UNITED KINGDOM

AEN LN Outperform

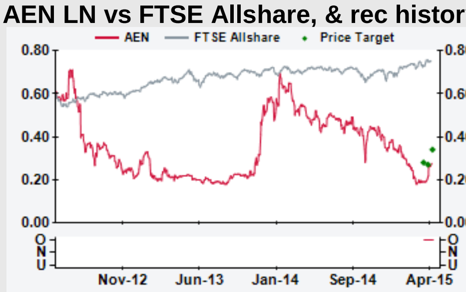
Price (at 15:35, 27 Apr 2015 GMT) £0.28

Valuation - DCF (WACC 10.0%, beta 1.0, ERP 8.0%, RFR 2.0%)	**£**	**0.34**
12-month target	**£**	**0.34**
12-month TSR	**%**	**+23.1**
GICS sector		**Energy**
Market cap	**£m**	**152**
Market cap	**US$m**	**231**
30-day avg turnover	**£m**	**0.1**
Number shares on issue	**m**	**552.0**

Investment fundamentals

Year end 31 Dec		2013A	2014E	2015E	2016E
Revenue	m	22.5	47.4	94.7	104.4
EBITDA	m	7.6	13.3	38.8	46.8
EBITDA growth	%	nmf	75.8	191.0	20.7
EBIT	m	6.0	9.6	30.2	37.9
EBIT growth	%	nmf	60.5	213.1	25.4
Adjusted profit	m	-0.4	-0.4	12.7	16.3
EPS adj	US$	0.00	0.00	0.02	0.03
EPS adj growth	%	96.8	81.1	nmf	26.9

AEN LN vs FTSE Allshare, & rec history



Note: Recommendation timeline - if not a continuous line, then there was no Macquarie coverage at the time or there was an embargo period.

Source: FactSet, Macquarie Research, April 2015

(all figures in USD unless noted, TP in GBP)

Andes Energia

Lowering our horizontal well cost assumptions for Vaca Muerta

Event

- We are updating our valuation to reflect the incremental details provided by YPF on Vaca Muerta shale well costs and by Andes Energia on its activities in Argentina and Colombia.

Impact

- On Friday 24 Apr, YPF provided for the first time some clarity on Vaca Muerta horizontal well cost, discussing a current cost of $13-14m, below our previous estimate of $20-25m (for a development well at the Loma Campana pilot development). Longer term, YPF expects cost to come down to $5m / $10m for vertical / horizontal wells thanks to a number of cost saving initiatives, including the use of locally sourced sand as proppant. We have updated our shale model as follows: our new horizontal well cost assumptions of $17m / $11m today / long term improve our pilot development economics to $1.8/boe (IRR 20%) from $1.5/boe (17%).
- Last week we met with Andes Energia's CEO Alejandro Jotayan while he was visiting London-based investors. The key highlights were:
  - ⇒ Andes is in active farm-out negotiation for its Vaca Muerta licences and a first farm-out deal could happen during 2015. The focus is likely to be on the La Brea block: 36,000 acres, 100% WI, located in the Mendoza province (Northern part of the Vaca Muerta prospective area).
  - ⇒ The Colombia committed work programme could be extended by one year to 2017 giving Andes more time to reach a farm-out agreement. The company is looking to drill 7 exploration wells across the licences acquired via Interoil: a first well could be drilled in 2015 but the majority of the activity is likely to happen at a later date ($3-4m gross cost per well).

Earnings and target price revision

- FY14 / FY15 EPS increases to $-0.1 / $2.5 from $-0.3 / $2.1 respectively. TP increases 26% to 34p/sh from 27p/sh impacted by improved Vaca Muerta economics and higher Colombia net back assumptions.

Price catalyst

- 12-month price target: £0.34 based on a Sum of Parts methodology.
- Catalyst: FY14 results (May), updates on farm-out negotiations in Andes' Vaca Muerta and Colombian assets, Argentina political elections (Oct)

Action and recommendation

- As highlighted in our 1 Apr initiation report "Vaca Muerta – rising from the dead", we see Andes Energia as one of the best ways to take a direct exposure to the Vaca Muerta shale play: has an interest in six Vaca Muerta blocks, equivalent to 249,604 net acres, the largest acreage position owned by a publicly listed independent E&P. Of this acreage, ~90% falls within the oil window. The company is actively running a farm-out process seeking to bring in a farm-in partner in at least 1 of its licences in the next 6 months.

