



AUSTRALIA

DCN AU Outperform

Price (at 05:10, 18 Nov 2016 GMT) A\$3.15

Valuation A\$ 4.54

- DCF (WACC 5.0%, beta 1.8, ERP 5.0%, RFR 3.3%)

12-month target A\$ 4.50

12-month TSR % +42.9

Volatility Index Very High

GICS sector Materials

Market cap A\$m 427

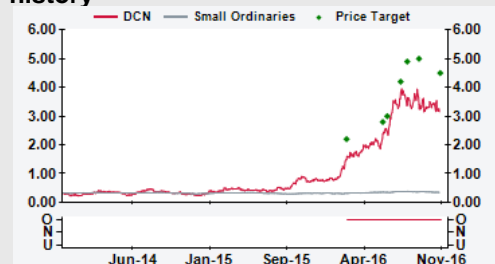
30-day avg turnover A\$m 1.1

Number shares on issue m 135.7

Investment fundamentals

Year end 30 Jun		2016A	2017E	2018E	2019E
Revenue	m	0.0	0.0	118.2	414.1
EBIT	m	-22.3	-9.0	28.1	176.0
Reported profit	m	-21.8	-8.3	11.4	121.8
Adjusted profit	m	-21.8	-8.3	11.4	121.8
Gross cashflow	m	-2.4	-2.2	28.7	170.3
CFPS	¢	-1.6	-1.3	14.7	87.2
CFPS growth	%	-140.3	20.7	nmf	493.0
PGCFPS	x	nmf	nmf	21.4	3.6
PGCFPS rel	x	nmf	nmf	2.42	0.45
EPS adj	¢	-15.0	-4.9	5.8	62.3
EPS adj growth	%	-80.0	67.3	nmf	969.4
PER adj	x	nmf	nmf	54.0	5.1
PER rel	x	nmf	nmf	3.96	0.42
Total DPS	¢	0.0	0.0	0.0	0.0
Total div yield	%	0.0	0.0	0.0	0.0
ROA	%	-138.5	-8.7	12.4	56.6
ROE	%	-185.9	-10.6	7.7	56.8
EV/EBITDA	x	-141.7	-188.5	12.5	2.5
Net debt/equity	%	-72.8	-26.9	32.7	-34.6
P/BV	x	34.7	4.3	4.0	2.2

DCN AU vs Small Ordinaries, & 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, November 2016
(all figures in AUD unless noted)

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22 November 2016

Macquarie Securities (Australia) Limited

Dacian Gold

Positive study for Mt Morgans

Event

- Dacian Gold (DCN) has released a Feasibility Study for the Mt Morgans gold project outlining an initial eight-year operation mining a 1.2Moz reserve. The company has also released a Pre-Feasibility Study for an 'expansion case,' which incorporates inferred resources contiguous with the underground reserve.

Impact

- Initial 1.2Moz ore reserve supports eight-year operation.** DCN has estimated a 1.2Moz maiden reserve for the Mt Morgans project. The reserve is sufficient to support an initial eight-year operation producing an average of 186koz annually for the first four years of the operation. Both underground and open pit mining will be via conventional methods, with gold recovered in a conventional 2.5Mtpa CIL plant. Operating costs, as estimated in the FS, are expected to be competitive at A\$1,039/oz AISC, and estimated capex of \$220m is in line with our expectation.
- Expansion case is our base case.** DCN has also released a PFS for an expansion case. Under the expansion case, 1.7Moz of mining inventory is processed to produce ~1.5Moz of gold at an improved AISC of A\$970-975/oz for a modest \$3m increase in capex. DCN's expansion case assumes that over time, with additional drilling from underground positions, 2.8Mt of currently inferred resources containing 446koz convert to mining inventory. Based on our assessment of the geology, grade continuity and evidence from other similar geological settings, we believe this is a reasonable assumption and is consistent with what has been our base-case mining inventory assumption for some time.

Earnings and target price revision

- Incorporating the study outcomes has resulted in a number of changes in our earnings forecasts and valuation of DCN. Our valuation of the Mt Morgans project falls 2% from \$641m to \$628m. The principal change in our sum-of-the-parts valuation comes from additional equity dilution due to a reduced debt funding component and a reduction in our assumed share price for new equity. Increased dilution has driven 10% reduction in our valuation of DCN to \$4.56/sh, and we round our target price to \$4.50/sh.

Price catalyst

- 12-month price target: A\$4.50 based on a DCF methodology.
- Catalyst: Securing funding for the project will be the next major catalyst for DCN. This is expected in early-CY17. Exploration remains a key potential catalyst; DCN's ongoing exploration programmes could deliver both new standalone discoveries and extensions to current resources.

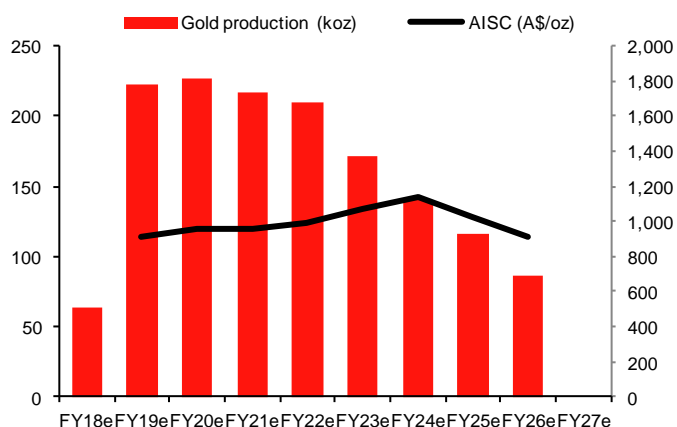
Action and recommendation

- Maintain Outperform.** The outcomes of DCN's study work at Mt Morgans are largely as expected. The need to present an expansion case is driven by current reporting requirements, and we remain confident that DCN's assumptions of mining inventory are robust. We expect Mt Morgans to be a competitive gold mine and continue to see exploration upside.

