS upon written request. Past performance is not an indication of future results.

May Top 20 Small & Mid cap Key Calls

Stock Name	RIC	Rating	Price Target	Analyst
Actelion	ATLN.VX	Buy	CHF61	Guillaume van Renterghem
Andritz	ANDR.VI	Buy (CBE)	€45	Sven Weier
Aryzta	ARYN.S	Buy	CHF56	Joern Iffert, CFA
Ashtead	AHT.L	Buy	320p	Alex Hugh, CFA
AZ Electronic Mat.	AZEM.L	Buy	350p	David Mulholland
Babcock	BAB.L	Buy	950p	Alex Hugh, CFA
Eurotunnel	GETP.PA	Buy	€8	Denis Moreau
Husqvarna	HUSQb.ST	Buy	SKr50	David Hallden
JCDecaux	JCDX.PA	Buy	€28	Alastair Reid
Kuoni	KUNN.S	Buy	CHF450	Jean-Francois Meymandi
Loomis	LOOMb.ST	Buy	SKr105	David Hallden
Lufthansa	LHAG.DE	Buy	€13	Jarrod Castle, CFA
OERLIKON	OERL.S	Buy (CBE)	CHF11.5	Andre Rudolf von Rohr
OHL	OHL.MC	Buy	€27	Bosco Ojeda
Orkla	ORK.OL	Buy	NKr59	David Hallden
Paragon	PARA.L	Buy	254p	Anton Kryachok
Renishaw	RSW.L	Buy	1700p	Stephen Swanton, CFA
Rexel	RXL.PA	Buy	€18	Denis Moreau
SEB SA	SEBF.PA	Buy	€66	Julie de Vignerat
Sulzer	SUN.S	Buy (CBE)	CHF180	Torsten Wyss

Source: UBS estimates. Rating / PT as at 05:00 BST on June 7, 2012.

Today's Macroeconomic Events:

Country	Indicator	Time (GMT)	UBS forecast	Previous	Consensus
United States	Jobless Claims (Jun 2) lvl	12:30	na	na	na
United States	Quarterly Services Survey (Q1)	14:00	na	na	na
United States	Flow of Funds (Q1) Possible lvl	16:00	na	na	na
United States	Consumer Credit (Apr) lvl	17:00	na	\$21.4 bil	\$11.0 bil
UK	PMI Services (May)	08:30	52.4	53.3	
UK	Official Reserves (Changes) (May) USD mn	08:30		447	
UK	Bank of England Monetary Policy Committee Decision %	11:00	0.50%	0.50%	
UK	BOE Asset Purchase Target GBP bn	11:00	325	325	
Switzerland	Unemployment rate (May) %	05:45	3.00%	3.10%	
Switzerland	Unemployment rate (sa) (May) %	05:45	3.20%	3.10%	
Switzerland	SNB Special Data Dissemination Standard (IMF)	07:00			
Switzerland	CPI (May) m/m	07:15	0.10%	0.10%	
Switzerland	CPI (May) y/y	07:15	-0.90%	-1.00%	
Switzerland	Foreign hotel stays (Apr) y/y	07:15	nf	-12.40%	
Norway	Industrial Production sa (Apr) m/m	08:00	0.0%	-0.7%	
Norway	Industrial Production wdaJ (Apr) y/y	08:00	0.8%	2.4%	
Norway	Ind Prod Manufacturing wda (Apr) y/y	08:00		-0.8%	
Netherlands	CPI - EU Harmonized (May) m/m	07:30		0.5%	
Netherlands	CPI - EU Harmonized (May) y/y	07:30		2.8%	
Netherlands	CPI (May) m/m	07:30	0.0%	0.4%	
Netherlands	CPI (May) y/y	07:30	2.2%	2.4%	
Israel	Foreign Currency Balance (May) USD bn			76.6	
Germany	Wholesale Price Index (Data Due: 7-12 Jun) (May) y/y			2.4%	
France	ILO Mainland Unemployment Rate (Q1) %	05:30	9.4%	9.4%	
France	Mainland Unemp. Change (Q1) Thousand	05:30	-11	50.0	
France	ILO Unemployment Rate (Q1) %	05:30	9.8%	9.8%	