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28 April 2015
Macquarie Capital (Europe) Limited

Updated valuation

- Our Target Price increases 26% to 34p/sh from 27p/sh reflecting: i) improved net back assumptions based on Andes' recently published presentation (Core NAV up 1p/sh to 18p/sh); ii) improved well economics (+5p/sh impact on E&A upside included in our TP); iii) inclusion of La Brea licence Vaca Muerta prospectivity in our TP as we now believe this is the licence most likely to see a farm out event during 2015 (+2p/sh).

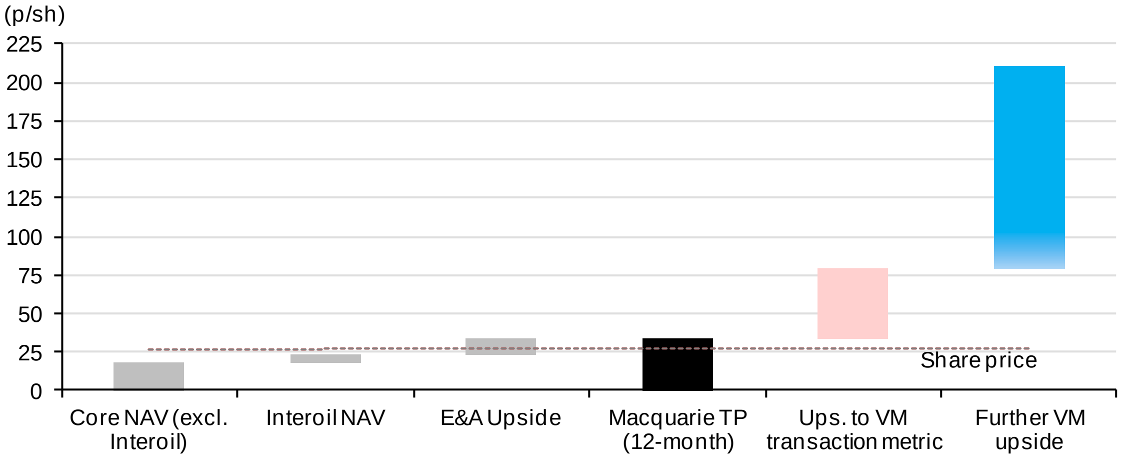
Fig 1 Andes Energia's Core and Total NAV; components of target price highlighted

Andes Energia					Previous published (14 Apr 15)			
Assets (NPV10)	Risked resources (mmboe)	Unit Value (US$/boe)	EMV (US$m)	Value (p/sh)	Change		Value (p/sh)	Comments
Producing Assets	18.9	10.4	197.2	24p	0p	0%	24p	
Net Cash/(Net Debt)			-54.6	-7p	0p	2%	-7p	Updated net back assumptions
Undeveloped Assets	0.7	10.7	7.1	1p	0p	0%	1p	
Other assets less G&A			-5.7	-1p	0p	0%	-1p	
Core NAV (Andes)	**19.6**	**21.1**	**144.0**	**18p**	0p	1%	**17p**	
Option Proceeds			0.0	0p	0p	nmf	0p	
Risked E&A upside	57.5	2.7	156.4	19p	6p	50%	13p	
Total NAV (Andes)	**77.1**	**3.9**	**300.4**	**36p**	7p	22%	**30p**	
Interoil market value	3.2	4.7	14.8	1.8p	0p	35%	1p	
Interoil (ups. to NAV)	3.2	10.8	34.0	4.1p	0p	-10%	5p	
Interoil stake	**6.3**	**15.4**	**48.8**	**6p**	0p	0%	6p	
Risked E&A upside included in TP				10p	7p	225%	3p	Updated VM economics
Unrisked value of above				131p	114p	650%	17p	
Target price				**34p**	7p	26%	**27p**	
Risked - unrisked delta of the above				121p	106p	745%	14p	
Unrisked Total NAV				263p	102p	63%	161p	

Source: Company data, Macquarie Research, April 2015

- As showed in chart below, we see potential for further upside as Andes farms out its licences and unlocks the financing required to de-risk is unconventional asset base. In the following page we highlight how, looking at recent transaction metrics in the play, our analysis returns a read-across valuation for Andes' Vaca Muerta acreage of 54p, 71p, 185p under 3 different scenarios.
- In the chart below we show the potential further upside to our TP when we apply this transaction based valuation range (red bar being the 47p scenario, blue bar 179p scenario).