Study outcomes support our assumptions

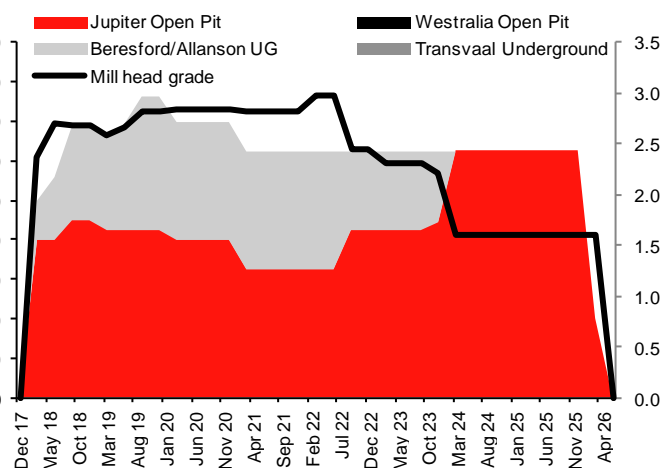
- DCN has released a Feasibility Study for the Mt Morgans gold project outlining an initial eight-year operation mining a 1.2Moz reserve. The company has also released a PFS for an 'expansion case,' which incorporates inferred resources contiguous with the reserve. Under the expansion case 1.7Moz of mining inventory is processed to produce 1.5Moz of gold at an AISC of A\$970/oz to \$975/oz. DCN's expansion case is largely in line with our previous assumption of the Mt Morgans mining inventory. Based on our assessment of the low-risk nature of the Westralia underground inferred resources we continue to use this as our base-case assumption.

Fig 1 Modelled Mt Morgans production



Source: Company data, Macquarie Research, November 2016

Fig 2 Modelled ore sources and grade



Source: Company data, Macquarie Research, November 2016

Initial 1.2Moz ore reserve supports eight-year operation

- DCN has estimated a 1.2Moz reserve (18.6Mt at 2g/t for 1.2Moz) for the Mt Morgans project. The reserve is split across the Beresford and Allanson underground positions and the Jupiter open pit. The reserve is sufficient to support an initial eight-year operation producing an average of 186koz annually for the first four years of the operation.
- As previously outlined by the company, the main ore sources for mining will be the Beresford and Allanson undergrounds (collectively the Westralia Underground) and the Jupiter open pit. As detailed in the reserve statements below underground ore is substantially higher grade than open pit ore. DCN's proposed mine plan therefore aims to prioritise high-grade underground ore feed, with open pit ore making up the balance.

Fig 3 Mt Morgans Gold Project

		Tonnes (Kt)	Grade (g/t)	Contained gold (koz)
Beresford UG	Proved	50	5.0	8
Beresford UG	Probable	2,383	4.2	323
Allanson UG	Proved	-	-	-
Allanson UG	Probable	882	5.7	162
Jupiter OP	Proved	867	1.3	48
Jupiter OP	Probable	13,884	1.3	595
Total Reserves	Proved	1,110	2.4	85
Total Reserves	Probable	17,475	2.0	1,115
Total Reserves	Total	18,585	2.0	1,200

Source: Company data, Macquarie Research, November 2016

Conventional mining and processing with competitive cost

- Underground mining will be via conventional sub-level open stoping. Open pit mining will also be via conventional drill blast, load and haul methods. Ore will be processed in a 2.5Mtpa SAG mill and ball mill with gold recovery via a gravity circuit and CIL. Metallurgical test work carried out by DCN indicates an average gold recovery of 90.7%, although we note that historical recovery in the same ore types averaged 91.7%.

Fig 4 Mt Morgans Gold Project key study parameters

	FS case	Expansion case	Macq assumption
Throughput (Mtpa)	2.5	2.5	2.5
Mine life (yrs)	8	9	9
UG ore mined (koz)	492	938	929
OP ore mined (koz)	643	643	661
Gold recovery (%)	90.7	90.7	91.0
Gold production (koz)	1,029	1,434	1,442
AISC (A\$/oz)	1,039	970-975	1,047
Capex (A\$m)	220	223	223

Source: Company data, Macquarie Research, November 2016

- Operating costs, as estimated in the FS, are expected to be competitive at A\$1,039/oz AISC. Costs are underpinned by low-cost underground production from the Allanson and Beresford mines, averaging A\$837/oz.

Capex in line with our estimates

- DCN estimates total capex for 2.5Mtpa processing plant and associated infrastructure at A\$172m. An additional \$48m is required for pre-production underground development and working capital. DCN's total estimate of \$220m is broadly in line with our expectation of A\$209m.