Source: Standard and Poor's, UBS

Today's Political Events:

Country	Event	Time (GMT)
US	Fed Holds Open Board Meeting on Capital Rules	19:30
US	Federal Reserve Board Holds Open Meeting on Bank Capital	19:30
US	Fed's Bernanke Testifies to U.S. Lawmakers on Economic Outlook	14:00
US	Fed's Fisher Speaks on Renminbi at La Jolla, California	19:30
US	Fed's Kocherlakota Speaks in Minneapolis	17:15
US	Fed's Lockhart Speaks on U.S. Economy in Georgia	16:10
UK	Bank of England Monetary Policy Committee Decision	11:00
UK	BoE Announces Rates	11:00
UK	BoE Asset Purchase Target	11:00
Italy	Bank of Italy to Release Balance-Sheet Aggregates for May	09:00
Italy	Monti, Saccomanni, Tremonti, Bassanini at Event in Palermo	08:30
Europe	EU's Van Rompuy Speaks at Friends of Europe	15:00

Source: Bloomberg / Reuters / Financial Times

Today's UBS Hosted Corporate Road shows:

Company	Location
ASML	Geneva
Electrocomponents	London
The Paragon Group of Companies	London
Standard Chartered	Zurich

Source: UBS

Latest Market Movements:

Country/Region	Market	Latest Price/Last Close	1-day % Change	1-month % Change	YTD % Change
Europe					
Europe	FTSE Eurofirst300	974.21	2.2%	-5.84%	-2.71%
Belgium	BEL 20	2104.45	2.4%	-3.48%	1.01%
Germany	DAX	6093.99	2.1%	-7.24%	3.32%
France	CAC	3058.44	2.4%	-4.85%	-3.21%
Italy	MIB 30	13427.15	3.5%	-5.94%	-11.02%
Netherlands	AEX	291.39	2.2%	-4.38%	-6.75%
Portugal	PSI 20	4537.59	1.0%	-12.99%	-17.41%
Spain	IBEX	6418.9	2.4%	-9.12%	-25.07%
Sweden	OMX	951.91	0.0%	-7.65%	-3.64%
Switzerland	SMI	5822.63	1.9%	-3.60%	-1.91%
UK	FTSE 100	5384.11	2.4%	-4.79%	-3.38%
Rest of World					
United States	Dow Jones	12414.79	2.4%	-4.56%	1.61%
United States	S&P 500	1315.13	2.3%	-3.98%	4.57%
United States	Nasdaq	2844.72	2.4%	-3.82%	9.20%
Japan	Nikkei 225	8641.31	1.3%	-5.24%	2.20%
Hong Kong	Hang Seng	18520.53	1.6%	-8.36%	2.09%

Source: UBS, Reuters. Prices as at market close on June 6, 2012. Prices in Japan and Hong Kong as at 05:00 BST on June 7, 2012.

Latest FX Movements:

Name	Currency	Latest Price/Last Close	1-day % Change	1-month % Change	YTD % Change
Euro	€/\$	1.26	1.0%	-3.7%	-2.8%
UK	£/\$	1.55	0.7%	-4.3%	-0.1%
UK	£/€	1.23	-0.1%	-0.5%	2.9%
Switzerland	CHF/US\$	1.04	0.8%	-3.8%	-1.9%
Switzerland	CHF/€	0.83	0.0%	0.1%	1.2%
Norway	NKR/€	0.13	-0.3%	-0.8%	1.4%
Sweden	SKR/€	0.11	-0.2%	-1.2%	-1.0%
US	\$/JPY	0.79	0.6%	-0.9%	3.0%
Euro	€/JPY	1.00	1.7%	-4.5%	0.1%

Source: UBS, Reuters. Prices as at market close on June 6, 2012.