Fig 2 Further upside to Macquarie 12-month target price: incremental value from potential farm-out transactions



Source: FactSet, Company data, Macquarie Research, April 2015

- In the following table we present the discussed transaction-based valuation scenarios for Andes' Vaca Muerta licences:
  - ⇒ 1) a median historic transaction metric to Andes' total net acreage (185p/sh);
  - ⇒ 2) a higher transaction metric applied to Andes' premium acreage (in the southern and central part of the basin) and a lower value for the rest of Andes' licences (71p/sh);
  - ⇒ 3) a higher transaction metric applied to only 2 of Andes' licences located in the southern and central part of the basin (54p/sh).

Fig 3 Valuing Andes' Energia using Vaca Muerta transaction metrics. 3 scenarios

Andes Vaca Muerta assets	Acreage Gross (acres)	WI (%)	Net (acres)	Acreage multiple ($/acres)	Implied value ($m)	Implied value (£m)	Implied value (p/sh)
Scenario 1 - Average pricing							
Mata Mora (Southern area)	55,352	27%	14,945	5,280	79	49	10
El Manzano West (Northern area)	163,707	40%	65,483	5,280	346	216	42
La Brea (Northern area)	35,583	100%	35,583	5,280	188	117	23
Vega Grande (Northern area)	72,044	100%	72,044	5,280	380	238	46
Malargue (Northern area)	382,766	20%	76,553	5,280	404	253	49
Corralera (Central area)	89,946	27%	24,286	5,280	128	80	16
	799,398		**288,893**		**1,525**	**953**	**185**
Scenario 2 - asset by asset pricing							
Mata Mora (Southern area)	55,352	27%	14,945	11,271	168	105	20
El Manzano West (Northern area)	163,707	40%	65,483	570	37	23	5
La Brea (Northern area)	35,583	100%	35,583	570	20	13	2
Vega Grande (Northern area)	72,044	100%	72,044	570	41	26	5
Malargue (Northern area)	382,766	20%	76,553	570	44	27	5
Corralera (Central area)	89,946	27%	24,286	11,271	274	171	33
	799,398		**288,893**		**584**	**365**	**71**
Scenario 3 - only Mata Mora and Corralera							
Mata Mora (Southern area)	55,352	27%	14,945	11,271	168	105	20
El Manzano West (Northern area)	163,707	40%	65,483				
La Brea (Northern area)	35,583	100%	35,583				
Vega Grande (Northern area)	72,044	100%	72,044				
Malargue (Northern area)	382,766	20%	76,553				
Corralera (Central area)	89,946	27%	24,286	11,271	274	171	33
	799,398		**288,893**		**442**	**276**	**54**

Source: Company data, FactSet, Macquarie Research, April 2015

- As highlighted in the table below, our sum-of-parts valuation (details in the following page) shows that the current share price only reflects Andes' conventional 2P reserves asset base in Argentina and Colombia. Therefore, we see the company's Vaca Muerta acreage as a free option at the current share price: we expect farm-out and drilling activity by Andes or other operators will provide a continued stream of catalysts in the following months.

Fig 4 Target price breakdown by asset type

Target Price	Gross Potential mmboe	Working Interest %	C.O.S. %	Disc. Value $/boe	Net Risked Potential mmboe	EMV $m	Risked Value p/sh	Unrisked Value p/sh	Net Unrisked Potential mmboe	% of total risked %
Argentina conventional	63.0	39.7%	83.4%	10.4	20.8	216.2	26p	31p	25.0	77%
Argentina unconventional	884.7	63.5%	7.1%	1.8	40.0	73.6	9p	125p	561.8	26%
Colombia (through Interoil)	10.5	34.3%	88.2%	19.8	3.2	62.6	8p	8p	3.6	22%
Colombia (thorugh Andes)	0.0	nmf	nmf	nmf	0.0	0.0	0p	0p	0.0	0%
Net Cash, o'heads & Other						-74.1	-9p	-9p		-26%
	958.2	**61.6%**	**10.8%**	**4.3**	**64.0**	**278.2**	**34p**	**156p**	**590.4**	