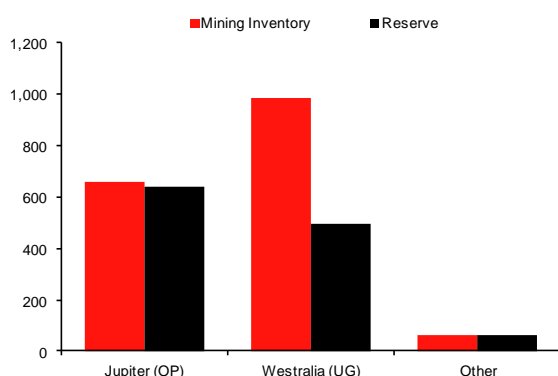
Fig 5 Mt Morgans Gold Project key capex items

Item	A\$m
Process plant	134
Other infrastructure	38
Mine establishment capex	48
FS Total	220
Expansion	3
Expansion case	223

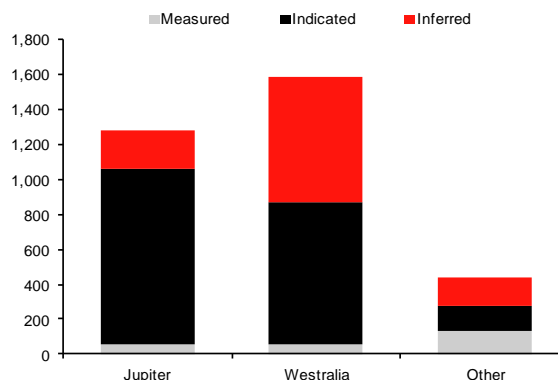
Source: Company data, Macquarie Research, November 2016

Expansion case is our base case

- DCN has also released a PFS for an expansion case that indicates LoM production could be lifted to 1.7Moz for a modest \$3m increase in capex to expand the TSF. Under the expansion case annual production increases to an average of 197koz over the first seven years of operation and extends the overall project life to nine years.

Fig 6 Assumed mining inventory vs reserves

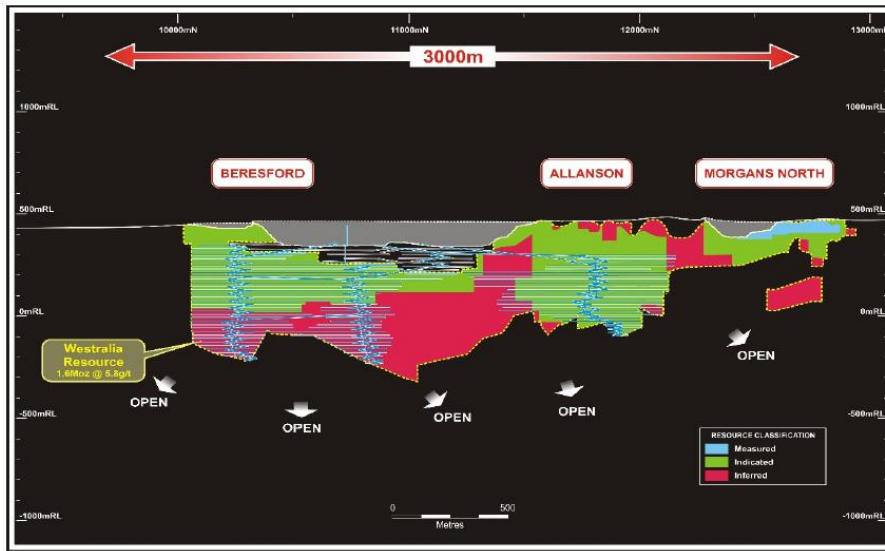
Source: Company data, Macquarie Research, November 2016

Fig 7 Mt Morgans resources by category

Source: Company data, Macquarie Research, November 2016

- Expected mine life in excess of reserves is a typical feature of West Australian underground gold mines. The geometry of many gold deposits is such that it is impractical, and often impossible, to fully evaluate known mineralisation to the level required to meet JORC requirements from surface positions.

Fig 8 Westralia mineral resource classification



Source: Company data, Macquarie Research, November 2016

- This is true of both the Beresford and Allanson deposits at Mt Morgans. To date gold mineralisation has been intersected to a depth of ~800m; however, drill coverage and data density is only sufficient to define reserves to ~400m. DCN’s expansion case assumes that over time, with additional drilling from underground positions, 2,800kt of currently inferred resources containing 446koz convert to mining inventory.

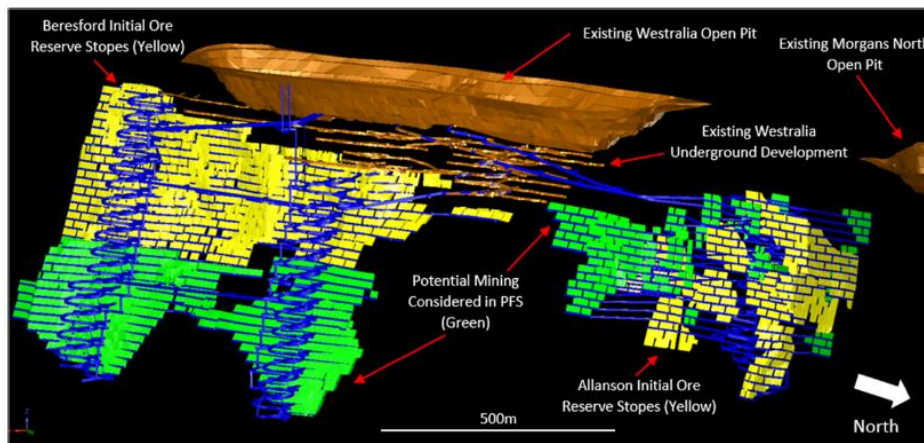
Fig 9 Westralia underground mining inventory assumptions

	Tonnes (kt)	Grade (g/t)	Contained ounces (koz)
FS mine production	3,300	4.6	492
Expansion mine production	6,100	4.9	938
Macq mining inventory assumption	6,176	4.7	938

Source: Company data, Macquarie Research, November 2016

- Based on our assessment of the geology, grade continuity and evidence from other similar geological settings, we believe this is a reasonable assumption and is consistent with what has been our base-case mining inventory assumption for some time.