UBS Conferences and Seminars*

For the week of 4th to 8th June

From	To	Event	Location
04-Jun-2012	04-Jun-2012	Q-Series: Shale Boom & the Economy	Conference Call
06-Jun-2012	06-Jun-2012	Q-Series: Shale Boom & the Economy	Conference Call

Upcoming UBS Conferences and Seminars

From	To	Event	Location
10-Sep-2012	12-Sep-2012	Global Solar One-on-One Conference	Orlando
12-Sep-2012	13-Sep-2012	Best of Germany 1-1 Conference	New York
13-Nov-2012	14-Nov-2012	UBS European Conference 2012	London

Recent events

From	To	Event	Location
19-Mar-2012	19-Mar-2012	European Utilities: Upgrading sector stance to neutral	Conference Call
22-Mar-2012	22-Mar-2012	The Health of the Australian Beer Market	Conference Call
02-Apr-2012	02-Apr-2012	How to fix the long-term gas contracts?	Conference Call
02-Apr-2012	02-Apr-2012	Italy at a cross road?	Conference Call
02-Apr-2012	02-Apr-2012	Global Tech Conference Call	Conference Call
12-Apr-2012	12-Apr-2012	China Telco Capex Trends and Read-throughs to US Semis	Conference Call
16-Apr-2012	16-Apr-2012	UBS China Macro Economics: Landed, Now What?	Conference Call
17-Apr-2012	17-Apr-2012	Global Paper & Forest Industry: 1Q12 Earnings/Sector Outlook	Conference Call
27-Apr-2012	27-Apr-2012	Q1 GDP Conference Call	Conference Call
02-May-2012	02-May-2012	Greek Elections	Conference call
08-May-2012	08-May-2012	European Elections Update	Conference Call
09-May-2012	09-May-2012	Mongolian Foreign Investment Laws	Conference Call
13-May-2012	13-May-2012	Update on Spanish Banks	Conference Call
21-May-2012	21-May-2012	Greece: Scenarios and Consequences	Conference Call
30-May-2012	30-May-2012	Update on Spanish Banks	Conference Call

*For further information on any of these events, please contact your UBS representative. Replay details may be available for recently concluded conference calls.

Recent UBS Event



Research Insight Conference Call

Q-Series: Shale Boom & the Economy: "Could natural gas and oil fuel next US boom?"

Host:

Maury Harris - UBS Chief US Economist

Topics of Discussion:

- Impact on US real GDP growth of potentially sustained rapid domestic shale gas and oil extraction and utilization.
- GDP Impact from manufacturing sector investment / output adjustments resulting from continued relatively cheap natural gas.
- Impact that a much lower US net petroleum trade deficit could have on the dollar's foreign exchange value
- Comparing the Information Technology boom during the second half of the 1990's to our projected impact from a potential energy boom.

Date & Time:

Wednesday, June 6th, 2012

New York 09:00 // London 14:00 // Hong Kong 21:00 // Tokyo 22:00

Dial-in Details: Pincode 918069#

Australia [FP] 1800 024 502	India +91 226 150 1544	Singapore +65 68 232 170
Austria +43 26 822 056 291	India [FP] 000800 100 3648	South Africa [FP] 0800 983 152
Austria [FP] 0800 005 164	Indonesia [FP] 0018 030 441 1307	Spain +34 917 889 508
Belgium +32 22 901 408	Ireland +353 14 364 107	Spain [FP] 900 801 885
China +86 105 904 4818	Israel [FP] 1809 431 504	Sweden +46 850 520 111
China North [FP] 10800 744 1376	Italy +39 023 0350 9004	Switzerland [Geneva] +41 225 927 008
China South [FP] 10800 441 1265	Japan [FP] 00663 381 2559	Switzerland [Zurich] +41 434 569 262
Czech Republic [FP] 800 700 953	Luxembourg +352 270 007 3409	Switzerland [FP] 0800 001 740
Denmark +45 32 714 608	Malaysia [FP] 1800 813 763	Taiwan +886 221 626 702
Finland +358 923 139 200	Netherlands +31 207 965 009	Thailand [FP] 001800 442 204
France +33 170 993 209	New Zealand [FP] 0800 451 144	UAE [FP] 8000 444 0373
Germany +49 695 8999 0508	Norway +47 21 563 121	United Kingdom +44 20 7162 0035
Germany [FP] 0800 000 6560	Philippines [FP] 1800 1442 0109	United Kingdom [FP] 0500 551 079
Hong Kong [FP] 800 903 869	Portugal [FP] 800 782 050	United States +1 646 461 1757
Hungary +36 618 893 216	Russia [FP] 81080 023 992 044	United States [FP] 1866 766 4082