Source: Company data, Macquarie Research, April 2015

Fig 5 Andes Energia's asset breakdown EMV (E&A upside included in TP highlighted)

Asset name	Country / Play	Gross Potential	Working Interest	C.O.S.	Disc. Value	Net Risked Potential	EMV	Risked Value	Unrisked Value	Net Unrisked Potential
		mmboe	%	%	$/boe	mmboe	$m	p/sh	p/sh	mmboe
Producing assets										
Chachahuen field	Argentina	12.6	20.0%		9.5	2.5	23.9	3	3	2.5
Chañares Herrados	Argentina	4.7	49.9%		10.9	2.4	25.9	3	3	2.4
Puesto Pozo Cercado	Argentina	2.3	49.9%		10.9	1.2	12.6	2	2	1.2
Vega Grande	Argentina	5.3	100.0%		10.5	5.3	55.8	7	7	5.3
La Brea	Argentina	5.4	100.0%		10.5	5.4	56.7	7	7	5.4
El Manzano	Argentina	0.5	100.0%		10.5	0.5	5.5	1	1	0.5
La Paloma	Argentina	0.7	100.0%		10.5	0.7	7.0	1	1	0.7
Cerro del Alquitran	Argentina	0.9	100.0%		10.5	0.9	9.6	1	1	0.9
		32.5				**18.9**	**197.2**	**24**	**24**	**18.9**
Undeveloped assets										
Chachahuen field - contingent upside	Argentina	5.0	20.0%	66.7%	10.7	0.7	7.1	1	1	1.0
		5.0				**0.7**	**7.1**	**1**	**1**	**1.0**
Interoil assets (51% owned by Andes)										
Altair-1 well (Altair licence)	Colombia	0.1	51.0%		20.0	0.0	0.7	0	0	0.0
Ambrosia field (Puli-C block)	Colombia	0.4	30.9%		20.0	0.1	2.8	0	0	0.1
Rio Opia field (Puli-C block)	Colombia	0.8	34.3%		20.0	0.3	5.3	1	1	0.3
Mana field (Puli-C block)	Colombia	7.1	34.3%		20.0	2.4	48.9	6	6	2.4
Prospect 1 (LLA 47 block)	Colombia	2.1	34.3%	40.0%	18.1	0.3	4.9	1	1	0.7
Interoil net debt							-13.8	-2	-2	
		10.5				**3.2**	**48.8**	**6**	**7**	**3.6**
Risked upside										
Argentina conventional - Mendoza province										
Chachahuen (Rayoso upside)	Argentina	9.0	20.0%	25.0%	9.7	0.5	4.1	0	2	1.8
Chachahuen (Centenario upside)	Argentina	16.5	20.0%	25.0%	9.7	0.8	7.7	1	4	3.3
Chachahuen (Norhtern upside)	Argentina	142.0	20.0%	10.0%	8.8	2.8	24.6	3	30	28.4
El Manzano West (upside)	Argentina	20.0	100.0%	10.0%	8.0	2.0	14.6	2	18	20.0
La Brea (upside)	Argentina	20.0	100.0%	10.0%	8.0	2.0	14.6	2	18	20.0
Vaca Muerta shale potential (6 licences)										
Mata Mora (Southern area)	Argentina	442.4	27.0%	15.0%	1.8	17.9	32.9	4	27	119.4
La Brea (Northern area)	Argentina	442.4	100.0%	5.0%	1.8	22.1	40.6	5	99	442.4
Corralera (Central area)	Argentina	100.0	27.0%	5.0%	1.8	1.4	2.5	0	6	27.0
El Manzano West (Northern area)	Argentina	100.0	40.0%	5.0%	1.8	2.0	3.7	0	9	40.0
Vega Grande (Northern area)	Argentina	100.0	100.0%	5.0%	1.8	5.0	9.2	1	22	100.0
Malargue (Northern area)	Argentina	100.0	20.0%	5.0%	1.8	1.0	1.8	0	4	20.0
		1,492.2				**57.5**	**156.4**	**19**	**238**	**822.3**
Total Asset Value		**1,540.2**				**80.2**	**409.6**	**50**	**270**	**845.8**