Fig 10 DCN expansion case preliminary mine design



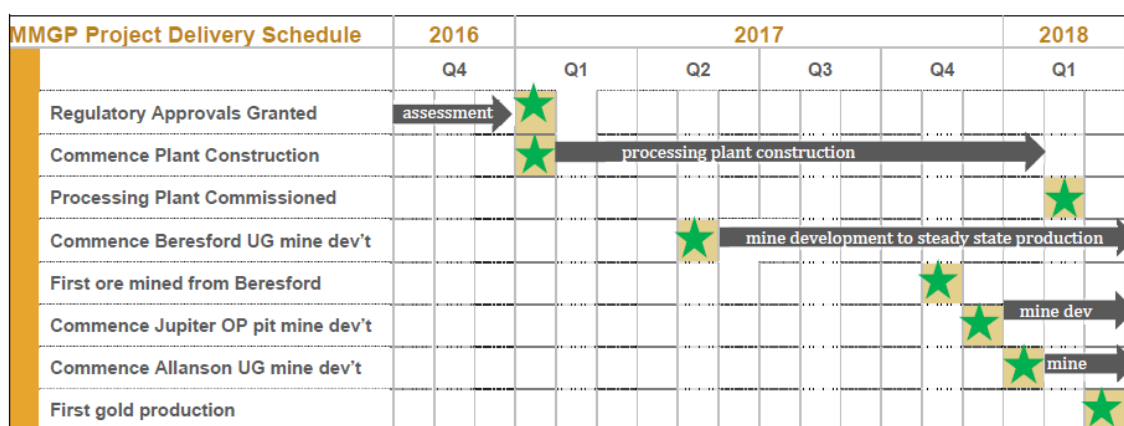
Source: Company data, Macquarie Research, November 2016

- There is some variation between our previous production assumptions and the base case we now model. Whilst total ounces produced are broadly unchanged, the production profile is less aggressive than we previously assumed due to lower grade than expected. This is somewhat balanced by improved costs, particularly under the expansion case. A further positive is provided in an accelerated development time line vs our previous assumptions. Gold production will commence in 2Q FY18, around six months ahead of our earlier expectation.

Permitting and funding the next steps

- Thanks to its brownfield location, the Mt Morgans project is not expected to have any significant permitting hurdles. The Mining Proposal and Closure Plan were recently submitted, as were applications for clearing permits and works approval. There is no registered Native Title claim over the area and no Native Title agreement exists. The vast majority of the area is already under Mining Licence.

Fig 11 Mt Morgans development timeline



Source: Company data, Macquarie Research, November 2016

- Commentary from DCN indicates that the company is targeting a 40:60 debt equity mix. We believe that the project could handle more debt, and previously we had assumed a ~50:50 split, but we have brought this in line with the company's suggestion. We now assume ~\$80m in debt funding.

Changes to our valuation

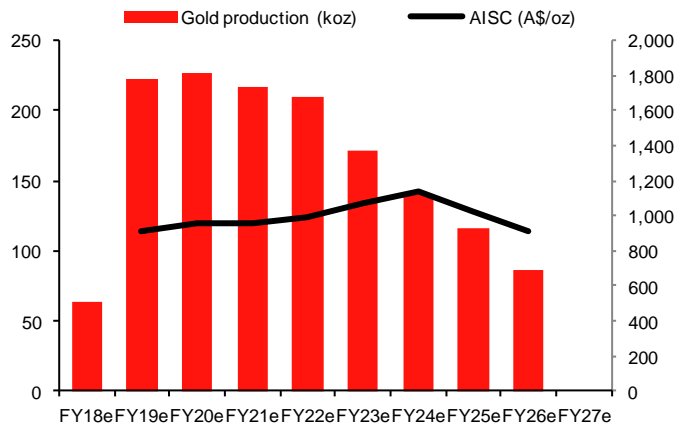
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Fig 12 Changes to our sum-of-the parts valuation

Projects	New		Old		Variance	
	A\$m	A\$ps	A\$m	A\$ps	A\$m	A\$ps
Mt Morgans	628	3.22	641	3.63	-2%	-13%
Undeveloped Resources & exploration	147	0.75	146	0.83	1%	-10%
Unpaid capital & Equity Raising	151	0.77	111	0.63	27%	19%
Corporate	(41)	(0.21)	(41)	(0.23)	-1%	-11%
Cash	6	0.03	6	0.03	0%	-11%
Net Equity Value (@ 5% WACC)	892	4.56	863	5.00	3%	-10%