Replay – Pincode 918069#

UK 020 7031 4064	US +1-954-334-0342	France +33 (0) 170993529
Austria +43 (0) 26822056415	Australia +61(0)2 82239748	Germany +49 (0) 30726167224
Spain +34 917889714	Hong Kong +852 30114552	Ireland +353 (0) 14367610
Sweden +46 (0) 850520333	Singapore +65 66221306	Italy +39 02303509364
Switzerland +41 (0) 225927181	Japan 81366451264	Netherlands +31 (0) 207965345
Finland +358 (0) 923144681	Belgium +32 (0) 22901705	Portugal 800782056
Norway +47 21501292	Denmark +45 32714892	US - toll free 1866 766 4082

This will be available within 4 working hrs of the call ending for 14 day(s) from 06 June 2012 until midnight on 20 June 2012

Recent UBS Event



Research Insight Conference Call

Q-Series: Shale Boom & the Economy: "Could natural gas and oil fuel next US boom?"

Host:

Maury Harris - UBS Chief US Economist

Topics of Discussion:

- Potentially sustained rapid domestic shale gas and oil extraction and utilization within a few years could begin to raise US real GDP growth by an estimated 0.5% per year over a half-decade time horizon
- Energy extraction and production are a modest fraction of US GDP, but there are potentially more significant GDP impacts via manufacturing sector investment and output adjustments to possibly continued relatively cheap natural gas
- However, a much lower US net petroleum trade deficit could place upward pressure on the dollar's foreign exchange value, with accompanying downward effects on US nonoil exports partly offsetting positive growth impacts from energy developments
- The information technology boom is estimated during the second half of the 1990's to have raised annual private US output growth by just over triple our projected net positive impact from a potential energy boom

Date & Time:

Monday, June 4th, 2012 // 2:00 PM ET

Dial-in Details:

Toll Free: 800-741-5804

Toll: 212-231-2914

Code: 21595451

Replay Details:

Toll Free: 800-633-8284

Toll: 402-977-9140

Code: 21595451

Recent UBS Event



Analyst Conference Call

Update on Spanish Banks

Hosts:

Matteo Ramenghi – UBS Spanish and Italian Banks Analyst
Ignacio Sanz – UBS Iberian domestic Banks and Insurance Analyst

Speakers:

Bosco Ojeda –co-Head UBS European Small & Midcap Research
Alastair Ryan – UBS Head of European Banks Research
Justin Knight – UBS Head of European Rates Strategy

Date & Time:

Wednesday, 30th May 2012
 New York 11:00 // London 16:00 // Hong Kong 23:00 // Tokyo 00:00

Dial-in details – PINCODE 917896#

Australia [FP] 1800 024 502	India +91 226 150 1544	Singapore +65 68 232 170
Austria +43 26 822 056 291	India [FP] 000800 100 3648	South Africa [FP] 0800 983 152
Austria [FP] 0800 005 164	Indonesia [FP] 0018 030 441 1307	Spain +34 917 889 508
Belgium +32 22 901 408	Ireland +353 14 364 107	Spain [FP] 900 801 885
China +86 105 904 4818	Israel [FP] 1809 431 504	Sweden +46 850 520 111
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China South [FP] 10800 441 1265	Japan [FP] 00663 381 2559	Switzerland [Zurich] +41 434 569 262
Czech Republic [FP] 800 700 953	Luxembourg +352 270 007 3409	Switzerland [FP] 0800 001 740
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Germany [FP] 0800 000 6560	Philippines [FP] 1800 1442 0109	United Kingdom [FP] 0500 551 079
Hong Kong [FP] 800 903 869	Portugal [FP] 800 782 050	United States +1 646 461 1757
Hungary +36 618 893 216	Russia [FP] 81080 023 992 044	United States [FP] 1866 766 4082