Source: Company data, Macquarie Research, April 2015

Fig 6 Andes Energia's summary financials

Andes Energia (AEN LN, Outperform, Target Price: 34p/sh)

Production split analysis		2012A	2013A	2014E	2015E	2016E
Argentina conventional	kboe/d	0.2	0.9	1.7	2.4	2.6
Argentina unconventional	kboe/d	0.0	0.0	0.0	0.0	0.0
Colombia	kboe/d	0.0	0.0	0.0	1.5	1.5
Other	kboe/d	0.0	0.0	0.0	0.0	0.0
Total	**kboe/d**	**0.2**	**0.9**	**1.7**	**3.9**	**4.1**
% gas	%	0%	0%	0%	0%	0%

Income Statement		2012A	2013A	2014E	2015E	2016E
Total Revenue	$m	5	22	47	95	104
EBITDA	**m**	**-3**	**2**	**14**	**39**	**47**
% of revenue	%	-54%	8%	29%	41%	45%
EBIT	**m**	**-3**	**6**	**10**	**30**	**38**
% of revenues	%	-59%	27%	20%	32%	36%
Pretax Profit	m	-4	21	27	30	28
Total Tax Expense	m	(0)	(0)	(4)	(8)	(11)
Tax Rate	%	-6%	2%	14%	28%	39%
Net Profit	**m**	**-27**	**0**	**0**	**13**	**16**
% of revenues	%	-560%	-2%	-1%	13%	16%
Basic, Rep EPS	$c.	-10.9	-0.1	-0.1	2.5	3.1
Diluted, Adj EPS	$c.	-10.9	-0.1	-0.1	2.5	3.1
Div. per Share	$c.	0.0	0.0	0.0	0.0	0.0
Revenue growth (yoy)	%	2456%	365%	111%	100%	10%
EBITDA growth (yoy)	%	266%	-169%	677%	184%	20%
Net profit growth (yoy)	%	-265%	-98%	-2%	-3138%	28%
EPS growth (yoy)		-240%	-99%	-20%	-3119%	27%

Net backs analysis		2012A	2013A	2014E	2015E	2016E
Revenue	$/boe	66.0	70.0	75.9	66.4	70.3
Royalties & Opex	$/boe	(41.6)	(44.3)	(44.4)	(33.3)	(33.1)
Transportation costs	$/boe	(3.5)	(5.3)	(6.7)	(7.0)	(7.0)
G&A	$/boe	(60.0)	(20.9)	(9.4)	(4.9)	(4.7)
EBIT	**$/boe**	**(39.2)**	**(0.6)**	**15.4**	**21.2**	**25.5**
D&A (and other non-cash)	$/boe	3.7	6.2	6.7	6.3	6.3
EBITDA	**$/boe**	**(35.4)**	**5.5**	**22.1**	**27.5**	**31.8**
Interest	$/boe	(21.1)	(19.0)	(10.0)	(6.3)	(7.3)
Tax	$/boe	(7.2)	12.1	(12.7)	(12.3)	(13.6)
Net Income	**$/boe**	**(63.8)**	**(1.3)**	**(0.7)**	**8.9**	**11.0**
Operating cash flow (pre-WC)	$/boe	-51.4	5.0	11.2	15.2	17.3
Operating cash flow (post-WC)	$/boe	16.2	10.5	13.1	15.2	17.3

Valuation		2012A	2013A	2014E	2015E	2016E
P/E	x	-1.7x	9.5x	8.7x	7.8x	8.6x
PEG	x	0.0	nmf	nmf	nmf	0.3
P/CF	x	-12.2x	64.1x	27.7x	5.5x	5.5x
Enterprise Value	$m	139	233	190	210	203
EV/EBITDA	x	78.0x	16.9x	4.9x	4.4x	4.0x
EV/DACF	x	41.1x	19.1x	6.2x	5.8x	5.3x
Dividend Yield	%	0.0%	0.0%	0.0%	0.0%	0.0%
P/BV	x	0.6x	1.5x	0.9x	0.9x	0.8x

Ratio Analysis		2012A	2013A	2014E	2015E	2016E
ROIC	%	nmf	nmf	3.0%	10.8%	10.7%
ROACE	%	0.8%	2.1%	6.5%	16.2%	16.6%
ROE	%	-15.3%	-0.4%	-0.2%	9.9%	11.5%
Net Debt (Cash) / EBITDA	x	0.2x	20.3x	2.8x	1.8x	1.5x