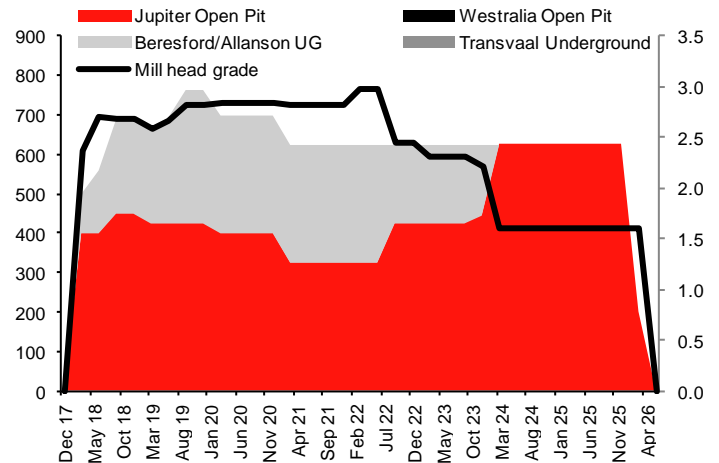
Source: Company data, Macquarie Research, November 2016

Fig 13 Modelled Mt Morgans production



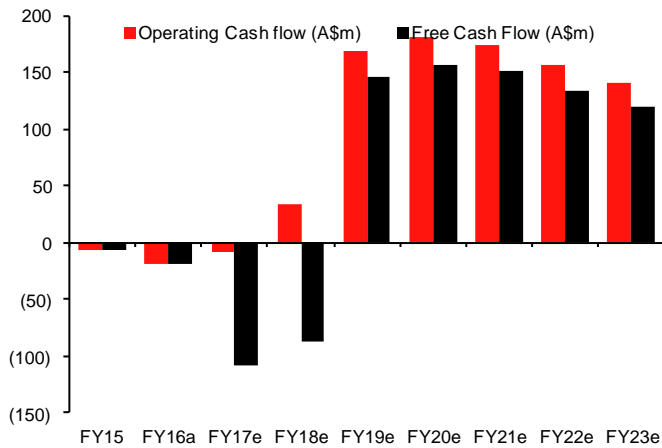
Source: Company data, Macquarie Research, November 2016

Fig 14 Production by ore source



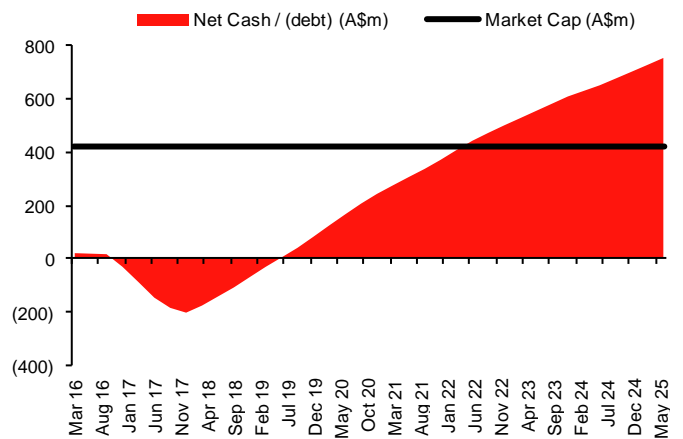
Source: Company data, Macquarie Research, November 2016

Fig 15 Operating and free cash flow



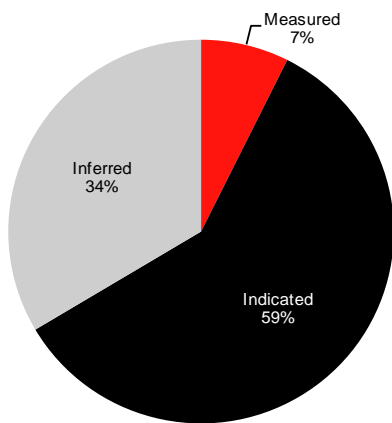
Source: Company data, Macquarie Research, November 2016

Fig 16 Cumulative cash generation



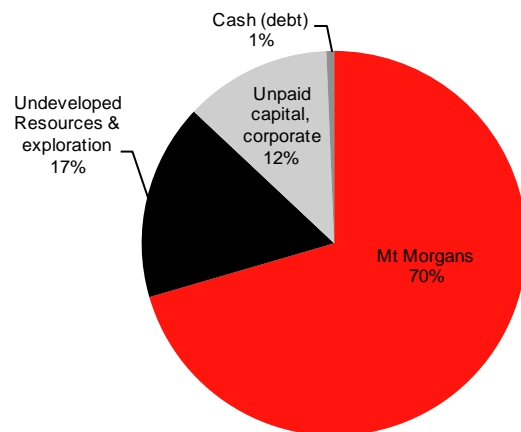
Source: Company data, Macquarie Research, November 2016