Replay – PINCODE 917896#

UK 020 7031 4064	US +1-954-334-0342	France +33 (0) 170993529
Austria +43 (0) 26822056415	Australia +61(0)2 82239748	Germany +49 (0) 30726167224
Spain +34 917889714	Hong Kong +852 30114552	Ireland +353 (0) 14367610
Sweden +46 (0) 850520333	Singapore +65 66221306	Italy +39 02303509364
Switzerland +41 (0) 225927181	Japan +81366451264	Netherland +31 (0) 207965345
Finland +358 (0) 923144681	Belgium +32 (0) 22901705	Portugal 800782056
Norway +47 21501292	Denmark +45 32714892	US - toll free +1-888-365-0240

This will be available within 4 working hrs of the call ending for 14 day(s) from 30 May 2012 until midnight on 13 June 2012

Further Information

Morning Espresso - Europe

Welcome to the *Morning Espresso*, an early morning summary of the key ideas and issues presented from UBS for the day ahead. Its contents include:

- **key items from UBS' European Morning Meeting**
- **highlighted recommendation and price target changes**
- **today's anticipated company, sector and macro-economic catalysts from the *European Contextual Diary***
- **company and client events, conferences and conference calls from UBS**
- **live key calls portfolio**
- **overnight global market movements**

Morning Espresso is designed to give you all that you 'need to know' each morning.

Data presented is accurate as at 06:00 BST on Thursday, 7 June 2012.

Contacts & Feedback

For further details concerning today's *Morning Espresso - Europe* note, please visit www.ubs.com/investmentresearch or speak to your UBS contact. This note is not intended to be static and it will evolve over time. Feedback welcomed on email to ubs-morning-expresso@ubs.com

■ Statement of Risk

Forecasting earnings and corporate financial behaviour is difficult because it is affected by a wide range of economic, financial, accounting and regulatory trends, as well as changes in tax policy.

■ 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 were prepared in an independent manner, including with respect to UBS, 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.

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UBS Investment Research: Global Equity Rating Allocations

UBS 12-Month Rating	Rating Category	Coverage ¹	IB Services ²
Buy	Buy	51%	34%
Neutral	Hold/Neutral	40%	35%
Sell	Sell	9%	15%
UBS Short-Term Rating	Rating Category	Coverage ³	IB Services ⁴
Buy	Buy	less than 1%	25%
Sell	Sell	less than 1%	17%

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 March 2012.

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.

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UBS Limited: Themis Themistocleous; Paul Schneider; Christopher Clarke; Carol Chan.