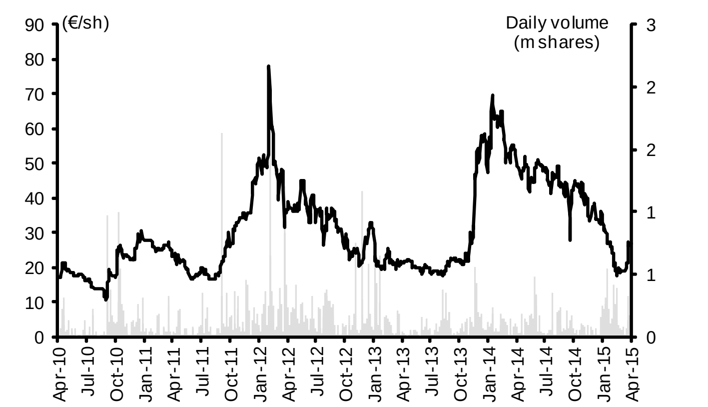
Price Assumption		2012A	2013A	2014E	2015E	2016E
Oil - Brent	$/bbl	111.6	108.7	99.5	56.0	67.8
Oil - WTI	$/bbl	94.0	98.0	93.0	52.0	62.0
£ / US$		1.59	1.56	1.65	1.50	1.54
US$ / AR$		0.00	0.00	0.00	0.00	0.00

Balance Sheet (€)		2012A	2013A	2014E	2015E	2016E
Cash & Cash Eq.	$m	0.8	11.9	18.5	19.4	20.0
Debt	m	0.2	48.0	57.4	89.4	89.4
Net Debt/(Cash)	m	-0.6	36.2	38.9	70.0	69.3
Net Debt / (Cash) adj. [1]	m	-0.6	36.2	38.9	70.0	69.3
Total Assets	m	180.2	319.0	271.8	317.0	333.8
Total Liabilities	m	58.5	149.1	143.3	175.3	175.3
Toal S/H Equity	m	121.8	169.9	128.5	141.7	158.4
Debt/Equity	%	0.1%	28.3%	44.7%	63.1%	56.4%
Net Debt/Equity	%	-0.5%	21.3%	30.3%	49.4%	43.8%
ND/ND+E	%	-0.5%	17.5%	23.2%	33.1%	30.4%

Cashflow Analysis (€)		2012A	2013A	2014E	2015E	2016E
Cash Flow from Operations	$m	(3.8)	1.6	7.0	21.8	25.7
Chngs in Working Cap	m	4.9	1.8	1.2	0.0	0.0
Net Cash Flow from Operations	m	1.2	3.4	8.2	21.8	25.7
Net Cash Flow from Investing	m	(0.6)	(6.0)	(5.9)	(23.9)	(25.0)
Net Cash Flow from Financing	m	(0.6)	10.8	5.0	5.0	0.0
Net Increase / (Decrease) in Cash	m	(0.1)	8.2	7.3	2.9	0.7
Free Cash Flow	m	0.6	(2.6)	2.2	(2.1)	0.7
Capital Expenditure	m	(0.6)	(6.0)	(5.9)	(23.9)	(25.0)
Capex / Free Cash Flow	x	1.0x	-2.3x	2.7x	-11.2x	38.1x

Half year forecast		1H14A	2H14A	1H15E	2H15E	1H16E
Total Revenue	€m	20.4	27.1	43.7	51.0	50.7
EBITDA	m	4.5	9.3	17.1	22.2	22.3
% of revenue	%	22%	34%	39%	43%	44%
EBIT	m	2.7	6.9	12.8	17.4	17.6
Pretax Profit	m	(0.2)	3.5	9.2	12.0	12.2
Total Tax Expense	m	(2.6)	(1.2)	(3.7)	(4.8)	(4.9)
Tax Rate	%	-1591%	35%	40%	40%	40%
Net Profit	m	(2.7)	2.3	5.5	7.2	7.3
Basic, Rep EPS	$	(0.5)	0.4	1.1	1.4	1.4
Diluted, Adj EPS	$	(0.5)	0.4	1.1	1.4	1.4
Div. per Share	$	0.0	0.0	0.0	0.0	0.0
Revenue growth (qoq)	%	12%	33%	61%	17%	-1%
EBITDA growth (qoq)	%	140%	106%	84%	30%	1%
Net Profit growth (qoq)	%	-203%	-185%	139%	31%	2%
EPS growth (qoq)	%	-203%	-185%	138%	30%	1%