Fig 17 Mt Morgans resources



Source: Company data, Macquarie Research, November 2016

Fig 18 DCV NPV breakdown



Source: Company data, Macquarie Research, November 2016

Fig 19 DCN summary model

Dacian Gold								
ASX: DCN	Price: (A\$ps)	3.15			Year end: Jun	Rating: Outperform	Up/dn	TSR
	Mkt cap: (A\$m)	421			Diluted shares (m)	133.6	Target: 4.50	43% 43%
ASSUMPTIONS	FY16a	FY17e	FY18e	FY19e	FY20e	FY21e	FY22e	
Exchange Rate	A\$/US\$	0.73	0.76	0.74	0.74	0.75	0.75	
Spot Gold	(US\$/oz)	1,167	1,327	1,394	1,381	1,438	1,403	
RATIO ANALYSIS	FY16a	FY17e	FY18e	FY19e	FY20e	FY21e	FY22e	
Diluted share capital	m	146.0	196.5	196.5	196.5	196.5	196.5	
EPS (diluted and pre sig. items)	A¢	-15.0	-4.9	5.8	62.0	68.6	61.9	56.7
P/E	x	-21.1x	-64.5x	54.4x	5.1x	4.6x	5.1x	5.6x
CFPS	A¢	(12.8)	(4.2)	17.0	85.5	91.8	88.6	79.6
P/CF	x	-24.6x	-75.0x	18.5x	3.7x	3.4x	3.6x	4.0x
DPS	A¢	0.0	0.0	0.0	0.0	20.0	19.0	17.0
Dividend yield	%	0.0%	0.0%	0.0%	0.0%	6.3%	6.0%	5.4%
Franking Level	%	0%	0%	0%	0%	100%	100%	100%
Book value per share	x	0.09	0.72	0.78	1.40	2.00	2.42	2.83
P/Book value	x	34.7x	4.4x	4.0x	2.2x	1.6x	1.3x	1.1x
R.O.E. (pre sig items)	%	-165%	-6%	7%	44%	34%	26%	20%
R.O.A. (pre sig items)	%	-120%	-5%	11%	50%	41%	31%	24%
Interest Cover	x	78.2x	11.9x	10.0x	87.8x	-44.4x	-20.0x	-13.0x
EBITDA per share	A\$ps	-0.15	-0.05	0.21	1.14	1.20	1.08	0.99
EV/EBITDA	x	-18.6x	-42.4x	11.2x	1.5x	0.8x	0.4x	-0.1x
EARNINGS	FY16a	FY17e	FY18e	FY19e	FY20e	FY21e	FY22e	
Sales Revenue	A\$m	0	0	118	414	441	410	393
Other Revenue	A\$m	0	0	0	0	0	0	0
Total Revenue	A\$m	0	0	118	414	441	410	393
Operating Costs	A\$m	0	0	(66)	(181)	(195)	(187)	(188)
Operational EBITDA	A\$m	0	0	53	233	245	223	205
Exploration Expense/Write-offs	A\$m	(19)	(6)	(4)	(1)	(1)	(1)	(1)
Corporate & Other Costs	A\$m	(3)	(3)	(7)	(8)	(9)	(9)	(9)
EBITDA	A\$m	(22)	(9)	42	223	236	213	195
D&A	A\$m	(0)	0	(14)	(48)	(48)	(48)	(48)
EBIT	A\$m	(22)	(9)	28	176	188	165	148
Net Interest	A\$m	0	1	(3)	(2)	4	8	11
Profit Before Tax	A\$m	(22)	(8)	25	174	192	174	159
Tax Expense	A\$m	0	0	(14)	(52)	(58)	(48)	(48)
Minorities	A\$m	0	0	0	0	0	0	0
Adjusted NPAT	A\$m	(22)	(8)	11	122	135	122	111
Significant Items (post tax)	A\$m	0	0	0	0	0	0	0
Reported NPAT	A\$m	(22)	(8)	11	122	135	122	111
CASHFLOW	FY16a	FY17e	FY18e	FY19e	FY20e	FY21e	FY22e	
Net Profit	A\$m	(22)	(8)	11	122	135	122	111
Interest/Tax/D&A	A\$m	2	0	28	48	48	48	48
Working Capital/Other	A\$m	1	0	(6)	(1)	(2)	5	(2)
Net Operating Cashflow	A\$m	(19)	(8)	33	168	180	174	156
Capex	A\$m	(1)	(100)	(122)	(23)	(24)	(24)	(24)
Investments	A\$m	0	0	0	0	0	0	0
Sale of PPE and Other	A\$m	0	0	0	0	0	0	0
Free cash flow	A\$m	(19)	(109)	(88)	146	156	151	133
Dividends Paid	A\$m	0	0	0	0	(17)	(41)	(29)
Debt	A\$m	(0)	40	44	(64)	(20)	0	0
Equity Issuance	A\$m	24	137	0	0	0	0	0
Other	A\$m	0	0	0	0	0	0	0
Net Financing Cashflow	A\$m	24	177	44	(64)	(37)	(41)	(29)
Net change in cash	A\$m	5	69	(44)	82	119	110	103
BALANCE SHEET	FY16a	FY17e	FY18e	FY19e	FY20e	FY21e	FY22e	
Cash	A\$m	10	78	34	115	235	345	448
PP&E & Mine Development	A\$m	1	101	209	184	161	137	113
Exploration	A\$m	8	8	8	8	8	8	8
Total Assets	A\$m	19	188	266	355	455	533	616
Debt	A\$m	0	40	84	20	0	0	0
Total Liabilities	A\$m	5	45	113	80	61	59	60
Total Net Assets / Equity	A\$m	13	142	154	275	394	475	556
Net Debt / (Cash)	A\$m	(10)	(38)	50	(95)	(235)	(345)	(448)
Gearing (net debt/(nd + equity))	%	nmf	nmf	25%	(53%)	nmf	nmf	nmf
Gearing (net debt/equity)	%	(73%)	(27%)	33%	(35%)	(60%)	(73%)	(81%)
ATTRIBUTABLE MINE OUTPUT	FY16a	FY17e	FY18e	FY19e	FY20e	FY21e	FY22e	
Gold production (equ)								
Mt Morgans	(koz)	0.0	0.0	63.6	221.8	227.3	217.3	209.9
Total	(koz)	0.0	0.0	63.6	221.8	227.3	217.3	209.9
Cash costs - AISC								
Mt Morgans	(A\$/oz)	0	0	0	914	960	957	993
Cash costs - AISC	(A\$/oz)	0	0	0	950	995	994	1,031
C1 Cash cost - Mt Morgans	(A\$/oz)	0	0	0	752	802	812	847
EV/Production	(A\$/oz)	nm	nm	nm	2,360	1,690	1,261	813
OPERATIONAL OUTLOOK	FY15	FY16a	FY17e	FY18e	FY19e	FY20e	FY21e	FY22e
Mount Morgans (koz)								
AISC (A\$/oz)								
MINING INVENTORY								
Mining Inventory								
Deposit								
Jupiter Open Pit								
Westralia Open Pit								
Westralia Underground								
Transvaal Underground								
Total Mining Inventory								
RESERVES AND RESOURCES (ATTRIBUTABLE)								
Reserves								
Project								
Craic								
Transvaal								
Mill feed								
Resources								
Project								
King Street								
Jupiter								
Westralia								
Craic								
Transvaal								
Ramornie								
Mill feed								
Heap Leach								
Resources								
EV/Reserve (A\$/oz)	233							
EV/Resource (A\$/oz)	130							
EQUITY DCF VALUATION	FY16a	FY17e	FY18e	FY19e	FY20e	FY21e	FY22e	
Projects	A\$m	A\$ps	A\$m	A\$ps	A\$m	A\$ps	A\$m	A\$ps
Mt Morgans	628	3.20	546	2.79				
Undeveloped Resources & exploration	147	0.75	146	0.75				
Unpaid capital & Equity Raising	151	0.77	151	0.77				
Forwards	0	0.00	0	0.00				
Corporate	(41)	(0.21)	(41)	(0.21)				
Cash	6	0.03	42	0.21				
Debt	(0)	(0.00)	(62)	(0.32)				
Net Equity Value (@ 5% WACC)	892	4.54	781	4.00				
Price Target	4.50							
P/NAV	0.69x							