Company Disclosures

Company Name	Reuters	12-mo rating	Short-term rating	Price	Price date
Abertis ⁵	ABE.MC	Buy	N/A	€9.91	06 Jun 2012
Actelion ^{2, 4, 5, 13, 18e}	ATLN.VX	Buy	N/A	CHF36.27	06 Jun 2012
Aggreko ^{2, 4, 5, 14}	AGGK.L	Buy	N/A	2,177p	06 Jun 2012
Allreal ^{2, 4, 5}	ALLN.S	Neutral	N/A	CHF137.20	06 Jun 2012
Amadeus IT Group SA	AMA.MC	Buy	N/A	€14.67	06 Jun 2012
Andritz ²⁰	ANDR.VI	Buy (CBE)	N/A	€41.20	06 Jun 2012
APR Energy	APREN.L	Sell	N/A	800p	06 Jun 2012
Aryzta AG ^{2, 4, 5}	ARYN.S	Buy	N/A	CHF43.05	06 Jun 2012
Ashtead Group ¹⁴	AHT.L	Buy	N/A	223p	06 Jun 2012
AstraZeneca ^{4, 6, 16}	AZN.L	Buy	N/A	2,620p	06 Jun 2012
Atkins WS	ATKW.L	Neutral	N/A	644p	06 Jun 2012
AZ Electronic Materials ^{4, 5, 14}	AZEM.L	Buy	N/A	292p	06 Jun 2012
Babcock International	BAB.L	Buy	N/A	854p	06 Jun 2012
Banco Espirito Santo SA ^{2, 4, 5, 16, 22}	BES.LS	Buy	N/A	€0.53	06 Jun 2012
BCP ^{4, 5}	BCP.LS	Sell	N/A	€0.08	06 Jun 2012
BPI	BBPI.LS	Sell	N/A	€0.45	06 Jun 2012
Burckhardt Compression ^{5, 18e, 19}	BCHN.S	Neutral (CBE)	N/A	CHF248.00	06 Jun 2012
Bureau Veritas	BVI.PA	Neutral	N/A	€68.41	06 Jun 2012
Capgemini ¹⁶	CAPP.PA	Buy	N/A	€27.85	06 Jun 2012
Capita PLC ¹⁶	CPI.L	Buy	N/A	622p	06 Jun 2012
CEZ Group	CEZP.PR	Neutral	N/A	Kc753.00	06 Jun 2012
Clariant ^{2, 4, 5, 13, 16}	CLN.VX	Buy	N/A	CHF9.70	06 Jun 2012
Deutsche Lufthansa AG ^{2, 4, 5, 16}	LHAG.DE	Buy	N/A	€8.27	06 Jun 2012
Ebro Foods ^{2, 4, 16}	EBRO.MC	Buy	N/A	€12.62	06 Jun 2012
Eni ^{4, 5, 16}	ENI.MI	Buy	N/A	€15.98	06 Jun 2012
Espirito Santo Financial Group ^{2, 4, 5, 14}	ESF.LS	Neutral	N/A	€5.15	06 Jun 2012
Experian Group ^{4, 14, 16}	EXPN.L	Neutral	N/A	925p	06 Jun 2012
Ferrovial ^{5, 16}	FER.MC	Buy	N/A	€7.77	06 Jun 2012
Fortum ^{16, 22}	FUM1V.HE	Sell	N/A	€14.58	06 Jun 2012
G4S ¹⁶	GFS.L	Buy	N/A	275p	06 Jun 2012
GDF Suez ^{5, 16, 22}	GSZ.PA	Buy	N/A	€16.38	06 Jun 2012
Groupe Eurotunnel SA	GETP.PA	Buy	N/A	€6.20	06 Jun 2012
Halfords Group ¹⁶	HFD.L	Neutral	N/A	244p	06 Jun 2012
Husqvarna ¹⁶	HUSQb.ST	Buy	N/A	SKr31.11	05 Jun 2012
Iberdrola ^{2, 4, 5, 16}	IBE.MC	Buy	N/A	€3.28	06 Jun 2012
Imperial Tobacco ^{8, 16, 22}	IMT.L	Buy	N/A	2,372p	06 Jun 2012
International Airlines Group ^{5, 14, 16, 18b}	ICAG.L	Buy	N/A	145p	06 Jun 2012
Intertek Group plc ¹⁶	ITRK.L	Neutral	N/A	2,627p	06 Jun 2012
JCDecaux ⁵	JCDX.PA	Buy	N/A	€17.37	06 Jun 2012
Kuoni ⁵	KUNN.S	Buy	N/A	CHF290.00	06 Jun 2012
Logitech ^{5, 13, 16, 18c}	LOGN.VX	Neutral	N/A	CHF9.68	06 Jun 2012
Loomis ¹³	LOOMb.ST	Buy	N/A	SKr82.25	05 Jun 2012
MITIE Group ^{4, 14}	MTOL	Buy	N/A	272p	06 Jun 2012
OERLIKON ^{3a, 5, 19}	OERL.S	Buy (CBE)	N/A	CHF8.08	06 Jun 2012
OHL ⁴	OHL.MC	Buy	N/A	€15.16	06 Jun 2012
Orkla ¹⁶	ORK.OL	Buy	N/A	NKr41.11	06 Jun 2012
Paragon Group of Companies ^{4, 13, 14}	PARA.L	Buy	N/A	159p	06 Jun 2012
Prudential ^{4, 14, 16}	PRU.L	Buy	N/A	684p	06 Jun 2012
Renault SA ²²	RENA.PA	Buy	N/A	€34.03	06 Jun 2012
Renishaw ^{4, 14}	RSW.L	Buy	N/A	1,473p	06 Jun 2012
Rexel ⁵	RXL.PA	Buy	N/A	€14.48	06 Jun 2012