Historical share price performance



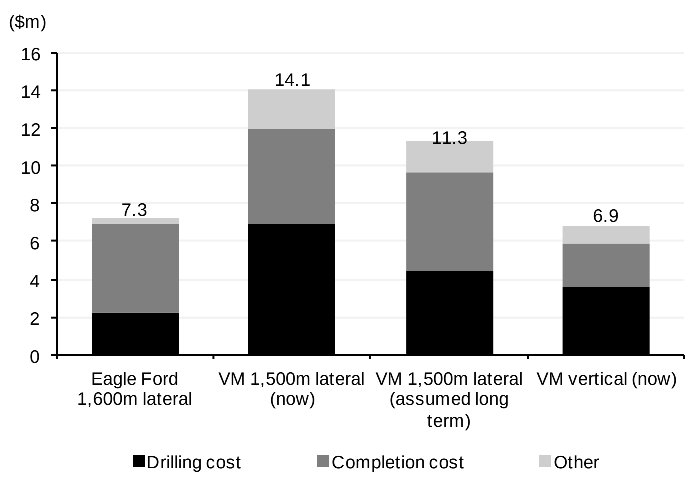
All figures $ unless noted
Source: Company Data, FactSet, Macquarie Research, April 2015

Source: Company data, Macquarie Research, April 2015

Updated Vaca Muerta well cost assumptions

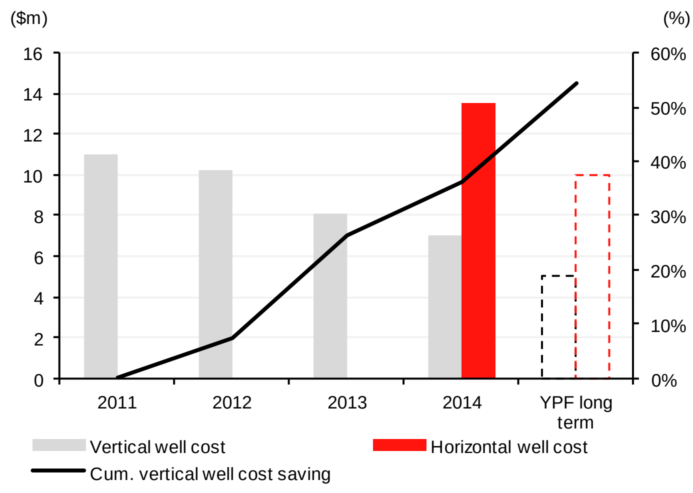
- On Friday 24 Apr, YPF provided for the first time some clarity on Vaca Muerta horizontal well cost: YPF's current horizontal well cost is $13-14m. The vertical well cost of $6.9m discussed by YPF was in line with what the company discussed during 4Q14 results.
- As highlighted in our recent Argentina shale report among the initiatives undertaken to reduce shale well costs, the most important is the decision by YPF to source the proppant used for fraccing locally from sands mined at Gaiman in the Chubut province (instead of importing it from China, US or Brazil). The company expects to fill all the proppant requirements from local sources by the end of 2016, achieving a cost saving of 10%.
- We are cautious on this initiative as the cost benefits could come at the expense of well performance: when we visited Argentina two months ago, local operators suggested that the high pressure well environment of Vaca Muerta would ideally require the use of ceramic proppant and not sand.
- Long term vertical / horizontal well cost expected at $5m / $10m. Longer term YPF discussed that it expects cost to come down to $5m / $10m for vertical / horizontal wells, which based on the shale model would return IRRs of 27% / 43% respectively, making horizontal well economics competitive against US shale economics.
  - ⇒ These additional cost reductions are expected to come from the other cost reduction initiatives discussed by YPF during 4Q14 results (more competitively priced stimulation services contracts, lower-cost monobore completion, 3.5-inch horizontal well casings for areas with low productivity, vertical wells with two linked holes).
  - ⇒ However, we believe that a $10m horizontal well is not achievable without an intervention by the Argentine Government providing some comfort to foreign companies to invest in the country and therefore lower the rig cost and the need to import expensive pieces of equipment from the US.
  - ⇒ Additionally, the Government and the industry would need to deal with complex oil & gas labor issues: large negotiated wage increases, frequent strikes and obligatory payments for idle rig crews.