Source: Company data, Macquarie Research, November 2016

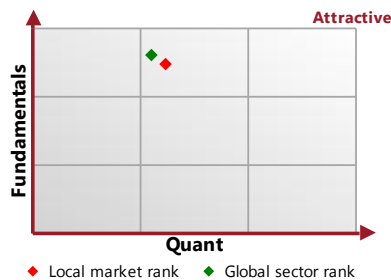
Macquarie Quant View

The quant model currently holds a neutral view on Dacian Gold. The strongest style exposure is Price Momentum, indicating this stock has had strong medium to long term returns which often persist into the future. The weakest style exposure is Quality, indicating this stock is likely to have a weaker and less stable underlying earnings stream.

969/1527

Global rank in
Materials

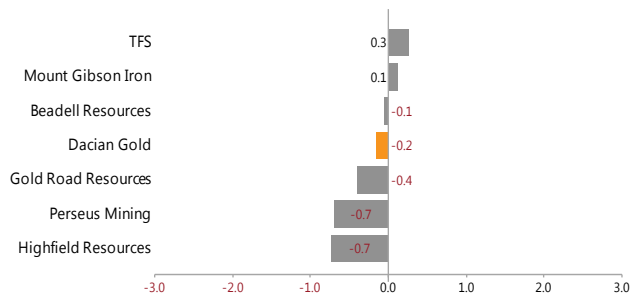
% of BUY recommendations 100% (5/5)
Number of Price Target downgrades 1
Number of Price Target upgrades 0



Displays where the company's ranked based on the fundamental consensus Price Target and Macquarie's Quantitative Alpha model.
 Two rankings: Local market (Australia & NZ) and Global sector (Materials)

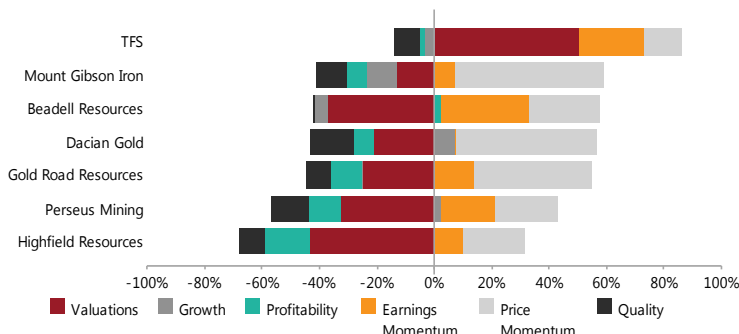
Macquarie Alpha Model ranking

A list of comparable companies and their Macquarie Alpha model score (higher is better).



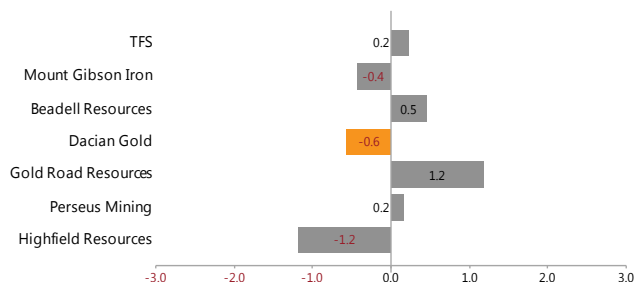
Factors driving the Alpha Model

For the comparable firms this chart shows the key underlying styles and their contribution to the current overall Alpha score.