Company Name	Reuters	12-mo rating	Short-term rating	Price	Price date
Scor ^{2, 4, 5, 16, 18f}	SCOR.PA	Buy	N/A	€17.94	06 Jun 2012
SEB	SEBF.PA	Buy	N/A	€53.20	06 Jun 2012
Securitas	SECUB.ST	Neutral	N/A	SKr51.95	05 Jun 2012
SGS ^{5, 13, 16, 18a, 18d}	SGSN.VX	Buy	N/A	CHF1,729.00	06 Jun 2012
Siemens ^{3b, 4, 5, 14, 16}	SIEGn.DE	Buy	N/A	€64.97	06 Jun 2012
Solvay ¹⁶	SOLB.BR	Buy	N/A	€82.57	06 Jun 2012
Sulzer ^{2, 4, 5, 13, 15, 19}	SUN.S	Buy (CBE)	N/A	CHF113.00	06 Jun 2012
Técnicas Reunidas S.A.	TRE.MC	Buy	N/A	€29.97	06 Jun 2012
Weir ^{4, 14}	WEIR.L	Buy	N/A	1,485p	06 Jun 2012

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

2. UBS AG, its affiliates or subsidiaries has acted as manager/co-manager in the underwriting or placement of securities of this company/entity or one of its affiliates within the past 12 months.
- 3a. UBS AG is advising OC Oerlikon Corp AG on its announced potential bond issue.
- 3b. UBS Deutschland AG is currently acting as advisor to Siemens AG
4. Within the past 12 months, UBS AG, its affiliates or subsidiaries has received compensation for investment banking services from this company/entity.
5. UBS AG, its affiliates or subsidiaries expect to receive or intend to seek compensation for investment banking services from this company/entity within the next three months.
6. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and investment banking services are being, or have been, provided.
8. The equity analyst covering this company, a member of his or her team, or one of their household members has a long common stock position in this company.
13. UBS AG, its affiliates or subsidiaries beneficially owned 1% or more of a class of this company's common equity securities as of last month's end (or the prior month's end if this report is dated less than 10 days after the most recent month's end).
14. UBS Limited acts as broker to this company.
15. UBS AG, its affiliates or subsidiaries has issued a warrant the value of which is based on one or more of the financial instruments of this company.
16. UBS Securities LLC makes a market in the securities and/or ADRs of this company.
- 18a. A director or an employee of UBS AG, its affiliates or subsidiaries is a director of this company.
- 18b. A U.S. based global equity strategist, a member of his team, or one of their household members has a long common stock position in British Airways PLC.
- 18c. UBS AG is acting as agent on Logitech's announced share buy-back programme.
- 18d. UBS AG is acting as agent on SGS' announced share buy-back programme.
- 18e. UBS AG, its affiliates or subsidiaries beneficially owned more than 5% of the total issued share capital of this company.
- 18f. UBS Limited has provided a natural catastrophe financial coverage facility in the form of a contingent capital equity line to SCOR SE
19. Because this company is an announced takeover candidate, UBS believes the security presents lower-than-normal risk. We have widened its rating band to +6%/-10% compared with +6%/-6%, respectively, under the normal rating system.
20. Because UBS believes this security presents significantly higher-than-normal risk, its rating is deemed Buy if the FSR exceeds the MRA by 10% (compared with 6% under the normal rating system).
22. UBS AG, its affiliates or subsidiaries held other significant financial interests in this company/entity as of last month's end (or the prior month's end if this report is dated less than 10 working days after the most recent month's end).

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

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Additional Prices: Air France - KLM, €3.38 (06 Jun 2012); ASML, €37.29 (06 Jun 2012); Dassault Systèmes, €70.99 (06 Jun 2012); Electrocomponents, 203p (06 Jun 2012); Johnson Matthey, 2,197p (06 Jun 2012); lululemon athletica, US\$70.02 (06 Jun 2012); Saint Gobain, €29.32 (06 Jun 2012); Standard Chartered, 1,348p (06 Jun 2012); Source: UBS. All prices as of local market close.

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