Fig 7 Vaca Muerta well cost against Eagle Ford



Source: YPF, Macquarie Research, April 2015

Fig 8 YPF vertical well cost at Loma Campana



Source: YPF, Macquarie Research, April 2015

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Recommendation definitions

Macquarie - Australia/New Zealand
Outperform – return >3% in excess of benchmark return
Neutral – return within 3% of benchmark return
Underperform – return >3% below benchmark return

Benchmark return is determined by long term nominal GDP growth plus 12 month forward market dividend yield

Macquarie – Asia/Europe
Outperform – expected return >+10%
Neutral – expected return from -10% to +10%
Underperform – expected return <-10%

Macquarie First South - South Africa
Outperform – expected return >+10%
Neutral – expected return from -10% to +10%
Underperform – expected return <-10%

Macquarie - Canada
Outperform – return >5% in excess of benchmark return
Neutral – return within 5% of benchmark return
Underperform – return >5% below benchmark return

Macquarie - USA
Outperform (Buy) – return >5% in excess of Russell 3000 index return
Neutral (Hold) – return within 5% of Russell 3000 index return
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Volatility index definition*

This is calculated from the volatility of historical price movements.

Very high–highest risk – Stock should be expected to move up or down 60–100% in a year – investors should be aware this stock is highly speculative.

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* Applicable to Asia/Australian/NZ/Canada stocks only

Recommendations – 12 months
Note: Quant recommendations may differ from Fundamental Analyst recommendations

Financial definitions

All "Adjusted" data items have had the following adjustments made:
Added back: goodwill amortisation, provision for catastrophe reserves, IFRS derivatives & hedging, IFRS impairments & IFRS interest expense
Excluded: non recurring items, asset revals, property revals, appraisal value uplift, preference dividends & minority interests

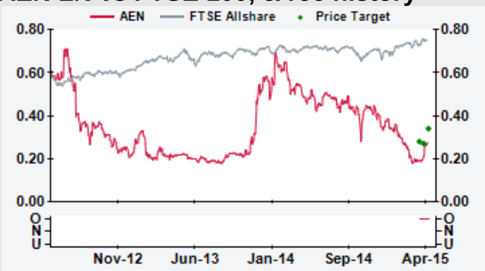
EPS = adjusted net profit / efpowa*
ROA = adjusted ebit / average total assets
ROA Banks/Insurance = adjusted net profit /average total assets
ROE = adjusted net profit / average shareholders funds
Gross cashflow = adjusted net profit + depreciation
*equivalent fully paid ordinary weighted average number of shares

All Reported numbers for Australian/NZ listed stocks are modelled under IFRS (International Financial Reporting Standards).

Recommendation proportions – For quarter ending 31 March 2015

	AU/NZ	Asia	RSA	USA	CA	EUR	
Outperform	48.99%	59.51%	49.30%	43.79%	59.59%	52.20%	(for US coverage by MCUSA, 7.42% of stocks followed are investment banking clients)
Neutral	34.12%	26.62%	35.21%	50.29%	34.93%	31.32%	(for US coverage by MCUSA, 5.68% of stocks followed are investment banking clients)
Underperform	16.89%	13.87%	15.49%	5.93%	5.48%	16.48%	(for US coverage by MCUSA, 0.87% of stocks followed are investment banking clients)

AEN LN vs FTSE 100, & rec history



(all figures in GBP currency unless noted)

Note: Recommendation timeline – if not a continuous line, then there was no Macquarie coverage at the time or there was an embargo period.
Source: FactSet, Macquarie Research, April 2015

12-month target price methodology

AEN LN: £0.34 based on a Sum of Parts methodology

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Date	Stock Code (BBG code)	Recommendation	Target Price
15-Apr-2015	AEN LN	Outperform	£.27
02-Apr-2015	AEN LN	Outperform	£.28

Target price risk disclosures:
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Analyst certification:
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