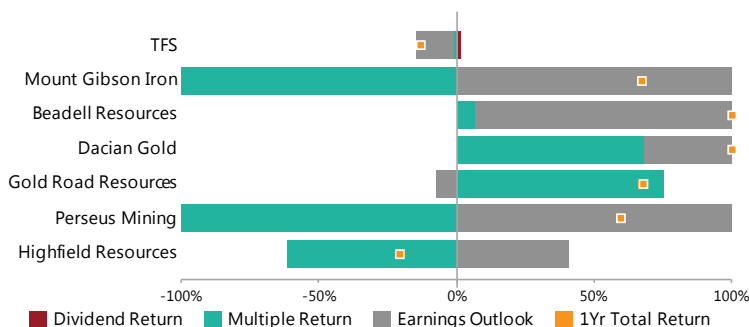
Macquarie Earnings Sentiment Indicator

The Macquarie Sentiment Indicator is an enhanced earnings revisions signal that favours analysts who have more timely and higher conviction revisions. Current score shown below.



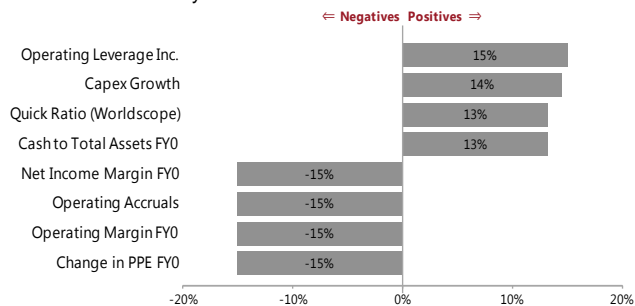
Drivers of Stock Return

Breakdown of 1 year total return (local currency) into returns from dividends, changes in forward earnings estimates and the resulting change in earnings multiple.



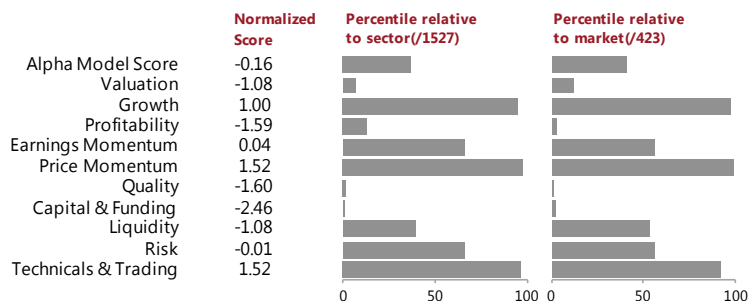
What drove this Company in the last 5 years

Which factor score has had the greatest correlation with the company's returns over the last 5 years.



How it looks on the Alpha model

A more granular view of the underlying style scores that drive the alpha (higher is better) and the percentile rank relative to the sector and market.



Source (all charts): FactSet, Thomson Reuters, and Macquarie Research. For more details on the Macquarie Alpha model or for more customised analysis and screens, please contact the Macquarie Global Quantitative/Custom Products Group (cpq@macquarie.com)

Important disclosures:

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 – 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
 Underperform (Sell) – return >5% below Russell 3000 index return

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.

High – stock should be expected to move up or down at least 40–60% in a year – investors should be aware this stock could be speculative.

Medium – stock should be expected to move up or down at least 30–40% in a year.

Low-medium – stock should be expected to move up or down at least 25–30% in a year.

Low – stock should be expected to move up or down at least 15–25% in a year.

* 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 / epowa*

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 30 September 2016

	AU/NZ	Asia	RSA	USA	CA	EUR	
Outperform	47.26%	55.50%	38.46%	45.47%	59.09%	48.21%	(for US coverage by MCUSA, 8.20% of stocks followed are investment banking clients)
Neutral	38.01%	29.31%	42.86%	48.77%	37.88%	36.79%	(for US coverage by MCUSA, 8.25% of stocks followed are investment banking clients)
Underperform	14.73%	15.19%	18.68%	5.76%	3.03%	15.00%	(for US coverage by MCUSA, 8.00% of stocks followed are investment banking clients)

DCN AU vs Small Ordinaries, & rec history

(all figures in AUD 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, November 2016

12-month target price methodology

DCN AU: A\$4.50 based on a DCF methodology

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Date	Stock Code (BBG code)	Recommendation	Target Price
20-Sep-2016	DCN AU	Outperform	A\$5.00
17-Aug-2016	DCN AU	Outperform	A\$4.90
29-Jul-2016	DCN AU	Outperform	A\$4.20
20-Jun-2016	DCN AU	Outperform	A\$3.00
07-Jun-2016	DCN AU	Outperform	A\$2.80
23-Feb-2016	DCN AU	Outperform	A\$2.20

Target price risk disclosures:

DCN AU: Any inability to compete successfully in their markets may harm the business. This could be a result of many factors which may include geographic mix and introduction of improved products or service offerings by competitors. The results of operations may be materially affected by global economic conditions generally, including conditions in financial markets. The company is exposed to market risks, such as changes in interest rates, foreign exchange rates and input prices. From time to time, the company will enter into transactions, including transactions in derivative instruments, to manage certain of these exposures.

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